OTP Group
First nine months 2013 results

Conference call – 14 November 2013

László Bencsik

Chief Financial and Strategic Officer

The partial write-down of the Ukrainian goodwill had a negative impact on accounting results in 3Q. The Group's adjusted after tax profit fell by 19% q-o-q, whereas before tax profit without one-off items declined by 11%

	9M 12	9M 13	Y-o-Y	3Q 12	2Q 13	3Q 13	Q-o-Q	Y-o-Y
	in HUF billion			in HUF billion				
Consolidated after tax profit (accounting)	**96.4**	**62.7**	**-35%**	**42.5**	**40.6**	**10.9**	**-73%**	**-74%**
Adjustments (total)	**-27.3**	**-72.6**	**166%**	**-0.4**	**-11.8**	**-31.3**	**166%**	**7459%**
Dividends and net cash transfers (after tax)	-0.2	-0.2	-4%	-0.2	0.3	-0.2	-165%	-22%
Goodwill/investment impairment charges (after tax)	4.0	-29.4	-840%	0.0	1 1.4	-30.8		
Special tax on financial institutions and one-timer payment compensating the underperformance of the financial transaction tax (after tax)	2 -29.3	-42.9	47%	-0.2	-13.4	-0.3	-98%	64%
Impact of early repayment of FX mortgage loans (after tax)	-1.8	0.0	-100%	0.0	0.0	0.0		
Consolidated adjusted after tax profit	**123.7**	**135.3**	**9%**	**43.0**	**52.3**	**42.2**	**-19%**	**-2%**
Corporate tax	-29.1	-35.2	21%	-12.5	-6.0	-12.0	101%	-4%
O/w tax shield of subsidiary investments	*7.6*	*0.6*	*-93%*	*1.2*	3 *4.3*	*0.5*	*-89%*	*-59%*
Before tax profit	152.8	170.5	12%	55.5	58.3	54.2	-7%	-2%
Total one-off items	-3.8	10.0		0.5	3.9	5.7	46%	944%
Revaluation result of FX swaps at OTP Core	-2.5	1.0	-140%	0.0	0.3	0.3	-13%	839%
Gain on the repurchase of own capital instruments	1.4	6.1		0.3	1.0	5.1	426%	
Result of the Treasury share swap agreement	-2.7	2.9	-209%	0.2	2.6	0.3	-89%	31%
Before tax profit without one-off items	**156.6**	**160.5**	**2%**	**55.0**	**54.4**	**48.6**	**-11%**	**-12%**

1 In 3Q 2013 HUF 37.2 billion was written off out of the registered HUF 64.0 billion goodwill of the Ukrainian subsidiary. Of that HUF 6.4 billion was recognised against equity and HUF 30.8 billion against the P&L. The write-down had no tax shield effect. In 2Q 2012 and 2013 impairment charges were booked under HAR in relation to investments in the Serbian and Montenegrin subsidiaries held in the balance sheet of OTP Bank (in HUFbillion: in 2Q 2012 20.9, in 2Q 2013 7.3), the IFRS results were affected only by the positive tax shield (in HUF billion: in 2Q 2012 4.0, in 2Q 2013 1.4).

2 The total annual amount of the special banking tax paid by Hungarian group-members was recognised in the first quarter both in 2012 and 2013. In addition to this, the one-timer payment compensating the underperformance of the Hungarian financial transaction tax was recognized in 2Q accounts, its after tax negative impact reached HUF 13.2 billion.

3 In 2Q 2013 the tax shield effect of the revaluation of subsidiary investments resulted HUF 4.3 billion tax savings due to the forint appreciation. In 3Q 2013 there was no significant tax effect because of relatively stable FX rates.

otpbank

Before tax profit without one-off items declined q-o-q on group level and at OTP Core by 11% and 7%, respectively, partly explained by lower other net non-interest income and also due to increasing risk costs

CONSOLIDATED	9M 12	9M 13	Y-o-Y	12 3Q	2Q 13	3Q 13	Q-o-Q	Y-o-Y
	in HUF billion			in HUF billion				
Before tax profit without one-off items	**156.6**	**160.5**	**2%**	**55.0**	**54.4**	**48.6**	**-11%**	**-12%**
Operating profit w/o one-off items	340.0	341.3	0%	115.5	114.2	114.6	0%	-1%
Total income w/o one-off items	629.7	651.0	3%	212.4	219.9	218.3	-1%	3%
Net interest income w/o one-off items	484.3	493.9	2%	161.3	162.6	165.4	2%	3%
Net fees and commissions	111.0	122.1	10%	39.0	42.8	43.5	2%	12%
Other net non interest income without one-offs	34.3	35.0	2%	12.1	14.5	9.3	-36%	-23%
Operating costs	-289.7	-309.7	7%	-96.9	-105.7	-103.7	-2%	7%
Total risk costs	-183.4	-180.8	-1%	-60.6	-59.8	-66.0	11%	9%

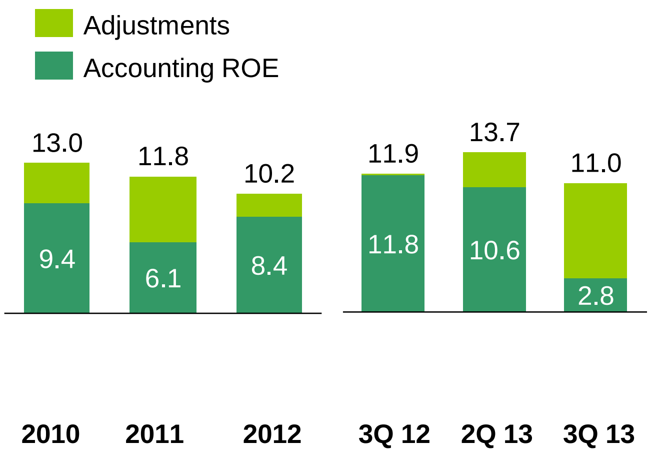
OTP CORE	9M 12	9M 13	Y-o-Y	3Q 12	2Q 13	3Q 13	Q-o-Q	Y-o-Y
	in HUF billion			in HUF billion				
Before tax profit without one-off items	**92.2**	**107.4**	**16%**	**34.9**	**38.4**	**35.6**	**-7%**	**2%**
Operating profit w/o one-off items	163.1	146.9	-10%	54.9	51.6	49.9	-3%	-9%
Total income w/o one-off items	298.1	289.1	-3%	100.4	100.5	96.9	-4%	-4%
Net interest income w/o one-off items	220.8	205.5	-7%	73.4	68.4	69.5	2%	-5%
Net fees and commissions	64.0	66.7	4%	21.3	23.5	23.6	0%	10%
Other net non interest income without one-offs	13.3	16.8	26%	5.7	8.6	3.8	-55%	-32%
Operating costs	-134.9	-142.2	5%	-45.5	-49.0	-47.0	-4%	3%
Total risk costs	-70.9	-39.5	-44%	-20.0	-13.1	-14.2	8%	-29%

* At OTP Core gain on the Hungarian government bond portfolio in 9M 2013 increased by HUF 6.1 billion y-o-y (9M 2012: HUF 1.4 billion, 9M 2013: HUF 7.5 billion), on the other hand gains in 3Q declined by HUF 2.7 billion q-o-q (in HUF billion: 1Q 2012: 0, 2Q: 0, 3Q: 1.4; 1Q 2013: 3.1, 2Q: 3.6, 3Q: 0.8). Furthermore, in 3Q other FX result diminished by HUF 2.2 billion q-o-q (2Q 2013: HUF 2.2 billion, 3Q: HUF 0.0 billion).

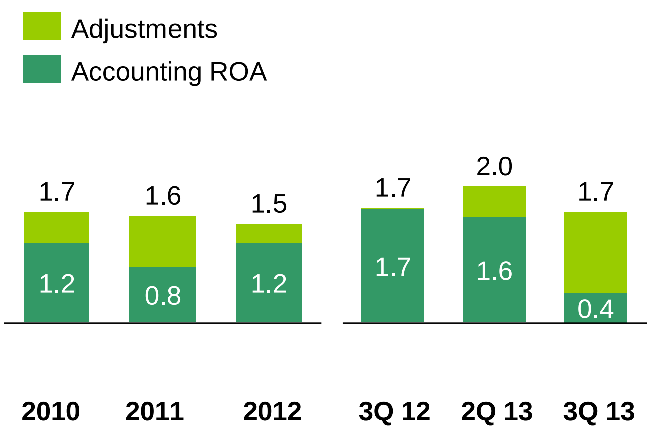
otpbank

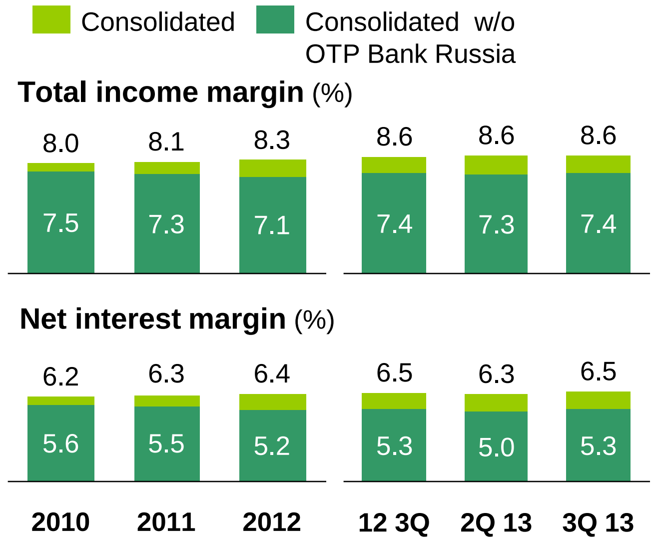
Consolidated income margins remained steadily high. Both loans and deposits grew q-o-q. In 3Q the record low portfolio deterioration and prudent provisioning resulted in improving provision coverage rate

Adjusted Return on Equity – ROE (%)

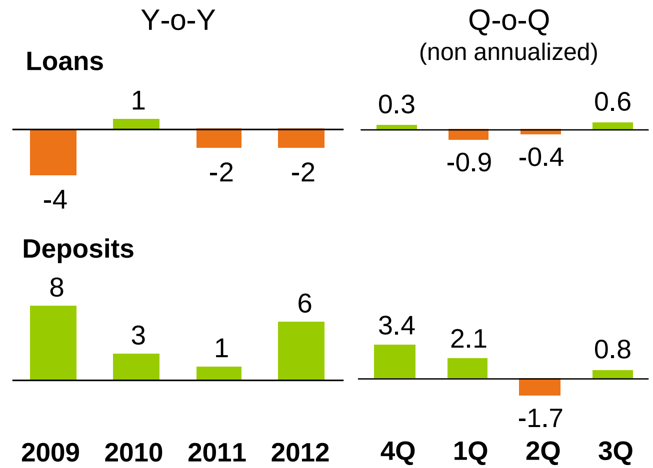


Adjusted Return on Assets – ROA (%)

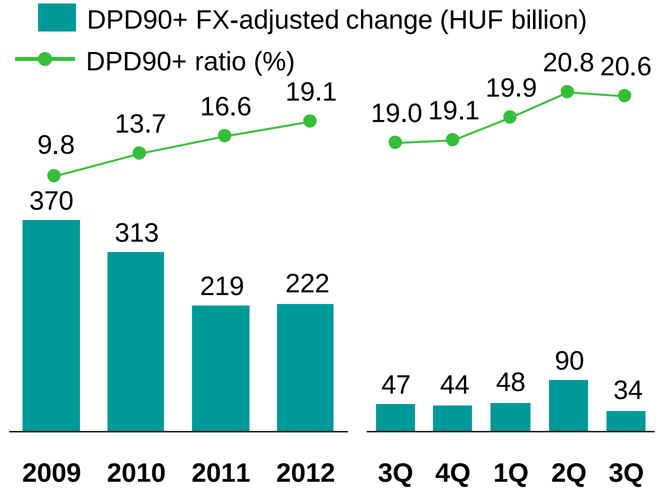




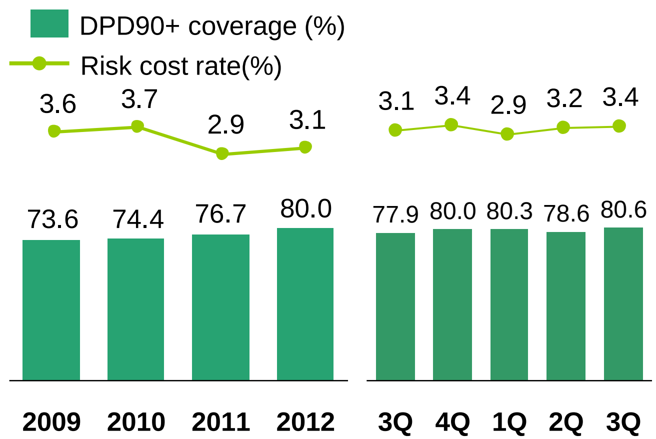
Growth of business volumes (%, FX-adj.)



Portfolio quality development



Risk cost development



otpbank

Capital adequacy ratios are significantly above the regulatory minimum both on consolidated and standalone levels. Responding to a change in regulatory environment, the Montenegrin bank received subordinated capital in April 2013

OTP Group consolidated capital adequacy ratio (IFRS)

(Basel 2)	2009	2010	2011	2012	9M 2013
Capital adequacy ratio	17.2%	17.5%	17.3%	19.7%	20.0%
Tier1 ratio	13.7%	14.0%	13.3%	16.0%	17.2%
Core Tier1 ratio	12.0%	12.5%	12.0%	14.7%	15.9% (1)

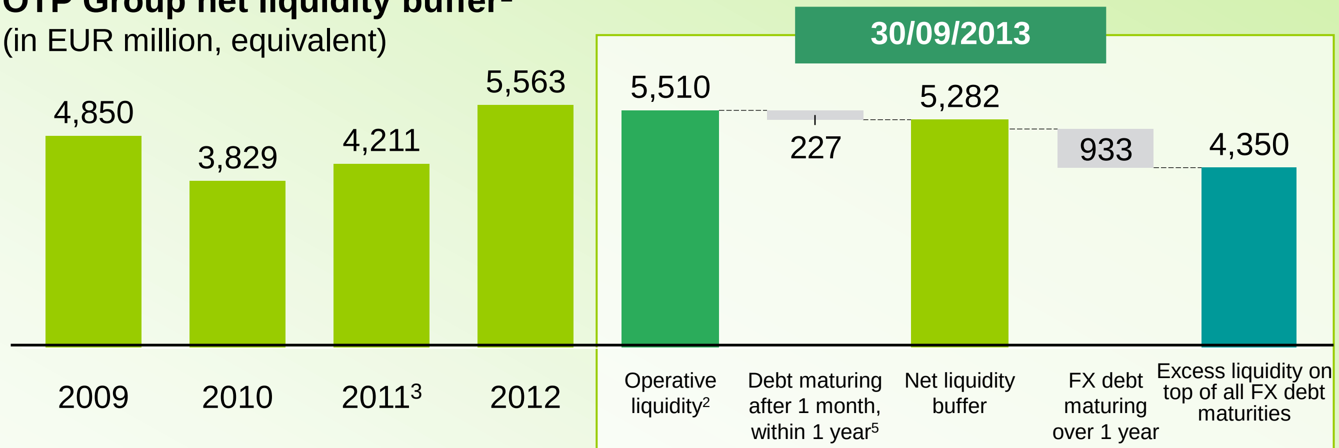
1. The **consolidated Core Tier1** ratio has improved by 1.2 ppts since the end of 2012, which was explained partly by steadily profitable operation and partly by slightly shrinking risk-weighted assets due to the decline in the loan book.
2. The already implemented measures of the Central Bank of Russia with the intention to slow down the growth of the consumer lending market had negative impact on the **Russian** bank's capital adequacy ratio.
3. At the **Serbian** bank subordinated debt (LT2) of RSD 4.5 billion was converted into ordinary shares in January 2013.
4. The **Montenegrin** bank obtained EUR 10 million subordinated capital in April, the conversion of the subdebt into ordinary shares was executed in 3Q, which resulted in a capital adequacy ratio at 12.7% by end-September.

Capital adequacy ratios (under local regulation)

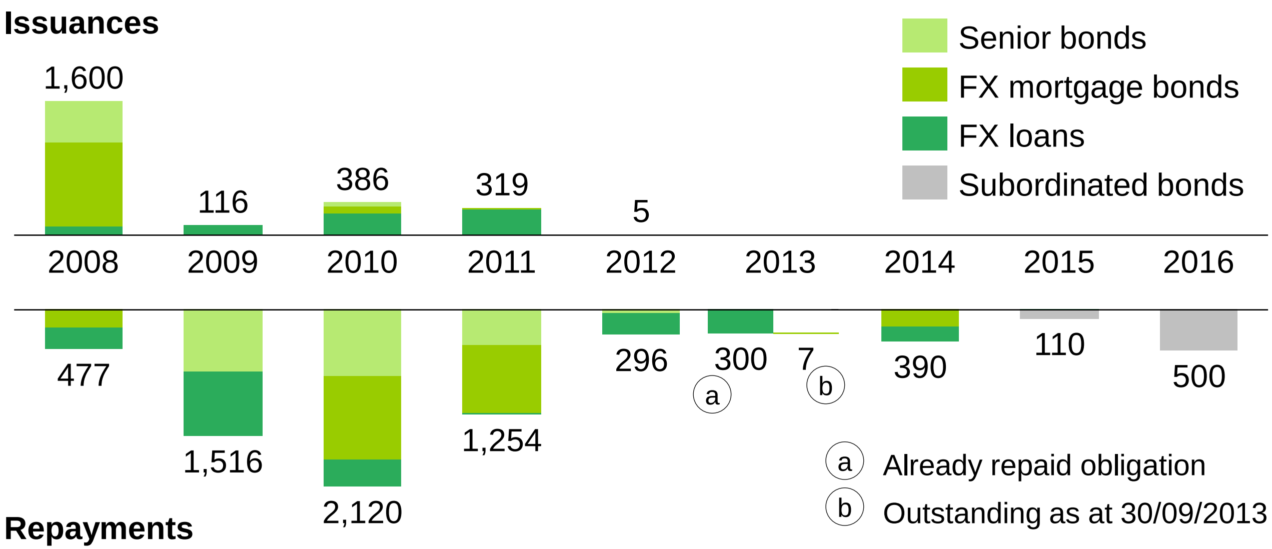
	Min. CAR	2010	2011	2012	9M 2013
OTP Group (IFRS)	**8%**	**17.5%**	**17.3%**	**19.7%**	**20.0%**
Hungary	8%	18.1%	17.9%	20.4%	22.8%
Russia	10%	17.0%	16.2%	16.2%	13.2% (2)
Ukraine	10%	22.1%	21.3%	19.6%	19.5%
Bulgaria	12%	23.7%	20.6%	18.9%	18.9%
Romania	10%	14.0%	13.4%	15.6%	14.5%
Serbia	12%	16.4%	18.1%	16.5%	39.7% (3)
Croatia	12%	15.0%	14.8%	16.0%	15.9%
Slovakia	8%	11.1%	13.1%	12.8%	11.4%
Montenegro	10%	13.9%	13.4%	12.4%	12.7% (4)

The Group's liquidity position remained very strong, swap roll-over needs for 2013 had been already renewed by end-2012

OTP Group net liquidity buffer[1]
(in EUR million, equivalent)



FX denominated wholesale funding transactions at OTP Core level[4] (in EUR mn)



Debt and capital market issuances in 2012 and 9M 2013:

- OTP Bank Russia printed a RUB 6 billion bond in March 2012 with 3 years maturity
- Shrinking Hungarian retail bond portfolio due to strong competition from local government bonds (3Q 2013 volume at HUF 94 billion or EUR 0.3 billion).
- EUR denominated mortgage bond issuances at OTP Mortgage Bank in September 2012, total external obligations grew by EUR 5 million

Repaid debt and capital market instruments in 2012 and 9M 2013:

- On 24 February 2012 OTP Bank paid back a CHF 100 million senior bond issued in 2010
- On 2 July 2012 OTP Bank repaid EUR 250 million syndicated loan
- OTP Bank Russia paid back RUB 3.9 billion bonds in November 2012
- On 17 May 2013 OTP Bank repaid EUR 300 million syndicated loan

OTP Bank did not participate in the LTRO programs of the European Central Bank.

[1] operating liquidity less debt maturing over one month, within one year
[2] liquid asset surplus within one month + repo value of government bonds, covered bonds, municipal bonds
[3] as at 22/02/2012 [4] wholesale funding transactions do not include intra-group holdings
[5] Does not include CHF 193 million exposure to EIB due to the over 100% colletarization of loans

otpbank

The improving before tax profit of OTP Group year-to-date was due to the good performance of OTP Core, DSK Bank and OTP Ukraine, while in Russia pre-tax profit suffered 66% setback y-o-y

PROFIT BEFORE INCOME TAX – 9M 2013 without one-off items (HUF billion)			9M 2013 – Y-o-Y change (in HUF billion)	(%)	3Q 2013 – Q-o-Q change (in HUF billion)	(%)
OTP Group	100%	160	4	2%	-6	-11%
OTP CORE (Hungary)	67%	107	15	16%	-3	-7%
OBRU (Russia)	9%	15	-28	-66%	-2	-65%
DSK (Bulgaria)	18%	29	2	7%	-6	-47%
OBU (Ukraine)	5%	8	9	793%	4	674%
OBH (Croatia)	2%	3	-1	-23%	0	-34%
OBS (Slovakia)	1%	1	1	81%	0	185%
OBR (Romania)	-1%	-2	0	14%	2	138%
CKB (Montenegro)	1%	1	1	324%	0	61%
OBSrb (Serbia)	-2%	-2	0	4%	0	-3%
Merkantil (Hungary)	1%	1	0	-5%	0	174%

Contribution of foreign subsidiaries: **28%**

The Group's total income for the first nine months increased by 3% y-o-y, reflecting the outstanding income generation dynamics of the Russian and Ukrainian subsidiary, while revenues at OTP Core further declined

	TOTAL INCOME – 9M 2013 without one-off items (HUF billion	9M 2013 Y-o-Y change (%)	3Q 2013 Q-o-Q change (%)	FX adjusted Y-o-Y change of loans (%)	FX adjusted Y-o-Y change of deposits (%)
OTP Group	651	3%	-1%	0%	5%
OTP CORE (Hungary)	289	-3%	-4%	-7%	3%
OBRu (Russia)	161	15%	-4%	24%	16%
DSK (Bulgaria)	69	-5%	0%	-2%	3%
OBU (Ukraine)	52	16%	9%	-1%	-1%
OBH (Croatia)	17	-2%	2%	5%	3%
OBS (Slovakia)	11	1%	3%	8%	6%
OBR (Romania)	15	-1%	1%	2%	26%
CKB (Montenegro)	8	6%	8%	10%	-6%
OBSrb (Serbia)	6	27%	17%	4%	31%
Other*	23	29%	23%		

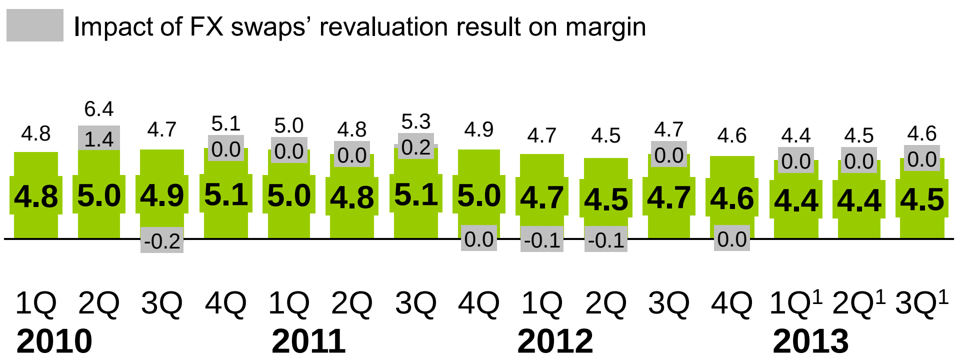
Contribution of foreign subsidiaries: **52%**

* Other group members and eliminations

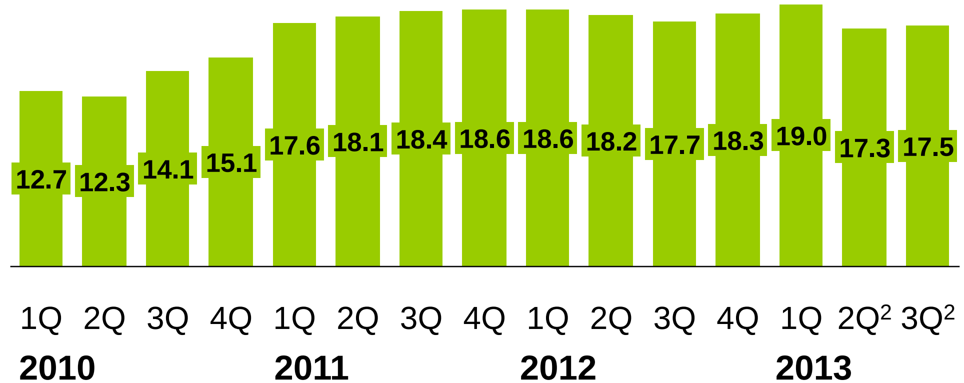
Interest margins improved q-o-q across the Group. The slight increase of Russian margin despite further loan quality worsening was due to pricing steps aimed at increasing product profitability. DSK's net interest margin was stabilised by lower interest expenses on deposits, increasing margins in Ukraine were boosted by strengthening consumer lending

Net interest margin(%)

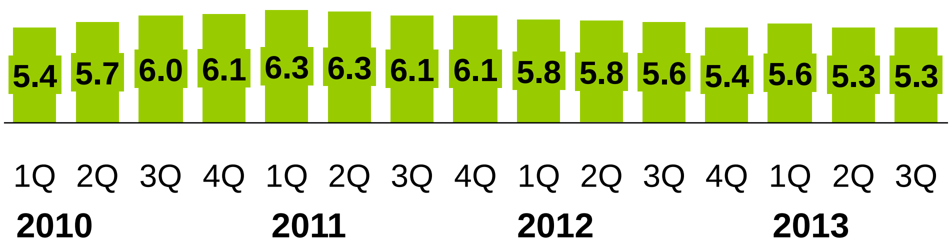
OTP Core Hungary



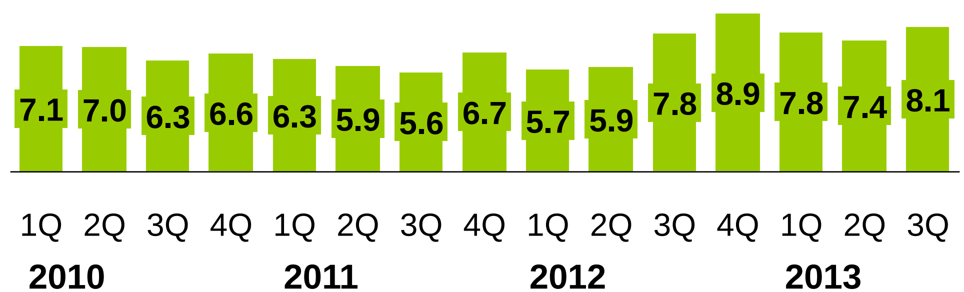
OTP Bank Russia



DSK Bank Bulgaria



OTP Bank Ukraine



[1] The full annual negative impact of the FX protection scheme was recognised in 1Q 2013 in the amount of HUF 2.2 billion. If OTP was to apply accrual accounting, OTP Core's net interest margin would have been at 4.48% instead of 4.37% in 1Q 2013, at 4.40% instead of 4.44% in 2Q 2013 and at 4.51 instead of 4.55% in 3Q 2013.

[2] Out of the total q-o-q decline of 1.7 ppts in the Russian 2Q net interest margin 1.0 ppt is explained by portfolio quality worsening, and in 3Q it squeezed margins by 0.89 ppt. Increasing risk cost was set aside in relation to accrued interest receivables.

otpbank

Net fee income increased by 2% q-o-q due to the good performance of OTP Ukraine, while the quarterly decline in other net non-interest income is mainly related to OTP Core and OTP Russia

Quarterly change 3Q 13	NET FEE INCOME Q-o-Q (HUF bn)	NET FEE INCOME Q-o-Q (%)	OTHER INCOME Q-o-Q (HUF bn)	OTHER INCOME Q-o-Q (%)
OTP Group	0.74	2%	-5.2	-36%
OTP CORE (Hungary)	0.03	0%	-4.8 (2)	-55%
OBRU (Russia)	-0.12	-2%	-0.5 (3)	-126%
DSK (Bulgaria)	-0.10	-2%	0.1	36%
OBU (Ukraine)	0.57 (1)	13%	0.2	270%
OBH (Croatia)	0.08	6%	0.0	5%
OBS (Slovakia)	-0.01	-1%	0.1	55%
OBR (Romania)	0.04	9%	0.2	19%
CKB (Montenegro)	0.04	6%	0.0	21%
OBSrb (Serbia)	0.03	8%	0.2	59%

1 Ukrainian net fees grew on the back of strengthening sales of consumer loans with payment insurance policies and increasing revenues from FX transactions of corporate clients.

2 Other non-interest revenues of OTP Core dropped due to lower profits realised on Hungarian government bonds (2Q 2013: HUF 3.6 billion, 3Q: 0.8 billion) and also to deteriorating other FX results (2Q 2013: HUF +2.2 billion, 3Q: 0.0 billion).

3 In case of OTP Russia the quarterly decline is stemming from lower FX and FX swap results.

otpbank

The consolidated net loan to deposit ratio has stabilised below 100% since 3Q 2012

Loan to deposit ratio, % (30 September 2013)

Net loan to deposit **

Gross loan to deposit

100%

Change of net loan to deposit ratio, adjusted*

	Net loan to deposit **	Gross loan to deposit	Q-o-Q	Y-o-Y
OTP Group**	93%	114%	-1%p	-4%p
OTP CORE** (Hungary)	72%	87%	0%p	-5%p
OBRU (Russia)	118%	151%	+1%p	-2%p
DSK (Bulgaria)	92%	111%	-2%p	-8%p
OBU (Ukraine)	196%	272%	+1%p	0%p
OBR (Romania)	183%	210%	-13%p	-49%p
OBH (Croatia)	81%	87%	-6%p	+2%p
OBS (Slovakia)	94%	100%	+2%p	+1%p
OBSrb (Serbia)	131%	189%	-15%p	-38%p
CKB (Montenegro)	75%	107%	+2%p	+12%p

In case of OTP Core the yearly decline in the indicator reflects the gradual erosion in mortgage loan volumes and the debt consolidation of local governments. During two rounds of consolidation altogether HUF 70.3 billion equivalent of municipal debt was repaid in December 2012 and June 2013, while further HUF 101.2 billion equivalent was refinanced by the Government Debt Management Agency. Deposits grew altogether by 3% boosted by expanding corporate volumes, whereas household deposits melted down and retail bonds fell back by 67% y-o-y.

In Russia the expansion of net loans was financed from growing deposit volumes.

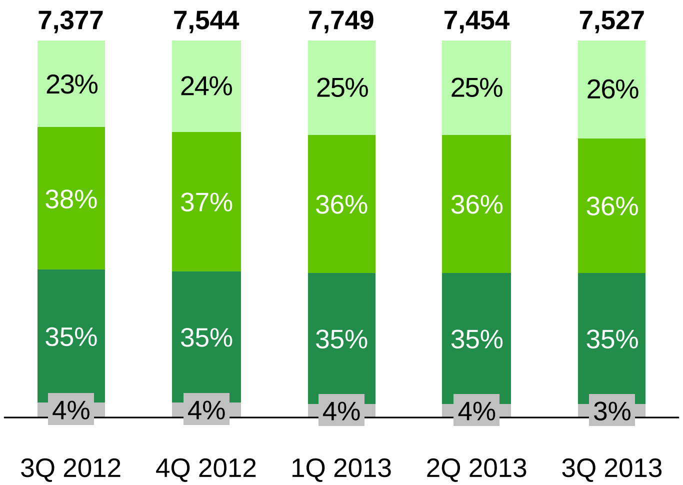
Significant y-o-y improvement took place in Romania and Serbia, these subsidiaries delivered the fastest increase in deposits y-o-y.

* Changes are adjusted for the effect of FX-rate movements

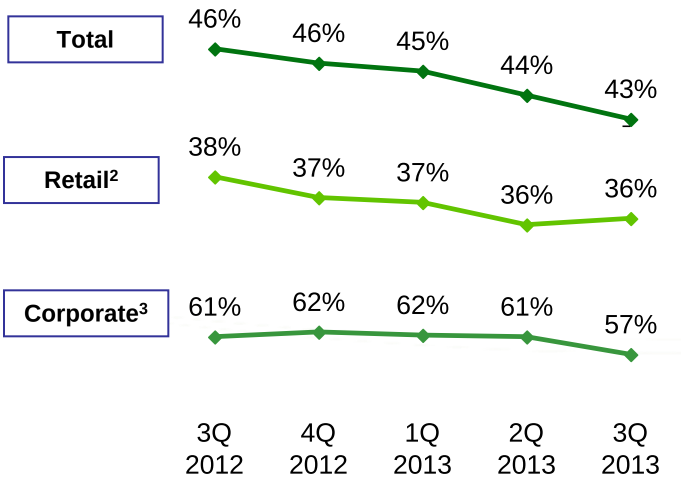
** In case of the ratio of the Group and OTP Core the applied formula is „net loan / (deposit + retail bond)"

In the third quarter the expansion of consumer loans and the gradual erosion of mortgage loans continued. As a result of the central bank's Funding for Growth Programme, loan volumes to Hungarian companies increased

Breakdown of consolidated gross loan book (in HUF billion)



Share of FX loans in the consolidated gross loan portfolio



Q-o-Q loan volume changes in 3Q 2013, adjusted for FX-effect

	Cons.	Core (Hungary)	Merk (Hungary)	OBRu (Russia)	DSK (Bulgaria)	OBU (Ukraine)	OBR (Romania)	OBH (Croatia)	OBS (Slovakia)	OBSr (Serbia)	CKB (Montenegro)
Total	1%	-1%	6%	5%	0%	-2%	1%	0%	6%	0%	6%
Consumer	5%	1%		6%	1%	41%	25%	0%	26%	9%	6%
Mortgage	-2%	-2%		-6%	-1%	-3%	-1%	-1%	6%	0%	-2%
Corporate[1]	1%	+1% / +5%[4]	35%	2%	-1%	-6%	-1%	0%	5%	-3%	9%
Car-financing	-3%		-2%	-14%		-6%		-17%	-8%		

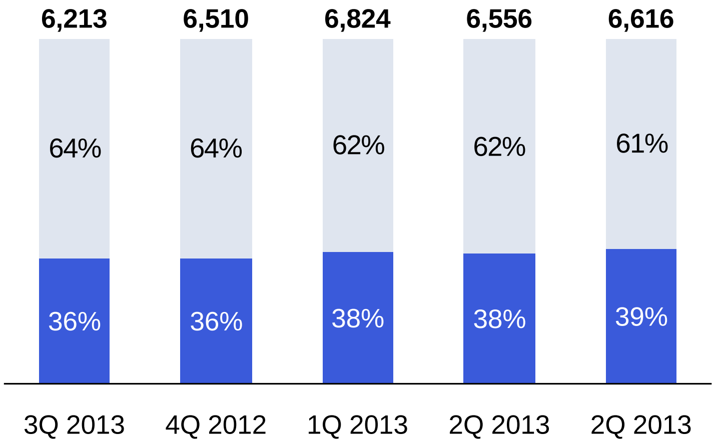
Y-o-Y loan volume changes in 3Q 2013, adjusted for FX-effect

	Cons.	Core (Hungary)	Merk (Hungary)	OBRu (Russia)	DSK (Bulgaria)	OBU (Ukraine)	OBR (Romania)	OBH (Croatia)	OBS (Slovakia)	OBSr (Serbia)	CKB (Montenegro)
Total	0%	-7%	-5%	24%	-2%	-1%	2%	5%	8%	4%	10%
Consumer	16%	-2%		30%	1%	126%	97%	5%	142%	25%	14%
Mortgage	-6%	-8%		-21%	-3%	-13%	-5%	-1%	11%	0%	-6%
Corporate[1]	-2%	-8% / +5%[4]	65%	-13%	-6%	-7%	1%	12%	-1%	-2%	16%
Car-financing	-16%		-18%	-47%		8%		-49%	-17%		

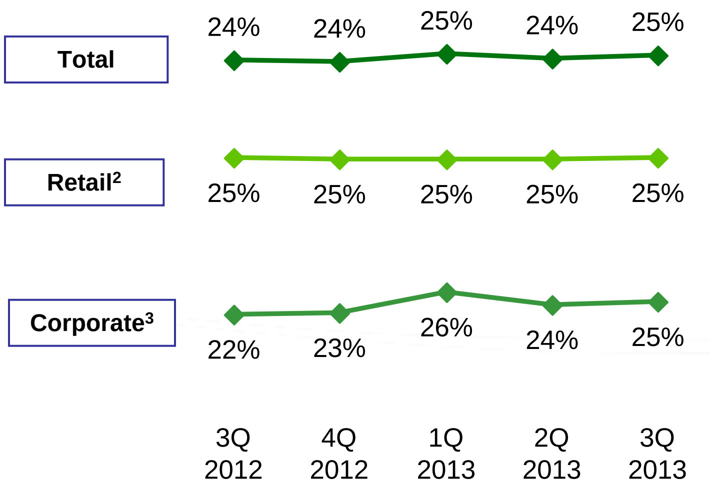
[1] Including loans to micro- and small enterprises, medium and large companies and local governments. [2] Including loans to households and to micro- and small enterprises. [3] Including loans to medium- and large companies and local governments. [4] OTP Bank's loans to Hungarian companies: the estimate for volume change is based on the balance sheet data provision to the Hungarian Financial Supervisory Authority, calculated from the „Loans to non-financial and other-financials companies" line, adjusted for FX-effect.

Consolidated deposits grew by 1% q-o-q on the back of strong corporate deposit collection. Hungarian household deposits kept on declining

Breakdown of consolidated customer deposits (in HUF billion)



Proportion of FX deposits in the consolidated deposit portfolio



Q-o-Q deposit volume changes in 3Q 2013, adjusted for FX-effect

	Cons.	Core (Hungary)	OBRu (Russia)	DSK (Bulgaria)	OBU (Ukraine)	OBR (Romania)	OBH (Croatia)	OBS (Slovakia)	OBSr (Serbia)	CKB (Monte-negro)
Total	1%	-1%	1%	2%	-1%	8%	7%	4%	11%	6%
Retail	-2%	-4%	-1%	0%	-7%	-1%	3%	4%	10%	0%
Corporate[1]	5%	3%	6%	6%	9%	18%	29%	5%	11%	24%

Y-o-Y deposit volume changes in 3Q 2013, adjusted for FX-effect

	Cons.	Core (Hungary)	OBRu (Russia)	DSK (Bulgaria)	OBU (Ukraine)	OBR (Romania)	OBH (Croatia)	OBS (Slovakia)	OBSr (Serbia)	CKB (Monte-negro)
Total	5%	3%	16%	3%	-1%	26%	3%	6%	31%	-6%
Retail	0%	-7%	13%	3%	-1%	27%	2%	9%	24%	-2%
Corporate[1]	14%	16%	23%	4%	-1%	24%	4%	2%	44%	-14%

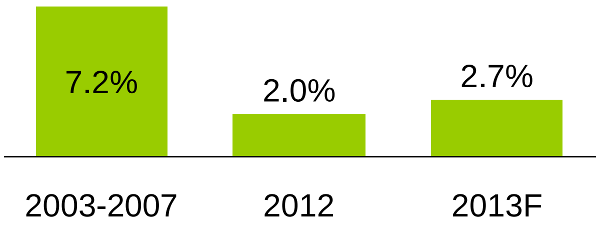
[1] including SME, LME and municipality deposits as well
[2] including households' deposits and SME deposits
[3] including LME and municipality deposits as well

Hungary

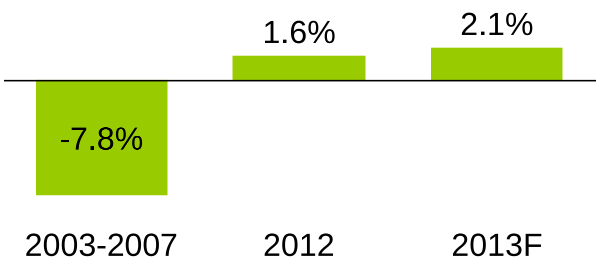
Balance indicators have improved substantially, 2013 GDP growth can reach 0.7% on the back of strengthening domestic consumption and export growth, however investments fell to very low levels

Balance – achieved

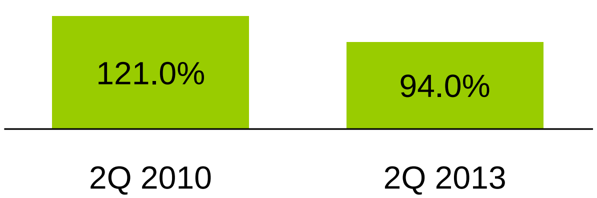
Budget deficit



Current account balance

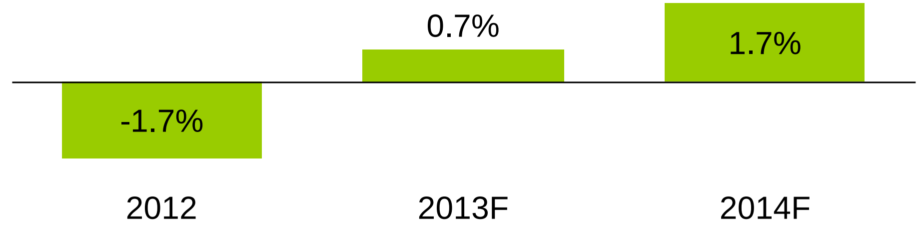


Gross external debt (in percent of GDP)

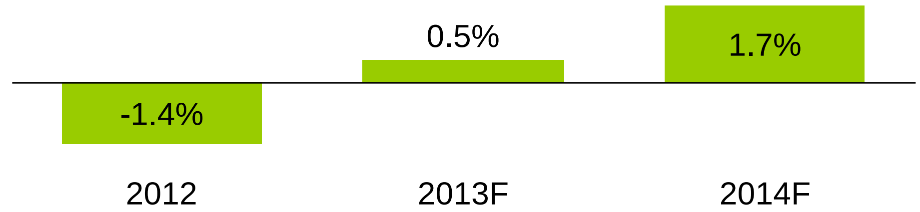


Growth – momentum building up

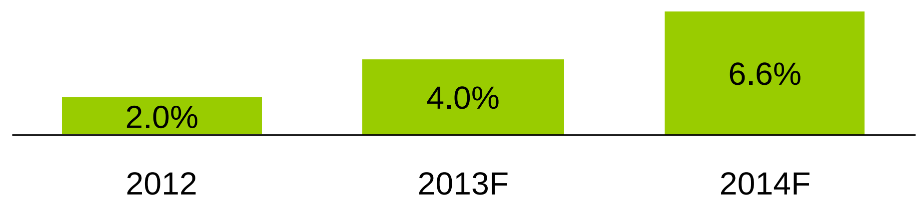
Real GDP



Household consumption



Export growth



Source: Central Statistical Office, Hungarian Financial Supervisory Authority, forecasts: OTP Research

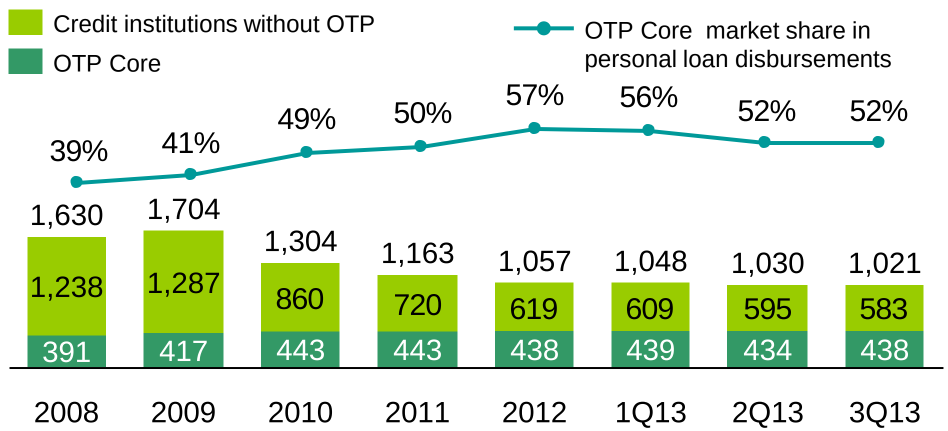
otpbank

Hungary

OTP' s market share is steadily strong both in new retail loan flows and in the stock of household savings. Mortgage loan applications advanced further in 3Q 2013

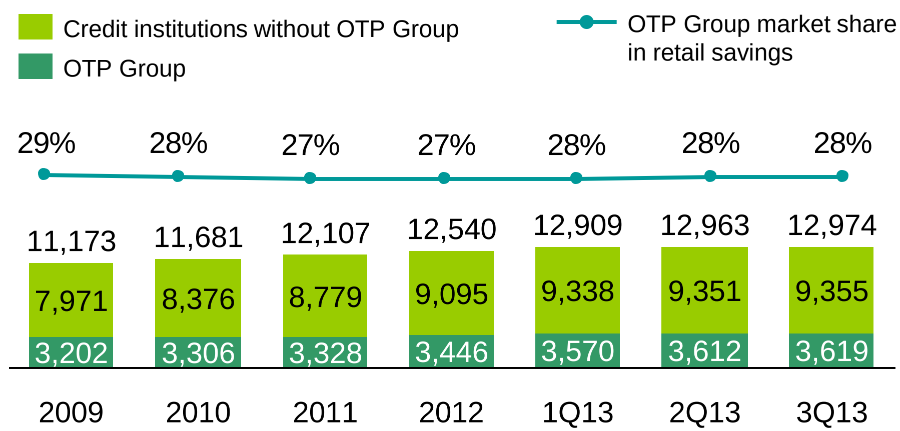
Consumer loan volumes

(in HUF billion, without home equity and car-financing loans)



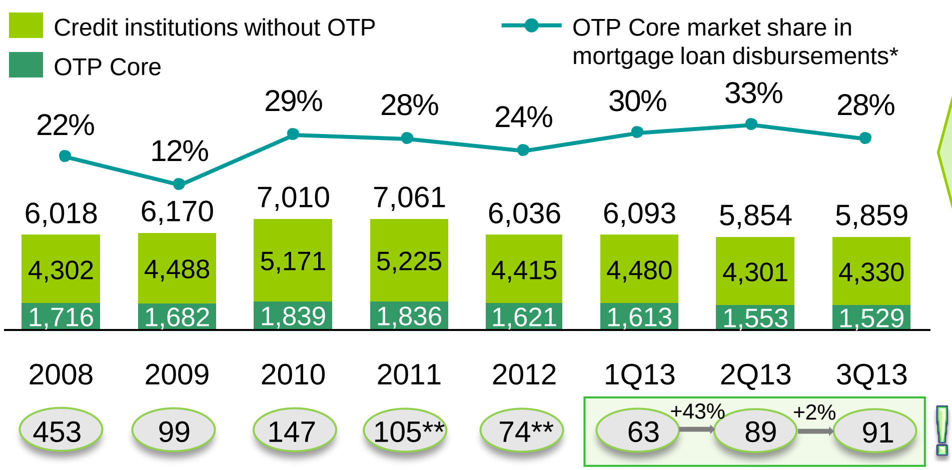
Retail savings of Hungarian credit institutions

(in HUF billion)



Mortgage loan volumes

(in HUF billion, housing and home equity loans)



Annualised mortgage loan applications at OTP Core (in HUF billion)

- Since January 2013 conditions of state-subsidised housing loans have become more favourable: state subsidy remains fixed in the first 5 years, maximum loan size was risen (new home: 15, used home: HUF 10 million), maximum value of used home to-be-bought was raised (HUF 20 million).
- In the first five years, customers can have an all-in mortgage rate of around 6-7%.
- Applications for state-subsidised housing loans were at HUF 17.4 billion in 9M 2013 that is 41% of total housing loan applications and 29% of total mortgage loan applications.

Source: Hungarian Financial Supervisory Authority and National Bank of Hungary statistics

* After the suspension of Swiss franc lending at OTP Core the ratio is calculated from market statistics excluding Swiss franc mortgages.

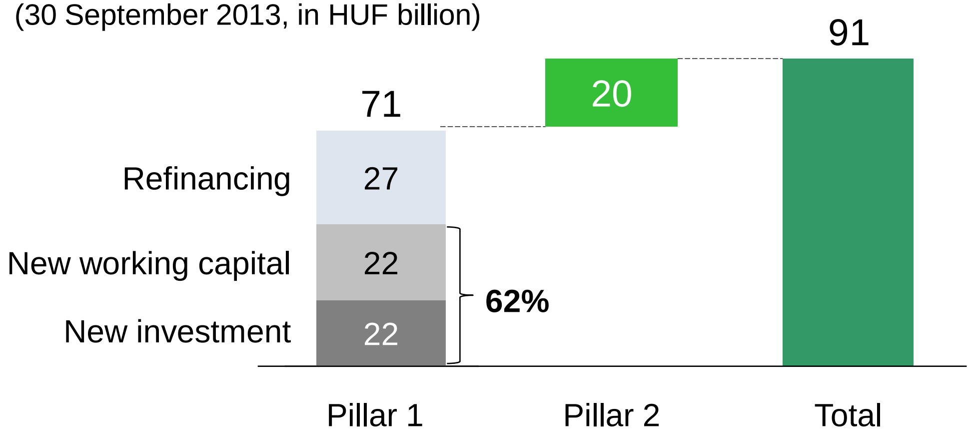
** Without applications for refinancing forint loans under the early repayment programme of FX mortgage loans.

Hungary

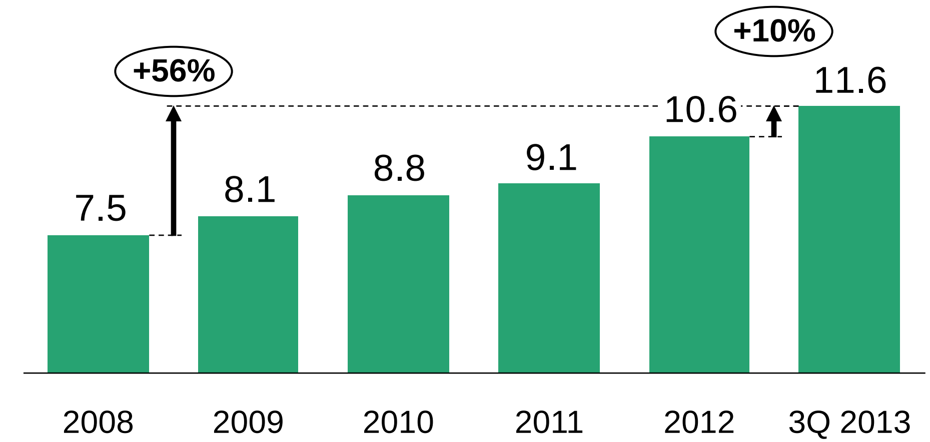
The central bank's Funding for Growth Scheme gave new impetus to lending to Hungarian companies. As the biggest lender in the first phase, OTP Group concluded contracts in the total amount of HUF 91 billion. The share of new loans within the first pillar reached 62%

Amount of signed loan contracts by OTP Group under the first phase of Funding for Growth Scheme

(30 September 2013, in HUF billion)

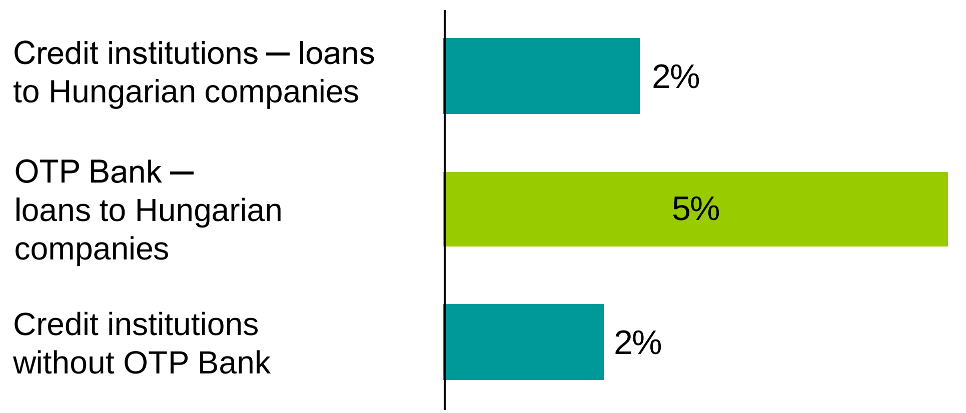


OTP Group's** market share in loans to Hungarian companies (%)



Corporate lending in Hungary* in 3Q 2013

(FX-adjusted q-o-q change)



Second phase of Funding for Growth Scheme

(1 October 2013 – 31 December 2014)

- Total allocated funds: HUF 500 billion, which can be extended to HUF 2,000 billion based on the decision of the Monetary Council
- Pillar 1: for new forint loans – 90% of overall amount,
  Pillar 2: for refinancing forint and FX loans – 10% of overall amount
- The total allocation isn't divided among banks, but they can draw funding in order of loan contracts' arrival
- The National Bank ensures funding for banks with 0% rate, the small and medium enterprises can obtain loans at maximum 2.5% interest rate with max. 10 years duration.

* The estimate for volume changes is based on the balance sheet data provision to the Hungarian Financial Supervisory Authority (‚HFSA'), calculated from the „Loans to non-financial and other-financials companies" line, adjusted for FX-effect.
** Aggregated market share of OTP Bank, OTP Mortgage Bank, OTP Building Society and Merkantil Bank, based on the balance sheet data provision to the HFSA, calculated from the „Loans to non-financial-, other-financial-, additional- and non-profit- institutions serving households" line

otpbank

Hungary

In the wake of mixed policies applied by Hungarian authorities, OTP Core's market positions have strengthened, while its revenue margin eroded

Policies of the Hungarian government and National Bank…

+

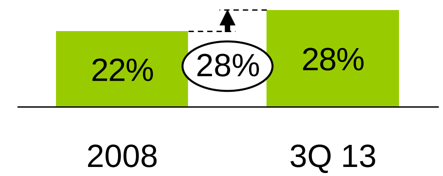
- Fixed exchange rate scheme for FX mortgage borrowers / 50% cost covered by the budget
- National Asset Management Company buying collaterals of distressed non-performing mortgages
- Subsidised forint mortgage loans / 2.1-3.7%-points subsidy for 5 years
- Debt consolidation of municipalities / ~so far 50% of volumes with no discount
- Funding for SME Growth Scheme I / HUF 750 billion at 2.5% interest rate
- Funding for SME Growth Scheme II (from Oct 2013) / up to HUF 2,000 billion till end-2014

–

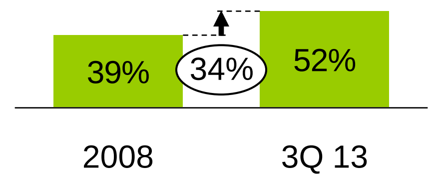
- Special banking tax since 2010 / ~42 bps on end-2009 adjusted assets
- 2011 early repayment of FX mortgage loans at off-market rates / ~28% discount on principal
- Financial transaction tax / ~HUF 133 billion form the banking sector in 2013, ~HUF 166 billion annually thereafter from the sector*
- One-off financial transaction tax applicable to 2013 only / HUF 68 billion from the banking sector*
- Servicing FX housing loans at mid exchange rates
- Capping interchange fees from 2014
- Introducing free of charge cash withdrawals for private individuals from 2014

OTP's market share in…

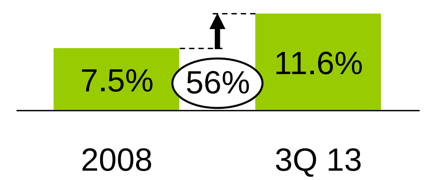
…mortgage loan sales



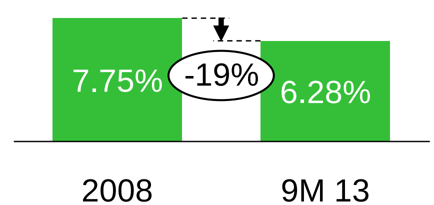
…cash loan sales



… loans to Hungarian companies



Total revenue margin of OTP Core



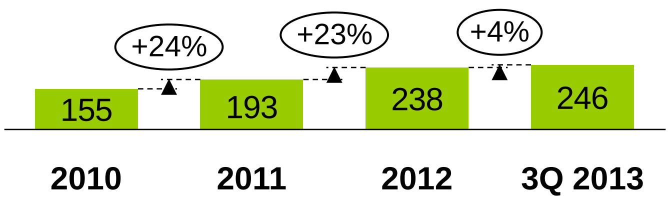
* Forecasts by OTP Research

Russia

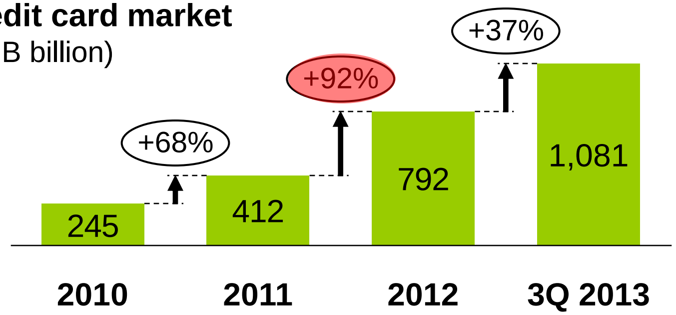
After whooping growth rates in 2011 and 2012 consumer segment slowed down, while OTP started to decelerate in 2012

Consumer loan market segment*

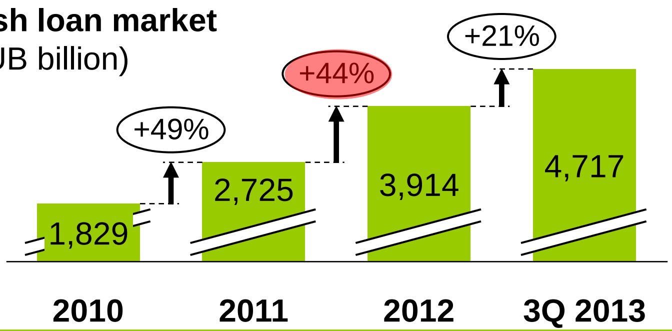
POS loan market
(RUB billion)



Credit card market
(RUB billion)

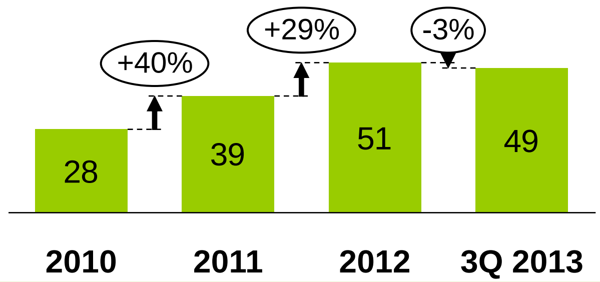


Cash loan market
(RUB billion)



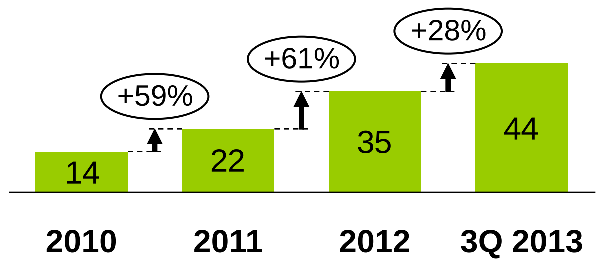
Market position of OTP Bank Russia

POS loan volumes of OTP Russia



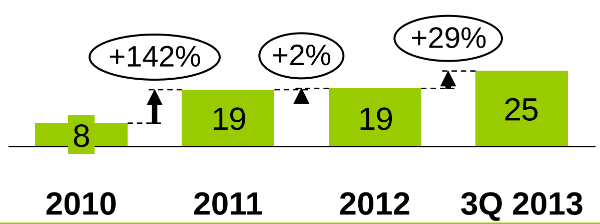
- Sales force:
  5,376 own sales points**
  26,470 external sales points***
- #2 in the market
- 3Q 2013 market share: 19.8%

Credit card loan volumes of OTP Russia



- Cross-sales to POS clients
- #6 in the market
- 3Q 2013 market share: 4.1%

Cash loan volumes of OTP Russia
(including quick cash loans)



- Available in 169 branches
- #30 in the market
- 3Q 2013 market share: 0.5%

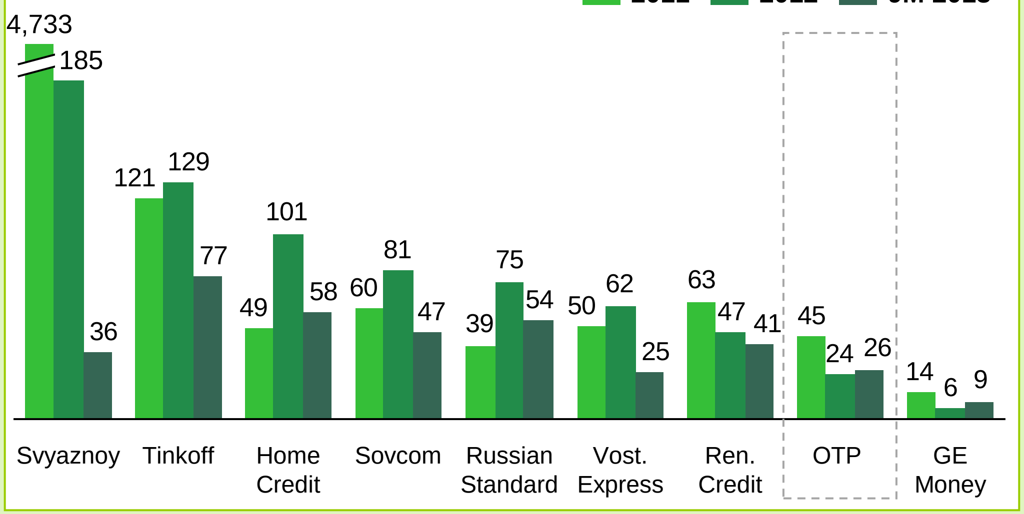
* Source: Frank Research Group
** Bank employees working with Federal or other networks.
*** Employees of commercial organizations.

otpbank

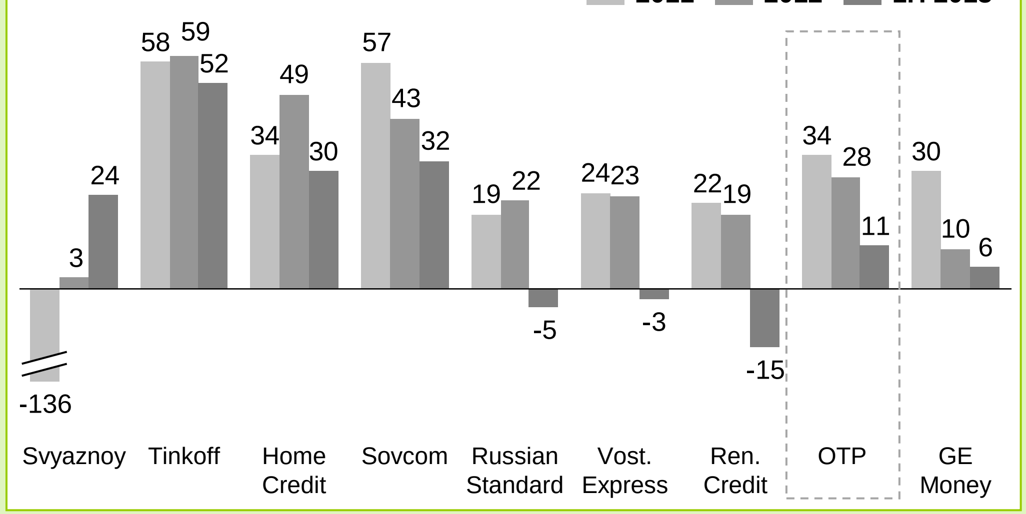
Russia

Rapid retail loan growth resulted in a material increase of risk costs across the Russian market

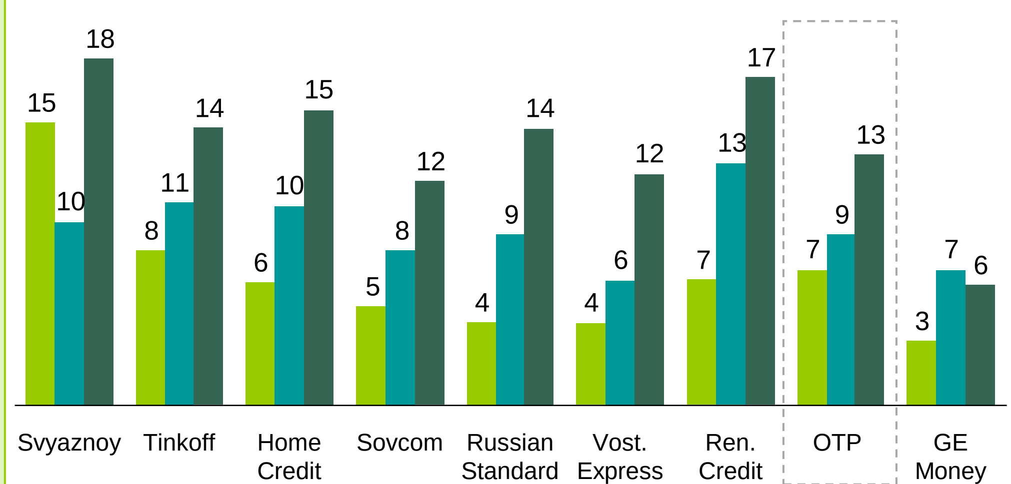
Retail loan growth* (%, Y-o-Y)



Return on Equity** (%)



Risk Cost Rate*** (%)



Credit Card ranking*

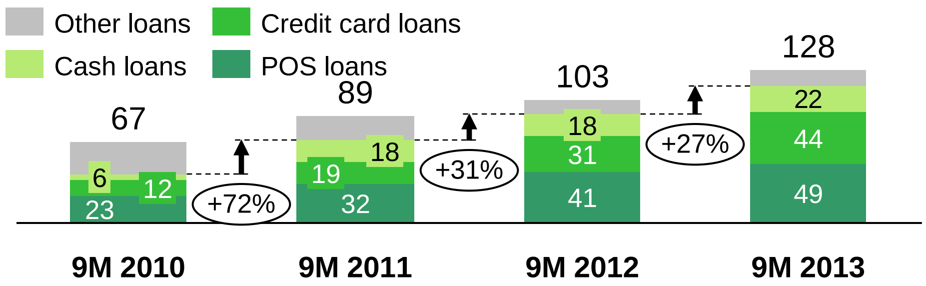
	2009	3Q 2013
Sberbank	7	1
Russian Standard	1	2
Tinkoff CS	11	3
VTB24	2	4
Alfa-Bank	6	5
OTP Bank	**5**	**6**

* Source: Frank Research. ** Source: company publications. IFRS. Data as of 1H 2013 for Svyaznoy Bank, Renaissance Credit, GE Money Bank and Tinkoff CS are under RAS, for other banks under IFRS.
*** Source: Moody's Research. IFRS. Data as of 1H 2013 for Svyaznoy Bank, Renaissance Credit and GE Money Bank are under RAS, for other banks under IFRS

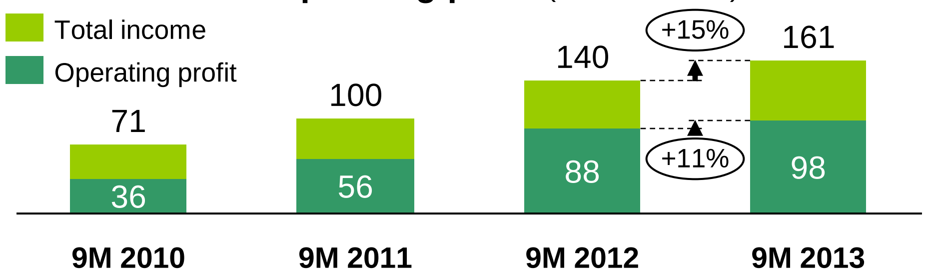
OTP Bank Russia

At OTP Russia loan volumes, revenues and operating profit kept growing, however the profitability deteriorated as a result of higher risk cost

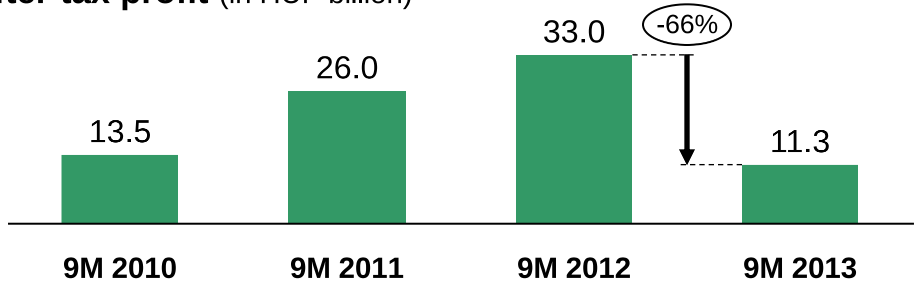
Gross loans (in RUB billion)



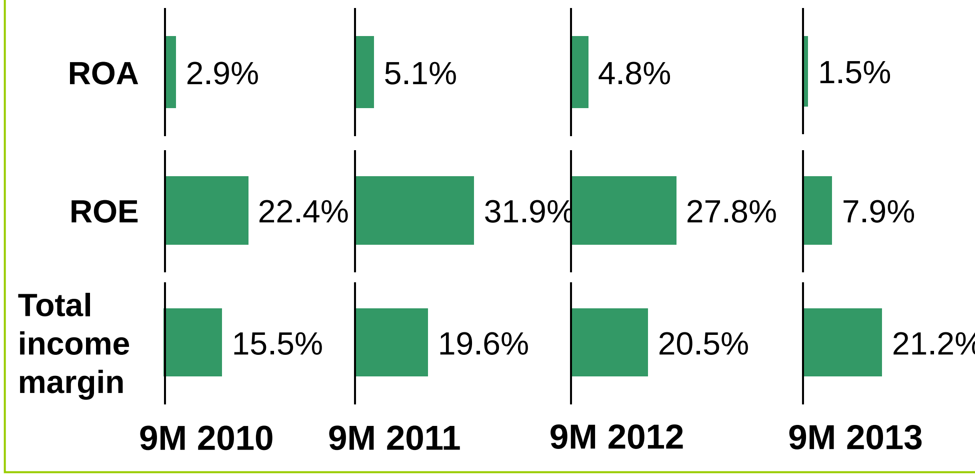
Total income and operating profit (in HUF billion)



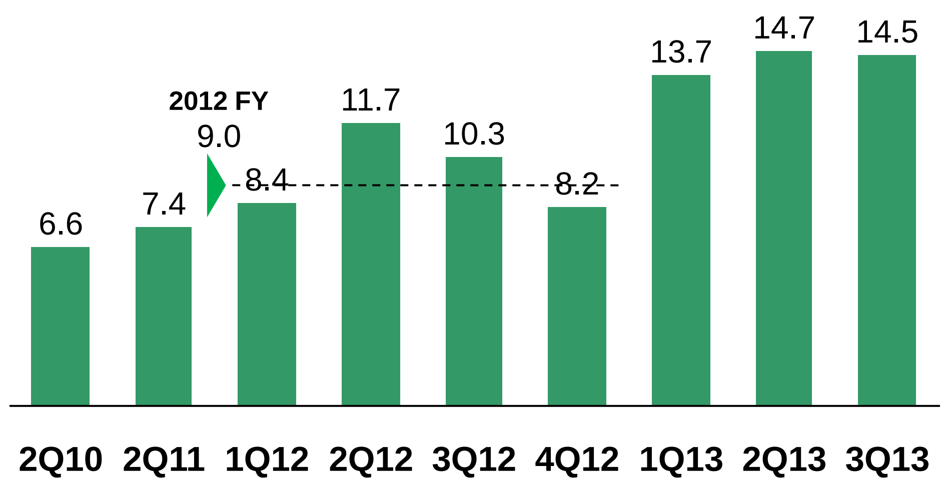
After tax profit (in HUF billion)



Performance indicators (%)



Risk cost rate of consumer loans (%)



Risk cost rates increased for POS loans and decreased for credit cards; provision coverage rates increased in all 3 segments

Risk cost rates and provision coverage at OTP Bank Russia (%)

POS loans

	2009	2010	2011	1Q 2012	2Q 2012	3Q 2012	4Q 2012	2012	1Q 2013	2Q 2013	3Q 2013
Risk cost rate	6.2%	7.9%	7.7%	10.7%	13.0%	11.0%	6.2%	9.1%	12.5%	14.5%	15.9%
DPD90+ coverage	88.0%	90.9%	108.3%	113.3%	106.9%	102.2%	97.0%	97.0%	99.6%	98.4%	100.5%

Credit cards

	2009	2010	2011	1Q 2012	2Q 2012	3Q 2012	4Q 2012	2012	1Q 2013	2Q 2013	3Q 2013
Risk cost rate	14.5%	6.8%	10.3%	6.3%	12.2%	10.5%	12.3%	10.5%	16.7%	16.0%	14.1%
DPD90+ coverage	85.3%	86.4%	86.9%	89.3%	91.4%	88.1%	89.8%	89.8%	94.5%	95.2%	97.5%

Cash loans

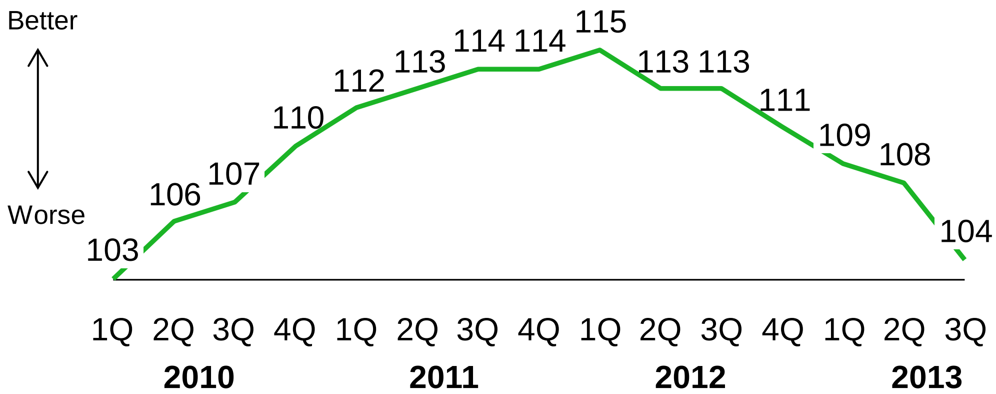
	2009	2010	2011	1Q 2012	2Q 2012	3Q 2012	4Q 2012	2012	1Q 2013	2Q 2013	3Q 2013
Risk cost rate	11.4%	-4.8%	3.7%	6.2%	8.2%	8.2%	6.1%	6.8%	11.2%	12.2%	12.3%
DPD90+ coverage	86.9%	94.1%	92.9%	97.0%	102.4%	104.6%	102.9%	102.9%	106.6%	105.7%	107.3%

OTP Bank Russia

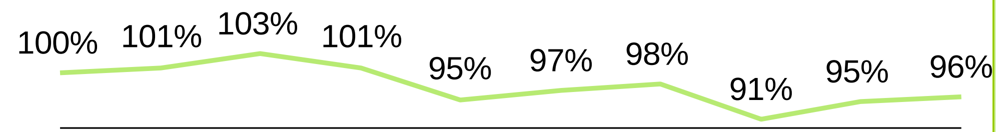
Improving soft collection efficiency was in the focus of the Collection Project, strategy setting and preparatory work for hard collection project in 3Q

FICO Credit Health Index of the Russian market

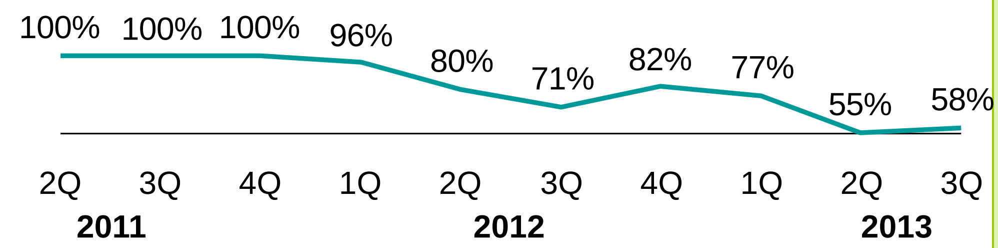
Based on consumer loans' and credit cards' 60 days deliquency reported to National Bureau of Credit Histories



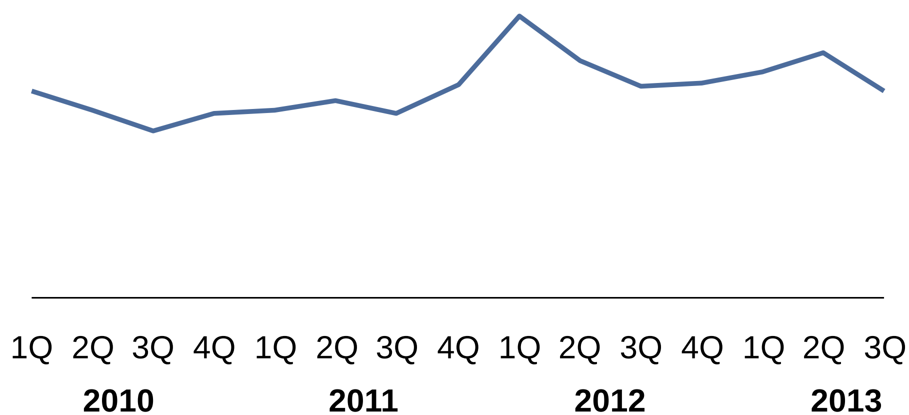
Consumer loan's soft collection efficiency[1] 2Q 2011=100% at OTP Bank Russia



Consumer loan's hard collection efficiency[2] 2Q 2011=100%



7+day First Payment Delinquence (FPD 7+) of POS loans at OTP Bank Russia



Measures taken to improve collection performance

Soft collection was in the focus of the project in 3Q 2013

- Soft collection staff model developed, staff size regularly re-assessed; increased number of soft collectors (+76% during 3Q 2013), more people involved in fraud prevention (+2% during 3Q 2013)
- New processes, trainings, staff incentives, scripts, tools and inbound IVR (interactive voice response)
- Skip tracing introduced
- Staffing the new Call Centre in Omsk done, Omsk team is fully scaled up

Strategy setting and preparatory work for hard collection project:

- Reallocation of volumes among debt collection agencies (DCAs) introduced (the best gets most)
- Rescheduling programs for bad loans are planned to be introduced

Source: FICO, OTP Bank Russia

[1] Measured as 1 minus the multiplication of one-bucket migration rates of deliquency buckets 1-3.

[2] Measured as 1 minus the multiplication of one-bucket migration rates of deliquency buckets 4-13.

otpbank

Operating cost growth y-o-y was mainly driven by the stronger Russian business activity; the q-o-q improvement is mostly the result of moderating expenses in Hungary

OPERATING COSTS – 9M 2013 (HUF billion)	Share	9M 2013	Y-o-Y (HUF bn)	Y-o-Y (%)	3Q 2013 (HUF billion)	Q-o-Q (HUF bn)	Q-o-Q (%)
OTP Group	100%	310	20	7%	104	-2	-2%
OTP CORE (Hungary)	46%	142	7	5% (1)	47	-2	-4% (1)
OBRU (Russia)	20%	63	11	20% (2)	21	0	-1% (2)
DSK (Bulgaria)	9%	27	1	5%	9	0	3%
OBU (Ukraine)	8%	24	1	5%	8	0	-3%
OBH (Croatia)	4%	11	0	2%	4	0	4%
OBS (Slovakia)	3%	8	0	0%	3	0	-1%
OBR (Romania)	3%	10	0	-2%	3	0	-5%
CKB (Montenegro)	2%	5	0	-3%	2	0	7%
OBSrb (Serbia)	2%	5	0	8%	2	0	0%
Merkantil (Hungary)	1%	5	0	0%	1	0	-6%

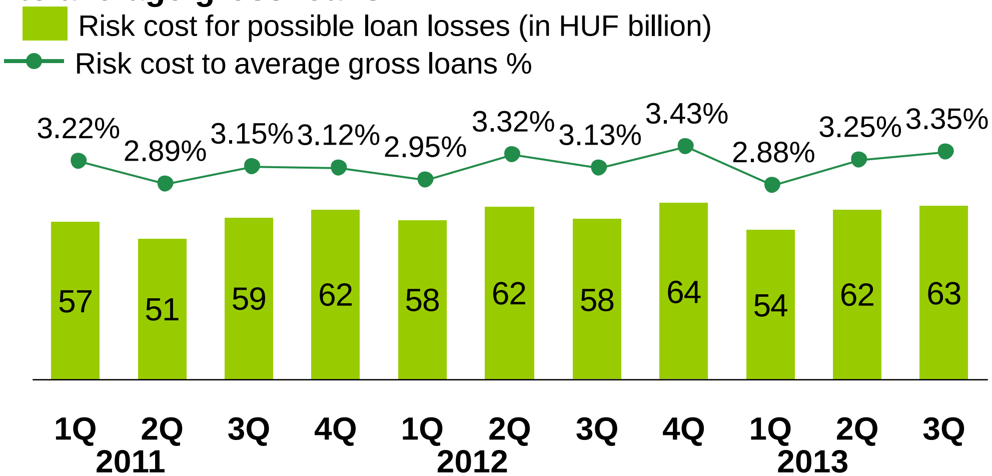
1. 9M operating costs of OTP Core expanded by 5%, mainly driven by higher personnel expenses due to the technical effect of changing the management compensation scheme in line with CRD3 since 2010. In 3Q 2013 costs declined q-o-q on the back of lower advisory costs and personnel expenses.

2. Operating cost growth was in line with the expansion of consumer lending, as consumer loans grew by 30% y-o-y. Advisory costs of the transformation project raised administrative costs in 2Q and 3Q. In 3Q the Bank opened 24 branches and consumer loans grew by 6% q-o-q.

otpbank

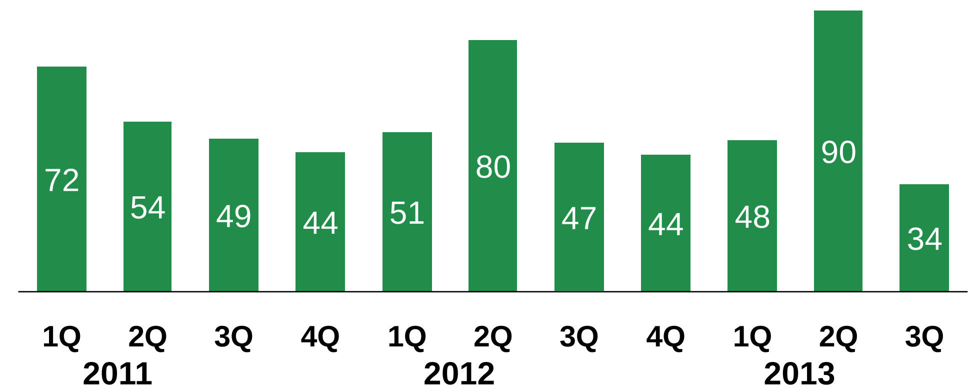
The slowest pace of portfolio deterioration since the beginning of the crisis, due to prudent provisioning the coverage ratio increased further, the ratio of 90+ days overdue loans decreased to 20.6% q-o-q

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

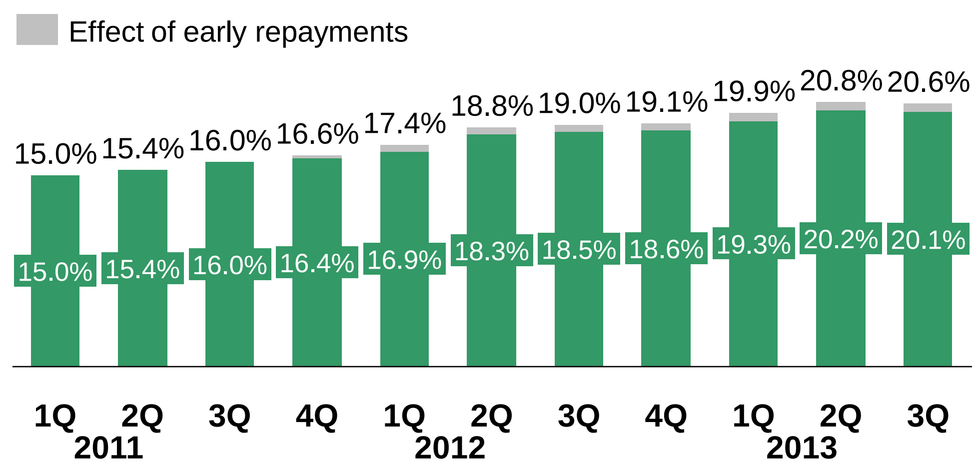


Quarterly change in DPD90+ loan volumes

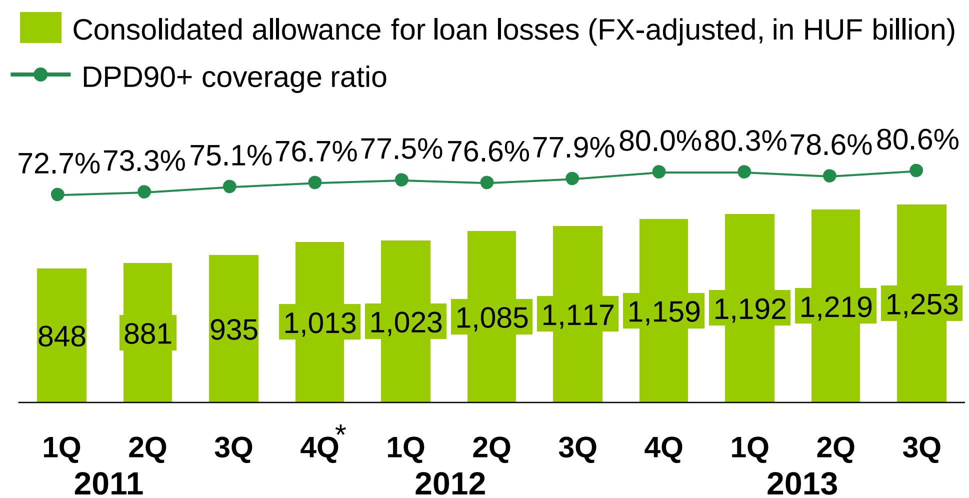
(consolidated, FX-adjusted, in HUF billion)



Ratio of consolidated DPD90+ loans to total loans (%)



Consolidated provision coverage ratio

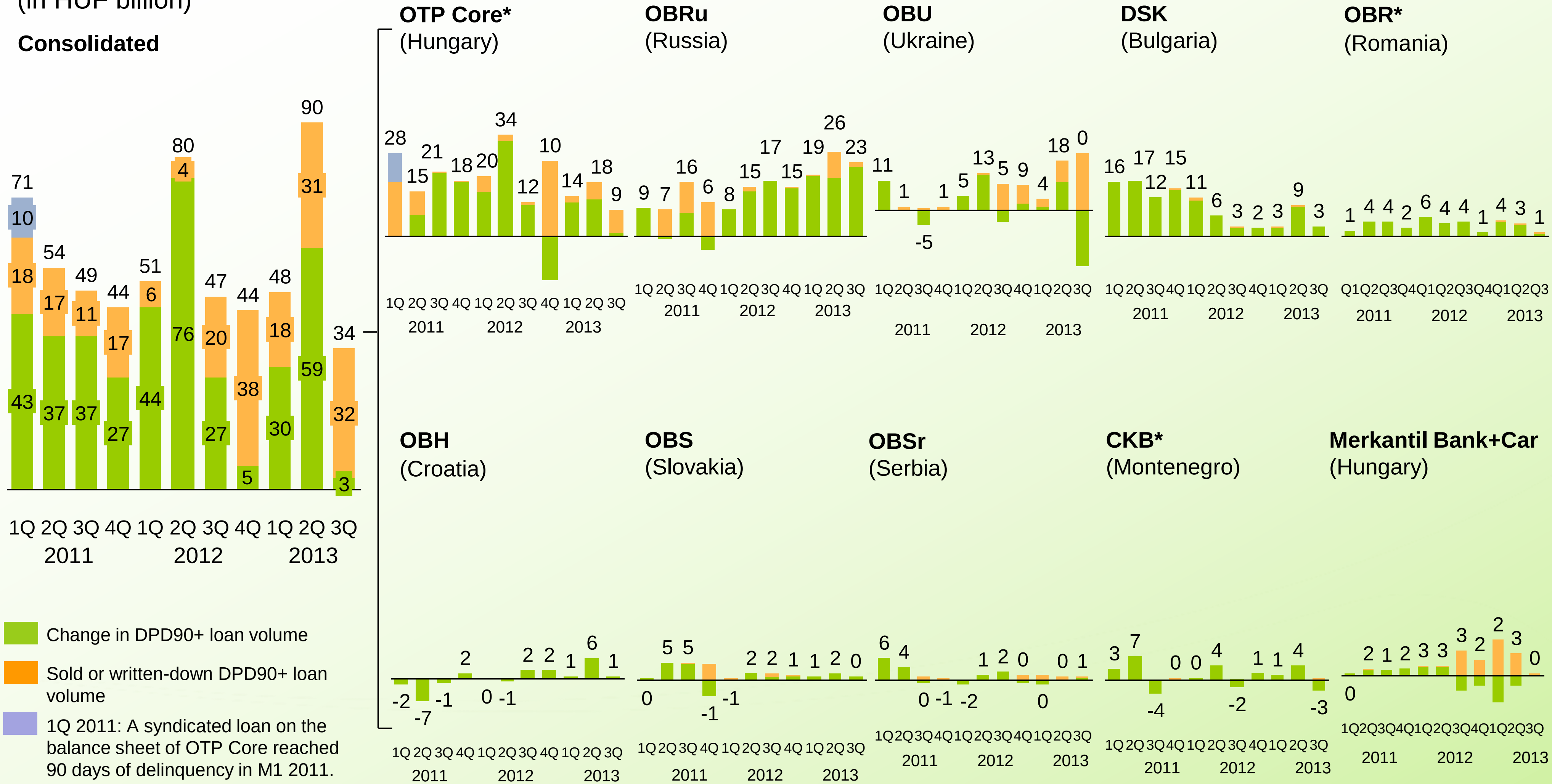


* Without HUF 36.5 billion provisions accrued for the FX mortgage loan prepayment at end-2011

otpbank

The pace of portfolio deterioration decelerated remarkably across the Group except for Russia. Although the worsening of Russian consumer loans slowed down slightly, it still remained at elevated levels

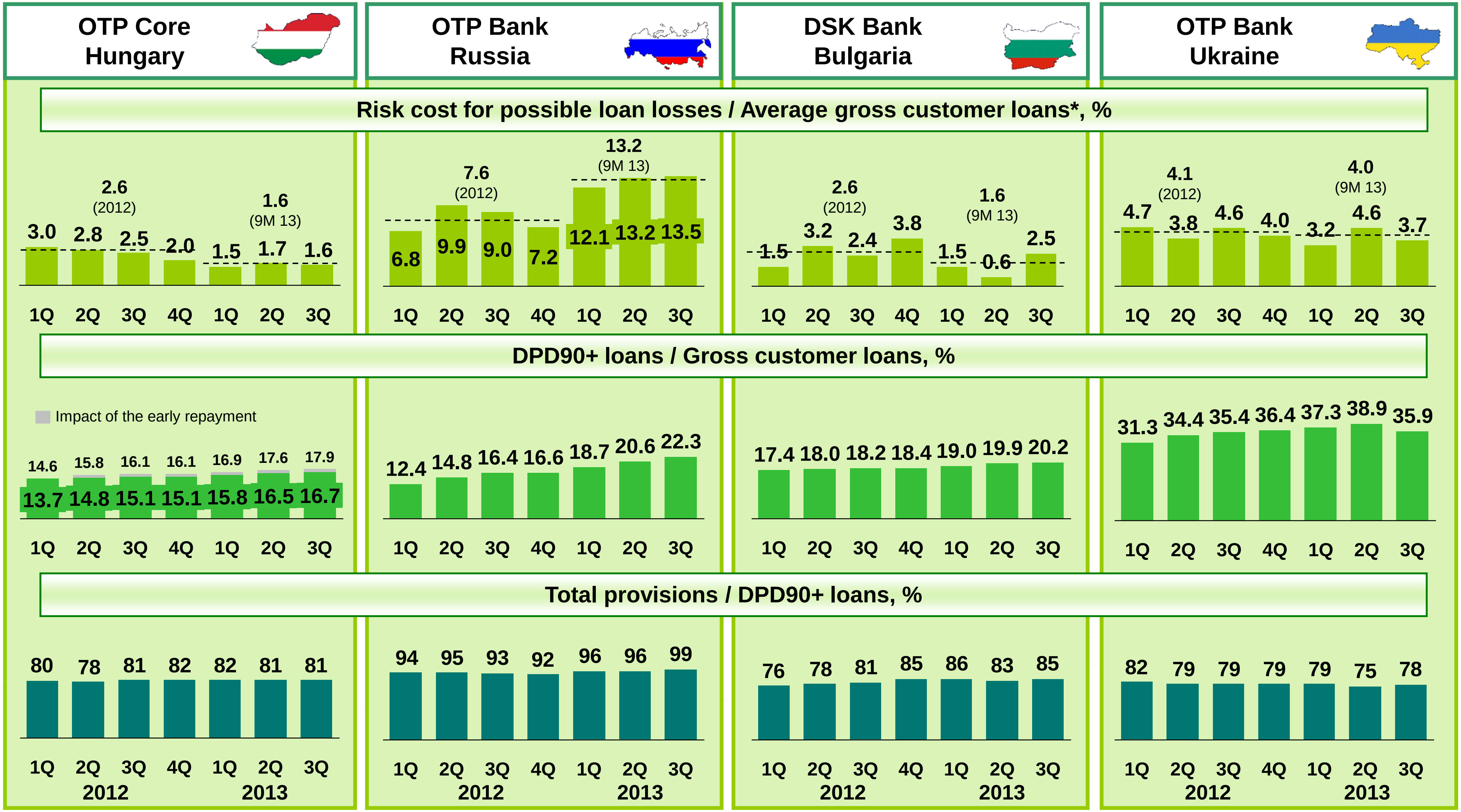
FX-adjusted quarterly change in DPD90+ loan volumes
(in HUF billion)



* DPD90+ loan formation statistics of both OTP Core and CKB were adjusted for the effect of a portfolio swap between the two companies in 1Q 2011. From legal aspects the portfolio swap was necessary because of the enforceability of the collaterals behind non-performing loans. Similarly, the statistics have been adjusted with the corporate portfolio took over from OTP Romania by OTP Core in 4Q 2011, and from OTP Core by OTP Ukraine in 1Q 2012.

otpbank

Provision coverage of non performing loans improved in case of the 4 biggest group members; the Russian risk cost rate increased further, but coverage ratio edged up, too; in the Ukraine sale of non-performing corporate loans played a role in the decrease of the DPD90+ ratio



* Risk cost ratios were adjusted for the revaluation result of FX-denominated provisions.

In Russia within the consumer book the deterioration of the POS segment was the most pronounced, corporate loans improved both in Hungary and in the Ukraine, in Bulgaria the deterioration slowed down in all segments

DPD90+ ratio (%)

OTP Core (Hungary)	3Q 12	4Q 12	1Q 13	2Q 13	3Q 13	Q-o-Q (%-point)
Total	**16.1**	**16.1**	**16.9**	**17.6**	**17.9**	***0.3***
Total*	***15.1***	***15.1***	***15.8***	***16.5***	***16.7***	***0.2***
Retail	18.4	19.1	20.5	21.2	21.9	*0.7*
*Retail**	*16.7*	*17.3*	*18.5*	*19.1*	*19.7*	*0.6*
Mortgage	16.9	17.6	19.2	19.9	20.8	*0.9*
*Mortgage**	*14.9*	15.5	16.8	17.5	18.2	*0.7*
Consumer	24.2	24.8	25.5	25.9	25.9	*0.0*
MSE**	13.9	13.8	14.2	14.3	13.0	*-1.3*
Corporate	15.4	13.1	12.7	13.3	12.7	*-0.6*
Municipal	0.3	0.6	0.6	0.5	0.6	*0.1*

DPD90+ ratio (%)

OTP Bank Russia	3Q 12	4Q 12	1Q 13	2Q 13	3Q 13	Q-o-Q (%-point)
Total	**16.4**	**16.6**	**18.7**	**20.6**	**22.3**	***1.7***
Mortgage	11.4	12.0	12.7	13.4	14.3	*0.9*
Consumer	16.9	17.0	19.1	21.2	23.1	*1.9*
Credit card	21.3	22.1	23.7	25.8	26.5	*0.7*
POS loan	16.2	15.4	18.1	20.2	23.7	*3.6*
Personal loan	11.1	12.0	13.5	15.1	16.1	*1.0*

DPD90+ ratio (%)

DSK Bank (Bulgaria)	3Q 12	4Q 12	1Q 13	2Q 13	3Q 13	Q-o-Q (%-point)
Total	**18.2**	**18.4**	**19.0**	**19.9**	**20.2**	***0.3***
Mortgage	21.3	21.7	22.0	22.8	22.9	*0.2*
Consumer	15.6	15.7	16.0	16.2	16.3	*0.1*
MSE**	40.8	41.2	42.7	42.1	41.8	*-0.3*
Corporate	10.6	11.1	12.4	15.2	16.4	*1.2*

DPD90+ ratio (%)

OTP Bank Ukraine	3Q 12	4Q 12	1Q 13	2Q 13	3Q 13	Q-o-Q (%-point)
Total	**35.4**	**36.4**	**37.3**	**38.9**	**35.9**	***-3.0***
Mortgage	51.7	52.8	54.7	55.8	56.9	*1.1*
Consumer	12.3	11.0	8.9	7.9	8.9	*0.9*
SME***	63.3	64.0	67.3	68.9	69.8	*0.9*
Corporate	19.5	22.6	23.4	27.5	21.8	*-5.6*
Car-financing	46.2	43.7	44.6	40.3	39.2	*-1.1*

* Without the effect of early repayment of FX mortgages
** Micro and small enterprises
*** Small and medium enterprises

otpbank

Restructured retail volumes declined further on group level, representing 2.0% of total retail loans by the end of 3Q 2013

Revised 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 anymore, 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.
- Hungarian FX mortgage loans in the fixed exchange rate scheme are not included in the restructured category (their principal was at HUF 158 billion by end-2012).
- 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

	Old methodology		New methodology							
	4Q 2012		4Q 2012		1Q 2013		2Q 2013		3Q 2013	
	HUF mn	*%**	*HUF mn*	*%***	*HUF mn*	*%***	*HUF mn*	*%***	*HUF mn*	*%***
OTP Core (Hungary)	36,410	1.8%	39,814	1.9%	36,065	1.8%	33,406	1.7%	36,231	1.8%
OBRu (Russia)			80	0.0%	86	0.0%	65	0.0%	67	0.0%
DSK (Bulgaria)	48,150	5.9%	21,010	2.6%	20,459	2.4%	19,643	2.4%	21,050	2.5%
OBU (Ukraine)	41,164	18.9%	6,157	2.4%	6,665	2.5%	6,386	2.4%	6,499	2.4%
OBR (Romania)	23,215	9.1%	41,104	16.1%	36,828	13.9%	32,595	12.7%	28,457	10.7%
OBH (Croatia)			872	0.4%	915	0.4%	875	0.4%	1,054	0.5%
OBS (Slovakia)			726	0.5%	644	0.4%	510	0.3%	364	0.2%
OBSr (Serbia)			478	1.7%	701	2.3%	254	0.8%	632	2.0%
CKB (Montenegro)			1,490	2.7%	1,131	1.9%	911	1.6%	712	1.2%
Merkantil (Hungary)			7,573	3.4%	6,499	3.1%	5,378	2.8%	4,379	2.2%
Other leasing*** (Hungary)			65	0.2%	52	0.2%	28	0.1%	11	0.0%
TOTAL	**148,939**	**3.2%**	**119,369**	**2.4%**	**110,044**	**2.2%**	**100,052**	**2.1%**	**99,456**	**2.0%**

* Share out of retail portfolio (without SME)
** Share out of retail + car-financing portfolio (without SME)
*** OTP Flat Lease

On-going fiscal consolidation all over the countries of OTP Group. Due to modest domestic demand, external demand remains the key factor behind GDP growth. In Croatia the weak domestic demand coupled with high unemployment and excessive budget deficit are impediment to economic growth

REAL GDP GROWTH

	2011	2012	2013F	2014F
Hungary	1.6%	-1.7%	0.7%	1.7%
Ukraine	5.2%	0.2%	0.0%	0.9%
Russia	4.3%	3.4%	2.0%	2.0%
Bulgaria	1.8%	0.8%	0.4%	1.4%
Romania	2.3%	0.4%	2.0%	2.2%
Croatia	0.0%	-2.0%	-0.5%	0.7%
Slovakia	3.2%	2.0%	0.8%	2.3%
Serbia	1.6%	-1.7%	1.5%	1.4%
Montenegro	3.2%	-2.5%	0.9%	2.0%

EXPORT GROWTH

	2011	2012	2013F	2014F
Hungary	6.3%	2.0%	4.0%	6.6%
Ukraine	4.3%	-7.7%	-11%	-2.0%
Russia	0.3%	1.4%	1.6%	2.5%
Bulgaria	12.3%	-0.4%	5.4%	4.4%
Romania	10.9%	-3.1%	5.4%	5.9%
Croatia	2.0%	0.4%	-1.3%	2.8%
Slovakia	12.7%	8.6%	3.5%	5.0%
Serbia	13.9%	3.8%	13.2%	5.9%
Montenegro	37.5%	-1.2%	7.0%	8.0%

UNEMPLOYMENT

	2011	2012	2013F	2014F
Hungary	10.9%	10.9%	10.7%	10.9%
Ukraine	8.5%	7.5%	8.5%	8.0%
Russia	6.6%	5.5%	5.9%	6.3%
Bulgaria	11.3%	12.3%	12.8%	12.6%
Romania	7.4%	7.0%	7.5%	7.5%
Croatia	17.9%	19.1%	20.5%	19.8%
Slovakia	13.7%	14.0%	14.4%	14.0%
Serbia	23.0%	24.0%	22.3%	22.0%
Montenegro	15.9%	18.7%	18.3%	18.0%

BUDGET BALANCE*

	2011	2012	2013F	2014F
Hungary	4.3%	-2.0%	-2.7%	-3.0%
Ukraine	-2.7%	-3.3%	-4.5%	-4.0%
Russia	1.5%	0.4%	-0.4%	-1.0%
Bulgaria	-2.0%	-0.8%	-1.2%	-1.1%
Romania	-5.6%	-2.9%	-2.9%	-2.8%
Croatia	-7.8%	-5.0%	-4.3%	-4.1%
Slovakia	-5.1%	-4.6%	-3.2%	-3.0%
Serbia	-5.0%	-6.4%	-5.6%	-5.2%
Montenegro	-6.5%	-4.7%	-4.0%	-4.0%

CURRENT ACCOUNT BALANCE

	2011	2012	2013F	2014F
Hungary	0.8%	1.6%	2.1%	2.5%
Ukraine	-6.3%	-8.5%	-7.0%	-5.3%
Russia	5.2%	4.0%	2.0%	1.5%
Bulgaria	0.1%	-1.3%	-0.5%	-1.2%
Romania	-4.5%	-4.4%	-0.6%	-1.5%
Croatia	-0.9%	0.0%	0.8%	0.5%
Slovakia	-3.8%	2.2%	3.8%	4.2%
Serbia	-9.2%	-11%	-7.9%	-7.5%
Montenegro	-19%	-18%	-17%	-16%

INFLATION

	2011	2012	2013F	2014F
Hungary	3.9%	5.7%	2.0%	1.7%
Ukraine	8.0%	0.6%	0.6%	5.5%
Russia	8.5%	5.1%	6.5%	6.0%
Bulgaria	4.2%	3.0%	1.6%	1.9%
Romania	5.8%	3.3%	4.3%	2.9%
Croatia	2.3%	3.4%	2.6%	2.4%
Slovakia	3.9%	3.6%	1.8%	1.7%
Serbia	11.2%	7.3%	8.3%	5.2%
Montenegro	3.1%	4.2%	3.5%	3.0%

Source: OTP Research
* For EU members deficit under the Maastricht criteria

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.

otpbank

Investor Relations and Debt & Capital Markets

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

Fax: + 36 1 473 5951

E-mail: investor.relations@otpbank.hu

www.otpbank.hu