# OTP Bank – preliminary 2007 results

Conference call presentation – February 14, 2008

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# Major factors influencing OTP Group's operation in 2007

## Macroeconomic & market environment

### Mixed picture

**Hungary**

- Significant decline in demand with improving macro indicators
- Interest rates remained at stubbornly high levels
- Stable local currency
- Further increase of FX-linked retail lending (in the banking sector FX portion within household loans: 55%, OTP: 51%)
- Growing popularity of JPY-loans
- Stabilization shock and stress test!
- Limited impact of the global liquidity crunch

**Foreign subsidiaries**

- Authorities used mixed tools, mainly restrictive ones to halt strong loan demand
- Volume limits, higher mandatory reserve requirements, stricter asset qualification rules
- Strong retail loan demand
- In certain countries significantly deteriorating C/A balances

# Most of the foreign subsidiaries improved their performance (their profit contribution exceeded 25%), positive turnaround in core Hungarian banking activity from 2H

## OTP Group's performance

1. HUF 207.9 billion after tax profit (+11% y-o-y)
2. The main reason of the slight slippage was basically the dismal performance of the Serbian subsidiary
3. Dynamic annual volume growth with strong 4Q: gross loans grew by 28.8% y-o-y and 9.1% q-o-q respectively: deposits increased by 19% and 7.3% in the corresponding periods.
4. Improving core banking activity in Hungary from 2H: loans grew by 12.7% y-o-y (retail by 14%, respectively), deposits expanded by 10.6%. At the same time OTP Fund Management also managed to gain market share. Adjusted NIM in 4Q was 4.72%, only by 7 bps less than a year ago (4.79%)
5. Foreign subsidiaries performed nicely, their yearly profit contribution reached 25.2% (+ 11.7% y-o-y) out of the total consolidated loan book 43.8% belonged to them; 39.2% of deposits came from abroad
6. DSK had another outstanding year: its after tax profit grew by 21%, whereas gross loans increased by 43.4% and deposits by 24.2%, respectively. The bank is the most profitable and efficient member among subsidiaries.
7. Steady improvement at ISB Russia from 2H 2007. Lending volumes grew by 18.7% in 4Q, retail loans increased by spectacular 38%, NIMs grew further on and the asset quality also improved.
8. CJSC had a strong loan growth of 45% reaching after tax profit HUF14 billion (around the budget) ; asset quality is stable
9. Out of the smaller subsidiaries CKB had an excellent year over-performing the original profit targets and doubling the loan and deposit volumes. OBS was above, OBH at around the targeted PAT, while OBR had lower losses than originally forecasted with a strong lending activity (+ 60.8% y-o-y).

# OTP Bank realised HUF 207.9 billion consolidated profit after tax in 2007 and 50.9 in 4Q 2007, respectively

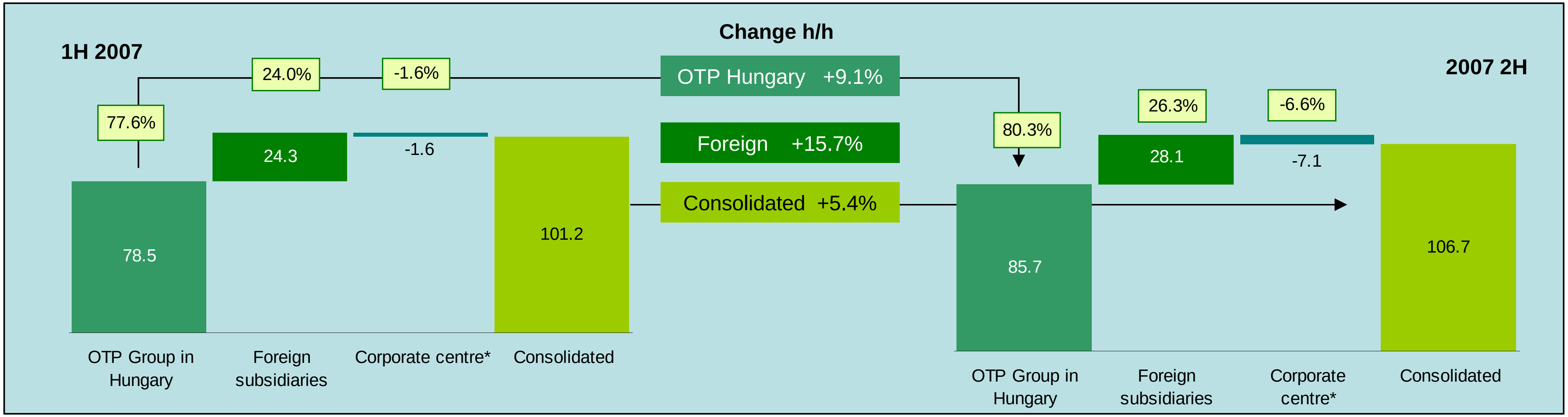
**Financial highlights of OTP Group (consolidated, IFRS)**

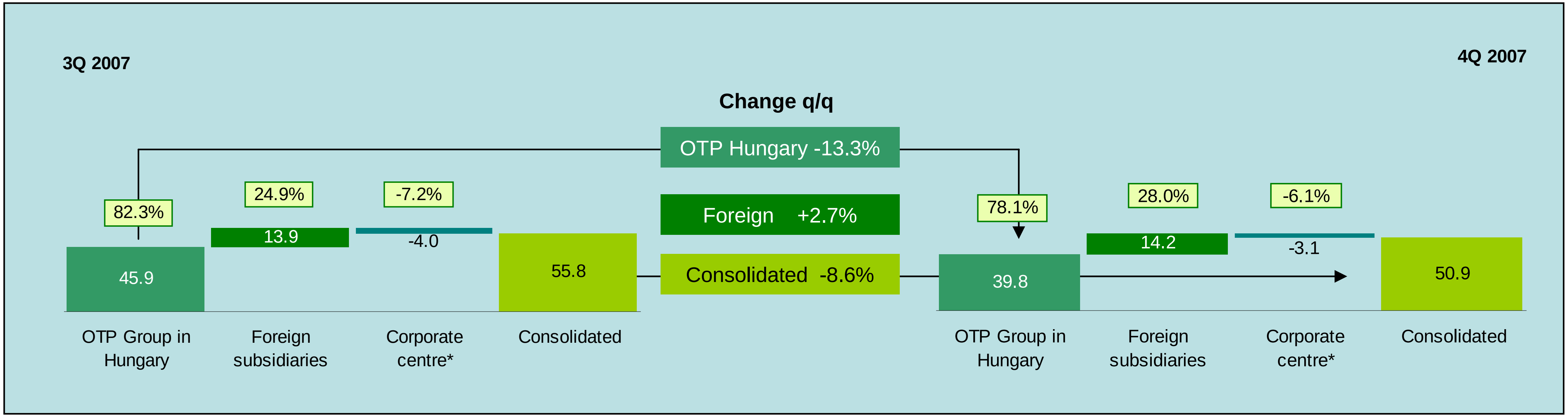
| | 2006 4Q | 2007 3Q | 2007 4Q | Q-o-Q | Y-o-Y | 2006 | 2007P | Y-o-Y |
|---|---|---|---|---|---|---|---|---|
| Net interest income (adj) (HUF bn)* | 88.0 | 106.9 | 116.9 | 9.3% | 32.8% | 340.2 | 426.1 | 25.2% |
| Total income (adj) (HUF bn)* | 142.4 | 180.9 | 197.6 | 9.2% | 38.7% | 562.0 | 714.1 | 27.1% |
| Operating expenses (HUF bn) | 90.2 | 105.8 | 120.5 | 13.9% | 33.7% | 319.4 | 421.8 | 32.1% |
| Provision for possible loan losses (adj) (HUF bn)* | 7.7 | 8.1 | 16.9 | 107.9% | 119.2% | 24.0 | 42.3 | 76.4% |
| Pre-tax profits (HUF bn) | 44.5 | 66.9 | 60.1 | -10.2% | 35.0% | 218.6 | 250.0 | 14.4% |
| **After tax profits (HUF bn)** | **40.6** | **55.8** | **50.9** | **-8.6%** | **25.5%** | **187.1** | **207.9** | **11.1%** |
| **Total assets (HUF bn)** | **7,097.4** | **8,042.6** | **8,459.9** | **5.2%** | **19.2%** | **7,097.4** | **8,459.9** | **19.2%** |
| Total gross customer loans and advances (HUF bn) | 4,474.7 | 5,280.1 | 5,762.4 | 9.1% | 28.8% | 4,474.7 | 5,762.4 | 28.8% |
| Total deposits (HUF bn) | 4,232.2 | 4,691.6 | 5,036.3 | 7.3% | 19.0% | 4,232.2 | 5,036.3 | 19.0% |
| Shareholders' equity (HUF bn) | 788.2 | 880.8 | 893.9 | 1.5% | 13.4% | 788.2 | 893.9 | 13.4% |
| Gross loan/deposit ratio | 105.7% | 112.5% | 114.4% | 1.9% | 8.7% | 105.7% | 114.4% | 8.7% |
| Net interest margin (adj)* | 5.30% | 5.47% | 5.67% | 0.19% | 0.36% | 5.53% | 5.48% | -0.05% |
| Cost/income ratio* | 63.3% | 58.5% | 61.0% | 2.5% | -2.3% | 56.8% | 59.1% | 2.2% |
| Return on Assets | 2.45% | 2.85% | 2.47% | -0.38% | 0.02% | 3.04% | 2.67% | -0.37% |
| Return on Equity | 22.6% | 25.9% | 23.0% | -2.9% | 0.4% | 28.0% | 24.7% | -3.3% |
| EPS base (HUF) | 155 | 213 | 196 | -7.8% | 26.4% | 722 | 793 | 9.9% |
| EPS fully diluted (HUF) | 155 | 201 | 196 | -2.8% | 26.5% | 714 | 791 | 10.8% |

* Net interest income also includes non-interest result of swaps. Total income does not include other non-interest income resulting from release of pre-acquisition provisions. Provisions include other non-interest income resulting from release of pre-acquisition provisions.

# In 2H 2007, foreign operation outperformed domestic profit growth

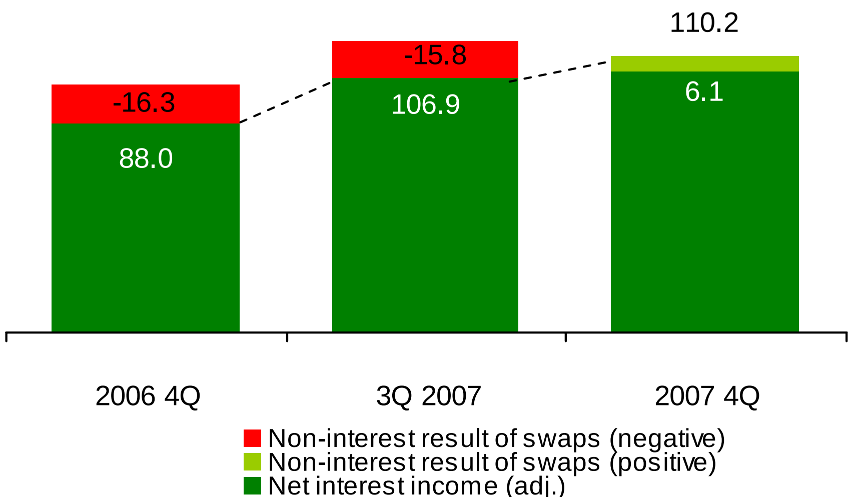
**Volume and distribution of consolidated profit after tax (HUF bn; %)**

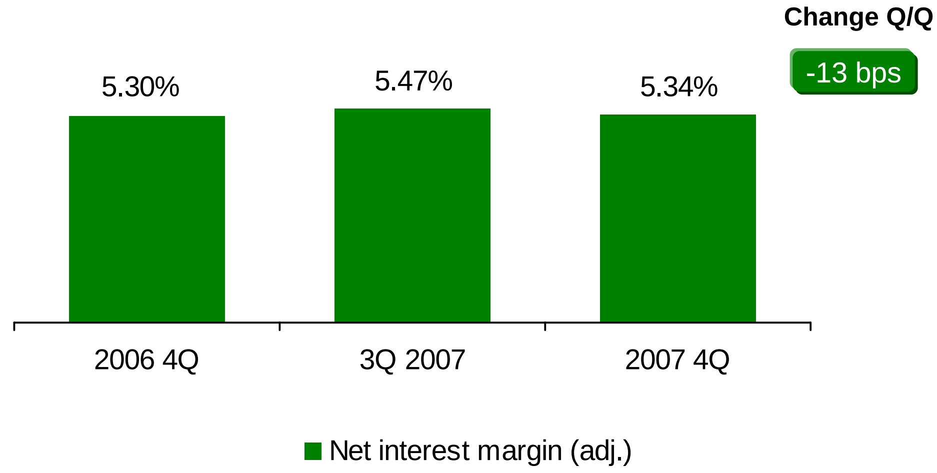


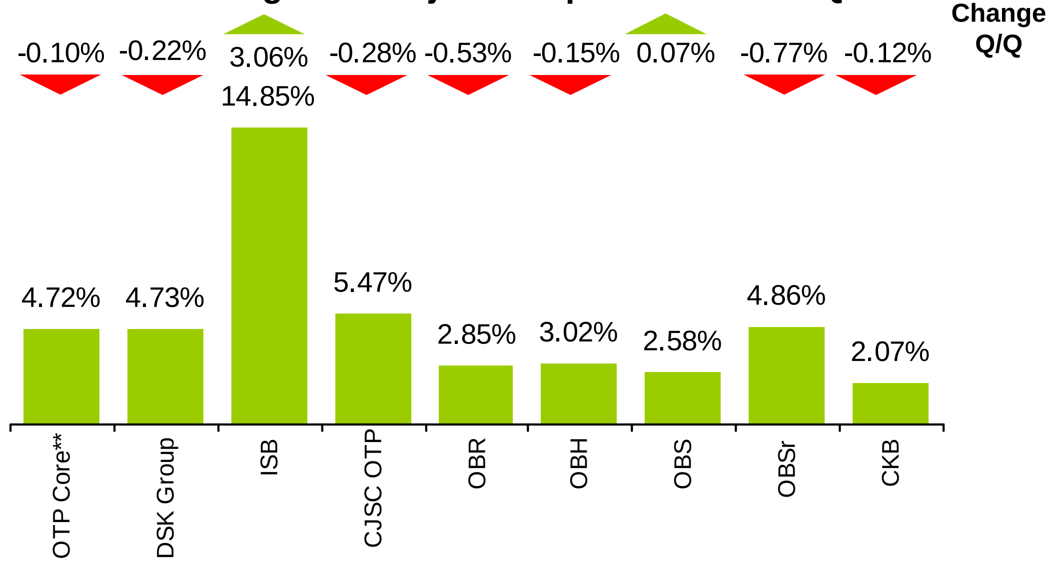




*** Corporate centre is including funding cost of Tier 2 capital, result from open FX position and net interest income of OTP Bank from subsidiary financing**

# The swap-adjusted consolidated net interest margin deteriorated by 13 bps in 4Q 2007



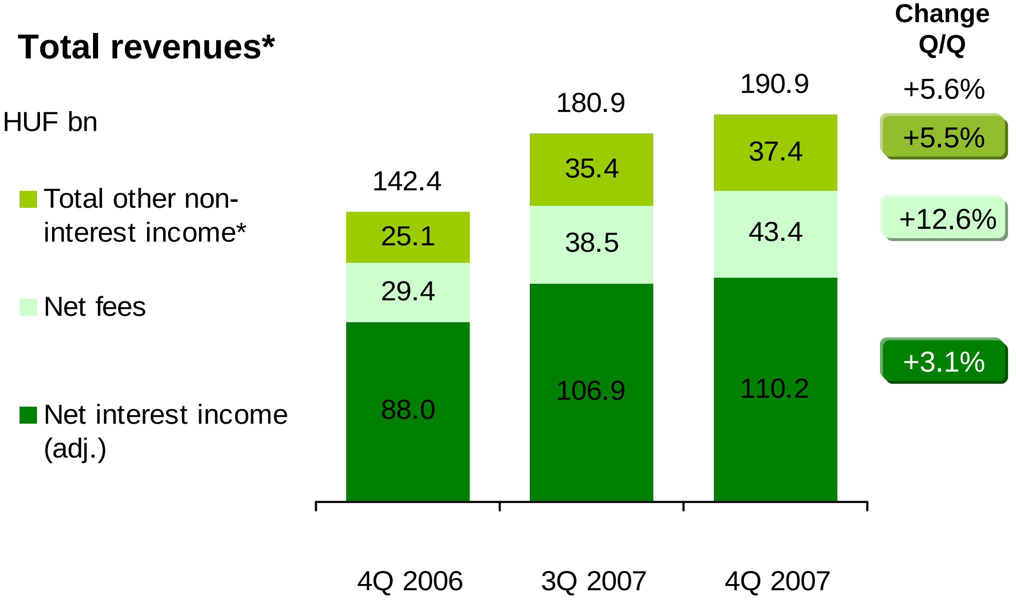




- Consolidated, adjusted net interest margin dropped by 13 bps in 4Q 2007, but remained stable y-o-y
- Within the Group, ISB still captures the highest NIM with 14.85%

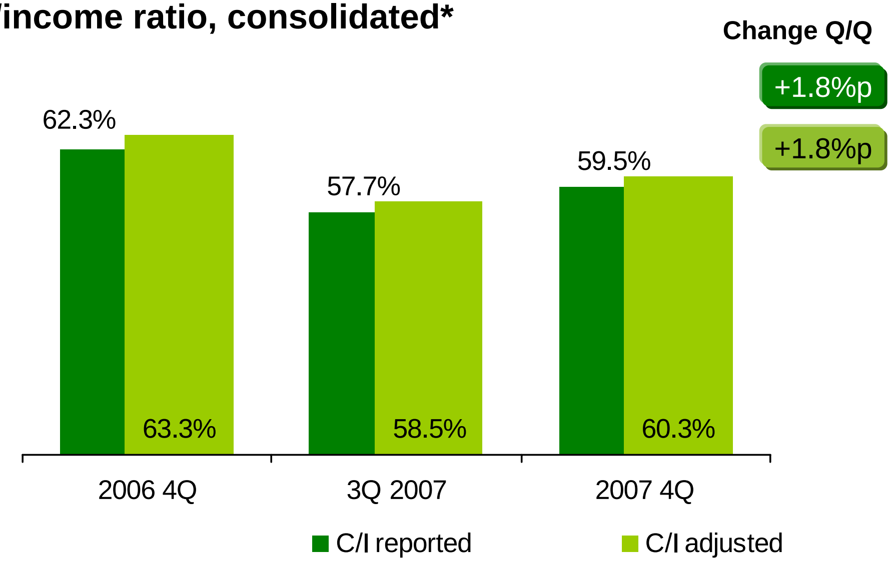
***Including non-interest result of swap transactions, but excluding ISB's one-off interest income increase, due to change in accounting principles**
****NII includes non-interest result of swaps, but excludes funding cost of Tier2 Capital and net interest and non-interest income on interbank loans to subsidiaries; average total assets exclude the volumes of Tier2 capital and interbank financing to subsidiaries**

# Increase in operating costs slightly outperformed the income growth in 4Q, however C/I improved by 3,0%point y-o-y

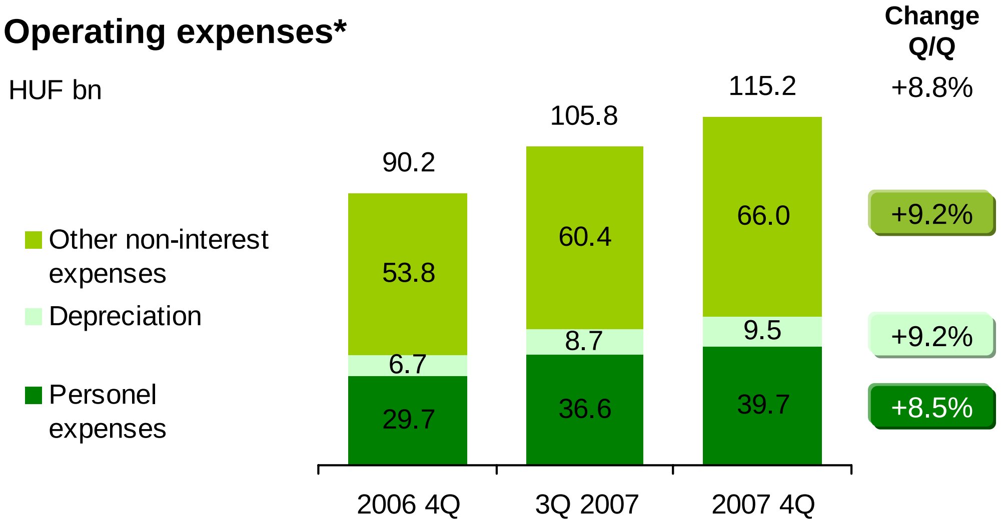
## Total revenues*



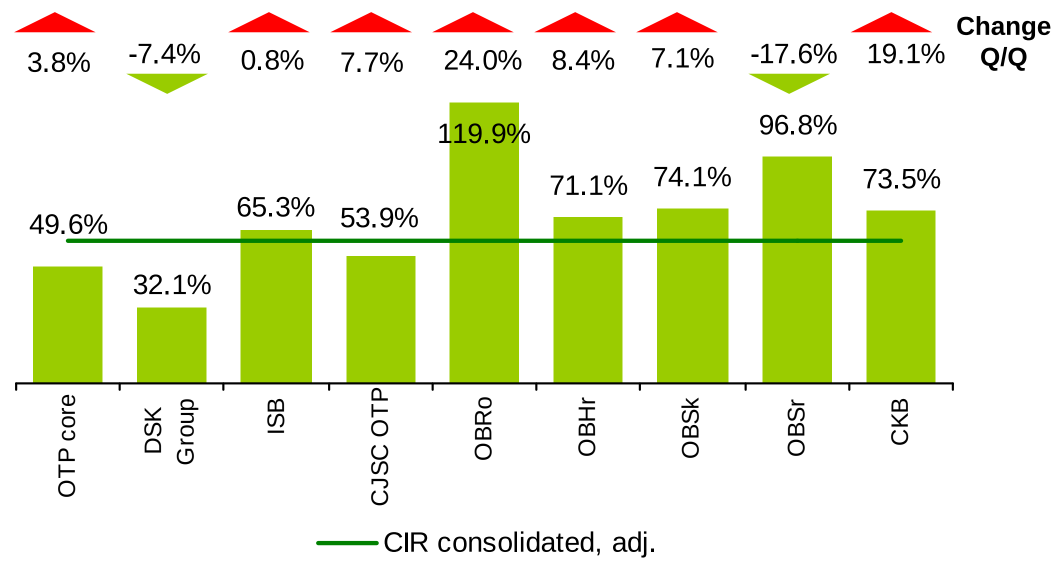

## Cost/income ratio, consolidated*




## Operating expenses*



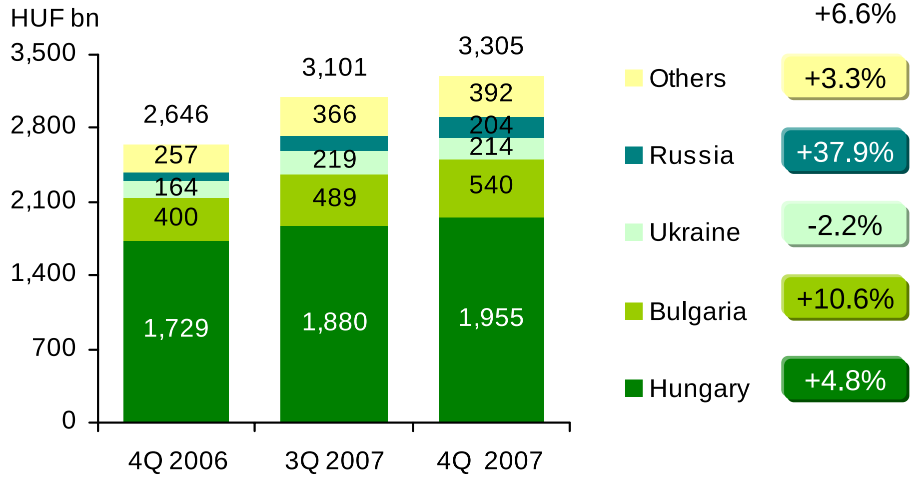

## Cost/income* ratio of the major Group members in 4Q 2007



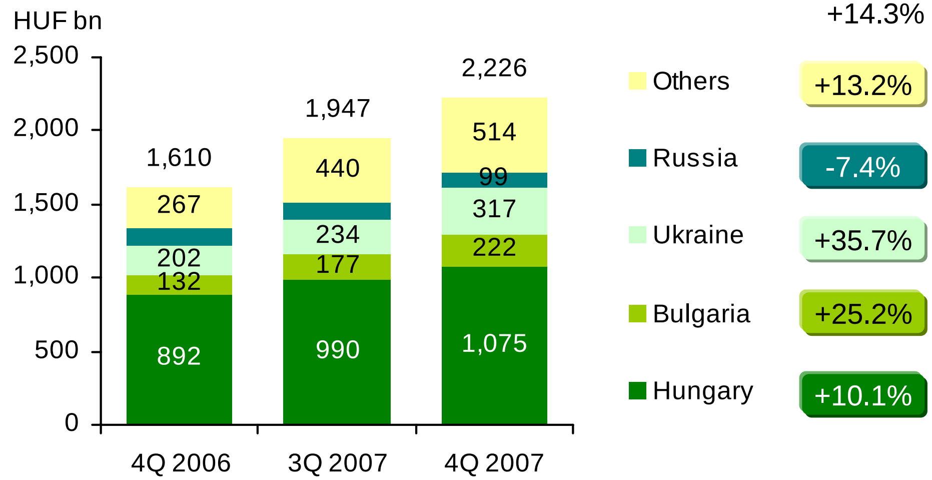

*** Net of ISB one-off interest income and other non interest expenses, due to change in accounting principles**

# Loan volume grew by 28.8% y-o-y (+9.1% q-o-q); deposits increased by 19.0% on a yearly base (+7.3% q-o-q); loan to deposit ratio increased by 8.7% y-o-y (+1.9% q-o-q)

## Retail loan volume by countries

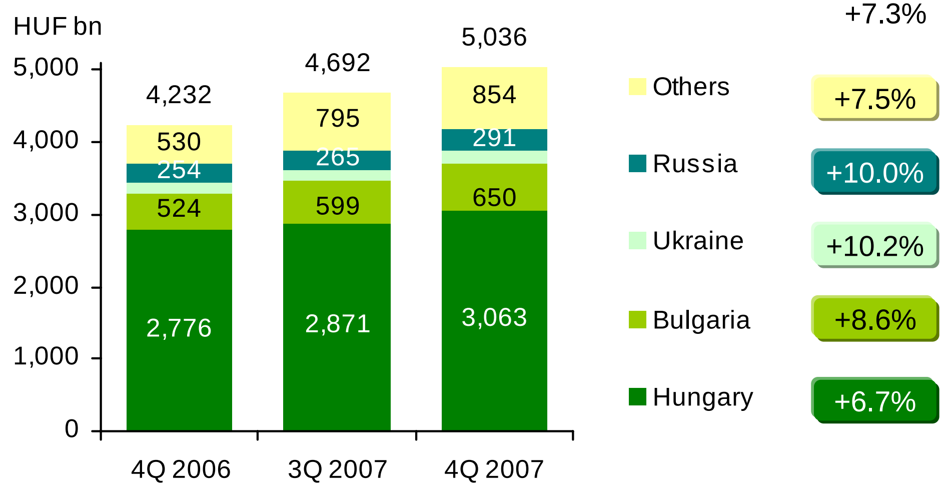



## Corporate loan volume by countries



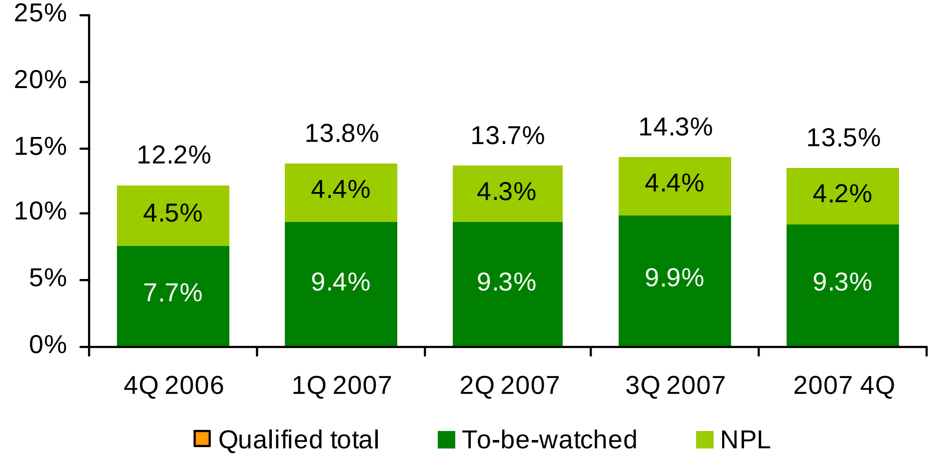

- **Retail lending** growth of over 30% q-o-q in Russia and over +10% in Montenegro, Romania and Bulgaria
- As for **corporate lending,** strong dynamics (>10%) in all countries, but Russia and Slovakia
- Double-digit q-o-q growth in **customer deposits** in Russia, Ukraine, Romania and Montenegro

## Total deposit volume by countries

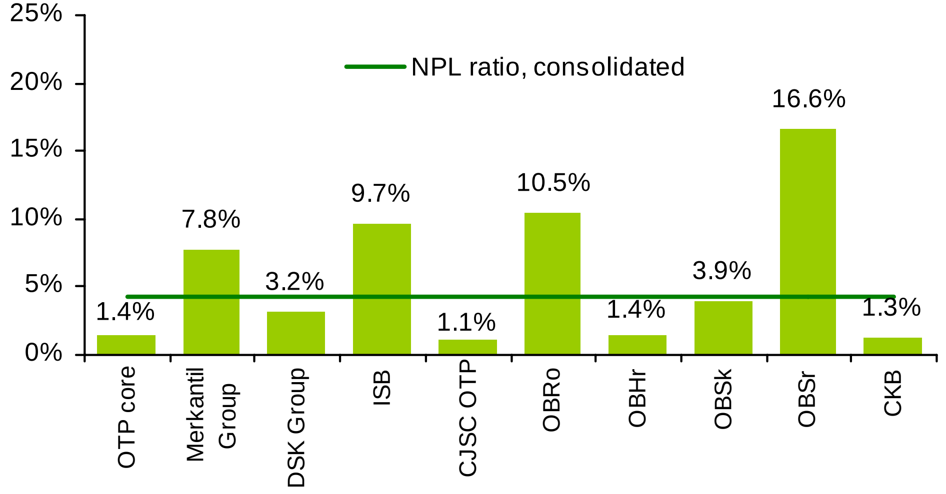


# The portfolio quality remained stable, NPL ratio improved to 4.2% at the end of 4Q 2007

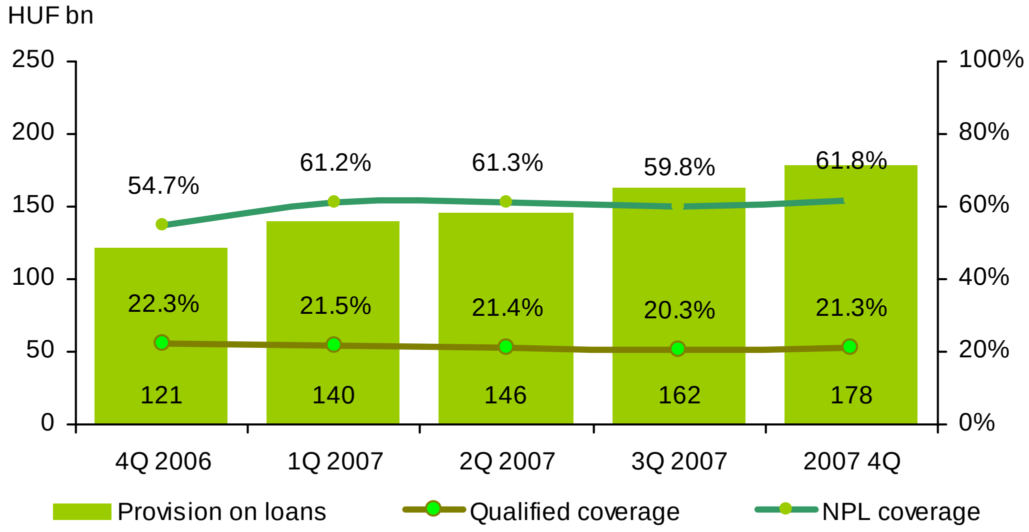
## Qualified and NPL ratio




## NPL ratio at the major Group members in 4Q 2007




## Coverage



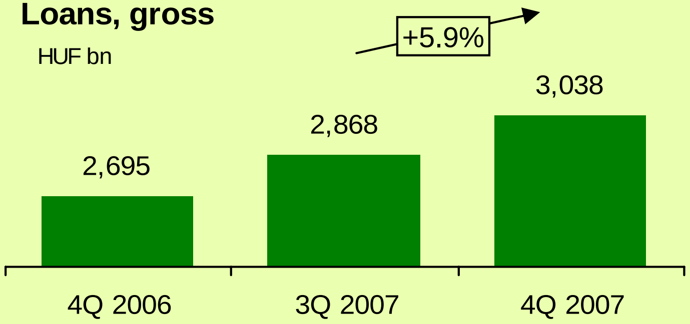

## Cost of risk to the average loans*


* Risk cost is including the income from the release of provisions before acquisitions

# Stable core banking activity* in Hungary with slightly eroding NIMs

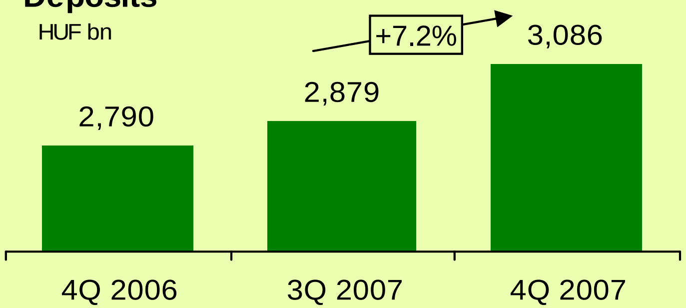
## Loans, gross

HUF bn



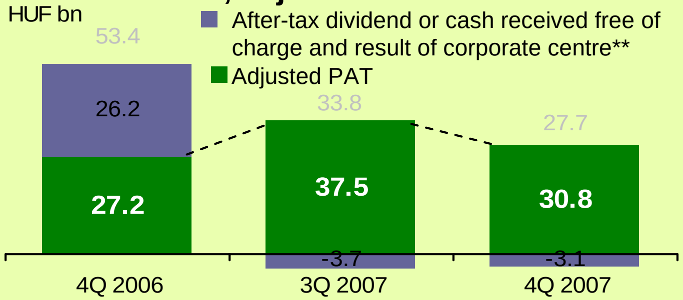

## Deposits

HUF bn

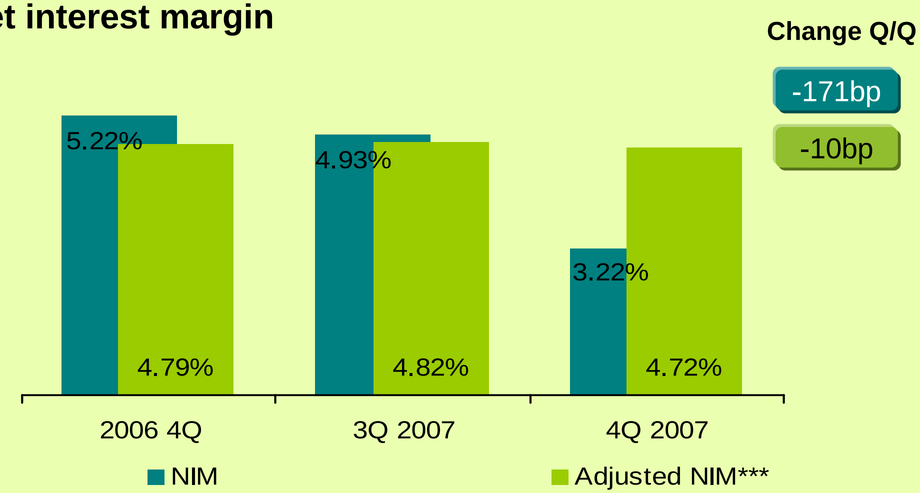



## Profit after tax, adj.

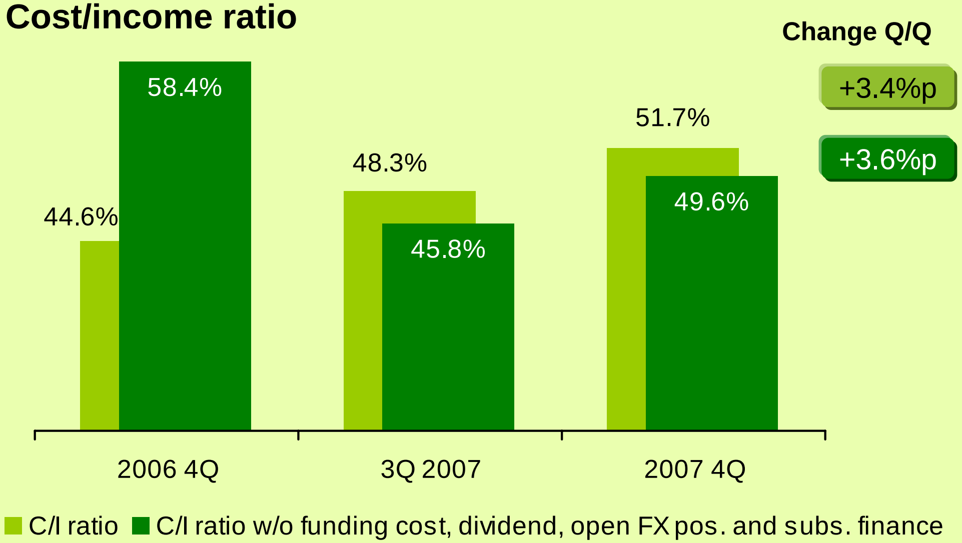
HUF bn




## Net interest margin




## Cost/income ratio




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

** Includes the funding cost of Tier2 Capital, the net interest & non interest income of subsidiary financing and the result of strategic open FX position

*** Adjusted NIM with non-interest result from swaps, minus funding costs of Tier2 Capital, minus net interest income from subs. finance

# Improving market positions in Hungary, due to further accelerating FX mortgage and consumer loan origination in 4Q, stabilizing deposit market, strong fund management

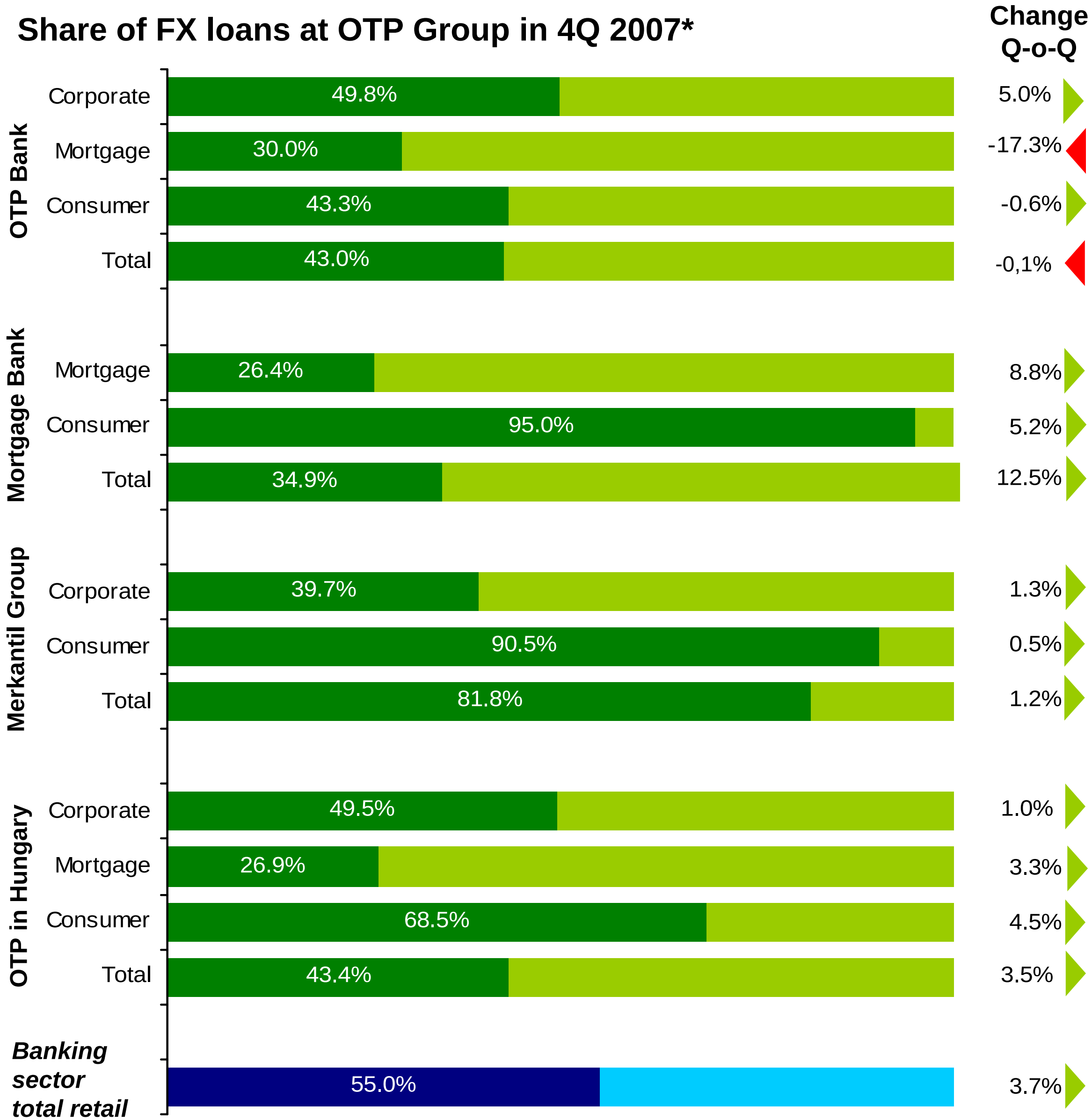
| | Market share* (31/12/2007) | Change Q/Q | ( Y/Y) |
|---|---|---|---|
| **Total assets** | 25.2% | 0.0%p | (+0.4%p) |
| **Mortgage loans** | 36.7% | -1.2%p | (-5.0%p) |
| **FX mortgages** | 21.2% | +0.2%p | (-1.7%p) |
| **Consumer loans** | 24.8% | +0.1%p | (-0.1%p) |
| **Corporate and Municipal loans** | 11.6% | -0.1%p | (-1.2%p) |

| | Market share* (31/12/2007) | Change Q/Q | ( Y/Y) |
|---|---|---|---|
| **Retail deposits** | 31.3% | 0.0%p | (-1.1%p) |
| **Corporate and Municipal deposits** | 15.0% | -0.1%p | (+2.3%p) |
| **Investment Funds** | 31.2% | +0.4%p | (+3.5%p) |

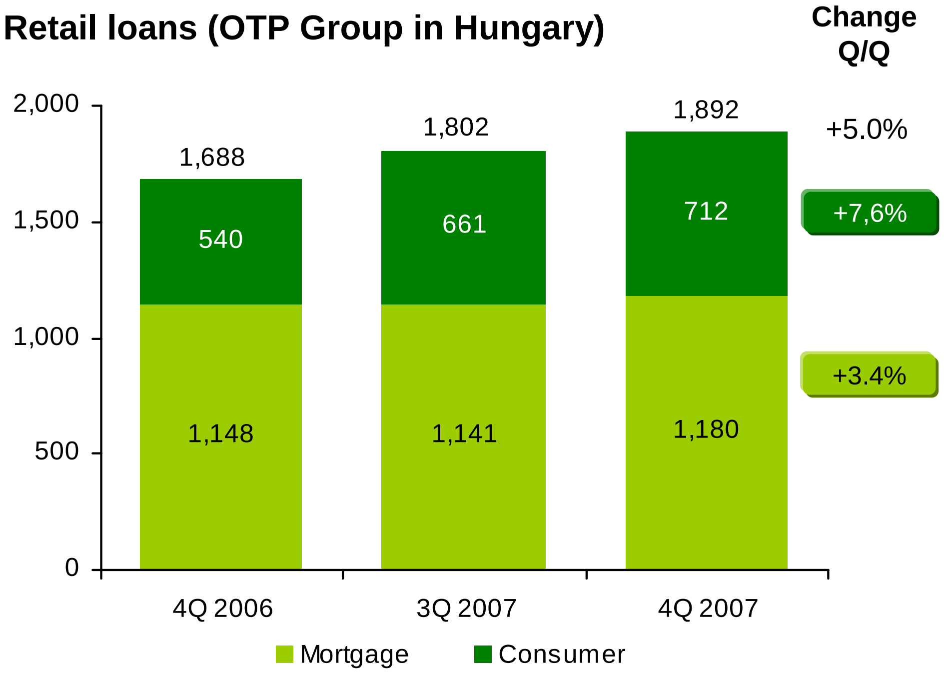
* OTP Bank, Merkantil Bank, Mortgage Bank, OTP Building Society aggregated

# Share of FX-loans increased in every loan segments

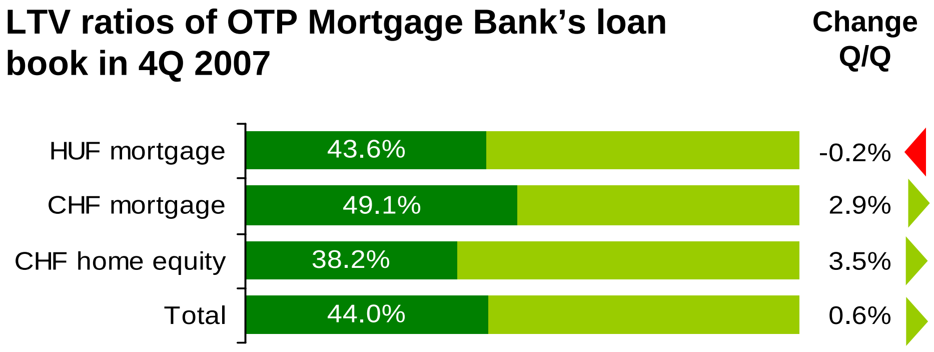
## Share of FX loans at OTP Group in 4Q 2007*




## Retail loans (OTP Group in Hungary)



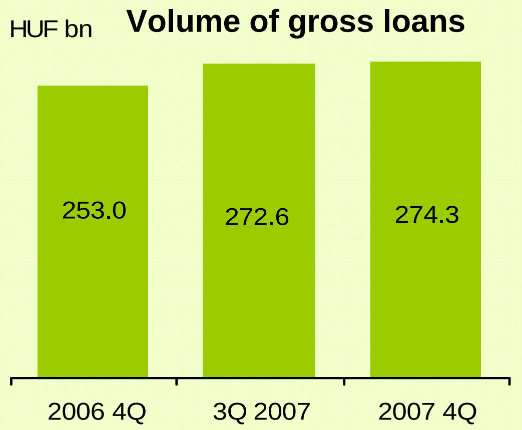

## LTV ratios of OTP Mortgage Bank's loan book in 4Q 2007

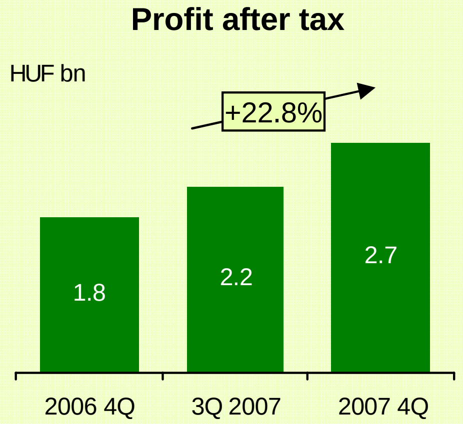



* FX-loan volumes are calculated on end-of-period FX-rates, so the changes of HUF exchange rates influenced the FX volumes and ratios

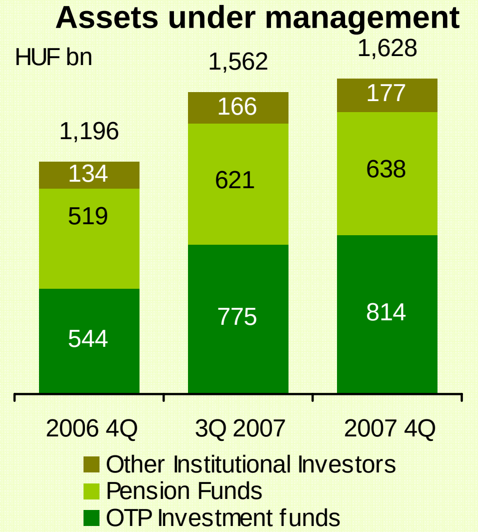
# Domestic „non-core" business profit contribution was 12.7% of consolidated PAT in 2007

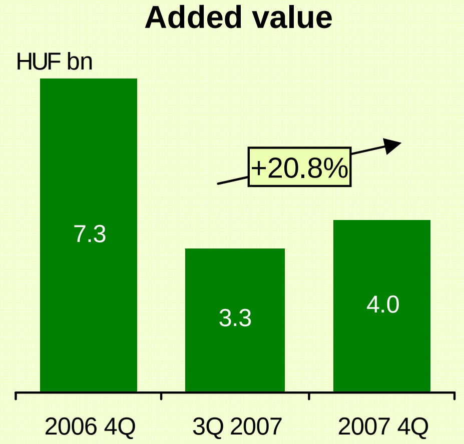
## Merkantil Group



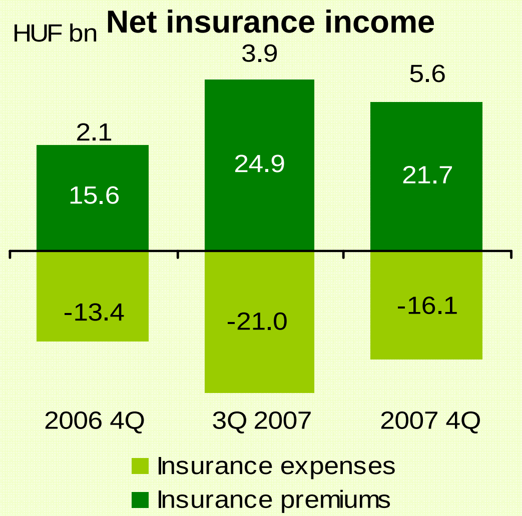



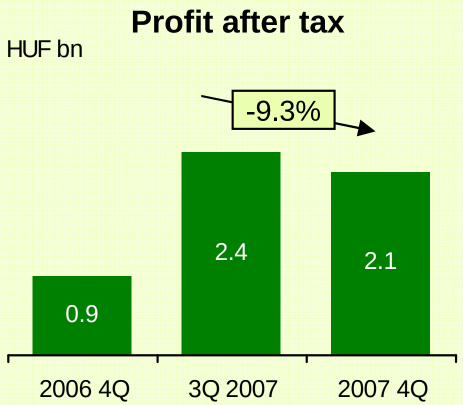

## OTP Fund Management




## OTP Garancia Insurance



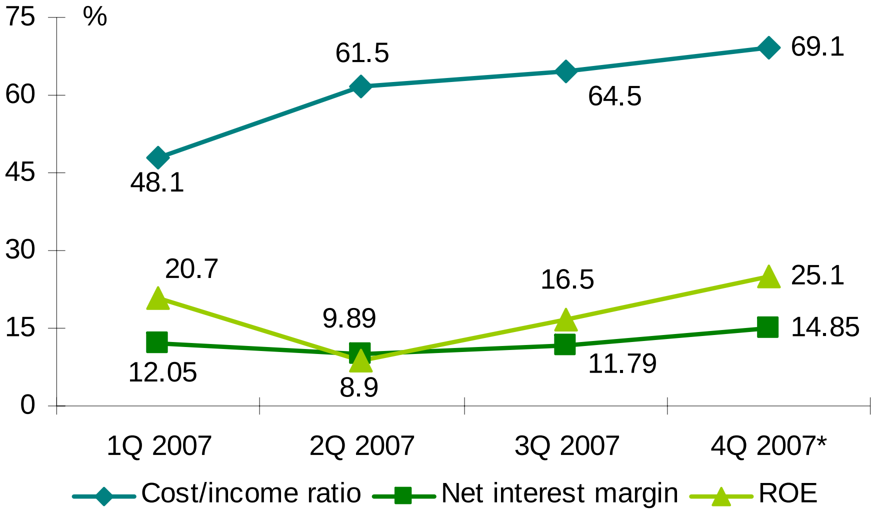

- Merkantil Group's total car-financing loan portfolio increased by 8.3% y-o-y to HUF 246.5 billion, PAT improved, too
- OTP Fund Management increased its market shares, volume of assets under management reached HUF 1,626 billion
- At OTP Garancia, insurance premiums decreased by 13.1% q-o-q, while insurance expenses dropped by 23.4%, thus net insurance result amounted to HUF 5.6 bn in 4Q (from HUF 3.9 bn in 3Q 2007)

# ISB's contribution to the Group's profit grew significantly in 4Q

### Main financials of ISB

| in HUF bn | 3Q 2007 | 4Q 2007 | Q-o-Q |
|---|---|---|---|
| Net interest income* | 11.0 | 15.0 | 36.4% |
| Cost of risk | 2.3 | 4.1 | 77.8% |
| Net fee and commission income | 4.0 | 4.6 | 14.6% |
| Total income* | 14.0 | 20.5 | 46.4% |
| Operating expenses* | 9.0 | 13.4 | 48.2% |
| *After tax effect of one-off* | - | *0.8* | - |
| **Adj. profit after tax*** | **1.6** | **1.8** | **7.8%** |
| | | | |
| Gross loans | 256.5 | 304.4 | 18.7% |
| Deposits | 264.8 | 291.2 | 10.0% |
| Loan to Deposit | 96.9% | 104.5% | 7.7% |

### Profitability and cost-efficiency




*** NIM and P&L figures are adjusted for the one-off effect of changing accounting policy**

## Net earnings continued to expand in 4Q:

- After-tax profit was growing by 54% q-o-q
- Net interest income increased by 36.4%, net F&C income by 14.6% q-
- Significant NII and OPEX increase in reported financials was partly due to a change in the method of accounting of interest revenue on past due loans (Past due interest was accrued and simultaneously other non-interest expenses increased).

## Profit-growth is led by retail lending expansion:

- POS-loans doubled, credit card loans and car-financing volume grew by 17-18%
- Mortgage loans are increasing dynamically too, although volumes are still low (new product)
- The quality of the loan book is weaker than the group average, but slightly improved in 4Q
- ISB's funding structure is stable, however its loan-to-deposit ratio - in line with the target – climbed above 100%

## In 2007, priority actions of the management were:

- Product development (launching mortgages)
- Significant broadening of sales channels (32 new branches, POS agent network), parallel with the enhancement of sales force effectiveness

## New acquisition announced in November:

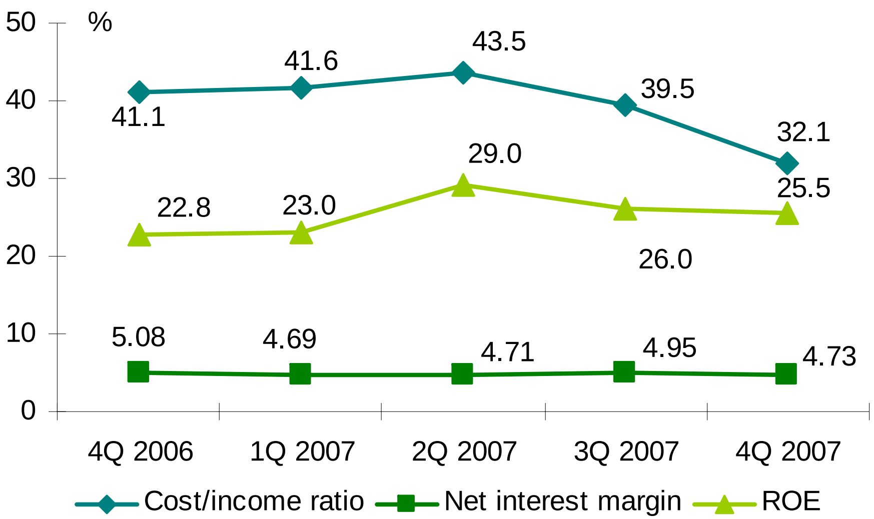
- OTP will acquire 100% of Donskoy Narodny Bank (price: USD 41 mn, equity: USD 13 bn, total assets: USD 89 mn)

# In Bulgaria, outstandingly good, 21% y-o-y net earnings growth accompanied by strong loan dynamics, which led to improving market positions in 4Q

**Main financial figures of DSK Group (with SPV)**

| in HUF bn | 4Q 2007 | Q-o-Q | Y-o-Y |
|---|---|---|---|
| Net interest income | 11.5 | 2.2% | 10.3% |
| Cost of risk | 3.1 | 26.5% | 0.1% |
| Net fee and commission income | 4.3 | -5.8% | 12.3% |
| Total income | 16.5 | 0.5% | 6.8% |
| Operating expenses | 5.3 | -18.4% | -9.1% |
| **Profit after tax** | **7.4** | **9.6%** | **28.1%** |
| | | | |
| Gross loans | 763.0 | 14.5% | 43.4% |
| Deposits | 650.3 | 8.6% | 24.2% |
| Loan to Deposit | 117.3% | 6.0% | 15.7% |

**Profitability and cost-efficiency**




## Mainly close cost control led to q-o-q growth of net earnings:

- Moderating total income dynamics (2.2% vs 6.3% in 3Q) mainly due to the introduction of higher reserve requirements by BNB (hurting the NII and NIMs in 4Q), and to the increasing fee expenses of selling agents
- Despite of the repricing of loans - as a reaction to BNB measures – 22bps q-o-q erosion of NIM in 4Q
- Provisioning was on the level of 2006 4Q, mainly due to risk management steps of 2007 (i.e. charging overdue customers' accounts)
- Operating costs remained under close control, one-off release of previous quarters' accrued personnel cost in 4Q.

## Corporate and housing loans fuelled the dynamic loan portfolio expansion in 4Q:

- +19% q-o-q housing loan growth, in parallel with 25% corporate loan growth mitigated the less robust increase in consumer finance (+6%)
- Market share of retail loans grew by 0.6%point to 33.4%, while market share of corporate loans improved by 0.2%point to 7.3%

## As for Bulgarian macro, despite soaring current account deficit, the currency board system is deemed to be sustainable in the longer term:

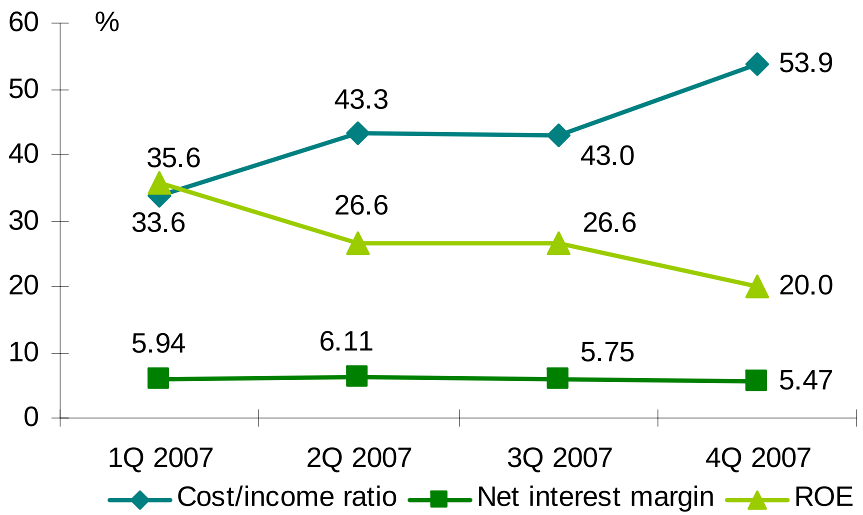
- Domestic demand – especially investments – generated very high external financing requirement.
- Bulgaria is showing signs of fast, but healthy real convergence
- The government runs an increasing surplus, total sovereign debt to GDP is kept at low levels

# In Ukraine, despite of some delay in the planned expansion, net earnings are close to the original budget

**Main financial figures of CJSC OTP Bank**

| in HUF bn | 3Q 2007 | 4Q 2007 | Q-o-Q |
|---|---|---|---|
| Net interest income | 7.4 | 7.9 | 7.7% |
| Cost of risk | -0.2 | 0.2 | -194.0% |
| Net fee and commission income | 1.4 | 1.1 | -19.7% |
| Total income | 9.0 | 9.6 | 7.0% |
| Operating expenses | 4.2 | 5.2 | 24.8% |
| **Profit after tax** | **3.6** | **3.0** | **-16.6%** |
| | | | |
| Gross loans | 452.0 | 530.7 | 17.4% |
| Deposits | 161.7 | 178.2 | 10.2% |
| Loan to Deposit | 279.5% | 297.9% | 18.4% |

**Profitability and cost-efficiency**




## Net earnings of 2007 in line with the budget:

- 2007 profit after tax reached HUF 14.0 billion, thus CJSC is the second largest profit-contributor among OTP's subsidiaries
- Total non interest income grew by 7.7% q-o-q, net fee income decreased somewhat
- Good results were partially due to negative net provisioning regarding the whole year

## Volume growth mainly on the asset side:

- Because of delay in branch network enlargement, more focus on corporate segment in 2007
- corporate loans impressively expanded by 35.7% q-o-q
- Deposit volumes grew by 10.2% q-o-q, as for funding, reliance on the parent bank is still dominant (loan to deposit ratio in the neighbourhood of 300%)
- Portfolio quality remained stable

## Accelerating network enlargement in 4Q:

- 64 new branches opened, 500+ new employees recruited in 4Q

## Growing acceptance on the market:

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

# Profit after tax of foreign subsidiaries was HUF 14.2 bn in 4Q 2007 (vs HUF 13.9 bn in 3Q)…

| Main balance sheet items, HUF bn | DSK Group (with SPV) | | | OTP banka Hrvatska | | | OTP Banka Slovensko | | | OTP Bank Romania | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 4Q 2007 | Q-o-Q | Y-o-Y | 4Q 2007 | Q-o-Q | Y-o-Y | 4Q 2007 | Q-o-Q | Y-o-Y | 4Q 2007 | Q-o-Q | Y-o-Y |
| **Total assets** | **1,015.0** | **8.7%** | **18.6%** | **422.3** | **6.3%** | **16.0%** | **368.8** | **4.4%** | **13.4%** | **250.2** | **5.8%** | **29.4%** |
| Gross loans | 763.0 | 14.5% | 43.4% | 251.2 | 10.5% | 27.3% | 232.3 | 1.6% | 22.3% | 162.9 | 1.5% | 60.8% |
| Deposits | 650.3 | 8.6% | 24.2% | 307.5 | 7.8% | 11.6% | 227.1 | 2.5% | 19.3% | 146.6 | 3.3% | 16.7% |
| Shareholders' equity | 124.1 | 14.6% | 37.6% | 40.3 | 2.3% | 31.7% | 23.6 | 8.3% | 16.3% | 25.3 | -7.7% | 1.1% |
| Gross loans/deposits ratio | 117.3% | 6.0% | 15.7% | 81.7% | 2.0% | 10.1% | 102.3% | -0.9% | 2.5% | 230.3% | -29.1% | -16.8% |
| **Main P&L items, HUF million** | | | | | | | | | | | | |
| Net interest income | 11,520 | 2.2% | 10.3% | 3,098 | 1.1% | 13.1% | 2,329 | 7.3% | 11.9% | 1,735 | -6.8% | 49.1% |
| Net fee and commission income | 4,294 | -5.8% | 12.3% | 937 | 10.7% | 42.8% | 651 | 20.6% | 15.4% | 424 | 635.4% | 11.3% |
| Total income | 16,466 | 0.5% | 6.8% | 4,425 | 1.2% | 16.8% | 3,315 | -1.0% | 8.1% | 3,056 | -7.5% | 64.3% |
| Operating expenses | 5,277 | -18.4% | -9.1% | 3,146 | 14.8% | 14.5% | 2,458 | 9.6% | 20.4% | 3,664 | 15.6% | 21.5% |
| **Profit after tax** | **7,415** | **9.6%** | **28.1%** | **723** | **-38.9%** | **-13.2%** | **1,394** | **174.5%** | **71.5%** | **-630** | **157.3%** | **-19.5%** |
| Cost/income ratio | 32.1% | -7.4% | -5.6% | 71.1% | 8.4% | -1.5% | 74.1% | 7.1% | 7.6% | 119.9% | 24.0% | -42.3% |
| Net interest margin | 4.73% | -0.22% | -0.18% | 3.02% | -0.15% | 0.03% | 2.58% | 0.07% | -0.02% | 2.85% | -0.53% | 0.17% |
| ROA | 3.04% | 0.07% | 0.32% | 0.71% | -0.52% | -0.21% | 1.54% | 0.96% | 0.53% | -1.04% | -0.59% | 0.77% |
| ROE | 25.5% | -0.5% | 0.2% | 7.2% | -5.1% | -3.4% | 24.5% | 15.0% | 8.2% | -9.6% | -5.8% | 2.5% |
| **Market share, %** | | | | | | | | | | | | |
| Retail deposits | 20.7% | -0.3% | -1.1% | 5.6% | 0.0% | 0.1% | 2.6% | 0.0% | 0.1% | 0.7% | 0.0% | 0.2% |
| Corporate deposits | 5.9% | -0.9% | -1.3% | 1.8% | -0.2% | -0.7% | 2.9% | 0.3% | 0.0% | 0.8% | 0.1% | 0.3% |
| Retail loans | 33.4% | 0.6% | 0.4% | 4.1% | 0.0% | 0.2% | 3.3% | -0.1% | -0.3% | 2.2% | 0.0% | 0.1% |
| Corporate loans | 7.3% | 0.2% | 0.0% | 2.9% | 0.1% | 0.0% | 4.4% | 0.2% | 0.1% | 2.0% | 0.2% | 0.8% |
| Total assets | 13.8% | 0.5% | -0.5% | 3.4% | -0.1% | 0.0% | 2.8% | -0.1% | -0.3% | 1.7% | 0.3% | 0.2% |

**Total income does not contain income from the release of provisions before acquisitions. The same regards C/I ratio.**

# …thus 28.0% of total after tax profit came from foreign banks in 4Q

| Main balance sheet items, HUF bn | CJSC OTP Bank | | | ISB | | | OTP banka Srbija | | CKB | | Contribution of foreign subsidiaries | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 4Q 2007 | Q-o-Q | Y-o-Y | 4Q 2007 | Q-o-Q | Y-o-Y | 4Q 2007 | Q-o-Q | 4Q 2007 | Q-o-Q | 4Q 2007 | Q-o-Q | Y-o-Y |
| **Total assets** | **622.6** | **15.6%** | **43.9%** | **431.6** | **15.0%** | **31.1%** | **110.4** | **11.4%** | **260.6** | **11.3%** | **41.7%** | **1.8%** | **5.4%** |
| Gross loans | 530.7 | 17.4% | 45.1% | 304.4 | 18.7% | 41.4% | 63.2 | 26.1% | 183.4 | 17.5% | 43.8% | 1.6% | 7.0% |
| Deposits | 178.2 | 10.2% | 19.8% | 291.2 | 10.0% | 14.8% | 38.1 | 6.5% | 210.7 | 10.8% | 39.2% | 0.4% | 4.8% |
| Shareholders' equity | 65.5 | 18.3% | 51.1% | 41.0 | 3.5% | 7.0% | 39.1 | -0.3% | 10.6 | 5.7% | 42.2% | 2.7% | 8.8% |
| Gross loans/deposits ratio | 297.9% | 18.4% | | 104.5% | 7.7% | | 165.8% | 25.7% | 87.0% | 5.0% | | | |
| **Main P&L items, HUF million** | | | | | | | | | | | | | |
| Net interest income | 7,940 | 7.7% | - | 21,599 | 96.7% | - | 1,271 | -9.1% | 1,278 | 11.1% | 43.8% | 11.4% | 19.1% |
| Net fee and commission income | 1,137 | -19.7% | - | 4,592 | 14.6% | - | 559 | 19.5% | 1,183 | 34.1% | 31.4% | 0.9% | 11.2% |
| Total income | 9,648 | 7.0% | - | 27,087 | 93.8% | - | 5,944 | 114.5% | 2,557 | 21.2% | 37.3% | 7.6% | 15.2% |
| Operating expenses | 5,199 | 24.8% | - | 18,723 | 107.7% | - | 5,753 | 81.5% | 1,879 | 63.9% | 39.5% | 9.5% | 18.3% |
| **Profit after tax** | **3,028** | **-16.6%** | **-** | **2,532** | **53.5%** | **-** | **-307** | **-** | **464** | **-27.8%** | **28.0%** | **4.8%** | **7.3%** |
| Cost/income ratio | 53.9% | 7.7% | - | 69.1% | 4.6% | - | 96.8% | -17.6% | 73.5% | 19.1% | | | |
| Net interest margin | 5.47% | -0.28% | - | 21.41% | 9.62% | - | 4.86% | -0.77% | 2.07% | -0.12% | | | |
| ROA | 2.09% | -0.75% | - | 2.51% | 0.74% | - | -1.17% | -1.42% | 0.75% | -0.47% | | | |
| ROE | 20.0% | -6.6% | - | 25.1% | 8.6% | - | -3.1% | -3.8% | 18.0% | -8.7% | | | |
| **Market share, %** | | | | | | | | | | | | | |
| Retail deposits | 1.5% | 0.0% | -0.3% | 0.5% | - | - | 1.2% | -0.2% | 41.8% | 0.1% | | | |
| Corporate deposits | 2.2% | -0.1% | -0.4% | 0.3% | - | - | 2.1% | 0.0% | 60.4% | 1.3% | | | |
| Retail loans | 4.1% | 0.1% | -1.4% | 0.7% | - | - | 1.4% | 0.0% | 28.9% | -0.7% | | | |
| Corporate loans | 3.4% | 0.2% | 0.1% | 0.2% | - | - | 2.8% | 0.5% | 35.4% | - | | | |
| Total assets | 3.1% | 0.1% | -0.4% | 0.3% | - | - | 2.1% | 0.1% | 36.0% | -0.9% | | | |

**Total income does not contain income from the release of provisions before acquisitions. The same regards C/I ratio.**

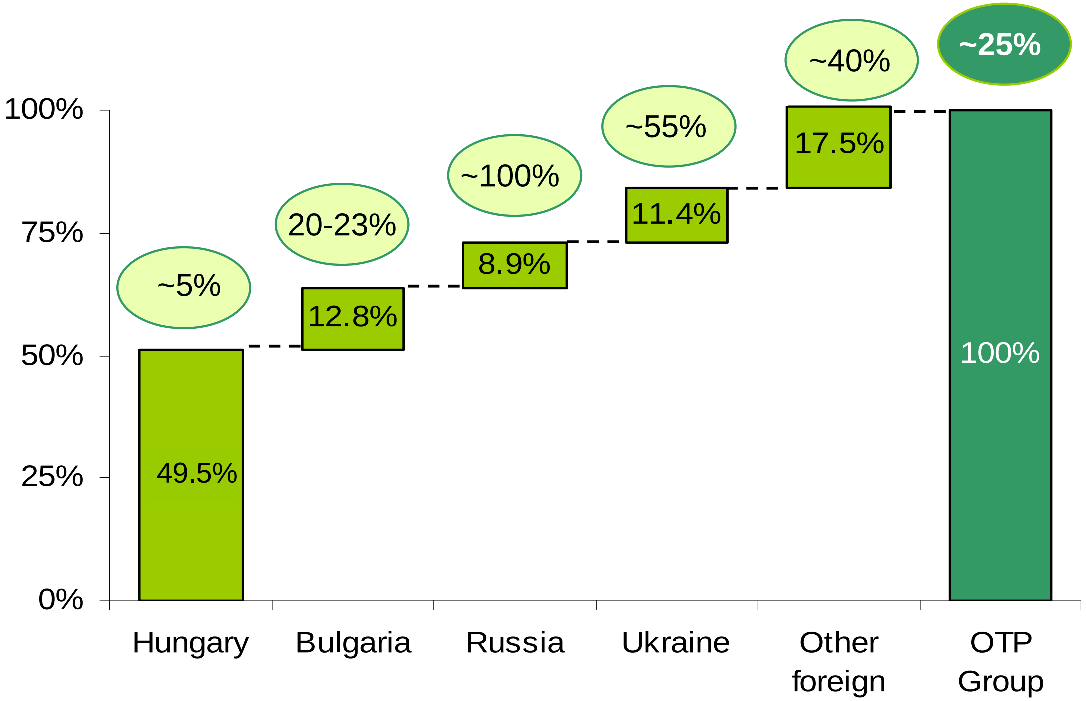
# Guidance for 2008: consolidated net profit is expected to increase by at least 10%

| | | 2007 Actual | 2008 Target |
|---|---|---|---|
| **OTP Group** | After-tax profit growth | 11.1% | at least 10% |
| | C/I[1] | 59.1% | mid 50s |
| | After-tax ROE | 24.7% | somewhat lower than 2007 |
| | CAR[2] | 11.0% | above 9,5%[4] |
| **OTP Core (aggregated)** | After-tax profit growth adj.[3] | 11.7% | around 0% |
| | C/I adj.[3] | 48.6% | stable |
| **Investsberbank** | After-tax profit growth | n/a | around 50% |
| | C/I | 67.2% | around 60% |
| | After-tax ROE | 17.9% | above 20% |
| **CJSC OTP Bank** | After-tax profit growth | n/a | above 30% |
| | C/I | 45.6% | slight increase |
| | After-tax ROE | 25.7% | above 20% |
| **DSK Group** | After-tax profit growth | 21.0% | slightly moderating |
| | C/I | 39.0% | similar to 2007 |
| | After-tax ROE | 24.7% | stable |

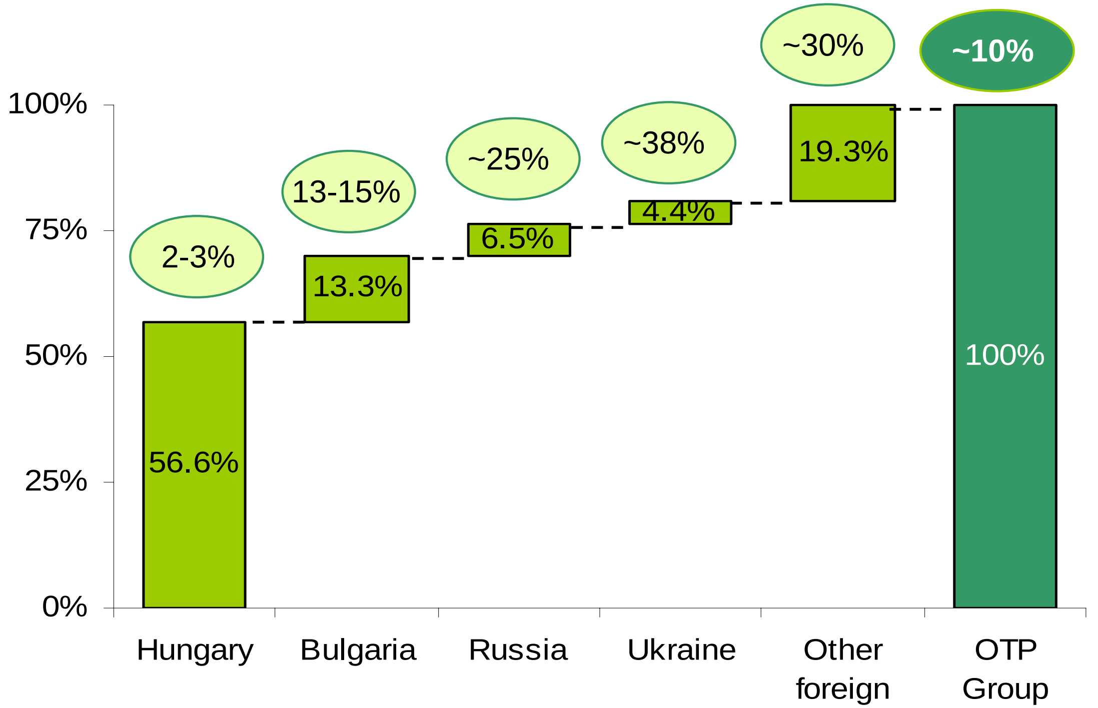
[1]Total income is reduced by the income from the release of pre-acquisition provisions [2] OTP Bank only, according to HAR [3] Excluding dividend or cash received free of charge, funding cost of Tier2 Capital, the net interest income of subsidiary financing and the result of strategic open FX position [4] Without any acquisition or divestment

# Strong increase in business volumes due to fast growing foreign markets and improving market positions; loan portfolio of foreign banks will reach ~50.5% of total book

**Total gross customer loans of OTP Group**
(consolidated, 2008 plan)




**Total customer deposits of OTP Group**
(consolidated, 2008 plan)




Lending business of foreign subsidiaries is expected to increases at a rate appr. 50%, pushing overall growth rate above 25%. Although their growth remains below that of loans, even deposits are expected to increase at a solid 10% rate overall. In this segment as well, foreign markets drive the dynamics.



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# Stable OTP Core net profit, despite of significant decline in government subsidies on HUF mortgages and increasing tax burden

**Main drivers of sluggish growth of OTP Core's[1] adjusted net earnings:**

**Income:**

- Repricing of subsidised mortgages keeps going on
- Significant drop in government subsidies (HUF 13 bn cut-back y-o-y)
- Outstandingly strong volume and origination dynamics of FX loans
- Corporate and Municipal loans: focus on profitability improvement, even without volume growth, resulting in stable net income

**Expenses:**

- Significantly increasing IFRS tax burden (HUF 9 bn extra expenses compared to 2007)
- Declining risk costs due to declining corporate portfolio, stable NPL coverage
- Close cost control

1 Without funding cost of Tier2 Capital, net interest & non interest income of subsidiary financing and the result of strategic open FX position

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