OTP Group
First half 2017 results

Conference call – 11 August 2017

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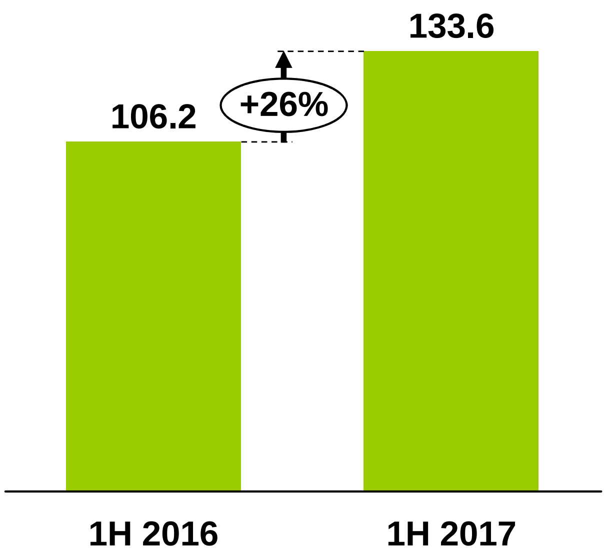
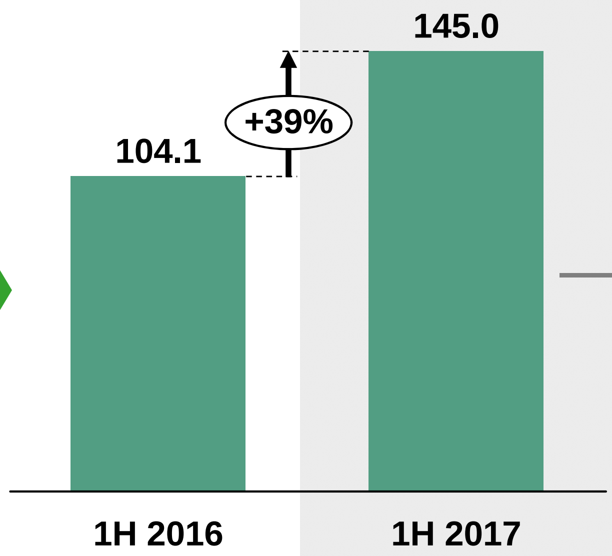
The semi-annual accounting result grew by 26% y-o-y despite the balance of adjustments turned negative y-o-y. CEE Group members' contribution grew by 32%, while the Russian and Ukrainian contribution increased by 56%

(in HUF billion)

Accounting profit after tax

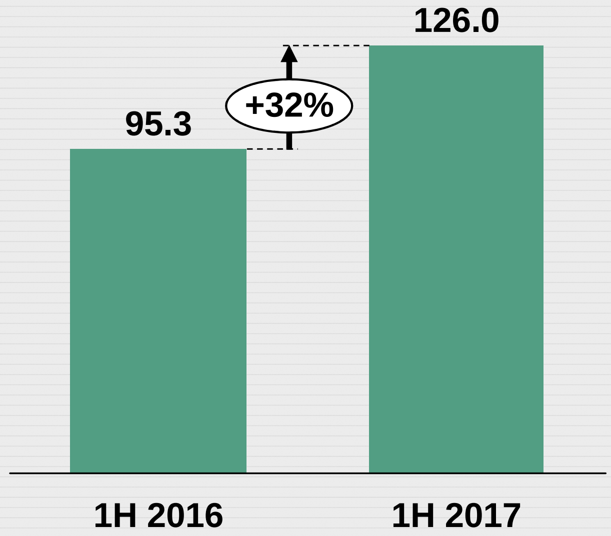


Adjusted profit after tax

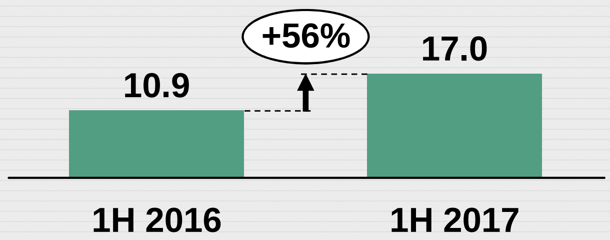


Adjustments (after tax)	1H 2016	1H 2017
Banking tax	-13.6	-14.9
Visa	13.2	0
Other	2.5	3.4
Total	2.0	-11.5

Adjusted after tax results in the CEE countries[1]



Adjusted after tax results in Russia and Ukraine (including Touch Bank)



[1] Total result of CEE operations does not include the result of Corporate Centre, foreign asset management companies, other Hungarian and foreign subsidiaries and eliminations. Their aggregated results amounted to HUF -2.0 billion in 1H 2016 and HUF 2.0 billion in 1H 2017.

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In 2Q the aggregated profit of CEE Group members grew by 21% q-o-q, led by OTP Core and the Croatian operation. Romania and Serbia turned loss-making mainly due to higher risk costs reasoned by one-off provisions created in connection with changes in the provisioning policy

	1H 16	1H 17	Y-o-Y	2Q 16	1Q 17	2Q 17	Q-o-Q	Y-o-Y
	in HUF billion			in HUF billion				
Consolidated adjusted after tax profit	**104.1**	**145.0**	**39%**	**56.5**	**66.8**	**78.3**	**17%**	**38%**
CEE operation (adjusted)	**95.3**	**126.0**	**32%**	**48.8**	**57.0**	**69.0**	**21%**	**41%**
OTP Core (Hungary)	59.6	90.2	51%	30.7	40.8	49.4	21%	61%
DSK (Bulgaria)	28.0	25.4	-9%	14.2	13.4	12.0	-11%	-16%
OBR (Romania)	1.6	0.9	-46%	1.0	1.3	-0.4		
OBH (Croatia)	2.2	5.1	134%	1.3	-1.8	6.9		423%
OBS (Slovakia)	0.3	-0.3		-0.1	0.1	-0.4		
OBSrb (Serbia)	0.1	-1.5		0.1	0.0	-1.5		
CKB (Montenegro)	0.3	0.0		0.1	0.1	-0.1		
Leasing (HUN, RO, BG, CR)	1.3	4.2	215%	0.5	2.1	2.1	5%	295%
OTP Fund Management (Hungary)	1.9	2.0	8%	0.9	1.0	1.0	-6%	15%
Russian and Ukrainian operation (adjusted)	**10.9**	**17.0**	**56%**	**8.5**	**8.6**	**8.4**	**-2%**	**-1%**
OBRU (Russia)	9.1	15.1	65%	6.5	7.6	7.5	-1%	15%
Touch Bank (Russia)	-2.5	-3.8	52%	-1.5	-2.3	-1.6	-31%	7%
OBU (Ukraine)	4.3	5.8	35%	3.4	3.3	2.5	-24%	-27%
Corporate Centre and others	**-2.0**	**2.0**		**-0.8**	**1.2**	**0.8**	**-31%**	

In 2Q 2017 four adjustment items emerged with an aggregated amount of HUF 2.4 billion

	1H 16	1H 17	Y-o-Y	2Q 16	1Q 17	2Q 17	Q-o-Q	Y-o-Y
	in HUF billion			in HUF billion				
Consolidated after tax profit (accounting)	**106.2**	**133.6**	**26%**	**71.9**	**52.9**	**80.7**	**53%**	**12%**
Adjustments (total)	**2.0**	**-11.5**		**15.4**	**-13.9**	**2.4**		**-84%**
Dividends and net cash transfers (after tax)	0.3	0.3	36%	0.2	0.1	0.2	51%	12%
Goodwill/investment impairment charges (after tax)	2.2	-0.3		2.2	0.5	1 -0.8		
Special tax on financial institutions (after corporate income tax)	-13.6	-14.9	10%	-0.2	-14.7	-0.2	-99%	1%
Impact of fines imposed by the Hungarian Competition Authority (after tax)	0.0	0.2		0.0	0.2	0.0	-100%	
Gain on the sale of Visa Europe shares (after tax)	13.2	0.0	-100%	13.2	0.0	0.0		-100%
Effect of acquisitions (after tax)	0.0	3.2		0.0	0.0	2 3.2		
Of which customer base value, fair value adjustment of loans and their amortization (after tax)	*0.0*	*6.8*		*0.0*	*0.0*	*6.8*		
Consolidated adjusted after tax profit	**104.1**	**145.0**	**39%**	**56.5**	**66.8**	**78.3**	**17%**	**38%**

1 HUF 0.8 billion negative tax effect related to the write-back of impairment losses at three Hungarian subsidiaries.

2 Certain, mainly one-off items emerged in relation to the Splitska banka transaction in 2Q (in particular: badwill adjusted for specific provisions in the books of Splitska banka, other provisions on expected integration expenses, customer base value, fair value adjustment of loans) were presented on consolidated level on the Effect of acquisition line among the adjustment items under the adjusted P&L structure. In 2Q 2017 +HUF 3.2 billion was booked on this line (after tax).
Within the Effect of acquisition the sum of initial value of customer base value (an intangible asset) and fair value adjustment of loans, as well as the amortization of these items booked in May and June (+HUF 6.8 billion in total, after tax) was presented on a separate line. Accordingly, the on-going amortization of these items will appear within the Effect of acquisitions on the Customer base value, fair value adjustment of loans and their amortization line until the end of the amortization periods.

The 2Q profit after tax without one-off items went up by 15% q-o-q, mainly on the back of improving core banking revenues, but also the further declining risk costs

	1H 16	1H 17	Y-o-Y	2Q 16	1Q 17	2Q 17	Q-o-Q	Y-o-Y
	in HUF billion				in HUF billion			
Consolidated adjusted after tax profit	**104.1**	**145.0**	**39%**	**56.5**	**66.8**	**78.3**	**17%**	**38%**
Corporate tax	-30.2	-21.5	-29%	-13.8	-9.4	-12.1	28%	-13%
O/w tax shield of subsidiary investments	3.1	-2.0	-164%	-2.1	-	-		
Before tax profit	134.3	166.5	24%	70.4	76.2	90.3	19%	28%
Total one-off items	2.9	2.8	-3%	2.8	0.0	2.9		5%
Gain on the repurchase of own capital instruments	0.0	0.0		0.0	0.0	0.0		
Result of the Treasury share swap agreement	2.9	2.8	-3%	2.8	0.0	2.9		5%
Before tax profit without one-off items	**131.4**	**163.7**	**25%**	**67.6**	**76.2**	**87.4**	**15%**	**29%**
Operating profit w/o one-off items	164.3	186.0	13%	79.7	88.7	97.3	10%	22%
Total income w/o one-off items	357.8	393.3	10%	180.3	188.8	204.5	8%	13%
Net interest income w/o one-off items	258.1	269.1	4%	129.1	132.2	136.9	4%	6%
Net fees and commissions	82.3	98.3	19%	43.5	44.5	53.8	21%	24%
Other net non interest income without one-offs	17.4	25.9	49%	7.8	12.0	13.8	15%	79%
Operating costs	-193.6	-207.3	7%	-100.7	-100.0	-107.3	7%	7%
Total risk costs	-32.9	-22.3	-32%	-12.1	-12.5	-9.8	-21%	-19%

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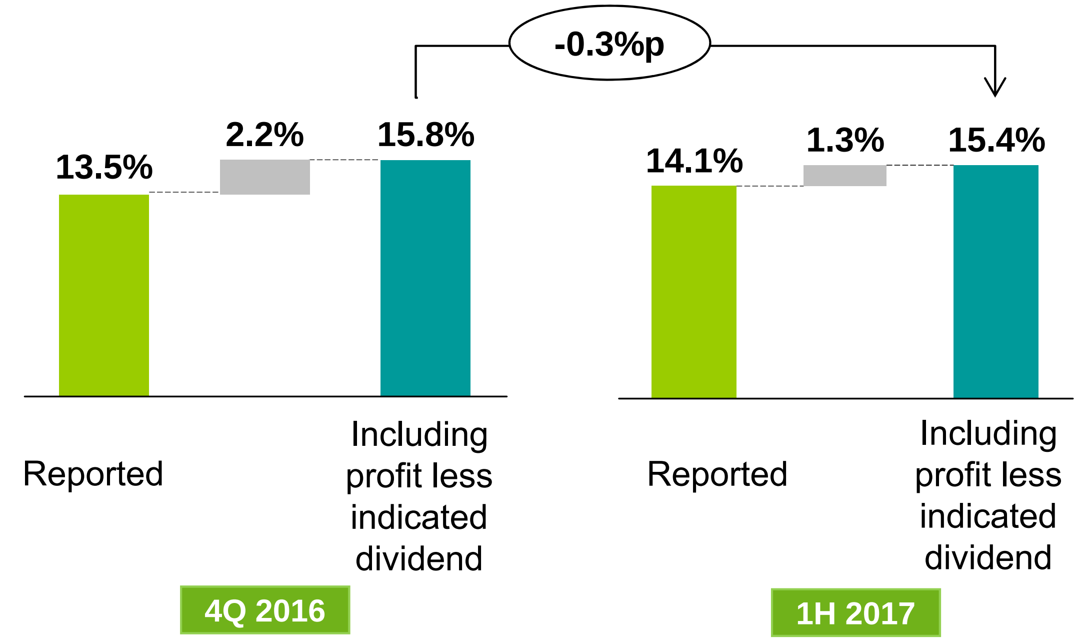
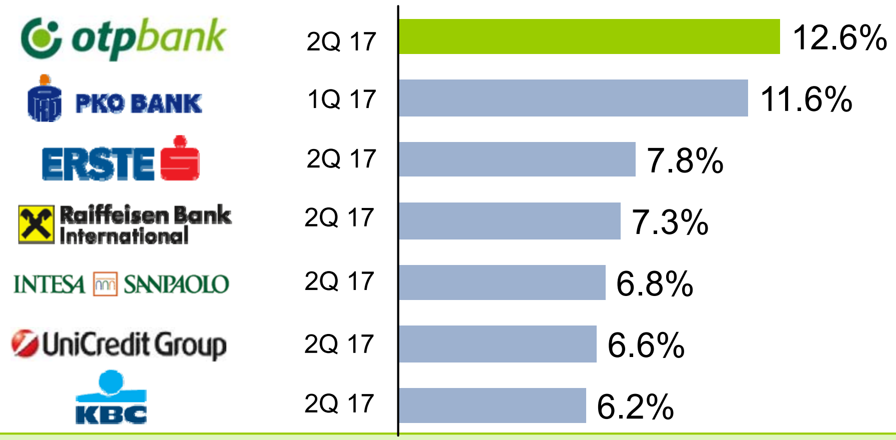
Strong capital and liquidity position coupled with robust internal capital generation make room for further acquisitions

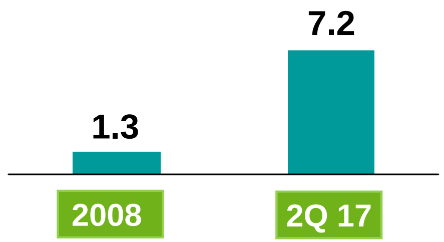
Development of the fully loaded CET1 ratio of OTP Group



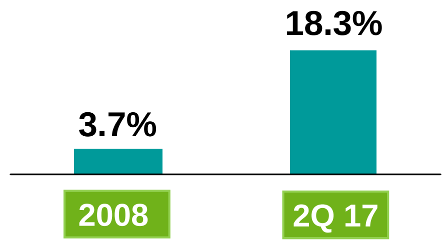
Leverage ratio (average equity / average assets)



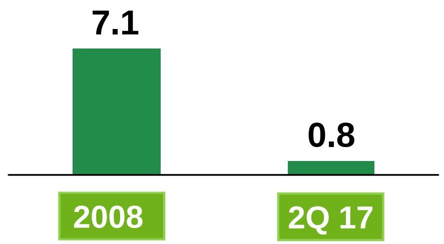
Net liquidity reserves (in EUR billion equivalent)



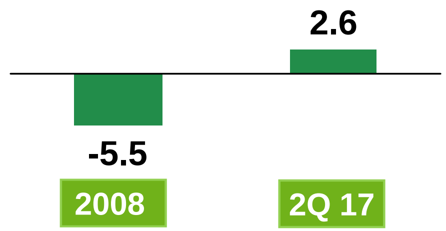
Net liquidity buffer / total assets (%)



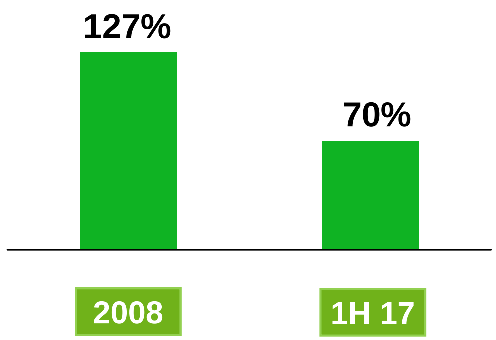
External debt[1] (in EUR billion equivalent)



Group FX liquid assets[2] (in EUR billion equivalent)



Consolidated net loan to deposit + retail bond ratio



[1] Senior bonds, mortgage bonds, bilateral loans.
[2] Positive amount implies FX liquidity placement.

OTP Bank Romania

In Romania OTP signed and agreement on purchasing the 14th biggest local bank, Banca Romaneasca (BROM); as a result the market share of the combined entity will reach 3.8%

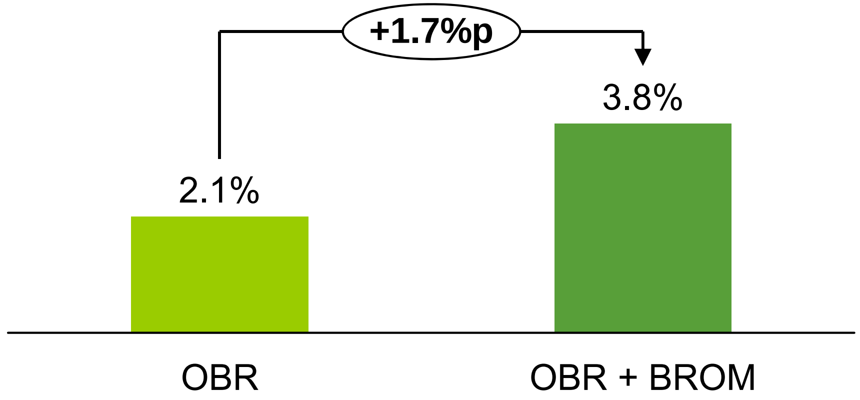
Market shares in the Romanian banking sector

(2016, HUF billion)

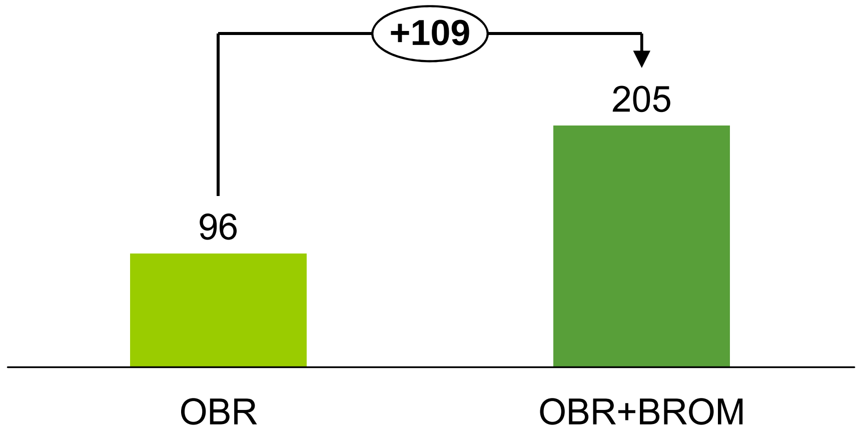
	Bank	Total assets
1.	BCR	4,391
2.	Banca Transilvania	3,548
3.	BRD	3,472
4.	Raiffeisen	2,290
5.	UniCredit	2,240
6.	CEC Bank	1,932
7.	ING Bank	1,910
8.	**OTP+BROM***	**1,032**
8.	Alpha Bank	1,010
…		
11.	**OTP Bank**	**563**
12.	Citibank	467
13.	Piraeus Bank	450
14.	**Banca Romaneasca (BROM)**	**437**

Market share by total assets before and after the acquisition*

(based on 4Q 2016 data)



Number of branches before and after the acquisition



* Including other assets being part of the transaction

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OTP banka Srbija

In Serbia OTP signed and agreement on purchasing the 9th biggest local bank, Vojvodjanska banka (VOBAN); as a result the market share of the combined entity will increase to 5.7%. The purchase price was EUR 125 million

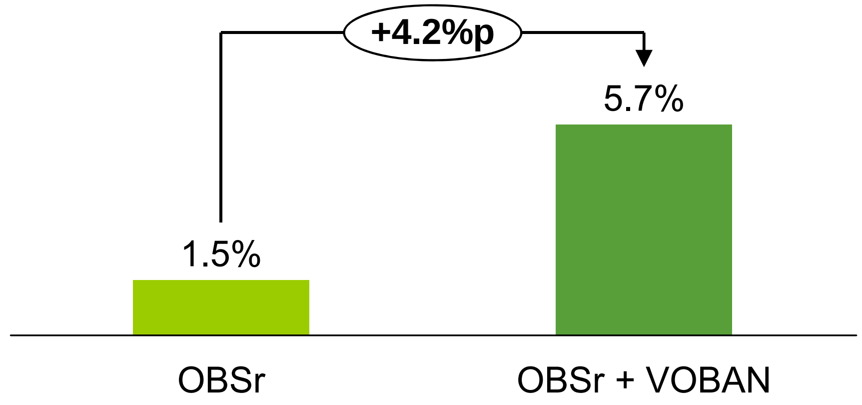
Market shares in the Serbian banking sector

(2016, HUF billion)

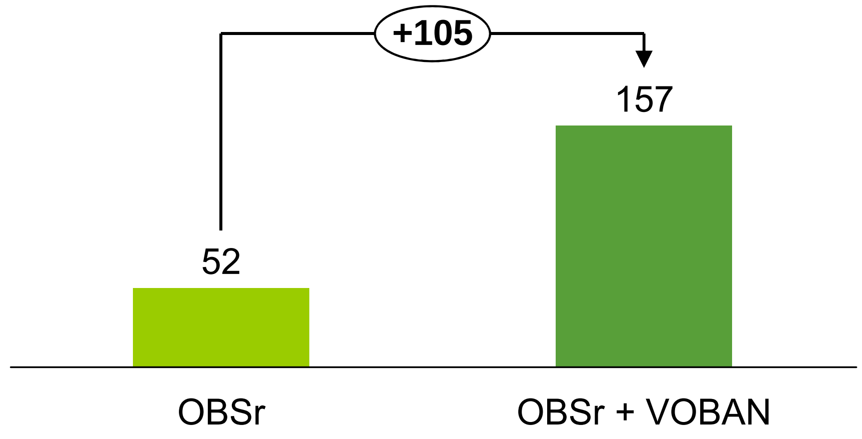
	Bank	Total assets
1.	Intesa	1,389
2.	Komercijalna	1,007
3.	Unicredit	837
4.	AIK Banka	650
5.	Raiffeisen	640
6.	SG	594
7.	**OBSr + Vojvodjanska**	**467**
7.	Eurobank	379
8.	Erste	360
9.	**Vojvodjanska (VOBAN)**	**347**
10.	Postanska	335
…		
16.	**OBSr**	**121**

Market share by total assets before and after the acquisition

(based on 4Q 2016 data)

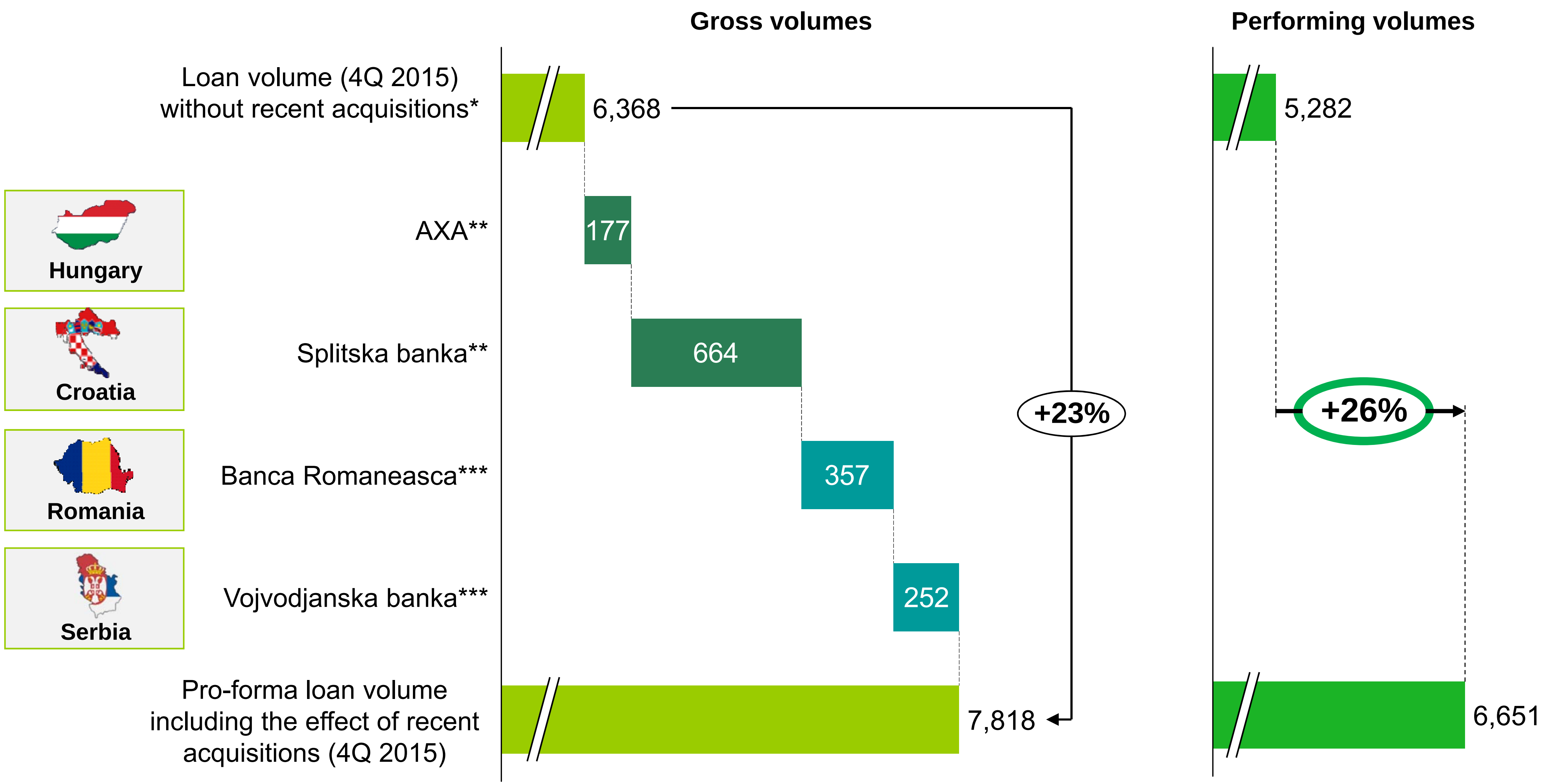


Number of branches before and after the acquisition



Over the last year announced acquisitions add 23% to the Group gross loan increase and 26% to performing loan increase, whereas the organic performing loan volume growth reached 8% since 2015

The acquisitions impact on consolidated loan volumes (in HUF billion)



* 4Q 2015 consolidated loan volume, which does not reflect the impact of recent acquisitions.
** Loan volumes at the time of the consolidation.
*** Data as at end of 2016.

Consolidated total income increased by 8% q-o-q, half of that was due to the Splitska acquisition. The increase in Hungarian core banking revenues was the other key driving factor

TOTAL INCOME – 2Q 2017 without one-off items (HUF billion)		Y-o-Y (HUF bn)	Y-o-Y (%)	Q-o-Q (HUF bn)	Q-o-Q (%)
OTP Group	205	24	13%	16	8%
OTP CORE (Hungary)	95	8	9%	7	8%
DSK (Bulgaria)	28	-1	-4%	1	5%
OBRU (Russia)	33	7	25%/7%[1]	0	-1%/-1%[1]
Touch Bank (Russia)	1	1	n/a	0	n/a
OBU (Ukraine)	8	-1	-14%/-11%[1]	-1	-7%/-6%[1]
OBH (Croatia)	16	8	106%	8	107%
OBS (Slovakia)	4	0	-4%	0	-2%
OBR (Romania)	7	0	7%	0	-2%
CKB (Montenegro)	2	0	-11%	0	-3%
OBSrb (Serbia)	2	0	7%	0	9%
Others[2]	9	3	44%	-1	7%

[1] Changes in local currency
[2] Other group members and eliminations.

The net interest income went up by 4% q-o-q mainly due to the contribution by the newly consolidated Splitska banka. At the Core division the positive impact of expanding volumes outpaced the headwinds from further NIM erosion

NET INTEREST INCOME – 2Q 2017 (HUF billion)	Share	NII	Q-o-Q (HUF billion)	Q-o-Q (%)
OTP Group	100%	137	5	4%
OTP CORE (Hungary)	43%	59	1	2%
DSK (Bulgaria)	13%	18	0	-1%
OBRU (Russia)	19%	26	-1	-4%
Touch Bank (Russia)	0%	0		
OBU (Ukraine)	4%	5	-1	-10%
OBH (Croatia)	8%	12	6	93%
OBS (Slovakia)	2%	3	0	-3%
OBR (Romania)	4%	5	0	2%
CKB (Montenegro)	1%	2	0	1%
OBSrb (Serbia)	1%	1	0	3%
Merkantil (Hungary)	2%	3	0	1%
Corporate Centre	0%	0	-1	-69%
Others and eliminations	1%	2	0	

1 Adjusted for the calendar effect the NII still grew by 1% q-o-q partially as a result of dynamically expanding performing loan volumes; this was only partially muted by the q-o-q 4 bps margin erosion occurred in 2Q.

2 Net interest income decreased by 4% as the lower funding costs could not counterbalance the lower gross interest income realized amid decreasing market interest rates.

3 The q-o-q decline was partly explained by the q-o-q higher volume of restructured corporate and mortgage loans, because at the time of the restructuring the total NPV decline for the whole duration of the loan was accounted for in one sum on the net interest income line.

4 In Croatia the q-o-q increase was driven by the consolidation of the May and June performance of Splitska banka, adding HUF 5.6 billion to the Croatian NII in 2Q.

The 1H consolidated net interest margin eroded by 9 bps compared to the full-year 2016 level; in 2Q all major Group members suffered NIM attrition, however at both OTP Core and DSK the NIM erosion decelerated materially q-o-q

Net interest margin (%)

OTP Group (-9 bps 2016 → 1H 17)

2015	2016	1H 17	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17
5.16	4.78	4.69	4.81	4.78	4.75	4.76	4.63

1. The 3M BUBOR moderated by 3 bps q-o-q demonstrating a much smaller drop compared to 1Q 2017, however, due to the time lag in the repricing of business volumes the larger drop in 1Q had a spill-over effect and took its toll in 2Q.
2. DSK's NIM remained stable q-o-q as a result of lower total assets and a more effective utilisation of excess liquidity through stronger disbursement activity.
3. In Russia lower quarterly NIMs can be explained by lower overall APRs charged by consumer lender banks amid declining interest rate environment.
4. The q-o-q decline in Ukrainian NIM was partly due to higher volume of restructured loans, because at the time of the restructuring the total NPV decline for the whole duration of the loan is booked in one sum on the NII line.

OTP Core Hungary (1)

2015	2016	1H 17	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17
3.71	3.44	3.25	3.42	3.44	3.45	3.27	3.23

OTP Bank Croatia

2015	2016	1H 17	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17
3.15	3.54	3.69	3.60	3.58	3.61	3.75	3.67

DSK Bank Bulgaria (2)

2015	2016	1H 17	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17
5.47	4.60	3.91	4.69	4.55	4.39	3.92	3.91

OTP Bank Romania

2015	2016	1H 17	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17
3.63	3.40	3.66	3.29	3.43	3.54	3.67	3.65

OTP Bank Russia (3)

2015	2016	1H 17	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17
15.72	17.81	17.80	18.15	17.67	18.29	17.99	17.60

OTP Bank Ukraine (4)

2015	2016	1H 17	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17
8.33	9.02	7.23	9.73	7.49	7.63	7.74	6.73

Consolidated performing loans increased by 14% q-o-q (adjusted for the Splitska acquisition effect the organic increase was 3%); loan growth at OTP Core accelerated, mortgage volumes stabilized; the retail portfolio started growing at DSK

DPD0-90 volumes

	Cons.	Core (Hungary)	DSK (Bulgaria)	OBRu (Russia)	Touch Bank (Russia)	OBU (Ukraine)	OBR (Romania)	OBH (Croatia)	OBS (Slovakia)	OBSr (Serbia)	CKB (Monte-negro)
Q-o-Q loan volume changes in 2Q 2017, adjusted for FX-effect											
Total	14% / 3%[2]	3%	2%	2%	59%	5%	5%	146% / 1%[2]	0%	7%	1%
Consumer	17% / 4%[2]	14%	1%	0%	59%	0%	5%	128% / 2%[2]	2%	7%	3%
Mortgage	6% / 1%[2]	0%	2%	-6%		-5%	1%	87% / 2%[2]	2%	5%	1%
Corporate[1]	19% / 4%[2]	4%	2%	25%		6%	10%	200% / -1%[2]	-4%	8%	-1%
Y-o-Y loan volume changes in 2Q 2017, adjusted for FX-effect											
Total	22% / 8%[4]	16% / 10%[3]	3%	13%		7%	7%	161% / 7%[2]	0%	18%	0%
Consumer	22% / 9%[4]	16%	0%	12%		23%	18%	131% / 3%[2]	0%	18%	4%
Mortgage	15% / 1%[4]	16% / 2%[3]	2%	-19%		-13%	-1%	103% / 11%[2]	0%	13%	6%
Corporate[1]	28% / 12%[4]	17%	6%	44%		7%	15%	222% / 6%[2]	-1%	18%	-7%

[1] Loans to MSE and MLE clients and local governments
[2] Without the Splitska-effect
[3] Without the AXA-effect
[4] Without the AXA-effect and Splitska-effect

Retail loan disbursement showed strong y-o-y dynamics in 1H 2017 at OTP Core and mostly all subsidiaries

Y-o-Y change of new disbursements (in local currency) – 1H 2017

	Core (Hungary)	DSK (Bulgaria)	OBRu (Russia)	OBU (Ukraine)	OBR (Romania)	OBH (Croatia)	OBS (Slovakia)	OBSr (Serbia)	CKB (Montenegro)
Mortgage loan	31%	43%			252%	1%	-26%	42%	40%
Cash loan*	60%	10%	32%	59%	89%	89%	-13%	19%	4%

* Including POS loan disbursements in case of DSK (Bulgaria), OBRu (Russia) and OBU (Ukraine)

The consolidated deposit base increased by 18% y-o-y, without Splitska by 8%; volume growth at OTP Core was the engine behind the consolidated deposit base expansion

Q-o-Q deposit volume changes in 2Q 2017, adjusted for FX-effect

	Cons.	Core (Hungary)	DSK (Bulgaria)	OBRu (Russia)	Touch Bank (Russia)	OBU (Ukraine)	OBR (Romania)	OBH (Croatia)	OBS (Slovakia)	OBSr (Serbia)	CKB (Monte-negro)
Total	10% / 0%[2]	1%	-2%	-2%	6%	-3%	3%	161% / 0%[2]	-3%	11%	1%
Retail	12% / 2%[2]	5%	1%	-1%	6%	1%	-1%	114 / 0%[2]	-3%	1%	0%
Corporate[1]	7% / -3%[2]	-3%	-12%	-5%		-5%	7%	391% / 2%[2]	-2%	22%	4%

Y-o-Y deposit volume changes in 2Q 2017, adjusted for FX-effect

	Cons.	Core (Hungary)	DSK (Bulgaria)	OBRu (Russia)	Touch Bank (Russia)	OBU (Ukraine)	OBR (Romania)	OBH (Croatia)	OBS (Slovakia)	OBSr (Serbia)	CKB (Monte-negro)
Total	18% / 8%[2]	13%	1%	-6%	63%	13%	0%	168% / 3%[2]	-4%	7%	3%
Retail	20% / 10%[2]	17%	7%	-9%	63%	-4%	3%	115% / 0%[2]	-10%	3%	-2%
Corporate[1]	16% / 5%[2]	8%	-19%	5%		28%	-1%	460% / 16%[2]	7%	11%	13%

[1] including SME, LME and municipality deposits
[2] Without the Splitska-effect

The net fee and commission income showed a strong momentum q-o-q (+21%) on the back of two technical items and higher business activity at OTP Core, and the consolidation of Splitska banka

NET FEE AND COMMISSION INCOME – 2Q 2017 (HUF billion)	Share		Q-o-Q (HUF billion)	Q-o-Q (%)
OTP Group	100%	53.8	9.2	21%
OTP CORE (Hungary)	56%	29.9	5.7	23% [1]
DSK (Bulgaria)	13%	6.9	0.5	8%
OBRU (Russia)	11%	6.1	0.4	8%
Touch Bank (Russia)	0%	0	0.2	n/a
OBU (Ukraine)	4%	2.3	0.1	5%
OBH (Croatia)	6%	3.2	1.9	146% [2]
OBS (Slovakia)	2%	0.9	0.0	-4%
OBR (Romania)	1%	0.8	0.0	-1%
CKB (Montenegro)	1%	0.7	0.1	24%
OBSrb (Serbia)	1%	0.4	0.0	9%
Fund mgmt. (Hungary)	3%	1.6	0.1	6%

1. The quarterly increase was explained predominantly by the q-o-q lower financial transaction tax obligation, but the higher business activity and the usual seasonality played a role, too. The quarterly decline of FTT was due to two items. Firstly, similar to previous years, the financial transaction tax on card transactions had to be paid in a lump-sum in the first quarter for the whole year, based on the annual volume of previous year's transactions. This item amounted to -HUF 1.6 billion both in 1Q 2017 and 1Q 2016. Secondly, part of the contributions into the Compensation Fund booked in 1Q 2017 were presented amongst the financial transaction taxes, thus reducing the net fee and commission income in 1Q. On the contrary, the tax deductions related to the contributions booked in 2Q exerted an opposite effect (+HUF 2.6 billion q-o-q effect).

2. In Croatia the entire q-o-q growth was related to the consolidation of Splitska banka from May 2017.

The other net non-interest income increased by 15% q-o-q

OTHER NET NON-INTEREST INCOME – 2Q 2017 without one-off items (HUF billion)	Share	HUF billion	Q-o-Q (HUF billion)	Q-o-Q (%)
OTP Group	100%	13.8	1.8	15%
OTP CORE (Hungary)	48%	6.6	0.5	8%
DSK (Bulgaria)	17%	2.4	0.9	61%
OBRU (Russia)	3%	0.3	0.3	n/a
Touch Bank (Russia)	0%	0		n/a
OBU (Ukraine)	3%	0.5	-0.1	-23%
OBH (Croatia)	11%	1.5	0.9	169%
OBS (Slovakia)	1%	0.2	0.1	84%
OBR (Romania)	6%	0.8	-0.2	-23%
CKB (Montenegro)	-1%	-0.1	-0.2	-171%
OBSrb (Serbia)	1%	0.2	0.1	180%
Others[1]	10%	1.5	-0.4	-21%

1 At OTP Core the gain on the sale of real estate investment units was the main contributor to the quarterly improvement.

2 DSK Bank booked higher revaluation gains on derivatives and securities portfolio, but gains on real estate transactions added to the other income line, too.

3 The bulk of the q-o-q increase in Croatia was sparked by the Splitska acquisition.

[1] Other group members and eliminations

Operating costs grew by 7% y-o-y in 2Q (+5% adjusted for FX rate changes), explained mainly by the additional on-going costs of Splitska banka. In 1H 2017 the FX-adjusted consolidated cost growth without Splitska banka reached 2.5% y-o-y

OPERATING COSTS – 2Q 2017 (HUF billion)	Share		Y-o-Y (HUF bn)	Y-o-Y (%)	Y-o-Y (FX-adj., HUF bn)	Y-o-Y (FX-adj., %)
OTP Group	100%	107	7	7%	5	5%
OTP CORE (Hungary)	48%	52	-3	-5%	-3	-1% (1)
DSK (Bulgaria)	11%	12	1	11%	1	8% (2)
OBRU (Russia)	12%	13	3	28%	1	9% (3)
Touch Bank (Russia)	2%	2	0	16%	0	-1%
OBU (Ukraine)	4%	4	0	11%	1	12% (4)
OBH (Croatia)	8%	9	4	95%	4	48% (5)
OBS (Slovakia)	2%	3	0	-7%	0	-5%
OBR (Romania)	4%	4	0	-5%	0	-8%
CKB (Montenegro)	2%	2	0	-8%	0	-3%
OBSrb (Serbia)	2%	2	0	-4%	0	0%
Merkantil (Hungary)	1%	2	0	3%	0	1%

1. The 2Q cost dynamics of OTP Core were mainly shaped by the following factors: (1) in April 2017 there was a base salary increase for employees working in the sales network; (2) social and health care contributions were reduced by 5 pps effective from 1 January 2017; (3) the cost base in 2Q 2016 was affected by one-off costs emerged due to organizational changes.

2. At DSK the 8% growth was reasoned by advisory costs mainly related to the business development project in the retail segment, higher marketing costs and charges paid to supervisory authorities, and increase in the number of employees.

3. At OBRU apart from the high inflationary environment and stronger sales figures, reclassification[1] played a role, too (+HUF 0.3 billion impact y-o-y).

4. At OBU salary increases and marketing costs played a role.

5. On-going costs of Splitska banka reached HUF 4.2 billion in 2Q.

[1] Since 3Q 2016 deposit protection fund contributions have been reclassified from the other net non-interest income line to operating expenses.

OTP CORE

1H before tax profit at OTP Core picked up by 26% y-o-y amid moderating corporate tax burden; such performance was shaped by improving operating profit and risk cost releases

OTP CORE (in HUF billion)	1H 16	1H 17	Y-o-Y	2Q 16	1Q 17	2Q 17	Q-o-Q	Y-o-Y
Profit after tax	**59.6**	**90.2**	**51%**	**30.7**	**40.8**	**49.4**	**21%**	**61%**
Corporate tax	-21.2	-11.5	-46% 1	-10.4	-5.2	-6.4	23%	-39%
Before tax profit	**80.8**	**101.7**	**26%**	**41.2**	**46.0**	**55.7**	**21%**	**35%**
Operating profit w/o one-off items	72.9	81.4	12%	32.6	38.0	43.3	14%	33%
Total income w/o one-off items	175.6	183.1	4%	87.1	87.9	95.2	8%	9%
Net interest income w/o one-off items	116.2	116.3	0%	57.8	57.6	58.7	2% 2	2%
Net fees and commissions	48.3	54.2	12%	25.6	24.2	29.9	23% 3	17%
Other net non interest income without one-offs	11.1	12.7	15%	3.7	6.1	6.6	8%	76%
Operating costs	-102.7	-101.7	-1%	-54.5	-49.9	-51.8	4%	-5%
Total risk costs	5.0	17.5	250%	5.8	8.0	9.5	18% 4	64%
Total one-off items	2.9	2.8		2.8	0.0	2.9		5%

1 The 1H effective corporate income tax rate was 11.3%, marking a sharp drop y-o-y (1H 2016: 26.3%). The main reason behind was that effective from 1 January 2017 the Hungarian corporate tax rate was reduced to 9%. Also, the tax shield effect on the revaluation of subsidiary investments resulted in additional tax payment in 1H (HUF 2.6 billion). Since the switch from Hungarian Accounting Standards into IFRS financials became effective from January 2017 in Hungary, the corporate tax line of OTP Core won't be distorted by this tax shield effect related to the HUF exchange rate movements.

2 Adjusted for the calendar effect the NII still grew by 1% q-o-q partially as a result of dynamically expanding performing loan volumes; this was only partially muted by the q-o-q 4 bps margin erosion occurred in 2Q.

3 The strong momentum was due to increasing business activity and seasonality, but base effect (-HUF 1.6 billion financial transaction tax booked in 1Q) and a technical effect (+HUF 2.6 billion q-o-q effect: part of the contributions into the Compensation Fund booked in 1Q 2017 were presented amongst the FTT, thus reducing the NF&C in 1Q. On the contrary, the tax deductions booked in 2Q exerted an opposite effect in 2Q).

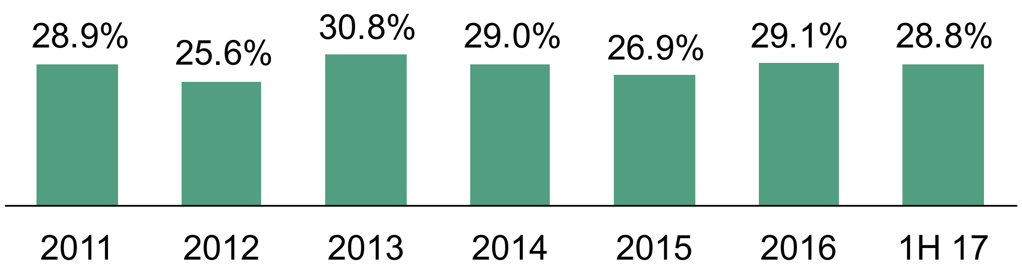
4 Similar to the last couple of quarters there was a provision release in 2Q, thanks to the continuation of benign credit quality trends.

OTP Core

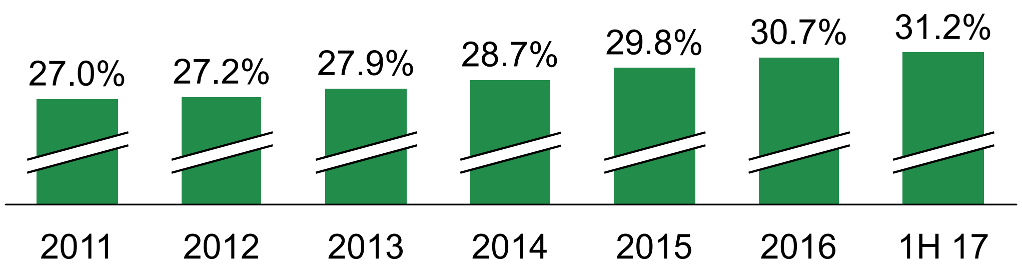
Mortgage loan applications and disbursements accelerated further. OTP's market share remained strong in new loan disbursements, corporate loans and also in retail savings

Change of mortgage loan applications and disbursement of OTP Bank (1H 2017, y-o-y changes)

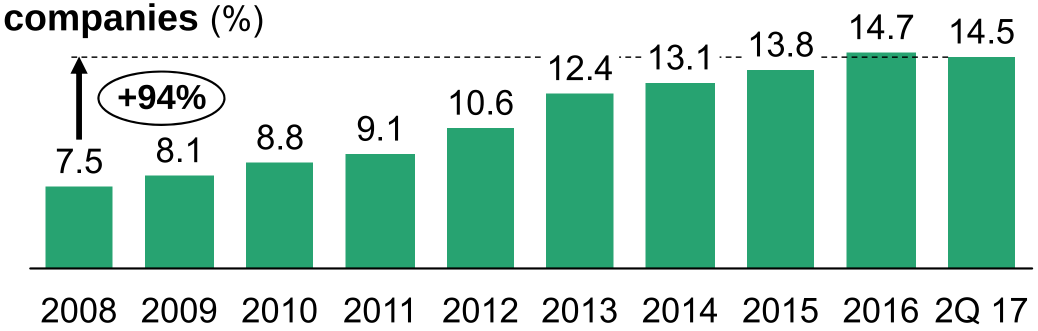
OTP's market share in mortgage loan contractual amounts[1]



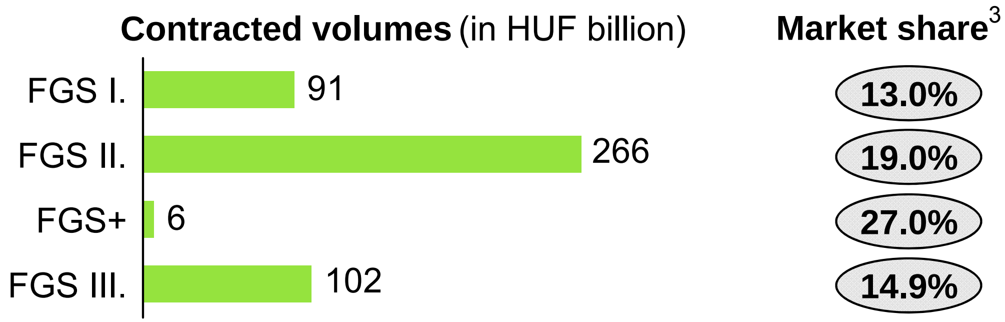
OTP Bank's market share in household savings



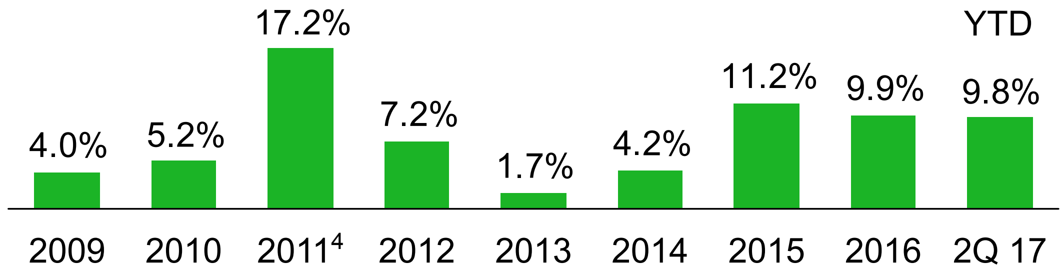
OTP Group's market share[2] in loans to Hungarian companies (%)



Activity of OTP Group in the Funding for Growth Scheme



Changes of SME loan volumes (FX-adjusted y-o-y changes)



[1] Including the performance of OTP Building Society. Raw, unadjusted data are used for the calculation of market shares.
[2] Aggregated market share of OTP Bank, OTP Mortgage Bank, OTP Building Society and Merkantil, based on central bank data (Supervisory Balance Sheet data provision until 2016 and Monetary Statistics from 1Q 2017).
[3] The source of the sector statistics is the central bank's publications on FGS.
[4] The y-o-y increase in 2011 was influenced by reclassification, too.

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OTP launches its customer-friendly housing loan product.
The central bank’s initiative is expected to give further impetus to the demand for housing loans on sector-level

On 9 March 2017 the National Bank of Hungary (NBH) published an announcement according to which NHB is going to introduce a “customer-friendly housing loan” certification and only those banks whose housing loan products meet certain conditions laid down by NBH can use the “customer-friendly housing loan” approval rating.

Following intensive consultations with market participants, on **19 May 2017** the NBH published the **„customer-friendly housing loan” criteria for the newly issued housing loans** (i.e. the below criteria apply only to new production of fixed-rate housing loans, therefore home equity loans and variable rate loans are not part of the initiative). This scheme is a recommendation, and not a binding regulation.

According to the conditions set by the Financial Stability Board of the NBH, the „fair housing loan” rating requires the fulfilment of the following criteria:

1. newly disbursed housing loans should be an annuity, i.e. with constant monthly instalments
2. interest rates should be fixed either with a repricing periods of 3, 5 or 10 years, or for the whole tenor of the loan
3. the maximum tenor of the housing loan cannot exceed 30 years
4. the credit decision should take place within 15 working days after obtaining the appraisal of the collateral
5. the deadline of disbursement is 2 working days following the credit approval
6. the interest premium over the reference rate (more precisely, over the interest rate alteration indicator serving as a reference rate) cannot exceed 350 basis points. As for the reference rate, it will be the discretion of the lender to decide which reference rate should be applied out of the potential reference rates verified and published by the NBH. The list of potential interest rate alteration indicators for HUF loans include: (1) Hungarian government bond yields * 1.25, (2) Budapest Interest Rate Swap (BIRS), (3) Hungarian government bond yields.
7. initial disbursement fees will be capped at 0.75% of the total loan amount, or maximum HUF 150,000.
8. early repayment fees cannot exceed 1.0% of the prepaid amount

Banks can apply for the „customer-friendly housing loan” approval rating at the NBH from 1 June 2017. Starting from autumn 2017 the NBH will create a website where customers will be able to compare the pricing and other information of the various mortgages being provided under the scheme.

On 1 August 2017 OTP Mortgage Bank received the approval of NBH to sell its qualified customer friendly mortgage loan product. The new product will be available from the second half of August.

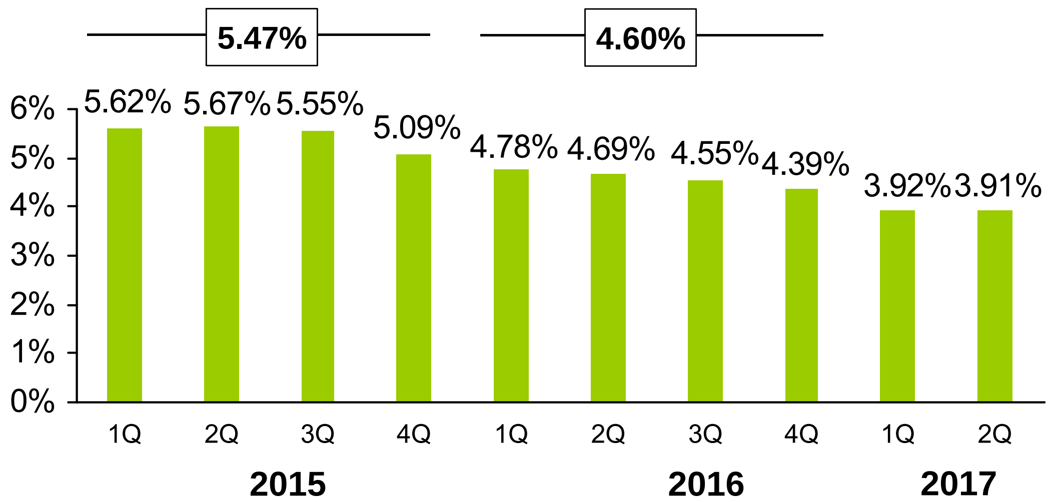
DSK Bank Bulgaria

DSK Bank retained its outstanding profitability. Favourable credit quality trends remained intact and the bank released provision in 2Q. NIM remained stable q-o-q

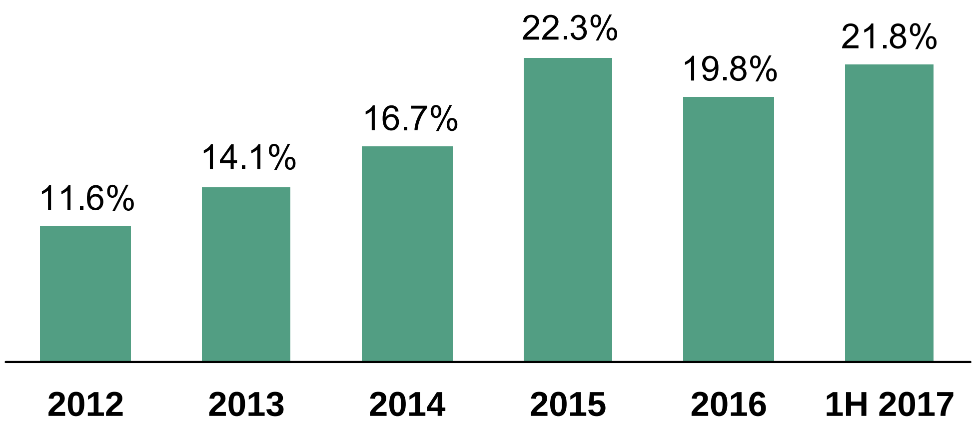
Income statement

(in HUF billion)	16 2Q	17 1Q	17 2Q	Q-o-Q	Y-o-Y
Profit after tax (adjusted)	**14.2**	**13.4**	**12.0**	**-11%**	**-16%**
Profit before tax	15.8	14.9	13.4	-10%	-15%
Operating profit	18.2	15.8	15.9	1%	-13%
Total income	28.7	26.3	27.6	5%	-4%
Net interest income	21.1	18.4	18.3	-1%	-14%
Net fees and commissions	7.0	6.4	6.9	8%	-1%
Other income	0.6	1.5	2.4	61%	323%
Operating costs	-10.5	-10.5	-11.7	12%	11%
Total risk cost	-2.4	-0.9	-2.5	182%	5%

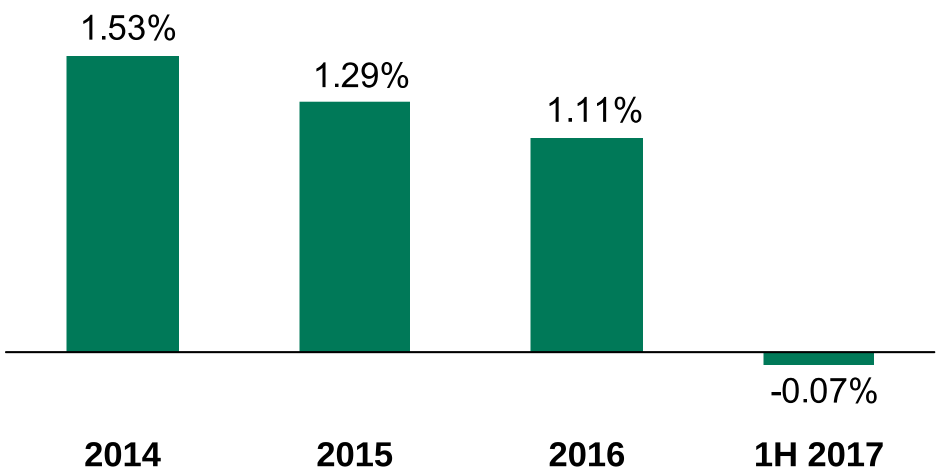
Net interest margin



Return on Equity[1]



Risk cost rate[1]



[1] According to the old calculation methodology until 2014 and the new calculation methodology from 2015.

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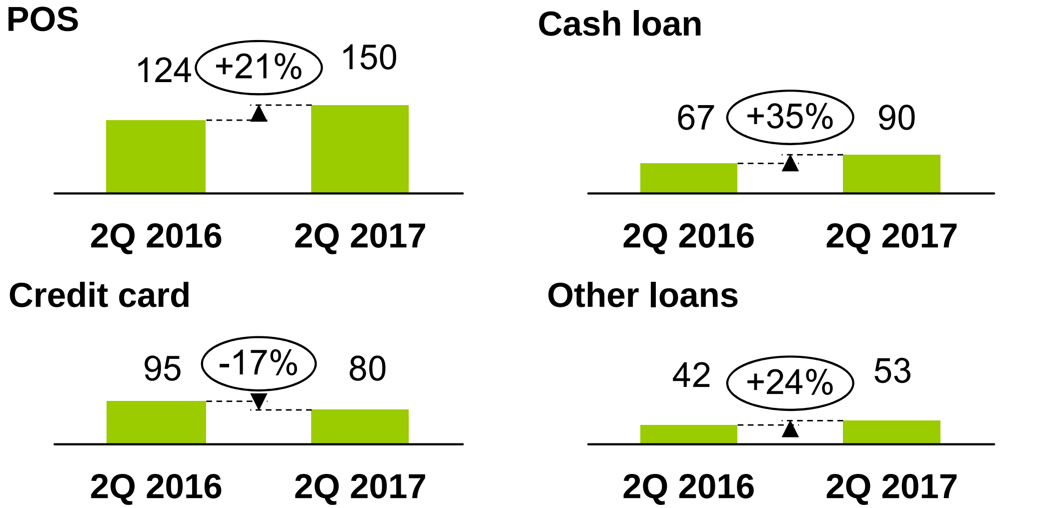
OTP Bank Russia

The Russian subsidiary generated almost the same profit in 2Q as in the first quarter. FX-adjusted performing POS and cash loan volumes as well as corporate loans grew y-o-y due to strong disbursement activity

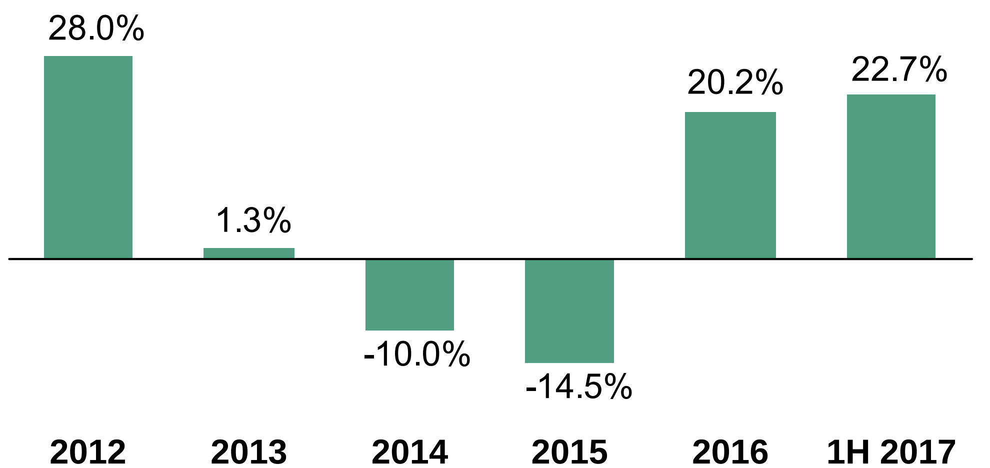
Income statement

(in HUF billion)	16 2Q	17 1Q	17 2Q	Q-o-Q	Y-o-Y
Profit after tax (adjusted)	**6.5**	**7.6**	**7.5**	**-1%**	**15%**
Profit before tax	8.4	9.8	9.5	-3%	13%
Operating profit	15.6	19.6	19.2	-2%	23%
Total income	26.0	32.8	32.6	-1%	25%
Net interest income	22.9	27.1	26.1	-4%	14%
Net fees and commissions	3.4	5.7	6.1	8%	79%
Other income	-0.3	0.1	0.3	280%	
Operating costs	-10.4	-13.2	-13.3	1%	28%
Total risk cost	-7.2	-9.9	-9.8	-1%	36%

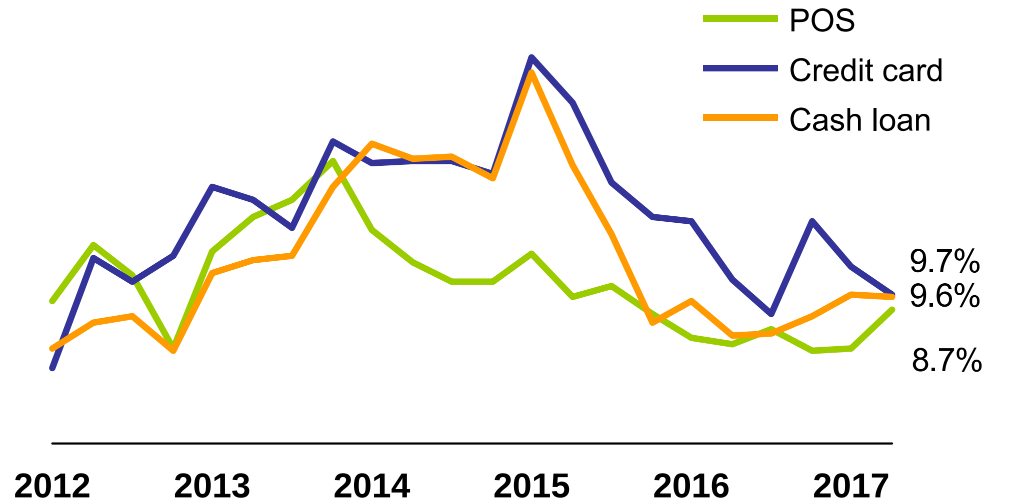
DPD0-90 loan volumes (FX-adjusted, in HUF billion)



Return on Equity[1]



OTP Bank Russia - risk cost rates in different segments[1]



[1] According to the old calculation methodology until 2014 and the new calculation methodology from 2015.

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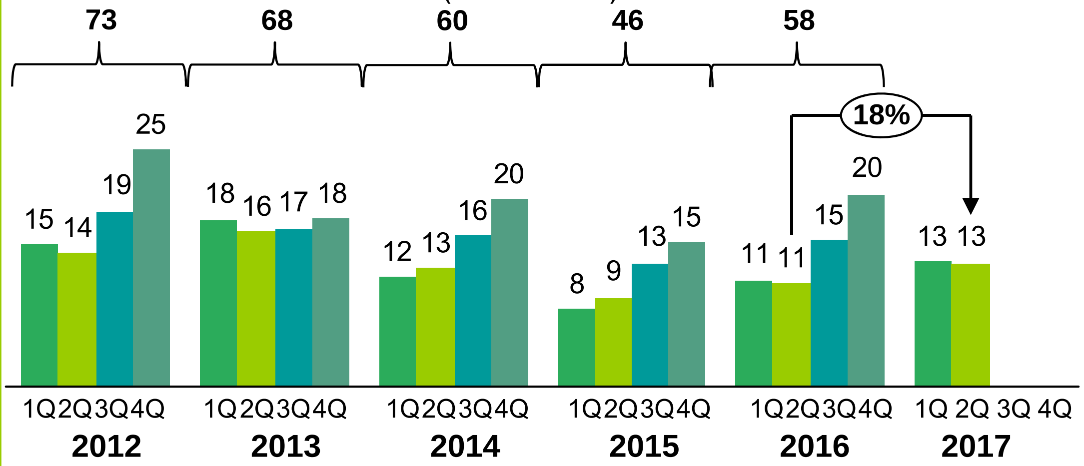
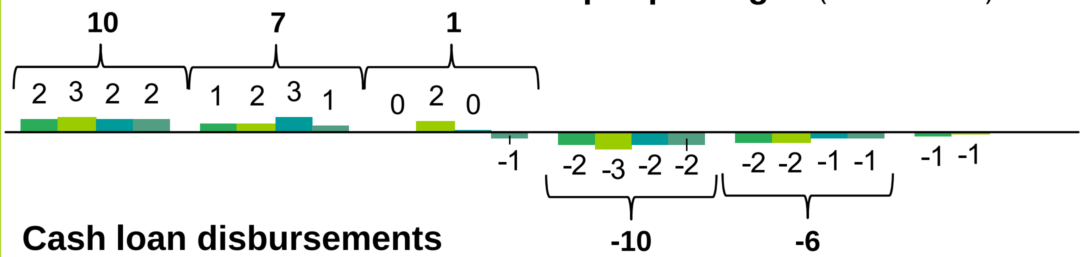
In 2Q 2017 POS and cash loan disbursements grew on a yearly basis, but performing credit card volumes declined further. Deposits decreased q-o-q in RUB terms. Average RUB term deposit rates kept shrinking

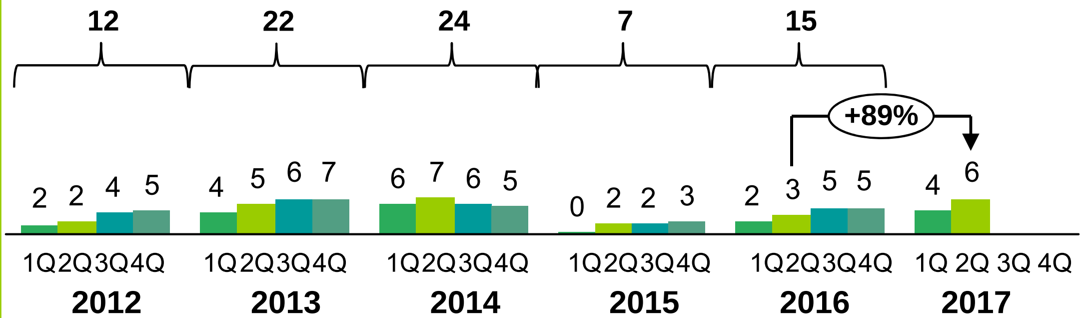
POS loan disbursements (RUB billion)



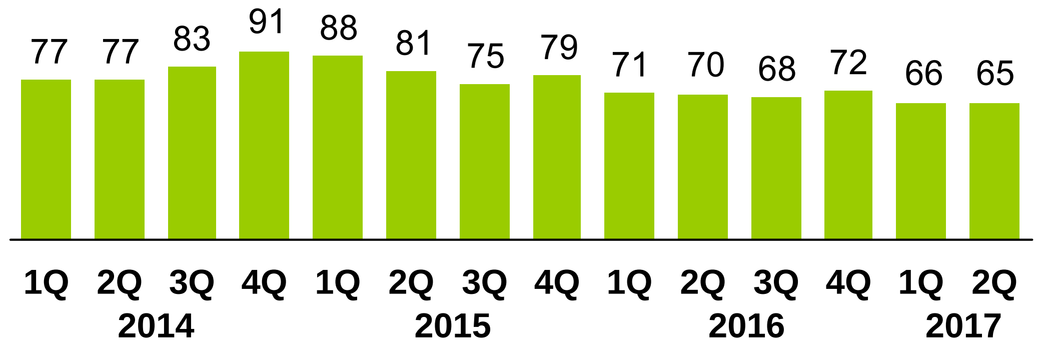
DPD0-90 credit card loan volume q-o-q changes (RUB billion)



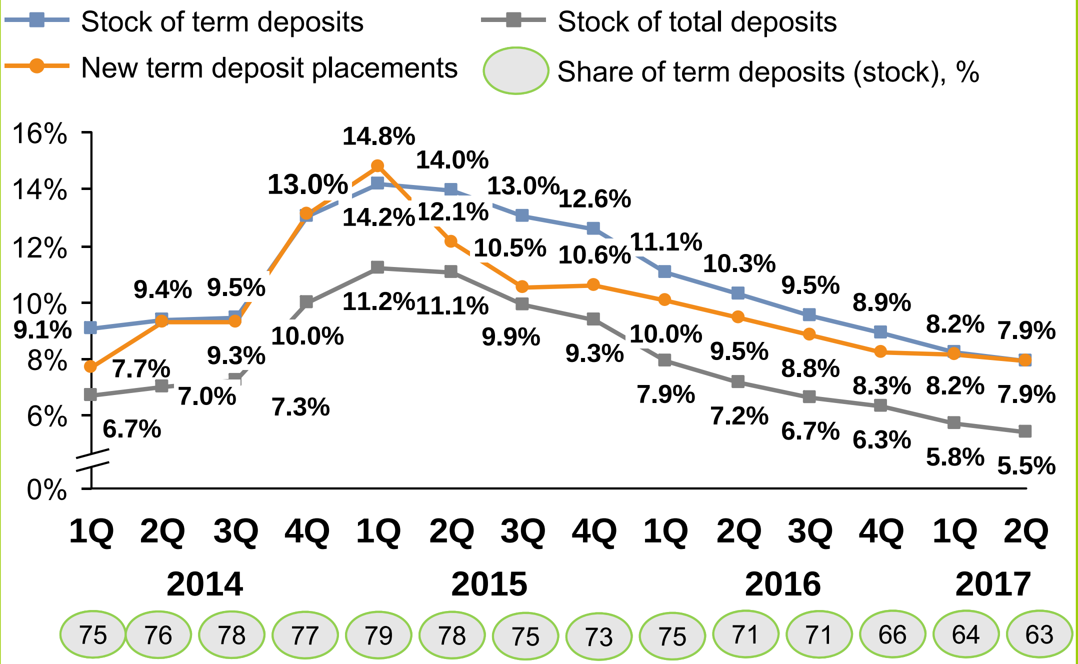
Cash loan disbursements
(RUB billion, including quick cash loans)



Development of customer deposits (RUB billion)



Average interest rates for stock and new RUB deposits

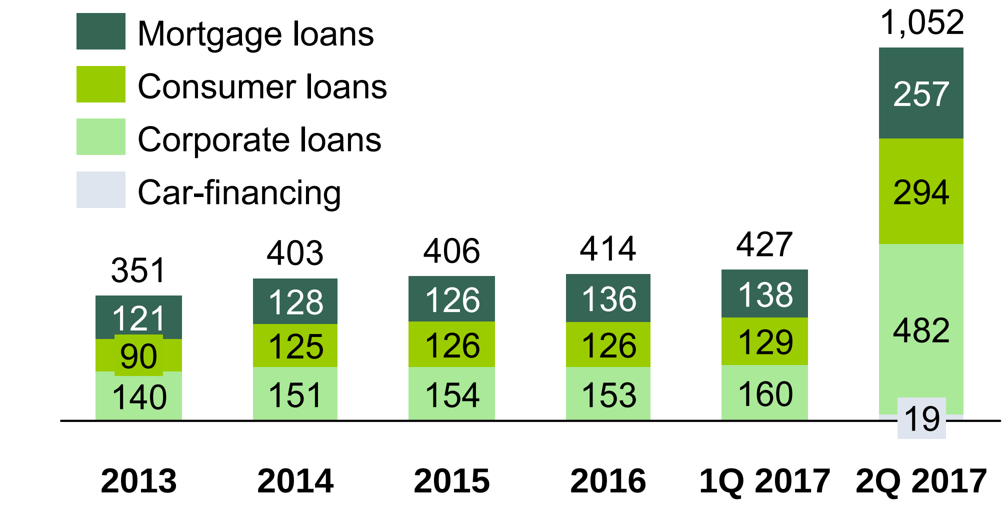


OTP banka Hrvatska

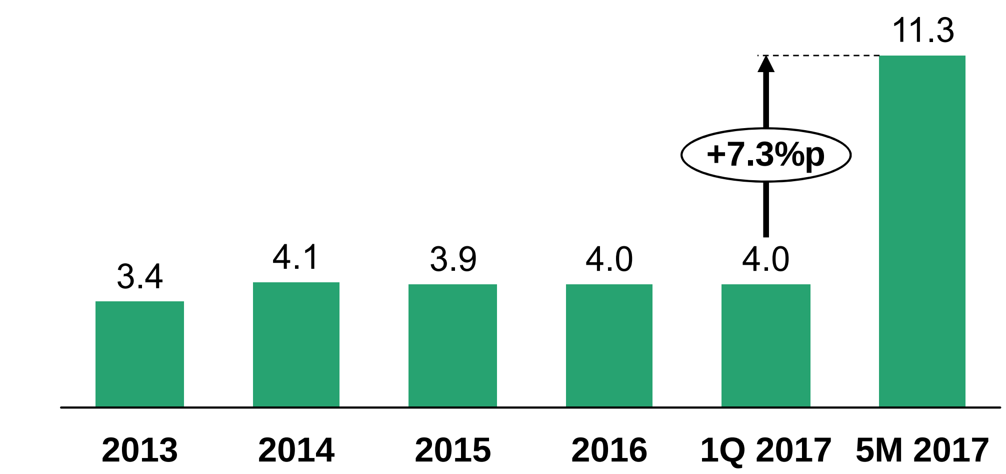
The 2Q performance of the Croatian operation was also boosted by the performance of on May consolidated Splitska banka. The market share by total assets of OTP increased to 11.3% on based May data

(in HUF billion)	1H 2016	1H 2017	Y-o-Y	2Q 2016	1Q 2017	2Q 2017	Q-o-Q	Y-o-Y
Profit after tax	**2.2**	**5.1**	**134%**	**1.3**	**-1.8**	**6.9**		**423%**
Profit before tax	2.7	6.3	133%	1.6	-2.3	8.6		420%
Operating profit	6.1	10.5	74%	3.3	3.1	7.4	135%	122%
Total income	15.1	24.0	59%	7.9	7.8	16.2	107%	106%
Net interest income	11.0	17.5	58%	5.7	6.0	11.5	93%	103%
Net fees and commissions	2.5	4.5	81%	1.3	1.3	3.2	146%	146%
Other income	1.6	2.1	30%	0.9	0.6	1.5	169%	73%
Operating costs	-9.1	-13.5	49%	-4.5	-4.7	-8.8	89%	95%
Total risk cost	-3.4	-4.2	26%	-1.7	-5.4	1.2		

DPD0-90 loan volumes (FX-adjusted, in HUF billion)

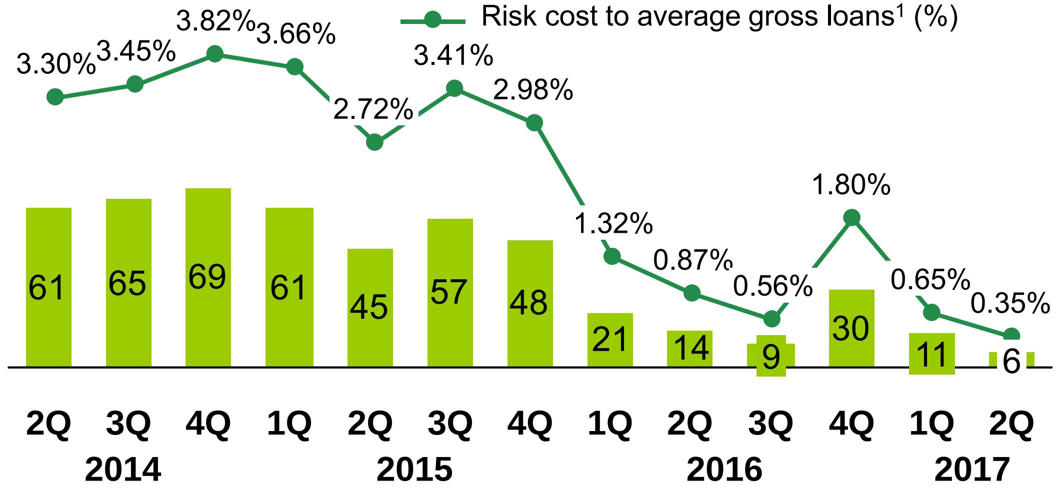


Market share by total assets



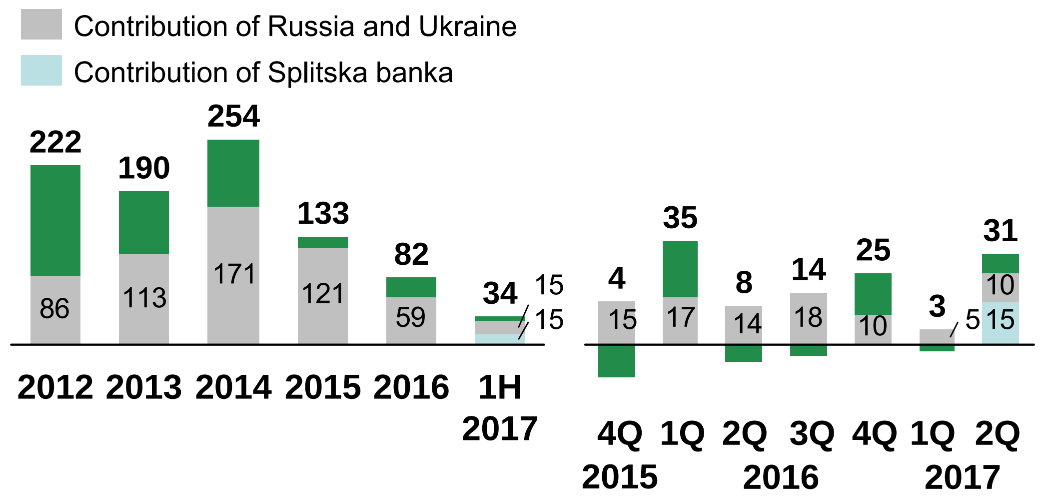
The consolidated DPD90+ ratio declined further. The risk cost rate sank to multi-year lows

Consolidated risk cost for possible loan losses and its ratio to average gross loans

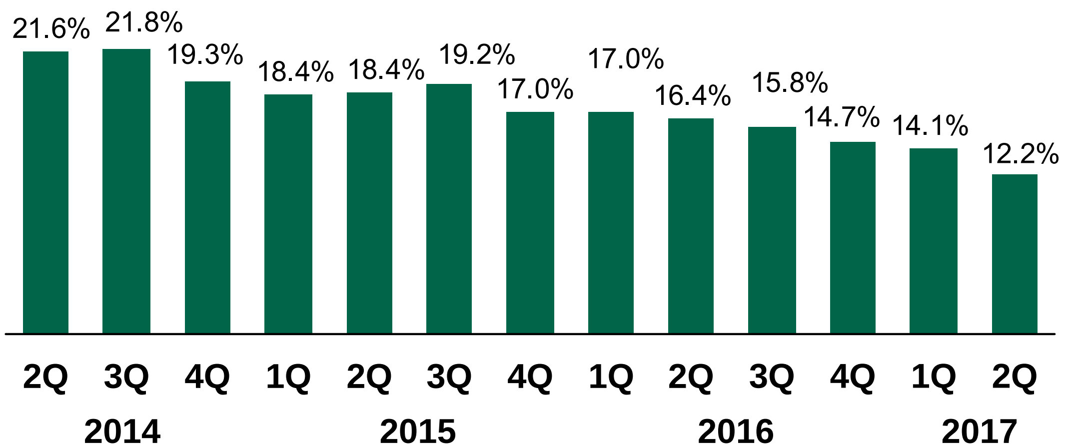


Change in DPD90+ loan volumes

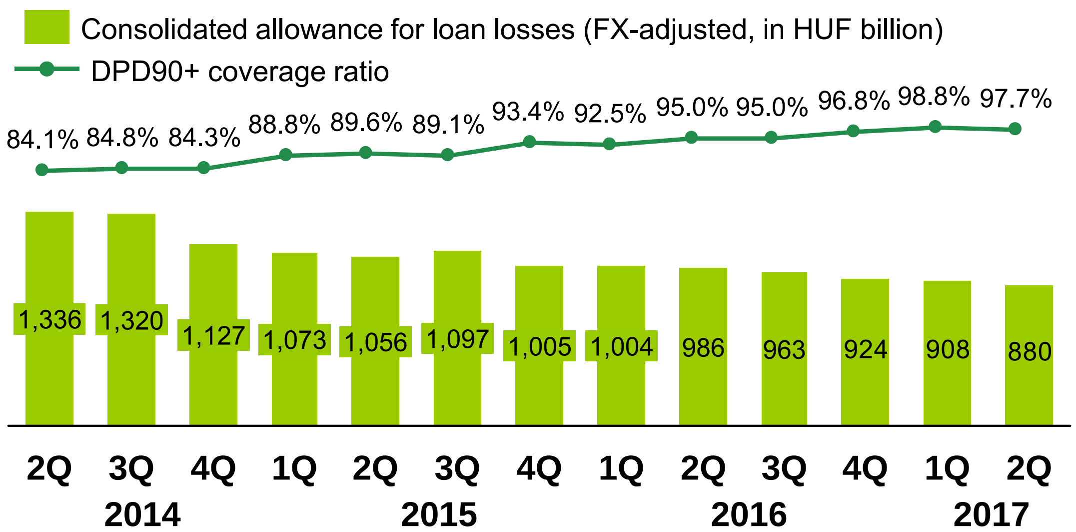
(consolidated, adjusted for FX and sales and write-offs, in HUF billion)



Ratio of consolidated DPD90+ loans to total loans



Consolidated provision coverage ratio



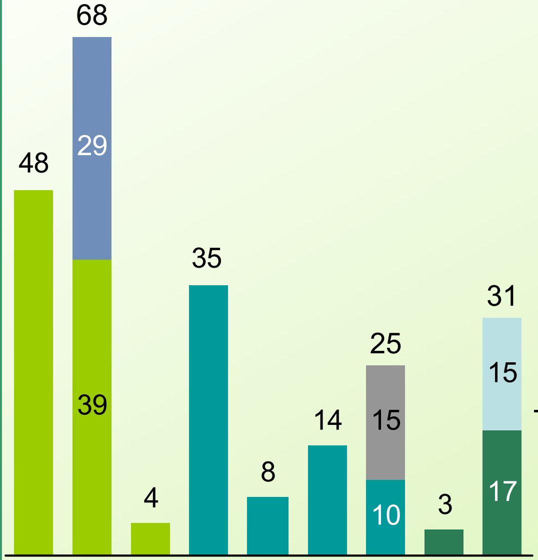
[1] According to the old calculation methodology until 4Q 2015 and the new calculation methodology from 1Q 2016.

In 2Q 2017 the FX-adjusted DPD90+ formation sank to HUF 17 billion (without the Splitska-effect). The Russian inflow was below the quarterly average of the last couple of years

FX-adjusted quarterly change in DPD90+ loan volumes

(without the effect of sales / write-offs, in HUF billion)

Consolidated



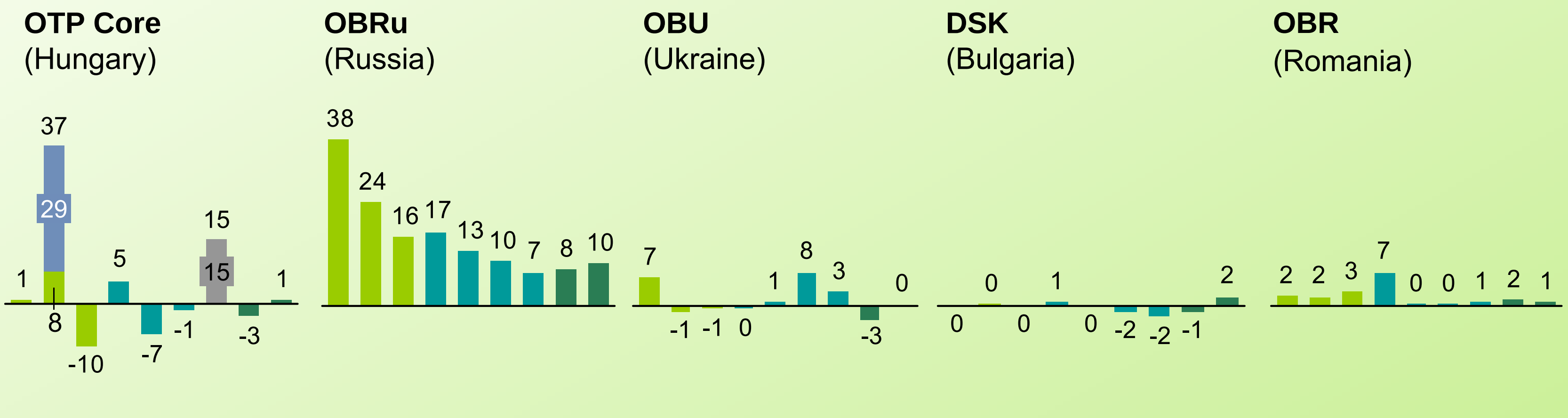
FX-adjusted sold or written-off loan volumes:

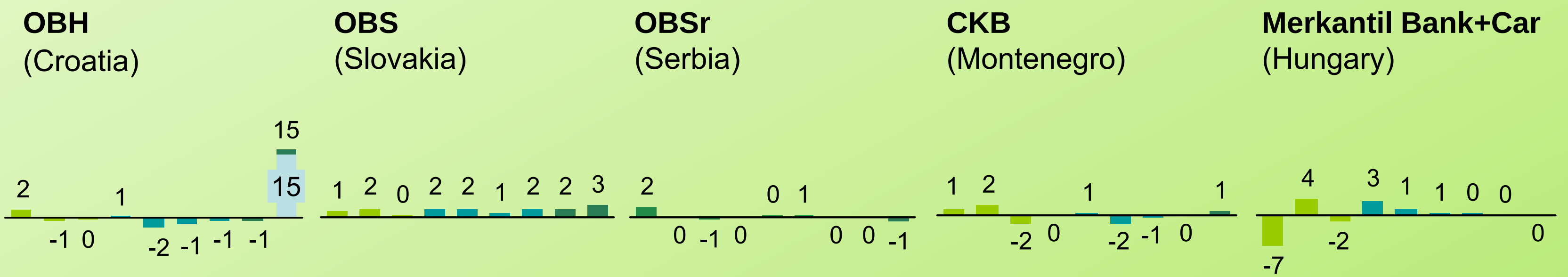
	2015			2016				2017	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Consolidated	71	18	150	20	35	42	74	40	49

Technical effect of settlement in 3Q 2015

Out of the DPD90+ volume growth in 4Q 2016, HUF 15 billion was attributable to the consolidation of AXA portfolio.

Out of the DPD90+ volume growth in 2Q 2017, HUF 15 billion was attributable to the consolidation of **Splitska banka** portfolio.

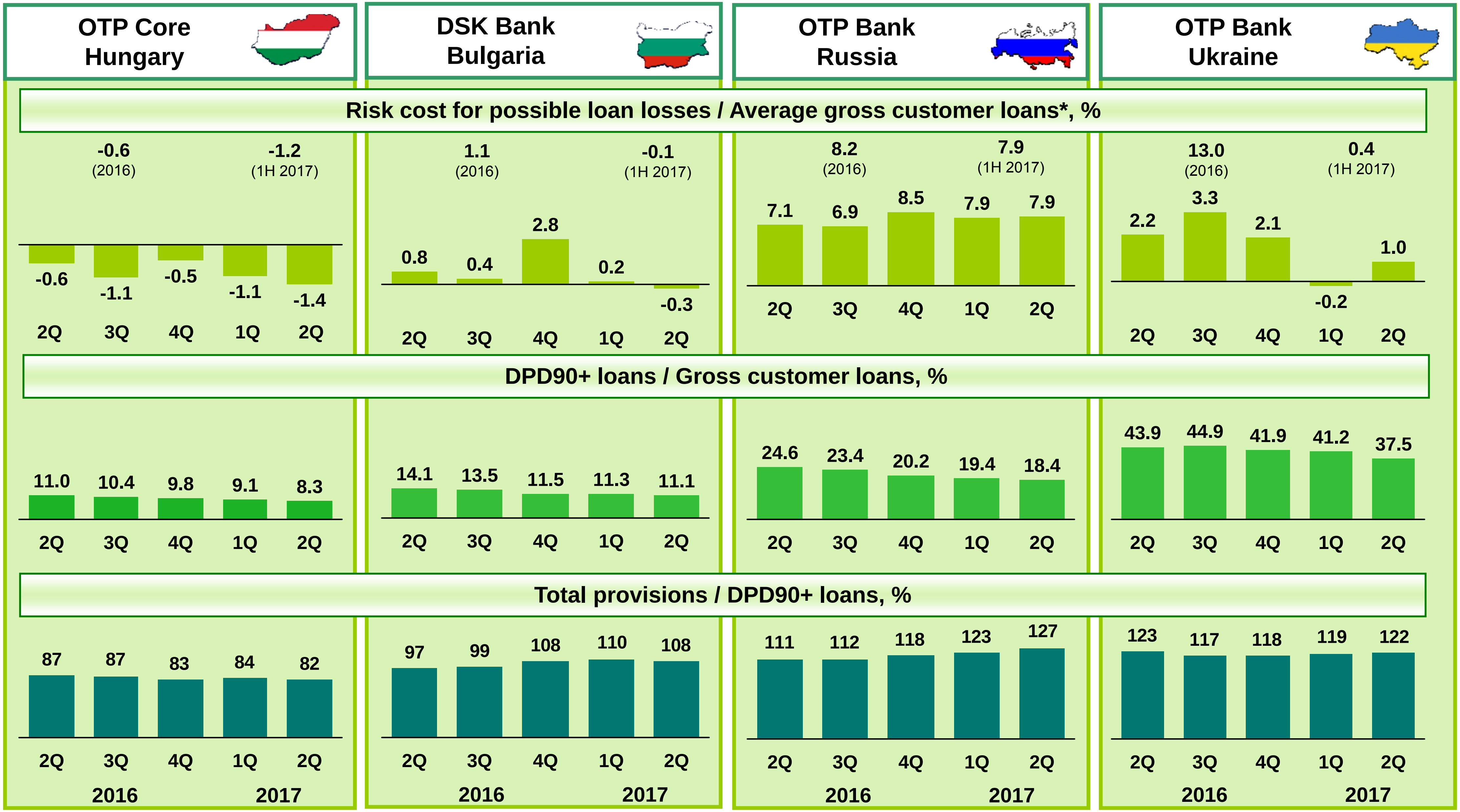




FX-adjusted sold or written-off loan volumes:

	2015			2016				2017	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
OTP Core (Hungary)	18	12	27	8	11	9	14	12	15
OBRu (Russia)	48	1	52	1	2	15	20	17	14
OBU (Ukraine)	2	3	57	6	19	7	12	3	11
DSK (Bulgaria)	0	1	6	4	1	3	23	0	3
OBR (Romania)	0	0	3	0	1	5	3	0	2
OBH (Croatia)	0	0	0	0	0	0	0	0	2
OBS (Slovakia)	0	0	4	0	0	0	0	0	1
OBSr (Serbia)	2	0	0	1	1	2	3	2	0
CKB (Montenegro)	0	0	0	0	0	0	0	5	0
Merkantil Bank+Car (Hungary)	0	0	1	0	0	1	0	0	0

The risk cost rate and the DPD90+ ratio declined q-o-q all across the board with the provision coverage ratios remaining conservative



* Negative amount implies provision releases.

At the main operations the DPD90+ ratios decreased q-o-q mainly as a result of DPD90+ portfolio sales and write-offs

DPD90+ ratio (%)

OTP Core (Hungary)	2Q16	3Q16	4Q16	1Q17	2Q17	Q-o-Q (%-point)
Total	**11.0%**	**10.4%**	**9.8%**	**9.1%**	**8.3%**	*-0.8*
Retail	13.0%	12.2%	11.3%	10.9%	10.3%	*-0.6*
Mortgage	11.8%	11.1%	10.4%	10.1%	9.8%	*-0.3*
Consumer	17.0%	16.0%	15.2%	14.3%	12.3%	*-2.0*
MSE	6.8%	6.4%	6.4%	6.5%	6.5%	*0.0*
Corporate	8.5%	8.3%	7.9%	6.8%	5.4%	*-1.4*
Municipal	2.2%	4.1%	0.3%	0.1%	0.1%	*0.0*

DPD90+ ratio (%)

OTP Bank Russia	2Q16	3Q16	4Q16	1Q17	2Q17	Q-o-Q (%-point)
Total	**24.6%**	**23.4%**	**20.2%**	**19.4%**	**18.4%**	*-0.9*
Mortgage	35.5%	37.1%	36.9%	36.1%	37.5%	*1.4*
Consumer	24.7%	23.2%	19.9%	19.1%	18.3%	*-0.7*
Credit card	32.4%	32.8%	30.8%	30.5%	29.4%	*-1.1*
POS loan	15.9%	14.4%	11.1%	11.7%	12.5%	*0.9*
Personal loan	26.9%	24.3%	22.7%	18.7%	15.8%	*-2.9*

DPD90+ ratio (%)

DSK Bank (Bulgaria)	2Q16	3Q16	4Q16	1Q17	2Q17	Q-o-Q (%-point)
Total	**14.1%**	**13.5%**	**11.5%**	**11.3%**	**11.1%**	*-0.2*
Mortgage	21.2%	21.0%	16.7%	16.5%	15.9%	*-0.6*
Consumer	8.2%	8.5%	7.7%	8.2%	8.4%	*0.2*
MSE	22.8%	20.6%	17.2%	17.5%	15.9%	*-1.6*
Corporate	12.2%	10.4%	9.6%	8.7%	8.6%	*-0.1*

DPD90+ ratio (%)

OTP Bank Ukraine	2Q16	3Q16	4Q16	1Q17	2Q17	Q-o-Q (%-point)
Total	**43.9%**	**44.9%**	**41.9%**	**41.2%**	**37.5%**	*-3.7*
Mortgage	74.2%	74.1%	72.6%	73.2%	72.6%	*-0.5*
Consumer	40.6%	38.3%	34.6%	31.8%	32.5%	*0.7*
SME	86.2%	87.8%	87.3%	87.6%	87.8%	*0.3*
Corporate	14.2%	19.0%	18.6%	17.6%	13.4%	*-4.2*
Car-financig	47.9%	46.6%	42.6%	41.2%	35.5%	*-5.7*

Restructured retail volumes slightly increased q-o-q on group level

Definition of retail restructured loans:

- In comparison with the original terms and conditions, more favourable conditions are given to clients for a definite period of time or the maturity is prolonged.
- The exposure is not classified as restructured, if:
  - the restructuring period with more favourable conditions is over and the client is servicing his loan according to the original terms for more than 12 months, and/or
  - the client is servicing his contract according to the prolonged conditions for more than 12 months.
- Loans once restructured but currently with delinquency of more than 90 days are not included, either.

Restructured retail loans with less than 90 days of delinquency

	2Q 2016		3Q 2016		4Q 2016		1Q 2017		2Q 2017	
	HUF mn	*%[1]*	*HUF mn*	*%[1]*	*HUF mn*	*%[1]*	*HUF mn*	*%[1]*	*HUF mn*	*%[1]*
OTP Core (Hungary)	14,799	1.0%	15,369	1.1%	16,803	1.1%	18,061	1.1%	15,896	1.0%
OBRu (Russia)	4,542	1.2%	3,852	1.0%	3,897	0.9%	5,904	1.3%	5,145	1.3%
DSK (Bulgaria)	23,924	3.0%	21,137	2.7%	20,255	2.7%	20,235	2.7%	19,497	2.6%
OBU (Ukraine)	18,813	11.7%	14,126	9.4%	14,338	9.7%	13,387	9.4%	12,711	9.5%
OBR (Romania)	3,506	1.1%	2,782	0.9%	2,287	0.7%	1,912	0.6%	1,648	0.5%
OBH (Croatia)	2,897	1.0%	2,453	0.9%	4,167	1.4%	3,971	1.3%	5,175	0.9%
OBS (Slovakia)	1,089	0.5%	782	0.4%	878	0.4%	648	0.3%	843	0.4%
OBSr (Serbia)	704	1.8%	404	1.0%	303	0.8%	261	0.6%	243	0.6%
CKB (Montenegro)	157	0.2%	117	0.2%	100	0.2%	234	0.4%	229	0.4%
Merkantil (Hungary)	1,158	0.7%	1,339	0.8%	1,566	0.9%	1,647	1.0%	1,199	0.7%
Other leasing[2] (Hungary)	233	1.1%	354	1.6%	223	1.1%				
TOTAL	**71,823**	**1.8%**	**62,713**	**1.6%**	**64,815**	1.6%	**66,260**	1.6%	**62,585**	1.4%

[1] Share out of retail + car-financing portfolio (without SME).
[2] OTP Flat Lease; included into OTP Core from 1Q 2017.

Forward looking statements

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 guaranteed profit forecast.

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