

DECLARATION ON CORPORATE GOVERNANCE PRACTICE¹

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

Executive bodies

The executive body of the Company is the Board of Directors. The scope of the Board of Directors is defined in the effective laws, the Company's Bylaws, General Meeting resolutions, and the Procedural Rules of the Board of Directors. The Procedural Rules set out the structure of the Board of Directors, the tasks relating to the preparation, implementation and drafting of resolutions of its meetings, as well as all other issues relating to the operation of the Board of Directors.

The members of the Board of Directors are elected by the General Meeting for a term of five years. At present, the ratio of independent Board members (3 persons) within the total number of the Directors (11 directors) is 27%. (From April 28, 2006 the share of independent members of the Board (4 persons) within the total number of the Directors (11 persons) is 36%.)

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

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

The members of the Supervisory Board are elected by the General Meeting with a mandate of three years. The ratio of independent Supervisory Board members (4 persons) within the entire Supervisory Board (6 persons) is 67%. (The share of independent Supervisory Board members (3 persons) within the entire Supervisory Board (5 persons) is 60%.)

In order to avoid any conflict of interest, the General Meeting may not elect members of the Board of Directors or their close relatives to the Supervisory Board. The rules applicable to the appointment and recall of the employee member of the Supervisory Board are defined by the Works Council operating at the Company, and the Company does not consider such a member independent.

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

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

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

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

The employer's rights towards the executive officers of the Company are exercised by the Board of Directors through the chairman and chief executive officer, with the proviso that the Board of Directors must be notified in advance for the appointment or withdrawal of appointment of deputy CEOs.

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

The Company has no separate committees. Certain functions and tasks of the Audit Committee are performed by the Supervisory Board and the independent internal audit staff reporting to it based on the Credit Institutions Act, in line with the statutory provisions applicable to financial institutions. The tasks of the other committees are performed by committees which may be and have been established pursuant to the Company's Code of Organisation and Operation.

¹ Based on the Corporate Governance Recommendations (December 8, 2003) published by Budapest Stock Exchange

Audit

There is an independent internal audit organisation at the Company, controlled by the Supervisory Board within the framework stipulated by the Credit Institutions Act. The independent internal audit group has an annual audit plan, approved by the Board of Directors or the Supervisory Board. The independent internal audit group prepares regular objective and independent reports on the operation of risk management, internal control mechanisms and corporate governance functions for the Supervisory Board and the management. The Supervisory Board exercises a preliminary right of consent with regard to decisions relating to the establishment and termination of employment and to the determination of the remuneration of the managers and employees of the internal audit organisation.

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

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

Disclosure

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

The regulations indicated above assure full, accurate and timely disclosure of all important information that may affect the Company or the price of the Company's securities.

The Company discloses its business and strategic targets for the current year and its medium-term strategic plan at each annual General Meeting. The Company discloses the proposals prepared for the General Meeting in compliance with the rules applicable to disclosure as posted on the BSE website and with the provisions of the relevant Regulations of the BSE.

The Company discloses information about the professional career of the members of the Board of Directors, Supervisory Board 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 (monthly remuneration and option scheme) is also part of the proposals prepared for the General Meeting.

The Company has detailed risk management regulations applicable to all types of risks (liquidity, market and credit risks), which are in compliance with the legal regulations on prudent banking operations. The annual report contains information on the risk management practices of the Company, the applied limits and compliance with them.

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

The Company discloses the loans extended to its executive officers, as well as the enterprises in which it has an equity participation, in its annual report.