

OTP Bank – 1H 2007 results

Conference call presentation – August 14, 2007

Presented by: Dr. László Urbán, CFO



Major factors influencing the Group's activity and results in 2Q 2007

Macroeconomic and market environment

- In 2Q 2007 the major trends were similar to the first quarter
- Central Bank took a cautious monetary policy stance cutting the base rate only by 25 bps in June
- Household loan demand had not slowed down; volume growth was **18% year-on-year**
- Consumption was maintained at the expense of weakening savings; household's deposits **grew by 1%** during the last 12 month
- Newly extended loans were predominantly FX-linked. Share of FX loans within retail loans of banking sector increased **to 47.5% from 38.8%** a year before, while in OTP Group's portfolio this ratio grew **from 25% to 33%**
- Loan growth in Russia, Ukraine and Romania remained dynamic and exceeded the Hungarian market

Group level activity

1. Bulgaria and Montenegro performance improved nicely, weaker quarterly results in Russia and Serbia
2. Mixed market positions across the Group: in Hungary slight erosion in retail loans and deposits, DSK, OBH and OBS maintained their market share, OBR further strengthened its market share in housing loans (+2,7%-points y/y)
3. The quality of loan portfolio remained stable, cost of risk is significantly below plan, the coverage remained stable
4. New branch openings in Ukraine (13) and Romania (7); there is still some delay in Russia, but 35-40 places are already chosen for new branches
5. Further key personal changes and in-house steps (new products, wider distribution channels) at ISB Russia create good platform for enhanced volume growth

OTP Bank realised HUF 101.2 bn consolidated profit after tax in 1H and 50.7 in 2Q 2007, respectively

Financial highlights of OTP Group (consolidated, IFRS)

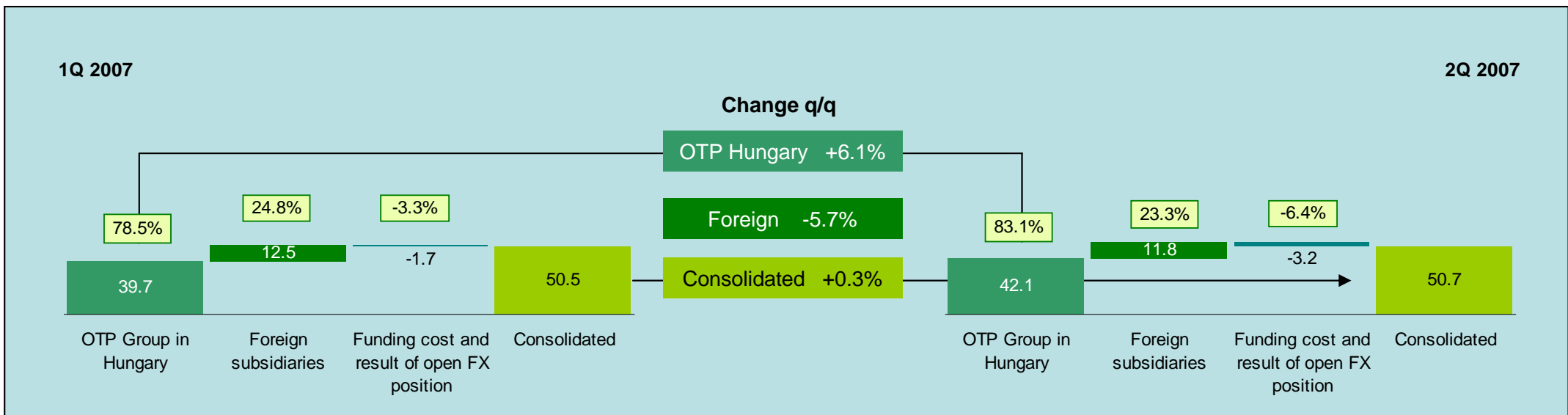
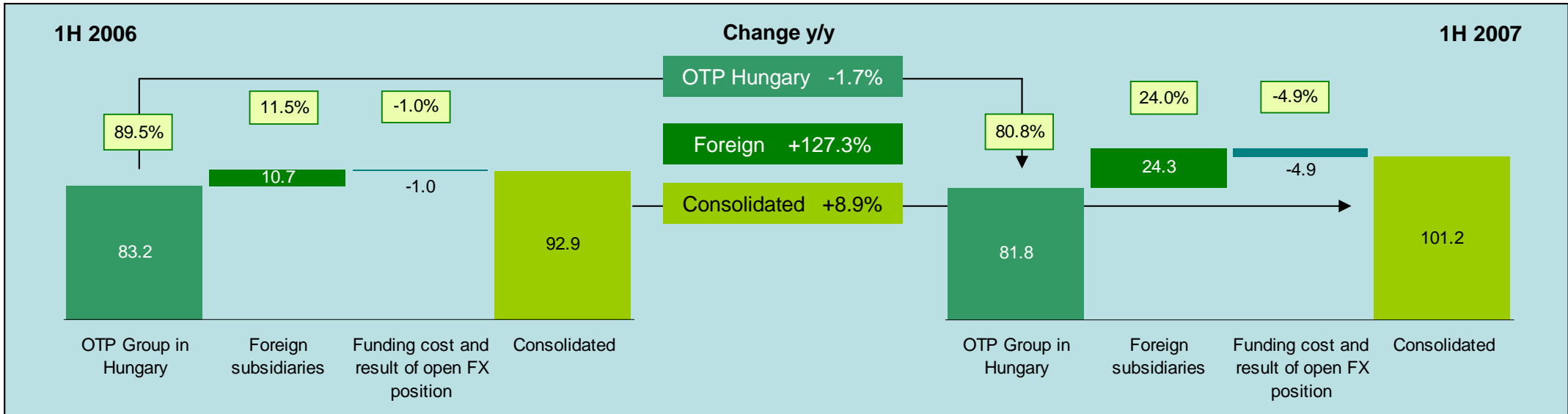
	2006 2Q	2007 1Q	2007 2Q	Q-o-Q	Y-o-Y	2006 1H	2007 1H	Y-o-Y
Total assets (HUF bn)	5,735.3	7,480.6	7,592.1	1.5%	32.4%	5,735.3	7,592.1	32.4%
Total loans and advances (HUF bn)	3,690.6	4,714.2	4,986.6	5.8%	35.1%	3,690.6	4,986.6	35.1%
Total deposits (HUF bn)	3,715.4	4,344.4	4,364.8	0.5%	17.5%	3,715.4	4,364.8	17.5%
Gross loan/deposit ratio	99.3%	108.5%	114.2%	5.7%	14.9%	99.3%	114.2%	14.9%
Shareholders' equity (HUF bn)	598.7	791.9	842.4	6.4%	40.7%	598.7	842.4	40.7%
Net interest income (HUF bn)	73.1	102.9	97.6	-5.2%	33.5%	144.5	200.5	38.8%
Net interest income w/o swaps (HUF bn)	82.4	95.7	97.5	1.9%	18.4%	157.0	193.2	23.0%
Net interest margin before provision	5.23%	5.65%	5.18%	-0.47%	-0.05%	5.28%	5.46%	0.18%
Net interest margin w/o swaps	5.90%	5.25%	5.18%	-0.07%	-0.72%	5.74%	5.26%	-0.48%
Pre-tax profits (HUF bn)	56.8	60.9	62.1	2.0%	9.3%	111.1	123.0	10.7%
After tax profits (HUF bn)	46.7	50.5	50.7	0.3%	8.4%	92.9	101.2	8.9%
Total income (HUF bn)	136.5	176.4	170.2	-3.5%	24.6%	266.1	346.5	30.2%
Operating expenses (HUF bn)	76.3	94.2	101.2	7.4%	32.7%	145.7	195.5	34.2%
Cost to income ratio	55.9%	53.4%	59.5%	6.1%	3.6%	55.4%	56.4%	1.0%
Return on Assets	3.34%	2.77%	2.69%	-0.08%	-0.65%	3.39%	2.76%	-0.64%
Return on Equity	32.9%	25.6%	24.8%	-0.8%	-8.1%	32.4%	24.8%	-7.6%
EPS base* (HUF)	181	192	193	0.2%	6.5%	359	385	7.0%
EPS fully diluted* (HUF)	180	192	182	-5.0%	0.8%	358	364	1.9%

In 1H 2007, consolidated profit before tax was up by 10.7% and profit after tax was 8.9% higher than a year ago.

* Calculation method of EPS has changed in 2Q 2007; 1Q figure is recalculated by the new method, therefore different from the figures published in Stock Exchange Report

In 2Q 2007, the underlying Hungarian business – net of funding cost – outperformed the results of foreign subsidiaries

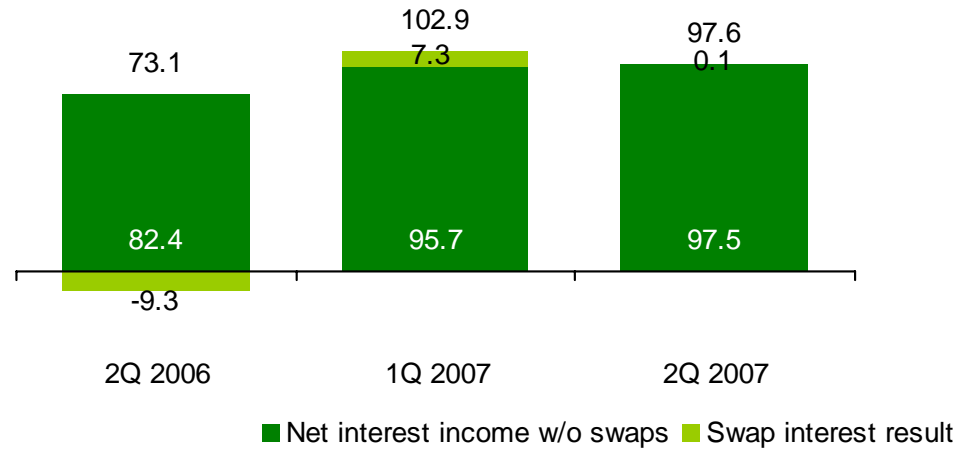
Volume and distribution of consolidated profit after tax (HUF bn; %)



The swap-adjusted consolidated net interest margin decreased slightly by 7 bps in 2Q 2007

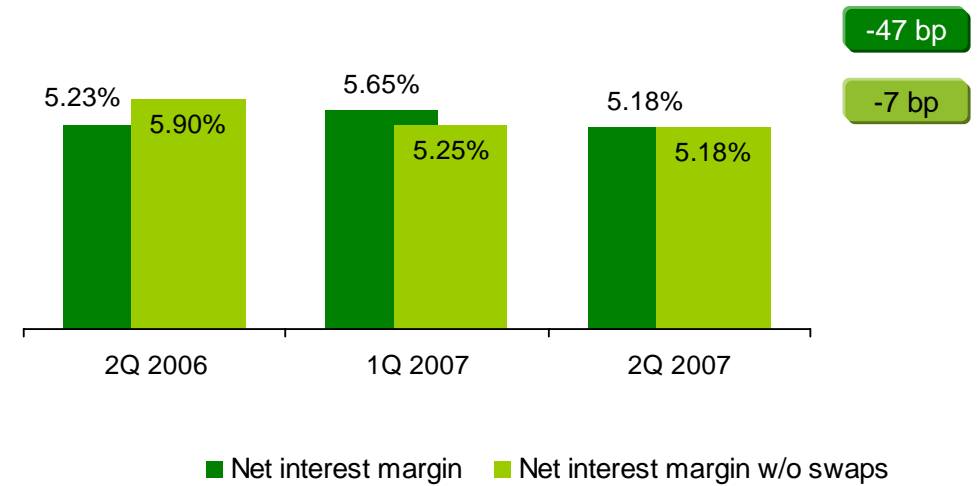
Net interest income

HUF bn



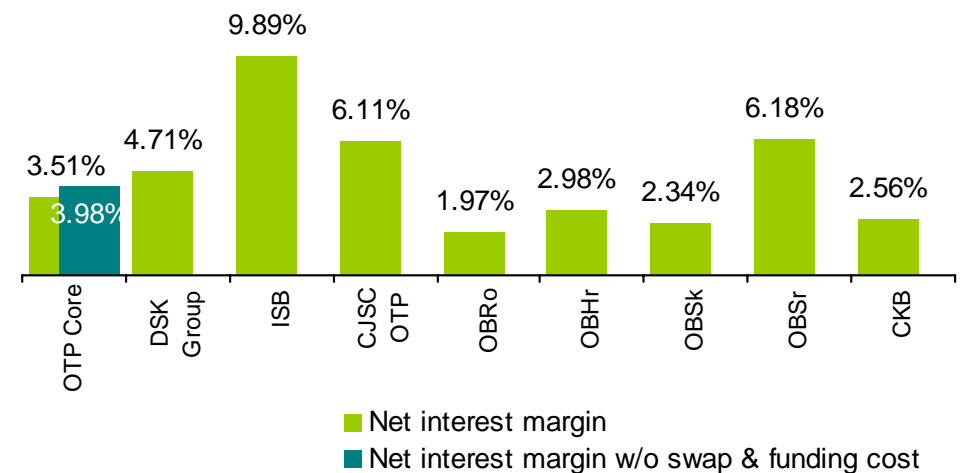
Net interest margin, consolidated

Change Q/Q



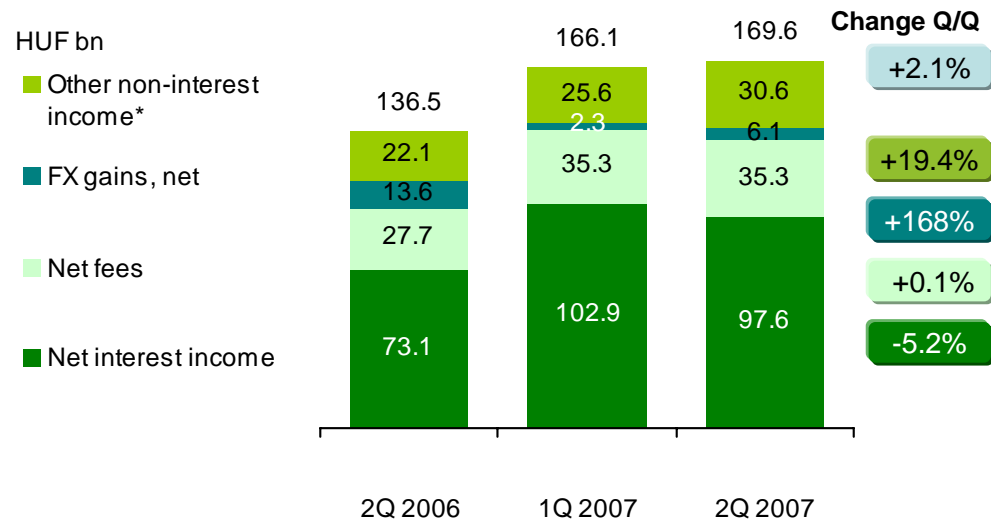
- Consolidated net interest margin declined by 5 bps in 2Q 2007, whereas the swap-adjusted NIM dropped by 72 bps y/y, respectively
- Effect of swaps on NIM was neutral in 2Q
- Within the Group, ISB reached the highest NIM close to 10%

Net interest margin of major Group members in 2Q 2007

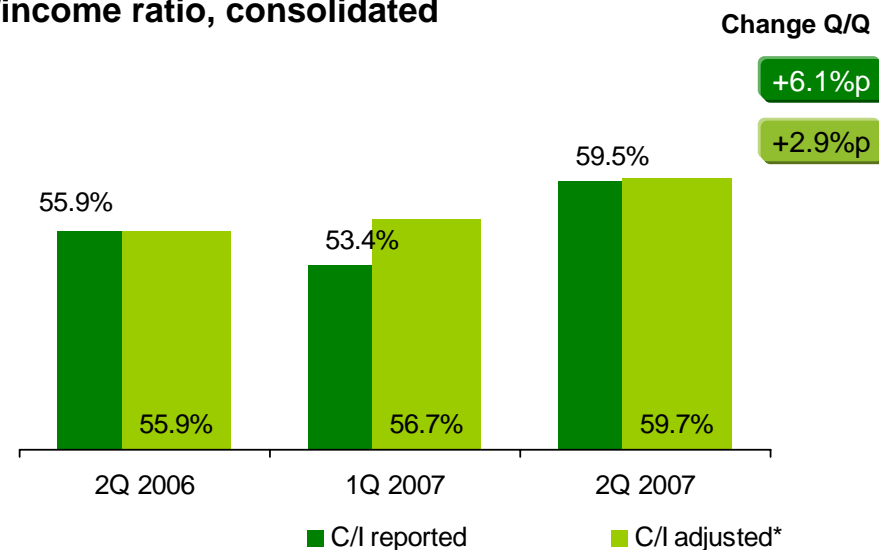


Adjusted consolidated cost/income ratio deteriorated by 2.9%-points q/q

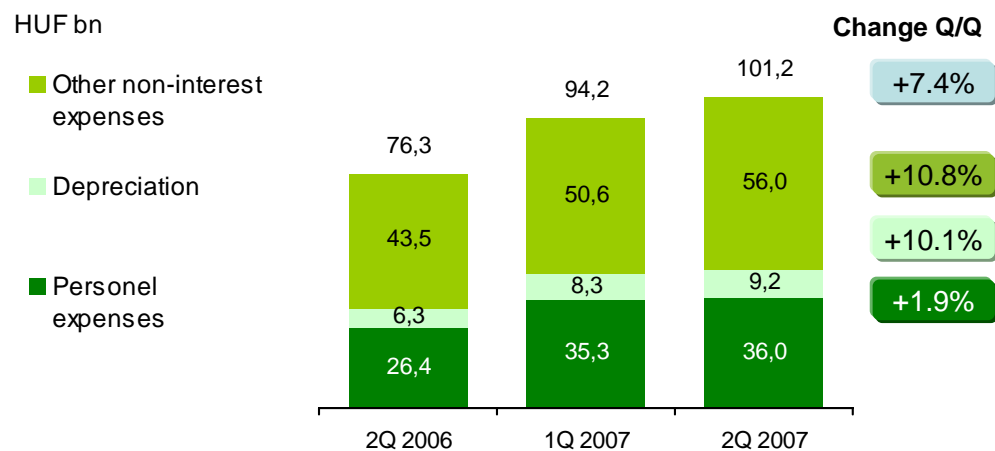
Total revenues*



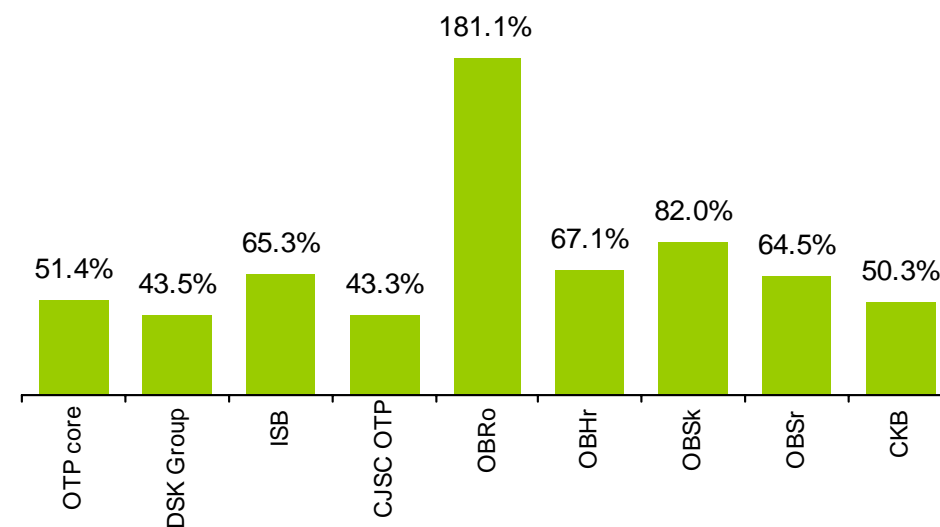
Cost/income ratio, consolidated



Operating expenses



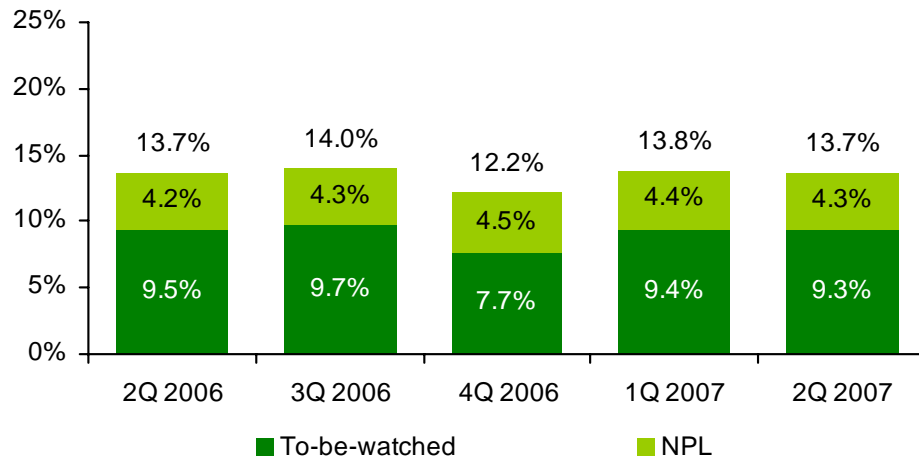
Cost/income ratio of the major Group members in 2Q 2007



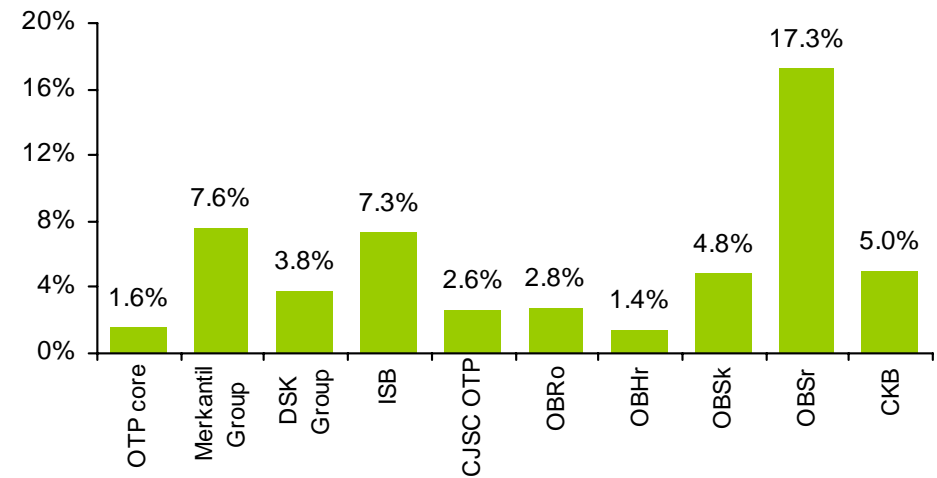
* Net of income from provision on loans before acquisition

The portfolio quality remained stable, NPL ratio stood at 4.3% at the end of 2Q 2007

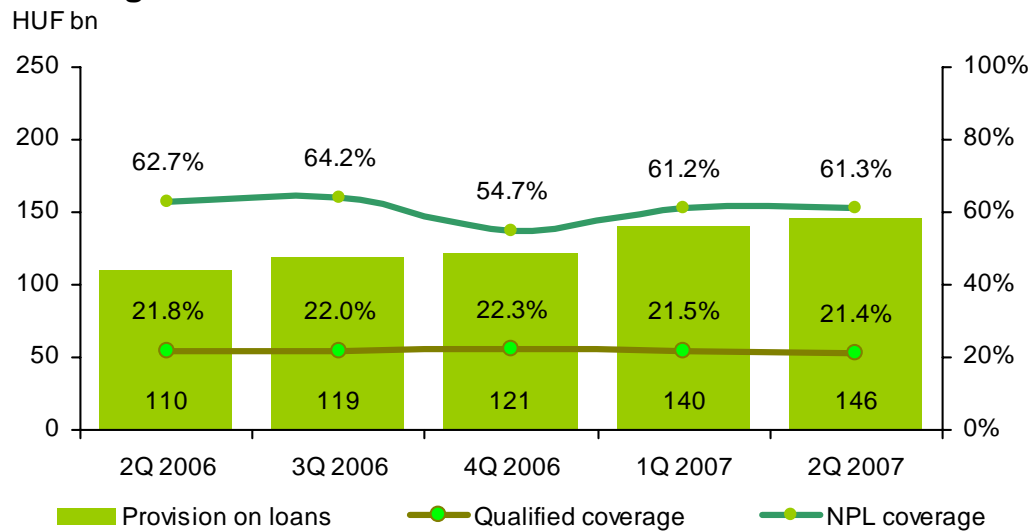
Qualified and NPL ratio*



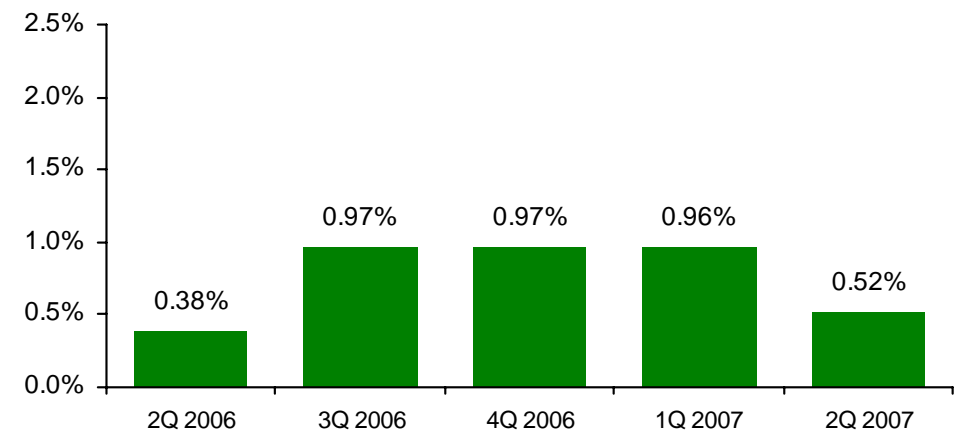
NPL ratio at the major Group members* in 2Q 2007



Coverage



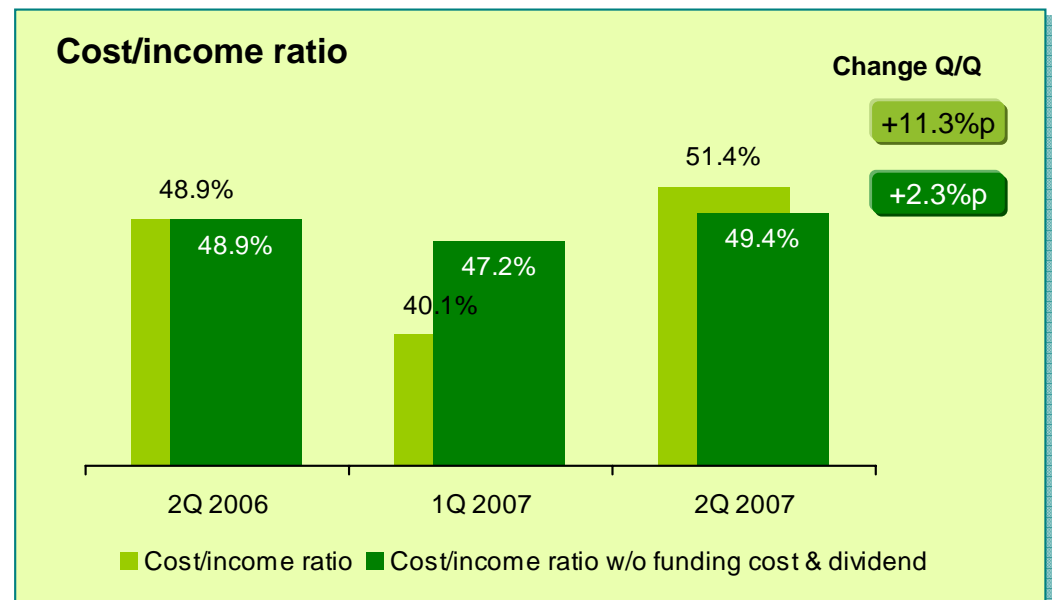
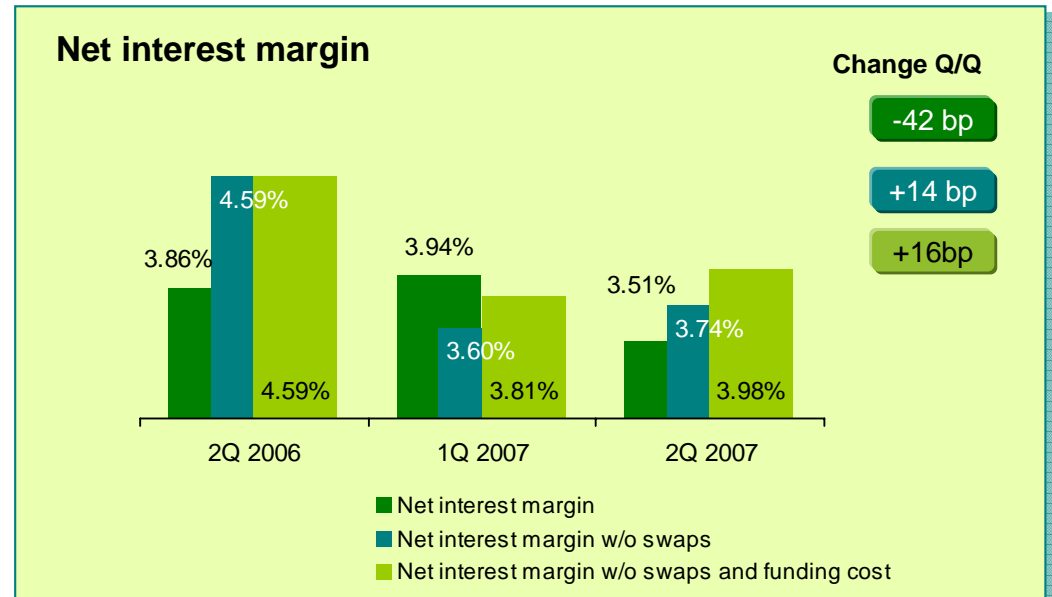
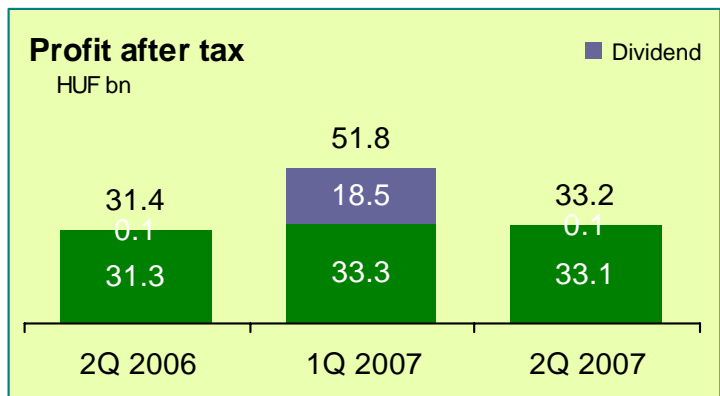
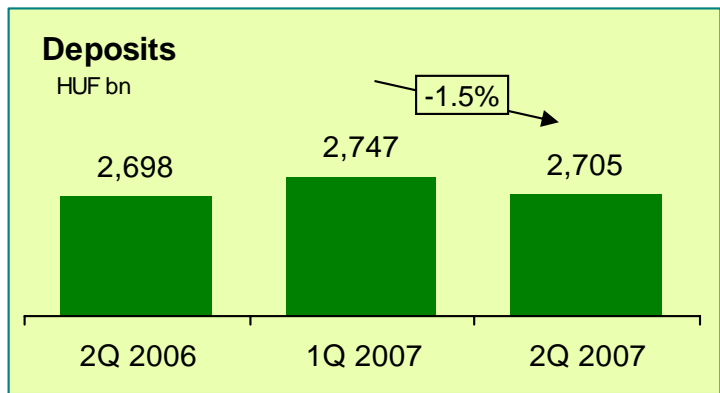
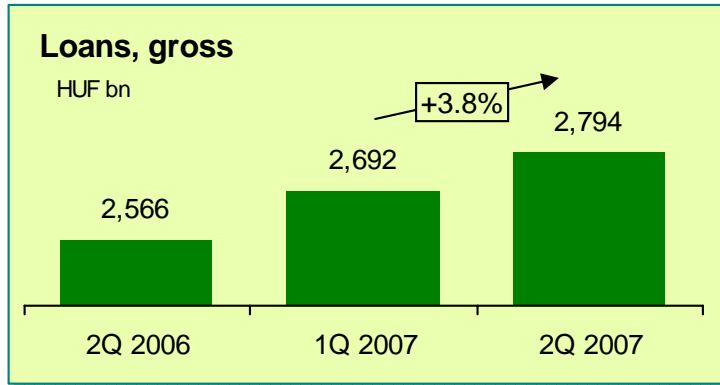
Cost of risk to the average loans**



* The figures of foreign network banks are based on OTP's classification rules

** Including the income from provisions before acquisitions. This ratio calculated with the reported cost of risk only, would be 0.56% in 2Q 2007

Stable core banking activity* in Hungary







* OTP Bank, OTP Mortgage Bank and OTP Building Society together





While OTP Group maintained its leading position on the Hungarian market, market shares were slightly further deteriorating in 2Q 2007

	Market share (30/06/2007)		Change (Q/Q (Y/Y))			Market share (30/06/2007)		Change (Q/Q (Y/Y))	
Total assets		25.0%	↓	-0.3%p (+1.5%p)	Total deposits		23.4%	↓	-0.3%p (-1.7%p)
Total loans		20.2%	↓	-0.2%p (-0.5%p)	Retail deposits		31.6%	↓	-0.1%p (-1.7%p)
Mortgage loans		39.5%	↓	-1.2%p (-4.4%p)	Corporate deposits		10.3%	↑	+0.3%p (-0.3%p)
FX mortgages		21.4%	↓	-0.5%p (-2.6%p)	Municipal deposits		53.8%	↓	-11.3%p (-9.5%p)
Consumer loans		24.5%	↓	-0.2%p (-0.4%p)	Investment funds		27.9%	↓	-0.2%p (-7.0%p)
Corporate loans		10.6%	↓	-0.1%p (-0.5%p)	Insurance premiums (cumulated)		9.2%	↑	+0.9%p (-0.9%p)
Municipal loans		57.9%	↑	+1.9%p (+5.6%p)					

Profit after tax of foreign subsidiaries was HUF 11.8 bn in 2Q 2007 (HUF 12.5 bn in 1Q)...

	 DSK Group (with SPV)			 OTP banka Hrvatska			 OTP Banka Slovensko			 OTP Bank Romania		
Main balance sheet items, HUF bn	2Q 2007	Q-o-Q	Y-o-Y	2Q 2007	Q-o-Q	Y-o-Y	2Q 2007	Q-o-Q	Y-o-Y	2Q 2007	Q-o-Q	Y-o-Y
Total assets	886.2	0.7%	15.0%	375.3	0.3%	4.4%	337.6	1.1%	6.1%	203.9	8.5%	85.0%
Gross loans	591.5	8.5%	18.7%	215.3	2.1%	8.1%	204.7	2.2%	13.5%	135.7	19.8%	121.6%
Deposits	541.0	1.9%	4.6%	272.4	1.5%	-1.5%	207.9	4.4%	9.0%	50.8	29.5%	56.5%
Shareholders' equity	99.6	6.3%	11.0%	37.2	3.4%	14.6%	21.0	-1.0%	10.4%	24.1	-0.5%	22.8%
Gross loans/deposits ratio	109.3%	6.7%	13.0%	79.0%	0.4%	7.0%	98.5%	-2.1%	4.0%	267.0%	-21.6%	78.5%
Main P&L items, HUF million												
Net interest income	10,407	2.2%	4.2%	2,788	0.5%	-0.6%	1,964	0.4%	7.5%	964	-7.5%	40.7%
Net fee and commission income	4,422	14.0%	26.4%	743	21.6%	13.7%	496	-17.7%	2.4%	163	-54.3%	-44.9%
Total income	15,408	6.2%	12.6%	4,379	8.1%	-5.7%	2,706	-7.4%	-14.4%	1,816	-6.5%	32.0%
Operating expenses	6,710	11.2%	3.2%	2,936	12.9%	7.5%	2,219	20.3%	16.9%	3,289	47.7%	48.6%
Profit after tax	7,019	33.2%	37.8%	863	10.1%	-17.6%	211	-56.7%	-14.1%	-1,462	198.9%	34.9%
Cost/income ratio	43.5%	2.0%	-4.0%	67.1%	2.8%	8.2%	82.0%	18.8%	22.0%	181.1%	66.5%	20.3%
Net Interest Margin	4.71%	0.02%	-0.97%	2.98%	-0.03%	-0.29%	2.34%	-0.03%	-0.07%	1.97%	-0.22%	-1.13%
ROA	3.18%	0.8%	0.3%	0.92%	0.1%	-0.3%	0.25%	-0.3%	-0.1%	-2.99%	-2.0%	1.9%
ROE	29.0%	6.1%	4.8%	9.4%	0.0%	-4.1%	4.0%	-5.4%	-1.3%	-24.3%	-16.3%	1.2%
Market share, %												
Total assets	14.3%	-0.1%	0.1%	3.5%	0.0%	0.1%	3.0%	0.0%	0.1%			
Retail loans	32.5%	-0.6%	-3.8%	4.3%	0.2%	0.3%	3.4%	-0.2%	-0.4%	2.2%	0.1%	1.1%
Corporate loans	7.3%	0.1%	-0.4%	2.7%	-0.1%	-0.3%	4.2%	0.0%	-0.1%	1.7%	0.2%	0.7%
Retail deposits	21.4%	-0.2%	-1.5%	5.5%	0.0%	0.0%	2.6%	0.1%	0.2%	0.6%	0.0%	0.0%
Corporate deposits	6.9%	-0.3%	-0.4%	2.4%	-0.1%	0.2%	2.4%	-0.2%	-0.6%	0.6%	0.0%	0.1%

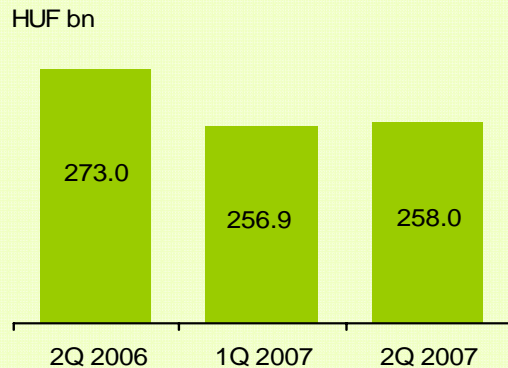
...within that HUF 5.4 bn (in 1Q HUF 6.9 bn) came from the newly consolidated banks

Main balance sheet items, HUF bn	 CJSC OTP Bank		 ISB		 OTP banka Srbija		 CKB		Contribution of foreign subsidiaries			Share of newly consolidated subsidiaries
	2Q 2007	Q-o-Q	2Q 2007	Q-o-Q	2Q 2007	Q-o-Q	2Q 2007	Q-o-Q	2Q 2007	Q-o-Q	Y-o-Y	2Q 2007
Total assets	486.9	6.7%	369.7	12.5%	99.8	-7.3%	186.0	15.6%	39.4%	1.0%	11.3%	15.3%
Gross loans	424.8	10.7%	236.3	9.3%	49.8	-1.4%	129.6	21.9%	40.5%	1.1%	14.2%	17.1%
Deposits	141.8	-0.4%	261.4	2.5%	40.5	-6.6%	155.4	17.9%	38.3%	1.2%	10.8%	13.7%
Shareholders' equity	53.8	16.6%	40.1	1.3%	38.5	3.3%	9.2	6.5%	39.2%	-0.4%	11.0%	17.2%
Gross loans/deposits ratio	299.7%	30.1%	90.4%	5.6%	122.9%	6.5%	83.4%	2.7%	0.0%	0.0%	0.0%	
Main P&L items, HUF million												
Net interest income	7,198	9.1%	8,637	-12.9%	1,603	-13.1%	1,109	62.5%	36.0%	1.6%	14.1%	19.3%
Net fee and commission income	855	-5.3%	3,197	-13.9%	579	-9.1%	860	15.1%	30.5%	-0.9%	16.7%	14.8%
Total income	8,612	-3.8%	11,620	-46.8%	4,336	-10.6%	2,059	33.7%				
Operating expenses	3,725	23.8%	7,590	-27.8%	2,797	21.0%	1,035	16.6%				
Profit after tax	3,330	-16.4%	892	-55.8%	494	33.0%	637	27.8%	23.2%	-1.6%	11.9%	10.4%
Cost/income ratio	43.3%	9.6%	65.3%	17.2%	64.5%	16.9%	50.3%	-7.4%				
Net Interest Margin	6.11%	0.2%	9.89%	-2.2%	6.2%	-0.5%	2.6%	0.7%				
ROA	2.82%	-0.8%	1.02%	-1.4%	1.91%	0.6%	1.47%	0.1%				
ROE	26.6%	-8.9%	8.9%	-11.8%	5.2%	1.2%	28.5%	1.0%				
Market share, %												
Total assets	3.0%	-0.2%			2.3%	-0.3%	36.4%	-1.1%				
Retail loans	4.7%	-0.4%			1.6%	-0.1%						
Corporate loans	3.2%	0.0%			2.6%	-0.5%						
Retail deposits	1.6%	-0.1%			1.4%	-0.1%						
Corporate deposits	2.1%	-0.3%			2.8%	-0.5%						

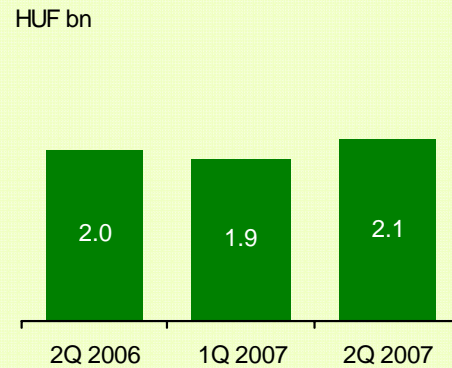
Profit of domestic subsidiaries gave 19% of consolidated profit after tax in 2Q 2007

Merkantil Group

Volume of gross loans

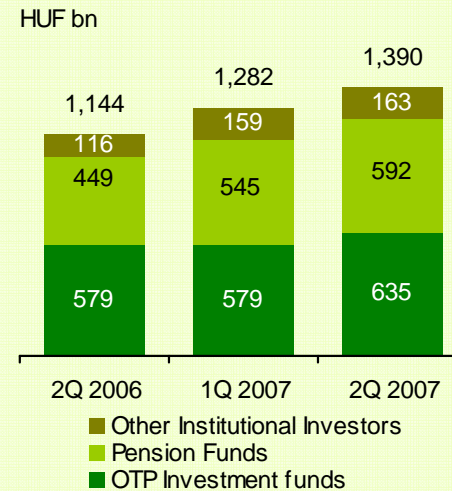


Profit after tax

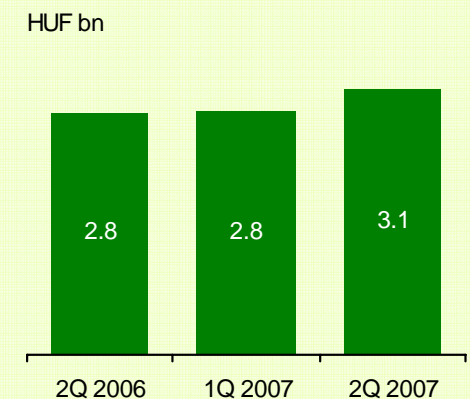


OTP Fund Management

Assets under management

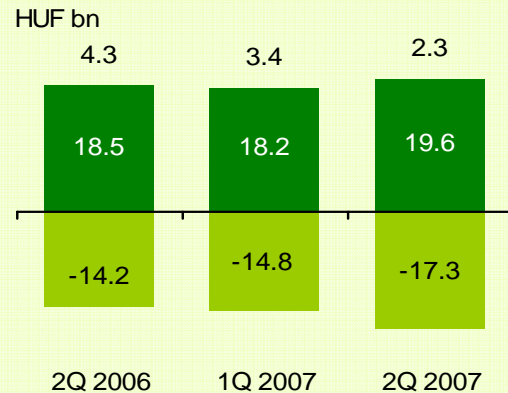


Added value

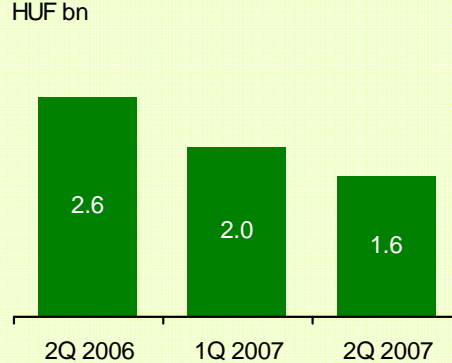


OTP Garancia Insurance

Net insurance income



Profit after tax



- Despite of the maturing leasing market, Merkantil Group managed to outperform the market, and its total car-financing loan portfolio increased by 8.4% to HUF 238.4 billion
- OTP Fund Management was able to maintain its market position, and the value of asset under management reached HUF 1,390 billion
- At OTP Garancia, insurance premiums grew by 7.5% q/q, while insurance expenses by 17% causing a decline of net insurance results from HUF 3.4 bn in 1Q 2007 to HUF 2.3 bn in 2Q

Ongoing projects to secure 2007 profit target

- Main focus on Hungary and Russia
- In Hungary:
 - Intensified emphasis on sales activity (new Retail Head)
 - Streamlining property appraisal process
 - Proactive approach to moderate early repayment of mortgages
 - More focus on Budapest region
 - Attractively priced retail deposit campaign in Hungary, coordinated efforts to capture a larger share of the renewal of retail savings
- In Russia: new CEO Alexej Korovin
 - Continuing branch openings
 - Widening 3rd party sales network
 - Identifying several local banks as M&A targets
- Opening further branches in Ukraine and building up agent network in Romania
- Strengthening alternative distribution channels, improving efficiency and control mechanism at DSK



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