OTP Bank – 1Q 2008 Results

Conference Call Presentation – May 15, 2008

Presented by: Dr. László Urbán, CFO

Macroeconomic environment and main achievements of OTP Group

OTP Group's consolidated results in 1Q 2008 (IFRS)

Performance of OTP Core and the main Hungarian subsidiaries

Foreign Operation - Highlights

Main characteristics of 1Q 2008: mixed macroeconomic environment – the Group's adjusted Y-o-Y PAT growth of 16% exceeds forecasts

Macroeconomic & Market Environment

Mixed macroeconomic environment and domestic political issues:

- In February NBH abolished the +/-15% fluctuation band of HUF, 50 bps rate hike in March
- After the referendum invalidated several income items in the budget, S&P changed the outlook for negative on the Hungarian credit rating
- Fairly volatile HUF, appr. 3-5% weakening against EUR and CHF, local yields moved up significantly
- Strong economic performance in all foreign subsidiaries' countries, steady loan growth in major segments, further deteriorating C/A,, pick up in headline inflation
- Local restrictions are still in place, new ones to be introduced; they will have a negative impact on volume growth and profitability

Successful one-off deals in February:

- agreement on the **sale of Garancia Insurance** to Groupama for HUF 164 billion
- EUR 1 billion **covered bond issue** by OTP Mortgage Bank

Group-Level Activity

- Gross loan book grew by 31.4% y-o-y, deposits increased by 22.7% respectively (+7.6% and 5.8% q-o-q)
- Strong lending activity in Hungary, volumes grew by 17.6% y-o-y and by 3.4% q/q. (within that housing and mortgage loans expanded by 16.2% and 6.1% in the same periods); deposit grew by 21.7% y-o-y (+8.3 q-o-q) due to a dynamic corporate deposit growth
- Remarkable lending activity in Montenegro (91.4%), Romania (68%), Ukraine (53.3%), Bulgaria (48.7%) and Russia (44%) in past 12 months
- Consolidated profit after tax at HUF 55.3 billion, earning adjusted by several one-offs (open FX-position, dividend and cash transfers) reached HUF 56.3 billion (+16.5% y-o-y)
- Improving efficiency, (CIR: 52.2%), profitability (ROE: 24.9%), slight erosion in NIM (5.15%)
- Despite of strong loan volume growth asset quality remained stable (NPL: 4.2%) with increasing coverage (62.9%)
- Out of total profit besides the Hungarian Core banking (HUF 34.1 bn) DSK, Bulgaria (HUF 7.6 bn) and CJSC, Ukraine (HUF 3.9 bn) were the major contributors
- No new M&A in 1Q 2008, 10 new branches were opened in Russia and 9 in Ukraine respectively

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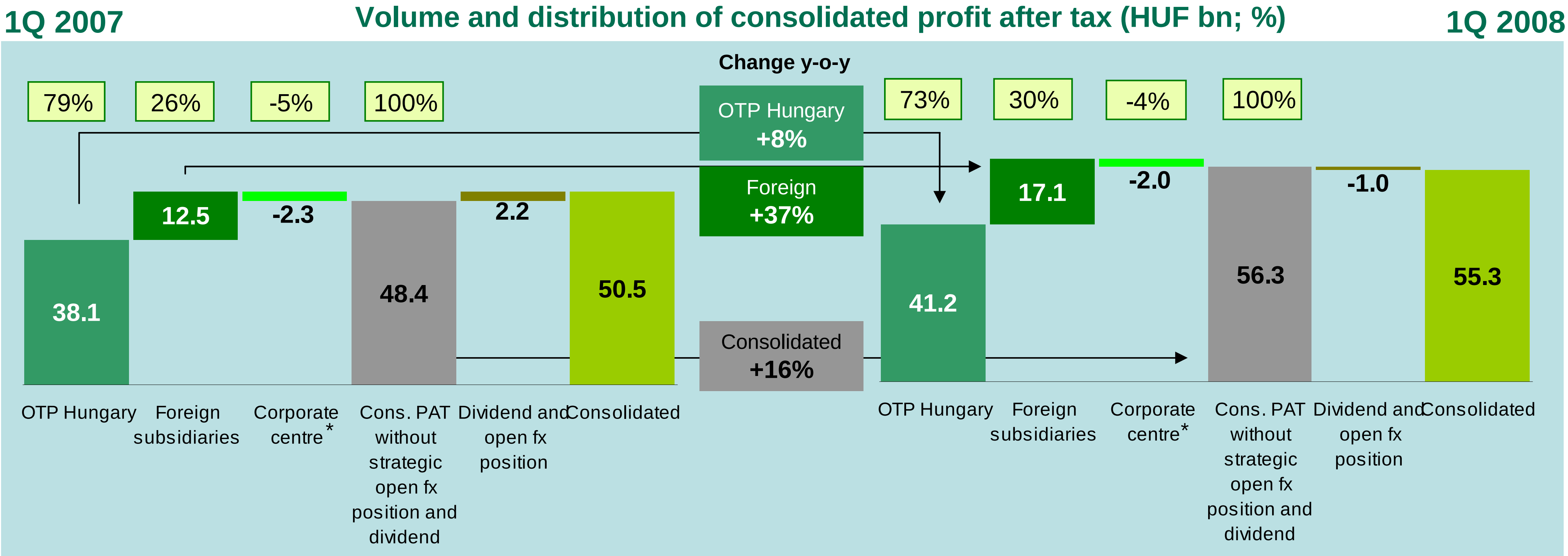
Foreign Operation - Highlights

Foreign contribution to consolidated, adjusted PAT grew intensively in 1Q and stood at 30% at quarter-end

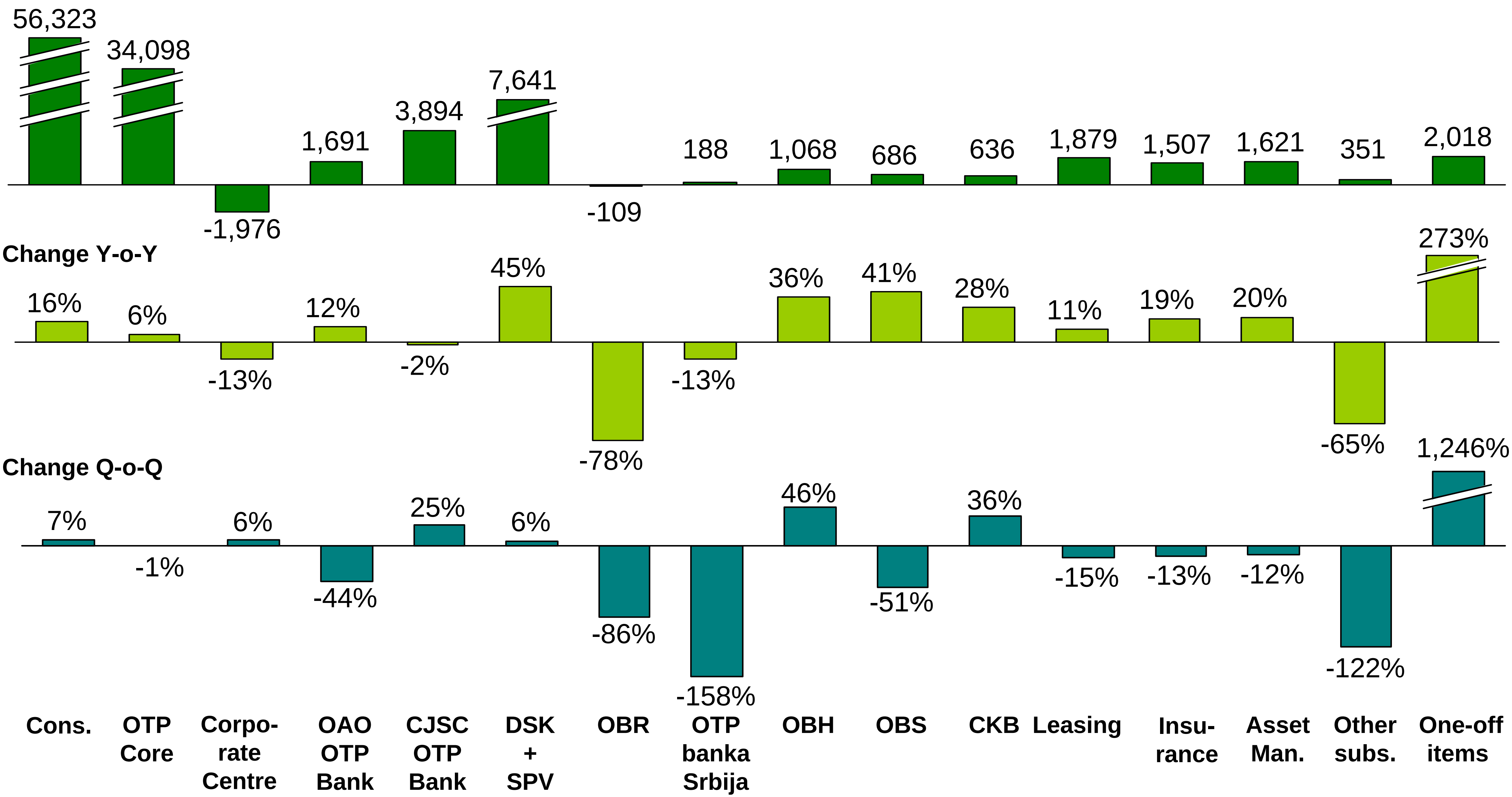


- 16% increase in consolidated adjusted PAT (w/o the result of strategic open fx position, dividends and net cash transfers)
- 8% profit growth of Hungarian subsidiaries
- 37% increase in the PAT of foreign subsidiaries – chiefly due to superior performance of DSK Group (+45% y-o-y), OTP Banka Slovensko (+41% y-o-y) and OTP banka Hrvatska (+36% y-o-y)
- Rising foreign contribution to consolidated PAT - from 26% to 30%

* Corporate Centre is including funding cost of Tier 2 capital, net interest and non interest income of OTP Bank from subsidiary financing

Outstanding performance of DSK Group, OTP Banka Slovensko and OTP banka Hrvatska, significant decrease of loss in case of OBR, good Hungarian performance, but also the Serbian one-off item contributed to the 16% profit growth

Consolidated adjusted PAT breakdown by subsidiaries (IFRS)* - in HUF million



(1) w/o the result of strategic open fx position, consolidated dividend and net cash transfer

OTP Group realized HUF 56.3 billion adjusted, consolidated PAT[1] in 1Q 2008 (+16.5% y-o-y, +6.8% q-o-q)

Financial highlights of OTP Group (consolidated, IFRS)

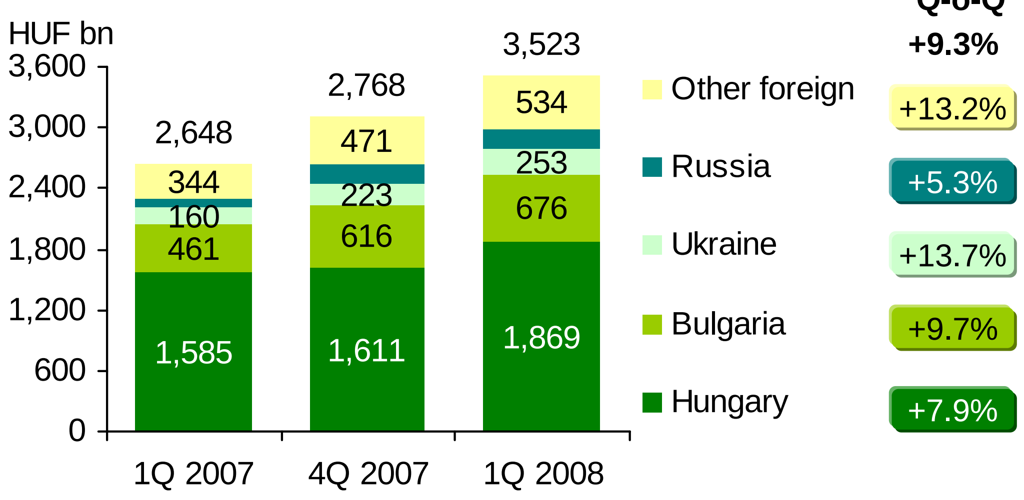
in HUF billion	1Q 2007	4Q 2007	1Q 2008	Q-o-Q	Y-o-Y
After tax profits	50.5	51.6	55.3	7.2%	9.5%
After tax profit (adj)	**48.4**	**52.8**	**56.3**	**6.8%**	**16.5%**
Pre-tax profit	58.2	60.5	67.8	12.0%	16.5%
Total income	147.8	170.2	167.3	-1.7%	13.2%
Net interest income (adj.)	99.9	109.4	112.5	2.8%	12.6%
Net fees and commissions	35.3	43.8	39.6	-9.5%	12.2%
Total other non-interest income (adj.)	12.6	17.0	15.2	-10.6%	20.6%
Provision for possible loan losses (adj.)	-11.0	-16.7	-12.3	-26.3%	11.6%
Other cost of risk	-1.8	-1.7	0.1	-108.3%	-108.1%
Operating expenses (adj.)	-76.8	-91.2	-87.4	-4.3%	13.8%
Total assets	**7,480.6**	**8,461.9**	**9,053.8**	**7.0%**	**21.0%**
Total customer loans and advances (gross)	**4,714.2**	**5,761.1**	**6,196.6**	**7.6%**	**31.4%**
Total customer deposits	**4,344.4**	**5,038.4**	**5,331.2**	**5.8%**	**22.7%**
Issued securities	957.1	985.3	1,300.2	32.0%	35.8%
Subordinated loans	295.8	301.2	310.6	3.1%	5.0%
Total shareholders' equity	791.9	895.6	918.5	2.6%	16.0%
Gross loan/deposit ratio (%)	108.5%	114.3%	116.2%	1.9%	7.7%
Net interest margin (adj.)	5.56%	5.26%	5.15%	-0.1%	-0.4%
Cost/income ratio (adj.)	52.0%	53.6%	52.2%	-1.4%	0.3%
ROA (adj.)	2.7%	2.5%	2.6%	0.0%	-0.1%
ROE (adj.)	24.8%	23.6%	24.9%	1.3%	0.1%
EPS base (HUF)	192	196	214	9.3%	11.6%
EPS diluted (HUF)	191	196	213	9.1%	11.7%
Market Capitalization (HUF billion)	2,380	2,461	1,890	-23.2%	-20.6%

- Dynamic total income growth (13.2% y-o-y)
- Double digit NII growth (12.6% y-o-y)
- NIMs declined in line with management's guidance
- Stable CIR on a yearly base (52.2%)
- Strong volume growth: gross loan book grew by 31.4%, deposits by 22.7% y-o-y
- Prudent, forward-looking provisioning policy
- Higher loan-to-deposit ratio (+7.7% y-o-y) indicates more active wholesale funding
- Successful EUR 1 billion covered bond issuance in 1Q 2008

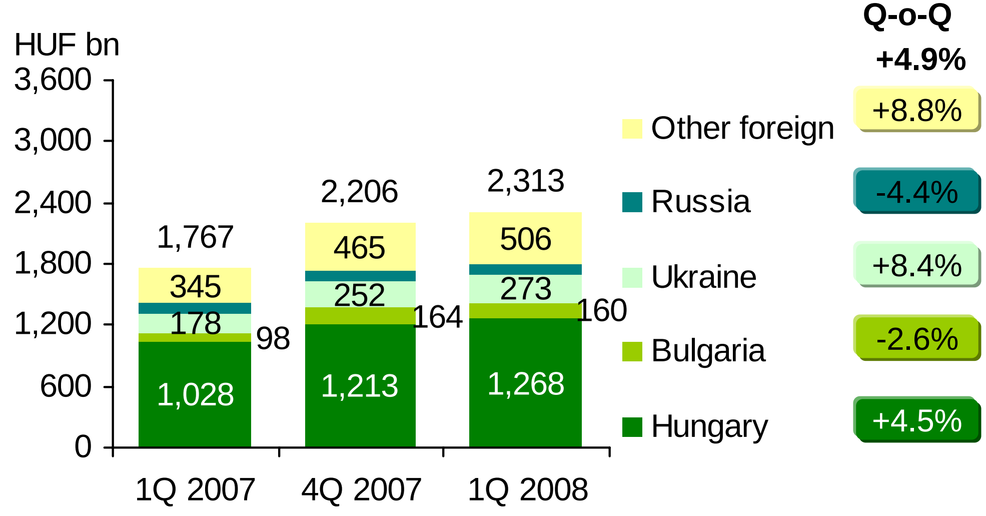
(1) After tax profit (without dividends, net cash transfers and the result of strategic open FX position)

Consolidated loan volume grew by 31% y-o-y (+7.6% q-o-q); deposits increased by 23% on a yearly base (+5.8% q-o-q); thus loan to deposit ratio increased by 7.7% (+1.9% q-o-q)

Retail loan volume by countries

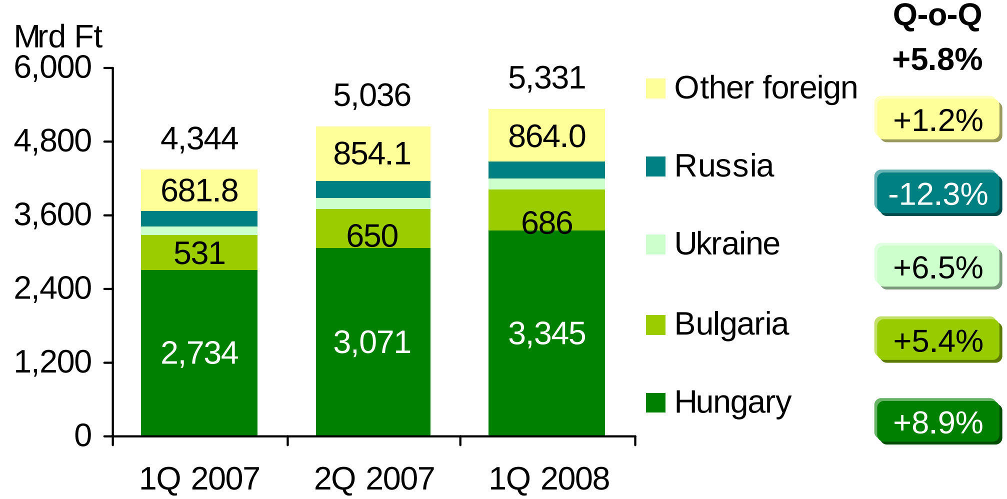


Corporate loan volume by countries



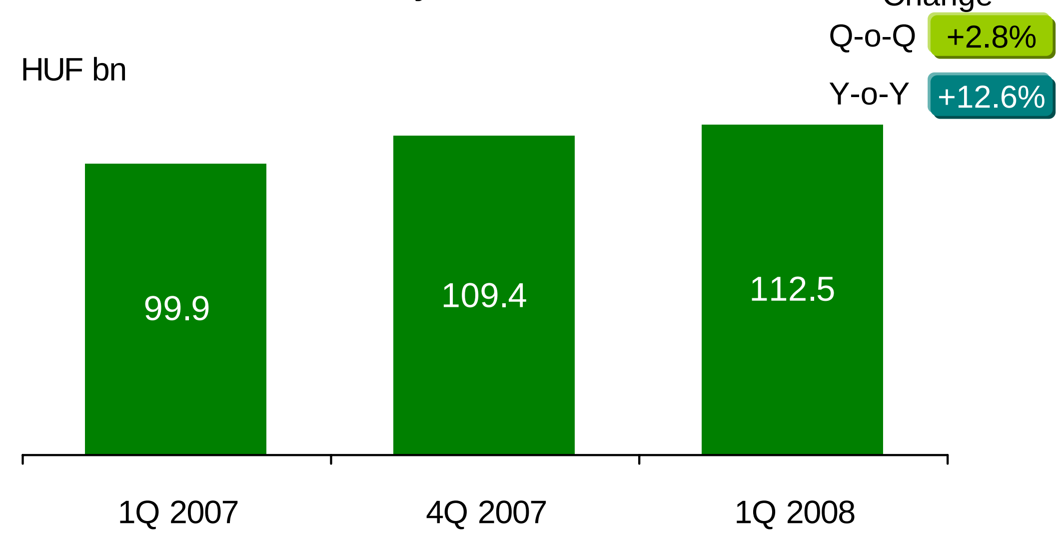
- Double digit **retail loan** growth in Ukraine, Romania, Serbia, Slovakia and Montenegro, while in Bulgaria the growth was nearly 10%
- Robust **corporate lending** growth (>10%) in Romania, Serbia, Slovakia and Montenegro
- Outstanding **deposit** volume increase in Hungary (mainly corporate), Bulgaria, Romania and Slovakia

Total deposit volume by countries

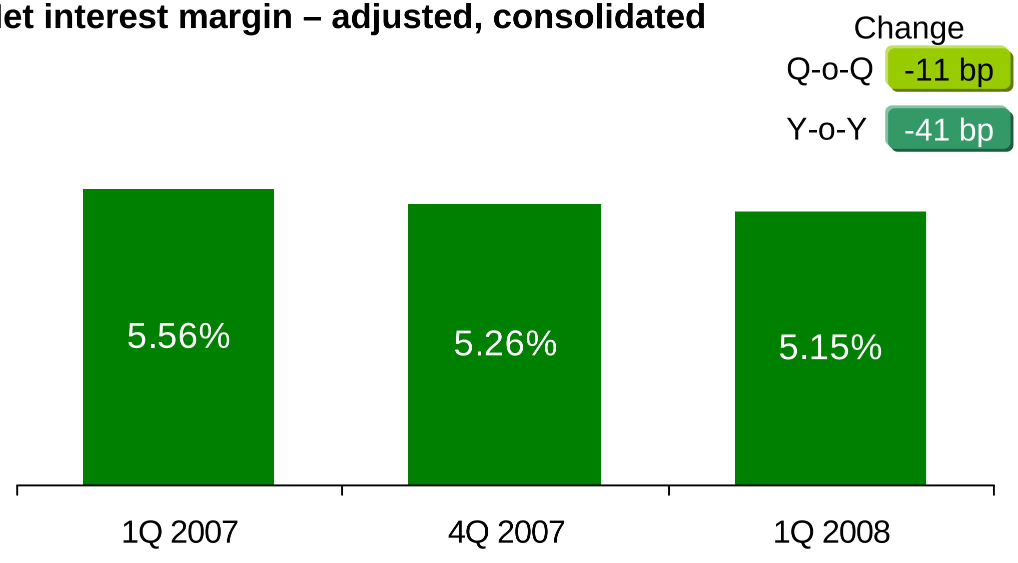


The swap-adjusted consolidated net interest margin deteriorated slightly by 11 bps in 1Q 2008

Net interest income – adjusted, consolidated[1]

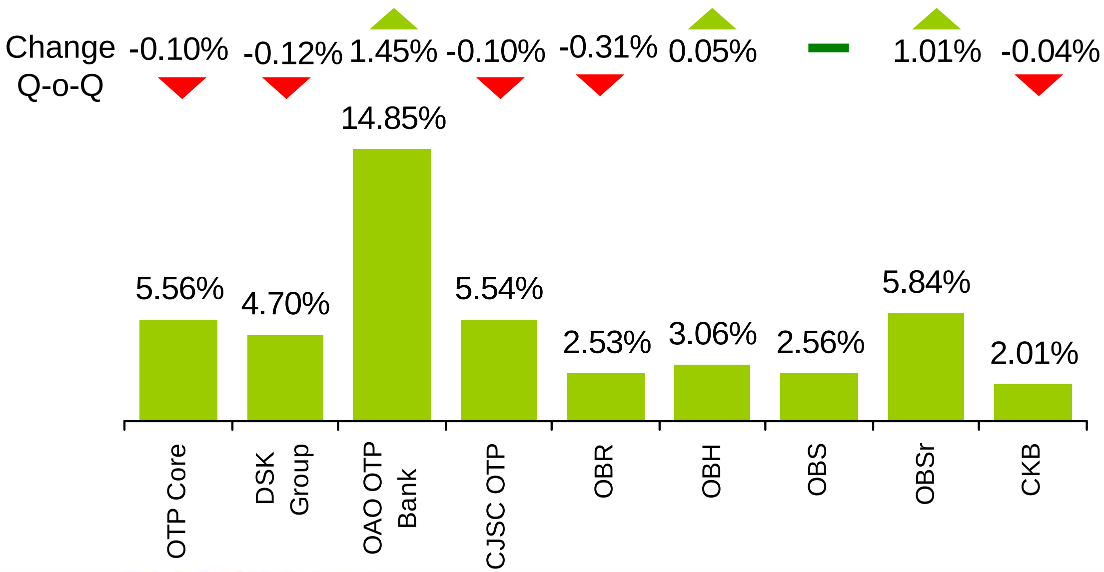


Net interest margin – adjusted, consolidated



- In line with the Management guidance consolidated net interest margin deteriorated by 11 bps q-o-q (-41 bps y-o-y)
- Further improvement in Russia (positive effect of above-plan volumes of POS lending), and in Serbia (optimization of financing structure), moderated improvement in Croatia

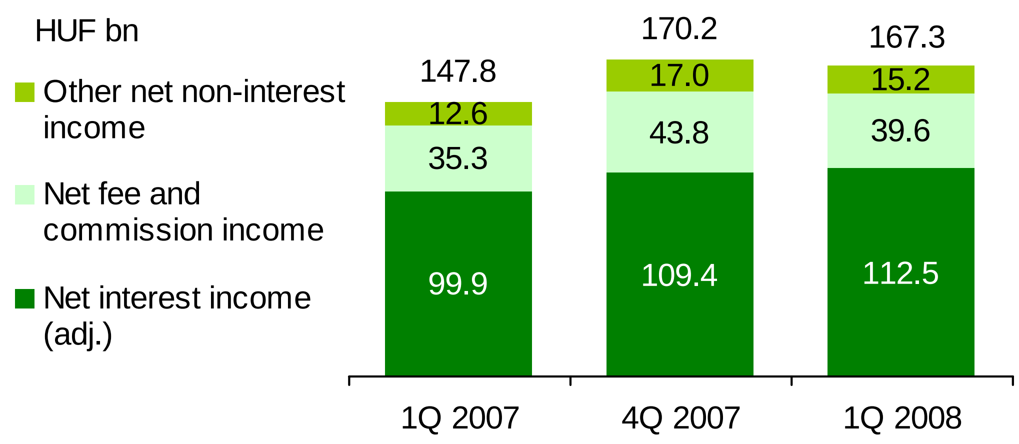
Net interest margin of major Group members in 1Q 2008



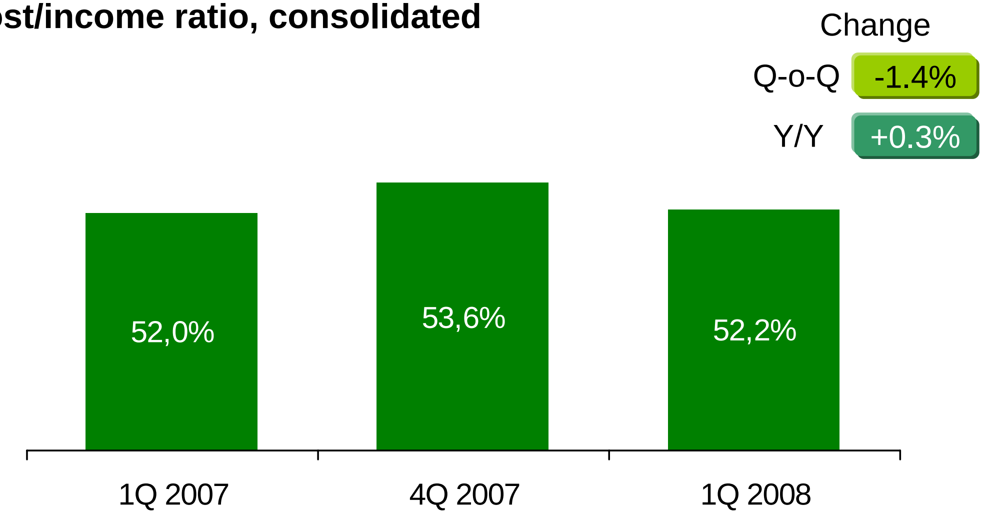
(1) Adjusted net interest income (including the non-interest results of swap transactions and provisioning after the interest income of NPLs in Russia)

Consolidated cost/income ratio improved by 1.4%points q-o-q

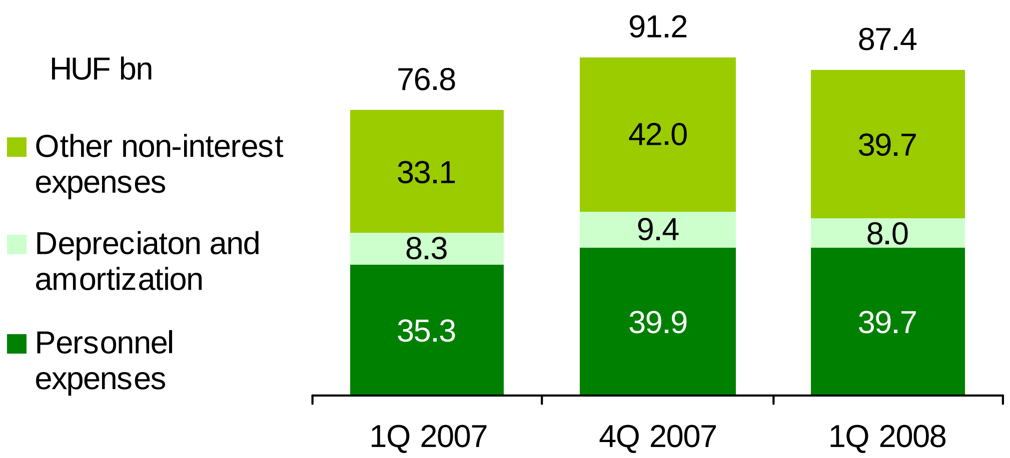
Total revenues



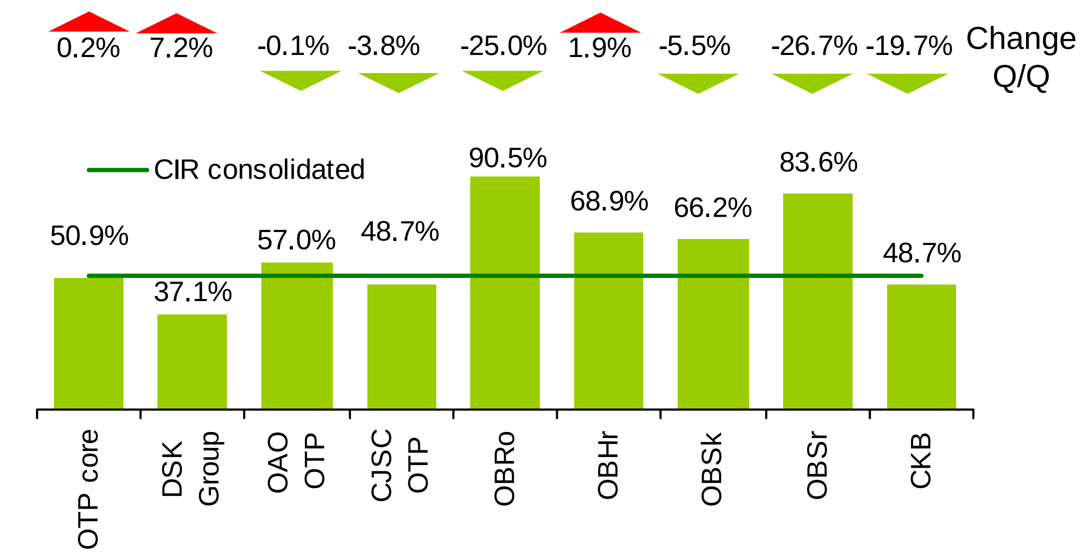
Cost/income ratio, consolidated



Operating expenses

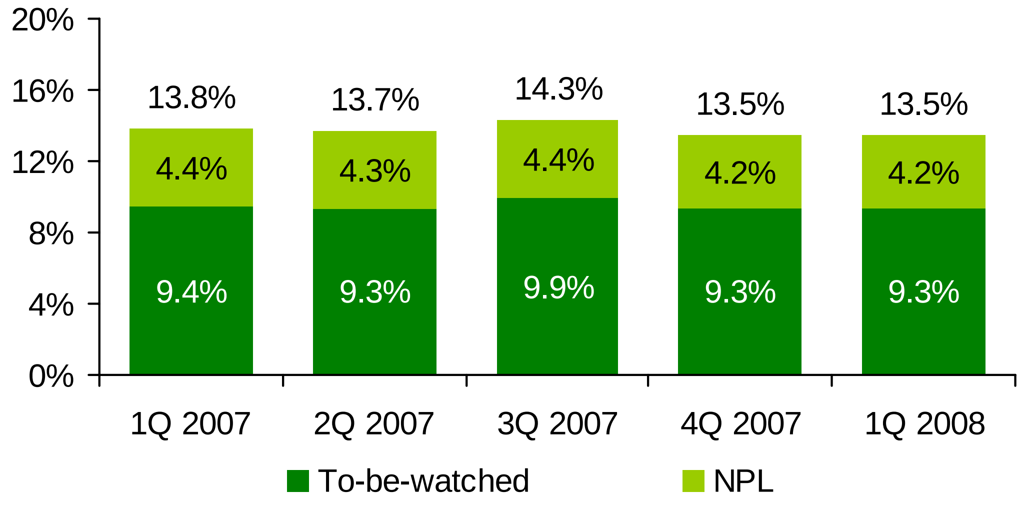


Cost/income ratio of the major Group members in 1Q 2008

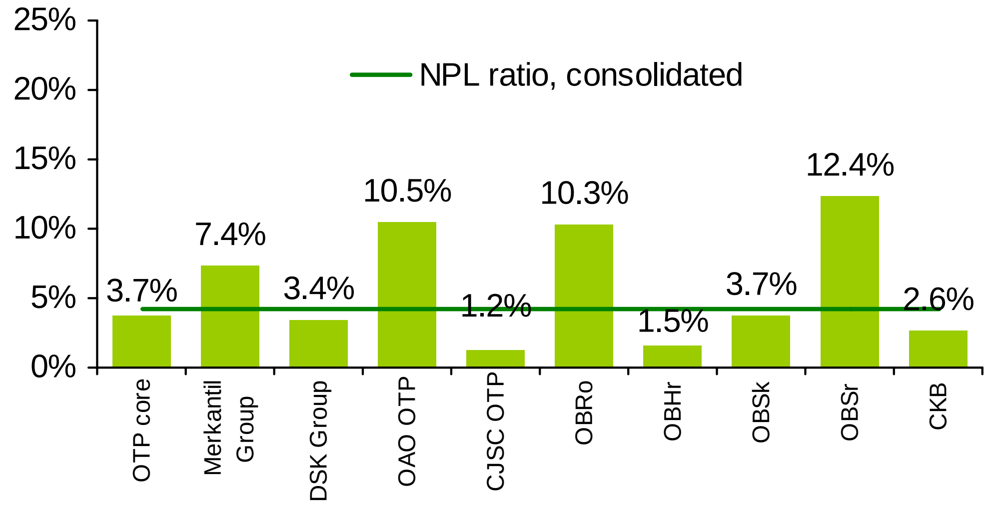


The portfolio quality remained stable, NPL ratio stood at 4.2% at the end of 1Q 2008, with improving coverage (62.9%)

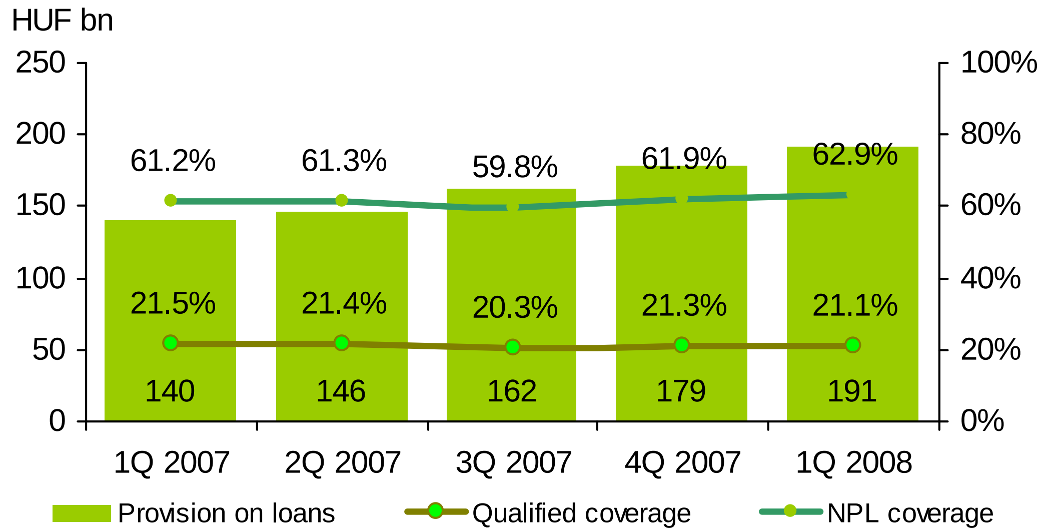
Qualified and NPL ratio



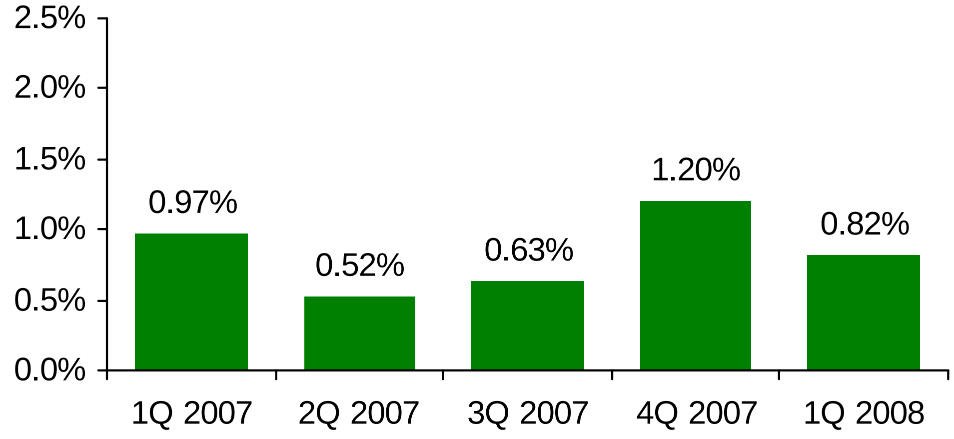
NPL ratio at the major Group members[1]



Coverage



Cost of risk to the average loans[2]



(1) The figures of foreign subsidiaries are based on local classification rules, (2) Including the income from the release of provisions before acquisitions

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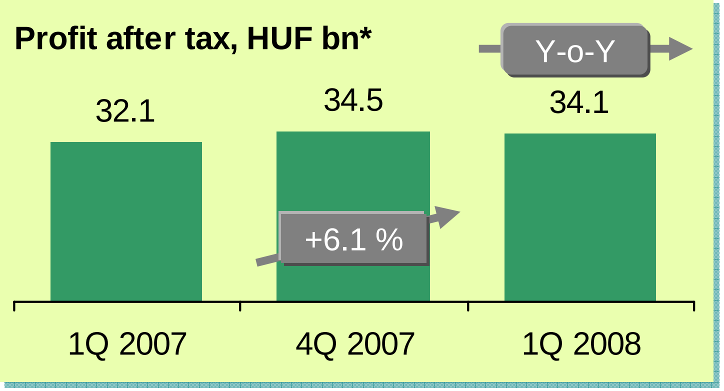
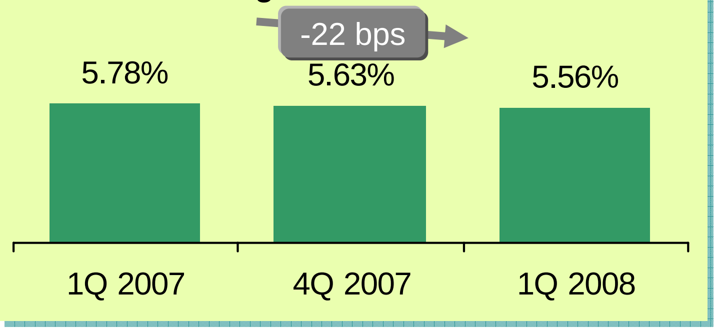
Foreign Operation - Highlights

Stable core banking activity in Hungary with outperforming PAT as well as dynamic loan and deposit volume growth

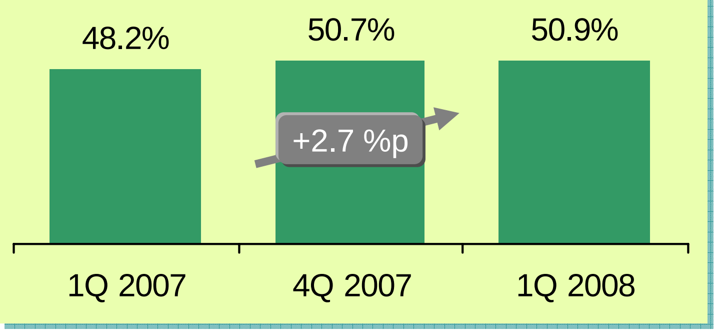
Profit after tax, HUF bn*



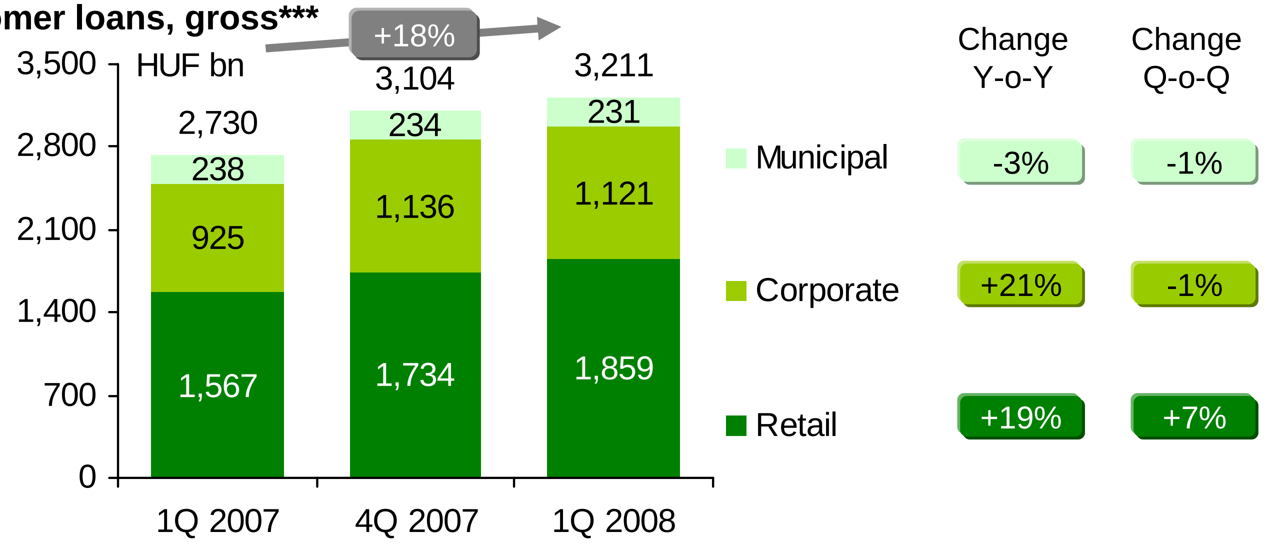
Net interest margin**



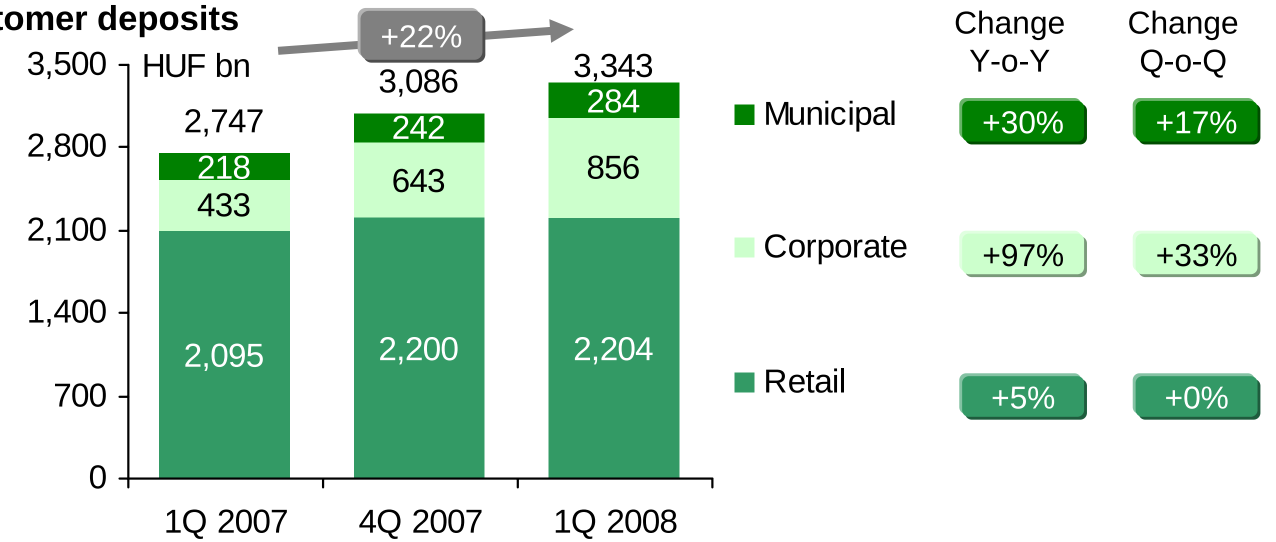
Cost/income ratio



Customer loans, gross***



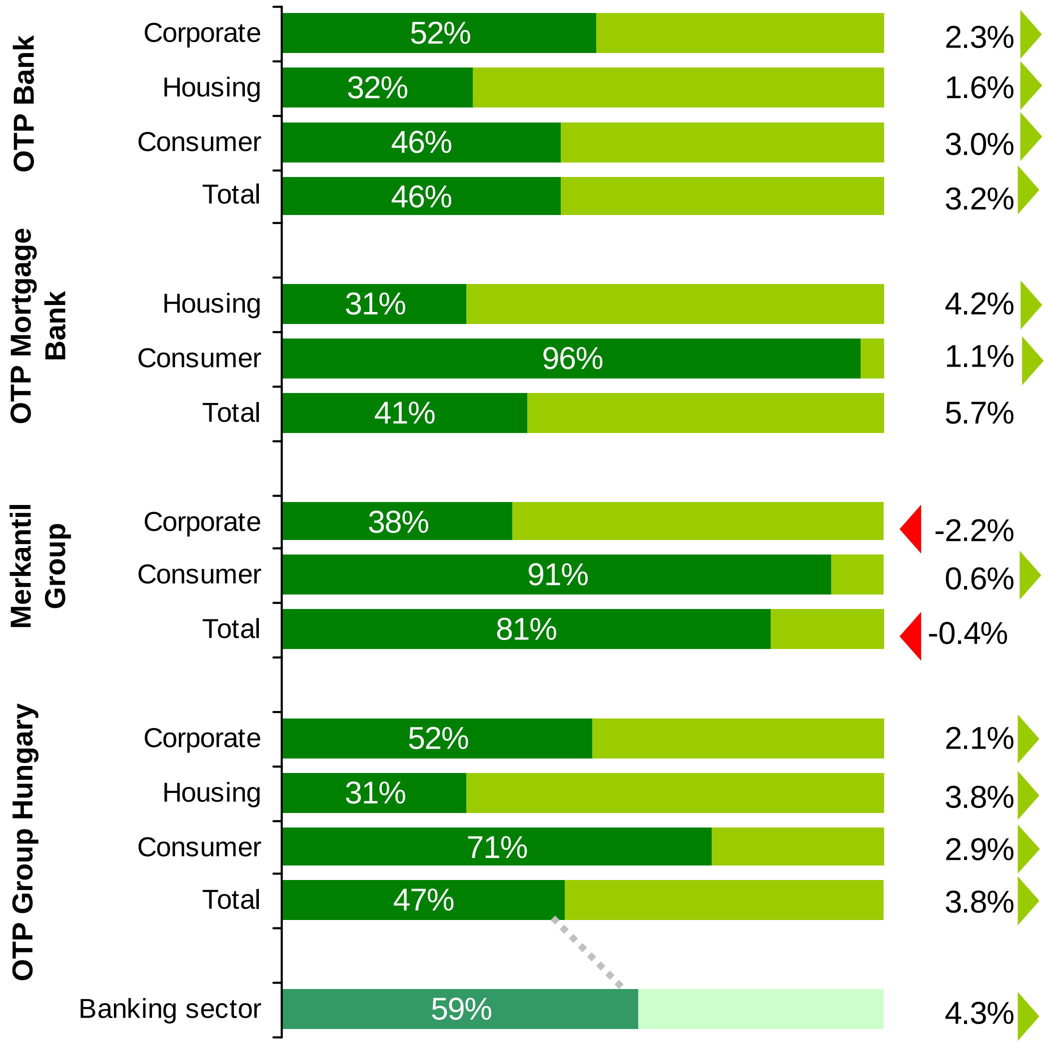
Customer deposits



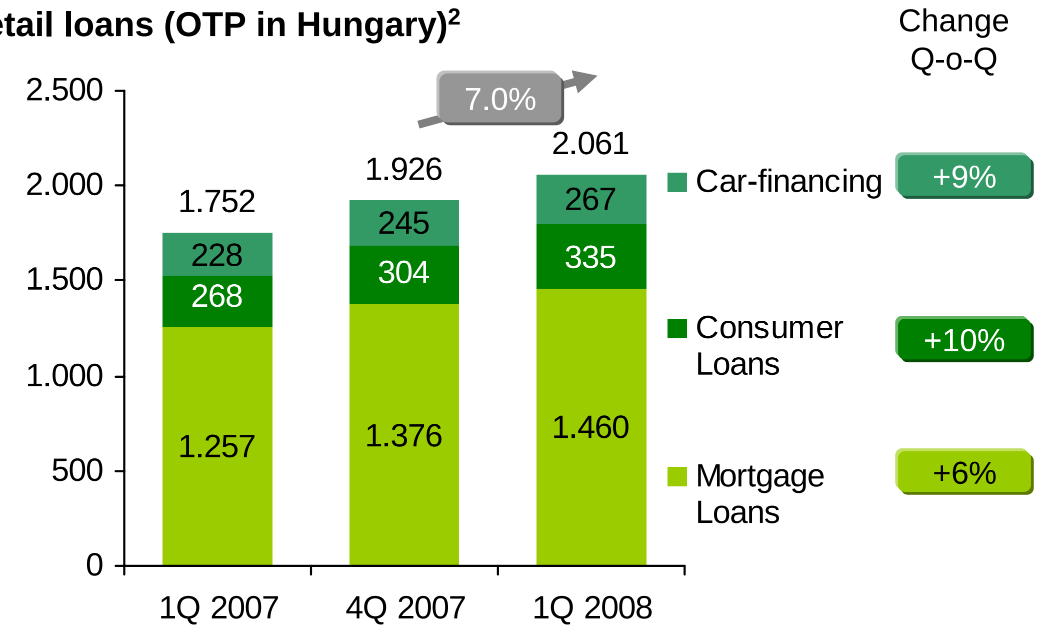
*Consolidated PAT (OTP Bank, OTP Mortgage Bank, OTP Building Society and Factoring) without dividend and net cash transfer **Calculated with adjusted average total assets (excluding Tier2 Capital and subsidiary financing). ***Net of loans transferred from subsidiaries

Despite of the steady growth of FX-share in lending, moderate LTV level should ease concerns…

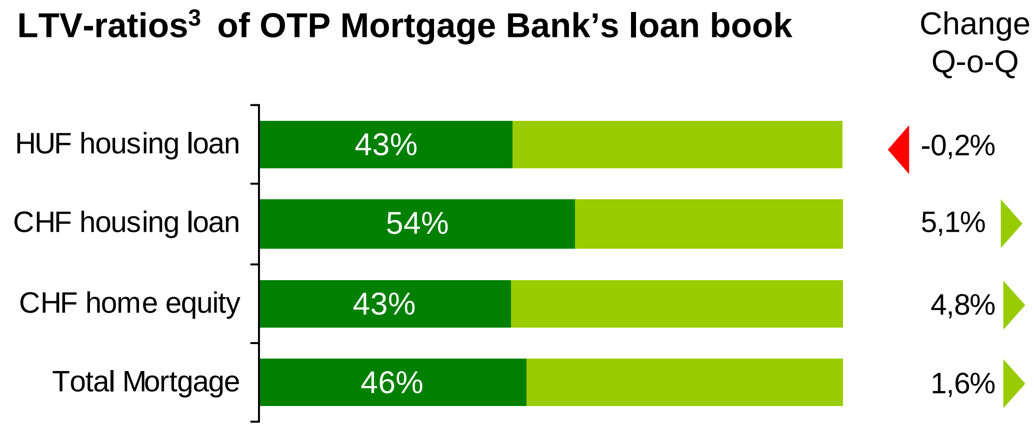
Share of FX-loans at OTP Group[1]



Retail loans (OTP in Hungary)[2]



LTV-ratios[3] of OTP Mortgage Bank's loan book



(1) FX volumes were calculated with end-of period closing rates
(2) FX portion within total without mortgages purchased from OBR
(3) LTV **ratio** : Loan to Value = **loan/collateral value**

Improving market position in retail FX lending, stabilizing share in deposit collection, slight decrease in market share of fund management following the outstanding performance in last year

	Market share[1] (31/03/2008)	Change (Y-o-Y)	Change (Q-o-Q)
Total assets	25.4%	+0.1%p	+0.2%p
Housing loans	35.2%	-5.5%p	-1.5%p
FX-housing loans	21.0%	-1.0%p	-0.2%p
Consumer loans	25.5%	+0.8%p	+0.7%p
FX-consumer loans	26.0%	+2.3%p	+0.7%p
Corporate & municipal loans	11.0%	-1.1%p	-0.9%p

	Market share[1] (31/03/2008)	Change (Y-o-Y)	Change (Q-o-Q)
Retail deposits	31.2%	-0.5%p	-0.1%p
Corporate & municipal deposits	18.9%	+2.7%p	+0.9%p
Investment funds	32.0%	+21.9%p	-0.4%p

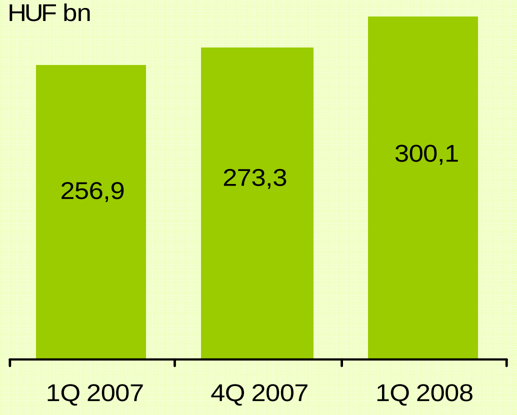
- **Retail loans:** further erosion of housing loan market share, but positive developments in FX consumer lending
- **Retail deposits:** steady market positions
- **Investment funds:** outstanding yearly performance, but the global credit crunch effected quarterly dynamics

(1) OTP Bank, Merkantil Bank, OTP Mortgage Bank and OTP Building Society within banking sector total

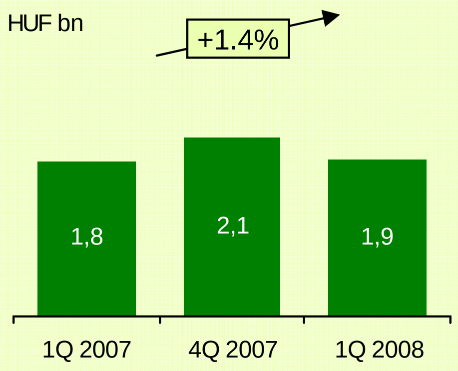
Domestic „non-core" business' profit contribution to consolidated PAT was 10.4% in 1Q 2008

Merkantil Bank + Car

Volume of gross loans

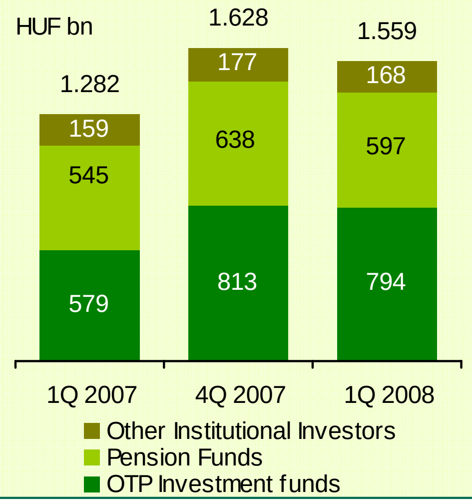


Profit after tax

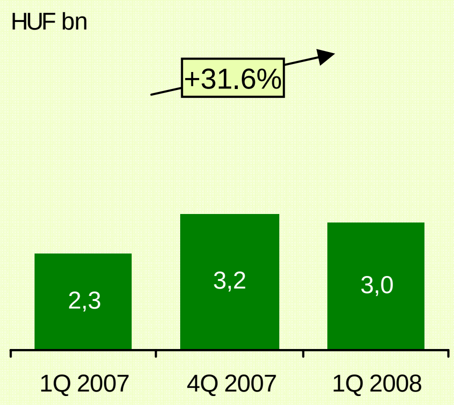


OTP Fund Management

Assets under management

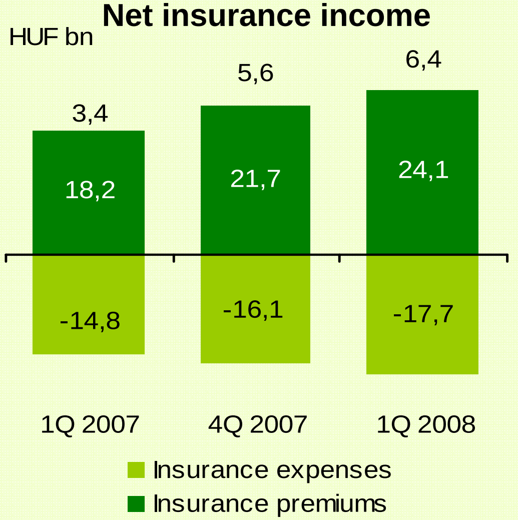


Added value

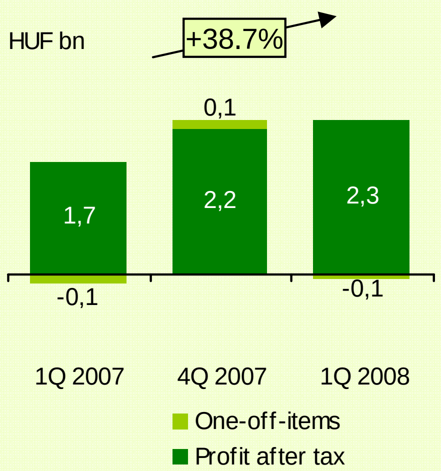


OTP Garancia Insurance

Net insurance income



Profit after tax



- Total car-financing loan portfolio of Merkantil Bank and Car grew by 16.8% y-o-y to HUF 300.1 billion, but higher provisioning took its toll in 1Q
- OTP Fund Management performed nicely y-o-, but suffered from global credit turmoil in 1Q
- Improving market positions and higher adjusted profit contribution (amounting to HUF 2.3 billion)

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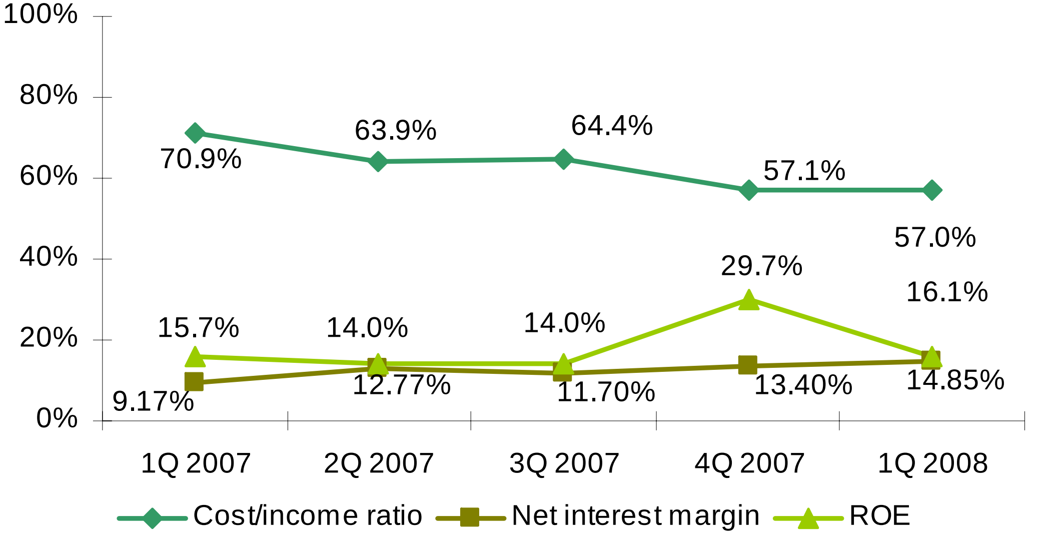
Foreign Operation - Highlights

Due to the above-plan POS-lending, NIM grew further, gross loan portfolio had a moderate growth (2.2% q-o-q)

Financial highlights of OAO OTP Bank

in HUF million	1Q 2007	4Q 2007	1Q 2008	Q-o-Q	Y-o-Y
One-off items after tax	502				
After tax profit [1]	***1,506***	***3,041***	***1,691***	***-44.4%***	***12.3%***
Pre-tax profit	1,887	3,796	2,382	-37.3%	26.2%
Total income	11,023	18,856	18,286	-3.0%	65.9%
Net interest income	7,437	13,633	15,449	13.3%	107.7%
Net fees and commissions	2,785	4,475	2,734	-38.9%	-1.8%
Other net non-interest income	802	748	103	-86.2%	-87.2%
Cost of risk	-1,330	-4,115	-4,978	21.0%	274.4%
Other cost of risk	10	-183	-508	178.2%	
Operating expenses	-7,817	-10,763	-10,418	-3.2%	33.3%
Gross loans	***216,115***	***304,410***	***311,192***	***2.2%***	***44.0%***
Deposits	***254,982***	***291,154***	***255,283***	***-12.3%***	***0.1%***
Gross loans to deposits	84.8%	104.6%	121.9%	17.3%	37.1%

Profitability and cost-efficiency



PAT remain below the budgeted level, but incorporates prudent provisioning:

- HUF 1.7 billion profit after tax (+12.3% y-o-y, but -44.4% q-o-q), robust growth of NII (+108% y-o-y)
- The highest NIM across the Group (close to 15%)
- Significant increase in provisioning, strong cost control

Key driver of PAT growth was retail operation (+5.3% q-o-q):

- Despite of weak seasonality POS volumes grew nicely, strong dynamics but from a low base in other retail segments
- NPL-ratio above 10%, with higher NPL coverage

Network enlargement

- 10 new branches opened in 1Q 2008
- The acquisition of DNB will add 46 branches to the existing network

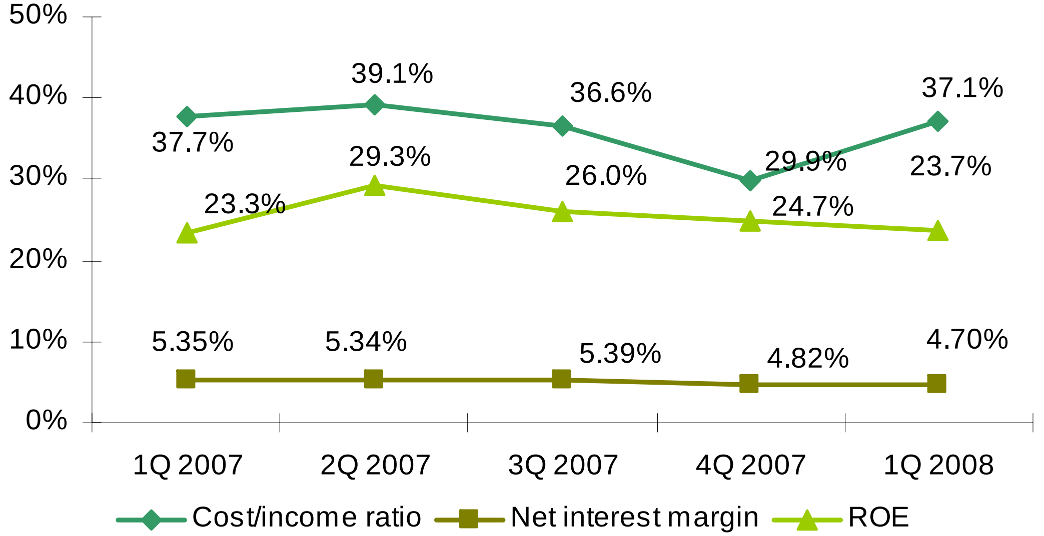
(1) After tax profit w/o dividends, net cash transfer and one-off items. 25% of 2007 1Q after tax profit was considered as one-timer.

Robust earning growth, outstanding lending activity, stable asset quality, high NPL coverage

Financial highlights of DSK Group

in HUF million	1Q 2007	4Q 2007	1Q 2008	Q-o-Q	Y-o-Y
After tax profit [1]	***5,288***	***7,240***	***7,641***	***5.5%***	***44.5%***
Pre-tax profit	5,939	7,934	8,501	7.1%	43.1%
Total income	13,628	16,116	16,204	0.5%	18.9%
Net interest income	10,419	11,648	12,007	3.1%	15.2%
Net fees and commissions	2,854	3,925	3,885	-1.0%	36.1%
Other net non-interest income	355	543	311	-42.6%	-12.3%
Cost of risk	-2,557	-3,146	-1,676	-46.7%	-34.4%
Other cost of risk	0	-222	-16	-92.8%	
Operating expenses	-5,132	-4,813	-6,011	24.9%	17.1%
Gross loans	***561,837***	***779,835***	***835,512***	***7.1%***	***48.7%***
Deposits	***530,956***	***650,325***	***685,749***	***5.4%***	***29.2%***
Gross loans to deposits	105.8%	119.9%	121.8%	1.9%	16.0%

Profitability and cost-efficiency



Profit growth was due to stringent cost control and improving loan quality (only moderate risk cost increase):

- HUF 7.6 billion net earnings (+45.5% y-o-y and 5.5% q-o-q)
- Despite of fierce competition and stringent regulations in place NII dynamics remained good (+15.2% y-o-y)
- Outstanding yearly growth in net F&C (+36.1%)
- Stringent cost control, cost/income ratio was 37.1%

The dynamic loan portfolio expansion was fuelled by corporate and housing loans:

- Lending activity increased by 48.7% y-o-y and 7.1% q-o-q
- Stable asset quality, NPLs at 3.4% with 81.3% coverage

Market Position

- Intensifying competition
- Despite of strong volume growth slightly eroding market shares in all segments, but deposits

Liquidity

- Despite of growing loan-to-deposit ratio (121%), liquidity position remained stable, successful syndicated transaction in April (EUR 140 million)

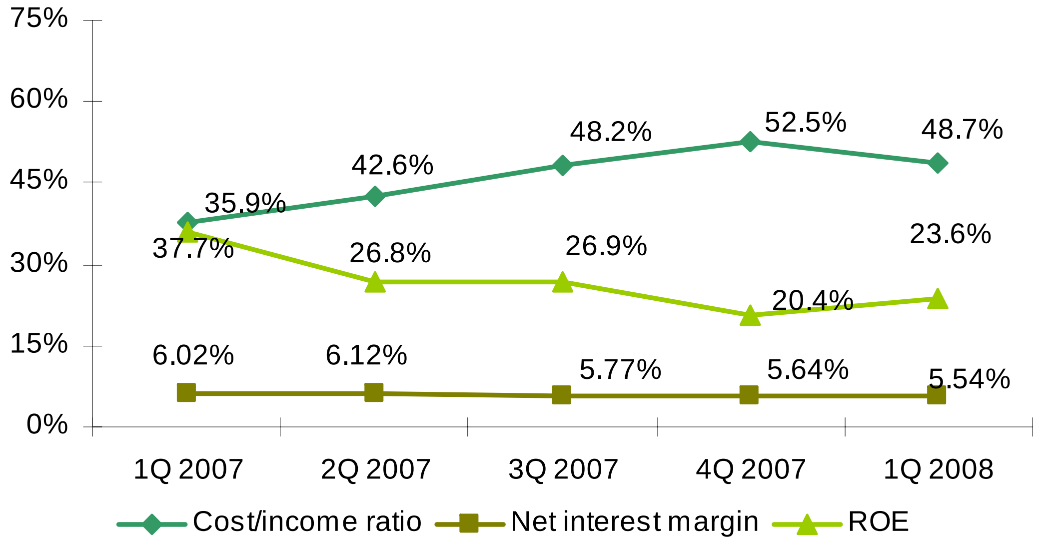
(1) As for 2007, financials are based on DSK Bank, POK DSK-Rodina, DSK Trans Security and DSK Tours consolidated figures aggregated with Asset Management (SPV) and adjusted with controlling calculations. In 2008, after SPV stopped its operation figures are reflecting the performance of consolidated DSK Group without SPV. Regarding 2007 year end, data are in line with the disclosure of the preliminary stock exchange report (non-audited).

Dynamic loan growth (53.3% y-o-y and 10.8% q-o-q), stable asset quality, prudent provisioning, stagnating yearly profit growth (but steady 25% q-o-q performance)

Financial highlights of of CJSC OTP Bank

in HUF million	1Q 2007	4Q 2007	1Q 2008	Q-o-Q	Y-o-Y
After tax profit [1]	***3,965***	***3,116***	***3,894***	***25.0%***	***-1.8%***
Pre-tax profit	5,330	4,283	4,306	0.5%	-19.2%
Total income	8,007	9,704	10,973	13.1%	37.1%
Net interest income	6,596	8,260	9,076	9.9%	37.6%
Net fees and commissions	903	825	1,069	29.6%	18.3%
Other net non-interest income	507	619	829	33.8%	63.4%
Cost of risk	333	-230	-1,339	482.5%	-502.7%
Other cost of risk	9	-97	18	-118.7%	99.8%
Operating expenses	-3,018	-5,094	-5,346	4.9%	77.2%
Gross loans	***383,638***	***530,659***	***588,116***	***10.8%***	***53.3%***
Deposits	***142,313***	***172,264***	***180,783***	***4.9%***	***27.0%***
Gross loans to deposits	269.6%	308.1%	325.3%	17.3%	55.7%

Profitability and cost-efficiency



HUF 3.9 bn PAT in 1Q 2008

- After DSK the second most profitable subsidiary
- Strong NII growth (37.6% y-o-y), and steady net F&C income in 1Q (29.6)

Dynamic lending and deposit collection:

- Loan portfolio expanded by 53.3% y-o-y and 10.6% q-o-q. Deposits grew by 27% and 4.9% respectively
- Increasing external funding need, loan-to-deposit ratio above 325%
- Improving loan quality (NPL: 1.2%), significant growth of risk costs because of prudential reasons

Further network enlargement in 1Q:

- 9 new branches were opened, new employees recruited

Growing acceptance on the market:

- CJSC received several banking awards (”Bank of the Year”, ”Most stylish bank”, ”Best customer service provider”)

(1) After tax profit w/o dividends and net cash transfer

Out of smaller subsidiaries CKB Montenegro reached outstanding results, in Romania the loss was smaller than budgeted, OBH and OBS over-performed…

	OTP banka Hrvatska		OTP Banka Slovensko		OTP Bank Romania		OTP banka Srbija		CKB	
Main components of P&L account in HUF mn	1Q 2008	Y-o-Y	1Q 2008	Y-o-Y	1Q 2008	Y-o-Y	1Q 2008	Y-o-Y	1Q 2008	Y-o-Y
After tax profit w/o dividends and net cash transfer	1,068	36.1%	686	40.5%	-109	-77.8%	188	-158.0%	636	27.6%
Pre-tax profit	1,336	36.0%	800	63.8%	-70	-85.6%	188	-159.2%	674	28.2%
Total income	4,416	32.0%	3,350	22.2%	3,333	71.6%	2,698	-16.0%	2,519	68.4%
Net interest income	3,286	18.4%	2,367	21.1%	1,666	59.8%	1,688	31.2%	1,330	94.8%
Net fees and commissions	867	41.9%	651	8.0%	343	-3.7%	541	-2.4%	945	26.6%
Other net non-interest income	263	-748.2%	332	81.8%	1,325	143.4%	469	-65.8%	244	268.5%
Cost of risk	-137		-301	-27.1%	-238	20.0%	-83	-66.4%	-605	379.6%
Other cost of risk	100	-17.9%	-33	0.7%	-149		-171	-166.0%	-14	
Operating expenses	-3,044	23.1%	-2,216	22.6%	-3,017	35.5%	-2,256	-36.3%	-1,227	45.3%
Main components of balance sheet in HUF mn	31/03/2008	Y-o-Y	31/03/2008	Y-o-Y	31/03/2008	Y-o-Y	31/03/2008	Y-o-Y	31/03/2008	Y-o-Y
Total Assets	440,384	17.7%	372,812	11.7%	278,780	48.3%	119,552	6.5%	270,289	67.9%
Gross customer loans	265,442	27.0%	257,647	28.7%	246,316	97.3%	75,182	18.8%	203,528	91.4%
Provisions	-4,571	73.2%	-3,389	18.9%	-2,168	93.9%	-4,310	3.0%	-2,114	1605.9%
Deposits from customers	304,584	13.5%	248,517	24.9%	77,488	97.3%	35,771	-6.1%	219,861	66.8%
Total shareholders' equity	50,583	40.6%	25,569	20.7%	24,679	2.1%	41,270	0.9%	11,475	32.7%
Market Share (%)	31/03/2008	Y-o-Y	31/03/2008	Y-o-Y	31/03/2008	Y-o-Y	31/03/2008	Y-o-Y	31/03/2008	Y-o-Y
Loans	3.5%	0.2%	3.8%	-0.2%	2.1%	0.3%			32.5%	-2.5%
Deposits	4.3%	-0.2%	2.9%	0.2%	0.7%	0.2%			39.7%	-0.3%
Total Assets	3.5%	0.1%	2.8%	-0.2%	1.4%	0.0%			34.0%	-1.7%
Indicators (%)	1Q 2008	Y-o-Y	1Q 2008	Y-o-Y	1Q 2008	Y-o-Y	1Q 2008	Y-o-Y	1Q 2008	Y-o-Y
Gross loans to deposits	87.1%	9.3%	103.7%	3.1%	317.9%	0.0%	210.2%	93.8%	92.6%	11.9%
Cost/income ratio	68.9%	-5.0%	66.2%	0.2%	90.5%	-24.1%	83.6%	16.8%	48.7%	-7.7%
Net interest margin	3.06%	0.0%	2.56%	0.2%	2.53%	0.3%	5.84%		2.01%	0.1%
ROA	1.0%	0.1%	0.7%	0.1%	-0.2%	0.9%	0.7%		1.0%	-0.4%
ROE	9.4%	-0.1%	11.2%	1.6%	-1.8%	6.3%	1.8%		23.1%	-4.7%

Notes: From 2008, adjusted after tax profit of OBR includes the net result of swap transactions executed with OTP Bank in relation to interbank financing. Revaluation result of FX-linked and FX-denominated loans and deposits as well as one-off gain in 1Q 2008 on the sale of investments are considered as one-timers and excluded from adjusted PAT of OTP Srbija.

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