



*OTP Bank
Annual Report
2012*



-	0	4,782	-8
636	685	1,221	2,004
407	-904	2,503	15,156
-	143	143	512
-	1,590	1,590	13,415
-	0	0	84
23	-2,124	2,847	6,896
82	18	-64	-
-	0	0	-
-	0	0	-
-	-	-	-
-	-	-	-
84	3,656	8,240	-
84	3,656	8,240	-
-	0	0	-16,594
-	-	0	-1,037
0	0	0	-17,931
57	-6,667	-12,124	-12,124



Corporate Governance

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



Dr. Sándor Csányi

Chairman & CEO

Dr. Sándor Csányi (60) graduated from the College of Finance and Accountancy in 1974 with a bachelor's degree in business administration and in 1980 from the Budapest University of Economic Sciences with a degree in economics. He is an economist with a specialisation in finance, and is also a qualified pricing specialist and certified auditor. After graduation he worked at the Revenue Directorate and then at the Secretariat of the Ministry of Finance, after which, between 1983 and 1986, he was a departmental head at the Ministry of Agriculture and Food Industry. From 1986 to 1989 he worked as a head of department at Magyar Hétel Bank. He was deputy CEO of K&H Bank from 1989 to 1992. Since 1992 he has been Chairman & CEO of OTP Bank Plc, where he is responsible for the Bank's strategy and overall operation. He is a member of the European Board of Directors for MasterCard, one of the world's leading payment card companies, and is Vice Chairman of the Board of Directors of MOL Plc, Co-Chairman of the National Association of Entrepreneurs and Employers (VOSZ), and until April 2011 was a member of the Board of Directors of the Hungarian Banking Association. He has been Chairman of the Hungarian Football Association (MLSZ) since July 2010.

As of 31 December 2012 he held 243,500 ordinary OTP shares (while the total number of OTP shares held by him directly and indirectly was 2,743,500).

Dr. Antal Pongrácz

*Deputy Chairman, Deputy CEO
Staff Division*

Dr. Antal Pongrácz (67) graduated from the Budapest University of Economic Sciences and earned a PhD in 1971. From 1969 he worked as an analyst at the Petrochemical Investment Company, then as a group manager at the Revenue Directorate until 1975. From 1976 he held various executive positions at the Ministry of Finance. After that, he was the first Deputy Chairman of the State Office for Youth and Sports. Between 1988 and 1990 he was the first Deputy CEO of OTP Bank. Between 1991 and 1994 he was CEO, and then Chairman & CEO, of the European Commercial Bank Rt. Between 1994 and 1998 he was Chairman & CEO of Szerencsejáték Rt, then in 1998-99 he served as CEO of Hungarian flagship carrier, Malév. Since 2001 he has been executive director of OTP Bank's Staff Division and more recently, Deputy CEO. He has been a member of OTP Bank's Board of Directors since 2002 and Deputy Chairman since 9 June 2009.

As of 31 December 2012 he held 203,600 ordinary OTP shares.

Dr. István Gresa

*member of the Board of
Directors, Deputy CEO
Credit Approval and Risk
Management Division*

Dr. István Gresa (60) graduated from the College of Finance and Accountancy in 1974 and received a degree in economics from the Budapest University of Economic Sciences in 1980. He earned a PhD from the same establishment in 1983. He has worked in the banking sector since 1989. Between 1989 and 1993 he was branch manager of Budapest Bank's Zalaegerszeg branch. From 1993 he was director of OTP Bank's Zala County Directorate, and from 1998 he served as the executive director of the bank's West Transdanubian Region. Since 1 March 2006 he has been Deputy CEO of OTP Bank and the head of the Credit Approval and Risk Management Division and chairman of the Board of Directors at OTP Factoring Ltd. As of 31 December 2012 he held 64,564 ordinary OTP shares.

László Bencsik

*Chief Financial and Strategic
Officer, Deputy CEO
Strategy and Finance Division*

Mr. László Bencsik (43) has been deputy CEO of OTP Bank Plc, and head of the Strategy and Finance Division, since August 2009. He joined OTP Bank in September 2003, when he became executive director of the Bank Operations Management Directorate, and the manager with overall responsibility for controlling and planning. Between 2000 and 2003 he was a project manager at consulting firm McKinsey & Company. Between 1996 and 2000 he worked as a consultant at Andersen Consulting (now Accenture). In 1996 he graduated from the Faculty of Business Administration at the Budapest University of Economic Sciences, and in 1999 he obtained a Masters in Business Administration (MBA) from INSEAD Business School in France. As of 31 December 2012 he held 2,800 ordinary OTP shares.



Dániel Gyuris

*Deputy CEO
Real Estate, Small Enterprises
and Agriculture Division*

Mr. Dániel Gyuris (54) obtained a post-graduate degree in agricultural engineering from Gödöllő University of Agricultural Sciences in 1998. Two years earlier he graduated in economics from the Budapest University of Economic Sciences, where he majored in bank management. In the same year he obtained a post-graduate diploma from the College of Finance and Accountancy. He is a certified accountant and property valuation specialist. He began his career as an agricultural engineer at an industrial cooperative, where as deputy production manager he was responsible for the overall management of the production processes. In 1989 he was appointed a head of department at Agrobank Ltd., and then from 1991 he held a similar position at Inter-Europe Bank Ltd. From 1999 he was CEO of FHB Land Credit and Mortgage Bank Plc., and was the executive director responsible for the operation of the bank group. Since 1 November 2010 he has been deputy CEO of OTP Bank Plc., and is also the head of the Real Estate, Small Enterprises and Agriculture Division, as well as Chairman & CEO of OTP Mortgage Bank Ltd. and OTP Building Society Ltd. As of 31 December 2012 he did not hold any ordinary OTP shares.

Antal Kovács

*member of Supervisory Board
Deputy CEO
Retail Division*

Mr. Antal Kovács (60) graduated from the Budapest University of Economics with a degree in economics in 1985. He began his professional career in 1990 at the Nagyatád branch of K&H Bank, where he worked as a branch manager between 1993 and 1995. He has been working at OTP Bank Plc. since 1995, first as a county director and from 1998 as the executive director of OTP Bank's South Transdanubian Region. Since 1 July 2007 he has served as OTP Bank's Deputy CEO. He has received additional training at the International Training Centre for Bankers and on various courses held by the World Trade Institute. He has been a member of OTP Bank's Supervisory Board since 2004. As of 31 December 2012 he held 23,000 ordinary OTP shares.

Ákos Takáts

*Deputy CEO
IT and Bank Operations
Division*

Ákos Takáts (53) graduated from the University of Horticulture and Food Industry in 1982 and earned a degree in engineering in 1985. He has worked in the banking sector since 1987. From 1993 he served as a deputy head of department at OTP Bank Plc., then, from 1995, he was managing director of the Bank's IT Development Directorate. Since 1 October 2006 he has served as OTP Bank's Deputy CEO and the head of the IT and Logistics Division. As of 31 December 2012 he held 153,347 ordinary OTP shares.

László Wolf

*Deputy CEO
Commercial Banking Division*

László Wolf (53) graduated from the Budapest University of Economic Sciences in 1983. After graduation, he worked at the Bank Relations Department of the National Bank of Hungary for 8 years, and then served as head of Treasury at BNP-KH-Dresdner Bank between 1991 and 1993. From April 1993 he was executive director of OTP Bank's Treasury Directorate, and since 1994 he has been Deputy CEO of the Commercial Banking Division. As of 31 December 2012 he held 638,800 ordinary OTP shares.

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



Mihály Baumstark

Agricultural engineer, economist

Mr. Mihály Baumstark (64) holds degrees in agricultural engineering and agricultural economics. He was employed by the Ministry of Agriculture and Food Industry between 1978 and 1989. When he left the Ministry he was deputy head of the Investment Policy Department. After this he was managing director of Hubertus Rt., and from 1999 to 2012 he was deputy CEO and then Chairman & CEO of Villányi Winery Ltd. (now Csányi Winery Ltd.). He was a member of OTP Bank's Supervisory Board from 1992 to 1999, and has been a non-executive member of OTP Bank's Board of Directors since 1999. As of 31 December 2012 he held 6,400 ordinary OTP shares.

Dr. Tibor Bíró

*Head of Department
Budapest Business School*

Dr. Tibor Bíró (61) graduated from the Budapest University of Economic Sciences with a degree in business administration. He is a certified auditor and chartered accountant. He was the Head of the Financial Department of the City Council of Tatabánya from 1978–82. He began teaching at the College of Finance and Accountancy in 1982 and has been head of department since 1992. He is a member of the Educational Committee of the Chamber of Hungarian Auditors. He has been a non-executive member of OTP Bank's Board of Directors since 1992. As of 31 December 2012 he held 37,240 ordinary OTP shares.

Péter Braun

*Electrical Engineer
Former Deputy CEO, OTP Bank Plc.*

Péter Braun (77) earned a degree in electrical engineering from the Technical University of Budapest. Between 1954 and 1989 he worked for the Research Institute for Electrical Energy, with his last position there being head of department. After that, he was the managing director of K&H Bank Rt., working in its Computer and Information Centre. He is a member of GIRO Rt.'s Board of Directors, and was Deputy CEO of OTP Bank Plc. from 1993 until his retirement in 2001. Since the second half of 2009 he has been the chairman of the Chief Information Officers' Association (VISZ). He has been a member of OTP Bank's Board of Directors since 1997. As of 31 December 2012 he held 534,305 ordinary OTP shares.

Tamás Erdei

Mr. Tamás Erdei (59) graduated at the College of Finance and Accountancy in 1978. He commenced his career path at OTP Bank, where he held various management positions (finally he served as a Bank Branch Manager). Afterwards, he worked at the Ministry of Finance for two years, where he was responsible for the banking supervision. He has been employed at the Hungarian Foreign Trade Bank Ltd since 1983, and he has gradually worked his way up the scale. He served as a Managing Director from 1985; he was a Deputy CEO between 1990 and 1994 and then, in 1994 he became the Chief Executive Officer. From 1997 till the end of March 2012, he was acting as a Chairman and CEO. Between 1997 and 2008 he was elected Chairman of the Hungarian Banking Association. He is also the Chairman of the Supervisory Board of International Children's Safety Service. He has been a member of OTP Bank's Board of Directors since 27 April 2012. As of 31 December 2012 he held no ordinary OTP shares.



Zsolt Hernádi

*Chairman & CEO
MOL Plc.*

Zsolt Hernádi (53) graduated in 1986 from the department of industrial design at the Karl Marx University of Economic Science. Between 1989 and 1994 he held a number of positions at Kereskedelmi és Hitelbank Rt., where from 1992 to 1994 he was deputy CEO of the financial institution. Between 1994 and 2001 he was CEO and a member of the Board of Directors at Magyar Takarékszövetkezeti Bank Rt. He has been a member of MOL's Board of Directors since 1994, and its Chairman since 2000, while since 11 June 2001 he has been the company's Chairman and CEO. He is also a member of the Corporate Governance and Remuneration Committee of MOL's Board of Directors. He has been a member of OTP Bank's Board of Directors since 29 April 2011. As of 31 December 2012 he held 6,400 ordinary OTP shares.

Dr. István Kocsis

*Managing Director
Merkantil Bank Zrt.*

Dr. István Kocsis (61) obtained his degree in mechanical engineering from the Mechanical Engineering Faculty of the Technical University of Budapest in 1976, and earned his PhD in 1985. Career highlights: 2002–2005 Paks Nuclear Power Plant, CEO; 2005–2008 Hungarian Power Companies Ltd. (MVM Zrt.), CEO; 2008–2011, CEO of Budapest Transport Corporation (BKV Zrt.); since 2011 Managing Director of Merkantil Bank Zrt. Offices held: Chairman of the Ányos Jedlik Society; chairman of the Scientific Society For Measurement, Automation and Informatics; member of the Social Senate of the University of Pécs; member of the national Presidium of the Hungarian Chamber of Commerce and Industry; chairman of the endowment advisory board of the Duna-Mecsek Regional Development Foundation. Non-executive member of OTP Bank's Board of Directors since 1997. As of 31 December 2012 he held 6,400 ordinary OTP shares.

Dr. László Utassy

*Chairman & CEO
Merkantil Bank Ltd.*

Dr. László Utassy (61) graduated from the Faculty of Law of ELTE University in Budapest in 1978. He held various positions at the State Insurance Company between 1978 and 1995 and then went on to work at ÁB-Aegon Rt. He was Chairman & CEO of OTP Garancia Insurance from 1996 to 2008. He was managing director of OTP Bank Plc. between 2009 and 2010. Since 1 January 2011 he has been Chairman & CEO of Merkantil Bank Ltd. He has been a member of OTP Bank's Board of Directors since 2001. As of 31 December 2012 he held 271,400 ordinary OTP shares.

Dr. József Vörös

*Professor, Head of Institute
University of Pécs*

Dr. József Vörös (62) earned a degree in economics from the Budapest University of Economic Sciences in 1974. In 1984 he earned a PhD in economics from the Hungarian Academy of Sciences, and a Doctor of Science degree in 1993. Between 1990 and 1993 he was the dean of the Faculty of Business and Economics, Janus Pannonius University (JPTE). In 1993 he attended the Advanced Management Program (AMP) at Harvard Business School. Since 1994 he has been a professor at JPTE, and was the senior Vice Rector of the University from 2004–2007, between 2007 and 2011 he was chairman of the Board of Trustees, and in 2009 he took up the post of Head of Institute. He has been a non-executive member of OTP Bank's Board of Directors since 1992. As of 31 December 2012 he held 123,600 ordinary OTP shares.

Members of OTP Bank Supervisory Board*



Tibor Tolnay

*Chairman of the Supervisory Board
Chairman & CEO
Magyar Építő Zrt.*

Tibor Tolnay (62) graduated from the Budapest University of Technology with a degree in civil engineering and then in economic engineering, and subsequently received a degree in economics from the Budapest University of Economics. In 1994 he was appointed Chairman & CEO of Magyar Építő Rt. He has been Chairman of OTP Bank's Supervisory Board since 1999. He was a member of the Audit Committee between 27 April 2007 and 29 April 2011. As of 31 December 2012 he held 54 ordinary OTP shares.

Dr. Gábor Horváth

*Deputy Chairman of the
Supervisory Board
Lawyer*

Dr. Gábor Horváth (57) earned a degree in law from ELTE University in Budapest. From 1983 he worked for the Hungarian State Development Bank. He has been a lawyer since 1986, and since 1990 has run his own law firm, which specialises in corporate finance and corporate governance. He has been a member of OTP Bank Plc.'s Supervisory Board since 1995, and a member of the Board of Directors of MOL Plc. since 1999. Since 27 April 2007 he has been deputy chairman of OTP Bank's Supervisory Board, and between 27 April 2007 and 29 April 2011 he was chairman of the Audit Committee. As of 31 December 2012 he held 10,000 ordinary OTP shares.

András Michnai

*Executive Director,
Compliance Directorate
OTP Bank Plc*

András Michnai (58), who represents the employees of OTP Bank, graduated from the College of Finance and Accounting with a degree in business economics. He has been an employee of the Bank since 1974, and until 1981 held a variety of posts in the branch network. From 1981 he held a management position in the central network coordination department and then in the network. From 1994, as deputy management director, he participated in the central coordination of the branch network. Since 2005 he has headed the Bank's independent Compliance Department (since 2011 a Directorate) as executive director. He further expanded his professional skills, earning a masters degree at the College of Finance and Accounting, and is a registered tax advisor. He has been a member of OTP Bank's Supervisory Board since 25 April 2008. He has been a member of OTP Bank's Supervisory Board since 25 April 2008. As of 31 December 2012 he held 16,000 ordinary OTP shares.

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



Pierre Lefèvre*

CEO

Groupama International SA

Pierre Lefèvre (56) has a degree in general engineering and industrial management. He began his career in 1980 at the internal audit department of Unilever Benelux.

In 1984 he joined the AXA Group where he held various management positions, first in Belgium (management control, life and asset insurance), and then from 1994 in the United Kingdom – it was here that he first worked in the position of CEO, and later as CEO & Chairman.

Following his appointment in 1998 he worked as Chairman of the Board of Directors of AXA Nederland BV, and from 2002 onwards as Chairman & CEO of the UK company Groupama Insurances. On 1 November 2007 Pierre Lefèvre was appointed CEO of the Italian Groupama subsidiaries. Since 1 January 2011 he has been head of Groupama's international division, and since 29 April 2011 a member of OTP's Supervisory Board. As of 26 September 2012 he held no ordinary OTP shares.

Dr. Márton Gellért Vági

General Secretary

Hungarian Football Association

Dr. Márton Gellért Vági (51) graduated in 1987 from the Karl Marx University of Economic Science with a degree in Foreign Economics, and in 1994 obtained his doctorate from the same institution.

Between 2001 and 2006 he worked at the State Holding and Privatisation Co. (ÁPV Zrt.), as managing director, deputy CEO and then CEO. Between 2006 and 2010 he was Chairman of the National Development Agency. From July 2002 until 1 January 2011 he was a member of the Board of Directors of FHB Nyrt., during which period he also spent four years as Chairman of the Board. Since 2010 he has been general secretary of the Hungarian Football Association. He has authored or co-authored more than 80 research papers, essays and books. He has been a member of OTP's Supervisory Board since 29 April 2011.

As of 31 December 2012 he held no ordinary OTP shares.

* Mr. Pierre Lefèvre resigned from his title as member of the Supervisory Board effective from 26 September 2012

Information for Shareholders

General company data

Date of foundation:

31 December 1990, registered by the Metropolitan Court of Budapest as Court of Registration on 28 October 1991 under company registration number 01-10-041585. The latest Bylaws may be requested from the company or may be downloaded from the Bank's website.

Legal predecessor:

Országos Takarékpénztár, founded 1 March 1949

Registered head office of OTP Bank Plc.

H-1051 Budapest, Nádor utca 16.

Telephone: (+36-1) 473-5000

Fax: (+36-1) 473-5955

Share capital:

OTP Bank's share capital as at 31 December 2012 was HUF 28,000,001,000, consisting of 280,000,010 ordinary shares of nominal value HUF 100 each.

Ownership structure as at 31 December 2012:

Shareholder	Ownership (%)	Voting rights (%)
Treasury shares	1.5%	0.0%
Government held owner*	4.9%	5.0%
Foreign institutions**	51.2%	51.9%
Foreign individuals	1.1%	1.1%
Domestic institutions	10.9%	11.1%
Domestic individuals	11.8%	12.0%
Other***	18.6%	18.9%
Total	100.0%	100.0%

Stock exchange listing

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

Participation and voting rights at the General Meeting

The General Meeting is going to be performed with the personal participation of the authorised persons. Shareholders may participate in the General Meeting in person or through their authorised representatives. The Company is entitled to check the identification of the shareholders and their representatives in accordance with the concerning documents prior to admission to the General Meeting.

* E.g.: State Privatization Holding Co. Ltd., Social Security, Municipality, 100% state-owned companies etc.

** Foreign institutions, and International Development Institutions (E.g.: EBRD, EIB, etc.)

*** Non-identified shareholders

The authorisations regarding the representation at the General Meeting shall comply with the concerning effective Hungarian laws. The authorisation must include a clear and explicit statement of authorisation for the proxy, the shareholder as principal and the representative as proxy agent and any possible limitations of the authorisation. Authorisations must be issued in the form of a notarised deed or a private document with full validity as evidence.

A single representative may represent several shareholders, however he/she shall possess authorizations from every shareholder as principal either in the form of a notarised deed or a private document with full validity as evidence.

In case an authorisation would include several representatives it shall be indicated that each representative is entitled to exercise its right for representation independently as a shareholder is entitled to authorize just one representative.

The authorisation shall be valid only for a General Meeting or for a specified period not exceeding twelve months. The authorisation shall also be valid for the continuation of a suspended General Meeting and for re-convened General Meetings by reason of the quorum.

In case the shareholder is represented at the General Meeting by its legal representative (e.g. director, managing director, mayor etc.), – the original authorization or the one verified by a public notary cannot be older than 30 days – the deed issued by the court or court of registration concerning the representation, or a certificate concerning the election of the mayor must be presented at the venue of the General Meeting. In case of verifying the existence of companies (and other organisations) registered outside Hungary and the representation right of those persons entitled to represent the company, it is essential that the foreign document shall be issued by a certified public record body or these facts shall be witnessed by a notary public.

In case the authorisation or any document submitted to verify the representation right was issued outside Hungary, its formal requirements must satisfy the statutes of law concerning the certification and/or legalisation of documents

issued outside Hungary. Accordingly, unless otherwise specified by bilateral international agreements, (i) the certification and/or legalisation of the document is needed, or (ii) if the given country is a party to the relevant international convention, the document will require an apostille. Information on the subject may be obtained from the foreign representations of Hungary. If the document is written neither in English nor in Hungarian, the presentation of its certified Hungarian translation is also required. Authorizations shall be handed over till 23th of April 2013 at any of the OTP branches as specified in Article X or at the Corporate Secretariat of the Company if the authorised representative represents more than one shareholder by virtue of foreign-issued document.

The participation in the General Meeting and exercising the voting right are subject to the following:

- a) the shareholder verification effectively verifies the possession of shares at the date of the shareholder verification;
- b) the shareholder should be effectively entered into the Company's Share Register by the deadline set in point III of the present Announcement;
- c) the authorized representative should identify the shareholders being represented according to point III of the present Announcement;
- d) the ownership of the shares or the voting right relating to the ownership of the shares shall not violate legal provisions or the By-Laws of the Company, which circumstance shall be verified through monitoring by the Company.

Dividend

On 26 April 2013 OTP Bank Plc.'s General Meeting decided to pay dividend after fiscal year 2012. Dividends will be HUF 120 per share, representing 120% of the face value of each share.

The actual amount of dividends to be paid to the individual shareholders will be calculated and disbursed in accordance with the Company's Bylaws, that is, the Company will distribute the dividend calculated in respect of all the shares qualifying as treasury shares among the shareholders entitled to receive dividends. Dividends will be disbursed from 10 June 2013, in accordance with the procedural order set forth in the Bylaws.

Announcements

OTP Bank Plc. fulfils its disclosure obligations related to corporate events and prescribed in Act CXX of 2001 on the website of the OTP Bank

Plc. (www.otpbank.hu), on the website of the Budapest Stock Exchange (www.bet.hu), and on the website operated by HFSA (www.kozzetetelek.hu).

Investor relations

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

OTP Bank Plc. Investor Relations & DCM
16 Nádor Street, Budapest, H-1051
Telephone: (+36-1) 473-5460
Fax: (+36-1) 473-5951
email: investor.relations@otpbank.hu

Declaration on Corporate Governance Practice

OTP Bank Plc.'s operation is in full compliance with the applicable statutory provisions, supervisory authority requirements and the regulations of the Budapest Stock Exchange (BSE). The Company's structure and the conditions for its operation are set out in the Company's Bylaws, which have been approved by the General Meeting.

Executive bodies

The executive body of the Company is the Board of Directors. The scope of the Board of Directors' authority is determined in the effective laws, the Bank's Bylaws, General Meeting resolutions, and the procedural rules of the Board of Directors. The procedural rules set out the composition of the Board of Directors, the tasks relating to the preparation, implementation and drafting of resolutions at its meetings, as well as all other issues pertaining to the operation of the Board of Directors. The members of the Board of Directors are elected by the General Meeting for a term of five years. All the obligations and prohibitions specified for

executive officers under Act CXII of 1996 on Credit Institutions and Financial Enterprises (Credit Institutions Act) apply to the members of the Board of Directors.

The Supervisory Board oversees the management and business operations of the Company. The Supervisory Board establishes its own procedural rules, which are approved by the General Meeting. Supervisory Board members are elected by the General Meeting with a mandate of three years. The proportion of independent Supervisory Board members (3 persons) within the entire Supervisory Board (5 persons) is 60%. In order to avoid any conflicts of interest, the General Meeting may not elect members of the Board of Directors or their close relatives to the Supervisory Board. The rules applicable to the appointment and recall of the employee member of the Board of Directors are defined by the Works Council operating at the Company, and the Company does not consider such a member to be independent.

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

In 2012 seven Board meetings, seven Supervisory Board meetings were held.

Meetings of the Board of Directors are convened by the Chairman & CEO with a written invitation in accordance with the prevailing work schedule.

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

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

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

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

The employer's rights towards the executive officers of the Company are exercised by the Board of Directors through the Chairman & CEO, with the proviso that the Board of Directors must be notified in advance for the appointment or dismissal of deputy CEOs.

The remuneration of the members of the Board of Directors and the Supervisory Board is determined

by the General Meeting, the supreme body of the Company. The guidelines and framework of the long-term remuneration and incentives of executives and senior office-holders are also determined by the General Meeting. Accordingly – based on the relevant provisions of the Credit Institutions Act pertaining to a remuneration policy, and in accordance with the relevant EU guidelines – the Bank's 2012 General Meeting, in resolution 7/2012, approved the guidelines and regulations of the remuneration policy of OTP Bank Plc. and the Bank Group, and the Board of Directors issued the necessary internal rules and procedures in the interest of its implementation. The Board of Directors, at the annual ordinary General Meeting, provides information on the annual and medium-term objectives and their fulfilment, which constitutes the basis of evaluation in relation to performance-based remuneration. The Company has separate committees for the maintenance of the Board of Directors and the Supervisory Board: Management Committee, Subsidiary Integration and Management Committee, Management Coordination Committee and Remuneration Committee. In addition, there are other permanent and special committees that perform various specified tasks at the Company: Asset Liability Committee, Credit and Limit Committee, Product Development, Sales and Pricing Committee, Work-Out Committee, Information Management Committee, Investment Committee, Group-Level Risk Management Committee, Ethics Committee and the Communications Advisory Committee.

Audit

The most important function of internal audit is to safeguard the assets of the customers and the Company, and to protect the interests of shareholders.

To ensure effective auditing the Company's internal control system is structured vertically and horizontally. The system is implemented at three interrelated, modular control levels, as well as being subdivided along departmental lines. The system of internal checks and balances comprises a combination of process-integrated, management and independent internal audit functions.

The independent internal audit organisation promotes the use of safe business procedures, efficient operation and the minimising of risks, and also – together with the Compliance department – monitors compliance with the statutory provisions. Its most important characteristic is that it functions as an independent, professional, impartial organisation, which conducts its audits at all control levels. Professional oversight of the organisation is performed, within the framework defined by the Credit Institutions Act, by the Supervisory Board. The independent internal audit department works to an annual audit schedule, which is approved by the Supervisory Board. The annual schedule is prepared in accordance with a risk-based methodology, and besides focusing on areas that carry a regulatory, business or operational risk, and on other key exposures, it also takes into account the latest changes in the economic situation. The internal audit system includes the owner's audits conducted at the foreign and Hungarian subsidiaries, as well as the own internal audit units of the subsidiaries falling under consolidated supervision as defined in the Credit Institutions Act. To this end, standardised internal auditing protocols pertaining to the operation and activities of group members' internal audit departments are developed, enhanced and applied on a continuous basis.

The internal audit department regularly prepares objective and impartial reports for the executive bodies at quarterly and annual intervals. As a part of its quarterly report, in a group-level summary report, it gives an account of the audits conducted in the given quarter, the risks identified by its own, as well as the official audits, and performance of the measures implemented for their elimination. The audit department reports annually on the performance of tasks specified in the annual group-level schedule, the audits performed and its other activities, the operational circumstances, as well as any changes that are made to the internal auditing system.

Each year the compliance unit prepares an objective and independent report for the Supervisory Board on the operation of risk management, internal control mechanisms and corporate governance functions.

In exceptional cases requiring immediate intervention, the audit department has the authority to summarily perform unscheduled audits.

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

Compliance

In keeping with the regulations of the European Union and the applicable Hungarian laws, an independent organisational unit (Compliance Directorate) operates at the Company for the purpose of identifying and managing compliance risks. The function possesses the appropriate regulatory documents: a compliance policy, a strategy and a work plan. The purpose of the compliance policy is to determine the framework for compliance activity for the entire OTP Group, and to set forth the definition, objectives, tasks and powers of the function. Another important document of the compliance policy is OTP Bank Group's compliance strategy. The compliance policy is approved by the Board of Directors of OTP Bank Plc. The Compliance Directorate prepares a comprehensive report once a year on the Bank Group's activities and position with regard to compliance, which is approved by the Bank's Board of Directors. The management of the Group is responsible for implementation of the compliance policy.

Disclosure

The Company discloses its information in strict compliance with the provisions of the Capital Market Act, the Credit Institutions Act, the Investment Services Act, the Companies Act and the applicable regulations of the Budapest Stock Exchange. The Company also has an effective internal disclosure policy for ensuring fulfilment of its public disclosure obligations.

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

as posted on the Budapest Stock Exchange website, and with the provisions of the relevant regulations of the BSE.

The Company discloses information about the professional careers of the members of the Board of Directors, the Supervisory Board and the management on its website and in its annual report, in compliance with the effective legislation. The proposal for the remuneration of the chairman and members of the Board of Directors and chairman and members of the Supervisory Board is also a part of the proposals prepared for the General Meeting.

The Company has detailed risk management regulations applicable to all types of risks (liquidity, market and credit risks), which are in compliance with the legal regulations on prudential banking

operations. The annual report contains information on the risk management practices of the Company, the applied limits and compliance with them.

The Company has a detailed internal policy pertaining to persons that qualify as insiders and potential insiders, which is in full compliance with the limits and prohibitions regulated in detail under the effective provisions of the Capital Market Act. The Company discloses the transactions of the members of the Board of Directors, Supervisory Board and management involving the Company's shares, in compliance with the disclosure regulations, and indicates the holding of these individuals in the Company (number of shares) in its annual report. The Board of Directors has assessed the effectiveness of the disclosure procedures for 2012, and found them to be satisfactory.

Anti-money laundering measures

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

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

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

- It operates an internal control and information system designed to prevent banking or financial

operations that might enable, or in themselves constitute, money laundering.

- It has internal regulations, in accordance with Ministry of Finance Decree 35/2007. (XII. 29.) and the recommendations of the Hungarian Financial Supervisory Authority, that all employees of the bank must observe.
- The employees of the bank must fulfill their customer due diligence and reporting obligations.
- Compliance with the reporting obligations are not construed as a breach of bank, securities, insurance or trade secrets.
- Failure to fulfill the reporting obligation may result in prosecution under criminal law.
- OTP Bank cooperates with the criminal investigation authorities in the investigation of all circumstances suggestive of money laundering. OTP Bank discloses the customer identification procedure applied by the bank in an Announcement posted in all rooms open for serving customers.

With trust and responsibility for each other

OTP Bank's social participation in 2012

OTP Bank devotes considerable attention to its social and natural environment, as well as to the values that are important to communities. The bank conducts its corporate social responsibility (CSR) activities within a planned and carefully considered framework. In full awareness of its responsibilities, its aims are primary to launch long-term programmes that have an impact on sustainability, to provide for responsible operation on a continuous basis, and to support worthy causes by taking the opinions and needs of its stakeholders into account.



For the OTP Group, responsible operation means stable economic management, responsible employment practices and taking an active role in society. In its CSR strategy – besides determining its core values – the company specifies the three key areas whose continuous development will ensure that the guiding principles of sustainable, genuinely responsible operation are incorporated into all levels of the company's operations.

The bank's strategy and activities in this regard are presented comprehensively on the **updated CSR section of its website**, as well as in its CSR reports that are published on the Reports page of that section. As a part of its efforts to ensure continuous development, the bank produces a consolidated sustainability report that presents the sustainability-related performance of every member of the group. The CSR web pages of OTP Bank now present an entirely new image and more extensive content than before. Not only do the recent changes that have been made help users navigate the site more easily, they also reflect the special importance of corporate social responsibility for the bank. Furthermore, the new, improved web pages provide a comprehensive picture of the bank's CSR-related objectives, results and activities.

Internal programmes

Reducing the burden on the environment

A significant portion of OTP Bank's programmes support internal operations. Some of these are geared towards reducing the burden on the environment. The internal campaign to promote energy savings continued in 2012, a reduction in paper consumption is being achieved by encouraging the usage of electronic channels, and the capacity utilisation of video conferencing rooms continues to grow year by year at group level. The goal in 2013 is to broaden the opportunities for using recycled, environment-friendly paper.

Recognition, training and involvement of employees

The successful realisation of OTP Bank's CSR goals and programmes greatly depends on the

commitment and degree of motivation of our staff. For this reason, the bank continued to make significant efforts in 2012 to ensure its employees are suitably informed (via the intranet and internal events, etc) of the fact that their performance is recognised, and that their involvement is sought in various projects and programmes. Within OTP Bank the **system for recognising good conduct has been renewed** and expanded to include numerous new elements: recognising employees and managers who set an example through their professional work, their role in the community and their human values, and recognising teams that through their creative ideas and proposals have developed new products or technologies, or have set a unique and positive example in terms of developing staff, teamwork or responsibility, whether towards each other or towards society at large.

OTP Bank places particular emphasis on the social, environmental and economic impact of its activities. It also considers it important to ensure that the social responsibility approach is strengthened within the bank and among its employees. With this aim in mind, it carries out numerous activities and organises various programmes that employees can join.

Through its internal **Volunteer Tender Programme**, the bank sponsors initiatives that come from below – initiatives that are elaborated and implemented by employees working in teams. The purpose of the regularly announced tender is for the bank to encourage and support voluntary activities conducted by its employees in their own communities. The nature of the voluntary activities is not stipulated; the tender is open to any initiatives that are compatible with the bank's CSR principles and that do not contravene its Code of Ethics. The programme has proved highly successful: in 2012 a total of 40 projects were awarded a HUF 100,000 grant from head office. In the course of the implementation of these projects, more than 500 employees took up several causes nationwide, covering diverse areas ranging from financial education through

environmentally aware schooling to helping disadvantaged children, assisting nearly 3,600 individuals in the process.

The Volunteer Tender Programme contributes to creating a more cohesive community among the almost 8,000 employees of OTP Bank, while developing a more trusting, stronger relationship with the supported institutions and local communities. Last but not least, it helps draw attention to the importance of voluntary work and provides an opportunity for employees to experience the joy of charitable work.

The Bank's social investments in various areas

Financial education

The OTP Fáy András Foundation has carried out world-class and exemplary work in the field of financial and economic education through its educational activities of recent years, the teacher training programme implemented jointly with ELTE University this year, and the **establishment of the National Financial and Economic Training Centre for Secondary School Pupils (known as O.K. for short)**.

In its own training rooms, unparalleled in terms of facilities, not just in Hungary but in the Central European region as a whole, the bank welcomes students from various places in the country to participate in lectures and training programmes supported by the most modern audiovisual aids. Besides teaching students, O.K. also trains experts and teachers of financial and economic literacy. The scholarly centre carries out public research relating to education, and based on these studies it prepares professional recommendations and implements advances in methodology.

Creating opportunities

Providing assistance for disadvantaged children remains an important part of OTP Bank's corporate social responsibility activity. The volunteer medical team of the **International Children's Safety Service**, which has enjoyed the priority support of OTP Bank for

close to two decades, travels twice yearly to Harghita County in Romania, where it provides screenings, examinations and medical treatment for children in need – in hospitals, schools and nurseries. It also assists local health institutions by providing medicines and therapeutic equipment, as well as with professional training. During the May trip, doctors carried out nearly 5,000 examinations, bringing the priceless gift of good health to these children. Similarly to previous years, on the autumn trip the team was joined by the **mobile dentistry bus** bought for and donated to the Service, while for the first time it was also joined by a truck housing the organisation's touring **gynaecological clinic**. Volunteer doctors working in the mobile clinic carried out screenings and provided advice.

For the second year running, our bank provided a donation of HUF 25 million to the **mobile playground programme of the Hungarian Maltese Charity Service**, with which it is able to bring the pleasure of play to the most disadvantaged regions of the country. The project enjoys the priority support of our bank, which initially purchased the vehicles and has subsequently ensured their continued operation as its ongoing contribution to the realisation of the programme. Over the years, the mobile playgrounds have brought memorable entertainment to the lives of small communities on more than 200 occasions, in which a total of 9,545 children and more than a thousand parents and teachers have taken part. In tandem with the exciting horse-riding competitions and show elements of the



OTP Bank Equestrian World Cup, OTP Bank considers it important to draw attention each year to a social cause – namely, the achievements and importance of therapeutic horseback riding. By supporting this event, the bank not only sustains a noble sport but also contributes – in the spirit of one of the founding pillars of its sponsorship philosophy, the creation of opportunities – to popularising equestrian therapy as a valuable therapeutic tool in the healing, rehabilitation and preservation of the health of physically and mentally disabled children. With its special end-of-year charity drive, it provided a further HUF 1 million in support for the work of the Hungarian Equestrian Therapy Association.

Culture – preserving our values

Through its activities, OTP Bank pays particular attention to promoting the preservation of community values and traditions, as well as the safeguarding of national values. It was thus delighted to support the **'Főlszállott a páva'** talent-spotting show for folk singers and musicians and the **National Táncház Festival and Fair**, as well as helping to popularise the now 40-year-old **dance house ('táncház') movement**. In 2012, the Hungarian táncház method was accepted onto UNESCO's intangible cultural heritage list. In collaboration with the Táncház Association, OTP Bank **established the Táncház Award** to help the movement develop further. Each year the award will be

presented in recognition of the work of a folk musician or dancer who has achieved significant results as an active performer or instructor. The first award was presented to the folk dance teacher Norbert Busai.

Sport – recruiting and teaching

Sports sponsorship is a traditional part of OTP Bank's CSR activities. The financial institution supports numerous prestigious domestic and international events, public sporting events and leading associations and teams.

The launch of the **OTP-MOL Bozsik Programme** was of fundamental importance in helping to develop a recognised European-standard system of recruiting and nurturing footballing talent in Hungary once again. The main objectives of the Bozsik Programme are to encourage mass participation, and to seek out and develop new talent. To achieve this, the Hungarian Football Federation has developed a consistent and transparent system that includes an up-to-date, accurate and traceable database of football players involved in the programme. As a result, the circle of those participating in the institutional programme has expanded significantly, and the range of age groups involved has been extended to include 5 to 14-year-olds. You can read more about OTP Bank's CSR activities and its latest programmes on our website, at www.otpbank.hu/csr/en/main



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