OTP Group
First quarter 2018 results

Conference call – 11 May 2018

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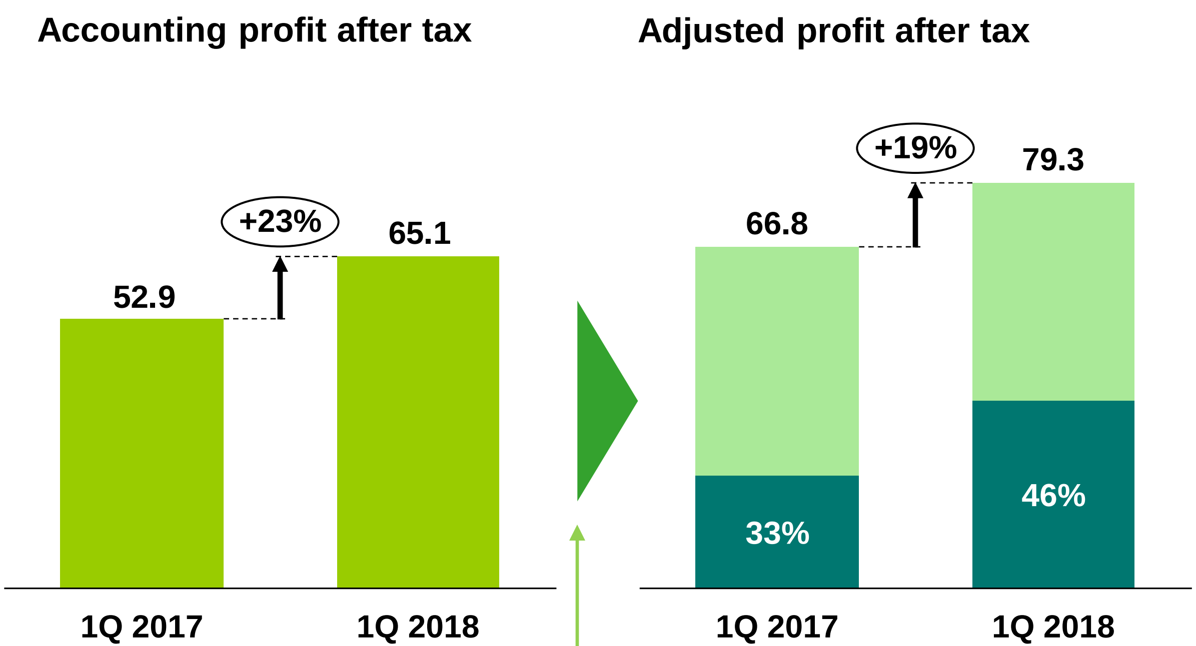
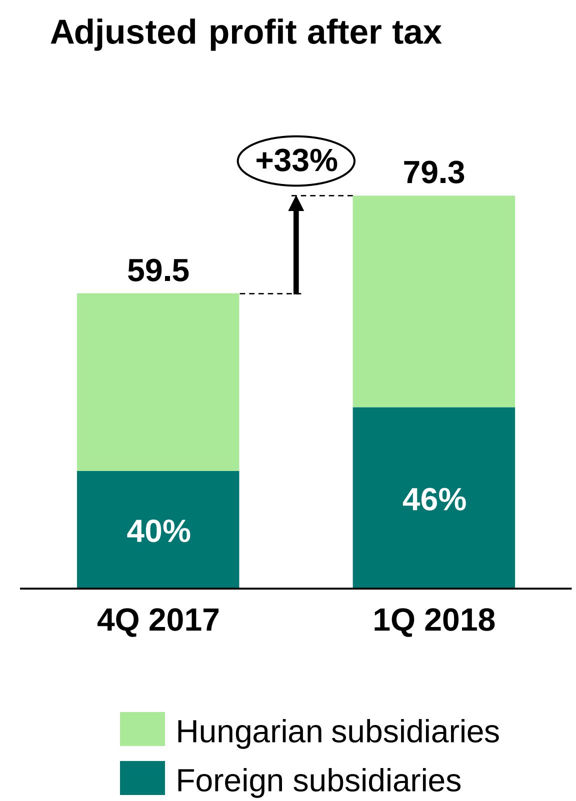
The accounting profit grew by 23% y-o-y in 1Q 2018, while the adjusted profit increased by 19%. Apart from the banking tax, other adjustment items were negligible. The profit contribution of foreign subsidiaries grew to 46%

After tax profit development y-o-y (in HUF billion)



Adjustments (after tax)	**1Q 2017**	**1Q 2018**
Banking tax	-14.7	-14.7
Other	0.8	0.5
Total	-13.9	-14.2

After tax profit development q-o-q (in HUF billion)



In 1Q 2018 the banking tax was the only major adjustment item

(in HUF billion)	1Q 17	4Q 17	1Q 18	Q-o-Q	Y-o-Y
Consolidated after tax profit (accounting)	**52.9**	**68.5**	**65.1**	**-5%**	**23%**
Adjustments (total)	**-13.9**	**8.9**	**-14.2**	**-259%**	**2%**
Dividends and net cash transfers (after tax)	0.1	0.0	0.1	332%	-7%
Goodwill/investment impairment charges (after tax)	0.5	-5.6	0.0	-100%	-100%
Special banking tax (after tax)	-14.7	-0.2	1 -14.7		0%
Risk cost created in relation to the decision of the Hungarian Competition Authority (after tax)	0.2	0.0	0.0		-100%
Effect of acquisitions (after tax)	0.0	14.7	0.4	-97%	
Consolidated adjusted after tax profit	**66.8**	**59.5**	**79.3**	**33%**	**19%**

1 Special banking tax in the amount of -HUF 14.7 billion (after tax). This amount includes the full-year Hungarian levy booked already in 1Q in a lump-sum, as well as the quarterly part of the Slovakian banking tax (-HUF 169 million after tax).

1Q profit before tax (without one-offs) grew by 20% y-o-y and 39% q-o-q, supported by acquisitions and lower risk costs

(in HUF billion)	1Q 2017	4Q 2017	1Q 2018	Q-o-Q	Y-o-Y	1Q 2018 w/o M&A[1] (HUF bn)	Y-o-Y w/o M&A[1]
Consolidated adjusted after tax profit	**66.8**	**59.5**	**79.3**	**33%**	**19%**	**73.4**	**10%**
Corporate tax	-9.4	-6.5	-10.4	59%	10%	-9.5	1%
Before tax profit	76.2	66.1	89.7	36%	18%	83.0	9%
Total one-off items	0.0	0.1	-1.8			-1.8	
Result of the Treasury share swap agreement	0.0	0.1	-1.8			-1.8	
Before tax profit without one-off items	**76.2**	**66.0**	**91.5**	**39%**	**20%**	**84.8**	**11%**
Operating profit w/o one-off items	88.7	85.1	92.8	9%	5%	87.6	-1%
Total income w/o one-off items	188.8	208.9	206.3	-1%	9%	191.0	1%
Net interest income	132.2	140.5	143.6	2%/1%[2]	9%	132.7	0%
Net fees and commissions	44.5	58.1	49.6	-15%	11%	46.2	4%
Other net non interest income without one-offs	12.0	10.3	13.1	28%	9%	12.1	1%
Operating costs	-100.0	-123.8	-113.5	-8%	13%	-103.4	3%
Total risk costs	-12.5	-19.1	-1.3	-93%	-90%	-2.8	-78%

[1] The 1Q 2018 numbers and y-o-y changes without acquisitions do not include the 1Q 2018 contribution from the Croatian Splitska banka and the Serbian Vojvodjanska banka and their Leasing companies.
[2] Change without Vojvodjanska banka.

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The after tax profit of OTP Core grew by 23% q-o-q and performance of all foreign banks improved over the last quarter

(in HUF billion)	1Q 2017	4Q 2017	1Q 2018	Q-o-Q	Y-o-Y
Consolidated adjusted after tax profit	**66.8**	**59.5**	**79.3**	**33%**	**19%**
OTP Core (Hungary)	40.8	31.7	39.1	23%	-4%
DSK (Bulgaria)	13.4	10.4	11.3	8%	-16%
OBRU (Russia)	7.6	6.3	8.5	35%	13%
Touch Bank (Russia)	-2.3	-2.2	-1.3	-41%	-42%
OBU (Ukraine)	3.3	5.2	5.8	11%	76%
OBR (Romania)	1.3	1.0	1.5	58%	15%
OBH (Croatia)	-1.8	6.0	7.7	28%	
OBH w/o Splitska (Croatia)	-1.8	2.7	2.7	-1%	
Splitska banka (Croatia)	-	3.3	5.0	51%	
OBS (Slovakia)	0.1	-1.5	0.8		756%
OBSrb (Serbia)	0.0	-1.6	0.6		
OBSrb w/o Vojvodjanska (Serbia)	0.0	-1.7	0.1		
Vojvodjanska banka (Serbia)	-	0.1	0.5	526%	
CKB (Montenegro)	0.1	-0.8	0.7		737%
Leasing (HUN, RO, BG, CR)	2.1	2.8	2.5	-10%	20%
OTP Fund Management (Hungary)	1.0	5.1	1.1	-79%	3%
Corporate Centre and **others**	1.2	-2.8	1.1		-10%

Miscellaneous

Romania – update on the M&A transaction	On 14 March 2018 the National Bank of Romania (NBR) notified the Bank that it did not grant its approval for the acquisition; the Bank appealed against the decision. Due to the non-fulfilment of the conditions precedents by the longstop date the share purchase agreement has been terminated. As a result, on 18 April 2018 OBR withdrew the appeal filed against NBR's first instance decision, in which NBR did not grant its approval with respect to the transaction.
IFRS 9 impact	The preliminary estimate for the impact of implementing the IFRS 9 standards on the retained earnings in the opening consolidated balance sheet as of 1 January 2018, including the deferred tax effect, has been finalised in line with the audit of the standalone financials (-HUF 50.4 billion). As flagged earlier, OTP Bank opted to apply transitional rules (phase-in), accordingly in 2018 the negative CET1 impact will be 3 bps, the same magnitude highlighted in the 4Q 2017 Summary.
Opinion of the advocate general	On 3 May 2018 the European Court published on its website the opinion of the advocate general in a preliminary proceeding which has been initiated based on a lawsuit between a Hungarian consumer and OTP Bank Plc. and OTP Factoring Ltd. The subject of the procedure is whether Hungarian acts passed in 2014 to settle problems generated by loans to individuals denominated in foreign currency exclude the examination of fairness of information on the FX risk provided by banks to the consumers. It is also examined that, in case it is not excluded, with what content these information may be proved to be fair. This particular opinion however is not binding to the European Court. According to the interpretation of OTP Bank such opinion does not collide with the present Hungarian jurisprudence, since Hungarian Courts have been entitled to examine the fairness and properness of the banking information provided for clients. The verdict of the European Court is expected to be delivered in Autumn 2018.

Total income grew by 9% in 1Q 2018, driven mainly by the acquisitions, without those the yearly dynamics would have been 1%. The q-o-q decrease was mainly due to technical factors and seasonality

Effect of acquisitions

TOTAL INCOME without one-off items	1Q 2018 (HUF billion)	Y-o-Y (HUF billion)	Y-o-Y (%)	Q-o-Q (HUF billion)	Q-o-Q (%)
OTP Group	206	2 / 18	1%[1]/9%	-3 / -5	-3%[1]/-1%
OTP CORE (Hungary)	90	2	2%	-2	-2%
DSK (Bulgaria)	27	1	2%	0	0%
OBRU (Russia)	31	-2	-6%/4%[2]	0	0%
Touch Bank (Russia)	1	1	n/a	0	24%
OBU (Ukraine)	9	1	8%/25%[2]	0	3%
OBH (Croatia)	18	0 / 10	0%[1]/133%	-1	-5%
OBS (Slovakia)	4	-1	-18%	-1	-16%
OBR (Romania)	7	-1	-7%	1	10%
CKB (Montenegro)	2	0	4%	-1	-21%
OBSrb (Serbia)	7	0 / 5	17%[1]/250%	3	0%[1]/65%
Others	11	2	24%	-2	-14%

1. At OTP Core the y-o-y growth was mainly driven by the stronger net interest income; the q-o-q change was determined by the calendar effect being a drag on NII, and lower net fee income.
2. The Russian total revenues grew by 4% y-o-y in RUB terms, mainly thanks to better fee revenues.
3. The q-o-q decline in Croatia was due to the calendar effect and seasonally weaker net fees and other income.
4. The Slovakian revenues contracted q-o-q mainly because of narrowing margins and methodological change (part of the revenue decline was offset by lower risk costs).
5. The Romanian revenues grew by 10% q-o-q, mainly because the NII bounced back after the negative one-offs booked in 4Q 2017.
6. The key reason for the q-o-q lower Montenegrin revenues was that 4Q net fee income was boosted by a reclassification.

[1] Changes without acquisitions (as for the y-o-y changes, both Splitska and Vojvodjanska are filtered out; as for the q-o-q changes, Vojvodjanska is filtered out).
[2] Changes in local currency.

The net interest income grew moderately y-o-y even without acquisitions. On quarterly basis NII increased despite the negative calendar effect

Effect of acquisitions

NET INTEREST INCOME	1Q 2018 (HUF billion)	Y-o-Y (HUF billion)	Y-o-Y (%)	Q-o-Q (HUF billion)	Q-o-Q (%)
OTP Group	144	0 / 11	0.4%[1]/9%	0.9 / 3.1	1%[1]/2%
OTP CORE (Hungary)	60	2	3%	-0.6	-1%
DSK (Bulgaria)	18	-0.5	-3%	0.2	1%
OBRU (Russia)	25	-3	-9%/1%[2]	0.2	1%
Touch Bank (Russia)	1	0		0.1	18%
OBU (Ukraine)	6	0	5%/21%[2]	0.0	1%
OBH (Croatia)	13	0 / 7	-3%[1]/121%	-0.3	-2%
OBS (Slovakia)	3	-1	-18%	-0.5	-16%
OBR (Romania)	5	0	-4%	1.5	40%
CKB (Montenegro)	2	0	6%	0.1	3%
OBSrb (Serbia)	5	0 / 3	6%[1]/226%	-0.2 / 1.9	-12%[1]/66%
Merkantil (Hungary)	3	0	11%	-0.2	-7%
Corporate Centre	1	0	1%	0.4	47%
Others and eliminations	3	2		0.5	21%

1 At OTP Core the 3% y-o-y growth was due to expanding loan volumes, partially mitigated by lower margins. The q-o-q 1% decline was shaped by negative calendar effect, a positive base effect and further growth in loan volumes, especially in the consumer segment.

2 At DSK the margin contraction outweighed the positive effect of higher loan volumes.

3 The Russian NII grew by 1% y-o-y in RUB terms in spite of the 2%p NIM erosion.

4 The 18% quarterly decline to a greater extent was due to a methodology change (part of the decline was offset through lower risk costs), but decreasing margins took their toll, too.

5 The Romanian q-o-q NII jump was due to a negative accounting correction booked in 4Q 2017.

[1] Changes without acquisitions (as for the y-o-y changes, both Splitska and Vojvodjanska are filtered out; as for the q-o-q changes, Vojvodjanska is filtered out).
[2] Changes in local currency.

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Consolidated performing loans increased by 26% over the last 12 months, within that the organic part was 11% (+2% q-o-q)

DPD0-90 loan volumes

Q-o-Q loan volume changes in 1Q 2018, 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	2%	2%	3%	3%	9%	6%	2%	0%	0%	2% / 0%[2]	2%
Consumer	2%	4%	1%	2%	9%	9%	1%	1%	0%	5% / 7%[2]	-1%
Mortgage	1%	1%	2%	-14%		-5%	1%	0%	1%	4% / 4%[2]	1%
Corporate[1]	3%	4%	4%	15%		5%	3%	0%	-2%	0% / -5%[2]	6%

Y-o-Y loan volume changes in 1Q 2018, 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	26% / 11%[3]	11%	10%	29%	108%	18%	12%	146% / 3%[4]	1%	285% / 16%[2]	16%
Consumer	35% / 16%[3]	28%	5%	26%	108%	54%	17%	131% / 4%[4]	1%	325% / 30%[2]	3%
Mortgage	11% / 4%[3]	2%	9%	-28%		-20%	3%	90% / 7%[4]	8%	425% / 21%[2]	8%
Corporate[1]	34% / 15%[3]	16%	16%	82%		17%	21%	194% / -1%[4]	-5%	235% / 7%[2]	32%

[1] Loans to MSE and MLE clients and local governments
[2] Without the effect of Vojvodjanska banka acquisition
[3] Without the effect of Splitska banka and Vojvodjanska banka acquisitions
[4] Without the effect of Splitska banka acquisition

Retail loan disbursement showed strong dynamics at OTP Core and almost all foreign subsidiaries

Y-o-Y change of new disbursements (in local currency) – 1Q 2018

	Core (Hungary)	DSK (Bulgaria)	OBRu (Russia)	OBU (Ukraine)	OBR (Romania)	OBH (Croatia)	OBS (Slovakia)	OBSr (Serbia)	CKB (Montenegro)
Mortgage loan	32%	87%			34%	85%	0%	134%	17%
Cash loan*	73%	29%	33%	59%	16%	110%	28%	19%	-20%

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

The consolidated deposit base increased by 24% y-o-y, the 11% organic growth (without Splitska banka and Vojvodjanska banka) was driven by steady inflows in Hungary, and strong Ukrainian, Romanian and Serbian performances

Q-o-Q deposit volume changes in 1Q 2018, adjusted for FX-effect

	Cons.	Core (Hungary)	DSK (Bulgaria)	OBRu (Russia)	Touch Bank (Russia)	OBU (Ukraine)	OBR (Romania)	OBH (Croatia)	OBS (Slovakia)	OBSr (Serbia)	CKB (Monte-negro)
Total	1%	4%	0%	-9%	1%	1%	8%	-2%	1%	-4% / -4%[2]	-4%
Retail	2%	4%	1%	-5%	1%	4%	3%	-2%	-1%	0% / 1%[2]	-1%
Corporate[1]	0%	3%	-7%	-19%		0%	12%	-4%	3%	-10% / -8%[2]	-9%

Y-o-Y deposit volume changes in 1Q 2018, 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	24% / 11%[2]	15%	4%	7%	43%	17%	14%	171% / 6%[2]	-2%	351% / 20%[2]	6%
Retail	22% / 9%[2]	12%	9%	6%	43%	11%	5%	116% / 3%[2]	-5%	432% / 7%[2]	4%
Corporate[1]	28% / 15%[2]	19%	-15%	8%		21%	22%	432% / 24%[2]	3%	265% / 35%[2]	9%

[1] Including SME, LME and municipality deposits
[2] Without the Splitska-effect in Croatia and without the Vojvodjanska banka acquisition in Serbia.

The consolidated net interest margin remained stable compared to the 4Q 2017 level

Net interest margin(%)

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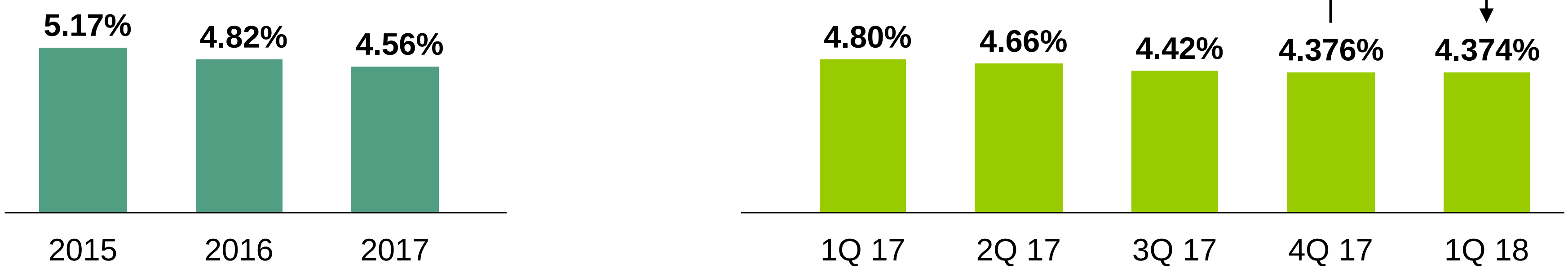
In 1Q 2018 net interest margin remained **stable** q-o-q.



Interest rate effect: **-1 bp**

Capturing asset and liability side interest rate changes as well as one-off items.

o/w:		
	OTP Core	**-6 bps**
	OTP Romania	**+5 bps**

Composition effects: **+3 bps**

Capturing the weight changes within the Group in LCY terms.

o/w:		
	OTP Core	**+4 bps**
	OTP Ukraine	**+1 bp**
	Vojvodjanska	**-2 bps**

FX rate changes: **-2 bps**

The q-o-q depreciating average RUB and UAH rate against HUF reduced the consolidated NIM through the lower share of the high-margin Russian and Ukrainian businesses.

o/w:		
	OTP Russia	**-1 bp**
	OTP Ukraine	**-1 bp**

At OTP Core the declining margin trend remained in place. The Bulgarian and Croatian margins were fairly stable q-o-q. Following the intense competition during the high-season of consumer loans at the end of last year, Russian margins grew q-o-q. The Romanian margin bounced back. The Ukrainian margin widened in the increasing rate environment

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

	2015	2016	2017	1Q 17	2Q 17	3Q 17	4Q 17	1Q 18	
OTP Core Hungary	3.72	3.48	3.22	3.31	3.27	3.14	3.16	3.06	The net interest margin eroded q-o-q by 10 bps, but adjusted for the HUF 1.3 billion positive one-off item accounted for in 4Q 2017 the 4Q NIM would have stood at 3.09%, implying a q-o-q decline of only 3 bps.
DSK Bank Bulgaria	5.47	4.60	3.85	3.92	3.91	3.86	3.72	3.69	The NIM erosion decelerated compared to the previous quarter. In Bulgaria the NIM trajectory is shaped by the continuing repricing and refinancing of retail loans, and the diluting effect of the q-o-q further increasing average total asset base.
OTP Bank Russia	15.72	17.81	16.91	17.99	17.60	16.43	15.65	15.93	After the competitive pressure in 4Q, in 1Q 2018 new disbursements' interest rates did not change materially q-o-q. The q-o-q slightly decreasing funding costs were a tailwind for NIM.
OTP Bank Croatia	3.15	3.54	3.27	3.75	3.67	3.06	3.02	3.01	The NIM remained basically flat q-o-q.
OTP Bank Romania	3.63	3.40	3.27	3.67	3.65	3.47	2.34	3.25	The significant quarterly improvement was driven by a one-off item relating to accounting corrections booked in the previous quarter: in 4Q 2017 a negative one-off of HUF 2.0 billion appeared on the net interest income line, depressing 4Q 2017 NIM by close to 130 bps.
OTP Bank Ukraine	8.33	9.02	7.46	7.74	6.73	7.66	7.72	7.90	The NIM widened q-o-q, supported by the increasing interest rate environment.

The net fee income grew by 4% y-o-y without the effect of acquisitions, but dropped by 16% q-o-q mainly due to numerous base effects and technical items

Effect of acquisitions

NET FEE INCOME	1Q 2018 (HUF billion)	Y-o-Y (HUF billion)	Y-o-Y (%)	Q-o-Q (HUF billion)	Q-o-Q (%)
OTP Group	50	2 / 5	4%[1]/11%	-8.5 / -9.2	-16%[1]/-15%
OTP CORE (Hungary)	24	-0.4	-2%	-2.4	-9% (1)
DSK (Bulgaria)	7	1	8%	-0.4	-6%
OBRU (Russia)	6	0	8%/20%[2]	0.1	2%
Touch Bank (Russia)	0	0		0.1	109%
OBU (Ukraine)	2	0	9%/25%[2]	-0.3	-11%
OBH (Croatia)	4	0 / 2	-5%[1]/177%	-0.3	-8%
OBS (Slovakia)	1	0	-15%	-0.1	-13%
OBR (Romania)	1	0	8%	0.1	9%
CKB (Montenegro)	1	0	20%	-0.7	-54% (2)
OBSrb (Serbia)	2	0 / 1	15%[1]/286%	-0.1 / 0.6	-13%[1]/67%
Fund mgmt. (Hungary)	2	0	11%	-5.3	-76% (3)

1

The net fee income decreased by 2% y-o-y. Growing transactional turnover and volumes resulted in stronger card, deposit and transaction-related fee revenues. Securities fee income moderated because the distribution fees on retail government bonds were reduced in two steps: from 17 July 2017 and mid-February 2018.

The q-o-q 9% drop was due to:

- negative seasonality;
- lump-sum accounting for the full annual card-related financial transaction tax in 1Q (HUF 1.6 billion);
- reduction of retail government bonds' distribution fees effective from mid-February;
- the full 2018 amount of Compensation Fund contributions were booked in 1Q within the financial transaction tax line (HUF 1.3 billion);
- base effect: the annual amount of refunds related to the usage of credit cards (HUF 1.9 billion) was booked in one sum in 4Q 2017.

2

In 4Q 2017 the contribution paid into the deposit insurance scheme booked earlier within net fees was shifted into the operating cost line in a lump sum for the whole year (HUF 0.7 billion).

3

Success fees were booked in 4Q 2017 in one sum.

[1] Changes without acquisitions (as for the y-o-y changes, both Splitska and Vojvodjanska are filtered out; as for the q-o-q changes, Vojvodjanska is filtered out).
[2] Changes in local currency.

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The other net non-interest income rose by HUF 10 billion, driven by several larger items

Effect of acquisitions

OTHER INCOME without one-off items	1Q 2018 (HUF billion)	Y-o-Y (HUF billion)	Y-o-Y (%)	Q-o-Q (HUF billion)	Q-o-Q (%)
OTP Group	13	0 1	1%[1]/9%	3	30%[1]/28%
OTP CORE (Hungary)	6	0	2%	1	20%
DSK (Bulgaria)	2	1	41%	0	9%
OBRU (Russia)	0	0	-14%	0	-70%
Touch Bank (Russia)	0	0	23%	0	19%
OBU (Ukraine)	1	0	41%/63%[2]	1	138%
OBH (Croatia)	1	0 1	47%[1]/153%	0	-22%
OBS (Slovakia)	0	0	-30%	0	-43%
OBR (Romania)	1	0	-35%	-1	-57%
CKB (Montenegro)	0	0	-85%	0	-151%
OBSrb (Serbia)	0	0 0		0 0	
Others	1	-1	-29%	3	-206%

1

Other net non-interest income declined by 35% y-o-y due to a base effect: in 1Q 2017 the bank booked a gain on real estate sale.
The quarterly drop was partially explained by the positive accounting corrections booked in 4Q 2017 on the other income line.

2

The quarterly increase of HUF 2.5 billion was related to a one-off in the base period at the Other Hungarian subsidiaries, and other income of Merkantil improved by HUF 0.6 billion q-o-q: in 4Q a sale of a claim was a drag on other income.

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[2] Changes in local currency.

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Operating costs grew 13% y-o-y in 1Q 2018, whereas without Splitska and Vojvodjanska the increase was 5.4% on an FX-adjusted basis

Effect of acquisitions

OPERATING COSTS (HUF billion)	1Q 2018 (HUF billion)	Y-o-Y (HUF billion)	Y-o-Y (%)	Y-o-Y, FX-adjusted (HUF billion)	Y-o-Y, FX-adjusted (%)
OTP Group	114	3 / 13	3.4%[1]/13%	5 / 15	5.4%[1]/16%
OTP CORE (Hungary)	52	2	3%	2	3%
DSK (Bulgaria)	11	1	9%	1	9%
OBRU (Russia)	13	0	1%	1	12%
Touch Bank (Russia)	2	-1	-37%	-1	-30%
OBU (Ukraine)	4	0	-4%	0	11%
OBH (Croatia)	11	0 / 6	-1%[1]/127%	0 / 6	-2%[1]/127%
OBS (Slovakia)	3	0	10%	0	9%
OBR (Romania)	5	1	12%	1	15%
CKB (Montenegro)	2	0	12%	0	12%
OBSrb (Serbia)	6	0 / 4	8%[1]/226%	0 / 4	2%[1]/226%
Merkantil (Hungary)	1	0	1%	0	1%

1 Operating expenses increased by 3% y-o-y mainly as a result of higher personnel expenses, but amortization went up, too. Personnel expense growth was driven by base salary hikes in 2017 and higher number of employees. This negative impact was partially offset by the 2.5 pps reduction of social and health care contributions to be paid by employers effective from January 2018.

2 Large part of the growth is explained by higher personnel expenses (IT, call centre), higher IT development cost and increasing charges paid to supervisory bodies.

3 Higher personnel costs, as well as IT development costs were the major reason behind the 12% FX-adjusted growth. HUF-based expenses were contained as the average RUB rate depreciated by 10% y-o-y against HUF.

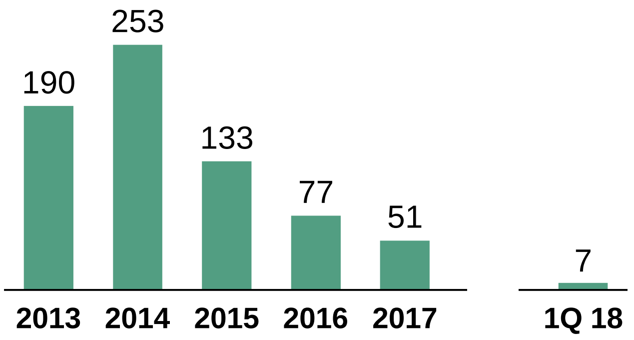
4 The y-o-y increases reflect the impact of acquisition.

5 In Romania operating expenses grew by 12% y-o-y because of higher personnel and advisory expenses and charges paid to supervisory authorities.

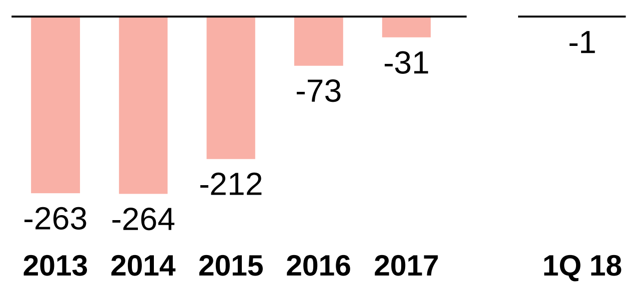
[1] Without the operating expenses of the newly consolidated entities due to the Splitska and Vojvodjanska transaction.

The credit quality indicators kept further improving. The ratio of consolidated DPD90+ loans dropped below 9%, the risk cost rate sank to almost zero in 1Q 2018

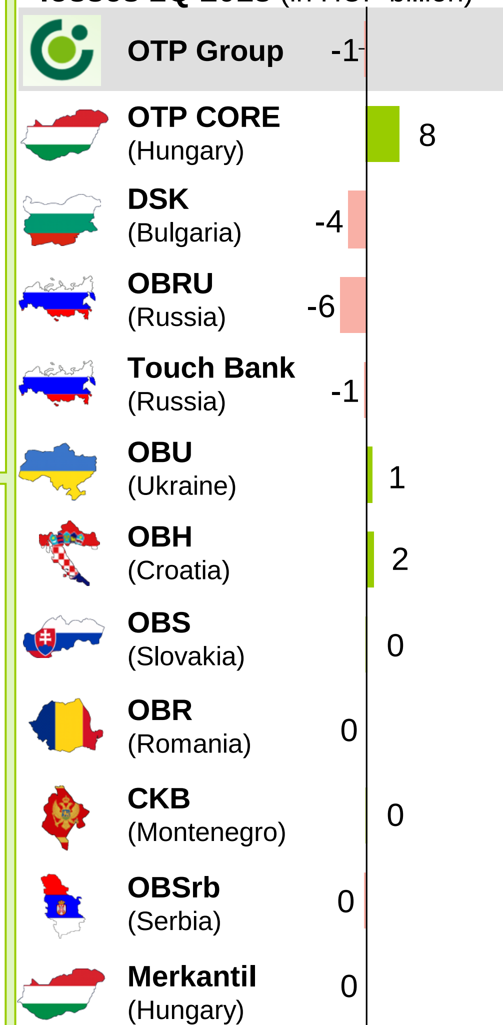
Change in DPD90+ loan volumes (consolidated, adjusted for FX and sales and write-offs, in HUF billion)



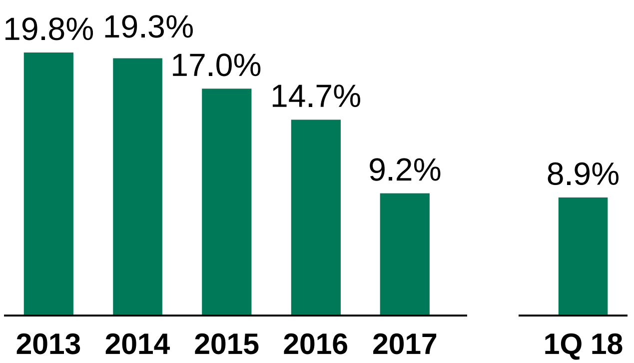
Consolidated risk cost for possible loan losses (in HUF billion)



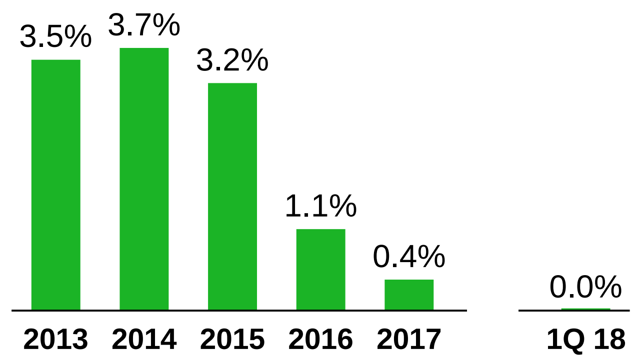
Risk cost for possible loan losses 1Q 2018 (in HUF billion)



Ratio of consolidated DPD90+ loans to total loans



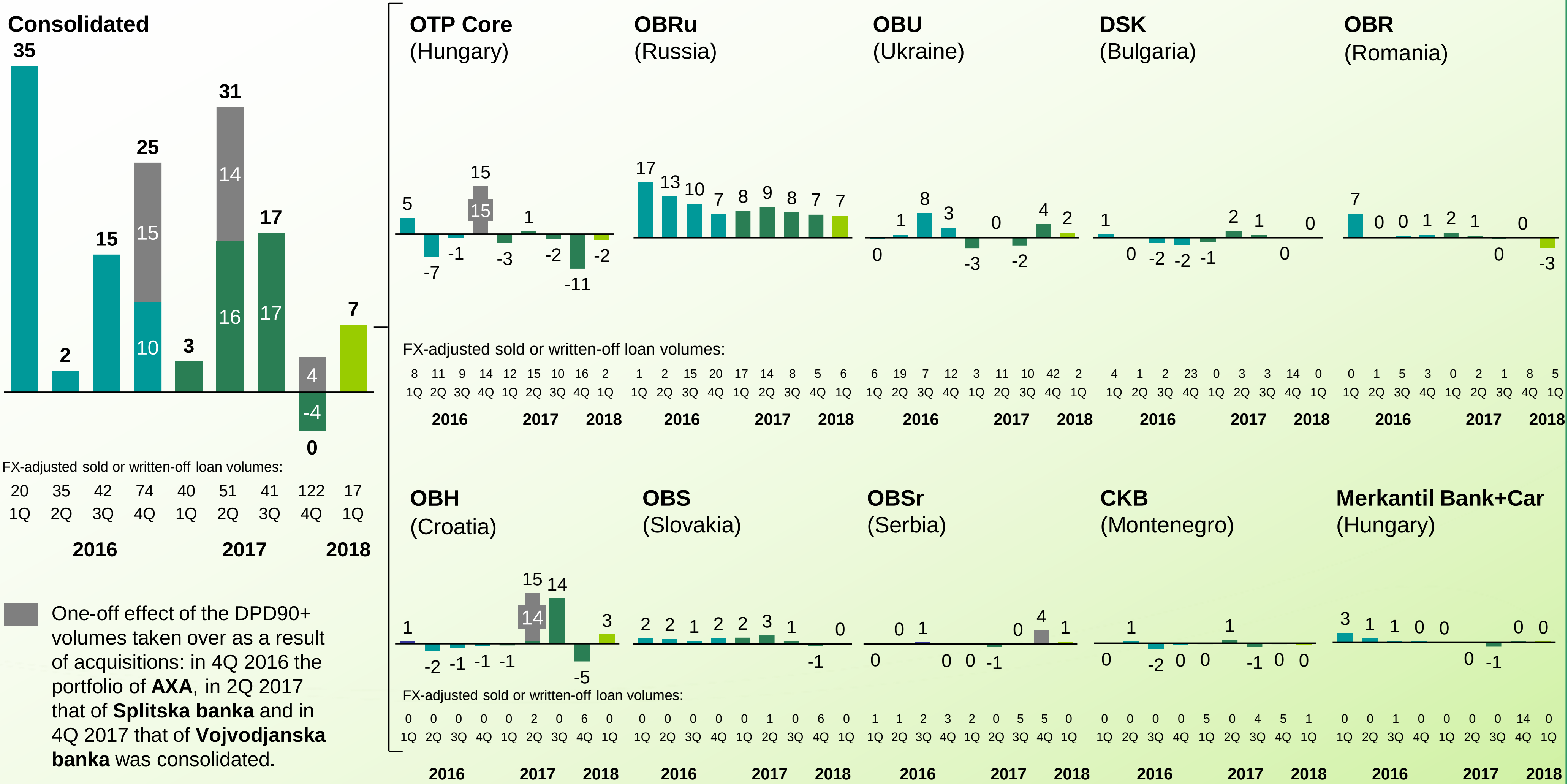
Consolidated risk cost rate



In 1Q 2018 the consolidated DPD90+ formation was subdued; overall trends remained favourable in almost all geographies

FX-adjusted quarterly change in DPD90+ loan volumes

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



One-off effect of the DPD90+ volumes taken over as a result of acquisitions: in 4Q 2016 the portfolio of **AXA**, in 2Q 2017 that of **Splitska banka** and in 4Q 2017 that of **Vojvodjanska banka** was consolidated.

OTP CORE

The 1Q 2018 profit of OTP Core went up by 23% q-o-q due to seasonally lower operating costs and higher provision releases q-o-q. The yearly profit decline was driven mainly by lower provision write-backs y-o-y

OTP CORE (in HUF billion)	1Q 2017	4Q 2017	1Q 2018	Q-o-Q	Y-o-Y
Profit after tax	**40.8**	**31.7**	**39.1**	**23%**	**-4%**
Corporate tax	-5.2	-1.6	-3.5	115%	-32%
Before tax profit	**46.0**	**33.3**	**42.6**	**28%**	**-7%**
Operating profit w/o one-off items	38.0	33.0	38.0	15%	0%
Total income w/o one-off items	87.9	91.5	89.5	-2%	2%
Net interest income	57.6	60.1	59.5	-1%	3% (1)
Net fees and commissions	24.2	26.2	23.8	-9%	-2%
Other net non interest income without one-offs	6.1	5.2	6.2	20%	2%
Operating costs	-49.9	-58.5	-51.6	-12%	3%
Total risk costs	8.0	0.2	6.5		-19% (2)
Total one-off items	0.0	0.1	-1.8		

1 The 3% yearly NII growth was the joint effect of higher loan volumes and lower margins. The 1% quarterly decline was partially due to calendar effect.

2 Provision releases continued at OTP Core in 1Q 2018. In yearly comparison 19% lower provision releases were realized on the total risk cost line.

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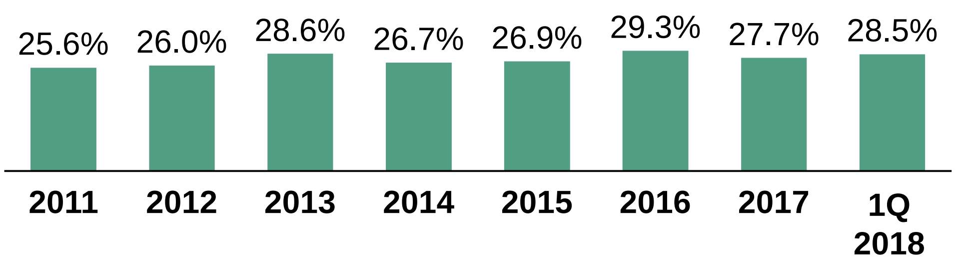
OTP CORE

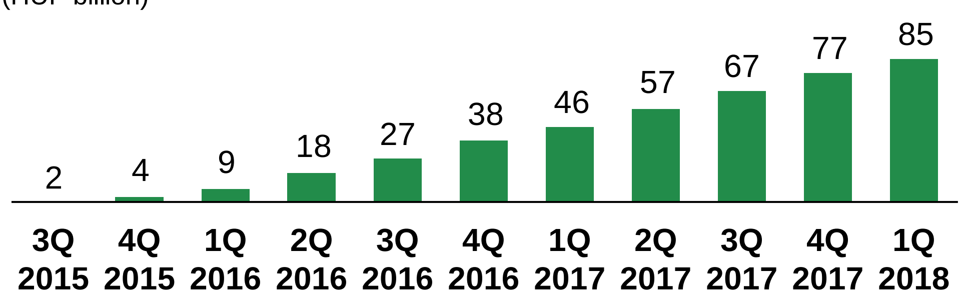
Mortgage loan applications and disbursements accelerated further in Hungary. OTP's market share improved in 1Q in new mortgage and cash loan disbursements, as well as in retail savings

Change of mortgage loan application and disbursement of OTP Bank (1Q 2018, y-o-y changes)

OTP's market share in mortgage loan contractual amounts

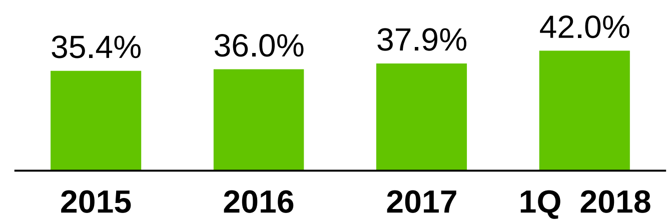


The cumulative amount of non-refundable CSOK subsidiaries contracted at OTP Bank since the launch of the programme (HUF billion)

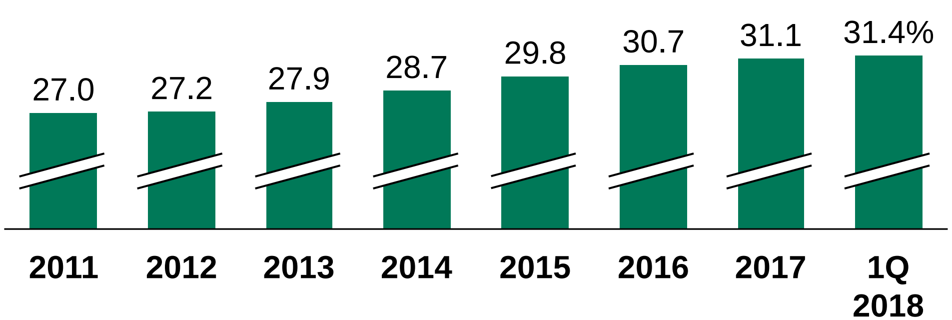


Performing cash loan volume growth (y-o-y , FX-adjusted)

Market share in newly disbursed cash loans



OTP Bank's market share in household savings



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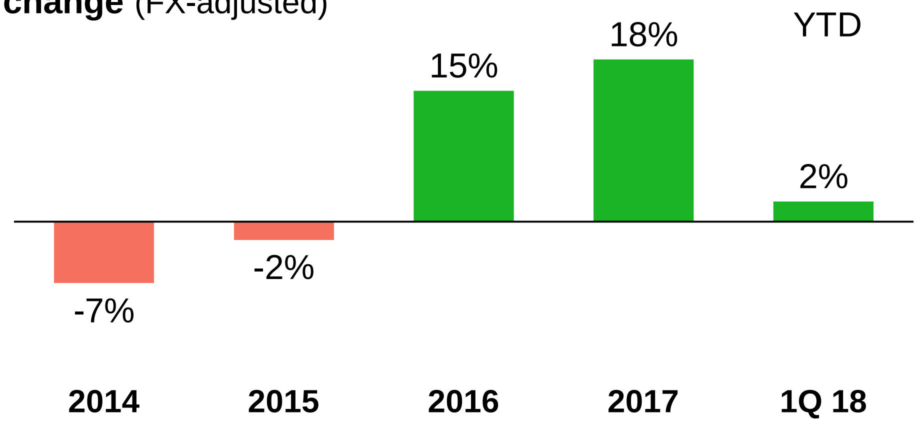
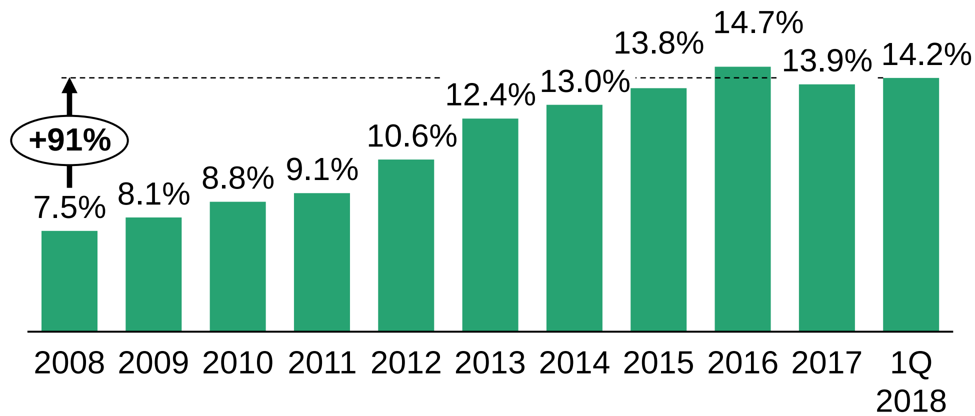
OTP CORE

Corporate business had another successful quarter: volumes grew furter q-o-q and corporate lending market share also improved on the quarterly basis

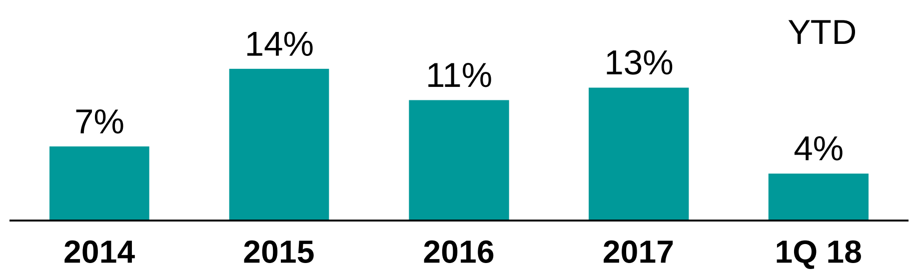
Performing medium and large corporate loan volume change (FX-adjusted)



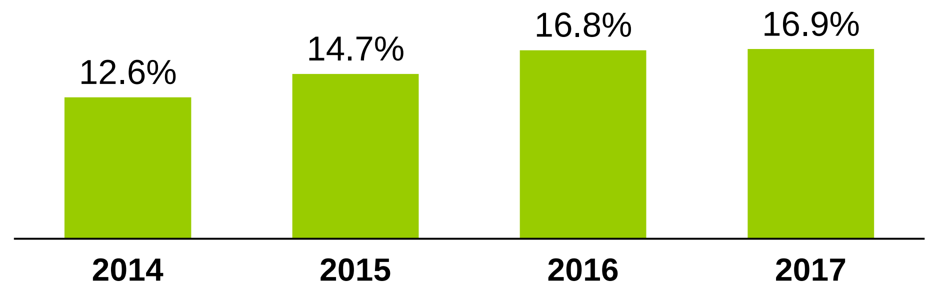
OTP Group's market share in loans to Hungarian companies[1]



Performing loan volume change at micro and small companies (FX-adjusted)



OTP's market share in agricultural loans[2]



[1] 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 2017

[2] Enterprises in the agriculture sector. Market share: OTP Bank's estimation. Last available data is for YE2017

DSK Bank Bulgaria

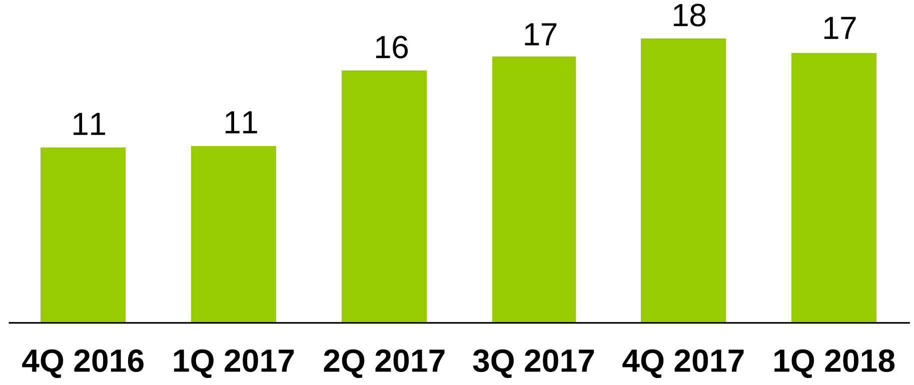
DSK Bank delivered strong results in 1Q 2018 despite higher risk costs. The strengthening business activity can be illustrated by soaring new retail loan sales

Income statement

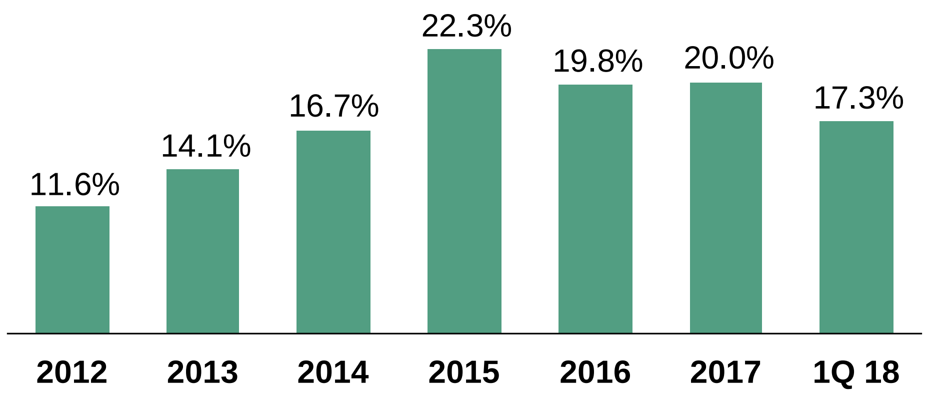
(in HUF billion)	1Q 17	4Q 17	1Q 18	Q-o-Q	Y-o-Y
Profit after tax (adjusted)	**13.4**	**10.4**	**11.3**	**8%**	**-16%**
Profit before tax	14.9	11.3	12.4	10%	-17%
Operating profit	15.8	13.7	15.4	12%	-2%
Total income	26.3	27.0	26.9	0%	2%
Net interest income	18.4	17.8	17.9	1%	-3%
Net fees and commissions	6.4	7.3	6.9	-6%	8%
Other income	1.5	1.9	2.1	9%	41%
Operating costs	-10.5	-13.3	-11.5	-13%	9%
Total risk cost	-0.9	-2.5	-3.0	23%	242%

New mortgage loan disbursements

(in HUF billion, without refinancing)

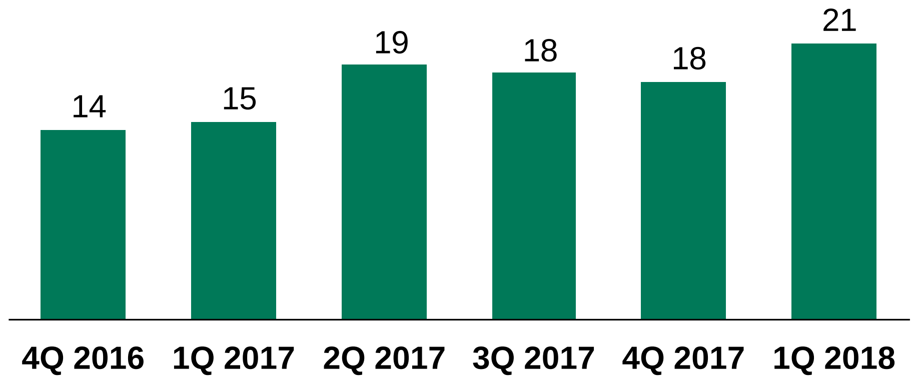


Return on Equity



New cash loan disbursements

(in HUF billion, without refinancing)



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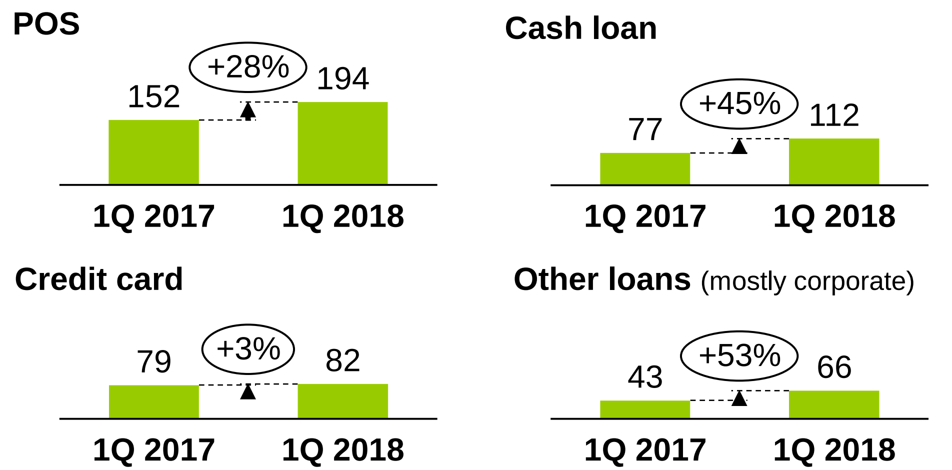
The Russian profit improved by 25% y-o-y and 37% q-o-q in RUB terms, with 1Q ROE exceeding 25%. Performing loan volumes grew in all segments y-o-y. Risk cost rate decreased to 4.5% in 1Q

OTP Bank Russia

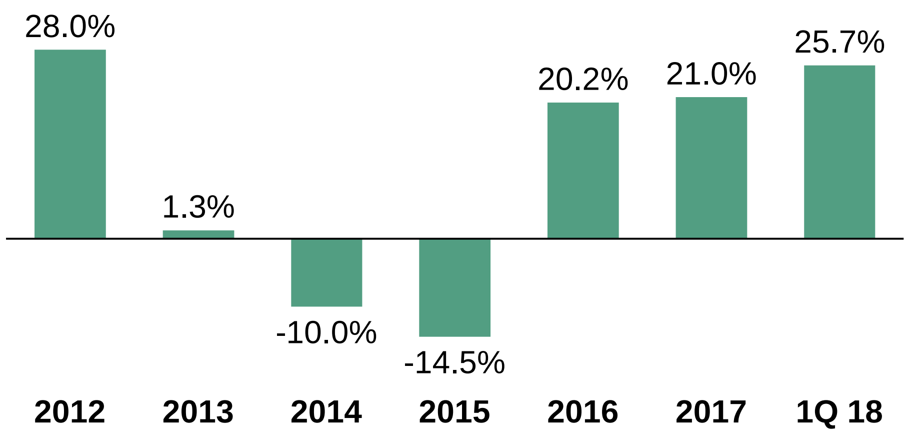
Income statement

(in HUF billion)	1Q 17	4Q 17	1Q 18	Q-o-Q	Y-o-Y
Profit after tax (adjusted)	**7.6**	**6.3**	**8.5**	**35%**	**13%**
Profit before tax	9.8	8.0	10.7	35%	10%
Operating profit	19.6	16.6	17.4	5%	-11%
Total income	32.8	30.7	30.8	0%	-6%
Net interest income	27.1	24.4	24.6	1%	-9%
Net fees and commissions	5.7	6.0	6.1	2%	8%
Other income	0.1	0.3	0.1	-70%	-14%
Operating costs	-13.2	-14.1	-13.4	-5%	1%
Total risk cost	-9.9	-8.6	-6.7	-22%	-32%

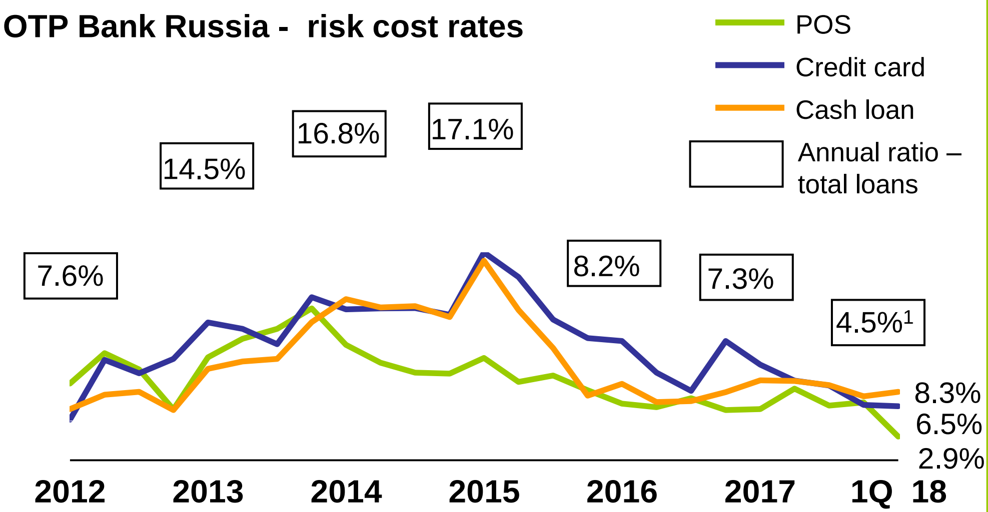
DPD0-90 loan volumes (FX-adjusted, in HUF billion)



Return on Equity



OTP Bank Russia - risk cost rates



[1] Quarterly risk cost rate in 1Q 2018

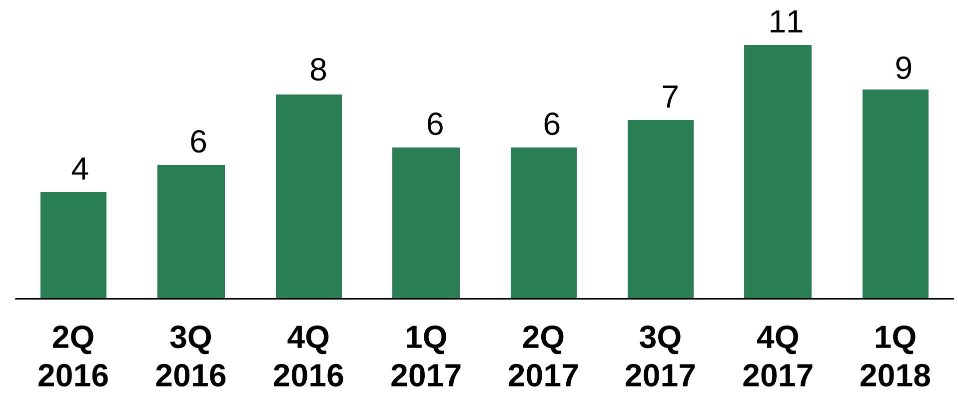
OTP Bank Ukraine

The Ukrainian profit improved q-o-q, the 1Q ROE (68.2%) was the highest among subsidiary banks of the Group. NIM improved q-o-q by 18 bps in 1Q. Performing loan volumes kept growing

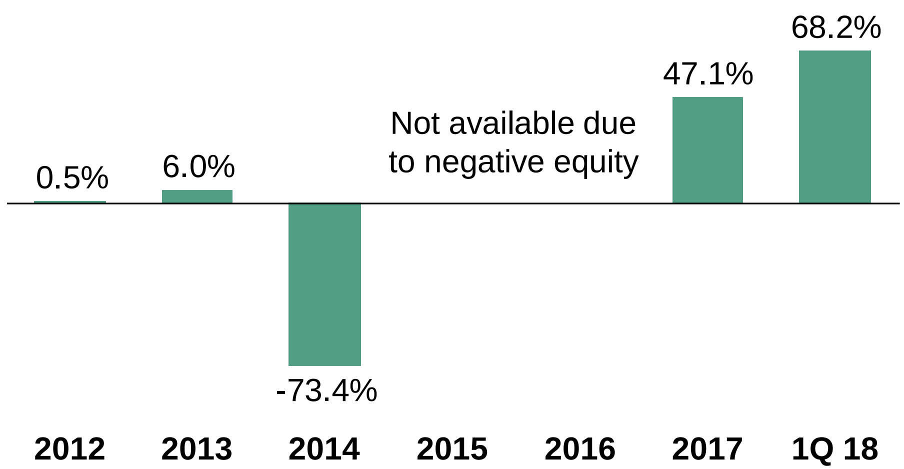
Income statement

(in HUF billion)	1Q 17	4Q 17	1Q 18	Q-o-Q	Y-o-Y
Profit after tax	**3.3**	**5.2**	**5.8**	**11%**	**76%**
Profit before tax	3.9	6.4	6.9	9%	77%
Operating profit	5.0	4.9	5.9	21%	17%
Total income	8.7	9.1	9.4	3%	8%
Net interest income	5.8	6.1	6.1	1%	5%
Net fees and commissions	2.2	2.7	2.4	-11%	9%
Other income	0.6	0.4	0.9	138%	41%
Operating costs	-3.6	-4.3	-3.5	-18%	-4%
Total risk cost	-1.1	1.5	1.0	-31%	

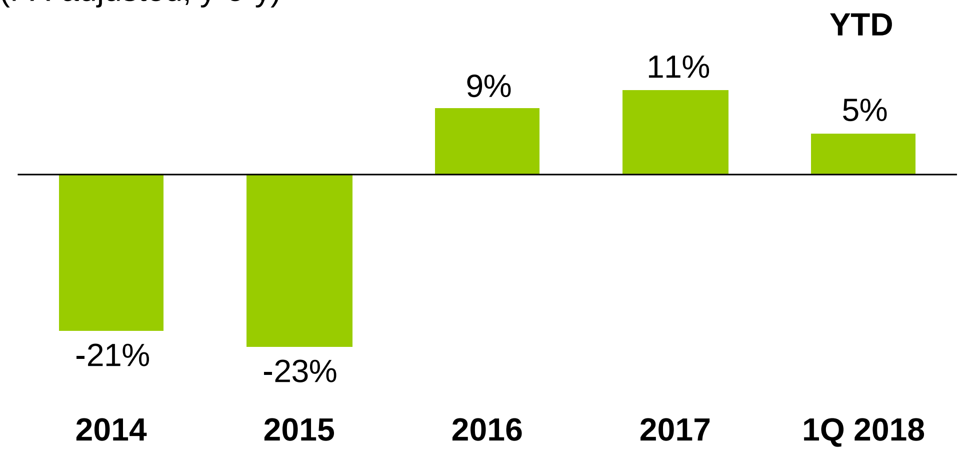
New cash and POS loan disbursements (in HUF billion)



Return on Equity (based on after tax profit without adjustment items)



Performing corporate + SME loan volumes changes
(FX-adjusted, y-o-y)



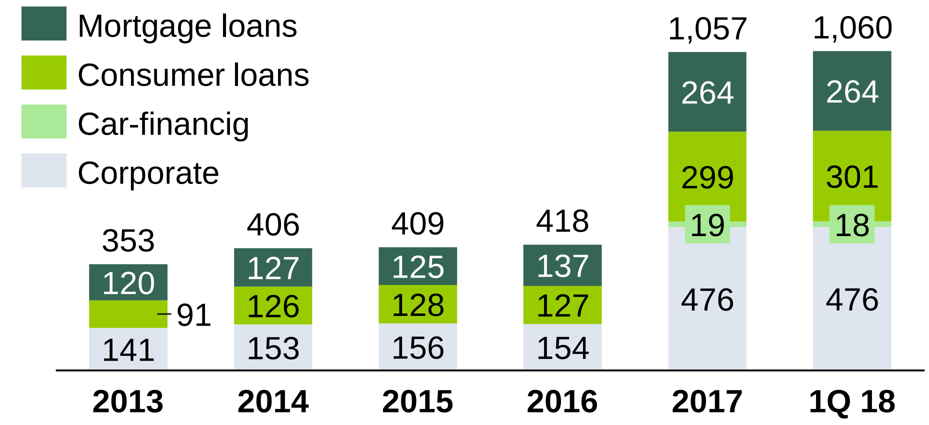
OBH (Croatia)

Despite the seasonal decline in revenues provision releases supported the Croatian performance; HUF 7.7 billion profit in 1Q underpins a close to 13% ROE

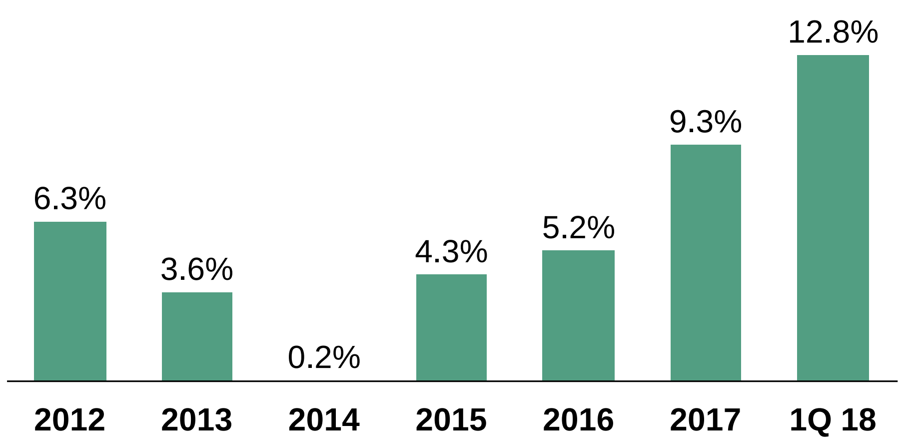
Income statement

(in HUF billion)	1Q 17	4Q 17	1Q 18	Q-o-Q	Y-o-Y
Profit after tax	**-1.8**	**6.0**	**7.7**	**28%**	
Profit before tax	-2.3	7.0	9.2	32%	
Operating profit	3.1	8.7	7.6	-13%	141%
Total income	7.8	19.2	18.2	-5%	133%
Net interest income	6.0	13.5	13.2	-2%	121%
Net fees and commissions	1.3	3.9	3.6	-8%	177%
Other income	0.6	1.8	1.4	-22%	153%
Operating costs	-4.7	-10.5	-10.6	1%	127%
Total risk cost	-5.4	-1.7	1.6		

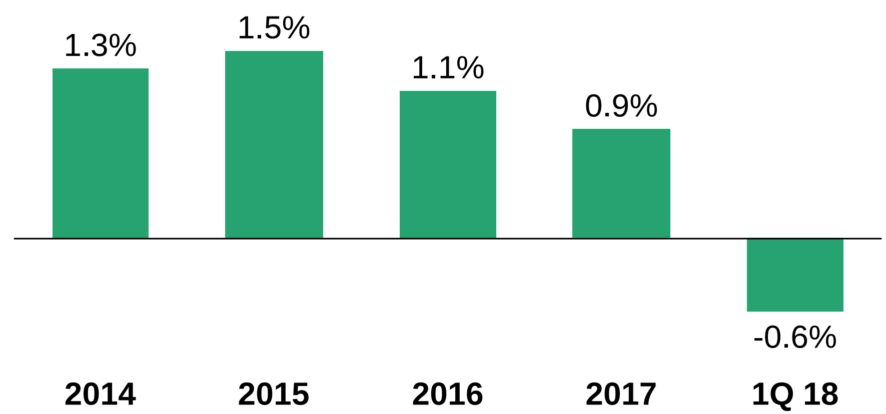
DPD0-90 loan volumes (FX-adjusted, in HUF billion)



Return on Equity



Risk cost rate (negative ratio implies provision release)



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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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