

OTP Group

First quarter 2015 results

Conference call – 15 May 2015

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Chief Financial and Strategic Officer



The 1Q 2015 accounting profit reached HUF 1.9 billion. In 1Q 2015 the banking tax was the major adjustment item. The adjusted after tax profit almost tripled q-o-q, but dropped by 20% y-o-y

	1Q 14	4Q 14	1Q 15	Q-o-Q	Y-o-Y
	in HUF billion				
Consolidated after tax profit (accounting)	5.9	10.9	1.9	-82%	-67%
Adjustments (total)	-29.4	0.7	-26.4		-10%
Dividends and net cash transfers (after tax)	-0.1	0.1	0.0	-98%	-104%
Goodwill/investment impairment charges (after tax)	0.0	6.6	0.0	-100%	
Banking tax (after tax)	-29.4	0.0	① -28.7		-2%
Effect of acquisitions (after tax)	0.0	0.0	② 1.6		
Actual and expected one-off impact of regulatory changes related to consumer contracts in Hungary (after tax)		12.5	③ 7.4	-40%	
Risk cost created toward Crimean exposures from 2Q 2014 (after tax)	0.0	0.3	0.1	-78%	
Risk cost created toward exposures to Donetsk and Luhansk from 3Q 2014 (after tax)	0.0	-18.7	-1.2	-94%	
Revaluation of reverse mortgage portfolio of OTP Life Annuity Ltd. simultaneous with regulatory changes (after tax)			④ -5.5		
Consolidated adjusted after tax profit	35.3	10.2	28.3	177%	-20%

① The total annual levy of banking tax imposed on the Hungarian banks was booked in 1Q, as well as HUF 180 million in Slovakia.

② The positive impact of badwill related to the acquisition of the Romanian Banca Millennium was HUF 1.6 billion (after tax). Originally the transaction might have induced a higher badwill impact of around HUF 9.4 billion, which was reduced by the provisions on Banca Millennium's portfolio in amount of HUF 4.5 billion, by the HUF 3.1 billion M&A related expenses and by a HUF 0.3 billion tax effect.

③ Actual and expected one-off impact of regulatory changes related to consumer contracts in Hungary had a positive impact stemming from the difference between the other provision estimation made earlier on a portfolio-base and the de facto settlement and FX conversion. With regard to the potential negative impact on HUF loans settlement, no change in estimation occurred.

④ The business model of OTP Life Annuity Ltd. was affected by a modification of Act No. LX of 2003 about insurance companies and insurance activities, accordingly from January 2015 only insurance companies are eligible to conclude new contracts. Simultaneously, provisions were made on the Company's portfolio which had a negative impact of HUF 5.5 billion (after tax).

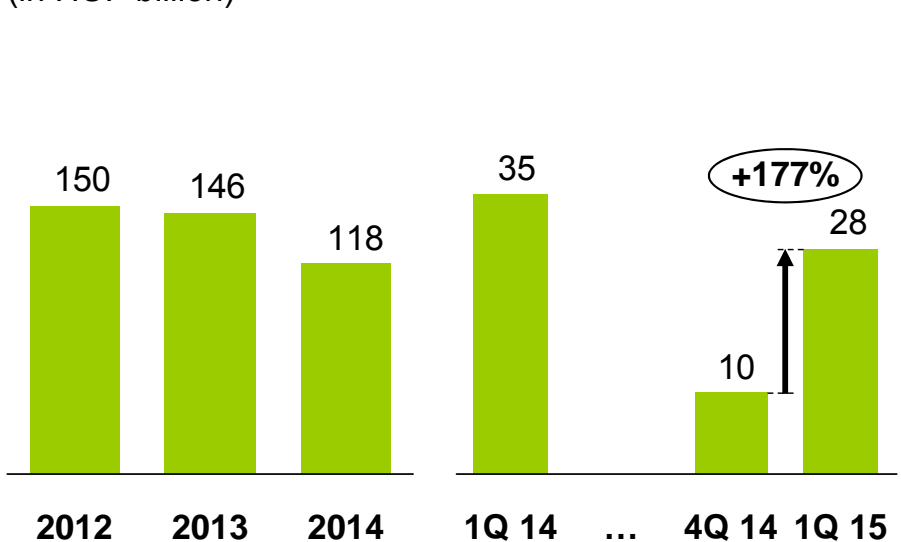
In 1Q 2015 the y-o-y lower consolidated before tax profit without one-off items was mostly affected by moderating net interest income. P&L lines reflect weaker RUB and UAH exchange rates

	1Q 14	4Q 14	1Q 15	1Q 15	Q-o-Q	Y-o-Y
	in HUF billion			FX adj. ¹		
Consolidated adjusted after tax profit	35.3	10.2	28.3		177%	-20%
Corporate tax	-3.7	-2.1	-2.2		7%	-39%
<i>O/w tax shield of subsidiary investments</i>	3.0	6.3	3.0		-52%	2%
Before tax profit	39.0	12.3	30.6		148%	-22%
Total one-off items	-0.2	1.0	-0.3		-134%	41%
Revaluation result of FX swaps at OTP Core	-0.3	0.9	-0.7		-172%	130%
Gain on the repurchase of own capital instruments	0.0	0.0	0.0			
Result of the Treasury share swap agreement	0.1	0.0	0.4			
Before tax profit without one-off items	39.2	11.4	30.9	24.5	172%	-21%
Operating profit w/o one-off items	108.2	88.7	95.4	101.4	8%	-12%
Total income w/o one-off items	210.2	195.1	189.4	199.3	-3%	-10%
Net interest income w/o one-off items	162.5	155.8	142.7	150.1	-8%	-12%
Net fees and commissions	42.0	44.5	37.3	38.4	-16%	-11%
Other net non interest income without one-offs	5.7	-5.2	9.4	10.8	-282%	66%
Operating costs	-102.0	-106.5	-94.1	-97.9	-12%	-8%
Total risk costs	-68.9	-77.3	-64.5	-76.8	-17%	-6%

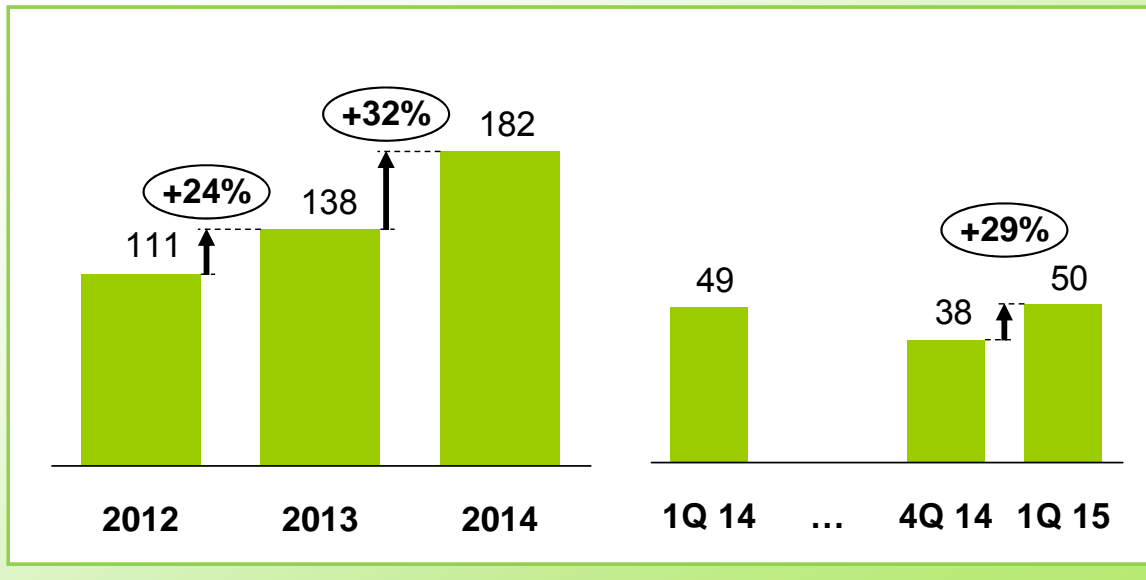
¹ The 1Q 2015 FX adjusted column shows the consolidated 1Q 2015 P&L lines using the 4Q 2014 average RUB/HUF and UAH/HUF rates for the translation of Russian and Ukrainian contribution into HUF.

Diverging trends remained in place across the Group: the result of CEE operation increased by 29% q-o-q, whereas the Ukrainian and Russian operations remained loss-making in 1Q 2015

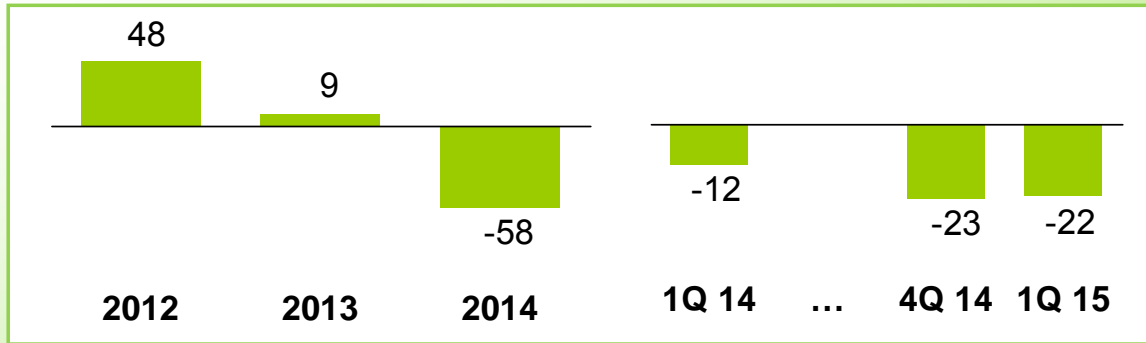
Consolidated adjusted after tax profit
(in HUF billion)



Adjusted after tax results in the CEE countries¹
(in HUF billion)



Adjusted after tax results in Russia and Ukraine
(in HUF billion)



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 -8.8 billion in 2012, -0.9 billion in 2013 and -6.8 billion in 2014 and -1.4 billion in 1Q 2014, -5.3 billion in 4Q 2014, 0.3 billion in 1Q 2015, respectively.

The profit of CEE operation improved both q-o-q and y-o-y.
The Russian and Ukrainian losses continued to be a drag on overall Group performance

	1Q 14	4Q 14	1Q 15	Q-o-Q	Y-o-Y
	in HUF billion				
Consolidated adjusted after tax profit	35.3	10.2	28.3	177%	-20%
CEE operation	48.9	38.5	49.7	29%	2%
OTP Core (Hungary)	33.9	35.5	29.4	-17%	-13%
DSK (Bulgaria)	11.3	5.7	17.6	207%	56%
OBR (Romania)	1.0	-1.6	0.4	124%	-61%
OBH (Croatia)	0.3	-0.4	0.1	121%	-75%
OBS (Slovakia)	0.4	-0.7	0.4	-161%	13%
OBSrb (Serbia)	0.1	0.0	0.0		
CKB (Montenegro)	0.6	-0.9	0.1		
Leasing (HUN, RO, BG, CR)	0.1	-2.0	0.4	120%	
OTP Fund Management (Hungary)	1.1	2.8	1.3	-53%	19%
Russian and Ukranian operation	-12.2	-22.9	-21.6		
OBRU (Russia)	-4.7	-1.8	-11.5		
OBU* (Ukraine)	-7.5	-21.1	-10.2		
Corporate Center	-0.5	0.0	-0.2		

* Without risk cost created towards the Crimean exposures from 2Q 2014 and risk cost created towards Donetsk and Luhansk exposures from 3Q 2014.

In 1Q 2015 the q-o-q decline of the CET1 ratio was explained by the lower CET1 capital due to the declining revaluation reserves; higher capital requirement for market risk was partly offset by lower capital requirement for credit risk

OTP Group consolidated capital adequacy ratio (IFRS)

BASEL III	2010	2011	2012	2013	2014*	1Q 15
Capital adequacy ratio	17.5%	17.3%	19.7%	19.7%	16.9%	16.1%
Common Equity Tier1 capital ratio	12.1%	12.4%	15.1%	16.0%	13.5%	13.0%

- 1 The **consolidated CAR and CET1 ratios** are calculated without the profit of the actual period (only audited profit can be included into the regulatory capital). The accrued dividend amount is not deducted from the capital, either. With the deduction of the accrued dividend amount of HUF 11.55 billion both CAR and CET1 ratios would have been lower by 20 bps (15.9% and 12.8%, respectively).
- 2 The standalone **capital adequacy ratio of OTP Bank** does not include the 1Q audited profit and the accrued dividend amount (altogether HUF 37.7 billion), because the National Bank of Hungary has not yet granted its permission to do so. Had it been added, the standalone CAR would have reached 19.9%.
- 3 In case of the **Ukrainian bank** the standalone capital adequacy ratio under local regulation stood at 8.6% at the end of March. Based on a new NBU regulation (effective from 1 March 2015) the non-fulfilment of the 10% CAR threshold is not sanctioned, but the capital adequacy ratio must be higher than 5% in 2015.

Capital adequacy ratios (under local regulation)

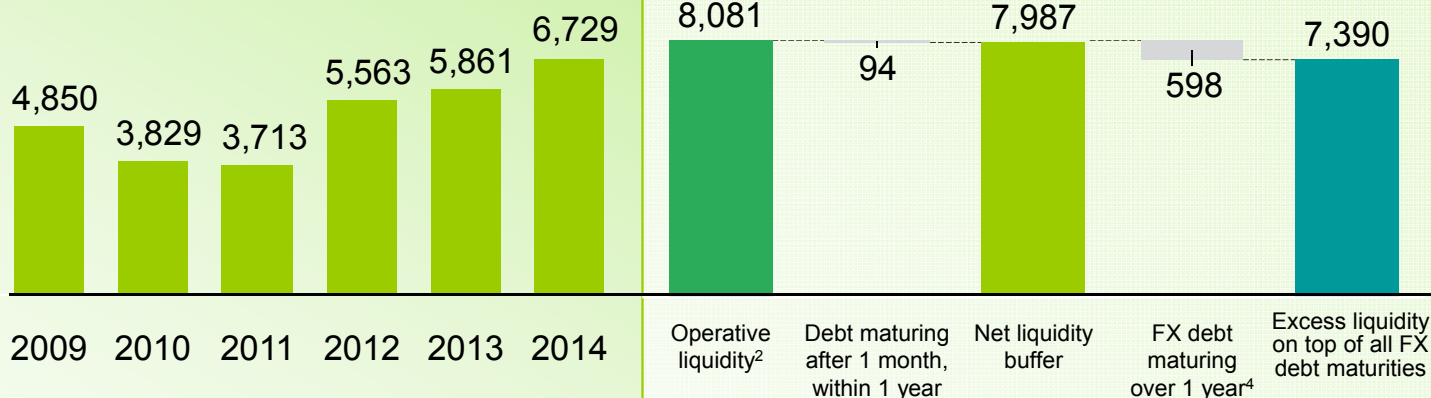
	2010	2011	2012	2013	2014	1Q 15
 OTP Group (IFRS)	17.5%	17.3%	19.7%	19.7%	16.9%	16.1%
 Hungary	18.1%	17.9%	20.4%	23.0%	19.0%	18.8%
 Russia	17.0%	16.2%	16.2%	14.0%	12.1%	12.3%
 Ukraine	22.1%	21.3%	19.6%	20.6%	10.4%	8.6%
 Bulgaria	23.7%	20.6%	18.9%	16.4%	18.0%	18.5%
 Romania	14.0%	13.4%	15.6%	12.7%	12.6%	13.0%
 Serbia	16.4%	18.1%	16.5%	37.8%	30.8%	31.3%
 Croatia	15.0%	14.8%	16.0%	16.7%	16.5%	16.9%
 Slovakia	11.1%	13.1%	12.8%	10.6%	13.7%	13.4%
 Montenegro	13.9%	13.4%	12.4%	14.4%	15.7%	16.6%

* Calculated with the deduction of the dividend amount accrued in 2014 under Hungarian Accounting Standards.

The Group's liquidity position further strengthened

OTP Group net liquidity buffer¹

(in EUR million, equivalent)



Debt and capital market issuances in 1Q 2015:

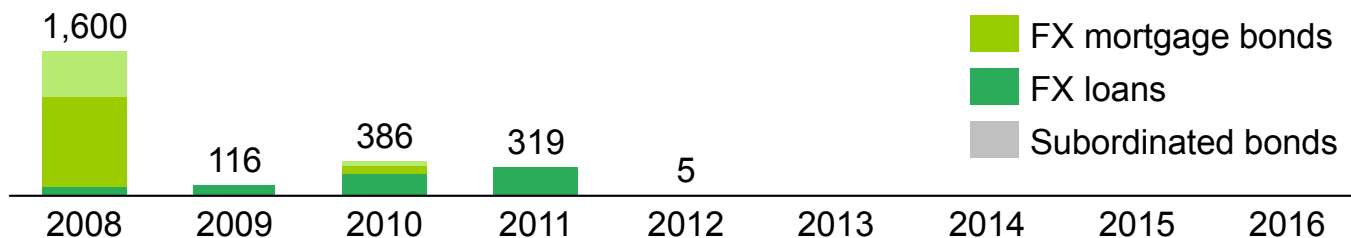
- Shrinking Hungarian retail bond portfolio due to strong competition from local government bonds (1Q 2015 volume: HUF 56 billion or EUR 188 million)

Repaid debt and capital market instruments in 1Q 2015:

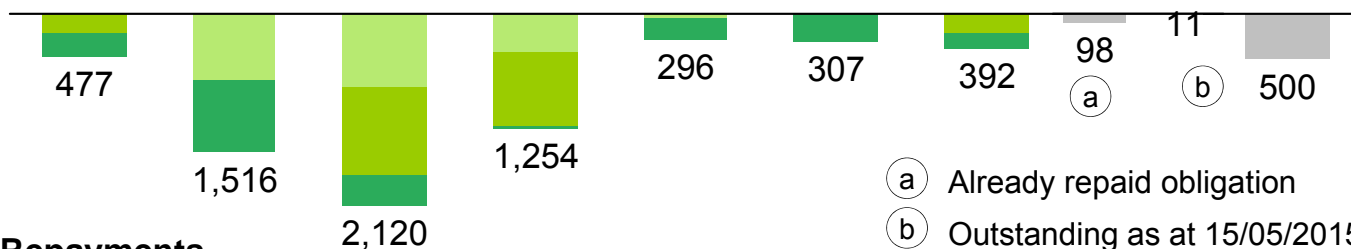
- On 4 March EUR 93 million subordinated bonds were redeemed at OTP Bank
- On 6 March RUB 300 million bonds were redeemed at OTP Bank Russia
- On 6 March OTP Mortgage Bank repaid an EUR 510 million mortgage bond, with EUR 5 million external obligation
- In 1Q 2015 EUR 11 million subordinated debt was paid back by OBS

FX denominated wholesale funding transactions at OTP Core level³ (in EUR mn)

Issuances



Repayments



- (a) Already repaid obligation
(b) Outstanding as at 15/05/2015

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

¹ Operating liquidity less debt maturing over one month, within one year

² Liquid asset surplus within one month + repo value of government bonds, covered bonds, municipal bonds

³ Wholesale funding transactions do not include intra-group holdings

⁴ Maturing debt does not include CHF 118 million exposure to EIB due to the over 100% collateralization of loans

In 1Q revenues eroded by 10% y-o-y coupled with a 6% FX-adjusted decrease of performing loan volumes. Weaker q-o-q income at OTP Core was partly due by declining portfolio and lower interest rates as a result of the settlement and conversion. The 19% q-o-q drop of Russian income (in RUB terms) was reasoned by elevated funding costs

		TOTAL INCOME – 1Q 2015 without one-off items (HUF billion)	Y-o-Y change (%)	Q-o-Q change (%)	FX adjusted Y-o-Y change of DPD0-90 loans (%)	FX adjusted Y-o-Y change of deposits (%)
	OTP Group	189.4	-10%	-3%	-6%	12%
	OTP CORE (Hungary)	86.7	-8%	-4%	-12%	9%
	DSK (Bulgaria)	28.8	16%	10%	2%	13%
	OBRu (Russia)	26.9	-41%/-14% ¹	-32%/-19% ¹	-8%	6%
	OBU (Ukraine)	17.0	-7%/69% ¹	106%/161% ¹	-32%	4%
		<i>Contribution of foreign subsidiaries:</i>				
	OBH (Croatia)	6.2	13%	-4%	15%	11%
	OBS (Slovakia)	4.4	7%	1%	2%	15%
	OBR (Romania)	7.4	29%/-1% ²	23%/-6% ²	28%/-1% ²	71%/23% ²
	CKB (Montenegro)	2.5	-10%	-13%	-14%	-7%
	OBSrb (Serbia)	1.9	-11%	-10%	26%	23%
	Other³	7.6	12%	-11%		

¹ Changes in local currency.
² Adjusted for the effect of Banca Millennium consolidation
³ Other group members and eliminations

1Q net interest income dropped by 12% y-o-y on the back of weakening Russian and Ukrainian performance; the decline was partly offset by strong Bulgarian and Romanian performance

NET INTEREST INCOME – 1Q 2015 (HUF billion)			Y-o-Y (HUF bn)	Y-o-Y (%)	Q-o-Q (HUF bn)	Q-o-Q (%)	
	OTP Group	100%	143	-20	-12%	-13	-8%
	OTP CORE (Hungary)	45%	64	-3	-4%	-3	-4%
	DSK (Bulgaria)	16%	22	3	15%	2	10%
	OBRU (Russia)	17%	24	-18	-43%	-11	-31%
	OBU (Ukraine)	7%	10	-5	-35%	0	-4%
	OBH (Croatia)	3%	5	1	25%	0	3%
	OBS (Slovakia)	3%	4	0	6%	0	0%
	OBR (Romania)	4%	5	1	13%	0	10%
	CKB (Montenegro)	1%	2	0	-10%	0	-6%
	OBSrb (Serbia)	1%	2	0	29%	-1	-41%
	Merkantil (Hungary)	3%	4	0	10%	0	7%

1 At OTP Core the settlement and conversion was the main reason for q-o-q weaker NII.

2 Excess liquidity at DSK Bank enabled efficient deposit pricing.

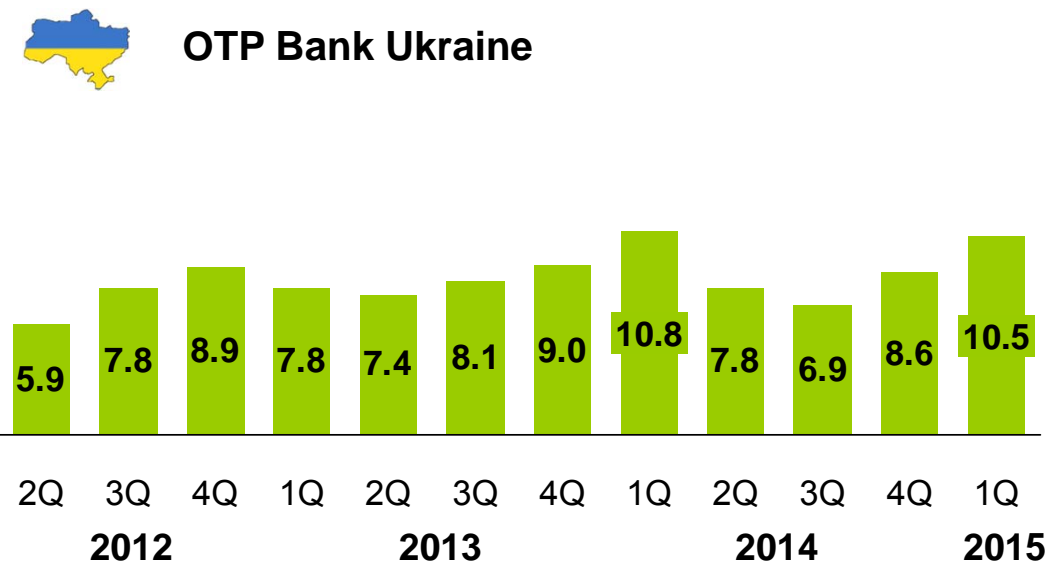
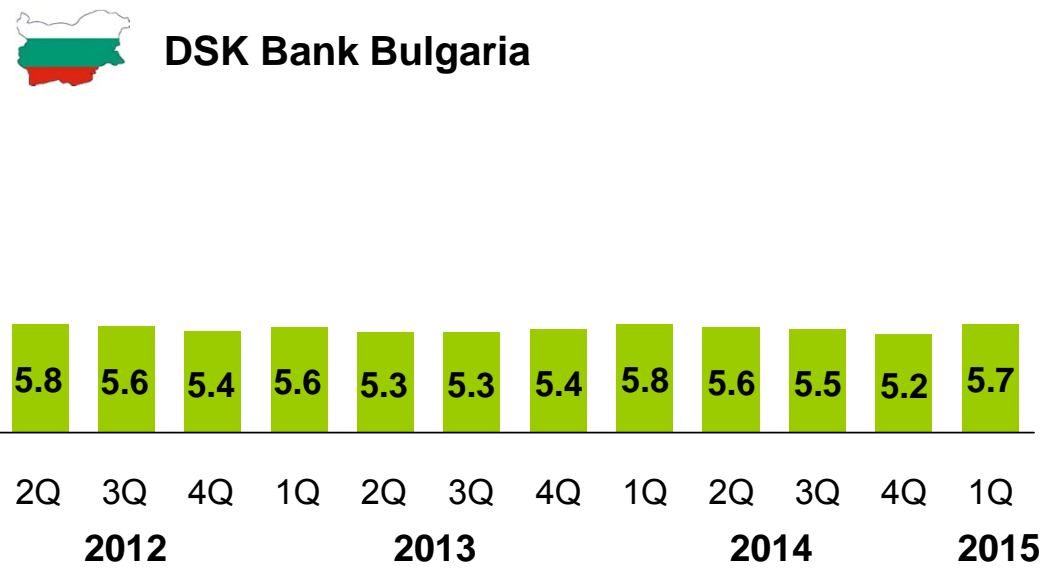
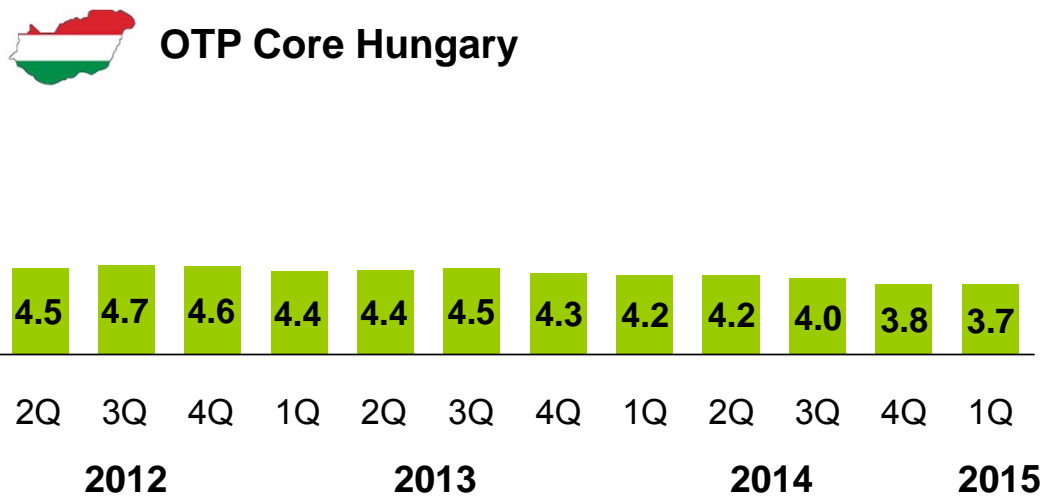
3 Higher funding costs and lower margins, as well as lower DPD0-90 loans took their toll (in RUB terms the q-o-q drop was 17%)

4 In the Ukraine higher quarterly interest income was supported by a base effect and by better UAH-based corporate loan interest rates and also by a technical one-off interest revenue related to restructured mortgage loans.

5 The notable q-o-q change is explained by base effect: due to changes in accounting methodology the interest income suspended in 2014 (HUF 1.1 billion) was transferred from other income line to net interest income line in 4Q 2014 in a lump-sum.



At OTP Core margins continued to melt down on the back of lower net interest income mainly due to the settlement and conversion. In Russia the key reason for the margin erosion was the higher funding costs. The Bulgarian NIM was supported by improving deposit margins. In Ukraine the margin improvement was driven by one-off interest revenues

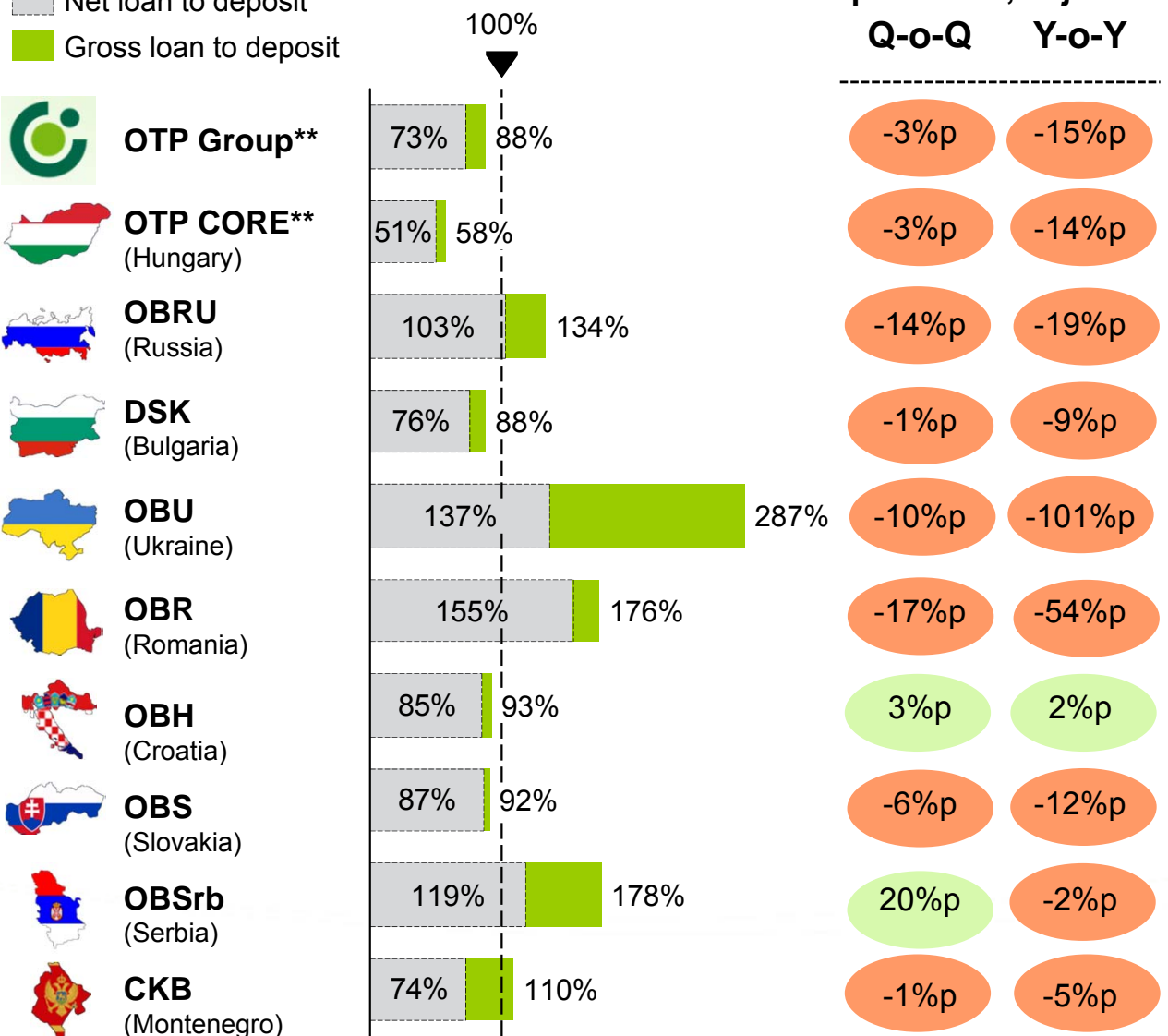
Net interest margin (%)



In 1Q 2015 the consolidated net loan to deposit ratio declined further

Loan to deposit ratio, % (31 March 2015)

 Net loan to deposit **
 Gross loan to deposit



At OTP Core the total deposit book increased substantially in 2014 due to new volumes deposited by OTP Fund Management, while in 1Q 2015 as a result of the settlement and conversion effect the FX-adjusted retail loan portfolio shrank by 11% q-o-q. Retail deposit inflow continued similar to previous quarters; also, as a result of the settlement OTP clients received cash transfer onto their accounts.

The ratio decreased significantly y-o-y in Ukraine due to net loan volumes declining partly as a reflection of suspended lending activity in several segments and also to elevated provisioning, while in FX-adjusted deposit volumes grew by 4% y-o-y.

In Russia amid the unfavourable economic environment loan disbursements remained weak, the DPD0-90 loan portfolio shrank by 12% q-o-q.

In Serbia the ratio increased q-o-q, mainly due to declining corporate deposits.

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

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

One of the reasons behind the decline of the DPD0-90 portfolio at OTP Core was the impact of settlement and conversion of FX mortgage loans. Increasing volumes in Romania reflect the consolidation of Banca Millennium

DPD0-90 volumes

Q-o-Q loan volume changes in 1Q 2015, adjusted for FX-effect

	Cons.	Core	DSK	OBRu	OBU	OBR ⁴	OBH	OBS	OBSr	CKB
Total	-2%	-4% -3% ²	-1%	-12%	-9%	29% 0%	0%	-1%	2%	-2%
Consumer	-4%	-2% 1% ²	0%	-13%	-10%	16% -1%	1%	8%	0%	2%
Mortgage	-1%	-5% -2% ²	-1%	-11%	-16%	27% -3%	0%	-2%	-1%	-2%
Corporate¹	-2%	-4% -6% ³	-2%	-3%	-7%	37% 4%	0%	-2%	4%	-4%
Car financing	-2%				-9%					

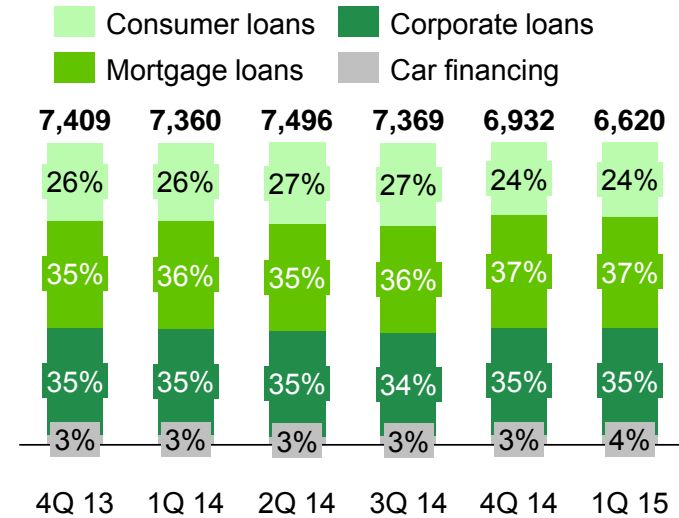


Y-o-Y loan volume changes in 1Q 2015, adjusted for FX-effect

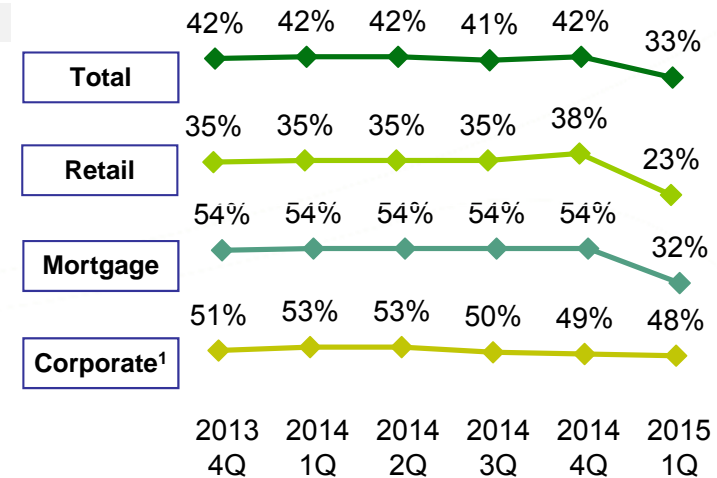
	Cons.	Core	DSK	OBRu	OBU	OBR ⁴	OBH	OBS	OBSr	CKB
Total	-6%	-12% -11% ²	2%	-8%	-32%	28% -1%	15%	2%	26%	-14%
Consumer	-1%	-9% -7% ²	0%	-6%	-39%	23% 4%	39%	71%	6%	3%
Mortgage	-8%	-12% -10% ²	-6%	-32%	-42%	19% -9%	5%	-5%	-3%	-8%
Corporate¹	-7%	-14% -1% ³	13%	-3%	-27%	48% 13%	9%	-4%	56%	-23%
Car financing	-10%				-45%					

Gross loan volumes

Breakdown of the consolidated volumes



Proportion of FX loans in the consolidated deposit portfolio



¹ Loans to MSE and MLE clients and local governments. ² Excluding the impact of FX mortgage loan conversion and settlement in Hungary ³ OTP Bank's loans to Hungarian companies: the estimate for volume change is based on the balance sheet data provision to the central bank, calculated from the „Loans to non-financial and other-financials companies” line, adjusted for FX-effect and the impact of partial write-offs in 2H 2014. ⁴ Excluding the impact of Banca Millennium consolidation

Consolidated deposit base remained stable; volumes increased y-o-y at all Group members, but CKB; deposit growth in Romania reflects the effect of Banca Millennium's consolidation

Q-o-Q deposit volume changes in 1Q 2015, adjusted for FX-effect

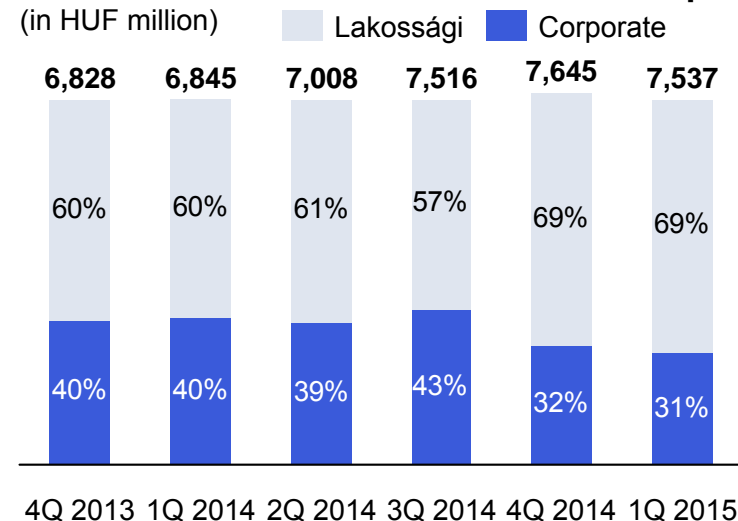
Total	0%	-2%	1%	-2%	-8%	43% 3%	-3%	6%	-14%	-2%
Retail	2%	1%	2%	-1%	-14%	51% 2%	-3%	1%	-3%	-1%
Corporate¹	-2%	-4%	-4%	-4%	-1%	35% 4%	-7%	17%	-27%	-3%



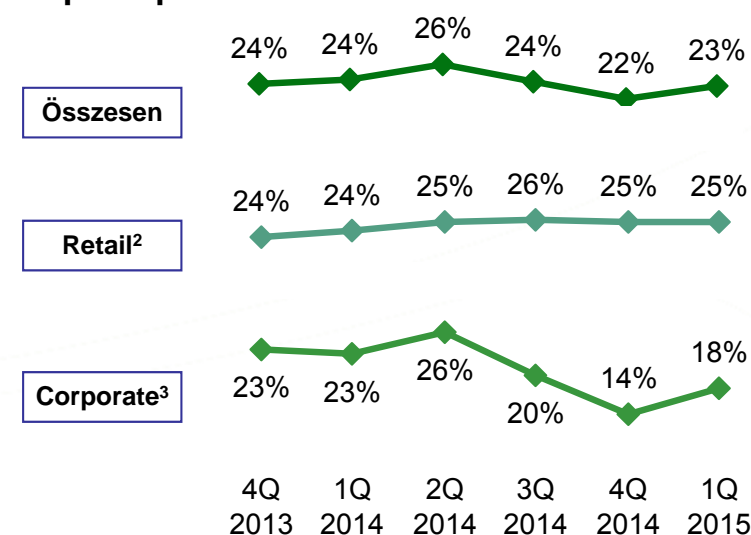
Y-o-Y deposit volume changes in 1Q 2015, adjusted for FX-effect

Total	12%	9%	13%	6%	4%	71% 23%	11%	15%	23%	-7%
Retail	11%	9%	14%	8%	-16%	60% 8%	11%	8%	11%	-10%
Corporate¹	13%	10%	6%	3%	36%	85% 42%	12%	32%	44%	0%

Breakdown of consolidated customer deposits (in HUF million)



Proportion of FX deposits in the consolidated deposit portfolio












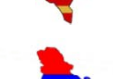

¹ including SME, LME and municipality deposits;

² excluding the impact of Banca Millennium consolidation;

³ including households' deposits and SME deposits;

⁴ including LME and municipality deposits

Consolidated FX-adjusted operating costs in 1Q 2015 increased by 2% y-o-y on an FX-adjusted basis, driven by the consolidation of operating costs of Banca Millennium in Romania in 1Q 2015

OPERATING COSTS – 1Q 2015 (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%	94	-8	-8%	2	2%
	OTP CORE (Hungary)	50%	47	-1	-1%	-1	-1%
	DSK (Bulgaria)	10%	9	0	0%	0	-1%
	OBRU (Russia)	15%	14	-7	-32%	0	-1%
	OBU (Ukraine)	4%	4	-3	-42%	0	6%
	OBH (Croatia)	5%	4	1	15%	1	14%
	OBS (Slovakia)	3%	3	0	3%	0	2%
	OBR (Romania)	6%	5	2	64%	2	61%
	CKB (Montenegro)	2%	2	0	-5%	0	-5%
	OBSrb (Serbia)	2%	2	0	-6%	0	-1%
	Merkantil (Hungary)	2%	2	0	-2%	0	-2%

¹ Despite higher contribution paid into the National Deposit Insurance Fund (the contribution fee was raised from 2H 2014) and also fees paid into the Resolution Fund established in 4Q operating costs declined on a yearly basis. The quarterly deposit insurance fee grew by HUF 0.2 billion y-o-y, whereas the Resolution Fund contribution amounted to HUF 0.6 billion in 1Q 2015.

² In 1Q Russian operating expenses decreased by 5% q-o-q in RUB terms (without the cost of Touch Bank it was -4%), mainly as a result of lower personnel (lower agent bonuses and headcount) and operational expenses.

³ Costs went up as a result of the acquisition related costs (HUF 0.2 billion in 1Q) and the consolidation of costs of Banca Millennium (HUF 1.7 billion in 1Q).



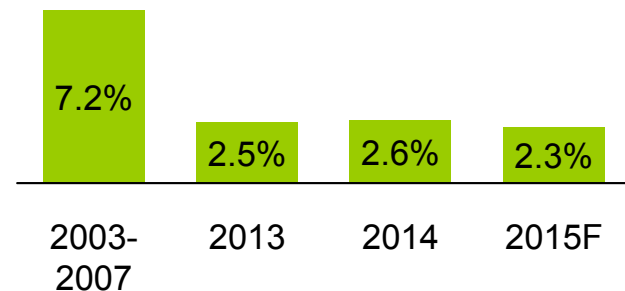
Hungary

Economic growth is likely to exceed 3.0% in 2015. Households' consumption may be the driver of GDP growth this year coupled with stronger net export contribution supported by improving external environment

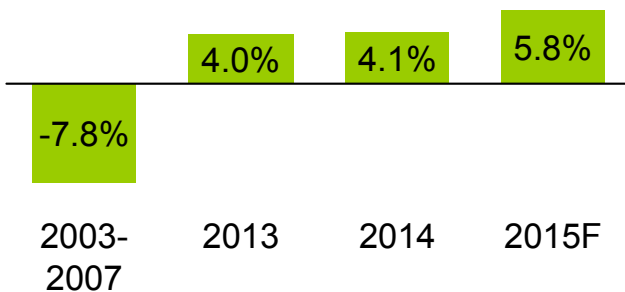
Balance



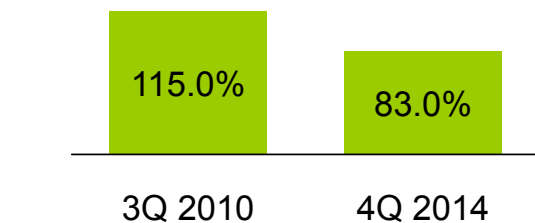
Budget deficit



Current account balance



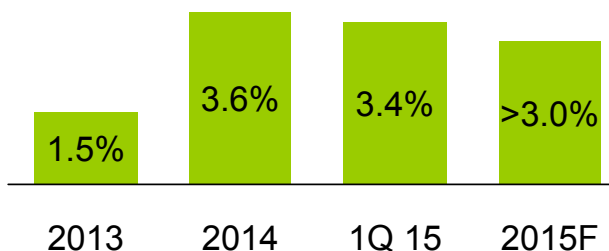
Gross external debt (in % of GDP)



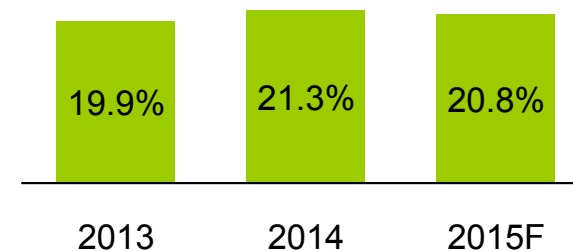
Growth



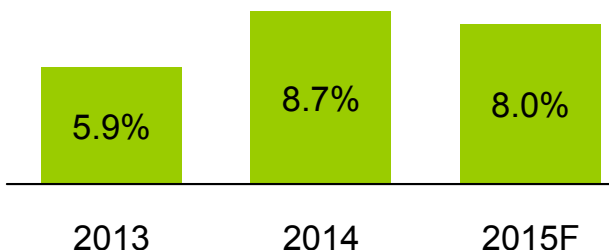
Real GDP



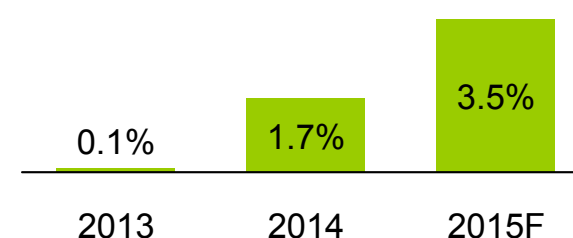
Investments to GDP



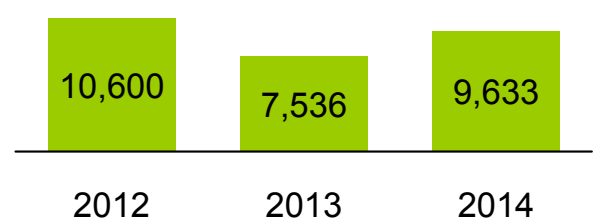
Export growth



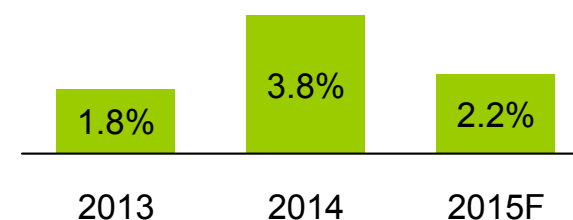
Household consumption



Housing construction permits



Real wage growth



OTP CORE (in HUF billion)	1Q 14	4Q 14	1Q 15	Q-o-Q	Y-o-Y
Before tax profit without one-off items	40.3	37.3	35.6	-5%	-12%
Operating profit w/o one-off items	46.7	39.4	39.7	1%	-15%
Total income w/o one-off items	94.4	90.6	86.7	-4%	-8%
Net interest income w/o one-off items	66.4	① 66.5	63.8	-4%	-4%
Net fees and commissions	24.0	② 23.4	21.3	-9%	-11%
Other net non interest income without one-offs	4.0	③ 0.6	1.6	145%	-61%
Operating costs	-47.7	-51.2	-47.0	-8%	④ -1%
Total risk costs	-6.4	-2.0	-4.0	98%	⑤ -37%

① The quarterly drop of net interest income is mainly explained by the negative impact of the settlement and conversion. The abolishment of the FX protection scheme had a positive impact on yearly dynamics, since the whole expected annual effect of the scheme with HUF 2.8 billion was booked in 1Q 2014, whereas in 1Q 2015 only HUF 0.3 billion emerged.

② Against the practice in previous years from 2015 the financial transaction tax on card transactions is to be paid not after the actual transactions, but in a lump-sum based on 2014 transactions. The HUF 1.6 billion FTT paid and booked in 1Q 2015 is shown on this line.

③ Other income demonstrated a q-o-q growth due to HUF 3.1 billion gain realized on the AFS bond portfolio (HUF 1.3 billion in 4Q 2014).

④ Operating costs demonstrated a yearly decline despite higher contribution paid into the National Deposit Insurance Fund (HUF +0.2 billion y-o-y) and also fees paid into the Resolution Fund set up in 4Q (HUF 0.6 billion in 1Q 2015).

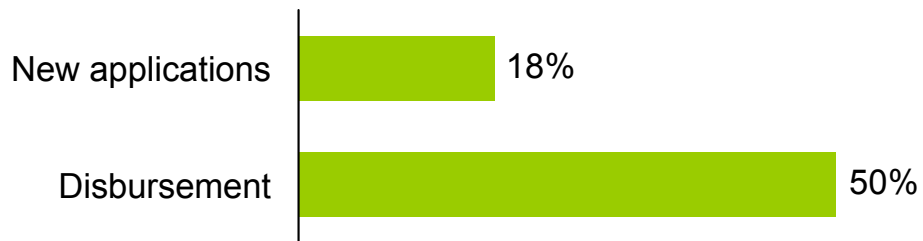
⑤ Risk costs moderated by 37% y-o-y, supported by steadily low new NPL inflows induced by favourable economic environment. The doubling risk cost q-o-q is explained by higher other provisions, risk cost rate came down to 0.16% in 1Q, the lowest since 2Q 2007.



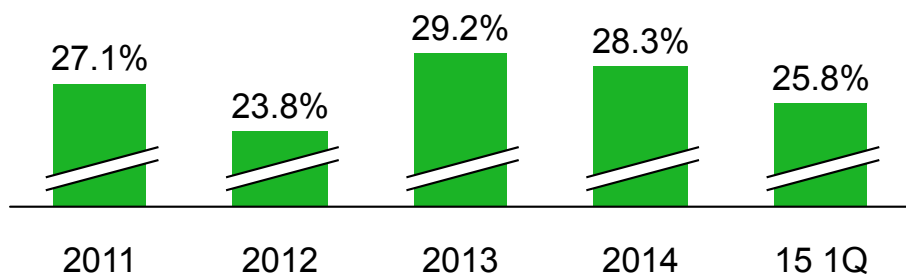
OTP Core

The volume of mortgage loan applications and disbursement shows good dynamics. The increasing trend of market share in retail savings continued in 1Q 2015. The loan portfolio to Hungarian companies slightly shrank y-o-y, while the market share improved

Change of mortgage loan applications and disbursement of OTP Bank (y-o-y change, %)



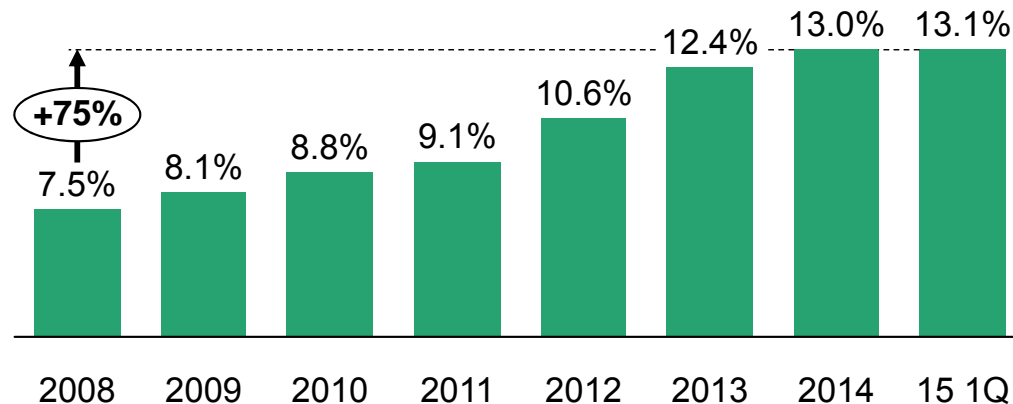
OTP Bank's market share of mortgage disbursement (%)



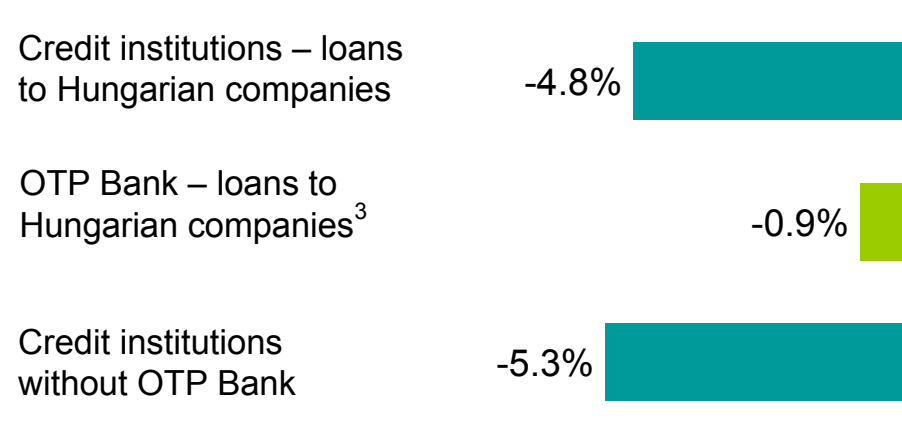
OTP Bank's market share in households savings (%)



OTP Group's market share¹ in loans to Hungarian companies (%)



Corporate lending in Hungary² in 1Q 2015 (FX-adjusted y-o-y change)



¹ Aggregated market share of OTP Bank, OTP Mortgage Bank, OTP Building Society and Merkantil Bank, 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. ² The estimate for volume changes is based on the balance sheet data provision to the National Bank of Hungary, calculated from the „Loans to non-financial and other financial companies” line, adjusted for FX-effect and the impact of partial write off at OTP Core. ³ The y-o-y decrease of OTP volumes is reasoned by a prepayment by a corporate client in 1Q 2015 in the amount of HUF 30 billion.



OTP Core

During 1Q 2015 the lion share of the settlement has been completed at OTP Bank and OTP Mortgage Bank, and the conversion also took place except for OTP Flat Lease contracts. About 530 thousand notifications were posted weighing 70 tons

	1Q 2015	2Q 2015	3Q 2015
Principal reduction / cash payment	Effective and matured mortgages and consumer loans (OTP Bank, OTP Mortgage Bank (OMB))	Effective and matured loan and leasing contracts (Merkantil, OTP Flat Lease)	Effective and matured HUF loans and leasing contracts (OTP Bank, OMB, Merkantil, OTP Flat lease)
Notification		Effective, matured and denounced contracts at OTP Bank and OMB: 370 th, Merkantil: 160 th OTP Flat Lease: 3 th	HUF loans (OTP Bank, OMB, Merkantil, OTP Flat Lease)
Conversion	Mortgages (effective, matured and denounced) at OTP, OMB, Fact.)	Flat Leasing contracts	
Monthly instalments according to new APRs	Applicable from February on the effective original FX loans at OTP, OMB, Merkantil, OTP Flat Lease		Applicable from July on the effective HUF loans at OTP, OMB, Merk., OTP Flat Lease

Other deadlines

Checking the settlement: having received the notification letter clients may raise complaint in 30 days, and the banks are obliged to react in 60 days. Receiving an answer/clarification from the bank the client may ask for assistance from the Financial Dispute Resolution body in 30 days. Having learned its ruling the client may still initiate a non-litigation proceeding within 30 days.

Refinancing: Those clients who wish to refinance their existing loans will have 91 days – after receiving the notification letter – for terminating the loan contract and another 90 days to complete the prepayment.

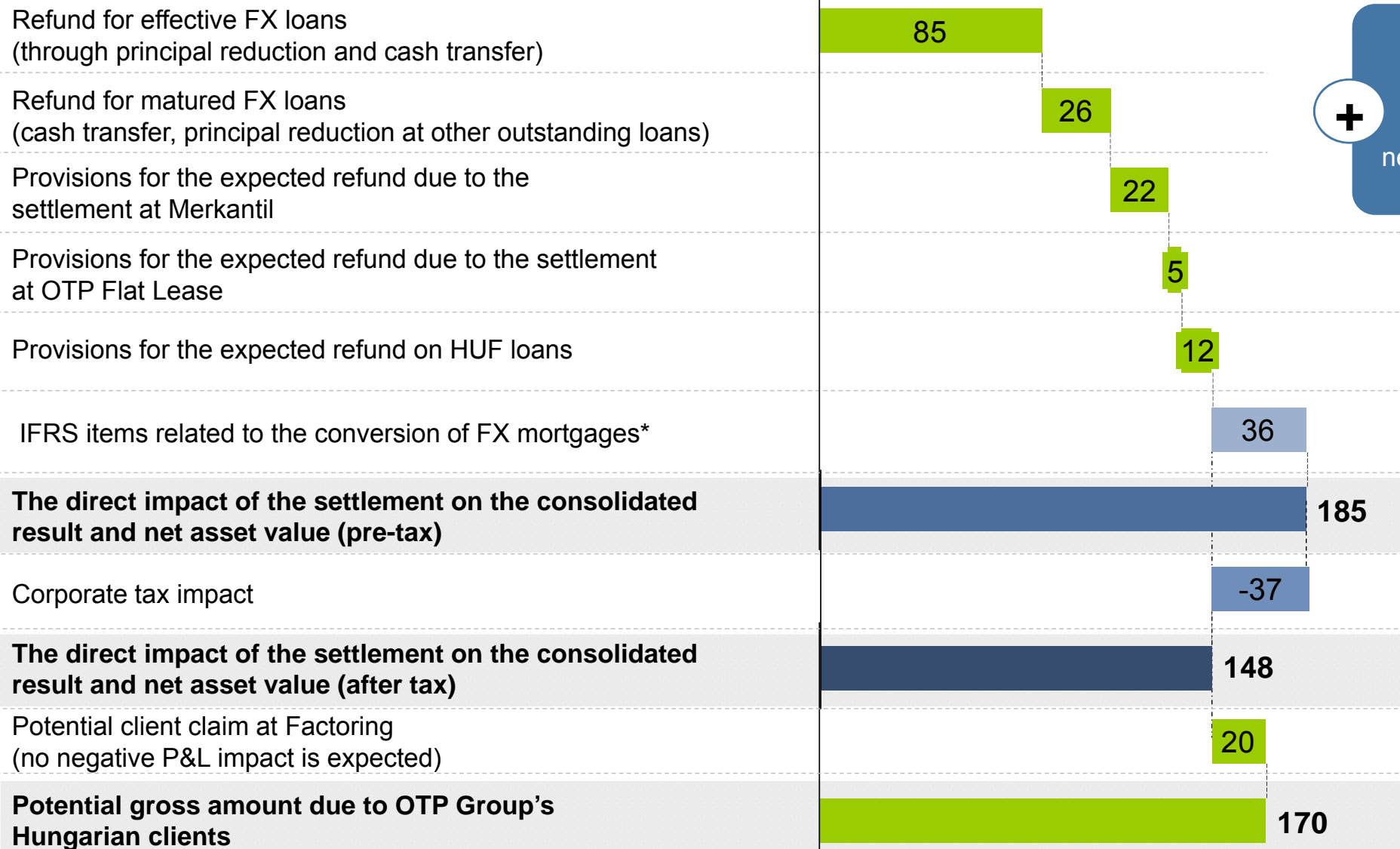
Settlement with clients participating in FX prepayment scheme at preferential rate: those using the FX prepayment scheme at a preferential fixed exchange rate may ask for a settlement at their banks between 1-31 March. Banks are obliged to complete the settlement and send out the notification letters by 30 November 2015.



OTP Core

As a result of the settlement and conversion OTP Group's clients are eligible for around HUF 170 billion. Net asset value eroded by HUF 148 billion (after tax) and the annual net interest income is expected to decline by HUF 10 billion

(HUF billion)



HUF 10 billion annual decline is expected in net interest income

* FX conversion-related items were also booked in line with IFRS. Accordingly the following items were considered: a fair value adjustment (FVA) induced by the interest rate change of customer loans, furthermore FVA related to fees paid to selling agents and originally amortized until the final maturity and FVA linked to hedging contracts (CIRS). Those FVAs were taken off in the course of derecognition.

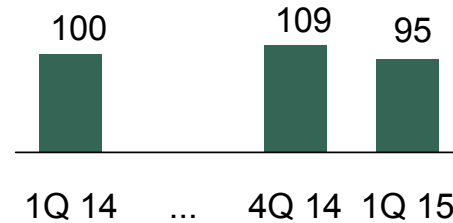
	Gross loan	Provision	Net loan	DPD90+ volume	DPD0-90 volume	DPD90+ rate	DPD90+ Coverage
	HUF billion	HUF billion	HUF billion	HUF billion	%	%	%
1Q 2015 Actual figures							
Total	2,494	-271	2,223	326	2,168	13.1%	83.1%
Mortgage loan	1,225	-86	1,139	143	1,082	11.7%	60.1%
Consumer loan	372	-84	288	94	278	25.3%	89.2%
Changes in OTP Core volumes and risk indicators due to the settlement and conversion							
Total	-178	98	-80	-144	-34	-4.4%	+4.2%
Mortgage loan	-169	96	-73	-142	-27	-8.7%	-4.0%
Consumer loan	-9	1	-8	-2	-7	+0.2%	+0.1%
Total	-178	98	-80	-144	-34	-4.4%	+4.2%
OTP Bank + Mortgage Bank settlement	-86	8	-78	-52	-34	-1.4%	+7.6%
Factoring recovery due to assignment	-2		-2	-2	0	-0.1%	+0.4%
Factoring netting due to conversion	-90	90	0	-90	0	-2.8%	-5.2%

The Russian subsidiary's 1Q loss was shaped by weaker revenues reflecting moderating DPD0-90 loan volumes and higher funding costs; risk costs were high and further increased q-o-q

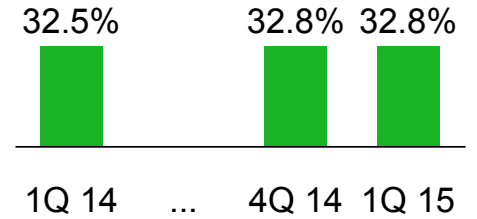
Income statement of OTP Bank Russia

	in HUF billion			in RUB billion		
	1Q 14	4Q 14	1Q 15	1Q 14	4Q 14	1Q 15
Profit after tax	-4.7	-1.8	-11.5	-0.7	-0.3	-2.6
Profit before tax	-6.1	-2.2	-14.2	-1.0	-0.4	-3.2
Operating profit	25.1	22.2	13.0	3.9	4.2	3.0
Total income	45.7	39.8	26.9	7.1	7.6	6.2
Net interest income	41.8	34.5	23.9	6.5	6.6	5.5
Net fees and commissions	5.6	4.5	3.1	0.9	0.8	0.7
Other non-interest income	-1.7	0.9	-0.1	-0.3	0.2	0.0
Operating costs	-20.6	-17.6	-13.9	-3.2	-3.4	-3.2
Total risk cost	-31.2	-24.4	-27.2	-4.9	-4.6	-6.2
Provisions for loans	-31.1	-24.2	-27.1	-4.9	-4.6	-6.2
Other provisions	-0.1	-0.2	-0.1	0.0	0.0	0.0
Corporate tax	1.4	0.4	2.7	0.2	0.1	0.6

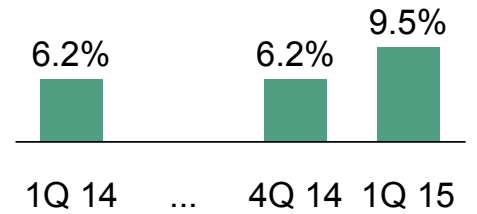
DPD0-90 loan volumes
(in RUB billion)



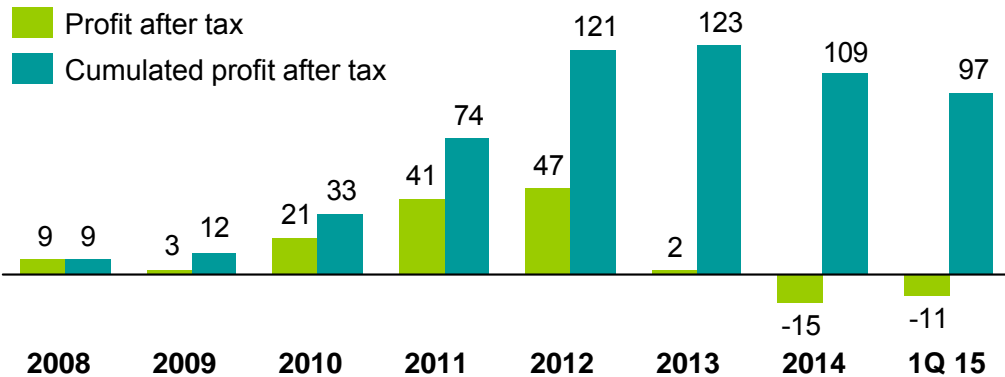
Loan interest rates (average)



Deposit rates (average)



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



Annual real GDP growth (%)



OTP Bank Russia - risk cost rates in different segments

	2010	2011	2012	2013	2014	2015 1Q
POS loans	7.9%	7.7%	9.1%	15.6%	11.5%	12.3%
Credit cards	6.8%	10.3%	10.5%	17.4%	19.7%	25.2%
Cash loans	-4.8%	3.7%	6.8%	13.2%	19.7%	23.9%
Consumer loan's coverage ratio	89%	95%	95%	109%	121%	122%



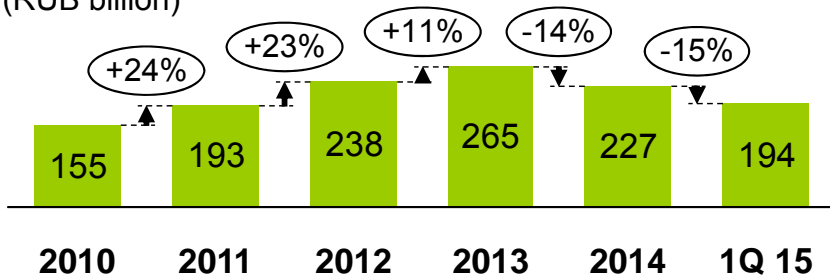
Russia

At OTP Bank Russia performing consumer loan volumes shrank in all segments during 1Q 2015

Consumer loan market segment*

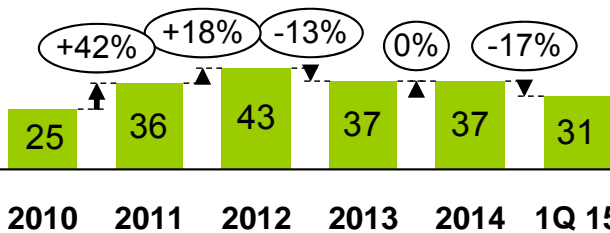
POS loan market

(RUB billion)



Market position of OTP Bank Russia

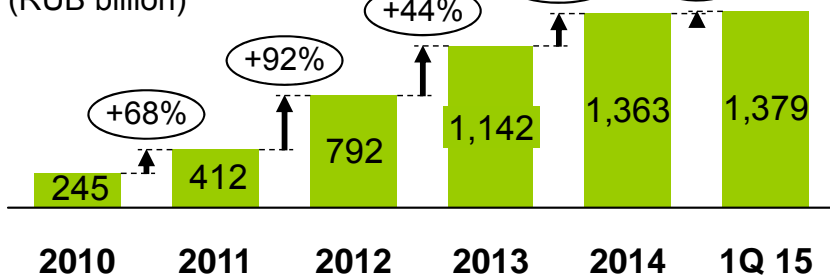
DPD0-90 POS loan volumes



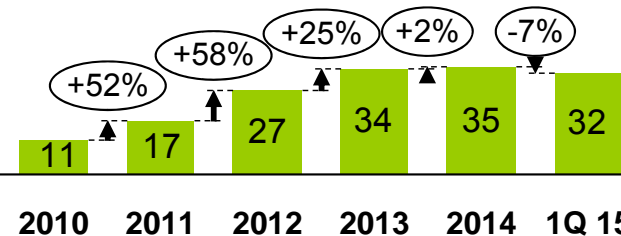
- Sales force:
3,821 own sales points**
24,157 external sales points***
- #2 in the market
- 1Q 2015 market share: 18.7%

Credit card market

(RUB billion)



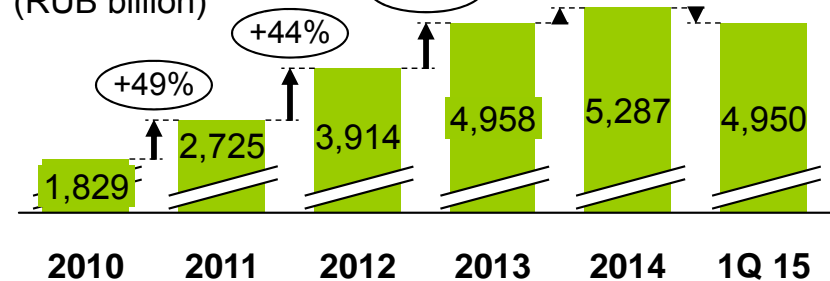
DPD0-90 Credit card loan volumes



- Cross-sales to POS clients
- #7 in the market
- 1Q 2015 market share: 3.0%

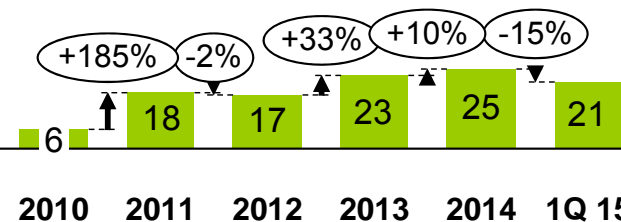
Cash loan market

(RUB billion)



DPD0-90 Cash loan volumes

(including quick cash loans)



- Available in 159 branches
- #28 in the market
- 1Q 2015 market share: 0.6%

* Source: Frank Research Group

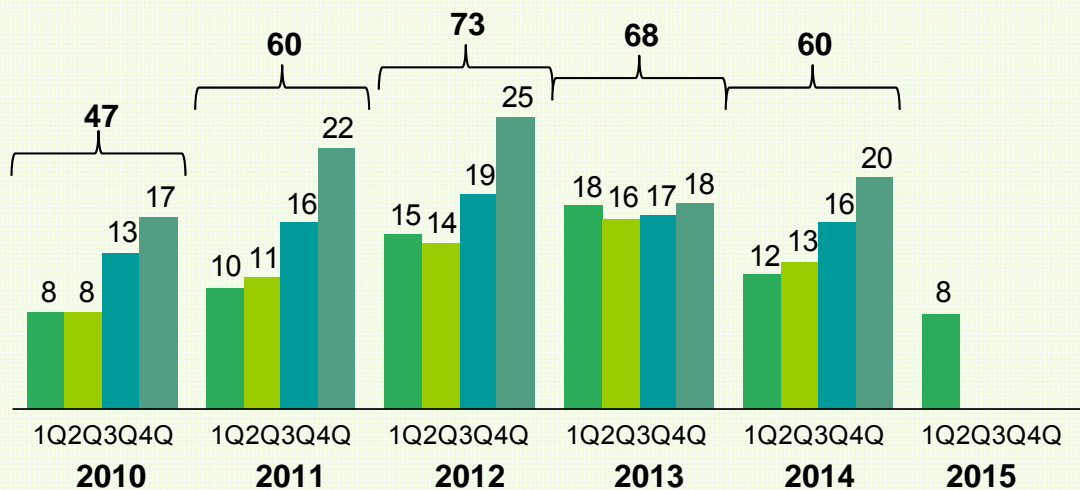
** Bank employees working with Federal or other networks.

*** Employees of commercial organizations.

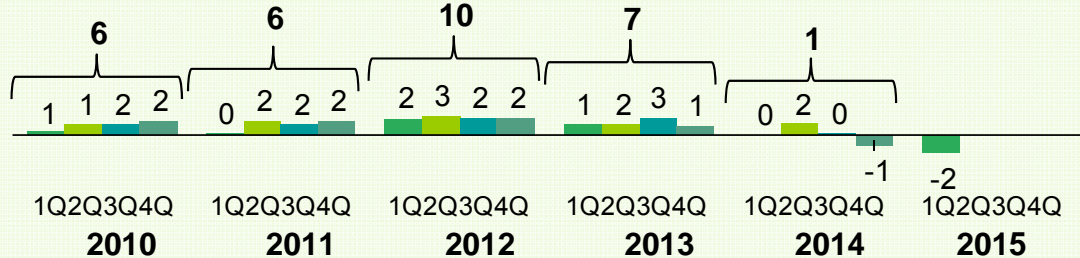


In 1Q 2015 POS loans disbursements matched 2010 levels. Credit card volumes dropped, cash loan sales was partly suspended in 1Q. Total deposits decreased q-o-q in RUB terms. The cost of funding surged

POS loan disbursements (RUB billion)

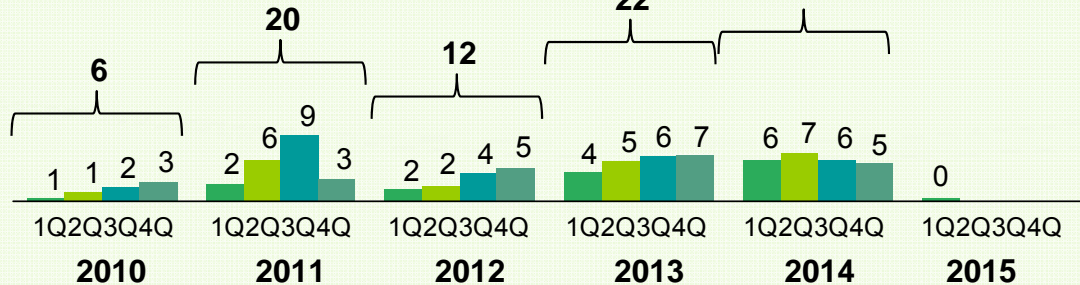


DPD0-90 credit card loan volume changes (RUB billion)

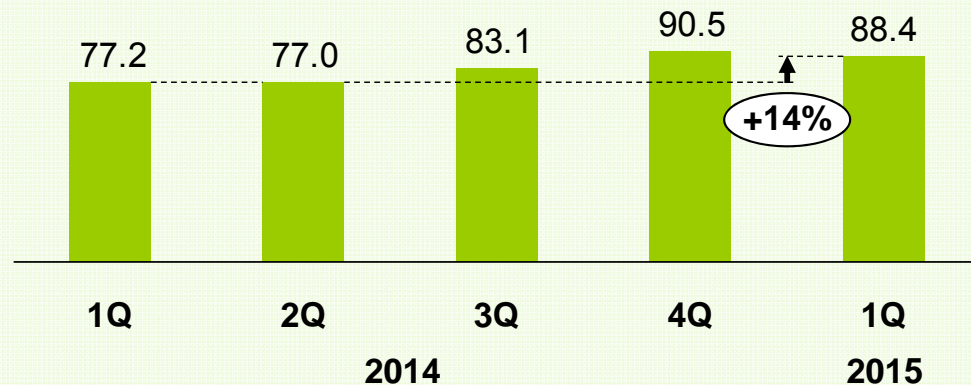


Cash loan disbursements (RUB billion)

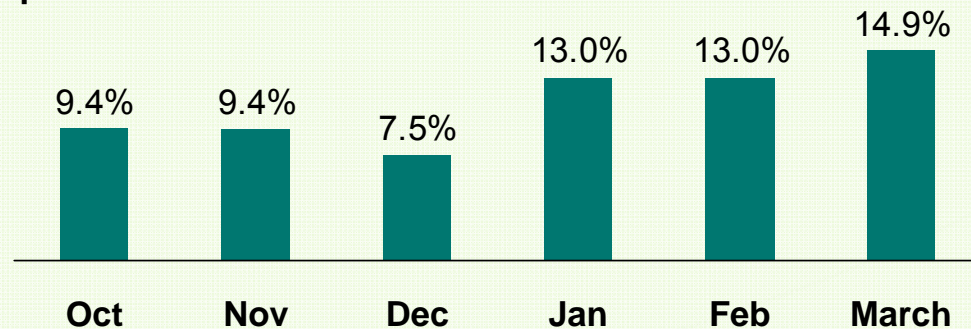
(including quick cash loans)



Development of customer deposits (RUB billion)



Development of monthly average effective RUB term deposit rates



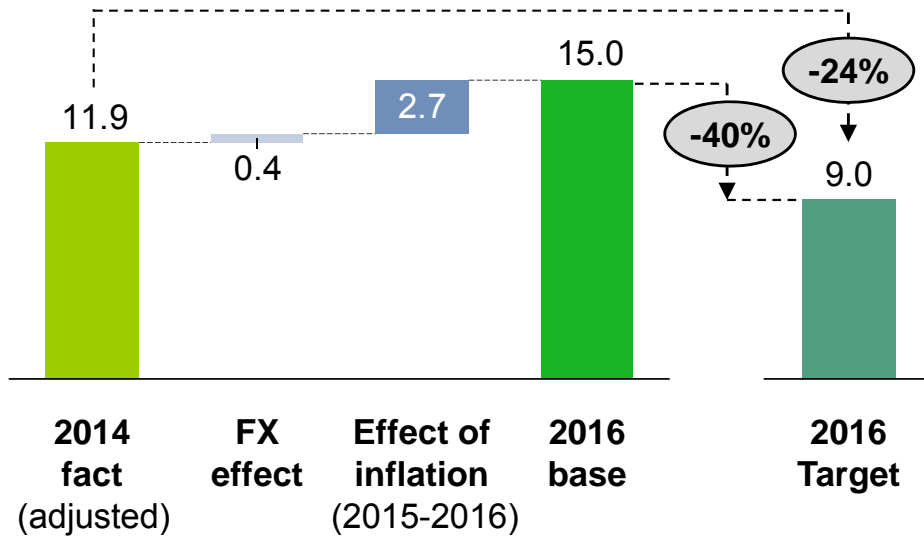
Average offered interest rate of new clients' newly placed RUB term deposits

	1 January	1 April
3M	20.3%	9.8%
6M	20.3%	10.8%
12M	20.6%	12.8%

* in USD terms, calculated from USD deposits + EUR and CHF deposits converted to USD

Cost Optimization Program

Operating expenses of OTP Bank Russia¹ (in RUB billion)



Currently there are 60 on-going cost reduction initiatives focusing on:

- Decreasing headquarters' and support functions' costs;
- Cutting back operating expenses of branch network, reducing number of branches from 198 to 134;
- Reducing POS costs, eliminating unprofitable POS points.

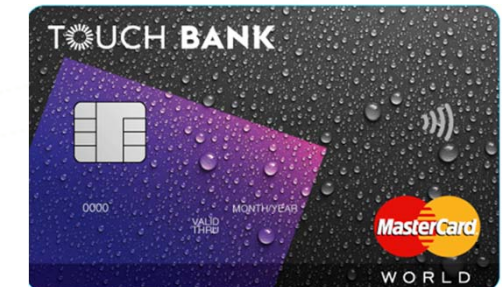
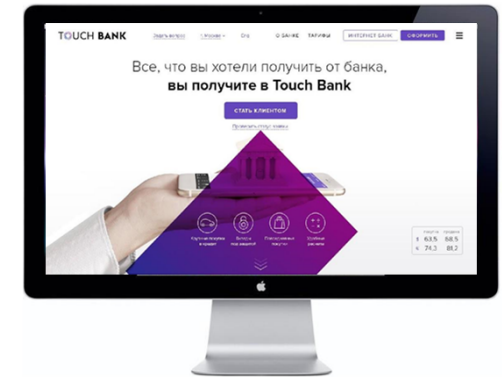
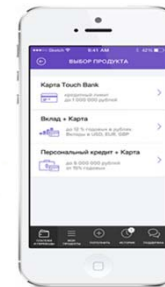
TOUCH BANK

Key targets

- Diversification, reaching the low-risk affluent segment
- Launch a profitable and cost-efficient digital business model
- Applicable business model to other markets

Business model

- Youthful, dynamic, fully digital online bank
- Online deposit collecting, online transactions
- Credits through cross-sale and partners, as well as online sale



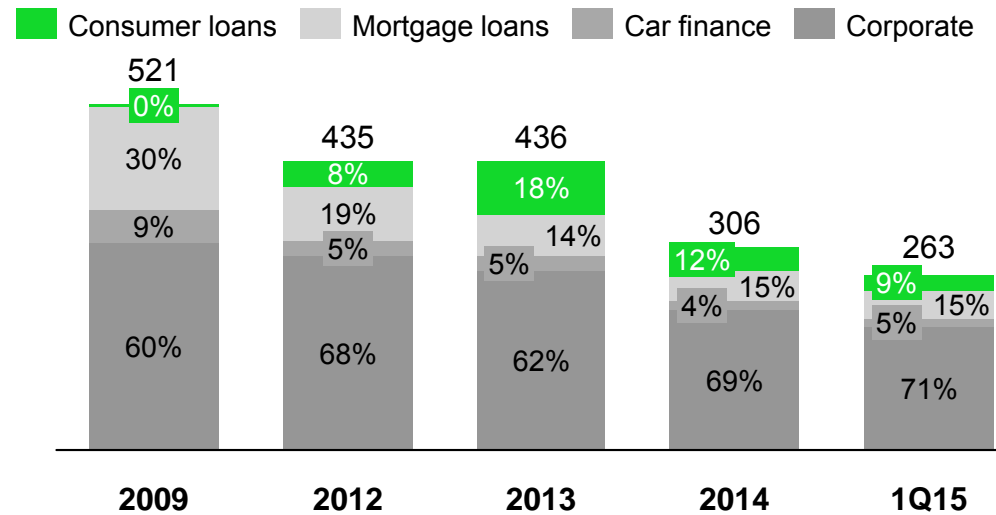
¹ For the sake of comparability the 2014 fact operating expenses are adjusted for the effect of accounting methodology changes. The FX effect shows the estimated impact of the weaker RUB on the 2014 fact figures using 65 RUB/USD and 75 RUB/EUR exchange rates. The inflation effect is calculated with a cumulated 25% CPI for the 2015-2016 period (estimation).

In 1Q the Ukrainian bank posted HUF -10.2 billion loss (adjusted for the Donetsk and Luhansk risk costs). The portfolio deterioration moderated. Group funding declined further in 1Q 2015

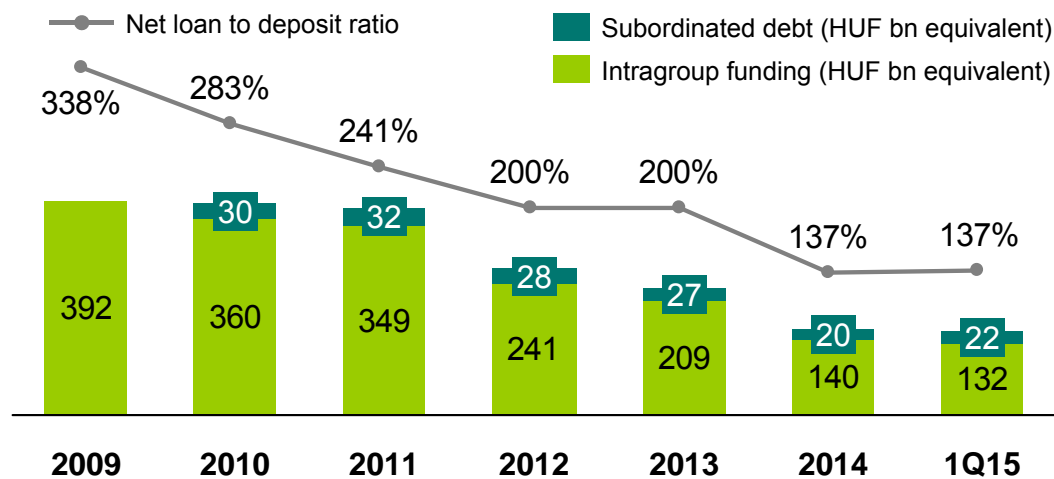
Income statement of OTP Bank Ukraine

	in HUF billion			in UAH million		
	1Q 14	4Q 14	1Q 15	1Q 14	4Q 14	1Q 15
Profit after tax (adjusted)	-7.5	-21.1	-10.2	-300	-1,248	-748
Profit before tax	-10.3	-23.8	-13.5	-416	-1,402	-993
Operating profit	11.4	1.7	13.0	459	99	956
Total income	18.3	8.3	17.0	738	480	1,252
Net interest income	15.4	10.5	10.0	621	608	735
Net fees and commissions	3.6	2.4	1.8	144	138	134
Other non-interest income	-0.7	-4.6	5.2	-27	-267	382
Operating costs	-6.9	-6.6	-4.0	-279	-381	-296
Total risk cost	-21.7	-25.5	-26.5	-875	-1,501	-1,948
Provisions for loans	-21.0	-24.4	-26.2	-847	-1,436	-1,926
Other provisions	-0.7	-1.1	-0.3	-28	-65	-23
Corporate tax	2.9	2.6	3.3	115	154	245

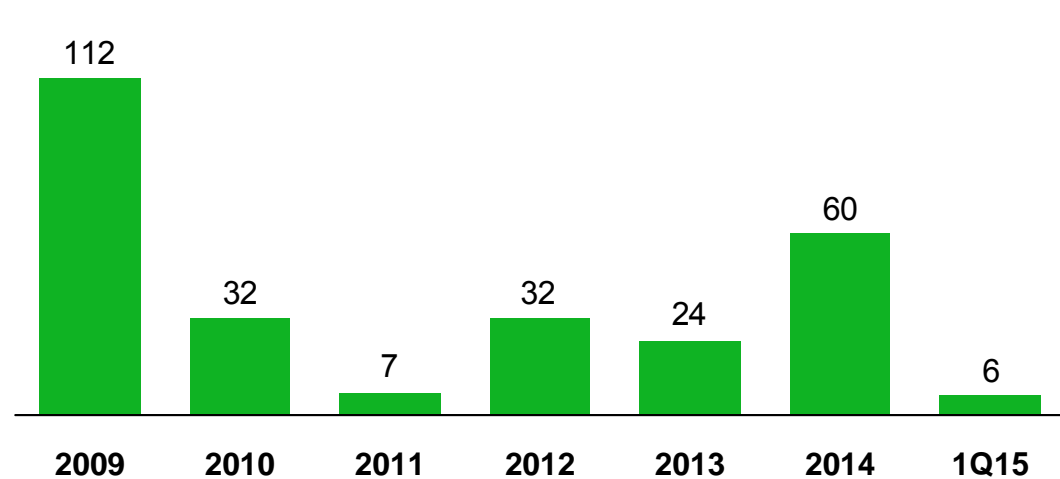
Composition of performing loan volumes (in HUF billion)



Intragroup funding and net loan to deposit ratio

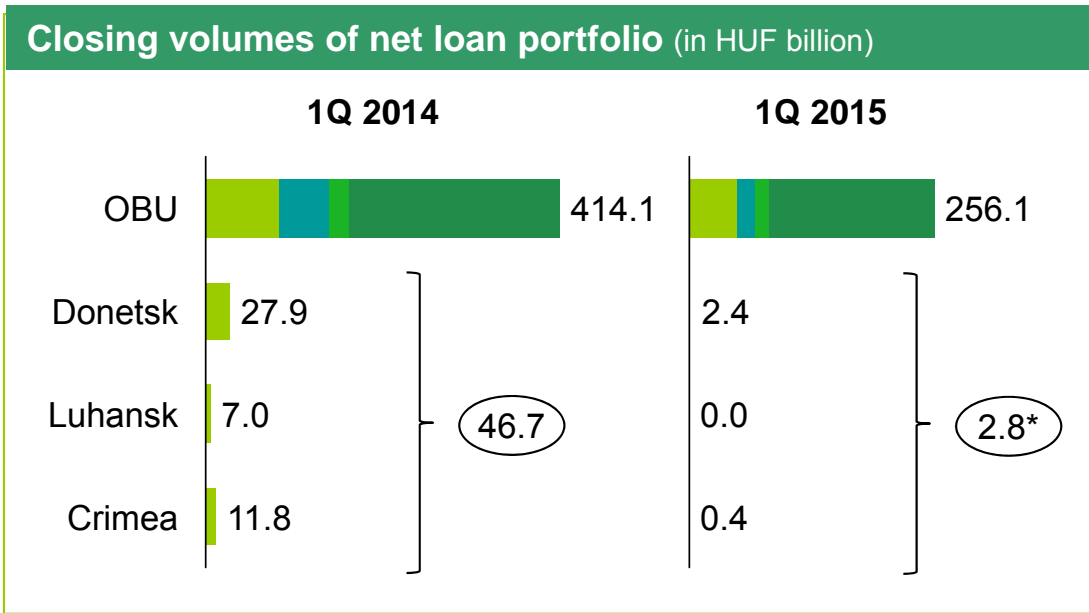
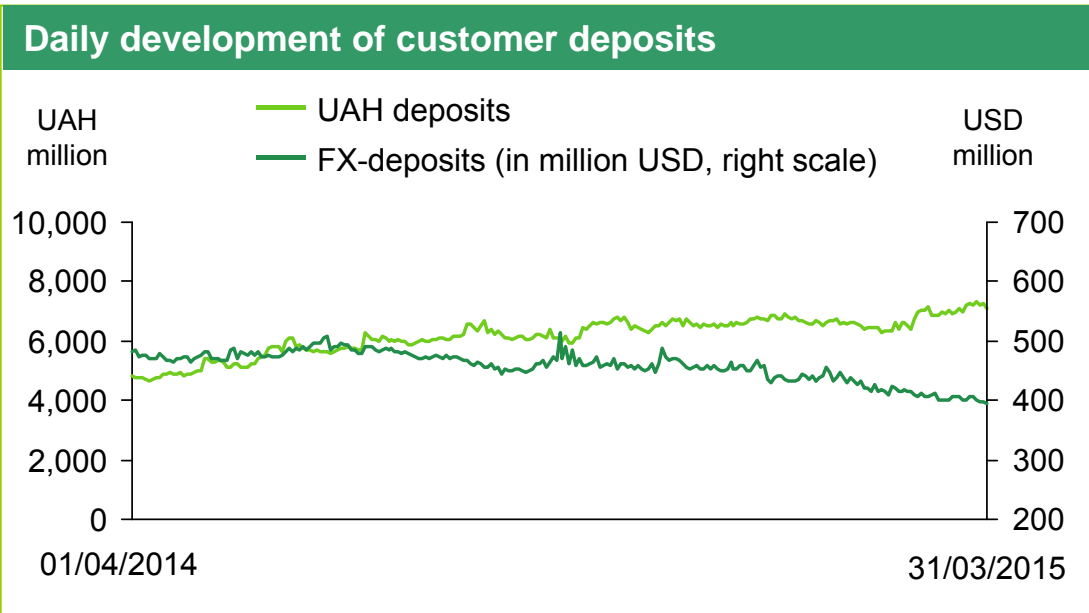
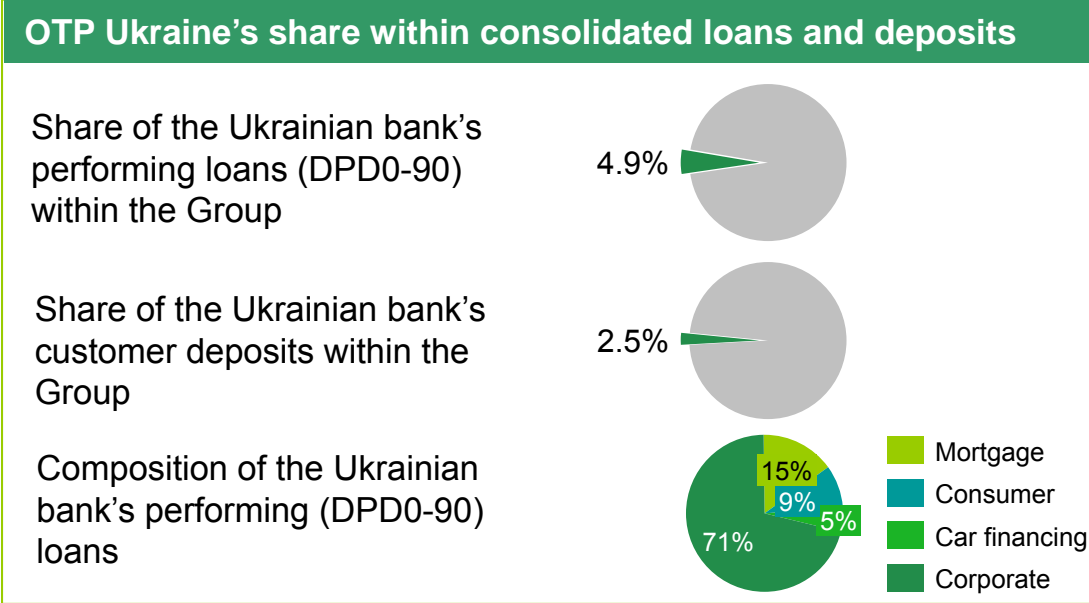
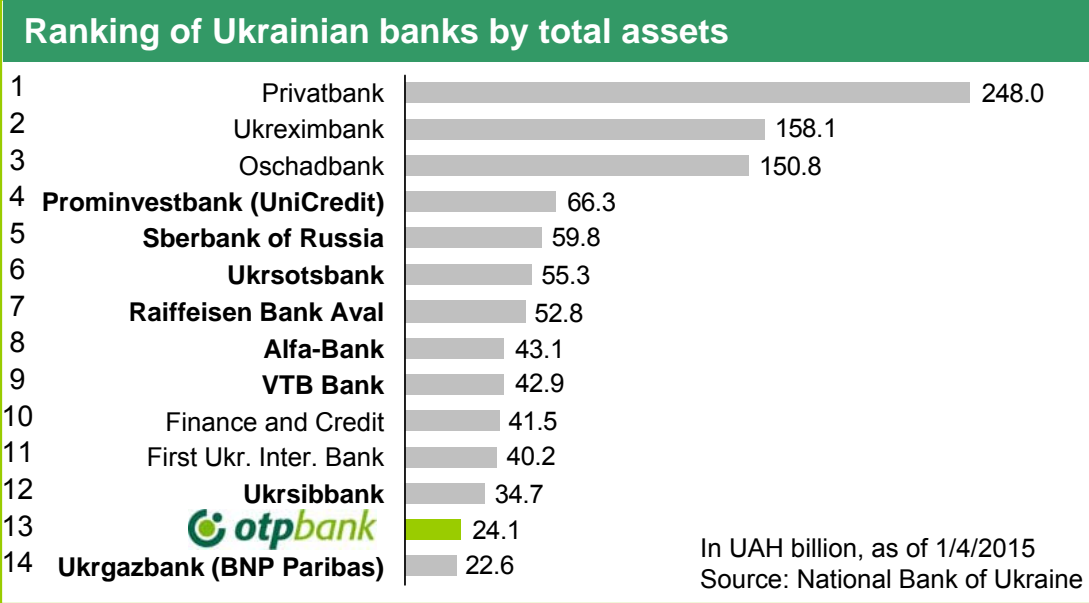


FX-adjusted change in DPD90+ loan volumes (in HUF billion)





The Ukrainian subsidiary posted further loss in 1Q 2015, but its share is small within the market and the Group, too. The deposit base is stable. The exposure to Crimea, Donetsk and Luhansk is satisfactorily covered by provisions

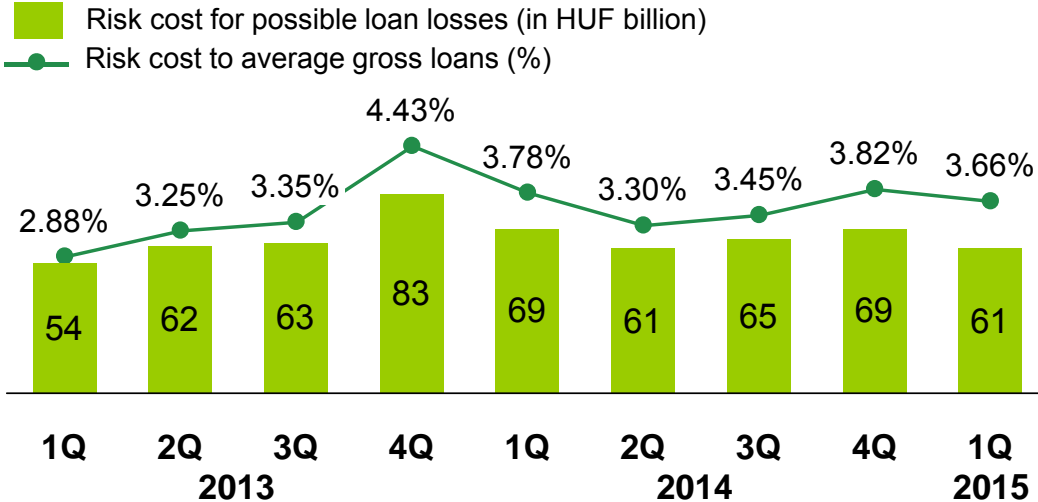


*In case of Donetsk, Luhansk and Crimea the 2014 net loan volumes include the accrued interests, too.
In 2Q 2014 8 branches were closed in Crimea. In Donetsk and Luhansk region 15 braches out of 17 were closed in 4Q 2014.



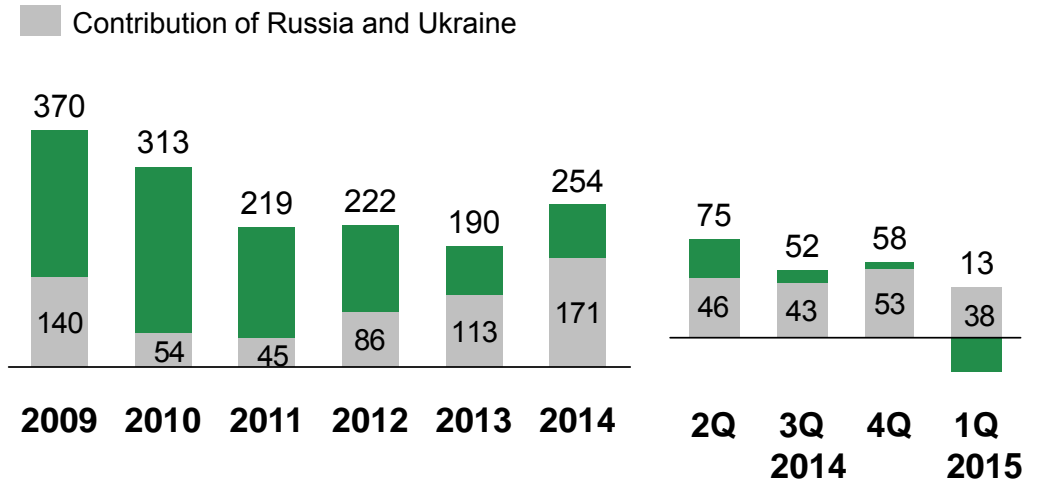
The moderate FX-adjusted DPD90+ volume growth and coverage improvement on Group is partly the reflection of the settlement and FX mortgage loan conversion in Hungary

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

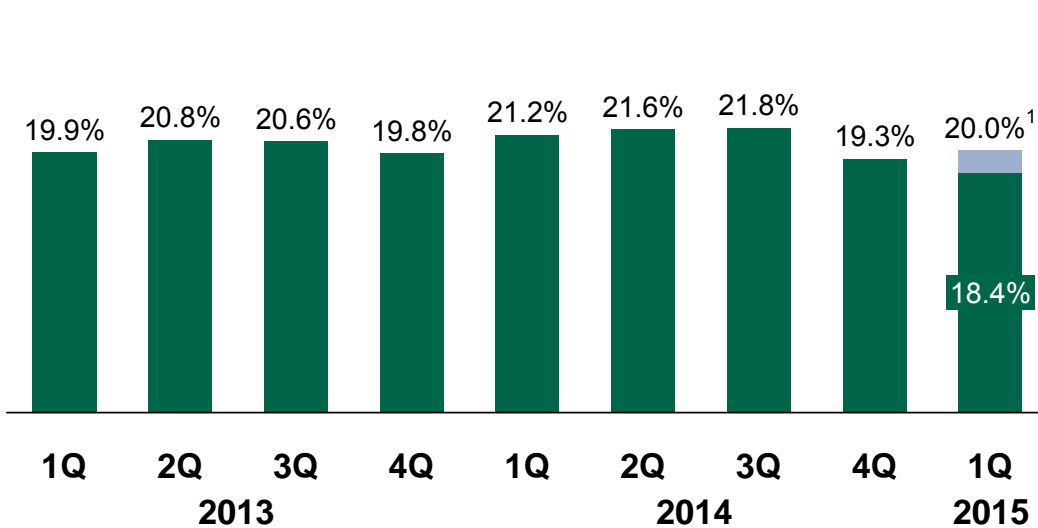


Change in DPD90+ loan volumes

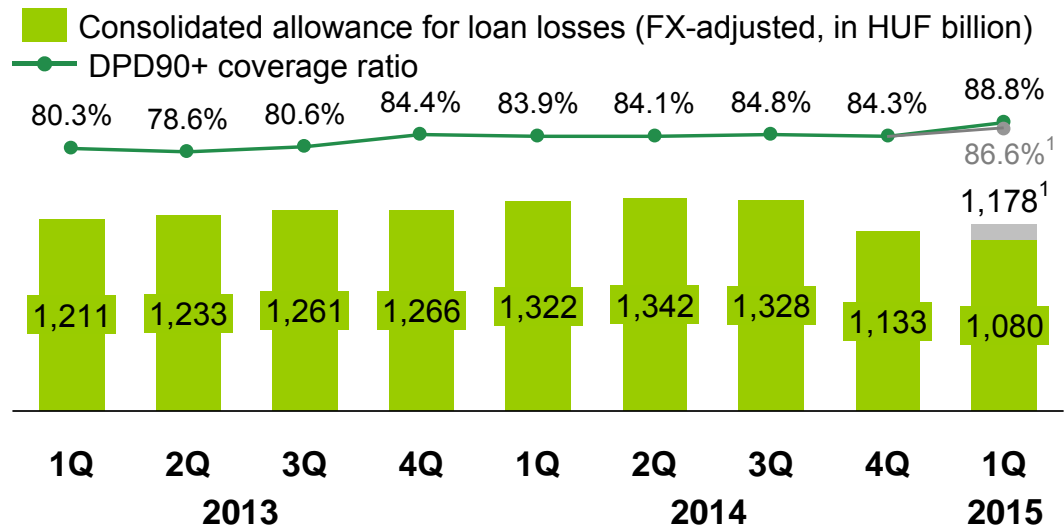
(consolidated, adjusted for FX and sales and write-offs, in HUF billion)



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



Consolidated provision coverage ratio

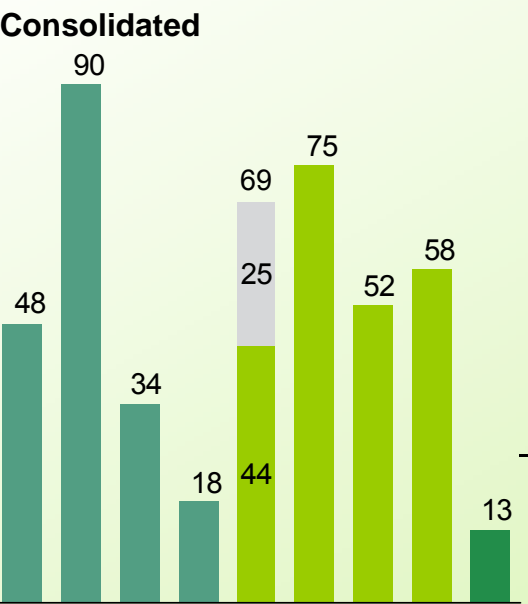


¹Excluding the impact of FX mortgage loan conversion and settlement in Hungary

In Russia the pace of new DPD90+ loan formation accelerated to record level, the Ukrainian portfolio quality deterioration moderated. At OTP Core the DPD90+ volume decreased due to the settlement

FX-adjusted quarterly change in DPD90+ loan volumes

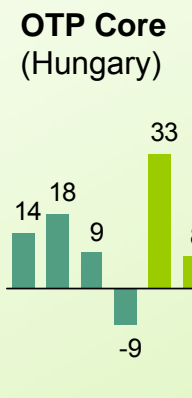
(without the effect of sales / write-offs, in HUF billion)



FX-adjusted sold or written down loan volumes:

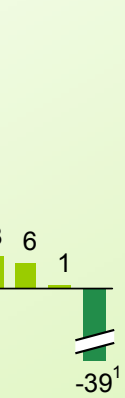
Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2013	18	31	31	77	10	44	61	287	86
2014									
2015									

1Q 2014: A big project loan on the balance sheet of OTP Core reached 90 days of delinquency in M1 2014.



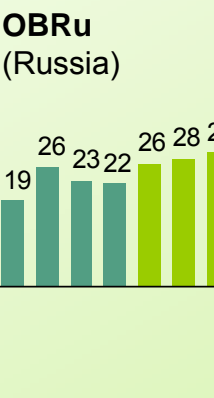
FX-adjusted sold or written down loan volumes:

Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2013	2	6	8	14	8	13	53	36	71 ²
2014									
2015									



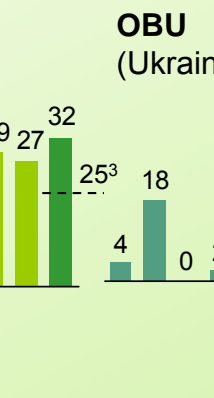
FX-adjusted sold or written down loan volumes:

Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2013	0	8	1	57	0	10	0	128	9
2014									
2015									



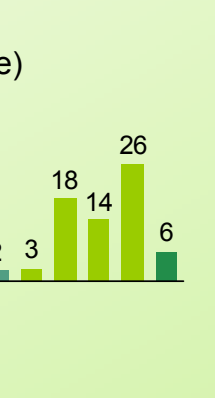
FX-adjusted sold or written down loan volumes:

Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2013	3	8	21	3	1	4	4	40	3
2014									
2015									



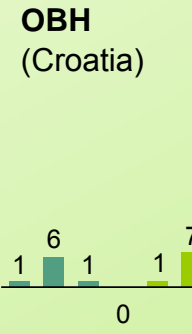
FX-adjusted sold or written down loan volumes:

Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2013	0	0	0	2	0	0	1	61	0
2014									
2015									



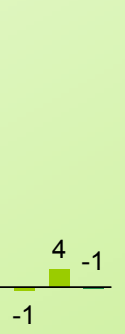
FX-adjusted sold or written down loan volumes:

Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2013	0	0	1	1	0	1	0	5	1
2014									
2015									



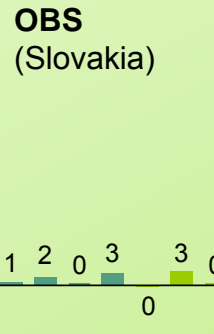
FX-adjusted sold or written down loan volumes:

Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2013	0	0	0	0	0	1	1	1	0
2014									
2015									



FX-adjusted sold or written down loan volumes:

Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2013	1	1	0	1	0	0	0	1	5
2014									
2015									



FX-adjusted sold or written down loan volumes:

Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2013	1	1	0	1	0	2	0	4	0
2014									
2015									



FX-adjusted sold or written down loan volumes:

Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2013	0	0	0	0	1	0	9	0	
2014									
2015									



FX-adjusted sold or written down loan volumes:

Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2013	11	7	0	0	0	10	0	0	0
2014									
2015									

¹The DPD90+ loan decline of HUF 52 billion at OTP+OMB (non-FX-adjusted) induced by the settlement translates into HUF 38 billion on an FX-adjusted basis (calculated with 3Q 2009 eop FX rates). ² The HUF 90 billion DPD90+ volume decline at Factoring due to the netting out induced by the conversion is considered as a write-off, and is equivalent of HUF 65 billion on an FX-adjusted basis. ³ Calculated with 1Q 2015 eop FX rates instead of 3Q 2009 HUF RUB rate which is used for the FX-adjustment.

The DPD90+ ratio decreased at OTP Core due to the FX mortgage loan conversion and settlement process. Russian and Ukrainian DPD90+ ratio went up further and the level of coverage increased

**OTP Core
Hungary**



**OTP Bank
Russia**



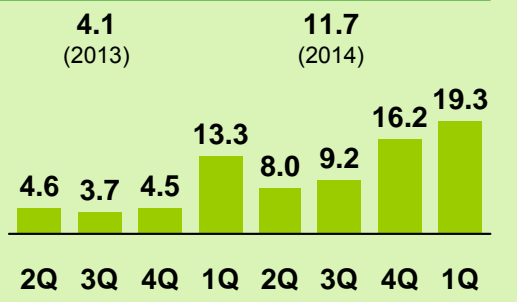
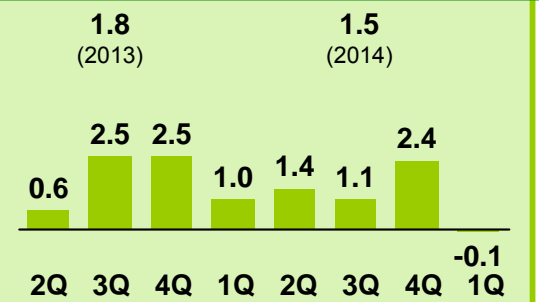
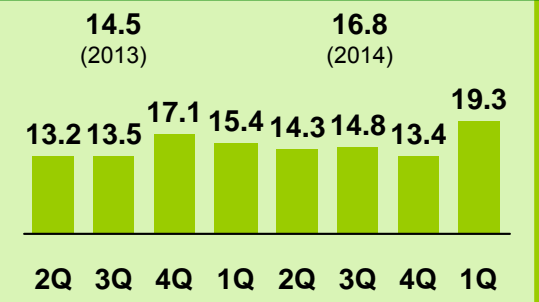
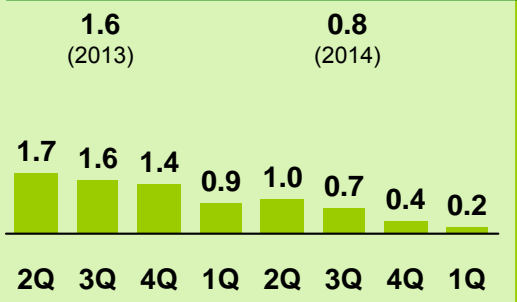
**DSK Bank
Bulgaria**



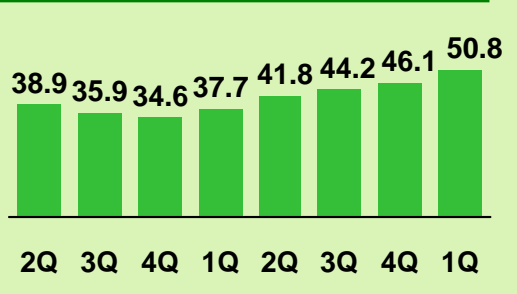
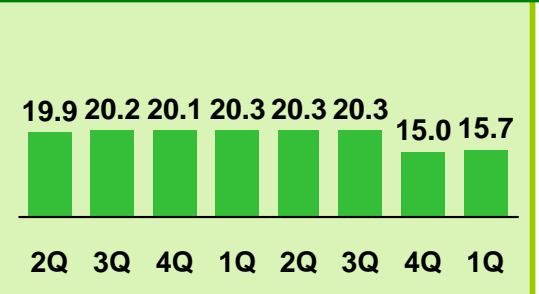
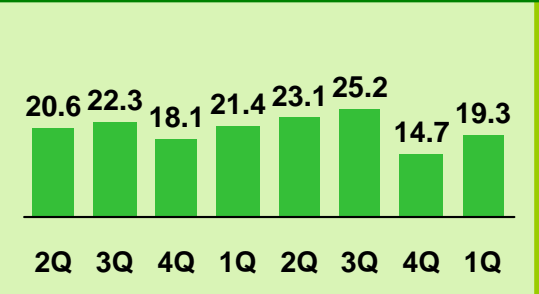
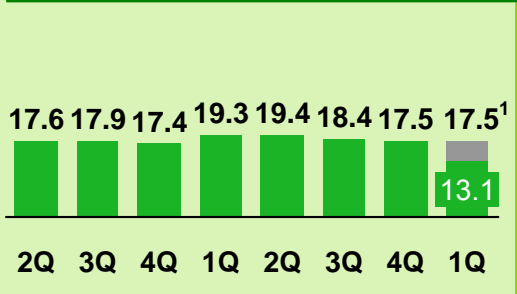
**OTP Bank
Ukraine**



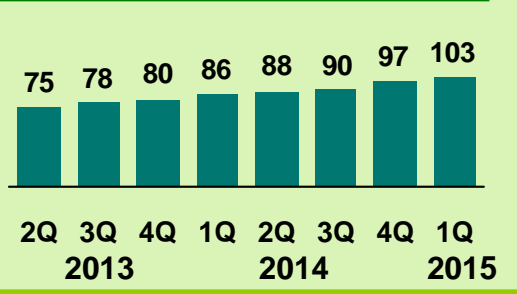
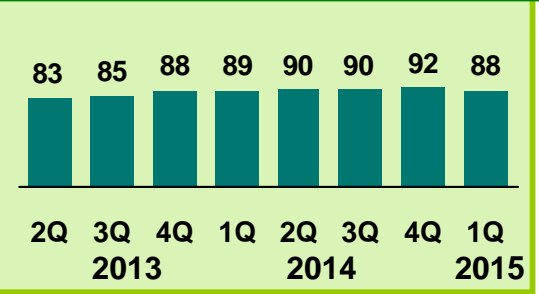
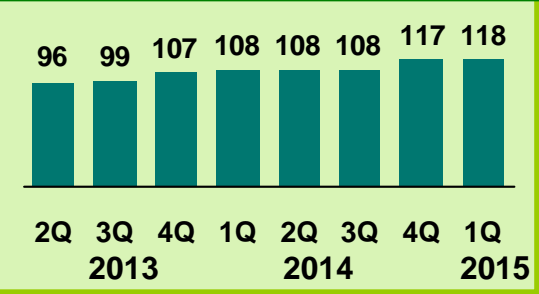
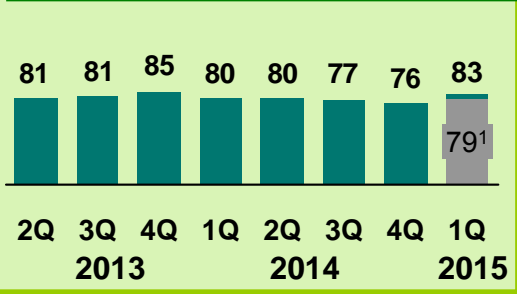
Risk cost for possible loan losses / Average gross customer loans, %



DPD90+ loans / Gross customer loans, %



Total provisions / DPD90+ loans, %



¹ Excluding the impact of FX mortgage loan conversion and settlement in Hungary

At OTP Core the effect of settlement and conversion resulted in a sizeable q-o-q drop in the DPD90+ ratio. In Russia and Ukraine the portfolio continued to deteriorate in 1Q



DPD90+ ratio (%)

OTP Core (Hungary)	1Q 14	2Q 14	3Q 14	4Q 14	1Q 15	Q-o-Q (%-point)
Total	19.3%	19.4%	18.4%	17.5%	13.1%/17.5%²	-4.5
Retail	22.4%	22.1%	21.9%	21.7%	14.9%/20.7% ²	-6.8
Mortgage	21.2%	20.9%	21.0%	20.5%	11.7%/20.4% ²	-8.8
Consumer	27.0%	26.2%	25.2%	26.0%	25.3%/25.1% ²	-0.7
MSE ¹	11.8%	11.4%	10.4%	10.0%	9.4%	-0.6
Corporate	16.6%	17.9%	13.1%	10.2%	10.6%	0.4
Municipal	0.1%	0.2%	0.2%	0.2%	0.6%	0.4



DPD90+ ratio (%)

OTP Bank Russia	1Q 14	2Q 14	3Q 14	4Q 14	1Q 15	Q-o-Q (%-point)
Total	21.4%	23.1%	25.2%	14.7%	19.3%	4.5
Mortgage	15.5%	15.6%	15.6%	17.0%	26.2%	9.2
Consumer	22.5%	24.2%	26.5%	15.1%	19.6%	4.5
Credit card	22.7%	24.5%	27.5%	17.7%	21.2%	3.5
POS loan	26.0%	27.7%	28.4%	11.6%	15.4%	3.8
Personal loan	16.7%	19.0%	22.4%	16.1%	22.7%	6.5



DPD90+ ratio (%)

DSK Bank (Bulgaria)	1Q 14	2Q 14	3Q 14	4Q 14	1Q 15	Q-o-Q (%-point)
Total	20.3%	20.3%	20.3%	15.0%	15.7%	0.7
Mortgage	23.2%	23.4%	23.5%	22.1%	22.4%	0.3
Consumer	16.8%	16.8%	17.0%	7.3%	7.7%	0.4
MSE ¹	41.6%	40.3%	40.0%	32.7%	34.2%	1.5
Corporate	15.9%	16.1%	15.9%	12.4%	14.2%	1.8



DPD90+ ratio (%)

OTP Bank Ukraine	1Q 14	2Q 14	3Q 14	4Q 14	1Q 15	Q-o-Q (%-point)
Total	37.7%	41.8%	44.2%	46.1%	50.8%	4.7
Mortgage	60.3%	62.7%	66.2%	70.8%	75.7%	4.9
Consumer	13.1%	22.2%	31.4%	41.4%	46.5%	5.1
SME ³	73.7%	75.2%	78.8%	82.3%	86.8%	4.5
Corporate	22.0%	24.6%	24.2%	16.3%	16.8%	0.5
Car-financing	41.7%	50.7%	55.4%	58.9%	58.6%	-0.3

¹ Micro and small enterprises

² Excluding the impact of FX mortgage loan conversion and settlement in Hungary

³ Small and medium enterprises

Restructured retail volumes declined further q-o-q on group level, representing 1.5% of total retail loans by the end of 1Q 2015; in the Ukraine the share of restructured retail loans decreased 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.
- Hungarian FX mortgage loans in the fixed exchange rate scheme are not included in the restructured category.
- 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 2014		2Q 2014		3Q 2014		4Q 2014		1Q 2015	
	HUF mn	% ¹	HUF mn	% ¹	HUF mn	% ¹	HUF mn	% ¹	HUF mn	% ¹
OTP Core (Hungary)	34,702	1.8%	31,697	1.7%	25,975	1.4%	22,152	1.2%	19,351	1.2%
OBRu (Russia)	29	0.0%	22	0.0%	155	0.0%	131	0.0%	158	0.0%
DSK (Bulgaria)	20,601	2.4%	20,652	2.4%	18,973	2.2%	17,008	2.1%	13,549	1.8%
OBU (Ukraine)	5,488	2.2%	11,926	4.7%	15,191	6.0%	14,556	5.8%	12,827	5.4%
OBR (Romania)	27,196	9.9%	23,907	8.6%	19,273	6.9%	16,982	6.1%	15,206	4.3%
OBH (Croatia)	1,245	0.5%	1,119	0.4%	1,418	0.5%	2,214	0.8%	1,893	0.7%
OBS (Slovakia)	323	0.2%	468	0.2%	277	0.1%	389	0.2%	244	0.1%
OBSr (Serbia)	683	2.0%	582	1.6%	593	1.7%	408	1.1%	455	1.3%
CKB (Montenegro)	675	1.1%	564	0.9%	462	0.8%	226	0.4%	190	0.3%
Merkantil (Hungary)	3,433	1.8%	2,818	1.6%	2,264	1.3%	1,864	1.0%	1,653	0.9%
Other leasing ² (Hungary)	253	0.9%	334	1.3%	338	1.2%	194	0.7%	192	0.7%
TOTAL	94,629	2.0%	94,090	1.9%	84,919	1.7%	76,124	1.7%	65,720	1.5%

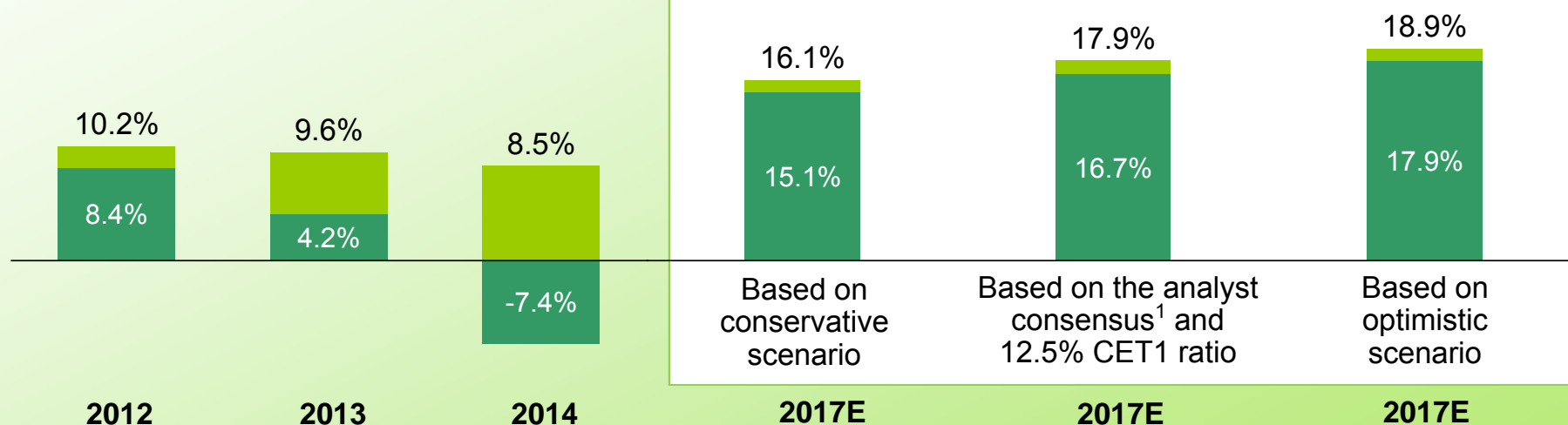
¹ Share out of retail + car-financing portfolio (without SME)

² OTP Flat Lease

By 2017 a return on equity (ROE) of 15-20% is achievable with effective capital allocation in place

■ Effect of adjustment items
■ Accounting ROE indicator

Accounting and adjusted ROE indicators



Assumptions:

- Effective capital allocation: 12.5% CET1 ratio
- No further regulatory steps putting burden on the profitability
- The supporting macro environment in CEE region continues
- The Russian and Ukrainian operation won't generate losses

Adjustment items²
(in HUF billion)

-27

-82

-220

-12

-14

-12

Common Equity
Tier1 (CET1) ratio

15.1%

16.0%

13.5%

12.5%

12.5%

12.5%

¹ Average of the estimations published since 6 March 2015: Autonomous, Barclays, Citigroup, Credit Suisse, HSBC, JP Morgan, UBS. The total equity is proportioned to the CET1 ratios.

² In 2017 adjustment items include the due banking tax in Hungary calculated with the tax rate contained in the Memorandum of Understanding signed by the EBRD and the Hungarian Government, and assuming that the same items will be deductible from the tax base (2014 total assets) as those defined by the former act.

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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