OTP Bank Plc.

Half-year Financial Report
First half 2018 result

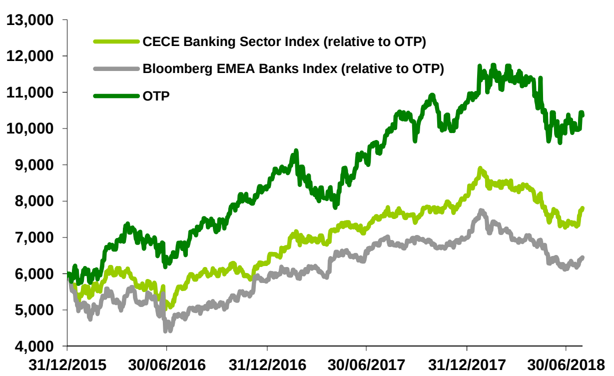
(English translation of the original report submitted to the Budapest Stock Exchange)

Budapest, 10 August 2018

CONSOLIDATED FINANCIAL HIGHLIGHTS[1] AND SHARE DATA

Main components of the Statement of recognised income in HUF million	1H 2017	1H 2018	Y-o-Y	2Q 2017	1Q 2018	2Q 2018	Q-o-Q	Y-o-Y
Consolidated after tax profit	**133,556**	**154,570**	**16%**	**80,697**	**65,050**	**89,520**	**38%**	**11%**
Adjustments (total)	**-11,462**	**-15,573**	**36%**	**2,440**	**-14,216**	**-1,358**	**-90%**	**-156%**
Consolidated adjusted after tax profit without the effect of adjustments	**145,019**	**170,144**	**17%**	**78,257**	**79,266**	**90,878**	**15%**	**16%**
Pre-tax profit	166,521	191,467	15%	90,317	89,696	101,771	13%	13%
Operating profit	185,986	191,381	3%	97,265	92,830	98,551	6%	1%
Total income	393,277	426,277	8%	204,521	206,335	219,942	7%	8%
Net interest income	269,106	289,491	8%	136,925	143,614	145,877	2%	7%
Net fees and commissions	98,306	106,312	8%	53,757	49,579	56,733	14%	6%
Other net non-interest income	25,865	30,473	18%	13,839	13,142	17,332	32%	25%
Operating expenses	-207,291	-234,896	13%	-107,256	-113,505	-121,391	7%	13%
Total risk costs	-22,308	-3,358	-85%	-9,833	-1,289	-2,069	60%	-79%
One off items	2,843	3,444	21%	2,885	-1,845	5,289	-387%	83%
Corporate taxes	-21,502	-21,324	-1%	-12,060	-10,430	-10,893	4%	-10%
Main components of balance sheet closing balances in HUF million	**2017**	**1H 2018**	**YTD**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
Total assets	13,190,228	14,213,426	8%	12,145,924	13,511,182	14,213,426	5%	17%
Total customer loans (net, FX adjusted)	**7,254,499**	**7,737,846**	**7%**	**6,748,277**	**7,343,144**	**7,737,846**	**5%**	**15%**
Total customer loans (gross, FX adjusted)	**7,993,967**	**8,501,864**	**6%**	**7,657,140**	**8,134,945**	**8,501,864**	**5%**	**11%**
Allowances for possible loan losses (FX adjusted)	-739,469	-764,018	3%	-908,863	-791,801	-764,018	-4%	-16%
Total customer deposits (FX adjusted)	**10,591,360**	**10,870,394**	**3%**	**9,501,321**	**10,717,791**	**10,870,394**	**1%**	**14%**
Issued securities	250,320	305,109	22%	258,139	258,602	305,109	18%	18%
Subordinated loans	76,028	83,513	10%	76,464	75,266	83,513	11%	9%
Total shareholders' equity	1,640,055	1,707,376	4%	1,496,262	1,592,448	1,707,376	7%	14%
Indicators based on adjusted earnings	**1H 2017**	**1H 2018**	**Y-o-Y**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
ROE (from accounting net earnings)	18.5%	19.1%	0.6%p	22.0%	16.2%	21.9%	5.8%p	0.0%p
ROE (from accounting net earnings, on 12.5% CET1 ratio)	22.3%	23.0%	0.7%p	26.1%	19.2%	26.9%	7.7%p	0.8%p
ROE (from adjusted net earnings)	20.1%	21.0%	0.9%p	21.3%	19.7%	22.3%	2.6%p	1.0%p
ROA (from adjusted net earnings)	2.6%	2.5%	0.0%p	2.7%	2.4%	2.7%	0.2%p	0.0%p
Operating profit margin	3.27%	2.85%	-0.42%p	3.31%	2.83%	2.87%	0.05%p	-0.44%p
Total income margin	6.92%	6.35%	-0.56%p	6.97%	6.28%	6.41%	0.13%p	-0.55%p
Net interest margin	4.73%	4.31%	-0.42%p	4.66%	4.37%	4.25%	-0.12%p	-0.41%p
Cost-to-asset ratio	3.65%	3.50%	-0.15%p	3.65%	3.46%	3.54%	0.08%p	-0.11%p
Cost/income ratio	52.7%	55.1%	2.4%p	52.4%	55.0%	55.2%	0.2%p	2.8%p
Risk cost to average gross loans	0.50%	0.02%	-0.48%p	0.35%	0.03%	0.00%	-0.03%p	-0.35%p
Total risk cost-to-asset ratio	0.39%	0.05%	-0.34%p	0.33%	0.04%	0.06%	0.02%p	-0.27%p
Effective tax rate	12.9%	11.1%	-1.8%p	13.4%	11.6%	10.7%	-0.9%p	-2.6%p
Net loan/(deposit+retail bond) ratio (FX adjusted)	71%	71%	1%p	71%	69%	71%	3%p	1%p
Capital adequacy ratio (consolidated, IFRS) - Basel3	16.3%	16.5%	0.3%p	16.3%	16.9%	16.5%	-0.4%p	0.3%p
Tier1 ratio - Basel3	14.1%	14.6%	0.5%p	14.1%	15.0%	14.6%	-0.4%p	0.5%p
Common Equity Tier 1 ('CET1') ratio - Basel3	14.1%	14.6%	0.5%p	14.1%	15.0%	14.6%	-0.4%p	0.5%p
Share Data	**1H 2017**	**1H 2018**	**Y-o-Y**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
EPS diluted (HUF) (from unadjusted net earnings)	510	590	16%	308	248	342	38%	11%
EPS diluted (HUF) (from adjusted net earnings)	554	650	17%	299	303	347	15%	16%
Closing price (HUF)	9,050	10,210	13%	9,050	11,420	10,210	-11%	13%
Highest closing price (HUF)	9,396	11,750	25%	9,340	11,750	11,590	-1%	24%
Lowest closing price (HUF)	7,815	9,600	23%	7,815	10,790	9,600	-11%	23%
Market Capitalization (EUR billion)	8.2	8.7	6%	8.2	10.2	8.7	-15%	6%
Book Value Per Share (HUF)	5,344	6,098	14%	5,344	5,687	6,098	7%	14%
Tangible Book Value Per Share (HUF)	4,730	5,472	16%	4,730	5,074	5,472	8%	16%
Price/Book Value	1.7	1.7	-1%	1.7	2.0	1.7	-17%	-1%
Price/Tangible Book Value	1.9	1.9	-2%	1.9	2.3	1.9	-17%	-2%
P/E (trailing, from accounting net earnings)	11.0	9.5	-14%	11.0	10.9	9.5	-13%	-14%
P/E (trailing, from adjusted net earnings)	10.5	9.2	-12%	10.5	10.8	9.2	-14%	-12%
Average daily turnover (EUR million)	15	18	14%	16	17	18	8%	13%
Average daily turnover (million share)	0.6	0.5	-7%	0.6	0.5	0.6	20%	-5%

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.

HALF-YEAR FINANCIAL REPORT – OTP BANK'S RESULTS FOR FIRST HALF 2018

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

SUMMARY OF THE FIRST HALF AND SECOND QUARTER 2018

In 2018 the dynamic, stable and balanced growth of the Hungarian economy has continued. According to the statistics published on 5 June 2018 the 1Q GDP expanded by 4.4% representing one of the fastest growth pace in the European Union. For the rest of the year such steady growth dynamics may remain intact; the Government expects an average 4.3% GDP increase for 2018.

On 20 July 2018 the Hungarian Parliament approved the 2019 budget with the following key targets: 4.1% annual GDP growth rate, 1.8% budget deficit and 2.7% average inflation. The primary goal of the budget is to secure stability, further reduction in public debt-to-GDP rate and improve competiveness.

On 10 July NBH submitted a 180 points proposal to the National Competiveness Council with the aim of securing a sustainable economic growth of 4-4.5% over a longer period of time; the Central Bank proposed wide range of reform measures for achieving this target.

Stable fundamentals coupled with all-time low unemployment rate (April-June 2018: 3.6%) and the real wage growth exceeding 9% ytd have positively influenced the borrowing activity of households: according to Central Bank statistics housing loan contractual volumes expanded by 24% y-o-y until May 2018, while newly originated consumer loan volumes surged by 43%, respectively. For the same period of time new corporate disbursement increased by 12%. In line with the Central Bank's targets the share of mortgage loans with a fixation period over one year has been steadily growing and by May it already exceeded 80%. Within the context of macroprudential fine-tuning on 18 June 2018 the Central Bank announced new payment-to-income limits (for details see: OTP Core standalone section).

The Forint hovering within a relatively narrow range until recently has started weakening from May and by the end of 2Q it dropped to a two-year record low level against EUR (328.6). Simultaneously, the Hungarian yield curve has moved up substantially: during the May-June period the 5 and 10 year Government bond yields widened by an average 100 and 70 bps, respectively. However, fundamentally, there were no reasons for such an adverse development neither in case of HUF, nor for the government yields: the current account balance has been showing a surplus for quite a while, a gross external debt to GDP dropped from 100% to 35% over the last couple of years. Since then both the HUF and local yields have corrected.

The 1Q GDP statistics showed an overall positive picture about the CEE local economies: countries enjoy stable economic growth, the current account balances have been improving and the low interest rate environment coupled with relatively benign loan penetration levels induced decent lending activities. At the same time tight labour market conditions resulted in wage inflation over the whole region.

The new and more stringent sanctions against Russia announced on 6 April resulted in a significant RUB weakening, its 2Q closing rate against USD demonstrated a q-o-q 8.6% erosion. Since then the RUB has been stable. The local currency got support from the oil price being steadily above 70 USD/barrel in 2Q, as well as from the monetary policy of the Central Bank putting rate cuts temporary on hold and rather preferring decent real interest rates. The official growth estimation for 2018 was somewhat scaled back (from 2.1% to 1.9%) as a result of the announced higher VAT that may have a negative impact on local consumption. At the same time the financial position of households was positively affected by an average 8.5% real wage increase for the January-May period.

The Ukrainian currency ytd turned to be the most stable currency against USD, whereas several Emerging Markets currencies lost more than 10% of their values (the UAH weakened only by a mere 0.8% q-o-q against USD). 1Q GDP growth was 3.1% that exceeded the original market expectations.

Consolidated earnings: HUF 170.1 billion adjusted after tax profit in 1H (o/w 2Q: HUF 90.9 billion) with 1H net interest margin (4.31%) eroding by 6 bps compared to 4Q 2017, moderate risk cost and improving adjusted ROE

The 1H consolidated accounting profit was HUF 154.6 billion (+16% y-o-y).

In 1H adjustment items comprised -HUF 15.6 billion (after tax) of which -HUF 1.4 billion appeared within

2Q accounting profit (after tax). Out of them four items should be mentioned:

- -HUF 1.8 billion (after tax) acquisition effect related mainly to integration costs at Splitska banka and Vojvodjanska banka;
- -HUF 187 million related to the Slovakian banking tax;
- +HUF 476 million (after tax): tax effect related to the recognition and reversal of impairment charges booked in relation to investments in certain subsidiaries; also, at OTP Real Estate Lease there was a goodwill write-off;
- +HUF 172 million dividends and net cash transfers (after tax).

The accounting ROE was 21.9% in 2Q, thus the 1H ROE stood at 19.1% (+0.6 pp y-o-y).

As for the y-o-y development of particular P&L lines one should consider that only two months contribution of Splitska banka was booked in 1H 2017. Furthermore, in 1H the UAH and RUB average rate against HUF depreciated y-o-y by 9% and 11.4%, respectively.

In 1H 2018 the adjusted after-tax profit at OTP Group exceeded HUF 170 billion (+17% y-o-y). Net profit of OTP Core (HUF 95.4 billion) increased by 6% y-o-y and there was an improvement in the Ukrainian (HUF 11.3 billion), Romanian, Serbian and Montenegrin semi-annual net earnings, too. Despite the 5% y-o-y drop in the after-tax profit at DSK bank (HUF 24.1 billion) the Bulgarian operation is the second biggest profit contributor across the Group. The six months results of the Russian operation (HUF 12.8 billion) already reflects the performance of Touch Bank integrated into the Russian Bank in May. Touch Bank was presented as a separate virtual entity until 4Q 2017; its stand-alone loss for 1H 2018 amounted to HUF 2.9 billion. Without Touch Bank OTP Bank Russia could also demonstrate a y-o-y profit improvement. Out of all subsidiaries it was only the Slovakian one which suffered a marginal loss in 1H. With regard to the semi-annual performance of the Croatian operation two factors should be considered: in the base period Splitska banka's result was consolidated only from May 2017. Also, in 2Q 2018 further risk provisions were made towards a large Croatian corporate exposure. As a result, in 1H the Croatian operation posted HUF 12.2 billion net profit.

Within the Group the Ukrainian, Bulgarian and Russian operations excelled themselves with outstanding 1H ROEs (60.1%, 19.7% and 17.8%, respectively). In addition, Merkantil Bank and Car also demonstrated strong ROE (22.6%).

The profit contribution of foreign subsidiaries improved y-o-y (1H 2017: 33%, 1H 2018: 39%). As for the new Group members consolidated in 2017, Splitska banka posted HUF 6.6 billion in 1H 2018, whereas Vojvodjanska banka made HUF 1.2 billion.

1H total income increased dynamically (+8% y-o-y). Within total income the net interest income (HUF 289.5 billion) improved by 8% y-o-y, while the net fee and commission income (HUF 106.3 billion) grew by 8%. Without the acquisitions total income would have grown organically by 2%, net interest income by 1.4% and net fee and commission income by 2%.

1H consolidated total income margin (6.35%) eroded by 15 bps, whereas the 1H net interest margin (4.31%) melted down by 6 bps compared to 4Q 2017 level. Most of the Group members suffered margin erosion for the first six months, a more meaningful one in Bulgaria, Croatia and Serbia. At the same time the Russian, Ukrainian and Montenegrin margins improved for the same period. OTP Core posted a y-o-y 28 bps net interest margin drop in 1H.

The net interest margin was shaped mainly by the prevailing interest rate environment in particular geographies. In 1H the Ukrainian and Romanian policy rates increased by 75 bps, while in Hungary the yield curve moved up significantly. As for other Group members, rates either stayed flat (Slovakia, Bulgaria, Croatia, and Montenegro) or declined (both in Serbia and Russia by 50 bps). Furthermore, the overall intensifying competition, and also the ongoing asset repricing in Bulgaria had a negative impact on margins.

Operating expenses for the first six months grew by 13% y-o-y, adjusted for the acquisition impact of Splitska and Vojvodjanska banka the increase would be 6% y-o-y.

In 2Q 2018 OTP Group realized HUF 90.9 billion after-tax profit (+16% y-o-y, +15% q-o-q), the highest ever quarterly adjusted profit in its history. The consolidated adjusted ROE increased to 22.3% (+2.6 pps q-o-q), thus 1H ROE was 21%.

Key components of the quarterly improvement: the operating profit grew by HUF 5.7 billion, in the meantime total risk cost (-HUF 2.1 billion) had only a moderate q-o-q increase in absolute terms. Furthermore, within one-off revenues, the impact of the revaluation result of the MOL-OTP treasury share swap agreement explains HUF 7.1 billion from the q-o-q earnings dynamics.

The q-o-q HUF 13.6 billion expansion of total income comfortably exceeded the quarterly increase of operating costs (HUF 7.9 billion).

Within 2Q total income the net interest income grew by 7% y-o-y (+2% q-o-q). While the 2Q net interest margin kept further eroding (4.25%), the increase in performing loan volumes could offset that effect and the net interest income grew by HUF 2.3 billion q-o-q. The net fee and commission income surged by 14% q-o-q partly due to lower base as a result of one-offs in 1Q (see: OTP Core section). Stronger fees and commissions were also supported by seasonality.

Other net non-interest income jumped by 32% q-o-q on the back of strong FX gains, but also due to increasing revenues from asset sales and a technical change added HUF 1.4 billion to that line, too. (The income and expense on certain intragroup services weren't netted out starting from 2Q 2018, simultaneously all the netted amounts for 1Q have been reversed.)

The q-o-q 7% increase in operating expenses was induced by practically all major cost elements: personnel expenses grew by 5%, administrative costs by 9%, respectively with marketing expenses supporting business activity almost doubling q-o-q. Also, the above mentioned technical change on the intragroup services added HUF 0.8 billion to the overall q-o-q cost increase.

Furthermore, the HUF weakened against all currencies during 2Q, but the RUB which also pushed up cost volumes in HUF terms. FX-adjusted operating costs q-o-q increased by 6.4%.

One of the most apparent evidences of the supportive macroeconomic environment is the steady improvement of the credit profile. On one hand the DPD90+ ratio dropped to 8.9%, lower level was last seen in 2Q 2009. Furthermore, the DPD90+ volume growth (adjusted for FX and the effect of sales and write-offs) reached only HUF 8.2 billion (1Q: HUF 7.3 billion) versus the quarterly average of HUF 12.7 billion in 2017 (HUF 7.6 billion without the acquisition impact). The volume of Stage 3 exposure amounted to HUF 903 billion at the end of 2Q (10.6% of gross loans). Stage 2 exposures represented 7.3% of the gross loan volumes (HUF 617 billion).

2Q total risk costs amounted to -HUF 2.1 billion. The consolidated risk cost for loan losses was practically zero. In the course of 2Q risk cost improved the bottom line earnings at OTP Core, DSK and CKB. At the same time, in line with the management guidance, partly due to the base effect related to the seasonality of lending, risk costs increased q-o-q at the Russian operation. Furthermore, an additional risk provision towards a large Croatian corporate exposure also increased risk costs. The higher provision at the Romanian operation is the result of deteriorating growth expectations.

The other important consequence of the favourable operating environment and low interest rates is the continuing and even accelerating increase of the performing loan volumes: in 2Q the FX-adjusted DPD0-90 loan book advanced by 5% q-o-q, as a result in 1H the performing portfolio grew by HUF 556 billion (+8% ytd). Similar to the previous quarter, all credit segments realized volume increase. In absolute terms the biggest volume increase was posted in the large corporate segment followed by the municipality and consumer loan segment. Performing mortgage volumes grew by 2% q-o-q.

As for the major Group members, performing exposures q-o-q expanded by 6% at OTP Core, by 3% at OTP Russia and DSK Bank and by 10% at OTP Ukraine, respectively. Positive volume trends were reasoned by strong disbursement activity supported by higher marketing spending. Within the 2Q selling activity across the Group the Ukrainian and Russian consumer loan disbursement was outstanding (+89% and 30% y-o-y), as well as the Romanian, Croatian and Serbian cash loan origination (+14, 18 and 23% y-o-y), all in local currencies. In case of Croatia and Serbia such good performance was also supported by the wider distribution channels as a result of acquisitions.

The FX-adjusted deposit portfolio grew by HUF 281 billion ytd. The strongest deposit inflow was registered at OTP Core and DSK Bank, whereas the Ukrainian subsidiary suffered a moderate outflow during the last six months.

It was positive that the net loan/(deposit + retail bonds) ratio increased by 3 pps q-o-q and pierced 71%.

Consolidated and stand-alone capital adequacy ratio (in accordance with BASEL III)

By the end of June 2018 the consolidated Common Equity Tier1 ratio under IFRS was 14.6% (-0.4 pp q-o-q and +0.5 pp y-o-y).

Neither the quarterly net result was included, nor was the accrued dividend amount deducted from the regulatory capital when calculating the IFRS consolidated capital adequacy ratios. Including those items the 2Q CET1 ratio would be 16.0% (+0.4 pp q-o-q).

Credit rating, shareholder structure

During 2Q 2018 there was no change in the existing credit ratings of OTP Bank and OTP Mortgage Bank. Accordingly, OTP Bank Plc.'s long term local-currency deposit rating is 'Baa3' by Moody's with stable outlook. OTP Mortgage Bank's HUF issuer rating was similar and their covered bond carried a rating of 'Baa1'. Since Moody's introduced a new rating category, according to its announcement of 18 June 2018, both OTP Bank Plc. and OTP Mortgage Bank Ltd. were assigned a 'Baa1' long-term counterparty risk rating. According to S&P Global OTP Bank an OTP Mortgage Bank had a rating of 'BBB-' the outlook is stable. S&P Global's resolution counterparty rating (RCR) for both entities are 'BBB-'. From Dagong Global OTP Bank has a 'BBB+' rating, the outlook is stable. OTP Bank Russia has a 'BB' rating by Fitch, the outlook is stable.

Regarding the ownership structure of the Bank, by 30 June 2018 the following investors had more than 5% influence (voting rights) in the Company: MOL (the Hungarian Oil and Gas Company, 8.66%), the Kafijat Ltd (8.01%), OPUS Securities SA (5.23%) and Groupama Group (5.17%).

POST BALANCE SHEET EVENTS

Hungary

- On 3 July 2018 Minister of Finance Mihály Varga announced that the currently applied 5% VAT for newly built houses introduced from 1 January 2016 will be again 27% in line with the original plans effective from 1 January 2020.
- On 24 July 2018 Gergely Gulyás, the Minister of the Prime Minister's Office announced that the amount of CSOK (Housing Subsidy for Families) will be increased in settlements with less than 5,000 inhabitants. Neither the concrete amount, nor the effective date of the change has been announced yet.
- On 1 August 2018 OTP Bank signed an acquisition agreement on purchasing 88.89% shareholding of Banka Societe Generale Albania SH. A. the Albanian subsidiary of Société Générale Group.

Bulgaria

- On 1 August 2018 DSK Bank EAD, the Bulgarian subsidiary of OTP Bank signed an acquisition agreement on purchasing 99.74% shareholding of Societe Generale Expressbank AD (SGEB), the Bulgarian subsidiary of Société Générale Group, and other local subsidiaries held by SGEB.

Russia

- In response to the quick pace of consumer lending growth on 10 July 2018 the Central Bank of Russia (CBR) has decided to increase the risk weights on new consumer loans that will be issued after September 1, 2018. Risk weights will rise depending on the effective interest rate of the loan: 10-15% (from 100% risk weight to 130%), 15-20% (from 110% to 150%), 20-25% (from 120% to 180%), 25-30% (from 140% to 200%).

Ukraine

- The Board of the National Bank of Ukraine has decided to hike its key policy rate to 17.5% per annum, effective from 13 July 2018.
- On 24 July 2018 IMF has given its backing to Ukraine's revised plans for an anti-corruption court, fulfilling one condition for unlocking funds of $2 billion from the relief package to Kiev, which was frozen previously.

Croatia

- On 6 July 2018 Fitch Ratings has affirmed Croatia's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'BB+' and revised the Outlook to Positive from Stable.
- On 6 July 2018 the Zagreb Municipality Court published the details of settlement on Agrokor approved by its creditors on July 4 2018 and based on the agreement prepared by the Extraordinary Administration. Creditors voted in favour by 80.2% of total claims, but the settlement is not yet legally binding.

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

in HUF million	1H 2017	1H 2018	Y-o-Y	2Q 2017	1Q 2018	2Q 2018	Q-o-Q	Y-o-Y
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Banks total without one-off items[1]	138,161	162,722	18%	74,553	75,755	86,967	15%	17%
OTP CORE (Hungary)[2]	90,198	95,354	6%	49,351	39,095	56,259	44%	14%
Corporate Centre (after tax)[3]	1,391	2,717	95%	254	1,111	1,607	45%	532%
OTP Bank Russia[4]	15,050	12,828	-15%	7,497	7,205	5,623	-22%	-25%
Touch Bank (Russia)[5]	-3,820	-	-100%	-1,561	-	-		-100%
OTP Bank Ukraine[6]	5,817	11,283	94%	2,506	5,833	5,449	-7%	117%
DSK Bank (Bulgaria)[7]	25,372	24,131	-5%	11,982	11,258	12,872	14%	7%
OBR (Romania)[8]	861	1,368	59%	-447	1,504	-136	-109%	-70%
OTP banka Srbija (Serbia)[9]	-1,483	1,563	-205%	-1,476	573	990	73%	-167%
OBH (Croatia)[10]	5,094	12,240	140%	6,941	7,718	4,522	-41%	-35%
OBS (Slovakia)[11]	-308	-129	-58%	-398	770	-899	-217%	126%
CKB (Montenegro)[12]	-12	1,366		-94	688	678	-1%	-820%
Leasing	4,203	4,767	13%	2,150	2,473	2,294	-7%	7%
Merkantil Bank + Car, adj. (Hungary)[13]	3,425	3,199	-7%	1,483	1,648	1,551	-6%	5%
Foreign leasing companies (Croatia, Bulgaria, Romania, Serbia)[14]	778	1,568	102%	667	825	743	-10%	11%
Asset Management	2,207	2,071	-6%	1,121	1,221	850	-30%	-24%
OTP Asset Management (Hungary)	2,032	1,896	-7%	986	1,074	822	-23%	-17%
Foreign Asset Management Companies (Ukraine, Romania, Bulgaria)[15]	176	176	0%	135	147	28	-81%	-79%
Other Hungarian Subsidiaries	132	1,096	731%	127	41	1,055	2473%	733%
Other Foreign Subsidiaries (Slovakia, United Kingdom, Montenegro, Romania, Serbia, Croatia, Belize)[16]	-63	-41	-34%	-114	38	-80	-308%	-30%
Eliminations	379	-472	-225%	421	-263	-209	-21%	-150%
Total adjusted after tax profit of HUNGARIAN subsidiaries[17]	97,557	103,791	6%	52,621	42,706	61,085	43%	16%
Total adjusted after tax profit of FOREIGN subsidiaries[18]	47,462	66,352	40%	25,636	36,559	29,793	-19%	16%
Share of foreign profit contribution, %	33%	39%	19%	33%	46%	33%	-29%	0%

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

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

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME

Main components of the Statement of recognized income in HUF million	1H 2017	1H 2018	Y-o-Y	2Q 2017	1Q 2018	2Q 2018	Q-o-Q	Y-o-Y
Consolidated after tax profit	**133,556**	**154,570**	**16%**	**80,697**	**65,050**	**89,520**	**38%**	**11%**
Adjustments (total)	**-11,462**	**-15,573**	**36%**	**2,440**	**-14,216**	**-1,358**	**-90%**	**-156%**
Dividends and net cash transfers (after tax)	348	301	-13%	209	129	172	34%	-18%
Goodwill/investment impairment charges (after tax)	-270	476	-276%	-782	0	476		-161%
Special tax on financial institutions (after corporate income tax)	-14,899	-14,912	0%	-169	-14,725	-187	-99%	10%
Impact of fines imposed by the Hungarian Competition Authority (after tax)	177	0	-100%	0	0	0		
Effect of acquisitions (after tax)	3,182	-1,438	-145%	3,182	380	-1,819	-578%	-157%
Consolidated adjusted after tax profit without the effect of adjustments	**145,019**	**170,144**	**17%**	**78,257**	**79,266**	**90,878**	**15%**	**16%**
Before tax profit	**166,521**	**191,467**	**15%**	**90,317**	**89,696**	**101,771**	**13%**	**13%**
Operating profit	**185,986**	**191,381**	**3%**	**97,265**	**92,830**	**98,551**	**6%**	**1%**
Total income	**393,277**	**426,277**	**8%**	**204,521**	**206,335**	**219,942**	**7%**	**8%**
Net interest income	**269,106**	**289,491**	**8%**	**136,925**	**143,614**	**145,877**	**2%**	**7%**
Net fees and commissions	**98,306**	**106,312**	**8%**	**53,757**	**49,579**	**56,733**	**14%**	**6%**
Other net non-interest income	**25,865**	**30,473**	**18%**	**13,839**	**13,142**	**17,332**	**32%**	**25%**
Foreign exchange result, net	11,189	15,175	36%	6,185	7,238	7,937	10%	28%
Gain/loss on securities, net	5,031	829	-84%	3,312	779	50	-94%	-98%
Net other non-interest result	9,645	14,468	50%	4,342	5,124	9,344	82%	115%
Operating expenses	**-207,291**	**-234,896**	**13%**	**-107,256**	**-113,505**	**-121,391**	**7%**	**13%**
Personnel expenses	-102,991	-118,075	15%	-53,432	-57,598	-60,478	5%	13%
Depreciation	-21,150	-23,588	12%	-11,427	-11,304	-12,284	9%	8%
Other expenses	-83,150	-93,233	12%	-42,397	-44,604	-48,629	9%	15%
Total risk costs	**-22,308**	**-3,358**	**-85%**	**-9,833**	**-1,289**	**-2,069**	**60%**	**-79%**
Provision for loan losses	-16,791	-663	-96%	-6,145	-570	-93	-84%	-98%
Other provision	-5,517	-2,695	-51%	-3,688	-719	-1,976	175%	-46%
Total one-off items	**2,843**	**3,444**	**21%**	**2,885**	**-1,845**	**5,289**	**-387%**	**83%**
Gain on the repurchase of own Upper and Lower Tier2 Capital	0	0		0	0	0		
Result of the treasury share swap at OTP Core	2,843	3,444	21%	2,885	-1,845	5,289	-387%	83%
Corporate taxes	**-21,502**	**-21,324**	**-1%**	**-12,060**	**-10,430**	**-10,893**	**4%**	**-10%**
INDICATORS	1H 2017	1H 2018	Y-o-Y	2Q 2017	1Q 2018	2Q 2018	Q-o-Q	Y-o-Y
ROE (from accounting net earnings)	18.5%	19.1%	0.6%p	22.0%	16.2%	21.9%	5.8%p	0.0%p
ROE (from adjusted net earnings)	20.1%	21.0%	0.9%p	21.3%	19.7%	22.3%	2.6%p	1.0%p
ROA (from adjusted net earnings)	2.6%	2.5%	0.0%p	2.7%	2.4%	2.7%	0.2%p	0.0%p
Operating profit margin	3.27%	2.85%	-0.42%p	3.31%	2.83%	2.87%	0.05%p	-0.44%p
Total income margin	6.92%	6.35%	-0.56%p	6.97%	6.28%	6.41%	0.13%p	-0.55%p
Net interest margin	4.73%	4.31%	-0.42%p	4.66%	4.37%	4.25%	-0.12%p	-0.41%p
Net fee and commission margin	1.73%	1.58%	-0.14%p	1.83%	1.51%	1.65%	0.14%p	-0.18%p
Net other non-interest income margin	0.45%	0.45%	0.00%p	0.47%	0.40%	0.51%	0.11%p	0.03%p
Cost-to-asset ratio	3.65%	3.50%	-0.15%p	3.65%	3.46%	3.54%	0.08%p	-0.11%p
Cost/income ratio	52.7%	55.1%	2.4%p	52.4%	55.0%	55.2%	0.2%p	2.8%p
Risk cost for loan losses-to-average gross loans	0.50%	0.02%	-0.48%p	0.35%	0.03%	0.00%	-0.03%p	-0.35%p
Total risk cost-to-asset ratio	0.39%	0.05%	-0.34%p	0.33%	0.04%	0.06%	0.02%p	-0.27%p
Effective tax rate	12.9%	11.1%	-1.8%p	13.4%	11.6%	10.7%	-0.9%p	-2.6%p
Non-interest income/total income	32%	32%	1%p	33%	30%	34%	3%p	1%p
EPS base (HUF) (from unadjusted net earnings)	510	590	16%	308	248	342	38%	11%
EPS diluted (HUF) (from unadjusted net earnings)	510	590	16%	308	248	342	38%	11%
EPS base (HUF) (from adjusted net earnings)	554	650	17%	299	303	347	15%	16%
EPS diluted (HUF) (from adjusted net earnings)	554	650	17%	299	303	347	15%	16%
Comprehensive Income Statement	1H 2017	1H 2018	Y-o-Y	2Q 2017	1Q 2018	2Q 2018	Q-o-Q	Y-o-Y
Consolidated after tax profit	133,556	154,570	16%	80,697	65,050	89,520	38%	11%
Fair value changes of financial instruments measured at fair value through other comprehensive income	8,155	-22,021	-370%	3,185	-4,224	-17,797	321%	-659%
Fair value adjustment of derivative financial instruments designated as cash-flow hedge	0	33		0	1	32		
Net investment hedge in foreign operations	465	-5,276		-78	-705	-4,571	548%	
Foreign currency translation difference	-12,738	52,604	-513%	-23,474	4,277	48,327		-306%
Change of actuarial costs (IAS 19)	0	0		0	0	0		
Net comprehensive income	**129,439**	**179,911**	**39%**	**60,331**	**64,398**	**115,513**	**79%**	**91%**
o/w Net comprehensive income attributable to equity holders	129,432	179,736	39%	60,542	64,362	115,374	79%	91%
Net comprehensive income attributable to non-controlling interest	7	175		-211	36	139	286%	-166%
Average exchange rate of the HUF (in forint)	1H 2017	1H 2018	Y-o-Y	2Q 2017	1Q 2018	2Q 2018	Q-o-Q	Y-o-Y
HUF/EUR	309	311	1%	312	312	311	0%	0%
HUF/CHF	289	267	-8%	285	268	267	0%	-6%
HUF/USD	290	253	-13%	280	265	253	-4%	-10%

CONSOLIDATED BALANCE SHEET

Main components of balance sheet in HUF million	2Q 2017	4Q 2017	1Q 2018	2Q 2018	Q-o-Q	Y-o-Y	YTD
TOTAL ASSETS	**12,145,924**	**13,190,228**	**13,511,182**	**14,213,426**	**5%**	**17%**	**8%**
Cash and amount due from banks	1,038,507	1,198,046	1,264,606	1,181,072	-7%	14%	-1%
Placements with other banks	447,376	462,180	460,641	629,013	37%	41%	36%
Financial assets at fair value	226,909	344,417	307,136	331,545	8%	46%	-4%
Securities available-for-sale	1,967,950	2,174,718	2,104,417	1,925,895	-8%	-2%	-11%
Net customer loans	6,530,352	6,987,834	7,102,159	7,737,846	9%	18%	11%
Net customer loans (FX adjusted[1])	**6,748,277**	**7,254,499**	**7,343,144**	**7,737,846**	**5%**	**15%**	**7%**
Gross customer loans	7,410,711	7,690,419	7,856,093	8,501,864	8%	15%	11%
Gross customer loans (FX adjusted[1])	**7,657,140**	**7,993,967**	**8,134,945**	**8,501,864**	**5%**	**11%**	**6%**
o/w Retail loans	4,845,730	5,031,595	5,106,072	5,215,019	2%	8%	4%
Retail mortgage loans (incl. home equity)	2,509,363	2,522,137	2,524,188	2,548,112	1%	2%	1%
Retail consumer loans	1,762,467	1,943,076	1,988,716	2,042,422	3%	16%	5%
SME loans	573,899	566,382	593,169	624,485	5%	9%	10%
Corporate loans	2,518,398	2,691,427	2,750,100	2,983,752	8%	18%	11%
Loans to medium and large corporates	2,280,051	2,481,121	2,518,716	2,679,949	6%	18%	8%
Municipal loans	238,347	210,306	231,384	303,803	31%	27%	44%
Car financing loans	256,776	270,787	278,773	303,093	9%	18%	12%
Bills and accrued interest receivables related to loans	36,237	158	0	0	0%	-100%	-100%
Allowances for loan losses	-880,359	-702,585	-753,934	-764,018	1%	-13%	9%
Equity investments	10,311	12,269	16,913	18,672	10%	81%	52%
Securities held-to-maturity	1,231,992	1,310,331	1,537,619	1,649,681	7%	34%	26%
Premises, equipment and intangible assets, net	381,927	413,389	410,638	422,300	3%	11%	2%
o/w Goodwill, net	102,044	100,976	100,318	102,279	2%	0%	1%
Premises, equipment and other intangible assets, net	279,883	312,414	310,320	320,021	3%	14%	2%
Other assets	310,599	287,044	307,051	317,403	3%	2%	11%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**12,145,924**	**13,190,228**	**13,511,182**	**14,213,426**	**5%**	**17%**	**8%**
Liabilities to credit institutions and governments	534,254	472,068	537,682	600,048	12%	12%	27%
Customer deposits	9,215,539	10,233,471	10,385,228	10,870,394	5%	18%	6%
Customer deposits (FX adjusted[1])	**9,501,321**	**10,591,360**	**10,717,791**	**10,870,394**	**1%**	**14%**	**3%**
o/w Retail deposits	6,998,587	7,532,865	7,689,253	7,881,591	3%	13%	5%
Household deposits	5,888,895	6,305,929	6,413,854	6,556,987	2%	11%	4%
SME deposits	1,109,692	1,226,936	1,275,399	1,324,604	4%	19%	8%
Corporate deposits	2,486,028	3,043,821	3,016,013	2,976,578	-1%	20%	-2%
Deposits to medium and large corporates	1,962,804	2,349,501	2,248,178	2,260,337	1%	15%	-4%
Municipal deposits	523,224	694,320	767,835	716,241	-7%	37%	3%
Accrued interest payable related to customer deposits	16,706	14,675	12,524	12,225	-2%	-27%	-17%
Issued securities	258,139	250,320	258,602	305,109	18%	18%	22%
o/w Retail bonds	10,368	6,500	6,038	6,539	8%	-37%	1%
Issued securities without retail bonds	247,771	243,821	252,564	298,571	18%	21%	22%
Other liabilities	565,266	518,286	661,957	646,985	-2%	14%	25%
Subordinated bonds and loans[2]	76,464	76,028	75,266	83,513	11%	9%	10%
Total shareholders' equity	**1,496,262**	**1,640,055**	**1,592,448**	**1,707,376**	**7%**	**14%**	**4%**
Indicators	2Q 2017	4Q 2017	1Q 2018	2Q 2018	Q-o-Q	Y-o-Y	YTD
Loan/deposit ratio (FX adjusted[1])	80%	76%	76%	78%	2%p	-2%p	3%p
Net loan/(deposit + retail bond) ratio (FX adjusted[1])	71%	69%	69%	71%	3%p	1%p	3%p
Stage 3 loan volume under IFRS 9			960,509	903,925	-6%		
Stage 3 loans under IFRS9/gross customer loans			12.2%	10.6%	-1.6%p	10.6%p	11%
Stage 2 loan volume under IFRS 9				616,708			
Stage 2 loans under IFRS9/gross customer loans				7.3%			
90+ days past due loan volume	900,638	707,211	696,882	692,521	-1%	-23%	-2%
90+ days past due loans/gross customer loans	12.2%	9.2%	8.9%	8.1%	-0.7%p	-4.1%p	-1.1%p
Total provisions/90+ days past due loans	97.7%	99.3%	108.2%	110.3%	2.1%p	12.6%p	11.0%p
Consolidated capital adequacy - Basel3	2Q 2017	4Q 2017	1Q 2018	2Q 2018	Q-o-Q	Y-o-Y	YTD
Capital adequacy ratio (consolidated, IFRS)	16.3%	14.6%	16.9%	16.5%	-0.4%p	0.3%p	1.9%p
Tier1 ratio	14.1%	12.7%	15.0%	14.6%	-0.4%p	0.5%p	2.0%p
Common Equity Tier 1 ('CET1') capital ratio	14.1%	12.7%	15.0%	14.6%	-0.4%p	0.5%p	2.0%p
Regulatory capital (consolidated)	1,227,883	1,228,628	1,454,460	1,488,071	2%	21%	21%
o/w Tier1 Capital	1,061,477	1,062,701	1,288,998	1,314,371	2%	24%	24%
o/w Common Equity Tier 1 capital	1,061,477	1,062,701	1,288,998	1,314,371	2%	24%	24%
Tier2 Capital	166,406	165,927	165,463	173,700	5%	4%	5%
o/w Hybrid Tier2	89,935	89,935	89,935	89,935	0%	0%	0%
Consolidated risk weighted assets (RWA) (Credit&Market&Operational risk)	7,545,318	8,389,920	8,582,683	8,991,613	5%	19%	7%
o/w RWA (Credit risk)	6,154,700	6,795,559	6,980,967	7,549,528	8%	23%	11%
RWA (Market & Operational risk)	1,390,618	1,594,361	1,601,716	1,442,085	-10%	4%	-10%
Closing exchange rate of the HUF (in forint)	2Q 2017	4Q 2017	1Q 2018	2Q 2018	Q-o-Q	Y-o-Y	YTD
HUF/EUR	309	310	313	329	5%	6%	6%
HUF/CHF	283	265	265	284	7%	1%	7%
HUF/USD	271	259	254	282	11%	4%	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	1H 2017	1H 2018	Y-o-Y	2Q 2017	1Q 2018	2Q 2018	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	90,198	95,354	6%	49,351	39,095	56,259	44%	14%
Corporate income tax	-11,544	-8,141	-29%	-6,365	-3,526	-4,616	31%	-27%
Pre-tax profit	101,742	103,495	2%	55,716	42,621	60,874	43%	9%
Operating profit	81,382	79,132	-3%	43,348	37,961	41,171	8%	-5%
Total income	183,120	187,100	2%	95,194	89,539	97,562	9%	2%
Net interest income	116,280	119,510	3%	58,694	59,506	60,004	1%	2%
Net fees and commissions	54,154	53,024	-2%	29,905	23,840	29,184	22%	-2%
Other net non-interest income	12,685	14,567	15%	6,594	6,193	8,374	35%	27%
Operating expenses	-101,738	-107,969	6%	-51,845	-51,578	-56,390	9%	9%
Total risk costs	17,518	20,920	19%	9,482	6,505	14,414	122%	52%
Provisions for possible loan losses	16,061	23,973	49%	9,073	7,706	16,267	111%	79%
Other provisions	1,456	-3,053	-310%	409	-1,200	-1,853	54%	-553%
Total one-off items	2,843	3,444	21%	2,885	-1,845	5,289	-387%	83%
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	2,843	3,444	21%	2,885	-1,845	5,289	-387%	83%
Indicators	**1H 2017**	**1H 2018**	**Y-o-Y**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
ROE	13.8%	13.2%	-0.5%p	14.9%	10.8%	15.7%	4.9%p	0.8%p
ROA	2.6%	2.4%	-0.1%p	2.7%	2.0%	2.8%	0.8%p	0.0%p
Operating profit margin	2.3%	2.0%	-0.3%p	2.4%	2.0%	2.0%	0.1%p	-0.4%p
Total income margin	5.18%	4.72%	-0.46%p	5.30%	4.60%	4.83%	0.22%p	-0.47%p
Net interest margin	3.29%	3.01%	-0.28%p	3.27%	3.06%	2.97%	-0.09%p	-0.30%p
Net fee and commission margin	1.53%	1.34%	-0.19%p	1.66%	1.23%	1.44%	0.22%p	-0.22%p
Net other non-interest income margin	0.36%	0.37%	0.01%p	0.37%	0.32%	0.41%	0.10%p	0.05%p
Operating costs to total assets ratio	2.9%	2.7%	-0.2%p	2.9%	2.7%	2.8%	0.1%p	-0.1%p
Cost/income ratio	55.6%	57.7%	2.1%p	54.5%	57.6%	57.8%	0.2%p	3.3%p
Cost of risk/average gross loans[1]	-1.21%	-1.68%	-0.47%p	-1.35%	-1.10%	-2.24%	-1.13%p	-0.89%p
Effective tax rate	11.3%	7.9%	-3.5%p	11.4%	8.3%	7.6%	-0.7%p	-3.8%p

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

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

Main components of balance sheet closing balances in HUF mn	2Q 2017	4Q 2017	1Q 2018	2Q 2018	Q-o-Q	Y-o-Y	YTD
Total Assets	7,250,346	7,704,135	8,037,659	8,239,391	3%	14%	7%
Net customer loans	2,542,500	2,634,920	2,681,001	2,860,243	7%	12%	9%
Net customer loans (FX adjusted)	**2,562,890**	**2,659,632**	**2,701,622**	**2,860,243**	**6%**	**12%**	**8%**
Gross customer loans	2,727,902	2,793,871	2,852,776	3,025,251	6%	11%	8%
Gross customer loans (FX adjusted)	**2,750,625**	**2,821,215**	**2,876,015**	**3,025,251**	**5%**	**10%**	**7%**
Retail loans	1,801,296	1,823,578	1,845,575	1,889,400	2%	5%	4%
Retail mortgage loans (incl. home equity)	1,275,199	1,275,723	1,278,245	1,293,440	1%	1%	1%
Retail consumer loans	352,418	372,011	383,625	399,383	4%	13%	7%
SME loans	173,679	175,843	183,706	196,577	7%	13%	12%
Corporate loans	949,330	997,638	1,030,440	1,135,851	10%	20%	14%
Loans to medium and large corporates	907,477	961,834	982,476	1,054,861	7%	16%	10%
Municipal loans	41,853	35,804	47,964	80,990	69%	94%	126%
Provisions	-185,402	-158,951	-171,775	-165,009	-4%	-11%	4%
Provisions (FX adjusted)	**-187,736**	**-161,584**	**-174,394**	**-165,009**	**-5%**	**-12%**	**2%**
Deposits from customers + retail bonds	4,899,449	5,388,080	5,576,136	5,671,379	2%	16%	5%
Deposits from customers + retail bonds (FX adjusted)	**4,949,327**	**5,447,597**	**5,640,662**	**5,671,379**	**1%**	**15%**	**4%**
Retail deposits + retail bonds	3,371,863	3,515,312	3,672,769	3,784,462	3%	12%	8%
Household deposits + retail bonds	2,767,267	2,854,636	2,968,633	3,061,872	3%	11%	7%
o/w: Retail bonds	10,368	6,500	6,038	6,539	8%	-37%	1%
SME deposits	604,596	660,676	704,136	722,590	3%	20%	9%
Corporate deposits	1,577,464	1,932,285	1,967,893	1,886,917	-4%	20%	-2%
Deposits to medium and large corporates	1,111,293	1,312,761	1,279,862	1,259,477	-2%	13%	-4%
Municipal deposits	466,172	619,525	688,031	627,440	-9%	35%	1%
Liabilities to credit institutions	326,917	285,539	314,015	364,291	16%	11%	28%
Issued securities without retail bonds	302,779	288,799	299,451	342,875	15%	13%	19%
Total shareholders' equity	1,351,524	1,430,256	1,422,547	1,454,014	2%	8%	2%
Loan Quality	2Q 2017	4Q 2017	1Q 2018	2Q 2018	Q-o-Q	Y-o-Y	YTD
Stage 3 loan volume under IFRS 9 (in HUF million)			257,516	251,318	-2.4%		
Stage 3 loans under IFRS 9/gross customer loans (%)			9.0%	8.3%	-0.7%p		
90+ days past due loan volume (in HUF million)	226,526	179,618	175,935	167,341	-5%	-26%	-6.8%
90+ days past due loans/gross customer loans (%)	8.3%	6.4%	6.2%	5.5%	-0.6%p	-2.8%p	-0.9%p
Total provisions/90+ days past due loans (%)	81.8%	88.5%	97.6%	98.6%	1.0%p	16.8%p	10.1%p
Market Share	2Q 2017	4Q 2017	1Q 2018	2Q 2018	Q-o-Q	Y-o-Y	YTD
Loans	20.7%	20.6%	20.8%	21.1%	0.3%p	0.4%p	0.5%p
Deposits	24.7%	26.1%	26.2%	25.9%	-0.3%p	1.2%p	-0.2%p
Total Assets	25.1%	25.7%	26.3%	25.4%	-0.9%p	0.3%p	-0.2%p
Performance Indicators	2Q 2017	4Q 2017	1Q 2018	2Q 2018	Q-o-Q	Y-o-Y	YTD
Net loans to (deposits + retail bonds) (FX adjusted)	52%	49%	48%	50%	3%p	2%p	2%p
Leverage (closing Shareholder's Equity/Total Assets)	18.6%	18.6%	17.7%	17.6%	-0.1%p	-0.9%p	-0.9%p
Leverage (closing Total Assets/Shareholder's Equity)	5.4x	5.4x	5.7x	5.7x	0.0x	0.3x	0.3x
Capital adequacy ratio (OTP Bank, non-consolidated, Basel3, IFRS)	30.7%	31.4%	31.8%	30.6%	-1.3%p	-0.1%p	-0.8%p
Common Equity Tier 1 ratio (OTP Bank, non-consolidated, Basel3, IFRS)	28.1%	29.0%	29.5%	28.2%	-1.3%p	0.2%p	-0.8%p

- ***1H 2018 adjusted profit after tax of OTP Core reached HUF 95.4 billion (+6% y-o-y). In 2Q the highest quarterly net result of the past several years was achieved (HUF 56.3 billion)***
- ***The q-o-q improving 2Q profit (+44%) was shaped by higher positive risk costs, surging net fee revenues and the result of the treasury share swap agreement***
- ***Continuing q-o-q erosion of net interest margin***
- ***Further diminishing DPD90+ ratio***
- ***Performing loan growth reached 13% y-o-y and 6% q-o-q (FX-adjusted), with the corporate segment being the engine of growth in both comparisons***
- ***Performing household loan growth also accelerated q-o-q: consumer loans expanded by 5%, mortgages by 2%. Within mortgages, housing loans posted a strong 8% growth over the last 12 months***
- ***Semi-annual mortgage loan disbursements soared by 35% y-o-y. Within new housing loan applications the share of fixed rate and within that, the proportion of certified consumer-friendly loans have been rising further***

P&L developments

Without the effect of adjustment items **OTP Core** posted an after tax profit of HUF 95.4 billion in 1H 2018, exceeding the base period by 6%. 2Q profit reached HUF 56.3 billion, up by 14% y-o-y and 44% q-o-q.

The semi-annual profit before tax improved by 2% y-o-y as a joint effect of 3% lower operating result and higher amount of positive risk costs.

It was favourable that semi-annual total income (without one-off items) went up by 2% y-o-y. Within that net interest income expanded by 3% y-o-y. Gross interest revenues benefited from dynamic organic loan volume growth, and the placement of additional liquidity generated by the deposit inflow. The 1H 2018 net interest margin (3.01%) declined by 28 bps compared to the base period; this was influenced by the continuing erosion of short-term reference rates used as benchmark rates for variable rate loans, too. The average semi-annual 3M BUBOR rate diminished by 14 bps y-o-y.

2Q net interest income grew q-o-q by 2%, which can partially be explained by the calendar effect. The accelerating loan growth was also supportive of the NII generation. On the other hand, the stock of government bonds and the realized interest revenues showed a quarterly decline. As for funding costs, deposit interest expenses remained stable over the last quarter, but the issuance of HUF 43.6 billion fixed interest rate covered bonds in April 2018 added HUF 0.2 billion to the interest expenditures in 2Q.

Short-term reference rates picked up in 2Q 2018: the average rate of 3M BUBOR edged up by 7 bps and the 6M BUBOR by 9 bps. The increase in the rate environment, however, did not generate materially higher interest revenues due to the time lag in the repricing of variable rate assets (variable rate mortgage loans are typically priced on the 3M BUBOR and floating rate corporate loans on the 6M BUBOR).

2Q NIM attrition amounted to 9 bps q-o-q.

The semi-annual net fee and commission income decreased by 2% y-o-y. On one hand, growing transactional turnover and volumes resulted in stronger card, deposit and transaction-related fee revenues. However, securities fee income moderated because the distribution fees on certain household targeted government bonds were reduced by the Government Debt Management Agency in two steps: from 17 July 2017 and February 2018.

In the second quarter net fees climbed by 22% or HUF 5.3 billion q-o-q. Apart from the intensifying business activity, the quarterly development was also explained by technical items. Firstly, similar to previous years, the financial transaction tax on card transactions had to be paid in a lump-sum in the first quarter for the whole year, based on the annual volume of previous year's transactions. This item amounted to HUF 1.6 billion in 1Q 2018 (similar to 1Q 2017). Secondly, the accounting of contributions payable into the Compensation Fund (established in order to indemnify the victims of Quaestor and Hungaria Securities Ltd.) and also the related tax deductions induced altogether HUF 2.3 billion q-o-q net fee income improvement[3]. The reduction of retail government bonds' distribution fees by the Government Debt Management Agency effective from mid-February was a drag on quarterly development of fee revenues, too.

The semi-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, but a technical item drove other revenues higher, too. Certain revenue and expenditure items

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

in relation to intragroup services were not eliminated on consolidation from 2Q 2018, and the eliminations booked in 1Q 2018 were reversed in 2Q 2018. This affected the q-o-q development of other income, net fee income and operating expenses at OTP Core, explaining HUF 0.6 billion q-o-q improvement in the other income. On the other hand, operating costs went up by HUF 0.5 and fee expenditures by HUF 0.1 billion (*ceteris paribus*).

The *Revaluation result of the treasury share swap agreement* showed among the one-off revenue items caused HUF 7.1 billion q-o-q improvement in OTP Core's before tax profit. On this line -HUF 1.8 billion negative revaluation result was recorded in 1Q 2018. The reason for this was that according to the structure of the swap agreement, the extraordinary dividend announced by MOL Plc. reduced that net present value component of the swap deal which relates to the dividends. The realization of the extraordinary dividend in 2Q 2018 neutralized the negative NPV-effect booked in 1Q. In 2Q 2018 both the extraordinary dividend (HUF 1.7 billion) and the normal dividend (HUF 3.4 billion) paid by MOL Plc. was presented on this line in the amount of altogether HUF 5.1 billion.

Semi-annual operating expenses increased by 6% y-o-y. Within that, the dynamics of personnel expenses was driven by base salary hikes in 2017 and further hikes in April 2018 in the network, and higher number of employees. 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). Amortization went up by 10%, whereas hardware and real estate-related expenses shaped administrative costs the most.

The q-o-q 9% increase in 2Q operating costs was mainly due to base salary hikes in the network from April, the further increasing headcount and higher marketing expenses and advisory costs, as well. Out of the q-o-q 9% cost increase 1%-point (HUF 0.5 billion) was attributable to the above mentioned change in the accounting of intragroup services (these are no longer netted off, but presented on a gross base from 2Q 2018 and the eliminations booked in 1Q were reversed, too).

On the total risk costs line a positive amount of HUF 20.9 billion was recognized in 1H 2018, 19% more than a year ago. 2Q total risk costs represented a positive amount of HUF 14.4 billion.

The DPD90+ volumes adjusted for FX rate movements and sales and write offs declined by HUF 2 billion in 1Q and HUF 3 billion in 2Q 2018 (the decline was HUF 5 billion in 2016 adjusted for the technical effect of the AXA portfolio take-over and HUF 14 billion in 2017, respectively). In 1H 2018 HUF 8.7 billion non-performing exposures were sold or written off, of which HUF 6.3 billion in 2Q. The DPD90+ ratio moderated by 0.6 pp q-o-q to 5.5%. The ratio of Stage 3 loans under IFRS 9 to total gross loans stood at 8.3% at the end of June (-0.7 pp q-o-q).

Balance sheet trends

The FX-adjusted gross loan portfolio increased by 10% y-o-y. However, due to the sales and write-offs of non-performing loans, the performing (DPD0-90) loan volume developments are more illustrative: performing loans advanced by 6% q-o-q, 8% ytd and 13% y-o-y (FX-adjusted).

Organic loan expansion was predominantly driven by corporate loan growth both in 2016 and 2017, and this trend continued in 2018, too. At the same time, household loan growth has been following an accelerating growth pattern, too. All in all, the structure of loan growth showed a more balanced picture, because in 2Q all major product segments exhibited a significant q-o-q growth: within the overall 6% q-o-q performing loan growth mortgages expanded by 2%, consumer loans by 5%, SME loans by 7%, whereas the total corporate book by 11% (within that the medium and large corporate loans by 8%).

Concerning mortgage loans, their stock has switched into growth mode from the second half of 2017: the performing mortgage volumes have grown q-o-q in every quarter since 3Q 2017. In 1Q 2018 the q-o-q expansion was 1%, followed by a 2% expansion in 2Q.

The outstanding stock of mortgage loans comprise three major product categories: housing loans (making up 75% of the total performing stock), home equities (or mortgage-backed consumer loans, 23%), and flat lease (1.3%). These three product segments are quite different in terms of their growth trends. Performing housing loan volumes show accelerating growth (+3% q-o-q, +8% y-o-y). On the contrary, home equity loans have been steadily dwindling (-2% q-o-q, -8% y-o-y) as the amortization exceeds new disbursements in the wake of waning popularity compared to the pre-crisis period. Flat lease volumes are also slightly contracting.

In the first six months mortgage loan applications at OTP Core represented HUF 182 billion (+30% y-o-y). New disbursements showed a 35% increase y-o-y. OTP Bank's market share in new mortgage loan contractual amounts reached 29.4% in 1H 2018, of which 2Q stood at 30.2%.

From October 2017 the share of fixed rate mortgages within total mortgage loan applications has been rising steadily and unambiguously. The proportion of fixed rate housing loans (with an interest rate fixation period of at least 5 years) within applications for non-subsidized housing loans reached 90% in June 2018, versus around 50% in 2017 as a whole. It is also positive that the popularity of mortgages with a repricing period of 10 years was getting closer and closer to that of 5 years fixed loans.

The gradually increasing share of certified customer-friendly mortgages is also noteworthy: their proportion within new fixed rate market-based housing loan applications stood at close to 70% in June 2018.

OTP Bank helps the Hungarian families realize their housing aims through its active participation in the Housing Subsidy Scheme for Families (CSOK), too. In 1H 2018 more than 6,400 applications for the CSOK subsidy were registered at OTP Bank with a value of HUF 21 billion. Applicants also combined CSOK subsidy with subsidized or market-based loan applications in the amount of HUF 30 billion.

Performing consumer loan volumes advanced by 18% y-o-y and 5% q-o-q (FX adjusted). Within that cash loan growth was outstanding: the quarterly growth reached 9%, whereas the yearly increase accelerated to 41%. OTP's market share in the cash loan volumes stood at 33.8% at the end of June. Card loans were also up (+2% q-o-q).

FX-adjusted deposit volumes (including retail bonds) increased by 15% y-o-y and by 1% q-o-q. The yearly growth was equally supported by household, SME and corporate expansion, while the quarterly growth was mainly propelled by the continued strong pace of household deposit growth, partially offset by outflows on the corporate side.

While the net loan to deposit ratio increased q-o-q and the balance sheet structure of the Hungarian base operation showed some improvement, the absolute level of the ratio (50%) can still be regarded as quite low.

As for the distribution of the liquidity reserves of the Bank, during the last twelve months there has been a shift towards longer duration Hungarian government securities, but the government bond holding of OTP Bank decreased in the course of the second quarter. At the end of June 2018 OTP kept HUF 17 billion in three-month central bank deposits.

The q-o-q increase in the volume of issued securities was reasoned by covered bond issuance by OTP Mortgage Bank in April: with a face value of around HUF 44 billion bonds were sold outside the Group with 5 year maturity and carrying a fixed 1.75% coupon.

Amendment of the debt brake rules

According to the announcement by the National Bank of Hungary published on 18 June 2018, the central bank decided to amend the regulation on the payment-to-income (PTI) ratio, in order to further promote the safer fixed rate mortgages.

Effective from 1 October 2018, in the case of taking out a new HUF denominated mortgage loan the debtor's total monthly debt service cannot exceed certain % of their regular net monthly income, as detailed by the table below.

PTI limits for HUF mortgages	Period of mortgage repricing		
	Less than 5Y	At least 5Y, but less than 10Y	At least 10Y
Under HUF 400 th monthly net income	25%	35%	50%
Over HUF 400 th monthly net income	30%	40%	60%

At the same time, the preferential weight of monthly instalments in the case of mortgages with at least 5Y repricing period will be repealed (currently only 85% of their monthly instalment must be included in the numerator in the PTI ratio).

Pursuant to the release, the central bank doesn't expect a major negative volume effect due to the changes, as borrowers aren't stretched typically from the income side.

From 1 July 2019 the decree will facilitate the higher PTI ratios for borrowers with more than HUF 500 thousand monthly net income, up from the current HUF 400 thousand.

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	1H 2017	1H 2018	Y-o-Y	2Q 2017	1Q 2018	2Q 2018	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	2,032	1,896	-7%	986	1,074	822	-23%	-17%
Income tax	-198	-195	-1%	-96	-107	-88	-18%	-8%
Profit before income tax	2,230	2,091	-6%	1,081	1,181	910	-23%	-16%
Operating profit	2,230	2,091	-6%	1,081	1,181	910	-23%	-16%
Total income	3,133	3,246	4%	1,595	1,698	1,547	-9%	-3%
Net interest income	0	0		0	0	0		
Net fees and commissions	3,168	3,237	2%	1,629	1,701	1,535	-10%	-6%
Other net non-interest income	-34	9	-126%	-35	-3	12		
Operating expenses	-903	-1,154	28%	-513	-517	-637	23%	24%
Other provisions	0	0		0	0	0		
Main components of balance sheet closing balances in HUF mn	**2017**	**1H 2018**	**YTD**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
Total assets	20,587	18,617	-10%	16,596	21,784	18,617	-15%	12%
Total shareholders' equity	17,958	12,253	-32%	11,721	18,952	12,253	-35%	5%
Asset under management in HUF bn	**2017**	**1H 2018**	**YTD**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
Assets under management, total (w/o duplicates)	**1,519**	**1,228**	**-19%**	**1,515**	**1,261**	**1,228**	**-3%**	**-19%**
Retail investment funds (closing, w/o duplicates)	942	876	-7%	971	912	876	-4%	-10%
Volume of managed assets (closing, w/o duplicates)	576	353	-39%	544	350	353	1%	-35%
Volume of investment funds (with duplicates)	1,180	1,127	-4%	1,176	1,160	1,127	-3%	-4%
money market	189	159	-16%	248	172	159	-8%	-36%
bond	295	257	-13%	335	294	257	-13%	-23%
mixed	56	62	11%	43	60	62	2%	45%
security	158	161	2%	138	158	161	2%	17%
guaranteed	49	38	-23%	51	44	38	-15%	-26%
other	434	452	4%	362	431	452	5%	25%

The OTP Fund Management achieved HUF 1.9 billion profit in 1H 2018 (-7% y-o-y), of which the 2Q after tax profit represents HUF 0.8 billion.

The erosion of 1H operating profit (-6% y-o-y) was a result of the 4% y-o-y increase of total income and the 28% y-o-y rise of the operating expenses. Semi-annual net fees and commissions increased by 2% y-o-y, supported by a shift towards higher fee-generating products.

Considering the whole market, in 1H 2018 the managed assets of BAMOSZ members increased.

In 2Q real estate funds, mixed funds and equity funds experienced increasing cash inflow, while money market funds, bond funds as well as guaranteed and total return funds suffered an outflow.

Assets under management at the Company decreased by 4% y-o-y and by 3% q-o-q in 2Q, respectively. The shift within different types of investment funds resembled pretty much the whole market during the quarter.

The market share of OTP Fund Management (without duplications) was 23.2%, lower by 0.5 pp 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	1H 2017	1H 2018	Y-o-Y	2Q 2017	1Q 2018	2Q 2018	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	3,425	3,199	-7%	1,483	1,648	1,551	-6%	5%
Income tax	-133	0		-77	0	0		
Profit before income tax	3,558	3,199	-10%	1,560	1,648	1,551	-6%	-1%
Operating profit	2,761	3,298	19%	1,216	1,786	1,513	-15%	24%
Total income	5,774	6,543	13%	2,765	3,269	3,274	0%	18%
Net interest income	5,575	6,321	13%	2,796	3,098	3,224	4%	15%
Net fees and commissions	-259	-68	-74%	-130	-30	-38	28%	-71%
Other net non-interest income	458	290	-37%	99	202	88	-56%	-11%
Operating expenses	-3,013	-3,245	8%	-1,549	-1,484	-1,761	19%	14%
Total provisions	796	-99		344	-137	38		-89%
Provision for possible loan losses	1,082	-88		523	-139	51		-90%
Other provision	-286	-11	-96%	-180	1	-12		-93%
Main components of balance sheet closing balances in HUF mn	**2017**	**1H 2018**	**YTD**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
Total assets	369,180	388,413	5%	357,751	376,903	388,413	3%	9%
Gross customer loans	292,925	309,098	6%	291,255	298,693	309,098	3%	6%
Gross customer loans (FX-adjusted)	294,426	309,098	5%	292,488	300,253	309,098	3%	6%
Retail loans	29,085	30,716	6%	28,596	28,640	30,716	7%	7%
Corporate loans	90,551	95,364	5%	86,719	96,068	95,364	-1%	10%
Car financing loans	174,791	183,018	5%	177,173	175,546	183,018	4%	3%
Allowances for possible loan losses	-21,000	-20,293	-3%	-35,758	-20,915	-20,293	-3%	-43%
Allowances for possible loan losses (FX-adjusted)	-21,049	-20,293	-4%	-35,788	-20,954	-20,293	-3%	-43%
Deposits from customers	20,799	18,370	-12%	25,911	19,473	18,370	-6%	-29%
Deposits from customer (FX-adjusted)	20,799	18,370	-12%	25,911	19,473	18,370	-6%	-29%
Retail deposits	19,250	16,009	-17%	23,176	17,706	16,009	-10%	-31%
Corporate deposits	1,549	2,361	52%	2,735	1,767	2,361	34%	-14%
Liabilities to credit institutions	303,371	325,407	7%	296,054	314,443	325,407	3%	10%
Total shareholders' equity	30,268	28,824	-5%	27,905	27,248	28,824	6%	3%
Loan Quality	**1H 2017**	**1H 2018**	**Y-o-Y**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
Stage 3 loan volume under IFRS 9 (in HUF million)		20,868			23,126	20,868	-10%	
Stage 3 loans under IFRS 9/gross customer loans (%)		6.8%			7.7%	6.8%	-1.0%p	
Cost of risk/average gross loans (%)	-0.77%	0.06%	0.83%p	-0.73%	0.19%	-0.07%	-0.26%p	0.66%p
90+ days past due loan volume (in HUF million)	31,904	16,739	-48%	31,904	17,298	16,739	-3%	-48%
90+ days past due loans/gross customer loans (%)	11.0%	5.4%	-5.5%p	11.0%	5.8%	5.4%	-0.4%p	-5.5%p
Total provisions/90+ days past due loans (%)	112.1%	121.2%	9.2%p	112.1%	120.9%	121.2%	0.3%p	9.2%p
Performance Indicators	**1H 2017**	**1H 2018**	**Y-o-Y**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
ROA	2.0%	1.7%	-0.2%p	1.7%	1.8%	1.6%	-0.2%p	-0.1%p
ROE	26.5%	22.6%	-3.9%p	22.0%	22.9%	22.3%	-0.6%p	0.3%p
Total income margin	3.31%	3.51%	0.20%p	3.13%	3.59%	3.43%	-0.16%p	0.30%p
Net interest margin	3.19%	3.39%	0.20%p	3.16%	3.40%	3.38%	-0.02%p	0.21%p
Cost/income ratio	52.2%	49.6%	-2.6%p	56.0%	45.4%	53.8%	8.4%p	-2.2%p

The **Merkantil Bank and Car** posted adjusted HUF 3.2 billion after tax profit of in 1H 2018. The y-o-y lower profit was mainly attributable to credit risk costs development: against provision releases in the base period, in 1H 2018 provisions were made. 2Q adjusted net earnings represented HUF 1.6 billion (-6% q-o-q).

In 1H the net interest income increased by 13% y-o-y, the expansion of performing loan volumes, as well as the higher net interest margin (+20 bps y-o-y) had a positive NII-effect.

Net fee and commission income in 1H dropped by 74% y-o-y as a result of lower distribution fees paid after certain deposit classes.

Operating expenses grew by 8% y-o-y. Higher 2Q expenses (+19% q-o-q) were reasoned by growing personnel expenses, higher marketing costs and contributions paid into the Resolution Fund (the annual fee was booked entirely in 2Q).

Credit quality trends remained positive: in 1Q 2018 DPD90+ volumes (adjusted for FX rate changes and sold and written off volumes) remained stable similar to previous quarters. The ratio of DPD90+ loans decreased by 5.5 pps y-o-y to 5.4% parallel with HUF 0.5 billion problem loans being sold or written off in 2Q. The volume of Stage 3 loans amounted to HUF 20.9 billion at the end of 2Q (6.8% of total gross loans, -1.0 pp q-o-q).

The FX-adjusted performing loan portfolio expanded by 12% on a yearly basis as a result of favourable disbursement dynamics. The volume of performing corporate exposures and car loans expanded by 11 and 14%, respectively on a yearly base. Total new loan origination surged by 35% y-o-y and by 42% q-o-q in 1H.

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

IFRS REPORTS OF THE MAIN SUBSIDIARIES

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

DSK GROUP (BULGARIA)

Performance of DSK Group:

Main components of P&L account in HUF mn	1H 2017	1H 2018	Y-o-Y	2Q 2017	1Q 2018	2Q 2018	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	25,372	24,131	-5%	11,982	11,258	12,872	14%	7%
Income tax	-2,896	-2,455	-15%	-1,400	-1,143	-1,312	15%	-6%
Profit before income tax	28,269	26,586	-6%	13,382	12,401	14,185	14%	6%
Operating profit	31,670	28,602	-10%	15,894	15,446	13,156	-15%	-17%
Total income	53,892	52,392	-3%	27,614	26,930	25,462	-5%	-8%
Net interest income	36,676	34,398	-6%	18,284	17,927	16,470	-8%	-10%
Net fees and commissions	13,325	14,321	7%	6,931	6,896	7,425	8%	7%
Other net non-interest income	3,891	3,673	-6%	2,400	2,107	1,567	-26%	-35%
Operating expenses	-22,222	-23,789	7%	-11,720	-11,484	-12,305	7%	5%
Total provisions	-3,402	-2,017	-41%	-2,512	-3,045	1,028	-134%	-141%
Provision for possible loan losses	375	-4,426		842	-4,183	-243	-94%	-129%
Other provision	-3,777	2,409	-164%	-3,354	1,138	1,271	12%	-138%
Main components of balance sheet closing balances in HUF mn	**2017**	**1H 2018**	**YTD**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
Total assets	1,925,740	2,101,200	9%	1,813,437	1,978,056	2,101,200	6%	16%
Gross customer loans	1,184,871	1,328,050	12%	1,159,451	1,223,884	1,328,050	9%	15%
Gross customer loans (FX-adjusted)	1,255,416	1,328,050	6%	1,233,460	1,286,736	1,328,050	3%	8%
Retail loans	876,582	920,683	5%	879,904	892,458	920,683	3%	5%
Corporate loans	378,834	407,367	8%	353,556	394,278	407,367	3%	15%
Allowances for possible loan losses	-109,137	-116,393	7%	-138,852	-110,035	-116,393	6%	-16%
Allowances for possible loan losses (FX-adjusted)	-115,634	-116,393	1%	-147,711	-115,683	-116,393	1%	-21%
Deposits from customers	1,626,924	1,774,908	9%	1,532,183	1,631,333	1,774,908	9%	16%
Deposits from customer (FX-adjusted)	1,726,115	1,774,908	3%	1,628,289	1,719,057	1,774,908	3%	9%
Retail deposits	1,541,300	1,607,805	4%	1,447,275	1,552,742	1,607,805	4%	11%
Corporate deposits	184,815	167,104	-10%	181,015	166,316	167,104	0%	-8%
Liabilities to credit institutions	4,802	46,349	865%	7,240	44,838	46,349	3%	540%
Total shareholders' equity	250,296	244,051	-2%	225,746	220,814	244,051	11%	8%
Loan Quality	**1H 2017**	**1H 2018**	**Y-o-Y**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
Stage 3 loan volume under IFRS 9 (in HUF million)		154,039			149,552	154,039	3%	
Stage 3 loans under IFRS 9/gross customer loans (%)		11.6%			12.2%	11.6%	-0.6%p	
Cost of risk/average gross loans (%)	-0.07%	0.71%	0.78%p	-0.29%	1.37%	0.08%	-1.30%p	0.37%p
90+ days past due loan volume (in HUF million)	128,439	100,297	-22%	128,439	94,426	100,297	6%	-22%
90+ days past due loans/gross customer loans (%)	11.1%	7.6%	-3.5%p	11.1%	7.7%	7.6%	-0.2%p	-3.5%p
Total provisions/90+ days past due loans (%)	108.1%	116.0%	7.9%p	108.1%	116.5%	116.0%	-0.5%p	7.9%p
Performance Indicators	**1H 2017**	**1H 2018**	**Y-o-Y**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
ROA	2.7%	2.4%	-0.3%p	2.6%	2.3%	2.6%	0.2%p	0.0%p
ROE	21.8%	19.7%	-2.1%p	21.8%	17.3%	22.4%	5.1%p	0.6%p
Total income margin	5.75%	5.30%	-0.46%p	5.90%	5.54%	5.06%	-0.48%p	-0.84%p
Net interest margin	3.91%	3.48%	-0.44%p	3.91%	3.69%	3.27%	-0.42%p	-0.64%p
Cost/income ratio	41.2%	45.4%	4.2%p	42.4%	42.6%	48.3%	5.7%p	5.9%p
Net loans to deposits (FX-adjusted)	67%	68%	2%p	67%	68%	68%	0%p	2%p
FX rates (in HUF)	**1H 2017**	**1H 2018**	**Y-o-Y**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
HUF/BGN (closing)	157.9	168.0	6%	157.9	159.8	168.0	5%	6%
HUF/BGN (average)	158.2	160.6	1%	158.4	159.0	162.0	2%	2%

- ***HUF 24.1 billion profit after tax in 1H (-5% y-o-y) as a result of moderating operating profit (-10%) and lower risk costs***
- ***In 2Q net interest margin dropped by 42 bps q-o-q due to a correction which lowered both net interest income and risk cost, adjusted to the correction the NIM would have eroded by 5 bps***
- ***Business activity strengthened: FX-adjusted performing loan portfolio grew by 12% y-o-y and 3.4% q-o-q supported by***

DSK Group posted an after tax profit of HUF 24.5 billion in 1H 2018 (-5% y-o-y), corresponding to an ROE of 20%. The 2Q profit totalled to HUF 12.9 billion (+14% q-o-q, +7% y-o-y). The development of individual P&L lines and performance indicators were influenced by a correction booked in 2Q 2018 related to the introduction of IFRS9: certain elements that were booked on the net interest income and provisions for possible loan losses lines earlier in 2018 were reversed by correction entries in 2Q. The correction is net earnings neutral, therefore it does not affect y-o-y P&L line dynamics for the 1H period, however, its one-off effect in 2Q was HUF -0.9 billion for NII and HUF +0.9 billion for risk cost. Thus the correction worsened the 2Q q-o-q NII dynamics by HUF 1.8 billion and improved the quarterly risk cost change by the same amount.

Operating profit for the first half year decreased by 10%, mainly due to the 3% drop of total income, but operating expenses also grew by 7%. 1H total income development was shaped by the 6% drop of NII and 7% increase of net F&C income, while other income diminished by 6%.

Net interest margin eroded y-o-y by 44 bps to 3.48 in 1H, mainly due to the ongoing asset repricing.

Net fee and commission income improved by 7% y-o-y, mainly as a result of deposits and transactions related income growth.

In 2Q net interest income dropped by 8%, due to the above mentioned correction – adjusted for the correction the NII would have improved by 1% q-o-q. Out of the 42 bps q-o-q NIM erosion the correction explains 37 bps, adjusted for that the NIM shrinkage would have been about 5 bps q-o-q. Net F&C income growth in 2Q (+8% q-o-q) was fuelled by the surging loan disbursements. Net other income dropped by 26% q-o-q mainly due to the base effect: gain was realised in 1Q due to revaluation of derivatives and securities portfolio.

Operating expenses in 1H grew by 7% y-o-y, within that personnel expenses surged by 14%. On one hand the average total headcount increased by 4% in 1H, within that average headcount in the headquarters grew by 11%. On the other, average wage growth was 7% at DSK in line with the national economy and financial sector average. Furthermore, marketing expense increased on the yearly basis as well as the fees paid to supervisory bodies (+13% y-o-y). Cost increasing elements were somewhat offset by the 10% drop of depreciation and the expert fees decreased y-o-y significantly, too. The 7% q-o-q operating expense growth in 2Q was composed of 4% personnel expense and 12% material cost increase, the latter was driven by the q-o-q doubling marketing expenses.

In the first half year risk cost totalled to HUF 2 billion (-41% y-o-y). As opposed to the base period there was a release on the other risk cost line partly due to closure of litigation cases. The 1H risk cost rate increased to 71 bps from the zero area in the base period, the worsening is mainly driven by the growth and worsening of consumer loan portfolio, as well as the higher provisioning level due to IFRS9 valuation. FX-adjusted DPD90+ volume excluding the impact of loan sales and write-offs increased q-o-q by HUF 1 billion, at the same time the DPD90+ ratio decreased by 0.1 pp to 7.6% (-3.5 pps y-o-y). Stage 3 loans stood at HUF 154 billion at end-2Q, which is 11.2% of total gross loans (-0.6 pp q-o-q).

As for the lending activity the second quarter of the year remained favourable: performing loans expanded q-o-q by 3.4% and grew by 12% y-o-y (FX-adjusted). Mortgage loan origination further improved q-o-q, thus the 1H originated volume exceeded the base period by 72% in local currency. Owing to that the performing mortgage loan portfolio grew by 12% y-o-y (+4% q-o-q). As for cash loans and point-of-sale loans the new origination grew further in local currency (2Q: +30% q-o-q, +63% y-o-y); performing consumer loans expanded by 3% q-o-q and 6% y-o-y, FX-adjusted.

Corporate and SME loans originated in 1H grew in BGN by 12% y-o-y. The performing corporate portfolio increased by 4% q-o-q and 18% in the last 12 months (FX-adjusted).

The FX-adjusted deposit base grew by 3% q-o-q, almost entirely due to the retail portfolio growth; on the yearly basis total deposits increased by 9%. As a favourable development, net loan-to-deposit ratio inched up on the quarterly basis (2Q: 68%).

OTP BANK RUSSIA

Performance of OTP Bank Russia:

Main components of P&L account in HUF mn	1H 2017	1H 2018	Y-o-Y	2Q 2017	1Q 2018	2Q 2018	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	15,050	12,828	-15%	7,497	7,205	5,623	-22%	-25%
Income tax	-4,172	-3,550	-15%	-1,954	-1,875	-1,675	-11%	-14%
Profit before income tax	19,222	16,378	-15%	9,451	9,080	7,298	-20%	-23%
Operating profit	38,855	32,588	-16%	19,224	16,416	16,172	-1%	-16%
Total income	65,399	62,918	-4%	32,552	31,539	31,379	-1%	-4%
Net interest income	53,192	49,985	-6%	26,099	25,213	24,772	-2%	-5%
Net fees and commissions	11,766	12,750	8%	6,103	6,238	6,513	4%	7%
Other net non-interest income	442	183	-59%	350	89	94	6%	-73%
Operating expenses	-26,545	-30,330	14%	-13,328	-15,123	-15,207	1%	14%
Total provisions	-19,632	-16,210	-17%	-9,773	-7,336	-8,874	21%	-9%
Provision for possible loan losses	-19,352	-14,893	-23%	-9,627	-6,645	-8,248	24%	-14%
Other provision	-280	-1,317	370%	-146	-691	-626	-9%	327%
Main components of balance sheet closing balances in HUF mn	**2017**	**1H 2018**	**YTD**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
Total assets	638,031	686,880	8%	562,014	628,782	686,880	9%	22%
Gross customer loans	531,280	579,087	9%	456,180	550,314	579,087	5%	27%
Gross customer loans (FX-adjusted)	533,874	579,087	8%	451,178	564,255	579,087	3%	28%
Retail loans	476,949	516,595	8%	404,321	499,499	516,595	3%	28%
Corporate loans	56,813	62,386	10%	45,716	64,647	62,386	-3%	36%
Car financing loans	111	106	-4%	1,142	109	106	-3%	-91%
Gross DPD0-90 customer loans (FX-adjusted)	449,485	490,650	9%	367,924	477,838	490,650	3%	33%
Retail loans	397,314	432,921	9%	326,675	417,860	432,921	4%	33%
Allowances for possible loan losses	-112,158	-123,676	10%	-106,793	-116,843	-123,676	6%	16%
Allowances for possible loan losses (FX-adjusted)	-112,870	-123,676	10%	-105,676	-120,009	-123,676	3%	17%
Deposits from customers	353,306	370,612	5%	297,334	339,884	370,612	9%	25%
Deposits from customer (FX-adjusted)	357,500	370,612	4%	295,550	349,979	370,612	6%	25%
Retail deposits	287,535	306,101	6%	253,001	296,343	306,101	3%	21%
Corporate deposits	69,965	64,511	-8%	42,549	53,637	64,511	20%	52%
Liabilities to credit institutions	100,404	101,533	1%	80,766	85,888	101,533	18%	26%
Issued securities	353	365	3%	698	366	365	0%	-48%
Subordinated debt	22,780	23,916	5%	23,379	22,486	23,916	6%	2%
Total shareholders' equity	135,213	156,997	16%	128,002	147,730	156,997	6%	23%
Loan Quality	**1H 2017**	**1H 2018**	**Y-o-Y**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
Stage 3 loan volume under IFRS 9 (in HUF million)		93,411			89,673	93,411	4%	
Stage 3 loans under IFRS 9/gross customer loans (%)		16.1%			16.3%	16.1%	-0.2%p	
Cost of risk/average gross loans (%)	7.90%	5.47%	-2.43%p	7.92%	4.89%	6.05%	1.17%p	-1.86%p
90+ days past due loan volume (in HUF million)	84,082	88,437	5%	84,082	84,098	88,437	5%	5%
90+ days past due loans/gross customer loans (%)	18.4%	15.3%	-3.2%p	18.4%	15.3%	15.3%	0.0%p	-3.2%p
Total provisions/90+ days past due loans (%)	127.0%	139.8%	12.8%p	127.0%	138.9%	139.8%	0.9%p	12.8%p
Performance Indicators	**1H 2017**	**1H 2018**	**Y-o-Y**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
ROA	5.0%	4.0%	-1.0%p	5.1%	4.5%	3.5%	-1.0%p	-1.5%p
ROE	22.7%	17.8%	-4.9%p	22.2%	20.6%	15.2%	-5.4%p	-6.9%p
Total income margin	21.88%	19.82%	-2.06%p	21.96%	19.89%	19.76%	-0.13%p	-2.20%p
Net interest margin	17.80%	15.75%	-2.05%p	17.60%	15.90%	15.60%	-0.30%p	-2.01%p
Cost/income ratio	40.6%	48.2%	7.6%p	40.9%	48.0%	48.5%	0.5%p	7.5%p
Net loans to deposits (FX-adjusted)	117%	123%	6%p	117%	127%	123%	-4%p	6%p
FX rates (in HUF)	**1H 2017**	**1H 2018**	**Y-o-Y**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
HUF/RUB (closing)	4.6	4.5	-1%	4.6	4.4	4.5	2%	-1%
HUF/RUB (average)	4.9	4.4	-11%	4.9	4.5	4.3	-4%	-13%

- ***Starting from 1Q 2018 performance of Touch Bank is presented as part of OTP Bank Russia***
- ***HUF 12.8 billion after tax profit in 1H (+29% y-o-y in local currency, incorporating the net results of Touch Bank also in the base period), due to lower risk cost***
- ***NII in 2Q increased by 2% q-o-q in RUB terms, with NIM decreasing by 0.3 pp and expanding performing loan portfolio***
- ***The portfolio quality deterioration in 2Q remained moderate, 1H risk cost rate stood at 5.5%***
- ***Due to quarterly higher cash loan disbursements the performing loan portfolio grew by 3% q-o-q***

Until the end of 2017 Touch Bank was part of OTP Bank Russia from legal point of view, and it was operating under the same banking license, but as a separate digital banking business line. In order to provide transparent information Touch Bank was presented as a separate virtual entity. However, due to changes in the governance and operation the separation of Touch Bank is no longer justified, therefore ***in the First Half 2018 Report the performance of Touch Bank is presented from the 1Q 2018 period 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.*

As for the governance, due to the organisational structure changes in 4Q 2017, starting from 2018 the CEO of OTP Bank Russia is responsible for the Touch Bank operation, was well. Touch Bank is operating as a profit centre within OTP Bank Russia, not as a separate business entity. Concerning the operational changes, as from May 2018 Touch Bank stopped selling own products, and the consolidation of the two operations has been ongoing.

The HUF denominated financial figures of OTP Bank Russia are distorted by the HUF/RUB moves: the average 1H rate showed a 11% devaluation of RUB against HUF y-o-y, the 2Q average rate weakened by 13% y-o-y and 4% q-o-q. Therefore local currency P&L and balance sheet dynamics can be materially different from those in HUF terms.

In 1H 2018 **OTP Bank Russia** generated HUF 12.8 billion profit after tax, out of which HUF -2.9 billion was made by Touch Bank. Considering the performance of Touch Bank as part of the OTP Bank Russia performance also in the base period, the 1H PAT would have grown y-o-y by 29% in RUB terms, as a result of 6% higher operating profit and 10% lower risk cost.

Considering the RUB denominated performance of the Russian bank, the 2Q profit decreased by 19% q-o-q. The worsening profitability is the result of risk cost growing by 25%, while operating profit improved by 2% q-o-q.

Net interest income increased by 2% q-o-q in RUB terms. Changes in the business volumes had a positive effect on NII, the net interest margin nonetheless shrank q-o-q by 30 bps to 15.6%.

Net fee and commission income surged by 8% in RUB terms, partly due to insurance fee income on cash loans with insurance policies and other products growing considerably, also due to higher commissions generated on the growing average credit card portfolio.

Operating expenses grew by 4% q-o-q in RUB terms, within that personnel expense decreased by 2%, material cost grew by 3%, while depreciation and amortisation grew by about 50%, mainly as a result of the write-off of Touch Bank's software that cannot be utilised. Number of employees decreased by 4% q-o-q, out of which almost ¾ was the bank's own agents. Furthermore, number of employees at Touch Bank decreased by about 60% in 2Q, related to which one-off personnel expenses emerged during the second quarter.

In 2Q 2018 DPD90+ portfolio grew parallel with the overall growth of the loan portfolio, the FX-adjusted DPD90+ loan volume growth adjusted to sales and write-offs grew by HUF 9.3 billion (the quarterly average in 2017 was HUF 8.6 billion, including Touch Bank figures). The DPD90+ ratio was stable q-o-q (15.3%). Risk cost rate slightly grew in 2Q q-o-q due to the lower base stemming from the strong seasonality of disbursements, for 1H the ratio stood at 5.47%. Volume of Stage 3 loans amounted to HUF 93 billion by the end of 2Q, which is 16.1% of total gross loans.

In 2Q 2018 the loan portfolio expansion continued, the FX-adjusted performing (DPD0-90) loans portfolio grew by 33% y-o-y and 3% q-o-q, respectively. The volume of newly originated consumer loans in 2Q grew compared to the preceding quarter, mainly due to the surge in cash loan lending (+24% q-o-q, in RUB terms). In the first half year POS loan origination grew 24% y-o-y, while in case of cash loans the growth was about 50% in local currency. Thus the performing POS loan portfolio increased by 34% y-o-y and was stable q-o-q. The FX-adjusted performing cash loan portfolio increased by 12% q-o-q. In the credit card loan segment the expansion of the portfolio, which started in the second half of 2017, continued (+2% q-o-q).

Performing corporate loans increased 40% y-o-y, mainly due to the favourable development of large corporate loans and commercial factoring, however, on the quarterly basis there was a slight portfolio erosion.

After the drop in the first quarter total deposits grew by 6% in 2Q, FX-adjusted, mainly due to the reflow of corporate deposits (+20% q-o-q). The net loan-to-deposit ratio stood at 123% at end-2Q (-4 pps q-o-q, FX-adjusted).

Touch Bank's contribution to the overall performance of OTP Bank Russia in the second quarter: profit after tax was HUF -1.6 billion, operating expenses amounted to HUF -2.3 billion, whereas total risk cost stood at HUF 0.55 billion. Gross loans amounted to HUF 15.3 billion, customer deposits to HUF 22.9 billion. Risk cost rate stood at 15.2% in 2Q, while DPD90+ ratio was 15.1%.

OTP BANKA HRVATSKA (CROATIA)

Performance of OTP banka Hrvatska (including Splitska banka):

Main components of P&L account in HUF mn	1H 2017	1H 2018	Y-o-Y	2Q 2017	1Q 2018	2Q 2018	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	5,094	12,240	140%	6,941	7,718	4,522	-41%	-35%
Income tax	-1,196	-2,775	132%	-1,612	-1,456	-1,320	-9%	-18%
Profit before income tax	6,289	15,016	139%	8,553	9,174	5,842	-36%	-32%
Operating profit	10,511	16,698	59%	7,371	7,576	9,123	20%	24%
Total income	24,037	38,040	58%	16,219	18,187	19,853	9%	22%
Net interest income	17,466	26,922	54%	11,511	13,166	13,756	4%	20%
Net fees and commissions	4,500	7,813	74%	3,199	3,599	4,215	17%	32%
Other net non-interest income	2,071	3,304	60%	1,509	1,422	1,882	32%	25%
Operating expenses	-13,526	-21,341	58%	-8,849	-10,611	-10,730	1%	21%
Total provisions	-4,222	-1,683	-60%	1,182	1,598	-3,281	-305%	-377%
Provision for possible loan losses	-5,166	-1,845	-64%	-156	1,597	-3,442	-316%	
Other provision	945	163	-83%	1,338	1	161		-88%
Main components of balance sheet closing balances in HUF mn	**2017**	**1H 2018**	**YTD**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
Total assets	1,821,613	1,930,952	6%	1,710,654	1,755,802	1,930,952	10%	13%
Gross customer loans	1,121,938	1,243,485	11%	1,123,698	1,138,641	1,243,485	9%	11%
Gross customer loans (FX-adjusted)	1,193,586	1,243,485	4%	1,196,724	1,200,507	1,243,485	4%	4%
Retail loans	663,516	680,135	3%	657,919	675,760	680,135	1%	3%
Corporate loans	510,123	543,759	7%	518,502	505,055	543,759	8%	5%
Car financing loans	19,947	19,592	-2%	20,302	19,692	19,592	-1%	-4%
Allowances for possible loan losses	-63,752	-78,374	23%	-61,180	-70,256	-78,374	12%	28%
Allowances for possible loan losses (FX-adjusted)	-68,022	-78,374	15%	-65,259	-74,204	-78,374	6%	20%
Deposits from customers	1,395,087	1,482,843	6%	1,321,631	1,371,458	1,482,843	8%	12%
Deposits from customer (FX-adjusted)	1,486,825	1,482,843	0%	1,404,400	1,451,822	1,482,843	2%	6%
Retail deposits	1,056,052	1,046,637	-1%	1,023,440	1,049,631	1,046,637	0%	2%
Corporate deposits	430,773	436,205	1%	380,959	402,191	436,205	8%	15%
Liabilities to credit institutions	132,765	125,152	-6%	107,126	81,145	125,152	54%	17%
Total shareholders' equity	238,935	265,660	11%	229,006	248,521	265,660	7%	16%
Loan Quality	**1H 2017**	**1H 2018**	**Y-o-Y**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
Stage 3 loan volume under IFRS 9 (in HUF million)		98,761			110,466	98,761	-11%	
Stage 3 loans under IFRS 9/gross customer loans (%)		7.9%			9.7%	7.9%	-1.8%p	
Cost of risk/average gross loans (%)	1.62%	0.33%	-1.29%p	0.08%	-0.58%	1.20%	1.78%p	1.12%p
90+ days past due loan volume (in HUF million)	71,678	81,753	14%	71,678	78,246	81,753	4%	14%
90+ days past due loans/gross customer loans (%)	6.4%	6.6%	0.2%p	6.4%	6.9%	6.6%	-0.3%p	0.2%p
Total provisions/90+ days past due loans (%)	85.4%	95.9%	10.5%p	85.4%	89.8%	95.9%	6.1%p	10.5%p
Performance Indicators	**1H 2017**	**1H 2018**	**Y-o-Y**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
ROA	1.1%	1.4%	0.3%p	2.2%	1.8%	1.0%	-0.8%p	-1.2%p
ROE	7.5%	9.9%	2.3%p	14.1%	12.8%	7.1%	-5.7%p	-7.0%p
Total income margin	5.08%	4.28%	-0.80%p	5.17%	4.16%	4.40%	0.24%p	-0.76%p
Net interest margin	3.69%	3.03%	-0.66%p	3.67%	3.01%	3.05%	0.04%p	-0.61%p
Cost/income ratio	56.3%	56.1%	-0.2%p	54.6%	58.3%	54.0%	-4.3%p	-0.5%p
Net loans to deposits (FX-adjusted)	81%	79%	-2%p	81%	78%	79%	1%p	-2%p
FX rates (in HUF)	**1H 2017**	**1H 2018**	**Y-o-Y**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
HUF/HRK (closing)	41.7	44.5	7%	41.7	42.1	44.5	6%	7%
HUF/HRK (average)	41.5	42.3	2%	41.7	41.8	42.8	2%	3%

- ***In 1H 2018 the Croatian banking group posted HUF 12.2 billion adjusted net profit (2Q: HUF 4.5 billion)***
- ***2Q net earnings to a great extent were shaped by provisions created towards a large corporate exposure***
- ***The 2Q operating profit improved by one-fifth q-o-q. Apart from strong business dynamics the income lines were also supported by seasonality***
- ***The FX-adjusted performing loan portfolio grew by 4% q-o-q, while deposits increased by 2% (FX-adjusted)***
- ***The integration of Splitska banka is in progress, the merger is expected to be completed in the second half of 2018***

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

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

The **Croatian operation** (including Splitska banka) posted HUF 12.2 billion adjusted after tax profit in 1H 2018 implying a ROE of 9.9%. 2Q profit comprised HUF 4.5 billion (-41% q-o-q). Splitska banka delivered HUF 6.6 billion after tax profit in 1H 2018, of which 2Q profit represented HUF 1.5 billion.

The comparability of the financial performance on a yearly base is limited, as 1H 2017 figures did not incorporate the full contribution from Splitska banka, as the first time consolidation happened in May 2017.

As for other key P&L lines, in 1H 2018 Splitska banka contributed HUF 15 billion to the net interest income, HUF 5.2 billion to the net fees and commissions, HUF 1.8 billion to the other net non-interest income, -HUF 12.1 billion to the operating expenses and -HUF 1.9 billion to the total risk costs line, respectively.

In 2Q 2018 the operating result improved by 20% q-o-q. The net interest income grew by 4% partly due to the performing loan volume expansion and moderately improving margins q-o-q. Furthermore, the currency impact (with the HUF average exchange rate depreciating 2% q-o-q versus HRK) and the calendar effect also had a positive impact on NII. The y-o-y 66 bps net interest margin decline of the Croatian operation was mainly reasoned by the dilution effect of the lower margin at Splitska banka.

The net fee income surged by 17% over the quarter, and other net non-interest income by 32%, respectively. Both changes can be partly attributed to seasonality. Higher fees generated on early repayments also contributed to the better fee and commission income.

Operating expenses grew by 1% q-o-q. 6 branches were closed down in the first half of the year, while the number of employees (based on FTE) increased by 23 persons ytd. The cost to income ratio improved y-o-y by 0.5 pp to 54%.

1H total risk cost represented -HUF 1.7 billion against -HUF 4.2 billion in the base period. During 2Q 2018 provisions were created towards a large corporate exposure. Last year the bank already booked additional provisions on that particular company group.

The FX-adjusted decrease in DPD90+ loans (adjusted for loan sales and write-offs) amounted to HUF 1 billion in 2Q 2018. There was no significant problem loan sale or write off in the period under review. The DPD90+ ratio moderated to 6.6% (-0.3 pp q-o-q). The Croatian operation's Stage 3 ratio under IFRS 9 in percentage of total gross loans stood at 7.9% at the end of June (-1.8 pps q-o-q).

Business activity intensified in 2Q: performing loan volumes grew by 4% q-o-q mainly supported by increasing corporate exposures, though the retail portfolio also expanded q-o-q beside stable q-o-q mortgage loan and cash loan disbursements. Corporate loan production showed a massive 80% improvement over the last quarter. At the end of June the gross loan portfolio of Splitska banka comprised HUF 706 billion, whereas the net book amounted to HUF 681 billion.

There was a 2% deposit inflow in the last quarter (+6% y-o-y). The net loan to deposit ratio increased by 1 pp q-o-q to 79% (FX-adjusted).

OTP BANK UKRAINE

Performance of OTP Bank Ukraine:

Main components of P&L account in HUF mn	1H 2017	1H 2018	Y-o-Y	2Q 2017	1Q 2018	2Q 2018	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	5,817	11,283	94%	2,506	5,833	5,449	-7%	117%
Income tax	-1,348	-2,222	65%	-731	-1,107	-1,115	1%	53%
Profit before income tax	7,164	13,504	88%	3,237	6,940	6,564	-5%	103%
Operating profit	9,093	12,745	40%	4,061	5,894	6,852	16%	69%
Total income	16,742	20,432	22%	8,072	9,399	11,033	17%	37%
Net interest income	11,100	14,033	26%	5,264	6,118	7,915	29%	50%
Net fees and commissions	4,542	5,124	13%	2,328	2,404	2,720	13%	17%
Other net non-interest income	1,101	1,275	16%	479	877	398	-55%	-17%
Operating expenses	-7,650	-7,687	0%	-4,011	-3,505	-4,181	19%	4%
Total provisions	-1,929	759		-825	1,047	-288		-65%
Provision for possible loan losses	-711	1,198		-871	1,270	-72		-92%
Other provision	-1,218	-438	-64%	46	-223	-215	-3%	
Main components of balance sheet closing balances in HUF mn	**2017**	**1H 2018**	**YTD**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
Total assets	312,334	367,596	18%	307,137	333,388	367,596	10%	20%
Gross customer loans	287,236	357,774	25%	349,874	305,124	357,774	17%	2%
Gross customer loans (FX-adjusted)	326,053	357,774	10%	360,906	339,583	357,774	5%	-1%
Retail loans	125,214	131,746	5%	147,918	133,338	131,746	-1%	-11%
Corporate loans	179,704	199,659	11%	189,775	182,450	199,659	9%	5%
Car financing loans	21,135	26,369	25%	23,213	23,795	26,369	11%	14%
Gross DPD0-90 customer loans (FX-adjusted)	240,828	280,645	17%	225,634	254,559	280,645	10%	24%
Retail loans	51,042	66,178	30%	46,385	60,636	66,178	9%	43%
Corporate loans	172,395	191,475	11%	164,266	173,666	191,475	10%	17%
Car financing loans	17,391	22,992	32%	14,983	20,257	22,992	13%	53%
Allowances for possible loan losses	-90,163	-98,484	9%	-160,230	-95,805	-98,484	3%	-39%
Allowances for possible loan losses (FX-adjusted)	-101,491	-98,484	-3%	-165,279	-106,478	-98,484	-8%	-40%
Deposits from customers	234,943	252,988	8%	217,762	243,926	252,988	4%	16%
Deposits from customer (FX-adjusted)	266,843	252,988	-5%	224,948	270,398	252,988	-6%	12%
Retail deposits	110,168	122,225	11%	101,933	114,394	122,225	7%	20%
Corporate deposits	156,675	130,763	-17%	123,015	156,004	130,763	-16%	6%
Liabilities to credit institutions	33,985	46,996	38%	42,107	37,162	46,996	26%	12%
Subordinated debt	0	4,784		0	0	4,784		
Total shareholders' equity	34,079	45,645	34%	30,514	35,858	45,645	27%	50%
Loan Quality	**1H 2017**	**1H 2018**	**Y-o-Y**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
Stage 3 loan volume under IFRS 9 (in HUF million)		118,437			115,726	118,437	2%	
Stage 3 loans under IFRS 9/gross customer loans (%)		33.1%			37.9%	33.1%	-4.8%p	
Cost of risk/average gross loans (%)	0.39%	-0.78%	-1.17%p	0.97%	-1.77%	0.09%	1.86%p	-0.88%p
90+ days past due loan volume (in HUF million)	131,178	77,129	-41%	131,178	76,611	77,129	1%	-41%
90+ days past due loans/gross customer loans (%)	37.5%	21.6%	-15.9%p	37.5%	25.1%	21.6%	-3.5%p	-15.9%p
Total provisions/90+ days past due loans (%)	122.1%	127.7%	5.5%p	122.1%	125.1%	127.7%	2.6%p	5.5%p
Performance Indicators	**1H 2017**	**1H 2018**	**Y-o-Y**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
ROA	3.8%	6.8%	3.1%p	3.2%	7.5%	6.2%	-1.3%p	3.0%p
ROE	42.5%	60.1%	17.6%p	34.0%	68.2%	53.3%	-15.0%p	19.2%p
Total income margin	10.90%	12.39%	1.49%p	10.32%	12.14%	12.62%	0.48%p	2.30%p
Net interest margin	7.23%	8.51%	1.28%p	6.73%	7.90%	9.05%	1.15%p	2.32%p
Cost/income ratio	45.7%	37.6%	-8.1%p	49.7%	37.3%	37.9%	0.6%p	-11.8%p
Net loans to deposits (FX-adjusted)	87%	102%	16%p	87%	86%	102%	16%p	16%p
FX rates (in HUF)	**1H 2017**	**1H 2018**	**Y-o-Y**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
HUF/UAH (closing)	10.4	10.7	3%	10.4	9.6	10.7	12%	3%
HUF/UAH (average)	10.7	9.7	-9%	10.7	9.3	10.2	9%	-5%

- ***The Ukrainian subsidiary posted the highest 1H ROE within subsidiary banks across the Group (ROE: 60.1%); all time high 1H profit***
- ***1H net earnings almost doubled y-o-y (HUF 11.3 billion) mainly due to improving operating profit; as a result of favourable credit quality trends positive risk costs also added to the bottom-line earnings***
- ***The DPD90+ ratio dropped a lot y-o-y partly due to write offs and sales***
- ***Performing loan volumes advanced by 24% y-o-y, whereas deposits decreased by 12%, respectively (FX-adjusted)***

The financial performance and indicators of OTP Bank Ukraine in HUF terms were affected by the HUF/UAH exchange rate moves: in 2Q 2018 the closing rate of UAH appreciated by 12% q-o-q and 3% y-o-y. The 1H and 2Q average rates, however demonstrated weakening. 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 11.3 billion adjusted after tax profit in 1H 2018 underpinning a 94% y-o-y increase against the base period. In 2Q HUF 5.4 billion profit was booked (-7% q-o-q). The semi-annual ROE reached 60.1%, the highest among subsidiary banks across the Group.

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

1H operating result surged by 54% y-o-y, the key reason was the y-o-y 39% increase in net interest income and a 24% surge in net fee and commission income.

The y-o-y NII dynamics (+39% in UAH) were positively influenced by the growing volume of performing loans and also by contained funding costs amid the higher interest environment. 1H net interest margin advanced to 8.51% (+1.28 bps y-o-y). Higher 2Q net interest income was shaped by further increasing performing volumes and lower deposits, as well as higher interest income realized on corporate exposures. Mainly widening corporate margins supported the q-o-q improvement in 2Q NIM.

Net F&C income jumped by 24% y-o-y supported corporate transactions and deposit-related fee income; the stronger overall business activity had its positive impact, too.

Operating expenses in UAH increased by 10% y-o-y on the back of increasing personnel expenses amid a 12.6% average inflation in 1H. The key driver were the higher personnel expenses. Apart from that the q-o-q increase was reasoned by higher marketing costs, too.

In 1H the Ukrainian operation booked positive risk costs (HUF 0.8 billion) that supported bottom-line earnings. Portfolio quality trends remained positive; the DPD90+ volumes (FX-adjusted and excluding the impact of loan sales and write-offs) slightly increased by HUF 1.7 billion in 2Q versus HUF 1.6 billion in 1Q 2018.

During the last six months HUF 9.8 billion equivalent of non-performing loans were sold or written off, of which HUF 7.4 billion were executed in 2Q 2018. As a result, the DPD90+ ratio dropped to 21.6% (-3.5 pps q-o-q, -15.9 pps y-o-y). The volume of Stage 3 loans amounted to HUF 118 billion at the end of 2Q (33.1% of total gross loans, -4.8 pps q-o-q).

The FX-adjusted total performing loan book grew by 24% y-o-y and by 10% q-o-q. Within that especially the volume of retail loans grew dynamically (+43% y-o-y and +9% q-o-q). The outstanding increase of consumer exposures (+76% y-o-y and +15% q-o-q) was induced by credit card and POS volumes. Loan origination in 1H was extremely strong in the POS and cash loan segments (+63% and 199% surge, respectively). Mortgage lending has not been resumed, thus the performing mortgage book eroded further (-22% y-o-y and -8% q-o-q). Car financing has been re-started in 1Q 2017 and the FX-adjusted volumes surged by 53% y-o-y. Performing corporate exposures grew by 17% y-o-y and by 10% q-o-q. Alongside the steady disbursement activity in corporate segment, the leasing also demonstrated significant uptick.

Deposits (adjusted for the FX-effect) leaped by 12% y-o-y, but decreased by 6% q-o-q amid increasing offered deposit rates. As a result, the net loan-to-deposit ratio pierced 102% (+16 pps q-o-q) reflecting a well-balanced balance sheet structure.

The volume of subordinated loan exposure grew to HUF 4.8 billion in 2Q as a result of an USD-denominated transaction with 7 year tenor.

The outstanding net intragroup funding towards the Ukrainian operation comprised USD 86 million equivalent by end-June 2018.

OTP BANK ROMANIA

Performance of OTP Bank Romania:

Main components of P&L account in HUF mn	1H 2017	1H 2018	Y-o-Y	2Q 2017	1Q 2018	2Q 2018	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	861	1,368	59%	-447	1,504	-136	-109%	-70%
Income tax	-494	-594	20%	81	-463	-131	-72%	-261%
Profit before income tax	1,355	1,962	45%	-529	1,967	-5	-100%	-99%
Operating profit	5,752	4,547	-21%	2,804	1,894	2,653	40%	-5%
Total income	14,163	14,065	-1%	7,004	6,629	7,436	12%	6%
Net interest income	10,756	10,537	-2%	5,427	5,112	5,426	6%	0%
Net fees and commissions	1,533	1,714	12%	764	829	885	7%	16%
Other net non-interest income	1,874	1,814	-3%	814	689	1,125	63%	38%
Operating expenses	-8,411	-9,517	13%	-4,201	-4,735	-4,783	1%	14%
Total provisions	-4,398	-2,586	-41%	-3,332	72	-2,658		-20%
Provision for possible loan losses	-3,689	-2,304	-38%	-2,663	-249	-2,055	726%	-23%
Other provision	-709	-282	-60%	-670	321	-603	-288%	-10%
Main components of balance sheet closing balances in HUF mn	**2017**	**1H 2018**	**YTD**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
Total assets	624,060	711,039	14%	600,792	646,378	711,039	10%	18%
Gross customer loans	535,140	581,296	9%	538,093	536,965	581,296	8%	8%
Gross customer loans (FX-adjusted)	567,861	581,296	2%	560,998	565,800	581,296	3%	4%
Retail loans	401,044	401,742	0%	404,921	397,908	401,742	1%	-1%
Corporate loans	166,817	179,554	8%	156,078	167,892	179,554	7%	15%
Allowances for possible loan losses	-56,909	-55,653	-2%	-75,003	-59,672	-55,653	-7%	-26%
Allowances for possible loan losses (FX-adjusted)	-60,607	-55,653	-8%	-76,931	-63,198	-55,653	-12%	-28%
Deposits from customers	337,691	394,966	17%	334,339	365,635	394,966	8%	18%
Deposits from customer (FX-adjusted)	357,887	394,966	10%	350,002	384,971	394,966	3%	13%
Retail deposits	268,331	288,651	8%	260,973	278,586	288,651	4%	11%
Corporate deposits	89,556	106,315	19%	89,029	106,385	106,315	0%	19%
Liabilities to credit institutions	196,377	220,745	12%	182,274	192,772	220,745	15%	21%
Total shareholders' equity	53,481	50,474	-6%	43,258	48,271	50,474	5%	17%
Loan Quality	**1H 2017**	**1H 2018**	**Y-o-Y**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
Stage 3 loan volume under IFRS 9 (in HUF million)		77,171			83,940	77,171	-8.1%	
Stage 3 loans under IFRS 9/gross customer loans (%)		13.3%			15.6%	13.3%	-2.4%p	
Cost of risk/average gross loans (%)	1.4%	0.8%	-0.6%p	2.0%	0.2%	1.5%	1.3%p	-0.5%p
90+ days past due loan volume (in HUF million)	89,572	54,163	-39.5%	89,572	61,263	54,163	-11.6%	-39.5%
90+ days past due loans/gross customer loans (%)	16.6%	9.3%	-7.3%p	16.6%	11.4%	9.3%	-2.1%p	-7.3%p
Total provisions/90+ days past due loans (%)	83.7%	102.8%	19.0%p	83.7%	97.4%	102.8%	5.3%p	19.0%p
Performance Indicators	**1H 2017**	**1H 2018**	**Y-o-Y**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
ROA	0.3%	0.4%	0.1%p	-0.3%	1.0%	-0.1%	-1.0%p	0.2%p
ROE	4.0%	5.6%	1.7%p	-4.1%	12.3%	-1.1%	-13.5%p	3.0%p
Total income margin	4.82%	4.35%	-0.47%p	4.72%	4.22%	4.48%	0.26%p	-0.23%p
Net interest margin	3.66%	3.26%	-0.40%p	3.65%	3.25%	3.27%	0.02%p	-0.38%p
Cost/income ratio	59.4%	67.7%	8.3%p	60.0%	71.4%	64.3%	-7.1%p	4.3%p
Net loans to deposits (FX-adjusted)	138%	133%	-5%p	138%	131%	133%	3%p	-5%p
FX rates (in HUF)	**1H 2017**	**1H 2018**	**Y-o-Y**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
HUF/RON (closing)	67.7	70.5	4%	67.7	67.1	70.5	5%	4%
HUF/RON (average)	69.4	69.6	0%	68.1	66.8	68.1	2%	0%

- ***The Romanian subsidiary posted HUF 1.4 billion profit in 1H 2018 (+59% y-o-y); in 2Q the bank turned into red due to higher risk costs***
- ***1H operating profit dropped by 21% y-o-y as a result of lower total income (-1% y-o-y) and higher operating expenses (+13% y-o-y)***
- ***The performing loan volumes increased by 12% y-o-y supported by robust consumer and corporate lending dynamics***

OTP Bank Romania posted HUF 1.4 billion net profit in 1H 2018 exceeding the base period by 59%. In 2Q the bank realized HUF 0.1 billion loss as a result of higher risk provisions induced mainly by IFRS 9 methodology.

1H operating profit dropped by 21% y-o-y as a result of lower total income (-1% y-o-y) and higher operating expenses (+13% y-o-y).

The semi-annual net interest income eroded by 2% y-o-y partly reasoned by certain accounting corrections made in 4Q 2017 (in the base period higher NII was booked). Against this backdrop higher interest income was realized on the back of increasing performing loan volumes, on the other hand deposit expenses grew, too. 1H net interest margin eroded by 40 bps y-o-y.

1H net fees and commission income expanded by 12% y-o-y mainly as a result of higher deposit, transaction and card-related income.

1H operating expenses grew by 13% y-o-y mainly due to higher personal expenses and elevated IT, marketing and advisory costs. The increase in PEREX was induced by wage inflation, but the average headcount number also grew by 6% y-o-y.

On a quarterly base operating profit surged by 40%. Total income increased by 12% q-o-q supported by the increase of net interest income (+6% q-o-q) and fee and commission income (+7%, respectively). The expansion of the performing loan portfolio had a positive impact on interest revenues, whereas the net interest margin remained stable. Other non-interest income jumped by 63% q-o-q due to revenues from property sale and FX gains.

The q-o-q 2% weakening of the average HUF rate against RON influenced both the volume of total income and operating expenses. Total income in RON expanded by 10% q-o-q, whereas operating expenses moderated by 1%.

In the first half of the year, total risk cost amounted to HUF 2.6 billion due to the change in the 2Q provisioning: the impairment increased with the expected amount in line with the forecasted slowdown of the Romanian GDP growth.

DPD90+ volumes (FX-adjusted, without sales and write-offs) increased by HUF 0.3 billion in 2Q 2018. During 1H HUF 17.6 billion problem loans were sold/written off (of which 2Q: HUF 10.5 billion). The DPD90+ ratio declined to 9.3% (-7.3 pps y-o-y, -2.1 pps q-o-q). The volume of Stage 3 exposures amounted to HUF 77 billion at the end of 2Q (13.3% of total gross loans, -2.4 pps q-o-q).

The FX-adjusted performing loan volumes increased by 12% y-o-y and by 5% q-o-q. For both period it was the corporate segment being the engine of growth (+23% y-o-y and +11% q-o-q). The retail business also contributed to the growth with an 8% y-o-y and 3% q-o-q increase. Within retail the consumer book expanded by 13% y-o-y and the SME exposure by 20%, respectively (+9% q-o-q). As for new loan disbursements, in 1H mortgages improved by 11% y-o-y, whereas the cash loan sales grew by 15%, respectively.

FX-adjusted deposit volumes increased by 13% y-o-y and by 3% q-o-q. The annual growth was supported both by retail and corporate inflows, whereas in 2Q the volume expansion was mainly due to the retail segment.

OTP BANKA SRBIJA (SERBIA)

Performance of OTP banka Srbija (including Vojvodjanska banka):

Main components of P&L account in HUF mn	1H 2017	1H 2018	Y-o-Y	2Q 2017	1Q 2018	2Q 2018	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	-1,483	1,563	-205%	-1,476	573	990	73%	-167%
Income tax	0	4	-100%	0	10	-5	-154%	-100%
Profit before income tax	-1,483	1,559	-205%	-1,476	563	995	77%	-167%
Operating profit	473	2,298	386%	337	909	1,389	53%	312%
Total income	3,950	13,979	254%	2,061	6,616	7,363	11%	257%
Net interest income	2,885	9,676	235%	1,461	4,645	5,031	8%	244%
Net fees and commissions	861	3,363	291%	449	1,589	1,774	12%	295%
Other net non-interest income	204	941	361%	150	383	558	46%	271%
Operating expenses	-3,477	-11,681	236%	-1,724	-5,707	-5,974	5%	247%
Total provisions	-1,956	-740	-62%	-1,813	-346	-394	14%	-78%
Provision for possible loan losses	-733	-710	-3%	-611	-391	-318	-19%	-48%
Other provision	-1,223	-30	-98%	-1,202	45	-75	-267%	-94%
Main components of balance sheet closing balances in HUF mn	**2017**	**1H 2018**	**YTD**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
Total assets	482,887	542,576	12%	137,637	464,689	542,576	17%	294%
Gross customer loans	306,874	361,392	18%	111,915	315,504	361,392	15%	223%
Gross customer loans (FX-adjusted)	326,145	361,392	11%	120,153	332,936	361,392	9%	201%
Retail loans	165,865	176,427	6%	55,104	172,778	176,427	2%	220%
Corporate loans	160,280	184,965	15%	65,050	160,158	184,965	15%	184%
Allowances for possible loan losses	-19,759	-20,104	2%	-25,656	-25,266	-20,104	-20%	-22%
Allowances for possible loan losses (FX-adjusted)	-21,020	-20,104	-4%	-27,758	-26,684	-20,104	-25%	-28%
Deposits from customers	349,553	375,474	7%	81,950	338,223	375,474	11%	358%
Deposits from customer (FX-adjusted)	371,412	375,474	1%	88,023	356,846	375,474	5%	327%
Retail deposits	253,484	259,226	2%	53,200	253,792	259,226	2%	387%
Corporate deposits	117,928	116,248	-1%	34,823	103,054	116,248	13%	234%
Liabilities to credit institutions	38,397	63,725	66%	19,815	35,308	63,725	80%	222%
Subordinated debt	2,505	2,661	6%	2,497	2,525	2,661	5%	6%
Total shareholders' equity	80,070	86,260	8%	27,754	75,561	86,260	14%	211%
Loan Quality	**1H 2017**	**1H 2018**	**Y-o-Y**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
Stage 3 loan volume under IFRS 9 (in HUF million)		26,580			32,335	26,580	-17.8%	
Stage 3 loans under IFRS 9/gross customer loans (%)		7.4%			10.2%	7.4%	-2.9%p	
Cost of risk/average gross loans (%)	1.36%	0.44%	-0.92%p	2.2%	0.5%	0.4%	-0.1%p	-1.9%p
Cost of risk/average (FX-adjusted) gross loans (%)	1.34%	0.43%	-0.92%p	2.2%	0.5%	0.4%	-0.1%p	-1.8%p
90+ days past due loan volume (in HUF million)	32,908	23,301	-29.2%	32,908	29,210	23,301	-20.2%	-29.2%
90+ days past due loans/gross customer loans (%)	29.4%	6.4%	-23.0%p	29.4%	9.3%	6.4%	-2.8%p	-23.0%p
Total provisions/90+ days past due loans (%)	78.0%	86.3%	8.3%p	78.0%	86.5%	86.3%	-0.2%p	8.3%p
Performance Indicators	**1H 2017**	**1H 2018**	**Y-o-Y**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
ROA	-2.4%	0.7%	3.0%p	-4.5%	0.5%	0.8%	0.3%p	5.3%p
ROE	-10.5%	4.1%	14.6%p	-20.7%	3.1%	5.1%	2.0%p	25.8%p
Total income margin	6.32%	5.84%	-0.48%p	6.35%	5.74%	5.93%	0.19%p	-0.41%p
Net interest margin	4.62%	4.04%	-0.58%p	4.50%	4.03%	4.05%	0.02%p	-0.45%p
Cost/income ratio	88.0%	83.6%	-4.5%p	83.6%	86.3%	81.1%	-5.1%p	-2.5%p
Net loans to deposits (FX-adjusted)	105%	91%	-14%p	105%	86%	91%	5%p	-14%p
FX rates (in HUF)	**1H 2017**	**1H 2018**	**Y-o-Y**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
HUF/RSD (closing)	2.6	2.8	9%	2.6	2.6	2.8	6%	9%
HUF/RSD (average)	2.7	2.6	-4%	2.5	2.6	2.7	2%	6%

- ***The Serbian operation posted HUF 1.6 billion profit in 1H 2018***
- ***1H operating profit surged by almost five fold y-o-y, four-fifth of which came from Vojvodjanska banka***
- ***Performing loan volumes further increased (+12% q-o-q) supported by both the retail and corporate sector***

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

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

The Serbian operation (including Vojvodjanska banka) posted HUF 1.6 billion profit after tax in 1H 2018 versus a loss in the base period. Out of the semi-annual profit Vojvodjanska banka added HUF 1.2 billion to the Serbian after tax profit.

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

The 1H operating profit was HUF 2.3 billion of which the contribution of Vojvodjanska banka comprised HUF 1.5 billion. Withint that it brought in HUF 6.5 billion in net interest income, HUF 2.4 billion in net fees and commissions and HUF 0.4 billion other income, respectively. The operating costs reached -HUF 7.8 billion, while the total risk cost amounted to -HUF 0.3 billion.

The 1H net interest margin dropped by 58 bps y-o-y and it was partly the result of the dilution effect through the consolidation of Vojvodjanska banka. In 2Q NIM remained stable q-o-q.

1H total risk costs comprised -HUF 0.7 billion, bulk of them were provisions for loan losses; the 1H risk cost rate was below 50 bps.

In 2Q the Serbian operation posted HUF 1.4 billion operating profit underpinning a 53% q-o-q increase. Within total income net interest income grew by 8% q-o-q, whereas net fees and commissions income increased by 12% and other non-interest income by 46%, respectively. The NII improvement was supported by higher interest income realized on increasing performing loan volumes. Stronger fees and commissions income was related mainly to higher deposit and card-related fees. Other non-interest income was fuelled by FX gains.

2Q operating expenses grew by 5% q-o-q reasoned by higher PEREX, and also by advisory and administrative costs.

The DPD90+ loan portfolio (FX-adjusted, without sales and write-offs) practically remained unchanged in 2Q 2018 similar to the 1Q 2018. During 1H there were HUF 6.8 billion non-performing portfolio sales or write-offs almost entirely in 2Q. The DPD90+ ratio stood at 6.4% at the end of 2Q, -2.3 pps q-o-q. The volume of Stage 3 exposure amounted to HUF 26.6 billion at the end of 2Q, which is 7.4% of total gross loans (-1.6 pps q-o-q).

Loan volume trends y-o-y were mainly shaped by the consolidation of Vojvodjanska banka. The performing (DPD0-90) loan portfolio quadrupled y-o-y, +12% q-o-q. The quarterly increase was supported by both the retail and corporate segments (+6% q-o-q and +19%, respectively). Apart from outstanding new corporate disbursement in 2Q mortgage origination demonstrated strong y-o-y dynamism, too (+44%).

The FX-adjusted deposit base expanded more than four times y-o-y and grew by 5% q-o-q mainly as a result of corporate inflows.

OTP BANKA SLOVENSKO (SLOVAKIA)

Performance of OTP Banka Slovensko*:

Main components of P&L account in HUF mn	1H 2017	1H 2018	Y-o-Y	2Q 2017	1Q 2018	2Q 2018	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	-308	-129	-58%	-398	770	-899	-217%	126%
Income tax	-76	-133	74%	-26	-196	64	-132%	-340%
Profit before income tax	-232	4	-102%	-372	967	-962	-200%	159%
Operating profit	3,509	1,323	-62%	1,708	754	569	-25%	-67%
Total income	8,804	7,354	-16%	4,367	3,644	3,710	2%	-15%
Net interest income	6,717	5,556	-17%	3,305	2,785	2,770	-1%	-16%
Net fees and commissions	1,825	1,645	-10%	892	794	851	7%	-5%
Other net non-interest income	262	153	-41%	169	65	89	37%	-48%
Operating expenses	-5,295	-6,031	14%	-2,659	-2,890	-3,141	9%	18%
Total provisions	-3,741	-1,319	-65%	-2,080	213	-1,531	-820%	-26%
Provision for possible loan losses	-3,717	-1,430	-62%	-2,081	134	-1,564		-25%
Other provision	-24	111	-559%	2	78	33	-58%	
Main components of balance sheet closing balances in HUF mn	2017	1H 2018	YTD	2Q 2017	1Q 2018	2Q 2018	Q-o-Q	Y-o-Y
Total assets	452,084	469,117	4%	437,280	437,645	469,117	7%	7%
Gross customer loans	382,932	406,785	6%	386,300	384,941	406,785	6%	5%
Gross customer loans (FX-adjusted)	405,721	406,785	0%	410,971	404,706	406,785	1%	-1%
Retail loans	350,585	354,950	1%	351,900	352,381	354,950	1%	1%
Corporate loans	55,106	51,813	-6%	59,028	52,298	51,813	-1%	-12%
Allowances for possible loan losses	-28,098	-38,585	37%	-34,917	-35,614	-38,585	8%	11%
Allowances for possible loan losses (FX-adjusted)	-29,770	-38,585	30%	-37,147	-37,443	-38,585	3%	4%
Deposits from customers	343,924	362,561	5%	344,382	349,249	362,561	4%	5%
Deposits from customer (FX-adjusted)	364,329	362,561	0%	366,147	367,269	362,561	-1%	-1%
Retail deposits	337,908	333,360	-1%	339,097	338,794	333,360	-2%	-2%
Corporate deposits	26,421	29,202	11%	27,050	28,475	29,202	3%	8%
Liabilities to credit institutions	10,020	23,712	137%	10,148	10,054	23,712	136%	134%
Subordinated debt	6,205	6,575	6%	6,180	6,254	6,575	5%	6%
Total shareholders' equity	32,200	25,274	-22%	26,932	25,066	25,274	1%	-6%
Loan Quality	1H 2017	1H 2018	Y-o-Y	2Q 2017	1Q 2018	2Q 2018	Q-o-Q	Y-o-Y
Stage 3 loan volume under IFRS 9 (in HUF million)		47,946			43,994	47,946	9%	
Stage 3 loans under IFRS 9/gross customer loans (%)		11.8%			11.4%	11.8%	0.4%p	
Cost of risk/average gross loans (%)	1.94%	0.74%	-1.20%	2.17%	-0.14%	1.60%	1.74%p	-0.57%p
90+ days past due loan volume (in HUF million)	47,361	37,685	-20%	47,361	36,314	37,685	4%	-20%
90+ days past due loans/gross customer loans (%)	12.3%	9.3%	-3.0%	12.3%	9.4%	9.3%	-0.2%p	-3.0%p
Total provisions/90+ days past due loans (%)	73.7%	102.4%	28.7%	73.7%	98.1%	102.4%	4.3%p	28.7%p
Performance Indicators	1H 2017	1H 2018	Y-o-Y	2Q 2017	1Q 2018	2Q 2018	Q-o-Q	Y-o-Y
ROA	-0.1%	-0.1%	0.1%	-0.4%	0.7%	-0.8%	-1.5%p	-0.4%p
ROE	-2.3%	-1.0%	1.3%	-5.9%	12.1%	-14.5%	-26.6%p	-8.6%p
Total income margin	3.97%	3.32%	-0.65%	3.93%	3.34%	3.29%	-0.05%	-0.64%
Net interest margin	3.03%	2.51%	-0.52%	2.97%	2.55%	2.46%	-0.10%	-0.51%
Cost/income ratio	60.1%	82.0%	21.9%	60.9%	79.3%	84.7%	5.4%p	23.8%p
Net loans to deposits (FX-adjusted)	102%	102%	-1%	102%	100%	102%	2%p	-1%p
FX rates (in HUF)	1H 2017	1H 2018	Y-o-Y	2Q 2017	1Q 2018	2Q 2018	Q-o-Q	Y-o-Y
HUF/EUR (closing)	308.9	328.6	6%	308.9	312.6	328.6	5%	6%
HUF/EUR (average)	309.5	314.1	1%	309.9	311.1	316.9	2%	2%

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

- ***HUF 0.1 billion 1H loss as a result of y-o-y falling operating profit and risk costs decreasing by 2/3***
- ***Performing loan volumes grew by 2% y-o-y (FX-adjusted)***
- ***DPD90+ ratio (9.3%) dropped by 3.0 pps y-o-y***

The **OTP Banka Slovensko** booked HUF 0.9 billion loss in 2Q 2018 as a result of eroding operating profit (-25% q-o-q) and higher quarterly risk costs. Thus in 1H the bank posted -HUF 0.1 billion loss versus -HUF 0.3 billion in the base period.

The 1H net interest income decreased by 17% y-o-y due to a methodology change in 1Q (lower net interest income was coupled with lower risk costs). Furthermore, eroding business margins took their tolls, too: lower funding cost as a result of deposit interest rate cuts couldn't offset the negative impact of lower interest income on loans. Since the bank offered retail loan products with preferential rates during its spring disbursement campaign NII suffered another setback. In 2Q the net interest income declined by 1% q-o-q amid lower quarterly NIM (-10 bps) and moderately increasing performing loan volumes (+1%).

1H net fee and commission income decreased by 10% y-o-y partly because, effective from January 2018 monitoring fees were accrued for 12 months, whereas contract modification fees for the whole maturity of the loan, respectively.

1H operating expenses increased by 14% y-o-y attributable mainly to higher PEREX induced by wage inflation and increase in headcount number, but also by higher administrative costs (marketing expenses).

Total risk costs increased by HUF 1.5 billion in 2Q. The FX-adjusted DPD90+ loan volumes (without the effect of sales and write-offs) dropped by HUF 0.4 billion against the quarterly average of HUF 1.0 billion deterioration for the last 5 quarters. The DPD90+ ratio decreased by 3.0% pps y-o-y to 9.3%. In 1H 2018 around HUF 0.15 billion equivalent non-performing loans were sold or written off. The volume of Stage 3 exposure amounted to HUF 48 billion at the end of 2Q (11.8% of the gross loan book, +0.4% pps).

The FX-adjusted performing loan book expanded by 2% y-o-y mainly explained by 7% higher mortgage volumes; FX-adjusted corporate loan volumes declined by 8% y-o-y. In 2Q 2018 the newly disbursed cash loan volumes advanced by 12% q-o-q, whereas new mortgage originations grew by 10%, respectively.

The FX-adjusted deposit volumes eroded by 1% y-o-y mainly as a result of lower retail deposits (-2% y-o-y).

CRNOGORSKA KOMERCIJALNA BANKA (MONTENEGRO)

Performance of CKB:

Main components of P&L account in HUF mn	1H 2017	1H 2018	Y-o-Y	2Q 2017	1Q 2018	2Q 2018	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	-12	1,366		-94	688	678	-1%	-820%
Income tax	0	-208	-100%	0	-85	-123	45%	-100%
Profit before income tax	-12	1,574		-94	773	801	4%	-950%
Operating profit	1,062	959	-10%	538	406	553	36%	3%
Total income	4,493	4,934	10%	2,215	2,374	2,560	8%	16%
Net interest income	3,270	3,543	8%	1,647	1,717	1,826	6%	11%
Net fees and commissions	1,187	1,452	22%	656	638	814	28%	24%
Other net non-interest income	36	-62	-270%	-88	19	-81	-528%	-8%
Operating expenses	-3,431	-3,975	16%	-1,678	-1,968	-2,007	2%	20%
Total provisions	-1,074	615	-157%	-632	367	248	-32%	-139%
Provision for possible loan losses	-625	381	-161%	-432	272	108	-60%	-125%
Other provision	-449	234	-152%	-200	94	140	48%	-170%
Main components of balance sheet closing balances in HUF mn	**2017**	**1H 2018**	**YTD**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
Total assets	197,590	220,953	12%	187,188	191,162	220,953	16%	18%
Gross customer loans	138,485	169,577	22%	139,204	139,898	169,577	21%	22%
Gross customer loans (FX-adjusted)	146,728	169,577	16%	148,096	147,082	169,577	15%	15%
Retail loans	77,331	77,796	1%	76,762	77,065	77,796	1%	1%
Corporate loans	69,397	91,781	32%	71,334	70,018	91,781	31%	29%
Allowances for possible loan losses	-38,899	-41,542	7%	-52,605	-39,651	-41,542	5%	-21%
Allowances for possible loan losses (FX-adjusted)	-41,214	-41,542	1%	-55,966	-41,688	-41,542	0%	-26%
Deposits from customers	152,316	162,505	7%	140,337	147,270	162,505	10%	16%
Deposits from customer (FX-adjusted)	161,602	162,505	1%	149,086	155,301	162,505	5%	9%
Retail deposits	123,628	123,654	0%	115,175	120,573	123,654	3%	7%
Corporate deposits	37,975	38,851	2%	33,911	34,728	38,851	12%	15%
Liabilities to credit institutions	17,962	10,746	-40%	19,122	17,981	10,746	-40%	-44%
Subordinated debt	0	0	-100%	0	0	0	-100%	-100%
Total shareholders' equity	21,127	38,568	83%	21,098	19,795	38,568	95%	83%
Loan Quality	**1H 2017**	**1H 2018**	**Y-o-Y**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
Stage 3 loan volume under IFRS 9 (in HUF million)		49,556			49,005	49,556	1.1%	
Stage 3 loans under IFRS 9/gross customer loans (%)		29.2%			35.0%	29.2%	-5.8%p	
Cost of risk/average gross loans (%)	0.9%	-0.5%	-1.4%p	1.3%	-0.8%	-0.3%	0.5%p	-1.5%p
Cost of risk/average (FX-adjusted) gross loans (%)	0.9%	-0.5%	-1.4%p	1.2%	-0.8%	-0.3%	0.5%p	-1.5%p
90+ days past due loan volume (in HUF million)	55,296	43,810	-20.8%	55,296	41,880	43,810	4.6%	-20.8%
90+ days past due loans/gross customer loans (%)	39.72%	25.83%	-13.9%p	39.72%	29.94%	25.83%	-4.1%p	-13.9%p
Total provisions/90+ days past due loans (%)	95.1%	94.8%	-0.3%p	95.1%	94.7%	94.8%	0.1%p	-0.3%p
Performance Indicators	**1H 2017**	**1H 2018**	**Y-o-Y**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
ROA	0.0%	1.4%	1.4%p	-0.2%	1.4%	1.4%	-0.1%p	1.6%p
ROE	-0.1%	12.8%	12.9%p	-1.8%	14.2%	11.6%	-2.6%p	13.4%p
Total income margin	4.81%	5.06%	0.25%p	4.78%	4.96%	5.16%	0.19%p	0.38%p
Net interest margin	3.50%	3.64%	0.13%p	3.55%	3.59%	3.68%	0.09%p	0.13%p
Cost/income ratio	76.4%	80.6%	4.2%p	75.7%	82.9%	78.4%	-4.5%p	2.7%p
Net loans to deposits (FX-adjusted)	62%	79%	17%p	62%	68%	79%	11%p	17%p
FX rates (in HUF)	**1H 2017**	**1H 2018**	**Y-o-Y**	**2Q 2017**	**1Q 2018**	**2Q 2018**	**Q-o-Q**	**Y-o-Y**
HUF/EUR (closing)	308.9	328.6	6%	308.9	312.6	328.6	5%	6%
HUF/EUR (average)	309.5	314.1	1%	309.9	311.1	316.9	2%	2%

- ***Improving profitability: in 1H CKB posted HUF 1.4 billion net profit of which 2Q profit comprises HUF 0.7 billion***
- ***1H operating profit dropped by 10% y-o-y as a result of higher total income (+10% y-o-y) and higher operating expenses (+16% y-o-y); 1H risk cost turned positive and improved bottom line earnings***
- ***The y-o-y 41% surge in performing loan volumes was mainly induced by higher corporate exposures***

The Montenegrin **CKB Bank** posted HUF 1.4 billion profit in 1H 2018. The improving semi-annual result versus the base period was due mainly to positive risk costs in 1H 2018. 2Q profit was HUF 0.7 billion.

The 1H operating profit declined by 10% y-o-y: the higher total income (+10% y-o-y) could not offset the increase in operating expenses (16% y-o-y).

1H net interest income improved by 8% y-o-y partly due to a methodology change: certain lending-related income previously booked within net fees and commissions was shifted into NII since January 2018. Furthermore, increasing performing volumes, as well as lower deposit expanses had a positive impact, too. In 2Q net interest income grew by 6% q-o-q as a result of higher corporate and municipality exposures and q-o-q moderately improving net interest margin.

Net fee and commission surged by 22% y-o-y and by 28% q-o-q. The y-o-y improvement is reasoned by methodology change: effective from 4Q 2017 the contributions paid into the deposit insurance scheme and booked earlier within net fees and commissions (in 1H 2017: HUF 360 million) were shifted to the operating cost line. The q-o-q surge in net fees and commissions was due to seasonally higher card and transaction related fees, as well as q-o-q higher fees realized on securities.
1H operating expenses increased by 16% y-o-y as a result of higher fees paid to regulatory authorities reflecting the reclassification of the contribution paid into the deposit insurance scheme (2018 1H: HUF 386 million). Higher 2Q operating expenses (+2% q-o-q) were reasoned by increasing administrative expenses, in particular higher IT and advisory costs.

On the total risk cost line there was a positive amount of HUF 0.6 billion in 1H, of which HUF 0.25 billion was realized in 2Q.

The DPD90+ ratio (25.8%) improved by 13.9 pps y-o-y (-4.1 pps q-o-q). The DPD90+ loan volume (FX-adjusted, without sales and write offs) decreased by HUF 0.1 billion in 2Q. During the first six months of 2018 HUF 2.6 billion non-performing loans were sold/written off (2Q: HUF 1.3 billion). The volume of Stage 3 exposures amounted to HUF 49.6 billion at the end of 2Q (29.2% of total gross loans, -5.8 pps q-o-q).

The FX-adjusted performing loan portfolio surged by 41% y-o-y and by 22% q-o-q. The strong yearly increase was mainly due to the remarkable growth of corporate exposures (+36% y-o-y, +6% q-o-q). Municipality exposure – from a low base – increased five folds q-o-q. The retail portfolio increased by 5% y-o-y: the mortgage loans advanced by 10% y-o-y and the SME exposure by 14% y-o-y, respectively, whereas the consumer portfolio declined by 1%. Mortgage disbursement was significant both y-o-y and q-o-q (+46% and +17%, respectively.)

The FX-adjusted deposit portfolio grew by 9% y-o-y, (+5% q-o-q). The 2Q volume increase was induced mainly by corporate inflows (+12% q-o-q). As a result, the net loan-to-deposit ratio improved to 79% (+11 pps q-o-q).

STAFF LEVEL AND OTHER INFORMATION

	31/12/2017				30/06/2018			
	Branches	ATM	POS	Headcount (closing)	Branches	ATM	POS	Headcount (closing)
OTP Core	362	1,945	70,002	9,049	361	1,929	73,695	9,385
DSK Group	367	890	7,005	4,872	360	897	7,938	4,831
OTP Bank Russia[1] (w/o employed agents)	134	230	1,079	4,956	134	236	1,067	5,185
Touch Bank (Russia)	0	0	0	356				
OTP Bank Ukraine (w/o employed agents)	85	115	382	2,224	86	139	405	2,211
OTP Bank Romania	96	139	4,351	1,163	95	139	4,449	1,204
OTP banka Hrvatska	196	528	10,765	2,430	190	511	11,394	2,453
OTP Banka Slovenko	62	148	276	674	62	147	260	691
OTP banka Srbija	157	254	5,098	2,103	157	252	5,476	2,037
CKB	29	91	4,070	429	29	96	4,355	420
Foreign subsidiaries, total	**1,126**	**2,395**	**33,026**	**19,206**	**1,113**	**2,417**	**35,344**	**19,030**
Other Hungarian and foreign subsidiaries				860				920
OTP Group (w/o employed agents)				**29,116**				**29,336**
OTP Bank Russia - employed agents				5,771				5,124
OTP Bank Ukraine - employed agents				747				619
OTP Group (aggregated)	**1,488**	**4,340**	**103,028**	**35,633**	**1,474**	**4,346**	**109,039**	**35,079**

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

ASSET-LIABILITY MANAGEMENT

Similar to previous periods OTP Group maintained a strong and safe liquidity position…

The primary objective of OTP Group in terms of asset-liability management has not changed, that is to ensure that the Group's liquidity is maintained at a safe level.

Refinancing sources of the European Central Bank are still available for OTP (EUR 252 million). As a result of the high level of liquidity reserves, the Group could safely function without considerable fund raising (except for the mortgage bond issuances due to regulatory requirements).

Total liquidity reserves of OTP Bank remained steadily and substantially above the safety level. As of 30 June 2018 the gross liquidity buffer was around EUR 7.6 billion equivalent. This buffer is significantly higher than the maturing debt within one year and the reserves required to protect against possible liquidity shocks. Due to governmental FX lending measures and FX loan conversion FX liquidity need of the Group has considerably declined. The maturing long term FX-swaps were not refinanced and the ECB refinancing facilities are currently not utilized and the FX liquidity reserves are at safe levels (at EUR 345 million on 30 June 2018).

The volume of issued securities increased by 18% y-o-y, mainly because in order to comply with the liquidity ratio introduced by the National Bank of Hungary OTP Group sold about HUF 44 billion mortgage bonds to external counterparties in the first half of 2018 (issued by OTP Mortgage Bank).

On the yearly basis the Hungarian retail bond portfolio shrank by HUF 4 billion (-37%).

The volume of subordinated debt increased by 9% y-o-y. On one hand, the HUF value of the EUR denominated perpetual bond increased due to the HUF weakening against the EUR, on the other, the Ukrainian subsidiary received an USD 17 million subordinated funding in the second quarter, which matures in 2025.

…and kept its interest-rate risk exposures low.

Interest-rate risk exposure of OTP Group is determined primarily by the positions of OTP Bank Plc. and OTP Mortgage Bank Ltd. Due to the forint liabilities on OTP Bank's balance sheet, which respond to yield changes only to a moderate extent, the Bank has an interest-rate risk exposure resulting from its business operations. The Bank considers the reduction and closing of this exposure as a strategic matter. Consequently, it has been reducing its interest-rate risk exposure through the purchase of fixed-rate government securities in order to offset the negative impact of declining yields on net interest income.

Market Risk Exposure of OTP Group

The consolidated capital requirement of the trading book positions, the counterparty risk and the FX risk exposure represented HUF 38.3 billion in total, primarily due to the capital requirement of the FX risk exposure.

OTP Group is an active participant of the international FX and derivative market. Open FX positions of group members are restricted to individual and global net open position limits (overnight and intraday), and to stop-loss limits. The open positions of the group members outside Hungary except for the Bulgarian DSK Bank – the EUR/BGN exposure of DSK under the current exchange rate regime does not represent real risk – were negligible measured against either the balance sheet total or the regulatory capital. Therefore, the group level FX exposure was concentrated at OTP Bank. Thus the main part of the FX exposure booked at OTP Bank – in line with the previous years' practice – was the strategic open FX position (EUR 310 million) kept to hedge the currency risk of the expected FX-denominated net earnings of the main foreign subsidiaries.

STATEMENT ON CORPORATE GOVERNANCE PRACTICE

Corporate governance practice

OTP Bank Plc., being registered in Hungary, has a corporate governance policy that complies with the provisions on companies of the act applicable (Civil Code). As the company conducts banking operations, it also adheres to the statutory regulations pertaining to credit institutions.

Beyond fulfilling the statutory requirements, as a listed company on the Budapest Stock Exchange (BSE), the company also makes an annual declaration on its compliance with the BSE's Corporate Governance Recommendations. After being approved by the General Meeting, this declaration is published on the websites of both the Stock Exchange (www.bet.hu) and the Bank (www.otpbank.hu).

System of internal controls

OTP Bank Plc., as a provider of financial and investment services, operates a closely regulated and state-supervised system of internal controls.

OTP Bank Plc. has detailed risk management regulations applicable to all types of risks (liquidity, market, country, counterparty, credit, operational, compliance), which are in compliance with the legal regulations on prudent banking operations. Its risk management system extends to cover the identification of risks, the assessment and analysis of their impact, elaboration of the required action plans and the monitoring of their effectiveness and results.

To ensure effective auditing, the Company's internal audit system is realised on several levels of control built on each other, and segmented along territorial units. The system of internal checks and balances includes a combination of process-integrated and management control, independent internal audit organisation and executive information system. The independent internal audit organisation promotes the statutory and efficient management of assets and liabilities, the defence of property, the safe course of business, the efficient, economical and productive operation of internal control systems, the minimisation of risks, moreover – beside compliance organisation – it reveals and reports deviations from statutory regulations and internal rules, makes proposal to abolish deficiencies and follows up the execution of actions. The independent internal audit organisation annually and quarterly prepares reports on control actions for the executive boards. The internal audit organisation annually makes reports on risk management operations, internal control mechanisms and corporate governance functions, for the Supervisory Board.

In line with the regulations of the European Union and the applicable Hungarian laws, OTP Bank Plc. established an independent organisational unit with the task of identifying and managing compliance risks.

General meeting

The General Meeting is the supreme governing body of OTP Bank Plc. The regulations pertaining to its operation are set forth in the Company's Bylaws, and comply fully with both general and special statutory requirements. Information on the General Meeting is available in the Corporate Governance Report.

Committees[1]

Members of the Board of Directors
Dr. Sándor Csányi– Chairman
Mr. Mihály Baumstark
Dr. Tibor Bíró
Mr. Tamás Erdei
Dr. István Gresa
Mr. Antal Kovács
Dr. Antal Pongrácz
Dr. László Utassy
Dr. József Vörös
Mr. László Wolf

Members of the Supervisory Board
Mr. Tibor Tolnay – Chairman
Dr. Gábor Horváth – Deputy Chairman
Mr. András Michnai
Ms. Ágnes Rudas
Mr. Dominique Uzel
Dr. Márton Gellért Vági
Mr. Olivier Péqueux

Members of the Audit Committee
Dr. Gábor Horváth – Chairman
Mr. Tibor Tolnay
Mr. Dominique Uzel
Dr. Márton Gellért Vági
Mr. Olivier Péqueux

[1] Personal changes can be found in the „Personal and organizational changes" chapter.

The résumés of the committee and board members are available in the Corporate Governance Report/Annual Report.

Operation of the executive boards

OTP Bank Plc. has a dual governance structure, in which the Board of Directors is the Company's executive body, while the Supervisory Board performs oversight tasks and accepts the provisions of the Bank Group's Remuneration Policy. The effective operation of Supervisory Board is supported by the Audit Committee, which also monitors the internal audit, the risk management, the reporting systems and the activities of the auditor.

In order to assist the performance of the governance functions the Board of Directors founded and operates, as permanent or other committees, such as the Management Committee, the Remuneration Committee, the Nomination Committee and the Risk Assumption and Risk Management Committee. To ensure effective operation OTP Bank Plc. also has a number of further permanent committees.

OTP Bank Plc. gives an account of the activities of the executive boards and the committees every year in its Corporate Governance Report.

The Board of Directors held 3, the Supervisory Board held 4 meetings, while the Audit Committee gathered 1 time in the first half of 2018. In addition, resolutions were passed by the Board of Directors on 48, by the Supervisory Board on 23 and by the Audit Committee on 10 occasions by written vote.

ENVIRONMENTAL POLICY, ENVIRONMENTAL PROJECTS

The indirect environmental impacts and opportunities of OTP Group are primarily related to the role of responsible service provider and employer. The measures and activities of the banking group are essentially determined by efforts to keep operating expenses at a constant level and, to this end, it implements targeted investments.

The foundations of responsible operation have not changed in recent years. The entity that coordinates the company's environmental protection activity, in accordance with the already elaborated schedule, is still OTP Facility Management. It performs the tasks related to data reporting to public authorities, coordinates and supervises the collection of hazardous waste across the company and the disposal thereof in accordance with the regulations.

Green Use of Energy

The Company is continuously modernising its systems at all subsidiary banks, and installs energy-saving, modern building engineering solutions as part of the construction investments.

Measures and investments of major significance at the subsidiaries:

- As the continuation of earlier improvements, the replacement of the lighting of the branches' external and internal areas with LED technology (20 fully reconstructed branches) takes place on an ongoing basis both in the parent bank and in the foreign subsidiary banks. In addition to Hungary, our subsidiaries in Ukraine and Serbia expanded the use of LED technology in several locations.
- OTP Bank plans to introduce CO2 emission limits in its vehicle policy for the vehicles to be procured. The Croatian subsidiary bank supported the installation of two electric car charging stations and plans to participate in the financing of the establishment of additional charging stations, just like the parent bank, since the deployment of the two electric cars proved to be successful.
- The number of bicycle sheds, available for use both by the customers and employees, is continuously increasing; in the past one year such development was performed at the subsidiaries in Bulgaria and Ukraine.
- OTP Bank's new head office building, under construction, will have LEED Gold certification.

There was no substantial change in the Bank's overall energy consumption compared to the previous half-year.

Green Waste Management

The Bank steadily enforces the following order of priority: "prevention of waste production: reuse/recycling/disposal". Collecting waste selectively and cutting back on paper use is an integral part of this effort.

The method of waste collection at group level has not changed in 2018. All members of OTP Group collect and manage hazardous waste and paper containing business secrets selectively, in compliance with the law. Selective collection of non-confidential paper waste and PET bottles is available in the central office buildings of OTP Bank. The Croatian subsidiary has collected waste selectively for years, whereas the Slovak subsidiary provides for selective waste collection wherever locally facilitated by the municipality. DSK Bank operates selective waste collection at its sites in Sofia and Varna. The Romanian subsidiary facilitates selective collection of paper in its head office building.

OTP Bank, DSK Bank, OTP Bank Romania and OTP banka Srbija all follow the practice of making charitable donations of any furniture no longer used but in good condition, alongside functioning IT equipment (mostly computers and laptops) to institutions and organisations in need.

Reduction of paper use

OTP Group has set the goal to cut back on paper use by reducing printing operations. Over the past two years, virtually all subsidiary banks of the Group have launched or carry out projects for this purpose.

They are continuously examining at group level how the services and the materials to be provided for customers could be produced in electronic form, thereby further reducing the use of paper and printing ink.

The digital signature pads introduced widely at OTP Bank helped prevent paper use and the range of products that may be applied for online also expanded further.

The Croatian subsidiary reduced its paper use by nearly 7 percent compared to the previous year; this was greatly facilitated by the introduction of centralised printing in its head office buildings.

E-statements

Electronic account statements have been available for years at all members of OTP Group where this is permitted by the legislation. The group members continuously encourage their customers to cancel their paper-based statements.

Similarly to the Hungarian practice, at DSK Bank and also in Slovakia, customers receive electronic statements by default; paper-based bank account statements are available against a fee, as a result of which the ratio of electronic statements is continuously increasing. In Croatia, e-statement became available in 2017, and thus for the time being only a small part of the customers opted for this form.

Legislative compliance

OTP Group shows compliant conduct in the area of environmental protection; no environmental fine was imposed on OTP Bank in the first half of 2018 (either). In addition to complying with the laws, this type of activity of the group is still dominated by efforts to ensure rationalisation, efficient utilisation of resources and to keep operating expenses at a constant level. On the other hand, we are ready to provide prompt and efficient assistance in emergency situations, as the protection of natural treasures and reducing the burden on the environment are key elements of OTP Bank's social responsibility.

Recognition

RFU CEERIUS INDEX: As a recognition of its sustainability performance, OTP Bank is a constant member of the Responsible Investment Universe index of the Vienna Stock Exchange since 2009. The index may feature regional listed companies that are awarded the best ratings in sustainability analysis in social, environmental and economic terms made by RFU (Reinhard Friesenbichler Unternehmensberatung).

Information

The Bank wishes to make the cause of environmental protection important for all stakeholders, thus it provides information on its environmental activity on a continuous basis. It shares its environmental goals and achievements with its employees through the internal information interfaces and with its customers through its revamped sustainability site.

For more information visit
www.otpfenntarthatosag.hu

FINANCIAL DATA

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF FINANCIAL POSITION

in HUF million	OTP Bank			Consolidated		
	30/06/2018	30/06/2017	change	30/06/2018	30/06/2017	change
Cash, due from banks and balances with the National Banks	298,870	385,920	-23%	1,181,072	1,038,507	14%
Placements with other banks, net of allowance for possible placement losses	1,278,831	943,260	36%	629,013	447,376	41%
Financial assets at fair value through profit or loss	316,268	198,058	60%	331,545	226,909	46%
Non-trading securities mandatorily at fair value through profit or loss	0	0		606	0	0
Securities available-for-sale (at fair value through OCI)	1,440,613	1,617,096	-11%	1,925,895	1,967,950	-2%
Loans, net of allowance for loan losses	2,405,165	2,085,921	15%	7,737,846	6,530,352	18%
Shares and equity investments	970,710	822,846	18%	18,672	10,311	81%
Securities held-to-maturity (at amortized cost)	1,359,752	979,436	39%	1,649,681	1,231,992	34%
Tangible and intangible assets	102,596	89,180	15%	422,300	381,927	11%
Other assets	110,364	115,812	-5%	316,796	310,599	2%
TOTAL ASSETS	**8,283,167**	**7,237,529**	**14%**	**14,213,426**	**12,145,924**	**17%**
Liabilities to credit institution and to the National Bank of Hungary	839,025	693,983	21%	600,048	534,254	12%
Deposits from customers	5,459,156	4,725,148	16%	10,870,394	9,215,539	18%
Liabilities from issued securities	53,861	70,823	-24%	305,109	258,139	18%
Fair value adjustment of derivative financial instruments held for trade	144,558	80,361	80%	131,519	67,742	94%
Other liabilities	229,697	255,313	-10%	515,467	497,523	4%
Subordinated bonds and loans	113,367	109,134	4%	83,513	76,464	9%
TOTAL LIABILITIES	**6,839,664**	**5,934,761**	**15%**	**12,506,050**	**10,649,662**	**17%**
Share capital	28,000	28,000	0%	28,000	28,000	0%
Retained earnings and other reserves without earnings	1,308,816	1,150,135	14%	1,586,098	1,393,045	14%
Profit or loss for the financial year according to the balance sheet	112,914	131,450	-14%	154,426	133,420	16%
Treasury shares	-6,227	-6,817	-9%	-64,660	-61,502	5%
Non-controlling interest	0	0		3,513	3,300	6%
TOTAL SHAREHOLDERS' EQUITY	**1,443,503**	**1,302,768**	**11%**	**1,707,376**	**1,496,262**	**14%**
TOTAL LIABILTITIES AND SHAREHOLDERS' EQUITY	**8,283,167**	**7,237,529**	**14%**	**14,213,426**	**12,145,924**	**17%**

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF RECOGNIZED INCOME

in HUF million	OTP Bank			Consolidated		
	1H 2018	1H 2017	change	1H 2018	1H 2017	change
Loans	71,015	60,154	18%	280,912	257,647	9%
Placements with other banks	27,872	25,857	8%	27,277	21,334	28%
Interest income due from banks and balances with the National Bank of Hungary	105	731	-86%	208	756	-73%
Securities held for trading	0	0		0	0	
Securities available-for-sale	15,115	15,247	-1%	18,423	16,605	11%
Securities held-to-maturity	22,920	22,247	3%	29,005	28,633	1%
Non-trading financial assets mandatorily at fair value through profit or loss	0	0		2	0	
Interest expense on assets (negative interest income)	0	0		-131	0	
Other interest income	0	0		5,563	4,607	21%
Interest income	*137,027*	*124,236*	*10%*	*361,259*	*329,582*	*10%*
Interest expense due to banks and on deposits from the National Banks	-27,463	-28,676	-4%	-23,340	-22,100	6%
Deposits from customers	-17,154	-5,898	191%	-38,573	-27,307	41%
From issued securities	-6	-156	-96%	-2,775	-2,431	14%
Subordinated an supplementary bonds and loans	-1,469	-1,555	-6%	-1,064	-1,176	-10%
Interest income on liabilities (negative interest expense)	0	0		87	0	
Other interest expense	0	0		-3,797	-3,502	8%
Interest expense	*-46,093*	*-36,286*	*27%*	*-69,461*	*-56,516*	*23%*
Net interest income	**90,934**	**87,951**	**3%**	**291,798**	**273,067**	**7%**
Provisions for loans	-1,785	-3,650	-51%	-8,529	-17,738	-52%
Provisions on placements	-210	2		-124	36	-449%
Provision for loans and on placements	-1,996	-3,647	-45%	-8,654	-17,702	-51%
NET INTEREST INCOME AFTER PROVISIONS	88,939	84,303	5%	283,145	255,365	11%
Income from fees and commissions	101,792	101,194	1%	160,441	148,239	8%
Expense from fees and commissions	-13,877	-13,905	0%	-26,260	-24,727	6%
NET PROFIT FROM FEES AND COMMISSIONS	87,915	87,289	1%	134,180	123,512	9%
Foreign exchange gains and losses	2,640	2,881	-8%	12,440	5,081	145%
Gains and losses on securities	1,711	3,431	-50%	-837	4,791	-117%
Gains and losses on non-trading loans mandatorily at fair value through profit or loss	-196	0		-100	0	
Gains on real estate transactions	109	113	-3%	1,286	1,527	-16%
Dividend income and gains and losses on associated companies	68,459	80,624	-15%	5,136	3,313	55%
Insurance premiums	0	0		410	0	
Gains and losses on derivative instruments	2,283	744	207%	5,996	332	
Other operating income	1,787	6,954	-74%	16,825	26,145	-36%
Other operating expense	-3,052	4,147	-174%	-9,192	-19,734	-53%
NET OPERATING RESULT	73,741	98,894	-25%	31,964	21,456	49%
Personnel expenses	-47,747	-44,589	7%	-118,630	-102,998	15%
Depreciation	-10,329	-9,374	10%	-25,441	-21,777	17%
Other administrative expenses	-73,914	-76,052	-3%	-130,240	-122,166	7%
OTHER ADMINISTRATIVE EXPENSES	-131,991	-130,014	2%	-274,311	-246,940	11%
PROFIT BEFORE INCOME TAX	**118,603**	**140,472**	**-16%**	**174,978**	**153,393**	**14%**
Income tax	-5,689	-9,022	-37%	-20,408	-19,837	3%
NET PROFIT FOR THE PERIODS	**112,914**	**131,450**	**-14%**	**154,570**	**133,556**	**16%**
From this, attributable to non-controlling interest	0	0		-145	-137	6%
NET PROFIT FOR THE PERIODS ATTRIBUTABLE OWNERS OF THE COMPANY	**112,914**	**131,450**	**-14%**	**154,426**	**133,420**	**16%**

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF CASH FLOWS

in HUF million	OTP Bank			Consolidated		
	30/06/2018	30/06/2017	change	30/06/2018	30/06/2017	change
OPERATING ACTIVITIES						
Profit before income tax	118,603	140,472	-16%	154,426	133,420	16%
Adjustments to reconcile income before income taxes to net cash provided by operating activities						
Income tax paid	0	0		-5,687	-9,998	-43%
Goodwill impairment	0	0	0%	229	0	0%
Depreciation and amortization	10,307	9,373	10%	25,212	21,777	16%
Provision for impairment / Release of provision	-2,750	-2,606	6%	8,934	32,638	-73%
Share-based payment	1,737	1,685	3%	1,737	1,686	3%
Unrealized gains / losses on fair value change of securities at fair value through other comprehensive income and fair value through profit or loss	-13,601	-20		13,979	-20	
Unrealized losses on fair value adjustment of derivative financial instruments	0	5,289	-100%	-18,778	21,852	-186%
Changes in operating assets and liabilities	8,463	-306,059	-103%	-152,323	-118,313	29%
Net cash provided by operating activities	**122,759**	**-151,866**	**-181%**	**27,729**	**83,042**	**-67%**
INVESTING ACTIVITIES						
Net cash used in investing activities	**-296,435**	**-351,091**	**-16%**	**-338,788**	**-677,327**	**-50%**
FINANCING ACTIVITIES						
Net cash used in financing activities	**68,744**	**-39,417**	**-274%**	**178,628**	**32,624**	**448%**
Net increase in cash and cash equivalents	**-104,932**	**-542,374**		**-132,431**	**-561,661**	**-76%**
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	**242,922**	**337,892**	**-28%**	**668,258**	**566,949**	**18%**

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	--	--	--	133,420		--	137	133,557
Other comprehensive income				-3,988			-130	-4,118
Share-based payment	--	--	1,686			--	--	1,686
Treasury shares								
Dividend for the year 2016	--	--	--	-53,200		--	--	-53,200
Put option								
Treasury shares								
– sale						4,560		4,560
– loss on sale				783				783
– volume change						-5,940		-5,940
Payment to ICES holders				-1,715				-1,715
Balance as at 30 June 2017	**28,000**	**52**	**29,923**	**1,551,957**	**-55,468**	**-61,501**	**3,299**	**1,496,262**

in HUF million	Share capital	Capital reserve	Share based payment reserve	Retained earnings and reserves	Put option reserves	Treasury shares	Non-controlling interest	Total
Balance as at 31 December 2017	**28,000**	**52**	**31,835**	**1,695,460**	**-55,468**	**-63,289**	**3,465**	**1,640,055**
Modification due to the initial application of IFRS9				-50,401			-127	-50,528
Balance as at 1 January 2018	**28,000**	**52**	**31,835**	**1,645,059**	**-55,468**	**-63,289**	**3,338**	**1,589,527**
Net profit for the year				154,426			145	154,571
Other comprehensive income				25,310			30	25,340
Share-based payment			1,737					1,737
Treasury shares								
Dividend for the year 2017				-61,320				-61,320
Put option								
Treasury shares								
– sale								
– loss on sale				-2,131				-2,131
– volume change						-1,371		-1,371
Payment to ICES holders				1,024				1,024
Balance as at 30 June 2018	**28,000**	**52**	**33,572**	**1,762,368**	**-55,468**	**-64,660**	**3,513**	**1,707,377**

CONSOLIDATED SUBSIDIARIES AND ASSOCIATES

	Name		Initial capital/Equity (HUF)	Ownership Directly + indirectly (%)	Voting rights (%)	Classification[1]
1.	Air-Invest Asset Management Llc.		400,000,000	100.00	100.00	L
2.	Artemis Llc.		28,000,000	100.00	100.00	L
3.	Bajor-Polár Center Real Estate Management Llc.		30,000,000	100.00	100.00	L
4.	BANK CENTER No. 1. for Investments and Developments Llc.		11,500,000,000	100.00	100.00	L
5.	CIL Babér Ltd.		3,000,000	100.00	100.00	L
6.	CRESCO d.o.o.	HRK	39,000	100.00	100.00	L
7.	Montenegrin Commercial Bank Shareholding Company, Podgorica Montenegro	EUR	136,875,398	100.00	100.00	L
8.	DSK Asset Management PLC	BGN	1,000,000	100.00	100.00	L
9.	DSK Auto Leasing Ltd.	BGN	1,000,000	100.00	100.00	L
10.	DSK Bank PLC	BGN	153,984,000	100.00	100.00	L
11.	DSK Leasing Joint Stock Company	BGN	3,334,000	100.00	100.00	L
12.	DSK Leasing Insurance Broker Ltd.	BGN	5,000	100.00	100.00	L
13.	OTP Mobile Service Llc.	BGN	250,000	100.00	100.00	L
14.	DSK Operating Lease Ltd.	BGN	1,000	100.00	100.00	L
15.	DSK Tours Ltd.	BGN	8,491,000	100.00	100.00	L
16.	DSK Trans Security PLC	BGN	2,225,000	100.00	100.00	L
17.	INGA KETTŐ Ltd.		8,000,000,000	100.00	100.00	L
18.	JeT-SOL IT Services, Trading and Investment Company Limited		8,000,000	100.00	100.00	L
19.	JN Parkolóház Real Estate Utilizer Limited Liability Company		4,800,000	100.00	100.00	L
20.	Limited Liability Company Asset Management Company " OTP Capital"	UAH	10,000,000	100.00	100.00	L
21.	LLC MFO "OTP Finance"	RUB	5,533,000,000	100.00	100.00	L
22.	LLC OTP Leasing	UAH	45,495,340	100.00	100.00	L
23.	Merkantil Bill and Property Investments Bank Closed Company Limited by Shares		2,000,000,000	100.00	100.00	L
24.	Merkantil Lease service LLC.		6,000,000	100.00	100.00	L
25.	Merkantil Car Private Company Limited by Shares		50,000,000	100.00	100.00	L
26.	Merkantil Property Leasing Private Limited by Shares		50,000,000	100.00	100.00	L
27.	Miskolci Diákotthon Investment, Utilization Limited Liability Company		5,000,000	100.00	100.00	L
28.	MONICOMP Commercial and Bearing Private Company Limited by Shares		20,000,000	100.00	100.00	L
29.	NIMO 2002 Ltd.		1,156,000,000	100.00	100.00	L
30.	OTP Fund Management Private Company Limited by Shares		900,000,000	100.00	100.00	L
31.	OTP Asset Management SAI S.A.	RON	5,795,323	100.00	100.00	L
32.	OTP Aventin d.o.o.	HRK	40,000	100.00	100.00	L
33.	OTP Bank JSC (Ukraine)	UAH	6,186,023,111	100.00	100.00	L
34.	OTP Bank Romania S.A.	RON	1,379,252,880	100.00	100.00	L
35.	OTP Banka Hrvatska d.d.	HRK	3,993,754,800	100.00	100.00	L
36.	OTP Building Llc.	EUR	18,717,301	100.00	100.00	L
37.	OTP Debt Collection Ltd.[2]	EUR	49,000,001	100.00	100.00	L
38.	OTP eBIZ Limited Liability Company		230,000,000	100.00	100.00	L
39.	OTP Life Annuity Real Estate Investment Private Company Limited by Shares		2,000,000,000	100.00	100.00	L
40.	OTP Factoring Bulgaria JSCo.	BGN	1,000,000	100.00	100.00	L
41.	OTP Factoring Serbia Ltd	RSD	782,902,282	100.00	100.00	L
42.	OTP Factoring Romania Llc.	RON	500,400	100.00	100.00	L
43.	OTP Factoring Ukraine LLC	UAH	6,067,380,554	100.00	100.00	L
44.	OTP Faktoring Slovensko Ltd.	EUR	5,000	100.00	100.00	L
45.	OTP Factoring Ltd.		500,000,000	100.00	100.00	L
46.	OTP Faktoring Vagyonkezelő Llc		3,000,000	100.00	100.00	L
47.	OTP Financing Cyprus Private Company limited by shares	EUR	1,001,000	100.00	100.00	L
48.	OTP Financing Malta Company Limited	EUR	105,000,000	100.00	100.00	L
49.	OTP Financing Netherlands B.V.	EUR	18,000	100.00	100.00	L
50.	OTP Financing Solutions B.V	EUR	18,000	100.00	100.00	L
51.	OTP Holding Ltd	EUR	131,000	100.00	100.00	L
52.	OTP Holding Malta Ltd.	EUR	104,950,000	100.00	100.00	L
53.	OTP Hungaro-Projekt Ltd.		250,000,000	100.00	100.00	L
54.	OTP Real Estate Investment Fund Management Ltd.		100,000,000	100.00	100.00	L
55.	OTP Real Estate Ltd.		1,000,000,000	100.00	100.00	L
56.	OTP Ingatlankezelő Ltd.		50,000,000	100.00	100.00	L
57.	OTP Real Estate Leasing Ltd.		214,000,000	100.00	100.00	L

	Name		Initial capital/Equity (HUF)	Ownership Directly + indirectly (%)	Voting rights (%)	Classification[1]
58.	OTP Ingatlanpont LLC.		6,000,000	100.00	100.00	L
59.	OTP Facility Management Llc.		30,000,000	100.00	100.00	L
60.	OTP Invest d.o.o.	HRK	12,979,900	100.00	100.00	L
61.	OTP Investments d.o.o. Novi Sad	RSD	203,783,061	100.00	100.00	L
62.	OTP Mortgage Bank Close Company Limited by Shares Hungary		27,000,000,000	100.00	100.00	L
63.	OTP Card Factory Llc.		450,000,000	100.00	100.00	L
64.	OTP Close Building Society		2,000,000,000	100.00	100.00	L
65.	OTP Leasing d.d.	HRK	8,212,000	100.00	100.00	L
66.	OTP Leasing Romania IFN S.A.	RON	23,036,300	100.00	100.00	L
67.	OTP Lizing d.o.o.	RSD	482,631,000	100.00	100.00	L
68.	OTP Mérnöki Ltd.		3,000,000	100.00	100.00	L
69.	OTP Mobile Service Limited Liability Company		1,210,000,000	100.00	100.00	L
70.	OTP Nekretnine d.o.o.	HRK	51,708,100	100.00	100.00	L
71.	OTP Osiguranje d.d.	HRK	40,900,000	100.00	100.00	L
72.	OTP Funds Servicing and Consulting Company Limited by Shares		2,349,940,000	100.00	100.00	L
73.	OTP Pénzügyi Pont Ltd.		50,000,000	100.00	100.00	L
74.	OTP Services d. o. o.	RSD	40,028	100.00	100.00	L
75.	R.E. Four d.o.o., Novi Sad	RSD	1,983,643,761	100.00	100.00	L
76.	SB Leasing Ltd.	HRK	23,332,000	100.00	100.00	L
77.	SB NEKRETNINE d.o.o.	HRK	531,400	100.00	100.00	L
78.	SB ZGRADA d.o.o.	HRK	208,120,000	100.00	100.00	L
79.	Aloha Buzz Llc.	RON	200	100.00	100.00	L
80.	Favo Consultanta Llc.	RON	200	100.00	100.00	L
81.	Tezaur Cont Llc.	RON	200	100.00	100.00	L
82.	SPLC-P Llc.		15,000,000	100.00	100.00	L
83.	SPLC Property Management Limited Liability Company		10,000,000	100.00	100.00	L
84.	Splitska banka d.d.	HRK	991,425,800	100.00	100.00	L
85.	TOP Collector Ltd.	RUB	530,000	100.00	100.00	L
86.	Velvin Ventures Ltd.	USD	50,000	100.00	100.00	L
87.	Vojvodjanska banka a.d. Novi Sad	RSD	16,337,430,000	100.00	100.00	L
88.	POK DSK-Rodina AD	BGN	6,010,000	99.75	99.75	L
89.	OTP Banka Slovensko a.s.	EUR	111,580,509	99.38	99.38	L
90.	OTP Banka Srbija a.d. Novi Sad	RSD	31,607,808,040	98.90	98.90	L
91.	JSC "OTP Bank" (Russia)	RUB	4,423,768,142	97.90	97.90	L
92.	OPUS Securities S.A.	EUR	31,000	0.00	51.00	L
93.	Debt Management Project 1 Montenegro d.o.o.	EUR	20,795,000	100.00	100.00	L
94.	Balansz Private Open End Institutional Fund		30,931,279,011	100.00	100.00	L
95.	OTP MRP		9,820,038,956			L
96.	OTP Solution Fund	UAH	87,539,641	100.00	100.00	L

[1] Full consolidated -L

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

Ownership structure of OTP Bank Plc.

Description of owner	Total equity					
	1 January 2017			30 June 2018		
	%[1]	%[2]	Qty	%[1]	%[2]	Qty
Domestic institution/company	20.04%	20.26%	56,116,209	19.86%	20.05%	55,609,221
Foreign institution/company	63.73%	64.44%	178,445,190	61.69%	62.30%	172,743,899
Domestic individual	3.92%	3.97%	10,988,183	4.34%	4.38%	12,150,194
Foreign individual	0.23%	0.23%	650,713	0.13%	0.13%	358,502
Employees, senior officers	0.80%	0.81%	2,250,991	0.85%	0.86%	2,372,967
Treasury shares[3]	1.09%	0.00%	3,063,853	0.97%	0.00%	2,707,516
Government held owner	0.08%	0.08%	226,012	0.08%	0.08%	219,072
International Development Institutions	0.03%	0.03%	70,502	0.03%	0.03%	82,107
Other[4]	10.07%	10.18%	28,188,357	12.06%	12.17%	33,756,532
TOTAL	**100.00%**	**100.00%**	**280,000,010**	**100.00%**	**100.00%**	**280,000,010**

[1] Ownership share.
[2] Voting rights in the General Meeting of the Issuer for participation in decision-making. If the ownership ratio and the voting rights are equal, only the ownership stake column must be completed and submitted / published with the fact indication.
[3] Treasury shares do not include the OTP shares held by ESOP.
[4] 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		
Subsidiaries	2,073,560	2,073,560	2,073,560		
TOTAL	3,063,853	3,071,141	2,707,516		

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

Name	Number of shares	Ownership[1]	Voting rights[1,2]
MOL (Hungarian Oil and Gas Company Plc.)	24,000,000	8.57%	8.66%
KAFIJAT Ltd.	22,199,077	7.93%	8.01%
OPUS Securities S.A.	14,496,476	5.18%	5.23%
Groupama Group	14,340,807	5.12%	5.17%

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

Senior officers, strategic employees and their shareholding of OTP shares as at 30 June 2018

Type[1]	Name	Position	No. of shares held
IT	Dr. Sándor Csányi [2]	Chairman and CEO	720,822
IT	Mihály Baumstark	member	54,000
IT	Dr. Tibor Bíró	member	24,956
IT	Tamás Erdei	member	25,639
IT	Dr. István Gresa	member	152,671
IT	Antal Kovács	member, Deputy CEO	27,263
IT	Dr. Antal Pongrácz	member	86,901
IT	Dr. László Utassy	member	222,066
IT	Dr. József Vörös	member	157,314
IT	László Wolf	member, Deputy CEO	610,884
FB	Ágnes Rudas	member	148,456
FB	Tibor Tolnay	Chairman	54
FB	Dr. Gábor Horváth	member	0
FB	András Michnai	member	843
FB	Olivier Péqueux	member	0
FB	Dr. Márton Gellért Vági	member	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	8,013
TOTAL No. of shares held by management:			**2,287,545**

[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: 3,006,422

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

a) Contingent liabilities

	30/06/2018	30/06/2017
Commitments to extend credit	1,975,986	1,611,258
Guarantees arising from banking activities	567,227	476,837
Confirmed letters of credit	9,253	14,449
Legal disputes (disputed value)	15,763	38,880
Contingent liabilities related to OTP Mortgage Bank	0	0
Other	253,423	327,594
Total:	**2,821,652**	**2,469,018**

[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.)

Changes in the headcount (number of persons) employed by the Bank and the subsidiaries

	End of reference period	Current period opening	Current period closing
Bank[1]	7,683	7,862	8,213
Consolidated[2]	32,991	35,633	35,079

[1]OTP Bank Hungary unique employee figures.
[2] Due to the changes in the scope of consolidation, the historical figures are not comparable.

SECURITY ISSUANCES ON GROUP LEVEL BETWEEN 01/07/2017 AND 30/06/2018

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 30/06/2018	Outstanding consolidated debt (in HUF million) 30/06/2018
OTP Bank Plc.	Retail bond	OTP_VK1_18/5	14/07/2017	14/07/2018	USD	2,068,500	583
OTP Bank Plc.	Retail bond	OTP_VK1_18/6	04/08/2017	04/08/2018	USD	660,100	186
OTP Bank Plc.	Retail bond	OTP_VK1_18/7	29/09/2017	29/09/2018	USD	4,378,200	1,235
OTP Bank Plc.	Retail bond	OTP_VK1_18/8	17/11/2017	17/11/2018	USD	2,950,600	832
OTP Bank Plc.	Retail bond	OTP_VK1_18/9	20/12/2017	20/12/2018	USD	1,435,300	405
OTP Bank Plc.	Retail bond	OTP_VK1_19/I	16/02/2018	16/02/2019	USD	3,047,600	860
OTP Bank Plc.	Retail bond	OTP_VK1_19/2	29/03/2018	29/03/2019	USD	2,975,700	839
OTP Bank Plc.	Retail bond	OTP_VK1_19/3	18/05/2018	18/05/2019	USD	2,986,600	842
OTP Bank Plc.	Retail bond	OTP_VK1_19/4	28/06/2018	28/06/2019	USD	2,983,400	841
OTP Bank Plc.	Corporate bond	OTP_DK_19/I	31/05/2018	31/05/2019	HUF	0	0
OTP Mortgage Bank	Mortgage bond	OJB2023_I	05/04/2018	24/11/2023	HUF	43,600	43,600
OTP Banka Slovensko	Corporate bond	Bonds OTP V.	31/07/2017	30/07/2018	EUR	0	0

SECURITY REDEMPTIONS ON GROUP LEVEL BETWEEN 01/07/2017 AND 30/06/2018

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 30/06/2017	Outstanding consolidated debt (in HUF million) 30/06/2017
OTP Bank Plc.	Retail bond	OTP_VK1_17/4	16/09/2016	16/09/2017	USD	1,451,048	393
OTP Bank Plc.	Retail bond	OTP_VK1_18/1	20/01/2017	20/01/2018	USD	2,886,518	782
OTP Bank Plc.	Retail bond	OTP_VK1_18/2	03/03/2017	03/03/2018	USD	4,259,100	1,154
OTP Bank Plc.	Retail bond	OTP_VK1_18/3	13/04/2017	13/04/2018	USD	2,490,300	675
OTP Bank Plc.	Retail bond	OTP_VK1_18/4	02/06/2017	02/06/2018	USD	4,199,100	1,137
OTP Bank Plc.	Retail bond	OTP_E1_17/10	16/09/2016	30/09/2017	EUR	4,395,205	1,358
OTP Bank Plc.	Retail bond	OTP_E1_17/8	01/07/2016	15/07/2017	EUR	6,745,549	2,084
OTP Bank Plc.	Retail bond	OTP_E1_17/9	10/08/2016	24/08/2017	EUR	8,504,210	2,627
OTP Bank Plc.	Corporate bond	OTPX2017C	19/09/2011	25/09/2017	HUF	2,785	2,785
OTP Bank Plc.	Corporate bond	OTPX2017D	20/10/2011	19/10/2017	HUF	385	385
OTP Bank Plc.	Corporate bond	OTPX2017E	21/12/2011	28/12/2017	HUF	2,960	2,960
OTP Bank Plc.	Corporate bond	OTPX2018A	03/01/2012	09/01/2018	HUF	447	447
OTP Bank Plc.	Corporate bond	OTPX2018B	22/03/2012	22/03/2018	HUF	3,544	3,544
OTP Bank Plc.	Retail bond	OTPTBSZ6_17I	13/01/2012	15/12/2017	HUF	221	221
OTP Bank Plc.	Corporate bond	OTP_DK_18/I	31/05/2017	31/05/2018	HUF	0	0
OTP Banka Slovensko	Mortgage bond	OTP XXIX.	28/09/2016	27/09/2017	EUR	0	0
OTP Banka Slovensko	Mortgage bond	OTP XXX.	16/12/2016	15/12/2017	EUR	0	0
OTP Banka Slovensko	Mortgage bond	OTP XXXI.	29/03/2017	28/03/2018	EUR	0	0
OTP Banka Slovensko	Corporate bond	Bonds OTP IV.	28/02/2017	27/02/2018	EUR	0	0

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	1H 2017	1H 2018	Y-o-Y	2Q 2017	1Q 2018	2Q 2018	Q-o-Q	Y-o-Y
Total	**5,569**	**6,459**	**16%**	**3,452**	**2,641**	**3,818**	**45%**	**11%**
Short-term employee benefits	4,218	4,557	8%	2,811	1,756	2,801	60%	0%
Share-based payment	1,132	1,546	37%	548	773	773	0%	41%
Other long-term employee benefits	210	333	59%	93	112	221	97%	138%
Termination benefits	9	0	-100%	0	0	0		
Redundancy payments	0	23		0	0	23		
Loans provided to companies owned by the management[1] (normal course of business)	83,438	39,632	-53%	83,438	48,708	39,632	-19%	-53%
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)	3,735	3,778	1%	3,735	3,759	3,778	1%	1%
Commitments to extend credit and guarantees	43,899	49,940	14%	43,899	42,011	49,940	19%	14%
Loans provided to unconsolidated subsidiaries	4,524	4,744	5%	4,524	4,645	4,744	2%	5%

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

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

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value	
			1H 2017	1H 2018
Leverage, consolidated[6]	The leverage ratio is calculated pursuant to Article 429 of CRR. The calculation of the indicator is designed quarterly by the Bank for the prudential consolidation scope.	The leverage ratio shall be calculated as an institution's capital measure divided by that institution's total exposure measure and shall be expressed as a percentage. Example for 1H 2018: $\frac{1326906.3}{15155141.1} = 8.8\%$ Example for 1H 2017: $\frac{1079949.9}{12747569.2} = 8.5\%$	8.5%	8.8%
Liquidity Coverage Ratio (LCR), consolidated	According to Article 412 (1) of CRR, the liquidity coverage ratio (LCR) is designed to promote short-term resilience of the Group's liquidity risk profile and aims to ensure that the Group has an adequate stock of unencumbered High Quality Liquid Assets (HQLA) to meet its liquidity needs for a 30 calendar day liquidity stress scenario.	The LCR is expressed as: (stock of HQLA) / (total net cash outflows over the next 30 calendar days) ≥ 100%. The numerator of the LCR is the stock of HQLA (High Quality Liquid Assets). In order to qualify as HQLA, assets should be liquid in markets during a time of stress and, in most cases, be eligible for use in central bank operations. The denominator of the LCR is the total net cash outflows, defined as total expected cash outflows minus total expected cash inflow in the specified stress scenario for the subsequent 30 calendar days. Total cash inflows are subject to an aggregate cap of 75% of total expected cash outflows, thereby ensuring a minimum level of HQLA holdings at all times. Example for 1H 2018: $\frac{3996630.4}{2573140.4-535627.5} = 196\%$ Example for 1H 2017: $\frac{3629966.3}{2087633.6-438417.9} = 220\%$	220%	196%

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

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

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value	
			1H 2017	1H 2018
Net loan to deposit ratio, consolidated	The net loan to deposit ratio is the indicator for assessing the bank's liquidity position.	The numerator of the indicator is the consolidated net consumer loan volume (gross loans less the stock of provisions), the denominator is the end of period consolidated customer deposit base. Example for 1H 2018: $\frac{7737846.8}{10858169.8} = 71.3\%$ Example for 1H 2017: $\frac{6494115.8}{9198832.3} = 70.6\%$	70.6%	71.3%
ROE (accounting), consolidated	The return on equity ratio shall be calculated as the consolidated net profit for the given period divided by the average equity, thus the ratio shows the effectiveness of the use of equity.	The numerator of the indicator is the consolidated accounting net profit for the given period, the denominator is the average consolidated equity. (The definition of average equity: calendar day-weighted average of the average balance sheet items in periods comprising the given period, where periods comprising the given period are defined as quarters (and within that months) in case of 1H, 9M and FY periods, and months in case of quarters. Furthermore, the average of the average balance sheet items is computed as the arithmetic average of closing balance sheet items for the previous period and the current period.) Example for 1H 2018: $\frac{154570.3*2.02}{1634028} = 19.1\%$ Example for 1H 2017: $\frac{133557.5*2.02}{1455682.2} = 18.5\%$	18.5%	19.1%

SUPPLEMENTARY DATA

ADJUSTMENTS OF THE CONSOLIDATED IFRS BALANCE SHEET LINES

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

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

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

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

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

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

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

(4) From 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.

(5) 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.

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

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

(8) Before transfer balance sheet numbers are displayed. 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.

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

(10) Splitska banka was consolidated into OBH's results from 2Q 2017. Banco Popolare Croatia was consolidated into OBH's results from 2Q 2014. From 1Q 2015 including the financial result and volumes of OTP Faktoring d.o.o.

(11) 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.

(12) Including the financial performance of OTP Factoring Montenegro d.o.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.

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

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

(16) OTP Buildings s.r.o. (Slovakia), OTP Real Slovensko s.r.o. (Slovakia), Velvin Ventures Ltd. (Belize), Debt Management Project 1 Montenegro d.o.o. (Montenegro), R.E. Four d.o.o., Novi Sad (Serbia), SC Aloha Buzz SRL, SC Favo Consultanta SRL, SC Tezaur Cont SRL (Romania), Cresco d.o.o. (Croatia), OTP Osiguranje d.d. (Croatia).

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

(18) Total Foreign subsidiaries: sum of the adjusted after tax profits of foreign subsidiaries and one-off items (after tax).

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

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

Adjustments:

- The after tax effect of adjustment items (certain, typically non-recurring items from banking operations' point of view) are shown separately in the Statement of Recognised Income. The following adjustment items emerged in the period under review and the previous year: received dividends, received and paid cash transfers, the effect of goodwill/investment impairment charges, special tax on financial institutions, the impact of fines imposed by the Hungarian Competition Authority, and the effect of acquisitions. Beside the Slovakian banking levy, the total amount of the special banking tax includes and the Slovakian Deposit Protection Fund contributions being introduced again in 2014, and the contribution into the Resolution Fund in Slovakia, too. The special banking tax, however, does not include the special tax levied on the result of investment services in the year of 2017 in Hungary, this item is presented among the operating expenses.
- Other non-interest income elements stemming from provisioning release in connection with provisions on loans originated before the acquisitions of the subsidiaries have been reclassified to and deducted from the volume of provisions for possible loan losses in the income statement.
- Other non-interest income is shown together with gains/losses on real estate transactions, but without the above mentioned income from the release of pre-acquisition provisions and without received cash transfers. However other non-interest expenses stemming from non-financial activities are added to the adjusted net other non-interest income line, therefore the latter incorporates the net amount of other non-interest income from non-financial activities.
- The Gains and losses on non-trading loans mandatorily at fair value through profit or loss line appearing in the accounting P&L structure from 1Q 2018 was presented in the adjusted P&L structure on the Net other non-interest result line within the Other net non-interest income.
- From 2Q 2014 OTP Bank's share in the change in the shareholders' equity of companies consolidated with equity method is reclassified from the After tax dividends and net cash transfers line to the Net other non-interest result (adj.) without one-offs line. Furthermore, received cash transfers within the framework of the subsidy programme targeting the expansion of POS network in Hungary in 3Q 2017 were reclassified from the After tax dividends and net cash transfers line to the Net other non-interest result (adj.) without one-offs line.
- Out of other expenses, other provisions are deducted and shown separately as other risk costs in the adjusted income statement. Other provisions contain provisioning on off-balance sheet liabilities and on legal contests, provisioning on securities, shares and other investments as well as provisioning on other assets.
- Other administrative expenses have been adjusted in the following way in order to create a category comprising administrative cost items exclusively. Other costs and expenses and other non-interest expenses were included into the adjusted Other non-interest expenses. At the same time, the following cost items were excluded from adjusted other non-interest expenses: paid cash transfers – except for movie subsidies and cash transfers to public benefit organisations –, Other other non-interest expenses stemming from non-financial activities, and special tax on financial institutions.
- Tax deductible transfers (offset against corporate taxes) paid by Hungarian group members from 3Q 2012 were reclassified from Other non-interest expenses to Corporate income tax. As a result, the net P&L effect of these transfers (i.e. the paid transfer less the related corporate tax allowances) is recognised in the corporate income tax line of the adjusted P&L. The amount of tax deductible transfers offset against the special tax on financial institutions is shown on a net base on the special tax on financial institutions line.
- The financial transaction tax paid from the beginning of 2013 in Hungary is reclassified from other (administrative) expenses to net fee and commission income, both on consolidated and OTP Core level.
- The *Net insurance result* line which appeared in the consolidated accounting P&L structure from 3Q 2017 is presented on the *Net other non-interest result* line within the *Other net non-interest income* in the adjusted P&L structure.
- OTP Group is hedging the revaluation result of the FX provisions on its FX loans and interest claims by keeping hedging open FX positions. In the accounting statement of recognized income, the revaluation of FX provisions is part of the risk costs (within line "Provision for loan losses"), other provisions and net interest income lines, whereas the revaluation result of the hedging open FX positions is made through other non-interest income (within line "Foreign exchange result, net"). The two items have the same absolute amount but an opposite sign. As an adjustment to the accounting statement of income, these items are eliminated from the adjusted P&L. By modifying only the structure of the income statement, this correction does not have any impact on the bottom line net profits.
- The Compensation Fund (established in Hungary in order to indemnify the victims of Quaestor and Hungarian Securities Ltd.) contributions booked from 1Q 2017 are recognized on the Other administrative expenses line of the accounting income statement, and are presented on the financial transaction tax and Special tax on financial institutions line the in the adjusted P&L structure (due to the tax deductibility).
- In case of OTP Banka Slovensko and OTP Bank Romania the total revaluation result of intra-group swap deals – earlier booked partly within the net interest income, but also on the Foreign exchange gains and Net other non-interest result lines within total Other non-interest income – is presented on a net base on the net interest income line starting from 1Q 2016.
- Performance indicators (such as cost/income ratio, net interest margin, risk cost to average gross loans as well as ROA and ROE ratios, etc.) presented in this report are calculated on the basis of the adjusted profit and loss statement excluding adjustment items (unless otherwise indicated). Adjustment items include received dividends and net cash transfers, the effect of goodwill/investment impairment charges, special tax on financial institutions, the impact of fines imposed by the Hungarian Competition Authority, and the effect of acquisitions.
- Within the report, FX-adjusted statistics for business volume developments and their product breakdown are disclosed, too. For FX adjustment, the closing cross currency rates for the current period were used to calculate the HUF equivalent of loan and deposit volumes in the base periods. Thus the FX adjusted volumes will be different from those published earlier.

ADJUSTMENTS OF CONSOLIDATED IFRS P&L LINES

in HUF million	1Q 17	2Q 17	1H 17	3Q 17	4Q 17 Audited	2017 Audited	1Q 18	2Q 18	1H 18
Net interest income	**135,080**	**137,987**	**273,067**	**138,961**	**141,727**	**553,755**	**145,004**	**146,795**	**291,798**
(-) Revaluation result of FX provisions	343	-319	25	123	43	190	9	-19	-9
(+) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	-120	87	-33	-50	-20	-103	-202	46	-156
(-) 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	3,904	1,102	955	5,961	956	772	1,728
(-) Effect of acquisitions				660	187	847	222	211	433
Net interest income (adj.)	**132,180**	**136,925**	**269,106**	**137,026**	**140,523**	**546,654**	**143,614**	**145,877**	**289,491**
Net fees and commissions	**58,572**	**64,941**	**123,512**	**65,890**	**71,791**	**261,193**	**64,459**	**69,721**	**134,180**
(+) Financial Transaction Tax	-14,022	-11,189	-25,212	-12,841	-13,718	-51,770	-14,880	-12,988	-27,868
(-) Effect of acquisitions		-5	-5	0	0	-5	0	0	0
Net fees and commissions (adj.)	**44,549**	**53,757**	**98,306**	**53,049**	**58,073**	**209,428**	**49,579**	**56,733**	**106,312**
Foreign exchange result	**2,913**	**2,168**	**5,081**	**4,767**	**6,731**	**16,579**	**3,460**	**8,980**	**12,440**
(-) Revaluation result of FX positions hedging the revaluation of FX provisions	-1,923	-4,243	-6,166	-874	2,690	-4,350	-3,605	2,978	-627
(-) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	-168	105	-63	-837	86	-814	-173	-1,935	-2,109
(-) Effect of acquisitions	0	122	122	0	0	122	0	0	0
Foreign exchange result (adj.)	**5,004**	**6,185**	**11,189**	**6,478**	**3,955**	**21,622**	**7,238**	**7,937**	**15,175**
Gain/loss on securities, net	**1,677**	**3,115**	**4,791**	**1,737**	**1,401**	**7,930**	**-1,066**	**228**	**-837**
Gain/loss on securities, net (adj.) with one-offs	**1,677**	**3,115**	**4,791**	**1,737**	**1,401**	**7,930**	**-1,066**	**228**	**-837**
(-) Revaluation result of the treasury share swap agreement (booked as Gain on securities, net (adj) at OTP Core)	-42	-198	-240	996	106	862	-1,845	178	-1,667
Gain/loss on securities, net (adj.) without one-offs	**1,719**	**3,312**	**5,031**	**741**	**1,295**	**7,068**	**779**	**50**	**829**
Gains and losses on real estate transactions	**897**	**630**	**1,527**	**156**	**410**	**2,093**	**574**	**712**	**1,286**
(+) Other non-interest income	**5,622**	**20,523**	**26,145**	**8,827**	**27,996**	**62,968**	**9,595**	**7,230**	**16,825**
(+) Gains and losses on derivative financial instruments	**-263**	**596**	**332**	**1,631**	**3,328**	**5,291**	**976**	**5,020**	**5,996**
(+) Net insurance result				**159**	**250**	**410**	**200**	**210**	**410**
(+) Gains and losses on non-trading loans mandatorily at fair value through profit or loss							**-127**	**27**	**-100**
(-) Received cash transfers	1	1	3	572	9	584	144	2	146
(+) Received cash transfers within the framework of the subsidy programme targeting the expansion of POS network in Hungary				560	0	560	142		142
(-) Non-interest income from the release of pre-acquisition provisions	116	2,764	2,880	4,183	2,687	9,750	5,495	1,338	6,832
(+) Other other non-interest expenses	-1,044	-1,061	-2,105	-866	-6,695	-9,666	-732	-674	-1,405
(+) Change in shareholders' equity of companies consolidated with equity method	32	-149	-117	459	71	413	-232	-48	-280
(-) Effect of acquisitions	0	14,228	14,228	275	17,768	32,271	1	21	22
(-) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	49	-18	30	787	-106	712	-29	1,982	1,953
(-) One-off impact of regulatory changes related to CHF consumer contracts in Croatia	-36	-6	-42	-8	-4	-54	0	0	0
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	-58	-233	-290	-206	134	-363	-174	-73	-247
(-) Impact of fines imposed by the Hungarian Competition Authority	194	0	194	0	0	194	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	-865	-201	-134	-1,200	-165	-137	-302
Net other non-interest result (adj.) with one-offs	**5,304**	**4,342**	**9,645**	**5,524**	**5,006**	**20,175**	**5,124**	**9,344**	**14,468**
(-) 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
Net other non-interest result (adj.) without one-offs	**5,304**	**4,342**	**9,645**	**5,524**	**5,006**	**20,175**	**5,124**	**9,344**	**14,468**

in HUF million	1Q 17	2Q 17	1H 17	3Q 17	4Q 17 Audited	2017 Audited	1Q 18	2Q 18	1H 18
Provision for loan losses	**-11,737**	**-5,965**	**-17,702**	**-5,614**	**-17,532**	**-40,848**	**-3,482**	**-5,172**	**-8,654**
(+) Non-interest income from the release of pre-acquisition provisions	116	2,764	2,880	4,183	2,687	9,750	5,495	1,338	6,832
(-) Revaluation result of FX provisions	1,558	4,558	6,116	757	-2,728	4,144	3,590	-2,924	666
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	-95	-148	-243	-189	2,209	1,777	-50	-45	-96
(+) 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	3,904	1,102	955	5,961	956	772	1,728
Provision for loan losses (adj.)	**-10,647**	**-6,145**	**-16,791**	**-896**	**-13,371**	**-31,058**	**-570**	**-93**	**-663**
Dividend income	**171**	**3,142**	**3,313**	**748**	**90**	**4,152**	**-99**	**5,235**	**5,136**
(+) Received cash transfers	1	1	3	572	9	584	144	2	146
(+) Paid cash transfers	-494	-398	-892	-645	-9,959	-11,496	-4,817	-537	-5,354
(-) Sponsorships, subsidies and cash transfers to public benefit organisations	-492	-398	-890	-645	-9,960	-11,495	-4,811	-535	-5,346
(-) Received cash transfers within the framework of the subsidy programme targeting the expansion of POS network in Hungary				560	0	560	142		142
(-) Dividend income of swap counterparty shares kept under the treasury share swap agreement	0	3,082	3,082	0	0	3,082	0	5,111	5,111
(-) Change in shareholders' equity of companies consolidated with equity method	32	-149	-117	459	71	413	-232	-48	-280
After tax dividends and net cash transfers	**139**	**209**	**348**	**302**	**30**	**680**	**129**	**172**	**301**
Depreciation	**-9,722**	**-12,054**	**-21,777**	**-13,897**	**-13,819**	**-49,493**	**-12,244**	**-13,197**	**-25,441**
(-) Goodwill impairment charges	0	0	0	0	-504	-504	0	-229	-229
(-) Effect of acquisitions		-627	-627	-940	-940	-2,507	-940	-683	-1,624
Depreciation (adj.)	**-9,722**	**-11,427**	**-21,150**	**-12,957**	**-12,376**	**-46,482**	**-11,304**	**-12,284**	**-23,588**
Personnel expenses	**-49,560**	**-53,438**	**-102,998**	**-53,831**	**-57,057**	**-213,886**	**-57,813**	**-60,818**	**-118,630**
(-) Effect of acquisitions	0	-7	-7	-4	-276	-287	-215	-340	-555
Personnel expenses (adj.)	**-49,560**	**-53,432**	**-102,991**	**-53,827**	**-56,780**	**-213,599**	**-57,598**	**-60,478**	**-118,075**
Income taxes	**-7,525**	**-12,312**	**-19,837**	**-9,232**	**-12,434**	**-41,503**	**-10,467**	**-9,941**	**-20,408**
(-) Corporate tax impact of goodwill/investment impairment charges	512	-782	-270	-189	-5,102	-5,561	0	705	705
(-) Corporate tax impact of the special tax on financial institutions	1,423	46	1,468	46	47	1,561	1,417	48	1,465
(+) Tax deductible transfers (offset against corporate taxes)	0	-45	-45	0	-2,117	-2,162	1,353	0	1,353
(-) Corporate tax impact of the effect of fines imposed by the Hungarian Competition Authority	-17	0	-17	0	0	-17	0	0	0
(-) Corporate tax impact of the effect of acquisitions	0	439	439	215	-2,952	-2,298	-101	200	99
Corporate income tax (adj.)	**-9,442**	**-12,060**	**-21,502**	**-9,304**	**-6,544**	**-37,350**	**-10,430**	**-10,893**	**-21,324**
Other operating expense, net	**-3,667**	**-16,067**	**-19,734**	**-5,420**	**-26,076**	**-51,230**	**-5,131**	**-4,060**	**-9,192**
(-) Other costs and expenses	-838	-964	-1,802	-1,149	-2,844	-5,795	-1,058	-1,093	-2,151
(-) Other non-interest expenses	-1,538	-1,459	-2,997	-1,511	-16,654	-21,162	-5,549	-1,211	-6,759
(-) Effect of acquisitions	0	-10,884	-10,884	0	1,380	-9,504	1,799	0	1,799
(-) Revaluation result of FX provisions	22	4	26	-6	-4	16	6	-35	-29
(-) One-off impact of regulatory changes related to CHF consumer contracts in Croatia	36	6	42	8	4	54	0	0	0
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	153	380	533	395	-2,343	-1,414	225	118	343
(-) 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	865	201	134	1,200	165	137	302
Other provisions (adj.)	**-1,828**	**-3,688**	**-5,517**	**-3,359**	**-5,749**	**-14,624**	**-719**	**-1,976**	**-2,695**
Other administrative expenses	**-69,598**	**-52,567**	**-122,166**	**-55,554**	**-58,353**	**-236,072**	**-68,789**	**-61,451**	**-130,240**
(+) Other costs and expenses	-838	-964	-1,802	-1,149	-2,844	-5,795	-1,058	-1,093	-2,151
(+) Other non-interest expenses	-1,538	-1,459	-2,997	-1,511	-16,654	-21,162	-5,549	-1,211	-6,759
(-) Paid cash transfers	-494	-398	-892	-645	-9,959	-11,496	-4,817	-537	-5,354
(+) Film subsidies and cash transfers to public benefit organisations	-492	-398	-890	-645	-9,960	-11,495	-4,811	-535	-5,346
(-) Other other non-interest expenses	-1,044	-1,061	-2,105	-866	-6,695	-9,666	-732	-674	-1,405
(-) Special tax on financial institutions (recognised as other administrative expenses)	-16,153	-215	-16,368	-208	-218	-16,794	-16,142	-235	-16,376
(-) Tax deductible transfers (offset against corporate taxes)	0	-45	-45	0	-2,117	-2,162	1,353	0	1,353
(-) Financial Transaction Tax	-14,022	-11,189	-25,212	-12,841	-13,718	-51,770	-14,880	-12,988	-27,868
(-) Effect of acquisitions		-84	-84	-362	-486	-931	-384	-1,228	-1,612
Other non-interest expenses (adj.)	**-40,753**	**-42,397**	**-83,150**	**-43,937**	**-54,618**	**-181,706**	**-44,604**	**-48,629**	**-93,233**

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