

OTP Bank Annual Report

Corporate Governance

2017



Senior management and executive members of the Board of Directors¹ of OTP Bank



Dr. Sándor Csányi
Chairman & CEO

Dr. Sándor Csányi graduated from the College of Finance and Accountancy in 1974 with a bachelor's degree in business administration and in 1980 from the Karl Marx University of Economic Sciences with a degree in economics. He is an economist with a specialisation in finance, and a 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. He has been Chairman & CEO of OTP Bank Plc. since 1992. He is a member of the European Advisory Board of Mastercard, one of the world's leading payment card companies, and is Deputy Chairman of the Board of Directors of MOL Plc., Co-Chairman of the National Association of Entrepreneurs and Employers (VOSZ), and Co-Chairman of the Chinese-Hungarian Business Council. He has been Chairman of the Hungarian Football Association (MLSZ) since July 2010, and a member of the UEFA Executive Committee since March 2015. Since April 2017 he has been a member of the FIFA Council. As of 31 December 2017 he held 605,097 ordinary OTP shares (while the total number of OTP shares held by him directly and indirectly was 2,405,097).



László Bencsik
Chief Strategy and Finance Officer
Strategy and Finance Division

In 1996, Mr. László Bencsik graduated from the Faculty of Business Administration at the Budapest University of Economic Sciences, and in 1999 he obtained a Master's in Business Administration (MBA) from INSEAD Business School in France. Between 1996 and 2000 he worked as a consultant at Andersen Consulting (now Accenture). From 2000 to 2003 he was a project manager at consulting firm McKinsey & Company. He joined OTP Bank in 2003, when he became managing director of the Bank Operations Management Directorate, and the manager with overall responsibility for controlling and planning. He has been deputy CEO of OTP Bank, and head of the Strategy and Finance Division, since August 2009. Since 13 March 2012 he has been Chairman of the Supervisory Board of DSK Bank. As of 31 December 2017 she held 34,961 ordinary OTP shares.



Tibor András Johancsik
Deputy CEO
IT and Bank Operations Division

Mr. Tibor András Johancsik graduated from the Budapest Technical University with a degree in electrical engineering in 1988, and then in 1993 earned a further degree in foreign trade business administration from the College of Foreign Trade. He began his professional career at as a researcher in the field of industrial automation at the Hungarian Academy of Sciences Institute for Computer Science and Control (MTA SZTAKI). From 1994 onwards he held management positions at the Hungarian subsidiaries of international IT development companies (ICL, Unisys, Cap Gemini). From 2001 he worked as an advisor in the fields of IT and organisational development, then from 2003, as managing director of JET-SOL Kft., he participated in the development of numerous systems in Hungary and abroad. Since 24 February 2016 he has been Deputy CEO in charge of OTP Bank's IT and Bank Operations Division. As of 31 December 2017 she held 4,510 ordinary OTP shares.

¹ The members of the Board of Directors are elected by the General Meeting for a term of five years.



György Kiss-Haypál

Deputy CEO
Credit Approval and Risk
Management Division

György Kiss-Haypál is a qualified economist. He graduated from the Budapest University of Economic Sciences in 1996. He started his career as a project finance analyst for Budapest Bank Plc., and by 2007 he had been appointed head of the bank's risk management department. Between 2002 and 2006 he also worked in Ireland as corporate credit risk portfolio manager for GE Consumer Finance, and in Austria as GE Money Bank's consumer loans portfolio manager. From 2015 he was deputy head of the Credit Approval and Risk Management Division of OTP Bank Plc., and was then appointed acting head of the Division. Since 3 May 2017, he has been deputy CEO of the Credit Approval and Risk Management Division. He has been chairman of the Board of Directors at OTP Factoring Ltd. since 1 September 2017. As of 31 December 2017 he held 6,935 ordinary OTP shares.



Antal György Kovács

Deputy CEO
Retail Division

Antal György Kovács graduated from the Karl Marx University of Economic Sciences with a degree in economics. 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 managing 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. Between April 2007 and April 2012 he was Chairman of the Supervisory Board of OTP banka Hrvatska d.d. He has been Chairman of the Supervisory Board of OTP Bank Romania SA since 12 December 2012. He has been Chairman of the Board of Directors of OTP Mortgage Bank Ltd. and OTP Building Society Ltd. since 24 April 2014. He is Chairman of the Supervisory Board of OTP Fund Management and OTP Mobile Kft. From 2004 to 14 April 2016 he was a member of OTP Bank's Supervisory Board. He has been a member of OTP Bank's Board of Directors since 15 April 2016. As of 31 December 2017 she held 23,728 ordinary OTP shares.



László Wolf

Deputy CEO
Commercial Banking Division

László Wolf graduated from the Karl Marx 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 managing director of OTP Bank's Treasury Directorate, and since 1994 he has been Deputy CEO of the Commercial Banking Division. Member of DSK Bank's Supervisory Board. He has been Chairman of the Board of Directors of OTP banka Srbija since 10 December 2010. He is Chairman of the Supervisory Board of OTP Real Estate Ltd. He has been a member of OTP Bank's Board of Directors since 15 April 2016. As of 31 December 2017 she held 597,164 ordinary OTP shares.

Non-executive members of the Board of Directors of OTP Bank



Mihály Baumstark
BSc Agricultural Business
Administration, MSc Economics

Mihály Baumstark graduated with a degree in agricultural business administration at Gödöllő University of Agriculture (1973), and went on to do a masters in economics at the Karl Marx University of Economic Science (1981). 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 Bt., and from 1999 to 2012 he was deputy CEO and then Chairman & CEO of Villányi Winery Ltd. (now Csányi Winery Ltd.). He is currently retired. 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. He has been Chairman of OTP Bank's Ethics Committee since 2010, as well as a member of its Remuneration Committee since 2011, and of its Nomination Committee since 2014. As of 31 December 2017 she held 54,400 ordinary OTP shares.



Dr. Tibor Bíró
College Associate Professor

Dr. Tibor Bíró graduated with a bachelor's degree in business administration from the College of Finance and Accountancy (1974) and received a further degree from the Karl Marx University of Economics (1978). He has been a certified auditor and chartered accountant since 1986. He was the Head of the Financial Department of the City Council of Tatabánya from 1978 to 1982. From 1982, he was a professor at the College of Finance and Accounting, and between 1990 and 2013 head of department at the Budapest Business School. Since his retirement in 2015, he has been a visiting lecturer, and working actively in his auditing and consulting company. From 2000 onwards, for a period of ten years, he was a member of the Presidium of the Budapest branch of the Chamber of Hungarian Auditors, and also worked as a member of the Chamber's Education Committee for five years. He has been a non-executive member of OTP Bank's Board of Directors since 1992. He has been a member of OTP Bank's Remuneration Committee since 2009, and of its Nomination Committee since 2014. As of 31 December 2017 she held 22,356 ordinary OTP shares.



Tamás Erdei
BSc Business Administration

Tamás Erdei graduated in 1978 with a degree from the College of Finance and Accounting. He began his professional career at OTP, in a variety of administrative roles (his last position was branch manager), before going on to work at the Ministry of Finance in the area of bank supervision. Since 1983 he has been employed by the Hungarian Foreign Trade Bank (today MKB), where he gradually worked his way up through the ranks. In 1985 he became managing director, in 1990 he was appointed deputy CEO, then in 1994 he was made CEO, and from 1997 until the end of March 2012 he was Chairman & CEO. Between 1997 and 2008, and between 2009 and 2011, he was the elected president of the Hungarian Banking Association. He is the chairman of the Supervisory Board of the International Children's Safety Service. He has been a member of OTP Bank's Board of Directors since 27 April 2012. He has been a member of OTP Bank's Risk Assumption and Risk Management Committee, and of its Nomination Committee, since 2014. As of 31 December 2017 she held 16,039 ordinary OTP shares.



Dr. István Gresa
PhD Business Administration
and Economics

Dr. István Gresa graduated from the College of Finance and Accountancy in 1974 and received a degree in economics from the Karl Marx University of Economic Sciences in 1980. He earned a PhD from the University of Economic Sciences 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 managing director of the bank's West Transdanubian Region. From 1 March 2006 until 14 April 2016 – when he retired – he was deputy CEO of the Credit Approval and Risk Management Division. Between 2006 and 2017 he was also Chairman of the Board of Directors at OTP Factoring Ltd. He has been a member of OTP Bank's Board of Directors since 27 April 2012. As of 31 December 2017 she held 143,071 ordinary OTP shares.



Dr. Antal Pongrácz
PhD Economics

Dr. Antal Pongrácz graduated from the Karl Marx University of Economic Sciences in 1969 and earned a PhD from there 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 managing director of OTP Bank's Staff Division and more recently – up until his retirement on 14 April 2016 – Deputy CEO. He has been Chairman of the Supervisory Board of OTP banka Hrvatska d.d. since 12 April 2012 and of Splitska banka since 2 May 2017. He has been a member of OTP Bank's Board of Directors since 2002. He was Deputy Chairman of OTP Bank Plc.'s Board of Directors from 9 June 2009 to 14 April 2016. As of 31 December 2017 she held 82,101 ordinary OTP shares.



Dr. László Utassy
Chairman & CEO
Merkantil Bank Zrt.

Dr. László Utassy graduated from the Faculty of Law of Eötvös Loránd University in Budapest in 1978. He held various positions at the State Insurance Company between 1978 and 1995 and then went on to work at AB-Aegon Rt. He was Chairman & CEO of OTP Garancia Insurance from 1996 to 2008. He was managing director of OTP Bank 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. He has been a member of OTP Bank's Risk Assumption and Risk Management Committee since 2014. As of 31 December 2017 she held 200,000 ordinary OTP shares.



Dr. József Vörös
Professor, academician
University of Pécs

Dr. József Vörös earned a degree in economics from the Karl Marx 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. He has been a member of the Hungarian Academy of Sciences since 2013. Between 1990 and 1993 he was the dean of the Faculty of Business and Economics, Janus Pannonius University (JPTE) in Pécs. In 1993 he attended a course in management for senior executives at Harvard University. From 1994 he was a professor at JPTE, and was the senior Vice Rector of the University from 200–2007, between 2007 and 2011 he was chairman of the Board of Trustees. He has been a non-executive member of OTP Bank's Board of Directors since 1992. He has been Chairman of OTP Bank's Remuneration Committee since 2009, and of its Risk Assumption and Risk Management Committee since 2014. As of 31 December 2017 she held 150,714 ordinary OTP shares.

Members of the Supervisory Board² of OTP Bank

Independent members:



Tibor Tolnay
Chairman
of the Supervisory Board

Tibor Tolnay graduated from the Budapest University of Technology with a degree in civil engineering in 1978 and then in economic engineering in 1983, and subsequently received a degree in economics from the Budapest University of Economics in 1993. From 1994 to 2015 he was Chairman & CEO of Magyar Építő Rt. He has been the managing director of ÉRTÉK Kft. since 1994, and a member of OTP Bank's Supervisory Board since 1992, and Chairman of the same Board since 1999. He was a member of OTP Bank's Audit Committee between 2007 and 2011, and has been again since 2014. As of 31 December 2017 he held 54 ordinary OTP shares.



Dr. József Gábor Horváth
Deputy Chairman
of the Supervisory Board
Lawyer

Dr. József Gábor Horváth earned a degree in law from Eötvös Loránd University in Budapest in 1980. From 1983 he worked for the Hungarian State Development Bank. 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. His main fields of expertise are corporate finance and corporate governance. He has been a member of the Supervisory Board of OTP Bank since 1995, and was a member of MOL Plc.'s Board of Directors between 1999 and 2014. He has been Deputy Chairman of OTP Bank's Supervisory Board since 2007. He was a member of OTP Bank's Audit Committee between 2007 and 2011, and has been again since 2014. He has been a member of the Board of Directors of INA Industrija Nafta d.d. since 2014. As of 31 December 2017 he held no ordinary OTP shares.



Dominique Uzel
Director
Groupama International SA

Dominique Uzel graduated as an agricultural development engineer, then obtained a Master's degree in agricultural and food industry management at the ESSEC Business School. He joined Gan in 1991 as head of the agricultural division. Five years later he left France to join Gan España, where he headed the subsidiary's department responsible for planning and auditing, then became technical director of the newly established Groupama Seguros. In 2008 he was appointed managing director of the insurance business, in which capacity he was instrumental in the launch and roll-out of Click Seguros, a direct marketing tool on the Spanish insurance market. In July 2010 he joined the international board of directors of Groupama S.A. as Managing Director for direct insurance, but he also continued to be responsible for the management of the direct insurance division in Spain and Poland. Since 1 October 2012 he has coordinated the international operations of Groupama. He has been a member of OTP Bank's Supervisory Board since 2013. He has been a member of OTP Bank's Audit Committee since 2014. As of 31 December 2017 he held no ordinary OTP shares.



Dr. Márton Gellért Vági
General Secretary
Hungarian Football Association

Dr. Márton Gellért Vági graduated in 1987 from the department of foreign economics at the Karl Marx University of Economic Science (today the Corvinus University of Budapest), where he also earned his doctorate in 1994. From 1987 to 2000 he was a member of the university faculty, in the capacity of associate professor and head of department from 1994 onwards. Between 2000 and 2006 he worked at the State Holding and Privatisation Co. (ÁPV Zrt.), as managing director, deputy CEO and then CEO. Between 2006 and 2010 he was Chairman of the National Development Agency. From July 2002 until 1 January 2011 he was a member of the Board of Directors of FHB Nyrt., during which period he also spent four years as Chairman of the Board. Since 2010 he has been general secretary of the Hungarian Football Association. He has been a member of the UEFA HatTrick Committee since 2011 and of FIFA's Financial Committee since 2017. He has authored or co-authored more than 80 research papers, essays and books. He has been a member of OTP Bank's Supervisory Board since 2011. He has been a member of OTP Bank's Audit Committee since 2014. As of 31 December 2017 he held no ordinary OTP shares.

² Supervisory Board members are elected by the General Meeting for a term of three years.

Employee delegates:



Ágnes Rudas
Managing Director
Presidential Cabinet Office

Ágnes Rudas, who represents the employees of OTP Bank, graduated from the College of Finance and Accounting with a degree in business economics in 1979. Certified accountant. She has worked for the bank since 1992, first as a head of department coordinating the secretarial services supporting the bank's operative activity, then from 1994 onwards she managed organisational development, process engineering and efficiency-boosting projects. From 1999 she was the director in charge of the bank's human resources activity, and since 2007 she has been a managing director. She has been head of the Presidential Cabinet Office since 2016. She has been a member of the Board of Directors of the OTP Voluntary Supplementary Pension Fund since 1 January 2008, and a member of the Supervisory Board of OTP Banka Slovensko a.s. since 12 April 2012. With effect from 15 April 2016 she is a member of OTP Bank's Supervisory Board. As of 31 December 2017 she held 145,598 ordinary OTP shares.



András Michnai
Managing Director

András Michnai graduated in 1981 from the College of Finance and Accounting with a degree in business administration. He has been an employee of the Bank since 1974, and until 1981 held a variety of posts in the branch network. Following this he held a management position in the central network coordination department before returning to work in the branch network. From 1994, as deputy managing director, he participated in the central coordination of the branch network. Between 2005 and 2014 he headed the Bank's Compliance Department as a managing director. He further expanded his professional skills, earning a Master's degree at the Budapest Business School, and is a registered tax advisor. He has been a member of OTP Bank's Supervisory Board, and representative of the Bank's employees, since 2008. He has been Secretary of OTP Bank's Employees' Trade Union since December 2011. As of 31 December 2017 she held 5,624 ordinary OTP shares.

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 2016 was HUF 28,000,001,000, consisting of 280,000,010 ordinary shares of nominal value HUF 100 each.

Ownership structure of OTP Bank Plc. as at 31 December 2017:

| Description of owner | Total equity | | | | | |
|---|---------------------------------|----------------|--------------------|----------------------|----------------|--------------------|
| | At the beginning of actual year | | | End of actual period | | |
| | % ¹ | % ² | Qty | % ¹ | % ² | Qty |
| Domestic institution/company | 20.20% | 20.47% | 56,561,346 | 20.06% | 20.28% | 56,171,016 |
| Foreign institution/company | 64.83% | 65.71% | 181,528,602 | 63.73% | 64.42% | 178,445,190 |
| Domestic individual | 4.42% | 4.48% | 12,364,400 | 3.92% | 3.97% | 10,988,183 |
| Foreign individual | 0.16% | 0.16% | 447,025 | 0.23% | 0.23% | 650,713 |
| Employees, senior officers | 0.79% | 0.80% | 2,214,853 | 0.80% | 0.81% | 2,250,991 |
| Treasury shares ³ | 1.33% | 0.00% | 3,737,768 | 1.07% | 0.00% | 3,009,046 |
| Government held owner ⁴ | 0.08% | 0.08% | 225,928 | 0.08% | 0.08% | 226,012 |
| International Development Institutions ⁵ | 0.02% | 0.02% | 49,715 | 0.03% | 0.03% | 70,502 |
| Other ⁶ | 8.17% | 8.28% | 22,870,373 | 10.07% | 10.18% | 28,188,357 |
| TOTAL | 100.00% | 100.00% | 280,000,010 | 100.00% | 100.00% | 280,000,010 |

Stock exchange listing

The ordinary shares of OTP Bank Plc. are listed on the Budapest Stock Exchange under category "Premium Equity", and the global depository receipts (GDRs) representing the ordinary shares that are traded abroad are listed on the Luxembourg Stock Exchange. (2 GDR represents 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)

The Annual General Meeting will be conducted with the personal presence of those entitled to participate. Shareholders may participate in the Annual General Meeting in person or through a proxy. OTP Bank Plc. is entitled to check the personal identity of the shareholders and their proxies on the basis of documents, prior to their admission to the Annual General Meeting.

¹ Ownership share. The data of Domestic individual and Employees, senior officers were revised for the beginning of actual year.

² Voting rights

³ From 2Q 2017 treasury shares do not include the OTP shares held by ESOP.

⁴ E.g.: State Privatization Holding Co. Ltd., Social Security, Municipality, 100% state-owned companies, Pension Reform and Debt Reduction Fund etc.

⁵ E.g.: EBRD, EIB etc.

⁶ Non-identified shareholders according to the shareholders' registry.

The authorisations relating to representation as a proxy at the Annual General Meeting must comply with the relevant provisions of Hungarian law. The authorisation must include, clearly and expressly, a statement of authorisation with respect to the proxy, a specification of the authoriser and of the proxy, and any limitations that may apply to the authorisation.

The authorisation must be issued in the form of a notarised deed or a private document of full probative force.

One representative may represent several shareholders; however, he/she must possess authorisations from every shareholder represented by him/her, either in the form of a notarised deed or a private document of full probative force. If several proxies are indicated in one authorisation, then it must be specified that, under the authorisation, each proxy may exercise his/her right of representation independently. If one shareholder is represented by several proxies, they may not vote or make statements differently from each other.

The letter of proxy may be issued as valid for one general meeting, or for a specified period, but for a maximum of twelve months. The letter of proxy – in the absence of a provision to the contrary – shall extend to a general meeting convened to continue a suspended general meeting, or a general meeting that has been reconvened due to lack of quorum.

If a shareholder is represented at the Annual General Meeting by its lawful representative (e.g. chief executive, managing director, mayor etc.), the court or company court document evidencing the right of representation – in its original form, or in the form of a copy certified as authentic by a notary public, issued not more than 30 days previously – or a certificate regarding the election of the mayor, as the case may be, must be presented at the venue of the Annual General Meeting. When providing evidence of the existence of companies (and other organisations) registered abroad, and of the right to represent the entity issuing the authorisation, it is essential that the foreign document be issued by a certified public records body or that these facts be attested by a notary public.

If the authorisation or any document submitted as evidence of the representation right was not

issued in Hungary, the form of the document must satisfy the legal regulations pertaining to the certification and/or legalisation of documents issued abroad. According to these regulations, in the absence of a bilateral international agreement to the contrary, (I) the diplomatic certification and/or legalisation of the document is needed, or (II) – if the given country is a party to the relevant international convention – the furnishing of the document with an apostille is required. According to the Subparagraph (7) of Paragraph 44 of Act LXXVIII. of 2017 on the Activity of attorney at law, diplomatic certification and/or legalisation or apostille certification is not required for full probative force of a document countersigned by an attorney which is under the scope of this Act, but signed by the parties abroad. Detailed information on the applicable rules is provided by the Hungarian foreign representation offices. If the document is written in a language other than English or Hungarian, then a certified Hungarian translation of the document must be presented.

The authorisation and the related documents must be handed over by 14:00 p.m. Budapest time on 10 April 2018 (Tuesday) at the very latest, at any of the designated OTP branches listed under section X below, or – if the proxy, based on a foreign document, is representing more than one shareholder – at the Legal Directorate of OTP Bank Plc. (H-1051 Budapest, Nádor utca 16.).

Preconditions for participation in the Annual General Meeting and for the exercising of voting rights are that:

- a) the result of the shareholder identification procedure confirms the shareholding as at the date of the shareholder identification procedure;
- b) the shareholder be registered in the Company's Share Register by the closure of the register as specified in section III of this announcement;
- c) the shareholding and/or the voting rights of the shareholder do not violate the legal regulations or the provisions of the Company's Articles of Association, and the Company shall check this circumstance.

Dividend

On 13 April 2018 OTP Bank Plc.'s General Meeting decided to pay dividend after fiscal year 2017.

Dividends will be HUF 219 per share, representing 219% of the face value of each share.

The exact amount of dividend payable to the shareholders will be calculated and paid in pursuance of the Articles of Association of the Bank, the Company will distribute the amount of dividend calculated on treasury shares to shareholders entitled to receive dividend.

Dividend payment will start on 4 June 2018 in pursuance of the procedure defined in the Company's Articles of Association.

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 the National Bank of Hungary (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.

Phone: (+36-1) 473-5460 • Fax: (+36-1) 473-5951

E-mail: investor.relations@otpbank.hu

Anti-money laundering measures

Money laundering is any act or attempted act by criminals or other persons to conceal or disguise the identity of obtained proceeds of criminal offences so that they appear to have originated from legitimate sources, for which they may try 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 would use our services and the rationale of using the services. OTP Bank will establish business relationship only with those clients who give evidence of their true identities in accordance with the relevant legal stipulations and. In keeping with the provisions of Act LIII of 2017 on the Prevention and Combating of Money Laundering and Terrorist Financing 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 the Anti-money Laundering Act, MNB Decree 19/2017. (VII. 19.) and NGM Decree 21/2017. (VIII. 3.)
- The employees of the bank must fulfil their customer due diligence and reporting obligations.
- Compliance with the reporting obligations is not construed as a breach of bank, securities, insurance or business secrets.
- Failure to fulfil 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.

With trust and responsibility for each other

Corporate social responsibility

OTP Bank helped create opportunities and supported community development with **monetary donations of over HUF 1.8 billion** in 2017. As one of Hungary's top donors, it continues to make contributions, primarily through its own foundations, towards the enrichment of culture in Hungary (Prima Primiissima Foundation), the creation of opportunities (Humanitás Social Foundation) and the development of education (OTP Fáy András Foundation).

Improving financial literacy

OTP Bank remains committed to improving financial literacy, and this topic is at the core of its CSR programmes. In 2017 almost half of its total donations, **HUF 766 million, was devoted to educational purposes**, primarily to sharing and disseminating essential financial and economic knowledge as widely as possible. The bank believes that as a market-leading financial services provider it must take part in educating young people and adults to help ensure they can make responsible financial decisions.

The international success of our OK Educational Centres

The OK Educational Centres continued to provide free training for students under the guidance of the OTP Fáy András Foundation in 2017.

The financial, economic, management and career training sessions organised at the OK Centre in Budapest and held by the institution's trainers at a number of other locations were attended by almost 17,000 students in 1,300 training cohorts, with the participants coming from 170 educational institutions. Our Nyíregyháza centre alone helped over 5,000 students develop a financial and future-conscious approach.

The Kokoa Agency, which works in close cooperation with the Finnish National Agency for Education, rated the educational activities at the OK Centre excellent based on Finnish pedagogic principles. The agency awarded the Kokoa Education Standard certificate after a two-month review, which covered 400 topics, personal interviews with teachers (OK trainers) and students, as well as statistical analyses. The Centre's training activities are tailored to the social expectations of the era and to the trends that young people are interested in, and besides this, it continuously strives to use innovative tools and improve its existing methodologies. As part of this process, it launched the **Sulibank Experience Portal** in 2016 and the **Digital Idea Contest** in the second half of 2017. The contest, with prizes totalling HUF 38 million, was aimed at finding the best digital solutions for the dissemination of financial, economic and management knowledge. The prerequisite for entry was that the idea should be digitally feasible and related to improving the financial literacy of the target group aged 12–22. The contest will end in 2018, so the results will be presented in the bank's 2018 report.

The Centre, which celebrated its 5-year anniversary in 2017, also reached a milestone in its international activity. As a result of the cooperation between Romania's "Right to Education" Foundation and OTP Bank Romania, the first educational centre abroad, **OK Centre Bucharest**, opened its doors on 5 October. The institution, modelled after the Budapest centre, is a 1,200 m² facility with 4 training rooms equipped with the latest technology, where 8 qualified trainers educate students and adults alike. The centre, which can accommodate 190 people, is suitable for medium-sized as well as larger events and charity programmes.

The OTP Fáy András Foundation had several successful international initiatives, including the first six months of the **"Financial and economic education without borders"** project. More than 1,400 students from Hungary and Slovakia attended the training sessions of the project, launched in July as a joint effort between the OTP Fáy András Foundation of Hungary and the OTP Ready Foundation of Slovakia.

The **"Career Programme – Going beyond borders"** Erasmus+ project was officially closed at the end of August. The two-year series of training sessions was attended by about 950 primary and secondary school students – 500 from Hungary and 450 from Romania. The OK Career Programme, developed by the professionals of the OTP Fáy András Foundation, provides a medium-term solution to improving the labour market opportunities of today's young people. Although the project has ended, the Career Programme will remain a permanent feature in the future training offering of both foundations.

Creating opportunities

In addition to improving people's financial literacy, OTP Bank's CSR activities remain focused on creating opportunities. It is part of OTP Bank's responsibility to society that it embraces valuable initiatives, encourages its employees to help out as volunteers, and is ready to work in partnership with members of civil society for noble goals, directing attention to social problems.

Equipment donation programme

One of the main goals of the Humanitás Social Foundation is to support those in need due to their social situation or deteriorated health in purchasing medicine, therapeutic equipment and equipment that improves their health and quality of life and in financing medical treatments. For this purpose, the Foundation – in cooperation with its founder, OTP Bank – regularly announces application schemes on its website, where private individuals can apply for grants from the foundation. Its equipment

donation programme is an improvement on the previous application system. Its purpose is to involve healthcare institutions to broaden the impact of financial assistance so that the patients of the given institution can receive a higher level of care.

For three years the foundation has donated valuable medical devices to healthcare institutions in accordance with the decision of its board of trustees. In previous years it gave the Péterfy Sándor utca Hospital and Clinic several state-of-the-art ultrasound machines, the total value of which was over HUF 20 million. This year the Bethesda Hospital received a modern respirator worth almost HUF 4 million under the donation programme. The bank contributed HUF 3 million to creating a ward at the Internal Medicine Department of the Saint Elisabeth Hospital in Jászberény. In recent years OTP Bank has donated approximately HUF 34 million worth of medical equipment and devices to hospitals in Budapest and the provinces.

Play for Prevention

OTP Bank has been a sponsor of the **"Play for Prevention"** programme of the **Hungarian Charity Service of the Order of Malta** since 2011. In 6 years the programme has reached out to almost 23,000 children in 725 of Hungary's "most disadvantaged" small communities. In December 2017 the bank pledged HUF 50 million to the organisation. The Hungarian Charity Service of the Order of Malta works in several small communities to ensure that the children living there do not have to grow up too soon, and that what they inherit from their parents is not a sense of deprivation. This is probably the most important mission of today, which started out in 2011 with five mobile playgrounds (vans) received from OTP Bank, and takes the experience of play to children big and small, as otherwise most children who come from an underprivileged background will never be able to close the gap caused by that initial disadvantage.

OTP Local Value

OTP Bank's employees have supported good and important causes through civil

initiatives, the formation of volunteer groups and personal involvement. OTP Local Value is the name of the **bank's** revamped **corporate volunteer programme**. Helping local communities and doing volunteer work remained in focus in 2017, but key areas also included improving financial awareness and supporting the under-privileged. Several new components were added to the programme, including centrally organised regional events, while keeping the internal grant application scheme,

which is particularly popular among the staff. The projects submitted under the scheme received more grant funds this year, up to HUF 150,000 per project, which is one-and-a-half times the previous amount. In the space of one month, 14 projects and 4 regional events were realised, with the participation of 488 employees.

For more information about OTP Bank's CSR principles and current programmes please visit the bank's website at www.otpbank.hu/csr.