OTP Bank Plc.

Summary of the full-year 2018 results

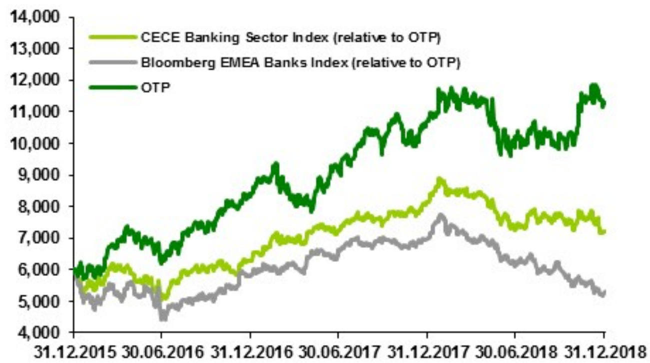
(English translation of the original report submitted
to the Budapest Stock Exchange)

Budapest, 1 March 2019

CONSOLIDATED FINANCIAL HIGHLIGHTS[1] AND SHARE DATA

Main components of the Statement of recognised income in HUF million	2017	2018	Y-o-Y	4Q 2017	3Q 2018	4Q 2018	Q-o-Q	Y-o-Y
Consolidated after tax profit	**281,339**	**318,322**	**13%**	**68,454**	**85,933**	**77,818**	**-9%**	**14%**
Adjustments (total)	**-2,733**	**-7,013**	**157%**	**8,934**	**-6,755**	**15,315**	**-327%**	**71%**
Consolidated adjusted after tax profit without the effect of adjustments	**284,072**	**325,335**	**15%**	**59,520**	**92,688**	**62,503**	**-33%**	**5%**
Pre-tax profit	321,421	362,734	13%	66,063	104,027	67,240	-35%	2%
Operating profit	363,159	384,908	6%	85,077	105,924	87,603	-17%	3%
Total income	804,946	881,726	10%	208,852	227,677	227,773	0%	9%
Net interest income	546,654	599,832	10%	140,523	153,892	156,448	2%	11%
Net fees and commissions	209,428	220,731	5%	58,073	57,814	56,605	-2%	-3%
Other net non-interest income	48,864	61,163	25%	10,256	15,971	14,719	-8%	44%
Operating expenses	-441,788	-496,818	12%	-123,775	-121,753	-140,169	15%	13%
Total risk costs	-45,682	-26,167	-43%	-19,120	-2,532	-20,277	701%	6%
One off items	3,945	3,993	1%	106	636	-86	-114%	-181%
Corporate taxes	-37,349	-37,400	0%	-6,543	-11,339	-4,737	-58%	-28%
Main components of balance sheet closing balances in HUF million	2017	2018	YTD	4Q 2017	3Q 2018	4Q 2018	Q-o-Q	Y-o-Y
Total assets	13,190,228	14,590,288	11%	13,190,228	14,362,575	14,590,288	2%	11%
Total customer loans (net, FX adjusted)	**7,116,207**	**8,066,592**	**13%**	**7,116,207**	**7,863,467**	**8,066,592**	**3%**	**13%**
Total customer loans (gross, FX adjusted)	**7,835,162**	**8,719,342**	**11%**	**7,835,162**	**8,565,973**	**8,719,342**	**2%**	**11%**
Allowances for possible loan losses (FX adjusted)	-718,955	-652,751	-9%	-718,955	-702,506	-652,751	-7%	-9%
Total customer deposits (FX adjusted)	**10,436,537**	**11,285,085**	**8%**	**10,436,537**	**10,991,143**	**11,285,085**	**3%**	**8%**
Issued securities	250,320	417,966	67%	250,320	338,155	417,966	24%	67%
Subordinated loans	76,028	81,429	7%	76,028	82,173	81,429	-1%	7%
Total shareholders' equity	1,640,055	1,826,657	11%	1,640,055	1,770,656	1,826,657	3%	11%
Indicators based on adjusted earnings %	2017	2018	Y-o-Y	4Q 2017	3Q 2018	4Q 2018	Q-o-Q	Y-o-Y
ROE (from accounting net earnings)	18.5%	18.7%	0.2%p	16.9%	19.6%	17.1%	-2.6%p	0.2%p
ROE (from accounting net earnings, on 12.5% CET1 ratio)	22.4%	23.2%	0.8%p	20.3%	24.9%	22.1%	-2.8%p	1.8%p
ROE (from adjusted net earnings)	18.7%	19.1%	0.4%p	14.7%	21.2%	13.7%	-7.5%p	-1.0%p
ROA (from adjusted net earnings)	2.4%	2.3%	0.0%p	1.9%	2.6%	1.7%	-0.9%p	-0.1%p
Operating profit margin	3.03%	2.76%	-0.26%p	2.65%	2.96%	2.40%	-0.56%p	-0.24%p
Total income margin	6.71%	6.33%	-0.38%p	6.50%	6.36%	6.25%	-0.11%p	-0.25%p
Net interest margin	4.56%	4.30%	-0.25%p	4.38%	4.30%	4.29%	-0.01%p	-0.08%p
Cost-to-asset ratio	3.68%	3.57%	-0.12%p	3.85%	3.40%	3.85%	0.45%p	-0.01%p
Cost/income ratio	54.9%	56.3%	1.5%p	59.3%	53.5%	61.5%	8.1%p	2.3%p
Provision for impairment on loan and placement losses-to-average gross loans ratio	0.43%	0.23%	-0.20%p	0.70%	0.17%	0.68%	0.51%p	-0.02%p
Total risk cost-to-asset ratio	0.38%	0.19%	-0.19%p	0.60%	0.07%	0.56%	0.49%p	-0.04%p
Effective tax rate	11.6%	10.3%	-1.3%p	9.9%	10.9%	7.0%	-3.9%p	-2.9%p
Net loan/(deposit+retail bond) ratio (FX adjusted)	68%	72%	3%p	68%	72%	72%	0%p	3%p
Capital adequacy ratio[2] (consolidated, IFRS) - Basel3	14.6%	18.3%	3.6%p	14.6%	16.2%	18.3%	2.1%p	3.6%p
Tier1 ratio - Basel3	12.7%	16.5%	3.8%p	12.7%	14.3%	16.5%	2.2%p	3.8%p
Common Equity Tier 1 ('CET1') ratio - Basel3	12.7%	16.5%	3.8%p	12.7%	14.3%	16.5%	2.2%p	3.8%p
Share Data	2017	2018	Y-o-Y	4Q 2017	3Q 2018	4Q 2018	Q-o-Q	Y-o-Y
EPS diluted (HUF) (from unadjusted net earnings)	1,074	1,215	13%	261	328	297	-9%	14%
EPS diluted (HUF) (from adjusted net earnings)	1,085	1,242	14%	227	354	239	-33%	5%
Closing price (HUF)	10,720	11,290	5%	10,720	10,320	11,290	9%	5%
Highest closing price (HUF)	10,930	11,850	8%	10,930	10,690	11,850	11%	8%
Lowest closing price (HUF)	7,815	9,600	23%	9,930	9,840	9,835	0%	-1%
Market Capitalization (EUR billion)	9.7	9.8	2%	9.7	8.9	9.8	10%	2%
Book Value Per Share (HUF)	5,857	6,524	11%	5,857	6,324	6,524	3%	11%
Tangible Book Value Per Share (HUF)	5,219	5,921	13%	5,219	5,737	5,921	3%	13%
Price/Book Value	1.8	1.7	-5%	1.8	1.6	1.7	6%	-5%
Price/Tangible Book Value	2.1	1.9	-7%	2.1	1.8	1.9	6%	-7%
P/E (trailing, from accounting net earnings)	10.7	9.9	-7%	10.7	9.4	9.9	6%	-7%
P/E (trailing, from adjusted net earnings)	10.6	9.7	-8%	10.6	9.0	9.7	8%	-8%
Average daily turnover (EUR million)	15	18	20%	14	14	22	63%	54%
Average daily turnover (million share)	0.5	0.5	7%	0.4	0.4	0.6	50%	50%

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.

[2] The 2018 consolidated after tax profit less dividend proposal was incorporated into the own funds when calculating the 4Q 2018 consolidated capital adequacy ratios presented in the Summary.

SUMMARY OF THE FULL-YEAR 2018 RESULTS

The Summary of the full-year 2018 results of OTP Bank Plc. has been prepared on the basis of its unaudited separate and consolidated IFRS financial statements for 31 December 2018 or derived from that. At presentation of full year 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 FULL-YEAR 2018 AND THE FOURTH QUARTER 2018

Out of the last few decades in 2018 the Hungarian economy had its most successful year. Apart from absolute figures turning to be impressive – according to the preliminary crude data published on 14 February 2019 growth rate in 4Q reached 5%, as a result the full year expansion was 4.8%, the fiscal deficit remained well below the originally targeted 2% level, public debt to GDP dropped below 71% –, the whole economy became structurally healthier with the growth being shaped mainly by local consumption and dynamically expanding investments. According to the expectation of OTP Bank analysts the Hungarian economy may grow by 4% y-o-y in 2019, despite markets anticipate deteriorating growth outlook for the Eurozone.

The average inflation was 2.8% in 2018, however the core inflation excluding indirect taxes, an indicator closely watched by the Central Bank came close to 3% by the end of the year and probably will pierce this threshold in 1Q 2019. As a result, the Central Bank's communication has changed bringing closer the potential of monetary tightening.

In 2018 both the Hungarian Forint and local government yields demonstrated significant volatility, however in the second half of the year the HUF gained strength and yields tightened, and such trend even continued into 2019 and the steepness of the yield curve moderated a lot.

The all-time low unemployment rate (October-December: 3.6%) coupled with dynamic wage increase resulted in a robust increase of household lending activity: as for the local banking sector newly originated retail volumes surged by 37.5% y-o-y as a result outstanding volumes increased by 6.7%, respectively (within that housing loan volumes grew by 10%, cash loan portfolio by 37.4%, whereas home equity exposure dropped by 12.9% y-o-y). Corporate loan volumes advanced by 14.8% y-o-y.

The Government and the Central Bank assisted upholding the dynamic lending activity, as well as containing the interest rate exposure of clients through targeted measures. Within the macroprudential policy toolset of NBH the modification of the so-called debt break (payment to income ratio) rules effective from October 2018 encouraged clients to shift to longer interest rate fixation periods while underwriting mortgages. As a result, by the end of 2018 the weight of fixed rate mortgages with a fixing period of one year and beyond exceeded 90% within the new flow on a sector level. With a specific objective to raise the proportion of long-term, fixed-rate lending to SMEs, on 18 September 2018 NBH announced its Funding for Growth Scheme Fix with a total amount of HUF 1,000 billion available from January 2019 under preferential rates for the sector.

Amid the supportive macroeconomic environment the volume of non-performing exposures, as well as their ratio dropped significantly. According to a couple of rating agencies, as well as to EBRD statistics in that respect the Hungarian banking sector demonstrated one of the most pronounced improvements (http://npl.vienna-initiative.com/).

As a result of the favourable developments in February 2019 both S&P and Fitch upgraded the Hungarian sovereign rating (to 'BBB' in both cases with stable outlook).

With regard to the Group, all national economies within OTP universe enjoyed GDP growth and favourable macroeconomic conditions. Positive developments were rewarded by rating upgrades or outlook changes in several cases (Bulgaria, Serbia, Croatia, Ukraine, and Russia). At the same time the Ukrainian and Romanian central banks had to hike rates during the course of the year in order to curb inflation and fiscal overheatedness; the Central Bank of Russia also tightened monetary conditions in 2H 2018. The Ukrainian hrivnya and the Russian ruble suffering from significant volatility during the last few years on a yearly average weakened by 3.6 and 8.2% y-o-y against HUF in 2018.

Regulatory changes with a meaningful impact on the Romanian operation

In December 2018 the Romanian Parliament passed a Law on interest rate caps for consumer and mortgage loans. The interest rate on mortgages can't exceed the relevant reference rate plus 3%. The cap for consumer loans exceeding EUR 3,000 is 18% and 50% if the loan amount is lower than EUR 3,000. The cap applies to newly disbursed loans as well as to existing loans, and does not differentiate between RON and other currencies. In case of the existing loans the cap only applies if the customer may prove in the Court the unpredictable nature of rates resulting in higher debt burden. The law has not come into effect yet.

Furthermore, at the end of December 2018 the government implemented a bank tax with an emergency ordinance. While the bank levy is in effect since January 2019, crucial details are still missing and there was no guidance so far either for the applicable reference rate to be used, or the exact definition of banking assets serving as the base for calculating the tax. According to OTP Bank's interpretation the rate of the bank tax is 0.3% per quarter based on financial assets considering the current level of the 3 and 6 months ROBOR between 3.01%−3.5% (the scope of "financial assets" has not been defined yet). Taking into account the uncertainties around the calculation of the bank tax, OTP Bank does not intend to give any estimation on the potential impact of the Romanian banking tax as long as the regulation doesn't reach its final form.

Consolidated earnings: HUF 325.3 billion (above EUR 1 billion) adjusted after tax profit in 2018, robust business activity and volume expansion, moderate erosion of NIM, further declining risk costs and steadily improving portfolio quality

OTP Group posted all-time high accounting and adjusted profit in 2018 shaped by a couple of factors: on the back of the favourable macroeconomic performance of the region business activity got further boost, as a result FX-adjusted performing loan volumes expanded by 15% y-o-y, an outstanding dynamics even in European context. Furthermore, credit quality improved further coupled with lower or in certain cases even with positive annual risk costs. Higher core banking revenues realized on increasing performing portfolio could easily offset the negative impact of eroding margins induced by the stubbornly low interest rate environment, tighter regulatory requirements and intensifying competition. Also, bottom line earnings got a meaningful lift from incorporating the full year profit in case of the Croatian and Serbian operations. Recall: in the base period only eight months profit from Splitska banka and one month profit from Vojvodjanska banka supported the Group's earnings.

In 2018 OTP Bank continued its regional acquisition activity: in August it announced the purchase of Sociéte Generale's Bulgarian and Albanian operations, followed by the Serbian operation in December. The Bulgarian transaction was completed on 15 January, while the Albanian and Serbian transactions are expected to be settled in 1H 2019. Accordingly, 2018 financial statements include neither the balance sheet, nor the profit or loss statement of any of those individual entities. Upon the request of the seller, OTP Bank hasn't discloses the purchase price of any of those deals. Acquisitions completed or announced since early 2017 have been concluded at a purchase price equivalent to book value on average (around 1 P/BV).

The full year consolidated accounting profit was HUF 318.3 billion versus HUF 281.3 billion in the base period.

The accounting ROE for 2018 stood at 18.7% (+0.2 pp y-o-y), whereas the adjusted ROA (2.3%) remained practically unchanged y-o-y.

During the course of the year total adjustment items comprised -HUF 7 billion (after tax), of which +HUF 15.3 billion (after tax) appeared within 4Q accounting profit. Out of the items booked in 4Q, the below items should be mentioned:

- +HUF 18.8 billion (after tax) gain was realized on MIRS (Monetary Policy Interest Rate Swap) facilities.

  Background: according to the decision by the Monetary Council (MC) of the National Bank of Hungary on 21 November 2017 the MC introduced an unconditional interest rate swap (IRS) facility, with 5 and 10 years maturity, and set the allocated amount at HUF 300 billion for the first quarter of 2018. Counterparty banks could access the IRS facility on regular tenders from the beginning of January 2018. In line with the fine-tuning of the unconventional policy instruments affecting long-term yields, on 18 September 2018 MC decided on phasing out the monetary policy IRS facilities by the end of 2018. The Council set the annual maximum volume of monetary policy IRS for 2018 at HUF 1,100 billion.

  Until November 2018 – in coordination with the auditor – the initial positive net present value (NPV) gained on MIRS deals was accrued for the whole maturity of MIRS transactions within the net interest income. In December 2018 NBH published guidelines on its website (https://www.mnb.hu/letoltes/mirs.pdf), according to which those swap facilities were unconditional, therefore in NBH's opinion there was no such binding criteria within the conditions that would require the accrual of NPVs.

  Taking into consideration the NBH's guidelines, OTP Bank – with the consent of the auditor – decided to book the total initial positive NPVs in one lump sum within its P&L. As a result, in the adjusted P&L structure the total HUF 20.7 billion (before tax) gain realized in 2018 as a whole was presented in 4Q 2018 within adjustment items on the *Initial NPV gain on the monetary policy interest rate swap (MIRS) deals* line.

  The reported adjusted net interest income for the first three quarters of 2018 contained the accrued gains related to MIRS for that periods, whereas in 4Q 2018 that cumulated amount was recognized with a negative sign within net interest income in the adjusted income statement. Since the first nine months accrued gain was not material, it didn't have a substantial impact on the quarterly development in the adjusted net interest income of OTP Core;

- +HUF 0.5 billion (after tax) tax shield related to the recognition or reversal of impairment charges booked in relation to investments in certain subsidiaries;
- -HUF 4 billion effect of acquisitions;
- -HUF 190 million Slovakian banking tax (after tax).

2018 income statement already incorporated the full-year profit contribution by both Splitska banka and Vojvodjanska banka. The integration of Splitska banka (the legal merge and IT integration) was completed in December 2018, whereas in case of Vojvodjanska banka the integration is expected to be finished in 1H 2019.

In 2018 OTP Group posted HUF 325.3 billion adjusted after-tax profit (+15% y-o-y). The effective tax rate declined by 1.3 pps to 10.3%. The before tax profit grew by 13% compared to the base year.

Within the annual profit – given their individual weight – profit contribution from OTP Core (HUF 180 billion), DSK Bank (HUF 47.3 billion), the Croatian operation (HUF 25 billion), the Ukrainian (HUF 24.4 billion) and Russian subsidiaries (HUF 16.4 billion) was the most meaningful. Out of those banks only the Russian subsidiary suffered a y-o-y profit decline, while others enjoyed their profits improving y-o-y, of which Ukraine was the ultimate winner (+73% y-o-y, annual ROE: 56%). Regarding the Russian performance one should note that the loss-making Touch Bank was shown as a separate entity in 2017, however, starting from 2018, it was presented as part of the Russian operation. So, including Touch Bank's result in the base period, too, the Russian operation suffered a y-o-y 13% profit decline in RUB terms.

As for other subsidiaries, the Leasing segment posted again a decent profit (HUF 9.9 billion), whereas the weaker net earnings at OTP Fund Management were reasoned by the lower success fee. The Romanian, Serbian and Montenegrin subsidiaries posted a significant profit improvement y-o-y, whereas the Slovakian subsidiary realized a marginal profit against a loss in 2017.

As a result, the 2018 profit contribution of foreign subsidiaries increased from 35% to 38% y-o-y.

Annual total income of OTP Group increased dynamically (+10% y-o-y, +6% without acquisition effect[3]). The annual operating profit improved by 6% y-o-y, whereas total risk costs dropped by 43%.

It was positive that despite the continuing margin erosion and intensifying competition the annual net interest income advanced by 10% y-o-y (without acquisitions by 6%) due to the higher volumes of performing loans. The net fee and commission income grew by 5% compared to 2017 (+2% without acquisitions), the pace of its increase fell short of the business volume expansion and the reasons were mainly related to the Hungarian operation: on one hand the distribution fees on certain household targeted government bonds were reduced in several steps by the Government Debt Management Agency, also, the fee income at OTP Fund Management dropped a lot y-o-y as a result of lower success fees.

Other net non-interest income advanced by HUF 12.3 billion (+25% y-o-y) induced partially by the consolidation of full year contribution from Splitska and Vojvodjanska banka. Also, FX-gains supported this line in a meaningful way.

The consolidated net interest margin was shaped by several factors: the prevailing low interest rate environment, intensifying competition, the composition effect through lower margins at Splitska and Vojvodjanska banka, as well as the y-o-y 8% devaluation of RUB against HUF. Still, the margin erosion of the 2018 annual NIM (4.30%) was only 7 pps compared to the 4Q 2017 level, i.e. lower what the management guided ("10-15 bps margin erosion compared to 4Q 2017 NIM of 4.38%").

Consolidated operating expenses grew by 12% nominally y-o-y, adjusted for the acquisition impact of Splitska and Vojvodjanska banka the increase would be 8.2% y-o-y on an FX-adjusted basis. Despite all cost elements increased, personnel expenses grew the most (+17% y-o-y, without acquisitions +12%) reflecting the 10% or above wage inflation in most of the countries. Furthermore, in December 2018 a non-recurring one-off bonus amounting to one month base salary was paid to non-managerial employees at Hungarian Group members. This was partially offset by the 2.5 pps reduction of social and health care contributions to be paid by employers effective from January 2018. Amortization costs increased at a lower rate by 4% y-o-y. Administrative expenses grew by 10% y-o-y (without acquisitions +3%) induced partially by higher general banking expenses (rental fees, post and telecom expenses), higher regulatory contributions and also by growing digital transformation expenses. The annual FX-adjusted growth of operating expenses adjusted for acquisition and the one-off Hungarian bonus payment would be 6.8%.

It is important to note that the integration of Splitska banka, Croatia was completed in early December 2018, whereas the integration at Vojvodjanska banka is expected to get finished in 1H 2019; only

[3] In early December 2018 Splitska banka d.d. merged into OTP banka Hrvatska dd., thus separate financial statements for Splitska banka d.d. are not available for December. Therefore, profit dynamics without acquisitions are based on estimated numbers.

then one can expect the realization of cost synergy benefits.

In 4Q 2018 OTP Group realized HUF 62.5 billion after-tax profit (-33% q-o-q). Total income remained flat q-o-q, within that net interest income advanced by 2% q-o-q, supported by the ongoing organic loan growth; 4Q NIM remained basically stable (-1 bp q-o-q). The net fee and commission income eroded by 2% q-o-q as a result of one-off items at OTP Core (credit card refunds, fee expenses paid to credit card issuers) which was only partially off-set by seasonally strong quarterly fee generation in Russia and Ukraine. Other net non-interest income declined q-o-q.

The q-o-q drop of the quarterly profit was partially due to seasonally higher operating expenses (+15% q-o-q) elevated also by one-offs, as well as by total risk costs increasing eight folds, albeit from a low base. Higher risk costs, however were not induced by portfolio deterioration. The key reason behind the q-o-q higher risk costs was that in 4Q the PD and LGD parameters, as well as the macroeconomic expectations were revised in the IFRS 9 provisioning models entailing higher risk costs at several Group members. The re-calibration of model assessments triggered q-o-q higher risk costs mainly at the Russian, Ukrainian, Bulgarian, Romanian and Slovakian subsidiaries.

In 2018 the consolidated FX-adjusted performing loan volumes surged by 15%, more than HUF 1,000 billion y-o-y (4Q: +3% q-o-q). It was positive that all Group members and all credit segments posted volume increase. Out of the individual performances OTP Core (+18%), Serbia (+31%), Ukraine (+30%), Russia (+30%) and Bulgaria (+11%) demonstrated excellent y-o-y growth dynamics, but smaller operations like the Montenegrin or Romanian ones, as well as Merkantil Bank also excelled themselves.

As for the major credit segments the biggest volume increase was posted in the large corporate segment (+20% y-o-y) followed by the SME and consumer loan segment (+18% and +14%, respectively), but the performing mortgage volumes growth of 6% y-o-y was remarkable, too.

The FX-adjusted deposit portfolio increase was less robust in 2018 (+8% y-o-y). As a result, the net loan/(deposit + retail bonds) ratio increased by 3 pps y-o-y to 72%.

At the end of 2018 the Group' gross liquidity reserves comprised EUR 7.8 billion equivalent.

In line with the supportive macroeconomic environment, as well as the improving efficiency of collection, the trend of the DPD90+ volume increase (adjusted for FX and the effect of sales and write-offs) remained favourable: accordingly, in 2018 DPD90+ volumes grew only by HUF 24 billion versus an increase of HUF 51 billion in the base period. The DPD90+ ratio dropped to 6.3% (-2.9 pps y-o-y), resembling already pre-crisis levels. The DPD90+ volume decline was supported by sales and write-offs reaching HUF 176 billion in 2018. In Hungary the DPD90+ ratio dropped to 4.5% (-1.9 pps y-o-y). The consolidated risk cost rate was 0.23% versus 0.43% in the base period.

According to IFRS 9 the volume of Stage 3 exposure at the end of 4Q comprised 8.6% of gross loans (-1.2 pps q-o-q). Stage 2 exposures represented 6.2% of gross loans (-0.4 pp q-o-q).

Management expectations for 2019

The ROE target of above 15% (assuming 12.5% Common Equity Tier 1 ratio) announced at the 2015 Annual General Meeting remains in place.

Apart from the negative impact of the Hungarian and Slovakian banking tax (HUF 16 billion after tax) the potential introduction of the Romanian banking tax with a currently unclear earnings effect and further acquisitions may result in material adjustment items.

The FX-adjusted growth of performing loans (Stage 1 plus Stage 2 under IFRS 9) – without the effect of further acquisitions – may be around 10% in 2019.

The net interest margin started to flatten out in 2018, and it may not fall below the 2Q 2018 level (4.25%) in 2019. The forecast does not incorporate the effect of the already completed Bulgarian acquisition, and the ongoing Albanian, Serbian, Moldavian and Montenegrin ones, or any further potential acquisitions.

Assuming no material change in the external environment, favourable credit quality trends – similar to 2018 – are expected to remain in 2019. The Stage 3 and DP90+ ratios may decline further and the risk cost rate (provision for impairment on loan and placement losses to average gross loans ratio) may be around the 2018 level.

The FX-adjusted operating expenses without acquisition effect are expected to increase by 4% y-o-y, mainly as a result of wage inflation, ongoing digital and IT transformation and strong organic growth, but these factors will be partially off-set by the cost synergy benefits realized in Croatia.

Beyond the capital required for organic growth the management intends to allocate significant part of the generated excess capital for further value-creating acquisitions:

- The proposed dividend amount to be paid from 2018 earnings will be the same as the dividend amount after the 2017 financial year, i.e. HUF 61.32 billion.
- The dividend proposal after the 2019 financial year will be decided by the management in 1Q 2020 (similar to the practice concerning the 2018 dividend policy), taking into account the actual organic growth and M&A developments.

The acquisition of Expressbank in Bulgaria was completed in January 2019; the Albanian, Moldavian and the new Serbian and Montenegrin acquisitions are still in progress. According to 2018 year-end or the latest available data, the aggregated shareholders' equity of these entities comprised around EUR 1 billion equivalent. Furthermore, the management continues to assess further value-creating acquisition opportunities.

- As for the indicated / deducted dividend amount presented among the financial data in the quarterly Stock Exchange Reports in 2019, the basis for the calculation will be the dividend proposal after the 2018 financial year (HUF 61.32 billion). However, the final dividend proposal can differ from this amount.

Consolidated capital adequacy ratio (in accordance with BASEL III)

By the end of December 2018 the consolidated Common Equity Tier1 ratio under IFRS was 16.5% including the unaudited interim profit and deducting the indicated annual dividend amount.

In line with the Bank's plan for meeting regulatory requirements and seeking organic and acquisitive growth throughout 2019, the Bank is exploring the opportunity to issue a euro denominated benchmark tier 2 item (subject to regulatory approvals, market and pricing conditions)[4].

Credit rating, shareholder structure

The Hungarian sovereign rating remained unchanged in 2018, as a result there was practically no change in the existing credit ratings of OTP Bank and OTP Mortgage Bank. Accordingly, OTP Bank's long term foreign-currency deposit rating is 'Baa3' 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 was 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 31 December 2018 the following investors had more than 5% influence (voting rights) in the Company: MOL (the Hungarian Oil and Gas Company, 8.64%), the Kafijat Ltd. (7.49%), OPUS Securities SA (5.22%) and Groupama Group (5.16%).

[4] This is not an offer for the sale of securities.

POST BALANCE SHEET EVENTS

Hungary

- The National Bank of Hungary announced on 11 January 2019 that it has revised the Mortgage Funding Adequacy Ratio (MFAR) regulation. According to the amendments – among others –, the required MFAR level will be raised from 20% to 25% effective from 1 October 2019; additionally, the required minimum maturity of accepted funds will be increased to 3 years, and the quality requirements of eligible mortgage bonds will be strengthened.
- Mr. Mihály Varga, Minister of Finance, said on a press conference on 11 January 2019 that in order to boost the economic activity, the government is open to make a proposal to abolish the financial transaction tax in the case of retail money transfers.
- Mr. Márton Nagy, Deputy Governor of the National Bank of Hungary stressed on a conference in Vienna on 16 January 2019 that if the yearly core inflation excluding indirect tax effects was to reach or exceed the 3% threshold, that would be taken by the central bank as an adequate evidence that the start of the monetary policy tightening is justified.
- On 5 February 2019 OTP Bank signed an acquisition agreement on purchasing 87.85% shareholding of Mobiasbanca – Groupe Societe Generale S.A., the Moldovan subsidiary of Societe Generale Group. The financial closure of the transaction is expected in the coming months subject to obtaining all the necessary regulatory approvals.
- In his state-of-the-nation speech held on 10 February 2019, Prime Minister Viktor Orbán announced a demography programme to support families and improve birth rates in Hungary. The seven-point programme will start on 1 July 2019; its detailed rules are yet to be seen. The most important actions of the family protection plan are as follows, based on the Prime Minister's announcement:
    - An allowance is being designed to encourage young married couples to have children. Every woman under the age of forty who marries for the first time will be eligible for a zero interest rate loan of HUF 10 million to start their new lives. After the birth of a child the repayment of the loan will be suspended for three years. After the arrival of the second child, the loan will be suspended for another three years, and one-third of the principal debt will be written off. When the third child is born, the remaining part of the loan will be completely cancelled.
    - The subsidized loan provided under the CSOK (Housing Subsidy for Families) scheme will be extended. Currently, families with two or three children are entitled for subsidized housing loans amounting to HUF 10 million and 15 million, respectively, for purchasing new homes. In the future families with two or more children will also be allowed to use the subsidized loan for the purchase of existing properties.
    - So far, the government has assumed HUF 1 million from the mortgage loans of large families upon the birth of the third and every further child thereafter. This option will be extended: the government will assume HUF 1 million upon the birth of the second child already; it will assume HUF 4 million when the third child is born, and additional HUF 1 million will be assumed upon the birth of each further child.
    - Women who have given birth to and raised at least four children will be exempt from the payment of personal income tax for the rest of their lives.
    - A car purchase programme was announced for large families (who raise at least three children), in form of a non-repayable grant of HUF 2.5 million for the purchase of new cars with at least seven seats.
- The Hungarian Statistical Office announced on 14 February 2019 that Hungary's GDP grew by 5.0% y-o-y in 4Q 2018. The seasonally and calendar-adjusted figure was 4.8%. The related statement of Mihály Varga, Minister of Finance, noted: in order to preserve Hungary's robust growth rates and to ensure that it exceeds the EU average by at least 2% in a persistent manner, the government supports the improvement of Hungary's competitiveness and it will design an economic policy action plan.
- On 15 February 2019 S&P Global Ratings upgraded the credit rating of Hungary by one notch, from 'BBB-' to 'BBB'. The outlook is stable.
- On 19 February 2019 S&P Global Ratings raised its long and short-term resolution counterparty ratings (RCR) on OTP Bank Plc. and OTP Mortgage Bank Ltd. to 'BBB/A-2' from 'BBB-/A-3'; while the 'BBB-/A-3' long- and short-term issuer credit ratings (ICRs) on both banks were affirmed. The outlooks remained stable at both banks.

- On 22 February 2019 Fitch Ratings upgraded the credit rating of Hungary by one notch, from 'BBB-' to 'BBB'. The outlook is stable.
- On 27 February 2019 the Government and the National Bank of Hungary announced a comprehensive set of economic policy measures aiming at improving the competitiveness and the long-term growth potential of the Hungarian economy, while maintaining the sustainable fiscal policy and debt trajectory.
- On 28 February 2019 OTP Bank announced that Crnogorska komercijalna banka a.d., the Montenegrin subsidiary of OTP Bank signed an acquisition agreement on purchasing 90.56% shareholding of Societe Generale banka Montenegro a.d., the Montenegrin subsidiary of Societe Generale Group.

Bulgaria

- On 7 January 2019 OTP Bank announced that the Bulgarian Court of Registration registered a capital increase at DSK Bak EAD, the Bulgarian subsidiary of OTP Bank. Accordingly, the registered capital of DSK Bank was increased to BGN 1,327,482,000 from BGN 153,984,000.
- The financial closure of the transaction based on the acquisition agreement on purchasing 99.74% shareholding of Societe Generale Expressbank (SGEB), the Bulgarian subsidiary of Societe Generale Group and other local subsidiaries held by SGEB, between Societe Generale Group and DSK Bank, the Bulgarian subsidiary of OTP Bank, has been completed on 15 January 2019.

Russia

- On 8 February 2019 Moody's rating agency raised the Russian sovereign rating back into investment grade, to 'Baa3'. The outlook is stable.

CONSOLIDATED AFTER TAX PROFIT BREAKDOWN BY SUBSIDIARIES (IFRS)[5]

in HUF million	2017	2018	Y/Y	2017 4Q	2018 3Q	2018 4Q	Q/Q	Y/Y
Consolidated after tax profit	**281,339**	**318,322**	**13%**	**68,454**	**85,933**	**77,818**	**-9%**	**14%**
Adjustments (total)	**-2,733**	**-7,168**	**162%**	**8,934**	**-6,755**	**15,160**	**-324%**	**70%**
Consolidated adjusted after tax profit without the effect of adjustments	**284,072**	**325,335**	**15%**	**59,520**	**92,688**	**62,503**	**-33%**	**5%**
Banks total[1]	265,422	308,831	16%	52,772	86,859	59,251	-32%	12%
OTP Core (Hungary)[2]	168,576	180,445	7%	31,685	44,268	40,823	-8%	29%
Corporate Centre[3]	194	6,190		-1,755	1,834	1,639	-11%	-193%
DSK Bank (Bulgaria)[4]	47,122	47,293	0%	10,445	14,253	8,910	-37%	-15%
OTP Bank Russia[5]	27,771	16,420	-41%	6,328	6,065	-2,473	-141%	-139%
Touch Bank (Russia)[6]	-7,391	-	-100%	-2,236	-	-		-100%
OBH (Croatia)[7]	17,105	24,961	46%	6,035	8,668	4,053	-53%	-33%
OTP Bank Ukraine[8]	14,120	24,415	73%	5,242	6,951	6,181	-11%	18%
OTP Bank Romania[9]	3,036	3,850	27%	952	3,425	-943	-128%	-199%
OTP banka Srbija (Serbia)[10]	-2,904	2,999	-203%	-1,634	-215	1,651	-867%	-201%
CKB (Montenegro)[11]	-155	2,214	-	-819	912	-65	-107%	-92%
OBS (Slovakia)[12]	-2,051	44	-102%	-1,469	698	-526	-175%	-64%
Leasing	9,836	9,827	0%	2,763	2,706	2,355	-13%	-15%
Merkantil Bank + Car, adj. (Hungary)[13]	8,260	7,437	-10%	2,317	2,059	2,179	6%	-6%
Foreign leasing companies (Croatia, Bulgaria, Romania, Serbia)[14]	1,575	2,391	52%	446	647	176	-73%	-60%
Asset Management	8,677	4,159	-52%	5,194	806	1,281	59%	-75%
OTP Asset Management (Hungary)	8,259	4,122	-50%	5,071	794	1,432	80%	-72%
Foreign Asset Management Companies (Ukraine, Romania, Bulgaria)[15]	418	37	-91%	123	13	-151	-	-222%
Other Hungarian Subsidiaries	-747	1,601	-314%	-1,239	914	-410	-145%	-67%
Other Foreign Subsidiaries[16]	295	388	31%	307	129	300	132%	-2%
Eliminations	590	528	-10%	-277	1,274	-274	-122%	-1%
Total adjusted after tax profit of HUNGARIAN subsidiaries[17]	185,132	200,323	8%	35,807	51,142	45,389	-11%	27%
Total adjusted after tax profit of FOREIGN subsidiaries[18]	98,940	125,012	26%	23,717	41,546	17,114	-59%	-28%
Share of foreign profit contribution, %	35%	38%	10%	40%	45%	27%	-39%	-31%

[5] 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	2017	2018	Y-o-Y	4Q 2017	3Q 2018	4Q 2018	Q-o-Q	Y-o-Y
Consolidated after tax profit	**281,339**	**318,322**	**13%**	**68,454**	**85,933**	**77,818**	**-9%**	**14%**
Adjustments (total)	**-2,733**	**-7,013**	**157%**	**8,934**	**-6,755**	**15,315**	**-327%**	**71%**
Dividends and net cash transfers (after tax)	680	457	-33%	30	26	131	411%	338%
Goodwill/investment impairment charges (after tax)	-6,064	-4,729	-22%	-5,606	-5,732	528	-109%	-109%
Special tax on financial institutions (after corporate income tax)	-15,233	-15,286	0%	-171	-184	-190	3%	11%
Impact of fines imposed by the Hungarian Competition Authority (after tax)	177	565	220%	0	565	0	-100%	
Effect of acquisitions (after tax)	17,708	-6,844	-139%	14,681	-1,429	-3,976	178%	-127%
Initial NPV gain on the monetary policy interest rate swap (MIRS) deals (after tax)		18,823		0	0	18,823		
Consolidated adjusted after tax profit without the effect of adjustments	**284,072**	**325,335**	**15%**	**59,520**	**92,688**	**62,503**	**-33%**	**5%**
Before tax profit	**321,421**	**362,734**	**13%**	**66,063**	**104,027**	**67,240**	**-35%**	**2%**
Operating profit	**363,159**	**384,908**	**6%**	**85,077**	**105,924**	**87,603**	**-17%**	**3%**
Total income	**804,946**	**881,726**	**10%**	**208,852**	**227,677**	**227,773**	**0%**	**9%**
Net interest income	**546,654**	**599,832**	**10%**	**140,523**	**153,892**	**156,448**	**2%**	**11%**
Net fees and commissions	**209,428**	**220,731**	**5%**	**58,073**	**57,814**	**56,605**	**-2%**	**-3%**
Other net non-interest income	**48,864**	**61,163**	**25%**	**10,256**	**15,971**	**14,719**	**-8%**	**44%**
Foreign exchange result, net	21,622	33,568	55%	3,955	8,693	9,700	12%	145%
Gain/loss on securities, net	7,068	2,461	-65%	1,295	345	1,287	273%	-1%
Net other non-interest result	20,175	25,134	25%	5,006	6,933	3,733	-46%	-25%
Operating expenses	**-441,788**	**-496,818**	**12%**	**-123,775**	**-121,753**	**-140,169**	**15%**	**13%**
Personnel expenses	-213,599	-249,447	17%	-56,780	-60,325	-71,047	18%	25%
Depreciation	-46,482	-48,210	4%	-12,376	-11,549	-13,073	13%	6%
Other expenses	-181,707	-199,161	10%	-54,619	-49,879	-56,050	12%	3%
Total risk costs	**-45,682**	**-26,167**	**-43%**	**-19,120**	**-2,532**	**-20,277**	**701%**	**6%**
Provision for impairment on loan and placement losses	-31,058	-19,283	-38%	-13,371	-3,643	-14,976	311%	12%
Other provision	-14,624	-6,885	-53%	-5,749	1,111	-5,301	-577%	-8%
Total one-off items	**3,945**	**3,993**	**1%**	**106**	**636**	**-86**	**-114%**	**-181%**
Gain on the repurchase of own Upper and Lower Tier 2 Capital	0	0		0	0	0		
Result of the treasury share swap agreement at OTP Core	3,945	3,993	1%	106	636	-86	-114%	-181%
Corporate taxes	**-37,349**	**-37,400**	**0%**	**-6,543**	**-11,339**	**-4,737**	**-58%**	**-28%**
INDICATORS	2017	2018	Y-o-Y	4Q 2017	3Q 2018	4Q 2018	Q-o-Q	Y-o-Y
ROE (from accounting net earnings)	18.5%	18.7%	0.2%p	16.9%	19.6%	17.1%	-2.6%p	0.2%p
ROE (from adjusted net earnings)	18.7%	19.1%	0.4%p	14.7%	21.2%	13.7%	-7.5%p	-1.0%p
ROA (from adjusted net earnings)	2.4%	2.3%	0.0%p	1.9%	2.6%	1.7%	-0.9%p	-0.1%p
Operating profit margin	3.03%	2.76%	-0.26%p	2.65%	2.96%	2.40%	-0.56%p	-0.24%p
Total income margin	6.71%	6.33%	-0.38%p	6.50%	6.36%	6.25%	-0.11%p	-0.25%p
Net interest margin	4.56%	4.30%	-0.25%p	4.38%	4.30%	4.29%	-0.01%p	-0.08%p
Net fee and commission margin	1.75%	1.58%	-0.16%p	1.81%	1.62%	1.55%	-0.06%p	-0.25%p
Net other non-interest income margin	0.41%	0.44%	0.03%p	0.32%	0.45%	0.40%	-0.04%p	0.08%p
Cost-to-asset ratio	3.68%	3.57%	-0.12%p	3.85%	3.40%	3.85%	0.45%p	-0.01%p
Cost/income ratio	54.9%	56.3%	1.5%p	59.3%	53.5%	61.5%	8.1%p	2.3%p
Provision for impairment on loan and placement losses-to-average gross loans	0.43%	0.23%	-0.20%p	0.70%	0.17%	0.68%	0.51%p	-0.02%p
Total risk cost-to-asset ratio	0.38%	0.19%	-0.19%p	0.60%	0.07%	0.56%	0.49%p	-0.04%p
Effective tax rate	11.6%	10.3%	-1.3%p	9.9%	10.9%	7.0%	-3.9%p	-2.9%p
Non-interest income/total income	32%	32%	0%p	33%	32%	31%	-1%p	-1%p
EPS base (HUF) (from unadjusted net earnings)	1,074	1,215	13%	262	328	298	-9%	14%
EPS diluted (HUF) (from unadjusted net earnings)	1,074	1,215	13%	261	328	297	-9%	14%
EPS base (HUF) (from adjusted net earnings)	1,085	1,243	14%	227	354	239	-33%	5%
EPS diluted (HUF) (from adjusted net earnings)	1,085	1,242	14%	227	354	239	-33%	5%
Comprehensive Income Statement	2017	2018	Y-o-Y	4Q 2017	3Q 2018	4Q 2018	Q-o-Q	Y-o-Y
Consolidated after tax profit	281,339	318,322	13%	68,454	85,934	77,818	-9%	14%
Fair value changes of financial instruments measured at fair value through other comprehensive income	15,677	-20,323	-230%	4,104	3,289	-1,591	-148%	-139%
Fair value adjustment of derivative financial instruments designated as cash-flow hedge	0	-9		0	-8	-34	325%	
Net investment hedge in foreign operations	155	-3,253		274	959	1,064	11%	288%
Foreign currency translation difference	-20,535	10,007	-149%	-8,140	-28,892	-13,705	-53%	68%
Change of actuarial costs (IAS 19)	-241	-65	-73%	-241	0	-65		-73%
Net comprehensive income	**276,395**	**304,679**	**10%**	**64,450**	**61,280**	**63,488**	**4%**	**-1%**
o/w Net comprehensive income attributable to equity holders	276,222	304,813	10%	64,370	61,367	63,710	4%	-1%
Net comprehensive income attributable to non-controlling interest	173	-134	-177%	80	-87	-222	155%	-378%

Average exchange rate[1] of the HUF (in HUF)	2017	2018	Y-o-Y	4Q 2017	3Q 2018	4Q 2018	Q-o-Q	Y-o-Y
HUF/EUR	309	319	3%	312	324	323	0%	4%
HUF/CHF	279	276	-1%	268	283	284	0%	6%
HUF/USD	274	270	-1%	265	279	283	2%	7%

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

CONSOLIDATED BALANCE SHEET

Main components of balance sheet in HUF million	4Q 2017	3Q 2018	4Q 2018	Q-o-Q	Y-o-Y
TOTAL ASSETS	**13,190,228**	**14,362,575**	**14,590,288**	**2%**	**11%**
Cash, amounts due from Banks and balances with the National Banks	1,198,046	1,091,217	1,547,272	42%	29%
Placements with other banks, net of allowance for placement losses	462,180	691,289	420,606	-39%	-9%
Financial assets at fair value through profit or loss	344,417	198,873	181,355	-9%	-47%
Securities at fair value through other comprehensive income	2,174,718	2,030,765	1,883,849	-7%	-13%
Net customer loans	6,987,834	7,908,033	8,066,592	2%	15%
Net customer loans (FX adjusted[1])	**7,116,207**	**7,863,467**	**8,066,592**	**3%**	**13%**
Gross customer loans	7,690,419	8,616,678	8,719,342	1%	13%
Gross customer loans (FX adjusted[1])	**7,835,162**	**8,565,973**	**8,719,342**	**2%**	**11%**
o/w Retail loans	4,924,781	5,218,540	5,297,735	2%	8%
Retail mortgage loans (incl. home equity)	2,496,493	2,544,112	2,568,636	1%	3%
Retail consumer loans	1,870,080	2,034,444	2,093,404	3%	12%
SME loans	558,209	639,983	635,695	-1%	14%
Corporate loans	2,641,636	3,038,360	3,110,652	2%	18%
Loans to medium and large corporates	2,435,223	2,753,415	2,812,763	2%	16%
Municipal loans	206,414	284,945	297,889	5%	44%
Car financing loans	268,586	309,073	310,955	1%	16%
Bills and accrued interest receivables related to loans	158	0	0	-100%	-100%
Allowances for loan losses	-702,585	-708,646	-652,751	-8%	-7%
Associates and other investments	12,269	25,664	17,592	-31%	43%
Securities at amortized costs	1,310,331	1,675,271	1,740,520	4%	33%
Tangible and intangible assets, net	413,389	409,123	420,484	3%	2%
o/w Goodwill, net	100,976	93,822	91,766	-2%	-9%
Tangible and other intangible assets, net	312,414	315,301	328,718	4%	5%
Other assets	287,044	332,339	312,018	-6%	9%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**13,190,228**	**14,362,575**	**14,590,288**	**2%**	**11%**
Amounts due to banks, the Hungarian Government, deposits from the National Banks and other banks	472,068	521,335	392,706	-25%	-17%
Deposits from customers	10,233,471	11,032,659	11,285,085	2%	10%
Deposits from customers (FX adjusted[1])	**10,436,537**	**10,991,143**	**11,285,085**	**3%**	**8%**
o/w Retail deposits	7,414,825	7,985,062	8,244,455	3%	11%
Household deposits	6,204,452	6,616,140	6,806,288	3%	10%
SME deposits	1,210,372	1,368,922	1,438,168	5%	19%
Corporate deposits	3,007,037	2,994,312	3,029,285	1%	1%
Deposits to medium and large corporates	2,314,641	2,211,597	2,320,971	5%	0%
Municipal deposits	692,397	782,715	708,314	-10%	2%
Accrued interest payable related to customer deposits	14,675	11,769	11,344	-4%	-23%
Liabilities from issued securities	250,320	338,155	417,966	24%	67%
o/w Retail bonds	6,500	5,897	4,732	-20%	-27%
Liabilities from issued securities without retail bonds	243,821	332,258	413,235	24%	69%
Other liabilities	518,286	617,597	586,445	-5%	13%
Subordinated bonds and loans[2]	76,028	82,173	81,429	-1%	7%
Total shareholders' equity	**1,640,055**	**1,770,656**	**1,826,657**	**3%**	**11%**
Indicators	4Q 2017	3Q 2018	4Q 2018	Q-o-Q	Y-o-Y
Loan/deposit ratio (FX adjusted[1])	75%	78%	77%	-1%p	2%p
Net loan/(deposit + retail bond) ratio (FX adjusted[1])	68%	72%	72%	0%p	3%p
Stage 3 loan volume under IFRS 9		848,497	753,033	-11%	
Stage 3 loans under IFRS9/gross customer loans		9.8%	8.6%	-1.2%p	
Stage 2 loan volume under IFRS 9		569,652	543,183	-5%	
Stage 2 loans under IFRS9/gross customer loans		6.6%	6.2%	-0.4%p	
90+ days past due loan volume	707,211	624,943	551,498	-12%	-22%
90+ days past due loans/gross customer loans	9.2%	7.3%	6.3%	-0.9%p	-2.9%p
Total provisions/90+ days past due loans	99.3%	113.4%	118.4%	5.0%p	19.0%p
Consolidated capital adequacy - Basel3	4Q 2017	3Q 2018	4Q 2018	Q-o-Q	Y-o-Y
Capital adequacy ratio (consolidated, IFRS)	14.6%	16.2%	18.3%	2.1%p	3.6%p
Tier1 ratio	12.7%	14.3%	16.5%	2.2%p	3.8%p
Common Equity Tier1 ('CET1') capital ratio	12.7%	14.3%	16.5%	2.2%p	3.8%p
Regulatory capital (consolidated)	1,228,628	1,478,807	1,731,970	17%	41%
o/w Tier1 Capital	1,062,701	1,306,384	1,565,247	20%	47%
o/w Common Equity Tier1 capital	1,062,701	1,306,384	1,565,247	20%	47%
Tier2 Capital	165,927	172,424	166,723	-3%	0%
o/w Hybrid Tier2	89,935	89,935	89,935	0%	0%
Consolidated risk weighted assets (RWA) (Credit&Market&Operational risk)	8,389,920	9,130,630	9,488,916	4%	13%
o/w RWA (Credit risk)	6,795,559	7,675,717	7,966,050	4%	17%
RWA (Market & Operational risk)	1,594,361	1,454,913	1,522,866	5%	-4%
Closing exchange rate of the HUF (in HUF)	4Q 2017	3Q 2018	4Q 2018	Q-o-Q	Y-o-Y
HUF/EUR	310	324	322	-1%	4%
HUF/CHF	265	285	285	0%	8%
HUF/USD	259	279	281	1%	9%

[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	2017	2018	Y-o-Y	4Q 2017	3Q 2018	4Q 2018	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	168,576	180,445	7%	31,685	44,268	40,823	-8%	29%
Corporate income tax	-16,986	-14,717	-13%	-1,637	-3,728	-2,848	-24%	74%
Pre-tax profit	185,562	195,162	5%	33,322	47,995	43,671	-9%	31%
Operating profit	150,833	144,577	-4%	33,042	39,269	26,176	-33%	-21%
Total income	365,591	378,534	4%	91,506	97,070	94,364	-3%	3%
Net interest income	234,304	245,934	5%	60,132	63,286	63,138	0%	5%
Net fees and commissions	109,128	107,010	-2%	26,214	28,161	25,825	-8%	-1%
Other net non-interest income	22,159	25,590	15%	5,161	5,623	5,401	-4%	5%
Operating expenses	-214,758	-233,956	9%	-58,464	-57,800	-68,188	18%	17%
Total risk costs	30,784	46,591	51%	174	8,090	17,581	117%	
Provision for impairment on loan and placement losses	33,586	48,192	43%	4,139	8,163	16,057	97%	288%
Other provisions	-2,803	-1,601	-43%	-3,964	-72	1,525		-138%
Total one-off items	3,945	3,993	1%	106	636	-86	-114%	-181%
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	3,945	3,993	1%	106	636	-86	-114%	-181%
Indicators	**2017**	**2018**	**Y-o-Y**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
ROE	12.3%	12.2%	-0.1%p	8.8%	11.9%	10.6%	-1.3%p	1.7%p
ROA	2.3%	2.2%	-0.1%p	1.7%	2.1%	1.9%	-0.2%p	0.3%p
Operating profit margin	2.1%	1.8%	-0.3%p	1.7%	1.9%	1.2%	-0.7%p	-0.5%p
Total income margin	5.02%	4.64%	-0.38%p	4.80%	4.68%	4.45%	-0.23%p	-0.35%p
Net interest margin	3.22%	3.01%	-0.20%p	3.16%	3.05%	2.98%	-0.07%p	-0.18%p
Net fee and commission margin	1.50%	1.31%	-0.19%p	1.38%	1.36%	1.22%	-0.14%p	-0.16%p
Net other non-interest income margin	0.30%	0.31%	0.01%p	0.27%	0.27%	0.25%	-0.02%p	-0.02%p
Operating costs to total assets ratio	2.9%	2.9%	-0.1%p	3.1%	2.8%	3.2%	0.4%p	0.1%p
Cost/income ratio	58.7%	61.8%	3.1%p	63.9%	59.5%	72.3%	12.7%p	8.4%p
Provision for impairment on loan and placement losses/average gross loans[1]	-1.23%	-1.60%	-0.37%p	-0.58%	-1.05%	-1.98%	-0.93%p	-1.39%p
Effective tax rate	9.2%	7.5%	-1.6%p	4.9%	7.8%	6.5%	-1.2%p	1.6%p

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

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

Main components of balance sheet closing balances in HUF mn	4Q 2017	3Q 2018	4Q 2018	Q-o-Q	Y-o-Y
Total Assets	7,704,135	8,349,719	8,563,425	3%	11%
Net customer loans	2,634,920	3,025,985	3,096,391	2%	18%
Net customer loans (FX-adjusted)	**2,651,784**	**3,022,777**	**3,096,391**	**2%**	**17%**
Gross customer loans	2,793,871	3,185,860	3,241,345	2%	16%
Gross customer loans (FX-adjusted)	**2,812,752**	**3,182,455**	**3,241,345**	**2%**	**15%**
Retail loans	1,823,513	1,944,655	1,970,879	1%	8%
Retail mortgage loans (incl. home equity)	1,275,721	1,317,650	1,329,562	1%	4%
Retail consumer loans	372,012	418,292	425,786	2%	14%
SME loans	175,779	208,713	215,531	3%	23%
Corporate loans	989,239	1,237,801	1,270,466	3%	28%
Loans to medium and large corporates	953,436	1,151,734	1,185,030	3%	24%
Municipal loans	35,803	86,067	85,436	-1%	139%
Provisions	-158,951	-159,875	-144,954	-9%	-9%
Provisions (FX-adjusted)	**-160,969**	**-159,679**	**-144,954**	**-9%**	**-10%**
Deposits from customers + retail bonds	5,388,080	5,781,517	5,967,857	3%	11%
Deposits from customers + retail bonds (FX-adjusted)	**5,431,237**	**5,778,606**	**5,967,857**	**3%**	**10%**
Retail deposits + retail bonds	3,504,431	3,863,351	4,050,098	5%	16%
Household deposits + retail bonds	2,845,112	3,114,102	3,259,145	5%	15%
o/w: Retail bonds	6,500	5,897	4,732	-20%	-27%
SME deposits	659,319	749,248	790,953	6%	20%
Corporate deposits	1,926,806	1,915,256	1,917,759	0%	0%
Deposits to medium and large corporates	1,307,433	1,228,824	1,311,242	7%	0%
Municipal deposits	619,373	686,432	606,517	-12%	-2%
Liabilities to credit institutions	285,539	291,250	236,700	-19%	-17%
Issued securities without retail bonds	288,799	375,955	461,138	23%	60%
Total shareholders' equity	1,430,256	1,506,141	1,561,688	4%	9%
Loan Quality	4Q 2017	3Q 2018	4Q 2018	Q-o-Q	Y-o-Y
Stage 3 loan volume under IFRS 9 (in HUF million)		215,743	190,682	-11.6%	
Stage 3 loans under IFRS 9/gross customer loans (%)		6.8%	5.9%	-0.9%p	
90+ days past due loan volume (in HUF million)	179,618	159,439	147,218	-8%	-18%
90+ days past due loans/gross customer loans (%)	6.4%	5.0%	4.5%	-0.5%p	-1.9%p
Total provisions/90+ days past due loans (%)	88.5%	100.3%	98.5%	-1.8%p	10.0%p
Market Share	4Q 2017	3Q 2018	4Q 2018	Q-o-Q	Y-o-Y
Loans	20.6%	20.9%	20.8%	-0.1%p	0.3%p
Deposits	26.1%	25.8%	25.7%	-0.1%p	-0.4%p
Total Assets	25.7%	26.5%	26.2%	-0.4%p	0.5%p
Performance Indicators	4Q 2017	3Q 2018	4Q 2018	Q-o-Q	Y-o-Y
Net loans to (deposits + retail bonds) (FX-adjusted)	49%	52%	52%	0%p	3%p
Leverage (closing Shareholder's Equity/Total Assets)	18.6%	18.0%	18.2%	0.2%p	-0.3%p
Leverage (closing Total Assets/Shareholder's Equity)	5.4x	5.5x	5.5x	-0.1x	0.1x
Capital adequacy ratio (OTP Bank, non-consolidated, Basel3, IFRS)	31.4%	30.8%	28.2%	-2.6%p	-3.2%p
Common Equity Tier1 ratio (OTP Bank, non-consolidated, Basel3, IFRS)	29.0%	28.5%	26.2%	-2.3%p	-2.8%p

- ***The adjusted profit after tax of OTP Core reached HUF 180.4 billion in 2018, marking a 7% increase on the back of higher positive risk costs***
- ***4Q after tax result represented HUF 40.8 billion, the 8% q-o-q setback was mainly due to one-off items affecting net fee income, and higher operating costs induced by seasonality and a non-recurring one-off bonus payment in 4Q***
- ***The 4Q net interest margin eroded by 7 bps q-o-q, thus the full-year margin attrition reached 20 bps (3.01%)***
- ***Favourable credit quality trends remained intact, the DPD90+ ratio sank to 4.5%***
- ***Performing loan volume growth accelerated to 18% in 2018. The corporate segment remained the engine of growth, but household volumes also gained momentum: consumer loans expanded by 19%, mortgages by 6%. Within mortgages, housing loan expansion exceeded 10%***
- ***Full-year mortgage loan disbursements soared by 40% 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** posted an after tax profit of HUF 180.4 billion in 2018, marking an improvement of 7% y-o-y, driven by 51% higher positive risk costs beside 4% decline in operating profit.

4Q profit amounted to HUF 40.8 billion, down by 8% q-o-q, but showing an increase of 29% y-o-y.

The annual 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 annual net interest margin (3.01%) declined by 20 bps compared to the previous year.

As for the quarterly developments, in 4Q the net interest income remained stable q-o-q, and grew by 5% y-o-y. On one hand, further expansion of loan volumes was a positive. On the other hand, mortgage bonds issued in the last quarter added to interest expenditures, whereas the swap result declined q-o-q mainly because declining long yields generated negative fair value adjustment on interest rate swaps held for non-hedging purposes.

4Q net interest margin narrowed by 7 bps q-o-q, falling back to levels seen in 2Q 2018. The q-o-q margin development was negatively influenced by the interbank rate movements, too: while in 3Q margins were supported by the increase in the interbank rates in the preceding period, since then rates have declined (in 4Q the closing rate of 3M and 6M BUBOR declined by 4 bps each, their average rate declined by 6 bps each). Furthermore, in 4Q the average interest rate of the mortgage loan stock continued to contract.

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

In the fourth quarter net fees dropped by 8% or HUF 2.3 billion q-o-q, explained by technical items. Stripping out the effect of these, net fees would have improved, because in line with the prevalent underlying trends deposit and transaction-related fee revenues increased further, thanks to intensifying business activity.

Concerning technical items affecting net fee revenues, they amounted to -HUF 1.0 billion[6] in 3Q 2018, and to -HUF 3.9 billion in 4Q, thus weighing on the q-o-q net fee income by HUF 2.9 billion. Two negative technical items emerged in 4Q. Firstly, the total annual amount of credit card refunds was booked in lump-sum in 4Q, similar to the previous year (HUF 1.9 billion in 2017, HUF 2.5 billion in 2018). Secondly, -HUF 1.4 billion additional fee expense emerged in 4Q, because from 4Q 2018 the Bank started to accrue the so-called scheme fee (that part of the fee expenses paid to credit card issuers which is paid quarterly on the basis of the turnover in the previous quarter), as opposed to the previous cash-flow based accounting practice. Therefore, both the scheme fee paid after 3Q 2018, and the accrued fee for the last quarter of 2018 was booked in 4Q 2018.

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

[6] 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. Secondly, in 3Q 2018 HUF 0.4 billion tax deductions were accounted for in relation to the contributions paid into the Compensation Fund, thus improving the 3Q net fee income. In the adjusted P&L structure both the contributions and the tax deductions are presented within the financial transaction tax, as part of the net fee and commission income.

The *revaluation result of the treasury share swap agreement* (showed among the one-off revenue items) remained stable y-o-y.

Annual operating expenses increased by 9% 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. Furthermore, in December 2018 a non-recurring one-off bonus amounting to one month base salary was paid to non-managerial employees at Hungarian Group members, adding HUF 5.4 billion to personnel expenses at OTP Core. 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 18% increase in 4Q operating costs was mainly due to the one-off bonus payment, the seasonal spike in marketing expenses, and the higher advisory costs related to organizational and operational restructuring projects.

On the total risk costs line a positive amount of HUF 46.6 billion was recognized in 2018, 51% more than a year ago. 4Q total risk costs represented a positive amount of HUF 17.6 billion.

Benign risk cost developments were aided by favourable credit quality trends amid supportive economic environment: the DPD90+ loan volumes adjusted for FX rate movements and without problem loan sales and write offs declined by HUF 8.5 billion in the course of 2018 (within that HUF 2 billion in 1Q, HUF 3 billion in 2Q, HUF 2 billion in 3Q and HUF 1.5 billion in 4Q 2018), against a decline of 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 2018 HUF 24 billion non-performing exposures were sold or written off, of which HUF 10 billion in 4Q. The trend-like improvement of DPD90+ ratio continued: it moderated by 0.5 pp q-o-q and 1.9 pps to 4.5%. The ratio of Stage 3 loans under IFRS 9 to total gross loans declined at a faster pace, by 0.9 pp q-o-q to 5.9%, mainly due to the reclassification of a large corporate exposure with less than 90 days delay into a lower risk category.

Balance sheet trends

The FX-adjusted gross loan portfolio increased by 15% 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 2% q-o-q and 18% y-o-y, against 11% growth reported in 2017 (FX-adjusted).

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

In 4Q 2018 all major product segments demonstrated significant q-o-q growth: within the overall 2% q-o-q performing loan growth mortgages expanded by 1.4%, while consumer, SME and corporate loans advanced by 3% each.

As for mortgages, their performing stock volume growth amounted to 6% y-o-y and 1.4% q-o-q. The stock of performing mortgage loans consists of three major sub-categories: housing loans (making up 77% of the total performing stock), home equities (or mortgage-backed consumer loans, 21%), and flat lease (1%). These three product segments have different growth patterns. Performing housing loan volumes are the main contributors to growth: thanks to the 2.5% quarterly growth their yearly expansion pierced 10% (+11% y-o-y). On the contrary, home equity loans have been steadily dwindling (-2% q-o-q, -9% 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 2% y-o-y.

Annual mortgage loan applications at OTP Core amounted to HUF 355 billion (+21% y-o-y). Cumulated new disbursements showed a 40% increase y-o-y; in 4Q new mortgage sales grew by 34% y-o-y, but declined by 12% q-o-q.

OTP Bank's market share in new mortgage loan contractual amounts reached 29.2% in 2018 as a whole, up from 27.7% a year ago.

With respect to mortgage lending, one of the most important and spectacular developments was the steady and unambiguous rise in the popularity of fixed rate mortgages. At OTP the proportion of fixed rate housing loans (with an interest rate fixation period of at least 5 years) within non-subsidized housing loan applications reached 97% in 4Q 2018, up from 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 gained further ground: in 4Q 2018 the aggregated volume of applications for loans with fixation period of 10 and 20 years was close to 80% 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 4Q 2018 the share of certified customer-friendly mortgages within new fixed rate market-based housing loan applications exceeded 70%.

OTP Bank helps Hungarian families realize their housing aims through its active participation in the

Housing Subsidy Scheme for Families (CSOK), too. In 2018 altogether more than 12 thousand applications for the CSOK subsidy were registered at OTP Bank with a value of over HUF 40 billion.

Performing consumer loan dynamics demonstrated an accelerating trend: they went up by 19% in 2018, versus +14%[7] a year ago (FX-adjusted). Within consumer loans, cash loan growth was outstanding: the quarterly growth reached 6%, whereas the yearly increase reached 38%. OTP's market share in the cash loan volumes stood at 33.4% at the end of the period under review.

FX-adjusted deposit volumes (including retail bonds) increased by 10% y-o-y and by 3% q-o-q. The yearly expansion was driven by household and SME deposits (+15% and +20%, respectively), whereas corporate volumes remained stable. The quarterly increase was fuelled by the continued strong pace of household deposit growth, while municipal deposits saw an outflow of 12%.

The net loan to (deposit+retail bonds) ratio improved by 3 pps y-o-y, edging up to 52%, thus the balance sheet structure of the Hungarian base operation became more efficient, though the absolute level of the ratio 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, and this trend continued into 2018, too.

The yearly increase in the volume of issued securities without retail bonds (+HUF 172 billion) was reasoned on one hand by covered bond issuances by OTP Mortgage Bank: in 2Q HUF denominated covered bonds were sold with 5 year maturity and fixed 1.75% coupon, in 3Q floating rate (1M BUBOR + 60 bps) HUF covered bonds were issued with 2024 maturity, and in 4Q HUF denominated covered bonds maturing in 2024 with fixed 2.5% coupon. At the same time, previously issued covered bonds were repurchased.

As a result of the capital increase in DSK Bank, on the asset side of OTP Bank the amount of non-interest bearing subsidiary investments increased at the expense of liquid assets. With respect to the 2.3 pps q-o-q decline in the CET1 ratio of OTP Bank, beside the continued strong organic loan volume growth, the additional risk weighted assets due to the inclusion of incremental subsidiary investments as a result of the capital increase with 250% risk weight played a role in the total RWA increase, too.

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.

Within this framework, the three-month central bank deposit facility was phased out by the end of 2018. The HUF 75 billion stock of three-month central bank deposits at the end of September declined to zero by the end of December 2018. The interest rate remunerated on required reserves and preferential deposits remained equal to the central bank base rate. Required reserves became the main policy instrument. 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 monetary policy interest rate swap (MIRS) tenders were phased out by the end of 2018, similar to the mortgage bond purchase programme. The total allocated amount of monetary policy IRS for 2018 as a whole reached HUF 1,100 billion. The mortgage bond purchase programme came to an end in two stages: purchases in the primary market continued until 31 December 2018, while purchases in the secondary market ended by 30 September 2018.

Furthermore, the Funding for Growth Scheme Fix (FGS fix) was 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 provides 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 is capped at HUF 1 billion. The maturity can be between 3 and 10 years. Regarding the allocation of available funds among banks, HUF 700 billion out of the total amount will be allocated based on the order of contracts, whereas the allocation principles for the remaining HUF 300 billion is not known yet. 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 16% at the announcement of the scheme to around 30%. The MNB sterilises the liquidity provided under this

[7] In 2017 the yearly performing consumer loan dynamics was +25% on an FX-adjusted basis, fuelled by several large-ticket lombard loans, too – without these the y-o-y growth would have been 14%.

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.

According to the press release about the Monetary Council meeting on 18 December 2018, the Council is prepared for the gradual and cautious normalisation of monetary policy, which will begin depending on the persistent inflationary developments. The central bank stated that core inflation excluding indirect tax effects is likely to continue to rise in the coming quarters, which the Council will assess in terms of the sustainable achievement of the inflation target. There haven't been significant changes in the communication after the 29 January 2019 meeting of the Council.

The Deputy Governor of the National Bank of Hungary stressed on a conference in Vienna on 16 January 2019 that if the yearly core inflation excluding indirect tax effects was to reach or exceed the 3% threshold that would be taken by the central bank as an adequate evidence that the start of the monetary policy tightening is justified.

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	2017	2018	Y-o-Y	4Q 2017	3Q 2018	4Q 2018	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	8,259	4,122	-50%	5,071	794	1,432	80%	-72%
Income tax	-811	-403	-50%	-497	-62	-146	136%	-71%
Profit before income tax	9,070	4,525	-50%	5,568	856	1,578	84%	-72%
Operating profit	9,089	4,525	-50%	5,588	856	1,578	84%	-72%
Total income	11,763	7,121	-39%	6,982	1,511	2,364	56%	-66%
Net interest income	0	0	-98%	0	0	0	-24%	-100%
Net fees and commissions	11,765	7,196	-39%	6,955	1,505	2,455	63%	-65%
Other net non-interest income	-2	-75		28	6	-90		-423%
Operating expenses	-2,674	-2,596	-3%	-1,395	-655	-786	20%	-44%
Other provisions	-20	0	-100%	-20	0	0	-100%	-100%
Main components of balance sheet closing balances in HUF mn	**2017**	**2018**	**YTD**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
Total assets	20,587	16,821	-18%	20,587	19,192	16,821	-12%	-18%
Total shareholders' equity	17,958	14,353	-20%	17,958	12,895	14,353	11%	-20%
Asset under management in HUF bn	**2017**	**2018**	**YTD**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
Assets under management, total (w/o duplicates)[1]	**1,519**	**1,035**	**-32%**	**1,519**	**1,108**	**1,035**	**-7%**	**-32%**
Volume of investment funds (closing, w/o duplicates)	942	749	-21%	942	824	749	-9%	-21%
Volume of managed assets (closing)	576	286	-50%	576	283	286	1%	-50%
Volume of investment funds (closing, with duplicates)[2]	1,180	982	-17%	1,180	1,075	982	-9%	-17%
money market	189	129	-31%	189	145	129	-11%	-31%
bond	295	217	-26%	295	237	217	-8%	-26%
mixed	56	55	-1%	56	59	55	-5%	-1%
security	158	153	-3%	158	164	153	-7%	-3%
guaranteed	49	32	-34%	49	32	32	0%	-34%
other[3]	434	395	-9%	434	438	395	-10%	-9%

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

OTP Fund Management achieved HUF 4.1 billion profit in 2018 (-50% y-o-y). The erosion compared to the outstandingly strong performance in the base period was a consequence of diminishing net fees and commissions (-39% y-o-y), whereas operating expenses moderated by 3% y-o-y.

The yearly performance of net fees and commissions was shaped by the following factors: the fund management fee income matched the base period as the negative impact of lower volume of managed assets was offset by shifting towards higher fee-generating funds. At the same time, compared to 2017 the overall market was more volatile taking its toll through lower success fees (-HUF 4 billion y-o-y). In 4Q the q-o-q profit increase was supported by the accounting of success fees in the amount of HUF 1 billion.

Considering the whole market, in 2018 the assets under management of BAMOSZ members (without property funds) eroded by 11% y-o-y and by the end of December dropped to HUF 4,403 billion. Bond portfolios suffered an overall outflow, whereas the money market, equity and guaranteed funds on the top of that experienced negative yields, too.

Volume of investment funds (closing, with duplicates) at the Company decreased by 17% y-o-y and by 9% q-o-q. The shift within different types of investment funds reflected the overall market developments. The most significant net outflow hit the bond and money market funds.

The market share of OTP Fund Management (without duplications) was 22.3% at the end of 2018, down by 1.4 pps y-o-y. 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	2017	2018	Y-o-Y	4Q 2017	3Q 2018	4Q 2018	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	8,260	7,437	-10%	2,317	2,059	2,179	6%	-6%
Income tax	-357	456	-228%	-38	-169	625	-470%	
Profit before income tax	8,618	6,981	-19%	2,355	2,227	1,554	-30%	-34%
Operating profit	6,229	6,599	6%	1,174	1,893	1,407	-26%	20%
Total income	12,423	12,983	5%	2,891	3,261	3,178	-3%	10%
Net interest income	12,477	13,131	5%	3,326	3,383	3,427	1%	3%
Net fees and commissions	-366	-124	-66%	-45	-12	-44	280%	-2%
Other net non-interest income	311	-24	-108%	-390	-110	-205	87%	-47%
Operating expenses	-6,194	-6,384	3%	-1,718	-1,368	-1,771	29%	3%
Total provisions	2,389	382	-84%	1,181	334	147	-56%	-88%
Provision for impairment on loan and placement losses	2,049	256	-87%	463	295	49	-83%	-89%
Other provision	340	126	-63%	719	39	98	150%	-86%
Main components of balance sheet closing balances in HUF mn	**2017**	**2018**	**YTD**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
Total assets	369,180	404,750	10%	369,180	390,181	404,750	4%	10%
Gross customer loans	292,925	321,353	10%	292,925	310,691	321,353	3%	10%
Gross customer loans (FX-adjusted)	293,925	321,353	9%	293,925	310,542	321,353	3%	9%
Retail loans	28,985	29,558	2%	28,985	30,203	29,558	-2%	2%
Corporate loans	90,141	103,541	15%	90,141	93,707	103,541	10%	15%
Car financing loans	174,798	188,254	8%	174,798	186,632	188,254	1%	8%
Allowances for possible loan losses	-21,000	-13,853	-34%	-21,000	-19,312	-13,853	-28%	-34%
Allowances for possible loan losses (FX-adjusted)	-21,048	-13,853	-34%	-21,048	-19,312	-13,853	-28%	-34%
Deposits from customers	20,799	15,180	-27%	20,799	16,733	15,180	-9%	-27%
Deposits from customer (FX-adjusted)	20,799	15,180	-27%	20,799	16,733	15,180	-9%	-27%
Retail deposits	19,250	13,307	-31%	19,250	14,529	13,307	-8%	-31%
Corporate deposits	1,549	1,873	21%	1,549	2,204	1,873	-15%	21%
Liabilities to credit institutions	303,371	337,136	11%	303,371	328,587	337,136	3%	11%
Issued securities	0	0	-100%	0	0	0		
Total shareholders' equity	30,268	37,189	23%	30,268	30,883	37,189	20%	23%
Loan Quality	**2017**	**2018**	**Y-o-Y**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
Stage 3 loan volume under IFRS 9 (in HUF million)		14,133			19,931	14,133	-29%	
Stage 3 loans under IFRS 9/gross customer loans (%)		4.4%			6.4%	4.4%	-2.0%p	
Provision for impairment on loan and placement losses/average gross loans (%)	-0.71%	-0.08%	0.63%p	-0.63%	-0.37%	-0.06%	0.31%p	0.57%p
90+ days past due loan volume (in HUF million)	16,874	10,204	-39.5%p	16,874	15,834	10,204	-35.56%	-39.5%p
90+ days past due loans/gross customer loans (%)	5.8%	3.2%	-2.6%p	5.8%	5.1%	3.2%	-1.9%	-2.6%
Total provisions/90+ days past due loans (%)	124.5%	135.8%	11.3%p	124.5%	122.0%	135.8%	13.8%	11.3%
Performance Indicators	**2017**	**2018**	**Y-o-Y**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
ROA	2.3%	1.9%	-0.4%p	2.5%	2.1%	2.2%	0.1%p	-0.3%p
ROE	29.4%	24.4%	-4.9%p	29.4%	27.3%	24.9%	-2.4%p	-4.5%p
Total income margin	3.49%	3.38%	-0.11%p	3.16%	3.33%	3.19%	-0.14%p	0.03%p
Net interest margin	3.50%	3.42%	-0.08%p	3.63%	3.45%	3.44%	-0.02%p	-0.19%p
Cost/income ratio	49.9%	49.2%	-0.7%p	59.4%	42.0%	55.7%	13.8%p	-3.7%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 7.4 billion adjusted after tax profit in 2018 which is 10% below the base period. The y-o-y lower profit was mainly attributable to credit risk cost development: against HUF 2.4 billion positive total risk cost in the base period, in 2018 risk costs comprised only +HUF 0.4 billion. 4Q adjusted net earnings represented HUF 2.2 billion (+6% q-o-q).

In 2018 net interest income increased by 5% y-o-y, the expansion of performing loan volumes had a positive NII-effect, while the net interest margin eroded.

Net fee and commission expenses in 2018 dropped by 66% 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.

Annual operating expenses grew by 3% y-o-y, within that depreciation, marketing cost and expert fees increased. Higher 4Q expenses (+29% q-o-q) were reasoned by higher personnel expenses (in December 2018 a non-recurring one-off bonus amounting to one month base salary was paid to non-managerial employees at Hungarian Group members), IT and marketing costs.

Credit quality trends remained positive: in 4Q 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 2.6 pps y-o-y to 3.2% parallel with HUF 5.4 billion problem loans being sold or written off in 4Q, thus in 2018 such volumes comprised HUF 6.4 billion in total. The ratio of Stage 3 loans under IFRS 9 to total gross loans declined by 2.0 pps q-o-q to 4.4%.

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 16 and 12%, respectively, on a yearly base. Total new loan origination surged by 26% y-o-y, within that the volume of newly disbursed car loans expanded by 22% y-o-y in 2018.

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

IFRS REPORTS OF THE MAIN SUBSIDIARIES

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

DSK GROUP (BULGARIA)

Performance of DSK Group:

Main components of P&L account in HUF mn	2017	2018	Y-o-Y	4Q 2017	3Q 2018	4Q 2018	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	47,122	47,293	0%	10,445	14,253	8,910	-37%	-15%
Income tax	-4,920	-4,308	-12%	-827	-1,561	-292	-81%	-65%
Profit before income tax	52,042	51,601	-1%	11,271	15,814	9,202	-42%	-18%
Operating profit	61,461	57,096	-7%	13,747	15,003	13,490	-10%	-2%
Total income	108,290	107,817	0%	26,997	27,797	27,628	-1%	2%
Net interest income	72,257	69,979	-3%	17,756	17,711	17,870	1%	1%
Net fees and commissions	27,714	30,435	10%	7,304	8,083	8,031	-1%	10%
Other net non-interest income	8,319	7,403	-11%	1,936	2,003	1,726	-14%	-11%
Operating expenses	-46,830	-50,720	8%	-13,250	-12,793	-14,138	11%	7%
Total provisions	-9,419	-5,495	-42%	-2,476	811	-4,289	-629%	73%
Provision for impairment on loan and placement losses	-3,571	-9,532	167%	-2,718	468	-5,575		105%
Other provision	-5,848	4,038	-169%	242	342	1,286	276%	432%
Main components of balance sheet closing balances in HUF mn	**2017**	**2018**	**YTD**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
Total assets	1,925,740	2,381,275	24%	1,925,740	2,134,543	2,381,275	12%	24%
Gross customer loans	1,184,871	1,343,729	13%	1,184,871	1,337,011	1,343,729	1%	13%
Gross customer loans (FX-adjusted)	1,228,363	1,343,729	9%	1,228,363	1,327,663	1,343,729	1%	9%
Retail loans	857,693	932,756	9%	857,693	921,161	932,756	1%	9%
Corporate loans	370,671	410,973	11%	370,671	406,501	410,973	1%	11%
Allowances for possible loan losses	-109,137	-111,369	2%	-109,137	-113,294	-111,369	-2%	2%
Allowances for possible loan losses (FX-adjusted)	-113,141	-111,369	-2%	-113,141	-112,501	-111,369	-1%	-2%
Deposits from customers	1,626,924	1,890,897	16%	1,626,924	1,797,727	1,890,897	5%	16%
Deposits from customer (FX-adjusted)	1,690,207	1,890,897	12%	1,690,207	1,786,013	1,890,897	6%	12%
Retail deposits	1,508,881	1,654,613	10%	1,508,881	1,597,407	1,654,613	4%	10%
Corporate deposits	181,325	236,283	30%	181,325	188,606	236,283	25%	30%
Liabilities to credit institutions	4,802	3,144	-35%	4,802	50,205	3,144	-94%	-35%
Total shareholders' equity	250,296	453,891	81%	250,296	255,463	453,891	78%	81%
Loan Quality	**2017**	**2018**	**Y-o-Y**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
Stage 3 loan volume under IFRS 9 (in HUF million)		141,513			156,901	141,513	-10%	
Stage 3 loans under IFRS 9/gross customer loans (%)		10.5%			11.7%	10.5%	-1.2%p	
Provision for impairment on loan and placement losses/average gross loans (%)	0.31%	0.74%	0.44%p	0.90%	-0.14%	1.65%	1.79%p	0.75%p
90+ days past due loan volume (in HUF million)	93,936	89,986	-4%	93,936	96,911	89,986	-7%	-4%
90+ days past due loans/gross customer loans (%)	7.9%	6.7%	-1.2%p	7.9%	7.2%	6.7%	-0.6%p	-1.2%p
Total provisions/90+ days past due loans (%)	116.2%	123.8%	7.6%p	116.2%	116.9%	123.8%	6.9%p	7.6%p
Performance Indicators	**2017**	**2018**	**Y-o-Y**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
ROA	2.5%	2.3%	-0.2%p	2.2%	2.7%	1.6%	-1.1%p	-0.6%p
ROE	20.0%	18.4%	-1.6%p	17.0%	22.9%	12.2%	-10.7%p	-4.8%p
Total income margin	5.77%	5.20%	-0.58%p	5.66%	5.23%	4.98%	-0.25%p	-0.68%p
Net interest margin	3.85%	3.37%	-0.48%p	3.72%	3.33%	3.22%	-0.11%p	-0.50%p
Cost/income ratio	43.2%	47.0%	3.8%p	49.1%	46.0%	51.2%	5.1%p	2.1%p
Net loans to deposits (FX-adjusted)	66%	65%	-1%p	66%	68%	65%	-3%p	-1%p
FX rates (in HUF)	**2017**	**2018**	**Y-o-Y**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
HUF/BGN (closing)	158.6	164.4	4%	158.6	165.6	164.4	-1%	4%
HUF/BGN (average)	158.1	163.0	3%	159.3	165.7	165.2	0%	4%

- ***Stable, HUF 47.3 billion profit after tax in 2018 as a result of moderating operating profit (-7%) and lower risk costs***
- ***The FX-adjusted performing loan portfolio grew by 11% y-o-y and 2% q-o-q***
- ***The net interest margin continued to erode in quarterly comparison, by 11 bps in 4Q***
- ***The ratio of DPD90+ loans sank to 6.7%. The pace of credit quality deterioration remained moderate in 4Q and 2018 as a whole, too***
- ***In 4Q 2018 the q-o-q higher risk cost was explained mostly by revision of IFRS 9 model parameters***

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

2018 financial statements include neither the balance sheet, not the profit or loss statement of SGEB.

Due to the acquisition and in order to comply with regulatory capital requirements, OTP Bank raised capital in DSK Bank in December 2018. As a result, the shareholders' equity of DSK Bank increased by EUR 600 million equivalent.

DSK Group posted an after tax profit of HUF 47.3 billion in 2018 (flat in HUF terms, -3% in local currency terms), corresponding to an ROE of 18.4%. The 4Q profit totalled to HUF 8.9 billion (-37% q-o-q, -15% y-o-y).

The annual operating profit decreased by 7% due to the 8% increase of operating expenses, whereas total income remained stable. Total income was shaped mainly by the 3% decline in net interest income and the 10% improvement in net fee and commission income, while other income diminished by 11%.

Net interest income declined on the back of the 48 bps erosion of the annual net interest margin (3.37%), reflecting mainly the ongoing repricing of assets. This was partially offset by the dynamic loan volume expansion.

The full-year net fee and commission income improved by 10%, mainly as a result of deposits and transactions related revenue growth. Other net non-interest income dropped by 11% y-o-y partly due to moderating gain on securities.

Regarding quarterly developments, in 4Q 2018 the net interest income increased by 1% q-o-q, as the on-going volume growth could fully counterbalance the continued margin erosion (-11 bps q-o-q). The capital increase in December was a drag on net interest margin development, because of the higher average balance sheet total and also due to the fact that it added to the excess liquidity placed at negative rates. Stripping out the above diluting effects of the capital increase, the quarterly NIM erosion would have been 6 bps.

In the last quarter the 1% q-o-q moderation of net fee and commission income was driven by a one-off item affecting fee expenditures in the base period: starting from 3Q 2018 insurance agent fees are accrued for a longer period of time, and in 3Q the YTD difference was booked in one sum, reducing fee expenses by about HUF 0.3 billion in 3Q. Adjusting for that item the net fee income would have grown by 3% q-o-q.

The annual operating expenses grew by 8% y-o-y (+5% in BGN terms). Within that personnel expenses went up by 14% in HUF terms and 10% in local currency terms; latter was reasoned by the 2% higher average total headcount and the 8% increase in average personnel expense per employee. At the same time, in Bulgaria the average gross nominal wage increase reached 7.4% y-o-y in the course of 2018. On a yearly basis expenses related to computer hardware and office equipment, telecommunication and marketing, as well as charges paid to supervisory authorities increased, but expert fees showed a decline. In 4Q the 10% q-o-q operating expense growth was partially driven by the seasonally higher marketing spending and expert fees.

In 2018 as a whole total risk cost amounted to -HUF 5.5 billion, implying a 42% y-o-y improvement. In 4Q risk costs jumped to -HUF 4.3 billion, after amounting to +HUF 0.8 billion in the previous quarter. The key reason behind the q-o-q higher risk costs was that in the course of the last quarter the PD and LGD parameters, as well as the macroeconomic expectations were revised in the IFRS9 provisioning models, entailing higher risk costs in 4Q.

In 2018 the risk cost rate hit 0.7%, up from 0.3% in the previous year. This was mainly driven by the higher provisioning levels induced by the IFRS9 methodology, and the revision of IFRS9 model parameters in 4Q 2018. Other provisions saw a release in 2018 as a whole.

In 2018 HUF 9 billion problem loans were sold or written off, of which HUF 7 billion occurred in 4Q. FX-adjusted DPD90+ volumes without the impact of loan sales and write-offs increased by HUF 1.4 billion in 2018, within that 4Q represented +HUF 0.8 billion. The DPD90+ ratio decreased by 1.2 pps y-o-y to 6.7% (-0.6 pp q-o-q). The ratio of Stage 3 loans to total gross loans stood at 10.5% at the end of 2018 (-1.2 pps q-o-q).

Lending activity picked up further in 2018: the dynamically growing new loan disbursements resulted in accelerating performing loan volume expansion, hitting 11% in 2018, up from 7% a year ago (FX-adjusted). In 4Q 2018 the q-o-q performing loan growth reached 2%. As for the main segments, performing mortgage loans were up by 14% y-o-y (+4% q-o-q), thanks to the 73% surge in new disbursements (in local currency terms). 4Q saw a 7% q-o-q increase in new mortgage flows.

As for cash loans and point-of-sale loans, the full-year new origination grew by 12% y-o-y in local currency, thus performing consumer loans expanded by 1% q-o-q and 7% y-o-y, respectively. The performing corporate loan portfolio increased by 2% q-o-q and 14% in the last 12 months, DSK's market share in outstanding corporate loans improved to 8.0% from 7.7% at the end of 2017.

The FX-adjusted deposit base increased by 6% q-o-q and 12% y-o-y, supported by both the retail and corporate segments. The net loan-to-deposit ratio stood at 65% at the end of 2018, reflecting a 1 pp decline y-o-y on an FX-adjusted basis.

The capital adequacy ratio of DSK Bank under local regulation stood at 16.3%, against 17.2% a year ago. The capital adequacy ratio and capital requirement of DSK Bank were shaped by the following factors: on one hand, interim results less dividend cannot be included into the regulatory capital due to the lack of audit, but the steady organic growth in loan volumes resulted in y-o-y higher risk weighted assets (RWA). Secondly, the other systemically important financial institutions buffer (O-SII) introduced from 2018 will gradually creep up: from 0.25% in 2018 to 0.75% in 2019 and 1% in 2020. Thirdly, the SGEB deal was financially closed on 15 January 2019; as a prelude to that in December 2018 DSK Bank received a capital injection from OTP Bank, the registration of which, thus its inclusion into the regulatory capital has not yet happened by the end of 2018.

OTP BANK RUSSIA

Performance of OTP Bank Russia:

Main components of P&L account in HUF mn	2017	2018	Y-o-Y	4Q 2017	3Q 2018	4Q 2018	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	27,771	16,420	-41%	6,328	6,065	-2,473		
Income tax	-7,514	-4,614	-39%	-1,631	-1,446	382		
Profit before income tax	35,285	21,034	-40%	7,959	7,511	-2,855		
Operating profit	72,015	68,878	-4%	16,587	18,770	17,520	-7%	6%
Total income	125,290	129,899	4%	30,697	32,904	34,077	4%	11%
Net interest income	101,326	102,489	1%	24,386	25,856	26,648	3%	9%
Net fees and commissions	22,975	26,766	17%	6,047	6,941	7,075	2%	17%
Other net non-interest income	989	644	-35%	263	107	354	230%	34%
Operating expenses	-53,276	-61,021	15%	-14,110	-14,134	-16,557	17%	17%
Total provisions	-36,730	-47,844	30%	-8,628	-11,259	-20,375	81%	136%
Provision for impairment on loan and placement losses	-35,880	-42,204	18%	-8,273	-10,749	-16,562	54%	100%
Other provision	-850	-5,640	564%	-355	-510	-3,813	648%	973%
Main components of balance sheet closing balances in HUF mn	**2017**	**2018**	**YTD**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
Total assets	638,031	707,593	11%	638,031	727,300	707,593	-3%	11%
Gross customer loans	531,280	610,355	15%	531,280	592,380	610,355	3%	15%
Gross customer loans (FX-adjusted)	482,392	610,355	27%	482,392	565,700	610,355	8%	27%
Retail loans	430,413	544,519	27%	430,413	501,414	544,519	9%	27%
Corporate loans	51,871	65,733	27%	51,871	64,183	65,733	2%	27%
Car financing loans	108	103	-5%	108	103	103	0%	-5%
Gross DPD0-90 customer loans (FX-adjusted)	405,826	528,360	30%	405,826	482,065	528,360	10%	30%
Retail loans	358,138	463,799	30%	358,138	421,920	463,799	10%	30%
Allowances for possible loan losses	-112,158	-126,655	13%	-112,158	-124,480	-126,655	2%	13%
Allowances for possible loan losses (FX-adjusted)	-102,215	-126,655	24%	-102,215	-118,975	-126,655	6%	24%
Deposits from customers	353,306	379,911	8%	353,306	380,786	379,911	0%	8%
Deposits from customer (FX-adjusted)	326,031	379,911	17%	326,031	364,962	379,911	4%	17%
Retail deposits	261,547	301,887	15%	261,547	293,940	301,887	3%	15%
Corporate deposits	64,484	78,025	21%	64,484	71,022	78,025	10%	21%
Liabilities to credit institutions	100,404	120,156	20%	100,404	129,679	120,156	-7%	20%
Issued securities	353	320	-9%	353	331	320	-3%	-9%
Subordinated debt	22,780	22,522	-1%	22,780	23,018	22,522	-2%	-1%
Total shareholders' equity	135,213	147,999	9%	135,213	158,467	147,999	-7%	9%
Loan Quality	**2017**	**2018**	**Y-o-Y**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
Stage 3 loan volume under IFRS 9 (in HUF million)		84,469			89,840	84,469	-6%	
Stage 3 loans under IFRS 9/gross customer loans (%)		13.8%			15.2%	13.8%	-1.3%p	
Provision for impairment on loan and placement losses/average gross loans (%)	7.35%	7.39%	0.04%p	6.48%	7.41%	10.78%	3.36%p	4.29%p
90+ days past due loan volume (in HUF million)	83,742	81,995	-2%	83,742	87,487	81,995	-6%	-2%
90+ days past due loans/gross customer loans (%)	15.8%	13.4%	-2.3%p	15.8%	14.8%	13.4%	-1.3%p	-2.3%p
Total provisions/90+ days past due loans (%)	133.9%	154.5%	20.5%p	133.9%	142.3%	154.5%	12.2%p	20.5%p
Performance Indicators	**2017**	**2018**	**Y-o-Y**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
ROA	4.6%	2.4%	-2.2%p	4.1%	3.5%	-1.4%	-4.8%p	-5.4%p
ROE	21.0%	10.9%	-10.1%p	18.6%	15.6%	-6.2%	-21.8%p	-24.8%p
Total income margin	20.91%	19.28%	-1.63%p	19.70%	18.80%	18.78%	-0.03%p	-0.92%p
Net interest margin	16.91%	15.21%	-1.70%p	15.65%	14.78%	14.68%	-0.09%p	-0.97%p
Cost/income ratio	42.5%	47.0%	4.5%p	46.0%	43.0%	48.6%	5.6%p	2.6%p
Net loans to deposits (FX-adjusted)	117%	127%	11%p	117%	122%	127%	5%p	11%p
FX rates (in HUF)	**2017**	**2018**	**Y-o-Y**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
HUF/RUB (closing)	4.5	4.1	-10%	4.5	4.3	4.1	-5%	-10%
HUF/RUB (average)	4.7	4.3	-8%	4.5	4.3	4.3	0%	-6%

- ***Starting from 1Q 2018 performance of Touch Bank is presented as part of OTP Bank Russia***
- ***HUF 16.4 billion after tax profit in 2018 (-13% y-o-y in local currency terms incorporating the net results of Touch Bank in the base period, too) corresponding to an ROE of 11%***
- ***Risk cost rate for 2018 stood at 7.4%. In 4Q total risk cost grew further q-o-q, partly due to one-offs; DPD90+ ratio decreased to 13.4%***
- ***The performing loan portfolio grew by 27% y-o-y (FX-adjusted, incorporating the loan portfolio of Touch Bank in the base period)***
- ***Net loan-to-deposit ratio grew to 127%***

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 2018 closing RUB exchange rate showed q-o-q 5% and y-o-y 10% devaluation against HUF, while the average 2018 rate showed an 8% y-o-y devaluation against HUF, the 4Q average rate weakened by 6% y-o-y and was flat q-o-q. Therefore local currency P&L and balance sheet dynamics can be materially different from those in HUF terms.

In 4Q 2018 **OTP Bank Russia** posted HUF 2.5 billion loss, so for the whole year the after-tax profit amounted to HUF 16.4 billion, of which HUF -4.5 billion was Touch Bank's negative contribution. The 4Q loss was induced by lower operating profit due to q-o-q higher operating expenses as well as by the surging risk cost (+81% q-o-q).

As for the y-o-y development of the Russian performance it is worth incorporating the performance of Touch Bank into OTP Bank Russia's results also in the base period, so we analyse the y-o-y changes accordingly. The 2018 after tax profit showed a 13% y-o-y drop in RUB terms, as a result of 17% higher operating profit and 37% increase in risk cost.

Total income increased by 11% in RUB terms y-o-y, partly due to net interest income advancing by 8% fuelled by the 27% y-o-y growth of FX-adjusted performing loans (incorporating the loan portfolio of Touch Bank also in the base period), while net interest margin sank by about 1.5 pps to 15.2%. Net fee and commission income surged by 26% y-o-y (in RUB terms) 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. In 4Q the favourable income dynamics remained in place, net interest income and net fees and commissions grew q-o-q by 3 and 2%, respectively. Total income margin was flat q-o-q in 4Q.

Operating expenses increased by 6% y-o-y in RUB terms (incorporating the expenses at Touch Bank also in the base period), while the quarterly growth was 17% in 4Q. The increase in 4Q was partly reasoned by the one-off costs related to the write-off of Touch Bank's software that couldn't be utilised, and also by higher personnel expenses related to the layoff or integration into the Russian bank of former Touch Bank employees.

Risk cost in 4Q surged q-o-q by 81% in RUB terms. The key reason behind the q-o-q higher risk costs was that in the course of the last quarter the PD and LGD parameters, as well as the macroeconomic expectations were revised in the IFRS 9 provisioning models, entailing higher risk costs in 4Q. Furthermore, provisions created on newly originated loans and deterioration of a corporate exposure also contributed to the higher 4Q risk cost figure. Thus, risk cost rate in 4Q grew further and topped 10%. For the full year 2018 risk cost rate stood at 7.4%, slightly lower than in 2017 (incorporating Touch Bank as well). The FX-adjusted DPD90+ loan volume growth adjusted for the sales and write-offs amounted to HUF 9.4 billion in 4Q, after HUF 9.9 billion increase in the preceding quarter, thus the yearly formation was HUF 36 billion. This underpins a 5% y-o-y increase (including Touch Bank in the base period), which is markedly less than the overall growth of the loan portfolio. In 4Q 2018 the DPD90+ portfolio shrunk due to the sale and write-off of HUF 11.6 billion problem loans during the last quarter. The DPD90+ ratio declined by 1.3 pps q-o-q to 13.4%. Stage 3 loans made up 13.8% of total gross loans at end-4Q.

In 2018 the loan portfolio expansion continued, the FX-adjusted performing (DPD0-90) loans grew by 27% y-o-y (including Touch Bank in the base period), within that 4Q q-o-q growth was 10% due to the strong seasonality of main products. Within consumer loans cash loans and POS loans demonstrated the fastest growth (+48 and +26% y-o-y, respectively), owing to the +51 and +19% yearly surge in newly originated volumes. In the credit card loan segment the y-o-y expansion of the portfolio was also double digit.

Performing corporate loans increased 35% y-o-y, mainly due to the favourable development of large corporate loan and commercial factoring exposures;

in 4Q the portfolio increased by 7% q-o-q (FX-adjusted).

In 2018 total deposits grew by 9% y-o-y (FX-adjusted), while the net loan-to-deposit ratio increased by 14 pps to 127% (incorporating Touch Bank in the base period). In the last quarter the deposit base expanded by 4% q-o-q, mainly due to the steady inflow of corporate deposits (+10% q-o-q), but the retail deposit base grew by 3%, too. Liabilities to credit institutions grew by 57% y-o-y in RUB terms, mainly due to the higher volume of intragroup liabilities.

Touch Bank's contribution to the overall performance of OTP Bank Russia in 2018: profit after tax was -HUF 4.5 billion, operating expenses amounted to -HUF 6.8 billion, whereas total risk cost stood at -HUF 1.6 billion. Starting from May 2018 Touch Bank stopped selling own products, and the consolidation of the two operations is in progress. Until end-2018 almost 22 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	2017	2018	Y-o-Y	4Q 2017	3Q 2018	4Q 2018	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	17,105	24,961	46%	6,035	8,668	4,053	-53%	-33%
Income tax	-3,742	-5,638	51%	-938	-2,012	-850	-58%	-9%
Profit before income tax	20,848	30,599	47%	6,973	10,680	4,903	-54%	-30%
Operating profit	28,779	35,456	23%	8,676	9,970	8,787	-12%	1%
Total income	63,643	78,295	23%	19,216	21,005	19,251	-8%	0%
Net interest income	44,313	54,059	22%	13,483	13,663	13,474	-1%	0%
Net fees and commissions	12,603	16,042	27%	3,913	4,252	3,977	-6%	2%
Other net non-interest income	6,728	8,194	22%	1,820	3,090	1,800	-42%	-1%
Operating expenses	-34,864	-42,840	23%	-10,540	-11,034	-10,464	-5%	-1%
Total provisions	-7,931	-4,857	-39%	-1,703	709	-3,884	-647%	128%
Provision for impairment on loan and placement losses	-7,498	-3,046	-59%	-891	667	-1,867	-380%	110%
Other provision	-434	-1,811	318%	-812	43	-2,016		148%
Main components of balance sheet closing balances in HUF mn	**2017**	**2018**	**YTD**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
Total assets	1,821,613	1,837,158	1%	1,821,613	1,889,765	1,837,158	-3%	1%
Gross customer loans	1,121,938	1,178,848	5%	1,121,938	1,191,038	1,178,848	-1%	5%
Gross customer loans (FX-adjusted)	1,166,262	1,178,848	1%	1,166,262	1,184,227	1,178,848	0%	1%
Retail loans	648,330	662,747	2%	648,330	660,255	662,747	0%	2%
Corporate loans	498,462	498,332	0%	498,462	505,072	498,332	-1%	0%
Car financing loans	19,470	17,768	-9%	19,470	18,900	17,768	-6%	-9%
Allowances for possible loan losses	-63,752	-71,186	12%	-63,752	-76,022	-71,186	-6%	12%
Allowances for possible loan losses (FX-adjusted)	-66,389	-71,186	7%	-66,389	-75,649	-71,186	-6%	7%
Deposits from customers	1,395,087	1,424,746	2%	1,395,087	1,493,520	1,424,746	-5%	2%
Deposits from customer (FX-adjusted)	1,454,609	1,424,746	-2%	1,454,609	1,486,347	1,424,746	-4%	-2%
Retail deposits	1,033,638	1,049,946	2%	1,033,638	1,081,282	1,049,946	-3%	2%
Corporate deposits	420,971	374,800	-11%	420,971	405,065	374,800	-7%	-11%
Liabilities to credit institutions	132,765	85,702	-35%	132,765	73,792	85,702	16%	-35%
Total shareholders' equity	238,935	269,126	13%	238,935	268,846	269,126	0%	13%
Loan Quality	**2017**	**2018**	**Y-o-Y**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
Stage 3 loan volume under IFRS 9 (in HUF million)		89,059			94,128	89,059	-5%	
Stage 3 loans under IFRS 9/gross customer loans (%)		7.6%			7.9%	7.6%	-0.3%p	
Provision for impairment on loan and placement losses/average gross loans (%)	0.85%	0.26%	-0.59%p	0.32%	-0.22%	0.62%	0.84%p	0.31%p
90+ days past due loan volume (in HUF million)	74,325	65,011	-13%	74,325	73,548	65,011	-12%	-13%
90+ days past due loans/gross customer loans (%)	6.6%	5.5%	-1.1%p	6.6%	6.2%	5.5%	-0.7%p	-1.1%p
Total provisions/90+ days past due loans (%)	85.8%	109.5%	23.7%p	85.8%	103.4%	109.5%	6.1%p	23.7%p
Performance Indicators	**2017**	**2018**	**Y-o-Y**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
ROA	1.3%	1.4%	0.1%p	1.4%	1.8%	0.9%	-1.0%p	-0.5%p
ROE	9.3%	9.6%	0.3%p	10.3%	12.9%	5.9%	-7.0%p	-4.3%p
Total income margin	4.70%	4.27%	-0.42%p	4.31%	4.41%	4.11%	-0.30%p	-0.20%p
Net interest margin	3.27%	2.95%	-0.32%p	3.02%	2.87%	2.88%	0.01%p	-0.15%p
Cost/income ratio	54.8%	54.7%	-0.1%p	54.9%	52.5%	54.4%	1.8%p	-0.5%p
Net loans to deposits (FX-adjusted)	76%	78%	2%p	76%	75%	78%	3%p	2%p
FX rates (in HUF)	**2017**	**2018**	**Y-o-Y**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
HUF/HRK (closing)	41.6	43.4	4%	41.6	43.6	43.4	0%	4%
HUF/HRK (average)	41.4	42.3	2%	41.4	43.7	43.5	0%	5%

- ***The integration of Splitska banka was completed in December***
- ***The Croatian operation posted HUF 25 billion profit in 2018. Weaker quarterly net earnings in 4Q (HUF 4.0 billion) mainly due to q-o-q higher risk costs and lower operating income***
- ***Y-o-y lower net interest margin is explained mainly by the dilution effect of tighter margins at Splitska banka***
- ***Performing loan volumes expanded by 2% y-o-y, whereas deposits suffered similar drop in 2018 (on an FX-adjusted basis)***

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.

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

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

The **Croatian operation** (with Splitska banka) posted HUF 25 billion adjusted profit in 2018, within that 4Q net earnings represented HUF 4 billion. The annual ROE stood at 9.6%.

The comparability of the financial performance on a yearly base is limited, as 2017 figures incorporated only eight months contribution from Splitska banka, as the consolidation happened in May 2017.

In 2018 the operating result improved by 23% y-o-y. Within that net interest income increased by 22% y-o-y in HUF terms. The decline in annual net interest margin (-32 bps) was mainly reasoned by the dilution effect of the lower margin at Splitska banka.

The annual net fee income surged by 27% y-o-y, and other net non-interest income increased by 22%, respectively. In 4Q net fee and commission income declined by 6% q-o-q reasoned by lower revenues on card and current account transactions. The 4Q other net non-interest income dropped by 42% q-o-q as a result of base effect due to seasonally stronger FX conversion results amid the peak tourism season.

In 2018 operating expenses increased by 23% y-o-y, however quarterly operating expenses showed a 5% q-o-q drop. During the whole year 52 branches of which in 4Q 2018 45 units were closed down. The number of employees (based on FTE) decreased by 33 persons, of which the quarterly decline was 21 persons in 4Q. The cost-to-income ratio at the end of 2018 stood at 54.7%.

2018 total risk costs dropped by 39% against the base period, as a result the annual credit risk cost rate declined below 30 bps. The quarterly total risk cost of HUF 3.9 billion in 4Q 2018 was mainly attributable to other provisions (2.0 billion) and included provision for litigation and corporate guarantees, while provision for impairment on loan and placement losses incurred mainly in the consumer credit segment.

In 4Q 2018 the volume of FX-adjusted DPD90+ loans declined by HUF 8.5 billion. On the one hand, in 2018 the volume of sold/written off loans volumes amounted to HUF 7 billion on an FX-adjusted basis, of which HUF 4.2 billion in 4Q 2018. In addition, in the last quarter DPD90+ loan volumes declined by HUF 3 billion without sales and write-offs (FX-adjusted). The DPD90+ ratio of the Croatian operation decreased to 5.5% (-1.1 pps y-o-y and -0.7 pp q-o-q, respectively). The Stage 3 ratio under IFRS 9 stood at 7.6% at the end of December 2018.

From a lending point of view, 2018 demonstrated a favourable picture: despite the ongoing integration process the volume of performing loans increased by 2% y-o-y. Mortgage loan disbursements rose by 32% q-o-q in 4Q; the stock of performing mortgage loans increased by 1% q-o-q. At the same time, performing consumer and corporate loans stagnated q-o-q.

Total deposits shrank both y-o-y and q-o-q (-2% and -4%, respectively). On a yearly base the increase in the volumes of retail site deposits somewhat offset the decline in term deposits. The corporate deposit volume erosion was related to deposit withdrawals by a couple of large clients.

OTP BANK UKRAINE

Performance of OTP Bank Ukraine:

Main components of P&L account in HUF mn	2017	2018	Y-o-Y	4Q 2017	3Q 2018	4Q 2018	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	14,120	24,415	73%	5,242	6,951	6,181	-11%	18%
Income tax	-2,954	-4,760	61%	-1,154	-1,437	-1,101	-23%	-5%
Profit before income tax	17,074	29,175	71%	6,395	8,388	7,282	-13%	14%
Operating profit	18,876	30,095	59%	4,872	8,427	8,922	6%	83%
Total income	34,595	47,145	36%	9,128	12,794	13,919	9%	52%
Net interest income	23,060	33,040	43%	6,070	9,018	9,989	11%	65%
Net fees and commissions	9,716	11,444	18%	2,689	3,119	3,201	3%	19%
Other net non-interest income	1,819	2,661	46%	369	657	729	11%	98%
Operating expenses	-15,719	-17,050	8%	-4,256	-4,367	-4,997	14%	17%
Total provisions	-1,802	-920	-49%	1,523	-39	-1,640		
Provision for impairment on loan and placement losses	-1,060	-1,680	59%	588	-198	-2,680		
Other provision	-742	760		935	158	1,040	556%	11%
Main components of balance sheet closing balances in HUF mn	**2017**	**2018**	**YTD**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
Total assets	312,334	391,240	25%	312,334	377,599	391,240	4%	25%
Gross customer loans	287,236	354,258	23%	287,236	347,626	354,258	2%	23%
Gross customer loans (FX-adjusted)	314,914	354,258	12%	314,914	353,921	354,258	0%	12%
Retail loans	120,845	127,413	5%	120,845	132,548	127,413	-4%	5%
Corporate loans	173,463	199,493	15%	173,463	195,396	199,493	2%	15%
Car financing loans	20,607	27,352	33%	20,607	25,977	27,352	5%	33%
Gross DPD0-90 customer loans (FX-adjusted)	231,810	300,724	30%	231,810	289,237	300,724	4%	30%
Retail loans	48,545	75,922	56%	48,545	72,843	75,922	4%	56%
Corporate loans	166,272	197,693	19%	166,272	190,786	197,693	4%	19%
Car financing loans	16,993	27,109	60%	16,993	25,608	27,109	6%	60%
Allowances for possible loan losses	-90,163	-72,753	-19%	-90,163	-85,180	-72,753	-15%	-19%
Allowances for possible loan losses (FX-adjusted)	-98,746	-72,753	-26%	-98,746	-86,643	-72,753	-16%	-26%
Deposits from customers	234,943	269,832	15%	234,943	251,119	269,832	7%	15%
Deposits from customer (FX-adjusted)	256,762	269,832	5%	256,762	255,311	269,832	6%	5%
Retail deposits	106,942	123,833	16%	106,942	119,882	123,833	3%	16%
Corporate deposits	149,819	145,999	-3%	149,819	135,429	145,999	8%	-3%
Liabilities to credit institutions	33,985	48,197	42%	33,985	53,343	48,197	-10%	42%
Subordinated debt	0	4,903	-100%	0	4,814	4,903	2%	
Total shareholders' equity	34,079	57,821	70%	34,079	48,319	57,821	20%	70%
Loan Quality	**2017**	**2018**	**Y-o-Y**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
Stage 3 loan volume under IFRS 9 (in HUF million)		88,604			101,253	88,604	-12%	
Stage 3 loans under IFRS 9/gross customer loans (%)		25.01%			29.13%	25.01%	-4.12%	
Provision for impairment on loan and placement losses/average gross loans (%)	0.31%	0.51%	0.20%p	-0.74%	0.23%	2.97%	2.74%p	3.71%p
90+ days past due loan volume (in HUF million)	75,922	53,534	-29%	75,922	63,656	53,534	-16%	-29%
90+ days past due loans/gross customer loans (%)	26.4%	15.1%	-11.3%p	26.4%	18.3%	15.1%	-3.2%p	-11.3%p
Total provisions/90+ days past due loans (%)	118.8%	135.9%	17.1%p	118.8%	133.8%	135.9%	2.1%p	17.1%p
Performance Indicators	**2017**	**2018**	**Y-o-Y**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
ROA	4.6%	6.8%	2.2%p	6.7%	7.3%	6.3%	-1.1%p	-0.4%p
ROE	47.1%	55.6%	8.5%p	62.6%	59.9%	45.8%	-14.0%p	-16.8%p
Total income margin	11.19%	13.15%	1.95%p	11.60%	13.48%	14.08%	0.59%p	2.47%p
Net interest margin	7.46%	9.21%	1.75%p	7.72%	9.51%	10.10%	0.60%p	2.39%p
Cost/income ratio	45.4%	36.2%	-9.3%p	46.6%	34.1%	35.9%	1.8%p	-10.7%p
Net loans to deposits (FX-adjusted)	84%	104%	20%p	84%	105%	104%	0%p	20%p
FX rates (in HUF)	**2017**	**2018**	**Y-o-Y**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
HUF/UAH (closing)	9.2	10.1	10%	9.2	9.9	10.1	3%	10%
HUF/UAH (average)	10.3	9.9	-4%	9.8	10.2	10.1	-1%	3%

- ***Highest profitability within the Group (2018 ROE: 56%)***
- ***All-time-high yearly net earnings of HUF 24.4 billion (+78% in UAH terms) mainly as a result of improving operating profit and halving risk cost due to favourable credit quality trends***
- ***The DPD90+ ratio dropped significantly y-o-y due to write offs and sales (15.1%)***
- ***Performing loan volumes advanced by 30% 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 2018 the closing rate of UAH strengthened by 3% q-o-q and 10% y-o-y. The yearly average rate weakened by 4% y-o-y, while the 4Q one strengthened on the yearly basis (+3%) and weakened by 1% q-o-q. 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 24.4 billion adjusted after tax profit in 2018, marking a 73% increase compared to 2017 (+78% in local currency terms). The 2018 ROE reached 56%, the highest among subsidiary banks across the Group. In 4Q the Ukrainian subsidiary posted HUF 6.2 billion profit (-11% q-o-q). The quarterly setback was reasoned by the surging risk cost with core banking revenues remaining strong.

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.

In 2018 operating result surged by 64% y-o-y in UAH terms, the key reason was the 48% y-o-y increase in net interest income and a 21% surge in net fee and commission income. The y-o-y NII dynamics were positively influenced by the growing volume of performing loans (+30% y-o-y, FX-adjusted) and also by the average interest paid on deposits being stable in 2018 in spite of the higher interest rate environment, whereas interest rates realized on assets developed favourably. 2018 net interest margin advanced to 9.21% (+1.75 pps y-o-y).

Higher 4Q net interest income (+11% q-o-q) was boosted by the q-o-q 18% increase of performing consumer loan volumes. As fort the large corporate segment, which is the largest part in the total loan portfolio, both average interest rates and volumes grew on the quarterly basis. So, despite average deposit volumes growing by 3% q-o-q (FX-adjusted) and interest expenses on deposits rising by 10% in UAH terms, 4Q NIM improved by 0.6 pp to 10.1% q-o-q.

In 2018 net fee and commission income surged by 21% y-o-y in local currency terms, supported by stronger fee income on corporate transactions and credit cards. The 3% q-o-q increase in 4Q was reasoned by the same factors.

2018 operating expenses in UAH terms increased by 12% y-o-y mainly on the back of increasing personnel expenses amid 10.9% average inflation, whereas the average nominal wage inflation in Ukraine reached 25% (within that, 29% in the financial sector). In 4Q operating expenses growth was fuelled also by seasonal factors (audit fee, higher marketing and other expenses related to business activity).

Although in 4Q the risk costs increased, for the whole year it was almost half of the 2017 figure; provision for impairment on loan and placement losses to average gross loans increased by 20 bps to 0.5% y-o-y. In 4Q the key reason behind the q-o-q higher risk costs was that in the course of the last quarter the PD and LGD parameters, as well as the macroeconomic expectations were revised in the IFRS 9 provisioning models, entailing higher risk costs in 4Q. Portfolio quality trends remained positive; the DPD90+ volumes (FX-adjusted and excluding the impact of loan sales and write-offs) grew in 4Q by HUF 1.6 billion (1Q 2018: +HUF 2 billion, 2Q: +HUF 2 billion, 3Q: -HUF 1 billion).

During the last twelve months around HUF 40 billion equivalent non-performing loans were sold or written off, of which HUF 16 billion were executed in 4Q 2018. As a result, the DPD90+ ratio dropped to 15.1% (-3.2 pps q-o-q, -11.3 pps y-o-y). The volume of Stage 3 loans within total gross loans was 25.0% at the end of 2018 (-4.1 pps q-o-q).

The FX-adjusted total performing loan book grew by 30% y-o-y and by 4% q-o-q. Within that especially the volume of retail loans grew dynamically (+56% y-o-y and +4% q-o-q). The outstanding increase of consumer exposures (+87% y-o-y and +18% q-o-q) was induced by credit card and POS volumes. Loan origination in 2018 was outstanding in the POS and cash loan segments (+80 and +133% in UAH terms y-o-y, respectively). Mortgage lending has not been resumed, thus the performing mortgage book eroded further (-36% y-o-y). Car financing has been re-started in 1Q 2017 and their FX-adjusted volumes surged by 60% y-o-y. Performing corporate exposures that represent two third of the total loan portfolio grew by 19% y-o-y and 4% q-o-q. Alongside the steady disbursement activity in the corporate loan segment, the leasing business also demonstrated significant uptick.

Deposits (adjusted for the FX-effect) grew by 5% y-o-y and by 6% q-o-q. As a result, the net loan-to-deposit ratio still reflects a balanced balance sheet structure (end-2018: 104%, +20 pps y-o-y, FX-adjusted).

The outstanding net intragroup funding towards the Ukrainian operation comprised USD 116 million equivalent at the end of 2018.

OTP BANK ROMANIA

Performance of OTP Bank Romania:

Main components of P&L account in HUF mn	2017	2018	Y-o-Y	4Q 2017	3Q 2018	4Q 2018	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	3,036	3,850	27%	952	3,425	-943	-128%	-199%
Income tax	-916	-1,051	15%	-138	-368	-90	-76%	-35%
Profit before income tax	3,952	4,902	24%	1,090	3,793	-853	-122%	-178%
Operating profit	9,346	10,585	13%	941	3,695	2,343	-37%	149%
Total income	27,138	30,759	13%	6,013	8,311	8,383	1%	39%
Net interest income	19,779	23,410	18%	3,656	6,334	6,539	3%	79%
Net fees and commissions	3,064	3,563	16%	761	929	920	-1%	21%
Other net non-interest income	4,295	3,786	-12%	1,596	1,048	924	-12%	-42%
Operating expenses	-17,792	-20,174	13%	-5,072	-4,616	-6,040	31%	19%
Total provisions	-5,394	-5,683	5%	149	98	-3,196		
Provision for impairment on loan and placement losses	-5,062	-4,794	-5%	-58	23	-2,513		
Other provision	-332	-890	168%	207	75	-683		-430%
Main components of balance sheet closing balances in HUF mn	**2017**	**2018**	**YTD**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
Total assets	624,060	771,968	24%	624,060	745,627	771,968	4%	24%
Gross customer loans	535,140	577,565	8%	535,140	563,591	577,565	2%	8%
Gross customer loans (FX-adjusted)	557,425	577,565	4%	557,425	560,472	577,565	3%	4%
Retail loans	394,082	398,007	1%	394,082	387,270	398,007	3%	1%
Corporate loans	163,342	179,558	10%	163,342	173,202	179,558	4%	10%
Allowances for possible loan losses	-56,909	-35,444	-38%	-56,909	-33,160	-35,444	7%	-38%
Allowances for possible loan losses (FX-adjusted)	-60,032	-35,444	-41%	-60,032	-33,001	-35,444	7%	-41%
Deposits from customers	337,691	434,937	29%	337,691	399,963	434,937	9%	29%
Deposits from customer (FX-adjusted)	350,815	434,937	24%	350,815	397,884	434,937	9%	24%
Retail deposits	262,980	331,920	26%	262,980	300,666	331,920	10%	26%
Corporate deposits	87,835	103,017	17%	87,835	97,219	103,017	6%	17%
Liabilities to credit institutions	196,377	232,391	18%	196,377	245,361	232,391	-5%	18%
Total shareholders' equity	53,481	60,047	12%	53,481	53,350	60,047	13%	12%
Loan Quality	**2017**	**2018**	**Y-o-Y**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
Stage 3 loan volume under IFRS 9 (in HUF million)		51,771			52,214	51,771	-0.8%	
Stage 3 loans under IFRS 9/gross customer loans (%)		9.0%			9.3%	9.0%	-0.3%p	
Provision for impairment on loan and placement losses/average gross loans (%)	0.9%	0.9%	-0.1%p	0.0%	0.0%	1.7%	1.8%p	1.7%p
90+ days past due loan volume (in HUF million)	72,133	29,583	-59.0%	72,133	31,077	29,583	-4.8%	-59.0%
90+ days past due loans/gross customer loans (%)	13.5%	5.1%	-8.4%p	13.5%	5.5%	5.1%	-0.4%p	-8.4%p
Total provisions/90+ days past due loans (%)	78.9%	119.8%	40.9%p	78.9%	106.7%	119.8%	13.1%p	40.9%p
Performance Indicators	**2017**	**2018**	**Y-o-Y**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
ROA	0.5%	0.6%	0.1%p	0.6%	1.9%	-0.5%	-2.4%p	-1.1%p
ROE	6.8%	7.5%	0.7%p	8.1%	26.4%	-6.8%	-33.2%p	-14.9%p
Total income margin	4.49%	4.46%	-0.03%p	3.85%	4.67%	4.45%	-0.22%p	0.60%p
Net interest margin	3.27%	3.39%	0.12%p	2.34%	3.56%	3.47%	-0.09%p	1.13%p
Cost/income ratio	65.6%	65.6%	0.0%p	84.4%	55.5%	72.1%	16.5%p	-12.3%p
Net loans to deposits (FX-adjusted)	142%	125%	-17%p	142%	133%	125%	-8%p	-17%p
FX rates (in HUF)	**2017**	**2018**	**Y-o-Y**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
HUF/RON (closing)	66.6	69.0	4%	66.6	69.4	69.0	-1%	4%
HUF/RON (average)	68.9	69.6	1%	67.5	69.7	69.3	-1%	3%

- ***The Romanian subsidiary posted HUF 3.9 billion profit in 2018***
- ***The annual operating profit increased by 13% y-o-y as a result of increasing total income (+13% y-o-y) and higher operating expenses (+13% y-o-y)***
- ***Performing loan volumes (FX-adjusted) increased by 14% y-o-y supported by robust mortgage and SME lending dynamics***

OTP Bank Romania posted HUF 3.9 billion net profit in 2018, by 27% more than in the base period. In 4Q the Romanian operation realized HUF 0.9 billion loss.

The annual operating profit improved by 13% y-o-y as a result of higher total income and higher operating expenses (both items surged by 13% each).

The annual net interest income improved by 18% y-o-y supported by increasing performing loan volumes, while annual net interest margin improved by 12 bps y-o-y in the increasing interest rate environment.

The annual net fee and commission income expanded by 16% y-o-y mainly as a result of higher deposit, transaction and card-related income. Other net non-interest income dropped by 12% y-o-y partially due to a loss on securities and property sales.

The annual operating expenses grew by 13% y-o-y, within that personnel expenses advanced even faster partially induced by wage inflation (in 2018 employers' average wage costs went up by more than 8% in the financial sector) and the average headcount growth (+7% y-o-y) reasoned by strengthening business activity. Furthermore, higher marketing, hardware and office equipment costs also added to the overall increase of operating expenses.

4Q loss of HUF 0.9 billion was shaped by q-o-q higher operating expenses and risk costs. The operating profit dropped by 37% q-o-q mainly due to the 31% increase in operating costs. The growth in personnel expenses was fuelled by the year-end bonus payments, whereas administrative expenses were pushed up higher by marketing and advisory expenses, and by hardware and office equipment costs. 4Q net interest income increased by 3% q-o-q supported by expanding performing loan volumes, while the deposit interest expenses increased. The 4Q NIM decreased by 9 bps q-o-q.

The annual amount of total risk cost amounted to -HUF 5.7 billion, +5% y-o-y. In 4Q risk costs represented HUF 3.2 billion. The key reason behind the q-o-q higher risk costs was that in the course of the last quarter the PD and LGD parameters, as well as the macroeconomic expectations were revised in the IFRS 9 provisioning models, entailing higher one off risk costs in 4Q.

DPD90+ volumes (FX-adjusted, without sales and write-offs) declined by HUF 2.6 billion in 2018 (versus an increase of HUF 1.9 billion in 2017), in 4Q their volumes remained stable. During 2018 HUF 42 billion problem loans were sold/written off (of which 4Q: HUF 1.5 billion). The DPD90+ ratio declined to 5.1% (-8.4 pps y-o-y, -0.4 pp q-o-q). The share of Stage 3 exposures represented 9.0% of total gross loans at the end of 2018 (-0.3 pp q-o-q).

The FX-adjusted performing loan volumes increased by 14% y-o-y supported both by the retail and corporate segments. Within the retail portfolio mortgage volumes demonstrated a 9% y-o-y growth, whereas SME volumes surged by 33% y-o-y. The large corporate exposure advanced by 17% y-o-y. As for annual new loan disbursements mortgage sales (+56% y-o-y) and the SME segment (+48% y-o-y) showed outstanding dynamics.

FX-adjusted deposit volumes increased by 29% y-o-y and by 9% q-o-q. The growth was supported by both retail and corporate inflows. The net loan-to-deposit ratio declined to 125%.

OTP BANKA SRBIJA (SERBIA)

Performance of OTP banka Srbija (including Vojvodjanska banka):

Main components of P&L account in HUF mn	2017	2018	Y-o-Y	4Q 2017	3Q 2018	4Q 2018	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	-2,904	2,999	-203%	-1,634	-215	1,651	-867%	-201%
Income tax	109	-138	-226%	109	-1	-142		-229%
Profit before income tax	-3,013	3,137	-204%	-1,744	-214	1,793	-936%	-203%
Operating profit	1,360	6,227	358%	604	2,053	1,875	-9%	211%
Total income	10,071	30,306	201%	4,004	8,196	8,131	-1%	103%
Net interest income	7,235	20,514	184%	2,794	5,416	5,422	0%	94%
Net fees and commissions	2,275	7,286	220%	954	1,906	2,017	6%	111%
Other net non-interest income	561	2,507	347%	256	874	692	-21%	171%
Operating expenses	-8,711	-24,079	176%	-3,400	-6,143	-6,255	2%	84%
Total provisions	-4,373	-3,090	-29%	-2,348	-2,267	-83	-96%	-96%
Provision for impairment on loan and placement losses	-3,133	-3,146	0%	-2,297	-2,427	-10	-100%	-100%
Other provision	-1,241	56	-105%	-51	160	-73	-146%	45%
Main components of balance sheet closing balances in HUF mn	**2017**	**2018**	**YTD**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
Total assets	482,887	590,166	22%	482,887	543,401	590,166	9%	22%
Gross customer loans	306,874	395,217	29%	306,874	371,097	395,217	6%	29%
Gross customer loans (FX-adjusted)	319,010	395,217	24%	319,010	368,611	395,217	7%	24%
Retail loans	162,255	185,641	14%	162,255	179,974	185,641	3%	14%
Corporate loans	156,755	209,576	34%	156,755	188,637	209,576	11%	34%
Allowances for possible loan losses	-19,759	-14,774	-25%	-19,759	-22,457	-14,774	-34%	-25%
Allowances for possible loan losses (FX-adjusted)	-20,534	-14,774	-28%	-20,534	-22,304	-14,774	-34%	-28%
Deposits from customers	349,553	372,961	7%	349,553	368,577	372,961	1%	7%
Deposits from customer (FX-adjusted)	363,123	372,961	3%	363,123	366,072	372,961	2%	3%
Retail deposits	248,029	260,623	5%	248,029	258,930	260,623	1%	5%
Corporate deposits	115,094	112,338	-2%	115,094	107,142	112,338	5%	-2%
Liabilities to credit institutions	38,397	117,169	205%	38,397	75,453	117,169	55%	205%
Subordinated debt	2,505	0	-100%	2,505	0	0	-100%	-100%
Total shareholders' equity	80,070	84,848	6%	80,070	83,884	84,848	1%	6%
Loan Quality	**2017**	**2018**	**Y-o-Y**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
Stage 3 loan volume under IFRS 9 (in HUF million)		18,819			26,340	18,819	-28.6%	
Stage 3 loans under IFRS 9/gross customer loans (%)		4.8%			7.1%	4.8%	-2.3%p	
Provision for impairment on loan and placement losses/average gross loans (%)	2.64%	0.90%	-1.73%p	6.3%	2.7%	0.0%	-2.6%p	-6.3%p
90+ days past due loan volume (in HUF million)	28,372	15,322	-46.0%	28,372	23,069	15,322	-33.6%	-46.0%
90+ days past due loans/gross customer loans (%)	9.2%	3.9%	-5.4%p	9.2%	6.2%	3.9%	-2.3%p	-5.4%p
Total provisions/90+ days past due loans (%)	69.6%	96.4%	26.8%p	69.6%	97.3%	96.4%	-0.9%p	26.8%p
Performance Indicators	**2017**	**2018**	**Y-o-Y**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
ROA	-2.0%	0.6%	2.6%p	-3.3%	-0.2%	1.2%	1.3%p	4.4%p
ROE	-9.5%	3.7%	13.2%p	-17.5%	-1.0%	7.8%	8.8%p	25.2%p
Total income margin	6.84%	5.84%	-1.00%p	7.97%	5.97%	5.71%	-0.27%p	-2.26%p
Net interest margin	4.92%	3.95%	-0.96%p	5.56%	3.95%	3.81%	-0.14%p	-1.75%p
Cost/income ratio	86.5%	79.5%	-7.0%p	84.9%	75.0%	76.9%	2.0%p	-8.0%p
Net loans to deposits (FX-adjusted)	82%	102%	20%p	82%	95%	102%	7%p	20%p
FX rates (in HUF)	**2017**	**2018**	**Y-o-Y**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
HUF/RSD (closing)	2.6	2.7	4%	2.6	2.7	2.7	-1%	4%
HUF/RSD (average)	2.5	2.5	0%	2.6	2.7	2.7	-1%	4%

- ***The Serbian operation posted HUF 3 billion profit in 2018, out of which the contribution of Vojvodjanska banka comprised HUF 2.7 billion***
- ***The annual operating income reached HUF 6.2 billion, 61% of that came from Vojvodjanska banka***
- ***Performing loan volumes further increased (+31% y-o-y) supported by both the retail and corporate segments***

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 1st December 2017 and Vojvodjanska banka was consolidated.

The comparability of the financial performance on a yearly base is limited, as the contribution from Vojvodjanska banka was consolidated from December 2017.

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

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

The **Serbian operation** (including Vojvodjanska banka) posted HUF 3 billion profit after tax in 2018 versus a loss of similar magnitude in the base period. Out of the annual profit Vojvodjanska banka added HUF 2.7 billion to the Serbian after tax profit.

In 4Q the Serbian operation posted HUF 1.7 billion operating profit versus -HUF 215 million in 3Q 2018.

The annual operating profit advanced by HUF 4.9 billion y-o-y and reached HUF 6.2 billion; out of the y-o-y improvement the contribution of Vojvodjanska banka comprised HUF 3.5 billion.

2018 operating profit kept improving in each and every quarter apart from the 9% q-o-q decline in 4Q (mainly due to weaker Other non-interest revenue income). Within 4Q core banking revenues net interest income remained stable, whereas net fee income grew by 6% q-o-q.

As for the yearly dynamics of income lines (adjusted by a one months contribution from Vojvdjanska banka in 2017) net interest income increased by 16% y-o-y as a result of stronger interest income on expanding performing loan volumes; net fees went up by 12% y-o-y due to improving deposit- and card-related fees.

The annual net interest margin dropped by 96 bps y-o-y and it was partly the result of the dilution effect through the consolidation of the lower margin Vojvodjanska banka. In 4Q NIM eroded further q-o-q, as a result of the declining rate environment during 2018 (there were several base rate cuts), which was reflected in the interest rates of local currency denominated variable rate loans.

Out of the total volume of operating expenses around HUF 16.2 billion was related to Vojvodjanska banka. It was positive that the pace of increase in the quarterly operating expenses declined almost in every quarter. In 4Q there was only a moderate increase of 2% q-o-q.

Credit quality trends remained favourable. Total risk costs in 2018 comprised -HUF 3.1 billion. Bulk of risk costs were booked in 3Q as a result of the introduction of new collateral appraisal rules which induced an additional HUF 1.8 billion lending related provision increase in case of individually appraised clients.

The DPD90+ loan portfolio (FX-adjusted, without sales and write-offs) basically remained unchanged in 4Q. During 2018 there were HUF 14 billion non-performing portfolio sales or write-offs, occurring mainly in 2Q and 4Q. The DPD90+ ratio dropped to 3.9% at the end of 4Q (-2.3 pps q-o-q). The volume of Stage 3 exposures amounted to HUF 18.8 billion at the end of the year, which is 4.8% of total gross loans (-2.3 pps q-o-q).

The yearly volume growth of the performing (DPD0-90) loan portfolio at the Serbian operation exceeded 31% demonstrating the most robust increase across the whole Group; in 4Q volumes expanded by 10% q-o-q. The engine of growth was the corporate segment (+16% q-o-q and +44% y-o-y, FX-adjsuted) as a result of strong underwriting dynamics, but the retail consumer loan segment also supported the portfolio increase (+4% q-o-q and +22% y-o-y). In 4Q the quarterly increase was supported by the SME and corporate segments.

The FX-adjusted deposit base expanded both y-o-y and q-o-q (+3% and +2%, respectively). In 4Q the growth was supported by the corporate sector, whereas the yearly dynamics enjoyed inflows from the retail and SME segments.

As a result of the fast loan portfolio growth the net loan-to-deposit ratio of the Serbian operation surged by 20% y-o-y and closed around 100% which reflects a well-balanced balance sheet structure.

CRNOGORSKA KOMERCIJALNA BANKA (MONTENEGRO)

Performance of CKB:

Main components of P&L account in HUF mn	2017	2018	Y-o-Y	4Q 2017	3Q 2018	4Q 2018	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	-155	2,214		-819	912	-65	-107%	-92%
Income tax	-11	-326		-11	-84	-34	-60%	208%
Profit before income tax	-144	2,540		-808	996	-31	-103%	-96%
Operating profit	1,802	2,605	45%	319	896	749	-16%	135%
Total income	9,709	10,729	11%	3,008	2,872	2,924	2%	-3%
Net interest income	6,543	7,529	15%	1,664	1,981	2,005	1%	20%
Net fees and commissions	3,319	3,227	-3%	1,381	932	842	-10%	-39%
Other net non-interest income	-153	-27	-83%	-37	-41	76	-285%	-307%
Operating expenses	-7,907	-8,125	3%	-2,689	-1,976	-2,174	10%	-19%
Total provisions	-1,947	-65	-97%	-1,127	100	-780	-880%	-31%
Provision for impairment on loan and placement losses	-864	-46	-95%	-703	133	-560	-521%	-20%
Other provision	-1,083	-19	-98%	-425	-33	-220	566%	-48%
Main components of balance sheet closing balances in HUF mn	**2017**	**2018**	**YTD**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
Total assets	197,590	224,892	14%	197,590	228,085	224,892	-1%	14%
Gross customer loans	138,485	157,043	13%	138,485	166,059	157,043	-5%	13%
Gross customer loans (FX-adjusted)	143,562	157,043	9%	143,562	164,895	157,043	-5%	9%
Retail loans	75,662	73,027	-3%	75,662	75,716	73,027	-4%	-3%
Corporate loans	67,900	83,983	24%	67,900	89,172	83,983	-6%	24%
Car financing loans	0	33	-100%	0	6	33	430%	-100%
Allowances for possible loan losses	-38,899	-28,265	-27%	-38,899	-39,779	-28,265	-29%	-27%
Allowances for possible loan losses (FX-adjusted)	-40,325	-28,265	-30%	-40,325	-39,501	-28,265	-28%	-30%
Deposits from customers	152,316	175,740	15%	152,316	175,081	175,740	0%	15%
Deposits from customer (FX-adjusted)	158,265	175,740	11%	158,265	173,953	175,740	1%	11%
Retail deposits	121,092	131,227	8%	121,092	130,484	131,227	1%	8%
Corporate deposits	37,173	44,513	20%	37,173	43,470	44,513	2%	20%
Liabilities to credit institutions	17,962	2,364	-87%	17,962	5,668	2,364	-58%	-87%
Subordinated debt	0	0	-100%	0	0	0	-100%	-100%
Total shareholders' equity	21,127	38,637	83%	21,127	39,230	38,637	-2%	83%
Loan Quality	**2017**	**2018**	**Y-o-Y**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
Stage 3 loan volume under IFRS 9 (in HUF million)		33,096			46,788	33,096	-29.3%	
Stage 3 loans under IFRS 9/gross customer loans (%)		21.1%			28.2%	21.1%	-7.1%p	
Provision for impairment on loan and placement losses/average gross loans (%)	0.6%	0.0%	-0.6%p	2.1%	-0.3%	1.4%	1.7%p	-0.7%p
90+ days past due loan volume (in HUF million)	43,395	27,993	-35.5%	43,395	41,358	27,993	-32.3%	-35.5%
90+ days past due loans/gross customer loans (%)	31.34%	17.82%	-13.5%p	31.34%	24.91%	17.82%	-7.1%p	-13.5%p
Total provisions/90+ days past due loans (%)	89.6%	101.0%	11.3%p	89.6%	96.2%	101.0%	4.8%p	11.3%p
Performance Indicators	**2017**	**2018**	**Y-o-Y**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
ROA	-0.1%	1.1%	1.1%p	-1.6%	1.6%	-0.1%	-1.7%p	1.5%p
ROE	-0.7%	7.3%	8.0%p	-14.9%	9.3%	-0.7%	-10.0%p	14.3%p
Total income margin	5.02%	5.09%	0.07%p	5.92%	5.04%	5.18%	0.14%p	-0.73%p
Net interest margin	3.38%	3.57%	0.19%p	3.27%	3.48%	3.56%	0.08%p	0.28%p
Cost/income ratio	81.4%	75.7%	-5.7%p	89.4%	68.8%	74.4%	5.6%p	-15.0%p
Net loans to deposits (FX-adjusted)	65%	73%	8%p	65%	72%	73%	1%p	8%p
FX rates (in HUF)	**2017**	**2018**	**Y-o-Y**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
HUF/EUR (closing)	310.1	321.5	4%	310.1	323.8	321.5	-1%	4%
HUF/EUR (average)	309.2	318.9	3%	311.6	324.1	323.1	0%	4%

- ***In 2018 the Bank posted HUF 2.2 billion profit, which was supported by the substantial improvement of operating profit and the decline of risk costs***
- ***The annual operating profit increased by 45% y-o-y as a result of the total income increasing by 11% and the operating expenses by 3%, respectively***
- ***The FX-adjusted performing loan volume grew dynamically, by 31% y-o-y supported mainly by the corporate segment (+73% y-o-y)***
- ***The DPD90+ ratio (17.8%) declined by 13.5 pps y-o-y***

The Montenegrin **CKB Bank** posted HUF 2.2 billion after tax profit, versus HUF 0.2 billion loss in the base period. The improvement was mainly due to operating result increasing by 45% y-o-y and risk cost declining substantially. In 4Q the Bank realized HUF 65 million loss.

The annual operating profit increased by 45% y-o-y as a result of the total income increasing by 11% and the operating expenses by 3%, respectively.

The annual net interest income grew by 15%: the dynamically increasing performing volumes had a positive impact. Furthermore, certain loan-related income previously booked within net fees and commissions was shifted into net interest income since January 2018 (HUF 0.3 billion y-o-y impact). The net interest margin improved by 19 bps y-o-y. In 4Q the net interest income rose by 1% q-o-q: mainly the performing large corporate loan expansion supported the increase. The net interest margin improved by 8 bps q-o-q amid narrowing total assets (-1% q-o-q).

The annual net fee and commission income declined by 3%, without the above mentioned reclassification it would have increased by 6.5% y-o-y. In 4Q the net fee and commission result declined by 10% q-o-q: after the touristic peak season lower turnovers caused cards and payments income decline.

The annual operating expenses increased by 3% mainly due to the depreciation of Hungarian forint against the euro, the expenses in euro terms remained stable. In 4Q the operating expenses rose by 10% q-o-q, which was partially explained by the increase in personnel expenses and marketing costs.

In 2018 total risk cost amounted to -HUF 0.1 billion, of which -HUF 0.8 was realized in 4Q. The key reason behind the q-o-q higher risk costs was that in the course of the last quarter the PD and LGD parameters, as well as the macroeconomic expectations were revised in the IFRS 9 provisioning models, entailing higher risk costs in 4Q. The DPD90+ ratio (17.8%) improved by 13.5 pps y-o-y and by 7.1 pps q-o-q. The DPD90+ loan volumes (FX-adjusted, without sales and write offs) decreased by HUF 1.7 billion in 4Q, linked almost entirely to the large corporate segment. During 2018 HUF 15 billion non-performing loans were sold/written off (4Q: HUF 11 billion). The share of Stage 3 exposures represented 21.1% of total gross loans at the end of 2018 (-7.1 pps q-o-q).

The FX-adjusted performing loan volume grew the second fastest in the Group, by 31% y-o-y (+4% q-o-q). The strong dynamics were mainly related to the corporate segment. Within that the wholesale loan volumes increased by 30% y-o-y, municipality exposures – from a low base – increased more than four times y-o-y as a result of a large ticket loan disbursement towards the state in 2Q. The retail volumes expanded by 4% y-o-y in 2018, within that the mortgage loans by 10% y-o-y, respectively. On quarterly basis the retail portfolio grew by 2% thanks to the mortgage loan increase (+5% q-o-q).

FX-adjusted deposit volumes increased by 11% y-o-y and by 1% q-o-q. The net loan-to-deposit ratio increased by 8 pps to 73%.

OTP BANKA SLOVENSKO (SLOVAKIA)

Performance of OTP Banka Slovensko*:

Main components of P&L account in HUF mn	2017	2018	Y-o-Y	4Q 2017	3Q 2018	4Q 2018	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	-2,051	44	-102%	-1,469	698	-526	-175%	-64%
Income tax	-231	-56	-76%	-128	-21	97	-569%	-176%
Profit before income tax	-1,820	100	-106%	-1,341	719	-623	-187%	-54%
Operating profit	6,616	2,598	-61%	1,402	748	527	-30%	-62%
Total income	17,452	15,014	-14%	4,345	3,773	3,888	3%	-11%
Net interest income	13,358	11,148	-17%	3,314	2,828	2,765	-2%	-17%
Net fees and commissions	3,627	3,536	-3%	916	872	1,019	17%	11%
Other net non-interest income	467	330	-29%	115	73	103	41%	-10%
Operating expenses	-10,836	-12,416	15%	-2,942	-3,024	-3,361	11%	14%
Total provisions	-8,436	-2,498	-70%	-2,743	-29	-1,150		-58%
Provision for impairment on loan and placement losses	-8,358	-2,579	-69%	-2,701	25	-1,175		-57%
Other provision	-78	81	-204%	-42	-55	25	-146%	-160%
Main components of balance sheet closing balances in HUF mn	**2017**	**2018**	**YTD**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
Total assets	452,084	454,498	1%	452,084	458,764	454,498	-1%	1%
Gross customer loans	382,932	393,111	3%	382,932	400,596	393,111	-2%	3%
Gross customer loans (FX-adjusted)	396,969	393,111	-1%	396,969	397,789	393,111	-1%	-1%
Retail loans	343,023	340,776	-1%	343,023	351,666	340,776	-3%	-1%
Corporate loans	53,917	52,320	-3%	53,917	46,106	52,320	13%	-3%
Allowances for possible loan losses	-28,098	-31,582	12%	-28,098	-33,134	-31,582	-5%	12%
Allowances for possible loan losses (FX-adjusted)	-29,128	-31,582	8%	-29,128	-32,902	-31,582	-4%	8%
Deposits from customers	343,924	360,069	5%	343,924	364,193	360,069	-1%	5%
Deposits from customer (FX-adjusted)	356,595	360,069	1%	356,595	361,704	360,069	0%	1%
Retail deposits	330,742	331,734	0%	330,742	330,472	331,734	0%	0%
Corporate deposits	25,853	28,336	10%	25,853	31,232	28,336	-9%	10%
Liabilities to credit institutions	10,020	22,725	127%	10,020	23,361	22,725	-3%	127%
Subordinated debt	6,205	8,691	40%	6,205	8,753	8,691	-1%	40%
Total shareholders' equity	32,200	29,382	-9%	32,200	25,475	29,382	15%	-9%
Loan Quality	**2017**	**2018**	**Y-o-Y**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
Stage 3 loan volume under IFRS 9 (in HUF million)		35,916			41,222	35,916	-13%	
Stage 3 loans under IFRS 9/gross customer loans (%)		9.1%			10.3%	9.1%	-1.2%p	
Provision for impairment on loan and placement losses/average gross loans (%)	2.17%	0.65%	-1.51%	2.76%	-0.03%	1.17%	1.19%p	-1.60%p
90+ days past due loan volume (in HUF million)	35,968	29,160	-19%	35,968	30,702	29,160	-5%	-19%
90+ days past due loans/gross customer loans (%)	9.4%	7.4%	-2.0%	9.4%	7.7%	7.4%	-0.2%p	-2.0%p
Total provisions/90+ days past due loans (%)	78.1%	108.3%	30.2%	78.1%	107.9%	108.3%	0.4%p	30.2%p
Performance Indicators	**2017**	**2018**	**Y-o-Y**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
ROA	-0.5%	0.0%	0.5%	-1.3%	0.6%	-0.5%	-1.1%p	0.8%p
ROE	-7.6%	0.2%	7.7%	-21.2%	11.0%	-8.1%	-19.1%p	13.1%p
Total income margin	3.90%	3.32%	-0.58%	3.80%	3.27%	3.39%	0.12%	-0.42%
Net interest margin	2.98%	2.47%	-0.52%	2.90%	2.45%	2.41%	-0.04%	-0.49%
Cost/income ratio	62.1%	82.7%	20.6%	67.7%	80.2%	86.4%	6.3%p	18.7%p
Net loans to deposits (FX-adjusted)	103%	100%	-3%	103%	101%	100%	0%p	-3%p
FX rates (in HUF)	**2017**	**2018**	**Y-o-Y**	**4Q 2017**	**3Q 2018**	**4Q 2018**	**Q-o-Q**	**Y-o-Y**
HUF/EUR (closing)	310.1	321.5	4%	310.1	323.8	321.5	-1%	4%
HUF/EUR (average)	309.2	317.5	3%	311.6	324.1	323.1	0%	4%

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

- ***In 2018 the Bank posted HUF 44 million profit, after HUF 2.1 billion loss in 2017. Total risk costs dropped by 70%, while the operating profit fell by 61%***
- ***The FX adjusted performing loan volumes increased by 1% y-o-y***
- ***The DPD90+ ratio (7.4%) decreased by 2 pps y-o-y***

The **OTP Banka Slovensko** posted HUF 44 million after tax profit versus HUF 2.1 billion loss in the base period. In 4Q the Bank booked HUF 0.5 billion loss.

The annual profit was mainly shaped by decreasing risk costs (-70% y-o-y), while the operating profit also suffered a significant decline (-61% y-o-y): all income lines decreased, while the operating expenses increased by 15%. The net interest income declined by 17% y-o-y, because from 2018 certain items previously booked in net interest income do not appear on net interest income line (lower net interest income was coupled with lower risk costs). Furthermore, the new disbursements on lower interest rate also had a negative impact. The annual net interest margin declined by 52 bps.

The annual net fee and commission income decreased by 3% due to the lower income on deposits and loans. On the other hand the quarterly fee income expanded by 17% q-o-q, as a result of higher deposit, transaction and card-related income.

The annual operating expenses increased by 15% y-o-y due to higher personnel expenses induced by wage inflation and increasing headcount, but also to higher marketing expenses. In 4Q the operating expenses grew by 11% q-o-q, due to higher personnel expenses and higher marketing expenses.

The FX-adjusted performing loan volumes increased by 1% y-o-y, the mortgage and municipality loan volumes registered faster expansion (both +3% y-o-y). On the other hand the consumer and SME loans declined by 1% y-o-y in 2018. The strongest disbursement activity was realized at the SME and large corporate loan (+20% y-o-y) segments.

The DPD90+ ratio decreased to 7.4% (-2.0 pps y-o-y; -0.2 pp q-o-q).The DPD90+ loan volumes (without the effect of sales and write-offs) increased by HUF 1.5 billion in 4Q mainly induced by the large corporate segment. In 2018 around HUF 8 billion equivalent non-performing loans were sold or written off (4Q: HUF 3 billion) as part of porfolio cleaning. The share of Stage 3 exposures represented 9.1% of total gross loans at the end of 2018 (-1.2 pps q-o-q). Total risk costs dropped significantly on a yearly basis (-70% y-o-y). In 4Q -HUF 1.1 billion total risk cost was realized. The key reason behind the q-o-q higher risk costs was that in the course of the last quarter the PD and LGD parameters, as well as the macroeconomic expectations were revised in the IFRS 9 provisioning models, entailing higher risk costs in 4Q.

FX-adjusted deposit volumes increased by 1% y-o-y, thus the net loan-to-deposit ratio stood at 100% at the end of 2018.

STAFF LEVEL AND OTHER INFORMATION

	31/12/2017				31/12/2018			
	Branches	ATM	POS	Headcount (closing)	Branches	ATM	POS	Headcount (closing)
OTP Core	362	1,945	70,002	9,049	362	1,931	77,599	9,631
DSK Group	367	890	7,005	4,872	345	911	8,464	4,838
OTP Bank Russia[1] (w/o employed agents)	134	230	1,079	4,956	134	227	905	5,052
Touch Bank (Russia)	0	0	0	356				
OTP Bank Ukraine (w/o employed agents)	85	115	382	2,224	87	149	351	2,313
OTP Bank Romania	96	139	4,351	1,163	95	139	4,556	1,273
OTP banka Hrvatska	196	528	10,765	2,430	144	480	10,360	2,397
OTP Banka Slovenko	62	148	276	674	62	151	232	690
OTP banka Srbija	157	254	5,098	2,103	154	248	5,554	1,996
CKB	29	91	4,070	429	28	103	4,572	419
Foreign subsidiaries, total	**1,126**	**2,395**	**33,026**	**19,206**	**1,049**	**2,408**	**34,994**	**18,977**
Other Hungarian and foreign subsidiaries				860				924
OTP Group (w/o employed agents)				**29,116**				**29,532**
OTP Bank Russia - employed agents				5,771				5,306
OTP Bank Ukraine - employed agents				747				760
OTP Group (aggregated)	**1,488**	**4,340**	**103,028**	**35,633**	**1,411**	**4,339**	**112,593**	**35,599**

[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		
	31/12/2018	31/12/2017	change	31/12/2018	31/12/2017	change
Cash, amounts due from Banks and balances with the National Banks	360,855	399,124	-10%	1,547,272	1,198,046	29%
Placements with other banks, net of allowance for placement losses	1,074,841	978,098	10%	420,606	462,180	-9%
Financial assets at fair value through profit or loss	155,042	303,926	-49%	181,355	344,417	-47%
Securities at fair value through other comprehensive income	1,451,906	1,735,902	-16%	1,883,849	2,174,718	-13%
Loans at amortized cost and fair value	2,618,862	2,145,049	22%	8,066,592	6,987,834	15%
Associates and other investments	1,177,573	967,414	22%	17,592	12,269	43%
Securities at amortized costs	1,431,788	1,043,780	37%	1,740,520	1,310,331	33%
Tangible and intangible assets	112,657	100,537	12%	420,484	413,389	2%
Other assets	122,663	98,053	25%	312,018	287,044	9%
TOTAL ASSETS	**8,506,187**	**7,771,882**	**9%**	**14,590,288**	**13,190,228**	**11%**
Amounts due to banks, the Hungarian Government, deposits from the National Banks and other banks	770,267	694,533	11%	392,706	472,068	-17%
Deposits from customers	5,741,498	5,192,870	11%	11,285,085	10,233,471	10%
Liabilities from issued securities	46,694	60,303	-23%	417,966	250,320	67%
Derivative financial liabilities designated as held for trading	82,838	79,544	4%	73,316	69,874	5%
Other liabilities	243,494	210,541	16%	513,129	448,412	14%
Subordinated bonds and loans	110,454	108,835	1%	81,429	76,028	7%
TOTAL LIABILITIES	**6,995,244**	**6,346,627**	**10%**	**12,763,631**	**11,550,173**	**11%**
Share capital	28,000	28,000	0%	28,000	28,000	0%
Retained earnings and other reserves without earnings	1,311,465	1,155,246	14%	1,545,971	1,390,737	11%
Profit or loss for the financial year according to the balance sheet	173,442	251,550	-31%	318,233	281,142	13%
Treasury shares	-1,964	-9,540	-79%	-67,999	-63,289	7%
Non-controlling interest	0	0		2,453	3,465	-29%
TOTAL SHAREHOLDERS' EQUITY	**1,510,943**	**1,425,255**	**6%**	**1,826,657**	**1,640,055**	**11%**
TOTAL LIABILTITIES AND SHAREHOLDERS' EQUITY	**8,506,187**	**7,771,882**	**9%**	**14,590,288**	**13,190,228**	**11%**

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF RECOGNIZED INCOME

in HUF million	OTP Bank			Consolidated		
	2018	2017	change	2018	2017	change
Loans	141,536	120,958	17%	576,333	521,122	11%
Placements with other banks	69,947	47,777	46%	72,401	42,686	70%
Amounts due from banks and balances with the National Banks	280	1,403	-80%	421	1,444	-71%
Securities at fair value through other comprehensive income	31,628	30,100	5%	37,912	34,442	10%
Securities at amortized cost	47,342	44,737	6%	59,899	56,343	6%
Non-trading financial assets mandatorily at fair value through profit or loss	0	0		6	0	
Interest expense on assets (negative interest income)	0	0		-279	0	
Other interest income	0	0		11,265	10,479	8%
Interest income	*290,734*	*244,976*	*19%*	*757,959*	*666,515*	*14%*
Interest expense due to banks and on deposits from the National Banks	-53,993	-56,849	-5%	-48,262	-46,475	4%
Deposits from customers	-26,634	-9,245	188%	-69,387	-50,995	36%
Liabilities from issued securities	-157	-151	4%	-6,343	-5,727	11%
Subordinated bonds and loans	-2,994	-3,033	-1%	-2,169	-2,259	-4%
Interest income on liabilities (negative interest expense)	0	0		283	0	
Other	0	0		-7,357	-7,303	1%
Interest expense	*-83,779*	*-69,278*	*21%*	*-133,235*	*-112,759*	*18%*
Net interest income	**206,955**	**175,698**	**18%**	**624,723**	**553,755**	**13%**
Provisions for loans	-6,927	-7,806	-11%	-39,143	-40,620	-4%
Provisions on placements	-895	32		-144	-228	-37%
Provision for impairment on loan and placement losses	-7,822	-7,774	1%	-39,287	-40,848	-4%
NET INTEREST INCOME AFTER PROVISION FOR IMPAIRMENT ON LOAN AND PLACEMENT LOSSES	199,133	167,924	19%	585,437	512,908	14%
Income from fees and commissions	212,556	206,759	3%	338,080	315,606	7%
Expense from fees and commissions	-34,339	-30,357	13%	-60,405	-54,413	11%
NET PROFIT FROM FEES AND COMMISSIONS	178,217	176,402	1%	277,675	261,193	6%
Foreign exchange gains and losses	9,510	4,555	109%	34,158	16,579	106%
Losses / Gains on securities, net	1,960	7,946	-74%	1,344	7,930	-83%
Losses on loans measured mandatorily at fair value through other comprehensive income and on securities at amortized cost	625	0		597	0	
Gains on real estate transactions	219	222	0%	1,890	2,093	-10%
Dividend income	68,480	82,638	-17%	5,736	4,152	38%
Net insurance result	0	0		673	410	64%
Gains and losses on derivative instruments	3,708	2,030	83%	6,458	5,291	22%
Other operating income	4,960	9,768	-49%	36,859	62,968	-41%
Other operating expense	-5,024	71,359	-107%	-25,386	-51,230	-50%
NET OPERATING GAIN	84,438	178,519	-53%	62,329	48,193	29%
Personnel expenses	-104,820	-90,444	16%	-251,041	-213,886	17%
Depreciation	-21,232	-20,528	4%	-57,437	-49,493	16%
Other administrative expenses	-151,104	-141,455	7%	-264,804	-236,072	12%
OTHER ADMINISTRATIVE EXPENSES	-277,156	-252,427	10%	-573,282	-499,451	15%
PROFIT BEFORE INCOME TAX	**184,633**	**270,418**	**-32%**	**352,159**	**322,842**	**9%**
Income tax expense	-11,190	-18,868	-41%	-33,837	-41,503	-18%
NET PROFIT FOR THE PERIOD	**173,442**	**251,550**	**-31%**	**318,322**	**281,339**	**13%**
From this, attributable to non-controlling interest	0	0		89	197	-55%
FROM THIS, ATTRIBUTABLE TO OWNERS OF THE COMPANY	**173,442**	**251,550**	**-31%**	**318,233**	**281,142**	**13%**

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF CASH FLOWS

in HUF million	OTP Bank			Consolidated		
	31/12/2018	31/12/2017	change	31/12/2018	31/12/2017	change
OPERATING ACTIVITIES						
Profit before income tax	184,633	270,417	-32%	318,233	281,142	13%
Adjustments to reconcile income before income taxes to net cash provided by operating activities						
Income tax paid	0	0		-17,377	-14,797	17%
Goodwill impairment	0	0	0%	5,962	504	0%
Depreciation and amortization	21,232	20,529	3%	51,475	48,988	5%
Net accrued interest	-2,525	-78,627	-97%	41,520	65,121	-36%
Provision for impairment / Release of provision	1,586	-4,682	-134%	-2,434	28,916	-108%
Share-based payment	3,797	3,598	6%	3,797	3,598	6%
Unrealized gains / losses on fair value change of securities at fair value through other comprehensive income and fair value through profit or loss	-13,528	-18,335	-26%	9,128	18,335	-50%
Unrealized losses on fair value adjustment of derivative financial instruments	16,903	12,458	36%	-29,525	11,966	-347%
Changes in operating assets and liabilities	63,185	-14,234	-544%	-193,407	46,084	-520%
Net cash provided by operating activities	**275,283**	**191,124**	**44%**	**187,372**	**489,857**	**-62%**
INVESTING ACTIVITIES						
Net cash used in investing activities	**-316,268**	**-669,430**	**-53%**	**-201,622**	**-670,088**	**-70%**
FINANCING ACTIVITIES						
Net cash used in financing activities	**-3,511**	**-54,106**	**-94%**	**33,540**	**-147,690**	**-123%**
Net increase in cash and cash equivalents	**-44,496**	**-532,412**	**0%**	**19,290**	**-327,921**	**-106%**
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	**303,358**	**347,854**	**-13%**	**819,979**	**800,689**	**2%**

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	--	--	--	281,142		--	197	281,339
Other comprehensive income				-4,920			-24	-4,944
Share-based payment	--	--	3,598			--	--	3,598
Treasury shares								
Dividend for the year 2016	--	--	--	-53,200		--	--	-53,200
Put option								
Treasury shares								
– sale						10,342		10,342
– loss on sale				-2,839				-2,839
– volume change						-13,510		-13,510
Payment to ICES holders				-1,380				-1,380
Balance as at 31 December 2017	**28,000**	**52**	**31,835**	**1,695,460**	**-55,468**	**-63,289**	**3,465**	**1,640,055**

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				-51,475			-127	-51,602
Balance as at 1 January 2018	**28,000**	**52**	**31,835**	**1,643,985**	**-55,468**	**-63,289**	**3,338**	**1,588,453**
Net profit for the year				318,233			89	318,322
Other comprehensive income				-13,420			-223	-13,643
Purchase of non-controlling interests								
Share-based payment			3,797					3,797
Dividend for the year 2017				-61,320				-61,320
Correction due to ESOP				156				156
Treasury shares								
– sale						21,814		21,814
– loss on sale				-2,390				-2,390
– volume change						-26,524		-26,524
Payment to ICES holders				-1,256				-1,256
Balance as at 31 December 2018	**28,000**	**52**	**35,632**	**1,883,988**	**-55,468**	**-67,999**	**2,452**	**1,826,657**

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 Bank PLC	BGN	1,327,482,000	100.00	100.00	L
11	DSK DOM EAD	BGN	100,000	100.00	100.00	L
12	DSK Leasing Joint Stock Company	BGN	3,334,000	100.00	100.00	L
13	DSK Leasing Insurance Broker Ltd.	BGN	5,000	100.00	100.00	L
14	OTP Mobile Service Llc.	BGN	250,000	100.00	100.00	L
15	DSK Operating Lease Ltd.	BGN	1,000	100.00	100.00	L
16	DSK Tours Ltd.	BGN	8,491,000	100.00	100.00	L
17	DSK Trans Security PLC	BGN	2,225,000	100.00	100.00	L
18	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	6,533,000,000	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		20,000,000	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	1,552,003,660	100.00	100.00	L
36	OTP Banka Hrvatska d.d.	HRK	3,993,754,800	100.00	100.00	L
37	OTP Banka Srbija a.d. Novi Sad	RSD	31,607,808,040	100.00	100.00	L
38	OTP Building Llc.	EUR	18,717,301	100.00	100.00	L
39	OTP Debt Collection Ltd.	EUR	49,000,001	100.00	100.00	L
40	OTP eBIZ Limited Liability Company		280,000,000	100.00	100.00	L
41	OTP Life Annuity Real Estate Investment Private Company Limited by Shares		2,000,000,000	100.00	100.00	L
42	OTP Factoring Bulgaria JSCo.	BGN	1,000,000	100.00	100.00	L
43	OTP Factoring Serbia Ltd	RSD	782,902,282	100.00	100.00	L
44	OTP Factoring Slovensko Ltd.	EUR	5,000	100.00	100.00	L
45	OTP Factoring Romania Llc.	RON	500,400	100.00	100.00	L
46	OTP Factoring Ukraine LLC	UAH	6,227,380,554	100.00	100.00	L
47	OTP Factoring Ltd.		500,000,000	100.00	100.00	L
48	OTP Faktoring Vagyonkezelő Llc		3,000,000	100.00	100.00	L
49	OTP Financing Cyprus Private Company limited by shares	EUR	1,001,000	100.00	100.00	L
50	OTP Financing Malta Company Limited	EUR	105,000,000	100.00	100.00	L
51	OTP Financing Netherlands B.V.	EUR	18,000	100.00	100.00	L
52	OTP Financing Solutions B.V	EUR	18,000	100.00	100.00	L
53	OTP Holding Ltd	EUR	131,000	100.00	100.00	L
54	OTP Holding Malta Ltd.	EUR	104,950,000	100.00	100.00	L
55	OTP Hungaro-Projekt Ltd.		300,000,000	100.00	100.00	L

	Name		Initial capital/Equity (HUF)	Ownership Directly + indirectly (%)	Voting rights (%)	Classification
56	OTP Real Estate Investment Fund Management Ltd.		100,000,000	100.00	100.00	L
57	OTP Real Estate Ltd.		1,000,000,000	100.00	100.00	L
58	OTP Ingatlankezelő Ltd.		50,000,000	100.00	100.00	L
59	OTP Real Estate Leasing Ltd.		214,000,000	100.00	100.00	L
60	OTP Ingatlanpont LLC.		6,000,000	100.00	100.00	L
61	OTP Facility Management Llc.		30,000,000	100.00	100.00	L
62	OTP Invest d.o.o.	HRK	12,979,900	100.00	100.00	L
63	OTP Investments d.o.o. Novi Sad	RSD	203,783,061	100.00	100.00	L
64	OTP Mortgage Bank Closed Company Limited by Shares		27,000,000,000	100.00	100.00	L
65	OTP Card Factory Llc.		450,000,000	100.00	100.00	L
66	OTP Close Building Society		2,000,000,000	100.00	100.00	L
67	OTP Leasing d.d.	HRK	8,212,000	100.00	100.00	L
68	OTP Leasing Romania IFN S.A.	RON	28,556,300	100.00	100.00	L
69	OTP Lizing d.o.o.	RSD	482,631,000	100.00	100.00	L
70	OTP Mérnöki Ltd.		3,000,000	100.00	100.00	L
71	OTP Mobile Service Limited Liability Company		1,210,000,000	100.00	100.00	L
72	OTP Nekretnine d.o.o.	HRK	51,708,100	100.00	100.00	L
73	OTP Osiguranje d.d.	HRK	40,900,000	100.00	100.00	L
74	OTP Funds Servicing and Consulting Company Limited by Shares		2,349,940,000	100.00	100.00	L
75	OTP Pénzügyi Pont Ltd.		50,000,000	100.00	100.00	L
76	OTP Savjetovanje d.o.o.	HRK	531,400	100.00	100.00	L
77	OTP Services d. o. o.	RSD	40,028	100.00	100.00	L
78	PortfoLion Digital Ltd.		101,000,000	100.00	100.00	L
79	PortfoLion Venture Capital Fund Management Ltd.		38,500,000	100.00	100.00	L
80	R.E. Four d.o.o., Novi Sad	RSD	1,983,643,761	100.00	100.00	L
81	SB Leasing Ltd.	HRK	23,332,000	100.00	100.00	L
82	SB ZGRADA d.o.o.	HRK	208,120,000	100.00	100.00	L
83	Aloha Buzz Llc.	RON	200	100.00	100.00	L
84	Favo Consultanta Llc.	RON	200	100.00	100.00	L
85	Tezaur Cont Llc.	RON	200	100.00	100.00	L
86	SPLC Property Management Limited Liability Company		10,000,000	100.00	100.00	L
87	SPLC-P Llc.		15,000,000	100.00	100.00	L
88	TOP Collector Ltd.	RUB	1,030,000	100.00	100.00	L
89	Velvin Ventures Ltd.	USD	50,000	100.00	100.00	L
90	Vojvodjanska banka a.d. Novi Sad	RSD	16,337,430,000	100.00	100.00	L
91	POK DSK-Rodina AD	BGN	6,010,000	99.75	99.75	L
92	OTP Banka Slovensko a.s.	EUR	111,580,509	99.38	99.38	L
93	JSC "OTP Bank" (Russia)	RUB	4,423,768,142	97.90	97.90	L
94	OPUS Securities S.A.	EUR	31,000	0.00	51.00	L
95	Balansz Private Open End Institutional Fund		30,931,279,011	100.00	100.00	L
96	OTP MRP		19,881,539,197			L
97	OTP Solution Fund	UAH	82,347,125	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 2018			31 December 2018		
	Ownership share	Voting rights[1]	Quantity	Ownership share	Voting rights[1]	Quantity
Domestic institution/company	20.04%	20.26%	56,116,209	19.32%	19.47%	54,092,340
Foreign institution/company	63.73%	64.44%	178,445,190	60.01%	60.49%	168,017,080
Domestic individual	3.92%	3.97%	10,988,183	3.53%	3.56%	9,896,546
Foreign individual	0.23%	0.23%	650,713	0.10%	0.10%	278,348
Employees, senior officers	0.80%	0.81%	2,250,991	0.85%	0.86%	2,376,450
Treasury shares[2]	1.09%	0.00%	3,063,853	0.80%	0.00%	2,242,143
Government held owner	0.08%	0.08%	226,012	0.08%	0.08%	219,072
International Development Institutions	0.03%	0.03%	70,502	0.05%	0.05%	143,308
Other[3]	10.07%	10.18%	28,188,357	15.26%	15.39%	42,734,723
TOTAL	**100.00%**	**100.00%**	**280,000,010**	**100.00%**	**100.00%**	**280,000,010**

[1] Voting rights in the General Meeting of the Issuer for participation in decision-making.
[2] Treasury shares do not include the OTP shares held by ESOP.
[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	168,583
Subsidiaries	2,073,560	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	2,242,143

Shareholders with over/around 5% stake as at 31 December 2018

Name	Number of shares	Ownership[1]	Voting rights[1,2]
MOL (Hungarian Oil and Gas Company Plc.)	24,000,000	8.57%	8.64%
KAFIJAT Ltd.	20,811,325	7.43%	7.49%
OPUS Securities S.A.	14,496,476	5.18%	5.22%
Groupama Group	14,338,498	5.12%	5.16%

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

Senior officers, strategic employees and their shareholding of OTP shares as at 31 December 2018

Type[1]	Name	Position	No. of shares held
IT	Dr. Sándor Csányi [2]	Chairman and CEO	740,667
IT	Mihály Baumstark	member	54,000
IT	Dr. Tibor Bíró	member	24,956
IT	Tamás Erdei	member	9,639
IT	Dr. István Gresa	member	154,401
IT	Antal Kovács	member, Deputy CEO	27,263
IT	Dr. Antal Pongrácz	member	86,901
IT	Dr. László Utassy	member	208,792
IT	Dr. József Vörös	member	151,314
IT	László Wolf	member, Deputy CEO	605,029
FB	Ágnes Rudas	member	160,118
FB	Tibor Tolnay	Chairman	54
FB	Dr. Gábor Horváth	member	0
FB	András Michnai	member	100
FB	Olivier Péqueux	member	0
FB	Dr. Márton Gellért Vági	member	0
SP	Dr. Zsolt Barna	General Deputy Chief Executive Officer	0
SP	László Bencsik	Chief Financial and Strategic Officer, Deputy CEO	39,105
SP	András Tibor Johancsik	Deputy CEO	8,558
SP	György Kiss-Haypál	Deputy CEO	20,131
TOTAL No. of shares held by management:			**2,291,028**

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

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

a) Contingent liabilities

	31/12/2018	31/12/2017
Commitments to extend credit	2,187,619	1,731,030
Guarantees arising from banking activities	600,278	532,359
Confirmed letters of credit	9,798	14,541
Legal disputes (disputed value)	30,644	15,775
Contingent liabilities related to OTP Mortgage Bank	0	0
Other	255,271	326,745
Total:	**3,083,610**	**2,620,450**

[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 in 2018

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 31/12/2018	Outstanding consolidated debt (in HUF million) 31/12/2018
OTP Bank Plc.	Retail bond	OTP_VK1_19/I	16/02/2018	16/02/2019	USD	3,044,725	855
OTP Bank Plc.	Retail bond	OTP_VK1_19/2	29/03/2018	29/03/2019	USD	2,832,384	796
OTP Bank Plc.	Retail bond	OTP_VK1_19/3	18/05/2018	18/05/2019	USD	2,986,478	839
OTP Bank Plc.	Corporate bond	OTP_DK_19/I	30/05/2018	31/05/2019	HUF	0	0
OTP Bank Plc.	Retail bond	OTP_VK1_19/4	28/06/2018	28/06/2019	USD	2,983,358	838
OTP Bank Plc.	Retail bond	OTP_VK1_19/5	06/08/2018	06/08/2019	USD	848,600	238
OTP Bank Plc.	Retail bond	OTP_VK1_19/6	04/10/2018	04/10/2019	USD	2,066,529	581
OTP Bank Plc.	Retail bond	OTP_VK1_19/7	15/11/2018	15/11/2019	USD	890,237	250
OTP Bank Plc.	Retail bond	OTP_VK1_19/8	20/12/2018	20/12/2019	USD	1,495,821	420
OTP Bank Plc.	Corporate bond	OTP_DK_19/II	14/12/2018	31/05/2019	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_20/I	14/12/2018	31/05/2020	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_21/I	14/12/2018	31/05/2021	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_22/I	14/12/2018	31/05/2022	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_23/I	14/12/2018	31/05/2023	HUF	0	0
OTP Banka Slovensko	Corporate bond	Bonds OTP VI.	27/02/2018	26/02/2019	EUR	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	49,307	49,307
OTP Mortgage Bank	Mortgage bond	OJB2024_B	18/09/2018	24/05/2024	HUF	36,425	36,425
OTP Mortgage Bank	Mortgage bond	OJB2024_II	10/10/2018	24/10/2024	HUF	91,000	91,000

Security redemptions on Group level in 2018

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 31/12/2017	Outstanding consolidated debt (in HUF million) 31/12/2017
OTP Bank Plc.	Corporate bond	OTPX2018A	03/01/2012	09/01/2018	HUF	391	391
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	2,948	2,948
OTP Bank Plc.	Corporate bond	OTPX2018D	29/10/2012	26/10/2018	HUF	2,543	2,543
OTP Bank Plc.	Corporate bond	OTPX2018E	28/12/2012	28/12/2018	HUF	2,502	2,502
OTP Bank Plc.	Corporate bond	OTPX2018F	19/12/2013	21/12/2018	EUR	618,000	192
OTP Bank Plc.	Retail bond	OTP_VK1_18/1	20/01/2017	20/01/2018	USD	2,784,814	721
OTP Bank Plc.	Retail bond	OTP_VK1_18/2	03/03/2017	03/03/2018	USD	4,246,926	1,099
OTP Bank Plc.	Retail bond	OTP_VK1_18/3	13/04/2017	13/04/2018	USD	2,475,765	641
OTP Bank Plc.	Corporate bond	OTP_DK_18/I	31/05/2017	31/05/2018	HUF	0	0
OTP Bank Plc.	Retail bond	OTP_VK1_18/4	02/06/2017	02/06/2018	USD	4,178,742	1,082
OTP Bank Plc.	Retail bond	OTP_VK1_18/5	14/07/2017	14/07/2018	USD	2,238,500	579
OTP Bank Plc.	Retail bond	OTP_VK1_18/6	04/08/2017	04/08/2018	USD	690,400	179
OTP Bank Plc.	Retail bond	OTP_VK1_18/7	29/09/2017	29/09/2018	USD	4,488,184	1,162
OTP Bank Plc.	Retail bond	OTP_VK1_18/8	17/11/2017	17/11/2018	USD	3,043,625	788
OTP Bank Plc.	Retail bond	OTP_VK1_18/9	20/12/2017	20/12/2018	USD	1,453,820	376
OTP Banka Slovensko	Corporate bond	Bonds OTP IV.	28/02/2017	27/02/2018	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 V.	31/07/2017	30/07/2018	EUR	0	0
OTP Banka Slovensko	Mortgage bond	OTP XXXII.	15/12/2017	14/12/2018	EUR	0	0
OTP Mortgage Bank	Mortgage bond	OJB2020_III	23/02/2017	20/05/2020	HUF	32,418	32,418
OTP Mortgage Bank	Mortgage bond	OJB2022_I	24/02/2017	24/05/2022	HUF	20,911	20,911

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	2017	2018	Y-o-Y	4Q 2017	3Q 2018	4Q 2018	Q-o-Q	Y-o-Y
Total	**11,268**	**10,700**	**-5%**	**3,171**	**2,855**	**1,386**	**-51%**	**-56%**
Short-term employee benefits	8,323	7,817	-6%	2,233	1,964	1,296	-34%	-42%
Share-based payment	2,520	2,431	-4%	822	773	112	-86%	-86%
Other long-term employee benefits	384	390	2%	84	115	-58	-150%	-169%
Termination benefits	29	36	24%	20	0	36		80%
Redundancy payments	12	26		12	3	0	-100%	-100%
Loans provided to companies owned by the management[1] (normal course of business)	56,508	62,971	11%	56,508	60,398	62,971	4%	11%
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)	3,743	3,692	-1%	3,743	3,775	3,692	-2%	-1%
Commitments to extend credit and guarantees	38,652	37,809	-2%	38,652	37,622	37,809	0%	-2%
Loans provided to unconsolidated subsidiaries	4,484	5,136	15%	4,484	4,863	5,136	6%	15%

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

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

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value	
			2017	2018
Leverage, consolidated[9]	The leverage ratio is calculated pursuant to Article 429 of CRR. The calculation of the indicator is designed quarterly by the Bank for the prudential consolidation scope.	The leverage ratio shall be calculated as an institution's capital measure divided by that institution's total exposure measure and shall be expressed as a percentage. Example for 2018: $\frac{1,297,641.6}{15,554,946.1} = 8.3\%$ Example for 2017: $\frac{1,298,038.8}{13,996,323.6} = 9.3\%$	9.3%	8.3%
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 2018: $\frac{4,425,092.3}{2,607,550.6-471,671.1} = 207\%$ Example for 2017: $\frac{4,151,327.0}{2,468,832.1-471,411.1} = 208\%$	208%	207%

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

[9] Based on the prudential consolidation scope, which is different from the consolidation scope used in this report.

<table>
<tr><th rowspan="2">Alternative performance measures name</th><th rowspan="2">Description</th><th rowspan="2">Calculation
(data in HUF million)</th><th colspan="2">Measures value</th></tr>
<tr><th>2017</th><th>2018</th></tr>
<tr><td>Net loan to deposit ratio, consolidated</td><td>The net loan to deposit ratio is the indicator for assessing the bank's liquidity position.</td><td>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 2018:

$\frac{8,066,591.1}{11,273,740.6} = 71.6\%$

Example for 2017:

$\frac{6,987,833.6}{10,218,796.3} = 68.4\%$</td><td>68.4%</td><td>71.6%</td></tr>
<tr><td>ROE (accounting), consolidated</td><td>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.</td><td>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 2018:

$\frac{318,321.7}{1,703,881.0} = 18.7\%$

Example for 2017:

$\frac{281,339.4}{1,518,598.6} = 18.5\%$</td><td>18.5%</td><td>18.7%</td></tr>
</table>

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	4Q 2017	1Q 2018	2Q 2018	3Q 2018	4Q 2018
Gross customer loans (incl. accrued interest receivables related to loans)	7,726,631	7,896,670	8,537,138	8,651,985	8,751,955
(-) Accrued interest receivables related to DPD90+ loans	36,212	40,576	35,274	35,307	32,613
Gross customer loans (incl. accrued interest receivables related to loans) (adjusted)	7,690,419	7,856,093	8,501,864	8,616,678	8,719,342
Allowances for loan losses	-738,797	-794,510	-799,292	-743,952	-685,364
(-) Allocated provision on accrued interest receivables related to DPD90+ loans	-36,212	-40,576	-35,274	-35,307	-32,613
Allowances for loan losses (adjusted)	-702,585	-753,934	-764,018	-708,646	-652,751

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

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

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

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

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

(4) From 3Q 2010 the result and balance sheet of OTP Factoring Bulgaria EAD was included.

(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) Banco Popolare Croatia was consolidated into OBH's results from 2Q 2014. Splitska banka was consolidated into OBH's results from 2Q 2017.

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

(9) From 2Q 2010 the statement of recognised income and balance sheet of OTP Faktoring SRL was included. 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. (merged into CKB Bank in 4Q 2018).

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

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

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

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

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

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

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

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

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

Adjustments:

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

  Beside the Slovakian banking levy, the total amount of the special banking tax includes and the Slovakian Deposit Protection Fund contributions being introduced again in 2014, and the contribution into the Resolution Fund in Slovakia, too. The special banking tax, however, does not include the special tax levied on the result of investment services in the year of 2017 in Hungary, this item is presented among the operating expenses.
- 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 and losses on real estate transactions, Net insurance result (appearing in the accounting P&L structure from 3Q 2017), Gains and losses on derivative instruments, and Gains and losses on non-trading loans mandatorily at fair value through profit or loss lines, but without the above mentioned income from the release of pre-acquisition provisions and without received cash transfers. However other non-interest expenses stemming from non-financial activities are added to the adjusted net other non-interest income line, therefore the latter incorporates the net amount of other non-interest income from non-financial activities.
- From 2Q 2014 OTP Bank's share in the change in the shareholders' equity of companies consolidated with equity method is reclassified from the After tax dividends and net cash transfers line to the Net other non-interest result (adj.) without one-offs line. Furthermore, received cash transfers within the framework of the subsidy programme targeting the expansion of POS network in Hungary were reclassified from the After tax dividends and net cash transfers line to the Net other non-interest result (adj.) without one-offs line.
- Other provisions are separated from other expenses and shown on a separate line in the adjusted profit or loss statement.
- Other administrative expenses have been adjusted in the following way in order to create a category comprising administrative cost items exclusively. Other costs and expenses and other non-interest expenses were included into the adjusted Other non-interest expenses. At the same time, the following cost items were excluded from adjusted other non-interest expenses: paid cash transfers – except for movie subsidies and cash transfers to public benefit organisations – ,Other other non-interest expenses stemming from non-financial activities, and special tax on financial institutions.
- Tax deductible transfers (offset against corporate taxes) paid by Hungarian group members from 3Q 2012 were reclassified from Other non-interest expenses to Corporate income tax. As a result, the net P&L effect of these transfers (i.e. the paid transfer less the related corporate tax allowances) is recognised in the corporate income tax line of the adjusted P&L. The amount of tax deductible transfers offset against the special tax on financial institutions is shown on a net base on the special tax on financial institutions line.
- The financial transaction tax paid from the beginning of 2013 in Hungary is reclassified from other (administrative) expenses to net fee and commission income, both on consolidated and OTP Core level.
- OTP Group is hedging the revaluation result of the FX provisions on its FX loans and interest claims by keeping hedging open FX positions. In the accounting statement of recognized income, the revaluation of FX provisions is part of the risk costs (within line "Provision for loan losses"), other provisions and net interest income lines, whereas the revaluation result of the hedging open FX positions is made through other non-interest income (within line "Foreign exchange result, net"). The two items have the same absolute amount but an opposite sign. As an adjustment to the accounting statement of income, these items are eliminated from the adjusted P&L. By modifying only the structure of the income statement, this correction does not have any impact on the bottom line net profits.
- The Compensation Fund (established in Hungary in order to indemnify the victims of Quaestor and Hungarian Securities Ltd.) contributions booked from 1Q 2017 are recognized on the Other administrative expenses line of the accounting income statement, and are presented on the financial transaction tax and 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, the effect of acquisitions, and the initial NPV gain on the monetary policy interest rate swap (MIRS) deals.
- Within the report, FX-adjusted statistics for business volume developments and their product breakdown are disclosed, too. For FX adjustment, the closing cross currency rates for the current period were used to calculate the HUF equivalent of loan and deposit volumes in the base periods. Thus the FX-adjusted volumes will be different from those published earlier.

ADJUSTMENTS OF CONSOLIDATED IFRS P&L LINES

in HUF million	1Q 17	2Q 17	3Q 17	4Q 17 Audited	2017 Audited	1Q 18	2Q 18	3Q 18	4Q 18 Preliminary	2018 Preliminary
Net interest income	**135,080**	**137,987**	**138,961**	**141,727**	**553,755**	**145,004**	**146,795**	**154,722**	**178,203**	**624,723**
(-) Revaluation result of FX provisions	343	-319	123	43	190	9	-19	-18	-16	-44
(+) 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	-20	-103	-202	46	176	-137	-116
(-) 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	955	5,961	956	772	837	775	3,340
(-) Effect of acquisitions			660	187	847	222	211	188	174	795
(-) Initial NPV gain on the monetary policy interest rate swap (MIRS) deals									20,685	20,685
Net interest income (adj.)	**132,180**	**136,925**	**137,026**	**140,523**	**546,654**	**143,614**	**145,877**	**153,892**	**156,448**	**599,832**
Net fees and commissions	**58,572**	**64,941**	**65,890**	**71,791**	**261,193**	**64,459**	**69,721**	**71,637**	**71,858**	**277,675**
(+) Financial Transaction Tax	-14,022	-11,189	-12,841	-13,718	-51,770	-14,880	-12,988	-13,823	-15,267	-56,958
(-) Effect of acquisitions		-5	0	0	-5	0	0	0	-14	-14
Net fees and commissions (adj.)	**44,549**	**53,757**	**53,049**	**58,073**	**209,428**	**49,579**	**56,733**	**57,814**	**56,605**	**220,731**
Foreign exchange result	**2,913**	**2,168**	**4,767**	**6,731**	**16,579**	**3,460**	**8,980**	**16,961**	**4,757**	**34,158**
(-) Revaluation result of FX positions hedging the revaluation of FX provisions	-1,923	-4,243	-874	2,690	-4,350	-3,605	2,978	4,635	-855	3,153
(-) 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	86	-814	-173	-1,935	3,633	-4,122	-2,598
(-) Effect of acquisitions	0	122	0	0	122	0	0	0	34	34
Foreign exchange result (adj.)	**5,004**	**6,185**	**6,478**	**3,955**	**21,622**	**7,238**	**7,937**	**8,693**	**9,700**	**33,568**
Gain/loss on securities, net	**1,677**	**3,115**	**1,737**	**1,401**	**7,930**	**-1,066**	**228**	**981**	**1,200**	**1,344**
Gain/loss on securities, net (adj.) with one-offs	**1,677**	**3,115**	**1,737**	**1,401**	**7,930**	**-1,066**	**228**	**981**	**1,200**	**1,344**
(-) Revaluation result of the treasury share swap agreement (booked as Gain on securities, net (adj.) at OTP Core)	-42	-198	996	106	862	-1,845	178	636	-86	-1,117
Gain/loss on securities, net (adj.) without one-offs	**1,719**	**3,312**	**741**	**1,295**	**7,068**	**779**	**50**	**345**	**1,287**	**2,461**
Gains and losses on real estate transactions	**897**	**630**	**156**	**410**	**2,093**	**574**	**712**	**423**	**181**	**1,890**
(+) Other non-interest income	**5,622**	**20,523**	**8,827**	**27,996**	**62,968**	**9,595**	**7,230**	**13,279**	**6,755**	**36,859**
(+) Gains and losses on derivative instruments	**-263**	**596**	**1,631**	**3,328**	**5,291**	**976**	**5,020**	**-2,707**	**3,169**	**6,458**
(+) Net insurance result			**159**	**250**	**410**	**200**	**210**	**154**	**109**	**673**
(+) Losses on loans measured mandatorily at fair value through other comprehensive income and on securities at amortized cost						**-127**	**27**	**9**	**688**	**597**
(-) Received cash transfers	1	1	572	9	584	144	2	343	86	575
(+) Received cash transfers within the framework of the subsidy programme targeting the expansion of POS network in Hungary			560	0	560	142		338	0	480
(-) Non-interest income from the release of pre-acquisition provisions	116	2,764	4,183	2,687	9,750	5,495	1,338	5,038	1,637	13,507
(+) Other other non-interest expenses	-1,044	-1,061	-866	-6,695	-9,666	-732	-674	-3,482	-1,650	-6,537
(+) Change in shareholders' equity of companies consolidated with equity method	32	-149	459	71	413	-232	-48	661	-134	246
(-) Effect of acquisitions	0	14,228	275	17,768	32,271	1	21	-10	-12	0
(-) 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	-106	712	-29	1,982	-3,457	3,985	2,482
(-) One-off impact of regulatory changes related to CHF consumer contracts in Croatia	-36	-6	-8	-4	-54	0	0	-11	-15	-26
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	-58	-233	-206	134	-363	-174	-73	-42	-86	-375
(-) Impact of fines imposed by the Hungarian Competition Authority	194	0	0	0	194	0	0	0	0	0
(-) Netting of refunds related to legal cases (accounted for on the Net other non-interest result line) with the release of provisions created earlier for these cases (accounted for on the Other provisions line) from 1Q 2017 at OTP Bank Romania	-325	-539	-201	-134	-1,200	-165	-137	-118	-210	-630
Net other non-interest result (adj.) with one-offs	**5,304**	**4,342**	**5,524**	**5,006**	**20,175**	**5,124**	**9,344**	**6,933**	**3,733**	**25,134**
(-) 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**	**5,006**	**20,175**	**5,124**	**9,344**	**6,933**	**3,733**	**25,134**

in HUF million	1Q 17	2Q 17	3Q 17	4Q 17 Audited	2017 Audited	1Q 18	2Q 18	3Q 18	4Q 18 Preliminary	2018 Preliminary
Provision for impairment on loan and placement losses	**-11,737**	**-5,965**	**-5,614**	**-17,532**	**-40,848**	**-3,482**	**-5,172**	**-14,106**	**-16,527**	**-39,287**
(+) Non-interest income from the release of pre-acquisition provisions	116	2,764	4,183	2,687	9,750	5,495	1,338	5,038	1,637	13,507
(-) Revaluation result of FX provisions	1,558	4,558	757	-2,728	4,144	3,590	-2,924	-4,621	868	-3,088
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	-95	-148	-189	2,209	1,777	-50	-45	33	26	-37
(+) 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	955	5,961	956	772	837	775	3,340
(-) Effect of acquisitions									-33	-33
Provision for impairment on loan and placement losses (adj.)	**-10,647**	**-6,145**	**-896**	**-13,371**	**-31,058**	**-570**	**-93**	**-3,643**	**-14,976**	**-19,283**
Dividend income	**171**	**3,142**	**748**	**90**	**4,152**	**-99**	**5,235**	**710**	**-110**	**5,736**
(+) Received cash transfers	1	1	572	9	584	144	2	343	86	575
(+) Paid cash transfers	-494	-398	-645	-9,959	-11,496	-4,817	-537	-387	-3,724	-9,465
(-) Sponsorships, subsidies and cash transfers to public benefit organisations	-492	-398	-645	-9,960	-11,495	-4,811	-535	-358	-3,745	-9,449
(-) Received cash transfers within the framework of the subsidy programme targeting the expansion of POS network in Hungary			560	0	560	142		338	0	480
(-) Dividend income of swap counterparty shares kept under the treasury share swap agreement	0	3,082	0	0	3,082	0	5,111	0	0	5,111
(-) Change in shareholders' equity of companies consolidated with equity method	32	-149	459	71	413	-232	-48	661	-134	246
After tax dividends and net cash transfers	**139**	**209**	**302**	**30**	**680**	**129**	**172**	**26**	**131**	**457**
Depreciation	**-9,722**	**-12,054**	**-13,897**	**-13,819**	**-49,493**	**-12,244**	**-13,197**	**-17,867**	**-14,129**	**-57,437**
(-) Goodwill impairment charges	0	0	0	-504	-504	0	-229	-5,732	0	-5,962
(-) Effect of acquisitions		-627	-940	-940	-2,507	-940	-683	-586	-1,056	-3,266
Depreciation (adj.)	**-9,722**	**-11,427**	**-12,957**	**-12,376**	**-46,482**	**-11,304**	**-12,284**	**-11,549**	**-13,073**	**-48,210**
Personnel expenses	**-49,560**	**-53,438**	**-53,831**	**-57,057**	**-213,886**	**-57,813**	**-60,818**	**-60,603**	**-71,808**	**-251,041**
(-) Effect of acquisitions	0	-7	-4	-276	-287	-215	-340	-277	-762	-1,594
Personnel expenses (adj.)	**-49,560**	**-53,432**	**-53,827**	**-56,780**	**-213,599**	**-57,598**	**-60,478**	**-60,325**	**-71,047**	**-249,447**
Income taxes	**-7,525**	**-12,312**	**-9,232**	**-12,434**	**-41,503**	**-10,467**	**-9,941**	**-11,078**	**-2,351**	**-33,837**
(-) Corporate tax impact of goodwill/investment impairment charges	512	-782	-189	-5,102	-5,561	0	705	0	528	1,233
(-) Corporate tax impact of the special tax on financial institutions	1,423	46	46	47	1,561	1,417	48	48	49	1,562
(+) Tax deductible transfers (offset against corporate taxes)	0	-45	0	-2,117	-2,162	1,353	0	0	-3,409	-2,057
(-) Corporate tax impact of the effect of fines imposed by the Hungarian Competition Authority	-17	0	0	0	-17	0	0	0	0	0
(-) Corporate tax impact of the effect of acquisitions	0	439	215	-2,952	-2,298	-101	200	213	261	573
(-) Corporate tax impact of the initial NPV gain on the monetary policy interest rate swap (MIRS) deals									-1,862	-1,862
Corporate income tax (adj.)	**-9,442**	**-12,060**	**-9,304**	**-6,544**	**-37,350**	**-10,430**	**-10,893**	**-11,339**	**-4,737**	**-37,400**
Other operating expense	**-3,667**	**-16,067**	**-5,420**	**-26,076**	**-51,230**	**-5,131**	**-4,060**	**-4,358**	**-11,837**	**-25,386**
(-) Other costs and expenses	-838	-964	-1,149	-2,844	-5,795	-1,058	-1,093	-3,651	-1,349	-7,152
(-) Other non-interest expenses	-1,538	-1,459	-1,511	-16,654	-21,162	-5,549	-1,211	-3,868	-5,374	-16,002
(-) Effect of acquisitions	0	-10,884	0	1,380	-9,504	1,799	0	-93	-100	1,606
(-) Revaluation result of FX provisions	22	4	-6	-4	16	6	-35	5	3	-21
(-) One-off impact of regulatory changes related to CHF consumer contracts in Croatia	36	6	8	4	54	0	0	11	15	26
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	153	380	395	-2,343	-1,414	225	118	9	60	411
(-) 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	134	1,200	165	137	118	210	630
Other provisions (adj.)	**-1,828**	**-3,688**	**-3,359**	**-5,749**	**-14,624**	**-719**	**-1,976**	**1,111**	**-5,301**	**-6,885**
Other administrative expenses	**-69,598**	**-52,567**	**-55,554**	**-58,353**	**-236,072**	**-68,789**	**-61,451**	**-62,224**	**-72,340**	**-264,804**
(+) Other costs and expenses	-838	-964	-1,149	-2,844	-5,795	-1,058	-1,093	-3,651	-1,349	-7,152
(+) Other non-interest expenses	-1,538	-1,459	-1,511	-16,654	-21,162	-5,549	-1,211	-3,868	-5,374	-16,002
(-) Paid cash transfers	-494	-398	-645	-9,959	-11,496	-4,817	-537	-387	-3,724	-9,465

in HUF million	1Q 17	2Q 17	3Q 17	4Q 17 Audited	2017 Audited	1Q 18	2Q 18	3Q 18	4Q 18 Preliminary	2018 Preliminary
(+) Film subsidies and cash transfers to public benefit organisations	-492	-398	-645	-9,960	-11,495	-4,811	-535	-358	-3,745	-9,449
(-) Other other non-interest expenses	-1,044	-1,061	-866	-6,695	-9,666	-732	-674	-3,482	-1,650	-6,537
(-) Special tax on financial institutions (recognised as other administrative expenses)	-16,153	-215	-208	-218	-16,794	-16,142	-235	-232	-239	-16,848
(-) Tax deductible transfers (offset against corporate taxes)	0	-45	0	-2,117	-2,162	1,353	0	0	-3,409	-2,057
(-) Financial Transaction Tax	-14,022	-11,189	-12,841	-13,718	-51,770	-14,880	-12,988	-13,823	-15,267	-56,958
(-) Effect of acquisitions		-84	-362	-486	-931	-384	-1,228	-864	-2,469	-4,945
Other non-interest expenses (adj.)	**-40,753**	**-42,397**	**-43,937**	**-54,618**	**-181,706**	**-44,604**	**-48,629**	**-49,879**	**-56,050**	**-199,161**

OTP Bank Plc.
Postal address: P.O.Box: 501 Budapest H-1876 Hungary
Phone: +36 1 473 5460
Fax: +36 1 473 5951
E-mail: investor.relations@otpbank.hu
Internet: www.otpbank.hu