

**6/2011**

**Rules of Procedure of the Supervisory Board of  
OTP Bank Plc**

**1. Legal status of the Supervisory Board**

The Supervisory Board, as a body that has been elected by the General Meeting, supervises the Company's management and business activities and the lawfulness of its operation. It does not make management and business decisions.

It may request reports or information from the members of the Board of Directors and the executives of the Company, which request the relevant persons must comply with by the deadline specified by the Supervisory Board. The Supervisory Board may examine, or have an expert examine, the Company's books and documents.

Every quarter, the Board of Directors prepares a report for the Supervisory Board regarding the net-worth position, profitability, provisions, and liquidity of OTP Bank Plc and the liquidity risks inherent in the business policy.

The General Meeting may make a decision regarding the financial statements prepared in accordance with the Act on Accounting and the utilisation of the after-tax profit only after it has familiarised itself with the written report of the Supervisory Board. In addition, all proposals regarding the amendment of the Bylaws, the auditor, the business policy, the share, bond, dividend or capital policy, or the major commitments of OTP Bank Plc, or the transformation, termination, or form of operation of OTP Bank Plc, or the rules of procedure of the Supervisory Board that are on the agenda of the General Meeting of OTP Bank Plc must be submitted to the Supervisory Board.

In addition to the Board of Directors, individual members of the Supervisory Board and the management may also submit proposals to the Supervisory Board.

The members of the Supervisory Board participate in the General Meeting and may propose items to be placed on its agenda.

If the opinion of the members of the Supervisory Board who represent employees unanimously departs from the majority opinion of the Supervisory Board, the minority opinion of the representatives of the employees must be presented at the General Meeting.

The chairman or a designated member of the Supervisory Board may participate with advisory rights at the meetings of the Board of Directors. The chairman or the designated member provides information about the content of the meeting at the meeting of the Supervisory Board.

The Supervisory Board may exercise its rights as a body or through its members. It may also divide control among its members on a permanent basis.

The division of control does not affect the responsibilities of the member of the Supervisory Board or his/her right to extend the control to another activity that falls within the scope of control of the Supervisory Board.

The tasks of the Supervisory Board are especially:

- a) to ensure that OTP Bank Plc has a comprehensive and fully functioning audit system,
- b) to propose to the General Meeting – with the prior approval of the Board of Directors – an auditor and his/her remuneration,
- c) to check OTP Bank Plc's annual and interim financial statements,
- d) to direct the internal audit unit in accordance with the following tasks:
  - accepting the annual audit plan of the internal audit unit after it has been discussed with the Board of Directors,
  - accepting the annual report of the internal audit unit on the operation of risk management, internal control mechanisms and enterprise control functions,
  - discussing at least every six months the reports prepared by internal audit and checking the implementation of the necessary measures,
  - proposing changes in the headcount of the internal audit unit.
- e) to prepare recommendations and proposals based on the findings of internal audit and on its own experiences,
- f) to ensure compliance with Article 92 (4) of the Credit Institutions Act, including ensuring the adequate operation of the internal audit functions of the credit institutions, financial enterprises and investment firms controlled by OTP Bank Plc as follows
  - reviewing the annual internal audit plan of the subsidiaries and proposing its approval or, if necessary, its supplementation or modification,
  - evaluating the annual internal audit report of the subsidiaries and endorsing it in agreement or by adding comments,
  - discussing the quarterly summary report concerning the findings of the audits that were completed by the internal audit units of the bank group in the quarter concerned as well as the status of the measures to be taken, and proposing any measures that may be necessary,
  - discussing in detail the report prepared by the Internal Audit Directorate regarding the theme audit of the operation and degree of regulation of the internal audit units of the subsidiaries, and asking the relevant management bodies of the subsidiary to take the necessary measures,
- g) to maintain regular contact with the selected auditor,
- h) to perform any other task that is assigned to its competence by the statutory regulations or the Bylaws,
- i) to comment on the principles of the remuneration policy drafted by the Board of Directors, to monitor it regularly and to check the implementation of the remuneration policy (and to require an annual internal theme audit in this respect),
- j) prior to the annual ordinary General Meeting, to comment on and approve the Bank's corporate governance report.

The prior approval of the Supervisory Board is required for decisions regarding the establishment and termination of the employment of executives and employees of the internal audit unit as well as regarding their remuneration. The decisions of the Supervisory Board within this scope of competence are made by the chairman of the Supervisory Board.

## **2. Legal status of the members of the Supervisory Board**

All members of the Supervisory Board are elected by the General Meeting. According to the law, the Work Council has the right to nominate persons for one third of the members of the Supervisory Board. The General Meeting may only refuse to elect the nominees of the Work Council as members of the Supervisory Board if the nominees are disqualified from holding such position for some legal reason.

Members of the Supervisory Board must notify the chairman of the Supervisory Board if they are nominated as members at a company that is not a member of the Company Group, prior to accepting the nomination. The Company must notify market players of the acceptance of the nomination.

The Supervisory Board consists of 5-9 members.

The members of the Supervisory Board must act with the due care that is expected from an elected official. Members are held responsible, in accordance with the general rules of Civil Law, for any damage sustained by the Company that is caused by the violation of their obligations even if the members are employed by OTP Bank Plc. Members of the Supervisory Board may not accept instructions from their employers in their capacity as such members.

The members of the Supervisory Board must keep as a business, bank or securities secret all the information that they obtain about the affairs of the Company.

The members of the Supervisory Board must issue a declaration each year regarding their fulfilment of the criteria of independence – or shall report any changes immediately to the chairman of the Supervisory Board. (The criteria of independence are set forth in Annex 1 of these rules of procedure.)

## **3. The chairman and deputy chairman of the Supervisory Board**

The chairman and deputy chairman of the Supervisory Board are elected by the members of the Supervisory Board from their own ranks. The term of the mandate of the chairman and deputy chairman of the Supervisory Board coincides with the term of the Supervisory Board's mandate.

The meetings of the Supervisory Board are chaired by the chairman.

The deputy chairman substitutes for the chairman of the Supervisory Board if the latter is unable to fulfil his/her duties.

## **4. The operation of the Supervisory Board**

The Supervisory Board meets at least six times a year and performs its activities on the basis of a work plan. The working language of the Supervisory Board is Hungarian.

The meetings of the Supervisory Board are convened by the chairman. Any member of the Supervisory Board may request in writing that a meeting be convened – by designating the purpose and the reason for the meeting – from the chairman of the Supervisory Board.

The chairman of the Supervisory Board must notify the members of the Supervisory Board of the place, time and agenda of the meeting at least 8 days before the scheduled meeting.

The chairman of the Board of Directors and the head of the Staff Division must be invited to the meeting of the Supervisory Board in every case.

The chairman of the Supervisory Board may invite – with advisory right – all the persons whose participation he/she believes to be necessary, including the employees of OTP Bank Plc, the members of the Board of Directors as well as the auditor.

The Supervisory Board has a quorum if two thirds of its members are present. The Supervisory Board passes resolutions by open vote. Each member of the Supervisory Board has 1 vote. The Supervisory Board passes its resolutions by way of a simple majority of votes, and in the case of a tie vote, the motion is regarded as having been rejected.

The result of the vote must be recorded in minutes.

Resolutions can also be passed in writing (by fax or registered letter) if the chairman requests this type of vote in special cases and none of the members of the Supervisory Board object in writing within three days of receipt of such request.

The resolutions of the Supervisory Board must be numbered continuously with Arabic numerals together with the date.

Summary minutes must be taken of the meetings of the Supervisory Board which contains comments and the main substance of the responses, the names of the persons commenting, the draft resolution, the outcome of the vote and the decisions together with the deadlines and responsible persons, if applicable.

With respect to decisions that are made when exercising the competences assigned to the authority of the Audit Committee in Article 311 (2) of the Companies Act and Article 62 (3) of the Capital Markets Act, the vote of the independent member of the Supervisory Board must be indicated separately in the minutes, and if it concerns a matter that is on the agenda of the General Meeting, it must also be presented to the shareholders.

If requested by a member of the Supervisory Board, the opinions that depart from the passed resolution must also be recorded in the minutes of the meeting. The dissenting member of the Supervisory Board must sign below the description of the dissenting opinion upon the request of the chairman.

The minutes must be prepared within 8 days after the meeting, signed by the chairman and the keeper of the minutes and be sent – within 2 weeks – to the members of the Supervisory Board, the chairman of the Board of Directors, the head of the Staff Division, and to the Hungarian Financial Supervisory Authority.

If there are errors in the minutes, they must be corrected upon the request of any member of the Supervisory Board at the next meeting.

The Chairman of the Supervisory Board – within 10 days after the meeting of the Supervisory Board – must send any such minutes, proposals and reports to the Hungarian Financial Supervisory Authority as concern agenda items discussed by the Supervisory Board that pertain to a serious violation of the Company's internal regulations or any serious breach of the regulations in respect of governance or management.

The secretarial tasks of the Supervisory Board – in cooperation with the Internal Audit Directorate – are preformed by the Company's Secretariat. Such tasks include drawing up work plans, preparing and organising meetings, sending out invitations and proposals, preparing and sending out minutes, and documenting resolutions and their implementation.

## **5. Using the services of an external expert**

For the purpose of controlling the management, in justified cases the Supervisory Board may directly commission an external expert in order to assist it in arriving at an opinion. The management must ensure the funds required to pay for such a mandate, if necessary by modifying the budget plan. In other matters the general regulations pertaining to commitments apply.

## **6. Closing provisions**

The General Meeting has accepted these rules of procedure set forth in a uniform structure including the amendments in its resolution 6/2011.

## ANNEX 1

### **Independence criteria in respect of board members**

A member of a board is considered to be independent if he/she has no relationship with OTP Bank Plc other than his/her membership in the board.

A member of the Supervisory Board is not considered independent especially if

- a) he/she is an employee or ex-employee of OTP Bank Plc, for five years after the termination of such employment;
- b) he/she performs tasks on behalf and in favour of OTP Bank Plc or its senior officers for compensation in the capacity of an expert or in any other contract capacity;
- c) he/she is a shareholder of OTP Bank Plc who possesses, either directly or indirectly, at least thirty percent of the eligible votes, or he/she is a close relative or companion of such person [Article 685 b) of the Civil Code];
- d) he/she is a close relative of a non-independent senior officer or executive of OTP Bank Plc;
- e) he/she is entitled to a pecuniary benefit in the event of the profitable operation of OTP Bank Plc on the basis of his/her membership in the Supervisory Board, or receives any other compensation from OTP Bank Plc or an affiliated company thereof in addition to his/her fee received for the membership;
- f) he/she has a legal relationship with a non-independent member of the Supervisory Board in another company on the basis of which the non-independent member has the right to govern and control;
- g) he/she is OTP Bank Plc's independent auditor or an employee or partner of the auditor for three years after the termination of such legal relationship;
- h) he/she is a senior officer or executive in a company whose independent member of the board of directors is simultaneously a senior officer of OTP Bank Plc.