OTP Group
First half 2016 results

Conference call – 12 August 2016

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Content

Key pillars of the OTP investment rationale

Return on Equity has returned to attractive levels (>15% on 12.5% CET1 ratio)

A new era of structurally low risk environment has commenced

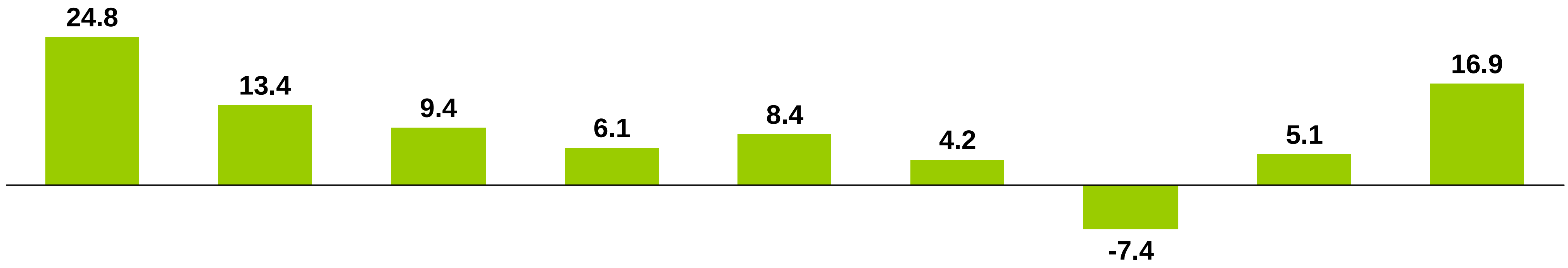
After years of deleveraging loan volumes show positive turnaround in Hungary

Strong capital and liquidity position coupled with robust internal capital generation

OTP is a frontrunner and has always been committed to innovation in digital banking

Return on Equity has returned to attractive levels

Consolidated ROE, accounting



Opportunity cost-adjusted[1] consolidated accounting ROE over the average 10Y Hungarian government bond yields

Price to Book ratio

	2008	2009	2010	2011	2012	2013	2014	2015	1H 16
Max	2.8	1.4	1.7	1.4	0.8	1.0	0.9	1.4	1.7
Min	0.6	0.4	0.9	0.6	0.6	0.7	0.7	0.8	1.3

Bloomberg

[1] Accounting ROE less the annual average of Hungarian 10Y government bond yields.

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

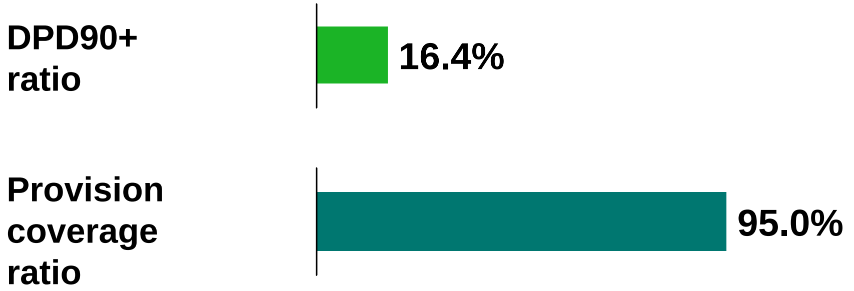
	2008	2009	2010	2011	2012	2013	2014	2015	1H 16
Accounting ROE	24.8%	13.4%	9.4%	6.1%	8.4%	4.2%	-7.4%	5.1%	16.9%
Adjusted ROE[1]	22.5%	13.4%	13.0%	11.8%	10.2%	9.6%	8.5%	9.6%	16.5%
Total Revenue Margin[2]	8.22%	7.93%	8.03%	8.12%	8.31%	8.44%	7.74%	6.96%	6.72%
Net Interest Margin[2]	5.79%	6.17%	6.16%	6.31%	6.40%	6.37%	5.96%	5.11%	4.85%
...									
Operating Costs / Average Assets	4.08%	3.65%	3.62%	3.76%	3.89%	4.07%	3.85%	3.62%	3.63%
Risk Cost Rate	1.69%	3.57%	3.69%	2.95%	3.11%	3.51%	3.68%	3.18%	1.09%
Leverage (average equity / avg. assets)	10.9%	11.7%	12.8%	13.6%	14.4%	14.8%	13.0%	11.5%	11.8%

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

A new era of structurally low risk environment has commenced

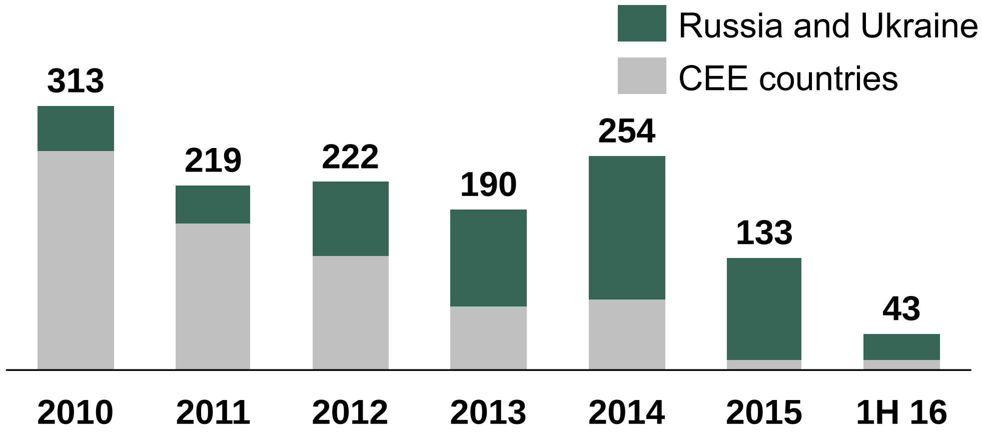
1 Existing DPD90+ loans are conservatively covered with provisions

2Q 2016, consolidated



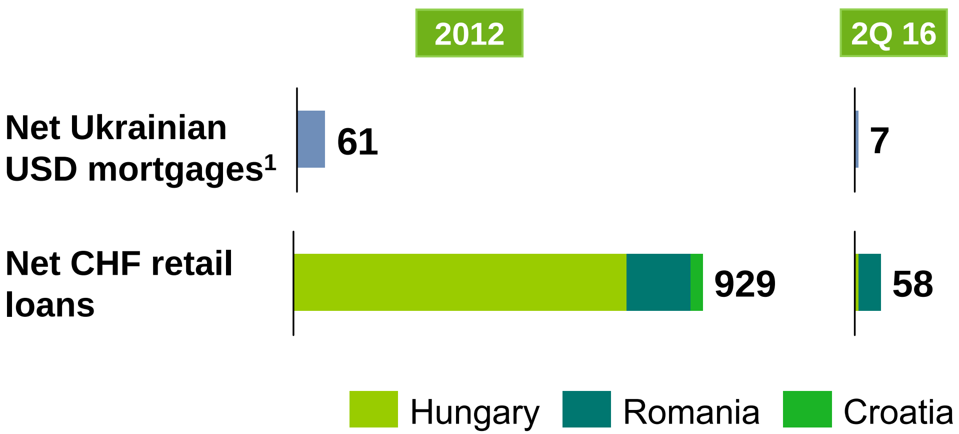
2 The DPD90+ formation has receded

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



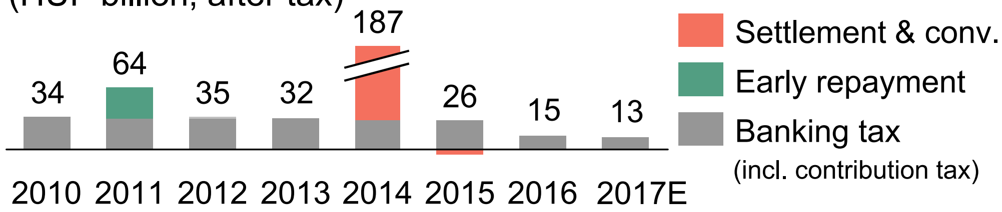
3 Vanishing „toxic" portfolios at OTP Group members

(HUF billion)



4 The Hungarian regulatory risk has moderated substantially

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



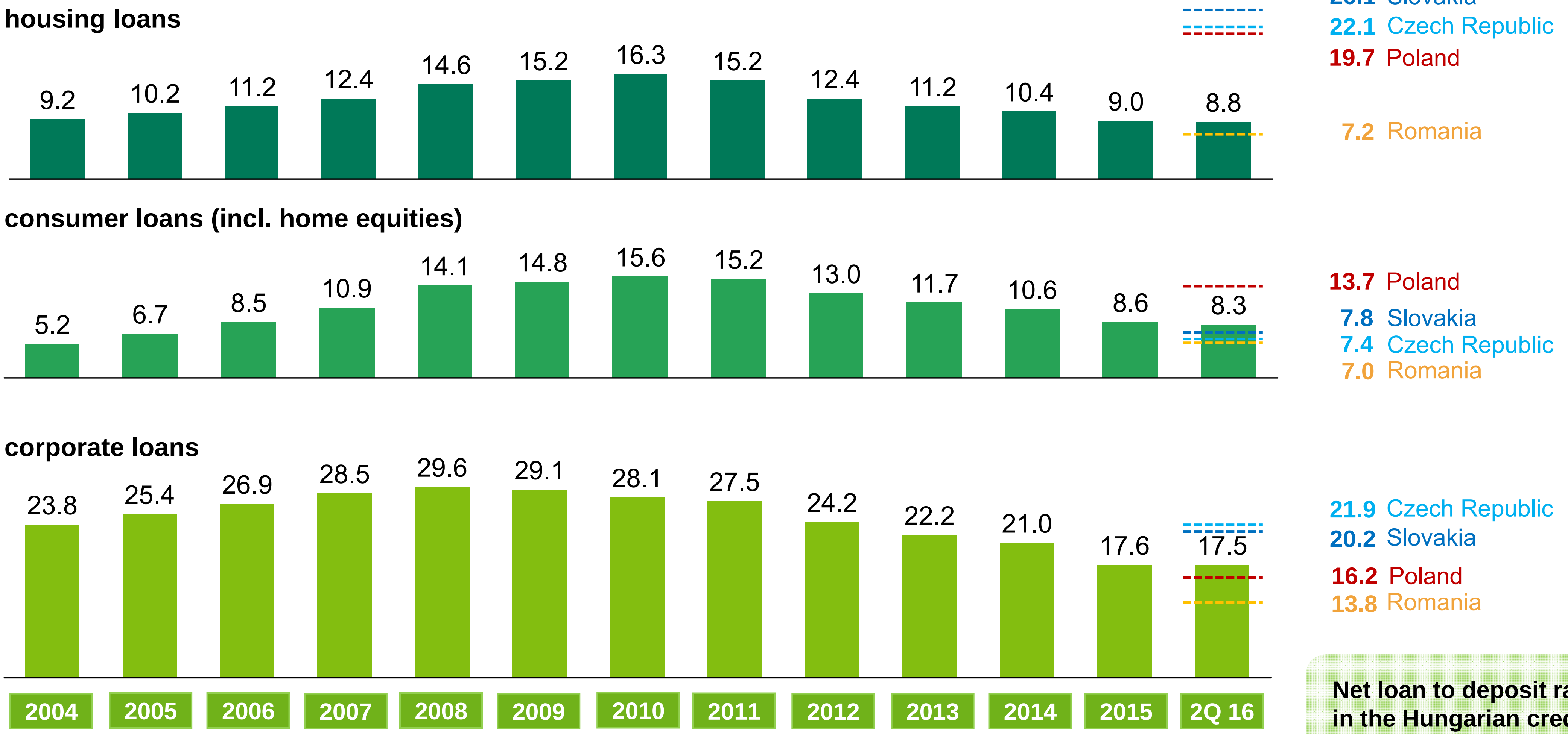
Positive measures supporting the banking system

- Funding for Growth Scheme
- Housing subsidy (CSOK)
- National Asset Management Company
- Market-Based Lending Scheme
- Bad bank (MARK Ltd.)

[1] Performing.

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 ...



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

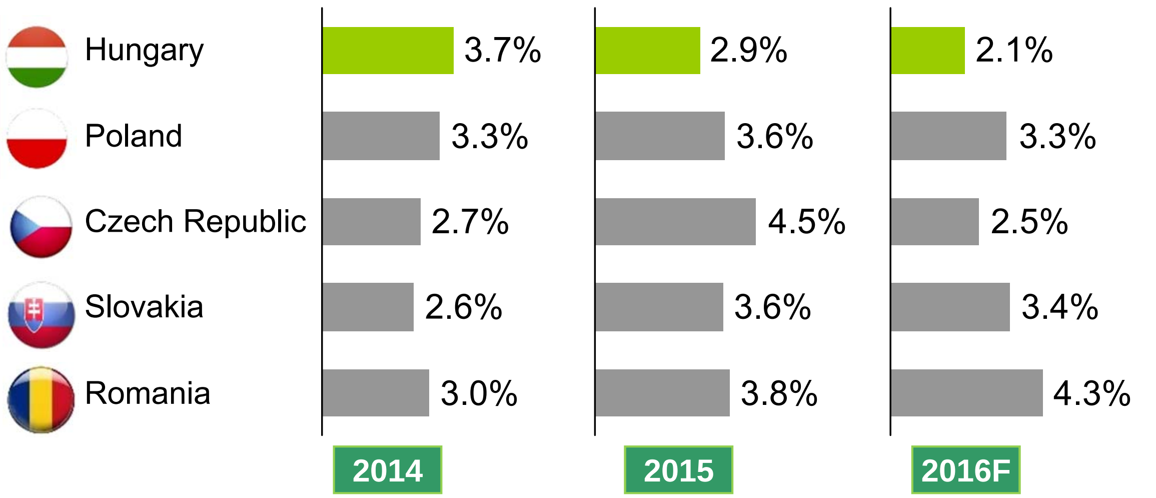
168% → 95%

1Q 09 | 2Q 16

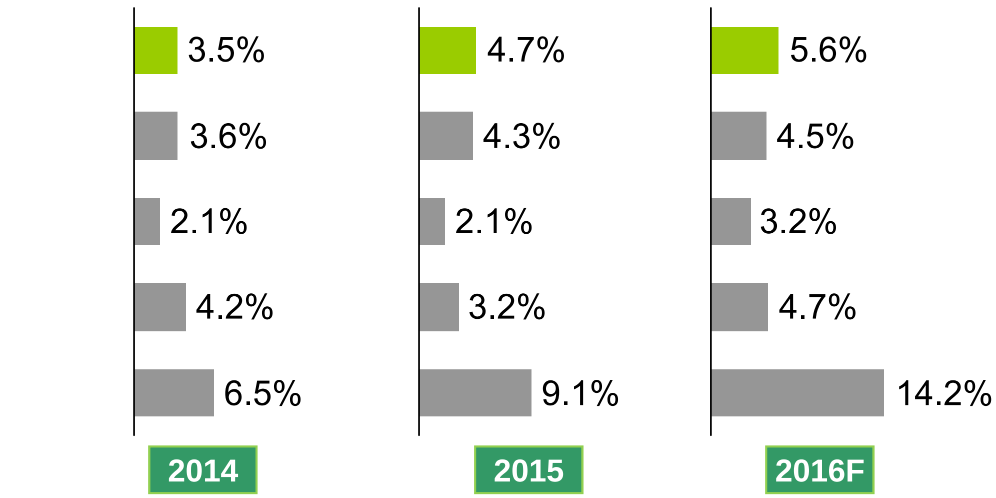
[1] According to the supervisory balance sheet data provision

For most of the indicators affecting loan dynamics Hungary has been catching up with its regional peers

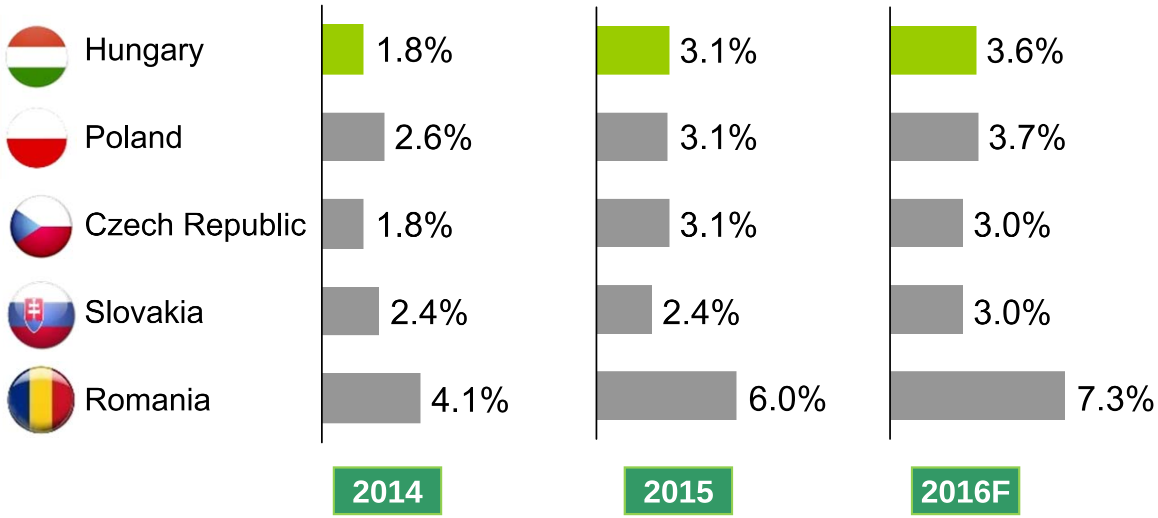
Real GDP growth (y-o-y)



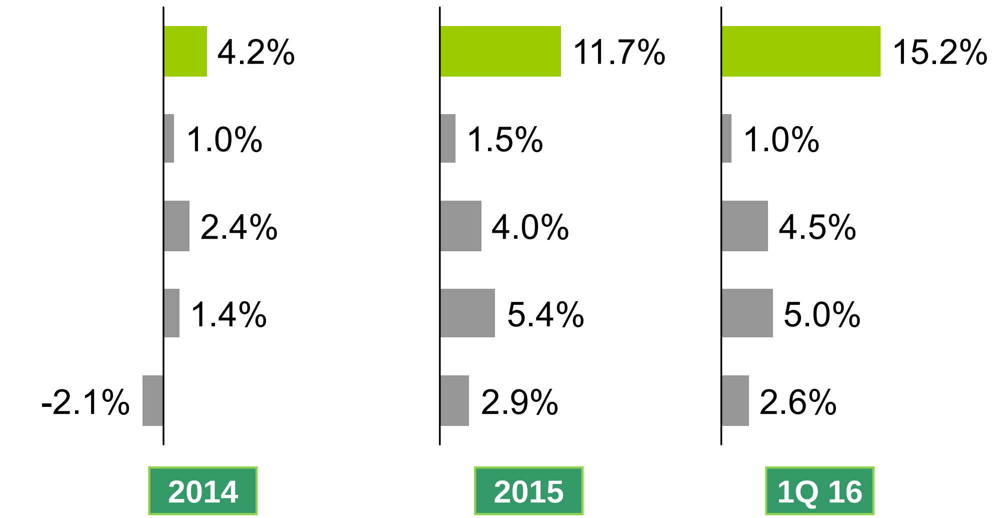
Real wage growth in the private sector (y-o-y)



Household consumption growth (y-o-y)



Housing price index (y-o-y)



Note: OTP Research Centre's 2016 forecasts are displayed in case of real GDP growth, household consumption expenditure growth and real wage growth in Hungary, Slovakia and Romania. For Poland and Czech Republic the Focus Economics and local central bank forecasts are used. Source of housing price indices: Eurostat.

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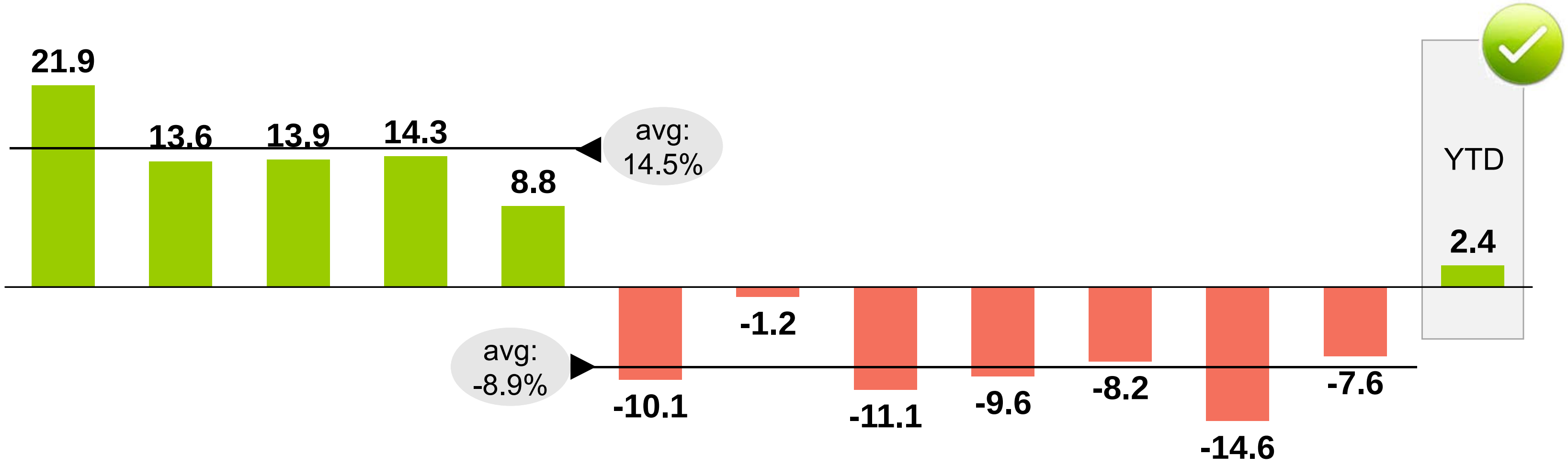
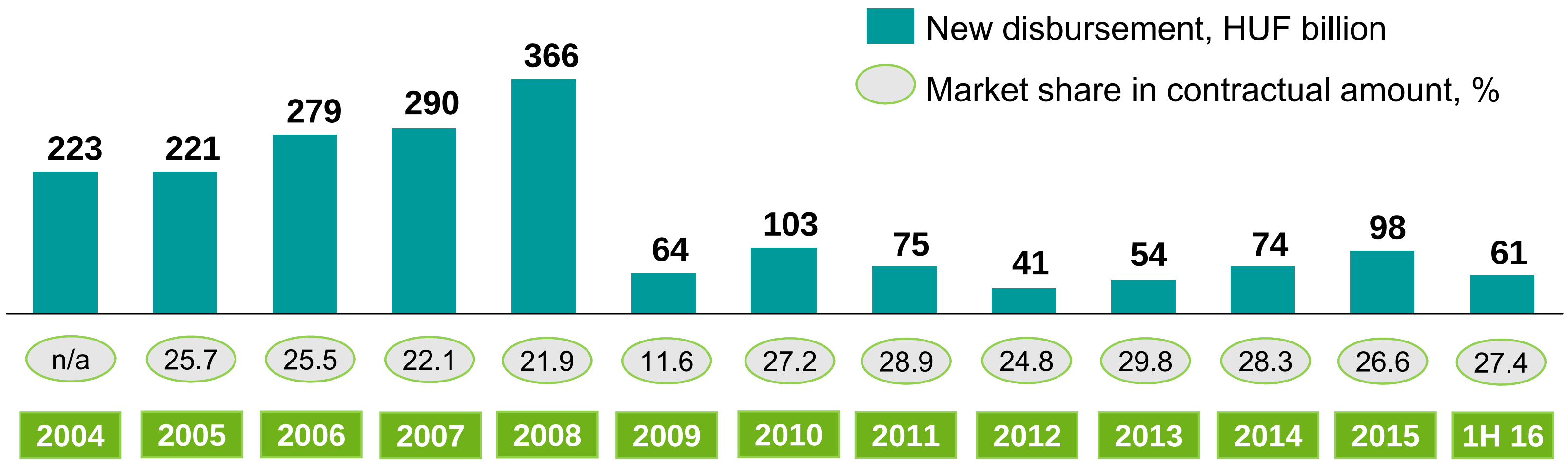
After years of loan volume contraction the first 6 months of 2016 underpin a definite turnaround at OTP Core

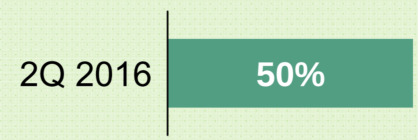
FX-adjusted Y-o-Y performing loan volume changes at OTP Core[1]
(%)



Mortgage loan disbursement[2] **and market share at OTP Bank and OTP Mortgage Bank**



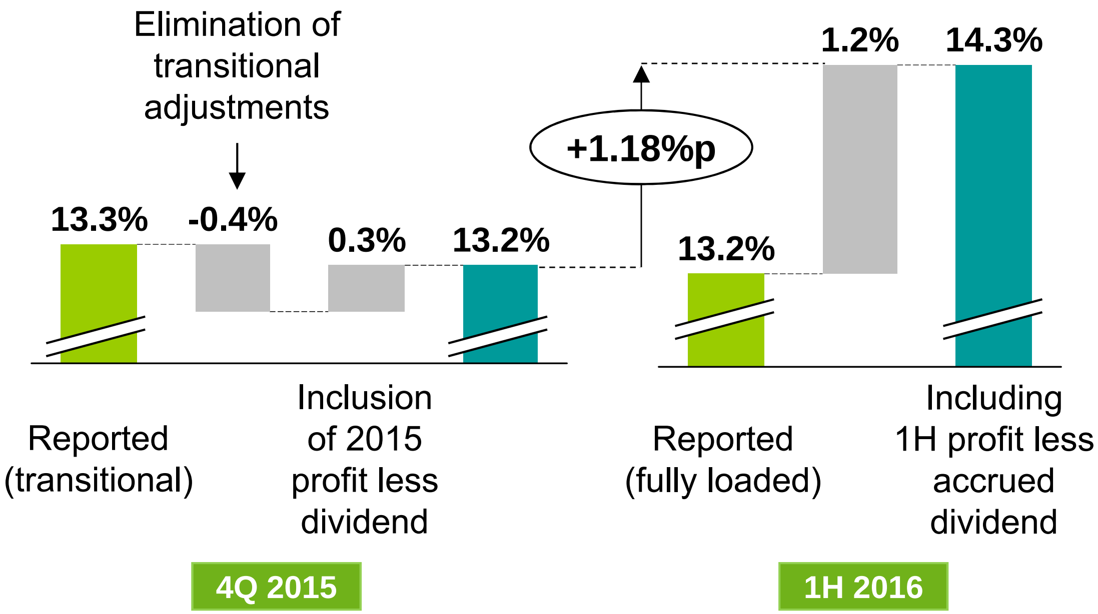
Net loan to deposit + retail bonds ratio at OTP Core



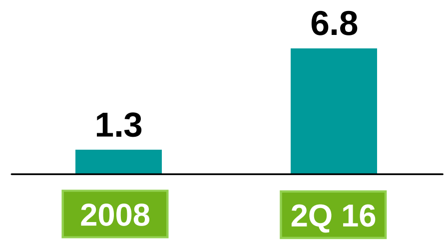
[1] 2004-2008: gross loan volume changes; from 2009: FX-adjusted performing (DPD0-90) loan volume changes, estimate. Changes are based on OTP Bank, Mortgage Bank, Building Society and Factoring aggregated volumes until 2005, and OTP Core volumes from 2006.
[2] In 2011 and 2012 the refinancing mortgages related to the early repayment scheme are filtered out.

Strong capital and liquidity position coupled with robust internal capital generation

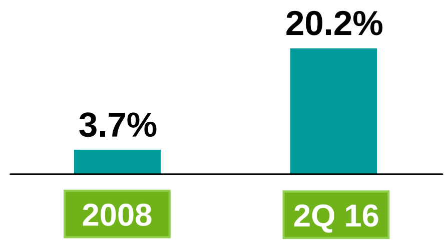
Development of the fully loaded CET1 ratio of OTP Group



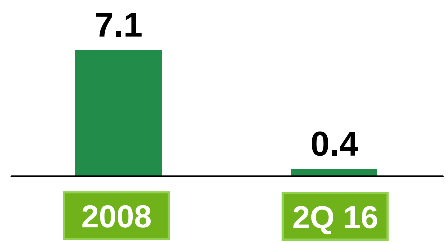
Net liquidity reserves (in EUR billion equivalent)



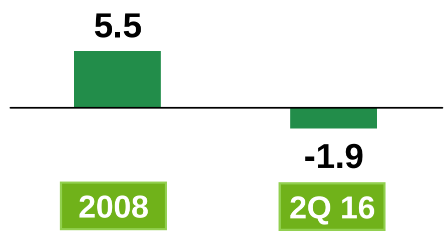
Net liquidity buffer / total assets (%)



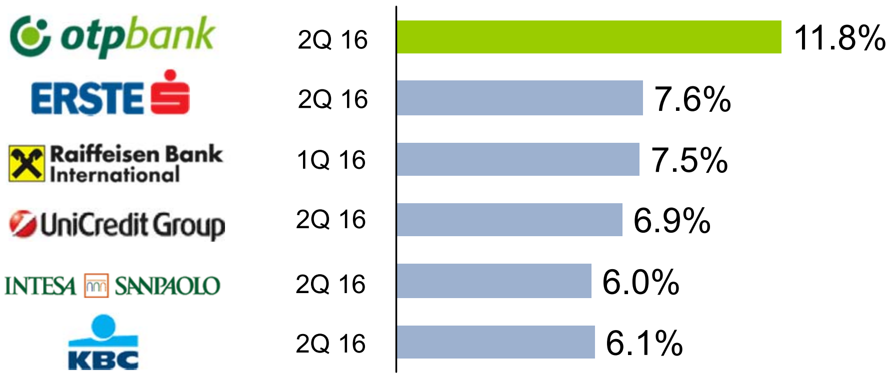
External debt[1] (in EUR billion equivalent)



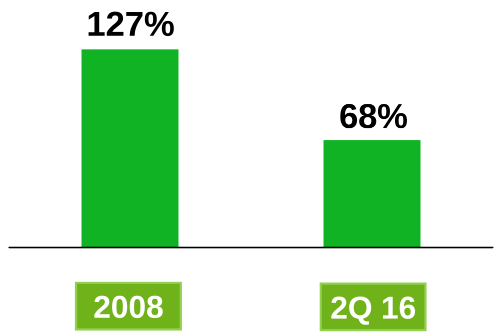
Net swap book[2] (in EUR billion equivalent)



Leverage ratio (average equity / average assets)

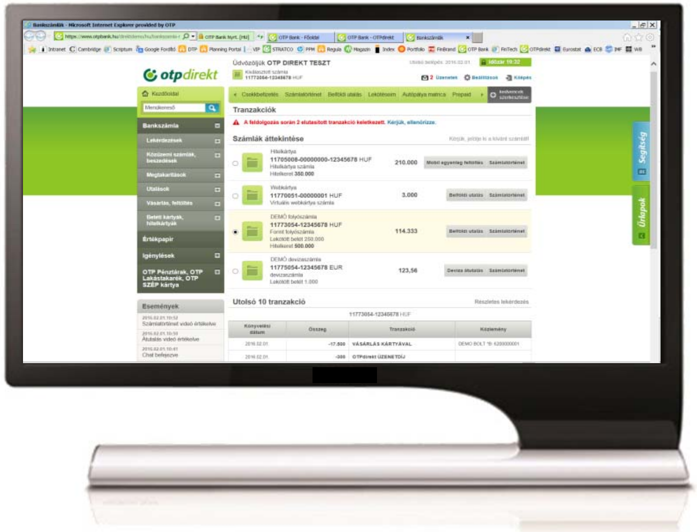


Consolidated net loan to deposit + retail bond ratio



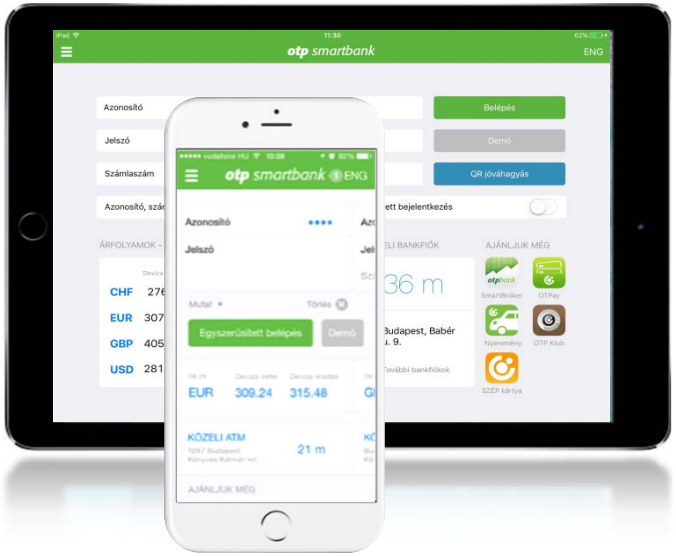
[1] Senior bonds, mortgage bonds, bilateral loans.
[2] Net FX liquidity generating swap book incl. money market and nostro account placements. Negative amount implies FX liquidity placement.

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



~850 thousand regular users monthly[1]

~75 thousand users monthly[1]



~200 thousand contacts monthly[1]

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

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

OTP has always been in the forefront of digital innovations

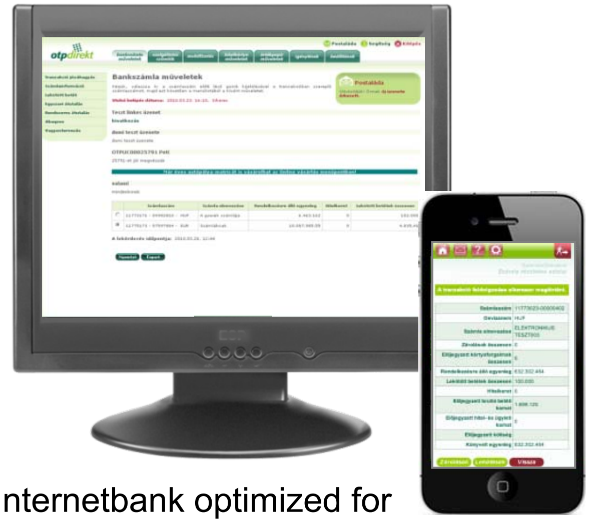
2000

One of the first internetbank launches

Active transactions based on WAP & SMS

2010

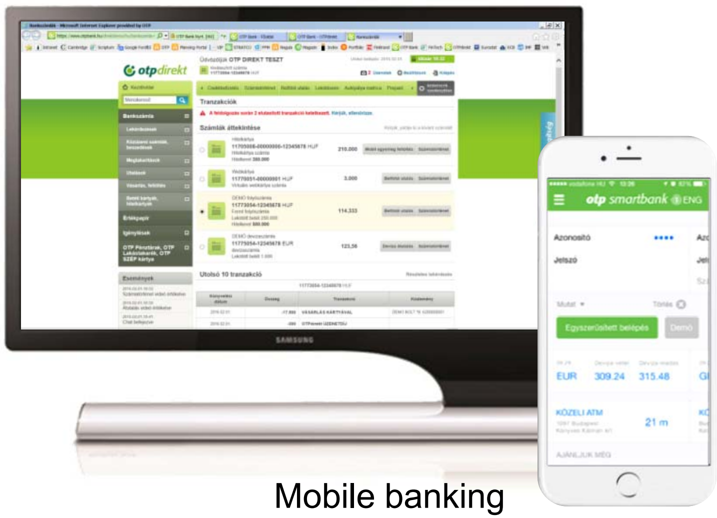
Rich functionality



Internetbank optimized for mobile phone

2016

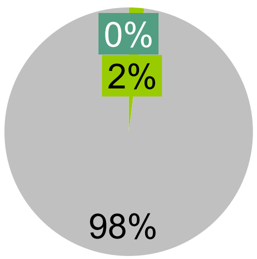
Customized visualization and offers

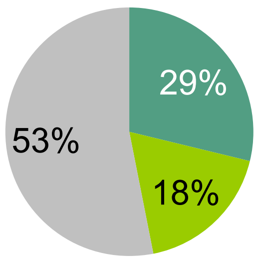


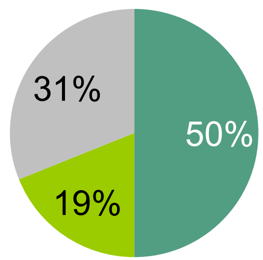
Mobile banking application

OTP Bank: digital banking is gaining ground among clients active in making transactions[1]

digital-only channel usage | mixed channel usage | branch-only channel usage







[1] Based on transacting customers with current account. 2000: estimation. Based on 3 months usage: 4Q 2010 data in case of 2010 and 1Q 2016 data in case of 2016.

The Digital Transformation Program serves as an umbrella focusing on digital customer experience and cost efficient and automatized processes

Aspirations

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

Convenient, flexible and fast customer service

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

Extensive services for favourable conditions

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

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

Cost efficient, automatized and paperless processes

Big Data based sale and business decision making

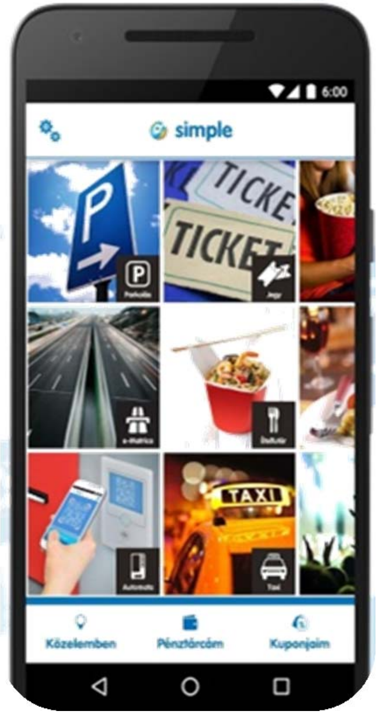
Better transparency and compliance with regulations

Quickly adaptive organization

Facts

- **More than 25 flagship projects** (especially E2E processes, integrated databases, new alternative risk modelling methods, new mobile solutions) and further 70 interdivisional developments
- **More than 300K 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

The mobile commerce and payment applications help us build new customer relationships, whereas the Loyalty program is focusing on better servicing our existing clients



Mobile commerce and payment applications available on iOS, Android & Windows Phone

- Available not only for OTP customers
- Search, Select, Buy, Use – at the fingertips
- Features include: online payment of motorway toll, mobile parking, food delivery, taxi orders, mobile waiter, vending machines and online coupons
- 30-second Cinema City ticket purchase was enabled on Simple in April – no more queuing

Actual results (1 August):

- ✓ More than 15,000 Cinema City tickets via simple application
- ✓ Festival tickets sold in the amount of more than HUF 115 million
- ✓ Number of registered clients: 164.5 thousand
- ✓ Number of downloads: 181.5 thousand

Loyalty program business goals:

- Focusing on better servicing of existing clients
- Customizable discount offers at client level
- Efficient X-sell support

Date of introduction:

- Launched in March 2016
- The first in Hungary

Availability:

- Available through the internet bank and SmartBank

Actual results (31 July):

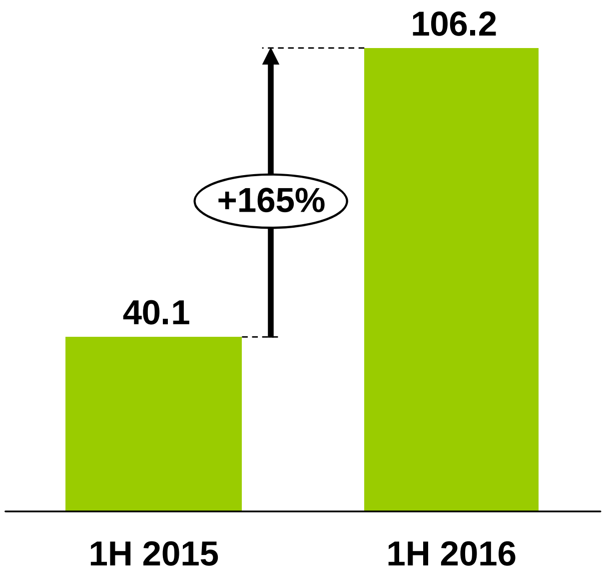
- ✓ More than 150 th client registrations
- ✓ More than 40 partner offers
- ✓ More than 300K transactions realised within the program
- ✓ More than HUF 55 million cash back received by the clients by the end of June

Content

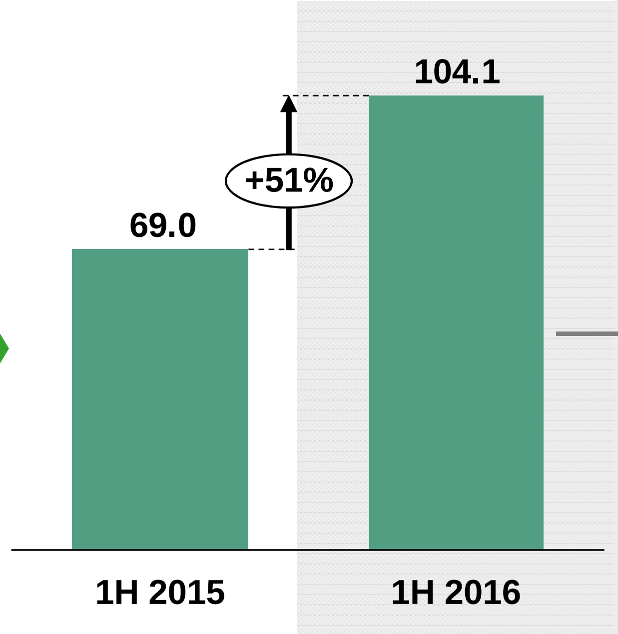
1H accounting profit surged by 165% supported by the positive balance of adjustments, as well as the sharp turnaround in the Russian and Ukrainian performances; profit contribution from CEE Group members improved moderately

(in HUF billion)

Accounting profit after tax

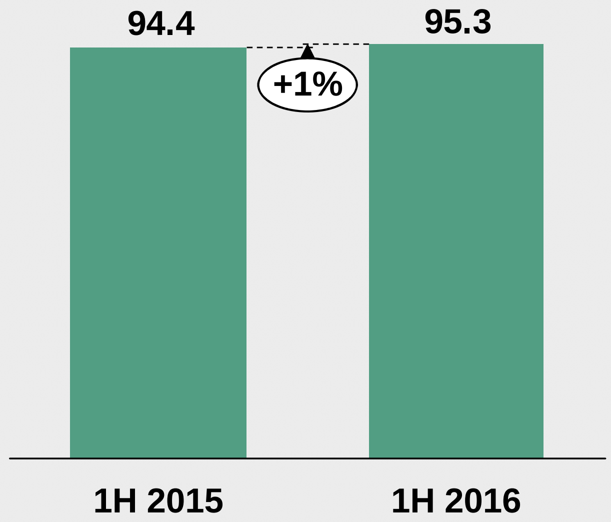


Adjusted profit after tax

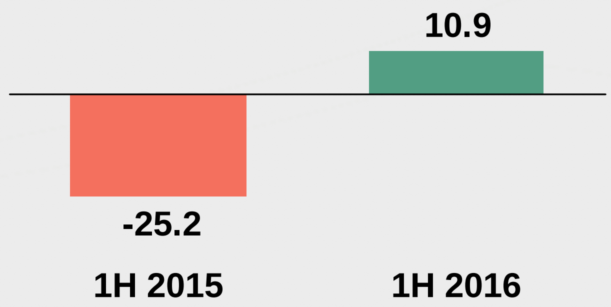


Adjustments (after tax)	**1H 2015**	**1H 2016**
Banking tax	-28.9	-13.6
Visa	0.0	13.2
Other	0.0	2.5
Total	-28.9	2.0

Adjusted after tax results in the CEE countries[1]



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



[1] Total result of CEE operations does not include the result of Corporate Centre, foreign asset management companies, other Hungarian and foreign subsidiaries and eliminations. Their aggregated results amounted to HUF -0.1 bn in 1H 2015 and HUF -2.0 bn in 1H 2016.

The Russian and Ukrainian operations in total contributed HUF 8.5 billion to the consolidated earnings in 2Q, marking a sharp turnaround compared to the mainly loss-making quarters in the last two years

	1H 15	1H 16	Y-o-Y	2Q 15	1Q 16	2Q 16	Q-o-Q	Y-o-Y
	in HUF billion				in HUF billion			
Consolidated adjusted after tax profit	**69.0**	**104.1**	**51%**	**40.6**	**47.6**	**56.5**	**19%**	**39%**
CEE operation (adjusted)	**94.4**	**95.3**	**1%**	**44.5**	**46.4**	**48.8**	**5%**	**10%**
OTP Core (Hungary)	59.2	59.6	1%	29.8	28.9	30.7	6%	3%
DSK (Bulgaria)	27.8	28.0	1%	10.2	13.8	14.2	3%	40%
OBR (Romania)	1.1	1.6	43%	0.7	0.6	1.0	60%	37%
OBH (Croatia)	1.3	2.2	64%	1.2	0.8	1.3	57%	6%
OBS (Slovakia)	0.7	0.3	-57%	0.3	0.4	-0.1	-116%	
OBSrb (Serbia)	0.2	0.1	-50%	0.1	0.0	0.1	196%	-31%
CKB (Montenegro)	0.5	0.3	-52%	0.5	0.1	0.1	27%	-70%
Leasing (HUN, RO, BG, CR)	1.1	1.3	23%	0.7	0.8	0.5	-31%	-21%
OTP Fund Management (Hungary)	2.4	1.9	-21%	1.0	1.0	0.9	-16%	-18%
Russian and Ukrainian operation (adjusted)	**-25.2**	**10.9**		**-3.6**	**2.4**	**8.5**	**253%**	
OBRU (Russia)	-13.9	9.1		-3.2	2.6	6.5	150%	
Touch Bank (Russia)	-1.8	-2.5	42%	-1.0	-1.1	-1.5	38%	41%
OBU (Ukraine)	-9.6	4.3		0.6	0.9	3.4	302%	487%
Corporate Centre and others	**-0.1**	**-2.0**		**-0.3**	**-1.3**	**-0.8**	**-37%**	

The consolidated accounting after tax profit was HUF 71.9 billion in 2Q 2016 and HUF 106.2 billion in 1H 2016. The gain on the Visa transaction boosted the profit by HUF 13.2 billion in 2Q

	1H 15	1H 16	Y-o-Y	2Q 15	1Q 16	2Q 16	Q-o-Q	Y-o-Y
	in HUF billion			in HUF billion				
Consolidated after tax profit (accounting)	**40.1**	**106.2**	**165%**	**38.2**	**34.3**	**71.9**	**110%**	**88%**
Adjustments (total)	**-28.9**	**2.0**	**-107%**	**-2.4**	**-13.3**	**15.4**		
Dividends and net cash transfers (after tax)	0.1	0.3	242%	0.1	0.1	0.2	173%	159%
Goodwill/investment impairment charges (after tax)	2.7	2.2	-18%	2.7	0.0	1 2.2		-18%
Special banking tax (after tax)	-28.9	-13.6	-53%	-0.2	-13.4	-0.2	-99%	-8%
Effect of acquisitions (after tax)	1.6	0.0	-100%	0.0	0.0	0.0		
Actual and expected one-off impact of regulatory changes related to consumer contracts in Hungary (after tax)	3.5	0.0	-100%	-3.9	0.0	0.0		-100%
Risk cost created toward Crimean exposures from 2Q 2014 (after tax)	0.1	-		0.0	-	-		
Risk cost created toward exposures to Donetsk and Luhansk from 3Q 2014 (after tax)	-2.2	-		-1.1	-	-		
Revaluation of reverse mortgage portfolio of OTP Life Annuity Ltd. (after tax)	-5.5	0.0	-100%	0.0	0.0	0.0		
One-off impact of regulatory changes related to FX consumer contracts in Serbia (after tax)	-0.1	0.0	-100%	0.0	0.0	0.0		
Gain on the sale of Visa Europe shares (after tax)		13.2				2 13.2		
Consolidated adjusted after tax profit	**69.0**	**104.1**	**51%**	**40.6**	**47.6**	**56.5**	**19%**	**39%**

1 An impairment was booked in relation to the Ukrainian subsidiary under Hungarian Accounting Standards. Though under IFRS the impairment itself had no direct effect either on the consolidated balance sheet or on the P&L, there was a related positive tax shield of altogether HUF 2.2 billion that added to the Group's IFRS accounting profit.

2 The after tax impact of the Visa Europe transaction represented HUF 13.2 billion (HUF 15.9 billion before tax) which included the realized cash transfer (HUF 9.6 billion after tax) and the discounted present values of deferred earn-out components due in 3 years and the C-type VISA Inc. shares (HUF 0.8 billion and HUF 2.8 billion after tax, respectively).

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In 1H 2016 the consolidated adjusted after tax profit increased by 51% y-o-y, while the quarterly result improved by 19% q-o-q and by 39% y-o-y mainly supported by the decreasing risk costs; the core banking revenues grew moderately q-o-q

	1H 15	1H 16	Y-o-Y	2Q 15	1Q 16	2Q 16	Q-o-Q	Y-o-Y
	in HUF billion				in HUF billion			
Consolidated adjusted after tax profit	**69.0**	**104.1**	**51%**	**40.6**	**47.6**	**56.5**	**19%**	**39%**
Corporate tax	-13.2	-30.2	128%	-11.0	-16.4	-13.8	-16%	26%
O/w tax shield of subsidiary investments	*-1.3*	*-2.6*	*102%*	*-4.3*	*-0.5*	*-2.1*	*309%*	*-51%*
Before tax profit	82.3	134.3	63%	51.6	64.0	70.4	10%	36%
Total one-off items	2.2	2.9	34%	2.5	0.2	2.8		10%
Revaluation result of FX swaps at OTP Core	-0.7	0.0	-100%	0.0	-	-		
Gain on the repurchase of own capital instruments	0.0	0.0		0.0	0.0	0.0		
Result of the Treasury share swap agreement	2.9	2.9	2%	2.5	0.2	2.8		10%
Before tax profit without one-off items	**80.1**	**131.4**	**64%**	**49.1**	**63.8**	**67.6**	**6%**	**38%**
Operating profit w/o one-off items	189.9	164.3	-13%	94.4	84.6	79.7	-6%	-16%
Total income w/o one-off items	380.7	357.8	-6%	191.1	177.5	180.3	2%	-6%
Net interest income w/o one-off items	282.7	258.1	-9%	140.0	129.0	129.1	0%	-8%
Net fees and commissions	81.2	82.3	1%	43.9	38.8	43.5	12%	-1%
Other net non interest income without one-offs	16.8	17.4	4%	7.3	9.6	7.8	-20%	7%
Operating costs	-190.8	-193.6	1%	-96.8	-92.9	-100.7	8%	4%
Total risk costs	-109.8	-32.9	-70%	-45.3	-20.8	-12.1	-42%	-73%

In 2Q total revenues improved q-o-q. The Russian and Ukrainian total income increased in local currency. In Hungary the decrease was reasoned mainly by the weaker other income with the net interest income eroding only marginally

TOTAL INCOME – 2Q 2016 without one-off items (HUF billion)		Q-o-Q change (HUF billion)	Q-o-Q change (%)	FX adjusted Q-o-Q change of DPD0-90 loans (%)	FX adjusted Q-o-Q change of deposits (%)
OTP Group	180	3	2%	1%	-1%
OTP CORE (Hungary)	87	-1	-2%	0%	-3%
DSK (Bulgaria)	29	2	6%	3%	4%
OBRU (Russia)	26	3	13%/2%[1]	-5%	0%
Touch Bank (Russia)	0		n.a.		48%
OBU (Ukraine)	9	-1	-2%	0%	4%
OBH (Croatia)	8	1	8%	2%	0%
OBS (Slovakia)	5	0	3%	-1%	-5%
OBR (Romania)	7	0	-6%	0%	4%
CKB (Montenegro)	3	0	8%	-2%	-1%
OBSrb (Serbia)	2	0	2%	5%	-5%
Others[2]	6				

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

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In 2Q the net interest income remained stable. The weaker performance of Hungary and the Ukraine was off-set by the Russian improvement

NET INTEREST INCOME – 2Q 2016 (HUF billion)	Share	NII	Q-o-Q (HUF bn)	Q-o-Q (%)
OTP Group	100%	129	0	0%
OTP CORE (Hungary)	45%	58	-1	-1%
DSK (Bulgaria)	16%	21	0	-1%
OBRU (Russia)	18%	23	2	12%/1%[1]
Touch Bank (Russia)	0%	0		95%
OBU (Ukraine)	5%	7	-1	-15%
OBH (Croatia)	4%	6	0	6%
OBS (Slovakia)	3%	4	0	0%
OBR (Romania)	4%	5	0	-5%
CKB (Montenegro)	1%	2	0	3%
OBSrb (Serbia)	1%	1	0	1%
Merkantil (Hungary)	3%	4	0	-6%

1 At OTP Core in 2Q the net interest income eroded only by 1% q-o-q due to the q-o-q marginally narrowing (-2 bps) net interest margin.

2 In Ukraine in the second quarter the net interest income dropped by 15% q-o-q, mainly due to the increasing amount of sold and written-off non-performing loan volumes. The accrued but not paid interest income declined due to the sold/written off volumes (simultaneously, the risk cost created for the accrued but not paid interest income is booked on the risk cost line).

3 The lower quarterly net interest income is reasoned by shrinking mortgage book and tighter margins, both factors can be explained mainly by the on-going CHF mortgage loan conversion programme.

[1] Change in local currency

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The net fee and commission income increased by 12% q-o-q mainly due to strong Hungarian, Bulgarian and Russian performance

NET FEE AND COMMISSION INCOME – 2Q 2016 (HUF billion)	Share	2Q 2016	Q-o-Q (HUF billion)	Q-o-Q (%)
OTP Group	100%	43.5	4.7	12%
OTP CORE (Hungary)	59%	25.6	2.8	12% (1)
DSK (Bulgaria)	16%	7.0	1.2	20% (2)
OBRU (Russia)	8%	3.4	0.5	17%/6%[1] (3)
Touch Bank (Russia)	0%	0	-0.1	n.a.
OBU (Ukraine)	5%	2.1	0.1	4%
OBH (Croatia)	3%	1.3	0.1	10%
OBS (Slovakia)	2%	0.8	0.1	16%
OBR (Romania)	2%	0.9	0.2	21%
CKB (Montenegro)	2%	0.7	0.1	23%
OBSrb (Serbia)	1%	0.4	0.0	2%
Fund mgmt. (Hungary)	3%	1.5	-0.1	-7% (4)

1. At OTP Core the q-o-q improvement was partly seasonal, and there was a positive base effect, too. The financial transaction tax on card transactions was paid in a lump-sum in 1Q 2016 for the whole year. This item amounted to HUF -1.6 billion in 1Q 2016.

2. The Bulgarian quarterly net fee income advanced by 20% q-o-q driven partly by seasonality and also by the increasing account management fee revenues.

3. The Russian net fee and commission income grew by 6% q-o-q in local currency, due to higher insurance fee revenues partially induced by better sales performance of consumer loans with insurance policies.

4. The 2Q 2016 fees and commissions income dropped on a quarterly and yearly basis as well (-7% and -12%) at OTP Fund Management. The decline was mainly reasoned by the one-off fees paid to third-party distributors in 2Q (HUF -0.1 billion).

[1] Change in local currency

The other net non-interest income significantly declined q-o-q due to the lower Hungarian contribution related mainly to base effect

OTHER NET NON-INTEREST INCOME – 2Q 2016 without one-off items (HUF billion)	Share		Q-o-Q (HUF billion)	Q-o-Q (%)
OTP Group	100%	7.8	-1.9	-20%
OTP CORE (Hungary)	48%	3.7	-3.6	-49%
DSK (Bulgaria)	7%	0.6	0.7	n.a.
OBRU (Russia)	-4%	-0.3	0.0	
Touch Bank (Russia)	0%	0		n.a.
OBU (Ukraine)	6%	0.4	-0.2	-26%
OBH (Croatia)	11%	0.9	0.1	20%
OBS (Slovakia)	1%	0.1	0.0	19%
OBR (Romania)	9%	0.7	-0.3	-31%
CKB (Montenegro)	0%	0.0	0.0	5%
OBSrb (Serbia)	1%	0.1	0.0	11%
Others[1]	20%	1.5	1.2	440%

1 At OTP Core the other net non-interest income declined due to a drop in securities gain. In 1Q the Bank realized higher gain on securities and property investment funds. At OTP Core the quarterly average of other income reached HUF 4.5 billion in 2015.

2 In Bulgaria the quarterly volatility of other net non-interest income is explained mainly by the better unrealized result on intragroup swap deals.

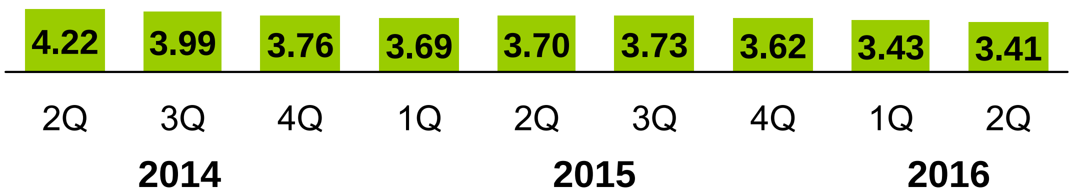
3 In Romania the other net non-interest income moderated by HUF 0.3 billion q-o-q mainly due to the weaker FX result.

[1] Other group members and eliminations

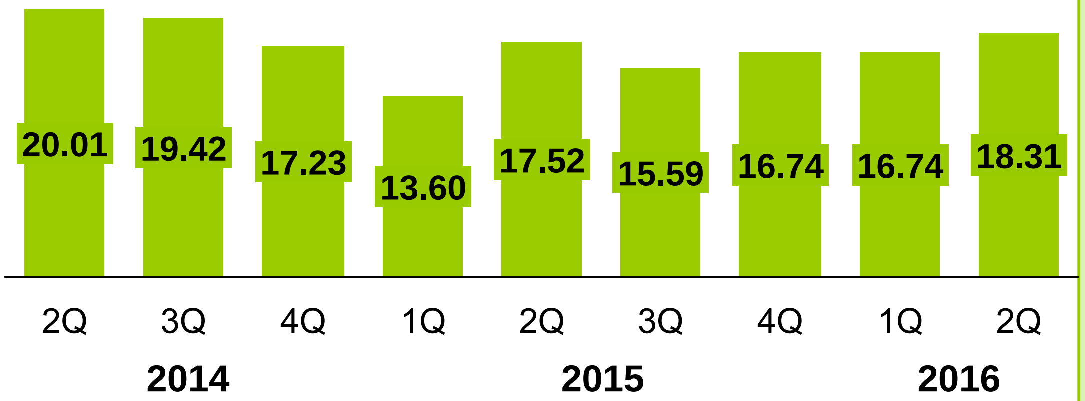
Net interest margin at OTP Core remained stable q-o-q and the quarterly decline at DSK Bank decelerated q-o-q. In Russia margins improved further, whereas in Ukraine the net interest margin dropped

Net interest margin (%)

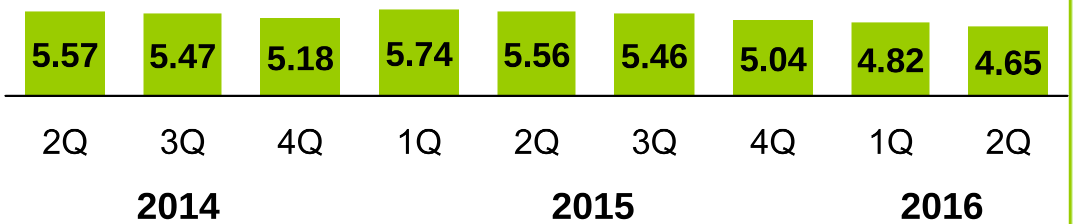
OTP Core Hungary



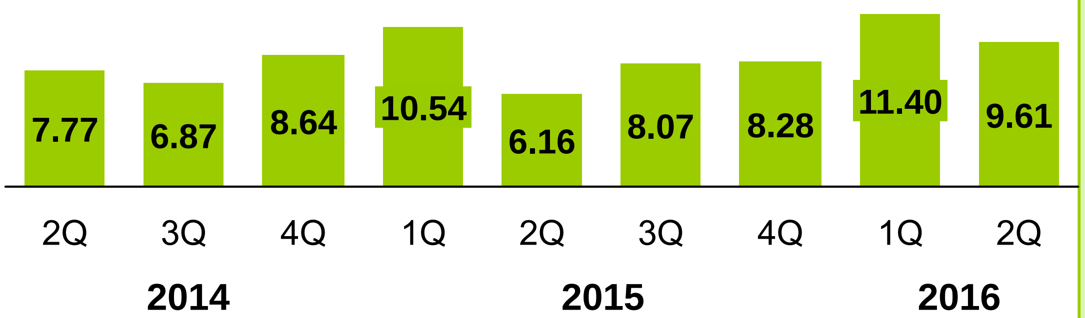
OTP Bank Russia



DSK Bank Bulgaria



OTP Bank Ukraine



In 2Q 2016 the consolidated net loan to deposit ratio slightly increased q-o-q

Loan to deposit ratio, % (30 June 2016)

Net loan to deposit / Gross loan to deposit (100% marked)

Change of net loan to deposit ratio, FX-adjusted

	Net loan to deposit	Gross loan to deposit	Q-o-Q	Y-o-Y
OTP Group*	68%	82%	1%p	-4%p
OTP CORE* (Hungary)	50%	56%	2%p	-2%p
OBRU (Russia)	100%	137%	-5%p	0%p
DSK (Bulgaria)	66%	77%	-1%p	-9%p
OBU (Ukraine)	86%	188%	-3%p	-31%p
OBR (Romania)	132%	154%	-7%p	-19%p
OBH (Croatia)	84%	94%	0%p	0%p
OBS (Slovakia)	99%	106%	4%p	11%p
OBSrb (Serbia)	101%	139%	8%p	-17%p
CKB (Montenegro)	69%	108%	0%p	-2%p

At OTP Group the consolidated net loan to (deposit+retail bonds) ratio slightly increased to 68% (+1 ppt q-o-q on an FX-adjusted basis).

All subsidiaries were below 100%, but the Romanian and Serbian.

At OTP Core the higher q-o-q ratio was explained by the 4% decrease of the deposit base due to the seasonal decline of the municipal volumes. After an increase of the FX-adjusted gross loan volumes in 1Q (+2% q-o-q), there was a moderate decline in 2Q (-1% q-o-q). The total deposit book grew by 3% y-o-y (-3% q-o-q).

In Ukraine the q-o-q higher ratio was reasoned by a 4% increase in deposits and the simultaneous 5% decline in FX-adjusted gross loan volumes.

In Romania the FX-adjusted deposits grew steadily (+4% q-o-q) despite household deposit interest rates continued to decline in line with overall market trends. With loan volumes remaining flat the net loan-to-deposit ratio shrank to 132%.

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

At OTP Core the performing loans remained stable q-o-q and y-o-y mainly due to strong corporate disbursements. In Bulgaria it was also the corporate segment growing the fastest. The Russian consumer portfolio eroded further

DPD0-90 volumes

Q-o-Q loan volume changes in 2Q 2016, adjusted for FX-effect

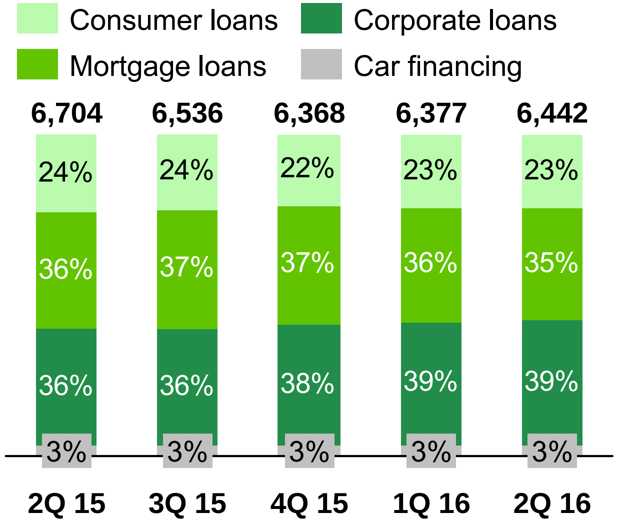
	Cons.	Core (Hungary)	DSK (Bulgaria)	OBRu (Russia)	Touch Bank (Russia)	OBU (Ukraine)	OBR (Romania)	OBH (Croatia)	OBS (Slovakia)	OBSr (Serbia)	CKB (Monte-negro)
Total	1%	0%	3%	-5%		0%	0%	2%	-1%	5%	-2%
Consumer	-1%	0%	1%	-5%		-4%	-3%	0%	2%	2%	0%
Mortgage	0%	-1%	0%	-5%		-2%	-3%	5%	0%	3%	1%
Corporate[1]	3%	1%	9%	0%		1%	5%	0%	-2%	7%	-4%
Car financing	3%					4%					

Y-o-Y loan volume changes in 2Q 2016, adjusted for FX-effect

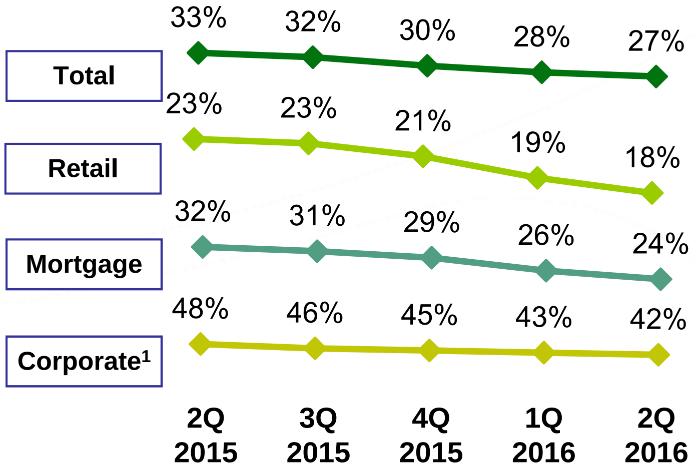
	Cons.	Core (Hungary)	DSK (Bulgaria)	OBRu (Russia)	Touch Bank (Russia)	OBU (Ukraine)	OBR (Romania)	OBH (Croatia)	OBS (Slovakia)	OBSr (Serbia)	CKB (Monte-negro)
Total	0%	0%	5%	-15%		-4%	-8%	0%	4%	19%	-5%
Consumer	-5%	-3%	0%	-16%		-14%	-14%	1%	24%	8%	5%
Mortgage	-6%	-7%	-1%	-22%		-8%	-14%	0%	0%	0%	-4%
Corporate[1]	9%	10%	16%	7%		-3%	1%	1%	1%	30%	-11%
Car financing	-4%					-2%					

Gross loan volumes

Breakdown of the consolidated volumes



Proportion of FX loans in the consolidated loan portfolio



[1] Loans to MSE and MLE clients and local governments.

The consolidated deposit base shrunk by 1% q-o-q. The Hungarian and Bulgarian deposit volumes increased significantly y-o-y and the deposit base of Touch Bank expanded dynamically, too

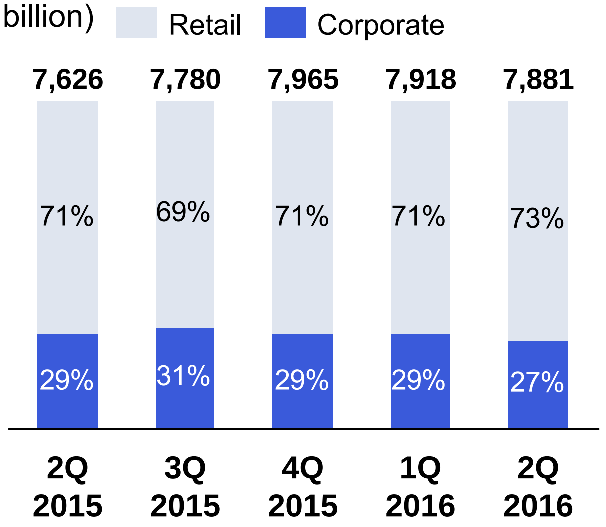
Q-o-Q deposit volume changes in 2Q 2016, adjusted for FX-effect

	Cons.	Core (Hungary)	DSK (Bulgaria)	OBRu (Russia)	Touch Bank (Russia)	OBU (Ukraine)	OBR (Romania)	OBH (Croatia)	OBS (Slovakia)	OBSr (Serbia)	CKB (Montenegro)
Total	-1%	-3%	4%	0%	48%	4%	4%	0%	-5%	-5%	-1%
Retail	2%	3%	1%	-2%	48%	1%	0%	0%	-2%	3%	0%
Corporate[1]	-5%	-10%	16%	5%		6%	7%	6%	-10%	-11%	-3%

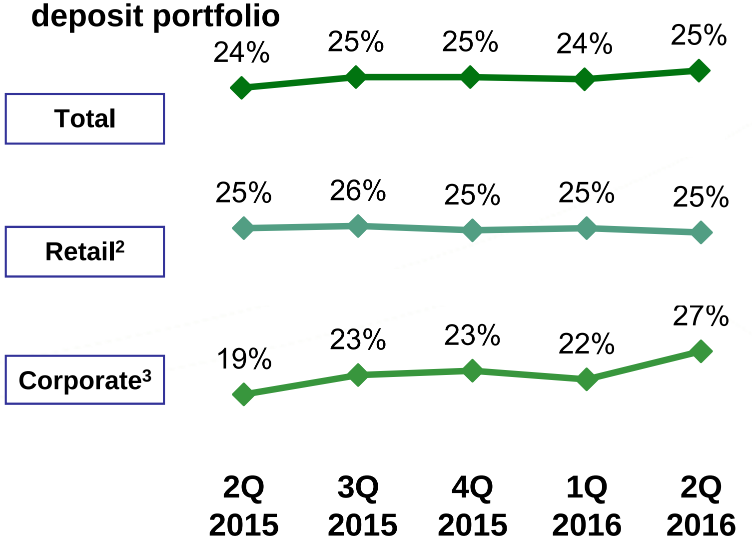
Y-o-Y deposit volume changes in 2Q 2016, adjusted for FX-effect

	Cons.	Core (Hungary)	DSK (Bulgaria)	OBRu (Russia)	Touch Bank (Russia)	OBU (Ukraine)	OBR (Romania)	OBH (Croatia)	OBS (Slovakia)	OBSr (Serbia)	CKB (Montenegro)
Total	4%	3%	18%	-16%	n.a.	8%	6%	-2%	-7%	30%	-3%
Retail	5%	9%	9%	-7%	n.a.	5%	-3%	-3%	-10%	11%	-3%
Corporate[1]	2%	-4%	55%	-35%		11%	15%	4%	-3%	55%	-2%

Breakdown of consolidated customer deposits (in HUF billion)



Proportion of FX deposits in the consolidated deposit portfolio



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

Consolidated operating costs in 1H grew by 1% y-o-y due to higher Hungarian operating costs reasoned by increasing personal expenses and marketing spending induced by strengthening business activity

OPERATING COSTS – 1H 2016 (HUF billion)	Share	Amount	Y-o-Y (HUF bn)	Y-o-Y (%)	Y-o-Y (FX-adj., HUF bn)	Y-o-Y (FX-adj., %)
OTP Group	100%	194	3	1%	8	4%
OTP CORE (Hungary)	53%	103	7	7%	7	7% (1)
DSK (Bulgaria)	11%	21	2	10%	1	8% (2)
OBRU (Russia)	10%	20	-6	-24%	-2	-9% (3)
Touch Bank (Russia)	2%	3	1	42%	1	71%
OBU (Ukraine)	4%	7	-1	-10%	1	9%
OBH (Croatia)	5%	9	0	2%	0	0%
OBS (Slovakia)	3%	6	0	3%	0	1%
OBR (Romania)	5%	9	-1	-10%	-1	-10%
CKB (Montenegro)	2%	4	0	3%	0	1%
OBSrb (Serbia)	2%	4	0	1%	0	1%
Merkantil (Hungary)	2%	3	0	-8%	0	-8%

1. At OTP Core 1H operating expenses increased due to a significant surge in 2Q. Higher expenses were explained by the following reasons: higher marketing spending related to reviving business activity; also, there were one-off costs due to organizational changes at the Bank, and there was an average base salary increase of 4% in April. Furthermore, the Bank had to pay higher charges to supervisory authorities (HUF +1.2 billion q-o-q).

2. In Bulgaria the 1H operating expenses went up by 10% y-o-y, mainly because depreciation was up by 20%, but higher personnel and IT expenses as well as marketing spending played a role, too.

3. As a result of cost rationalisation in Russia 1H operating expenses decreased by 9% y-o-y in RUB terms in spite of the 7.8% 1H average Russian y-o-y inflation rate. Cost-to-income ratio improved y-o-y by 2.8 ppts to 40.9% in 1H 2016.

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OTP Core

The 1H 2016 performance of OTP Core was driven by lower net interest income and declining risk costs

OTP CORE (in HUF billion)	1H 2015	1H 2016	Y-o-Y	2Q 15	1Q 16	2Q 16	Q-o-Q	Y-o-Y
Before tax profit without one-off items	**73.6**	**77.9**	**6%**	**37.9**	**39.5**	**38.4**	**-3%**	**11%**
Operating profit w/o one-off items	83.3	72.9	-12%	43.6	40.3	32.6	-19%	2%
Total income w/o one-off items	178.8	175.6	-2%	92.1	88.5	87.1	-2%	2%
Net interest income w/o one-off items	126.7	116.2	-8%	62.9	58.4	57.8	-1%	-8%
Net fees and commissions	47.0	48.3	3%	25.6	22.7	25.6	12%	7%
Other net non interest income without one-offs	5.2	11.1	113%	3.6	7.3	3.7	-49%	367%
Operating costs	-95.6	-102.7	7%	-48.5	-48.2	-54.5	13%	2%
Total risk costs	-9.7	5.0	-152%	-5.7	-0.8	5.8		-81%

1 In 1H net interest income decreased by 8% y-o-y reasoned by the y-o-y 4% lower average performing loan book, as well as the 22 bps lower net interest margin. From a business perspective the lower NIM was mainly influenced by the declining interest rate environment that took its toll on the deposit margins.

2 Higher expenses are explained by the following reasons: higher marketing spending related to reviving business activity; also, there were one off costs due to organizational changes at the Bank and there was an average base salary increase of 4% in April 2016 (against the national average of 6.9%). Furthermore, the Bank had to pay q-o-q higher charges to different funds (National Deposit Insurance Fund, the Investor Protection Fund and the Resolution Fund) which explained HUF 1.2 billion cost increase. In 2Q POS terminals were activated and written off at the same time (HUF +0.3 billion q-o-q).

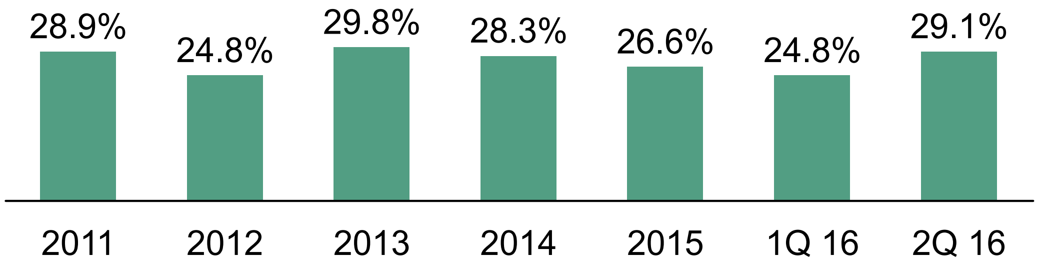
3 Both on a quarterly and yearly base the higher profit was mainly reasoned by provision releases (in 2Q 2016: HUF 5.8 billion, in 1H: HUF 5.0). The q-o-q change of the other risk cost was reasoned by the release of provisions made earlier for the expected costs of organizational changes.

OTP Core

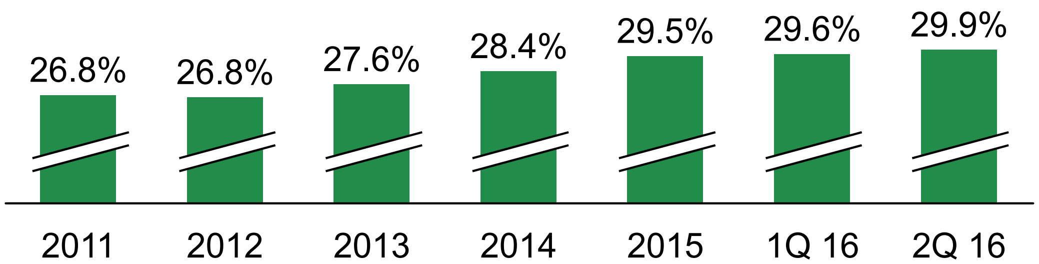
Mortgage loan applications and disbursements accelerated further, supported also by CSOK applications. OTP's market share in retail savings kept improving. The market share in the corporate loans increased further thanks to outstanding new disbursements

Change of mortgage loan applications and disbursement of OTP Bank (1H 2016, y-o-y changes)

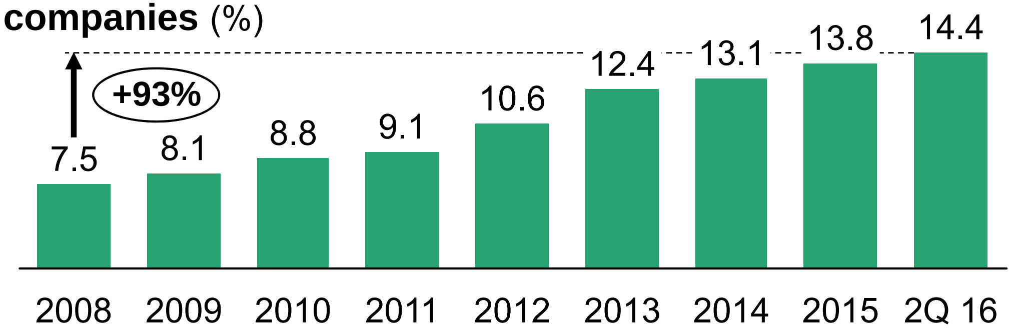
OTP Bank's market share in mortgage loan disbursement



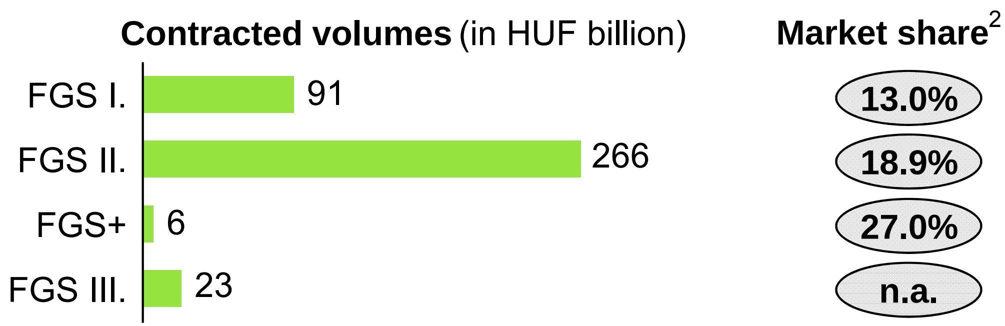
OTP Bank's market share in household savings



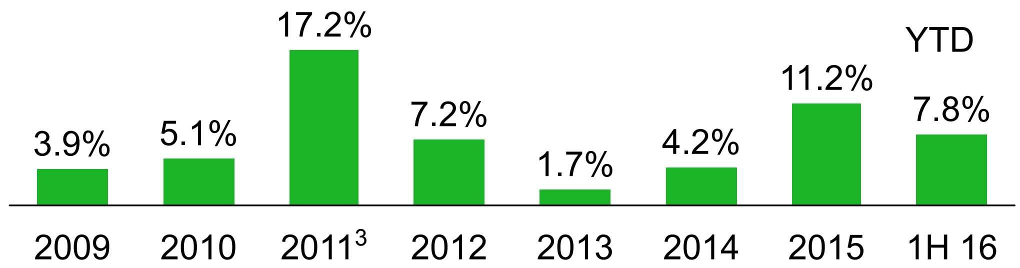
OTP Group's market share[1] in loans to Hungarian companies (%)



Activity of OTP Group in the Funding for Growth Scheme



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



[1] 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 source of the sector statistics is the central bank's publications on FGS. [3]The y-o-y increase in 2011 was influenced by reclassification, too.

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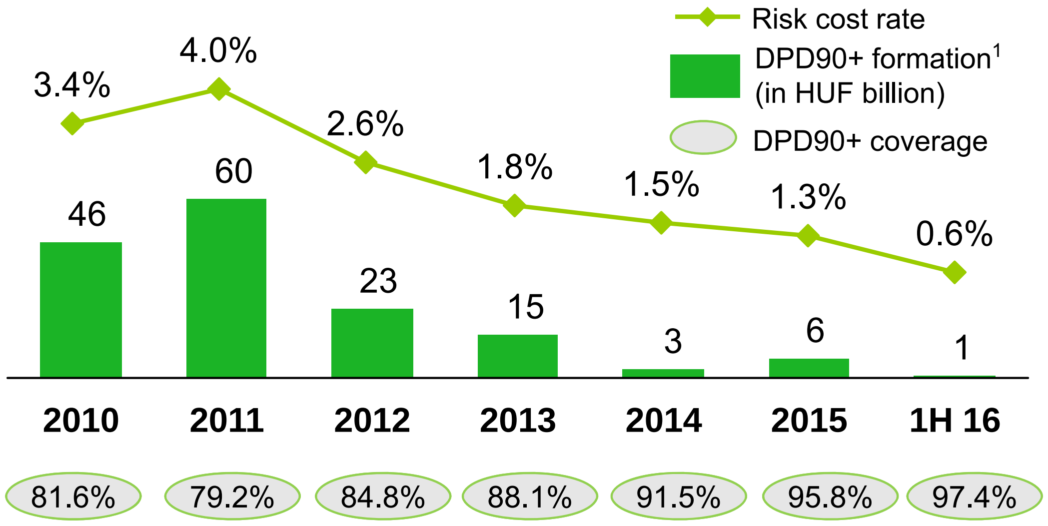
DSK Bank Bulgaria

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

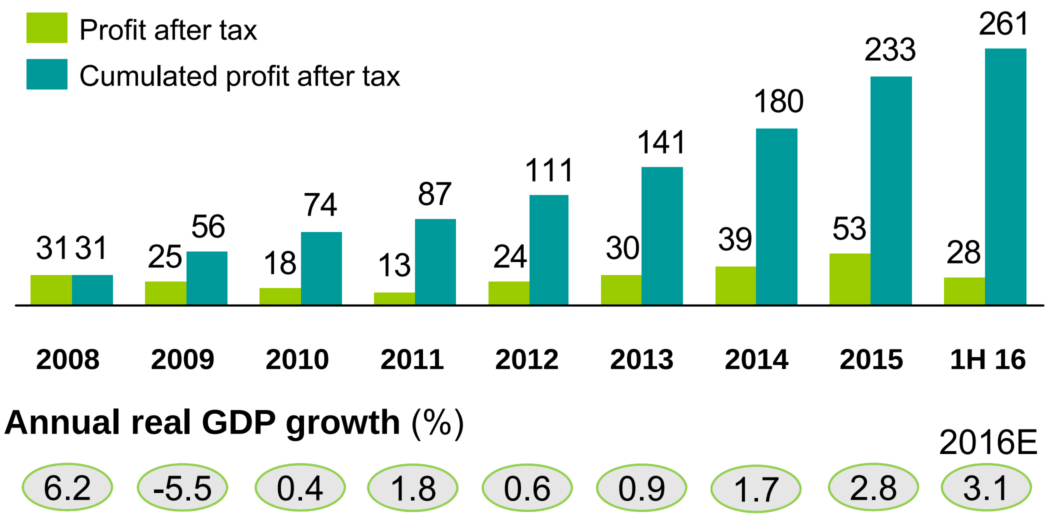
Income statement of DSK Bank

in HUF billion	2013	2014	2015	2Q 15	1Q 16	2Q 16
Profit after tax	30.2	39.2	52.5	10.2	13.8	14.2
Profit before tax	33.8	43.6	58.3	11.3	15.3	15.8
Operating profit	55.1	62.4	73.1	17.2	16.8	18.2
Total income	93.0	102.2	114.4	26.8	27.1	28.7
Net interest income	72.9	79.1	88.7	21.9	21.5	21.1
Net fees and commissions	18.2	20.3	23.0	6.0	5.8	7.0
Other non-interest income	1.8	2.9	2.8	-1.0	-0.2	0.6
Operating costs	-37.9	-39.8	-41.3	-9.7	-10.3	-10.5
Total risk cost	-21.3	-18.8	-14.9	-5.9	-1.5	-2.4
Provisions for loans	-20.7	-17.5	-14.6	-5.8	-1.3	-2.2
Other provisions	-0.6	-1.3	-0.2	-0.1	-0.2	-0.2
Corporate tax	-3.5	-4.4	-5.7	-1.1	-1.5	-1.6

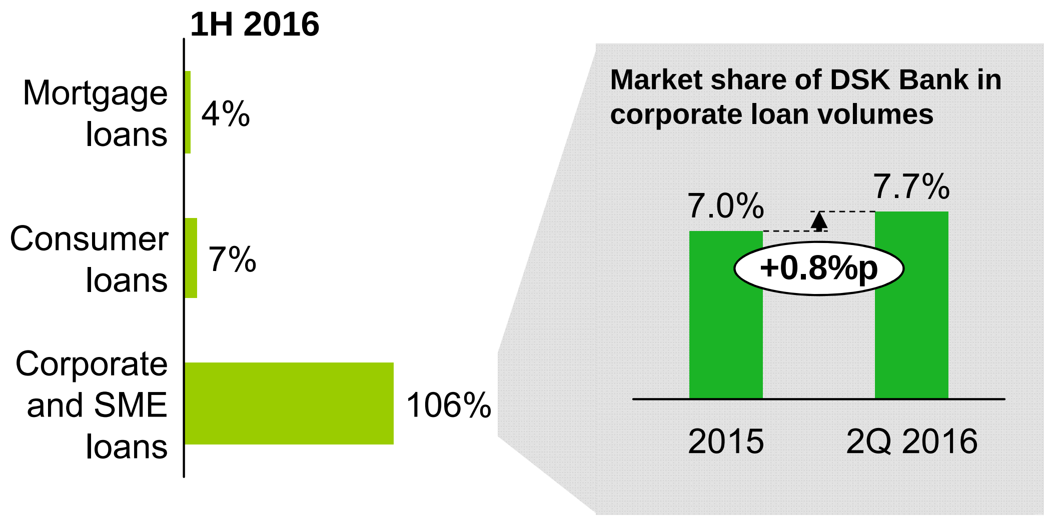
Development of DSK Bank's risk indicators



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



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



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

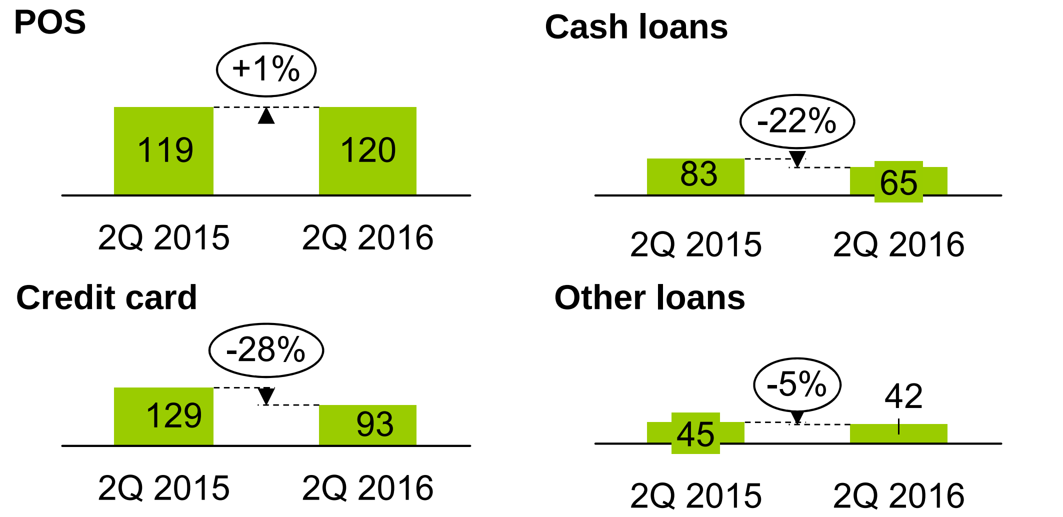
OTP Bank Russia

In 2Q 2016 OTP Russia posted HUF 6.5 billion profit due to the further decrease of risk costs. Total income improved marginally q-o-q in RUB terms despite shrinking performing loans; higher margins kept NII flat

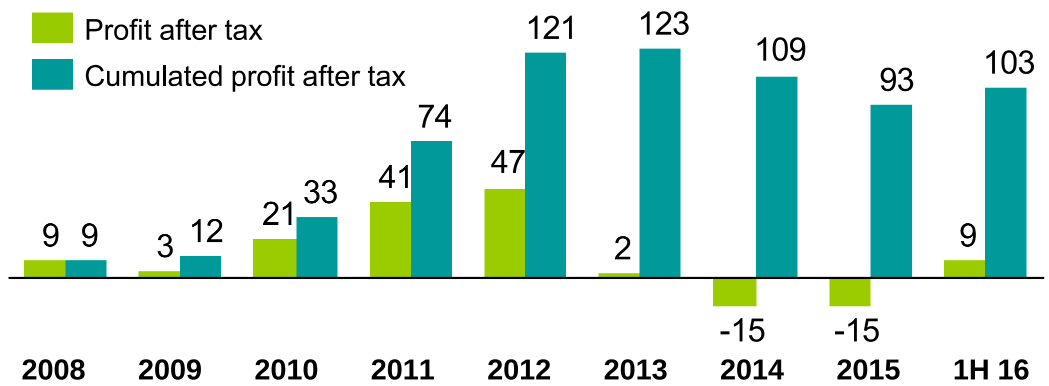
Income statement of OTP Bank Russia

in RUB billion	2014	2015	2Q 15	1Q 16	2Q 16
Profit after tax	-2.0	-3.3	-0.6	0.7	1.5
Profit before tax	-2.4	-4.0	-0.7	0.9	2.0
Operating profit	17.0	13.9	3.8	3.5	3.7
Total income	29.3	24.4	6.3	6.0	6.1
Net interest income	25.9	21.2	5.5	5.4	5.4
Net fees and commissions	3.5	3.1	0.9	0.8	0.8
Other non-interest income	-0.1	0.2	0.0	-0.1	-0.1
Operating costs	-12.3	-10.6	-2.5	-2.5	-2.5
Total risk cost	-19.3	-18.0	-4.6	-2.6	-1.7
Provisions for loans	-19.1	-17.8	-4.5	-2.6	-1.7
Other provisions	-0.2	-0.2	-0.1	0.0	0.0
Corporate tax	0.4	0.7	0.1	-0.2	-0.4

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



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



Annual real GDP growth (%)

2008	2009	2010	2011	2012	2013	2014	2015	2016E
5.2	-7.8	4.5	4.3	3.4	1.3	0.5	-3.7	-1.0

OTP Bank Russia - risk cost rates in different segments

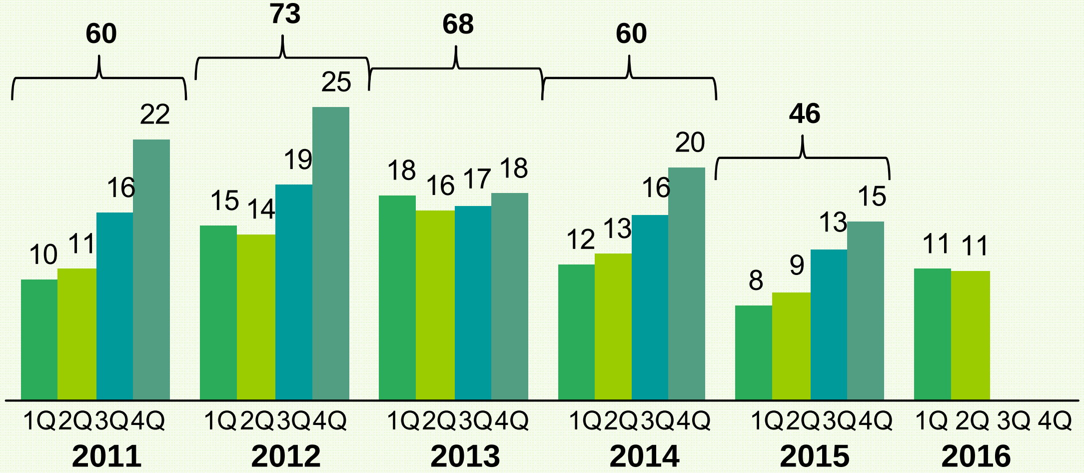
	2014	2015	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16
POS loans	11.5%	10.1%	12.3%	9.6%	10.3%	8.6%	7.0%	6.5%
Credit cards	19.7%	21.1%	25.2%	22.5%	17.2%	15.3%	14.6%	10.7%
Cash loans	19.7%	17.4%	23.9%	18.5%	13.8%	8.1%	9.3%	7.1%

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

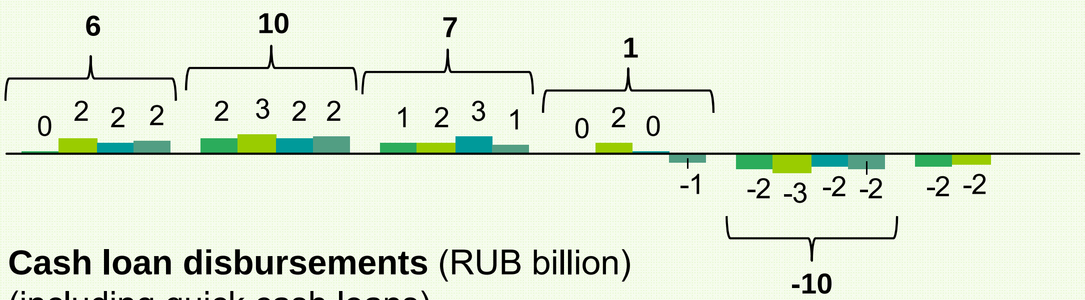
OTP Bank Russia

In 2Q 2016 POS and cash loan disbursements grew on a yearly basis, but performing credit card volumes declined further. Deposits decreased q-o-q in RUB terms. Average RUB term deposit rates kept shrinking

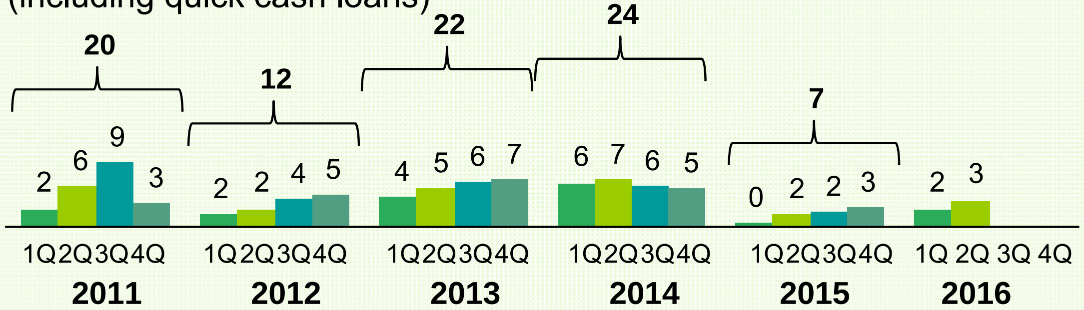
POS loan disbursements (RUB billion)



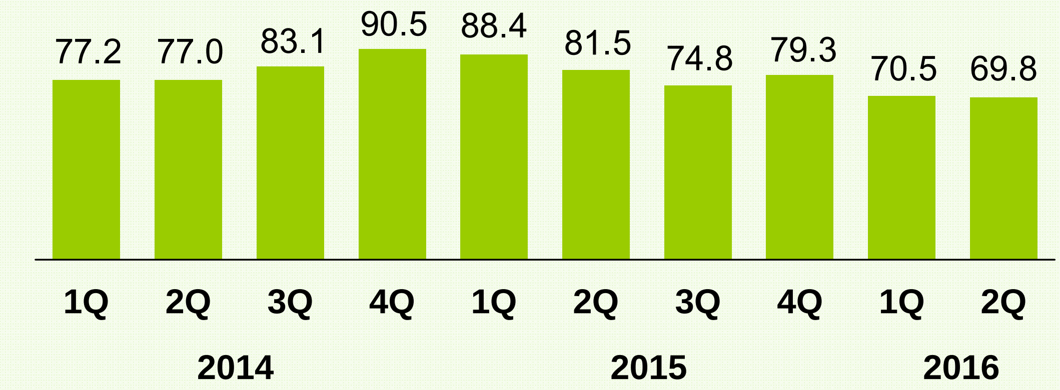
DPD0-90 credit card loan volume q-o-q changes (RUB billion)



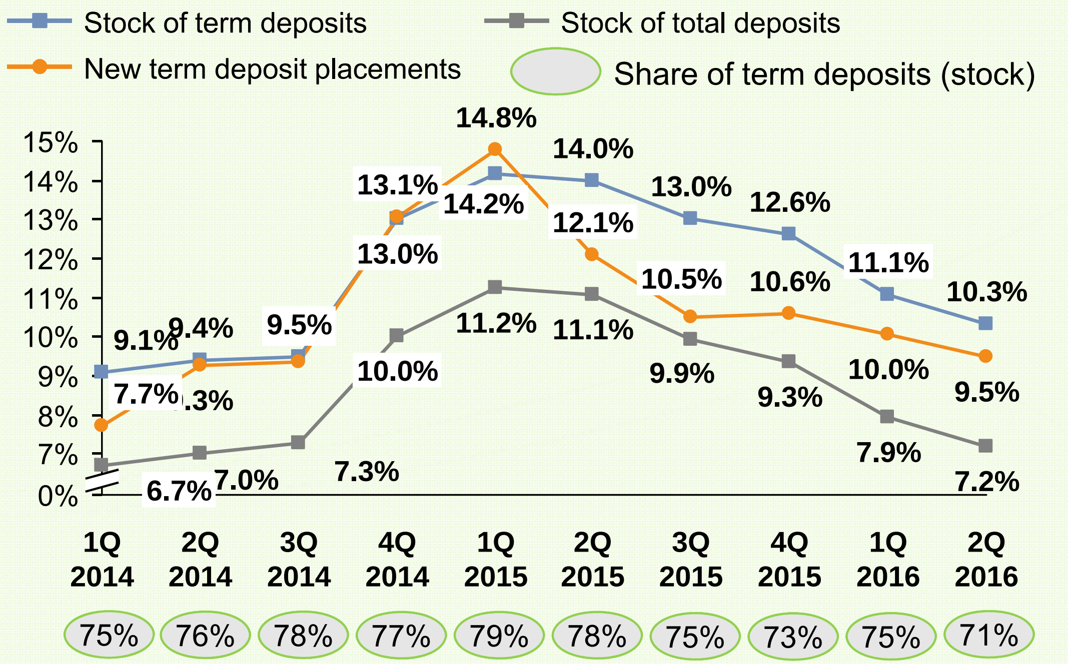
Cash loan disbursements (RUB billion)
(including quick cash loans)



Development of customer deposits (RUB billion)



Average interest rates for stock and new RUB deposits



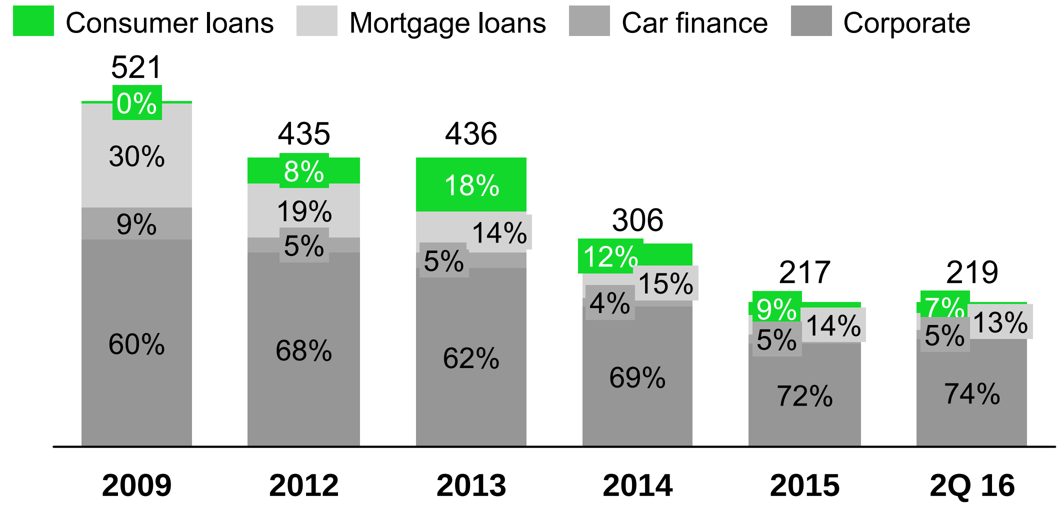
OTP Bank Ukraine

In 2Q the Ukrainian operation quadrupled its profit q-o-q due to the lower risk costs coupled with somewhat lower revenues. The portfolio deterioration was contained, the performing loan book remained flat

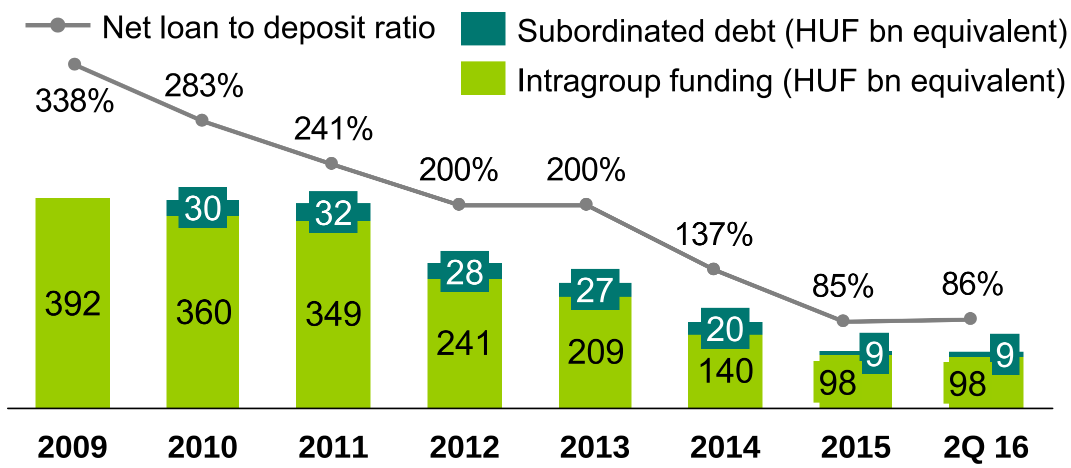
Income statement of OTP Bank Ukraine

in UAH million	2014	2015	2Q 15	1Q 16	2Q 16
Profit after tax (adjusted)	-2,324	-3,119	45	78	313
Profit before tax	-2,521	-3,251	124	332	334
Operating profit	1,310	1,909	289	649	519
Total income	2,571	3,138	583	962	848
Net interest income	2,261	2,237	423	726	619
Net fees and commissions	513	613	136	181	189
Other non-interest income	-204	287	25	54	40
Operating costs	-1,261	-1,228	-294	-312	-329
Total risk cost	-3,830	-5,160	-165	-318	-185
Provisions for loans	-3,693	-5,040	-202	-404	-198
Other provisions	-137	-120	37	87	13
Corporate tax	197	132	-78	-254	-21

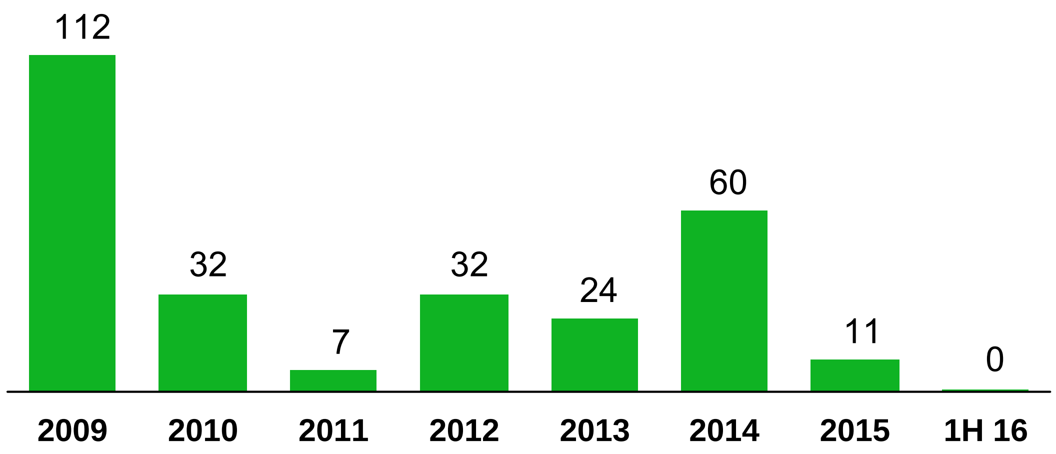
Composition of performing loan volumes (in HUF billion)



Intragroup funding and net loan to deposit ratio



FX-adjusted change in DPD90+ loan volumes[1] (in HUF billion)



[1] Adjusted for sales and write-offs

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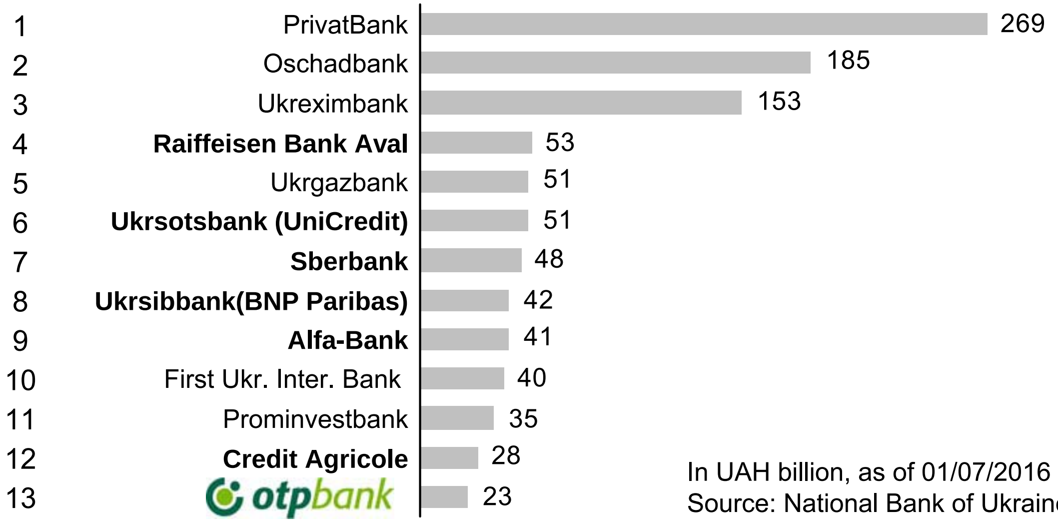
The Ukrainian subsidiary's share within the Group's performing loans somewhat increased. The deposit base is stable. The provision coverage ratio edged further up and reached 123%

OTP Bank Ukraine

Ranking of Ukrainian banks by total assets



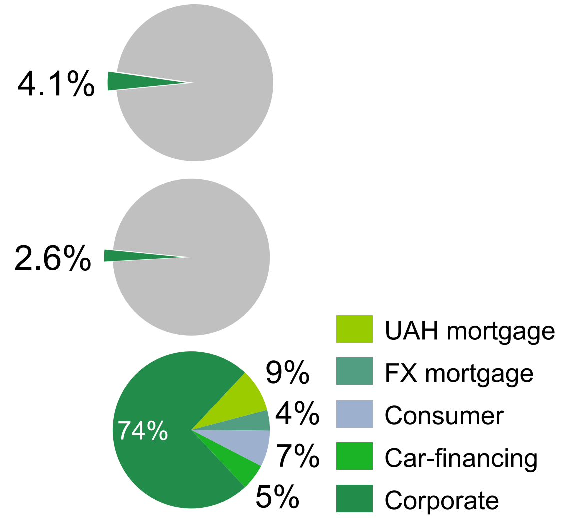
In UAH billion, as of 01/07/2016
Source: National Bank of Ukraine

OTP Ukraine's share within consolidated loans and deposits

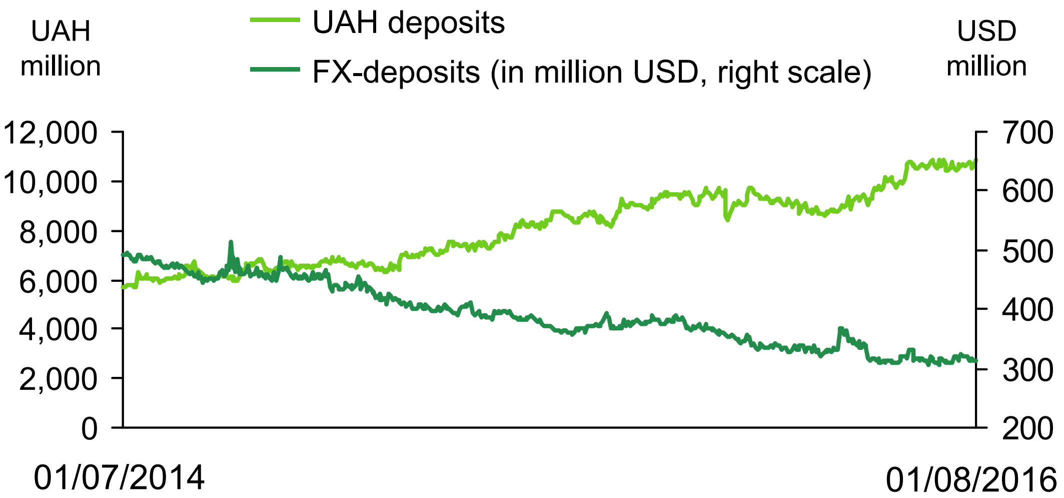
Share of the Ukrainian bank's performing loans (DPD0-90) within the Group

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

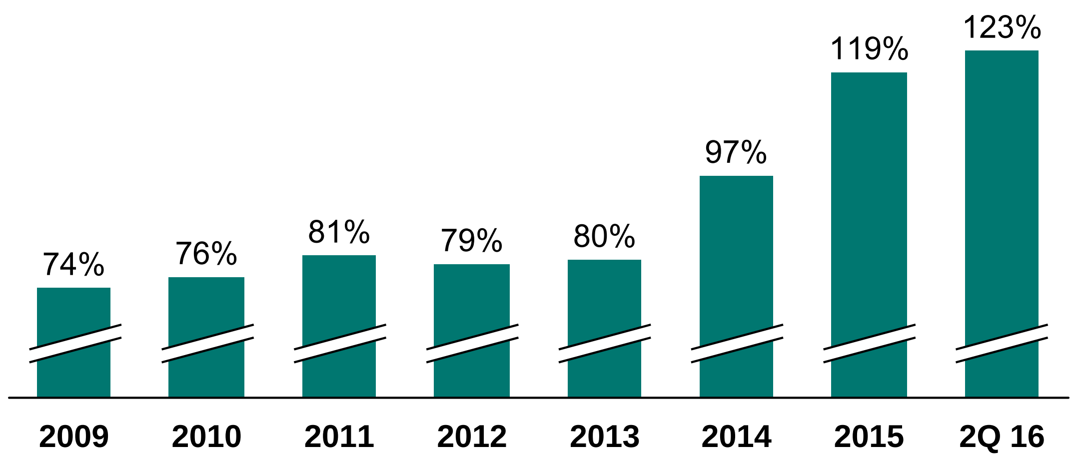
Composition of the Ukrainian bank's performing (DPD0-90) loans



Daily development of customer deposits

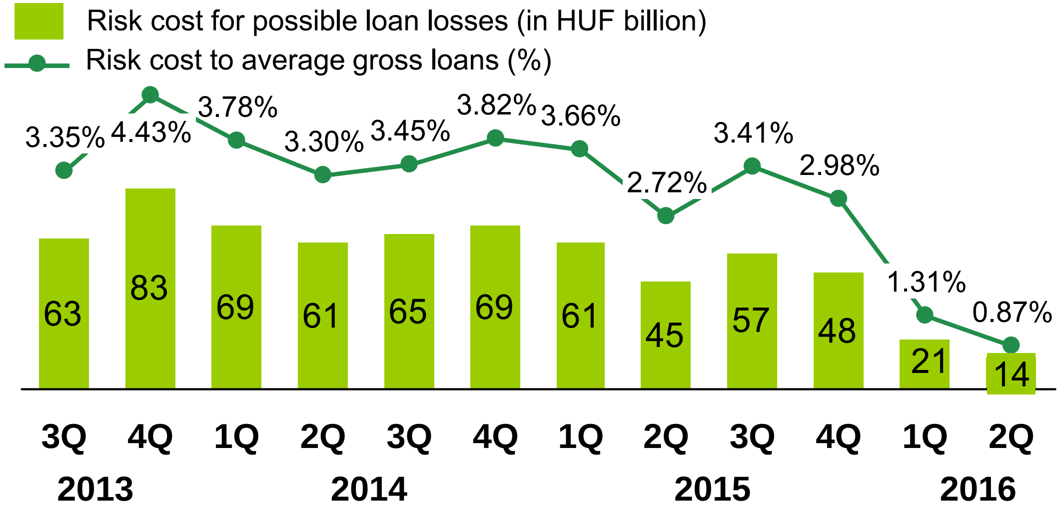


Development of the DPD90+ coverage ratio



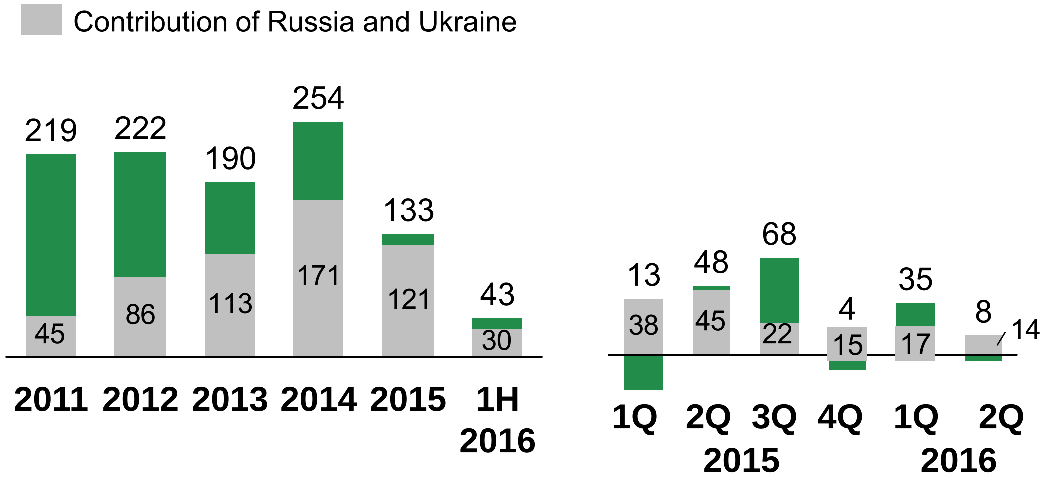
The consolidated DPD90+ ratio declined q-o-q and y-o-y. The risk cost rate sank to multi-year lows

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

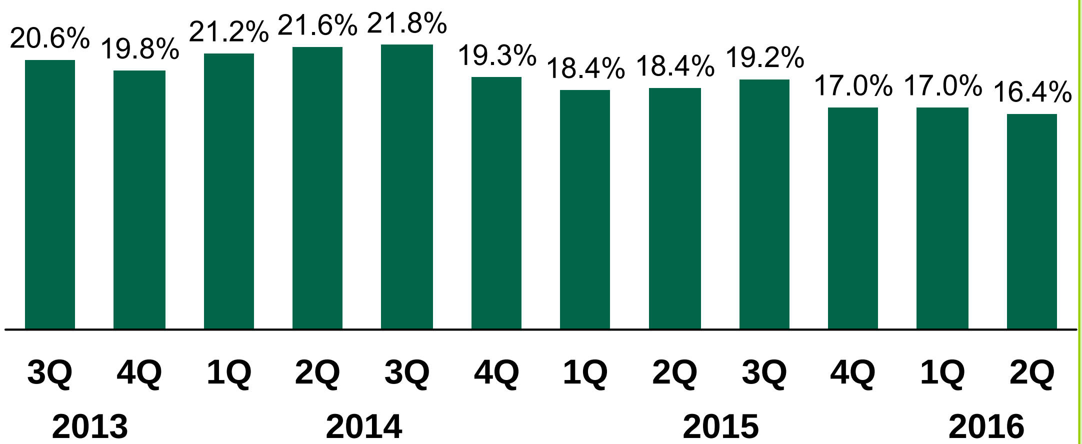


Change in DPD90+ loan volumes

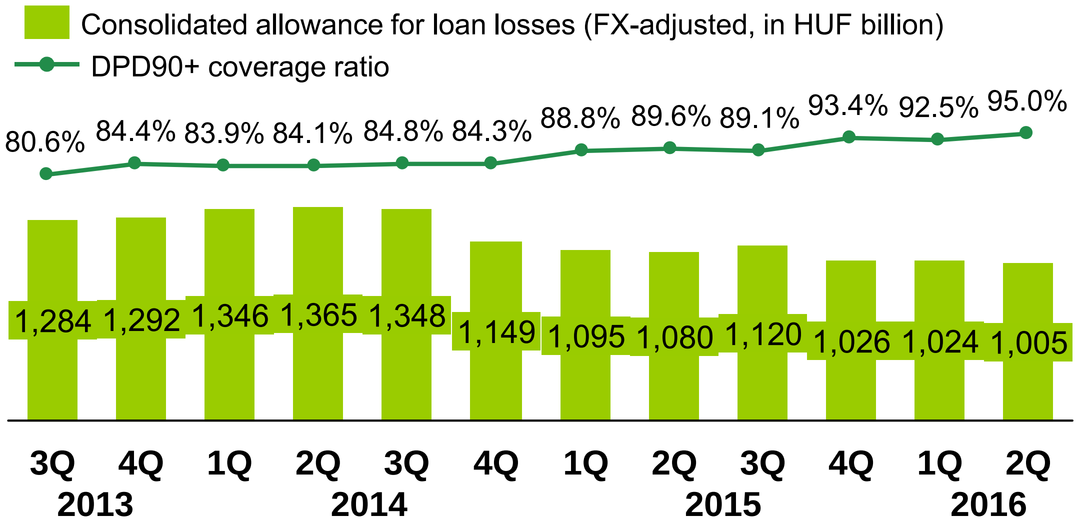
(consolidated, adjusted for FX and sales and write-offs, in HUF billion)



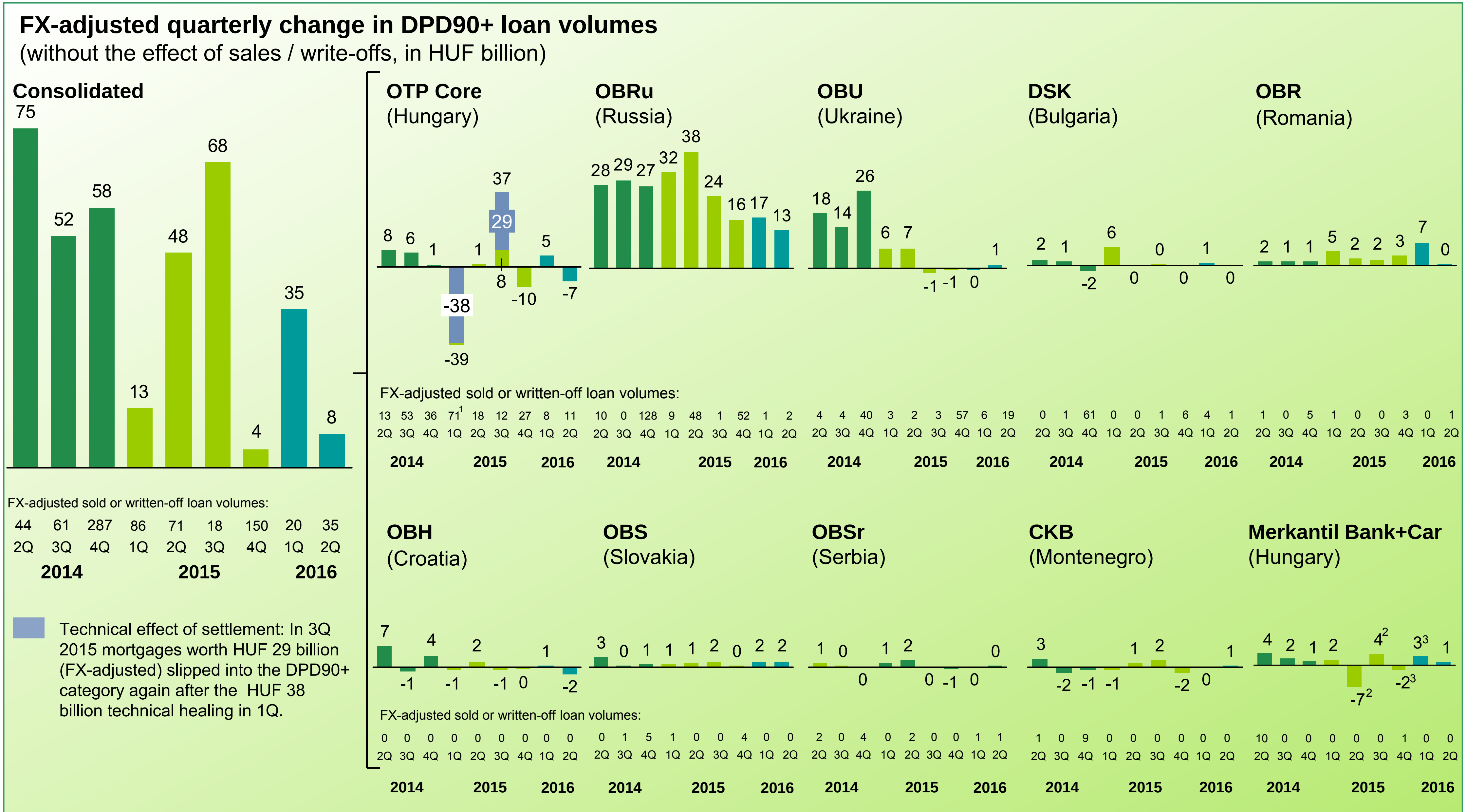
Ratio of consolidated DPD90+ loans to total loans (%)



Consolidated provision coverage ratio

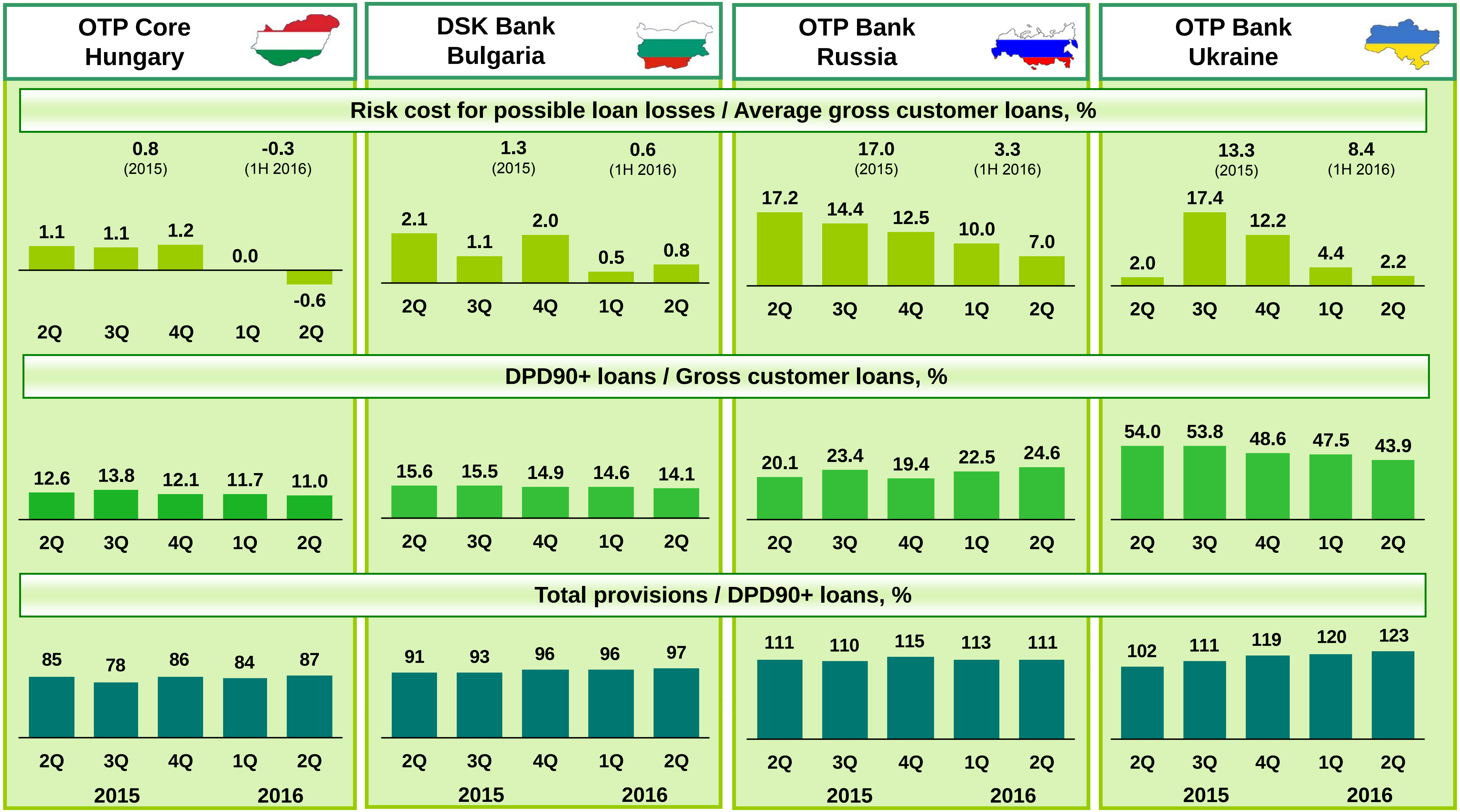


In 2Q 2016 the consolidated quarterly FX-adjusted DPD90+ formation dropped to HUF 8 billion. The Russian inflow kept on decelerating. Hungary, Bulgaria and Ukraine demonstrated stable portfolio quality



[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 billion. In 1Q part of these volumes redefaulted.

The risk cost rate y-o-y declined all across the board, as well as the DPD90+ ratio (except for Russia) with the provision coverage remaining conservative



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

DPD90+ ratio (%)

OTP Core (Hungary)	2Q15	3Q15	4Q15	1Q16	2Q16	Q-o-Q (%-point)
Total	**12.6%**	**13.8%**	**12.1%**	**11.7%**	**11.0%**	*-0.7*
Retail	14.2%	15.4%	14.0%	13.6%	13.0%	*-0.6*
Mortgage	11.1%	13.1%	12.5%	12.4%	11.8%	*-0.5*
Consumer	24.4%	23.0%	19.2%	18.0%	17.0%	*-0.9*
MSE	8.9%	8.3%	7.7%	7.4%	6.8%	*-0.6*
Corporate	10.4%	11.8%	9.6%	9.4%	8.5%	*-0.9*
Municipal	1.2%	0.7%	0.4%	0.2%	2.2%	*2.0*

DPD90+ ratio (%)

OTP Bank Russia	2Q15	3Q15	4Q15	1Q16	2Q16	Q-o-Q (%-point)
Total	**20.1%**	**23.4%**	**19.4%**	**22.5%**	**24.6%**	*2.1*
Mortgage	31.2%	32.9%	36.6%	35.2%	35.5%	*0.3*
Consumer	19.5%	23.4%	18.4%	21.8%	24.7%	*2.9*
Credit card	22.2%	27.4%	23.9%	28.5%	32.4%	*3.9*
POS loan	14.8%	16.4%	11.1%	13.3%	15.9%	*2.5*
Personal loan	21.7%	26.9%	22.0%	25.4%	26.9%	*1.5*

DPD90+ ratio (%)

DSK Bank (Bulgaria)	2Q15	3Q15	4Q15	1Q16	2Q16	Q-o-Q (%-point)
Total	**15.6%**	**15.5%**	**14.9%**	**14.6%**	**14.1%**	*-0.5*
Mortgage	22.4%	22.0%	21.4%	21.5%	21.2%	*-0.3*
Consumer	8.0%	8.0%	8.1%	7.9%	8.2%	*0.3*
MSE	31.8%	29.4%	26.1%	25.2%	22.8%	*-2.5*
Corporate	13.8%	14.5%	13.7%	13.4%	12.2%	*-1.2*

DPD90+ ratio (%)

OTP Bank Ukraine	2Q15	3Q15	4Q15	1Q16	2Q16	Q-o-Q (%-point)
Total	**54.0%**	**53.8%**	**48.6%**	**47.5%**	**43.9%**	*-3.5*
Mortgage	79.6%	80.4%	76.1%	76.6%	74.2%	*-2.3*
Consumer	52.7%	54.5%	42.9%	43.4%	40.6%	*-2.8*
SME	89.6%	90.5%	87.5%	88.1%	86.2%	*-1.9*
Corporate	17.7%	15.7%	16.7%	15.2%	14.2%	*-0.9*
Car-financig	60.2%	60.8%	53.0%	51.8%	47.9%	*-3.8*

Restructured retail volumes decreased q-o-q on group level. In Ukraine the restructured volumes went further up

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

	2Q 2015		3Q 2015		4Q 2015		1Q 2016		2Q 2016	
	HUF mn	*%*[1]	*HUF mn*	*%*[1]	*HUF mn*	*%*[1]	*HUF mn*	*%*[1]	*HUF mn*	*%*[1]
OTP Core (Hungary)	16,184	1.0%	15,444	1.0%	15,672	1.1%	15,080	1.0%	14,799	1.0%
OBRu (Russia)	1,122	0.2%	2,813	0.7%	3,012	0.8%	3,980	1.1%	4,542	1.2%
DSK (Bulgaria)	12,193	1.5%	16,193	2.0%	20,763	2.6%	22,618	2.9%	23,924	3.0%
OBU (Ukraine)	16,071	6.7%	19,847	8.5%	21,210	11.6%	16,958	10.1%	18,813	11.7%
OBR (Romania)	14,315	3.9%	11,569	3.3%	10,051	2.9%	7,467	2.3%	3,506	1.1%
OBH (Croatia)	1,850	0.6%	1,415	0.5%	1,432	0.5%	2,856	1.0%	2,897	1.0%
OBS (Slovakia)	405	0.2%	665	0.3%	795	0.4%	1,085	0.5%	1,089	0.5%
OBSr (Serbia)	769	2.0%	894	2.4%	962	2.6%	1,027	2.7%	704	1.8%
CKB (Montenegro)	146	0.2%	109	0.2%	145	0.2%	171	0.3%	157	0.2%
Merkantil (Hungary)	1,283	0.7%	1,009	0.6%	287	0.2%	981	0.6%	1,158	0.7%
Other leasing[2] (Hungary)	237	1.0%	289	1.2%	404	1.7%	316	1.4%	233	1.1%
TOTAL	**64,575**	**1.5%**	**70,248**	**1.7%**	**74,733**	**1.9%**	**72,538**	**1.8%**	**71,823**	**1.8%**

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

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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