OTP Bank Plc.

Summary of the first nine months 2018 results

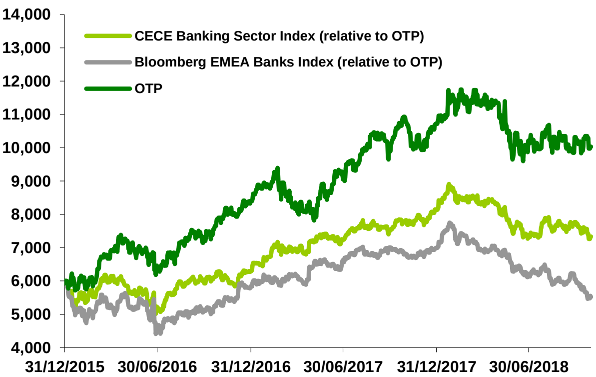
(English translation of the original report submitted to the Budapest Stock Exchange)

Budapest, 9 November 2018

CONSOLIDATED FINANCIAL HIGHLIGHTS[1] AND SHARE DATA

Main components of the Statement of recognised income in HUF million	9M 2017	9M 2018	Y-o-Y	3Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y
Consolidated after tax profit	**212,885**	**240,504**	**13%**	**79,329**	**89,520**	**85,933**	**-4%**	**8%**
Adjustments (total)	**-11,667**	**-22,328**	**91%**	**-205**	**-1,358**	**-6,755**	**398%**	
Consolidated adjusted after tax profit without the effect of adjustments	**224,552**	**262,832**	**17%**	**79,534**	**90,878**	**92,688**	**2%**	**17%**
Pre-tax profit	255,358	295,494	16%	88,837	101,771	104,027	2%	17%
Operating profit	278,082	297,305	7%	92,096	98,551	105,924	7%	15%
Total income	596,095	653,954	10%	202,818	219,942	227,677	4%	12%
Net interest income	406,131	443,383	9%	137,026	145,877	153,892	5%	12%
Net fees and commissions	151,355	164,126	8%	53,049	56,733	57,814	2%	9%
Other net non-interest income	38,608	46,444	20%	12,743	17,332	15,971	-8%	25%
Operating expenses	-318,012	-356,649	12%	-110,721	-121,391	-121,753	0%	10%
Total risk costs	-26,563	-5,890	-78%	-4,255	-2,069	-2,532	22%	-40%
One off items	3,839	4,080	6%	996	5,289	636	-88%	-36%
Corporate taxes	-30,806	-32,663	6%	-9,304	-10,893	-11,339	4%	22%
Main components of balance sheet closing balances in HUF million	2017	9M 2018	YTD	3Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y
Total assets	13,190,228	14,362,575	9%	12,641,691	14,213,426	14,362,575	1%	14%
Total customer loans (net, FX adjusted)	**7,155,905**	**7,908,033**	**11%**	**6,819,125**	**7,633,148**	**7,908,033**	**4%**	**16%**
Total customer loans (gross, FX adjusted)	**7,880,067**	**8,616,678**	**9%**	**7,638,916**	**8,380,985**	**8,616,678**	**3%**	**13%**
Allowances for possible loan losses (FX adjusted)	-724,162	-708,646	-2%	-819,791	-747,837	-708,646	-5%	-14%
Total customer deposits (FX adjusted)	**10,475,392**	**11,032,659**	**5%**	**9,856,912**	**10,754,252**	**11,032,659**	**3%**	**12%**
Issued securities	250,320	338,155	35%	251,527	305,109	338,155	11%	34%
Subordinated loans	76,028	82,173	8%	76,903	83,513	82,173	-2%	7%
Total shareholders' equity	1,640,055	1,770,656	8%	1,575,440	1,707,376	1,770,656	4%	12%
Indicators based on adjusted earnings	9M 2017	9M 2018	Y-o-Y	3Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y
ROE (from accounting net earnings)	19.1%	19.3%	0.1%p	20.3%	21.9%	19.6%	-2.3%p	-0.7%p
ROE (from accounting net earnings, on 12.5% CET1 ratio)	23.1%	23.7%	0.6%p	24.6%	26.9%	25.0%	-1.9%p	0.3%p
ROE (from adjusted net earnings)	20.2%	21.1%	0.9%p	20.3%	22.3%	21.2%	-1.1%p	0.8%p
ROA (from adjusted net earnings)	2.6%	2.6%	0.0%p	2.6%	2.7%	2.6%	-0.1%p	0.0%p
Operating profit margin	3.17%	2.89%	-0.28%p	2.97%	2.87%	2.96%	0.09%p	-0.01%p
Total income margin	6.78%	6.36%	-0.43%p	6.55%	6.41%	6.36%	-0.05%p	-0.18%p
Net interest margin	4.62%	4.31%	-0.31%p	4.42%	4.25%	4.30%	0.05%p	-0.12%p
Cost-to-asset ratio	3.62%	3.47%	-0.15%p	3.57%	3.54%	3.40%	-0.14%p	-0.17%p
Cost/income ratio	53.3%	54.5%	1.2%p	54.6%	55.2%	53.5%	-1.7%p	-1.1%p
Risk cost to average gross loans	0.34%	0.07%	-0.27%p	0.05%	0.00%	0.17%	0.17%p	0.12%p
Total risk cost-to-asset ratio	0.30%	0.06%	-0.25%p	0.14%	0.06%	0.07%	0.01%p	-0.07%p
Effective tax rate	12.1%	11.1%	-1.0%p	10.5%	10.7%	10.9%	0.2%p	0.4%p
Net loan/(deposit+retail bond) ratio (FX adjusted)	69%	72%	3%p	69%	71%	72%	1%p	3%p
Capital adequacy ratio (consolidated, IFRS) - Basel3	15.8%	16.2%	0.4%p	15.8%	16.5%	16.2%	-0.4%p	0.4%p
Tier1 ratio - Basel3	13.7%	14.3%	0.6%p	13.7%	14.6%	14.3%	-0.3%p	0.6%p
Common Equity Tier1 ('CET1') ratio - Basel3	13.7%	14.3%	0.6%p	13.7%	14.6%	14.3%	-0.3%p	0.6%p
Share Data	9M 2017	9M 2018	Y-o-Y	3Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y
EPS diluted (HUF) (from unadjusted net earnings)	812	917	13%	303	342	328	-4%	8%
EPS diluted (HUF) (from adjusted net earnings)	858	1,003	17%	304	347	354	2%	16%
Closing price (HUF)	9,895	10,320	4%	9,895	10,210	10,320	1%	4%
Highest closing price (HUF)	10,465	11,750	12%	10,465	11,590	10,690	-8%	2%
Lowest closing price (HUF)	7,815	9,600	23%	9,000	9,600	9,840	2%	9%
Market Capitalization (EUR billion)	8.9	8.9	0%	8.9	8.7	8.9	3%	0%
Book Value Per Share (HUF)	5,627	6,324	12%	5,627	6,098	6,324	4%	12%
Tangible Book Value Per Share (HUF)	5,023	5,737	14%	5,023	5,472	5,737	5%	14%
Price/Book Value	1.8	1.6	-7%	1.8	1.7	1.6	-3%	-7%
Price/Tangible Book Value	2.0	1.8	-9%	2.0	1.9	1.8	-4%	-9%
P/E (trailing, from accounting net earnings)	11.6	9.4	-19%	11.6	9.5	9.4	-1%	-19%
P/E (trailing, from adjusted net earnings)	11.0	9.0	-18%	11.0	9.2	9.0	-3%	-18%
Average daily turnover (EUR million)	15	16	10%	13	18	14	-27%	1%
Average daily turnover (million share)	0.5	0.5	-4%	0.4	0.6	0.4	-23%	4%

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 NINE MONTHS 2018

Summary of the first nine months 2018 results of OTP Bank Plc. has been prepared on the basis of its unaudited separate and consolidated condensed IFRS financial statements for 30 September 2018 or derived from that. At presentation of first nine months 2018 report of OTP Bank we applied International Financial Reporting Standards adopted by the European Union. The impact of shifting from IAS 39 to IFRS 9 – in accordance with the standards – was incorporated into the opening balance of own equity including the deferred tax effect.

SUMMARY OF THE FIRST NINE MONTHS OF 2018

In the first nine months of 2018 the Hungarian economy has demonstrated an excellent performance: uncertainties building up in the global operating environment have manifested so far only in the increased volatility of HUF and the long end of the yield curve shifting upwards significantly. The Central Statistical Office has recently revised the 2017 economic performance indicators, accordingly in 2017 the Hungarian GDP advanced by 4.1%, the budget deficit stood at 2.2% and public debt-to-GDP at 73.3%. Furthermore, 2Q economic performance exceeded the original expectations, the GDP grew by 4.6% y-o-y. As a result, for the whole year the Government forecasts a growth of around 4.5%.

During the summer period and also in September the headline CPI already exceeded 3%, however the increase was mainly due to one-off factors and the core inflation still hovered around 2.5%. Interest rate conditions have remained unchanged and the Central Bank's Monetary Council stated at its recent meeting that loose monetary conditions were necessary to achieve the NHB's 3% CPI target.

The favourably low unemployment rate (July-September: 3.8%) coupled with a dynamic net average wage increase (August: +10.1% y-o-y) resulted in a robust expansion of retail lending: by September 2018 the volume of contracted housing loan agreements in the sector reached HUF 641 billion, close to the all-time high level of 2018. The contracted volume of cash loans expanded dynamically, too. As a result, the overall retail loan portfolio grew by 3.2% y-o-y, whereas retail deposits expanded by 12%.

In line with the Central Bank's targets the share of mortgage loans with a fixation period over 5 years has been steadily growing (reaching almost 50% by September 2018 on sector level, while in case of OTP Bank this ratio reached 95% in case of new applications). Starting from 1 October 2018 under the recommendation of NBH a new 'certified customer-friendly' housing loan product was introduced with an interest rate fixation period of 15 years, at the same time the 3-year one was phased out.

The banking sector's corporate exposure advanced by 15.5% y-o-y, the growth of the deposit base even exceeded that (+17% y-o-y).In order to increase the weight of fixed rate funding within the liabilities of the SME sector, on 18 September NBH announced the Funding for Growth Scheme Fix (*FGS fix*, for details see: OTP Core section). This facility will provide funding with favourable conditions for the local SME sector starting from January 2019 with a total available amount of HUF 1,000 billion.

During 3Q the Hungarian yield environment experienced hectic moves: form its early July level of 30 bps the 3M BUBOR rate diminished and by end of September it was 17 bps, but the 5 and 10 years Government bond yields widened and closed at 2.97% and 3.54%, respectively. During the course of October the 3M BUBOR remained fairly stable, whereas the longer end of the curve widened further, thus the shape of the whole curve steepened.

Similar to Hungary, CEE economies overall enjoyed favourable macroeconomic environment: the growth was mainly induced by accelerating domestic consumption and the lending activity was pronounced in all countries. Rating outlooks for Croatia and Montenegro became positive as a result of balanced or improving balance indicators. Wage inflation is a persistent phenomenon, but base rates remained unchanged in 3Q.

While the growth rate of the Russian economy falls short of that in CEE countries, local consumption is stable and the retail loan demand is consistently strong. Following a temporary weakening of RUB and as a result of 25 bps rate hike by the CBR in September the local currency stabilized at around 65-66 against USD by end of 3Q.

Ukraine posted a faster than expected growth in 2Q 2018 (+3.8% y-o-y). The new agreement with IMF reached in October and the country's potential access to international capital markets might guarantee the required funding for covering redemptions in 2019, thus exerting a stabilizing effect on UAH.

Consolidated earnings: close to HUF 263 billion adjusted after tax profit in 9M (o/w 3Q: HUF 92.7 billion), improving ROE, 18% y-o-y increase of FX-adjusted performing loan volumes

The 9M consolidated accounting profit was HUF 240.5 billion (+13% y-o-y).

In the first nine months total adjustment items comprised -HUF 22.3 billion (after tax), of which -HUF 6.8 billion (after tax) appeared within 3Q accounting profit. Out of the items booked in 3Q, four items should be mentioned:

- -HUF 5.7 billion goodwill write-off (emerged only on consolidated level);
- -HUF 1.4 billion (after tax) acquisition effect related mainly to integration costs at Splitska banka and Vojvodjanska banka;
- -HUF 184 million Slovakian banking tax (after tax);
- +HUF 565 million related to the revision of the fine imposed by the Hungarian Competition Authority (GVH) back in 2013. In 2016 the Hungarian Supreme Court obliged GVH to conduct a new process, as a result GVH set a lower fine for OTP Bank in August 2018 (HUF 1.435 billion). Simultaneously, OTP Bank released provision set aside earlier for that purpose.

The accounting ROE was 19.6% in 3Q, thus the 9M ROE stood at 19.3% (+0.1 pp y-o-y).

As for the y-o-y development of particular P&L lines one should consider that only five months contribution of Splitska banka was recognized in 9M 2017 as the bank was consolidated only from May 2017. Also, Vojvodjanska banka's contribution was not part of the base period as it was consolidated only in December 2017. Furthermore, in 9M the UAH and RUB average rate against HUF depreciated y-o-y by 6% and 9%, respectively.

In 9M 2018 the adjusted after-tax profit at OTP Group reached HUF 262.8 billion (+17% y-o-y). The stronger profit was mainly due to higher earnings contribution by foreign subsidiaries: 9M results at the Ukrainian, Croatian, Serbian and Montenegrin operations improved materially, but the bottom-line results at OTP Core increased, too (HUF 139.6 billion, +2% y-o-y). The nine months results of the Russian operation (HUF 18.9 billion, +16% y-o-y) already reflects the performance of Touch Bank integrated into the Russian Bank. Earlier Touch Bank was presented as a separate virtual entity; its stand-alone loss for 9M 2018 amounted to HUF 3.3 billion. As for the Croatian performance, it is remarkable that with Splitska banka the operation posted almost HUF 21 billion profit ytd. The Serbian operation also demonstrated a massive turnaround y-o-y as a result of the acquisition: the base period did not incorporate the contribution of Vojvodjanska banka (in 2017 only the December results were consolidated).

As a result, the 9M profit contribution of foreign subsidiaries increased to 41% (+8 pps y-o-y), within that in 3Q the share of foreign contribution picked up to 45%. As for the new Group members consolidated in 2017, Splitska banka posted HUF 12.4 billion earnings in 9M 2018, whereas Vojvodjanska banka made HUF 2.4 billion, respectively.

Based on the first 9M performance, the Ukrainian subsidiary excelled itself with the highest ROE (60%), but the Bulgarian and Russian subsidiaries shined, too with 20.8% and 17.1% ROE. The Croatian subsidiary's ROE was 10.9% underpinning a 2.1 pps improvement y-o-y.

9M total income (without one-offs) increased dynamically (+10% y-o-y). Within total income the net interest income (HUF 443.4 billion) improved by 9% y-o-y, while the net fee and commission income (HUF 164.1 billion) grew by 8%. Other net non-interest income advanced by 20% y-o-y. Without the acquisitions total income would have grown organically by 5%, while the net interest income and net fee income by 4% each.

OTP Group's consolidated 9M total income margin (6.36%) eroded by 15 bps, whereas the 9M net interest margin (4.31%) melted down by 7 bps compared to 4Q 2017 levels. Most of the Group members suffered margin erosion for the first nine months, a more significant one in Russia, Bulgaria, Croatia and Serbia. At the same time the Ukrainian and Montenegrin margins improved for the same period. OTP Core posted a y-o-y 21 bps net interest margin drop in 9M.

The net interest margin was shaped mainly by the changes in prevailing interest rate environment in particular geographies. In the first nine months of 2018 the Ukrainian and Romanian policy rates increased by 100 and 75 bps, respectively, while in Hungary the yield curve moved up significantly. As for other Group members, rates either stayed flat (Slovakia, Bulgaria, Croatia, and Montenegro) or declined (in Serbia -50 bps, in Russia -25 bps). Furthermore, the overall intensifying competition, and also the ongoing asset repricing in Bulgaria had a negative impact on margins.

Operating expenses for the first nine months (HUF 357 billion) grew by 12% y-o-y, adjusted for the acquisition impact of Splitska and Vojvodjanska banka the increase would be 6.8% y-o-y on an FX-adjusted basis.

In 3Q 2018 OTP Group realized HUF 92.7 billion after-tax profit (+17% y-o-y, +2% q-o-q), the highest ever quarterly adjusted profit in its history.

Key components of the quarterly improvement: the operating profit grew by HUF 7.4 billion (+7% q-o-q), in the meantime total risk cost (-HUF 2.5 billion) had only a moderate q-o-q increase in absolute terms. Within one-off revenues, the impact of the revaluation result of the MOL-OTP treasury share swap agreement was HUF 0.6 billion, the q-o-q decline was explained by the dividend payments by MOL booked in 2Q.

The excellent dynamism in operating profit was driven by the q-o-q HUF 7.7 billion expansion of total income, while in 3Q operating costs practically remained flat q-o-q.

Within 3Q total income the net interest income grew by 12% y-o-y (+5% q-o-q). The q-o-q HUF 8 billion increase in 3Q net interest income was supported both by q-o-q 5 bps higher net interest margin (4.30%), as well as by increasing performing loan volumes. As for the quarterly NIM developments OTP Core, Ukraine, Bulgaria and Romania enjoyed higher margins.

The net fee and commission income grew by 2% q-o-q, the somewhat moderate increase was mainly due to a one-off item at OTP Core, and a base effect.

Other net non-interest income moderated by HUF 1.4 billion, thus the quarterly improvement in operating income was clearly shaped by core banking revenue lines, as well as operating expenses remaining under control.

One of the most apparent evidences of the supportive macroeconomic environment is the steady improvement of the credit profile. On one hand the DPD90+ ratio dropped to 7.3% -0.9 pp q-o-q, -4.0 pps y-o-y). Furthermore, the DPD90+ volume growth (adjusted for FX and the effect of sales and write-offs) reached only HUF 1.5 billion (1Q: HUF 7 billion, 2Q: HUF 8 billion and the quarterly average of HUF 13 billion in 2017, HUF 8 billion without the acquisition impact). The volume of Stage 3 exposure at the end of 3Q comprised 9.8% of gross loans (-1.2 pps q-o-q). Stage 2 exposures represented 6.6% of gross loans (-0.6 pp q-o-q).

3Q total risk costs amounted to -HUF 2.5 billion. The consolidated risk cost for loan losses was -HUF 3.6 billion. In the course of 3Q positive risk costs added to the bottom line earnings at OTP Core, DSK and OBH. At the same time, as a result of growing volumes risk costs increased q-o-q at the Russian operation. Furthermore, surging risk cost at the Serbian subsidiary was explained by one-off effect of the shift to new collateral valuation methodology.

The other important consequence of the favourable operating environment and low interest rates is the continuing dynamic increase of the performing loan volumes: in 3Q the FX-adjusted DPD0-90 loan book advanced by 4% q-o-q (+18% y-o-y), as a result in 9M the performing portfolio increased by HUF 839 billion (+12% ytd, FX-adjusted). Similar to the previous quarter, all credit segments realized volume increase. The biggest volume increase was posted in the large corporate segment followed by the consumer loan segment (+6% and 4%, respectively). Performing mortgage volumes grew by 2% q-o-q.

As for the major Group members, performing exposures q-o-q expanded by 6% at OTP Core (+15% ytd), but OTP Russia, OTP Ukraine, OTP Serbia and DSK Bank also excelled themselves (+9, 7, 5 and 3%, respectively). Positive that at OTP Core the performing loan volumes grew steadily in all major segments y-o-y: combined corporate and SME volumes expanded by 27%, the consumer book by 19% and housing loans by 11%.

Favourable trends were reasoned by strong disbursement activity. Within the 9M selling activity across the Group the Ukrainian, Russian and Hungarian consumer loan disbursement was outstanding (+96% 32% and 55% y-o-y), Furthermore, the Bulgarian and Hungarian mortgage origination had a strong run, too (+61 and 42%, out of the latter housing mortgages expanded by 46% y-o-y).

The FX-adjusted deposit portfolio grew by HUF 560 billion ytd (+5%). The strongest deposit inflow was registered at OTP Core and DSK Bank, whereas the Russian and Ukrainian subsidiaries managed to fund their steady lending growth from local deposit sources.

It was positive that the net loan/(deposit + retail bonds) ratio increased by 0.5 pp q-o-q to 72%.

Consolidated capital adequacy ratio (in accordance with BASEL III)

By the end of September 2018 the consolidated Common Equity Tier1 ratio under IFRS was 14.3% (-0.3 pp q-o-q and +0.6 pp y-o-y).

Neither the quarterly net result was included, nor was the accrued dividend amount deducted from the regulatory capital when calculating the IFRS consolidated capital adequacy ratios. Including those items the 3Q CET1 ratio would be 16.4% (+0.4 pp q-o-q).

Credit rating, shareholder structure

During 3Q 2018 there was no change in the existing credit ratings of OTP Bank and OTP Mortgage Bank. Accordingly, OTP Bank’s long term local-currency deposit rating is by Moody’s with stable outlook. OTP Mortgage Bank’s HUF issuer rating by Moody’s was 'Baa3' with stable outlook and their covered bond carried a rating of 'Baa1'. Since 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, by 30 September 2018 the following investors had more than 5% influence (voting rights) in the Company: MOL (the Hungarian Oil and Gas Company, 8.65%), the Kafijat Ltd (7.86%), OPUS Securities SA (5.23%) and Groupama Group (5.17%).

POST BALANCE SHEET EVENTS

Hungary

- In accordance with a legislative change effective from 17 October 2018 new building society contracts won't be eligible for the state subsidy (the subsidy in case of already existing contracts won't change). Simultaneously, the Government suggested that the potential savings in the central budget would be re-allocated for extending the Housing Subsidy for Families scheme (CSOK). As a result, on 25 October the Government decided on extending the CSOK, in particular families with two children will be eligible for a preferential housing loan in the amount of HUF 10 million (with fix 3% interest rate), whereas the original amount of HUF 10 million preferential loan for families with three children will be increased to HUF 15 million. New conditions are expected to come into force already this year.
- On 19 October 2018 the Government submitted certain tax modifications, accordingly effective from 2019 the rate of the banking tax will be reduced from 0.21% to 0.20%.
- On 26 October 2018 Dagong Europe credit rating agency affirmed OTP Bank's 'BBB+' rating, the stable outlook also remained unchanged.
- On 2 November 2018 the European Banking Authority (EBA) published the result of the European banking stress test conducted by the EBA. (Further details are available in the Extraordinary Announcement published by the Bank on 2 November.)
- Having consulted with the representatives of the construction sector, on 7 November 2018 the Finance Minister proposed the extension of the deadline for applying the preferential 5% VAT rate until 31 December 2023 (against the originally planned phase-out date of 31 December 2019) in case of newly-built houses provided that the final building permit was obtained by 1 November 2018. The proposal has yet to be approved by the Parliament.

Russia

- On 22 October 2018 Fitch affirmed its 'BB' rating on JSC OTP Bank; the outlook remained stable.

Ukraine

- On 18 October 2018 IMF staff has reached agreement on a new Stand-By Arrangement that will provide USD 3.9 billion over a 14-month period. IMF Executive Board is likely to approve the SBA in late November or early December which is conditional on passing through a 2019 budget focusing on reforms in the financial and energy sectors. The approval of the SBA is likely a sufficient condition for the World Bank and EU to proceed with their planned lending programs to Ukraine.

CONSOLIDATED AFTER TAX PROFIT BREAKDOWN BY SUBSIDIARIES (IFRS)[2]

in HUF million	9M 2017	9M 2018	Y-o-Y	3Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y
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Consolidated adjusted after tax profit without the effect of adjustments	**224,552**	**262,832**	**17%**	**79,534**	**90,878**	**92,688**	**2%**	**17%**
Banks total without one-off items[1]	212,651	249,581	17%	74,490	86,967	86,859	0%	17%
OTP Core (Hungary)[2]	136,891	139,622	2%	46,693	56,259	44,268	-21%	-5%
Corporate Centre[3]	1,949	4,551	134%	558	1,607	1,834	14%	229%
DSK Bank (Bulgaria)[4]	36,677	38,384	5%	11,305	12,872	14,253	11%	26%
OTP Bank Russia[5]	21,443	18,893	-12%	6,393	5,623	6,065	8%	-5%
Touch Bank (Russia)[6]	-5,155	-	-100%	-1,335	-	-		-100%
OBH (Croatia)[7]	11,071	20,908	89%	5,977	4,522	8,668	92%	45%
OTP Bank Ukraine[8]	8,878	18,234	105%	3,062	5,449	6,951	28%	127%
OTP Bank Romania[9]	2,084	4,793	130%	1,223	-136	3,425	-2624%	180%
OTP banka Srbija (Serbia)[10]	-1,270	1,348	-206%	213	990	-215	-122%	-201%
CKB (Montenegro)[11]	664	2,278	243%	676	678	912	34%	35%
OBS (Slovakia)[12]	-582	570	-198%	-274	-899	698	-178%	-355%
Leasing	7,073	7,473	6%	2,870	2,294	2,706	18%	-6%
Merkantil Bank + Car, adj. (Hungary)[13]	5,943	5,258	-12%	2,518	1,551	2,059	33%	-18%
Foreign leasing companies (Croatia, Bulgaria, Romania, Serbia)[14]	1,130	2,215	96%	352	743	647	-13%	84%
Asset Management	3,483	2,878	-17%	1,275	850	806	-5%	-37%
OTP Asset Management (Hungary)	3,188	2,690	-16%	1,156	822	794	-3%	-31%
Foreign Asset Management Companies (Ukraine, Romania, Bulgaria)[15]	295	188	-36%	119	28	13	-56%	-89%
Other Hungarian Subsidiaries	492	2,041	315%	360	1,055	945	-10%	163%
Other Foreign Subsidiaries[16]	-12	88	-848%	51	-80	129	-262%	154%
Eliminations	867	771	-11%	488	-209	1,243	-695%	155%
Total adjusted after tax profit of HUNGARIAN subsidiaries[17]	149,325	154,934	4%	51,768	61,085	51,142	-16%	-1%
Total adjusted after tax profit of FOREIGN subsidiaries[18]	75,223	107,898	43%	27,761	29,793	41,546	39%	50%
Share of foreign profit contribution, %	33%	41%	23%	35%	33%	45%	37%	28%

[2] 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	9M 2017	9M 2018	Y-o-Y	3Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y
Consolidated after tax profit	**212,885**	**240,504**	**13%**	**79,329**	**89,520**	**85,933**	**-4%**	**8%**
Adjustments (total)	**-11,667**	**-22,328**	**91%**	**-205**	**-1,358**	**-6,755**	**398%**	
Dividends and net cash transfers (after tax)	650	327	-50%	302	172	26	-85%	-92%
Goodwill/investment impairment charges (after tax)	-459	-5,257		-189	476	-5,732		
Special tax on financial institutions (after corporate income tax)	-15,062	-15,096	0%	-162	-187	-184	-1%	13%
Impact of fines imposed by the Hungarian Competition Authority (after tax)	177	565	220%	0	0	565		
Effect of acquisitions (after tax)	3,027	-2,867	-195%	-155	-1,819	-1,429	-21%	822%
Consolidated adjusted after tax profit without the effect of adjustments	**224,552**	**262,832**	**17%**	**79,534**	**90,878**	**92,688**	**2%**	**17%**
Before tax profit	**255,358**	**295,494**	**16%**	**88,837**	**101,771**	**104,027**	**2%**	**17%**
Operating profit	**278,082**	**297,305**	**7%**	**92,096**	**98,551**	**105,924**	**7%**	**15%**
Total income	**596,095**	**653,954**	**10%**	**202,818**	**219,942**	**227,677**	**4%**	**12%**
Net interest income	**406,131**	**443,383**	**9%**	**137,026**	**145,877**	**153,892**	**5%**	**12%**
Net fees and commissions	**151,355**	**164,126**	**8%**	**53,049**	**56,733**	**57,814**	**2%**	**9%**
Other net non-interest income	**38,608**	**46,444**	**20%**	**12,743**	**17,332**	**15,971**	**-8%**	**25%**
Foreign exchange result, net	17,667	23,869	35%	6,478	7,937	8,693	10%	34%
Gain/loss on securities, net	5,772	1,175	-80%	741	50	345	587%	-53%
Net other non-interest result	15,169	21,401	41%	5,524	9,344	6,933	-26%	26%
Operating expenses	**-318,012**	**-356,649**	**12%**	**-110,721**	**-121,391**	**-121,753**	**0%**	**10%**
Personnel expenses	-156,818	-178,401	14%	-53,827	-60,478	-60,325	0%	12%
Depreciation	-34,107	-35,137	3%	-12,957	-12,284	-11,549	-6%	-11%
Other expenses	-127,087	-143,112	13%	-43,937	-48,629	-49,879	3%	14%
Total risk costs	**-26,563**	**-5,890**	**-78%**	**-4,255**	**-2,069**	**-2,532**	**22%**	**-40%**
Provision for loan losses	-17,687	-4,306	-76%	-896	-93	-3,643		307%
Other provision	-8,876	-1,584	-82%	-3,359	-1,976	1,111	-156%	-133%
Total one-off items	**3,839**	**4,080**	**6%**	**996**	**5,289**	**636**	**-88%**	**-36%**
Gain on the repurchase of own Upper and Lower Tier2 Capital	0	0		0	0	0		
Result of the treasury share swap at OTP Core	3,839	4,080	6%	996	5,289	636	-88%	-36%
Corporate taxes	**-30,806**	**-32,663**	**6%**	**-9,304**	**-10,893**	**-11,339**	**4%**	**22%**
INDICATORS	9M 2017	9M 2018	Y-o-Y	3Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y
ROE (from accounting net earnings)	19.1%	19.3%	0.1%p	20.3%	21.9%	19.6%	-2.3%p	-0.7%p
ROE (from adjusted net earnings)	20.2%	21.1%	0.9%p	20.3%	22.3%	21.2%	-1.1%p	0.8%p
ROA (from adjusted net earnings)	2.6%	2.6%	0.0%p	2.6%	2.7%	2.6%	-0.1%p	0.0%p
Operating profit margin	3.17%	2.89%	-0.28%p	2.97%	2.87%	2.96%	0.09%p	-0.01%p
Total income margin	6.78%	6.36%	-0.43%p	6.55%	6.41%	6.36%	-0.05%p	-0.18%p
Net interest margin	4.62%	4.31%	-0.31%p	4.42%	4.25%	4.30%	0.05%p	-0.12%p
Net fee and commission margin	1.72%	1.59%	-0.13%p	1.71%	1.65%	1.62%	-0.04%p	-0.10%p
Net other non-interest income margin	0.44%	0.45%	0.01%p	0.41%	0.51%	0.45%	-0.06%p	0.04%p
Cost-to-asset ratio	3.62%	3.47%	-0.15%p	3.57%	3.54%	3.40%	-0.14%p	-0.17%p
Cost/income ratio	53.3%	54.5%	1.2%p	54.6%	55.2%	53.5%	-1.7%p	-1.1%p
Risk cost for loan losses-to-average gross loans	0.34%	0.07%	-0.27%p	0.05%	0.00%	0.17%	0.17%p	0.12%p
Total risk cost-to-asset ratio	0.30%	0.06%	-0.25%p	0.14%	0.06%	0.07%	0.01%p	-0.07%p
Effective tax rate	12.1%	11.1%	-1.0%p	10.5%	10.7%	10.9%	0.2%p	0.4%p
Non-interest income/total income	32%	32%	0%p	32%	34%	32%	-1%p	0%p
EPS base (HUF) (from unadjusted net earnings)	813	918	13%	303	342	328	-4%	8%
EPS diluted (HUF) (from unadjusted net earnings)	812	917	13%	303	342	328	-4%	8%
EPS base (HUF) (from adjusted net earnings)	858	1,004	17%	304	347	354	2%	16%
EPS diluted (HUF) (from adjusted net earnings)	858	1,003	17%	304	347	354	2%	16%
Comprehensive Income Statement	9M 2017	9M 2018	Y-o-Y	3Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y
Consolidated after tax profit	212,885	240,504	13%	79,329	89,520	85,934	-4%	8%
Fair value changes of financial instruments measured at fair value through other comprehensive income	11,573	-18,732	-262%	3,418	-17,797	3,289	-118%	-4%
Fair value adjustment of derivative financial instruments designated as cash-flow hedge	0	25		0	32	-8	-125%	
Net investment hedge in foreign operations	-119	-4,317		-584	-4,571	959	-121%	-264%
Foreign currency translation difference	-12,395	23,712	-291%	343	48,327	-28,892	-160%	
Change of actuarial costs (IAS 19)	0	0		0	0	0		
Net comprehensive income	**211,945**	**241,191**	**14%**	**82,506**	**115,513**	**61,280**	**-47%**	**-26%**
o/w Net comprehensive income attributable to equity holders	211,852	241,103	14%	82,420	115,374	61,367	-47%	-26%
Net comprehensive income attributable to non-controlling interest	93	88	-5%	86	139	-87	-163%	-201%
Average exchange rate of the HUF (in HUF)	9M 2017	9M 2018	Y-o-Y	3Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y
HUF/EUR	308	318	3%	306	317	324	2%	6%
HUF/CHF	282	274	-3%	271	270	283	5%	5%
HUF/USD	277	266	-4%	261	266	279	5%	7%

CONSOLIDATED BALANCE SHEET

Main components of balance sheet in HUF million	3Q 2017	4Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y	YTD
TOTAL ASSETS	**12,641,691**	**13,190,228**	**14,213,426**	**14,362,575**	**1%**	**14%**	**9%**
Cash and amount due from banks	1,182,704	1,198,046	1,181,072	1,091,217	-8%	-8%	-9%
Placements with other banks	462,832	462,180	629,013	691,289	10%	49%	50%
Financial assets at fair value	322,404	344,417	331,545	196,808	-41%	-39%	-43%
Securities available-for-sale	2,040,018	2,174,718	1,925,895	2,030,765	5%	0%	-7%
Net customer loans	6,694,349	6,987,834	7,737,846	7,908,033	2%	18%	13%
Net customer loans (FX adjusted[1])	**6,819,125**	**7,155,905**	**7,633,148**	**7,908,033**	**4%**	**16%**	**11%**
Gross customer loans	7,498,123	7,690,419	8,501,864	8,616,678	1%	15%	12%
Gross customer loans (FX adjusted[1])	**7,638,916**	**7,880,067**	**8,380,985**	**8,616,678**	**3%**	**13%**	**9%**
o/w Retail loans	4,840,071	4,959,505	5,139,026	5,256,870	2%	9%	6%
Retail mortgage loans (incl. home equity)	2,493,792	2,502,477	2,528,117	2,550,562	1%	2%	2%
Retail consumer loans	1,770,604	1,896,906	1,993,462	2,064,254	4%	17%	9%
SME loans	575,675	560,122	617,447	642,054	4%	12%	15%
Corporate loans	2,532,512	2,651,671	2,941,465	3,050,486	4%	20%	15%
Loans to medium and large corporates	2,303,139	2,444,176	2,641,267	2,764,232	5%	20%	13%
Municipal loans	229,373	207,495	300,198	286,254	-5%	25%	38%
Car financing loans	259,526	268,733	300,493	309,322	3%	19%	15%
Bills and accrued interest receivables related to loans	6,807	158	0	0	0%	-100%	-100%
Allowances for loan losses	-803,774	-702,585	-764,018	-708,646	-7%	-12%	1%
Equity investments	11,824	12,269	18,672	25,664	37%	117%	109%
Securities held-to-maturity	1,250,083	1,310,331	1,649,681	1,675,271	2%	34%	28%
Premises, equipment and intangible assets, net	377,592	413,389	422,300	409,123	-3%	8%	-1%
o/w Goodwill, net	102,232	100,976	102,279	93,822	-8%	-8%	-7%
Premises, equipment and other intangible assets, net	275,360	312,414	320,021	315,301	-1%	15%	1%
Other assets	299,885	287,044	317,403	334,405	5%	12%	16%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**12,641,691**	**13,190,228**	**14,213,426**	**14,362,575**	**1%**	**14%**	**9%**
Liabilities to credit institutions and governments	497,513	472,068	600,048	521,335	-13%	5%	10%
Customer deposits	9,671,295	10,233,471	10,870,394	11,032,659	1%	14%	8%
Customer deposits (FX adjusted[1])	**9,856,912**	**10,475,392**	**10,754,252**	**11,032,659**	**3%**	**12%**	**5%**
o/w Retail deposits	7,034,494	7,449,814	7,797,660	8,021,836	3%	14%	8%
Household deposits	5,884,735	6,234,550	6,485,128	6,647,702	3%	13%	7%
SME deposits	1,149,759	1,215,263	1,312,532	1,374,134	5%	20%	13%
Corporate deposits	2,806,771	3,010,903	2,944,367	2,999,055	2%	7%	0%
Deposits to medium and large corporates	2,089,883	2,318,080	2,229,895	2,215,793	-1%	6%	-4%
Municipal deposits	716,888	692,823	714,472	783,262	10%	9%	13%
Accrued interest payable related to customer deposits	15,647	14,675	12,225	11,769	-4%	-25%	-20%
Issued securities	251,527	250,320	305,109	338,155	11%	34%	35%
o/w Retail bonds	7,096	6,500	6,539	5,897	-10%	-17%	-9%
Issued securities without retail bonds	244,430	243,821	298,571	332,258	11%	36%	36%
Other liabilities	569,012	518,286	646,985	617,597	-5%	9%	19%
Subordinated bonds and loans[2]	76,903	76,028	83,513	82,173	-2%	7%	8%
Total shareholders' equity	**1,575,440**	**1,640,055**	**1,707,376**	**1,770,656**	**4%**	**12%**	**8%**
Indicators	3Q 2017	4Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y	YTD
Loan/deposit ratio (FX adjusted[1])	78%	75%	78%	78%	0%p	1%p	3%p
Net loan/(deposit + retail bond) ratio (FX adjusted[1])	69%	68%	71%	72%	1%p	3%p	3%p
Stage 3 loan volume under IFRS 9			942,191	848,497	-10%		
Stage 3 loans under IFRS9/gross customer loans			11.1%	9.8%	-1.2%p		
Stage 2 loan volume under IFRS 9			616,708	569,652	-8%		
Stage 2 loans under IFRS9/gross customer loans			7.3%	6.6%	-0.6%p		
90+ days past due loan volume	842,207	707,211	692,521	624,943	-10%	-26%	-12%
90+ days past due loans/gross customer loans	11.2%	9.2%	8.1%	7.3%	-0.9%p	-4.0%p	-1.9%p
Total provisions/90+ days past due loans	95.4%	99.3%	110.3%	113.4%	3.1%p	18.0%p	14.0%p
Consolidated capital adequacy - Basel3	3Q 2017	4Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y	YTD
Capital adequacy ratio (consolidated, IFRS)	15.8%	14.6%	16.5%	16.2%	-0.4%p	0.4%p	1.6%p
Tier1 ratio	13.7%	12.7%	14.6%	14.3%	-0.3%p	0.6%p	1.6%p
Common Equity Tier1 ('CET1') capital ratio	13.7%	12.7%	14.6%	14.3%	-0.3%p	0.6%p	1.6%p
Regulatory capital (consolidated)	1,236,617	1,228,628	1,488,071	1,478,807	-1%	20%	20%
o/w Tier1 Capital	1,069,936	1,062,701	1,314,371	1,306,384	-1%	22%	23%
o/w Common Equity Tier1 capital	1,069,936	1,062,701	1,314,371	1,306,384	-1%	22%	23%
Tier2 Capital	166,681	165,927	173,700	172,424	-1%	3%	4%
o/w Hybrid Tier2	89,935	89,935	89,935	89,935	0%	0%	0%
Consolidated risk weighted assets (RWA) (Credit&Market&Operational risk)	7,808,796	8,389,920	8,991,613	9,130,630	2%	17%	9%
o/w RWA (Credit risk)	6,328,779	6,795,559	7,549,528	7,675,717	2%	21%	13%
RWA (Market & Operational risk)	1,480,017	1,594,361	1,442,085	1,454,913	1%	-2%	-9%
Closing exchange rate of the HUF (in HUF)	3Q 2017	4Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y	YTD
HUF/EUR	311	310	329	324	-1%	4%	4%
HUF/CHF	272	265	284	285	0%	5%	8%
HUF/USD	264	259	282	279	-1%	6%	8%

[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	9M 2017	9M 2018	Y-o-Y	3Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	136,891	139,622	2%	46,693	56,259	44,268	-21%	-5%
Corporate income tax	-15,349	-11,869	-23%	-3,805	-4,616	-3,728	-19%	-2%
Pre-tax profit	152,240	151,491	0%	50,498	60,874	47,995	-21%	-5%
Operating profit	117,791	118,401	1%	36,410	41,171	39,269	-5%	8%
Total income	274,084	284,170	4%	90,964	97,562	97,070	-1%	7%
Net interest income	174,173	182,796	5%	57,892	60,004	63,286	5%	9%
Net fees and commissions	82,914	81,185	-2%	28,760	29,184	28,161	-4%	-2%
Other net non-interest income	16,998	20,189	19%	4,312	8,374	5,623	-33%	30%
Operating expenses	-156,293	-165,769	6%	-54,555	-56,390	-57,800	2%	6%
Total risk costs	30,610	29,010	-5%	13,092	14,414	8,090	-44%	-38%
Provisions for possible loan losses	29,448	32,135	9%	13,387	16,267	8,163	-50%	-39%
Other provisions	1,162	-3,126	-369%	-295	-1,853	-72	-96%	-75%
Total one-off items	3,839	4,080	6%	996	5,289	636	-88%	-36%
Gain on the repurchase of own Upper and Lower Tier2 Capital	0	0	0%	0	0	0	0%	0%
Revaluation result of the treasury share swap agreement	3,839	4,080	6%	996	5,289	636	-88%	-36%
Indicators	**9M 2017**	**9M 2018**	**Y-o-Y**	**3Q 2017**	**2Q 2018**	**3Q 2018**	**Q-o-Q**	**Y-o-Y**
ROE	13.6%	12.8%	-0.8%p	13.5%	15.7%	11.9%	-3.8%p	-1.6%p
ROA	2.5%	2.3%	-0.2%p	2.5%	2.8%	2.1%	-0.6%p	-0.4%p
Operating profit margin	2.2%	2.0%	-0.2%p	2.0%	2.0%	1.9%	-0.1%p	-0.1%p
Total income margin	5.09%	4.70%	-0.39%p	4.93%	4.83%	4.68%	-0.15%p	-0.25%p
Net interest margin	3.24%	3.03%	-0.21%p	3.14%	2.97%	3.05%	0.08%p	-0.09%p
Net fee and commission margin	1.54%	1.34%	-0.20%p	1.56%	1.44%	1.36%	-0.09%p	-0.20%p
Net other non-interest income margin	0.32%	0.33%	0.02%p	0.23%	0.41%	0.27%	-0.14%p	0.04%p
Operating costs to total assets ratio	2.9%	2.7%	-0.2%p	3.0%	2.8%	2.8%	0.0%p	-0.2%p
Cost/income ratio	57.0%	58.3%	1.3%p	60.0%	57.8%	59.5%	1.7%p	-0.4%p
Cost of risk/average gross loans[1]	-1.46%	-1.46%	0.00%p	-1.92%	-2.24%	-1.05%	1.19%p	0.88%p
Effective tax rate	10.1%	7.8%	-2.2%p	7.5%	7.6%	7.8%	0.2%p	0.2%p

[1] Negative *Cost of risk/average gross loan volumes* indicators imply provision release.

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

Main components of balance sheet closing balances in HUF mn	3Q 2017	4Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y	YTD
Total Assets	7,503,496	7,704,135	8,239,391	8,349,719	1%	11%	8%
Net customer loans	2,622,597	2,634,920	2,860,243	3,025,985	6%	15%	15%
Net customer loans (FX adjusted)	**2,639,107**	**2,653,950**	**2,853,968**	**3,025,985**	**6%**	**15%**	**14%**
Gross customer loans	2,791,162	2,793,871	3,025,251	3,185,860	5%	14%	14%
Gross customer loans (FX adjusted)	**2,809,183**	**2,815,085**	**3,018,591**	**3,185,860**	**6%**	**13%**	**13%**
Retail loans	1,820,503	1,823,519	1,889,331	1,944,676	3%	7%	7%
Retail mortgage loans (incl. home equity)	1,274,797	1,275,704	1,293,423	1,317,635	2%	3%	3%
Retail consumer loans	365,180	372,012	399,383	418,292	5%	15%	12%
SME loans	180,526	175,804	196,525	208,749	6%	16%	19%
Corporate loans	988,680	991,565	1,129,260	1,241,184	10%	26%	25%
Loans to medium and large corporates	949,659	955,762	1,048,270	1,155,117	10%	22%	21%
Municipal loans	39,020	35,803	80,990	86,067	6%	121%	140%
Provisions	-168,566	-158,951	-165,009	-159,875	-3%	-5%	1%
Provisions (FX adjusted)	**-170,076**	**-161,135**	**-164,623**	**-159,875**	**-3%**	**-6%**	**-1%**
Deposits from customers + retail bonds	5,133,355	5,388,080	5,671,379	5,781,517	2%	13%	7%
Deposits from customers + retail bonds (FX adjusted)	**5,170,376**	**5,434,373**	**5,657,938**	**5,781,517**	**2%**	**12%**	**6%**
Retail deposits + retail bonds	3,376,635	3,507,142	3,776,782	3,866,017	2%	14%	10%
Household deposits + retail bonds	2,756,408	2,847,477	3,055,165	3,116,354	2%	13%	9%
o/w: Retail bonds	7,096	6,500	6,539	5,897	-10%	-17%	-9%
SME deposits	620,227	659,665	721,617	749,664	4%	21%	14%
Corporate deposits	1,793,741	1,927,232	1,881,156	1,915,500	2%	7%	-1%
Deposits to medium and large corporates	1,137,117	1,307,814	1,253,833	1,229,023	-2%	8%	-6%
Municipal deposits	656,624	619,417	627,323	686,477	9%	5%	11%
Liabilities to credit institutions	307,458	285,539	364,291	291,250	-20%	-5%	2%
Issued securities without retail bonds	288,394	288,799	342,875	375,955	10%	30%	30%
Total shareholders' equity	1,401,460	1,430,256	1,454,014	1,506,141	4%	7%	5%
Loan Quality	3Q 2017	4Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y	YTD
Stage 3 loan volume under IFRS 9 (in HUF million)			251,318	215,743	-14.2%		
Stage 3 loans under IFRS 9/gross customer loans (%)			8.3%	6.8%	-1.5%p		
90+ days past due loan volume (in HUF million)	208,898	179,618	167,341	159,439	-5%	-24%	-11.2%
90+ days past due loans/gross customer loans (%)	7.5%	6.4%	5.5%	5.0%	-0.5%p	-2.5%p	-1.4%p
Total provisions/90+ days past due loans (%)	80.7%	88.5%	98.6%	100.3%	1.7%p	19.6%p	11.8%p
Market Share	3Q 2017	4Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y	YTD
Loans	21.0%	20.6%	21.1%	20.9%	-0.2%p	-0.1%p	0.3%p
Deposits	25.5%	26.1%	25.9%	25.8%	-0.1%p	0.3%p	-0.3%p
Total Assets	25.3%	25.7%	26.0%	26.5%	0.6%p	1.3%p	0.9%p
Performance Indicators	3Q 2017	4Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y	YTD
Net loans to (deposits + retail bonds) (FX adjusted)	51%	49%	50%	52%	2%p	4%p	4%p
Leverage (closing Shareholder's Equity/Total Assets)	18.7%	18.6%	17.6%	18.0%	0.4%p	-0.5%p	-0.5%p
Leverage (closing Total Assets/Shareholder's Equity)	5.4x	5.4x	5.7x	5.5x	-0.1x	0.2x	0.2x
Capital adequacy ratio (OTP Bank, non-consolidated, Basel3, IFRS)	30.6%	31.4%	30.6%	30.8%	0.2%p	0.2%p	-0.6%p
Common Equity Tier1 ratio (OTP Bank, non-consolidated, Basel3, IFRS)	28.1%	29.0%	28.2%	28.5%	0.3%p	0.4%p	-0.5%p

- ***The cumulated adjusted profit after tax of OTP Core reached HUF 139.6 billion (+2% y-o-y), within that the 3Q net result represented HUF 44.3 billion***
- ***The q-o-q profit dynamics were shaped by the 5% higher net interest income, base effects affecting other income and lower positive risk costs***
- ***After the diminishing trend observed in the last couple of quarters the net interest margin slightly improved in 3Q***
- ***The DPD90+ ratio sank further and hit 5%***
- ***Further accelerating performing loan growth: the corporate segment remained the engine of growth, but household volumes also gained momentum q-o-q***
- ***Performing consumer loan growth reached 6% q-o-q; mortgages expanded by 2%, within that the 4% q-o-q housing loan growth propelled their yearly growth rate to above 10%***
- ***First nine months mortgage loan disbursements soared by 42% y-o-y. Within new loan applications the share of fixed rate and within that, the proportion of loans with longer interest rate fixation periods have been rising further***

P&L developments

Without the effect of adjustment items **OTP Core** delivered an after tax profit of HUF 139.6 billion in the first nine months of 2018, marking an improvement of 2% y-o-y. 3Q profit amounted to HUF 44.3 billion, down by 5% y-o-y and 21% q-o-q.

The cumulated profit before tax remained stable, balanced by the joint effect of 1% higher operating result and lower amount of positive risk costs.

The 9M total income (without one-off revenue items) went up by 4% y-o-y, predominantly driven by the 5% 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. The 9M 2018 net interest margin (3.03%) declined by 21 bps compared to the base period.

As for the quarterly developments, 3Q net interest income grew by 5% q-o-q. The accelerating loan growth was supportive to the NII generation, which – beside the 1% growth of average balance sheet total due to the slightly further expanding deposit base – also brought about an increasing share of loans within total assets. There was an improvement in the swap result, too: it was to a great extent due to the maturity of interest rate swaps in 2Q along with the maturity of government bonds swapped to variable rate, as the fixed interest rate the Bank paid exceeded the variable rate the Bank received under the swap agreement. On the other hand, the swap result was also supported by repricing of outstanding swaps at higher short term rates where the Bank receives variable interest rate.

Within liquid assets the lowest margin component showed a decline q-o-q on average (after the increase witnessed in the previous quarter), explained by the lower balance of FX liquidity placed at negative interest rates.

The q-o-q improvement of net interest margin was also due to the repricing of variable rate loans priced on short term interbank interest rates, whereas deposit rates remained stable over the quarter. The average rate of 3M BUBOR picked up by 11 bps and the 6M BUBOR by 21 bps. In the second quarter the increase in the rate environment from mid-May had not yet generated materially higher interest revenues due to the delay in the repricing of variable rate assets. This effect was more pronounced in the third quarter (variable rate mortgage loans are typically priced on the 3M BUBOR and floating rate corporate loans on the 6M BUBOR).

In 3Q the average interest rate of the mortgage loan stock continued to contract.

The above factors altogether resulted in q-o-q widening net interest margin: it expanded by 8 bps to 3.05%.

The 9M net fee and commission income decreased by 2% y-o-y. On one hand, growing transactional turnover and volumes resulted in stronger card, deposit and transaction-related fee revenues. However, securities fee income declined because the distribution fees on certain household targeted government bonds were reduced by the Government Debt Management Agency in two steps: from July 2017 and February 2018.

In the third quarter net fees dropped by 4% or HUF 1.0 billion q-o-q. The underlying trends remained intact: in line with previous trends, the strengthening business activity generated higher deposit- and transaction-related fee revenues, but the quarterly fee income development was negatively influenced by two technical items. Firstly, a one-timer negative correction item in the amount of HUF 1.4 billion was booked in the third quarter, as commission expenditures paid in previous periods in relation to a partner were revised in a lump-sum. This item was neutral to 3Q earnings, as the Bank has already created other provisions for this purpose in the same amount in 2Q, and those provisions were released in 3Q. Secondly, the accounting of contributions payable into the Compensation Fund (established in order to indemnify the victims of Quaestor and Hungaria Securities Ltd.) and also the related tax deductions induced a decline of altogether HUF 0.5 billion q-o-q in the net fee income[3].

The 9M other net non-interest income (without one-offs) grew by 19% y-o-y. This was partially owing to the better FX-result realized in 2Q 2018. The 33% q-o-q set-back seen in 3Q was partially due to this base effect, and partially to weaker securities gains.

The reason for the q-o-q lower *Revaluation result of the treasury share swap agreement* (showed among the one-off revenue items) was that in 2Q 2018 both the extraordinary dividend (HUF 1.7 billion) and the normal one (HUF 3.4 billion) paid by MOL Plc. was presented on this line in the amount of altogether HUF 5.1 billion.

9M operating expenses increased by 6% y-o-y. Within that, the dynamics of personnel expenses was driven by base salary hikes in 2017 and further hikes effective from April 2018 in the network and July 2018 in the headquarters, but the higher number of employees played a role, too. These were partially offset by the 2.5 pps reduction of social and health care contributions to be paid by employers effective from January 2018. (In 2017 the Government cut these contributions by 5 pps).

The q-o-q 2% increase in 3Q operating costs was mainly due to base salary hikes in the headquarters and further increasing headcount, and also to the higher advisory costs related to organizational and operational restructuring projects.

On the total risk costs line a positive amount of HUF 29 billion was recognized in 9M 2018, 5% less than a year ago. 3Q total risk costs represented a positive amount of HUF 8.1 billion.

Favourable credit quality trends remained in place: the DPD90+ volumes adjusted for FX rate movements and sales and write offs declined by HUF 2 billion in 1Q, HUF 3 billion in 2Q and HUF 3 billion in 3Q 2018 (the decline was HUF 5 billion in 2016 as a whole adjusted for the technical effect of the AXA portfolio take-over, and HUF 14 billion in 2017, respectively). In 9M 2018 HUF 14.1 billion non-performing exposures were sold or written off, of which HUF 5.5 billion in 3Q. The DPD90+ ratio moderated by 0.5 pp q-o-q to 5.0%. The ratio of Stage 3 loans under IFRS 9 to total gross loans declined at a faster pace, by 1.5 pps q-o-q to 6.8%, mainly due to the sale of a large corporate exposure with less than 90 days delay, and a repayment-induced corporate recovery.

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: performing loans advanced by 6% q-o-q, 15% ytd and 16% y-o-y (FX-adjusted).

Organic loan expansion was predominantly driven by outstanding corporate loan growth in 3Q 2018, too similar to 2016, 2017 and the previous quarters of 2018. It is favourable that household loan growth and within that, mortgage and consumer loan expansion has been following an accelerating growth pattern, too.

In 3Q all major product segments demonstrated significant q-o-q growth: within the overall 6% q-o-q performing loan growth mortgages expanded by 2%, consumer loans by 6%, SME loans by 7%, and the total corporate book by 10%, respectively.

As for mortgage loans, the steadily strong new disbursement growth precipitated accelerating stock volume growth: in 1Q 2018 the q-o-q expansion was 0.6%, followed by 1.6% in 2Q and 2.4% in 3Q.

The stock of performing mortgage loans consist of three major components: housing loans (making up 76% of the total performing stock), home equities (or mortgage-backed consumer loans, 22%), and flat lease (1.3%). These three product segments have different growth patterns. Performing housing loan volumes are the main contributors to growth: thanks to the 4% quarterly growth their yearly expansion already pierced 10% (+11% y-o-y). On the contrary, home equity loans have been steadily dwindling (-2% q-o-q, -8% y-o-y) as their amortization exceeds new disbursements in the wake of waning popularity compared to the pre-crisis period. Flat lease volumes making up a small part of total mortgages grew by 3% y-o-y.

In the first nine months mortgage loan applications at OTP Core amounted to HUF 272 billion (+26% y-o-y). Cumulated 9M new disbursements showed a 42% increase y-o-y; in 3Q the quarterly growth of new mortgage sales represented 18%.

OTP Bank's market share in new mortgage loan contractual amounts reached 30.1% in 9M 2018, of which 3Q stood at 31.1%.

From October 2017 the share of fixed rate mortgages within total mortgage loan applications has been rising steadily and unambiguously. The

[3] In 1Q 2018 the full annual contribution into the Compensation Fund was accounted for in the amount of HUF 1.35 billion in a lump-sum, in line with IFRS standards.
Pursuant to the notification received from the Deposit Protection Fund in June 2018, the total annual contribution payable by OTP declined to HUF 1.1 billion. Therefore, in 2Q the amount booked in 1Q was changed to HUF 1.1 billion (resulting in a HUF 0.25 billion decline of this expenditure item in 2Q 2018).
The de facto contributions can be deducted immediately from the nominal amount of banking tax or financial transaction tax or corporate tax. Due to the tax deductibility, in the adjusted P&L structure both the contributions and the deductions are presented within the financial transaction tax, as part of the net fee and commission income.
In 2Q 2018 HUF 0.7 billion, in 3Q 2018 HUF 0.4 billion tax deductions were accounted for.

proportion of fixed rate housing loans (with an interest rate fixation period of at least 5 years) within non-subsidized housing loan applications reached 95% in 3Q 2018, against around 50% in 2017 as a whole. It was also positive that in the last several months the applications for mortgages with a repricing period of 10 years or more already exceeded that for 5 years fixed loans: in September 2018 the aggregated volume of applications for loans with fixation period of 10 and 20 years was around 60% within total 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 PTI rules effective from 1 October 2018. In September 2018 the share of certified customer-friendly mortgages within new fixed rate market-based housing loan applications reached 70%.

OTP Bank helps the Hungarian families realize their housing aims through its active participation in the Housing Subsidy Scheme for Families (CSOK), too. In 9M 2018 almost 10 thousand applications for the CSOK subsidy were registered at OTP Bank with a value of HUF 32 billion.

Performing consumer loan dynamics also demonstrated an accelerating trend (+6% q-o-q, +19% y-o-y, FX-adjusted). Within consumer loans, cash loan growth was outstanding: the quarterly growth reached 10%, whereas the yearly increase accelerated to 40%. OTP's market share in the cash loan volumes stood at 33.3% at the end of the period under review.

FX-adjusted deposit volumes (including retail bonds) increased by 12% y-o-y and by 2% q-o-q. The yearly rate was equally supported by household, SME and corporate deposit inflows. The quarterly increase was fuelled by the continued strong pace of household deposit growth, while within corporate the outflow from large company deposits was counterbalanced by the municipal deposit inflow.

With the net loan to deposit ratio increasing q-o-q the balance sheet structure of the Hungarian base operation showed some improvement, though the absolute level of the ratio (52%) can still be regarded as quite low.

As for the distribution of the liquidity reserves of the Bank, in the last several years there has been a gradual shift towards longer duration Hungarian government securities, but the government bond holding of OTP Bank decreased q-o-q in 2Q 2018. The liquidity surplus arising in 2Q from maturing government bonds swapped to variable rate earlier was invested mainly into fixed rate government bonds classified as hold-to-maturity (HTM).

The ytd increase in the volume of issued securities was reasoned on one hand by covered bond issuances by OTP Mortgage Bank: in April HUF denominated covered bonds were sold with 5 year maturity and fixed 1.75% coupon, and in 3Q floating rate (1M BUBOR + 60 bps) HUF covered bonds were issued with maturity in 2024. At the same time, previously issued covered bonds were repurchased in 3Q.

Amendments to the monetary policy toolset of the National Bank of Hungary and the launch of FGS fix programme

On 18 September 2018 the National Bank of Hungary announced that the set of unconventional instruments affecting short-term yields will be simplified, and the set of unconventional instruments affecting long-term yields will be fine-tuned.

On one hand, the Council decided to phase out the three-month deposit facility by the end of 2018. The current HUF 75 billion stock of three-month central bank deposits will decline to zero by the end of December 2018. The interest rate remunerated on required reserves and preferential deposits will remain equal to the central bank base rate. Looking forward, the NBH will adjust the monetary conditions necessary to achieve the inflation target in a sustainable manner by creating an optimal combination of two of its instruments: swaps providing forint liquidity and the interest rate corridor.

On the other hand, as part of the fine-tuning of the unconventional policy instruments affecting long-term yields, the Council made a decision to phase out the monetary policy IRS (MIRS) tenders and the mortgage bond purchase programme by the end of 2018. The Council set the annual maximum stock of monetary policy IRS for 2018 at HUF 1,100 billion. The mortgage bond programme will be ended in two stages: purchases in the primary market will continue until 31 December 2018, while purchases in the secondary market ended by 30 September 2018.

In the meantime, the Funding for Growth Scheme Fix (FGS fix) will be launched in early 2019 with a total available amount of HUF 1,000 billion. At the announcement of the scheme the NBH hasn't set a deadline for the utilization of the available funds. Similarly to the previous phases of the FGS, the NBH will provide credit institutions with refinancing funds at 0% interest rate, which they may lend further to SMEs at a maximum fixed interest rate of 2.5%. The loans can be taken out only for new investment purposes, their denomination is Hungarian Forint, and the total volume of loans allowed to be taken out per SME will be HUF 1 billion. The maturity can be between 3 and 10 years. The NBH will elaborate the details of the allocation of the facility amount among banks in the near future. With the new programme the NBH's specific objective is to raise the proportion of long-term, fixed-rate lending to SMEs to an adequate level, from the current 16% to around 30%. The MNB will sterilise the liquidity provided under this programme by a preferential deposit facility bearing interest at the central bank base rate. From Spring 2019 the preferential deposit facility will be available to the banks participating in the scheme only in relation to the loans disbursed under FGS fix.

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	9M 2017	9M 2018	Y-o-Y	3Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	3,188	2,690	-16%	1,156	822	794	-3%	-31%
Income tax	-314	-257	-18%	-116	-88	-62	-30%	-46%
Profit before income tax	3,502	2,947	-16%	1,272	910	856	-6%	-33%
Operating profit	3,502	2,947	-16%	1,272	910	856	-6%	-33%
Total income	4,781	4,757	-1%	1,648	1,547	1,511	-2%	-8%
Net interest income	0	0		0	0	0		
Net fees and commissions	4,810	4,742	-1%	1,643	1,535	1,505	-2%	-8%
Other net non-interest income	-30	15	-150%	5	12	6	-50%	24%
Operating expenses	-1,279	-1,809	41%	-376	-637	-655	3%	74%
Other provisions	0	0		0	0	0		
Main components of balance sheet closing balances in HUF mn	**2017**	**9M 2018**	**YTD**	**3Q 2017**	**2Q 2018**	**3Q 2018**	**Q-o-Q**	**Y-o-Y**
Total assets	20,587	19,192	-7%	17,168	18,617	19,192	3%	12%
Total shareholders' equity	17,958	12,895	-28%	12,922	12,253	12,895	5%	0%
Asset under management in HUF bn	**2017**	**9M 2018**	**YTD**	**3Q 2017**	**2Q 2018**	**3Q 2018**	**Q-o-Q**	**Y-o-Y**
Assets under management, total (w/o duplicates)	**1,519**	**1,108**	**-27%**	**1,505**	**1,228**	**1,108**	**-10%**	**-26%**
Retail investment funds (closing, w/o duplicates)	942	824	-13%	945	876	824	-6%	-13%
Volume of managed assets (closing, w/o duplicates)	576	283	-51%	560	353	283	-20%	-49%

The **OTP Fund Management** achieved HUF 2.7 billion profit in 9M 2018 (-16% y-o-y), of which the 3Q after tax profit represented HUF 0.8 billion (-3% q-o-q).

The erosion of 9M operating profit (-16% y-o-y) was a result of a marginal decline of net fees and commissions and the 41% y-o-y rise of the operating expenses. The higher OPEX is partly reasoned by a change in booking the variable remuneration related to the performance of investment funds against their benchmarks: while for 2017 it was booked in a lump sum in 4Q 2017, starting from 2018 it was accrued on a quarterly base according to the expected yearly amount. Furthermore, partly due to regulatory requirements there was an increase in average headcount, and applying MiFID II rules also added to the cost base.

Considering the whole market, in 9M 2018 the assets under management of BAMOSZ members increased, and by the end of September reached HUF 6,304 billion. So far in 2018 real estate funds were the absolute winners of net inflows: ytd they attracted HUF 280 billion fresh money. After several months of net outflows money market funds already grew moderately in September, however y-o-y the portfolio decrease is still meaningful, similar to bond funds. Equity funds registered cash inflows ytd.

Assets under management at the Company decreased by 4% y-o-y and by 3% q-o-q. The shift within different types of investment funds resembled pretty much the whole market. The most significant net outflow hit the money market and guaranteed funds, whereas real estate funds, as well as equity funds had a good run ytd.

The market share of OTP Fund Management (without duplications) was 22.6% at the end of 3Q, down by 0.6 pp q-o-q. 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	9M 2017	9M 2018	Y-o-Y	3Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	5,943	5,258	-12%	2,518	1,551	2,059	33%	-18%
Income tax	-320	-169	-47%	-187	0	-169		-10%
Profit before income tax	6,263	5,427	-13%	2,705	1,551	2,227	44%	-18%
Operating profit	5,056	5,191	3%	2,294	1,513	1,893	25%	-17%
Total income	9,532	9,805	3%	3,757	3,274	3,261	0%	-13%
Net interest income	9,151	9,704	6%	3,576	3,224	3,383	5%	-5%
Net fees and commissions	-320	-80	-75%	-62	-38	-12	-70%	-81%
Other net non-interest income	701	180	-74%	243	88	-110		
Operating expenses	-4,476	-4,613	3%	-1,463	-1,761	-1,368	-22%	-6%
Total provisions	1,207	235	-81%	411	38	334	772%	-19%
Provision for possible loan losses	1,586	207	-87%	504	51	295	483%	-41%
Other provision	-379	28		-93	-12	39		
Main components of balance sheet closing balances in HUF mn	**2017**	**9M 2018**	**YTD**	**3Q 2017**	**2Q 2018**	**3Q 2018**	**Q-o-Q**	**Y-o-Y**
Total assets	369,180	390,181	6%	358,246	388,413	390,181	0%	9%
Gross customer loans	292,925	310,691	6%	292,654	309,098	310,691	1%	6%
Gross customer loans (FX-adjusted)	294,089	310,691	6%	293,643	308,749	310,691	1%	6%
Retail loans	29,017	30,231	4%	28,998	30,657	30,231	-1%	4%
Corporate loans	90,273	93,828	4%	86,579	95,069	93,828	-1%	8%
Car financing loans	174,799	186,632	7%	178,066	183,024	186,632	2%	5%
Allowances for possible loan losses	-21,000	-19,312	-8%	-34,312	-20,293	-19,312	-5%	-44%
Allowances for possible loan losses (FX-adjusted)	-21,049	-19,312	-8%	-34,355	-20,292	-19,312	-5%	-44%
Deposits from customers	20,799	16,733	-20%	22,903	18,370	16,733	-9%	-27%
Deposits from customer (FX-adjusted)	20,799	16,733	-20%	22,903	18,370	16,733	-9%	-27%
Retail deposits	19,250	14,529	-25%	21,019	16,009	14,529	-9%	-31%
Corporate deposits	1,549	2,204	42%	1,885	2,361	2,204	-7%	17%
Liabilities to credit institutions	303,371	328,587	8%	292,591	325,407	328,587	1%	12%
Total shareholders' equity	30,268	30,883	2%	30,446	28,824	30,883	7%	1%
Loan Quality	**9M 2017**	**9M 2018**	**Y-o-Y**	**3Q 2017**	**2Q 2018**	**3Q 2018**	**Q-o-Q**	**Y-o-Y**
Stage 3 loan volume under IFRS 9 (in HUF million)		19,931			20,868	19,931	-4%	
Stage 3 loans under IFRS 9/gross customer loans (%)		6.4%			6.8%	6.4%	-0.3%p	
Cost of risk/average gross loans (%)	-0.74%	-0.09%	0.65%p	-0.68%	-0.07%	-0.37%	-0.31%p	0.31%p
90+ days past due loan volume (in HUF million)	30,547	15,834	-48%	30,547	16,739	15,834	-5%	-48%
90+ days past due loans/gross customer loans (%)	10.4%	5.1%	-5.3%p	10.4%	5.4%	5.1%	-0.3%p	-5.3%p
Total provisions/90+ days past due loans (%)	112.3%	122.0%	9.6%p	112.3%	121.2%	122.0%	0.7%p	9.6%p
Performance Indicators	**9M 2017**	**9M 2018**	**Y-o-Y**	**3Q 2017**	**2Q 2018**	**3Q 2018**	**Q-o-Q**	**Y-o-Y**
ROA	2.2%	1.8%	-0.4%p	2.8%	1.6%	2.1%	0.5%p	-0.7%p
ROE	29.4%	24.3%	-5.1%p	34.5%	22.3%	27.3%	5.0%p	-7.2%p
Total income margin	3.60%	3.45%	-0.15%p	4.17%	3.43%	3.33%	-0.10%p	-0.84%p
Net interest margin	3.46%	3.41%	-0.04%p	3.97%	3.38%	3.45%	0.08%p	-0.51%p
Cost/income ratio	47.0%	47.1%	0.1%p	38.9%	53.8%	42.0%	-11.8%p	3.0%p

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

Merkantil Bank and Car posted HUF 5.3 billion adjusted after tax profit in 9M 2018. The y-o-y lower profit was mainly attributable to credit risk cost development: against HUF 1.2 billion provision release in the base period, in 9M 2018 risk costs comprised only +HUF 0.2 billion. 3Q adjusted net earnings represented HUF 2.1 billion (+33% q-o-q).

9M net interest income increased by 6% y-o-y, the expansion of performing loan volumes had a positive NII-effect.

Net fee and commission expenses in 9M dropped by 75% y-o-y: the distribution of certain deposit products came to an end, as a result lower distribution fees were paid compared to the base period.

9M operating expenses grew by 3% y-o-y. Lower 3Q expenses (-22% q-o-q) were reasoned by moderating personnel expenses and a base effect related to contributions paid into the Resolution Fund (the full amount of the annual fee was booked in 2Q).

Credit quality trends remained positive: in 3Q 2018 DPD90+ volumes (adjusted for FX rate changes and sold and written off volumes) remained stable, similar to previous quarters. The ratio of DPD90+ loans decreased by 5.3 pps y-o-y to 5.1% parallel with HUF 0.7 billion problem loans being sold or written off in 3Q. The volume of Stage 3 loans amounted to HUF 19.9 billion at the end of 3Q (6.4% of total gross loans, -0.3 pp q-o-q).

The FX-adjusted performing loan portfolio expanded by 12% on a yearly basis as a result of favourable disbursement dynamics. The volume of performing corporate exposures and car loans expanded by 9 and 15%, respectively, on a yearly base. Total new loan origination surged by 34% y-o-y, within that the volume of newly disbursed car loans expanded by 36% y-o-y in 9M.

Merkantil's market share in new leasing volumes stood at 18.6% in 3Q 2017, whereas in 3Q 2018 it already reached 21%. 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 recognised 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	9M 2017	9M 2018	Y-o-Y	3Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	36,677	38,384	5%	11,305	12,872	14,253	11%	26%
Income tax	-4,094	-4,016	-2%	-1,197	-1,312	-1,561	19%	30%
Profit before income tax	40,771	42,399	4%	12,502	14,185	15,814	11%	26%
Operating profit	47,714	43,606	-9%	16,044	13,156	15,003	14%	-6%
Total income	81,293	80,189	-1%	27,402	25,462	27,797	9%	1%
Net interest income	54,501	52,109	-4%	17,825	16,470	17,711	8%	-1%
Net fees and commissions	20,409	22,403	10%	7,085	7,425	8,083	9%	14%
Other net non-interest income	6,383	5,677	-11%	2,492	1,567	2,003	28%	-20%
Operating expenses	-33,580	-36,583	9%	-11,358	-12,305	-12,793	4%	13%
Total provisions	-6,943	-1,206	-83%	-3,542	1,028	811	-21%	
Provision for possible loan losses	-854	-3,958	364%	-1,229	-243	468	-293%	
Other provision	-6,090	2,751		-2,313	1,271	342	-73%	
Main components of balance sheet closing balances in HUF mn	**2017**	**9M 2018**	**YTD**	**3Q 2017**	**2Q 2018**	**3Q 2018**	**Q-o-Q**	**Y-o-Y**
Total assets	1,925,740	2,134,543	11%	1,916,985	2,101,200	2,134,543	2%	11%
Gross customer loans	1,184,871	1,337,011	13%	1,178,804	1,328,050	1,337,011	1%	13%
Gross customer loans (FX-adjusted)	1,237,027	1,337,011	8%	1,226,363	1,308,598	1,337,011	2%	9%
Retail loans	863,744	927,661	7%	868,171	907,200	927,661	2%	7%
Corporate loans	373,283	409,350	10%	358,191	401,399	409,350	2%	14%
Allowances for possible loan losses	-109,137	-113,294	4%	-122,784	-116,393	-113,294	-3%	-8%
Allowances for possible loan losses (FX-adjusted)	-113,940	-113,294	-1%	-127,737	-114,688	-113,294	-1%	-11%
Deposits from customers	1,626,924	1,797,727	10%	1,628,749	1,774,908	1,797,727	1%	10%
Deposits from customer (FX-adjusted)	1,701,080	1,797,727	6%	1,695,962	1,749,106	1,797,727	3%	6%
Retail deposits	1,518,887	1,608,119	6%	1,453,567	1,584,403	1,608,119	1%	11%
Corporate deposits	182,192	189,608	4%	242,394	164,702	189,608	15%	-22%
Liabilities to credit institutions	4,802	50,205	945%	5,799	46,349	50,205	8%	766%
Total shareholders' equity	250,296	255,463	2%	240,359	244,051	255,463	5%	6%
Loan Quality	**9M 2017**	**9M 2018**	**Y-o-Y**	**3Q 2017**	**2Q 2018**	**3Q 2018**	**Q-o-Q**	**Y-o-Y**
Stage 3 loan volume under IFRS 9 (in HUF million)		156,901			154,039	156,901	2%	
Stage 3 loans under IFRS 9/gross customer loans (%)		11.7%			11.6%	11.7%	0.1%p	
Cost of risk/average gross loans (%)	0.10%	0.41%	0.31%p	0.42%	0.08%	-0.14%	-0.22%p	-0.56%p
90+ days past due loan volume (in HUF million)	110,630	96,911	-12%	110,630	100,297	96,911	-3%	-12%
90+ days past due loans/gross customer loans (%)	9.4%	7.2%	-2.1%p	9.4%	7.6%	7.2%	-0.3%p	-2.1%p
Total provisions/90+ days past due loans (%)	111.0%	116.9%	5.9%p	111.0%	116.0%	116.9%	0.9%p	5.9%p
Performance Indicators	**9M 2017**	**9M 2018**	**Y-o-Y**	**3Q 2017**	**2Q 2018**	**3Q 2018**	**Q-o-Q**	**Y-o-Y**
ROA	2.6%	2.5%	-0.1%p	2.4%	2.6%	2.7%	0.1%p	0.2%p
ROE	21.1%	20.8%	-0.3%p	19.5%	22.4%	22.9%	0.5%p	3.4%p
Total income margin	5.81%	5.27%	-0.54%p	5.93%	5.06%	5.23%	0.17%p	-0.70%p
Net interest margin	3.90%	3.43%	-0.47%p	3.86%	3.27%	3.33%	0.06%p	-0.52%p
Cost/income ratio	41.3%	45.6%	4.3%p	41.5%	48.3%	46.0%	-2.3%p	4.6%p
Net loans to deposits (FX-adjusted)	65%	68%	3%p	65%	68%	68%	0%p	3%p
FX rates (in HUF)	**9M 2017**	**9M 2018**	**Y-o-Y**	**3Q 2017**	**2Q 2018**	**3Q 2018**	**Q-o-Q**	**Y-o-Y**
HUF/BGN (closing)	159.1	165.6	4%	159.1	168.0	165.6	-1%	4%
HUF/BGN (average)	157.7	162.4	3%	156.7	162.0	165.7	2%	6%

- ***HUF 38.4 billion profit after tax in 9M (+5% y-o-y) as a result of moderating operating profit (-9%) and lower risk costs***
- ***Adjusted for the 2Q correction item which lowered net interest income, the net interest margin continued to decline and eroded by 12 bps in 3Q***
- ***FX-adjusted performing loan portfolio grew by 12% y-o-y and 3% q-o-q***
- ***The volume of DPD90+ loans decreased by 3% q-o-q, in 3Q positive risk cost added HUF 0.8 billion to net earnings***

DSK Group posted an after tax profit of HUF 38.4 billion in 9M 2018 (+5% y-o-y in HUF, +2% y-o-y in local currency terms), corresponding to an ROE of 20.8%. The 3Q profit totalled to HUF 14.3 billion (+11% q-o-q, +26% y-o-y).

Operating profit for the first nine months decreased by 9%, mainly due to the 9% increase of operating expenses, but total income also decreased by 1%. 9M total income development was shaped by the 4% drop of NII and 10% increase of net F&C income, while other income diminished by 11%.

Net interest margin eroded by 47 bps y-o-y to 3.43% in 9M, mainly due to the ongoing asset repricing. 9M net fee and commission income improved by 10% y-o-y, mainly as a result of deposits and transactions related income growth. Other net non-interest income dropped by 11% y-o-y partly due to moderated gain on securities.

In 3Q net interest income increased by 8% q-o-q, mainly due to a correction item[4] booked in 2Q – adjusted for that the NII would have declined by 2% q-o-q. NIM erosion continued in 3Q (3.33%), adjusted for the 2Q correction the NIM shrinkage was about 12 bps q-o-q. Net F&C income growth in 3Q (+9% q-o-q) was fuelled by the business activity and a one-off item: insurance agent fees are now accrued for a longer period of time, related to that the YTD difference was booked as a correction in 3Q, which lowered the fee expenses by about HUF 0.3 billion.

Operating expenses in 9M grew by 9% y-o-y (+6% in BGN terms), within that personnel expenses surged by 15%, reasoned by the higher average total headcount and the 9% increase in average personnel expense per employee. On the yearly basis expenses related to computer hardware and office equipment, telecommunication and marketing, as well as charges paid to supervisory authorities increased. Cost increasing elements were partly offset by the 6% drop of depreciation and the halving expert fees, too. In 3Q the 4% q-o-q operating expense growth (+2% in BGN terms) was driven by the 4% higher personnel expenses and to a lesser extent higher depreciation due to value adjustment of real estates. Within other expenses marketing expenses surged in 2Q and halved q-o-q in 3Q.

In the first nine months risk cost totalled to -HUF 1.2 billion (-83% y-o-y). There was a release on the other risk cost line partly due to closure of litigation cases. The 9M risk cost rate increased to 41 bps from close to zero in the base period, the worsening was mainly driven by the growth and deterioration of consumer loan portfolio, as well as the higher provisioning level due to IFRS9 methodology.

Total risk costs added HUF 0.8 billion to the 3Q profit, partly supported by income from sale of corporate loans. In 3Q loans were sold/written off in the amount of HUF 1 billion, of which about 60% was corporate. FX-adjusted DPD90+ volumes excluding the impact of loan sales and write-offs decreased by HUF 0.5 billion q-o-q, at the same time the DPD90+ ratio decreased by 0.3 pp to 7.3% (-2.1 pps y-o-y). Stage 3 loans stood at HUF 156 billion at end-3Q, which is 11.7% of total gross loans (+0.1 pp q-o-q).

As for the lending activity the third quarter of the year remained favourable: performing loans expanded by 3% q-o-q and grew by 12% y-o-y (FX-adjusted). In case of mortgage loans the 9M originated volume in local currency exceeded the base period by 61%, as a result the performing mortgage loan portfolio grew by 13% y-o-y (+3% q-o-q). As for cash loans and point-of-sale loans the new origination in the first nine months grew in local currency by 11% y-o-y, performing consumer loans expanded by 2% q-o-q and 6% y-o-y, respectively. The performing corporate portfolio increased by 3% q-o-q and 17% in the last 12 months, while the SME segment grew by 2 and 15%, respectively.

The FX-adjusted deposit base increased by 3% q-o-q, the retail and corporate segment contributed equally to the quarterly expansion; on the yearly basis total deposits increased by 6%. The net loan-to-deposit ratio remained stable on the quarterly basis (68%).

[4] The development of individual P&L lines and performance indicators were influenced by a correction booked in 2Q 2018 related to the introduction of IFRS9: certain elements that were booked on the net interest income and provisions for possible loan losses lines earlier in 2018 were reversed by correction entries in 2Q. The correction is net earnings neutral, however, its one-off effect in 2Q was HUF -0.9 billion for NII and HUF +0.9 billion for risk cost.

OTP BANK RUSSIA

Performance of OTP Bank Russia:

Main components of P&L account in HUF mn	9M 2017	9M 2018	Y-o-Y	3Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	21,443	18,893	-12%	6,393	5,623	6,065	8%	-5%
Income tax	-5,883	-4,996	-15%	-1,711	-1,675	-1,446	-14%	-16%
Profit before income tax	27,327	23,889	-13%	8,104	7,298	7,511	3%	-7%
Operating profit	55,428	51,358	-7%	16,573	16,172	18,770	16%	13%
Total income	94,594	95,822	1%	29,194	31,379	32,904	5%	13%
Net interest income	76,940	75,841	-1%	23,749	24,772	25,856	4%	9%
Net fees and commissions	16,928	19,691	16%	5,162	6,513	6,941	7%	34%
Other net non-interest income	726	290	-60%	284	94	107	14%	-62%
Operating expenses	-39,166	-44,464	14%	-12,621	-15,207	-14,134	-7%	12%
Total provisions	-28,101	-27,469	-2%	-8,469	-8,874	-11,259	27%	33%
Provision for possible loan losses	-27,607	-25,642	-7%	-8,255	-8,248	-10,749	30%	30%
Other provision	-494	-1,827	270%	-214	-626	-510	-19%	138%
Main components of balance sheet closing balances in HUF mn	**2017**	**9M 2018**	**YTD**	**3Q 2017**	**2Q 2018**	**3Q 2018**	**Q-o-Q**	**Y-o-Y**
Total assets	638,031	727,300	14%	616,572	686,880	727,300	6%	18%
Gross customer loans	531,280	592,380	12%	488,161	579,087	592,380	2%	21%
Gross customer loans (FX-adjusted)	505,178	592,380	17%	457,385	547,966	592,380	8%	30%
Retail loans	451,027	525,686	17%	409,769	488,377	525,686	8%	28%
Corporate loans	54,042	66,590	23%	46,503	59,485	66,590	12%	43%
Car financing loans	109	104	-5%	1,112	104	104	-1%	-91%
Gross DPD0-90 customer loans (FX-adjusted)	425,166	504,893	19%	378,302	464,155	504,893	9%	33%
Retail loans	375,511	442,541	18%	336,174	409,071	442,541	8%	32%
Allowances for possible loan losses	-112,158	-124,480	11%	-109,409	-123,676	-124,480	1%	14%
Allowances for possible loan losses (FX-adjusted)	-106,924	-124,480	16%	-102,787	-117,181	-124,480	6%	21%
Deposits from customers	353,306	380,786	8%	329,410	370,612	380,786	3%	16%
Deposits from customer (FX-adjusted)	339,673	380,786	12%	311,785	351,642	380,786	8%	22%
Retail deposits	272,883	307,124	13%	255,459	290,248	307,124	6%	20%
Corporate deposits	66,791	73,662	10%	56,326	61,394	73,662	20%	31%
Liabilities to credit institutions	100,404	129,679	29%	96,000	101,533	129,679	28%	35%
Issued securities	353	331	-6%	654	365	331	-9%	-49%
Subordinated debt	22,780	23,018	1%	23,204	23,916	23,018	-4%	-1%
Total shareholders' equity	135,213	158,467	17%	134,055	156,997	158,467	1%	18%
Loan Quality	**9M 2017**	**9M 2018**	**Y-o-Y**	**3Q 2017**	**2Q 2018**	**3Q 2018**	**Q-o-Q**	**Y-o-Y**
Stage 3 loan volume under IFRS 9 (in HUF million)		89,840			93,411	89,840	-4%	
Stage 3 loans under IFRS 9/gross customer loans (%)		15.2%			16.1%	15.2%	-1.0%p	
Cost of risk/average gross loans (%)	7.66%	6.15%	-1.51%p	7.13%	6.05%	7.41%	1.36%p	0.28%p
90+ days past due loan volume (in HUF million)	84,026	87,487	4%	84,026	88,437	87,487	-1%	4%
90+ days past due loans/gross customer loans (%)	17.2%	14.8%	-2.4%p	17.2%	15.3%	14.8%	-0.5%p	-2.4%p
Total provisions/90+ days past due loans (%)	130.2%	142.3%	12.1%p	130.2%	139.8%	142.3%	2.4%p	12.1%p
Performance Indicators	**9M 2017**	**9M 2018**	**Y-o-Y**	**3Q 2017**	**2Q 2018**	**3Q 2018**	**Q-o-Q**	**Y-o-Y**
ROA	4.8%	3.8%	-1.0%p	4.4%	3.5%	3.5%	-0.1%p	-1.0%p
ROE	21.8%	17.1%	-4.8%p	20.0%	15.2%	15.6%	0.4%p	-4.3%p
Total income margin	21.33%	19.46%	-1.87%p	20.20%	19.76%	18.80%	-0.95%p	-1.39%p
Net interest margin	17.35%	15.40%	-1.95%p	16.43%	15.60%	14.78%	-0.82%p	-1.65%p
Cost/income ratio	41.4%	46.4%	5.0%p	43.2%	48.5%	43.0%	-5.5%p	-0.3%p
Net loans to deposits (FX-adjusted)	114%	123%	9%p	114%	123%	123%	0%p	9%p
FX rates (in HUF)	**9M 2017**	**9M 2018**	**Y-o-Y**	**3Q 2017**	**2Q 2018**	**3Q 2018**	**Q-o-Q**	**Y-o-Y**
HUF/RUB (closing)	4.6	4.3	-7%	4.6	4.5	4.3	-6%	-7%
HUF/RUB (average)	4.8	4.3	-9%	4.4	4.3	4.3	-1%	-4%

- ***Starting from 1Q 2018 performance of Touch Bank is presented as part of OTP Bank Russia***
- ***HUF 18.9 billion after tax profit in 9M (+27% y-o-y in local currency terms incorporating the net results of Touch Bank in the base period, too)***
- ***NII in 3Q increased by 5% q-o-q in RUB terms, with NIM decreasing by 0.8 pp and expanding performing loan portfolio***
- ***The portfolio quality deterioration in 3Q remained moderate. 9M risk cost rate stood at 6.2%. In 3Q risk cost increased q-o-q***
- ***Due to higher quarterly POS and cash loan disbursements the performing loan portfolio grew by 9% q-o-q***
- ***Stable net loan-to-deposit ratio q-o-q***

Until the end of 2017 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. However, due to changes in the governance and operation the separation of Touch Bank is no longer justified, therefore in the Summary the performance of Touch Bank is presented from 1Q 2018 incorporated in the OTP Bank Russia performance. Until 4Q 2017 Touch Bank's performance was presented separately, therefore the table above does not contain information about the performance of Touch Bank for the respective periods.

The HUF denominated financial figures of OTP Bank Russia are distorted by the HUF/RUB moves: the 3Q 2018 closing RUB exchange rate showed q-o-q 6% and y-o-y 7% devaluation against HUF, while the average 9M rate showed a 9% y-o-y devaluation against HUF, the 3Q average rate weakened by 4% y-o-y and 1% q-o-q. Therefore local currency P&L and balance sheet dynamics can be materially different from those in HUF terms.

In 9M 2018 **OTP Bank Russia** posted HUF 18.9 billion profit after tax, of which HUF -3.3 billion loss was generated by Touch Bank. Incorporating the performance of Touch Bank into OTP Bank Russia's results also in the base period, the 9M after tax profit would have grown by 27% y-o-y in RUB terms, as a result of 13% higher operating profit and 3% increase in risk cost.

Considering the RUB denominated performance of the Russian bank, the 3Q profit increased by 9% q-o-q. Despite risk cost growing by 28%, operating profit improved by 17% q-o-q owing to the favourable income dynamics and the 6% decrease of operating expenses.

Net interest income grew by 5% q-o-q in RUB terms. Business volume changes had a positive effect on NII, the net interest margin nonetheless shrank by 0.8 pp q-o-q to 14.8%.

3Q net fee and commission income surged by 7% q-o-q in RUB terms, partly due to the considerable growth of insurance fee income on cash loans and other products with insurance policies, and also due to higher commissions generated on the growing average credit card portfolio.

Operating expenses dropped by 6% q-o-q in RUB terms, partly due to the higher base. Personnel expenses decreased by 9%. The number of employees declined by 2% q-o-q, as the headcount at Touch Bank halved again in 3Q q-o-q after the 60% quarterly decrease in 2Q. Depreciation and amortisation temporarily surged in 2Q mainly due to the write-off of Touch Bank's software that couldn't be utilised, thus in 3Q depreciation charges dropped by 33% q-o-q, because such one-off items were lower q-o-q. Material expenses increased by 12% q-o-q due to the stronger business activity.

Risk cost rate in 3Q increased q-o-q by 1.4 pps to 7.4%, thus the 9M rate moderated to 6.15% y-o-y, down by 1.5 pps compared to the base period. The 3Q growth in risk cost was mainly due to the provisions created on newly originated loans, which exceeded the releases related to the maturing portfolio. Furthermore, in 3Q there was a one-off prudential provisioning in the amount of close to HUF 1 billion: for customers with more than one loans the customer level delinquency category is now set based on the loan with the highest delinquency. In 3Q 2018 the DPD90+ portfolio grew parallel with the overall growth of the loan portfolio, although at lower pace: the FX-adjusted DPD90+ loan volume growth adjusted for the sales and write-offs amounted to HUF 9.9 billion, after the HUF 9.3 billion increase in 2Q (the quarterly average was HUF 8.6 billion in 2017, including Touch Bank figures). The sold/written of loan volume was HUF 4 billion in 3Q. The DPD90+ ratio declined by 0.5 pp q-o-q to 14.8%. Stage 3 loans amounted to HUF 90 billion at the end of 3Q, making up 15.2% of total gross loans.

In 3Q 2018 the loan portfolio expansion continued, the FX-adjusted performing (DPD0-90) loans grew by 30% y-o-y (including Touch Bank) and 9% q-o-q. In line with the regular seasonality of the segment, the volume of newly originated consumer loans in 3Q grew significantly compared to the preceding quarter, mainly due to the surge in POS and cash loan sales (+26% and +14 q-o-q in RUB terms, respectively). In the first nine months POS loan origination grew 22% y-o-y, while in case of cash loans the growth was more than 50% in local currency. Thus the performing POS loan portfolio increased by 31% y-o-y and 9% q-o-q. The FX-adjusted performing cash loan portfolio increased by 14% q-o-q. In the credit card loan segment the expansion of the portfolio, which started in the second half of 2017, continued (+3% q-o-q).

Performing corporate loans increased 48% y-o-y, mainly due to the favourable development of large corporate loan and commercial factoring exposures. After the slight portfolio erosion in 2Q the portfolio increased by 13% q-o-q (FX-adjusted).

Total deposits grew by 8% q-o-q (FX-adjusted), mainly due to the stady inflow of corporate deposits (+20% q-o-q), but the retail deposit base grew by 6%, too. In both segments the term deposit growth was the main driver. The net loan-to-deposit ratio was stable q-o-q and stood at 123%. Liabilities to credit institutions grew by 35% q-o-q in RUB terms: the higher volume of intragroup liabilities funded the repayment of 3rd party liabilities on one hand, and treasury activities on the other.

Touch Bank's contribution to the overall performance of OTP Bank Russia in 9M: profit after tax was -HUF 3.3 billion, operating expenses amounted to -HUF 5.1 billion, whereas total risk cost stood at -HUF 1.35 billion. Starting from May 2018 Touch Bank stopped selling own products, and the consolidation of the two operations is in progress. Until end-September 2018 almost 17 thousand former Touch Bank customers became client of OTP Bank Russia.

OTP BANKA HRVATSKA (CROATIA)

Performance of OTP banka Hrvatska (including Splitska banka):

Main components of P&L account in HUF mn	9M 2017	9M 2018	Y-o-Y	3Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	11,071	20,908	89%	5,977	4,522	8,668	92%	45%
Income tax	-2,804	-4,788	71%	-1,609	-1,320	-2,012	52%	25%
Profit before income tax	13,875	25,696	85%	7,586	5,842	10,680	83%	41%
Operating profit	20,103	26,669	33%	9,592	9,123	9,970	9%	4%
Total income	44,427	59,044	33%	20,390	19,853	21,005	6%	3%
Net interest income	30,829	40,585	32%	13,363	13,756	13,663	-1%	2%
Net fees and commissions	8,690	12,065	39%	4,190	4,215	4,252	1%	1%
Other net non-interest income	4,908	6,394	30%	2,837	1,882	3,090	64%	9%
Operating expenses	-24,324	-32,376	33%	-10,798	-10,730	-11,034	3%	2%
Total provisions	-6,228	-973	-84%	-2,006	-3,281	709	-122%	-135%
Provision for possible loan losses	-6,607	-1,179	-82%	-1,441	-3,442	667	-119%	-146%
Other provision	379	206	-46%	-566	161	43	-73%	-108%
Main components of balance sheet, closing balances in HUF mn	2017	9M 2018	YTD	3Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y
Total assets	1,821,613	1,889,765	4%	1,778,037	1,930,952	1,889,765	-2%	6%
Gross customer loans	1,121,938	1,191,038	6%	1,122,527	1,243,485	1,191,038	-4%	6%
Gross customer loans (FX-adjusted)	1,172,904	1,191,038	2%	1,171,625	1,221,961	1,191,038	-3%	2%
Retail loans	651,998	663,932	2%	643,807	668,243	663,932	-1%	3%
Corporate loans	501,342	508,113	1%	508,032	534,502	508,113	-5%	0%
Car financing loans	19,564	18,993	-3%	19,786	19,216	18,993	-1%	-4%
Allowances for possible loan losses	-63,752	-76,022	19%	-65,618	-78,374	-76,022	-3%	16%
Allowances for possible loan losses (FX-adjusted)	-66,705	-76,022	14%	-68,708	-76,880	-76,022	-1%	11%
Deposits from customers	1,395,087	1,493,520	7%	1,399,289	1,482,843	1,493,520	1%	7%
Deposits from customer (FX-adjusted)	1,461,582	1,493,520	2%	1,461,681	1,457,285	1,493,520	2%	2%
Retail deposits	1,038,862	1,086,714	5%	1,049,774	1,029,498	1,086,714	6%	4%
Corporate deposits	422,720	406,806	-4%	411,907	427,787	406,806	-5%	-1%
Liabilities to credit institutions	132,765	73,792	-44%	89,571	125,152	73,792	-41%	-18%
Total shareholders' equity	238,935	268,846	13%	231,070	265,660	268,846	1%	16%
Loan Quality	9M 2017	9M 2018	Y-o-Y	3Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y
Stage 3 loan volume under IFRS 9 (in HUF million)		94,128			98,761	94,128	-5%	
Stage 3 loans under IFRS 9/gross customer loans (%)		7.9%			7.9%	7.9%	0.0%p	
Cost of risk/average gross loans (%)	1.10%	0.14%	-0.97%p	0.51%	1.20%	-0.22%	-1.42%p	-0.73%p
90+ days past due loan volume (in HUF million)	86,685	73,548	-15%	86,685	81,753	73,548	-10%	-15%
90+ days past due loans/gross customer loans (%)	7.7%	6.2%	-1.5%p	7.7%	6.6%	6.2%	-0.4%p	-1.5%p
Total provisions/90+ days past due loans (%)	75.7%	103.4%	27.7%p	75.7%	95.9%	103.4%	7.5%p	27.7%p
Performance Indicators	9M 2017	9M 2018	Y-o-Y	3Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y
ROA	1.2%	1.5%	0.3%p	1.4%	1.0%	1.8%	0.8%p	0.4%p
ROE	8.8%	10.9%	2.1%p	10.4%	7.1%	12.9%	5.8%p	2.5%p
Total income margin	4.88%	4.33%	-0.56%p	4.67%	4.40%	4.41%	0.00%p	-0.26%p
Net interest margin	3.39%	2.97%	-0.41%p	3.06%	3.05%	2.87%	-0.18%p	-0.19%p
Cost/income ratio	54.8%	54.8%	0.1%p	53.0%	54.0%	52.5%	-1.5%p	-0.4%p
Net loans to deposits (FX-adjusted)	75%	75%	-1%p	75%	79%	75%	-4%p	-1%p
FX rates (in HUF)	9M 2017	9M 2018	Y-o-Y	3Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y
HUF/HRK (closing)	41.5	43.6	5%	41.5	44.5	43.6	-2%	5%
HUF/HRK (average)	41.4	42.3	2%	41.3	42.8	43.7	2%	6%

- ***In 9M 2018 the Croatian banking group posted HUF 20.9 billion adjusted net profit; the improvement in 3Q results (HUF 8.7 billion) was shaped by seasonally strong other income and positive risk costs***
- ***The q-o-q erosion of net interest margin was mainly due to the corporate segment***
- ***The FX-adjusted performing loan portfolio declined by 2% q-o-q, while deposits increased by the same magnitude***
- ***The integration of Splitska banka is in progress, the merger is expected to be completed in 4Q 2018***

Based on the acquisition agreement on purchasing 100% shareholding of Splitska banka d.d., member of Société Générale Group signed on 20 December 2016 between OTP banka Hrvatska, the Croatian subsidiary of OTP Bank and Société Générale Group, on 2 May 2017 the financial closure of the transaction has been completed and Splitska banka was consolidated in May 2017.

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** (including Splitska banka) posted HUF 20.9 billion adjusted after tax profit in 9M 2018, implying a ROE of 10.9%. 3Q profit comprised HUF 8.7 billion (+92% q-o-q). Splitska banka delivered HUF 12.4 billion after tax profit in 9M 2018, of which 3Q profit represented HUF 5.8 billion.

The comparability of the financial performance on a yearly base is limited, as 9M 2017 figures did not incorporate the full contribution from Splitska banka, as the first time consolidation happened in May 2017.

As for other key P&L lines, in 9M 2018 Splitska banka contributed HUF 22.5 billion to the net interest income, HUF 8.1 billion to the net fees and commissions, HUF 4.0 billion to the other net non-interest income, -HUF 18.2 billion to the operating expenses and -HUF 1.1 billion to the total risk costs line, respectively.

In 3Q 2018 the operating result improved by 9% q-o-q. The net interest income moderated by 1% in HUF terms and by 3% in local currency terms, respectively: the average net loan volume growth of 2% q-o-q was not enough to offset the negative impact of the net interest margin erosion (-18 bps q-o-q). The NIM decline was mainly reasoned by the decreasing interest rates on corporate loans, but the lower interest rate on the excess liquidity played a role, too. The y-o-y erosion in the 9M net interest margin (-41 bps) was reasoned by the dilution effect of the lower margin at Splitska banka.

The 3Q net fee income increased by 1% over the quarter, and other net non-interest income surged by 64% as a result of seasonally stronger FX conversion results amid the peak tourism season.

9M total risk cost represented -HUF 1.0 billion against -HUF 6.2 billion in the base period. The q-o-q improvement was due to provisions created towards a large corporate exposure during 2Q 2018. Last year the bank already booked additional provisions related to that particular company group. On the opposite, in 3Q HUF 0.7 billion positive risk cost was recognized, primarily related to the SME and corporate exposures.

The FX-adjusted decrease in DPD90+ loans (adjusted for loan sales and write-offs) amounted to HUF 3 billion in 3Q 2018. In 3Q 2018 HUF 3 billion problem loans were sold or written off. The DPD90+ ratio moderated to 6.2% (-0.4 pp q-o-q). The Croatian operation's Stage 3 ratio under IFRS 9 in percentage of total gross loans stood at 7.9% at the end of September.

3Q operating expenses grew by 3% q-o-q in HUF terms and by 1% in HRK terms.

During the first nine months 7 branches were closed down, while the number of employees (based on FTE) decreased by 36 persons or 1.5% q-o-q.

Business activity – alongside the ongoing integration – tended to show some moderation in 3Q, as a result performing loan volumes declined by 2% q-o-q (FX-adjusted). In 3Q mortgage disbursement dropped by 22% q-o-q and the outstanding performing portfolio decreased by less than 1% q-o-q. The volume of performing consumer loans declined also marginally q-o-q, though cash loan volumes increased as a result of improving disbursement volumes. The performing corporate portfolio eroded by 4% q-o-q. At the end of September the gross loan portfolio of Splitska banka comprised HUF 666 billion, whereas the performing loan book amounted to HUF 645 billion.

There was a 2% deposit inflow in 3Q (FX-adjusted). The net loan to deposit ratio decreased to 75%.

OTP BANK UKRAINE

Performance of OTP Bank Ukraine:

Main components of P&L account in HUF mn	9M 2017	9M 2018	Y-o-Y	3Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	8,878	18,234	105%	3.062	5.449	6,951	28%	127%
Income tax	-1,800	-3,659	103%	-453	-1.115	-1,437	29%	217%
Profit before income tax	10,679	21,893	105%	3.514	6.564	8,388	28%	139%
Operating profit	14,004	21,173	51%	4.911	6.852	8,427	23%	72%
Total income	25,467	33,226	30%	8.725	11.033	12,794	16%	47%
Net interest income	16,990	23,052	36%	5.890	7.915	9,018	14%	53%
Net fees and commissions	7,028	8,243	17%	2.486	2.720	3,119	15%	25%
Other net non-interest income	1,450	1,932	33%	349	398	657	65%	88%
Operating expenses	-11,463	-12,053	5%	-3.814	-4.181	-4,367	4%	15%
Total provisions	-3,325	720		-1.397	-288	-39	-86%	-97%
Provision for possible loan losses	-1,648	1,000		-938	-72	-198	174%	-79%
Other provision	-1,677	-280	-83%	-459	-215	158		
Main components of balance sheet closing balances in HUF mn	**2017**	**9M 2018**	**YTD**	**3Q 2017**	**2Q 2018**	**3Q 2018**	**Q-o-Q**	**Y-o-Y**
Total assets	312,334	377,599	21%	305,484	367,596	377,599	3%	24%
Gross customer loans	287,236	347,626	21%	333,522	357,774	347,626	-3%	4%
Gross customer loans (FX-adjusted)	309,048	347,626	12%	341,034	339,774	347,626	2%	2%
Retail loans	118,498	129,887	10%	141,018	124,367	129,887	4%	-8%
Corporate loans	170,253	192,139	13%	176,547	190,150	192,139	1%	9%
Car financing loans	20,296	25,599	26%	23,468	25,257	25,599	1%	9%
Gross DPD0-90 customer loans (FX-adjusted)	227,205	283,970	25%	225,715	265,927	283,970	7%	26%
Retail loans	47,313	71,166	50%	44,311	61,692	71,166	15%	61%
Corporate loans	163,141	187,566	15%	165,783	182,172	187,566	3%	13%
Car financing loans	16,751	25,237	51%	15,620	22,063	25,237	14%	62%
Allowances for possible loan losses	-90,163	-85,180	-6%	-132,447	-98,484	-85,180	-14%	-36%
Allowances for possible loan losses (FX-adjusted)	-97,155	-85,180	-12%	-136,673	-94,034	-85,180	-9%	-38%
Deposits from customers	234,943	251,119	7%	213,993	252,988	251,119	-1%	17%
Deposits from customer (FX-adjusted)	252,210	251,119	0%	217,779	239,610	251,119	5%	15%
Retail deposits	105,428	118,267	12%	98,167	117,025	118,267	1%	20%
Corporate deposits	146,782	132,851	-9%	119,612	122,585	132,851	8%	11%
Liabilities to credit institutions	33,985	53,343	57%	39,901	46,996	53,343	14%	34%
Subordinated debt	0	4,814	-100%	0	4,784	4,814	1%	
Total shareholders' equity	34,079	48,319	42%	32,025	45,645	48,319	6%	51%
Loan Quality	**9M 2017**	**9M 2018**	**Y-o-Y**	**3Q 2017**	**2Q 2018**	**3Q 2018**	**Q-o-Q**	**Y-o-Y**
Stage 3 loan volume under IFRS 9 (in HUF million)		101,253			118,437	101,253	-15%	
Stage 3 loans under IFRS 9/gross customer loans (%)		29.1%			33.1%	29.1%	-4.0%p	
Cost of risk/average gross loans (%)	0.62%	-0.41%	-1.03%p	1.12%	0.09%	0.23%	0.14%p	-0,89%p
90+ days past due loan volume (in HUF million)	111,542	63,656	-43%	111,542	77,129	63,656	-17%	-43%
90+ days past due loans/gross customer loans (%)	33.4%	18.3%	-15.1%p	33.4%	21.6%	18.3%	-3.2%p	-15,1%p
Total provisions/90+ days past due loans (%)	118.7%	133.8%	15.1%p	118.7%	127.7%	133.8%	6.1%p	15,1%p
Performance Indicators	**9M 2017**	**9M 2018**	**Y-o-Y**	**3Q 2017**	**2Q 2018**	**3Q 2018**	**Q-o-Q**	**Y-o-Y**
ROA	3.9%	7.0%	3.2%p	4,0%	6.2%	7.3%	1.1%p	3,3%p
ROE	41.1%	60.0%	18.9%p	38.7%	53.3%	59.9%	6.6%p	21,2%p
Total income margin	11.05%	12.79%	1.74%p	11.35%	12.62%	13.48%	0.86%p	2,13%p
Net interest margin	7.37%	8.87%	1.50%p	7.66%	9.05%	9.51%	0.45%p	1,84%p
Cost/income ratio	45.0%	36.3%	-8.7%p	43.7%	37.9%	34.1%	-3.8%p	-9,6%p
Net loans to deposits (FX-adjusted)	94%	105%	11%p	94%	103%	105%	2%p	11%p
FX rates (in HUF)	**9M 2017**	**9M 2018**	**Y-o-Y**	**3Q 2017**	**2Q 2018**	**3Q 2018**	**Q-o-Q**	**Y-o-Y**
HUF/UAH (closing)	9.9	9.9	-1%	9.9	10.7	9.9	-8%	-1%
HUF/UAH (average)	10.5	9.9	-6%	10.1	10.2	10.2	0%	1%

- ***The Ukrainian subsidiary posted the highest ROE within the Group (9M ROE: 60.0%); all time high 3Q and 9M profit***
- ***9M net earnings more than doubled y-o-y (HUF 18.2 billion) mainly due to improving operating profit; as a result of favourable credit quality trends positive risk costs also added to the bottom-line earnings***
- ***The DPD90+ ratio (18.3%) dropped significantly y-o-y due to write offs and sales***
- ***Performing loan volumes advanced by 26% y-o-y (FX-adjusted)***

The financial performance and indicators of OTP Bank Ukraine in HUF terms were affected by the HUF/UAH exchange rate moves: in 3Q 2018 the closing rate of UAH depreciated by 8% q-o-q and 1% y-o-y. The 9M average rate weakened by 6% y-o-y, while the 3Q one moderately strengthened (+1% 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 18.2 billion adjusted after tax profit in 9M 2018, more than double than in the base period. In 3Q HUF 7 billion profit was booked (+28% q-o-q). The 9M ROE reached 60%, 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.

9M operating result surged by 60% y-o-y, the key reason was the 43% y-o-y increase in net interest income and a 24% surge in net fee and commission income.

The y-o-y NII dynamics (+43% in UAH terms) were positively influenced by the growing volume of performing loans and also by contained funding costs amid the higher interest rate environment. 9M net interest margin advanced to 8.87% (+1.5 pps y-o-y). Higher 3Q net interest income (+14% q-o-q) was shaped by further increasing performing loan volumes, as well as higher interest rates charged on consumer and SME exposures. Since deposit interest expenses remained practically flat q-o-q, the NIM improved on a quarterly basis, too.

Net F&C income jumped by 24% y-o-y in local currency terms, supported by stronger fee income on corporate transactions and credit cards.

9M operating expenses in UAH terms increased by 11% y-o-y mainly on the back of increasing personnel expenses amid 11.4% average inflation for the first nine months; in the January-August period the average nominal wage inflation in Ukraine reached 26% y-o-y. Apart from that in 3Q higher IT expenses also pushed overall operating expenses higher q-o-q.

In 9M the Ukrainian operation had positive risk costs (HUF 0.7 billion) which supported bottom-line earnings. Portfolio quality trends remained positive; the DPD90+ volumes (FX-adjusted and excluding the impact of loan sales and write-offs) declined in 3Q following in increase in three consecutive quarters (4Q 2017: +HUF 4 billion, 1Q 2018: +HUF 2 billion, 2Q: +HUF 2 billion, 3Q: -HUF 1 billion).

During the last nine months around HUF 24 billion equivalent non-performing loans were sold or written off, of which HUF 14 billion were executed in 3Q 2018. As a result, the DPD90+ ratio dropped to 18.3% (-3.2 pps q-o-q, -15.1 pps y-o-y). The volume of Stage 3 loans amounted to HUF 101 billion at the end of 3Q (29.1% of total gross loans, -4.0 pps q-o-q).

The FX-adjusted total performing loan book grew by 26% y-o-y and by 7% q-o-q, respectively. Within that especially the volume of retail loans grew dynamically (+61% y-o-y and +15% q-o-q). The outstanding increase of consumer exposures (+95% y-o-y and +26% q-o-q) was induced by credit card and POS volumes. Loan origination in 9M was outstanding in the POS and cash loan segments (nearly doubling and tripling y-o-y). Mortgage lending has not been resumed, thus the performing mortgage book eroded further (-25% y-o-y and -8% q-o-q). Car financing has been re-started in 1Q 2017 and their FX-adjusted volumes surged by 62% y-o-y. Performing corporate exposures that represent two third of the total loan portfolio grew by 13% y-o-y and 3% q-o-q. Alongside the steady disbursement activity in the corporate loan segment, the leasing also demonstrated significant uptick.

Deposits (adjusted for the FX-effect) remained flat y-o-y, but increased by 5% q-o-q. As a result, the net loan-to-deposit ratio advanced to 105% (+2 pps q-o-q and 11 pps y-o-y), reflecting a balanced balance sheet structure.

The outstanding net intragroup funding towards the Ukrainian operation comprised USD 56 million equivalent by the end of September 2018 (-USD 22 million y-o-y).

OTP BANK ROMANIA

Performance of OTP Bank Romania:

Main components of P&L account in HUF mn	9M 2017	9M 2018	Y-o-Y	3Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	2,084	4,793	130%	1,223	-136	3,425		180%
Income tax	-778	-961	24%	-285	-131	-368	181%	29%
Profit before income tax	2,862	5,755	101%	1,508	-5	3,793		152%
Operating profit	8,405	8,242	-2%	2,652	2,653	3,695	39%	39%
Total income	21,125	22,376	6%	6,962	7,436	8,311	12%	19%
Net interest income	16,123	16,872	5%	5,367	5,426	6,334	17%	18%
Net fees and commissions	2,303	2,643	15%	770	885	929	5%	21%
Other net non-interest income	2,699	2,861	6%	825	1,125	1,048	-7%	27%
Operating expenses	-12,720	-14,134	11%	-4,310	-4,783	-4,616	-3%	7%
Total provisions	-5,542	-2,488	-55%	-1,145	-2,658	98	-104%	-109%
Provision for possible loan losses	-5,004	-2,281	-54%	-1,315	-2,055	23	-101%	-102%
Other provision	-539	-206	-62%	170	-603	75	-113%	-56%
Main components of balance sheet closing balances in HUF mn	**2017**	**9M 2018**	**YTD**	**3Q 2017**	**2Q 2018**	**3Q 2018**	**Q-o-Q**	**Y-o-Y**
Total assets	624,060	745,627	19%	623,010	711,039	745,627	5%	20%
Gross customer loans	535,140	563,591	5%	550,760	581,296	563,591	-3%	2%
Gross customer loans (FX-adjusted)	560,365	563,591	1%	569,366	573,364	563,591	-2%	-1%
Retail loans	396,093	389,385	-2%	407,947	396,545	389,385	-2%	-5%
Corporate loans	164,272	174,206	6%	161,419	176,818	174,206	-1%	8%
Allowances for possible loan losses	-56,909	-33,160	-42%	-70,604	-55,653	-33,160	-40%	-53%
Allowances for possible loan losses (FX-adjusted)	-60,229	-33,160	-45%	-73,541	-55,245	-33,160	-40%	-55%
Deposits from customers	337,691	399,963	18%	335,826	394,966	399,963	1%	19%
Deposits from customer (FX-adjusted)	352,586	399,963	13%	346,401	389,196	399,963	3%	15%
Retail deposits	264,367	302,257	14%	259,616	284,484	302,257	6%	16%
Corporate deposits	88,219	97,706	11%	86,785	104,712	97,706	-7%	13%
Liabilities to credit institutions	196,377	245,361	25%	209,134	220,745	245,361	11%	17%
Total shareholders' equity	53,481	53,350	0%	44,625	50,474	53,350	6%	20%
Loan Quality	**9M 2017**	**9M 2018**	**Y-o-Y**	**3Q 2017**	**2Q 2018**	**3Q 2018**	**Q-o-Q**	**Y-o-Y**
Stage 3 loan volume under IFRS 9 (in HUF million)		52,214			77,171	52,214	-32.3%	
Stage 3 loans under IFRS 9/gross customer loans (%)		9.3%			13.3%	9.3%	-4.0%p	
Cost of risk/average gross loans (%)	1.3%	0.5%	-0.7%p	1.0%	1.5%	0.0%	-1.5%p	-1.0%p
90+ days past due loan volume (in HUF million)	85,582	31,077	-63.7%	85,582	54,163	31,077	-42.6%	-63.7%
90+ days past due loans/gross customer loans (%)	15.5%	5.5%	-10.0%p	15.5%	9.3%	5.5%	-3.8%p	-10.0%p
Total provisions/90+ days past due loans (%)	82.5%	106.7%	24.2%p	82.5%	102.8%	106.7%	4.0%p	24.2%p
Performance Indicators	**9M 2017**	**9M 2018**	**Y-o-Y**	**3Q 2017**	**2Q 2018**	**3Q 2018**	**Q-o-Q**	**Y-o-Y**
ROA	0.5%	1.0%	0.5%p	0.8%	-0.1%	1.9%	2.0%p	1.1%p
ROE	6.4%	12.9%	6.5%p	11.1%	-1.1%	26.4%	27.5%p	15.3%p
Total income margin	4.71%	4.47%	-0.25%p	4.50%	4.48%	4.67%	0.19%p	0.17%p
Net interest margin	3.60%	3.37%	-0.23%p	3.47%	3.27%	3.56%	0.29%p	0.09%p
Cost/income ratio	60.2%	63.2%	3.0%p	61.9%	64.3%	55.5%	-8.8%p	-6.4%p
Net loans to deposits (FX-adjusted)	143%	133%	-11%p	143%	133%	133%	-1%p	-11%p
FX rates (in HUF)	**9M 2017**	**9M 2018**	**Y-o-Y**	**3Q 2017**	**2Q 2018**	**3Q 2018**	**Q-o-Q**	**Y-o-Y**
HUF/RON (closing)	67.7	69.4	3%	67.7	70.5	69.4	-2%	3%
HUF/RON (average)	69.5	69.7	0%	66.9	68.1	69.7	2%	4%

- ***The Romanian subsidiary posted HUF 4.8 billion profit in 9M 2018 of which 3Q net earnings comprised HUF 3.4 billion***
- ***9M operating profit moderated by 2% y-o-y as a result of increasing total income (+6% y-o-y) and higher operating expenses (+11% y-o-y); risk costs halved y-o-y***
- ***Performing loan volumes increased by 11% y-o-y supported by robust mortgage and SME lending dynamics***

OTP Bank Romania posted HUF 4.8 billion net profit in 9M 2018, more than twice as much as in the base period. As a result, 9M ROE increased to 12.9%. In 3Q the bank realized HUF 3.4 billion profit versus HUF 0.1 billion loss in 2Q.

9M operating profit declined by 2% y-o-y as a result of higher total income (+6% y-o-y) and higher operating expenses (+11% y-o-y). In 3Q, on the opposite, operating income surged by 39% both q-o-q and y-o-y.

The 9M net interest income improved by 5% y-o-y supported by increasing performing loan volumes, At the same time 9M net interest margin eroded by 23 bps y-o-y.

In 3Q, however, the NIM advanced significantly, by 29 bps as a result of local interbank rates on average increasing by around 70 bps q-o-q. Since bulk of the loan portfolio is floating, higher interbank rates supported the interest income on loans, whereas the q-o-q growth of interest expenditures was less pronounced. In 3Q net interest income surged by 17% q-o-q; the growing volume of performing loans had a positive impact, too.

9M net fee and commission income expanded by 15% y-o-y mainly as a result of higher deposit, transaction and card-related income. Other net non-interest income grew by 6% in 9M y-o-y, but eroded in 3Q by 7% q-o-q, partially due to a base effect (in 2Q the bank had a gain on property sales).

9M operating expenses grew by 11% y-o-y mainly due to higher personnel expenses (+15% y-o-y) partially induced by wage inflation (in January-August 2018 employers' wage costs went up by 9% in the financial sector) and the average headcount growth (+6%) reasoned by strengthening business activity. Furthermore, higher marketing, hardware and office equipment costs also added to the overall increase of operating expenses.

In 3Q operating expenses declined by 7% q-o-q amid further increasing personnel expenses, but moderating amortization and marketing costs.

9M total risk cost amounted to -HUF 2.5 billion. In 3Q HUF 0.1 billion positive risk costs supported bottom line earnings, which also included HUF 0.7 billion one-off provision release related to the non-performing portfolio.

DPD90+ volumes (FX-adjusted, without sales and write-offs) remained stable in 3Q 2018. During 9M HUF 40 billion problem loans were sold/written off (of which 3Q: HUF 23 billion). The DPD90+ ratio declined to 5.5% (-10.0 pps y-o-y, -3.8 pps q-o-q). The volume of Stage 3 exposures amounted to HUF 52 billion at the end of 3Q (9.3% of total gross loans, -4.0 pps q-o-q).

The FX-adjusted performing loan volumes increased by 11% y-o-y and by 2% q-o-q. For both period it was the SME segment being the engine of growth (+29% y-o-y and +13% q-o-q). Mortgage volumes demonstrated a less robust growth (+5% y-o-y and +2% q-o-q). As for new loan disbursements, SME (+84% y-o-y, +41% q-o-q) and mortgage sales grew the fastest (+57% y-o-y and 24% q-o-q).

FX-adjusted deposit volumes increased by 15% y-o-y and by 3% q-o-q. The annual growth was supported by both retail and corporate inflows, whereas in 3Q the volume expansion was mainly due to retail inflows.

As a result of more stringent liquidity ratio requirements set by the Central Bank, interbank liabilities increased q-o-q, and the bank kept them in liquid assets. The net loan-to-deposit ratio was stable q-o-q at 133%.

OTP BANKA SRBIJA (SERBIA)

Performance of OTP banka Srbija (including Vojvodjanska banka):

Main components of P&L account in HUF mn	9M 2017	9M 2018	Y-o-Y	3Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	-1,270	1,348	-206%	213	990	-215	-122%	-201%
Income tax	0	4	-100%	0	-5	-1	-84%	-100%
Profit before income tax	-1,270	1,344	-206%	213	995	-214	-122%	-201%
Operating profit	756	4,351	475%	283	1,389	2,053	48%	625%
Total income	6,067	22,175	265%	2,117	7,363	8,196	11%	287%
Net interest income	4,441	15,092	240%	1,555	5,031	5,416	8%	248%
Net fees and commissions	1,321	5,269	299%	461	1,774	1,906	7%	314%
Other net non-interest income	306	1,815	494%	101	558	874	57%	763%
Operating expenses	-5,311	-17,824	236%	-1,834	-5,974	-6,143	3%	235%
Total provisions	-2,026	-3,007	48%	-70	-394	-2,267	476%	
Provision for possible loan losses	-836	-3,137	275%	-102	-318	-2,427	662%	
Other provision	-1,190	130	-111%	32	-75	160	-312%	393%
Main components of balance sheet closing balances in HUF mn	**2017**	**9M 2018**	**YTD**	**3Q 2017**	**2Q 2018**	**3Q 2018**	**Q-o-Q**	**Y-o-Y**
Total assets	482,887	543,401	13%	139,201	542,576	543,401	0%	290%
Gross customer loans	306,874	371,097	21%	112,347	361,392	371,097	3%	230%
Gross customer loans (FX-adjusted)	321,152	371,097	16%	117,490	355,859	371,097	4%	216%
Retail loans	163,334	181,188	11%	54,279	173,702	181,188	4%	234%
Corporate loans	157,818	189,908	20%	63,211	182,157	189,908	4%	200%
Allowances for possible loan losses	-19,759	-22,457	14%	-21,431	-20,104	-22,457	12%	5%
Allowances for possible loan losses (FX-adjusted)	-20,678	-22,457	9%	-22,453	-19,783	-22,457	14%	0%
Deposits from customers	349,553	368,577	5%	84,491	375,474	368,577	-2%	336%
Deposits from customer (FX-adjusted)	365,594	368,577	1%	88,290	369,627	368,577	0%	317%
Retail deposits	249,686	260,663	4%	53,853	255,346	260,663	2%	384%
Corporate deposits	115,908	107,914	-7%	34,436	114,281	107,914	-6%	213%
Liabilities to credit institutions	38,397	75,453	97%	18,527	63,725	75,453	18%	307%
Subordinated debt	2,505	0	-100%	2,514	2,661	0	-100%	-100%
Total shareholders' equity	80,070	83,884	5%	28,533	86,260	83,884	-3%	194%
Loan Quality	**9M 2017**	**9M 2018**	**Y-o-Y**	**3Q 2017**	**2Q 2018**	**3Q 2018**	**Q-o-Q**	**Y-o-Y**
Stage 3 loan volume under IFRS 9 (in HUF million)		26,340			26,580	26,340	-0.9%	
Stage 3 loans under IFRS 9/gross customer loans (%)		7.1%			7.4%	7.1%	-0.3%p	
Cost of risk/average gross loans (%)	1.02%	1.25%	0.23%p	0.4%	0.4%	2.7%	2.3%p	2.3%p
Cost of risk/average (FX-adjusted) gross loans (%)	1.04%	1.23%	0.19%p	0.4%	0.4%	2.7%	2.3%p	2.3%p
90+ days past due loan volume (in HUF million)	28,780	23,069	-19.8%	28,780	23,301	23,069	-1.0%	-19.8%
90+ days past due loans/gross customer loans (%)	25.6%	6.2%	-19.4%p	25.6%	6.4%	6.2%	-0.2%p	-19.4%p
Total provisions/90+ days past due loans (%)	74.5%	97.3%	22.9%p	74.5%	86.3%	97.3%	11.1%p	22.9%p
Performance Indicators	**9M 2017**	**9M 2018**	**Y-o-Y**	**3Q 2017**	**2Q 2018**	**3Q 2018**	**Q-o-Q**	**Y-o-Y**
ROA	-1.3%	0.4%	1.7%p	0.6%	0.8%	-0.2%	-1.0%p	-0.8%p
ROE	-6.0%	2.3%	8.3%p	3.0%	5.1%	-1.0%	-6.1%p	-4.0%p
Total income margin	6.26%	5.89%	-0.37%p	6.15%	5.93%	5.97%	0.04%p	-0.18%p
Net interest margin	4.58%	4.01%	-0.58%p	4.52%	4.05%	3.95%	-0.11%p	-0.57%p
Cost/income ratio	87.5%	80.4%	-7.2%p	86.6%	81.1%	75.0%	-6.2%p	-11.7%p
Net loans to deposits (FX-adjusted)	108%	95%	-13%p	108%	91%	95%	4%p	-13%p
FX rates (in HUF)	**9M 2017**	**9M 2018**	**Y-o-Y**	**3Q 2017**	**2Q 2018**	**3Q 2018**	**Q-o-Q**	**Y-o-Y**
HUF/RSD (closing)	2.6	2.7	5%	2.6	2.8	2.7	-2%	5%
HUF/RSD (average)	2.6	2.6	-2%	2.6	2.7	2.7	2%	7%

- ***The Serbian operation posted HUF 1.3 billion profit in 9M 2018***
- ***9M operating profit surged to almost six fold y-o-y, nearly four-fifth of which came from Vojvodjanska banka***
- ***Performing loan volumes further increased (+5% q-o-q) supported by both the retail and corporate sector***

Based on the acquisition agreement signed on 4 August 2017 by OTP banka Srbija a.d. Novi Sad, the Serbian subsidiary of OTP Bank and the Group of National Bank of Greece ("NBG") on purchasing 100% shareholding held in the Serbian Vojvodjanska banka a.d. („VOBAN") and NBG Leasing d.o.o. and certain other Serbian exposures held by the Group of the National Bank of Greece S.A. the financial closure of the transaction has been completed on 1 December 2017 and Vojvodjanska banka was consolidated.

The Serbian 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 Serbian operation (including Vojvodjanska banka) posted HUF 1.3 billion profit after tax in 9M 2018 versus a loss in the base period. Out of the 9M profit Vojvodjanska banka added HUF 2.4 billion to the Serbian after tax profit.

The y-o-y earning dynamics were shaped mainly by the consolidation of Vojvodjanska banka.

The 9M operating profit was HUF 4.4 billion of which the contribution of Vojvodjanska banka comprised HUF 2.8 billion. Within that it brought in HUF 9.9 billion in net interest income, HUF 3.8 billion in net fees and commissions and HUF 1.0 billion in other income, respectively. The operating costs reached -HUF 11.9 billion, while the total risk cost amounted to -HUF 0.5 billion.

The 9M net interest margin dropped by 58 bps y-o-y and it was partly the result of the dilution effect through the consolidation of the lower margin Vojvodjanska banka. In 3Q NIM eroded further q-o-q, as a result of the declining rate environment after the 25 bps base rate cut in April, which was reflected in the interest rates of local currency denominated variable rate loans in 3Q.

9M total risk costs comprised -HUF 3.0 billion, bulk of them were provisions for loan losses arising mainly in 3Q despite continued favourable underlying asset quality trends. The reason behind was that new collateral evaluation rules were introduced which required additional HUF 1.8 billion risk costs.

In 3Q the Serbian operation posted HUF 2.1 billion operating profit underpinning a 48% q-o-q increase. The quarterly total income grew by 11% q-o-q, within that net interest income by 8%, whereas net fee and commission income increased by 7% and other non-interest income by 57%, respectively. The NII improvement was supported by higher interest income realized on increasing performing loan volumes. Stronger fee and commission income was related mainly to higher deposit- and card-related fees.

It was positive that the increase in operating expenses moderated in 3Q (+3% q-o-q). The cost growth was explained by higher hardware and office equipment costs, property-related expenses and other general administrative costs.

The DPD90+ loan portfolio (FX-adjusted, without sales and write-offs) basically remained unchanged in 3Q. During 9M there were HUF 7 billion non-performing portfolio sales or write-offs, almost entirely emerging in 2Q. The DPD90+ ratio stood at 6.2% at the end of 3Q (-0.2 pp q-o-q). The volume of Stage 3 exposures amounted to HUF 26.3 billion at the end of 3Q, which is 7.1% of total gross loans (-0.2 pp q-o-q).

The yearly loan volume changes were mainly shaped by the consolidation of Vojvodjanska banka: the performing (DPD0-90) loan portfolio quadrupled y-o-y. As for the organic growth, volumes expanded by 5% q-o-q and by 19% ytd, respectively. In 3Q the quarterly increase was supported by both the retail and corporate segments (+4% and +5% q-o-q, respectively). Within the retail book the increase of mortgages (+4% q-o-q) and cash loans (+5% q-o-q) was the engine of growth. As for the disbursement activity mortgage origination demonstrated the strongest dynamism (+14% q-o-q).

The FX-adjusted deposit base expanded more than four times y-o-y and remained flat q-o-q.

In 3Q the Serbian operation paid back a subordinated debt facility.

CRNOGORSKA KOMERCIJALNA BANKA (MONTENEGRO)

Performance of CKB:

Main components of P&L account in HUF mn	9M 2017	9M 2018	Y-o-Y	3Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	664	2,278	243%	676	678	912	34%	35%
Income tax	0	-292	-100%	0	-123	-84	-31%	-100%
Profit before income tax	664	2,570	287%	676	801	996	24%	47%
Operating profit	1,483	1,855	25%	422	553	896	62%	113%
Total income	6,702	7,806	16%	2,209	2,560	2,872	12%	30%
Net interest income	4,879	5,524	13%	1,609	1,826	1,981	8%	23%
Net fees and commissions	1,939	2,385	23%	752	814	932	14%	24%
Other net non-interest income	-116	-103	-11%	-152	-81	-41	-49%	-73%
Operating expenses	-5,218	-5,951	14%	-1,787	-2,007	-1,976	-2%	11%
Total provisions	-819	715	-187%	254	248	100	-60%	-61%
Provision for possible loan losses	-161	514	-419%	463	108	133	23%	-71%
Other provision	-658	201	-131%	-209	140	-33	-124%	-84%
Main components of balance sheet closing balances in HUF mn	**2017**	**9M 2018**	**YTD**	**3Q 2017**	**2Q 2018**	**3Q 2018**	**Q-o-Q**	**Y-o-Y**
Total assets	197,590	228,085	15%	203,001	220,953	228,085	3%	12%
Gross customer loans	138,485	166,059	20%	134,830	169,577	166,059	-2%	23%
Gross customer loans (FX-adjusted)	144,576	166,059	15%	140,267	167,089	166,059	-1%	18%
Retail loans	76,197	76,251	0%	76,992	76,654	76,251	-1%	-1%
Corporate loans	68,379	89,802	31%	63,275	90,435	89,802	-1%	42%
Allowances for possible loan losses	-38,899	-39,779	2%	-42,846	-41,542	-39,779	-4%	-7%
Allowances for possible loan losses (FX-adjusted)	-40,610	-39,779	-2%	-44,574	-40,933	-39,779	-3%	-11%
Deposits from customers	152,316	175,081	15%	155,984	162,505	175,081	8%	12%
Deposits from customer (FX-adjusted)	159,272	175,081	10%	162,381	160,159	175,081	9%	8%
Retail deposits	121,849	131,301	8%	119,818	121,873	131,301	8%	10%
Corporate deposits	37,423	43,780	17%	42,563	38,286	43,780	14%	3%
Liabilities to credit institutions	17,962	5,668	-68%	18,271	10,746	5,668	-47%	-69%
Subordinated debt	0	0	-100%	0	0	0	-100%	-100%
Total shareholders' equity	21,127	39,230	86%	21,983	38,568	39,230	2%	78%
Loan Quality	**9M 2017**	**9M 2018**	**Y-o-Y**	**3Q 2017**	**2Q 2018**	**3Q 2018**	**Q-o-Q**	**Y-o-Y**
Stage 3 loan volume under IFRS 9 (in HUF million)		46,788			49,556	46,788	-5.6%	
Stage 3 loans under IFRS 9/gross customer loans (%)		28.2%			29.2%	28.2%	-1.0%p	
Cost of risk/average gross loans (%)	0.2%	-0.5%	-0.6%p	-1.4%	-0.3%	-0.3%	0.0%p	1.0%p
Cost of risk/average (FX-adjusted) gross loans (%)	0.2%	-0.5%	-0.6%p	-1.4%	-0.3%	-0.3%	0.0%p	1.0%p
90+ days past due loan volume (in HUF million)	49,208	41,358	-16.0%	49,208	43,810	41,358	-5.6%	-16.0%
90+ days past due loans/gross customer loans (%)	36.50%	24.91%	-11.6%p	36.50%	25.83%	24.91%	-0.9%p	-11.6%p
Total provisions/90+ days past due loans (%)	87.1%	96.2%	9.1%p	87.1%	94.8%	96.2%	1.4%p	9.1%p
Performance Indicators	**9M 2017**	**9M 2018**	**Y-o-Y**	**3Q 2017**	**2Q 2018**	**3Q 2018**	**Q-o-Q**	**Y-o-Y**
ROA	0.5%	1.5%	1.0%p	1.4%	1.4%	1.6%	0.2%p	0.2%p
ROE	4.2%	11.1%	7.0%p	12.5%	11.6%	9.3%	-2.3%p	-3.2%p
Total income margin	4.70%	5.06%	0.35%p	4.50%	5.16%	5.04%	-0.11%p	0.54%p
Net interest margin	3.42%	3.58%	0.15%p	3.28%	3.68%	3.48%	-0.20%p	0.20%p
Cost/income ratio	77.9%	76.2%	-1.6%p	80.9%	78.4%	68.8%	-9.6%p	-12.1%p
Net loans to deposits (FX-adjusted)	59%	72%	13%p	59%	79%	72%	-7%p	13%p
FX rates (in HUF)	**9M 2017**	**9M 2018**	**Y-o-Y**	**3Q 2017**	**2Q 2018**	**3Q 2018**	**Q-o-Q**	**Y-o-Y**
HUF/EUR (closing)	311.2	323.8	4%	311.2	328.6	323.8	-1%	4%
HUF/EUR (average)	308.4	317.5	3%	306.4	316.9	324.1	2%	6%

- ***Materially improving profitability: 9M profit of HUF 2.3 billion exceeded more than three times the base period; 3Q profit after tax comprised HUF 0.9 billion***
- ***9M operating profit grew by 25% y-o-y as a result of higher total income (+16% y-o-y) and higher operating expenses (+14% y-o-y); risk cost turned positive and supported bottom line earnings***
- ***The y-o-y 40% surge in performing loan volumes was mainly induced by higher corporate exposures***

The Montenegrin **CKB Bank** posted HUF 2.3 billion profit in 9M 2018. The improving result versus the base period was mainly due to positive risk costs in 9M 2018, but the y-o-y 25% higher operating profit also added to bottom line earnings. 3Q adjusted profit was HUF 0.9 billion.

Higher 9M operating profit was shaped by higher total income (+16% y-o-y) which could offset the increase in operating expenses (+14% y-o-y).

9M net interest income improved by 13% y-o-y partly because certain loan-related income previously booked within net fees and commissions was shifted into net interest income since January 2018 (HUF 0.2 billion). Furthermore, increasing performing volumes, as well as lower interest expenses on deposit and improving net interest margin (+15 bps y-o-y) had a positive impact, too. In 3Q net interest income kept growing (+8% q-o-q) as a result of higher corporate exposures; quarterly net interest margin eroded by 20 bps q-o-q.

Net fee and commission surged by 23% y-o-y. The y-o-y improvement was reasoned by the fact that effective from 4Q 2017 the contributions paid into the deposit insurance scheme and booked earlier within net fees and commissions (in 1H 2017: around HUF 360 million) were shifted to the operating cost line. In 3Q the q-o-q 14% surge in net fees and commissions was due to seasonally higher card and transaction related fees.

9M operating expenses increased by 14% y-o-y as a result of higher fees paid to regulatory authorities reflecting the above-mentioned reclassification of the contribution paid into the deposit insurance fund (9M 2018: HUF 0.6 billion). Lower 3Q operating expenses (-2% q-o-q) were reasoned by moderating personnel, marketing and advisory costs.

On the total risk cost line there was a positive amount of HUF 0.7 billion in 9M, of which HUF 0.1 billion was realized in 3Q. The DPD90+ ratio (24.9%) improved by 11.6 pps y-o-y (-0.9 pp q-o-q). The DPD90+ loan volumes (FX-adjusted, without sales and write offs) decreased by HUF 0.5 billion in 3Q. During the first nine months of 2018 HUF 3.9 billion non-performing loans were sold/written off (3Q: HUF 1.2 billion). The volume of Stage 3 exposures amounted to HUF 46.8 billion at the end of 3Q (28.2% of total gross loans, -1.0 pp q-o-q).

The FX-adjusted performing loan portfolio surged by 40% y-o-y and by 1% q-o-q. The strong yearly increase was mainly due to the growth of corporate exposures, within that loans to large companies grew by 42% y-o-y and +3% q-o-q. Municipality exposure – from a low base – increased massively y-o-y as a result of a large ticket loan disbursement towards the state in 2Q. The retail portfolio increased by 2% y-o-y: mortgage loans advanced by 4% y-o-y and the SME exposure by 12% y-o-y, respectively, whereas the consumer portfolio declined by 2%. In 3Q the retail portfolio remained flat q-o-q.

The FX-adjusted deposit portfolio grew by 8% y-o-y (+9% q-o-q). The volume increase was induced mainly by retail inflows. As a result, the net loan-to-deposit ratio stood at 72%.

OTP BANKA SLOVENSKO (SLOVAKIA)

Performance of OTP Banka Slovensko*:

Main components of P&L account in HUF mn	9M 2017	9M 2018	Y-o-Y	3Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	-582	570	-198%	-274	-899	698	-178%	-355%
Income tax	-103	-154	50%	-27	64	-21	-133%	-22%
Profit before income tax	-479	723	-251%	-247	-962	719	-175%	-391%
Operating profit	5,214	2,071	-60%	1,705	569	748	32%	-56%
Total income	13,108	11,126	-15%	4,303	3,710	3,773	2%	-12%
Net interest income	10,044	8,383	-17%	3,327	2,770	2,828	2%	-15%
Net fees and commissions	2,711	2,516	-7%	885	851	872	2%	-2%
Other net non-interest income	353	227	-36%	91	89	73	-17%	-20%
Operating expenses	-7,894	-9,055	15%	-2,598	-3,141	-3,024	-4%	16%
Total provisions	-5,693	-1,348	-76%	-1,952	-1,531	-29	-98%	-98%
Provision for possible loan losses	-5,657	-1,404	-75%	-1,940	-1,564	25	-102%	-101%
Other provision	-36	56	-256%	-12	33	-55	-268%	362%
Main components of balance sheet closing balances in HUF mn	2017	9M 2018	YTD	3Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y
Total assets	452,084	458,764	1%	449,154	469,117	458,764	-2%	2%
Gross customer loans	382,932	400,596	5%	389,923	406,785	400,596	-2%	3%
Gross customer loans (FX-adjusted)	399,771	400,596	0%	405,108	400,819	400,596	0%	-1%
Retail loans	345,444	354,148	3%	349,930	349,744	354,148	1%	1%
Corporate loans	54,298	46,431	-14%	55,143	51,053	46,431	-9%	-16%
Allowances for possible loan losses	-28,098	-33,134	18%	-32,673	-38,585	-33,134	-14%	1%
Allowances for possible loan losses (FX-adjusted)	-29,334	-33,134	13%	-33,990	-38,019	-33,134	-13%	-3%
Deposits from customers	343,924	364,193	6%	345,240	362,561	364,193	0%	5%
Deposits from customer (FX-adjusted)	359,046	364,193	1%	359,128	357,289	364,193	2%	1%
Retail deposits	333,012	332,741	0%	333,131	328,516	332,741	1%	0%
Corporate deposits	26,034	31,451	21%	25,997	28,774	31,451	9%	21%
Liabilities to credit institutions	10,020	23,361	133%	10,247	23,712	23,361	-1%	128%
Subordinated debt	6,205	8,753	41%	6,228	6,575	8,753	33%	41%
Total shareholders' equity	32,200	25,475	-21%	26,765	25,274	25,475	1%	-5%
Loan Quality	9M 2017	9M 2018	Y-o-Y	3Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y
Stage 3 loan volume under IFRS 9 (in HUF million)	0	41,222	0%	0	47,946	41,222	-14%	0%
Stage 3 loans under IFRS 9/gross customer loans (%)	0.0%	10.3%	0.0%	0.0%	11.8%	10.3%	-1.5%p	0.0%p
Cost of risk/average gross loans (%)	1.97%	0.48%	-1.49%	2.01%	1.60%	-0.03%	-1.63%p	-2.03%p
90+ days past due loan volume (in HUF million)	44,005	30,702	-30%	44,005	37,685	30,702	-19%	-30%
90+ days past due loans/gross customer loans (%)	11.3%	7.7%	-3.6%	11.3%	9.3%	7.7%	-1.6%p	-3.6%p
Total provisions/90+ days past due loans (%)	74.2%	107.9%	33.7%	74.2%	102.4%	107.9%	5.5%p	33.7%p
Performance Indicators	9M 2017	9M 2018	Y-o-Y	3Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y
ROA	-0.2%	0.2%	0.3%	-0.2%	-0.8%	0.6%	1.4%p	0.9%p
ROE	-2.9%	3.0%	5.9%	-4.1%	-14.5%	11.0%	25.5%p	15.1%p
Total income margin	3.93%	3.30%	-0.63%	3.86%	3.29%	3.27%	-0.02%	-0.59%
Net interest margin	3.01%	2.49%	-0.53%	2.98%	2.46%	2.45%	-0.01%	-0.53%
Cost/income ratio	60.2%	81.4%	21.2%	60.4%	84.7%	80.2%	-4.5%p	19.8%p
Net loans to deposits (FX-adjusted)	103%	101%	-2%	103%	102%	101%	-1%p	-2%p
FX rates (in HUF)	9M 2017	9M 2018	Y-o-Y	3Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y
HUF/EUR (closing)	311.2	323.8	4%	311.2	328.6	323.8	-1%	4%
HUF/EUR (average)	308.4	317.5	3%	306.4	316.9	324.1	2%	6%

* P&L account lines and indicators are adjusted for banking tax and Deposit Protection Fund contributions

- ***HUF 0.6 billion 9M adjusted profit as a result of y-o-y falling operating profit and risk costs decreasing by 3/4***
- ***Performing loan volumes grew by 3% y-o-y and 2% q-o-q (FX-adjusted)***
- ***The DPD90+ ratio (7.7%) dropped by 3.6 pps y-o-y***

The **OTP Banka Slovensko** booked HUF 0.7 billion profit in 3Q 2018 as a result of improving operating profit (+32% q-o-q) and marginal quarterly risk costs. Thus in the first nine months the bank posted HUF 0.6 billion adjusted net earnings versus the similar amount of loss in the base period.

The 60% y-o-y drop in 9M operating income was the result of eroding total income (-15% y-o-y) and higher operating expenses by the same magnitude. 9M net interest income decreased by 17% y-o-y partly due to a methodology change from 2017 (lower net interest income was coupled with lower risk costs). The 9M net interest margin eroded by -53 bps y-o-y. In 3Q the net interest income increased by 2% q-o-q amid stable quarterly NIM (2.45%) and increasing performing loan volumes (+2% q-o-q).

9M net fee and commission income decreased by 7% y-o-y, partly because effective from January 2018 monitoring fees were accrued for 12 months, whereas contract modification fees for the whole maturity of the loan. In 3Q fees and commissions grew by 2% q-o-q.

9M operating expenses increased due to higher personnel expenses induced by wage inflation and increasing headcount, but also by higher marketing expenses related to seasonal sales campaigns. 3Q witnessed some moderation q-o-q, as both personnel expenses and marketing expenses declined q-o-q.

Total risk costs dropped significantly both an a yearly and quarterly bases (-76% y-o-y, whereas in 3Q risk costs were close to zero). The FX-adjusted DPD90+ loan volumes (without the effect of sales and write-offs) dropped by HUF 1.5 billion in 3Q. The DPD90+ ratio decreased by 3.6 pps y-o-y to 7.7% (-1.6 pps q-o-q). In 9M 2018 HUF 4.9 billion equivalent non-performing loans were sold or written off (3Q: HUF 4.7 billion) as part of porfolio cleaning. The volume of Stage 3 exposure amounted to HUF 41.2 billion at the end of 3Q (10.3% of the gross loan book, -1.5 pps q-o-q).

The FX-adjusted performing loan book expanded by 3% y-o-y, mainly explained by mortgage and SME loan growth (both categories expanded by 5% y-o-y). On the other hand, FX-adjusted corporate loan volumes declined by 7% y-o-y. The strongest disbursement activity was demonstarted in the SME segment, whereas the low margin mortgage origination suffered an 18% y-o-y setback in 3Q.

The FX-adjusted deposit volumes grew by 1% y-o-y, as a result the net loan to deposit ratio remained close to 100%.

STAFF LEVEL AND OTHER INFORMATION

	31/12/2017				30/09/2018			
	Branches	ATM	POS	Headcount (closing)	Branches	ATM	POS	Headcount (closing)
OTP Core	362	1,945	70,002	9,049	361	1,926	75,938	9,588
DSK Group	367	890	7,005	4,872	357	901	8,193	4,780
OTP Bank Russia[1] (w/o employed agents)	134	230	1,079	4,956	134	226	1,061	5,088
Touch Bank (Russia)	0	0	0	356	0	0	0	0
OTP Bank Ukraine (w/o employed agents)	85	115	382	2,224	85	138	349	2,243
OTP Bank Romania	96	139	4,351	1,163	95	140	4,515	1,248
OTP banka Hrvatska	196	528	10,765	2,430	189	502	9,062	2,417
OTP Banka Slovenko	62	148	276	674	62	151	257	683
OTP banka Srbija	157	254	5,098	2,103	156	252	5,370	2,009
CKB	29	91	4,070	429	28	98	4,469	416
Foreign subsidiaries, total	**1,126**	**2,395**	**33,026**	**19,206**	**1,106**	**2,408**	**33,276**	**18,883**
Other Hungarian and foreign subsidiaries				860				904
OTP Group (w/o employed agents)				**29,116**				**29,374**
OTP Bank Russia - employed agents				5,771				5,124
OTP Bank Ukraine - employed agents				747				666
OTP Group (aggregated)	**1,488**	**4,340**	**103,028**	**35,633**	**1,467**	**4,334**	**109,214**	**35,164**

[1] From 2018 OTP Bank Russia includes Touch Bank's figures, while until 4Q 2017 Touch Bank was showed as a separate entity.

PERSONAL AND ORGANIZATIONAL CHANGES

Mr. Dominique Uzel resigned his membership from the Supervisory Board and Audit Committee with effect from April 13, 2018.

The Annual General Meeting elected Mr. Olivier Péqueux as members 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.

The Annual General Meeting elected Olivier Péqueux as members of the Audit Committee of the Company until the Annual General Meeting of the Company closing the 2019 business year but not later than 30 April 2020.

The Annual General Meeting elected Deloitte Auditing and Consulting Ltd. (000083, H-1068 Budapest, Dózsa György út 84/c) as the Bank's auditor to audit OTP Bank Plc.'s separate and consolidated annual financial statements in accordance with International Financial Reporting Standards for the year 2018, from 1 May 2018 until 30 April 2019.

Based on the decision of the Board of Directors Dr. Zsolt Barna – possessing the necessary supervisory permission - was appointed as General Deputy Chief Executive Officer from 1 September 2018 to run the Group Governance and Operations Division,

FINANCIAL DATA

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF FINANCIAL POSITION

in HUF million	OTP Bank			Consolidated		
	30/09/2018	30/09/2017	change	30/09/2018	30/09/2017	change
Cash, due from banks and balances with the National Banks	323,069	436,666	-26%	1,091,217	1,182,704	-8%
Placements with other banks, net of allowance for possible placement losses	1,199,532	952,334	26%	691,289	462,832	49%
Financial assets at fair value through profit or loss	174,795	290,872	-40%	196,808	322,404	-39%
Non-trading securities mandatorily at fair value through profit or loss	0	0		2,065	0	0
Securities available-for-sale (at fair value through OCI)	1,661,694	1,663,684	0%	2,030,765	2,040,018	0%
Loans, net of allowance for loan losses	2,550,986	2,171,475	17%	7,908,033	6,694,349	18%
Shares and equity investments	973,788	825,049	18%	25,664	11,824	117%
Securities held-to-maturity (at amortized cost)	1,377,315	1,004,991	37%	1,675,271	1,250,083	34%
Tangible and intangible assets	103,012	88,584	16%	409,123	377,592	8%
Other assets	139,007	114,740	21%	332,339	299,885	11%
TOTAL ASSETS	**8,503,198**	**7,548,394**	**13%**	**14,362,575**	**12,641,691**	**14%**
Liablities to credit institution and to the National Bank of Hungary	955,966	748,497	28%	521,335	497,513	5%
Deposits from customers	5,549,016	4,944,372	12%	11,032,659	9,671,295	14%
Liabilities from issued securities	48,644	63,195	-23%	338,155	251,527	34%
Fair value adjustment of derivative financial instruments held for trade	108,590	75,519	44%	97,233	62,920	55%
Other liabilities	256,851	273,559	-6%	520,364	506,092	3%
Subordinated bonds and loans	111,540	109,793	2%	82,173	76,903	7%
TOTAL LIABILITIES	**7,030,607**	**6,214,933**	**13%**	**12,591,919**	**11,066,251**	**14%**
Share capital	28,000	28,000	0%	28,000	28,000	0%
Retained earnings and other reserves without earnings	1,310,170	1,152,078	14%	1,561,318	1,394,849	12%
Profit or loss for the financial year according to the balance sheet	139,758	163,101	-14%	240,299	212,691	13%
Treasury shares	-5,336	-9,718	-45%	-62,387	-63,485	-2%
Non-controlling interest	0	0		3,426	3,385	1%
TOTAL SHAREHOLDERS' EQUITY	**1,472,591**	**1,333,461**	**10%**	**1,770,656**	**1,575,440**	**12%**
TOTAL LIABILTITIES AND SHAREHOLDERS' EQUITY	**8,503,198**	**7,548,394**	**13%**	**14,362,575**	**12,641,691**	**14%**

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF RECOGNIZED INCOME

in HUF million	OTP Bank 9M 2018	OTP Bank 9M 2017	OTP Bank change	Consolidated 9M 2018	Consolidated 9M 2017	Consolidated change
Loans	105,507	89,185	18%	426,297	387,722	10%
Placements with other banks	41,889	36,146	16%	42,223	32,480	30%
Interest income due from banks and balances with the National Bank of Hungary	234	1,199	-80%	387	1,230	-69%
Securities held for trading	0	0		0	0	
Securities available-for-sale	23,203	22,450	3%	28,060	25,070	12%
Securities held-to-maturity	34,794	33,501	4%	44,154	42,627	4%
Non-trading financial assets mandatorily at fair value through profit or loss	0	0		4	0	
Interest expense on assets (negative interest income)	0	0		-211	0	
Other interest income	0	0		8,449	7,451	13%
Interest income	*205,628*	*182,482*	*13%*	*549,363*	*496,581*	*11%*
Interest expense due to banks and on deposits from the National Banks	-40,752	-41,883	-3%	-36,848	-34,199	8%
Deposits from customers	-22,077	-7,429	197%	-54,523	-38,730	41%
From issued securities	-75	-146	-49%	-4,351	-4,273	2%
Subordinated an supplementary bonds and loans	-2,234	-2,286	-2%	-1,614	-1,717	-6%
Interest income on liabilities (negative interest expense)	0	0		173	0	
Other interest expense	0	0		-5,679	-5,633	1%
Interest expense	*-65,138*	*-51,744*	*26%*	*-102,842*	*-84,553*	*22%*
Net interest income	**140,490**	**130,738**	**7%**	**446,521**	**412,028**	**8%**
Provisions for loans	-7,060	-826	755%	-22,563	-23,113	-2%
Provisions on placements	-444	30		-197	-202	-3%
Provision for loans and on placements	-7,504	-796	842%	-22,760	-23,316	-2%
NET INTEREST INCOME AFTER PROVISIONS	132,986	129,942	2%	423,761	388,713	9%
Income from fees and commissions	155,423	153,511	1%	246,691	228,371	8%
Expense from fees and commissions	-21,771	-21,175	3%	-40,874	-38,969	5%
NET PROFIT FROM FEES AND COMMISSIONS	133,652	132,337	1%	205,817	189,402	9%
Foreign exchange gains and losses	6,258	4,202	49%	29,401	9,848	199%
Gains and losses on securities	2,434	6,117	-60%	144	6,529	-98%
Gains and losses on non-trading loans mandatorily at fair value through profit or loss	-186	0		-91	0	
Gains on real estate transactions	166	161	3%	1,709	1,683	2%
Dividend income and gains and losses on associated companies	68,470	82,630	-17%	5,846	4,062	44%
Insurance premiums	0	0		564	159	254%
Gains and losses on derivative instruments	2,812	-245		3,289	1,963	68%
Other operating income	3,603	8,416	-57%	30,104	34,972	-14%
Other operating expense	-3,887	4,437	-188%	-13,549	-25,154	-46%
NET OPERATING RESULT	79,671	105,718	-25%	57,416	34,062	69%
Personnel expenses	-72,982	-67,857	8%	-179,233	-156,829	14%
Depreciation	-15,421	-15,562	-1%	-43,308	-35,674	21%
Other administrative expenses	-109,702	-109,346	0%	-192,464	-177,720	8%
OTHER ADMINISTRATIVE EXPENSES	-198,105	-192,765	3%	-415,005	-370,223	12%
PROFIT BEFORE INCOME TAX	**148,204**	**175,231**	**-15%**	**271,990**	**241,954**	**12%**
Income tax	-8,447	-12,131	-30%	-31,486	-29,069	8%
NET PROFIT FOR THE PERIODS	**139,758**	**163,101**	**-14%**	**240,504**	**212,885**	**13%**
From this, attributable to non-controlling interest	0	0		-205	-195	5%
NET PROFIT FOR THE PERIODS ATTRIBUTABLE OWNERS OF THE COMPANY	**139,758**	**163,101**	**-14%**	**240,299**	**212,691**	**13%**

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF CASH FLOWS

in HUF million	OTP Bank			Consolidated		
	30/09/2018	30/09/2017	change	30/09/2018	30/09/2017	change
OPERATING ACTIVITIES						
Profit before income tax	148,204	175,231	-15%	240,299	212,691	13%
Adjustments to reconcile income before income taxes to net cash provided by operating activities						
Income tax paid	0	0		-18,690	-11,784	59%
Goodwill impairment	0	0	0%	5,962	0	0%
Depreciation and amortization	15,388	15,562	-1%	37,347	35,674	5%
Net accrued interest	-2,156	-7,208	-70%	19,880	41,012	-52%
Provision for impairment / Release of provision	-6,397	4,332	-248%	-18,922	11,130	-270%
Share-based payment	2,605	2,528	3%	2,605	2,528	3%
Unrealized gains / losses on fair value change of securities at fair value through other comprehensive income and fair value through profit or loss	-12,278	1,849	-764%	14,169	-1,849	-866%
Unrealized losses on fair value adjustment of derivative financial instruments	75,992	7,894	863%	-34,018	12,013	-383%
Changes in operating assets and liabilities	-115,692	-252,778	-54%	49,878	-111,187	-145%
Net cash provided by operating activities	**105,666**	**-52,590**	**-301%**	**298,510**	**190,228**	**57%**
INVESTING ACTIVITIES	**0**	**0**	**0%**	**0**	**0**	**0%**
Net cash used in investing activities	**-360,111**	**-443,138**	**-19%**	**-516,230**	**-496,025**	**4%**
FINANCING ACTIVITIES	**0**	**0**	**0%**	**0**	**0**	**0%**
Net cash used in financing activities	**173,108**	**4,394**	**3840%**	**101,212**	**-100,095**	**-201%**
Net increase in cash and cash equivalents	**-81,337**	**-491,334**	**0%**	**-116,508**	**-405,892**	**-71%**
Cash and cash equivalents at the beginning of the period	347,854	880,266	-60%	800,689	1,128,610	-29%
Cash and cash equivalents at the end of the period	**266,517**	**388,932**	**-31%**	**684,181**	**722,718**	**-5%**

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	Non-controlling interest	Total
Balance as at 1 January 2017	**28,000**	**52**	**28,237**	**1,476,657**	**-55,468**	**-60,121**	**3,292**	**1,420,649**
Net profit for the year	--	--	--	212,691		--	195	212,886
Other comprehensive income				-839			-102	-941
Share-based payment	--	--	2,528			--	--	2,528
Treasury shares								
Dividend for the year 2016	--	--	--	-53,200		--	--	-53,200
Put option								
Treasury shares								
– sale						10,146		10,146
– loss on sale				-1,436				-1,436
– volume change						-13,510		-13,510
Payment to ICES holders				-1,681				-1,681
Balance as at 30 September 2017	**28,000**	**52**	**30,765**	**1,632,192**	**-55,468**	**-63,485**	**3,385**	**1,575,441**

in HUF million	Share capital	Capital reserve	Share based payment reserve	Retained earnings and reserves	Put option reserves	Treasury shares	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 IFRS9				-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				240,299			204	240,503
Other comprehensive income				804			-116	688
Share-based payment			2,605					2,605
Treasury shares								
Dividend for the year 2017				-61,320				-61,320
Correction due to ESOP				155				155
Put option								
Treasury shares								
– sale						11,019		11,019
– loss on sale				-2,287				-2,287
– volume change						-10,117		-10,117
Payment to ICES holders				-117				-117
Balance as at 30 September 2018	**28,000**	**52**	**34,440**	**1,822,593**	**-55,468**	**-62,387**	**3,426**	**1,770,656**

CONSOLIDATED SUBSIDIARIES AND ASSOCIATES

	Name		Initial capital/Equity (HUF)	Ownership Directly + indirectly (%)	Voting rights (%)	Classification
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 DOM EAD	BGN	100,000	100.00	100.00	L
11.	DSK Bank PLC	BGN	153,984,000	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.	INGA KETTŐ Ltd.		8,000,000,000	100.00	100.00	L
19.	JeT-SOL IT Services, Trading and Investment Company Limited		8,000,000	100.00	100.00	L
20.	JN Parkolóház Real Estate Utilizer Limited Liability Company		4,800,000	100.00	100.00	L
21.	Limited Liability Company Asset Management Company " OTP Capital"	UAH	10,000,000	100.00	100.00	L
22.	LLC MFO "OTP Finance"	RUB	5,533,000,000	100.00	100.00	L
23.	LLC OTP Leasing	UAH	45,495,340	100.00	100.00	L
24.	Merkantil Bill and Property Investments Bank Closed Company Limited by Shares		2,000,000,000	100.00	100.00	L
25.	Merkantil Lease service LLC.		6,000,000	100.00	100.00	L
26.	Merkantil Car Private Company Limited by Shares		50,000,000	100.00	100.00	L
27.	Merkantil Property Leasing Private Limited by Shares		50,000,000	100.00	100.00	L
28.	Miskolci Diákotthon Investment, Utilization Limited Liability Company		5,000,000	100.00	100.00	L
29.	MONICOMP Commercial and Bearing Private Company Limited by Shares		20,000,000	100.00	100.00	L
30.	NIMO 2002 Ltd.		1,156,000,000	100.00	100.00	L
31.	OTP Fund Management Private Company Limited by Shares		900,000,000	100.00	100.00	L
32.	OTP Asset Management SAI S.A.	RON	5,795,323	100.00	100.00	L
33.	OTP Aventin d.o.o.	HRK	40,000	100.00	100.00	L
34.	OTP Bank JSC (Ukraine)	UAH	6,186,023,111	100.00	100.00	L
35.	OTP Bank Romania S.A.	RON	1,379,252,880	100.00	100.00	L
36.	OTP banka Hrvatska d.d.	HRK	3,993,754,800	100.00	100.00	L
37.	OTP Building Llc.	EUR	18,717,301	100.00	100.00	L
38.	OTP Debt Collection Ltd.[2]	EUR	49,000,001	100.00	100.00	L
39.	OTP eBIZ Limited Liability Company		230,000,000	100.00	100.00	L
40.	OTP Life Annuity Real Estate Investment Private Company Limited by Shares		2,000,000,000	100.00	100.00	L
41.	OTP Factoring Bulgaria JSCo.	BGN	1,000,000	100.00	100.00	L
42.	OTP Factoring Serbia Ltd	RSD	782,902,282	100.00	100.00	L
43.	OTP Factoring Romania Llc.	RON	500,400	100.00	100.00	L
44.	OTP Factoring Ukraine LLC	UAH	6,067,380,554	100.00	100.00	L
45.	OTP Faktoring Slovensko Ltd.	EUR	5,000	100.00	100.00	L
46.	OTP Factoring Ltd.		500,000,000	100.00	100.00	L
47.	OTP Faktoring Vagyonkezelő Llc		3,000,000	100.00	100.00	L
48.	OTP Financing Cyprus Private Company limited by shares	EUR	1,001,000	100.00	100.00	L
49.	OTP Financing Malta Company Limited	EUR	105,000,000	100.00	100.00	L
50.	OTP Financing Netherlands B.V.	EUR	18,000	100.00	100.00	L
51.	OTP Financing Solutions B.V	EUR	18,000	100.00	100.00	L
52.	OTP Holding Ltd	EUR	131,000	100.00	100.00	L
53.	OTP Holding Malta Ltd.	EUR	104,950,000	100.00	100.00	L
54.	OTP Hungaro-Projekt Ltd.		250,000,000	100.00	100.00	L
55.	OTP Real Estate Investment Fund Management Ltd.		100,000,000	100.00	100.00	L
56.	OTP Real Estate Ltd.		1,000,000,000	100.00	100.00	L

	Name		Initial capital/Equity (HUF)	Ownership Directly + indirectly (%)	Voting rights (%)	Classification
57.	OTP Ingatlankezelő Ltd.		50,000,000	100.00	100.00	L
58.	OTP Real Estate Leasing Ltd.		214,000,000	100.00	100.00	L
59.	OTP Ingatlanpont LLC.		6,000,000	100.00	100.00	L
60.	OTP Facility Management Llc.		30,000,000	100.00	100.00	L
61.	OTP Invest d.o.o.	HRK	12,979,900	100.00	100.00	L
62.	OTP Investments d.o.o. Novi Sad	RSD	203,783,061	100.00	100.00	L
63.	OTP Mortgage Bank Close Company Limited by Shares Hungary		27,000,000,000	100.00	100.00	L
64.	OTP Card Factory Llc.		450,000,000	100.00	100.00	L
65.	OTP Close Building Society		2,000,000,000	100.00	100.00	L
66.	OTP Leasing d.d.	HRK	8,212,000	100.00	100.00	L
67.	OTP Leasing Romania IFN S.A.	RON	23,036,300	100.00	100.00	L
68.	OTP Lizing d.o.o.	RSD	482,631,000	100.00	100.00	L
69.	OTP Mérnöki Ltd.		3,000,000	100.00	100.00	L
70.	OTP Mobile Service Limited Liability Company		1,210,000,000	100.00	100.00	L
71.	OTP Nekretnine d.o.o.	HRK	51,708,100	100.00	100.00	L
72.	OTP Osiguranje d.d.	HRK	40,900,000	100.00	100.00	L
73.	OTP Funds Servicing and Consulting Company Limited by Shares		2,349,940,000	100.00	100.00	L
74.	OTP Pénzügyi Pont Ltd.		50,000,000	100.00	100.00	L
75.	OTP Services d. o. o.	RSD	40,028	100.00	100.00	L
76.	R.E. Four d.o.o., Novi Sad	RSD	1,983,643,761	100.00	100.00	L
77.	SB Leasing Ltd.	HRK	23,332,000	100.00	100.00	L
78.	SB NEKRETNINE d.o.o.	HRK	531,400	100.00	100.00	L
79.	SB ZGRADA d.o.o.	HRK	208,120,000	100.00	100.00	L
80.	Aloha Buzz Llc.	RON	200	100.00	100.00	L
81.	Favo Consultanta Llc.	RON	200	100.00	100.00	L
82.	Tezaur Cont Llc.	RON	200	100.00	100.00	L
83.	SPLC-P Llc.		15,000,000	100.00	100.00	L
84.	SPLC Property Management Limited Liability Company		10,000,000	100.00	100.00	L
85.	Splitska banka d.d.	HRK	991,425,800	100.00	100.00	L
86.	TOP Collector Ltd.	RUB	1,030,000	100.00	100.00	L
87.	Velvin Ventures Ltd.	USD	50,000	100.00	100.00	L
88.	Vojvodjanska banka a.d. Novi Sad	RSD	16,337,430,000	100.00	100.00	L
89.	POK DSK-Rodina AD	BGN	6,010,000	99.75	99.75	L
90.	OTP Banka Slovensko a.s.	EUR	111,580,509	99.38	99.38	L
91.	OTP banka Srbija a.d. Novi Sad	RSD	31,607,808,040	98.90	98.90	L
92.	JSC "OTP Bank" (Russia)	RUB	4,423,768,142	97.90	97.90	L
93.	OPUS Securities S.A.	EUR	31,000	0.00	51.00	L
94.	Debt Management Project 1 Montenegro d.o.o.	EUR	20,795,000	100.00	100.00	L
95.	Balansz Private Open End Institutional Fund		30,931,279,011	100.00	100.00	L
96.	OTP MRP		9,820,038,956			L
97.	OTP Solution Fund	UAH	87,539,641	100.00	100.00	L

[1] Full consolidated -L

[2] Previously: OTP Factoring Montenegro d.o.o.

Ownership structure of OTP Bank Plc.

Description of owner	Total equity					
	1 January 2017			30 September 2018		
	Ownership share	Voting rights[1]	Quantity	Ownership share	Voting rights[1]	Quantity
Domestic institution/company	20.04%	20.26%	56,116,209	19.96%	20.15%	55,892,105
Foreign institution/company	63.73%	64.44%	178,445,190	59.94%	60.51%	167,833,894
Domestic individual	3.92%	3.97%	10,988,183	4.65%	4.70%	13,025,235
Foreign individual	0.23%	0.23%	650,713	0.15%	0.15%	429,434
Employees, senior officers	0.80%	0.81%	2,250,991	0.80%	0.80%	2,230,856
Treasury shares[2]	1.09%	0.00%	3,063,853	0.93%	0.00%	2,617,330
Government held owner	0.08%	0.08%	226,012	0.08%	0.08%	219,072
International Development Institutions	0.03%	0.03%	70,502	0.03%	0.03%	80,958
Other[3]	10.07%	10.18%	28,188,357	13.45%	13.58%	37,671,126
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. If the ownership ratio and the voting rights are equal, only the ownership stake column must be completed and submitted / published with the fact indication.
[2] Treasury shares do not include the OTP shares held by ESOP.
[3] Non-identified shareholders according to the shareholders' registry.

Number of treasury shares held in the year under review (2018)

	1 January	31 March	30 June	30 September	31 December
OTP Bank	990,293	997,581	633,956	543,770	
Subsidiaries	2,073,560	2,073,560	2,073,560	2,073,560	
TOTAL	3,063,853	3,071,141	2,707,516	2,617,330	

Shareholders with over/around 5% stake as at 30 September 2018

Name	Number of shares	Ownership[1]	Voting rights[1,2]
MOL (Hungarian Oil and Gas Company Plc.)	24,000,000	8.57%	8.65%
KAFIJAT Ltd.	21,811,325	7.79%	7.86%
OPUS Securities S.A.	14,496,476	5.18%	5.23%
Groupama Group	14,338,835	5.12%	5.17%

[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 30 September 2018

Type[1]	Name	Position	No. of shares held
IT	Dr. Sándor Csányi [2]	Chairman and CEO	720,822
IT	Mihály Baumstark	member	54,000
IT	Dr. Tibor Bíró	member	24,956
IT	Tamás Erdei	member	25,639
IT	Dr. István Gresa	member	153,924
IT	Antal Kovács	member, Deputy CEO	27,263
IT	Dr. Antal Pongrácz	member	86,901
IT	Dr. László Utassy	member	218,066
IT	Dr. József Vörös	member	157,314
IT	László Wolf	member, Deputy CEO	610,884
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 Chief Executive Officer	371
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	17,477
TOTAL No. of shares held by management:			**2,145,434**

[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: 3,406,150

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

a) Contingent liabilities

	30/09/2018	30/09/2017
Commitments to extend credit	2,085,392	1,660,906
Guarantees arising from banking activities	564,109	490,091
Confirmed letters of credit	13,513	13,613
Legal disputes (disputed value)	13,417	16,226
Contingent liabilities related to OTP Mortgage Bank	0	0
Other	260,977	384,763
Total:	**2,937,408**	**2,565,599**

[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 01/10/2017 and 30/09/2018

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 30/09/2018	Outstanding consolidated debt (in HUF million) 30/09/2018
OTP Bank Plc.	Retail bond	OTP_VK1_18/8	17/11/2017	17/11/2018	USD	2,928,920	816
OTP Bank Plc.	Retail bond	OTP_VK1_18/9	20/12/2017	20/12/2018	USD	1,435,320	400
OTP Bank Plc.	Retail bond	OTP_VK1_19/I	16/02/2018	16/02/2019	USD	3,044,725	849
OTP Bank Plc.	Retail bond	OTP_VK1_19/2	29/03/2018	29/03/2019	USD	2,872,882	801
OTP Bank Plc.	Retail bond	OTP_VK1_19/3	18/05/2018	18/05/2019	USD	2,986,600	833
OTP Bank Plc.	Retail bond	OTP_VK1_19/4	28/06/2018	28/06/2019	USD	2,983,400	832
OTP Bank Plc.	Retail bond	OTP_VK1_19/5	06/08/2018	06/08/2019	USD	848,600	237
OTP Bank Plc.	Corporate bond	OTP_DK_19/I	31/05/2018	31/05/2019	HUF	0	0
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	51,826	51,826
OTP Mortgage Bank	Mortgage bond	OJB2024_B	18/09/2018	24/05/2024	HUF	36,315	36,315
OTP Banka Slovensko	Corporate bond	Bonds OTP VI.	27/02/2018	26/02/2019	EUR	0	0
OTP Banka Slovensko	Mortgage bond	OTP XXXII.	15/12/2017	14/12/2018	EUR	0	0

Security redemptions on Group level between 01/10/2017 and 30/09/2018

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 30/09/2017	Outstanding consolidated debt (in HUF million) 30/09/2017
OTP Bank Plc.	Corporate bond	OTPX2017D	20/10/2011	19/10/2017	HUF	385	385
OTP Bank Plc.	Corporate bond	OTPX2017E	21/12/2011	28/12/2017	HUF	2,960	2,960
OTP Bank Plc.	Corporate bond	OTPX2018A	03/01/2012	09/01/2018	HUF	432	432
OTP Bank Plc.	Retail bond	OTPTBSZ6_17I	13/01/2012	15/12/2017	HUF	218	218
OTP Bank Plc.	Corporate bond	OTPX2018B	22/03/2012	22/03/2018	HUF	3,488	3,488
OTP Bank Plc.	Corporate bond	OTPX2018C	18/07/2012	18/07/2018	HUF	3,027	3,027
OTP Bank Plc.	Retail bond	OTP_VK1_18/1	20/01/2017	20/01/2018	USD	2,786,700	735
OTP Bank Plc.	Retail bond	OTP_VK1_18/2	03/03/2017	03/03/2018	USD	4,251,000	1,121
OTP Bank Plc.	Retail bond	OTP_VK1_18/3	13/04/2017	13/04/2018	USD	2,490,300	657
OTP Bank Plc.	Retail bond	OTP_VK1_18/4	02/06/2017	02/06/2018	USD	4,199,100	1,108
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_18/5	14/07/2017	14/07/2018	USD	2,241,500	591
OTP Bank Plc.	Retail bond	OTP_VK1_18/6	04/08/2017	04/08/2018	USD	694,900	183
OTP Bank Plc.	Retail bond	OTP_VK1_18/7	29/09/2017	29/09/2018	USD	4,493,100	1,185
OTP Banka Slovensko	Mortgage bond	OTP XXX.	16/12/2016	15/12/2017	EUR	0	0
OTP Banka Slovensko	Mortgage bond	OTP XXXI.	29/03/2017	28/03/2018	EUR	0	0
OTP Banka Slovensko	Corporate bond	Bonds OTP IV.	28/02/2017	27/02/2018	EUR	0	0
OTP Banka Slovensko	Corporate bond	Bonds OTP V.	31/07/2017	30/07/2018	EUR	0	0

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	9M 2017	9M 2018	Y-o-Y	3Q 2017	2Q 2018	3Q 2018	Q-o-Q	Y-o-Y
Total	**8,097**	**9,314**	**15%**	**2,528**	**3,818**	**2,855**	**-25%**	**13%**
Short-term employee benefits	6,090	6,521	7%	1,872	2,801	1,964	-30%	5%
Share-based payment	1,698	2,319	37%	566	773	773	0%	37%
Other long-term employee benefits	300	448	49%	90	221	115	-48%	28%
Termination benefits	9	0	-100%	0	0	0		
Redundancy payments	0	26		0	23	3		
Loans provided to companies owned by the management[1] (normal course of business)	88,048	60,398	-31%	88,048	39,632	60,398	52%	-31%
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)	3,731	3,775	1%	3,731	3,778	3,775	0%	1%
Commitments to extend credit and guarantees	37,050	37,622	2%	37,050	49,940	37,622	-25%	2%
Loans provided to unconsolidated subsidiaries	4,666	4,863	4%	4,666	4,744	4,863	3%	4%

[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[5]

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value	
			9M 2017	9M 2018
Leverage, consolidated[6]	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 9M 2018: $\frac{1,316,431.5}{15,354,340.5} = 8.6\%$ Example for 9M 2017: $\frac{1,083,922.0}{13,263,623.1} = 8.2\%$	8.2%	8.6%
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 9M 2018: $\frac{4,042,301.9}{2,57,543.2-542,770.3} = 198\%$ Example for 9M 2017: $\frac{4,055,030.7}{2,252,543.9-438,813.8} = 224\%$	224%	198%

[5] 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.

[6] 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	
			9M 2017	9M 2018
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 9M 2018: $\frac{7,908,032.6}{11,020,890.6} = 71.8\%$ Example for 9M 2017: $\frac{6,687,542.3}{9,655,648.4} = 69.3\%$	69.3%	71.8%
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 9M 2018: $\frac{240,503.7*1.34}{1,668,480.8} = 19.3\%$ Example for 9M 2017: $\frac{212,885.4*1.34}{1,487,828.7} = 19.1\%$	19.1%	19.3%

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 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	3Q 2017	4Q 2017	1Q 2018	2Q 2018	3Q 2018
Gross customer loans (incl. accrued interest receivables related to loans)	7,536,850	7,726,631	7,896,670	8,537,138	8,651,985
(-) Accrued interest receivables related to DPD90+ loans	38,728	36,212	40,576	35,274	35,307
Gross customer loans (incl. accrued interest receivables related to loans) (adjusted)	7,498,123	7,690,419	7,856,093	8,501,864	8,616,678
Allowances for loan losses	-842,502	-738,797	-794,510	-799,292	-743,952
(-) Allocated provision on accrued interest receivables related to DPD90+ loans	-38,728	-36,212	-40,576	-35,274	-35,307
Allowances for loan losses (adjusted)	-803,774	-702,585	-753,934	-764,018	-708,646

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) OTP Core, Corporate Centre and foreign banks aggregated, excluding one-timers.

(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. 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 LLC was included.

(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. Banco Popolare Croatia was consolidated into OBH's results from 2Q 2014.

(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 LLC OTP Factoring Ukraine was also aggregated.

(9) From 2Q 2010 the statement of recognised income and balance sheet of OTP Faktoring SRL was included. Banca Millennium was consolidated into OBR's results from 1Q 2015.

(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.

(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 (Bulgaria).

(16) OTP Buildings s.r.o. (Slovakia), Velvin Ventures Ltd. (Belize), Debt Management Project 1 Montenegro d.o.o. (Montenegro), 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 and one-off items (after tax).

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, and the effect of acquisitions. 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.
- 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 provisions for possible loan losses in the income statement.
- Other non-interest income is shown together with gains/losses on real estate transactions, 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.
- The Gains and losses on non-trading loans mandatorily at fair value through profit or loss line appearing in the accounting P&L structure from 1Q 2018 was presented in the adjusted P&L structure on the Net other non-interest result line within the Other net non-interest income.
- 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 in 3Q 2017 were reclassified from the After tax dividends and net cash transfers line to the Net other non-interest result (adj.) without one-offs line.
- Out of other expenses, other provisions are deducted and shown separately as other risk costs in the adjusted income statement. Other provisions contain provisioning on off-balance sheet liabilities and on legal contests, provisioning on securities, shares and other investments as well as provisioning on other assets.
- 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 – ,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.
- The *Net insurance result* line, which appeared in the consolidated accounting P&L structure from 3Q 2017 is presented on the *Net other non-interest result* line within the *Other net non-interest income* in the adjusted P&L structure.
- 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 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.
- 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, and the effect of acquisitions.
- 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 17	2Q 17	3Q 17	9M 17	4Q 17 Audited	2017 Audited	1Q 18	2Q 18	3Q 18	9M 18
Net interest income	**135,080**	**137,987**	**138,961**	**412,028**	**141,727**	**553,755**	**145,004**	**146,795**	**154,722**	**446,521**
(-) Revaluation result of FX provisions	343	-319	123	148	43	190	9	-19	-18	-28
(+) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	-120	87	-50	-83	-20	-103	-202	46	176	21
(-) Netting of interest revenues on DPD90+ loans with the related provision (booked on the Provision for loan losses line) at OTP Core and CKB	2,437	1,467	1,102	5,006	955	5,961	956	772	837	2,565
(-) Effect of acquisitions			660	660	187	847	222	211	188	621
Net interest income (adj.)	**132,180**	**136,925**	**137,026**	**406,131**	**140,523**	**546,654**	**143,614**	**145,877**	**153,892**	**443,383**
Net fees and commissions	**58,572**	**64,941**	**65,890**	**189,402**	**71,791**	**261,193**	**64,459**	**69,721**	**71,637**	**205,817**
(+) Financial Transaction Tax	-14,022	-11,189	-12,841	-38,052	-13,718	-51,770	-14,880	-12,988	-13,823	-41,691
(-) Effect of acquisitions		-5	0	-5	0	-5	0	0	0	0
Net fees and commissions (adj.)	**44,549**	**53,757**	**53,049**	**151,355**	**58,073**	**209,428**	**49,579**	**56,733**	**57,814**	**164,126**
Foreign exchange result	**2,913**	**2,168**	**4,767**	**9,848**	**6,731**	**16,579**	**3,460**	**8,980**	**16,961**	**29,401**
(-) Revaluation result of FX positions hedging the revaluation of FX provisions	-1,923	-4,243	-874	-7,040	2,690	-4,350	-3,605	2,978	4,635	4,008
(-) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	-168	105	-837	-900	86	-814	-173	-1,935	3,633	1,524
(-) Effect of acquisitions	0	122	0	122	0	122	0	0	0	0
Foreign exchange result (adj.)	**5,004**	**6,185**	**6,478**	**17,667**	**3,955**	**21,622**	**7,238**	**7,937**	**8,693**	**23,869**
Gain/loss on securities, net	**1,677**	**3,115**	**1,737**	**6,529**	**1,401**	**7,930**	**-1,066**	**228**	**981**	**144**
Gain/loss on securities, net (adj.) with one-offs	**1,677**	**3,115**	**1,737**	**6,529**	**1,401**	**7,930**	**-1,066**	**228**	**981**	**144**
(-) Revaluation result of the treasury share swap agreement (booked as Gain on securities, net (adj.) at OTP Core)	-42	-198	996	756	106	862	-1,845	178	636	-1,031
Gain/loss on securities, net (adj.) without one-offs	**1,719**	**3,312**	**741**	**5,772**	**1,295**	**7,068**	**779**	**50**	**345**	**1,175**
Gains and losses on real estate transactions	**897**	**630**	**156**	**1,683**	**410**	**2,093**	**574**	**712**	**423**	**1,709**
(+) Other non-interest income	**5,622**	**20,523**	**8,827**	**34,972**	**27,996**	**62,968**	**9,595**	**7,230**	**13,279**	**30,104**
(+) Gains and losses on derivative financial instruments	**-263**	**596**	**1,631**	**1,963**	**3,328**	**5,291**	**976**	**5,020**	**-2,707**	**3,289**
(+) Net insurance result			**159**	**159**	**250**	**410**	**200**	**210**	**154**	**564**
(+) Gains and losses on non-trading loans mandatorily at fair value through profit or loss							**-127**	**27**	**9**	**-91**
(-) Received cash transfers	1	1	572	575	9	584	144	2	343	489
(+) Received cash transfers within the framework of the subsidy programme targeting the expansion of POS network in Hungary			560	560	0	560	142		338	480
(-) Non-interest income from the release of pre-acquisition provisions	116	2,764	4,183	7,063	2,687	9,750	5,495	1,338	5,038	11,870
(+) Other other non-interest expenses	-1,044	-1,061	-866	-2,971	-6,695	-9,666	-732	-674	-3,482	-4,887
(+) Change in shareholders' equity of companies consolidated with equity method	32	-149	459	342	71	413	-232	-48	661	381
(-) Effect of acquisitions	0	14,228	275	14,503	17,768	32,271	1	21	-10	12
(-) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	49	-18	787	817	-106	712	-29	1,982	-3,457	-1,503
(-) One-off impact of regulatory changes related to CHF consumer contracts in Croatia	-36	-6	-8	-51	-4	-54	0	0	-11	-11
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	-58	-233	-206	-497	134	-363	-174	-73	-42	-288
(-) Impact of fines imposed by the Hungarian Competition Authority	194	0	0	194	0	194	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	-325	-539	-201	-1,066	-134	-1,200	-165	-137	-118	-420
Net other non-interest result (adj.) with one-offs	**5,304**	**4,342**	**5,524**	**15,169**	**5,006**	**20,175**	**5,124**	**9,344**	**6,933**	**21,401**
(-) 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	0	0	0	0
Net other non-interest result (adj.) without one-offs	**5,304**	**4,342**	**5,524**	**15,169**	**5,006**	**20,175**	**5,124**	**9,344**	**6,933**	**21,401**

in HUF million	1Q 17	2Q 17	3Q 17	9M 17	4Q 17 Audited	2017 Audited	1Q 18	2Q 18	3Q 18	9M 18
Provision for loan losses	**-11,737**	**-5,965**	**-5,614**	**-23,316**	**-17,532**	**-40,848**	**-3,482**	**-5,172**	**-14,106**	**-22,760**
(+) Non-interest income from the release of pre-acquisition provisions	116	2,764	4,183	7,063	2,687	9,750	5,495	1,338	5,038	11,870
(-) Revaluation result of FX provisions	1,558	4,558	757	6,873	-2,728	4,144	3,590	-2,924	-4,621	-3,955
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	-95	-148	-189	-432	2,209	1,777	-50	-45	33	-63
(+) Netting of interest revenues on DPD90+ loans with the related provision (booked on the Provision for loan losses line) at OTP Core and CKB	2,437	1,467	1,102	5,006	955	5,961	956	772	837	2,565
Provision for loan losses (adj.)	**-10,647**	**-6,145**	**-896**	**-17,687**	**-13,371**	**-31,058**	**-570**	**-93**	**-3,643**	**-4,306**
Dividend income	**171**	**3,142**	**748**	**4,062**	**90**	**4,152**	**-99**	**5,235**	**710**	**5,846**
(+) Received cash transfers	1	1	572	575	9	584	144	2	343	489
(+) Paid cash transfers	-494	-398	-645	-1,537	-9,959	-11,496	-4,817	-537	-387	-5,741
(-) Sponsorships, subsidies and cash transfers to public benefit organisations	-492	-398	-645	-1,535	-9,960	-11,495	-4,811	-535	-358	-5,704
(-) Received cash transfers within the framework of the subsidy programme targeting the expansion of POS network in Hungary			560	560	0	560	142		338	480
(-) Dividend income of swap counterparty shares kept under the treasury share swap agreement	0	3,082	0	3,082	0	3,082	0	5,111	0	5,111
(-) Change in shareholders' equity of companies consolidated with equity method	32	-149	459	342	71	413	-232	-48	661	381
After tax dividends and net cash transfers	**139**	**209**	**302**	**650**	**30**	**680**	**129**	**172**	**26**	**327**
Depreciation	**-9,722**	**-12,054**	**-13,897**	**-35,674**	**-13,819**	**-49,493**	**-12,244**	**-13,197**	**-17,867**	**-43,308**
(-) Goodwill impairment charges	0	0	0	0	-504	-504	0	-229	-5,732	-5,962
(-) Effect of acquisitions		-627	-940	-1,567	-940	-2,507	-940	-683	-586	-2,210
Depreciation (adj.)	**-9,722**	**-11,427**	**-12,957**	**-34,107**	**-12,376**	**-46,482**	**-11,304**	**-12,284**	**-11,549**	**-35,137**
Personnel expenses	**-49,560**	**-53,438**	**-53,831**	**-156,829**	**-57,057**	**-213,886**	**-57,813**	**-60,818**	**-60,603**	**-179,233**
(-) Effect of acquisitions	0	-7	-4	-11	-276	-287	-215	-340	-277	-832
Personnel expenses (adj.)	**-49,560**	**-53,432**	**-53,827**	**-156,818**	**-56,780**	**-213,599**	**-57,598**	**-60,478**	**-60,325**	**-178,401**
Income taxes	**-7,525**	**-12,312**	**-9,232**	**-29,069**	**-12,434**	**-41,503**	**-10,467**	**-9,941**	**-11,078**	**-31,486**
(-) Corporate tax impact of goodwill/investment impairment charges	512	-782	-189	-459	-5,102	-5,561	0	705	0	705
(-) Corporate tax impact of the special tax on financial institutions	1,423	46	46	1,514	47	1,561	1,417	48	48	1,513
(+) Tax deductible transfers (offset against corporate taxes)	0	-45	0	-45	-2,117	-2,162	1,353	0	0	1,353
(-) Corporate tax impact of the effect of fines imposed by the Hungarian Competition Authority	-17	0	0	-17	0	-17	0	0	0	0
(-) Corporate tax impact of the effect of acquisitions	0	439	215	655	-2,952	-2,298	-101	200	213	311
Corporate income tax (adj.)	**-9,442**	**-12,060**	**-9,304**	**-30,806**	**-6,544**	**-37,350**	**-10,430**	**-10,893**	**-11,339**	**-32,663**
Other operating expense, net	**-3,667**	**-16,067**	**-5,420**	**-25,154**	**-26,076**	**-51,230**	**-5,131**	**-4,060**	**-4,358**	**-13,549**
(-) Other costs and expenses	-838	-964	-1,149	-2,951	-2,844	-5,795	-1,058	-1,093	-3,651	-5,802
(-) Other non-interest expenses	-1,538	-1,459	-1,511	-4,508	-16,654	-21,162	-5,549	-1,211	-3,868	-10,628
(-) Effect of acquisitions	0	-10,884	0	-10,884	1,380	-9,504	1,799	0	-93	1,706
(-) Revaluation result of FX provisions	22	4	-6	19	-4	16	6	-35	5	-24
(-) One-off impact of regulatory changes related to CHF consumer contracts in Croatia	36	6	8	51	4	54	0	0	11	11
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	153	380	395	929	-2,343	-1,414	225	118	9	352
(-) 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	325	539	201	1,066	134	1,200	165	137	118	420
Other provisions (adj.)	**-1,828**	**-3,688**	**-3,359**	**-8,876**	**-5,749**	**-14,624**	**-719**	**-1,976**	**1,111**	**-1,584**
Other administrative expenses	**-69,598**	**-52,567**	**-55,554**	**-177,720**	**-58,353**	**-236,072**	**-68,789**	**-61,451**	**-62,224**	**-192,464**
(+) Other costs and expenses	-838	-964	-1,149	-2,951	-2,844	-5,795	-1,058	-1,093	-3,651	-5,802
(+) Other non-interest expenses	-1,538	-1,459	-1,511	-4,508	-16,654	-21,162	-5,549	-1,211	-3,868	-10,628
(-) Paid cash transfers	-494	-398	-645	-1,537	-9,959	-11,496	-4,817	-537	-387	-5,741
(+) Film subsidies and cash transfers to public benefit organisations	-492	-398	-645	-1,535	-9,960	-11,495	-4,811	-535	-358	-5,704
(-) Other other non-interest expenses	-1,044	-1,061	-866	-2,971	-6,695	-9,666	-732	-674	-3,482	-4,887
(-) Special tax on financial institutions (recognised as other administrative expenses)	-16,153	-215	-208	-16,576	-218	-16,794	-16,142	-235	-232	-16,608

in HUF million	1Q 17	2Q 17	3Q 17	9M 17	4Q 17 Audited	2017 Audited	1Q 18	2Q 18	3Q 18	9M 18
(-) Tax deductible transfers (offset against corporate taxes)	0	-45	0	-45	-2,117	-2,162	1,353	0	0	1,353
(-) Financial Transaction Tax	-14,022	-11,189	-12,841	-38,052	-13,718	-51,770	-14,880	-12,988	-13,823	-41,691
(-) Effect of acquisitions		-84	-362	-445	-486	-931	-384	-1,228	-864	-2,476
Other non-interest expenses (adj.)	**-40,753**	**-42,397**	**-43,937**	**-127,087**	**-54,618**	**-181,706**	**-44,604**	**-48,629**	**-49,879**	**-143,112**

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