OTP Bank – 1H 2008 Results

Conference Call Presentation – 14 August, 2008

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1H 2008 key points: improving macroeconomic indicators in Hungary, significant HUF appreciation– dynamic local economies, but high CPI and C/A deficit in countries of subsidiaries

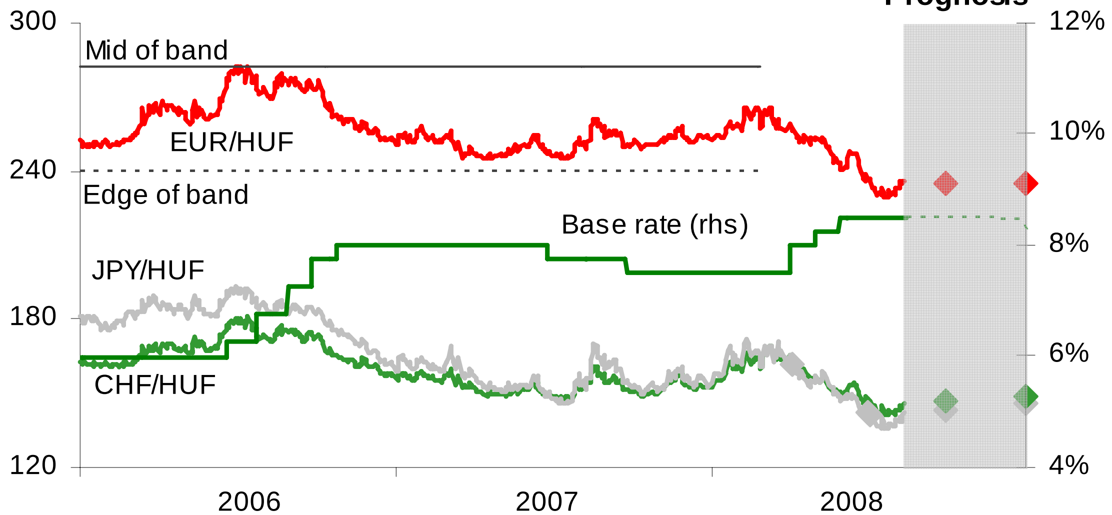
Macroeconomic & market environment

- Tightening monetary conditions in Hungary (base rate was increased by total 100 bps reaching 8.50%, o/w in 2Q NBH hiked rates twice by 25-25 bps
- Headline June CPI (6.7%) below expectation
- Abolishing the fluctuation band in February + some announced FDI items pushed the HUF significantly upward (13,7%, q-o-q strengthening against JPY, 10.5% vs.CHF, 8.6% vs. USD & EUR respectively)
- Stabilizing government securities benchmark yields in 2Q
- In 2Q slow down of retail lending in Hungary Magyarországon
- Robust (6-8%) GDP growth in subsidiaries' local economies often accompanied by high CPI and C/A deficit + dynamic growth of lending activity
- Loan restrictions in place have a negative impact more so on profitability than on volume growth

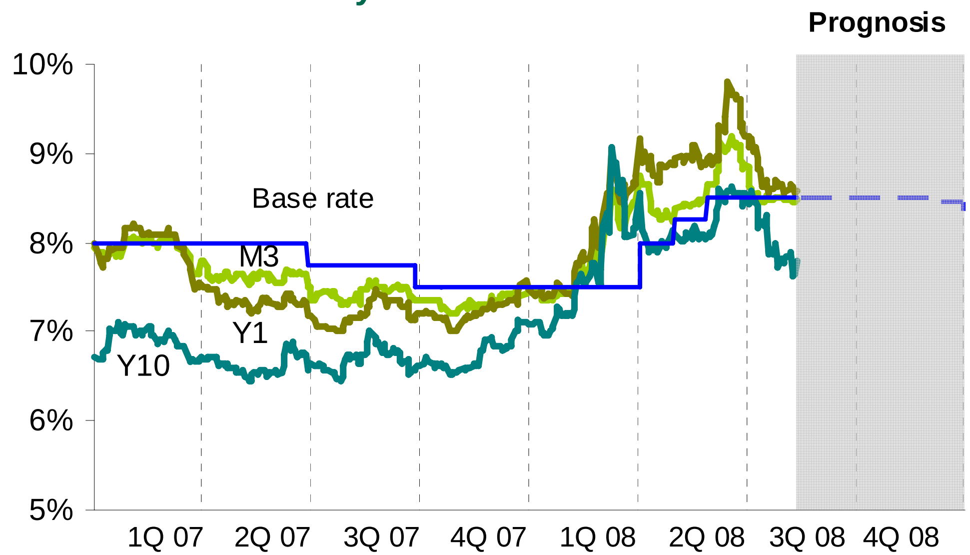
Currency rates

	31.03.08.	30.06.08	Change q-o-q
EUR/HUF	259.36	237.03	-8.6%
CHF/HUF	165.07	147.72	-10.5%
USD/HUF	163.9	149.76	-8.6%
RUB/HUF	6.98	6.41	-8.2%
UAH/HUF	32.8	32.8	0.0%

Significant HUF appreciation since the band was abolished…



…with a relative stability on the Government bond markets



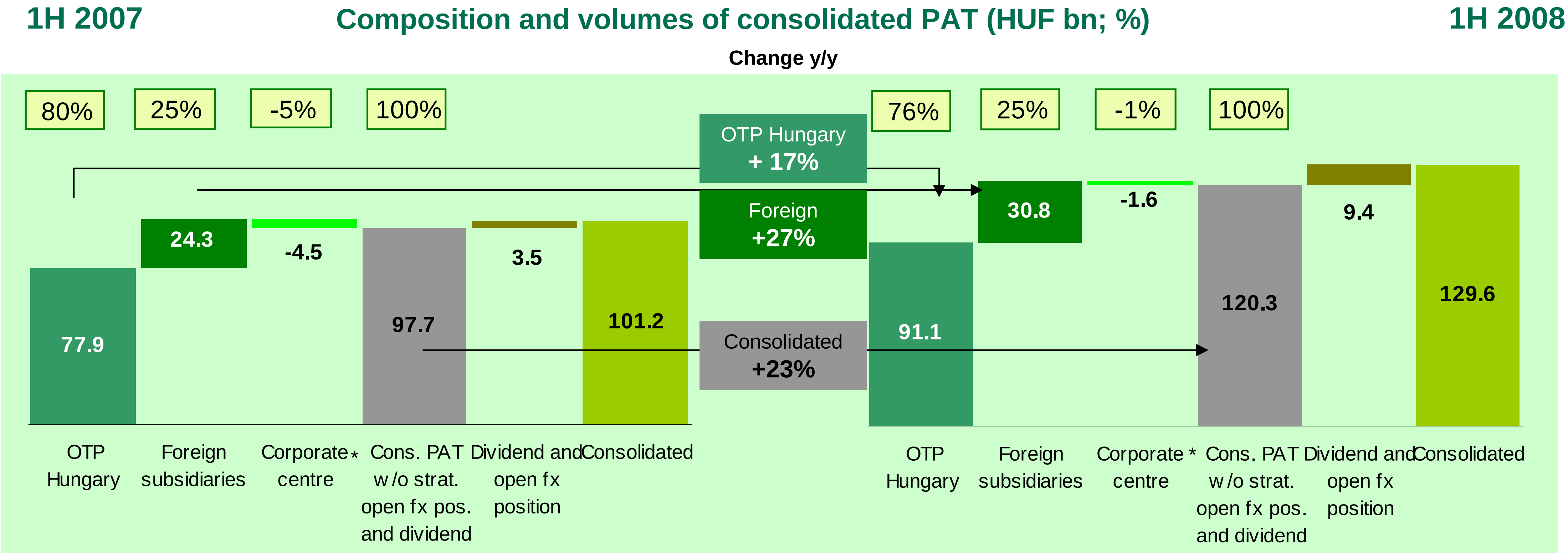
1H 2008 key points: strong lending activity with all time high PAT far exceeding market consensus – stable NIM, improving efficiency and profitability

OTP Group performance

- **1H consolidated after tax profit** was HUF **129.6 billion** (+28.1% y-o-y), adjusted PAT (without FX gain and dividends) represented HUF 120.3 bn (+23.1% y-o-y). O/w **2Q reported earning** was HUF **74.3 billion** (+34.2% q-o-q), while the adjusted one was HUF 63.9 billion (+13.5% q-o-q)
- **Gross loans** grew by 23.6% y-o-y, deposits by 16.1% respectively (-0.5% and +4.9% q-o-q)
- The quarterly **decline of loan volumes** was the result of **HUF appreciation**
- **Strong OTP Core lending activity** (+ 9.3% y-o-y, -4.4/ q-o-q). **Retail volumes grew by 17.4%** and 1.3%. Deposits increased by 17.1% y-o-y, but declined 5.3% q-o-q
- **Strong focus on retail activity**, improving market positions (housing and consumer loans), stable share in retail deposits
- At OTP Core corporate volumes dropped (-12.3% q-o-q, -1.9% y-o-y) deliberately planned by the management
- **Outstanding** y-o-y **lending dynamism** in Serbia (71%), Montenegro (59%), Ukraine (52%), Russia (38%) and Bulgaria (37%)
- **Major profit contributors:** OTP Core: HUF 77.3 billion, DSK: HUF 15.2 billion, CJSC: HUF 6.9 billion, leasing: HUF 4.2 billion
- Improving efficiency (**CIR**: 51.4%) and profitability (**ROE**: 26.27%), moderate **NIM** erosion (5.62%)
- Along with robust lending portfolio quality slightly deteriorated (**NPL**: 4.4%), but **coverage** grew (64.3%)
- 1H 2008 **without new M&A**, **network expansion continued**: 10 new branches in Russia, 9 in Ukraine and in Russia the DNB-deal was settled (+46 branches)

HUF 129.6 billion record earning in 1H, +28% yearly growth

Composition and volumes of consolidated PAT (HUF bn; %)

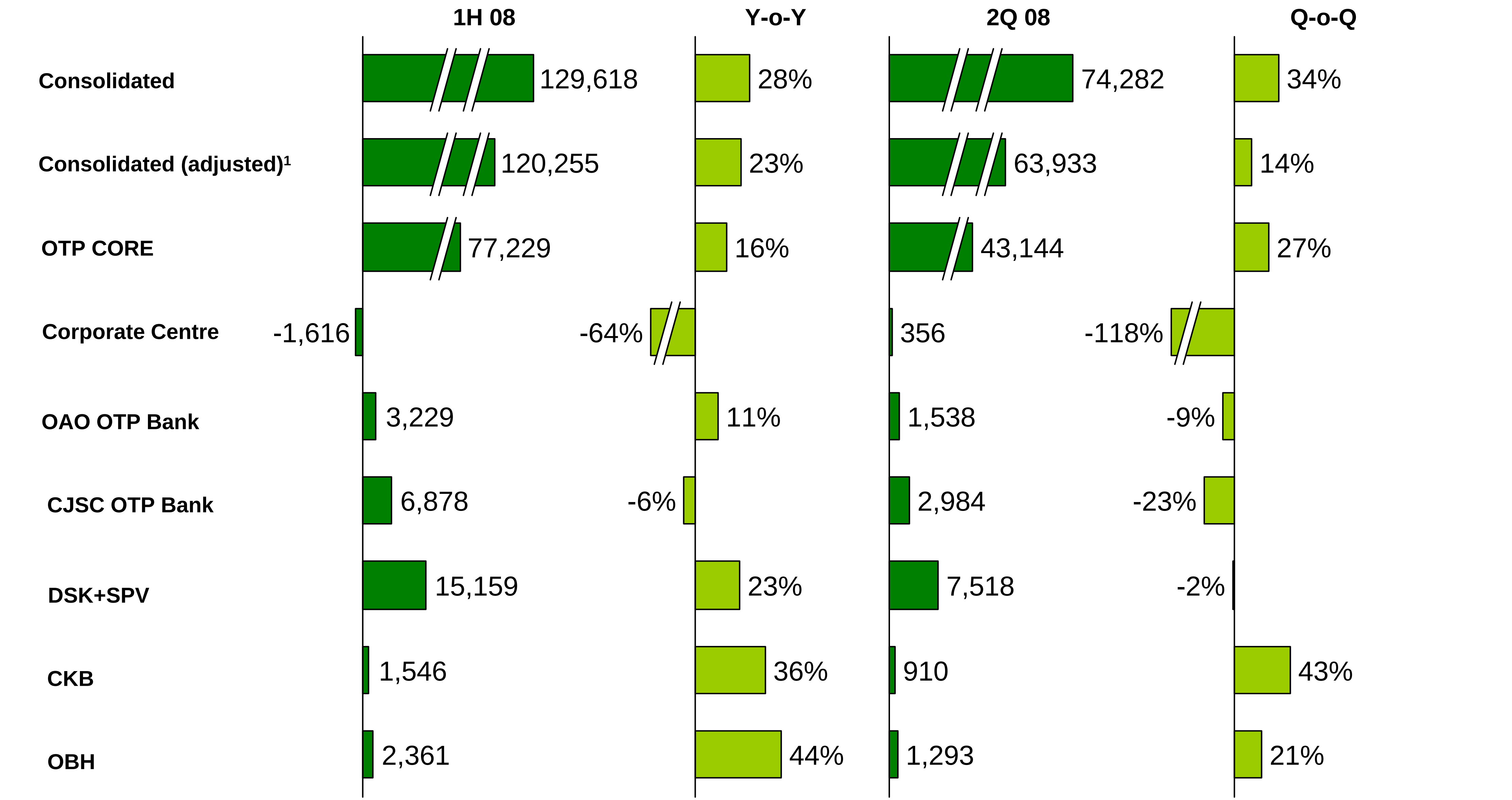


- Contribution of foreign subsidiaries stagnated mainly due to the HUF strengthening
- Profit growth was faster with foreign banks (+27% vs. 17% in Hungary)
- The improving results at the Corporate Center reflected the effect of subsidiary financing (growing volumes, higher margins)

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

Double digit y/y and q/q profit grow at OTP Core, Montenegro and Croatia, while quarterly results in Bulgaria and Russia suffered from the strong HUF. At CJSC high provisions made as precautionary measure scaled back profits

Consolidated after tax profit by major group members (IFRS, HUF million)



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

OTP Group realized HUF 129,6 billion profit after tax in 1H 2008

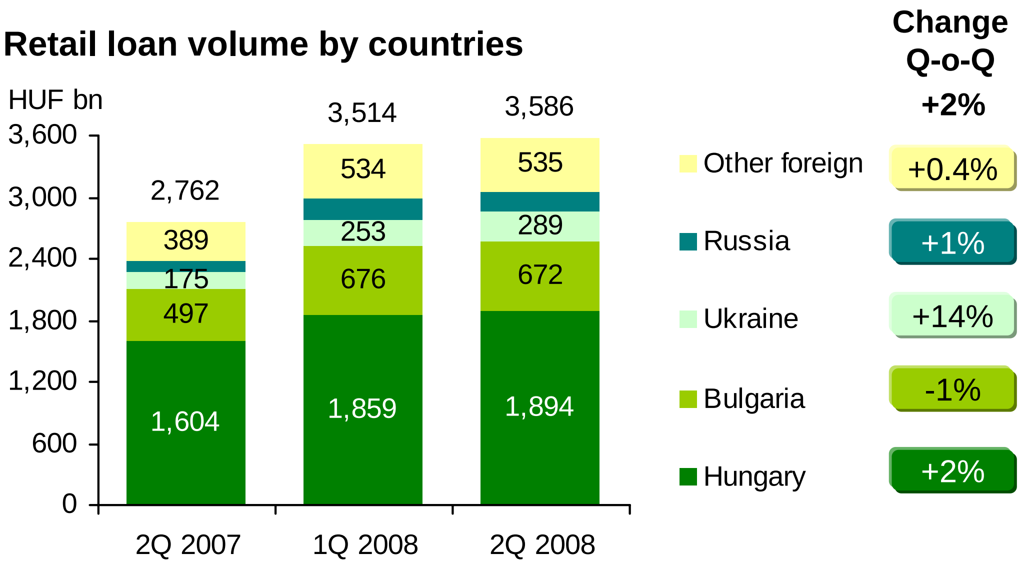
Financial highlights of OTP Group (consolidated, IFRS)

in HUF billion	2007 1H	2008 1H	Y-o-Y
After tax profits	101.2	129.6	28.1%
After tax profit (adj)	**97.7**	**120.3**	**23.1%**
Pre-tax profit	118.7	139.9	17.8%
Total income	297.3	347.2	16.8%
Net interest income (adj.)	211.9	241.9	14.1%
Net fees and commissions	60.9	68.8	12.8%
Total other non-interest income (adj.)	24.5	36.6	49.5%
Provision for possible loan losses (adj.)	-17.3	-28.1	62.6%
Other provisions	-4.4	-0.7	-84.0%
Operating expenses (adj.)	-156.8	-178.4	13.8%
Total assets	**7,592.1**	**8,853.2**	**16.6%**
Total customer loans and advances (gross)	**4,986.6**	**6,163.5**	**23.6%**
Total customer deposits	**4,364.8**	**5,069.4**	**16.1%**
Issued securities	940.0	1,340.6	42.6%
Subordinated loans	293.5	292.1	-0.5%
Total shareholders' equity	842.4	945.6	12.3%
Gross loan/deposit ratio (%)	114.2%	121.6%	7.3%
Net interest margin (adj.)	5.82%	5.62%	-0.20%
Cost/income ratio (adj.)	52.8%	51.4%	-1.4%
ROA (adj.)	2.7%	2.8%	0.1%
ROE (adj.)	24.2%	26.3%	2.1%
EPS base (HUF)	385	514	33.8%
EPS diluted (HUF)	364	513	41.2%
Market Capitalization (HUF billion)	2,968	1,753	-41.0%

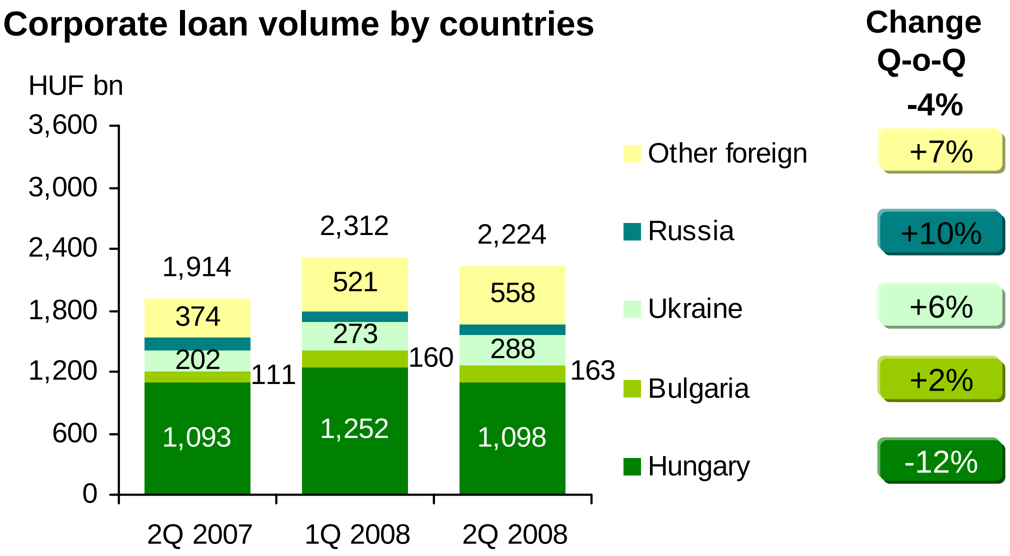
- **Robust total revenue dynamism (+16,8%)**
- **Double digit NII (+14.1% y-o-y) with margin erosion in Hungary, but NIM improvement in major markets**
- **Revenue growth exceeded operational expenses, improving cost-to-income ratio (CIR:51.4%)**
- **Conservative provisioning keeping close eye on future risk (+63% y-o-y) (in case of OTP Core corporate business line and Ukraine)**
- **Strong volume growth in loans and deposits (+23.6% and +16.1% y-o-y respectively)**
- **EUR 1.64 billion external fund being raised through covered bond, plain vanila bonds and syndicated loans**
- **OTP Bank and OTP MB obtained S&P rating being flat to the sovereign scale (BBB+)**

Gross loan volumes grew by 24% y-o-y (-1% q-o-q), deposits expanded by 16% (-5% q-o-q), loan/deposit ratio exceeded 120%

Retail loan volume by countries

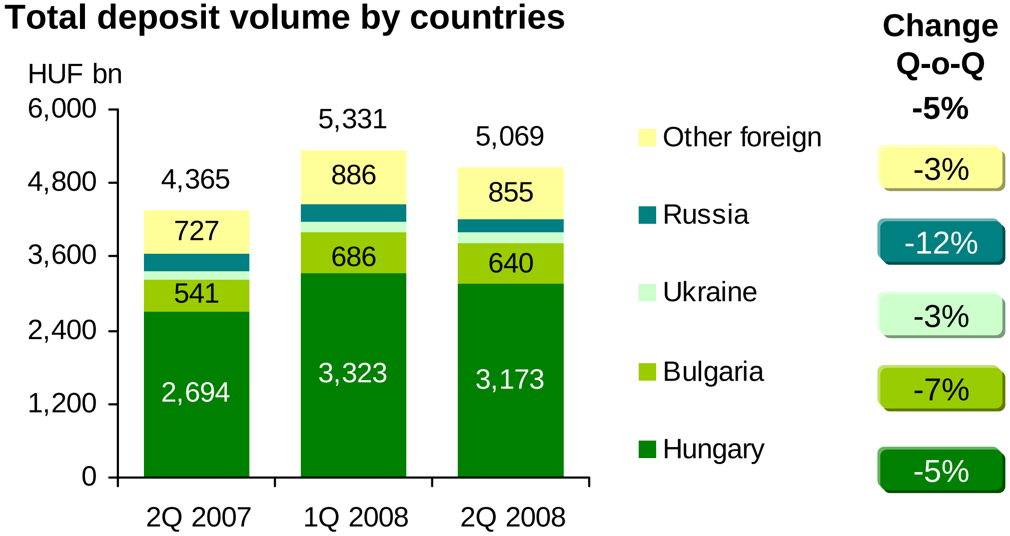


Corporate loan volume by countries



- Strong HUF had a great impact on volumes both in Hungary and in banks of subsidiaries
- In Russia corporate lending was boosted based on new criteria (+10% q-o-q), in Hungary volumes were cut back deliberately (-12% q-o-q)
- Decline of deposits in Hungary reflected the weaker corporate business, retail deposit base remained stable

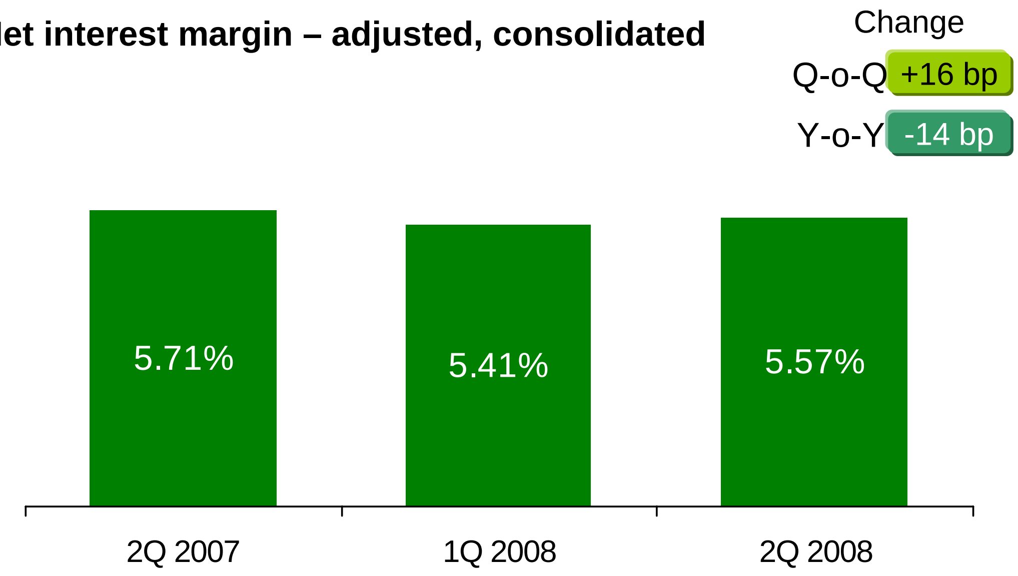
Total deposit volume by countries



Consolidated NIM improved 16 bps q-o-q, positive trends in Russia, Ukraine and Bulgaria

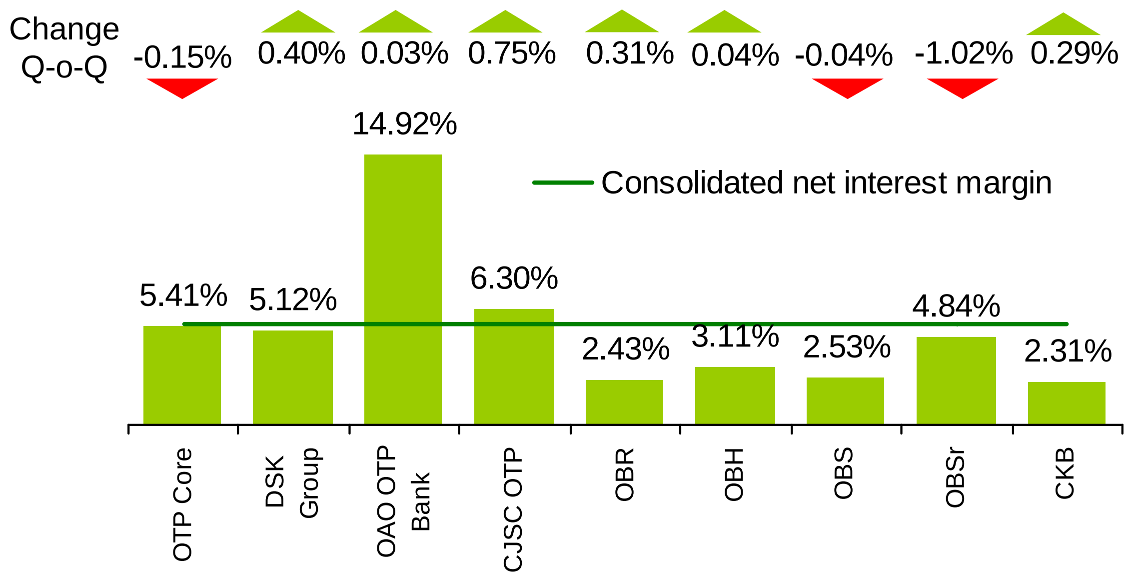
Net interest income – adjusted, consolidated[1]

Net interest margin – adjusted, consolidated



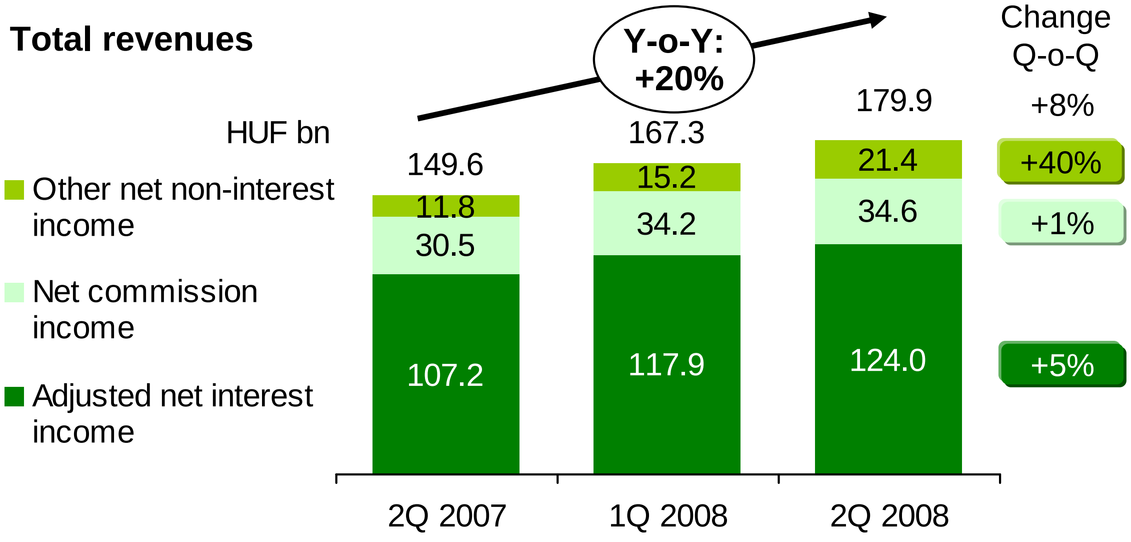
- Net interest margin increased by 16 bps q-o-q, but deteriorated by 14 bps y-o-y
- Improving NIM in Russia (close 15%), Ukraine (6.3%), Bulgaria (5.12%) (repricing of portfolios), and in Montenegro
- Moderate narrowing of net interest margin in Hungary, reflecting the negative impact of the repricing of mortgage loans

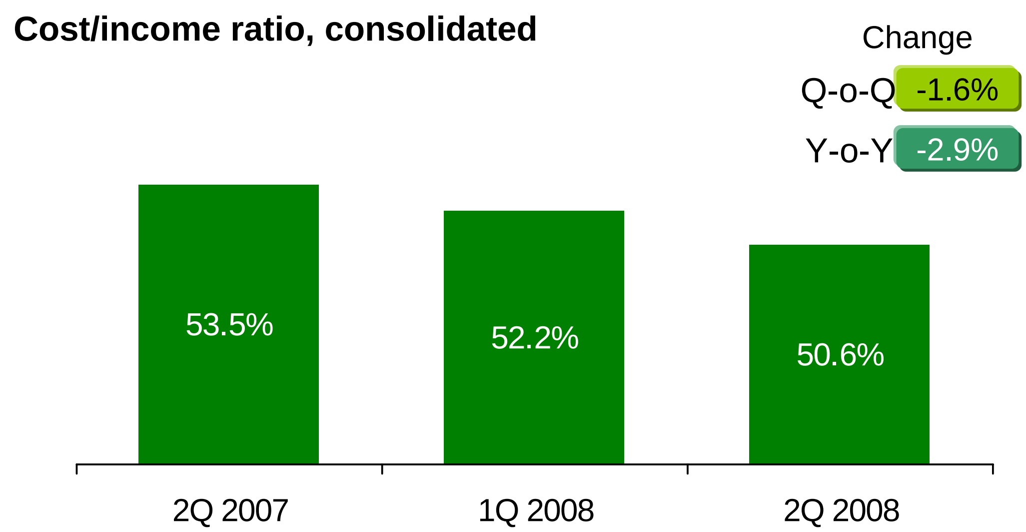
Net interest margin of major Group members in 2Q 2008

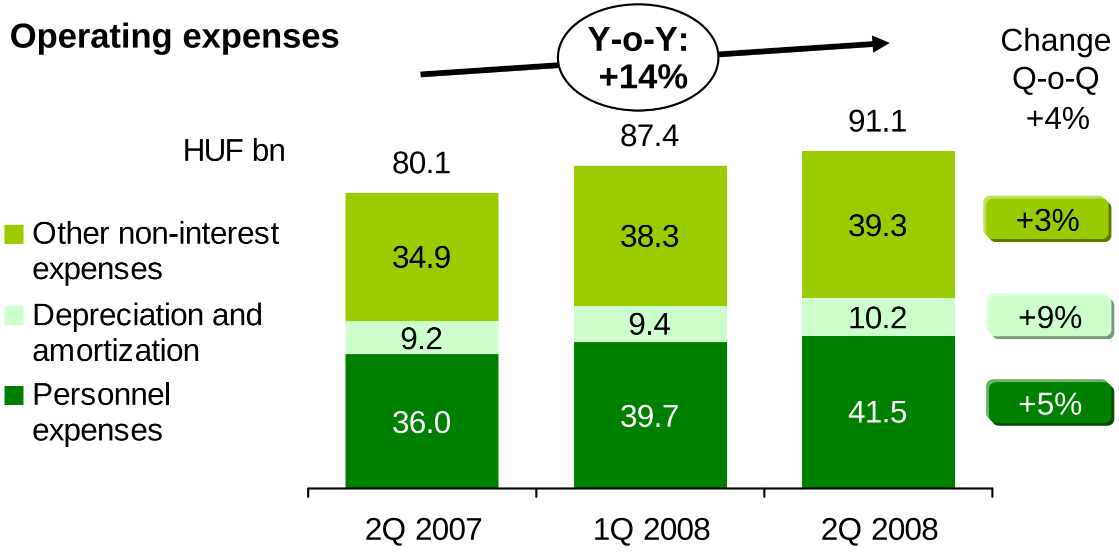


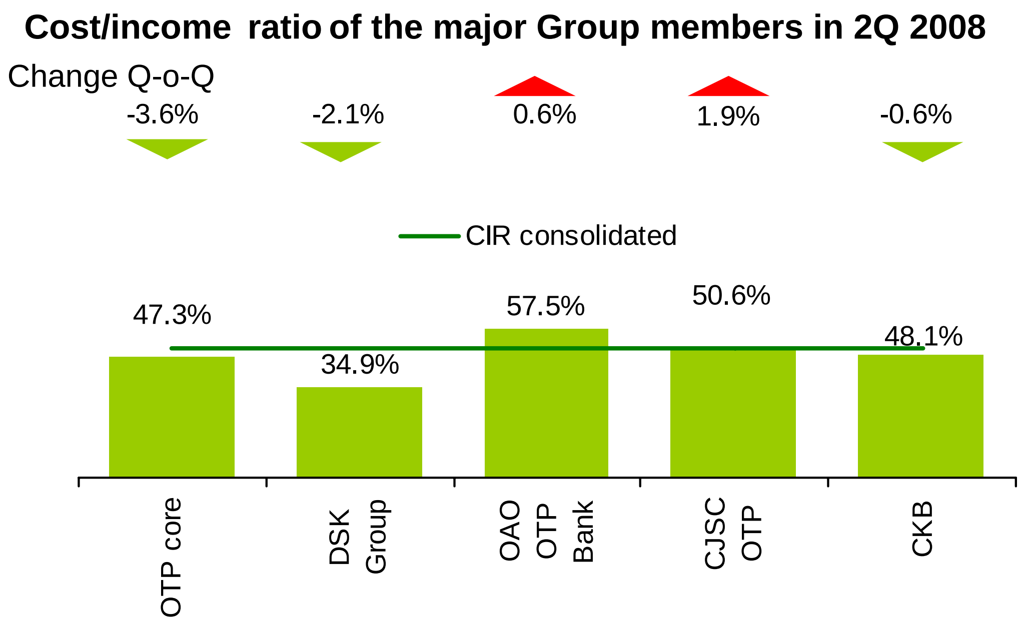
* Adjusted net interest income (including the non-interest results of swap transactions and provisioning after the interest income of NPLs in Russia)

Revenue generation exceeded cost increase, consolidated CIR improved by 1.6% q-o-q and 2.9% y-o-y



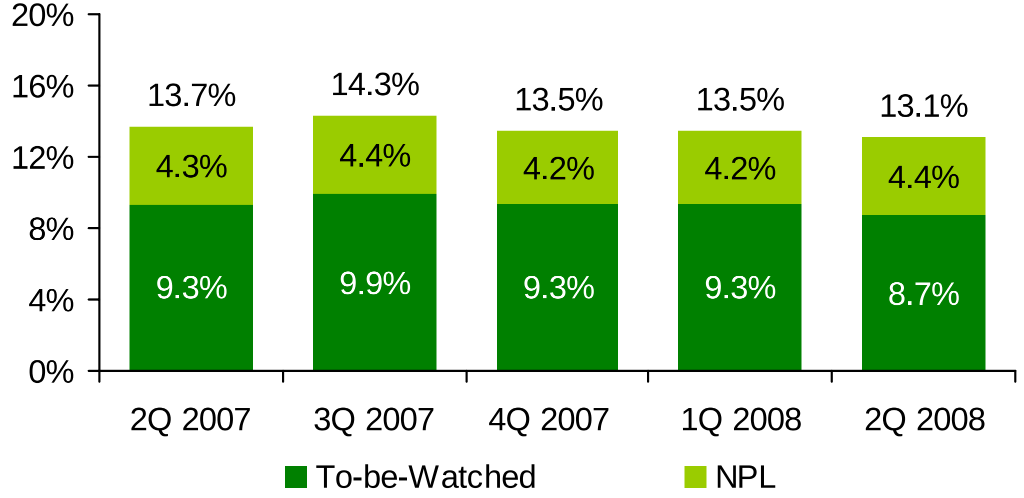




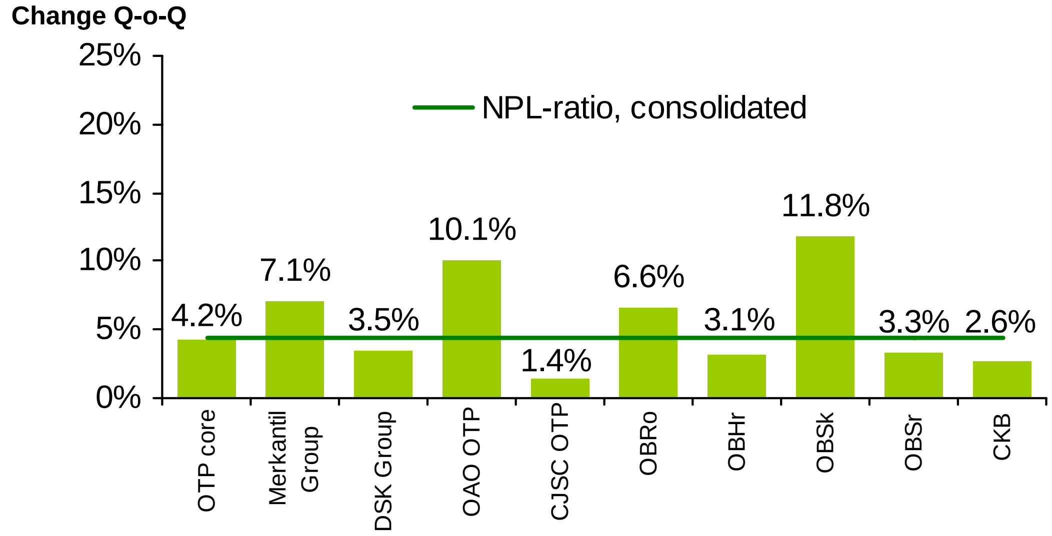


Stable loan quality, NPLs at 4,4%, risk cost grew by 20 bps q-o-q, coverage ratio further increased

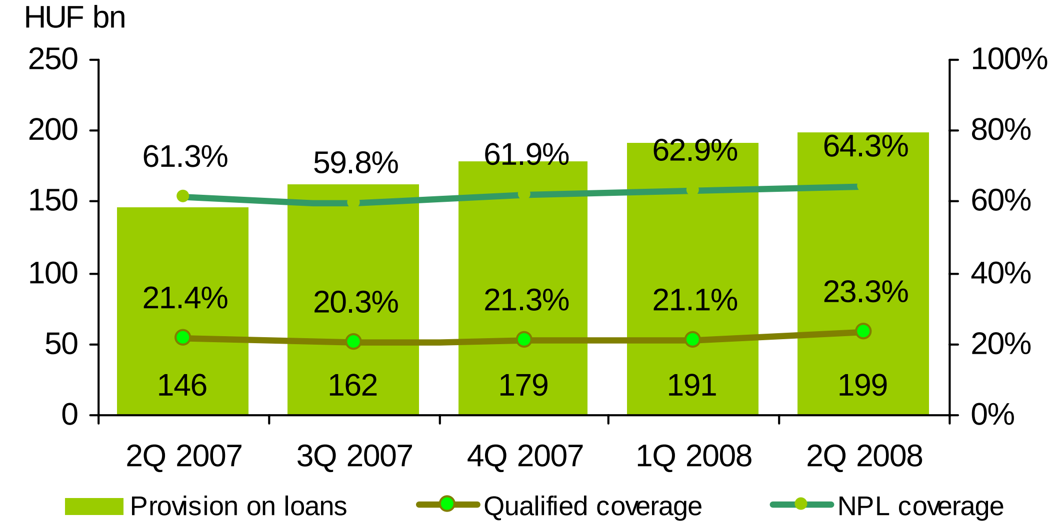
Qualified and NPL ratio



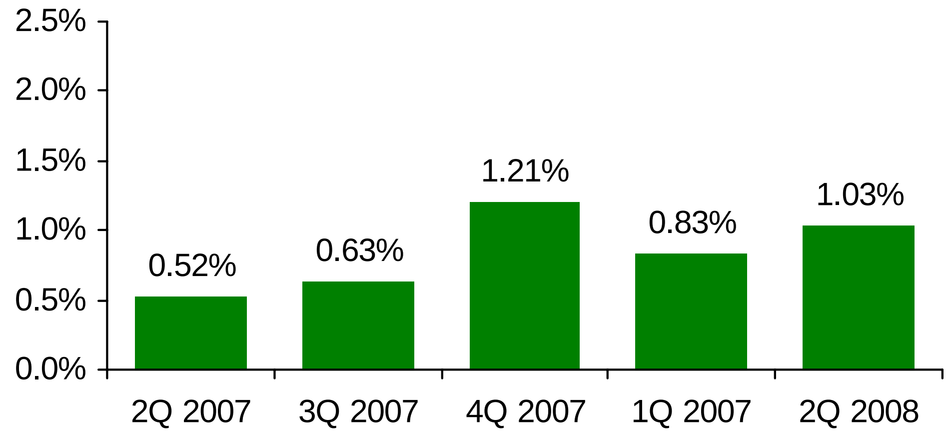
NPL ratio at the major Group members[1]



Coverage



Cost of risk to the average loans[2]



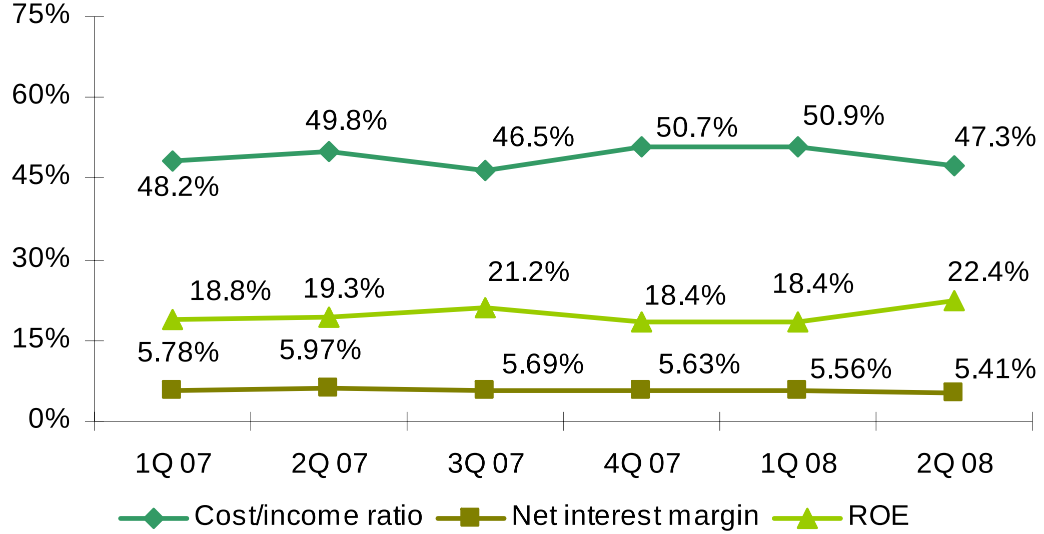
(1) The figures of foreign subsidiaries are based on local classification rules, (2) Including the income from the release of provisions before acquisitions

OTP Core reached all-time high profit after tax of HUF 77.2 billion (+16% y-o-y) in 1H 2008

Financial highlights of OTP Core

in HUF million	1H 08	Y-o-Y	1Q 08	2Q 08	Q-o-Q
After tax profit [1]	***77,229***	***16%***	***34,085***	***43,144***	***27%***
Pre-tax profit	88,074	10%	41,883	46,191	10%
Total income	182,287	7%	88,037	94,250	7%
Net interest income	130,087	0%	65,612	64,475	-2%
Net fees and commissions	43,643	12%	22,081	21,563	-2%
income	8,556	397%	344	8,212	2284%
Cost of risk	-5,353	12%	-1,787	-3,566	100%
Other cost of risk	588	-123%	462	126	-73%
Operating expenses	-89,448	7%	-44,829	-44,619	0%
Gross loans	***3,061,243***	***9%***	***3,199,165***	***3,061,243***	***-4%***
Deposits	***3,166,806***	***17%***	***3,343,261***	***3,166,806***	***-5%***
Gross loans to deposits	97%	-7%	96%	97%	1%

Profitability and cost-efficiency



- **PAT grew by 16%, exceeding HUF 77.2 billion in the first half of 2008**
- **According to HAS (but not IFRS), tax shield of subsidiary investment's revaluation loss amounted to HUF 3.4 billion**
- **Net interest income stagnated, state subsidies declined by HUF 5.8 billion in 1H 2008 y-o-y**
- **Outstanding net non-interest income stemming mainly from securities and FX trading and hedging due to the increased volatility**
- **Given our prudential approach, provisions on possible loan losses rose in 2Q 2008, in line with the corporate loan portfolio's conservative rating**
- **The dynamics of incomes equalled to that of operating costs, so cost/income ratio hovered around 49% in 1H 2008 as a consequence**

As a result of product innovation started in 2007, in retail lending OTP improved its position and kept stable share in households' deposits

	Market share* (30/06/2008)	Change (Q-o-Q)	Change (Y-o-Y)
Total assets	24.7%	-0.7%p	-0.3%p
Housing loans	35.3%	+0.1%p	-4.2%p
FX-housing loans	21.5%	+0.5%p	+0.1%p
Consumer loans	26.2%	+0.7%p	+1.7%p
FX-consumer loans	27.3%	+1.3%p	+3.3%p
Corporate & municipal loans	10.4%	-0.6%p	-2.2%p

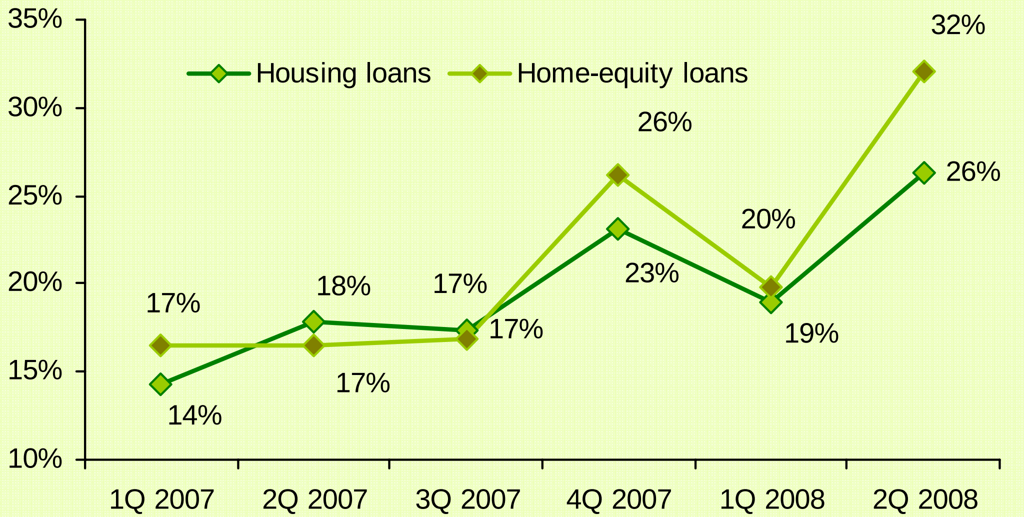
	Market share* (30/06/2008)	Change (Q-o-Q)	Change (Y-o-Y)
Retail deposits	31.3%	+0.1%p	-0.4%p
Corporate & municipal deposits	18.2%	-0.8%p	+5.8%p
Investment funds	32.0%		+2.4%p

- **Strengthening retail focus** in line with the management aims
- **Retail lending:** improving position both in housing and consumer loan segments
- **Retail deposits:** maintaining stable positions
- **Fund management:** strong y-o-y performance, stabilizing positions in 2008

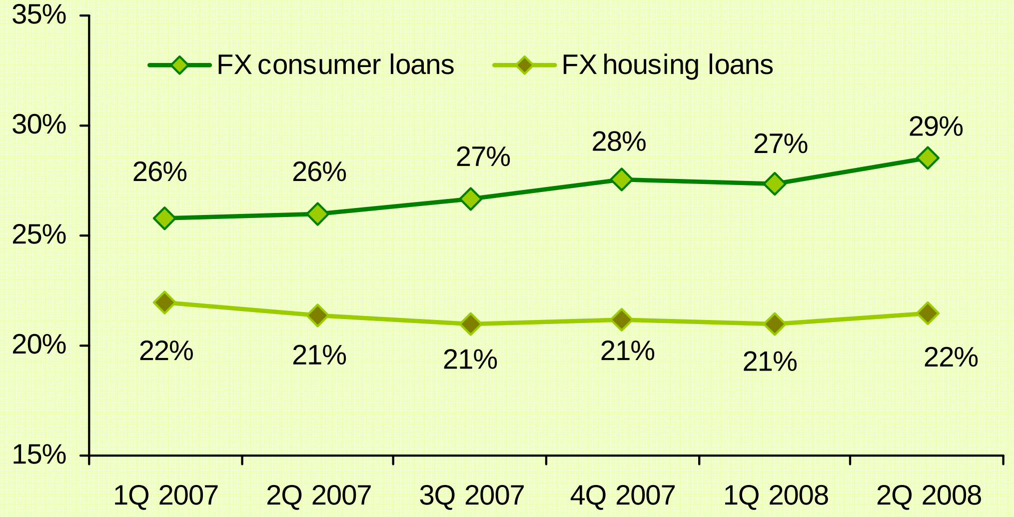
(*) OTP Bank, Merkantil Bank, OTP Mortgage Bank and OTP Building Society within banking sector total

FX-linked mortgage lending exceeded both the budget and the base period, as a result the Bank managed the increase its market share, JPY-linked lending declined significantly in new flows

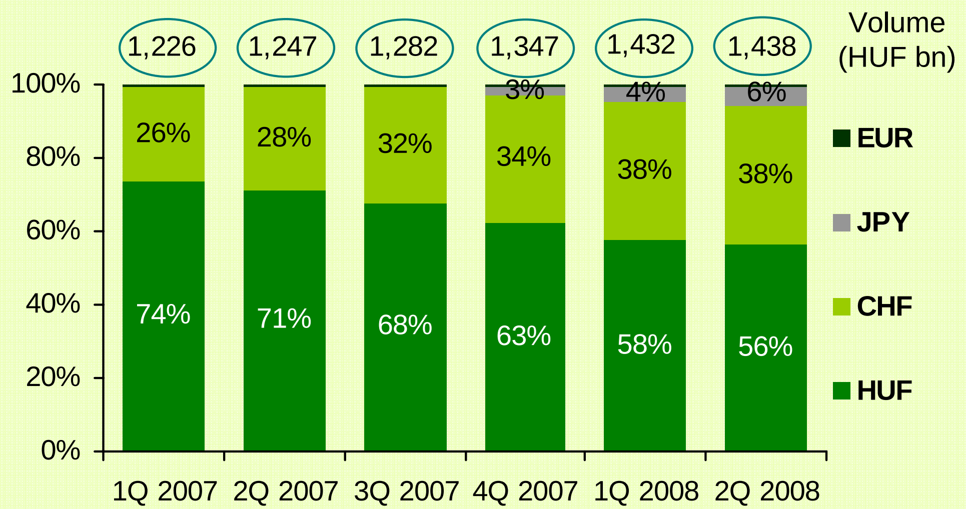
Market share of OTP Core in the Hungarian banking sector's FX-loan growth



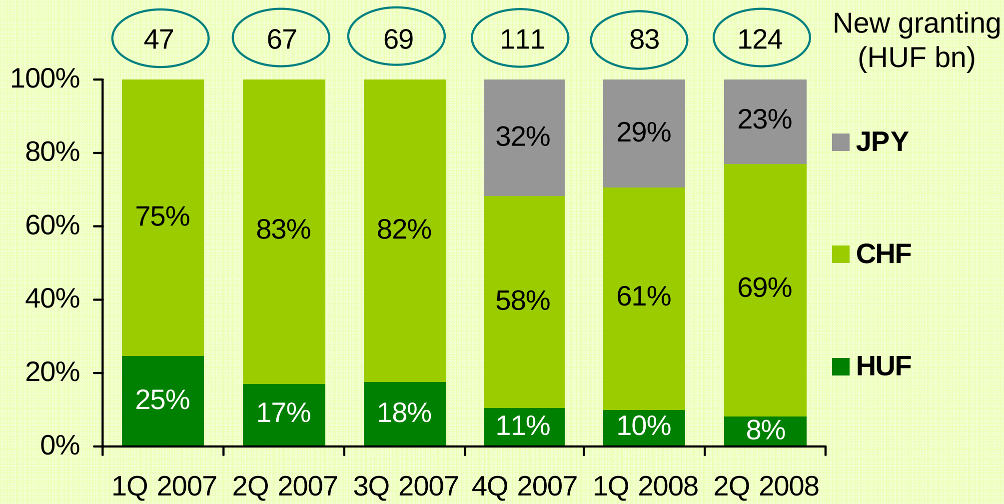
Market share of OTP Group in the Hungarian household's FX-loan market



Currency breakdown of OTP Bank and OTP Mortgage Bank's mortgage portfolio



FX-linked mortgage origination of OTP Core

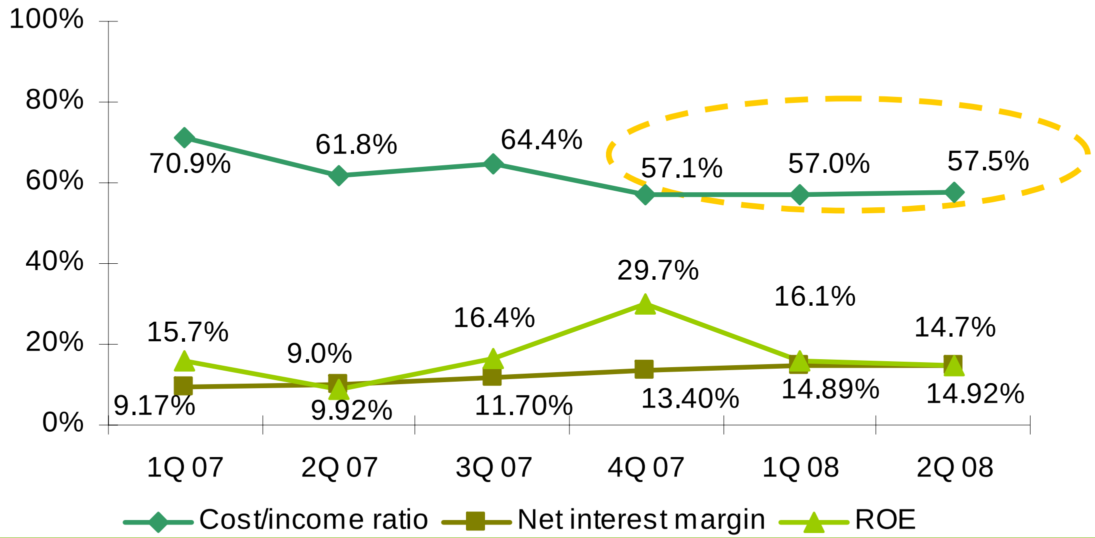


OTP Bank Russia: 14 % q/q loan growth in RUB supported by mortgage lending and better corporate activity, improving loan quality, prudent provisioning

Financial highlights of OAO OTP Bank:

in HUF million	1H 08	Y-o-Y	1Q 08	2Q 08	Q-o-Q
After tax profit [1]	***3,229***	***35%***	***1,691***	***1,538***	***-9%***
Pre-tax profit	4,548	26%	2,382	2,166	-9%
Total income	36,333	56%	18,286	18,048	-1%
Net interest income	30,414	89%	15,449	14,966	-3%
commissions	5,169	-14%	2,734	2,435	-11%
Other net non-interest income	750	-38%	103	647	528%
Cost of risk	-10,047	130%	-4,978	-5,069	2%
Other cost of risk	-936		-508	-428	-16%
Operating expenses	-20,803	35%	-10,418	-10,385	0%
Gross loans	***326,508***	***38%***	***311,192***	***326,508***	***5%***
Retail	195,606	101%	192,818	195,606	1%
Corpotare	116,834	-13%	105,855	116,834	10%

Profitability and cost-efficiency:



PAT reached HUF 3.2 billion in 1H 2008 (+35% y-o-y), profit dropped q-o-q due to currency appreciation:

- NII grew by 89% in 1H 2008, net interest margin stabilized around 15%
- Stricter rules against money laundering, more conservative credit scoring and classification resulted in declining net F&C income (-14% y-o-y)
- Lower securities gain put pressure on net non-interest income (-38% y-o-y)
- Improving loan quality (with NPL ratio declined from 10.5% to 10.1% q-o-q), prudent provisioning and costs under control (C/I remained stable around 57%)

Retail loan portfolio doubled during last year:

- Taking into account the seasonality of POS loans, OAO OTP Bank registered an outstanding loan expansion (+14% q-o-q in LCY)
- Mortgage loan portfolio grew 2-fold q-o-q (mortgage loan portfolio reached HUF 36 billion)
- Corporate lending gained momentum again (+20% q-o-q in LCY), stable consumer loan portfolio

Ongoing network expansion:

- 9 new branches in 2Q, 19 new branches opened in 1H, distribution network involves 121 branches
- Acquisition of DNB Rostow adds 46 new branches to the existing network

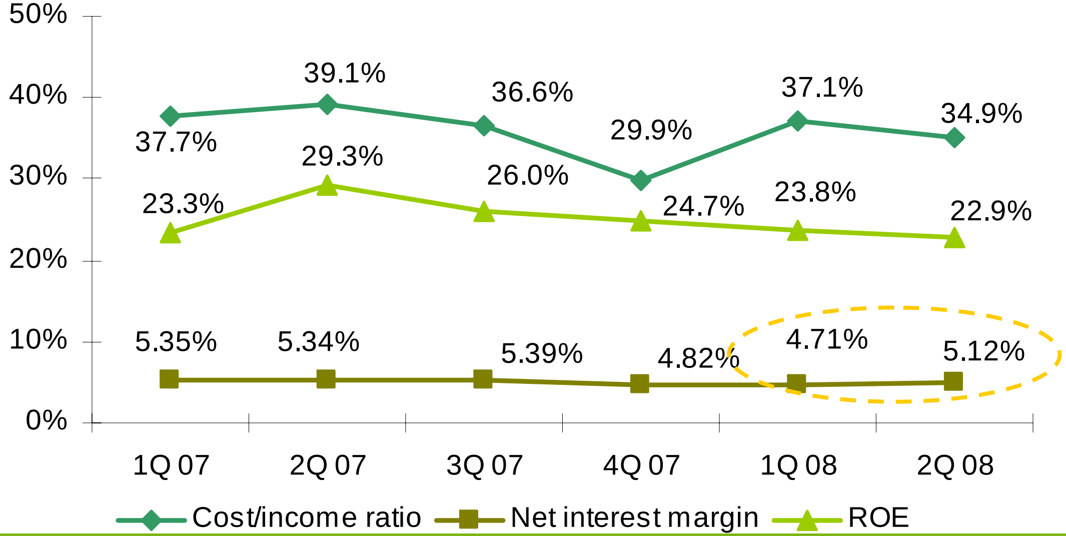
(1) After tax profit w/o dividends, net cash transfer and one-off items.

Robust earning growth, outstanding volume increase, stable portfolio quality at DSK
NIM improved as a result of loan portfolio repricing

Financial highlights of DSK Bank:

in HUF million	1H 08	Y-o-Y	1Q 08	2Q 08	Q-o-Q
After tax profit [1]	***15,159***	***23%***	***7,641***	***7,518***	***-2%***
Pre-tax profit	16,858	23%	8,501	8,357	-2%
Total income	33,790	20%	16,204	17,586	9%
Net interest income	24,941	18%	12,007	12,934	8%
commissions	8,235	33%	3,885	4,349	12%
Other net non-interest income	614	-27%	311	303	-3%
Cost of risk	-4,756	37%	-1,676	-3,080	84%
Other cost of risk	-19	-85%	-16	-3	-79%
Operating expenses	-12,157	12%	-6,011	-6,146	2%
Gross loans	***834,559***	***37%***	***835,512***	***834,559***	***0%***
Deposits	***640,390***	***18%***	***685,749***	***640,390***	***-7%***
Gross loans to deposits	130%	18%	122%	130%	8%

Profitability and cost-efficiency



1H profit growth was 23%, strong HUF had a negative impact on 2Q earnings

- Net interest income grew by 18% y-o-y, as a result of loan portfolio repricing (started by DSK management in April) NIM improved 0.40% q-o-q
- Net F&C increased by 33% y-o-y in all major segments (loan related net fees grew by 33%, deposit and transaction fees by 28%, cards by 64% respectively)
- Provisions increased in line with steady loan book expansion, but portfolio quality remained stable
- Stringent cost control remained in place ('08 1H CIR 36%)

Excellent lending dynamics in BGN exceeded the budget:

- Retail loans, especially mortgages grew by 40%- y-o-y and 9% q-o-q
- Corporate book grew even faster by 52%, y-o-y, 12% q-o-q

Liquidity

- Despite of growing loan-to-deposit ratio (121%) position remained stable; successful loan transaction in April (EUR 140 M)

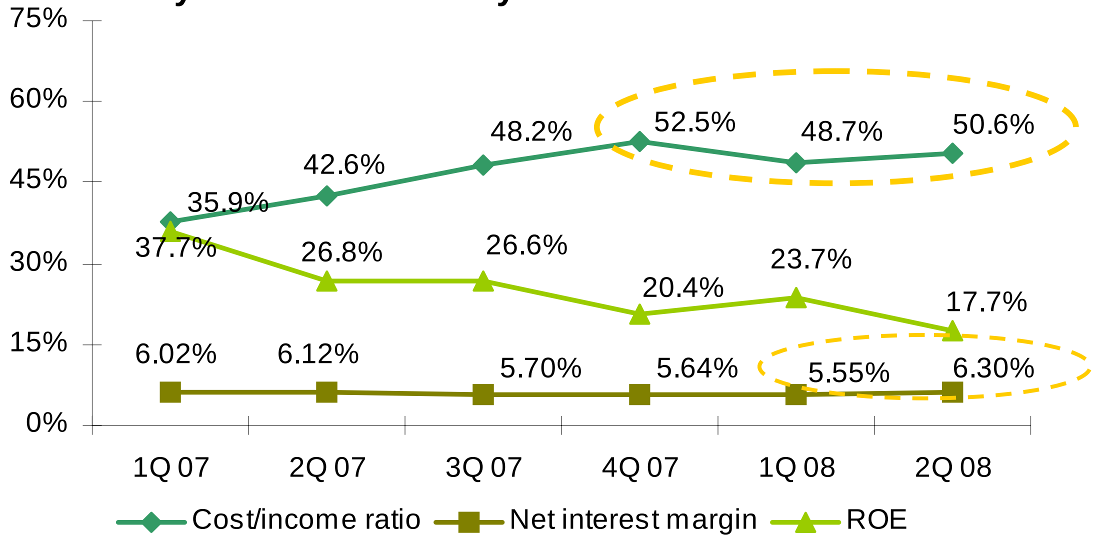
(1) As for 2007, financials are based on DSK Bank, POK DSK-Rodina, DSK Trans Security and DSK Tours consolidated figures aggregated with Asset Management (SPV) and adjusted with controlling calculations. In 2008, after SPV stopped its operation figures are reflecting the performance of consolidated DSK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

CJSC OTP Bank: dynamic lending activity (+51% y-o-y and 9% q-o-q), stable portfolio quality, cautious provisioning, q-o-q improvement in NIM

Financial highlights of CJSC OTP Bank:

in HUF million	1H 08	Y-o-Y	1Q 08	2Q 08	Q-o-Q
After tax profit[1]	***6,878***	***-6%***	***3,894***	***2,984***	***-23%***
Pre-tax profit	9,224	-7%	4,306	4,918	14%
Total income	23,854	44%	10,973	12,880	17%
Net interest income	20,410	48%	9,076	11,334	25%
commissions	2,336	33%	1,069	1,268	19%
Other net non-interest income	1,107	6%	829	279	-66%
Cost of risk	-2,768	-4525%	-1,339	-1,429	7%
Other cost of risk	5	-109%	18	-13	-171%
Operating expenses	-11,867	78%	-5,346	-6,521	22%
Gross loans	***643,474***	***51%***	***588,116***	***643,474***	***9%***
Retail loans	288,841	65%	253,007	288,841	14%
Deposits	***176,174***	***24%***	***180,783***	***176,174***	***-3%***

Profitability and cost-efficiency



1H PAT reached HUF 6.9 billion:

- Without the substantial volume of provision (made for prudential reasons) 1H PAT would increase by 32% (against -6%)
- Stable loan portfolio quality (NPL: 1.4%), significant growth of risk costs as a reflection of management's prudent risk management
- Improving NII (+48% y-o-y), strong net F&C dynamics in the last quarter (+19%)
- Substantial growth of NIM (+0.75%point q-o-q), as a result of ongoing asset-repricing initiated by the Bank
- Operating expenses increased steadily (+78%) reflecting the effect of network expansion, and high inflation environment, at the end of 1H 2008 CIR stood at around 50%

Dynamic loan- and deposit growth:

- Gross consumer loans increased by 51% y-o-y, 9% q-o-q; significant retail deposit growth on a yearly base (+65%)

Network expansion:

- 9 new branches in 1Q, (+8 in 2Q), so at the end of 1H 2008 CJSC had 175 branches
- Improving market shares

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

Excellent performance at CKB and OBH; strong volume growth at OBS, recovery in lending at OBSr; OBR results were effected by the negative impact of one-off provisioning

Main components of P&L account in HUF mn	OBH 2Q 2008	OBH Q-o-Q	OBS 2Q 2008	OBS Q-o-Q	OBR 2Q 2008	OBR Q-o-Q	OBSrb 2Q 2008	OBSrb Q-o-Q	CKB 2Q 2008	CKB Q-o-Q
One-off items, after tax							59	-97%		
After tax profit w/o dividends, net cash transfer and one-off items	1,293	21%	624	-9%	-1,095		-1		910	43.2%
Pre-tax profit	1,642	23%	699	-13%	-1,082		2	-99%	947	40.6%
Total income	4,667	6%	3,598	7%	3,928	18%	2,781	3%	2,849	13.1%
Net interest income	3,280	0%	2,433	3%	2,031	22%	1,537	-9%	1,571	18.1%
Net fees and commissions	844	-3%	815	25%	828	141%	670	24%	1,249	32.2%
Other net non-interest income	543	107%	349	5%	1,069	-19%	575	23%	30	-87.9%
Cost of risk	-129	-5%	-218	-27%	-1,055	344%	-177	113%	-497	-17.9%
Other cost of risk	16	-84%	11	-135%	-5	-97%	25	-115%	-35	157.9%
Operating expenses	-2,912	-4%	-2,692	21%	-3,950	31%	-2,627	16%	-1,370	11.7%
Main components of balance sheet in HUF mn	**30/06/2008**	**Q-o-Q**	**30/06/2008**	**Q-o-Q**	**30/06/2008**	**Q-o-Q**	**30/06/2008**	**Q-o-Q**	**30/06/2008**	**Q-o-Q**
Total Assets	408,144	-7%	399,952	7%	337,078	1%	135,683	13%	277,414	2.6%
Gross customer loans	256,734	-3%	288,704	12%	249,703	1%	84,972	13%	206,341	1.4%
Provisions	-4,552	0%	-3,493	3%	2,911	34%	-4,502	4%	-2,399	13.5%
Deposits from customers	279,903	-8%	249,134	0%	75,132	-3%	38,363	7%	212,807	-3.2%
Total shareholders' equity	48,436	-4%	25,845	1%	21,970	-11%	39,368	-5%	14,908	29.9%
Market Share (%)	**30/06/2008**	**Q-o-Q**	**30/06/2008**	**Q-o-Q**	**30/06/2008**	**Q-o-Q**	**30/06/2008**	**Q-o-Q**	**30/06/2008**	**Q-o-Q**
Loans	3.6%	0.1%	4.1%	0.3%	2.2%	0.0%	3.0%	0.1%	31.3%	-0.5%
Deposits	4.2%	-0.2%	3.1%	0.3%	0.8%	-0.1%	1.5%	0.0%	38.9%	-0.8%
Total Assets	3.5%	-0.1%	2.9%	0.1%	1.3%	0.0%	2.5%	0.3%	33.0%	-0.3%
Indicators (%)	**2Q 2008**	**Q-o-Q**	**2Q 2008**	**Q-o-Q**	**2Q 2008**	**Q-o-Q**	**2Q 2008**	**Q-o-Q**	**2Q 2008**	**Q-o-Q**
Gross loans to deposits	91.7%	4.6%	115.9%	12.2%	332.4%	14.5%	221.5%	11.3%	97.0%	4.4%
Cost/income ratio	62.4%	-6.5%	74.8%	8.7%	100.5%	10.0%	94.5%	10.8%	48.1%	-0.6%
Net interest margin	3.1%	0.0%	2.5%	0.0%	2.4%	0.3%	4.8%	-1.0%	2.3%	0.3%
ROA	1.2%	0.2%	0.6%	-0.1%	-1.3%	-1.2%	0.0%	-0.7%	1.3%	0.4%
ROE	10.5%	1.1%	9.8%	-1.5%	-18.9%	-17.1%	0.0%	-1.8%	27.8%	4.6%

Note: from 2Q 2008 OBR's net interest income is adjusted with result of swap transactions executed with OTP Bank in relation with interbank financing

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