

Corporate Governance



otpbank

Senior management of OTP Bank and executive members of the Board of Directors



Dr. Sándor Csányi

Chairman & CEO

Dr. Sándor Csányi (56) graduated from the College of Finance and Accounting in 1974 with a bachelor's degree in business administration and in 1980 from the Budapest University of Economics with a degree in economics. He is an economist with a specialisation in finance, and is also a qualified pricing specialist and certified auditor. After graduation he worked at the Revenue Directorate and then at the Secretariat of the Ministry of Finance, after which he was Head of Department at the Ministry of Agriculture and Food Industry between 1983 and 1986. Between 1986 and 1989 he worked as Head of Department at Magyar Hitel Bank. He was deputy CEO of K&H Bank from 1989–92. Since 1992 he has been Chairman & CEO of OTP Bank, where he is responsible for the Bank's strategy and overall operation. He is a member of the European Board of MasterCard, one of the world's leading payment card companies, and is vice president of the Board of the Hungarian Oil and Gas Company (MOL), co-chairman of the National Association of Entrepreneurs and Employers (VOSZ). As of 31 December 2008 he owned 200,000 ordinary OTP shares (while the total number of OTP shares held by him directly and indirectly was 3,302,000).

Dr. István Gresz

*Deputy CEO
Credit Approval and Risk
Management Division*

Dr. István Gresz (56) 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, and from 22 May 2007 chairman of the Board of Directors of OTP National Health Fund. As of 31 December 2008 he held 63,758 ordinary OTP shares.

Antal Kovács

*Member of the Supervisory Board
Deputy CEO
Retail Division*

Mr. Antal Kovács (56) graduated from the Budapest University of Economics with a degree in economics in 1985. He started his professional career in 1990 at the Nagyatád branch of K&H Bank where he worked as a branch manager between 1993 and 1995. From 1995 he started working for OTP Bank Plc., first as a county director and from 1998 as the managing director of OTP Bank's South Transdanubian Region. He received additional training at the International Bankers' School and the World Trade Institute. He has been a member of OTP Bank's Supervisory Board since 2004. As of 31 December 2008 he held 33,000 ordinary OTP shares.

Dr. Antal Pongrácz

*Member of the Board of Directors
Deputy CAO
Staff Division*

Dr. Antal Pongrácz (63) graduated from the Budapest University of Economics and earned a Ph.D. in 1971. From 1969 he worked as an analyst at the Petrochemical Investment Company, then as a group manager at the Revenue Directorate until 1975. From 1976 he worked in various management positions at the Ministry of Finance. From 1986 to 1987 he was the first Deputy Chairman of the State Office for Youth and Sports. Between 1988 and 1990 he was the first Deputy CEO of OTP Bank. Between 1991 and 1994 he was the CEO, and then Chairman & CEO, of the European Commercial Bank. Between 1994 and 1998 he was the Chairman and CEO of Szerencsejáték, then in 1998–99 he served as CEO of Hungarian flagship carrier, Malév. Since 2001 he has worked as the managing director of OTP Bank's Central Management Division and more recently as Deputy CEO. He has been a member of OTP Bank's Board of Directors since 2002. As of 31 December 2008 he held 230,000 ordinary OTP shares.



Ákos Takáts

*Deputy CEO
IT and Bank Operations Division*

Mr. Ákos Takáts (49) 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, 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 2008 he held 153,347 ordinary OTP shares.

Dr. László Urbán

*Member of the Board of Directors
Deputy CEO
Strategic and Financial Division*

Dr. László Urbán (50), economist, graduated from the Budapest University of Economics with a specialisation in finance in 1982.

He has worked in the financial sector since 1995. He worked in Washington D.C. for the World Bank, and then served as ABN-AMRO Bank's director for planning and controlling.

Between 1998 and 2000 he was Deputy CEO of Business Affairs at Postabank, and from 2000–2005 he was a manager at Citigroup New York, responsible for global product development. From 2005 he served as the director of the Hungarian National Bank. Since 15 January 2007 he has been OTP Bank's Deputy CEO, and head of the Strategy and Finance Division. From 25 April 2008 he is a member of OTP Bank's Board of Directors.

As of 31 December 2008 he held 1,549 ordinary OTP shares.

László Wolf

*Deputy CEO
Commercial Banking Division*

Mr. László Wolf (49) graduated from the Budapest University of Economics in 1983. After graduation he worked at the Bank Relations Department of the Hungarian National Bank for 8 years, after which he served as head of Treasury at BNP-KH-Dresdner Bank between 1991 and 1993. From April 1993 he was managing director of OTP Bank's Treasury Directorate, and since 1994 he has been Deputy CEO of the Commercial Banking Division.

As of 31 December 2008 he held 717,640 ordinary OTP shares.

Dr. László Utassy

*Adviser to the Chairman
OTP Bank*

Dr. László Utassy (57) graduated from the Law Faculty of ELTE in 1978, and earned a further degree in economics, with a specialisation in insurance, from the Budapest University of Economics in 1995. He held various positions at the State Insurance Company and then at ÁB-AEGON Rt. between 1978 and 1995. Between 1996–2008 he was the CEO of OTP Garancia Insurance, and then its Chairman & CEO. He has been a member of OTP Bank's Board of Directors since 2001. He has been a Adviser to the Chairman since 2008. As of 31 December 2008 he held 250,000 ordinary OTP shares.

Non-executive members of the Board of Directors



Mihály Baumstark

*Chairman & CEO
Csányi Vinery Ltd.*

Mr. Mihály Baumstark (60) holds degrees in agricultural engineering and agricultural economics. He was employed by the Ministry of Agriculture and Food Industry between 1978 and 1989. Prior to leaving the Ministry he worked as deputy head of the Accounting Department. He went on to join Hubertus as its managing director, and from 1999 he was the deputy CEO, and then Chairman & CEO, of Villányi Vinery (now Csányi Vinery Ltd.). Between 1992 and 1999 he was a non-executive member of OTP Bank's Supervisory Committee, and since 1999 a non-executive member of its Board of Directors.

As of 31 December 2008 he held 50,000 ordinary OTP shares.

Dr. Tibor Bíró

*Head of Department
Budapest College of Business*

Dr. Tibor Bíró (57) graduated from the Budapest University of Economics with a degree in business administration. He was the Head of the Financial Department of the City Council of Tatabánya from 1978 to 1982. He began teaching at the College of Finance and Accounting in 1982 and has been head of department since 1992. He is a chartered public accountant and a registered auditor. He is a member of the Budapest Directorate of the Hungarian Chamber of Auditors. He has been a non-executive member of OTP Bank's Board of Directors since 1999. As of 31 December 2008 he held 47,000 ordinary OTP shares.

Péter Braun

*Electrical Engineer
Former Deputy CEO
OTP Bank*

Mr. Péter Braun (73) earned a degree in electrical engineering from the Budapest Technical University. Between 1954 and 1989 he worked for the Research Institute for Electrical Energy, with his last position there being Head of Department. After that, he was the managing director of K&H Bank, 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. He has been a member of OTP Bank's Board of Directors since 1997. As of 31 December 2008 he held 587,905 ordinary OTP shares.

Dr. István Kocsis

*CEO
Budapest Public Transport Company*

Dr. István Kocsis (57) graduated from the Budapest Technical University as a mechanical engineer, and earned his PhD from the same institution in 1985. Career highlights: 1976–1978 Budapest University of Technology, Faculty of Mechanical Engineering, Mechanical Components Department, Assistant Lecturer; 1978–1979 VEGYTERV, chief planner; 1979–1991 Budapest University of Technology, Faculty of Mechanical Engineering, Department of Structural Mechanics, Assistant Professor, 1985–1991 Faculty of Mechanical Engineering, Kármán Tódor Campus, director (part-time); 1991 FÉG Machine Factory, chief engineer; 1991–1993 Ministry of Trade and Industry, Head of Department and later Undersecretary of State; 1993–1997 State Holding Company/State Privatisation and Holding Co. (ÁV Rt/ÁPV Rt.), Deputy CEO, CEO; 1998–2000 RWE Energie, Head of Department (Germany); 2000–2001 ÉMÁSZ Rt., General Director; 2001–2002 RWE-EnBW Magyarország Kft., Director; 2002–2005 Paks Atomic Power Plant, CEO; 2005–2008 Hungarian Power Companies Ltd., CEO; from 1 September 2008 CEO of the Budapest Public Transport Company (BKV Zrt.); a non-executive member of OTP Bank's Board of Directors since 1997. As of 31 December 2008 he held 94,600 ordinary OTP shares.



Dr. Sándor Pintér

*Chairman & CEO
CIVIL Security Service Ltd.*

Dr. Sándor Pintér (61) graduated from the Police Academy in 1978 and earned a degree in law from the Law Faculty of Eötvös Loránd University of Arts and Sciences (ELTE) in 1986. From 1970 he held various positions at the Ministry of the Interior, and in December 1996 he retired as National Police Chief. Between 1998 and 2002 he was Hungary's Minister of Internal Affairs. Between 29 April 1997 and 7 July 1998 he was a member of OTP Bank's Board of Directors. Between 2003 and 2006 he was a member of OTP Bank's Supervisory Board, and since 28 April 2006 he has been a member of OTP Bank's Board of Directors. As of 31 December 2008 he held 101,350 ordinary OTP shares.

Dr. György Szapáry

*Professor
Economic Faculty
of the Central European University*

Dr. György Szapáry (70) economist, graduated from the Louvain Catholic University (Belgium) in 1961 and gained a PhD in economics there in 1966. During 1965–66, he worked at the European Commission in Brussels. From 1966 to 1990, he worked at the IMF in Washington as an analyst, senior analyst and assistant director, and during 1990–1993 he was the Resident Representative of the IMF in Hungary. From 1993 to 2007 – with a short break when he was an advisor to the Governor – he served as Deputy Governor of the National Bank of Hungary, also being member of the Monetary Council. He is the author of a book and of numerous journal articles. Currently he is visiting professor at the Economic Faculty of the Central European University, Budapest. From 25 April 2008 he is a member of OTP Bank's Board of Directors. As of 31 December 2008 he held no ordinary OTP shares.

Dr. József Vörös

*Professor
Chairman of the Board of Trustees
at the University of Pécs*

Dr. József Vörös (58), graduate of the Budapest University of Economics, 1974. In 1984 he earned his PhD in economics at the Hungarian Academy of Sciences, while the Doctor of Science degree in 1993. Between 1990 and 1993 he was the dean of the Faculty of Business and Economics, Janus Pannonius University (JPE). In 1993 he attended the Advanced Management Program (AMP) at Harvard Business School, and a special course in Operations Management at M.I.T. From 1994 he has been the professor of JPE, and was the senior Vice Rector of the University between 2003–2007, and currently is the chairman of the Board of Trustees. Since 1992 he has been a non-executive member of OTP Bank's Board of Directors. As of 31 December 2008 he held 117,200 ordinary OTP shares.

Members of the Supervisory Board*



Tibor Tolnay

*Chairman of the Supervisory Board
Chairman & CEO
Magyar Építők Ltd.*

Mr. Tibor Tolnay (58) graduated from the Budapest University of Technology with a degree in architecture and received a second degree from the Budapest University of Economics. In 1992 he was appointed CEO of Magyar Építők Ltd. 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 2008 he held 80,580 ordinary OTP shares.

Dr. Gábor Horváth

Lawyer

Dr. Gábor Horváth (53) earned a degree in law in Budapest from ELTE. From 1983 he worked for the Hungarian State Development Bank. He has been a lawyer since 1986, and since 1990 has run his own law firm, which specialises in corporate financing and corporate governance. He has been member of the Board of Directors of MOL since 1999, and a member of OTP Bank's Supervisory Board since 1995. From 27 April 2007 he is deputy chairman of OTP Bank's Supervisory Board, and chairman of the Audit Committee. As of 31 December 2008 he held 10,000 ordinary OTP shares.

Jean-Francois Lemoux

*Head of International
Groupama SA*

Mr. Jean-Francois Lemoux (61) After graduating from the school of 'Hautes Etudes Commerciales' (HEC), Jean François Lemoux, began his career in 1971 with the VIA Assurances Group, where he was successively Head of Marketing, Management Controller, Sales and Life Insurance Manager. He joined the Athena Group in 1988, first as Chief Executive of Proxima, a group life insurance specialist, then as Chief Executive of PFA Vie from 1990 to 1998, and member of the steering committee of the Group. In 1998, after GAN's acquisition by Groupama, he was appointed to the Management Board of GAN SA in charge of life and non-life business with agents and brokers. In September 2000, according to the new organisation in Groupama-Gan, he is also entrusted with common departments for non-life and distribution networks. Since July 2003, Mr. Lemoux has been appointed as Groupama's Head of International. He has been a member of the OTP Bank's Supervisory Board since 2008. As of 31 December 2008 he held 0 ordinary OTP shares.

András Michnai

*Director
Compliance Department
OTP Bank*

Mr. András Michnai (54), who represents the employees of OTP Bank, graduated from the College of Finance and Accounting. He has been an employee of the Bank since 1974, and until 1981 held a variety of posts in the branch network. From 1981 he worked as an instructor in the central network coordination department, before being appointed district deputy director and later director in the branch network. From 1994, as deputy management director, he participated in the central coordination of the branch network. Since 2005 he has headed the Bank's Compliance Department. He further expanded his professional skills, earning a masters degree at the College of Finance and Accounting, and is a registered tax advisor. From 25 April 2008 he is a member of OTP Bank's Supervisory Board. As of 31 December 2008 he held 15,600 ordinary OTP shares.

*Mr. Antal Kovács has been a member of OTP Bank's Supervisory Board since 2004.

Information for Shareholders

General company data

Date of foundation:

31 December 1990, registered by the Metropolitan Court of Budapest as Court of Registration on 28 October 1991 under company registration number 01-10-041585.

The latest Bylaws may be requested from the company or may be downloaded from the Bank's website.

Legal predecessor:

Országos Takarékpénztár, founded 1 March 1949

Registered head office of OTP Bank Plc.

H-1051 Budapest, Nádor utca 16.

Telephone: (+36-1) 473-5000

Fax: (+36-1) 473-5955

Share capital:

OTP Bank's share capital as at 31 December 2008 was HUF 28,000,001,000, consisting of 280,000,010 ordinary shares of nominal value HUF 100 each.

Ownership structure as at 31 December 2008:

Shareholder	Ownership (%)	Voting rights (%)
OTP Bank Plc.	7.0	0.0
Government held owner	0.3	0.3
Foreign institution	76.9	82.7
Foreign individual	0.1	0.1
Domestic institution	5.7	6.1
Domestic individual	10.0	10.8
TOTAL	100.0	100.0

Stock exchange listing

The ordinary shares of OTP Bank Plc. are listed on the Budapest Stock Exchange under category 'A', and the global depository receipts (GDRs) representing the ordinary shares that are traded abroad are listed on the Luxemburg Stock Exchange. (2 GDR represents to 1 ordinary shares.) Regulation S GDRs are traded on the London SEAQ International, and Rule 144A GDRs are traded in the PORTAL system. The custodian bank for OTP GDRs is the Bank of New York, and the safekeeping bank is OTP Bank Plc. (Stock exchange symbol for OTP Bank shares: OTP, Reuters: OTP.BU)

Participation and voting rights at the General Meeting

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.

Participation in the General Meeting and exercising of voting rights is subject to the following preconditions:

- the holder of the registered shares has been effectively entered into the company's Share Register;
- the voting right associated with ownership of the shares does not violate the provisions of the Company's Articles of Association, which the Company ascertains through a check following receipt of an owner's data reconciliation notice from KELER Ltd.;
- the rules on participation in the General Meeting and the exercising of voting rights on the part of GDR holders are contained in the Custody Agreement concluded between the Bank of New York and OTP Bank Plc.

Dividend

On 24 April 2009 OTP Bank Plc.'s General Meeting decided not to pay dividend after fiscal year 2008.

Announcements

OTP Bank Plc. fulfils its disclosure obligations related to corporate events and prescribed in Act CXX of 2001 on the website of the OTP Bank Plc. (www.otpbank.hu), on the website of the Budapest Stock Exchange (www.bet.hu), and on the website operated by HFSA (www.kozzetetelek.hu).

Investor relations

Institutional shareholders of OTP Bank Plc. should contact the following address if they require further information:

OTP Bank Plc. Investor Relations & DCM

H-1051 Budapest, Nádor utca 16.

Telephone: (+36-1) 473-5460

Fax: (+36-1) 473-5951

e-mail: investor.relations@otpbank.hu

Declaration on Corporate Governance practice

OTP Bank Plc.'s operation is in full compliance with the applicable laws, supervisory provisions and Budapest Stock Exchange (BSE) regulations. The structure and conditions of operation of the Company are contained in the Company's Bylaws.

Executive bodies

The executive body of the Company is the Board of Directors. The scope of the Board of Directors' authority is determined in the effective laws, the Company's Bylaws, General Meeting resolutions, and the procedural rules of the Board of Directors. The procedural rules set out the composition of the Board of Directors, the tasks relating to the preparation, implementation and drafting of resolutions at its meetings, as well as all other issues pertaining 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.

The Supervisory Board oversees the management and business operations of the Company. The Supervisory Board establishes its own procedural rules, which are approved by the General Meeting.

Supervisory Board members are elected by the General Meeting with a mandate of three years. The ratio of independent (non-executive) Supervisory Board members (3 persons) to the entire membership of the Supervisory Board (5 persons) is 60%.

In order to avoid any conflicts of interest, the General Meeting may not elect members of the

Board of Directors or their close relatives to the Supervisory Board. The rules applicable to the appointment and recall of the employee member of the Board of Directors are defined by the Works Council operating at the Company, and the Company does not consider such a member to be independent.

The Supervisory Board is responsible for the management of the internal audit function of the Company within the framework set by the Credit Institutions Act. The Supervisory Board exercises a preliminary right of consent in respect of decisions relating to the establishment and termination of the employment of, and well as the determination of the remuneration of, the managers and employees of the internal audit department.

The Board of Directors holds meetings as frequently as is necessary, or at least on eight occasions a year, while the Supervisory Board must hold at least six meetings a year. In 2008 eight Board meetings, eight Supervisory Board meetings and four Audit Committee meetings were held.

The Chairman & CEO is also obliged to call a meeting of the Board of Directors if

- the Board of Directors has passed a resolution calling for an extraordinary meeting of the Board of Directors;
- at least three Board members request it in writing, indicating the reason for the meeting and its objectives, specifying the items on the agenda, and making available a written proposal regarding the decision to be made;
- it is requested, in writing, by the Supervisory Board or the auditor;
- he is obliged to do so by the Hungarian Financial Supervisory Authority;
- pursuant to the statutory provisions, a decision must be made regarding the convening of an Extraordinary General Meeting.

A meeting must also be called 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.

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 meetings of the Board of Directors and Supervisory Board are recorded in minutes, and all resolutions are documented.

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 Board of Directors has prepared guidelines for the evaluation of the work and the remuneration of the management. The Bank has launched a share option scheme for the evaluation and encouragement of management performance, based on the fulfilment of annual and medium-term targets. The detailed conditions of the share purchase program and the expectations in terms of performance are approved by the General Meeting of the Company. The Board of Directors provides information on the annual and medium-term targets and their performance, representing the basis of evaluation, at the Annual General Meeting.

The Company has separate committees for the maintenance of the Board of Directors and the Supervisory Board: Audit Committee, Management Committee, Subsidiary Integration and Management Committee. Additionally, certain functions and tasks are performed by different permanent committees: Ethics Committee, Asset Liability Committee, Credit and Limit Committee, Product Development, Sales and Pricing Committee, Work-Out Committee, Information Management Committee, the Investment Committee and the Group-Level Risk Management Committee.

Audit

The most important reason for operating a control mechanism is to safeguard the assets of the customers and the Company, and to protect the interests of shareholders.

To ensure effective auditing the Company's internal control system is structured vertically and horizontally. The system is implemented at three interrelated, modular control levels, as well as being subdivided along departmental lines. The internal system of checks and balances is comprised of 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, and also monitors compliance with the statutory provisions. Its most important characteristic is that it functions as an independent, professional, impartial organisation, which conducts its audits at all control levels. Professional oversight of the organisation is performed, within the framework defined by the Credit Institutions Act, by the Supervisory Board.

The independent internal audit department works to an annual audit schedule, which is approved by the Supervisory Board. The annual schedule is prepared in accordance with a risk-based methodology, and besides focusing on those areas of operation that carry a regulatory, business, operating and lending risk, also takes into consideration the changes in the economic environment at any given time.

The internal audit department regularly prepares objective and impartial reports on the operation of risk management, internal control mechanisms and corporate governance functions, for the Supervisory Board and the management. In exceptional cases that require immediate intervention, the audit department has the authority to summarily perform unscheduled audits.

The scope of the internal control system also extends to the owner's audits conducted at foreign and Hungarian subsidiaries, as well as the professional supervision of the subsidiaries' own internal audit organisations. To this end, standardised internal auditing protocols pertaining to the operation and activities of group members' internal audit departments are developed, enhanced and implemented on an ongoing basis.

The Supervisory Board exercises a preliminary right of consent in respect of decisions relating to the establishment and termination of the employment, and well as definition of remuneration of the managers and employees of the internal audit organisation.

The General Meeting has the right to elect the business entity auditing the Company, and to approve the member of the audit company who will be personally responsible for the audit.

Compliance

In accordance with the regulations of the European Union and the applicable Hungarian laws, the Company has established an independent organisational unit (the Compliance Department) tasked with identifying and managing compliance-related risks. The appropriate regulatory documents, such as the compliance policy, strategy and work plan for the unit, have been adopted. Objectives of the compliance policy include determining the framework for the compliance activities regarding the entire OTP Group, and defining compliance-related objectives, as well as the duties and authority of the compliance function. The compliance strategy of the OTP Group is also an essential document related to its overall compliance policy. The compliance policy is approved by the Board of Directors. The Compliance Department prepares a comprehensive report once a year about the Bank Group's activities and position with regard to compliance, which is approved by the Bank's Board of Directors. The management of the Group is responsible for implementation of the compliance policy.

Disclosure

The Company discloses its information in strict compliance with the provisions of Act CXX of 2001 on the Capital Market (Capital Market Act) and the applicable regulations of the Budapest Stock Exchange. The Company also has an effective internal disclosure policy.

The regulations indicated above assure full, accurate and timely disclosure of all important information that may affect the Company or the price of the Company's shares and other securities. The Board of Directors discloses the Company's business and strategic targets for the current year, and its medium-term strategic plan, at each Annual General Meeting. The company discloses the proposals prepared for the General Meeting in compliance with the rules applicable to disclosure as posted on the Budapest Stock Exchange website and with the provisions of the relevant regulations of the BSE.

The Company discloses information about the professional career of the members of the Board of Directors, the Supervisory Board and the management on its website and in its annual report, in compliance with the effective legislation. The proposal for the remuneration of the chairman and members of the Board of Directors and chairman and members of the Supervisory Board is also a part of the proposals prepared for the General Meeting. The Company has detailed risk management regulations applicable to all types of risks (liquidity, market and credit risks), which are in compliance with the legal regulations on prudential banking operations. The annual report contains information on the risk management practices of the Company, the applied limits and compliance with them.

The Company has a detailed internal policy pertaining to persons that qualify as insiders and potential insiders, which is in full compliance with the limits and prohibitions regulated in detail under the effective provisions of the Capital Market Act. The Company discloses the transactions of the members of the Board of Directors, Supervisory Board and management involving the Company's shares, in compliance with the disclosure regulations, and indicates the holding of these individuals in the Company (number of shares) in its annual report.

Anti-money Laundering Measures

Money laundering is where criminals or their accomplices attempt to conceal the origins of money acquired from criminal acts by, for example, using the services of financial institutions.

In order to prevent the use of our bank for money-laundering purposes, we will do our best to ascertain the true identities of those who use our services, and OTP Bank will refuse to execute orders made by clients who fail to give evidence of their true identities in accordance with the relevant legal stipulations.

In keeping with the provisions of Act CXXXVI of 2007 on the prevention and impeding of money laundering and the financing of terrorism (hereinafter: Act on Money Laundering), OTP Bank has introduced, and applies, the following measures and rules:

- It operates an internal control and information system designed to prevent banking or financial operations that might enable, or in themselves constitute, money laundering.
- It has internal regulations, in accordance with Ministry of Finance Decree 35/2007. (XII. 29.) and the recommendations of the Hungarian Financial Supervisory Authority, that all employees of the bank must observe.
- The employees of the bank must fulfill their customer due diligence and reporting obligations.
- Compliance with the reporting obligations are not construed as a breach of bank, securities, insurance or trade secrets.
- Failure to fulfill the reporting obligation may result in prosecution under criminal law.
- OTP Bank cooperates with the criminal investigation authorities in the investigation of all circumstances suggestive of money laundering.

OTP Bank discloses the customer identification procedure applied by the bank in an Announcement posted in all rooms open for serving customers.

Corporate Social Responsibility

We regard it as our mission to pursue a corporate social responsibility practice of a high standard that meets the expectations of investors, customers and society.

Our credit institution, which will be celebrating its 60th anniversary in 2009, has, for decades, paid close attention to its environment and to the values espoused by the communities it serves. The bank positions its corporate social responsibility (CSR) activities within a structured and carefully planned framework. In full knowledge of our responsibilities in this regard, our main objective is to launch long-term programs aimed at ensuring sustainability, to make certain that we always operate in a socially responsible manner, and to support worthwhile causes, while taking full account of the opinion and needs of our stakeholders.



We continue to implement the goals that are defined in our corporate social responsibility strategy, in accordance with the CSR targets worked out for each year. Among our main objectives for 2008 was the improvement of CSR management within the bank. The activities aimed at achieving this objective are presented in detail in our Corporate Social Responsibility Report, which is also available on our website.

As part of our commitment to continuous improvement, we enable the preparation of a consolidated report that shows the performance of all group members in terms of sustainability. As compared to last year's report, in 2008 the data-gathering process was extended to include the domestic subsidiaries as well, and also in 2008, we presented the best practice of the foreign banks: moreover we were the first in the domestic financial sector to have our report certified by an external agency.

In 2008 some of our programs were aimed at enhancing the **quality of customer service**. The barrier-free conversion of branches has continued, designated play areas for children have been created in 52 of the branches, and we now use a simpler customer guidance system in order to serve our clients faster and more efficiently, and, in addition, a special product has been designed for civil organisations (the 'non-profit account package').

Another group of our programs is intended specifically to support the bank's internal operations, with some of the programs concerned aimed at **reducing our environmental load**. It was in this context that we issued a set of Environmental Regulations in 2008, that an internal campaign promoting energy saving was launched, that video conference rooms were established in our central buildings and at our foreign subsidiaries, and that we are continuously expanding the use of environmentally-friendly paper across the various departments of the bank. As a result of this latter program, last year we used recycled paper for producing reports, season's greetings and other paper products, and our goal is to ensure that from 2009 onwards the major part of our marketing publications are made from recycled paper.

Attitude formation among our staff – CSR training

OTP Bank is a major employer in Hungary that is why, the responsibility we evince towards our employees is an important aspect of our CSR commitment. The bank plays a part in the lives of thousands of people by providing them with a living and by largely determining their quality of their life.

In line with our CSR strategy we are attempting to ensure that the principle of sustainability is firmly embedded in the fabric of the company's core activities, but in order that this become an integral part of our operations, it is essential to involve our employees in our CSR initiatives. In our strategy formulated in 2007 we expressed this idea as follows: 'Our objective is for corporate responsibility to become a natural part of the thinking of the company's employees, and for the workplace environment to be such as to ensure this occurs.'

The bank is striving to create these conditions across as broad a terrain as possible, and to make available the tools that are required for it, although besides the material and other conditions that are needed, we regard the promotion of the right attitude and of responsible thinking as being equally important.

For this reason, in the bank's newsletter last year we regularly published CSR-related articles and covered the bank's main CSR-related events and initiatives. In 2008 organisations that the bank favours in its sponsorship were invited to our annual Family Day. Children and adults alike were able to gain an insight, through play, into some of the difficulties faced by their peers with special needs, and by playing together with them they were able to learn how to help such children with the daily challenges they face.

In 2008 we launched a CSR training course. The primary purpose of the training is to give all employees of the bank a comprehensive overview of OTP Bank's corporate social responsibility strategy and the steps the bank is taking to put such strategy into practice. It provides general knowledge that helps employees adopt a more purposeful way of life on the one hand,

and on the other hand, it provides the possibility to pay attention to sustainability aspects through their work, thus contributing to the successful implementation of OTP Bank's CSR strategy. We have attempted to implement this by harnessing the benefits offered by e-learning method, using clear layman's language and through as many practical and interactive exercises as possible. The training was praised by the industry as a high-quality, unique initiative and was awarded first prize for excellence at the eFestival awards ceremony. We aim to involve subsidiaries into CSR training programmes in the course of 2009.

Education – OTP Fáy András Foundation

A participant of major influence in both the economy and the social environment, OTP Bank pursues its sponsorship and social support activities with the aim of supporting, outside the scope of financial services, the highest possible number of worthwhile programs and causes that serve the interests and the needs of society as a whole.

As a market-leading company we feel obliged to help social groups that must overcome a disadvantage of some kind in order to get on in life, or that are only at the start of the path that will lead them there. For this reason, in the context of the 'OTP Chance' Program we support initiatives aimed at assisting disadvantaged or sick children, as well as the promotion of the social acceptance of persons with special needs and the education of the youth.

From a social point of view we pay particular attention to the development of economic and financial literacy among the general public, and among young people in particular. In 1992 we established the Fáy András Foundation, a non-profit organization run by OTP Bank itself, in order to provide a financial support for such programmes.

With a view to improving the quality of financial education, 2008 was the third consecutive year in which we donated **textbooks and supplementary teaching materials to the libraries of secondary**

schools that teach economics. In the context of this program, so far more than **10,000 students have received economic literature free of charge**, while 15,000 books and 100 desktop computers and laptops have been given to various libraries and 760 annual journal subscriptions made for them, in a total value of over HUF 50 million. The assistance is of great help to the schools, as it ensures some of the basic conditions they need for functioning effectively, and improves learning opportunities for all grammar-school students. In 2008 this support program was announced nation-wide and extended to all establishments of secondary education. Applications were received from almost 600 schools and we were able to support 150 of them by offering them the possibility of selecting a range of books worth a total of HUF 140,000 from a significantly extended list of technical books: this year the winning schools were able to choose from nearly 3,000 technical books.

In addition, over the past few years the OTP Fáy András Foundation has developed a special independent training course, called the BASICS Program, that provides **economics, life-skills and career-related know-how to secondary-school graduates**, and ensures that the program is available across the country by issuing a competitive tender for the course in a different county each year. This popular program utilises interactive training that teaches basic financial, economics and business concepts to young people through situational games and role plays. The schools that receive the training provide the venue for the two-day course while the trainers and teaching materials, as well as the accommodation and catering for the students, are paid for by the Foundation. Encouraged by the success of this training, in 2008 we made preparations and obtained

accreditation for **the adult-training version of the BASICS Program**. Through this training course we teach secondary-school teachers how to convey to students some basic financial and career-related know-how that the students will need in their future jobs and everyday life. By launching this country-wide train-the-trainer program we wish to increase the financial literacy and career awareness of as many students as possible.

As for the future, the bank continues to regard the optimization of the impact it exercises on the environment, the continuous improvement in the quality and composition of the services provided to customers, the increasing of employee satisfaction, and, in the case of local communities and social groups, the support of efforts aimed at the creation of equal opportunities, as tasks of strategic importance.

Every year, Accountability Rating Hungary ranks, based on international methods, companies that are providing the most noteworthy solutions to economic, social and environmental challenges. In 2008 OTP Bank ranked first in the financial sector in this respect and sixth among all Hungarian companies, thanks to the inclusion of evaluation criteria such as the emphasis the company places on the effective management of the social, economic and environmental challenges it faces, the way in which such challenges are addressed in the company's business strategy, and the extent to which stakeholders are involved in the company's decision-making processes.

In case you would like to have a better overview on our CSR activities, please take a look at the sustainability report on our homepage or contact us (csr@otpbank.hu).



Publisher: OTP Bank Plc.
Responsible editor: Investor Relations & DCM
Photo: Hamu és Gyémánt Magazin
Graphic Design: Café Design Ltd.
Production: Artemis Ltd.

