OTP Bank Plc.

Summary of the first quarter 2019 results

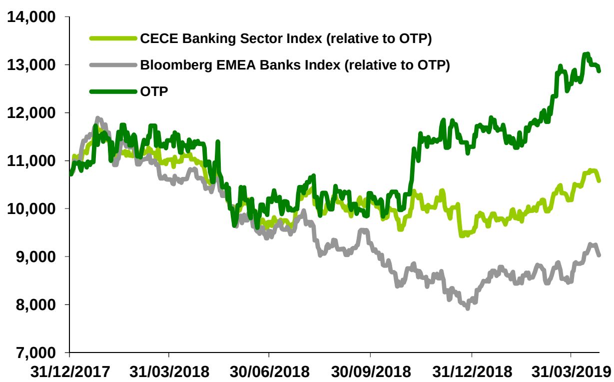
(English translation of the original report submitted
to the Budapest Stock Exchange)

Budapest, 10 May 2019

CONSOLIDATED FINANCIAL HIGHLIGHTS[1] AND SHARE DATA

Main components of the Statement of recognised income in HUF million	1Q 2018	4Q 2018	1Q 2019	Q-o-Q	Y-o-Y
Consolidated after tax profit	**65,050**	**77,818**	**72,581**	**-7%**	**12%**
Adjustments (total)	**-14,216**	**15,315**	**-17,819**	**-216%**	**25%**
Consolidated adjusted after tax profit without the effect of adjustments	**79,266**	**62,503**	**90,400**	**45%**	**14%**
Pre-tax profit	89,696	67,240	101,826	51%	14%
Operating profit	92,830	87,603	108,758	24%	17%
Total income	206,335	227,773	239,716	5%	16%
Net interest income	143,614	156,448	162,670	4%	13%
Net fees and commissions	49,579	56,605	57,223	1%	15%
Other net non-interest income	13,142	14,719	19,823	35%	51%
Operating expenses	-113,505	-140,169	-130,958	-7%	15%
Total risk costs	-1,289	-20,277	-6,197	-69%	381%
One off items	-1,845	-86	-735	753%	-60%
Corporate taxes	-10,430	-4,737	-11,426	141%	10%
Main components of balance sheet closing balances in HUF million	1Q 2018	4Q 2018	1Q 2019	Q-o-Q	Y-o-Y
Total assets	13,511,182	14,590,288	16,107,501	10%	19%
Total customer loans (net, FX adjusted)	**7,229,845**	**8,099,951**	**9,076,474**	**12%**	**26%**
Total customer loans (gross, FX adjusted)	**8,011,380**	**8,764,916**	**9,758,776**	**11%**	**22%**
Allowances for possible loan losses (FX adjusted)	-781,535	-664,966	-682,301	3%	-13%
Total customer deposits (FX adjusted)	**10,595,274**	**11,317,154**	**12,402,053**	**10%**	**17%**
Issued securities	258,602	417,966	381,912	-9%	48%
Subordinated loans	75,266	81,429	81,201	0%	8%
Total shareholders' equity	1,592,448	1,826,657	1,870,102	2%	17%
Indicators based on adjusted earnings	1Q 2018	4Q 2018	1Q 2019	Q-o-Q	Y-o-Y
ROE (from accounting net earnings)	16.2%	17.1%	15.9%	-1.2%p	-0.3%p
ROE (from accounting net earnings, on 12.5% CET1 ratio)	19.2%	22.1%	19.6%	-2.5%p	0.3%p
ROE (from adjusted net earnings)	19.7%	13.7%	19.8%	6.1%p	0.1%p
ROA (from adjusted net earnings)	2.4%	1.7%	2.4%	0.7%p	0.0%p
Operating profit margin	2.83%	2.40%	2.86%	0.46%p	0.03%p
Total income margin	6.28%	6.25%	6.30%	0.05%p	0.02%p
Net interest margin	4.37%	4.29%	4.28%	-0.02%p	-0.10%p
Cost-to-asset ratio	3.46%	3.85%	3.44%	-0.40%p	-0.01%p
Cost/income ratio	55.0%	61.5%	54.6%	-6.9%p	-0.4%p
Provision for impairment on loan and placement losses-to-average gross loans ratio	0.03%	0.68%	0.24%	-0.44%p	0.21%p
Total risk cost-to-asset ratio	0.04%	0.56%	0.16%	-0.39%p	0.12%p
Effective tax rate	11.6%	7.0%	11.2%	4.2%p	-0.4%p
Net loan/(deposit+retail bond) ratio (FX adjusted)	68%	72%	73%	2%p	5%p
Capital adequacy ratio (consolidated, IFRS) - Basel3	16.9%	18.3%	16.5%	-1.8%p	-0.5%p
Tier1 ratio - Basel3	15.0%	16.5%	14.9%	-1.6%p	-0.1%p
Common Equity Tier 1 ('CET1') ratio - Basel3	15.0%	16.5%	14.9%	-1.6%p	-0.1%p
Share Data	1Q 2018	4Q 2018	1Q 2019	Q-o-Q	Y-o-Y
EPS diluted (HUF) (from unadjusted net earnings)	248	297	277	-7%	12%
EPS diluted (HUF) (from adjusted net earnings)	303	239	346	45%	14%
Closing price (HUF)	11,420	11,290	12,600	12%	10%
Highest closing price (HUF)	11,750	11,850	12,980	10%	10%
Lowest closing price (HUF)	10,790	9,835	11,270	15%	4%
Market Capitalization (EUR billion)	10.2	9.8	11.0	12%	7%
Book Value Per Share (HUF)	5,687	6,524	6,679	2%	17%
Tangible Book Value Per Share (HUF)	5,074	5,921	5,974	1%	18%
Price/Book Value	2.0	1.7	1.9	9%	-6%
Price/Tangible Book Value	2.3	1.9	2.1	11%	-6%
P/E (trailing, from accounting net earnings)	10.9	9.9	10.8	9%	-1%
P/E (trailing, from adjusted net earnings)	10.8	9.7	10.5	8%	-3%
Average daily turnover (EUR million)	17	22	18	-20%	4%
Average daily turnover (million share)	0.5	0.6	0.5	-28%	1%

SHARE PRICE PERFORMANCE



MOODY'S RATINGS

OTP Bank - FX long term deposits — Baa3

OTP Mortgage Bank - Covered mortgage bond — Baa1

S&P GLOBAL RATINGS

OTP Bank and **OTP Mortgage Bank -** FX Long term credit rating — BBB-

DAGONG GLOBAL RATING

OTP Bank - FX long term credit rating — BBB+

FITCH'S RATING

OTP Bank Russia - Long term credit rating — BB

[1] Structural adjustments made on consolidated IFRS profit and loss statement together with the calculation methodology of adjusted indicators are detailed in the Supplementary data section of the Report.

SUMMARY – OTP BANK'S RESULTS FOR FIRST QUARTER 2019

Summary of the first quarter 2019 results of OTP Bank Plc. has been prepared on the basis of its non-audited separate and consolidated IFRS financial statements for 31 March 2019 or derived from that. However, for the purpose of incorporating the quarterly results into the calculation of the regulatory capital, OTP Bank in co-operation with the auditor conducted a review according to ISRE 2410 auditing standards in case of the consolidated first quarter result. Consequently, against the practice of the previous years, in future the Bank will not make a quarterly audit, it is going to be replaced by the aforementioned ISRE 2410 standards which correspond to the guidelines set by the National Bank of Hungary.

At presentation of the first quarter 2019 report of OTP Bank the International Financial Reporting Standards adopted by the European Union have been applied.

SUMMARY OF THE FIRST QUARTER 2019

After the record-high Hungarian GDP growth of 4.9% in 2018, according to the interim data 1Q 2019 shaped favourably, too: during the first two months the industrial output grew by 5.9% y-o-y, domestic consumption remained strong, employment further improved, unemployment rate stood at 3.6%. However, strong wage dynamics and domestic demand were coupled with increasing inflation pressure: the core inflation excluding indirect tax effects surged to 3.8% in March 2019.

In order to secure a long-term sustainable growth, there were several announcements about structural measures aimed at improving competitiveness: in February 2019 the Prime Minister announced a 7-point demographic package, also, a so called "village CSOK" (CSOK is the Hungarian abbreviation for Housing Subsidy Scheme for Families) was launched facilitating people staying in small villages. In February the NBH announced its new 330-pont competitiveness plan. Furthermore, in March the Central Bank launched a HUF 300 billion corporate bond purchase programme which will complement its Funding for Growth Fix scheme.

All those measures aim at securing the Hungarian GDP growth permanently exceeding the EU average by 2 pps.

While OTP Bank's own research forecasted short term interbank rates matching the base rate (0.9%) by year-end, Central Bank measures so far have been signalling a more moderate rate increase trajectory: the 3M BUBOR stood at 18 bps at the end of March 2019 versus 13 bps at the beginning of the year (in early May it was 16 bps), whereas the long end of the curve moved up by 20-30 bps year-to-date. According to the announcement published after the April 30 meeting of the Monetary Council, the surge of inflation in March was due to several one off items; inflation trends fuelled by the strong domestic demand are muted by the loose monetary conditions of ECB prevailing for a longer term. Accordingly, OTP Bank expects the 3M BUBOR rate to hover between 35-45 bps at the end of the year.

Retail loans demonstrating still a low penetration level to GDP both in European and regional context increased dynamically across the sector during the January-February period: new consumer loan disbursements surged by 28.6% y-o-y, whereas housing loans grew by 12.8%. In case of the latter the announcement about the so called "baby shower funding" resulted a wait and see attitude from potential customers, but demand accelerated again in March.

As for other OTP Group members' countries, apart from some slow-down, basically the 2018 trends are expected to continue: economic growth is going to be driven mainly by increasing domestic consumption, with balance indicators moderately deteriorating.

In Serbia and Romania there were certain regulatory changes having an impact on the banking sectors' profitability. In Serbia the Government decided on the optional conversion of CHF mortgages into euro. The act also rules about a principal reduction, where the burdens are going to be incurred by the banking sector and the state. The expected one-off negative net earnings impact is maximum HUF 2 billion (after tax). In Romania the Government modified the banking tax regulation at the end of March, accordingly banks with a market share above 1% will face a bank levy with an annual rate of 0.4% on adjusted balance sheet. In 2019 the levy may be maximum HUF 2 billion (after tax), however can be decreased even up to nil meeting certain requirements (if the bank's annual loan growth exceeds 8% and the net interest margin is reduced by 8% y-o-y or the NIM doesn't exceed 4%). Based on the 1Q trends, as well as the 2019 business plan, the Bank sees good chances for substantially reducing the banking tax burden. In 1Q there was no impact of the Romanian banking tax. In future this item is going to be presented on consolidated level amongst adjustment items.

In Ukraine, Volodymyr Zelensky, the opposition candidate was elected as the new president of the country. His economic policy is not yet known, however the local currency against USD remained stable recently. In Russia, economic growth in 2018 exceeded original expectations with an above 2% expansion, however this year it is expected to slow down. The cautious interest rate policy of CBR might remain in place for a longer period. The UAH and RUB average exchange rate against HUF changed only marginally q-o-q, however y-o-y UAH strengthened by around 11%, whereas RUB weakened by 5%.

Consolidated earnings: HUF 90.4 billion adjusted after tax profit in 1Q, seasonally weaker business activity and volume growth, stable net interest margin, moderate risk costs, further improving portfolio quality

The consolidated 1Q balance sheet and P&L already incorporated the balance sheet of the Bulgarian Expressbank and its subsidiaries purchased from Societe Generale, as well as their 3 months earnings. In case of the Albanian subsidiary which was also purchased from Societe Generale, only the balance sheet appeared in the Group's 1Q financials.

The Albanian transaction was closed on 29 March 2019, thus the 1Q earnings of the Albanian subsidiary was not reflected in the consolidated P&L, it has been booked directly in the shareholders' equity of the Group. Therefore this Summary does not contain a detailed stand-alone section about the Albanian operation, it will be included first in the 1H report. As a result of the Albanian transaction, consolidated total assets grew by HUF 218 billion, performing (DPD0-90) loans by HUF 121 billion and deposits by HUF 176 billion. The bank's net loan-to-deposit ratio was 70%. Within the performing (DPD0-90) portfolio the retail book represented almost half of the total – bulk of that is mortgage exposure –, 53% was corporate loans and the rest was MSE loans.

1Q 2019 consolidated accounting after tax profit was HUF 72.6 billion (+12% y-o-y) versus HUF 65 billion in the base period.

The accounting ROE was 15.9% (-0.3 pp y-o-y), whereas the adjusted ROE stood at 19.8%.

The total volume of adjustment items (after tax) in 1Q represented -HUF 17.8 billion. The two material items were as follows:

- -HUF 15.2 billion banking tax paid by the Hungarian and Slovakian subsidiaries (after tax);
- -2.8 billion effect of acquisitions (after tax). The following main items might appear on this line: the potential badwill related to acquisitions which improves the accounting result, expenses related directly to the acquisitions and integration processes, and the volume of Day1 impairment under IFRS 9 booked after the consolidation of the Bulgarian and Albanian subsidiaries.

In 1Q 2019 OTP Group posted HUF 90.4 billion adjusted after-tax profit underpinning a 14% y-o-y increase. The profit already incorporated the net results of Express Group (the bank and also the leasing and factoring units) with HUF 5.2 billion. Adjusted for that the y-o-y increase would be 8%.

The effective tax rate decreased by 0.4 pp y-o-y to 11.2%. Profit before tax was HUF 101.8 billion, +14% y-o-y, adjusted for Express Group the growth was 7%.

Within consolidated adjusted after tax profit the contribution of OTP Core was HUF 39.9 billion, DSK Bank including Express Group generated HUF 17.3 billion, and the subsidiaries in Ukraine (HUF 8.3 billion), Croatia (HUF 8.2 billion) and Russia (HUF 6.6 billion) excelled themselves. On a yearly base OTP Core, the Bulgarian, Ukrainian, Croatian and Serbian subsidiaries managed to improve their quarterly earnings (Ukraine, again had an outstanding growth of 42% y-o-y), the Russian profit, however, dropped y-o-y. DSK Bank also managed to improve its profit y-o-y, even without Express Group.

As for other subsidiaries, the Leasing and Fund Management units delivered stable profits (HUF 2.6 and 1.0 billion, respectively), the Montenegrin subsidiary also improved its bottom line earnings, whereas the Romanian and Slovakian ones suffered a setback in quarterly profit y-o-y.

As a result, the profit contribution of foreign subsidiaries increased from 46% to 50% y-o-y.

1Q 2019 total income improved by 5% q-o-q (without Express Group the growth was marginal, HUF 0.5 billion). The quarterly operating profit advanced by 24% q-o-q (+16% adjusted for Express Group), whereas total risk costs dropped by 69% (-76% without Express Group).

The quarterly net interest income improved by 4% q-o-q, mainly due to Express Group. Without it there was a 1% q-o-q decline shaped by the calendar and FX effect[2] despite the moderate growth of performing volumes and the improving NIM (without the acquisition effect).

In 1Q the net fee and commission income grew only marginally q-o-q (-3% adjusted for Express Group). The Bulgarian operation suffered a material setback (without Express Group), but there was a decline at Core and the Russian, Montenegrin and Slovakian subsidiaries, too.

Other net non-interest income increased by HUF 5.1 billion q-o-q (+35%). Of that around HUF 1 billion

[2] The quarterly average HUF exchange rate against the subsidiaries' local currencies appreciated by 1-2% expect for the RUB, where the strengthening was 0.4% and the UAH, where the HUF depreciated by 1.3%.

was related to the consolidation of Express Group and +HUF 2.5 billion to OTP Core.

The consolidated net interest margin q-o-q remained fairly stable (1Q 2019: 4.28%, -2 bps), despite the practically unchanged interest rate environment in Hungary: within the Group NIM improved at OBU, Core, OBH and CKB, whereas it eroded in Bulgaria, Russia and Romania. Without the consolidation of Express Group the consolidated NIM would have increased by 4 bps q-o-q.

Operating expenses grew by 15% y-o-y. Adjusted for Express Group the FX-adjusted growth was 11%. Costs were fuelled by IT and digital developments, as well as by wage inflation: in Hungary for the January-February period financial sector wages nominally increased by 10% y-o-y. Also, the average number of employees at OTP Core grew by 5% y-o-y.

Cost developments on a quarterly base showed a favourable trend: they dropped by 6% q-o-q (adjusted for Express Group by 9%) compared to the higher base in 4Q 2018 driven by seasonality and several one offs. Out of the three major cost categories personal expenses dropped the most q-o-q, but amortization and administrative costs decreased, too. Lower marketing expenses and expert fees offset the higher supervisory fees in 1Q. It was also positive that following the integration of Splitska banka in Croatia completed in December 2018, cost developments already reflected the cost synergy benefits.

Due to the shift to IFRS 9, from 1Q 2019 the Group started to display the FX-adjusted Stage 1+2 volume changes to demonstrate business volume trends. However, in order to have comparable time series the Bank will show the FX-adjusted DPD0-90 volume developments till the end of 2019.

Accordingly, the Stage 1+2 portfolio advanced by 12% q-o-q, by more than HUF 955 billion (FX-adjusted). Within the increase Express Group contributed HUF 755 billion and the Albanian subsidiary HUF 115 billion, respectively. As a result, the FX-adjusted organic volume growth was 1% q-o-q (+HUF 84 billion) due to the seasonally weaker start to the year. Using the DPD0-90 performing category the organic growth would demonstrate a 14% y-o-y and 1% q-o-q increase (FX-adjusted).

Regarding the individual performances in q-o-q Stage 1+2 volume changes, the Ukrainian, Bulgarian, Romanian, Serbian and Montenegrin operations demonstrated portfolio growth, whereas OTP Core, Russia and Croatia remained practically flat, and the Slovakian exposures decreased. The quarterly stagnation at OTP Core is partially explained by a technical factor: from 1Q 2019 the volumes of OTP Real Estate Lease were shifted to the Other Hungarian subsidiaries. Such move had a negative impact of around HUF 18 billion in Stage 1+2 volumes (mainly mortgages). Furthermore, the medium and large corporate exposure which demonstrated a spectacular growth during the last three years eroded by 2% q-o-q.

As for the major credit categories in 1Q the Stage 1+2 consumer book grew the fastest (+3%, without acquisitions), the large corporate portfolio increased by 2% q-o-q and the mortgage exposure by 1% (FX-adjusted). Regarding the disbursement activity y-o-y the Bulgarian (consumer and mortgage), the Ukrainian (consumer), the Croatian (cash loan), the Romanian (mortgage) and the Serbian and Montenegrin (corporate) lending activities were the strongest. On a q-o-q base Bulgaria (consumer), Croatia (cash loan) and Montenegro (corporate) are worth mentioning.

In 1Q the FX-adjusted deposit portfolio grew by 10% q-o-q as a result of the newly consolidated Bulgarian and Albanian entities, without them volumes were flat. The consolidated net loan-to-deposit ratio grew q-o-q and exceed 73%.

At the end of 1Q 2019 gross operative liquidity reserves comprised EUR 8.4 billion equivalent.

In line with the improving macroeconomic environment and the steadily good recovery results of the work-out activity, the DPD90+ volume growth (adjusted for FX and the effect of sales and write offs) continued to demonstrate a favourable trend: in 1Q 2019 they grew by HUF 22 billion, of which HUF 9 billion was related to the consolidation of Express Group. The DPD90+ ratio dropped to 5.9% (-0.5 pp q-o-q).

Stage 1+2 volumes comprised HUF 8,959 billion, their ratio to total gross loans was 91.8%, of which the Stage 1 ratio stood at 85.5% and Stage 2 at 6.3%, respectively.

By the end of 1Q 2019 Stage 3 rate was 8.2% (-0.4 pp q-o-q); the own provision coverage of Stage 3 loans was 65%.

The consolidated risk cost rate was 24 bps (-44 bps q-o-q, 2018 average: 23 bps)

Consolidated capital adequacy ratio (in accordance with BASEL III)

At the end of March 2019 the consolidated Common Equity Tier1 ratio under IFRS – including the quarterly net result less dividend – was 14.9%. This ratio equals to the Tier1 ratio.

For the purpose of incorporating the quarterly results into the calculation of the regulatory capital, OTP Bank in co-operation with the auditor conducted a review according to ISRE 2410 auditing standards in case of the consolidated first quarter results. The eligible profit (interim profit less dividend) can be included into the regulatory capital in 1Q 2019. However, regarding the calculation of eligible profit for 1Q 2019, the deducted dividend amount was determined in accordance with the Commission Regulation (EU) No. 241/2014. Article 2. (7) Paragraph. Accordingly, in the absence of a stated dividend policy, the amount of the dividend to be deducted should be calculated as follows: out of the previous three years' average dividend payment ratio and that of the preceding year the higher ratio must be applied. The dividend amount must be calculated from OTP Bank's standalone accounting profit, and this must be deducted from the consolidated regulatory capital. This calculated dividend amount (HUF 28 billion) cannot be considered as an indication of the management's dividend proposal, since the dividend proposal after the 2019 fiscal year will be decided by the management in 1Q 2020.

Out of the six acquisitions announced since the beginning of 2018, the Bulgarian and Albanian ones were financially completed in 1Q 2019 and their capital impact was reflected in the consolidated 1Q CET1 ratio. The *pro forma* CET1 ratio impact of the on-going Serbian, Moldavian, Montenegrin transactions, as well as the Slovenian acquisition announced on 3 May in total is -2.7 pps. Consequently, if all these four transactions had already been included in the Group as at the end of 1Q 2019, the CET1 ratio would have been lower by this amount. The financial closure of these four ongoing transactions is expected to be completed by the end of the year, in different times. For the purpose of incorporating the quarterly results into the calculation of the regulatory capital, OTP Bank is going to have a review according to ISRE 2410 auditing standards in case of the consolidated 2Q and 3Q results, too.

Credit rating, shareholder structure

In February 2019 S&P improved the sovereign rating by one notch (to 'BBB'), however the rating of OTP Bank and OTP Mortgage Bank remained unchanged, accordingly S&P Global had a rating of 'BBB-' on both entities, the outlook is stable. There was neither a change in Moody's rating, thus OTP Bank Plc.'s long term foreign-currency deposit rating is 'Baa3' by Moody's with stable outlook. OTP Mortgage Bank's issuer rating was 'Baa3' with stable outlook and their covered bond carried a rating of 'Baa1'. Furthermore, Moody's introduced a new rating category, according to its announcement of 18 June 2018, both OTP Bank Plc. and OTP Mortgage Bank Ltd. were assigned a 'Baa1' long-term counterparty risk rating. According to S&P Global OTP Bank an OTP Mortgage Bank had a rating of 'BBB-' the outlook is stable. S&P Global's resolution counterparty rating (RCR) for both entities are 'BBB'. From Dagong Global OTP Bank has a 'BBB+' rating, the outlook is stable. OTP Bank Russia has a 'BB' rating by Fitch, the outlook is stable.

Regarding the ownership structure of the Bank, on 31 March 2019 the following investors had more than 5% influence (voting rights) in the Company: MOL (the Hungarian Oil and Gas Company, 8.64%), the Kafijat Ltd (7.28%), OPUS Securities SA (5.22%) and Groupama Group (5.16%).

POST BALANCE SHEET EVENTS

Hungary

- On 12 April 2019 the Annual General Meeting elected Mrs. Klára Bella as member of the Supervisory Board of the Company replacing Mrs. Ágnes Rudas.
- On 12 April 2019 the Board of Directors of OTP Bank Plc. elected Mr. Tamás Erdei as its Vice Chairman.
- On 15 April 2019 the National Bank of Hungary published a recommendation in which it stipulated its expectation towards the banking sector on how to communicate with clients (content and frequency) having floating rate mortgage loans. With such recommendation the Central Bank aims at providing clients with comprehensive (comparable) information on longer term interest rate risk based on which they can consider the shift from floating rate mortgages into exposures with fixed interest periods.

Croatia

- On 26 April 2019 Moody’s changed Croatia's outlook to positive from stable affirming the ’Ba2’ ratings.

Serbia

- On 25 April 2019 the Serbian parliament approved an Act on converting CHF-indexed retail loans into Euro loans. Accordingly, after the conversion the outstanding principal and normal interest burden will be reduced by 38%, of which 23% will be incurred by the banks and the remaining 15% by the Serbian government. The conversion is not mandatory, it depends on the customer’s decision. After the conversion the interest rate on the EUR obligation is going to be capped at 4% with fixed interest period or in case of floating rate at 3.4% above 3 months Euribor. The banks are obliged to propose a conversion contract to customers within the period of 30 days after the adoption of the law, whereas customers, in turn will have 30 days to notify the banks if they agreed to the offered conditions. Under the law around EUR 540 million mortgage obligation is concerned.
- On 29 April 2019 the integration process of OTP banka Srbija and Vojvodjanska banka was completed.

Ukraine

- On 25 April 2019 the National Bank of Ukraine cut the key policy rate by 0.5 pp to 17.5%.

Slovenia

- On 2 May 2019 OTP Bank Plc. signed a purchase agreement on acquiring 99.73% of the Slovenian subsidiary of Societe Generale and its subsidiaries.

CONSOLIDATED AFTER TAX PROFIT BREAKDOWN BY SUBSIDIARIES (IFRS)[3]

in HUF million	1Q 2018	4Q 2018	1Q 2019	Q-o-Q	Y-o-Y
Consolidated after tax profit	**65,050**	**77,818**	**72,581**	**-7%**	**12%**
Adjustments (total)	**-14,216**	**15,315**	**-17,819**	**-216%**	**25%**
Consolidated adjusted after tax profit without the effect of adjustments	**79,266**	**62,503**	**90,400**	**45%**	**14%**
Banks total[1]	75,755	59,251	85,047	44%	12%
OTP Core (Hungary)[2]	39,095	40,823	39,851	-2%	2%
Corporate Centre[3]	1,111	1,639	1,117	-32%	1%
DSK Bank (Bulgaria)[4]	11,258	8,910	17,346	95%	54%
OTP Bank Russia[5]	7,205	-2,473	6,641	-369%	-8%
OBH (Croatia)[7]	7,718	4,053	8,236	103%	7%
OTP Bank Ukraine[8]	5,833	6,181	8,294	34%	42%
OTP Bank Romania[9]	1,504	-943	1,231	-231%	-18%
OTP banka Srbija (Serbia)[10]	573	1,651	1,288	-22%	125%
CKB (Montenegro)[11]	688	-65	695	-1176%	1%
OBS (Slovakia)[12]	770	-526	350	-167%	-55%
Leasing	2,473	2,355	2,604	11%	5%
Merkantil Bank + Car, adj. (Hungary)[13]	1,648	2,179	1,727	-21%	5%
Foreign leasing companies (Croatia, Bulgaria, Romania, Serbia)[14]	825	176	876	398%	6%
Asset Management	1,221	1,281	1,066	-17%	-13%
OTP Asset Management (Hungary)	1,074	1,432	1,001	-30%	-7%
Foreign Asset Management Companies (Ukraine, Romania, Bulgaria)[15]	147	-151	65	-143%	-56%
Other Hungarian Subsidiaries	41	-410	2,271	-655%	5438%
Other Foreign Subsidiaries[16]	38	300	189	-37%	395%
Eliminations	-263	-274	-778	184%	196%
Total adjusted after tax profit of HUNGARIAN subsidiaries[17]	42,706	45,389	45,189	0%	6%
Total adjusted after tax profit of FOREIGN subsidiaries[18]	36,559	17,114	45,211	164%	24%
Share of foreign profit contribution, %	46%	27%	50%	83%	8%

[3] Relevant footnotes are in the Supplementary data section of the Report.

CONSOLIDATED AND SEPARATE, UNAUDITED IFRS REPORTS OF OTP BANK PLC.

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME

Main components of the Statement of recognized income in HUF million	1Q 2018	4Q 2018	1Q 2019	Q-o-Q	Y-o-Y
Consolidated after tax profit	**65,050**	**77,818**	**72,581**	**-7%**	**12%**
Adjustments (total)	**-14,216**	**15,315**	**-17,819**	**-216%**	**25%**
Dividends and net cash transfers (after tax)	129	131	177	36%	38%
Goodwill/investment impairment charges (after tax)	0	528	0	-100%	
Special tax on financial institutions (after corporate income tax)	-14,725	-190	-15,229		3%
Effect of acquisitions (after tax)	380	-3,976	-2,768	-30%	-828%
Initial NPV gain on the monetary policy interest rate swap (MIRS) deals (after tax)	0	18,823	0	-100%	
Consolidated adjusted after tax profit without the effect of adjustments	**79,266**	**62,503**	**90,400**	**45%**	**14%**
Before tax profit	**89,696**	**67,240**	**101,826**	**51%**	**14%**
Operating profit	**92,830**	**87,603**	**108,758**	**24%**	**17%**
Total income	**206,335**	**227,773**	**239,716**	**5%**	**16%**
Net interest income	**143,614**	**156,448**	**162,670**	**4%**	**13%**
Net fees and commissions	**49,579**	**56,605**	**57,223**	**1%**	**15%**
Other net non-interest income	**13,142**	**14,719**	**19,823**	**35%**	**51%**
Foreign exchange result, net	7,238	9,700	9,072	-6%	25%
Gain/loss on securities, net	779	1,287	1,677	30%	115%
Net other non-interest result	5,124	3,733	9,074	143%	77%
Operating expenses	**-113,505**	**-140,169**	**-130,958**	**-7%**	**15%**
Personnel expenses	-57,598	-71,047	-63,924	-10%	11%
Depreciation	-11,304	-13,073	-12,416	-5%	10%
Other expenses	-44,604	-56,050	-54,619	-3%	22%
Total risk costs	**-1,289**	**-20,277**	**-6,197**	**-69%**	**381%**
Provision for impairment on loan and placement losses	-570	-14,976	-5,616	-63%	885%
Other provision	-719	-5,301	-582	-89%	-19%
Total one-off items	**-1,845**	**-86**	**-735**	**753%**	**-60%**
Gain on the repurchase of own Upper and Lower Tier2 Capital	0	0	0		
Result of the treasury share swap agreement at OTP Core	-1,845	-86	-735	753%	-60%
Corporate taxes	**-10,430**	**-4,737**	**-11,426**	**141%**	**10%**
INDICATORS	2018 1Q	2018 4Q	2019 1Q	Q/Q	Y/Y
ROE (from accounting net earnings)	16.2%	17.1%	15.9%	-1.2%p	-0.3%p
ROE (from adjusted net earnings)	19.7%	13.7%	19.8%	6.1%p	0.1%p
ROA (from adjusted net earnings)	2.4%	1.7%	2.4%	0.7%p	0.0%p
Operating profit margin	2.83%	2.40%	2.86%	0.46%p	0.03%p
Total income margin	6.28%	6.25%	6.30%	0.05%p	0.02%p
Net interest margin	4.37%	4.29%	4.28%	-0.02%p	-0.10%p
Net fee and commission margin	1.51%	1.55%	1.51%	-0.05%p	0.00%p
Net other non-interest income margin	0.40%	0.40%	0.52%	0.12%p	0.12%p
Cost-to-asset ratio	3.46%	3.85%	3.44%	-0.40%p	-0.01%p
Cost/income ratio	55.0%	61.5%	54.6%	-6.9%p	-0.4%p
Provision for impairment on loan and placement losses-to-average gross loans	0.03%	0.68%	0.24%	-0.44%p	0.21%p
Total risk cost-to-asset ratio	0.04%	0.56%	0.16%	-0.39%p	0.12%p
Effective tax rate	11.6%	7.0%	11.2%	4.2%p	-0.4%p
Non-interest income/total income	30%	31%	32%	1%p	2%p
EPS base (HUF) (from unadjusted net earnings)	248	298	277	-7%	12%
EPS diluted (HUF) (from unadjusted net earnings)	248	297	277	-7%	12%
EPS base (HUF) (from adjusted net earnings)	303	239	346	45%	14%
EPS diluted (HUF) (from adjusted net earnings)	303	239	346	45%	14%
Comprehensive Income Statement	1Q 2018	4Q 2018	1Q 2019	Q-o-Q	Y-o-Y
Consolidated after tax profit	65,050	77,819	72,581	-7%	12%
Fair value changes of financial instruments measured at fair value through other comprehensive income	-4,224	-1,591	15,732		-472%
Fair value adjustment of derivative financial instruments designated as cash-flow hedge	1	-34	-21	-38%	
Net investment hedge in foreign operations	-705	1,064	203	-81%	-129%
Foreign currency translation difference	4,277	-13,705	15,589	-214%	264%
Change of actuarial costs (IAS 19)	0	-65	0	-100%	
Net comprehensive income	**64,398**	**63,488**	**104,084**	**64%**	**62%**
o/w Net comprehensive income attributable to equity holders	64,362	63,710	103,816	63%	61%
Net comprehensive income attributable to non-controlling interest	36	-222	268	-221%	644%
Average exchange rate[1] of the HUF (in HUF)	1Q 2018	4Q 2018	1Q 2019	Q-o-Q	Y-o-Y
HUF/EUR	311	323	318	-2%	2%
HUF/CHF	267	284	281	-1%	5%
HUF/USD	253	283	280	-1%	11%

[1] Exchange rates presented in the tables of this report should be interpreted as follows: the value of a unit of the other currency expressed in Hungarian forint terms, i.e. HUF/EUR represents the HUF equivalent of one EUR.

CONSOLIDATED BALANCE SHEET

Main components of balance sheet in HUF million	1Q 2018	4Q 2018	1Q 2019	Q-o-Q	Y-o-Y
TOTAL ASSETS	**13,511,182**	**14,590,288**	**16,107,501**	**10%**	**19%**
Cash, amounts due from Banks and balances with the National Banks	1,264,606	1,547,272	1,545,143	0%	22%
Placements with other banks, net of allowance for placement losses	460,641	420,606	505,397	20%	10%
Financial assets at fair value through profit or loss	307,677	181,355	175,825	-3%	-43%
Securities at fair value through other comprehensive income	2,104,417	1,883,849	2,111,988	12%	0%
Net customer loans	7,102,159	8,066,592	9,076,474	13%	28%
Net customer loans (FX adjusted[1])	**7,229,845**	**8,099,951**	**9,076,474**	**12%**	**26%**
Gross customer loans	7,856,093	8,719,342	9,758,776	12%	24%
Gross customer loans (FX adjusted[1])	**8,011,380**	**8,764,916**	**9,758,776**	**11%**	**22%**
o/w Retail loans	5,030,836	5,339,313	5,835,283	9%	16%
Retail mortgage loans (incl. home equity)	2,496,839	2,565,726	2,730,047	6%	9%
Retail consumer loans	1,950,839	2,139,686	2,346,159	10%	20%
MSE loans	583,157	633,901	759,077	20%	30%
Corporate loans	2,703,781	3,114,191	3,603,275	16%	33%
Loans to medium and large corporates	2,477,106	2,816,933	3,307,456	17%	34%
Municipal loans	226,675	297,258	295,820	0%	31%
Car financing loans	276,763	311,412	320,218	3%	16%
Bills and accrued interest receivables related to loans	0	0	0		-100%
Allowances for loan losses	-753,934	-652,751	-682,301	5%	-10%
Associates and other investments	16,913	17,592	18,485	5%	9%
Securities at amortized costs	1,537,619	1,740,520	1,834,932	5%	19%
Tangible and intangible assets, net	410,638	420,484	521,168	24%	27%
o/w Goodwill, net	100,318	91,766	107,711	17%	7%
Tangible and other intangible assets, net	310,320	328,718	413,457	26%	33%
Other assets	306,510	312,018	318,089	2%	4%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**13,511,182**	**14,590,288**	**16,107,501**	**10%**	**19%**
Amounts due to banks, the Hungarian Government, deposits from the National Banks and other banks	537,682	392,706	572,174	46%	6%
Deposits from customers	10,385,228	11,285,085	12,402,053	10%	19%
Deposits from customers (FX adjusted[1])	**10,595,274**	**11,317,154**	**12,402,053**	**10%**	**17%**
o/w Retail deposits	7,592,792	8,267,319	9,081,553	10%	20%
Household deposits	6,333,066	6,828,337	7,588,748	11%	20%
MSE deposits	1,259,726	1,438,982	1,492,805	4%	19%
Corporate deposits	2,989,958	3,038,491	3,308,430	9%	11%
Deposits to medium and large corporates	2,224,574	2,330,630	2,508,512	8%	13%
Municipal deposits	765,384	707,862	799,918	13%	5%
Accrued interest payable related to customer deposits	12,524	11,344	12,070	6%	-4%
Liabilities from issued securities	258,602	417,966	381,912	-9%	48%
o/w Retail bonds	6,038	4,732	3,603	-24%	-40%
Liabilities from issued securities without retail bonds	252,564	413,235	378,309	-8%	50%
Other liabilities	661,957	586,445	800,060	36%	21%
Subordinated bonds and loans[2]	75,266	81,429	81,201	0%	8%
Total shareholders' equity	**1,592,448**	**1,826,657**	**1,870,102**	**2%**	**17%**
Indicators	1Q 2018	4Q 2018	1Q 2019	Q-o-Q	Y-o-Y
Loan/deposit ratio (FX adjusted[1])	76%	78%	79%	1%p	3%p
Net loan/(deposit + retail bond) ratio (FX adjusted[1])	68%	72%	73%	2%p	5%p
Stage 1 loan volume under IFRS 9			8,345,005		
Stage 1 loans under IFRS 9/gross customer loans			85.5%		
Own coverage of Stage 1 loans under IFRS 9			1.2%		
Stage 2 loan volume under IFRS 9		591,870	613,636	4%	
Stage 2 loans under IFRS 9/gross customer loans		6.8%	6.3%	-0.5%p	
Own coverage of Stage 2 loans under IFRS 9			9.5%		
Stage 3 loan volume under IFRS 9	960,509	753,033	800,135	6%	-17%
Stage 3 loans under IFRS 9/gross customer loans	12.2%	8.6%	8.2%	-0.4%p	
Own coverage of Stage 3 loans under IFRS 9			65.0%		
90+ days past due loan volume	696,882	551,498	572,204	4%	-18%
90+ days past due loans/gross customer loans	8.9%	6.3%	5.9%	-0.5%p	-3.0%p
Consolidated capital adequacy - Basel3	1Q 2018	4Q 2018	1Q 2019	Q-o-Q	Y-o-Y
Capital adequacy ratio (consolidated, IFRS)	16.9%	18.3%	16.5%	-1.8%p	-0.5%p
Tier1 ratio	15.0%	16.5%	14.9%	-1.6%p	-0.1%p
Common Equity Tier1 ('CET1') capital ratio	15.0%	16.5%	14.9%	-1.6%p	-0.1%p
Regulatory capital (consolidated)	1,454,460	1,731,970	1,774,264	2%	22%
o/w Tier1 Capital	1,288,998	1,565,247	1,607,885	3%	25%
o/w Common Equity Tier1 capital	1,288,998	1,565,247	1,607,885	3%	25%
Tier2 Capital	165,463	166,723	166,379	0%	1%
o/w Hybrid Tier2	89,935	89,935	89,935	0%	0%
Consolidated risk weighted assets (RWA) (Credit&Market&Operational risk)	8,582,683	9,488,916	10,768,561	13%	25%
o/w RWA (Credit risk)	6,980,967	7,966,050	9,315,465	17%	33%
RWA (Market & Operational risk)	1,601,716	1,522,866	1,453,096	-5%	-9%
Closing exchange rate of the HUF (in HUF)	1Q 2018	4Q 2018	1Q 2019	Q-o-Q	Y-o-Y
HUF/EUR	313	322	321	0%	3%
HUF/CHF	265	285	287	1%	8%
HUF/USD	254	281	286	2%	13%

[1] For the FX adjustment, the closing cross currency rates for the current period were used to calculate the HUF equivalent of loan and deposit volumes in the base periods.
[2] The ICES bonds are considered as Tier2 debt, but accounting-wise they are treated as part of the shareholders' equity.

OTP BANK'S HUNGARIAN CORE BUSINESS

OTP Core Statement of recognized income:

Main components of the Statement of recognised income in HUF million	1Q 2018	4Q 2018	1Q 2019	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	39,095	40,823	39,851	-2%	2%
Corporate income tax	-3,526	-2,848	-3,491	23%	-1%
Pre-tax profit	42,621	43,671	43,342	-1%	2%
Operating profit	37,961	26,176	37,442	43%	-1%
Total income	89,539	94,364	97,803	4%	9%
Net interest income	59,506	63,138	64,284	2%	8%
Net fees and commissions	23,840	25,825	25,647	-1%	8%
Other net non-interest income	6,193	5,401	7,872	46%	27%
Operating expenses	-51,578	-68,188	-60,361	-11%	17%
Total risk costs	6,505	17,581	6,635	-62%	2%
Provision for impairment on loan and placement losses	7,706	16,057	6,355	-60%	-18%
Other provisions	-1,200	1,525	280	-82%	-123%
Total one-off items	-1,845	-86	-735	753%	-60%
Gain on the repurchase of own Upper and Lower Tier2 Capital	0	0	0	0%	0%
Revaluation result of the treasury share swap agreement	-1,845	-86	-735	753%	-60%
Indicators	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
ROE	10.8%	10.6%	10.3%	-0.3%p	-0.5%p
ROA	2.0%	1.9%	1.9%	0.0%p	-0.1%p
Operating profit margin	2.0%	1.2%	1.8%	0.5%p	-0.2%p
Total income margin	4.60%	4.45%	4.62%	0.17%p	0.01%p
Net interest margin	3.06%	2.98%	3.04%	0.06%p	-0.02%p
Net fee and commission margin	1.23%	1.22%	1.21%	-0.01%p	-0.01%p
Net other non-interest income margin	0.32%	0.25%	0.37%	0.12%p	0.05%p
Operating costs to total assets ratio	2.7%	3.2%	2.9%	-0.4%p	0.2%p
Cost/income ratio	57.6%	72.3%	61.7%	-10.5%p	4.1%p
Provision for impairment on loan and placement losses/average gross loans[1]	-1.10%	-1.98%	-0.80%	1.18%p	0.30%p
Effective tax rate	8.3%	6.5%	8.1%	1.5%p	-0.2%p

[1] Negative *Provision for impairment on loan and placement losses/average gross loans* ratio implies positive amount on the *Provision for impairment on loan and placement losses* line.

Main components of OTP Core's Statement of financial position:

Main components of balance sheet closing balances in HUF mn	1Q 2018	4Q 2018	1Q 2019	Q-o-Q	Y-o-Y
Total Assets	8,037,659	8,563,425	8,750,863	2%	9%
Net customer loans	2,681,001	3,096,391	3,087,094	0%	15%
Net customer loans (FX adjusted)	**2,693,849**	**3,095,596**	**3,087,094**	**0%**	**15%**
Gross customer loans	2,852,776	3,241,345	3,229,754	0%	13%
Gross customer loans (FX adjusted)	**2,867,857**	**3,240,682**	**3,229,754**	**0%**	**13%**
Retail loans	1,845,526	1,970,893	1,981,596	1%	7%
Retail mortgage loans (incl. home equity)	1,278,251	1,329,569	1,310,388	-1%	3%
Retail consumer loans	383,626	425,786	445,583	5%	16%
MSE loans	183,649	215,538	225,625	5%	23%
Corporate loans	1,022,331	1,269,789	1,248,158	-2%	22%
Loans to medium and large corporates	974,367	1,184,353	1,159,321	-2%	19%
Municipal loans	47,964	85,436	88,837	4%	85%
Provisions	-171,775	-144,954	-142,660	-2%	-17%
Provisions (FX adjusted)	**-174,008**	**-145,086**	**-142,660**	**-2%**	**-18%**
Deposits from customers + retail bonds	5,576,136	5,967,857	6,102,134	2%	9%
Deposits from customers + retail bonds (FX adjusted)	**5,629,920**	**5,972,122**	**6,102,134**	**2%**	**8%**
Retail deposits + retail bonds	3,664,519	4,052,564	4,125,643	2%	13%
Household deposits + retail bonds	2,961,778	3,261,558	3,298,774	1%	11%
o/w: Retail bonds	6,038	4,732	3,603	-24%	-40%
MSE deposits	702,741	791,006	826,869	5%	18%
Corporate deposits	1,965,401	1,919,559	1,976,491	3%	1%
Deposits to medium and large corporates	1,277,583	1,313,045	1,280,911	-2%	0%
Municipal deposits	687,818	606,514	695,580	15%	1%
Liabilities to credit institutions	314,015	236,700	287,874	22%	-8%
Issued securities without retail bonds	299,451	461,138	427,368	-7%	43%
Total shareholders' equity	1,422,547	1,561,688	1,565,848	0%	10%
Loan Quality	1Q 2018	4Q 2018	1Q 2019	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)			2,872,075		
Stage 1 loans under IFRS 9/gross customer loans (%)			88.9%		
Own coverage of Stage 1 loans under IFRS 9 (%)			0.7%		
Stage 2 loan volume under IFRS 9 (in HUF million)			175,413		
Stage 2 loans under IFRS 9/gross customer loans (%)			5.4%		
Own coverage of Stage 2 loans under IFRS 9 (%)			9.9%		
Stage 3 loan volume under IFRS 9 (in HUF million)	257,516	190,682	182,266	-4.4%	-29.2%
Stage 3 loans under IFRS 9/gross customer loans (%)	9.0%	5.9%	5.6%	-0.2%p	-3.4%p
Own coverage of Stage 3 loans under IFRS 9 (%)			57.7%		
90+ days past due loan volume (in HUF million)	175,935	147,218	140,461	-5%	-20%
90+ days past due loans/gross customer loans (%)	6.2%	4.5%	4.3%	-0.2%p	-1.8%p
Market Share	1Q 2018	4Q 2018	1Q 2019	Q-o-Q	Y-o-Y
Loans	20.8%	20.8%	20.6%	-0.2%p	-0.2%p
Deposits[1]	26.1%	25.7%	26.0%	0.3%p	-0.1%p
Total Assets	26.3%	26.2%	26.9%	0.7%p	0.6%p
Performance Indicators	1Q 2018	4Q 2018	1Q 2019	Q-o-Q	Y-o-Y
Net loans to (deposits + retail bonds) (FX adjusted)	48%	52%	51%	-1%p	3%p
Leverage (closing Shareholder's Equity/Total Assets)	17.7%	18.2%	17.9%	-0.3%p	0.2%p
Leverage (closing Total Assets/Shareholder's Equity)	5.7x	5.5x	5.6x	0.1x	-0.1x
Capital adequacy ratio (OTP Bank, non-consolidated, Basel3, IFRS)	31.8%	28.2%	27.5%	-0.8%p	-4.4%p
Common Equity Tier 1 ratio (OTP Bank, non-consolidated, Basel3, IFRS)	29.5%	26.2%	25.5%	-0.7%p	-4.0%p

[1] The deposit market share figure for 1Q 2018 has been revised.

- ***The adjusted profit after tax of OTP Core reached HUF 39.9 billion in 1Q 2019, up by 2% y-o-y***
- ***Revenues increased by 9% y-o-y. The net interest margin declined by 2 bps y-o-y, whereas the q-o-q improvement was owing to the better swap result***
- ***Favourable credit quality trends continued with Stage 3 ratio dropping to 5.6%. Total risk costs retained their positive sign, nominally being close to the level seen a year ago***
- ***Performing (DPD0-90) loans grew by 15% y-o-y and remained stable q-o-q on an FX-adjusted basis***

The scope of companies comprising OTP Core has changed from 1Q 2019: OTP Real Estate Lease Ltd was shifted from OTP Core to Other Hungarian Subsidiaries.

At the end of March the gross loan portfolio of OTP Real Estate Lease amounted to HUF 19.8 billion, while its performing (Stage 1+2 loans under IFRS 9) loan volumes represented HUF 17.9 billion, of which HUF 16.1 billion were mortgages, HUF 0.2 billion consumer loans, HUF 1.4 billion micro and small enterprise exposures and HUF 0.2 billion corporate loans, respectively. The company's after tax profit reached HUF 56 million in 1Q 2019.

P&L developments

Without the effect of adjustment items **OTP Core** posted an after tax profit of HUF 39.9 billion in 1Q 2019, marking an improvement of 2% y-o-y, driven by the 1% decline in operating profit and 2% higher positive risk costs.

Total income (without one-off revenue items) went up by 9% y-o-y, predominantly driven by the 8% improvement in net interest income. Gross interest revenues benefited from dynamic organic loan volume growth, and the placement of additional liquidity generated by the deposit inflow. Net interest income increased by 2% q-o-q, reflecting partially a base effect[4], and the one-off gain realized in 1Q on intra-group swap transactions. Furthermore, deposit interest expenditures shrank q-o-q despite 3% higher average deposit volumes.

The net interest margin showed a moderate erosion y-o-y (-2 bps), but went up by 6 bps q-o-q to 3.04%. In 1Q the closing rate of 3M BUBOR went up by 5 bps to 18 bps, but its quarterly average remained flat, therefore it hasn't influenced the margin trajectory in a substantial manner.

In 1Q 2019 the net fee and commission income rose by 8% y-o-y. On one hand, growing volumes and transactional turnover resulted in stronger card, deposit and transaction-related fee revenues. However, securities fee income declined further because the distribution fees on household targeted government bonds were reduced by the Government Debt Management Agency.

On a quarterly basis net fees and commissions moderated by 1%, explained mainly by the negative seasonality. In total, one-off items exerted a HUF 1.1 billion positive effect on the quarterly dynamics: these one-offs amounted to -HUF 3.9 billion in 4Q 2018 and -2.8 billion in the period under review. Latter comprised two items: firstly, similar to previous years, the financial transaction tax on card transactions had to be paid in a lump-sum in the first quarter for the whole year, based on the annual volume of previous year's transactions. This item amounted to HUF 1.6 billion in 1Q 2019, the same as a year ago. Secondly, in 2019 OTP Bank will be paying altogether HUF 1.2 billion into the Compensation Fund (established in order to indemnify the victims of Quaestor and Hungaria Securities Ltd.). The whole annual amount was already accounted for in 1Q 2019, in line with IFRS standards. The actual contributions can be deducted from the nominal amount of banking tax or financial transaction tax or corporate tax at the time of the payment. Due to the deductibility, in the adjusted P&L structure both the contributions into the Compensation Fund, as well as the deductions are presented within the financial transaction tax.

The other net non-interest income (without one-offs) grew by 46% q-o-q, or HUF 2.5 billion. This was partially owing to the higher gain on derivative instruments, and the shifting of certain expenditures booked on the other income line until 4Q 2018 to the commission expenses. This exerted a HUF 0.8 billion positive effect on the quarterly change of other income (only -HUF 0.1 billion appeared within the commission expenses in 1Q 2019).

The *revaluation result of the treasury share swap agreement* (showed among the one-off revenue items) amounted to -HUF 0.7 billion in 1Q 2019.

Operating expenses moderated by 11% q-o-q. This was mainly driven by a non-recurring one-off bonus amounting to one month base salary paid in December 2018 to non-managerial employees at Hungarian Group members, adding HUF 5.4 billion to the personnel expenses at OTP Core. Furthermore, the q-o-q declining marketing expenses and advisory costs played a role, too.

The y-o-y cost growth reached 17%. The dynamics of personnel expenses was shaped by base salary

[4] In 4Q 2018 the swap result was negatively affected by the declining long yields resulting in a negative fair value adjustment on interest rate swaps held for non-hedging purposes.

hikes and the 5% increase in the number of employees. Other administrative cost growth can be partly explained by the intensifying business activity. On top of that, advisory costs related to organizational and operational restructuring projects, IT and real estate costs and supervisory fees (+HUF 0.3 billion contribution paid into the Deposit Insurance Fund, Investor Protection Fund and Resolution Fund) also added to the cost growth.

Pursuant to the 6-year wage agreement, from July 2019 the social contributions payable by employers will be reduced by another 2 pps to 17.5%.

On the total risk costs line a positive amount of HUF 6.6 billion was recognized in 1Q 2019, 2% more than a year ago, but 62% lower than in the previous quarter.

Benign credit quality developments remained in place: the DPD90+ loan volumes adjusted for FX rate movements and without problem loan sales and write offs declined by HUF 1.4 billion in 1Q 2019, against the HUF 14 billion decline in 2017 and 8 billion in 2018. In 1Q 2019 HUF 3 billion DPD90+ exposures were sold or written off. The trend-like improvement of DPD90+ ratio continued: it moderated by 0.2 pp q-o-q and 1.8 pps y-o-y to 4.4%. The ratio of Stage 3 loans to total gross loans declined by 3.4 pps y-o-y to 5.6%, their own provision coverage stood at 57.7%.

Balance sheet trends

The FX-adjusted gross loan portfolio increased by 13% y-o-y. However, due to the sales and write-offs of non-performing loans, the performing (DPD0-90) loan volume developments are more illustrative: DPD0-90 loans advanced by 15% y-o-y (FX-adjusted), driven mainly by the above 20% growth registered in the consumer, micro- and small enterprises, as well as medium and large corporate segments.

In quarterly comparison performing loans (both DPD0-90 exposures and Stage 1+2 loans under IFRS 9) remained stable on an FX-adjusted basis. The technical effect of the elimination of OTP Real Estate Lease from OTP Core reduced the quarterly loan growth rate by 0.6 pp.

The stock of mortgages classified as Stage 1 and 2 under IFRS 9 contracted by 1% q-o-q, but it would have grown by 0.2% without the above mentioned technical effect. Stage 1+2 consumer loans and MSE loans kept on expanding dynamically, by 5% q-o-q. Corporate loans – following the outstanding volume growth in the previous years – moderated by 1% q-o-q, within that medium and large corporate credits contracted by 2%, partly offset by the 4% expansion of municipal loans.

Performing (DPD0-90) mortgages registered an increase of 4% over the last 12 months (+6% filtering out the shifting of OTP Real Estate Lease). The portfolio consists of two sub-categories: housing loans (making up 79% of the total performing stock) and home equities (or mortgage-backed consumer loans, 21%). These sub-segments have different growth patterns. Housing loan volumes were the main contributors to growth: thanks to the 1.4% quarterly growth their yearly expansion remained in the double-digit territory (+11% y-o-y). On the contrary, home equity loans have been steadily dwindling (-4% q-o-q, -10% y-o-y) as their amortization exceeds new disbursements in the wake of waning popularity compared to the pre-crisis period.

Mortgage loan disbursements showed a 2% growth y-o-y. OTP Bank's market share in new mortgage loan contractual amounts reached 28.2% in the first quarter, versus 29.2% in 2018 as a whole.

With respect to the demand for housing loans the popularity of fixed rate mortgages and within that those with longer interest rate fixation periods kept on increasing: at OTP the proportion of fixed rate housing loans with an interest rate fixation period of at least 5 years within total non-subsidized housing loan applications reached 98% in 1Q 2019. The demand for mortgages with a repricing period of 10 years or more strengthened further: in 1Q 2019 the volume of applications for loans with a fixation period of 10 and 20 years was close to 85% within total market condition fixed rate credits.

The above developments were stimulated by the deliberate policies taken by the National Bank of Hungary, through the introduction of the certified consumer-friendly housing loans and the amendments to the payment-to-income rules effective from 1 October 2018. In 1Q 2019 the share of certified customer-friendly mortgages within new fixed rate market-based housing loan applications exceeded 80%.

OTP Bank contributes to the success of the Housing Subsidy Scheme for Families (CSOK): in 1Q 2019 almost 2 thousand applications for the CSOK subsidy were registered at OTP Bank with a value of HUF 7 billion. Thus, since the beginning of the programme OTP has handled HUF 123 billion applications for the housing subsidy.

Performing (DPD0-90) consumer loans continued to expand: +5% q-o-q, +20% y-o-y (FX-adjusted). Within consumer loans, cash loan growth was outstanding: the quarterly growth reached 8%, whereas the yearly increase stood at 36%. OTP's market share in the stock of cash loans stood at 33.6% at the end of March (+0.2 pp q-o-q).

The new phase of the central bank's Funding for Growth Scheme (FGS fix) was launched from January 2019. Under the new phase OTP Bank recorded HUF 22 billion credit demand until the end of March.

FX-adjusted deposit volumes (including retail bonds) continued their growing pattern: they increased by 8% y-o-y and 2% q-o-q. Household deposits retained their double digit growth rate in yearly comparison.

The net loan to (deposit+retail bonds) ratio improved by 3 pps y-o-y, reaching 51%, thus the balance sheet structure of the Hungarian operation became more efficient, though the absolute level of the ratio can still be regarded as low.

The Bank’s standalone capital adequacy ratio amounted to 27.5%, with the Tier1 ratio (equal to the CET1) hitting 25.5% at the end of March. The Bank’s regulatory capital, as opposed to previous periods, does not include the interim profit less dividend, because in 1Q 2019 neither audit of the standalone financials, nor review of the standalone quarterly results according to ISRE 2410 auditing standards were conducted.

OTP FUND MANAGEMENT (HUNGARY)

Changes in assets under management and financial performance of OTP Fund Management:

Main components of P&L account in HUF mn	1Q 2018	4Q 2018	1Q 2019	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	1,074	1,432	1,001	-30%	-7%
Income tax	-107	-146	-62	-58%	-43%
Profit before income tax	1,181	1,578	1,062	-33%	-10%
Operating profit	1,181	1,578	1,062	-33%	-10%
Total income	1,698	2,364	1,647	-30%	-3%
Net interest income	0	0	0	~~-46%~~	-99%
Net fees and commissions	1,701	2,455	1,404	-43%	-17%
Other net non-interest income	-3	-90	244	-370%	
Operating expenses	-517	-786	-585	-26%	13%
Other provisions	0	0	0	-100%	-100%
Main components of balance sheet closing balances in HUF mn	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
Total assets	21,784	16,821	17,845	6%	-18%
Total shareholders' equity	18,952	14,353	11,060	-23%	-42%
Asset under management in HUF bn	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
Assets under management, total (w/o duplicates)[1]	**1,261**	**1,035**	**1,049**	**1%**	**-17%**
Volume of investment funds (closing, w/o duplicates)	912	749	751	0%	-18%
Volume of managed assets (closing)	350	286	298	4%	-15%
Volume of investment funds (closing, with duplicates)[2]	1,160	982	996	1%	-14%
money market	172	129	8	-93%	-95%
bond	294	217	320	47%	9%
mixed	60	55	55	-1%	-9%
security	158	153	166	8%	5%
guaranteed	44	32	32	0%	-28%
other[3]	431	395	414	5%	-4%

[1] The cumulative net asset value of investment funds and managed assets of OTP Fund Management, eliminating the volume of own investment funds (duplications) being managed in other investment funds and managed assets of OTP Fund Management.
[2] The cumulative net asset value of investment funds with duplications managed by OTP Fund Management.
[3] Other funds: absolute return, derivative and commodity market funds.

OTP Fund Management achieved HUF 1.0 billion profit in 1Q 2019, which is 7% below the base period a year earlier. The 30% erosion compared to 4Q 2018 was a consequence of the performance related success fee booked in the last quarter.

Within net fees and commission the fund management fee income matched the base period on a quarterly basis, since the volume of higher fee-generating funds increased more dynamically. Thus the q/q decline of net fees was reasoned by base effect of success fees booked in 4Q 2018 in the amount of HUF 1 billion.

Operating costs declined by 26% q-o-q, mainly driven by savings on marketing costs, expert fees, hardware and office equipment. The y-o-y cost increase is largely due to rising personnel expenses.

As of 21 January 2019, the provisions of the new EU regulation on money market funds, which came into force last year, will also apply to money market funds already in operation, which significantly tighten the conditions for the operation of money market funds. As a result, a significant number of fund managers have decided to restructure the money market fund investment policy, making a technical rearrangement towards bond funds in the first quarter.

Regarding OTP Fund Management OTP Premium Guaranteed Money Market Fund continues to function as a money market fund without capital guarantee. The former OTP Guaranteed Money Market Fund, the OTP Euro Money Market Fund and the OTP Dollar Money Market Fund were transformed into short-term bond fund.

The market share of OTP Fund Management remained unchanged at 22.4% at the end of March. The Company retained its market leading position.

MERKANTIL BANK AND CAR (HUNGARY)

Performance of Merkantil Bank and Car:

Main components of P&L account in HUF mn	1Q 2018	4Q 2018	1Q 2019	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	1,648	2,179	1,727	-21%	5%
Income tax	0	625	0		
Profit before income tax	1,648	1,554	1,727	11%	5%
Operating profit	1,786	1,407	1,885	34%	6%
Total income	3,269	3,178	3,446	8%	5%
Net interest income	3,098	3,427	3,466	1%	12%
Net fees and commissions	-30	-44	-60	36%	101%
Other net non-interest income	202	-205	40		-80%
Operating expenses	-1,484	-1,771	-1,561	-12%	5%
Total provisions	-137	147	-158		15%
Provision for impairment on loan and placement losses	-139	49	-245		76%
Other provision	1	98	87	-11%	
Main components of balance sheet closing balances in HUF mn	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
Total assets	376,903	404,750	416,479	3%	11%
Gross customer loans	298,693	321,353	330,952	3%	11%
Gross customer loans (FX-adjusted)	299,618	321,314	330,952	3%	10%
Retail loans	28,536	29,550	28,875	-2%	1%
Corporate loans	95,517	103,502	110,735	7%	16%
Car financing loans	175,565	188,262	191,341	2%	9%
Allowances for possible loan losses	-20,915	-13,853	-12,725	-8%	-39%
Allowances for possible loan losses (FX-adjusted)	-20,954	-13,854	-12,725	-8%	-39%
Deposits from customers	19,473	15,180	13,911	-8%	-29%
Deposits from customers (FX-adjusted)	19,473	15,180	13,911	-8%	-29%
Retail deposits	17,706	13,307	11,576	-13%	-35%
Corporate deposits	1,767	1,873	2,336	25%	32%
Liabilities to credit institutions	314,443	337,136	351,693	4%	12%
Total assets	27,248	37,189	39,071	5%	43%
Loan Quality	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)			281,710		
Stage 1 loans under IFRS 9/gross customer loans (%)			85.1%		
Own coverage of Stage 1 loans under IFRS 9 (%)			0.6%		
Stage 2 loan volume under IFRS 9 (in HUF million)			36,730		
Stage 2 loans under IFRS 9/gross customer loans (%)			11.1%		
Own coverage of Stage 2 loans under IFRS 9 (%)			2.1%		
Stage 3 loan volume under IFRS 9 (in HUF million)	23,126	14,133	12,511	-11%	-46%
Stage 3 loans under IFRS 9/gross customer loans (%)	7.7%	4.4%	3.8%	-0.6%p	-4.0%p
Own coverage of Stage 3 loans under IFRS 9 (%)			81.6%		
Provision for impairment on loan and placement losses/average gross loans (%)	0.19%	-0.06%	0.31%	0.37%p	0.12%p
90+ days past due loan volume (in HUF million)	17,298	10,204	9,413	-8%	-46%
90+ days past due loans/gross customer loans (%)	5.8%	3.2%	2.8%	-0.3%p	-2.9%p
Performance Indicators	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
ROA	1.8%	2.2%	1.7%	-0.5%p	-0.1%p
ROE	22.9%	24.9%	18.3%	-6.6%p	-4.6%p
Total income margin	3.59%	3.19%	3.45%	0.26%p	-0.14%p
Net interest margin	3.40%	3.44%	3.47%	0.03%p	0.07%p
Cost/income ratio	45.4%	55.7%	45.3%	-10.4%p	-0.1%p

On 30 September 2018 Merkantil Car Ltd. was merged into Merkantil Bank Ltd. and ceased to exist as a separate legal entity.

Merkantil Bank posted HUF 1.7 billion adjusted after tax profit in 1Q 2019. Profit grew by 5% y-o-y owing to the increase of operating profit. The q-o-q lower profit was mainly attributable to credit risk cost development: in the course of methodological changes certain parameters have been revised.

In 1Q 2019 net interest income increased by 12% y-o-y, the expansion of performing loan volumes had a positive NII-effect and NIM increased, too by 7 bps y-o-y.

Operating expenses grew by 5% y-o-y, within that personnel expenses, depreciation, marketing cost and expert fees increased. Decreasing 1Q expenses (-12% q-o-q) were reasoned by lower personnel expenses (in 4Q 2018 a non-recurring one-off bonus amounting to one month base salary was paid to non-managerial employees at Hungarian Group members), and marketing costs.

Credit quality trends remained positive: in 1Q 2019 DPD90+ volumes (adjusted for FX rate changes and sold and written off volumes) decreased by HUF 0.3 billion. The ratio of DPD90+ loans decreased by 2.9 pps y-o-y to 2.8% parallel with HUF 0.5 billion problem loans being sold or written off in 1Q. The ratio of Stage 3 loans to total gross loans stood at 3.8% at the end of March (-0.6 pp q-o-q, -4.0 pps y-o-y), their own provision coverage stood at 81.6%.

The FX-adjusted performing loan (DPD0-90) portfolio expanded by 3% on a quarterly basis, within that corporate loans increased by 7% q-o-q. The volume of performing corporate exposures and car loans expanded by 17 and 14%, respectively, on a yearly base. Total new loan origination surged by 32% y-o-y, within that the volume of newly disbursed car loans expanded by 33% y-o-y in 1Q 2019.

Merkantil retained its market leading position both in terms of new disbursements and outstanding leasing volumes.

IFRS REPORTS OF THE MAIN SUBSIDIARIES

In the following parts of the Summary the after tax profit of the foreign subsidiaries are presented without any received dividends and net cash transfers, and without other adjustment items in case of certain foreign subsidiaries. The structural adjustments on the lines of subsidiaries' Statements of recognized income as well as description of calculation methods of performance indices can be found in the Supplementary data annex.

DSK GROUP (BULGARIA)

Performance of DSK Group:

Main components of P&L account in HUF mn	1Q 2018	4Q 2018	1Q 2019	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	11,258	8,910	17,346	95%	54%
Income tax	-1,143	-292	-2,164	641%	89%
Profit before income tax	12,401	9,202	19,509	112%	57%
Operating profit	15,446	13,490	20,156	49%	30%
Total income	26,930	27,628	36,895	34%	37%
Net interest income	17,927	17,870	25,251	41%	41%
Net fees and commissions	6,896	8,031	9,609	20%	39%
Other net non-interest income	2,107	1,726	2,036	18%	-3%
Operating expenses	-11,484	-14,138	-16,739	18%	46%
Total provisions	-3,045	-4,289	-646	-85%	-79%
Provision for impairment on loan and placement losses	-4,183	-5,575	-521	-91%	-88%
Other provision	1,138	1,286	-125	-110%	-111%
Main components of balance sheet closing balances in HUF mn	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
Total assets	1,978,056	2,381,275	3,549,402	49%	79%
Gross customer loans	1,223,884	1,343,729	2,141,841	59%	75%
Gross customer loans (FX-adjusted)	1,256,201	1,340,734	2,141,841	60%	71%
Retail loans	871,263	930,658	1,311,890	41%	51%
Corporate loans	384,938	410,076	829,951	102%	116%
Allowances for possible loan losses	-110,035	-111,369	-119,369	7%	8%
Allowances for possible loan losses (FX-adjusted)	-112,936	-111,119	-119,369	7%	6%
Deposits from customers	1,631,333	1,890,897	2,763,039	46%	69%
Deposits from customers (FX-adjusted)	1,681,569	1,888,786	2,763,039	46%	64%
Retail deposits	1,518,267	1,652,625	2,276,064	38%	50%
Corporate deposits	163,302	236,161	486,975	106%	198%
Liabilities to credit institutions	44,838	3,144	234,898		424%
Total shareholders' equity	220,814	453,891	468,565	3%	112%
Loan Quality	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)			1,873,271		
Stage 1 loans under IFRS 9/gross customer loans (%)			87.5%		
Own coverage of Stage 1 loans under IFRS 9 (%)			0.8%		
Stage 2 loan volume under IFRS 9 (in HUF million)			101,918		
Stage 2 loans under IFRS 9/gross customer loans (%)			4.8%		
Own coverage of Stage 2 loans under IFRS 9 (%)			9.5%		
Stage 3 loan volume under IFRS 9 (in HUF million)	149,552	141,513	166,652	18%	11%
Stage 3 loans under IFRS 9/gross customer loans (%)	12.2%	10.5%	7.8%	-2.8%p	-4.4%p
Own coverage of Stage 3 loans under IFRS 9 (%)			56.6%		
Provision for impairment on loan and placement losses/average gross loans (%)	1.39%	1.65%	0.11%	-1.54%p	-1.28%p
90+ days past due loan volume (in HUF million)	94,426	89,986	100,339	12%	6%
90+ days past due loans/gross customer loans (%)	7.7%	6.7%	4.7%	-2.0%p	-3.0%p
Performance Indicators	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
ROA	2.3%	1.6%	2.2%	0.6%p	-0.2%p
ROE	17.3%	12.2%	15.2%	3.0%p	-2.2%p
Total income margin	5.54%	4.98%	4.60%	-0.38%p	-0.94%p
Net interest margin	3.69%	3.22%	3.15%	-0.07%p	-0.54%p
Cost/income ratio	42.6%	51.2%	45.4%	-5.8%p	2.7%p
Net loans to deposits (FX-adjusted)	68%	65%	73%	8%p	5%p
FX rates (in HUF)	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
HUF/BGN (closing)	159.8	164.4	164.0	0%	3%
HUF/BGN (average)	159.0	165.2	162.6	-2%	2%

- ***The financial closure of the Expressbank deal was completed on 15 January 2019, thus the 1Q financial statements already included the full quarterly contribution from Expressbank and its subsidiaries***
- ***The Bulgarian banking group reported HUF 17.3 billion adjusted after tax profit in the first quarter, of which Express Group's 3-month result represented HUF 5.2 billion***
- ***The net interest margin continued to erode***
- ***As a result of the acquisition the gross loan portfolio grew by 60%, while performing (Stage 1+2) loans expanded by 65% q-o-q and deposits by 46% (FX-adjusted)***

Based on the acquisition agreement on purchasing 99.74% shareholding of Societe Generale Expressbank („SGEB") and other local subsidiaries held by SGEB, signed by Societe Generale Group and DSK Bank EAD on 1 August 2018, the financial closure of the transaction was completed on 15 January 2019. Upon the request of the seller, OTP Bank doesn't disclose the purchase price.

1Q 2019 financial statements include the balance sheet and the full quarterly earnings delivered by Expressbank and its subsidiaries, presented as part of the Bulgarian operation.

The Bulgarian P&L account was adjusted for the one-off items directly related to the acquisition; these corrections are shown on consolidated level among the adjustment items. The balance sheet items were not adjusted for the acquisition effects.

DSK Group (including Express Group) posted an after tax profit of HUF 17.3 billion in 1Q 2019, corresponding to an ROE of 15.2%. Express Group's full quarter earnings contribution amounted to HUF 5.2 billion. Thus, in 1Q the Bulgarian operation's profit grew by 8% y-o-y and 36% q-o-q even without the Expressbank acquisition.

Based on total assets, the market share of the Bulgarian operation stood at 19.9% at the end of March 2019 on a *pro-forma* basis. The acquisition of Expressbank added 134 units to the number of branches, 208 units to the number of ATMs, whereas the number of employees comprised 1,482 people (on an FTE basis).

The q-o-q dynamics of balance sheet and P&L lines were predominantly shaped by the consolidation of Expressbank and its subsidiaries.

The operating profit of the Bulgarian Group jumped by HUF 6.7 billion q-o-q, driven by the HUF 7.1 billion contribution generated by Expressbank. Main components of Expressbank's results in 1Q (in HUF billion): net interest income 7.8, net fee income 2.4, other net non-interest income 1.1 billion, operating costs -4.3, total risk costs -1.3.

The net interest margin of the Bulgarian operation stood at 3.15% in the first quarter, marking a q-o-q decline of 7 bps. This was shaped by two factors: firstly, without the new acquisition the margin kept on narrowing due to the continued asset repricing (partly as a result of declining reference rates) and the diluting effect of increasing total assets. Secondly, Expressbank's margin was upwardly biased by the fact that its full quarterly net interest income was consolidated, but according to the performance indicator calculation methodology the total assets of Expressbank was counted in only from the end of January.

Operating costs without acquisition grew by 6% y-o-y in local currency terms, whereas the 11% quarterly drop was owing to the seasonally higher marketing expenses and advisory fees in the base period.

Total risk cost amounted to -HUF 0.6 billion, significantly lower than in the base periods. The risk cost rate (provision for impairment on loan and placement losses/average gross loans) sank to 11 bps.

Credit quality trends remained favourable. In 1Q 2019 the FX-adjusted DPD90+ volume growth without loan sales and write-offs amounted to HUF 10 billion, of which the technical effect of Expressbank's inclusion represented HUF 9 billion. In 1Q nearly HUF 1 billion problem loans were sold or written off. The DPD90+ ratio decreased by 2 pps q-o-q to 4.7%. The ratio of Stage 3 loans to total gross loans stood at 7.8% at the end of March, their own provision coverage stood at 56.6%.

Regarding the business volumes of Expressbank, at the end of March its gross loans amounted to HUF 782 billion, performing (Stage 1+2) loans HUF 755 billion, customer deposits HUF 861 billion, whereas its balance sheet total reached HUF 1,226 billion. Bearing in mind the stronger corporate focus of Expressbank, the Bulgarian operation's gross corporate exposures doubled q-o-q, while the retail loan volumes grew at a more moderate pace (+41%, FX-adjusted).

As a result of the acquisition the net loan to deposit ratio of the Bulgarian operation creeped up by 8 pps q-o-q to 73%.

Household lending activity, as a whole, picked up further in 1Q 2019 without the acquisition effect: new cash loan sales went up by 24% y-o-y in local currency terms, whereas mortgage loan disbursements remained stable. Without the acquisition effect the stock of performing (Stage 1+2) mortgage and consumer loans expanded by 3% q-o-q.

The capital adequacy ratio of DSK Bank (owning the shares of the acquired Expressbank) under local regulation stood at 16.2% at the end of March 2019.

OTP BANK RUSSIA

Performance of OTP Bank Russia:

Main components of P&L account in HUF mn	1Q 2018	4Q 2018	1Q 2019	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	7,205	-2,473	6,641		-8%
Income tax	-1,875	382	-1,693		-10%
Profit before income tax	9,080	-2,855	8,334		-8%
Operating profit	16,416	17,520	19,074	9%	16%
Total income	31,539	34,077	33,946	0%	8%
Net interest income	25,213	26,648	26,334	-1%	4%
Net fees and commissions	6,238	7,075	6,957	-2%	12%
Other net non-interest income	89	354	655	85%	637%
Operating expenses	-15,123	-16,557	-14,871	-10%	-2%
Total provisions	-7,336	-20,375	-10,740	-47%	46%
Provision for impairment on loan and placement losses	-6,645	-16,562	-10,073	-39%	52%
Other provision	-691	-3,813	-667	-83%	-4%
Main components of balance sheet closing balances in HUF mn	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
Total assets	628,782	707,593	781,092	10%	24%
Gross customer loans	550,314	610,355	675,388	11%	23%
Gross customer loans (FX-adjusted)	554,788	663,923	675,388	2%	22%
Retail loans	490,950	593,642	605,229	2%	23%
Corporate loans	63,728	70,175	70,056	0%	10%
Allowances for possible loan losses	-116,843	-126,655	-145,649	15%	25%
Allowances for possible loan losses (FX-adjusted)	-118,116	-137,684	-145,649	6%	23%
Deposits from customers	339,884	379,911	405,274	7%	19%
Deposits from customers (FX-adjusted)	344,572	411,995	405,274	-2%	18%
Retail deposits	291,655	327,620	317,056	-3%	9%
Corporate deposits	52,917	84,375	88,218	5%	67%
Liabilities to credit institutions	85,888	120,156	133,411	11%	55%
Subordinated debt	22,486	22,522	23,815	6%	6%
Total shareholders' equity	147,730	147,999	168,364	14%	14%
Loan Quality	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)			522,961		
Stage 1 loans under IFRS 9/gross customer loans (%)			77.4%		
Own coverage of Stage 1 loans under IFRS 9 (%)			7.0%		
Stage 2 loan volume under IFRS 9 (in HUF million)			51,224		
Stage 2 loans under IFRS 9/gross customer loans (%)			7.6%		
Own coverage of Stage 2 loans under IFRS 9 (%)			27.1%		
Stage 3 loan volume under IFRS 9 (in HUF million)	89,673	84,469	101,203	20%	13%
Stage 3 loans under IFRS 9/gross customer loans (%)	16.3%	13.8%	15.0%	1.1%p	-1.3%p
Own coverage of Stage 3 loans under IFRS 9 (%)			94.1%		
Provision for impairment on loan and placement losses/average (FX-adjusted) gross loans (%)	4.71%	10.35%	6.11%	-4.24%p	1.41%p
90+ days past due loan volume (in HUF million)	84,098	81,995	95,520	16%	14%
90+ days past due loans/gross customer loans (%)	15.3%	13.4%	14.1%	0.7%p	-1.1%p
Performance Indicators	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
ROA	4.5%	-1.4%	3.6%	5.0%p	-0.9%p
ROE	20.6%	-6.2%	17.1%	23.3%p	-3.5%p
Total income margin	19.89%	18.78%	18.55%	-0.23%p	-1.34%p
Net interest margin	15.90%	14.68%	14.39%	-0.29%p	-1.51%p
Cost/income ratio	48.0%	48.6%	43.8%	-4.8%p	-4.1%p
Net loans to deposits (FX-adjusted)	127%	128%	131%	3%p	4%p
FX rates (in HUF)	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
HUF/RUB (closing)	4.4	4.1	4.4	9%	0%
HUF/RUB (average)	4.5	4.3	4.2	0%	-5%

- ***HUF 6.6 billion after tax profit in 1Q, corresponding to an ROE of 17%***
- ***Risk cost rate decreased to 6.4% compared to the 4Q level, which was elevated due to one-offs; Stage 3 rate increased by 1.1 pps to 15% q-o-q***
- ***Cost/income ratio improved by 4.1 pps to 43.8% y-o-y***
- ***The DPD0-90 loan portfolio grew by 23% y-o-y (FX-adjusted), q-o-q it was stable due to the seasonality of consumer loan sales***
- ***Net loan-to-deposit ratio grew to 131%***

The HUF denominated financial figures of OTP Bank Russia are distorted by the HUF/RUB moves: the 1Q 2019 closing rate showed q-o-q 9% strengthening of RUB against HUF, and no change y-o-y. Whereas the 1Q average rate was stable q-o-q and showed 5% depreciation of RUB y-o-y. Therefore, local currency P&L and balance sheet dynamics can be materially different from those in HUF terms.

In 1Q 2019 **OTP Bank Russia** posted HUF 6.6 billion after tax profit, which underpins a material improvement compared to the HUF 2.5 billion loss in the preceding quarter.

Due to the volatility of HUF/RUB exchange rate, it is more reasonable to analyse income dynamics in RUB terms. After tax profit decreased by 3% y-o-y, mainly driven by the 54% growth of total provisions. Quarterly dynamics of after tax profit was shaped by the 9% growth of total income and 47% drop of total provisions.

Operating profit surged by 22% y-o-y, owing to the 13% increase of total income while operating expenses grew moderately (+3%). On the quarterly basis total income was stable, so the drop of operating expenses (-10%) shaped operating profit dynamics.

The 10% y-o-y increase of net interest income was supported by the 23% FX-adjusted y-o-y growth of DPD0-90 loans, while NIM contracted by about 1.5 pps to 14.39%. The quarterly decrease of NIM by 29 bps is due to the ongoing decline of consumer lending rates and quarterly higher deposit rates as well as the higher average total assets.

Net fee and commission income grew by 17% y-o-y in RUB terms (-1% q-o-q) due to the increasing insurance fee income on cash loans with insurance policies and other products growing considerably, while commission income generated by credit cards and corporate loans grew, too.

Operating expenses grew y-o-y by mere 3% in RUB terms, and dropped by 10% q-o-q. Personnel expenses decreased in both comparisons (-6% y-o-y, -12% q-o-q). Number of employees (without own agents) decreased by 175 people y-o-y (3.3%), partly due to the lay-offs of employees following the integration of Touch Bank. In line with the stronger business activity operational expenses increased (+22% y-o-y, +3% q-o-q), but on the whole cost/income ratio dropped by 4.1 pps to 43.8% y-o-y.

Total provisions increased by 54% y-o-y, however, on the quarterly basis they dropped by 47% due to the base effect[5].

In 1Q 2019 the FX-adjusted increase in DPD90+ loans (adjusted for loan sales and write-offs) amounted to HUF 12 billion versus the quarterly average of HUF 9 billion in 2018; albeit, its growth rate is not materially different from that of the total loan portfolio. In 1Q the Stage 3 rate was 15.0% (+1.1 pps q-o-q, -1.3 pps y-o-y), while its own coverage was 94.1%.

In 1Q 2019 the size of Stage 1+2 portfolio was stable as the quarterly disbursement of retail consumer loans dropped considerably due to the strong seasonality of this segment. With regards to the corporate segment, the q-o-q portfolio decrease was 4%.

FX-adjusted performing total deposits increased by 19% y-o-y, and decreased by 2% q-o-q: in 4Q retail sight deposits tend to be higher due to the year-end bonuses. The corporate deposits showed intensive growth both y-o-y and q-o-q (67% and 5%, respectively). Net loan-to-deposit ratio increased to 131% (+3 pps q-o-q).

[5] In 4Q 2018 the PD and LGD parameters, as well as the macroeconomic expectations were revised in the IFRS 9 provisioning models, entailing higher risk costs in 4Q. Furthermore, provisions created on newly originated loans and deterioration on a corporate exposure also contributed to the 4Q higher risk cost figure.

OTP BANKA HRVATSKA (CROATIA)

Performance of OTP banka Hrvatska:

Main components of P&L account in HUF mn	1Q 2018	4Q 2018	1Q 2019	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	7,718	4,053	8,236	103%	7%
Income tax	-1,456	-850	-1,857	118%	28%
Profit before income tax	9,174	4,903	10,092	106%	10%
Operating profit	7,576	8,787	9,606	9%	27%
Total income	18,187	19,251	19,239	0%	6%
Net interest income	13,166	13,474	13,078	-3%	-1%
Net fees and commissions	3,599	3,977	3,871	-3%	8%
Other net non-interest income	1,422	1,800	2,290	27%	61%
Operating expenses	-10,611	-10,464	-9,633	-8%	-9%
Total provisions	1,598	-3,884	487	-113%	-70%
Provision for impairment on loan and placement losses	1,597	-1,867	454	-124%	-72%
Other provision	1	-2,016	32	-102%	
Main components of balance sheet closing balances in HUF mn	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
Total assets	1,755,802	1,837,158	1,742,664	-5%	-1%
Gross customer loans	1,138,641	1,178,848	1,172,524	-1%	3%
Gross customer loans (FX-adjusted)	1,169,020	1,174,952	1,172,524	0%	0%
Retail loans	658,065	660,471	660,732	0%	0%
Corporate loans	491,816	496,787	494,799	0%	1%
Car financing loans	19,139	17,694	16,993	-4%	-11%
Allowances for possible loan losses	-70,256	-71,186	-71,240	0%	1%
Allowances for possible loan losses (FX-adjusted)	-72,127	-70,909	-71,240	0%	-1%
Deposits from customers	1,371,458	1,424,746	1,324,648	-7%	-3%
Deposits from customers (FX-adjusted)	1,418,420	1,422,337	1,324,648	-7%	-7%
Retail deposits	1,026,439	1,048,871	1,026,970	-2%	0%
Corporate deposits	391,981	373,466	297,678	-20%	-24%
Liabilities to credit institutions	81,145	85,702	80,511	-6%	-1%
Total shareholders' equity	248,521	269,126	256,911	-5%	3%
Loan Quality	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)			1,000,309		
Stage 1 loans under IFRS 9/gross customer loans (%)			85.3%		
Own coverage of Stage 1 loans under IFRS 9 (%)			0.8%		
Stage 2 loan volume under IFRS 9 (in HUF million)			81,640		
Stage 2 loans under IFRS 9/gross customer loans (%)			7.0%		
Own coverage of Stage 2 loans under IFRS 9 (%)			4.6%		
Stage 3 loan volume under IFRS 9 (in HUF million)	110,466	89,059	90,575	2%	-18%
Stage 3 loans under IFRS 9/gross customer loans (%)	9.7%	7.6%	7.7%	0.2%p	-2.0%p
Own coverage of Stage 3 loans under IFRS 9 (%)			65.6%		
Provision for impairment on loan and placement losses/average gross loans (%)	-0.58%	0.62%	-0.16%	-0.78%p	0.42%p
90+ days past due loan volume (in HUF million)	78,246	65,011	65,805	1%	-16%
90+ days past due loans/gross customer loans (%)	6.9%	5.5%	5.6%	0.1%p	-1.3%p
Performance Indicators	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
ROA	1.8%	0.9%	1.9%	1.0%p	0.1%p
ROE	12.8%	5.9%	12.5%	6.5%p	-0.3%p
Total income margin	4.16%	4.11%	4.47%	0.36%p	0.31%p
Net interest margin	3.01%	2.88%	3.04%	0.16%p	0.03%p
Cost/income ratio	58.3%	54.4%	50.1%	-4.3%p	-8.3%p
Net loans to deposits (FX-adjusted)	77%	78%	83%	6%p	6%p
FX rates (in HUF)	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
HUF/HRK (closing)	42.1	43.4	43.2	-1%	3%
HUF/HRK (average)	41.8	43.5	42.9	-2%	2%

- ***The Croatian operation doubled its quarterly profit on a q-o-q basis***
- ***Quarterly net interest margin improved by 16 bps q-o-q to 3.04%***
- ***The volume of performing (Stage 1+2) loan volumes stagnated q-o-q, parallel with the erosion of FX-adjusted deposit base (-7% q-o-q)***
- ***With the completion of the integration process the utilization of cost synergies has started resulting an 11% savings on operating cost on a yearly basis (in local currency)***

In December 2018 the integration of Splitska banka was successfully completed: Splitska banka d.d. merged into OTP banka Hrvatska dd., and the business and technology merger was completed.

The Croatian P&L account was adjusted for the one-off items directly related to the acquisition; these corrections are shown on consolidated level among the adjustment items. The balance sheet items were not adjusted for the acquisition effect.

The **Croatian operation** (in the base periods with Splitska banka) posted HUF 8.2 billion adjusted profit in 1Q 2019 doubling its quarterly earnings q-o-q, +7% y-o-y. 1Q 2019 ROE stood at 12.5% (+6.5 pps q-o-q).

1Q 2019 operating result improved both q-o-q and y-o-y (+9% and 27%). Within that the net interest income eroded by 1% y-o-y and 3% q-o-q (in HRK -1%). The improvement in the quarterly net interest margin (+16 bps) was reasoned by the moderating deposit expenses, as well as the declining average balance sheet total (-6% q-o-q) and the increasing weight of loans.

1Q 2019 net fee income grew by 8% y-o-y, but declined by 3% q-o-q, partly due to the seasonally weaker card-related fees and lower revenues on current account transactions.

1Q 2019 operating expenses decreased by 11% y-o-y and 6% q-o-q (FX-adjusted). Such a trend was shaped by the network rationalization (in total 52 branches were closed down in 2018), as well as by the continuing staff reduction[6] (q-o-q 366 people, -15%, based on FTE). The cost synergy benefits were manifested through lower administrative expenses: hardware, office equipment, real estate, telecommunication costs, as well as ATM and POS-related expenses were reduced, too.

As a result, the cost-to-income ratio of the Croatian operation at the end of 1Q 2019 decreased to 50.1% (-4.3% pps q-o-q and -8.3% pps y-o-y).

Total risk costs comprised +0.5 billion in 1Q.

In 1Q 2019 the volume of FX-adjusted DPD90+ loans grew by HUF 0.9 billion (adjusted for sold/written off loans volumes) versus a decline of HUF 2.8 billion in 4Q. True, it was also supported by HUF 4.2 billion DPD90+ sales and write-offs (FX-adjusted). The Stage 3 ratio under IFRS 9 stood at 7.7% at the end of March 2019 (+0.2 pp q-o-q, -2 pps y-o-y) and its own coverage stood at 65.6%.

Alongside the ongoing integration process in 2018 the volume of Stage 1+2 loans remained flat q-o-q, within the retail segment consumer loan disbursements grew further. The corporate Stage 1+2 volumes eroded by 1% q-o-q.

Total deposits shrank by 7% both y-o-y and q-o-q. Within the retail volumes the erosion was mainly due to the term deposit decline (comprising 40% of the total retail book), whereas corporate volumes suffered from site deposit withdrawals.

As a result, the FX-adjusted net loan-to-deposit ratio grew to 83% (+6%-points both q-o-q and y-o-y).

[6] The one-off costs associated with these layoffs are included in the *Effect of acquisitions* line as an adjustment on consolidated level.

OTP BANK UKRAINE

Performance of OTP Bank Ukraine:

Main components of P&L account in HUF mn	1Q 2018	4Q 2018	1Q 2019	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	5,833	6,181	8,294	34%	42%
Income tax	-1,107	-1,101	-1,707	55%	54%
Profit before income tax	6,940	7,282	10,002	37%	44%
Operating profit	5,894	8,922	10,203	14%	73%
Total income	9,399	13,919	14,896	7%	58%
Net interest income	6,118	9,989	10,575	6%	73%
Net fees and commissions	2,404	3,201	3,263	2%	36%
Other net non-interest income	877	729	1,058	45%	21%
Operating expenses	-3,505	-4,997	-4,694	-6%	34%
Total provisions	1,047	-1,640	-201	-88%	
Provision for impairment on loan and placement losses	1,270	-2,680	284		-78%
Other provision	-223	1,040	-485		118%
Main components of balance sheet closing balances in HUF mn	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
Total assets	333,388	391,240	427,568	9%	28%
Gross customer loans	305,124	354,258	376,042	6%	23%
Gross customer loans (FX-adjusted)	337,536	364,345	376,042	3%	11%
Retail loans	132,591	131,377	132,375	1%	0%
Corporate loans	181,168	204,904	213,267	4%	18%
Car financing loans	23,776	28,063	30,399	8%	28%
Allowances for possible loan losses	-95,805	-72,753	-71,785	-1%	-25%
Allowances for possible loan losses (FX-adjusted)	-106,358	-74,738	-71,785	-4%	-33%
Deposits from customers	243,926	269,832	279,936	4%	15%
Deposits from customers (FX-adjusted)	267,964	277,516	279,936	1%	4%
Retail deposits	113,953	127,000	130,890	3%	15%
Corporate deposits	154,011	150,516	149,046	-1%	-3%
Liabilities to credit institutions	37,162	48,197	52,969	10%	43%
Subordinated debt	0	4,903	5,067	3%	
Total shareholders' equity	35,858	57,821	68,283	18%	90%
Loan Quality	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)			264,849		
Stage 1 loans under IFRS 9/gross customer loans (%)			70.4%		
Own coverage of Stage 1 loans under IFRS 9 (%)			1.2%		
Stage 2 loan volume under IFRS 9 (in HUF million)			24,784		
Stage 2 loans under IFRS 9/gross customer loans (%)			6.6%		
Own coverage of Stage 2 loans under IFRS 9 (%)			13.2%		
Stage 3 loan volume under IFRS 9 (in HUF million)	115,726	88,604	86,409	-2%	-25%
Stage 3 loans under IFRS 9/gross customer loans (%)	37.9%	25.0%	23.0%	-2.0%p	-14.9%p
Own coverage of Stage 3 loans under IFRS 9 (%)	7.5%	6.3%	8.2%	1.99%p	0.70%p
Provision for impairment on loan and placement losses/average gross loans (%)	-1.77%	2.97%	-0.32%	-3.29%p	1.45%p
90+ days past due loan volume (in HUF million)	76,611	53,534	53,411	0%	-30%
90+ days past due loans/gross customer loans (%)	25.1%	15.1%	14.2%	-0.9%p	-10.9%p
Performance Indicators	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
ROA	7.5%	6.3%	8.2%	2.0%p	0.7%p
ROE	68.2%	45.8%	54.3%	8.4%p	-14.0%p
Total income margin	12.14%	14.08%	14.79%	0.72%p	2.66%p
Net interest margin	7.90%	10.10%	10.50%	0.40%p	2.60%p
Cost/income ratio	37.3%	35.9%	31.5%	-4.4%p	-5.8%p
Net loans to deposits (FX-adjusted)	86%	104%	109%	4%p	22%p
FX rates (in HUF)	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
HUF/UAH (closing)	9.6	10.1	10.5	4%	10%
HUF/UAH (average)	9.3	10.1	10.3	1%	11%

- ***The Ukrainian subsidiary posted the highest ROE within subsidiary banks across the Group (54%); all time high quarterly profit: HUF 8.3 billion***
- ***Outstanding 1Q earnings due to improving operating profit and moderate risk cost due to favourable credit quality trends***
- ***The Stage 3 ratio declined a by 2 pps to 23% q-o-q***
- ***Performing (Stage 1+2) loan volumes advanced by 6% q-o-q (FX-adjusted)***

The financial performance and indicators of OTP Bank Ukraine in HUF terms were affected by the HUF/UAH exchange rate moves: in 1Q 2019 the closing rate of UAH appreciated both q-o-q and y-o-y against the HUF (+4% and 10%, respectively). The 1Q average rates also demonstrated strengthening of the UAH (+1% q-o-q and +11% y-o-y). As a result, there are some differences in local currency P&L and balance sheets dynamics versus those in HUF terms.

OTP Bank Ukraine posted HUF 8.3 billion an all-time high after tax profit in 1Q 2019 marking a 42% increase against 1Q 2018 (+28% in local currency terms), while on the quarterly basis it grew by 34%. The quarterly ROE reached 54% the highest among subsidiary banks across the Group.

Given the significant HUF/UAH cross-currency moves y-o-y and q-o-q, we rather analyse the P&L developments in UAH terms.

1Q operating result surged by 56% y-o-y, the key reasons were the y-o-y 56% increase in net interest income and 23% growth of net fee and commission income. The 23% q-o-q improvement in operating profit was rather explained by the 6% increase of total income and 7% decrease of operating expenses.

The y-o-y NII dynamics were positively influenced by the higher loan volumes as well as the increase in NIM by 2.6 pps to 10.5%. NII increased by 5% in UAH terms q-o-q with the net interest margin advancing further by 40 bps.

Net F&C income jumped by 23% y-o-y supported by corporate transactions and deposit-related fee income; on the quarterly basis net F&C income was stable.

Operating expenses in UAH increased by 21% y-o-y amid a 21% nominal wage increase y-o-y in the Ukrainian economy. Due to the seasonally higher operating expenses in 4Q, q-o-q this line dropped by 7% in total (in UAH terms).

Total provisions in 1Q totalled to -HUF 0.2 billion. The significant quarterly improvement is reasoned by the fact, that in the course of the last quarter the PD and LGD parameters, as well as the macroeconomic expectations were revised in the IFRS 9 provisioning models entailing higher risk costs in 4Q.

The portfolio quality trends are still favourable: the DPD90+ volumes (FX-adjusted and excluding the impact of loan sales and write-offs) decreased by HUF 0.7 billion in 1Q. Stage 3 loan volumes to total gross loans ratio decreased by 2 pps to 23%, supported by the sale/write-off of problem loans in the amount of about HUF 3 billion during 1Q.

The FX-adjusted Stage 1+2 loan book grew by 6% q-o-q, within that retail consumer loans and corporate loans grew by 6% each. FX-adjusted yearly growth of DPD0-90 loans was 28%, within that especially the volume of consumer loans grew dynamically (+82% y-o-y). Performing corporate exposures representing two third of the total loan portfolio grew by 23% y-o-y. Disbursement of consumer loans dropped q-o-q due to the low season, however, the y-o-y increase was significant (+34% in UAH terms). Mortgage lending has not been resumed, thus the performing mortgage book eroded further (-36% y-o-y).

Deposits (adjusted for the FX-effect) expended by 4% q-o-q and leaped by 15% y-o-y. As a result, the net loan-to-deposit ratio stood at 109% at the end of 1Q (+22 pps y-o-y, +4 pps q-o-q, FX-adjusted).

The outstanding net intragroup funding towards the Ukrainian operation comprised USD 90 million equivalent at the end of 1Q 2019.

OTP BANK ROMANIA

Performance of OTP Bank Romania:

Main components of P&L account in HUF mn	1Q 2018	4Q 2018	1Q 2019	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	1,504	-943	1,231	-231%	-18%
Income tax	-463	-90	23	-126%	-105%
Profit before income tax	1,967	-853	1,208	-242%	-39%
Operating profit	1,894	2,343	2,461	5%	30%
Total income	6,629	8,383	8,579	2%	29%
Net interest income	5,112	6,539	5,996	-8%	17%
Net fees and commissions	829	920	764	-17%	-8%
Other net non-interest income	689	924	1,819	97%	164%
Operating expenses	-4,735	-6,040	-6,118	1%	29%
Total provisions	72	-3,196	-1,253	-61%	
Provision for impairment on loan and placement losses	-249	-2,513	-1,222	-51%	391%
Other provision	321	-683	-32	-95%	-110%
Main components of balance sheet closing balances in HUF mn	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
Total assets	646,378	771,968	773,485	0%	20%
Gross customer loans	536,965	577,565	587,064	2%	9%
Gross customer loans (FX-adjusted)	547,508	568,863	587,064	3%	7%
Retail loans	385,430	391,635	402,611	3%	4%
Corporate loans	162,077	177,228	184,453	4%	14%
Allowances for possible loan losses	-59,672	-35,444	-36,117	2%	-39%
Allowances for possible loan losses (FX-adjusted)	-62,057	-34,980	-36,117	3%	-42%
Deposits from customers	365,635	434,937	450,777	4%	23%
Deposits from customers (FX-adjusted)	371,541	428,560	450,777	5%	21%
Retail deposits	269,170	327,399	351,152	7%	30%
Corporate deposits	102,371	101,161	99,625	-2%	-3%
Liabilities to credit institutions	192,772	232,391	214,755	-8%	11%
Total shareholders' equity	48,271	60,047	79,791	33%	65%
Loan Quality	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)			471,773		
Stage 1 loans under IFRS 9/gross customer loans (%)			80.4%		
Own coverage of Stage 1 loans under IFRS 9 (%)			1.5%		
Stage 2 loan volume under IFRS 9 (in HUF million)			57,870		
Stage 2 loans under IFRS 9/gross customer loans (%)			9.9%		
Own coverage of Stage 2 loans under IFRS 9 (%)			6.7%		
Stage 3 loan volume under IFRS 9 (in HUF million)	83,940	51,771	57,422	11%	-32%
Stage 3 loans under IFRS 9/gross customer loans (%)	15.6%	9.0%	9.8%	0.8%p	-5.9%p
Own coverage of Stage 3 loans under IFRS 9 (%)			44.2%		
Provision for impairment on loan and placement losses/average gross loans (%)	0.2%	1.7%	0.9%	-0.9%p	0.7%p
90+ days past due loan volume (in HUF million)	61,263	29,583	28,427	-3.9%	-53.6%
90+ days past due loans/gross customer loans (%)	11.4%	5.1%	4.8%	-0.3%p	-6.6%p
Performance Indicators	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
ROA	1.0%	-0.5%	0.6%	1.1%p	-0.3%p
ROE	12.3%	-6.8%	6.6%	13.5%p	-5.7%p
Total income margin	4.22%	4.45%	4.49%	0.04%p	0.27%p
Net interest margin	3.25%	3.47%	3.14%	-0.33%p	-0.12%p
Cost/income ratio	71.4%	72.1%	71.3%	-0.7%p	-0.1%p
Net loans to deposits (FX-adjusted)	131%	125%	122%	-2%p	-8%p
FX rates (in HUF)	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
HUF/RON (closing)	67.1	69.0	67.3	-2%	0%
HUF/RON (average)	66.8	69.3	67.2	-3%	1%

- ***The Romanian subsidiary posted HUF 1.2 billion profit 1Q 2019***
- ***The annual operating profit increased by 30% y-o-y as a result of increasing total income (+29% y-o-y) and higher operating expenses (+29% y-o-y)***
- ***Performing loan volumes (DPD0-90, FX-adjusted) increased by 15% y-o-y supported by robust mortgage, MSE and corporate lending dynamics, the volume increased by 3% q-o-q***
- ***Net loan to deposit ratio decrease continued in 1Q (122%, -8 pps y-o-y)***

At the end of December 2018 the Government implemented a bank tax in Romania with an emergency ordinance, while at the end of March modified the banking tax regulation.

In 1Q there was no impact of the Romanian banking tax. In future, it is going to be booked on consolidated level amongst correction items.

OTP Bank Romania posted HUF 1.2 billion net profit in 1Q 2019, by 18% less than in the base period.

The operating profit improved by 30% y-o-y as a result of higher total income and higher operating expenses (both items surged by 29%).

The net interest income improved by 17% y-o-y. The increase was supported by expanding performing loan (DPD0-90) volumes (+15% y-o-y), while annual net interest margin decreased by 12 bps y-o-y. On quarterly basis the net interest income declined by 8%, because the loan expansion could not offset the deposit rate increases and the margin decline of cash and corporate loans. The Romanian operation's funding costs went up due to the q-o-q increasing deposit collection efforts, which, in exchange, led to an improvement in the loan-to-deposit ratio. The net interest margin declined by 33 bps q-o-q.

The net fee and commission income declined both on annual and quarterly basis (-8% y-o-y, -17% q-o-q). The annual decline is mainly due to base effect[7], while the quarterly decrease could be explained by seasonality.

The other net non-interest income jump q-o-q (+HUF 0.9 billion) is due to the improvement of FX and security result, as well as FX-conversion result.

The operating costs increased by 1% compared to a higher 4Q base fuelled by the rise in bonus payments and marketing and advisory expenses, while y-o-y it surged by 29%. The annual increase is explained by the following items: an increase in personnel expenses induced by wage inflation (the average wages in the financial sector increased by nearly 11% y-o-y in the first two months of 2019) and the average headcount growth (+10% y-o-y) reasoned by strengthening business activity. Due to higher business activity, operational expense have also increased. The deposit guarantee fund contribution rose by HUF 340 million y-o-y, partly due to the increase in the rate and partly to the higher deposit base. The deposit collection campaign in 1Q resulted higher marketing costs y-o-y. In 1Q, additional costs were incurred for cleaning and updating customer data and meeting regulatory requirements. In addition, to support the above mentioned tasks advisory costs and the increase in rental fees for the new headquarters have also contributed to the increase in operating costs.

The amount of total risk cost amounted to -HUF 1.2 billion in 1Q 2019. Similar to 4Q 2018 the key reason behind risk costs was that in the course of the last quarter the PD and LGD parameters, as well as the macroeconomic expectations were revised in the IFRS 9 provisioning models, the amount of this in 1Q was lower than in 4Q.

DPD90+ volumes (FX-adjusted, without sales and write-offs) increased by HUF 0.2 billion in 1Q 2019. The share of Stage 3 exposures represented 9.8% of total gross loans (-5.9 pps y-o-y, +0.8 pp q-o-q). The own coverage of Stage 3 loans stood at 44.2% at the end of 1Q.

The FX-adjusted performing (DPD0-90) loan volumes increased by 15% y-o-y, while the expansion also continued q-o-q (+4%). The annual increase was supported by the outstanding retail, MSE and corporate disbursements. In case of the quarterly expansion it was remarkable that the performing mortgages loan volumes could increase even amid the seasonally weak quarter (+3% q-o-q).

FX-adjusted deposit volumes increased by 21% y-o-y and by 5% q-o-q. The growth was supported by retail inflows (+30% y-o-y, +7% q-o-q). The declining trend of net loan-to-deposit ratio continued, it decreased by 2 pps q-o-q to 122% at the end of 1Q.

[7] The customers become bonus after certain banking products, if they fulfill the contracual conditions. In 1Q 2018 the amount of bonus was lower due to non-fulfillment of contractual conditions, which cause higher fee expense.

OTP BANKA SRBIJA (SERBIA)

Performance of OTP banka Srbija (including Vojvodjanska banka):

Main components of P&L account in HUF mn	1Q 2018	4Q 2018	1Q 2019	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	573	1,651	1,288	-22%	125%
Income tax	10	-142	5	-104%	-47%
Profit before income tax	563	1,793	1,283	-28%	128%
Operating profit	909	1,875	1,522	-19%	67%
Total income	6,616	8,131	7,483	-8%	13%
Net interest income	4,645	5,422	5,332	-2%	15%
Net fees and commissions	1,589	2,017	1,714	-15%	8%
Other net non-interest income	383	692	438	-37%	14%
Operating expenses	-5,707	-6,255	-5,962	-5%	4%
Total provisions	-346	-83	-239	188%	-31%
Provision for impairment on loan and placement losses	-391	-10	-246		-37%
Other provision	45	-73	6	-109%	-86%
Main components of balance sheet closing balances in HUF mn	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
Total assets	464,689	590,166	584,188	-1%	26%
Gross customer loans	315,504	395,217	403,990	2%	28%
Gross customer loans (FX-adjusted)	325,438	394,870	403,990	2%	24%
Retail loans	169,005	185,628	191,805	3%	13%
Corporate loans	156,434	209,242	212,185	1%	36%
Allowances for possible loan losses	-25,266	-14,774	-15,077	2%	-40%
Allowances for possible loan losses (FX-adjusted)	-26,073	-14,772	-15,077	2%	-42%
Deposits from customers	338,223	372,961	368,868	-1%	9%
Deposits from customer (FX-adjusted)	348,741	372,794	368,868	-1%	6%
Retail deposits	248,162	260,459	260,183	0%	5%
Corporate deposits	100,580	112,336	108,686	-3%	8%
Liabilities to credit institutions	35,308	117,169	113,606	-3%	222%
Subordinated debt	2,525	0	0	-100%	-100%
Total shareholders' equity	75,561	84,848	85,184	0%	13%
Loan Quality	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)			350,608		
Stage 1 loans under IFRS 9/gross customer loans (%)			86.8%		
Own coverage of Stage 1 loans under IFRS 9 (%)			0.4%		
Stage 2 loans under IFRS 9/gross customer loans (%)			8.5%		
Own coverage of Stage 2 loans under IFRS 9 (%)			4.7%		
Stage 3 loan volume under IFRS 9 (in HUF million)	32,335	18,819	19,071	1%	-41%
Stage 3 loans under IFRS 9/gross customer loans (%)	10.2%	4.8%	4.7%	-0.04%p	-5.5%p
Own coverage of Stage 3 loans under IFRS 9 (%)			62.8%		
Provision for impairment on loan and placement losses/average gross loans (%)	0.51%	0.01%	0.25%	0.24%p	-0.26%p
90+ days past due loan volume (in HUF million)	29,210	15,322	15,281	0%	-48%
90+ days past due loans/gross customer loans (%)	9.3%	3.9%	3.8%	-0.1%p	-5.5%p
Total provisions/90+ days past due loans (%)	86.5%	96.4%	98.7%	2.2%p	12.2%p
Performance Indicators	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
ROA	0.5%	1.2%	0.9%	-0.3%p	0.4%p
ROE	3.1%	7.8%	6.2%	-1.5%p	3.1%p
Total income margin	5.74%	5.71%	5.26%	-0.44%p	-0.48%p
Net interest margin	4.03%	3.81%	3.75%	-0.06%p	-0.28%p
Cost/income ratio	86.3%	76.9%	79.7%	2.7%p	-6.6%p
Net loans to deposits (FX-adjusted)	86%	102%	105%	3%p	20%p
FX rates (in HUF)	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
HUF/RSD (closing)	2.6	2.7	2.7	0%	3%
HUF/RSD (average)	2.6	2.7	2.7	-1%	2%

- ***The 1Q after tax profit doubled on a yearly basis parallel with a 67% increase of operating income***
- ***Despite the ongoing integration process, the growth rate of operating costs moderated and the cost level declined by 3% q-o-q (in local currency)***
- ***The FX-adjusted performing loan volumes expanded further (+32% y-o-y, +2% q-o-q) supported by both the retail and corporate segments***
- ***The quarterly net interest margin eroded further (1Q: 3.72%, -7 bps q-o-q)***

The transaction on the purchase of Societe Generale banka Srbija announced on 20 December 2018 has not been completed yet, as a result 2019 1Q financial statements incorporated neither the P&L nor the balance sheet of Societe Generale banka Srbija.

The Serbian P&L account was adjusted for the one-off items directly related to the acquisitions; these corrections are shown on consolidated level among the adjustment items. The balance sheet items were not adjusted for the acquisition effect.

The **Serbian operation** (including Vojvodjanska banka) posted HUF 1.3 billion after tax profit in 1Q 2019, thus its quarterly profit doubled in a yearly comparison, but it represents a 22% decline over 4Q 2018.

The operating profit of 1Q 2019 imrpoved by 67% y-o-y, as a result of stronger banking revenues (+13% y-o-y) coupled with y-o-y 4% higher operating costs. Net interest income increased by 15% y-o-y, due to dynamic volume growth, whereas net interest margin eroded by 28 bps.

Within 1Q core banking revenues net interet income declined by 2% q-o-q, mainly due to technical reasons (calendar effect and HUF conversion). In 1Q 2019 NIM eroded further q-o-q, as a result of the declining rate environment during 2018 (there were several base rate cuts), which was reflected in the interest rates of local currency denominated variable rate loans.

Net fees and comission improved by 8% y-o-y, while the quarterly decline of 15% was partialy the result of sesonality and technical reclassification of card-related comissions (prevoiusly recognized as operating expenses). Total risk cost in 1Q 2019 amounted to -HUF 240 million, thus quarterly risk cost rate represented 25 bps.

Operating expenses in 1Q 2019 increased slightly on a yearly basis (+4%), q-o-q savings of 5% (in local currency +2% and -3%, respectively) were mainly due to lower real estate and marketing expenses, as well as expert fees.

The performing (Stage 1+2) loan volumes of the Serbian operation expanded by 2% on FX-adjusted base. The growth of retail side was supported by the increase of cash loan sales (+4% q-o-q), while the quarterly development of performing (Stage 1+2) corporate portfolio was supported by a 2% increase in large corporate exposures.

Regarding the loan quality trends the DPD90+ loan portfolio (FX-adjusted, without sales and write-offs) increased by 0.4 billion in 1Q 2019. The ratio of Stage 3 loans to total gross loans dropped to 4.7% at the end of March, their own provision coverage stood at 62.8%.

The FX-adjusted deposit base expanded by 6% y-o-y, whereas eroded by 1% q-o-q. The net loan to deposit ration stood at 105% as at the end of March underpinning a quarterly and yearly improvement, as well (3% q-o-q, and +20% y-o-y, respectively).

CRNOGORSKA KOMERCIJALNA BANKA (MONTENEGRO)

Performance of CKB:

Main components of P&L account in HUF mn	1Q 2018	4Q 2018	1Q 2019	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	688	-65	695		1%
Income tax	-85	-34	-70	107%	-17%
Profit before income tax	773	-31	765		-1%
Operating profit	406	749	811	8%	100%
Total income	2,374	2,924	2,802	-4%	18%
Net interest income	1,717	2,005	1,959	-2%	14%
Net fees and commissions	638	842	745	-12%	17%
Other net non-interest income	19	76	97	27%	417%
Operating expenses	-1,968	-2,174	-1,991	-8%	1%
Total provisions	367	-780	-46	-94%	-113%
Provision for impairment on loan and placement losses	272	-560	-173	-69%	-164%
Other provision	94	-220	127	-158%	35%
Main components of balance sheet closing balances in HUF mn	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
Total assets	191,162	224,892	226,450	1%	18%
Gross customer loans	139,898	157,043	164,125	5%	17%
Gross customer loans (FX-adjusted)	143,586	156,691	164,125	5%	14%
Retail loans	75,233	72,863	70,326	-3%	-7%
Corporate loans	68,353	83,795	93,746	12%	37%
Car financing loans	0	33	54	61%	-100%
Allowances for possible loan losses	-39,651	-28,265	-28,062	-1%	-29%
Allowances for possible loan losses (FX-adjusted)	-40,697	-28,201	-28,062	0%	-31%
Deposits from customers	147,270	175,740	168,629	-4%	15%
Deposits from customers (FX-adjusted)	151,968	175,536	168,629	-4%	11%
Retail deposits	118,015	131,096	119,036	-9%	1%
Corporate deposits	33,953	44,440	49,593	12%	46%
Liabilities to credit institutions	17,981	2,364	10,973	364%	-39%
Total shareholders' equity	19,795	38,637	39,689	3%	101%
Loan Quality	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)			127,557		
Stage 1 loans under IFRS 9/gross customer loans (%)			77.7%		
Own coverage of Stage 1 loans under IFRS 9 (%)			1.5%		
Stage 2 loan volume under IFRS 9 (in HUF million)			4,904		
Stage 2 loans under IFRS 9/gross customer loans (%)			3.0%		
Own coverage of Stage 2 loans under IFRS 9 (%)			12.9%		
Stage 3 loan volume under IFRS 9 (in HUF million)	49,005	33,096	31,665	-4%	-35%
Stage 3 loans under IFRS 9/gross customer loans (%)	35.0%	21.1%	19.3%	-1.8%p	-15.7%p
Own coverage of Stage 3 loans under IFRS 9 (%)			80.4%		
Provision for impairment on loan and placement losses/average gross loans (%)	-0.8%	1.4%	0.4%	-0.9%p	1.2%p
90+ days past due loan volume (in HUF million)	41,880	27,993	26,874	-4.0%	-35.8%
90+ days past due loans/gross customer loans (%)	29.94%	17.82%	16.37%	-1.5%p	-13.6%p
Performance Indicators	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
ROA	1.4%	-0.1%	1.3%	1.4%p	-0.2%p
ROE	14.2%	-0.7%	7.3%	7.9%p	-6.9%p
Total income margin	4.96%	5.18%	5.12%	-0.06%p	0.16%p
Net interest margin	3.59%	3.56%	3.58%	0.03%p	-0.01%p
Cost/income ratio	82.9%	74.4%	71.1%	-3.3%p	-11.8%p
Net loans to deposits (FX-adjusted)	68%	73%	81%	7%p	13%p
FX rates (in HUF)	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
HUF/EUR (closing)	312.6	321.5	320.8	0%	3%
HUF/EUR (average)	311.1	323.1	318.1	-2%	2%

- ***In 1Q 2019 the Bank posted HUF 0.7 billion profit***
- ***The operating profit doubled y-o-y as a result of the total income increased by 18% and the effective cost control***
- ***The FX-adjusted performing loan (DPD0-90) volume grew dynamically, by 36% y-o-y supported mainly by the corporate segment (+90% y-o-y)***
- ***The share Stage 3 loan volumes (19.3%) declined by 15.7 pps y-o-y***

On 27 February 2019 Crnogorska komercijalna banka a.d., the Montenegrin subsidiary of OTP Bank signed an acquisition agreement on purchasing 90.56% shareholding of Societe Generale banka Montenegro a.d. („SGM"), the Montenegrin subsidiary of Societe Generale Group. The financial closure of the transaction is expected in the coming months subject to obtaining all the necessary regulatory approvals, thus the Summary of the first quarter results does not incorporate the effect of the transaction.

The Montenegrin **CKB Bank** posted HUF 0.7 billion after tax profit, which was the same as last year's first quarter profit. At the same time, it was positive that the positive risk costs supported the results last year, while in 1Q 2019 the improvement in operating profit was the driver

The operating profit doubled y-o-y as a result of the total income increasing by 18% and the operating expenses by only 1%, respectively. On quarterly basis the operating profit improved by 8%, which was supported by decreasing operating expenses (-8% q-o-q), while the total income decreased by 4% q-o-q.

The net interest income grew by 14% y-o-y: performing loan volumes (DPD0-90) increased due to the strengthening business activity and had a positive impact on NII. The net interest margin stagnated y-o-y amid expanding average total assets (+14% y-o-y). The net interest margin improved by 3 bps: reflects to the impact of narrowing average total assets, while due to calendar and FX effect, the net interest income declined q-o-q.

The net fee and commission income increased by 17% y-o-y due to the higher deposits and payment transaction fee. On quarterly basis the net fee and commission income declined by 12% could be explained by seasonally effect.

The operating expenses increased by 1% mainly due to the depreciation of Hungarian forint against the euro, the expenses in euro terms declined by 1%.

Total risk cost amounted to -HUF 46 million. The key reason behind the q-o-q lower risk costs was that in the course of the last quarter the PD and LGD parameters, as well as the macroeconomic expectations were revised in the IFRS 9 provisioning models, entailing higher risk costs in 4Q.

The DPD90+ loan volumes (FX-adjusted, without sales and write offs) decreased by HUF 0.6 billion in 1Q. The share of Stage 3 exposures represented 19.3% of total gross loans (-15.7 pps y-o-y, -1.8 pps q-o-q). The own coverage of Stage 3 loans stood at 80.4% at the end of 1Q 2019.

The FX-adjusted performing loan (DPD0-90) volume grew the fastest in the Group, by 36% y-o-y (+7% q-o-q). The strong dynamics were mainly related to the corporate segment, which increased two times y-o-y. Within that the wholesale loan volumes increased by 50% y-o-y, municipality exposures – from a low base – increased more than four times y-o-y as a result of a large ticket loan disbursement towards the state in 2Q 2018. The retail volumes expanded by 1% y-o-y, within that the mortgage loans by 11% y-o-y, respectively.

FX-adjusted deposit volumes increased by 11% y-o-y and declined by 4% q-o-q. The net loan-to-deposit ratio increased by 13 pps to 81%.

OTP BANKA SLOVENSKO (SLOVAKIA)

Performance of OTP Banka Slovensko:

Main components of P&L account in HUF mn	1Q 2018	4Q 2018	1Q 2019	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	770	-526	350	-167%	-55%
Income tax	-196	97	-30	-130%	-85%
Profit before income tax	967	-623	379	-161%	-61%
Operating profit	754	527	368	-30%	-51%
Total income	3,644	3,888	3,550	-9%	-3%
Net interest income	2,785	2,765	2,595	-6%	-7%
Net fees and commissions	794	1,019	864	-15%	9%
Other net non-interest income	65	103	90	-13%	39%
Operating expenses	-2,890	-3,361	-3,181	-5%	10%
Total provisions	213	-1,150	11	-101%	-95%
Provision for impairment on loan and placement losses	134	-1,175	23	-102%	-83%
Other provision	78	25	-12	-148%	-115%
Main components of balance sheet closing balances in HUF mn	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
Total assets	437,645	454,498	445,622	-2%	2%
Gross customer loans	384,941	393,111	386,769	-2%	0%
Gross customer loans (FX-adjusted)	395,089	392,231	386,769	-1%	-2%
Retail loans	344,008	340,014	338,257	-1%	-2%
Corporate loans	51,055	52,203	48,500	-7%	-5%
Allowances for possible loan losses	-35,614	-31,582	-30,572	-3%	-14%
Allowances for possible loan losses (FX-adjusted)	-36,553	-31,511	-30,572	-3%	-16%
Deposits from customers	349,249	360,069	354,610	-2%	2%
Deposits from customers (FX-adjusted)	358,769	359,374	354,610	-1%	-1%
Retail deposits	330,962	331,101	325,487	-2%	-2%
Corporate deposits	27,807	28,273	29,123	3%	5%
Liabilities to credit institutions	10,054	22,725	29,097	28%	189%
Subordinated debt	6,254	8,691	8,674	0%	39%
Total shareholders' equity	25,066	29,382	28,949	-1%	15%
Loan Quality	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)			322,767		
Stage 1 loans under IFRS 9/gross customer loans (%)			83.5%		
Own coverage of Stage 1 loans under IFRS 9 (%)			1.0%		
Stage 2 loan volume under IFRS 9 (in HUF million)			29,344		
Stage 2 loans under IFRS 9/gross customer loans (%)			7.6%		
Own coverage of Stage 2 loans under IFRS 9 (%)			9.4%		
Stage 3 loan volume under IFRS 9 (in HUF million)	43,994	35,916	34,659	-4%	-21%
Stage 3 loans under IFRS 9/gross customer loans (%)	11.4%	9.1%	9.0%	-0.2%p	-2.5%p
Own coverage of Stage 3 loans under IFRS 9 (%)			71.1%		
Provision for impairment on loan and placement losses/average gross loans (%)	-0.14%	1.17%	-0.02%	-1.2%p	0.1%p
90+ days past due loan volume (in HUF million)	36,314	29,160	28,087	-3.7%p	-22.7%p
90+ days past due loans/gross customer loans (%)	9.4%	7.4%	7.3%	-0.2%	-2.2%
Performance Indicators	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
ROA	0.7%	-0.5%	0.3%	0.8%p	-0.4%p
ROE	12.1%	-8.1%	4.9%	13.0%p	-7.2%p
Total income margin	3.34%	3.39%	3.23%	-0.16%	-0.11%
Net interest margin	2.55%	2.41%	2.36%	-0.05%	-0.19%
Cost/income ratio	79.3%	86.4%	89.6%	3.2%p	10.3%p
Net loans to deposits (FX-adjusted)	100%	100%	100%	0%p	1%p
FX rates (in HUF)	**1Q 2018**	**4Q 2018**	**1Q 2019**	**Q-o-Q**	**Y-o-Y**
HUF/EUR (closing)	312.6	321.5	320.8	0%	3%
HUF/EUR (average)	311.1	323.1	318.1	-2%	2%

Note: P&L lines and performance indicators are adjusted for the banking tax, Deposit Protection Fund contributions and payments into the Resolution Fund.

- ***In 1Q 2019 the Bank posted HUF 350 million profit***
- ***The operating profit declined by 51% y-o-y as a result of decreasing total income (-3% y-o-y) and higher operating expenses (+10% y-o-y)***
- ***The share of Stage 3 exposures (9.0%) declined by 2.5 pps y-o-y***

The **OTP Banka Slovensko** posted HUF 0.3 billion after tax profit, which is 55% lower than 1Q 2018 result.

The difference could be explained by the lower operating profit. Latter declined by 51% y-o-y as a result of decreasing total income (-3% y-o-y) and higher operating expenses (+10% y-o-y). The net interest income decreased by 7% y-o-y: the performing loan volumes (DPD0-90) stagnated y-o-y, while interest income on loans declined due to the narrowing margins. The net interest margin declined by 19 bps y-o-y.

The net interest income decreased by 6% q-o-q, partly due to FX-effect through forint strenghtening, partly due to the decline of performing (DPD0-90) loan volumes and continued margin erosion q-o-q.

The net fee and commission income expanded by 9% y-o-y mainly thanks to the card related and other fee income increase.The operating expense rose by 10% y-o-y. Personnel expenses increased by greater extent. Furthermore, the amortization, hardware and office equipment costs growth also have impact on operating expense rise. On the other hand the operating expenses declined by 5% q-o-q due to seasonality.

The DPD90+ loan volumes (without the effect of sales and write-offs) decreased by HUF 0.1 billion in 1Q 2019. The share of Stage 3 exposures represented 9.0% of total gross loans (-2.5 pps y-o-y, -0.2 pp q-o-q). The own coverage of Stage 3 volumes stood at 71.1% at the end of 1Q 2019.

The FX-adjusted performing (DPD0-90) loan volumes stagnated y-o-y. Within that the performing mortgage loan volume expanded by 5%, and municipality loan volumes increased by 8%. On quarterly base the performing loan volumes declined by 1%, while both of the mortgage loan volumes and municipality loans increased by 2-2% q-o-q.

FX-adjusted deposit volumes decreased by 1-1% y-o-y and q-o-q, thus the net loan-to-deposit ratio stood at 100% at the end of 1Q 2019.

STAFF LEVEL AND OTHER INFORMATION

	31/12/2018				31/03/2019			
	Branches	ATM	POS	Headcount (closing)	Branches	ATM	POS	Headcount (closing)
OTP Core	362	1,931	77,599	9,631	361	1,939	75,651	9,671
DSK Group (including Expressbank)	345	911	8,464	4,838	477	1,127	12,666	6,342
OTP Bank Russia (w/o employed agents)	134	227	905	5,052	134	226	866	5,121
OTP Bank Ukraine (w/o employed agents)	87	149	351	2,313	87	142	355	2,256
OTP Bank Romania	95	139	4,556	1,273	95	140	4,762	1,308
OTP banka Hrvatska	144	480	10,360	2,397	145	476	9,951	2,031
OTP Banka Slovenko	62	151	232	690	58	151	163	690
OTP banka Srbija	154	248	5,554	1,996	154	237	5,240	2,015
OTP Bank Albania					35	71	0	431
CKB	28	103	4,572	419	28	99	4,706	425
Foreign subsidiaries, total	**1,049**	**2,408**	**34,994**	**18,977**	**1,213**	**2,669**	**38,709**	**20,618**
Other Hungarian and foreign subsidiaries				924				829
OTP Group (w/o employed agents)				**29,532**				**31,214**
OTP Bank Russia - employed agents				5,306				5,060
OTP Bank Ukraine - employed agents				760				731
OTP Group (aggregated)	**1,411**	**4,339**	**112,593**	**35,599**	**1,574**	**4,608**	**114,360**	**36,909**

PERSONAL AND ORGANIZATIONAL CHANGES

Mrs. Ágnes Rudas resigned from the membership of the Supervisory Board with effect from 12 April 2019.

The Annual General Meeting elected Mrs. Klára Bella as member of the Supervisory Board of the Company until the Annual General Meeting of the Company closing the 2019 business year but not later than 30 April 2020.

Concerning the audit of OTP Bank Plc.'s separate and consolidated annual financial statements in accordance with International Financial Reporting Standards for the year 2019, the Annual General Meeting is elected Deloitte Auditing and Consulting Ltd. (000083, H-1068 Budapest, Dózsa György út 84/c) as the Bank's auditor from 1 May 2019 until 30 April 2020.

According to the decision of Board of Directors of OTP Bank Mr. Tamás Erdei, member of the Board of Directors, was elected as Vice Chairman of the Board of Directors with effect from 12 April 2019.

FINANCIAL DATA

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF FINANCIAL POSITION

in HUF million	OTP Bank			Consolidated		
	31/03/2019	31/03/2018	change	31/03/2019	31/03/2018	change
Cash, amounts due from Banks and balances with the National Banks	416,812	496,123	-16%	1,545,143	1,264,606	22%
Placements with other banks, net of allowance for placement losses	1,211,331	1,043,732	16%	505,397	460,641	10%
Financial assets at fair value through profit or loss	134,360	270,317	-50%	175,825	307,677	-43%
Securities at fair value through other comprehensive income	1,510,680	1,668,984	-9%	2,111,988	2,104,417	0%
Loans at amortized cost and fair value	2,758,354	2,197,801	26%	9,076,474	7,102,159	28%
Associates and other investments	1,188,526	967,967	23%	18,485	16,913	9%
Securities at amortized costs	1,496,852	1,273,861	18%	1,834,932	1,537,619	19%
Tangible and intangible assets	127,098	99,119	28%	521,168	410,638	27%
Other assets	163,056	159,162	2%	318,089	306,510	4%
TOTAL ASSETS	**9,007,068**	**8,177,067**	**10%**	**16,107,501**	**13,511,182**	**19%**
Amounts due to banks, the Hungarian Government, deposits from the National Banks and other banks	1,001,613	798,360	25%	572,174	537,682	6%
Deposits from customers	5,881,226	5,379,953	9%	12,402,053	10,385,228	19%
Liabilities from issued securities	41,973	54,614	-23%	381,912	258,602	48%
Derivative financial liabilities designated as held for trading	73,211	67,594	8%	73,028	59,113	24%
Other liabilities	354,824	332,996	7%	727,032	602,844	21%
Subordinated bonds and loans	109,985	108,314	2%	81,201	75,266	8%
TOTAL LIABILITIES	**7,462,831**	**6,741,830**	**11%**	**14,237,399**	**11,918,734**	**19%**
Share capital	28,000	28,000	0%	28,000	28,000	0%
Retained earnings and other reserves without earnings	1,438,927	1,335,284	8%	1,833,886	1,559,348	18%
Profit or loss for the financial year according to the balance sheet	79,125	81,450	-3%	72,520	64,971	12%
Treasury shares	-1,815	-9,496	-81%	-67,829	-63,245	7%
Non-controlling interest	0	0		3,525	3,374	4%
TOTAL SHAREHOLDERS' EQUITY	**1,544,237**	**1,435,237**	**8%**	**1,870,102**	**1,592,448**	**17%**
TOTAL LIABILTITIES AND SHAREHOLDERS' EQUITY	**9,007,068**	**8,177,067**	**10%**	**16,107,501**	**13,511,182**	**19%**

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF RECOGNIZED INCOME

in HUF million	OTP Bank			Consolidated		
	1Q 2019	1Q 2018	change	1Q 2019	1Q 2018	change
Loans	37,916	33,485	13%	158,991	137,685	15%
Placements with other banks	20,147	17,083	18%	20,804	17,653	18%
Amounts due from banks and balances with the National Banks	-200	118	-269%	-157	169	-193%
Securities at fair value through other comprehensive income	8,163	7,431	10%	10,385	9,042	15%
Securities at amortized cost	12,048	11,431	5%	15,712	14,258	10%
Non-trading financial assets mandatorily at fair value through profit or loss	0	0		0	1	-100%
Interest expense on assets (negative interest income)	0	0		-213	-118	80%
Other interest income	2	0		2,716	2,701	1%
Interest income	*78,076*	*69,548*	*12%*	*208,237*	*181,420*	*15%*
Interest expense due to banks and on deposits from the National Banks	-21,241	-16,988	25%	-22,568	-14,807	52%
Deposits from customers	-5,558	-6,655	-16%	-17,303	-17,928	-3%
Liabilities from issued securities	-42	17	-338%	-2,276	-1,268	80%
Subordinated bonds and loans	-756	-732	3%	-615	-538	14%
Interest income on liabilities (negative interest expense)	0	0		236	36	562%
Other	-11	0		-2,092	-1,912	9%
Interest expense	*-27,607*	*-24,357*	*13%*	*-44,618*	*-36,417*	*23%*
Net interest income	**50,469**	**45,190**	**12%**	**163,620**	**145,004**	**13%**
Provisions for loans	-6,024	-4,046	49%	-13,713	-3,430	300%
Provisions on placements	-111	182	-161%	-40	-52	-23%
Provision for impairment on loan and placement losses	-6,136	-3,864	59%	-13,753	-3,482	295%
NET INTEREST INCOME AFTER PROVISION FOR IMPAIRMENT ON LOAN AND PLACEMENT LOSSES	44,334	41,326	7%	149,866	141,522	6%
Income from fees and commissions	50,546	49,640	2%	87,446	78,103	12%
Expense from fees and commissions	-6,688	-8,054	-17%	-13,559	-13,644	-1%
NET PROFIT FROM FEES AND COMMISSIONS	43,859	41,586	5%	73,887	64,459	15%
Foreign exchange gains and losses	2,439	1,413	73%	7,832	3,460	126%
Losses / Gains on securities, net	679	1,158	-41%	1,532	-1,066	-244%
Losses on loans measured mandatorily at fair value through other comprehensive income and on securities at amortized cost	272	-220	-224%	849	-127	-769%
Gains on real estate transactions	0	54	-100%	1,985	574	246%
Dividend income	72,984	70,459	4%	-311	-99	215%
Net insurance result	0	0		171	200	-14%
Gains and losses on derivative instruments	1,302	1,075	21%	1,957	976	100%
Other operating income	980	849	15%	15,064	9,595	57%
Other operating expense	-7,462	-6,274	19%	-12,135	-5,131	136%
NET OPERATING GAIN	71,194	68,514	4%	16,944	8,382	102%
Personnel expenses	-26,151	-23,046	13%	-63,996	-57,813	11%
Depreciation	-6,622	-5,041	31%	-17,566	-12,244	43%
Other administrative expenses	-45,628	-39,121	17%	-75,995	-68,789	10%
OTHER ADMINISTRATIVE EXPENSES	-78,401	-67,208	17%	-157,557	-138,846	13%
PROFIT BEFORE INCOME TAX	**80,985**	**84,218**	**-4%**	**83,141**	**75,517**	**10%**
Income tax expense	-1,860	-2,769	-33%	-10,560	-10,467	1%
NET PROFIT FOR THE PERIOD	**79,125**	**81,450**	**-3%**	**72,581**	**65,050**	**12%**
From this, attributable to non-controlling interest	0	0		61	79	-23%
FROM THIS, ATTRIBUTABLE TO OWNERS OF THE COMPANY	**79,125**	**81,450**	**-3%**	**72,520**	**64,971**	**12%**

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY (IFRS)

in HUF million	Share capital	Capital reserve	Share based payment reserve	Retained earnings and reserves	Put option reserves	Treasury shares[1]	Non-controlling interest	Total
Balance as at 31 December 2017	**28,000**	**52**	**31,835**	**1,695,460**	**-55,468**	**-63,289**	**3,465**	**1,640,055**
Modification due to the initial application of IFRS 9				**-50,401**			**-127**	**-50,528**
Balance as at 1 January 2018	**28,000**	**52**	**31,835**	**1,645,059**	**-55,468**	**-63,289**	**3,338**	**1,589,527**
Net profit for the year				64,971			78	65,049
Other comprehensive income				-609			-42	-651
Share-based payment			868					868
Treasury shares								
Dividend for the year 2017				-61,320				-61,320
Put option								
Treasury shares								
– sale						44		44
– loss on sale				-21				-21
– volume change								
Payment to ICES holders				-1,049				-1,049
Balance as at 31 March 2018	**28,000**	**52**	**32,703**	**1,647,031**	**-55,468**	**-63,245**	**3,374**	**1,592,447**

in HUF million	Share capital	Capital reserve	Share based payment reserve	Retained earnings and reserves	Put option reserves	Treasury shares[1]	Non-controlling interest	Total
Balance as at 1 January 2018	**28,000**	**52**	**35,632**	**1,883,988**	**-55,468**	**-67,999**	**2,452**	**1,826,657**
Net profit for the year				72,520			61	72,581
Other comprehensive income				31,296			207	31,503
Purchase of non-controlling interests								
Increase from business combinations							805	805
Share-based payment			820					820
Dividend for the year 2018				-61,320				-61,320
Correction due to ESOP								
Treasury shares								
– sale						170		170
– loss on sale				-40				-40
– volume change								
Payment to ICES holders				-1,074				-1,074
Balance as at 31 March 2019	**28,000**	**52**	**36,452**	**1,925,370**	**-55,468**	**-67,829**	**3,525**	**1,870,102**

[1] The deduction related to repurchased treasury shares (1Q 2019: HUF 67,829 million) includes the book value of OTP shares held by ESOP (1Q 2019:1,732,972 shares).

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF CASH FLOWS

in HUF million	OTP Bank			Consolidated		
	31/03/2019	31/03/2018	change	31/03/2019	31/03/2018	change
OPERATING ACTIVITIES						
Profit before income tax	80,985	84,219	-4%	72,520	64,971	12%
Adjustments to reconcile income before income taxes to net cash provided by operating activities						
Income tax paid	54	0		-8,394	-5,837	44%
Goodwill impairment	0	0		0	0	
Depreciation and amortization	6,621	5,030	32%	17,565	12,244	43%
Net accrued interest	6,953	4,116	69%	16,222	2,005	709%
Provision for impairment / Release of provision	-17,807	0		-21,954	-24,434	-10%
Share-based payment	820	868	-6%	820	868	-6%
Unrealized gains / losses on fair value change of securities at fair value through other comprehensive income and fair value through profit or loss	3,356	4,579	-27%	4,029	4,579	-12%
Unrealized losses on fair value adjustment of derivative financial instruments	-25,113	0	0%	11,154	-4,496	-348%
Changes in operating assets and liabilities	-975	115,611	-101%	101,714	88,914	14%
Net cash provided by operating activities	**54,894**	**214,424**	**-74%**	**193,676**	**138,814**	**40%**
INVESTING ACTIVITIES						
Net cash used in investing activities	**-225,912**	**-216,409**	**4%**	**-148,123**	**-158,946**	**-7%**
FINANCING ACTIVITIES						
Net cash used in financing activities	**225,784**	**96,537**	**134%**	**-3,852**	**17,253**	**-122%**
Net increase in cash and cash equivalents	**54,766**	**94,552**	**0%**	**41,701**	**-2,879**	**-1548%**
Cash and cash equivalents at the beginning of the period	303,358	347,854	-13%	819,979	800,689	2%
Cash and cash equivalents at the end of the period	**358,124**	**442,406**	**-19%**	**861,680**	**797,810**	**8%**

CONSOLIDATED SUBSIDIARIES AND ASSOCIATES

	Name		Initial capital/Equity (HUF)	Ownership Directly + indirectly (%)	Voting rights (%)	Classification[1]
1	Air-Invest Asset Management Llc.		400,000,000	100.00	100.00	L
2	Artemis Llc.		28,000,000	100.00	100.00	L
3	Bajor-Polár Center Real Estate Management Llc.		30,000,000	100.00	100.00	L
4	BANK CENTER No. 1. for Investments and Developments Llc.		11,500,000,000	100.00	100.00	L
5	CIL Babér Ltd.		3,000,000	100.00	100.00	L
6	CRESCO d.o.o.	HRK	39,000	100.00	100.00	L
7	Montenegrin Commercial Bank Shareholding Company, Podgorica Montenegro	EUR	136,875,398	100.00	100.00	L
8	DSK Asset Management PLC	BGN	1,000,000	100.00	100.00	L
9	DSK Auto Leasing Ltd.	BGN	1,000,000	100.00	100.00	L
10	DSK Bank PLC	BGN	1,327,482,000	100.00	100.00	L
11	DSK DOM EAD	BGN	100,000	100.00	100.00	L
12	DSK Leasing Joint Stock Company	BGN	3,334,000	100.00	100.00	L
13	DSK Leasing Insurance Broker Ltd.	BGN	5,000	100.00	100.00	L
14	OTP Mobile Service Llc.	BGN	250,000	100.00	100.00	L
15	DSK Operating Lease Ltd.	BGN	1,000	100.00	100.00	L
16	DSK Tours Ltd.	BGN	8,491,000	100.00	100.00	L
17	DSK Trans Security PLC	BGN	2,225,000	100.00	100.00	L
18	Express Factoring EOOD	BGN	1,100,000	100.00	100.00	L
19	INGA KETTŐ Ltd.		8,000,000,000	100.00	100.00	L
20	JeT-SOL IT Services, Trading and Investment Company Limited		8,000,000	100.00	100.00	L
21	JN Parkolóház Real Estate Utilizer Limited Liability Company		4,800,000	100.00	100.00	L
22	Limited Liability Company Asset Management Company " OTP Capital"	UAH	10,000,000	100.00	100.00	L
23	LLC MFO "OTP Finance"	RUB	6,533,000,000	100.00	100.00	L
24	LLC OTP Leasing	UAH	45,495,340	100.00	100.00	L
25	Merkantil Bill and Property Investments Bank Closed Company Limited by Shares		2,000,000,000	100.00	100.00	L
26	Merkantil Lease service LLC.		6,000,000	100.00	100.00	L
27	Merkantil Property Leasing Ltd.		50,000,000	100.00	100.00	L
28	MFM Project Investment and Development Ltd.		20,000,000	100.00	100.00	L
29	Miskolci Diákotthon Investment, Utilization Limited Liability Company		5,000,000	100.00	100.00	L
30	MONICOMP Commercial and Bearing Private Company Limited by Shares		20,000,000	100.00	100.00	L
31	NIMO 2002 Ltd.		1,156,000,000	100.00	100.00	L
32	OTP Fund Management Private Company Limited by Shares		900,000,000	100.00	100.00	L
33	OTP Asset Management SAI S.A.	RON	5,795,323	100.00	100.00	L
34	OTP Aventin d.o.o.	HRK	40,000	100.00	100.00	L
35	OTP Bank JSC (Ukraine)	UAH	6,186,023,111	100.00	100.00	L
36	OTP Bank Romania S.A.	RON	1,552,003,660	100.00	100.00	L
37	OTP Banka Hrvatska d.d.	HRK	3,993,754,800	100.00	100.00	L
38	OTP Banka Srbija a.d. Novi Sad	RSD	31,607,808,040	100.00	100.00	L
39	OTP Building Llc.	EUR	18,717,301	100.00	100.00	L
40	OTP Debt Collection Ltd.	EUR	49,000,001	100.00	100.00	L
41	OTP eBIZ Limited Liability Company		280,000,000	100.00	100.00	L
42	OTP Life Annuity Real Estate Investment Private Company Limited by Shares		2,000,000,000	100.00	100.00	L
43	OTP Factoring Bulgaria JSCo.	BGN	1,000,000	100.00	100.00	L
44	OTP Factoring Serbia Ltd	RSD	782,902,282	100.00	100.00	L
45	OTP Factoring Slovensko Ltd.	EUR	5,000	100.00	100.00	L
46	OTP Factoring Romania Llc.	RON	500,400	100.00	100.00	L
47	OTP Factoring Ukraine LLC	UAH	6,227,380,554	100.00	100.00	L
48	OTP Factoring Ltd.		500,000,000	100.00	100.00	L
49	OTP Faktoring Vagyonkezelő Llc		3,000,000	100.00	100.00	L
50	OTP Financing Cyprus Private Company limited by shares	EUR	1,001,000	100.00	100.00	L
51	OTP Financing Malta Company Limited	EUR	105,000,000	100.00	100.00	L
52	OTP Financing Netherlands B.V.	EUR	18,000	100.00	100.00	L
53	OTP Financing Solutions B.V	EUR	18,000	100.00	100.00	L
54	OTP Holding Ltd	EUR	131,000	100.00	100.00	L

	Name		Initial capital/Equity (HUF)	Ownership Directly + indirectly (%)	Voting rights (%)	Classification[1]
55	OTP Holding Malta Ltd.	EUR	104,950,000	100.00	100.00	L
56	OTP Hungaro-Projekt Ltd.		300,000,000	100.00	100.00	L
57	OTP Real Estate Investment Fund Management Ltd.		100,000,000	100.00	100.00	L
58	OTP Real Estate Ltd.		1,000,000,000	100.00	100.00	L
59	OTP Ingatlankezelő Ltd.		50,000,000	100.00	100.00	L
60	OTP Real Estate Leasing Ltd.		214,000,000	100.00	100.00	L
61	OTP Ingatlanpont LLC.		6,000,000	100.00	100.00	L
62	OTP Facility Management Llc.		30,000,000	100.00	100.00	L
63	OTP Invest d.o.o.	HRK	12,979,900	100.00	100.00	L
64	OTP Investments d.o.o. Novi Sad	RSD	203,783,061	100.00	100.00	L
65	OTP Mortgage Bank Closed Company Limited by Shares		27,000,000,000	100.00	100.00	L
66	OTP Card Factory Llc.		450,000,000	100.00	100.00	L
67	OTP Close Building Society		2,000,000,000	100.00	100.00	L
68	OTP Leasing d.d.	HRK	8,212,000	100.00	100.00	L
69	OTP Leasing EOOD	BGN	4,100,000	100.00	100.00	L
70	OTP Leasing Romania IFN S.A.	RON	28,556,300	100.00	100.00	L
71	OTP Lizing d.o.o.	RSD	482,631,000	100.00	100.00	L
72	OTP Mérnöki Ltd.		3,000,000	100.00	100.00	L
73	OTP Mobile Service Limited Liability Company		1,210,000,000	100.00	100.00	L
74	OTP Nekretnine d.o.o.	HRK	51,708,100	100.00	100.00	L
75	OTP Osiguranje d.d.	HRK	40,900,000	100.00	100.00	L
76	OTP Funds Servicing and Consulting Company Limited by Shares		2,349,940,000	100.00	100.00	L
77	OTP Pénzügyi Pont Ltd.		50,000,000	100.00	100.00	L
78	OTP Savjetovanje d.o.o.	HRK	3,531,400	100.00	100.00	L
79	OTP Services d. o. o.	RSD	40,028	100.00	100.00	L
80	PortfoLion Digital Ltd.		101,000,000	100.00	100.00	L
81	PortfoLion Venture Capital Fund Management Ltd.		38,500,000	100.00	100.00	L
82	R.E. Four d.o.o., Novi Sad	RSD	1,983,643,761	100.00	100.00	L
83	SB Leasing Ltd.	HRK	23,332,000	100.00	100.00	L
84	SB ZGRADA d.o.o.	HRK	208,120,000	100.00	100.00	L
85	Aloha Buzz Llc.	RON	200	100.00	100.00	L
86	Favo Consultanta Llc.	RON	200	100.00	100.00	L
87	Tezaur Cont Llc.	RON	200	100.00	100.00	L
88	Shiwaforce.com Inc.		105,321,000	100.00	100.00	L
89	Société Générale Albania SHA	ALL	6,740,900,000	100.00	100.00	L
90	SPLC Property Management Limited Liability Company		10,000,000	100.00	100.00	L
91	SPLC-P Llc.		15,000,000	100.00	100.00	L
92	TOP Collector Ltd.	RUB	1,030,000	100.00	100.00	L
93	Velvin Ventures Ltd.	USD	50,000	100.00	100.00	L
94	Vojvodjanska banka a.d. Novi Sad	RSD	16,337,430,000	100.00	100.00	L
95	POK DSK-Rodina AD	BGN	6,010,000	99.75	99.75	L
96	Expressbank AD	BGN	33,673,729	99.74	99.74	L
97	OTP Banka Slovensko a.s.	EUR	111,580,509	99.44	99.44	L
98	JSC "OTP Bank" (Russia)	RUB	4,423,768,142	97.90	97.90	L
99	Regional Urban Development Fund AD	BGN	250,000	52.00	52.00	L
100	OPUS Securities S.A	EUR	31,000	0.00	51.00	L
101	Balansz Private Open End Institutional Fund		30,931,279,011	100.00	100.00	L
102	OTP MRP		18,798,568,889			L
103	OTP Solution Fund	UAH	82,347,125	100.00	100.00	L

[1] Full consolidated -L

Ownership structure of OTP Bank Plc.

Description of owner	Total equity					
	1 January 2019			31 March 2019		
	Ownership share	Voting rights[1]	Quantity	Ownership share	Voting rights[1]	Quantity
Domestic institution/company	19.32%	19.47%	54,092,340	18.88%	19.03%	52,854,788
Foreign institution/company	60.01%	60.49%	168,017,080	59.38%	59.85%	166,253,560
Domestic individual	3.53%	3.56%	9,896,546	3.25%	3.28%	9,112,499
Foreign individual	0.10%	0.10%	278,348	0.08%	0.08%	227,137
Employees, senior officers	0.85%	0.86%	2,376,450	0.83%	0.84%	2,329,999
Treasury shares[2]	0.80%	0.00%	2,242,143	0.80%	0.00%	2,233,521
Government held owner	0.08%	0.08%	219,072	0.08%	0.08%	219,372
International Development Institutions	0.05%	0.05%	143,308	0.05%	0.05%	129,795
Other[3]	15.26%	15.39%	42,734,723	16.66%	16.79%	46,639,339
TOTAL	**100.00%**	**100.00%**	**280,000,010**	**100.00%**	**100.00%**	**280,000,010**

[1] Voting rights in the General Meeting of the Issuer for participation in decision-making.
[2] Treasury shares do not include the OTP shares held by ESOP (OTP Bank Employee Stock Ownership Plan Organization). Pursuant to Act V of 2013 on the Civil Code, OTP shares held by the ESOP are not classified as treasury shares, but the ESOP must be consolidated in accordance with IFRS 10 Consolidated Financial Statements standard. On 31 March 2019 ESOP owned 1,732,972 OTP shares.
[3] Non-identified shareholders according to the shareholders' registry.

Number of treasury shares held in the year under review (2019)

	1 January	31 March	30 June	30 September	31 December
OTP Bank	168,583	159,961			
Subsidiaries	2,073,560	2,073,560			
TOTAL	2,242,143	2,233,521			

Shareholders with over/around 5% stake as at 31 March 2019

Name	Number of shares	Ownership[1]	Voting rights[1,2]
MOL (Hungarian Oil and Gas Company Plc.)	24,000,000	8.57%	8.64%
KAFIJAT Ltd.	20,228,951	7.22%	7.28%
OPUS Securities S.A.	14,496,476	5.18%	5.22%
Groupama Group	14,337,609	5.12%	5.16%

[1] Rounded to two decimals
[2] Voting rights in the General Meeting of the Issuer for participation in decision-making.

Senior officers, strategic employees and their shareholding of OTP shares as at 31 March 2019

Type[1]	Name	Position	No. of shares held
IT	Dr. Sándor Csányi [2]	Chairman and CEO	740,667
IT	Mihály Baumstark	member	54,000
IT	Dr. Tibor Bíró	member	24,956
IT	Tamás Erdei	member	9,639
IT	Dr. István Gresa	member	154,401
IT	Antal Kovács	member, Deputy CEO	27,263
IT	Dr. Antal Pongrácz	member	86,901
IT	Dr. László Utassy	member	200,792
IT	Dr. József Vörös	member	151,314
IT	László Wolf	member, Deputy CEO	596,571
FB	Ágnes Rudas	member	160,118
FB	Tibor Tolnay	Chairman	54
FB	Dr. Gábor Horváth	member	0
FB	András Michnai	member	100
FB	Olivier Péqueux	member	0
FB	Dr. Márton Gellért Vági	member	0
SP	Dr. Zsolt Barna	General Deputy CEO	0
SP	László Bencsik	Chief Financial and Strategic Officer, Deputy CEO	39,105
SP	András Tibor Johancsik	Deputy CEO	8,558
SP	György Kiss-Haypál	Deputy CEO	19,531
TOTAL No. of shares held by management:			**2,273,970**

[1] Employee in strategic position (SP), Board Member (IT), Supervisory Board Member (FB)
[2] Number of OTP shares owned by Dr. Sándor Csányi directly or indirectly: 3,425,995

OFF-BALANCE SHEET ITEMS ACCORDING TO IFRS (consolidated, in HUF million)[1]

a) Contingent liabilities

	31/03/2019	31/03/2018
Commitments to extend credit	2,353,926	1,822,877
Guarantees arising from banking activities	704,875	550,420
Confirmed letters of credit	18,042	12,441
Legal disputes (disputed value)	25,964	15,326
Contingent liabilities related to OTP Mortgage Bank	0	0
Other	300,302	280,956
Total:	**3,403,109**	**2,682,020**

[1] Those financial undertakings, which are important from valuation perspectives however not booked within the balance sheet (such as surety, guarantees, pledge related obligations, etc.)

Security issuances on Group level between 01/04/2018 and 31/03/2019

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 31/03/2019	Outstanding consolidated debt (in HUF million) 31/03/2019
OTP Bank Plc.	Retail bond	OTP_VK1_19/3	18/05/2018	18/05/2019	USD	2,986,600	855
OTP Bank Plc.	Corporate bond	OTP_DK_19/I	30/05/2018	31/05/2019	HUF	0	0
OTP Bank Plc.	Retail bond	OTP_VK1_19/4	28/06/2018	28/06/2019	USD	2,983,400	854
OTP Bank Plc.	Retail bond	OTP_VK1_19/5	06/08/2018	06/08/2019	USD	823,600	236
OTP Bank Plc.	Retail bond	OTP_VK1_19/6	04/10/2018	04/10/2019	USD	2,066,500	591
OTP Bank Plc.	Retail bond	OTP_VK1_19/7	15/11/2018	15/11/2019	USD	880,200	252
OTP Bank Plc.	Retail bond	OTP_VK1_19/8	20/12/2018	20/12/2019	USD	1,495,800	428
OTP Bank Plc.	Corporate bond	OTP_DK_19/II	14/12/2018	31/05/2019	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_20/I	14/12/2018	31/05/2020	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_21/I	14/12/2018	31/05/2021	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_22/I	14/12/2018	31/05/2022	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_23/I	14/12/2018	31/05/2023	HUF	0	0
OTP Bank Plc.	Retail bond	OTP_VK1_20/1	21/02/2019	21/02/2020	USD	1,535,700	439
OTP Mortgage Bank	Mortgage bond	OJB2023_I	05/04/2018	24/11/2023	HUF	43,600	43,600
OTP Mortgage Bank	Mortgage bond	OJB2024_A	17/09/2018	20/05/2024	HUF	51,033	51,033
OTP Mortgage Bank	Mortgage bond	OJB2024_B	18/09/2018	24/05/2024	HUF	36,268	36,268
OTP Mortgage Bank	Mortgage bond	OJB2024_II	10/10/2018	24/10/2024	HUF	92,000	92,000

Security redemptions on Group level between 01/04/2018 and 31/03/2019

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 31/03/2018	Outstanding consolidated debt (in HUF million) 31/03/2018
OTP Bank Plc.	Corporate bond	OTPX2018C	18/07/2012	18/07/2018	HUF	2,935	2,935
OTP Bank Plc.	Corporate bond	OTPX2018D	29/10/2012	26/10/2018	HUF	2,477	2,477
OTP Bank Plc.	Corporate bond	OTPX2018E	28/12/2012	28/12/2018	HUF	2,357	2,357
OTP Bank Plc.	Corporate bond	OTPX2019D	22/03/2013	21/03/2019	HUF	3,590	3,590
OTP Bank Plc.	Corporate bond	OTPX2018F	19/12/2013	21/12/2018	EUR	618,000	193
OTP Bank Plc.	Retail bond	OTP_VK1_18/3	13/04/2017	13/04/2018	USD	2,475,765	629
OTP Bank Plc.	Corporate bond	OTP_DK_18/I	31/05/2017	31/05/2018	HUF	0	0
OTP Bank Plc.	Retail bond	OTP_VK1_18/4	02/06/2017	02/06/2018	USD	4,029,344	1,023
OTP Bank Plc.	Retail bond	OTP_VK1_18/5	14/07/2017	14/07/2018	USD	2,068,415	525
OTP Bank Plc.	Retail bond	OTP_VK1_18/6	04/08/2017	04/08/2018	USD	690,372	175
OTP Bank Plc.	Retail bond	OTP_VK1_18/7	29/09/2017	29/09/2018	USD	4,383,580	1,113
OTP Bank Plc.	Retail bond	OTP_VK1_18/8	17/11/2017	17/11/2018	USD	2,997,723	761
OTP Bank Plc.	Retail bond	OTP_VK1_18/9	20/12/2017	20/12/2018	USD	1,435,320	364
OTP Bank Plc.	Retail bond	OTP_VK1_19/I	16/02/2018	16/02/2019	USD	3,047,725	774
OTP Bank Plc.	Retail bond	OTP_VK1_19/2	29/03/2018	29/03/2019	USD	3,042,675	773
OTP Banka Slovensko	Corporate bond	Bonds OTP V.	31/07/2017	30/07/2018	EUR	0	0
OTP Banka Slovensko	Mortgage bond	OTP XXXII.	15/12/2017	14/12/2018	EUR	0	0
OTP Mortgage Bank	Mortgage bond	OJB2019_I	17/03/2004	18/03/2019	HUF	31,517	31,517
OTP Mortgage Bank	Mortgage bond	OJB2019_II	31/05/2011	18/03/2019	HUF	1,093	1,093
OTP Mortgage Bank	Mortgage bond	OJB2020_III	23/02/2017	20/05/2020	HUF	31,061	31,061
OTP Mortgage Bank	Mortgage bond	OJB2022_I	24/02/2017	24/05/2022	HUF	21,651	21,651

RELATED-PARTY TRANSACTIONS

The compensation of key management personnel, such as the members of the Board of Directors, members of the Supervisory Board, key employees of the Bank and its major subsidiaries involved in the decision-making process in accordance with the compensation categories defined in IAS 24 Related party disclosures, is summarised below.

Compensations in HUF million	1Q 2018	4Q 2018	1Q 2019	Q-o-Q	Y-o-Y
Total	**2,641**	**1,386**	**2,462**	**78%**	**-7%**
Short-term employee benefits	1,756	1,296	1,778	37%	1%
Share-based payment	773	112	592	429%	-23%
Other long-term employee benefits	112	-58	92	-259%	-18%
Termination benefits	0	36	0	-100%	
Redundancy payments	0	0	0		
Loans provided to companies owned by the management[1] (normal course of business)	48,708	62,971	61,741	-2%	27%
Credit lines and treasury framework contracts of the members of Board of Directors and the Supervisory Board and their close family members (at normal market conditions)	3,759	3,692	4,342	18%	16%
Commitments to extend credit and guarantees	42,011	37,809	42,277	12%	1%
Loans provided to unconsolidated subsidiaries	4,645	5,136	5,042	-2%	9%

[1] Members of the Board of Directors and the Supervisory Board, senior officers and the auditor of the company

Alternative performance measures
pursuant to the National Bank of Hungary 5/2017. (V.24.) recommendation[8]

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value	
			1Q 2018	1Q 2019
Leverage, consolidated[9]	The leverage ratio is calculated pursuant to Article 429 of CRR. The calculation of the indicator is designed quarterly by the Bank for the prudential consolidation scope.	The leverage ratio shall be calculated as an institution's capital measure divided by that institution's total exposure measure and shall be expressed as a percentage. Example for 1Q 2019: $\frac{1,759,850.6}{18,006,769.1} = 9.8\%$ Example for 1Q 2018: $\frac{1,300,081.3}{14,321,200.8} = 9.1\%$	9.1%	9.8%
Liquidity Coverage Ratio (LCR), consolidated	According to Article 412 (1) of CRR, the liquidity coverage ratio (LCR) is designed to promote short-term resilience of the Group's liquidity risk profile and aims to ensure that the Group has an adequate stock of unencumbered High Quality Liquid Assets (HQLA) to meet its liquidity needs for a 30 calendar day liquidity stress scenario.	The LCR is expressed as: (stock of HQLA) / (total net cash outflows over the next 30 calendar days) ≥ 100%. The numerator of the LCR is the stock of HQLA (High Quality Liquid Assets). In order to qualify as HQLA, assets should be liquid in markets during a time of stress and, in most cases, be eligible for use in central bank operations. The denominator of the LCR is the total net cash outflows, defined as total expected cash outflows minus total expected cash inflow in the specified stress scenario for the subsequent 30 calendar days. Total cash inflows are subject to an aggregate cap of 75% of total expected cash outflows, thereby ensuring a minimum level of HQLA holdings at all times. Example for 1Q 2019: $\frac{4,719,806.5}{2,874,868.6-525,984.0} = 201\%$ Example for 1Q 2018: $\frac{4,204,283.0}{2,470,349.0-462,734.2} = 209\%$	209%	201%

[8] The NBH's recommendation (5/2017, 24 May) on Alternative Performance Measures (APM) came into effect from 1 June 2017, in line with ESMA's guidance (ESMA/2015/1415) on the same matter. The recommendation is aimed at – amongst other things – enhancing the transparency, reliability, clarity and comparability of those APMs within the framework of regulated information and thus facilitating the protection of existing and potential investors.
[9] Based on the prudential consolidation scope, which is different from the consolidation scope used in this report.

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value	
			1Q 2018	1Q 2019
Net loan to deposit ratio, consolidated	The net loan to deposit ratio is the indicator for assessing the bank's liquidity position.	The numerator of the indicator is the consolidated net consumer loan volume (gross loans less the stock of provisions), the denominator is the end of period consolidated customer deposit base. Example for 1Q 2019: $\frac{9,076,474.4}{12,389,982.8} = 73.3\%$ Example for 1Q 2018: $\frac{7,102,159.3}{10,372,703.3} = 68.5\%$	68.5%	73.3%
ROE (accounting), consolidated	The return on equity ratio shall be calculated as the consolidated net profit for the given period divided by the average equity, thus the ratio shows the effectiveness of the use of equity.	The numerator of the indicator is the consolidated accounting net profit for the given period, the denominator is the average consolidated equity. (The definition of average equity: calendar day-weighted average of the average balance sheet items in periods comprising the given period, where periods comprising the given period are defined as quarters (and within that months) in case of 1H, 9M and FY periods, and months in case of quarters. Furthermore, the average of the average balance sheet items is computed as the arithmetic average of closing balance sheet items for the previous period and the current period.) Example for 1Q 2019: $\frac{72,580.6*4.06}{1,852,274.8} = 15.9\%$ Example for 1Q 2018: $\frac{65,050.0*4.06}{1,630,421.8} = 16.2\%$	16.2%	15.9%

SUPPLEMENTARY DATA

ADJUSTMENTS OF THE CONSOLIDATED IFRS BALANCE SHEET LINES

Starting from 3Q 2017, in the adjusted balance sheets presented in the analytical section of the report, the total amount of accrued interest receivables related to DPD90+ loans (until 4Q 2018) and Stage 3 loans under IFRS 9 (from 1Q 2019) were netted with the provisions created in relation to the total exposure toward those particular clients, in case of the affected Group members. Therefore, this adjustment made on the accounting balance sheet has an impact on the consolidated gross customer loans and allowances for loan losses.

in HUF million	1Q 2018	4Q 2018	1Q 2019
Gross customer loans (incl. accrued interest receivables related to loans)	7,896,670	8,751,955	9,791,759
(-) Accrued interest receivables related to DPD90+ / Stage 3 loans	40,576	32,613	32,983
Gross customer loans (incl. accrued interest receivables related to loans) (adjusted)	7,856,093	8,719,342	9,758,776
Allowances for loan losses	-794,510	-685,364	-715,284
(-) Allocated provision on accrued interest receivables related to DPD90+ / Stage 3 loans	-40,576	-32,613	-32,983
Allowances for loan losses (adjusted)	-753,934	-652,751	-682,301

FOOTNOTES OF THE TABLE 'CONSOLIDATED AFTER TAX PROFIT BREAKDOWN BY SUBSIDIARIES (IFRS)'

General note: regarding OTP Core and other subsidiaries, profit after tax is calculated without received dividends and net cash transfers (and other adjustment items). Dividends and net cash transfers received from non-group member companies are shown on a separate line in one sum in the table, regardless to the particular receiver or payer group member company.

(1) Aggregated adjusted after tax profit of OTP Core, Corporate Centre and foreign banks.

(2) OTP Core is an economic unit for measuring the result of core business activity of OTP Group in Hungary. Financials of OTP Core are calculated from the partially consolidated IFRS financial statements of certain companies engaged in OTP Group's operation in Hungary. These companies include OTP Bank Hungary Plc., OTP Mortgage Bank Ltd, OTP Building Society Ltd, OTP Factoring Ltd, OTP Financial Point Ltd., and companies providing intragroup financing; OTP Bank Employee Stock Ownership Plan Organization was included from 4Q 2016; OTP Card Factory Ltd., OTP Facility Management Llc., MONICOMP Ltd. and OTP Real Estate Lease Ltd. were included from 1Q 2017. From 1Q 2019 OTP Real Estate Lease Ltd. was eliminated from OTP Core. The consolidated accounting results of these companies are segmented into OTP Core and Corporate Centre. Latter is a virtual entity.

(3) Within OTP Group, the Corporate Centre acts as a virtual entity established by the equity investment of OTP Core for managing the wholesale financing activity for all the subsidiaries within OTP Group but outside OTP Core. Therefore the balance sheet of the Corporate Centre is funded by the equity and intragroup lending received from OTP Core, the intragroup lending received from other subsidiaries, and the subordinated debt and senior notes arranged by OTP Bank under its running EMTN program. From this funding pool, the Corporate Centre is to provide intragroup lending to, and hold equity stakes in OTP subsidiaries outside OTP Core. Main subsidiaries financed by Corporate Centre are as follows: Hungarians: Merkantil Bank Ltd, Merkantil Car Ltd, Merkantil Leasing Ltd, OTP Fund Management Ltd, OTP Real Estate Fund Management Ltd, OTP Life Annuity Ltd; foreigners: banks, leasing companies, factoring companies.

(4) From 3Q 2010 the result and balance sheet of OTP Factoring Bulgaria EAD was included. From 1Q 2019 Expressbank AD and its subsidiaries, OTP Leasing EOOD and Express Factoring EOOD (altogether: Express Group) were included into the Bulgarian operation.

(5) From 1Q 2015 to 4Q 2017 the performance of OTP Bank Russia does not contain the volumes and financial result of Touch Bank. From 1Q 2015 the statement of recognised income and balance sheet of LLC MFO "OTP Finance" was included in the Russian performance.

(6) Touch Bank was part of OTP Bank Russia from legal point of view, and it was operating under the same banking license, but as a separate digital banking business line. In order to provide transparent information Touch Bank was presented as a separate virtual entity from 1Q 2015 to 4Q 2017.

(7) Splitska banka was consolidated into OBH's results from 2Q 2017.

(8) From 4Q 2008 figures are based on the aggregated financial statements of OTP Bank JSC and LLC OTP Leasing Ukraine, from 4Q 2009 the result of OTP Factoring Ukraine LLC was also aggregated.

(9) From 2Q 2010 the statement of recognised income and balance sheet of OTP Faktoring SRL was included.

(10) Including the financial performance of OTP Factoring Serbia d.o.o from 4Q 2010. Vojvodjanska banka has been consolidated from 4Q 2017.

(11) Including the financial performance of OTP Factoring Montenegro d.o.o. (merged into CKB Bank in 4Q 2018).

(12) From 2012 on P&L data and related indices are adjusted for the special banking tax and the Slovakian Deposit Protection Fund contributions being introduced again in 2014, as well as the contribution into the Resolution Fund. Including the financial performance of OTP Faktoring Slovensko s.r.o.

(13) Aggregated after tax profit of Merkantil Bank and Merkantil Car without dividends, net cash transfer, other adjustment items and provisioning for investments in subsidiaries. Merkantil Car was merged into Merkantil Bank in 3Q 2018.

(14) OTP Leasing Romania IFN S.A. (Romania), OTP Leasing d.d. and SB Leasing d.o.o. (Croatia), DSK Leasing AD (Bulgaria), OTP Lizing d.o.o, OTP Services d.o. (Serbia).

(15) LLC AMC OTP Capital and OTP Solution Fund (Ukraine), OTP Asset Management SAI S.A. (Romania), DSK Asset Management EAD (Bulgaria).

(16) OTP Buildings s.r.o. (Slovakia), Velvin Ventures Ltd. (Belize), R.E. Four d.o.o., Novi Sad (Serbia), SC Aloha Buzz SRL, SC Favo Consultanta SRL, SC Tezaur Cont SRL (Romania), Cresco d.o.o. (Croatia), OTP Osiguranje d.d. (Croatia).

(17) Total Hungarian subsidiaries: sum of the adjusted after tax results of Hungarian group members, Corporate Centre and related eliminations.

(18) Total Foreign subsidiaries: sum of the adjusted after tax profits of foreign subsidiaries

CALCULATION OF ADJUSTED LINES OF IFRS PROFIT AND LOSS STATEMENTS PRESENTED IN THE REPORT

In order to present Group level trends in a comprehensive way in the Report, the presented consolidated and separate profit and loss statements of this report were adjusted in the following way, and the adjusted P&Ls are shown and analysed in the Report. Consolidated accounting figures together with Separate accounting figures of OTP Bank are still disclosed in the Financial Data section.

Adjustments:

- The after tax effect of adjustment items (certain, typically non-recurring items from banking operations' point of view) are shown separately in the Statement of Recognised Income. The following adjustment items emerged in the period under review and the previous year: received dividends, received and paid cash transfers, the effect of goodwill/investment impairment charges, special tax on financial institutions, the impact of fines imposed by the Hungarian Competition Authority, the effect of acquisitions, and the initial NPV gain on the monetary policy interest rate swap (MIRS) deals.

  Beside the Slovakian banking levy, the total amount of the special banking tax includes and the Slovakian Deposit Protection Fund contributions being introduced again in 2014, and the contribution into the Resolution Fund in Slovakia, too. The special banking tax, however, does not include the special tax levied on the result of investment services in the year of 2017 in Hungary, this item is presented among the operating expenses.
- Until 4Q 2018 other non-interest income elements stemming from provisioning release in connection with provisions on loans originated before the acquisitions of the subsidiaries have been reclassified to and deducted from the volume of *Provision for impairment on loan and placement losses* line in the income statement. Starting from 1Q 2019 this income from the release of pre-acquisition provisions was presented amongst the *Provision for impairment on loan and placement losses* line both in the accounting and adjusted P&L structure.
- Other non-interest income is shown together with Gains and losses on real estate transactions, Net insurance result (appearing in the accounting P&L structure from 3Q 2017), Gains and losses on derivative instruments, and Gains and losses on non-trading loans mandatorily at fair value through profit or loss lines, but without the above mentioned income from the release of pre-acquisition provisions and without received cash transfers. However other non-interest expenses stemming from non-financial activities are added to the adjusted net other non-interest income line, therefore the latter incorporates the net amount of other non-interest income from non-financial activities.
- From 2Q 2014 OTP Bank's share in the change in the shareholders' equity of companies consolidated with equity method is reclassified from the After tax dividends and net cash transfers line to the Net other non-interest result (adj.) without one-offs line. Furthermore, received cash transfers within the framework of the subsidy programme targeting the expansion of POS network in Hungary were reclassified from the After tax dividends and net cash transfers line to the Net other non-interest result (adj.) without one-offs line.
- Other provisions are separated from other expenses and shown on a separate line in the adjusted profit or loss statement.
- Other administrative expenses have been adjusted in the following way in order to create a category comprising administrative cost items exclusively. Other costs and expenses and other non-interest expenses were included into the adjusted Other non-interest expenses. At the same time, the following cost items were excluded from adjusted other non-interest expenses: paid cash transfers (except for movie subsidies and cash transfers to public benefit organisations, whereas from 1Q 2019 certain part of cash transfers to public benefit organizations was presented amongst net fees and commissions), Other other non-interest expenses stemming from non-financial activities, and special tax on financial institutions.
- Tax deductible transfers (offset against corporate taxes) paid by Hungarian group members from 3Q 2012 were reclassified from Other non-interest expenses to Corporate income tax. As a result, the net P&L effect of these transfers (i.e. the paid transfer less the related corporate tax allowances) is recognised in the corporate income tax line of the adjusted P&L. The amount of tax deductible transfers offset against the special tax on financial institutions is shown on a net base on the special tax on financial institutions line.
- The financial transaction tax paid from the beginning of 2013 in Hungary is reclassified from other (administrative) expenses to net fee and commission income, both on consolidated and OTP Core level.
- OTP Group is hedging the revaluation result of the FX provisions on its FX loans and interest claims by keeping hedging open FX positions. In the accounting statement of recognized income, the revaluation of FX provisions is part of the risk costs (within line "Provision for loan losses"), other provisions and net interest income lines, whereas the revaluation result of the hedging open FX positions is made through other non-interest income (within line "Foreign exchange result, net"). The two items have the same absolute amount but an opposite sign. As an adjustment to the accounting statement of income, these items are eliminated from the adjusted P&L. By modifying only the structure of the income statement, this correction does not have any impact on the bottom line net profits.
- The Compensation Fund (established in Hungary in order to indemnify the victims of Quaestor and Hungarian Securities Ltd.) contributions booked from 1Q 2017 are recognized on the Other administrative expenses line of the accounting income statement, and are presented on the financial transaction tax and/or Special tax on financial institutions line the in the adjusted P&L structure (due to the tax deductibility).
- In case of OTP Banka Slovensko and OTP Bank Romania the total revaluation result of intra-group swap deals – earlier booked partly within the net interest income, but also on the Foreign exchange gains and Net other non-interest result lines within total Other non-interest income – is presented on a net base on the net interest income line starting from 1Q 2016.

- Due to the introduction of IFRS16 from 2019, certain items previously presented on the Other non-interest expenses line (rental fees) were moved to the interest expenses and depreciation lines in the accounting income statement. These items were shifted back to the Other non-interest expenses line in the adjusted P&L structure.
- Performance indicators (such as cost/income ratio, net interest margin, risk cost to average gross loans as well as ROA and ROE ratios, etc.) presented in this report are calculated on the basis of the adjusted profit and loss statement excluding adjustment items (unless otherwise indicated). Adjustment items include received dividends and net cash transfers, the effect of goodwill/investment impairment charges, special tax on financial institutions, the impact of fines imposed by the Hungarian Competition Authority, the effect of acquisitions, and the initial NPV gain on the monetary policy interest rate swap (MIRS) deals.

Within the report, FX-adjusted statistics for business volume developments and their product breakdown are disclosed, too. For FX adjustment, the closing cross currency rates for the current period were used to calculate the HUF equivalent of loan and deposit volumes in the base periods. Thus the FX-adjusted volumes will be different from those published earlier.

ADJUSTMENTS OF CONSOLIDATED IFRS P&L LINES

in HUF million	1Q 18	2Q 18	3Q 18	4Q 18 Audited	2018 Audited	1Q 19
Net interest income	**145,004**	**146,795**	**154,722**	**178,203**	**624,723**	**163,620**
(-) Revaluation result of FX provisions	9	-19	-18	-16	-44	20
(+) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	-202	46	176	-137	-116	-202
(-) Netting of interest revenues on DPD90+ loans with the related provision (booked on the Provision for loan losses line) at OTP Core and CKB	956	772	837	775	3,340	768
(-) Effect of acquisitions	222	211	188	174	795	389
(-) Initial NPV gain on the monetary policy interest rate swap (MIRS) deals				20,685	20,685	0
(-) Reclassification due to the introduction of IFRS16						-429
Net interest income (adj.)	**143,614**	**145,877**	**153,892**	**156,448**	**599,832**	**162,670**
Net fees and commissions	**64,459**	**69,721**	**71,637**	**71,858**	**277,675**	**73,887**
(+) Financial Transaction Tax	-14,880	-12,988	-13,823	-15,267	-56,958	-16,309
(-) Effect of acquisitions	0	0	0	-14	-14	-12
(+) Shifting of certain cash transfers to public benefit organisations to the Net fees and commissions line						-366
Net fees and commissions (adj.)	**49,579**	**56,733**	**57,814**	**56,605**	**220,731**	**57,223**
Foreign exchange result	**3,460**	**8,980**	**16,961**	**4,757**	**34,158**	**7,832**
(-) Revaluation result of FX positions hedging the revaluation of FX provisions	-3,605	2,978	4,635	-855	3,153	-834
(-) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	-173	-1,935	3,633	-4,122	-2,598	-406
(-) Effect of acquisitions	0	0	0	34	34	0
Foreign exchange result (adj.)	**7,238**	**7,937**	**8,693**	**9,700**	**33,568**	**9,072**
Gain/loss on securities, net	**-1,066**	**228**	**981**	**1,200**	**1,344**	**1,532**
(-) Shifting of Non-trading securities mandatorily at fair value through profit or loss line to Net other non-interest income from 1Q 2019						590
Gain/loss on securities, net (adj.) with one-offs	**-1,066**	**228**	**981**	**1,200**	**1,344**	**942**
(-) Revaluation result of the treasury share swap agreement (booked as Gain on securities, net (adj) at OTP Core)	-1,845	178	636	-86	-1,117	-735
Gain/loss on securities, net (adj.) without one-offs	**779**	**50**	**345**	**1,287**	**2,461**	**1,677**
Gains and losses on real estate transactions	**574**	**712**	**423**	**181**	**1,890**	**1,985**
(+) Other non-interest income	**9,595**	**7,230**	**13,279**	**6,755**	**36,859**	**15,064**
(+) Gains and losses on derivative instruments	**976**	**5,020**	**-2,707**	**3,169**	**6,458**	**1,957**
(+) Net insurance result	**200**	**210**	**154**	**109**	**673**	**171**
(+) Losses on loans measured mandatorily at fair value through other comprehensive income and on securities at amortized cost	**-127**	**27**	**9**	**688**	**597**	**849**
(-) Received cash transfers	144	2	343	86	575	39
(+) Received cash transfers within the framework of the subsidy programme targeting the expansion of POS network in Hungary	142	0	338	0	480	0
(-) Non-interest income from the release of pre-acquisition provisions	5,495	1,338	5,038	1,637	13,507	-
(+) Other other non-interest expenses	-732	-674	-3,482	-1,650	-6,537	-596
(+) Change in shareholders' equity of companies consolidated with equity method	-232	-48	661	-134	246	-454
(-) Effect of acquisitions	1	21	-10	-12	0	10,429
(-) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	-29	1,982	-3,457	3,985	2,482	204
(-) One-off impact of regulatory changes related to CHF consumer contracts in Croatia	0	0	-11	-15	-26	0
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	-174	-73	-42	-86	-375	-87
(-) Impact of fines imposed by the Hungarian Competition Authority	0	0	0	0	0	0
(-) Netting of refunds related to legal cases (accounted for on the Net other non-interest result line) with the release of provisions created earlier for these cases (accounted for on the Other provisions line) from 1Q 2017 at OTP Bank Romania	-165	-137	-118	-210	-630	-92
(+) Shifting of Non-trading securities mandatorily at fair value through profit or loss line to Net other non-interest income from 1Q 2019						590
Net other non-interest result (adj.) with one-offs	**5,124**	**9,344**	**6,933**	**3,733**	**25,134**	**9,074**
(-) Gain on the repurchase of own Upper and Lower Tier2 Capital (booked as Net other non-interest result (adj) at OTP Core and at the Corporate Centre)	0	0	0	0	0	0
Net other non-interest result (adj.) without one-offs	**5,124**	**9,344**	**6,933**	**3,733**	**25,134**	**9,074**

in HUF million	1Q 18	2Q 18	3Q 18	4Q 18 Audited	2018 Audited	1Q 19
Provision for impairment on loan and placement losses	**-3,482**	**-5,172**	**-14,106**	**-16,527**	**-39,287**	**-13,753**
(+) Non-interest income from the release of pre-acquisition provisions	5,495	1,338	5,038	1,637	13,507	-
(-) Revaluation result of FX provisions	3,590	-2,924	-4,621	868	-3,088	816
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	-50	-45	33	26	-37	-47
(+) Netting of interest revenues on DPD90+ loans with the related provision (booked on the Provision for loan losses line) at OTP Core and CKB	956	772	837	775	3,340	768
(-) Effect of acquisitions				-33	-33	-8,140
Provision for impairment on loan and placement losses (adj.)	**-570**	**-93**	**-3,643**	**-14,976**	**-19,283**	**-5,616**
Dividend income	**-99**	**5,235**	**710**	**-110**	**5,736**	**-311**
(+) Received cash transfers	144	2	343	86	575	39
(+) Paid cash transfers	-4,817	-537	-387	-3,724	-9,465	-8,346
(-) Sponsorships, subsidies and cash transfers to public benefit organisations	-4,811	-535	-358	-3,745	-9,449	-8,342
(-) Received cash transfers within the framework of the subsidy programme targeting the expansion of POS network in Hungary	142	0	338	0	480	0
(-) Dividend income of swap counterparty shares kept under the treasury share swap agreement	0	5,111	0	0	5,111	0
(-) Change in shareholders' equity of companies consolidated with equity method	-232	-48	661	-134	246	-454
After tax dividends and net cash transfers	**129**	**172**	**26**	**131**	**457**	**177**
Depreciation	**-12,244**	**-13,197**	**-17,867**	**-14,129**	**-57,437**	**-17,566**
(-) Goodwill impairment charges	0	-229	-5,732	0	-5,962	0
(-) Effect of acquisitions	-940	-683	-586	-1,056	-3,266	-2,003
(-) Reclassification due to the introduction of IFRS16						-3,147
Depreciation (adj.)	**-11,304**	**-12,284**	**-11,549**	**-13,073**	**-48,210**	**-12,416**
Personnel expenses	**-57,813**	**-60,818**	**-60,603**	**-71,808**	**-251,041**	**-63,996**
(-) Effect of acquisitions	-215	-340	-277	-762	-1,594	-72
Personnel expenses (adj.)	**-57,598**	**-60,478**	**-60,325**	**-71,047**	**-249,447**	**-63,924**
Income taxes	**-10,467**	**-9,941**	**-11,078**	**-2,351**	**-33,837**	**-10,560**
(-) Corporate tax impact of goodwill/investment impairment charges	0	705	0	528	1,233	0
(-) Corporate tax impact of the special tax on financial institutions	1,417	48	48	49	1,562	1,477
(+) Tax deductible transfers (offset against corporate taxes)	1,353	0	0	-3,409	-2,057	0
(-) Corporate tax impact of the effect of acquisitions	-101	200	213	261	573	-612
(-) Corporate tax impact of the initial NPV gain on the monetary policy interest rate swap (MIRS) deals				-1,862	-1,862	0
Corporate income tax (adj.)	**-10,430**	**-10,893**	**-11,339**	**-4,737**	**-37,400**	**-11,426**
Other operating expense	**-5,131**	**-4,060**	**-4,358**	**-11,837**	**-25,386**	**-12,135**
(-) Other costs and expenses	-1,058	-1,093	-3,651	-1,349	-7,152	-1,686
(-) Other non-interest expenses	-5,549	-1,211	-3,868	-5,374	-16,002	-8,942
(-) Effect of acquisitions	1,799	0	-93	-100	1,606	-1,148
(-) Revaluation result of FX provisions	6	-35	5	3	-21	-2
(-) One-off impact of regulatory changes related to CHF consumer contracts in Croatia	0	0	11	15	26	0
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	225	118	9	60	411	134
(-) Netting of refunds related to legal cases (accounted for on the Net other non-interest result line) with the release of provisions created earlier for these cases (accounted for on the Other provisions line) from 1Q 2017 at OTP Bank Romania	165	137	118	210	630	92
Other provisions (adj.)	**-719**	**-1,976**	**1,111**	**-5,301**	**-6,885**	**-582**
Other administrative expenses	**-68,789**	**-61,451**	**-62,224**	**-72,340**	**-264,804**	**-75,995**
(+) Other costs and expenses	-1,058	-1,093	-3,651	-1,349	-7,152	-1,686
(+) Other non-interest expenses	-5,549	-1,211	-3,868	-5,374	-16,002	-8,942
(-) Paid cash transfers	-4,817	-537	-387	-3,724	-9,465	-8,346
(+) Film subsidies and cash transfers to public benefit organisations	-4,811	-535	-358	-3,745	-9,449	-8,342
(-) Shifting of certain cash transfers to public benefit organisations to the Net fees and commissions line						-366
(-) Other other non-interest expenses	-732	-674	-3,482	-1,650	-6,537	-596
(-) Special tax on financial institutions (recognised as other administrative expenses)	-16,142	-235	-232	-239	-16,848	-16,706
(-) Tax deductible transfers (offset against corporate taxes)	1,353	0	0	-3,409	-2,057	0
(-) Financial Transaction Tax	-14,880	-12,988	-13,823	-15,267	-56,958	-16,309
(-) Effect of acquisitions	-384	-1,228	-864	-2,469	-4,945	-1,600
(+) Reclassification due to the introduction of IFRS16						-3,577
Other non-interest expenses (adj.)	**-44,604**	**-48,629**	**-49,879**	**-56,050**	**-199,161**	**-54,619**

OTP Bank Plc.

Postal address: P.O.Box: 501 Budapest H-1876 Hungary

Phone: +36 1 473 5460

Fax: +36 1 473 5951

E-mail: investor.relations@otpbank.hu

Internet: www.otpbank.hu