

Development of the OTP Group in the Past 10 Years

OTP Bank – 10 Years on the Stock Exchange

Dr. Sándor Csányi
Chairman and CEO

August 10, 2005



OTP has been transformed from an inefficient state monopoly into an innovative market leader

OTP in 1991

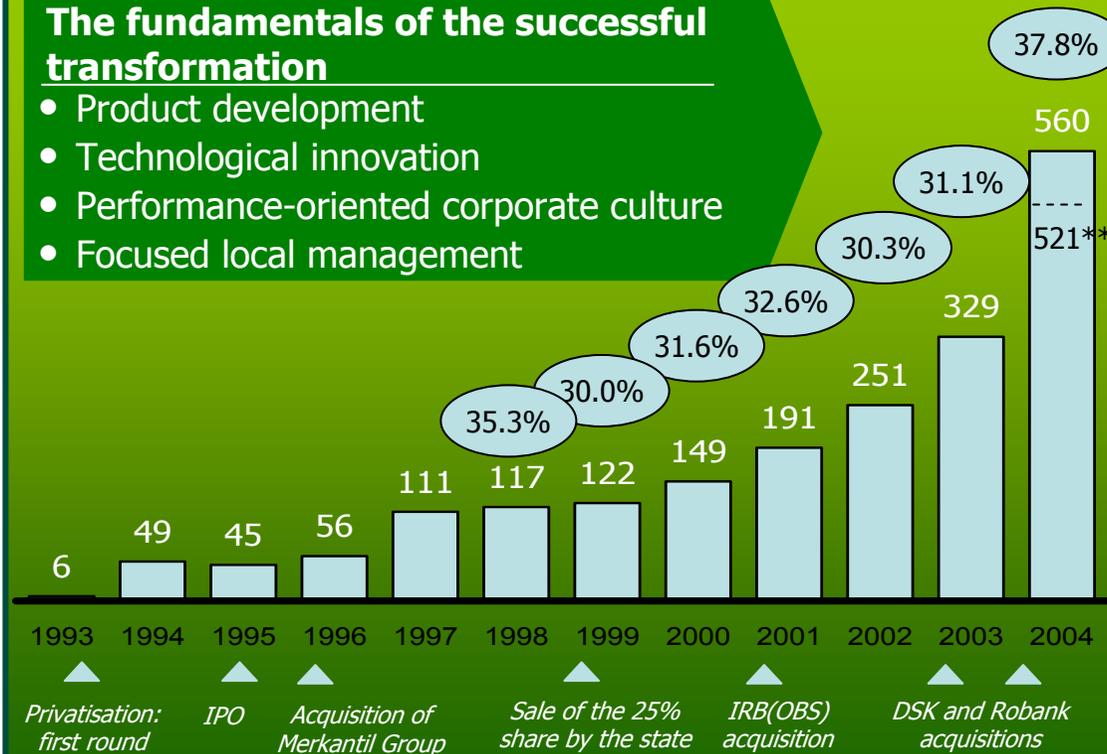
- The beginning of transformation from a national saving collector to a universal retail bank
- The entrance of Western European banks resulted in a sharp drop of market share after liberalization
- Large inefficient network of branches and overrepresentation of poorer rural districts
- Lack of experience in FX markets and corporate banking
- Low profitability (2% ROE), high amount of qualified loans outstanding
- Reputation of an inflexible and outdated bank

OTP Group's net profit

Million EUR, IAS*

The fundamentals of the successful transformation

- Product development
- Technological innovation
- Performance-oriented corporate culture
- Focused local management



OTP Group – present days

- The only independent bank group in the region, with a high level of transparency
- Leading financial group with market share of ~25% based on total assets, ~30% based on deposits and ~40% based on profits
- Approaching Western European benchmarks in terms of operating efficiency, risk-management and marketing
- ROE grew to 38% along with a decreasing share of qualified loans
- Successful foreign acquisitions
- Permanently reaching/beatng market expectations

* HUF/EUR annual average exchange rates between 1995 and 2004: 162,65; 191,15; 210,93; 240,98; 252,80; 260,04; 256,68; 242,97; 253,51; 251,68

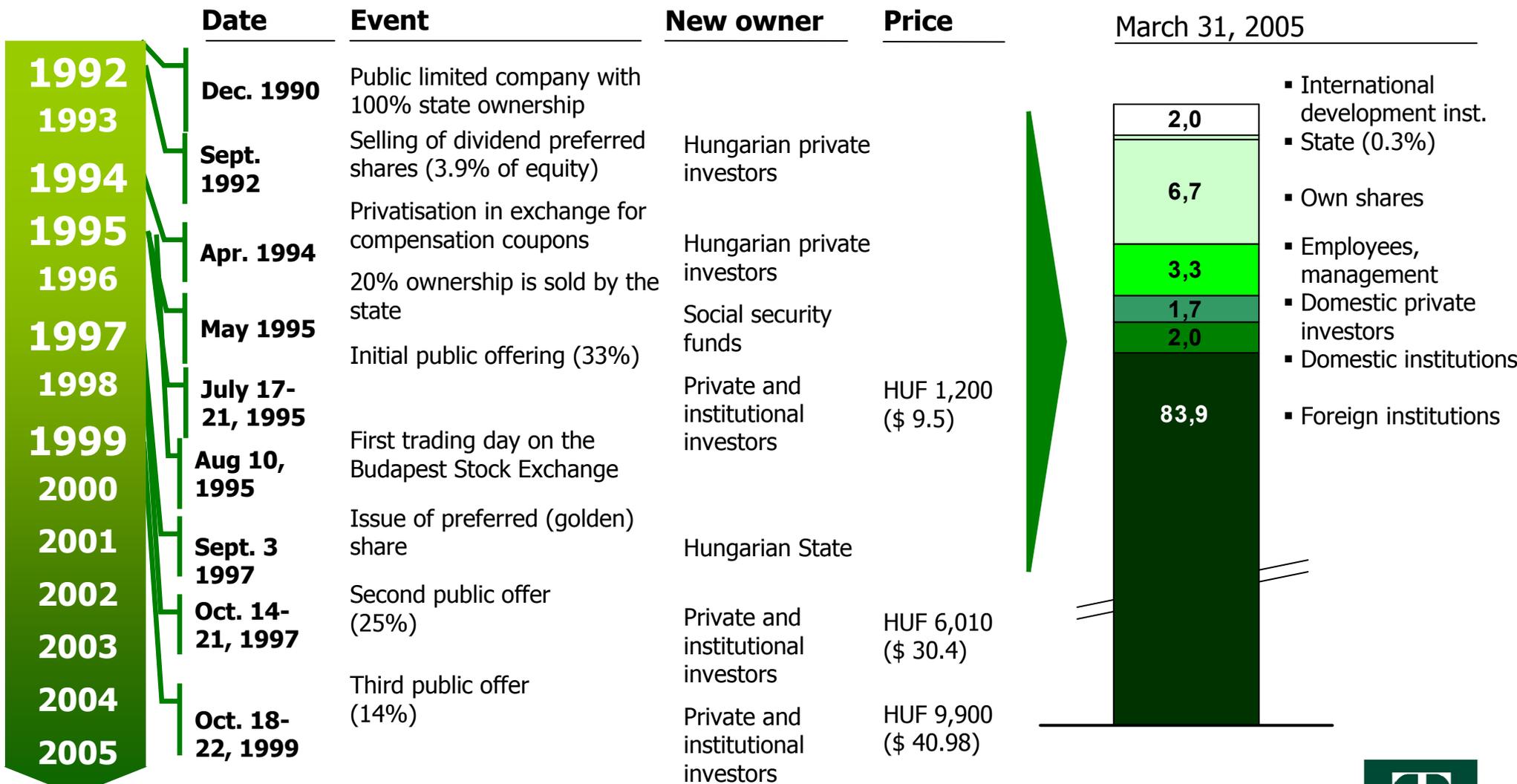
** According to new IFRS standards

"The most developing bank of the decade in Central Eastern Europe" –
EUROMONEY



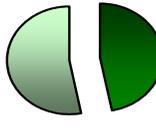
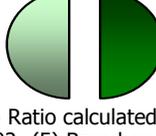
OTP Bank - 10 Years on the Stock Exchange

The share of the state fell to one golden share by October 1999 after the three stages of privatisation



*Source: OTP's stock exchange quarterly report, based on total private equity

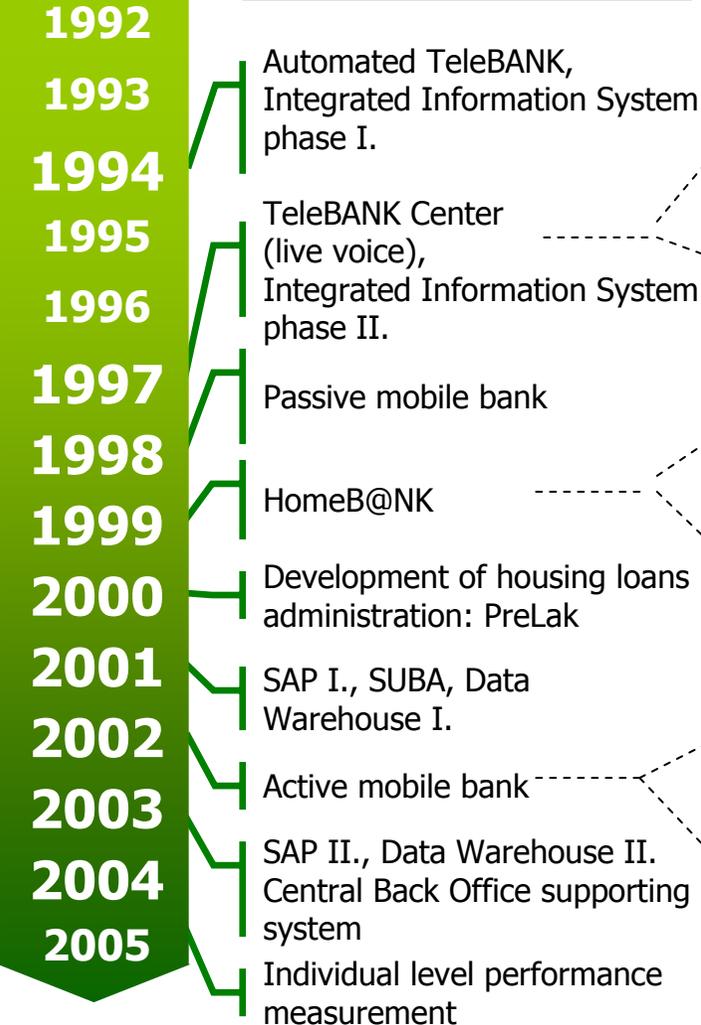
OTP Bank was the first to enter many new and innovative product segments and has retained its market leader position in most of them

	Services		Market share in Hungary, 2004 eoy	Market ranking
1992	Securities trading			No. 1
1993				
1994	Insurance			No. 4
1995				
1996	Investment funds			No. 1
1997				
1998	Pension funds ⁽⁴⁾			No. 1
1999				
2000	Car leasing			No. 2
2001				
2002	Bankcards			No. 1
2003				
2004	Mortgage loans			No. 1
2005				

(1) Estimate based on households' non-financial institution securities holdings; (2) Share calculated on insurance reserves; (3) Ratio calculated on investment funds' net asset value; (4) The Bank established its voluntary pension fund in 1994, mandatory pension fund in 1997 and voluntary health fund in 2002; (5) Based on pension funds' managed assets; (6) New vehicle sales market; (7) OTP Bank Group
Source: MNB, BAMOSZ, PSZAF data

OTP adopts state-of-the-art IT and business solutions to enhance its efficiency and customer satisfaction

Main IT investments



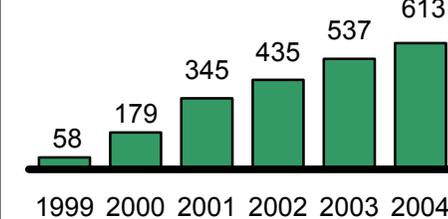
Telebanking



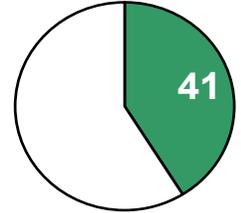
Increase in the number of contracts

Telebanking

Thousand



Market share (estimated)

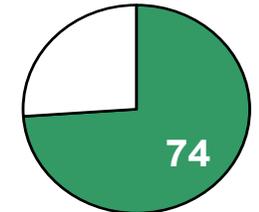
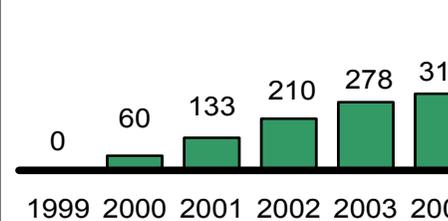


Internet banking



Internet banking

Thousand

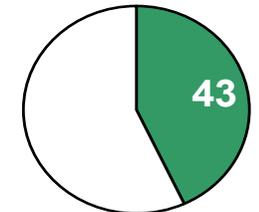
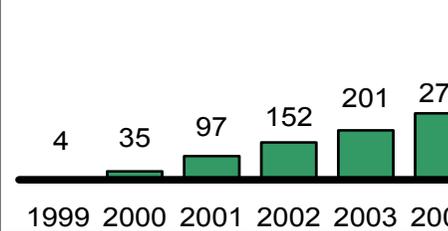


Mobile banking



Mobile banking

Thousand

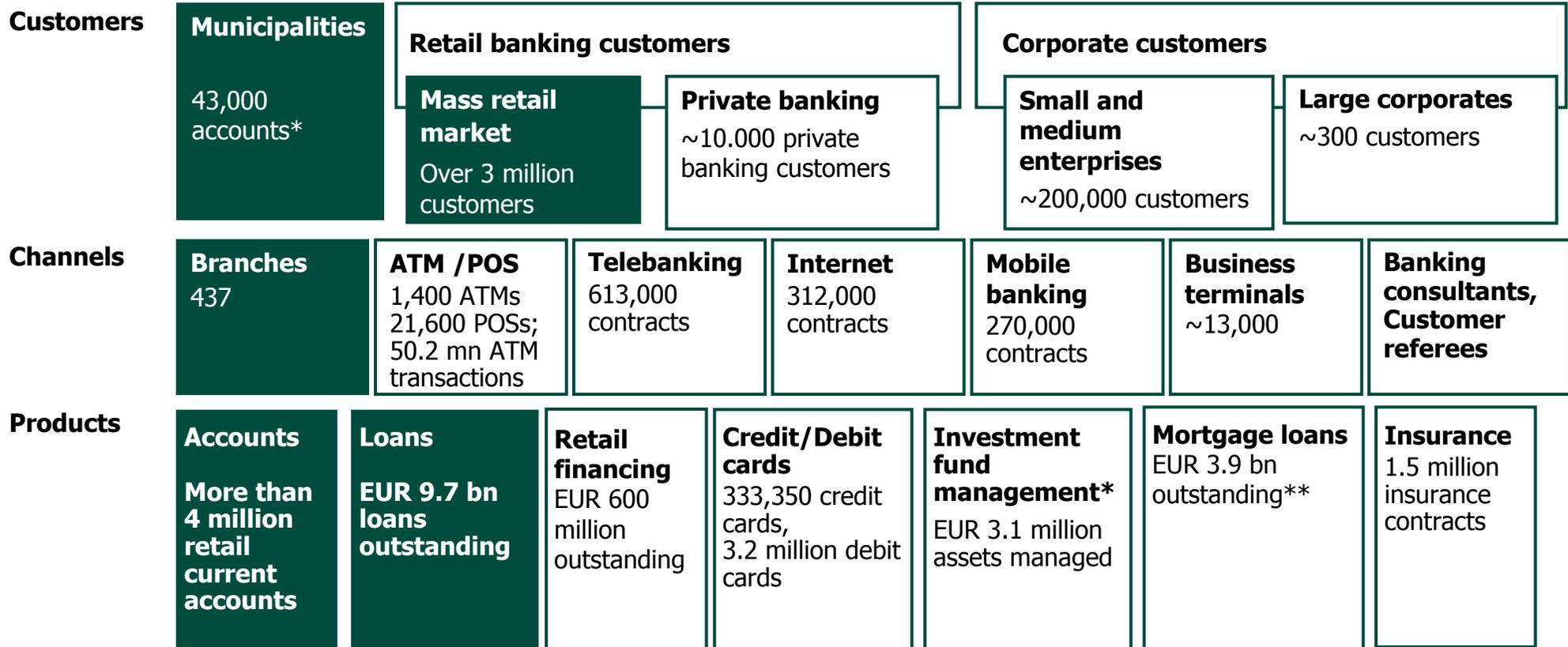


Today OTP Bank Group provides almost 4 million customers with financial services in Hungary

Introduced after 1991
 Existed in 1991

OTP Bank's market segments, distribution channels and products

End of 2004



* Including municipal and pension funds

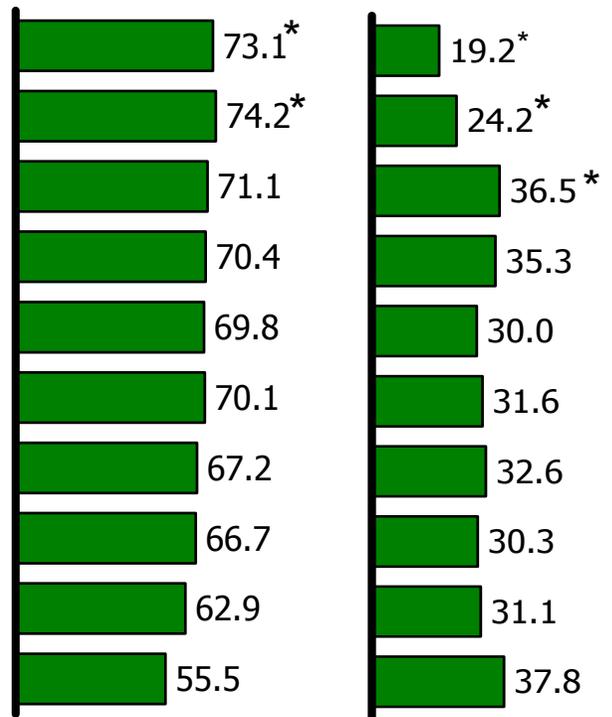
** With housing loans

Besides expansion the improvement of efficiency has been a priority of the management

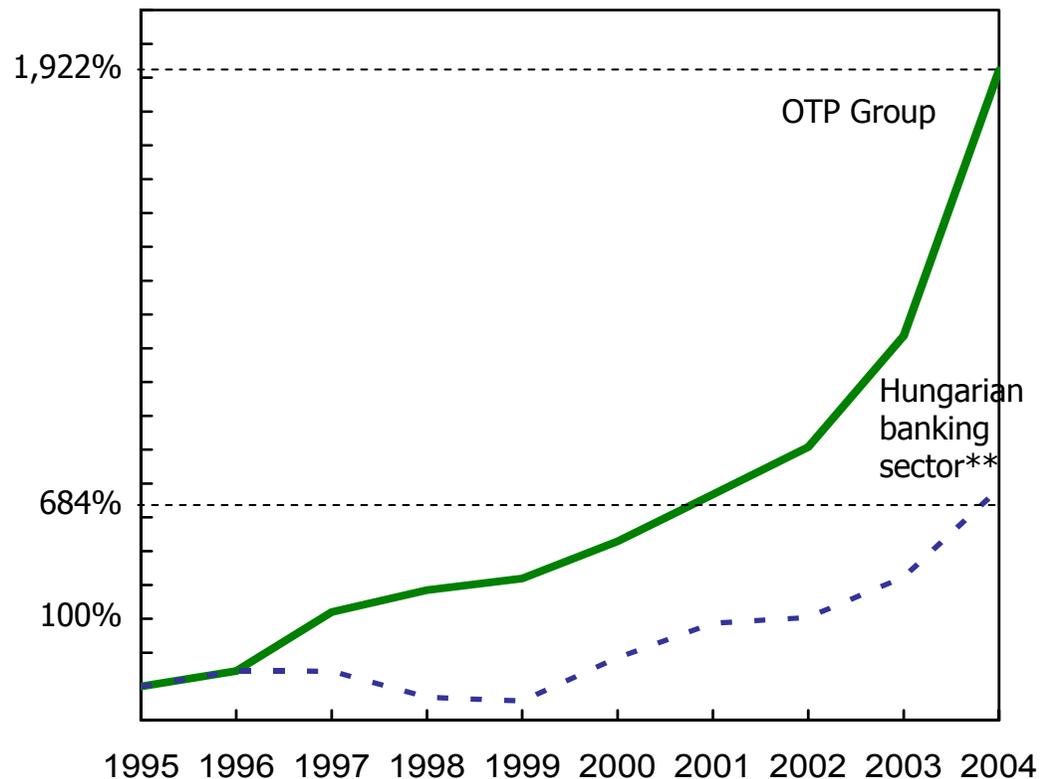
**OTP Group
Cost/income
IFRS, percent**

**OTP Group
ROAE
IFRS, percent**

1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005



**Profit growth
1995-2004, percent**



* OTP Bank, non-consolidated IFRS

** Excluding Hungarian Development Bank (MFB) in 1998 and 2002 and excluding Postabank in 1998

Source: OTP Annual Report; HFSA Annual Report

OTP Bank has made significant progress towards establishing a regional financial group

OTP Bank Group in Central-Eastern Europe

2004 data, according to IFRS

1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005

Target countries of successful acquisitions

- 2000 Slovakia
- 2001 Bulgaria
- 2002 Romania
- 2003 Croatia

OTP Banka Slovensko

Number of branches	68
Number of clients	0.3 million
Total assets	EUR 0.9 bn
Net profit	EUR 2 m
ROAE	3.5%
Cost/income ratio	95.6%
Market share in total assets	2.8%

Nova Banka* (Croatia)

Number of branches	92
Number of clients	~0.3 million
Total assets	EUR 1.1 bn
Net profit	EUR 20 m
ROAE	21.2%
Cost/income ratio	84.0%
Market share in total assets	3.8%

OTP Group *

Number of branches **	843
Number of clients **	~8 million
Total assets	EUR 16.9 bn
Net profit	EUR 560 m
ROAE	37.8%
Cost/income ratio	55.5%

OTP Bank

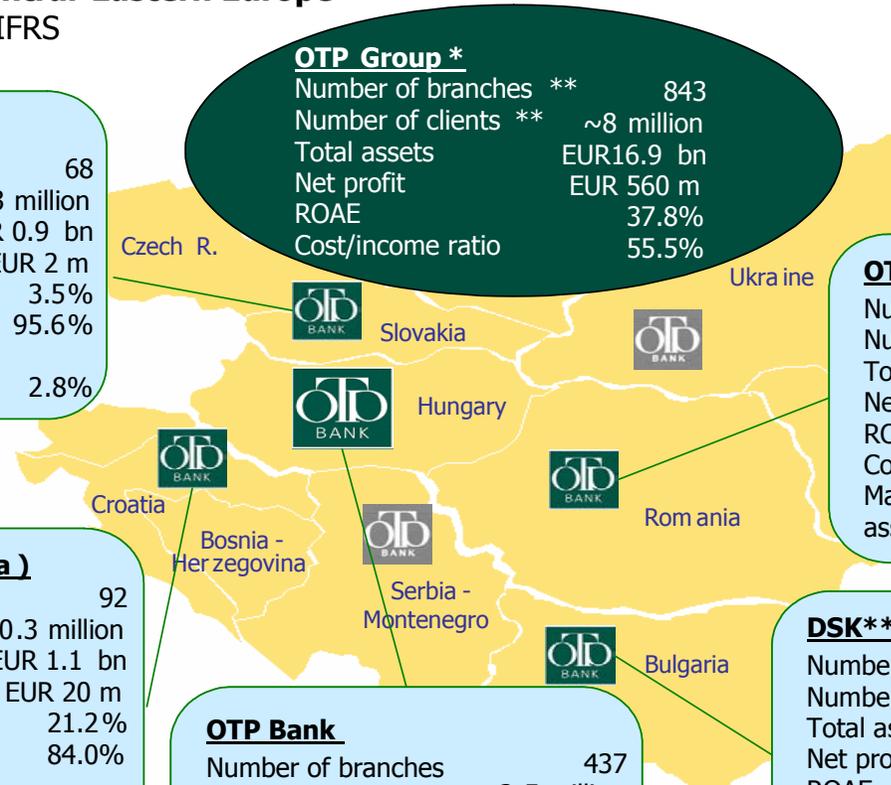
Number of branches	437
Number of clients	~3.5 million
Total assets	EUR 12.4 bn
Net profit	EUR 506 m
ROAE	38.2%
Cost/income ratio	44.2%
Market share in total assets	19.4%

OTP Bank Romania / RoBank /

Number of branches	15
Number of clients	0.03 million
Total assets	EUR 0.2 bn
Net profit	EUR 0.2 m
ROAE	0.7%
Cost/income ratio	80.6%
Market share in total assets	~1%

DSK* (Bulgaria)**

Number of branches	323
Number of clients	~3.7 million
Total assets	EUR 1.7 bn
Net profit	EUR 37 m
ROAE	21.4%
Cost/income ratio	56.8%
Market share in total assets	13.1%



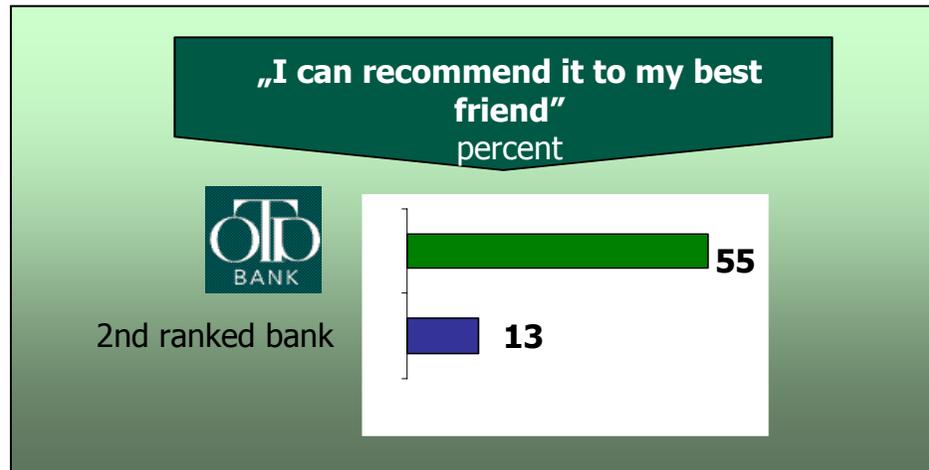
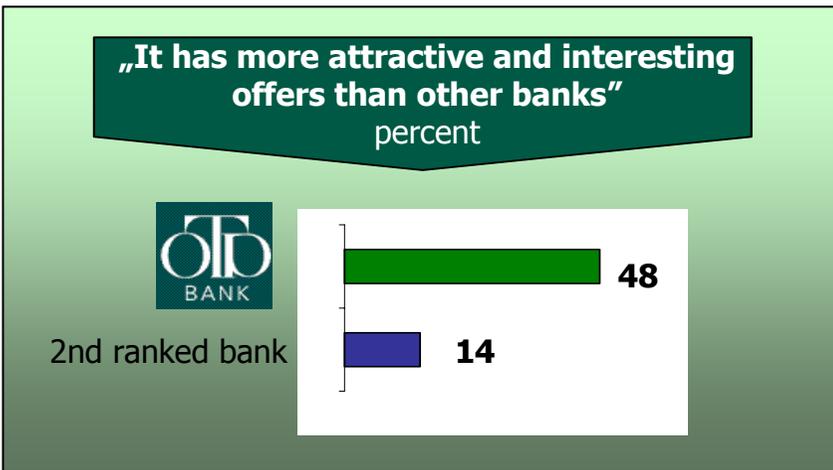
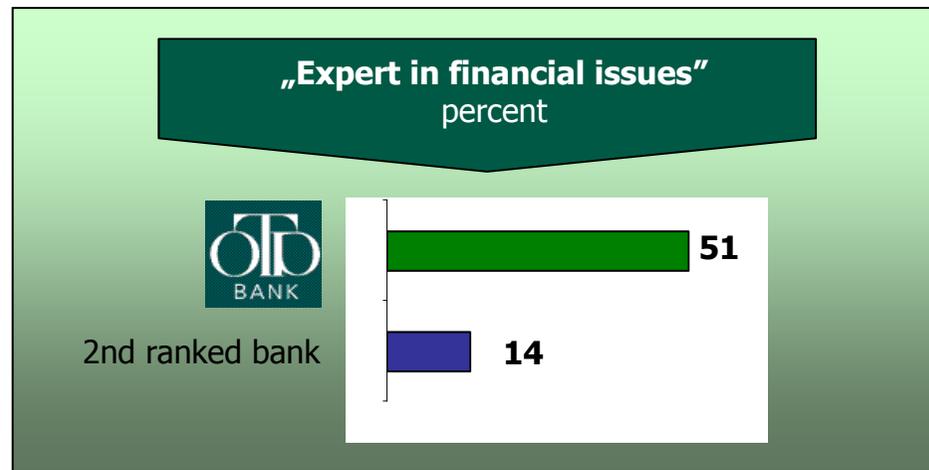
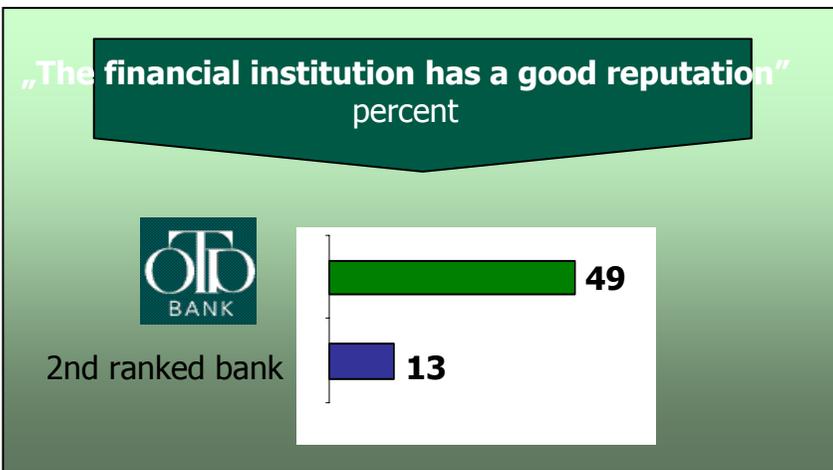
OTP subsidiaries
 Target countries

* Consolidated data excluding Nova Banka
** Banks only
*** DSK Group, according to Bulgarian IFRS

Continuous trust of our clients is the greatest acknowledgement of our work in the past 10 years

OTP Bank has an outstanding reputation among retail clients

Answers given in a questionnaire of GfK* in May 2005



* GfK Hungary Market Research Ltd.

Several foreign awards indicate OTP Bank's success at the international level



Awards

...

1992 Best Bank in Hungary

1993 Best Bank in Hungary

1994 Best Bank in Hungary

1995 Real Estate Developer of the Year
Best Security Trading Firm in Hungary

1996 The Most Developing Bank of the decade in CEE
Best Bank in Hungary

1997 Best Bank in Hungary
Best Bank in Hungary

1998 Quality award by the American Dollar Funds
Best Internet Bank of the Year

1999 Best Bank in Hungary
Best Bank in Hungary

2000 Quality award by the American Dollar Funds
Best Bank in Hungary

2001 Best Bank in Hungary
Best Bank in Hungary

2002 Best Bank in Hungary
Best Bank in Hungary

2003 Bank of the Year in Emerging Markets
Member of the 100 most valuable companies in the world

2004 Best Bank in Hungary

2005 Europe's Best Regional Small Bank

Adjudicator

...

Global Finance
EUROMONEY
Global Finance
International Real Estate Association
EUROMONEY
EUROMONEY
The Banker
Global Finance
JP Morgan Chase
Index, HP, NBI
EUROMONEY
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Business Week
EUROMONEY
EUROMONEY

RATINGS, 2005

MOODY'S
Long term deposits: A1
Short term deposits: P-1
Financial strength: B-

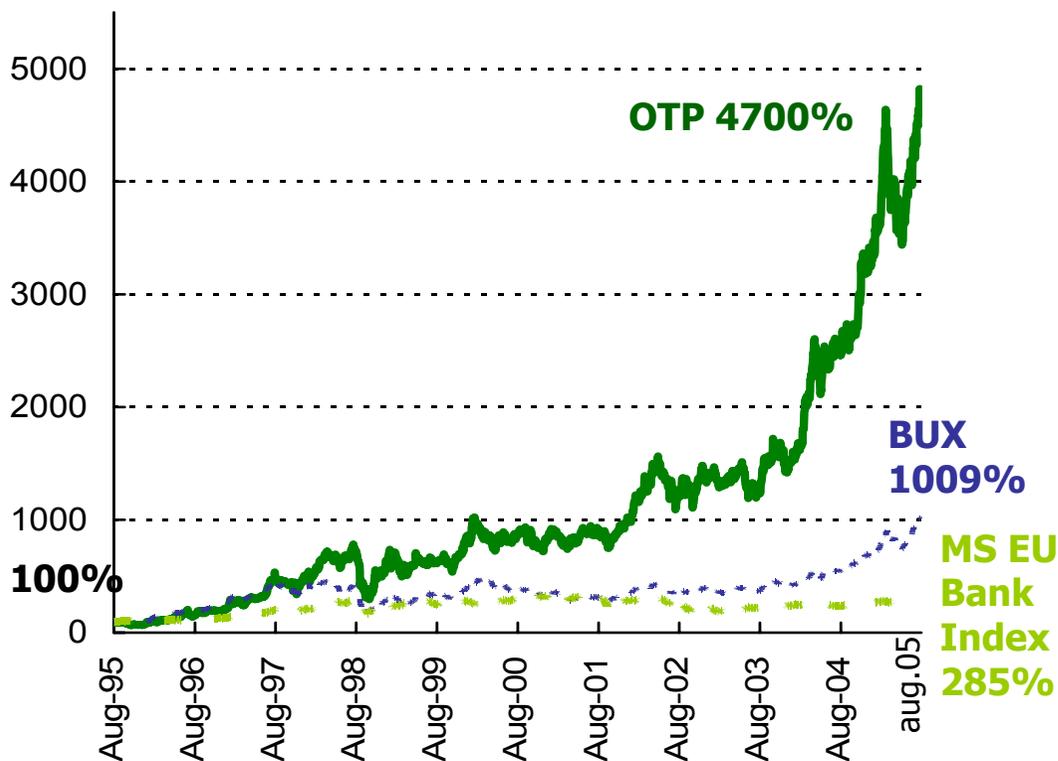
STANDARD & POOR'S
Long term rate: BBBpi

FITCH IBCA
Safety: 2

CAPITAL INTELLIGENCE
Long term: BBB
Short term: A-2

A share price growth of 64 times in HUF terms (47 times in EUR terms) reflects investors' confidence

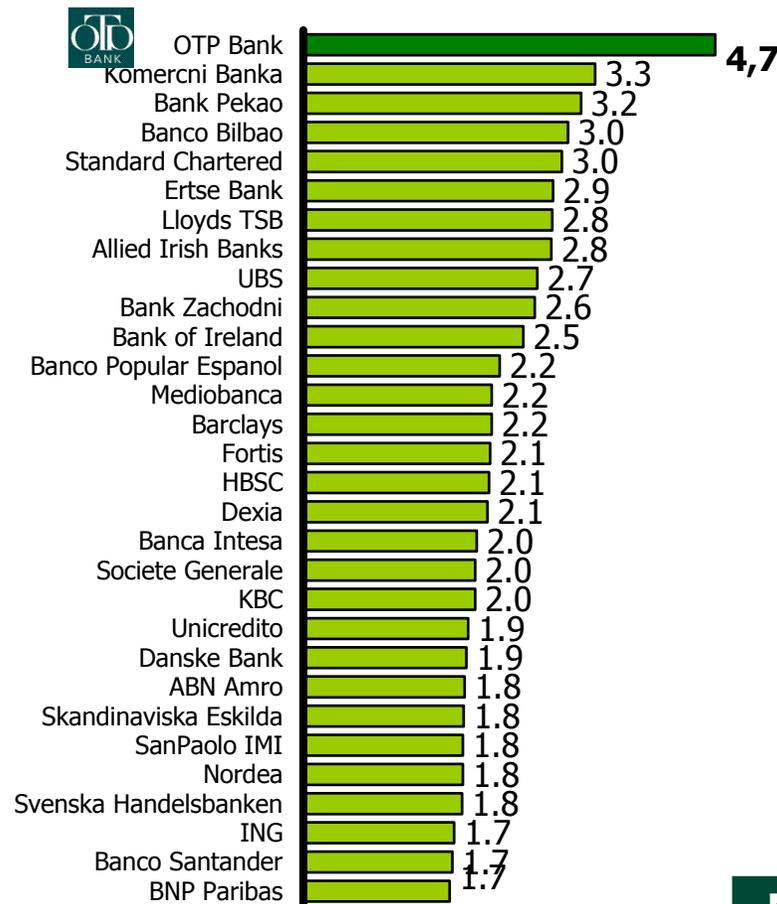
Relative performance of OTP shares and its benchmarks in the last 10 years, 10 August 1995 – 5 August 2005, in euros
10 August 1995 = 100%



Source: Bloomberg

The market valuation of OTP is outstanding in Europe

Stock market capitalisation on 5 August 2005 / equity at the end of 2004



OTP Bank developed into a major financial group in the past ten years even in international comparison

Share of region
 Total
 In Central and Eastern Europe

2004

Total Assets

€ bn

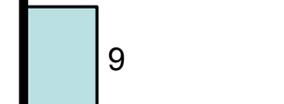
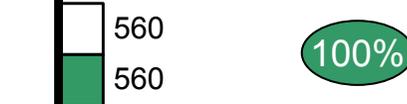
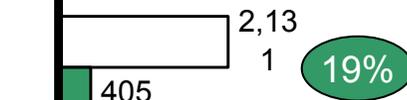
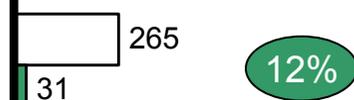
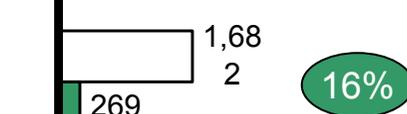
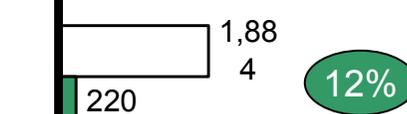
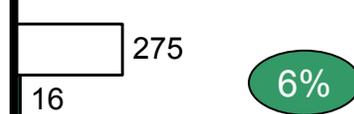
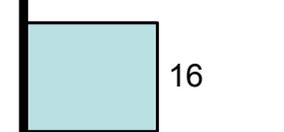
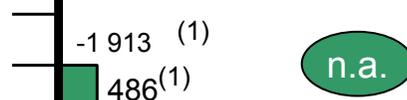
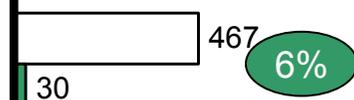
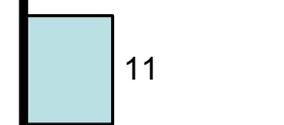
Net profit

€ mn

Market capitalization

€ bn, 5 August, 2005

International presence



OTP Bank - 10 Years on the Stock Exchange

(1) Before taxation
Source: Corporate presentations



The Strategy of the OTP Bank Group 2005-2009

OTP Bank – 10 Years on the Stock Exchange

Dr. Zoltán Spéder
Deputy Chairman and CEO

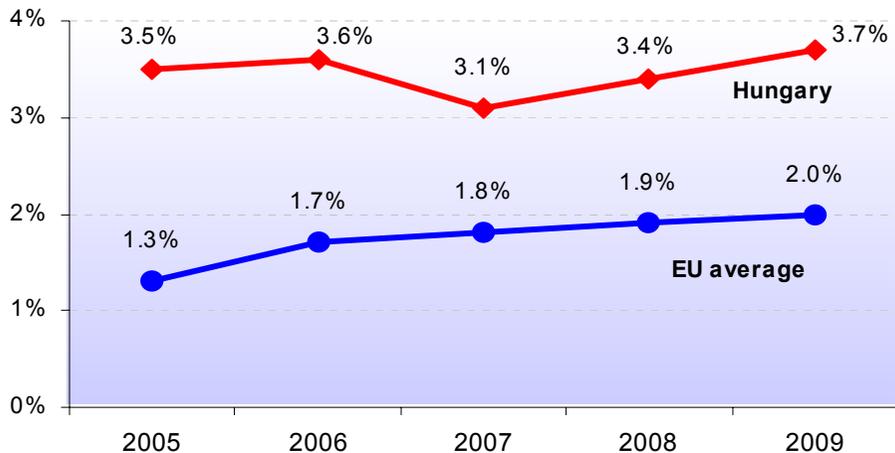
August 10, 2005



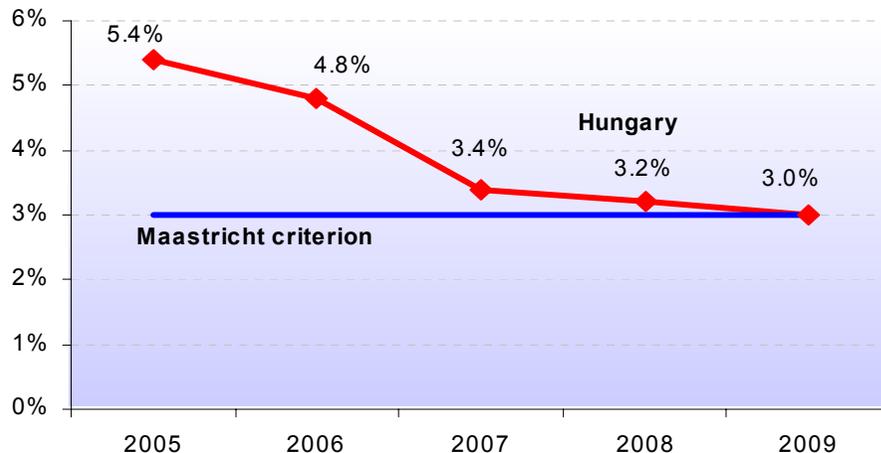
Hungary's macroeconomic framework in the next 5 years is determined by the convergence programme towards Euro adoption

Real GDP growth

Year on year

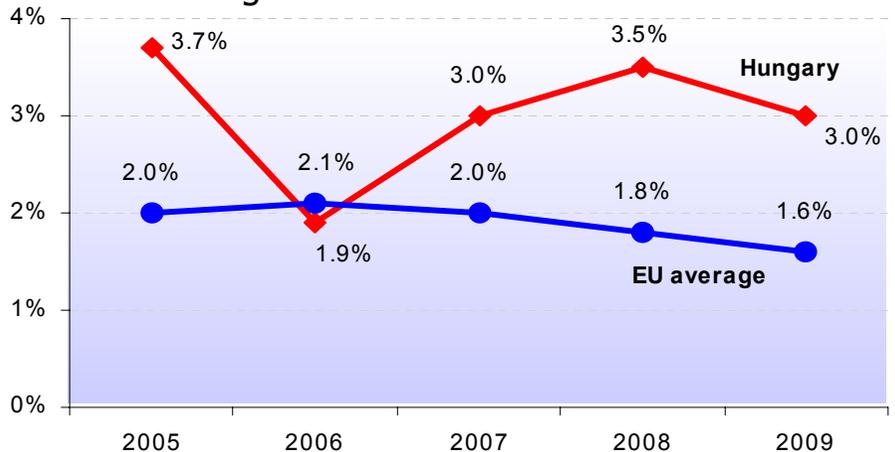


Budget deficit in % of GDP



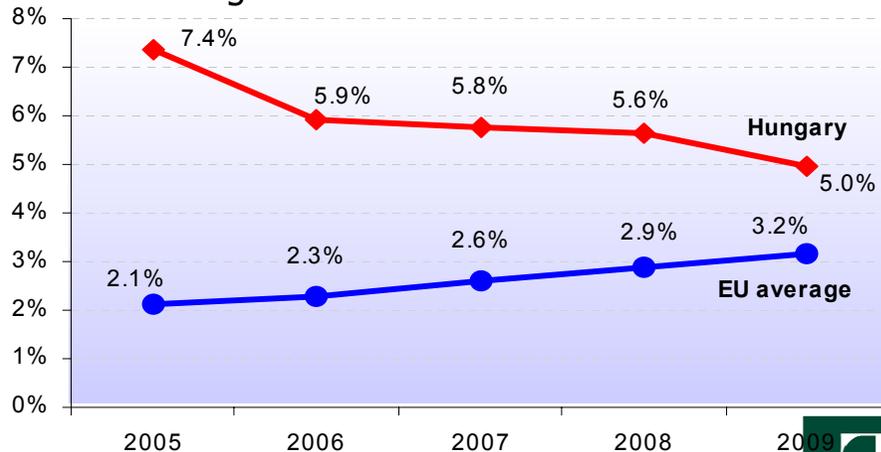
Inflation

Annual average



Base rate

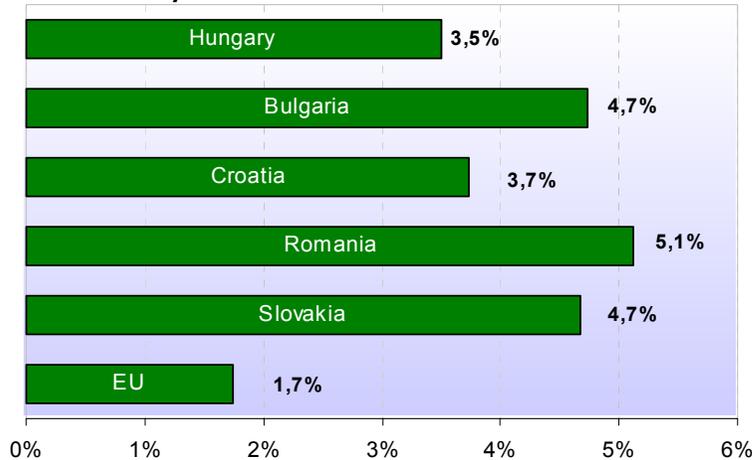
Annual average



GDP growth rates in the countries of OTP's foreign subsidiaries exceed that of Hungary

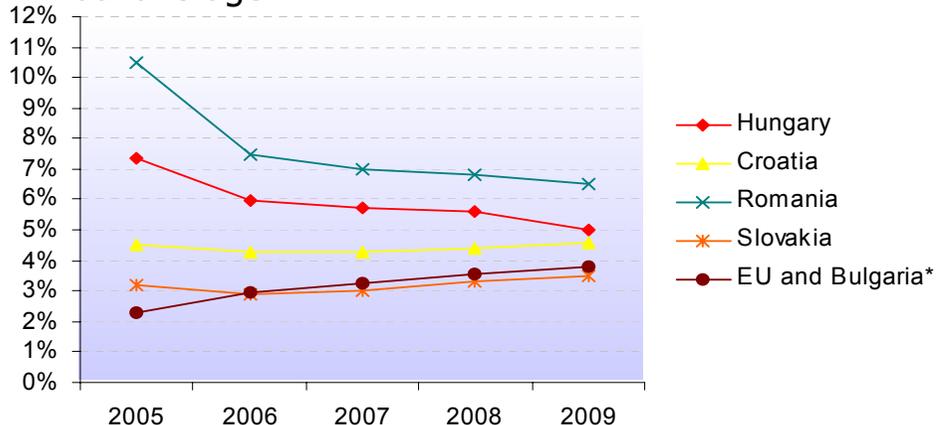
Average real GDP growth

Year on year



Base rate

Annual average



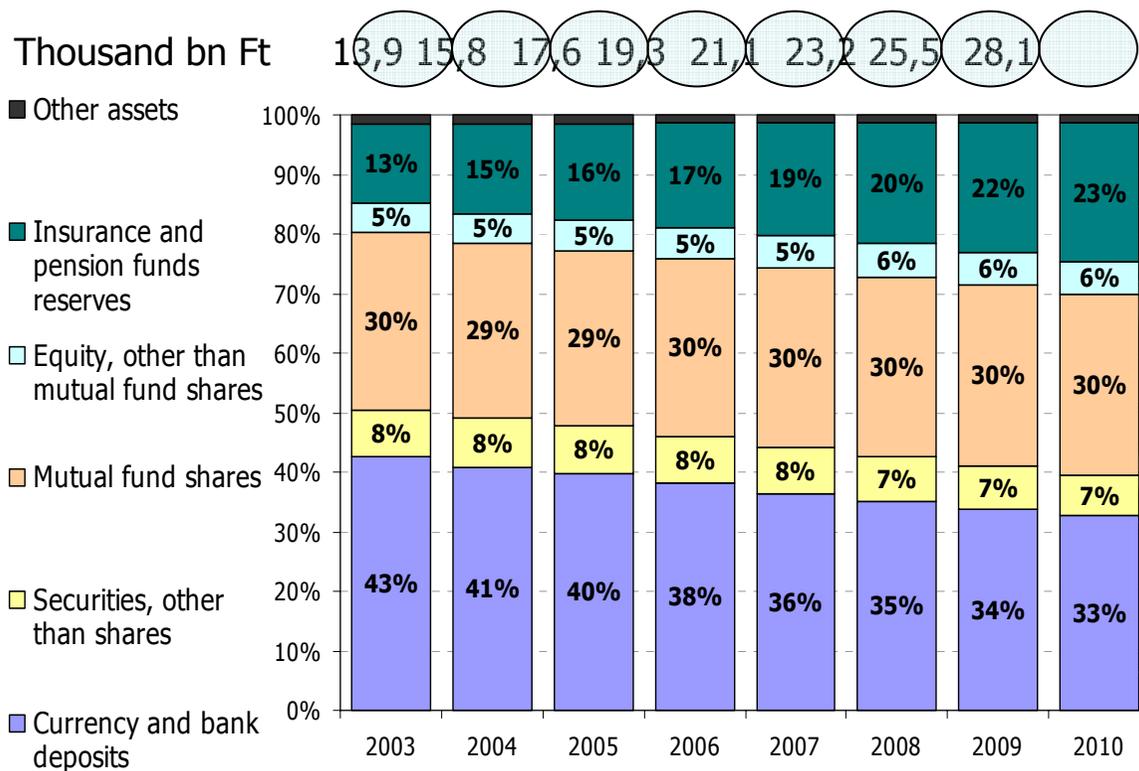
*Bulgaria has a currency board with zero premium over the ECB rate

- GDP growth rates in the countries of OTP's subsidiaries exceed that of Hungary in the next five years
- The least developed Romania and Bulgaria may have the highest GDP growth in the medium term
- Slovakia already fulfils the Maastricht criterion for long term interest rates
- Bulgaria, adopting a currency board, is characterized by low inflation and low short term interest rates
- The convergence of interest rates may be slower in Romania where inflation well exceeds the region's average

The share of bank deposits among households' financial assets will decrease gradually

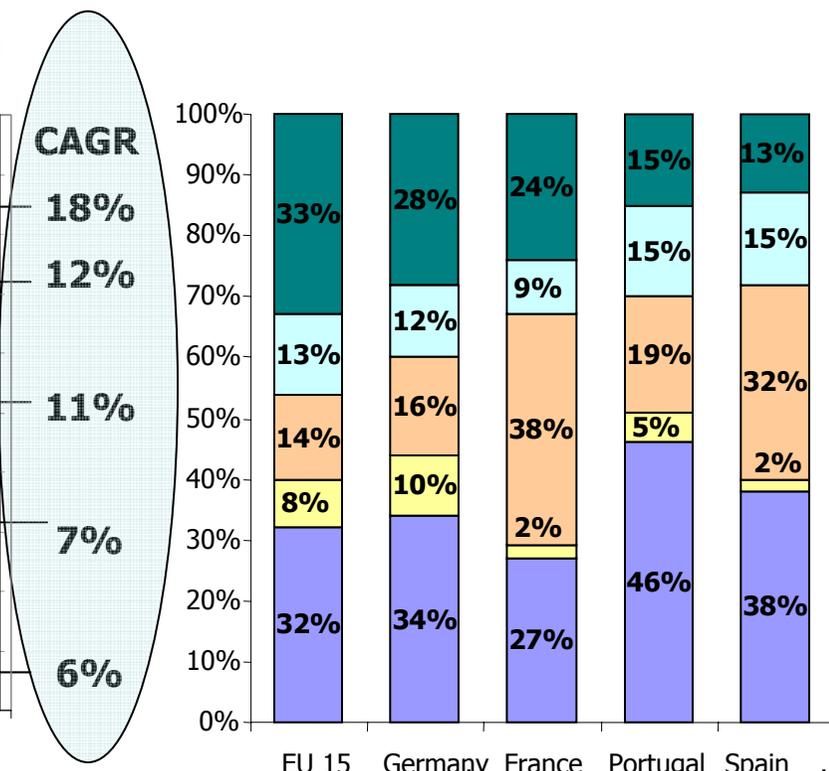
The structure of households' savings in Hungary

2003-2010, thousand billion forint, percent



Asset structure in the European Union

2002-2003, percent



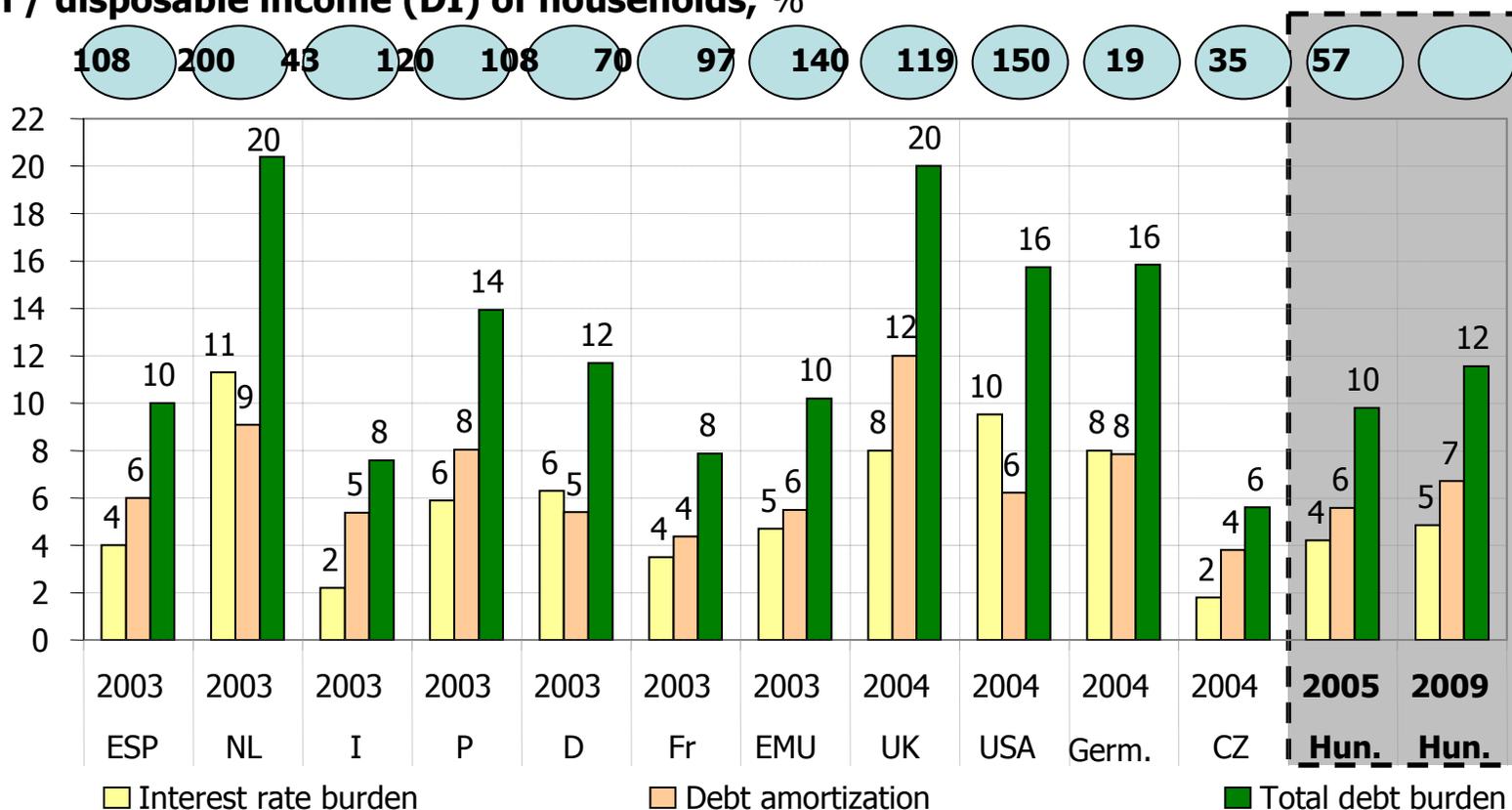
Sources: Eurostat, McKinsey, national banks, OTP Bank

In spite of the high debt burden relative to disposable income, households indebtedness may rise in Hungary

Debt burden / disposable income (DI) of households, %

Debt / DI

Debt burden / DI

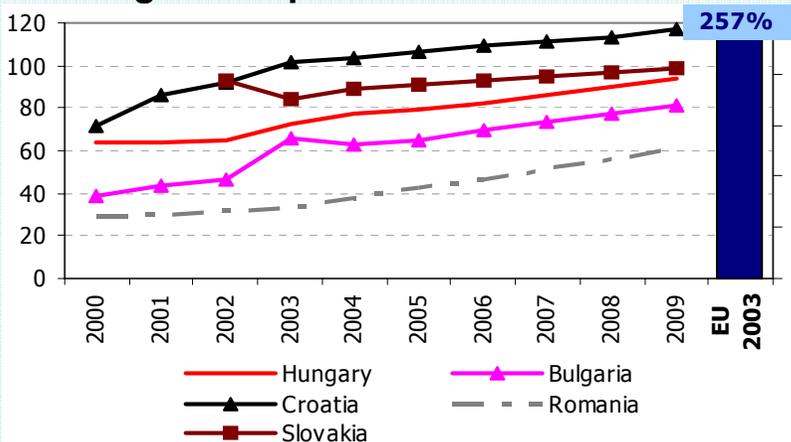


- While debt / income ratio is low in Hungary in international comparison, the debt burden / income ratio is close to EMU levels, because of higher interest rates and the shorter maturity of household debt.
- Income growth, lower interest rates and the increase in the maturity of debt in the future may result in a significant rise in the debt / income ratio, while debt burden / income will increase only moderately.

Sources: national banks, (UK, Norges Bank, ECB, FED, Ceska Narodni Banka), OTP estimate

Banking penetration is driven by dynamic credit growth

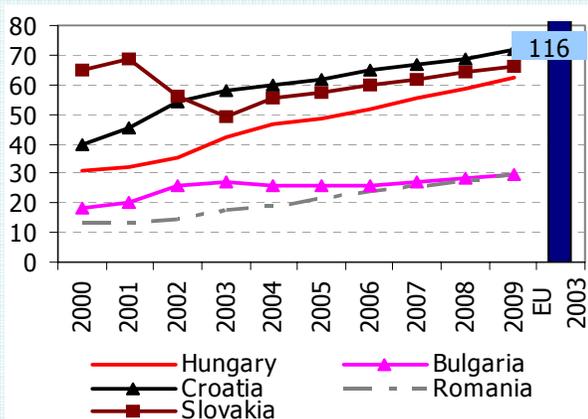
Banking sector penetration in % of GDP



- Banking sector penetration in Croatia and Slovakia exceeds that of Hungary.
- Although the most dynamic growth is expected in Romania, banking penetration until 2009 is not expected to reach the current Hungarian level.

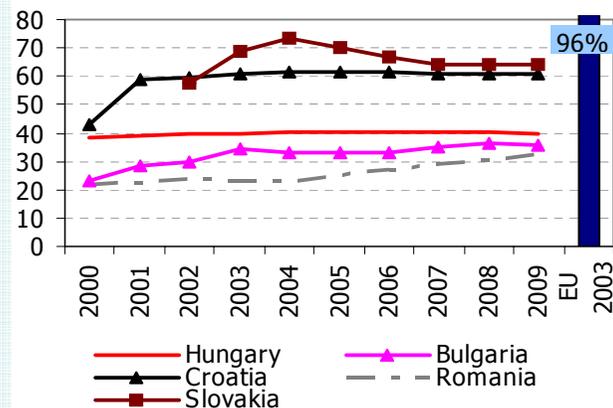
- Corporate loans: corporate sector's financial need increases in the years of convergence
- Household loans: consumption is expected to be the key driver of GDP, growth fuelled by fast increasing mortgage and consumption loans

Total loans to GDP (%)



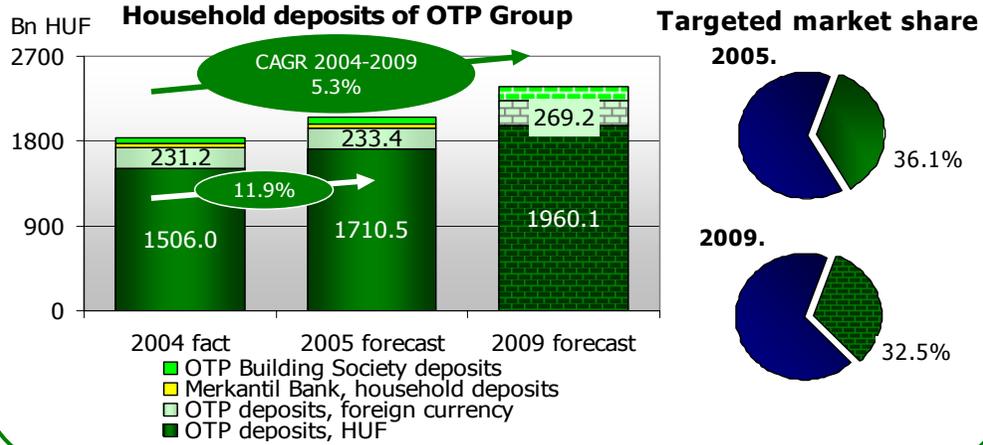
- Deposit growth is expected to exceed the pace of nominal GDP in Romania and Bulgaria.
- Deposit market is shrinking in Slovakia with the expansion of other financial intermediaries

Total deposits to GDP (%)

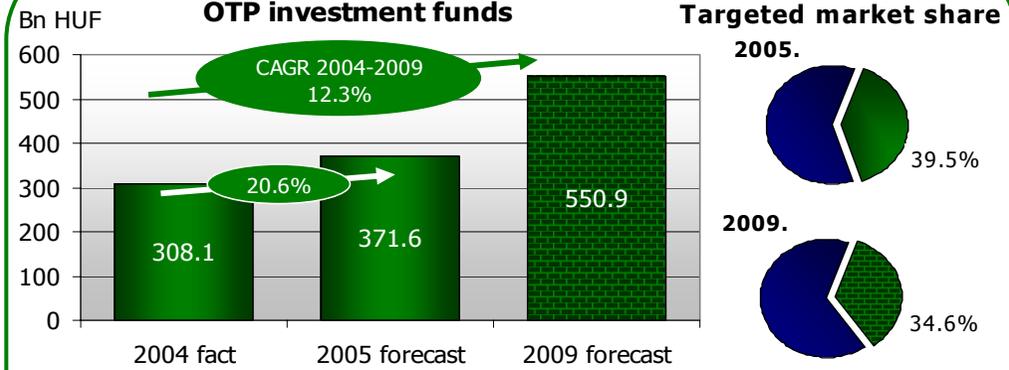


In the Hungarian retail saving market the target is to retain the dominant position

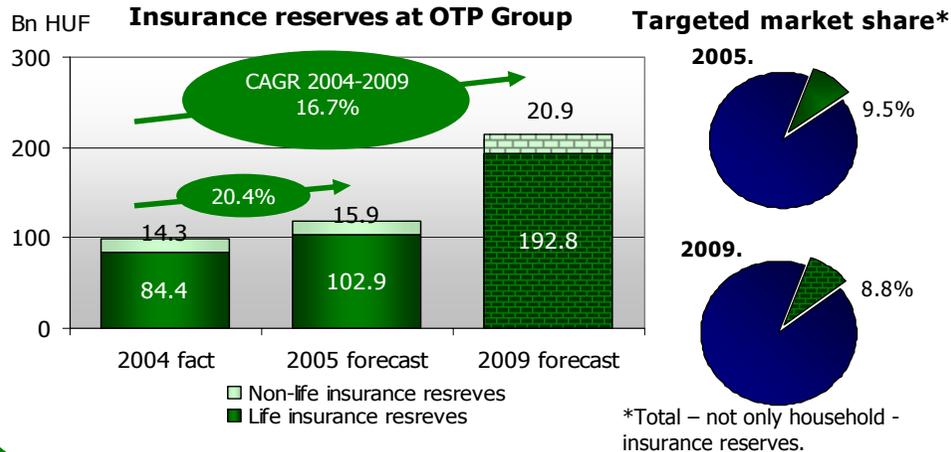
Household deposits



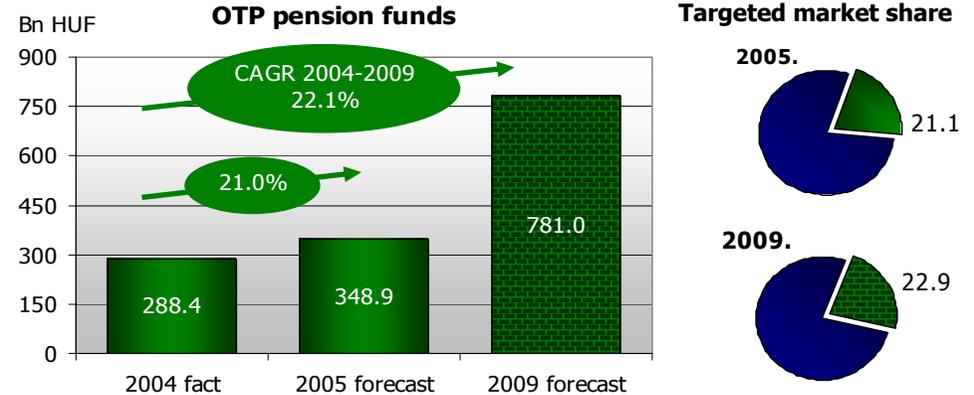
Investment funds



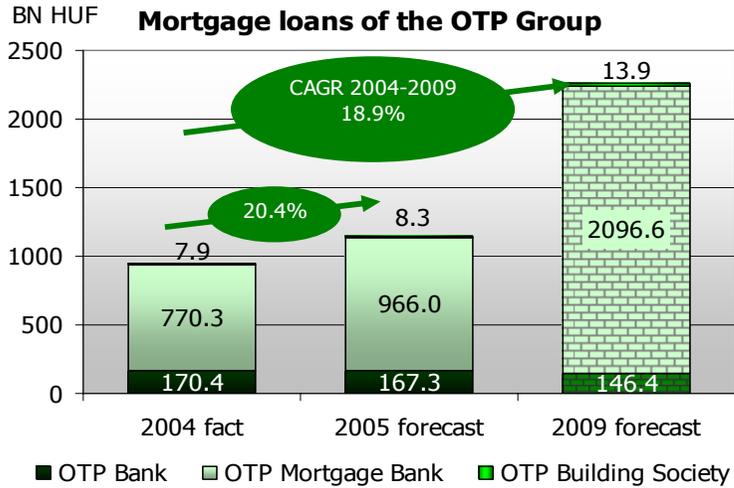
Insurance reserves



Pension fund savings

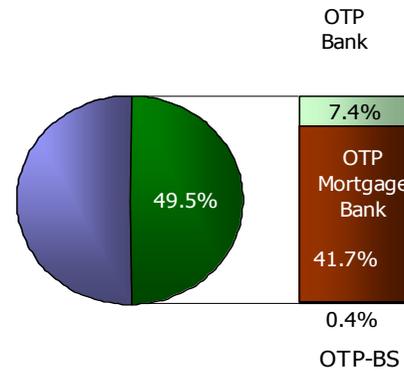


In the retail lending segment the bank focuses on the strengthening of foreign currency mortgage and consumption lending

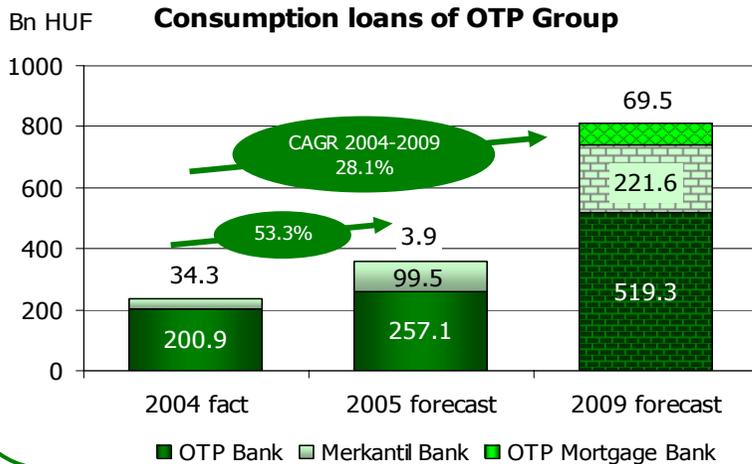
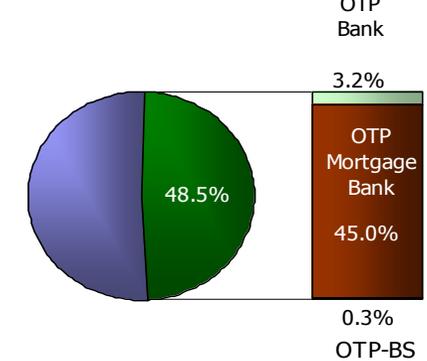


Mortgage loans

Targeted market share 2005

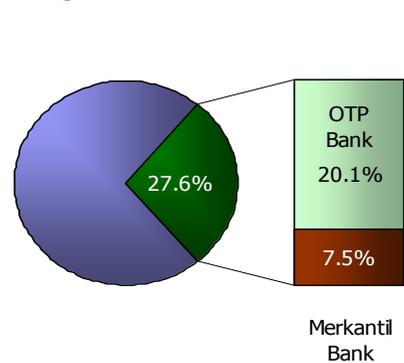


Targeted market share 2009

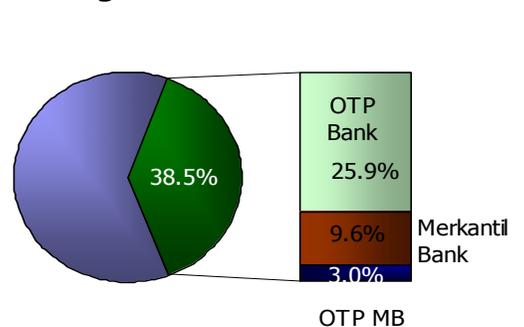


Consumption loans

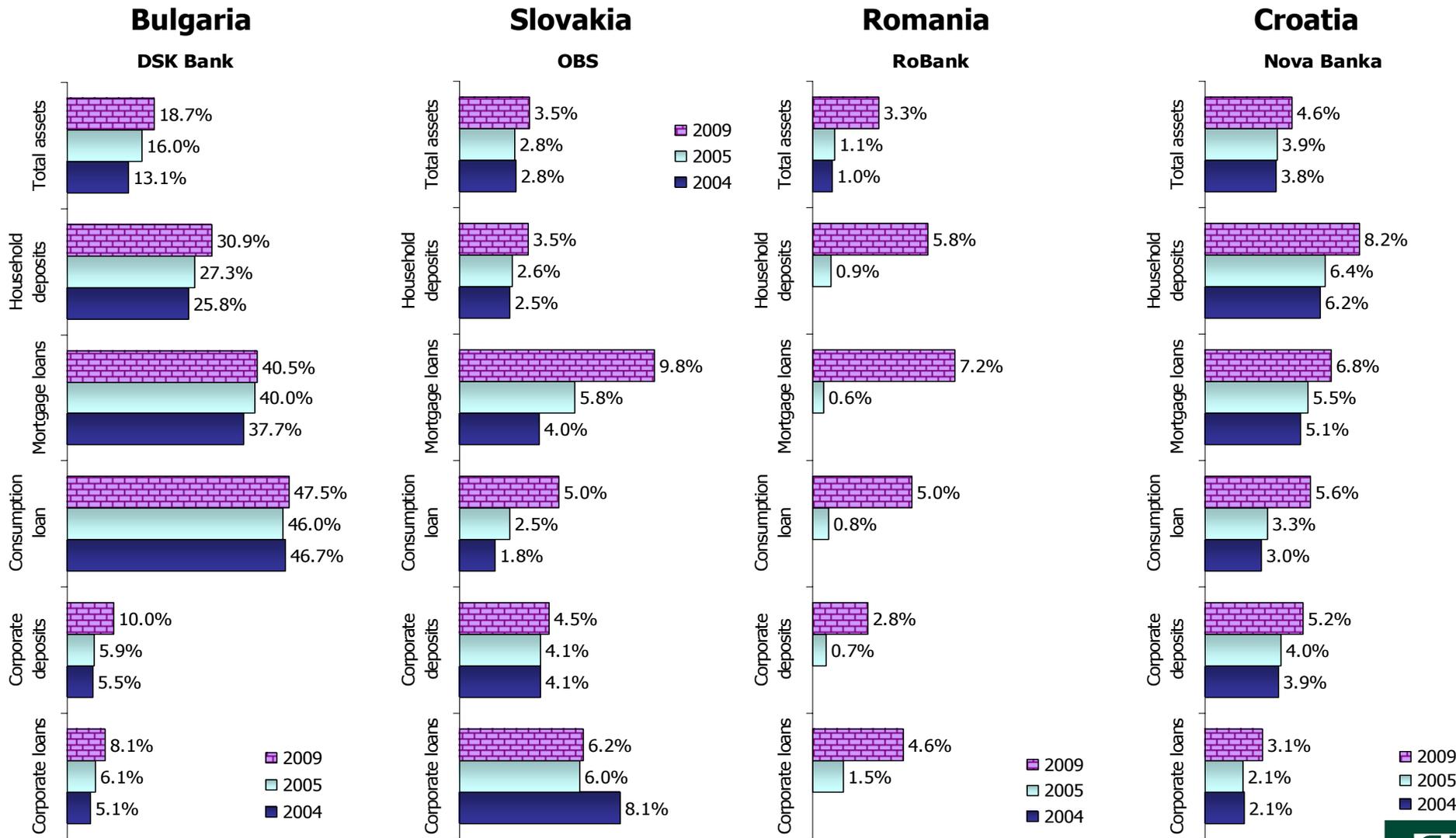
Targeted market share 2005



Targeted market share 2009



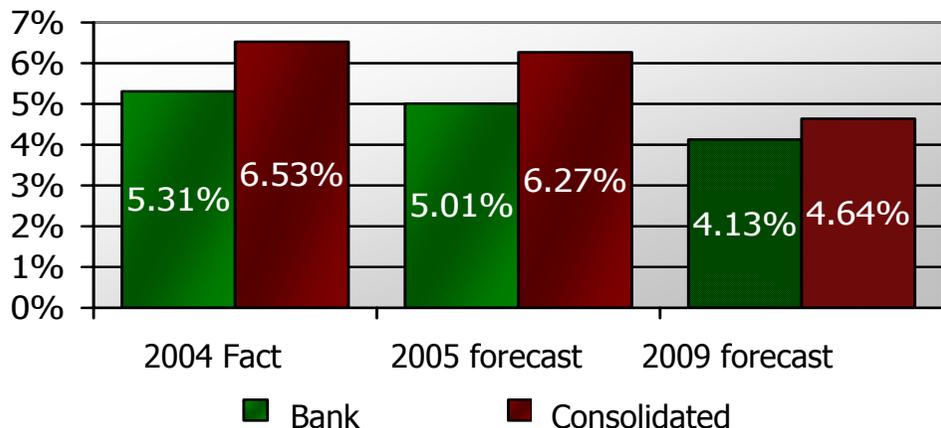
In the case of the foreign subsidiaries the target is to significantly increase their market share



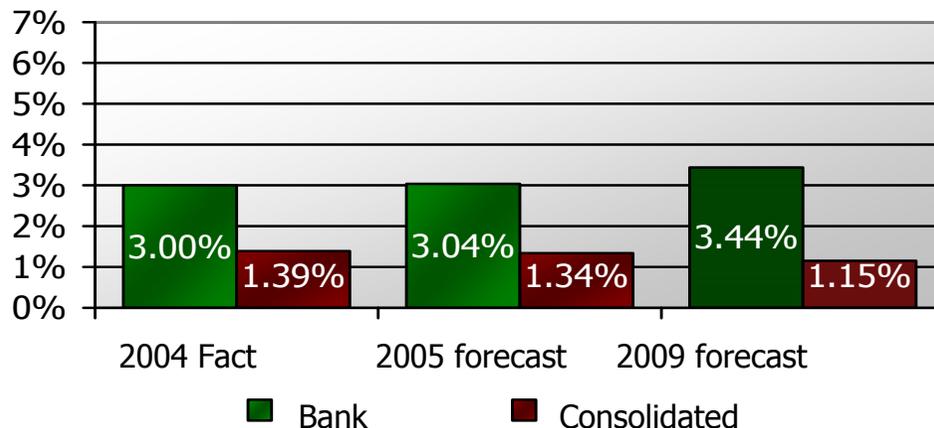
The charts show targets in the different market segments to be achieved with organic grow, without further acquisitions.

The banking group targets to improve cost efficiency further, the cost/income ratio will decrease under 50% by 2009*

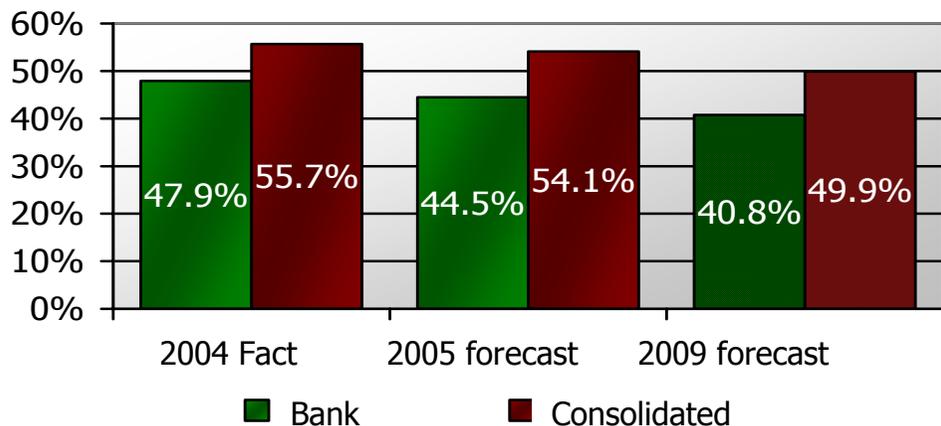
Net interest margin



Net fee margin**



Cost/income ratio

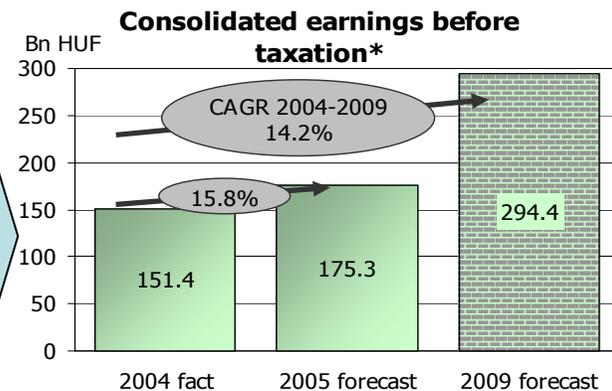
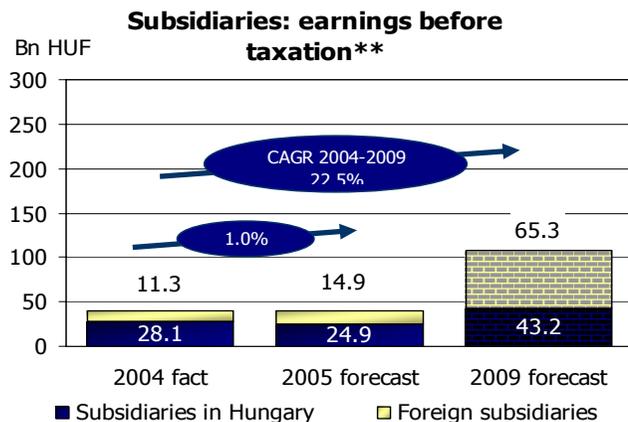
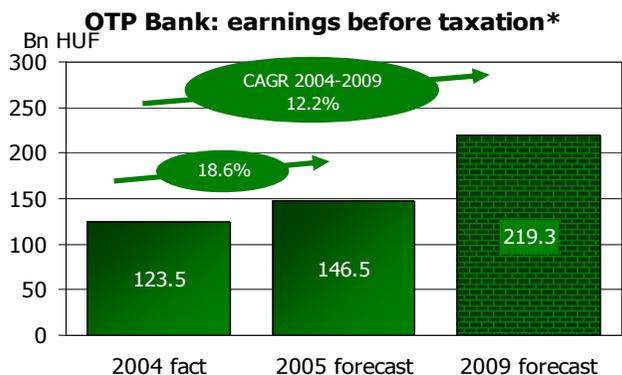


- In the coming years net interest margin will decrease further
- We expect the net fee margin** to grow significantly on the bank-level, while on the consolidated level it will decrease moderately
- The Bank plans to decrease the cost/income ratio to 40% at bank level and under 50% at group level until 2009

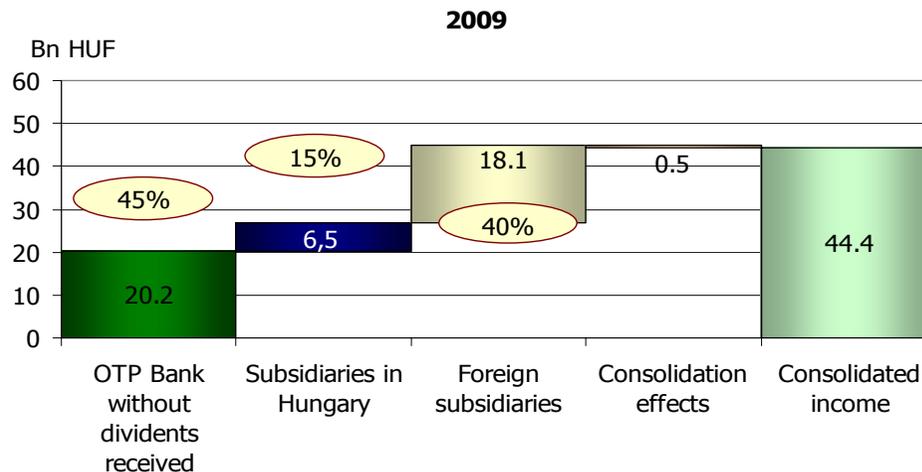
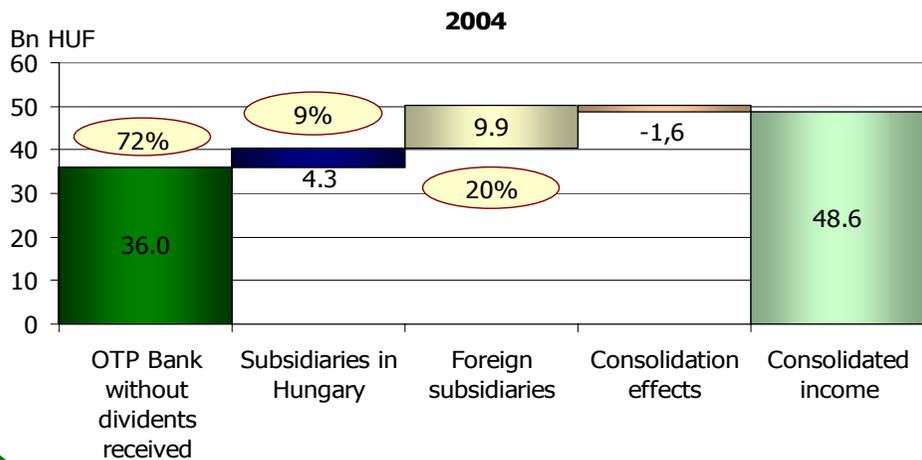
* The figures show the planned organic development of the present banking group, according to the Hungarian Accounting Standards

** Net fee revenue compared to the average volume of deposits and loans

OTP Bank's performance remains dominant in the Group but the contribution of foreign subsidiaries to earnings growth will increase



Contribution of banking group members to pre-tax earnings growth*



* The figures show the planned organic development of the present banking group, according to the Hungarian accounting standards, with dividends received, before banking and corporate taxation

** Without acquisitions planned for 2005

With organic development current* OTP Group aims to reach 15% average profit growth in the coming years

Main figures of OTP Group's strategic plan

Consolidated**, according to Hungarian Accounting Standards, EUR billion***, %

	2005	2009	CAGR/ Change
Market size (total assets)			
Hungary	73.5	116.1	12.1%
Total (current markets*)	175.0	281.0	12.6%
OTP Group			
Market share			
Hungary****	24.9%	26.6%	+1.7%p
Total (current markets*)	12.0%	14.6%	+2.6%p
Total assets			
Hungary****	18.3	30.8	13.9%
Total (current markets*)	21.0	39.8	17.4%
Main indicators			
Interest margin	6.3%	4.6%	-1.7%p
Fee margin	1.3%	1.2%	-0.1%p
Cost/income	54.1%	49.9%	-4.2%p
Net profit (EUR million)	554	973	15.1%
Net profit (EUR million, IFRS)	620	1,031	13.5%
ROAE	31.8%	35.7%	+3.9%p

* Hungary, Bulgaria, Slovakia, Romania, Croatia

** Plans for current group's organic growth while maintaining efficient capital structure

*** BS items calculated on year end, P&L items on annual average HUF/EUR exchange rates. Annual average HUF/EUR exchange rates: 2005:249,4; 2009:252,8

**** Non consolidated, aggregated, compared to the financial institution system

Source: OTP

OTP Bank can achieve the targeted market position by improving distribution and retaining „valuable” clients



Value proposition development targets

- Intensive use of CRM system, segmentation and options provided by the databank in distribution and creation of value offers
- Development of segmentation methodology and extension of data researched
- Improvement of cross-sales and intensity of product usage through segment specific sales campaigns, development of sales campaign effectiveness
- Renewal of value proposition to micro- and small enterprises, improvement of service quality and effectiveness

Programmes for distribution channel improvement

- Carry on the branch network transformation– formation of a standard distribution approach project:
 - dissemination of sales supporting tools
 - phase in best branch practices
 - implementation of a new incentive system
- Development of electronic channels through the expansion of services available and implementation of comfort functions; strengthening of OTPdirekt brand
- More efficient use of alternative distribution channels (agents of group members, other external intermediaries)

Key challenges for internal development are preparation for Basel II standards and improvement of the incentive system



Risk management

- Credit risk management:
 - Basel II standards must be fully met in 2005 regarding all background process and inner regulations
 - Final definition of the role of the division responsible for operational risks
 - Actualisation of risk management methods and fit it to the group in the bank and subsidiaries
- Management of market, country and partner risks:
 - Transformation of methodologies for rating countries and professional money- and capital market participants in line with the requirements of the new capital agreement
 - Further improvement of country- and partner risk assessment methodologies on group level

Human resource management

- Implementation of a new compensation system
 - Constant, objective measurement of personal performance
 - Performance-based incentivisation
 - Unlimited extra-income opportunity in the branch network
- Training for branch managers and administrators, improvement of sales skills in order to boost sales performance
- Education providing basic and special professional knowledge

Forward looking statements

This presentation contains several forward looking statements concerning financial conditions, operational income and business activity of OTP Bank and the OTP Group. These statements and forecasts carry risks as they hinge upon future events and circumstances. Several factors can result in actual outcomes and processes deviate from the forward looking statements and forecasts included or implied by this document. Statements are based on estimated exchange rates and financial conditions considering current regulations. None of the statements of this document can be regarded as forecast on future profits.