

CORPORATE GOVERNANCE



Senior Management of OTP Bank and Executive Members of the Board of Directors

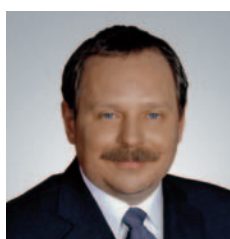


Dr. Sándor Csányi

Chairman & CEO

Dr. Sándor Csányi (53) has served as Chairman and Chief Executive Officer of OTP Bank since 1992 and is responsible for the strategy and overall operations of the Bank. Dr. Csányi has held several other senior positions in the banking sector, including Head of Department at Hungarian Credit Bank Ltd. from 1986 to 1989 and Deputy Chief Executive Officer at K&H Bank from 1989 to 1992. Before that, he worked at the Hungarian

Ministry of Finance. Dr. Csányi is a financial economist, a certified price analyst and a chartered accountant. He is a member of the board of Europay and of MOL, and holds a seat on the management committee of the Hungarian Banking Association. He owned 904,945 OTP ordinary shares as of December 31, 2005 (while the total number of OTP shares owned by him directly or indirectly was 2,774,945).

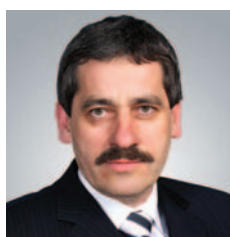


Dr. Zoltán Spéder

*Vice Chairman of the Board
of Directors, Deputy CEO
STRATEGIC AND FINANCIAL
DIVISION*

Dr. Zoltán Spéder (42) has been a member of the Board since 1991, has served as the Vice Chairman of the Board since 1995, and as the Chief Financial Officer and Deputy Chief Executive Officer of the Bank since 1996. From 1987 to 1996 he was employed at the Financial Research Institute as a research fellow

in banking and corporate finance. Between 1991 and 1992 Dr. Spéder was adviser to the Minister of Finance. Dr. Spéder has a PhD and MSc from the Budapest University of Economics. He owned 1,768,400 OTP ordinary shares as at December 31, 2005.



Dr. István Gresa

*Deputy CEO
CREDIT APPROVAL AND
RISK MANAGEMENT
DIVISION*

Dr. István Gresa (53) has served as Deputy Chief Executive Officer of the Credit Approval and Risk Management Division of OTP Bank since March 1, 2006. Dr. Gresa graduated from the College of Finance and Accounting in 1974 and from the Budapest University of Economics in 1980, where he went on to gain a PhD in 1983.

He worked at Budapest Bank from 1989 to 1993. He has been employed by OTP Bank from 1993, initially as director for Zala County and then, from 1998, as managing director of the West Transdanubian Region. He held 63,600 OTP ordinary shares as of March 1, 2006.

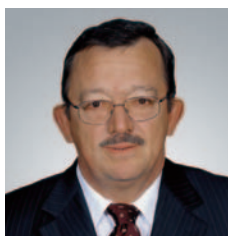


Csaba Lantos

*Member of the Board
of Directors,
Deputy CEO
RETAIL BANKING DIVISION*

Mr. Csaba Lantos (44) has been a member of the Board since 2001. He has served as Deputy CEO of OTP Bank since 2000. He was employed at Budapest Bank as a bond dealer from 1986. After that he was Head of Securities Trading at Creditanstalt Securities Ltd. until 1994 and Deputy CEO there until 1997. At the same time he served as managing director of Creditanstalt Securities Investment Fund Management Ltd.

Between 1997 and 2000 he was the CEO and Chairman of the Board of CA IB Securities. He has been a member of the Council of the Budapest Stock Exchange since 1990 and Chairman of the Board of the Central Clearing House and Depository Ltd. (KELER) since 1993. He held a total of 269,116 OTP ordinary shares as of December 31, 2005.

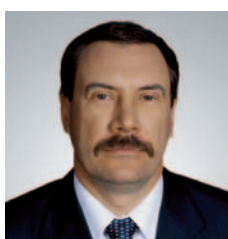


Géza Lenk

*Member of the Board
of Directors,
Deputy CEO*

Mr. Géza Lenk (59) has been a member of the Board from 2001 until April 28, 2006. He has served as Deputy CEO of OTP Bank since 2001, from March 2006 as advisor to the chairman, earlier with responsibility for managing the Bank's Credit Approval and Risk Management Division. Previously he worked at the National Bank of Hungary, and was CEO of the General Enterprise Bank until 1988. After that he served

as Chairman & CEO of K&H Bank, until 1995. From 1996 Mr. Lenk was the Vice Chairman and Deputy CEO of Trigon Bank in Vienna. From 1998 to 2000 he was the head of the MKB Leasing and Finance group, and Chairman & CEO of the company Reorg Ltd. Mr. Lenk is a graduate of the Budapest University of Economics and the International Banker's School in London. He held 159,000 ordinary shares as of December 31, 2005.

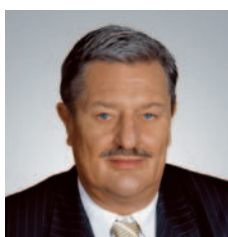


Gyula Pap

*Deputy CEO
IT AND LOGISTICS DIVISION*

Mr. Gyula Pap (48) has been a Deputy CEO at the OTP Bank since 2001, with responsibility for managing the IT and Logistics Division. Mr. Pap earned a degree in electrical engineering from Kálmán Kandó Electrical Engineering College in 1980 and a post-graduate degree in IT engineering from the College of Foreign Trade

in 1989. He has been employed at OTP Bank since 1982, where he has held a variety of positions in various areas of information technology. From 1994 to 2001 he was the Managing Director of the IT Operations Directorate. He held 361,820 OTP ordinary shares as of December 31, 2005.



Dr. Antal Pongrácz

*Member of the Board
of Directors,
Deputy CEO
STAFF DIVISION*

Dr. Antal Pongrácz (60) has been a member of the Board since 2002. He has served as Managing Director of OTP Bank, and has been Deputy CEO since 2001. From 1969 he worked as an analyst at 'Petrolkémiai Vállalat', and then as a group manager at the Revenue Directorate. From 1976 he served at various departments of the Ministry of Finance, as a manager. After that, he was deputy Chairman of the State Office for Youth and Sports. From 1988

to 1990 he served as the first Deputy CEO of OTP Bank. He was CEO and later Chairman & CEO of the European Commercial Bank Ltd. until 1994. In that year he was appointed Chairman & CEO of Szerencsejáték Rt. and then went on to serve as CEO of Hungary's flagship airline, Malév. Dr. Pongrácz has a PhD and MSc from the Budapest University of Economics. He held 222,000 OTP ordinary shares as of December 31, 2005.



László Wolf

*Deputy CEO
COMMERCIAL BANKING
DIVISION*

Mr. László Wolf (46) has served as Deputy CEO of OTP Bank, with responsibility for managing the Commercial Banking Division, since 1994. Mr. Wolf gained a degree from the Budapest University of Economics in 1983. From 1983 he was employed for 8 years at the National Bank of Hungary, in the Division

of International Banking Relations. From 1991 to 1993 he was Head of Treasury at BNP-KH-Dresdner Bank in Budapest, and from April 1993 to 1994 he served as Director of Treasury at OTP Bank. He held 811,640 OTP ordinary shares as of December 31, 2005.

Non-executive Members of the Board of Directors of OTP Bank Ltd.



Mihály Baumstark

*Member of the Board
of Directors,
Chairman & CEO
CSÁNYI VINERY LTD.*

Mr. Mihály Baumstark (57) has been a member of OTP Bank's Board since 1999 and is currently the Chairman & CEO of Csányi Vinery Ltd., a post he has held since 1999. Mr. Baumstark holds degrees in agricultural engineering and agricultural economics.

Mr. Baumstark was employed between 1978 and 1989 at the Ministry of Food and Agriculture, with his last position being Deputy Head of Accounting. He held 90,000 OTP ordinary shares as of December 31, 2005.

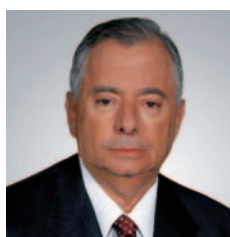


Dr. Tibor Bíró

*Member of the Board
of Directors,
Head of Department
BUDAPEST BUSINESS SCHOOL*

Dr. Tibor Bíró (54) has been a member of OTP Bank's Board since 1992, and is currently head of department at the Budapest Business School (College of Finance and Accountancy), where he has taught since 1982. Mr. Bíró has a degree in economics from the Budapest University of Economics and was head

of the Financial Department at Tatabánya City Council from 1978 to 1982. Mr. Bíró is a registered auditor and a member of the Budapest Council of the Hungarian Chamber of Auditors. He was the owner of 57,000 OTP ordinary shares as of December 31, 2005.



Péter Braun

*Member of the Board of
Directors, Electrical Engineer,
Former Deputy CEO of
OTP BANK LTD.*

Mr. Péter Braun (70) was a Deputy Chief Executive Officer and head of the IT and Logistics Division at OTP Bank from 1993 until 2001 when he was retired. He has been a member of the Board since 1997. Mr. Braun earned a degree in electrical engineering at the Budapest Technical University. Between 1954 and 1989 Mr. Braun was employed at the Research Institute for

Electrical Energy, with his last position being Head of Department. After that, Mr. Braun was the Managing Director of K&H Bank, working in its Computer and Information Centre. Mr. Braun is also a member of the Board of Directors of GIRO Ltd. He held 631,905 OTP ordinary shares as of December 31, 2005.



Dr. István Kocsis

*Member of the Board
of Directors, CEO of
HUNGARIAN POWER
COMPANIES LTD.*

Dr. István Kocsis (54) has been a member of OTP Bank's Board since 1997. Dr. Kocsis is a graduate of the Budapest Technical University and between 1991 and 1993, worked at the Ministry of Trade and Industry as Head of Department and later as Deputy Undersecretary of the Hungarian State. He served as Deputy CEO and subsequently as acting CEO at ÁPV Ltd.

from 1993 to 1996. Between 1996 and 1997 he was Deputy CEO of ÁPV Ltd. Later, Dr. Kocsis was Head of Division at RWE Energie AG., General Director at ÉMÁSZ Ltd., and the CEO of Paks Nuclear Power Plant. From 2005 he has been CEO of Hungarian Power Companies Ltd. (MVM Ltd.). He held 83,500 OTP ordinary shares as of December 31, 2005.



Dr. László Utassy

*Member of the Board
of Directors,
Chairman-CEO
OTP GARANCIA INSURANCE LTD.*

Dr. László Utassy (54) has been a member of OTP Bank's Board since 2001. He has served as Chairman & CEO of OTP Garancia Insurance Ltd. since 1996. From 1978 to 1995 he was employed at the State Insurance Company and at ÁB-AEGON Ltd. Dr. Utassy has a law degree

from ELTE University in Budapest and has a degree in economics from the Budapest University of Economics. He is the chairman of the Association of Hungarian Insurance Companies. He held 70,000 OTP ordinary shares as of December 31, 2005.



Dr. József Vörös

*Member of the Board
of Directors,
General Deputy Rector
PÉCS UNIVERSITY, FACULTY
OF ECONOMICS*

Dr. József Vörös (55) has been a member of OTP Bank's Board since 1992. Currently Dr. Vörös is the General Deputy Rector at the University of Pécs, where he has taught since 1994. Dr. Vörös gained a degree in economics from the Budapest University of Economics in 1974 and holds a PhD and DSc from the Hungarian Academy of Sciences, which he

obtained in 1984 and 1993 respectively. Dr. Vörös was Dean of the Faculty of Business and Economics at the Janus Pannonius University from 1990 to 1993. He attended a course in management for senior executives at Harvard Business School in 1993. He held a total of 130,000 OTP ordinary shares as of December 31, 2005.

Members of the Supervisory Board of OTP Bank Ltd.

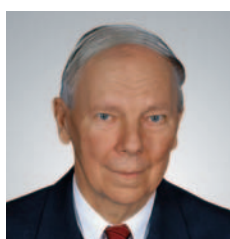


Tibor Tolnay

*Chairman of the
Supervisory Board,
Chairman & CEO
MAGYAR ÉPÍTŐK LTD.*

Mr. Tibor Tolnay (55) has been Chairman of the Supervisory Board since 1992. Mr. Tolnay is currently Chief Executive Officer of Magyar Építők Ltd., a position he has held since 1972. Mr. Tolnay earned a degree in architecture from the Technical University

of Budapest and a degree in economics from the Budapest University of Economics. He owned 120,580 OTP ordinary shares as of December 31, 2005.



Dr. Gábor Nagy

*Vice Chairman of the Supervisory
Board, Head of Codification
GROUP MINISTRY OF FINANCE,
ACCOUNTING DIVISION*

Dr. Gábor Nagy (69) has been a member of the Supervisory Board since 1991 and Vice Chairman since 1992. Dr. Nagy is a registered auditor with a degree from the Budapest University of Economics. From 1974 to 1977, he worked at the Institute for Further Education at the Ministry of Finance.

Since 1977 Dr. Nagy has worked in a variety of positions in the accounting division of the Hungarian Ministry of Finance and is currently the Head of the Accounting Division. He owned 130,000 OTP ordinary shares as of December 31, 2005.



Dr. Gábor Horváth

*Member of the
Supervisory Board,
lawyer*

Dr. Gábor Horváth (50) has been a member of the Supervisory Board since 1995. He has a law degree from ELTE University in Budapest. From 1983 to 1986 Dr. Horváth worked for the Hungarian State Development Bank. From 1986 to 1990 he worked for a legal co-operative office. Since 1990 he has

worked as a private, independent lawyer, and his clients include the Hungarian Ministry of Finance, the Hungarian State Institute for Research and the Municipality of Budapest. He held 20,000 OTP ordinary shares as of December 31, 2005.



Antal Kovács

*Member of the Supervisory
Board, Managing Director
OTP BANK LTD., SOUTH
TRANS-DANUBIAN REGION*

Mr. Antal Kovács (53) has been a member of the Supervisory Board since 2004. Mr. Kovács has a degree from the Budapest University of Economics. He began his career at K&H Bank, and was a branch manager there from 1993

to 1995. From 1995 he was employed by OTP Bank as county director, and in 1998 he was appointed regional director of the South Transdanubian Region. He held 60,000 OTP ordinary shares as of December 31, 2005.

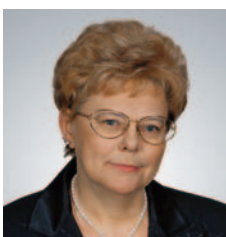


Dr. Sándor Pintér

Member of the Supervisory Board, Chairman & CEO CIVIL BIZTONSÁGI SZOLGÁLAT LTD.

Dr. Sándor Pintér (58) has been a member of the Supervisory Board from 2003 until 2006. From April 28, 2006 he is a member of the Board of Directors. Dr. Pintér has a degree from the Police Officer Training College and gained a law degree from ELTE University in Budapest in 1986. From 1970 he worked for the Home Office.

In December 1996 he retired from his position as police superintendent. From 1998 to 2002 he served as Home Secretary of the Hungarian Republic. Between 1997 and 1998 he was a member of the Board of Directors at OTP Bank. He was the owner of 12,550 OTP ordinary shares as at December 31, 2005.



Klára Vécsei

Member of the Supervisory Board, Deputy Managing Director OTP BANK LTD., NORTHERN HUNGARY REGION

Ms. Klára Vécsei (54) is a member of the Supervisory Board since 1991 and is the Deputy Managing Director of the OTP Bank's Northern Hungary Region. Ms. Vécsei joined the bank in 1970 and has held a variety of senior positions, including

Deputy Head of the Accounting and Controlling Department, and Chief Accountant. She received a degree in economics from the Budapest University of Economics. She held 11,000 OTP ordinary shares as of December 31, 2005.

Information for Shareholders

General company data

Date of establishment of OTP Bank Ltd.:

December 31, 1990, entered in the registry of the Capital Court as Court of Registration on October 28, 1991 under company registration number 01-10-041585.

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

Legal Predecessor:

Országos Takarékpénztár, established March 1, 1949

Head office of OTP Bank Ltd.:

H-1051 Budapest, Nádor utca 16.

Telephone: (+36-1) 473-5000 • Fax: (+36-1) 473-5955

Share capital

The Bank's share capital as at December 31, 2005 was HUF 28,000,001,000, consisting of 280,000,000 ordinary shares of a nominal value of HUF 100 each, and 1 voting-preference share of nominal value HUF 1,000.

Ownership structure as at December 31, 2005

	Shareholder	Ownership share
Domestic shareholders	State	1 voting-preference share
	State budgetary organisations	0.3%
	Managers and employees	3.1%
	OTP Bank Ltd.	6.5%
	Other domestic investors	4.2%
	Total domestic ownership	14.1%
Foreign shareholders	Foreign investors	85.9%
Total		100.0%

Stock exchange listing

The ordinary shares of OTP Bank Ltd. are listed on the Budapest Stock Exchange in category "A", and the global depository receipts (GDRs) representing the ordinary shares that are traded abroad are listed on the Luxembourg Stock Exchange. (1 GDR represents 2 ordinary shares.) The Regulation S GDRs are traded on the London SEAQ International. The Rule 144A GDRs are traded in the PORTAL system. The custodian bank for the OTP GDRs is the Bank of New York, and the custodian is OTP Bank Ltd. (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 bearing 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 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.;

- with respect to participation in the General Meeting and the exercising of voting rights on the part of the organisation exercising shareholders' rights on the basis of the voting-preference share (golden share) issued in favour of the Hungarian State, the general rules apply, with the proviso that, in the case of certain matters specified in the Articles of Association of OTP Bank Ltd., the consent of the holder of the golden share is required in order for the resolution to be passed;
- 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 Ltd.

Dividend

OTP Bank Ltd.'s General Meeting of April 28, 2006 passed a resolution to the effect that the extent of the dividend to be paid in respect of the 2005 financial year should be 197% of the nominal value of the shares. The actual amount of dividend payable to shareholders will be calculated and paid in accordance with the Bank's Bylaws. The preconditions for payment of dividends on the shares are as follows:

- the share ownership of the shareholder must not violate the stipulations of Act CXII of 1996 on Credit Institutions and Financial Enterprises ("Hpt.");
- the owner of the shares must have been effectively entered in the Share Register of OTP Bank Ltd.
- OTP Bank Ltd. must have details available to it that are suitable for identifying the shareholder, based on the owner's data reconciliation notice required by KELER Ltd. by the initial date of dividend payment and/or, subsequent to that, based on the owner's data reconciliation notice sent to the company by the shareholder's account managing institution(s).

After registration in the Share Register and an examination of the Share Register, OTP Bank Ltd.

will transfer the dividend to the account manager, or if the shareholder has, through the account manager, so requested, to the shareholder's bank account.

The payment of dividends on shares traded in Hungary is performed by the designated branch offices of OTP Bank Ltd. Dividend payment for GDR holders is performed through the Bank of New York.

Dividend payment date: from June 12, 2006.

Private investors who have questions regarding shares or dividends, or about resolutions passed at the General Meeting, should contact the Secretariat of OTP Bank Ltd. Telephone: (+36-1) 473-5162.

Announcements

OTP Bank Ltd. fulfils its disclosure obligations related to corporate events and prescribed in

Act No. CXX of 2001 in the publication Magyar Tőkepiac [Hungarian Capital Market] and on the website of the Budapest Stock Exchange (www.bet.hu).

Investor Relations

Institutional shareholders of OTP Bank Ltd. should contact the following address

if they require further information:

OTP Bank Ltd. Investor Relations,
1051 Budapest, Nádor utca 16.

Telephone: (+36-1) 473-5460

Fax: (+36-1) 473-5951,

e-mail: investor.relations@otpbank.hu

The address of the Bank's website

is www.otpbank.hu.

Declaration on Corporate Governance Practice⁷

OTP Bank Ltd.'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 is defined 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 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. At present, the ratio of independent Board members (three persons) within the total number of the Directors (11 directors) is 27%.

(From April 28, 2006 the share of independent members of the Board (4 persons) within the total members of the Directors (11 persons) is 36%)

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 operation of the Company. The Supervisory Board establishes its own procedural rules, which are approved by the General Meeting. The members of the Supervisory Board are elected

by the General Meeting with a mandate of three years. The ratio of independent Supervisory Board members (4 persons) within the entire Supervisory Board (6 persons) is 67%. (From April 28, 2006 the share of independent Supervisory Board members (3 person) within the entire Supervisory Board (5 persons) is 60%.)

In order to avoid any conflict 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 Supervisory Board are defined by the Works Council operating at the Company, and the Company does not consider such a member independent.

The Supervisory Board is responsible for the management of the internal audit organisation of the Company within the framework defined in 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, as well as definition of remuneration of the managers and employees of the internal audit organisation.

The Board of Directors holds meetings as frequently as necessary, or at least on eight occasions a year, while the Supervisory Board must hold at least six meetings a year. In 2005, eight Board meetings and nine Supervisory Board meetings were held.

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, request it in writing, indicating the objectives and reasons for the meeting.

⁷ Based on the Corporate Governance Recommendations (December 8, 2003) published by Budapest Stock Exchange

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 and chief executive officer, 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 performance 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 no separate committees.

Certain functions and tasks of the Audit Committee are performed by the Supervisory Board and the independent internal audit staff reporting to it based on the Credit Institutions Act, in line with the statutory provisions applicable to financial institutions. The tasks of the other committees are performed by committees which may be and have been established pursuant to the Company's Code of Organisation and Operation.

Audit

There is an independent internal audit organisation at the Company, controlled by the Supervisory Board within the framework stipulated by the Credit Institutions Act. The independent internal

audit group has an annual audit plan, approved by the Board of Directors or the Supervisory Board.

The independent internal audit group prepares regular objective and independent reports on the operation of risk management, internal control mechanisms and corporate governance functions for the Supervisory Board and the management. The Supervisory Board exercises a preliminary right of consent with regard to decisions relating to the establishment and termination of employment and to the determination of the 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.

The Board of Directors must notify the General Meeting and Supervisory Board of the Company about any other major assignment given to the auditor. Apart from that, in justified cases, the Board of Directors, the Supervisory Board and other committees of the Company may also use the services of external consultants.

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 BSE regulations. 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 securities.

The Company discloses its 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 BSE 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, Supervisory Board (monthly remuneration and option scheme) 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 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 prudent 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 for 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 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. The Company discloses the loans extended to its executive officers, as well as the enterprises in which it has an equity participation, in its annual report.

Provisions against Money Laundering

Money laundering means that services of financial institutions is used in order to conceal the true source of funds deriving from criminal activity by the perpetrator, or other individuals.

In order to avoid that OTP Bank Ltd. be used for Money Laundering activities, we do everything to establish the true identity of any person/client demanding/applying for any services from the bank, and OTP Bank Ltd. shall not perform any transaction order given by a client who does not identify him/herself pursuant to the legal regulations.

In accordance with Act No. XXIV of 1994 on the prevention and impeding of Money Laundering:

– OTP Bank Ltd. operates an internal control and information system for the purpose of preventing of banking and financial transactions enabling or realising Money Laundering.

- OTP Bank Ltd. has developed internal rules in pursuance of the recommendation of the Supervisory Authority of Financial Institutions, and all of its employees are under a legal obligation to act in accordance with the provision of these Rules.
- The employees of the Bank are to be performing their identifying and reporting obligations.
- The performance of the reporting obligations shall not be regarded as a violation of bank, securities, insurance and business secrets.
- Omission of the reporting obligation constitutes a crime punishable under the Penal Code.
- OTP Bank Ltd. cooperates with the authorities to disclose any circumstances relating to Money Laundering.

OTP Bank Ltd.'s Announcement on its client-identification procedure as set out here is available in every premises of OTP Bank Ltd. open to clients.

Commitment to Social Causes

OTP Bank is Hungary's largest and best known credit institution. Our business successes are what has earned us the enduring trust of millions of customers, shareholders, employees and society in general, which the Bank repays by undertaking a commitment to social causes, commensurate with the importance of the corporate group within the economy.

OTP Bank and society

The Bank's mission is to reach people from all age groups and social strata with its high-quality products and services, and by providing value and a high standard of service, to increase customer satisfaction, and, as modern electronic technology becomes increasingly widespread, to retain its personal relationship with customers.

The Bank's charitable and sponsorship activities also serve this purpose, by enabling us to find as many points of contact as possible, even outside the framework of financial service provision, and to strengthen our relationships with partners by supporting deserving causes, programs and events that serve the interests, endeavours and needs of society as a whole.



The Bank's charitable and sponsorship activities are founded upon the twin pillars of equal opportunities and community-building, both of which represent fundamental social values that accord with the principles of the Bank's operation.

Creating equal opportunities

OTP Bank participates in the everyday lives of Hungarian people and society, as an active helper and nurturer, by creating the opportunities that are indispensable in order to succeed in the face of the ever-higher expectations placed upon people. For this reason, in addition to its regular business operations, OTP Bank assists and empowers those in need. Within its means, the Bank supports charitable initiatives aimed at improving the chances of an individual or community, and showing the way forward. OTP Bank's sponsorship and patronage is focused on assisting disadvantaged and sick children, promoting youth education and improving the quality of life and the chances of the physically and mentally challenged, primarily through the forging of long-term cooperative partnerships, and the organisation of events and programs.

For more than a decade, OTP Bank has worked together with the International Children's Safety Service, which ensures the provision of healthcare and assistance for over 10,000 children from Hungary and abroad, and which is dedicated to supporting and improving the quality of life of children with physical and mental disabilities, and laying the foundations for their future. In the frame of the co-operation OTP Bank supports primarily the healthcare programmes of the organisation it subsidizes medical treatment of children through covering the expenses of operations and mobile dental surgery, financing the maintenance

of fosterers' network and supporting of charity events. Besides the direct financial assistance it provides to the organisation, the Bank has also succeeded in drawing the attention of its customers to the work that it performs, with the result that the amount of donations accumulated in collection boxes placed in the Bank's branches increases from year to year.

In the interests of promoting equal opportunities, OTP Bank prioritises support for the Special Olympics Hungary, the local branch of the international organisation dedicated to providing sporting opportunities for people with intellectual disabilities, because it is our firm belief that through the work of these dedicated people, with the right financial backing, it is possible to make a huge difference to the quality of life, the present and future of people with intellectual disabilities.

OTP Bank also places great emphasis on promoting the development of education in economics and finance, and forging closer relationships with institutes of higher education, in order to help ensure the next generation of finance specialists.

Through the OTP Fáy András Foundation, which has operated continuously since being established by OTP Bank in 1992, the Bank aims to expand the economic and business skills of young people, and instil in them a sense of economic culture, as well as a project-based and community approach. In 2005, groups of secondary-school students were invited to submit plans for profit-generating schemes aimed at



benefiting the community. In order to put the winning projects into practice, the foundation has embarked on an experiment unique in central Europe, at one location in Hungary and another in Transylvania, to answer the question of whether models created under hypothetical circumstances can be transplanted into real life situations, and whether the students' ideas are workable in this region.

Among the cooperative partnerships formed with institutes of higher education, one of the most prominent and exemplary is the initiative under which the Bank issued a bank card jointly with the University of Pécs, one of Hungary's largest and most academically diverse centres of learning. Cardholders are entitled to certain discounts.

The Bank donates a part of the revenue generated by the cards to the University, which means that by using the cards, students and professors can also support the University.

The Bank also considers it important to help in specific events that affect the community, which is why it also gives priority to the provision of assistance in crisis situations. Accordingly, on several occasions the Bank helped to repair damage caused by natural disasters in Hungary, Slovakia and Romania.

Community building

As the market-leading provider of retail financial services, and a financial partner of the municipalities, OTP Bank considers community building to be a vital element of its sponsorship philosophy.

The Bank treats community initiatives as an important means of preserving community values, nurturing and passing on traditions, protecting and gaining national treasures, and sharing all of these with as many people as possible.

With regard to culture, this primarily takes the form of support for events that represent quality and

values to society as a whole, and especially to the Bank's clientele. Besides national events, the Bank also patronises regional and local initiatives (such as traditional town and village fetes), thereby helping to strengthen rural culture. A range of cultural sponsorship also includes financial support for cultural festivals, concerts of classical music, as well as pop concerts and folk music events. The Bank maintains close cooperation with the most important provincial theatres, occasionally with few theatres in the capital, too. Apart from regional and national events, the Bank more often supports cross-border initiatives in neighbouring countries. Our efforts to preserve cultural values are also symbolised by the OTP Financial History Collection, work on which began in the mid-1960s, and which today contains some 30,000 items of banking documentation. The Bank treats the gathering, documenting and curatorship of the items on display – documents and other memorabilia related to the foundation and operation of the first Hungarian financial institutions, items used in banks, office equipment and decorations, engravings, photographs and posters – as a key task.

At the end of 2005, the OTP Gallery ceremoniously reopened its doors in the lobby of one of the Bank's Budapest head offices. By running the gallery the Bank maintains an exhibition space dedicated to displaying the works of outstanding contemporary Hungarian painters. OTP Bank also supports contemporary art by purchasing fine paintings. Currently, some 600 works of art hang from the walls of buildings and offices used by the Bank.

Our environment

Internal environment

OTP Bank is continuously seeking environmental means of improving energy-efficiency and waste management through its own internal operations as well.

As a result of efforts aimed at optimizing the use of energy, in 2005 the Bank realized 10% savings of energy. More than a decade ago the Bank set up its central archives that helps to properly handle, pulp and recycle the sorted out files. Besides, in 2005 the Bank launched the programme of

selective waste collection, being in place at more than half of the workplaces.

Environmental and energy-efficiency investments

In the course of both its everyday operation and its business activities, OTP Bank pays special attention to environmental considerations, since it



considers resolving environmental problems to be one of the most serious challenges of our age. As a member of the European Union, major investment is necessary in order to comply with the strict new environmental directives, and the Bank wishes to lead the way in this respect. Besides the fact that shareholder interests and common business sense demand that OTP Bank only participate in financially sound loan transactions, an important element of the Bank's lending policy is that it mainly finances investments that are environmentally friendly, or at least not damaging to the environment, and the internal regulations governing risk analysis ensure that this criterion is considered during the rating process. OTP Bank is an active participant in energy-efficiency and environmental-protection programs. Projects that serve the environment include investments aimed at rationalising energy consumption. The Bank has assumed a dominant role in the financing of energy-saving capital projects by municipalities and housing associations, and, through the provision of loans, also assists a number of ESCOs (Energy Services Companies) both in Hungary (EETEK, COHEC, CAMINUS, etc.) and abroad. Within the framework of the Infrastructure Development Credit Program, the Bank finances other local authority environmental initiatives.

Besides all this, OTP Bank also participates in the financing of renewable energy projects. In 2003 the Bank was among the first in Hungary to finance a project aimed at producing energy from renewable sources. As a result of this investment, the than largest renewable energy generating project in central-eastern Europe commenced operation in the city of Pécs. The Bank continues to seek opportunities to finance other projects contributing to environmental protection, typically the development of wind farms and biomass generating facilities.

Human resources

OTP Bank considers the trust and satisfaction of its many millions of customers to be its greatest assets, which is why its interactions with clients and business partners are characterised by trustworthy business conduct. From year to year the Bank places an increasing emphasis on the motivation and training of its employees, and strengthening their loyalty, since the quality of service and the way in which the Bank is perceived are chiefly determined by, and founded upon, the relationship between the Bank's staff and its customers and business partners.

Benefits

In 2005 the Bank began to overhaul its remuneration system, with the aim of encouraging employees to perform to the best of their abilities and acquire the requisite specialist skills, and rewarding loyalty to the Bank and the responsibilities associated with a given position. As the first stage in creation of the new incentives



system, the system for the remuneration of branch staff underwent a transformation in April of 2005. Consequently it is now possible to measure the performance of employees, and reward individual performance based on a uniform set of criteria. The new system makes it possible for outstanding employees achieve a higher income, commensurate with their performance.

OTP Bank also provides its employees with additional fringe benefits, such as substantial contributions to voluntary and private pension funds and health insurance plans, the provision of meal vouchers, housing loans and discounted current-account borrowing facilities, schooling benefits for the children of entitled employees, and a fund for compassionate assistance and the financial relief of employees in emergency situations. The provision of benefits to employees is regulated by the Collective Agreement. Some 58.6% of employees are trade union members.

Training and education

OTP Bank places particular emphasis on training its staff, both in and outside of working hours, with the aim of promoting the professional advancement and personal development of its employees. In 2005, such training accounted for 1–1.5% of overall personnel-related spending. The Bank employs a structured training system, which is based on the requirements and skills sets defined in standard job descriptions. Internal training courses focus on imparting the requisite specialist knowledge related to bank processes, IT systems and products. The training department supports the learning process through the holding of internal courses and consultations, and the provision of educational materials. In 2006 the Bank will introduce the SAP

LSO e-learning system, giving employees access to flexible and interactive learning opportunities. We also support the career and personal development of employees through participation in conferences, vocational training and post-graduate courses.

Another important element is skills-development, which promotes better performance in sales and management. The Bank regularly organises sales and management training programs, team-building sessions and in-house language courses.

Health and sport

In order to promote effective working and a healthy lifestyle, maintenance of good physical condition and the productive utilisation of free time, OTP Bank provides its employees with continuous sporting opportunities in no less than 15 different branches of sport. In the course of 2005 the Bank organised a number of popular sporting events, and twice a year the OTP Group holds national family and sports



days, as well as cultural events, for all employees and their families. In the resort and education facilities, the Bank provides holiday opportunities for its employees and their family members at preferential price levels.

Awards and accolades

In order to express its recognition and respect for its own employees, more than a decade ago the Bank founded the András Fáy Prize and the award "In Recognition of Service to OTP Bank", with which it rewards employees who display outstanding performance, on the occasion of World Savings Day.