OTP Group
Investor presentation based on 3Q 2017 results

OTP Group has maintained strong profitability, capital adequacy and liquidity

Content

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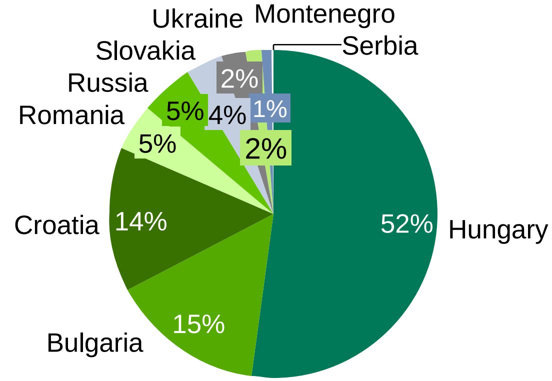
Key pillars of the OTP investment rationale

1.	Unique diversified access to the CEE/CIS banking sector
2.	Return on Equity has returned to attractive levels (>15%) since a new era of structurally low risk environment has commenced
3.	After years of deleveraging loan volumes demonstrate positive trends in Hungary
4.	Strong capital and liquidity position coupled with robust internal capital generation make room for further acquisitions
5.	OTP is a frontrunner and has always been committed to innovation in digital banking

1. OTP Group is offering universal banking services to more than 15 million customers in 9 countries across the CEE/CIS Region

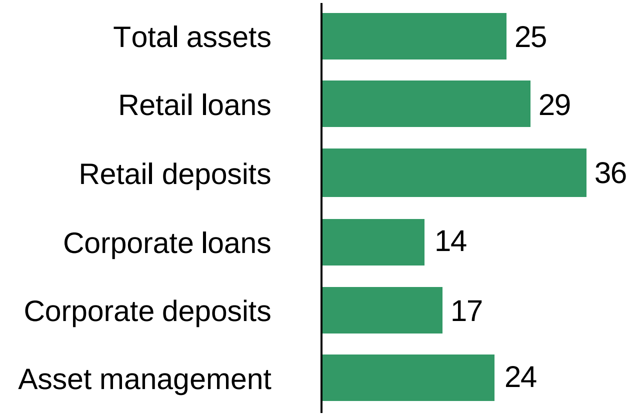
Major Group Members in Europe

Total Assets

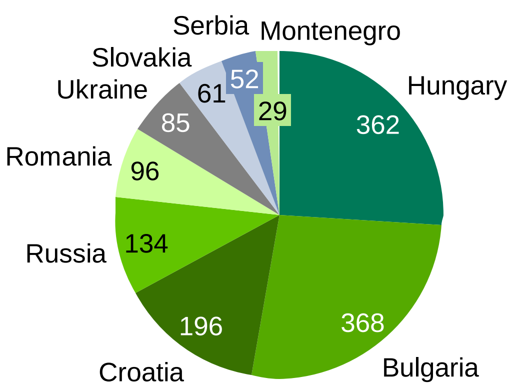


Total Assets: HUF 12,642 billion

Systemic position in Hungary…

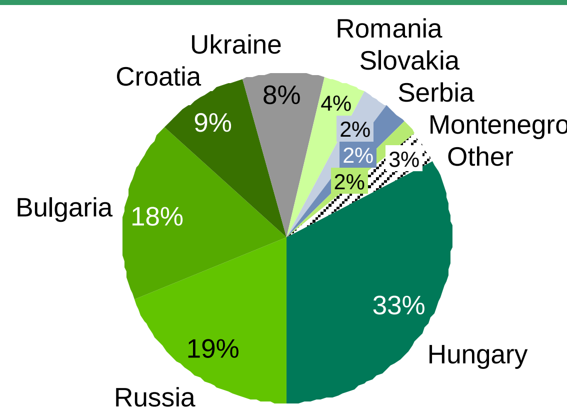


Number of Branches



Total number of branches: 1,383

Headcount



Total headcount: 27,329[1]

… as well as in other CEE countries

Bulgaria
- No. 2 in Total assets
- No. 1 in Retail deposits
- No. 1 in Retail loans

Croatia
- No. 4 in Total assets

Russia
- No. 2 in POS lending
- No. 7 in Credit card business
- No. 40 in Cash loan business

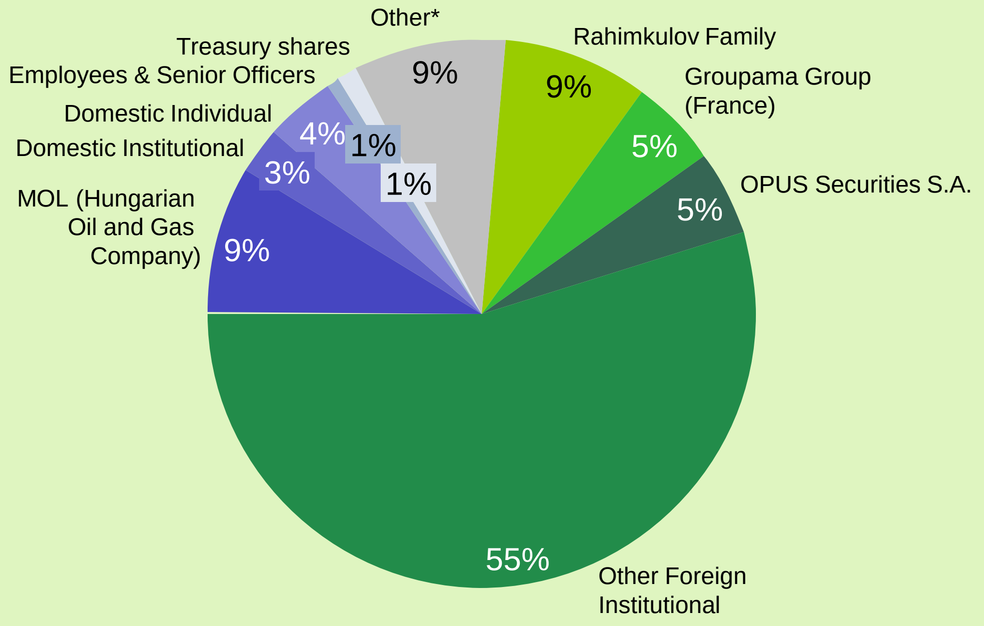
Montenegro
- No. 1 in Total assets

Source: OTP Bank Plc.

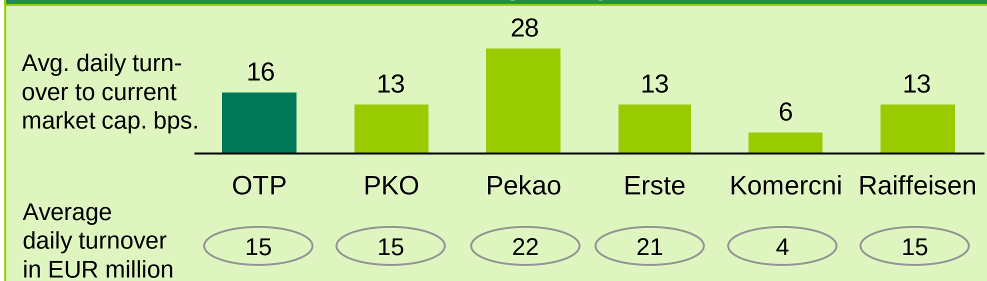
[1] Excluding selling agents employed at OTP Bank Russia and at OTP Bank Ukraine.

OTP offers a unique investment opportunity to access the CEE banking sector. The Bank is a well diversified, transparent player without strategic investors

Ownership structure of OTP Bank on 30 September 2017



OTP is one of the most liquid stocks in a peer group comparison in terms of average daily turnover**



Key features

Total number of ordinary shares: 280,000,010, each having a nominal value of HUF 100 and representing the same rights

Diversified ownership structure without strategic investors

No direct state involvement, the Golden Share was abolished in 2007

The most important individual stakeholders: MOL, the Rahimkulov Family, MOL, OPUS Securities and Groupama Group, with each of them below 10% stake

OTP Group's Capabilities

'Best Private Bank in Hungary'
'Best Private Bank in CEE'
(World Ranking: 177)

'Best bank of the year in 2016'
Socially responsible Bank of the year in 2016 '
The most likable Bank of the year in 2016'
Banker of the year in 2016'

'Best Bank in Hungary 2017'
'Best Bank in Bulgaria 2014 and 2017'

'Best local bank in Hungary'

DSK Bank - 'Best Bank in Bulgaria 2015'

'Best Bank in Hungary in 2008, 2009, 2010, 2012, 2013, 2014, 2015, 2016 and 2017'

'The Best Private Banking Services in Hungary in 2014 and 2017'

Index Member of CEERIUS

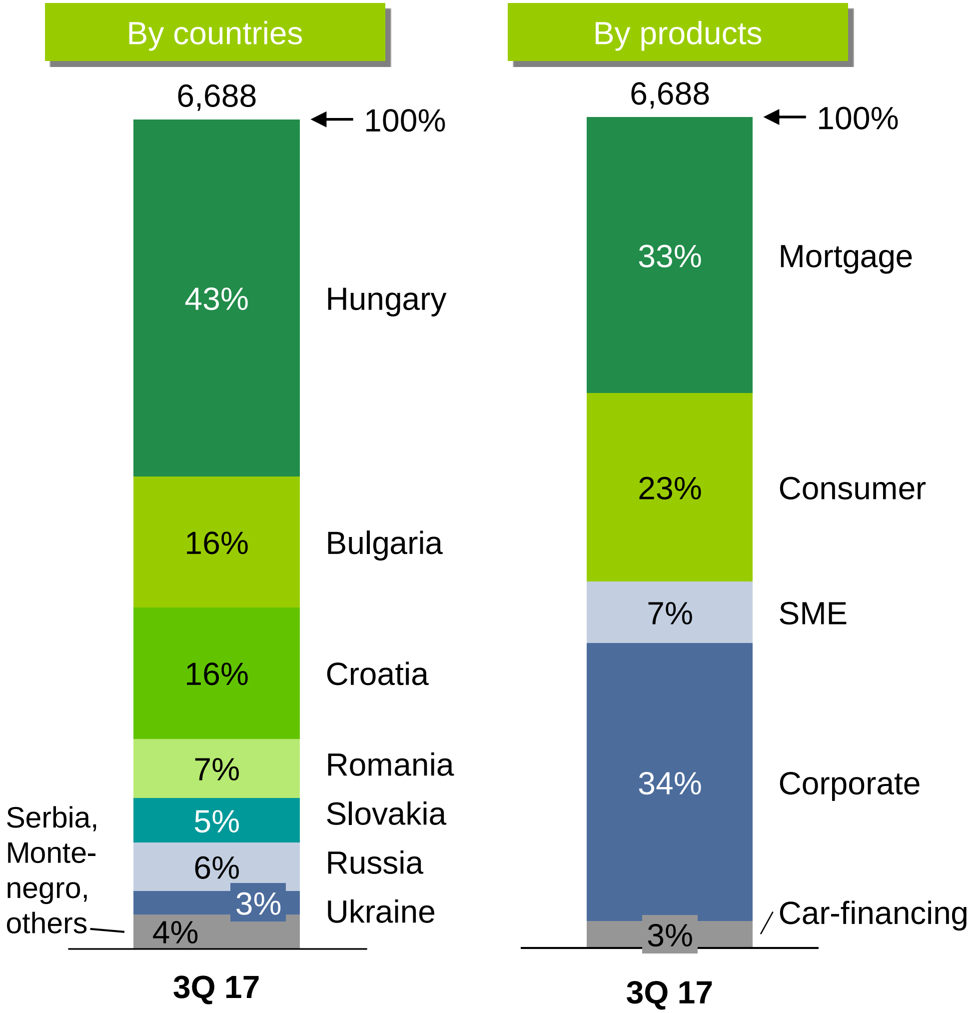
'Best FX providers in Hungary in 2017'

'Best Private Bank in Hungary in 2018'

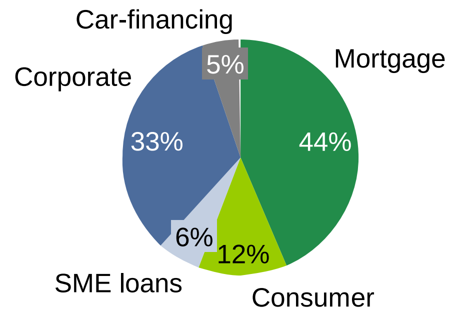
* Foreign individuals and non-identified shareholders.
** According to the last 6M data (end date: 13 November 2017) on the primary stock exchange.

1. The net loan book is dominated by Hungary and tilted to secured retail lending; 87% of the total book is invested in EU countries with stable earning generation capabilities

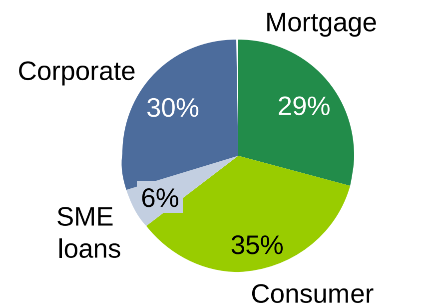
Breakdown of the consolidated net loan book
(in HUF billion)



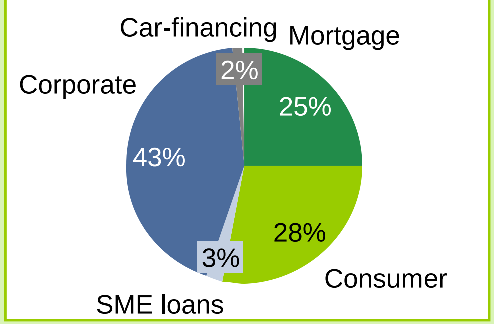
OTP Core[1] (Hungary)



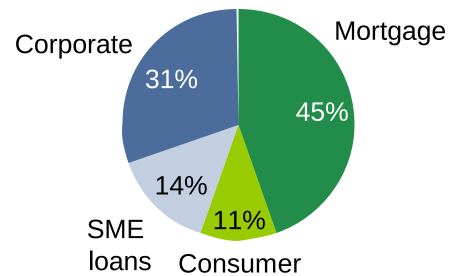
DSK Bank (Bulgaria)



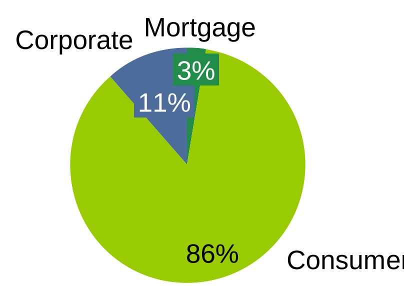
OTP Bank Croatia



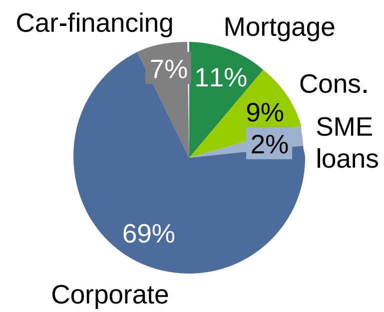
OTP Bank Romania



OTP Bank Russia[2]



OTP Bank Ukraine

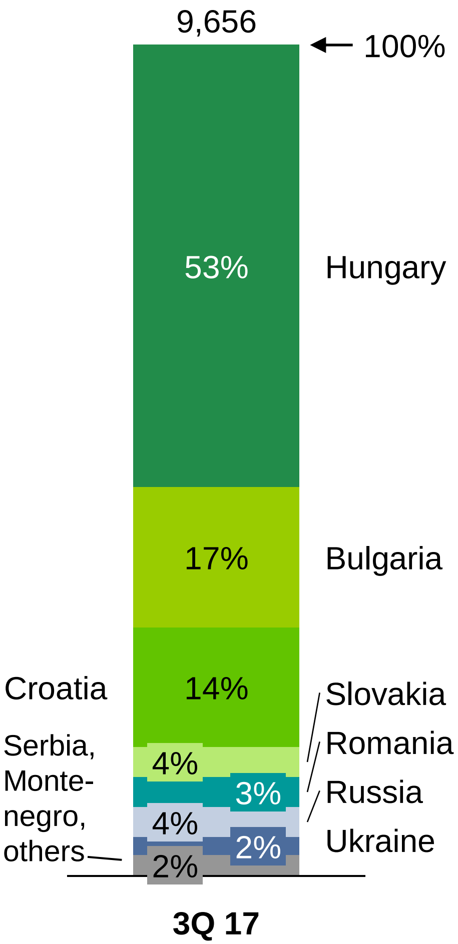


[1] Including Merkantil Bank and Merkantil Car (Hungary).
[2] Excluding Touch Bank.

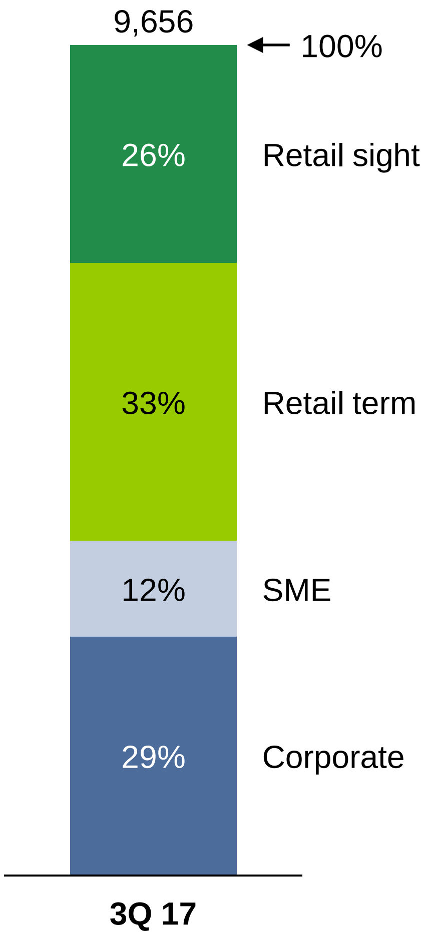
1. In the deposit book Hungary and the retail segment is dominant. In Hungary and Bulgaria OTP and DSK are the largest retail deposit holders

Breakdown of the consolidated deposit base
(in HUF billion)

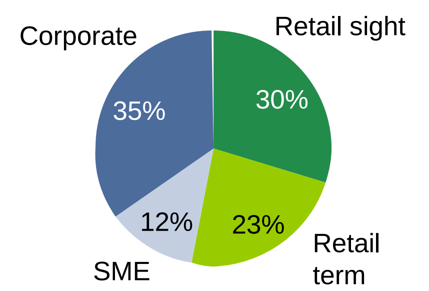
By countries



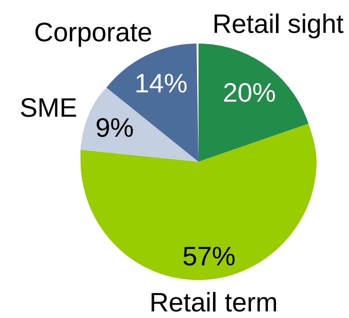
By products



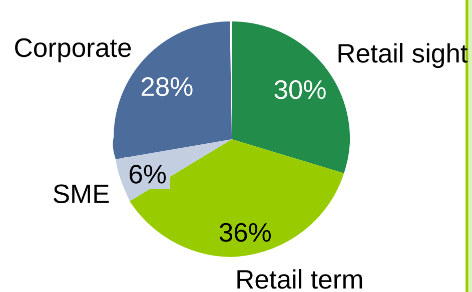
OTP Core (Hungary)



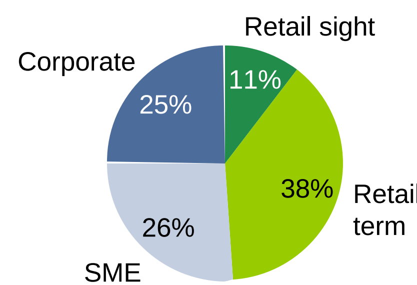
DSK Bank (Bulgaria)



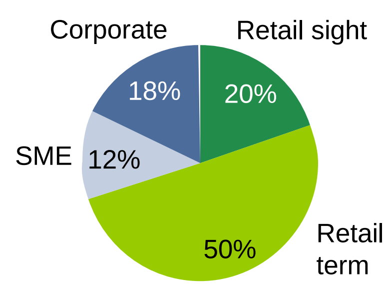
OTP Bank Croatia



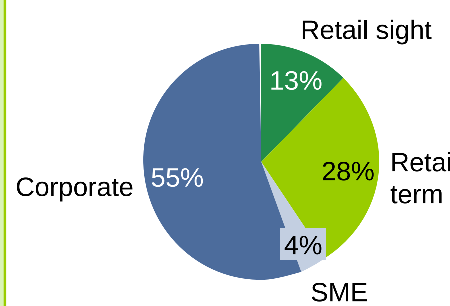
OTP Bank Romania



OTP Bank Russia[1]



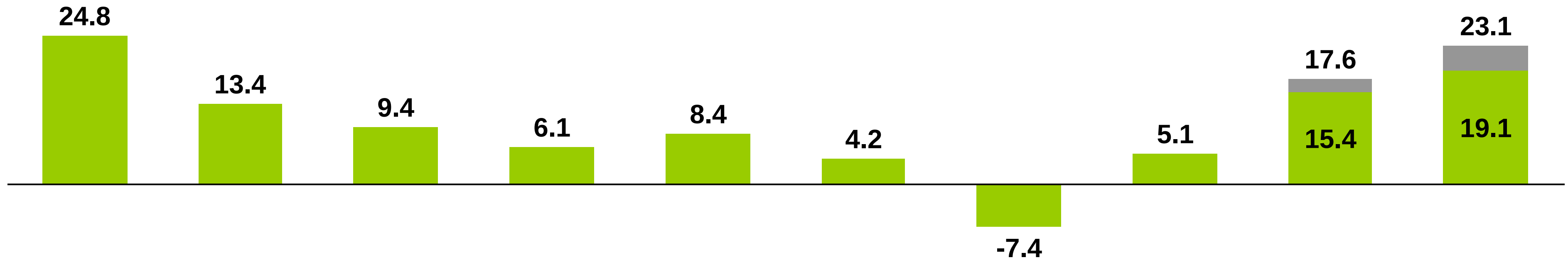
OTP Bank Ukraine



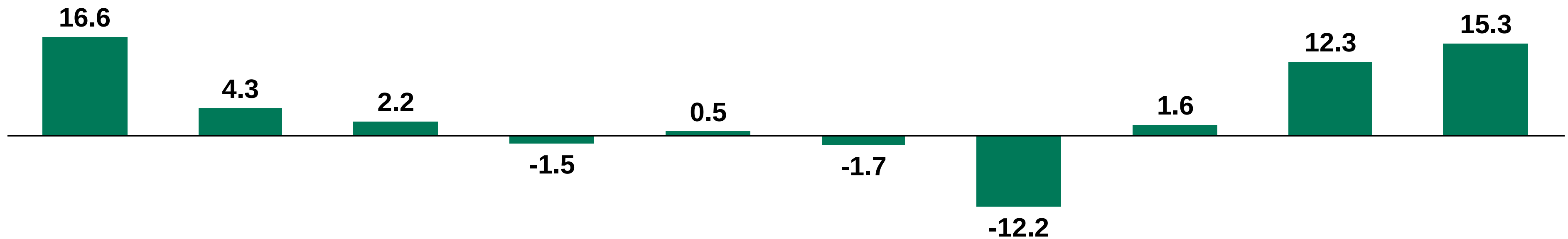
[1] Excluding Touch Bank.

2. Return on Equity has returned to attractive levels

Consolidated ROE[1], accounting (%)



Opportunity cost-adjusted[3] consolidated accounting ROE over the average 10Y Hungarian government bond yields (%)



Price to Book ratio

	2008	2009	2010	2011	2012	2013	2014	2015	2016	9M 17
Max	2.8	1.4	1.7	1.4	0.8	1.0	0.9	1.4	1.7	1.9
Min	0.6	0.4	0.9	0.6	0.6	0.7	0.7	0.8	1.3	1.5

Bloomberg

[1] The calculation methodology of certain indicators has been changed. ROEs are based on new methodology from 2015.
[2] The indicated dividend and the CET1 capital surplus (as calculated from the difference between the targeted 12.5% CET1 and the actual CET1 ratio including the interim result less dividend accrual) is deducted from the equity base.
[3] Accounting ROE less the annual average of Hungarian 10Y government bond yields.

2. The accounting ROE has been growing steadily since 2015 on the back of moderating provision charges and vanishing negative adjustment items; the total revenue margin has been relatively resilient

	2009	2010	2011	2012	2013	2014	2015	2016	9M 17
Accounting ROE	13.4%	9.4%	6.1%	8.4%	4.2%	-7.4%	5.1%	15.4%	19.1%
Accounting ROE on 12.5% CET1 ratio[1]							5.4%	17.6%	23.1%
Adjusted ROE[2]	13.4%	13.0%	11.8%	10.2%	9.6%	8.5%	9.6%	15.4%	20.2%
Total Revenue Margin[3]	7.93%	8.03%	8.12%	8.31%	8.44%	7.74%	7.07%	6.81%	6.83%
Net Interest Margin[3]	6.17%	6.16%	6.31%	6.40%	6.37%	5.96%	5.16%	4.82%	4.62%
…									
Operating Costs / Average Assets	3.65%	3.62%	3.76%	3.89%	4.07%	3.85%	3.66%	3.70%	3.62%
Risk Cost Rate	3.57%	3.69%	2.95%	3.11%	3.51%	3.68%	3.18%	1.14%	0.34%
Leverage (average equity / avg. assets)	11.7%	12.8%	13.6%	14.4%	14.8%	13.0%	11.5%	12.9%	12.7%

General note: performance indicators according to the new calculation methodology from 2015.
[1]The indicated/accrued dividend and the CET1 capital surplus (as calculated from the difference between the targeted 12.5% CET1 and the actual CET1 ratio including the interim result less dividend accrual) is deducted from the equity base.
[2] Calculated from the Group's adjusted after tax result. [3] Excluding one-off revenue items.

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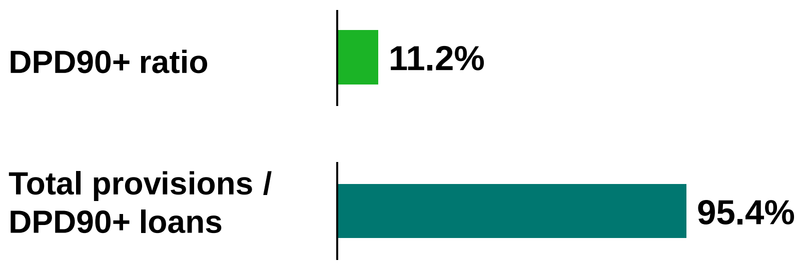
A new era of structurally low risk environment has commenced

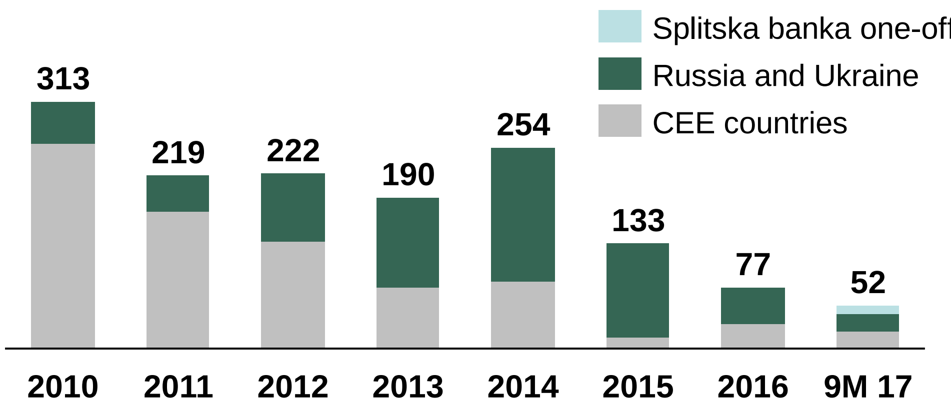
1 Existing DPD90+ loans are conservatively covered with provisions

3Q 2017, consolidated



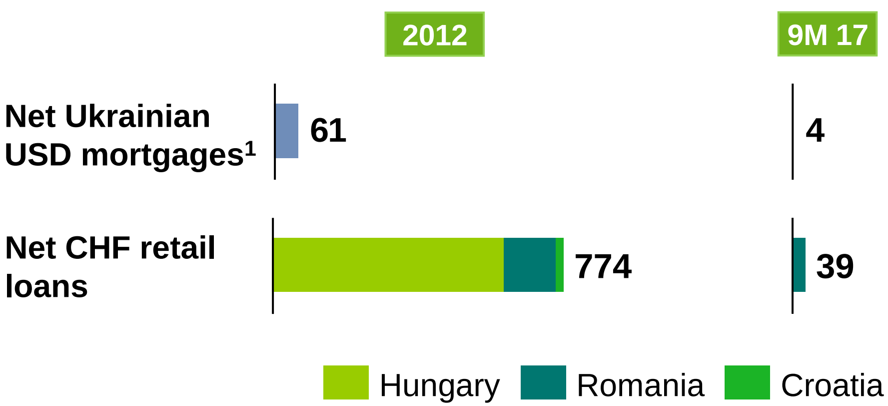
2 The DPD90+ formation has receded

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



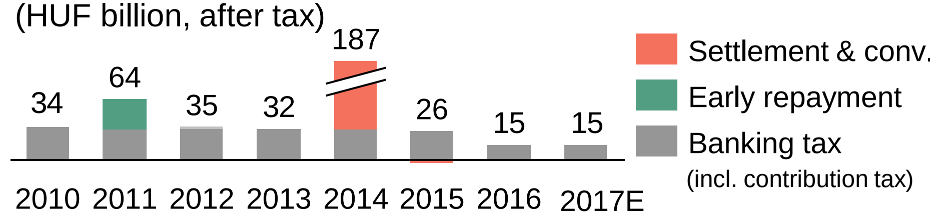
3 Vanishing „toxic" portfolios at OTP Group members

(HUF billion)



4 The Hungarian regulatory risk has moderated substantially

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



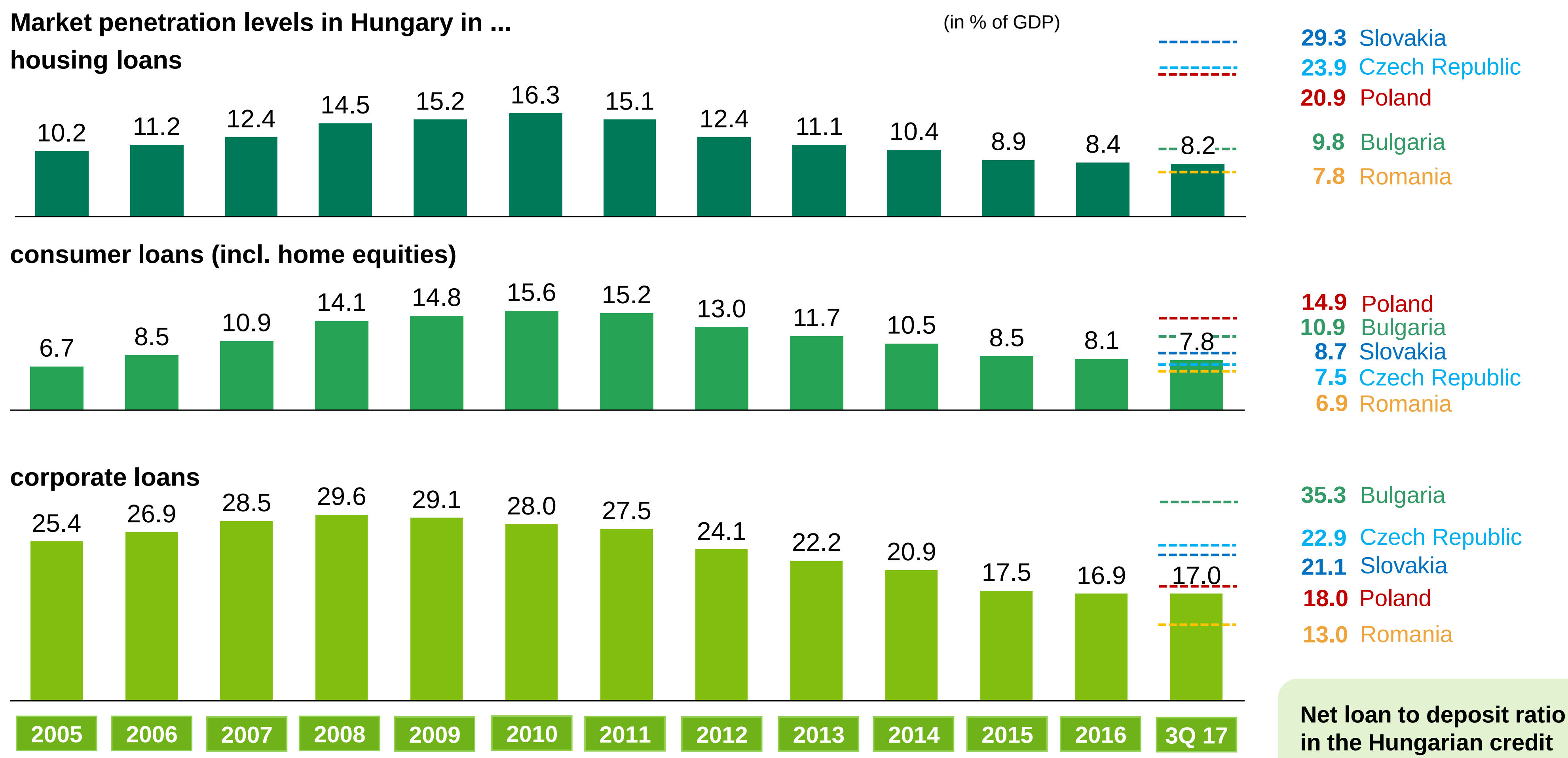
Positive measures supporting the banking system

- Funding for Growth Scheme
- Housing subsidy (CSOK)
- Market-Based Lending Scheme
- National Asset Mgmt. Company

[1] Performing.

3.

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



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

168% → 94%

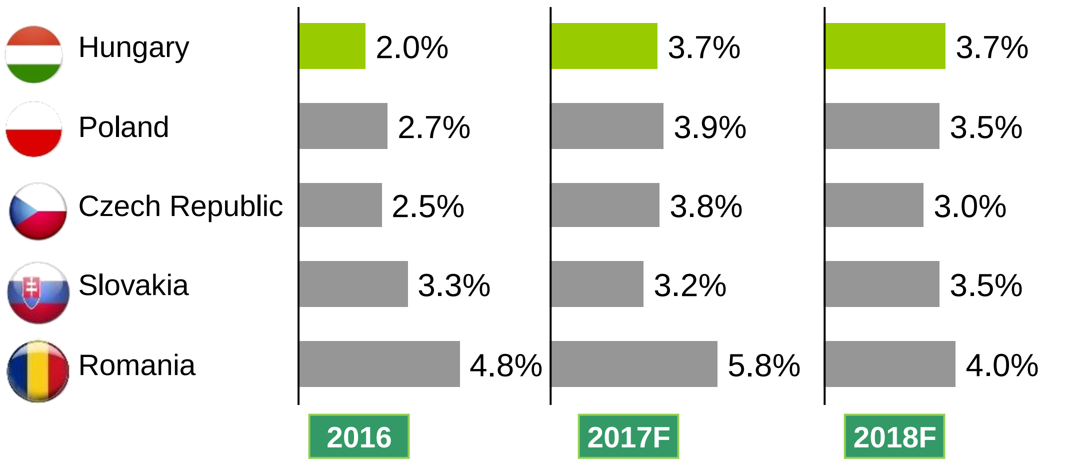
1Q 09 → 2Q 17

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

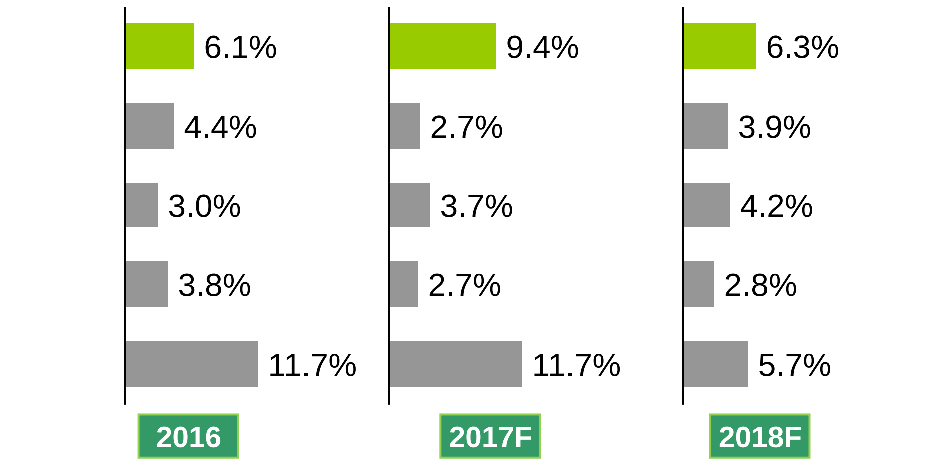
3.

The CEE region demonstrates stellar performance; for most of the indicators affecting loan dynamics Hungary ranks among the best in the regional rally

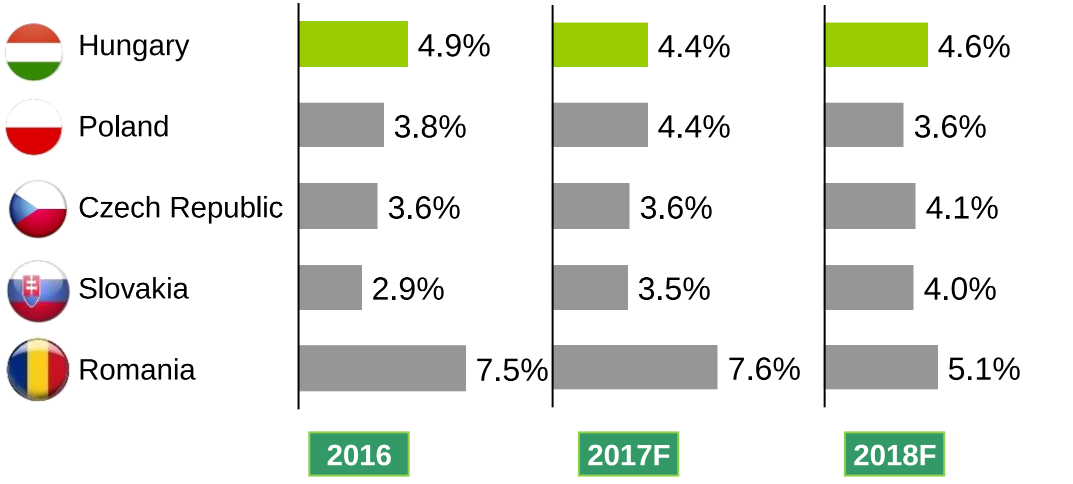
Real GDP growth (y-o-y)



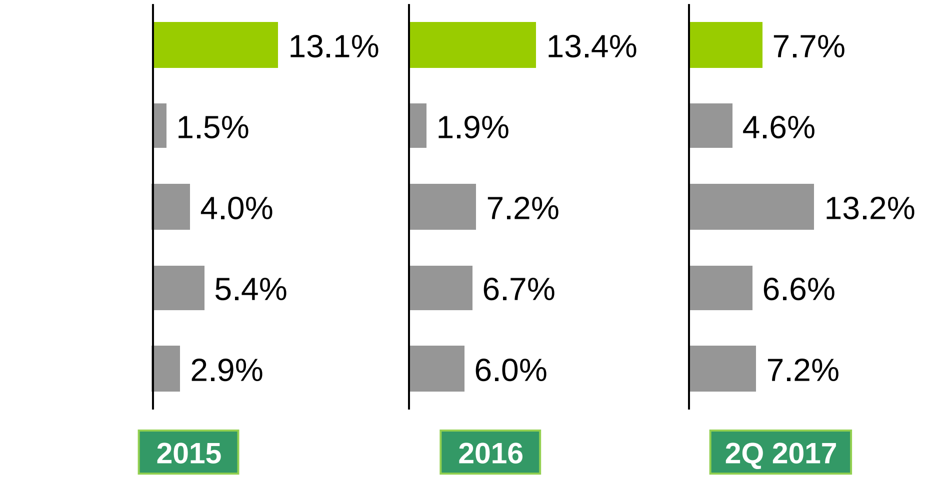
Real wage growth (y-o-y)



Household consumption growth (y-o-y)



Housing price index (y-o-y)



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

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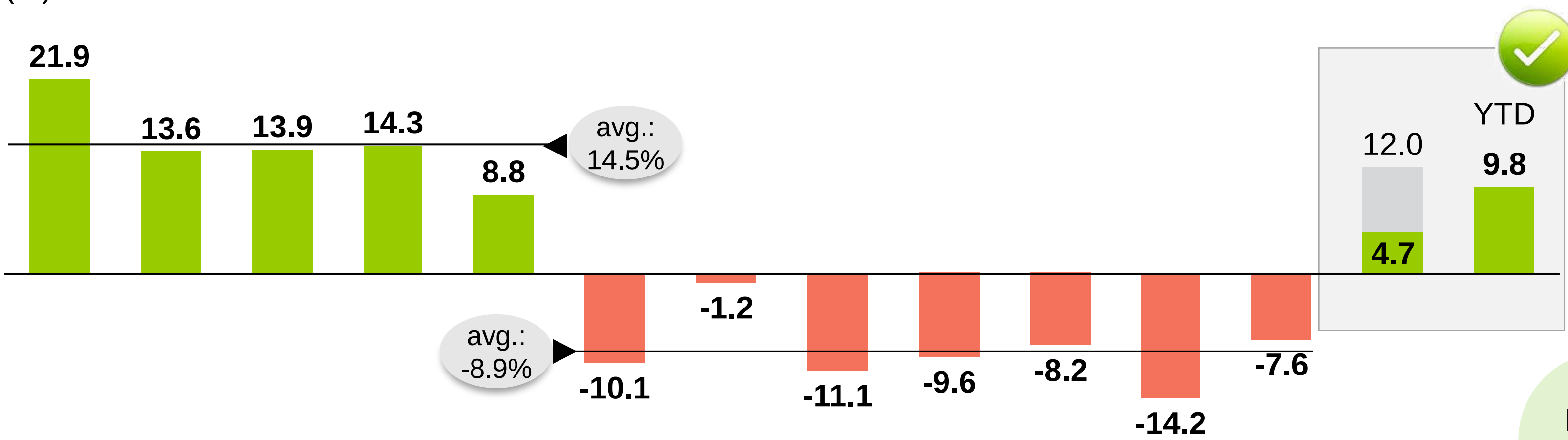
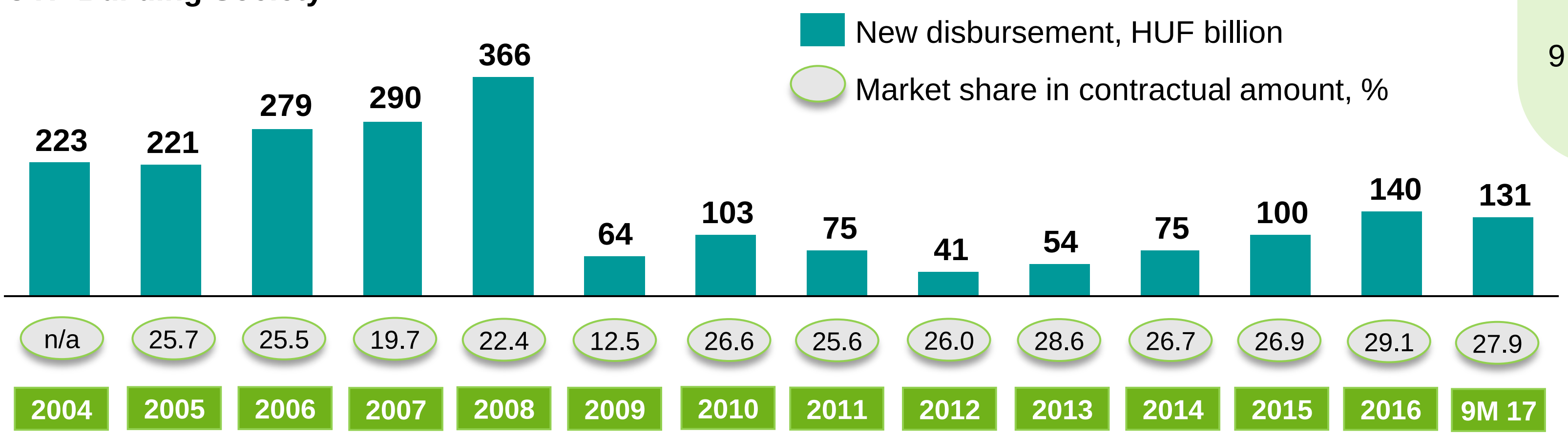
After years of loan volume contraction 2016 and 9M 2017 developments already underpin a definite turnaround at OTP Core

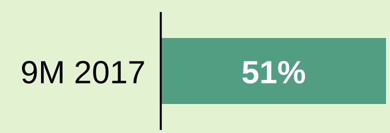
FX-adjusted Y-o-Y performing loan volume changes at OTP Core[1]
(%)



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



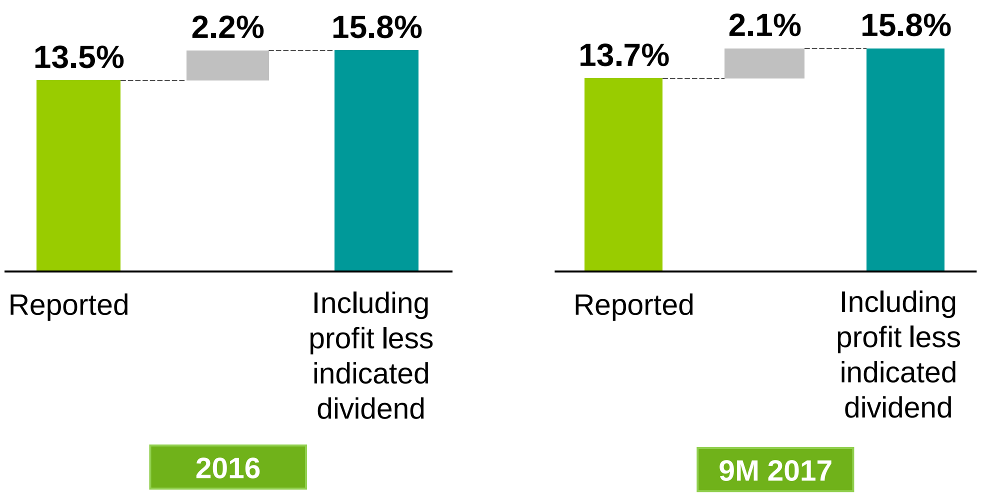
Net loan to deposit + retail bonds ratio at OTP Core



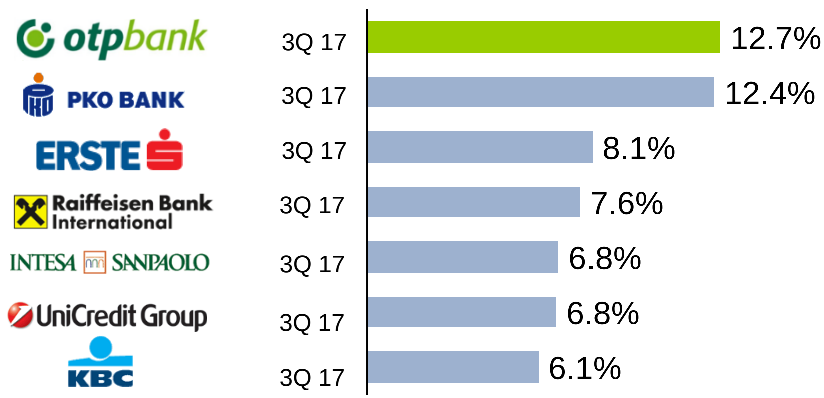
[1] 2004-2008: gross loan volume changes; from 2009: FX-adjusted performing (DPD0-90) loan volume changes, estimate. Changes are based on OTP Bank, Mortgage Bank, Building Society and Factoring aggregated volumes until 2005, and OTP Core volumes from 2006.
[2] Calculated from raw, unadjusted data.

4. Strong capital and liquidity position coupled with robust internal capital generation make room for further acquisitions

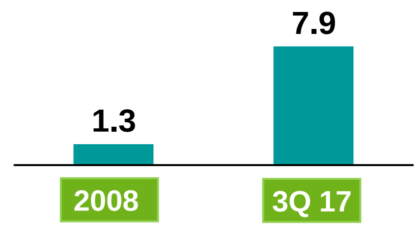
Development of the fully loaded CET1 ratio of OTP Group



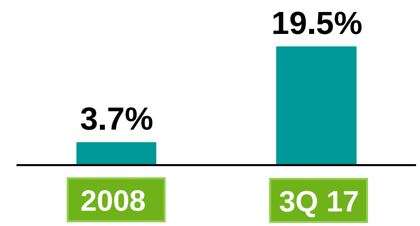
Leverage ratio (average equity / average assets)



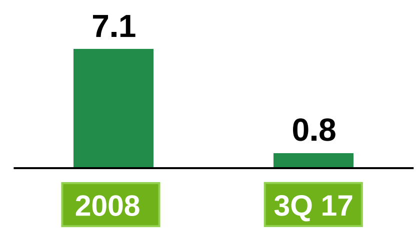
Net liquidity reserves
(in EUR billion equivalent)



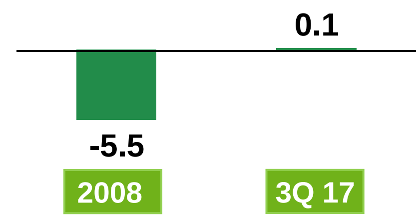
Net liquidity buffer / total assets (%)



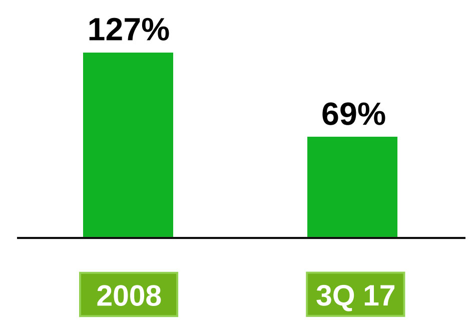
External debt[1]
(in EUR billion equivalent)



Group FX liquid assets[2]
(in EUR billion equivalent)

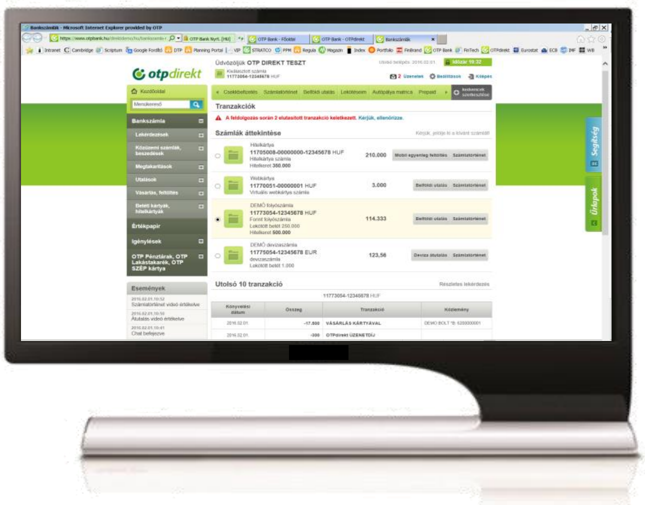


Consolidated net loan to deposit + retail bond ratio



[1] Senior bonds, mortgage bonds, bilateral loans.
[2] Positive amount implies FX liquidity placement.

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



More than
1 million regular
users monthly[2]

~180 thousand
users monthly[2]

~210 thousand
contacts
monthly[1]

Monthly ATM cash
withdrawals in the
amount of
HUF ~280 billion[1]

[1] Based on 2Q 2017 data
[2] Based on 3Q 2017 data

5. 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 1.2 million clients** are using the new OTP digital solutions (Loyalty program, Simple, SME onboarding, EBP, mPOS, Retail onboarding, SmartBank, Mobile wallet, Digital signature pad*)
- **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

* There is overlap among projects.

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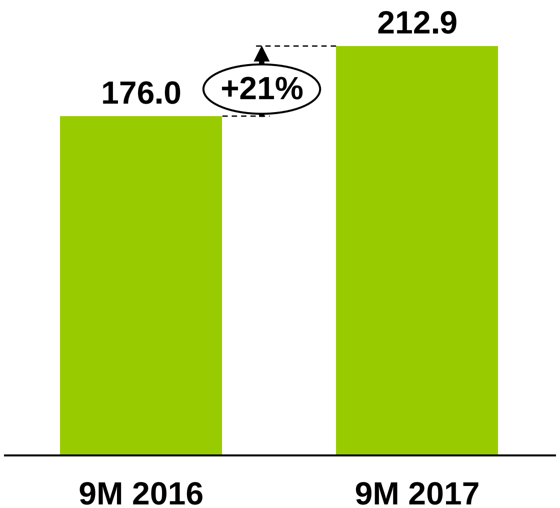
Content

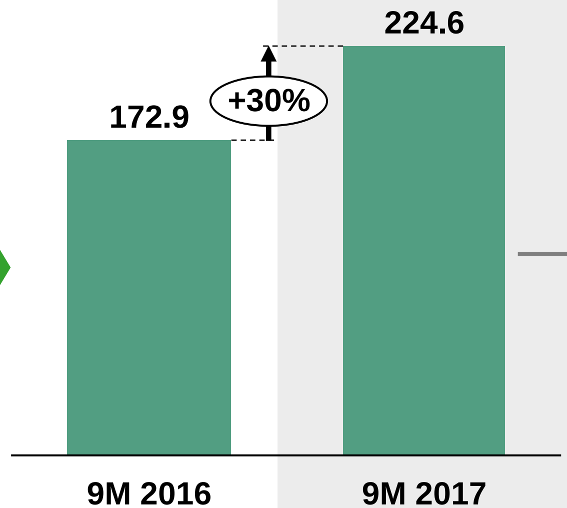
The 9M accounting result grew by 21% y-o-y despite the balance of adjustments turned negative y-o-y. CEE Group members' contribution grew by 26%, whereas the Russian and Ukrainian contribution increased by 25% y-o-y

(in HUF billion)

Accounting profit after tax

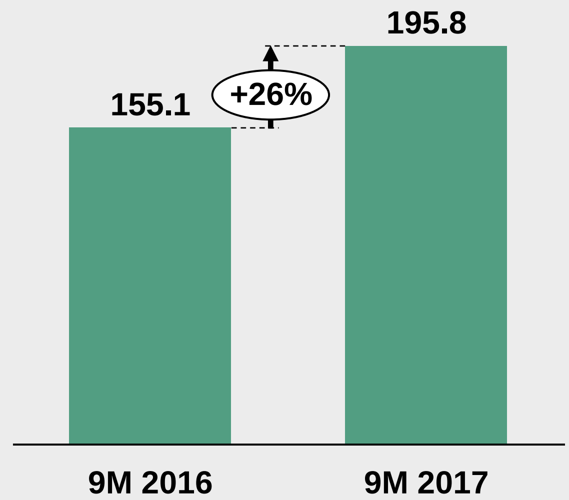


Adjusted profit after tax

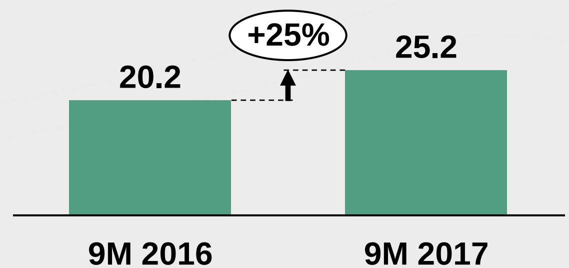


Adjustments (after tax)	**9M 2016**	**9M 2017**
Banking tax	-13.8	-15.1
Visa	13.2	0
Other	3.7	3.4
Total	3.1	-11.7

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 -2.4 billion in 9M 2016 and HUF 3.6 billion in 9M 2017.

The 9M profit growth of the CEE Group members was led by OTP Core and the Croatian operation, but the contribution of the Leasing operation surged, too. The Russian profit improved by 34%, Touch Bank remained loss-making

	9M 16	9M 17	Y-o-Y	3Q 16	2Q 17	3Q 17	Q-o-Q	Y-o-Y
	in HUF billion			in HUF billion				
Consolidated adjusted after tax profit	**172.9**	**224.6**	**30%**	**68.8**	**78.3**	**79.5**	**2%**	**16%**
CEE operation (adjusted)	**155.1**	**195.8**	**26%**	**59.8**	**69.0**	**69.8**	**1%**	**17%**
OTP Core (Hungary)	98.4	136.9	39%	38.8	49.4	46.7	-5%	20%
DSK (Bulgaria)	42.7	36.7	-14%	14.7	12.0	11.3	-6%	-23%
OBR (Romania)	2.2	2.1	-5%	0.6	-0.4	1.2		104%
OBH[1] (Croatia)	3.6	11.1	209%	1.4	6.9	6.0	-14%	324%
OBS (Slovakia)	0.4	-0.6		0.1	-0.4	-0.3	-31%	
OBSrb (Serbia)	0.2	-1.3		0.1	-1.5	0.2		180%
CKB (Montenegro)	1.7	0.7	-60%	1.4	-0.1	0.7		-52%
Leasing (HUN, RO, BG, CR)	3.2	7.1	122%	1.8	2.1	2.9	34%	55%
OTP Fund Management (Hungary)	2.8	3.2	15%	0.9	1.0	1.2	17%	30%
Russian and Ukrainian operation (adjusted)	**20.2**	**25.2**	**25%**	**9.3**	**8.4**	**8.1**	**-4%**	**-12%**
OBRU (Russia)	16.0	21.4	34%	6.8	7.5	6.4	-15%	-7%
Touch Bank (Russia)	-3.9	-5.2	31%	-1.4	-1.6	-1.3	-14%	-6%
OBU (Ukraine)	8.1	8.9	9%	3.8	2.5	3.1	22%	-20%
Corporate Centre and others	**-2.4**	**3.6**		**-0.3**	**0.8**	**1.6**	**91%**	

[1] In this presentation the performance of OBH (Croatia) includes the performance of Splitska banka starting from the consolidation in May 2017. OTP banka Hrvatska and Splitska banka are legally separate.

In 3Q 2017 four small adjustment items emerged with an aggregated effect of -HUF 0.2 billion

	9M 16	9M 17	Y-o-Y	3Q 16	2Q 17	3Q 17	Q-o-Q	Y-o-Y
	in HUF billion			in HUF billion				
Consolidated after tax profit (accounting)	**176.0**	**212.9**	**20%**	**69.8**	**80.7**	**79.3**	**2%**	**14%**
Adjustments (total)	**3.1**	**-12.9**		**1.0**	**2.4**	**-0.2**		
Dividends and net cash transfers (after tax)	0.4	0.6	62%	0.1	0.2	0.3	44%	106%
Goodwill/investment impairment charges (after tax)	10.8	-0.5		8.6	-0.8	1 -0.2	-76%	
Special tax on financial institutions (after corporate income tax)	-13.8	-15.1	9%	-0.2	-0.2	-0.2	-4%	-12%
Impact of fines imposed by the Hungarian Competition Authority (after tax)	0.0	0.2		0.0	0.0	0.0		
Gain on the sale of Visa Europe shares (after tax)	13.2	0.0	-100%	0.0	0.0	0.0		
Corporate tax impact of switching to IFRS from HAR in Hungary	-7.5	0.0	-100%	-7.5	0.0	0.0		-100%
Effect of acquisitions (after tax)	0.0	3.0		0.0	3.2	2 -0.2		
Consolidated adjusted after tax profit	**172.9**	**224.6**	**30%**	**68.8**	**78.3**	**79.5**	**2%**	**16%**

1 HUF 0.2 billion negative tax effect was related to the reversal of impairment charges booked in relation to OTP Mortgage Bank.

2 -HUF 155 million (after tax) emerged in relation to the Splitska banka transaction.

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9M profit before tax without one-off items went up by 23% y-o-y; whereas it remained stable in 3Q q-o-q. The quarterly net interest income stabilized and risk costs kept further declining

	9M 16	9M 17	Y-o-Y	3Q 16	2Q 17	3Q 17	Q-o-Q	Y-o-Y
	in HUF billion			in HUF billion				
Consolidated adjusted after tax profit	**172.9**	**224.6**	**30%**	**68.8**	**78.3**	**79.5**	**2%**	**16%**
Corporate tax	-34.4	-30.8	-10%	-4.2	-12.1	-9.3	-23%	124%
O/w tax shield of subsidiary investments	3.1	-		2.3	-	-		
Before tax profit	207.3	255.4	23%	72.9	90.3	88.8	-2%	22%
Total one-off items	2.0	3.8	91%	-0.9	2.9	1.0	-65%	
Result of the Treasury share swap agreement	2.0	3.8	91%	-0.9	2.9	1.0	-65%	
Before tax profit without one-off items	**205.2**	**251.5**	**23%**	**73.8**	**87.4**	**87.8**	**0%**	**19%**
Operating profit w/o one-off items	250.9	278.1	11%	86.6	97.3	92.1	-5%	6%
Total income w/o one-off items	542.7	596.1	10%	184.9	204.5	202.8	-1%	10%
Net interest income	388.8	406.1	4%	130.7	136.9	137.0	0%	5%
Net fees and commissions	127.7	151.4	18%	45.4	53.8	53.0	-1%	17%
Other net non interest income without one-offs	26.2	38.6	47%	8.8	13.8	12.7	-8%	45%
Operating costs	-291.8	-318.0	9%	-98.2	-107.3	-110.7	3%	13%
Total risk costs	-45.6	-26.6	-42%	-12.8	-9.8	-4.3	-57%	-67%

Miscellaneous - 1

Capital allocation guidance	OTP Group has started to follow a dynamic growth trajectory. During the last twelve months the performing loan portfolio advanced by 10% organically, whereas the two already completed and two announced acquisitions boost the portfolio by an additional 25%. According to the management's opinion, the operating environment is going to remain supportive for the continuation of a dynamic growth strategy. Thus, beyond the capital required for organic growth the management intends to allocate significant part of the generated excess capital for further value-creating acquisitions. Subject to the planned and executed acquisitions, the organic growth, as well as the Company's profitability the management will also seek to increase the annual dividend amount. Alongside with those targets, maintaining a strong capital position remains an important goal, both in relative and absolute terms. Therefore the intended level of CET1 ratio increases to 15%; however it is going to move within the range of 12%-18%, depending on the timing of acquisitions and the incorporation of the annual retained earnings.
Recently announced M&As	In July and August 2017 OTP Bank announced a Romanian and Serbian acquisition; none of them has been consolidated in 3Q, since the financial closure hasn't happened yet. In Serbia the consolidation is expected to happen in 4Q 2017, whereas in Romania in 1Q 2018, subject to regulatory approvals.
Restatement	The share swap agreement between OTP Bank Plc. and MOL Plc. has been amended. Taking into account the economic substance of the deal and the amendment of certain elements of the contract, in order to show a full and reliable picture, the Bank decided to account for the deal on a net base, which provides a better reflection of the deal's economic substance, rather than booking it on a gross base. Simultaneously, the accounting policy has been changed. Pursuant to the change, the MOL shares (previously booked on the trading securities balance sheet line) and the related financial liabilities have been netted off. Due to a change in the Company's accounting policy, balance sheets have been restated for the relevant base periods. The consolidated balance sheet and the balance sheet of OTP Bank and OTP Core were affected; however, the change was neutral on the shareholders' equity and the statement of recognized income. Due to a change in total assets, performance indicators with total assets in their denominators changed retroactively. For example, the restated 2016 full-year consolidated net interest margin changed to 4.82% from 4.78% presented earlier.

Miscellaneous - 2

Change in the presentation of accrued interest receivables	In 3Q 2017 the way of presentation of accrued interest receivables related to loans has been unified at certain Group members. In essence, the accrued interest receivables have been included in the gross customer loans line in the balance sheet of these Group members. Furthermore, in the adjusted balance sheets the total amount of accrued interest receivables related to DPD90+ loans were netted with the provisions created in relation to the total exposure toward those particular clients, in case of the affected Group members. This had an impact on the q-o-q dynamics of gross loans and performing (DPD0-90) loans, too. The one-off effect of the above changes on consolidated gross loans was -HUF 9 billion and +HUF 16 billion in case of performing loans (adding +0.2 pp to the q-o-q dynamics).

The y-o-y increase in consolidated total income was supported mainly by the consolidation of Splitska banka in May 2017; 3Q total income incorporated 3 months contribution from Splitska banka versus 2 months in 2Q

TOTAL INCOME – 3Q 2017 without one-off items (HUF billion)		Y-o-Y (HUF bn)	Y-o-Y (%)	Q-o-Q (HUF bn)	Q-o-Q (%)
OTP Group	203	18	10%	-2	-1%
OTP CORE (Hungary)	91	1	1%	-4	-4%
DSK (Bulgaria)	27	-1	-2%	0	-1%
OBRU (Russia)	29	2	6% / 4%[1]	-3	-10% / 0%[1]
Touch Bank (Russia)	1	1	n/a	0	-9%
OBU (Ukraine)	9	0	2% / 11%[1]	1	8% / 14%[1]
OBH (Croatia)	20	12	142%	4	26%
OBS (Slovakia)	4	0	-3%	0	-1%
OBR (Romania)	7	0	6%	0	-1%
CKB (Montenegro)	2	-1	-21%	0	0%
OBSrb (Serbia)	2	0	11%	0	3%
Others[2]	10	3	47%	1	16%

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

The net interest income remained flat q-o-q; headwind from further NIM erosion was mainly offset by expanding performing volumes. The additional contribution from Splitska banka was offset by the impact of weakening RUB

NET INTEREST INCOME – 3Q 2017 (HUF billion)

	Share	NII (HUF billion)	Q-o-Q (HUF billion)	Q-o-Q (%)	
OTP Group	100%	137	0	0%	
OTP CORE (Hungary)	42%	58	-1	-1%	1
DSK (Bulgaria)	13%	18	0	-3%	
OBRU (Russia)	17%	24	-2	-9%	2
Touch Bank (Russia)	0%	0			
OBU (Ukraine)	4%	6	1	12%	3
OBH (Croatia)	10%	13	2	16%	4
OBS (Slovakia)	2%	3	0	1%	
OBR (Romania)	4%	5	0	-1%	
CKB (Montenegro)	1%	2	0	-2%	
OBSrb (Serbia)	1%	2	0	6%	
Merkantil (Hungary)	3%	4	1	28%	
Corporate Centre	0%	1	0		
Others and eliminations	1%	2	0		

1 The lower NII can be partially explained by reclassification: HUF 0.5 billion decline was due to the fact that year-to-date fee revenues from housing loans disbursed by employers other than OTP, but administered by the Bank were shifted from net interest income into net fees and commissions in a lump sum in September 2017.

2 Net interest income decreased by 9% q-o-q as a result of the FX moves. In RUB terms it increased by 1% q-o-q due to the joint effect of dynamic performing loan growth and eroding net interest margin.

3 The q-o-q improvement was explained by a base effect (in 2Q 2017 NII was negatively affected by the higher volume of restructured corporate and mortgage loans), but also by the higher volume of performing loans.

4 In 3Q the full quarterly performance of Splitska banka was included, versus only 2 months in the previous quarter.

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Consolidated performing loans increased by 3% q-o-q. At OTP Core corporate and consumer loan dynamics remained strong and mortgage volumes also grew (+0.4%). At DSK the retail loan expansion continued. In the Russian consumer loan segment the q-o-q loan growth reached 9% due to the seasonally strong sales activity

DPD0-90 volumes

Q-o-Q loan volume changes in 3Q 2017, 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	3%	3%	3%	9%	14%	6%	4%	-2%	1%	5%	1%
Consumer	4%	5%	2%	9%	14%	14%	9%	-1%	0%	5%	2%
Mortgage	1%	0%	3%	-2%		-5%	1%	0%	3%	5%	7%
Corporate[1]	3%	6%	4%	7%		6%	6%	-4%	0%	5%	-3%

Y-o-Y loan volume changes in 3Q 2017, 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	23% / 10%[4]	18% / 12%[3]	3%	19%	1652%	15%	11%	156% / 7%[2]	2%	14%	2%
Consumer	25% / 12%[4]	20%	1%	17%	1652%	35%	24%	133% / 4%[2]	-2%	19%	6%
Mortgage	16% / 2%[4]	17% / 3%[3]	4%	-15%		-16%	1%	96% / 7%[2]	6%	17%	11%
Corporate[1]	29% / 14%[4]	19%	5%	65%		17%	20%	217% / 9%[2]	-1%	12%	-6%

[1] Loans to MSE and MLE clients and local governments
[2] Without the Splitska-effect
[3] Without the AXA-effect
[4] Without the AXA-effect and Splitska-effect

Retail loan disbursement showed strong y-o-y dynamics in 9M 2017 at OTP Core and almost all foreign subsidiaries

Y-o-Y change of new disbursements (in local currency) – 9M 2017

	Core (Hungary)	DSK (Bulgaria)	OBRu (Russia)	OBU (Ukraine)	OBR (Romania)	OBH (Croatia)	OBS (Slovakia)	OBSr (Serbia)	CKB (Montenegro)
Mortgage loan	28%	44%			82%	7%	-24%	54%	42%
Cash loan*	51%	10%	26%	54%	67%	126%	-12%	23%	-1%

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

The consolidated deposit base increased by 21% y-o-y, without Splitska by 10%; volume growth at OTP Core was the engine behind the consolidated deposit base expansion

Q-o-Q deposit volume changes in 3Q 2017, 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	5%	5%	6%	11%	10%	2%	0%	6%	0%	2%	11%
Retail	1%	0%	2%	6%	10%	0%	0%	3%	-2%	4%	2%
Corporate[1]	11%	11%	21%	25%		4%	1%	12%	2%	0%	25%

Y-o-Y deposit volume changes in 3Q 2017, 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	21% / 10%[2]	14%	6%	7%	46%	11%	4%	169% / 10%[2]	-4%	-1%	6%
Retail	19% / 9%[2]	14%	8%	-1%	46%	-3%	2%	116% / 5%[2]	-10%	3%	-1%
Corporate[1]	24% / 12%[2]	14%	0%	33%		24%	6%	412% / 15%[2]	8%	-5%	18%

[1] Including SME, LME and municipality deposits
[2] Without the Splitska-effect

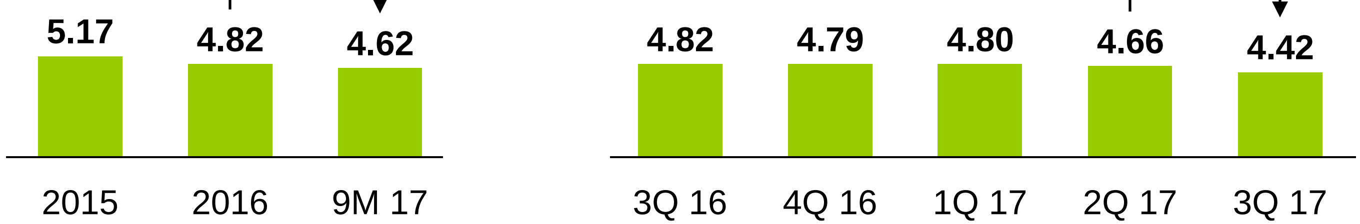
The consolidated net interest margin eroded by 19 bps compared to the full-year 2016 level, of which around 7 bps can be attributed to the dilution effect of Splitska banka. Out of the quarterly NIM attrition 14 bps is explained by Splitska banka. The weakening RUB lowered the NIM by 10 bps. Interest rate- and composition effects neutralized each other

Net interest margin (%)

OTP Group

9M margin eroded by **19 bps** compared to FY 2016 level, of which 7 bps was explained by the Splitska consolidation. The NIM change w/o Splitska would have been **-12 bps**

-24 bps



Effect of Splitska on q-o-q NIM development: -14 bps

If Splitska banka hadn't been consolidated, the quarterly NIM change would have been **-10 bps** in 3Q.

Effect of q-o-q weakening Russian rouble: -10 bps

The weakening RUB exerted a downward pressure on NIM through the lower share of the high-margin Russian business. Other FX rate changes didn't have material impact.

Interest rate effects: -10 bps

Capturing asset and liability side interest rate changes.

o/w	**OTP Core**	**-8 bps**
	OTP Russia	**-6 bps**
	OTP Ukraine	**+3 bps**

Composition effects: +11 bps

Capturing the weight changes within the Group in LCY terms.

o/w	**OTP Core**	**+4 bps**
	OTP Russia	**+6 bps**

Net interest margin of the largest Group members typically declined over the last quarter, which can be partially explained by technical factors

Net interest margin development of the largest Group members (%)

	2015	2016	9M 17	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	
OTP Core Hungary	3.72	3.48	3.24	3.48	3.49	3.31	3.27	3.14	Out of the 13 bps q-o-q decline 3 bps is explained by a reclassification (certain revenues were shifted from NII to NF&C). Also, the seasonally higher municipal deposits had a dilution effect in 3Q, explaining part of the q-o-q decline.
DSK Bank Bulgaria	5.47	4.60	3.90	4.55	4.39	3.92	3.91	3.86	DSK's NIM remained fairly stable q-o-q (despite continuing repricing and refinancing of retail loans), supported by lower cost of funding due to increasing share of corporate deposits with negative interest rates.
OTP Bank Russia	15.72	17.81	17.35	17.67	18.29	17.99	17.60	16.43	In Russia quarterly NIM decline is partially explained by the gross accounting of intra-group funding transactions, diluting NIMs due to higher total assets. This explained 42 bps from the q-o-q total decline of 109 bps in RUB terms. Furthermore, lending APRs declined more than deposit rates.
OTP Bank Croatia	3.15	3.54	3.39	3.58	3.61	3.75	3.67	3.06	Technical effect of Splitska acquisition: the 2Q margin was upwardly biased by the fact that the full May net interest income was consolidated, but according to the performance indicator calculation methodology, the total assets of Splitska banka (which influences the denominator of NIM) was counted in only from the end of May.
OTP Bank Romania	3.63	3.40	3.60	3.43	3.54	3.67	3.65	3.47	Lower quarterly margins were partially induced by the dilution effect of increasing intragroup financing in order to safely meet liquidity requirements. This explains 10 bps out of the total 18 bps q-o-q decline.
OTP Bank Ukraine	8.33	9.02	7.37	7.49	7.63	7.74	6.73	7.66	The q-o-q increase was partly due to a base effect: in 2Q higher loan volumes were restructured (the total NPV decline for the whole duration of the restructured loans was booked in one sum on the net interest income line).

The net fee and commission income was shaped by base effect in 2Q at OTP Core and also the weaker RUB on one hand, and the higher contribution from Splitska banka on the other

NET FEE AND COMMISSION INCOME – 3Q 2017 (HUF billion)	Share	Value	Q-o-Q (HUF billion)	Q-o-Q (%)
OTP Group	100%	53.0	-0.7	-1%
OTP CORE (Hungary)	54%	28.8	-1.1	-4% (1)
DSK (Bulgaria)	13%	7.1	0.2	2%
OBRU (Russia)	10%	5.2	-0.9	-15% (2)
Touch Bank (Russia)	0%	0	-0.1	n/a
OBU (Ukraine)	5%	2.5	0.2	7%
OBH (Croatia)	8%	4.2	1.0	31% (3)
OBS (Slovakia)	2%	0.9	0.0	-1%
OBR (Romania)	1%	0.8	0.0	1%
CKB (Montenegro)	1%	0.8	0.1	15%
OBSrb (Serbia)	1%	0.5	0.0	2%
Fund mgmt. (Hungary)	3%	1.6	0.0	1%

1 -HUF 1.3 billion effect: the financial transaction tax obligation (which is presented on the net fee and commission income line) increased q-o-q, because the tax deductions related to the contributions into the Compensation Fund were booked in 2Q, lowering the FTT.

The reduction of distribution fees on certain household targeted government bonds starting from 17 July 2017 was also negative.

However, reclassification (HUF 0.5 billion positive impact) and further increasing card and deposit related fees supported the NF&C line.

2 Apart from the 10% RUB weakening, seasonally higher agent bonuses weighed on the net fee income line.

3 In Croatia the q-o-q growth was related to the consolidation of the full quarterly contribution from Splitska banka.

The other net non-interest income decreased by 8% q-o-q

OTHER NET NON-INTEREST INCOME – 3Q 2017 without one-off items (HUF billion)	Share	Value	Q-o-Q (HUF billion)	Q-o-Q (%)
OTP Group	100%	12.7	-1.1	-8%
OTP CORE (Hungary)	34%	4.3	-2.3	-35%
DSK (Bulgaria)	20%	2.5	0.1	4%
OBRU (Russia)	2%	0.3	-0.1	-19%
Touch Bank (Russia)	0%	0	0.0	-10%
OBU (Ukraine)	3%	0.3	-0.1	-27%
OBH (Croatia)	22%	2.8	1.3	88%
OBS (Slovakia)	1%	0.1	-0.1	-46%
OBR (Romania)	6%	0.8	0.0	1%
CKB (Montenegro)	-1%	-0.2	-0.1	74%
OBSrb (Serbia)	1%	0.1	0.0	-33%
Others[1]	13%	1.6	0.1	10%

1 At OTP Core the q-o-q decline was mainly due to the base effect of securities gain realized in 2Q on the sale of real estate investment units.

2 Three factors played a role in the q-o-q increase: firstly, the bulk of the q-o-q increase was due to the inclusion of the full quarterly performance of Splitska versus only 2 months in 2Q; secondly, seasonality also drove up other revenues; thirdly, HUF 0.25 billion penalty interest revenues were booked within the other net non-interest income in 3Q.

[1] Other group members and eliminations

Operating costs grew by 9% y-o-y in 9M, whereas without Splitska banka the increase was 5.4% and only 3.8% on an FX-adjusted base

OPERATING COSTS – 9M 2017 (HUF billion)	Share	Operating costs	Y-o-Y (HUF bn)	Y-o-Y (%)	Y-o-Y (FX-adj., HUF bn)	Y-o-Y (FX-adj., %)
OTP Group	100%	318	26	9% / 5.4%[1]	22	7% / 3.8%[1]
OTP CORE (Hungary)	49%	156	2	1%	2	1%
DSK (Bulgaria)	11%	34	2	8%	3	8% (1)
OBRU (Russia)	12%	39	8	25%	3	8% (2)
Touch Bank (Russia)	2%	7	2	38%	1	19%
OBU (Ukraine)	4%	11	1	8%	1	14% (3)
OBH (Croatia)	8%	24	11	79%	11	78% (4)
OBS (Slovakia)	2%	8	0	-5%	0	-3%
OBR (Romania)	4%	13	-1	-6%	0	-4%
CKB (Montenegro)	2%	5	0	-3%	0	-2%
OBSrb (Serbia)	2%	5	0	1%	0	1%
Merkantil (Hungary)	1%	4	0	1%	0	1%

1. At DSK 9M operating expenses increased by 8% y-o-y, the key reasons were the higher personnel costs, higher software amortisation and advisory costs related to the business development project in the retail area.

2. At OBRU 9M 2017 operating expenses grew by 8% on an FX-adjusted basis, primarily due to higher personnel expenses, but administrative costs were also higher reasoned by growing business activity.

3. In Ukraine salary increases played a key role in the y-o-y cost increase.

4. Splitska banka added HUF 10.4 billion operating costs in 9M 2017.

[1] Without the operating expenses of Splitska banka

OTP Core

9M profit after tax at OTP Core grew by 39% y-o-y amid moderating corporate tax burden; the before tax profit (+25% y-o-y) was shaped by improving operating profit and substantial risk cost releases

OTP CORE (in HUF billion)	9M 16	9M 17	Y-o-Y	3Q 16	2Q 17	3Q 17	Q-o-Q	Y-o-Y
Profit after tax	**98.4**	**136.9**	**39%**	**38.8**	**49.4**	**46.7**	**-5%**	**20%**
Corporate tax	-23.5	-15.3	-35%	-2.3	-6.4	-3.8	-40% (1)	66%
Before tax profit	**121.9**	**152.2**	**25%**	**41.0**	**55.7**	**50.5**	**-9%**	**23%**
Operating profit w/o one-off items	111.2	117.8	6%	38.3	43.3	36.4	-16%	-5%
Total income w/o one-off items	265.5	274.1	3%	90.0	95.2	91.0	-4%	1%
Net interest income	174.9	174.2	0% (2)	58.7	58.7	57.9	-1%	-1%
Net fees and commissions	75.0	82.9	11% (3)	26.6	29.9	28.8	-4%	8%
Other net non interest income without one-offs	15.7	17.0	9%	4.6	6.6	4.3	-35%	-6%
Operating costs	-154.4	-156.3	1%	-51.7	-51.8	-54.6	5%	6%
Total risk costs	8.7	30.6	252%	3.7	9.5	13.1	38%	254%
Total one-off items	2.0	3.8	91%	-0.9	2.9	1.0	-65%	

1 The effective corporate income tax rate for the first nine months was 10.1% versus 19.3% for the base period. The main reason behind was that effective from 1 January 2017 the Hungarian corporate tax rate was reduced uniformly to 9%. In 3Q 2017 the effective corporate income tax rate was 7.5% versus around 11% in the preceding two quarters. The q-o-q declining tax burden (-HUF 2.6 billion q-o-q) was partially related to a one-off item reducing the tax base at the Factoring unit, resulting in tax savings at OTP Core level.

2 In the first nine months the net interest income stabilized y-o-y. Gross interest revenues were supported by higher loan volumes: apart from the strong organic loan volume growth dynamics the overall portfolio was also boosted by the take-over of the AXA volumes in last November. Furthermore, it was also positive for interest revenues that the liquidity reserves have been gradually shifting toward longer duration and higher yielding Hungarian government bonds, and this trend continued throughout 9M 2017. At the same time the net interest income was negatively affected by the continuing erosion of short-term reference rates (used as benchmark rates for variable rate loans).

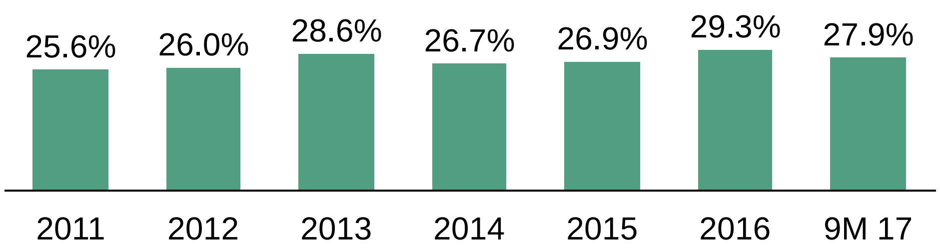
3 The improvement in 9M net fees and commissions was due to stronger card-related fees induced by growing transactional turnover. However, the deposit and transaction-related, as well as loan-related and securities fee revenues strengthened, too.

OTP Core

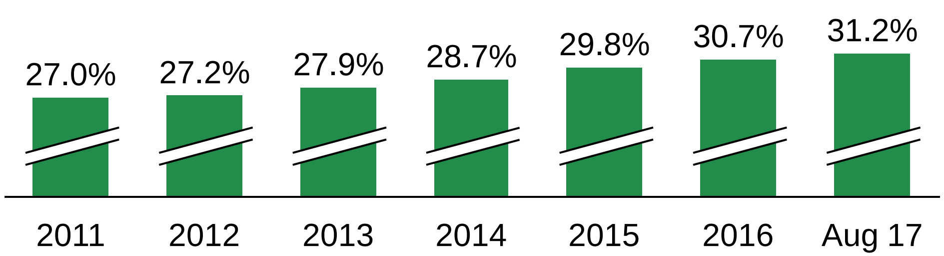
Mortgage loan applications and disbursements accelerated further. OTP's market share remained strong in new loan disbursements, corporate loans and also in retail savings

Change of mortgage loan applications and disbursement of OTP Bank (9M 2017, y-o-y changes)

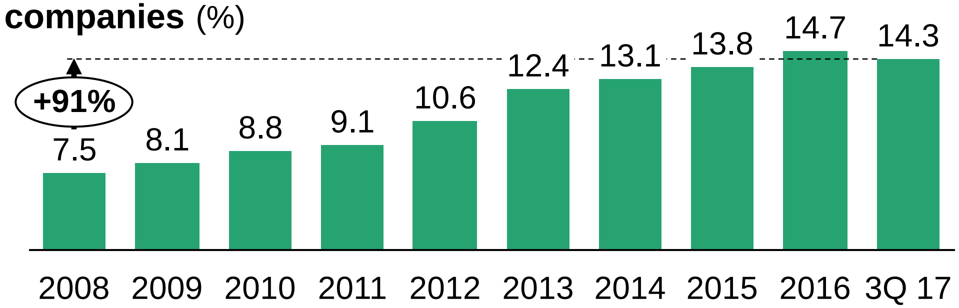
OTP's market share in mortgage loan contractual amounts[1]



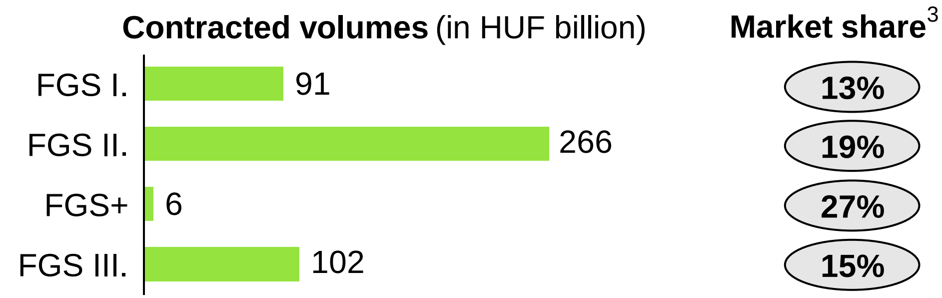
OTP Bank's market share in household savings



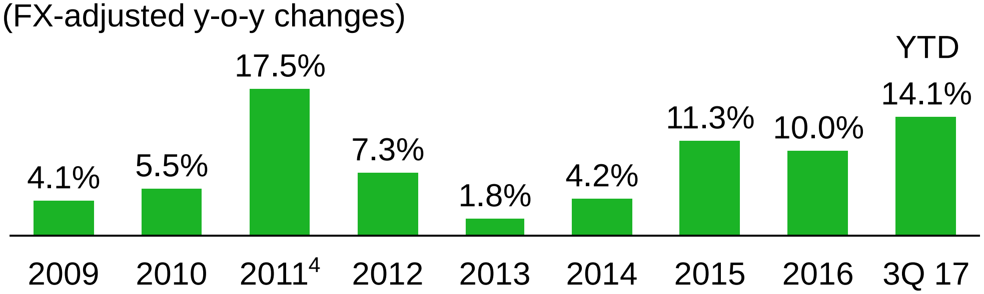
OTP Group's market share[2] in loans to Hungarian companies (%)



Activity of OTP Group in the Funding for Growth Scheme



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



[1] Including the performance of OTP Building Society. Raw, unadjusted data are used for the calculation of market shares.
[2] Aggregated market share of OTP Bank, OTP Mortgage Bank, OTP Building Society and Merkantil, based on central bank data (Supervisory Balance Sheet data provision until 2016 and Monetary Statistics from 1Q 2017).
[3] The source of the sector statistics is the central bank's publications on FGS.
[4] The y-o-y increase in 2011 was influenced by reclassification, too.

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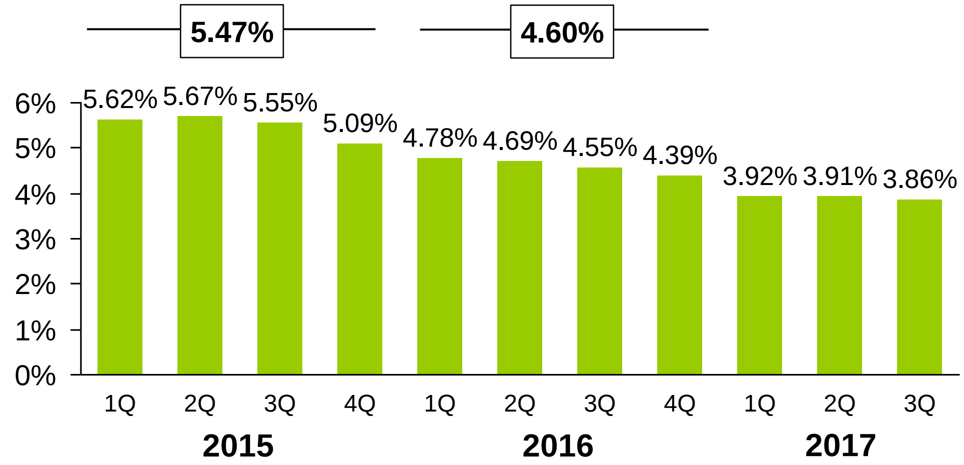
DSK Bank Bulgaria

DSK Bank retained its stable profitability (9M ROE: 21.1%). Favourable credit quality trends remained intact and NIM erosion was fairly contained q-o-q

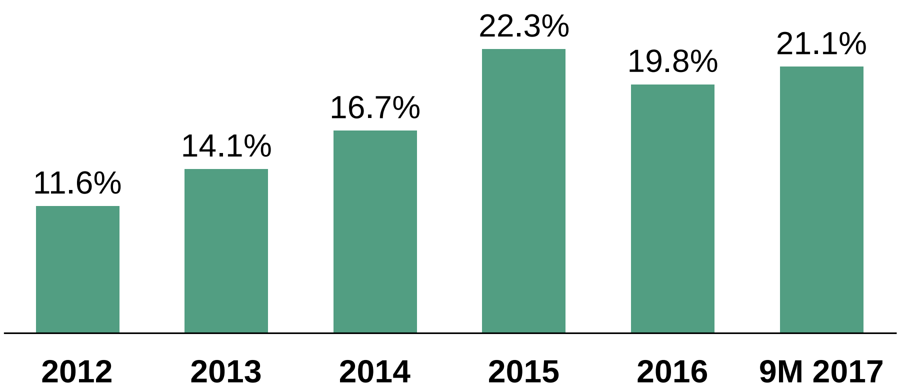
Income statement

(in HUF billion)	16 3Q	17 2Q	17 3Q	Q-o-Q	Y-o-Y
Profit after tax (adjusted)	**14.7**	**12.0**	**11.3**	**-6%**	**-23%**
Profit before tax	16.2	13.4	12.5	-7%	-23%
Operating profit	17.6	15.9	16.0	1%	-9%
Total income	28.0	27.6	27.4	-1%	-2%
Net interest income	21.1	18.3	17.8	-3%	-16%
Net fees and commissions	6.7	6.9	7.1	2%	6%
Other income	0.2	2.4	2.5	4%	
Operating costs	-10.3	-11.7	-11.4	-3%	10%
Total risk cost	-1.4	-2.5	-3.5	41%	150%

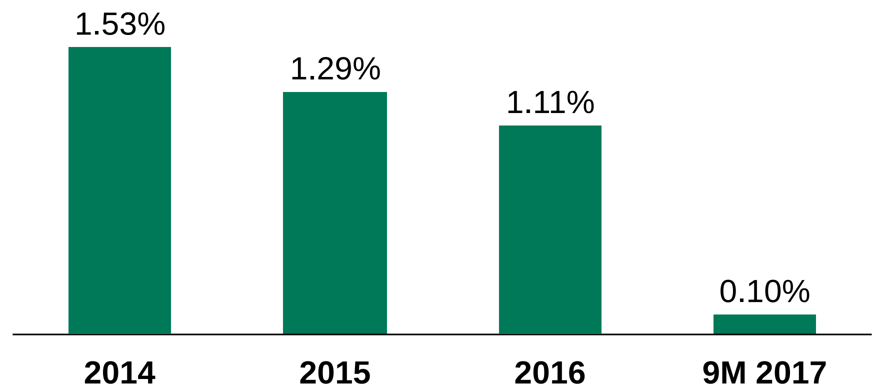
Net interest margin



Return on Equity



Risk cost rate



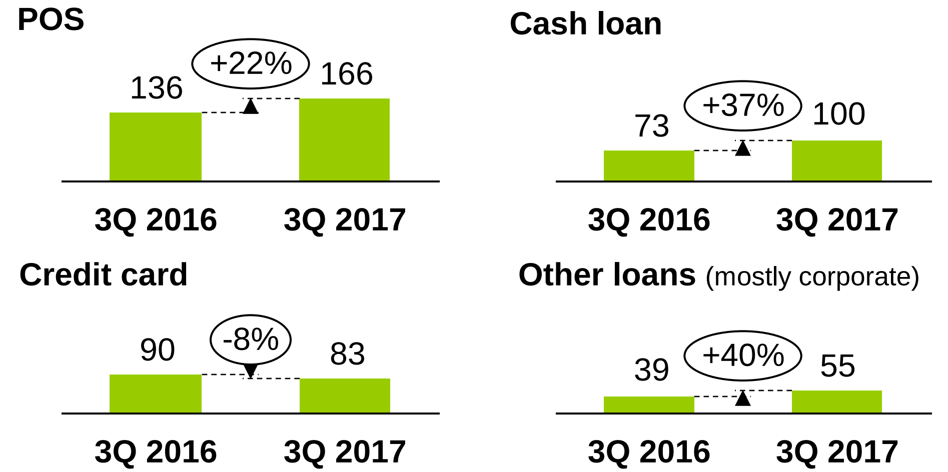
OTP Bank Russia

The Russian profit somewhat declined in 3Q (-5% q-o-q in RUB terms), with 3Q ROE still at 20%. FX-adjusted performing POS and cash loan volumes as well as corporate loans grew y-o-y due to strong disbursements

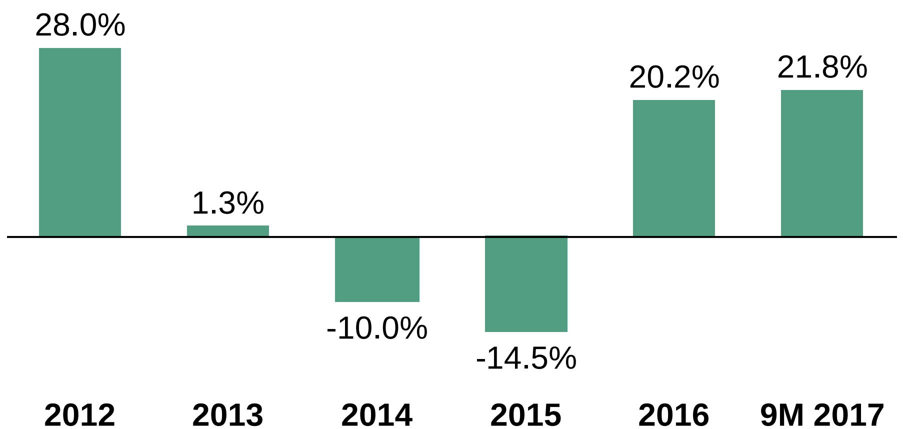
Income statement

(in HUF billion)	3Q 16	2Q 17	3Q 17	Q-o-Q	Y-o-Y
Profit after tax (adjusted)	**6.8**	**7.5**	**6.4**	**-15%**	**-7%**
Profit before tax	8.7	9.5	8.1	-14%	-7%
Operating profit	16.1	19.2	16.6	-14%	3%
Total income	27.4	32.6	29.2	-10%	6%
Net interest income	23.0	26.1	23.7	-9%	3%
Net fees and commissions	3.9	6.1	5.2	-15%	33%
Other income	0.5	0.3	0.3	-19%	-47%
Operating costs	-11.4	-13.3	-12.6	-5%	11%
Total risk cost	-7.3	-9.8	-8.5	-13%	15%

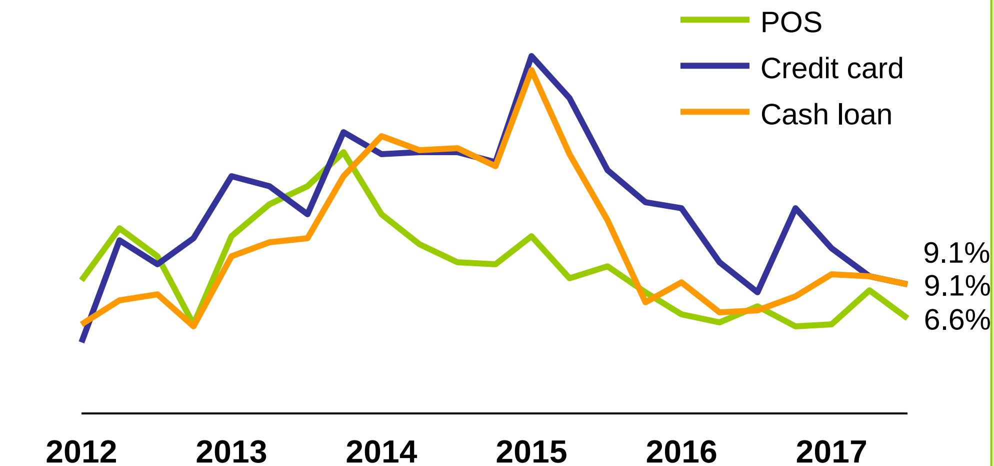
DPD0-90 loan volumes (FX-adjusted, in HUF billion)



Return on Equity



OTP Bank Russia - risk cost rates in different segments



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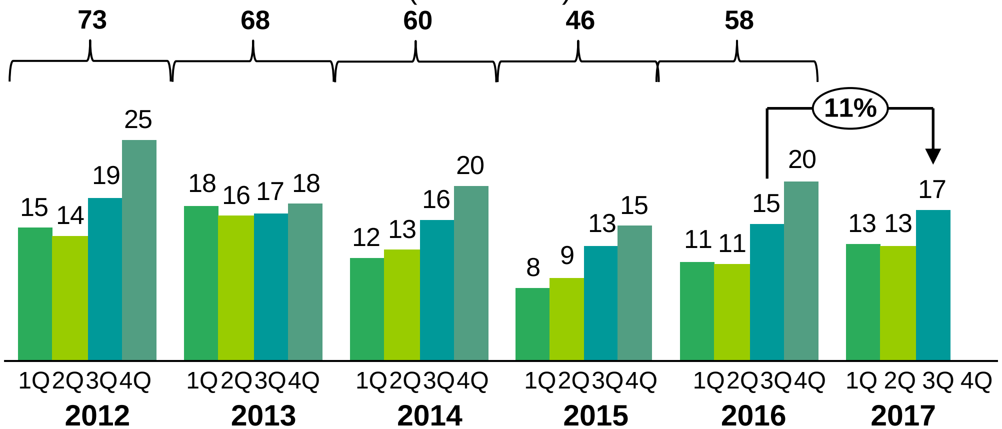
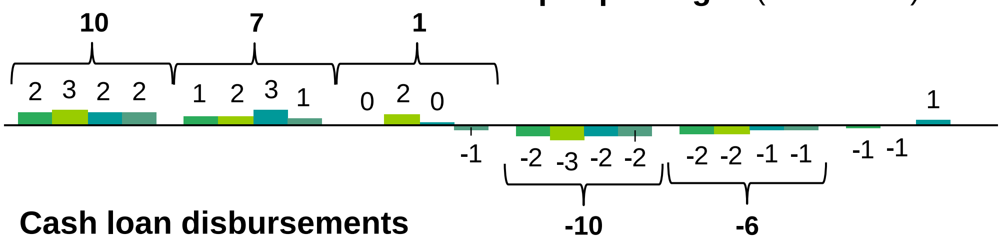
OTP Bank Russia

In 3Q not just POS and cash loan sales kept growing, but also performing credit card volumes started increasing on a quarterly basis. Deposits grew q-o-q in RUB terms. RUB term deposit rates flattened out in 3Q

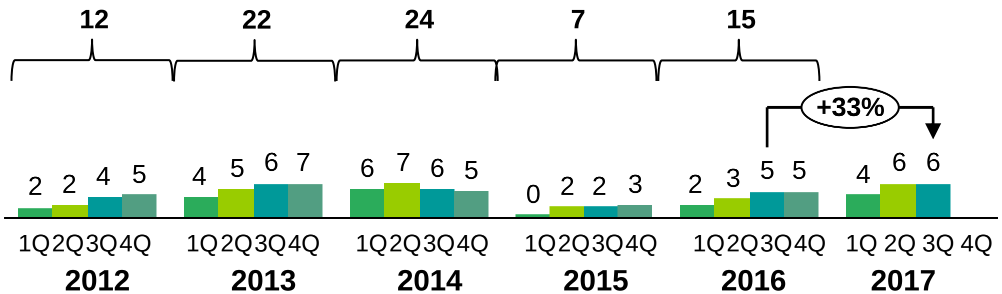
POS loan disbursements (RUB billion)



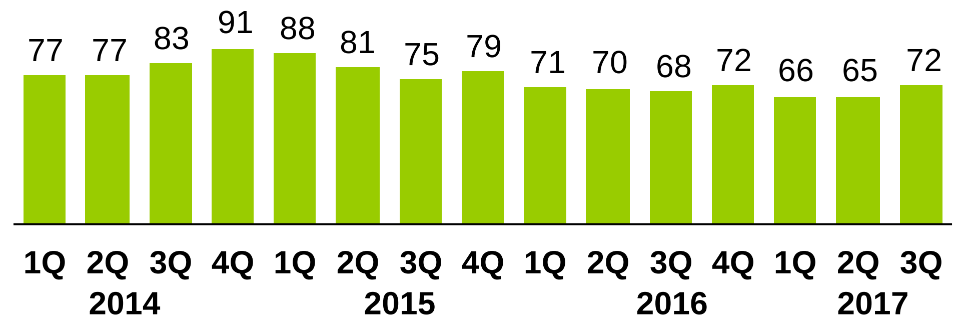
DPD0-90 credit card loan volume q-o-q changes (RUB billion)



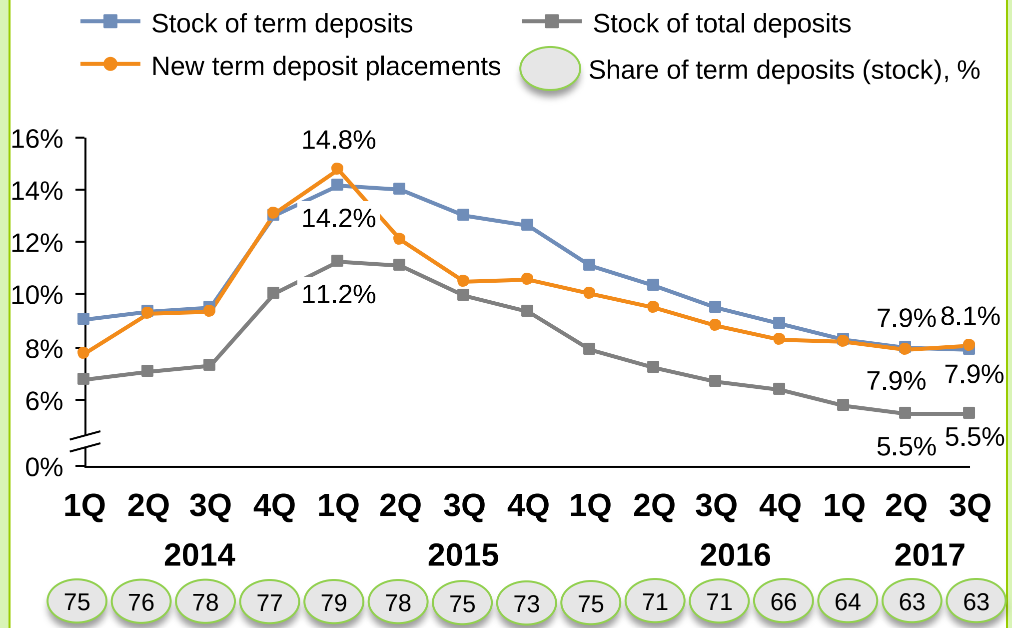
Cash loan disbursements
(RUB billion, including quick cash loans)



Development of customer deposits (RUB billion)



Average interest rates for RUB deposits



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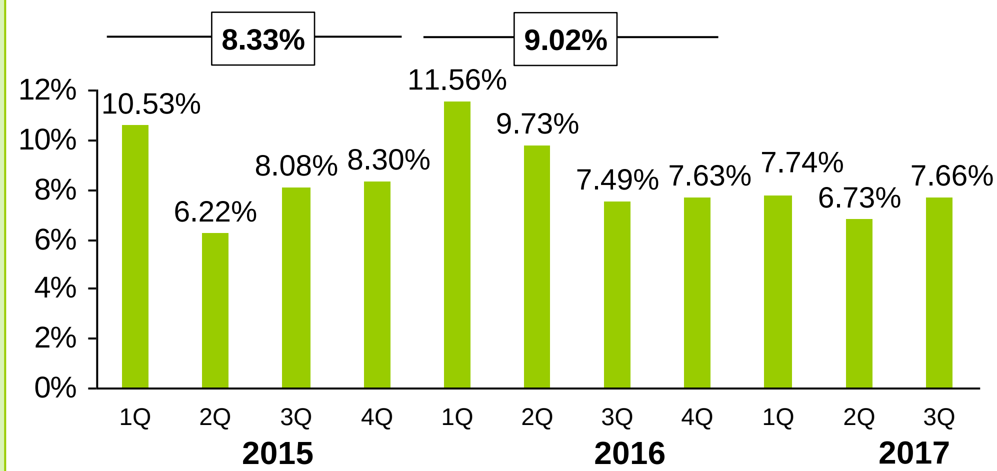
OTP Bank Ukraine

The Ukrainian profit improved q-o-q, 3Q ROE (39%) was the highest among subsidiary banks of the Group. NIM returned to levels seen in previous quarters after a drop in 2Q. Performing loan volumes kept growing

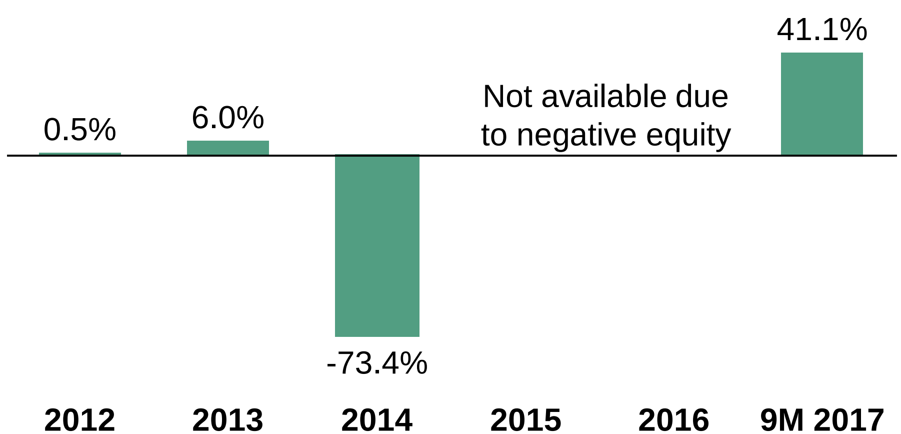
Income statement

(in HUF billion)	3Q 16	2Q 17	3Q 17	Q-o-Q	Y-o-Y
Profit after tax	**3.8**	**2.5**	**3.1**	**22%**	**-20%**
Profit before tax	2.2	3.2	3.5	9%	61%
Operating profit	5.1	4.1	4.9	21%	-3%
Total income	8.6	8.1	8.7	8%	2%
Net interest income	5.8	5.3	5.9	12%	2%
Net fees and commissions	2.2	2.3	2.5	7%	13%
Other income	0.6	0.5	0.3	-27%	-38%
Operating costs	-3.5	-4.0	-3.8	-5%	9%
Total risk cost	-2.9	-0.8	-1.4	69%	-51%

Net interest margin

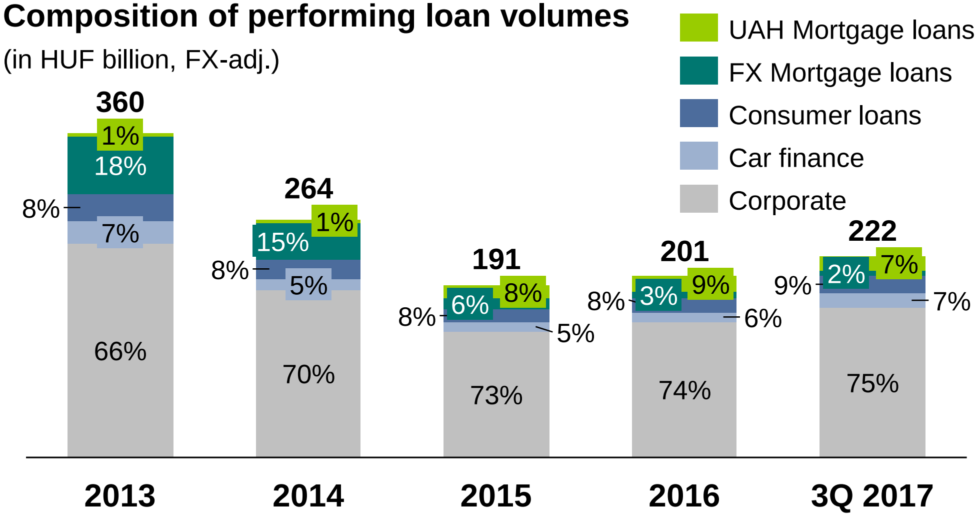


Return on Equity[1]



Composition of performing loan volumes

(in HUF billion, FX-adj.)



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

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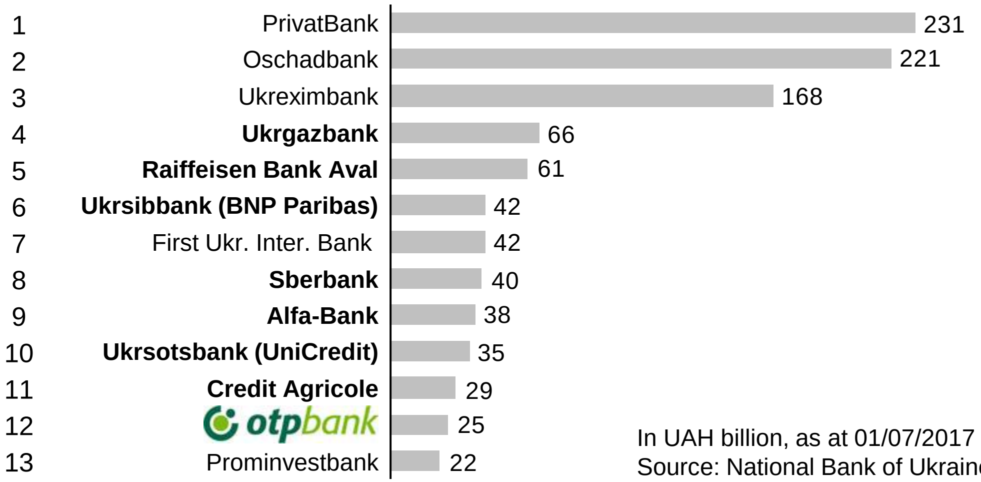
OTP Bank Ukraine excelled in terms of nominal profit despite its low ranking by total assets. Intragroup funding further declined ytd, the net loan to deposit ratio edged up somewhat

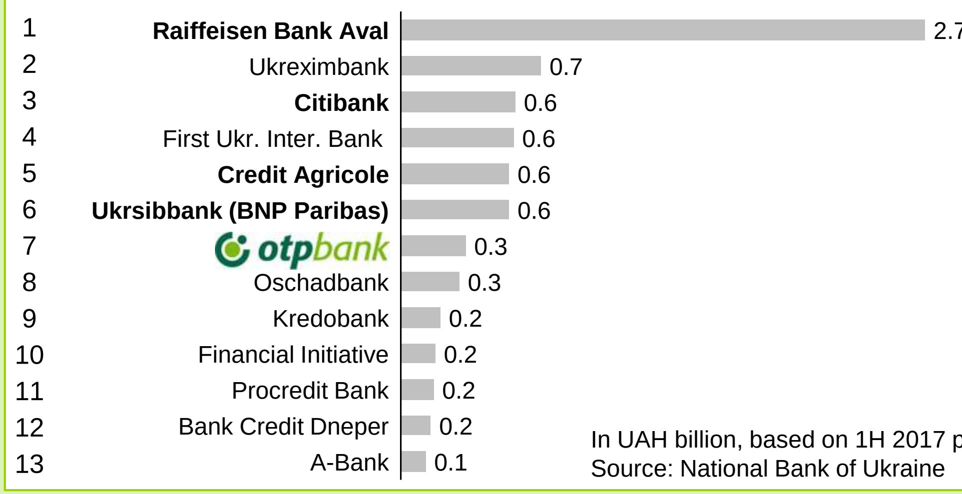
OTP Bank Ukraine

Ranking of Ukrainian banks by total assets



In UAH billion, as at 01/07/2017
Source: National Bank of Ukraine

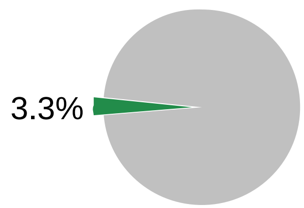
Ranking of Ukrainian banks by after tax result



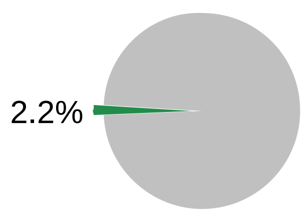
In UAH billion, based on 1H 2017 profit
Source: National Bank of Ukraine

OTP Ukraine's share within consolidated loans and deposits

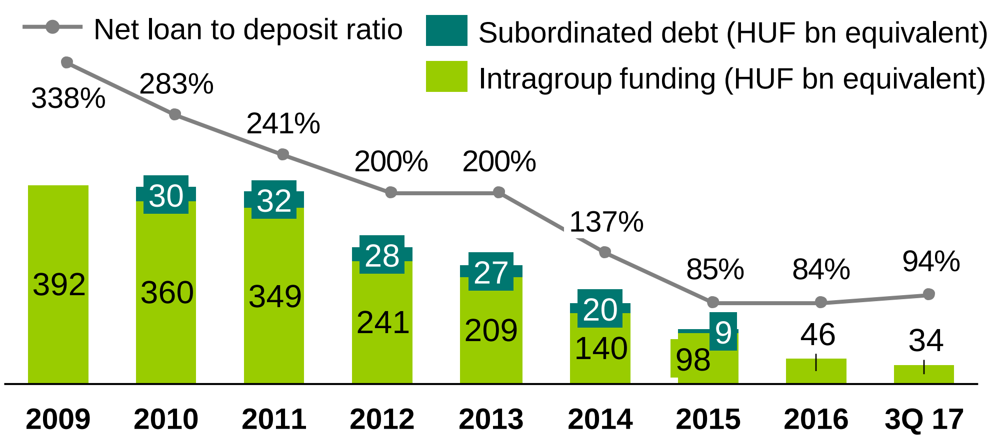
Share of the Ukrainian bank's performing loans (DPD0-90) within the Group



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



Intragroup funding and net loan to deposit ratio



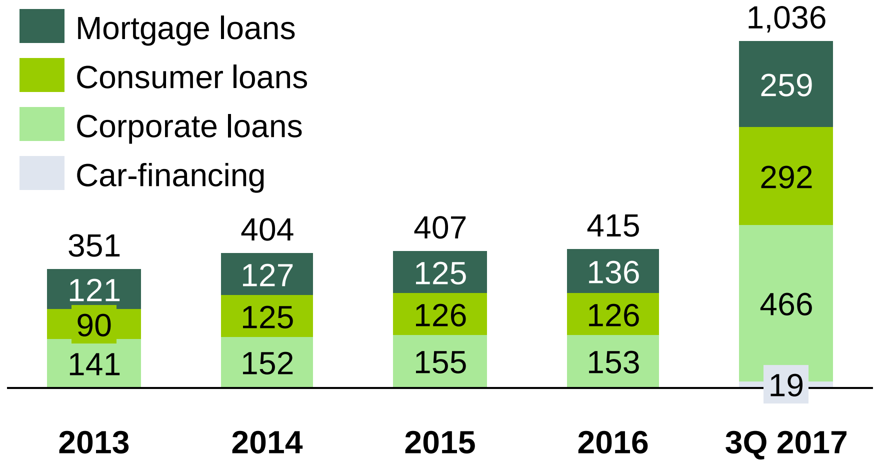
[1] Out of the total outstanding intragroup funding exposure of HUF 34.0 billion equivalent toward the Ukrainian operation, HUF 29.3 billion (USD 111 million) was toward the leasing company and HUF 4.7 billion (USD 18 million) was toward the factoring company.

OBH (Croatia)

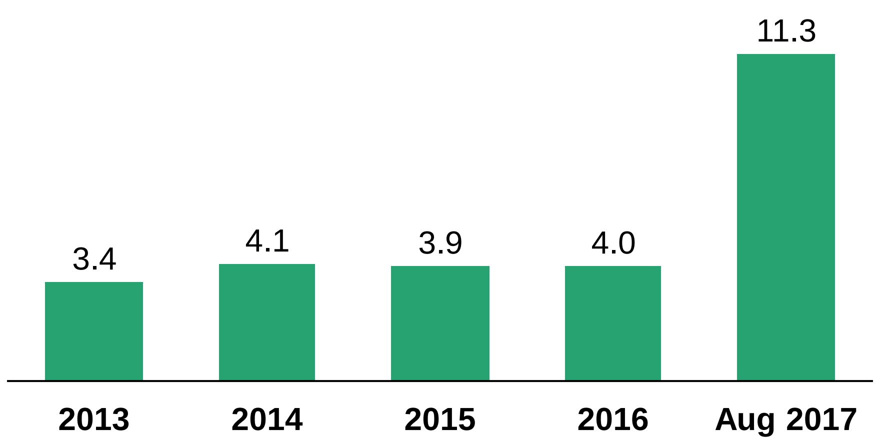
The 9M performance of the Croatian operation was boosted by the consolidation of Splitska banka from May. The market share of OTP in total assets increased to 11.3% based on August data

(in HUF billion)	9M 2016	9M 2017	Y-o-Y	3Q 2016	2Q 2017	3Q 2017	Q-o-Q	Y-o-Y
Profit after tax	**3.6**	**11.1**	**209%**	**1.4**	**6.9**	**6.0**	**-14%**	**324%**
Profit before tax	4.5	13.9	211%	1.8	8.6	7.6	-11%	330%
Operating profit	9.9	20.1	102%	3.9	7.4	9.6	30%	146%
Total income	23.6	44.4	89%	8.4	16.2	20.4	26%	142%
Net interest income	16.9	30.8	83%	5.8	11.5	13.4	16%	129%
Net fees and commissions	3.9	8.7	121%	1.5	3.2	4.2	31%	188%
Other income	2.7	4.9	79%	1.1	1.5	2.8	88%	147%
Operating costs	-13.6	-24.3	79%	-4.5	-8.8	-10.8	22%	138%
Total risk cost	-5.5	-6.2	14%	-2.1	1.2	-2.0		-6%

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

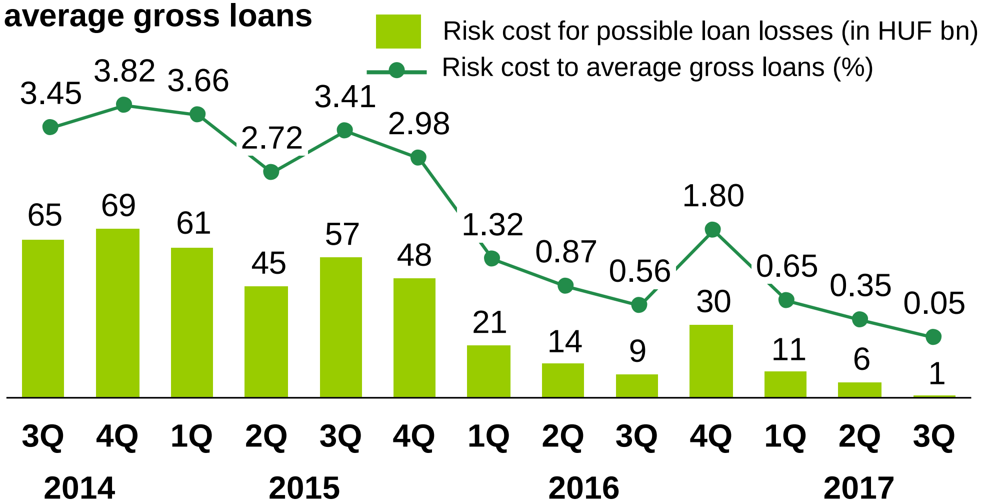


Market share by total assets (%)



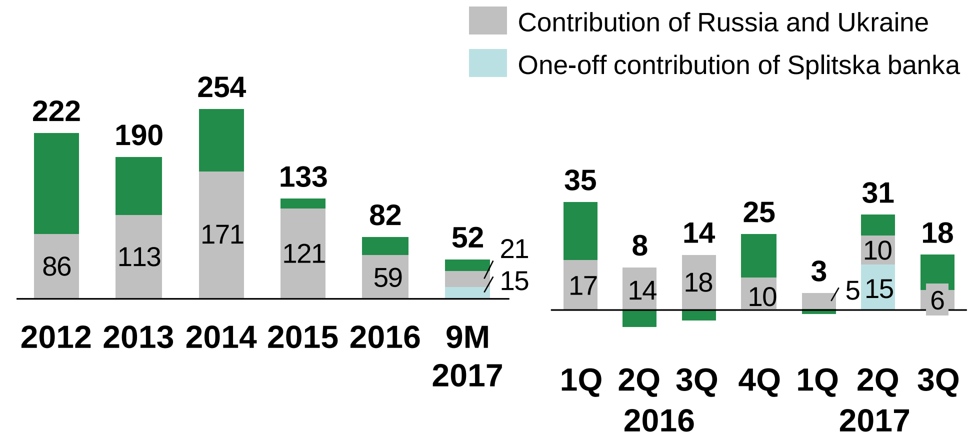
The consolidated DPD90+ ratio continued to decline. The risk cost rate dropped to multi-year lows

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

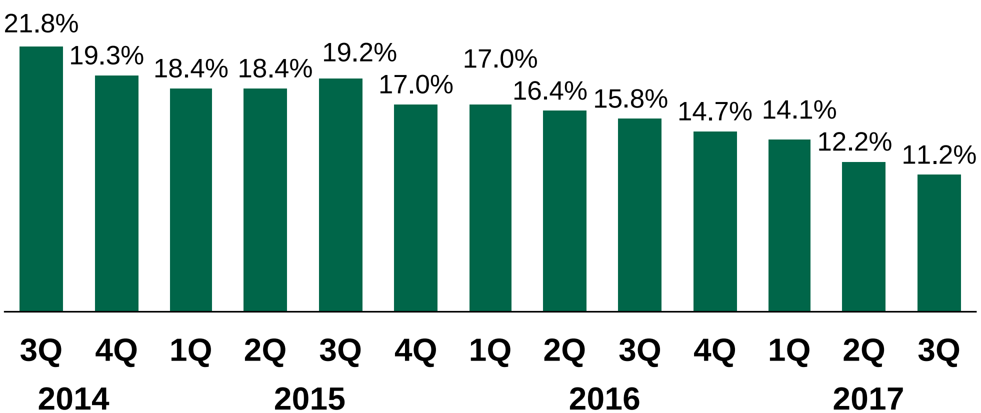


Change in DPD90+ loan volumes

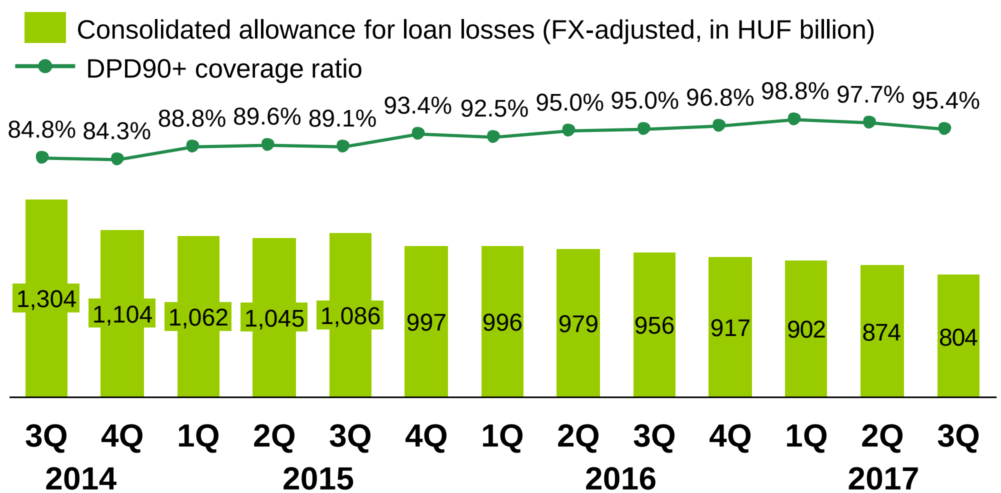
(consolidated, adjusted for FX and sales and write-offs, in HUF billion)



Ratio of consolidated DPD90+ loans to total loans



Consolidated provision coverage ratio



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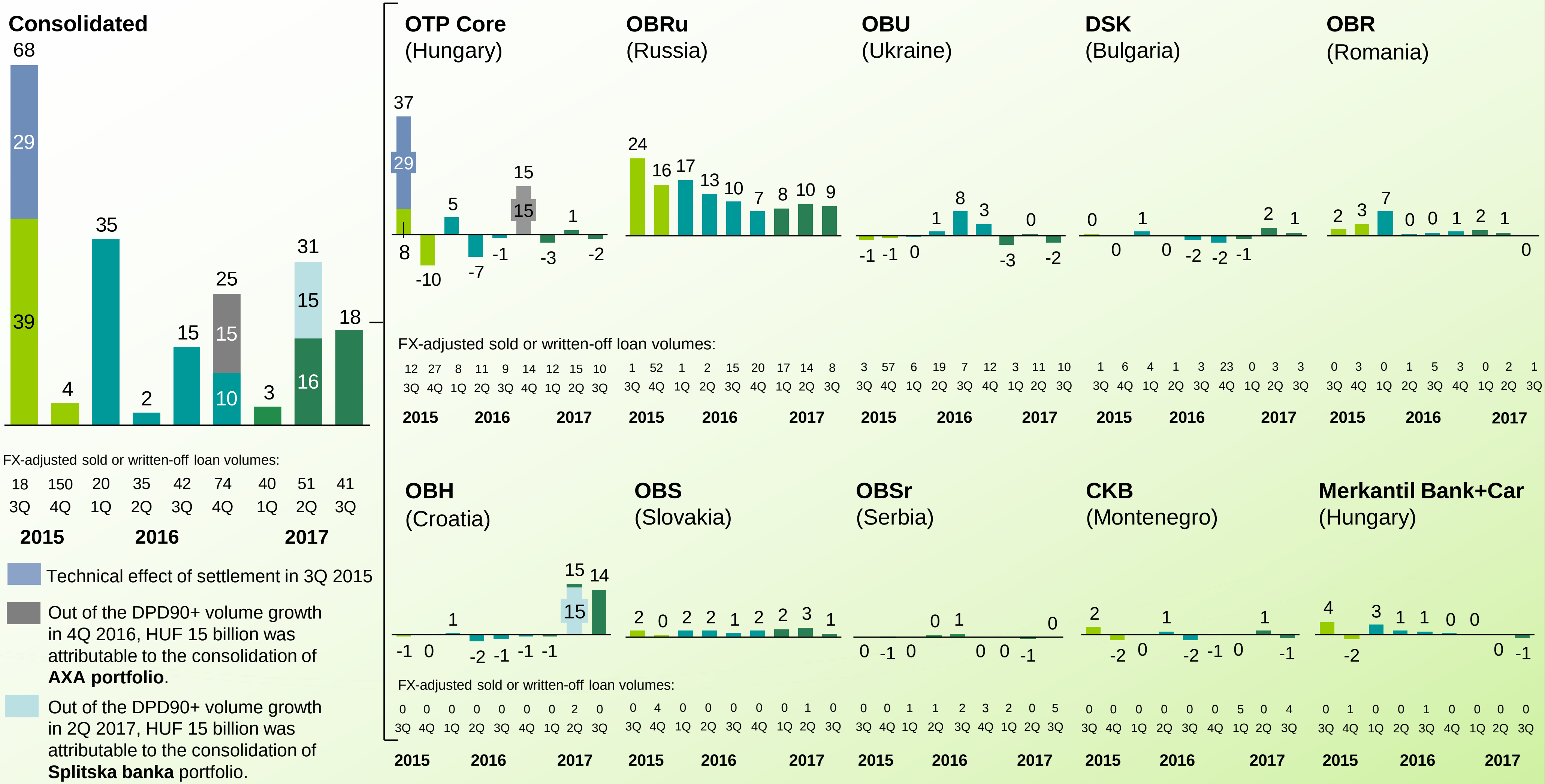
In 3Q 2017 the FX-adjusted DPD90+ formation was similar to that in 2Q (without Splitska); the Russian inflow was below the quarterly average of the last couple of years, while in Croatia the increase was mostly related to corporate exposures

FX-adjusted quarterly change in DPD90+ loan volumes

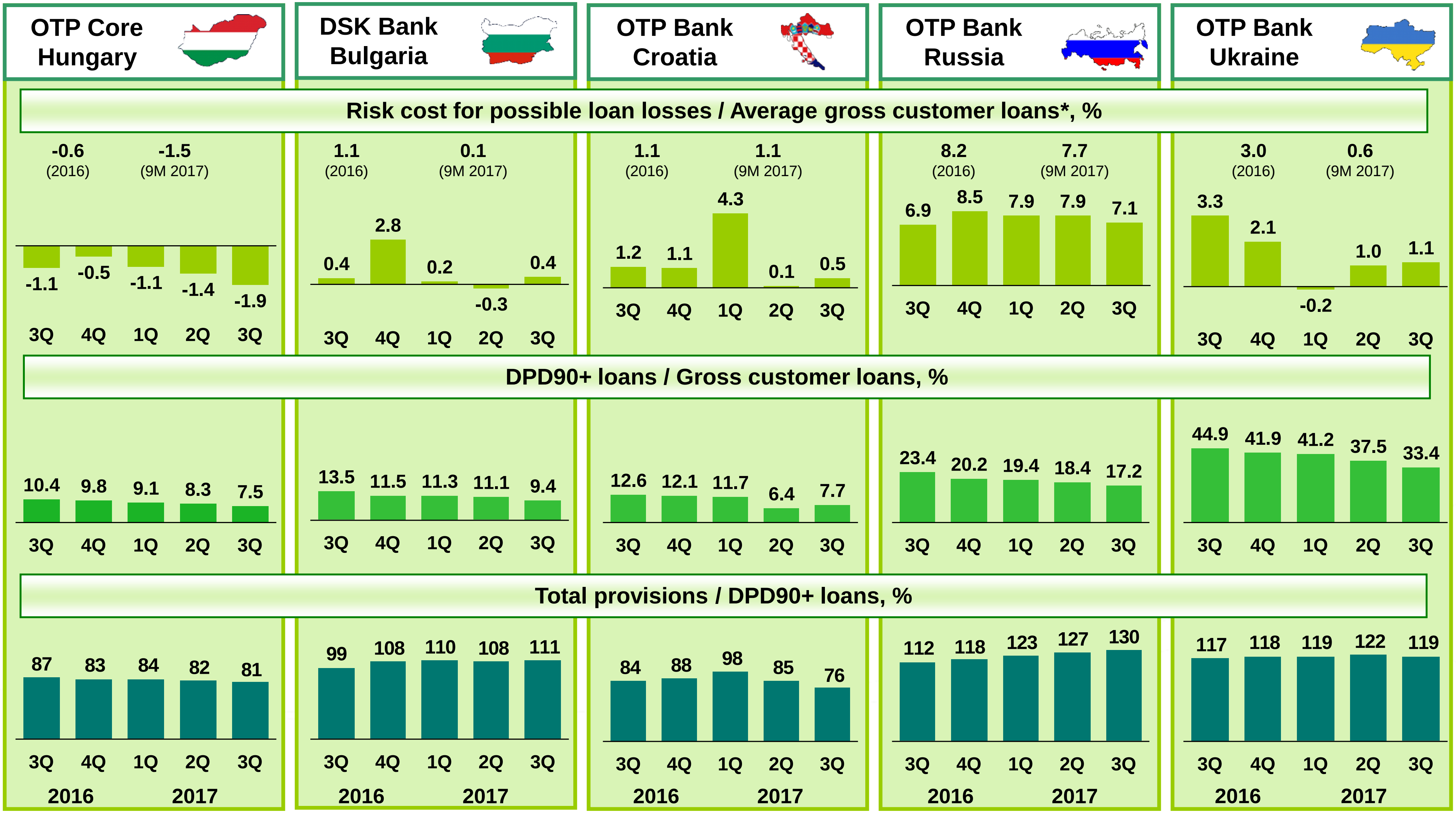
(without the effect of sales / write-offs, in HUF billion)



FX-adjusted sold or written-off loan volumes:

	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	3Q 2017
Consolidated	18	150	20	35	42	74	40	51	41
OTP Core (Hungary)	12	27	8	11	9	14	12	15	10
OBRu (Russia)	1	52	1	2	15	20	17	14	8
OBU (Ukraine)	3	57	6	19	7	12	3	11	10
DSK (Bulgaria)	1	6	4	1	3	23	0	3	3
OBR (Romania)	0	3	0	1	5	3	0	2	1
OBH (Croatia)	0	0	0	0	0	0	0	2	0
OBS (Slovakia)	0	4	0	0	0	0	0	1	0
OBSr (Serbia)	0	0	1	1	2	3	2	0	5
CKB (Montenegro)	0	0	0	0	0	0	5	0	4
Merkantil Bank+Car (Hungary)	0	1	0	0	1	0	0	0	0

The DPD90+ ratios declined q-o-q in all key geographies, but Croatia. Risk cost rates remained moderate all across the board. Provision coverage ratios stood at conservative levels



* Negative amount implies provision releases.

At the largest operations the DPD90+ ratios decreased q-o-q (with the exception of Croatia), supported by favourable credit quality trends, as well as by DPD90+ portfolio sales and write-offs

DPD90+ ratio (%)

OTP Core (Hungary)	3Q16	4Q16	1Q17	2Q17	3Q17	Q-o-Q (pp)
Total	**10.4**	**9.8**	**9.1**	**8.3**	**7.5**	*-0.8*
Retail	12.2	11.3	10.9	10.3	9.7	*-0.6*
Mortgage	11.1	10.4	10.1	9.8	9.4	*-0.4*
Consumer	16.0	15.2	14.3	12.3	10.9	*-1.4*
MSE	6.4	6.4	6.5	6.5	6.1	*-0.4*
Corporate	8.3	7.9	6.8	5.4	4.2	*-1.2*
Municipal	4.1	0.3	0.1	0.1	0.1	*-0.1*

DPD90+ ratio (%)

DSK Bank (Bulgaria)	3Q16	4Q16	1Q17	2Q17	3Q17	Q-o-Q (pp)
Total	**13.5**	**11.5**	**11.3**	**11.1**	**9.4**	*-1.7*
Mortgage	21.0	16.7	16.5	15.9	13.5	*-2.4*
Consumer	8.5	7.7	8.2	8.4	7.0	*-1.3*
MSE	20.6	17.2	17.5	15.9	13.4	*-2.5*
Corporate	10.4	9.6	8.7	8.6	7.4	*-1.2*

DPD90+ ratio (%)

OTP Bank Croatia	3Q16	4Q16	1Q17	2Q17	3Q17	Q-o-Q (pp)
Total	**12.6**	**12.1**	**11.7**	**6.4**	**7.7**	*1.3*
Mortgage	8.6	8.4	8.2	5.3	5.1	*-0.2*
Consumer	12.8	12.6	12.4	6.8	7.1	*0.3*
Corporate	21.0	19.2	18.8	10.5	15.0	*4.6*
Car-finance	67.1	70.7	72.8	0.9	1.0	*0.1*

DPD90+ ratio (%)

OTP Bank Russia	3Q16	4Q16	1Q17	2Q17	3Q17	Q-o-Q (pp)
Total	**23.4**	**20.2**	**19.4**	**18.4**	**17.2**	*-1.2*
Mortgage	37.1	36.9	36.1	37.5	36.7	*-0.8*
Consumer	23.2	19.9	19.1	18.3	17.1	*-1.2*
Credit card	32.8	30.8	30.5	29.4	27.8	*-1.6*
POS loan	14.4	11.1	11.7	12.5	11.8	*-0.7*
Cash loan	24.3	22.7	18.7	15.8	15.0	*-0.8*

DPD90+ ratio (%)

OTP Bank Ukraine	3Q16	4Q16	1Q17	2Q17	3Q17	Q-o-Q (pp)
Total	**44.9**	**41.9**	**41.2**	**37.5**	**33.4**	*-4.0*
Mortgage	74.1	72.6	73.2	72.6	73.6	*0.9*
Consumer	38.3	34.6	31.8	32.5	29.7	*-2.9*
SME	87.8	87.3	87.6	87.8	88.0	*0.2*
Corporate	19.0	18.6	17.6	13.4	5.9	*-7.5*
Car-finance	46.6	42.6	41.2	35.5	33.5	*-1.9*

In 3Q 2017 the reported CET1 was 13.7%, but the CET1 capital does not include the 9M 2017 profit less indicated dividend; including these items the CET1 would have been 15.8%

OTP Group consolidated capital adequacy ratios (IFRS)

BASEL III	2012	2013	2014[1]	2015	2016	3Q 17
Capital adequacy ratio	19.7%	19.7%	16.9%	16.2%	16.0%	15.8%
Common Equity Tier1 ratio	15.1%	16.0%	13.5%	13.3%	13.5%/ 15.8%[2]	13.7%/ 15.8%[3]

1. The stand-alone capital adequacy ratio of OTP Bank is according to Hungarian Accounting Standards (HAS) until 2016, and due to the switch from HAS to IFRS from 2017 it is based on IFRS from 1Q 2017.

2. The 3Q 2017 number is the CAR of OTP banka Hrvatska which is the owner of Splitska banka shares. The acquisition of Splitska banka was completed on 2 May 2017.

Capital adequacy ratios (under local regulation)

	2012	2013	2014	2015	2016	3Q 17
OTP Group (IFRS)	**19.7%**	**19.7%**	**16.9%**	**16.2%**	**16.0%**	**15.8%**
Hungary	20.4%	23.0%	19.0%	26.6%	27.7%	30.6% (1)
Russia	16.2%	14.0%	12.1%	13.3%	16.2%	16.8%
Ukraine	19.6%	20.6%	10.4%	15.7%	12.4%	15.0%
Bulgaria	18.9%	16.4%	18.0%	17.3%	17.6%	16.7%
Romania	15.6%	12.7%	12.6%	14.2%	16.0 %	15.7%
Serbia	16.5%	37.8%	30.8%	26.1%	22.8%	24.9%
Croatia	16.0%	16.7%	16.5%	15.5%	16.7%	16.1% (2)
Slovakia	12.8%	10.6%	13.7%	13.4%	12.9%	10.6%
Montenegro	12.4%	14.4%	15.8%	16.2%	21.1%	20.9%

[1] Calculated with the deduction of the dividend amount accrued in 2014.
[2] Including the unaudited full-year 2016 net profit less accrued dividend.
[3] Including the unaudited 9M 2017 net profit less indicated dividend.

Continuously stable, outstanding capital position both on stand-alone and consolidated level

OTP Group consolidated CAR (according to Basel III, IFRS) in HUF million	3Q 2016	2Q 2017	3Q 2017
CAR	**15.7%**	**16.3%**	**15.9%**
Tier1 ratio	**13.2%**	**14.1%**	**13.7%**
Common Equity Tier1 capital ratio	**13.2%**	**14.1%**	**13.7%**
Own funds	**1,049,695**	**1,227,883**	**1,237,887**
Tier1 capital	**883,065**	**1,061,477**	**1,071,207**
Common Equity Tier1 capital	**883,065**	**1,061,477**	**1,071,207**
Paid in capital	28,000	28,000	28,000
Reserves and current year profit	1,265,248	1,399,794	1,397,608
Memorandum item: Dividend	*-39,900*	*-30,660*	*-45,990*
Accumulated other comprehensive income and other reserves	-129,189	-96,684	-92,694
Treasury shares	-60,722	-61,502	-63,485
Goodwill and other intangible assets	-157,191	-171,939	-169,067
Minority interests	594	633	870
Prudential filters	-1,900	-2,290	-2,453
Other transitional adjustments	0	0	0
CET1 Deductions from investments	0	0	0
Additional Tier1 capital	**0**	**0**	**0**
Hybrid Tier1	0	0	0
Other AT1 corrections	0	0	0
AT1 Deductions from investments	0	0	0
Tier2	**166,630**	**166,406**	**166,681**
Hybrid Tier2	89,935	89,935	89,935
Lower Tier2	0	0	0
Upper Tier2	76,363	76,126	76,533
Instruments issued by subsidiaries that are given recognition in T2 Capital (8)	332	345	213
Transitional adjustments due to additional recognition in T2 Capital of instruments issued by subsidiaries	0	0	0
Tier2 Deductions from investments	0	0	0
Deductions	n/a	n/a	n/a
Investments	n/a	n/a	n/a
Consolidated risk weighted assets (RWA) (Credit&Market&Operational risk)	**6,678,563**	**7,545,318**	**7,808,796**
Consolidated risk weighted assets (RWA) (Credit risk)	5,246,210	6,154,700	6,328,779
Consolidated risk weighted assets (RWA) (Maket & Operational risk)	1,432,353	1,390,618	1,480,017
TOTAL CAPITAL REQUIREMENT	**534,285**	**603,625**	**624,704**
Capital requirement for Credit risk	419,697	492,376	506,302
Capital requirement for Market risk	40,912	28,497	35,124
Capital requirement for Operational risk	73,676	82,753	83,278

OTP Bank unconsolidated CAR (according to Basel III, HAS until 4Q16, IFRS from 1Q17) in HUF million	3Q 2016	2Q 2017	3Q 2017
CAR	**27.9%**	**30.7%**	**30.8%**
Tier1 ratio	**24.9%**	**28.1%**	**28.3%**
Common Equity Tier1 capital ratio	**24.9%**	**28.1%**	**28.3%**
Own funds	**1,126,300**	**1,297,088**	**1,345,959**
Tier1 capital	**1,007,744**	**1,188,413**	**1,236,629**
Common Equity Tier1 capital	**1,007,744**	**1,188,413**	**1,236,629**
Paid in capital	28,000	28,000	28,000
Reserves and current year profit	971,861	1,138,795	1,181,120
Retained earnings	854,022	1,068,665	1,066,327
Eligible interim/year-end profit or loss	117,839	70,130	114,793
Memorandum item: Dividend	-39,900	-61,320	-61,320
Accumulated other comprehensive income and other reserves	44,206	81,470	85,751
Other reserves	44,206	-11,976	-11,976
Revaluation reserves	n/a	0	0
Fair value adjustment of securities available-for-sale and of derivative financial instruments recognised directly through equity	n/a	63,523	66,962
Fair value of share based payments	n/a	29,923	30,765
Fair value adjustment of cash flow hedge transactions	n/a	0	0
Fair value adjustment of strategic open FX position recognised directly through equity	n/a	0	0
Treasury shares	-14,852	-9,736	-12,628
Direct shares	-11,886	-6,817	-9,718
Indirect shares	-2,966	-2,919	-2,910
Synthetic shares	0	0	0
Actual or contingent obligations to purchase own CET1 instruments	n/a	0	0
Goodwill and other intangible assets	-21,471	-25,022	-24,035
Prudential filters	n/a	-2,029	-2,058
Deferred tax assets	n/a	-23,064	-19,522
Other transitional adjusments	0	0	0
CET1 Deductions due to investments	0	0	0
Reserve for general banking risk	0	0	0
Excess of non-financial investment limit (only Basel 2)	n/a	0	0
Excess of deduction from T2 items over T2 Capital	n/a	0	0
Additional Tier1 capital	0	0	0
Hybrid Tier1	0	0	0
Other AT1 corrections	0	0	0
AT1 Deductions from investments	0	0	0
Tier2	118,556	108,674	109,330
Lower Tier2	0	0	0
Upper Tier2	118,556	108,674	109,330
Tier2 Deductions from investments	0	0	0
Other transitional adjustment to Tier 2 Capital	0	0	0
Deductions (financial investments) - Basel 2	n/a	0	0
Excess of non-financial investment limit (only Basel 2)	n/a	0	0
Consolidated risk weighted assets (RWA) (Credit&Market&Operational risk)	4,042,673	4,231,717	4,364,343
Consolidated risk weighted assets (RWA) (Credit risk)	3,143,334	3,763,173	3,856,076
Consolidated risk weighted assets (RWA) (Maket & Operational risk)	899,339	468,544	508,267
TOTAL CAPITAL REQUIREMENT	**323,414**	**338,537**	**349,147**
Capital requirement for Credit risk	251,467	301,054	308,486
Capital requirement for Market risk	50,445	15,517	18,454
Capital requirement for Operational risk	21,502	21,966	22,207

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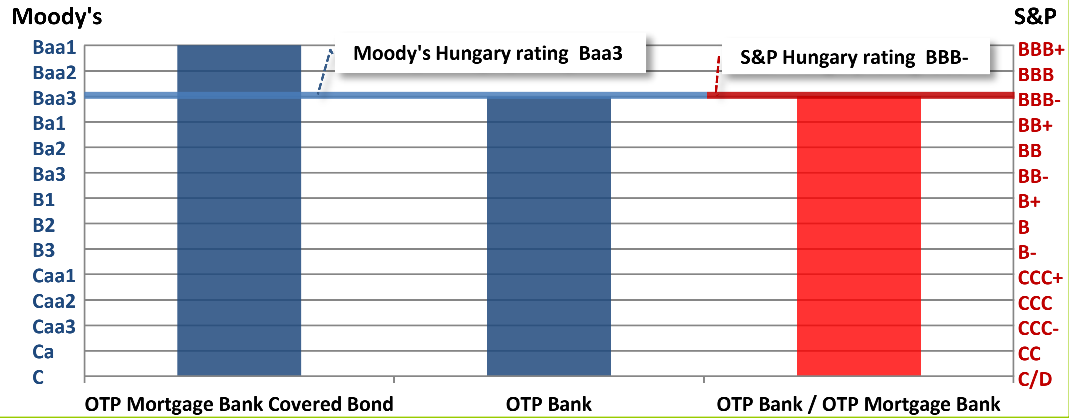
While OTP Bank ratings closely correlate with the sovereign ceilings, subsidiaries' ratings enjoy the positive impact of parental support

(rating outlook)
+ positive
- negative
0 stable

Hungarian sovereign, OTP Bank and OTP Mortgage Bank ratings



	Moody's	S&P	Fitch	Dagong
OTP Bank	Baa3 (0)	BBB- (0)		BBB+ (0)
OTP Mortgage Bank	Baa1	BBB- (0)		
OTP Bank Russia			BB (0)	

Rating history

- OTP Bank Slovakia, DSK Bank Bulgaria, OTP Bank Ukraine and OTP Bank Russia cancelled cooperation with Moody's in 2011, 2013, 2015 and 2016 respectively.
- Currently OTP Bank, OTP Mortgage Bank and OTP Bank Russia have solicited ratings from either Moody's, S&P Globa, Fitch or Dagong.

OTP Group related rating actions

- Moody's has upgraded **OTP Bank**'s long-term foreign currency deposit rating to Baa3 with a stable outlook and **OTP Mortgage Bank**'s covered bonds rating to Baa1. *(07 November 2016)*
- S&P raised its long- and short-term foreign and local currency counterparty credit ratings on **OTP Bank** and **OTP Mortgage Bank** from BB+/B to BBB-/A-3 with stable outlook *(24 July 2017)*.
- Moody's upgraded **OTP Bank**'s long and short-term local-currency deposit ratings to Baa2/Prime-2 from Baa3/Prime-3. The long-term foreign currency deposit rating was affirmed at Baa3. Both long-term deposit ratings carry stable outlook. At the same time the junior subordinated rating of the bank was raised by one notch to Ba3 (hyb). Furthermore the rating agency upgraded the backed long-term local-currency issuer rating of **OTP Mortgage Bank** to Baa3 from Ba1, with stable outlook. *(19 October 2017)*
- Dagong Global has assigned a Long-Term Credit Rating of BBB+' and equivalent Short-Term Credit Rating of A-2 to **OTP Bank.** The Outlook is stable. *(22 November 2017)*

Recent sovereign rating developments

- S&P has changed the outlook on **Croatia**'s ratings to positive from stable. *(22 September 2017)*
- Moody's has changed the outlook on **Montenegro**'s ratings to stable from negative. *(29 September 2017)*
- S&P has changed the outlook on **Montenegro**'s ratings to stable from negative. *(06 October 2017)*
- Fitch has changed the outlook on **Hungary**'s ratings to positive from stable. *(10 November 2017)*
- Fitch upgraded **Bulgaria**'s ratings to BBB from BBB-, with stable outlook. *(1 December 2017)*
- S&P upgraded **Bulgaria**'s ratings to BBB- from BB+, with stable outlook. *(1 December 2017)*

Moody's		S&P Global		Fitch	
Aaa		**AAA**		**AAA**	
Aa1		**AA+**		**AA+**	
Aa2		**AA**		**AA**	
Aa3		**AA-**		**AA-**	
A1		**A+**	SK(0)	**A+**	SK(0)
A2	SK(+)	**A**		**A**	
A3		**A-**		**A-**	
Baa1		**BBB+**		**BBB+**	
Baa2	BG(0)	**BBB**		**BBB**	BG(0)
Baa3	RO(0) HU(0)	**BBB-**	HU(+) RO(0) BG (0)	**BBB-**	RU(+) HU(+) RO(0)
Ba1	RU(0)	**BB+**	RU(+)	**BB+**	
Ba2	CR(0)	**BB**	CR(+)	**BB**	CR(0)
Ba3	SRB(0)	**BB-**	SRB(+)	**BB-**	SRB(0)
B1	MN(0)	**B+**	MN(0)	**B+**	
B2		**B**		**B**	
B3		**B-**	UA (0)	**B-**	UA (0)
Caa1		**CCC+**		**CCC**	
Caa2	UA(+)	**CCC**		**CCC**	
Caa3		**CCC-**		**CCC**	

Last update: 01/12/2017
Sovereign ratings: long term foreign currency government bond ratings,
OTP Mortgage Bank Moody's rating: covered bond rating; Other bank ratings: long term foreign currency deposit ratings
Abbreviations: BG - Bulgaria, CR - Croatia, HU - Hungary, MN - Montenegro, RO - Romania, RU - Russia, SRB - Serbia, SK - Slovakia, UA - Ukraine

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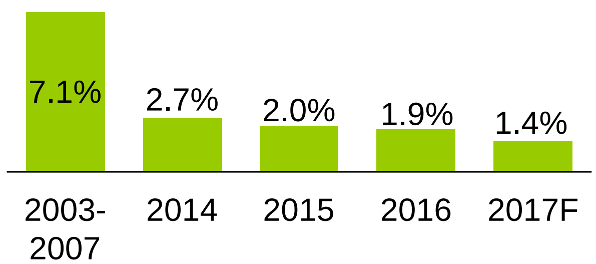
Content

Hungary

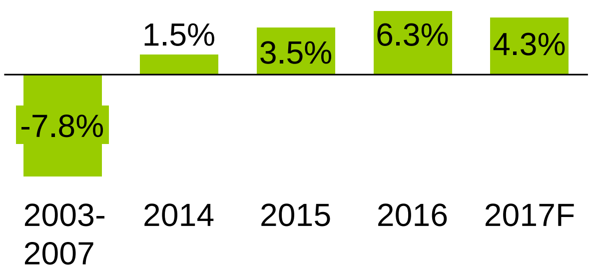
Hungary’s economy is on track to grow by 3.5-4.0% over the coming years. Household consumption is robust, investment activity has been strengthening and external demand has been improving

Balance

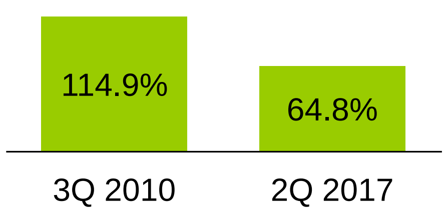
Budget deficit



Current account balance

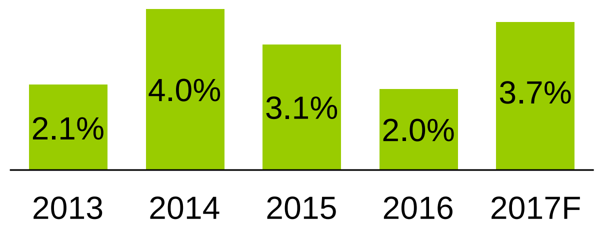


Gross external debt[1] (in % of GDP)

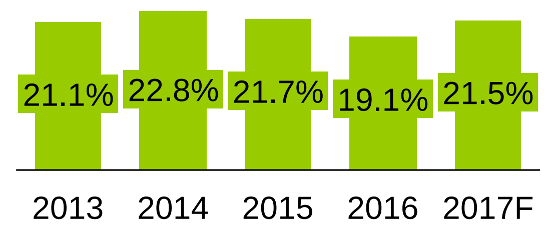


Growth

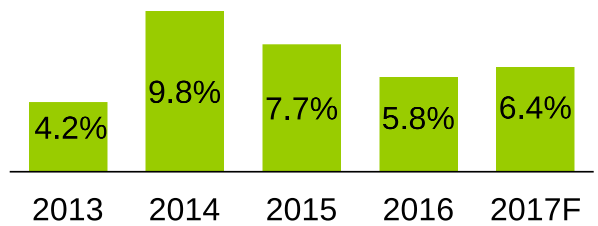
Real GDP growth



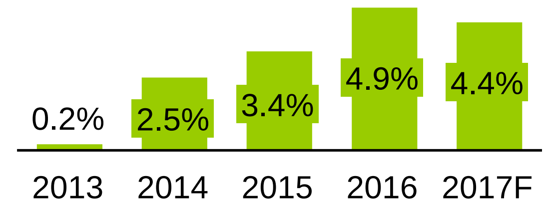
Investment to GDP



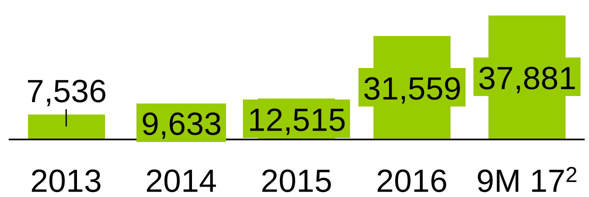
Export growth



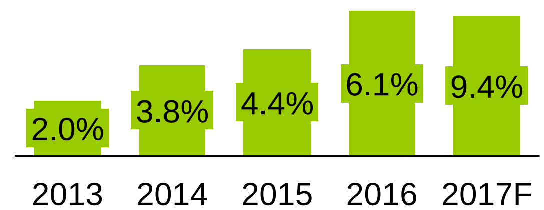
Household consumption



Housing construction permits



Real wage growth



Source: CSO, NBH; forecasts: OTP Research Centre
[1] Without inter-company loans
[2] Annualized

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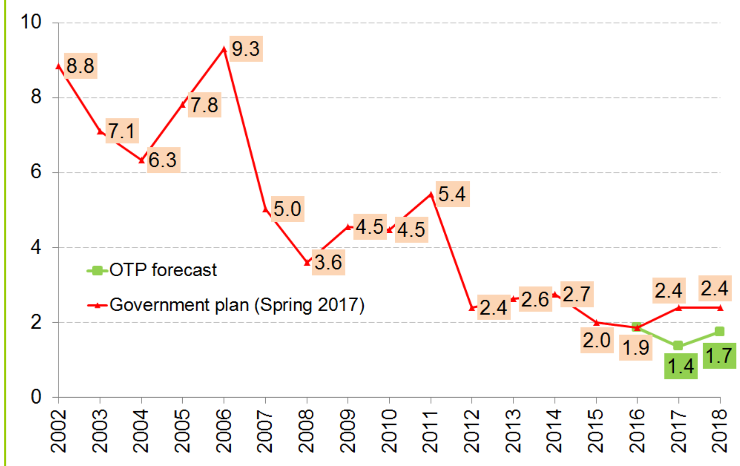
The government intends to spend more on investment, but the overall fiscal discipline is expected to continue. Hungary's current account surplus remained high, while external indebtedness fell further

The budget position remains strong, thanks to strong revenue growth and disciplined spending. Without one-off expenditure measures in 4Q 2016 the budget would have been balanced last year. The 4-quarter rolling ESA deficit fell to 1.3% in 2Q 2017 vs. the 2.4% deficit target of the government. The 2018 draft budget aims to reach the 2.4% target by increasing public investments and government purchases.

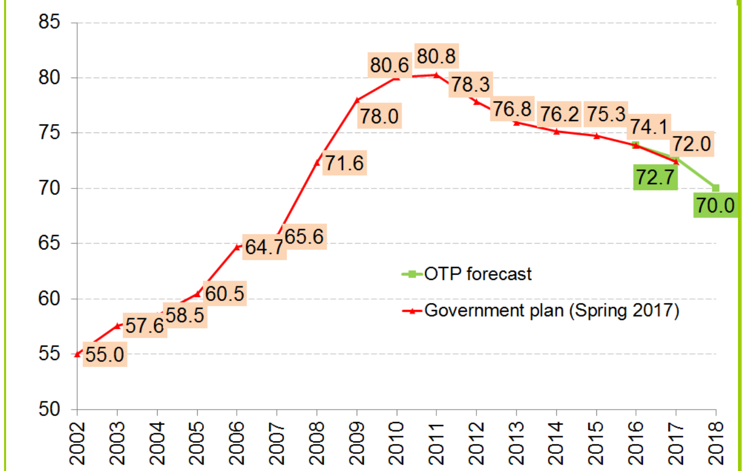
Although the ESA deficit is low, the pre-financing of EU funds creates additional short-term financing need. Therefore, government debt decreases only gradually, to 72.7% in 2017 and to 70% in 2018.

After hitting an all-time high of 6.3% of GDP in 2016 as a whole, Hungary's C/A surplus started to moderate slowly due to stronger internal demand. The decrease in external debt went on, gross external debt fell below 65% of GDP, very close to levels characteristic for the CEE region, while net and short-term debt moderated to 16%.

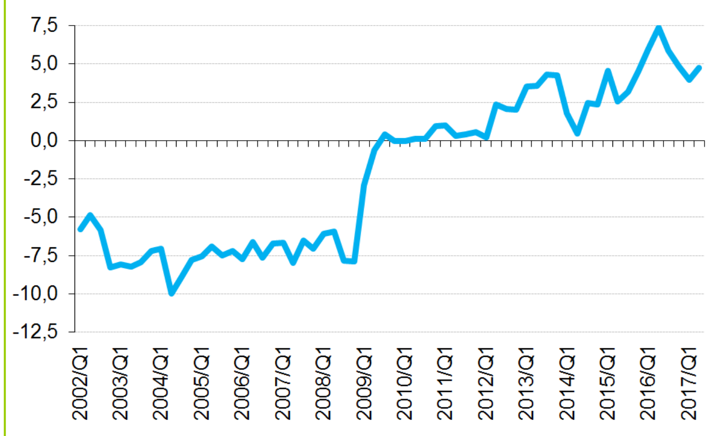
Budget balance (as % of GDP)



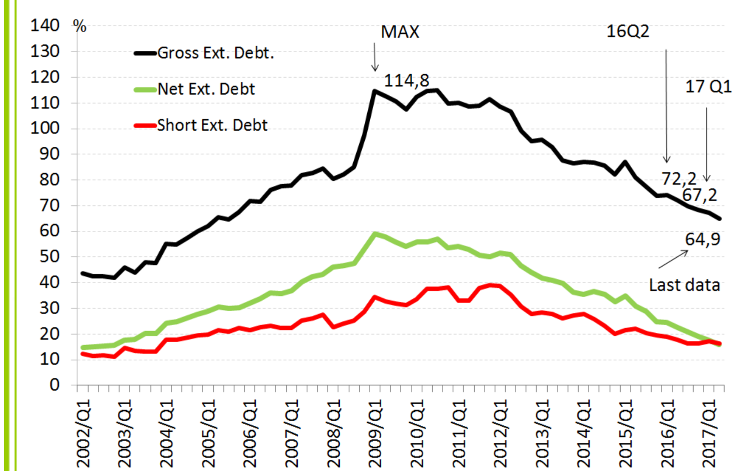
Public debt (as % of GDP)



Current account balance (as % of GDP)



External debt indicators (as % of GDP)



Monetary conditions are likely to remain very relaxed for an extended period

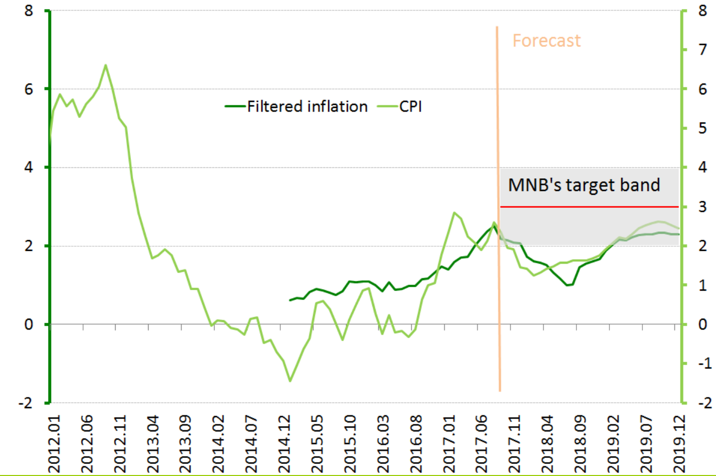
CPI may have surpassed its recent peak and is heading down right now, mainly owing to the base effect of fuel prices.

Over the medium term we expect the CPI to remain below the MNB's 3% target, due to moderate energy and food inflation, still very modest imported inflation and the lower-than-expected domestic price pressure from the labour market. The latter is related to the decelerating ULC growth, despite the stellar wage dynamics, upon improving productivity and sizeable social security contribution cuts for employers.

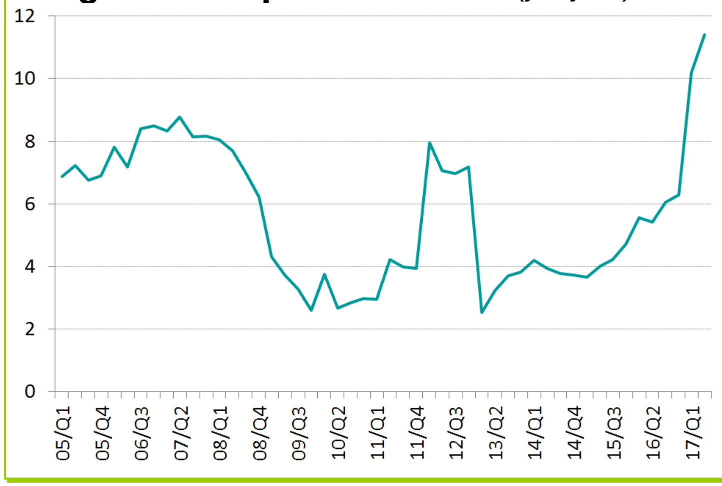
As a result, the MNB will not be in hurry to tighten monetary policy conditions. Our baseline scenario is that the 3M deposit rate will remain 0.9% well into 2019 and the 3M BUBOR (which can be considered as an effective monetary policy rate now) will be close to zero until 2019.

At its November rate setting meeting the Monetary Council decided to introduce new unconventional monetary policy tools in order to bring long-term yields down.

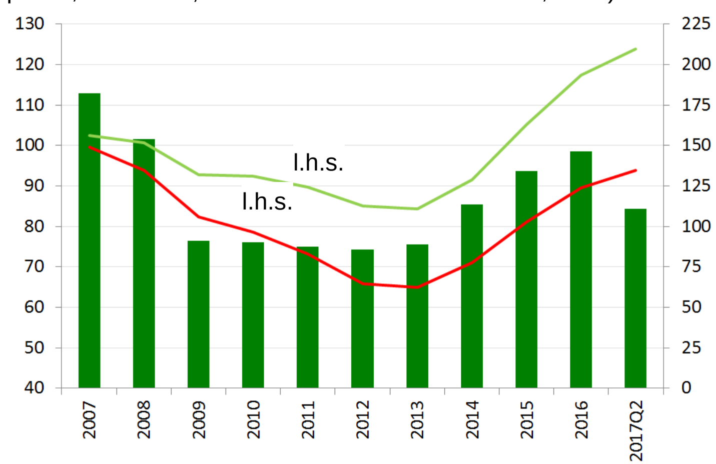
Inflation (y-o-y, %)



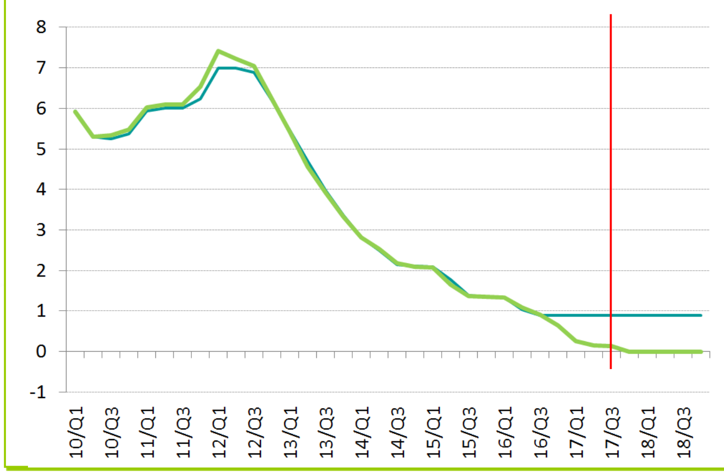
Wages in the private sector (y-o-y, %)



Real estate market indicators (nominal and real prices, 2007=100; transactions** in thousand units, r.h.s.)



Base rate & 3M BUBOR (%)



Sources: HCSO, NBH, Reuters, OTP Research
**2017 data is annualized

Hungary

Temporary slowdown in 2016, coupled with reviving consumption and strong balance indicators. GDP growth may accelerate to around 4% both in 2017 and 2018

Key economic indicators	2013	2014	2015	2016	OTP Research 2017F	OTP Research 2018F	Focus Economics* 2017F	Focus Economics* 2018F
Nominal GDP (at current prices, HUF billion)	30 127	32 400	33 999	35 005	**37 520**	**39 998**	**37 143**	**39 397**
Real GDP change	2.1%	4.0%	3.1%	2.0%	**3.7%**	**3.7%**	**3.7%**	**3.4%**
Household final consumption	0.5%	2.1%	3.1%	4.2%	**3.4%**	**4.0%**	**4.0%**	**3.8%**
Household consumption expenditure	0.2%	2.5%	3.4%	4.9%	**4.4%**	**4.6%**		
Collective consumption	6.5%	9.2%	0.6%	0.1%	**-1.9%**	**1.1%**	**2.2%**	**2.3%**
Gross fixed capital formation	9.8%	9.9%	1.9%	-15.5%	**21.5%**	**7.4%**	**16.9%**	**7.1%**
Exports	4.2%	9.8%	7.7%	5.8%	**6.4%**	**6.4%**		
Imports	4.5%	10.9%	6.1%	5.7%	**8.1%**	**6.3%**		
General government balance (% of GDP)	-2.6%	-2.7%	-2.0%	-1.9%	**-1.4%**	**-1.7%**	**-2.4%**	**-2.5%**
General government debt (% of GDP ESA 2010)	76.8%	76.2%	75.3%	74.1%	**72.7%**	**70.0%**	**73.0%**	**71.7%**
Current account (% of GDP)**	3.8%	1.5%	3.5%	6.3%	**4.3%**	**4.0%**	**3.8%**	**3.1%**
Gross external debt (% GDP)***	86.5%	81.9%	73.6%	68.9%				
FX reserves (in EUR billion)	33.8	34.6	30.3	24.4				
Gross real wages	2.0%	3.8%	4.4%	6.1%	**9.4%**	**6.3%**		
Gross real disposable income	1.0%	4.4%	4.4%	2.3%	**4.9%**	**4.1%**		
Employment (annual change)	1.7%	5.3%	2.7%	3.4%	**1.7%**	**0.6%**		
Unemployment rate (annual average)	10.2%	7.7%	6.8%	5.1%	**4.2%**	**4.2%**	**4.4%**	**4.2%**
Inflation (annual average)	1.7%	-0.2%	-0.1%	0.4%	**2.3%**	**1.7%**	**2.4%**	**2.7%**
Base rate (end of year)	3.00%	2.10%	1.35%	0.90%	**0.90%**	**0.90%**	**0.90%**	**1.04%**
1Y Treasury Bill (average)	4.11%	2.28%	1.17%	0.77%	**0.09%**	**0.10%**		
Real interest rate (average. ex post)****	2.3%	2.5%	1.2%	0.4%	**-2.2%**	**-1.6%**		
EUR/HUF exchange rate (end of year)	296.9	314.9	313.1	311.0	**308.0**	**308.0**	**309.0**	**308.0**

Source: Central Statistical Office. National Bank of Hungary. OTP Bank. * November 2017 consensus . **Official data of balance of payments (excluding net errors and omissions). *** w/o FDI related intercompany lending. last data.
**** = (1+ Yield of the 1Y Treasury Bill (average)) / (1+ annual average inflation) – 1

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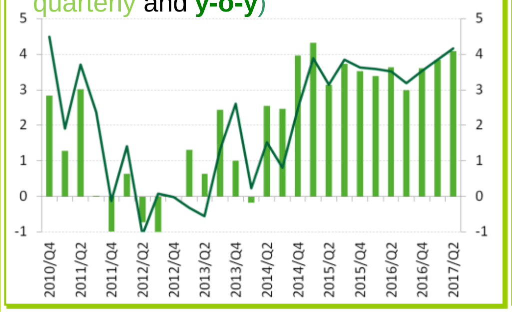
Bulgaria: solid, sustainable, broad-based growth; Croatia: the economy is on track to expand nearly 3% in 2017; Romania: stellar GDP growth, the budget execution remains the main risk

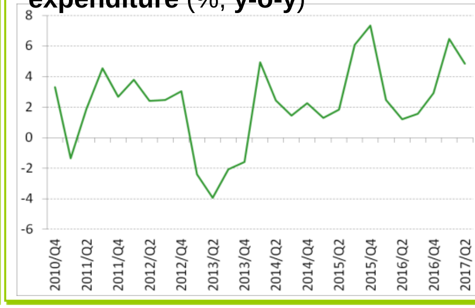
Bulgaria

Since 2015 Bulgaria has enjoyed high and broad-based growth. In 2Q GDP grew by 4.2% y-o-y and 1.0% q-o-q. Growth is supported by strong external demand, while consumption gained momentum after slowing down last year. The property market enjoys a strong revival, with housing prices growing at single-digit pace, building permits and housing loan demand on the rise. The budget is balanced, and the C/A surplus rose to all-time highs.

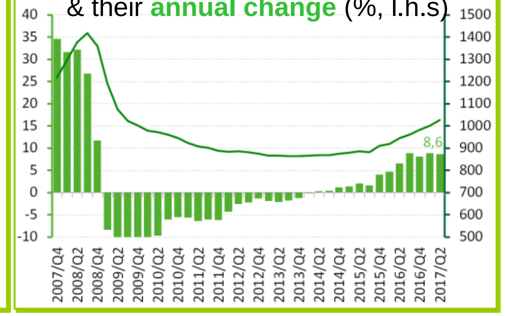
Real GDP growth (%, SA, annualized quarterly and **y-o-y**)



Growth of household consumption expenditure (%, **y-o-y**)



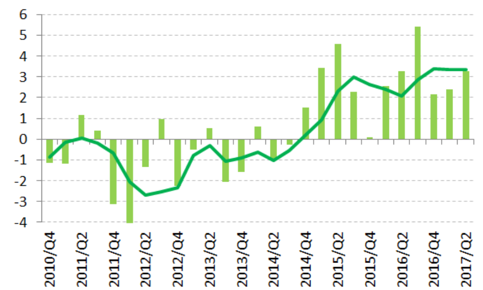
Housing prices (BGN/ sqm, r.h.s) & their **annual change** (%, l.h.s)



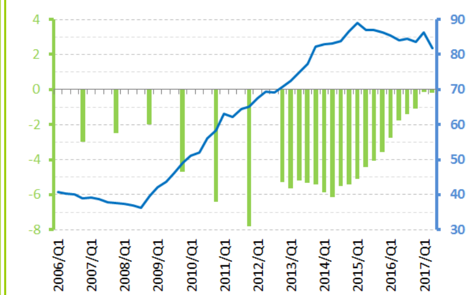
Croatia

GDP growth accelerated to 2.8% y-o-y NSA in 2Q 2017, household consumption posted 3.8% yearly gain. In 3Q tourist arrivals hit new all-time high, though the number of tourist nights failed to grow further. Budget is in good shape with 0.2% of GDP 4Q rolling deficit; government debt sank close to 80% of GDP. Unemployment rate dropped to 10%, real wage dynamic hit decade high. Loan flows exceeded zero this year, though potential Agrokor-related write-offs may brake the recovery.

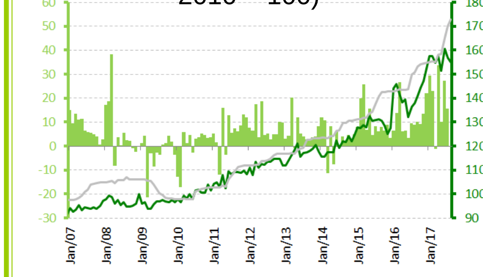
Real GDP growth (%, SA, annualized quarterly and **y-o-y**)



Budget deficit (LHS, **ESA**), **Debt (RHS)** in % of GDP



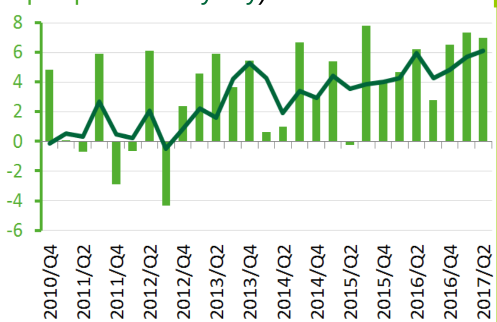
Tourist nights (3M, Y-o-Y, LHS) & **tourist nights,** tourist arrivals (12M, 2010 = 100)



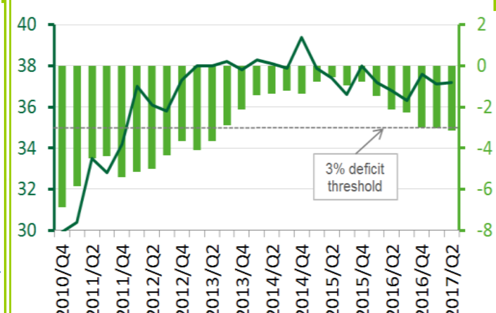
Romania:

GDP grew by 6.1% y-o-y in 2Q, driven by consumption. Early indicators suggest strong growth in 3Q too. In the medium-term growth is expected to moderate, as there is no room for further fiscal easing. The CB started a gradual policy normalization by narrowing the interest rate corridor, as inflation started to go up. The budget execution points out that decision-makers have gone too far with stimulus measures and more prudent policies should come in order to avoid the risk of building up vulnerabilities. Unpredictable taxation initiatives cause uncertainties.

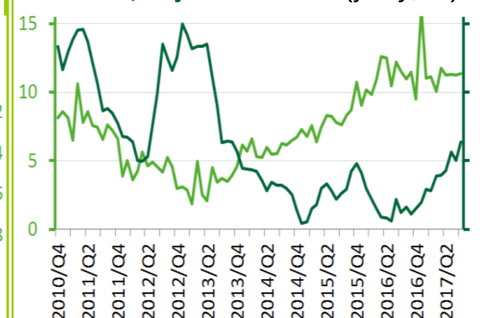
Real GDP growth (%, SA annualized q-o-q and NSA y-o-y)



ESA-2010 deficit (4Q avg., r.h.s.), **debt** (in % of GDP, l.h.s)



Wages, private sector - l.h.s; **Inflation, adjusted** - r.h.s. (y-o-y; %)



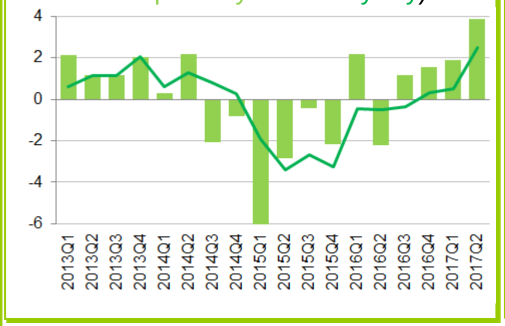
Source: Eurostat, national banks and statistical offices

Russia: recovery continues; inflation sank even deeper below the CBR's target, prompting further rate cuts.
Ukraine: GDP growth was 2.4% y-o-y in 2Q 2017, inflation is around 16%, rate cuts aren't likely in the near future

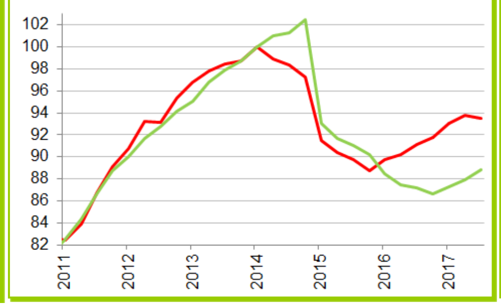
Russia

Economic recovery is under way: GDP growth accelerated in 2Q 2017. Domestic demand turned the corner, which has spurred a recovery in consumer lending. Disinflation continued on the back of subdued demand and a stabilizing currency; CPI fell below the 4% target of the CBR and may undershoot it even in 2018. The central bank continued rate cuts, but remains cautious to anchor inflation expectations and safeguard financial stability after some high-profile bank failures. High real rates will continue to keep households' saving rate high. Fiscal consolidation weighs on medium-term growth expectations, but a higher-than-planned oil price opens up some fiscal space in the short term.

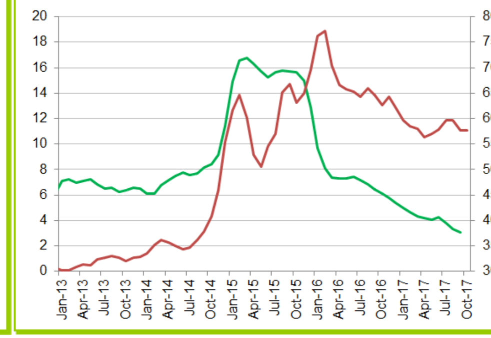
Real GDP growth (OTP estimation, %, annualized quarterly SA* and y-o-y)



Retail sales and **real wages** (SA level, January 2014=100)



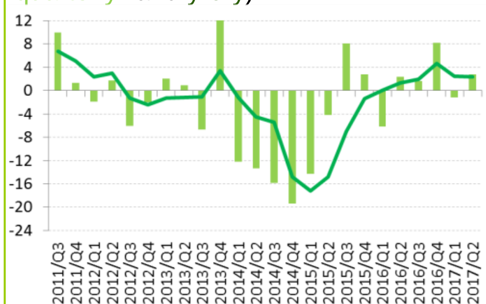
Inflation (y-o-y %) and **USD/RUB** (r.a)



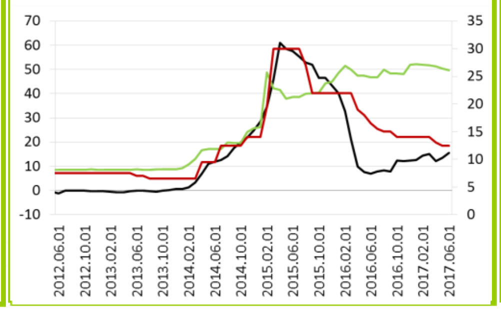
Ukraine

GDP increased by 2.4% y-o-y in 2Q 2017, which translates into 0.7% q-o-q increase. GDP growth slowed less than expected due to the stronger-than-anticipated consumption growth and investment activity. Inflation slightly increased from 12.4% in December to 16.4% in September. The NBU increased the base rate to 13.5%, as inflation is higher than expected (raw food prices and higher production costs). The NBU indicated that inflation risks are on the upside, so the rate-cutting cycle could start later than previously thought.

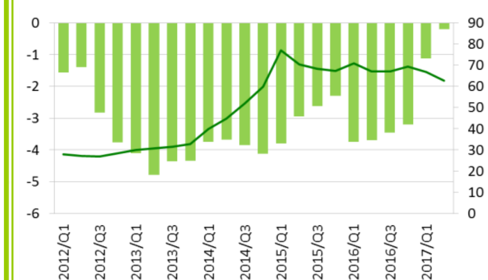
Real GDP growth (%, SA, annualized quarterly* and y-o-y)



USD/UAH (r.a., %), **base rate** (r.a., %), and **Inflation** (%)



Fiscal balance (l.a.) and government debt (r.a.) as % of GDP



Source: CBR, Rosstat, Ukrstat, National Bank of Ukraine, Focus Economics
*annualized q-o-q growth is OTP Research estimate

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General macro trends remained favourable in CEE countries, with growth levels exceeding EU average, while the recovery in Russia and Ukraine is expected to continue

REAL GDP GROWTH

	2015	2016	2017F	2018F
Hungary	3.1%	2.0%	3.7%	3.7%
Ukraine	-9.9%	2.3%	2.3%	3.2%
Russia	-2.8%	-0.2%	1.9%	2.5%
Bulgaria	3.6%	3.4%	3.9%	3.6%
Romania	3.9%	4.8%	5.8%	4.0%
Croatia	2.2%	2.9%	2.7%	2.8%
Slovakia	3.8%	3.3%	3.2%	3.5%
Serbia	0.8%	2.8%	1.8%	3.5%
Montenegro	3.2%	2.5%	3.1%	2.5%

EXPORT GROWTH

	2015	2016	2017F	2018F
Hungary	7.7%	5.8%	6.4%	6.4%
Ukraine	-17%	-1.6%	-5.2%	7.0%
Russia	3.7%	3.1%	5.3%	3.5%
Bulgaria	5.7%	5.7%	6.6%	6.5%
Romania	5.4%	8.3%	7.9%	6.7%
Croatia	9.4%	5.7%	6.3%	4.7%
Slovakia	7.0%	4.8%	5.3%	5.6%
Serbia	10.2%	11.9%	10.8%	11.0%
Montenegro	10.2%	5.1%	8.0%	4.4%

UNEMPLOYMENT

	2015	2016	2017F	2018F
Hungary	6.8%	5.1%	4.2%	4.2%
Ukraine	9.5%	9.7%	9.1%	8.8%
Russia	5.6%	5.5%	5.0%	4.8%
Bulgaria	9.1%	7.6%	6.3%	5.9%
Romania	6.8%	5.9%	5.1%	4.9%
Croatia	17.7%	15.0%	12.7%	11.7%
Slovakia	11.6%	9.8%	8.1%	7.7%
Serbia	17.9%	15.3%	12.0%	11.0%
Montenegro	17.6%	17.5%	17.0%	17.0%

BUDGET BALANCE*

	2015	2016	2017F	2018F
Hungary	-2.0%	-1.9%	-1.4%	-1.7%
Ukraine	-2.9%	-2.9%	-2.8%	-2.5%
Russia	-2.4%	-3.4%	-2.0%	-1.4%
Bulgaria	-1.6%	0.0%	0.5%	0.8%
Romania	-0.8%	-3.0%	-3.0%	-3.5%
Croatia	-3.6%	-1.0%	-1.2%	-1.3%
Slovakia	-2.7%	-1.7%	-1.5%	-1.2%
Serbia	-3.7%	-1.4%	-1.5%	-1.5%
Montenegro	-7.9%	-3.3%	-5.6%	-3.5%

CURRENT ACCOUNT BALANCE

	2015	2016	2017F	2018F
Hungary	3.5%	6.3%	4.3%	4.0%
Ukraine	-0.2%	-4.1%	-4.0%	-3.8%
Russia	5.1%	1.9%	2.8%	2.7%
Bulgaria	0.0%	5.4%	4.6%	3.2%
Romania	-1.2%	-2.3%	-3.4%	-3.7%
Croatia	4.6%	2.5%	2.9%	4.0%
Slovakia	-0.3%	-0.7%	-0.2%	0.1%
Serbia	-4.7%	-3.8%	-4.5%	-4.5%
Montenegro	-13.4%	-19%	-19.6%	-20.1%

INFLATION

	2015	2016	2017F	2018F
Hungary	-0.1%	0.4%	2.3%	1.7%
Ukraine	48.7%	13.9%	14.0%	6.5%
Russia	15.5%	7.0%	3.8%	3.4%
Bulgaria	-0.1%	-0.8%	1.8%	1.8%
Romania	-0.6%	-1.5%	1.1%	2.9%
Croatia	-0.5%	-1.1%	1.0%	1.8%
Slovakia	-0.3%	-0.5%	1.3%	1.7%
Serbia	1.5%	1.6%	3.3%	3.2%
Montenegro	1.5%	-0.2%	2.5%	3.1%

Source: OTP Research

* For EU members, deficit under the Maastricht criteria

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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