

OTP Group

First half 2015 results

Conference call – 14 August 2015

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Chief Financial and Strategic Officer



The 1H 2015 consolidated accounting profit reached HUF 40.1 billion, the y-o-y improvement was induced by lower adjustments. The 2Q adjusted after tax profit advanced by 43% q-o-q and by 4% y-o-y

	1H 14	1H 15	Y-o-Y	2Q 14	1Q 15	2Q 15	Q-o-Q	Y-o-Y
	in HUF billion			in HUF billion				
Consolidated after tax profit (accounting)	-147.3	40.1	-127%	-153.1	1.9	38.2		-125%
Adjustments (total)	-221.6	-28.8	-87%	-192.1	-26.4	-2.4	-91%	-99%
Dividends and net cash transfers (after tax)	0.1	0.1	26%	0.1	0.0	0.1		-37%
Goodwill/investment impairment charges (after tax)	-11.6	2.7	-123%	-11.6	0.0	① 2.7		-123%
Special tax on financial institutions and one-timer payment compensating the underperformance of the financial transaction tax (after tax)	-29.8	-28.9	-3%	-0.4	-28.7	② -0.2	-99%	-57%
Effect of acquisitions (after tax)	4.1	1.6	-62%	4.1	1.6	0.0	-100%	-100%
Actual and expected one-off impact of regulatory changes related to consumer contracts in Hungary (after tax)	-176.1	3.5	-102%	-176.1	7.4	③ -3.9	-153%	-98%
Risk cost created toward Crimean exposures from 2Q 2014 (after tax)	-8.2	0.1	-101%	-8.2	0.1	0.0	-63%	-100%
Risk cost created toward exposures to Donetsk and Luhansk from 3Q 2014 (after tax)	0.0	-2.2		0.0	-1.2	④ -1.1	-10%	
Revaluation of reverse mortgage portfolio of OTP Life Annuity Ltd. simultaneous with regulatory changes (after tax)	0.0	-5.5		0.0	-5.5	0.0		
Consolidated adjusted after tax profit	74.3	68.9	-7%	39.0	28.3	40.6	43%	4%

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 2.7 billion that added to the Group's IFRS accounting profit.

② In 2Q special banking tax was paid only in Slovakia in amount of HUF 183 million (after tax).

③ In 2Q the actual and expected one-off impact of regulatory changes related to consumer contracts in Hungary had a negative impact in the amount of HUF 3.9 billion (after tax) stemming from the difference between the other risk cost made earlier based on a portfolio-based estimation and the de facto settlement-related losses, and from the more accurate calculation of deferred tax asset.

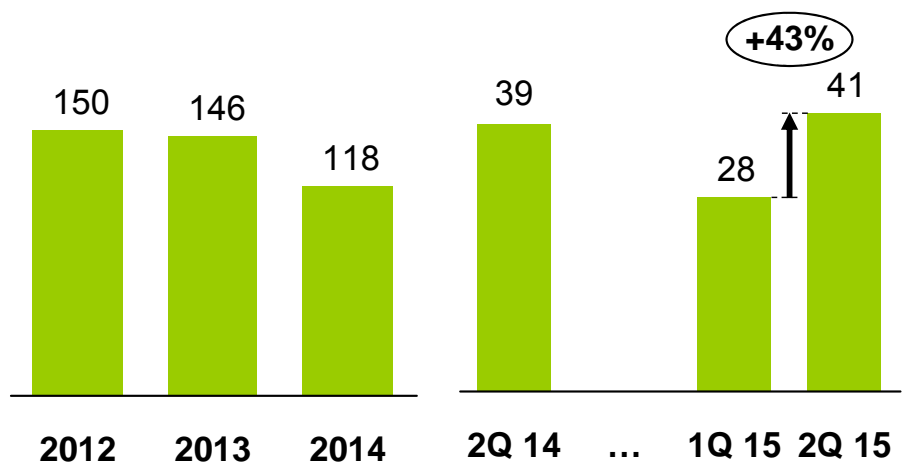
④ In 2Q further provisions were created for the exposures in Eastern Ukraine in the amount of HUF 1.1 billion (after tax).

In 1H 2015 the consolidated before tax profit without one-off items was mostly influenced by y-o-y 12% lower net interest income and moderating risk costs (-17% y-o-y); the better performance q-o-q was driven by lower risk cost, too

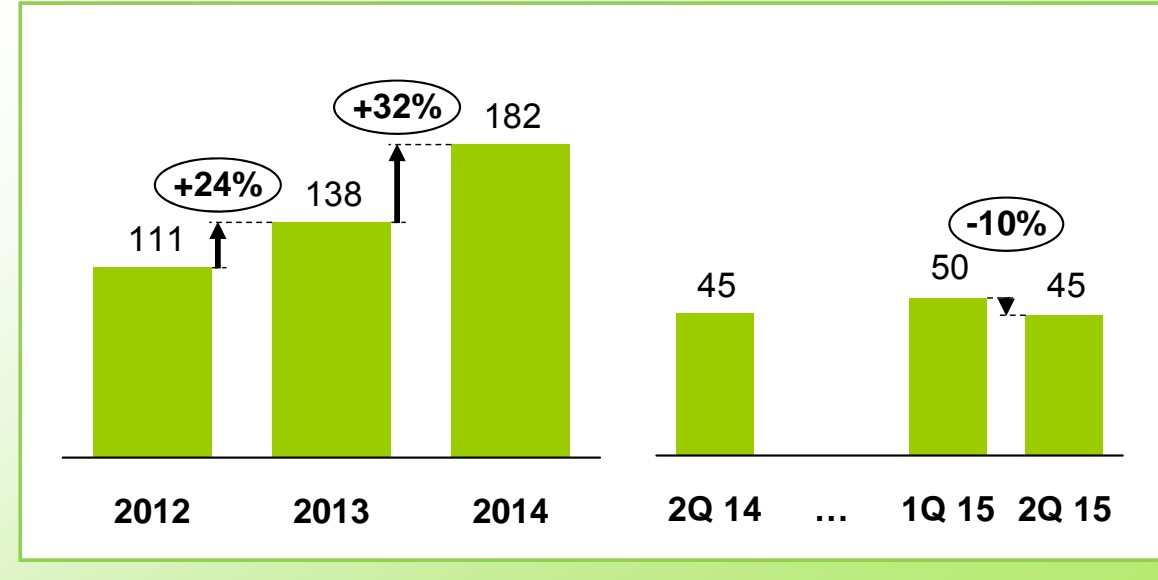
	1H 14	1H 15	Y-o-Y	2Q 14	1Q 15	2Q 15	Q-o-Q	Y-o-Y
	in HUF billion			in HUF billion				
Consolidated adjusted after tax profit	74.3	68.9	-7%	39.0	28.3	40.6	43%	4%
Corporate tax	-13.5	-13.2	-2%	-9.8	-2.2	-11.0	388%	12%
<i>O/w tax shield of subsidiary investments</i>	1.4	-1.3	-195%	-1.6	3.0	-4.3	-243%	174%
Before tax profit	87.7	82.2	-6%	48.7	30.6	51.6	69%	6%
Total one-off items	2.6	2.2	-17%	2.8	-0.3	2.5		-12%
Revaluation result of FX swaps at OTP Core	-0.7	-0.7	-9%	-0.5	-0.7	-		
Gain on the repurchase of own capital instruments	0.0	0.0		0.0	0.0	0.0		
Result of the Treasury share swap agreement	3.4	2.9	-15%	3.3	0.4	2.5	614%	-24%
Before tax profit without one-off items	85.1	80.0	-6%	45.9	30.9	49.1	59%	7%
Operating profit w/o one-off items	217.4	189.8	-13%	109.3	95.4	94.4	-1%	-14%
Total income w/o one-off items	421.3	380.6	-10%	211.1	189.4	191.1	1%	-9%
Net interest income w/o one-off items	320.7	282.7	-12%	158.3	142.7	140.0	-2%	-12%
Net fees and commissions	83.5	81.2	-3%	41.5	37.3	43.9	18%	6%
Other net non interest income without one-offs	17.0	16.7	-2%	11.3	9.4	7.3	-23%	-36%
Operating costs	-203.8	-190.8	-6%	-101.8	-94.1	-96.8	3%	-5%
Total risk costs	-132.3	-109.8	-17%	-63.4	-64.5	-45.3	-30%	-28%

Diverging trends remained in place across the Group in 2Q 2015: the CEE operation continued to be profitable, whereas the Ukrainian and Russian operations' aggregated 2Q loss moderated notably q-o-q

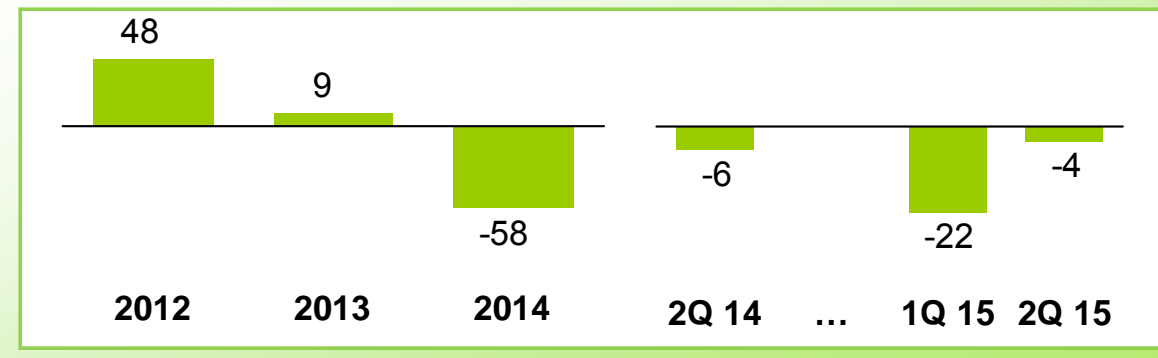
Consolidated adjusted after tax profit
(in HUF billion)



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 -0.1 billion in 2Q 2014, 0.3 billion in 1Q 2015, -0.3 billion in 2Q 2015, respectively.

The 1H profit of the CEE operation remained stable y-o-y. In 1H the aggregated result of Russia and Ukraine continued to be a drag on the overall Group performance, bottom line results improved in both countries in 2Q

	1H 14	1H 15	Y-o-Y	2Q 14	1Q 15	2Q 15	Q-o-Q	Y-o-Y
	in HUF billion			in HUF billion				
Consolidated adjusted after tax profit	74.3	68.9	-7%	39.0	28.3	40.6	43%	4%
CEE operation	93.9	94.2	0%	45.1	49.7	44.5	-10%	-1%
OTP Core (Hungary)	66.7	59.2	-11%	32.7	29.4	29.8	1%	-9%
DSK (Bulgaria)	21.6	27.8	29%	10.3	17.6	10.2	-42%	-1%
OBR (Romania)	1.7	1.1	-33%	0.7	0.4	0.7	80%	10%
OBH (Croatia)	0.5	1.3	160%	0.2	0.1	1.2		490%
OBS (Slovakia)	0.6	0.7	19%	0.2	0.4	0.3	-42%	30%
OBSrb (Serbia)	0.0	0.1	476%	-0.1	0.0	0.1		-213%
CKB (Montenegro)	0.6	0.5	-7%	0.0	0.1	0.5		
Leasing (HUN, RO, BG, CR)	0.2	1.1	511%	0.1	0.4	0.7	75%	560%
OTP Fund Management (Hungary)	2.2	2.4	10%	1.0	1.3	1.0	-22%	1%
Russian and Ukrainian operation	-18.2	-25.2	-39%	-6.0	-21.6	-3.6	83%	40%
OBRU (Russia)	-7.0	-15.6	-123%	-2.3	-11.5	-4.2	63%	-85%
OBU* (Ukraine)	-11.2	-9.6	14%	-3.7	-10.2	0.6	106%	116%
Corporate Centre	-1.2	-1.3	-9%	-0.7	-0.2	-1.0	-353%	-59%

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

In 2Q total revenues improved by 1% q-o-q, supported mainly by OTP Core and the Russian bank

		TOTAL INCOME – 2Q 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	191.1	-9%	1%	-8%	9%
	OTP CORE (Hungary)	92.1	-5%	6%	-13%	7%
	DSK (Bulgaria)	26.8	7%	-7%	2%	15%
	OBRu (Russia)	33.3	-30%/-15% ¹	23%/ 3% ¹	-19%	-1%
	OBU (Ukraine)	7.5	-45%/-20% ¹	-56%/-53% ¹	-33%	2%
	OBH (Croatia)	7.0	9%	13%	2%	-4%
	OBS (Slovakia)	4.3	0%	-2%	4%	10%
	OBR (Romania)	7.5	33%/1% ²	2%/1% ²	26%/-1% ²	67%/24% ² //
	CKB (Montenegro)	2.8	-2%	12%	-12%	-5%
	OBSrb (Serbia)	2.0	-1%	6%	26%	15%
	Other³	7.8	16%	3%		
		<i>Contribution of foreign subsidiaries:</i>				
		48%				

¹ Changes in local currency.

² Adjusted for the effect of Banca Millennium consolidation

³ Other group members and eliminations

2Q net interest income declined by 2% q-o-q on the back of weak Ukrainian performance.

In yearly comparison the Bulgarian, Romanian, Croatian and Serbian operations showed strong dynamics

NET INTEREST INCOME – 2Q 2015 (HUF billion)			Y-o-Y (HUF bn)	Y-o-Y (%)	Q-o-Q (HUF bn)	Q-o-Q (%)	
	OTP Group	100%	140	-18	-12%	-3	-2%
	OTP CORE (Hungary)	45%	63	-4	-6%	-1	-1%
	DSK (Bulgaria)	16%	22	2	12%	0	-2%
	OBRU (Russia)	21%	29	-12	-30%	5	20%
	OBU (Ukraine)	4%	5	-5	-47%	-5	-46%
	OBH (Croatia)	4%	5	1	12%	0	2%
	OBS (Slovakia)	3%	4	0	0%	0	-1%
	OBR (Romania)	4%	5	1	17%	0	2%
	CKB (Montenegro)	1%	2	0	-10%	0	0%
	OBSrb (Serbia)	1%	2	0	24%	0	-2%
	Merkantil (Hungary)	3%	4	0	11%	0	-3%

1 At OTP Core the settlement and conversion as well as the lower interest rate environment were the main reasons for the y-o-y weaker net interest income.

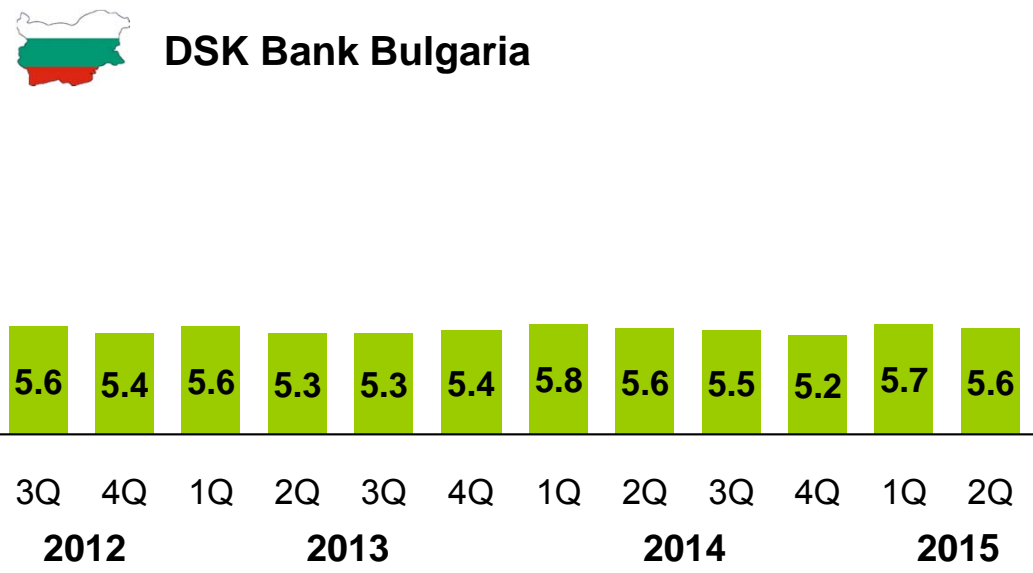
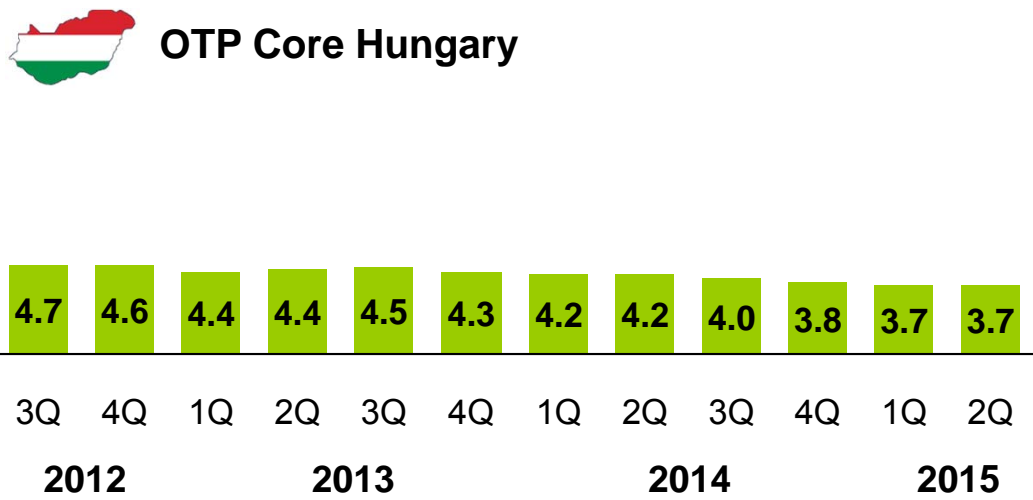
2 In Bulgaria the y-o-y improvement is explained by lower cost of funding: excess liquidity at DSK Bank enabled efficient deposit pricing.

3 In RUB terms the Russian NII remained flat q-o-q, since the 12% FX-adjusted contraction of performing loans offset the positive effect of lower interest expenses, higher loan yields and the positive impact of the fine-tuning of the provisioning methodology in 2Q 2015.

4 In the Ukraine the massive quarterly decline was reasoned by lower performing loan volumes, and by the interest rate settlement of restructured mortgage loans since the effective interest rate calculation method causes volatility in interest income.



At OTP Core and DSK Bank margins remained stable in 2Q. In Russia the margin bounced back as funding costs came down, loan rates increased and the provisioning methodology was made more accurate. In Ukraine the margin path was determined by the volatility of interest revenues mainly due to the settlement of restructured mortgage loans

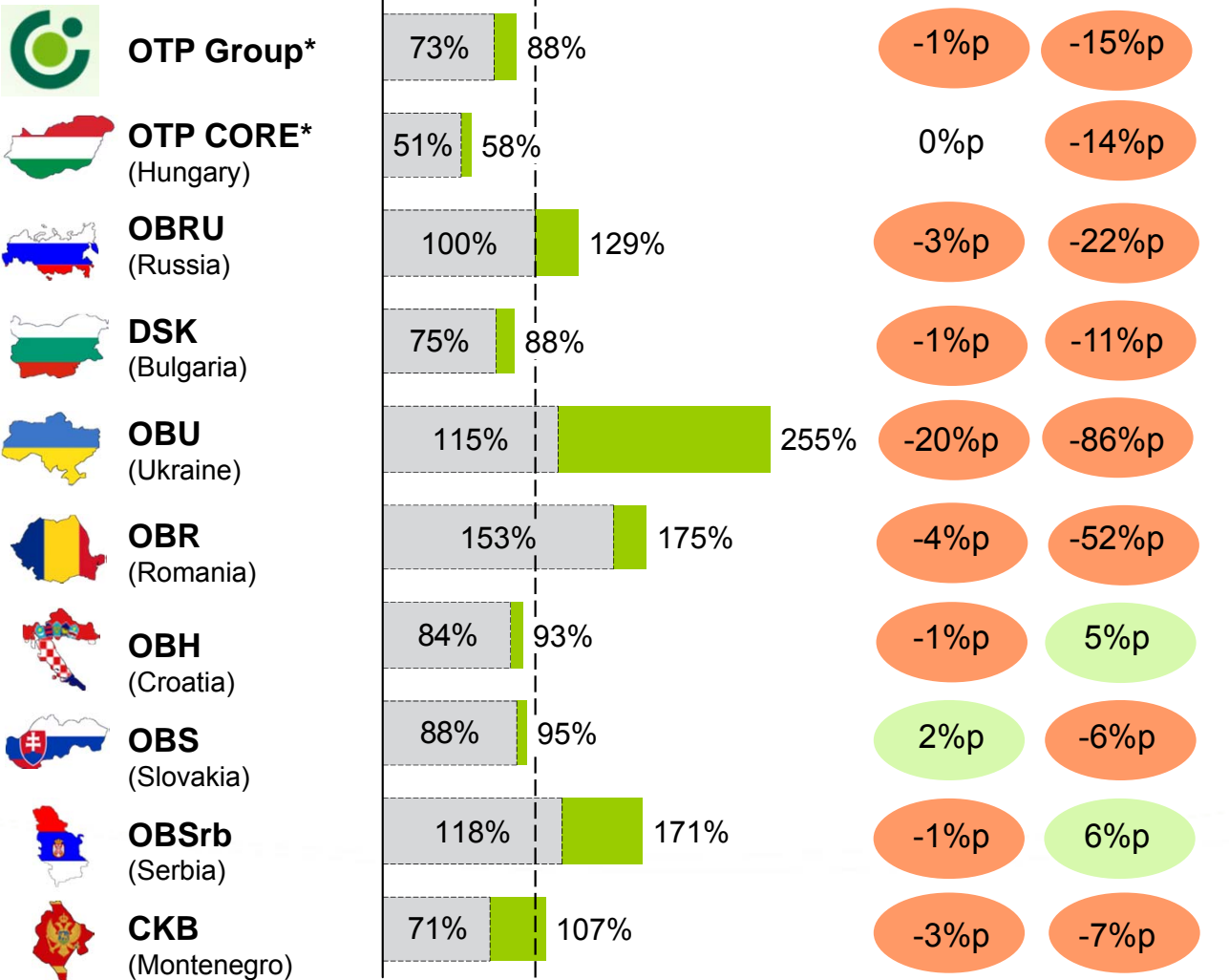
Net interest margin (%)



In 2Q 2015 the consolidated net loan to deposit ratio declined further (-1 ppt q-o-q)

Loan to deposit ratio, % (30 June 2015)

 Net loan to deposit **
 Gross loan to deposit



At OTP Core the 14 ppts y-o-y decline of the ratio was partially the result of the growing total deposit book. Also, partly due to the settlement and conversion the household loan portfolio eroded by 22% y-o-y (FX-adjusted). Municipality loans decreased notably y-o-y as a reflection of prepayments by the Hungarian State.

In Ukraine the ratio dropped significantly y-o-y due to net loan volumes declining partly as a reflection of suspended lending activity in several segments and also to elevated provisioning, while FX-adjusted deposit volumes grew by 2% y-o-y due to strong corporate deposit inflow.

In Russia amid the unfavourable economic environment loan disbursements remained weak, the FX-adjusted loan portfolio shrank by 11% q-o-q and deposits eroded by 8%.

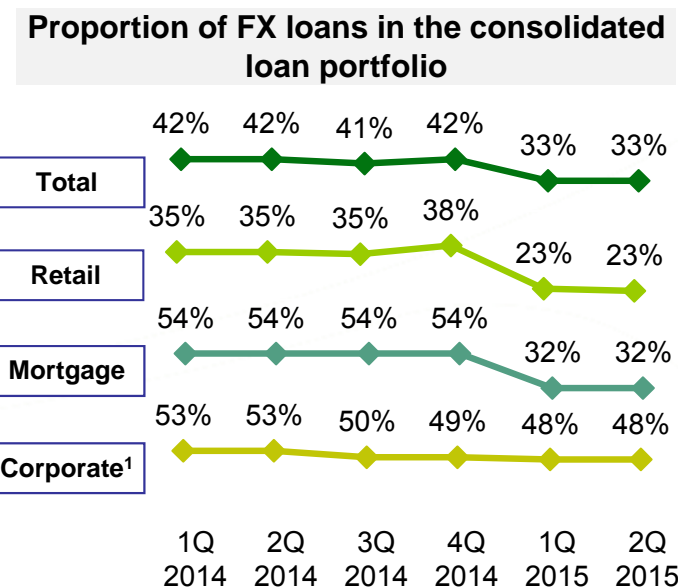
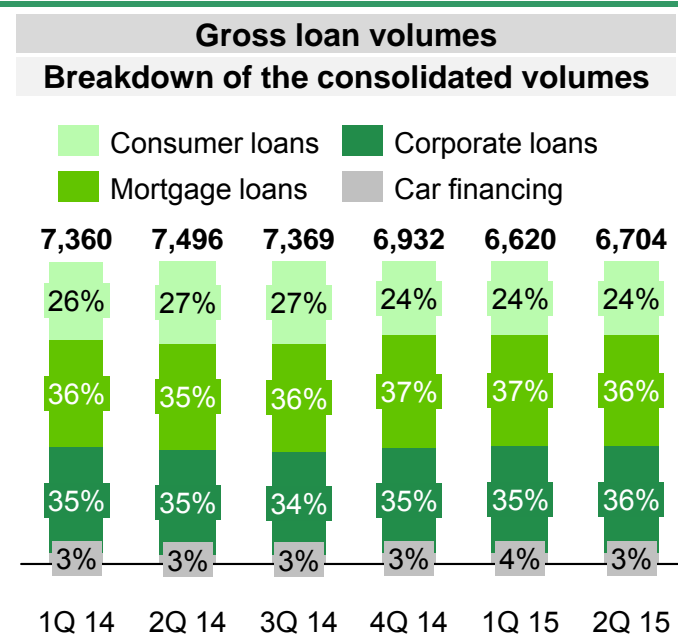
* In case of the Group and OTP Core the applied formula is „net loan / (deposit + retail bond)

At OTP Core the quarterly decline of mortgages moderated. The Russian and Ukrainian performing volumes continued to decline at a fast pace

		DPD0-90 volumes									
		Q-o-Q loan volume changes in 2Q 2015, adjusted for FX-effect									
Total		-2%	-1%	1%	-12%	-12%	-1%	-1%	1%	1%	-4%
Consumer		-4%	-1%	0%	-11%	-16%	1%	1%	4%	3%	4%
Mortgage		-2%	-1%	0%	-12%	-20%	-3%	-1%	-1%	-1%	0%
Corporate ¹		-1%	-1%	2%	-18%	-11%	1%	-2%	3%	1%	-10%
Car financing		-2%				-10%					

	Cons.	Core (Hungary)	DSK (Bulgaria)	OBRu (Russia)	OBU (Ukraine)	OBR ⁴ (Romania)	OBH (Croatia)	OBS (Slovakia)	OBSr (Serbia)	CKB (Montenegro)

		Y-o-Y loan volume changes in 2Q 2015, adjusted for FX-effect									
Total		-8%	-13% -12% ²	2%	-19%	-33%	26% -1%	2%	4%	26%	-12%
Consumer		-7%	-9% -7% ²	0%	-17%	-40%	21% 3%	0%	45%	5%	7%
Mortgage		-9%	-13% -11% ²	-5%	-36%	-49%	18% -9%	-2%	-5%	-2%	-6%
Corporate ¹		-6%	-14% -4% ³	12%	-22%	-28%	42% 12%	8%	6%	57%	-24%
Car financing		-9%				-39%					



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

Deposits expanded by 9% y-o-y. The quarterly decline of 1% was due to lower deposit volumes placed by municipal clients and fund managers, but the 8% drop of Russian deposits played a role, too

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

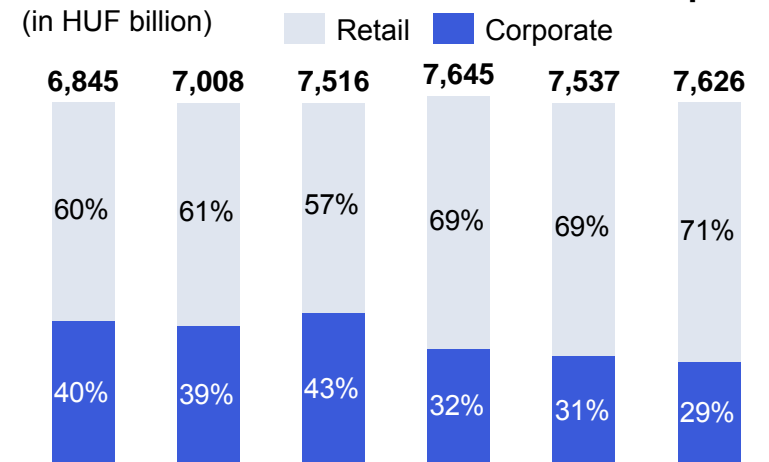
Total	-1%	-2%	1%	-8%	4%	2%	0%	-1%	5%	2%
Retail	0%	2%	1%	-9%	-2%	-2%	-1%	-1%	2%	-2%
Corporate¹	-4%	-7%	3%	-5%	9%	6%	11%	-1%	9%	10%



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

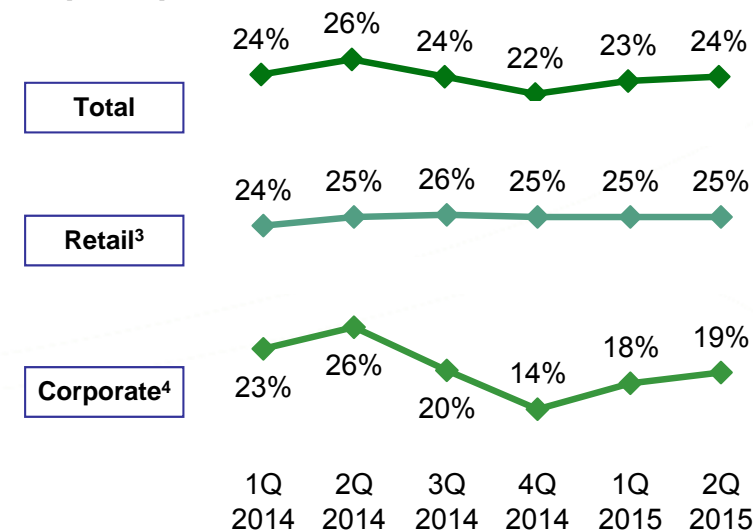
Total	9%	7%	15%	-1%	2%	67% 24%	-4%	10%	15%	-5%
Retail	8%	10%	14%	-4%	-21%	56% 10%	-6%	4%	8%	-9%
Corporate¹	10%	4%	20%	5%	41%	81% 41%	9%	27%	27%	4%

Breakdown of consolidated customer deposits



1Q 2014 2Q 2014 3Q 2014 4Q 2014 1Q 2015 2Q 2015

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 2Q remained stable as cost savings in Russia were offset by higher Romanian operating expenses related to the acquisition

OPERATING COSTS – 2Q 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%	97	-5	-5%	0	0%
	OTP CORE (Hungary)	50%	49	0	0%	0	0%
	DSK (Bulgaria)	10%	10	0	3%	0	3%
	OBRU (Russia)	15%	14	-6	-28%	-2	-12%
	OBU (Ukraine)	4%	4	-2	-33%	0	-2%
	OBH (Croatia)	5%	4	0	-4%	0	-5%
	OBS (Slovakia)	3%	3	0	-3%	0	-3%
	OBR (Romania)	5%	5	2	58%	2	58%
	CKB (Montenegro)	2%	2	0	-10%	0	-10%
	OBSrb (Serbia)	2%	2	0	-3%	0	1%
	Merkantil (Hungary)	2%	2	0	17%	0	17%

¹ Costs of OTP Core remained flat y-o-y. Both the quarterly deposit insurance fee and the Investor Protection Fund contribution grew by 0.2 billion y-o-y. The Resolution Fund contribution due from 4Q 2014 reached HUF 0.6 billion in 2Q 2015.

² Despite the weaker rouble and high inflation, Russian costs declined y-o-y on the back of lower scale of operation and the cost reduction programme commenced last year.

³ 2Q FX-adjusted operating expenses in Romania went up by 58% y-o-y as a result of the acquisition related costs (around HUF 150 million in 2Q 2015) and the consolidation of the operating expenses of Banca Millennium (HUF 1.6 billion in 2Q).

The 2Q performance of OTP Core was driven by better net fee and commission income, whereas risk costs remained favourably low

OTP CORE (in HUF billion)	1H 14	1H 15	Y-o-Y	2Q 14	1Q 15	2Q 15	Q-o-Q	Y-o-Y
Before tax profit without one-off items	79.3	73.6	-7%	39.0	35.6	37.9	6%	-3%
Operating profit w/o one-off items	94.6	83.3	-12%	48.0	39.7	43.6	10%	-9%
Total income w/o one-off items	190.9	178.8	-6%	96.5	86.7	92.1	6%	-5%
Net interest income w/o one-off items	133.2	126.7	-5%	66.9	① 63.8	62.9	-1%	-6%
Net fees and commissions	47.5	47.0	-1%	23.6	② 21.3	25.6	20%	9%
Other net non interest income without one-offs	10.2	5.2	-49%	6.1	③ 1.6	3.6	131%	-41%
Operating costs	④ -96.3	-95.6	-1%	-48.6	-47.0	-48.5	3%	0%
Total risk costs	-15.4	-9.7	-37%	-9.0	-4.0	-5.7	41%	-37%

① The q-o-q weaker net interest income was the reflection of lower performing loan portfolio (-1% q-o-q), but also the declining rate environment which negatively affected the deposit margins (the quarterly average base rate melted by 0.3 ppt q-o-q).

② The strong performance of net fee income is partially reasoned by a base effect: the financial transaction tax on card transactions for the whole year was booked in 1Q 2015 with the amount of HUF 1.6 billion. Stronger merchant commission income and the seasonally higher ATM and POS transactions beefed up card related fees, but deposit and cash-transaction related fees were higher q-o-q, too.

③ The other net non-interest income improved by 131% q-o-q due to higher FX gains.

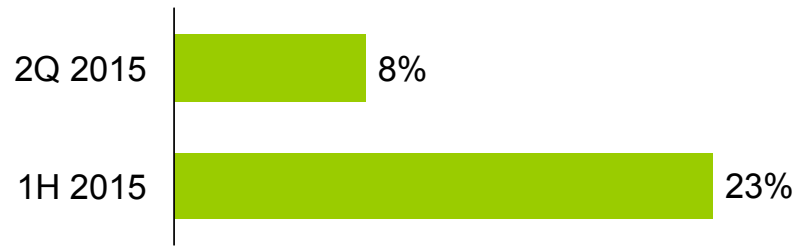
④ The 1H operating expenses declined by 1% y-o-y, despite the higher contribution paid into the Deposit Insurance Fund and Investor Protection Fund, and also fees paid into the Resolution Fund starting from 4Q 2014. Compared to the base period the Bank managed to save costs in personnel expenses, amortization and deductible taxes.



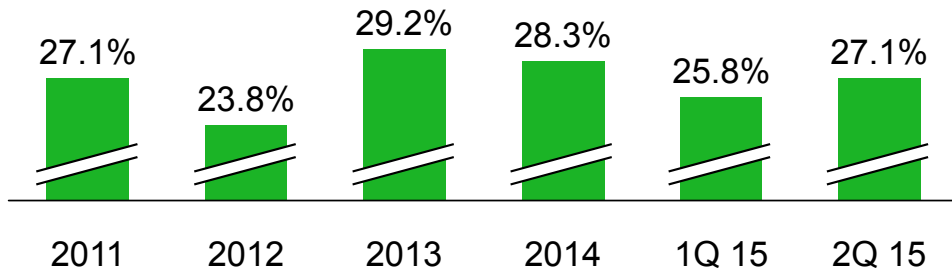
OTP Core

The volume of mortgage loan disbursement shows strong momentum. The increasing trend of market share in retail savings continued in 2Q 2015. The corporate market share kept on increasing, too and the SME loan portfolio is steadily growing

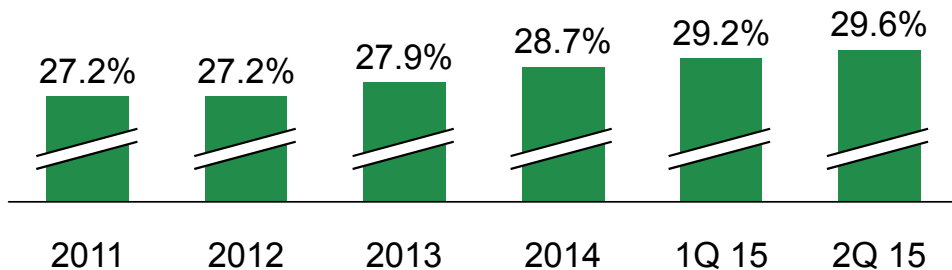
Change of mortgage loan disbursement of OTP Bank (y-o-y change)



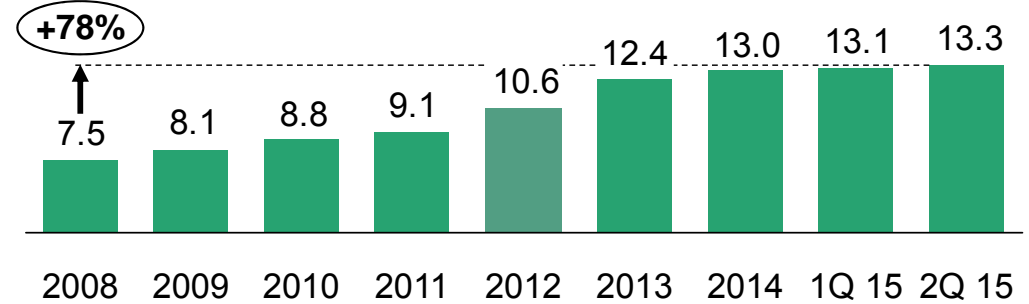
OTP Bank's market share in mortgage loan disbursement



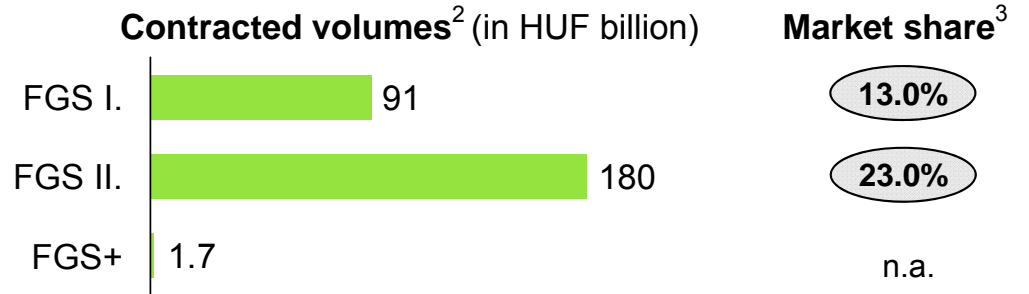
OTP Bank's market share in household savings



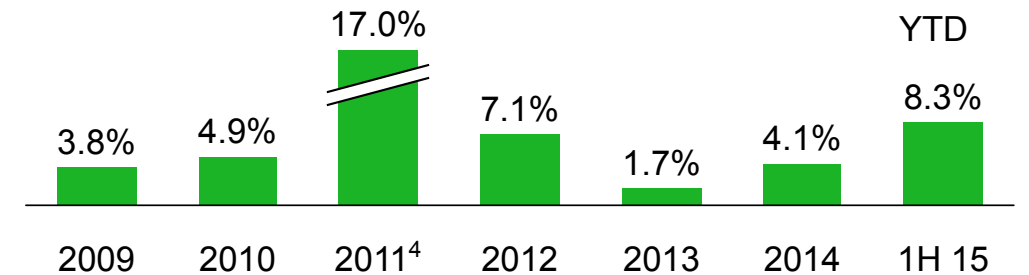
OTP Group's market share¹ in loans to Hungarian companies (%)



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 In case of FGS I. and FGS II. the figures shows the contracted volumes by the end of 2Q 2015 and in case of FGS+ by the end of July 2015. ³The source of the sector statistics is the central bank's publications. ⁴The y-o-y increase in 2011 was influenced by reclassification, too.





OTP Core

During 2Q 2015 the settlement has been completed at Merkantil and OTP Flat Lease in case of FX denominated loans and contracts, and the conversion took place at OTP Flat Lease

	1Q 2015	2Q 2015	3Q 2015
Principal reduction / cash payment	Effective and matured FX-mortgages and consumer loans (OTP Bank, OTP Mortgage Bank (OMB)) ✓	Effective and matured FX 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: 2 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.

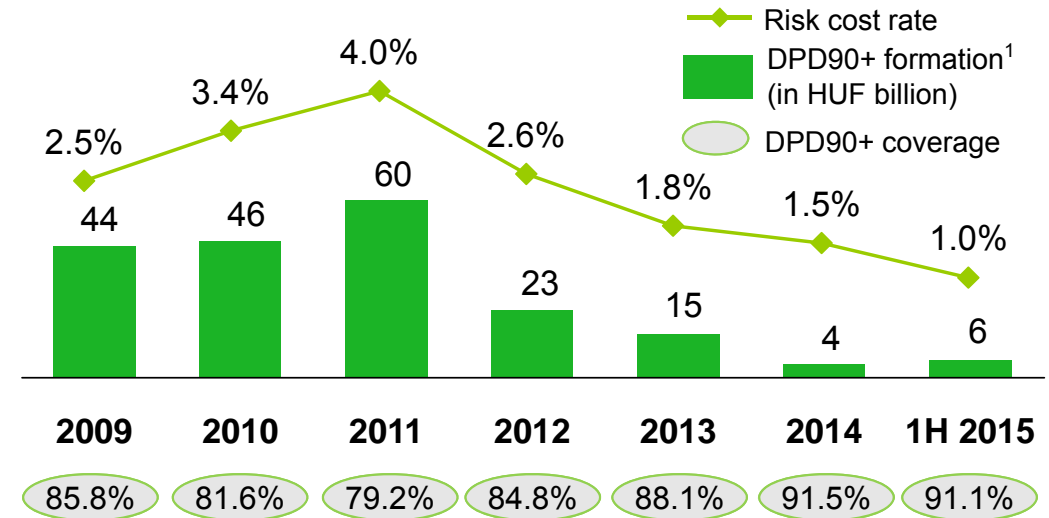
Settlement with clients participating in FX prepayment scheme at preferential rate: those using the FX prepayment scheme at a preferential fixed exchange rate may ask for a settlement at their banks between 1-31 March. Banks are obliged to complete the settlement and send out the notification letters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

Profitability of DSK Bank continuously improved in the last several years supported by the improving asset quality trends. The lending activity is getting more intense, the market share in corporate segment edged up partly due to the corporate business development project

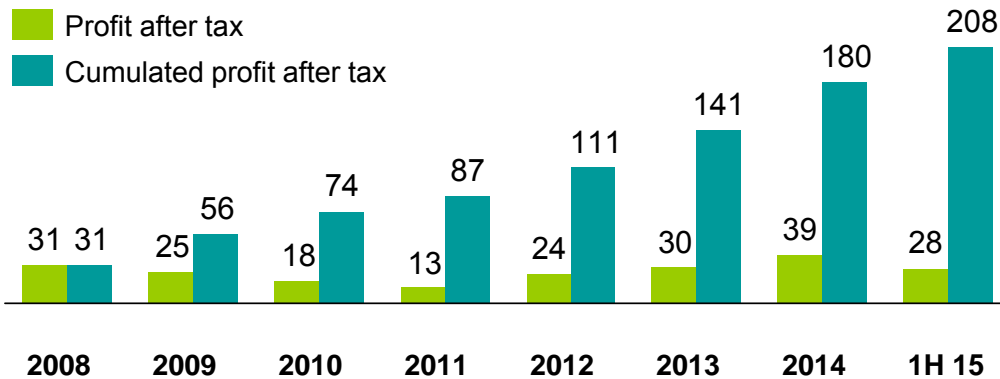
Income statement of DSK Bank

in HUF million	2013	2014	1Q 2015	2Q 2015
Profit after tax (adjusted)	30.2	39.2	17.6	10.2
Profit before tax	33.8	43.6	19.6	11.3
Operating profit	55.1	62.4	19.5	17.2
Total income	93.0	102.2	28.8	26.8
Net interest income	72.9	79.1	22.3	21.9
Net fees and commissions	18.2	20.3	5.4	6.0
Other non-interest income	1.8	2.9	1.1	-1.0
Operating costs	-37.9	-39.8	-9.3	-9.7
Total risk cost	-21.3	-18.8	0.1	-5.9
Provisions for loans	-20.7	-17.5	0.2	-5.8
Other provisions	-0.6	-1.3	-0.1	-0.1
Corporate tax	-3.5	-4.4	-2.0	-1.1

Development of DSK Bank's risk indicators



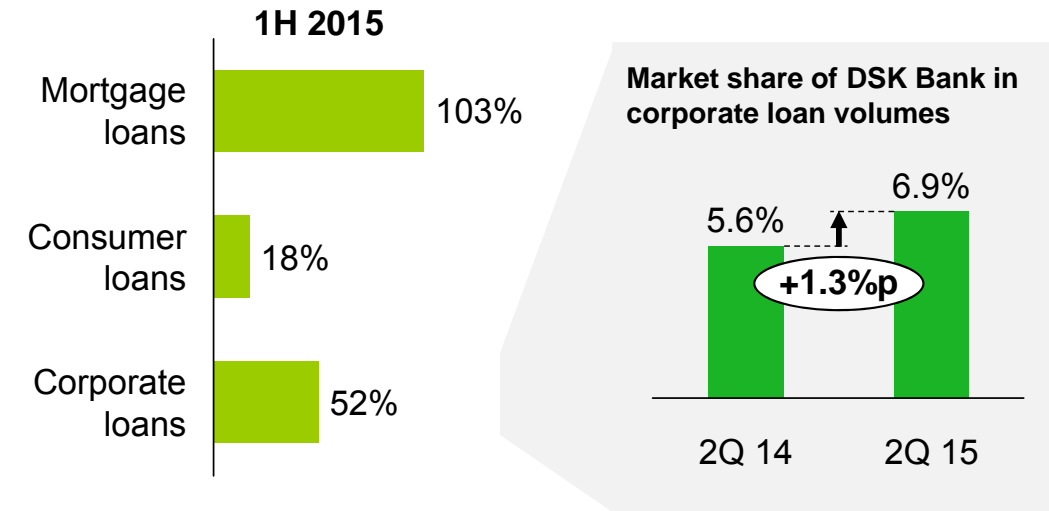
DSK Bank: annual profit after tax development (in HUF billion)



Annual real GDP growth (%)



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



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

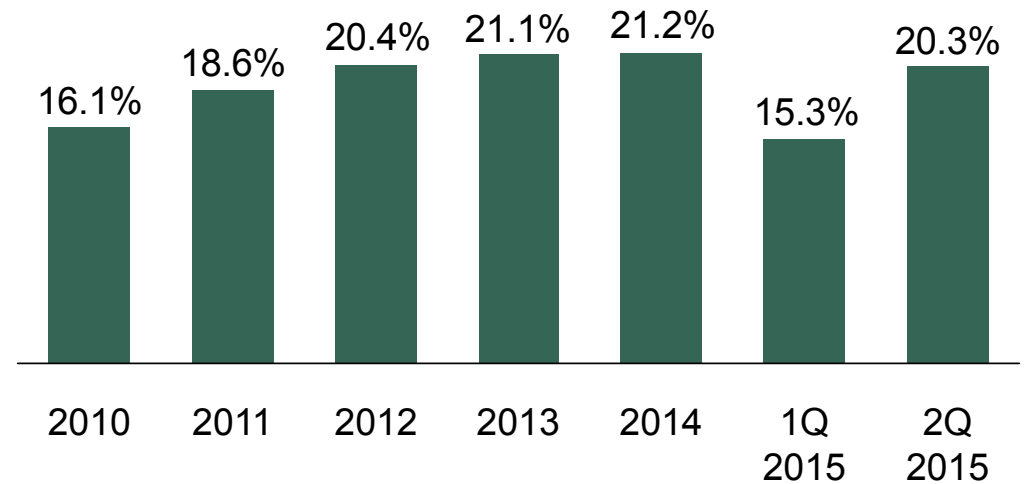


The Russian subsidiary's 2Q loss was shaped by still high, albeit in 2Q decreasing risk costs since provisioning methodology was made more accurate

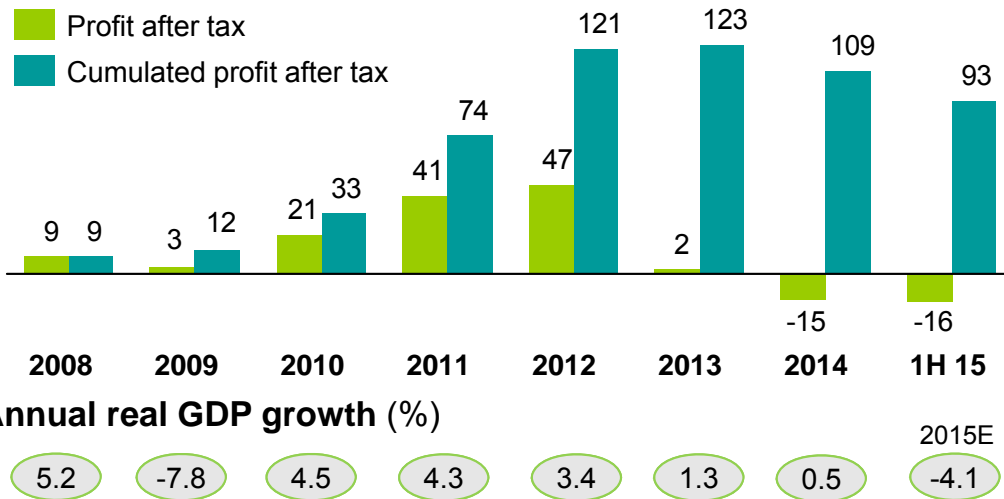
Income statement of OTP Bank Russia

	in HUF billion			
	2013	2014	1Q 2015	2Q 2015
Profit after tax (adjusted)	2.4	-14.5	-11.5	-4.2
Profit before tax	3.4	-17.7	-14.2	-5.2
Operating profit	124.2	101.0	13.0	18.8
Total income	207.5	179.4	26.9	33.3
Net interest income	184.0	159.0	23.9	28.7
Net fees and commissions	22.0	21.4	3.1	4.7
Other non-interest income	1.5	-1.0	-0.1	-0.2
Operating costs	-83.3	-78.4	-13.9	-14.5
Total risk cost	-120.8	-118.7	-27.2	-24.0
Provisions for loans	-121.3	-117.6	-27.1	-23.6
Other provisions	0.5	-1.1	-0.1	-0.3
Corporate tax	-1.1	3.1	2.7	1.0

Total income margin



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



OTP Bank Russia - risk cost rates in different segments

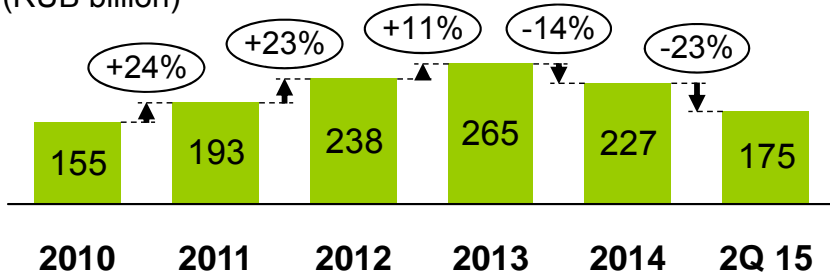
	2010	2011	2012	2013	2014	1Q 2015	2Q 2015	2Q 2015*
POS loans	7.9%	7.7%	9.1%	15.6%	11.5%	12.3%	9.6%	12.4%
Credit cards	6.8%	10.3%	10.5%	17.4%	19.7%	25.2%	22.5%	24.2%
Cash loans	-4.8%	3.7%	6.8%	13.2%	19.7%	23.9%	18.5%	20.3%



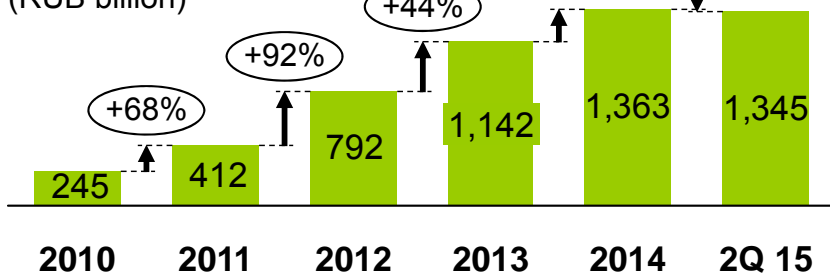
* Risk cost rates for 2Q 2015 are calculated without the effect of the change of provisioning methodology in May 2015.

Consumer loan market segment*

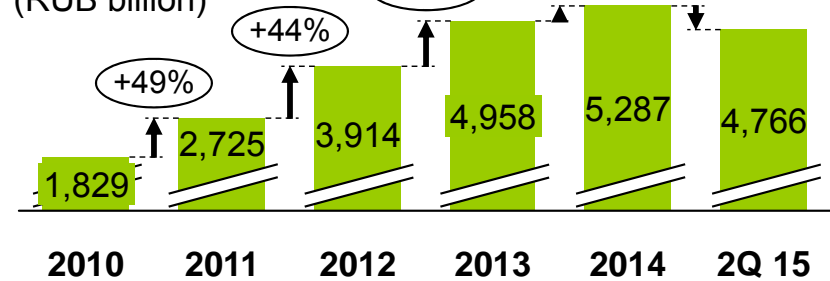
POS loan market (RUB billion)



Credit card market (RUB billion)

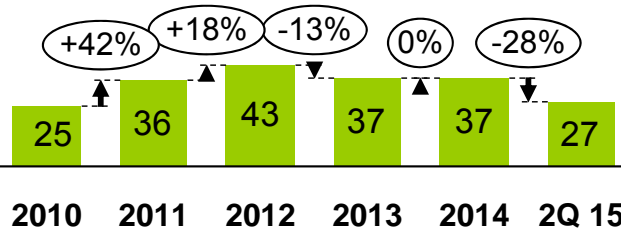


Cash loan market (RUB billion)



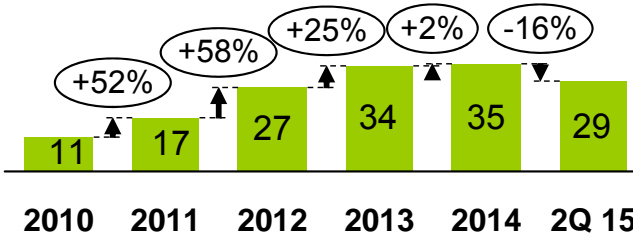
Market position of OTP Bank Russia

DPD0-90 POS loan volumes



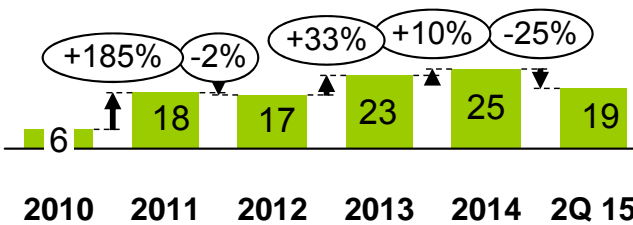
- Sales force:
3,891 own sales points**
25,409 external sales points***
- #2 in the market
- 2Q 2015 market share: 18.0%

DPD0-90 Credit card loan volumes



- Cross-sales to POS clients
- #7 in the market
- 2Q 2015 market share: 2.8%

DPD0-90 Cash loan volumes (including quick cash loans)



- Available in 137 branches
- #25 in the market
- 2Q 2015 market share: 0.5%

* Source: Frank Research Group

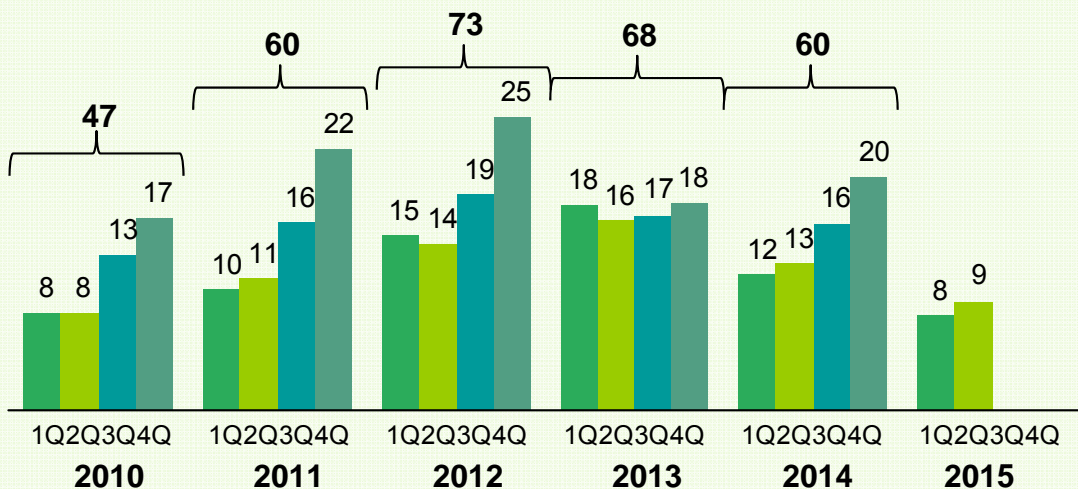
** Bank employees working with Federal or other networks.

*** Employees of commercial organizations.

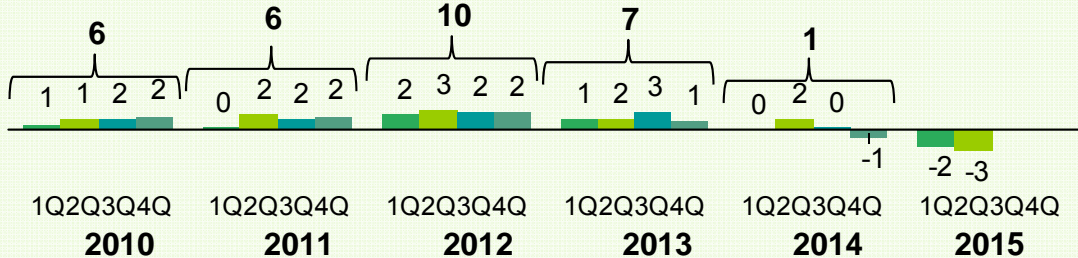


In 2Q 2015 POS loan and cash loan disbursements slightly increased q-o-q, performing credit card volumes further declined. Total deposits decreased q-o-q in RUB terms. Average RUB term deposit rates slightly moderated in the last free months from the peak in March

POS loan disbursements (RUB billion)

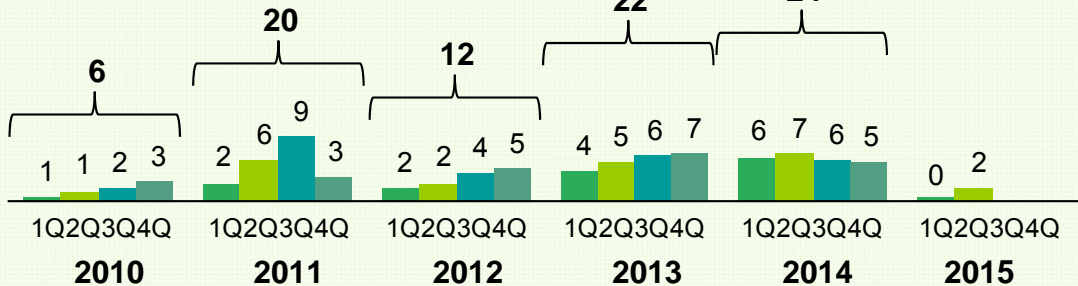


DPD0-90 credit card loan volume changes (RUB billion)

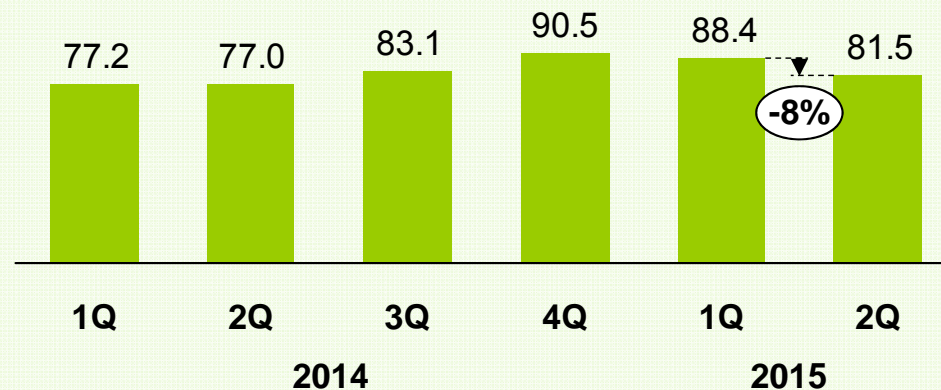


Cash loan disbursements (RUB billion)

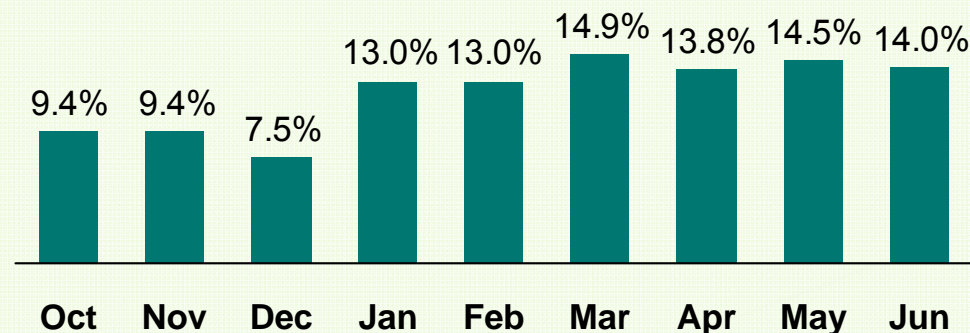
(including quick cash loans)



Development of customer deposits (RUB billion)



Development of monthly average RUB term deposit rates



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

	1 January	1 April	1 July
3M	20.3%	9.8%	10.6%
6M	20.3%	10.8%	10.6%
12M	20.6%	12.8%	10.6%

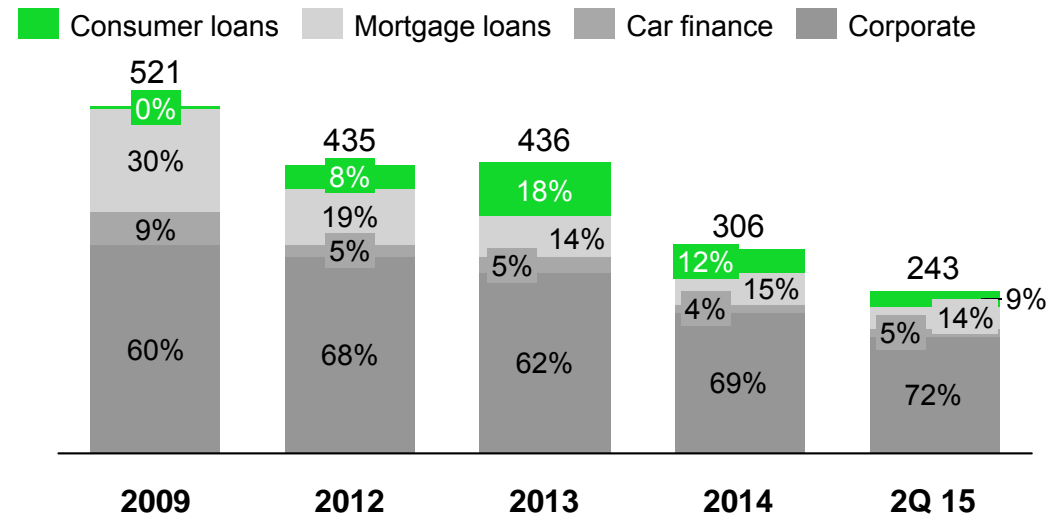


In 2Q the Ukrainian bank posted HUF 0.6 billion profit (adjusted for the Donetsk and Luhansk risk costs). The portfolio deterioration remained moderate. The intra-group funding declined further in 1H 2015

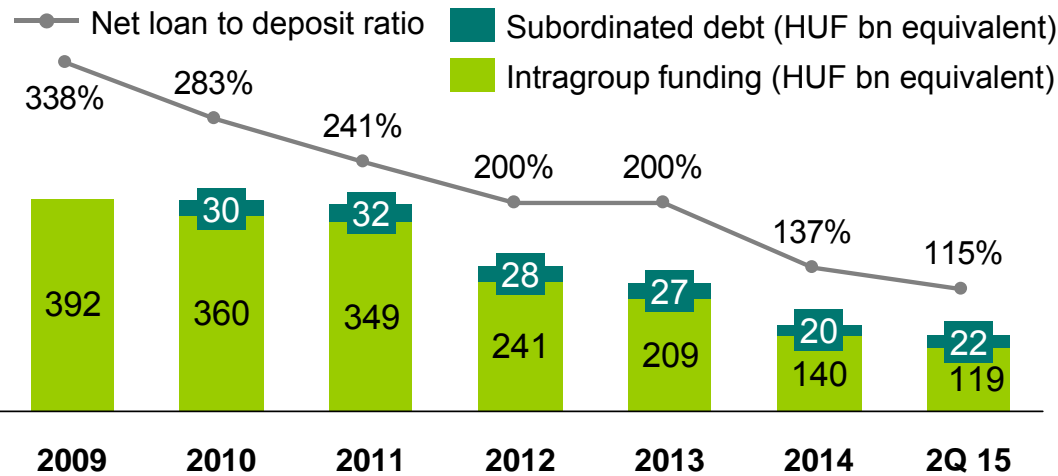
Income statement of OTP Bank Ukraine

in HUF billion	2013	2014	1Q 15	2Q 15
Profit after tax (adjusted)	6.7	-43.2	-10.2	0.6
Profit before tax	11.2	-47.3	-13.5	1.6
Operating profit	40.3	27.3	13.0	3.7
Total income	72.8	52.1	17.0	7.5
Net interest income	53.4	45.3	10.0	5.4
Net fees and commissions	17.0	10.3	1.8	1.7
Other non-interest income	2.4	-3.6	5.2	0.3
Operating costs	-32.5	-24.8	-4.0	-3.8
Total risk cost	-29.1	-74.6	-26.5	-2.1
Provisions for loans	-27.4	-71.9	-26.2	-2.6
Other provisions	-1.7	-2.6	-0.3	0.5
Corporate tax	-4.4	4.2	3.3	-1.0

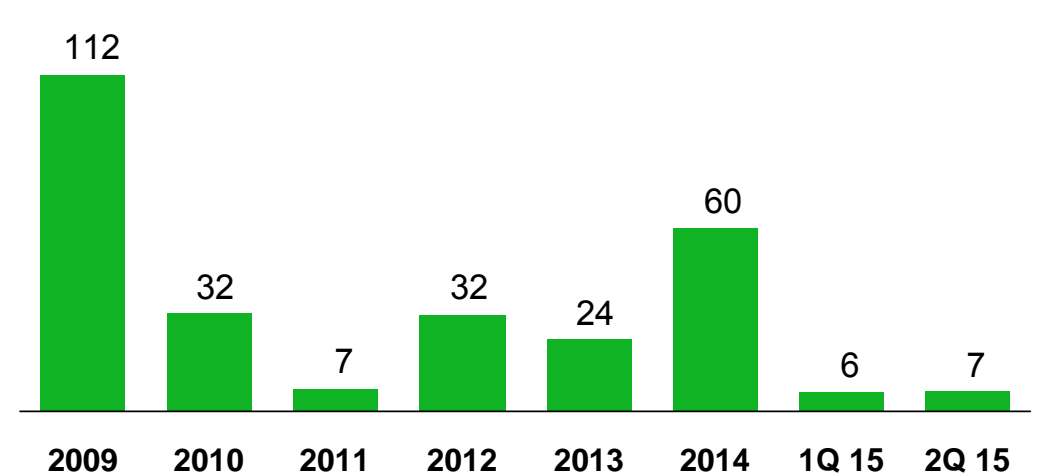
Composition of performing loan volumes (in HUF billion)



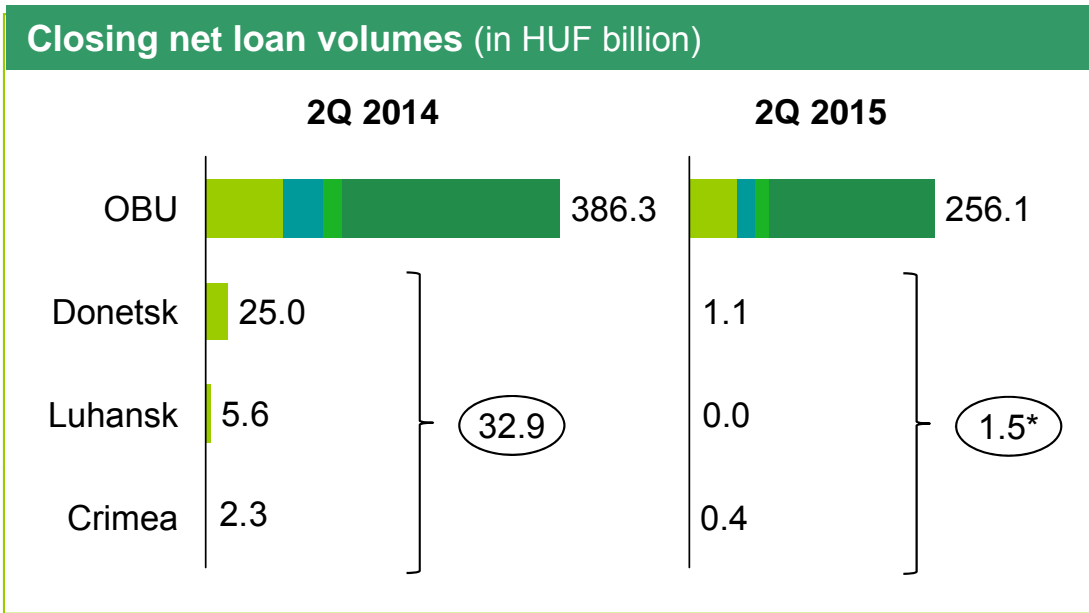
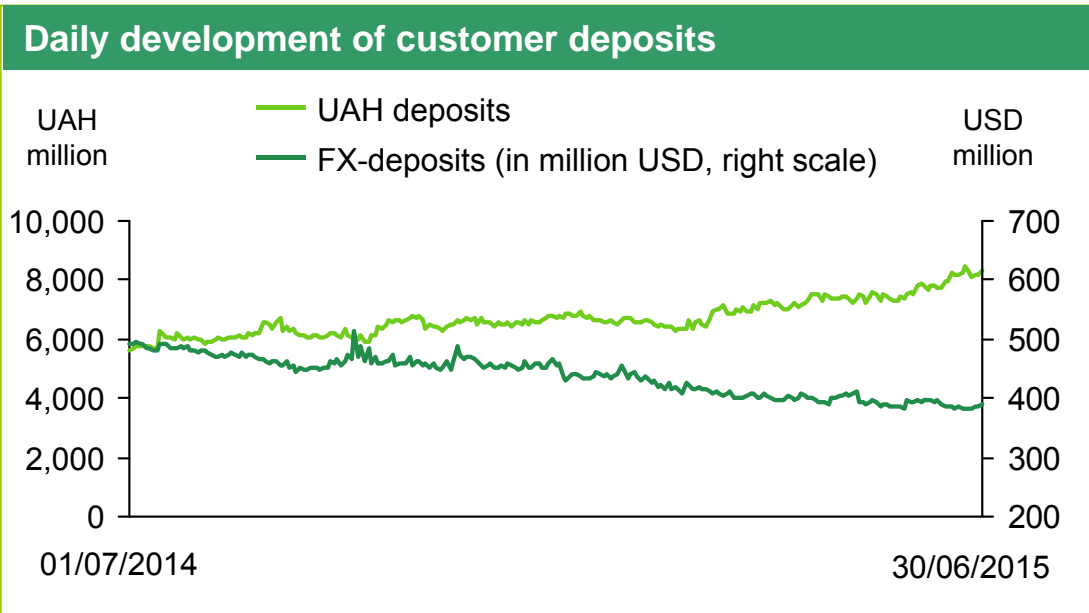
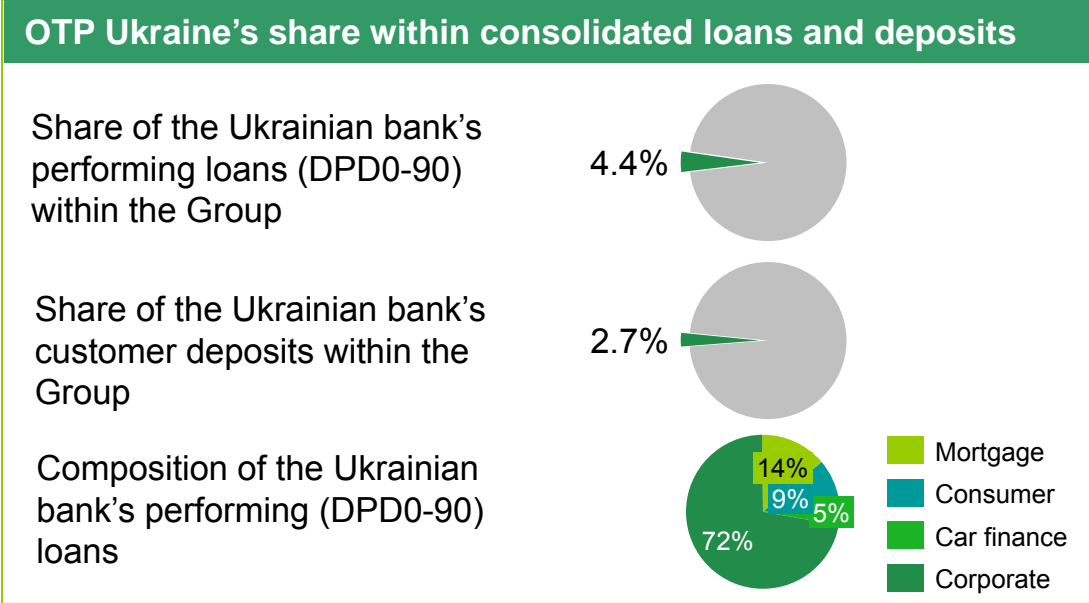
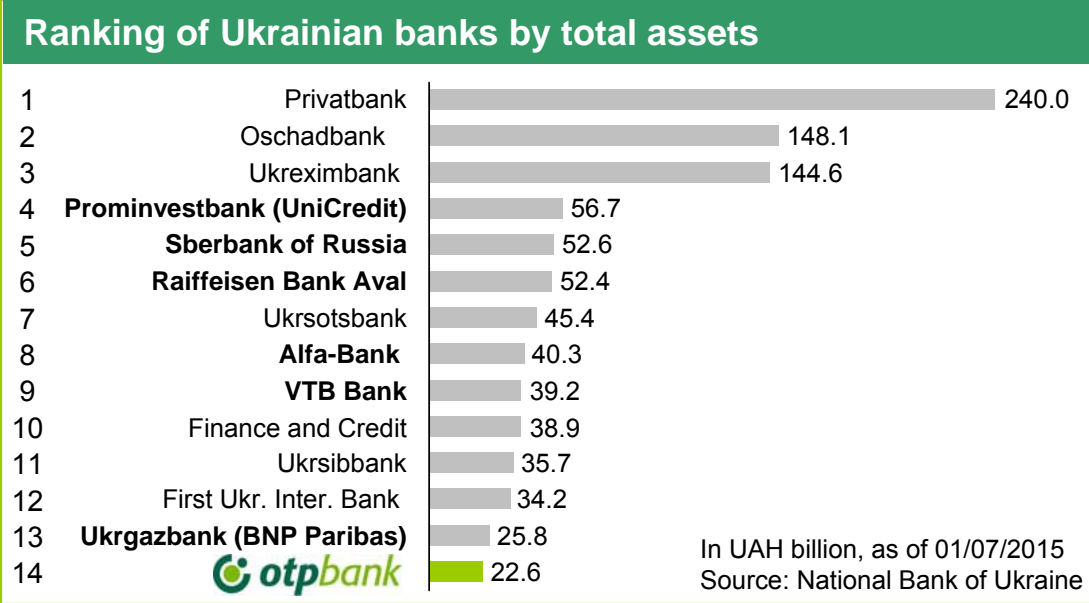
Intragroup funding and net loan to deposit ratio



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



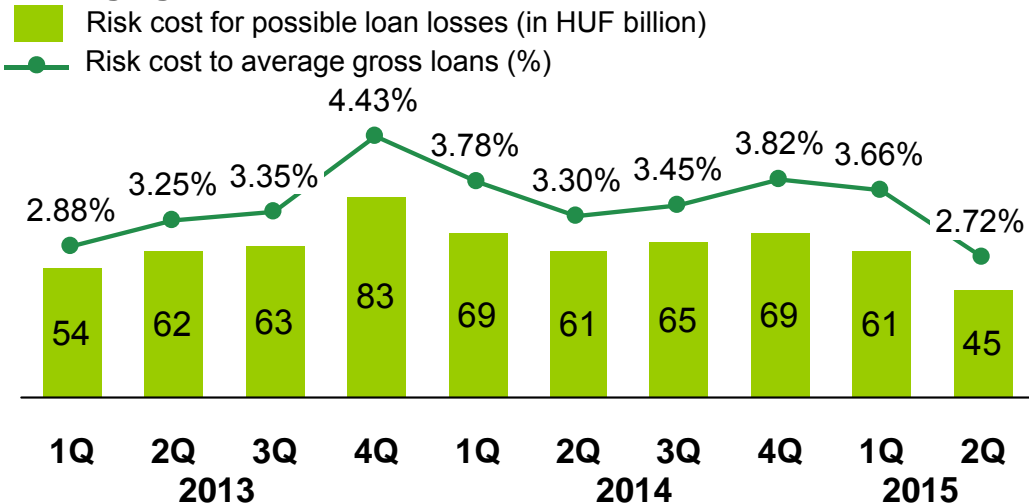
The Ukrainian subsidiary's share within the Group's performing loans declined further. The deposit base is stable. The exposure to Crimea, Donetsk and Luhansk is satisfactorily covered with provisions



*In case of Donetsk, Luhansk and Crimea the 2Q 2015 exposures include the accrued interests, too.

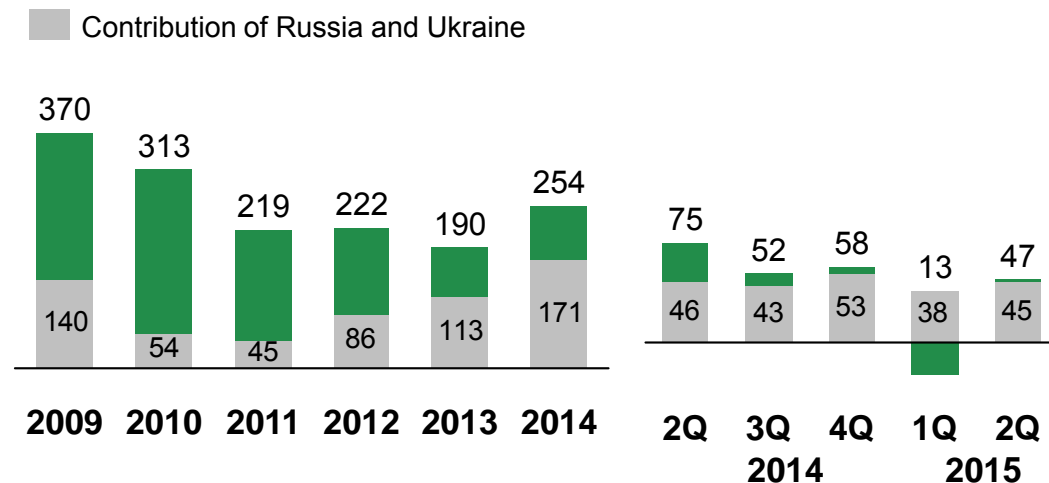
The consolidated DPD90+ ratio remained stable, while the risk cost rate dropped notably q-o-q, coupled with improving coverage. Ukraine and Russia were responsible for a big chunk of DPD90+ loan volume growth in 2Q 2015

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

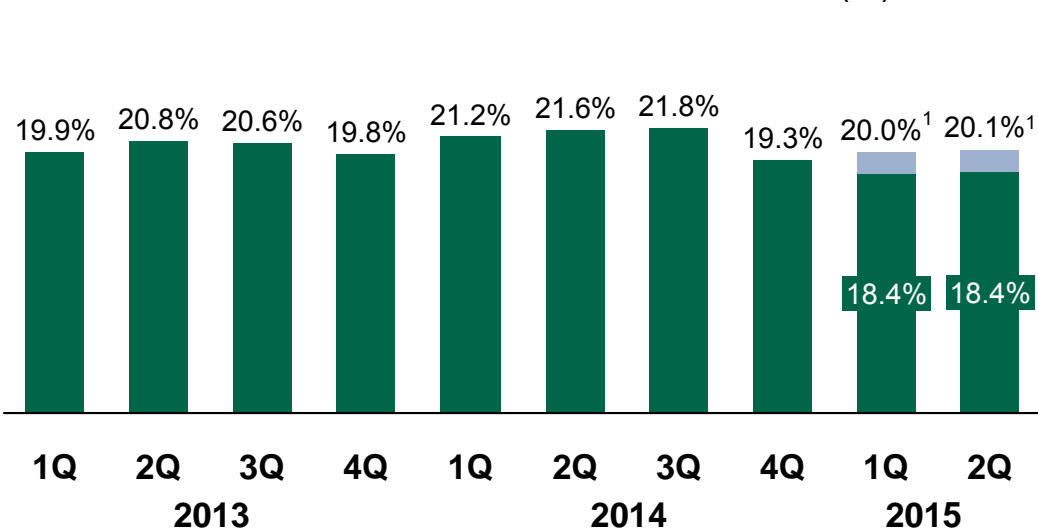


Change in DPD90+ loan volumes

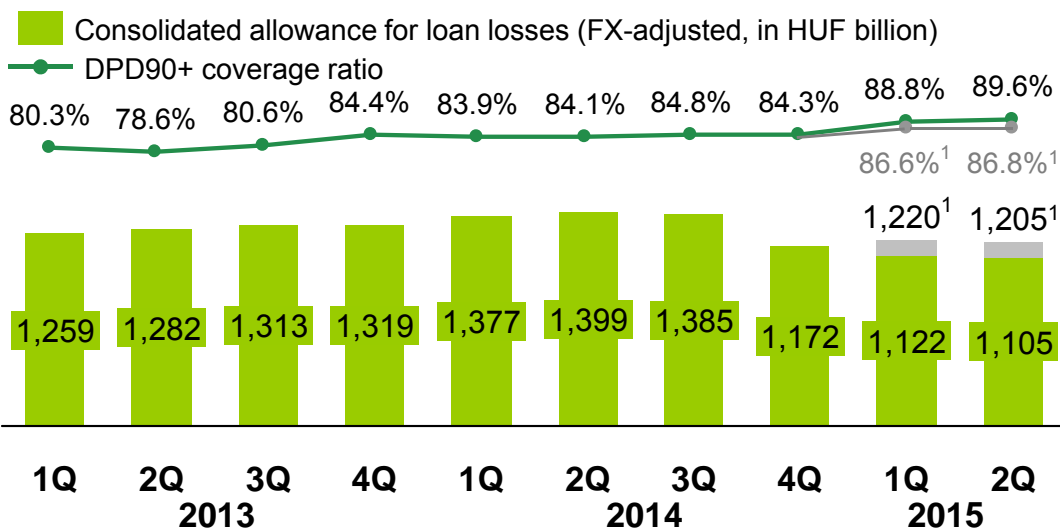
(consolidated, adjusted for FX and sales and write-offs, in HUF billion)



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



Consolidated provision coverage ratio



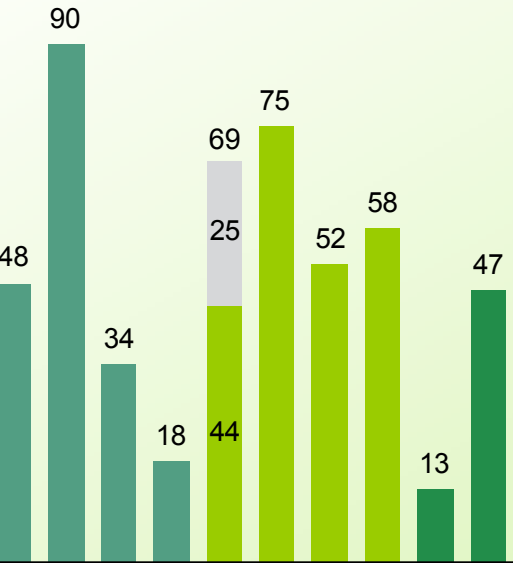
¹Excluding the impact of FX mortgage loan conversion and settlement in Hungary

In Hungary and Bulgaria there was practically no deterioration in 2Q. In Russia the pace of new DPD90+ loan formation accelerated to record level again. The Ukrainian deterioration did not change significantly q-o-q

FX-adjusted quarterly change in DPD90+ loan volumes

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

Consolidated

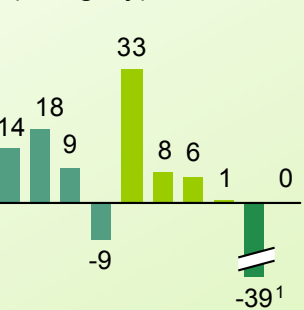


FX-adjusted sold or written-off loan volumes:

Year	Q1	Q2	Q3	Q4
2013	18	31	31	77
2014	10	44	61	287
2015	86	71		

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

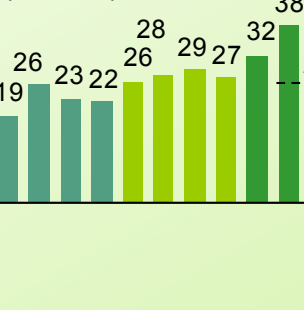
OTP Core (Hungary)



FX-adjusted sold or written-off loan volumes:

Year	Q1	Q2	Q3	Q4
2013	2	6	8	14
2014	8	13	53	36
2015	71 ²	18		

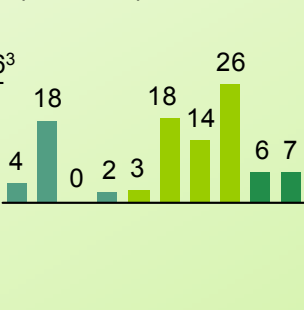
OBRu (Russia)



FX-adjusted sold or written-off loan volumes:

Year	Q1	Q2	Q3	Q4
2013	0	8	1	57
2014	10	0	128	9
2015	48			

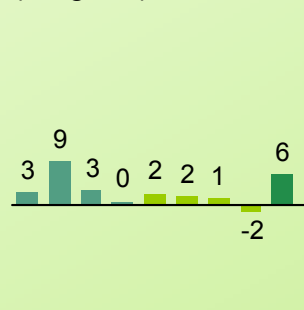
OBU (Ukraine)



FX-adjusted sold or written-off loan volumes:

Year	Q1	Q2	Q3	Q4
2013	3	8	21	3
2014	1	4	4	40
2015	3	2		

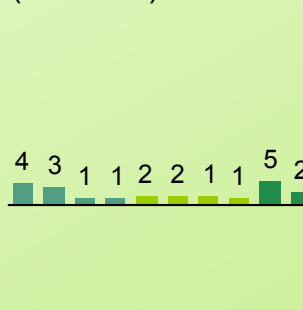
DSK (Bulgaria)



FX-adjusted sold or written-off loan volumes:

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

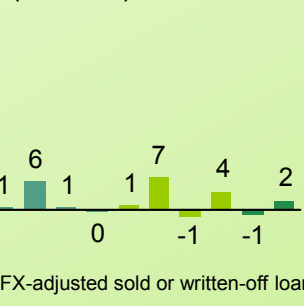
OBR (Romania)



FX-adjusted sold or written-off loan volumes:

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

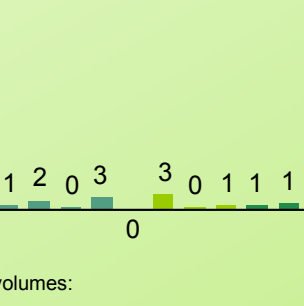
OBH (Croatia)



FX-adjusted sold or written-off loan volumes:

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

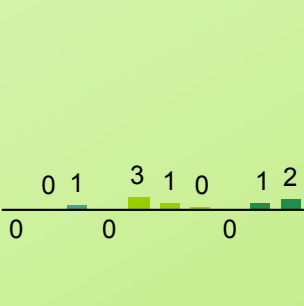
OBS (Slovakia)



FX-adjusted sold or written-off loan volumes:

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

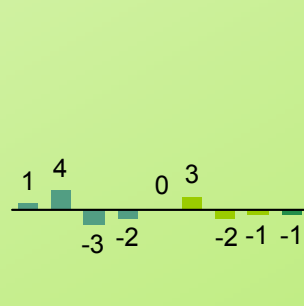
OBSr (Serbia)



FX-adjusted sold or written-off loan volumes:

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

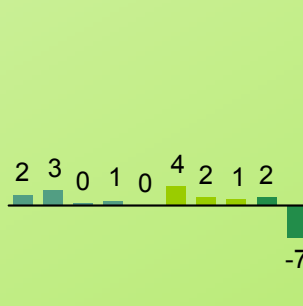
CKB (Montenegro)



FX-adjusted sold or written-off loan volumes:

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

Merkantil Bank+Car (Hungary)

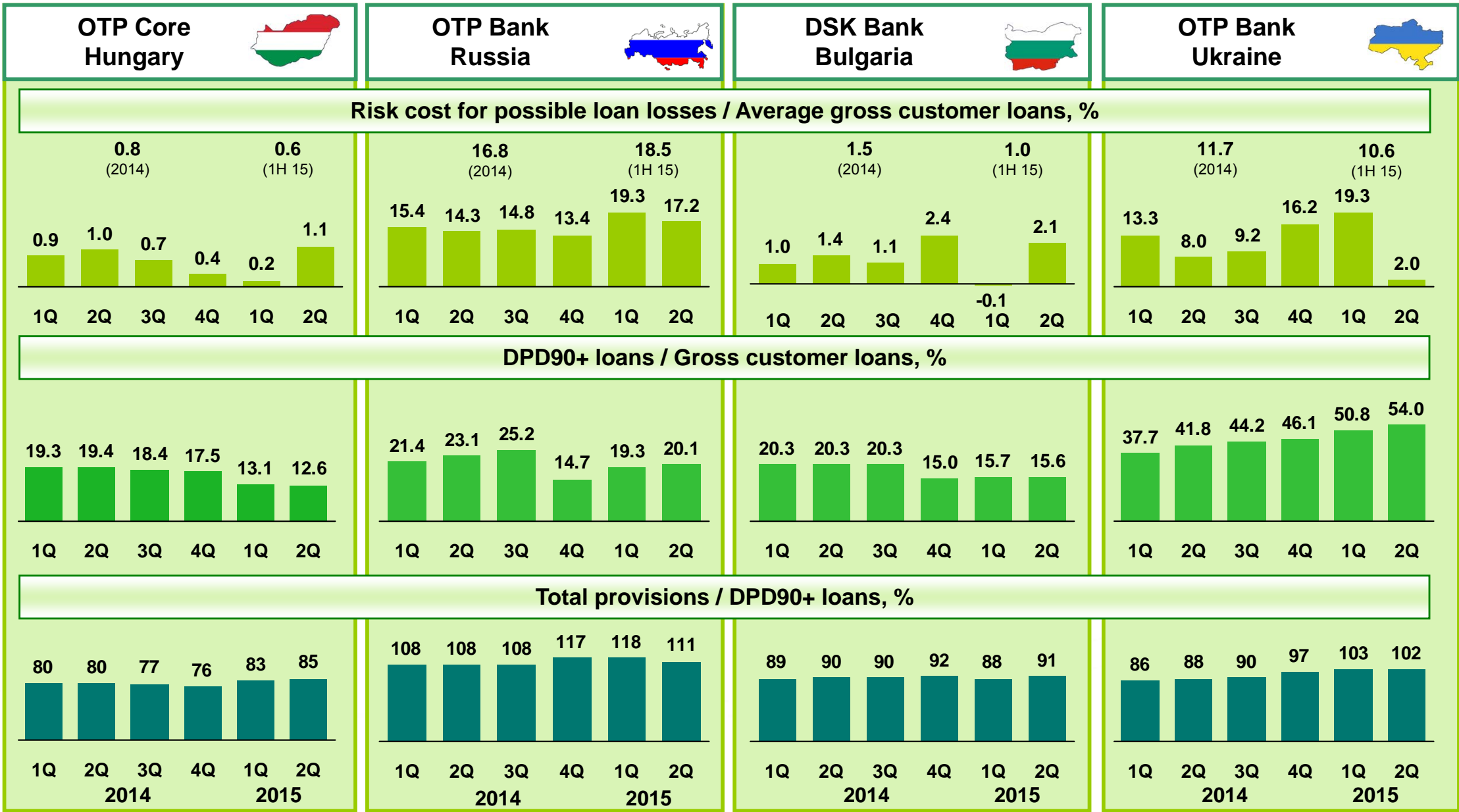


FX-adjusted sold or written-off loan volumes:

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

¹ In 1Q 2015 the settlement reduced the DPD90+ volumes by HUF 38 billion on an FX-adjusted basis.
² The netting out at Factoring induced by the conversion in 1Q 2015 was equivalent of HUF 65 billion on an FX-adjusted basis.
³ Calculated with 2Q 2015 eop FX rates instead of 3Q 2009 HUF/RUB rate which is used for the FX-adjustment.
⁴ In 2Q 2015 at Merkantil the settlement reduced the DPD90+ volumes by HUF 7 billion on an FX-adjusted basis.

The DPD90+ ratio decreased at OTP Core due to write-offs. In Russia the q-o-q declining coverage ratio is the reflection of the change in provisioning methodology. The drop of the Ukrainian risk cost rate did not cause lower coverage



At OTP Core write-offs resulted in 0.5 ppt q-o-q drop in the DPD90+ ratio. In Russia and Ukraine the portfolio continued to deteriorate in 2Q



**OTP Core
(Hungary)**

	DPD90+ ratio (%)					Q-o-Q (%-point)
	2Q 14	3Q 14	4Q 14	1Q 15	2Q 15	
Total	19.4%	18.4%	17.5%	13.1%	12.6%	-0.5
Retail	22.1%	21.9%	21.7%	14.9%	14.2%	-0.7
Mortgage	20.9%	21.0%	20.5%	11.7%	11.1%	-0.7
Consumer	26.2%	25.2%	26.0%	25.3%	24.4%	-0.9
MSE ¹	11.4%	10.4%	10.0%	9.4%	8.9%	-0.5
Corporate	17.9%	13.1%	10.2%	10.6%	10.4%	-0.2
Municipal	0.2%	0.2%	0.2%	0.6%	1.2%	0.6



**OTP Bank
Russia**

	DPD90+ ratio (%)					Q-o-Q (%-point)
	2Q 14	3Q 14	4Q 14	1Q 15	2Q 15	
Total	23.1%	25.2%	14.7%	19.3%	20.1%	0.8
Mortgage	15.6%	15.6%	17.0%	26.2%	31.2%	5.0
Consumer	24.2%	26.5%	15.1%	19.6%	19.5%	0.0
Credit card	24.5%	27.5%	17.7%	21.2%	22.2%	1.0
POS loan	27.7%	28.4%	11.6%	15.4%	14.8%	-0.6
Personal loan	19.0%	22.4%	16.1%	22.7%	21.7%	-0.9



**DSK Bank
(Bulgaria)**

	DPD90+ ratio (%)					Q-o-Q (%-point)
	2Q 14	3Q 14	4Q 14	1Q 15	2Q 15	
Total	20.3%	20.3%	15.0%	15.7%	15.6%	-0.1
Mortgage	23.4%	23.5%	22.1%	22.4%	22.4%	0.1
Consumer	16.8%	17.0%	7.3%	7.7%	8.0%	0.3
MSE ¹	40.3%	40.0%	32.7%	34.2%	31.8%	-2.4
Corporate	16.1%	15.9%	12.4%	14.2%	13.8%	-0.4



**OTP Bank
Ukraine**

	DPD90+ ratio (%)					Q-o-Q (%-point)
	2Q 14	3Q 14	4Q 14	1Q 15	2Q 15	
Total	41.8%	44.2%	46.1%	50.8%	54.0%	3.1
Mortgage	62.7%	66.2%	70.8%	75.7%	79.6%	3.9
Consumer	22.2%	31.4%	41.4%	46.5%	52.7%	6.2
SME ²	75.2%	78.8%	82.3%	86.8%	89.6%	2.8
Corporate	24.6%	24.2%	16.3%	16.8%	17.7%	0.9
Car-financing	50.7%	55.4%	58.9%	58.6%	60.2%	1.6

¹ Micro and small enterprises
² 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 2Q 2015; in the Ukraine the share of restructured retail loans increased 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

	2Q 2014		3Q 2014		4Q 2014		1Q 2015		2Q 2015	
	HUF mn	% ¹	HUF mn	% ¹	HUF mn	% ¹	HUF mn	% ¹	HUF mn	% ¹
OTP Core (Hungary)	31,697	1.7%	25,975	1.4%	22,152	1.2%	19,351	1.2%	16,184	1.0%
OBRu (Russia)	22	0.0%	155	0.0%	131	0.0%	158	0.0%	1,122	0.2%
DSK (Bulgaria)	20,652	2.4%	18,973	2.2%	17,008	2.1%	13,549	1.8%	12,193	1.5%
OBU (Ukraine)	11,926	4.7%	15,191	6.0%	14,556	5.8%	12,827	5.4%	16,071	6.7%
OBR (Romania)	23,907	8.6%	19,273	6.9%	16,982	6.1%	15,206	4.3%	14,315	3.9%
OBH (Croatia)	1,119	0.4%	1,418	0.5%	2,214	0.8%	1,893	0.7%	1,850	0.6%
OBS (Slovakia)	468	0.2%	277	0.1%	389	0.2%	244	0.1%	405	0.2%
OBSr (Serbia)	582	1.6%	593	1.7%	408	1.1%	455	1.3%	769	2.0%
CKB (Montenegro)	564	0.9%	462	0.8%	226	0.4%	190	0.3%	146	0.2%
Merkantil (Hungary)	2,818	1.6%	2,264	1.3%	1,864	1.0%	1,653	0.9%	1,283	0.7%
Other leasing ² (Hungary)	334	1.3%	338	1.2%	194	0.7%	192	0.7%	237	1.0%
TOTAL	94,090	1.9%	84,919	1.7%	76,124	1.7%	65,720	1.5%	64,575	1.5%

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

² OTP Flat Lease

The consolidated adjusted after tax profit for 2015 expected to be below the 2014 level:

Despite the relatively strong 2Q 2015 performance weaker 2H adjusted profit is expected compared to 1H adjusted profit, primarily due to the negative Ukrainian outlook which will potentially lead to further provisioning requirements and therefore, higher cost of risk.

Higher operating cost is forecasted for the second half of 2015 compared to 1H reasoned by seasonality and also some on-going projects (Touch Bank in Russia, digital transformation project in Hungary and other countries).

The management reiterates its ROE forecast of 15-20% for 2017.

Forward looking statements

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



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