OTP Group – Solid performance

Fixed Income Investor Presentation

March 2019

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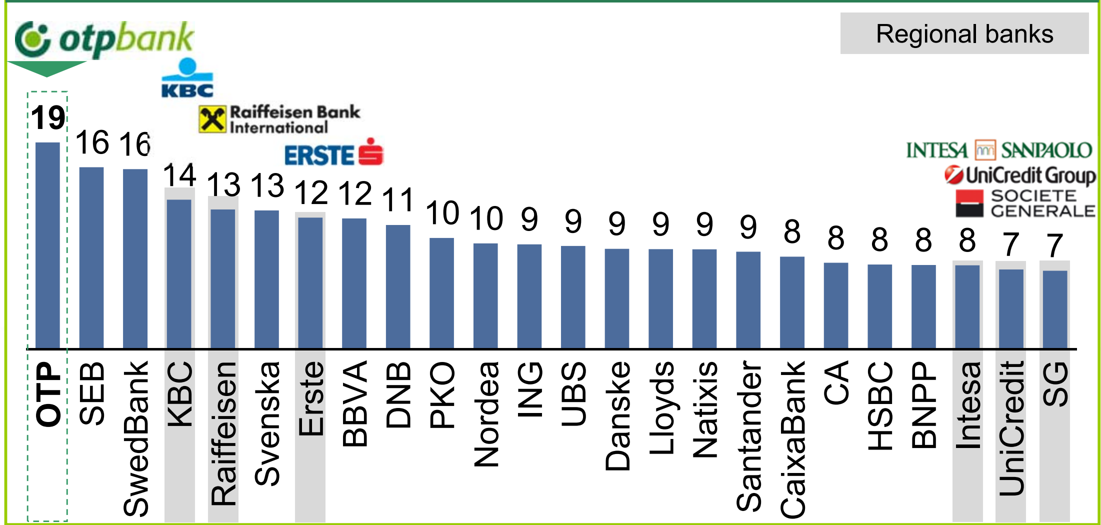
Content

Dynamic organic loan growth and steadily improving risk profile resulted in attractive earnings and profitabilty

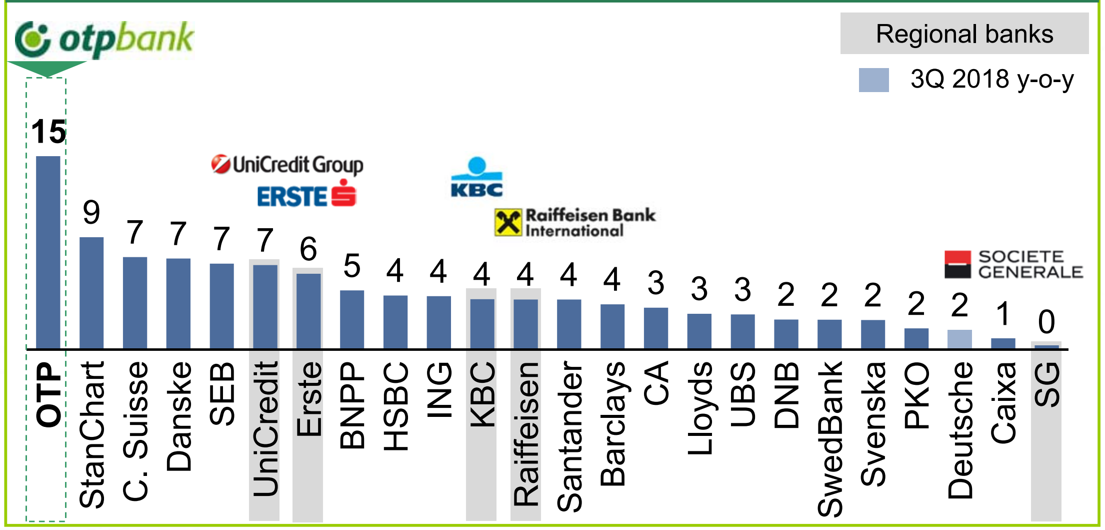
2018[1]

Profitability	Size & Growth	Capital Strength	Asset Quality	Funding & Liquidity
Profit after tax €1bn	Total assets €45.4bn	CET1 ratio 16.5%	DPD90+ ratio 6.3%	Net LTD 71.5%
ROE 18.7%	Loan growth +15%	CAR 18.3%	Risk cost rate 0.23%	LCR 207%

ROE of European banking groups[2], 2018 (%)



Net loan growth of European banking groups[2], 2018 (y-o-y, %)

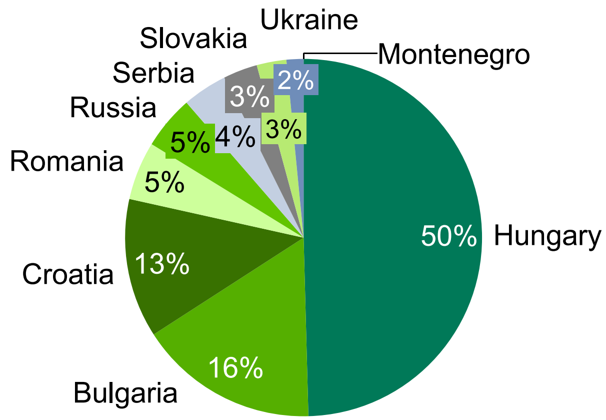


[1] Based on IFRS financial statements for 31 December 2018 or derived from that, see Footnotes and glossary in Appendix II.
[2] TOP 24 members of Bloomberg BEUBANK Index are displayed which are headquartered within the EU. For net loan growth chart OTP changes are in HUF terms, other banks data are calculated from EUR figures. Source: SNL bank database, OTP Bank

1. OTP Group offers universal banking services to 18.4 million customers in 9 countries in the CEE/CIS region

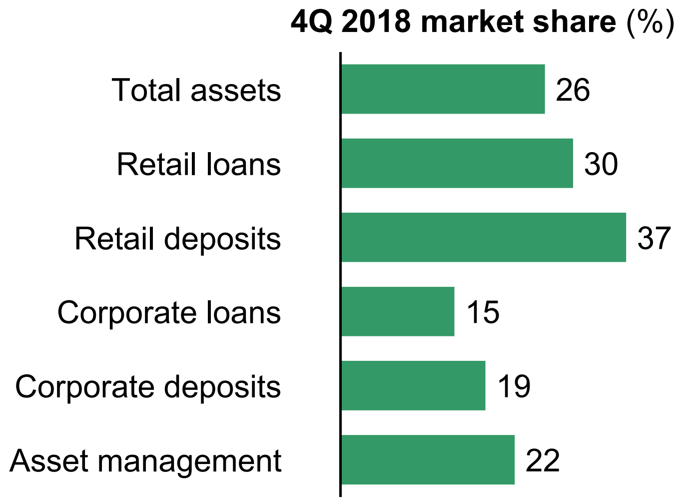
Major Group Members

Total Assets

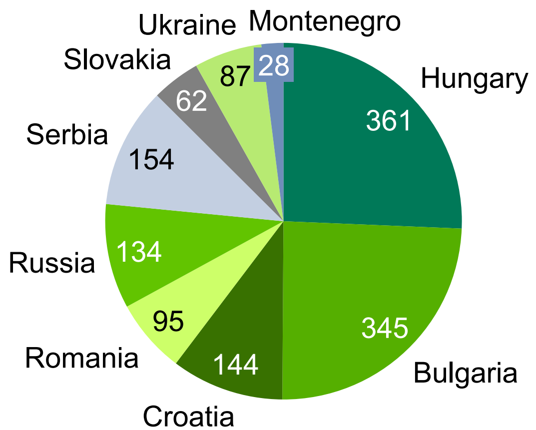


Total Assets: HUF 14,590 billion

Systemic position in Hungary…

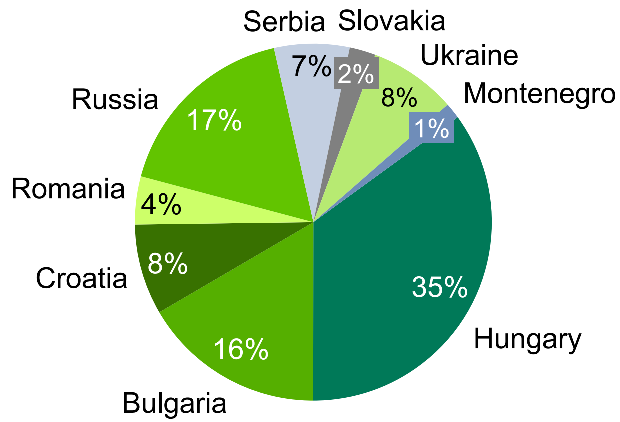


Number of Branches



Total number of branches: 1,411

Headcount



Total headcount: 29,532[1]

... as well as in other CEE countries

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

Croatia
- No. 4 in Total assets

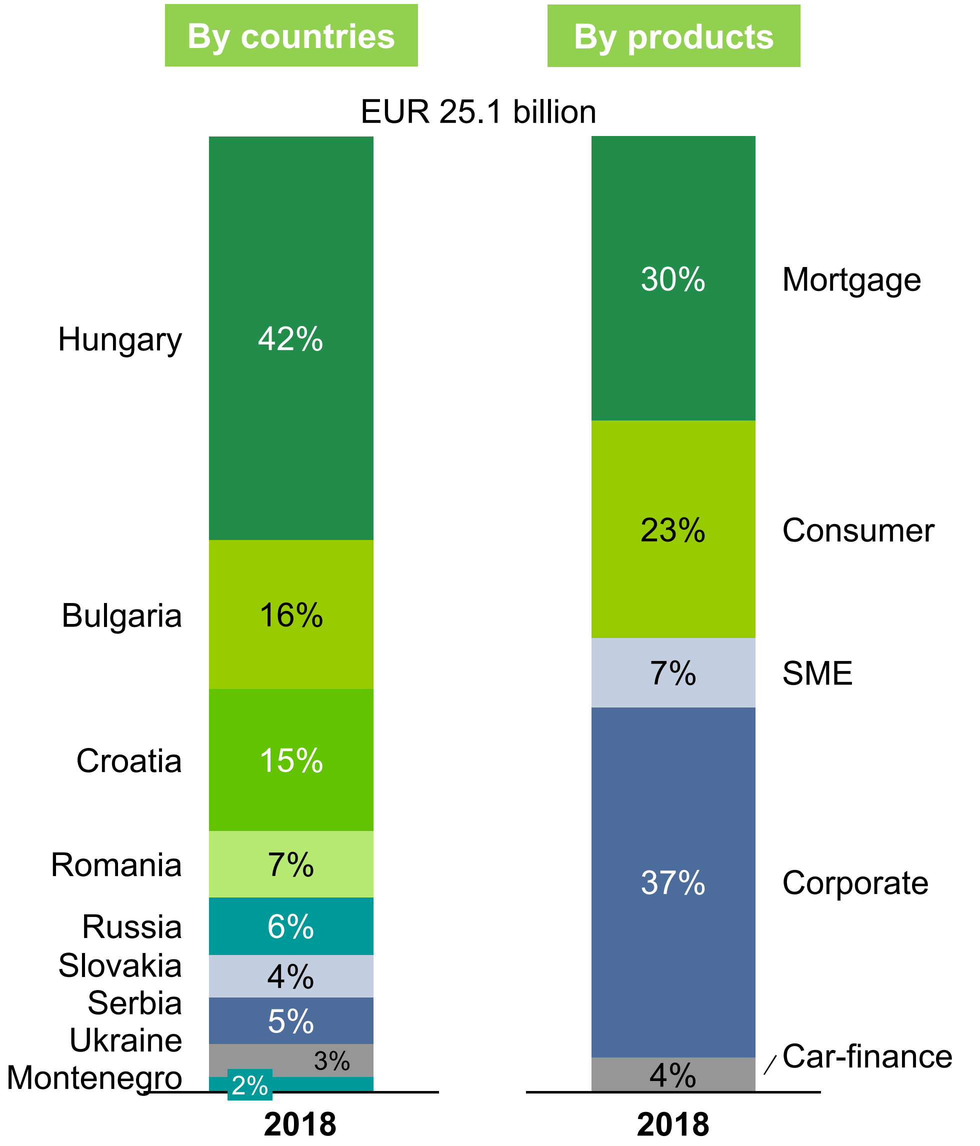
Russia
- No. 2 in POS lending
- No. 6 in Credit card business
- No. 41 in Cash loan business

Montenegro
- No. 1 in Total assets

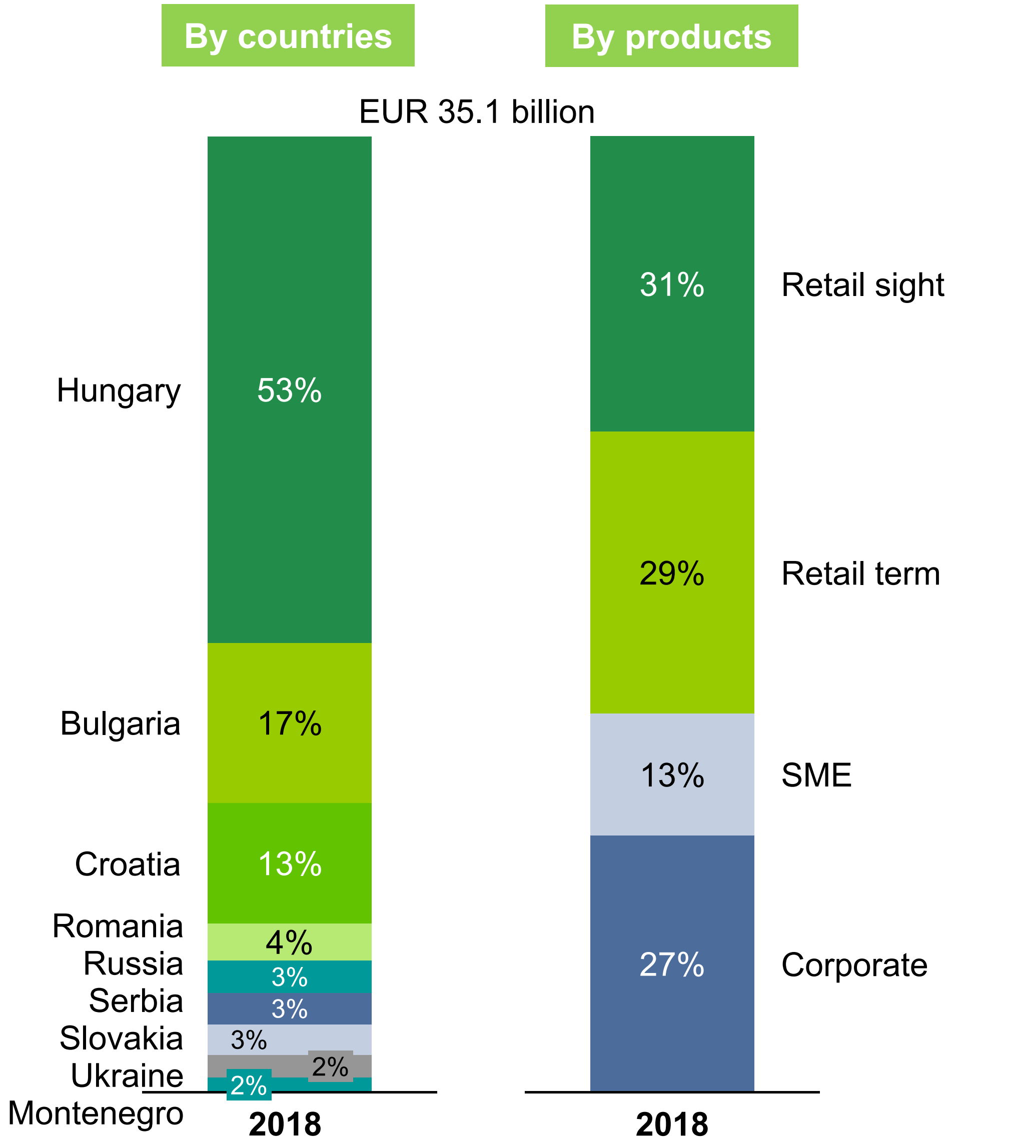
[1] Excluding selling agents employed at OTP Bank Russia and at OTP Bank Ukraine.

1. Both net loans and deposits are dominated by Hungary and tilted to the retail segments

Consolidated net loan book



Consolidated deposit base



1. **From a state owned retail bank in Hungary OTP successfully transformed itself into one of the leading banking groups in the CEE/SEE region**

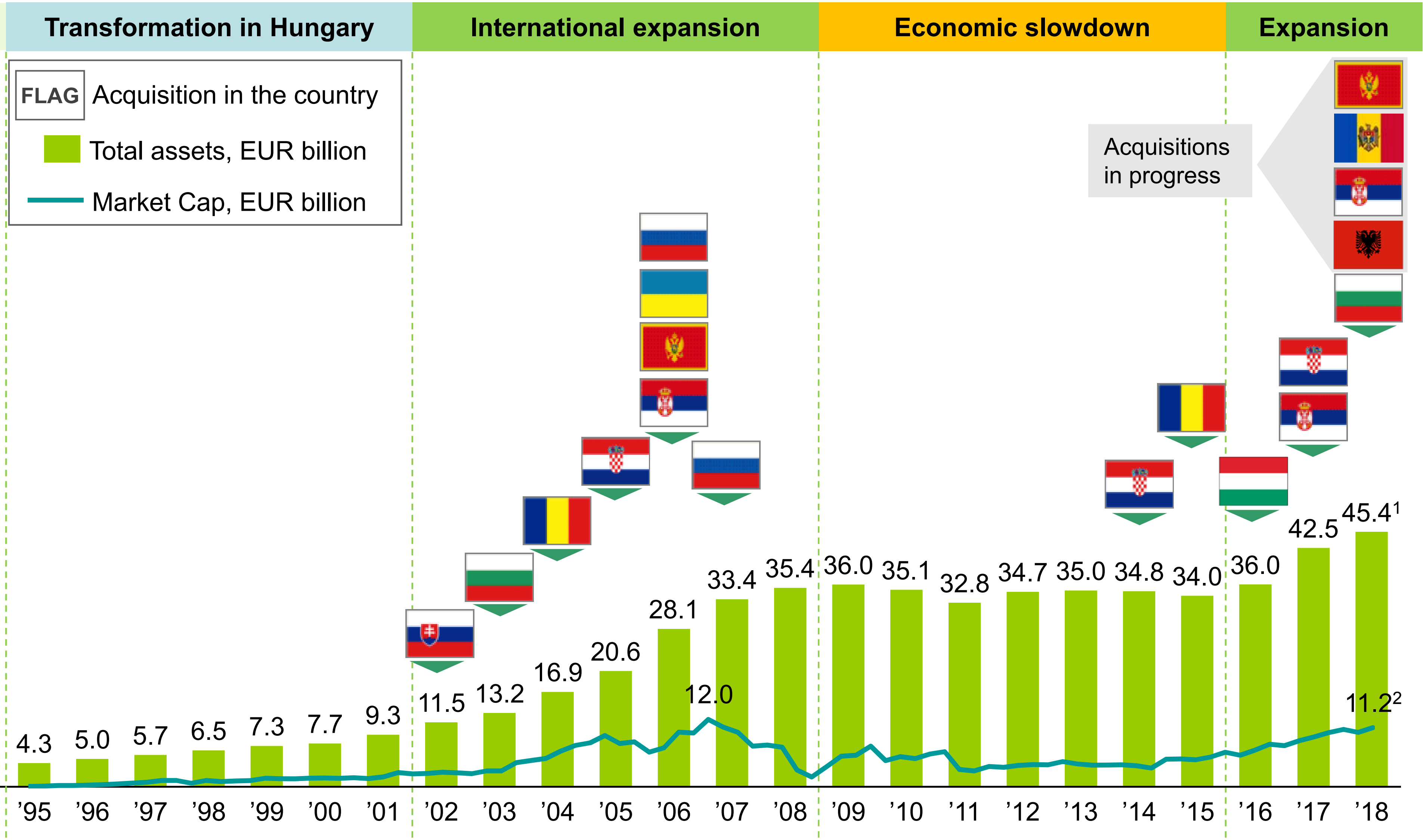
History of OTP Group

History

1949
Established as a nationwide, state owned retail bank (Országos Takarékpénztár).

1990
Becoming a public company with share capital of HUF 23 billion, its name changed to OTP Bank.

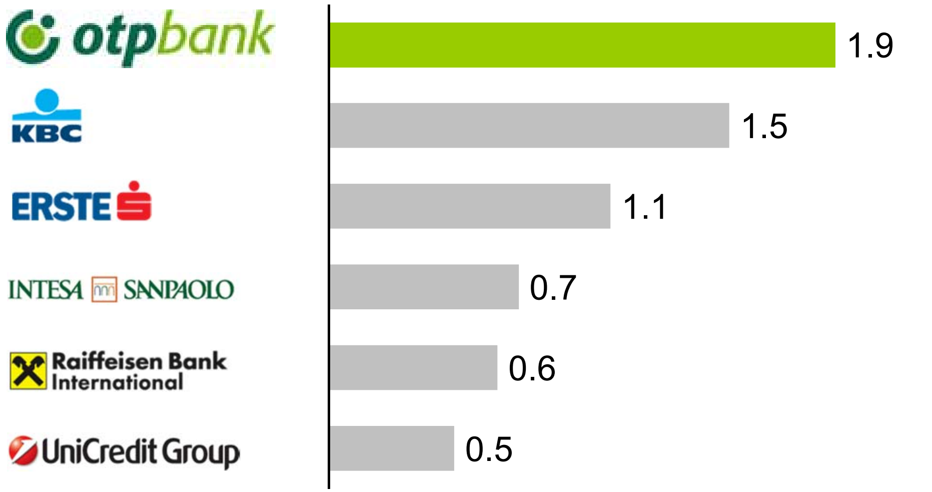
1995
Privatisation without a strategic investor. After 3 public offerings and listing on BSE state ownership decreased to a golden share, which was abolished in 2007.



[1] Total assets at end-2018 does not include the effect of acquisitions announced in 2018 and 2019
[2] On 18 March 2019

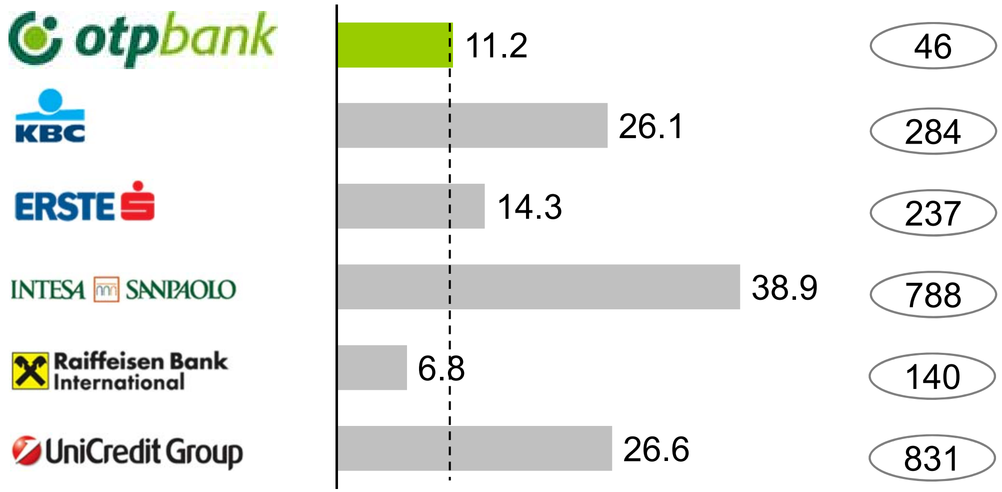
1. P/B valuation of OTP Bank compares favourably to regional peers while it is the only CEE bank surpassing pre-crisis maximum share price level

P/B valuation (share price / book value per share[1])

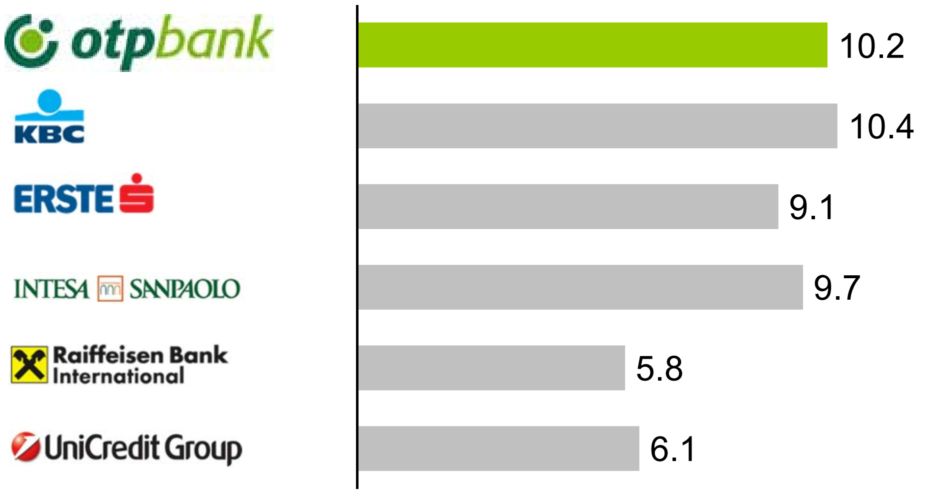


Market capitalisation (in EUR billion)

Total assets (in EUR billion)[2]

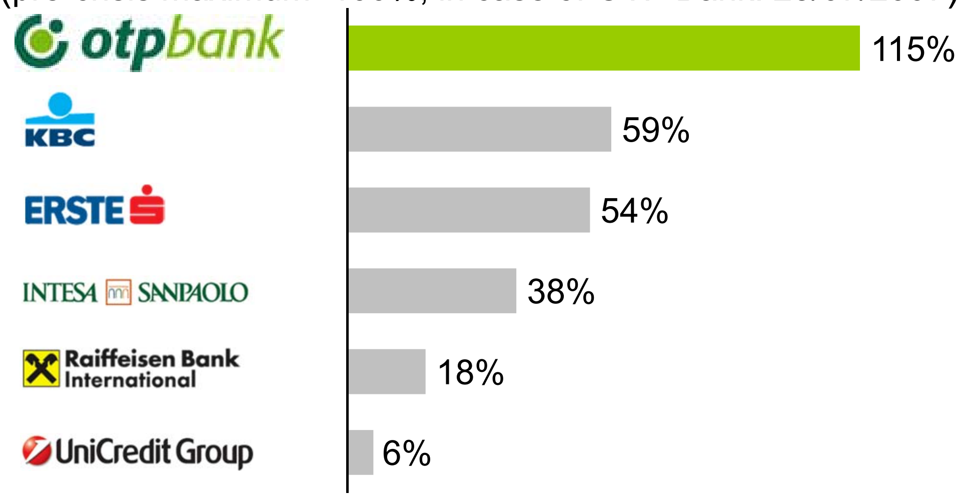


P/E valuation (based on Bloomberg 2019 EPS consensus)



Share price vs. pre-crisis maximum level

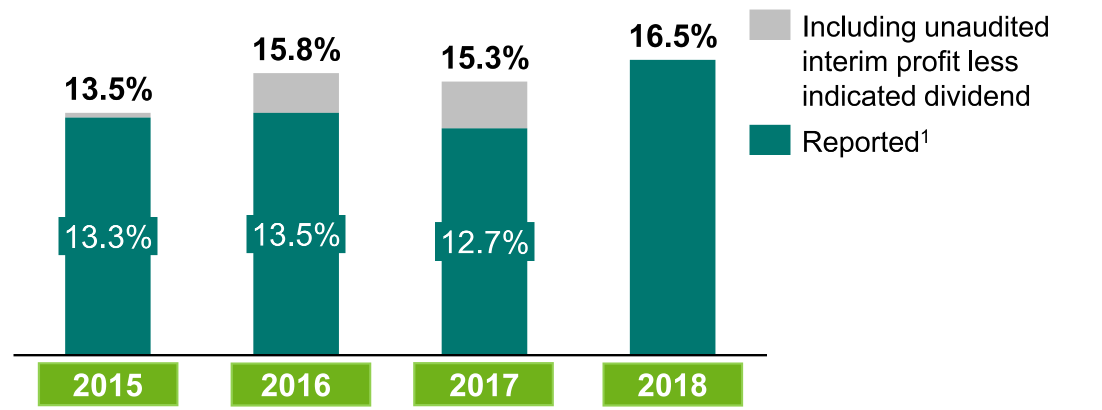
(pre-crisis maximum=100%, in case of OTP Bank: 23/07/2007)



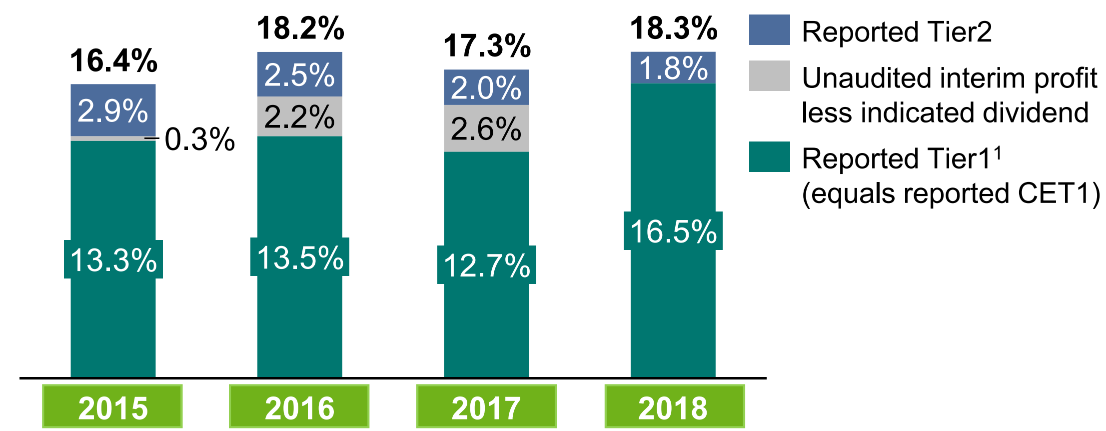
[1] Data from the most recent reporting period (quarterly, semi-annual or annual) used in the calculation.
[2] YE2018 data
As at 18/03/2019, source: Bloomberg

2. Solid capital position also confirmed by strong results at the 2018 EBA stress test

Development of the fully loaded CET1 ratio of OTP Group



Development of the CAR ratio of OTP Group



In the 2018 stress test conducted by the European Banking Authority (EBA), OTP closed with strong results.

Under the adverse scenario out of 48 participants OTP reached 9th place in CET1 ratio drawdown ranking.

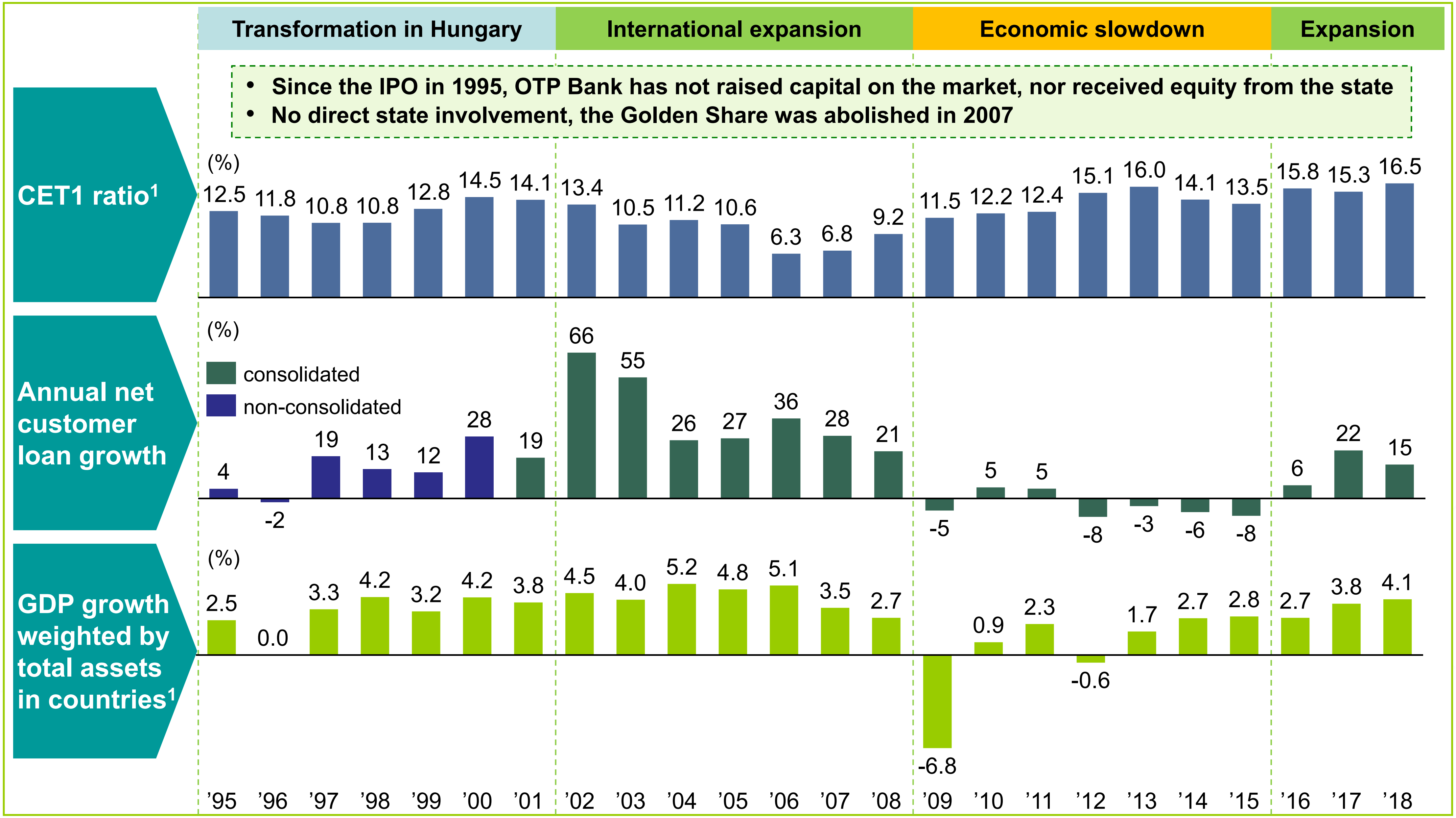
Amongst regional banks active in the CEE region, this was the third best result.

CET1 ratio	4Q 2017 (restated[2])	Adverse 4Q 2020	Delta	Delta Ranking
INTESA SANPAOLO	11.8%	9.7%	-2.2%p	6
KBC	16.0%	13.6%	-2.4%p	7
otpbank	**14.9%**	**12.4%**	**-2.5%p**	**9**
Raiffeisen Bank International	12.5%	9.7%	-2.7%p	14
UniCredit Group	12.7%	9.3%	-3.3%p	18
ERSTE	13.0%	8.5%	-4.6%p	30

[1] In 2018 the capital adequacy ratios include the 2018 net earnings less the proposed annual dividend amount.
[2] Including the impact of the introduction of IFRS 9.

The CET1 ratio more than doubled between 2007 and 2014 without any capital increase suggesting countercyclicality of OTP Group’s business model

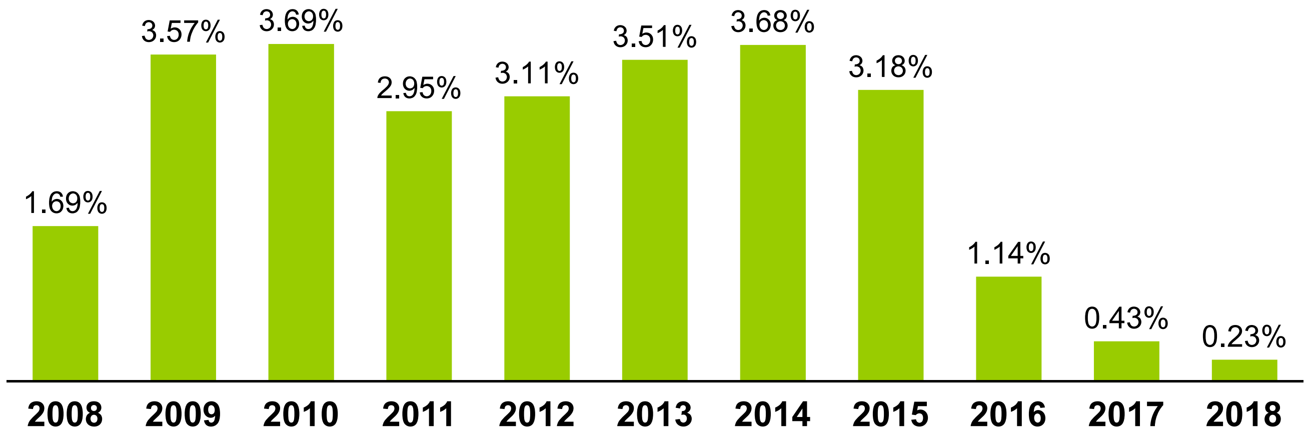
- Since the IPO in 1995, OTP Bank has not raised capital on the market, nor received equity from the state
- No direct state involvement, the Golden Share was abolished in 2007



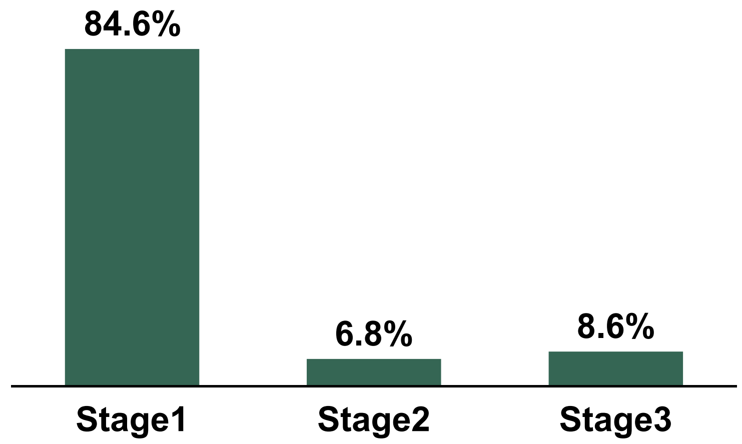
[1] see Footnotes and glossary in Appendix II.

2. Significant improvement of asset quality and cost of risk following clean-up of “toxic” assets in recent years

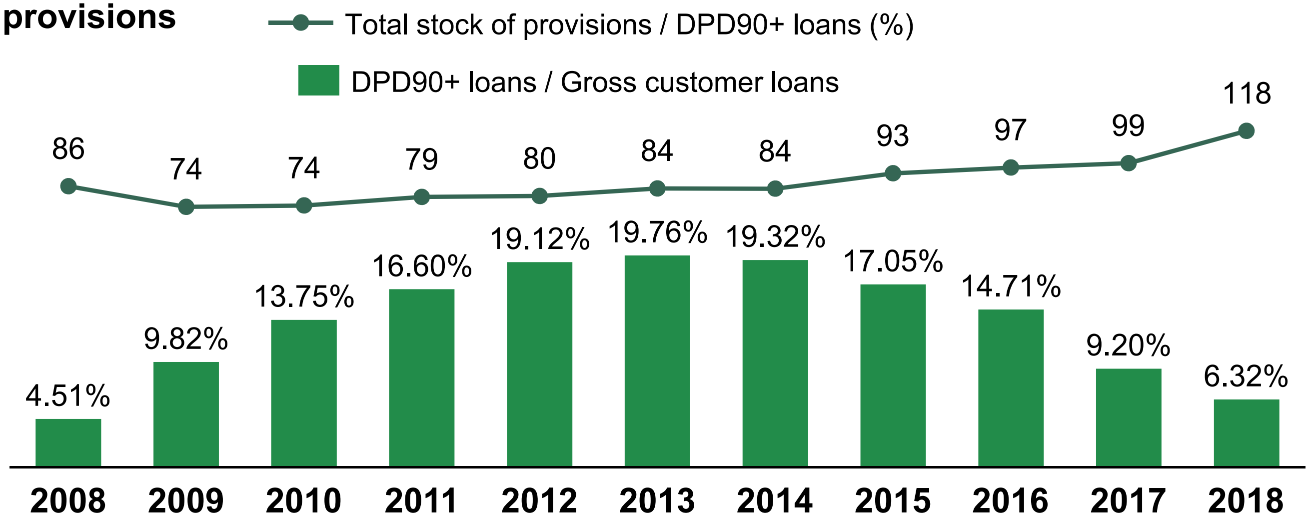
Ratio of consolidated provision for impairment on loan and placement losses to average gross loans



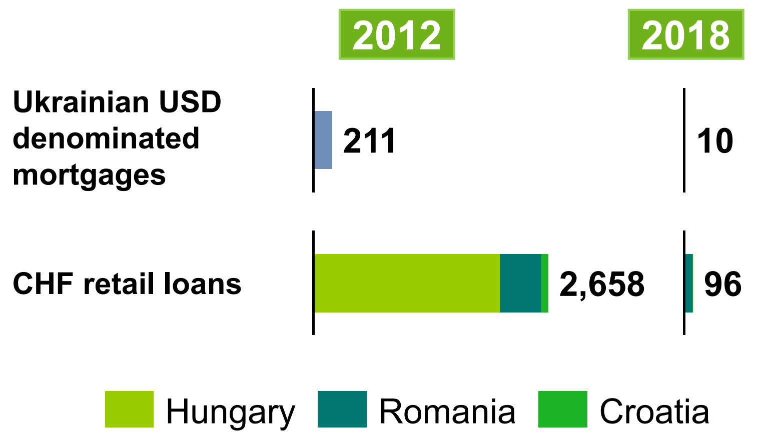
Consolidated Stage 1-2-3 volumes under IFRS 9 to total gross loans ratios (end-2018)



Consolidated DPD90+ ratio and coverage of DPD90+ loans by the total stock of provisions



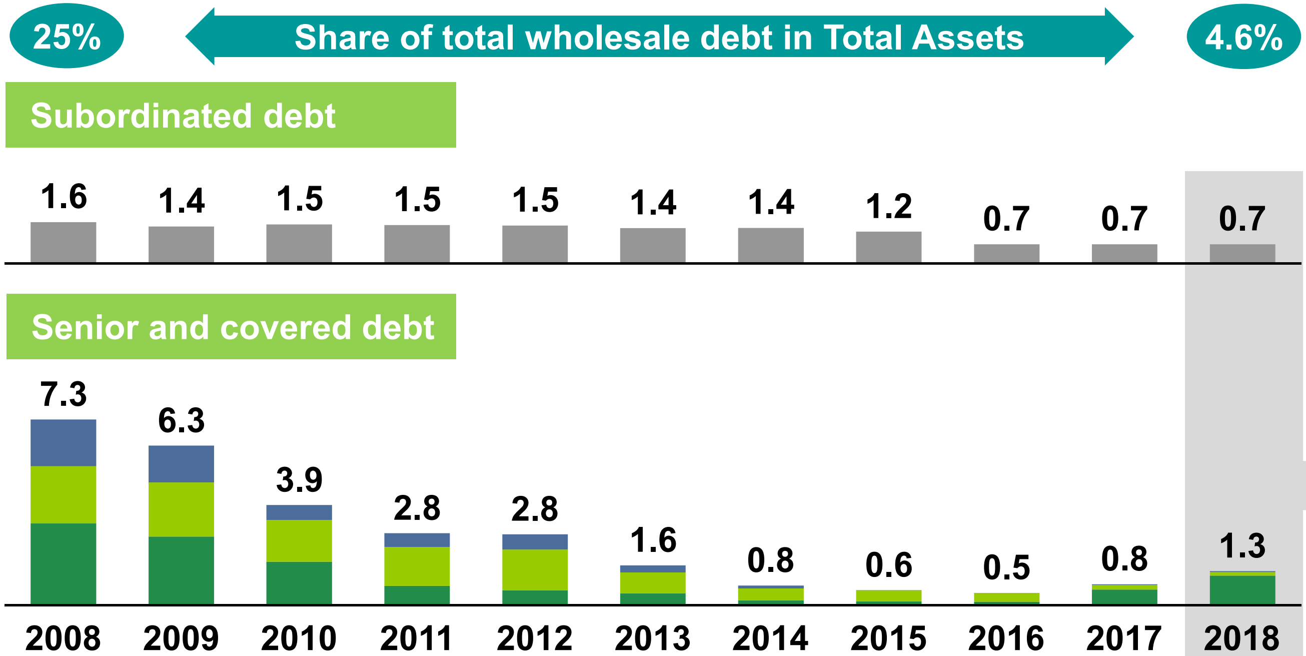
Vanishing ”toxic” portfolios at OTP Group (net of allowances, in EUR mn equivalent)



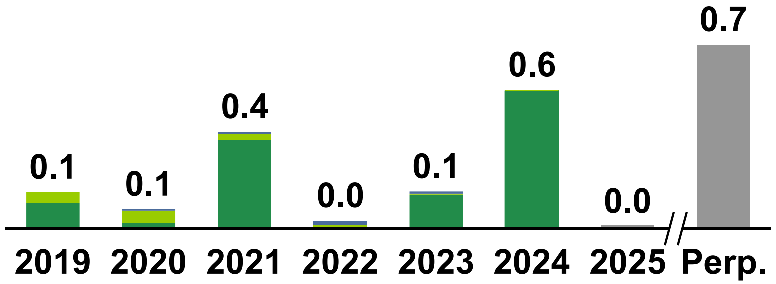
3.

Strong liquidity and funding position with 72% net loan to deposit ratio, 207% LCR, 143% NSFR and light maturity profile

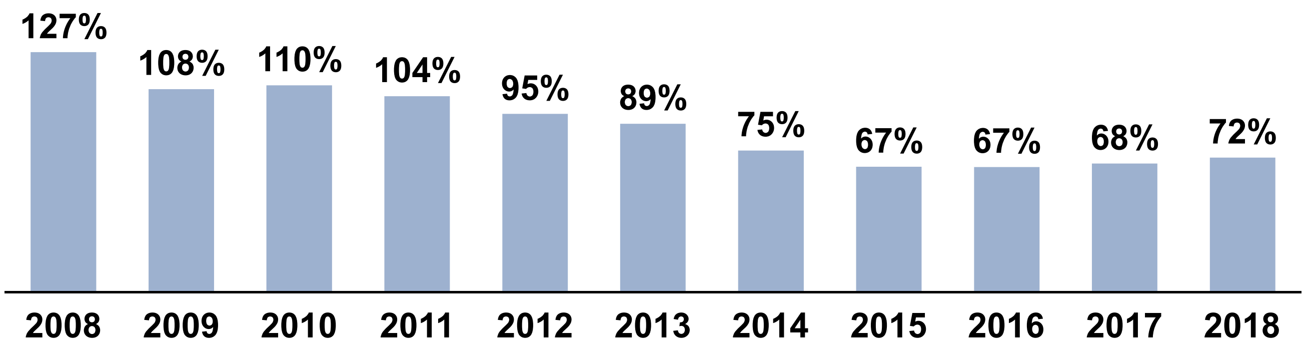
Consolidated[1] outstanding amount of wholesale debt (in EUR bn)



Maturity profile (end-2018, in EUR bn)



Consolidated Net loans/(Deposits + Retail bonds) ratio



Key liquidity ratios	2017	2018
Net Stable Funding Ratio (NSFR)	145%	143%[2]
Liquidity Coverage Ratio (LCR)	208%	207%
Net loan to deposit ratio	68.4%	71.6%

[1] Outstanding amount of bonds are decreased by the amounts purchased by Group members. Senior bonds include retail targeted bonds, too
[2] 1H 2018 data, NSFR based on BIS QIS (Quantitative Impact Studies) data report

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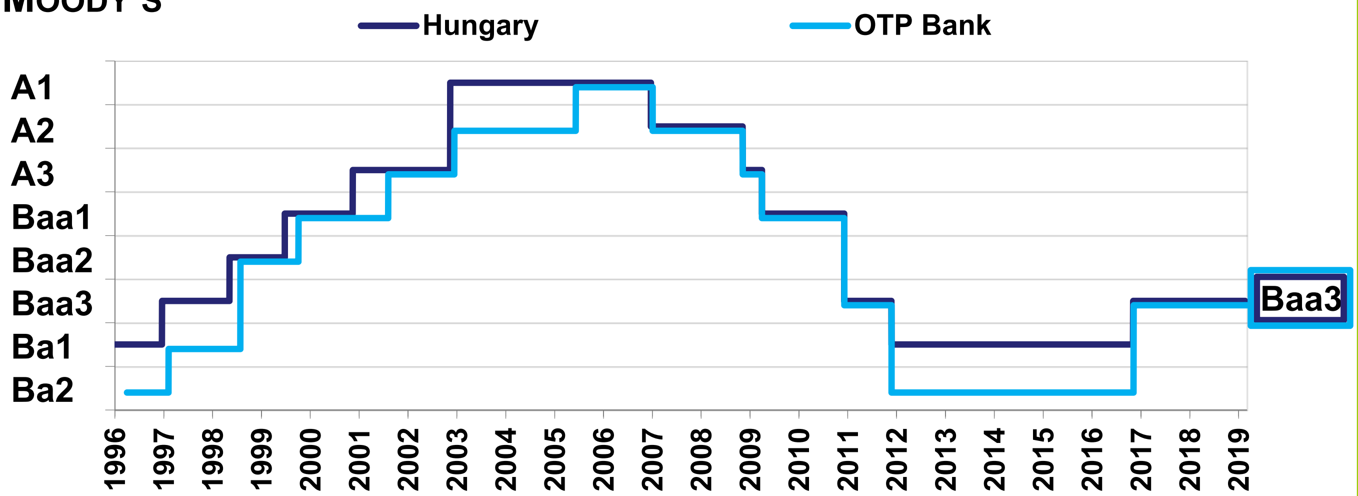
3.

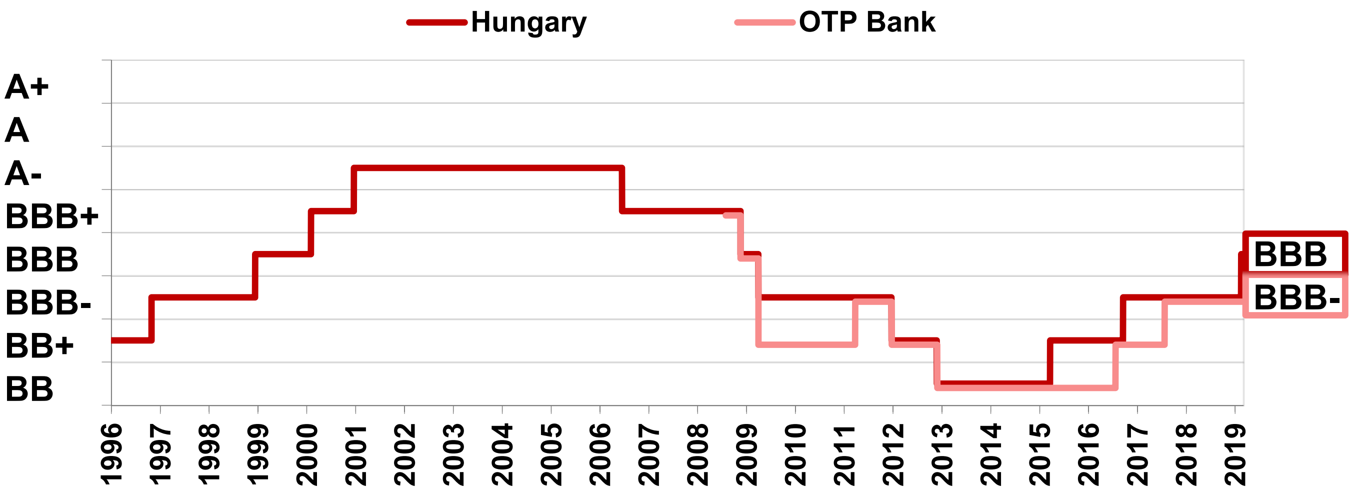
OTP Bank ratings closely correlate with the Hungarian sovereign; in February 2019 S&P Global and Fitch upgraded the Hungarian sovereign ratings by one notch to 'BBB'

Ratings evolution of OTP Bank and the Hungarian sovereign[1]

MOODY'S



S&P GLOBAL



OTP Bank long-term ratings[2]

MOODY'S		S&P GLOBAL	
Outlook: Stable		Outlook: Stable	
A3		A-	
Baa1	Counterparty Risk Rating (HUF&FX)	BBB+	
Baa2	Bank Deposits (HUF)	BBB	Resolution Counterparty Rating
Baa3	Bank Deposits (FX)	BBB-	Issuer Credit Rating; SACP
Ba1	Baseline Credit Assessment (BCA)	BB+	
Ba2		BB	
Ba3	Junior Subordinate	BB-	
B1		B+	

[1] In case of OTP Bank long-term foreign currency deposit or issuer rating, for Hungary long-term foreign currency issuer ratings
[2] Range of ratings shown above does not represent full ratings scale of the rating agencies

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4. OTP has a stable and experienced senior management team

Senior management and executive members of the Board of Directors of OTP Bank

(time spent at OTP Group)

past experience

Dr. Sándor Csányi
Chairman & CEO
(26 years)

K&H Bank, Magyar Hitelbank, Ministry of Agriculture and Food Industry, Ministry of Finance

Dr. Zsolt Barna
General Deputy CEO, Group Governance and Operations Division
(8 years)

State Financial and Capital Market Supervisory Commission

László Bencsik
Deputy CEO, Strategy and Finance Division
(15 years)

McKinsey & Company, Andersen Consulting

Tibor Johancsik
Deputy CEO, IT and Operations Division
(3 years)

JET-SOL, Cap Gemini, Unisys, ICL, Hungarian Academy of Sciences Institute for Computer Science and Control

György Kiss-Haypál
Deputy CEO, Credit Approval and Risk Management Division
(3 years)

GE Money Bank, GE Consumer Finance, Budapest Bank

Antal Kovács
Deputy CEO, Retail Division, BoD Member
(23 years)

K&H Bank

László Wolf
Deputy CEO, Commercial Banking Division BoD Member
(25 years)

BNP-KH-Dresdner Bank, National Bank of Hungary

Strong growth dynamics are expected to continue in 2019, supported by both organic and acquisitive expansion

Outlook[1] for 2019

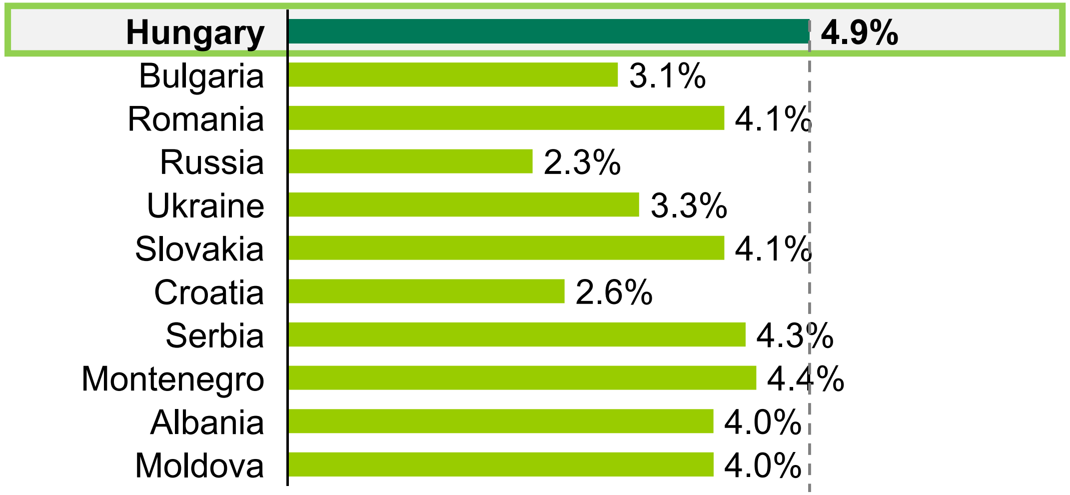
ROE 15%+	The ROE target of above 15% (assuming 12.5% Common Equity Tier 1 ratio) announced at the 2015 Annual General Meeting remains in place.
Mid-term CET1 ratio target of 15%	Mid-term CET1 ratio guidance since 3Q 2017: The targeted level of CET1 ratio increases to 15%; however it moves within the range of 12%-18%, depending on the timing of acquisitions and the incorporation of the annual retained earnings.
Organic loan growth ~10%	The FX-adjusted growth of performing loans (Stage 1 plus Stage 2 under IFRS 9) – without the effect of further acquisitions – is expected to be around 10% in 2019.
Declining DPD90+ ratio **Unchanged risk cost rate**	Assuming no material change in the external environment, favourable credit quality trends – similar to 2018 – are expected to remain in 2019. The Stage 3 and DPD90+ ratios may decline further and the risk cost rate may be around the 2018 level.
Unchanged dividend	The proposed dividend amount to be paid from 2018 earnings will be the same as the dividend amount after the 2017 financial year, i.e. HUF 61.32 billion.

[1] The targets, expectations and trends discussed in this presentation represent management's current expectations and are subject to change

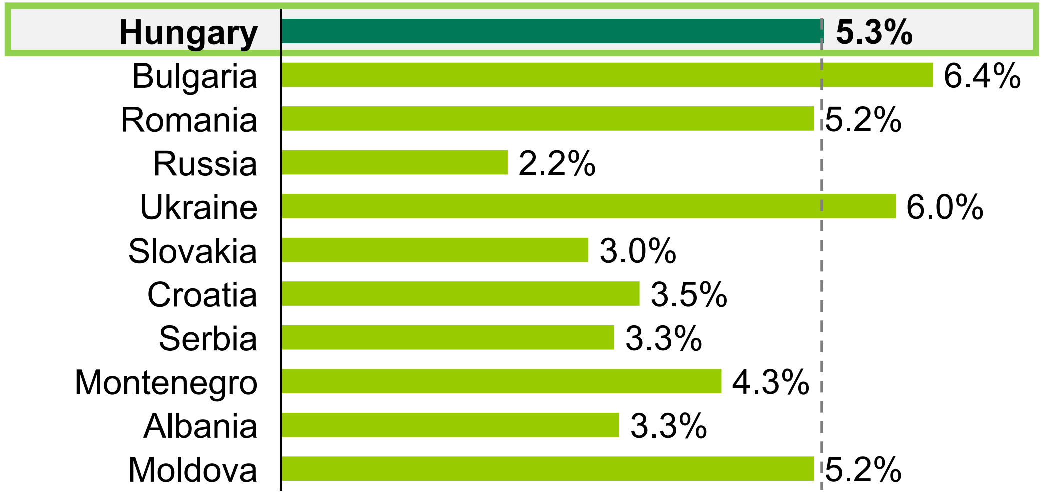
5.

In 2018 the Hungarian economic growth was the fastest within the Group supported by strong household consumption and outstanding gross fixed capital formation

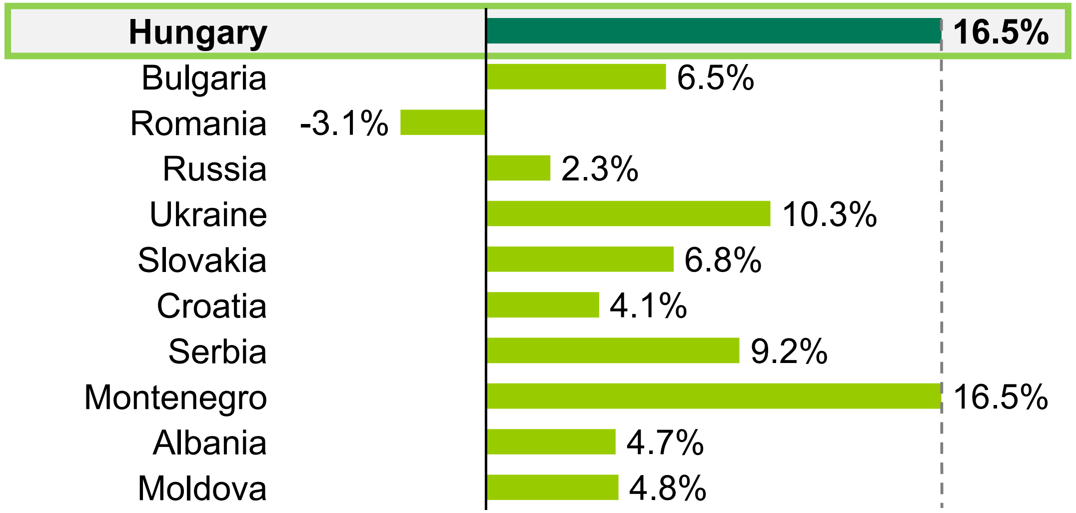
Real GDP growth, 2018[1] (y-o-y)



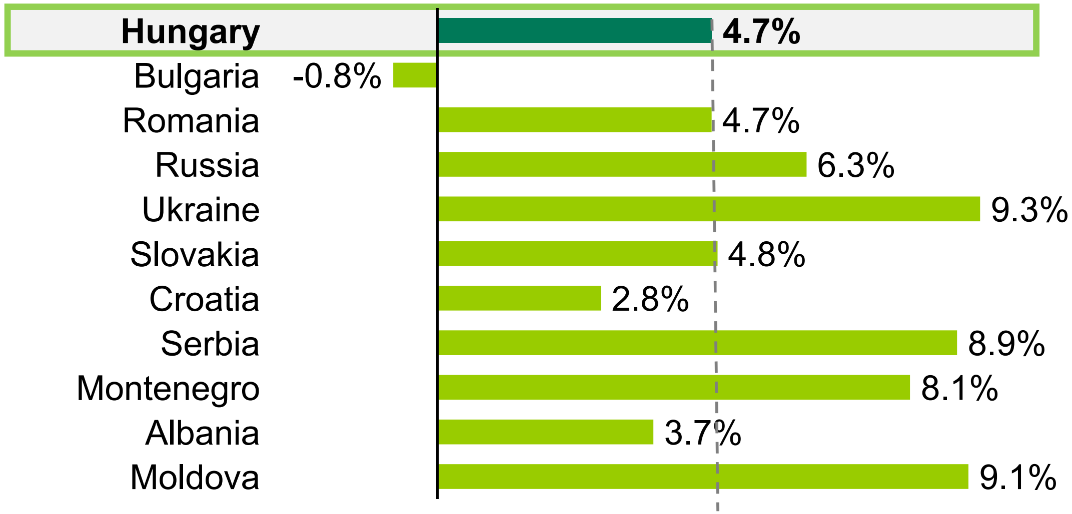
Household consumption growth[2] (y-o-y)



Gross fixed capital formation[2] (y-o-y)



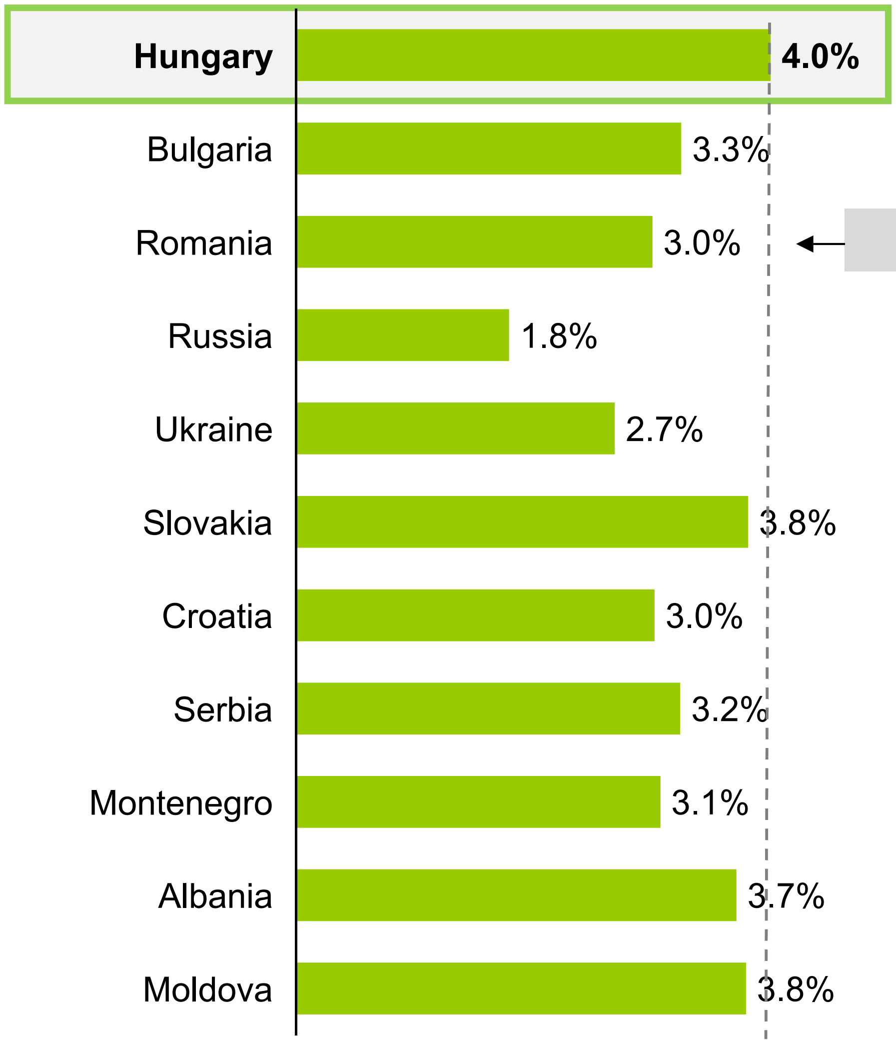
Export growth[2] (y-o-y)



[1] In case of Montenegro, Albania and Moldova the figures are forecasts for 2018, others are actual data.
[2] In case of Ukraine, Albania and Moldova the figures are forecasts for 2018, others are actual data.
Source: OTP Research

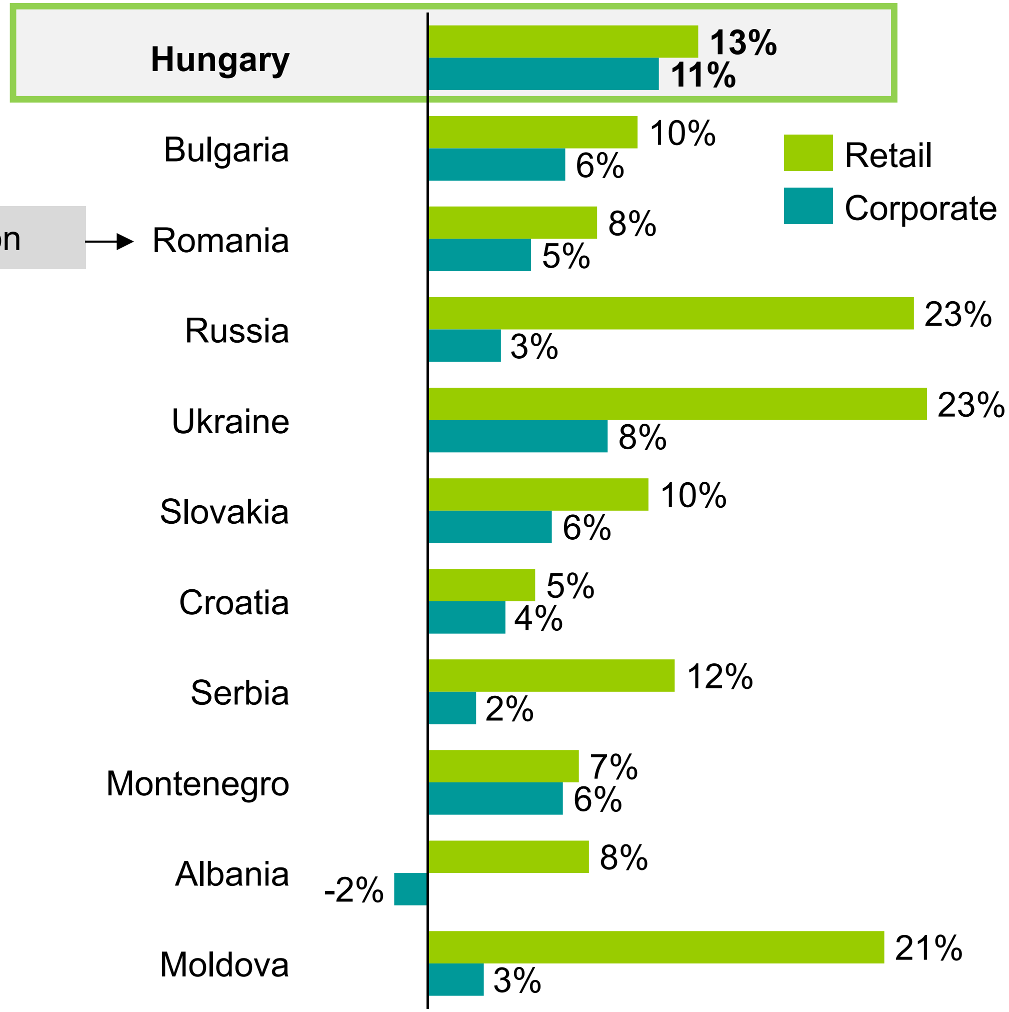
5. In 2019 the GDP is expected to continue to grow dynamically in Hungary and in other Group members' countries, inducing healthy growth in loan volumes

2019F GDP growth (y-o-y)



under revision

2019F sector-level loan growth[1] (y-o-y)



[1] 2019 net loan flow / end of previous year volume
Source: OTP Research

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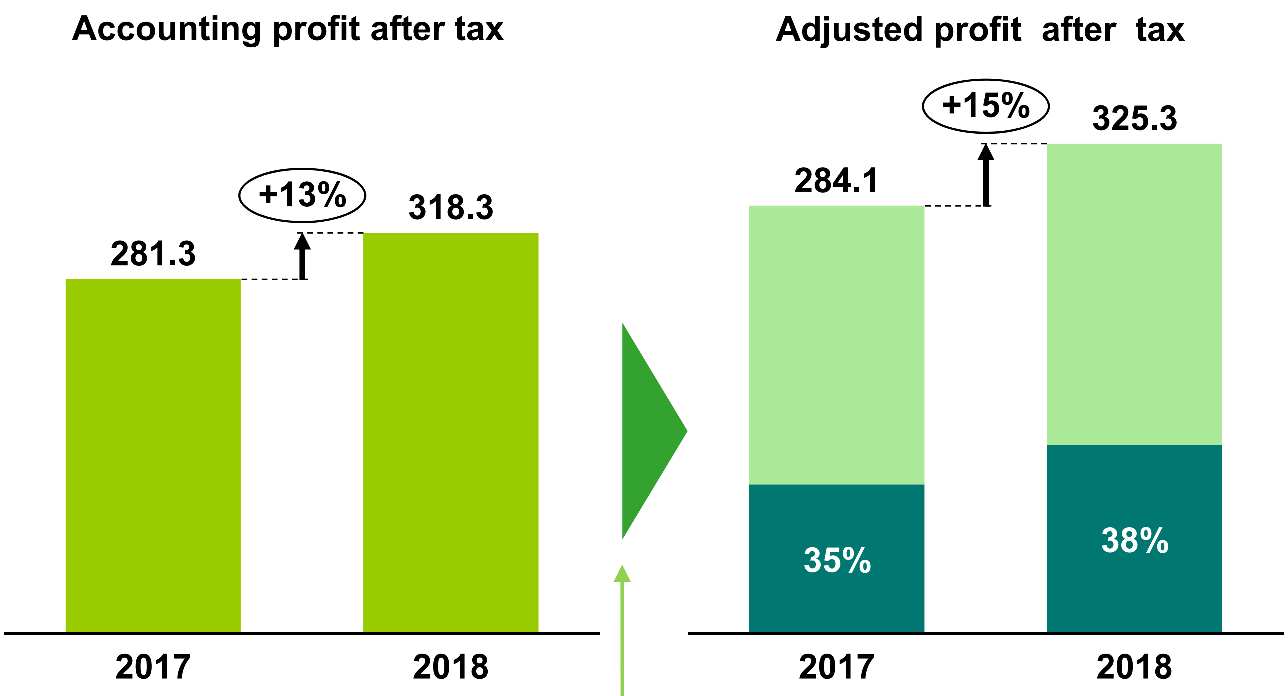
Content

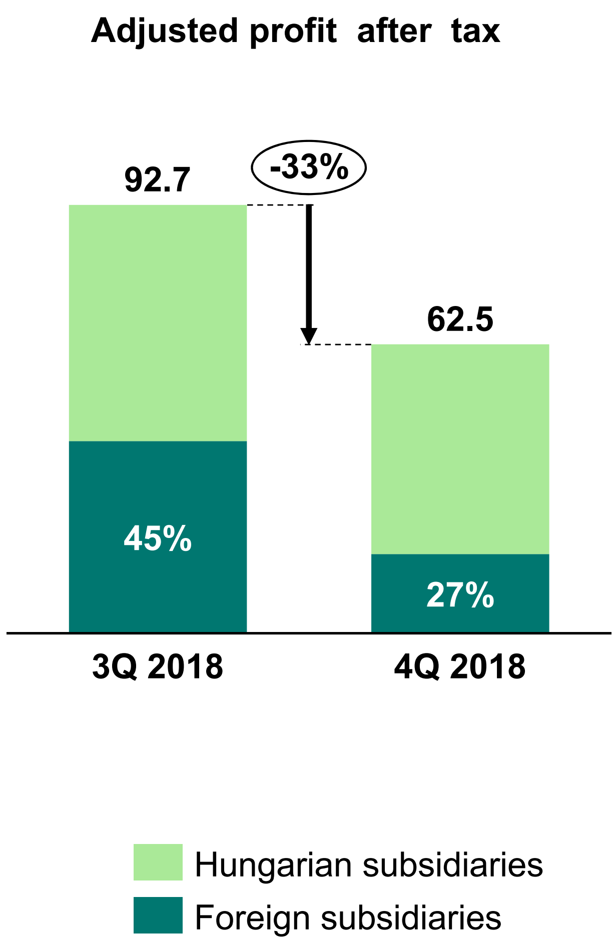
The accounting profit grew by 13% in 2018, while the adjusted profit increased by 15%. The annual profit contribution of foreign subsidiaries improved to 38%

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



Adjustments (after tax)	**2017**	**2018**
Banking tax	-15.2	-15.3
Goodwill impairment	-6.1	-4.7
Gain on MIRS deals	0.0	18.8
Others	18.6	-5.8[1]
Total	-2.7	-7.0

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



[1] Of which -HUF 6.8 billion effect of acquisitions; +0.5 dividends and net cash transfer; +0.6 impact of fines imposed by the Hungarian Competition Authority.

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The annual operating profit without acquisitions improved by 3%

(in HUF billion)	2017	2018	Y-o-Y	2018 without M&A[1]	Y-o-Y without M&A[1]	4Q 17	3Q 18	4Q 18	Q-o-Q	Y-o-Y
Consolidated adjusted after tax profit	**284.1**	**325.3**	**15%**	**307.9**	**13%**	**59.5**	**92.7**	**62.5**	**-33%**	**5%**
Corporate tax	-37.3	-37.4	0%	-33.9	-3%	-6.5	-11.3	-4.7	-58%	-28%
Profit before tax	321.4	362.7	13%	341.8	11%	66.1	104.0	67.2	-35%	2%
Total one-off items	3.9	4.0	1%	4.0	1%	0.1	0.6	-0.1		
Result of the Treasury share swap agreement	3.9	4.0	1%	4.0	1%	0.1	0.6	-0.1		
Profit before tax (adjusted, without one-offs)	**317.5**	**358.7**	**13%**	**337.8**	**11%**	**66.0**	**103.4**	**67.3**	**-35%**	**2%**
Operating profit without one-offs	363.2	384.9	6%	358.8	3%	85.1	105.9	87.6	-17%	3%
Total income without one-offs	804.9	881.7	10%	813.6	6%	208.9	227.7	227.8	0%	9%
Net interest income	546.7	599.8	10%	554.5	6%	140.5	153.9	156.4	2%	11%
Net fees and commissions	209.4	220.7	5%	205.2	2%	58.1	57.8	56.6	-2%	-3%
Other net non interest income without one-offs	48.9	61.2	25%	53.9	20%	10.3	16.0	14.7	-8%	44%
Operating costs	-441.8	-496.8	12%	-454.8	7%	-123.8	-121.8	-140.2	15%	13%
Total risk cost	-45.7	-26.2	-43%	-21.0	-52%	-19.1	-2.5	-20.3		6%

[1] 2018 numbers and y-o-y changes without acquisitions do not include the contribution from the Croatian Splitska banka (estimated) and the Serbian Vojvodjanska banka and their Leasing companies.

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In 2018 primarily the Hungarian, Croatian, Ukrainian and Serbian profit contribution improved remarkably

Adjusted profit after tax (in HUF billion)

	2017	2018	Y-o-Y
OTP Group	284.1	325.3	15%
OTP Core (Hungary)	168.6	180.4	7%
DSK (Bulgaria)	47.1	47.3	0%
OBRu[1] (Russia)	20.4	16.4	-19% / -13%[2]
OBH (Croatia)	17.1	25.0	46% / 61%[3]
OBU (Ukraine)	14.1	24.4	73%
OBR (Romania)	3.0	3.9	27%
OBSrb (Serbia)	-2.9	3.0	
CKB (Montenegro)	-0.2	2.2	
OBS (Slovakia)	-2.1	0.0	
Leasing (HUN, RO, BG, CR)	9.8	9.8	0%
OTP Fund Mgmt. (Hungary)	8.3	4.1	-50%
Corporate Centre, others	0.8	8.7	

[1] The performance of Touch Bank is presented as part of OBRu (OTP Bank Russia) in both periods.
[2] Change in local currency.
[3] Change without acquisition (December 2018 figure estimated).

The accounting ROE has been growing steadily since 2015 on the back of moderating provision charges and vanishing negative adjustment items

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Accounting ROE	9.4%	6.1%	8.4%	4.2%	-7.4%	5.1%	15.4%	18.5%	18.7%
Accounting ROE on 12.5% CET1 ratio[1]						5.4%	17.6%	22.4%	23.2%
Adjusted ROE[2]	13.0%	11.8%	10.2%	9.6%	8.5%	9.6%	15.4%	18.7%	19.1%
Total Revenue Margin[3]	8.03%	8.12%	8.31%	8.44%	7.74%	7.03%	6.79%	6.71%	6.33%
Net Interest Margin[3]	6.16%	6.31%	6.40%	6.37%	5.96%	5.17%	4.82%	4.56%	4.30%
...									
Operating Costs / Average Assets	3.62%	3.76%	3.89%	4.07%	3.85%	3.66%	3.70%	3.68%	3.57%
Risk Cost Rate[4]	3.69%	2.95%	3.11%	3.51%	3.68%	3.18%	1.14%	0.43%	0.23%
Leverage (average equity / avg. assets)	12.8%	13.6%	14.4%	14.8%	13.0%	11.5%	12.9%	12.7%	12.2%

[1] The indicated / approved dividend and the CET1 capital surplus (as calculated from the difference between the 12.5% CET1 and the actual CET1 ratio including the interim result less approved dividend) is deducted from the equity base.
[2] Calculated from the Group's adjusted after tax result. [3] Excluding one-off revenue items.
[4] Provision for impairment on loan and placement losses-to-average gross loans ratio.

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Total income grew by 10% y-o-y in 2018 driven partly by the acquisitions; without those the yearly dynamics would have been 6%. On a quarterly basis total income remained stable

Effect of acquisitions

TOTAL INCOME without one-off items	2018 (HUF billion)	4Q 2018 (HUF billion)	2018 Y-o-Y (HUF billion)	2018 Y-o-Y (%)	4Q 2018 Q-o-Q (HUF billion)	4Q 2018 Q-o-Q (%)
OTP Group	882	228	43 / 77	10%/6%[1]	0	0%
OTP CORE (Hungary)	379	94	13	4%	-3	-3%
DSK (Bulgaria)	108	28	0	0%	0	-1%
OBRu[3] (Russia)	130	34	5	4%/13%[2]	1	4%
OBH (Croatia)	78	19	0 / 15	23%/-1%[1]	-2	-8%
OBU (Ukraine)	47	14	13	36%/40%[2]	1	9%
OBR (Romania)	31	8	4	13%	0	1%
OBSr (Serbia)	30	8	2 / 20	201%/25%[1]	0	-1%
CKB (Montenegro)	11	3	1	11%	0	2%
OBS (Slovakia)	15	4	-2	-14%	0	3%
Others	53	15	10	23%	2	17%

1. At OTP Core the y-o-y growth was mainly driven by the stronger net interest income supported by dynamic organic loan growth and higher other net non-interest income; the q-o-q decrease was mainly due to negative technical items affecting net fee income.

2. At DSK the annual income stayed flat as a combination of declining net interest income and improving net fee revenues.

3. In Russia the annual total revenues grew by 13% y-o-y in RUB terms (2%-points income growth was related to the incorporation of Touch Bank), mainly due to stronger NII and net fees. The quarterly improvement was induced by improving NII on the back of strong new disbursements and growing volumes.

4. The q-o-q drop at OBH was partly attributable to seasonality of tourism-related revenues: within other income FX conversion results declined q-o-q.

5. In Ukraine the total income benefited from intense business activity and widening net interest margin.

[1] Changes without acquisitions (December 2018 figure estimated in the case of Croatia).
[2] Changes in local currency.
[3] Starting from 1Q 18 Touch Bank was included into OTP Bank Russia, but this doesn't change FY y-o-y dynamics significantly.

The full-year net interest income grew by 6% y-o-y even without acquisitions. On a quarterly basis mainly Russia and Ukraine drove the NII growth

Effect of acquisitions

NET INTEREST INCOME	2018 (HUF billion)	4Q 2018 (HUF billion)	2018 Y-o-Y (HUF billion)	2018 Y-o-Y (%)	4Q 2018 Q-o-Q (HUF billion)	4Q 2018 Q-o-Q (%)
OTP Group	600	156	30 / 53	10%/6%[1]	3	2%
OTP CORE (Hungary)	246	63	12	5%	0	0%
DSK (Bulgaria)	70	18	-2	-3%	0	1%
OBRu[3] (Russia)	102	27	1	1%/10%[2]	1	3%
OBH (Croatia)	54	13	0 / 10	22%/1%[1]	0	-1%
OBU (Ukraine)	33	10	10	43%/48%[2]	1	11%
OBR (Romania)	23	7	4	18%	0	3%
OBSr (Serbia)	21	5	1 / 13	184%/16%[1]	0	0%
CKB (Montenegro)	8	2	1	15%	0	1%
OBS (Slovakia)	11	3	-2	-17%	0	-2%
Merkantil (Hungary)	13	3	1	5%	0	1%
Corporate Centre	7	2	4	116%	0	-9%
Others	11	3	3	31%	1	41%

1. At OTP Core the 5% y-o-y growth was due to expanding loans, partially mitigated by margin erosion. The 4Q NII did not change q-o-q because further increasing loan volumes were overshadowed by eroding margins.

2. At DSK net interest income declined by 3% y-o-y due to the 48 bps margin erosion, reflecting mainly the ongoing repricing of assets. This was partially offset by the dynamic loan expansion. On quarterly basis the on-going volume growth could fully counterbalance the continued margin erosion.

3. The Russian NII in RUB terms went up both q-o-q and y-o-y as a joint effect of soaring volumes and contracting margins.

4. In Ukraine NII was supported by strong business activity and improving margins.

5. In Romania, Serbia and Montenegro the dynamic loan growth was the key driver behind improving NII. In Slovakia both declining loan volumes and margin attrition were a drag on interest income.

[1] Changes without acquisitions (December 2018 figure estimated in the case of Croatia).
[2] Changes in local currency.
[3] Starting from 1Q 18 Touch Bank was included into OTP Bank Russia, but this doesn't change FY y-o-y dynamics significantly.

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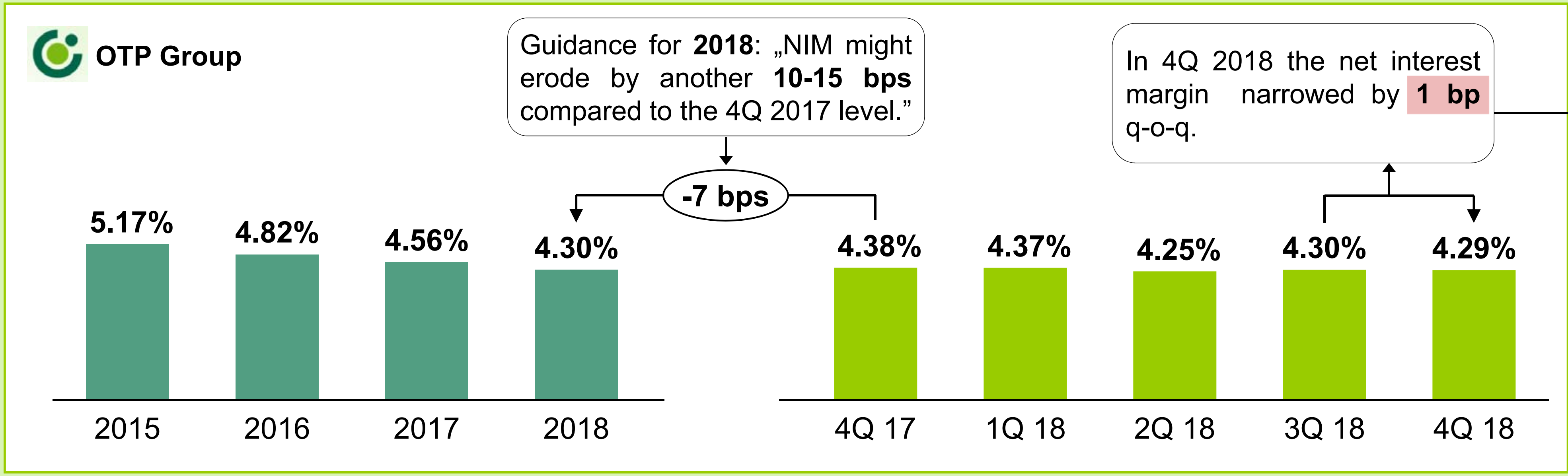
The consolidated annual net interest margin contracted by 7 bps compared to the 4Q 2017 level, whereas on a quarterly basis it remained fairly resilient

Net interest margin (%)



Interest rate effect: **-5 bps**

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

o/w:	**OTP Core**	**-4 bps**
	DSK Bank	**-2 bps**
	OTP Russia	**-1 bp**
	OTP Ukraine	**+2 bps**

FX rate changes: **-1 bp**

Depreciating RUB against HUF decreased the contribution of the Russian operation to the Group NII.

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

Composition effects: **+6 bps**

Capturing the weight changes within the Group in local currency terms.

Note: at DSK a one-off accounting correction booked in 2Q 2018 related to IFRS 9 reduced the q-o-q NII dynamics by HUF 1.8 billion in 2Q – both at DSK and on consolidated level. Filtering this out, the consolidated NIM would have stood at 4.35% in 1Q and 4.28% in 2Q 2018.

At OTP Core the net interest margin returned to levels seen in 2Q 2018. Russia and Croatia remained stable q-o-q. The underlying declining margin trend at DSK continued. Margins kept on improving in the Ukraine

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

	2016	2017	2018	17 4Q	18 1Q	18 2Q	18 3Q	18 4Q
OTP Core Hungary (1)	3.48	3.22	3.01	3.16	3.06	2.97	3.05	2.98
DSK Bank Bulgaria (2)	4.60	3.85	3.37	3.72	3.69	3.27	3.33	3.22
DSK Bank Bulgaria – Modified[1]					3.50	3.45		
OTP Bank Russia[2] (3)	17.81	16.91	15.21	15.65	15.90	15.60	14.78	14.68
OTP Bank Croatia	3.54	3.27	2.95	3.02	3.01	3.05	2.87	2.88
OTP Bank Ukraine (4)	9.02	7.46	9.21	7.72	7.90	9.05	9.51	10.10
OTP Bank Romania	3.40	3.27	3.39	2.34	3.25	3.27	3.56	3.47

1 At OTP Core the q-o-q NIM erosion was driven by:

- The swap result declined q-o-q mainly because declining long yields generated negative fair value adjustment on interest rate swaps held for non-hedging purposes.
- The q-o-q margin development was negatively influenced by the interbank rate movements: while in 3Q margins were supported by the increase in the interbank rates in the preceding period, rates have declined since then, exerting a pressure on 4Q NIM (in 4Q the closing rate of 3M and 6M BUBOR declined by 4-4 bps, while their average rate declined by 6-6 bps).
- Mortgage bonds issued in the last quarter added to interest expenditures.
- In 4Q the average interest rate of the mortgage loan stock continued to contract.

2 At DSK the underlying declining trend continued, exaggerated by a technical item in 4Q: the capital increase received in December was a drag on NIM development, because of the higher average total assets and due to the fact that it added to the excess liquidity placed at negative rates. Stripping out the above diluting effects of the capital increase, the quarterly NIM erosion would have been 6 bps.

3 The Russian net interest margin declined further due to continued erosion of lending rates.

4 In Ukraine the q-o-q NIM expansion was driven by expanding consumer loans and higher interest income realized on corporate exposures, despite higher interest expenditures on deposits.

[1] At DSK a one-off accounting correction booked in 2Q 2018 reduced the q-o-q NII dynamics by HUF 1.8 billion in 2Q, and improved the q-o-q NII dynamics by HUF 0.9 billion in 3Q. The one-off effects are filtered out from the modified NIMs.
[2] Including Touch Bank from 1Q 2018.

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Net fee income grew by 2% on an annual basis without acquisitions. The 2% quarterly decline was attributable to technical items at OTP Core

Effect of acquisitions

NET FEE INCOME	2018 (HUF billion)	4Q 2018 (HUF billion)	2018 Y-o-Y (HUF billion)	2018 Y-o-Y (%)	4Q 2018 Q-o-Q (HUF billion)	4Q 2018 Q-o-Q (%)
OTP Group	221	57	3 / 11	5%/2%[1]	-1	-2%
OTP CORE (Hungary)	107	26	-2	-2%	-2	-8%
DSK (Bulgaria)	30	8	3	10%	0	-1%
OBRu[3] (Russia)	27	7	4	17%/27%[2]	0	2%
OBH (Croatia)	16	4	0 / 3	27%/1%[1]	0	-6%
OBU (Ukraine)	11	3	2	18%/21%[2]	0	3%
OBR (Romania)	4	1	0	16%	0	-1%
OBSrb (Serbia)	7	2	0 / 5	220%/12%[1]	0	6%
CKB (Montenegro)	3	1	0	-3%	0	-10%
OBS (Slovakia)	4	1	0	-3%	0	17%
Fund mgmt. (Hungary)	7	2	-5	-39%	1	63%

1 The y-o-y decline at Core was reasoned by lower distribution fees on certain household targeted government bonds, which could not be offset by increasing transaction, deposit and card related income.
Decline in 4Q 2018 was explained by two negative technical items: firstly, the total annual amount of credit card refunds (HUF 2.5 bn) was booked in lump-sum in 4Q, similar to previous years. Secondly, -HUF 1.4 billion additional fee expense emerged in 4Q: from 4Q 2018 the Bank started to accrue the so-called scheme fee (that part of the fee expenses paid to credit card issuers which is paid quarterly on the basis of the turnover in the previous quarter), as opposed to the earlier cash-flow based accounting practice. Therefore, both the scheme fee paid after 3Q 2018, and the accrued fee for the last quarter of 2018 was booked in 4Q 2018.

2 The annual growth of 10% was due to higher deposits and transactions related revenues.

3 In Russia cash loans with insurance policies and card-related fees propelled F&C income.

4 Ukraine benefited from stronger fee income on corporate transactions and credit cards.

5 Success fees were booked in the last quarter, but their annual amount was by HUF 4 billion lower y-o-y.

[1] Changes without acquisitions (December 2018 figure estimated in the case of Croatia).
[2] Changes in local currency.
[3] Starting from 1Q 18 Touch Bank was included into OTP Bank Russia, but this doesn't change FY y-o-y dynamics significantly.

The annual other net non-interest income went up by 20% without acquisitions

Effect of acquisitions

OTHER INCOME without one-off items	2018 (HUF billion)	4Q 2018 (HUF billion)	2018 Y-o-Y (HUF billion)	2018 Y-o-Y (%)	4Q 2018 Q-o-Q (HUF billion)	4Q 2018 Q-o-Q (%)
OTP Group	**61**	**15**	9 / 12	25%/20%[1]	-1	-8%
OTP CORE (Hungary)	**26**	**5**	3	15%	0	-4%
DSK (Bulgaria)	**7**	**2**	-1	-11%	0	-14%
OBRu[2] (Russia)	**1**	**0**	0	-35%	0	230%
OBH (Croatia)	**8**	**2**	0 / 1	22%/-10%[1]	-1	-42%
OBU (Ukraine)	**3**	**1**	1	46%/51%[2]	0	11%
OBR (Romania)	**4**	**1**	-1	-12%	0	-12%
OBSrb (Serbia)	**3**	**1**	1 / 2	347%/330%[1]	0	-21%
CKB (Montenegro)	**0**	**0**	0	-83%	0	-285%
OBS (Slovakia)	**0**	**0**	0	-29%	0	41%
Others	**10**	**3**	6	174%	0	15%

1 The annual other net non-interest income (without one-offs) grew by 15% y-o-y. This was partially owing to the better FX-result realized in 2Q 2018, whereas the gain on securities moderated.

2 The other net non-interest income dropped by 42% q-o-q as a result of base effect: FX conversion results were seasonally stronger in 3Q amid the peak tourism season.

3 The improvement was mainly attributable to sale of assets at Other Hungarian subsidiaries.

[1] Changes without acquisitions (December 2018 figure estimated in the case of Croatia).
[2] Changes in local currency.
[3] Starting from 1Q 18 Touch Bank was included into OTP Bank Russia, but this doesn't change FY y-o-y dynamics significantly.

In 2018 operating costs without acquisitions grew by 8.2% on an FX-adjusted basis, partly because of fastly expanding personnel expenses in the wake of high wage inflation and strong business activity

Effect of acquisitions
Effect of Touch Bank inclusion in 2018

OPERATING COSTS – 2018 (HUF billion)		Y-o-Y (HUF bn)	Y-o-Y (%)	Y-o-Y (FX-adj., HUF bn)	Y-o-Y (FX-adj., %)
OTP Group	497	32 / 55	12%/**7.5%**[1]	33 / 57	13%/**8.2%**[1]
OTP CORE (Hungary)	234	19	9%	19	9% (1)
DSK (Bulgaria)	51	4	8%	2	5%
OBRu[2] (Russia)	61	1 / 7	15%/2%[3]	5 / 7	25%/11%[3] (2)
OBH (Croatia)	43	0 / 8	23%/1%[1]	-1 / 8	-4%
OBU (Ukraine)	17	1	8%	2	12% (3)
OBR (Romania)	20	2	13%	2	12% (4)
OBSrb (Serbia)	24	1 / 15	176%/9%[1]	0 / 15	162%/3%[1]
CKB (Montenegro)	8	0	3%	0	0%
OBS (Slovakia)	12	2	15%	1	11% (5)
Merkantil (Hungary)	6	0	3%	0	3%

1 OTP Core: higher personnel expenses due to higher avg. headcount (+7%) and salary increases (at a lower pace than the avg. wage inflation of 7.9% in the financial sector in 2018). In December a non-recurring one-off bonus was paid to non-managerial employees (HUF 5.4 billion). 2.5 pps reduction in social contributions from 2018. Other costs were driven by higher business activity.

2 Russia: 11% FX-adjusted growth w/o Touch Bank. Bulk of that was personnel expenses-driven as a result of wage inflation and the increase of average headcount w/o agents by 3%. Stronger business activity resulted in higher variable costs (marketing expenses and telco costs).

3 Ukraine: FX-adjusted OPEX up by 12% partly due to higher personnel expenses amid 29% wage inflation in the financial sector in 2018. Higher real estate-related, hardware and office equipment and marketing costs also played a role.

4 OBR: FX-adjusted OPEX grew by 12% due to higher personnel expenses (+19%) induced by wage inflation (9% in the financial sector) and the 7% growth of average headcount.

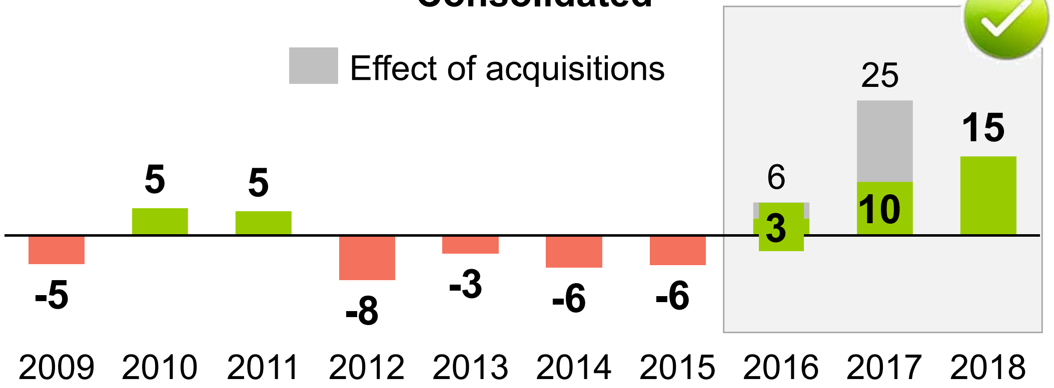
5 Slovakia: Higher personnel expenses (+14% in LCY), explained partly by higher headcount (+3% on avg.). 29% higher marketing spend.

[1] Without the OPEX of the newly consolidated entities due to the Splitska (Dec 2018: estimate) and Vojvodjanska transactions.
[2] Starting from 1Q 18 Touch Bank was included into OTP Bank Russia.
[3] Without the effect of inclusion of Touch Bank in 2018.

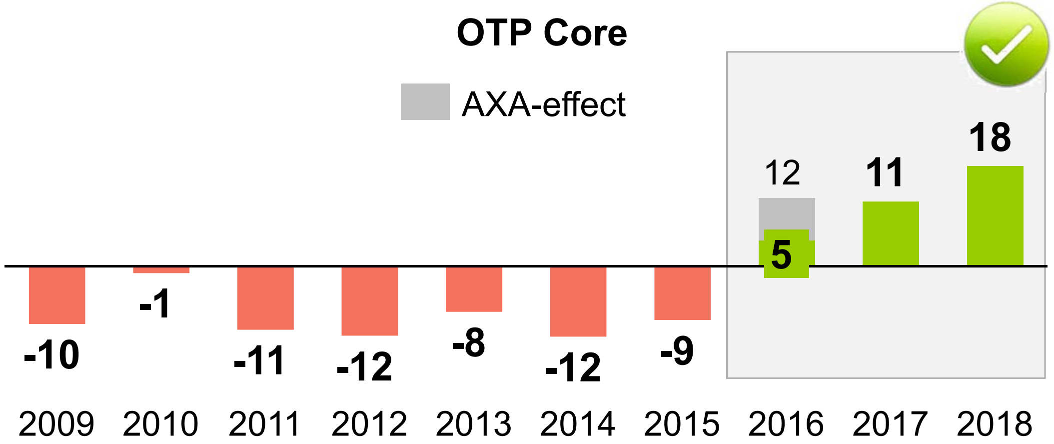
Following the contraction in the previous years, the last 3 years brought a turnaround in loan volumes, while deposits have been growing steadily reflecting our clients' trust in the Bank

Y-o-Y performing (DPD0-90) loan volume changes [1] (adjusted for FX-effect, %)

Consolidated

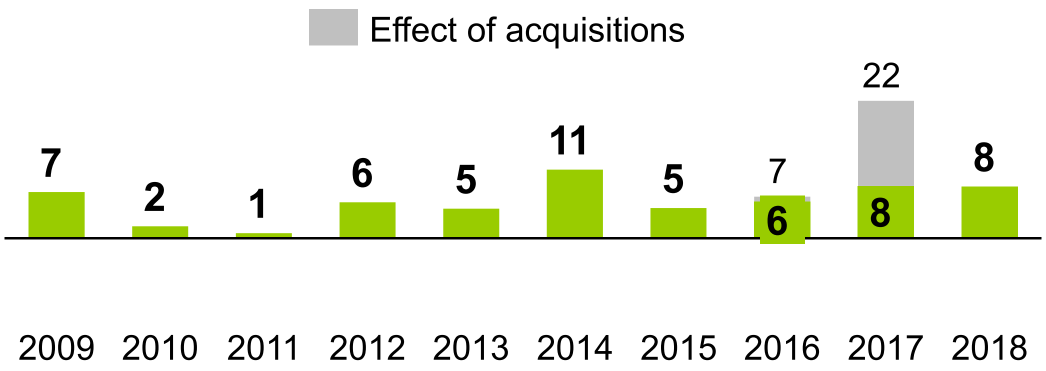


OTP Core

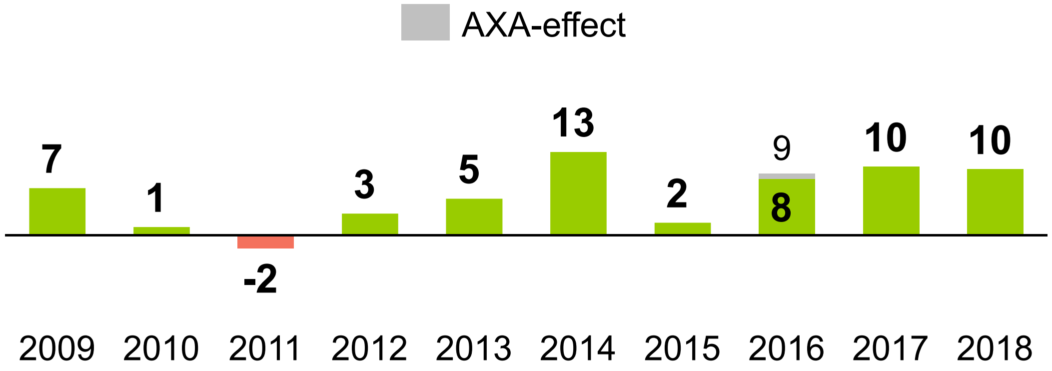


Y-o-Y deposit volume changes (adjusted for FX-effect, %)

Consolidated



OTP Core



[1] Consolidated: net loan volume between 2009-2013; OTP Core: estimation for 2009.

Consolidated performing loans surged by 15% y-o-y organically. Hungarian growth was even higher at 18% with steady consumer and corporate portfolio expansion and housing loan growth above 10%

Y-o-Y performing (DPD0-90) loan volume changes in 4Q 2018, adjusted for FX-effect

	Cons.	Core (Hungary)	DSK (Bulgaria)	OBRu[2] (Russia)	OBH (Croatia)	OBU (Ukraine)	OBR (Romania)	OBSr (Serbia)	CKB (Montenegro)	OBS (Slovakia)
Nominal change (HUF billion)	1,055	462	123	123	25	69	67	90	30	4
Total	15%	18%	11%	30%	2%	30%	14%	31%	31%	1%
Consumer	14%	19%	7%	31%	1%	87%	1%	22%	0%	-1%
Mortgage	6%	6%	14%	-31%	1%	-36%	9%	16%	10%	3%
Corporate[1]	21%	29%	12%	36%	4%	26%	22%	42%	63%	-1%

Core (Hungary) mortgage breakdown:

Housing loan	Home equity
11%	-9%

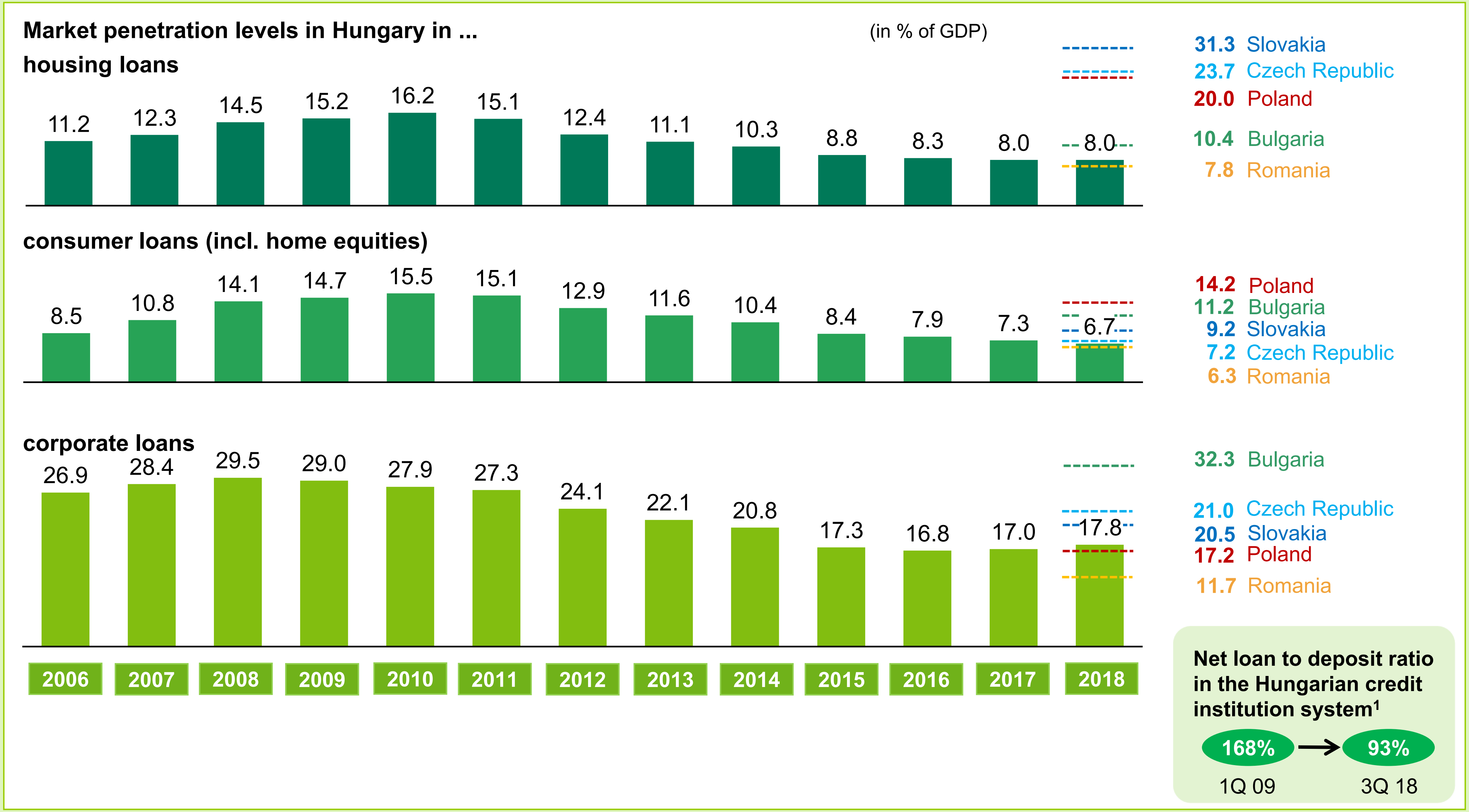
[1] Loans to MSE and MLE clients and local governments.
[2] The y-o-y changes are affected by the inclusion of Touch Bank into OTP Bank Russia from 2018.

Acquisitions in the past 2 years were concluded at an average of 1 Price to Book value multiple. Transactions have improved our market positions materially paving the way for better economies of scale

Target (seller, date of announcement) (date of closing)	**Net loan volumes** (HUF billion)		**Market share in total assets** (%) before/after acquisition		**Book value** (in EUR million)	
Splitska banka (SocGen, 4Q 2016) (2Q 2017)	(Nov 18)	631	4.0	11.3	(4Q 16)	**496**
Vojvodjanska banka (NBG, 3Q 2017) (4Q 2017)	(4Q 18)	258	1.5	5.7	(3Q 17)	**174**
SocGen Expressbank (SocGen, 3Q 2018) (1Q 2019)	(4Q 18)	780	12.7	19.4	(4Q 18)	**421**
SocGen Albania (SocGen, 3Q 2018) (in progress)	(4Q 18)	124		5.7	(4Q 18)	**58**
SocGen Serbia (SocGen, 4Q 2018) (in progress)	(4Q 18)	653	5.8	14.2	(4Q 18)	**383**
SocGen Moldova (SocGen, 1Q 2019) (in progress)	(3Q 18)	83		13.3	(3Q 18)	**81**
SocGen Montenegro (SocGen, 1Q 2019) (in progress)	(3Q 18)	118	15.8	27.3	(3Q 18)	**67**
Acquisitions total:		**2,647**				**1,680**

Note: OTP Bank has disclosed the purchase price of Splitska banka (EUR 425 million) and Vojvodjanska banka (EUR 125 million).

The Hungarian loan penetration levels are still low in regional comparison implying good volume growth potential. This is the case for Romania, as well as for the Bulgarian housing loan segment



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

The consolidated deposit base increased by 8% y-o-y driven by steady inflows in the Hungarian retail segment and strong Bulgarian, Russian, Ukrainian, Romanian, Serbian and Montenegrin performances

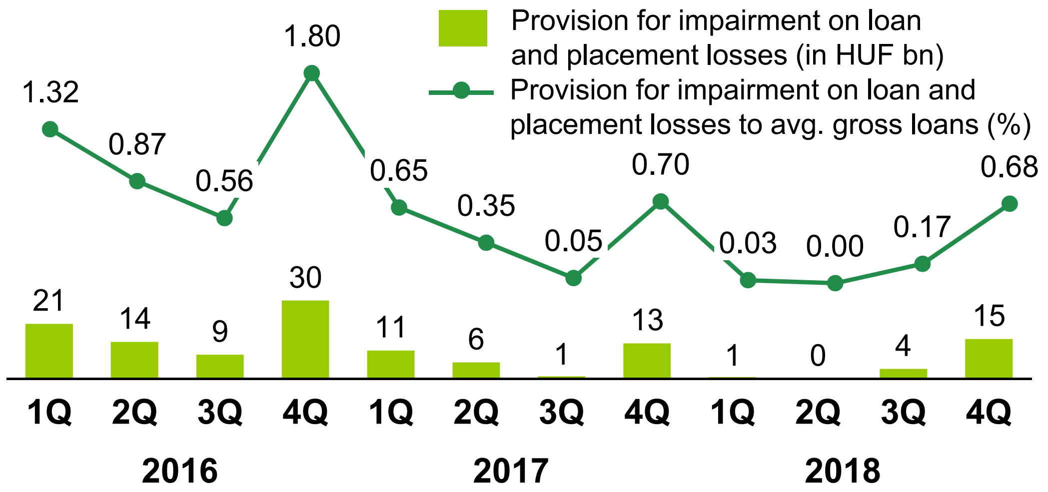
Y-o-Y deposit volume changes in 4Q 2018, adjusted for FX-effect

	Cons.	Core (Hungary)	DSK (Bulgaria)	OBRu[2] (Russia)	OBH (Croatia)	OBU (Ukraine)	OBR (Romania)	OBSr (Serbia)	CKB (Montenegro)	OBS (Slovakia)
Nominal change (HUF billion)	852	538	201	54	-30	13	84	10	17	3
Total	8%	10%	12%	17%	-2%	5%	24%	3%	11%	1%
Retail	10%	15%	10%	19%	0%	14%	18%	2%	6%	-4%
Corporate[1]	6%	5%	20%	12%	-5%	0%	29%	3%	20%	9%
Deposit – net loan gap (HUF billion)	3,207	2,867	659	-104	317	-12	-107	-7	47	-1

[1] Including SME, LME and municipality deposits.
[2] The changes are affected by the inclusion of Touch Bank into OTP Bank Russia from 2018.

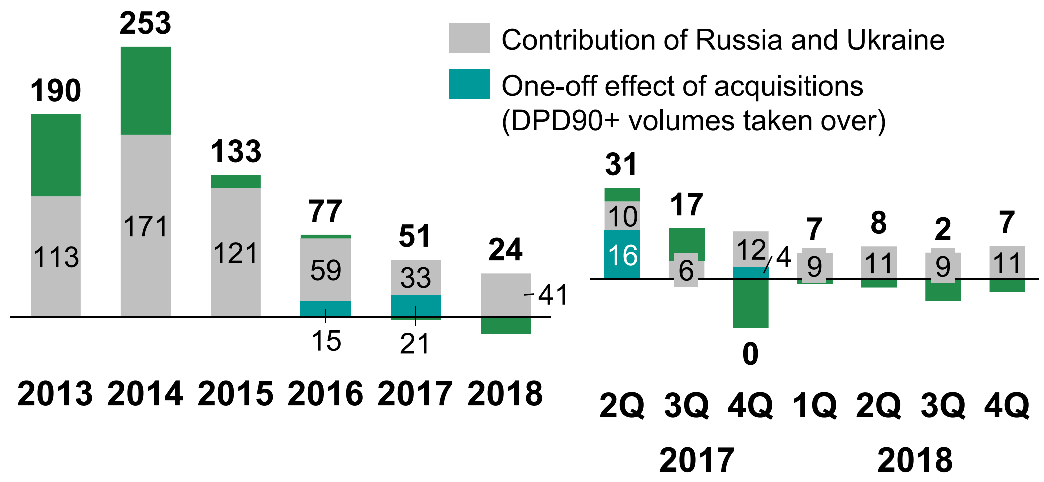
Benign credit quality trends remained in place: further declining DPD90+ ratio coupled with moderate DPD90+ loan formation. The annual risk cost rate sank to new lows despite the increase in 4Q due to IFRS9 model fine-tuning

Consolidated provision for impairment on loan and placement losses and its ratio to average gross loans

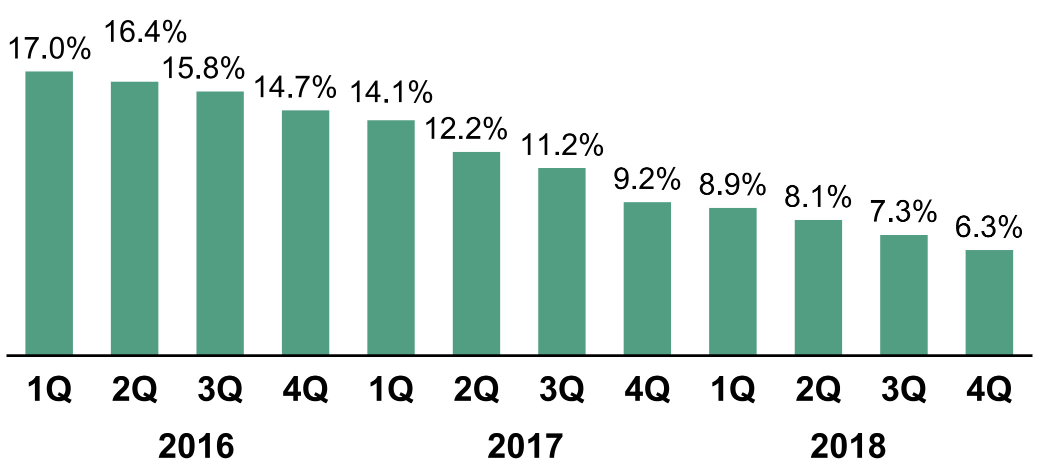


Change in DPD90+ loan volumes

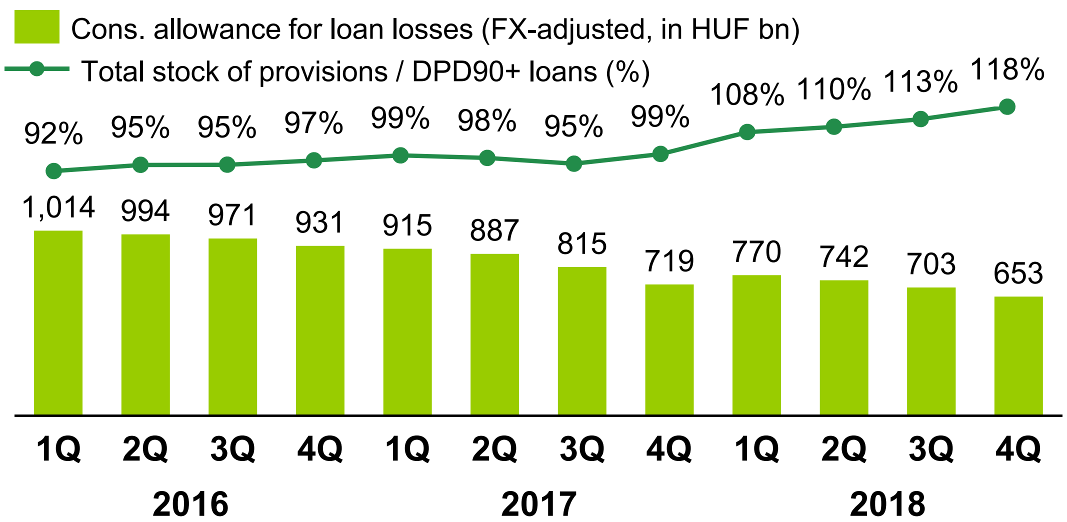
(consolidated, adjusted for FX and sales and write-offs, in HUF billion)



Ratio of consolidated DPD90+ loans to total loans



Consolidated allowance and their ratio to DPD90+ loans



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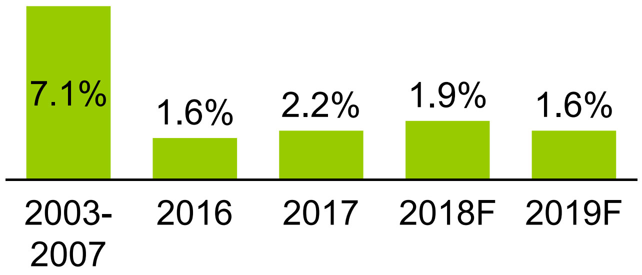
Content

Hungary

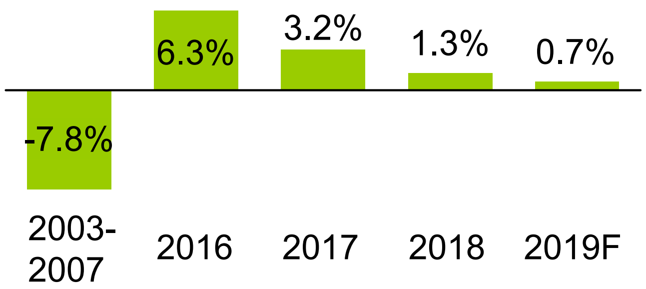
Economic growth was 4.8% in Hungary in 2018, higher than previously expected; GDP growth may slow down in 2019, but it can remain strong despite the deteriorating external environment

Balance

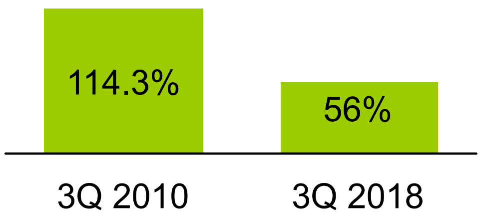
Budget deficit



Current account balance

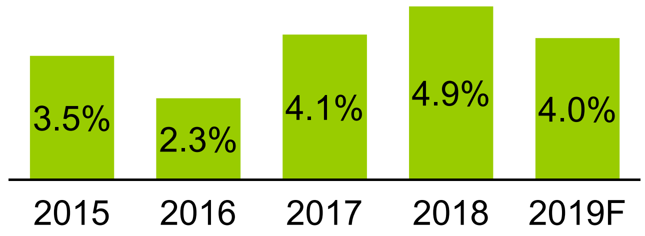


Gross external debt[1] (in % of GDP)

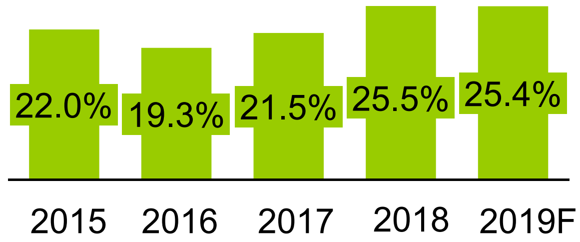


Growth

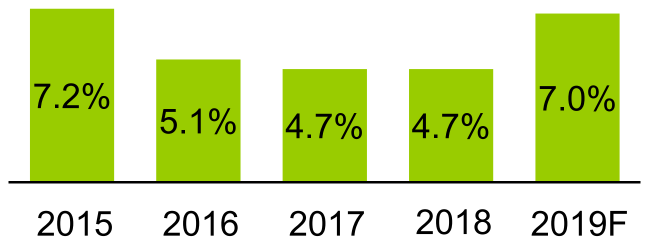
Real GDP growth



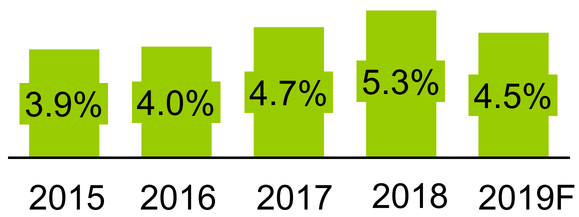
Investment to GDP



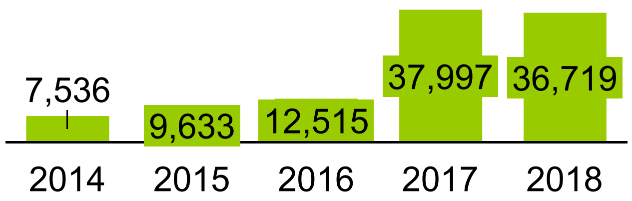
Export growth



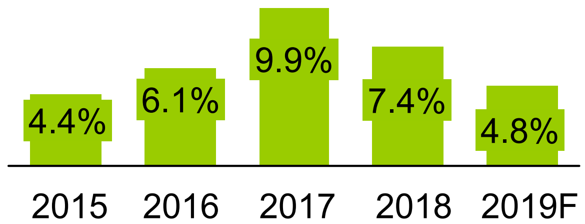
Household consumption



Housing construction permits



Real wage growth



Sources: CSO, NBH; forecasts: OTP Research

[1] Without inter-company loans

Hungary

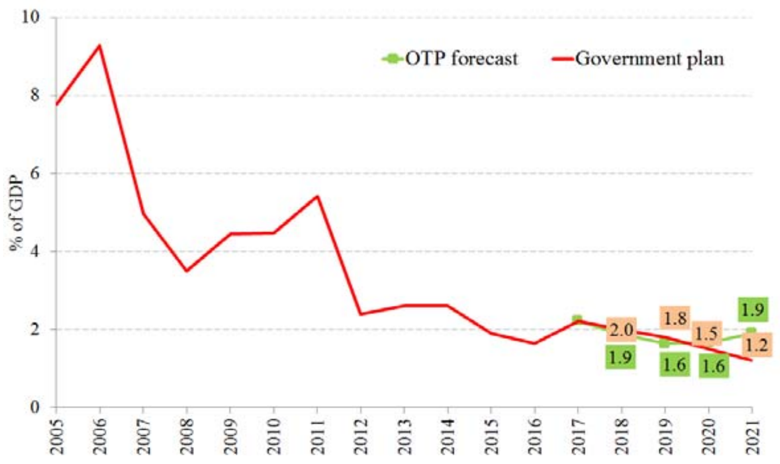
Better-than-expected 2018 budgetary position makes 2019 deficit target safely attainable. The public debt can reach 62.4% by 2021. The current account surplus moderated, while external indebtedness fell further

The budget deficit might have fallen to 1.9% of GDP in 2018, well below the 2.4% target, as a result of higher-than-expected revenues and moderating expenditures. We consider the 2019 deficit target of 1.8% of GDP as safely attainable, although the Government will decide on further measures in March-April, which could add some extra spending.

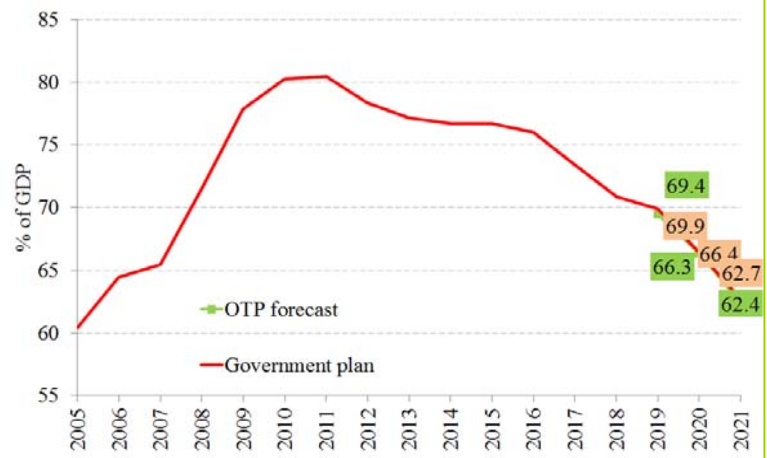
Public debt declined to 70.9% of GDP by end-2018 (from 73.4% a year before) on account of a sizable surplus in the December cash deficit, related to substantial (HUF 740 billion) EU related revenues. We expect the debt reduction to continue as the EU related government balance will improve visibly, and economic growth still remaining robust. Government debt can reach 62.4% by 2021.

The current account balance could sink to 1.3% in 2018 from 3.2% in 2017 as strong domestic demand resulted in higher imports, while the slowdown in Germany and the new emission standards weakened exports. However, as FDI and EU transfers together reach 5% of GDP, gross, net and gross FX external debt compared to GDP fell further.

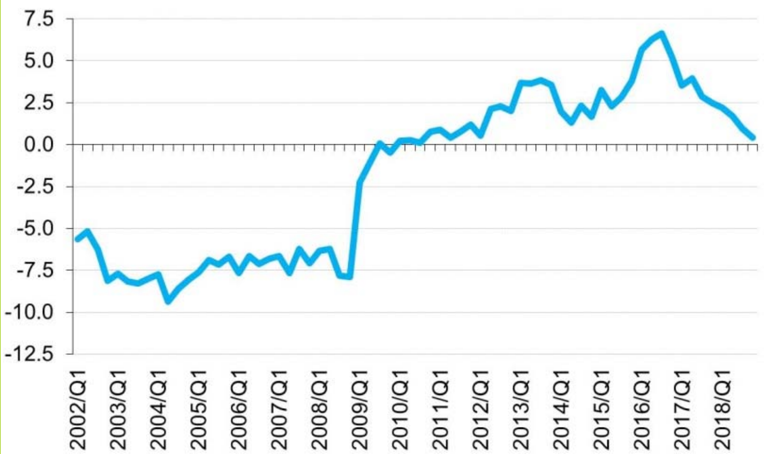
Budget balance (as % of GDP)



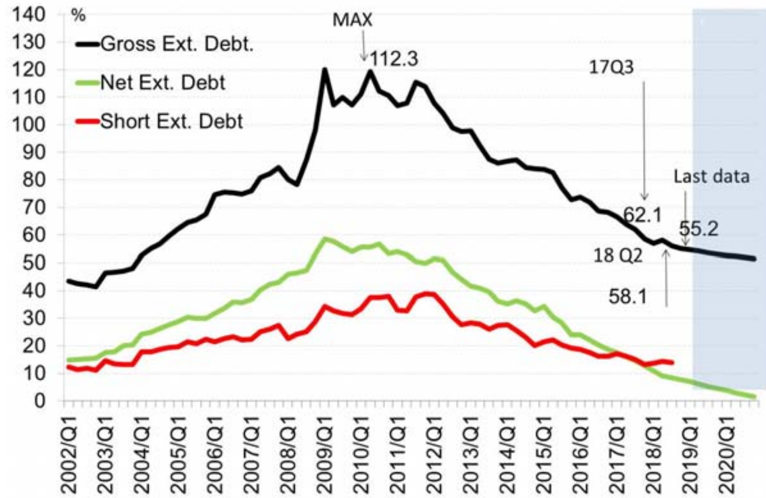
Public debt (as % of GDP, including Eximbank)



Current account balance (as % of GDP)



External debt indicators (as % of GDP)



The net financial capacity shows the amount of absorbed external funding / accumulated foreign assets in a period (equal to the sum of the current account balance + capital balance (EU funds) + Net errors and omissions).

Hungary

The zero interest rate environment may come to an end in 2019

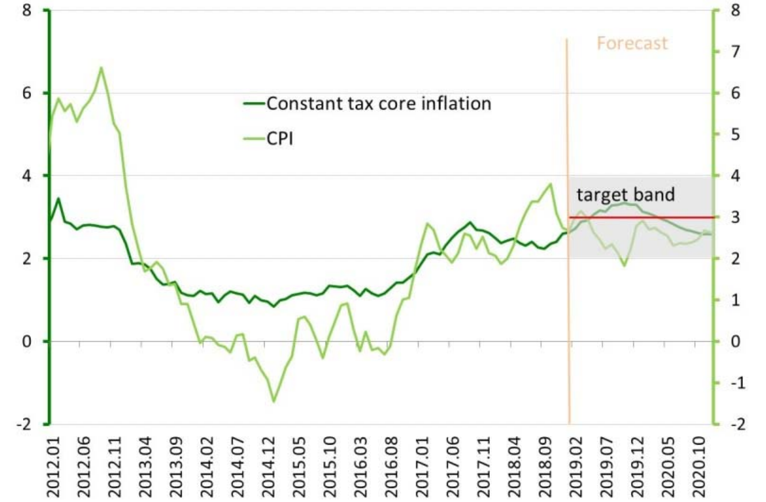
Despite the headline inflation fell below the MNB’ target in the last two months, the closely watched constant tax core inflation reached the threshold level and it can accelerate further in the coming quarters.

Under the baseline scenario, the rising constant tax core inflation could prompt the MNB to start the normalization of monetary policy in March, when the new Inflation Report is released.

As the first step, the O/N deposit rate may rise. Then the MNB can gradually reduce the outstanding amount of FX swaps. The reduction of the FX swap volume will initially just counterbalance the liquidity increasing effect of phasing out the preferential deposits, from the end of February, so its effect on the monetary conditions will be minor at the beginning.

We expect these measures to become effective later on, so the MNB could drive up BUBOR rates by 20-30 bps quarterly to around 0.9% by the end of 2019, such move could be followed by a base rate hike in 1H 2020.

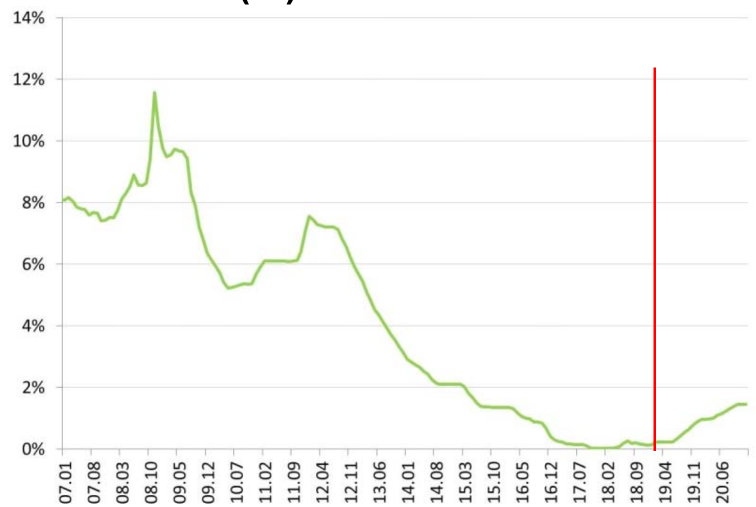
Inflation (y-o-y, %)



Real Wage growth in the economy (y-o-y,%)

Real estate market indicators (real home price and completed dwellings; 2000=100)

3M BUBOR (%)



Sources: HCSO, NBH, Reuters, OTP Research

Hungary

Hungarian economic growth may have reached the cyclical peak in 2018, but the GDP growth may remain strong even under a deteriorating external environment

Key economic indicators	2014	2015	2016	2017	OTP Research 2018	OTP Research 2019F	Focus Economics* 2018F	Focus Economics* 2019F
Nominal GDP (at current prices, HUF billion)	32,541	34,332	35,422	38,285	**42,007**	**44,850**	**41,227**	**43,906**
Real GDP change	4.2%	3.5%	2.3%	4.1%	**4.9%**	**4.0%**	**4.7%**	**3.4%**
Household final consumption	2.4%	3.7%	3.4%	4.1%	**4.6%**	**3.9%**	**5.1%**	**3.9%**
Household consumption expenditure	2.8%	3.9%	4.0%	4.7%	**5.3%**	**4.5%**		
Collective consumption	10.0%	0.0%	0.9%	2.0%	**-2.1%**	**1.7%**	**1.0%**	**1.1%**
Gross fixed capital formation	12.3%	4.7%	-11.7%	18.2%	**16.5%**	**9.8%**	**16.5%**	**7.8%**
Exports	9.1%	7.2%	5.1%	4.7%	**4.7%**	**7.0%**		
Imports	11.0%	5.8%	3.9%	7.7%	**7.1%**	**8.1%**		
General government balance (% of GDP)	-2.6%	-1.9%	-1.6%	-2.2%	**-1.9%**	**-1.6%**	**-2.2%**	**-2.0%**
General government debt (% of GDP ESA 2010)	76.6%	76.7%	76.0%	73.6%	**70.9%**	**69.4%**	**70.9%**	**69.7%**
Current account (% of GDP)**	1.5%	2.8%	6.3%	3.2%	**1.3%**	**0.7%**	**1.6%**	**1.2%**
Gross external debt (% GDP)***	82.4%	73.0%	67.9%	58.9%				
FX reserves (in EUR billion)	34.6	30.3	24.4	23.4				
Gross real wages	3.8%	4.4%	6.1%	9.9%	**7.4%**	**4.8%**		
Gross real disposable income	4.8%	5.0%	2.1%	4.6%	**6.3%**	**3.9%**		
Employment (annual change)	5.3%	2.7%	3.4%	1.6%	**1.2%**	**0.2%**		
Unemployment rate (annual average)	7.7%	6.8%	5.1%	4.2%	**3.7%**	**3.0%**	**3.7%**	**3.6%**
Inflation (annual average)	-0.2%	-0.1%	0.4%	2.4%	**2.8%**	**2.7%**	**2.8%**	**3.1%**
Base rate (end of year)	2.10%	1.35%	0.41%	0.03%	**0.13%**	**0.88%**	**0.13%**	**0.82%**
1Y Treasury Bill (average)	2.28%	1.17%	0.77%	0.09%	**0.25%**	**0.64%**		
Real interest rate (average. ex post)****	2.5%	1.2%	0.4%	-2.4%	**-2.5%**	**-2.0%**		
EUR/HUF exchange rate (end of year)	314.9	313.1	311.0	310.1	**321.5**	**320.0**	**321.5**	**321.0**

Source: CSO, National Bank of Hungary, OTP REsearch.
* February 2019 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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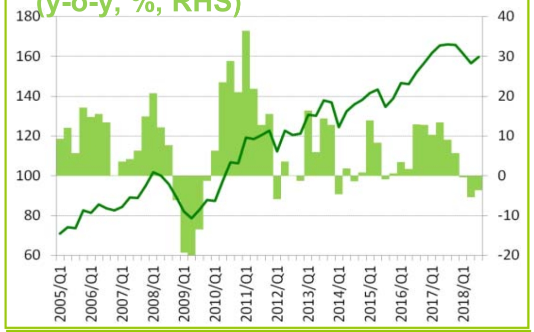
Bulgaria: maintained good economic performance; Croatia: solid but moderating GDP growth with improving balance indicators; Romania: stellar GDP growth, but the budget execution remains a major risk factor

Bulgaria

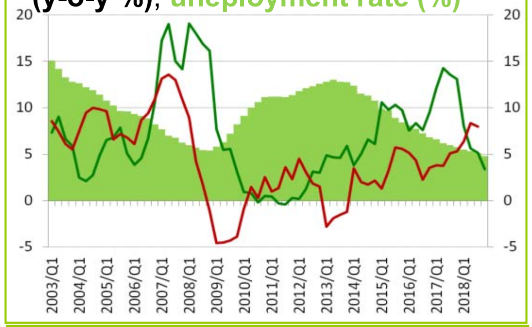
Preliminary estimates for 4Q GDP data (+3.1% y-o-y, +0.7% q-o-q) suggest growth to be in line with previous quarters, but underlying indicators reveal a more fragile outlook. In 2018 exports fell (Turkey, Russia), and we only expect a partial rebound due to weakness in the European economy. The growth of real wage amount decelerated as labor market reserves are exhausted, which could indicate a slowdown of household consumption growth.

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

Exports (2010=100; LHS) & **growth (y-o-y, %, RHS)**



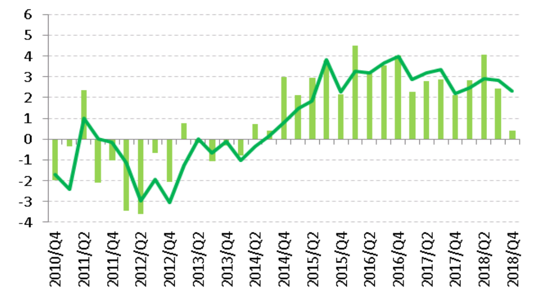
Real wage amount & **hh. cons. (y-o-y %)**, **uneployment rate (%)**



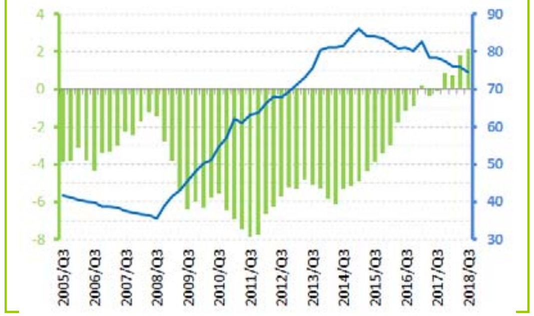
Croatia

GDP growth turned out at 2.6% in 2018. Despite strong private sector domestic demand, 4Q data came out at surprisingly low of 2.3% y-o-y on account of sharp slowdown in government consumption and exports. Balance indicators showed further improvement: as government budget surplus increased to 2.1% by 3Q and debt fell below 75% of GDP. The country could enter ERM2 in 2020, which could be followed by eurozone entry.

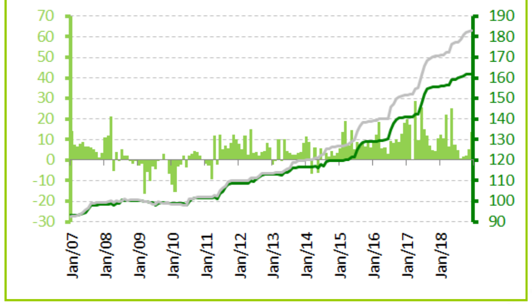
Real GDP growth (%, SA, annualized quarterly and **y-o-y**)



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



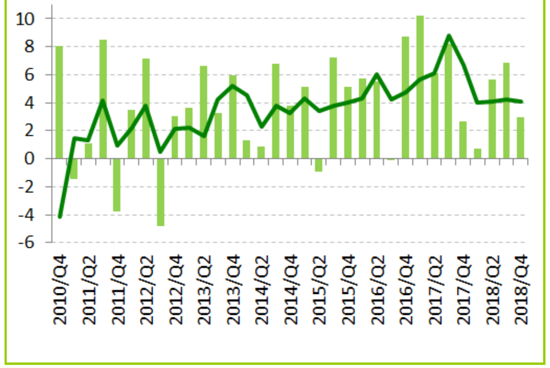
Tourist nights (3M, y-o-y, LHS) & tourist nights, tourist arrivals (12M, 2010 = 100)



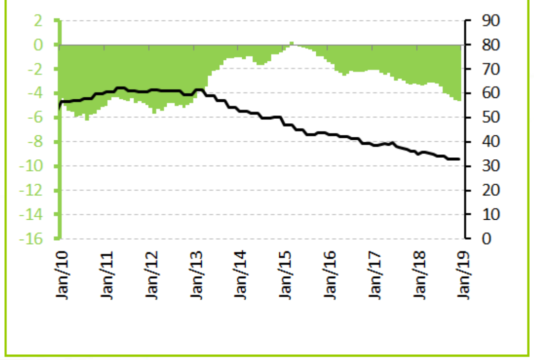
Romania

In 2018 as a whole and in 4Q GDP grew by 4.1% y-o-y, while q-o-q growth was 0.7% in 4Q. Growth was driven by consumption boosted by fast real wage growth, while gross fixed capital formation fell on weaker public investments and higher financing costs in the private sector. Due to overheated demand the CA balance widened further, but it is still covered by FDI and EU transfers, so external debt moderates. As inflation returned to the target band of the central bank, the rate hiking cycle has come to an end, at least for a while.

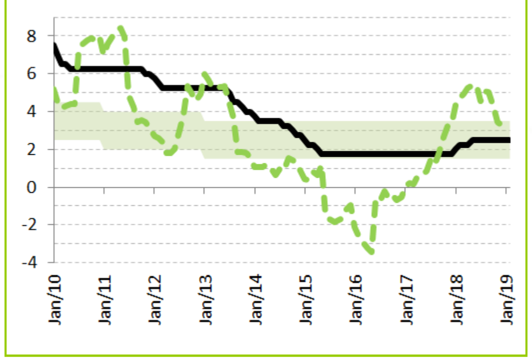
Real GDP growth (%, SA annualized q-o-q and NSA y-o-y)



Current account deficit (4Q avg. r.h.s.), external debt (in % of GDP, l.h.s)



Headline inflation, target band (y-o-y; %), and the **policy rate** (%)



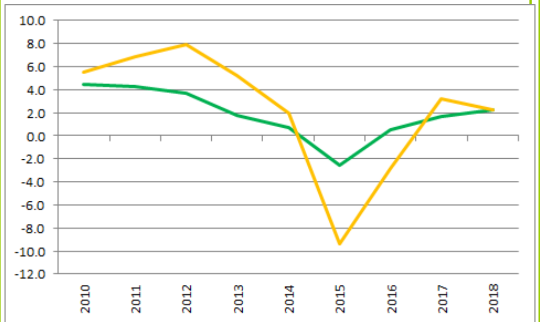
Source: Eurostat, national banks and statistical offices, OTP Research

Russia: slow recovery continues, oil prices help to accumulate reserves, geopolitical risks increase
Ukraine: GDP growth was 3.4% y-o-y in 4Q 2018, inflation is below 10%, rate cuts are unlikely in the near future

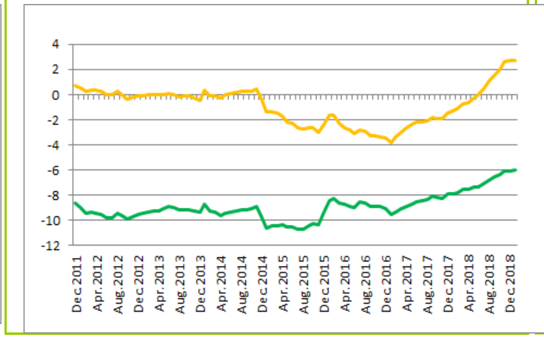
Russia

GDP growth stood at 2.3% in 2018. Higher oil prices brought the budget into a 2.7% surplus, improved the current account, piled up FX reserves. Inflation increased on account of rising food prices and the January VAT hike. The RUB/USD as well as government bond yields stabilized after September 2018. This was helped by CBR rate hikes in September and December (to 7.75%). We expect economic growth to slow this year (to 1.8%), but it could recover thereafter to around 2% per annum. Growth will be supported by the gradual loosening of macro policies as well as reform measures. Renewed US sanctions pose downside risks, while stronger-than-expected effect of policy loosening points to the upside.

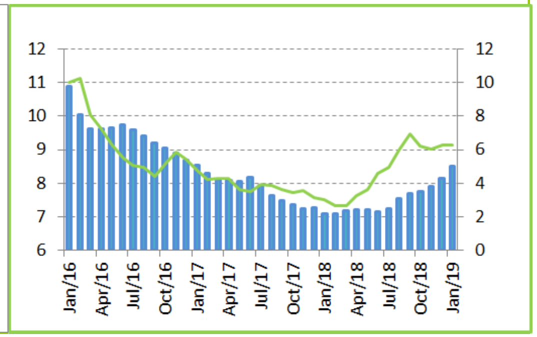
Real GDP growth and household consumption expenditure (y-o-y, %)



Headline budget balance and non-oil budget balance (% of GDP)



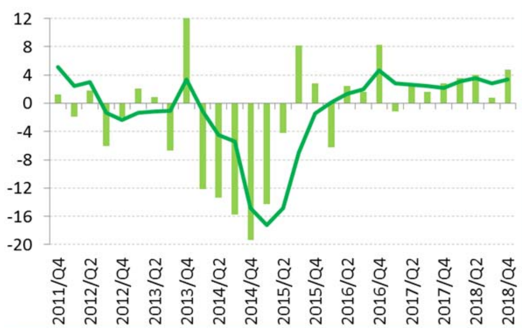
Government bond yield (l.a.%) and **inflation** (r.a.%)



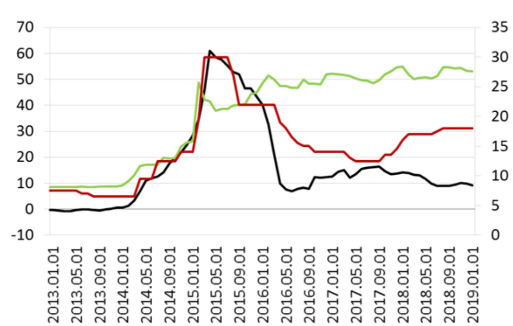
Ukraine

GDP increased by 3.4% y-o-y in 4Q 2018, which translates 3.3% yearly growth for 2018. Growth in 2018 was driven by the increase in domestic demand. Inflation decreased from 14.5% from December 2017 to 10.9% in December 2018 due to the restrictive monetary policy by the NBU. No more rate hikes are expected, but rate cuts are not likely either in the near future. The new, USD 3.9 billion worth of IMF program runs until 1Q 2020. After that a new IMF program is a must in order to avoid financing difficulties.

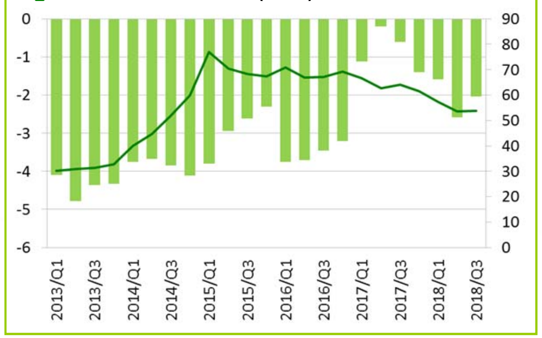
Real GDP growth (%, SA, annualized quarterly* and y-o-y)



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

	2016	2017	2018	2019F
Hungary	2.3%	4.1%	4.9%	4.0%
Ukraine	-2.3%	2.5%	3.3%	2.7%
Russia	0.5%	1.6%	2.3%	1.8%
Bulgaria	3.9%	3.6%	3.1%	3.2%
Romania	4.8%	6.9%	4.1%	3.0%
Croatia	3.5%	2.9%	2.6%	2.7%
Slovakia	3.1%	3.2%	4.1%	3.6%
Serbia	3.3%	2.0%	4.3%	3.3%
Montenegro	2.9%	4.7%	4.4%	3.1%

EXPORT GROWTH

	2016	2017	2018	2019F
Hungary	5.1%	4.7%	4.7%	7.0%
Ukraine	-1.6%	3.6%	9.3%	3.0%
Russia	3.2%	5.0%	6.3%	3.5%
Bulgaria	8.1%	5.8%	-0.8%	5.0%
Romania	8.7%	9.7%	4.7%	4.5%
Croatia	5.6%	6.4%	2.8%	3.0%
Slovakia	5.5%	5.9%	4.8%	6.0%
Serbia	11.9%	8.2%	8.9%	8.5%
Montenegro	5.9%	1.8%	8.1%	4.9%

UNEMPLOYMENT

	2016	2017	2018	2019F
Hungary	5.1%	4.2%	3.7%	3.0%
Ukraine	9.7%	9.9%	8.8%	8.4%
Russia	5.5%	5.2%	4.8%	4.5%
Bulgaria	7.6%	6.2%	5.2%	5.0%
Romania	5.9%	4.9%	4.2%	4.1%
Croatia	13.3%	11.1%	8.5%	8.0%
Slovakia	9.7%	8.1%	6.6%	6.5%
Serbia	15.3%	13.5%	13.3%	12.5%
Montenegro	17.7%	16.1%	15.4%	15.6%

BUDGET BALANCE*

	2016	2017	2018	2019F
Hungary	-1.6%	-2.2%	-1.9%	-1.6%
Ukraine	-2.3%	-1.4%	-2.5%	-2.5%
Russia	-3.4%	-1.4%	2.7%	1.7%
Bulgaria	0.2%	0.9%	0.4%	-0.9%
Romania	-3.0%	-2.9%	-3.0%	-3.0%
Croatia	-0.9%	0.8%	0.0%	0.2%
Slovakia	-2.2%	-0.8%	-1.0%	-0.5%
Serbia	-1.2%	1.1%	0.6%	-0.5%
Montenegro	-3.3%	-5.5%	-3.0%	-2.9%

CURRENT ACCOUNT BALANCE

	2016	2017	2018	2019F
Hungary	6.3%	3.2%	1.3%	0.7%
Ukraine	-1.5%	-1.9%	-3.5%	-3.3%
Russia	1.9%	2.1%	7.0%	6.1%
Bulgaria	2.3%	4.4%	4.5%	2.6%
Romania	-2.1%	-3.2%	-4.6%	-5.0%
Croatia	2.6%	4.1%	2.7%	2.2%
Slovakia	-2.1%	-1.9%	-1.5%	-1.0%
Serbia	-2.9%	-5.2%	-5.2%	-5.0%
Montenegro	-16.3%	-16.2%	-17.6%	-16.2%

INFLATION

	2016	2017	2018	2019F
Hungary	0.4%	2.4%	2.8%	2.7%
Ukraine	13.9%	13.4%	10.9%	9.1%
Russia	7.1%	3.7%	2.9%	5.1%
Bulgaria	-0.8%	-2.1%	2.9%	3.0%
Romania	-1.5%	1.3%	4.6%	3.0%
Croatia	-1.1%	1.2%	1.5%	0.9%
Slovakia	-0.5%	1.3%	2.5%	2.4%
Serbia	1.1%	3.2%	2.0%	3.0%
Montenegro	-0.3%	2.4%	2.6%	2.5%

Source: OTP Research
* For EU members, deficit under the Maastricht criteria

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Footnotes and glossary

Slide 4

CET1 ratio: fully loaded Common Equity Tier1 ratio at end-2018 under IFRS including the unaudited interim profit and deducting the indicated annual dividend amount

CAR: Capital Adequacy Ratio under IFRS including the unaudited interim profit and deducting the indicated annual dividend amount

Net LTD: consolidated net loans / (customer deposits + retail bonds) ratio at end-2018

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CET1 ratio: until 2006 calculated from Hungarian Accounting Standard based unconsolidated figures as 'quasi CET1' divided by risk weighted assets, whereby 'quasi CET1' is calculated as Primary capital less proportional deductions. From 2007 CET1 ratio calculated according to Basel 3 regulation, based on IFRS financials. For comparability reasons in years 2015, 2016, 2017 CET1 includes the unaudited profit for the year less indicated dividend.

Net customer loan growth: calculated form IAS based unconsolidated figures until 2000 and from IAS/IFRS based adjusted consolidated figures thereafter

GDP growth weighted by total assets in countries: calculated from annual GDP growth of OTP Bank countries (source IMF until 2004 and OTP Research Centre thereafter), weighted by total assets of OTP Bank and local subsidiaries in the respective foreign countries as at the end of the respective year.

Glossary

Adjustments or Adjusted or (adj.)	In order to present Group level trends in a comprehensive way, where indicated, the presented profit and loss statement lines or metrics calculated therefrom are adjusted by OTP Bank. For further information on adjustments please refer to Page 56-57 of OTP Bank Plc. Summary of the full-year 2018 results report https://www.otpbank.hu/static/portal/sw/file/190228_OTP_20184Q_e_final.pdf
BSE	Budapest Stock Exchange
CEE/CIS	Central and Eastern Europe / Commonwealth of Independent States
CET1	Common Equity Tier 1
CET1 ratio	Common Equity Tier 1 / risk weighted assets
DPD90+	More than 90 days past due
DPD90+ ratio	More than 90 days past due loans / total gross loans
EBA	European Banking Authority
FX	Foreign currency
Leverage ratio	the leverage ratio is calculated pursuant to Article 429 of CRR
Liquidity Coverage Ratio (LCR)	(stock of High Quality Liquid Assets) / (total net cash outflows over the next 30 calendar days)
M&A	Merger and acquisition
NII	Net interest income
Net interest margin (NIM)	Net interest income / average total assets
NSFR	Net Stable Funding Ratio
Performing loans	Up to 90 days past due loans
Return on Equity (ROE)	Net profit / average equity
Risk cost rate	Provision for impairment on loan and placement losses / Average gross customer loans
SME	Small and medium sized enterprises
Stage 3 ratio	Stage 3 loans / gross customer loans
Total revenue margin	Total revenues / average total assets

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