

# OTP Bank

## 2006 preliminary results

*Presentation for Analysts*

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## Major factors influencing the Group's activity and results in 2006

### Deteriorating macroeconomic conditions in Hungary

- Highest-ever budget deficit
- Weakening of HUF in the first half of 2006; significant correction in 4Q, exchange rate of 252.3 HUF/EUR at the end of the year, increasing volatility
- Raising interest rates
- Deteriorating credit rating of the sovereign

### Changes of the monetary conditions

- Central bank base rate increased by 300 bps
- Base rate: 8.00% since October 2006

### Negative effects from the government's austerity package

- Additional expenses because of increasing tax-burden, but
- Positive perception of the austerity package, strengthening HUF and decreasing interest levels

### Growing competition. changing saving structure

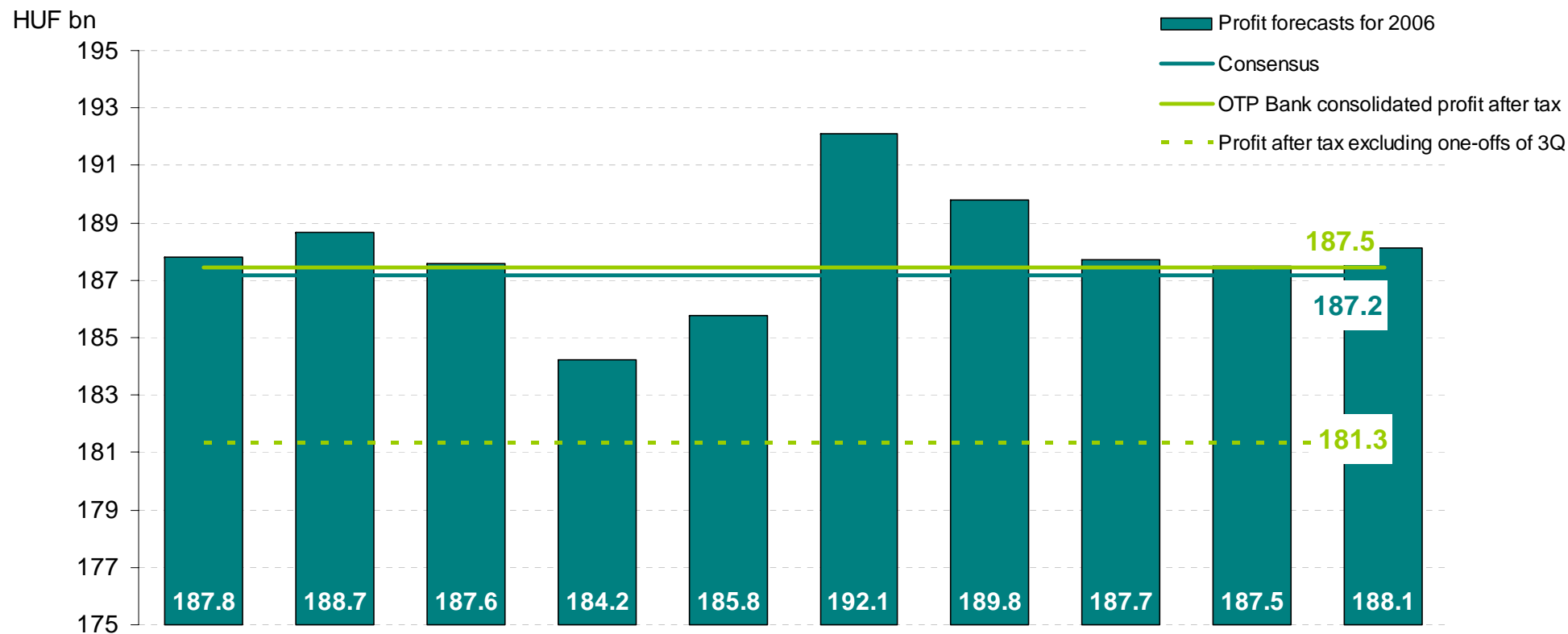
- Continuous campaigns for deposit and loan products
- Change of retail saving structure because of introduction of tax on interest incomes from September 1, 2006 (decreasing deposit volume, increase of assets in investment funds), with some correction in the last quarter

### The most active acquisition period in OTP's history

- New acquisitions in Ukraine (RBUA). Russia (Investsberbank), Serbia (Zepter banka, Kulska banka) and in Montenegro (CKB)
- Issuance of subordinated and upper tier 2 capital, and of ICES in order to finance acquisitions

## 2006 profit after tax of OTP Group meets the average of analysts expectation

### Analysts expectations for consolidated IFRS profit after tax for 2006



Source: analysis published since November 14, 2006

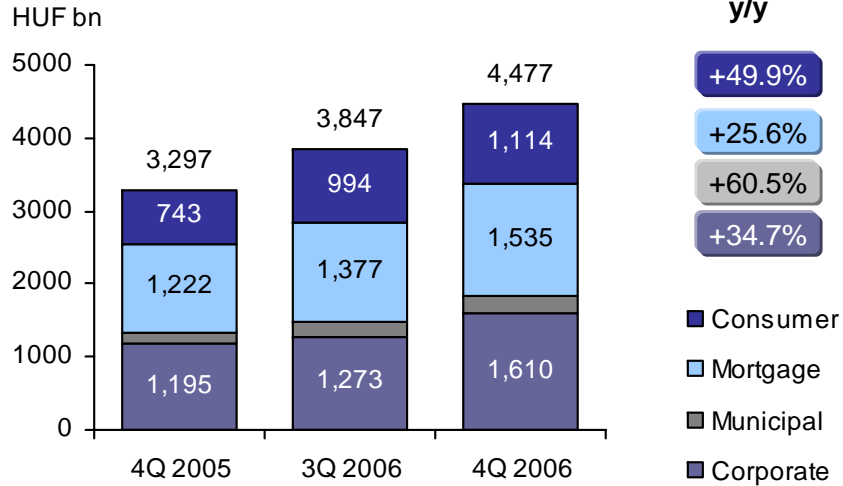
# OTP Bank realised HUF 187.5 bn consolidated profit after tax in 2006

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

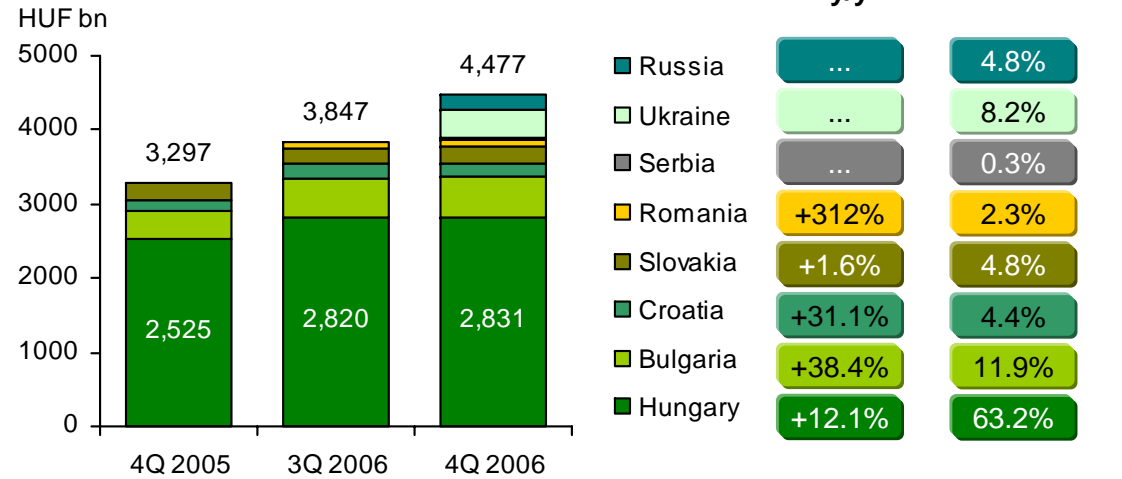
	2005 4Q	2006 3Q	2006 4Q	Q-o-Q	Y-o-Y	2005	2006P	Y-o-Y
<b>Total assets (HUF bn)</b>	<b>5,215.9</b>	<b>6,174.7</b>	<b>7,101.5</b>	<b>15.0%</b>	<b>36.2%</b>	<b>5,215.9</b>	<b>7,101.5</b>	<b>36.2%</b>
Total loans and advances (HUF bn)	3,297.2	3,847.1	4,477.4	16.4%	35.8%	3,297.2	4,477.4	35.8%
Total deposits (HUF bn)	3,428.2	3,743.3	4,231.3	13.0%	23.4%	3,428.2	4,231.3	23.4%
Gross loan/deposit ratio	96.2%	102.8%	105.8%	3.0%	9.6%	96.2%	105.8%	9.6%
Shareholders' equity (HUF bn)	547.5	650.9	787.8	21.0%	43.9%	547.5	787.8	43.9%
Net interest income (HUF bn)	80.0	106.9	103.0	-3.7%	28.7%	297.2	354.4	19.2%
Net interest income w/o swaps (HUF bn)	76.4	81.9	81.9	0.0%	7.2%	290.6	320.8	10.4%
Net interest margin before provision	6.32%	7.18%	6.21%	-0.97%	-0.12%	6.34%	5.75%	-0.58%
Net interest margin w/o swaps	6.03%	5.50%	4.93%	-0.57%	-1.10%	6.20%	5.21%	-0.99%
Pre-tax profits (HUF bn)	50.5	62.9	45.8	-27.3%	-9.4%	192.1	219.9	14.5%
<b>After tax profits (HUF bn)</b>	<b>40.9</b>	<b>53.6</b>	<b>40.9</b>	<b>-23.6%</b>	<b>0.2%</b>	<b>158.3</b>	<b>187.5</b>	<b>18.4%</b>
Total income (HUF bn)	130.2	155.6	145.9	-6.3%	12.1%	493.8	567.6	15.0%
Operating expenses (HUF bn)	73.2	83.5	88.7	6.2%	21.2%	273.7	317.9	16.2%
Cost to income ratio	56.2%	53.7%	60.8%	7.1%	4.6%	55.4%	56.0%	0.6%
Return on Assets	3.23%	3.60%	2.47%	-1.13%	-0.76%	3.38%	3.04%	-0.33%
Return on Equity	30.5%	34.3%	22.8%	-11.6%	-7.7%	32.3%	28.1%	-4.2%
EPS base (HUF)	156	208	156	-24.7%	0.3%	603	723	19.8%
EPS fully diluted (HUF)	155	207	156	-24.6%	0.9%	599	715	19.5%

# Loan volume grew by 35.8% y/y (+16.4% q/q); deposits increased by 23.4% on a yearly base (+13.0% q/q)

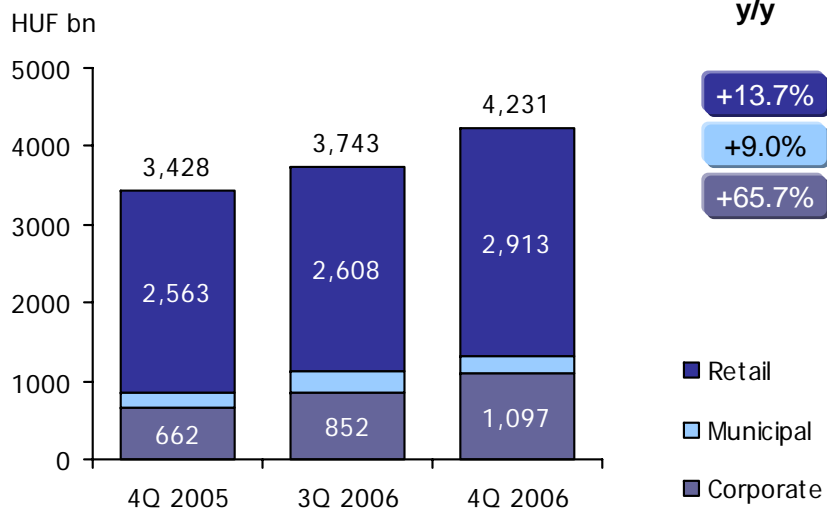
## Gross loan volume by business lines



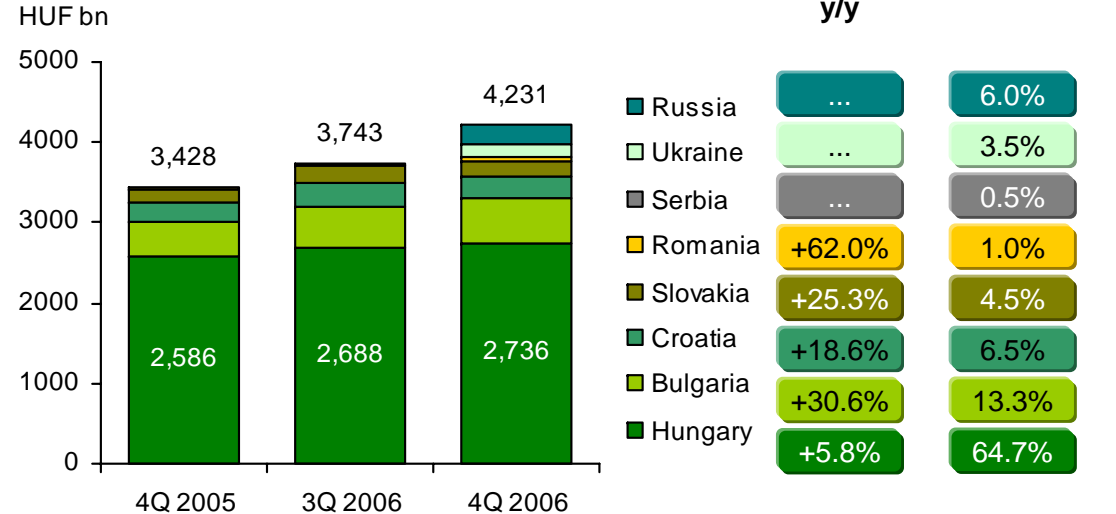
## Gross loan volume by countries



## Deposits by business lines

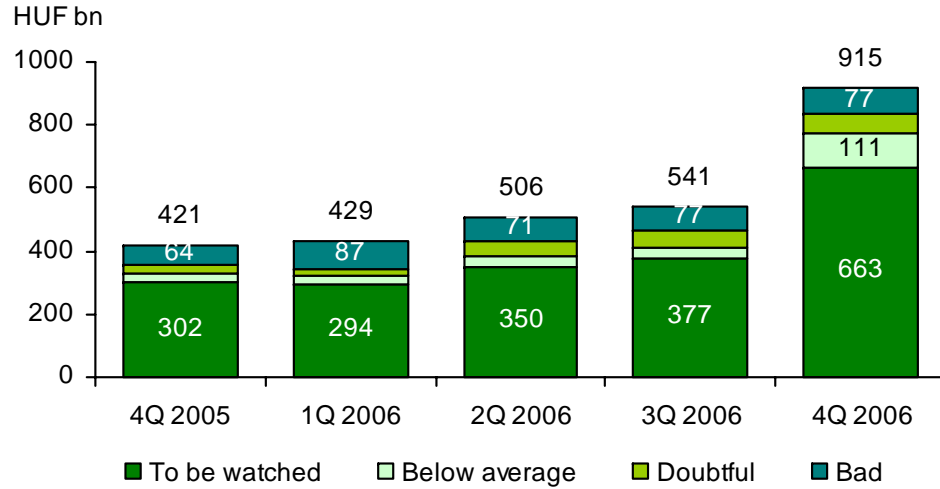


## Deposits by countries

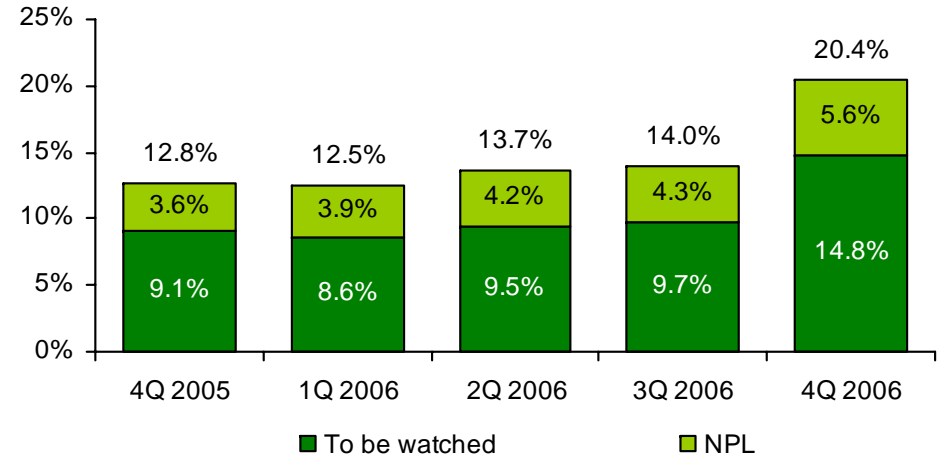


# NPL ratio stood at 5.6% on December 31, 2006

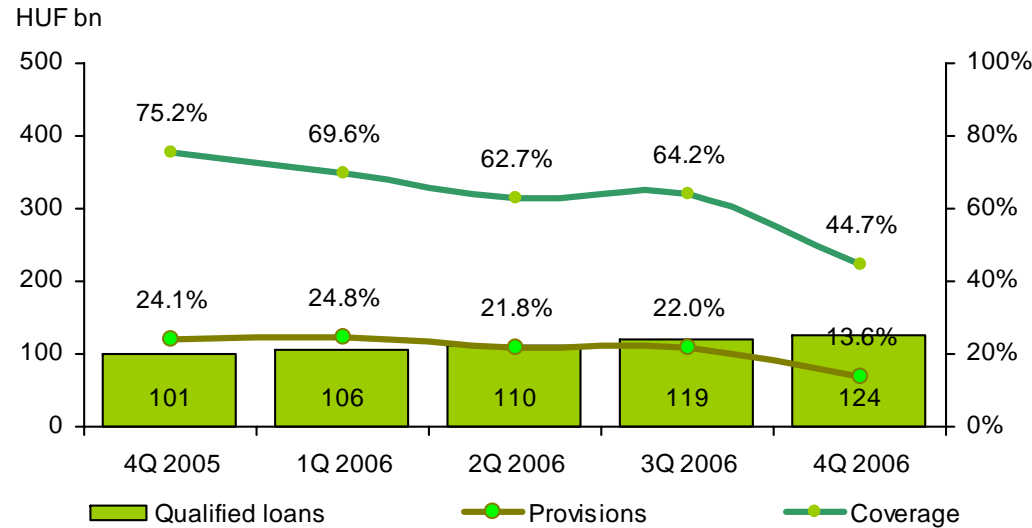
## Volume of qualified loans



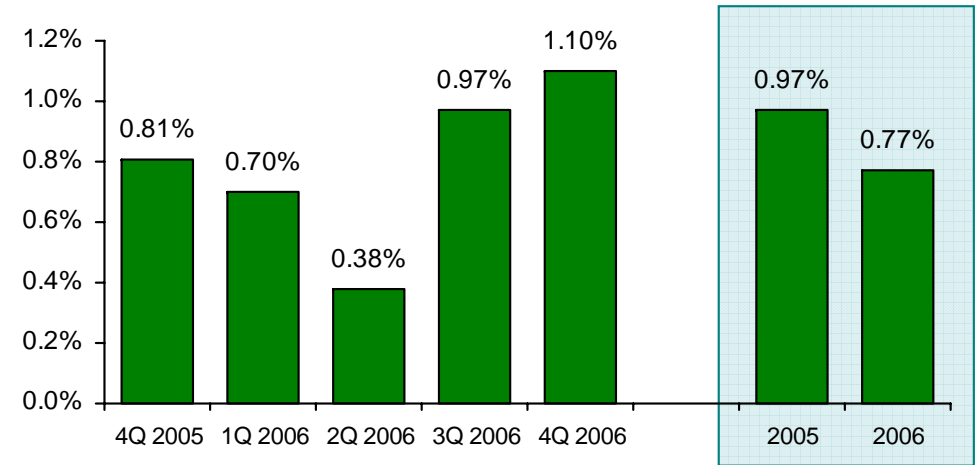
## Share of qualified loans



## Coverage

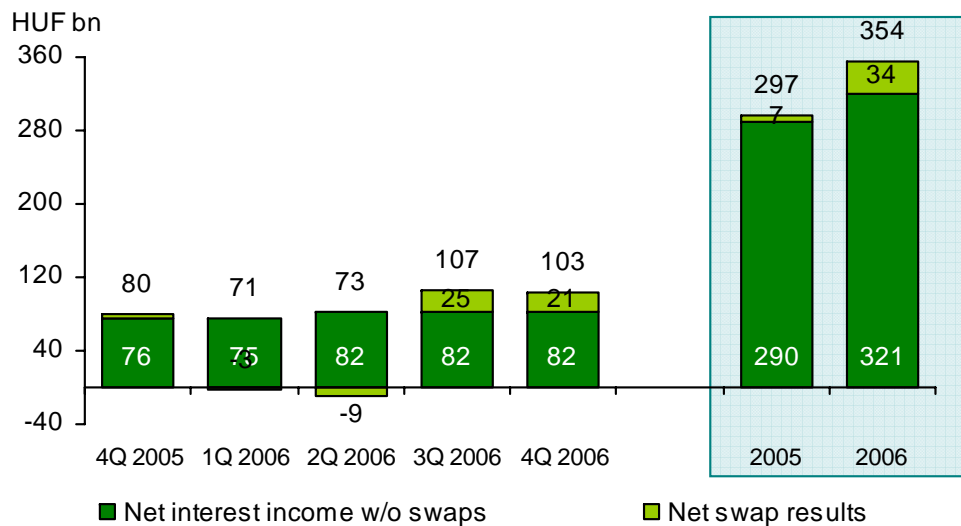


## Cost of risk to the average loans

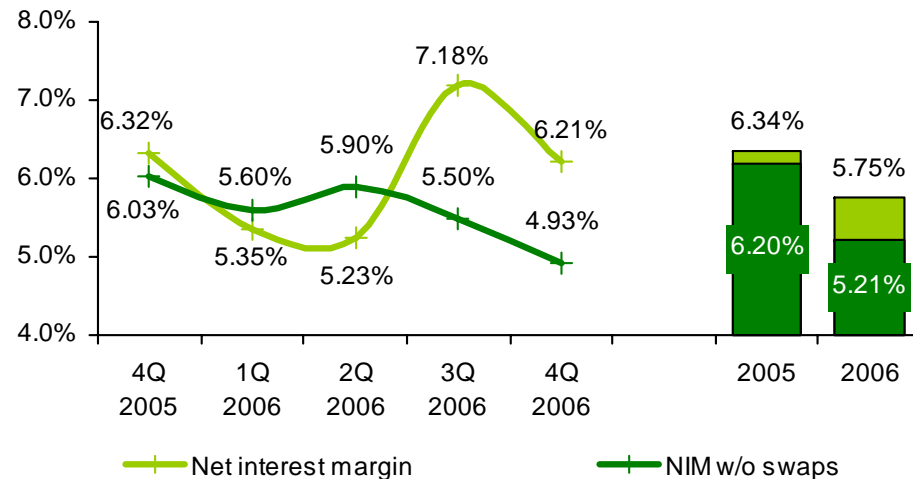


# Net interest margin decreased by 97 bps, however without swaps it declined only by 57 bps compared to 3Q 2006

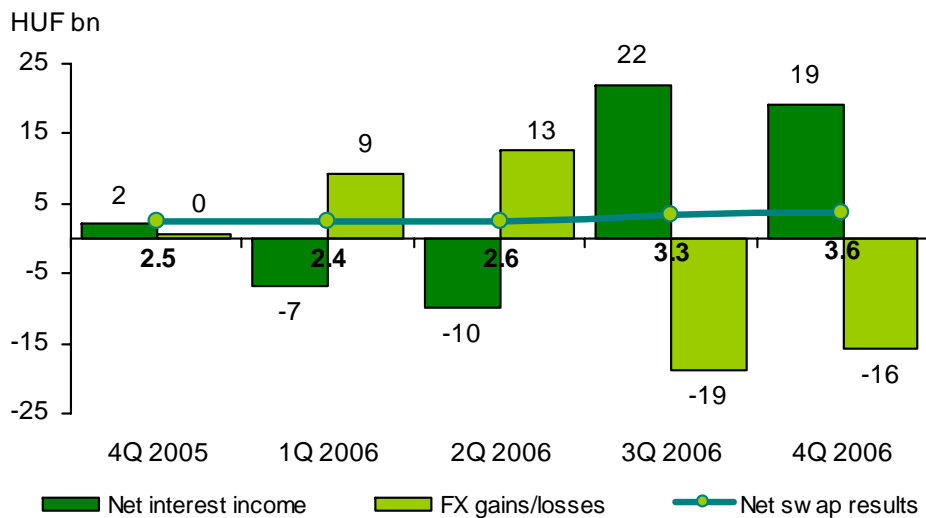
## Net interest income



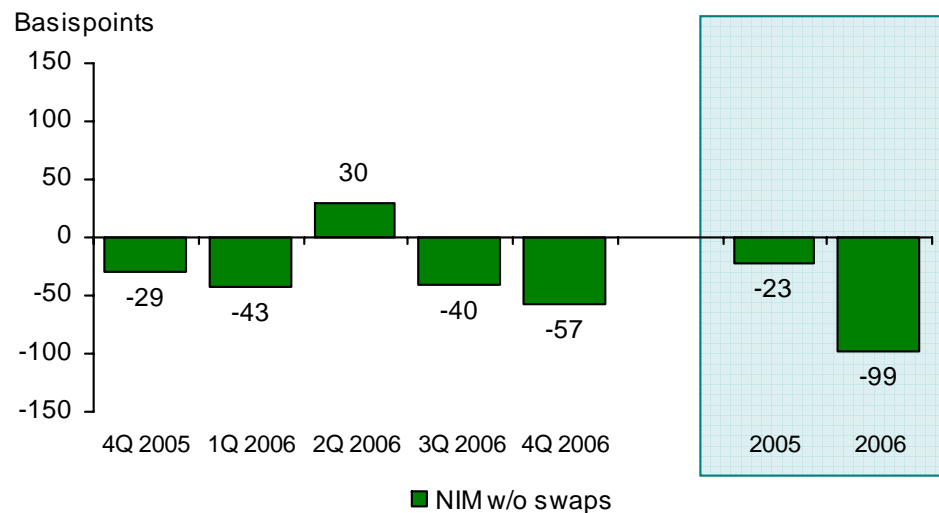
## Net interest margin



## FX-swap results (non-consolidated)

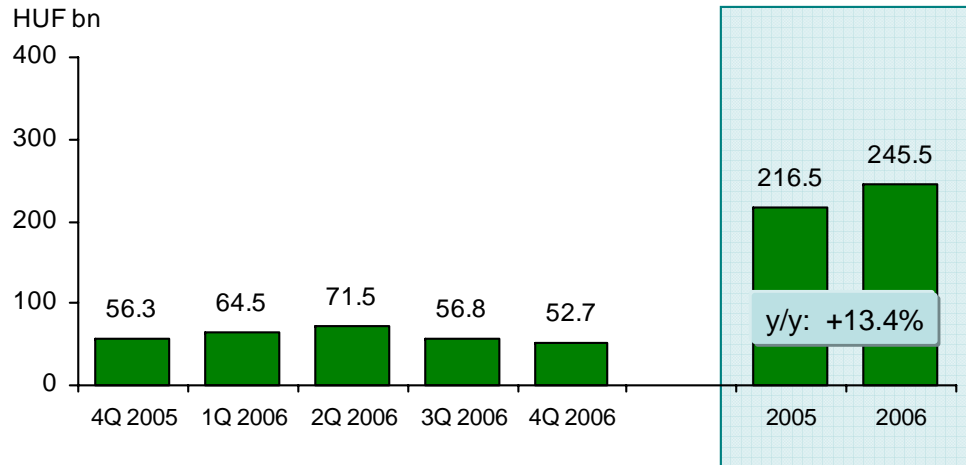


## Changes of net interest margin

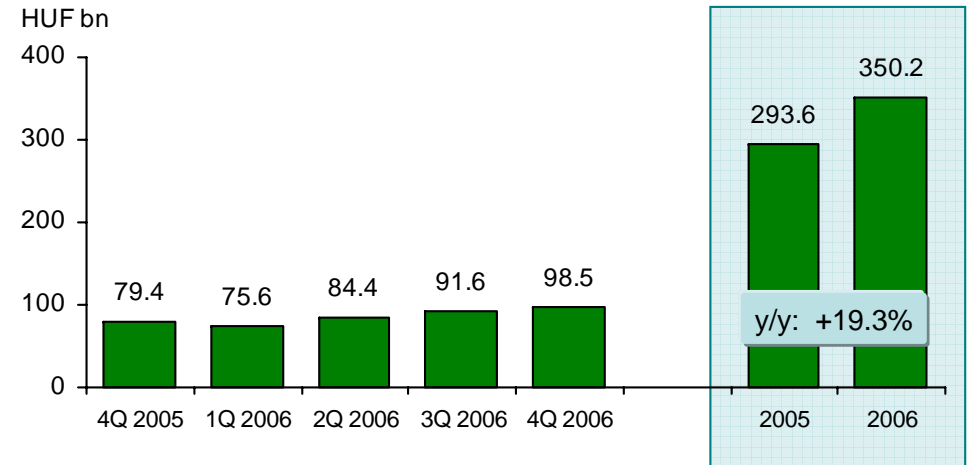


## Non-interest income decreased by 7.3%, while non-interest expenses grew by 7.5% compared to 3Q 2006

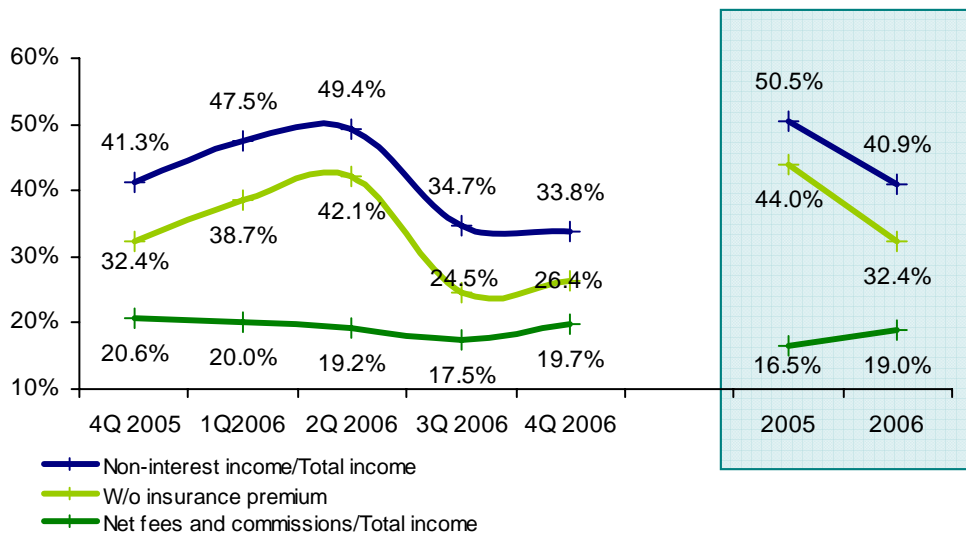
### Non-interest income



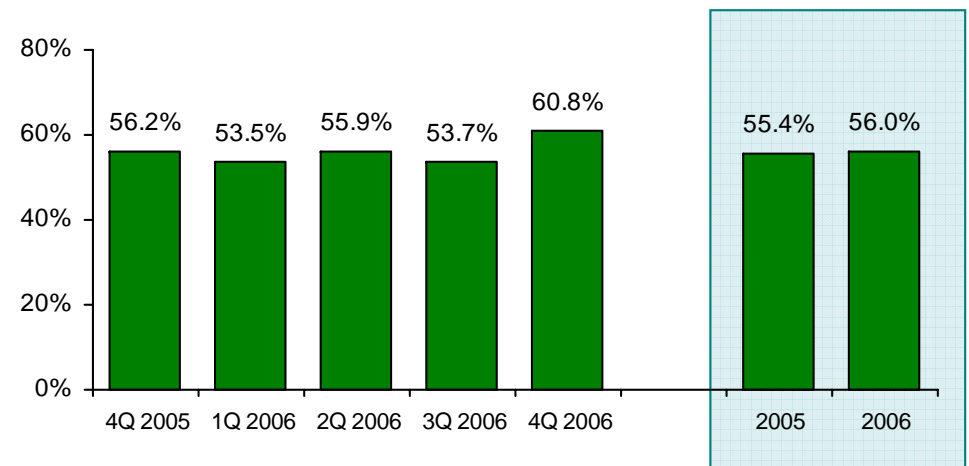
### Non-interest expenses



### Ratio of non-interest expenses



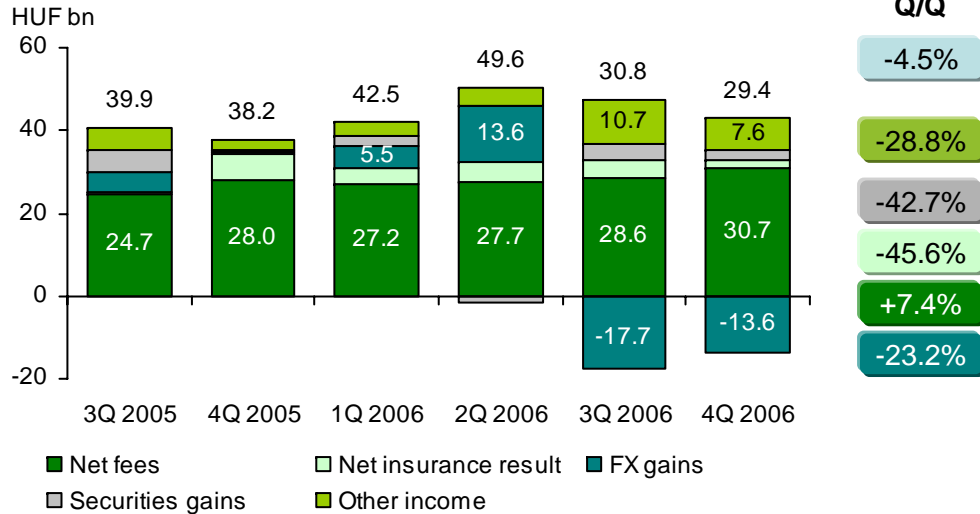
### Cost/income ratio



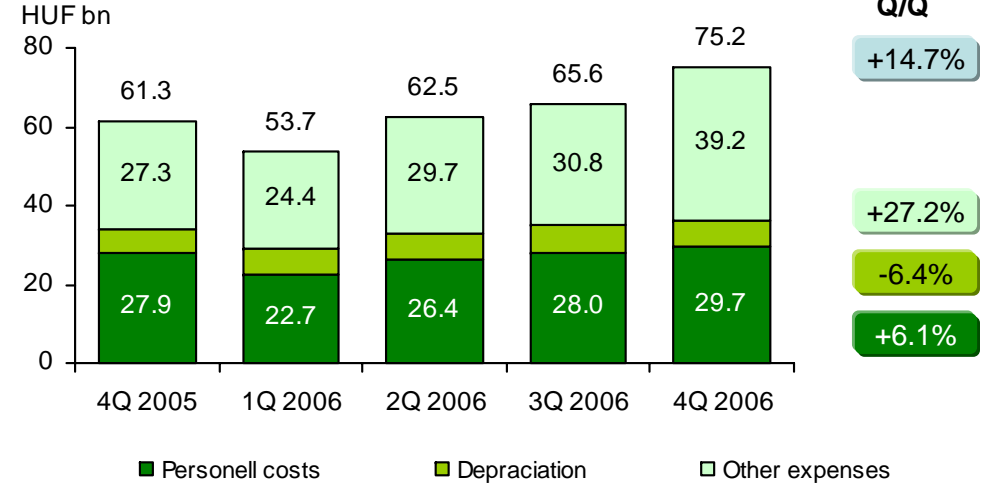


# In 2006, non-interest income increased by 13.4%, operating costs by 16.2%

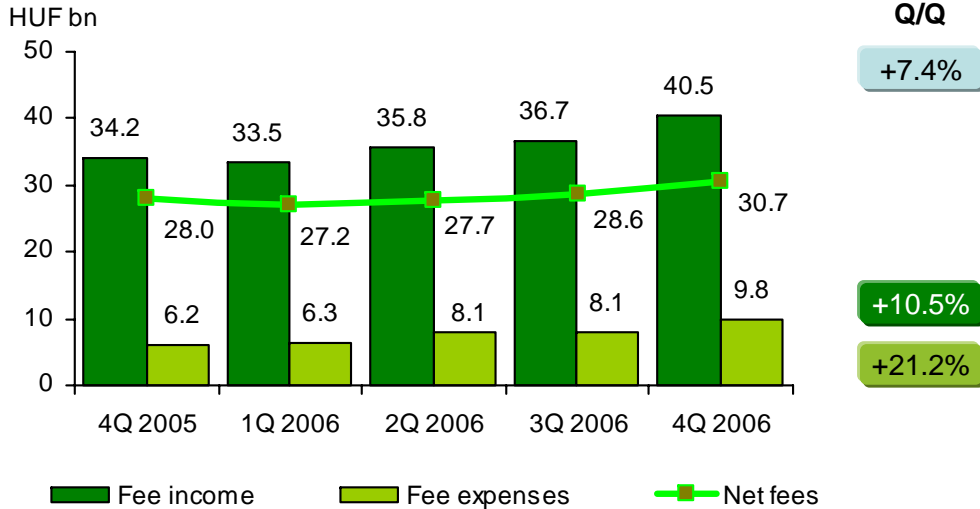
## Non-interest income



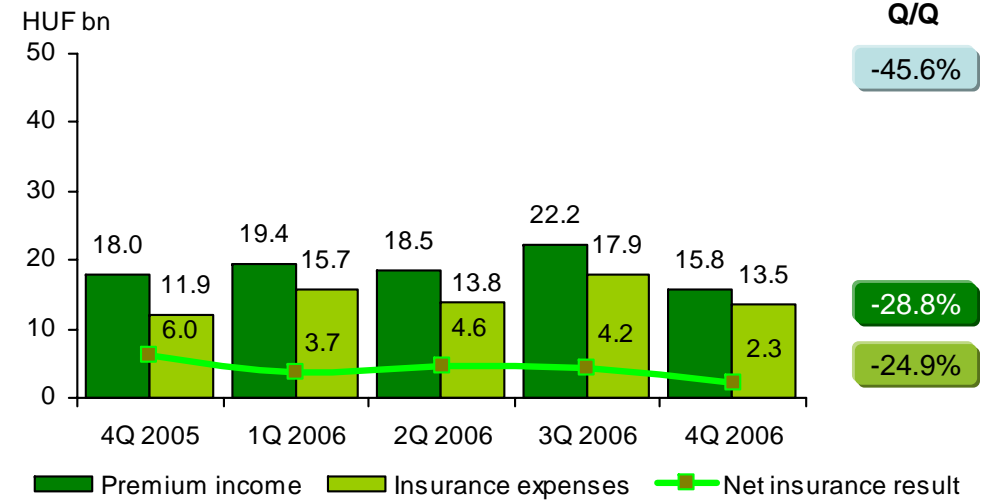
## Operating costs



## Net fee income

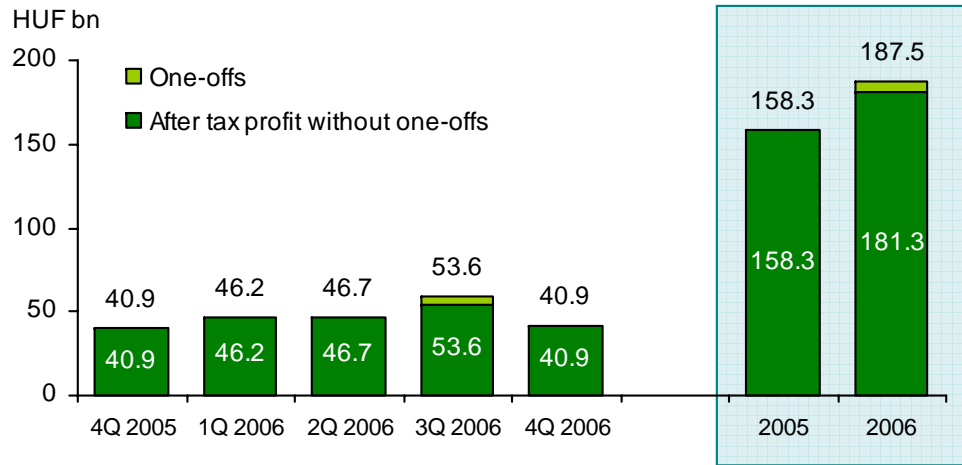


## Net insurance result

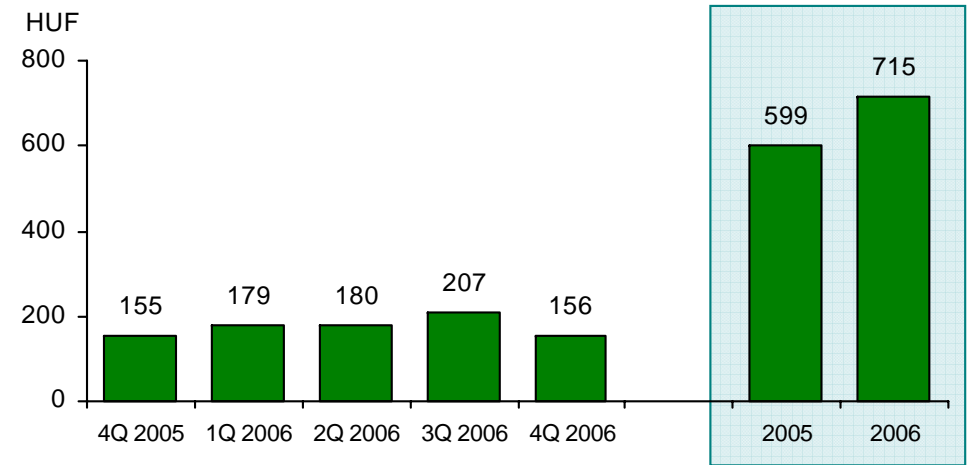


# Consolidated ROA declined to 3.04%, ROE to 28.1% in 2006

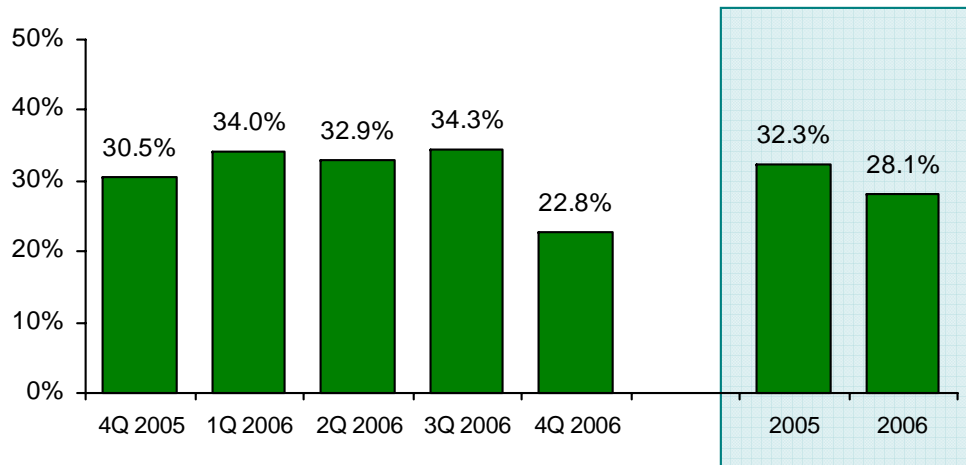
**After-tax profit**



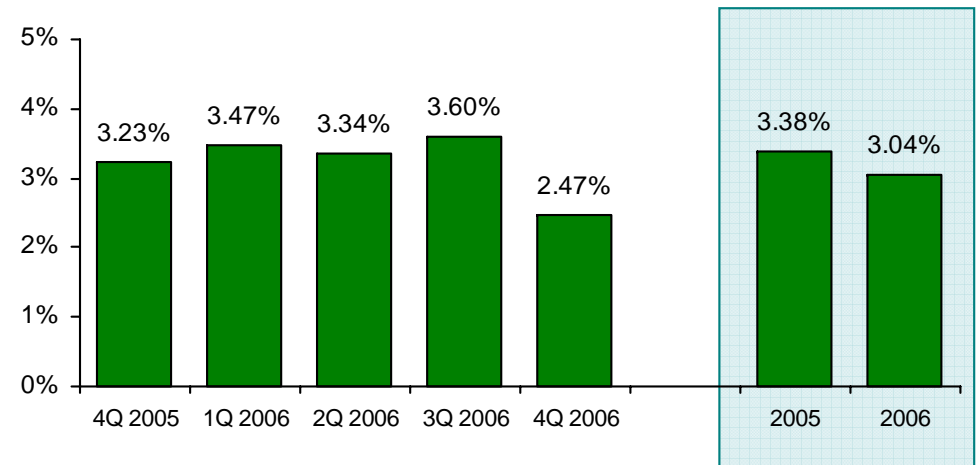
**EPS, diluted**



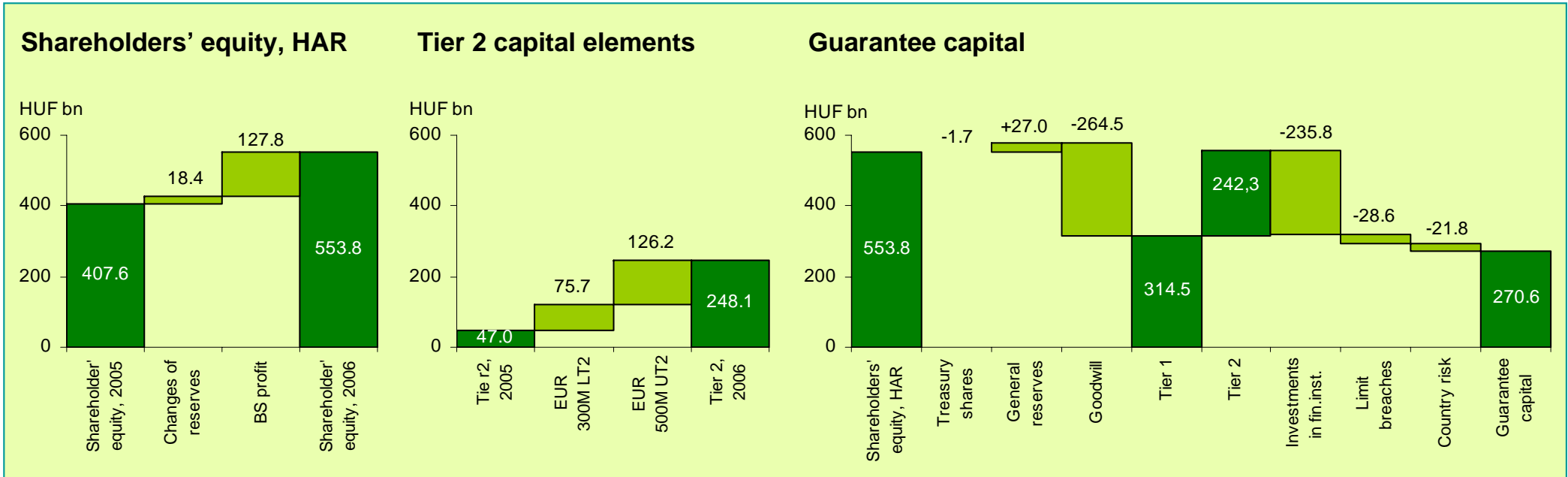
**Return on equity (ROE)**



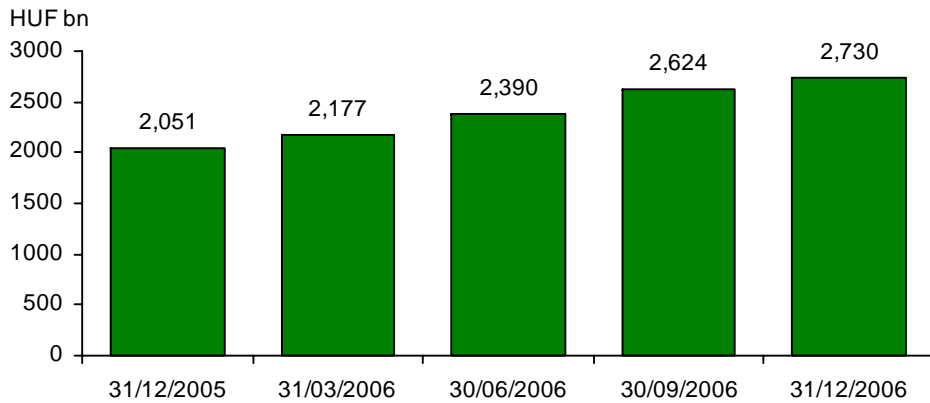
**Return on assets (ROA)**



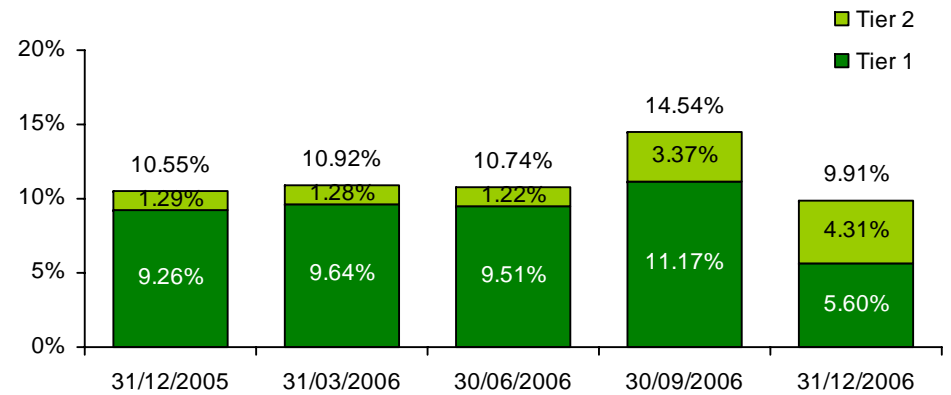
# Capital adequacy ratio, according to Hungarian regulation, stood at 9.91%



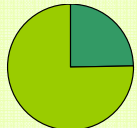


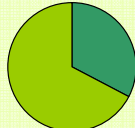
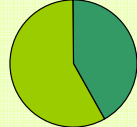

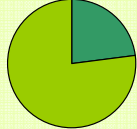
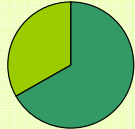
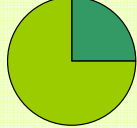
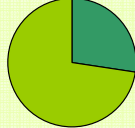
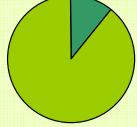

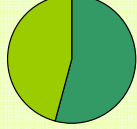
## Risk weighted assets



## Capital adequacy ratio, HAR



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

	Market share (31/12/2006)		Change Q/Q	Change ( Y/Y)		Market share (31/12/2006)		Change Q/Q	Change ( Y/Y)
<b>Total assets</b>	 24.7%	↑	+0.3%p	(+0.6%p)		<b>Total deposits</b>	 23.7%	↓	-0.7%p (-3.2%p)
<b>Total loans</b>	 20.6%	—	0.0%p	(-0.8%p)		<b>Retail deposits</b>	 32.4%	↓	-0.2%p (-2.3%p)
<b>Mortgage loans</b>	 41.7%	↓	-0.9%p	(-4.7%p)		<b>Corporate deposits</b>	 9.9%	↓	-0.3%p (-1.5%p)
<b>FX mortgages</b>	 22.9%	↓	-0.4%p	(+0.4%p)		<b>Municipal deposits</b>	 64.2%	↓	-4.0%p (+0.8%p)
<b>Consumer loans</b>	 24.9%	↓	-0.1%p	(+0.5%p)		<b>Investment funds</b>	 27.6%	↑	+0.3%p (-10.7%p)
<b>Corporate loans</b>	 11.0%	↓	-0.2%p	(-0.7%p)		<b>Insurance premiums (cumulated)</b>	 9.7%	↓	-0.4%p (-1.3%p)
<b>Municipal loans</b>	 55.1%	↑	+1.6%p	(+2.4%p)					









# Among Hungarian subsidiaries, OTP Garancia Insurance reached HUF 7.2 bn and Merkantil Group HUF 6.9 bn after-tax profit

Main balance sheet items, HUF bn	OTP Bank (non-consolidated) 2006		OTP Mortgage Bank 2006		Merkantil Group 2006		OTP Garancia Insurance 2006		OTP Fund Management 2006	
	Y-o-Y	Y-o-Y	Y-o-Y	Y-o-Y	Y-o-Y	Y-o-Y	Y-o-Y	Y-o-Y		
<b>Total assets</b>	<b>4,506.4</b>	<b>25.4%</b>	<b>1,074.8</b>	<b>12.4%</b>	<b>336.3</b>	<b>32.8%</b>	<b>189.3</b>	<b>20.4%</b>	<b>14.0</b>	<b>21.5%</b>
Shareholders' equity	670.6	41.7%	39.3	6.3%	30.2	32.3%	22.7	6.3%	11.2	9.4%
	Gross loans		Gross loans		Gross loans		Insurance reserves		Assets under Management	
	1,782.7	19.0%	907.8	6.9%	253.9	10.5%	161.6	23.3%	1,195.3	9.0%
<b>Main P&amp;L items, HUF million</b>										
Net interest income	203,215	20.5%	43,003	-9.5%	24,030	26.5%	10,484	26.6%	0	0.0%
Non-interest income	195,252	23.2%	4,230	-70.9%	3,324	-29.2%	80,929	2.9%	38,724	239.1%
Premium income							75,600	5.5%		
Non-interest expenses	185,050	19.5%	42,322	-23.1%	16,094	54.9%	82,703	4.7%	28,549	320.4%
Insurance expenses							61,245	2.6%		
Net insurance result							14,354	20.0%		
<b>Profit after tax</b>	<b>170,539</b>	<b>28.4%</b>	<b>3,009</b>	<b>-42.7%</b>	<b>6,850</b>	<b>7.8%</b>	<b>7,202</b>	<b>7.4%</b>	<b>4,645</b>	<b>20.5%</b>
<b>Added value*</b>			<b>61,057</b>	<b>1.9%</b>					<b>37,578</b>	<b>269.3%</b>
Total income	377,304	20.5%	13,127	33.3%	23,442	12.2%	86,367	3.3%	33,295	466.5%
Operating expenses	163,888	16.2%	8,216	186.8%	12,182	60.3%	77,658	2.6%	23,102	1752.4%
Cost/income ratio**	43.4%	-1.6%	62.6%	33.5%	52.0%	15.6%	95.7%	-0.9%	69.4%	48.2%
Net Interest Margin	5.0%	-0.1%	4.2%	-0.9%	8.2%	-0.3%	6.1%	0.0%	0.0%	0.00%
ROA	4.21%	0.21%	0.30%	-0.28%	2.32%	-0.50%	4.16%	-0.74%	36.42%	-1.89%
ROE	29.8%	-1.0%	7.9%	-6.1%	25.8%	-6.9%	32.7%	-7.3%	43.3%	-3.1%
<b>Market share, %</b>										
Total assets	18.9%	0.7%	4.6%	-0.3%	0.8%	0.2%				
Retail loans	12.2%	-0.5%	19.2%	-3.2%	2.9%	0.5%				
Premium income							9.7%	-1.3%		
Investment funds									27.6%	-10.7%

\* Profit before tax + fees paid to OTP Bank and cash given free of charge

\*\* In case of OTP Garancia: combined ratio

# Contribution of foreign subsidiaries to consolidated after-tax profit amounted to 13.7% in 2006

	 DSK Csoport		 OTP banka Hrvatska		 OTP Banka Slovensko		 OTP Bank Romania		 Niska banka	 Zepter banka	 CJSC OTP Bank	 Invest-sberbank	Contribution of foreign subsidiaries	
	2006		2006		2006		2006		2006	2006	2006	2006	2006	
Main balance sheet items, HUF bn	Y-o-Y	Y-o-Y	Y-o-Y	Y-o-Y	Y-o-Y	Y-o-Y	Y-o-Y	Y-o-Y					Y-o-Y	Y-o-Y
<b>Total assets</b>	<b>779.4</b>	<b>33.6%</b>	<b>364.3</b>	<b>22.2%</b>	<b>325.3</b>	<b>23.8%</b>	<b>193.5</b>	<b>250.3%</b>	<b>11.4</b>	<b>23.3</b>	<b>431.1</b>	<b>330.1</b>	<b>36.3%</b>	<b>12.9%</b>
Gross loans	454.4	18.2%	197.4	31.1%	189.9	0.0%	101.3	312.3%	2.8	12.8	367.9	215.9	36.9%	13.8%
Deposits	523.8	21.1%	275.7	18.6%	190.3	25.3%	41.0	62.0%	4.9	17.7	147.0	253.6	34.4%	9.3%
Shareholders' equity	91.9	29.0%	30.6	0.2%	20.3	18.6%	25.3	84.6%	4.4	4.5	43.6	39.4	33.7%	9.9%
Gross loans/deposits ratio	86.8%	-2.2%	71.6%	6.9%	99.8%	-25.3%	246.9%	149.9%	58.1%	72.2%	250.2%	85.1%	0.0%	0.0%
<b>Main P&amp;L items, HUF million</b>														
Net interest income	38,565	12.4%	11,139	51.0%	7,576	40.3%	3,429	114.1%	790		4,345		19.7%	2.9%
Non-interest income	17,763	53.8%	7,538	92.5%	4,158	-34.0%	3,767	103.5%	824		5,128		17.5%	6.3%
Non-interest expenses	22,373	6.1%	12,172	53.6%	8,208	-12.1%	9,295	91.3%	1,543		2,756		18.5%	3.9%
<b>Profit after tax</b>	<b>23,624</b>	<b>42.6%</b>	<b>3,488</b>	<b>63.4%</b>	<b>2,030</b>	<b>47.9%</b>	<b>-2,630</b>	<b>23.9%</b>	<b>-95</b>		<b>2,767</b>		<b>13.7%</b>	<b>1.8%</b>
Total income	55,356	22.5%	17,198	67.4%	11,067	-0.7%	6,499	94.9%	1,552		9,324			
Operating expenses	21,400	4.7%	10,692	54.9%	7,541	-14.1%	8,598	81.4%	1,480		2,606			
Cost/income ratio	38.7%	-6.6%	62.2%	-5.0%	68.1%	-10.6%	132.3%	-9.9%	95.4%		28.0%			
Net Interest Margin	5.7%	-1.2%	3.4%	0.70%	2.6%	0.3%	2.8%	-0.5%	7.2%		6.0%			
ROA	3.47%	0.13%	1.05%	0.28%	0.69%	0.12%	-2.11%	2.14%	-0.87%		3.85%			
ROE	29.0%	2.6%	11.4%	3.4%	10.8%	2.3%	-13.5%	6.4%	-2.2%		38.1%			
<b>Market share, %</b>														
Total assets	14.4%	0.2%	3.5%	0.1%	3.0%	0.2%	1.5%	0.9%	0.3%		3.5%			
Retail loans	33.0%	-3.3%	3.9%	0.1%	3.6%	-0.3%	2.0%	1.9%	0.2%		5.4%			
Corporate loans	7.3%	-0.4%	2.8%	0.0%	4.1%	-2.1%	1.2%	0.4%	0.1%		3.2%			
Retail deposits	21.8%	-1.1%	5.5%	0.0%	2.6%	0.2%	0.6%	0.1%	0.3%		1.8%			
Corporate deposits	7.2%	0.0%	2.5%	0.4%	2.9%	0.1%	0.6%	0.0%	0.3%		2.6%			

# OTP Banking Group's 2007 plans

*Presentation for Analysts*

*Presented by: Dr. László Urbán, CFO*



## Forward looking statements

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This presentation contains certain forward-looking statements with respect to the financial condition, results of operations, and businesses of OTP Bank. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors which could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements and forecasts. The statements have been made with reference to forecast price changes, economic conditions and the current regulatory environment. Nothing in this announcement should be construed as a profit forecast.



# Agenda

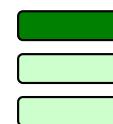
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Regional macroeconomic outlook and market growth

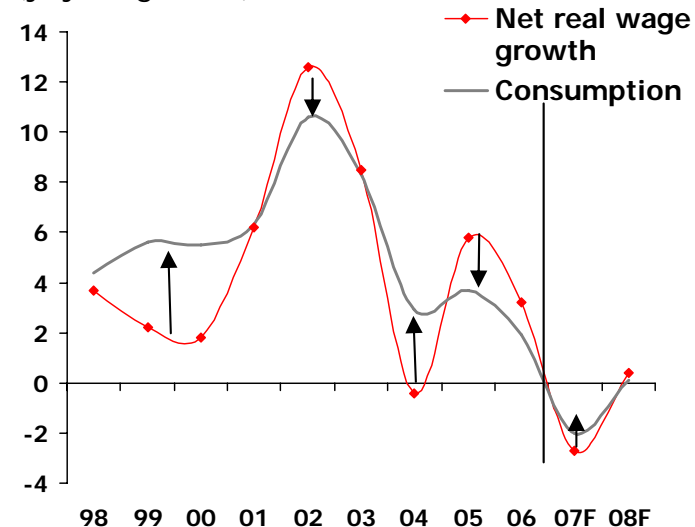
Key operational actions and targets in 2007

Financial targets 2007

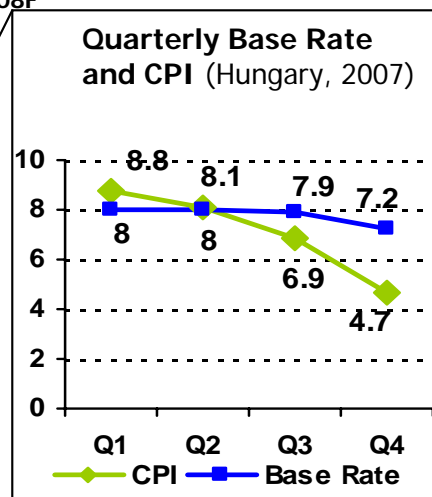
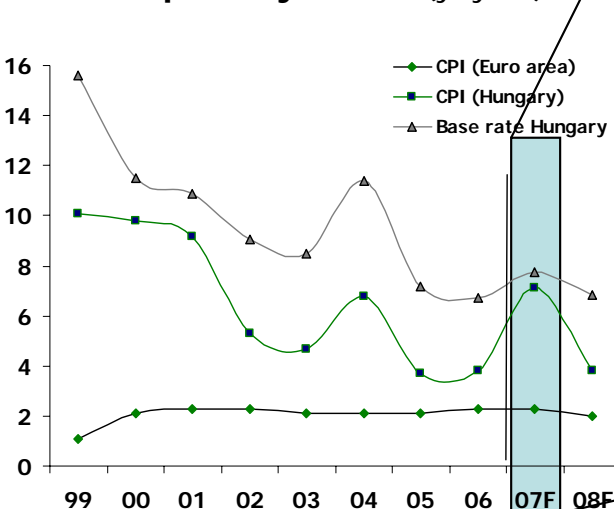
# Fiscal tightening will set back domestic demand and accelerate inflation in Hungary



## Households tend to smooth consumption (yoy % growth)



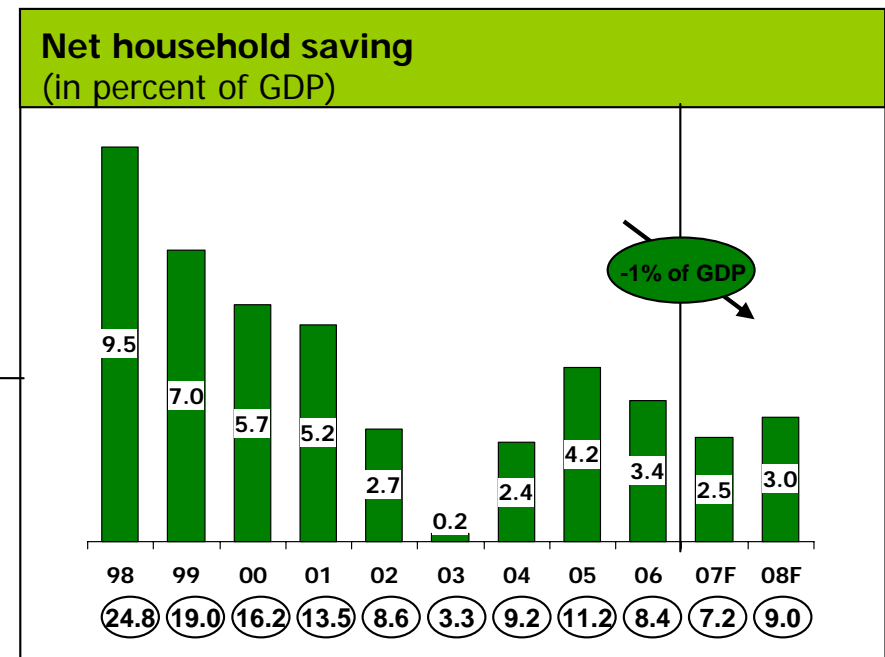
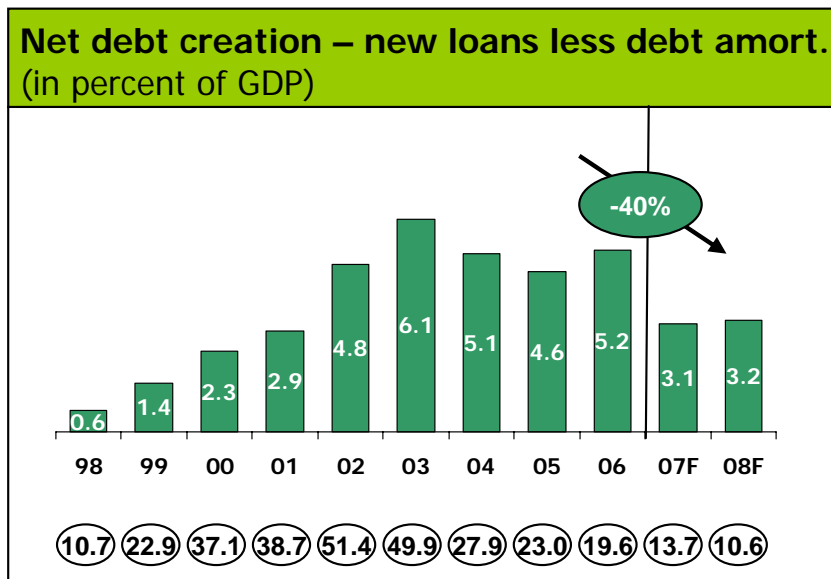
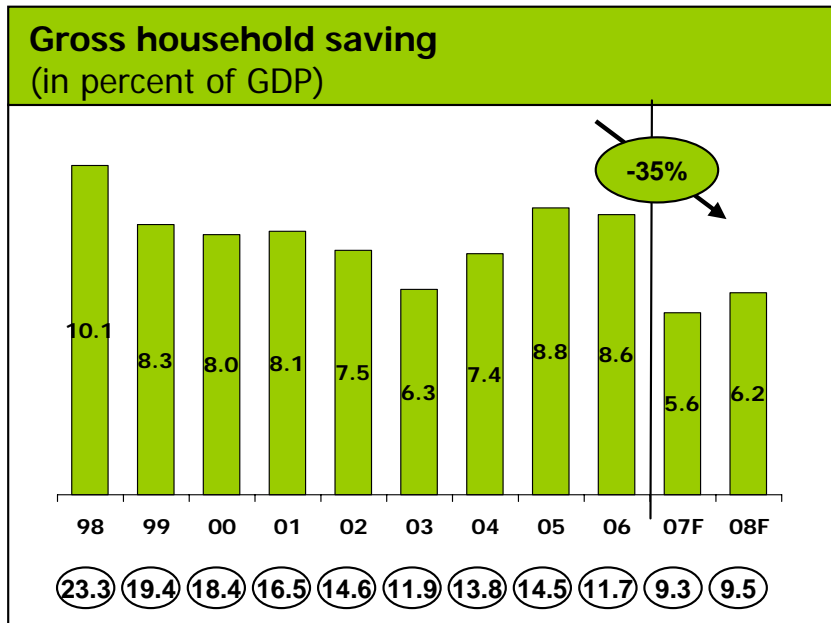
## Inflation gap with the Euro area will temporarily widen (yoy %)



Key economic indicators	Fact			Forecast	
	2004	2005	2006	2007	2008
Nominal GDP (HUF bn)	20 712	22 027	23 472	25 457	26 861
Real GDP	4.9%	4.2%	4.1%	2.4%	3.3%
Household consumption	3.2%	3.8%	1.5%	-2.3%	0.0%
Household spending	2.9%	3.7%	1.9%	-2.0%	0.1%
Public consumption	0.0%	0.2%	-4.7%	-2.0%	0.0%
Gross capital formation	7.7%	5.6%	-0.3%	-5.9%	-0.4%
Exports	15.7%	11.6%	15.8%	12.0%	13.4%
Imports	14.1%	6.8%	11.5%	9.0%	11.8%
General government balance (HUF b in % of GDP)	-1 372 -6.6%	-1 731 -7.9%	-2 300 -9.8%	-1 673 -6.6%	-1 348 -5.0%
Current account (EUR bn in % of GDP)	-7.0 -8.5%	-6.4 -7.3%	-7.9 -8.9%	-5.9 -6.0%	-5.7 -5.5%
Net nominal wage growth	6.4%	9.6%	7.1%	4.2%	4.2%
Net real wage growth	-0.4%	-46.4%	3.2%	-2.7%	0.4%
Unemployment rate (annual avg)	6.1%	7.1%	7.4%	8.1%	7.5%
Consumer price index (annual avg)	6.8%	104.7%	3.8%	7.1%	3.8%
Consumer price index (end of period)	5.5%	3.3%	6.5%	4.6%	3.5%
Key central bank rate (end of period)	9.5%	6.00%	8.0%	7.0%	6.5%
1-year T-bill rate (annual avg)	10.7%	6.8%	7.3%	7.7%	7.0%
Real interest rate (annual avg, ex po)	3.7%	-47.8%	3.4%	0.6%	3.1%
EUR/HUF (annual avg)	251.4	248.1	264.2	256.9	257.5
EUR/HUF (end of period)	245.2	252.7	251.2	260.0	255.0


Sources: KSH, MNB, OTP Bank


# Households are to smooth consumption in response to the decline in real disposable income, leading to a temporary drop in the savings rate and new loan demand





% change in year end volumes


# Economic growth will remain buoyant in the economies of OTP's subsidiaries in the coming years


 <b>Bulgaria</b>				
	05	06	07 F	08 F
Real GDP growth	5,5%	6,7%	6,0%	6,0%
Inflation (CPI)	5,0%	7,3%	5,0%	4,0%
Net nominal wages	7,0%	10,8%	7,1%	6,1%
Key interest rate (avg)	2,0%	2,8%	4,1%	4,2%
EUR/BGN (eop)	1,956	1,956	1,956	1,956

 <b>Croatia</b>				
	05	06	07 F	08 F
Real GDP growth	4.3%	4.4%	4.2%	3.8%
Inflation (CPI)	3.3%	3.2%	2.9%	3.0%
Net nominal wages	0.0%	0.0%	0.0%	6.5%
Key interest rate (eop)	4.5%	4.50%	4.50%	4.50%
EUR/HRK (eop)	5.9	5.9	5.8	5.7


 <b>Ukraine</b>				
	05	06	07 F	08 F
Real GDP growth	2.6%	7.0%	5.7%	4.8%
Inflation (CPI)	13.5%	9.1%	11.8%	9.0%
Net nominal wages	44.9%	23.1%	21.8%	18.0%
Key interest rate (eop)	9.5%	8.50%	9.00%	9.00%
Exchange rate (USD/UAH)	5.1	5.1	5.1	5.1


 <b>Slovakia</b>				
	05	06	07 F	08 F
Real GDP growth rate	6.2%	8.1%	8.0%	7.1%
Inflation (CPI)	2.7%	4.5%	2.0%	2.7%
Net nominal wage growth	9.2%	8.0%	7.0%	6.0%
Key interest rate (eop)	3.0%	4.75%	4.50%	4.00%
EUR/Skk (eop)	37.9	34.6	35.5	36.0

 <b>Russia</b>				
	05	06	07 F	08 F
Real GDP growth	6.4%	6.6%	6.5%	6.1%
Inflation (CPI)	12.5%	9.7%	8.5%	7.5%
Net nominal wages	23.9%	24.0%	23.0%	20.0%
Key interest rate (eop)	12.0%	11.0%	10.0%	9.0%
USD/RUB (eop)	28.8	26.3	25.6	25.5

 <b>Serbia</b>				
	05	06	07 F	08 F
Real GDP	6,8%	6,4%	6,0%	6,2%
Inflation (CPI, avg)	16.50%	12.70%	7.00%	6.5%
Net nominal wages	23.6%	24.1%	18.8%	15.2%
Key interest rate (eop)*	19.2%	16.6%	12.0%	9.3%
EUR/CSD (eop)	82.90	84.53	80.22	80.58

\*: In early September 2 week repo rate was introduced as a benchmark rate

 <b>Romania</b>				
	05	06	07 F	08 F
Real GDP growth	4.1%	7,1%	5,8%	5,3%
Inflation (CPI)	9,0%	6,6%	4,8%	4,7%
Net nominal wages	23,1%	16,0%	14,5%	13,0%
Key interest rate (eop)	7,5%	8,8%	7,5%	7,0%
EUR/RON (eop)	3,68	3,54	3,50	3,55

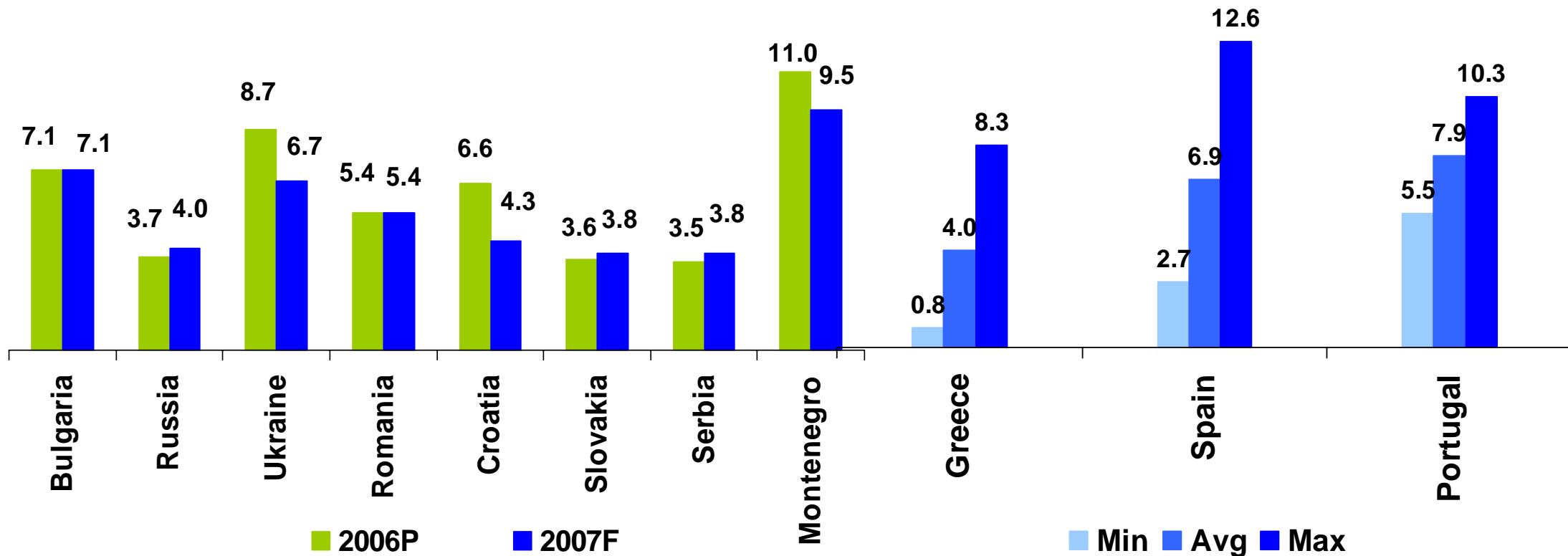
 <b>Montenegro</b>				
	05	06	07 F	08 F
Real GDP growth	4.1%	5.0%	4.1%	4.8%
Inflation (CPI, avg)	3.4%	2.2%	2.2%	2.2%
Net nominal wages	9.1%	16.5%	10.0%	8.6%
Key interest rate	Montenegro has unilaterally adopted the euro			
Exchange rate	Montenegro has unilaterally adopted the euro			

# Developments in loan penetrations in CEE economies are likely to repeat the Mediterranean experience

New household debt creation in OTP subsidiaries' economies and the Mediterranean countries  
(PFL flow as a percent of GDP)

Personal Financial Liabilities' (PFL) flow in OTP subsidiaries' economies in 2006-2007 as a percent of GDP

Minimum, maximum and average PFL flows in Mediterranean countries in the period 1995-2005  
(as a percent of GDP)



# Although international expansion requires significant management efforts, OTP launches several initiatives in Hungary as well in 2007

## Selected priority actions of OTP Banking Group in Hungary, 2007

### Improvement of value proposition

- Campaigns to introduce the Group's new logo and image to strengthen OTP brand
- Client- and product-focused initiatives to improve customer loyalty, reduce churn and early repayment
- Improve financial advisory capability of branch network
- Further consolidation of bank's and subsidiaries' agent network
- Improving service level at OTP Garancia (insurance)
- Intensifying the sales of reverse mortgages through dedicated agents

### Internal processes and organization

- Finalizing the organization development launched last year, ensure smooth operation in the new organizational set-up
- Launching group-level career-management program
- Improving capital allocation procedures
- Upgrade of intranet portal

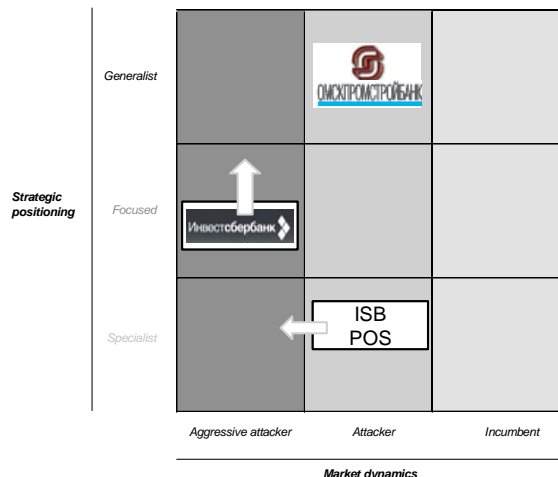
# Rapid integration and transformation of Russian and Ukrainian operations in the forefront of management attention in 2007

## Strategic position

## Key strategic objectives (2007–2010)

## 2007 priority actions

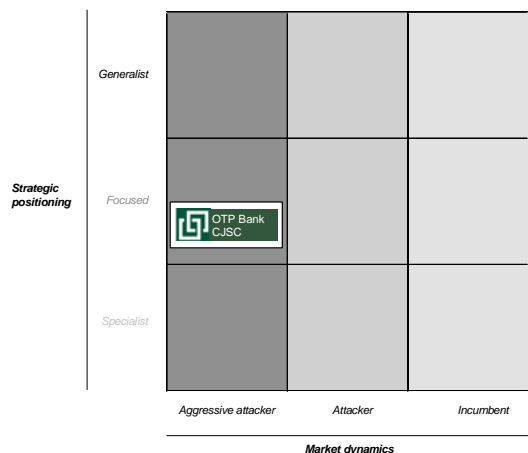
### Russia



- Turn into a leading mortgage and consumer finance player
- Establish a country wide retail network with consumer loan and mortgage focus, opening annually 80+ branches
- Expand aggressively in POS and (mid) corporate with separate sales network

- Strengthen local management team
- Aggressively expand POS
- Develop credit point and full retail branch model
- Develop agent network for mortgages
- Introduce core mortgage and basic C/A services
- Focus Omsk more on retail lending and mortgage from corporate lending, with expansion of deposit collecting

### Ukraine

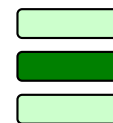


- Become market leader in high end consumer loans (including: home-equity, credit card, car finance), double customer base annually
- Grow rapidly in affluent/upper mass and SME segments, through expanding branch network and direct channels
- Focus corporate banking on mid-sized local clients with state-of-the-art service

- Open 70+ branches in “affluent attacker” format and over 60 sales points
- Market sophisticated consumer loans, diversified saving/ investment products and Private Banking services
- Redesign incentive system to increase sales effectiveness
- Develop SME strategy
- Centralization of back-office activities



# Local managements target business performance improvement following clear guidelines where transformation is advanced and in smaller markets



## Key strategic objectives (2007–2010)

## 2007 priority actions



- Maintain market leader position in retail mass segment by improved service and channel management
- Reach top three position in wholesale banking

- Refine branch network incentive system
- Finalize data warehouse, improve CRM activities
- Finalize branch renovation, launch mobile bankers, improve agent network



- Focus on retail and SME with limited presence in corporate banking
- Continue with cost-effective network and group development

- Retail: maintain/complement universal banking offer: mortgages, card, funds, bancassurance
- Continue branch openings



- Exploit incumbent base; reposition to focused player in retail mass and expand in SMEs through segment synergies
- Enter new geographic markets by selective branch openings

- Implement cross-selling initiatives/sales campaigns
- Open 10 branches in selected new locations
- Upgrade direct channels
- Close/resize suboptimal branches



- Strengthen retail by expanding sales points for mortgages, increase market share in SME and municipality segments

- Increase customer reach for mortgages, by aggressive development of sales channels (mortgage points, agents)
- Implement cross-selling/sales campaigns
- Launch specific offers in SME/municipal segment



- Increase consumer finance/POS market share
- Position the bank in upper mass and SME segments with competitively priced product portfolio and new direct sales channels

- Complete IT and organizational transformation with increasing reliance on local resources
- Actively market consumer and POS loans, develop partnerships with large retailers



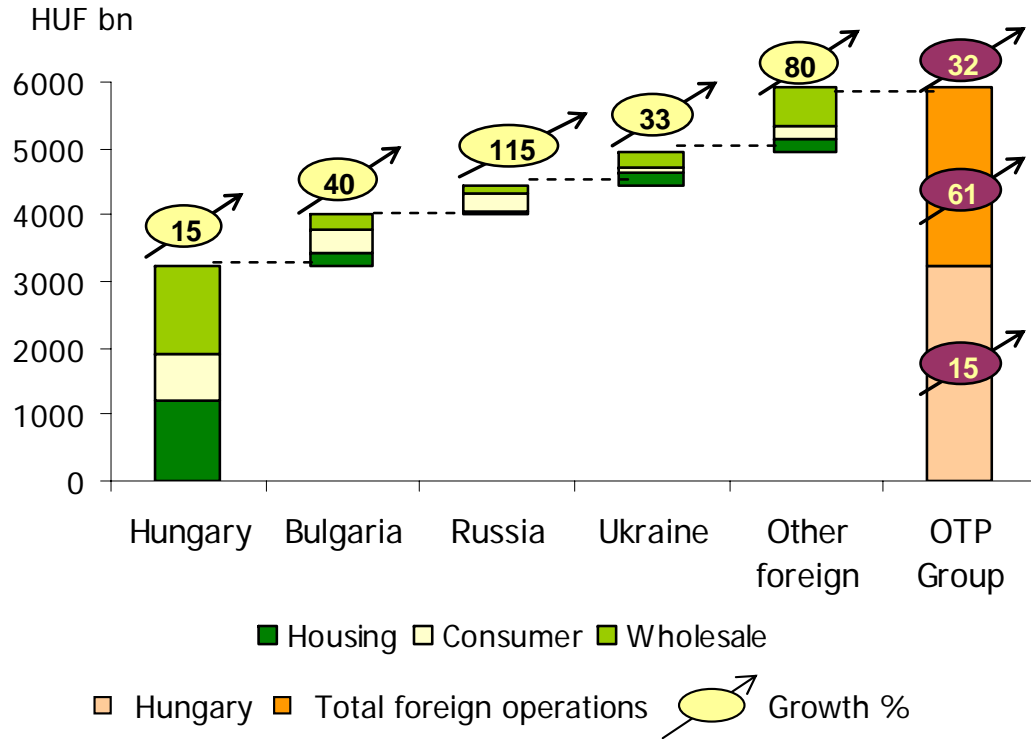
- Expand in retail through extended loan offers, improved POS network, sales force efficiency and direct marketing
- Defend wholesale market share

- Expand ATM and POS network
- Expand retail portfolio: auto loans, mortgages and non-banking products

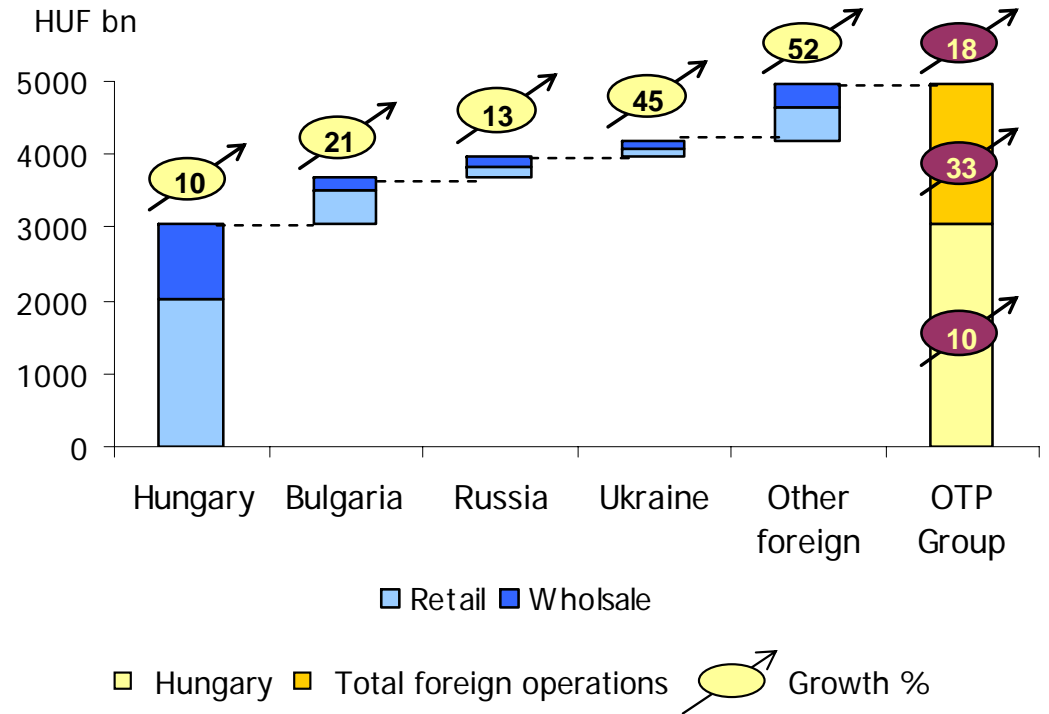


# Rocketing foreign markets and improved share lead to a strong increase in business volumes; loan portfolio of foreign banks increases to ~45% of total

**Total loans of OTP Group**  
(consolidated, 2007 plan)

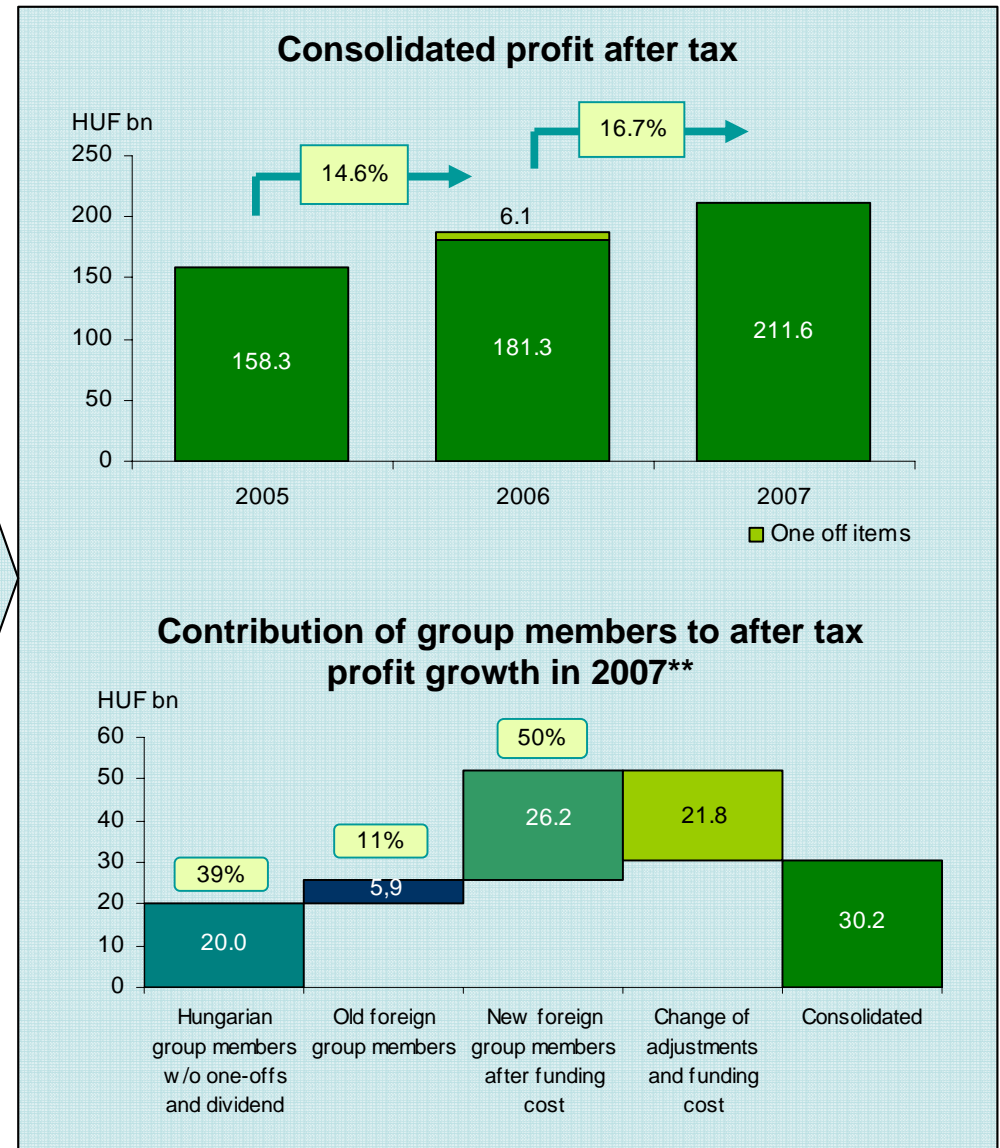
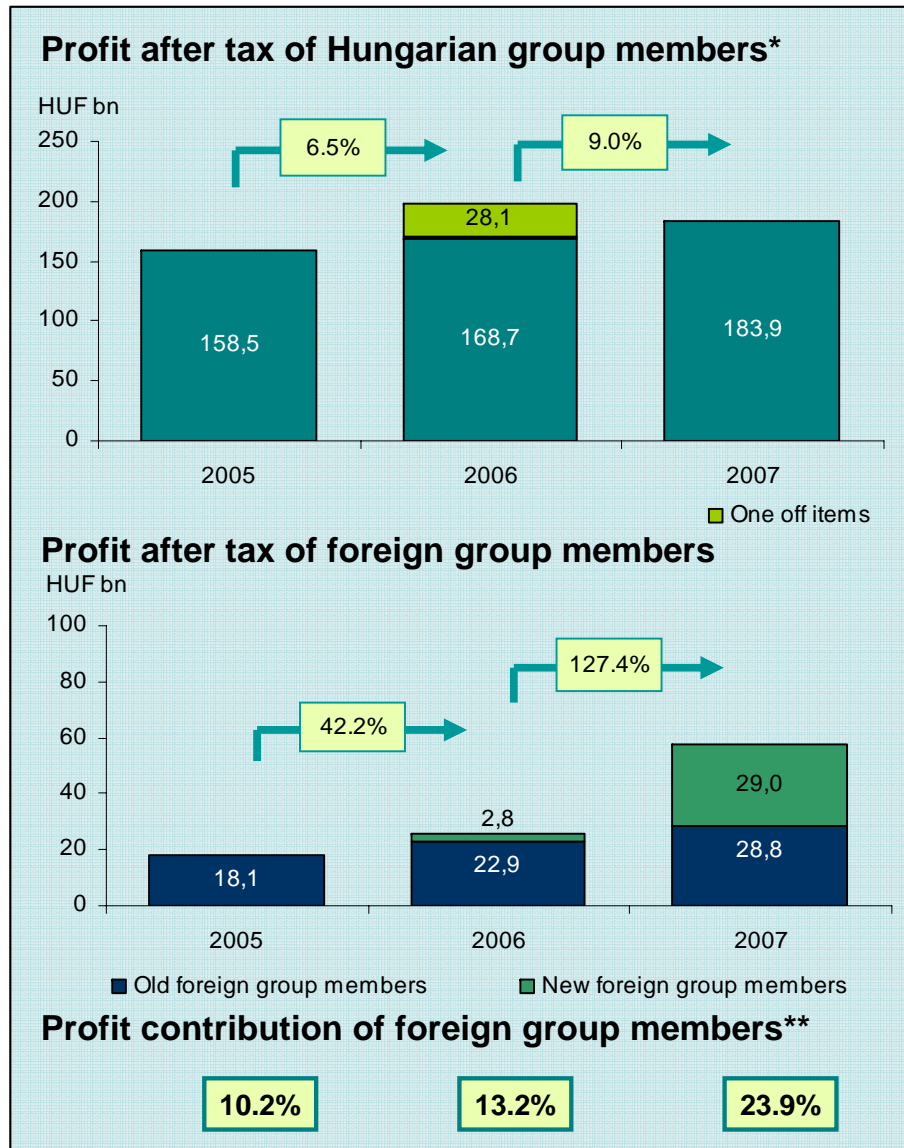


**Total deposits of OTP Group**  
(consolidated, 2007 plan)



Lending business of foreign subsidiaries increases at a rate above 60%, pushing overall growth rate above 30%. Although their growth remains below that of loans, even deposits increase at a solid 18% rate overall. In this segment as well foreign markets drive the dynamics.

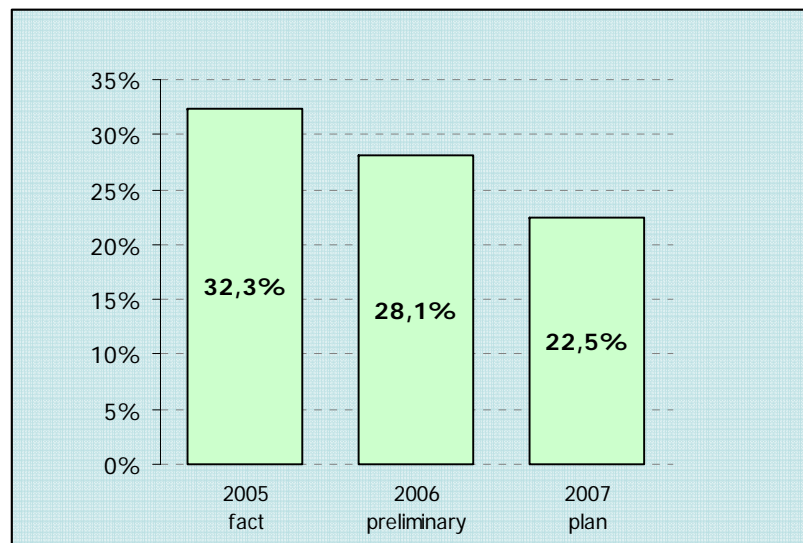
# The new foreign subsidiaries significantly contribute to 2007 bottom line growth



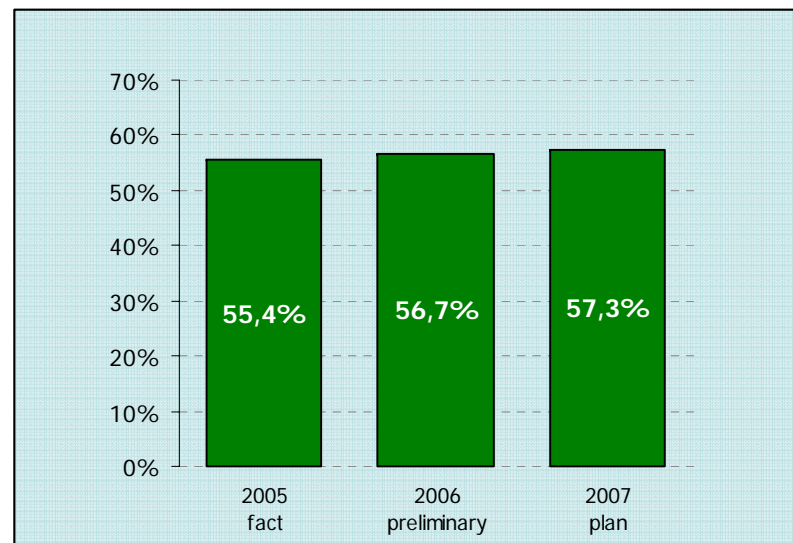
\* With dividend, adjusted with funding cost  
 \*\* Aggregated after tax profit, w/o one offs, funding cost and dividend

# After last year's acquisitions, the aim of the Group is to reach solid bottom line growth already in 2007, the year of consolidation

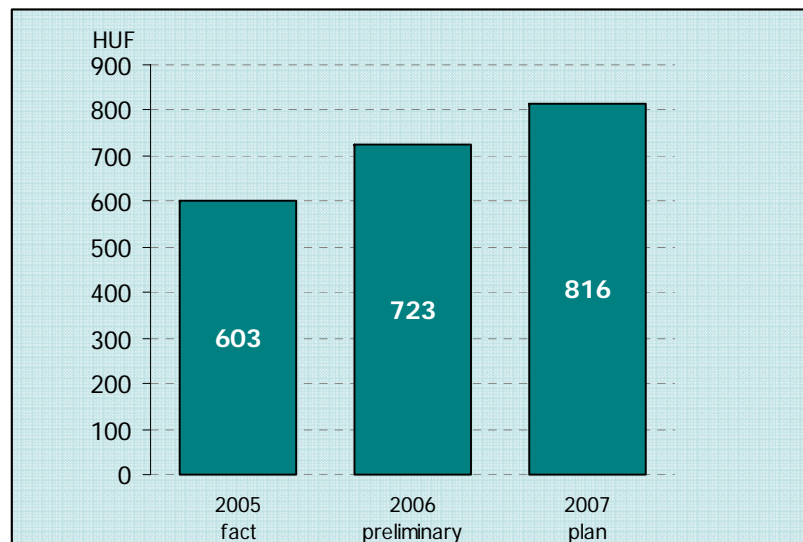
**ROAE, consolidated\***



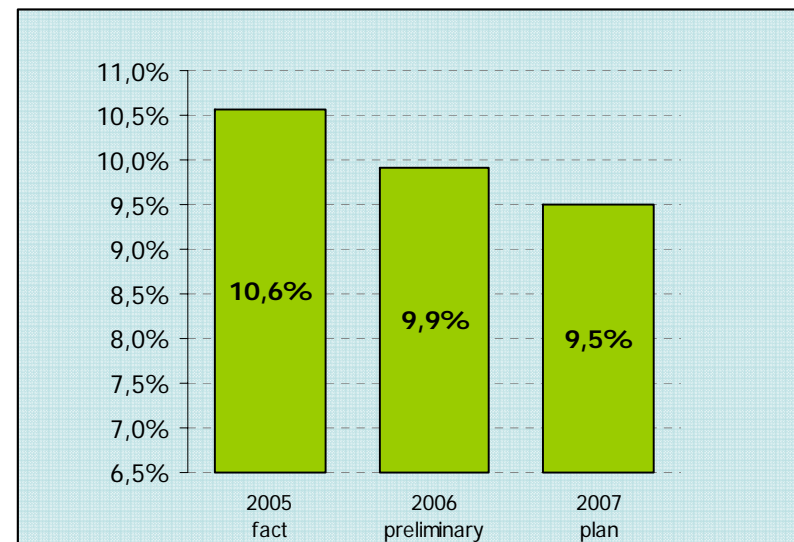
**Consolidated cost/income ratio\*\***



**EPS, consolidated\*\*\***



**Capital Adequacy Ratio (non consolidated, HAR)**



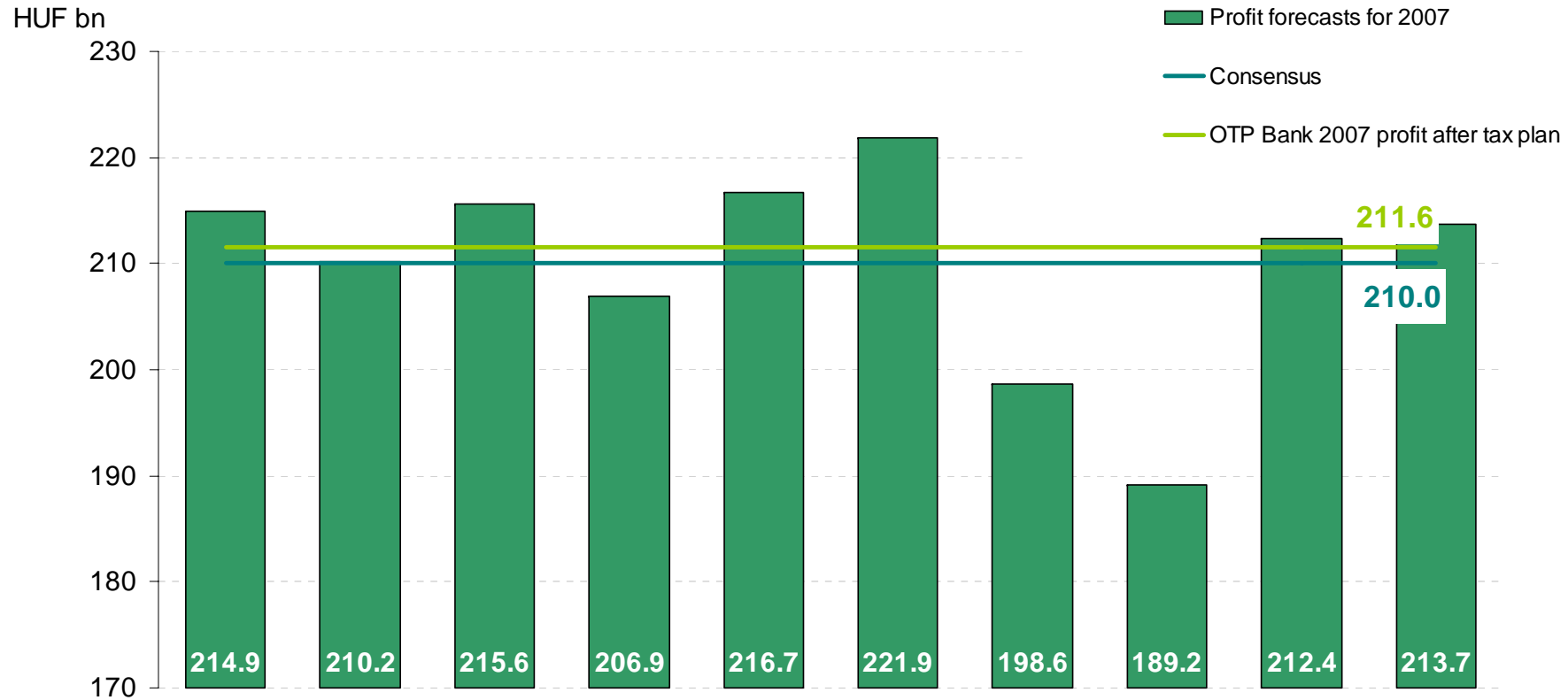
\* Without CKB, InvestberBank and Niska Banka

\*\*Without CKB, InvestberBank and Niska Banka and one off items

\*\*\*Estimation, basic, according to number of shares published in Stock Exchange Report of Q4, 2006.

# The planned HUF 212 billion consolidated profit after tax for 2007 slightly exceeds the recently published analysts' expectations

## Profit forecasts for OTP Bank consolidated profit after tax in 2007



Source: Analysis published after November 14, 2006

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