OTP Bank –1Q 2007 results

Conference call presentation – May 15, 2007

Presented by: Dr. László Urbán, CFO

otpbank

Major factors influencing the Group's activity and results in 1Q 2007

Macroeconomic and market environment

- Lending activity in the retail sector turned out to be stronger against pessimistic predictions; basically all major segments were dominated by FX-linked products; slight moderation in lending rates; savings were boosted by permanent deposit campaigns thus volumes stabilized; assets under management grew steadily
- Unchanged monetary conditions, improving investor sentiment, stable, appreciating local currency without volatility, downward shifting yield curve
- Loan growth in Russia, the Ukraine and Romania remained dynamic and exceeded the Hungarian market. In Russia the proportion of mortgage loans increased within the new retail loans, while in Romania – parallel with the softening of loan restrictions – increased the demand for FX-loans, again.
- In Bulgaria seasonally weaker loan demand in all major segments

Group level activity

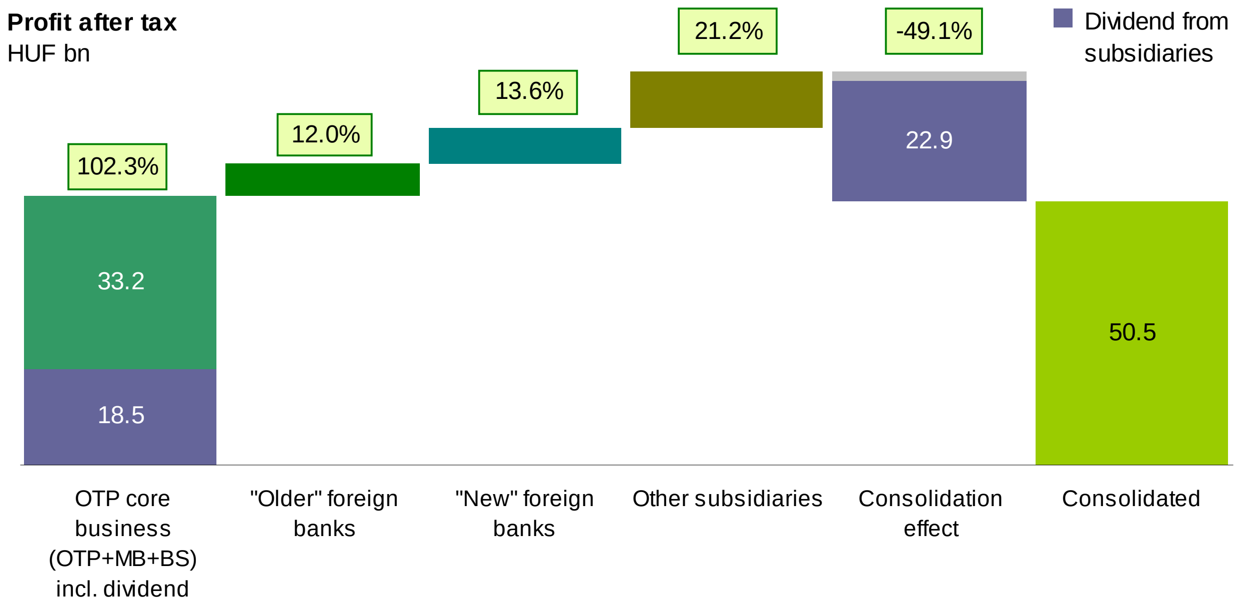
- Stable single digit loan expansion in the Ukraine, completion of the „takeover process" and internal reorganization in Russia
- Market positions were kept in Bulgaria, while OBR exceeded the growth of the market
- Mixed market positions across the Group: in Hungary slight erosion in retail loans and deposits, OBH and OBS maintained their market share, in Bulgaria the fund management grabbed nice chunk of the market, in the Ukraine almost 12% of mortgage lending belonged to CSJC.
- The quality of loan portfolio remained stable, even improved marginally in terms of NPLs and qualified loans; their coverage grew substantially
- Wholesale markets are becoming increasingly important source of loan growth at local and foreign subsidiaries: there were two major capital market transactions executed by OTP Bank in February, an EUR 200 million LT2 tap issue, and an EUR 750 million plain vanilla bond issue

OTP Bank realised HUF 50.5 bn consolidated profit after tax in 1Q 2007

Financial highlights of OTP Group (consolidated, IFRS)

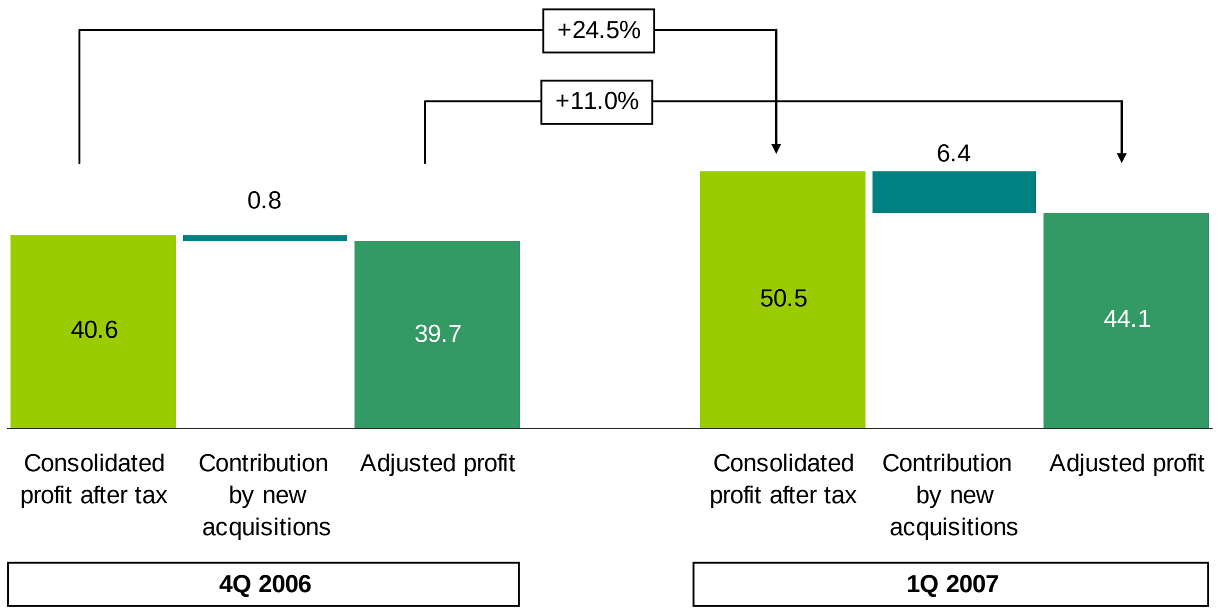
	2006 1Q	2006 4Q	2007 1Q	Q-o-Q	Y-o-Y
Total assets (HUF bn)	**5,444.8**	**7,097.4**	**7,480.6**	**5.4%**	**37.4%**
Total loans and advances (HUF bn)	3,417.7	4,474.7	4,714.2	5.4%	37.9%
Total deposits (HUF bn)	3,518.2	4,232.2	4,344.4	2.7%	23.5%
Gross loan/deposit ratio	97.1%	105.7%	108.5%	2.8%	11.4%
Shareholders' equity (HUF bn)	539.1	788.2	791.9	0.5%	46.9%
Net interest income (HUF bn)	71.3	104.6	102.9	-1.6%	44.3%
Net interest income w/o swaps (HUF bn	74.6	83.5	95.7	14.6%	28.2%
Net interest margin before provision	5.35%	6.30%	5.65%	-0.65%	0.30%
Net interest margin w/o swaps	5.60%	5.03%	5.25%	0.22%	-0.35%
Pre-tax profits (HUF bn)	54.3	44.5	60.9	36.6%	12.1%
After tax profits (HUF bn)	**46.2**	**40.6**	**50.5**	**24.5%**	**9.4%**
Total income (HUF bn)	129.6	144.8	176.4	21.8%	36.1%
Operating expenses (HUF bn)	69.4	90.2	94.2	4.5%	35.8%
Cost to income ratio	53.5%	62.3%	53.4%	-8.8%	-0.1%
Return on Assets	3.47%	2.45%	2.77%	0.33%	-0.69%
Return on Equity	34.0%	22.6%	25.6%	3.0%	-8.4%
EPS base (HUF)	179	155	196	26.1%	9.2%
EPS fully diluted (HUF)	179	155	195	26.2%	9.2%

The consolidation of the new foreign banks had a significant impact on the consolidated results



- Contribution of the foreign subsidiaries to the consolidated after tax profit grew significantly, from 12.3% to 24.8%; within that
  - new foreign banks gave 13.6% of consolidated profit after tax;
  - contribution of other foreign banks was 12.0%,
  - while the other foreign subsidiaries – mainly insurance companies – were loss maker together.
- Dividends contributed the major part of consolidation effect with an amount of HUF 22.9 bn (of which HUF 18.5 bn paid to OTP Bank)

- Consolidated profit after tax is distorted by the results of the consolidation of new acquisitions:
  - after tax profit of the new subsidiaries grew from HUF 2.7 bn in the previous quarter (Niska + 2 months of CJSC OTP Bank) to HUF 6.9 bn
  - funding cost of Tier 2 elements issued to finance the acquisitions were HUF 1.8 bn in 4Q 2006 and HUF 2.5 bn in 1Q 2007, respectively
  - result of EUR open position (see next slide) amounted to HUF 2.0 bn
- Reported profit after tax increased by 24.5% q/q, while the adjusted profit disregarding the total effect of acquisition grew by 11.0% q/q

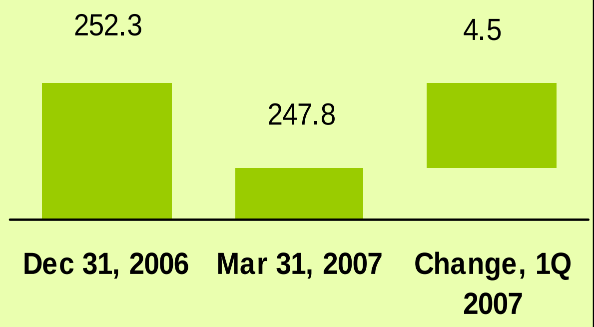


Open FX position stemming from acquisitions will contribute to the volatility of IFRS profit, as closing would be costly and would increase medium-run FX exposure

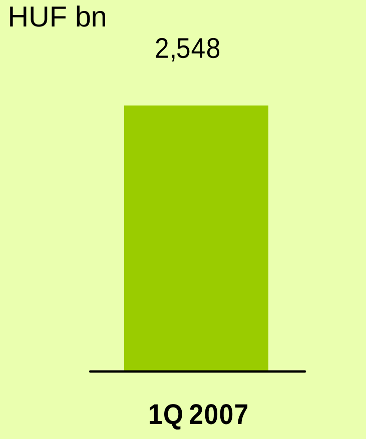
IFRS Open Position

- Acquisitions with Q4 2006 closings
- 570 million EUR denominated financing
- Loans financing the acquisitions are re-valued, while shares in subsidiaries are not: open position in IFRS
- Changes in HUF/EUR exchange rate show up in IFRS profit

Changes in HUF/EUR in 2007 Q1



Profit impact



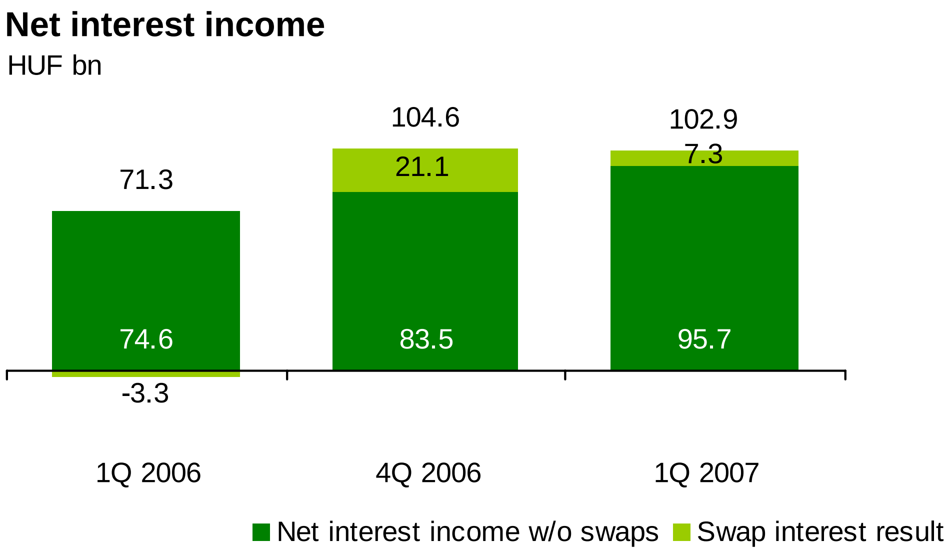
Fundamental and Medium-run Impacts

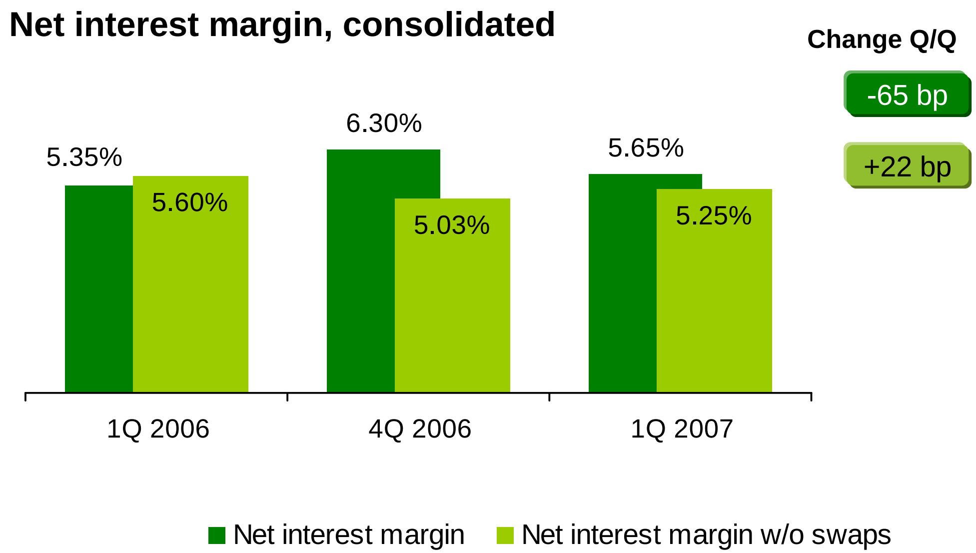
- Bulk of the balance sheet of the subsidiaries denominated in foreign currencies
- Future profits denominated in local currencies, but linked to FX rates (EUR)
- Today's (discounted) value of expected future profits more than compensates for FX loans financing the acquisitions

Impacts in 2007-2008

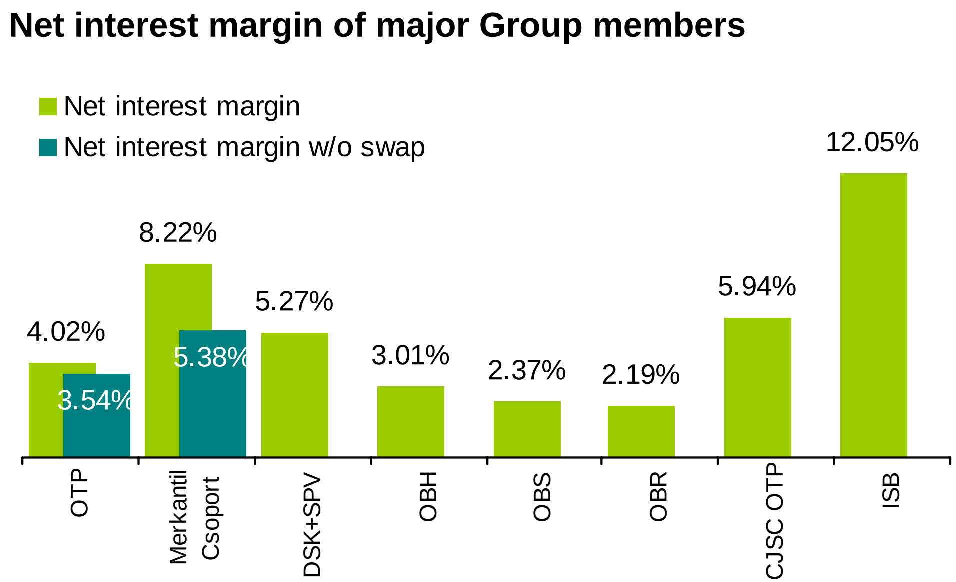
- Still large interest rate premium on HUF
- Closing open positions would deteriorate net interest income
- HUF depreciation unlikely to exceed interest rate differential

The swap-adjusted consolidated net interest margin increased by 22 bps in 1Q 2007



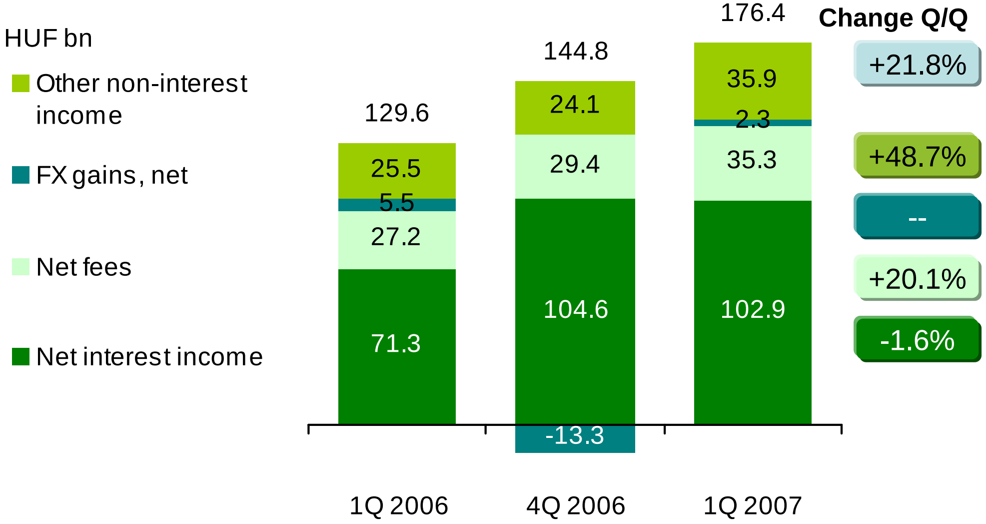


- Consolidated net interest margin declined by 65 bps in 1Q 2007, whereas the swap-adjusted NIM improved by 22 bps
- Within the Group, ISB reached the highest NIM over 12%
- NIM erosion was mainly the result of the decline in Hungary and Bulgaria, while NIM in Ukraine and Russia remained stable

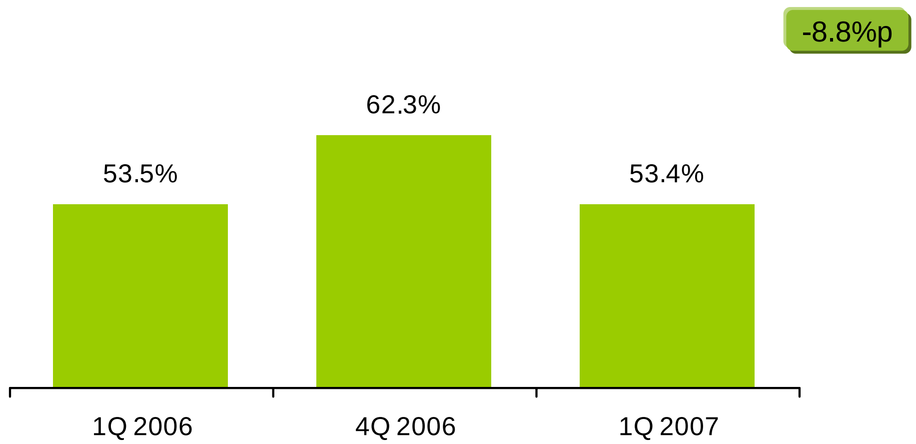


Consolidated cost/income ratio improved by 8.8%-points compared to the previous quarter

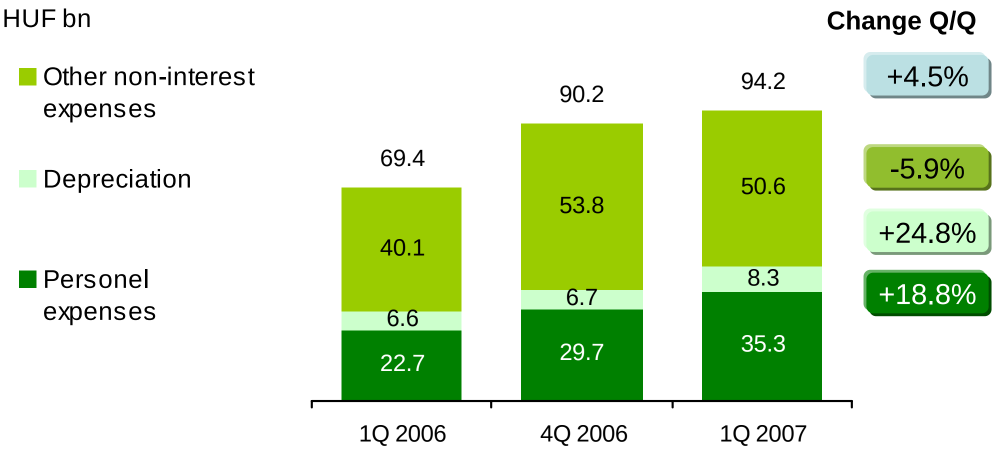
Total revenues



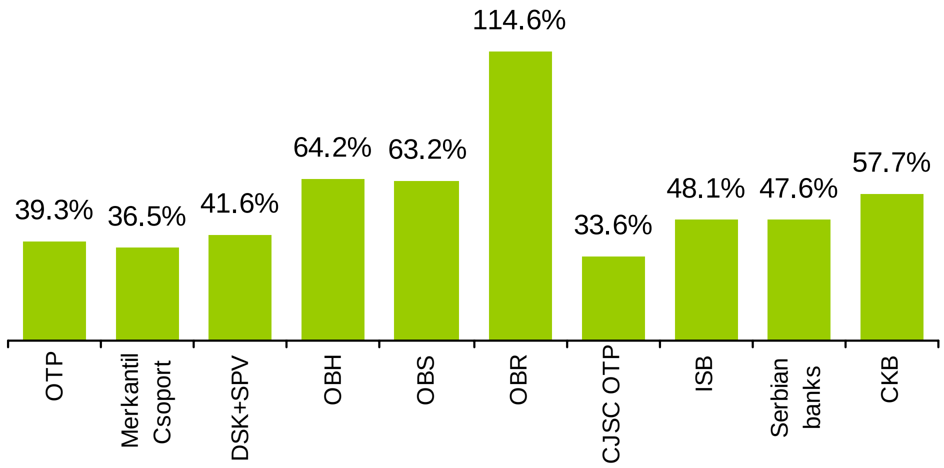
Cost/income ratio, consolidated



Operating expenses

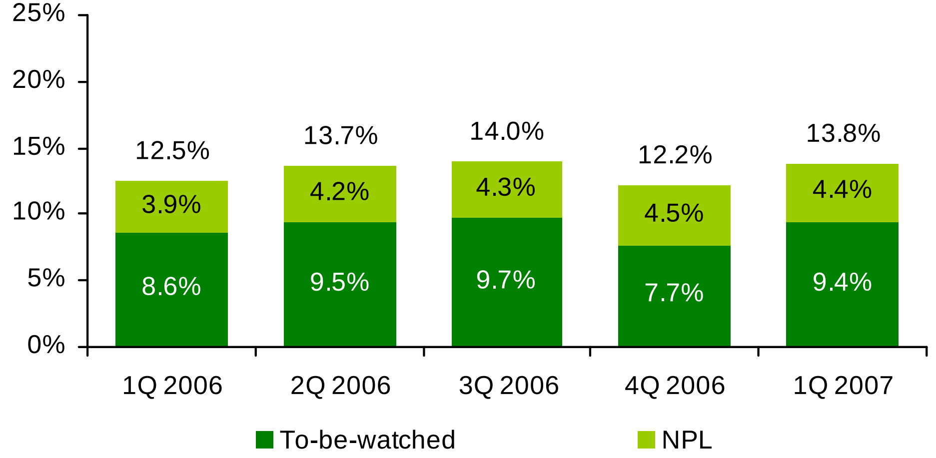


Cost/income ratio of the major Group members

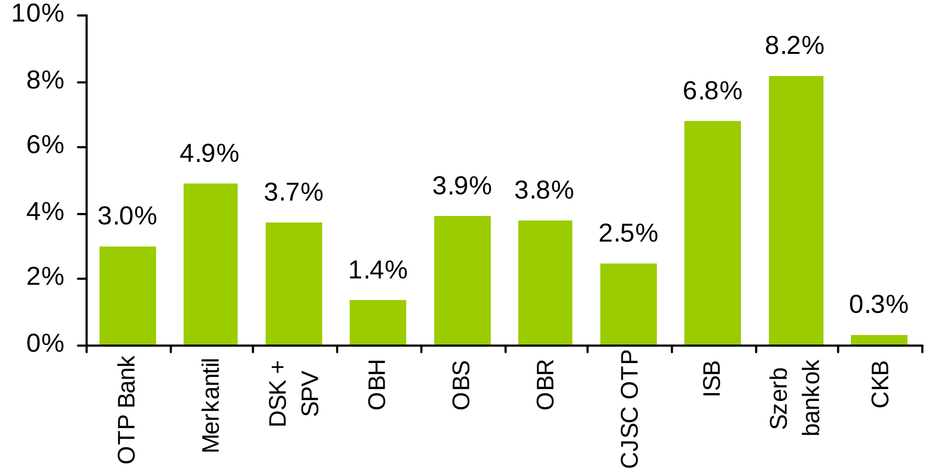


The portfolio quality improved, NPL ratio stood at 4.4% at the end of 1Q 2007

Qualified and NPL ratio*

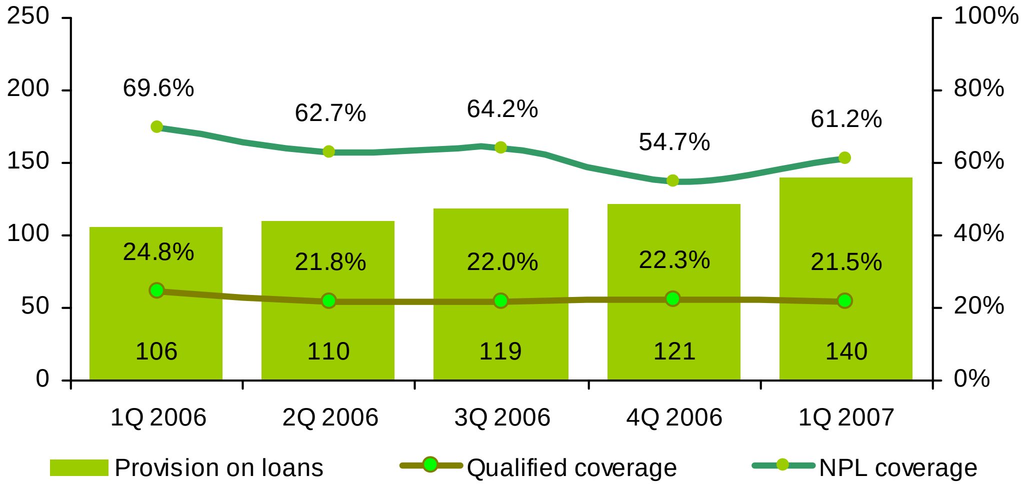


NPL ratio at the major Group members*

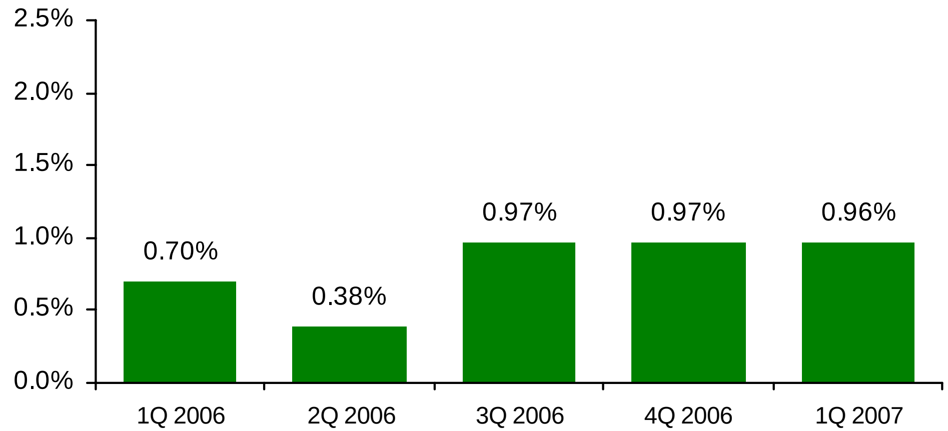


Coverage

HUF bn



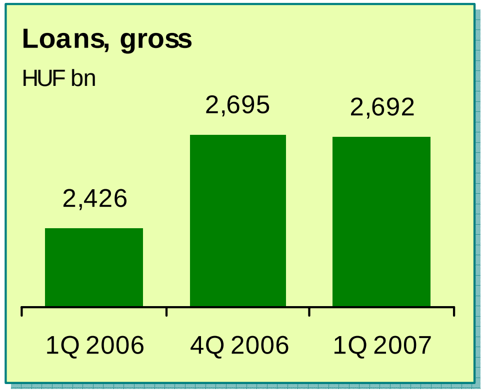
Cost of risk to the average loans**

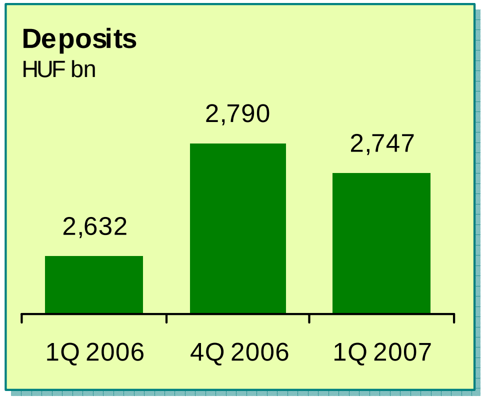


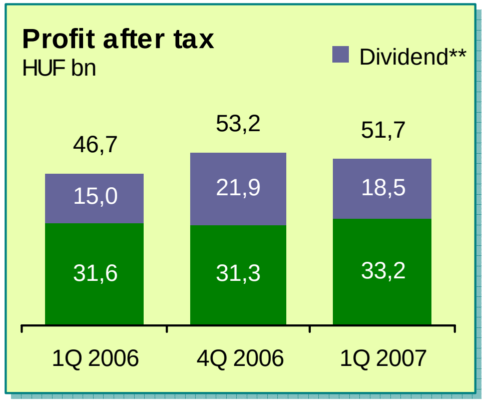
* The figures of the Ukrainian and Russian network banks are based on OTP's classification rules

** Including the income from provisions before acquisitions. This ratio calculated with the reported cost of risk only, would be 1.85%

Stable core banking activity* in Hungary







- Despite of the austerity measures local loan market contracted less so than expected, however both the volume of household deposits and corporate deposits declined q/q.
- 1 In most of the market segments OTP Group lost positions, to the largest extent in case of housing loans. At the same time
- 2 the Bank managed to maintain its pricing advantage over its competitors. While net interest margin in total dropped by 129 bps q/q, such decline was mainly the result of swap transactions
- 3 Operating costs moderated by 16%, within that marketing costs – despite of the re-branding campaign – remained under control and dropped by 50% q/q
- All the costs of capital elements raised for financing the acquisitions showed up at OTP Bank which of course will distort the valuation of the profitability of the underlying business
- 4 There has been a favourable development in the Bank's capital position, which was further supported by an additional EUR 200 million LT2 tap issue in February
- The combined after tax profit of OTP Bank, OTP Mortgage Bank and OTP Building Society without dividends from subsidiaries reached HUF 33.2 billion at the end of 1Q, representing a 6.2% increase over 4Q 2006

* OTP Bank, OTP Mortgage Bank and OTP Building Society together
** In 4Q 2006 cash given free of charge from OTP Fund Management because of ICES transaction

Despite losing market share in some segments, OTP Group maintains its leading position on the Hungarian market

1

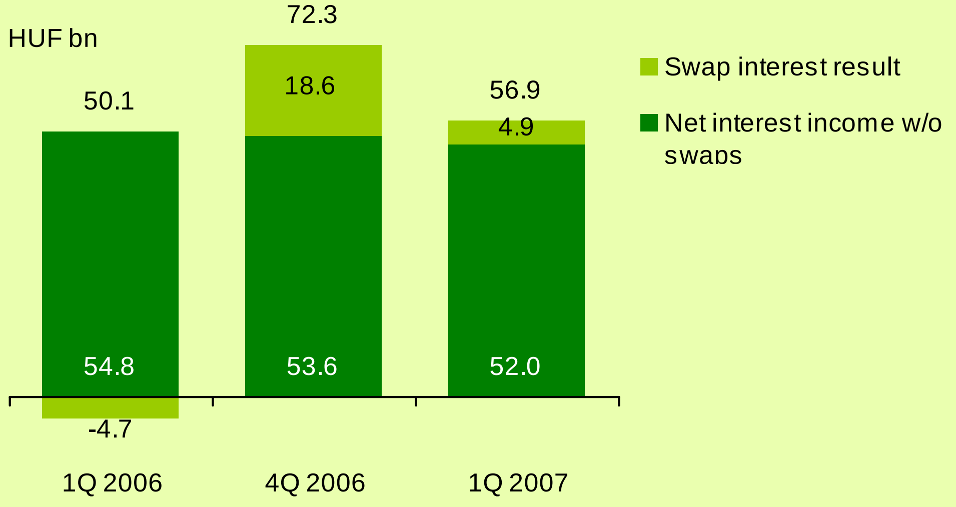
	Market share (31/03/2007)	Change Q/Q	(Y/Y)
Total assets	25.3%	+0.5%p	(+1.6%p)
Total loans	20.4%	-0.2%p	(-0.8%p)
Mortgage loans	40.7%	-1.0%p	(-4.7%p)
FX mortgages	22.0%	-0.9%p	(-1.0%p)
Consumer loans	24.7%	-0.2%p	(+0.1%p)
Corporate loans	10.7%	-0.3%p	(-1.1%p)
Municipal loans	55.9%	+0.9%p	(+4.1%p)

	Market share (31/03/2007)	Change Q/Q	(Y/Y)
Total deposits	23.7%	0.0%p	(-1.6%p)
Retail deposits	31.7%	-0.7%p	(-1.7%p)
Corporate deposits	10.0%	+0.1%p	(0.0%p)
Municipal deposits	65.1%	+1.0%p	(-5.8%p)
Investment funds	28.1%	+0.4%p	(-8.6%p)
Insurance premiums (cumulated)	8.3%	-1.4%p	(-1.7%p)

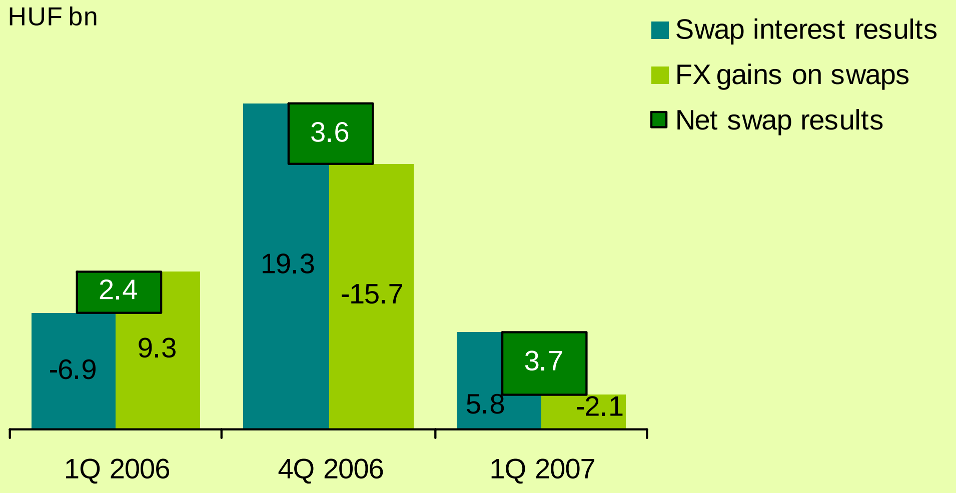
Net interest margin* decreased by 23 bps excluding the impact of swaps and funding cost

2

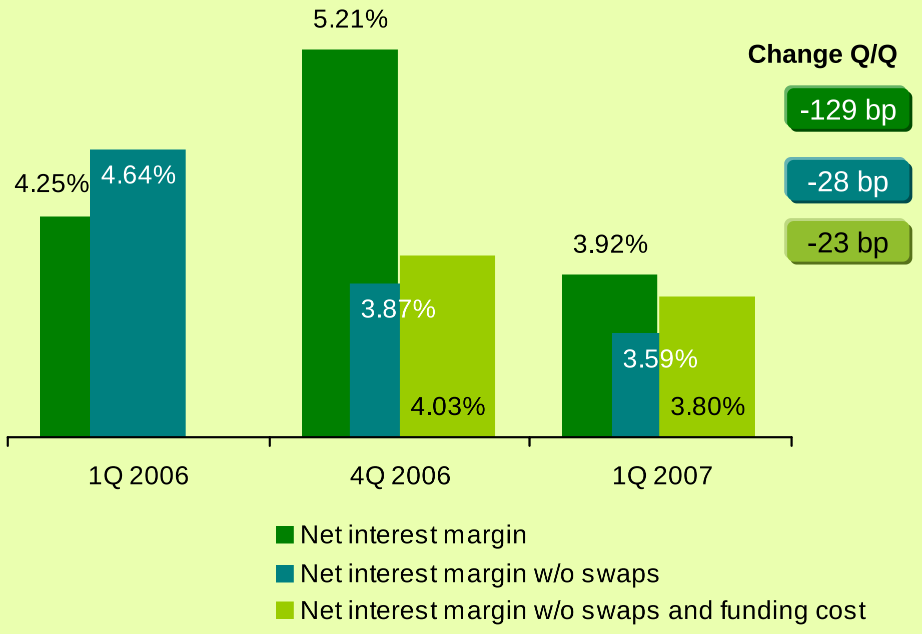
Net interest income



Net swap result (OTP Bank only)



Net interest margin

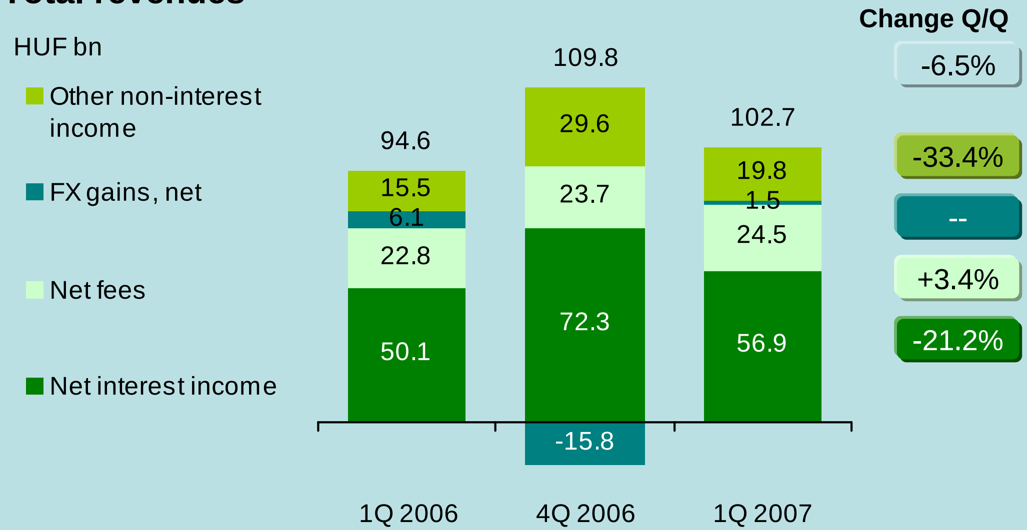


* OTP Bank, OTP Mortgage Bank and OTP Building Society together

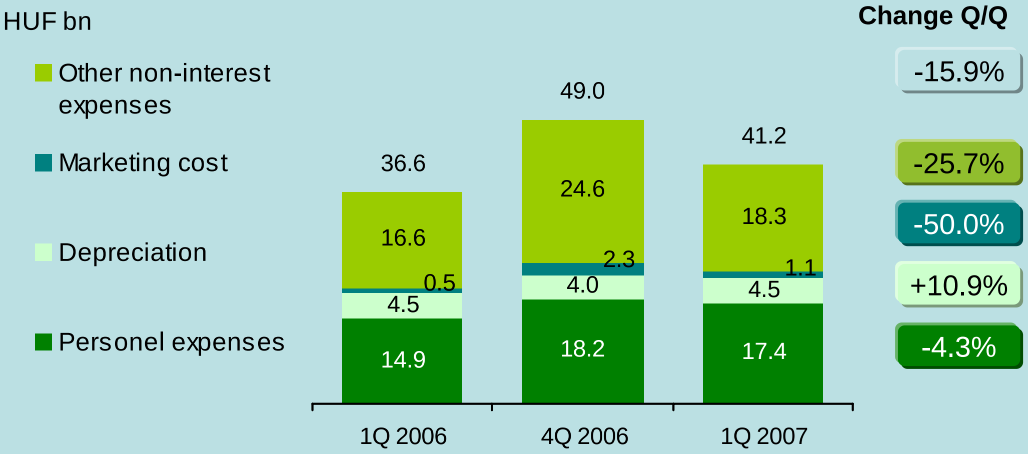
Cost/income ratio* improved by 4.5%-points compared to the previous quarter

3

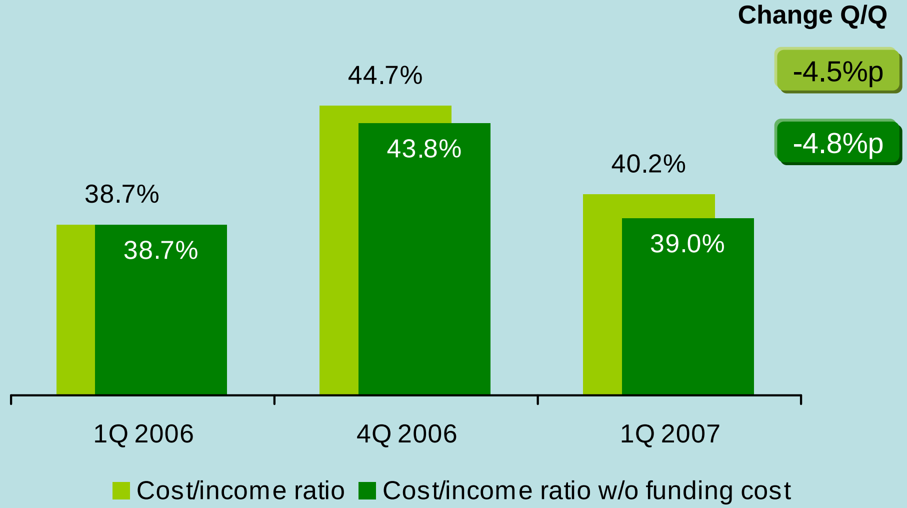
Total revenues



Operating expenses



Cost/income ratio

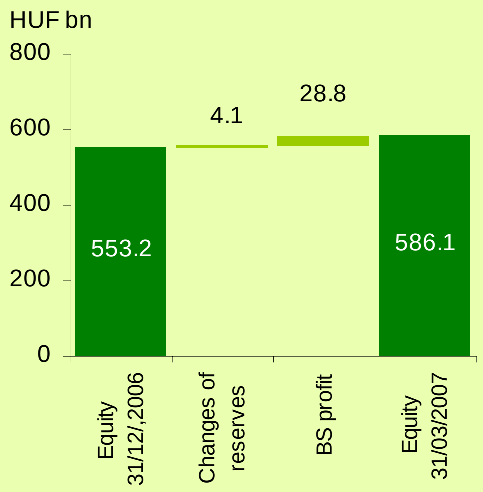


* OTP Bank, OTP Mortgage Bank and OTP Building Society together

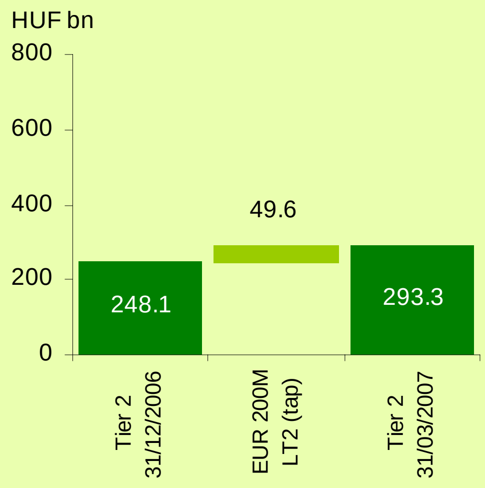
Capital adequacy ratio*, according to Hungarian regulation, stood at 12.53%

4

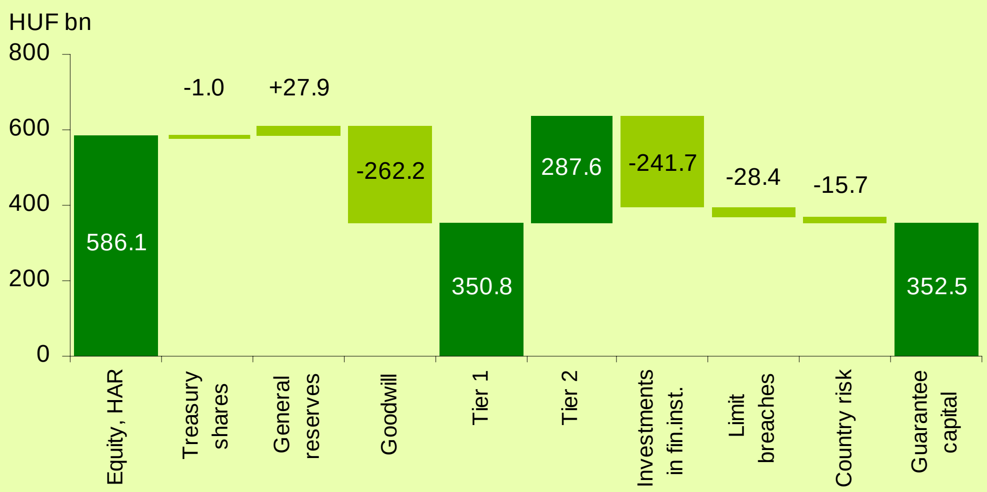
Shareholders' equity, HAR



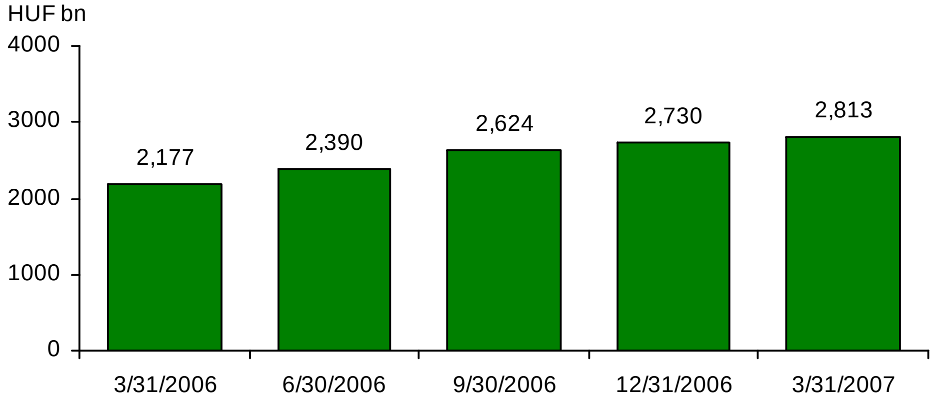
Tier 2 capital elements



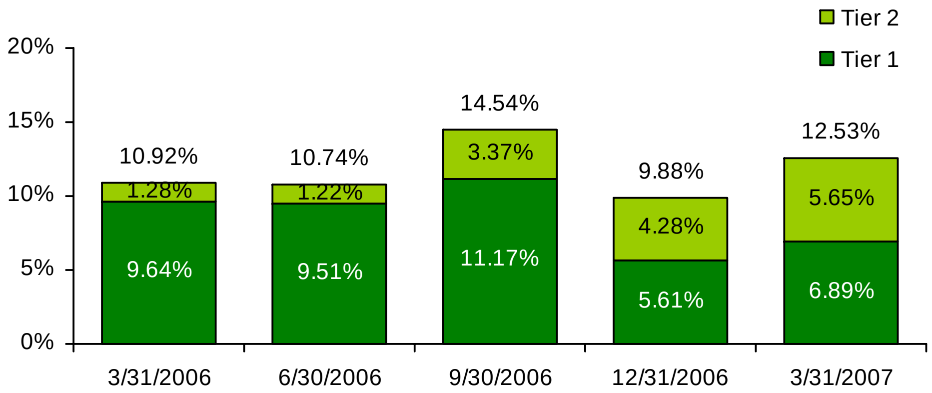
Guarantee capital



Risk weighted assets



Capital adequacy ratio, HAR



* OTP Bank non-consolidated

Contribution of foreign subsidiaries to consolidated after-tax profit grew to 24.8% in 1Q 2007...

	DSK Csoport			OTP banka Hrvatska			OTP Banka Slovensko			OTP Bank Romania		
Main balance sheet items, HUF bn	1Q 2007	Q-o-Q	Y-o-Y	1Q 2007	Q-o-Q	Y-o-Y	1Q 2007	Q-o-Q	Y-o-Y	1Q 2007	Q-o-Q	Y-o-Y
Total assets	**805.4**	**3.3%**	**26.9%**	**374.2**	**2.8%**	**14.0%**	**333.8**	**2.6%**	**16.0%**	**188.0**	**-2.8%**	**182.6%**
Gross loans	468.9	3.2%	20.3%	210.9	6.9%	22.3%	200.3	5.5%	-4.5%	113.3	11.8%	231.7%
Deposits	531.0	1.4%	16.0%	268.3	-2.7%	12.5%	199.0	4.6%	19.6%	39.3	-4.2%	54.7%
Shareholders' equity	96.6	4.4%	23.6%	36.0	17.5%	22.7%	21.2	4.3%	17.9%	24.2	-3.5%	66.6%
Gross loans/deposits ratio	88.3%	1.6%	3.2%	78.6%	7.0%	6.3%	100.6%	0.8%	-25.4%	288.5%	41.4%	153.9%
Main P&L items, HUF million												
Net interest income	9,393	-2.8%	2.3%	2,775	1.3%	5.4%	1,956	-6.0%	15.7%	1,042	-10.4%	103.6%
Non-interest income	4,506	-12.8%	15.2%	1,570	-11.1%	-3.9%	1,094	-6.6%	66.5%	1,244	22.5%	133.8%
Non-interest expenses	5,404	0	19.6%	2,895	0	7.1%	1,974	0	8.6%	2,570	0	73.9%
Profit after tax	**5,907**	**-26.8%**	**9.7%**	**785**	**-5.7%**	**7.2%**	**489**	**-39.9%**	**42.4%**	**-489**	**-37.5%**	**-16.1%**
Total income	13,660	-5.7%	5.5%	4,050	-2.9%	2.6%	2,921	-4.7%	32.8%	1,943	4.5%	95.7%
Operating expenses	5,164	5.0%	18.2%	2,601	-5.4%	9.0%	1,845	-9.6%	10.5%	2,227	-26.2%	56.1%
Cost/income ratio	37.8%	3.8%	4.1%	64.2%	-1.7%	3.8%	63.2%	-3.4%	-12.7%	114.6%	-47.6%	-29.1%
Net Interest Margin	4.74%	-0.22%	-1.29%	3.01%	0.01%	-0.35%	2.37%	-0.22%	-0.08%	2.19%	-0.49%	-1.18%
ROA	2.98%	-1.2%	-0.6%	0.85%	-0.1%	-0.1%	0.59%	-0.4%	0.1%	-1.03%	0.8%	2.8%
ROE	25.0%	-9.9%	-3.9%	9.4%	-1.2%	-0.3%	9.4%	-6.9%	1.6%	-8.0%	4.1%	8.6%
Market share, %												
Total assets	14.3%	0.0%	-0.5%	3.5%	0.0%	0.0%	3.0%	-0.2%	0.1%			
Retail loans	33.1%	0.1%	-4.1%	4.1%	0.2%	0.2%	3.6%	-0.1%	-0.4%	2.1%	0.0%	1.6%
Corporate loans	7.2%	-0.1%	0.3%	2.8%	0.0%	0.0%	4.2%	0.0%	-2.0%	1.5%	0.2%	0.6%
Retail deposits	21.6%	-0.2%	-1.9%	5.5%	0.0%	0.0%	2.5%	0.0%	0.1%	0.5%	0.0%	0.1%
Corporate deposits	7.2%	0.0%	-0.2%	2.5%	0.0%	0.7%	2.6%	-0.4%	-0.1%	0.5%	0.0%	0.1%

otpbank

…within that 13.6% came from the newly consolidated banks

Main balance sheet items, HUF bn	CJSC OTP Bank 1Q 2007	CJSC OTP Bank Q-o-Q	ISB 1Q 2007	ISB Q-o-Q	Serbian banks 1Q 2007	CKB 1Q 2007	CKB Q-o-Q	Contribution of foreign subsidiaries 1Q 2007	Contribution of foreign subsidiaries Q-o-Q	Contribution of foreign subsidiaries Y-o-Y	Share of newly consolidated subsidiaries 1Q 2007
Total assets	**456.2**	**5.5%**	**328.7**	**-0.2%**	**107.7**	**161.0**		**38.4%**	**2.1%**	**13.3%**	**14.1%**
Gross loans	383.6	4.9%	216.1	0.4%	50.5	106.3		39.4%	2.6%	14.6%	16.1%
Deposits	142.3	-4.3%	255.0	0.5%	43.4	131.8		37.1%	2.7%	11.8%	13.2%
Shareholders' equity	46.2	6.5%	39.6	3.4%	37.3	8.6		39.8%	6.3%	12.8%	16.6%
Gross loans/deposits ratio	269.6%	23.7%	84.8%	-0.1%	116.4%	80.7%		0.0%	0.0%	0.0%	
Main P&L items, HUF million											
Net interest income	6,596	51.2%	9,916		1,845	683		34.4%	-33.3%	14.2%	18.5%
Non-interest income	2,525	-17.3%	12,471		3,068	1,075		34.8%	-15.2%	23.0%	23.3%
Non-interest expenses	3,180	0	11,034		2,373	1,106		32.2%	-31.8%	16.4%	17.2%
Profit after tax	**3,983**	**52.6%**	**2,017**		**371**	**498**		**24.8%**	**-25.5%**	**12.5%**	**13.6%**
Total income	8,949	23.1%	21,862		4,851	1,540					
Operating expenses	3,009	5.6%	10,510		2,311	888					
Cost/income ratio	33.6%	-5.6%	48.1%		47.6%	57.7%					
Net Interest Margin	5.94%		12.05%								
ROA	3.58%		2.45%								
ROE	35.6%		20.7%								
Market share, %											
Total assets	3.3%	-0.2%									
Retail loans	5.1%	-0.3%									
Corporate loans	3.2%	-0.2%									
Retail deposits	1.6%	-0.2%									
Corporate deposits	2.5%	-0.1%									

Among domestic subsidiaries, OTP Garancia Insurance reached HUF 2.0 bn; OTP Fund Management HUF 1.3 bn and Merkantil Group HUF 1.9 bn profit after tax

	OTP Bank (non-consolidated)			OTP Mortgage Bank			Merkantil Group			OTP Garancia Insurance			OTP Fund Management		
Main balance sheet items, HUF b	1Q 2007	Q-o-Q	Y-o-Y	1Q 2007	Q-o-Q	Y-o-Y	1Q 2007	Q-o-Q	Y-o-Y	1Q 2007	Q-o-Q	Y-o-Y	1Q 2007	Q-o-Q	Y-o-Y
Total assets	**4,710.5**	**4.5%**	**25.3%**	**1,083.0**	**0.8%**	**13.8%**	**337.2**	**0.9%**	**11.6%**	**195.7**	**3.4%**	**19.0%**	**9.8**	**-33.6%**	**0.2%**
Shareholders' equity	683.8	2.0%	51.6%	34.8	-11.5%	-9.7%	31.2	4.9%	24.8%	19.4	-15.1%	2.9%	4.9	-58.1%	-36.7%
		Gross loans			Gross loans			Gross loans			Insurance reserves			Assets under Management	
	1,770.3	-0.7%	14.5%	917.9	1.1%	4.9%	256.9	1.5%	3.9%	165.4	2.3%	18.9%	1,282.3	7.2%	9.9%
Main P&L items, HUF million															
Net interest income	46,326	-24.4%	23.1%	9,416	-4.6%	-18.9%	6,895	-0.8%	21.0%	3,027	-12.1%	70.6%			
Non-interest income	57,434	12.9%	2.0%	1,508	-35.1%	0.0%	-282	-129.5%	-146.5%	19,367	16.4%	-11.2%	3,139	-89.5%	7.8%
Premium income										18,197	16.7%	-5.7%			
Non-interest expenses	43,565	-20.4%	11.1%	10,314	9.8%	16.9%	3,185	-29.1%	11.7%	19,940	4.5%	-4.5%	1,476	-93.8%	-11.0%
Insurance expenses										14,771	9.8%	-4.2%			
Net insurance result										3,426	60.1%	-11.5%			
Profit after tax	**51,130**	**0.7%**	**17.7%**	**55**	**-97.4%**	**-98.0%**	**1,866**	**1.3%**	**10.7%**	**1,963**	**109.5%**	**-14.9%**	**1,331**	**-30.2%**	**25.9%**
Added value*				**12,892**	**-19.1%**	**-12.5%**							**2,831**	**3.2%**	**7.9%**
Total income	99,200	-6.1%	10.0%	2,657	-22.1%	-23.0%	5,399	-22.9%	-0.6%	21,343	14.5%	-4.0%	1,997	-93.0%	29.6%
Operating expenses	39,004	-19.0%	10.2%	2,045	233.3%	173.8%	1,971	-45.1%	-0.2%	18,890	7.1%	-3.2%	333	-98.5%	15.8%
Cost/income ratio**	39.3%	-6.3%	0.1%	77.0%	59.0%	55.3%	36.5%	-14.7%	0.1%	88.5%	-6.1%	0.7%	16.7%	-62.2%	-2.0%
Net Interest Margin	4.02%	-1.66%	-0.07%	3.49%	0.00%	-1.38%	8.22%	0.14%	0.00%	93.95%	-3.36%	-7.43%			
ROA	4.44%	-0.27%	-0.29%	0.02%	-0.71%	-1.15%	2.22%	0.08%	-0.20%	4.08%	2.06%	-1.66%	43.24%	-12.95%	3.59%
ROE	30.2%	-3.7%	-7.4%	0.6%	-19.8%	-29.0%	24.5%	-1.1%	-3.7%	37.2%	19.6%	-8.7%	63.5%	-6.8%	16.7%
Market share, %															
Total assets	19.4%	0.5%	1.4%	4.5%	-0.1%	0.0%	0.9%	0.1%	0.1%						
Retail loans	11.8%	-0.4%	-0.4%	18.7%	-0.4%	-3.2%	3.0%	0.1%	0.3%						
Premium income										8.3%	-1.4%	-1.7%			
Investment funds													28.1%	0.4%	-8.6%

* Profit before tax + fees paid to OTP Bank and cash given free of charge
** In case of OTP Garancia Insurance combined ratio

Investor Relations

Tel: + 36 1 473 5460; + 36 1 473 5457

Fax: + 36 1 473 5951

E-mail: investor.relations@otpbank.hu

www.otpbank.hu