OTP BANK PLC.

DOCUMENTATION FOR THE COMPANY'S ANNUAL GENERAL MEETING

(ENGLISH TRANSLATION)

APRIL 27, 2007

THE AGENDA OF THE GENERAL MEETING

1. Financial Reports of the Company on 2006 in accordance with the accounting law (non-consolidated report of OTP Bank according to the Hungarian accounting standards and the IFRS-based consolidated report), a proposal for distribution of after tax profit of the Bank and a report on Corporate Governance:
   - Report presented by the Board of Directors concerning the Company's 2006 business activities; presentation on the Financial Reports and proposal for distribution of after tax profit of the Bank;
   - Report of the Supervisory Board on 2006 Financial Reports and proposal for distribution of after tax profit of the Bank;
   - Report of the Bank's auditor concerning the results of the audit of the 2006 Financial Reports;
   - Decision on the approval of the report on Corporate Governance.
2. Report of the Board of Directors on the Bank's Business Policy for 2007.
3. Election of the Company's auditor, approval of the appointment of official responsible for auditing, setting the remuneration.
4. Establishing the remuneration of the members of the Board of Directors and Supervisory Board.
5. Modification of point 1-18 of the By-Laws.
6. Election of members of the Audit Committee.
7. Approval of the principles and frameworks of the long-term remuneration and incentive programme for the Company's executives, top managers and members of the Supervisory Board. Modification of the incentive programme of the management for the years from 2006 to 2010.
8. Authorization of the Board of Directors to the acquisition of own shares.

THE 2006 BUSINESS REPORT OF THE BOARD OF DIRECTORS OF OTP BANK PLC.

BASED ON NON-CONSOLIDATED AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS

THE 2006 BUSINESS REPORT OF THE BOARD OF DIRECTORS OF OTP BANK PLC. [1]

OTP Bank Plc. – despite what was in many respects an unfavourable operating environment – closed an outstandingly successful year in 2006. Through successful acquisitions and by considerably increasing the intensity of its business activity and improving its profitability, it strengthened its position among the premier banks in the region.

As at December 31, 2006 the Bank Group's **consolidated balance sheet total was HUF 7,097.4** billion – based on International Financial Reporting Standards (IFRS) – up by 36.1% or HUF 1,881.5 billion from a year earlier, and exceeding the parent company's balance sheet total of the same period by 57.5%.

The 2006 **consolidated after-tax profit** of the Bank Group – based on IFRS – was HUF **187.1** billion, 18.2% higher than in the previous year and 9.9% higher than the after-tax profit of the parent company in the year under review. In 2006 the Bank's consolidated return on average assets (ROAA) and its consolidated return on average equity (ROAE) were 3.04% and 28.0% respectively (in 2005: 3.38% and 32.3%).

In terms of its non-consolidated profits – based on Hungarian accounting standards – the parent company, the largest contributor to the consolidated balance sheet total and profits, can also look back with satisfaction on what was a highly successful year. The Bank's balance sheet total grew dynamically in 2006, exceeding the average for the Hungarian banking sector, and its after-tax profits grew by nearly 35%. In addition to a dynamic rise in revenues, the dividend income of HUF 16.3 billion from its investments also contributed to the Bank's results in 2006. Based on the absolute size of its profits, the Bank retained its leading position among the banks in Hungary, with its after-tax profits accounting for over 50% of the banking sector's aggregate total after-tax profit.

2006 was a notable year for acquisitions in the history of the OTP Group, with the Bank completing five successful takeovers during the course of the year, thus ensuring itself of a presence in no less than 9 countries of the region to date. OTP Bank purchased Russian bank Investsberbank (purchase price: USD 477.5 million) and Raiffeisenbank Ukraine (purchase price: EUR 650 million); the latter was renamed CJSC OTP following the change in ownership; further acquisitions included two Serbian banks, Kulska and Zepter banka (purchase price: EUR 118.6 and 34.2 million) and Montenegrin bank Crnogorska komercijalna banka (purchase price: EUR 104 million). In order to finance these acquisitions, the Bank sold 14.5 million of its own shares, held by the Bank Group, through an exchangeable bond transaction (ICES – Income Certificate Exchangeable for Shares). It also issued EUR 300 million in subordinated loan capital (with a 10-year maturity, at a fixed 5.27% interest rate) and completed an upper-tier 2 (UT2) bond issue at a nominal value of EUR 500 million – at a fixed interest rate of 5.875% for the first 10 years and from then on, at a floating rate with indefinite maturity. With the acquisitions completed, OTP Bank Group is now one of the leading banking groups in Central Eastern Europe, serving over 10 million customers through nearly 1,300 branches.

The Bank's excellent performance was reflected in the number of Hungarian and international awards it won, as well as in the favourable development of its share price. In 2005 several renowned international business and financial journals, such as Global Finance, Euromoney and The Banker, awarded OTP Bank the title of 'Best and Most Dynamically Growing Bank' in Hungary. The Bank's outstanding financial performance, successful cross-border expansion, huge growth potential, and uncompromised stability, as well as the quality of its services and standard of product innovation were among the reasons for their choice. 2006 was the first year in which the MasterCard-sponsored 'Bank of the Year' awards were distributed in Hungary. Of the seven awards granted by the panel of experts, OTP Bank won the awards in two categories, receiving the most coveted title of 'Bank of the Year' as well as that of 'Account-Keeping Bank of the Year'. OTP was also voted 'Most Likeable Bank of the Year' in a public survey, and the Bank's Chairman & CEO, Dr. Sándor Csányi, was elected 'Banker of the Year' by his professional peers.

[1] Based on OTP Bank Plc.'s 2006 audited financial statements. The business report contains the consolidated data of the OTP Group and the data of the subsidiaries in accordance with International Financial Reporting Standards (IFRS), and OTP Bank's non-consolidated data according to Hungarian Accounting Standards.

The rise in the price of OTP shares over the past years has significantly outstripped the typical share-price gains of most east and west European banks. Although due to unfavourable macroeconomic conditions, the price of OTP Bank's shares was unusually volatile in 2006, the Bank closed the year with its share price at an all-time high. Over the course of the year – amid a backdrop of exceptional trading volumes – the price of OTP Bank's shares rose by 25.6%, from HUF 6,967 at the end of December 2005 to HUF 8,750 by the end of 2006. Over the past years, the price of OTP Bank's shares has risen at a significantly higher rate than that of other shares on the Budapest Stock Exchange. The price of OTP shares grew by a factor of almost 93 (in forint terms) from the end of 1995 to the end of December 2006 (representing an average annual growth of 45.8%). By comparison, the BUX index rose over 16-fold (representing an average annual growth of 26.2%) during the same period – due in no small part to the performance of OTP Bank. As at the end of December 2006, the market value of the Bank's shares had risen to HUF 2,450 billion, or EUR 9.7 billion, which was 3.11 times the Bank's book value (P/BV).

THE FINANCIAL PERFORMANCE OF OTP BANK PLC. IN 2006

CONSOLIDATED FINANCIAL PERFORMANCE[2]

CONSOLIDATED BALANCE SHEET

OTP Group's consolidated balance sheet total as at December 31, 2006 was HUF 7,097.4 billion, up by 36.1%, or HUF 1,881.5 billion, on a year earlier.
The Bank's consolidated equity amounted to HUF 788.2 billion, representing an increase of HUF 240.7 billion, or 44.0%, over the previous year, and which was 17.6% higher than the Bank's equity. Equity per share (BVPS) was HUF 2,815 as at December 31, 2006.
On the ***assets*** side, cash, due from banks and balances with the National Bank of Hungary were 10.2% higher than a year earlier. Placements with other banks – due in part to the Bank's modified placement structure – grew by 37.3% from the end of December 2005, amounting to HUF 602.6 billion on December 31, 2006.

The fair value of financial assets, as recognised in the profit and loss statement, rose by HUF 62.5 billion to reach HUF 110.6 billion by the end of the year. Within this category the volume of securities held for trading purposes rose by 123.5%, to HUF 84.7 billion.

The value of securities held for sale increased by 19.3%, or HUF 79.3 billion, over the course of the year.

Loans, net of allowance for loan losses, rose by 36.2%, i.e. from HUF 3,191.3 billion on December 31, 2005 to HUF 4,347.1 billion. As at December 31, 2006, of the consolidated gross customer loan portfolio (HUF 4,474.7 billion, annual change +35.7%), the share of corporate loans was 36.0% (HUF 1,610.0 billion, annual change +34.7%), that of retail customers 59.1% (HUF 2,646.4 billion, annual change +34.6%), and loans to municipalities 4.9% (HUF 218.3 billion, annual change +60.5%). Within retail loans, housing and mortgage loans represented HUF 1,520.1 billion (annual change +24.4%), and consumer loans represented HUF 1,126.4 billion (annual change +51.5%). The share of the foreign subsidiary banks within the consolidated loan portfolio as at December 31, 2006 was 35.7% (HUF 1,648.7 billion).

The increase in the loan portfolio in the 12 months to 31 December 2006, in addition to the consolidation of the Ukrainian and the Russian banks (HUF 366 billion and HUF 215 billion respectively), was largely due to OTP Bank (corporate loans before consolidation +HUF 101.9 billion, retail loans +HUF 104.1 billion, municipality loans +HUF 79.1 billion; total +HUF 285.0 billion); DSK (corporate loans +HUF 49.5 billion, housing loans +HUF 53.3 billion; total +HUF 70.0 billion); the loan portfolio of the Mortgage Bank (+HUF 58.6 billion); the loans of Merkantil Bank (+HUF 59.7 billion), OBH (corporate loans +HUF 10.1 billion, retail loans +HUF 36.9 billion) and OBR (corporate loans +HUF 28.1 billion, retail loans +HUF 48.6 billion).

[2] Based on IFRS

79.6% of the IFRS loan portfolio was ‘problem-free’ (performing) at the end of December 2006. The share of the ‘special watch’ portfolio was 14.8%, and the share of the ‘problematic’ (non-performing) category was 5.6%, having grown by 2.0 percentage points since the previous year. The rise in the share of qualified loans was due primarily to the consolidation of the Ukrainian and Russian subsidiaries and to the differing rating regulations, which are stricter than their Hungarian equivalents. If the domestic rules were applied to these banks as well, the share of consolidated non-performing loans would be 4.5%. 59.2% of the consolidated qualified portfolio and 55.0% of the non-performing loans were recorded on the balance sheets of the Bank’s foreign subsidiaries.

IFRS consolidated risk provisions/impairment provisions was HUF 127.6 billion, and of this, HUF 121.3 billion was related to the qualified portfolio, which resulted in a coverage ratio of 13.3%. Within this, the HUF 110.4 billion set aside to cover the HUF 251 billion in non-performing loans represented a coverage ratio of 44.0%.

The portfolio of held-to-maturity securities fell by 7.4% in 2006, with the total value of such securities reaching HUF 268.3 billion on December 31.

On the **liabilities** side, deposits from customers amounted to HUF 4,232.2 billion as of December 31, 2006, up by 23.5% on a year earlier and 57.3% higher than the Bank’s portfolio. 68.8% of **customer deposits** came from retail customers, while 25.9% came from corporate customers and 5.2% from municipality customers.

The major contributor to the HUF 804.0 billion growth in deposits was the parent bank (+HUF 184 billion), DSK (+HUF 91 billion), OBH (+HUF 43 billion) and the consolidation of the Russian (HUF 254 billion) and the Ukrainian (HUF 149 billion) subsidiaries. The share of the foreign subsidiaries in the aggregate deposit portfolio grew from 24.6% to 34.2% in 2006.

The portfolio of **issued securities** grew by 43.8% over the year, to HUF 781.3 billion. The growth was attributable mainly to the issuance of EUR 750 million in mortgage bonds by OTP Mortgage Bank.

CONSOLIDATED RESULTS

OTP Bank’s consolidated **after-tax profit** for 2006 – based on IFRS – was HUF 187.1 billion, which was 18.2% or HUF 28.2 billion more than the figure for 2005.

In 2006 the Group’s consolidated **net interest income** was HUF 355.9 billion, which translates to a growth for the year of 19.8%.

Provisions were 1.8% higher in 2005 than in the same period of the previous year, and amounted to HUF 28.6 billion. The ratio of provisions to the average gross loan portfolio was 0.73% (compared to 0.85% in 2005). The reason for the decrease was the ongoing revision and one-off release of impairment (loan loss) provisions – generated based on projected recovery rates – that were sold as part of the Basel II project.

The interest margin on the average balance sheet total (HUF 6,156.7 billion) calculated on the basis of the end-of-period data was 5.78% in 2006, down by 56 basis points relative to 2005. Based on calculations that exclude the impact of swap transactions on interest income, the gross interest margin was 5.24% in 2006, or 96 basis points lower than in 2005.

Non-interest income was 12.1% higher than in 2005, and amounted to HUF 242.7 billion. Fees and commissions received rose by 22.0%, to HUF 145.0 billion. Consolidated fee and commission expenses increased by 61.1% in 2006. Net fees and commissions amounted to HUF 112.9 billion, representing a 14.1% increase over 2005.

The net result of securities trading was a gain of HUF 6.9 billion, as compared with HUF 9.7 billion in 2005. The net exchange rate loss amounted to HUF 11.9 billion, compared with a HUF 3.9 billion gain in 2005. Real estate transactions resulted in a profit of HUF 1.3 billion at consolidated level. Insurance premium revenues amounted to HUF 75.6 billion in 2006, which was 8.3% higher than in 2005. Compared to 2005, insurance expenses grew by 4.1%. The net profit on insurance transactions grew by 29.7% compared to 2005, to HUF 14.7 billion. Other revenues were HUF 24.9 billion – 85.2% higher than in the previous year.

Non-interest expenses, amounting to HUF 351.5 billion, were 19.7% higher than in 2005. Within this, consolidated personnel expenses were 12.1% higher than in the previous year. Depreciation rose by HUF 4.6 billion relative to 2005, to HUF 26.5 billion. Other expenses grew by 27.7%, to HUF 125.3 billion. In 2006, non-corporate taxes represented an expense of HUF 32.8 billion – HUF 5 billion, or 18.1%, more than in 2005. Of this total, the HUF 11.2 billion in ‘special tax’ imposed on credit institutions and financial enterprises (tax on net interest income) was recognised among other expenses (in 2005: HUF 10.2 billion).

The Bank’s consolidated cost-to-income ratio in 2006 was 56.4%, 95 basis points higher than in the previous year.

Consolidated return on average assets **(ROAA)** was 3.04% (in 2005: 3.38%) and consolidated return on average equity **(ROAE)** was 28.0%, which was 4.2 percentage points lower than that of the previous year. Basic net earnings per ordinary share (**basic EPS**) were HUF 722, up by HUF 118 on the 2005 figure, while **diluted EPS** was HUF 714 (in 2005: HUF 599).

NON-CONSOLIDATED FINANCIAL RESULTS[3]

OTP Bank remains the largest bank in the Hungarian banking sector: its **balance sheet total** of HUF 4,470.6 billion represents 20.0% of the total assets of the banking sector. The HUF 874 billion, or 24.3%, growth in the Bank’s balance sheet total during 2006 represents a significant, 17.8%, growth in real terms, and one which exceeded the growth rate of the Hungarian banking sector (20.2%). The Bank’s market share – with its Hungarian subsidiaries included – of the balance sheet total of the credit institution system was 24.7% at the end of 2006.

In 2006, the share of **receivables from customers within the Bank’s assets** reached 39.8%, due to an expansion of 19.9%, or HUF 295.6 billion, in the portfolio.

Receivables from credit institutions represented 14.7% of the Bank’s assets at year-end 2006, with the portfolio of these receivables having increased by more than 70% over the course of the year, to HUF 657.6 billion.

The share of **government securities** within the Bank’s portfolio continued to decrease compared to the previous year (from 9.1% to 5.9%). The portfolio stood at HUF 262.5 billion at the end of December 2006 – HUF 65.1 billion, or 19.9% less than at the end of the previous year. Simultaneously with a growth in third-party issuances, the share of mortgage bonds issued by OTP Mortgage Bank fell from 14.8% to 11.2% in the Bank’s portfolio, with the total portfolio of such bonds reaching HUF 499.8 billion at the end of 2006. Among the Bank’s assets, **liquid assets** grew by HUF 50.1 billion, amounting to HUF 429.3 billion at the end of December 2006, and representing 9.6% of total assets. Due to the acquisitions in 2006, investments in subsidiaries rose by HUF 150.0 billion, to HUF 299.2 billion, of which the value of participations in other credit institutions amounted to HUF 222.2 billion.

The major share of the Bank’s **funding sources** continued to be customer deposits, which represented 60.1% of total liabilities as at year-end 2006. Total customer deposits reached HUF 2,685.0 billion, surpassing the previous year’s figure by HUF 201.8 billion, or by 8.1%.

Interbank borrowing represented 12.5% of the Bank’s liabilities at the end of 2006, having risen by HUF 303.6 billion to HUF 557.9 billion. The portfolio of securities issued by the Bank fell by 5.9% to HUF 228.2 billion in 2006, representing 5.1% of total liabilities at year-end.

Within the Bank’s liabilities, the volume of provisions increased from HUF 34.1 billion at year-end 2005 to HUF 63.3 billion in 2006. In accordance with the stipulations of the Credit Institutions Act, the Bank

[3] Based on Hungarian Accounting Standards

set aside the full amount of the general risk reserve, the amount of which rose, compared to a year earlier, by 33.3%, and amounted to HUF 34.2 billion at end the end of 2006. The portfolio of provisions generated for contingent and future liabilities grew by 35.6%, to HUF 10.7 billion. The total of other provisions rose by HUF 17.9 billion in the course of the year, and amounted to HUF 18.4 billion at year-end. Of this total, HUF 14.8 consisted of the provisions set aside in connection with the ICES issuance, i.e. the swap transaction for the exchange of future dividend and interest cash flows.

As of December 31, 2006, the **equity** of OTP Bank amounted to HUF 553.2 billion, representing a growth of 35.7% year on year. The HUF 145.6 billion increase is the net result of the HUF 18.6 billion growth in the general reserve, the HUF 107.6 billion increase in the profit reserve, the HUF 38.6 billion reduction in the allocated reserve and the balance sheet profit for the year of HUF 127.5 billion. Equity per share, with a nominal value per share of HUF 100, was HUF 1,976.

As of year-end 2006 – due to the sale of own shares in connection with the ICES issuance – the balance of treasury shares fell from HUF 40.8 billion in 2005 to HUF 1.7 billion.

The **guarantee capital** of the Bank on December 31, 2006 was HUF 270.2 billion, and its adjusted balance sheet total was HUF 2,734.0 billion.

As of December 31, 2006, the **solvency ratio** calculated according to Hungarian regulations was 9.88%, which is well in excess of the 8% required by the Credit Institutions Act. The 2006 pre-tax profit of the Bank was HUF 212.5 billion, HUF 51.3 billion, or 31.8%, higher than that of the previous year.

With an effective tax rate that was lower than that of 2005 (down from 14.2% to 12.4%), the Bank's **after-tax profit** was HUF 186.2 billion, representing a HUF 47.8 billion, or 34.6%, increase over the previous year.

After setting aside general risk provisions of HUF 18.6 billion and generating a dividend reserve equal to 144% of the nominal value of all shares outstanding (HUF 40.3 billion), **the balance sheet profit** of OTP Bank for the year 2006 amounted to HUF 127.2 billion. The HUF 40.3 billion dividend reserve represents a 22% dividend-payment to after-tax profit ratio. The dividend-payment ratio compared to the after-tax profit (HUF 136.7 billion) net of the direct (HUF 27.5 billion) and indirect (HUF 21.9 billion) one-off effect of the ICES transaction was 30%.

RESULTS AT INSTITUTIONAL AND DIVISIONAL LEVEL

RETAIL DIVISION

OTP Bank continues to be the largest player in Hungary's retail banking market. At the end of 2006 the OTP Bank Group had a market share – based on the combined balance sheet total of financial institutions – of 32.4% in household forint deposits (OTP Bank: 30.3%) in the credit institution sector, and 34.4% in household loans (OTP Bank: 12.2%).

Retail deposits

By year-end 2006, the volume of retail deposits placed with the Bank had reached HUF 1,812.6 billion, which represents a 3.1% decrease over the previous year's figure.

Within retail deposits, forint deposits amounted to HUF 1,493.3 billion in December of 2006, representing a decrease of 7.4% relative to year-end 2005. This gave OTP Bank a share of 29.5% in household forint deposits (OTP Group: 32.0%). Within retail deposits, the share of current account deposits, which are treated as a key product line and which amounted to HUF 1,186.1 billion in December 2006, was 79.4%, which represents a 5.0 percentage point decrease compared to December 2005. The Bank's share of demand deposits in the banking sector remained outstandingly high, standing at 43.2% in December 2006. The total value of passbook deposits was HUF 273.7 billion as at December 31, 2006, accounting for 18.3% of forint deposits.

Foreign currency deposits rose dynamically, by 23.7%, or HUF 61.3 billion in 2006, and thus, by the end of 2006, the portfolio had reached HUF 319.3 billion. As a result, the share of FX deposits within the total portfolio of retail deposits was 17.6% in December 2006, compared to 13.8% a year earlier. The rise in the portfolio was also attributable to changes in foreign exchange rates. The share of the OTP Bank Group in household FX deposits had reached 35.0% by December 31, 2006.

Bank card business

As at December 31, 2006, the number of cards issued by the Bank was nearly 4,046,400, a 5.7% increase (representing 216,500 cards) over the previous year's figure.

At year-end 2006, the number of debit and credit cards issued in the retail division was close to 3,870,400, representing a rise of 4.2%, or 155,500 cards, compared to the number at year-end 2005.

Of this, the number of conventional retail debit cards in circulation as of December 31, 2006 exceeded that of a year earlier by 97,500, or 2.8%, and had thus grown to more than 3,520,700. The number of the highly popular Multipont debit cards was 448,400 at the end of 2006. The number of conventional credit cards issued by the Bank had surpassed 9,600 by December 2006.

OTP Bank's credit cards continue to be extremely popular: on December 31, 2006, their number exceeded 241,000, representing an 81.4% increase over the previous year. A significant portion of this increase was attributable to the Amex Blue cards, as the number of this type of card rose by nearly 97,600, or 190%, during the course of 2006.

OTP Bank's credit card portfolio expanded further in 2006: every time a purchase is made using an OTP-BOM credit card issued jointly by the Budapest Olympic Movement (BOM) and OTP Bank, HUF 5 is donated to support the work of the BOM, which is aimed at ensuring that the Olympic Games will be hosted in Hungary. Also issued in 2006 was the Vodafone Credit Card.

In 2006 OTP Bank issued MasterCard unembossed replacement cards to its domestic Bankpont corporate and Bankpont municipal card-holding customers. The new card can now also be used abroad. The number of business cards (excluding the distorting effect on the December figures of the replacement of the Bankpont cards) increased by 9.7%, or by 11,200 cards, with some 126,200 cards thus in circulation as of December 31, 2006.

While at the end of 2005 domestic corporate and business cards accounted for approximately three-quarters of all issued business cards, this share fell, due to the replacement of the Bankpont cards, to around 14%. In December 2006 the number of Széchenyi Cards exceeded 8,200. As part of its efforts to expand its product offering to micro-businesses and small enterprises, in 2006 OTP Bank launched a business credit card, with over 800 of these new cards having been issued by the end of December.

Due in large part to the purchase of the Euronet network, OTP Bank's ATM network grew dynamically in 2006, by nearly 26% or an additional 387 machines, and thus, at the end of December, the Bank was operating a total of 1,887 ATMs for the convenience of its customers. In 2006, 78.2 million transactions were performed using the Bank's own ATM network, in a total value of HUF 2,403.6 billion. This latter figure represents a growth of 9.9% compared to 2005. In the course of 2006, the Bank's customers conducted nearly 71.7 million transactions using cards issued by OTP Bank, in a total value of HUF 2,099.8 billion. On the acceptor side, the Bank's revenues increased by 19.7% compared to the previous year, to HUF 13.9 billion, while the average value of transactions increased from HUF 28,700 to HUF 30,700.

By December 31, 2006 the number of POS terminals had increased by 8.7%, that is, by 1,750 terminals, to reach a total of 27,295. Of these, the Bank operated 3,457 in its own branches, 18,902 at commercial outlets and 4,936 at post offices. The number of POS terminals at commercial outlets grew by 10.1% over the course of 2006. Some 83.3 million transactions were made on the Bank's own commercial POS terminals in 2006, in a total value of HUF 703.7 billion, which represents a growth of 32.4% and 33.7% respectively compared to the year-end figure of 2005. The number of POS transactions performed with cards issued by OTP Bank increased by 23.7%, to reach 61.9 million, while total transaction volume rose by 25.4% compared to 2005, reaching a value of HUF 470.4 billion in 2006.

Electronic services

With regard to customers who use telephone-based customer services, the Bank commands one-third of the market; in the case of those that bank over the internet, its market share was an average of around 45% for the year, while it serves more than half of all customers that use mobile phone-based services.

The number of customers with contracts for the use of the Bank's electronic channels continued to increase in 2006 – as it had in previous years. The number of OTPdirect customers rose by one third from the year-end 2005 figure, to approach 1.3 million in December 2006. As of December 31, 2006 the number of customers using the telephone help desk service was nearly 886,000, within which the number of retail customers grew by a particularly notable 17.4%. Some 892,000 customers were using the mobile phone-based services at the end of 2006, which represented a dynamic increase of 58.9% over the previous year. The internet service was being used by some 552,000 customers at the end of 2006, with the number of retail customers using the service having grown by 34.1% during the course of the year. The total number of SMS messages sent had grown by 46.7% by the end of 2006, approaching some 127.3 million, while the number of internet transactions increased by 37.4% in 2006, reaching a total for the year of 19.3 million by December.

OTP Bank regards the maintenance of its market-shaping role in the area of electronic channels as being of the highest priority, and therefore regards the on-going development of its e-channels and the provision of what is now a customary high level of security as being of the utmost importance. As in previous years, the Bank developed its services accordingly in 2006: a new e-channel, the Active Mobile Bank service, was launched, and together with the general upgrading of the internet banking interface, the securities-related functions were extended, an online application facility for mobile-phone and WAP services was added to the internet banking functions, while the 'Bill Payment' screen is now linked to an electronic bill payment system that makes it possible to receive and settle e-invoices from a growing number of service providers. Another convenient new feature enables customers to manage their account groups online, while corporate clients can now also manage accounts with multiple signatories over the internet. To accompany the overall redesign of the OTP portal, a new function was introduced in 2006 that allows customers to apply for credit cards and mortgage loans via the website. At the same time, the Bank pressed ahead with its Information Call Centre Project, and as a part of this OTP Bank's new call centre in Zalaegerszeg has begun operating. By relieving the branch operatives of some of their workload, this development has significantly increased the time available for selling activity at the branches, while ensuring continuous availability and a high level of service to customers over the telephone.

Retail loans

The Bank's retail loan portfolio at the end of December 2006 stood at HUF 563.5 billion, 22.5% higher than at year-end 2005, which was essentially due to an increase of 127% in the volume of foreign currency-based loans.

After a temporary halt experienced in the previous year, the growth in demand for housing loans picked up again in 2006, with the already predominant demand for foreign currency-based home loans increasing further.

In 2006 OTP Bank expanded its offering and strengthened its competitiveness through several product developments and promotional campaigns. During the course of the year it launched an exchange-rate guarantee service for its CHF-based loans, a product unique on the market, an FX-based loan with fixed instalments in HUF, loan repayment insurance, a preferential product package for customers whose salaries are transferred to an account at the Bank, a fast loan with 3-day appraisal for loans of under HUF 3 million, and, at the end of the year, a mortgage-loan insurance product.

The housing loan portfolio had grown by 18.4%, or HUF 248.8 billion, by the end of 2006. FX-based and subsidised HUF home loans in a total value of HUF 124.4 billion were transferred to OTP Mortgage Bank in 2006. The total market share held by the OTP Bank Group – including the loans extended by OTP Mortgage Bank and OTP Building Society – fell by 4.7 percentage points to 41.7%, due primarily to an increasing propensity of the Bank's customers to effect prepayments and final balloon payments. The Group's market share in FX lending increased moderately, to 22.9%.

As a result, the Bank's consumer loan portfolio increased by 23.5%, to HUF 308.7 billion, by the end of 2006. Including the FX-based mortgage-type loans transferred to the Mortgage Bank, the portfolio was worth HUF 342.6 billion as at December 31, 2005. OTP Group's market share in consumer and other loans rose to 24.8% (in 2005: 24.4%).

By the end of 2006 the Bank had issued almost 240,000 credit cards, which were linked to a placement volume of more than HUF 28 billion – 128% higher than at the end of 2005. The volume of hire-purchase loans (including hire-purchase credit cards) increased by 14.5%, to HUF 10.0 billion.

The volume of 'A-Loan' overdraft facilities on current accounts remained popular and grew by 24.7% to HUF 56.9 by December 31, 2006. Similarly to 2005, due to high HUF interest rates, HUF mortgage-type loans fell by a further 48.1% and stood at HUF 6 billion at year-end 2006. By contrast, the volume of FX mortgage loans rose nearly four-fold during the year, reaching HUF 61.2 billion by the end of 2006. The volume of personal loans (including 'B' and 'C Loans') decreased by 7.2% in 2006, and amounted to HUF 137.2 billion at the end of the year.

INVESTMENT SERVICES

Securities trading and securities account management

The introduction of tax on interest and stock-exchange gains in 2006 had a significant impact on the structure of household savings and, in particular, on securities portfolios. By issuing mortgage-bond series (with 2, 3, 5 and 10-year maturities and a balloon payment) designed specifically for the retail segment, OTP Bank was the first among the players in the market to respond to the challenges created by the new tax regulations. In addition to standard mortgage bonds and investment funds, the investment products offered by OTP Bank were expanded to include a few special instruments, so far unique in the market, such as mortgage bonds issued in euro and the stock exchange-traded BUX ETF product.

With regard to other, more mass-market, securities investments embodying lower risk, despite an overall less favourable market environment in 2006 (interest rate hikes and the consequent sharp fall in Optima Fund portfolio volumes), network customer turnover measured in terms of market value rose by 28%, and exceeded HUF 2,000 billion. At the same time, the volume of securities managed by the Bank for customers grew, albeit at a rate (7%) somewhat slower than that of the previous years, by close to HUF 130 billion compared to 2005. The division's commission income rose by more than 18%, and exceeded HUF 10 billion.

Private Banking division

In 2006 the division continued to increase the number of its customers, and, through portfolio restructurings aimed at tax optimisation prior to the introduction of the interest and stock-exchange gains tax in September, it achieved significant divisional asset growth.

The period also saw the successful launch of a joint private banking/corporate division value proposition (the MSE Gold account product) and the related service model, which provides an opportunity, unique in the market, for a high standard, one-stop solution for private and corporate banking transactions.

In 2006 the number of private banking contracts grew from 10,972 to 12,405, which represents a 13% growth, and, together with co-accountholders, means the division now has close to 19,000 customers. The value of liquid assets under management grew from HUF 326 billion to HUF 391 billion by the end of the year, which is an increase of 20%. Average assets per customer rose from HUF 29.7 million to HUF 31.5 million.

The engine that drove the growth in private banking portfolios was the VIP private banking line, as during 2006 the value of assets under its management rose by 44% to reach HUF 67 billion, and the number of its customers grew by 51% to reach 300 individuals.

Net interest and non-interest revenue realised in the private banking and VIP private-banking segment grew by some 30% in 2006, to exceed HUF 5.7 billion.

CORPORATE DIVISION

The Bank's corporate division was again among the market leaders in 2006. The volume of its deposits from corporate clients accounted for 9.7% of the national total as of December 31, 2006, and its corporate loan portfolio for 10.5%.

At HUF 708.8 billion, the corporate deposit portfolio exceeded the December 2005 level by 44.8%, while the corporate loan portfolio grew by 13.5% to reach HUF 994.3 billion.

In 2006 the Bank continued to steadily develop and enhance its commercial banking services, and as a part of this, it developed its cash management service, which now includes interest pooling, multicurrency cash pooling and pooled coverage checking. In the course of the year the Bank introduced several loan products to aid in business development and to assist agricultural enterprises.

In 2006 the development and upgrading of the processes and the material conditions required for servicing micro- and small enterprises continued, and several products capable of meeting the needs of micro- and small businesses more rapidly and at a higher overall standard were introduced, among them account-keeping services and loan products.

In 2006 the number of medium-sized and large corporate customers totalled nearly 18,000, and the number of micro- and small enterprise customers approached 192,000.

MUNICIPALITY DIVISION

The Bank again succeeded in retaining its leading role in municipality banking in 2006. By the end of 2006 more than 73% of the client base, 2,321 municipalities and their institutions, were having their current accounts managed at OTP Bank, which, despite fierce competition, fell by just 1.3% compared to year-end 2005. At the end of 2006, the total volume of municipality deposits was HUF 155.3 billion, which was 2.7% higher than at the end of 2005. In terms of deposit volumes, despite strenuous efforts on the part of competitors to acquire market share, the Bank's share of the market increased from 63.4% to 64.2%. At the same time, the Bank's portfolio of municipality loans grew in the course of 2006, by 48.9% to HUF 189.1 billion, bringing its share of this segment of the loans market to 55% (in 2005: 52.7%). In local election years such as that under review, municipal borrowing generally increases, and due to the favourable conditions offered by the "For a Successful Hungary" loan program, the related product (an MFB loan) proved extremely popular among this segment of customers.

The quality management system in the municipality and public service business line complies with the ISO 9001:2000 standard. Accordingly, we have applied to be included in the *Official Register of Qualified Bidders*. In addition to the prestige that such registration carries, participation as a qualified bidder in public procurement procedures is simpler and more cost efficient.

PROJECT FINANCING

As at December 31, 2006 the closing value of the project financing loan portfolio was HUF 218.1 billion. The combined amount of net interest and commission income reached HUF 3.8 billion, which represents an increase of 19.4% on a year earlier.

The Bank concluded several significant transactions in 2006, with the Millennium Office Tower, the refinancing of the West End shopping mall and the SCD Group projects being among the most notable. In addition to domestic transactions, the Bank also participated in projects abroad, primarily in Slovakia (e.g. Enviral – a bioethanol plant, Meroco – a biodiesel plant, Hervex – real estate financing), Romania (e.g. Hargita Gaz – the establishment of piped gas infrastructure, Pólus Cluj – shopping mall) and Bulgaria (e.g. Maritza East – power station, Plovdiv Mall – shopping mall).

TREASURY AND STRUCTURED FINANCE

Similarly to previous years, the Bank had surplus forint liquidity and a shortfall of foreign currency funds. The Treasury supplied approximately 70% (in 2004, only 39%) of foreign currency sources available to the Bank by raising foreign funds (bilateral loans, foreign currency bond issues, forint/foreign currency swap transactions).

The Bank raised the framework amount of the EMTN programme set up in July 2005 to EUR 3 billion. As a part of the EMTN programme, as already mentioned, a subordinated loan capital issue of EUR 300 million and a 'tier-2' bond issue of EUR 500 million were completed. In collaboration with the Merrill Lynch investment house, OTP Bank also implemented a treasury-stock utilisation project involving the issuance of convertible bonds (ICES, 'Income Certificate Exchangeable for Shares'). As part of the project the OTP Group sold 14.5 million of its own shares, which were bought by Opus Securities S.A. and for which the Bank issued convertible bonds at a total nominal value of EUR 514 million. The Bank used the over EUR 1.3 billion raised through these three capital-market transactions to finance its acquisitions in 2006.

In 2006 the Bank took up 3 new bilateral loans. The first of these loans was raised through a credit facility agreement concluded with the London Branch of Westdeutsche Landesbank, in an amount of EUR 100 million and for a term of 3 years. In the second transaction, the lender was the London Branch of Landesbank Baden Württemberg, and the deal was for a loan of EUR 100 million taken up for a period of 3 years. The final of the bilateral loan agreements was concluded with Bayerische Landesbank Munich, in an amount of EUR 100 million and with a maturity of 3 years.

Similarly to 2005, Treasury trading again closed an outstandingly successful year in 2006. Among primary traders, OTP Bank, based on trading figures published by the State Debt Management Agency, was first in the most important category, government bond sales. It came in second after ING Bank in the sale of Discount Treasury Bills. In 2006 the Bank's foreign currency trading – though not quite of the magnitude of the previous year – was sufficiently large for the Bank to be among the first five players in the market, according to statistics published by the National Bank of Hungary (MNB).

The Bank successfully implemented the tasks associated with a dramatic increase in the borrowing requirement of its subsidiaries. A uniform system of criteria for lending to subsidiaries was established, and various technical solutions were elaborated for managing the financing challenges of the subsidiaries.

In 2006, there was a significant increase in fundraising through bond issuance on the part of both local and county municipalities. Responding to the increase in demand, the Bank submitted a proposal for the arrangement of several bond issues, and conducted three such issues in all.

RESULTS OF THE MAIN SUBSIDIARIES[4]

In 2006 the operations of OTP Bank's subsidiaries essentially accorded with the Bank's requirements and with the owners' expectations. The combined, fully consolidated balance sheet of the subsidiaries rose from HUF 2,764 billion to HUF 4,436 billion, or by 60.5%. Of the HUF 1,671 billion growth, the balance sheet total of CJSC OTP Bank, acquired in 2006, was HUF 432.6 billion, the total assets of Investsberbank were HUF 329.3 billion, and the balance sheet total of the two consolidated Serbian banks (Niska Banka and Zepter banka) was HUF 34.6 billion.

The aggregate after-tax profit of the fully consolidated subsidiaries amounted to HUF 52.3 billion in 2006, which was HUF 8.3 billion, or 18.9%, higher than in 2005.

OTP MORTGAGE BANK

Growth in housing and mortgage lending, a core activity in the operations of the Mortgage Bank, was driven by dynamic demand for FX-based loans, accounting for 84% of the estimated amount of all home loans disbursed. Demand for subsidised HUF loans for the purpose of the construction or purchase of new homes declined further, which was attributable partly to a drop-off in the construction of new homes and partly to a less favourable pricing of these loans compared to the earlier – discounted – terms under which they were granted.

In line with market trends, the disbursement of foreign currency loans – in particular, multi-purpose mortgage loans – grew dynamically within the OTP Bank network. The volume of subsidised home loans placed was lower than in the previous years. In the course of 2006, loans in a total amount of HUF 157.5 billion were transferred, which, although it exceeded the 2005 figure by 8%, fell short of the target, due partly to the lower volumes of HUF loans disbursed and partly to the introduction of loans

[4] Based on IFRS

that could not be transferred to the portfolio of the Mortgage Bank owing to their product features. The extent of prepayments and balloon payments – despite the measures adopted to restrict them – could not be contained at the target level, and thus, the volume of prepayments and balloon payments grew by over 60%. As a result, as at end-2006, receivables under IFRS held by OTP Mortgage Bank were HUF 907.8 billion, up by 6.9% on a year earlier. Of this amount, HUF home loans accounted for HUF 766 billion or 84%, FX-based home and mortgage-type loans for HUF 138.5 or 15%, and landed estate-development loans disbursed by the Mortgage Bank for HUF 3.3 billion. Liabilities arising from the issued mortgage bonds had grown by HUF 175.2 billion to HUF 987.9 billion by the end of 2006. In respect of mortgage bonds, the Company increased its market share by approximately 3 percentage points, to 66%. As regards the Mortgage Bank's loans, its market share was 62% at the end of 2006, which helped the Company to retain its leading position among the three major mortgage banks in Hungary (OTP, FHB and HVB).

As of December 31, 2006 the **equity** of OTP Mortgage Bank amounted to HUF 1,074.8 billion, representing a growth of 12.4% year on year. The Company's registered capital was HUF 20 billion by the end of 2006, and its equity was HUF 39.3 billion.

OTP Mortgage Bank's pre-tax profit decreased by 26.0%, to HUF 5.0 billion, which was primarily due to a permanent transfer of liquid assets of HUF 5.0 billion to the owner. The Company's interest income was 9.5% lower than in 2005, which was attributable largely to higher-than-expected prepayments of loans with a high interest margin. In 2006 the Company paid HUF 51.4 billion in commissions to OTP Bank. The Mortgage Bank's after-tax profit in 2006 was HUF 3.0 billion.

MERKANTIL GROUP

On December 31, 2006 the aggregate balance sheet total of the Merkantil Group exceeded HUF 334.0 billion.

The aggregate after-tax profit of the Group in 2006 reached HUF 6.4 representing a 1.1% increase compared to the same period in 2005.

Merkantil Group concluded close to 49,000 new vehicle financing contracts in 2006, which was 20%, or close to 13,500 contracts, fewer than the number of new contracts concluded in 2005. Based on the total number of contracts, the proportion of foreign currency loan facilities was 95%, that of forint-denominated loans was 1.3%, that of cars sold under financial lease contracts was 3.3% and that of permanent lease facilities was 0.4%.

The aggregate (gross) loan portfolio was HUF 253.0 billion as at December 31, 2006, which was HUF 23 billion, or 10.2%, higher than in the previous year.

In 2006, Merkantil Group achieved HUF 24.0 billion in net interest income, representing a 26.5% rise relative to the previous year. However, the impact of the accounting for swaps for hedging purposes excluded from net commission income, we see an annual 2.0% decrease. Non-interest-type income – due to trading losses recognised on the spot leg of swaps – decreased by 3.0%, while non-interest-type expenses – because of mostly intra-group transfer of liquid assets – grew by over 50.9% relative to 2005. In 2006 gross interest margin – excluding the impact of swaps – was 6.10%, down by 204 basis points than a year earlier. The Group's consolidated cost-to-income ratio was 48.0% in 2006 (in 2005: 36.4%).

OTP BUILDING SOCIETY

OTP Building Society closed 2006 with a balance sheet total of HUF 107.1 billion and a pre-tax profit of HUF 487 billion. Its ROAA was 0.5%, and its ROAE was 9.7%.

It concluded nearly 122,000 contracts during the year, in a combined value of HUF 145.2 billion. As the net result of contractual deposit taking and disbursements, the Building Society's deposit portfolio increased by 27.1%, to HUF 100.2 billion, while – due to a lower-than-expected demand for credit resulting from the more attractive terms offered on state-subsidised loans – its loan portfolio fell by HUF 2.0 billion, to HUF 4.1 billion.

The Company permanently transferred HUF 645 million in liquid assets, to the charge of its after-tax profits in 2006, to OTP Bank.

OTP GARANCIA INSURANCE

OTP Garancia Insurance achieved premium revenue of HUF 80.7 billion in 2006, which was 6.5%, or HUF 4.9 billion, more than in the previous year. Its market share of total insurance-premium revenue increased from 11% in the previous year to 9.7%, which made it the fourth largest player on the market. Premium revenues from the life and bank-assurance business were HUF 45.9 billion, which gave the Company a 10.9% share of the life-insurance market (compared to 14.8% in 2005) and made it the number two player in this market. Within the life insurance premiums, the revenues from one-off premium-payment life insurance policies remained broadly flat, reaching HUF 29.0 billion, while those from continuous premium payment insurance policies grew by 5.6%. Revenues of the non-life division were HUF 34.7 billion in 2006, which represents an increase of HUF 3.6 billion, or 11.4%. The Company increased its market share in 2006 to 8.5% in the non-life insurance division, which made it the fourth largest player in the market.

The proportion of OTP Garancia Insurance's premium revenue that comes from insurance policies sold within the Bank's network remained high, at above 40%.

The Company's insurance expenses rose from HUF 59.7 billion to HUF 61.1 billion in 2006. Of the insurance expenses, gross damage payments amounted to HUF 30.6 billion. The amount of net reserves was HUF 30.6 billion. Thus total insurance technical reserves stood, after a 23.3% increase, at HUF 161.7 billion as at December 31, 2006.

The Company's balance sheet total grew by 20.4% compared to the previous year, to HUF 189.3 billion, and its shareholders' equity increased from the previous year's HUF 21.3 billion to HUF 22.8 billion. The Company's after-tax profit rose to HUF 7,360 million, while return on average assets (ROAA) decreased from 4.86% to 4.25% and return on average equity (ROAE) fell from 37.7% to 33.3%.

OTP Garancia will pay HUF 5,288 million in dividend on its after-tax profits in 2006 to OTP Bank.

OTP FUND MANAGEMENT

In 2006 OTP Fund Management launched ten new funds: two capital-guaranteed funds in the first quarter of the year, the Absolute Yield Fund in the third quarter and, in addition to two capital-guaranteed funds and four premium funds, the BUX ETF stock exchange index-linked fund in the fourth quarter.

The net asset value of the funds managed by the Fund Manager amounted to HUF 543.3 billion at the end of 2006, down by 6.4% on a year earlier. Within this total, the net asset value of the Optima Fund stood at HUF 136.5 billion at year-end, which accounted for 25.2% of the assets managed in the Fund. During 2006 the total value of the assets managed in the Money Market Fund rose to HUF 187.3 billion, up by HUF 151.9 billion on a year earlier. Of the OTP funds, money market and equity funds rose the most dynamically thanks to an outstanding rise in the assets managed in the Euro Fund, the Closed-end Institutional Equity Fund and the Central European Equity Fund. In contrast, the performance of bond funds was rather unfavourable as a result of a steep fall of close to 67% in the assets managed in the Optima Fund. At the end of 2006, the Fund Manager's share of the securities funds market was 29.9% (compared to 38.3% at the end of 2005).

With respect to the pension fund market, no major change occurred: the Fund Manager increased its share of total assets under management to more than 30.9% in 2006, with OTP and other fund assets of HUF 518.6 billion under its management, which was 27.8% higher than the year-end 2005 total. As a part of other portfolio-management activities it managed HUF 134.3 billion in assets, which was 21.3% more than in the previous year.

The Fund Manager achieved an after-tax profit of HUF 5,238 million in 2006, which resulted in return on average assets (ROAA) of 39.8% and a 47.5% return on average equity (ROAE). The Company's cost-to-income ratio was 70.0% in 2006. The Fund Manager will pay HUF 5,238 million in dividend on its after-tax profits in 2006 to OTP Bank. (The portion due to OTP Bank is 95%.)

OTP HOUSING LEASING

OTP Housing Leasing (formerly OTP-SCD Leasing Plc.) closed its first full business year with a balance sheet total of HUF 7.2 billion, representing a 2.5-fold increase over year-end 2005. As at December 31, 2006 the Company's subscribed capital was HUF 280 million and its shareholders' equity, due to losses carried over from the first year of operation, was HUF 252 million.

During 2006 nearly all the major banks launched a leasing company in the home leasing market. The Company is a key player in the two major market segments. In the market of new homes built for sale, capitalising on the regulatory benefits available, it offers home leasing products under favourable terms, while on the used homes market, it ensures itself of a competitive edge through a multi-purpose 'lease-back' product. The estimated market share of OTP Housing Leasing in terms of valid lease contracts was 33% at year-end 2006.

The Company closed its first full business year with an after-tax profit of HUF 71 million, which it attained as a result of the permanent transfer of liquid assets of HUF 250 million from OTP Bank as owner.

DSK GROUP

Both in the retail market and in terms of total assets, DSK Bank (DSK) retained its market-leading position in Bulgaria. The DSK Group's balance sheet total based on IFRS on December 31, 2006 stood at HUF 779.4 billion, of which deposits from customers accounted for 67.2%, or HUF 523.8 billion. The gross value of the customer loan portfolio was HUF 454.4 billion, accounting for 58.3% of its total assets.

During 2006 DSK Group earned HUF 27.8 billion in consolidated pre-tax profits, up by 41.6% on a year earlier. During the reporting year DSK Group recognised HUF 52.4 billion and HUF 13.9 billion in interest income and in interest expenses respectively, thereby earning HUF 38.6 billion in net interest income. The Bank's net interest income exceeded that of the previous year by 12.4%, while its non-interest income grew by 53.8%. The Group's fee and commission income grew robustly relative to the previous year (+58.9%, excluding commissions on sold loans: +24.9%) due to the increase in commission income from loans and bank cards.

In 2006 DSK's average interest margin relative to its balance sheet total was 5.66%, down by 124 basis points on a year earlier.

The Group's non-interest expenses amounted to HUF 22.4 billion during the period, up by 6.1% over 2005. Within this, fee and commission expenses grew by 47.3%, while personnel expenses decreased by 3.0%, to HUF 8.6 billion.

After-tax profits amounted to HUF 24.2 billion in 2006. The Group's cost-to-income ratio was 38.7% in 2006 (-6.6 percentage points). DSK Group achieved ROAA of 3.55% and ROAE of 29.6% in 2006.

At the end of December 2006, the Bank's market share, based on its total assets, was 14.4%, up by 0.8% from a year earlier. Its share of retail deposits was 21.8%, within which its share of BGN deposits was 35.2% and that of FX deposits 11.3%. The Bank's share of the home loans market fell to 28.6% and its share of retails consumer loans decreased to 35.7%.

At the end of 2006, the Bank had a total of 640 ATMs, 1,727 POS terminals and 366 branch offices. As at December 31, 2006 the number of employees at DKS Group was 4,103, or 55 persons more than on December 31, 2005.

OTP BANKA HRVATSKA D.D.

As at December 31, 2006 OBH's consolidated balance sheet total was HUF 364.1 billion, giving the Bank a share of 3.5% in the Croatian market. Gross loans had risen by 31.1% to HUF 197.3 billion by year-end 2006, and thus the Bank's market share was 3.2% at the end of the year. Deposits from customers at year-end were HUF 275.7 billion, representing a market share of 4.5%.

By year-end 2006 OTP banka Hrvatska had more than 413,000 customers, on behalf of whom it was managing close to 339,000 retail accounts and more than 22,000 corporate accounts. The number of bank cards issued in 2006 grew by 10.1%, to 373,000. Within this total, the number of credit cards grew by close to 35.3% over the year to exceed 29,000.

In 2006 the Bank expanded its sales network, and continued its branch-network expansion and development programme. During the course of the year, 2 branches were fully refurbished and plans were drawn up for the refurbishing of a further 4 branches. By year-end, OBH had 90 branches, 99 ATMs and 998 POS terminals.

In 2006 the Bank launched new products on both the loan and the deposit side. In order to facilitate the sale of retail loans, it launched a development project aimed at improving the product offering and enhancing service levels, which also meant revising the organisational structure. Besides expanding its product portfolio, OBH launched its internet banking system in the first quarter of 2006 and also introduced a call centre service at the end of the year.

The group's headcount was 992 at the end of 2006.
In 2006 OBH's after-tax profit was HUF 3.5 billion. Its ROAA was 1.05% and its ROAE was 11.4%.

OTP BANKA SLOVENSKO, A. S.

The balance sheet total of OTP Banka Slovensko, a.s. (OBS) was HUF 325.3 billion as at year-end 2006, which represents a 23.8% rise compared to year-end 2005, and which secured it a 3.0% share of the banking market in Slovakia. The Bank's equity rose by 18.6%, to HUF 20.3 billion, in the same period. OBS's after-tax profit for 2006 according to IFRS was HUF 2,030 billion, which compares with a profit for the previous year of HUF 1,373 million. OBS's ROAA at the end of 2006 was 0.69%, its ROAE was 10.8%, and its cost-to-income indicator fell by 10.6 percentage points, improving to 68.1%.

At year-end 2006 OBS's loan portfolio remained essentially unchanged on annual level, due to the repayment of a sizeable corporate loan during the year. Its loan portfolio of HUF 189.9 billion represented a market share of 4.0% at the end of the year. Its deposit portfolio rose by 25.3%, to HUF 190.3 billion, in 2006, giving it a market share in deposits of 2.8% as at December 31, 2006.

During the course of 2006 the number of the Bank's customers increased by over 1,177, to close to 160,000, with retail customers accounting for more than 142,000 of this total.

The number of bank cards issued by OBS was close to 102,000 at the end of 2006, which represents a decrease of 2.2% compared to the end of 2005. This total was made up of more than 90,000 retail and 12,000 corporate bank cards. The Bank's ATMs numbered 112 at the end of the year, with the number of transactions effected at these ATMs totalling nearly 1.9 million – 2.0% more than in 2005. The number of proprietary POS terminals at the end of 2006 was 441, and the volume of POS transactions increased by 17.8% over the course of the year.

The Slovak bank opened 8 new branches during the year, bringing the total number of branches in its network to 86 at the end of 2006. The Bank had a staff of 772 on its payroll on 31 December 2006.

In 2006 the Bank launched what it has named the Artemis project, which is aimed primarily at developing its retail services. Through an extension of the sales channels, the project will achieve major improvements in sales performance while ensuring a successful expansion of the product portfolio. In addition to implementing infrastructural developments in the existing branch network, the objective is to expand the external sales network, as well as to offer electronic banking services. The project is expected to be completed at the end of 2007.

OTP BANK ROMANIA S.A.

OTP Bank Romania (OBR) was one of the most dynamically growing credit institutions in Romania in 2006. Its balance sheet total on December 31, 2006 exceeded HUF 193.4 billion, which surpassed the year-end figure for 2005 by 250.2%. The Bank's market share at the end of 2006 based on balance sheet total was 1.5%. Its equity – owing to the capital increases implemented during the year – was HUF 25.0 billion as at December 31, 2006 (a rise of 82.4%).

The Bank's gross loans grew by 312.3% in 2006, while customer deposits rose by a more modest 61.9%, with the two portfolios thus amounting to HUF 101.3 billion and HUF 41.0 billion at year-end. The Bank increased its market share in retail loans from 0.6% at the end of 2005 to 1.6%, while in the area of corporate loans its market share stood at 1.2% at the end of 2006 (2005: 0.8%). Market acquisition was especially notable in mortgage lending, where the Bank improved its share among the competitor banks to 3.75%. With regard to retail deposits, its market share did not rise significantly, standing at 0.6% at year-end 2006.

OTP Bank Romania closed the 2006 business year with a loss of HUF 2.8 billion.

The number of retail current accounts managed by the Bank in 2006 grew from 44,000 to over 85,000, and the number of corporate accounts stabilised at close to 8,000. The Bank opened 39 new branches in 2006 and was operating a total of 66 branches at year-end. The number of employees was 795 persons at the end of 2006, which was 320 more than a year earlier.

CJSC OTP BANK

OTP Bank closed the acquisition of RBUA (Raiffeisenbank Ukraine) on November 20, 2006. Under the sale and purchase agreement signed on June 1, 2006 OTP Bank purchased a 100% stake in the credit institution for EUR 650 million. With effect from November 7, 2006 the name of the credit institution was changed to (Closely-held Joint Stock Company) CJSC OTP Bank.

CJSC OTP Bank was first included in the consolidated financial statements in the fourth quarter of 2006. As at December 31, 2006 the Bank's balance sheet total was HUF 432.6 billion, with receivables from customers and banks accounting for 84.4% and 10.1% respectively of this total. The volume of customer deposits remained significantly below that of disbursed loans, as the previous owner had not accorded much priority to collecting funds in the Ukrainian market. As a result, customer deposits only accounted for 29.4% of the balance sheet total. The Ukrainian subsidiary bank realised a pre-tax profit of HUF 3.8 billion and in the last two months of 2006, while after-tax profits were HUF 2.6 billion. The cost-to-income ratio was 39.2% during the period taken into account in the consolidation.

As at December 31, 2006 the Bank's market share based on total assets was 3.5%. Its share of total retail deposits was 1.8% and, within this, its share of FX deposits was 2.8%. Its share of the home loans market was a sizeable 11.9%.

At the end of 2006 the Bank had 65 branches and operated 49 ATMs. The number of its employees was 2,021 on December 31, 2006.

INVESTSBERBANK

The acquisition of the Russian Investsberbank (ISB) was concluded on October 30, 2006. OTP Bank purchased a 96.4% stake in the Bank for EUR 375 million. In its financial statements OTP Bank only consolidated ISB's balance sheet.

As at December 31, 2006 ISB's balance sheet total was HUF 329.3 billion, of which the gross loan portfolio accounted for 65.4%. Within the gross loan portfolio of HUF 215.2 billion, corporate loans represented 54.2% (HUF 116.6 billion) of the total, and retail – overwhelmingly (99%) consumer – loans represented 45.1% (HUF 97.1 billion). Customer deposits accounted for 77.0% of total liabilities, and within this total retail deposits, amounting to HUF 168.3 billion, represented 66.3% and corporate deposits, amounting to HUF 85.4 billion, accounted for 33.7%. At year-end Investsberbank's equity was HUF 38.3 billion.

The number of persons employed by the Bank on December 31, 2006 was 5,348.

SERBIAN SUBSIDIARY BANKS

OTP Bank Group acquired three Serbian subsidiaries in 2006. The acquisition of Niska banka a.d., Nis was completed, and then in March 2006 the OTP Bank Group purchased 75.1% of the shares in Zepter banka a.d., Beograd. Finally, in December 2006 it acquired 83.19% of the shares in Kulska banka a.d., Novi Sad. Due to the fact that the acquisition of Niska banka was completed in March 2006, the bank's results were first included in the consolidated financial statements in the second quarter of 2006. Zepter banka was partially consolidated by the Bank Group (only its balance sheet) with effect from December 31, 2006, and the consolidation of Kulska banka is expected to take place in the first quarter of 2007.

The balance sheet total of the smallest of the Serbian acquisitions, Niska banka, was HUF 11.3 billion as at December 31, 2006l; its loan portfolio amounted to HUF 2.8 billion, 54.7% of which consisted of retail loans. The Bank's after-tax profit calculated for the period since the consolidation (i.e. for the last 9 months of the year) was a total of HUF -171 million.

As year-end 2006 the number of the Bank's customers exceeded 96,000, of whom 92,000 were retail customers. The Bank had 26 branch offices and operated 8 ATMs. The number of its POS terminals had grown to 334. Niska banka's headcount was 403 persons as of December 31, 2006.

The balance sheet total of Zepter banka on December 31, 2006 was HUF 23.4 billion, with its gross loan portfolio amounting to HUF 12.8 billion. Over half of the loans were corporate (mostly SME) loans, and retail consumer loans accounted for 40%. The HUF 17.8 billion in customer deposits made up over 76% of the balance sheet total. The loan/deposit ratio was 71.6%.

On December 31, 2006 the Bank had 21 branches and operated 19 ATMs. The number of employees on Zepter banka's payroll was 252 at the end of the period.

OTP Bank closed the 100% acquisition of the Montenegrin Crnogorska komercijalna banka in December 2006. The subsidiaries will be consolidated from the first quarter of 2007.

PROPOSAL FOR THE DISTRIBUTION OF THE 2006 PROFITS OF OTP BANK PLC.

PROPOSAL FOR THE DISTRIBUTION OF THE 2006 PROFIT AFTER TAX OF OTP BANK PLC. AND FOR DIVIDEND PAYMENT

	HUF million
PROFIT BEFORE TAX	212,516
TAX PAYMENT LIABILITY	26,329
PROFIT AFTER TAX	186,187
GENERAL RESERVES	18,619
USE OF ACCUMULATED RETAINED EARNINGS FOR DIVIDENDS OR PARTICIPATION	0
DIVIDEND	40,320
BALANCE SHEET PROFIT FOR THE FINANCIAL YEAR	127,248

The AGM accepts the balance sheet of the Bank with total assets of HUF 4,470,606 million and the after tax profit of HUF 186187 million and states the distribution of the profit as follows: HUF 18,619 for general reserves, HUF 40,320 for dividend payment and HUF 127,248 million for the balance sheet profit.

The Board of Directors proposes to pay dividends for the ordinary shares HUF 144 each and HUF 1,440 for the voting preference share, i.e. 144% of the face value of the shares. The exact amount of dividend payable to the shareholders has to be calculated and paid in pursuance of the Bylaws of the Bank. Dividend payment will start on June 11, 2007 in pursuance of the procedure defined in the Company’s Bylaws.

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

HAR NON-CONSOLIDATED

NATIONAL SAVINGS AND COMMERCIAL BANK PLC. 31. December 2006.

ASSETS

Figures in million HUF

		December 31, 2005	Reclassification of 2005.	December 31, 2006
1.	**Liquid assets**	**379.250**	**-7**	**429.325**
2.	**Treasury bills and similar securities**	**327.610**	**15**	**262.471**
	a) held for trading	174.026	15	73.424
	b) held as financial fixed assets	153.584		189.047
2/A.	Valuation difference on treasury bills			
3.	**Loans and advances to credit institutions**	**386.640**	**0**	**657.638**
	a) repayable on demand	6.713		10.234
	b) other loans and advances in connection with financial services	379.767		647.263
	ba) with remaining maturity of less than one year	268.675		269.949
	Showing separately: - to affiliated companies	86.956		207.034
	- to other companies linked by virtue of participating interests	20.500		7.527
	- to the NBH			
	- to clearing houses			
	bb) with a remaining maturity of more than one year	111.092		377.314
	Showing separately: - to affiliated companies	87.713		358.000
	- to other companies linked by virtue of participating interests			
	- to the NBH	0		0
	- to clearing houses			
	c) in connection with investment services	160		141
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			
	- to clearing houses			
3/A.	Valuation difference on loans and advances to credit institutions			
4.	**Loans and advances to customers**	**1.485.409**	**-41**	**1.781.003**
	a) in connection with financial services	1.484.276	-36	1.780.313
	aa) with a remaining maturity of less than one year	594.493	-2	574.810
	Showing separately: - to affiliated companies	148.538		68.581
	- to other companies linked by virtue of participating interests	517		110
	ab) with a remaining maturity of more than one year	889.783	-34	1.205.503
	Showing separately: - to affiliated companies	29.603		145.832
	- to other companies linked by virtue of participating interests	6.818		6.447
	b) in connection with investment services	1.133	-5	690
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			
	ba) receivables in connection with investment services on the exchange markets			
	bb) receivables in connection with investment services outside the exchange markets			
	bc) receivables from customers in connection with investment services	1.133	-5	690
	bd) claims from clearing corporations			
	be) receivables in connection with other investment services			
4/A.	Valuation difference on loans and advances to customers			
5.	**Debt securities, including fixed-income securities**	**566.959**	**0**	**611.182**
	a) issued by local governments and other public bodies	700		3.151
	(not including treasury bills and similar securities)			
	aa) held for trading			0
	ab) held as financial fixed assets	700		3.151
	b) securities issued by other borrowers	566.259		608.031
	ba) held for trading	10.833		63.726
	Showing separately: - issued by affiliated companies	1.778		57.413
	- issued by other companies linked by virtue of participating interests			
	- own shares repurchased	0		0
	bb) held as financial fixed assets	555.426		544.305
	Showing separately: - issued by affiliated companies	530.915		512.764
	- issued by other companies linked by virtue of participating interests			
5/A.	Valuation difference on debt securities			
6.	**Shares and other variable-yield securities**	**7.743**	**0**	**7.842**
	a) shares and participations in corporations held for trading	179		291
	Showing separately: - issued by affiliated companies			
	- issued by other companies linked by virtue of participating interests			
	b) variable-yield securities	7.564		7.551
	ba) held for trading	9		0
	bb) held as financial fixed assets	7.555		7.551
6/A.	Valuation difference on shares and other variable-yield securities			

		December 31, 2005	Reclassification of 2005.	December 31, 2006
7.	**Shares and participations in corporations held as financial fixed assets**	**742**	**0**	**737**
a)	a) shares and participations in corporations held as financial fixed assets	742		737
	Showing separately: - participating interests in credit institutions	1		1
b)	b) adjusted value of shares and participations in corporations held as financial fixed assets			
	Showing separately: - participating interests in credit institutions			
7/A.	Valuation difference on shares and participations in corporations held as financial fixed assets			
8.	**8) Shares and participating interests in affiliated companies**	**149.199**	**0**	**299.219**
	a) shares and participations in corporations held as financial fixed assets	149.199		299.219
	Showing separately: - participating interests in credit institutions	119.556		222.167
	b) adjusted value of shares and participations in corporations held as financial fixed assets			
	Showing separately: - participating interests in credit institutions			
9.	**Intangible assets**	**79.416**	**0**	**261.000**
	a) intangible assets	79.416		261.000
	b) adjusted value of intangible assets			
10.	**Tangible assets**	**74.579**	**-58**	**68.544**
	a) tangible assets for financial and investment services	71.159	-58	65.501
	aa) land and buildings	46.207	-5	38.430
	ab) machinery, equipment, fittings, fixtures and vehicles	19.878	-53	21.625
	ac) tangible assets in course of construction	5.056	0	5.446
	ad) payments on account	18		0
	b) tangible assets not directly used for financial and investment services	3.420	0	3.043
	ba) land and buildings	2.912	0	2.750
	bb) machinery, equipment, fittings, fixtures and vehicles	236		220
	bc) tangible assets in course of construction	272		73
	bd) payments on account	0		0
	c) adjusted value of tangible assets			
11.	**Own shares**	**40.752**	**0**	**1.746**
12.	**Other assets**	**44.177**	**42**	**18.659**
	a) stocks	486	7	410
	b) other receivables	43.691	35	18.249
	Showing separately: - from affiliated companies	28.913	-10	4.828
	- from other companies linked by virtue of participating interests			0
12/A.	Valuation difference on other receivablesassets			
12/B.	Positive valuation difference on derivatives			
13.	**Prepayments and accrued income**	**54.537**	**-99**	**71.240**
	a) accrued income	51.877	-99	70.658
	b) accrued costs and expenses	2.660		582
	c) deferred charges			
	Total assets	**3.597.013**	**-148**	**4.470.606**
	Showing separately:			
	- CURRENT ASSETS			
	(1+2/a+3/a+3/ba+3/c+4/aa+4/b+5/aa+5/ba+6/a+6/ba+11+12+	*1.520.400*	*43*	*1.442.995*
	+a 2/A, 3/A, 4/A, 5/A, 6/A, 12/A and 12/B as pertaining to the			
	previous items)			
	- FIXED ASSETS			
	(2/b+3/bb+4/ab+5/ab+5/bb+6/bb+7+8+9+10+ a 2/A, 3/A, 4/A, 5/A, 6/A, 7/A,	*2.022.076*	*-92*	*2.956.371*
	12/A and 12/B as pertaining to the previous items]			

NATIONAL SAVINGS AND COMMERCIAL BANK PLC.
LIABILITIES

Figures in million HUF

		December 31, 2005	Reclassification of 2005.	December 31, 2006
1.	**Amounts owed to credit institutions**	**254.209**	**0**	**557.857**
	a) repayable on demand	7.004		17.692
	b) with agreed maturity dates or periods of notice in connection with financial services	247.205		540.165
	ba) with remaining maturity of less than one year	89.330		256.447
	Showing separately: - to affiliated companies	29.495		132.312
	- to other companies linked by virtue of participating interests	0		10.539
	- to the NBH	0		0
	- to clearing houses			
	bb) with remaining maturity of more than one year	157.875		283.718
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			
	- to the NBH	0		0
	- to clearing houses			
	c) in connection with investment services	0		0
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			
	- to clearing houses			
1/A.	Valuation difference on amounts owed to credit institutions			
2.	**Amounts owed to customers**	**2.483.165**	**18**	**2.685.000**
	a) savings deposits	311.234	1	268.301
	aa) repayable on demand	71.747		103.551
	ab) with remaining maturity of less than one year	239.487	1	164.750
	ac) with remaining maturity of more than one year	0		0
	b) other liabilities in connection with financial services	2.168.825	17	2.415.800
	ba) repayable on demand	940.111	8	935.114
	Showing separately: - to affiliated companies	5.998		9.162
	- to other companies linked by virtue of participating interests	104		148
	bb) with remaining maturity of less than one year	1.228.681	9	1.480.391
	Showing separately: - to affiliated companies	3.236		6.712
	- to other companies linked by virtue of participating interests	562		1.441
	bc) with remaining maturity of more than one year	33		295
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			
	c) in connection with investment services	3.106		899
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			
	ca) liabilities in connection with investment services on the stock exchange markets			
	cb) liabilities in connection with investment services outside the stock exchange markets			
	cc) liabilities to customers in connection with investment services	3.106		899
	cd) liabilities to clearing corporations			
	ce) liabilities in connection with other investment services			
2/A.	Valuation difference on amounts owed to customers			
3.	**Debts evidenced by certificates**	**242.424**	**0**	**228.159**
	a) debt securities in issue	202.185	0	201.841
	aa) with remaining maturity of less than one year	1		1
	Showing separately: - to affiliated companies	0		0
	- to other companies linked by virtue of participating interests			
	ab) with remaining maturity of more than one year	202.184		201.840
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			
	b) other debt securities issued	355	0	336
	ba) with remaining maturity of less than one year	355		336
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			
	bb) with remaining maturity of more than one year			
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			

		December 31, 2005	Reclassification of 2005.	December 31, 2006
	c) debt instruments treated as securities for accounting purposes, which are not	39.884		25.982
	recognized as debt securities under the Capital Markets Act			
	ca) with remaining maturity of less than one year	22.322		14.541
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			
	cb) with remaining maturity of more than one year	17.562		11.441
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			
4.	**Other liabilities**	**104.640**	**435**	**95.554**
	a) with remaining maturity of less than one year	104.640	435	95.554
	Showing separately: - to affiliated companies	3.689	16	4.423
	- to other companies linked by virtue of participating interests	103		104
	b) with remaining maturity of more than one year			
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			
4/A.	Negative valuation difference on derivatives			
5.	**Accruals and deferred income**	**23.899**	**-320**	**39.436**
	a) deferred income	318		260
	b) deferred costs and expenses	22.627	-320	38.985
	c) deferred income	954		191
6.	**Provisions for liabilities and charges**	**34.087**	**0**	**63.305**
	a) provisions for pension and severance pay	0		0
	b) provisions for contingent liabilities and for (future) commitments	7.882		10.691
	c) general risk provisions	25.636		34.175
	d) other provisions	569		18.439
7.	**Subordinated liabilities**	**47.023**	**0**	**248.143**
	a) subordinated loan capital	47.023		121.993
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			
	b) other contributions received from members in respect of co-operative credit institutions			
	c) other subordinated liabilities			126.150
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			
8.	**Subscribed capital**	**28.000**		**28.000**
	Showing separately: - own shares repurchased on nominal value	1.005		21
9.	**Subscribed capital called but unpaid (-)**			
10.	**Capital reserve**	**52**	**0**	**52**
	a) difference between the par value and the purchase price of shares and securities (premium)			
	b) other	52		52
11.	**General reserve**	**65.642**		**84.261**
12.	**Profit reserve (±)**	**202.544**		**310.177**
13.	**Tied-up reserves**	**41.977**		**3.414**
14.	**Revaluation reserve**			
	a) revaluation reserve on value adjustments			
	b) fair value reserve			
15.	**Profit or loss for the financial year (±)**	**69.351**	**-281**	**127.248**
	Total liabilities	**3.597.013**	**-148**	**4.470.606**
	Showing separately:	0	0	0
	- SHORT-TERM LIABILITIES	2.706.784	453	3.069.276
	(1/a+1/ba+1/c+1/A+2/aa+2/ab+2/ba+2/bb+2/c+2/A+3/aa+			
	+3/ba+3/ca+4/a+4/A)			
	- LONG-TERM LIABILITIES	424.677	0	745.437
	(1/bb+2/ac+2/bc+3/ab+3/bb+3/cb+4/b+7)			
	- EQUITY CAPITAL (8-9+10+11+12+13+14+15)	407.566	-281	553.152

NATIONAL SAVINGS AND COMMERCIAL BANK PLC.
PROFIT AND LOSS ACCOUNT

31. December 2006.

Figures in million HUF

		December 31, 2005	Reclassification of 2005.	December 31, 2006
1.	Interest received and similar income	280.288	-70	318.391
	a) interest received and similar income from fixed-income securities	69.537	3	68.058
	Showing separately: - from affiliated companies	45.311		46.335
	- from other companies linked by virtue of participating interests			
	b) other interest received and similar income	210.751	-73	250.333
	Showing separately: - from affiliated companies	7.171		21.951
	- from other companies linked by virtue of participating interests	1.288		1.087
2.	Interest paid and similar charges	109.953	3	128.610
	Showing separately: - to affiliated companies	1.736		7.659
	- to other companies linked by virtue of participating interests	459		415
	BALANCE (1-2)	**170.335**	**-73**	**189.781**
3.	Income from securities	13.937		16.252
	a) income held for trading from shares and participations in corporations (dividends and profit-sharing)			4
	b) income from participating interests in affiliated companies (dividends and profit-sharing)	13.670		15.882
	c) income from other securities (dividends and profit-sharing)	267		366
4.	Commissions and fees received or due	135.452	-76	146.691
	a) in connection with other financial services	126.233	-62	136.184
	Showing separately: - from affiliated companies	54.806		53.715
	- from other companies linked by virtue of participating interests	9		10
	b) in connection with investment services (not including trading operations)	9.219	-14	10.507
	Showing separately: - from affiliated companies	6.165		6.211
	- from other companies linked by virtue of participating interests			
5.	Commissions and fees paid or payable	13.571	22	20.925
	a) in connection with other financial services	13.328	20	19.969
	Showing separately: - to affiliated companies	1.860	14	3.731
	- to other companies linked by virtue of participating interests	1.189		1.394
	b) in connection with investment services (not including trading operations)	243	2	956
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests	3		13
6.	Net profit or net loss on financial operations [6.a)-6.b)+6.c)-6.d)]	8.594	11	16.899
	a) in connection with other financial services	11.067		20.665
	Showing separately: - from affiliated companies	1.492		970
	- from other companies linked by virtue of participating interests	105		1.653
	- valuation difference			
	b) in connection with other financial services	10.051	1	28.139
	Showing separately: - from affiliated companies	-9.576	1	18.388
	- from other companies linked by virtue of participating interests	100		1.751
	- valuation difference			
	c) in connection with investment services (income from trading operations)	13.232	4	33.596
	Showing separately: - from affiliated companies	-779		70
	- from other companies linked by virtue of participating interests			
	- value readjustments of transferable securities held for trading			
	- valuation difference			
	d) in connection with investment services (expenses on trading operations)	5.654	-8	9.223
	Showing separately: - to affiliated companies	9		118
	- to other companies linked by virtue of participating interests	37		
	- value adjustments in respect of securities held for trading			
	- valuation difference			
7.	Other operating income	194.061	44	245.555
	a) income from operations other than financial and investment services	8.543	26	10.129
	Showing separately: - from affiliated companies	2.682		2.832
	- from other companies linked by virtue of participating interests	8		7
	b) other income	185.518	18	235.426
	Showing separately: - from affiliated companies	173.533	-10	183.530
	- from other companies linked by virtue of participating interests			
	- value readjustments in respect of stocks	17		
8.	General administrative expenses	94.942	95	103.199
	a) staff costs	54.929	90	59.389
	aa) wages and salaries	31.795		37.240
	ab) other employee benefits	7.180	313	6.357
	Showing separately: - social security costs	3.153		3.341
	= costs relating to pensions	2.340		2.568
	ac) contributions on wages and salaries	15.954	-223	15.792
	Showing separately: - social security costs	14.085	-190	13.820
	= costs relating to pensions	8.365	-141	8.391
	b) other administrative expenses (materials and supplies)	40.013	5	43.810

Figures in million HUF

		Previous year	Reclassification of previous year	This year
9.	Depreciation	21.712	58	23.304
10.	Other operating charges	229.594	55	269.964
	a) charges on operations other than financial and investment services	7.461	12	6.793
	Showing separately: - to affiliated companies	1.721		818
	- to other companies linked by virtue of participating interests	108		65
	b) other charges	222.133	43	263.171
	Showing separately: - to affiliated companies	61	-2	14.822
	- to other companies linked by virtue of participating interests			
	- value adjustments in respect of stocks			
11.	commitments	13.863		29.278
	a) value adjustments in respect of loans and advances	10.942		22.275
	b) commitments	2.921		7.003
12.	commitments	15.827		17.726
	a) value readjustments in respect of loans and advances	11.745		13.594
	b) commitments	4.082		4.132
12/A.	Difference between formation and utilization of general risk provisions	-4.065		-8.539
13	Value adjustments in respect of transferable debt securities held as financial fixed assets, shares and participations in affiliated companies and in other companies linked by virtue	2.158		749
14.	Value readjustments in respect of transferable debt securities held as financial fixed assets, shares and participations in affiliated companies and in other companies linked by virtue of participating interests	2.153		2.467
15.	**Profit or loss on ordinary activities**	**160.454**	**-324**	**179.413**
	Showing separately: - PROFIT OR LOSS ON FINANCIAL AND INVESTMENT SERVICES [1-2+3+4-5+6+7.b)-8-9- 10.b)-11+12-13+14]	159.372	-338	176.077
	- PROFIT OR LOSS ON OPERATIONS OTHER THAN FINANCIAL AND INVESTMENT SERVICES [7.a)-10.a)]	1.082	14	3.336
16.	Extraordinary income	1.864		44.703
17.	Extraordinary charges	1.069		11.600
18.	Extraordinary profit or loss (16-17)	795		33.103
19.	**Profit or loss before tax (+15+18)**	**161.249**	**-324**	**212.516**
20.	Taxes on income	22.903	-43	26.329
21.	**Profit or loss after tax (+19-20)**	**138.346**	**-281**	**186.187**
22.	General reserve (±)	-13.835		-18.619
23.	Profit reserves used for dividends and profit-sharing			
24.	Dividend and profit-sharing payable	55.160		40.320
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			
25.	**Profit or loss for the financial year (+21-/+22+23-24)**	**69.351**	**-281**	**127.248**

Non-Consolidated Cash Flow Statement

Figures in million HUF

		2005	2006
1.	Interest income	280,288	318,391
2.	+Income from other financial services (except value adjustments in respect of securities and the positive valuation difference of receivables)	137,300	156,787
3.	+ Other income (except value readjustments in respect of provisions, value adjustments in respect of stocks and readjustments in respect of extraordinary depreciation)	180,808	231,921
4.	+Income from other investmentfinancial services (except value adjustments in respect of securities and positive valuation difference)	22,451	44,103
5.	+ Income from operations other than financial and investment services	8,543	10,129
6.	+ Dividend income	13,937	16,252
7.	+ Extraordinary income	679	37,324
8.	- Interest charges	-109,953	-128,610
9.	+Charges on other financial services (except value adjustments in respect of securities and the negative valuation difference of receivables)	-23,004	-48,322
10.	- Other charges (except provisions, value adjustments in respect of stocks, and extraordinary depreciation)	-217,291	-240,772
11.	+Charges on investment services (except value adjustments in respect of securities and negative valuation difference)	-5,897	-10,179
12.	- Charges on operations other than financial and investment services	-7,461	-6,793
13.	- General administrative expenses	-94,942	-103,199
14.	- Extraordinary charges (not including corporate tax payable for the financial year)	-418	-1,385
15.	- Corporate tax payable for the financial year	-22,903	-26.373
16.	- Dividends paid	-41,242	-55.118
17.	**Operating cash-flow**	**120,895**	**194,156**
18.	±Variation in liabilities (increase (+), decrease (-))	461,446	697,634
19.	±Variation in receivables (increase (-), decrease (+))	-416,023	-550,380
20.	±Variation in stocks (increase (-), decrease (+))	504	82
21.	±Variation in securities shown under current assets (increase (-), decrease (+))	-62,630	37,293
22.	±Variation in securities shown under fixed assets (increase (-), decrease (+))	-63,886	-124,905
23.	±Variation in tangible assets in course of construction (including payments on account) (increase (-), decrease (+))	6	-173
24.	±Variation in intangible assets (increase (-), decrease (+))	-41,264	-200,052
25.	±Variation in tangible assets (except tangible assets in course of construction and payments on account) (increase (-), decrease (+))	-12,614	-2,636
26.	±Variation in prepayments and accrued income (increase (-), decrease (+))	249	-16,801
27.	±Variation in accruals and deferred income (increase (+), decrease (-))	-6,834	15,857
28.	+ Issue of shares at par value	0	0
29.	+ Non-repayable funds received by virtue of legal regulation	0	0
30.	- Non-repayable funds transferred by virtue of legal regulation	0	0

31.	- Nominal value of shares and share certificates withdrawn	0	0
32.	**Net cash-flow**	**-20,151**	**50,075**
	showing separately:		
33.	- variation in cash in hand (HUF and foreign currencies, checks)	-6,082	-808
34.	'- variation in account balances (HUF and foreign currency accounts placed with the NBH, deposit accounts with remaining maturity of less than one year, and current deposit accounts maintained in HUF at other credit institutions by virtue of specific other legislation)	-14,069	50,883

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

IFRS CONSOLIDATED

CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2006
(in HUF mn)

	Note	2006	2005
Cash, due from banks and balances with the National Bank of Hungary	4	532,625	483,191
Placements with other banks, net of allowance for placement losses	5	602,615	438,768
Financial assets at fair value through statements of operations	6	110,576	48,054
Securities available-for-sale	7	489,250	409,945
Loans, net of allowance for loan losses	8	4,347,091	3,191,298
Accrued interest receivable		54,223	37,870
Associates and other investments	9	70,939	12,357
Securities held-to-maturity	10	268,280	289,803
Premises, equipment and intangible assets, net	11	464,716	233,245
Other assets	12	157,111	71,371
TOTAL ASSETS		**7,097,426**	**5,215,902**
Due to banks and deposits from the National Bank of Hungary and other banks	13	660,417	364,124
Deposits from customers	14	4,232,153	3,428,193
Liabilities from issued securities	15	781,315	543,460
Accrued interest payable		46,011	24,902
Other liabilities	16	338,591	260,728
Subordinated bonds and loans	17	250,726	47,023
TOTAL LIABILITIES		**6,309,213**	**4,668,430**
Share capital	18	28,000	28,000
Retained earnings and reserves	19	820,819	572,567
Treasury shares	20	(63,716)	(53,586)
Minority interest	21	3,110	491
TOTAL SHAREHOLDERS' EQUITY		**788,213**	**547,472**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**7,097,426**	**5,215,902**

Budapest, March 21, 2007

ORSZÁGOS TAKARÉKPÉNZTÁR ÉS KERESKEDELMI BANK RÉSZVÉNYTÁRSASÁG

OTP BANK

vezérigazgató

....

dr. Sándor Csányi
Chairman and Chief Executive Officer

CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2006 (in HUF mn)

	2006	2005
Interest Income:		
Loans	387,653	340,793
Placements with other banks	79,409	43,734
Due from banks and balances with the National bank of Hungary	25,937	29,174
Securities held for trading	2,593	2,708
Securities available-for-sale	28,746	25,235
Securities held-to-maturity	18,479	17,380
Total Interest Income	*542,817*	*459,024*
Interest Expense:		
Due to banks and deposits from the National Bank of Hungary and other banks	41,028	34,501
Deposits from customers	107,060	99,703
Liabilities from issued securities	34,321	25,959
Subordinated bonds and loans	4,464	1,636
Total Interest Expense	*186,873*	*161,799*
NET INTEREST INCOME	**355,944**	**297,225**
Provision for loan and placement losses	28,559	28,042
NET INTEREST INCOME AFTER PROVISION FOR LOAN AND PLACEMENT LOSSES	**327,385**	**269,183**
Non-Interest Income:		
Fees and commissions	145,015	118,884
Foreign exchange gains, net	(11,884)	3,879
Gains and losses on securities, net	6,900	9,708
Gains on real estate transactions, net	1,292	96
Dividend income and gains and losses of associated companies	901	672
Insurance premiums	75,554	69,793
Other	24,940	13,465
Total Non-Interest Income	242,718	*216,497*
Non-Interest Expenses:		
Fees and commissions	32,116	19,930
Personnel expenses	106,804	95,235
Depreciation and amortization	26,464	21,897
Insurance expenses	60,866	58,468
Other	125,251	98,073
Total Non-Interest Expense	351,501	*293,603*
INCOME BEFORE INCOME TAXES	**218,602**	**192,077**
Income taxes	(31,506)	(33,803)
INCOME AFTER INCOME TAXES	**187,096**	**158,274**
Minority interest	(45)	(39)
NET INCOME	**187,051**	**158,235**
Consolidated earnings per share (in HUF)		
Basic	**722**	**603**
Diluted	**714**	**599**

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR DECEMBER 31, 2006 (in HUF mn)

	2006	2005
OPERATING ACTIVITIES		
Income before income taxes	**218,602**	**192,077**
Adjustments to reconcile income before income taxes to net cash provided by operating activities		
Income tax paid	(47,072)	(29,208)
Depreciation and amortization	26,464	21,897
Provision for loan and placement losses	28,559	28,042
Provision for permanent diminution in value of equity investments	(1,892)	166
Provision/(Release of allowance) for losses on other assets	814	88
Release of allowance for losses on off-balance sheet commitments and contingent liabilities, net	6,982	(1,544)
Net increase in insurance reserves	32,253	31,763
Share-based compensation	5,927	7,497
Unrealised losses on fair value adjustment of securities held for trading	1,465	41
Unrealised losses/(gains) on fair value adjustment of derivative financial instruments	(17,137)	797
Changes in operating assets and liabilities		
Net changes in financial assets through Statements of Operations	(6,297)	29,244
Net (increase) in accrued interest receivables	(10,059)	(4,827)
Net (increase)/decrease in other assets, excluding advances for investments and before allowance for losses	(80,271)	5,843
Net decrease/(increase) in accrued interest payable	16,801	(3,679)
Net increase in other liabilities	43,969	1,207
Net Cash Provided by Operating Activities	**219,108**	**279,404**
INVESTING ACTIVITIES		
Net (increase) in placement with other bank before provision for placement losses	(80,699)	(79,136)
Net (increase) in securities available-for-sale	(78,636)	(72,018)
Net (increase) in equity investments, before provision for permanent diminution in value	(56,678)	(2,465)
Net cash outflow from acquisition of subsidiaries	(243,703)	(57,667)
Net decrease in debt securities held-to-maturity	21,526	(41,376)
Net (increase)/decrease in advances for investments, included in other assets	(255)	(14)
Net (increase) in loans, before provision for loan losses	(601,625)	(590,490)
Net additions to premises, equipment and intangible assets	(38,050)	(33,580)
Net Cash Used in Investing Activities	**(1,078,120)**	**(876,746)**

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE DECEMBER 31, 2006
(in HUF mn)
[continued]

	2006	2005
FINANCING ACTIVITIES		
Net increase in due to banks and deposits from the National Bank of Hungary and other banks	86,294	100,798
Net increase in deposits from customers	359,754	313,162
Net increase in liabilities from issued securities	220,626	226,238
Increase/(decrease) in subordinated bonds and loans	192,476	31,466
Increase/(decrease)of minority interest	(414)	66
Foreign currency translation gains/(losses)	(8,478)	4,449
Issue of equity instrument (ICES)	120,305	--
Net change in treasury shares	(6,998)	(20,293)
Net (decrease)/increase in compulsory reserves at National Bank of Hungary	(14,772)	(10,981)
Dividends paid	(55,119)	(41,240)
Net Cash Provided by Financing Activities	**893,674**	**603,665**
Net Increase in Cash and Cash Equivalents	**34,662**	**6,323**
Cash and cash equivalents as at January 1	361,996	355,673
Cash and Cash Equivalents as at end of period	**396,658**	**361,996**

Analysis of cash and cash equivalents opening and closing balance

Cash, due from banks and balances with the National Bank of Hungary	483,191	465,887
Compulsory reserve established by the National Bank of Hungary	(121,195)	(110,214)
Cash and cash equivalents as at January 1	**361,996**	**355,673**
Cash, due from banks and balances with the National Bank of Hungary	532,625	483,191
Compulsory reserve established by the National Bank of Hungary	(135,967)	(121,195)
Cash and cash equivalents as at end of period	**396,658**	**361,996**

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR DECEMBER 31, 2006 (in HUF mn)

	Share Capital	Retained Earnings and Reserves	Treasury Shares	Minority interest	Total
Balance as at January 1, 2005	**28,000**	**431,127**	**(25,867)**	**425**	**433,685**
Net income	--	158,235	--	--	158,235
Fair value adjustment of securities available-for-sale recognised directly through equity	--	2,051	--	--	2,051
Share-based payment	--	7,497	--	--	7,497
Derecognition of opening balance of negative goodwill	--	3,034	--	--	3,034
Dividend for the year 2004	--	(41,206)	--	--	(41,206)
Gain on sale of treasury shares	--	7,426	--	--	7,426
Change in carrying value of treasury shares	--	--	(27,719)	--	(27,719)
Derivative financial instruments designated as cash-flow hedge	--	(46)	--	--	(46)
Foreign currency translation gain	--	4,449	--	--	4,449
Minority interest	--	--	--	66	66
Balance as at December 31, 2005	**28,000**	**572,567**	**(53,586)**	**491**	**547,472**
Net income	--	187,051	--	--	187,051
Fair value adjustment of securities available-for-sale recognised directly through equity, net	--	(3,430)	--	--	(3,430)
Share-based compensation	--	5,927	--	--	5,927
Dividend for the year 2005	--	(55,160)	--	--	(55,160)
Gain on sale of treasury shares	--	3,132	--	--	3,132
Change in carrying value of treasury shares	--	--	(10,130)	--	(10,130)
Derivative financial instruments designated as cash-flow hedge	--	(1,131)	--	--	(1,131)
Issue of equity instrument (ICES)	--	120,305	--	--	120,305
Foreign currency translation gain	--	(8,478)	--	--	(8,478)
Deferred tax	--	36	--	--	36
Minority interest	--	--	--	2,619	[illegible]
Balance as at December 31, 2006	**28,000**	**820,819**	**(63,716)**	**3,110**	**788,213**

REPORT OF THE SUPERVISORY BOARD ON 2006 FINANCIAL REPORTS AND PROPOSAL FOR DISTRIBUTION OF AFTER TAX PROFIT OF THE BANK

REPORT OF THE SUPERVISORY BOARD ON 2006 FINANCIAL REPORTS AND PROPOSAL FOR DISTRIBUTION ON THE AFTER TAX PROFIT OF THE BANK

The Supervisory Board conducted its activities and performed its tasks in 2005 in accordance with the provisions of the amended Act CXII of 1996 on Credit Institutions and Financial Enterprises and Act IV of 2006 on Companies.

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

The Supervisory Board met on a total of seven occasions last year, in accordance with its approved work schedule. The Chairman of the Supervisory Board attended the meetings of the bank's Board of Directors on a regular basis and briefed the other members on the contents of those meetings.

The Supervisory Board regularly

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

Based on the reports, it monitored

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

The Supervisory Board was briefed regarding

- the results of the Bank's business operations in 2005, and
- the business-policy plans with respect to the year 2006
- the pro-rata implementation of the action plan prepared on the basis of the findings of the Resolution closing the comprehensive on-site audit conducted by the Hungarian Financial Supervisory Authority in 2004
- the management incentive scheme for the years 2006 through 2010
- the statement on corporate governance practice
- the handling of customer complaints regarding the Bank's services
- the Compliance System of OTP Bank Plc.
- the organisational changes expected in 2007, and
- the business policy plans of OTP Bank and the Bank Group for 2007.

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

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

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

Based on its annual audit schedule for the year 2006 and other extraordinary assignments, the Internal Audit Department carried out 213 audits, was involved in the work of 14 projects, and reviewed the draft versions of 396 internal regulations.

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

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

The audited units accepted 99.9% of Internal Audit's findings and proposals, and took the necessary measures to correct errors and eliminate deficiencies, and 1.5% of those measures were still in the process of being implemented as of the last day of the year.

The Supervisory Board supplemented the annual internal audit program with additional responsibilities, identifying areas that present increased risk due to their activities or specific characteristics. Accordingly, for the year 2006 the Board prescribed the review of the systems supporting Giro and clearing processes and of the internal audit systems of those OTP Bank Group members that come under the ruling of Section 90 of Act CXII of 1996, as well as the follow-up audit of the operation of the Arbitage Department and the controls that the department is subject to.

The Supervisory Board discussed in detail, assessed and approved the reports containing the findings and proposals of the priority audits. It continued to monitor the implementation of proposals accepted in the report.

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

In order to ensure compliance with the relevant legislation the Supervisory Board of OTP Bank Plc. gave its opinion on and evaluated the annual reports with respect to the activities and operating conditions of the subsidiaries' internal audit organisations and their annual plans. The Supervisory Board provided their evaluation, findings and recommendations for the committee supervising the internal audit organisations of the subsidiaries concerned.

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

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

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

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

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

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

1. In accordance with the auditor's report, the Supervisory Board of OTP Bank Plc. has accepted the 2005 financial statements with

HUF 4,470 billion 606 million total assets and

the consolidated IFRS annual financial statements with

HUF 7,097 billion 426 million total assets, and

the proposal for the distribution of

HUF 186 billion 187 million HAR profit after tax,

as well as the business report of the Board of Directors, and recommends the above to the General Meeting of the Company for approval.

2. The Supervisory Board agrees with the Board of Directors' proposal to pay HUF 144 on each ordinary share and HUF 1,440, that is, on voting preference share, 144% of the nominal value of shares, in the form of a dividend. The actual amount of dividend payable to the individual shareholders shall be paid out in accordance with the Company's Bylaws.

otpbank

REPORTS OF THE AUDITOR ON THE RESULTS OF THE AUDIT OF THE 2006 FINANCIAL REPORTS

FREE TRANSLATION OF THE HUNGARIAN ORIGINAL

Deloitte.

Deloitte Auditing and Consulting Ltd.
H-1068 Budapest, Dózsa György út 84/C., Hungary
H-1438 Budapest, P.O. Box 471, Hungary

Tel: +36 (1) 428-6800
Fax: +36 (1) 428-6801
www.deloitte.com/Hungary

Translation of the Hungarian original

INDEPENDENT AUDITORS' REPORT

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

To the Shareholders of OTP Bank Plc.

We have audited the accompanying financial statements of OTP Bank Plc. (the "Bank"), which comprise the balance sheet as at December 31, 2006 - which shows total assets of 4,470,606 million HUF and a retained profit for the year of 127,248 million HUF -, and the related profit and loss account for the year then ended and the supplement comprising a summary of significant accounting policies and other explanatory notes .

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

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

We also audited the financial statements as of and for the year ended December 31, 2005 and issued an unqualified opinion. Reference is made to our report dated March 10, 2006.

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

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

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

Clause

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

In our opinion, the financial statements give a true and fair view of the financial position of OTP Bank Plc. as at December 31, 2006. The Business Report corresponds to the figures included in the financial statements.

Budapest, March 21, 2007

The original Hungarian version has been signed.

Jack Bell

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

000083

Nagy Zoltán

registered auditor
005027

Deloitte.

Deloitte Auditing and Consulting Ltd.
H-1068 Budapest, Dózsa György út 84/C., Hungary
H-1438 Budapest, P.O.Box 471, Hungary

Tel: +36 (1) 428-6800
Fax: +36 (1) 428-6801
www.deloitte.com/Hungary

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of OTP Bank Plc. and its subsidiaries, which comprise the consolidated balance sheet as at December 31, 2006, and the related consolidated income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of OTP Bank Plc. and its subsidiaries as of December 31, 2006, and of its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Budapest, March 21, 2007

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

Nagy Zoltán
Registered Auditor
005027

DECISION ON THE APPROVAL OF THE REPORT ON CORPORATE GOVERNANCE

The Board of Directors of the OTP Bank Plc. (the "Company") hereby makes the following statement and provides the following information[5] on behalf of the Company:

1. **In respect of point 1.1.2. of the Recommendations:**

   The responsibilities of the Board of Directors extend to the areas specified in this point.

   Yes

   The Board of Directors does not only approve risk management guidelines, but in addition to these, it approves a set of detailed risk management rules.

   The Board of Directors possesses a set of procedural rules.

   Yes

2. **In respect of point 1.2.2. of the Recommendations:**

   The Supervisory Board possesses a set of procedural rules and a work schedule.

   Yes

3. **In respect of point 1.3.2. of the Recommendations**

   Minutes are taken of the meetings of the Board of Directors and the Supervisory Board, and the resolutions of these meetings have been documented.

   Yes

4. **In respect of points 1.6.1. and 2.1.6. of the Recommendations**

   The Board of Directors has prepared guidelines for evaluating and rewarding the management's work.

   Yes

   The Board of Directors has published the guidelines for evaluating and rewarding the management's work.

   No

   However, the conditions of the stock option scheme, a key component of the management remuneration system, were approved by the Company's general meeting. Furthermore, the Board of Directors provides information on the annual and mid-term targets constituting the basis for evaluation at the annual general meeting.

5. **In respect of point 1.7. of the Recommendations:**

   There is an independent internal audit team operating at the Company.

   Yes

   The independent internal audit team has an annual audit schedule approved by the Board of Directors or the Supervisory Board.

   Yes

[5] based on the Corporate Governance Recommendations (December 8, 2003) published by the Budapest Stock Exchange

6. In respect of point 1.10. of the Recommendations:

The Board of Directors has informed the Company's general meeting and Supervisory Board of any other notable assignment given to the independent auditing company.

There was no such assignment.

7. In respect of point 2.1.1. of the Recommendations:

The Company has prepared its reporting guidelines.

No

The Company rigorously observes the reporting regulations set out in Act CXX of 2001 on the Capital Market and in the relevant Regulations of the BSE, these being legal sources available to the public. The Company possesses its own internal regulations providing for the observance of the reporting obligations, representing the tasks and obligations resulting from the provisions of the Act and the BSE Regulations for all of the Company's bodies, organisations and employees concerned. Based on the above-specified regulations, the reporting obligations can be fully met, without the need for any separate guidelines.

8. In respect of point 2.1.4. of the Recommendations:

The Board of Directors has published the currently applicable business strategy objectives.

Yes

The Board of Directors provides information at every Annual General Meeting on the business strategy objectives for the given year. The proposal prepared for the general meeting is published on the website of the BSE.

9. In respect of point 2.1.6. of the Recommendations:

In line with point 2.1.6. of the Recommendations, the Company has published the information relating to the professional careers of members of the Board of Directors, the Supervisory Board and the management.

Yes

The careers of members of the Board of Directors and the Supervisory Board are presented on the Company's website and in the Annual Report.

10. In respect of point 2.1.7. of the Recommendations:

In line with point 2.1.7. of the Recommendations, the Company has published its risk management guidelines.

No

The Company as a credit institution not only possesses risk management guidelines, but also highly detailed risk management rules extending to every area of risk, which are based on the public regulations pertaining to prudent banking operations. The adequacy of these rules, and the Company's operation in accordance with these rules, is supervised by the Hungarian Financial Supervisory Authority. Publication of these rules could, in certain circumstances, adversely affect the Company's competitive position.

11. In respect of point 2.1.9. of the Recommendations:

The Company has published its guidelines pertaining to insider trading.

No

Act CXX of 2001 on the Capital Market contains detailed rules pertaining to insider trading, and stipulates the various restrictions and prohibitions in this regard. The Act is accessible to anyone; the rules concerning insider trading are publicly available without any restrictions. Accordingly, the Company has not drafted guidelines, but instead, detailed internal regulations – covering insider persons and those who may potentially be insiders – to ensure observance of the obligations, as well as the restrictions and prohibitions, stipulated in the said Act.

12. In respect of point 2.1.10. of the Recommendations:

In line with point 2.1.10. of the Recommendations, the Company has published the information concerning relations with third parties of the Board of Directors and the management.

Yes

The Company publishes the amounts of any loans that have been provided to persons in management positions, and to enterprises wholly or partially owned by them, in its Annual Report.

Information and other notes:

1. In respect of point 1.3.1. of the Recommendations:

The Board of Directors held 8 meetings in the business year 2006 with average attendance of 95%.

The Supervisory Board held 7 meetings with average attendance of 87% in the business year 2006.

2. In respect of point 1.5.2. of the Recommendations:

The ratio of independent (non-executive) members of the Board of Directors compared to the total number of members is 36%.

3. In respect of point 1.5.5. of the Recommendations:

The ratio of independent (non-executive) Supervisory Board members compared to the total number of members is 60%. (Supervisory Board members representing the Company's employees are not regarded as independent members.)

4. In respect of point 1.8. of the Recommendations:

There are no special corporate committees as defined in the Recommendations operating at the Company. Some of the functions and responsibilities of the audit committee are performed by the Supervisory Board under the specific regulations governing financial institutions, and by the independent internal audit apparatus – subordinated to it by the Credit Institutions Act (Act CXII of 1996). The duties of the other committees are performed by ad hoc committees that can be (and have been) set up in line with the procedural rules of the Company's Board of Directors.

5. In respect of point 3.1.4 of the Recommendations:

In preparing and holding its general meeting, the Company took the relevant recommendations of the Budapest Stock Exchange into consideration in the past business year of 2006.

Yes

The recommendations under points 1.1. – 1.9, 1.12, 2.1. – 2.7. and 2.9., as well as 3.1. – 3.3., were taken into consideration.

6. The Company has its own corporate governance code of practice:

No

The Company's internal regulations (particularly the procedural rules of the various governing bodies, the Organisational and Operational Regulations, the special conflict-of-interest rules relating to banking operation, and the regulations containing the related prohibitions and restrictions) cover the areas otherwise regulated by a corporate governance code of practice.

7. The Company has a code of ethics:

Yes

8. The post of Chairman & CEO is occupied by one person at the Company.

Yes

The Company's internal regulations describe the duties associated with these two functions.

REPORT OF THE BOARD OF DIRECTORS ON THE BANK'S BUSINESS POLICY FOR 2007

REPORT OF THE BOARD OF DIRECTORS ON THE BANK'S BUSINESS POLICY FOR 2007

SUMMARY

Expected macroeconomic trends in 2007 in Hungary

Following robust economic growth of more than 4% in the previous year, in 2007 – as the net result of a slight fall in the domestic utilisation of GDP resulting from the recently introduced package of austerity measures, combined with double-digit growth in exports to the European markets – the economy is expected to expand at a rate of approximately 2.4%. Owing to a combination of the stabilisation package and other factors affecting the balance of state budgets, the public finance deficit is likely to shrink in size to 6-7% of GDP, and the net external financing requirement to fall to 6.8-7% of GDP.

Primarily as a consequence of increases in regulated prices, as well as in indirect taxes and contributions, the 12-month consumer price index could rise to almost 9% in the course of the year, and the annual average may exceed 7%. The Central Bank's benchmark interest rate is expected to remain above 8% in the first half of 2007, before falling, together with the rate of inflation, to 7.25% at the end of the year. A EUR/HUF exchange rate of around HUF 260 is predicted for the end of the year.

A reduction of almost 3% in the real earnings of households is forecasted for 2007.

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

While consumption and investments decline at a slower rate than available income, the net savings position of households is likely to deteriorate by almost 0.5% of GDP in 2007. The rapid, loan-driven rise in bank-sector penetration that has characterised the past years could also slow considerably, with net borrowing expected to fall back to 2.9% of GDP. However, forecasting the financial behaviour of households in 2007 is made difficult by the uncertainty of predictions regarding the impact of the austerity measures on demand for loans. Within loans, we expect to see a greater decline in housing loans, while foreign currency based mortgage-type consumer loans could represent a suitable means of consumption smoothing.

The rate of growth in gross financial savings is likely to slow to 9% in 2007. The income shock will primarily impact liquid savings, and it is these – particularly bank deposits – that will display the slowest growth, of only 4-5%, while the rate of increase in longer-term, less liquid forms of investment – especially life insurance policies – will remain in the double digits.

The net financing requirement of the corporate sector is unlikely to change significantly, owing to the dynamic growth in exports and a slowing in the pace of investment. We expect to see a slight reduction in demand for loans, relative to last year, but the austerity measures could also stimulate the demand for financing among numerous micro, small and medium-sized enterprises. Deposit placements across the whole sector will be modest, owing to the deterioration in corporate profitability, and will continue to depend on one-off transactions by large corporations in 2007.

The volume of loans provided to municipalities will grow at the same rate as GDP, while the rise in municipality deposits will correspond to the rate of inflation. New demand for loans could also arise from the growing need for the co-financing of projects partially funded from EU sources.

As a result of the above tendencies, bank sector growth is expected to slow in 2007. The volume of customer deposits at domestic banks will rise at below the rate of inflation, at 4%, while that of domestic customer loans will display 14% growth in 2007.

Forecasted economic and financial environment in the countries of the foreign subsidiaries in 2007

In all the countries in which OTP has foreign subsidiaries, the spectacular growth of 2006 is expected to be followed in 2007 by a slowing in the pace of economic expansion. The export-driven Slovakian economy could display the most rapid growth, but we also expect GDP to rise by approximately 6% in Russia, Ukraine, Bulgaria and Romania, as the result of burgeoning domestic demand. In all the countries except Ukraine, inflation rates will fall, leading to reductions in interest rates. In Slovakia, Croatia and Montenegro the consumer price index will stabilise at 3% over the coming years, while in Ukraine hikes in regulated prices will result in double-digit inflation. Following the EU accession of Romania and Bulgaria in January 2007, from 2011 Croatia could also become a member of the European Union, while Slovakia is a likely candidate to join the euro zone from 2009.

Everywhere, the increase in banking penetration is being driven by lending growth that exceeds the rate of expansion in deposits. Lending volumes are rising the fastest in Russia, Ukraine and Romania, where the rate of increase in household borrowing is more than 50%, while in Croatia a tightening of the regulations on provisioning is putting the brakes on lending growth. The steep wage increases in Russia, Ukraine and Serbia will also lead household savings to rise by over 30% in 2007, but growth in household deposits will remain in double digits in all the countries with the exception of Slovakia.

Objectives related to market position in Hungary

The OTP Bank Group plans to halt the decline in its share of the market for household bank deposits, turning it into growth by the end of 2007. At the same time, it also aims to maintain its share of the investment funds market. In the area of retail lending, the Bank Group intends to retain the share that is has gained in the market for housing loans, while further increasing its slice of the consumer loans market. In order to achieve this, it will be necessary to secure more than one third of all foreign currency based housing loan disbursements in the market, and to slow the rate of housing loan prepayments.
By the end of 2007, the OTP Group aims to boost its share of corporate deposits, while maintaining its market position in respect of corporate loans. In the micro and small enterprise segment, OTP Bank plans rapid growth in its loan portfolio, and more moderate growth in deposits.
In the municipality market OTP Bank aims to maintain its long-term cooperative partnerships with municipalities, retaining those customers from this sector that it has served for many years, to protect its market share of deposits, and to consolidate and achieve further growth in its market share of loans by the end of 2007.

Market position and financial objectives at the foreign subsidiaries

The OTP Group's main strategic objective is to improve profitability and efficiency at foreign group members as well as in Hungary. For the purposes of achieving this goal, the parent company has launched a comprehensive project for the transformation of its system for managing subsidiaries, to enable the elaboration of a group-level strategy that extends to cover all the foreign subsidiary banks – taking into consideration their individual special characteristics – and based on which a regional action plan can be formulated. The results of the project will facilitate the more effective leveraging of synergies within the group, thereby helping to raise shareholder value.
In 2007 the DSK Group in Bulgaria plans to achieve a 16%, OBS in Slovakia a 2.8%, OBR in Romania a 1.6%, and OTP banka Hrvatska in Croatia a 3.6% market share in terms of their balance sheet totals. In Serbia, the combined assets of merging Niška banka, Zepter banka and Kulska banka account for an approximately 3% share of the Serbian banking market, a figure which the group intends to increase further. The objective of OTP Bank Ukraine is to achieve asset growth of more than 30%.
In addition to fulfilling the above targets, the plans of the OTP Group include branch network expansion at the Romanian, Ukrainian and Russian subsidiaries. In 2007, the OTP Group will launch housing loans in Russia, while in Ukraine it plans to achieve growth of over 50% in the retail loan portfolio. In Bulgaria, the prime objectives of DSK Bank include increasing its share of the housing loans market, maintaining its position in the market for consumer loans, and developing the incentives system for branch employees.

Main financial objectives in 2007 in Hungary and at consolidated level

The Bank Group's target in 2007 is to achieve an IFRS after-tax profit of HUF 211.6 billion, which will represent a growth of 16.9% in comparison to 2006. OTP Bank's after-tax profit target is HUF 150.0 billion, or a 5.5% increase relative to the 2006 result, excluding one-off items.
The plan assumes a reduction in the interest margin of 30 basis points at group level, and 140 basis points in the case of OTP Bank. The consolidated net interest margin[6] will fall to 5.5%, and the non-consolidated margin to 3.6% in 2007.
The foreign subsidiaries' share of group-level profit will rise to 27% (in 2006: 12%).
The expense/income[1] ratio will decline from 47.2% to 46.2% at the Bank, and from 57.1% to 57.3% at group level.

[6] Indicators calculated without Investsberbank and CKB.

The OTP Group's return on equity[1], which was 27.1% in 2006, will fall to 24.5% in 2007, while the Bank's return on equity will decline from 24.9% to 21.0% over the same period.

Customer-related objectives

In order to strengthen brand loyalty, minimise customer churn, facilitate customer acquisition and more effectively leverage synergies within the group, the decision has been taken to renew and consolidate the OTP Group's corporate image under a modernised logo. The image campaign launched for this purpose at the beginning of 2007 focuses on the central value of the OTP brand: "trust."

The Bank continues to prioritise retaining and continuously monitoring those customers who are most likely to leave the Bank, cross selling products that strengthen their commitment, and encouraging product use that serves to deepen their relationship with the Bank. In the course of 2007, as a new element of the incentives system for branch employees, a pilot scheme will be launched to promote the differentiated management of customers who are susceptible to leaving the Bank.

Since, in the course of 2006, strong support was provided for the comprehensive development of the micro and small enterprise division in the interests of improving satisfaction among the customers in this segment, in 2007 substantial growth must be achieved in the number of products/contracts per MSE customer, and in the product use indicators. In 2007, in a continuation of the product development program launched for this purpose, additional new loan products will be introduced for micro and small enterprise customers.

Objectives related to operational processes

As financial products, the Hungarian banking culture and customer requirements become increasingly sophisticated, there is a growing demand for banking advice, especially in the course of selling complex or innovative products. The branches – and the agent network – offer a better opportunity for providing such advice than the electronic channels. In response to the growing diversity of customer requirements, new types of branch are beginning to emerge both in the mature 'western' economies, and in Hungary. In order to leverage the business potential inherent in this trend, OTP Bank is opening branches that specialise in securities transactions, and plans to strengthen the advisory function.

In accordance with the accelerated branch-modernisation strategy, the modernisation of branches is set to continue in 2007 with the refurbishment of some 60-65 units, more than half of which will be mini-branches.

As the result of intranet developments, in 2007 branch employees will gain access to sales support materials that are increasingly personalised in their nature.

In order to retain the market-shaping role that it has secured in the area of electronic channels, and to boost competitiveness and profitability, OTP Bank will have to concentrate on enhancing and perfecting its existing technologies, maintaining the high level of security of its electronic services, as well as to continuously expanding the range of services on offer, exploring opportunities for the application of new technologies and business solutions, and strengthening the product-selling focus of the electronic banking channels. In 2007, achievement of these goals will be supported by a number of developments, including the ongoing branch calls centralisation project, while the range of securities functions available through the e-channels, and opportunities to request products online, will also be expanded.

Objectives related to training and development

In the area of human resource management, key objectives for 2007 are the development of a career management system with career modelling and succession-management functions, and the implementation of a skills development training program for head-office managers.

In order to achieve sales targets, the provision of sales training to customer service staff must be continued, by extending the "Conscious Selling" training courses to cover employees engaged in the sale of housing loans, and all customer service representatives who deal with micro and small enterprises or medium-sized and large business customers.

EXPECTED TRENDS IN THE MACROECONOMIC ENVIRONMENT

In 2007, owing to a slight decline in domestic GDP use resulting from the government's austerity measures, in the first half of the year we expect inflation to rise in the first half of the year, and then to fall again in the second half, accompanied by reductions in the central bank base rate, while the annual average drop in real interest rates will also be substantial.

EXPECTED MACROECONOMIC AND FINANCIAL-MARKET TRENDS IN 2007 IN HUNGARY

Expected trends in the macroeconomic environment in 2007

Following robust economic growth of more than 4% in the previous year, in 2007 – owing to the combination of a slight fall in the domestic utilisation of GDP resulting from the recently introduced package of austerity measures, and double-digit growth in exports to the European markets – the economy is expected to expand at a rate of approximately 2.4%.
As a consequence of the typically expansive election-year budget, in 2006 the public finance deficit grew to approximately 9.7% of GDP. In 2007, the stabilisation program which, in an extent of 75%, is founded on increased taxes and contributions from the private sector – together with other factors influencing the balance of public finances – will result in an improvement of more than 3% of GDP. Consequently, we expect the public finance deficit to shrink to 6-7% in 2007. As a result of the austerity measures, in 2007 the net external financing requirement of the economy could fall to 6.8-7% of GDP. However, international experience has shown that stabilisation measures which are predominantly based on raises in taxes and contributions can lead to a renewed relaxation of budgetary restraints in the run-up to the following elections, while the feasibility of the reforms and their ability to reduce costs in the long term are also questionable.
Following a rise of more than 7% in net nominal wages in 2006, in 2007 this growth will hardly exceed 4%, which represents an almost 3% drop in real wages. The likely cutbacks could lead to an increase in the contingency savings of households, although consumer spending is expected to decrease by a lower rate than real wages, at 2%.
Consumer spending on housing will also fall, owing to the decline in new home construction and home purchases. In 2006 the number of home construction permits issued and homes taken into occupancy were 15% down on the previous year, in a trend that is expected to continue in 2007. Owing to a rise in the number of home renovations, the home-related investments of households are likely to fall at the lower rate of around 3%.

Monetary environment in 2007

The year 2006 was characterised by average inflation of 3.8%, with inflationary pressure increasing at the end of the year, continuing into the beginning of 2007. Primarily as a consequence of increases in regulated prices, as well as the raising of indirect taxes and other contributions, the 12-month consumer price index could peak at almost 9% within the year, while the annual average may exceed 7%. The greatest risk is represented by a raising of inflation forecasts.
There appears to be no room for a reduction in the central bank base rate in the first half of 2007. Interest cuts will become possible from the second half, when the benchmark rate is expected to be lowered to 7.25% in a number of stages. Owing to the higher rate of inflation, the moderate decline in nominal interest rates will be accompanied by a fall in real interest from an annual average of 3.5% in 2006 to hardly 0.5% in 2007.
The National Bank of Hungary continues to play a key role in shaping exchange-rate policy. In the second half of 2007, with the reductions in the base interest rate, an exchange rate of around HUF 260 to the euro is to be expected.

Main trends expected in the financial markets in 2007

With consumption falling at a lower rate than available income, by almost 3% of GDP, and an almost 1% drop in the accumulation rate, the net savings position of households will decrease by almost 0.5% of GDP in 2007.
The past few years' rapid, lending-driven increase in bank-sector penetration could also slow drastically.
Following the announcement of the economic stabilisation program the consumer confidence index fell considerably, but the borrowing demand of households displayed the opposite tendency and

continued to rise, approaching the record annual level recorded in 2003. This could be largely attributable to the fact that those measures which will substantially reduce incomes only came into effect at the beginning of 2007. However, forecasting the financial behaviour of households in 2007 is made difficult by the uncertainty of predictions regarding the impact of the austerity measures on demand for loans. However, a given net savings position could even be achieved under the circumstance of an extremely wide gap between borrowing and savings:

Borrowing could come to a complete halt, with households financing their spending from a partial reduction in savings.

An improvement in Hungary's chances of adopting the euro improve could stimulate demand for borrowing among households. In this case gross savings also tend to be higher (as in the cases of Portugal and Spain).

Since the stabilisation program in Hungary is based on an increase in revenues, which results in the sacrificing of much growth, higher interest rates and a weaker exchange rate, a rise in demand for loans similarly to that recorded in the Iberian examples is not a likely outcome. The burden of existing loans, expressed as a percentage of incomes, will rise from 10% to above 11%; while uncertainty regarding wage increases could also dampen the demand for lending products. However, we do not expect borrowing to come to a complete halt, since, in countries whose bank levels are at a similar stage of development, it is unprecedented for budgetary corrections to have such consequences. In 2007, as a result of the above factors, we predict that net borrowing, which in 2006 reached 5% of GDP, will fall back to 2.9% of GDP. Data on next year's borrowing demand indicate increased risk, as well as a more rapid growth in indebtedness than forecasted, the likelihood of which is further increased by the above-mentioned fact that demand for loans rose continuously in the second half of 2006, despite the announcement of the austerity measures.

Within loans, we expect to see a greater decline in housing loans, while foreign currency based mortgage-type consumer loans could represent a suitable means of consumption smoothing.

In 2007, owing to a reduction in the number of housing investments and issued construction permits, and as a result of the savings-reducing effect of falling incomes, the demand for housing loans is expected to fall considerably, to around 55% of the figure for the previous year. The rate of growth in housing loans will fall from 18% in 2006 to 8% in 2007.

By taking out mortgage-type loans households will be able to effectively alleviate the effect that the income shock has on their consumption (consumption smoothing), and this will partially offset the slump that is expected in the other segments of the consumer lending market. For this reason, we expect the year-on-year decline in consumer and other loans to be less marked, at around 25%, than that in housing loans.

Households are likely to continue favouring foreign-currency loans, since the weakening of the forint has proven to be temporary, and we do not expect to see a downward trend in the national currency, while the interest gap between forint and Swiss franc bank loans is unlikely to decrease within the forecast horizon.

The growth in savings will be suppressed by the slowdown in borrowing in 2007, as well as by the decrease in the net savings position of households. (This is because a substantial proportion of the loans taken out by households – e.g. for the purchase of a used home or a car – remains within the sector, while a part of it is recouped from corporate profit.) For this reason, the rate of growth in gross savings will slow from 12% in 2006 to 9% in 2007. The income shock will primarily have a detrimental effect on liquid savings, which – especially in the case of bank deposits – will show the slowest growth, of no more than 4-5%. According to interest forecasts, in the first nine months the interest on deposits will match the ex-post yields on investment funds. However, in the fourth quarter ex-post yields could improve, making the funds a more attractive proposition. Meanwhile, growth in longer-term, less liquid forms of investment will remain in the double digits. This is especially true of life insurance plans, the attractiveness of which will probably be sustained by their exemption from interest tax, while payments into pension funds will decline as incomes fall.

The net financing requirement of the corporate sector is unlikely to change significantly, owing to the dynamic growth in exports and a slowing in the pace of investment. In 2007, the austerity measures will substantially raise the sector's payroll and other costs, which will detract from profitability and dampen investment activity. At the same time, the financing needs of many micro, small and medium-sized enterprises could increase as a result of the unfavourable impacts of the stabilisation package.

Consequently, we expect the demand for loans to be virtually stagnant, dropping from 4.6% to 4% of GDP, and deposit placements to be low at 0.5% of GDP, partly owing to the expected partial utilisation of a deposit held by a certain large corporation. The rate of expansion in the portfolios will also be reduced, through revaluation, by an expected strengthening of the exchange rate.

In line with the four-year parliamentary cycle, 2006 once again saw acceleration in the growth of loans to municipalities, and, to a lesser extent, in municipality deposit portfolios. In 2007 this could be followed by lending growth on a par with the rate of GDP expansion, while municipality deposits increase at the same rate as inflation. New demand for loans could also arise from the growing need for the co-financing of projects partially funded from EU sources.
As a result of the above tendencies, bank sector growth is expected to slow in 2007. The total volume of customer deposits at domestic banks will increase at below the rate of inflation (by 4%), while the growth in domestic lending will fall far short of the 18% rate of 2006, at 14% in 2007.

FORECASTED ECONOMIC AND FINANCIAL ENVIRONMENT IN THE COUNTRIES OF FOREIGN SUBSIDIARIES IN 2007

Bulgaria

In 2006 real GDP growth exceeded, and in 2007 is likely to reach, 6%. This expansion continues to be driven by investments, and, to a lesser extent, by household consumption. We expect a slight change to fiscal policy, with the government using the budget surplus that has been steadily increasing over the past years to reduce corporate tax rates, with the result that the surplus will shrink in 2007 from the previous year's 3.6% to 1.5-2%. Although the current account deficit is blatantly high even in an international comparison, its sustainability is in no doubt. This is because the deficit is primarily attributable to strong investment activity in the private sector, and is therefore fully financed by non-debt generating forms of revenue (mainly FDI). Inflation rose sharply in 2006 owing to an increase in excise taxes, but we predict a significant reduction in 2007, with the annual average rate falling to 5%. Following the modest wage increases of previous years, in the second half of 2006, as a result of the rapid economic growth and shrinkage in the labour market, both nominal and real wages began to rise steeply. Since we expect no changes to the exceptionally low premium levels, yields are likely to rise on a par with euro yields.
In Bulgaria, the credit-driven increase in bank-sector penetration is among the fastest, owing to the combination of a predictable economic environment, rapid economic expansion and low interest rates. The credit flows powering the growth have been high even by international standards over the past years, and we expect no changes in this regard. However, forecasting the trends in lending processes is made difficult by the fact that in 2006, owing to an administrative restriction on credit expansion that was still effective at that time, the bank sector sold a substantial proportion of its loans abroad. Although the restrictions have been lifted by the central bank with effect from 2007, it is uncertain how many of the loans already securitised to date will appear in the official statistics, and when. In 2007, similarly to the previous year, we expect borrowing to be restrained. However, in respect of households loans as well, considerable uncertainties arise from the securitising carried out as a result of the restrictions, and as a result risks will increase due to higher borrowing. We mainly expect to see a reduction in the case of consumer loans. Owing to the slowdown in borrowing and the growing range of savings products on offer, deposit placements could also decline.

Croatia

Owing to the upswing in investments, the improvement in export performance and stable household demand, growth in the Croatian economy could exceed 4% in 2007, while inflation could stabilise at around 3% as the result of strict monetary and exchange-rate policies. Forthcoming elections may lead to a relaxation of budgetary discipline in 2007, pushing the budget deficit up towards 4%. The current account deficit approached 8% of GDP in 2006, and, with a strengthening of domestic demand, could even reach this figure in 2007. At the same time, foreign direct investment related to privatisation has the potential to cover 60% of the current account deficit.
Although the penetration indicators of the Croatian bank system are fairly high by regional standards, they still lag significantly behind those of the eurozone. The rapid economic expansion could contribute to further growth in lending over the coming years. In the interests of reducing Croatia’s foreign debt, the National Bank of Croatia prescribes, over and above the 17% general provisioning requirement, an additional 55% provisioning obligation on funding sources procured from abroad. In addition, from 1 January 2007, the rate of growth in bank loan portfolios has been – effectively – capped at 1%. This restrictive monetary policy – according to our expectations – could remain in place until the end of 2008. The strict provisioning requirements will lead to a slowing of growth both in the bank system’s balance sheet total and in its overall loan portfolio. The slowdown will mainly effect consumer loans, whose rate of growth could fall to single digits in 2007. However, the expansion in

the housing loan market could continue, and thus the rate of increase in the overall loan portfolio could reach 12% – the maximum permitted under central bank regulations – in 2007. The rapid economic growth will have a positive impact on the corporate lending market, although a rising proportion of investments could be financed by FDI.

Montenegro

In 2007 the Montenegrin economy could expand by around 5.5%, a rate higher than that previously forecasted and far closer to the growth rate characteristic of the region, as well as being more consistent with the European upswing, which has been stronger than was formerly predicted. As a consequence of the country's unilateral adoption of the euro, inflation could be the same as in the Eurozone both this year and next. At the beginning of September 2006 the Montenegrin parliament passed a bill regarding the country's joining of the IMF and World Bank. Under the new law, Montenegro will become members of both these organisations from this year. After Montenegro joins the World Bank, the organisation is expected to approve a new three-year economic development program to support the country's development.
The country continues to attract considerable foreign capital – the main driving force for which could be privatisation in 2007 – with FDI likely to reach 18-20% of GDP, thus providing coverage for well over 100% of the current account deficit. Fiscal policy remains disciplined, and therefore we expect the budget surplus of 2006 to be sustained in 2007.
The penetration of the Montenegrin bank system is likely to increase rapidly in 2007, since, following a more modest ratio of retail borrowing to GDP in previous years, 2006 saw a substantial increase in the volume of loans taken out by households, and this rate of growth is only expected to fall slightly in 2007. Thus, the volume of retail lending could expand at a rate of around 63% in 2007. The ratio of corporate loan disbursements to GDP rose sharply over the past year, with a growth rate of around 45% expected in 2007. Retail deposits, expressed as a proportion of GDP, rose by 15 percentage points in 2006, which is likely to be followed by more modest growth in 2007.

Russia

In Russia, similarly to the previous year, economic growth of more than 6% is expected in 2007, which will be driven by investments and consumer spending. At the end of 2007 and in the spring of 2008, the relaxation of budgetary constraints prior to close-run parliamentary and presidential elections, as well as 10% growth in wages and the rapid uptake of retail loans could further accelerate the rise in consumption. The expanding monetary base, resulting from buoyant internal demand and central-bank intervention in the currency market, is fuelling inflation, which consequently exceeded the 8.5% upper limit of the central bank's target band at the end of 2006, and is only expected to abate slowly in 2007. The rising revenues from oil exports improved the balance of public finance and the balance of payments, which could deteriorate over the coming years owing to a relaxation of fiscal policy and the expected fall in world oil prices. Prior to the elections, reducing inflation could become an economic policy priority, and as a result of the consequent moderation of central-bank intervention, we expect the rouble to appreciate by around 10% in real terms in 2007.
Owing to the rapid expansion in loans portfolios, the total assets of the Russian bank sector will grow at a rate of over 20% in the coming years. The increase in the volume of bank loans, which jumped to almost 10% of GDP in 2006, is likely to be followed by a further rise of more than 8% of GDP in 2007, which could lead to portfolio growth of around 30%; but we also expect to witness an increase in risks, due to the accelerating pace of household borrowing. With a low level of retail loan penetration, the weight of mortgage-type loans within new loan disbursements could rise over the coming years. The growing popularity of foreign currency loans, due to the high interest differential and a sustained strengthening of the rouble, could lend new impetus to retail borrowing demand over the years ahead. Most of the increase in customer loans will continue to be generated by corporate borrowing in 2007, but the growing rate of foreign direct investment could reduce the sector's GDP-proportionate funding requirement.
Household bank deposits will display stable growth again next year, of around 30%. The increase in corporate deposits, following an expansion of around 40% in 2006, could be dampened by the fall in world energy prices, which will slow profit growth in this sector of the economy.

Romania

After the slowdown of 2005, the economy has found its feet again, and the 7% growth of 2006 is likely to be followed by expansion of almost 6% in 2007. The growth is driven by domestic demand, as the double-digit rise in consumption, which is partially financed from loans, has not slowed even despite the tightening of central-bank controls. The contribution of investments to GDP growth is expected to increase further, as the increase in EU funding, resulting from the country's accession to the Union at the beginning of 2007, boosts state infrastructure projects. The contribution of net exports to growth remains negative, owing to the high level of domestic demand, although the gap between the rates of export and import growth is narrowing. In 2006, double-digit rise in consumption and the relaxation of budgetary constraints led to an increase in the current account deficit, which is expected to further deteriorate over the coming years. At the end of 2006 inflation began to fall more rapidly, although this process is likely to be curtailed in the first half of 2007 by regulated price increases postponed from the previous years, with the result that, following the unexpected 75-basis-point interest rate reduction that took place at the beginning of the year, a further loosening of restraints is only likely to take place towards the end of the year.

The penetration of the Romanian banking system, in terms of its balance sheet total, exceeds 50% of GDP, due to the high volume of interbank deposits, while the lower penetration of loan and deposits portfolios are indicative of a less mature bank sector.

The portfolio of bank loans, following outstanding growth of 11% of GDP in 2006, is expected to expand by 10% of GDP in 2007 as well. A substantial proportion of the double-digit growth in consumption was financed by consumer loans, which rose by more than 4% of GDP. The volume of home-purchase mortgage loans is low, owing to a lack of the necessary legal framework, but mortgage-based lending is an increasingly important factor contributing to the growth of consumer lending. The rise in construction and manufacturing-industry investments is also fuelling the financing requirement of the corporate sector to a considerable degree. In 2006, the growth in corporate loans, expressed as a ratio of nominal GDP, rose to twice the previous year's figure, and is expected to exceed the previous years' average again in 2007.

In 2006 the rate of growth in deposits slowed relative to the previous years, as savings were reduced by a situation in which consumption and investment outstripped income in the private sector. The share of alternative savings forms is likely to grow within the structure of household savings, with the result that a further slowing in the growth of retail deposits is forecasted for 2007.

Serbia

Early elections brought no change to the political environment in Serbia. With economic growth already beginning to slow down in 2006, the rate of GDP expansion is expected to decline to around 5.5% in 2007. During 2006 the trend in inflation took a favourable turn. This was not only due to the fall in oil and raw materials prices, but also to an improvement in the core inflation processes – slowing wage growth and abating demand-side pressure. We predict a further reduction in the inflation rate for 2007. As a response to the improving inflation outlook, the National Bank of Serbia cut its benchmark interest rate by 100 basis points in January. Following the budget deficit of 2006, under the best scenario we forecast a break-even budget for 2007, although the recently approved National Investment Plan, as well as the early elections, could result in a deficit. The almost 9% current account deficit was exceeded by FDI, and the foreign trade deficit also begin to decline.

As in 2006, the increase in the penetration of the Serbian bank system will continue apace in 2007. As a result of the falling interest rates, we expect net borrowing to increase somewhat, leading to an approximately 50% rise in the volume of retail loans in 2007. After displaying strong growth in 2005, corporate lending declined in 2006, but in 2007 we expect to see a renewed upturn, primarily in the export sector as a result of the economic upswing in Europe, and in the construction industry, which will profit from the National Investment Plan. Growth in retail deposits could approach 35% in 2007.

Slovakia

The Slovakian government appears committed to joining the euro in 2009. However, it is questionable whether it will be supported by its smaller coalition partners throughout the process of fulfilling the Maastricht criteria. The EU is also expected to be strict in its assessment of the country's eligibility to adopt the common currency. With the commissioning of new export capacities, the economy has grown at a spectacular rate. Similarly to the previous year, GDP growth could be around 8% in 2007. Although 2006 saw inflation rise above the central bank's target, there are signs of a reversal in this trend, as the annual rate fell to 3% in January 2007, and is expected to decline further over the course of the year. According to the forecasts of the Slovakian central bank, average inflation could fall to around 2%, although this may be partly attributable to one-off base effects, and thus the rate is expected to rise again slightly from 2008.

The penetration of the Slovakian bank system is high in terms of its balance sheet total, but the composition of the domestic customer portfolios suggests that there is a great deal of potential for further growth. As in 2006, the volume of bank loans will rise by almost 30% in 2007, although growth in bank deposits will be far more modest. The highest rate of expansion, at almost 30%, will continue to be displayed by housing loans in 2007, which will thus retain their higher penetration relative to consumer loans. Growth in loans of the latter type is expected to be around 30% in 2008, and approximately 15% this year. The volume of retail deposits began to increase rapidly in 2006, due in part to rising interest rates and in part to an approximately 8% rise in net wages. From 2007, stable growth of around 10% is to be expected.

Ukraine

In Ukraine, a strengthening of the government's position could help to maintain the current business-friendly economic strategy. In 2006 the economy was highly successful in weathering the impacts of the drastic deterioration in terms of trade that occurred in 2005; but in 2007 further increases in gas prices and a possible drop in the price of steel could slow economic growth considerably from the second half of the year, with GDP expansion of around 5.7% forecasted for 2007. The rapid economic growth, which even continued into 2006, was due to a rise in domestic consumption, which was partly financed from loans. However, the double-digit expansion of the previous years will probably drop to single figures in 2007. Although a current account deficit of 2.5% of GDP is forecasted for this year, this is more than adequately offset by foreign direct investment.

The lending boom that began at the beginning of 2005 gathered slightly more momentum in 2006, but in 2007, as growth in wages and corporate investments slows, we expect to see a decline in the ratio of borrowing to gross domestic product. However, since growth in real wages could remain at around 10% in 2007, and retail loan penetration remains very low, the slowdown will primarily occur in the area of corporate lending. Owing to the low base volumes, year-on-year growth will continue to be outstanding despite this deceleration, and the increase in lending could approach an average of 25% a year over the five years ahead. Dollar savings will continue to dominate the markets for both retail and corporate deposits.

THE BUSINESS POLICY OBJECTIVES AND TASKS OF OTP BANK FOR 2007

MARKET POSITION IN HUNGARY

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

Retail banking

In the market for household bank savings, the prime objective of the OTP Bank group is to reverse the decline in its market share.

The competition for retail sources – owing to the boom in lending activity experienced over the past years, and the competitors' growing on retail customers – has strengthened considerably. In 2006 – as in previous years – the market was characterised by non-stop promotional campaigns, price discounts and the introduction of new product features, in a tendency that we expect to continue in 2007. At the same time, as a new element in the competition, competing banks are advertising an increasing number of deposit-related special offers that stipulate the active use of banking services (e.g. wage transfer, direct debit, card purchases, opening of a special account) as a condition of eligibility. In the future, OTP Bank will respond to this challenge with the use of customer-level asset churn forecasts.

In 2007 – similarly to previous years – OTP Bank aims to retain its share of the overall current account portfolio, and to minimise its loss of market share in fixed-term current-account deposits. Another important goal is to maintain control of customer migration prompted by the special-offer deposit products of competitors, as well as to increase the number of wage transfers and direct debit orders on current accounts. In order to achieve these targets, in 2007 it will be necessary to run deposit-related special offers timed to coincide with the appropriate macroeconomic tendencies, as well as offers and targeted DM campaigns aimed at leveraging the opportunities presented by customer segmentation. Besides all this, the OTP Group will focus on the coordination of special offers within the group, in the interests of retaining investments within the group upon their expiry.

As regards loans to households, the Bank Group intends to maintain its share of the housing loans market, while further increasing its slice of the consumer loans market.

We expect to see a substantial fall in demand within the market for housing loans, which could result in even fiercer competition. We predict that foreign currency-based – primarily Swiss franc – loans will continue to dominate both demand and supply in this segment.

The year 2006 was characterised by promotions with offers of low interest for the first one or two interest periods, exemption from start-up fees, and discounts on bank charges subject to the transference of wages and other payments, with the main focus on Swiss franc-based loans. As a result of the developments carried out in 2006, the OTP Bank Group currently offers the widest range of products and sales channels in the housing loans market, while the new Home Loan Package launched in October is among the most competitive in terms of its price and instalments.

In order for the OTP Bank Group to maintain its share of the housing loans market, it will be necessary to secure at least one third of foreign-currency home loan disbursements in 2007.

In the course of the year we will focus on sales, and the implementation of developments that support the maintenance of a high standard of service:

The "Conscious Selling" program of training courses will further enhance the skills of sales representatives, and strengthen their advisory role.

We are developing a support system for our sales staff, making it easy for them to quickly select, from our wide product offering, the "tailored" package of services best suited to a given customer.

We will place a greater emphasis on retaining those customers who are susceptible to leaving the Bank. To this end, in order to reduce the incidence of interim prepayments and early repayments in full, we are offering our customers attractive new and existing borrowing opportunities – such as the home exchange program combined with mortgage insurance – and are raising the level of our representatives' communication skills.

We will proactively offer our customers a range of preventive solutions for mitigating their risks – such as insurance policies – and retrospective measures for remedying any temporary payment difficulties – for example: credit protection programs, prolongation or deferment.

In 2007, in addition to these measures, we plan to increase branch sales of home leasing products.
As in previous years competition in the consumer loans market, with its multiplicity of products and participants, remains fierce. The share of foreign currency mortgage lending within consumer loans continued to rise in 2006.
The OTP Group aims to strengthen its position in this market, for which purpose it will be necessary to secure at least a quarter of foreign-currency disbursements and maintain the position achieved in the market for vehicle-financing loans.
In 2007 we will continue to develop our systems for enhancing sales performance, for example by placing particular emphasis on leveraging the opportunities arising from the use of electronic channels, expanding the range of options for making loan applications via the internet and over the telephone, and by continuing to run promotions. An important goal is to retain those customers who are most likely to leave the Bank. To this end, in the interests of reducing customer migration, we will offer the opportunity to switch between certain personal loan products. To encourage the cross selling of consumer loan products, DM campaigns will be held, in the course of which we will send eligible customers binding offers specifying their actual credit limits, as well as pre-embossed credit cards.

Corporate banking

By the end of 2007, the OTP Group aims to increase its share of corporate deposits, while maintaining its position in the corporate loans market. In the micro and small enterprise segment, OTP Bank plans rapid growth in its loan portfolio, and more moderate growth in deposits.
In order to achieve our target market shares, a substantial increase in the number of micro and small enterprise customers will be necessary, as well as the further strengthening of our dominant position in the project financing market, and continued growth in the contracted portfolio of domestic and international loan transactions.
In the course of 2006, major developments were carried out in the micro and small enterprises division. In 2007, in order to achieve lending growth, additional new products will be launched. Forthcoming developments in the medium and large enterprise division in 2007 will focus on the agent sales, the cross-selling and the campaign selling models, and international customer acquisition lists will be drawn up.

Municipality banking

In the municipality market OTP Bank aims to maintain its long-term cooperative partnerships with municipalities, retaining those customers from this sector that it has served for many years, to protect its market share of deposits, and to consolidate and achieve further growth in its market share of loans by the end of 2007.
In the municipality sector, the high cost-sensitivity of local councils will lead to fiercer competition between the banks. In order to meet these challenges, OTP Bank is endeavouring to widen its base of public service clients. Besides this, the municipality lending regulations will also be adapted to make them applicable to small-region associations. Achieving customer satisfaction is also important in the municipality divisions, and to assist in this, the Bank will conduct a customer satisfaction survey. Other objectives include the effective leveraging of cross-selling opportunities, the organisation and nationwide coordination of conferences for regional and small-regional local governments.

Investment funds

By the end of 2006 the volume of assets managed by OTP Fund Management – owing to the substantial withdrawal of capital that took place in 2006 – had fallen back to the level recorded at the end of 2005. It was therefore necessary to compensate for the losses sustained as a result of this negative market impact, and increasing our market share of investment fund management, as well as of the investment funds held by households, remains important. The target for the end of 2007 is to maintain the market share attained in the first half of the year.
Once again, the funds issued in 2007 are likely to be of the low-risk variety, and within this category capital-guaranteed structured funds are expected to gain further ground.
In order to achieve our target market share, in 2007 more new investment funds – guaranteed funds, an open-ended public global emerging market equities fund – will be launched, and sales of the BUX ETF Fund to retail and institutional customers must be increased. Another factor boosting sales will be the cross-border marketing of OTP Securities Funds, primarily in the Bulgarian and Slovakian markets, and the sale of OTP Securities Funds through agents will also begin in 2007.

Insurance business

The Bank's objective regarding insurance-premium revenues and household insurance savings is to increase its market share. An improvement in market position may be attained by increasing the Bank's share among those dynamically expanding segments that generate stable premiums, and by forging long-term customer relations.
We expect to further increase our market share of insurance premium revenues and insurance premium reserves in 2007. The Bank has again accorded its branch network an important role in the sale of insurance policies in 2007.

Investment fund assets

In 2007, the OTP Group plans to increase its market share both in terms of both the number of members and the volume of assets managed by its funds. A key objective is to acquire customers from higher income brackets, and to retain fund members, and their savings, whose investments have matured.

MARKET POSITION AND FINANCIAL OBJECTIVES IN FOREIGN MARKETS

The OTP Group's main strategic objective is to improve profitability and efficiency at foreign group members as well as in Hungary. For the purposes of achieving this goal, the parent company has launched a comprehensive project for the transformation of its system for managing subsidiaries, to enable the elaboration of a group-level strategy that extends to cover all the foreign subsidiary banks – taking into consideration their individual special characteristics – and based on which a regional action plan can be formulated. This plan will include – among others – tasks related to development of the sales network and employee incentives system, a broadening of the product range and the improvement of operational processes. The results of the project will assist in more effectively leveraging synergies within the group, thereby contributing to raising shareholder value.

Bulgaria

The DSK Group aims to achieve total assets of HUF 1000.1 billion by the end of 2007, which will represent an 28% growth in comparison to the previous year's figure. This will raise its market share, in terms of its balance sheet total, to 17% by the end of the year.
The group plans to increase its loan portfolio by 37% relative to 2006, and to achieve growth of almost 21% in deposits, resulting in a HUF 753.1 billion loan portfolio and a HUF 631.6 billion portfolio of deposits by the end of 2007.
The DSK Group plans to achieve a 8% increase in its after-tax profit in 2007, to almost HUF 26.2 billion. Plans for 2007 include development of the branch incentives system, as well as the creation and introduction of a Data Warehouse.

Slovakia

OTP Banka Slovenska plans to grow its balance sheet total by 14%, to HUF 370.8 billion, thus achieving a market share of 2.8%, in terms of total assets, by the end of 2007. The Slovakian bank's plans for 2007 also include increasing its loan portfolio to HUF 238.5 billion, and its deposit portfolio to HUF 220.3 billion. This will represent portfolio growth of 26% and 16% respectively.
The after-tax profit target of OBS for 2007 is HUF 2.1 billion, which represents a 32% increase in comparison to the end of 2006. The primary expectation of the owner with regard to OBS is to achieve a gain in profitability, and for this purpose it is necessary to boost the efficiency of the branch network, set up alternative channels, redesign products, perform customer segmentation and develop a private banking service model and products. The Bank is also introducing a credit card for retail customers, and new personal incentives and customer relations management systems are being developed.

Romania

In 2007, OTP Bank Romania plans to achieve a 23.3% growth in its balance sheet total, to an estimated HUF 238.5 billion at the end of the year, giving OBR an estimated market share of 1.6%. The Bank's business targets include a 102% rise in the volume of deposits, to HUF 82.9 billion, accompanied by a 60% growth in the loan portfolio, which is expected to reach HUF 162 billion by the end of 2007.

The most important tasks for OBR in 2007 are the restructuring of its Treasury, the continued development of the securities system, and the creation of a private banking division.

Croatia

OTP banka Hrvatska plans to increase its total assets from the HUF 364.1 billion recorded at the end of 2006 to HUF 413.3 billion by the end of 2007. Its market share, in terms of its balance sheet total, is expected to rise to 3.6%, while its deposit portfolio will grow from HUF 275.7 billion to HUF 311.1 billion, and its lending portfolio from HUF 197.3 billion to HUF 246.9 billion. The latter represents an increase of more than 25%, the former a rise of almost 13%.
The after-tax profit target of OBH for 2007 is more than 4% higher than that of the previous year, at HUF 3.6 billion. The most important objectives for OBH in 2007 include the development of a transaction data warehouse, as well as the centralisation of back-office operations.

Serbia

After completing the Kulska banka acquisition, the OTP Group commenced integration of the three Serbian banks under its ownership – Niška banka, Zepter banka and Kulska banka – which, as a result, will be re-launched in the Serbian market as a unified bank in April 2007, with new management, an integrated IT platform and a new range of products and services. In geographical terms, the consolidated bank covers the full territory of Serbia, and commands an almost 3% share of the Serbian banking market, by balance sheet total. In 2007, the Bank plans to achieve dynamic expansion in its loan portfolio, as well as growth in its deposit portfolio.
In 2007, the most important tasks will be related to the integration: the successful implementation of transformation and IT projects, the legal unification of the subsidiary banks and the introduction of the OTP brand. To stimulate retail lending activity, a range of more flexible loan products is being developed. Owing to the creation of a group structure, it is necessary to introduce financial-group products (e.g. insurance, leasing, factoring, fund management), as well as structured and project financing schemes. An important objective is to commence headcount rationalisation, as well as to develop and expand the sales and electronic banking channels, for example through the introduction of an internet banking service.

Ukraine

The plans of OTP Bank Ukraine include a rise of almost 33% in total assets, which at the end of 2007 will reach HUF 574.7 billion. At the same time, the Bank intends to achieve growth of 36% in deposits 43% in its loan portfolio, to HUF 495.5 billion and HUF 212.8 billion respectively by the end of 2007. Key objectives in Ukraine are the creation of a financial-group structure, the development of a strategy for the micros and small enterprise division, and the setting up of a private banking division.

Russia

The most important of Investsberbank's plans for 2007 are the structural integration of the three banks, development of the sales network – primarily through branch openings – entry into the housing loans market, and headcount rationalisation. The Bank is also expected to introduce structured and project financing.

Montenegro

CKB plans to develop and expand its sales network and electronic channels in 2007. Besides the broadening of banking channels, development of the product range – real-estate and home purchase loans, mortgage loans, bank card-based lending products, and, in the corporate sector, project financing – will also be carried out in 2007. The introduction of additional products distributed by other group members – such as insurance, leasing, fund management and factoring – is also expected. An important task in 2007 will be promotion of the OTP brand in the Montenegrin market, alongside the CKB name. Besides this, in order to boost sales, it will be necessary to raise the performance of employees in the branch network, through the development of an individual incentives system.

FINANCIAL OBJECTIVES IN HUNGARY AND AT CONSOLIDATED LEVEL

The OTP Bank Group has set itself the target of achieving, by the end of 2007, an IFRS consolidated profit of HUF 211.6 billion, which is 16.9% higher than the figure for the previous year. OTP Bank's after-tax profit target is HUF 150.0 billion, which is 5.5% higher than the result for 2006, adjusted for one-off items. While OTP Bank's share of the aggregate result of the group members (disregarding the impact of one-off items) remains dominant, it has fallen considerably..The foreign subsidiaries' share of group-level profit will rise to 27%, in comparison to the 12% figure of 2006. The contribution of the new foreign banks to the rise in the profits at the subsidiaries is decisive, while the effect of DSK continues to be substantial. Of the Hungarian subsidiaries, OTP Building Society and the Merkantil Group will make the largest contribution to profit growth. At the same time, the after-tax result of OTP Garancia Insurance will display the greatest decline.

The business plan assumes a reduction in the interest margin of 30 basis points at group level, and 140 basis points in the case of OTP Bank. The consolidated net interest margin[7] will fall to 5.5% in 2007, and the non-consolidated margin to 3.6%.

The OTP Group aims to further improve its efficiency ratios, as well as to ensure a high rate of return on equity:

In the case of OTP Bank the expense/income ratio[2] will decline from 47.2% in 2006 to 46.2%, while at consolidated level a smaller increase is likely – from 57.1% to 57.3% – as a consequence of the new subsidiaries' inclusion among the consolidated companies. However, efficiency-boosting measures implemented at subsidiaries – the effects of which are likely to be felt at a later juncture – are set to reduce the expense/income ratio over the long term.

By the end of 2007 the OTP Bank's return on average assets[2] will fall to 2.9%, in comparison to the 3.5% of 2006, while the consolidated ROAA will decline from 2.9% to 2.6%.

Return on average equity[2] at OTP Bank, which stood at 24.9% in 2006, will fall to 21.0% by the end of 2007. Over the same period, the consolidated ROAE will fall from 27.1% to 24.5%.

Earnings per share for 2007 are estimated at around HUF 579 at OTP Bank, and HUF 817 at group level. The Bank's solvency ratio will exceed 9.5% at the end of 2007, safely over the 8% statutory requirement.

According to plans, by the end of 2007 the balance sheet total of OTP Bank will rise from HUF 4,506.7 billion at the end of 2006, to HUF 5,760.0 billion, which represents an increase of 27.8%. In the meantime, the growth in the OTP Group's consolidated balance sheet total will be 30.0% (from HUF 7,097.4 billion to HUF 9,224.9 billion). The ratio of consolidated assets to non-consolidated assets will be at around 160%.

In 2007, growth in OTP Bank's customer portfolios will slow, but rapid portfolio growth is expected at the subsidiaries, on both the deposit and lending side:

By the end of 2007, OTP Bank plans to increase its loan portfolio by almost 24% to HUF 2,206.6 billion, while the OTP Bank Group's consolidated loan portfolio is likely to expand by 33%, to HUF 5,938.8 billion at year-end. In 2007, the subsidiaries will generate more than two thirds of the growth in the consolidated loan portfolio.

The planned deposit portfolio of OTP Bank at the end of 2007 is HUF 2,932.8 billion, which represents a 9% growth. The expansion in the consolidated deposit portfolio is expected to be around 19%, with the volume of deposits rising to around HUF 5,038.9 billion at the end of 2007. The majority of the growth in deposits at consolidated level will result from the portfolio growth of foreign subsidiaries.

CUSTOMER-RELATED OBJECTIVES

Over the past years, OTP Bank has dramatically improved the quality of its customer service – for example, through the reduction of waiting times at branches – and is constantly expanding the range of products on offer. A great many products and services were first launched in the Hungarian market by OTP Bank – for example, in the past year: exchange-rate guaranteed foreign currency housing loans, fixed-instalment mortgages and personal loans – since one of its main objectives is to continuously adapt to the needs of customers, and the demands of our times, by constantly developing and modernising its services.

[7] Indicators corrigated by one-off items

In the “Bank of the Year” survey held at the end of 2006, OTP Bank not only won the title of “Bank of the Year”, but was also named “Most Appealing Bank of the Year,” based on the votes of the general public. The market research performed over the recent period has also confirmed that OTP Bank enjoys outstanding brand recognition and value. However, not all elements of the customer satisfaction and loyalty indicators reflected the high standard of customer service achieved as a result of the continuous developments. This could be partly due to the fact that image-related messages have become an increasingly common feature of the corporate communication of competitor banks.

To counter this, in the interests of further strengthening brand loyalty and more effectively leveraging synergies within the group, a uniform group-level corporate image was launched from the beginning of 2007. The change is highlighted by the replacement of the former impersonal, angular logo with a rounded, more approachable corporate symbol. In the first quarter, the campaign launched at the beginning of 2007 will focus on the message imparted by the new image, which focuses on the central value of the OTP brand: "trust." The image elements grouped around the central value are: a “leading” role, “customer focus” and “security.” The product campaign that will follow the image campaign will also place the emphasis on expressing our central values. In order to leverage group synergies at international level, the Hungarian facelift will be accompanied, or followed, by image modernisation at the foreign subsidiaries.

By strengthening brand loyalty and emotional commitment to the Bank, the image renewal could contribute to reducing customer churn. OTP Bank continues to place particular emphasis on the retention of those customers who are most likely to leave the Bank, members of the 24-26 age group with a high business potential, by targeting them with the appropriate offers at the right time. Experience has shown that the critical periods from the point of view of customer churn are changes of educational institution, graduation and the start of employment.

In the course of 2007, as a new element of the incentives system for branch employees, a pilot scheme will be launched to promote the differentiated management of customers who are susceptible to leaving the Bank. The retention of customer assets at OTP Bank is supported through the rational and concerted application of an asset-retention strategy.

A key element of the Bank’s strategy continues to be increasing the volume of cross selling and the intensity of product use. With regard to the number of products per customer, and the product usage ratios, our aim is to converge with the benchmarks of mature, western economies. In order to boost cross selling, in 2007 the Bank will place particular emphasis on improving the sales focus of electronic channels, strengthening the advisory role of the branch network, and achieving closer cooperation between group members.

Segmentation-based targeting is indispensable for the success of marketing campaigns. An important objective in this regard is the development of automatic DM campaigns, as well as increasing the proportion of messages received via electronic channels relative to those sent by traditional means.

In the course of 2006, the micro and small enterprises division received strong and comprehensive support for the development of its products and processes, its human resources management, IT systems and sales. The measures implemented included the formulation of an MSE customer service model, which resulted in improvements to the quality of services and the efficiency with which customers are served, and also served to increase customer satisfaction among micro and small enterprise clients. In a continuation of the intensive product development commenced in 2006, new MSE loan products will be introduced in 2007, and more products from other group members will be added to the MSE range. As a result of all these measures, we plan to achieve considerable growth in number of products/contracts per customer, as well as in the product use ratios, within this segment.

OPERATIONAL PROCESSES

Development of the sales system and network

The role of the bank branch is regaining its former importance. This is reflected in the development of the number of branches, and the rising number of branch refurbishments. While a growing proportion of customers use the electronic channels to conduct their routine transactions, the branch network remains the most suitable platform for cross-selling. As financial products, as well as the Hungarian banking culture and customer requirements become increasingly sophisticated, there is a growing demand for banking advice, especially in the course of selling complex or innovative products. The branches – and the agent network – offer a better opportunity for providing such advice than the electronic channels.

In response to the greater diversity of customer needs, a trend is emerging, both in the more mature, western economies and in Hungary, for the opening of new branch types, such as loan centres, shopping centre branches, mobile branches, and “drive through” branches reminiscent of fast-food restaurants. An important objective for OTP Bank in 2007 is to leverage, as best it can, the opportunities inherent in the opening of new branch types, as well as in the provision of advice, which is an increasingly important aspect. for this reason the Bank’s plans include the opening of branches specialising in securities transactions in the course of 2007.

Our competitors have embarked on aggressive branch network expansion, and plan to open approximately 500 new outlets between 2005 and 2009, establishing a presence in towns with populations as low as 10,000-20,000. All of this carries the risk of further customer-churn and staff migration. OTP Bank’s unmatched number of branches and nationwide coverage represent a key competitive advantage that must be maintained, and therefore we are taking the appropriate counter measures:

In locations with high business potential, OTP Bank plans the opening of additional branches, with preparations under way for eight new units to be opened in 2007-2008.

The opportunities for selling bank products in the existing branches of other group members (OTP Garancia) need to be explored.

The refurbishment of the branch network continues in 2007. Following the refitting of medium-sized and large branches, among the 60-65 branches scheduled for modernisation, the emphasis is now shifting towards mini-branches. The highest number of branches to be refurbished are located in the Northern Plain and Southern Plain regions.

As a part of OTP’s image modernisation, from the beginning of 2007 the logos displayed at branches and other network units will be continuously replaced.

As the result of intranet developments, in 2007 branch employees will gain access to sales support materials that are increasingly personalised in their nature. The campaign-related sales competitions, which will continue in 2007, also serve to boost sales performance.

The electronic channels are primarily suitable for the performance of bulk and routine transactions, and, in contrast to the branches, they offer 24/7 availability and greater convenience. The costs associated with this channel are lower, but the branch offers a more suitable platform for the provision of advice and for cross-selling.

The e-channels continue to display spectacular growth, with the number of OTPdirekt agreements rising by 32% year-on-year at the end of 2006, while mobile bank agreements rose by 59% and the number of customers using the telephone call centre by almost 17%. At 18%, internet penetration among households in Hungary has still not reached the 40% EU average, and therefore we expect to see further growth in both internet penetration and the use of internet banking services.

In order to retain the market-shaping role that it has secured in the field of electronic banking channels, as well as boosting the Bank’s competitiveness and profitability, OTP Bank will primarily need to focus on:

developing and perfecting its existing technologies, maintaining a high level of security in respect of its electronic services

continuously expanding its range of services, exploring opportunities for the application of new technological and business solutions, and

increasing the product sales focus of the electronic channels.

Accordingly, in 2007, among other measures:

Phase II of the branch calls centralisation project will be completed, with the involvement of 40 branches. It will thus be possible to launch phase III, and the second provincial centre of the Information Call Centre will also be selected.

In the course of 2007 the securities function will be expanded within the e-channels.

It will become possible to pay motorway tolls via the OTPdirekt internet banking service, and the range of products that can be applied for online will also be broadened.

To ensure that customers receive a higher level of personal care, the Bank will introduce the sending of loan status reports by text message.

The option to request information by telephone will be added to the website (call-back request for the purpose of obtaining information and/or initiating contract signing).

To improve the cross-selling focus of group members, the existing web portals of OTP Group members will also be transformed.

OTP Bank plans no staff downsizing in 2007. The review and amendment of the methodology for the network headcount model was completed in 2006, and over the coming year this model will be maintained and adjusted in line with business goals, on an ongoing basis.

Risk management

In accordance with the changing Hungarian legislative environment, the regulations need to be audited and reviewed from the point of view of compliance with the Basel II Capital Accord. In 2007, the implementation of the transformed lending processes, risk analysis system and capital adequacy calculation methodology will have to continue. Once implementation within OTP Bank has been completed, the ongoing sub-projects of other group members will require further coordination.

In 2006, the methodology for managing partner risk was amended in accordance with the requirements of the new Capital Accord and the special characteristics of the countries in which the Bank has subsidiaries. The rating and limit management systems of group members were also harmonised. In 2007, the emphasis will be placed on further refining the partner risk management methodology to take account of the special features of the markets of subsidiaries. Owing to the rise in the number of subsidiaries, as well as the installation of a new Treasury front office platform, it is necessary to commence the introduction of a computer system for the management of country and partner risks.

In 2006, group level risk management procedures based on standard principles (limit checking, market conformity check), as well as the requisite IT infrastructure, were introduced at many of the foreign group members. In Hungary, since April 2006, rather than using the standard (BIS) model, OTP Bank has used an internal FX-risk capital requirement model to meet its daily, monthly, and one-off Trading Book reporting obligations to supervisory authorities. In the course of 2007, the newly acquired group members will have to be integrated into the group's market risk management system.

In 2006, in the area of liquidity and interest risk management, the creation of group-level regulations and the requisite IT background systems was commenced, based on the guidelines issued by the State Financial Supervisory Authority and in compliance with the Basel II criteria. Installation of the related system is already 85% complete at the Hungarian and Bulgarian subsidiaries. The main objective for 2007 is to continue installing the system at the remaining foreign subsidiaries.

In 2007, the main credit risk management related developments will include:

With regard to the Basel II regulations, a review of lending processes (e.g. risk management, credit rating), and of the IT systems

Development of a system for the management, based on uniform requirements, of the risk management processes applied at the foreign subsidiaries

The use of electronic channels for the forwarding of all documents related to the credit checking of micro and small enterprise customers, in the interests of improving the quality of customer service.

OBJECTIVES RELATED TO TRAINING AND DEVELOPMENT

If the Bank is to achieve its business objectives, further improvement in sales performance is essential. One of the keys to success in this regard is an appropriate level of training and sales skills on the part of bank customer service staff. By extending the “Conscious Selling” training program launched in 2005, in 2007 the Bank will place greater emphasis on improving and monitoring the professional skills and sales technique of customer service representatives who deal with micro and small enterprise, medium-sized and large corporate customers, as well as employees engaged in the sale of housing loans. In order to ensure the more active involvement of branch managers, the training program for administrative staff will be reviewed. In 2007 training for staff in dealing with the critical problems (for example: housing loan early repayment training) will continue, and a greater emphasis will be placed on the promotion, at other network units, of the “best practices” that have emerged.

Electronic channels will also come to the fore within the bank training system, with the introduction of e-learning courses.

A career management system will be developed for the employees of OTP Bank in 2007, which will include succession management and career modelling functions. At the same time, head office managers will be provided with advanced skills training.

BALANCE SHEET, INCOME STATEMENT AND KEY RATIOS OF OTP BANK AND THE BANK GROUP

(IFRS)

in HUF billion	OTP Bank non-consolidated 31/12/2006 actual	OTP Bank non-consolidated 31/12/2007 plan	Change HUF bn	Change %	OTP Bank consolidated 31/12/2006 actual	OTP Bank consolidated 31/12/2007 plan	Change HUF bn	Change %
Total assets	4,506.7	5,760.0	1,253.3	27.8%	7,097.4	9,224.9	2,127.5	30.0%
Loans	1,782.7	2,206.6	423.9	23.8%	4,474.7	5,938.8	1,464.1	32.7%
Deposits	2,690.1	2,932.8	242.7	9.0%	4,232.2	5,038.9	806.7	19.1%
Shareholders' equity	670.3	759.6	89.4	13.3%	788.2	939.7	151.5	19.2%
Rate of loans in assets	39.6%	38.3%			63.0%	64.4%		
Rate of deposits in liabilities	59.7%	50.9%			59.6%	54.6%		
Gross loans/deposits	66.3%	75.2%			105.7%	117.9%		
Shareholders' equity/total assets	14.9%	13.2%			11.1%	10.2%		

in HUF billion	OTP Bank non-consolidated 2006 actual	OTP Bank non-consolidated 2007 plan	Change HUF bn	Change %	OTP Bank consolidated 2006 actual	OTP Bank consolidated 2007 plan	Change HUF bn	Change %
Net interest income	203.2	184.6	-18.5	-9.1%	355.9	445.6	89.7	25.2%
Provision for possible loan and placement losses	25.4	21.8	-3.6	-14.2%	28.6	64.8	36.3	127.1%
Net interest income after provision	177.7	162.8	-14.9	-8.4%	327.4	380.8	53.4	16.3%
Fees and commissions	147.7	157.4	9.7	6.6%	145.0	190.7	45.7	31.5%
Dividend income and gains and losses of associated companies	16.3	18.6	2.3	14.2%	0.9	0.6	-0.3	-32.2%
Insurance premiums	0.0	0.0	0.0		75.6	91.2	15.6	20.7%
Other income	31.3	19.1	-12.2	-39.0%	21.2	52.0	30.8	144.8%
Total Non-Interest Income	195.3	195.1	-0.2	-0.1%	242.7	334.5	91.8	37.8%
Fees and commissions	21.2	17.4	-3.7	-17.6%	32.1	35.9	3.8	11.8%
Personnel expenses	65.4	69.5	4.0	6.2%	106.8	145.6	38.8	36.3%
Depreciation and amortization	17.4	19.8	2.4	14.1%	26.5	33.7	7.2	27.2%
Insurance expenses	0.0	0.0	0.0		60.9	74.9	14.1	23.1%
Other expenses	81.5	78.0	-3.5	-4.3%	125.3	172.2	46.9	37.5%
Total Non-Interest Expense	185.5	184.7	-0.8	-0.4%	351.5	462.2	110.7	31.5%
Income before income taxes	187.5	173.2	-14.3	-7.6%	218.6	253.1	34.5	15.8%
Income taxes	17.3	23.2	5.9	34.1%	31.5	41.5	10.0	31.7%
Income after income taxes	170.2	150.0	-20.2	-11.9%	187.1	211.6	24.5	13.1%
One-off items	28.1	0.0	-28.1	-100.0%	6.1	0.0	-6.1	-100.0%
Adjusted profit after tax	142.1	150.0	7.8	5.5%	181.0	211.6	30.6	16.9%
Net interest margin	5.0%	3.6%			5.8%	5.5%		
Non-Interest Inome/Total Income	51.8%	53.9%			42.8%	45.0%		
Provisions/Average loans	1.6%	1.1%			0.7%	1.2%		
ROAA*	3.5%	2.9%			2.9%	2.6%		
ROAE*	24.9%	21.0%			27.1%	24.5%		
Cost/Income ratio*	47.2%	46.2%			57.1%	57.3%		

* Indicators corrigated by one-off items

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

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

Based on Section 3 Para 66 Act CXII of 1996 (Act on Credit Institutions and Financial Enterprises) the Supervisory Board proposes – concerning the audit of the OTP Bank Plc.'s non-consolidated and consolidated 2006 accounts – that the General Meeting:

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

   and approves the appointment of **Attila Péter Horváth** (005173) chartered auditor, as the individual in charge of auditing.

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

2. The General Meeting establishes the total amount of fifty-one million and five hundred thousand Hungarian Forint **(HUF 51,000,000) + VAT** as the auditor's remuneration for the audit of the annual accounts of 2006, prepared pursuant to Act C of 2000 on Accounting as applicable to credit institutions and the audit of the consolidated annual accounts, of which **HUF 41,000,000 + VAT** shall be paid in consideration of the audit of the non-consolidated annual accounts, and **HUF 10,000,000 + VAT** shall be the fee payable for the audit of the consolidated annual accounts.

ESTABLISHING THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD

THE ESTABLISHING THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD.

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

With regards to the **remuneration of the members of the Board** effective from May1st 2007 and in line with the average 8% annual wage increase for the Bank's employees, we propose the following:

	Monthly honorarium	
	Effective (HUF)	**Proposed (HUF)**
Chairman of the Board	610,000.-	660,000.-
Members of the Board	530,000.-	570,000.-

According to the relevant paragraph of the Corporate Law (2006. IV. Law) it stipulates that majority of the Supervisory Board should consist of independent members. In accordance with 309.§ 3/e point of the above cited Law, a member of the Supervisory Board can not be considered independent especially in case if he receives any pecuniary benefit or any further remuneration besides his membership honorarium after the company has achieved profit.
Considering that the stipulations of the cited Law are relevant for OTP Bank from the middle of 2007, the members of the Suvervisory Board can not participate in the company's option scheme programme based on 2006 financial year performance.

Bearing in mind the above said, with regards to the **remuneration of the members of the Supervisory Board** effective from May1st 2007, we would propose the following:

	Monthly honorarium	
	Effective (HUF)	**Proposed (HUF)**
Chairman and Deputy Chairman of the Supervisory Board e	440,000.-	640,000.-
Members of the Supervisory Board	355,000.-	510,000.-

MODIFICATION OF POINTS 1-18 OF THE BY-LAWS

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

In accordance with rules of the new Company Act (Act No.: IV of 2006.) the By-Laws of the OTP Bank Plc shall be amended on the Annual General Meeting of 2007.

1.) The 1.§ of the By-Laws will be replaced with the following provisions:

"1. §.
The basic data of the Company

1.1. The trade name of the Company: Országos Takarékpénztár és Kereskedelmi Bank Nyilvánosan Működő Részvénytársaság

Abbreviated name: OTP Bank Nyrt.

In English: OTP Bank Plc.

1.2. The seat of the Company: 1051 Budapest, Nádor u. 16.

1.3. The company operates in the form of an open joint stock company.

1.4. The Company is the general legal successor of the state enterprise National Savings Bank (Országos Takarékpénztár) established by decision No. 60/1949 (XII.28.) of the Government of the Republic of Hungary, as well as registered under No. 01-01-002049 with the Court of Registration, except for its activity registered in an independent organization before the transformation of the Company. The Company was transformed from a state company governed by the state administration into an economic association at the time fixed in point 2.2, in accordance with Act No. XIII. of 1989.

In the affairs before the transformation, or in the affairs current at the time of the transformation, the holder of the official licences issued for the National Savings Bank shall be this Company - except for the registered independent organizations.

With regard to those fixed above, the Company shall also be the oblige of the claims existing against the National Savings Bank, as well as the oblige of the commitments for the National Savings Bank."

2.) The 3.§ of the By-Laws will be replaced with the following provisions:

"3. §.
The purpose of the Company

The basic purpose of the Company shall be:

to operate a financial institution having a seat in Hungary, operating as a credit institution (bank), entitled to provide the complete range of banking and investment activities with general jurisdiction. "

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

4. §.
The Company's defined scope of activity

4.1. TEÁOR 65.12 Other monetary activities (The main activity of the Company)
including:
- collection of deposits and acceptance from the public of other refundable monetary assets in excess of shareholders' equity;
- provision of loans and cash credit;
- provision of current account services;
- issuance of cash-substitute payment instruments and the provision of related services;
- collateral security and bank guaranty, as well as other banker's guarantees;
- proprietary trading or brokerage related to foreign currency, and foreign exchange, bills and cheques, but excluding the exchange of foreign currency;
- custody services for collective investments;
- deposit services, safe deposit box services;
- credit reference services;
- liquidity and risk-management activities.

4.2. TEÁOR 65.21 Financial leasing

4.3. TEÁOR 65.23 Other unclassified financial activities
including
- commission and trading activity in relation to all investment products;
- management of individual portfolios on customers mandate (portfolio management)
- underwriting guarantee;
- investment consulting;
- investment loans;
- securities account management;
- securities deposit management
- securities custody services and management of related registers
- account management;

4.4. TEÁOR 67.12 Securities commission activity
including
- brokerage activities with respect to all investment products;
- organisation and services related to offering of securities and take-over of companies limited by shares;
- advisory activity to corporations regarding their capital structure and business strategy, services related to corporate mergers and acquisitions and take overs.

4.5. TEÁOR 67.13 Other financial auxiliary activities
including
- intermediary financial services (agency);
- foreign exchange activities
- cash processing activities

4.6. TEÁOR 67.20 Auxiliary insurance activities
including
- insurance brokerage activities.

4.7. TEÁOR 55.51 Catering at the workplace”

4.) The sections 5.2.- 5.13. of the By-Laws will be replaced with the following provisions and sections 5.14.- 5.24. will be deleted

“5.2. The registered capital of the Company is HUF .28,000,001,000., that is HUF Twenty-Eight Thousand Million One Thousand split into

a) 280,000,000 that is Two hundred and eighty million number of dematerialised ordinary shares having a nominal value of HUF 100 each, and a total nominal value of HUF 28,000,000,000., that is HUF Twenty eight billion;
b) 1 (one) dematerialised preferred voting share having a nominal value of HUF 1,000 (one thousand Hungarian forints).

5.3. The ordinary shares of the Company have the same nominal value and entitle for the same rights against the Company.

5.4. The owner of the registered preferred voting share has the same shareholder's rights which are attached to the registered ordinary share class, with the additional voting rights as specified in subsection 5.5.1.

5.5.1. At the General meeting of the Company the quorum is subject the representation of and the approval of resolution is subject to the agreeing vote of, the owner of the registered preferred voting share in the case of decisions listed in the second, third, fifth, sixth, thirteenth, fourteenth and fifteenth indents of section 8.33.

5.5.2. Ownership rights attached to the preferred voting share can be exercised - by the representative of the Hungarian State, stipulated in the laws - within the frame of as it is defined in Act XXIX. of 1995. on Sale of State-owned Entrepreneurial Assets and in *Act No. IV of 2006 on Economic Associations (*AEA, Gtv.).

5.5.3. The additional voting rights remain attached to the preferred voting share while this share is owned by the Hungarian State.

5.6. The Share Register held by the Board of Directors on the shares, shareholders and nominees of the Company shall contain the following data:
a) the name (firm) of the shareholder (of the nominee);
b) the exact address (seat) of the shareholder;
c) the nationality and mother's name of the natural person shareholder;
d) the date of registering the share transfer in the Share Register;
e) in case of shares in joint ownership, the shareholder's and the joint representative's details specified in paragraphs a,b,c;
f) the date of purchase of share;
g) the file number and date of the supervisory resolution related to the acquisition of the share;
h) in the event that the share(s) were transferred in violation of the law an indication that “This entry shall not be construed as a registration into the Share Register, since the share(s) were transferred in violation of the law;
i) in the event that the business quota of a shareholder having been entered in the Share Register becomes unlawful due to changes occurring following the lawful acquisition of shares (e.g. owing to the occurrence of indirect share), the data shall be supplemented with the following comment regarding the unlawful business quota: “this entry shall not be construed as a registration in the Share

Register, since the business quota obtained on the basis of the share(s) violates legal restrictions.

j) code, nominal value, class and series of the share;

k) date of withdraw and destruction of the share.

In case of entering the remark under h) or i) of this Clause to the Share Register, this fact shall be made known without delay in writing to the person applying for the entry.

On the evidence of the Share Register the Board of Directors of the Company shall register the interest of a shareholder according to the series of shares.

As an Attachment to the Share Register, the Company's Board of Directors shall keep the information required to identify the indirect holding - calculated as defined in Appendix 4 of Act No. CXII. of 1996. (ACI or Hpt.) - held in the Company by shareholders reaching at least 5 % interest or voting rights.

Shareholders holding or acquiring at least 5% interest or voting rights shall be obliged to notify the Company of their indirect shareholding or changes in such holding in the Company, together with the information required for identification."

5.7. The entry into the Share of the shares may be requested by the transferee from the Board of Directors in writing – with a request containing the data referred in 5.6. – at any time after the share transfer in its favour. The written application shall be accompanied with a certificate of ownership issued with a content in accordance with the applicable laws by the investment services provider holding the securities account of the shareholder, certifying the ownership of the shares, furthermore if the share transfer requires the previous approval of the State Supervisory Authority for Financial Institutions (hereinafter referred to as: Supervision) the previous approval of the Supervision.

5.8. Upon a request as set out in 5.7. or upon the request submitted by the investment services provider holding the securities account of the shareholder containing the data set out in 5.6. the Board of Directors in accordance with the clauses of these By-laws, and having regard to the limitation set out in 8.4 shall enter the shareholder into the Share Register, without delay if the acquisition is legal.

5.9. The owner of shares shall be liable for all damages caused to anyone by giving false information in the application for the registration into the Share Register.

5.10. The shareholder rights concerning the shares may not be exercised against the Company by anyone who has not been entered into the Share Register.

5.11. The Board of Directors of the Company shall register in the same way as the shares in the Share Register but separately from the registered shares, the temporary shares possibly issued by the Company as well as the persons entitled to own them.

5.12. No one may obtain a shareholding in the Company on the basis of shares possessed or acquired in violation of the restrictions stipulated in the law; holders of such shares may not exercise their shareholder’s rights towards the Company.

5.13. The own shares can be acquired by the Company in accordance with the AEA, Gtv. Authorization by the General Meeting is not required for the acquisition of own shares if it is necessary to prevent an imminent injury to which the Company is directly exposed.”

5.) The 6.§ of the By-Laws will be replaced with the following provisions:

"6. §.
Shareholders' rights and obligations

6.1. In the absence of different provisions of these By-Laws, the shareholders exercise their rights and fulfil their obligations in accordance with AEA, Gtv. and other applicable laws.

6.2. Shareholders may exercise their rights primarily at the General Meeting.

6.3. Ordinary shares of the Company provide for one vote per share; preferred shares represent ten votes per share.

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

6.5. The minutes of a General Meeting shall be published as it is set out in 15.§ concurrently with the submission to the Court of Registration. Any shareholder may require from the Board of Directors a copy or an excerpt of the minutes

6.6. The shareholders and the capital market shall be informed on the operation and business activity of the Company on the general meetings and through the documentations prepared for the general meeting and any other announcements under the Act No. CXX. On Capital Market (CMA) and any applicable stock exchange regulations. Business books and other documents of the Company qualifies as business secrecy and the shareholders have no access to them.

6.7. Shareholders shall have the right to inspect the register of shareholders and may request copies of the section which pertains to them. The request for inspection and/or the issue of the copies shall be fulfilled by the Company within three working days from the receipt of the written request.„

6.) The 8.§ of the By-Laws will be replaced with the following provisions:

"8. §.
The General Meeting of the Company

8.1. The supreme body of the Company shall be the General Meeting consisting of the shareholders.

8.2. The language of discussion at the General Meeting is Hungarian.

8.3. The shareholders may exercise their participation and voting rights at the General Meeting personally or through authorised representatives. The authorisation shall be included in a notarial document, or in a private document bearing conclusive evidence of authenticity; and one copy of this document shall be handed over at the place designated for this purpose in the announcement regarding the convening of the General Meeting and within the time open for doing so. Members of the Board of

Directors and the Supervisory Board and employees in a management position may not act as a representative of a shareholder.

8.4. The Company is requesting KELER Zrt. to provide the identification of shareholders for the time of the general meeting as a company event. The record date of the identification of shareholders may only be between the 10^{th} and 5^{th} stock exchange business days prior to a general meeting. The effective rules of the relevant regulations of KELER Zrt. in connection with the identification of shareholders shall be applied.

All the entries in the share register effective at the time of identification of shareholders shall be deleted by the Company and concurrently the relevant data resulted from the identification of shareholders shall be entered in the share register. The share register with this updated entries shall be closed at 12. a.m. Budapest time on the second day prior to the day of the general meeting. After the closing of the share register any amendment affecting the registered shareholding of any shareholder may not be entered earlier than on the day following the closing of the general meeting.

8.5. The conditions of participation and exercising the voting right at the general meeting regarding that given share are:

a) the shareholding existing at the time of the identification of the shareholders shall be confirmed by the result of the identification of shareholders,
b) those shares with which the shareholder intends to exercise the attached voting rights shall be blocked from the record date till the day following the general meeting,
c) the shareholder shall be entered in the share register in conformity with the rules set out in Art. 8.4. at the time of the closing of the share register,
d) the shareholder's shareholding and voting right shall not violate the provisions of the applicable laws and the rules of these By-Laws which circumstance shall be established through inspection by the Company.

8.6. Being presumable on an acute reason that exercising of voting rights by any shareholder or shareholders might result in breach of provisions on acquisition of participating interest of ACM, the person commissioned by the Board of Directors with the registration of the shareholders on the site of the General Meeting, or the Chairman of the General Meeting may exclude the concerned shareholders from the participation or from the exercising of the voting rights.

8.7. The Company shall not be held liable for the failure of shareholders to attend or the failure to exercise their voting rights based on their shares if the registration of the shareholder has not taken place due to the fact that

a) the notice on the result of the identification of the shareholders has arrived to the Company after the closing of the share register,

b) the shareholder's shareholding and voting right shall not violate the provisions of the applicable laws and the rules of these By-Laws

8.8. In case their attendance is legal with regard to the provisions of these By-Laws as well, at the place of the General Meeting, the shareholders or their representatives may receive their voting blocks, after certifying their identity and signing the list of attendance.

8.9. The ordinary General Meeting shall be convened once a year after the financial statements of the previous business year having the auditor's statement on it has been made.

8.10. An extraordinary General Meeting shall be convened if the Board of Directors or the previous General Meeting has decided so, or if it has been requested by the shareholders representing at least 5 % of the registered votes - indicating its reason and its aim in writing from the Board of Directors.

8.11. The shareholders who represent at 1 % of the registered votes - may request the Board of Directors - indicating the aim - to put an item on the agenda of the convened General Meeting.

The shareholders may exercise this right within eight days from the publication of the notice on convening the General Meeting. The Board of Directors shall put this new item on the agenda of the general meeting and publish it in accordance of Art 15.§.

8.12. The General Meeting shall be convened by the Board of Directors. The Supervisory Board shall convene the General Meeting in the cases specified in the AEA.

8.13. The invitation to convene the General Meeting – if the AEA dose not provide otherwise - shall be published in a way determined for notices of the Company at least 30 days prior to the starting date of the planned General Meeting.

8.14. The invitation shall contain the following:

a) the name of firm and seat of the Company;
b) the time and place of the General Meeting;
c) the method of the General Meeting
d) the items of agenda of the General Meeting,
e) the provisions included in point 8.5. of these By-Laws together with the notice that in order to take part and vote at the General Meeting, it is necessary to satisfy them;
f) information on the place where authorisations are to be handed over, as well as on the time for doing so;
g) in case of the absence of a quorum, the place and date of the repeated General Meeting.

8.15. The agenda of the General Meeting shall be determined by the Board of Directors, but it shall put on the agenda the proposal of the shareholders submitted in accordance with point 8.11.

8.16. Issues not contained in the announced agenda may be discussed by the General Meeting only if it is attended by all shareholders and they give their unanimous consent thereto.

8.17. The General Meeting shall have a quorum if it is attended by shareholders representing over half of the votes embodied by voting shares.

8.18. If the General Meeting convened in compliance with rules does not have a quorum one (1) hour after the commencement time indicated in the invitation, the repeated General Meeting convened to this one hour later time shall have a quorum regarding items on the original agenda regardless of the number of attendees, taking into consideration, at the same time, the right embodied in the preferred voting share, referred to in Section 5.5.1 of these By-laws."

8.19. In the event that the General Meeting, having a quorum, is unable to adopt resolutions on the subjects of all the items on its agenda, the General Meeting may resolve to suspend the General Meeting and to hold a continued General Meeting by indicating the new time and place. The General Meeting may be suspended only once, and the continued General Meeting shall be held within thirty (30) days from the day of suspension.

8.20. The quorum of the formerly suspended and subsequently continued General Meeting (continued General Meeting) shall be governed by the general regulations. The continued General Meeting may take resolution only on those items on the agenda of the suspended general Meeting on which there were not resolutions taken by the suspended General Meeting.

8.21. At the General Meeting, the Chairman of the Board of Directors or another person delegated to perform this task by the Board of Directors authorised for this shall have the chair, in the course of which:
- he/she shall open the General Meeting,
- he/she shall appoint the minute keeper,
- he/she shall establish the quorum,
- he/she shall give or withdraw the word,
- he/she shall word and put to vote the proposals for decision,
- based on the indication of the vote counters, he shall announce the result of the voting,
- he/she shall order a break,
- he/she shall close the General Meeting.

8.22. Before the General Meeting is open, the shareholders having voting blocks may announce to the Chairman of the General Meeting that they request to speak during the General Meeting on a subject of the agenda. The comments of the shareholders may not deviate from the point of the agenda indicated. The Chairman of the General Meeting shall give word to those coming forward this way.

8.23. The Chairman of the General Meeting may determine the order of comments to the given points of the agenda, may give word to anyone or refuse the word, so that the word may be refused to the shareholder who had requested leave to speak in writing only because of deviating from the subject of the agenda in spite of being warned. After refusing to give world, the keeping of the minutes and the technical conditions for commenting (sound amplifying) may be terminated by the Chairman of the General Meeting.

8.24. The Chairman of the General Meeting may decide upon excluding publicity and may exclude anyone from the General Meeting, except the members of the Board of Directors, managers according to the ACI ("Hpt"), the Members of the Supervisory Board, the auditor as well as the shareholders having voting blocks, or the representatives and interpreters of such shareholders, as well as the representative of the State Supervisory Authority for Financial Institutions.

8.25. In case these By-Laws does not provide otherwise, the General Meeting shall take its decisions by a simple majority of votes cast by the shareholders present.

8.26. In cases pointed out as requiring qualified majority in Clause 8.33, at least the majority of three quarters of the present votes cast is necessary.

8.27. If the Company has issued shares of different series and under a legal regulation to have an effective resolution needs a consent from the shareholders of any series of shares, the resolution shall be deemed conditional and will be effective only if the shareholders of the concerned series being present on the general meeting gives their consent – unless these By-Laws provide otherwise – with majority votes thereto.

8.28. Unless these By-Laws provides otherwise, the resolution at the General Meeting shall be taken by open votes.

8.29. With its first resolution the General Meeting shall elect, out of those proposed by the Chairman of the General Meeting, a minute keeper, a shareholder present to authenticate the minute as well as the vote counters. In case of a failure of the election, the Chairman of the General Meeting shall introduce another proposal.

8.30. There shall be laid down a minute of the General Meeting which contains the following:

- the firm name and seat of the Company;
- the method, place and time of the General Meeting;
- the data necessary for establishing the quorum of the General Meeting, and any changes during the general meeting in the persons of those present;
- the names of the Chairman, minute keeper, minute attester and vote counters of the General Meeting;
- the important events of the General Meeting, and the proposals given;
- the draft decisions, the number of the votes for them as well as of the votes against them, and of those who abstained from voting;
- the protest of a shareholder, member of the Board of Directors, or of a member of the Supervisory Board against a decision if it is required by the protestor to be laid down;

8.31. The minutes shall be signed by the Chairman of the General Meeting and the individual keeping the minutes, and countersigned by an attending shareholder elected for this purpose.

8.32. The Board of Directors shall send the authenticated copy of the minute on the General Meeting, within 30 days from closing the General Meeting, to the Court of Registration, together with the documents certifying the regularity of convening the Meeting.

8.33. The following shall be covered by the exclusive authority of the General Meeting:

1. Unless the AEA provides otherwise establishing and amending the Bylaws; (qualified majority)

2. the capital increase – except for the case covered by the authority of the Board of Directors;

3. changing of the rights attached to specific series of shares, or transformation of certain categories or classes of shares; (qualified majority)

4. the decision on applying for the listing of shares on the stock exchange or on their possible delisting; (qualified majority)
   The General Meeting may only pass a resolution resulting in the delisting of the Company's shares from the Budapest Stock Exchange if any investor(s) has (have) made a prior commitment to make a purchase offer in respect of such shares in accordance with the Budapest Stock Exchange Regulations for Listing, Continued Trading and Disclosure;

5. the capital decrease, unless the AEA (Gtv.) provides otherwise; (qualified majority);

6. deciding on transformation or to terminate the Company without a legal successor (qualified majority)

7. the election of the members of the Board of Directors, the Supervisory Board, and of the auditor; definition of their remuneration and the definition of the main elements of the agreement entered into with the auditor;
   In the event that the minimum number, determined in the Bylaws, of members of one of the governing bodies is not elected, a decision shall be made, pursuant to section 8.19. of the Bylaws, to hold a continued General Meeting with regard to this point of the agenda;

8. the recall of the members of the Board of Directors, the Supervisory Board, and of the auditor; (qualified majority)
   More than one third of the members of the Board of Directors and the non-executive members of the Supervisory Board may be recalled within a 12-month period only if a shareholder holds more than 33% of the shares issued by the Company that have been obtained by the shareholder by way of a public purchase offer;

9. approval of the financial statements prepared according to the Act on Accounting, including a decision on the use of the after-tax profit;

10. decision – unless provided for otherwise by the AEA (Gtv.) – on the issuance of convertible bonds or of bonds embodying subscription rights; (qualified majority);

11. approval of the Rules of Procedure of the Supervisory Board;

12. decision on the preclusion of the exercising of pre-emptive subscription rights; (qualified majority)

13. assignment, transfer, lease, or transfer into permanent use by any other means, as well as the encumbrance, or blocking as collateral to the benefit of another economic association, of a right of asset value that ensures that a particular activity of the Company may be carried out;

14. election of the member of the Board of Directors and/or of the Supervisory Board who represents the owner of a preferred voting share;

15. the recall of the member of the Board of Directors and/or of the Supervisory Board who represents the owner of a preferred voting share (qualified majority);

16. decision on an action aim to hinder the public offering procedure (qualified majority);

17. with the exceptions specified in the AEA (Gtv.), decision on the acquisition of the Company's own shares as well as on the approval of a public purchase offer in respect of the purchase of own shares;

18. decision on changing the Company's form of operation (private or public) (qualified majority);

19. decision – unless these Bylaws provide otherwise – on the payment of a partial dividend;

20. a non mandatory decision concerning the guidelines and framework for a long-term salary and incentive scheme for executive officers, supervisory board members and executive employees;

21. approval of the Company’s Corporate Governance Report;

22. decision on granting of any discharge of liability to members of the Board of Directors

8.34. Except for those who have contributed to taking the decision - the judicial review of an illegal resolution of the General Meeting maybe requested by:
- any shareholder,
- any member of the Board of Directors,
- any member of the Supervisory Board.

8.35. The suit for the judicial review of an unlawful resolution shall be lodged against the Company within thirty days after such resolution has been learned of. Following expiration of a ninety-day deadline from the date of passing the resolution, the resolution may not be contested even if it has not been communicated to the person entitled to lodge a claim or he has not learned thereof.

8.36. In the event of transforming types, classes and series of shares issued by the Company into other types, classes or series of shares that will be transformed shall be governed by the provisions of the point 8.27. by these By-Laws. The General Meeting makes resolution of the main conditions of the transformation.”

7.) The sections 9.3.- 9.5. of the By-Laws will be replaced with the following provisions

“9.3. The members of the Board of Directors shall be elected by the General Meting upon its decision uniformly either for an indefinite period or for five years; in the latter case the mandate will end with the General Meeting closing the fifth economic year following the election. Mandate of a member being elected during this period shall be expired together with the Board of Directors’ mandate.

9.4. The Board of Directors shall elect a Chairman from among its members, whose period of office shall be equal to the mandate of the Board of Directors. The Chairman of the Board of Directors shall be at the same time the Chief Executive Officer of the Company (Chairman-Chief Executive).

9.5. The members of the Board of Directors shall always act with suitable care and the necessary expertise, in accordance with the laws.

In connection with the approval of the financial statements the Supervisory Board makes a proposition to the General Meeting on the evaluation of the work of the members of the Board of Directors in the previous financial year, and on granting of any discharge of liability to the members of the Board of Directors. Granting a discharge of liability constitutes the General Meetings’ verification that the members of the Board of Directors in question have performed their work during the period under review by giving priority to the interests of the Company.”

8.) The sections 9.13. and 9.15. - 9.18. of the By-Laws will be replaced with the following provisions and section 9.19. will be deleted

“9.13. The Board of Directors shall

- prepare the Company’s report according to the Accounting Act and a proposal for the use of the profit after taxation,
- prepare a report once a year for the General Meeting, and once in every three months for the Supervisory Board concerning management, the status of the Company’s assets and business policy;"
- attend to keeping the Company's financial records in accordance with the rules.
- to establish and to review which are the intangible assets required to carry out the Company's defined scope of activity listed in article 4 of these By-Laws and to report on the eventual changes to the next Annual general Meeting

The exclusive authority of the Board of Directors shall include especially:

- electing the Chairman, Chief Executive of the Company, exercising the rights of employer over him,
- the establishment of the annual plan,
- the analysis and evaluation of completing the directives of business policy based on the quarterly balance sheet of the Company,
- the decision on transactions referred to the authority of the Board of Directors by the Company's rules of organisation and operation;
- the decision on starting, suspending, or terminating the performance of certain banking activities within the scope of the licensed activities of the Company,
- designating the employees entitled to sign on behalf of the Company,
- the decision on the capital increase with the conditions included in this By-Law,
- the decision on approving inside credits in accordance with the Financial Act, (ACI)
- decision on approving regulations on the basic banking operation.

The following shall qualify as such regulation:

- the rules of collateral valuation and assessment
- the rules of risk-taking,
- the rules of qualifying the customers,
- the rules of qualifying the partners,
- the rules of investing,
- the rules of qualification , depreciation and target reserves,
- the rules of organisation and operation which contains the order of evaluating large exposures,
- the rules of transfer of procurator rights
- the decision on approving the rules of the Board of Directors;

The Board of Directors shall be exclusively entitled:

- in cases listed in the AEA to approve the interim balance sheet of the company, subject to the prior consent of the supervisory board
- to approve the payment of interim dividends, subject to the prior consent of the supervisory board”

“9.15. The Board of Directors may relegate to single members of the Board of Directors, to the executives from among the employees of the Company as well as to the heads of certain departments of service, any task which is not covered by the exclusive authority of the Board of Directors in accordance with the decision of the General Meeting.

9.16. There shall be prepared minutes on the meetings of the Board of Directors in accordance with the rules prescribed in the rules of procedure.

9.17. The members of the Board of Directors shall be subject to all obligations, and prohibitions, established for the executives by ACI and CMA.

9.18. The list of the name of members of the Board of Directors current at the time of preparing the unified version of the By-Laws is attached as annex to the By-Laws and shall be prepared by the legal attorney of the Company."

9.) The sections 10.2. - 10.4. of the By-Laws will be replaced with the following provisions and sections 10.5. and 10.6. will be deleted

"10.2. In the event that the Chairman-Chief Executive is unable to attend, the appointed Vice Chairman or Board member may substitute for Chairman/Chief Executive in his/her capacity as Chairman, while the appointed deputy Chief Executive may substitute the Chairman/Chief Executive in his/her capacity as chief executive, with the proviso that the range of substitution rights shall not extend to the exercising of employer rights.

10.3. The Chairman, Chief Executive shall exercise the employer's rights over the employees of the Company, in accordance with point 9.14.

10.4. The work of the Board of Directors shall be controlled by the Chairman, Chief Executive. who shall take the chair at its meetings."

10.) The 11.§ of the By-Laws will be replaced with the following provisions:

"11. §.
The Supervisory Board

11.1. The management of business of the Company shall be controlled by the Supervisory Board.
The Supervisory Board may consist of 3-9 members.

11.2. The members of the Supervisory Board shall be elected by the General Meeting upon its decision uniformly either for an indefinite period or for three years; in the latter case the mandate will end with the general meeting closing the third economic year following the election. The period of office of a new member elected during this time shall last until the election of the Supervisory Board. The members of the Board of Directors, their close relatives, and the employees of the Company may not be elected as members of the Supervisory Board by the General Meeting.

The General Meeting shall also be entitled to determine the number of the members of the Supervisory Board as well as to dismiss or remove the members, within the framework of this By-Law.

The majority of the members of the Supervisory Board shall be independent. A member qualifies as independent meeting the requirements set out in 309. § (2),(3) of AEA.

11.3. Unless the Board of Directors and the Workers' Council agrees otherwise the employees of the Company may participate in the supervision of the administration of the Company. In this case 1/3 of the members of the Supervisory Board shall be the representatives of the employees. Rules pertaining to the nomination of employee members of the Supervisory Board and the initiation of their removal shall be defined by the Works Council operating within the Company.

11.4. Members of the Supervisory Board shall elect the Chairman and Vice Chairman of the Supervisory Board from among themselves. The Vice Chairman shall act in the Chairman's stead in the Vice Chairman's capacity of substitute."

11.5. The Supervisory Board shall establish its rules of procedure, which shall be approved by the General Meeting.

11.6. The Supervisory Board shall have a quorum if at least two thirds of its members are present. The decisions of the Supervisory Board shall be taken with a simple majority of votes.

The Chairman, Chief Executive, or the representative delegated by him, shall be invited to the meetings of the Supervisory Board.

11.7. Supervisory Board membership shall be terminated according to Section 9.6. of the Bylaws, and also if the employment of the employee delegate is terminated.

11.8. The Supervisory Board shall control the management of the Company. In the framework of this activity, the Supervisory Board may request reports or information to be provided by members of the Board of Directors and senior officers of the Company, which shall be complied in a reasonable time but within eight days at the latest. The Supervisory Board may inspect or cause to be inspected by an expert the Company's books and documents. The General Meeting shall make a decision on the report prepared according to the Accounting Act and the use of profit after taxation only in possession of the written report of the Supervisory Board.

11.9. The Supervisory Board may exercise its rights as a body or through its members. Its task of supervision may also divided permanently among its members. Joint authority shall not affect the liability of a Supervisory Board member, nor such member's right to extend authority to any other activity within the scope of authority of the Supervisory Board.

11.10. The members of the Supervisory Board shall have the rights of discussion at the General Meetings and they shall be entitled to give proposals.

11.11. Point 9.5 of this By-Law shall also be applied to the members of the Supervisory Board.

11.12. There shall be laid down minutes on the meetings of the Supervisory Board. The Supervisory Board shall meet at least six times a year. A meeting shall also be convened if it is requested in writing by one (1) member of the Supervisory Board, or a minimum of two (2) members of the Board of Directors, or the auditor, by indicating reason and purpose.

11.13. The list of the name of members of the Supervisory Board current at the time of preparing the unified version of the By-Laws is attached as annex to the By-Laws and shall be prepared by the legal attorney of the Company."

11.) The By-Laws will be supplemented with a new 11/A §

"11/A §.
The Audit Committee

11/A.1. The Audit Committee shall be elected from the members of the Supervisory Board by the General Meeting. Audit Committee consist of three members. Audit Committee shall elect a Chairman from among its members. The Audit Committee shall have a quorum if three members are present. The decisions of the Audit Committee shall be taken with a simple majority of votes.

11/A.2. The Audit Committee shall establish its rules of procedure, which shall be approved by the Supervisory Board.

11/A.3. The membership of the Audit Committee ceases to exist by
- resignation,
- removal,
- termination of membership in the Supervisory Board,
- loss of the "independent" status according to Art. 11.2.

11/A.4. In case whether according to a legal act operation of an Audit Committee at the Company is not a legal requirement any more, on the date of entering into force of this legal act the Audit Committee of the Company ceases to exist and any provisions of these By-Laws referring to the Audit Committee shall expire."

12.) The 12.§ of the By-Laws will be replaced with the following provisions:

"12. §.

The auditor

12.1. The General Meeting of the Company shall choose, for each year, an auditor or an auditing firm, from among the sworn auditors registered in Hungary which satisfy the provisions of ACI (Hpt). In the case of the selection of an auditing company, the General Meeting shall be entitled to approve as a part of the main element of the agreement entered into with the auditor the appointment of the member, senior officer or employee by the auditing company, who shall be personally responsible for auditing. Designation of the auditing company and the approved person are attached as annex to these By-Laws which shall be prepared by the legal attorney of the Company.

12.2. The shareholder of the Company, the member of the Board of Directors or of the Supervisory Board, or their close relatives (Ptk.685.§b.), or the employee of the Company may not be elected as auditor during this status and within three years from the end of such a status of theirs.

12.3. In the case of an auditing company, rules regarding conflict of interest as contained in Section 12.2. shall be equally applied to the employee of the auditing company who performs the audit, and to all members (shareholders), senior officers and senior employees of the auditing company.

12.4. Based on the preliminary agreement of the Board of Directors, the Supervisory Board shall make a proposal on the person and fee of the auditor to be elected."

12.5. The auditor may have access to the Company's books, financial documents, contracts, bank accounts and may request information to be provided by members of the Board of Directors and of the Supervisory Board and the Company's employees. The auditor shall exercise this entitlement in co-operation with the Company's independent internal audit organisation.

12.6. The auditor shall be invited to the General Meetings of the Company.

12.7. The auditor shall inform the Supervisory Board and initiate at the Board of Directors that the General Meeting should be convened if he detects

- that a significant decrease in the assets of the Company may be expected,
- any fact that entire the liability of the members of the Board of Directors, or of the members of the Supervisory Board.

12.9. If, notwithstanding the above, the Company's General Meeting is not convened, or the General Meeting fails to make decisions required by legal regulations, the auditor shall notify thereof the Court of Registration providing legal supervision."

13.) The 12/A. § of the By-Laws will be replaced with the following provisions:

"12/A §
Executives of the Company

12/A.1. Executives at the Company include: the Chairman-Chief Executive, members of the Board of Directors, the Chairman of the Supervisory Board, the Deputy Chief Executive Officer
(executive employee).

12/A.2. Any executive shall notify the Chairman-Chief Executive promptly in the event:

a.) they hold controlling or blocking majority stake in any companies;
b.) any of their close relatives hold controlling or blocking majority stake in any companies;
c.) any reasons occurred that exclude them from filling executive positions, after the receipt of their mandate."

12/A.3. Any executive may be elected to a management position in, or to the supervisory board of, another company being active in the same business area as the Company if this company is under the controlling interest of the Company.

12/A.4. Non of the executives may acquire a shareholding (except in a public limited company) in a company having a main activity in the same business area as the Company."

14.) The 13. § of the By-Laws will be replaced with the following provisions:

"13. §.
The reports of the Company and the distribution of profits

13.1. The first business year of the Company begins on the first working day after signing this By-Law and ends on 31 December, another business year begins on 1 January and ends on 31 December of the same year.

13.2. The Board of Directors shall submit to the annual ordinary General Meeting the report of the previous business year made according to the Accounting Act, jointly with its own report and the reports of the Supervisory Board and of the auditor.

13.3. The Company results shall any time be established in accordance with the Hungarian laws in force.

13.4. Shareholders shall be entitled to receive a share from the Company's taxed profit or taxed profit supplemented with available profit reserves established in accordance with the Accounting Act that is available and has been ordered for distribution by the General Meeting.

13.5. The payment of dividends shall be started within 60 days from the adoption of the relevant resolution by the General Meeting. The Company will require an ownership identification from the Central Clearing House and Depositary (Budapest) Zrt. for the first day of the payment of dividends.

The date of the (General Meeting) resolution on the starting date of dividend distribution shall precede such date by at least 20 business days.

13.6. The conditions of paying the dividends shall be that
a) the owner of the share shall be effectively entered in the Share Register of the Company;
b) the shareholding of the shareholder on the date of the ownership identification (record date) shall be certified by the result of the ownership identification
c) the share ownership of the shareholder shall not violate the provisions of the ACI (Hpt.) and ACM which circumstance shall be established through inspection by the Company in advance to paying dividends.

13.7. The shareholders will be informed through an announcement specified in section 13.8. of the order of payment of the dividends.

13.8. The Company shall take into account the dividend to be paid on shares that qualify as own shares and consider it as a share to be paid to shareholders who are entitled to receive dividends in proportion to the ratio of shares held by them (i.e. the Company shall distribute it among shareholders who are entitled to receive dividends). At least 10 working days must pass between the publication of the announcement containing the dividend per share which has been adjusted by the dividend paid on the shares that qualify as own shares and which is based on the resolution concerning the amount of the dividend and the starting day of dividend payment on the one hand, and the first day of dividend payment on the other. Between the date of the announcement's publication and the first day of dividend payment the Company shall ensure that the portfolio of its own shares does not change.

13.9. On a request for payment of dividend arrived after the ownership identification as set out in clause 13.5., the Company will pay dividends to a shareholder entered in the Share Register

a) the securities account manager certifies that the shareholder held the same amount of shares at the time of the ownership identification described in clause 13.5. and there was not dividend payment to these shares

and

b) the notification sent by the Central Clearing House and Common Depository (Budapest) Zrt. according to clause 13.5. confirms that the securities account manager is entitled to provide a certificate for this number of shares.

13.10. The Company shall not be obliged to pay dividend on the shareholder's first time claim for dividend beyond five years following the date of beginning the payment of dividends.

13.11. The payment of dividend shall be through bank transfer. In case the Company delays to pay the dividends, the shareholder shall be entitled for an interest on overdue payment. The Company falls in delay if it does not perform within 8 days from the receipt of the claim for dividend of the shareholder satisfying the conditions in Clause 13.6. or 13.9.

13.12. In case it complies with conditions set by the Law, and using procedures set in the By-Laws, the Company may pay interim dividend. If the shareholder accepts such dividend disbursement, and does not return it to the Company within 5 calendar days from the crediting thereof on his bank account, this act is considered as commitment to repay the interim dividend, if based on the annual report prepared according to the Accounting Act the disbursement of such dividend would be illegal."

15.) The sections 14.2. and 14.3. of the By-Laws will be replaced with the following provisions

"14.2. In case a shareholder misses a payment within thirty days from the date of the calling for it by Board of Directors in accordance with 15 §, on the day following the expiry of this deadline the shareholders rights attached to the non paid in shares cease to exist.

14.3. The increase of the registered capital by the Company may also be exclusive, in which case only the persons and shareholders designated by the resolution adopting it shall be entitled to subscribe the new shares in the course of the capital increase.

If the persons or shareholders designated by the General Meeting do not subscribe, until the closing day established, shares amounting to the planned increase of the registered capital, the capital increase shall be regarded as a failure."

16.) The sections 14.5. and 14.10. of the By-Laws will be replaced with the following provisions

"14.5. If the shares of the Company are issued in different classes or series the resolution of the general meeting adopted for the increase of the share capital or the authorization of the Board of Directors for it shall be valid only if the shareholders of the each share classes or series effected by the capital increase and present at the General Meeting have separately granted their consent with simple majority vote.

14.6. If the shares of the Company are issued in different classes or series the resolution of the general meeting adopted for the decrease of the share capital shall be valid only if the shareholders of the each share classes or series effected by the capital increase and present at the General Meeting have separately granted their consent with qualified majority vote.

14.7. In case of a capital increase through private issue of shares preferential subscription shall be offered to these shareholders (in case the Company issued convertible bonds or bonds with subscription rights – furthermore Bonds – those bondholders – furthermore Bondholders -) who on the day set by the Board, (the preferential day) were shareholders/bondholders of the Company. The Company will request ownership identification to this day from KELER.

In case of a capital increase through public issue of shares preferential subscription shall be offered to these Shareholders/Bondholders who on the first day of subscription (preferential day) were shareholders/bondholders of the Company. The Company will request ownership identification to this day from KELER.

14.8. The Company shall notify through an announcement the shareholders and the bondholders on possibility of the exercising of preferential subscription rights, included the nominal and issue value of the shares to be offered and first and closing date of the fifteen days long preferential subscription period.

14.9. The Shareholder/Bondholders within the groups enumerated under Para a) to d) below have same preferential subscription right related to each other while the Shareholders/Bondholders belonging to different groups have preferential subscription right based on the following order:

b) shareholders of shares belonging to the same series as the new shares issued
c) all shareholders of shares not belonging to the same series as the new shares issued
d) bondholders of convertible bonds
e) bondholders of bonds with subscription rights

Those having the same preferential subscription right can exercise this right among each other for the shares to be issued during capital increase as follows:

a) All subscriptions with preferential subscription right have to be satisfied if it is possible based on the number of shares to be issued
b) If within the same group not all subscriptions with preferential subscription right can be satisfied then the competing subscriptions have to be satisfied based on the card dealing system, with the subscription randomly put in sequence by a computer. When dealing, at eventual subsequent rounds the satisfied shareholders shall not be considered when establishing the sequence. The detailed rules of exercising the preferential subscription right shall be established by the Board of Directors and will be published in an announcement.

14.10. The board of directors shall publish a written proposal on the motion for excluding pre-emptive subscription rights prior to the day of the General Meeting according to Para 15 of the By-Laws. The issue of excluding pre-emptive subscription rights will be debated by the general meeting according to its rules. The motion should include detailed reasons for the given disallowing of pre-emptive subscription rights and the description, the number and the total issue value of shares related to the given capital increase."

17.) The 15. § of the By-Laws will be replaced with the following provisions:

“15. §.

Notices

The notices of the Company shall be published on the Company’s own website and on the website of the Budapest Stock Exchange.”

18.) The 16. § of the By-Laws will be replaced with the following provisions:

“16. §.
Legal disputes

Any legal disputes between the Company and its shareholder based on the shareholding legal relation between them and for the judicial review of a resolution of the General Meeting the Permanent Arbitration Court organized beside the Hungarian Chamber of Commerce and Industry shall act with exclusive competence in accordance with its own rules of procedure, and shall take decisions so that no appeal is permitted against its decisions.”

19.) The 17. § of the By-Laws will be replaced with the following provisions:

“17. §.
Others

The issues not regulated in this By-Law shall be governed by the provisions of AEA, ACM and ACI.”

20.) The 18. § of the By-Laws will be replaced with the following provisions:

„18. §.
Annexes”

Proposal for resolution:

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

ELECTION OF MEMBERS OF THE AUDIT COMMITTEE

VERBAL PROPOSAL

APPROVAL OF THE PRINCIPLES AND FRAMEWORKS OF THE LONG-TERM REMUNERATION AND INCENTIVE PROGRAMME FOR THE COMPANY'S EXECUTIVES, TOP MANAGERS AND MEMBERS OF THE SUPERVISORY BOARD. MODIFICATION OF THE INCENTIVE PROGRAMME OF THE MANAGEMENT FOR THE YEARS FROM 2006 TO 2010.

Proposal for resolutions

„The AGM is going to establish the principles and framework of the long term remuneration and motivation scheme of the Bank's top executives as follows:

The remuneration and motivation of top executives (chairman, CEO, heads of division) will comprise the following principles:

- Wage elements consisting of base salary and premium. In case of the Chairman-CEO the major requirements, as well as the amount of premium based on the fulfilment of pre-set targets will be determined by the Board of Director. In case of the deputy CEO-s setting the individual targets, assessing their fulfilment and determining the amount of remuneration is the competence of the Chairman-CEO.

- Executive Share Option Programme approved by the AGM aimed at boosting the long term interestedness of the top management for the sake of increasing the share price

- Profit Sharing Programme applicable in case of exceeding the pre-set profit targets. Direct and indirect motivation will be set proportionally based on the individual contribution. The Profit Sharing programme is going to be applied the first time after the assessment of the 2007 Business Year performance, the concrete rules and procedure will be set by the Board of Directors."

„The AGM is going to amend the Executive Share Option Programme for 2006-2010 approved by 8/2006 resolution as follows:

In order to exercise the Programme, minimum two from the below preconditions should be met:

- The growth of **after tax profit** must reach 10%
- **ROAA** must be at least 2.1% for the assessed year
- **ROAE** must be at least 20% for the assessed year.

Participants of the programme and the available number of shares:

Categories	**Number of persons**	**Maximum number of share options per capita**
Chairman and CEO	1	250,000
Head of Divisions **	6	140,000
Non-executive members of Board of Diretors	7	20,000
Managing Directors***	18	30,000 - 45,000
Directors***, Deputy Managing Directors	13	25,000
Head of profit centres in Branch Network	8	45,000
Top managers of subsidiares	25	20,000 - 60,000
Other managers and employees (competence of Chairman-CEO	17	15,000
Összesen (maximális keret)	**95**	**3,500,000**

* Depending on the nature of the particular areas, the individually available maximum number of shares is to be set within the framework
** In order to enhance the objective planning process, the head of the Strategic and Financial Division may receive additional 60 000 shares
*** In order to enhance the objective planning process, the managing director and director participating in the strategic and business policy planning may receive additional 25 000 shares

The modified conditions are to be applied after the assessment of the 2007 Business Year performance"

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

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

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

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

Proposal for resolutions:

The General Meeting authorize the Board of Directors in order to create the necessary supply for the administration of the option and bonus share programs operating at the OTP Bank Plc. and to prevent the price fluctuations of the shares to purchase up to 28,000,000 shares issued by OTP Bank. The purchase price of the shares at each transaction shall not be lower than the face value of the share and not be higher than 150% of the highest price registered on the BSE on the day before the transaction. The Board of Directors is entitled to the acquisition of own shares until April 30, 2008.