

OTP Group First quarter 2017 results

Conference call – 12 May 2017

László Bencsik

Chief Financial and Strategic Officer

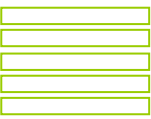


Key pillars of the OTP investment rationale

3-12

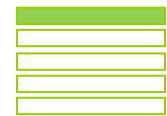
1Q 2017 Financial Performance

14-40



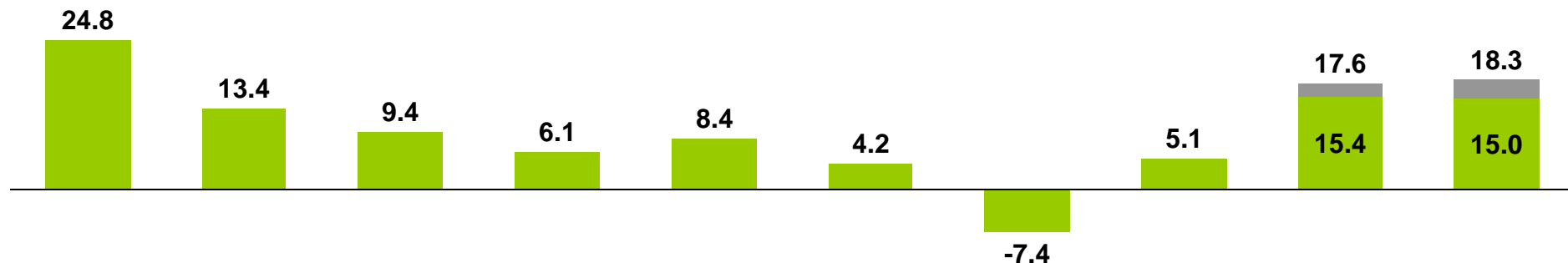
- 1. Return on Equity has returned to attractive levels (>15% on 12.5% CET1 ratio)**
- 2. A new era of structurally low risk environment has commenced**
- 3. After years of deleveraging loan volumes show positive turnaround in Hungary**
- 4. Strong capital and liquidity position coupled with robust internal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

1. Return on Equity has returned to attractive levels



Consolidated ROE¹, accounting

■ ROE based on 12.5% CET1 ratio²



Opportunity cost-adjusted³ consolidated accounting ROE over the average 10Y Hungarian government bond yields



Price to Book ratio

Max	2.8	1.4	1.7	1.4	0.8	1.0	0.9	1.4	1.7	1.8
Min	0.6	0.4	0.9	0.6	0.6	0.7	0.7	0.8	1.3	1.6
Bloomberg	2008	2009	2010	2011	2012	2013	2014	2015	2016	1Q 17

¹ The calculation methodology of certain indicators has been changed. ROEs are based on new methodology from 2015.

² 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.

³ Accounting ROE less the annual average of Hungarian 10Y government bond yields.

1.

The accounting ROE leaped since 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

	2009	2010	2011	2012	2013	2014	2015	2016	1Q 17
Accounting ROE	13.4%	9.4%	6.1%	8.4%	4.2%	-7.4%	5.1%	15.4%	15.0%
Accounting ROE on 12.5% CET1 ratio ¹							5.4%	17.6%	18.3%
Adjusted ROE ²	13.4%	13.0%	11.8%	10.2%	9.6%	8.5%	9.6%	15.4%	18.8%
Total Revenue Margin ²	7.93%	8.03%	8.12%	8.31%	8.44%	7.74%	7.03%	6.75%	6.80%
Net Interest Margin ³	6.17%	6.16%	6.31%	6.40%	6.37%	5.96%	5.16%	4.78%	4.76%
...									
Operating Costs / Average Assets	3.65%	3.62%	3.76%	3.89%	4.07%	3.85%	3.65%	3.67%	3.61%
Risk Cost Rate	3.57%	3.69%	2.95%	3.11%	3.51%	3.68%	3.17%	1.14%	0.65%
Leverage (average equity / avg. assets)	11.7%	12.8%	13.6%	14.4%	14.8%	13.0%	11.5%	12.8%	12.8%

General note: performance indicators according to the new calculation methodology from 2015.

¹The 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.

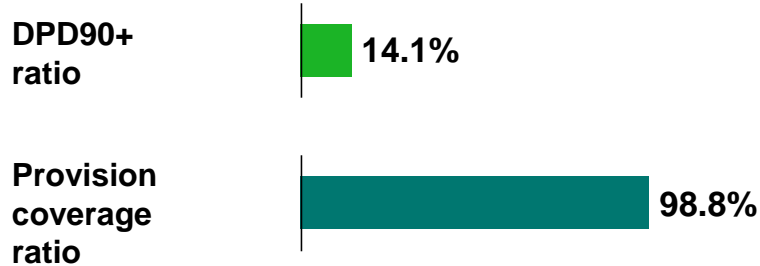
² Calculated from the Group's adjusted after tax result. ³ Excluding one-off revenue items.

2. A new era of structurally low risk environment has commenced

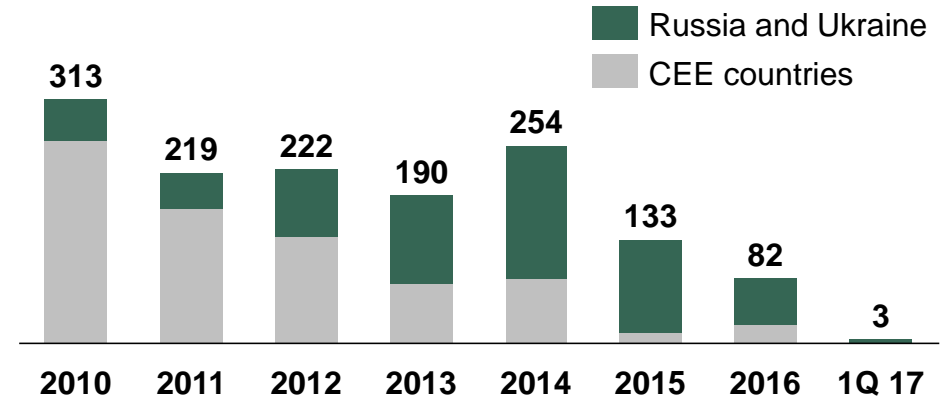


1 Existing DPD90+ loans are conservatively covered with provisions

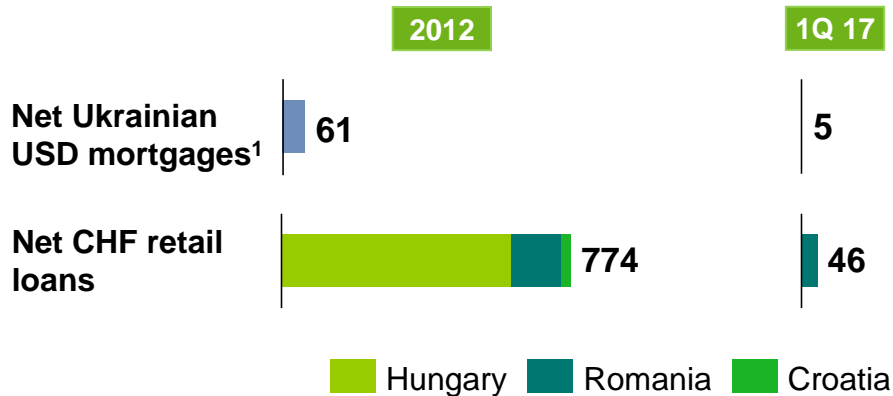
1Q 2017, consolidated



2 The DPD90+ formation has receded (in HUF billion, without loan sales and write-offs, FX-adjusted)

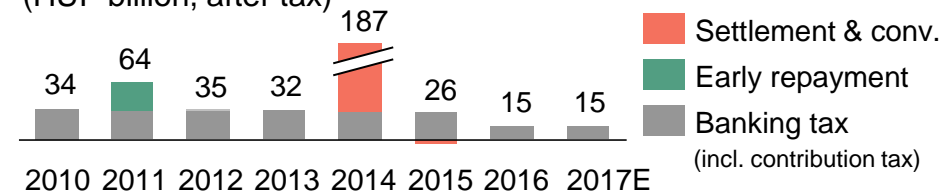


3 Vanishing „toxic” portfolios at OTP Group members (HUF billion)



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.

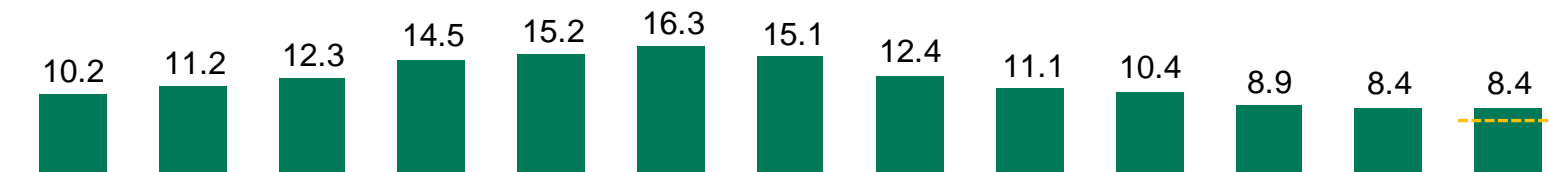
3.

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



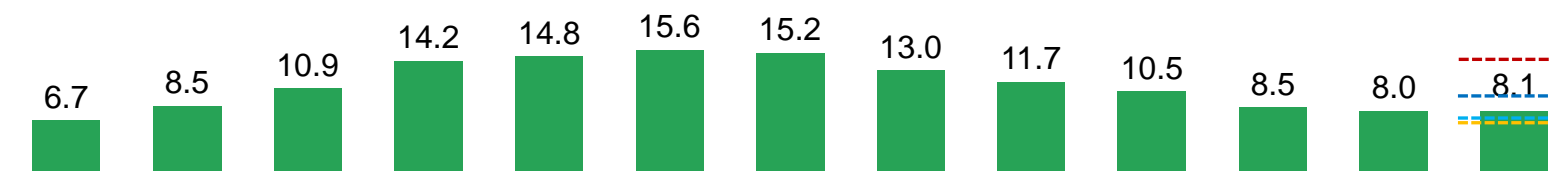
Market penetration levels in Hungary in ... housing loans

(in % of GDP)



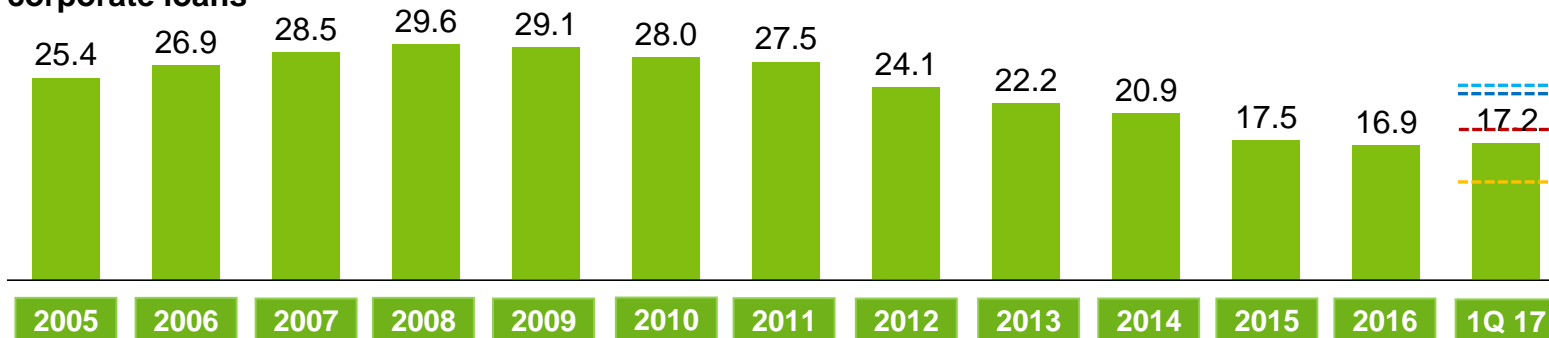
28.5 Slovakia
22.9 Czech Republic
21.8 Poland
7.6 Romania

consumer loans (incl. home equities)



15.1 Poland
8.5 Slovakia
7.4 Czech Republic
7.0 Romania

corporate loans



21.4 Czech Republic
20.9 Slovakia
17.8 Poland
13.5 Romania

Net loan to deposit ratio
in the Hungarian credit
institution system¹

168% → 91%

1Q 09

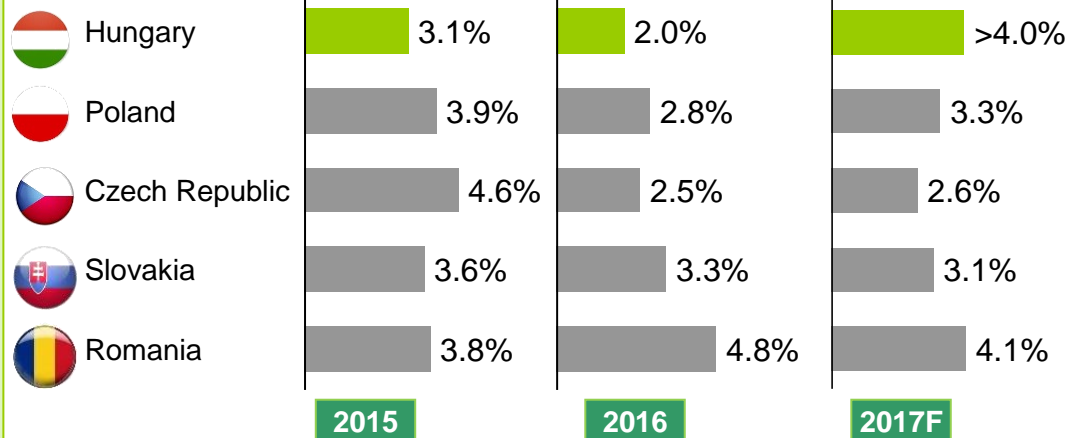
4Q 16

¹ Latest available data. According to the supervisory balance sheet data provision.

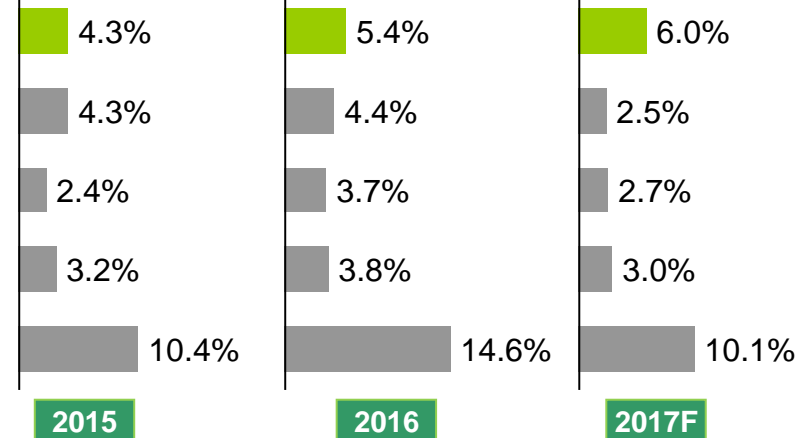
For most of the indicators affecting loan dynamics, Hungary is becoming again a frontrunner in the regional rally



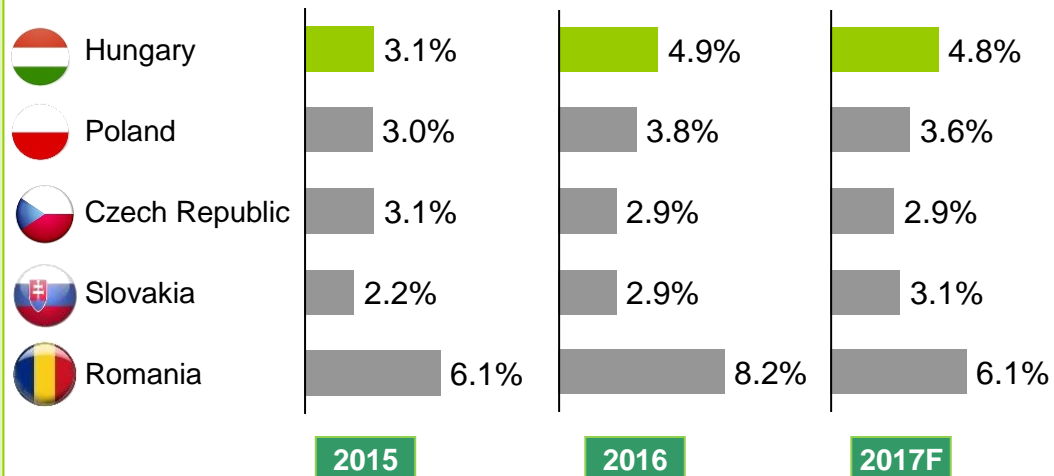
Real GDP growth (y-o-y)



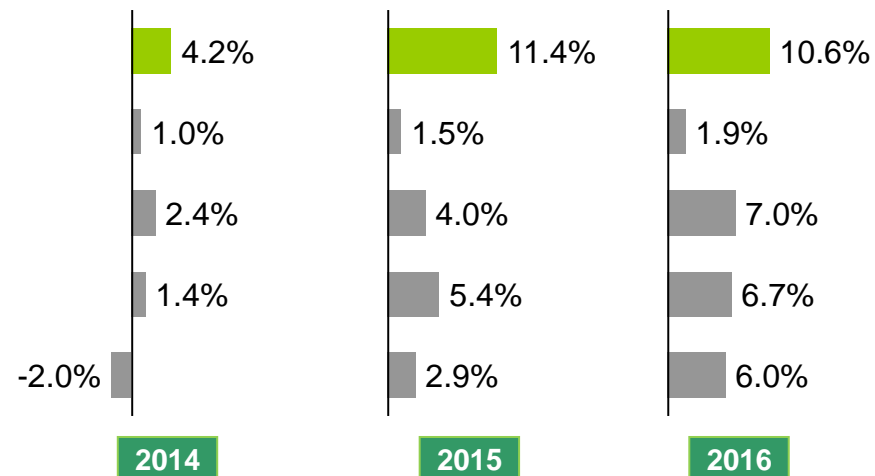
Real wage growth in the private sector (y-o-y)



Household consumption growth (y-o-y)

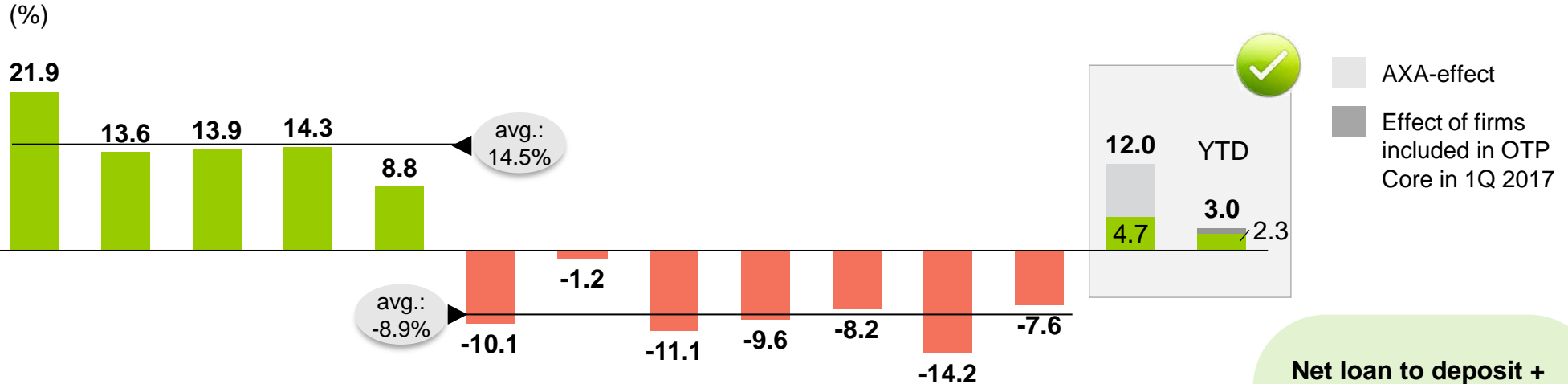


Housing price index (y-o-y)

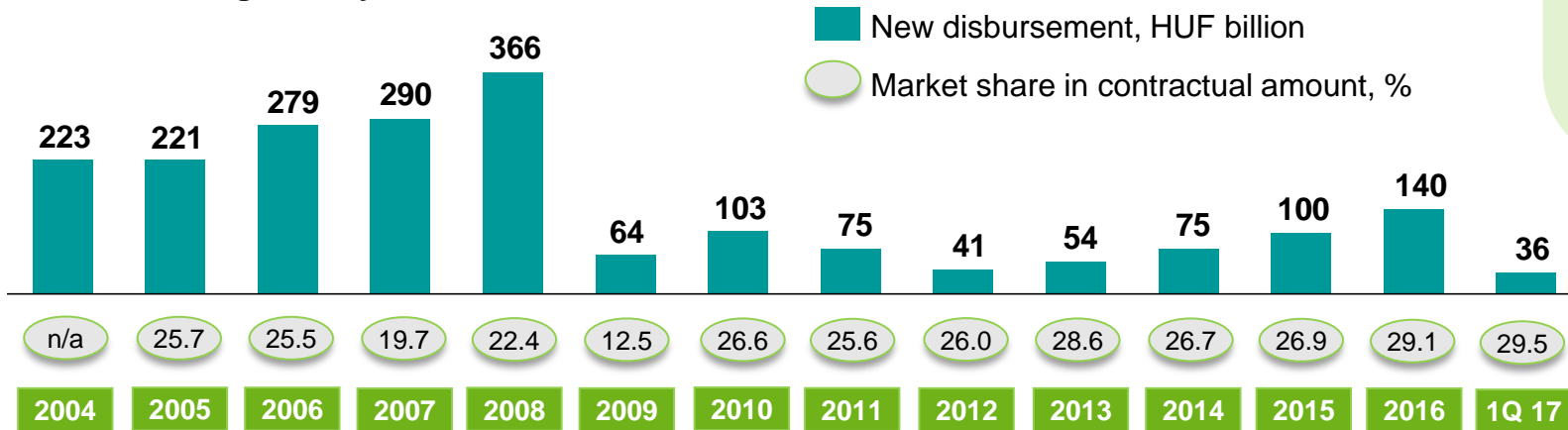




FX-adjusted Y-o-Y performing loan volume changes at OTP Core¹



Mortgage loan disbursement² and market share at OTP Bank and OTP Mortgage Bank an OTP Building Society



Net loan to deposit + retail bonds ratio at OTP Core

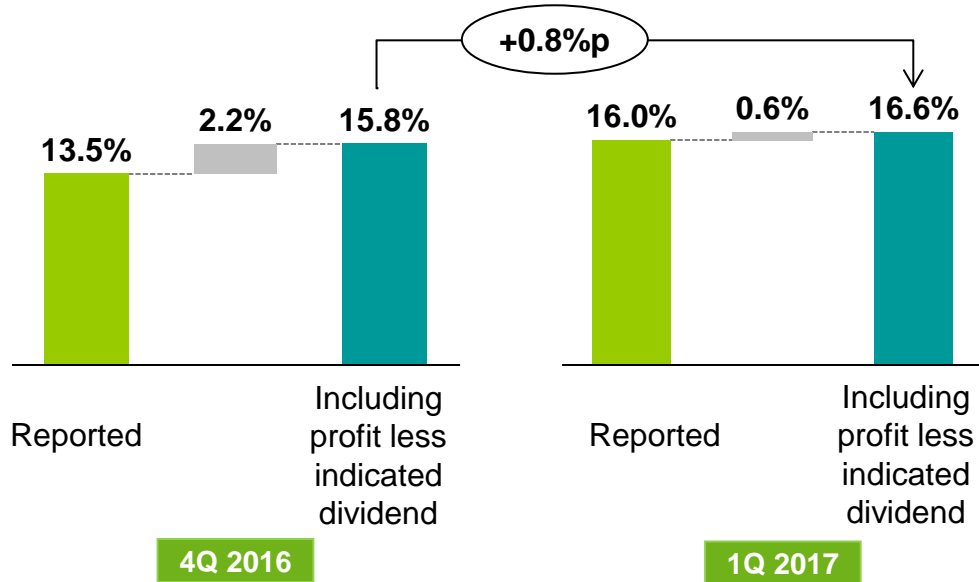
1Q 2017: 51%

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.

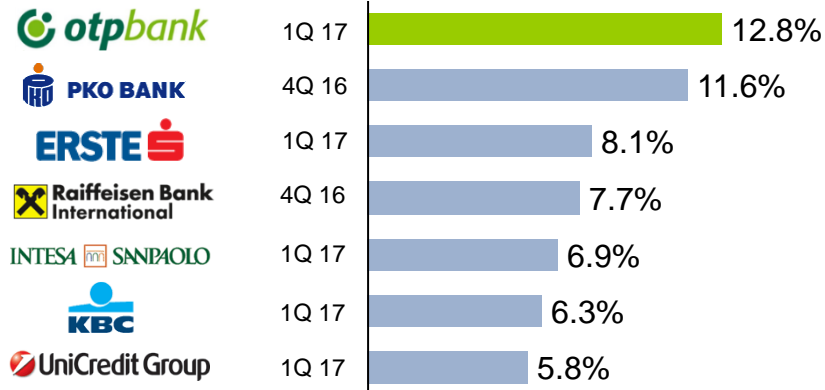
² Calculated from raw, unadjusted data.

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

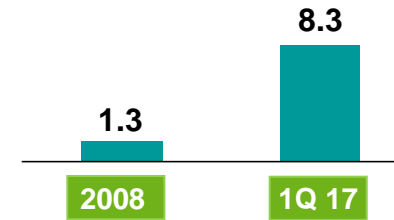
Development of the fully loaded CET1 ratio of OTP Group



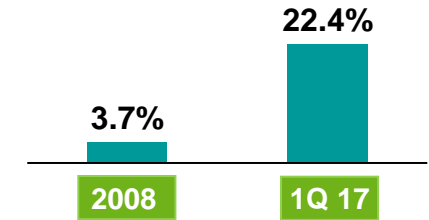
Leverage ratio (average equity / average assets)



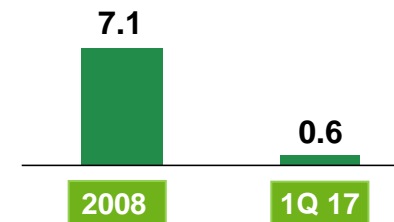
Net liquidity reserves (in EUR billion equivalent)



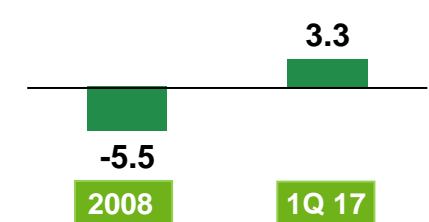
Net liquidity buffer / total assets (%)



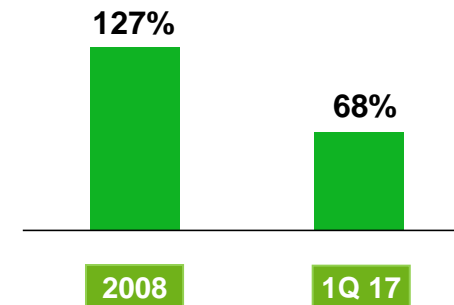
External debt¹ (in EUR billion equivalent)



Group FX liquid assets² (in EUR billion equivalent)



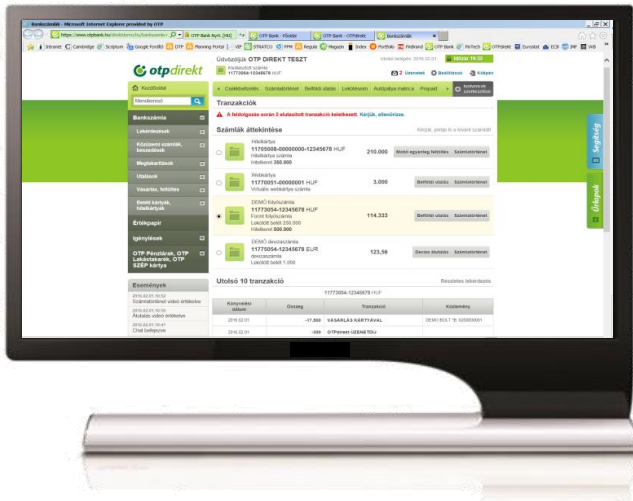
Consolidated net loan to deposit + retail bond ratio



¹ Senior bonds, mortgage bonds, bilateral loans.

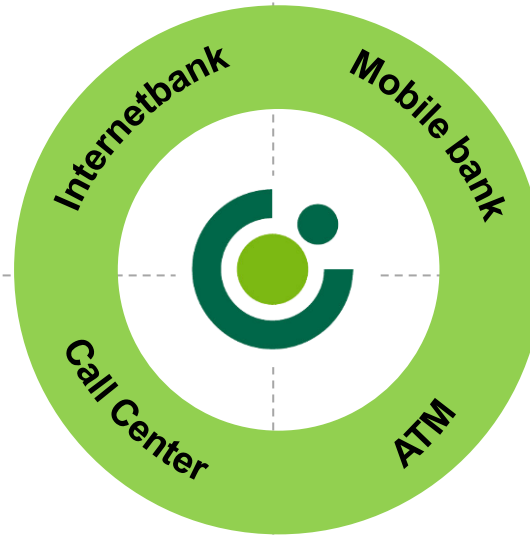
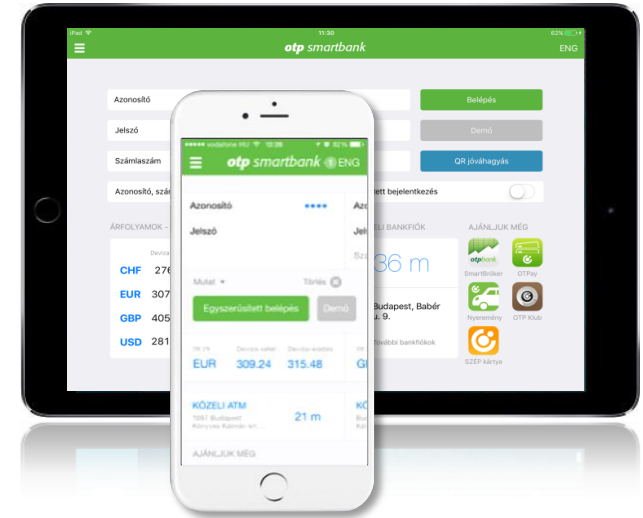
² Negative amount implies FX liquidity placement.

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



~930 thousand regular users monthly¹

~100 thousand users monthly¹



~200 thousand contacts monthly¹

Monthly ATM cash withdrawals in the amount of HUF ~240 billion²



¹ Based on 4Q 2016 data.

² Based on 2015 data.



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 650K 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

Key pillars of the OTP investment rationale

3-12

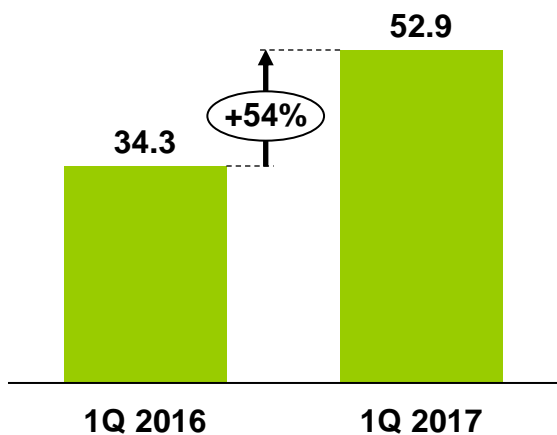
1Q 2017 Financial Performance

14-40

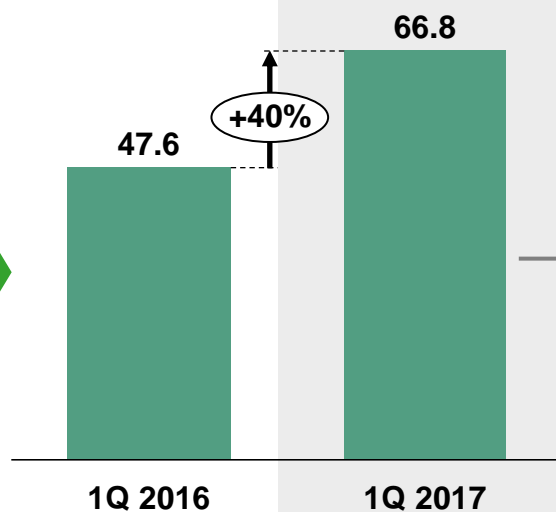
The 1Q accounting result grew by more than 50% y-o-y. The balance of adjustments was nearly the same as a year ago. CEE Group members' contribution grew by 23%, while the Russian and Ukrainian contribution increased to 3.5-fold

(in HUF billion)

Accounting profit after tax

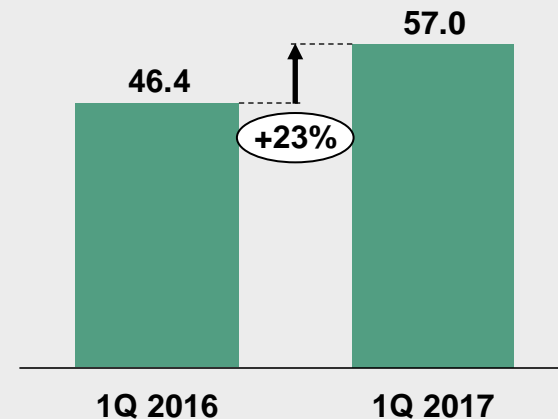


Adjusted profit after tax

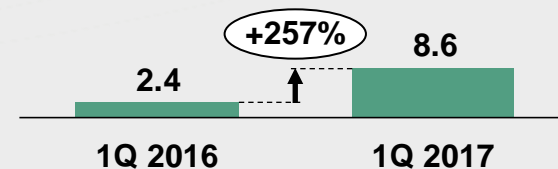


Adjustments (after tax)	1Q 2016	1Q 2017
Banking tax	-13.4	-14.7
Other	0.1	0.8
Total	-13.3	-13.9

Adjusted after tax results in the CEE countries¹



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



¹ Total result of CEE operations does not include the result of Corporate Centre, foreign asset management companies, other Hungarian and foreign subsidiaries and eliminations. Their aggregated results amounted to HUF -1.3 billion in 1Q 2016 and HUF 1.2 billion in 1Q 2017.

In 1Q 2017 the aggregated after tax profit of CEE Group members grew by 23% y-o-y, led by OTP Core, Romania and Merkantil (Hungarian leasing). The Croatian result turned into red due to the sharp increase in risk costs

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	Q-o-Q	Y-o-Y
	in HUF billion						
Consolidated adjusted after tax profit	47.6	56.5	68.8	28.3	66.8	136%	40%
CEE operation (adjusted)	46.4	48.8	59.8	26.5	57.0	115%	23%
OTP Core (Hungary)	28.9	30.7	38.8	23.8	40.8	71%	41%
DSK (Bulgaria)	13.8	14.2	14.7	4.7	13.4	186%	-3%
OBR (Romania)	0.6	1.0	0.6	-0.5	1.3		112%
OBH (Croatia)	0.8	1.3	1.4	0.2	-1.8		
OBS (Slovakia)	0.4	-0.1	0.1	-2.6	0.1		-74%
OBSrb (Serbia)	0.0	0.1	0.1	-0.2	0.0		-121%
CKB (Montenegro)	0.1	0.1	1.4	-3.5	0.1		-27%
Leasing (HUN, RO, BG, CR)	0.8	0.5	1.8	0.8	2.1	161%	161%
OTP Fund Management (Hungary)	1.0	0.9	0.9	3.9	1.0	-73%	3%
Russian and Ukrainian operation (adjusted)	2.4	8.5	9.3	4.7	8.6	85%	257%
OBRU (Russia)	2.6	6.5	6.8	4.6	7.6	65%	190%
Touch Bank (Russia)	-1.1	-1.5	-1.4	-2.0	-2.3		
OBU (Ukraine)	0.9	3.4	3.8	2.1	3.3	60%	287%
Corporate Centre and others	-1.3	-0.8	-0.3	-2.9	1.2		

In 1Q 2017 only one major adjustment item emerged: the banking tax. The annual Hungarian banking tax was recognized in a lump-sum already in 1Q, while the Slovakian banking tax is booked quarterly

	1Q 16	16 4Q	17 1Q	Q-o-Q	Y-o-Y
	in HUF billion				
Consolidated after tax profit (accounting)	34.3	26.5	52.9	100%	54%
Adjustments (total)	-13.3	-1.8	-13.9		
Dividends and net cash transfers (after tax)	0.1	0.0	0.1		103%
Goodwill/investment impairment charges (after tax)	0.0	0.8	① 0.5	-35%	
Special tax on financial institutions (after corporate income tax)	-13.4	-0.2	② -14.7		10%
Impact of fines imposed by the Hungarian Competition Authority (after tax)	0.0	1.9	③ 0.2	-91%	
Consolidated adjusted after tax profit	47.6	28.3	66.8	136%	40%

① Impairment was booked in relation to the investments in OTP Life Annuity Ltd. and R.E. FOUR d.o.o. Novi Sad (Serbia), as a result, a positive tax shield of HUF 0.5 billion occurred.

② The special tax on financial institutions amounted to HUF 14.7 billion (after tax). The y-o-y increase is explained by the declining corporate tax shield due to the lowered statutory corporate tax rate in Hungary; the gross banking tax payable in Hungary declined by HUF 0.2 billion y-o-y. The banking tax incorporates the whole annual Hungarian banking levy recognized by the Hungarian group members in 1Q, as well as the prorated Slovakian banking tax.

③ Based on the ruling of the Hungarian Supreme Court on 16 December 2016 related to a fine imposed earlier by the Hungarian Competition Authority, a HUF 1.9 billion positive item emerged already in 4Q 2016 (after tax). Related to this, an interest revenue of HUF 194 million (HUF 177 million after tax) occurred on this line in 1Q 2017.

The spectacular q-o-q improvement in adjusted after tax profit was due to declining risk costs and moderating effective tax rate. The operating profit grew by 4% q-o-q despite total income for the quarter shrinking by 3%

	1Q 16	4Q 16	1Q 17	Q-o-Q	Y-o-Y
	in HUF billion				
Consolidated adjusted after tax profit	47.6	28.3	66.8	136%	40%
Corporate tax	-16.4	-9.2	-9.4	2%	-42%
<i>O/w tax shield of subsidiary investments</i>	-0.5	-1.7	-		
Before tax profit	64.0	37.5	76.2	103%	19%
Total one-off items	0.2	0.1	0.0		
Gain on the repurchase of own capital instruments	0.0	0.0	0.0		
Result of the Treasury share swap agreement	0.2	0.1	0.0		
Before tax profit without one-off items	63.8	37.4	76.2	104%	19%
Operating profit w/o one-off items	84.6	85.0	88.7	4%	5%
Total income w/o one-off items	177.5	193.6	188.8	-3%	6%
Net interest income w/o one-off items	129.0	133.2	132.2	-1%	2%
Net fees and commissions	38.8	48.2	44.5	-8%	15%
Other net non interest income without one-offs	9.6	12.2	12.0	-2%	25%
Operating costs	-92.9	-108.6	-100.0	-8%	8%
Total risk costs	-20.8	-47.6	-12.5	-74%	-40%

Miscellaneous

Acquisition of Splitska banka in Croatia

On 2 May 2017, based on the acquisition agreement on purchasing 100% shareholding of Splitska banka d.d., member of Société Générale Group signed on 20 December 2016 between OTP banka Hrvatska, the Croatian subsidiary of OTP Bank and Société Générale Group, the **financial closure of the transaction has been completed. The purchase price was EUR 425 million.** The current interim management report does not incorporate the impact of the transaction, it will be reported in the Company's 2017 second quarter earnings.

NBH's proposal on „customer-friendly” mortgages

On 9 March 2017 the National Bank of Hungary published an announcement according to which NHB is going to introduce a “customer-friendly housing loan” certification and only those banks whose housing loan products meet certain conditions laid down by NBH can use the “customer-friendly housing loan” approval rating. The details of those particular conditions haven't been published. The central bank suggested that it started intensive consultations with market participants as well as with the representatives of customers on finalizing the details of the certification. Those consultations are still ongoing.

Methodology changes on calculating financial indicators

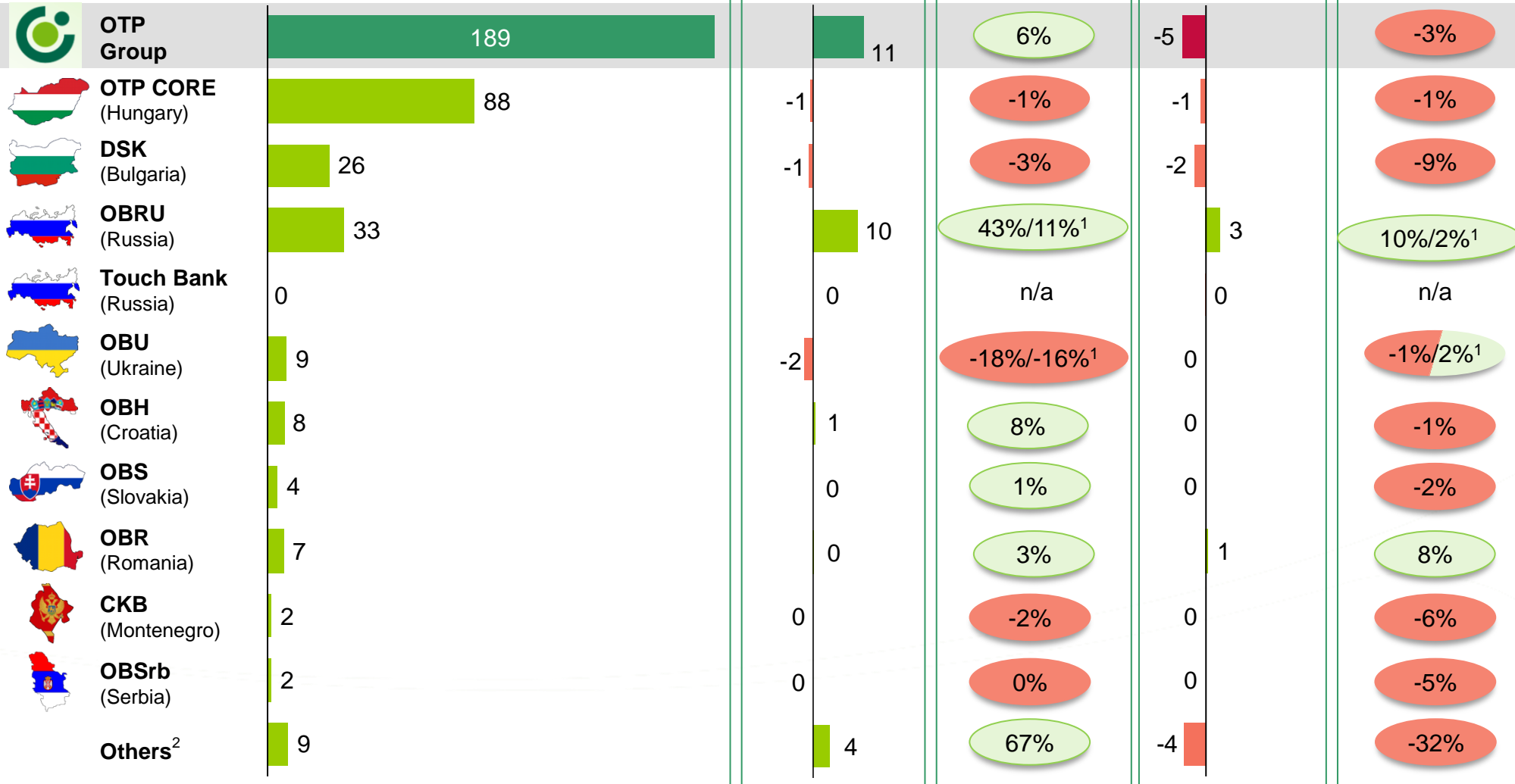
Starting from 1Q 2017 the methodology of calculating performance indicators having average volumes in their denominators has been changed. Accordingly, while the numerator remained the same, the formula of how the averages are calculated in the denominator has changed. Against the old method when OTP Bank calculated the average as the arithmetic average of closing balance sheet items for the previous period and the current period, under the new method the calendar day-weighted averages of the average balance sheet items in periods (for example months in case of quarters) comprising the given period are used in the denominators. In the 1Q Stock Exchange Report all indicators were calculated and presented according to the new methodology. The summary of the change, as well as the time series of the affected indicators under the old and new methodology are shown within the Supplementary Data section in the Stock Exchange Report.

Inclusion of other Hungarian companies in OTP Core

There was a change in the number of companies comprising OTP Core (the Hungarian operation) therefore the following companies were included in OTP Core from 1Q 2017: OTP Card Factory Ltd, OTP Real Estate Lease Ltd, OTP Facility Management Ltd. and MONICOMP Ltd. The cumulative gross loan portfolio of these companies represented HUF 22.7 billion at the end of 1Q 2017, whereas their aggregated 1Q 2017 after tax profit reached HUF 0.5 billion. This change had no impact at all on the consolidated balance sheet and P&L. Earlier these entities' results were presented within Other Hungarian Subsidiaries.

Consolidated total income increased by 6% y-o-y with slight decline at OTP Core, but decent growth in Russia, supported by the FX translation effect, too. The q-o-q decline was mainly explained by base effect at OTP Asset Management

TOTAL INCOME – 1Q 2017
without one-off items (HUF billion)



¹ Changes in local currency ² Other group members and eliminations. Of the HUF 4 billion y-o-y increase Corporate Centre represented HUF 3.4 billion, eliminations accounted for +2.3 billion and other Hungarian subsidiaries -2.6 billion. The q-o-q decline is explained by OTP Asset Management where success fees were booked in 4Q 2016.

The net interest income marginally eroded q-o-q due to calendar effect and base effects; on the other hand, stronger RUB had a positive impact on the Russian NII contribution

NET INTEREST INCOME – 1Q 2017 (HUF billion)			Q-o-Q (HUF billion)	Q-o-Q (%)	
	OTP Group	100%	132	-1	-1%
	OTP CORE (Hungary)	44%	58	-3	-5%
	DSK (Bulgaria)	14%	18	-2	-9%
	OBRU (Russia)	20%	27	2	6%/-2% ¹
	Touch Bank (Russia)	0%	0		0%
	OBU (Ukraine)	4%	6	0	-1%
	OBH (Croatia)	5%	6	0	1%
	OBS (Slovakia)	3%	3	0	-1%
	OBR (Romania)	4%	5	0	4%
	CKB (Montenegro)	1%	2	0	-4%
	OBSrb (Serbia)	1%	1	0	-3%
	Merkantil (Hungary)	2%	3	-2	-45%
	Corporate Centre	1%	1	0	29%
	Others and eliminations	1%	1	4	

¹ At OTP Core the 5% q-o-q NII decline was partly reasoned by the calendar effect (-2%-points or HUF -1.1 billion q-o-q impact), and a HUF 1.9 billion NII-boosting one-off item¹ booked in 4Q 2016. Moreover, the NII was negatively influenced by the diminishing interbank interest rates (the average 3M BUBOR rate dropped by 39 bps q-o-q). On the other hand, it was positive for interest revenues that the liquidity reserves have been gradually shifting toward longer duration and higher yielding Hungarian government bonds. Furthermore, the positive impact of AXA already supported the full quarter (vs. only 2 months in 4Q).

² In Bulgaria half of the q-o-q decline is explained by two recurring technical items. Firstly, methodology change: items related to the fair value adjustment of derivative instruments previously being accounted for on the other net non-interest income line have been reclassified to the NII line since the beginning of the year (this had a q-o-q negative NII impact of about HUF 0.95 billion, but was neutral to total income). Secondly, lower yields realized on liquid assets: DSK Bank holds securities issued by OTP Bank, which had a significant nominal one-off interest rate reduction in 4Q 2016 (HUF -0.1 billion effect q-o-q). Furthermore, the continuing repricing and refinancing of mortgage loans continued to be a drag on NII.

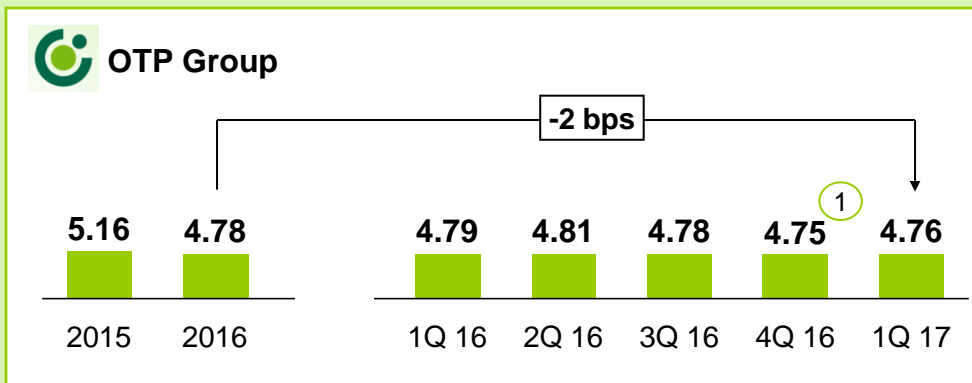
³ At Merkantil a HUF 1.5 billion item supported the NII line in 4Q 2016 due to a change in the accounting methodology.

⁴ The q-o-q increase was explained by base effect: the full-year amount of eliminations related to the intragroup FX swap deals concluded between OTP Bank (Hungary) and DSK Bank was booked in one sum in 4Q 2016.

¹ This HUF 1.9 billion 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.

The consolidated net interest margin eroded by 2 bps compared to the full-year 2016 level. Without one-timers the margin of OTP Core would have declined by 7 bps q-o-q, while DSK would have experienced a 24 bps NIM attrition. Romania, Croatia and Ukraine, on the other hand, saw widening margins over the first quarter

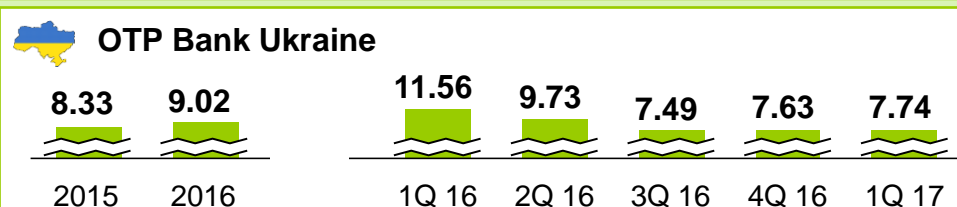
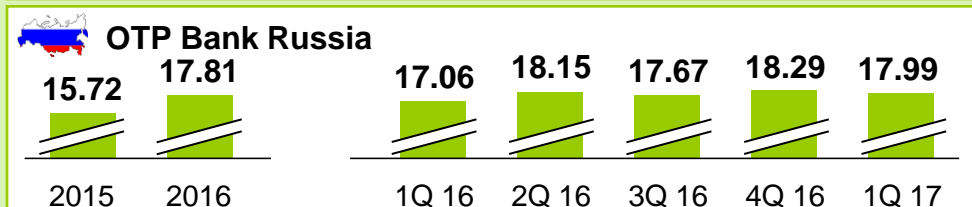
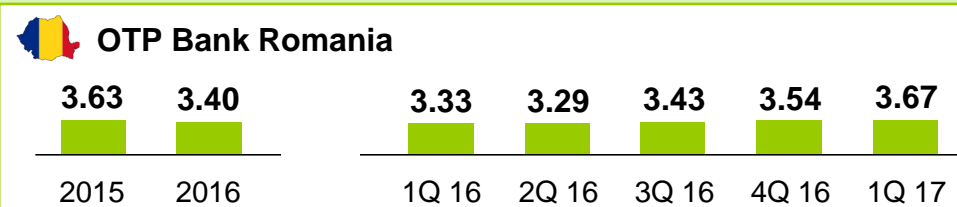
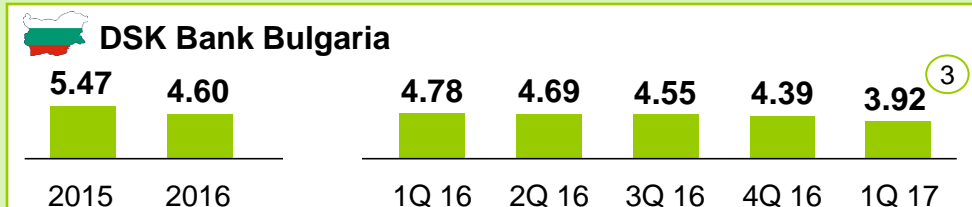
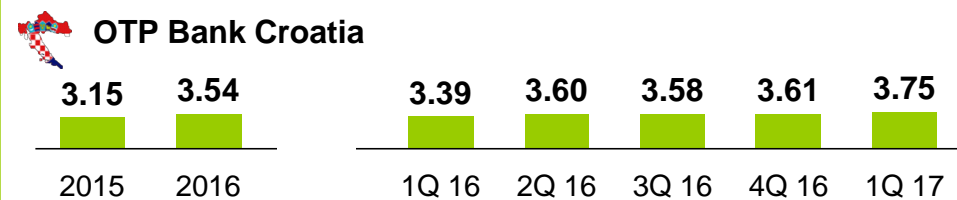
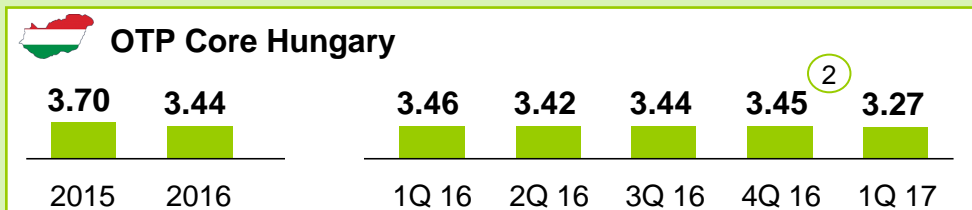
Net interest margin (%)



① In 4Q the NII was distorted by: 1. eliminations (HUF -5 bn impact in 4Q) related to FX swaps between OTP and DSK (see point 4 on page 20); 2. a one-off item at OTP Core (HUF +1.9 bn in 4Q, the same as on page 20 in point 1 and the 2. point on this page); 3. One-off interest revenues booked at Merkantil (HUF +1.5 bn in 4Q). Adjusting for these 3 items the 4Q NIM would have been 4.81%.

② A HUF 1.9 billion NII-boosting one-off item was booked in 4Q 2016 at OTP Core (the same as explained on page 20 in point 1). Adjusting for this item the 4Q 2016 NIM would have been 3.34%.

③ At DSK 2 recurring technical items emerged (the same as on page 20 in point 2): a methodology change reduced NII by HUF 0.95 billion, and the coupon step-down of securities issued by OTP Bank by HUF 0.1 billion. These two items explain 23 bps out of the total 47 bps NIM decline, therefore the „clean” NIM contraction would have been 24 bps q-o-q („clean” 1Q NIM: 4.14%).



Consolidated performing loans increased by 1% q-o-q and 8% y-o-y (+4% y-o-y w/o AXA take-over and broadening of OTP Core definition), led by corporate loan expansion in Hungary and Bulgaria, and reviving consumer loan demand in Russia

DPD0-90 volumes											
Q-o-Q loan volume changes in 1Q 2017, adjusted for FX-effect											
Total	1%	3% 2% ²	0%	-2%	301%	-1%	0%	3%	-1%	1%	2%
Consumer	0%	2% 1% ²	-1%	-3%	301%	1%	5%	3%	-2%	3%	1%
Mortgage	0%	1% -1% ²	0%	-2%		-5%	0%	2%	0%	2%	1%
Corporate¹	3%	6%	2%	2%		-1%	-1%	5%	-2%	0%	3%

Cons.	Core (Hungary)	DSK (Bulgaria)	OBRu (Russia)	Touch Bank (Russia)	OBU (Ukraine)	OBR (Romania)	OBH (Croatia)	OBS (Slovakia)	OBSr (Serbia)	CKB (Montenegro)

Y-o-Y loan volume changes in 1Q 2017, adjusted for FX-effect											
Total	8% 4% ³	13% 5% ⁴	4%	6%		2%	2%	7%	-1%	15%	-2%
Consumer	3%	2%	0%	6%		18%	9%	2%	0%	12%	1%
Mortgage	7% -2% ³	15% -1% ⁴	0%	-18%		-10%	-6%	14%	-2%	10%	6%
Corporate¹	10%	13%	14%	17%		2%	10%	7%	1%	17%	-9%

¹ Loans to MSE and MLE clients and local governments
² Without the effect of entities consolidated into OTP Core from 1Q 2017
³ Without the AXA-effect
⁴ Without the AXA-effect and entities consolidated into OTP Core from 1Q 2017

In 1Q 2017 new household loan disbursements improved significantly y-o-y at OTP Core and at almost all subsidiaries

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



Mortgage loan

48%	39%			238%	5%	30%	268%	148%
-----	-----	--	--	------	----	-----	------	------

Cash loan*

71%	5%	30%	74%	110%	39%	-33%	18%	14%
-----	----	-----	-----	------	-----	------	-----	-----

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

The consolidated deposit base showed a strong 6% growth y-o-y, but decreased by 1% q-o-q. The strength of the Hungarian and Bulgarian franchises is reflected in the steadily strong retail deposit inflows (+15% and +7%, respectively)

Q-o-Q deposit volume changes in 1Q 2017, adjusted for FX-effect

Total	-1%	-1%	2%	-8%	-3%	3%	-3%	-1%	-3%	-6%	-6%
Retail	0%	1%	1%	-5%	-3%	-5%	-1%	-1%	-3%	0%	-1%
Corporate¹	-3%	-3%	3%	-13%		9%	-5%	-1%	-2%	-12%	-14%



Y-o-Y deposit volume changes in 1Q 2017, adjusted for FX-effect

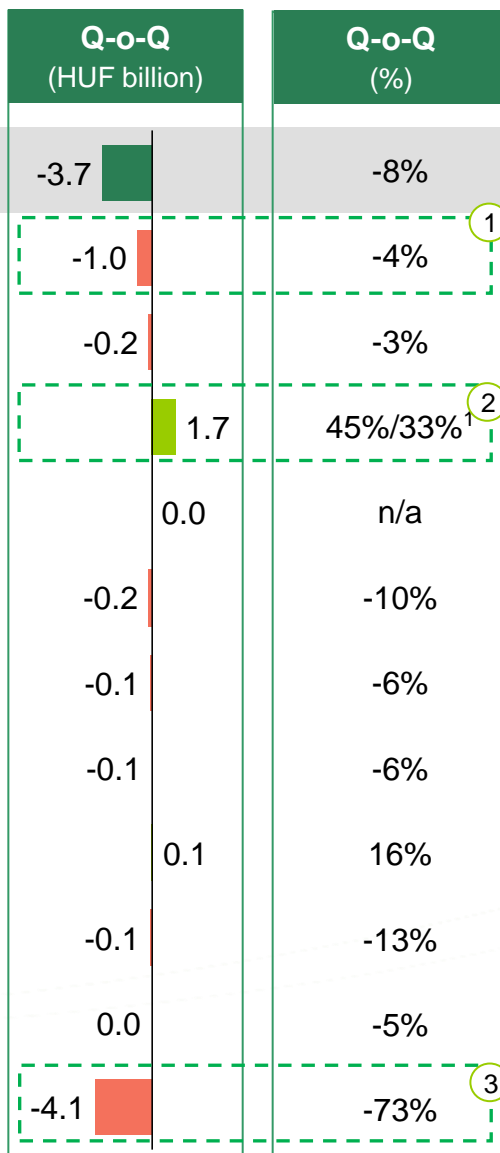
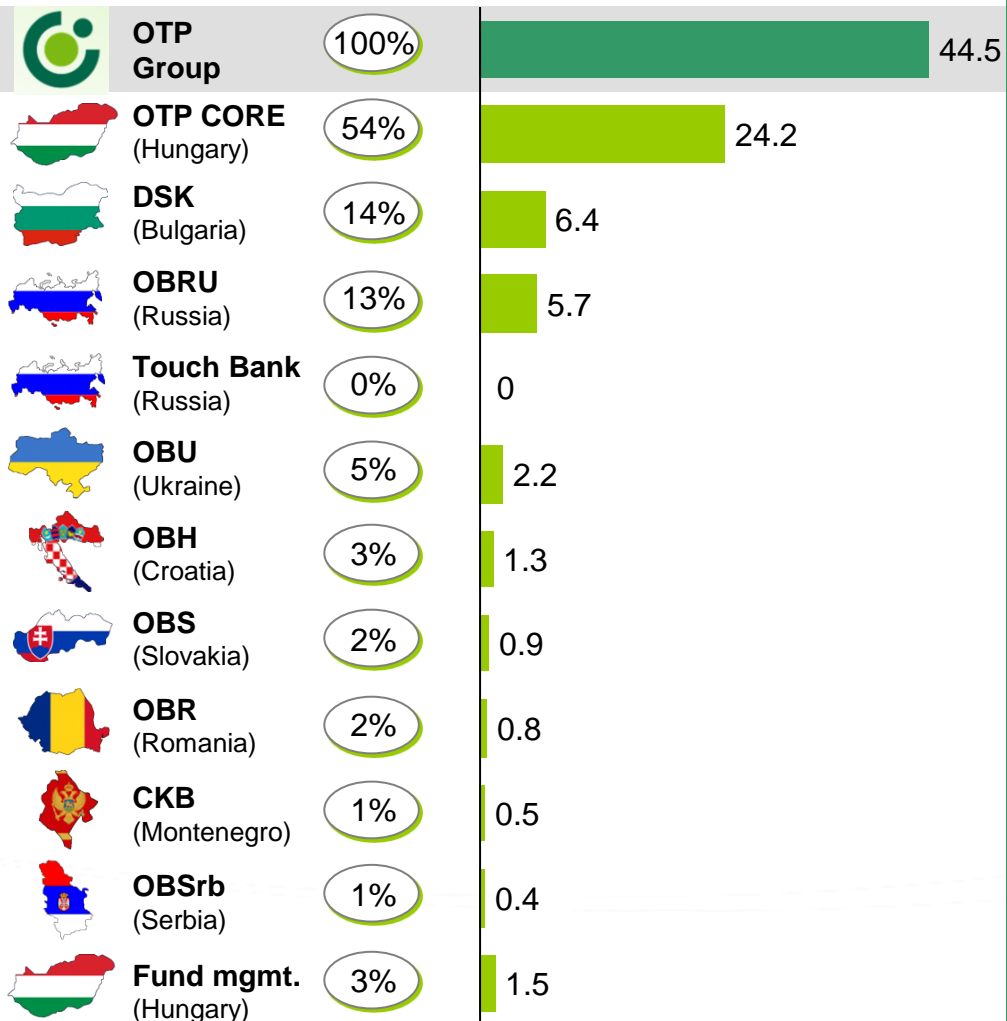
Total	6% ✓	8% ✓	7% ✓	-4%	126% ✓	19% ✓	-1%	3% ✓	-6%	-8%	0%
Retail	8%	15%	7%	-9%	126%	-4%	3%	-0%	-10%	4%	-2%
Corporate¹	3%	0%	7%	16%		42%	-2%	21%	-1%	-19%	5%

¹ including SME, LME and municipality deposits

The net fee and commission income declined by 8% q-o-q mainly due to a seasonal setback at OTP Fund Management

NET FEE AND COMMISSION INCOME – 1Q 2017

(HUF billion)



1 At OTP Core the quarterly decline was explained by the fact that similar to previous years, the financial transaction tax on card transactions had to be paid in a lump-sum in the first quarter for the whole year, based on the annual volume of previous year's transactions. This item amounted to HUF 1.6 billion in 1Q 2017.

2 Fee expenses dropped due to methodology change. From the beginning of 2017 discounts paid to retail agents related to product sale and certain agent bonuses previously treated as fee expense are now capitalised and treated as part of the amortised cost of the loans, thus these expenses will amortise through interest payment on loans during their lifetime.












3 At OTP Fund Management the q-o-q drop is explained by success fees booked in 4Q 2016.

¹ Change in local currency

The other net non-interest income remained relatively stable q-o-q

OTHER NET NON-INTEREST INCOME – 1Q 2017

without one-off items (HUF billion)

			Q-o-Q (HUF billion)	Q-o-Q (%)	
	OTP Group	100%	12.0	-0.2	-2%
	OTP CORE (Hungary)	51%	6.1	3.1	106% ¹
	DSK (Bulgaria)	12%	1.5	-0.4	-20%
	OBRU (Russia)	1%	0.1	-0.3	-77%
	Touch Bank (Russia)	0%	0		n/a
	OBU (Ukraine)	5%	0.6	0.1	30%
	OBH (Croatia)	5%	0.6	0.0	-1%
	OBS (Slovakia)	1%	0.1	0.0	11%
	OBR (Romania)	9%	1.1	0.3	33%
	CKB (Montenegro)	1%	0.1	0.0	11%
	OBSrb (Serbia)	0%	0.1	0.0	-39%
	Others¹	15%	1.8	-3.0	-62% ²

¹ At OTP Core the q-o-q change was mainly induced by a base effect: in 4Q there was a HUF 1.9 billion decline in other revenues induced by a one-off item (the same as explained on page 20 in point 1), and a HUF 0.5 billion gain was realized on government securities in 4Q 2016.

² The q-o-q change is explained by base effect: the lump-sum accounting of the full-year amount of eliminations (HUF 5 billion) 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 was an elimination within NII with a similar magnitude, but with an opposite sign (see on page 20 in point 4).

¹ Other group members and eliminations

Consolidated operating costs grew by 8% y-o-y (+4% adjusted for FX rate changes), explained by higher costs at OTP Core, Touch Bank and OTP Bank Russia. Romania demonstrated efficient utilization of synergies from the Millennium deal

OPERATING COSTS – 1Q 2017 (HUF billion)			Y-o-Y (HUF bn)	Y-o-Y (%)	Y-o-Y (FX-adj., HUF bn)	Y-o-Y (FX-adj., %)	
	OTP Group	100%	100	7	8%	4	4%
	OTP CORE (Hungary)	50%	50	2	4%	2	4%
	DSK (Bulgaria)	11%	11	0	2%	0	3%
	OBRU (Russia)	13%	13	4	38%	1	6%
	Touch Bank (Russia)	3%	3	2	122%	1	71%
	OBU (Ukraine)	4%	4	0	6%	0	9%
	OBH (Croatia)	5%	5	0	3%	0	2%
	OBS (Slovakia)	3%	3	0	-5%	0	-4%
	OBR (Romania)	4%	4	-1	-14%	-1	-12%
	CKB (Montenegro)	2%	2	0	0%	0	1%
	OBSrb (Serbia)	2%	2	0	0%	0	2%
	Merkantil (Hungary)	1%	1	0	0%	0	0%

1 The consolidation of four Hungarian entities into OTP Core from 1Q 2017 did not have a material impact on the dynamics of operating expenses due to eliminations.

The y-o-y increase in operating expenses was fuelled by higher marketing costs and higher contributions paid to regulatory bodies. In 1Q 2017 HUF 0.4 billion personal costs emerged due to the AXA take-over. Also, at OTP Bank there was an average base salary increase of 4% in April 2016, however its effect for 1Q 2017 operating costs was counterbalanced by the 5 pps cut in social and health care contributions from January 2017.

2 At OTP Bank Russia the opex growth was explained by higher business activity. The reclassification of deposit protection fund contributions from other income to opex line pushed up 1Q opex by HUF 0.3 billion.

3 Increasing cost base at Touch Bank due to higher client acquisition costs and personnel expenses.

The 1Q 2017 performance of OTP Core was shaped by declining effective corporate tax rate, lower net interest income and risk cost releases

OTP CORE (in HUF billion)	1Q 16	4Q 16	1Q 17	Q-o-Q	Y-o-Y
Profit after tax	28.9	23.8	40.8	71%	41%
Corporate tax	-10.8	-6.2	-5.2 ¹	-16%	-52%
Before tax profit	39.7	30.0	46.0	54%	16%
Operating profit	40.3	32.5	38.0	17%	-6%
Total income	88.5	89.1	87.9	-1%	-1%
Net interest income	58.4	60.9	57.6	-5% ²	-1%
Net fees and commissions	22.7	25.3	24.2	-4%	7%
Other net non interest income without one-offs	7.3	3.0	6.1	106%	-17%
Operating costs	-48.2	-56.7	-49.9 ³	-12%	4%
Total risk costs	-0.8	-2.6	8.0		
Total one-off items	0.2	0.1	0.0		

¹ The effective corporate income tax rate for the first quarter was 11.3%, marking a sharp drop both q-o-q and y-o-y (1Q 2016: 27.2%, 4Q 2016: 20.5%). The main reason behind was that effective from 1 January 2017 the Hungarian corporate tax rate was reduced to 9%. Also, the tax shield effect on the revaluation of subsidiary investments resulted in additional tax payment both in 1Q and 4Q 2016 (1Q: HUF 0.5 billion, 4Q: HUF 1.7 billion). Since the switch from Hungarian Accounting Standards into IFRS financials happened from January 2017 in Hungary, from 1Q 2017 the corporate tax line of OTP Core won't be distorted by this tax shield effect related to the HUF exchange rate movements.

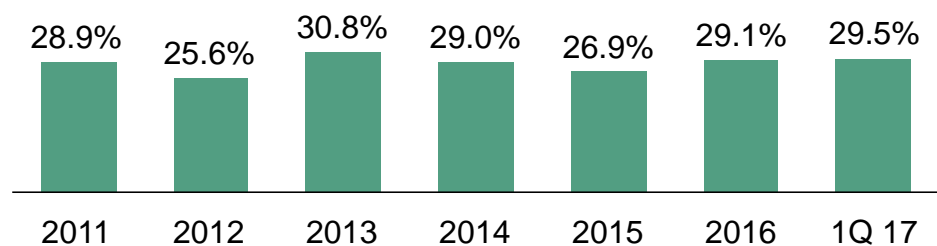
² The y-o-y NII decline was driven by narrowing margins: declining interest rate environment that took its toll through lower deposit margins and lower gross interest income on customer loans. On the other hand, volume expansion could almost entirely offset the NIM pressure.

³ Favourable risk cost developments can be attributed to the continuation of improving credit quality trends.

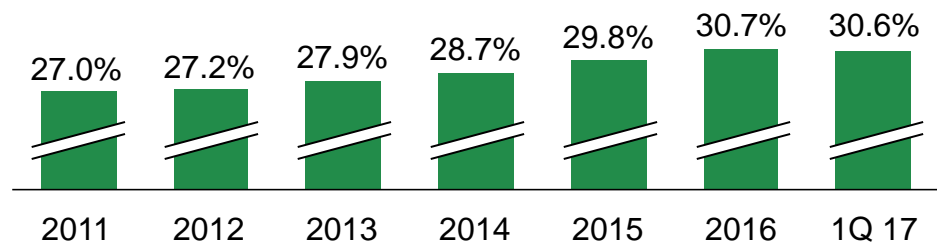
Change of mortgage loan applications and disbursement of OTP Bank (1Q 2017, y-o-y changes)



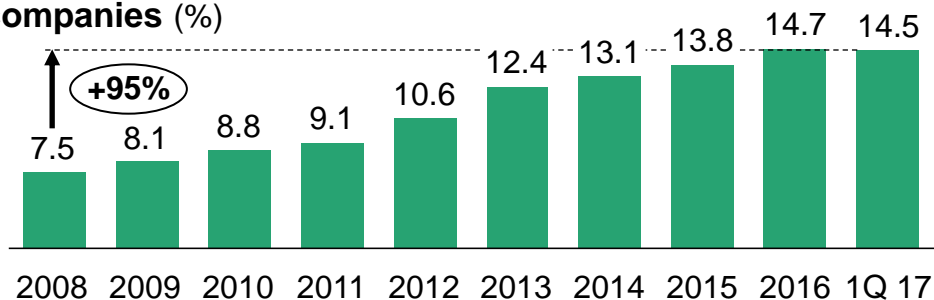
OTP's market share in mortgage loan contractual amounts¹



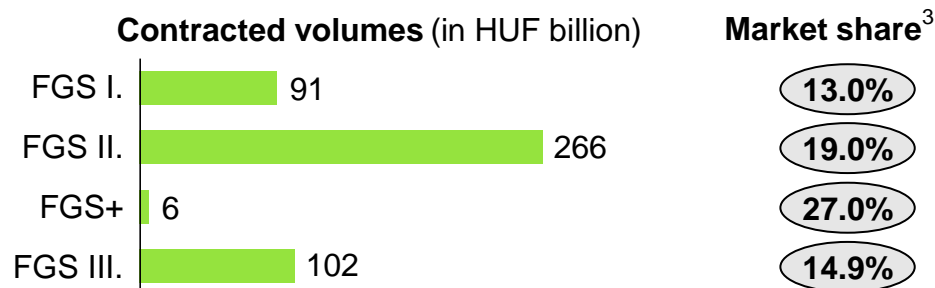
OTP Bank's market share in household savings



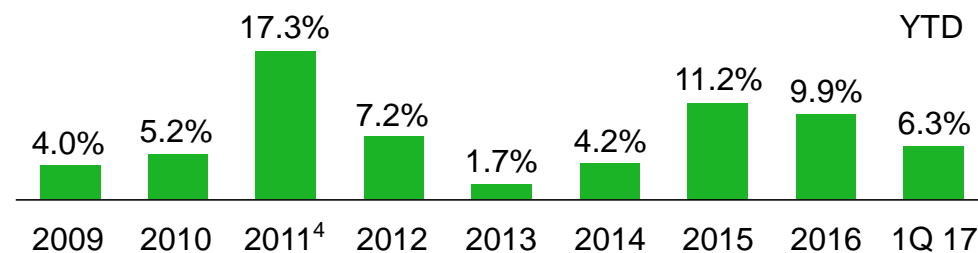
OTP Group's market share² in loans to Hungarian companies (%)



Activity of OTP Group in the Funding for Growth Scheme



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



¹ Including the performance of OTP Building Society. Raw, unadjusted data are used for the calculation of market shares.

² Aggregated market share of OTP Bank, OTP Mortgage Bank, OTP Building Society and Merkantil, based on central bank data (Supervisory Balance Sheet data provision until 2016 and Monetary Statistics from 1Q 2017).

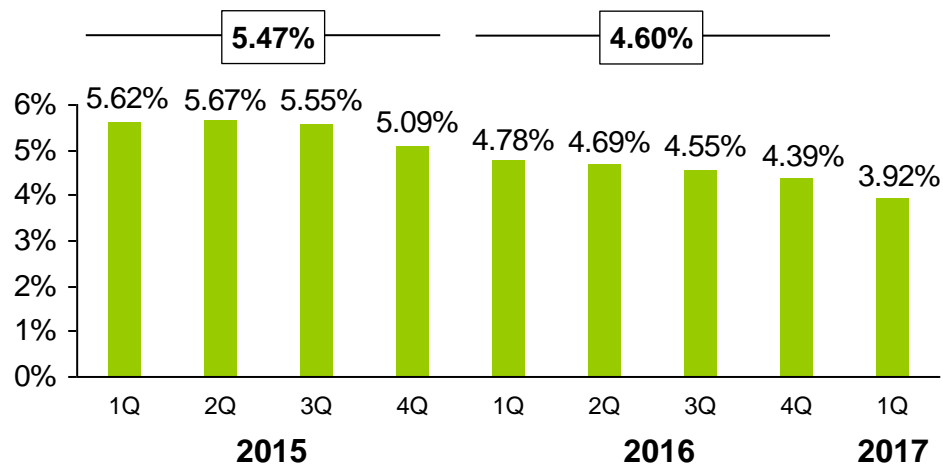
³ The source of the sector statistics is the central bank's publications on FGS.

⁴ The y-o-y increase in 2011 was influenced by reclassification, too.

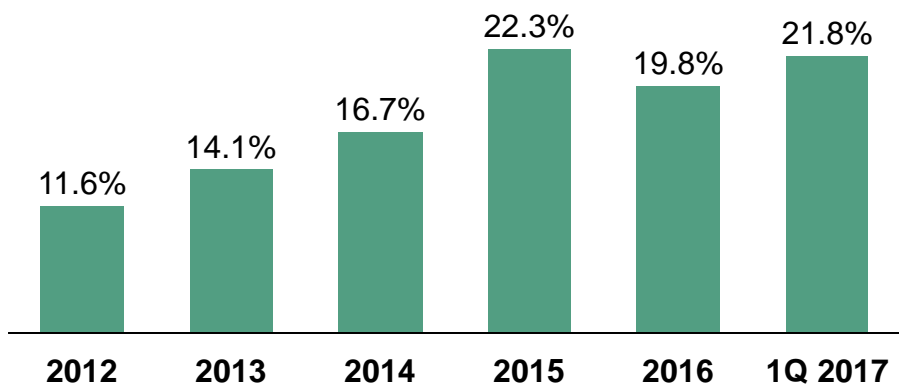
Income statement

(in HUF billion)	1Q 16	4Q 16	1Q 17	Q-o-Q	Y-o-Y
Profit after tax (adjusted)	13.8	4.7	13.4	186%	-3%
Profit before tax	15.3	5.1	14.9	194%	-3%
Operating profit	16.8	17.5	15.8	-10%	-6%
Total income	27.1	28.8	26.3	-9%	-3%
Net interest income	21.5	20.3	18.4	-9%	-14%
Net fees and commissions	5.8	6.6	6.4	-3%	10%
Other income	-0.2	1.9	1.5	-20%	-997%
Operating costs	-10.3	-11.3	-10.5	-7%	2%
Total risk cost	-1.5	-12.4	-0.9	-93%	-40%

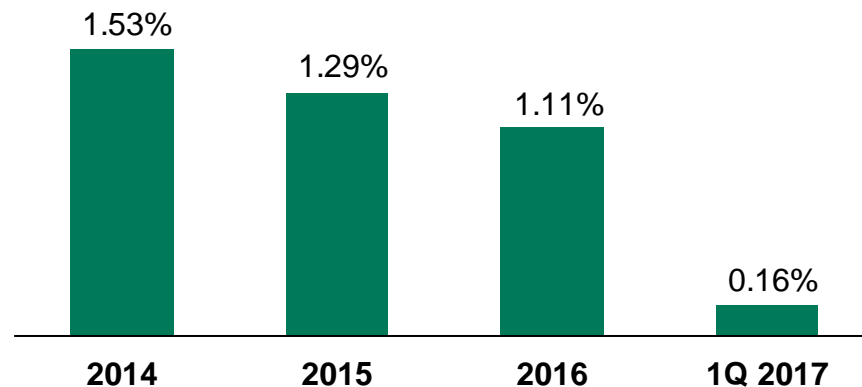
Net interest margin



Return on Equity¹



Risk cost rate¹



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

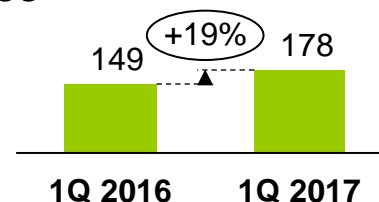
The Russian subsidiary further improved its profit in 1Q 2017 as a result of operating profit increasing. FX-adjusted performing POS and cash loan volumes grew y-o-y due to the favourable new disbursements

Income statement

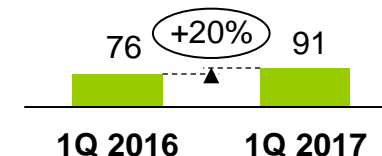
(in HUF billion)	1Q 16	4Q 16	1Q 17	Q-o-Q	Y-o-Y
Profit after tax (adjusted)	2.6	4.6	7.6	65%	190%
Profit before tax	3.4	6.6	9.8	49%	191%
Operating profit	13.4	16.9	19.6	16%	47%
Total income	23.0	29.8	32.8	10%	43%
Net interest income	20.4	25.4	27.1	6%	33%
Net fees and commissions	2.9	3.9	5.7	45%	95%
Other income	-0.4	0.4	0.1	-77%	-125%
Operating costs	-9.6	-12.9	-13.2	3%	38%
Total risk cost	-10.0	-10.3	-9.9	-4%	-2%

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

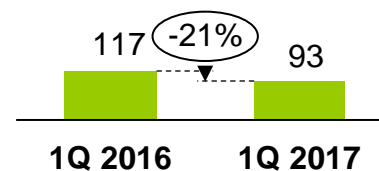
POS



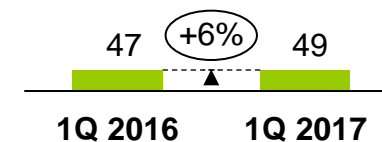
Cash loan



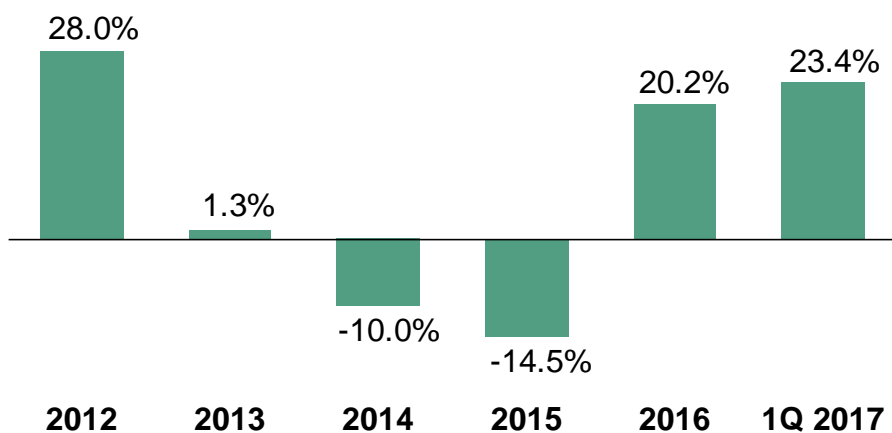
Credit card



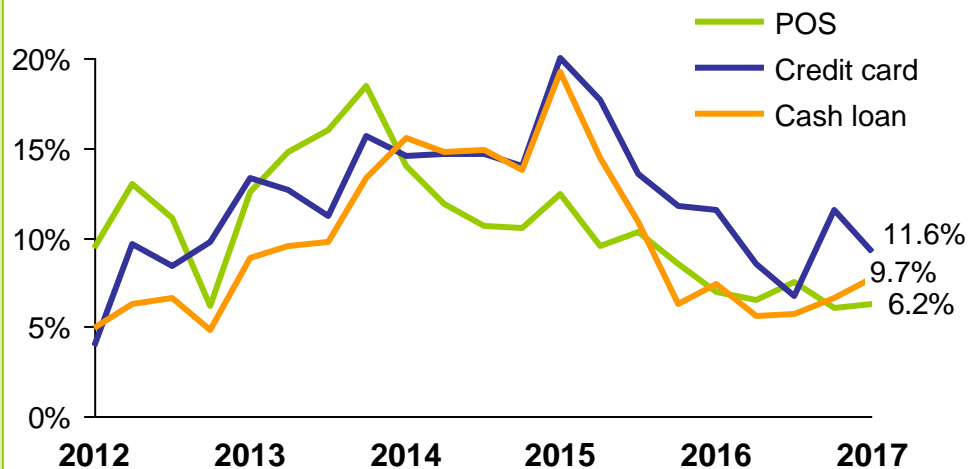
Other loans



Return on Equity¹



OTP Bank Russia - risk cost rates in different segments¹

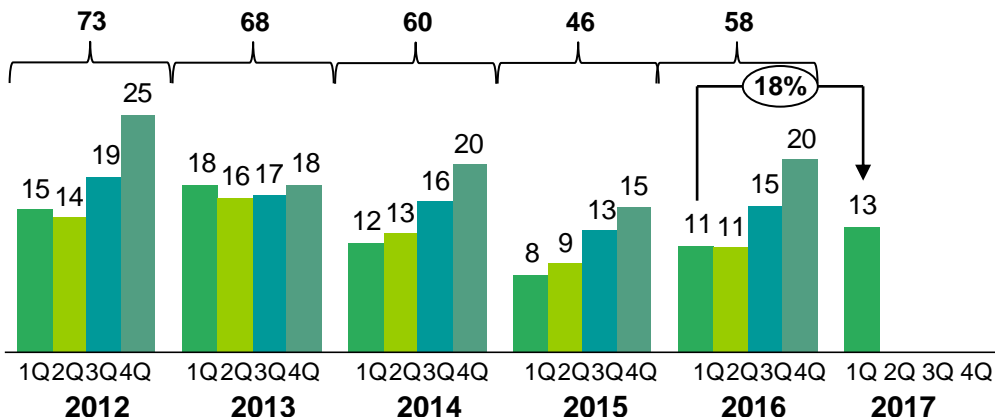


¹ According to the old calculation methodology until 2014 and the new calculation methodology from 2015.

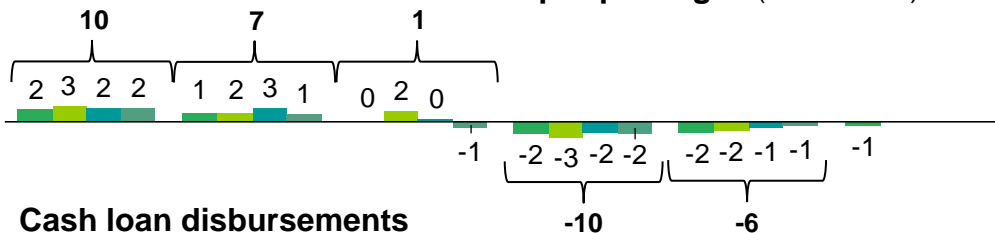


In 1Q 2017 POS and cash loan disbursements grew on a yearly basis, but performing credit card volumes declined further. Deposits decreased q-o-q in RUB terms. Average RUB term deposit rates kept shrinking

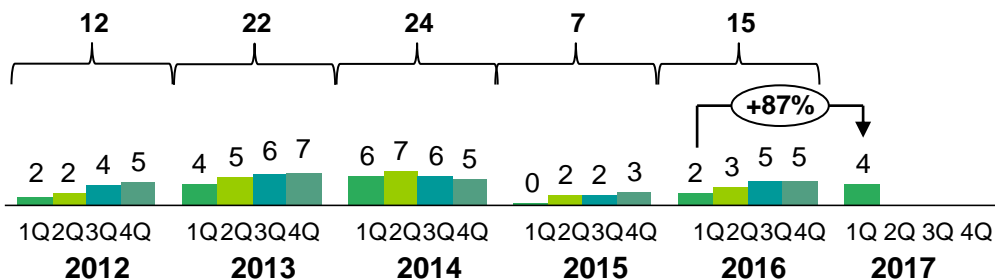
POS loan disbursements (RUB billion)



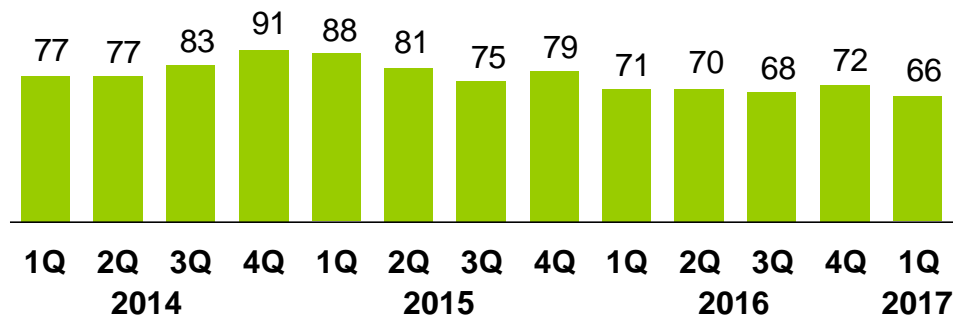
DPD0-90 credit card loan volume q-o-q changes (RUB billion)



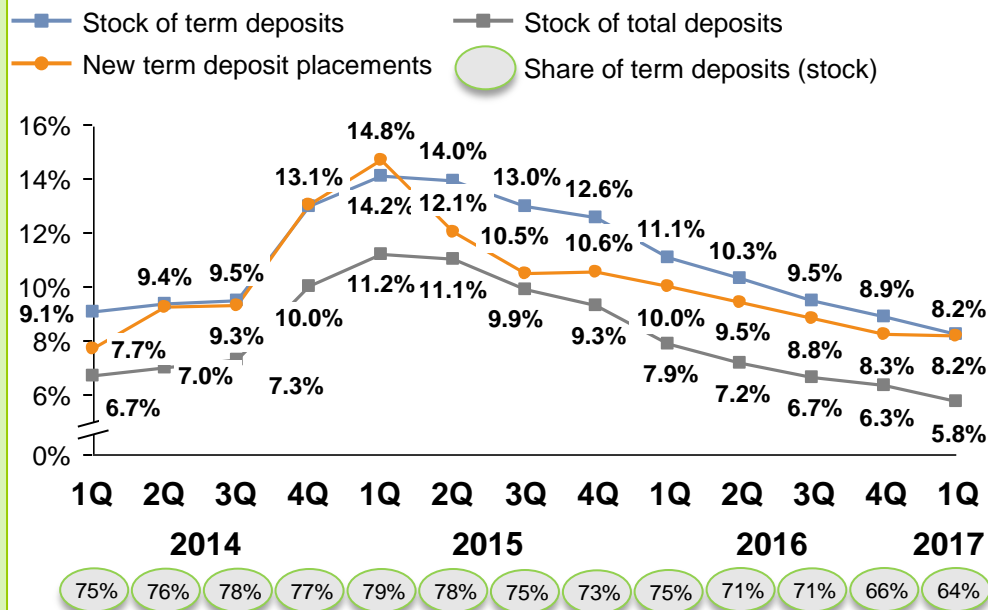
Cash loan disbursements (RUB billion, including quick cash loans)



Development of customer deposits (RUB billion)



Average interest rates for stock and new RUB deposits



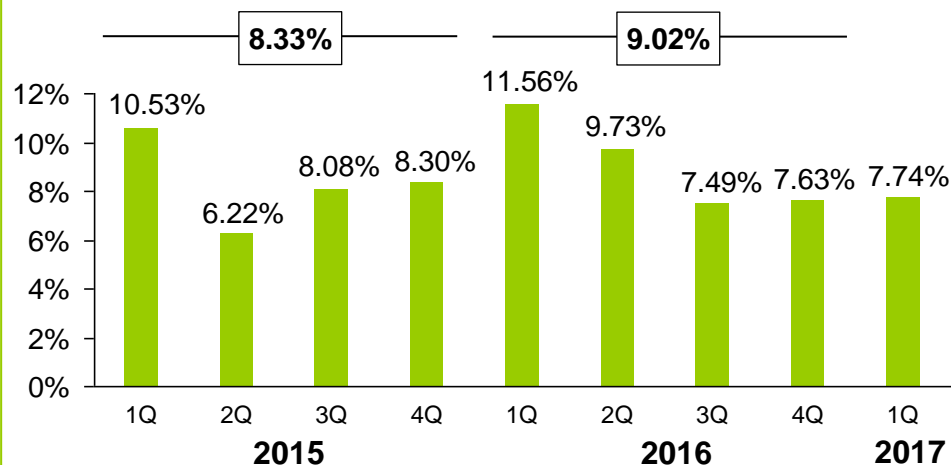


In Ukraine profitability further improved in 1Q 2017 due to moderating risk cost, stringent cost control, stable net interest margin and q-o-q slightly lower performing loan volumes

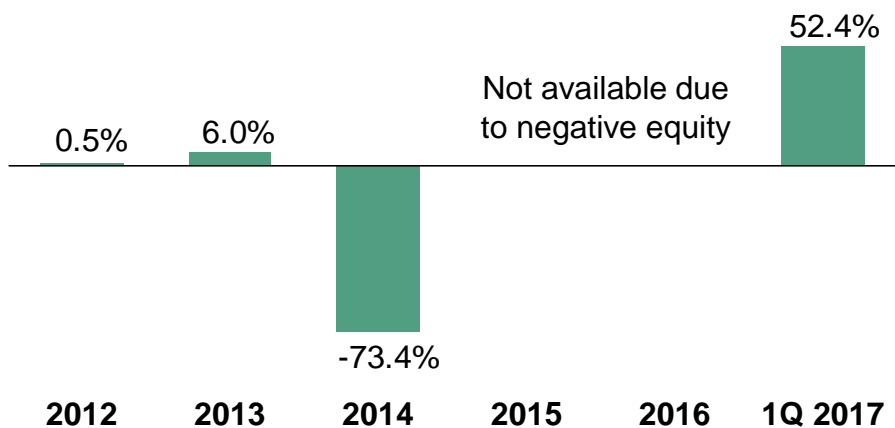
Income statement

(in HUF billion)	1Q 16	4Q 16	1Q 17	Q-o-Q	Y-o-Y
Profit after tax	0.9	2.1	3.3	60%	287%
Profit before tax	3.7	2.2	3.9	82%	7%
Operating profit	7.2	4.3	5.0	17%	-30%
Total income	10.6	8.8	8.7	-1%	-18%
Net interest income	8.0	5.9	5.8	-1%	-27%
Net fees and commissions	2.0	2.5	2.2	-10%	11%
Other income	0.6	0.5	0.6	30%	3%
Operating costs	-3.4	-4.5	-3.6	-19%	6%
Total risk cost	-3.5	-2.1	-1.1	-48%	-69%

Net interest margin

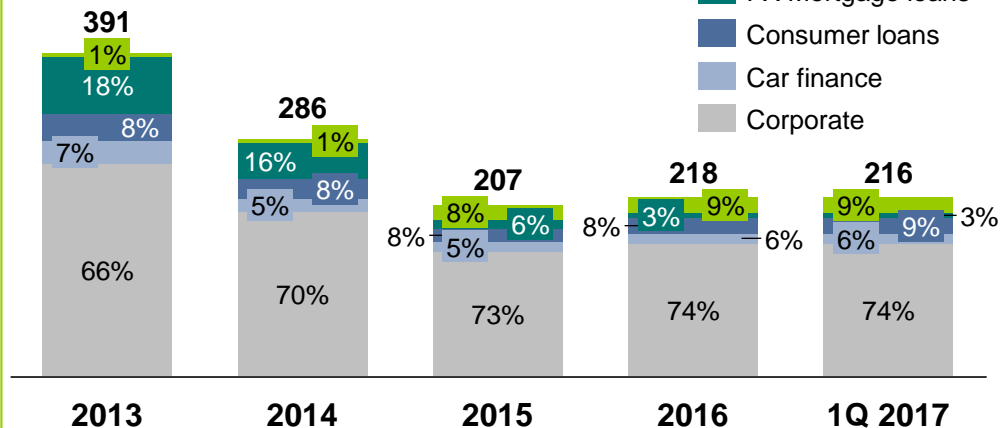


Return on Equity¹

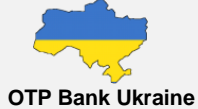


Composition of performing loan volumes

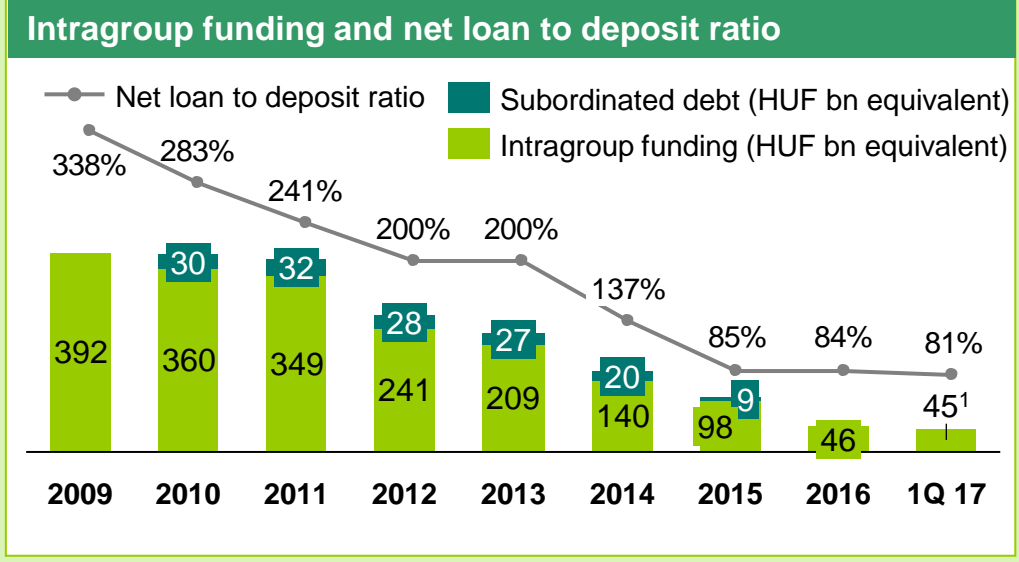
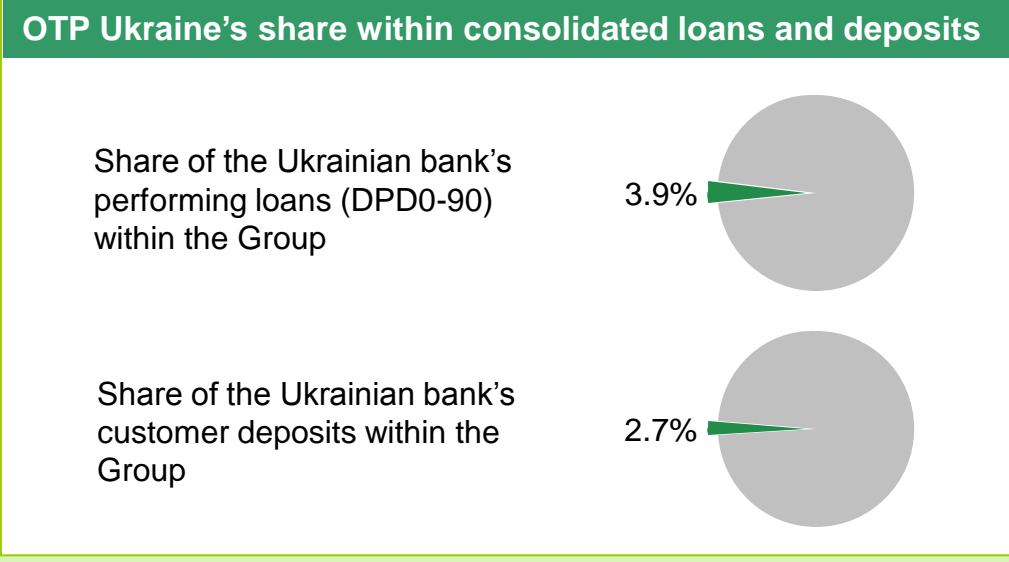
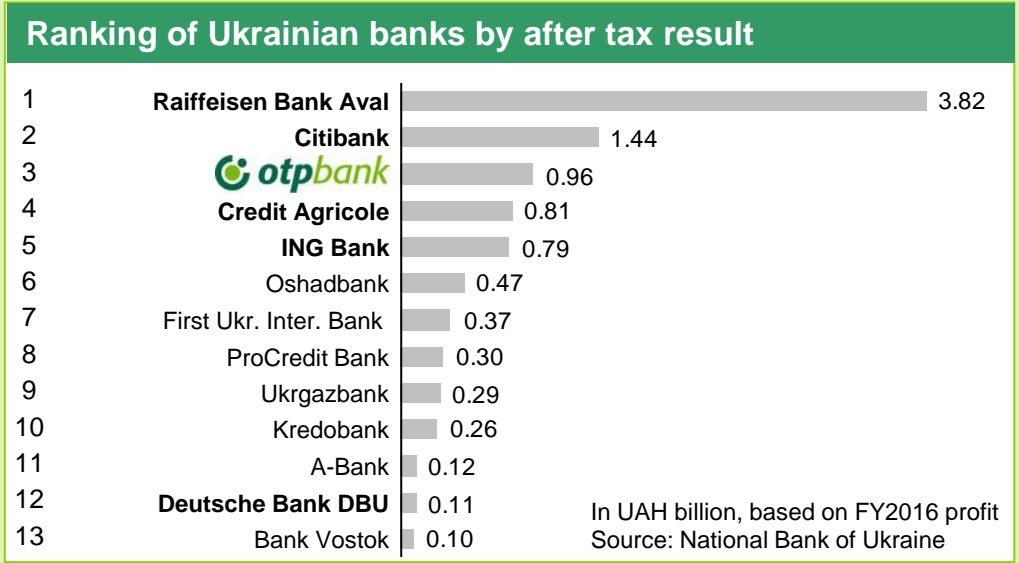
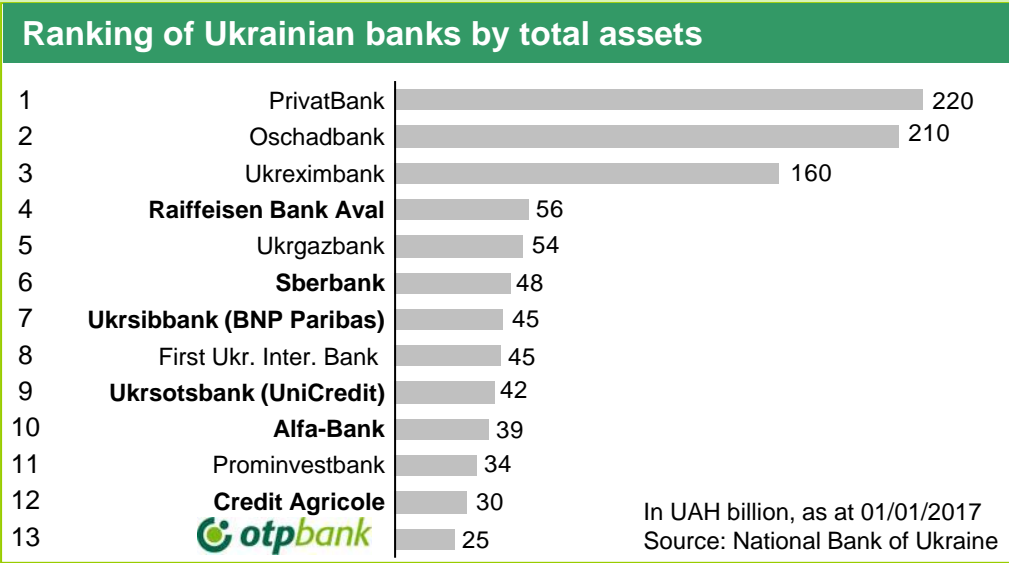
(in HUF billion, FX-adj.)



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



OTP Bank Ukraine excelled in terms of nominal profit despite its low ranking by total assets. Intragroup funding remained stable q-o-q, but the net loan to deposit ratio sank further



¹ Out of the total outstanding intragroup funding exposure of HUF 44.6 billion equivalent toward the Ukrainian operation, HUF 39.5 billion (USD 137 million) was toward the leasing company and HUF 5.2 billion (USD 18 million) was toward the factoring company.



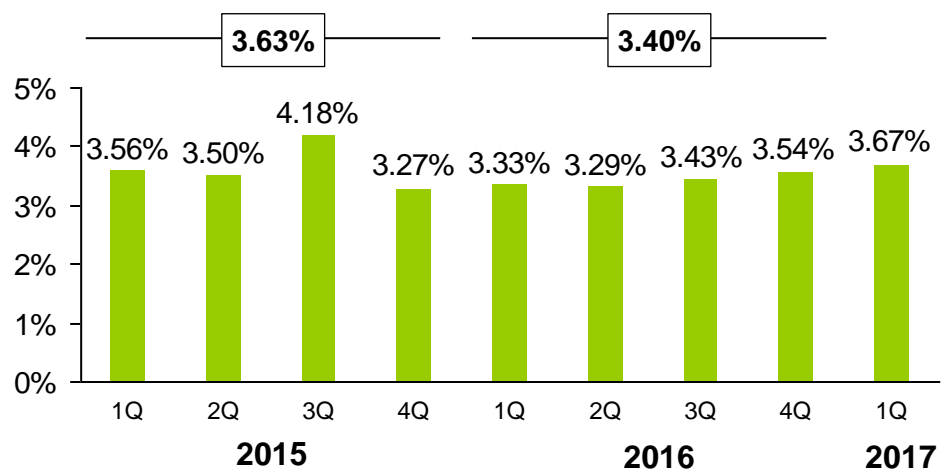


OTP Bank Romania demonstrated strong profitability in 1Q 2017, supported by favourable margins and the cost efficiency gains thanks to the exploitation of cost synergies after the Banca Millennium transaction

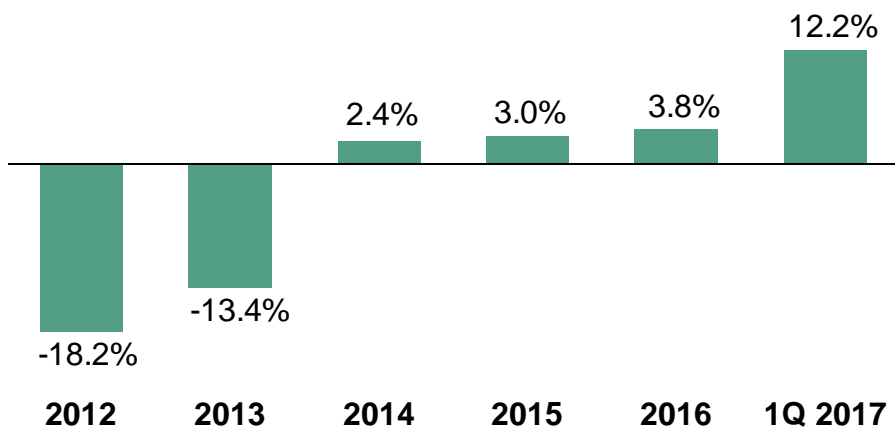
Income statement

(in HUF billion)	1Q 16	4Q 16	1Q 17	Q-o-Q	Y-o-Y
Profit after tax (adjusted)	0.6	-0.5	1.3	-338%	112%
Profit before tax	1.2	-0.4	1.9	-578%	62%
Operating profit	2.1	2.1	2.9	42%	43%
Total income	6.9	6.6	7.2	8%	3%
Net interest income	5.2	5.1	5.3	4%	3%
Net fees and commissions	0.7	0.7	0.8	16%	6%
Other income	1.1	0.8	1.1	33%	1%
Operating costs	-4.9	-4.5	-4.2	-7%	-14%
Total risk cost	-0.9	-2.5	-1.1	-57%	18%

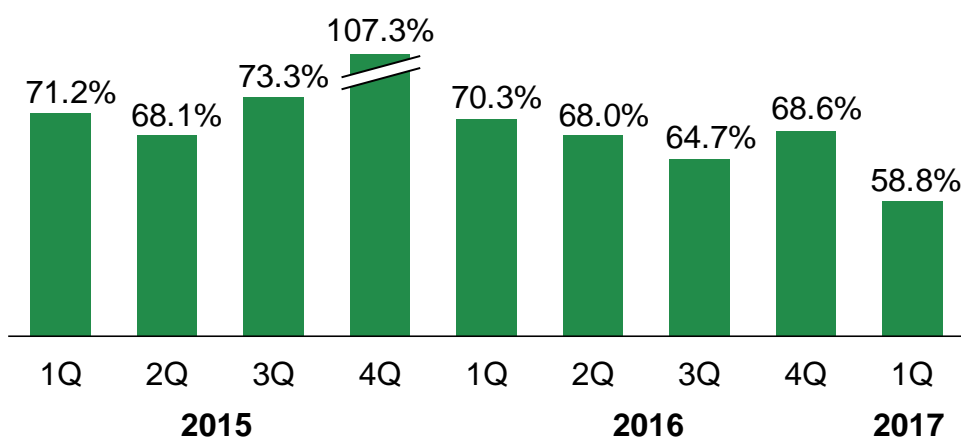
Net interest margin



Return on Equity¹



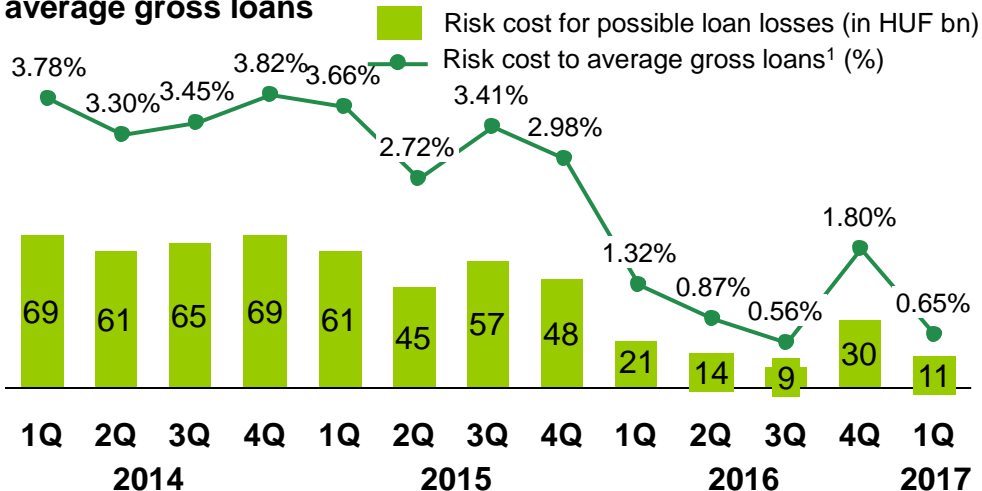
Cost to income ratio



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

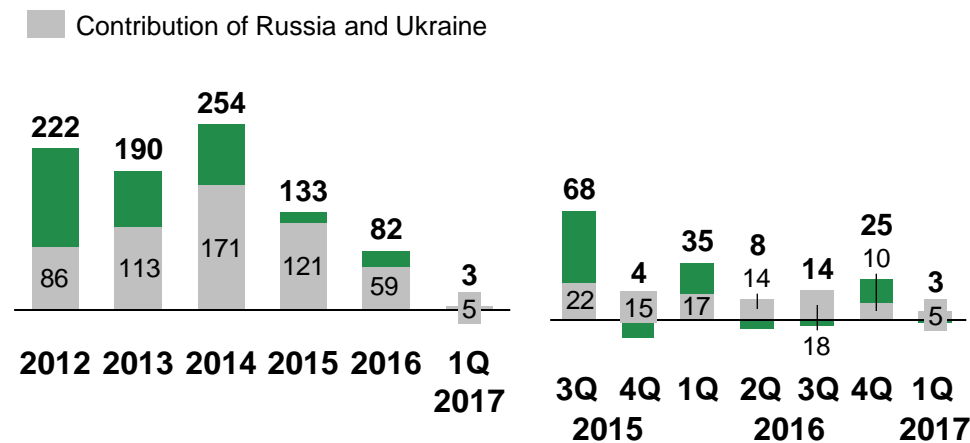
The consolidated DPD90+ ratio declined further. The risk cost rate sank to multi-year lows

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

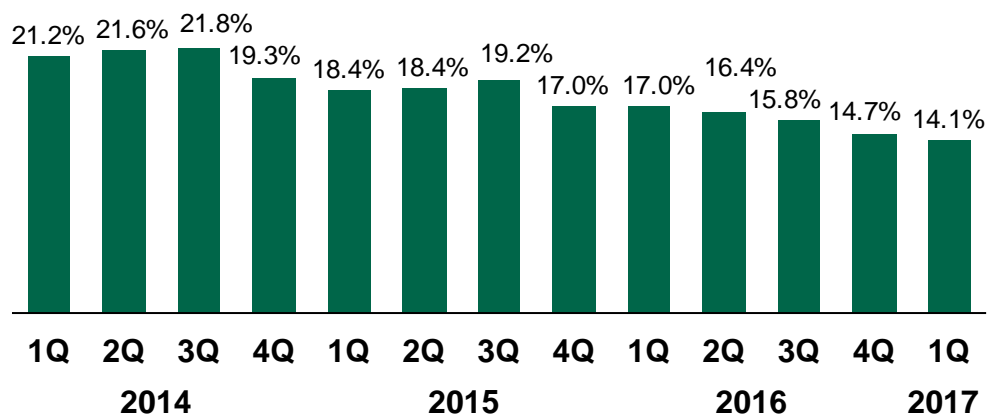


Change in DPD90+ loan volumes

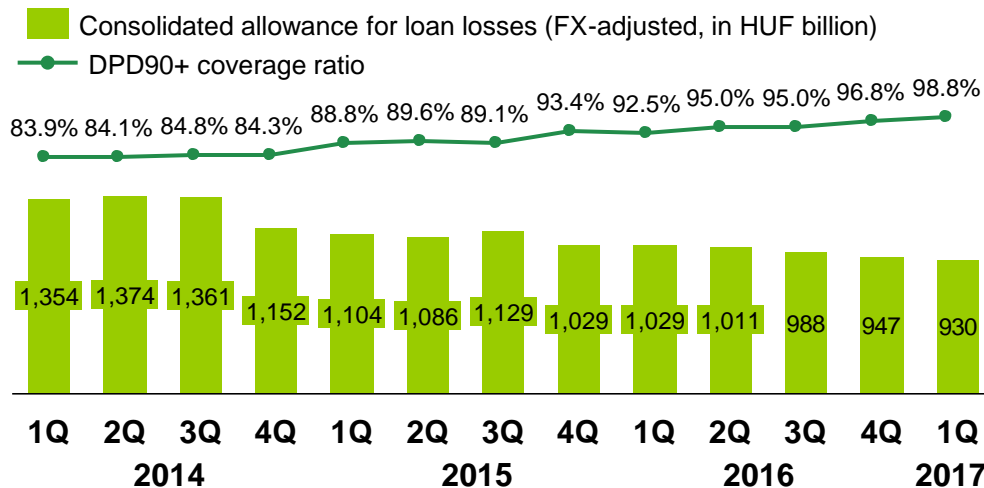
(consolidated, adjusted for FX and sales and write-offs, in HUF billion)



Ratio of consolidated DPD90+ loans to total loans



Consolidated provision coverage ratio



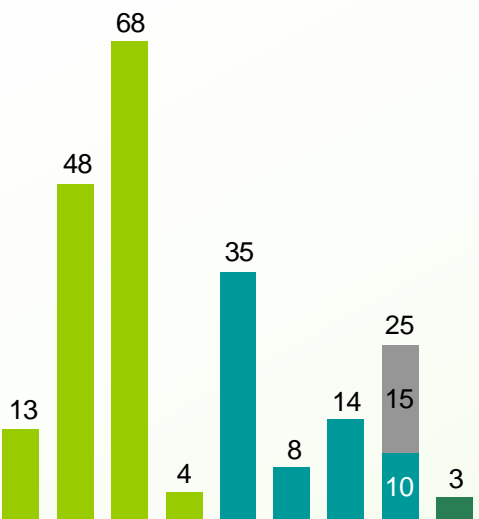
¹ According to the old calculation methodology until 4Q 2015 and the new calculation methodology from 1Q 2016.

In 1Q 2017 the FX-adjusted DPD90+ formation sank to HUF 3 billion. The Russian inflow was below the quarterly average of the last couple of years

FX-adjusted quarterly change in DPD90+ loan volumes

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

Consolidated

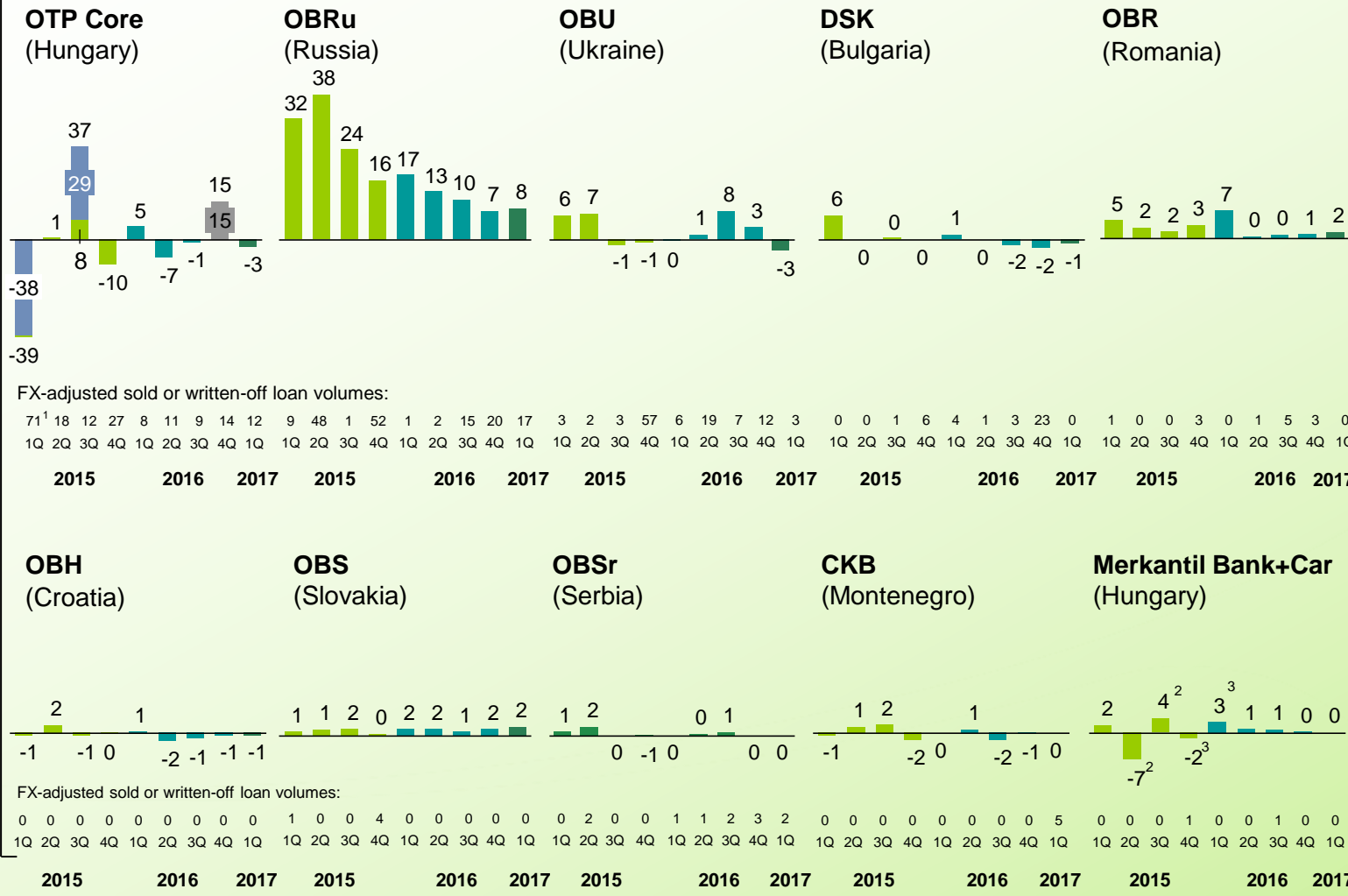


FX-adjusted sold or written-off loan volumes:

Year	Q1	Q2	Q3	Q4
2015	86	71	18	150
2016	20	35	42	74
2017	40			

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

OTP Core
Hungary



DSK Bank
Bulgaria



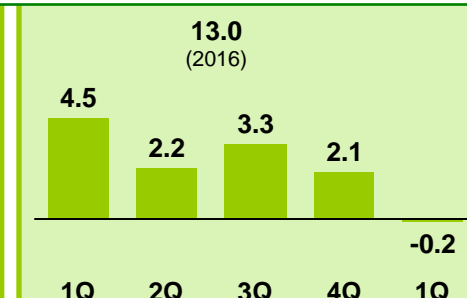
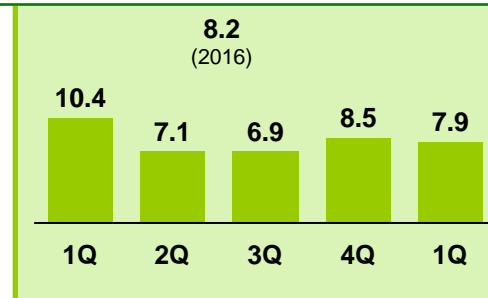
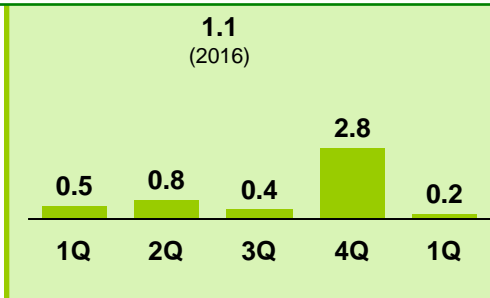
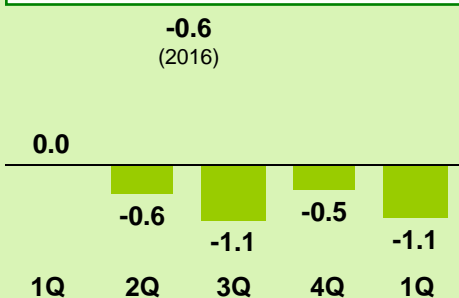
OTP Bank
Russia



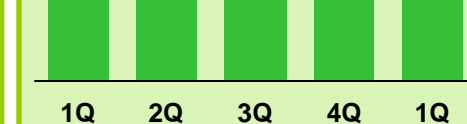
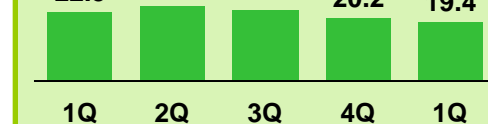
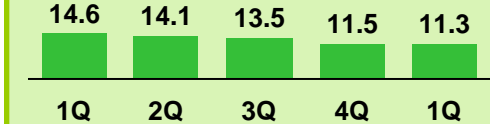
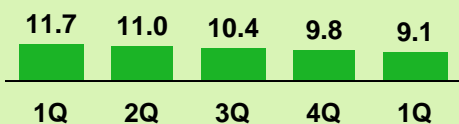
OTP Bank
Ukraine



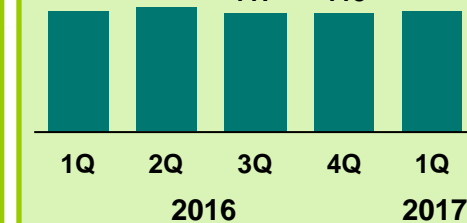
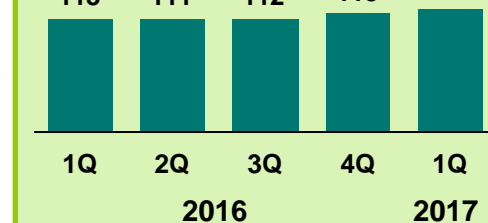
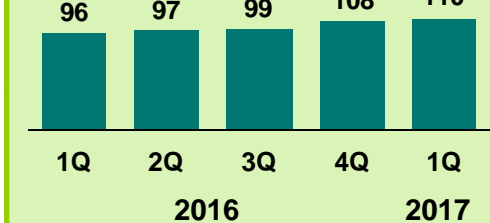
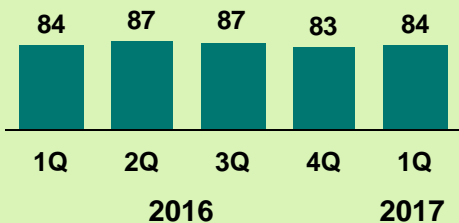
Risk cost for possible loan losses / Average gross customer loans, %



DPD90+ loans / Gross customer loans, %



Total provisions / DPD90+ loans, %



At OTP Core, DSK Bank and the Russian operation the DPD90+ ratio decreased q-o-q partly as a result of DPD90+ portfolio sales and write-offs



DPD90+ ratio (%)

OTP Core (Hungary)	1Q16	2Q16	3Q16	4Q16	1Q17	Q-o-Q (%-point)
Total	11.7%	11.0%	10.4%	9.8%	9.1%	<i>-0.7</i>
Retail	13.6%	13.0%	12.2%	11.3%	10.9%	<i>-0.4</i>
Mortgage	12.4%	11.8%	11.1%	10.4%	10.1%	<i>-0.3</i>
Consumer	18.0%	17.0%	16.0%	15.2%	14.3%	<i>-0.9</i>
MSE	7.4%	6.8%	6.4%	6.4%	6.5%	<i>0.1</i>
Corporate	9.4%	8.5%	8.3%	7.9%	6.8%	<i>-1.1</i>
Municipal	0.2%	2.2%	4.1%	0.3%	0.1%	<i>-0.2</i>



DPD90+ ratio (%)

OTP Bank Russia	1Q16	2Q16	3Q16	4Q16	1Q17	Q-o-Q (%-point)
Total	22.5%	24.6%	23.4%	20.1%	19.1%	<i>-1.0</i>
Mortgage	35.2%	35.5%	37.1%	36.9%	36.1%	<i>-0.8</i>
Consumer	21.8%	24.7%	23.2%	19.8%	18.8%	<i>-1.0</i>
Credit card	28.5%	32.4%	32.7%	30.6%	30.0%	<i>-0.6</i>
POS loan	13.3%	15.9%	14.4%	11.1%	11.7%	<i>0.6</i>
Personal loan	25.4%	26.9%	24.3%	22.7%	18.7%	<i>-4.0</i>



DPD90+ ratio (%)

DSK Bank (Bulgaria)	1Q16	2Q16	3Q16	4Q16	1Q17	Q-o-Q (%-point)
Total	14.6%	14.1%	13.5%	11.5%	11.3%	<i>-0.2</i>
Mortgage	21.5%	21.2%	21.0%	16.7%	16.5%	<i>-0.2</i>
Consumer	7.9%	8.2%	8.5%	7.7%	8.2%	<i>0.4</i>
MSE	25.2%	22.8%	20.6%	17.2%	17.5%	<i>0.3</i>
Corporate	13.4%	12.2%	10.4%	9.6%	8.7%	<i>-0.9</i>



DPD90+ ratio (%)

OTP Bank Ukraine	1Q16	2Q16	3Q16	4Q16	1Q17	Q-o-Q (%-point)
Total	47.5%	43.9%	44.9%	41.9%	41.2%	<i>-0.7</i>
Mortgage	76.6%	74.2%	74.1%	72.6%	73.2%	<i>0.6</i>
Consumer	43.4%	40.6%	38.3%	34.6%	31.8%	<i>-2.7</i>
SME	88.1%	86.2%	87.8%	87.3%	87.6%	<i>0.3</i>
Corporate	15.2%	14.2%	19.0%	18.6%	17.6%	<i>-1.0</i>
Car-financig	51.8%	47.9%	46.6%	42.6%	41.2%	<i>-1.4</i>

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

Definition of retail restructured loans:

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

Restructured retail loans with less than 90 days of delinquency

	1Q 2016		2Q 2016		3Q 2016		4Q 2016		1Q 2017	
	HUF mn	% ¹	HUF mn	% ¹	HUF mn	% ¹	HUF mn	% ¹	HUF mn	% ¹
OTP Core (Hungary)	15,080	1.0%	14,799	1.0%	15,369	1.1%	16,803	1.1%	18,061	1.1%
OBRu (Russia)	3,980	1.1%	4,542	1.2%	3,852	1.0%	3,897	0.9%	5,904	1.3%
DSK (Bulgaria)	22,618	2.9%	23,924	3.0%	21,137	2.7%	20,255	2.7%	20,235	2.7%
OBU (Ukraine)	16,958	10.1%	18,813	11.7%	14,126	9.4%	14,338	9.7%	13,387	9.4%
OBR (Romania)	7,467	2.3%	3,506	1.1%	2,782	0.9%	2,287	0.7%	1,912	0.6%
OBH (Croatia)	2,856	1.0%	2,897	1.0%	2,453	0.9%	4,167	1.4%	3,971	1.3%
OBS (Slovakia)	1,085	0.5%	1,089	0.5%	782	0.4%	878	0.4%	648	0.3%
OBSr (Serbia)	1,027	2.7%	704	1.8%	404	1.0%	303	0.8%	261	0.6%
CKB (Montenegro)	171	0.3%	157	0.2%	117	0.2%	100	0.2%	234	0.4%
Merkantil (Hungary)	981	0.6%	1,158	0.7%	1,339	0.8%	1,566	0.9%	1,647	1.0%
Other leasing ² (Hungary)	316	1.4%	233	1.1%	354	1.6%	223	1.1%		
TOTAL	72,538	1.8%	71,823	1.8%	62,713	1.6%	64,815	1.6%	66,260	1.6%

¹ Share out of retail + car-financing portfolio (without SME)

² OTP Flat Lease; included into OTP Core from 1Q 2017.

Forward looking statements

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



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