OTP Group
Full year 2016 results

Conference call – 3 March 2017

László Bencsik
Chief Financial and Strategic Officer

Content

Key pillars of the OTP investment rationale

1.	Return on Equity has returned to attractive levels (>15% on 12.5% CET1 ratio)
2.	A new era of structurally low risk environment has commenced
3.	After years of deleveraging loan volumes show positive turnaround in Hungary
4.	Strong capital and liquidity position coupled with robust internal capital generation
5.	OTP is a frontrunner and has always been committed to innovation in digital banking

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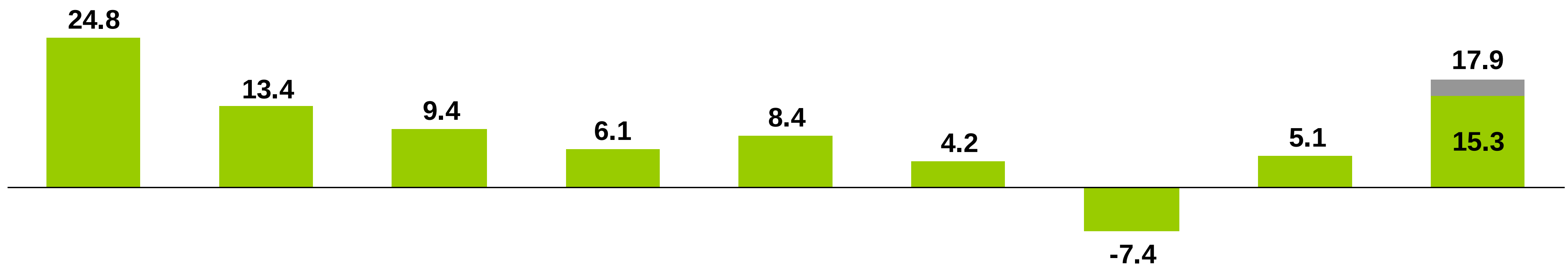
1. Return on Equity has returned to attractive levels

Consolidated ROE, accounting



Opportunity cost-adjusted[2] consolidated accounting ROE over the average 10Y Hungarian government bond yields

Price to Book ratio

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Max	2.8	1.4	1.7	1.4	0.8	1.0	0.9	1.4	1.7
Min	0.6	0.4	0.9	0.6	0.6	0.7	0.7	0.8	1.3

Bloomberg

[1] The indicated dividend and the CET1 capital surplus (as calculated from the difference between the targeted 12.5% CET1 and the actual CET1 ratio including the interim result less dividend accrual) is deducted from the equity base.
[2] Accounting ROE less the annual average of Hungarian 10Y government bond yields.

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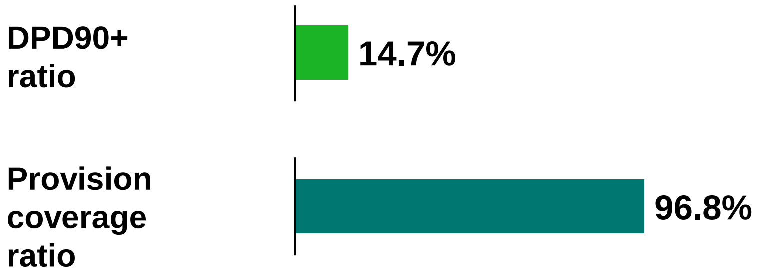
1. The accounting ROE leaped in 2016 on the back of moderating provision charges and vanishing negative adjustment items; the total revenue margin has been relatively resilient amid lower interest rate environment

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Accounting ROE	24.8%	13.4%	9.4%	6.1%	8.4%	4.2%	-7.4%	5.1%	15.3%
Accounting ROE on 12.5% CET1 ratio[1]								5.3%	17.9%
Adjusted ROE[2]	22.5%	13.4%	13.0%	11.8%	10.2%	9.6%	8.5%	9.6%	15.2%
Total Revenue Margin[2]	8.22%	7.93%	8.03%	8.12%	8.31%	8.44%	7.74%	6.96%	6.69%
Net Interest Margin[3]	5.79%	6.17%	6.16%	6.31%	6.40%	6.37%	5.96%	5.11%	4.74%
...									
Operating Costs / Average Assets	4.08%	3.65%	3.62%	3.76%	3.89%	4.07%	3.85%	3.62%	3.64%
Risk Cost Rate	1.69%	3.57%	3.69%	2.95%	3.11%	3.51%	3.68%	3.18%	1.13%
Leverage (average equity / avg. assets)	10.9%	11.7%	12.8%	13.6%	14.4%	14.8%	13.0%	11.5%	12.1%

[1] The indicated/accrued dividend and the CET1 capital surplus (as calculated from the difference between the targeted 12.5% CET1 and the actual CET1 ratio including the interim result less dividend accrual) is deducted from the equity base.
[2] Calculated from the Group's adjusted after tax result.
[3] Excluding one-off revenue items.

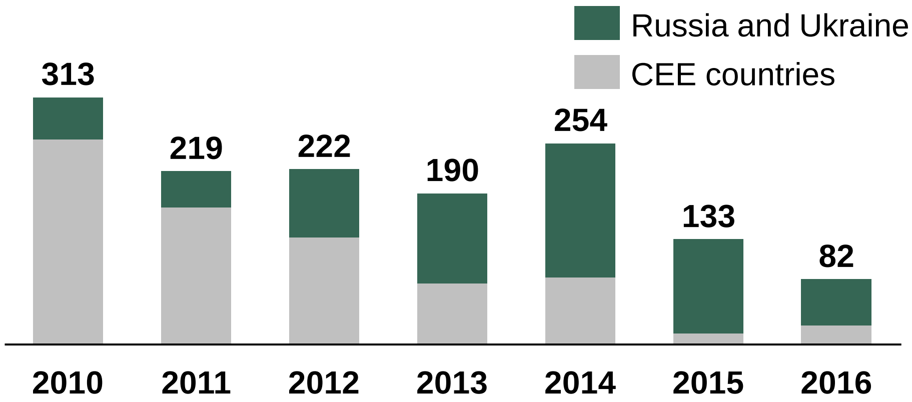
1 Existing DPD90+ loans are conservatively covered with provisions

4Q 2016, consolidated



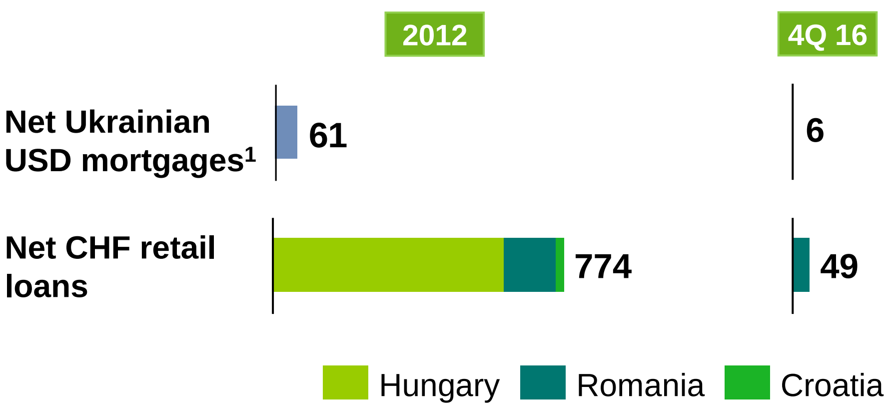
2 The DPD90+ formation has receded

(in HUF billion, without loan sales and write-offs, FX-adjusted)



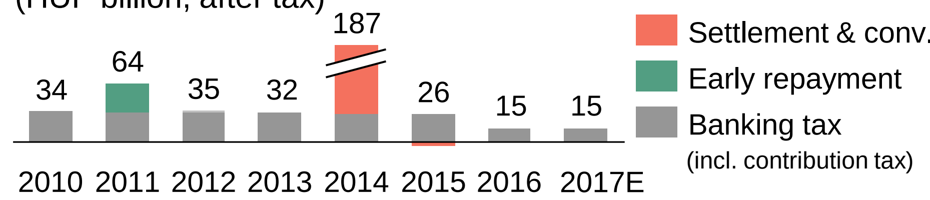
3 Vanishing „toxic" portfolios at OTP Group members

(HUF billion)



4 The Hungarian regulatory risk has moderated substantially

- **Special burden on the Hungarian OTP Group members**
  (HUF billion, after tax)



- **Positive measures supporting the banking system**
  - Funding for Growth Scheme
  - Market-Based Lending Scheme
  - Housing subsidy (CSOK)
  - Bad bank (MARK Ltd.)
  - National Asset Management Company

[1] Performing.

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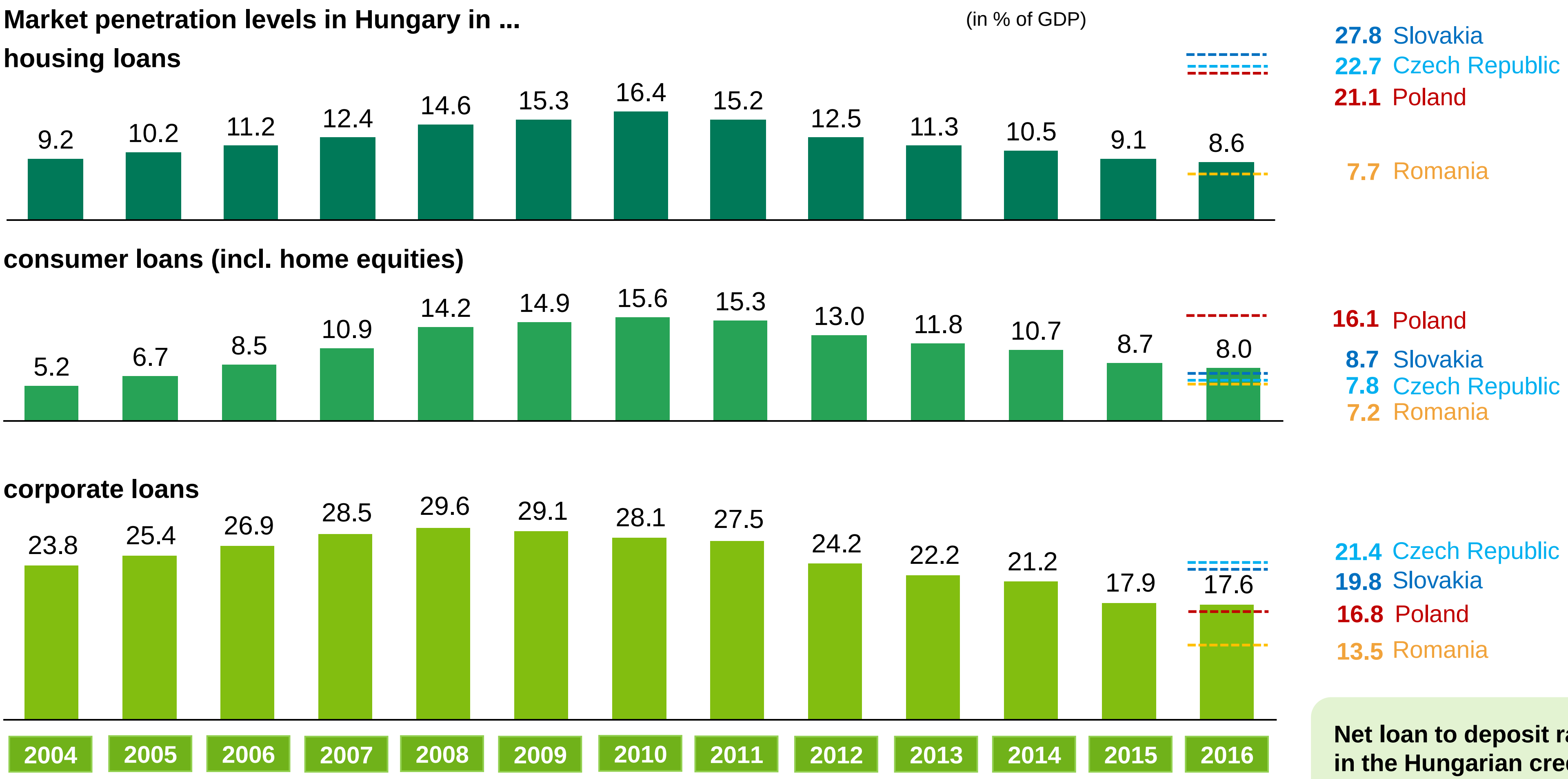
3.

In Hungary the retail loan penetration ratios halved since 2010 and returned to the levels before the lending boom



Net loan to deposit ratio in the Hungarian credit institution system[1]

168% → 91%

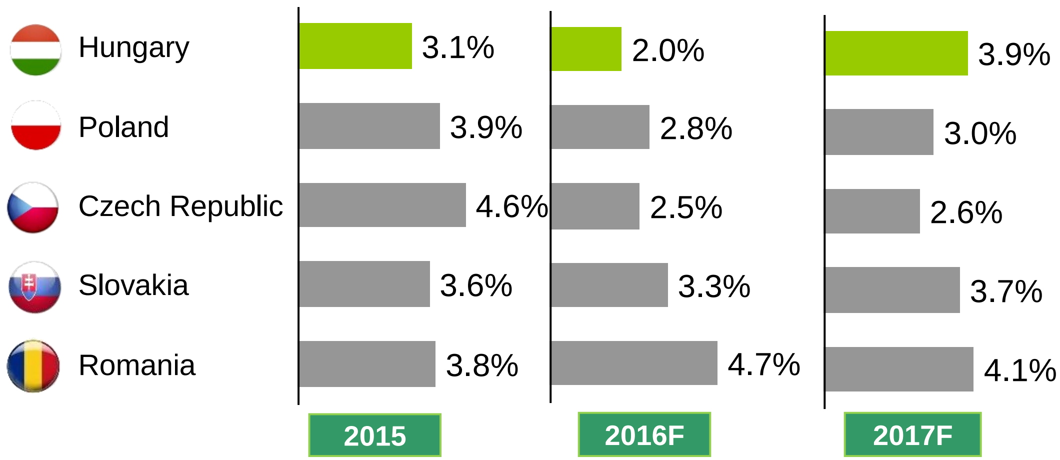
1Q 09 → 4Q 16

[1] According to the supervisory balance sheet data provision (preliminary)

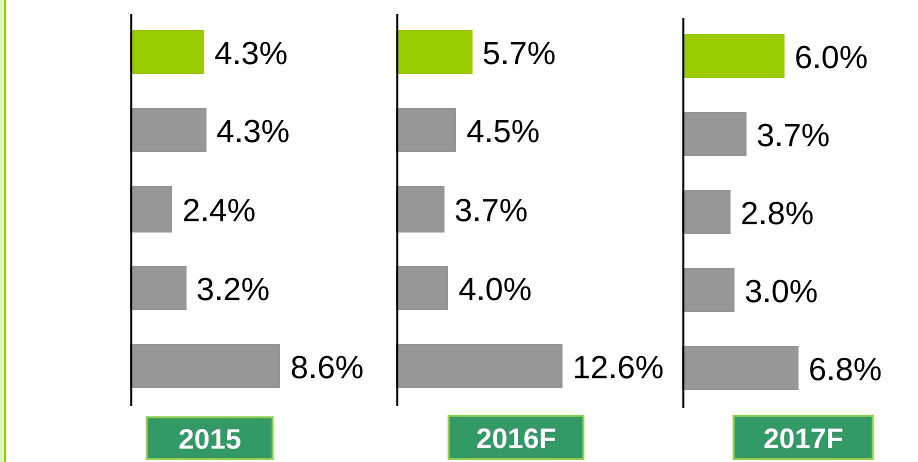
3.

For most of the indicators affecting loan dynamics Hungary is becoming again a frontrunner in the regional rally

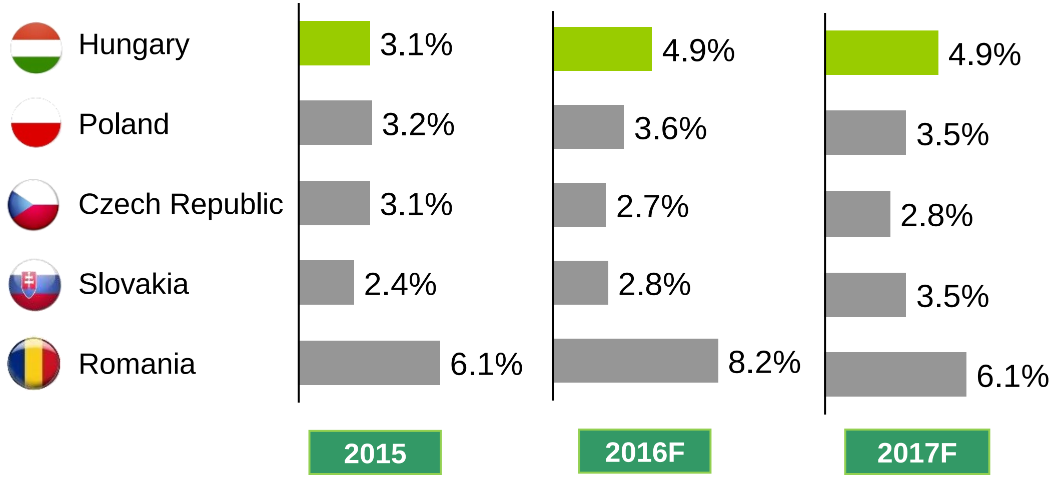
Real GDP growth (y-o-y)



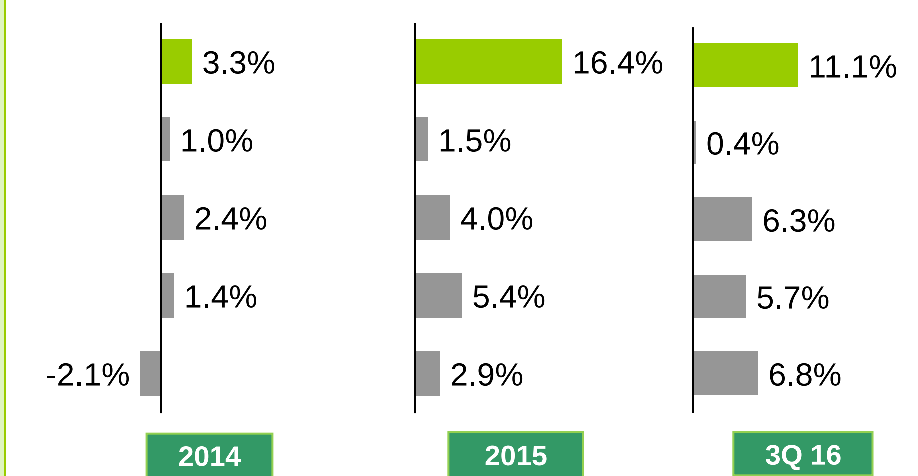
Real wage growth in the private sector (y-o-y)



Household consumption growth (y-o-y)



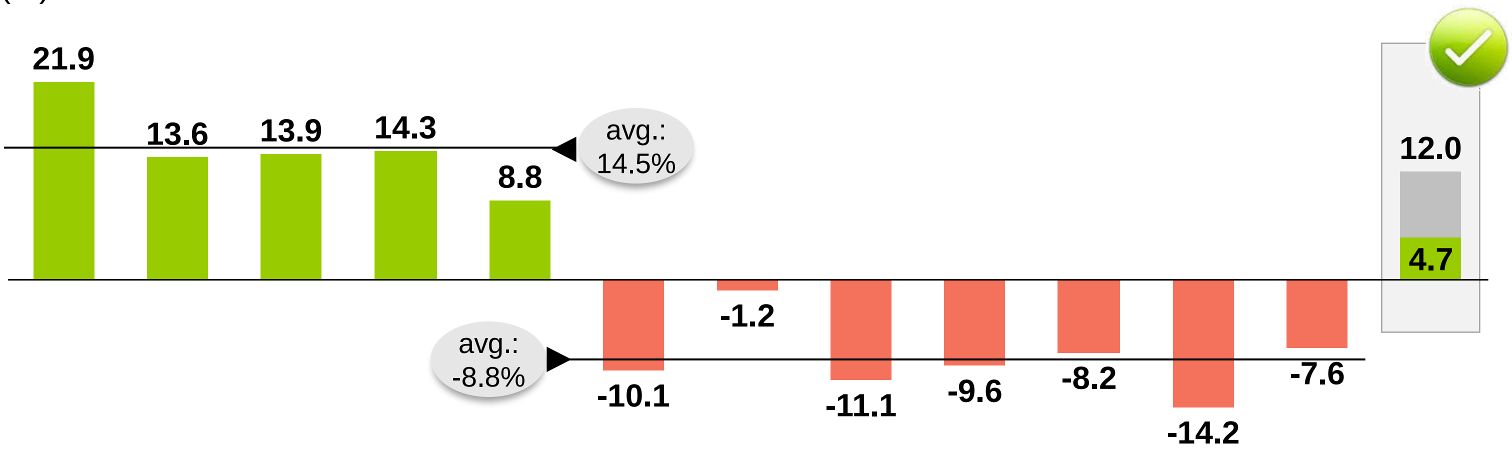
Housing price index (y-o-y)



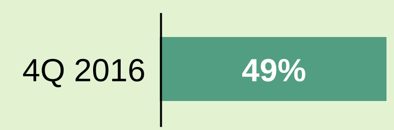
Note: OTP Research Centre's forecasts are displayed in case of real GDP growth. household consumption expenditure growth and real wage growth in Hungary. Slovakia and Romania. For Poland and Czech Republic the Focus Economics and local central bank forecasts are used. Source of housing price indices: Eurostat.

3. After years of loan volume contraction 2016 developments underpin a definite turnaround at OTP Core

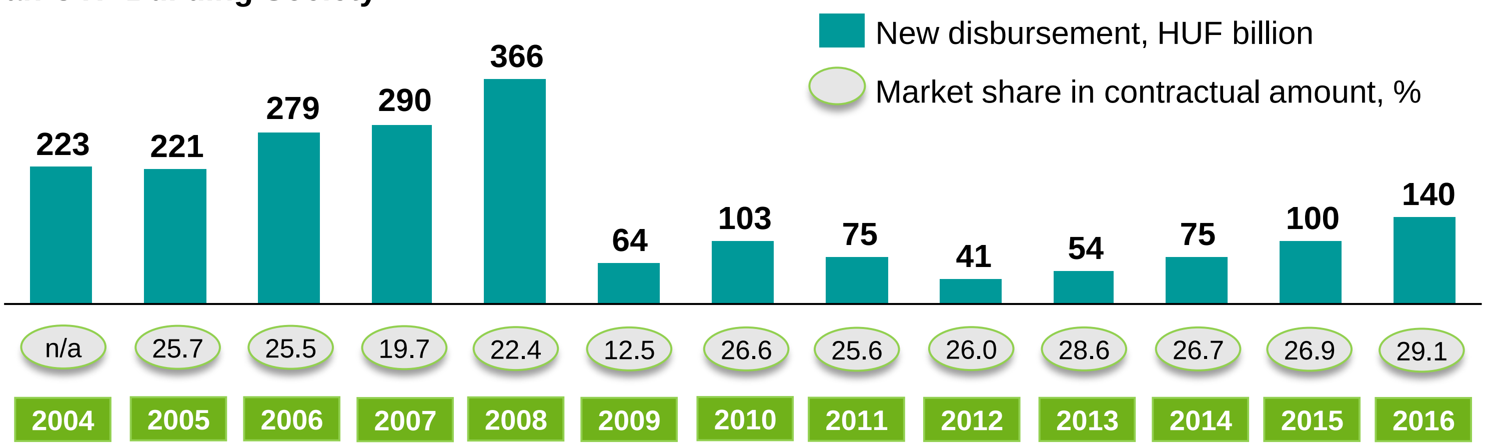
FX-adjusted Y-o-Y performing loan volume changes at OTP Core[1]
(%)



Net loan to deposit + retail bonds ratio at OTP Core



Mortgage loan disbursement[2] and market share at OTP Bank and OTP Mortgage Bank an OTP Building Society



[1] 2004-2008: gross loan volume changes; from 2009: FX-adjusted performing (DPD0-90) loan volume changes, estimate. Changes are based on OTP Bank, Mortgage Bank, Building Society and Factoring aggregated volumes until 2005, and OTP Core volumes from 2006.
[2] Calculated from raw, unadjusted data.

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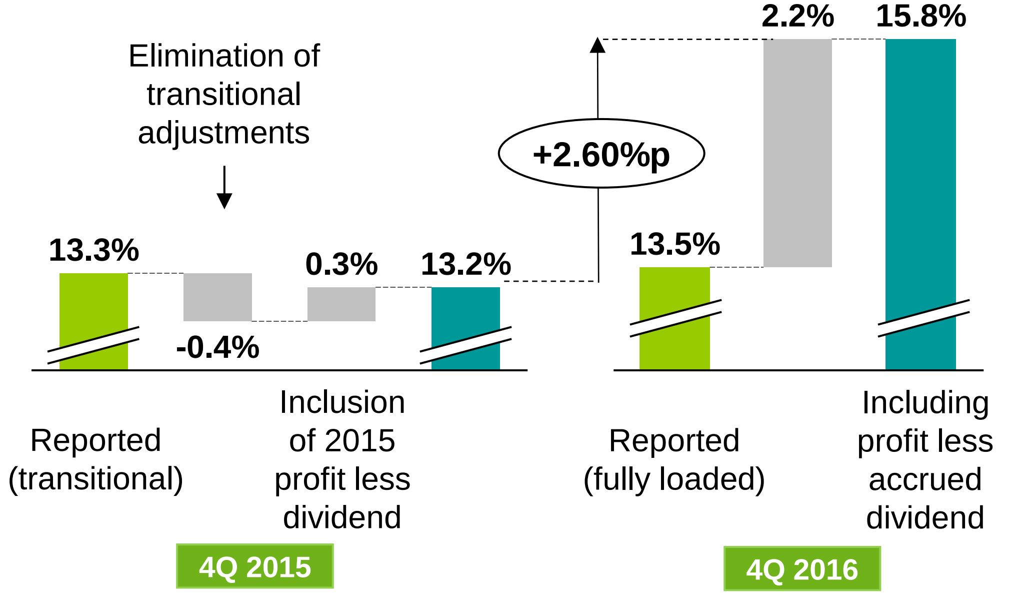
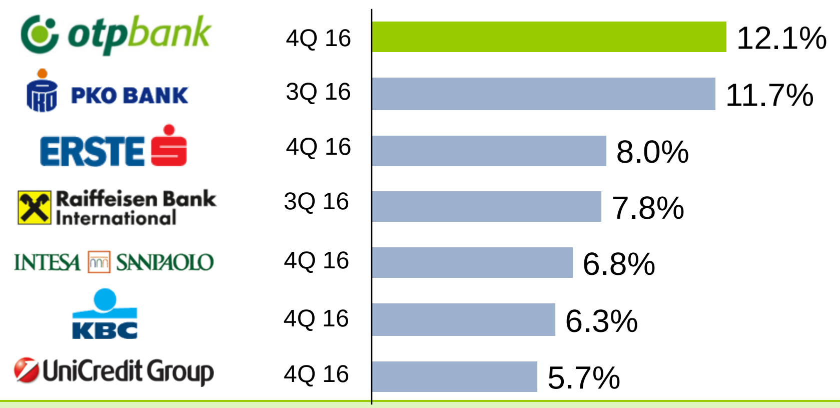
4. Strong capital and liquidity position coupled with robust internal capital generation

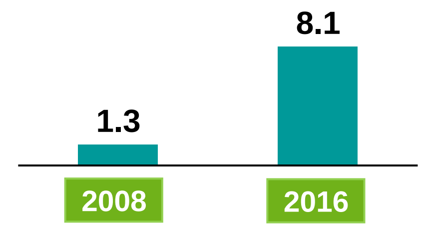
Development of the fully loaded CET1 ratio of OTP Group



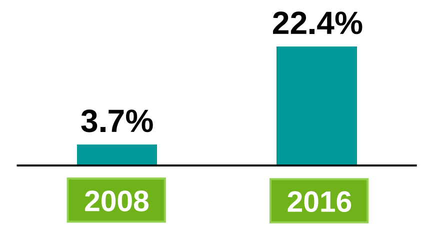
Leverage ratio (average equity / average assets)



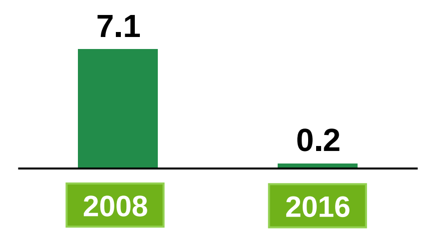
Net liquidity reserves
(in EUR billion equivalent)



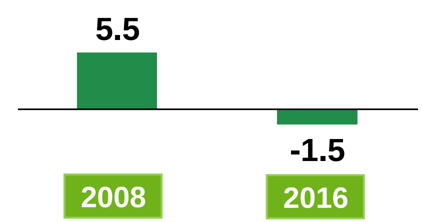
Net liquidity buffer / total assets (%)



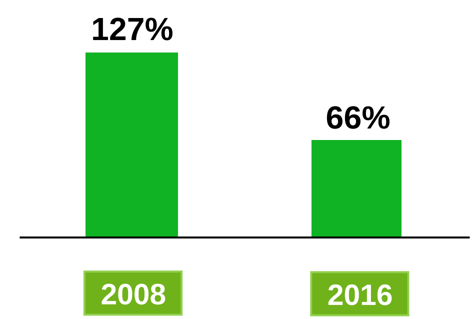
External debt[1]
(in EUR billion equivalent)



Net swap book[2]
(in EUR billion equivalent)

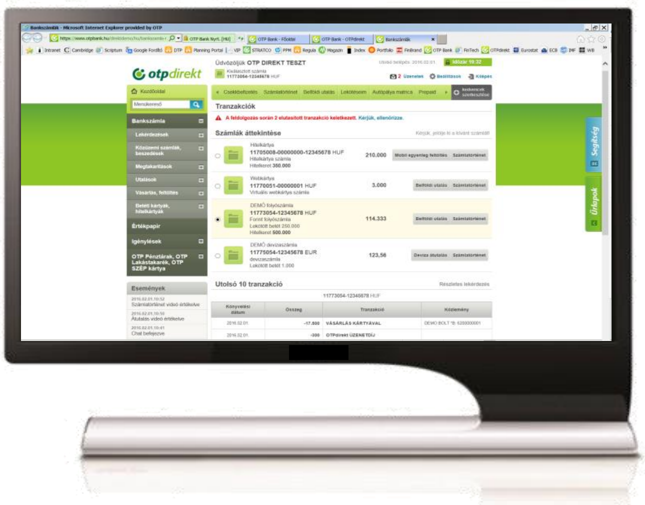


Consolidated net loan to deposit + retail bond ratio



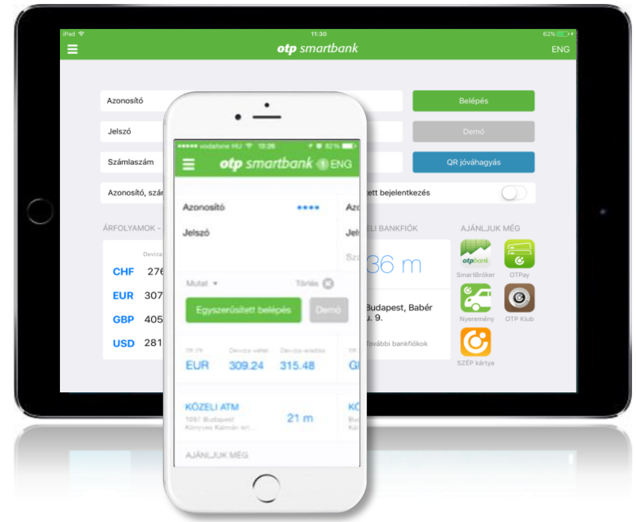
[1] Senior bonds, mortgage bonds, bilateral loans.
[2] Net FX liquidity generating swap book incl. money market and nostro account placements and securities. Negative amount implies FX liquidity placement.

5. OTP Bank is the market leader in all direct channels in Hungary



~850 thousand regular users monthly[1]

~85 thousand users monthly[1]



~200 thousand contacts monthly[1]

Monthly ATM cash withdrawals in the amount of HUF ~240 billion[2]

[1] Based on September 2016 data.
[2] Based on 2015 data.

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5. **The Digital Transformation Program serves as an umbrella focusing on digital customer experience and cost efficient and automated processes**

Aspirations

Digital banking products and services aim at offering an outstanding customer experience

Convenient, flexible and fast customer service

Client-focused, simple and clear-cut processes through all sales and customer service channels

Extensive services for favourable conditions

Internal processes of the digital bank are set to simplify and digitise

Further expansion of digital channels in terms of sales and customer service

Cost efficient, automatized and paperless processes

Big Data based sale and business decision making

Better transparency and compliance with regulations

Quickly adaptive organization

Facts

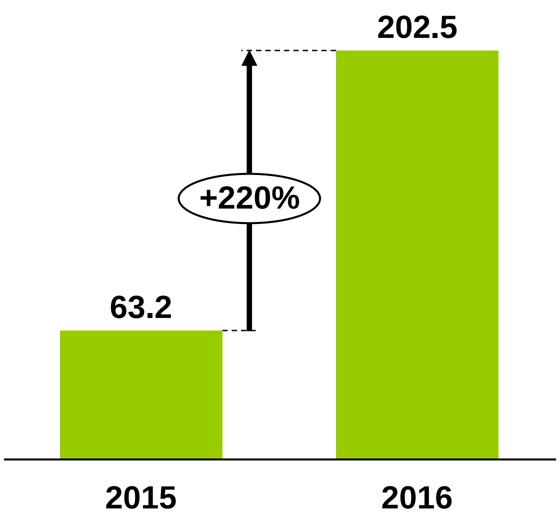
- **More than 25 flagship projects** (especially E2E processes, integrated databases, new alternative risk modelling methods, new mobile solutions) and further 70 interdivisional developments
- **More than 500K clients** use the new OTP digital solutions (Loyalty program, Simple, SME onboarding, EBP, mPOS)
- **New agile project management methodology** launched in top flagship projects
- Establishment of the **digital program management office** which coordinates, harmonizes and supports on-time delivery of several projects in the Digital Transformation Program
- **All divisions** and more than 300 colleagues are involved in the Program
- **Harmonizing group level synergies** both at Hungarian group members and foreign subsidiaries

Content

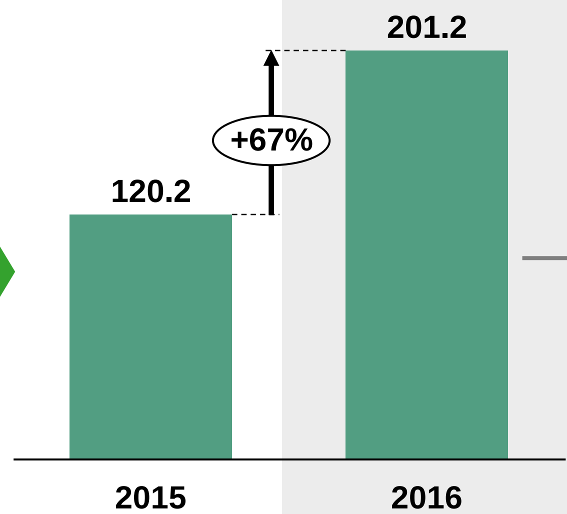
The annual accounting profit surged to more than three-fold supported by the positive balance of adjustments, as well as the sharp turnaround in Russia and Ukraine; profit contribution from CEE Group members decreased by 4%

(in HUF billion)

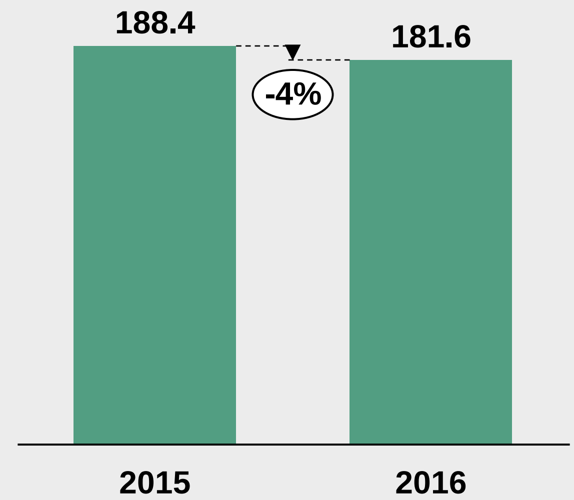
Accounting profit after tax



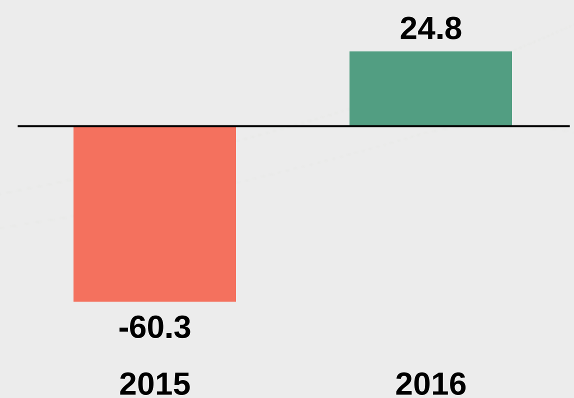
Adjusted profit after tax



Adjusted after tax results in the CEE countries[1]



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

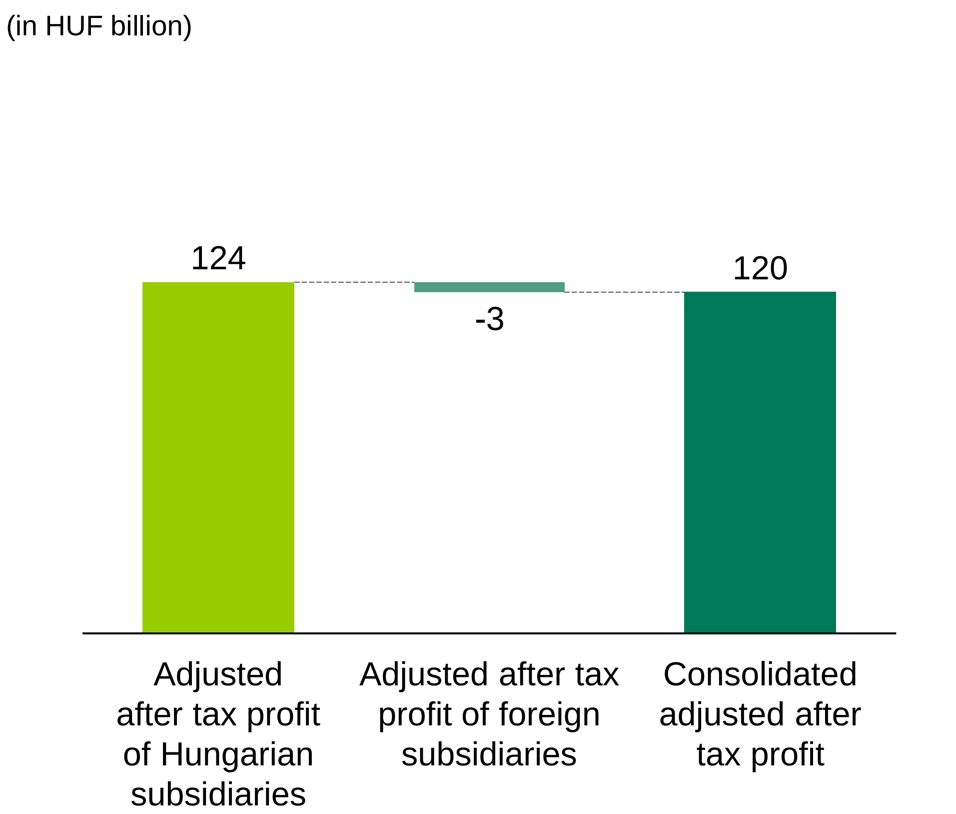


Adjustments (after tax)	**2015**	**2016**
Banking tax	-29.4	-13.9
Visa	0.0	13.2
Other	-27.7	2.0
Total	-57.1	1.3

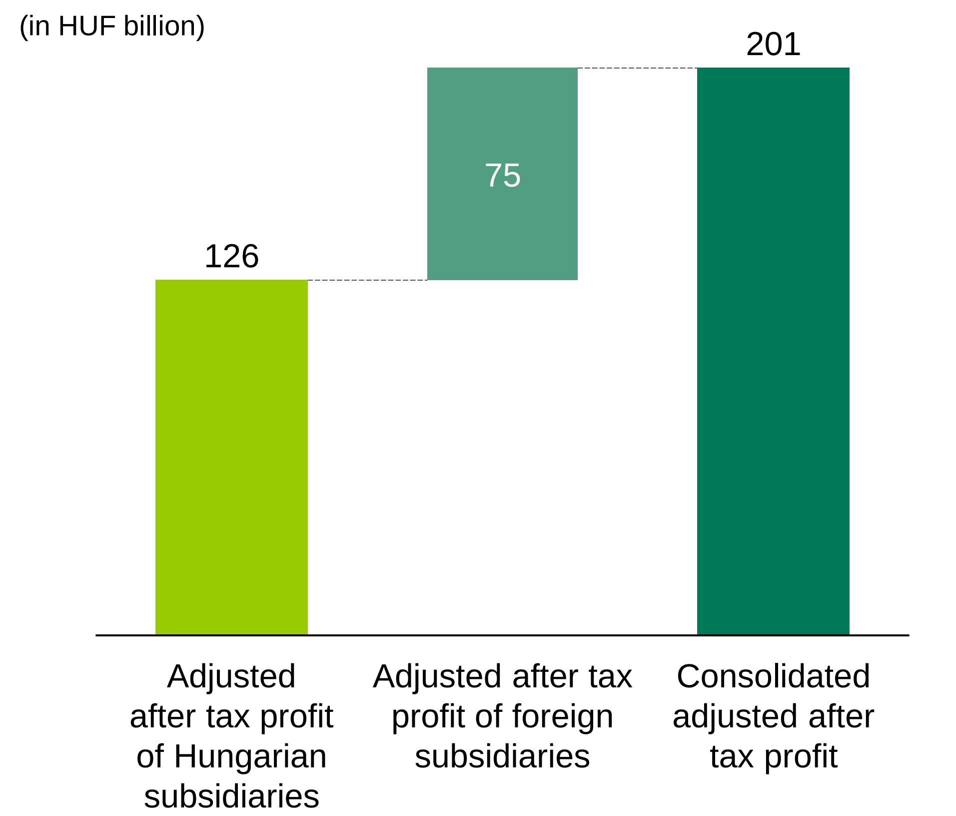
[1] Total result of CEE operations does not include the result of Corporate Centre, foreign asset management companies, other Hungarian and foreign subsidiaries and eliminations. Their aggregated results amounted to HUF -7.9 billion in 2015 and HUF -5.3 billion in 2016.

In 2016 Hungarian group members' adjusted profit contribution increased by 2% y-o-y, whereas profit contribution of foreign subsidiaries leaped by HUF 79 billion y-o-y

2015



2016



Share of foreign subsidiaries' profit contribution. %

-3% → **+40%p** → **38%**

Beside the materially improving Russian and Ukrainian results OTP Core's net profit slightly declined. The Bulgarian after tax profit moderated significantly. Croatia, OTP Fund Management and the Leasing operations improved considerably; Slovakia and Montenegro made losses

	2015	2016	Y-o-Y	4Q 15	3Q 16	4Q 16	Q-o-Q	Y-o-Y
	in HUF billion			in HUF billion				
Consolidated adjusted after tax profit	**120.2**	**201.2**	**67%**	**16.6**	**68.8**	**28.3**	**-59%**	**70%**
CEE operation (adjusted)	**188.4**	**181.6**	**-4%**	**38.6**	**59.8**	**26.5**	**-56%**	**-31%**
OTP Core (Hungary)	123.4	122.2	-1%	27.9	38.8	23.8	-39%	-15%
DSK (Bulgaria)	52.5	47.4	-10%	10.7	14.7	4.7	-68%	-56%
OBR (Romania)	1.5	1.7	12%	-1.0	0.6	-0.5		-46%
OBH (Croatia)	3.0	3.8	27%	0.5	1.4	0.2	-86%	-62%
OBS (Slovakia)	0.9	-2.2		-0.2	0.1	-2.6		
OBSrb (Serbia)	-0.4	0.0		-0.8	0.1	-0.2		-80%
CKB (Montenegro)	0.9	-1.8		-0.3	1.4	-3.5		
Leasing (HUN, RO, BG, CR)	1.8	4.0	122%	0.2	1.8	0.8	-57%	317%
OTP Fund Management (Hungary)	4.8	6.7	38%	1.6	0.9	3.9	339%	143%
Russian and Ukrainian operation (adjusted)	**-60.3**	**24.8**		**-15.3**	**9.3**	**4.7**	**-50%**	
OBRU (Russia)	-15.1	20.5		0.0	6.8	4.6	-33%	
Touch Bank (Russia)	-4.8	-5.9	22%	-2.1	-1.4	-2.0	39%	-4%
OBU (Ukraine)	-40.3	10.2		-13.2	3.8	2.1	-46%	
Corporate Centre and others	**-7.9**	**-5.3**	**-33%**	**-6.8**	**-0.3**	**-2.9**		**-57%**

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In 2016 the balance of adjustment items was a small positive number, marking a huge contrast to the previous year when the Romanian CHF conversion losses and higher banking taxes burdened the results

	2015	2016	Y-o-Y	4Q 15	3Q 16	4Q 16	Q-o-Q	Y-o-Y
	in HUF billion			in HUF billion				
Consolidated after tax profit (accounting)	**63.2**	**202.5**	**220%**	**26.7**	**69.8**	**26.5**	**-62%**	**-1%**
Adjustments (total)	**-57.1**	**1.3**	**-102%**	**10.1**	**1.0**	**-1.8**		
Dividends and net cash transfers (after tax)	0.1	0.4	186%	0.0	0.1	0.0	-92%	
Goodwill/investment impairment charges (after tax)	6.7	11.6	73%	4.0	8.6	0.8	-91%	
Special banking tax (after tax)	-29.4	-13.9	-53%	-0.3	-0.2	-0.2	-1%	-29%
Impact of fines imposed by Hungarian Competition Authority (after tax)	-0.7	1.9	-390%	-0.7	0.0	1 1.9		
Effect of acquisitions (after tax)	1.6	0.0	-100%	0.0	0.0	0.0		
Actual and expected one-off impact of regulatory changes related to consumer contracts in Hungary (after tax)	4.6	0.0	-100%	7.6	0.0	0.0		-100%
Expected one-off impact of regulatory changes related to CHF consumer contracts in Croatia (after tax)	-6.3	0.0	-100%	0.0	0.0	0.0		
One-off impact of regulatory changes related to FX consumer contracts in Serbia (after tax)	-0.2	0.0	-100%	0.0	0.0	0.0		-100%
Expected one-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania (after tax)	-25.5	0.0	-100%	0.0	0.0	0.0		-100%
Corporate tax impact of switching to IFRS from HAR in Hungary	0.0	-5.8		0.0	-7.5	2 1.7	-123%	
Revaluation of deferred taxes recognized in the P&L due to the corporate tax rate cut in Hungary	0.0	-6.1		0.0	0.0	3 -6.1		
Gain on the sale of Visa Europe shares (after tax)	0.0	13.2		0.0	0.0	0.0		
Revaluation of reverse mortgage portfolio of OTP Life Annuity (after tax)	-5.5	0.0	-100%	0.0	0.0	0.0		
Consolidated adjusted after tax profit	**120.2**	**201.2**	**67%**	**16.6**	**68.8**	**28.3**	**-59%**	**70%**

1 In 4Q 2013 the Hungarian Competition Authority imposed a HUF 3.9 billion fine on OTP. In December 2016 the Supreme Court voided the HCA's resolution; according to the Court the HCA was not precise enough in determining the amount of the fine. The Supreme Court, however, did not overrule the decision of the HCA about the violation of competition rules.

2 The tax shield effect of the revaluation of subsidiary investments still emerged in 4Q 2016 (4Q 2016: -HUF 1.7 billion). As the management flagged in the 3Q stock exchange report, this item was shown among the adjustment items with an opposite sign. From 1Q 2017 the corporate tax line of OTP Core won't be distorted anymore by the tax shield related to the HUF exchange rate movements, as the switch to IFRS has already happened.

3 From 2017 the Hungarian corporate tax rate was cut to 9%. This implied revaluations of deferred tax assets and liabilities with a total impact of -HUF 2.7 bn. There was a -HUF 6.1 bn impact recognized in the P&L. On the other hand, +HUF 3.4 billion revaluation impact was booked directly against equity, owing to the revaluation of deferred tax liabilities related to the mark-to-market valuation gains of AFS securities booked directly against equity.

2016 before tax profit without one-off items improved by 70% thanks to moderating risk costs. Decreasing annual operating profit was mainly due to lower net interest income caused by margin contraction

	2015	2016	Y-o-Y	4Q 15	3Q 16	4Q 16	Q-o-Q	Y-o-Y
	in HUF billion			in HUF billion				
Consolidated adjusted after tax profit	**120.2**	**201.2**	**67%**	**16.6**	**68.8**	**28.3**	**-59%**	**70%**
Corporate tax	-25.8	-43.6	69%	-7.3	-4.2	-9.2	122%	26%
O/w tax shield of subsidiary investments	3.1	-2.0	-164%	1.9	2.3	-1.7	-173%	-188%
Before tax profit	146.1	244.8	68%	23.9	72.9	37.5	-49%	57%
Total one-off items	4.2	2.1	-50%	0.5	-0.9	0.1	-109%	-83%
Revaluation result of FX swaps at OTP Core	-0.7	-		-	-	-		
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	4.9	2.1	-57%	0.5	-0.9	0.1	-109%	-83%
Before tax profit without one-off items	**141.9**	**242.7**	**71%**	**23.5**	**73.8**	**37.4**	**-49%**	**59%**
Operating profit w/o one-off items	362.6	335.9	-7%	76.2	86.6	85.0	-2%	12%
Total income w/o one-off items	754.9	736.3	-2%	182.8	184.9	193.6	5%	6%
Net interest income w/o one-off items	553.7	521.9	-6%	133.3	130.7	133.2	2%	0%
Net fees and commissions	167.3	176.0	5%	43.4	45.4	48.2	6%	11%
Other net non interest income without one-offs	34.0	38.4	13%	6.1	8.8	12.2	39%	100%
Operating costs	-392.3	-400.4	2%	-106.6	-98.2	-108.6	11%	2%
Total risk costs	-220.7	-93.2	-58%	-52.7	-12.8	-47.6	272%	-10%

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Miscellaneous

Take-over of AXA volumes in Hungary	The take-over of AXA Bank's Hungarian portfolio was completed on 1 November 2016, thus the relevant balance sheet and P&L items were consolidated in 4Q 2016. The migrated loan portfolio consisted of almost 100% mortgages. Altogether HUF 162 billion net performing (DPD0-90) mortgage loans and HUF 15 billion net DPD90+ mortgage loans were migrated on 1 November. Due to normal amortization and early repayments during November and December, as well as accounting corrections and other technical effects the gross performing volumes represented HUF 154 billion at the end of December 2016.
Acquisition of Splitska banka	On 21 December 2016 OTP Bank Croatia signed an acquisition agreement on purchasing 100% shareholding of Splitska banka, member of Société Générale Group. Splitska banka is the 5th biggest player on the Croatian banking market. As a result of the acquisition the market share of OTP Group will rise to around 11%. The consolidation is expected to take place in 2H 2017, whereas the full integration process will be completed in 2018.
Developments related to Romanian mortgage loans	On 13 May 2016 the so-called **'walk-away' law** came into effect. Accordingly, eligible borrowers might simply return the property to the banks in exchange for getting rid of the mortgage loan. So far the interest was fairly benign: by 31 December 269 clients applied for the scheme (with a gross volume of RON 83 million). OTP Bank Romania has already created the necessary individual and collective provisions. On 25 October 2016 the Romanian Constitutional Court declared several parts of the law unconstitutional and ruled the issue into the competence of local courts to deal with the insolvency and unforeseen developments issues of clients. On 18 October 2016 the Romanian Parliament unanimously passed a law requiring banks to **convert all mortgages originated in CHF into local currency at rates prevailing at origination**, however on 24 October the Romanian Government sent the law to the Constitutional Court for review, consequently the President has not signed the Act either. **On 7 February 2017 the Constitutional Court declared the Act as a whole unconstitutional.**

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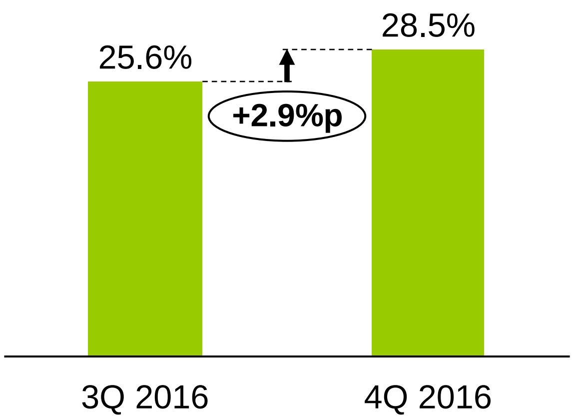
The acquisition of AXA Bank was one of the most significant transactions in recent times in Hungary. At the end of 2016 the integration process of AXA has been completed successfully

Volumes at the end of 4Q 2016 (in HUF billion)

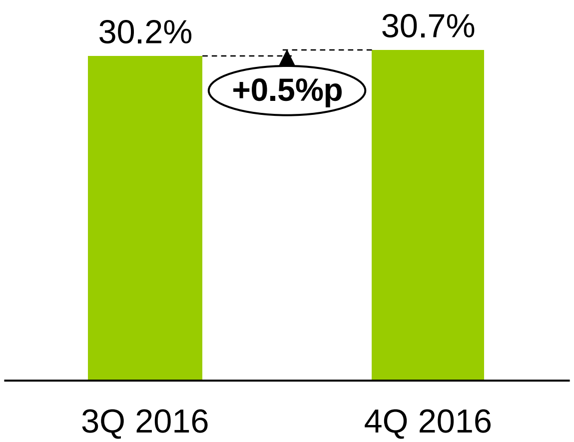
	Taken over from AXA	OTP Core (with AXA)
Performing mortgage loan (gross)	**154**	**1,142**
DPD90+ mortgage loan (gross)	**17**	**132**
Retail deposits	**51**	**2,598**
SME deposits	**9**	**566**

OTP portfolios' market share

Mortgage loan[1]



Household savings



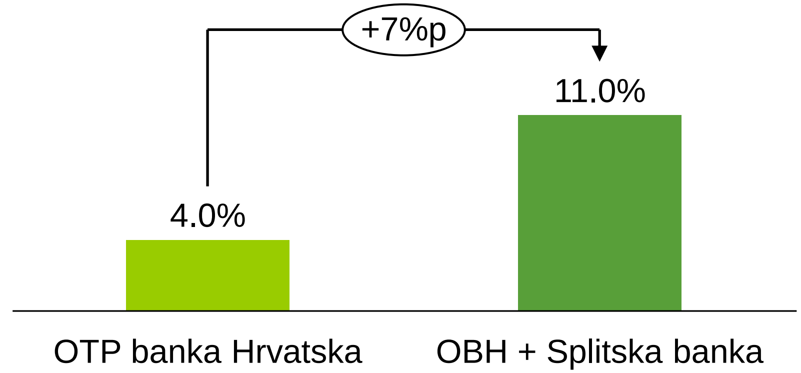
[1] Aggregated market share of OTP Bank, OTP Mortgage Bank, OTP Building Society and Merkantil, based on the balance sheet data provision to the central bank, calculated from the „Loans to non-financial-, other-financial-, additional- and non-profit- institutions serving households" line.

OTP signed an agreement about the acquisition of the fifth largest bank, Splitska banka in Croatia, increasing its market share above 10%

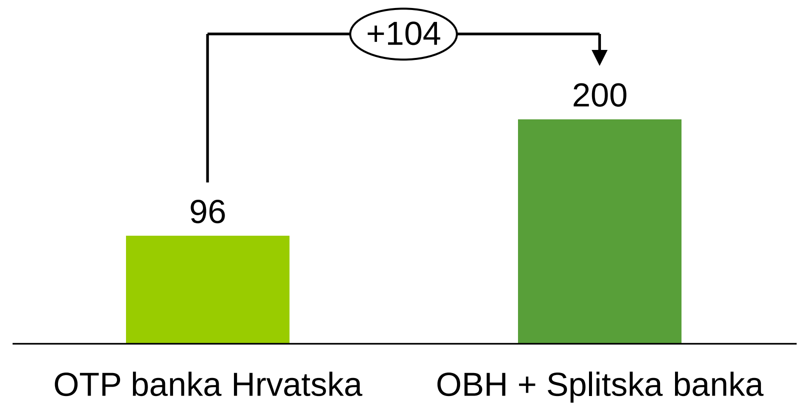
Market shares in the Croatian banking sector, 2015
(in HRK billion)

	Bank	Total assets
1.	ZAGREBAČKA BANKA d.d. (UniCredit)	106.0
2.	PRIVREDNA BANKA ZAGREB d.d. (Intesa)	69.7
3.	ERSTE & STEIERMÄRKISCHE BANK d.d.	59.0
4.	***OTP + SPLITSKA*** *(aggregated)*	***42.9***
4.	RAIFFEISENBANK AUSTRIA d.d.	31.2
5.	**SOCIÉTÉ GÉNÉRALE-SPLITSKA BANKA d.d.**	**27.0**
6.	ADDIKO BANK d.d.	25.6
7.	HRVATSKA POŠTANSKA BANKA d.d.	17.7
8.	**OTP BANKA HRVATSKA d.d.**	**15.9**
9.	SBERBANK d.d.	9.7
10.	KREDITNA BANKA ZAGREB d.d.	3.5

Market share by total assets before and after the acquisition (based on 3Q 2016 data)



Number of branches before and after the acquisition



The 2016 annual total income decreased by 2% because of the NIM compression in Hungary and Bulgaria, as well as due to the lower Russian and Ukrainian contribution. In 4Q total revenues grew by HUF 9 billion q-o-q, driven by Russia, OTP Fund management and Corporate Centre

	TOTAL INCOME – 2016 without one-off items (HUF billion)	Y-o-Y change (HUF billion)	Y-o-Y change (%)	TOTAL INCOME – 4Q 2016 without one-off items (HUF billion)	Q-o-Q change (HUF billion)	Q-o-Q change (%)
OTP Group	736	-19	-2%	194	9	5%
OTP CORE (Hungary)	355	-13	-3%	89	-1	-1%
DSK (Bulgaria)	113	-2	-2%	29	1	3%
OBRU (Russia)	106	-7	-6%/3%[1]	30	2	8%/3%[1]
Touch Bank (Russia)	0		n/a	0		n/a
OBU (Ukraine)	37	-4	-9%/8%[1]	9	0	3%
OBH (Croatia)	31	3	12%	8	-1	-7%
OBS (Slovakia)	18	0	1%	5	0	2%
OBR (Romania)	27	-1	-4%	7	0	0%
CKB (Montenegro)	10	0	-4%	2	0	-14%
OBSrb (Serbia)	8	-1	-8%	2	0	4%
Others[2]	32	5	18%	14	7	102%

[1] Change in local currency

[2] Other group members and eliminations. Of the HUF 7 bn q-o-q increase in 4Q 2016 Merkantil represented HUF 1.0 billion, OTP Asset Management delivered HUF 4.1 billion and the Corporate Centre HUF 2.7 billion.

In 4Q the net interest income improved by 2% q-o-q. Higher NII was realized at OTP Core and OTP Russia, whereas Corporate Centre realized savings in interest expenditures on bonds

NET INTEREST INCOME – 4Q 2016 (HUF billion)	Share	NII	Q-o-Q (HUF billion)	Q-o-Q (%)
OTP Group	100%	133	3	2%
OTP CORE (Hungary)	46%	61	2	4% (1)
DSK (Bulgaria)	15%	20	-1	-4%
OBRU (Russia)	19%	25	2	10%/5%[1]
Touch Bank (Russia)	0%	0		55%
OBU (Ukraine)	4%	6	0	1%
OBH (Croatia)	4%	6	0	1%
OBS (Slovakia)	3%	3	0	-2%
OBR (Romania)	4%	5	0	1%
CKB (Montenegro)	1%	2	0	-3%
OBSrb (Serbia)	1%	1	0	0%
Merkantil (Hungary)	4%	5	1	32% (2)
Corporate Centre	1%	1	3	(3)
Others and eliminations	-2%	-3	-5	(4)

1 The growth was supported by the consolidation of AXA portfolio. Furthermore, there was a HUF 1.9 billion NII-boosting item (the other net non-interest income dropped by the same amount). The q-o-q diminishing interbank interest rates were a drag on 4Q NII. (This HUF 1.9 bn item emerged because in 4Q 2016 certain components of the result on derivative instruments have been presented on a separate line in the accounting P&L structure: on the Gains and losses on derivative financial instruments line. In the previous accounting and adjusted P&L structure, items currently booked on this new line were accounted for on the NII, FX result and gains/losses on securities line. In 4Q 2016 the full annual amounts have been moved in one sum to the new line. In the adjusted P&L structure this new line is part of the Other net non-interest income.)

2 HUF 1.5 billion item supported the NII line due to a change in the accounting methodology. Formerly, the booked but unpaid interest income in case of DPD30+ exposures was booked as suspended off-balance sheet interest pursuant to HAR (and not recognized in the P&L). In December 2016 the switching to IFRS induced the realization of suspended interests on the NII line within the P&L. At the same time risk costs for loan losses and other risk costs were booked, too.

3 The repaid LT2 bond in September and the coupon step-down of the Perpetual bond lowered interest expenditures by HUF 2.1 billion q-o-q.

4 The q-o-q decline is explained by the lump-sum accounting of the full-year amount of eliminations related to the intragroup FX swap deals concluded between OTP Bank (Hungary) and DSK Bank.

[1] Change in local currency

The net fee and commission income was driven by the success fee revenues generated by OTP Fund Management

NET FEE AND COMMISSION INCOME – 4Q 2016 (HUF billion)	Share	HUF billion	Q-o-Q (HUF billion)	Q-o-Q (%)
OTP Group	100%	48.2	3	6%
OTP CORE (Hungary)	52%	25.3	-1	-5% (1)
DSK (Bulgaria)	14%	6.6	0	-1%
OBRU (Russia)	8%	3.9	0	1%/-4%[1]
Touch Bank (Russia)	0%	0	0	4%
OBU (Ukraine)	5%	2.5	0	11%
OBH (Croatia)	3%	1.4	0	-4%
OBS (Slovakia)	2%	1.0	0	21%
OBR (Romania)	1%	0.7	0	-32%
CKB (Montenegro)	1%	0.6	0	-20%
OBSrb (Serbia)	1%	0.4	0	5%
Fund mgmt. (Hungary)	12%	5.6	4	265% (2)

1 At OTP Core the more active usage of credit card resulted in higher refunds to clients, and the total annual amount of refunds was booked in lump-sum in 4Q 2016; on the other hand, the deposit and transaction-related fee income improved further.

2 The q-o-q higher net fee and commission income at OTP Fund Management is mainly reasoned by the success fees booked in 4Q.

[1] Change in local currency

The other net non-interest income increased by 39% q-o-q

OTHER NET NON-INTEREST INCOME – 4Q 2016 without one-off items (HUF billion)	Share		Q-o-Q (HUF billion)	Q-o-Q (%)
OTP Group	100%	12.2	3.4	39%
OTP CORE (Hungary)	24%	3.0	-1.7	-36% (1)
DSK (Bulgaria)	15%	1.9	1.7	926% (2)
OBRU (Russia)	3%	0.4	-0.1	-26%
Touch Bank (Russia)	0%	0		n/a
OBU (Ukraine)	4%	0.5	-0.1	-15%
OBH (Croatia)	5%	0.6	-0.6	-51%
OBS (Slovakia)	1%	0.1	0.0	-18%
OBR (Romania)	6%	0.8	0.3	54%
CKB (Montenegro)	1%	0.1	-0.2	-61%
OBSrb (Serbia)	1%	0.1	0.1	174%
Others[1]	41%	4.9	4.1	509% (3)

1 At OTP Core there was a HUF 1.7 billion q-o-q decline mainly as a joint result of the HUF 1.9 billion negative item influencing the revenue structure only (reducing other revenues and boosting NII), and a HUF 0.5 billion positive result realized on government securities.

2 In Bulgaria one-off revenue item was accounted for in the last quarter: the Bulgarian factoring company's off-balance sheet interest claims have been revised, resulting in a HUF 1.4 billion other non-interest revenue booked in the Bulgarian P&L.

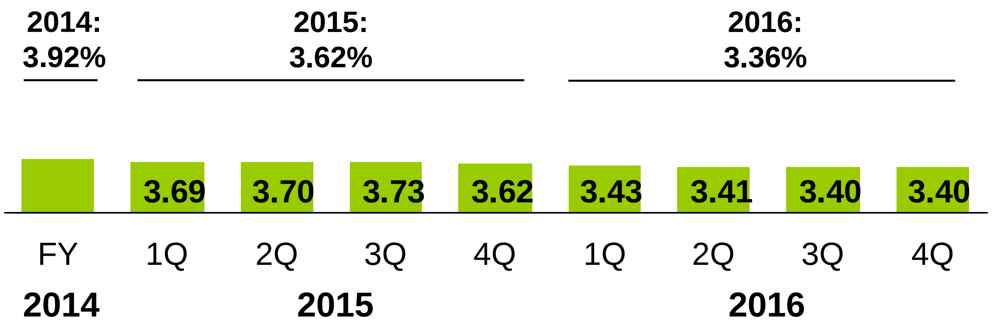
3 The q-o-q jump is explained by the lump-sum accounting of the full-year amount of eliminations related to the intragroup FX swap deals concluded between OTP Bank (Hungary) and DSK Bank in 4Q 2016. As the other leg of this item, there is an elimination within NII with a similar magnitude, but with an opposite sign.

[1] Other group members and eliminations

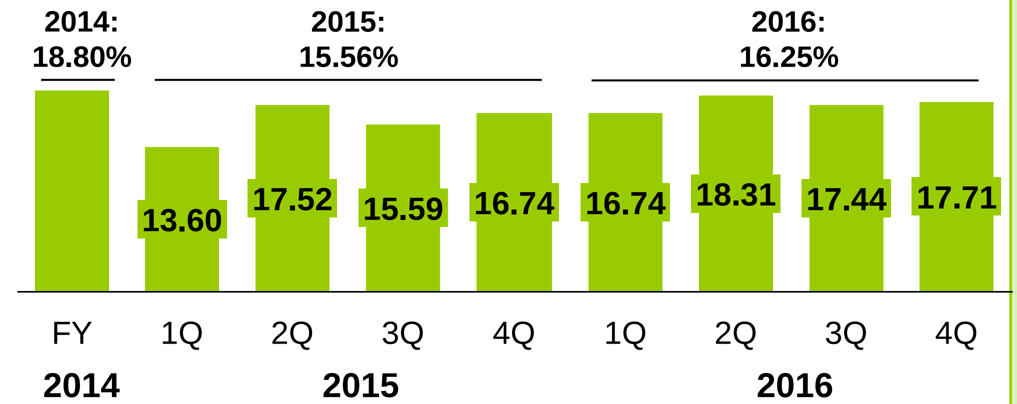
Net interest margin at OTP Core remained stable q-o-q. The Bulgarian NIM erosion continued. The Russian and Ukrainian margins did not change materially q-o-q

Net interest margin (%)

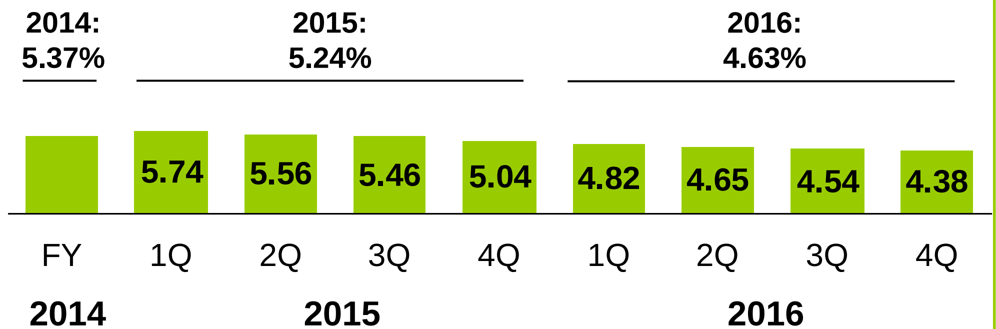
OTP Core Hungary



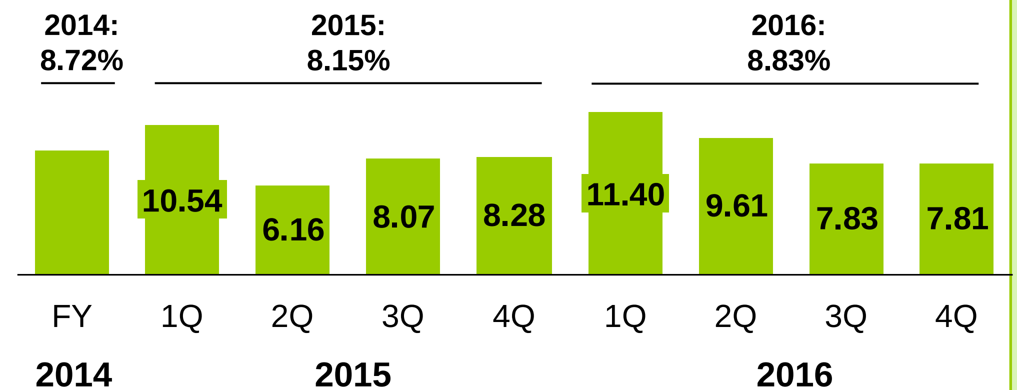
OTP Bank Russia



DSK Bank Bulgaria



OTP Bank Ukraine



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In 4Q 2016 the consolidated net loan to deposit ratio slightly decreased q-o-q

Loan to deposit ratio, % (30 December 2016)

Net loan to deposit
Gross loan to deposit

100%

Change of net loan to deposit ratio, FX-adjusted

	Net loan to deposit	Gross loan to deposit	Q-o-Q	Y-o-Y
OTP Group*	66%	78%	-1%p	0%p
OTP CORE* (Hungary)	49%	53%	0%p	2%p
OBRU (Russia)	108%	142%	2%p	8%p
DSK (Bulgaria)	65%	74%	-2%p	-1%p
OBU (Ukraine)	84%	167%	-3%p	-1%p
OBR (Romania)	134%	156%	-2%p	-8%p
OBH (Croatia)	82%	91%	3%p	-2%p
OBS (Slovakia)	97%	106%	-1%p	4%p
OBSrb (Serbia)	105%	138%	6%p	0%p
CKB (Montenegro)	58%	96%	-5%p	-7%p

At OTP Group the consolidated net loan to (deposit+retail bonds) ratio slightly decreased to 66% (-1 pp q-o-q on an FX-adjusted basis).

At OTP Core the ratio went up by 2 pp y-o-y, as loan growth outpaced deposit growth, fuelled also by the takeover of AXA volumes (HUF 60 billion at the end of 2016).

In Russia the q-o-q increase of the ratio is the result of the seasonal pick-up of new loan sales. Regarding the y-o-y dynamics the 6% FX-adjusted decline of deposits played a major role.

In Bulgaria, as a combination of outstanding corporate loan growth and sluggish retail volume developments, the deposit growth outpaced the net loan growth both in q-o-q and y-o-y comparison.

* In case of the Group and OTP Core the applied formula is 'net loan / (deposit + retail bonds)'

2016 brought the long-awaited turnaround in loan volumes: the consolidated performing loans grew by 6% (+3% without AXA take-over thanks to strong corporate loan expansion in Hungary and Bulgaria). In 4Q mortgage loan volumes jumped by 15% at OTP Core, and stabilized w/o AXA. Russian consumer loans grew even in yearly comparison

DPD0-90 volumes

Q-o-Q loan volume changes in 4Q 2016, adjusted for FX-effect

	Cons.	Core (Hungary)	DSK (Bulgaria)	OBRu (Russia)	OBU (Ukraine)	OBR (Romania)	OBH (Croatia)	OBS (Slovakia)	OBSr (Serbia)	CKB (Montenegro)
Total	4% / 1%[2]	7% / 0%[2]	-1%	10%	4%	2%	3%	2%	0%	-1%
Consumer	2%	-1%	-1%	10%	16%	4%	0%	-1%	4%	1%
Mortgage	8% / 0%[2]	15% / 0%[2]	0%	-6%	-3%	-1%	3%	0%	4%	2%
Corporate[1]	2%	1%	-3%	21%	5%	5%	4%	5%	-2%	-5%
Car financing	3%				2%					

Y-o-Y loan volume changes in 4Q 2016, adjusted for FX-effect

	Cons.	Core (Hungary)	DSK (Bulgaria)	OBRu (Russia)	OBU (Ukraine)	OBR (Romania)	OBH (Croatia)	OBS (Slovakia)	OBSr (Serbia)	CKB (Montenegro)
Total	6% / 3%[2]	12% / 5%[2]	4%	1%	5%	-4%	2%	1%	12%	-3%
Consumer	2%	4%	0%	1%	9%	-1%	-1%	7%	12%	1%
Mortgage	5% / -3%[2]	12% / -3%[2]	-1%	-20%	-8%	-12%	7%	-2%	7%	2%
Corporate[1]	10%	14%	14%	20%	7%	6%	-1%	1%	14%	-10%
Car financing	5%				10%					

[1] Loans to MSE and MLE clients and local governments
[2] Without the effect of the takeover of AXA's portfolio

The consolidated deposit base grew by 6% q-o-q due to seasonally higher Hungarian retail and municipality deposits, while the AXA Bank acquisition explains 1 pp from the quarterly growth

Q-o-Q deposit volume changes in 4Q 2016, 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	6%	8%	0%	7%	30%	9%	3%	-2%	2%	-7%	1%
Retail	5%	8%	3%	0%	30%	1%	3%	-1%	-2%	-1%	-1%
Corporate[1]	7%	9%	-9%	29%	n.a.	16%	3%	-6%	10%	-11%	5%

Y-o-Y deposit volume changes in 4Q 2016, 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	6%	9%	4%	-6%	n.a.	13%	1%	1%	-4%	9%	1%
Retail	8%	13%	6%	-8%	n.a.	0%	3%	-1%	-10%	6%	-4%
Corporate[1]	5%	5%	-1%	-3%		24%	0%	14%	7%	11%	11%

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

Consolidated annual operating costs grew by 2% y-o-y (+4% adjusted for FX rate changes), explained by higher personnel expenses and fund contributions at OTP Core, and increasing marketing costs along with strengthening business activity

OPERATING COSTS – 2016 (HUF billion)	Share	Amount	Y-o-Y (HUF bn)	Y-o-Y (%)	Y-o-Y (FX-adj., HUF bn)	Y-o-Y (FX-adj., %)
OTP Group	100%	400	8	2%	14	4%
OTP CORE (Hungary)	53%	211	14	7%	14	7% (1)
DSK (Bulgaria)	11%	42	1	3%	1	2%
OBRU (Russia)	11%	44	-4	-9%	0	-1%
Touch Bank (Russia)	2%	7	1	25%	2	33%
OBU (Ukraine)	4%	15	-1	-5%	2	11% (2)
OBH (Croatia)	4%	18	1	4%	0	3%
OBS (Slovakia)	3%	11	0	0%	0	0%
OBR (Romania)	5%	18	-3	-16%	-3	-16% (3)
CKB (Montenegro)	2%	7	0	0%	0	0%
OBSrb (Serbia)	2%	7	0	-1%	0	1%
Merkantil (Hungary)	2%	6	0	-5%	0	-5%

1 OTP had to pay y-o-y HUF 3.0 billion higher contributions into the National Deposit Protection Fund, the Investor Protection Fund and the Resolution Fund. Reviving business activity coupled with higher marketing spending, but higher deductible taxes and the one-off costs related to organizational changes occurring in 2Q played a role, too. At the Bank there was an average base salary increase of 4% in April 2016. The takeover of AXA businesses resulted in HUF 640 million additional operating costs in 4Q 2016.

2 Annual operating expenses increased by 11% y-o-y in local currency terms, beside 13.9% average annual inflation. The y-o-y growth was partly induced by higher personnel expenses, as well as higher expert fees and regulatory expenses.

3 In 2016 operating expenses dropped by 16% which already reflects the cost synergies of the Banca Millennium transaction.

2016 performance of OTP Core was driven by lower net interest income and declining risk costs. In 4Q 2016 the q-o-q setback was explained by the seasonal increase in operating costs and prudent provisioning

OTP CORE (in HUF billion)	2015	2016	Y-o-Y	4Q 15	3Q 16	4Q 16	Q-o-Q	Y-o-Y
Before tax profit without one-off items	**145.0**	**149.8**	**3%**	**31.9**	**42.0**	**29.9**	**-29%**	**-6%**
Operating profit w/o one-off items	170.6	143.7	-16%	40.5	38.3	32.5	-15%	-20%
Total income w/o one-off items	367.2	354.7	-3%	92.6	90.0	89.1	-1%	-4%
Net interest income w/o one-off items	251.6	235.9	-6%	61.6	58.7	60.9	4%	-1%
Net fees and commissions	97.5	100.2	3%	25.0	26.6	25.3	-5%	1%
Other net non interest income without one-offs	18.2	18.6	2%	6.0	4.6	2.9	-36%	-51%
Operating costs	-196.6	-211.0	7%	-52.2	-51.7	-56.6	10%	9%
Total risk costs	-25.6	6.1		-8.6	3.7	-2.6		-70%

1 The annual net interest income declined by 6%, reasoned mainly by the y-o-y 25 bps lower net interest margin. The lower NIM was mainly driven by the declining interest rate environment that took its toll through lower deposit margins and lower gross interest income on customer loans. Furthermore, structural changes within the loan book also had a negative NIM-effect (the share of corporate exposures with lower margins increased).

2 After the 2% q-o-q growth recorded in 3Q, in 4Q the net interest income grew by 4% q-o-q. This was supported by the consolidation of AXA portfolio on 1 November. Furthermore, there was another NII-boosting item of HUF 1.9 billion, which was neutral to the net result because it influenced only the structure of revenues (the other net non-interest income dropped by the same amount). On the other hand, the 4Q net interest income was negatively influenced by the q-o-q diminishing interbank interest rates.

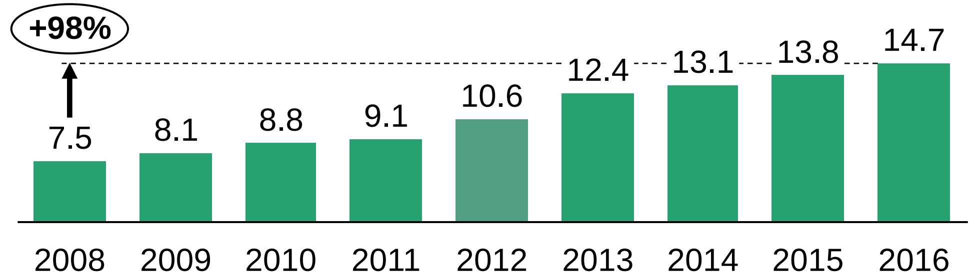
3 The annual net fee income growth was propelled by stronger card-related fees thanks to growing transactional turnover. In 4Q there was a 5% q-o-q decline: the q-o-q more active usage of credit card generated higher refunds to clients.

4 After a release on the total risk cost line in 2Q and 3Q risk costs increased in 4Q as a result of prudent and conservative provisioning.

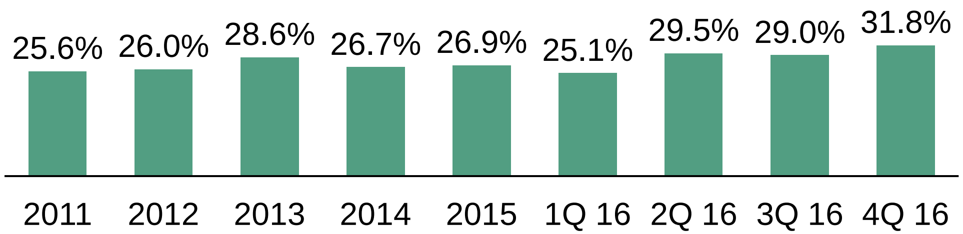
Mortgage loan applications and disbursements accelerated further. OTP's market share in mortgage loan disbursement, corporate loans and retail savings improved as well.

Change of mortgage loan applications and disbursement of OTP Bank (2016, y-o-y changes)

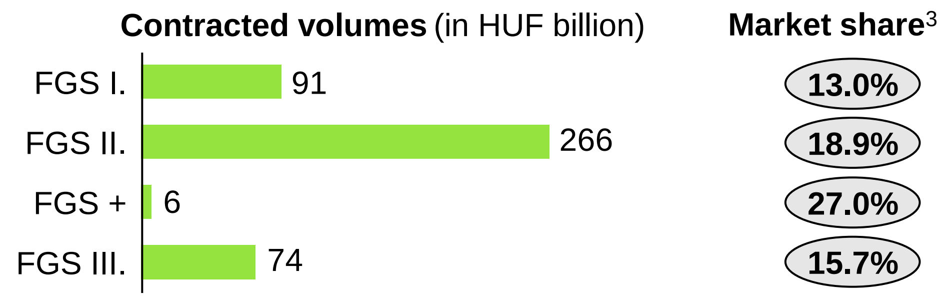
OTP Group's market share[2] in loans to Hungarian companies (%)



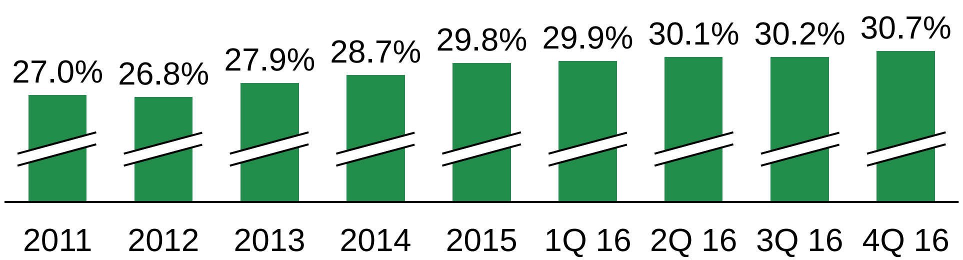
OTP's market share in mortgage loan contractual amounts[1] (%)



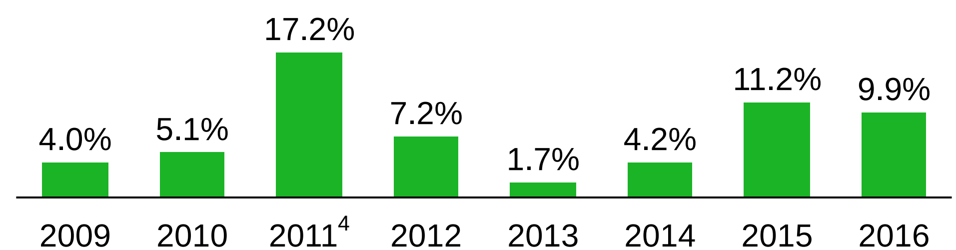
Activity of OTP Group in the Funding for Growth Scheme



OTP Bank's market share in household savings[5]



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 the balance sheet data provision to the central bank, calculated from the „Loans to non-financial-, other-financial-, additional- and non-profit-institutions serving households" line. [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. [5] 4Q 2016: estimate.

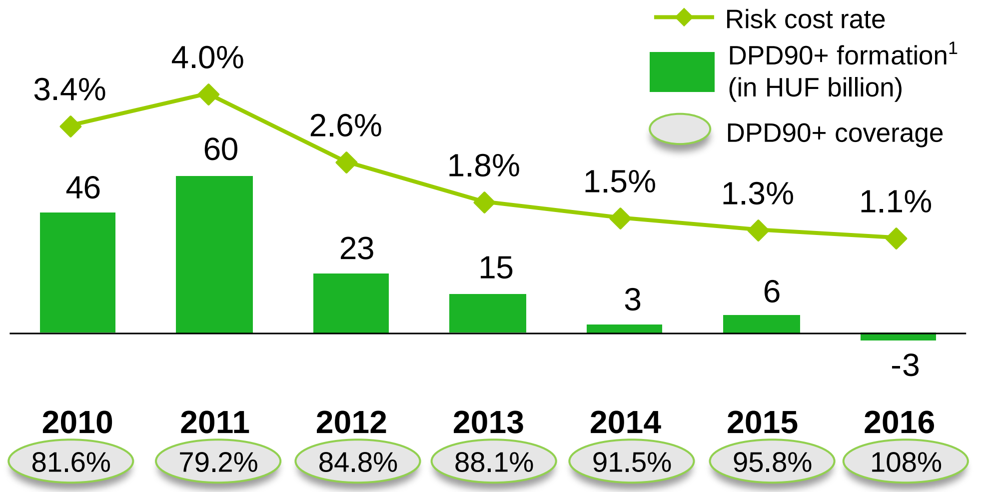
DSK Bank Bulgaria

Profitability of DSK Bank remained outstanding. Portfolio quality developments are favourable. The lending activity improved and the corporate loan market share rose further

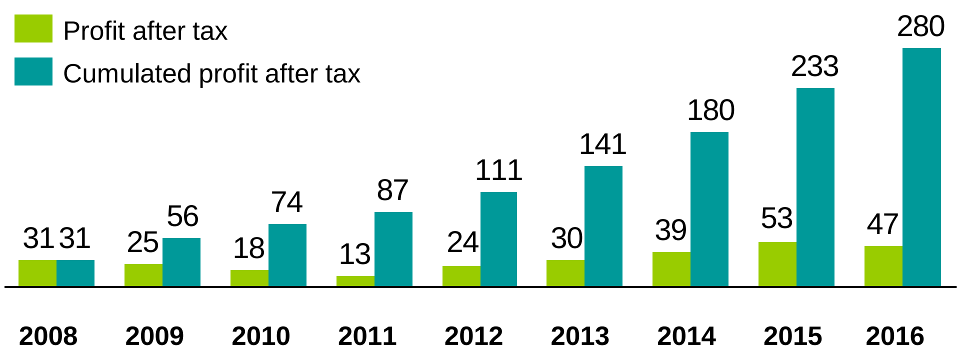
Income statement of DSK Bank

in HUF billion	2015	2016	4Q 15	3Q 16	4Q 16
Profit after tax (adjusted)	52.5	47.4	10.7	14.7	4.7
Profit before tax	58.3	52.4	11.7	16.2	5.1
Operating profit	73.1	70.1	17.4	17.6	17.5
Total income	114.4	112.5	29.8	28.0	28.8
Net interest income	88.7	84.0	21.9	21.1	20.3
Net fees and commissions	23.0	26.0	5.8	6.7	6.6
Other non-interest income	2.8	2.4	2.1	0.2	1.9
Operating costs	-41.3	-42.4	-12.3	-10.3	-11.3
Total risk cost	-14.9	-17.7	-5.8	-1.4	-12.4
Provisions for loan losses	-14.6	-13.0	-5.9	-1.1	-8.4
Other provisions	-0.2	-4.8	0.1	-0.3	-4.1
Corporate tax	-5.7	-5.0	-1.0	-1.5	-0.4

Development of DSK Bank's risk indicators



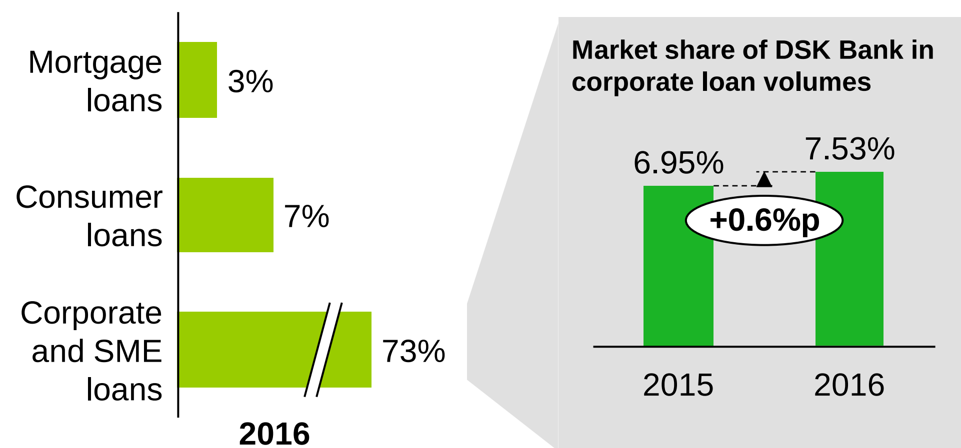
DSK Bank: profit after tax development (in HUF billion)



Annual real GDP growth (%)

5.6	-4.2	0.1	1.6	0.2	1.3	1.5	3.0	3.4

Development of loan disbursements at DSK (y-o-y changes)



[1] Adjusted for FX rate changes and loan sales and write-offs.

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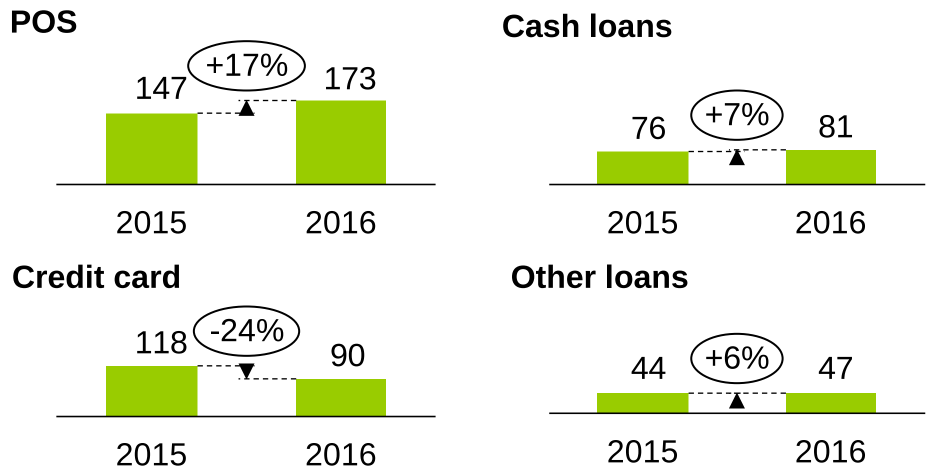
OTP Bank Russia

The Russian subsidiary delivered positive result in every quarter of 2016. Performing gross loans turned into growth even in y-o-y comparison

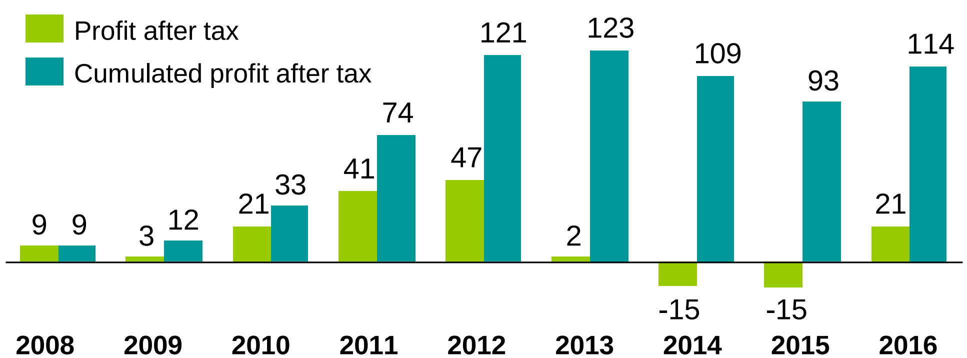
Income statement of OTP Bank Russia

in RUB billion	2015	2016	1Q 16	2Q 16	3Q 16	4Q 16
Profit after tax (adjusted)	**-4.4**	**4.8**	**0.7**	**1.5**	**1.6**	**1.0**
Profit before tax	-5.4	6.3	0.9	2.0	2.0	1.4
Operating profit	12.6	14.6	3.5	3.7	3.7	3.7
Total income	24.4	25.1	6.0	6.1	6.4	6.5
Net interest income	21.2	21.7	5.4	5.4	5.3	5.6
Net fees and commissions	3.1	3.3	0.8	0.8	0.9	0.9
Other non-interest income	0.2	0.0	-0.1	-0.1	0.1	0.1
Operating costs	-11.8	-10.5	-2.5	-2.5	-2.6	-2.8
Total risk cost	-18.0	-8.3	-2.6	-1.7	-1.7	-2.3
Provisions for loan losses	-17.8	-8.1	-2.6	-1.7	-1.7	-2.1
Other provisions	-0.2	-0.2	0.0	0.0	0.0	-0.1
Corporate tax	1.0	-1.5	-0.2	-0.4	-0.4	-0.4

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



OTP Bank Russia profit after tax development (in HUF billion)



Annual real GDP growth (%)

5.2 | -7.8 | 4.5 | 4.3 | 3.5 | 1.3 | 0.7 | -2.8 | -0.2

OTP Bank Russia - risk cost rates in different segments

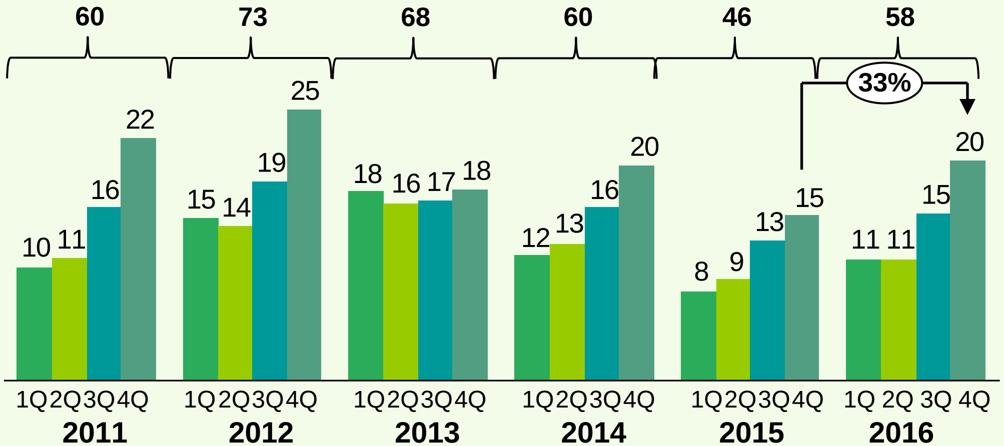
	2014	2015	2016	1Q 16	2Q 16	3Q 16	4Q 16
POS loans	11.5%	10.1%	6.1%	7.0%	6.5%	7.4%	6.0%
Credit cards	19.7%	21.1%	12.3%	14.6%	10.8%	8.3%	14.6%
Cash loans	19.7%	17.4%	7.7%	9.3%	7.1%	7.1%	8.3%

Starting from 1Q 2015 OTP Bank Russia performance excludes the performance of Touch Bank.

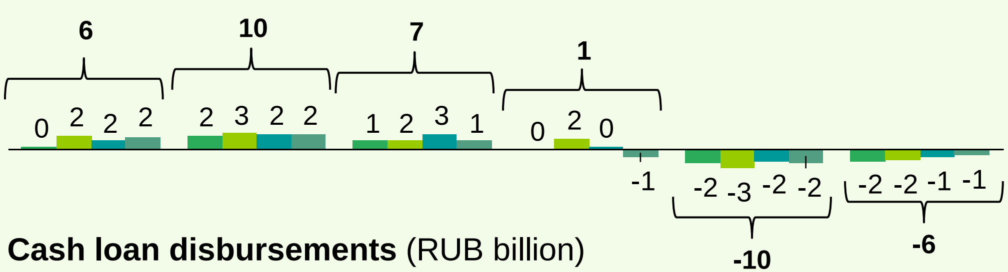
OTP Bank Russia

In 4Q 2016 POS and cash loan disbursements grew on a yearly basis, but performing credit card volumes declined further. Deposits increased q-o-q in RUB terms. Average RUB term deposit rates kept shrinking

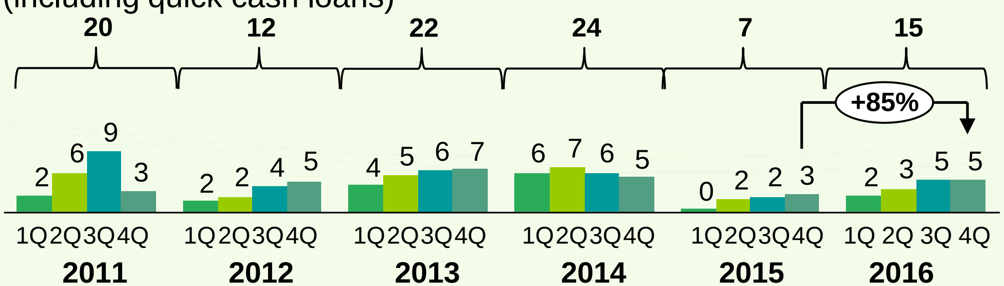
POS loan disbursements (RUB billion)



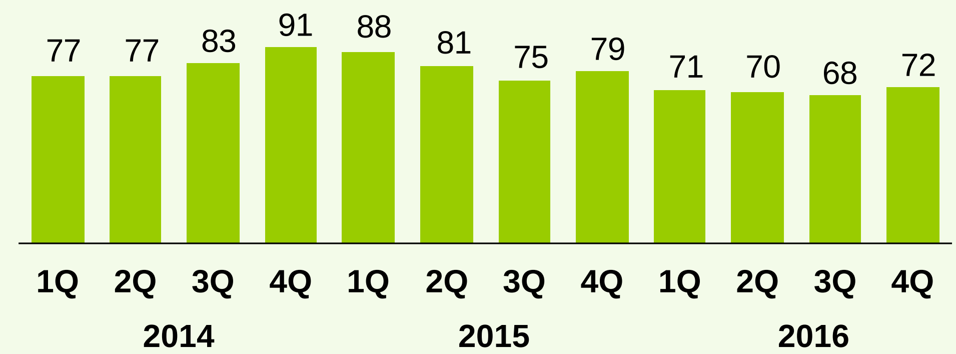
DPD0-90 credit card loan volume q-o-q changes (RUB billion)



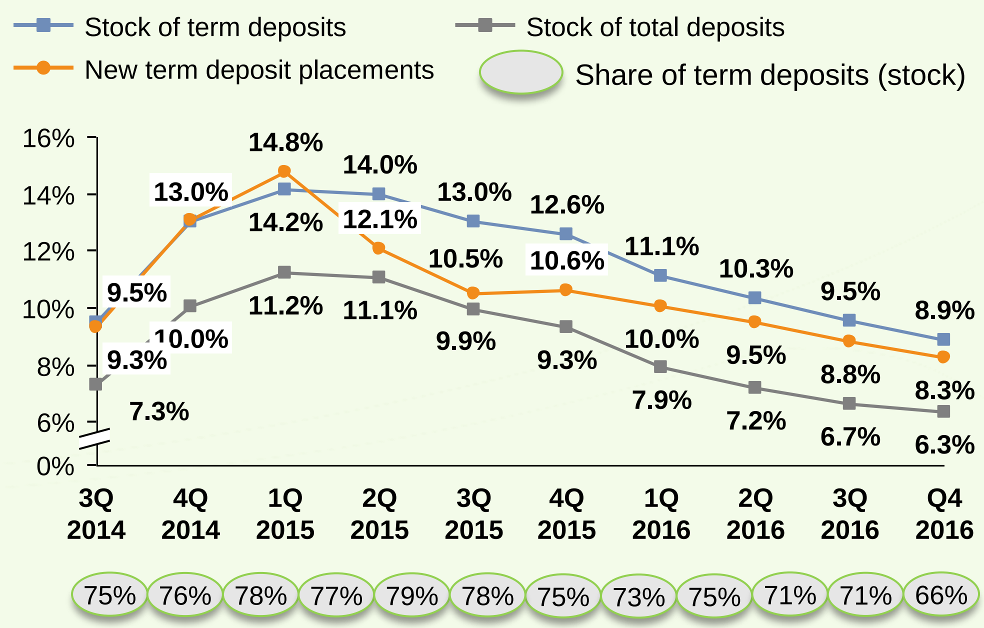
Cash loan disbursements (RUB billion)
(including quick cash loans)



Development of customer deposits (RUB billion)



Average interest rates for stock and new RUB deposits



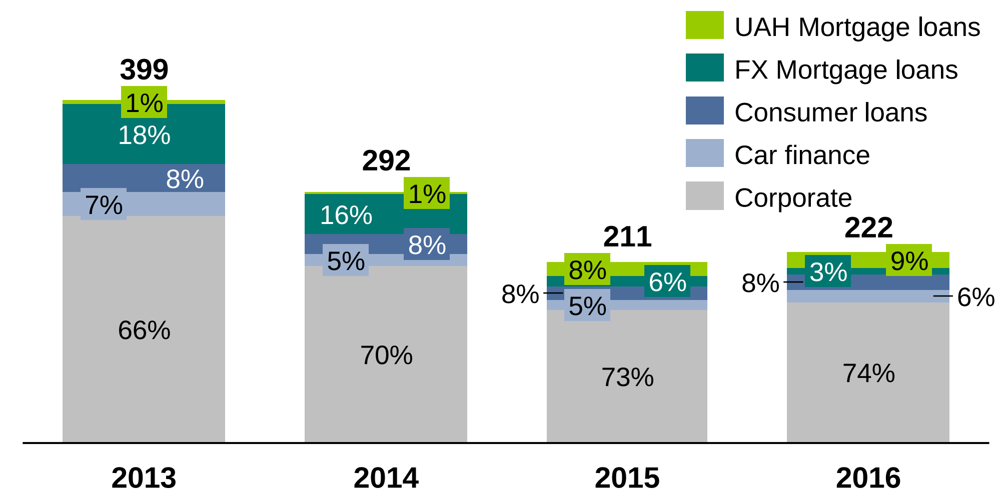
OTP Bank Ukraine

The Ukrainian operation returned to profitability in 2016, posting positive net result in every quarter of 2016. The portfolio deterioration remained moderate, the performing loan book increased by 5%. The intragroup funding exposure to the Ukrainian group members dropped to HUF 46 billion

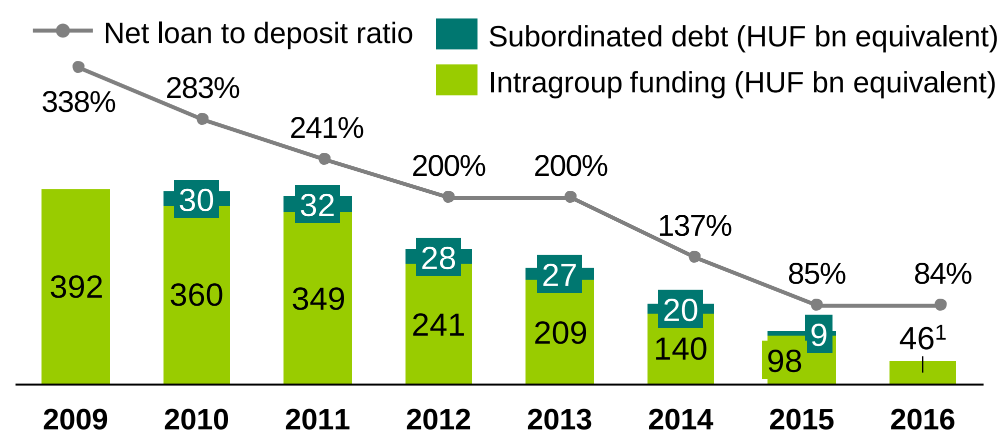
Income statement of OTP Bank Ukraine

in UAH million	2015	2016	1Q 16	2Q 16	3Q 16	4Q 16
Profit after tax (adjusted)	**-3,119**	**926**	**78**	**313**	**350**	**186**
Profit before tax	-3,251	1,059	332	334	199	195
Operating profit	1,909	2,015	649	519	460	387
Total income	3,138	3,383	962	848	779	795
Net interest income	2,237	2,401	726	619	527	530
Net fees and commissions	613	793	181	189	201	222
Other non-interest income	287	189	54	40	51	43
Operating costs	-1,228	-1,368	-312	-329	-319	-408
Total risk cost	-5,160	-956	-318	-185	-261	-192
Provisions for loans	-5,040	-1,076	-404	-198	-289	-185
Other provisions	-120	120	87	13	28	-7
Corporate tax	132	-133	-254	-21	151	-8

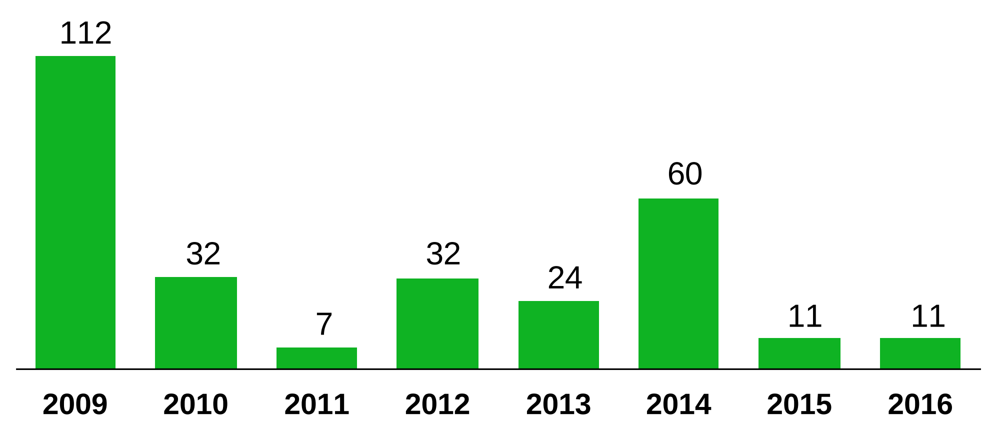
Composition of performing loan volumes (in HUF billion, FX-adj.)



Intragroup funding and net loan to deposit ratio



FX-adjusted change in DPD90+ loan volumes[2] (in HUF billion)



[1] Out of the total outstanding intragroup funding exposure of HUF 46.3 billion equivalent toward the Ukrainian operation, HUF 40.4 billion (USD 137 million) was toward the leasing company and HUF 5.9 billion (USD 20 million) was toward the factoring company.
[2] Adjusted for sales and write-offs

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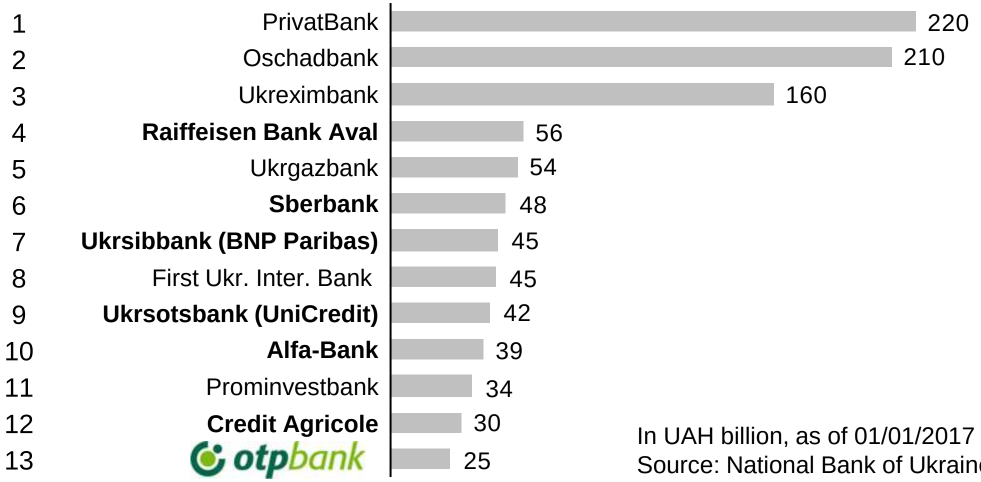
The Ukrainian subsidiary's share within the Group's performing loans remained below 4%. The deposit base is stable. The provision coverage ratio stood at 118%

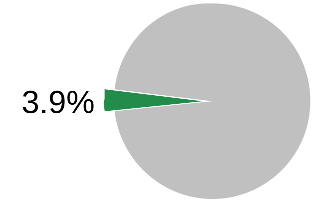
Ranking of Ukrainian banks by total assets



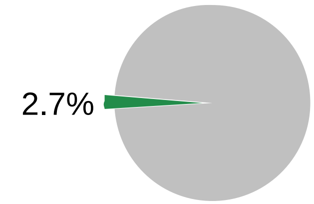
In UAH billion, as of 01/01/2017
Source: National Bank of Ukraine

OTP Ukraine's share within consolidated loans and deposits

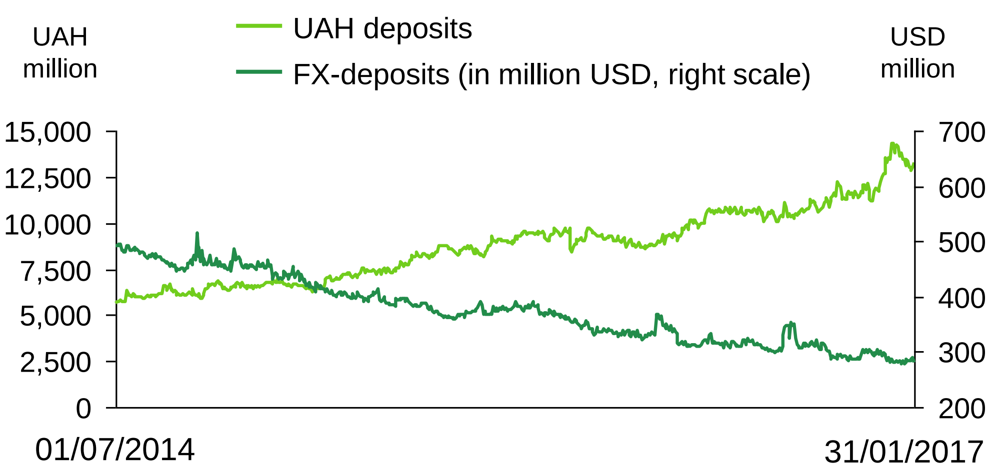
Share of the Ukrainian bank's performing loans (DPD0-90) within the Group



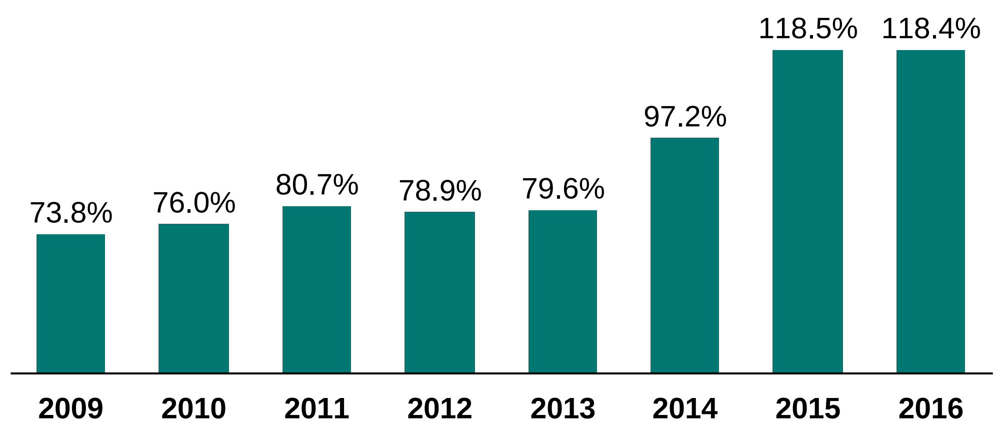
Share of the Ukrainian bank's customer deposits within the Group



Daily development of customer deposits

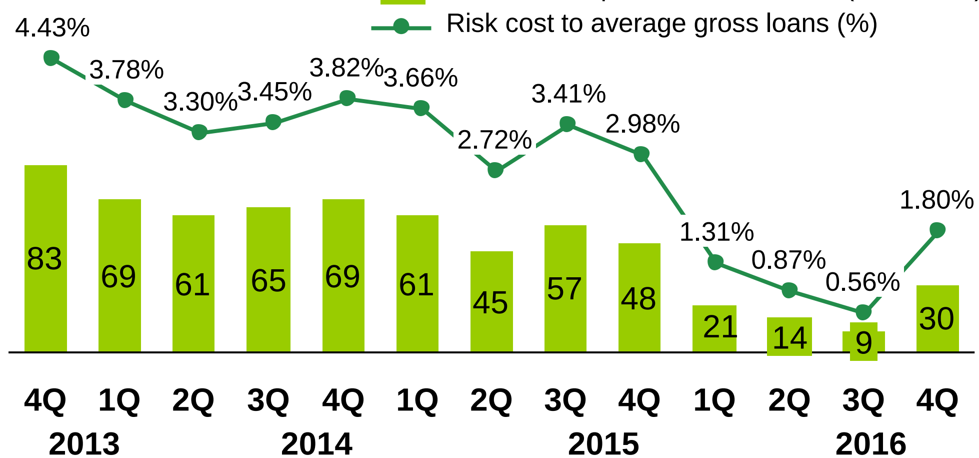


Development of the DPD90+ coverage ratio

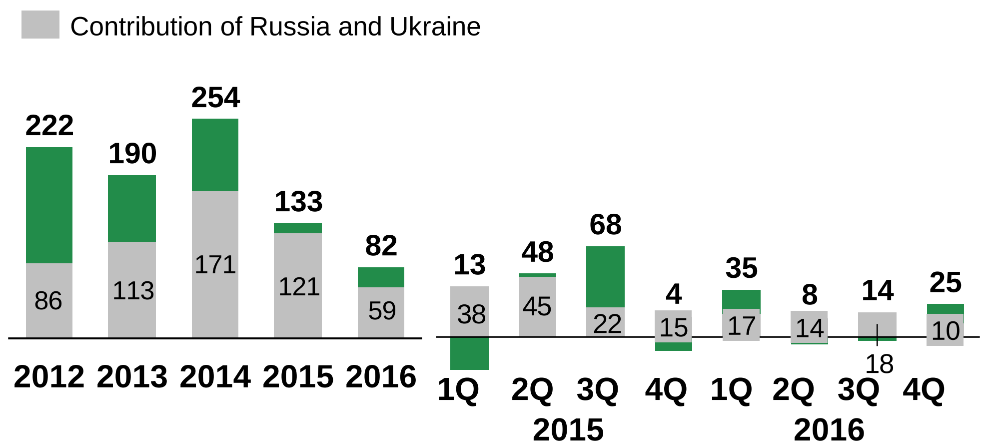


The consolidated DPD90+ ratio declined further, coupled with the further improvement in the coverage of DPD90+ loans with total provisions. The DPD90+ inflow trends remained benign in 4Q

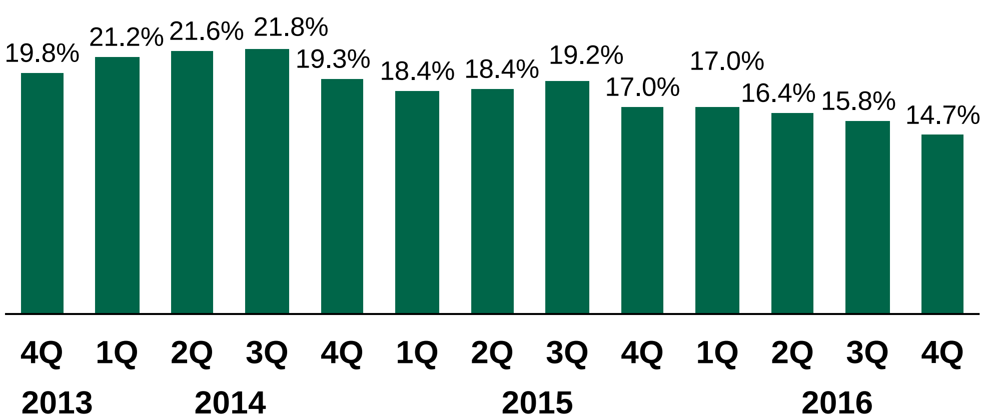
Consolidated risk cost for possible loan losses and its ratio to average gross loans



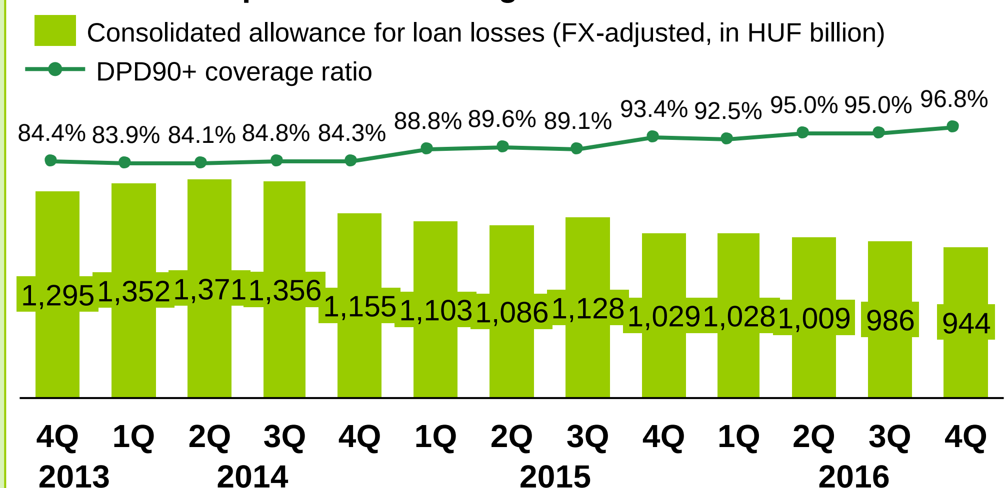
Change in DPD90+ loan volumes
(consolidated, adjusted for FX and sales and write-offs, in HUF billion)



Ratio of consolidated DPD90+ loans to total loans



Consolidated provision coverage ratio



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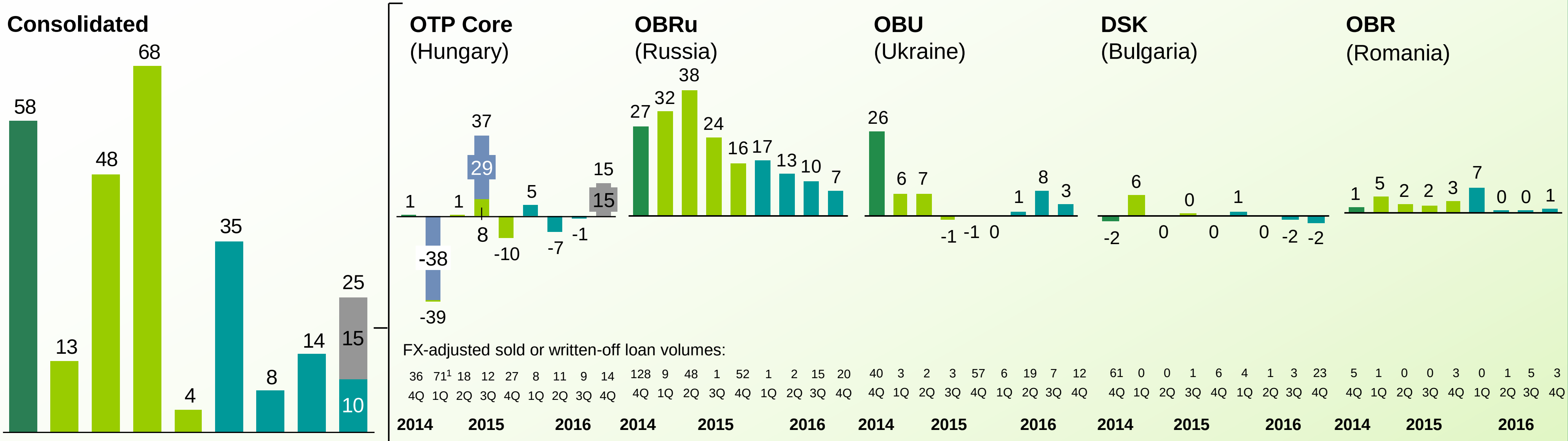
In 4Q 2016 the consolidated quarterly FX-adjusted DPD90+ formation reached HUF 25 billion, out of which HUF 15 billion is attributable to the consolidation of AXA portfolio. The Russian inflow kept on decelerating to multi-year lows

FX-adjusted quarterly change in DPD90+ loan volumes

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



FX-adjusted sold or written-off loan volumes:

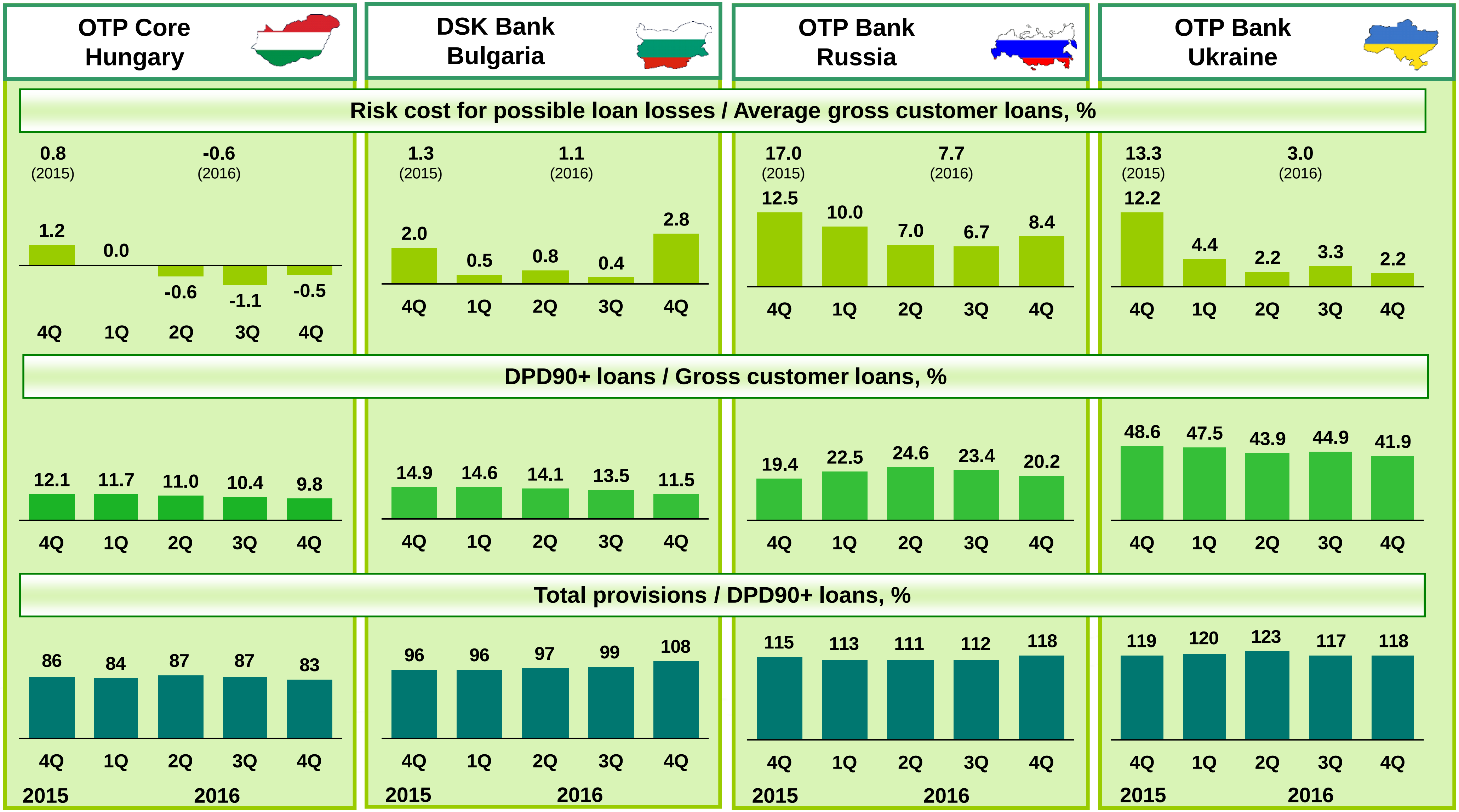
	4Q 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016
Consolidated	287	86	71	18	150	20	35	42	74
OTP Core (Hungary)	36	71[1]	18	12	27	8	11	9	14
OBRu (Russia)	128	9	48	1	52	1	2	15	20
OBU (Ukraine)	40	3	2	3	57	6	19	7	12
DSK (Bulgaria)	61	0	0	1	6	4	1	3	23
OBR (Romania)	5	1	0	0	3	0	1	5	3
OBH (Croatia)	0	0	0	0	0	0	0	0	0
OBS (Slovakia)	5	1	0	0	4	0	0	0	0
OBSr (Serbia)	4	0	2	0	0	1	1	2	3
CKB (Montenegro)	9	0	0	0	0	0	0	0	0
Merkantil Bank+Car (Hungary)	0	0	0	0	1	0	0	1	0

Technical effect of settlement: In 3Q 2015 mortgages worth HUF 29 billion (FX-adjusted) slipped into the DPD90+ category again after the HUF 38 billion technical healing in 1Q.

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

[1] The netting out at Factoring induced by the conversion in 1Q 2015 was equivalent of HUF 65 billion on an FX-adjusted basis.
[2] In 2Q 2015 at Merkantil the settlement reduced the DPD90+ volumes by HUF 7 billion (FX-adjusted) and HUF 3 billion re-defaulted in 3Q.
[3] In 4Q 2015 at Merkantil the FX car financing loan conversion reduced the DPD90+ volumes by HUF 3 bn. In 1Q 16 part of these volumes redefaulted.

The annual risk cost rates receded, while the DPD90+ ratio declined q-o-q all across the board. The q-o-q decline of provision coverage at OTP Core was owing to the AXA portfolio takeover net of provisions



The DPD90+ ratios decreased q-o-q mainly as a result of DPD90+ portfolio sales and write-offs

DPD90+ ratio (%)

OTP Core (Hungary)	4Q15	1Q16	2Q16	3Q16	4Q16	Q-o-Q (%-point)
Total	**12.1%**	**11.7%**	**11.0%**	**10.4%**	**9.8%**	*-0.6*
Retail	14.0%	13.6%	13.0%	12.2%	11.3%	*-0.8*
Mortgage	12.5%	12.4%	11.8%	11.1%	10.4%	*-0.7*
Consumer	19.2%	18.0%	17.0%	16.0%	15.2%	*-0.7*
MSE**	7.7%	7.4%	6.8%	6.4%	6.4%	*0.0*
Corporate	9.6%	9.4%	8.5%	8.3%	7.9%	*-0.4*
Municipal	0.4%	0.2%	2.2%	4.1%	0.3%	*-3.8*

DPD90+ ratio (%)

OTP Bank Russia	4Q15	1Q16	2Q16	3Q16	4Q16	Q-o-Q (%-point)
Total	**19.4%**	**22.5%**	**24.6%**	**23.4%**	**20.1%**	*-3.3*
Mortgage	36.6%	35.2%	35.5%	37.1%	36.9%	*-0.2*
Consumer	18.4%	21.8%	24.7%	23.2%	19.8%	*-3.3*
Credit card	23.9%	28.5%	32.4%	32.7%	30.6%	*-2.1*
POS loan	11.1%	13.3%	15.9%	14.4%	11.1%	*-3.2*
Personal loan	22.0%	25.4%	26.9%	24.3%	22.7%	*-1.6*

DPD90+ ratio (%)

DSK Bank (Bulgaria)	4Q15	1Q16	2Q16	3Q16	4Q16	Q-o-Q (%-point)
Total	**14.9%**	**14.6%**	**14.1%**	**13.5%**	**11.5%**	*-2.0*
Mortgage	21.4%	21.5%	21.2%	21.0%	16.7%	*-4.2*
Consumer	8.1%	7.9%	8.2%	8.5%	7.7%	*-0.8*
MSE**	26.1%	25.2%	22.8%	20.6%	17.2%	*-3.4*
Corporate	13.7%	13.4%	12.2%	10.4%	9.6%	*-0.8*

DPD90+ ratio (%)

OTP Bank Ukraine	4Q15	1Q16	2Q16	3Q16	4Q16	Q-o-Q (%-point)
Total	**48.6%**	**47.5%**	**43.9%**	**44.9%**	**41.9%**	*-3.0*
Mortgage	76.1%	76.6%	74.2%	74.1%	72.6%	*-1.5*
Consumer	42.9%	43.4%	40.6%	38.3%	34.6%	*-3.7*
SME	87.5%	88.1%	86.2%	87.8%	87.3%	*-0.6*
Corporate	16.7%	15.2%	14.2%	19.0%	18.6%	*-0.4*
Car-financig	53.0%	51.8%	47.9%	46.6%	42.6%	*-3.9*

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The share of restructured retail volumes remained stable q-o-q

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

	4Q 2015		1Q 2016		2Q 2016		3Q 2016		4Q 2016	
	HUF mn	*%[1]*	*HUF mn*	*%[1]*	*HUF mn*	*%[1]*	*HUF mn*	*%[1]*	*HUF mn*	*%[1]*
OTP Core (Hungary)	15,672	1.1%	15,080	1.0%	14,799	1.0%	15,369	1.1%	16,803	1.1%
OBRu (Russia)	3,012	0.8%	3,980	1.1%	4,542	1.2%	3,852	1.0%	3,897	0.9%
DSK (Bulgaria)	20,763	2.6%	22,618	2.9%	23,924	3.0%	21,137	2.7%	20,255	2.7%
OBU (Ukraine)	21,210	11.6%	16,958	10.1%	18,813	11.7%	14,126	9.4%	14,338	9.7%
OBR (Romania)	10,051	2.9%	7,467	2.3%	3,506	1.1%	2,782	0.9%	2,287	0.7%
OBH (Croatia)	1,432	0.5%	2,856	1.0%	2,897	1.0%	2,453	0.9%	4,167	1.4%
OBS (Slovakia)	795	0.4%	1,085	0.5%	1,089	0.5%	782	0.4%	878	0.4%
OBSr (Serbia)	962	2.6%	1,027	2.7%	704	1.8%	404	1.0%	303	0.8%
CKB (Montenegro)	145	0.2%	171	0.3%	157	0.2%	117	0.2%	100	0.2%
Merkantil (Hungary)	287	0.2%	981	0.6%	1,158	0.7%	1,339	0.8%	1,566	0.9%
Other leasing[2] (Hungary)	404	1.7%	316	1.4%	233	1.1%	354	1.6%	223	1.1%
TOTAL	**74,733**	**1.9%**	**72,538**	**1.8%**	**71,823**	**1.8%**	**62,713**	**1.6%**	**64,815**	**1.6%**

[1] Share out of retail + car-financing portfolio (without SME)
[2] OTP Flat Lease

Strong 2016 performance validates the management's mid-term > ROE 15% target (based on 12.5% CET1 ratio)

Management expectations for 2017

The management's ROE target of >15% (based on 12.5% CET1) remains valid for 2017.

Apart from the negative impact of the Hungarian and Slovakian banking tax (HUF 15.4 billion after tax) the management doesn't expect any other major adjustment item to occur in 2017.

Performing loan volume growth – without the effect of acquisitions – is expected to further accelerate, but its pace may remain single digit.

The consolidated NIM erosion decelerates, but continues with around 15-20 bps y-o-y decline.

Credit quality trends may remain favourable, total risk costs are expected to further decline.

Operating expenses might increase by 3-4% y-o-y, fuelled by wage inflation and the additional costs of the on-going digital transformation.

The solid capital position coupled with robust internal capital generation creates room for further acquisitions.

In line with the practice of the previous two years, the nominal dividend amount to be paid from 2017 earnings is expected to grow by 15% under the baseline scenario.

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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Investor Relations & 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