OTP BANK PLC.

DOCUMENTATION FOR THE COMPANY'S ANNUAL GENERAL MEETING

(ENGLISH TRANSLATION)

29 APRIL 2011

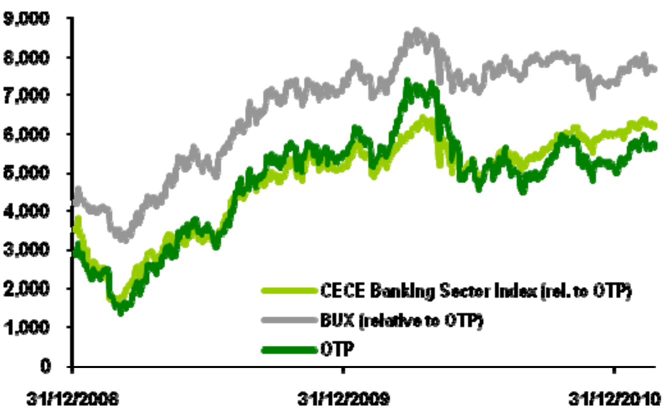
THE AGENDA OF THE GENERAL MEETING

THE 2010 BUSINESS REPORT OF THE BOARD OF DIRECTORS

CONSOLIDATED FINANCIAL HIGHLIGHTS AND SHARE DATA[1]

Main components of the Statement of recognised income in HUF mn	2009	2010	Change (%)
Consolidated after tax profit	**150,206**	**118,126**	**-21%**
Consolidated after tax profit without the result of strategic open FX position, consolidated dividend and net cash transfers, goodwill impairment charges and special financial institution taxes	**151,326**	**162,110**	**7%**
Pre-tax profit	172,080	194,313	13%
Operating profit	437,059	467,058	7%
Total income	786,084	821,123	4%
Net interest income (adj.)	589,780	620,354	5%
Net interest income without the revaluation result of FX swaps	*589,780*	*601,622*	*2%*
Net fees and commissions	132,913	136,702	3%
Total other non-interest income (adj.)	63,390	64,067	1%
Operating expenses (adj.)	-349,024	-354,065	1%
Total risk costs	-264,979	-272,745	3%
Main components of balance sheet	2009	2010	Change (%)
Total assets	9,755,132	9,780,946	0%
Total customer loans and advances (gross)	**6,907,094**	**7,502,331**	**9%**
Allowances for loan losses	-494,378	-761,272	54%
Total customer deposits	**5,688,887**	**5,821,489**	**2%**
Issued securities	1,410,348	1,035,153	-27%
Subordinated loans	280,834	290,630	3%
Total shareholders' equity	1,191,606	1,308,929	10%
Indicators (%)	2009	2010	Change (%-point)
ROA	1.6%	1.7%	0.1%
ROE	13.4%	13.0%	-0.4%
Operating profit margin (adj.)	4.57%	4.78%	0.21%
Total income margin (adj.)	8.22%	8.41%	0.18%
Net interest margin (adj.)	6.17%	6.35%	0.18%
Net interest margin without the revaluation result of FX swaps	*6.17%*	*6.16%*	*-0.01%*
Cost-to-asset ratio	3.65%	3.62%	-0.03%
Cost/income ratio (adj.)	44.4%	43.1%	-1.3%
Risk cost for loan losses to average gross loans (adj.)	3.57%	3.82%	0.25%
Total risk cost-to-asset ratio	2.77%	2.79%	0.02%
Net loan/(deposit+retail bond) ratio	108%	110%	2%
Capital adequacy ratio (consolidated, IFRS)	17.2%	17.5%	0.3%
Tier1 ratio (consolidated, IFRS)	13.7%	14.0%	0.3%
Core Tier1 ratio (consolidated, IFRS)	12.0%	12.5%	0.5%
Share Data	2009	2010	Change (%)
EPS diluted (HUF) (from unadjusted net earnings)	572	437	-24%
Closing price (HUF)	5,456	5,020	-8%
High (HUF)	5,790	7,400	28%
Low (HUF)	1,355	4,500	232%
Market Capitalization (EUR billion)	5.6	5.0	-11%
P/BV	1.3	1.1	-16%
P/E (trailing, from adjusted net earnings)	10.1	8.7	-14%
Average daily turnover (EUR million)	51	53	5%
Average daily turnover (million share)	4.1	2.6	-37%

OTP SHARE PRICE PREFORMANCE



MOODY'S RATINGS

OTP Bank	
Foreign currency long term deposits	Baa3
Foreign currency senior unsecured deposits	Baa2
Financial strength	D+
OTP Mortgage Bank	
Foreign currency long term deposits	Baa3
Covered mortgage bond	Baa1
Financial strength	D+
DSK Bank	
Long term deposits	Baa3
Local currency long term deposits	Baa3
Financial strength	D+

STANDARD & POOR'S MINŐSÍTÉS

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

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

MANAGEMENT'S ANALYSIS OF THE FULL-YEAR 2010 RESULTS OF OTP

Favourable changes in the CEE region

National economies of the region where OTP Bank operates apparently left behind the worst period of the last two years financial crisis. The severe contraction that followed the financial and economic crisis reached its bottom in 2009 and in most of the countries real GDP growth was already in the positive territory in 2010.

One of the direct consequences of the crisis was the weak loan demand in all countries, but Russia. In Hungary OTP Bank put great emphasis on revitalizing its lending activity: in 2009 the Bank managed to increase its SME and corporate loan volumes by 5 and 8% respectively, whereas the overall market contracted by 10%. In 2010 it posted another 7 and 1% increase in those sectors with the simultaneous 7% decline of the market. As for mortgages, in 2010 new sales of OTP Core increased by 60% y-o-y, as a result the Bank's market share in new origination jumped from 15% to 29%.

Another side effect of the crisis was the significant deterioration of asset quality across the whole Group and risk costs grew significantly, at the same time, provision coverage of loans more than 90 days past due ('DPD90+ loans') also improved in 2010. Debtor protection programmes continued in many countries of OTP Group. In Hungary OTP Bank gave high priority to that challenge and by 2010 the Bank concluded mutual agreements with around 50 thousands temporarily distressed clients offering solutions to their needs.

Consolidated results: HUF 162 billion adjusted net earnings, 7% increase in operating profit, improving profit contribution from foreign subsidiaries, outstanding capital position, stable liquidity

In 2010 ***OTP Group*** realized HUF 118 billion after tax profit, including the negative effect of the Montenegrin goodwill impairment and the Hungarian banking tax. Excluding these two one-off items, the adjusted net earnings reached HUF 162 billion, underpinning a 7% y-o-y growth.

Apart from the absolute size of the profit, another positive momentum was the significant turnaround in profit contribution of foreign subsidiaries. Against the loss of HUF 24 billion realized in 2009, in 2010 they reached a profit of around HUF 17 billion, thus mitigating the negative effect of the Hungarian banking tax and the profit decline of the Hungarian operation.

In 2010 the Group posted HUF 467 billion operating profit (+7%), adjusted by one-off items it stood at HUF 436 billion, basically flat y-o-y. Within total income the net interest income adjusted for the swap revaluation result grew by 2% y-o-y. The 2010 net interest margin (6.16%) remained flat y-o-y.

The nominal y-o-y growth of loans represented 9%, whereas deposits grew by 2% respectively. The FX-adjusted volumes however remained flat in both categories. There was only one market with significant volume expansion, namely the Russian one. The FX-adjusted loan book advanced by 24% y-o-y, within that the retail consumer loan portfolio by 61% and the credit card loans by 72% respectively. Apart from the stellar performance of OTP Bank Russia, the Ukrainian corporate lending also started growing from 2H 2010. Furthermore, in Hungary OTP Bank managed to increase its market share in newly originated mortgages and the corporate loan book increased, too.

As for the deposits, it was again the Russian subsidiary that captured the most spectacular volume increase (+18% y-o-y), though the growth in Serbia (+14%) and Romania (+13%) was meaningful, too.

As a result, the consolidated net loan-to-deposit ratio (110%) declined by 5%-points y-o-y adjusted for technical effects. On a standalone base in 2010 the most significant improvement was realized in Ukraine (-57%-points), Serbia (-52%-points), Romania (-49%-points) and Montenegro (-23%-points).

As for wholesale funding activity, OTP Bank did not print any market transactions in 2H 2010; neither had it renewed its maturing obligations. All redemptions were paid back from the liquidity reserves. In Hungary the Bank continued its retail targeted local bond issuance programme, by the end of 2010 the outstanding volume reached HUF 284 billion (a bit more than EUR 1 billion).

As a result of further portfolio deterioration overall risk costs in 2010 reached HUF 273 billion (+3% y-o-y). The DPD90+ ratio kept growing and the year-end level stood at 13.7%. The pace of deterioration, however, moderated. While in 2009 the ratio grew by 5.3%-points y-o-y, in 2010 it increased only by 3.9%-points. Different dynamics could be observed in DPD90+ coverage: in 2009 the ratio dropped by 12%-points y-o-y, but in 2010 it improved by 1%-point from 73.6% to 74.4%.

The consolidated IFRS capital adequacy ratio ('CAR') reached 17.5% by December 2010. The Tier1 ratio (14.0%) grew by 0.3%-points in the past twelve months. Both levels are significantly higher than that of for

OTP's main competitors in the region. The stand alone CAR of OTP Bank under the local regulation stood at 18.1%, underpinning a y-o-y growth of 1.9%-points.

OTP Core: stable total income with increasing risk cost and lower net earnings, reviving mortgage lending, increasing corporate loan volumes

Within the Group 2010 after tax profit of ***OTP Core*** (basic activity in Hungary) reached HUF 147 billion, marking a decrease of 20% y-o-y (without the effect of the banking tax).

The key driver of the strong total income was the good net interest income performance (+6%) mainly related to the HUF 18.7 billion impact of FX swap revaluation. The adjusted yearly net interest income basically remained flat. Thus the adjusted net interest margin dropped by 25 bps y-o-y. The total income line was further supported by a HUF 8.9 billion FX result (result on the hedging of provisions related to FX loans at OTP Bank Ukraine booked within other non-interest income) and HUF 7.1 billion securities gain. Furthermore, the structure of income was also influenced by an additional HUF 3.8 billion FX gain on positions hedging the revaluation of FX-provisions related to the FX-loan portfolio at OTP Core. Given that the annual risk costs were increased by the same amount, it had a neutral impact on net earnings.

Net fee and commission income declined by 4% y-o-y mainly as a result of the decreasing level of fees related to cards.

Despite of the average Hungarian consumer price inflation at 4.9% a stringent cost control was underpinned by a 1% y-o-y decline in operating expenses.

Loan volumes adjusted for FX-effect and technical factors showed a 1% growth y-o-y. Adjusted SME and corporate books grew by 7% and 1% respectively y-o-y; the consumer loan portfolio remained flat. The mortgage book declined by 2% y-o-y, but in 2H the decline moderated a lot. In new origination OTP Bank managed to improve its market share to 35% by December 2010 (the fukk year market share stood at 29%). Another positive factor was that new volumes kept growing and the total 2010 origination of HUF 103 billion exceeded 2009 sales by 60%. Since FX mortgage origination has been banned from July 2010, 2H 2010 new volumes were basically 100% HUF-based.

During 2010 asset quality deterioration somewhat accelerated and grew the fastest in 2Q 2010 due to corporate defaults. In 2H 2010 the speed of deterioration moderated, but within new DPD90+ volumes the share of FX-mortgages grew significantly.

The volume of FX-adjusted deposits and retail bonds on a yearly base declined by 1%. Retail deposits (plus retail bonds) however expanded on a yearly base by 2%. There was a significant decline in corporate deposits (-8% y-o-y) as a result of withdrawals by municipalities and OTP Fund Management. The "net loan-to-deposit+retail bond" ratio stood at 89% (-1%-point y-o-y adjusted for technical effects).

Merkantil Group (the Hungarian car financing business) realized HUF 4.1 billion loss in 2010 without the negative impact of the banking tax. In the base period the company's results were around zero. Increasing risk costs as well as eroding income base were the key drivers of the weak business performance. FX-adjusted loan volumes dropped by 14% y-o-y, DPD90+ ratio increased to 17.6%, the provision coverage remained stable (88%).

Positive profit contribution by foreign subsidiaries: performance in Russia and Ukraine well-above expectations, stable Bulgarian and Croatian operations with Slovakia, Serbia, Romania and Montenegro still making losses

OTP Bank Russia, DSK Bank and OTP Bank Ukraine representing around 30% of the total consolidated loan portfolio posted HUF 48 billion after tax profit in 2010 against their loss of around HUF 16 billion in 2009. Their profit contribution made up around 30% of total adjusted 2010 bottom line results.

The single biggest net profit has been achieved in Russia, taking over DSK Bank, whereas the most significant turnaround was registered in Ukraine, where the Bank posted HUF 8.9 billion profit versus a loss of HUF 43.6 billion in 2009.

As a result of operating profit being almost twice as big as in 2009 and risk costs growing by 18%, ***OTP Bank Russia*** achieved a net profit of HUF 20.5 billion in 2010, by 6 fold bigger than a year before. Operating expenses required for the organic expansion kept growing, but remained under control, and thanks to the strong income generation the efficiency further improved (cost-to-income ratio: 49.3%, -12.4%-points y-o-y).

POS-lending has been enjoying an 18 months undisrupted volume expansion (+58% y-o-y), but the cross-sale of credit card loan volumes even exceeded that pace with improving utilization rates and personal loan volumes also grew nicely. Simultaneously, the management put a break on low-margin corporate lending (25% FX-adjusted y-o-y drop in volumes). Due to the outstanding profitability of POS and credit card loans, OTP Bank Russia managed to further improve its net interest margin (14.3%, +343 bps y-o-y). Those two core products also enjoy excellent market position: in case of POS-lending the bank is the second biggest, whereas in credit card issuance it came off to no.4.

Deposit volume growth fell short of the stellar performance of retail volumes, however it was the strongest across the Group (+18% FX-adjusted). The net loan-to-deposit ratio somewhat increased from 2H and reached 114%. Highly positive, that amongst the biggest markets, DPD90+ ratio started declining in Russia: after a moderation of 0.6%-points in 3Q, it dropped by another 3.7%-points in 4Q, though helped by the sale of non-performing loans too. The provision coverage improved to 87.4% (+3.8%-points y-o-y).

Despite the worsening operating environment, ***DSK Group*** managed to maintain its profitability. In 2010 the Bank posted a net result of HUF 18.2 billion. While the result was by 27% lower than a year ago – mainly due to increasing risk costs –, the Bank implemented a stringent cost control and income generation remained strong. It was remarkable how successfully the bank maintained its net interest margins. Net interest margin improved on a yearly base reaching 5.77% in 2010. As a result the total net interest income grew by 3% y-o-y. The cost efficiency of DSK remained outstanding; its cost-to-income ratio of 36.1% is the lowest across the Group. FX-adjusted loan portfolio grew by 1% y-o-y, whereas deposits expanded by 3% over the past twelve months. As a result the net loan-to-deposit ratio further dropped (115%). Portfolio quality showed further deterioration, true, with some moderation, and DPD90+ ratio stood at 11% by the end of December. The coverage ratio (82%) remained well above the Group average.

OTP Bank Ukraine posted a sizeable, HUF 8.9 billion after tax profit in 2010. The favourable earnings were supported by a one-off tax shield effect of HUF 3.2 billion. Still, the most important factor was the steady decline of risk costs which dropped by almost 70% y-o-y. Portfolio deterioration further continued and the DPD90+ ratio reached 29.3% at the end of December but the pace of the deterioration slowed down (2010: +6.9%-points y-o-y vs. 2009: +17.6%-points). Also, the share of restructured retail loans within the framework of the debtor protection scheme declined and represented 41.2% of total retail book. Lending activity was held back by administrative hurdles and also by expensive UAH lending rates, as a result, total loan volumes dropped by 7% y-o-y (adjusted for the FX-effect). However, from 2H 2010 the corporate segment already showed sign of recovery; that part of the book grew by 6% q-o-q in 4Q 2010. FX-adjusted deposit volumes grew by 4%, accordingly the net loan-to-deposit ratio improved by a remarkable 54%-point and dropped to 283%. Despite the stubbornly high underlying inflation (around 10%) operating expenses grew only by 5%. As the total income dropped by 20% y-o-y, the Bank's cost-to-income ratio increased by 9.6%-points y-o-y and reached 41.5%.

Besides the three big subsidiaries, ***OTP banka Hrvatska (Croatia)*** also captured positive result; its 2010 net profit reached HUF 2.7 billion. The y-o-y 16% decline was mainly due to the significant increase of risk costs (+60%). Operating profit increased nicely, by 16% y-o-y. The DPD90+ ratio (12.8%) deteriorated by 3.9%-points y-o-y, and the provision coverage dropped by 1.9%-points.

OTP Bank Romania (OBR) posted HUF 6.4 billion loss in 2010. While operating profit showed an excellent picture (+41% y-o-y) it could not offset the negative impact of trebling risk costs. The most significant portfolio deterioration was observed in the corporate and mortgage segments. DPD90+ ratio reached 10.6%. The net loan-to-deposit ratio stood at 270%, after a 49%-points y-o-y FX-adjusted improvement. Amid the difficult operating environment, the Bank implemented stringent cost control, cost-to-income ratio (56.9%) improved by 9%-points y-o-y.

The ***Slovakian subsidiary*** realized HUF 1 billion loss in 2010 versus the loss of HUF 6.5 billion in 2009. Operating profit improved by 13% y-o-y, within that net interest income expanded by 7%. Net interest margin nicely grew and was at 3.09% (+50 bps y-o-y). The annual cost-to-income ratio declined by almost 3%-points y-o-y. DPD90+ ratio basically remained flat (10.2%), its coverage was stable at 56.1%. The total loan portfolio yet declined on a yearly base; however the retail segment showed a recovery already (+3%). Net loan-to-deposit ratio remained flat (100%).

The ***Serbian subsidiary*** remained in red in terms of profitability, though its 2010 loss of HUF 7.3 billion is lower than in the previous year. The loan portfolio decline continued. The weak total income was only partly offset by the stringent cost efficiency (expenses dropped by a remarkable 37% y-o-y). The portfolio quality further deteriorated, the DPD90+ ratio (47.8%) was the highest across the Group. Risk cost grew by 16% y-o-y and DPD90+ coverage improved by 3.5%-points y-o-y reaching 43.7%.

CKB Montenegro posted a yearly loss of HUF 16.8 billion. By the end of the year DPD90+ reached 26.6%. The coverage also grew by 21.2%-points y-o-y. FX-adjusted loan book contracted by 15%, deposit decline was somewhat less meaningful. As a result, the net loan-to-deposit ratio improved by 23%-points (adjusted for the FX-effect). Operating expenses were under control throughout the whole year, but the significant decline in revenues resulted a sharply increasing cost-to-income ratio (from 46.1% to 60.9%).

By the end of 2010 OTP Group had 1,486 branches (-28 branches y-o-y). The most sizeable decline in the past twelve months was realized in Ukraine (-17 branches), whereas in other cases banks rather focused on network rationalizations. By the end of 2010 the number of employees exceeded 30 thousand people. In 2010 significant lay-offs took place only in Ukraine.

Credit ratings, shareholder structure

OTP Bank's credit rating reflected the changes in the sovereign ratings. In December 2010 Moody's downgraded the Bank's deposit rating from "Baa1" to "Baa3", the unsecured FX bond ratings changed to "Baa2". All relevant outlook remained "Negative". There was no change in the Bank's S&P rating, it remained "BB+", the outlook is "Stable". There was no change in the rating of other group members.

As for the ownership structure, in 4Q the ownership of OTP shares at Lazard Asset Management exceeded 5% (16.5 million pieces representing 5.9% ownership), thus currently four investors hold more than 5% stake in the Company. Besides Lazard, they were the Rahimkulov family (9.0%), MOL (Hungarian Oil and Gas Company) (8.6%) and Groupama (8.3%).

POST BALANCE SHEET EVENTS

Hungary

- Effective from 1 January 2011, the Board of Directors appointed dr. László Utassy to Chairman and CEO of Merkantil Bank Ltd., a 100% subsidiary of OTP Bank. Dr. Norbert Szaniszló, who was appointed to acting CEO of Merkantil Bank Ltd. effective from 19 November 2010, resumed his pre-appointment position as deputy CEO of Merkantil Bank Ltd. from 1 January 2010.
- Effective from 1 February 2011, Dr. György Szapáry resigned from his title as member of the Board of Directors because he has been appointed Ambassador of the Hungarian Republic to the United States in Washington DC.
- On 4 February 2011 Hungarian Economy Minister proposed a HUF 250 billion forint "stability fund" for the 2011 budget to ward off potential risks. The reserves could only be spent if risks materialize.
- On 1 March 2011, the Hungarian Government announced series of structural changes targeting seven key areas, namely the labour market, the pension system, public transportation, tertiary education system, drug subsidy, local governments and taxation. As a result of the contemplated measures the fiscal deficit is expected to drop to 1.9% of GDP in 2014 and the gross public debt-to-GDP to around 66%.
- On 17 March 2011 the Hungarian Parliament approved the partial lifting up of the foreclosure moratorium (in case of consumer- and mortgage loans not for housing purposes), while the moratorium will be terminated fully on 1 July 2011.
- The number of OTP Private Pension Fund members who opted for maintaining their membership amounted to 18,214 (preliminary data as of 30 March 2010).
- On 1 April 2011 the Central Statistics Office announced that the budget deficit reached 4.2% of GDP in 2010 (based on EDP methodology), compared to the deficit target of 3.8%.

Russia

- Effective from 1 February 2011, the Russian central bank raised mandatory reserve requirements. The required reserve ratio on credit institutions' liabilities to non-resident banks was raised from 2.5% to 3.5%, and the required reserve ratio on liabilities to individuals and other liabilities increased from 2.5% to 3.0%.
- On 25 February 2011, the Russian central bank hiked the base rate by 25 bps to 8.0% due to inflationary pressure.

Ukraine

- In mid-February 2011, the IMF mission negotiated with Ukraine in relation to the disbursement of the USD 1.55 billion third tranche of a USD 15.6 billion loan, but the IMF did not make a decision.

Romania

- On 8 February 2011 the International Monetary Fund, the European Union and Romania reached an agreement on a new 2-year, EUR 5 billion precautionary loan. Romania won't draw money from the new agreement.

Serbia

- The central bank announced on 8 February 2011 that it will restart three-month currency-swap auctions on March 1 (which were suspended in July 2010), with an aim to help develop the domestic interbank swap market and to contribute to more efficient liquidity management.
- On 16 March 2011 S&P rating agency upgraded the credit rating of Serbia by one notch to “BB-“, the outlook is stable. The significant improvement in the economic growth prospects and the political stability were mentioned as key factors behind the step.

Montenegro

- On 30 March 2011 Moody's Investors Service affirmed Montenegro's “Ba3” government bond ratings and changed the outlook to stable from negative.

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

HUF million	2009	2010	Change (%)
Consolidated after tax profit	**150,206**	**118,126**	**-21%**
Profit of the strategic short position[1] (after tax)	-1,912	0	-100%
Dividend and total net cash transfers (consolidated)	792	488	-38%
Goodwill impairment charges (after tax)[2]	0	-15,001	
Special tax on financial institutions (after corporate income tax)	0	-29,471	0%
Consolidated after tax profit without the result of strategic open FX position, consolidated dividend and net cash transfers, goodwill impairment charges and special financial institution taxes	**151,326**	**162,110**	**7%**
Banks total without one-off items[3]	145,844	159,081	9%
OTP CORE (Hungary)	182,699	146,920	-20%
Corporate Centre (after tax)[4]	-10,478	-6,709	-36%
OTP Bank Russia	3,086	20,545	566%
OTP Bank JSC (Ukraine)	-43,650	8,928	-120%
DSK Bank (Bulgaria)[5]	24,797	18,190	-27%
OBR adj. (Romania)	1,136	-6,406	-664%
OTP banka Srbija (Serbia)	-8,990	-7,312	-19%
OBH (Croatia)	3,245	2,721	-16%
OBS (Slovakia)	-6,673	-952	-86%
OBS, adj.	-6,429	-952	-85%
OBS one-off items[6]	-244	-	-100%
CKB (Montenegro)	428	-16,844	
Leasing	-1,246	-6,337	408%
Merkantil Bank + Car, adj. (Hungary)[7]	-68	-4,123	
Merkantil Bank + Car one-off items[8]	12	0	-100%
Foreign leasing companies (Slovakia, Croatia, Bulgaria, Romania)[9]	-1,191	-2,214	86%
Asset Management	5,104	7,448	46%
OTP Asset Management (Hungary)	5,124	7,456	46%
Foreign Asset Management Companies (Ukraine, Romania)[10]	-20	-8	-61%
Other Hungarian Subsidiaries	-2,148	-994	-54%
Other Foreign Subsidiaries (Slovakia, United Kingdom, Cyprus, Romania, Belize)[11]	3,404	-6	-100%
Eliminations	612	2,919	377%
Total after tax profit of HUNGARIAN subsidiaries[12]	175,754	145,469	-17%
Total after tax profit of FOREIGN subsidiaries[13]	-24,428	16,642	-168%
Share of foreign profit contribution, %	-16%	10%	26%

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

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME [3]

Main components of the Statement of recognized income in HUF million	2009	2010	Change (%)
Consolidated after tax profit	**150,206**	**118,126**	**-21%**
Dividends and net cash transfers (after tax)	792	488	-38%
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Before tax profit	**172,080**	**194,313**	**13%**
Operating profit	**437,059**	**467,058**	**7%**
Total income	**786,084**	**821,123**	**4%**
Net interest income (adj.)	**589,780**	**620,354**	**5%**
Net interest income without the revaluation result of FX swaps	***589,780***	***601,622***	***2%***
Net fees and commissions	**132,913**	**136,702**	**3%**
Other net non-interest income (adj.)	**63,390**	**64,067**	**1%**
Foreign exchange result, net (adj.)	-5,919	31,811	-637%
Gain/loss on securities, net (adj.)	7,459	14,829	99%
Net other non-interest result (adj.)	61,851	17,426	-72%
Operating expenses	**-349,024**	**-354,065**	**1%**
Personnel expenses	-155,516	-160,725	3%
Depreciation (adj.)	-45,141	-48,805	8%
Other expenses (adj.)	-148,367	-144,535	-3%
Total risk costs	**-264,979**	**-272,745**	**3%**
Provision for loan losses (adj.)	-246,935	-272,859	10%
Other provision	-18,044	113	-101%
Corporate taxes	**-20,754**	**-32,203**	**55%**
INDICATORS (%)	2009	2010	Change (%-point)
ROA	1.6%	1.7%	0.1%
ROE	13.4%	13.0%	-0.4%
Operating profit margin (adj.)	4.57%	4.78%	0.21%
Total income margin (adj.)	8.22%	8.41%	0.18%
Net interest margin (adj.)	6.17%	6.35%	0.18%
Net interest margin without the revaluation result of FX swaps	*6.17%*	*6.16%*	*-0.01%*
Net fee and commission margin (adj.)	1.39%	1.40%	0.01%
Net other non-interest income margin (adj.)	0.66%	0.66%	-0.01%
Cost-to-asset ratio	3.65%	3.62%	-0.03%
Cost/income ratio (adj.)	44.4%	43.1%	-1.3%
Risk cost for loan losses-to-average gross loans (adj.)	3.57%	3.82%	0.25%
Total risk cost-to-asset ratio	2.77%	2.79%	0.02%
Effective tax rate	12.1%	16.6%	4.5%
Non-interest income/total income	25%	24%	-1%
Comprehensive Income Statement	2009	2010	Change (%)
Net comprehensive income	**151,661**	**135,936**	**-10%**
Net profit attributable to equity holders	**151,045**	**117,930**	**-22%**
Consolidated after tax profit	150,206	118,126	-21%
(-) Net profit attributable to non-controlling interest	-839	196	-123%
Fair value adjustment of securities available-for-sale (recognised directly through equity)	**9,941**	**-10,771**	**-208%**
Fair value adjustment of derivative financial instruments designated as cash-flow hedge	**431**	**335**	**-22%**
Fair value adjustment of strategic open FX position hedging net investment in foreign operations	**-1,543**	**-2,232**	**45%**
Foreign currency translation difference	**-8,213**	**30,674**	**-473%**

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

- ***The consolidated adjusted 2010 net profit reached HUF 162 billion (+7% y-o-y)***
- ***Operating profit without one-off items equalled 2009 level with HUF 436 billion***
- ***Improving net interest income, stable adjusted net interest margin (2010: 6.16%), outstanding Russian (+48% y-o-y), improving Bulgarian (+3% y-o-y) and stable adjusted Hungarian net interest income***
- ***Effective cost control, improving efficiency (2010 cost-to-income ratio: 43%)***
- ***Risk costs grew by 3% y-o-y, however DPD90+ growth moderated and the coverage improved (2010: 74.4%, +0.8%-point)***

In 2010 OTP Group posted HUF 162 billion adjusted profit after tax by 7% higher than in 2009. Including the HUF 29.5 billion net effect of the special tax on financial institutions, as well as the net HUF 15 billion goodwill write-down, the accounting net result is HUF 118 billion (-21% y-o-y).

In 2010 operating profit reached HUF 467 billion (+7% y-o-y), adjusted by one-off items its volume represented HUF 436 billion, i.e. flat to 2009 level. Within the total 2010 operating profit the following one-off items were realized: within net interest income the Bank posted HUF 18.7 billion net result on FX swap revaluation in 2Q and in 3Q in all (hereinafter interest income from revaluation of swaps is not expected due to the building up of hedging positions). Within FX results (other net non interest results) the following one-off items occurred: a HUF 8.9 billion gain on the hedging of provisions related to FX loans at OTP Bank Ukraine (in 2Q 2010) and FX revaluation results of HUF 3.8 billion on the open position, which is held by OTP Core for hedging purposes to offset the revaluation results of FX provisions related to its FX-loan portfolio. However, this last particular item had no impact on overall profitability since risk costs were adjusted with an identical amount because of the revaluation of the before mentioned FX provisions.

Total income adjusted by one-offs (2010: HUF 790 billion) was basically flat to 2009 (+0.5% y-o-y).

Adjusted net interest income increased by 2% y-o-y. Net interest margin remained stable (2010: 6.16%) supported by increasing deposit margins. Parallel with the increase of liquidity surplus deposit rates were cut almost in every markets. The Russian interest income improved significantly (by HUF 29 billion, +48% y-o-y) as a result of the stellar performance of consumer lending. Out of the other big markets, OTP Core and DSK managed to repeat their 2009 adjusted net interest income (0% and +3% y-o-y). Those positive trends were somewhat offset by the decline of net interest income in Ukraine, Montenegro and Serbia (-19%, -30% and -37% y-o-y respectively) as a result of the weak business activity and the increase in the number of defaulted clients.

Net fees and commissions grew by 3% y-o-y (+HUF 4 billion) supported by the strong Russian performance (+HUF 4.9 billion y-o-y) of credit card and deposit segments. OTP Fund Management also managed to increase its fee generation (+HUF 1.7 billion y-o-y) through the rapidly increasing volumes of assets under management.

Other net non-interest income reached HUF 64.2 billion in 2010, the one-off adjusted result was HUF 51.5 billion. The decline of adjusted other net non interest income was related to base effect. In 2009 all Upper Tier2 repurchase gains (HUF 27.7 billion) were booked at this line, whereas in 2010 there was no such transaction.

Operating expenses y-o-y increased by mare 1%. Taking into consideration that in many markets underlying consumer price inflation approached or exceeded 5% (Hungary, Russia, Ukraine Romania and Serbia), and also that HUF weakened significantly y-o-y, this slight increase reflects fairly successful cost management. Assuming an unchanged cost structure, those two factors (inflation and currency depreciation) would have implied a nominal increase of HUF 19 billion y-o-y in the consolidated operating expenses, of which the Group realized only HUF 5 billion increase as a result of ongoing cost rationalization (renegotiating rental- and supplier contracts, optimization of energy consumption, reengineering business processes etc.)

As a result of the further deterioration of the loan book, 2010 total risk costs of HUF 273 billion were by 3% higher than in 2009. The DPD90+ ratio increased from 9.8% to 13.7%. However the pace of deterioration moderated: while the ratio increased by 5.3%-points between 2008 and 2009, in the last year it deteriorated by 3.9%-points. Moreover the coverage ratio was reflecting a prudent provisioning, showing a yearly 0.8%-points growth (from 73.6% to 74.4%), while in 2009 the coverage ratio decreased by 12%-points over a year earlier. Such an increase of the coverage ratio required additional provisioning in the amount of HUF 8 billion, teherfore risk cost for loan losses would have remained flat on a yearly basis (2009: HUF 265 billion), if the Group were to keep the coverage ratio on its 2009 year-end basis.

The volume of corporate tax paid by the Group increased by 55% y-o-y, partially due to a base effect: in 2009 there was a positive tax-shield effect on the goodwill write-off in 2008 resulting in HUF 11.7 billion tax savings (both at OTP Core and OTP Group). Thus the effective tax rate dropped to around 12% in 2009. In 2010, on the other hand, HUF 3.7 billion extra tax had to be paid because of the revaluation gain of subsidiary investments of OTP Bank (for detailed explanation, please see the Section on OTP Core).

ASSET-LIABILITY MANAGEMENT

In 2010 the asset-liability management of OTP Group focused on maintaining the safe liquidity reserves of the OTP Group…

The primary objective of OTP Group in terms of asset-liability management has been to ensure that the Group's liquidity reserves are maintained at a suitably safe level. From December 2009 the opportunity of small-amount external funding reopened which enhanced further the liquidity management potential of the Group. To strengthen its capital market activity the Bank funded itself several times from the capital markets. An EUR 200 million syndicated loan was arranged in December 2009 and another facility with EUR 250 million was signed and drawn down in July 2010. Beyond these transactions in February 2010 the Bank issued a CHF 100 million senior unsecured note and the refinancing sources of ECB became available for the Bank too, easing the renewal risk of maturing mortgage bonds. The achieved spread levels demonstrated that with smaller tranches and with good timing funding was available even at lower spread levels than that for the Hungarian State.

Despite the repayment of a significant amount of maturing debt (cca. in the amount of EUR 2.3 billion) in 2010, the liquidity reserves of OTP Group remained permanently above the safety level. The liquidity reserves of the Group amounted to EUR 4.3 billion at the end of 2010 (in February 2011 it hovered in the range of EUR 5.1-5.4 billion), which is more than sufficient to provide coverage not just for the redemptions within one year but for potential liquidity shocks as well. The CHF and USD liquidity need of the Group deriving from its FX lending operation was covered by long term FX-swaps (besides the above mentioned CHF note issue).

… and keeping interest-rate risk exposures low.

Interest-rate risk exposure of the Bank Group is determined primarily by the positions of OTP Bank Plc. and OTP Mortgage Bank Ltd. Due to the HUF liabilities on OTP Bank's balance sheet, which respond to yield changes only to a moderate extent, the Bank has an interest-rate risk exposure resulting from its business operations. The Bank treats the reduction and closing of this exposure as a strategic matter and reduced its interest-rate risk exposure through the purchase of fixed-rate government securities in order to offset the negative impact of falling yields on net interest income.

The Bank has a closed interest-rate position in EUR and CHF, consequently the yield volatility of the previous period did not cause significant changes in the FX interest income.

Market risk exposure of OTP Group

At the end of 2010 the consolidated capital requirement of the trading book positions, the counterparty risk and the FX risk exposure represented HUF 31.8 billion, primarily due to the capital requirement of the FX risk exposure (HUF 25.2 billion).

OTP Group is active participant of the international FX and derivative market. Exposure of the various Group members' FX positions is restricted to individual and global net open position limits (overnight and intraday), and to stop-loss limits. The open positions of Group members outside Hungary were negligible measured against either the balance sheet total or regulatory capital and because of that the FX exposure at Group level was concentrated at OTP Bank.

The main part of the FX exposure booked at OTP Bank derived from the strategic open FX position kept to hedge the currency risk of FX-denominated net earnings of the main foreign subsidiaries. The size of the strategic open short EUR position amounted to EUR 310 million and was equal to 2 years' expected net profits of the subsidiaries. Apart from this strategic short position, the average net open position held by the dealing room of the central Treasury Department was negligible (HUF 1.2 billion).

CONSOLIDATED BALANCE SHEET

Main components of balance sheet in HUF million	2009	2010	Change (%)
TOTAL ASSETS	**9,755,132**	**9,780,946**	**0%**
Cash and amount due from banks	505,650	513,038	1%
Placements with other banks	440,850	511,244	16%
Financial assets at fair value	256,100	233,667	-9%
Securities available-for-sale	1,354,285	1,008,097	-26%
Gross customer loans	**6,907,094**	**7,502,331**	**9%**
o/w Retail loans	4,291,847	4,769,793	11%
Retail mortgage loans (incl. home equity)	2,703,433	2,983,235	10%
Retail consumer loans	1,149,231	1,335,119	16%
SME loans	439,183	451,439	3%
Corporate loans	2,161,903	2,286,415	6%
Loans to medium and large corporates	1,933,848	1,921,660	-1%
Municipal loans	228,055	364,755	60%
Car financing loans	387,431	385,587	0%
Bills and accrued interest receivables related to loans	65,968	60,535	-8%
Allowances for loan losses	-494,378	-761,272	54%
Equity investments	18,834	11,554	-39%
Securities held-to-maturity	188,853	172,302	-9%
Intangible assets	476,358	480,828	1%
Other assets	101,486	109,157	8%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**9,755,132**	**9,780,946**	**0%**
Liabilities to credit institutions and governments	802,749	681,949	-15%
Customer deposits	**5,688,887**	**5,821,489**	**2%**
o/w Retail deposits	4,165,398	4,368,021	5%
Household deposits	3,746,263	3,924,525	5%
SME deposits	419,135	443,496	6%
Corporate deposits	1,480,496	1,424,631	-4%
Deposits to medium and large corporates	1,169,837	1,191,319	2%
Municipal deposits	310,659	233,312	-25%
Accrued interest payable related to customer deposits	42,997	28,836	-33%
Issued securities	1,410,348	1,035,153	-27%
Other liabilities	380,708	642,796	69%
Subordinated bonds and loans	280,834	290,630	3%
Total shareholders' equity	**1,191,606**	**1,308,929**	**10%**
Indicators	2009	2010	Change (%)
Loan/deposit ratio	121%	128%	7%
Net loan/(deposit + retail bond) ratio	108%	110%	2%
Net loans	6,346,748	6,680,524	5%
Customer deposits	5,645,890	5,792,653	3%
Retail bonds	236,733	283,646	20%
90+ days past due loan volume	671,625	1,022,950	52%
90+ days past due loans/gross customer loans	9.8%	13.7%	3.9%
Total provisions/90+ days past due loans	73.6%	74.4%	0.8%
Consolidated capital adequacy	2009	2010	Change (%)
Capital adequacy ratio (consolidated, IFRS)	17.2%	17.5%	0.3%
Tier1 ratio	13.7%	14.0%	0.3%
Core Tier1 ratio	12.0%	12.5%	0.5%
Leverage (Total Assets/Shareholders' Equity)	8.2x	7.5x	
Regulatory capital (consolidated)	1,194,508	1,304,144	9%
o/w Tier1 Capital	952,416	1,045,977	10%
o/w Hybrid Tier1 Capital	118,278	112,812	-5%
Tier2 Capital	242,521	258,632	7%
Deductions from the regulatory capital	-428	-464	8%
Consolidated risk weighted assets (RWA) (Credit&Market&Operational risk)	6,942,437	7,462,128	7%
Closing exchange rate of the HUF (in forint)	2009	2010	Change (%)
EURHUF	271	279	3%
CHFHUF	182	223	22%
USDHUF	188	209	11%
JPYHUF	204	257	26%

- ***FX adjusted loan book stagnated y-o-y, but showed growth again in 2H 2010***
- ***Outstanding consumer loan origination in Russia (FX adjusted growth: +61% y-o-y), Ukrainian corporate volumes also started growing from 2H 2010***
- ***FX adjusted deposit volumes remained flat y-o-y***
- ***The FX adjusted yearly decrease of net loan/(deposit + retail bond) ratio was 5% (2010: 110%)***
- ***The pace of portfolio quality deterioration moderated y-o-y and DPD90+ reached 13.7% as at the end of 2010***

Methodological note: starting from 4Q 2010 the loan book of OTP Flat Lease was reclassified from corporate exposures into mortgage and SME loans (the total reclassified volume represented HUF 32 billion and 6 billion respectively). Furthermore, the DPD90+ volumes of those loans started to be registered within consolidated statistics. Given the limited impact of those changes, we didn't adjust the figures of the base periods, thus both y-o-y consolidated volume dynamics for the before mentioned product categories, and changes in risk indicators are affected by this technical effect.

The consolidated loan portfolio grew by 9% y-o-y in nominal terms. Although, after adjusting for technical effects (ie. FX-movements, reclassification of municipality bonds from securities to loans in 2Q 2010), loan book basically remained flat y-o-y (-0.3%), however, it started growing moderately in 2H (+1.1% in 3Q and +0.4% in 4Q q-o-q). It was only the Russian market enjoying a significant volume growth: the FX-adjusted portfolio expanded by 24%, within that the retail book increased by 46%. The core products of OTP Bank Russia demonstrated a spectacular expansion: POS-lending grew by 58% y-o-y, credit card loan volumes increased even faster, by 72% y-o-y.

It was also positive, that out of significant markets the Hungarian large corporate segment grew by 1% y-o-y and the SME segment – though being fairly small – expanded by 7% respectively. Furthermore, in Bulgaria both mortgages and corporate exposure grew by 4% y-o-y, while in Ukraine the corporate lending started recovering from 2H 2010 and in 4Q 2010 already grew by 6% q-o-q.

In smaller markets adjusted volumes rather contracted – Montenegro suffered the single most sizeable decline of 15% y-o-y –, though in particular segments some revival could be observed reflecting the efforts of the local managements and also the gradually reviving loan demand. In Romania mortgages grew by 5% y-o-y and SME loans by 15%, in Croatia personal loans expanded by 9%, in Serbia consumer credits grew by 20%, while in Slovakia the retail segment advanced by 6%. In Montenegro, however all major loan categories dropped by two digits.

FX-adjusted deposit volumes stagnated y-o-y. However, the +2% y-o-y growth in consolidated retail deposit volumes is considered as a positive development. Corporate deposit volumes decreased 6% y-o-y mainly due to a drop of corporate savings at OTP Core (-8% y-o-y). The significant volume decline was related to temporary deposit withdrawals by OTP Fund Management (since then, the majority of the withdrawals were placed back in January 2011) and to the decrease in Hungarian municipalities deposit volumes, due to declining local tax collection since the financial crisis, and increasing withdrawals.

Across the group the biggest deposit increase in relative terms was achieved in Russia (+18% y-o-y), retail savings grew even faster there, by 22% y-o-y, but volumes grew nicely in Serbia and Romania, too (+14 and 13% respectively). Given its absolute size, the deposit growth in Bulgaria was also meaningful (+3%). OTP Core suffered a deposit decrease of 2% y-o-y due to the above mentioned deposit withdrawals.

At the end of 2010 the consolidated net loan/(deposit + retail bond) ratio stood at 110% (the y-o-y change was -5%-point, after adjusted for technical effects). The lowest ratio was achieved at CKB (80%), OBH (86%) and in Hungary (89%), whereas Ukraine (283%), Romania (270%) and Serbia (189%) were the countries with the highest net loan-to-deposit ratios.

The overall volume of issued securities dropped significantly y-o-y (-27%). There were big redemptions in March (EUR 1 billion covered bonds), in July and also in December (EUR 500 million and EUR 300 million senior bonds). Those maturities were paid back at the expense of liquid reserves. The volume decline was somewhat mitigated by the y-o-y HUF 47 billion increase of HUF bonds sold to retail clients, as well as by HUF 39 billion increase in HUF senior bonds sold to Hungarian institutions. There were two capital market exercises in the past twelve months: in April OTP Mortgage Bank tapped the market with a 2 year, EUR 300 million mortgage bond transaction (of which app. EUR 90 million was sold to investors outside OTP Group), and in February OTP Bank issued a smaller size, CHF 100 million senior bond with 2 years tenor.

The Lower and Upper Tier2 volumes remained flat y-o-y (in EUR terms); there was no buyback of any outstanding OTP issues.

The Group has accumulated a sizable amount of liquidity reserves since the beginning of the crisis: the total liquidity buffer amounted to EUR 5.0 billion as of 31 January 2011. This level of the reserves is significantly higher than what would be sufficient to provide coverage for the redemptions in wholesale funding within one year and for potential liquidity shocks. The source of this buffer is two-fold: the on-going growth of consolidated deposits since the beginning of the crisis and the internal FX liquidity generation of the business lines, related to the fact that retail FX lending had been stopped both in Hungary and Ukraine, therefore the continuous repayments of the clients are increasing the Group's FX liquidity. Internal FX liquidity generation enabled the Group to repay its redemptions throughout 2009-2010 without issuing new instruments in the market on a significant scale. Repayments reached EUR 1.5 billion and EUR 2.3 billion equivalent in 2009 and 2010 respectively (in the form of maturing senior notes, mortgage bonds and syndicated or bilateral loans), whereas new issuances in 2010 amounted to only EUR 420 million equivalent (of which bonds amounted to EUR 170 million, syndicated loans to EUR 250 million).

CONSOLIDATED CAPITAL ADEQUACY RATIO (IN ACCORDANCE WITH BASEL II)

At the end of 2010 regulatory capital of OTP Group represented HUF 1,304 billion, while the preliminary estimated risk-weighted-assets, taking into account the capital needs for credit-, market- and operational risks too, stood at HUF 7,462 billion. CAR stood at 17.5% with Tier1 ratio (after deducting goodwill and intangible assets) at 14.0% and Core Tier1 ratio (further deducting hybrid instruments) at 12.5% respectively.

The outstandingly high and safe capital position of the Bank is reflected by the 16.2% Tier1 ratio of OTP Group forecast for 2011, which is the second best among the tested 91 banks based on the European CEBS stress-test completed in July 2010.

OTP BANK'S HUNGARIAN CORE BUSINESS [4]

OTP Core Statement of recognised income (segmented):

Main components of the Statement of recognised income in HUF mn	2009	2010	Change (%)
OTP CORE after-tax profit w/o dividends and net cash transfer	182,699	146,921	-20%
OTP CORE pre-tax profit	198,716	174,048	-12%
Operating profit	270,533	288,373	7%
Total income	450,137	466,947	4%
Net interest income	325,142	343,508	6%
Net interest income without the revaluation result of FX swaps	*325,142*	*324,777*	*0%*
Net fees and commissions	88,379	84,807	-4%
Other net non-interest income	36,616	38,632	6%
Operating expenses	-179,604	-178,574	-1%
Total provisions	-71,817	-114,326	59%
Provisions for loan losses	-72,530	-115,038	59%
Other provisions	713	712	0%
Revenues by Business Lines	**2009**	**2010**	**Change (%)**
RETAIL			
Total income	325,304	323,137	-1%
Net interest income	241,732	243,875	1%
Net fees and commissions	78,478	74,827	-5%
Other net non-interest income	5,094	4,435	-13%
CORPORATE			
Total income	36,221	40,363	11%
Net interest income	23,707	26,693	13%
Net fees and commissions	11,025	12,374	12%
Other net non-interest income	1,489	1,296	-13%
Treasury ALM			
Total income	85,894	106,195	24%
Net interest income	59,704	72,940	22%
Net fees and commissions	1,274	1,438	13%
Other net non-interest income	24,917	31,817	28%
Indicators (%)	**2009**	**2010**	**Change (%-point)**
ROA	2.9%	2.3%	-0.7%
ROE	18.7%	13.8%	-4.9%
Total income margin	7.24%	7.17%	-0.08%
Net interest margin	5.23%	5.27%	0.04%
Net interest margin without the revaluation result of FX swaps	*5.23%*	*4.98%*	*-0.25%*
Cost of risk/average gross loans	2.21%	3.39%	1.18%
Cost/income ratio	39.9%	38.2%	-1.7%
Effective tax rate	8.1%	15.6%	7.5%

- ***Y-o-y decreasing net profit (-20%) as a result of increasing risk costs (+59%)***
- ***Slightly accelerating portfolio quality deterioration y-o-y, provision coverage ratio of DPD90+ portfolio increased significantly (2010: 78.2%, +3.3%-points y-o-y)***
- ***Growing corporate volumes y/y, stabilizing mortgage book in 2H 2010***
- ***Regained market leadership in sales of mortgages and continuous leading position in new disbursements of personal loans***
- ***Stringent cost control (full year operating expenses decreasing by 1%)***

P&L developments

Excluding the effect of the special banking tax, ***OTP Core***'s net profit for the full year of 2010 at HUF 146.9 billion represents a decline of 20% y-o-y. Total income, rising by 4% due to one-offs, and the declining operating expenses (-1% y-o-y) resulted in a record high operating profit, amounting to HUF 288 billion. Improvement in total operating income was stemming from the increasing income of the treasury

[4] OTP Core is an economic unit for measuring the result of core business activity of OTP Group in Hungary. Financials for OTP Core are calculated from the consolidated financial statements of the companies engaged in OTP Group's underlying banking operation in Hungary. These companies include OTP Bank Hungary Plc, OTP Mortgage Bank Ltd, OTP Buildig Society Ltd, OTP Factoring Ltd, OTP Financing Netherlands Ltd and OTP Holding Ltd. The consolidated accounting result of these companies are segmented into OTP Core and Corporate Centre, the latter being a virtual entity responsible for rendering debt and capital market related services to the subsidiaries across OTP Group.

department's asset liability management activity (boosted significantly by one-off items). The contribution of the retail segment to total income slightly diminished due to the decreasing level of card related net fees. The portfolio quality deterioration as well as the management's intention to increase the provision coverage of the non-performing book, however, required a likewise exceptional, HUF 114 billion amount of risk cost, as a result, the coverage of non-performing loans grew to 78.2% +3.3%-points y-o-y).

The pre-tax profit for the full year of 2010 was enhanced by significant one-off elements[5]: HUF 18.7 billion fair value adjustment gain – booked within net interest income – was generated on the revaluation of FX-swaps (the Bank entered into hedging derivative contracts during 2Q-3Q 2010, bringing the sensitivity of the swap book to changes in the basis swap spreads close to zero, accordingly in 2011 no substantial revaluation gain is expected from basis-swap spread movements), HUF 8.9 billion before tax FX-gain was realized on FX hedging transactions related to the FX-loans' provisions at OTP Bank Ukraine, finally HUF 7.1 billion gain on securities was generated. Without having any impact on the bottom line profitability, another one-off item had an impact on the structure of earnings. HUF 3.8 billion revaluation gain, related to the balance sheet positions held to hedge the revaluation result of FX provisions of FX loans at OTP Core, was booked as other non-interest income for the full year of 2010. This profit was fully offset amongst the risk cost, the latter being by HUF 3.8 billion higher in FY 2010.

Regarding the driving factors behind y-o-y profit development, the increasing level of risk costs caused the net profit falling y-o-y. The HUF 114.3 billion risk cost level represents a 59% increase y-o-y. While the technical effect of the revaluation of FX provisions had only a relatively insignificant impact (by HUF 3.8 billion more risk costs in 2010 than in 2009), the sizeable growth is mostly explained by the increasing level of the provision coverage during 2010 (the coverage increased by 3.3%-points y-o-y in 2010 as opposed to the decrease of 7.2%-points in 2009), furthermore the slight acceleration in the portfolio quality deterioration had its negative impact too (the y-o-y FX adjusted growth in the DPD90+ volumes was HUF 108 billion in 2009 and HUF 118 billion in 2010).

The highest speed of portfolio quality deterioration was registered in 2Q 2010. In 2H 2010 the pace of deterioration decelerated gradually but the share of mortgage loans within the new non-performing volumes increased significantly compared to 1H 2010 (the FX-adjusted quarterly growth in DPD90+ volumes stood at (in HUF billion) 19 in 1Q 2010, 37 in 2Q, 35 in 3Q and 27 in 4Q). The DPD90+ ratio continued to rise from 7.8% to 10.6% y-o-y. In case of mortgages and consumer loans the DPD90+ rate rose from 5.1% to 8.1% and from 15.9% to 20.4% respectively. In middle- and large enterprise segment, the ratio went up from 9.7% to 13.7%, whereas SME exposures performed somewhat better: the share of DPD90+ loans grew from 11.2% to 12.5%.

As a reaction to the HUF depreciation in 2H 2010, to ease the increasing burden of retail FX-debtors through a temporary measure, in June 2010 the Bank lowered the CHF and JPY mortgage rates by 75 bps and 50 bps respectively. Furthermore, due to the lower funding costs, the Bank implemented another 25 bps cut on average in CHF mortgage rates in June 2010, and 30-72 bps cut in mortgage rates of selective product segments (mostly EUR denominated) was carried through in September. Altogether, from the point of view of a CHF mortgage borrower, interest rate cuts equaled to approx. HUF 13 appreciation of the CHF/HUF exchange rate.[6] Interest rates of personal loans were lowered too: by 50-75 bps in June for CHF denominated ones and by 37-73 bps in September for HUF denominated ones.

6% y-o-y increase in the full year net interest income is mainly related to a one-off item: as a result of a significant widening of HUF/FX basis swap spreads in 2Q 2010 and a small correction of the spreads in 3Q[7], OTP Core realised a fair value adjustment gain on FX swaps of HUF 18.7 billion booked as interest income in 2Q-3Q 2010. The full year net interest income adjusted for the swap-revaluation (2010: HUF 325 billion) remained stagnant y-o-y. The stability was a result of two trends, influencing the net interest income differently. Due to the significantly lower interest-differential result of FX swaps, because of the y-o-y lower HUF interest rate environment, the net interest income of the swaps (excluding the revaluation effect) decreased y-o-y. However, this negative effect was mostly offset by the fact that due to its strong

[5] Reminder: full year profit for 2009 included the following one-off elements. A pre-tax profit of HUF 27.7 billion was realized (accounted within other net non-interest income) on the repurchase of own Upper Tier2 Capital elements. The goodwill write-off in 2008 trimmed the IFRS tax burden of OTP Core by HUF 11.7 billion in 3Q 2009. In addition, provisioning in the P&L of OTP Bank (Hungary) under local accounting standards for Ukrainian loan guarantees in 4Q 2009 significantly lowered the tax base and tax payable, thus the IFRS tax amount as well. In the stock exchange report – in accordance with IFRS requirements - we present the above mentioned risk cost as part of the Ukrainian performance, but its tax effect is presented in the results of OTP Core. With this effect, the effective tax rate of OTP Core (2009: 8%) remained below the normal rate of 19%.

[6] Assuming HUF 10 million equivalent CHF mortgage loan with 20 years maturity.

[7] In 2Q 2010, EUR/HUF basis swap spreads of 2 years of maturity increased from 100 bps to around 180 bps, by the end of September they descended to close to 150 bps. The fair value adjustment of swaps is recognised only under IFRS; there is no impact at all on the stand-alone P&L under the local accounting standards.

liquidity position, the moderating deposit market competition and the decreasing HUF interest rate environment, the Bank managed to lower its deposit rates compared to 2009 levels.

The full year level of net fees and commissions decreased by 4% due to declining bank card commissions. Latter is the result of the wider use of retail current account product-packages, while for customers contracting for these products promotional transaction fees are provided.

Other net non-interest income improved 6% y-o-y, despite the significant base effect of the one off items[8] (2010 HUF 38.6 billion, +HUF 2.0 billion y-o-y). The strong result is supported by several factors: due to the remarkable decline of HUF yields in 2010 HUF 7.1 billion gain was realised on the government securities of the trading portfolio. Within 2Q 2010 net foreign exchange profit of HUF 8.9 billion was realized on FX hedging transactions related to the FX-loan provisions at OTP Bank Ukraine. Identical amount of loss stemming from the revaluation result of the FX provisions was booked amongst the consolidated capital reserves during the accounting consolidation[9]. Given that from June 2010 the methodology of accounting for the revaluation results of both the provisions and the hedging position was changed, no further results related to the hedging activity was recognised among the FX results of OTP Core in 2H 2010. Also marked as a one-off item, HUF 3.8 billion FX-gain was posted in 2010. This result was realized on a balance sheet position, which is held by OTP Core for hedging purposes[10] to offset the revaluation results of FX provisions related to its FX loan portfolio.

Operating expenses showed a slight decrease (-1% y-o-y) in nominal terms, however, given the 4.9% average Hungarian consumer price inflation in 2010, this represents a material improvement in real terms. Major part of the decline was realized on personnel expenses which decreased by 2% or by HUF 1.8 billion y-o-y (2010: HUF 77.8 billion). The significant adjustment is the result of the 6% headcount reduction implemented in 2009: following the lay-off of 477 persons last year, during 2010 there was no meaningful change (2010 closing number of the headcount is: 7,800 persons, -20 person y-o-y). Further reduction in personnel expenses stemmed from the 5%-points decrease in the level of social contributions paid by the employer[11], effective from the beginning of 2010.

Other expenses shrank by 1% y-o-y (2010: HUF 76.3 billion), despite that the HUF 0.5 billion aid transferred to the Hungarian Red Cross to help people suffering flood damages was registered as an other expense item in 2Q 2010. The saving is the result of rigorous cost control and continuous cost rationalisation efforts of the management. Y-o-y savings were achieved on telecommunication-, IT maintenance- and cash carrier-services due to the renegotiation of supplier contracts.

Within the 2010 cost pool, the depreciation (HUF 24.5 billion) shows an 8% y-o-y increase, which is mainly due to the fact that in 2010 significant investments were activated, mostly in relation to core IT systems of the Bank. On top of this, as a result of a decrease in cost of entry for new POS terminals, most of the investments in POS appliances qualified for an immediate impairment in 2010 as opposed to previous years, when the amortisation of these assets was accrued over a longer time horizon.

Main components of OTP Core's Statement of financial position:

Main components of balance sheet (closing balances, in HUF mn)	2009	2010	Change (%)
Total Assets	6,535,059	6,495,965	-1%
Gross customer loans	3,208,909	3,584,077	12%
Retail loans	2,186,021	2,376,884	9%
Corporate loans	1,022,888	1,207,194	18%
Allowances for loan losses	-188,502	-298,096	58%
Deposits from customers	3,484,896	3,427,845	-2%
Deposits from customers + retail bonds	*3,721,628*	*3,711,491*	*0%*
Retail deposits	2,470,161	2,488,066	1%
Retail deposits + retail bonds	*2,706,894*	*2,771,712*	*2%*
Corporate deposits	1,014,734	939,779	-7%
Liabilities to credit institutions and governments	643,281	559,506	-13%
Issued securities	953,433	797,749	-16%
o/w retail bonds	*236,733*	*283,646*	*20%*
Total shareholders' equity	1,001,181	1,131,311	13%

[8] In 2009 the pre-tax gain of HUF 27.7 billion realized on the repurchase of own Upper Tier 2 Capital elements was booked into this line.
[9] A detailed description of this item is available on page 20 of the Half-year Financial Report of OTP Bank Plc. for 1H 2010.
[10] Aim of the position is to neutralize the revaluation result of the fair value adjustment on FX-depreciation of FX-loans. According to these the total HUF 3.8 billion foreign exchange gain was offset on the risk cost line in 2010.
[11] From 1 January 2010, total rate for health insurance- and labour market contribution as well as for the former employers' contribution payable till end-09 (all paid by the employer) decreased from 8% to 3%.

Loan Quality (%)	2009	2010	Change (%)
90+ days past due loan volume	251,594	381,262	52%
90+ days past due loans/gross customer loans	7.8%	10.6%	2.8%
Total provisions/90+ days past due loans	74.9%	78.2%	3.3%
Market Share (%)	2009	2010	Change (%)
Loans	17.8%	18.4%	0.6%
Deposits	24.2%	24.0%	-0.2%
Total Assets	26.3%	24.8%	-1.5%
Indicators (%)	2009	2010	Change (%)
Gross loans to deposits	92%	105%	12%
Net loans to (deposits + retail bonds)	81%	89%	7%
Leverage (Shareholder's Equity/Total Assets)	15.3%	17.4%	2.1%
Leverage (Total Assets/Shareholder's Equity)	6,5x	5,7x	
Capital adequacy ratio (OTP Bank, non-consolidated, HAS)	16.2%	18.1%	1.9%
Tier1 ratio (OTP Bank, non-consolidated, HAS)	13.1%	15.4%	2.3%

Balance sheet trends

Adjusted for technical effects in 2010 the loan book of OTP Core – primarily due to the corporate business line – increased slightly (+1% y-o-y), while the deposit book – mainly as a result of municipal deposit withdrawal – decreased by 2%. Hence the adjusted "net loans to (deposits + retail bonds) ratio" (4Q 2010: 89%) raised slightly (y-o-y +2%-points). The two technical effects were as follows: weakening of the HUF closing rate during 2010 (HUF exchange rate depreciated y-o-y against CHF by 22%, EUR by 3%, while against JPY by 26%), furthermore around HUF 100 billion municipality bonds were reclassified to loans within the assets of OTP Core in 2Q 2010.

It is an encouraging tendency that in mortgage loan disbursements since January 2010 the market share in new disbursements started a dynamic growth (the market share from new disbursements without CHF is 1Q 2010: 17%, 2Q: 29%;3Q: 33%, 4Q: 35% 2010 total is: 29%) which means a market leader position again. During the year quarterly disbursements gained momentum gradually (in HUF billion 1Q:14, 2Q: 28, 3Q: 30, 4Q: 31), y-o-y 60% over the disbursements of 2009, however this performance lags behind by 72% to the before-crisis peak in 2008 (mortgage loan disbursement in HUF billion: 2008: 366, 2009: 64, 2010: 103). In the second half of 2010 the ratio of HUF denomination within new origination grew to 100% practically, since from 1 July 2010 OTP Bank suspended the admission of FX-loan applications. The decision of the Bank's management was a reaction to the 29-points action plan of the Orban-government which contained the intention to stop retail FX-lending. As a result, on 22 July 2010 the parliament enacted an amendment according to which no mortgage is allowed to be established in order to secure FX-denominated retail mortgage loans for private individuals. Due to the favourable developments in origination, FX adjusted mortgage volumes remained flat in 2H 2010 (-2% y-o-y).

Consumer loan portfolio practically remained the same during the year (+1% y-o-y, -1% q-o-q). Thus on a yearly base FX-adjusted growth was experienced in small and large corporate and municipality lending (y-o-y +7%, +1%, and +14% respectively). Even in 2010 the Hungarian corporate sector was supported actively by the Bank: after the loans of HUF 248 billion disbursed in 2009, HUF 230 billion equivalent new loans were originated in 2010. As a result of this, compared to the 7% decrease in the corporate loan volumes of the Hungarian banking sector (excluding OTP), the loan book of OTP could increase both in the small and in the large corporate segment in 2010.

The FX-adjusted deposit base of OTP Core, taking into consideration the portfolio of proxy-deposit retail bonds decreased by 1% y-o-y. The slow-down of deposit growth is primarily caused by the deposit withdrawal of municipalities (-26% y-o-y), large corporate deposits remained flat (-2%), whereas the total amount of retail deposits and bonds – although slower than in 2009 – grew continuously (+3%).

The significant y-o-y drop of the municipality deposit book is the result of lower local tax revenues due to the crisis and the increasing utilization of financial resources. The flat level of medium and large corporate deposits is significantly influenced by the following one-off item: in 4Q 2010 the portfolio declined by 22% q-o-q mainly due to the deposit withdrawal of the funds managed by OTP Fund Management (decrease of portfolio: HUF 163 billion q-o-q) – in 4Q the maturing term deposits of the funds were temporarily allocated into government papers by OTP Fund Management. However significant part of the withdrawn amount (HUF 134 billion) was re-deposited in January 2011.

The amount of issued securities (4Q 2010: HUF 798 billion, -16% y-o-y) was mostly influenced by the maturing mortgage bonds. Most sizeable among these was the EUR 1 billion mortgage bond redemption on 4 March 2010 (at 2010 year end closing rate HUF 279 billion). This effect was partly offset by several factors: the above mentioned retail bond issuance resulted in a HUF 47 billion portfolio growth y-o-y, the outstanding retail bond portfolio reached HUF 284 billion at the end of 2010 (approximately EUR 1 billion).

On the top of that the amount of senior bonds issued to Hungarian institutional investors increased by HUF 39 billion y-o-y. Furthermore, in 2010 there was one significant wholesale issue: in April 2010 OTP Mortgage Bank issued EUR 300 million tap mortgage bond issue (together with the December 2009 issue HUF 1.35 billion), with 2 years of maturity under its EUR 3 billion EMTN programme. However, out of the total amount only EUR 90 million (approximately HUF 25 billion) was underwritten by investors from outside OTP Group, rest of the bonds were bought by OTP Bank and partly utilised as collateral behind repo transactions.

OTP FUND MANAGEMENT (HUNGARY)

Changes in assets under management and financial performance of OTP Fund Management:

Main components of P&L account in HUF mn	2009	2010	Change (%)
After tax profit w/o dividends, net cash transfer and banking tax	5,124	7,456	46%
Pre-tax profit	6,400	8,913	39%
Total income	8,062	9,815	22%
Fund management fee	10,025	13,431	34%
Fund management fee (%)	1.44%	1.31%	*-0.1%*
Wealth management fee	3,305	3,346	1%
Wealth management fee (%)	0.40%	0.32%	*-0.1%*
Other income	40	-27	-167%
Dealer commission	-5,309	-6,935	31%
Operating expenses	-1,519	-1,763	16%
Personnel expenses	-634	-686	8%
Operating expenses	-863	-1,058	23%
Depreciation	-22	-19	-15%
Main components of balance sheet closing balances in HUF mn	**2009**	**2010**	**Change (%)**
Total assets	10,933	12,963	19%
Total shareholders' equity	9,059	11,389	26%
Asset under management in HUF billion	**2009**	**2010**	**Change (%)**
OTP Funds	862.7	1,110.7	29%
money market	299.2	333.9	12%
bond	105.9	158.3	49%
mixed	14.8	15.1	2%
security	306.8	483.6	58%
guaranteed	117.6	93.1	-21%
other	18.5	26.7	44%
Pension Funds	758.2	874.0	15%
o/w OTP Funds	737.5	850.4	15%
Other pension funds	20.7	23.6	14%
Other Institutional Investors	198.1	213.0	8%
Assets under management, total	**1,819.0**	**2,197.7**	**21%**

OTP Fund Management posted HUF 7.5 billion net profit for 2010 reflecting a 46% growth on a yearly basis.

The year of 2010 was characterized by rapidly changing investment sentiment. The favourable trend experienced in the first half of the year was a consequence of the slowly returning retail investors' confidence, while in 2H the activity of institutional investors strengthened due to the recovery of the stock markets. Despite the year-end redemptions of retail investors the total asset of investment funds increased further and it had a positive impact on income generation. The fund management fee of the Company realized in 2010 increased by almost 34% y-o-y, which represents a 1.31% fee charge on the average portfolio. The wealth management fee (HUF 3.3 billion) was stable on a yearly comparison, while operating expenses showed a 16% growth y-o-y.

Regarding the funds managed by OTP Fund Management the volume of asset increased by 30% on a yearly basis mainly as a consequence of significant capital inflow and due to the favourable yield environment. Money market and mixed funds suffered a capital withdrawal caused by the year-end redemptions of retail investors, however the transfer of institutional investors had positive impact on private institutional equity funds.

The volume of assets under management in the pension funds increased further in yearly comparison (+15% y-o-y). At the end of December 2010 the volume of asset under management exceeded HUF 870 billion, o/w the asset of OTP Pension Funds represented HUF 850 billion.

OTP Fund Management preserved its outstanding market share during the year 2010 representing 32.7% (adjusted for estimated duplications), while the client base of the Company exceeded 205 thousand (+14 thousand y-o-y) as at the end of December 2010.

By the two consolidated fund management company (Ukraine and Romania) HUF 8 million loss was realized in 2010.

MERKANTIL GROUP (HUNGARY)

Performance of Merkantil Bank and Car:

Main components of P&L account in HUF mn[1]	2009	2010	Change (%)
After tax profit w/o dividends, net cash transfers and one-offs	-68	-4,123	
Pre-tax profit	-52	-4,125	
Operating profit	11,813	9,784	-17%
Total income	16,901	14,793	-12%
Net interest income	19,630	17,329	-12%
Net fees and commissions	-4,867	-4,077	-16%
Other net non-interest income	2,138	1,541	-28%
Operating expenses	-5,088	-5,009	-2%
Provision for possible loan losses	-11,504	-13,674	19%
Other provision	-361	-236	-35%
Main components of balance sheet closing balances in HUF mn[1]	**2009**	**2010**	**Change (%)**
Total assets	304,942	285,360	-6%
Gross customer loans	308,933	308,200	0%
Retail loans	80	396	397%
Corporate loans	34,085	28,941	-15%
Car financing loans	274,768	278,863	1%
Allowances for possible loan losses	-34,393	-47,550	38%
Deposits from customers	5,467	4,784	-12%
Retail deposits	1,496	2,017	35%
Corporate deposits	3,971	2,767	-30%
Liabilities to credit institutions	231,788	228,908	-1%
Total shareholders' equity	31,444	22,180	-29%
Loan Quality	**2009**	**2010**	**Change (%)**
90+ days past due loan volume (in HUF million)	38,469	54,161	40.8%
90+ days past due loans/gross customer loans (%)	12.5%	17.6%	5.1%
Cost of risk/average gross loans (%)	3.64%	4.43%	0.79%
Total provisions/90+ days past due loans (%)	89.4%	87.8%	-1.6%
Performance Indicators (%)	**2009**	**2010**	**Change (%-point)**
ROA	0.0%	-1.4%	-1.4%
ROE	-0.2%	-15.4%	-15.2%
Net interest margin	5.95%	5.87%	-0.08%
Cost/income ratio	30.1%	33.9%	3.8%

[1] Effective from Q2 2009, Car financing loans comprise Car leasing volume and Corporate loans include Big ticket leasing volume. The P&L structure is affected as well because provisioning in relation to leasing exposures has been removed from Other provisions to Provision for possible loan losses line in the P&L.

The methodological changes affecting the balance sheet and the P&L statement are presented in the Supplementary Data section of this report.

In 2010, ***Merkantil Bank and Car***'s aggregated after tax result totalled to a loss of HUF 4.1 billion, excluding the special tax levied on financial institutions. The bank tax amounted to HUF 1.2 billion in 2010 (both in gross and net terms).

As for the development of the 2010 after tax result, decreasing revenues (-12% y-o-y) and high risk cost played a key role. As the consequence of the latter, the coverage ratio stayed at comfortably high level (87.8%), despite the increasing DPD90+ ratio (+5.1%-points) which reached 17.6%.

Net interest income decreased by 12% y-o-y. The net interest income is lower because, since 2H 2009 intragroup funding spreads became wider and non-realized interest income (as a result of deteriorating loan portfolio) grew further.

The y-o-y 16% lower net fee and commission expense reflects moderate business activity, the accruals for broker fees that were made in previous years characterized by higher sales volumes are gradually running out. The FX-adjusted car financing loan book continued shrinking in the course of 2010. Till the end of 2010, the FX-adjusted decline was 13% y-o-y, since both the number of sold cars and the value of new disbursements contracted by more than 40% y-o-y in 2010.

IFRS REPORTS OF THE MAIN SUBSIDIARIES

DSK CSOPORT (BULGARIA)

Performance of DSK Group:

Main components of P&L account in HUF mn	2009	2010	Change (%)
After tax profit w/o dividends and net cash transfer	24,797	18,190	-27%
Pre-tax profit	27,693	20,230	-27%
Operating profit	54,199	56,031	3%
Total income	84,757	87,709	3%
Net interest income	67,615	69,972	3%
Net fees and commissions	15,555	15,478	0%
Other net non-interest income	1,587	2,260	42%
Operating expenses	-30,557	-31,678	4%
Provision for possible loan losses	-25,855	-35,232	36%
Other provision	-651	-569	-13%
Main components of balance sheet closing balances in HUF mn	**2009**	**2010**	**Change (%)**
Total assets	1,207,328	1,218,627	1%
Gross customer loans	1,027,820	1,072,128	4%
Retail loans	831,729	861,281	4%
Corporate loans	196,091	210,847	8%
Allowances for possible loan losses	-61,810	-96,706	56%
Deposits from customers	801,112	847,807	6%
Retail deposits	688,399	733,511	7%
Corporate deposits	112,713	114,296	1%
Liabilities to credit institutions	100,739	37,541	-63%
Subordinated debt	95,049	97,866	3%
Total shareholders' equity	193,214	217,992	13%
Loan Quality	**2009**	**2010**	**Change (%)**
90+ days past due loan volume (in HUF million)	72,080	118,453	64.3%
90+ days past due loans/gross customer loans (%)	7.0%	11.0%	4.04%
Cost of risk/average gross loans (%)	2.53%	3.36%	0.82%
Total provisions/90+ days past due loans (%)	85.8%	81.6%	-4.1%
Performance Indicators (%)	**2009**	**2010**	**Change (%-point)**
ROA	2.1%	1.5%	-0.6%
ROE	13.8%	8.8%	-5.0%
Total income margin	7.13%	7.23%	0.11%
Net interest margin	5.68%	5.77%	0.08%
Cost/income ratio	36.1%	36.1%	0.1%
Net loan/Deposit ratio	121%	115%	-6%

- ***Stable operating results, rising risk costs for loan losses resulted in a 27% decline of 2010 after tax profit y-o-y***
- ***Due to significant loan loss provisioning during the year (+36%) DPD90+ coverage ratio (81.6%) is well above the Group average***
- ***Net interest margin improved by 8 bps y-o-y (2010: 5.77%)***
- ***Slightly increasing FX-adjusted loan and deposit portfolio (+1% and +3% y-o-y)***
- ***Steadily outstanding cost efficiency (cost/income ratio in 2010: 36.1%)***

The ***DSK Group*** after tax profit in 2010 was HUF 18.2 billion, by 27% less compared to the level of the previous year. The performance of the Bulgarian bank in 2010 proved its henceforward robust income generating capability and efficient cost control. The Bank's operating profit (before tax and provisioning for loan losses) in 2010 increased slightly over the base period (+3% y-o-y). Total income of the year 2010 in BGN terms grew by 5% y-o-y, due to 5% increase of net interest income. The y-o-y +42% growth of other net non-interest income is reasoned by the revaluation gain on the shares of the merging two Bulgarian settlement houses on the revaluation gain and loss of securities line.

It was a favourable improvement that in 2010 net interest margin grew quarter-by-quarter (1Q 2010: 5.36%, 2Q: 5.66%, 3Q: 6.02%, 4Q: 6.09%), mainly as a result of pricing and liquidity management measures on the liability side. The previously mentioned stringent cost control is reflected in the continuously low cost/income ratio (2010: 36.1%). Due to the aforementioned, the higher risk costs were the main reason for the decrease in net profit for the period: HUF 35.2 billion risk cost volume of 2010 represents a yearly growth of 36%.

During the year the loan portfolio quality deteriorated with a gradually decreasing pace of was still significant: proportion of 90+ days past due loans rose from 7% to 11%. The pace of deterioration shows decline (in %-point: 1Q: +0.9, 2Q: +1.6,3Q: +1.2, 4Q: +0.3 q-o-q) even if the figures are adjusted for the effect of the sale of a consumer portfolio in 3Q 2010. With regards to the components: in the year the DPD90+ ratio of mortgage and SME loans grew, however remarkable slow-down was experienced in both segment during the last quarter. In case of consumer loans the portfolio deterioration was experienced again in 4Q and DPD90+ ratio reached 10.5% (+3.2%-points y-o-y). However regarding corporate loans the deterioration moderated (the year-end ratio reached 6.2%). As a result of the HUF 35.2 billion provisioning the coverage of non-performing loans is the third highest in the Group, 81.6%.

As for the development of total revenues it is favourable that due to its robust liquidity position during the nine month period the Bank lowered its interest rates on deposits and did not renew its expiring deposit campaigns. Consequently, net interest margin improved gradually. What is more favourable, despite the interest rates cuts, the Bank's market share in the retail deposit market only slightly eroded (y-o-y -0.5%-points) and in the corporate deposit market it kept its position. On annual base net fee and commission income reflects stable performance.

Regarding the loan volumes new disbursements in 2010 could only keep the portfolio at the level of the previous year. In a yearly comparison the maintenance of current loan base was supported by the similar 4% y-o-y FX-adjusted growth of mortgage and corporate loans, while the decline of SME segment (-8% y-o-y) had a negative impact. On a yearly basis consumer loan portfolio stagnated. The Bank kept its stable market share in the loan market (year-end 2010 14.2%).

Despite the previously mentioned pricing measures, deposit base of the Bank increased continuously (FX-adjusted y-o-y growth is +3%). Due to higher increase of deposit portfolio the net loan-to-deposit ratio decreased slightly (2010: 115%, FX-adjusted -5%-points y-o-y).

The subordinated capital base remained flat in BGN on a yearly basis. At the same time interbank funding dropped significantly on a yearly basis (-63% y-o-y). There were two main reasons for the yearly decrease: on one hand as a result of the repayments the portfolio of mother bank funding diminished significantly (approximately -HUF 45 billion y-o-y), on the other hand a syndicated loan EUR 140 million (about HUF 40 billion) was paid back on 8 April 2010.

Capital position of DSK is still very strong, the capital adequacy ratio is more than double of the regulatory minimum (2010: 23.7% vs. 12% of the regulatory minimum; Tier1 ratio: 17% vs. 6% regulatory minimum). In 2010 the ratio improved significantly due to changes in the Bulgarian regulations. Among the changes the one that modified the risk weight of some asset classes had the major impact, leading to a ytd decline of 13% in the risk-weighted assets.

In 2010 Moody's Investors Service did not change the „Baa3" local and foreign currency deposit rating of DSK Bank (outlook is negative).

OTP BANK RUSSIA [12]

Performance of OTP Bank Russia:

Main components of P&L account in HUF mn	2009	2010	Change (%)
After tax profit w/o dividends, net cash transfers and one-offs	3,086	20,545	566%
Pre-tax profit	4,400	26,916	512%
Operating profit	25,975	51,022	96%
Total income	67,810	100,551	48%
Net interest income	60,316	88,991	48%
Net fees and commissions	4,701	9,638	105%
Other net non-interest income	2,793	1,922	-31%
Operating expenses	-41,834	-49,529	18%
Provision for possible loan losses	-21,040	-24,389	16%
Other provision	-535	282	-153%

[12] 2009 figures are based on the aggregated financial statements of OAO OTP Bank and Donskoy Narodny Bank, since the merger of the Banks in 1Q 2010 figures are based on the financial statements OAO OTP Bank.

Main components of balance sheet closing balances in HUF mn	2009	2010	Change (%)
Total assets	579,941	664,403	15%
Gross customer loans	369,877	508,139	37%
Retail loans	250,463	405,562	62%
Corporate loans	103,719	86,657	-16%
Allowances for possible loan losses	-38,493	-54,718	42%
Main components of balance sheet closing balances in HUF mn	**2009**	**2010**	**Change (%)**
Deposits from customers	306,646	396,788	29%
Retail deposits	196,744	263,136	34%
Corporate deposits	109,902	133,652	22%
Liabilities to credit institutions	163,592	117,474	-28%
Issued securities	15,955	22,814	43%
Subordinated debt	13,607	15,421	13%
Total shareholders' equity	71,459	97,778	37%
Loan Quality	**2009**	**2010**	**Change (%)**
90+ days past due loan volume (in HUF million)	46,027	62,573	35.9%
90+ days past due loans/gross customer loans (%)	12.4%	12.3%	-0.1%
Cost of risk/average gross loans (%)	5.59%	5.56%	-0.03%
Total provisions/90+ days past due loans (%)	83.6%	87.4%	3.8%
Performance Indicators (%)	**2009**	**2010**	**Change (%-point)**
ROA	0.6%	3.3%	2.7%
ROE	4.7%	24.3%	19.6%
Total income margin	12.23%	16.16%	3.93%
Net interest margin	10.88%	14.30%	3.43%
Cost/income ratio	61.7%	49.3%	-12.4%
Net loans to deposits	108%	114%	6%

- ***HUF 20.5 billion profit for 2010 is about seven times higher than the net profit for 2009, the second highest PAT in the Group***
- ***Doubling operating income y-o-y, robust interest and fee income***
- ***Strong consumer loan disbursement, extremely successful cross-selling of credit card products, further increasing personal loan portfolio***
- ***Stable NPL ratio on a yearly basis, improving coverage***
- ***Improving cost efficiency due to higher income and controlled cost base (2010 CIR at 49%, -12%-points y-o-y)***

The HUF denominated financials of OTP Bank Russia were highly influenced by the development of the RUBHUF exchange rate: in 2010 the closing rate of the HUF weakened by 10% y-o-y, while the 2010 average rate depreciated by 8% y-o-y against RUB.

After tax profit of ***OTP Bank Russia*** for 2010 exceeded HUF 20.5 billion which is an outstanding result taking into consideration that during 1H 2010 the Bank had to set aside almost HUF 7.3 billion provisions as a one-off item for a corporate exposure defaulting in February.

2010 net interest income grew by 48% y-o-y as a combined effect of increasing consumer loan portfolio and strong interest margin, net fee and commission income increased by 105%. All of these coupled with a cost base growing by less than loan portfolio (operating costs +18% y-o-y) resulted in outstanding operating profit dynamics (+96% y-o-y). The 16% y-o-y increase of risk costs was caused by a HUF 7.3 billion provisioning (one-third of total risk cost for 2010) for a loan of one corporate customer during 1H 2010. Risk cost rate remained stable (2009: 5.59%, 2010: 5.56%) which is clearly due to the still favourable quality of consumer loans portfolio, giving two-third of loan book total. In 4Q 2010 non-performing loans were written off (RUB 1.8 million in total, about HUF 12.4 billion), which inferred further provisioning (RUB +316 million, about HUF 2.2 billion).

The good financial performance of the Bank is mainly due to the robust increment of the income side, which is owing to a large extent to the successful sale of consumer loans. Latter is proved by the fact, that consumer loan portfolio in 2010 is half as much again than in 2009 (+61%). In case of the flagship product POS loans the sales performance has improved in line with the significantly increasing demand since summer 2009. Sales were supported with the extension of internal and external agent network. The dynamics of origination remained outstandingly strong in 2010 moreover it hit all-time-high record in 4Q 2010, so the market share remained above 20%, starting from 2H 2009 (2010: 20.8%). Due to the outstanding 4Q origination POS loan portfolio grew dynamically (4Q 2010: +58% y-o-y in RUB), the Bank kept its second position on the top list both in terms of new origination and portfolio.

As for credit card loans the success was due to the re-design of the product proposal in August 2009 and the intensive sales campaigns afterwards. The number of newly issued cards as well as the achieved utilization rate significantly exceeded the results of previous campaigns. As a consequence the portfolio of credit card loans increased dynamically: +9% q-o-q in 1Q 2010, +19% in 2Q and +18% in 3Q and +12% in 4Q (adjusted for write-offs, latter would be 16%). Altogether the yearly growth reached 72% in 2010. Besides the outstanding dynamics of card issues, utilization rate also improved from 10% to 14% y-o-y, so with respect to credit card loans the bank is currently the 4th largest player in the Russian market. As a favourable improvement, personal loans sold in the branch network demonstrated a strong increment in the course of 2010 (although from a relatively low base but the portfolio increased by 111% y-o-y in RUB terms, adjusting for write-offs 124%). 11% ytd growth of mortgage loans is mainly due to portfolio purchase in 3Q 2010.

Total income- and net interest margin of OTP Bank Russia were significantly boosted by the strong dynamics of consumer lending: the former increased to 16.2% and the latter to 14.3% in 2010, which is a remarkable improvement compared to the previous year's levels (+3.93%-points and +3.43% y-o-y, respectively). Besides the strong consumer lending activity the margin improvement was generated also by the fact that offered deposit rates were decreased in several steps from 4Q 2009 on, furthermore the active selling campaigns were stopped. These changes are reflected in the slowing dynamics of deposit base growth in 2010: in RUB terms the deposit base increased by 18% y-o-y in 2010 after the outstanding 41% y-o-y growth in 2009. As the combined effect of these changes the rapid decline of the net loan-to-deposit ratio experienced in 2009 was replaced by growth in 2010 (4Q 2010: 114%, +5%-points y-o-y FX-adjusted growth).

The 105% y-o-y increment of net fee and commission income in 2010 was also boosted by the previously detailed consumer loan and deposit trends. Growth is mainly owing to credit card and POS loans related fee income increase.

The significant increase of risk costs for loan losses in 2010 (HUF 24.4 billion, +16% y-o-y) was induced primarily by a HUF 7.3 billion one-off provisioning requirement for a corporate loan after the default of Technosila Group. The company was a retail trader of electronic and home appliances, with a wide distribution network. The coverage of the exposure with provisions and collaterals did not necessitate further provisioning in 2H 2010. The biggest lender of Technosila, the Russian MDM Bank pro forma took over the company in 2010, and refused to repay its obligations to the previous lenders. Due to the growth of the consumer loans portfolio risk cost to average loans ratio was stable y-o-y in 2010 (5.56%), which is by even 1.5%-points lower than the 2009 risk cost rate adjusted by the risk cost of Technosila. Ratio of DPD90+ loans was also flat on a yearly basis (4Q 2010: 12.3%, -0.1%-point y-o-y, mainly due to the write-offs). The coverage ratio of non-performing loans improved (4Q 2010: 87.4%, +3.8%-points y-o-y).

Due to stringent operating cost control, operating expenses increased by only 9% y-o-y in RUB terms (in HUF +18%) it is practically in line with the Russian CPI (2010 inflation: 8.8%). As a result of branch network rationalization the headcount of the bank decreased to 4,768 people from 5,224 (y-o-y -9%); while number of branches decreased to 155 from 162 (-7 y-o-y). The POS loans agent network has been expanding since 2Q 2009. Cost/Income ratio decreased below 50% in 2010 due to the above detailed developments (2010: 49.3%, -12.4%-points y-o-y).

OTP BANK JSC (UKRAINE)[13]

Performance of OTP Bank JSC:

Main components of P&L account in HUF mn	2009	2010	Change (%)
After tax profit w/o dividends and net cash transfer	-43,650	8,928	-120%
Pre-tax profit	-44,646	5,719	-113%
Operating profit	51,033	35,280	-31%
Total income	74,948	60,330	-20%
Net interest income	62,759	50,690	-19%
Net fees and commissions	7,442	7,999	7%
Other net non-interest income	4,747	1,641	-65%
Operating expenses	-23,916	-25,050	5%
Provision for possible loan losses	-94,974	-29,439	-69%
Other provision	-704	-121	-83%

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

Main components of balance sheet closing balances in HUF mn	2009	2010	Change (%)
Total assets	711,155	715,760	1%
Gross customer loans	670,758	692,878	3%
Retail loans	311,158	323,568	4%
Corporate loans	300,795	316,956	5%
Car financing loans	58,806	52,354	-11%
Allowances for possible loan losses	-110,583	-154,126	39%
Main components of balance sheet closing balances in HUF mn	2009	2010	Change (%)
Deposits from customers	165,764	190,061	15%
Retail deposits	98,164	113,056	15%
Corporate deposits	67,600	77,005	14%
Liabilities to credit institutions	403,803	366,979	-9%
Total shareholders' equity	90,711	109,469	21%
Loan Quality	2009	2010	Change (%)
90+ days past due loan volume (in HUF million)	149,827	202,859	35.40%
90+ days past due loans/gross customer loans (%)	22.3%	29.3%	6.9%
Cost of risk/average gross loans (%)	13.24%	4.32%	-8.92%
Total provisions/90+ days past due loans (%)	73.8%	76.0%	2.2%
Loan Quality	2009	2010	Change (%-point)
ROA	-5.6%	1.3%	6.9%
ROE	-51.1%	8.9%	60.0%
Net interest margin	8.06%	7.10%	-0.95%
Cost of risk/average gross loans	13.24%	4.32%	-8.92%
Cost/income ratio	31.9%	41.5%	9.6%
Net loans to deposit	338%	283%	-54%

- ***Net profit for the year 2010 exceeded HUF 8.9 billion despite high level of provisioning and y-o-y 20% decline of total income***
- ***The FX-adjusted development of gross loan volumes reflects a declining trend, however there were signs of recovery in case of corporate loans in 2H***
- ***Despite the yearly decline of risk costs, coverage ratio of non-performing loans (2010: 76.0%) increased by 2.2%-points y-o-y***
- ***FX-adjusted DPD90+ loan volume development moderated significantly on a yearly basis***
- ***Increase in operating expenses (+5% y-o-y)lagged behind the level of inflation remained stable (+5% y-o-y)***

In 2010 **OTP Bank JSC** Ukraine realized HUF 8.9 billion after-tax profit as opposed to the loss realized in the previous year. The profit development was partially influenced by the still significant provisioning, while the positive effect of deferred tax income (booked in 4Q 2010) was reflected in earnings as well. Significant part of the tax savings was induced by the changes of tax legislation with respect to the financial crisis. Accordingly, accrued but unpaid interest income became deductible from the tax base, thus generating a deferred tax income.

Operating profit of the Bank (without risk cost) decreased by 31% y-o-y, primarily driven by the 20% y-o-y decline of total income. The development of the income side was mainly influenced by the decrease of net interest income determined by several factors. On one hand the development of gross loan volumes reflected a decreasing trend (-7% y-o-y adjusted for FX-effect) and it was influenced by the sale of loan portfolios to OTP Factoring Ukraine, – notwithstanding in the Business Report transferred portfolios are included in the balance sheet of OTP Bank Ukraine at gross value – because no interest income is booked on transferred portfolios. Due to pricing measures over the year the favourable impact of lower interest level on the liability side was demonstrated in the q-o-q increase of net interest income in the last quarter. It should be noted that HUF denominated financials of OTP Bank Ukraine were highly influenced by exchange rate developments: the average rate of the HUF weakened by 4% y-o-y against the UAH.

Net fee and commission income out of total revenues grew by 7% y-o-y (+17% in local currencyterms) reflecting the improving performance of commissions related to deposits, payment- and card transactions (+27% y-o-y, +11% y-o-y). In 2010 the number of transactions in ATMs and POS-terminals grew approximately by 50%, due to the increasing number of sales points accepting the bankcards. New card products and services were introduced, too.

Other net non-interest income dropped on a yearly basis (by 76% y-o-y). The revaluation result of the positions hedging the revaluation of FX provisions dropped by 74% y-o-y driven by the UAH exchange rate fluctuations, and this negative impact was only partially balanced by the gain (HUF 308 million) realized on securities in the period.

Operational costs remained flat in local currency terms y-o-y reflecting the efficiency of cost control. This is remarkable in light of the high (over 10%) average yearly increase of CPI in Ukraine in 2010. Personnel expenses showed a 7% increase in UAH terms stemmed from the year-end bonus payments. In parallel with the decline in business activity, the headcount of the bank was gradually reduced reaching 3.075 person by the end of December (-758 person y-o-y). The yearly decline of other expenses (-2% in UAH terms y-o-y) was driven by the implementation of stringent cost control measures. As a consequence of network racionalization some of the of branches mainly serving retail clients were closed (-17 branches y-o-y), thus the number of branches decreased to 189 as at the year-end 2010.

In 2010 OTP Bank Ukraine set aside HUF 30 billion provision for possible loan losses representing one-third of provisions of the last year; thus risk cost to average gross loan ratio decreased to 4.32% from 13.24%. However the coverage on non-performing loans (4Q 2010: 76.0%) was showing an increase of 2.2%-points in line with the slowdown in the dynamics of portfolio deterioration.

In 2010, moderate loan demand characterised the Ukrainian market, as a consequence of the measures taken by National Bank of Ukraine. Foreign currency lending was restricted by tough administrative regulations, furthermore interest rates of UAH denominated loans remained unfavourable, and the gross loan portfolio adjusted for FX-effect was showing a 7% yearly decline. On the corporate side there were signs of recovery from the beginning of 2H 2010, the FX-adjusted volume of corporate loans increased by 6% in a quarterly comparison in 4Q. The main reasons behind the recovery in the corporate sector were the increase of portfolio of companies involved in trading/export of agricultural products and the establishment of new limits for existing borrowers. Regarding the other segments, the recovery is slipping away, during the last year retail mortgage and SME portfolios were shrinking (-7% and -11% adjusted by FX-effect).

The pace of loan portfolio deterioration moderated significantly in 2010. The FX-adjusted DPD90+ loan volume development decreased gradually (1Q: 4, 2Q: 14, 3Q: 8, 4Q: 7). The DPD90+ ratio stood at 29.3% by the end of December (2009: 22.3%), mainly influenced by the shrinking loan volumes. The portfolio quality deterioration trend was experienced in the retail and in SME segment: in case of mortgage loans DPD90+ ratio increased to 37.2% from 22.3% y-o-y, in case of SME loans DPD90+ ratio reached 46% against 29.1% a year earlier. It should be highlighted the in case of corporate loans the portfolio development was more favourable: DPD90+ ratio moderated to 18.3% from 21.2% on a yearly basis.

The Bank provides a debtor protection program to its retail customers; within this framework it allows its customers to change their originally USD denominated mortgage and car loans into UAH loans, and is also open to agree temporariliy on lower instalments. The ratio of restructured loans in the retail segment reached 41.2% by the end of December, it is favourable, however, that the volume of retail restructured loans in LCY was showing a downward trend.

The Bank several times lowered its interest on deposits in 2010, still it managed to preserve its deposit base. The retail deposit base of the Bank showed an increase of 5% (adjusted by FX-effect), mainly fuelled by the periodic increase of sight deposit base reflecting the growing trust of people in the banking sector. Simultaneously, corporate deposits grew by 3% y-o-y (adjusted by FX-effect). In the forthcoming period retail deposits will be the engine of the growth because Ukrainian companies still face restricted access to credit and their saving capability will remain on a low level. Consequently, the Bank’s net loan-to-deposit ratio improved further both on yearly (-54 bps) as well as quarterly (-2 bps) basis.

Capital position of the Bank is strong, the CAR calculated under local regulations stood at 22.1% by the end of December, which is twofold the regulatory minimum (10%).

OTP BANK ROMANIA (ROMANIA)

Performance of OTP Bank Romania:

Main components of P&L account in HUF mn	2009	2010	Change (%)
After tax profit w/o dividends, net cash transfers and one-offs[1]	1,136	-6,406	-664%
Pre-tax profit	1,489	-6,404	-530%
Operating profit	6,947	9,775	41%
Total income	20,237	22,661	12%
Net interest income	15,876	18,419	16%
Net fees and commissions	2,013	2,402	19%
Other net non-interest income	2,348	1,841	-22%
Operating expenses	-13,290	-12,886	-3%
Provision for possible loan losses	-5,332	-15,944	199%
Other provision	-125	-235	88%
Main components of balance sheet[2] closing balances in HUF mn	**2009**	**2010**	**Change (%)**
Total assets	365,743	424,464	16%
Gross customer loans	293,116	329,005	12%
Retail loans	200,738	239,846	19%
Corporate loans	92,379	89,158	-3%
Allowances for possible loan losses	-8,725	-24,702	183%
Deposits from customers	96,364	112,619	17%
Retail deposits	81,998	73,838	-10%
Corporate deposits	14,366	38,781	170%
Liabilities to credit institutions	227,298	266,155	17%
Total shareholders' equity	25,513	25,144	-1%
Loan Quality	**2009**	**2010**	**Change (%)**
90+ days past due loan volume (in HUF million)	9,942	34,852	250.5%
90+ days past due loans/gross customer loans (%)	3.4%	10.6%	7.2%
Cost of risk/average gross loans (%)	1.75%	5.13%	3.38%
Total provisions/90+ days past due loans (%)	87.8%	70.9%	-16.9%
Performance Indicators (%)	**2009**	**2010**	**Change (%-point)**
ROA	0.3%	-1.6%	-1.9%
ROE	4.7%	-25.3%	-30.0%
Total income margin	5.52%	5.74%	0.22%
Net interest margin	4.33%	4.66%	0.33%
Cost/income ratio	65.7%	56.9%	-8.8%
Net loans to deposits	295%	270%	-25%

[1] Adjusted with result of CIRS swap transactions executed with OTP Bank in relation to interbank financing.
[2] Before transfer balance sheet numbers are displayed.

In 2010 ***OTP Bank Romania*** realized HUF 6.4 billion loss compared to the after tax profit of HUF 1.1 billion in 2009.

The deterioration of loan quality continued: in 2010 the DPD90+ ratio jumped to 10.6% from 3.4%. While the strong pace of portfolio quality deterioration in 2Q was in connection with several corporate exposures, a significant deceleration was observed in 2H and at that time the majority of new NPL formation was related to the gradual deterioration of mortgage portfolio. The loan quality deterioration resulted in a tripling risk cost in 2010 y-o-y. Altogether, the coverage ratio of DPD90+ loans dropped in 2010, but compared to the bottom reached in 2Q 2010, the coverage improved materially in the second half of 2010.

The operating profit showed a 41% yearly improvement in 2010, supported by both the strong core banking revenues and the decline of operating costs. The net interest income was underpinned by the positive revaluation result of swaps made for liquidity management purposes (part of this revaluation is booked on net interest income line; half of the yearly increment on the net interest income line can be explained by the swap revaluation result). If the positive contribution from swap revaluation result (booked on the net interest income line) was deducted, the net interest margin would remain basically unchanged in 2010 y-o-y.

The gross loan portfolio shrank by 1% y-o-y adjusted for the currency exchange rate movements. The lending campaigns launched in 2010 focused on mortgage and SME loans; significant volume expansion was registered in these segments. On the contrary, the corporate loan volumes decreased by 8% in 2010. The success of the deposit collection is certified by the 13% yearly FX-adjusted growth; the strong y-o-y dynamics is owing to the excellent performance showed in case of corporate deposit collection.

The Bank received a capital injection of RON 80 million in 2010.

The number of branches (106 units) remained unchanged and the number of employees (1,104 persons) did not change significantly y-o-y.

OTP BANKA HRVATSKA (CROATIA)

Performance of OTP banka Hrvatska:

Main components of P&L account in HUF mn	2009	2010	Change (%)
After tax profit w/o dividends, net cash transfers and one-offs	3,245	2,721	-16%
Pre-tax profit	4,068	3,441	-15%
Operating profit	6,068	7,017	16%
Total income	19,540	20,233	4%
Net interest income	13,239	13,964	5%
Net fees and commissions	3,935	3,986	1%
Other net non-interest income	2,366	2,282	-4%
Operating expenses	-13,472	-13,216	-2%
Provision for possible loan losses	-1,947	-3,120	60%
Other provision	-52	-455	770%
Main components of balance sheet closing balances in HUF mn	2009	2010	Change (%)
Total assets	469,304	484,923	3%
Gross customer loans	318,477	335,828	5%
Retail loans	194,021	208,515	7%
Corporate loans	122,183	125,395	3%
Car financing loans	2,273	1,918	-16%
Allowances for possible loan losses	-9,195	-13,083	42%
Main components of balance sheet closing balances in HUF mn	2009	2010	Change (%)
Deposits from customers	337,935	373,813	11%
Retail deposits	294,348	331,255	13%
Corporate deposits	43,588	42,558	-2%
Liabilities to credit institutions	60,377	40,271	-33%
Total shareholders' equity	60,626	57,262	-6%
Loan Quality	2009	2010	Change (%)
90+ days past due loan volume (in HUF million)	28,417	42,991	51.3%
90+ days past due loans/gross customer loans (%)	8.9%	12.8%	3.88%
Cost of risk/average gross loans (%)	0.62%	0.95%	0.33%
Total provisions/90+ days past due loans (%)	32.4%	30.4%	-1.9%
Performance Indicators (%)	2009	2010	Change (%-point)
ROA	0.7%	0.6%	-0.1%
ROE	5.6%	4.6%	-1.0%
Total income margin	4.19%	4.24%	0.05%
Net interest margin	2.84%	2.93%	0.09%
Cost/income ratio	68.9%	65.3%	-3.6%
Net loans to deposits	92%	86%	-5%

In 2010 ***OBH Group*** realized HUF 2.7 billion net profit representing a decrease of 16% over 2009. The main reason for the lower income is the higher provisioning for the non-performing loans (+60% y-o-y). However, nicely growing operating results (+16% y-o-y) partially offset that impact. This rise is reasoned by the deteriorating portfolio quality and the change of regulations[14] effective since 31 March as well.

On deposit side notwithstanding the continuously declining deposit rates Bank's portfolio grew by 11% y-o-y. However the whole Croatian market was characterized by a moderate lending activity. In case of OBH beside the stagnating corporate loan portfolio only consumer loan portfolio represented some extension. As a result of these the net loan-to-deposit ratio decreased by a further 5% in 2010.

The net fee and commission income for 2010 resembles the previous year, with regards to operating expenses, strong cost control prevailed.

As a result of its favourable funding position during the year OBH prepaid CHF 140 million senior loan and paid HRK 200 million (around HUF 7.6 billion) interim dividend to the mother bank,

Despite the interim dividend payment the capital adequacy ratio of the Bank improved on a yearly basis (from 13.4% to 14.2%) and it was well above the 12% regulatory minimum level.

The number of employees at OBH Group stood at 1,016 as at the end of December 2010, the number of existing branches did not change (105 branches).

[14] According to the previous regulation, retail loans became non-performing after 180 days of delay. From 31 March 2010 on, 90 days past due loans are qualified non-performing, related interest income shall be accrued and at the same time, provision for loan losses shall also be made.

OTP BANKA SLOVENSKO (SLOVAKIA)[15]

Performance OTP Banka Slovensko:

Main components of P&L account in HUF mn	2009	2010	Change (%)
After tax profit w/o dividends and net cash transfer	-6,673	-952	-86%
One-off items, after-tax[1]	-244	0	-100%
After tax profit w/o dividends, net cash transfers and one-offs	-6,429	-952	-85%
Pre-tax profit	-6,633	-833	-87%
Operating profit	3,289	3,727	13%
Total income	13,731	13,885	1%
Net interest income	10,485	11,207	7%
Net fees and commissions	2,705	2,380	-12%
Other net non-interest income	541	298	-45%
Operating expenses	-10,442	-10,157	-3%
Provision for possible loan losses	-9,029	-4,715	-48%
Other provision	-894	154	-117%
Main components of balance sheet closing balances in HUF mn	**2009**	**2010**	**Change (%)**
Total assets	375,208	349,448	-7%
Gross customer loans	273,269	273,641	0%
Retail loans	163,779	179,440	10%
Corporate loans	109,490	94,202	-14%
Allowances for possible loan losses	-13,633	-15,677	15%
Deposits from customers	253,462	256,751	1%
Retail deposits	219,597	234,543	7%
Corporate deposits	33,865	22,209	-34%
Liabilities to credit institutions	28,707	11,825	-59%
Issued securities	55,457	43,655	-21%
Subordinated debt	7,876	8,109	3%
Total shareholders' equity	24,767	24,551	-1%
Loan Quality	**2009**	**2010**	**Change (%)**
90+ days past due loan volume (in HUF million)	24,286	27,965	15.1%
90+ days past due loans/gross customer loans (%)	8.9%	10.2%	1.3%
Cost of risk/average gross loans (%)	3.07%	1.72%	-1.35%
Total provisions/90+ days past due loans (%)	56.1%	56.1%	-0.1%
Performance Indicators (%)	**2009**	**2010**	**Change (%-point)**
ROA	-1.6%	-0.3%	1.3%
ROE	-23.2%	-3.9%	19.4%
Total income margin	3.41%	3.83%	0.42%
Net interest margin	2.61%	3.09%	0.49%
Cost/income ratio	76.0%	73.2%	-2.9%
Net loans to deposits	102%	100%	-2%

[1] In 2009 one-off loss booked in relation to loan transfers; in 4Q 2009 exchange rate correction in relation to the loan transfers

In 2010 ***OTP Banka Slovensko*** posted a net loss of HUF 952, compared to HUF 6,429 million net loss in 2009. The main reason for the lower loss was the lower risk cost, however higher income and cost savings also contributed to the favourable development.

Operating profit in 2010 was by 13% higher in HUF terms y-o-y, and grew by even more in EUR terms, since in 2010 the average exchange rate of HUF versus EUR was by 2% stronger compared to the average of 2009. Analysing the P&L developments in EUR terms, the improvement of operating profit was mainly due to the good total income (+3% y-o-y), and lower operating expenses (-1% y-o-y), as a result of the stringent cost control. Cost/Income ratio shrank by 2.9% y-o-y to 73.2%.

In 2010, within total income, net interest income improved by 9% y-o-y in EUR terms. Interest income decreased due to the shrinking loan portfolio in LCY and the lower reference rates. This was partly offset by the gradual repricing of corporate loans in the preceding quarters. The lower reference rates as well as the expiry of term deposits with attractive deposit rates from early 2009 lowered interest expenses on deposits. All in all, net interest margin increased to 3.09% in 2010 (+49 bps y-o-y).

The drop of net fees and commissions in 2010 (in EUR -10% y-o-y) is mainly due to the weak business activity in the corporate segment. Other net non-interest income, which represents a tiny proportion of total income, almost halved in 2010 y-o-y, as a result of the lower net foreign exchange gain.

[15] In 3Q and 4Q 2010 OBS sold loans to Group members. The balance sheet of OBS in 2010 reflects the standing before the transfer of loans to OTP Bank Plc and OTP Factoring Ltd. Accordingly; gross loans contain the gross value of sold loans less recoveries since the sale. Furthermore, provisions for loan losses contain the provisions related to these sold loans. P&L effect of the loan sale was not significant, so the P&L was not adjusted.

In 2010 OBS set aside HUF 4.7 billion provision for possible loan losses, which is half of the 2009 figure. The main reason for the significant y-o-y change in the other risk cost line is due to release of provisions related to off-balance-sheet items suggested by the auditor and the national bank.

By the end of 2010, the DPD90+ ratio increased by 1.3% to 10.2% y-o-y. In case of mortgage loans the portfolio quality stagnated in 2010, the quality of consumer loans improved, while quality of corporate loans deteriorated. The coverage of DPD90+ loans did not change in 2010 compared to 2009.

The development of deposit and loan volumes was in line with the intention to strengthen the retail focus of the Bank. Analysing the dynamics in EUR terms, total deposits decreased by 2% y-o-y, mainly because large corporate deposits dropped by 32% and municipality deposits fell by 42%, while retail and SME deposits both rose by 4% y-o-y. On a quarterly base deposits remained flat, the yearly trends characterised the last quarter if looking at the segments. Considering the sold loan portfolio in 3Q and 4Q 2010 (EUR 30 and 32 millions in gross value, respectively) as part of the gross loans portfolio, it dropped in EUR terms by 3% y-o-y. The volume of corporate loans decreased by 16% y-o-y, contrary to that, lending to households is picking up (in EUR +7.5% y-o-y). The home equity loan portfolio grew by 6.2% y-o-y. Noteworthy is the 51% yearly growth of non-mortgage backed loans.

Net loan-to-deposit ratio decreased to 100% by the end of 2010 (-2%-points y-o-y).

After the significant rationalisation in 2009 the number of branches decreased by only 1 branch to 76 branches in 2010, the headcount decreased by 34 persons to 573.

OTP BANKA SRBIJA (SERBIA)

Performance of OTP banka Srbija:

Main components of P&L account[1] in HUF mn	2009	2010	Change (%)
After tax profit w/o dividends, net cash transfers and one-offs	-8,990	-7,312	-19%
Pre-tax profit	-9,024	-7,325	-19%
Operating profit	-2,278	465	-120%
Total income	8,010	6,934	-13%
Net interest income	4,051	2,568	-37%
Net fees and commissions	1,954	1,689	-14%
Other net non-interest income	2,004	2,677	34%
Operating expenses	-10,287	-6,469	-37%
Provision for possible loan losses	-6,277	-7,288	16%
Other provision	-470	-502	7%
Main components of balance sheet [1] closing balances in HUF mn	**2009**	**2010**	**Change (%)**
Total assets	127,025	114,796	-10%
Gross customer loans	89,878	88,753	-1%
Retail loans	33,607	35,826	7%
Corporate loans	56,271	52,928	-6%
Allowances for possible loan losses	-12,189	-18,560	52%
Deposits from customers	32,395	37,180	15%
Retail deposits	23,546	27,304	16%
Corporate deposits	8,848	9,875	12%
Liabilities to credit institutions	25,952	15,922	-39%
Subordinated debt	38,910	40,846	5%
Total shareholders' equity	27,690	17,987	-35%
Loan Quality	**2009**	**2010**	**Change (%)**
90+ days past due loan volume (in HUF million)	30,321	42,443	40.0%
90+ days past due loans/gross customer loans (%)	33.7%	47.8%	14.1%
Cost of risk/average gross loans (%)	6.80%	8.16%	1.36%
Total provisions/90+ days past due loans (%)	40.2%	43.7%	3.5%
Performance Indicators (%)	**2009**	**2010**	**Change (%-point)**
ROA	-6.7%	-6.0%	0.6%
ROE	-27.3%	-32.0%	-4.7%
Total income margin	5.94%	5.73%	-0.21%
Net interest margin	3.00%	2.12%	-0.88%
Cost/income ratio	128.4%	93.3%	-35.1%
Net loans to deposits	240%	189%	-51%

OTP banka Srbija realized HUF 7.3 billion loss in 2010, which is 19% less than in the base period.

The 2010 operating result turned into positive as cost savings materialized after the operating cost cutting measures took in 2009 could offset the 13% decline of total revenues. The lower net interest income is explained mainly by the gradually declining loan portfolio on which interest income is booked (as a consequence of portfolio quality deterioration). The y-o-y increase of other net non-interest income was to a great extent influenced by the previously suspended but in 2010 collected interest income and on the other hand the offsetting of risk costs' increment as a result of the revaluation of provisions due to FX-rate changes was booked on this line as well.

The gradually rising ratio of more than 90 days past due loans is overwhelmingly attributable to the SME and corporate segment. The y-o-y soaring risk costs resulted in improving coverage ratio of DPD90+ loans (+3.5%-points y-o-y).

The gross loans decreased by 2% y-o-y (adjusted for the FX-effect). Thanks to the successful deposit campaign started in 4Q 2010, the FX-adjusted deposit base expanded by 14% y-o-y and consequently, the net loan to deposit ratio dropped to 189% at the end of 2010.

In 2010 the headcount declined to 708 persons (-76 persons y-o-y) and with five newly opened branches the branch number grew to 55.

CRNOGORSKA KOMERCIJALNA BANKA (MONTENEGRO)[16]

Performance of CKB:

Main components of P&L account in HUF mn	2009	2010	Change (%)
After tax profit w/o dividends, net cash transfers and one-offs	428	-16,844	
Pre-tax profit	430	-16,844	
Operating profit	7,227	3,825	-47%
Total income	13,400	9,793	-27%
Net interest income	10,136	7,131	-30%
Net fees and commissions	2,946	2,981	1%
Other net non-interest income	318	-319	-200%
Operating expenses	-6,173	-5,968	-3%
Provision for possible loan losses	-6,730	-20,316	202%
Other provision	-68	-353	422%
Main components of balance sheet closing balances in HUF mn	**2009**	**2010**	**Change (%)**
Total assets	234,804	212,228	-10%
Gross customer loans	181,137	158,321	-13%
Retail loans	112,606	100,069	-11%
Corporate loans	68,531	58,252	-15%
Allowances for possible loan losses	-10,362	-31,149	201%
Deposits from customers	164,317	158,021	-4%
Retail deposits	90,943	101,295	11%
Corporate deposits	73,374	56,726	-23%
Liabilities to credit institutions	30,662	21,860	-29%
Subordinated debt	7,317	7,532	3%
Total shareholders' equity	23,049	16,222	-30%
Loan Quality	**2009**	**2010**	**Change (%)**
90+ days past due loan volume (in HUF million)	19,673	42,166	114.3%
90+ days past due loans/gross customer loans (%)	10.9%	26.6%	15.8%
Cost of risk/average gross loans (%)	3.09%	11.97%	8.88%
Total provisions/90+ days past due loans (%)	52.7%	73.9%	21.2%
Performance Indicators (%)	**2009**	**2010**	**Change (%-point)**
ROA	0.2%	-7.5%	-7.7%
ROE	2.1%	-85.8%	-87.9%
Total income margin	4.94%	4.38%	-0.55%
Net interest margin	3.73%	3.19%	-0.54%
Cost/income ratio	46.1%	60.9%	14.9%
Net loans to deposits	104%	80%	-23%

The ***Crnogorska Komercijalna Banka***'s net loss for the year 2010 was HUF 16.8 billion. The unfavourable financial performance of the Bank was driven by the three times higher provisioning y-o-y but the decline (-47%) of operating income had a negative effect, too.

The decline of net interest income was primarily due to the moderated lending activity caused by the downturn in demand for loans. EUR 11 million worth of loan portfolio was sold to OTP Core Hungary in 1Q 2010 and there was a meaningful sale (in the amount of EUR 66 million) of portfolio to the Montenegrin collection company (transferred portfolio is included in the balance sheet of CKB Group in gross value, however no interest income is recognized after it).

[16] In 4Q 2010 OTP Groups's Montenegrin collection company (OTP Factoring Montenegro d.o.o.) started its operation, therefore from 4Q 2010 CKB Bank and its subsidiary's consolidated balance sheet and P&L statement are reported.

The deterioration of the loan portfolio continued in 2010, by the end of the year DPD90+ ratio reached 26.6%. Due to significant provisioning, DPD90+ coverage (73.9%) is near OTP Group's average coverage level.

In 2010, FX-adjusted loan portfolio decreased by 15% (corporate loans: -17% y-o-y, retail lonans: -14% y-o-y). The total deposit base diminished further by 7% y-o-y mainly driven by the significant withdrawal of corporate deposits (-13% y-o-y), while it was only partially offset by the increase of the retail deposit base (+8% y-o-y).

Following the net loss realized in 1H 2010 CKB Bank received a capital injection in the amount of EUR 35 million from its parent company in June.

STAFF LEVEL AND OTHER INFORMATION

The closing staff number of OTP Group was 30,367 as at 30 December 2010, showing a decrease of 970 people over the year-end 2009. The most significant lay-off was carried through at the Ukrainian subsidiary (-758 persons), mainly as a consequence of the moderated lending activity.

The Group's branch network included 1,486 branches at the end of December 2010 (-28 branches y-o-y). In the year 2010 the modernization and development of branch and sale network have high priority even in Hungary and in case of countries of foreign subsidiaries.

	31/12/2009	31/12/2010	Chnage (%)
OTP BANK			
Closing staff (persons)	7,820	7,800	-0.3%
Per capita total assets (HUF million)	863.3	815.1	-5.6%
Per capita profit after tax (HUF million)	19.8	15.9	-19.9%
GROUP			
Closing staff (persons)	31,337	30,367	-3.1%
Per capita consolidated total assets (HUF million)	311.3	322.1	3.5%
Per capita consolidated profit after tax (HUF million)	4.8	3.9	-19.2%

	31 December 2010						*Change (Y-o-Y)*					
	Bank branches	ATM	POS	Bank cards (th)	Number of banking clients (th)	Staff (closing)	Bank branches	ATM	POS	Bank cards (th)	Number of banking clients (th)	Staff (closing)
OTP Bank	**380**	**1,995**	**39,231**	**3,841**	**4,592**	**7,800**	***-2***	***8***	***3,672***	***29***	***-33***	**-20**
DSK Bank	387	880	5,049	1,196	2,978	4,321	*1*	*10*	*504*	*-8*	*3*	-16
OTP Banka Slovensko	76	117	671	119	193	573	*-1*	*1*	*27*	*0*	*6*	-34
OTP banka Hrvatska	105	217	1,102	385	382	1,016	*0*	*17*	*-79*	*15*	*-73*	2
OTP Bank Romania	106	138	1,106	171	219	1,104	*0*	*2*	*30*	*24*	*13*	10
OTP Bank JSC Ukraine	189	216	400	124	337	3,075	*-17*	*1*	*-3*	*38*	*55*	-758
OTP Bank Russia	155	249	2,218	7,394	3,715	4,768	*-7*	*-2*	*-39*	*3,928*	*916*	17
OTP banka Srbija	55	190	4,054	100	349	708	*5*	*-5*	*459*	*-54*	*-7*	-76
CKB	33	105	3,819	167	290	451	*-7*	*0*	*284*	*-12*	*-30*	-56
Foreign banks total	**1,106**	**2,112**	**18,419**	**9,656**	**8,464**	**16,016**	***-26***	***24***	***1,183***	***3,931***	***883***	**-911**
OTP Bank Russia (employed agents)						**5,358**						**808**
Other Hungarian and foreign subsidiaries						**1,193**						**-325**
Group total (aggregated)	**1,486**	**4,107**	**57,650**	**13,497**	**13,056**	**30,367**	***-28***	***32***	***4,855***	***3,961***	***811***	**-448**
Group total (aggregated)						**25,009**						**-1,256**
OTP Bank Russia (total agents)						**13,845**						**3,168**

STATEMENT ON CORPORATE GOVERNANCE PRACTICE

Corporate governance practice

OTP Bank Plc., as a Hungarian-registered company has a corporate governance that accords with the provisions of the Hungarian Act on Companies. Due to the nature of its banking operations, it also complies with the statutory regulations pertaining to credit institutions.

Beyond fulfilling the statutory requirements, as a company listed on the Budapest Stock Exchange (BSE), it makes an annual declaration on its compliance with the BSE's Corporate Governance Recommendations, which, following approval by the General Meeting, it publishes on the websites of both the Stock Exchange (www.bet.hu) and the Bank (www.otpbank.hu).

Internal control system

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

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

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

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

General meeting

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

Committees

Members of the Board of Directors

Dr. Sándor Csányi – Chairman
Dr. Antal Pongrácz – Vice Chairman
Dr. László Utassy
Mihály Baumstark
Dr. Tibor Bíró
Péter Braun
Dr. István Kocsis
Dr. György Szapáry
Dr. József Vörös

Members of the Supervisory Board

Tibor Tolnay – Chairman
Dr. Gábor Horváth – Vice Chairman
Jean-Francois Lemoux
Antal Kovács
András Michnai
Members of the Audit Committee
Dr. Gábor Horváth – Chairman
Tibor Tolnay
Jean-Francois Lemoux

The résumés of the committee and board members are available on the website of OTP Bank and in the Corporate Governance Report/Annual Report.

Operation of the executive boards

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

ENVIRONMENTAL POLICY, ENVIRONMENTAL PROJECTS

With trust and responsibility for each other

Responsibility for environment protection

Through its activities the Bank has a direct and indirect effect on its environment, which is why it is important that it puts more emphasis year by year on reducing the harmful effects of its operation. The group continuously seeks the environmental friendly solutions and stands for the adoption of those in the widest possible range of activities.

Responsible operation

Our environmental friendly measures basically focus on the application of environmental friendly materials, economization and the environmental sound waste management. Besides the above mentioned, the Environmental Protection Guidelines of the Bank sets guidelines also for environmental sound procurement.

In case of OTP Group the main energy consumption is the electricity consumption that is why we constantly monitor the technological developments and strive for the application of most efficient solutions in case of new procurements and reconstructions. The Bank always makes investment return analysis taking into consideration the lifetime, maintenance requirement and environmental burden of the new equipments. The Bank initiated several energy saving measures: replaced the old boilers with energy-saving condensing boilers, did lighting modernization, and the use of energy-saving bulbs, outdoor induction lamps as well as LED lighting bulbs for indoor use are continuously spreading.

In the highest electricity consuming building of the Bank, there is a time schedule program controlled lighting management in place, and since 2009 the two biggest electricity consuming buildings are equipped with heat recovery systems, that heats the buildings with the help of heat captured from the air conditioners responsible for cooling the buildings.

Shutting off computers and other office appliances after work hours or running idle are now controlled centrally.

In 2010 the use of renewable energy sources further expanded, to date there are about 580 square meters of solar cells built, contributing to a decline of gas power usage of the buildings.

As an alternative to business trips, there is a video conference system used within the Bank and with foreign subsidiaries as well, and its utilization is growing year by year. With this the Bank saves ample amount of carbon dioxide emission. The Bank promotes bicycle usage among its employees. The branches in rural areas are built with outdoor bicycle stands, what is more in 2010 the main head office has been equipped with facilities enabling employees to come to work on bicycle. About 50 guarded bicycle racks and related infrastructure has been built. Further plans include extension of these facilities.

In waste management the Bank follows the following priority: reduce waste emission – reuse waste – recycle waste – dispose waste. In the central buildings selective collection is available: the Bank selectively collects and recycles PET bottles and paper waste, and in the branch network the unnecessary marketing materials are also collected and handed over for recycling. In order to reduce paper consumption in the offices, the development of IT support systems is continuous.

Environmental education

OTP Bank put emphasize even in 2010 on representing environmentally friendly and responsible behavior in its operation and represent it to the widest possible spectrum of those who are concerned through easily understandable and various channels.

Formation of personal responsibility is the key element for the Bank to promote the environment friendly behavior, that's why an internal attitude formation campaign was launched in the last year.

The size of the company and its relationship with the population provides an excellent opportunity for behaviour formation. As one emphatic element of these OTP Bank advises its customers to use electronic account statements in order to minimize paper consumption. OTP Bank called the attention of the population in cooperation with WWF Hungary Forest Protection Program that using „green account statement" could protect trees. Due to the successful campaign, the sensitivity of our customers to environmental problems and the offered preferential conditions (account fee allowances), until now 350 thousand customers chose „green account statement".

All members of OTP Group inspire its customers to use environment friendly electronic channels. Electronic services of the Group are continuously improved and broadened. In case of OTP Bank more than 90% of customer contacts are served through electronic channels since years.

Range of publication materials and prospectuses of the Bank prepared with utilization of environment friendly materials is continuously widening, since 2009 all prospectuses provided in the branch network were printed on recycled paper.

All efforts to minimize environmental burden show that both in its narrower and broader surroundings OTP Bank wants to provide positive example in its environment protection activity. It is important part of OTP Bank's environment protection behaviour to save its environment, to show positive example and to promote environment protective behaviour.

More details about the sustainability intentions of OTP Bank are available on the website of the Bank and in its Corporate Social Responsibility Report.

SUPPLEMENTARY DATA

FOOTNOTES OF THE TABLE 'CONSOLIDATED AFTER TAX PROFIT BREAKDOWN BY SUBSIDIARIES (IFRS)

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

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

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

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

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

(2) In 2Q 2010, majority of the goodwill related to CKB (Montenegro) was written off, having a HUF 18.5 billion pre tax and a HUF 15.0 billion after tax impact on the consolidated P&L. After the successful performance through several years, from 4Q 2009 the deteriorating macro environment induced a significant portfolio worsening and CKB's results turned into red three consecutive quarters. In June 2010 OTP also had to inject capital into its Montenegrin operation. Those were the key reasons behind the goodwill impairment.

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

(4) Within OTP Group, the Corporate Centre acts as a virtual entity established by the equity investment of OTP Core for managing the wholesale financing activity for all the subsidiaries within OTP Group but outside OTP Core. Therefore the balance sheet of the Corporate Centre is funded by the equity and intragroup lending received from OTP Core plus the subordinated debt and senior notes arranged by OTP Bank under its running EMTN program. From this funding pool, the Corporate Centre is to provide intragroup lending to, and hold equity stakes in OTP subsidiaries outside OTP Core. Within OTP Group, the full range of financing and investments into non-OTP Core subsidiaries is allocated to the Corporate Centre. Main subsidiaries financed by Corporate Centre are as follows: Hungarians: Merkantil Bank Ltd, Merkantil Car Ltd, Merkantil Leasing Ltd, OTP Real Estate Leasing Ltd, OTP Fund Management Ltd, OTP Real Estate Fund Management Ltd, OTP Life Annuity Ltd; foreigners: leasing companies, factoring companies.

(5) From 2010 3Q, statements are based on the aggregated financials of DSK Group and the newly established Bulgarian collection company - OTP Factoring Bulgaria LLC.

(6) One-off losses booked in relation to loan transfers.

(7) Aggregated after tax profit of Merkantil Bank and Merkantil Car without dividends, net cash transfer and provisioning for investments in subsidiaries.

(8) Correction item booked in relation to the sale of OTP Leasing a.s in 1Q 2009.

(9) From 4Q 2009: OTP Leasing Romania IFN S.A. (Romania), Z plus d.o.o. (Croatia), OTP Leasing d.d. (Croatia), DSK Leasing AD (Bulgaria).

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

(11) HIF Ltd. (United Kingdom), OTP Faktoring Slovensko (Slovakia), OTP Holding Limited (Cyprus), Velvin Ventures Ltd. (Belize), OTP Faktoring SRL (Romania)

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

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

CALCULATION OF ADJUSTED LINES OF IFRS PROFIT AND LOSS STATEMENTS PRESENTED IN THE REPORT

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

Received dividends, received and paid cash transfers, after tax profit of strategic open FX position, goodwill write-offs and special tax on financial institutions are shown separately and after-tax on the adjusted Statement of Recognised Income.

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

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

Out of other expenses, other provisions are deducted and shown separately as other risk costs in the adjusted income statement. Other provisions contain provisioning on off-balance sheet liabilities and on legal contests, provisioning on securities, shares and other investments as well as provisioning on other assets.

Other administrative expenses have been adjusted in the following way in order to create a cathegory comprising material cost items exclusively. Other costs and expenses and Other non-interest expenses were included into the adjusted Other non-interest expenses. At the same time, the following cost items were excluded from adjusted other non-interest expenses: paid cash transfers – except for movie subsidies and cash transfers to public benefit organisations, which are quasi marketing expenses but kept as paid cash transfer on the P&L –, Other other non-interest expenses and Special tax on financial institutions.

In 1Q 2010, parallel losses on sale of securities and release of other provisions for these securities were netted and are shown together on line “Gain/loss on securities, net” both at OTP Group consolidated and at OTP Core stand alone level. The negative P&L effect stemming from the deteriorated value of these securities was suffered in previous quarters – at the time of emerging of the above mentioned other provisions.

In 2010, the fee expenses paid by Merkantil Group to car dealers (’dealer fees’) were registered as interest expense on the income statement. Earlier this item had been booked as fee expense. In order to create a comparable time series, dealer fees are reclassified from net interest income to net fees and commissions – both on the consolidated and on a standalone level.

Within the aggregated income statement of Merkantil Bank and Car, other risk cost related to leasing companies – as investments of the Merkantil Group – is eliminated. The reason behind is that this provisioning is eliminated in the consolidated income statement of OTP Group, and only the net result of the leasing companies is making part of OTP Group’s consolidated net earnings.

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

Regarding consolidated ROA and ROE indicators of the year 2010 are calculated from the adjusted profit after tax of the Group, however regarding 2009 they are calculated from the accounting (unadjusted) net profit figures, because in 2009 the profit was not affected significantly by one-off items.

ADJUSTMENTS OF CONSOLIDATED STATEMENT OF RECOGNIZED INCOME (IFRS)

Table below containes the adjustments on items of audited, consolidated Statement of recognized income (as published under the title of "Consolidated Financial Statements in accordace with international financial reporting standards as adopted by the European Union for the year ended 31 December 2010" which is available on the website of OTP Bank (www.otpbank.hu) under Investor Relations / Reports / IFRS reports (after the 2010 Annual General Meeting of the Company).

in HUF million	2009	2010
Net interest income	**589,780**	**616,425**
(-) Agent fees paid to car dealers by Merkantil Group		-3,929
Net interest income (adj)	**589,780**	**620,354**
Net fees and commissions	**132,913**	**140,631**
(+) Agent fees paid to car dealers by Merkantil Group		-3,929
Net fees and commissions (adj.)	**132,913**	**136,702**
Foreign exchange result on Consolidated IFRS P&L	**-8,308**	**31,811**
(-) Result of strategic open FX position	-2,390	0
Foreign exchange result (adj.)	**-5,919**	**31,811**
Gain/loss on securities, net	**7,459**	**5,445**
(+) Release of other provisions for securities		9,384
Gain/loss on securities, net (adj.)	**7,459**	**14,829**
Gains and losses on real estate transactions	**931**	**845**
(+) Other non-interest income	**66,309**	**20,891**
(-) Received cash transfers	4	32
(-) Non-interest income from the release of pre-acquisition provisions	2,344	165
(+) Other non-interest expenses	-3,041	-4,112
Net other non-interest result (adj)	**61,851**	**17,426**
Provision for possible loan losses	**-249,279**	**-273,024**
(+) Non-interest income from the release of pre-acquisition provisions	2,344	165
Provision for possible loan losses (adj)	**-246,935**	**-272,859**
After tax dividends and net cash transfers	**-378**	**-1,215**
(-) Film subsidies and cash transfers to public benefit organisations	-1,170	-1,704
After tax dividends and net cash transfers	**792**	**488**
Depreciation	**-45,141**	**-67,324**
(-) Goodwill impairment charges (OTP banka Srbija (Serbia), OTP Bank JSC (Ukraine))	0	-18,519
Depreciation (adj)	**-45,141**	**-48,805**
Other operating expense, net	**-21,048**	**-14,435**
(+) Provision on securities available-for-sale and securities held-to-maturity	-8,027	9,924
(-) Release of other provisions for securities		9,384
(-) Other costs and expenses	-6,714	-7,698
(-) Other non-interest expenses	-4,318	-6,310
Other provisions	**-18,043**	**113**
Other administrative expenses	**-140,482**	**-171,231**
(+) Other costs and expenses	-6,714	-7,698
(+) Other non-interest expenses	-4,318	-6,310
(-) Paid cash transfers	-1,277	-2,199
(+) Film subsidies and cash transfers to public benefit organisations	-1,170	-1,704
(-) Other other non-interest expenses	-3,041	-4,112
(-) Special tax on financial institutions	0	-36,098
Other non-interest expenses	**-148,367**	**-144,535**

TIME SERIES UNDER THE OLD AND NEW METHOD FOR THE FINANCIALS AFFECTED BY THE UPDATE OF THE CALCULATION METHODOLOGY OF MERKANTIL GORUP FROM 4Q 2010

Methodological changes: in 2009 and 2010, within the aggregated income statement of Merkantil Bank and Car, the other risk cost set aside in relation to their subsidiaries as investments was eliminated. The reason behind is that these items were eliminated in the consolidated income statement of OTP Group, and only the net result of the foreign leasing companies is making part of OTP Group's consolidated net earnings.

In addition, loans that Merkantil Bank granted to Merkantil Car – previously shown on the corporate loans line – have been eliminated from the corporate loans and the balance sheet total lines as well (these items do not appear on consolidated level). The methodological change was also executed for 2009 in order to maintain comparability of the time series. As a result, certain financial data and indicators have changed compared to the previously reported data. (The most significant change is the elimination of HUF 1.8 billion other provision from the financial result of Merkantil Group in 2009. This item did not appear on consolidated level.)

Merkantil Bank and Car's financial data – UNDER THE OLD METHODOLOGY:

Main components of P&L account in HUF mn	2009	2010
After tax profit w/o dividends, net cash transfers and one-offs	-1,830	-9,144
Pre-tax profit	-1,815	-9,146
Operating profit	11,813	9,784
Total income	16,901	14,793
Net interest income	19,630	17,329
Net fees and commissions	-4,867	-4,077
Other net non-interest income	2,138	1,541
Operating expenses	-5,088	-5,009
Provision for possible loan losses	-11,504	-13,674
Other provision	-2,123	-5,256
Main components of balance sheet closing balances in HUF mn	**2009**	**2010**
Total assets	308,706	305,325
Gross customer loans	312,698	328,165
Retail loans	80	396
Corporate loans	37,850	48,907
Car financing loans	274,768	278,863
Allowances for possible loan losses	-34,393	-47,550
Deposits from customers	5,467	4,784
Retail deposits	1,496	2,017
Corporate deposits	3,971	2,767
Liabilities to credit institutions	235,553	248,874
Total shareholders' equity	31,444	22,180
Loan Quality	**2009**	**2010**
90+ days past due loan volume (in HUF million)	38,469	54,161
90+ days past due loans/gross customer loans (%)	12.3%	16.5%
Cost of risk/average gross loans (%)	3.64%	4.43%
Total provisions/90+ days past due loans (%)	89.4%	87.8%
Performance Indicators (%)	**2009**	**2010**
ROA	-0.6%	-3.0%
ROE	-5.5%	-34.1%
Net interest margin	5.92%	5.64%
Cost of risk/average gross loans	3.64%	4.43%
Cost/income ratio	30.1%	33.9%

Items eliminated (in HUF million):

Correction of loans that Merkantil Bank granted to Merkantil Car – previously shown on the corporate loans line –	3,765	19,966
Elimination of other risk cost set aside in relation to the subsidiaries as investments	-1,762	-5,021

Merkantil Bank and Car's financial data – UNDER THE NEW METHODOLOGY

Main components of P&L account in HUF mn	2009	2010
After tax profit w/o dividends, net cash transfers and one-offs	-68	-4,123
Pre-tax profit	-52	-4,125
Operating profit	11,813	9,784
Total income	16,901	14,793
Net interest income	19,630	17,329
Net fees and commissions	-4,867	-4,077
Other net non-interest income	2,138	1,541
Operating expenses	-5,088	-5,009
Provision for possible loan losses	-11,504	-13,674
Other provision	-361	-236
Main components of balance sheet closing balances in HUF mn	**2009**	**2010**
Total assets	304,942	285,360
Gross customer loans	308,933	308,200
Retail loans	80	396
Corporate loans	34,085	28,941
Car financing loans	274,768	278,863
Allowances for possible loan losses	-34,393	-47,550
Deposits from customers	5,467	4,784
Retail deposits	1,496	2,017
Corporate deposits	3,971	2,767
Liabilities to credit institutions	231,788	228,908
Total shareholders' equity	31,444	22,180
Loan Quality	**2009**	**2010**
90+ days past due loan volume (in HUF million)	38,469	54,161
90+ days past due loans/gross customer loans (%)	12.5%	17.6%
Cost of risk/average gross loans (%)	3.64%	4.43%
Total provisions/90+ days past due loans (%)	89.4%	87.8%
	2009	**2010**
ROA	0.0%	-1.4%
ROE	-0.2%	-15.4%
Net interest margin	5.95%	5.87%
Cost/income ratio	30.1%	33.9%

STATEMENT OF RECOGNIZED INCOME OF OTP BANK PLC, UNCONSOLIDATED, AUDITED ACCORDING TO HAS

Statement of recognized income HUF million	2009	2010	Change (%)
Net interest income	206,530	241,838	**17%**
Interest received and similar income	717,616	611,167	-15%
Interest paid and similar charges	-511,086	-369,329	-28%
Net fee and commission income	**136,469**	**121,900**	**-11%**
Commissions and fees received or due	160,808	145,368	-10%
Commissions and fees paid or payable	-24,339	-23,468	-4%
Other income	**182,881**	**109,893**	**-40%**
Income from securities	32,986	57,651	75%
Net profit or net loss on financial operations	5,709	-3,864	-168%
Other operating income	144,186	56,106	-61%
General administrative expenses	**-129,581**	**-146,097**	**13%**
Depreciation	**-14,332**	**-14,134**	**-1%**
Other operating charges	**-182,566**	**-218,561**	**20%**
Value adjustments in respect of loans and advances and risk provisions for contingent liabilities and for (future) commitments	**-138,237**	**-106,446**	**-23%**
Value readjustments in respect of loans and advances and risk provisions for contingent liabilities and for (future) commitments	**62,839**	**120,282**	**91%**
Difference between formation and utilization of general risk provisions	**2,615**	**573**	**-78%**
Value adjustments in respect of transferable debt securities held as financial fixed assets, shares and participations in affiliated companies and in other companies linked by virtue of participating interests	**-10,199**	**-4,017**	**-61%**
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	**2,994**	**10,338**	**245%**
Profit or loss on ordinary activities	**119,413**	**115,569**	**-3%**
Extraordinary profit or loss	-5,287	-1,820	-66%
Profit or loss before tax	**114,126**	**113,749**	**0%**
Taxes on income	-11,797	-4,785	-59%
Profit or loss after tax	**102,329**	**108,964**	**6%**
General reserve	-10,233	-10,896	6%
Profit reserves used for dividends and profit-sharing	0	0	
Dividend and profit-sharing payable	0	-20,160	
Profit or loss for the financial year	**92,096**	**77,908**	**-15%**

STATEMENT OF FINANCIAL POSITION OF OTP BANK PLC, UNCONSOLIDATED, AUDITED ACCORDING TO HAS

Main balance sheet items in HUF million	2009	2010	Change (%)
Total assets	**6,565,860**	**6,213,397**	**-5%**
1. Liquid assets	177,813	171,255	-4%
2. Treasury bills and similar securities	951,801	758,697	-20%
3. Loans and advances to credit institutions	996,604	796,402	-20%
4. Loans and advances to customers	**2,602,753**	**2,607,173**	**0%**
5. Debt securities, including fixed-income securities	938,429	984,323	5%
6. Shares and other variable-yield securities	85,528	99,526	16%
7. Shares and participations in corporations held as financial fixed assets	930	960	3%
8. Shares and participating interests in affiliated companies	391,135	443,972	14%
9. Intangible assets	174,833	142,337	-19%
10. Tangible assets	68,178	67,655	-1%
11. Own shares	3,773	3,729	-1%
12. Other assets	30,133	21,779	-28%
13. Prepayments and accrued income	143,950	115,589	-20%
Total liabilities	**6,565,860**	**6,213,397**	**-5%**
1. Amounts owed to credit institutions	963,760	739,808	-23%
2. Amounts owed to customers	**3,357,638**	**3,290,982**	**-2%**
3. Debts evidenced by certificates	616,618	534,749	-13%
4. Other liabilities	221,523	58,546	-74%
5. Accruals and deferred income	153,654	269,915	76%
6. Provisions for liabilities and charges	107,514	73,562	-32%
7. Subordinated liabilities	309,695	318,594	3%
8. Shareholders' equity	835,458	927,241	11%
Performance indicators			
Loans and advances to customers/amounts owed to customers	78%	79%	2%

FINANCIAL STATEMENTS ON 2010

UNCONSOLIDATED HAS

OTP BANK PLC.
ASSETS

31 December 2010

Figures in million HUF

		31 December 2009	Reclassification of 2009	31 December 2010
1.	**Liquid assets**	**177,813**	**-**	**171,255**
2.	**Treasury bills and similar securities**	**951,801**	**-**	**758,697**
	a) held for trading	625,632	-	426,122
	b) held as financial fixed assets	326,169	-	332,575
2/A.	Valuation difference on treasury bills	-	-	-
3.	**Loans and advances to credit institutions**	**996,604**	**-**	**796,402**
	a) repayable on demand	7,368	-	12,036
	b) other loans and advances in connection with financial services	988,871	-	784,018
	ba) with remaining maturity of less than one year	701,374	-	583,404
	Showing separately: - to affiliated companies	436,881	-	318,212
	- to other companies linked by virtue of participating interests	10,000	-	0
	- to the NBH	-	-	-
	- to clearing houses	-	-	-
	bb) with a remaining maturity of more than one year	287,497	-	200,614
	Showing separately: - to affiliated companies	280,190	-	198,280
	- to other companies linked by virtue of participating interests	-	-	-
	- to the NBH	-	-	-
	- to clearing houses	-	-	-
	c) in connection with investment services	365	-	348
	Showing separately: - to affiliated companies	-	-	-
	- to other companies linked by virtue of participating interests	-	-	-
	- to clearing houses	-	-	-
3/A.	Valuation difference on loans and advances to credit institutions	-	-	-
4.	**Loans and advances to customers**	**2,602,753**	**-18**	**2,607,173**
	a) in connection with financial services	2,602,483	-18	2,591,047
	aa) with a remaining maturity of less than one year	589,377	22	621,980
	Showing separately: - to affiliated companies	94,524	-	104,963
	- to other companies linked by virtue of participating interests	12	-	0
	ab) with a remaining maturity of more than one year	2,013,106	-40	1,969,067
	Showing separately: - to affiliated companies	939,476	-	905,975
	- to other companies linked by virtue of participating interests	-	-	-
	b) in connection with investment services	270	-	16,126
	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	270	-	16,126
	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**	**938,429**	**-**	**984,323**
	a) issued by local governments and other public bodies	87,044	-	100,120
	(not including treasury bills and similar securities)		-	
	aa) held for trading	2,124	-	4,323
	ab) held as financial fixed assets	84,920	-	95,797
	b) securities issued by other borrowers	851,385	-	884,203
	ba) held for trading	64,096	-	369,850
	Showing separately: - issued by affiliated companies	57,369	-	361,212
	- issued by other companies linked by virtue of participating interests	-	-	-
	- own shares repurchased	3,411	-	6,776
	bb) held as financial fixed assets	787,289	-	514,353
	Showing separately: - issued by affiliated companies	751,235	-	475,687
	- issued by other companies linked by virtue of participating interests	-	-	-
5/A.	Valuation difference on debt securities	-	-	-
6.	**Shares and other variable-yield securities**	**85,528**	**-**	**99,526**
	a) shares and participations in corporations held for trading	79,507	-	84,509
	Showing separately: - issued by affiliated companies	-	-	-
	- issued by other companies linked by virtue of participating interests	-	-	-
	b) variable-yield securities	6,021	-	15,017
	ba) held for trading	41	-	37
	bb) held as financial fixed assets	5,980	-	14,980
6/A.	Valuation difference on shares and other variable-yield securities	-	-	-

		31 December 2009	Reclassification of 2009	31 December 2010
7.	**Shares and participations in corporations held as financial fixed assets**	**930**	**-**	**960**
	a) shares and participations in corporations held as financial fixed assets	930	-	960
	Showing separately: - participating interests in credit institutions	-	-	-
	b) adjusted value of shares and participations in corporations held as financial fixed assets	-	-	-
	Showing separately: - participating interests in credit institutions	-	-	-
7/A.	Valuation difference on shares and participations in corporations held as financial fixed assets	-	-	-
8.	**8) Shares and participating interests in affiliated companies**	**391,135**	**-**	**443,972**
	a) shares and participations in corporations held as financial fixed assets	391,135	-	443,972
	Showing separately: - participating interests in credit institutions	320,270	-	367,324
	b) adjusted value of shares and participations in corporations held as financial fixed assets	-	-	-
	Showing separately: - participating interests in credit institutions	-	-	-
9.	**Intangible assets**	**174,833**	**-115**	**142,337**
	a) intangible assets	174,833	-115	142,337
	b) adjusted value of intangible assets	-	-	-
10.	**Tangible assets**	**68,178**	**12**	**67,655**
	a) tangible assets for financial and investment services	65,371	12	64,843
	aa) land and buildings	45,947	-	46,605
	ab) machinery, equipment, fittings, fixtures and vehicles	16,846	12	15,548
	ac) tangible assets in course of construction	2,578	-	2,615
	ad) payments on account	-	-	75
	b) tangible assets not directly used for financial and investment services	2,807	-	2,812
	ba) land and buildings	2,524	-	2,571
	bb) machinery, equipment, fittings, fixtures and vehicles	232	-	222
	bc) tangible assets in course of construction	51	-	19
	bd) payments on account	-	-	-
	c) adjusted value of tangible assets	-	-	-
11.	**Own shares**	**3,773**	**-**	**3,729**
12.	**Other assets**	**30,133**	**617**	**21,779**
	a) stocks	707	-1	954
	b) other receivables	29,426	618	20,825
	Showing separately: - from affiliated companies	20,278	616	9,203
	- from other companies linked by virtue of participating interests	-	-	-
12/A.	Valuation difference on other receivables	-	-	-
12/B.	Positive valuation difference on derivatives	-	-	-
13.	**Prepayments and accrued income**	**143,950**	**-40**	**115,589**
	a) accrued income	143,558	-40	110,751
	b) accrued costs and expenses	392	-	3,562
	c) deferred charges	-	-	1,276
	Total assets	**6,565,860**	**456**	**6,213,397**
	Showing separately:			
	- CURRENT ASSETS	2,281,873	639	2,315,498
	(1+2/a+3/a+3/ba+3/c+4/aa+4/b+5/aa+5/ba+6/a+6/ba+11+12+			
	+a 2/A, 3/A, 4/A, 5/A, 6/A, 12/A and 12/B as pertaining to the			
	previous items)			
	- FIXED ASSETS	4,140,037	-143	3,782,310
	(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]			

OTP BANK PLC.
LIABILITIES

Figures in million HUF

		31 December 2009	Reclassification of 2009	31 December 2010
1.	**Amounts owed to credit institutions**	**963,760**	**-**	**739,808**
	a) repayable on demand	96,689	-	56,776
	b) with agreed maturity dates or periods of notice in connection with financial services	866,942	-	682,977
	ba) with remaining maturity of less than one year	700,516	-	417,464
	Showing separately: - to affiliated companies	418,099	-	146,798
	- to other companies linked by virtue of participating interests	9,404	-	25,000
	- to the NBH	-	-	-
	- to clearing houses	-	-	-
	bb) with remaining maturity of more than one year	166,426	-	265,513
	Showing separately: - to affiliated companies	-	-	-
	- to other companies linked by virtue of participating interests	-	-	-
	- to the NBH	-	-	-
	- to clearing houses	-		-
	c) in connection with investment services	129	-	55
	Showing separately: - to affiliated companies	-	-	-
	- to other companies linked by virtue of participating interests	-	-	-
	- to clearing houses	-	-	-
1/A.	Valuation difference on amounts owed to credit institutions	-	-	-
2.	**Amounts owed to customers**	**3,357,638**	**14**	**3,290,982**
	a) savings deposits	183,896	-	168,491
	aa) repayable on demand	111,581	-	104,454
	ab) with remaining maturity of less than one year	72,315	-	64,037
	ac) with remaining maturity of more than one year	-	-	-
	b) other liabilities in connection with financial services	3,172,937	14	3,121,726
	ba) repayable on demand	904,269	14	915,000
	Showing separately: - to affiliated companies	15,143	-	11,510
	- to other companies linked by virtue of participating interests	79	-	264
	bb) with remaining maturity of less than one year	2,254,987	1	2,180,437
	Showing separately: - to affiliated companies	9,898	-	9,552
	- to other companies linked by virtue of participating interests	725	-	7,891
	bc) with remaining maturity of more than one year	13,681	-1	26,289
	Showing separately: - to affiliated companies	-	-	-
	- to other companies linked by virtue of participating interests	-	-	-
	c) in connection with investment services	805	-	765
	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	805	-	765
	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**	**616,618**	**-**	**534,749**
	a) debt securities in issue	604,346	-	523,959
	aa) with remaining maturity of less than one year	445,220	-	423,013
	Showing separately: - to affiliated companies	-	-	-
	- to other companies linked by virtue of participating interests	-	-	-
	ab) with remaining maturity of more than one year	159,126	-	100,946
	Showing separately: - to affiliated companies	-	-	-
	- to other companies linked by virtue of participating interests	-	-	-
	b) other debt securities issued	239	-	237
	ba) with remaining maturity of less than one year	239	-	237
	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	-	-	-

Figures in million HUF

		31 December 2009	Reclassification of 2009	31 December 2010
	c) debt instruments treated as securities for accounting purposes, which are not	12,033	-	10,553
	recognized as debt securities under the Capital Markets Act			
	ca) with remaining maturity of less than one year	6,735	-	5,207
	Showing separately: - to affiliated companies	-	-	-
	- to other companies linked by virtue of participating interests	-	-	-
	cb) with remaining maturity of more than one year	5,298	-	5,346
	Showing separately: - to affiliated companies	-	-	-
	- to other companies linked by virtue of participating interests	-	-	-
4.	**Other liabilities**	**221,523**	**507**	**58,546**
	a) with remaining maturity of less than one year	35,694	507	58,546
	Showing separately: - to affiliated companies	4,468	3	4,894
	- to other companies linked by virtue of participating interests	64	-	55
	b) with remaining maturity of more than one year	-	-	-
	Showing separately: - to affiliated companies	185,829	-	0
	- to other companies linked by virtue of participating interests	-	-	-
4/A.	Negative valuation difference on derivatives	-	-	-
5.	**Accruals and deferred income**	**153,654**	**-3,045**	**269,915**
	a) deferred income	4,781	-	2,307
	b) deferred costs and expenses	148,648	-3,045	267,608
	c) deferred income	225	-	0
6.	**Provisions for liabilities and charges**	**107,514**	**-**	**73,562**
	a) provisions for pension and severance pay	1,000	-	388
	b) provisions for contingent liabilities and for (future) commitments	55,593	-	7,801
	c) general risk provisions	40,729	-	40,156
	d) other provisions	10,192	-	25,217
7.	**Subordinated liabilities**	**309,695**	**-**	**318,594**
	a) subordinated loan capital	174,275	-	179,219
	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	135,420	-	139,375
	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	219	-	216
9.	**Subscribed capital called but unpaid (-)**	**-**	**-**	**-**
10.	**Capital reserve**	**52**	**-**	**52**
	a) difference between the par value and the purchase price of shares and securities (premium)	-	-	-
	b) other	52	-	52
11.	**General reserve**	**111,903**	**-**	**122,799**
12.	**Profit reserve (±)**	**598,133**	**-**	**692,753**
13.	**Tied-up reserves**	**5,274**	**-**	**5,729**
14.	**Revaluation reserve**	**-**	**-**	**-**
	a) revaluation reserve on value adjustments	-	-	-
	b) fair value reserve	-	-	-
15.	**Profit or loss for the financial year (±)**	**92,096**	**2,980**	**77,908**
	Total liabilities	**6,565,860**	**456**	**6,213,397**
	Showing separately:			
	- SHORT-TERM LIABILITIES	4,629,179	522	4,225,991
	(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	840,055	-1	716,688
	(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)	835,458	2,980	927,241

OTP BANK PLC. 31 December 2010

PROFIT AND LOSS ACCOUNT

Figures in million HUF

		2009	Reclassification of 2009	2010
1.	Interest received and similar income	717,616	-190	611,167
	a) interest received and similar income from fixed-income securities	115,464	-22	126,113
	Showing separately: - from affiliated companies	53,899	-	64,738
	- from other companies linked by virtue of participating interests	-	-	-
	b) other interest received and similar income	602,152	-168	485,054
	Showing separately: - from affiliated companies	68,847	-9	54,890
	- from other companies linked by virtue of participating interests	1,084	-	521
2.	Interest paid and similar charges	511,086	12	369,329
	Showing separately: - to affiliated companies	34,421	-	20,823
	- to other companies linked by virtue of participating interests	748	-	522
	BALANCE (1-2)	**206,530**	**-202**	**241,838**
3.	Income from securities	32,986	-	57,651
	a) income held for trading from shares and participations in corporations (dividends and profit-sharing)	1	-	5
	b) income from participating interests in affiliated companies (dividends and profit-sharing)	32,542	-	57,305
	c) income from other securities (dividends and profit-sharing)	443	-	341
4.	Commissions and fees received or due	160,808	627	145,368
	a) in connection with other financial services	150,307	627	132,421
	Showing separately: - from affiliated companies	56,405	647	42,266
	- from other companies linked by virtue of participating interests	19	-	10
	b) in connection with investment services (not including trading operations)	10,501	0	12,947
	Showing separately: - from affiliated companies	5,798	-	7,769
	- from other companies linked by virtue of participating interests	-	-	-
5.	Commissions and fees paid or payable	24,339	-90	23,468
	a) in connection with other financial services	23,866	-90	22,852
	Showing separately: - to affiliated companies	3,825	12	1,841
	- to other companies linked by virtue of participating interests	1,070	-	1,029
	b) in connection with investment services (not including trading operations)	473	-	616
	Showing separately: - to affiliated companies	31	-	0
	- to other companies linked by virtue of participating interests	16	-	13
6.	Net profit or net loss on financial operations [6.a)-6.b)+6.c)-6.d)]	5,709	-37	-3,864
	a) in connection with other financial services	41,165	-1	56,712
	Showing separately: - from affiliated companies	3,819	-1	206,940
	- from other companies linked by virtue of participating interests	1,840	-	1,454
	- valuation difference	-	-	-
	b) in connection with other financial services	56,234	36	52,379
	Showing separately: - from affiliated companies	-15,234	35	18,159
	- from other companies linked by virtue of participating interests	-1,234	-	1
	- valuation difference	-	-	-
	c) in connection with investment services (income from trading operations)	62,076	0	47,390
	Showing separately: - from affiliated companies	5,524	-	282
	- from other companies linked by virtue of participating interests	-	-	0
	- value readjustments of transferable securities held for trading	-	-	0
	- valuation difference	-	-	0
	d) in connection with investment services (expenses on trading operations)	41,298	0	55,587
	Showing separately: - to affiliated companies	452	-	155
	- to other companies linked by virtue of participating interests	-	-	-
	- value adjustments in respect of securities held for trading	-	-	-
	- valuation difference	-	-	-
7.	Other operating income	144,186	25	56,106
	a) income from operations other than financial and investment services	9,350	-14	11,018
	Showing separately: - from affiliated companies	2,407	0	2,986
	- from other companies linked by virtue of participating interests	24	-	2
	b) other income	134,836	39	45,088
	Showing separately: - from affiliated companies	120,467	-30	28,608
	- from other companies linked by virtue of participating interests	-	-	-
	- value readjustments in respect of stocks	-	-	-
8.	General administrative expenses	129,581	-2,887	146,097
	a) staff costs	74,780	-2,885	90,342
	aa) wages and salaries	47,621	-1,369	65,834
	ab) other employee benefits	7,445	-672	8,154
	Showing separately: - social security costs	3,877	-	2,449
	= costs relating to pensions	2,799	-	1,723
	ac) contributions on wages and salaries	19,714	-844	16,354
	Showing separately: - social security costs	17,545	-728	15,101
	= costs relating to pensions	14,789	-612	13,308
	b) other administrative expenses (materials and supplies)	54,801	-2	55,755

Figures in million HUF

		2009	Reclassification of 2009	2010
9.	Depreciation	14,332	116	14,134
10.	Other operating charges	182,566	-131	218,561
	a) charges on operations other than financial and investment services	7,510	-2	8,630
	Showing separately: - to affiliated companies	1,347	0	340
	- to other companies linked by virtue of participating interests	680	-	1,082
	b) other charges	175,056	-129	209,931
	Showing separately: - to affiliated companies	667	-117	73,792
	- to other companies linked by virtue of participating interests	-	-	-
	- value adjustments in respect of stocks	0	-	-
11.	Value adjustments in respect of loans and advances and risk provisions for contingent liabilities and for (future) commitments	138,237	-	106,446
	a) value adjustments in respect of loans and advances	85,412	-	100,177
	b) risk provisions for contingent liabilities and for (future) commitments	52,825	-	6,269
12.	Value readjustments in respect of loans and advances and risk provisions for contingent liabilities and for (future) commitments	62,839	-	120,282
	a) value readjustments in respect of loans and advances	36,732	-	60,965
	b) risk provisions for contingent liabilities and for (future) commitments	26,107	-	59,317
12/A.	Difference between formation and utilization of general risk provisions	2,615	-	573
13	Value adjustments in respect of transferable debt securities held as financial fixed assets, shares and participations in affiliated companies and in other companies linked by virtue of participating interests	10,199	-	4,017
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	2,994	-	10,338
15.	**Profit or loss on ordinary activities**	**119,413**	**3,405**	**115,569**
	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]	117,573	3,417	113,181
	- PROFIT OR LOSS ON OPERATIONS OTHER THAN FINANCIAL AND INVESTMENT SERVICES [7.a)-10.a)]	1,840	-12	2,388
16.	Extraordinary income	27,679	-	124,186
17.	Extraordinary charges	32,966	0	126,006
18.	Extraordinary profit or loss (16-17)	-5,287	0	-1,820
19.	**Profit or loss before tax (+15+18)**	**114,126**	**3,405**	**113,749**
20.	Taxes on income	11,797	425	4,785
21.	**Profit or loss after tax (+19-20)**	**102,329**	**2,980**	**108,964**
22.	General reserve (±)	-10,233	-	-10,896
23.	Profit reserves used for dividends and profit-sharing	0	-	-
24.	Dividend and profit-sharing payable	0	-	20,160
	Showing separately: - to affiliated companies	0	-	-
	- to other companies linked by virtue of participating interests	0	-	-
25.	**Profit or loss for the financial year (+21-/+22+23-24)**	**92,096**	**2,980**	**77,908**

Mandatory layout of the cash-flow statement

Figures in million HUF

		2009	2010
1.	Interest income	717,616	611,167
2.	+Income from other financial services (except value adjustments in respect of securities and the positive valuation difference of receivables)	189,639	189,104
3.	+ Other income (except value readjustments in respect of provisions, value adjustments in respect of stocks and readjustments in respect of extraordinary depreciation)	123,097	38,564
4.	+Income from other investment financial services (except value adjustments in respect of securities and positive valuation difference)	72,577	60,337
5.	+ Income from operations other than financial and investment services	9,350	11,018
6.	+ Dividend income	32,986	57,651
7.	+ Extraordinary income	27,663	136
8.	- Interest charges	-511,086	-369,329
9.	+Charges on other financial services (except value adjustments in respect of securities and the negative valuation difference of receivables)	-77,512	-65,622
10.	- Other charges (except provisions, value adjustments in respect of stocks, and extraordinary depreciation)	-168,760	-168,223
11.	+Charges on investment services (except value adjustments in respect of securities and negative valuation difference)	-41,771	-56,203
12.	- Charges on operations other than financial and investment services	-7,510	-8,630
13.	- General administrative expenses	-129,581	-146,097
14.	- Extraordinary charges (not including corporate tax payable for the financial year)	-32,868	-2,104
15.	- Corporate tax payable for the financial year	-11,797	-4,785
16.	- Dividends paid	-539	-2
17.	**Operating cash-flow**	**191,504**	**146,982**
18.	±Variation in liabilities (increase (+), decrease (-))	558,884	-547,234
19.	±Variation in receivables (increase (-), decrease (+))	14,120	162,218
20.	±Variation in stocks (increase (-), decrease (+))	-103	-247
21.	±Variation in securities shown under current assets (increase (-), decrease (+))	-309,780	241,522
22.	±Variation in securities shown under fixed assets (increase (-), decrease (+))	-406,500	-155,227
23.	±Variation in tangible assets in course of construction (including payments on account) (increase (-), decrease (+))	913	-80
24.	±Variation in intangible assets (increase (-), decrease (+))	-13,790	5,586
25.	±Variation in tangible assets (except tangible assets in course of construction and payments on account) (increase (-), decrease (+))	-6,903	-7,705
26.	±Variation in prepayments and accrued income (increase (-), decrease (+))	-24,782	28,321
27.	±Variation in accruals and deferred income (increase (+), decrease (-))	15,937	119,306
28.	+ Issue of shares at par value	0	0
29.	+ Non-repayable funds received by virtue of legal regulation	1,226	0
30.	- Non-repayable funds transferred by virtue of legal regulation	-350	0
31.	- Nominal value of shares and share certificates withdrawn	0	0
32.	**Net cash-flow**	**20,376**	**-6,558**
	showing separately:		
33.	- variation in cash in hand (HUF and foreign currencies, checks)	-19,971	7,551
34.	- variation in account balances (HUF and foreign currency accounts placed with the NBH, deposit accounts with	40,347	-14,109

PROPOSAL FOR THE USE OF THE PARENT COMPANY'S AFTER-TAX PROFIT AND THE PAYMENT OF DIVIDENDS

PROPOSAL FOR THE USE OF THE PARENT COMPANY'S AFTER-TAX PROFIT AND THE PAYMENT OF DIVIDENDS

	HUF million
Pre-tax profit	113,749
Tax liability	4,785
After-tax profit	108,964
General reserve provisioning	10,896
Use of profit reserves for dividends and participations	0
Dividends	20,160
Retained earnings	77,908

Draft resolution for the Annual General Meeting:

The Annual General Meeting will distribute the HUF 108,964 million after-tax profit as follows: HUF 10,896 million will be set aside for general reserves, and HUF 20,160 million will be paid out as dividend, and thus the retained earnings will amount to HUF 77,908 million.
Dividends will be HUF 72 per share, representing 72% of the face value of each share. The actual amount of dividends to be paid to the individual shareholders will be calculated and disbursed in accordance with the Company's Bylaws, that is, the Company will distribute the dividend calculated in respect of all the shares qualifying as treasury shares among the shareholders entitled to receive dividends.
Dividends will be disbursed from 14 June 2011, in accordance with the procedural order set forth in the Bylaws.
(The above text represents a part of the draft resolution for the Annual General Meeting.)

FINANCIAL STATEMENTS ON 2010

CONSOLIDATED IFRS

OTP BANK PLC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010
(in HUF mn)

	Note	*2010*	*2009*
Cash, amounts due from banks and balances with the National Banks	*4.*	513,038	505,649
Placements with other banks, net of allowance for placement losses	*5.*	511,244	440,851
Financial assets at fair value through profit or loss	*6.*	233,667	256,100
Securities available-for-sale	*7.*	1,008,097	1,354,285
Loans, net of allowance for loan losses	*8.*	6,741,059	6,412,716
Associates and other investments	*9.*	11,554	18,834
Securities held-to-maturity	*10.*	172,302	188,853
Property and equipment	*11.*	217,615	208,730
Intangible assets	*11.*	263,213	267,628
Other assets	*12.*	109,157	101,486
TOTAL ASSETS		**9,780,946**	**9,755,132**
Amounts due to banks, the Hungarian Government deposits from the National Banks and other banks	*13.*	681,949	802,749
Deposits from customers	*14.*	5,821,489	5,688,887
Liabilities from issued securities	*15.*	1,035,153	1,410,348
Financial liabilities at fair value through profit or loss	*16.*	257,052	118,468
Other liabilities	*17.*	385,744	262,240
Subordinated bonds and loans	*18.*	290,630	280,834
TOTAL LIABILITIES		**8,472,017**	**8,563,526**
Share capital	*19.*	28,000	28,000
Retained earnings and reserves		1,327,638	1,210,132
Treasury shares	*21.*	(52,597)	(52,678)
Non-controlling interest	*22.*	5,888	6,152
TOTAL SHAREHOLDERS' EQUITY		**1,308,929**	**1,191,606**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**9,780,946**	**9,755,132**

Budapest, 25 February 2011

OTP BANK Nyrt.
elnök-vezérigazgató

Dr. Sándor Csányi
Chairman and Chief Executive Officer

OTP BANK PLC.
CONSOLIDATED STATEMENT OF RECOGNIZED INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010
(in HUF mn)

	Note	2010	2009
Interest Income:			
Loans		741,708	780,161
Placements with other banks		301,259	350,742
Securities available-for-sale		73,247	31,373
Securities held-to-maturity		11,991	45,804
Amounts due from banks and balances with the National Banks		5,052	7,514
Securities held for trading		2,091	5,556
Total Interest Income		*1,135,348*	*1,221,150*
Interest Expense:			
Amounts due to banks, the Hungarian Government, deposits from the National Banks		216,654	244,744
Deposits from customers		227,781	290,516
Liabilities from issued securities		61,877	79,770
Subordinated bonds and loans		12,611	16,340
Total Interest Expense		*518,923*	*631,370*
NET INTEREST INCOME		**616,425**	**589,780**
Provision for impairment on loan and placement	5.,	273,024	249,278
NET INTEREST INCOME AFTER PROVISION FOR LOAN AND PLACEMENT LOSSES		**343,401**	**340,502**
Income from fees and commissions		177,252	170,335
Expense from fees and commissions		36,621	37,422
Net profit from fees and commissions	**23.**	**140,631**	**132,913**
Foreign exchange gains and (losses), net		31,811	(8,308)
Net gains on securities		5,445	7,458
Gains on real estate transactions		845	931
Dividend income		951	894
Provision for impairment / Provision on securitie available-for-sale and securities held-to-		9,924	(8,027)
Other operating income		20,890	66,308
Other operating expense	24.	(14,435)	(21,048)
Net operating income		**55,431**	**38,208**
Personnel expenses		160,725	155,517
Depreciation and amortization	11.	67,324	45,141
Other administrative expenses		171,231	140,483
Other administrative expenses	25.	**399,280**	**341,141**
PROFIT BEFORE INCOME TAX		**140,183**	**170,482**
Income tax	26.	(22,057)	(20,276)
NET PROFIT FOR THE PERIOD		**118,126**	**150,206**
From this, attributable to:			
Non-controlling interest		**196**	**(839)**
Equity holders		**117,930**	**151,045**
Consolidated earnings per share (in HUF)			
Basic	37.	**443**	**577**
Diluted	37.	**437**	**572**

OTP BANK PLC.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010
(in HUF mn)

	2010	*2009*
NET PROFIT FOR THE YEAR (EQUITY HOLDERS)	**117,930**	**151,045**
Fair value adjustment of securities available-for-sale	(10,771)	9,941
Derivative financial instruments designated as Cash-flow hedge	335	431
Net investment hedge in foreign operations	(2,232)	(1,543)
Foreign currency translation difference	30,674	(8,213)
NET COMPREHENSIVE INCOME	**135,936**	**151,661**

OTP BANK PLC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010
(in HUF mn)

OPERATING ACTIVITIES	Note	2010	2009
Profit before income tax		**140,183**	**170,482**
Goodwill impairment	11.	18,519	-
Depreciation and amortization	11.	48,805	45,141
(Release of provision)/ provision for impairment on securities	7.,10.	(9,754)	8,027
Provision for impairment on loan and placement losses	5.,8.	273,024	249,278
Provision for impairment on permanent diminution in value of investments	9.	425	118
Provision for impairment on other assets	12.	3,808	5,811
(Release of provision) / provision on off-balance sheet commitments and contingent liabilities	17.	(3,977)	4,087
Share-based payment	2.,29.	(11,821)	6,802
Unrealized gains on fair value adjustment of securities held for trading		3,428	4,579
Unrealized gains on fair value adjustment of derivative financial instruments		106,972	9,891
Net changes in assets and liabilities in operating activities			
Changes in financial assets at fair value through profit or loss		22,243	(123,644)
Net (increase)/decrease in loans, net of allowance for loan losses		(474,804)	92,396
(Increase)/decrease in other assets before provisions for impairment		(16,572)	111,857
Net increase in deposits from customers		132,602	430,720
(Decrease)/increase in other liabilities		(44,352)	13,073
Net decrease/(increase) in compulsory reserves at the National Banks		4,114	(11,035)
Dividend income		(951)	(894)
Income tax paid		(21,748)	(34,273)
Net Cash Provided by Operating Activities		**170,144**	**982,416**
INVESTING ACTIVITIES			
Net increase in placement with other banks before allowance for placements losses		(68,976)	(30,013)
Net decrease/(increase) in securities available-for-sale		340,238	(851,579)
Net decrease/(increase) in investments in subsidiaries, before provision for impairment		6,855	(8,485)
Dividend income		951	894
Net decrease in securities held-to-maturity		21,106	136,877
Additions to property, equipment and intangible assets		(92,633)	(79,737)
Disposals to property, equipment and intangible assets		21,362	27,812
Net decrease/(increase) in advances for investments, included in other assets		2,027	(1,874)
Net Cash Provided by / (Used in) Investing Activities		**230,930**	**(806,105)**

OTP BANK PLC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010
(in HUF mn)
[continued]

FINANCING ACTIVITIES	*Note*	*2010*	*2009*
Net decrease in amounts due to banks, the Hungarian Government, deposits from the National Banks and other banks		(120,800)	(45,981)
Net decrease in liabilities from issued securities		(302,446)	(156,412)
Increase/(decrease) in subordinated bonds and loans		9,796	(39,216)
Decrease in non-controlling interest		(264)	(633)
Foreign currency translation		30,674	(8,213)
Payments to ICES holders		(6,669)	(5,223)
Net change in Treasury shares		141	44,513
Dividends paid		(2)	(539)
Net Cash Used in Financing Activities		**(389,570)**	**(211,704)**
Net increase/(decrease) in cash and cash equivalents		**11,504**	**(35,393)**
Cash and cash equivalents at the beginning of the period		**243,541**	**278,934**
Cash and cash equivalents at the end of the period		**255,045**	**243,541**

Analysis of cash and cash equivalents

Cash, amounts due from banks and balances with the National Banks		505,649	530,007
Compulsory reserve established by the National Banks		(262,108)	(251,073)
Cash and cash equivalents at the beginning of the period		**243,541**	**278,934**
Cash, amounts due from banks and balances with the National Banks	*4.*	513,038	505,649
Compulsory reserve established by the National Banks	*4.*	(257,993)	(262,108)
Cash and cash equivalents at the end of the period		**255,045**	**243,541**

OTP BANK PLC.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010
(in HUF mn)

	Note	Share capital	Capital reserve	Share-based payment reserve	Retained earnings and reserves	Put option reserve	Treasury shares	Non-controlling interest	Total
Balance as at 1 January 2009		**28,000**	**52**	**19,181**	**1,141,702**	**-**	**(146,749)**	**6,785**	**1,048,971**
Net comprehensive income		-	-	-	151,661	-	-	-	151,661
Share-based payment	*29.*	-	-	6,802	-	-	-	-	6,802
Closed share-based payments		-	-	(19,153)	19,153	-	-	-	-
Sale of Treasury shares		-	-	-	-	-	110,637	-	110,637
Written put option on ordinary shares		-	-	-	-	(55,468)	-	-	(55,468)
Treasury shares									
– loss on sale		-	-	-	(48,575)	-	-	-	(48,575)
– acquisition		-	-	-	-	-	(16,566)	-	(16,566)
Payments to ICES holders	*20.*	-	-	-	(5,223)	-	-	-	(5,223)
Non-controlling interest		-	-	-	-	-	-	(633)	(633)
Balance as at 31 December 2009		**28,000**	**52**	**6,830**	**1,258,718**	**(55,468)**	**(52,678)**	**6,152**	**1,191,606**
Net comprehensive income		-	-	-	135,936	-	-	-	135,936
Share-based payment	*29.*	-	-	(6,802)	(5,019)	-	-	-	(11,821)
Sale of Treasury shares		-	-	-	-	-	496	-	496
Treasury shares									
– gain on sale		-	-	-	60	-	-	-	60
– acquisition		-	-	-	-	-	(415)	-	(415)
Payments to ICES holders	*20.*	-	-	-	(6,669)	-	-	-	(6,669)
Non-controlling interest		-	-	-	-	-	-	(264)	(264)
Balance as at 31 December 2010		**28,000**	**52**	**28**	**1,383,026**	**(55,468)**	**(52,597)**	**5,888**	**1,308,929**

REPORT OF THE SUPERVISORY BOARD ON 2010 FINANCIAL REPORTS AND PROPOSAL FOR THE USE OF THE BANK'S AFTER-TAX PROFIT

The Supervisory Board conducted its activities and performed its tasks in 2010 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 as well as in accordance with the provisions of its rules of procedure, as amended several times.

The Supervisory Board continued to perform its **controlling function** in 2010, 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, and ensured that its body was represented at meetings of the Bank's Board of Directors.

The Supervisory Board regularly:

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

Based on the reports, it monitored:

- the development of the Bank's interim results,
- compliance with the provisions of the Act on Credit Institutions and Financial Enterprises,
- the volume and composition of the qualified receivables portfolio, and fulfilment of the requirements in respect of accounting for impairment and the setting aside of risk provisions, and
- the control activity of the members of the bank group that are included in its scope of supervisory control, and
- the fulfilment of the resolutions passed by the Supervisory Board.

The Supervisory Board was briefed regarding

- the results of the Bank's business operations in 2009,
- the business-policy plans of OTP Bank and the bank group with respect to the year 2010,
- the authorisation from the Board of Directors pertaining to the acquisition of own shares,
- report of the Audit Committee on the annual financial statements of 2009 and its proposal for use of the after-tax profit,
- the practice of corporate governance in 2009,
- OTP Bank Plc.'s compliance activities in 2009, the amendment of the Code of Ethics,
- the status of the group-level implementation of the Unified Internal Audit System and the improvement of the system,
- the lessons learnt from customer feedback regarding the Bank's services, and
- the financial and business plan for 2011.

The Supervisory Board – with the preliminary consent of the Audit Committee – accepted the annual report on the operation of **risk management, internal control mechanisms and corporate governance functions** in relation to its task specified in its rules of procedure.

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

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

The Supervisory Board familiarised itself with the Bank's **corporate governance report** prior to the General Meeting and approved it for proposal to the General Meeting.

The Supervisory Board performed its **governance role** in accordance with the provisions of the Act on Credit Institutions, through the audits performed by the internal audit unit that it supervises, and discussed and accepted the activities of the Internal Audit Directorate and the 2011-2015 **Strategic Plan** that will determine such activities for the coming years.

After giving its preliminary opinion on the **annual audit plan** of the Internal Audit Directorate, the Supervisory Board approved the plan, which was compiled primarily on the basis of the internal audit's strategic plan, the Company's business policy plan, the statutory regulations, the resolutions and recommendations of external auditing bodies and the Company's Management Bodies, the requests of operational management, the suggestions of the heads of specialist departments and the companies under the supervision of internal audit, joint theme audits at group level, the results of risk analyses related to earlier audits, the Business Continuity Plan, and other risks associated with changes, while also taking into account matters related to the Company's organisational structure.

Based on its annual audit plan for the year 2010 and other extraordinary assignments, the internal audit unit conducted **179 audits**, **made 1,188 accepted proposals** in connection with audits, caused **81 employees to be held personally accountable**, and reviewed the **draft versions of 380 internal regulations**.

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

In 2010, when applying the Unified Internal Audit System (EBER) at OTP Bank Plc and the group members under its supervision, the processes affected by the economic crisis, the mitigation of risks arising from the changes, and duly informing the management of the OTP group in a timely manner of the high-risk findings of the bank group's internal control were given priority.

In accordance with the annual plan of OTP's Internal Audit Directorate, it audited not only the organisational units of OTP Bank Plc but also the companies of the OTP group.

In 2010 **theme audits were conducted at group level** in respect of the compliance of corporate lending activity and the related follow-up ('post sale') activities, the compliance and practice of soft collection of retail transactions, as well as the mode and safety of customer identification in the context of electronic banking and call centre activities.

In accordance with the quality assurance programme of internal audit activities, the Internal Audit Directorate continued the **quality assurance audit of the internal audit units of the OTP group** in 2010. In the context of this programme site audits of the internal audit departments were conducted at two foreign banks (Ukraine, Serbia) and at three domestic subsidiaries (Factoring Receivables Manager, Factoring Asset Manager, Mortgage Bank).

The purpose of the quality assurance audits was to evaluate the level of regulation, the operation, the operating standards and the effectiveness of the internal audit units of the subsidiaries, the audit-related risks at the given companies and the weaknesses and strengths of their internal audit functions.
The audits have provided and will continue to provide an opportunity to familiarise group members with methods that are in line with international standards and have been successfully implemented by certain members of the group, and to identify areas that are in need of improvement or require the support of the parent bank.

It is through the bank group-level quarterly, annual and individual reports that the internal audit unit summarises, for the Supervisory Board of OTP – in addition to the Management Bodies of the Bank – the internal audit activities performed within the group, the findings of group-level specific-theme audits of key importance from the point of view of achieving the set business policy targets, completion of the tasks undertaken in action plans drawn up by the audited departments, as well as extraordinary events and findings that came to light in the course of internal audit activities and which are also of significance at group level.

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

- their annual report prepared in respect of their annual activities and their operating conditions related to 2009, and
- their audit plan for 2010

to the Bank's Supervisory Board.

The Supervisory Board of OTP Bank Plc **discussed and evaluated** the proposals regarding **theme audits deemed to be of particular importance,** as well as the **annual plans and reports**. From then onward, the Supervisory Board monitored implementation of the recommendations of the reports that had been accepted.

On the basis of the summary reports and regular proposals received from the Internal Audit Department, the Supervisory Board also monitored the implementation of tasks defined in the action plans based on the **audits conducted** and resolutions and findings made **by external organisations**

In 2010 the **Hungarian Financial Supervisory Authority** conducted several supervisory audits at the Bank, which, beyond the recommendation and requirements associated with each report, were closed with the imposition of supervisory fines.

Cases that were closed with a supervisory fine were as follows:

	Subject matter	Fine
1.	A sale order that was recorded in the Budapest Stock Exchange (BSE) order book with the incorrect number of securities indicated. Suspicion of violation of the prohibition on market influencing.	HUF 10,000,000
2.	Violation of the obligation to respond to the written compliant of customers by the specified deadline – the response was sent after the deadline. (Bank card)	HUF 1,000,000
3.	Consumer protection proceedings conducted upon the request of the customer regarding the failure to send the annual account statement of the Start securities account.	HUF 1,000,000
4.	Breach of trading rules pertaining to a foreign currency account that was the subject matter of probate proceedings. Based on the violation of statutory regulations on the prohibition of unfair market practices towards consumers.	HUF 1,000,000
5.	Violation of the obligation to respond to the written compliant of customers by the specified deadline – the response was sent after the deadline. (Bank card)	HUF 100,000
6.	Consumer protection proceedings conducted upon the request of the customer regarding conversion of a Swiss franc-based home loan at the time of repayment. Based on the violation of statutory regulations on the prohibition of unfair market practices towards consumers.	HUF 2,000,000
7.	Response to a customer letter that pointed out an IT error was not clear and comprehensive. Based on the violation of statutory regulations on the prohibition of unfair market practices towards consumers.	HUF 100,000
8.	Audit performed on the basis of a customer report regarding the failure to provide the requested instalment plan for the repayment of a home loan. Based on a breach of the specified deadline.	HUF 100,000
9.	Audit performed on the basis of a customer report regarding the clarification of balance transfers on the bank account. Based on a breach of the specified deadline.	HUF 200,000
10.	Consumer protection theme audit regarding compliance with the provisions of the Code of Conduct. Based on the violation of statutory regulations on the prohibition of unfair market practices towards consumers.	HUF 3,000,000

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

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

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

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

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

unconsolidated report

on the 2010 business year, prepared in accordance with Hungarian Accounting Standards (HAS),

with a balance sheet total of HUF 6,213 billion 397 million, as well as the

consolidated annual report

on the 2010 business year 2010, prepared in accordance with International Financing Reporting Standards,

with a balance sheet total of HUF 9,780 billion 946 million, and also

the proposal in respect of the distribution of the

after-tax profit under HAS of HUF 108 billion 964 million,

and, having accepted the business report of the Board of Directors, it proposes the above for approval by the Company's General Meeting.

The Supervisory Board agrees with the proposal of the Board of Directors, concerning the per share amount of dividend will be HUF 72.

REPORT OF THE AUDIT COMMITTEE ON 2010 FINANCIAL REPORTS AND PROPOSAL FOR THE USE OF THE BANK'S AFTER-TAX PROFIT

In 2010 the **Audit Committee** performed its activities and conducted its audits in accordance with the stipulations of Act IV of 2006 on Companies and with the amended Rules of Procedure approved by the Bank's Supervisory Board.

The Audit Committee met on a total of four occasions, more often than stipulated in its amended Procedural Rules and approved work schedule.

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

- the Bank's non-consolidated report prepared in accordance with International Financial Reporting Standards (IFRS) in respect of the year 2009,
- the Bank's non-consolidated report prepared in accordance with International Financial Reporting Standards (IFRS) in respect of the 1st half of 2010, and
- the Bank's consolidated report prepared in accordance with International Financial Reporting Standards (IFRS) in respect of the 1st half of 2010, and
- the Bank's interim balance sheet and profit and loss account at 30 June 2010 as well as the independent auditor's report,
- the Bank's profit and loss for the 3rd quarter of 2010 compiled in accordance with Hungarian accounting standards and accepted by the auditor, and
- the Bank Group's internal audit plan for 2010.

The Audit Committee, in accordance with its rules of procedure and those of the Supervisory Board, discussed and accepted the report on the operation of risk management, internal control mechanisms and the corporate governance functions. The report was submitted to the Supervisory Board by OTP Bank Plc's Internal Audit Directorate, after a preliminary review by the Audit Committee.

The Audit Committee continuously monitored

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

The Audit Committee prepared, and presented to the General Meeting for approval, its report on the annual financial statements for 2009 and its proposal for the use of the after-tax profit, as well as its proposals for the election of the Company's audit organisation, the appointment of a person to be in charge of auditing and the approval of the remuneration of such person.

The Audit Committee, based on the information it received, found that the Bank had consistently met its **obligation to provide data** as prescribed by the Act on Credit Institutions and Financial Enterprises as well as by the Hungarian Financial Supervisory Authority.

In 2010 the Audit Committee met the provisions of Section 311 (2) d of Act IV of 2006 on Companies; that is, it monitored compliance with the auditor's professional requirements and the implementation of conflict-of-interest provisions.

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

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

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

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

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

unconsolidated report

on the 2010 business year, prepared in accordance with Hungarian Accounting Standards (HAS),

with a balance sheet total of HUF 6,213 billion 397 million, as well as the

consolidated annual report

on the 2010 business year 2010, prepared in accordance with International Financing Reporting Standards,

with a balance sheet total of HUF 9,780 billion 946 million, and also

the proposal in respect of the distribution of the

after-tax profit under HAS of HUF 108 billion 964 million,

and, having accepted the business report of the Board of Directors, it proposes the above for approval by the Company's General Meeting.

The Audit Committee agrees with the proposal of the Board of Directors, concerning the per share amount of dividend will be HUF 72.

REPORTS OF THE AUDITOR ON THE RESULTS OF THE AUDIT OF THE 2010 FINANCIAL REPORTS

FREE TRANSLATION OF THE HUNGARIAN ORIGINAL

Deloitte.

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Registered by the Capital Court of Registration
Company Registration Number: 01-09-071057

Translation of the Hungarian original

INDEPENDENT AUDITORS' REPORT

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

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

Report on the Financial Statements

We have audited the accompanying financial statements of OTP Bank Plc. (the "Bank") for the year 2010, which comprise the balance sheet as at December 31, 2010 - which shows total assets of 6,213,397 mn HUF and a retained profit for the year of 77,908 mn 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 information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Accounting Act and generally accepted accounting principles in Hungary, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves 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. In making those risk assessments, the auditor considers internal control relevant to the Bank'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 Bank'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 financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit clause (opinion).

Clause (Opinion)

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, 2010.

Other Reporting Obligation on the Business Report

We have examined the accompanying business report of OTP Bank Plc., for the year 2010.

Management is responsible for the preparation of this business report in accordance with the Accounting Act and generally accepted accounting principles in Hungary.

Our responsibility is to assess whether the accounting information in the business report is consistent with that contained in the financial statements prepared for the same business year. Our work with respect to the business report was limited to assessing the consistence of the business report with the financial statements, and did not include a review of any information other than that drawn from the audited accounting records of the Bank.

In our opinion, the business report of OTP Bank Plc., for the year 2010. corresponds to the figures included in the financial statements of OTP Bank Plc. for the year 2010.

Budapest, February 25, 2011

The original Hungarian version has been signed.

Horváth Tamás

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

Nagyváradiné Szépfalvi Zsuzsanna

registered statutory auditor
005313

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Registered by the Capital Court of Registration
Company Registration Number: 01-09-071057

INDEPENDENT AUDITORS' REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of OTP Bank Plc. (the "Bank") for the year 2010, which financial statements comprise the consolidated balance sheet as at December 31, 2010 – which shows total assets of 9,780,946 million HUF, – and the related consolidated statement of recognized and comprehensive income – which shows a retained profit for the year attributable to equity holders of 117,930 million HUF –, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated 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, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 the Hungarian National Standards on Auditing and effective Hungarian laws and other regulations pertaining to audit. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 Bank's preparation and fair presentation of the consolidated 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 Bank'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 clause (opinion).

Clause (Opinion)

We have audited the consolidated 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 consolidated financial statements have been prepared pursuant to the International Financial Reporting Standards as adopted by the European Union.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of OTP Bank Plc. as at December 31, 2010, in accordance with International Financial Reporting Standards as adopted by the European Union.

Other Reporting Obligation on the Consolidated Business Report

We have examined the accompanying consolidated business report of OTP Bank Plc. for the year 2010.

Management is responsible for the preparation of this consolidated business report in accordance with the Hungarian Accounting Act.

Our responsibility is to assess whether the accounting information in the consolidated business report is consistent with that contained in the consolidated financial statements prepared for the same business year. Our work with respect to the consolidated business report was limited to assessing the consistence of the consolidated business report with the consolidated financial statements, and did not include a review of any information other than that drawn from the audited accounting records of the Bank.

In our opinion, the consolidated business report of OTP Bank Plc. for the year 2010. corresponds to the figures included in the consolidated financial statements of OTP Bank Plc. for the year 2010.

Budapest, February 25, 2011

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

....
Nagyváradiné Szépfalvi Zsuzsanna
registered statutory auditor
005313

Draft resolution for the Annual General Meeting:

The Annual General Meeting accepts the Board of Directors' Business Report on 2010 business activities of the Company, as well as the proposal for the Bank's unconsolidated – in accordance with Hungarian Accounting Standards – and consolidated financial statements – in accordance with International Financial Reporting Standards (IFRS) – for the year 2010, together with the proposal for distribution of profit after tax, based on the reports of the Supervisory Board, the Audit Committee and the Auditor.

The AGM approves the Bank's unconsolidated 2010 balance sheet with HUF 6,213,397 million balance sheet total and with HUF 108,964 million after tax profit. The AGM will distribute the HUF 108,964 million after-tax profit as follows: HUF 10,896 million will be set aside for general reserves, and HUF 20,160 million will be paid out as dividend, and thus the retained earnings will amount to HUF 77,908 million.

Dividends will be HUF 72 per share, representing 72% of the face value of each share. The actual amount of dividends to be paid to the individual shareholders will be calculated and disbursed in accordance with the Company's Bylaws, that is, the Company will distribute the dividend calculated in respect of all the shares qualifying as treasury shares among the shareholders entitled to receive dividends. Dividends will be disbursed from 14 June 2011, in accordance with the procedural order set forth in the Bylaws.

The AGM approves the Bank's consolidated 2010 balance sheet with HUF 9,780,946 million balance sheet total and with HUF 118,126 million net income of which HUF 117,930 million is attributable to equity holders.

CORPORATE GOVERNANCE REPORT

Corporate Governance Report

Introduction

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

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

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

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

1.) Statement on Corporate Governance Practice

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

1.1. Management bodies

Board of Directors

The Company's executive body is the Board of Directors. In its objectives and activities, particular emphasis is placed on increasing shareholder value, profitability and efficiency, and on managing risks and complying fully with external requirements – in other words on ensuring the most effective enforcement of business, ethical and internal control policies.
The scope of its authority is defined in the effective statutory provisions, the Company's Bylaws, General Meeting resolutions, and the procedural rules of the Board of Directors. The procedural rules set out the structure of the Board of Directors, the tasks relating to the preparation, implementation and drafting of resolutions of its meetings, as well as all other issues relating to the operation of the Board of Directors.
The members of the Board of Directors are elected by the General Meeting for a term of five years. All the obligations and prohibitions specified for executive officers under Act CXII of 1996 on Credit Institutions and Financial Enterprises (Credit Institutions Act) apply to the members of the Board of Directors.
In view of the Board of Directors' executive role in the governance of the Bank it is appropriate, and conducive to successful operation, that the members of the Board of Directors also have a personal interest in ensuring the Company's profitable operation. Therefore the members of the Board of Directors also participate in the share option scheme approved by the General Meeting. However, this prevents them from comprehensively fulfilling the statutory criteria for independence. Nonetheless, in view of the fact that the Board of Directors also has an important role in overseeing the work of management, it is consequential that **the Board of Directors, by principle, has a majority of non-executive members**. The makeup of the Board of Directors ensures that professional expertise, experience, and a degree of impartiality that exceeds the above-mentioned independence requirement, are brought to bear in equal measure in the decision-making processes.

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

Members of the Board of Directors of OTP Bank Plc:

Executive members:

Dr. Sándor Csányi
Chairman & CEO
Dr. Sándor Csányi (58) graduated from the College of Finance and Accountancy in 1974 with a bachelor's degree in business administration and in 1980 from the Budapest University of Economic Sciences with a degree in economics. He is an economist with a specialisation in finance, and is also a qualified pricing specialist and certified auditor. After graduation he worked at the Revenue Directorate and then at the Secretariat of the Ministry of Finance, after which, between 1983 and 1986, he was a departmental head at the Ministry of Agriculture and Food Industry. From 1986 to 1989 he worked as a head of department at Magyar Hitel Bank. He was deputy CEO of K&H Bank from 1989 to 1992. Since 1992 he has been Chairman & CEO of OTP Bank Plc, where he is responsible for the Bank's strategy and overall operation. He is a member of the European Board of Directors for MasterCard, one of the world's leading payment card companies, and is Vice Chairman of the Board of Directors of MOL Plc, Co-Chairman of the National Association of Entrepreneurs and Employers (VOSZ), and a member of the Board of Directors of the Hungarian Banking Association.
As of 31 December 2010 he held 200,000 ordinary OTP shares (while the total number of OTP shares held by him directly and indirectly was 2,700,000).

Dr. Antal Pongrácz
Deputy Chairman of the Board of Directors, Deputy CEO for Administrative Affairs
Staff Division
Dr. Antal Pongrácz (65) graduated from the Budapest University of Economic Sciences and earned a PhD in 1971. From 1969 he worked as an analyst at the Petrochemical Investment Company, then as a group manager at the Revenue Directorate until 1975. From 1976 he held various executive positions at the Ministry of Finance. After that, he was the first Deputy Chairman of the State Office for Youth and Sports. Between 1988 and 1990 he was the first Deputy CEO of OTP Bank. Between 1991 and 1994 he was CEO, and then Chairman & CEO, of the European Commercial Bank Rt. Between 1994 and 1998 he was Chairman & CEO of Szerencsejáték Rt, then in 1998-99 he served as CEO of Hungarian flagship carrier, Malév. Since 2001 he has been executive director of OTP Bank's Staff Division and more recently, Deputy CEO. He has been a member of OTP Bank's Board of Directors since 2002 and Deputy Chairman since 9 June 2009.
As of 31 December 2010 he held 200,000 ordinary OTP shares.

Dr. László Utassy
Chairman & CEO
Merkantil Bank Ltd.
Dr. László Utassy (59) graduated from the Faculty of Law of ELTE University in Budapest in 1978.
He held various positions at the State Insurance Company between 1978 and 1995 and then at ÁB-Aegon Rt. He was Chairman & CEO at OTP Garancia Insurance from 1996 to 2008. He was managing director of OTP Bank Plc. between 2009 and 2010. Since 1 January 2011 he has been Chairman & CEO of Merkantil Bank Ltd. He has been a member of OTP Bank's Board of Directors since 2001.
As of 31 December 2010 he held 260,000 ordinary OTP shares.

Non-executive members:

Mihály Baumstark
Chairman & CEO
Csányi Winery Ltd.
Mr. Mihály Baumstark (62) holds degrees in agricultural engineering and agricultural economics. He was employed by the Ministry of Agriculture and Food Industry between 1978 and 1989. When he left the Ministry he was deputy head of the Investment Policy Department. After this he was managing director of Hubertus Rt., and from 1999 he was deputy CEO and then Chairman & CEO of Villányi Winery Ltd. (now Csányi Winery Ltd.). He was a member of OTP Bank's Supervisory Board from 1992 to 1999, and has been a non-executive member of OTP Bank's Board of Directors since 1999.
As of 31 December 2010 he did not hold any ordinary OTP shares.

Dr. Tibor Bíró
Head of Department
Budapest Business School
Dr. Tibor Bíró (59) graduated from the Budapest University of Economic Sciences 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 Accountancy in 1982 and has been head of department since 1992. He is a certified auditor and chartered accountant. He is a member of the Educational Committee of the Chamber of Hungarian Auditors. He has been a non-executive member of OTP Bank's Board of Directors since 1992.
As of 31 December 2010 he held 30,681 ordinary OTP shares.

Péter Braun
Electrical Engineer
Former Deputy CEO, OTP Bank Plc.
Péter Braun (75) earned a degree in electrical engineering from the Technical University of Budapest. Between 1954 and 1989 he worked for the Research Institute for Electrical Energy, with his last position there being head of department. After that, he was the managing director of K&H Bank Rt., working in its Computer and Information Centre. He is a member of GIRO Rt.'s Board of Directors, and was Deputy CEO of OTP Bank Plc. from 1993 until his retirement in 2001. Since the second half of 2009 he has been the chairman of the Chief Information Officers' Association (VISZ). He has been a member of OTP Bank's Board of Directors since 1997.
As of 31 December 2010 he held 527,905 ordinary OTP shares.

Dr. István Kocsis
BKV Zrt. (Budapest Transport Corporation)
Dr. István Kocsis (59) graduated from the Technical University of Budapest as a mechanical engineer (1971-1976), and earned his PhD from the same institution in 1985. Career highlights: 1976-1978 Technical University of Budapest (BME), Faculty of Mechanical Engineering, Mechanical Components Department, Assistant Lecturer; 1978-1979 VEGYTERV, chief planner; 1979-1991 BME, Faculty of Mechanical Engineering, Department of Structural Mechanics, Assistant Professor, 1985-1991 Faculty of Mechanical Engineering, Kármán Tódor Campus, director; 1991 FÉG Machine Factory, chief engineer; 1991-1993 Ministry of Trade and Industry, Head of Department and later Undersecretary of State; 1993-1997 State Holding Company (ÁV Rt.), then State Privatisation and Holding Co. (ÁPV Rt.), Deputy CEO, then CEO; 1998-2000 RWE Energie, Head of Department (Germany); 2000-2001 ÉMÁSZ Rt., General Director; 2001-2002 RWE-EnBW Magyarország Kft., Director; 2002-2005 Paks Nuclear Power Plant, CEO; 2005-2008 Hungarian Power Companies Ltd. (MVM Zrt.), CEO; from 1 September 2008, CEO of Budapest Transport Corporation (BKV Zrt.). Social mandates: Deputy Chairman, Chairman of the Ányos Jedlik Society (2003-), chairman of the Scientific Society For Measurement, Automation and Informatics (2003-), member of the Social Senate of the University of Pecs (2004-); member of the endowment advisory board at Pro Progressio Foundation (2005-); member of the BME Economic Council; member of the national Presidium of the Hungarian Chamber of Commerce and Industry (2004-), chairman of the Supporter and Friends of BME (2006-); chairman of the endowment advisory board of the Duna-Mecsek Regional Development Foundation (2006-); member of the Hungarian Space Research Office; member of the Board of Directors of MKB Pension Fund; member of the Supervisory Board of Csányi Winery Ltd.; member of the Board of Directors of BKV Zrt.; member of the Board of Directors of Budapest Transport Centre.
Awards: Lóránd Eötvös award; Dénes Gábor award (2007), Kurcsatov order of merit, gold category (2007); honorary citizen of Paks (2007). Language skills: German, English
Non-executive member of OTP Bank's Board of Directors since 1997
As of 31 December 2010 he held 81,600 ordinary OTP shares.

Dr. György Szapáry
Dr. György Szapáry (72) graduated with a degree in economics from the Catholic University of Louvain (Belgium) in 1961 and gained a PhD from there, also in economics, in 1966. From 1965 to 1966 he worked at the European Commission in Brussels. From 1966 to 1990 he worked at the IMF in Washington, D.C. as an economist, senior economist and assistant director, and from 1990 to1993 he was the Resident Representative of the IMF in Hungary.
From 1993 to 2007, with a short break when he was advisor to the Governor of the national bank, he served as Deputy Governor of the National Bank of Hungary, while also serving as a member of the Monetary Council.
From 2008 to 2010 he was visiting professor at the Central European University in Budapest. In June 2010 he was named Chief Economic Policy Advisor to the Prime Minister. In January 2011 he was appointed Ambassador of Hungary in Washington. He is the author of a book and of numerous articles published in various economic journals.
He has been a member of the Board of Directors of OTP Bank since 25 April 2008.
As of 31 December 2010 he did not hold any ordinary OTP shares.

<u>Dr. József Vörös</u>
Professor, Institute Director
Dr. József Vörös (60) earned a degree in economics from the Budapest University of Economic Sciences in 1974. In 1984 he earned a PhD in economics from the Hungarian Academy of Sciences, and a Doctor of Science degree in 1993. Between 1990 and 1993 he was the dean of the Faculty of Business and Economics, Janus Pannonius University (JPTE). In 1993 he attended the Advanced Management Program (AMP) at Harvard Business School. Since 1994 he has been a professor at JPTE, and was the senior Vice Rector of the University from 2004-2007, and since 2007 he has been chairman of the Board of Trustees. He has been a non-executive member of OTP Bank's Board of Directors since 1992.
As of 31 December 2010 he held 117,200 ordinary OTP shares.

Meetings of the Board of Directors are convened by the Chairman & CEO by means of a written invitation, in accordance with the prevailing work schedule.
The Chairman & CEO must convene a meeting of the Board of Directors if

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

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

The table below provides a brief overview of the number of Board of Directors meetings held in 2010, and of the attendance at these meetings:

Board of Directors meetings
2010

Date	Present	Absent
01.02.	*7*	*3*
16.03	*9*	*1*
31.03	*10*	*-*
*07.06**	*9*	*-*
20.09	*7*	*2*
08.11	*8*	*1*
17.12	*9*	*-*

<u>Note:</u>
In 2010 the Board of Directors met on a total of 7 occasions. In addition, resolutions were passed on 84 occasions by written vote.
**Starting from 29 May 2010 – after the departure of Dr. Sándor Pintér – the members of the Board of Directors changed from 10 to 9.*

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

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

Supervisory Board

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

Supervisory Board members are elected by the General Meeting for a term of three years. The ratio of *independent* (non-executive) Supervisory Board members (3 persons) to the total number of Supervisory Board members (5 persons) is 60%.
In order to avoid conflicts of interest, the General Meeting may not appoint the members of the Board of Directors and their close relatives to the Supervisory Board. The rules pertaining to the election and recall of the employee-representative member of the Board of Directors are determined by the Workers' Council operating at the Company, and this member is not considered to be independent by the Company.
The Supervisory Board establishes its own procedural rules, which are approved by the General Meeting.

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

Members of OTP Bank Plc's Supervisory Board:

Tibor Tolnay
Chairman of the Supervisory Board
Chairman & CEO
Magyar Építő Zrt.
Tibor Tolnay (60) graduated from the Budapest University of Technology with a degree in civil engineering and then in economic engineering, and subsequently received a degree in economics from the Budapest University of Economics. In 1994 he was appointed Chairman & CEO of Magyar Építő Rt. He has been Chairman of OTP Bank's Supervisory Board since 1992. He has been a member of the Audit Committee since 27 April 2007.
As of 31 December 2010 he held no ordinary OTP shares.

Dr. Gábor Horváth
Lawyer
Dr. Gábor Horváth (55) earned a degree in law from ELTE University in Budapest. From 1983 he worked for the Hungarian State Development Bank. He has been a lawyer since 1986, and since 1990 has run his own law firm, which specialises in corporate finance and corporate governance. He has been a member of the Board of Directors of MOL Plc. since 1999, and a member of OTP Bank Plc.'s Supervisory Board since 1995. Since 27 April 2007 he has been deputy chairman of OTP Bank's Supervisory Board, and chairman of the Audit Committee.
As of 31 December 2010 he held 10,000 ordinary OTP shares.

<u>Jean-Francois Lemoux</u>
CEO
Groupama International SA

Jean-Francois Lemoux (63), after graduating from the 'Hautes Etudes Commerciales' (HEC) college, began his career in 1971 at the Via Assurances Group, working first as Marketing Director, later as Management Controller, and finally as Director of Sales and Life Insurance.

In 1988 he moved to the Athena Group, where he first worked as CEO of the group's life insurance subsidiary, and then from 1990 to 1998 held the post of CEO at PFA Vie, as well as becoming a member of the Group's governing committee.

In 1998, when Groupama acquired GAB, he was appointed to the Management Board of GAN SA, with the task of coordinating life and non-life insurance operations performed through agents and brokers.

In September 2000, in keeping with Groupama-Gan's new corporate structure, he also took control of the non-life insurance divisions and the sales networks.

Since his appointment in 2003 Mr. Lemoux has worked as CEO of Groupama International.

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

On 1 January 2011, he was appointed Senior International Advisor to Groupama's CEO.

As of 31 December 2010 he held no ordinary OTP shares.

<u>Kovács Antal</u>
Member of the Supervisory Board
Deputy CEO, Retail Division

Antal Kovács (58) graduated from the Budapest University of Economics with a degree in economics in 1985. He began his professional career in 1990 at the Nagyatád branch of K&H Bank, where he worked as a branch manager between 1993 and 1995. He has been working at OTP Bank Plc. since 1995, first as a county director and from 1998 as the executive director of OTP Bank's South Transdanubian Region. Since 1 July 2007 he has served as OTP Bank's Deputy CEO. He has received additional training at the International Training Centre for Bankers and on various courses held by the World Trade Institute. He has been a member of OTP Bank's Supervisory Board since 2004.

As of 31 December 2010 he held 23,000 ordinary OTP shares.

András Michnai
Director
Independent Compliance Department
OTP Bank Plc

András Michnai (56), who represents the employees of OTP Bank, graduated from the College of Finance and Accounting.

He has been an employee of the Bank since 1974, and until 1981 held a variety of posts in the branch network. From 1981 he held a management position in the central network coordination department and then in the network. From 1994, as deputy management director, he participated in the central coordination of the branch network. Since 2005 he has headed the Bank's independent Compliance Department. He further expanded his professional skills, earning a masters degree at the College of Finance and Accounting, and is a registered tax advisor. He has been a member of OTP Bank's Supervisory Board since 25 April 2008.

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

As of 31 December 2010 he held 15,600 ordinary OTP shares.

The meetings of the Supervisory Board are convened by the chairman. The meetings must also be convened if a member of the Supervisory Board or at least two members of the Board of Directors, or the auditor, requests it in writing, indicating the objectives and reasons for the meeting.

Minutes are taken of the meetings of the Supervisory Board and its resolutions are documented.

The table below provides a brief overview of the number of Supervisory Board meetings held in 2010, and of the attendance at these meetings:

Supervisory Board Meetings
2010

Date	Present	Absent
23.02	*5*	*-*
19.03	*4*	*1*
31.03	*5*	*-*
11.06	*4*	*1*
24.09	*4*	*1*
12.11	*4*	*1*
17.12	*5*	*-*

Note:
In 2010 the Supervisory Board met on a total of 7 occasions.

The main function of the Supervisory Board is to see to it that the Bank has a comprehensive and effectively operating system of oversight and control. The agendas of the meetings included, among other things, the review of documents to be submitted to the annual ordinary General Meeting, a report on the annual financial statements and on the proposal concerning the use of the after-tax profit, the review of the Bank's annual and interim financial reports, and the proposal to the General Meeting regarding the auditor to be elected as well as his/her remuneration.
The tasks concerning the management of the internal audit unit includes the acceptance of the audit plan at the bank-group level, and the discussion of the report at the bank-group level of the audits performed by the internal audit units and of the performance of the audit tasks at the bank-group level. Additional agenda items include compliance with the provisions of the Credit Institutions Act, the situation in terms of implementation at group level of the Unified Internal Audit System and the further development of the system, a review of the implementation of the resolutions that close the audits performed by the authorities, a review of the volume and composition of the qualified receivables portfolio, changes in impairment and the risk provisioning obligations, report on compliance activity, etc.

Audit Committee

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

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

In accordance with the regulations on financial institutions, certain functions and tasks of the Audit Committee are performed by the Supervisory Board or by the independent internal audit apparatus that is relegated to its scope of authority by the Credit Institutions Act.

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

Members of OTP Bank Plc's Audit Committee:

Dr. Gábor Horváth – Chairman
Tibor Tolnay
Jean-Francois Lemoux

(For a summary of their CVs, see the section entitled Members of OTP Bank Plc's Supervisory Board)
Meetings of the Audit Committee are called by the chairman of the committee, indicating the objectives and reasons for the meeting; any member of the committee may also request, in writing, that the chairman call a meeting.

The table below provides a brief overview of the number of Audit Committee meetings held in 2010, and of the attendance at these meetings:

Audit Committee Meetings
2010

Date	Present	Absent
31.03	*3*	*-*
11.06	*2*	*1*
24.09	*3*	*-*
17.12	*3*	*-*

Note:
In 2010 the Audit Committee met on a total of 4 occasions.

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

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

1.2. The operation of the committees

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

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

Subsidiary Integration and Direction Committee

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

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

Management Coordination Committee
The primary function of the committee, which was established in July 2010, is to act as an operative decision-making forum to ensure that the Bank can respond flexibly and effectively to market and regulatory factors and that the Bank as a whole can act in a coordinated fashion. The committee does not diminish the competence of the Bank's related standing committees (TÉÁB, ALCO, HLB, LIIB) and acts as an operative forum of coordination between the special areas in order to resolve complex questions. Similarly to the Management Committee, it fulfils a coordination and decision-making function in the Bank as a whole, but its role – unlike the strategic role of the MC – is operative in nature. Owing to the operative nature of the committee, it holds its meetings on an ad hoc basis, without a preliminary work plan, generally on a monthly basis.

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

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

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

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

A Nomination Committee has not been established at the Bank.

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

Dr. Sándor Csányi
Chairman & CEO

Dr. Antal Pongrácz
Deputy Chairman of the Board of Directors,
Deputy CEO for Administrative Affairs
Staff Division

Antal Kovács
Member of the Supervisory Board
Deputy CEO
Retail Division
(For their CVs, see the section entitled 'Management bodies')

László Bencsik
CFO, Deputy CEO
Strategy and Finance Division

Mr. László Bencsik (41) has been deputy CEO of OTP Bank Plc, and head of the Strategy and Finance Division, since August 2009.
He joined OTP Bank in September 2003, when he became executive director of the Bank Operations Management Directorate, and the manager with overall responsibility for controlling and planning.
From 2000, until he joined OTP Bank, he was a project manager at consulting firm McKinsey & Company.
Between 1996 and 2000 he worked as a consultant at Andersen Consulting (now Accenture).
In 1996 he graduated from the Faculty of Business Administration at the Budapest University of Economic Sciences, and in 1999 he obtained a Masters in Business Administration (MBA) from INSEAD Business School in France.
As of 31 December 2010 he held no ordinary OTP shares.

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

Dr. István Gresa (58) graduated from the College of Finance and Accounting in 1974 and received a degree in economics from the Budapest University of Economics in 1980. He earned a Ph.D. from the same establishment in 1983. He has worked in the banking sector since 1989. Between 1989 and 1993 he was branch manager of Budapest Bank's Zalaegerszeg branch. From 1993 he was director of OTP Bank's Zala County Directorate, and from 1998 he served as the director of the Bank's West Transdanubian Region. Since 1 March 2006 he has been Deputy CEO of OTP Bank and the Head of the Credit Approval and Risk Management Division and chairman of the Board of Directors of OTP Factoring Zrt., and from 22 May 2007 chairman of the Board of Directors of OTP Healthcare Fund Zrt.
As of 31 December 2010 he held 63,758 ordinary OTP shares.

Ákos Takáts
Deputy CEO
IT and Bank Operations Division

Ákos Takáts (51) graduated from the University of Horticulture and Food Industry in 1982 and earned a degree in engineering in 1985. He has worked in the banking sector since 1987. From 1993 he served as a deputy head of department at OTP Bank Plc., then, from 1995, he was managing director of the Bank's IT Development Directorate. Since 1 October 2006 he has served as OTP Bank's Deputy CEO and the head of the IT and Logistics Division.
As of 31 December 2010 he held 153,347 ordinary OTP shares.

László Wolf
Deputy CEO
Commercial Banking Division

Mr. László Wolf (51) graduated from the Budapest University of Economic Sciences in 1983. After graduation, he worked at the Bank Relations Department of the National Bank of Hungary for 8 years, and then served as head of Treasury at BNP-KH-Dresdner Bank between 1991 and 1993. From April 1993 he was executive director of OTP Bank's Treasury Directorate, and since 1994 he has been Deputy CEO of the Commercial Banking Division. As of 31 December 2010 he held 654,640 ordinary OTP shares.

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

Mr. Dániel Gyuris (52) obtained a post-graduate degree in agricultural engineering from Gödöllő University of Agricultural Sciences in 1998. Two years earlier he graduated in economics from the Budapest University of Economic Sciences, where he majored in bank management. In the same year he obtained a post-graduate diploma from the College of Finance and Accountancy. He is a certified accountant and property valuation specialist. He began his career as an agricultural engineer at an industrial cooperative, where as deputy production manager he was responsible for the overall management of the production processes.
In 1989 he was appointed a head of department at Agrobank Ltd., and then from 1991 he held a similar position at Inter-Europe Bank Ltd. From 1999 he was CEO of FHB Land Credit and Mortgage Bank Plc., and was the executive director responsible for the operation of the bank group. Since 1 November 2010 he has been deputy CEO of OTP Bank Plc., and is also the head of the Real Estate, Small Enterprises and Agriculture Division, as well as Chairman & CEO of OTP Mortgage Bank Ltd. and OTP Building Society Ltd.
As of 31 December 2010 he did not hold any ordinary OTP shares.

1.4 Internal control system

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

Internal audit

The main function of internal audit is the protection of customers, the Company's assets and shareholders' interests.

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

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

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

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

The internal audit organisation prepares objective and independent reports for the management bodies at quarterly and annual intervals. In its quarterly reports it gives a group-level, summary account of the audits conducted in the given quarter, the identified risks and the success of any action taken to eliminate them. The audit organisation reports annually on the performance of the tasks stipulated in the annual audit schedule, the audits conducted and other activities, as well as on any changes to the internal audit system.
The organisation annually prepares, for the Supervisory Board, objective and independent reports in respect of the operation of risk management, internal control mechanisms and corporate governance functions.
In extraordinary cases that require immediate attention, the audit unit is entitled to perform an extraordinary audit.

The General Meeting is entitled to elect the auditor and approve the designation of the member who also bears responsibility for the audit.

Risk management

The basis for effective group-level risk management is the introduction of a standardised, "OTP-compatible" organisational structure as well as regulations and procedures at the subsidiaries concerned. The Company has detailed risk management rules for each of the various types of risk (liquidity, market, country, counterparty, credit risk, operational risk, and compliance risk), and these rules are in harmony with the statutory regulations pertaining to prudential banking operations. The annual report describes the risk management practices, the limits, and compliance with these limits.

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

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

Compliance

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

Auditor

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

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

1.5. Disclosure of information

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

The Company discloses information in strict compliance with the provisions of Act CXX of 2001 on the Capital Market (Capital Market Act) and the relevant Regulations of the BSE. In addition, the Company has effective internal regulations that ensure compliance with the obligation to disclose information.

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

The Board of Directors describes its business, strategic goals and mid-term strategic plans of the given year at every ordinary General Meeting. The proposal to the General Meeting is published by the Company on the website of the Budapest Stock Exchange in accordance with its rules of disclosure and the provisions of the relevant regulations of the BSE.

The Company, in accordance with the statutory regulations, publishes on the Company's website and in its Annual Report the professional careers of the members of the Board of Directors, the Supervisory Board and the management.

The proposal pertaining to the remuneration of the chairman and members of the Board of Directors and the chairman and members of the Supervisory Board constitute a part of the proposals of the General Meeting.

The Company has detailed risk management regulations that include every type of risk (liquidity, market and credit risk) which are consistent with the statutory regulations pertaining to prudential banking operation. The Annual Report provides information about the Company's risk management practices, the relevant limits and compliance with the limits.

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

The Board of Directors has assessed the effectiveness of information disclosure processes in 2010, and found them to be satisfactory.

1.6. Overview of the exercising of shareholders' rights

Participation in the General Meeting and voting rights

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

The letters of proxy must be set forth in a notarised deed or a private document of full probative force. In the event that a shareholder is represented at the General Meeting by its legal representative (e.g. director, managing director, mayor etc.), the deed issued by the court or court of registration concerning the right of representation, or a certificate testifying to the election of the mayor, must be presented at the venue of the General Meeting.

The letters of proxy must be handed over during the period and at the location specified in the invitation to the General Meeting. If the letter of proxy was issued outside Hungary, it must satisfy, in terms of its form, the statutory provisions pertaining to the authentication or counter-authentication of documents issued outside Hungary. Information on the subject can be obtained from the Hungarian representation offices abroad.

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

- o the shareholding as at the time of the shareholder matching procedure is corroborated by the result of the shareholder matching procedure;
- o the holder of the registered shares has been effectively entered into the Company's Share Register;
- o the voting right associated with ownership of the shares does not violate the provisions of the Company's Bylaws, which the Company ascertains through a check following receipt of the result of a holder matching procedure from KELER Zrt;

The rules on participation in the General Meeting and the exercising of voting rights on the part of GDR holders are contained in the Custody Agreement concluded between the Bank of New York and OTP Bank Plc.

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

1.7. Brief description of the rules related to the conducting of the General Meeting

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

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

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

The invitation must contain the following

a) the Company's official name and registered seat;

b) the date and place of the General Meeting;

c) the manner in which the General Meeting is to be held;

d) the agenda of the General Meeting;

e) the provisions contained in section 8.5 of the Bylaws, with the reminder that shareholders may participate in and vote at the General Meeting only in compliance therewith;

f) information about the place and date of the handing over of the letters of proxy;

g) in the event that there is no quorum, the place and date of the reconvened General Meeting.

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

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

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

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

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

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

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

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

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

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

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

Decisions at the General Meeting are made by open vote.

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

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

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

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

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

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

1.8. Declaration on Remuneration

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

In 2010 the Bank, in accordance with Article 312/A of the Companies Act, published on its website, at the time of convening the 2010 annual ordinary general meeting, the information pertaining to the cash and non-cash remuneration of the members of the Board of Directors, the Supervisory Board and the Audit Committee that they received in this capacity in 2009, specified individually together with the legal grounds of the remuneration.
In addition, some of the data contained in the recommendation is also currently available on the Bank's website.
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 and was amended in its resolutions no. 7/2007 and11/2008.

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

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

The remuneration of the members of the Supervisory Board and the Board of Directors, which is determined in a resolution of the General Meeting, is public information as described above. The detailed and specific data pertaining to the remuneration of the management was not published by the Company in 2010, in accordance with section 3 (4) of Act XXII of 1992 on the Labour Code.

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

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

Level of compliance with the Recommendations

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

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

1.1.2 The Company follows the "one share – one vote" principle
No

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

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

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

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

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

Yes

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

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

1.3.10 The election and recall of senior office-holders is made in a separate resolution in respect of each person.
Yes

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

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

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

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

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

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

2.5.4 The Board of Directors regularly (in relation to the annual CG report) asked its members who are considered to be independent to confirm that they are independent.
No
In respect of the two-tier governance structure, in keeping with the provisions of the Companies Act, the criteria of independence pertain to the members of the Supervisory Board and not to the Board of Directors. Consequently, the company fully complies with the statutory regulations in respect of the Supervisory Board; however, in the case of the Board of Directors, the company does not consider it necessary to determine the remuneration of the members of the Board of Directors independently of the results of the company, and based on their personal interest, the members do not satisfy this provision.
At the same time, since the Board of Directors has an important role to play in supervising the management, it is essential that the principle of maintaining a majority of independent members in the Board of Directors be observed.

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

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

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

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

Transactions, specified in 2.6.2, which depart from regular business practices and the conditions thereof were accepted by the Supervisory Board (Audit Committee).
<u>No</u>
The Company prepared procedural rules for approving transactions that depart from usual business practices, and this ensures adequate control.

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

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.
<u>Yes</u>

The Board of Directors created guidelines pertaining to insider trading of securities and supervises compliance therewith.
<u>Yes</u>

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.
<u>Yes</u>

The Supervisory Board commented on the remuneration guidelines.
<u>Yes</u>

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.
<u>Yes</u>

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

2.7.3 The supervision of the performance of the management and the remuneration of the management falls within the competence of the Board of Directors.
<u>Yes</u>

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.
<u>Yes</u>

2.7.4 The General Meeting approved the principles of share-based remuneration schemes.
<u>Yes</u>

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)
<u>Yes</u>

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

No

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

In 2010 the Bank, in accordance with Article 312/A of the Companies Act, published on its website, at the time of convening the 2010 annual ordinary general meeting, the information pertaining to the cash and non-cash remuneration of the members of the Board of Directors, the Supervisory Board and the Audit Committee that they received in this capacity in 2009, specified individually together with the legal grounds of the remuneration.

In addition, some of the data contained in the recommendation is also currently available on the Bank's website.

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 and was amended in its resolutions no. 7/2007 and11/2008.

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

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

The remuneration of the members of the Supervisory Board and the Board of Directors, which is determined in a resolution of the General Meeting, is public information as described above. The detailed and specific data pertaining to the remuneration of the management was not published by the Company in 2010, in accordance with section 3 (4) of Act XXII of 1992 on the Labour Code.

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

No

See the previous point.

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

Yes

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

Yes

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

Yes

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

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

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

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

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

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

2.8.7 The internal audit activity is performed by the internal audit organisation on the basis of a mandate given by the Audit Committee.
No

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

Internal audit is organisationally separate from operative management.

Yes

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

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

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

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

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

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

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

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

3.2.1 The Audit Committee oversaw the effectiveness of risk management, the operation of the internal control system and the internal audit activity.
No
In accordance with the Credit Institutions Act, the internal audit organisation is governed by the Supervisory Board, and the members of the Audit Committee participate in the execution of this task in their capacity as members of the Supervisory Board. Assigning the right of oversight to the Audit Committee is contrary to these legal requirements.

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

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

A 3.3.1 The Company has a Nomination Committee.
No
The Company does not have a Nomination Committee; however, in respect of the members of the management – the Chairman & CEO and the deputy CEOs – the Bank's Board of Directors exercises control partly because it exercises employer's rights in respect of the Chairman & CEO and – in accordance with the Bylaws of the Company – the Board of Directors exercises the employer's rights by way of the Chairman & CEO in respect of the deputy CEOs, with the proviso that the Board of Directors must receive prior notice of the appointment and dismissal of such persons.
In addition, Act CXII of 1996 (Credit Institutions Act) contains strict requirements in respect of persons who are appointed to an executive position, and compliance therewith is verified by the State Financial Supervisory Authority within the scope of its right to exercise preliminary approval, which is necessary for the appointment.

3.3.2 The Nomination Committee prepares the way for changes in personnel.
No

See the comments under point 3.3.1 above.

The Nomination Committee reviewed the procedures pertaining to the selection and appointment of the members of the management.
No
See the comments under point 3.3.1 above.

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

No
See the comments under point 3.3.1 above.

The Nomination Committee examined all proposals concerning the nomination of board members that were proposed by the shareholders or by the Board of Directors.
No
See the comments under point 3.3.1 above.

3.4.1 The Company has a Remuneration Committee.
Yes

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

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

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

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

Yes

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

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

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

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

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

3.5.1 The Board of Directors has disclosed its reasons for merging the Remuneration and the Nomination Committee.
No

The Company operates a Remuneration Committee; it does not operate a Nomination Committee.

See the comments under point 3.3.1 above.

3.5.2 The Board of Directors has performed the tasks of the Nomination and the Remuneration Committee and has issued a statement on its reasons for doing so.
No

The Company operates a Remuneration Committee; it does not operate a Nomination Committee.

See the comments under point 3.3.1 above.

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

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

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

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

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

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

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

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

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

4.1.10 The Company has provided information about the internal organisation and operation of the Board of Directors and the Supervisory Board and the criteria applied when evaluating the work of the Board of Directors and the management and of their individual members.
No
The Company's website provides information about the operation of its management bodies in the Bylaws. See also: point 2.7.2.

4.1.11 The Company has published in its annual report and on its website a Declaration on Remuneration, which describes the remuneration guidelines used and, specifically, the guidelines pertaining to the remuneration of members of the Board of Directors, the Supervisory Board and the management.
No
See the comments under point 2.7.7 above.

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

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

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

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

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

Level of compliance with the recommendations

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

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

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

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

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

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

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

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

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

J 1.2.11 The Company, upon the shareholders' request, forwarded information pertaining to the General Meeting electronically as well.
Yes

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

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

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

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

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

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

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

J 1.3.11 The Company's General Meeting makes decisions about amendments to the Bylaws in separate resolutions.
Yes

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

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

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

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

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

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

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

J 2.4.1 The members of the Board of Directors were selected in a transparent manner, and information pertaining to the candidates were disclosed at least five days before the General Meeting.
Yes

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

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

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

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

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

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

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

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

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

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

J 2.9.1 The rules of procedure of the Board of Directors, the Supervisory Board and the committee include the procedure to be followed when the services of an external consultant are used.
Yes

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

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

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

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

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

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

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

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

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

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

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

J 4.1.4 The Company's disclosure guidelines include at least the stipulations set out in point 4.1.4.
Yes

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

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

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

Draft resolution for the Annual General Meeting:

The AGM accepts OTP Bank Plc.'s 2010 Report on Corporate Governance.

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

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

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

In 2010 OTP Bank Plc's Supervisory Board, in fulfilment of its duties stipulated in the Companies Act and in the Bylaws of OTP Bank Plc, monitored the activities of the Board of Directors, had its representatives attend the meetings of the Board of Directors, and called upon the management to submit regular reports.

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

In the past year, the Board of Directors of OTP Bank Plc met, made decisions and resolutions on a regular basis and then checked their implementation. At the Annual General Meeting of 2010 it presented a report on the Bank's activities and results in 2009, and provided information about the business policy plans of the Bank Group for 2010.

The Bank's Board of Directors continuously monitored:

- the statements contained in the reports of the management,
- development of the Bank's results, based on the quarterly interim reports and the reports that were prepared in accordance with Hungarian accounting standards and were accepted by the auditor,
- compliance with the provisions of the Credit Institutions Act,
- changes in the volume and composition of the Bank Group's qualified portfolio, the recognition of impairment, as well as risk provisioning and changes in risk provisions,
- new commitments where the transaction value exceeded three billion forints,
- placements exceeding HUF 300 million and their positions,
- current and likely future impacts of the economic environment on the Bank Group, and opportunities for mitigating the related risks,
- current issues concerning the operation of the Bank,

The Board of Directors discussed

- the reports presented to the Annual General Meeting,
- the Bank's reports and auditor's reports for 2009,
- OTP Bank Plc.'s business report for 2008,
- the Corporate Governance Report (2009) and
- the proposal on the acceptance of the Declaration on Remuneration, and
- the modification of OTP Bank Plc.'s Bylaws,
- the Bank Group's annual internal audit report for 2009,
- the satisfaction of the conditions of the management share option program in respect of the 2009 business year,
- the modification of the conditions of payment based on 2009 performance in the context of the Profit Sharing Program, and
- proposals regarding the Company's business policy for the year 2010,
- OTP Bank Plc.'s Lending Policy in 2010,
- OTP Bank Plc.'s proposal regarding compliance activities in 2009, the annual program of compliance activities in 2010,
- the 2010 internal audit plan at Bank Group level,

- the Bank Group's quarterly internal audit reports, as well as
- the Bank Group-level of procurement processes that fall within the competence of the company and are based on local decisions,
- the Bank Group-level audit of the compliance of corporate lending activities with the rules, and
- the reports of the Bank Group-level audit of the customer identification process in relation to electronic banking and call centre activities, and
- the report on the review of the measures taken on the basis of the 2009 group-level target audit conducted by the Financial Supervisory Authority (HFSA),
- the briefings on the security situation of OTP Bank Plc. and the foreign subsidiary banks, and
- the findings of their customer complaint management operations,
- the report on the March 2010 limit utilisation,
- every quarter, the consolidated and group-member controlling reports and
- proposal on the position of group-level operational risk management,
- authorisation of the Board of Directors for the acquisition of OTP shares, in order to provide for the shares needed for the management incentive system, and for creating the wherewithal for rapid intervention in the event of possible share-price fluctuations,
- the 2011 business and financial plan of OTP Bank Plc. and the Bank Group, as well as
- the Risk Management Strategy of the Bank Group (2011-2013) and
- the Strategic Plan of the internal audit organisation (2011-2015),
- the proposal regarding the development of the Bank's enterprise management system, and
- the amendment of regulations that belong within the competence of the Board of Directors, the issuance of new regulations, and the review of the risk management regulations that are stipulated in statutory regulations and of the already existing regulations (OOR; Risk Management Regulations; Operative Risk Management Regulations; Risk Assumption, Collateral Valuation and Risk Management Regulations for the Bank Group; OTP Bank Plc's group-level market and bank book and liquidity risk management regulations; internal regulations of the management of OTP Bank's trading book; regulations on the recognition of impairment and the generation of provisions; regulation of proprietary FX options trading; regulation on determining the fair value of financial instruments that are traded by OTP; regulation of the investment services division).

The Board of Directors regularly made decisions

- on the use of the capital reserves, the raising of the capital of certain subsidiaries and companies within its scope of interest, the acquisition and merger of companies, and the sale of shares in companies,
- in relation to the reviewing of limits,
- on the modification of counterparty limits,
- on engagement in high-risk category agreements and the requirements of internal credit approval,
- on the granting of authorisations to sign on behalf of the Company.

The Board of Directors agreed to the establishment of a Management Coordination Committee in relation to the improvement of the Bank's enterprise management system.

The financial and economic crisis that has become global since 2008 has put enormous stress on the Bank Group's exposures. Accordingly, the Bank's Board of Directors authorised the Chairman & CEO to establish the Bank's Real Estate, Agriculture and Small Enterprise Division and to take the steps necessary for the establishment of the new organisational unit in order to be able to reach a position in the domestic and international market that is in line with the Bank Group's mid and long-term strategy in the area of agricultural and small enterprise financing.

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

The data in the Bank's annual report and the Company's profit indicators clearly show that under the direction of the Board of Directors the Company has met the targets of the 2010 business plan and the preliminary objectives of the management. The Bank and specific members of the Bank Group continued to increase their business activity in 2010, and therefore, despite the impact of the protracted economic crisis, the Bank Group has been stable and profitable, even after the introduction of the special bank tax in Hungary.

Overall, the OTP Group successfully overcame the challenges of the financial and lending crisis.
In Hungary, OTP Bank made a serious effort to energise its lending activities and it actively supported the operation of Hungary's private enterprise sector. Its placements with small and medium-sized companies as well as large corporations continued to expand in 2010 after a year of growth in 2009. In Hungary the Bank significantly increased its market share in retail lending in respect of newly disbursed mortgage loans.
The deteriorating quality of credit portfolios and customer liquidity resulted in an increase in risk provisions in 2010 (but at the same time credit coverage improved). As a priority, OTP Bank ensures that its customers that are experiencing payment problems are able to manage their temporary difficulties. Within the context of the debtor protection programme that was launched in the second half of 2009; the Bank has entered into a mutual agreement with approximately 50,000 of its customers.

Due to the fact that its operating result remained stable at annual level, specifically owing to an increase in net interest income and commissions, a stable interest margin and effective imposition of cost controls, the Company closed 2010 with a positive result. The Board of Directors has conducted its activities with a view to preserving shareholder value and by keeping the Company's interests at the fore. The Bank's capital position is reassuring and strong, and its capital adequacy ratio is excellent even by international standards.

The successful work of the management is also reflected in the awards and acknowledgments given by domestic and international industry representatives alike:

- "Dr. Sándor Csányi navigates the crisis" (the most successful company manager during the crisis) Figyelő TOP 200
- Superbrands Award 2010
- The "user-friendly website" award was given to the Bank's revamped website at the annual eFestival held by the Association of Hungarian Content Providers.
- The Bank won the Bank Card of the Year Award 2009 and the Bank Card Series of the Year Award 2009 at the competition held by the Hungarian University of Fine Arts. The MasterCard Online – "Green" card was awarded the Bank Card of the Year title. The Bank Card Series of the Year award was given to three cards: OTP Cafeteria, Mastercard Online and Maestro PayPass.
- In 2010 the magazine Global Finance selected OTP Bank as the best bank of Hungary for the 13th time.
- Once again, in 2010 Euromoney awarded the Best Bank in Hungary title to OTP Bank.

- Emeafinance, an independent international financial publication, awarded the “Best Domestic Bank in Hungary” title to OTP Bank for its outstanding performance.
- The Banker, which is a publication associated with the domestically and internationally renowned Financial Times group, selected OTP Private Banking as the best private banking service provider in Central and Eastern Europe in 2010.
- OTP Bank won second place in the “Bank of the Year 2010” category as well as in the “Most Innovative Bank of the Year” category among commercial banks operating in Hungary in the prestigious contest announced by MasterCard® and came third in the “Retail Credit Product of the Year” category.
- OTP Bank won one of the most prestigious international awards of the marketing and communications industry, the EFFIE contest, in the image campaign category.
- At the Central European Environmental Report Award contest (“Green Frog” award) created by Deloitte, OTP Bank won second place in the best sustainability report category.
- In the KarrierStart TOP30 research – completed by Figyelő and Hewitt – OTP Bank was listed among the best 30 companies.

Based on the above, the Supervisory Board submits to the General Meeting that exemption from any further liability is granted to the senior office-holders of the Company.

Draft resolution for the Annual General Meeting:

Based on the appraisal of senior office holders’ (i.e. members of the Board of Directors) 2010 business activities, the Annual General Meeting hereby certifies that senior office holders of the Company conducted their activities and performed their tasks by keeping the Company’s interests at the fore during the fiscal year.

REPORT OF THE BOARD OF DIRECTORS ON THE OTP BANK'S BUSINESS POLICY FOR 2011

SUMMARY

Expected macroeconomic trends in Hungary in 2011

Following a 6.9% decline in the economy in 2009, 2010 saw a 1.2% growth. The higher than expected rate of economic growth was primarily driven by external demand while domestic demand fell even further: consumption fell by 2.1% and investment by 5.6% compared to 2009.
In 2011, however, owing to an increase in disposable household income resulting from the stabilisation of the labour market and tax cuts, domestic demand also contributed to economic growth which is expected to reach 2.8% overall, with consumption growing at a rate of 2.2% and investment at 1.5%.
The 3.8% budget deficit forecast for 2010 could not be achieved despite the introduction of additional taxes and the measures taken in relation to the pension system. Nevertheless, the country's position in terms of budgetary balance is clearly favourable by international standards, as the deficit was higher in approximately two thirds of EU member countries. In 2011, when the assets from private pension funds are settled as a one-off revenue item, a surplus will be realised that will significantly reduce the national debt. And if the structural reforms, which were announced by the government in March 2011, are implemented, the sustainability of the budgetary trajectory will be assured and there will be sufficient coverage for the already approved tax cuts.
In the second half of 2010 – once the VAT and excise-tax increases have been stripped out of the base in 2009 – inflation fell to approximately 4%. However, a further decrease in the rate of inflation is not imminent. Although, owing to weak domestic demand, there is no significant internal inflationary pressure, this year's food and energy prices are expected to keep the rate of inflation significantly above the 3% target of the central bank. For 2011 we forecast a 3.9% annual average inflation and 3.7% at year-end, and the central bank may only reach its target in 2012.
We believe that due to inflationary risks there will be less opportunity to cut interest rates in 2011.

Outlook for growth in individual markets and the banking sector in Hungary

After stripping out exchange rate effects, in 2010 the volume of both household loans (-3%) and deposits (-3.7%) fell in Hungary. Demand for loans was weakened by the economic downturn, by the interest rates on forint-based loans that are relatively high compared to those on FX-based loans, and a decrease in real estate prices. With respect to deposits, the downturn was caused by a significant rearrangement of the portfolios in favour of investment funds.
In 2011 household loans taken up may slightly exceed repayments; however, owing to a slight increase in the rate of exchange and because of loan write-offs, there may be as much as a 5% decrease in volume. With regard to deposits, we expect an increasing propensity to save and a slowdown in the restructuring of portfolios in favour of investment funds to lead to a 5% growth, if stripped of the effect of exchange rates, while if we include exchange rate effects, that growth is likely to be just 1%.
The deposits of the non-financial corporate sector should increase by 6% in 2011 after an 8% growth in 2010, while following a 1% increase last year, loans should again grow by 1% (after a -2.6% adjustment for exchange rates, +1.5%).

Business policy objectives of the OTP Bank Group in 2011

The OTP Bank Group has emerged from the global economic crisis of 2008-2009 with outstanding capital reserves and high liquidity reserves. In 2010 the Bank Group still had the financial characteristics necessary for exceptional operating stability. But at the same time it became clear that managing the impact of the crisis, especially regarding the non-performing loan portfolio, will remain a key task for several years to come.
As a result of the economic crisis, by the end of 2010 the non-performing loan portfolio of more than 90 days overdue accounted for 13.7% of the total loan portfolio of the Bank Group, which is covered by a prudent (conservative) loss provision of 74.4%.
Despite a slow recovery from the crisis and a slower-than-usual rate of growth in its traditional markets, the OTP Group is endeavouring to find the market segments where both the economic environment and the capabilities of the Group allow for faster growth. In 2011 the Bank is focusing on the corporate sector in Hungary, and especially on agricultural and small and medium-sized companies, setting a target of approximately 10% total growth in the portfolio, as well as on Russian and Ukrainian consumer lending. Because the Group has considerable liquidity reserves, it is not planning any substantial growth in deposit liabilities.

Similarly to previous years, in 2011 the Bank Group is continuing its efforts to increase service-standard levels and to adjust its value propositions to changing customer demands. The main outcome of these efforts in Hungary in 2011 will be an improvement in advisory capabilities, a revamping of offers targeting affluent and young customers, and a development of the electronic channels. In this market environment where growth expectations remain low, it is important to improve the efficiency of bank operations and to cut costs. Significant projects aimed at cutting costs may be launched in the course of the year in Hungary, Russia and Ukraine.

Financial objectives of the OTP Bank Group in 2011

Similarly to previous years, the costs of risk could have a broad-ranging influence of the size of profits in 2011. Consequently, it would not be prudent to announce a specific target figure for after-tax profit.
The expectations for the business performance of the OTP Group are:

- Limited growth in the consolidated loan portfolio (especially loans by Hungarian businesses and Russian and Ukrainian consumer loans)
- Stable revenue margins at Group level, which may be the result of falling Hungarian and increasing Russian margins
- A slowdown in the rate of portfolio deterioration
- Strict cost management

EXPECTED TRENDS IN THE OPERATING ENVIRONMENT OF THE OTP BANK GROUP

In 2011 the increase in economic activity in Hungary is expected to continue with an estimated growth rate of 2.5-3%. The rate of inflation limits opportunities for cutting interest rates; however, if the government successfully implements the structural reforms, the central bank's room to manoeuvre may grow significantly if investor attitudes become more positive and risk premiums are reduced.

EXPECTED MACROECONOMIC AND FINANCIAL MARKET TRENDS IN HUNGARY IN 2011

Expected trends in the macroeconomic environment in 2011

In 2011 we expect to see more balance growth in the Hungarian economy and an increase in domestic demand in addition to a growth in exports. Domestic demand may turn a corner owing to the significant cut in the personal income tax amounting to some HUF 330 billion as well as a more favourable outlook in the labour market. However, lending will remain restrained and therefore we do not expect a noticeable upswing in housing investments in the course of the year. The investment activity of the corporate sector may continue to expand in 2011 owing to large volume projects announced by Audi and Opel. As a result of the above, we expect a 2.5-3% increase in consumption and a similar rate of growth in investments while GDP may grow by 2.8%.

Parallel with an upturn in domestic demand, import demand will also grow, which may somewhat diminish the present equilibrium in the current account.

As of now, there is no official data about the 2010 budget deficit; however, based on the statistics published by the central bank, it may be higher than the 3.8% target deficit. Owing to the placement of the assets of private pension funds under government control, there may be a budget surplus at the end of 2011, and the national debt may fall below the 80.1% recorded at the end of 2010.

In our view the Széll Kálmán programme announced by the government has the potential to achieve its stated goals; in other words, the Hungarian budget deficit of the coming years may be well below 3%, which will result in a gradual decrease in the national debt as a percentage of GDP.

Monetary environment in 2011

In 2010 the central bank launched a cycle of tentative tightening in response to increasing inflationary risks associated with the change in the price of raw materials. However, the price increase of more highly processed goods and more complex services remained low, and wage costs did not pose inflationary risks either as a result of the fragile economic outlook. Consequently, the cycle of interest rate increases was completed at the end of 2011, following three increases of 25 basis points each. After the announcement of the Széll Kálmán programme, international assessment of Hungarian assets improved significantly, meaning that there is more room to manoeuvre as regards the monetary policy.

In our view, cutting interest rates is not a realistic option at this time, owing to inflationary risks; however, due to the improved risk assessment of Hungarian assets, the current interest rate should guarantee an approximately 270-275 exchange rate, which may be regarded as favourable in terms of the outlook for growth and inflation.

Main trends expected in the financial markets in 2011

In 2010 both households and the non-financial corporate sector remained net borrowers. However, while the rate of decline in corporate net borrowing was smaller than in 2009 (-0.7% of GDP vs. -1.6% in the previous year), the net borrowing of households continued to fall (-1.1% of GDP vs. 0.2% in 2009). The net savings of households increased from 3.5% to 4.6% of the GDP.

The increase in the net loan repayment of households compared to 2009 can be explained by both supply and demand factors. The special bank tax contributed to the deterioration of the sector's capital and liquidity position. In addition, the availability of funds from the parent bank decreased and the moratorium on evictions, which was extended several times, did not generally provide an incentive for banks to increase their loan offerings. In terms of demand, the uncertain labour market environment and the increasing loan interest rates owing to the suspension of FX-based lending had a negative impact on lending activity.

In 2010 gross household savings – despite the channelling of private pension fund payments to the state – increased from 3.1% to 3.3% of GDP. Savings stripped of pension-fund contributions, which is a better indicator of households' actual propensity to save, grew from 1.2% to 2.0% of GDP. As a result of the volume of net household loan repayments, which increased compared to 2009, the net financing ability of households – excluding pension-fund savings – showed even more dramatic growth, with an increase from 1.5% to 3.3% of GDP.

The slow decrease in interest rates on forint loans and the bank tax will continue to have a negative impact on both the supply and demand side of lending in 2011. Consequently, we expect that the considerable cut in income tax that was implemented this year may provide only a limited incentive for consumption on the lending market. Based on the above, we expect that new net household loan placements will be around 0.2% of GDP in 2011.

In 2011 the placement under government control of the private pension fund system will have a considerable impact on savings. This may decrease new net household savings by close to 9% of GDP this year. However, apart from this impact, we expect an upswing in household consumption and new net lending, which will be in positive territory, and, as a result, net household savings may fall from 3.3% to 2.8% of GDP.

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

Russia

In 2010 Russia's GDP increased by around 4%. This is a positive result considering that extreme drought and fires in the summer caused major losses in the agricultural sector. However, industrial output and manufacturing demonstrated clear growth in the fourth quarter, which gave a boost to GDP.

Economic recovery and money printing by the central banks of key developed countries increased the price of raw materials. The price per barrel of Urals crude was above 70 US dollars throughout 2010 while at the turn of 2010 and 2011 it reached 90 US dollars. This resulted in a significant improvement in the Russian economy's terms of trade. Consequently, the increase in nominal household income exceeded 10% throughout the year; however, by the end of 2010 and the beginning of 2011 inflation increased to 10%. There is a risk that there will be two-digit inflation for a few months over the course of 2011.

Russian public finances have followed an anticyclical economic policy since the start of the economic crisis in the fall of 2008, by spending the fiscal reserves accumulated from budget surpluses in the period before 2009. Budgetary policy became somewhat tighter parallel with the growth of GDP. Last year's deficit may have been 4.6% of GDP compared to 6% in 2009.

In 2011 the dynamic growth in Russia's GDP could continue and may even be as higher than 4%. The main risk will be the possibility of rising inflation.

In 2010 net outstanding lending by the banking system exceeded 5% of GDP, 3% of which came from loans to the corporate sector. Retail mortgage loans stagnated while consumer loans grew dynamically. In 2011 new loan placements may reach 7% of GDP, including 2-3% in household lending. This may translate into a roughly 30% growth for the year in the volume of household loans at the macroeconomic level due to the relatively small loan portfolio.

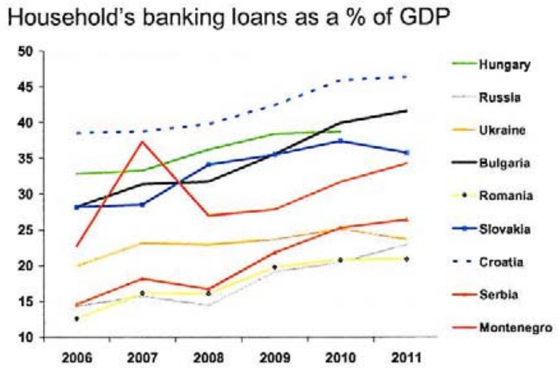
Ukraine

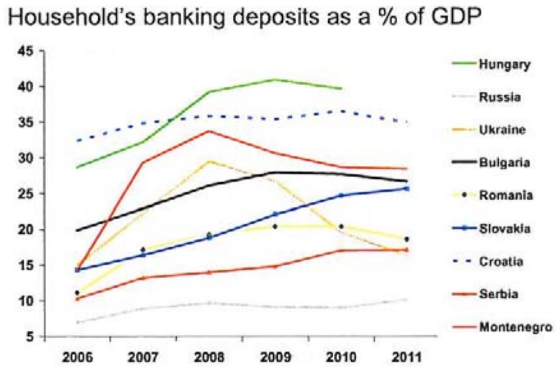
Following a deep recession in 2009, Ukraine was the OTP Group's most dynamically growing country in 2010, with GDP growth of 4.2%. Household consumption, which grew at a greater rate than expected, also contributed to this growth. The exchange rate remained stable all year long, and by mid-year risk premiums had fallen to the level they were at prior to the Lehman bankruptcy in September 2008. An important contributing factor was the treaty signed with Russia in the spring, in which the new Ukrainian administration and their Russian counterparty agreed, among other things, on reducing the price of imported gas by 30% and on investing an annual USD 4 billion on average in working capital over the next 10 years.

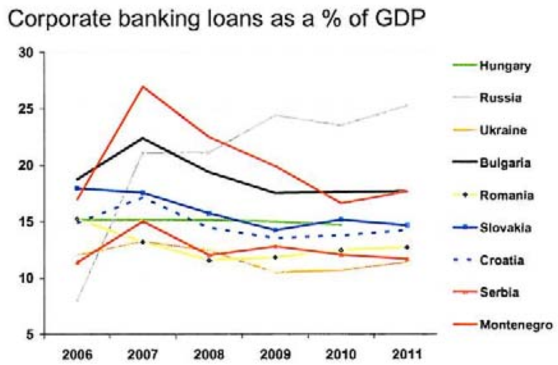
The cooperation with the IMF was renewed in the second half of 2010 when the Ukrainian government entered into a new USD 15.2 billion loan contract with the international institution. S&P and Fitch upgraded the long-term debt rating of Ukraine.

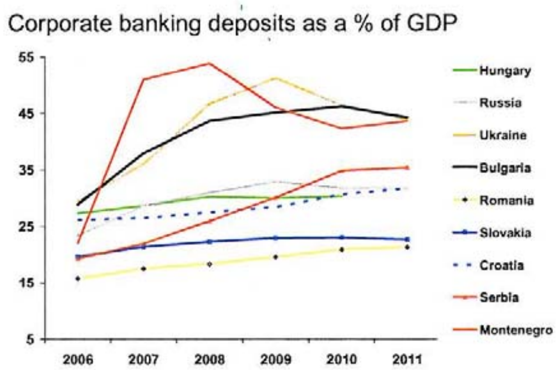
After volatile output in the summer, steel production increased in the last four months of 2010. Forecasts project more than 4% annual growth rate for the Ukrainian economy over the coming years. The additional gas price increases that were projected for April 2011 may be postponed with the approval of the IMF, which means that it will not hinder an upswing in consumption and will also keep inflation in check.

Prior to 2009, the net funds raised internationally by the banking system exceeded 10% of GDP. In 2010, funds equal to 6.9% of GDP flowed out of the Ukrainian banking system. The source of this outflow was the retail segment. Retail deposits increased very dynamically (new deposits amounted to 6% of GDP), while retail loan repayments reached 2.5% of GDP. After the stagnation that is expected this year, new loan placements to households may gradually increase to 3% of GDP in the coming years.









Bulgaria

The Bulgarian economy began to grow in 2010, with the gross national product expanding by 0.2% over the year. Although domestic demand continued to fall considerably – by 4.5% – this was offset by a marked rise in exports (16%). Economic activity increased especially at the end of the fourth quarter at 2% quarter-on-quarter and at 3.1% over the year as a whole, which was primarily due to an increase in consumption and investments.

However, this rapid increase is not expected to continue for the long term, and a 2-3% growth rate is likely in the coming years, which is considered stable in Bulgaria but appears to be moderate by regional standards. Rapid growth is not likely, owing to the fixed exchange-rate regime, the continued stringency of fiscal policy as well as the difficult situation facing branches of industry – such as construction, tourism and finance – that were the major driving force behind the economy's growth before the crisis. However, due to its excellent balance indicators, the Bulgarian economy is not expected to make any substantial adjustments in the current account or in the budget that might halt the pace of economic growth.

The current account, which was in deficit to the tune of nearly 25% in 2008, was in surplus by the start of 2011, and the budget deficit is expected to fall below 4% in 2010 and below 3% in 2011. At the same time the national debt stands at only 16% of GDP, while budget reserves amount to 8% of GDP. For these reasons, the sustainability of the currency board in Bulgaria is not in question.

In 2011 we expect a 1.8% GDP growth rate, while consumption may increase by 1.1%, investment by 3% and exports by approx. 6%, which may reach 3% during 2012-2013. Owing to resumed growth, the fixed exchange rate regime and the shock of food and energy price increases, inflation spiked again to more than 5% compared to the 2.4% annual average in 2010 and is expected to reach 4% in 2011 as a whole.

In 2010 the Bulgarian banking system significantly curtailed its lending activity; the total volume of loans grew by a mere 2%, compared to 30-40% before the crisis. Corporate loans increased by 2.5%, but the household loan portfolio fell by close to 1%. On the deposit side, corporate deposits virtually stagnated (+0.5%), but the annual rate of growth of household deposits increased from 10% to 12.3% owing to a dramatic increase in the propensity to save and the dominance of deposits within the savings mix.

In the second half of 2010 the lending market became more active and therefore we expect a minimum 3.5% positive growth in both segments in 2011. In 2011 total deposits could increase by 8%, with corporate loans growing by 7% and retail loans by 12%.

Romania

In Romania, owing to a budgetary situation that is significantly worse than expected, the government was forced to implement a series of measures in July to improve the budget balance by 5% of GDP. As a result of the package that included a 5% increase in VAT and a 25% cut in the wages of public employees, a second wave of recession hit Romania, and in 2010 GDP fell by an additional 1.2% compared to the 7.1% decrease of 2009. In the last quarter of the year, however, growth seems to be returning, and in a quarterly comparison GDP grew slightly owing to a strong expansion in exports. In 2011 we expect stable growth at 1.4% which, however, seems low by regional comparison owing to the continued effect of fiscal austerity, while consumption may grow by 0.8% and investments by 1.6%.

Owing to an increase in VAT, inflation temporarily jumped to 8% in the second half of 2010 and the global pressure to increase energy and food prices is also causing this rate to increase. We expect that as a result of the gradual disappearance of the effects of the VAT increase and weak domestic demand inflation will fall significantly in the second half of 2011 but the average annual rate may still be 6%.

The unfavourable budgetary and growth processes had an impact on banking markets as well. Companies became net borrowers in 2010, and the growth rate of the sector's loans grew from 1% to 7.6%. Corporate deposits also grew slightly to reach 4.2%, from 3% in 2009. On the other hand, household loan demand fell and the sector experienced some positive growth in loans (+2%) only because of the revaluation of FX loans, and after the effect of exchange rates is stripped out, the indicator shows a 0.5% fall. The growth rate of household deposits fell considerably owing to the tightening measures, from 17.4% in 2009 to 7%. In 2011, however, we expect to see an upswing in the demand for loans; household loans may increase by 1% and corporate loans by 10% after the effect of exchange rates is stripped out, while household deposits are expected to increase by 8% and corporate loans by 10%.

Other foreign subsidiaries

Slovakia. Owing to soaring external demand, Slovakia produced the second highest rate of growth in the EU in 2010 (4%, after Sweden's 5.5% growth). However, domestic demand remained low despite credit flows that were extremely strong even in comparison with other countries in the region. Owing to the budgetary correction that was launched in 2011 (with the aim of reducing the budget deficit of around 7.5-7.7% of GDP around 5% in the first year) the contribution of domestic components to growth may still be restrained; however, owing to net exports, Slovakia may again be among the top EU countries in terms of growth.

Croatia. As a result of the crisis, the demand for touristic services, Croatia's most important export item, fell considerably. In addition, the economic policy makers of the country – contrary to practices in the region and in the developed world – had to implement a strict fiscal policy after the crisis, largely as a result of the country's strong euro exposure. Consequently, domestic demand was also weak. Owing to the above, Croatia's GDP continued to fall in 2010, and if we take into account the very restrained industrial, construction and commercial activity and an unemployment rate approaching 20%, Croatia may continue to fall behind the other countries of the region in 2011 in terms of growth. We expect better performance in 2012, which may improve even further after Croatia's accession to the EU in 2013-2014.

Serbia. Owing to the country's reinvigorated business climate, Serbia's GDP grew by 1.5% in 2010, and this year we expect growth of approximately 2.5% due to the expected increase in domestic demand. Inflation, which exceeds 10%, may fall considerably in the second half of the year; however, it will not dip below 8% for the year as a whole. Because the IMF supervision has been lifted and 2011 is a pre-election year, the deficit is expected to grow somewhat. Despite the expiry of government-subsidised loans, positive flows are expected to continue in the banking markets.

Montenegro. The 0.5% growth rate in 2010 may be followed by a 2% growth in Montenegro; however, the pre-crisis growth rates are not expected to return in the coming years. Owing to an increase in domestic demand, inflation is also expected to increase from 0.5% in 2010 to approximately 2%. Banking markets expect positive flows this year in the corporate segment as well.

BUSINESS POLICY OBJECTIVES OF THE OTP BANK GROUP FOR 2011

BUSINESS POLICY OBJECTIVES OF THE OTP BANK GROUP IN HUNGARY FOR 2011

After the low point in the global economic and financial crisis that was the year 2009, the Hungarian economy started to grow again in 2010, although at a slow rate. The economic policy measures taken in 2010, especially the cut in personal income tax rates and the measures taken at the beginning of 2011 to ensure the budget balance and to implement structural reforms may provide a boost to the growth of the Hungarian economy in 2011.

The effect of a more favourable economic environment will probably be felt in the Hungarian banking market as well. With respect to the bank sector's markets, we expect a turnaround, especially in corporate lending, while the entire market is expected to grow in 2011, albeit only by a few percentage points, after a decrease in 2010. The volume of loan repayment by households in 2009 and 2010 was greater than the volume of new loans disbursed. In 2011 we expect a slightly positive change (flow) in lending. We estimate that household savings in 2011 will be similar to those of the previous year.

However, especially because of the unfavourable exchange rate of the Swiss franc, the bank system's risk-related costs will not be able to fall significantly. The return on average equity of the entire sector, having accounted for the impact of the bank tax, is likely to be somewhere between 0 and 5% in 2011.

While in 2009 the volume of corporate loans, stripped of exchange rate effects, fell by around HUF 1,150 billion in 2009 and by around HUF 750 billion in 2010 in Hungary, the small, medium and large corporate loan volume of OTP Bank increased by approximately HUF 25 billion in 2009 and by approximately HUF 10 billion in 2010. In 2010 the Bank disbursed corporate loans in an amount of HUF 230 billion. In 2011 OTP Bank plans to continue the intensive financing of Hungarian businesses and has set a goal of an approximately 10% increase in volume.

In the aftermath of the crisis, OTP Bank, as a financial institution headquartered in Hungary, wishes to focus on serving the micro and small enterprise sector that plays such a key role in terms of domestic economic growth and employment levels. The Bank's commitment to this sector is evidenced by the fact that in 2011 it dedicated an independent division, the Real Estate, Agricultural and Small Enterprise Division, to meet the business needs of the segment.

In 2010 the Bank achieved significant successes in terms of increasing its market share in the retail lending market. In a period when market loan offerings are contracting, OTP Bank offered improved products and even better advisory capacities to its customers both in terms of mortgage loans and consumer loans. In 2011 we plan to introduce further new features in order to improve the standard of our services, to accelerate the lending process and to deal with issues that arise after a loan is taken up. Nevertheless, the volume of the Bank's household lending in Hungary is expected to fall, as the increase in disbursements will not be sufficient to fully offset the volume of repayments.

In the area of retail savings the Bank's primary goal continues to be to retain its current market share. We expect that after yields become more stable and domestic banks have more available funds, interest rates on fixed-term deposits will be less aggressive than before. The long-term low base rate of the central bank and low deposit rates may increase the popularity of alternative forms of saving. Accordingly, in 2011 the Bank will focus on developing its investment advising activities. In 2011 we will expand our project, launched in 2010, aimed at attracting the affluent customer segment.

The priority for the OTP Group as a whole and in Hungary will be the management of the overdue loan portfolio. In the context of this effort the Bank's goal will be to set as many customers as possible on a path of regular repayment in the flexible context of the debtor protection programmes that have been introduced in several phases. The temporary reduction and rescheduling of loan repayment schedules has already helped several customers overcome the temporary difficulties caused by the crisis. In order to manage the overdue loan portfolio effectively, in 2011 the Bank will strengthen its processes aimed at the management of overdue loan portfolios in the framework of a comprehensive project.

The slow growth of the market requires the Bank to take steps to increase its operating efficiency. In 2011 the Bank will launch a project targeting the further reduction of postal, telephone and printing costs.

In order to enhance its image as a responsible bank and to retain the trust of its customers, the Bank will implement the ISO 26000 standard in 2011, which is expected to strengthen the credibility of the Bank's

CSR activities internationally. The standard provides guidelines for determining key CSR themes and integrating them within the organisation.
Responsible operation, product development and service provision continue to constitute the basis of our CSR activity.
It is important for the Bank that the CSR approach is strengthened not only externally to the organisation, but also within, among its employees, who are encouraged to identify social problems and issues that they would like to help out with within their own community. Therefore, the OTP Volunteer Programme that was announced at the end of 2010 will be continued in 2011. Our goal in the Year of Volunteering is to support as many valuable programmes as possible and to motivate employees to volunteer. In the area of sponsorship we continue to give preference to long-term partnerships.

BUSINESS POLICY OBJECTIVES IN THE COUNTRIES OF THE FOREIGN SUBSIDIARIES IN 2011

Russia

In Russia, the most important tasks in 2011 for OAO OTP Bank are to continue expanding consumer lending, which began last year, and to increase the efficiency of the branch network. In order to achieve these goals, the number of agents and sales outlets in the consumer credit division will increase, while in the credit card division the focus will be placed on new sales methods. The main objective of the branch network is to increase sales of personal loans and to collect deposits. Based on the experience of the past few years, the branch network will be rationalised, which will include relocating and closing branches as well as opening new ones. The Bank will make a special effort to simplify traditional banking services, e.g. by combining accounts that have different functions but are held by the same customer into a single, complex product.

We expect growth in the profits of the Russian subsidiary mostly from an increase in consumer lending. This requires sophisticated risk management. This area, similarly to previous years, will continue to work on improving its methodology in 2011.

Fast growth also induces an increase in costs. At the same time, the Bank's management sees efficiency reserves in several areas of basic operation. A key task in 2011 will be to exploit these reserves.

Ukraine

In Ukraine, the key objective for JSC OTP Bank in 2011 will be to launch and develop consumer credit operations, and to preserve its market share in the area of corporate loans. An additional priority is to manage retail and corporate customers that are experiencing payment difficulties, and to step up collection activities.

In 2011 maintaining cost effectiveness will be a priority together with creating a branch network that is optimally suited to demand. Another goal for 2011 is to develop a new IT operating platform for bank operations.

Bulgaria

The priority for DSK Bank in Bulgaria is to maintain its profitability and market position. In terms of lending, our primary goal is to hold on to our market share. The priority in business activities is to satisfy the needs of affluent customers by offering them special loan and savings products. In addition, in order to prevent an increase in lending risks due to the unfavourable macroeconomic environment, the emphasis will be on continuing with the debtor protection programme and increasing the effectiveness of monitoring and collection activity.

Other foreign subsidiaries

The key task and challenge for the other foreign subsidiaries is to increase operating profit through a growth in lending activity and by rationalising costs. In addition, in 2011 the focus will need to be on improving credit protection programmes, the management of past-due loans and collection processes.

This document contains forward-looking statements in respect of the future results, operation and market environment of the OTP Group. Since the forecasts and statements contained herein depend on future events and circumstances, they are subject to risk and uncertainty. Several factors may influence actual results and developments in a manner such that these may be different from the projections either stated or implied in this document. The statements have been made on the basis of exchange-rate forecasts, assumed economic conditions and the current regulatory environment. No part of this document should be construed as a solicitation to invest and/or trade.

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

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

Based on Section 3 Para 66 Act CXII of 1996 (Act on Credit Institutions and Financial Enterprises) the Supervisory Board proposes – concerning the audit of the OTP Bank Plc.'s unconsolidated and consolidated 2011 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-eight million Hungarian Forint **(HUF 58,000,000) + VAT** as the auditor's remuneration for the audit of the annual accounts of 2011, 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 46,000,000 + VAT** shall be paid in consideration of the audit of the unconsolidated annual accounts, and **HUF 12,000,000 + VAT** shall be the fee payable for the audit of the consolidated annual accounts.

Draft resolution for the Annual General Meeting:

Based on Section 3 Para 66 Act CXII of 1996 (Act on Credit Institutions and Financial Enterprises) – concerning the audit of OTP Bank Plc.'s unconsolidated and consolidated 2011 financial statements – the AGM is electing Deloitte Auditing and Consulting Ltd. as the Bank's auditor from 1 May 2011 until 30 April 2012. The Annual General Meeting approves the nomination of Zsuzsanna Nagyváradiné Szépfalvi (No. 005313 chartered auditor) as the person responsible for auditing. In case any circumstance should arise which ultimately precludes the activities of Zsuzsanna Nagyváradiné Szépfalvi as appointed auditor in this capacity, the Annual General Meeting proposes the appointment of Zoltán Nagy (No. 005027 chartered auditor) to be the individual in charge of auditing.
The General Meeting establishes the total amount of HUF 58,000,000 + VAT as the Auditor's remuneration for the audit of the 2011 annual accounts, prepared in accordance with Hungarian Accounting Standards as applicable to credit institutions, and for the audit of the consolidated annual accounts prepared pursuant Act on Accounting.
Out of total remuneration HUF 46,000,000 + VAT shall be paid in consideration of the audit of the unconsolidated annual accounts, and HUF 12,000,000 + VAT shall be the fee payable for the audit of the consolidated annual accounts.

PROPOSAL FOR MODIFICATION OF THE BYLAWS

(sections 8.18., 8.33.4., 8.33.15., 9.13.b), 9.13.c), 11.1., 11.11. and 11/A.§)

Summary of proposals

The amendment proposals concern the following aspects of the Bylaws:

Typesetting of the recommendations

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

We recommend that the Annual General Meeting vote in one voting session to amend the Bylaws.

Draft resolution for the Annual General Meeting:

Pursuant to the proposal of the Board of Directors the Annual General Meeting makes a decision on the amendment of the Company's Bylaws by passing a single resolution.

Proposed amendments

1. **Obligatory modifications related to the change in statutory regulations concerning the termination of the trading of shares listed on a regulated market** (sections [8.18.], [8.33.4] and [9.13.b)] of the Bylaws)

8.18. If the duly convened General Meeting still does not have a quorum in an hour after the starting time indicated in the invitation, the General Meeting that is reconvened for an hour later shall have a quorum in the matters that are listed on the original agenda, regardless of the number of persons attending. If a proposal is on the agenda of the General Meeting regarding the delisting of the shares on all regulated markets (hereinafter: total delisting) the reconvened General Meeting shall have a quorum with regard to this agenda item if the shareholders holding more than half of the votes represented by the voting shares are presented thereat.

8.33.4. The General Meeting has exclusive competence in the following matters:

…

4. decision regarding the total delisting of shares ~~list shares on and delist shares from the stock exchange~~; (qualified majority)
   In respect of the decision, shares that embody multiple voting rights shall represent one share.
   ~~The General Meeting may make a decision resulting in the delisting of the shares from the Budapest Stock Exchange (BÉT) if an investor (investors) agrees (agree) in advance to make a purchase offer that complies with the Listing and Trading Regulations of BÉT;~~

9.13.b).xv.) and xvi) The following matters in particular belong to the exclusive competence of the Board of Directors:

…

(xv.) decision on the listing of shares on a regulated market;
(xvi.) decision on delisting of shares on a specific regulated market, provided that the shares are admitted to trading on any another regulated market (hereinafter: transfer).

Explanation of section 1 of the motion

The purpose of the proposed amendment is to comply with the obligation under Article 408 (2) of Act CXX of 2001 on Capital Markets (hereinafter: Capital Markets Act) as amended by Act CLIX of 2010 on the amendment of certain laws of a financial regulation. The provision stipulates that the issuer of a share that is listed on a regulated market must amend its bylaws no later than at the General Meeting that approves the annual financial statements following 1 January 2011 in order that it should comply with the amended provisions of the Capital Markets Act. Upon the legislative amendment entered into force, the Capital Markets Act regulates two forms of terminating the trading of shares listed on a regulated market (stock exchange).
(i) In the event of total delisting, the trading of the shares is terminated on all regulated markets. The General Meeting is entitled to make a decision regarding the total delisting with an at least three-fourths majority if the shareholder holding more than half of the votes represented by voting shares attends the General Meeting. A special rule is that in respect of the decision, shares that embody multiple voting rights shall represent one vote. Reference to the stock-exchange regulation may in this case be deleted, in view of the fact that the detailed rules on total delisting and on the right of the shareholder to sell the shares are regulated by the Capital Markets Act.
ii) In the event of a transfer, the trading of the shares concerned are discontinued only on the given regulated market, provided that the share is traded in another regulated market. The Board of Directors is entitled to make a decision concerning the transfer. In order to ensure that the Board of Directors can actually exercise this right in the future, it is necessary that this body be able to make a decision regarding the listing of the shares on a regulated market.

2. Termination of the Audit Committee and the simultaneous modification of the regulations pertaining to the Supervisory Board (sections [8.33.15.], [11.1.], [11.11.] and [11/A. §] of the Bylaws)

8.33. The General Meeting has exclusive competence in the following matters:

…

15. (deleted) ~~electing and recalling, and determining the remuneration of, the members of the Audit Committee;~~

11.1. The Supervisory Board supervises the management of the Company.
The Supervisory Board may have 5~~3~~ - 9 members.

11.11. Minutes must be taken of the meetings of the Supervisory Board. With respect to the decisions that are made when exercising the competences that are stipulated for the Audit Committee in Article 311 (2) of the Companies Act and Article 62 (3) of the Capital Markets Act, the votes of the independent members of the Supervisory Board must also be recorded in the minutes separately and they must be disclosed to the shareholders with respect to the matters on the agenda of the General Meeting. The Supervisory Board must hold meetings on at least 6 occasions each year. The meeting must also be convened if this is requested by a member of the Supervisory Board, at least by two members of the Board of Directors, or by the auditor, in writing, with an indication of the reason and the purpose.

~~Article 11/A~~

~~The Audit Committee~~

~~11/A.1. The General Meeting elects an Audit Committee consisting of 3-5 members from among the independent members of the Supervisory Board for the performance of the tasks specified in Article 311 (2) of the Companies Act. The Audit Committee elects a chairman from among its members. The Audit Committee has a quorum if more than half of its members are present. The Audit Committee passes its resolutions by a simple majority of the votes of those present.~~

~~11/A.2. The detailed rules of the Audit Committee's operation are contained in its rules of procedure which are approved by the Supervisory Board.~~

~~11/A.3. Membership in the Audit Committee is terminated by:~~
~~a.) resignation;~~
~~b.) recall;~~
~~c.) termination of membership in the Supervisory Board;~~
~~d.) losing "independent" status as specified in section 11.2.~~

~~11/A.4. If according to the law a Company does not have to have an Audit Committee, the Company's Audit Committee shall cease to exist on the day that this legislation takes effect, and simultaneously the provisions of the Bylaws pertaining to the Audit Committee shall lose their effect.~~

Explanation of section 2 of the motion

According to Article 66 (8) of Act CXII of 1996 on Credit Institutions and Financial Enterprises, in the case of credit institutions that are publicly listed companies, the bylaws of the company may stipulate that establishing an Audit Committee is not obligatory, provided that the provisions pertaining to the composition of the Supervisory Board, conflicts of interest between its members, as well as its competence, comply with the statutory provisions of the Companies Act pertaining to audit committees. Under Article 62 (5) of Act CXX of 2001 on the Capital

Markets, the establishing of an audit committee is not obligatory if the issuer of the securities that are listed on a regulated market has a corporate body whose members satisfy the conditions set out in Article 62 (2) and the body is responsible for performing the tasks specified in Article 62 (3). In this case the issuer must announce on the website of the Supervisory Authority and on its own website the name of the body that performs the tasks specified in Article 62 (3) of the Capital Markets Act as well as the composition of the body.
The objective of the proposed amendment is to simplify the organisation of the Company through compliance with the statutory regulations. Currently, the membership of the Audit Committee is made up of the non-executive members of the Supervisory Board. With regard to the additional duties of the Supervisory Board, and to ensure that the Company is able to consistently comply with the stipulations pertaining to independent members while the statutory conditions of employee advocacy and representation are met, the Bylaws should specify that the minimum number of the members of the Supervisory Board is 5. The amendment stipulates that the votes cast by the independent members in respect of decisions that are specified in the Companies Act and in the Capital Markets Act as belonging to the competence of the Audit Committee should be recorded separately.

3. Authorisation of the Board of Directors to modify the Bylaws within the scope permitted by the Companies Act (section [9.13.c)] of the Bylaws)

c) The Board of Directors Board shall, within its exclusive competence, be entitled:

i.) to decide, in the cases specified in the Companies Act, to accept the Company's interim balance sheet, with the preliminary approval of the Supervisory Board;

ii.) to decide, instead of the General Meeting, to pay an advance on dividends, with the preliminary approval of the Supervisory Board,

<u>iii) to make decisions regarding any change in the Company's name, registered office, sites, branches and the Company's activities – with the exception of its core activity – and in relation to this, to modify the Bylaws if it is necessary to do so on the basis of the Companies Act or the Bylaws.</u>

<u>Explanation of section 3 of the motion</u>

In accordance with Article 18 (3) of the Companies Act, the Company's Bylaws may authorise the Board of Directors to change the Company's name, registered office, sites and branches as well as the Company's activities – with the exception of the core activity – and in relation to this, to change the Bylaws as well. The modification of the Bylaws in this respect is necessary only if the modification that is decided by the Board of Directors affects the content of the Bylaws. The purpose of this proposal is to specify in the Bylaws this authorisation granted to the Board of Directors.
Normally, the General Meeting is entitled to make a decision regarding the modification of the Bylaws. However, maintaining such a rule is not justified in respect of the simplest modifications that are technical in nature, such as a change in the company name, registered office, sites and branches as well as reducing or expanding the Company's scope of activities. This proposal wishes to introduce a rule to simplify the operation of the Company, by stating that the Bylaws authorise the Board of Directors to make these decisions (with the exception of changing the core activity). As a result of this, the Company should be able to save on the costs of convening and holding the General Meeting, and may be able to eliminate superfluous administrative activities when making decisions that are essentially technical in nature.

Draft resolution for the Annual general Meeting:

The Annual General Meeting accepts the amendment of sections 8.18, 8.33.4, 9.13.b), 8.33.15, 11.1, 11.11, and 11/A. § as well as section 9.13.c) of the Company's Bylaws in keeping with the proposal and on the basis of the annex to the minutes of the General Meeting.

MODIFICATION OF THE RULES OF PROCEDURE OF THE SUPERVISORY BOARD

Comment: *modifications are in italics and underlined,* ~~deletions are crossed out~~

Rules of Procedure of the Supervisory Board of OTP Bank Plc

1. Legal status of the Supervisory Board

~~The Supervisory Board supervises the management and business activities of OTP Bank Plc. In the context of this task it is entitled to request reports or information from senior officers and executives, and may examine, or have an expert examine, the company's books and documents.~~

The Supervisory Board, as a body that has been elected by the General Meeting, supervises the Company's management and business activities and the lawfulness of its operation. It does not make management and business decisions.
It may request reports or information from the members of the Board of Directors and the executives of the Company, which request the relevant persons must comply with by the deadline specified by the Supervisory Board. The Supervisory Board may examine, or have an expert examine, the Company's books and documents.

Every quarter, the Board of Directors prepares a report for the Supervisory Board regarding the net-worth position, profitability, provisions, and liquidity of OTP Bank Plc and the liquidity risks inherent in the business policy.

The General Meeting may make a decision regarding the financial statements prepared in accordance with the Act on Accounting and the utilisation of the after-tax profit only after it has familiarised itself with the written report of the Supervisory Board. In addition, all proposals regarding the amendment of the Bylaws, the auditor, the business policy, the share, bond, dividend or capital policy, or the major commitments of OTP Bank Plc, or the transformation, termination, or form of operation of OTP Bank Plc, or the rules of procedure of the Supervisory Board that are on the agenda of the General Meeting of OTP Bank Plc must be submitted to the Supervisory Board.

In addition to the Board of Directors, individual members of the Supervisory Board and the management may also submit proposals to the Supervisory Board.

The members of the Supervisory Board participate in the General Meeting and may propose items to be placed on its agenda.

If the opinion of the members of the Supervisory Board who represent employees unanimously departs from the majority opinion of the Supervisory Board, the minority opinion of the representatives of the employees must be presented at the General Meeting.

The chairman or a designated member of the Supervisory Board may participate with advisory rights at the meetings of the Board of Directors. The chairman or the designated member provides information about the content of the meeting at the meeting of the Supervisory Board.

The Supervisory Board may exercise its rights as a body or through its members. It may also divide control among its members on a permanent basis.
The division of control does not affect the responsibilities of the member of the Supervisory Board or his/her right to extend the control to another activity that falls within the scope of control of the Supervisory Board.

The tasks of the Supervisory Board are especially:

a) to ensure that OTP Bank Plc has a comprehensive and fully functioning audit system,

b) to propose to the General Meeting – with the prior approval of the Board of Directors – an auditor and his/her remuneration,

c) to check OTP Bank Plc's annual and interim financial statements,

d) to direct the internal audit unit in accordance with the following tasks:
- accepting the annual audit plan of the internal audit unit after it has been discussed with the Board of Directors,
- ~~having received the preliminary opinion of the Audit Committee,~~ accepting the annual report of the internal audit unit on the operation of risk management, internal control mechanisms and enterprise control functions,
- discussing at least every six months the reports prepared by internal audit and checking the implementation of the necessary measures,
- ~~providing help to internal audit by hiring an external expert if necessary,~~
- proposing changes in the headcount of the internal audit unit.

e) to prepare recommendations and proposals based on the findings of internal audit and on its own experiences,

f) to ensure compliance with Article 92 (4) of the Credit Institutions Act, including ensuring the adequate operation of the internal audit functions of the credit institutions, financial enterprises and investment firms controlled by OTP Bank Plc as follows
- reviewing the annual internal audit plan of the subsidiaries ~~– prior to approval by the relevant management body of the subsidiary~~ and proposing its approval or, if necessary, its supplementation or modification,
- evaluating the annual internal audit report of the subsidiaries~~– prior to approval by the relevant management body of the subsidiary~~ and endorsing it in agreement or by adding comments,
- *discussing the quarterly summary report concerning the findings of the audits that were completed by the internal audit units of the bank group in the quarter concerned as well as the status of the measures to be taken, and proposing any measures that may be necessary,*
- discussing in detail the report prepared by the Internal Audit Directorate regarding the theme audit of the operation and degree of regulation of the internal audit units of the subsidiaries, and asking the relevant management bodies of the subsidiary to take the necessary measures,

g) to maintain regular contact with the selected auditor,

h) to perform any other task that is assigned to its competence by the statutory regulations or the Bylaws,

i) to comment on the *principles* of the remuneration *policy* ~~guidelines~~ drafted by the Board of Directors ~~together with their amendments~~, *to monitor it regularly and to check the implementation of the remuneration policy (and to require an annual internal theme audit in this respect),*

~~i)~~*j) prior to the annual ordinary General Meeting, to comment on and approve the Bank's corporate governance report.*

The prior approval of the Supervisory Board is required for decisions regarding the establishment and termination of the employment of executives and employees of the internal audit unit as well as regarding their remuneration. The decisions of the Supervisory Board within this scope of competence are made by the chairman of the Supervisory Board.

2. Legal status of the members of the Supervisory Board

All members of the Supervisory Board are elected by the General Meeting. *According to the law, the Work Council has the right to nominate persons for one third* of the members of the Supervisory Board. *The General Meeting may only refuse to elect the nominees of the Work Council as members of the Supervisory Board if the nominees are disqualified from holding such position for some legal reason.* ~~One third of the members of the Supervisory Board must be elected by the General Meeting based on the nomination of the Work Council, except if the nominees are disqualified by law.~~

Members of the Supervisory Board must notify the chairman of the Supervisory Board if they are nominated as members at a company that is not a member of the Company Group, prior to accepting the nomination. The Company must notify market players of the acceptance of the nomination.

The Supervisory Board consists of ~~3~~*5*-9 members.

The members of the Supervisory Board must act with the due care that is expected from an elected official. Members are held responsible, in accordance with the general rules of Civil Law, for any damage sustained by the Company that is caused by the violation of their obligations even if the members are employed by OTP Bank Plc. Members of the Supervisory Board may not accept instructions from their employers in their capacity as such members.

The members of the Supervisory Board must keep as a business, bank or securities secret all the information that they obtain about the affairs of the Company.

The members of the Supervisory Board must issue a declaration each year regarding their fulfilment of the criteria of independence – or shall report any changes immediately to the chairman of the Supervisory Board. (The criteria of independence are set forth in Annex 1 of these rules of procedure.)

3. The chairman and deputy chairman of the Supervisory Board

The chairman and deputy chairman of the Supervisory Board are elected by the members of the Supervisory Board from their own ranks. The term of the mandate of the chairman and deputy chairman of the Supervisory Board coincides with the term of the Supervisory Board's mandate.

The meetings of the Supervisory Board are chaired by the chairman.

The deputy chairman substitutes for the chairman of the Supervisory Board if the latter is unable to fulfil his/her duties.

4. The operation of the Supervisory Board

The Supervisory Board meets ~~at least every other month~~ *at least six times a year* and performs its activities on the basis of a work plan. The working language of the Supervisory Board is Hungarian.

The meetings of the Supervisory Board are convened by the chairman. Any member of the Supervisory Board may request in writing that a meeting be convened – by designating the purpose and the reason for the meeting – from the chairman of the Supervisory Board.

The chairman of the Supervisory Board must notify the members of the Supervisory Board of the place, time and agenda of the meeting at least 8 days before the scheduled meeting.

The chairman of the Board of Directors and the head of the Staff Division must be invited to the meeting of the Supervisory Board in every case.

The chairman of the Supervisory Board may invite – with advisory right – *all the persons whose participation he/she believes to be necessary, including* the employees of OTP Bank Plc, the members of the Board of Directors as well as the auditor.

The Supervisory Board has a quorum if two thirds of its members are present. The Supervisory Board passes resolutions by open vote. Each member of the Supervisory Board has 1 vote. The Supervisory Board passes its resolutions by way of a simple majority of votes, and in the case of a tie vote, the motion is regarded as having been rejected.

The result of the vote must be recorded in minutes.

Resolutions can also be passed in writing (by fax or registered letter) if the chairman requests this type of vote in special cases and none of the members of the Supervisory Board object in writing within three days of receipt of such request.

The resolutions of the Supervisory Board must be numbered continuously with Arabic numerals together with the date.

Summary minutes must be taken of the meetings of the Supervisory Board which contains comments and the main substance of the responses, the names of the persons commenting, the draft resolution, the outcome of the vote and the decisions together with the deadlines and responsible persons, if applicable.

With respect to decisions that are made when exercising the competences assigned to the authority of the Audit Committee in Article 311 (2) of the Companies Act and Article 62 (3) of the Capital Markets Act, the vote of the independent member of the Supervisory Board must be indicated separately in the minutes, and if it concerns a matter that is on the agenda of the General Meeting, it must also be presented to the shareholders.

If requested by a member of the Supervisory Board, the opinions that depart from the passed resolution must also be recorded in the minutes of the meeting. The dissenting member of the Supervisory Board must sign below the description of the dissenting opinion upon the request of the chairman.

The minutes must be prepared within 8 days after the meeting, signed by the chairman and the keeper of the minutes and be sent – within 2 weeks – *to the members* of the Supervisory Board*, the chairman of the Board of Directors, the head of the Staff Division, and to the Hungarian Financial Supervisory Authority.* ~~Members and the persons invited to the meeting.~~

If there are errors in the minutes, they must be corrected upon the request of any member of the Supervisory Board at the next meeting.

The Chairman of the Supervisory Board – within 10 days after the meeting of the Supervisory Board – must send any such minutes, proposals and reports to the Hungarian Financial Supervisory Authority as concern agenda items discussed by the Supervisory Board that pertain to a serious violation of the Company's internal regulations or any serious breach of the regulations in respect of governance or management.

The secretarial tasks of the Supervisory Board – in cooperation with the Internal Audit Directorate – are preformed by the Company's Secretariat. Such tasks include drawing up work plans, preparing and organising meetings, sending out invitations and proposals, preparing and sending out minutes, and documenting resolutions and their implementation.

5. Using the services of an external expert

For the purpose of controlling the management, in justified cases the Supervisory Board may directly commission an external expert in order to assist it in arriving at an opinion. The management must ensure the funds required to pay for such a mandate, if necessary by modifying the budget plan. In other matters the general regulations pertaining to commitments apply.

6. Closing provisions

The General Meeting has accepted these rules of procedure set forth in a uniform structure including the amendments in its resolution ~~5~~../201~~0~~*1*.

ANNEX 1

Independence criteria in respect of board members

A member of a board is considered to be independent if he/she has no relationship with OTP Bank Plc other than his/her membership in the board.

A member of the Supervisory Board is not considered independent especially if

a) he/she is an employee or ex-employee of OTP Bank Plc, for five years after the termination of such employment;
b) he/she performs tasks on behalf and in favour of OTP Bank Plc or its senior officers for compensation in the capacity of an expert or in any other contract capacity;
c) he/she is a shareholder of OTP Bank Plc who possesses, either directly or indirectly, at least thirty percent of the eligible votes, or he/she is a close relative or companion of such person [Article 685 b) of the Civil Code];
d) he/she is a close relative of a non-independent senior officer or executive of OTP Bank Plc;
e) he/she is entitled to a pecuniary benefit in the event of the profitable operation of OTP Bank Plc on the basis of his/her membership in the Supervisory Board, or receives any other compensation from OTP Bank Plc or an affiliated company thereof in addition to his/her fee received for the membership;
f) he/she has a legal relationship with a non-independent member of the Supervisory Board in another company on the basis of which the non-independent member has the right to govern and control;
g) he/she is OTP Bank Plc's independent auditor or an employee or partner of the auditor for three years after the termination of such legal relationship;
h) he/she is a senior officer or executive in a company whose independent member of the board of directors is simultaneously a senior officer of OTP Bank Plc.

Draft resolution for the Annual General Meeting:

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

ELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS

Election of the members of the Board of Directors:

Dr. Sándor Csányi
Dr. Antal Pongrácz
Mr. Mihály Baumstark
Dr. Tibor Bíró
Mr. Péter Braun
Mr. Zsolt Hernádi
Dr. István Kocsis
Dr. László Utassy
Dr. József Vörös

Draft resolution for the Annual General Meeting:

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

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

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

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

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

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

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

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

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

ELECTION OF THE MEMBERS OF THE SUPERVISORY BOARD (AND THE MEMBERS OF THE AUDIT COMMITTEE)

Election of the members of the Supervisory Board:

Mr. Tibor Tolnay

Dr. Gábor Horváth

Mr. Pierre Lefévre

Mr. Antal Kovács

Mr. András Michnai

Dr. Márton Gellért Vági

Draft resolution for the Annual General Meeting:

The Annual General Meeting elects Mr. Tibor Tolnay to the member of the Bank's Supervisory Board until the closing AGM of the fiscal year 2013 but latest until April 30, 2014.

The Annual General Meeting elects Dr. Gábor Horváth to the member of the Bank's Supervisory Board until the closing AGM of the fiscal year 2013 but latest until April 30, 2014.

The Annual General Meeting elects Mr. Antal Kovács to the member of the Bank's Supervisory Board until the closing AGM of the fiscal year 2013 but latest until April 30, 2014.

The Annual General Meeting elects Mr. Pierre Lefévre to the member of the Bank's Supervisory Board until the closing AGM of the fiscal year 2013 but latest until April 30, 2014.

The Annual General Meeting elects Mr. András Michnai to the member of the Bank's Supervisory Board until the closing AGM of the fiscal year 2013 but latest until April 30, 2014.

The Annual General Meeting elects Dr. Márton Gellért Vági to the member of the Bank's Supervisory Board until the closing AGM of the fiscal year 2013 but latest until April 30, 2014.

APPROVING THE RENUMERATION GUIDELINES

REMUNERATION GUIDELINES OF OTP BANK PLC.

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

1. The objective of the Remuneration Policy

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

2. Effect of the Remuneration Policy

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

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

and

from the employees of OTP Bank Plc.

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

as well as,

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

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

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

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

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

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

4. The ratio of fixed and variable remuneration

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

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

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

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

* fixed honorarium
** including the heads of the regional profit centres of the network

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

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

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

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

6. Determining entitlement to variable remuneration

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

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

7. Principles and rules concerning the payment of variable remuneration

- Upon assessing the performance of the year evaluated ("T year"), the amount of performance-based remuneration is determined and broken down to the level of individuals. The amount of performance-based remuneration is determined in consideration of individual performance, as well as the ratio of fixed and variable compensation.
- Performance-based variable remuneration shall be paid out in the form of a cash bonus and a share allowance granted at a discount, at a ratio of 50-50%.

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

- The number of shares per person that may be used as a share allowance granted at a discount must be determined on the basis of the quotient of the amount of share-based performance remuneration and the value of the share allowance granted with a discount in effect at the time of performance assessment.
- The value of share allowance granted at a discounted price in effect at the time of performance assessment must be determined on the basis of the average of the daily mean quoted price of the ordinary shares issued by OTP Bank, as registered by the Budapest Stock Exchange, on the three business days preceding the date of performance assessment.
- The share allowance granted at a discounted price may contain a maximum discount of HUF 2,000 at the time of performance assessment, and the profit content per share may amount to maximum HUF 4,000 at the time of vesting the share compensation. In respect of the year assessed, the specific content of the share allowance granted at a discounted rate shall be decided upon by the Board of Directors of the Bank, within 30 days from the General Meeting closing the economic year evaluated.
- As a standard, 60% of variable remuneration shall be deferred for a period of 3 years, within which the extent of deferred payment shall be identical every year (1/3-1/3-1/3 of deferred compensation, that is, 20%-20%-20% of the total variable remuneration). Both non-deferred and deferred payment shall take place in the form of a cash bonus and a share allowance granted at a discounted price, at a ratio of 50-50% in both cases.
- Entitlement to deferred payment shall be determined in consideration of the subsequent assessment of risks. The assessment of risks takes place, on the one hand, on the basis of criteria pertaining to prudent operations – that is, in consideration of the fulfilment of the requirements concerning an amount of capital that is in excess of the minimum guarantee capital specified in the Act, and ensuring operations without the need to take advantage of the deposit insurance fund – and, on the other hand, it is linked to the activities of the persons concerned. On the basis of the assessment of risks related to the activities of the persons concerned, deferred amounts may be partially or fully reduced in case of a significant breach of the internal regulations, with special respect to those concerning risk management.

  Entitlement to deferred amounts is linked to the subsequent assessment of risks and effective employment at the time of paying out the deferred amount. Any valid deviations from the above may only be authorized in respect of managing directors (CEO, deputy CEOs) by the OTP Bank's Board of Directors. In the case of exceptional performance, deviations may be permitted in respect of bank employees in management functions and heads of the subsidiaries, on the basis of a decision made by the OTP Bank's CEO.
- 50% of the first (non-deferred) share allowance granted at a discounted price shall be retained for a period of 1 year (entitlement will be awarded, but the compensation may actually be drawn in the period between 1 June and 31 December of the year following the year in which such compensation was awarded).
- Share allowances granted at a discounted price may be vested in the period between 1 June and 31 December of the year in which they were awarded (T+1 - T+4).

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

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

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

Draft resolution for the Annual Genaral Meeting:

The Annual General Meeting approves the principles and framework of the Bank Group's remuneration policy as provided for in the annex to the minutes of the General Meeting and concurrently authorizes the Board of Directors of the Company to develop, in line with the proposal attached and approved, the detailed rules of the Bank Group's remuneration policy.

In compliance with the provisions set forth in the Act CXII of 1996 on Credit Institutions and Financial Enterprises concerning the remuneration policy, the Annual General Meeting approves the determination, in consideration of 2010 performance, and the settlement, of the performance-based remuneration of the persons affected in accordance with the principles and rules of the Bank Group's new remuneration policy approved by the present Annual General Meeting.

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

ESTABLISHING THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS, THE SUPERVISORY BOARD

The **remuneration** of the members of OTP Bank's **Board of Directors** and **Supervisory Board** is **determined by the General Meeting**. Currently, the remuneration of the members of the boards consists of a fixed monthly honorarium, in addition to which the members of the Board of Directors may receive share-based remuneration in accordance with the conditions of the option share purchase programme that was approved by the General Meeting in its resolution no. 8/2006 and amended in its resolutions nos. 7/2007 and 11/2008.

So far, in OTP Bank's practice, an n important incentive in the remuneration of the **members of the Board of Directors** was the share-based compensation, which ensured that the members have a long-term interest in implementing OTP Bank's strategic interests, increasing the share price and harmonising the interests of the governing body and the shareholders.

The complex review of the remuneration of the board members is necessary owing to the following **material changes**:

- The **share option programme that lasted from 2006 to 2010** and that was approved by the General Meeting has expired, and its **renewal** under the current terms and conditions is **not permitted by the new regulations pertaining to the remuneration policy**.

- In accordance with the amendment of the Credit Institutions Act that is related to the new guidelines of the remuneration policy, the principles of the remuneration policy are approved and reviewed by the Board of Directors. The Board of Directors receive support in this respect from the Remuneration Committee, the chairman and members of which are elected from those members of the Board of Directors who do not manage an organisational unit.
  In relation to the amendment of the Credit Institutions Act, **concerning the formulation, implementation and supervision of the remuneration policy, the tasks of the Board of Directors**, as well as **of the Remuneration Committee, which consists of the external (non-executive) members of the Board of Directors, will increase in line with the increased responsibilities of their members**.

- The **Supervisory Board is responsible** for **the implementation and supervision** of the remuneration policy, in the context of which it must review the remuneration policy at least once a year. These reviews must assess the operation of the entire remuneration system to ensure that it is functioning in accordance with its intended purpose (i.e. whether it reflects the risk profile and long-term goals and plans of the institution) and that it complies with national and international regulations, principles and standards.

  The Supervisory Board – in addition to executing a larger number of tasks owing to the changes in the statutory regulations – will also in the future take over **the tasks and competences of the Audit Committee, which will cease to operate**.

- The **requirements** stipulated in the relevant statutory regulations, EU directives and the recommendations of the supervisory authority **with respect to the adequate handling of conflicts of interest**.

In order to ensure the independent decision-making capacity of the members of the Board of Directors and the Supervisory Board and to avoid conflicts of interest, we recommend compensating **the members of these boards in the form of a fixed honorarium**. At the same time, however, the members of the Board of Directors should be given an incentive, as in the past, **to create value for shareholders**, while ensuring the application of settlement rules that provide appropriate guarantees.

Based on the above, the Bank's Supervisory Board proposes the following in respect of the remuneration of the members of the Board of Directors, and the Remuneration Committee proposes the following in respect of the remuneration of the members of the Supervisory Board:

Payment to the Board of Directors:

	Current honorarium	Proposed honorarium	
	Monthly, gross (HUF)	**Monthly, gross (HUF)**	**Monthly share allowance (no. of shares)***
Chairman of the Board of Directors	750,000	780,000	1,000
Deputy Chairman of the Board of Directors	725,000	755,000	900
Members of the Board of Directors	645,000	670,000	800

* The share allowance is settled once a year, within 30 days after the General Meeting that closes the given business year, and in respect of 50% of the shares the beneficiaries are subject to an extended holding obligation (prohibition on sale) up to the end of their mandates.

Payment to the members of the Supervisory Board:

	Current honorarium	Proposed honorarium
	Monthly, gross (HUF)	**Monthly, gross (HUF)**
Chairman of the Supervisory Board	725,000	1,500,000
Deputy Chairman of the Supervisory Board	725,000	1,300,000
Members of the Supervisory Board	580,000	1,000,000

Draft resolution for the Annual General Meeting:

The Annual General Meeting provides that starting from 1 May 2011, the members of the Board of Directors shall receive the following monthly honorarium:

Chairman of the Board of Directors — HUF 780,000 and 1,000 ordinary shares of OTP Bank Plc per month,

Deputy Chairman of the Board of Directors — HUF 755,000 and 900 ordinary shares of OTP Bank Plc per month,

Members of the Board of Directors — HUF 670,000 and 800 ordinary shares of OTP Bank Plc per month.

The share allowance is settled once a year, within 30 days after the Annual General Meeting that closes the given business year, and in respect of 50% of the shares the beneficiaries are subject to an extended holding obligation (prohibition on sale) up to the end of their mandates.

The Annual General Meeting provides that starting from 1 May 2011, the members of the Supervisory Board shall receive the following monthly honorarium:

Chairman of the Supervisory Board HUF 1,500,000,
Deputy Chairman of the Supervisory Board HUF 1,300,000,
Members of the Supervisory Board HUF 1,000,000.

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

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

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

Resolution No. 8/2010 of the Annual General Meeting has authorized the Board of Directors to the acquisition of treasury shares. This authorization expires on 31 October 2011. This mandate can be renewed according to the Companies Act.

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

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

The purposes of the authorization of the Board of Directors are as follows: to provide the necessary shares according to the Renumeration policy of OTP Bank Plc.; to ensure the possibility of rapid intervention into share-price fluctuations; to develop and maintain services provided to the Company's customers and to execute transactions aimed at optimizing the Company's equity situation.

Upon the authorization transactions can be executed on a regulated market (stock exchange) or over-the-counter (OTC). In order to avoid the concurrent existence of two authorizations Resolution No. 8/2010 of the Annual General Meeting is hereby repealed. In accordance with the law in force OTP Bank Plc. will publish all relevant data concerning treasury shares and transactions related thereto.

Draft resolution for Annual General Meeting:

The Annual General Meeting is hereby authorizes the Board of Directors to acquire treasury shares (shares issued by OTP Bank Plc) in order to provide the necessary shares for the Remuneration policy of OTP Bank Plc, to ensure the possibility of rapid intervention to restrain share-price fluctuations, to develop and maintain services provided to the Company's customers and to execute transactions aimed at optimizing the Company's equity situation.
The Board of Directors is entitled to acquire 100 HUF face value ordinary shares with the proviso that the volume of treasury shares under this authorization shall not exceed 56,000,000 shares at any time.
If the acquisition of shares is for consideration then the purchase price of the shares at each transaction shall not be lower than the face value of the shares and not be higher than 150%, of the highest price registered on the Budapest Stock Exchange on the day before the transaction with the proviso that if such transaction is executed on the Budapest Stock Exchange the purchase price shall not be higher than 120% of the closing price registered on the Budapest Stock Exchange on the day before the transaction. The Board of Directors is entitled to the acquisition of treasury shares until 31 October 2012.
Authorization granted to the board of Directors by Resolution No. 8/2010 of the Annual General Meeting is hereby repealed.