

OTP Group

First nine months 2020 results

Conference call – 6 November 2020

László Bencsik

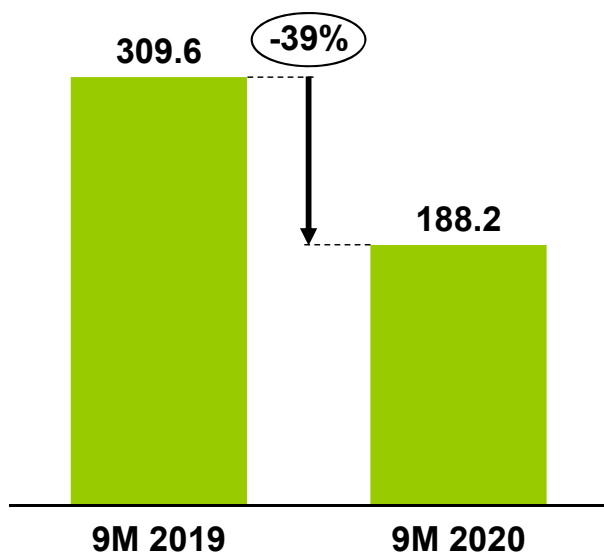
Chief Financial and Strategic Officer



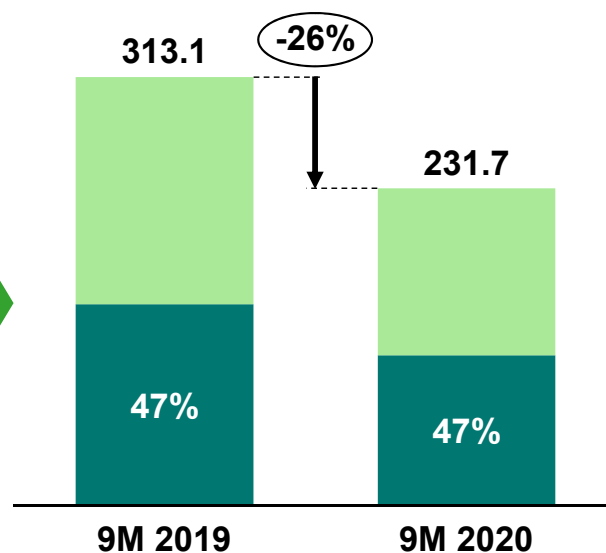
The cumulated accounting profit decreased by 39% y-o-y, while the adjusted profit dropped by 26%. In 3Q the adjusted profit improved by 43% q-o-q; the profit contribution of foreign subsidiaries remained stable at 50%

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

Accounting profit after tax



Adjusted profit after tax

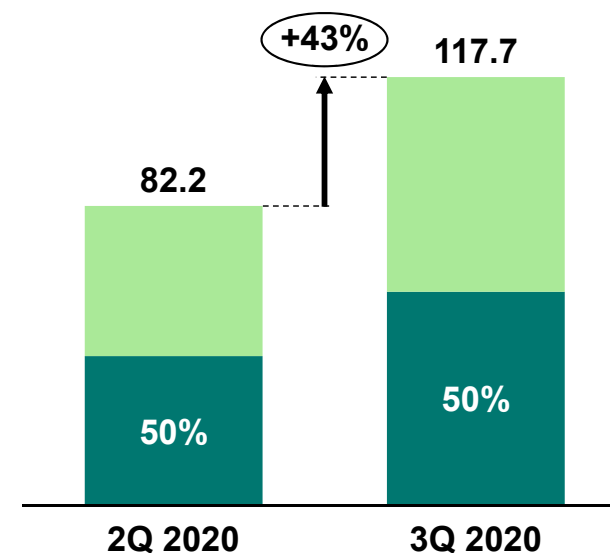


Adjustments (after tax)

	9M 2019	9M 2020
Banking tax	-15.6	-17.3
Expected one-off negative effect of the first phase of the moratorium in Hungary expiring at end-2020	-	-17.4
Effect of acquisitions	17.9	-10.9
Others	-5.8	2.1 ¹
Total	-3.5	-43.5

After tax profit development (in HUF billion)

Adjusted profit after tax



 Hungarian subsidiaries
 Foreign subsidiaries

¹ Of which +HUF 0.9 billion goodwill / investment impairment charges; +0.5 dividend and net cash transfer; +0.7 impact of fines imposed by the Hungarian Competition Authority.

In 3Q 2020 the balance of adjustments was -HUF 4.1 billion, mostly related to integration expenditures

(in HUF billion)	9M 19	9M 20	Y-o-Y	3Q 19	2Q 20	3Q 20	Q-o-Q	Y-o-Y
Consolidated after tax profit (accounting)	309.6	188.2	-39%	131.6	78.7	113.6	44%	-14%
Adjustments (total)	-3.5	-43.5		21.2	-3.6	-4.1	15%	
Dividends and net cash transfers (after tax)	0.4	0.5	5%	-0.2	0.2	0.3	84%	
Goodwill/investment impairment charges (after tax)	-4.4	0.9		-	0.9	-		
Special tax on financial institutions (after corporate income tax)	-15.6	-17.3	11%	-0.2	-0.6	0.0 ¹	-97%	-89%
Expected one-off negative effect of the first phase of the debt repayment moratorium in Hungary expiring at the end of 2020 (after tax)	-	-17.4		-	2.0	0.7 ²	-63%	
Impact of fines imposed by the Hungarian Competition Authority (after tax)	-	0.7		-	0.7	-		
Effect of acquisitions (after tax)	17.9	-10.9		21.4	-6.8	-5.1 ³	-25%	
One-off impact of regulatory changes related to FX consumer contracts in Serbia	-1.8	-		0.1	-	-		
Consolidated adjusted after tax profit	313.1	231.7	-26%	110.5	82.2	117.7	43%	6%

¹ The Slovakian banking tax was abolished effective from July.

² +HUF 0.7 billion (after tax) was booked in relation to the moratorium in Hungary effective from 19 March until the end of 2020 based on the actual participation.

³ The -HUF 5.1 billion (after tax) acquisition effect was related mostly to the direct costs of the on-going integration and group alignment processes.

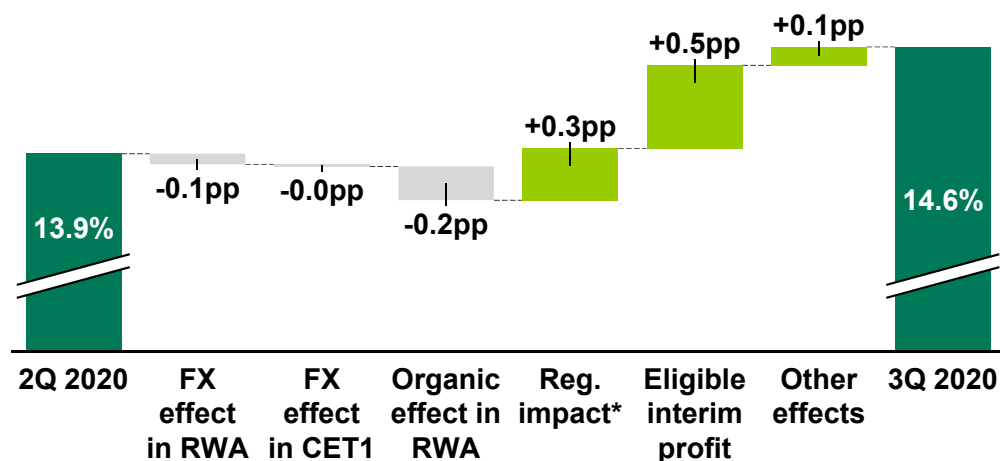
The 9M adjusted profit without acquisitions decreased by 34% y-o-y (adjusted for FX-effect), mostly because of higher risk costs. In 3Q total risk costs declined q-o-q, and core banking revenues showed an improvement q-o-q

(in HUF billion)	9M 19	9M 20	Y-o-Y	9M 20 without M&A ¹	Y-o-Y	Y-o-Y FX-adj.	2Q 20	3Q 20	Q-o-Q	Q-o-Q FX-adj.
Consolidated adjusted after tax profit	313.1	231.7	-26%	208.2	-33%	-34%	82.2	117.7	43%	43%
Corporate tax	-38.3	-31.5	-18%	-27.9	-26%	-28%	-10.6	-16.9	59%	60%
Profit before tax	351.4	263.2	-25%	236.2	-32%	-34%	92.8	134.5	45%	45%
Total one-off items	3.5	1.6	-56%	1.6	-56%	-56%	0.9	0.3	-64%	-64%
Result of the share swap agreement	3.5	1.6	-56%	1.6	-56%	-56%	0.9	0.3	-64%	-64%
Profit before tax (adjusted, without one-off items)	347.8	261.7	-25%	234.6	-32%	-33%	92.0	134.2	46%	46%
Operating profit without one-offs	370.1	397.5	7%	350.5	-4%	-7%	131.0	139.3	6%	8%
Total income without one-offs	772.2	862.5	12%	772.7	1%	-1%	284.2	294.4	4%	5%
Net interest income	510.4	590.5	16%	523.0	4%	1%	194.5	195.7	1%	2%
Net fees and commissions	197.0	210.1	7%	193.5	-1%	-3%	66.6	74.2	11%	12%
Other net non interest income without one-offs	64.8	61.9	-4%	56.1	-13%	-15%	23.1	24.4	6%	6%
Operating costs	-402.2	-464.9	16%	-422.1	6%	3%	-153.2	-155.1	1%	2%
Total risk cost	-22.2	-135.9	512%	-115.9	427%	459%	-39.1	-5.1	-87%	-86%

¹ In these 3 columns neither 9M 2020 numbers, nor y-o-y changes include the contribution of OTP Bank Albania, Podgoricka banka in Montenegro, Mobiasbanca in Moldova, OTP banka Srbija in Serbia and SKB Banka in Slovenia.

Strong capital position, all capital ratios well above the regulatory requirements

Decomposition of the change in CET1 ratio in 3Q 2020



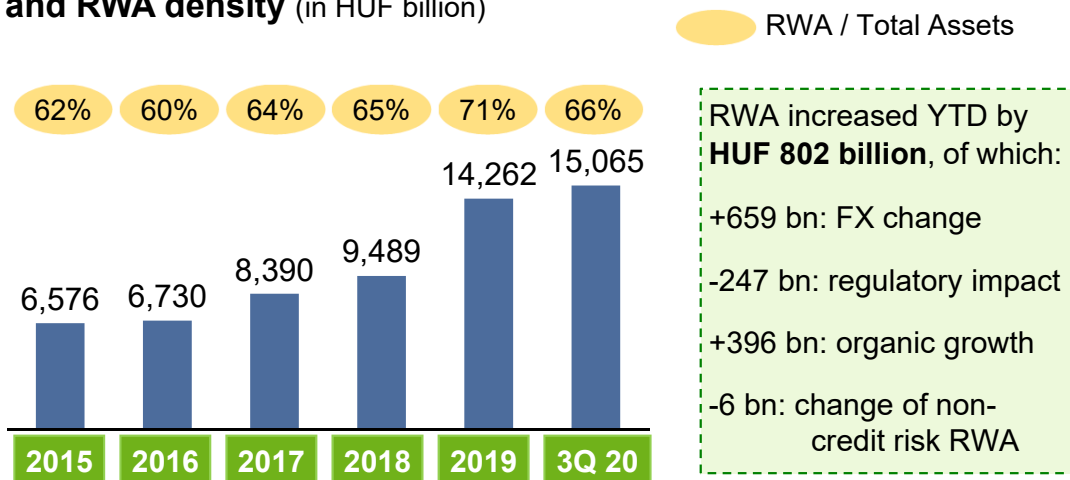
*Effect of IFRS 9 transitional rules and other regulatory changes affecting RWA (SME support factor) and CET1 (unrealized result on sovereign exposures after 31 December 2019 are not to be included into regulatory capital).

The amount of **eligible interim profit** (HUF 82.5 billion) included into regulatory capital equals to the ytd profit (HUF 188.2 billion) reduced by the deducted dividend. The **deducted dividend** amount (HUF 105.5 billion) in total includes HUF 69.44 billion unpaid dividend after 2019 and the calculated dividend after 2020 in accordance with Article 2 Paragraph 7 of the Commission Regulation (EU) 241/2014. This cannot be considered as an indication of the management's dividend proposal, the dividend proposal after the 2020 fiscal year will be decided by the management in 1Q 2021.

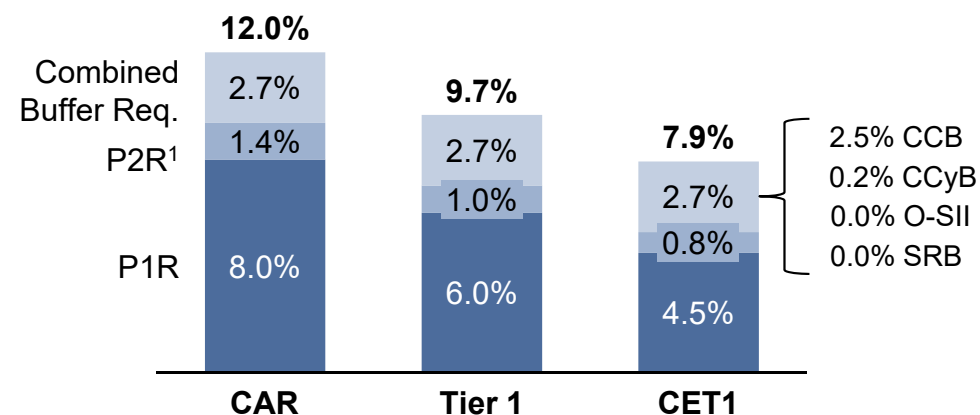
Further changes are expected to improve the CET1 ratio by around 35 bps in the fourth quarter of the year (ceteris paribus):

- prudential treatment of software might have a positive estimated impact of around 25 bps;
- the positive effect stemming from the divestment of OBS is estimated to be around 10 bps.

Development of the Risk Weighted Assets of OTP Group and RWA density (in HUF billion)



Regulatory minima of capital adequacy ratios for OTP Group, for end-2020



Abbreviations: P1R: Pillar 1 requirement; P2R: Pillar 2 req.; CCB: Capital conservation buffer; CCyB: Countercyclical buffer; O-SII: Other Systemically Important Institutions buffer; SRB: Systemic Risk buffer. ¹ The (P1R + P2R) / P1R ratio on OTP Group was set by the NBH at 117.25% for 2020. ² Assumptions for CCyB: 1.5% in Slovakia, 0.5% in Bulgaria (in March 2020 the BNB suspended the gradual CCyB increase to 1% in 2020). On 1 April the NBH reduced the O-SII buffer req. to zero effective from 1 July 2020.

The Management fine-tuned its expectations for 2020 based on 9M developments, reaffirmed the capital adequacy targets and remained committed to pay dividend after the 2020 financial year

OTP Group: Management expectations for 2020

Currently there is a high degree of uncertainty around the duration of the pandemic, as well as the pace of the recovery of the global economy. Accordingly, the management still refrains from making a detailed 2020 Guidance. However, based on the developments and factual numbers of the first nine months it fine-tuned its expectations for 2020, accordingly

- the adjusted ROE for 2020 might materially exceed 10%;
- the annual credit risk cost rate might not exceed 125 bps;
- FX-adjusted performing (Stage 1+2) loan volumes will probably increase by more than 7% y-o-y in 2020.

OTP Group: Capital adequacy targets and update on dividend

OTP Bank's capital adequacy targets (CET1) remained unchanged with a long-term CET1 target level of 15% and a range of 12-18%.

In line with the management's strategic targets the safe capital position enables the Bank to look for further acquisition targets. Furthermore, OTP's management is committed to pay dividend after 2020 in such a magnitude that it also compensates shareholders for the originally proposed HUF 69.44 billion after 2019, for which the pay-out was stopped at the request of the Regulator. Regarding the actual size of the dividend the management will make its proposal prior to the AGM approving 2020 results depending on the annual accounting profit, acquisition opportunities, the then prevailing economic environment, as well as the regulatory and supervisory requirements. Accordingly, while calculating the CAR the deducted dividend amount of HUF 105.5 billion cannot be considered as a concrete indication of the management's dividend proposal. The deducted dividend amount was determined in accordance with the Commission Delegated Regulation (EU) 241/2014 Article 2 Paragraph 7.

All major Group members suffered a significant decline in the first nine month profit as a result of elevated risk costs

		Adjusted profit after tax (in HUF billion)		Y-o-Y
		9M 2019	9M 2020	
	OTP Group	313.1	231.7	-26%
	OTP Core (Hungary)	145.7	107.9	-26%
	DSK Group (Bulgaria)	53.8	34.3	-36%
	OBH (Croatia)	26.5	14.9	-44%
	OBSrb (Serbia)	4.6	10.4	126% / -69% ²
	SKB (Slovenia)		7.6	
	OBR (Romania)	5.4	2.8	-49%
	OBU (Ukraine)	25.6	21.6	-16%
	OBRu (Russia)	22.1	11.9	-46%
	CKB Group (Montenegro)	3.3	2.5	-25% / -87% ²
	OBA (Albania)	2.2	1.9	
	Mobiasbanca (Moldova)	1.2	2.8	
	OBS (Slovakia)	2.0	-1.2	
	Merkantil Group ¹ (Hungary)	5.3	5.6	5%
	OTP Fund Mgmt. (Hungary)	2.6	2.4	-8%
	Other Group members	12.8	6.3	-51%
	Other Hungarian subs.	9.8	5.5	-43%
	Corporate Centre	3.3	0.0	-99%
	Other foreign subs + eliminations	-0.3	0.7	

¹ Until the end of 2019 the after tax profit of Merkantil Bank and Merkantil Car, since 1Q 2020 the sub-consolidated after tax profit of Merkantil Group (Merkantil Bank Ltd., Merkantil Bérlet Ltd., OTP Real Estate Leasing Ltd., NIMO 2002 Ltd., SPLC-P Ltd., SPLC Ltd.) was presented.

² Changes without the effect of acquisitions.

The 9M total income grew by 1% y-o-y without acquisitions. In 3Q total revenues went up by 4% q-o-q

Effect of acquisitions

TOTAL INCOME without one-off items		9M 2020 (HUF billion)		3Q 2020 (HUF billion)		9M 2020 Y-o-Y (HUF billion, %)			3Q 2020 Q-o-Q (HUF billion, %)	
	OTP Group	862		294		10 81 90	12%/1% ¹		10	4%
	OTP CORE (Hungary)	332		116		15	5%		6	5%
	DSK Group (Bulgaria)	122		42		7	6%		2	5%
	OBH (Croatia)	64		23		0	0%		2	11%
	OBSrb (Serbia)	58		21		1 35	148%/3% ¹		2	12%
	SKB Banka (Slovenia)	30		10		30	-		0	5%
	OBR (Romania)	32		11		5	18%	0		-2%
	OBU (Ukraine)	50		16		2	5%/-2% ²		1	3%/12% ²
	OBRu (Russia)	95		28		-13	-12%/-11% ²	-3		-9%/-2% ²
	CKB Group (Montenegro)	16		5		0 6	53%/5% ¹		0	3%
	OBA (Albania)	9		3		3	-		0	10%
	Mobiasbanca (Moldova)	11		4		9	-		0	14%
	OBS (Slovakia)	11		4		0	3%	0		-7%
	Others	31		11		-8	-21%	-1		-6%

¹ Changes without the effect of acquisitions.

² Changes in local currency.

The 9M net interest income increased by 4% without acquisitions; on quarterly basis it expanded by 1%

■ Effect of acquisitions

NET INTEREST INCOME	9M 2020 (HUF billion)	3Q 2020 (HUF billion)	9M 2020 Y-o-Y (HUF billion, %)		3Q 2020 Q-o-Q (HUF billion, %)	
 OTP Group	591	196	20	60 80	16%/4% ¹	1 1%
 OTP CORE (Hungary)	211	72	18		9%	2 3%
 DSK Group (Bulgaria)	83	28	3		3%	1 3%
 OBH (Croatia)	44	15	2		4%	1 4%
 OBSrb (Serbia)	44	15	0	27	164%/2% ¹	1 9%
 SKB Banka (Slovenia)	21	7	21		-	0 0%
 OBR (Romania)	24	8	4		18%	0 0%
 OBU (Ukraine)	36	11	2		6%/-1% ²	0 -3%/6% ²
 OBRu (Russia)	78	23	-5		-6%/-5% ²	-3 -12%/-6% ²
 CKB (Montenegro)	13	4	1	5	71%/12% ¹	0 1%
 OBA (Albania)	7	3	3		-	0 2%
 Mobiasbanca (Moldova)	7	2	5		-	0 11%
 OBS (Slovakia)	8	3	0		-3%	0 -2%
 Merkantil³ (Hungary)	13	4	3		25%	0 2%
Corporate Centre	1	0	-3		-82%	-1 -131%
Others	1	0	-3		-81%	0 424%

1 3Q net interest income rose by 3%, partly because of the continued expansion of loan volumes. Also, in 3Q the net interest margin widened by 2 bps, mainly because of the increased share of interest bearing assets, within that particularly the higher margin retail loans in the balance sheet. Furthermore, average funding costs decreased.

2 A regulatory change affecting 2Q NII improved the q-o-q dynamics of net interest income by around HUF 1 billion: during the state of emergency, between 13 March and 14 May, banks were prohibited from charging penalty interest, and the amount recognized in the 1Q financial statements for the second half of March was reversed in 2Q. This weighed on the 2Q NII, thus it improved the q-o-q dynamics in 3Q.

3 The q-o-q development was supported by the increase in the performing loans, as well as the 15 bps expansion in the net interest margin.

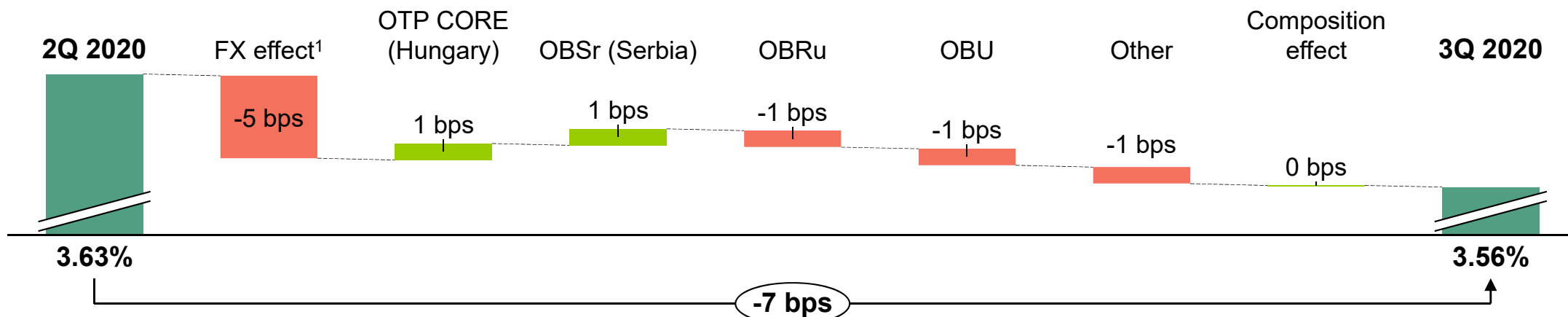
4 The Russian NII drop was due to the declining net interest margin (-15 bps q-o-q): the continued decline in consumer loan rates was partly offset by a drop in average interest rates on deposits from customers.

¹ Changes without the effect of acquisitions.

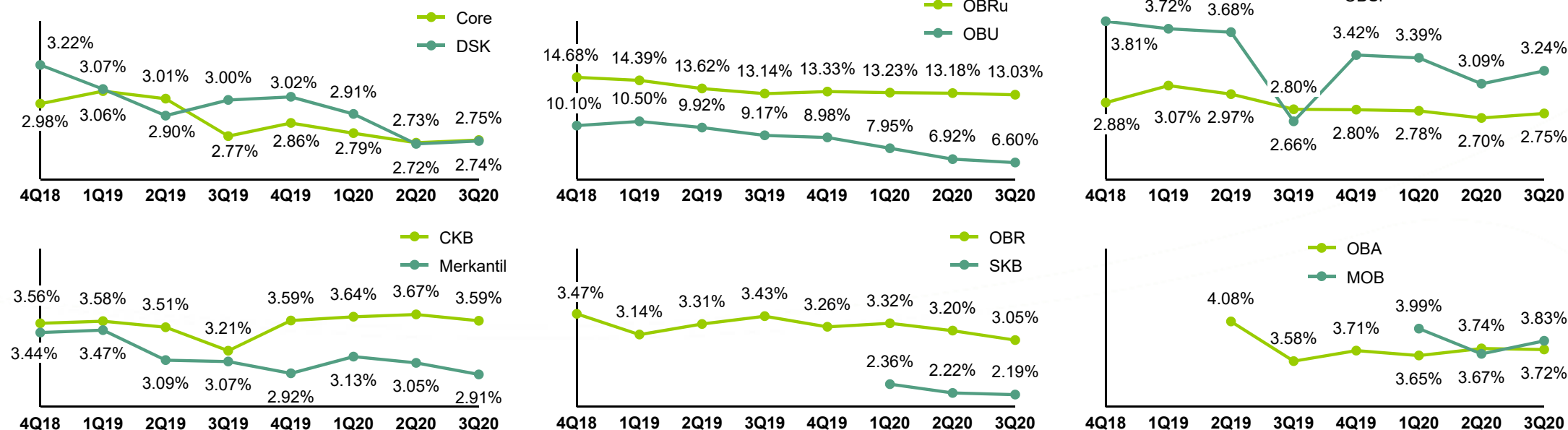
² Changes in local currency.

The consolidated 3Q net interest margin eroded by 7 bps q-o-q mainly as a result the negative FX-effect: the weakening Rouble and Hryvnia reduced the share of higher-margin businesses. The Hungarian margin increased by 2 bps q-o-q

Consolidated net interest margin development



Net interest margin development at the Group members



¹ In 3Q the average UAH and RUB exchange rate against HUF depreciated q-o-q by 8% and 7%, respectively.

Consolidated performing (Stage 1+2) loans increased by 3% q-o-q. Consumer loan growth in Hungary showed a remarkable increase (+10%) while the MSE portfolio surged by 25% and the housing loan portfolio grew by 4%

Q-o-Q performing (Stage 1 + 2) LOAN volume changes in 3Q 2020, adjusted for FX-effect

	Cons. 	Core (Hungary) 	DSK (Bulgaria) 	OBH (Croatia) 	OBSrb (Serbia) 	SKB (Slovenia) 	OBR (Romania) 	OBU (Ukraine) 	OBRu (Russia) 	CKB (Monten.) 	OBA (Albania) 	Mobias (Moldova) 	OBS (Slovakia) 
Nominal change (HUF billion)	421	210	55	-9	70	5	33	28	-7	2	4	8	10
Total	3%	5%	2%	-1%	5%	1%	4%	8%	-1%	1%	3%	6%	3%
Consumer	4%	10% 6% ²	2%	0%	8%	2%	4%	5%	-3%	1%	2%	2%	-2%
Mortgage	3%	3%	3%	2%	4%	1%	4%			0%	3%	11%	9%
		Housing loan 4%	Home equity 0%										
Corporate ¹	2%	4%	-1%	-2%	4%	0%	5%	9%	0%	1%	2%	6%	-3%

¹ Loans to MSE and MLE clients and local governments.

² Cash loan growth.

In the first nine month the consolidated performing (Stage 1+2) loans grew by 6%, driven mainly by double-digit growth in Hungary and Serbia. The Hungarian expansion was to a great extent due to the subsidized baby loans and MSE loans granted under the Funding for Growth Go! scheme (typically secured by guarantee institutions)

YTD performing (Stage 1 + 2) LOAN volume changes in 9M 2020, adjusted for FX-effect

	Cons. 	Core (Hungary) 	DSK (Bulgaria) 	OBH (Croatia) 	OBSrb (Serbia) 	SKB (Slovenia) 	OBR (Romania) 	OBU (Ukraine) 	OBRu (Russia) 	CKB (Monten.) 	OBA (Albania) 	Mobias (Moldova) 	OBS (Slovakia) 
YTD nominal change (HUF billion)	753	493	-2	88	158	-5	71	9	-104	9	12	16	-3
Total	6%	13%	0%	6%	12%	-1%	10%	2%	-18%	3%	8%	15%	-1%
Consumer	6%	33% 15% ²	0%	-3%	19%	-8%	4%	-7%	-18%	0%	1%	2%	-6%
Mortgage	7%	8%	6%	6%	8%	1%	9%			4%	6%	31%	10%
	Housing loan 11%		Home equity -4%										
Corporate ¹	5%	9%	-7%	13%	11%	1%	11%	5%	-25%	4%	8%	14%	-11%

¹ Loans to MSE and MLE clients and local governments.

² Cash loan growth.

Consolidated deposits increased by 4% q-o-q. The Hungarian deposits grew by 4%. The decline of the Russian deposit base was in line with the slight further contraction of the loan portfolio

Q-o-Q DEPOSIT volume changes in 3Q 2020, adjusted for FX-effect

	Cons. 	Core (Hungary) 	DSK (Bulgaria) 	OBH (Croatia) 	OBSrb (Serbia) 	SKB (Slovenia) 	OBR (Romania) 	OBU (Ukraine) 	OBRu (Russia) 	CKB (Monten.) 	OBA (Albania) 	Mobias (Moldova) 	OBS (Slovakia) 
Nominal change (HUF billion)	611	269	78	45	79	28	29	51	-8	4	7	15	9
Total	4%	4%	2%	3%	7%	3%	5%	12%	-2%	1%	3%	8%	2%
Retail	2%	2%	2%	2%	2%	1%	3%	5%	-4%	0%	3%	3%	-1%
Corporate ¹	7%	6%	4%	4%	12%	5%	6%	17%	2%	3%	7%	16%	7%

¹ Including MSE, MLE and municipality deposits.

Consolidated deposits increased by 6% compared to end-2019, within that the Hungarian retail deposit base grew by 11%

YTD DEPOSIT volume changes in 9M 2020, adjusted for FX-effect

	Cons. 	Core (Hungary) 	DSK (Bulgaria) 	OBH (Croatia) 	OBSrb (Serbia) 	SKB (Slovenia) 	OBR (Romania) 	OBU (Ukraine) 	OBRu (Russia) 	CKB (Monten.) 	OBA (Albania) 	Mobias (Moldova) 	OBS (Slovakia) 
Nominal change (HUF billion)	1,035	522	153	24	157	121	41	72	-67	-20	13	24	-14
Total	6%	8%	5%	1%	16%	13%	7%	17%	-16%	-6%	6%	14%	-4%
Retail	6%	11%	4%	0%	5%	10%	11%	13%	-10%	-6%	6%	11%	-7%
Corporate ¹	6%	3%	6%	4%	27%	17%	4%	20%	-29%	-6%	9%	16%	0%
Deposit – Net Loan gap (HUF billion)	3,741	3,130	1,043	129	-290	190	-164	94	-91	-6	44	71	-28

In the first nine months net fees shrank by 1% y-o-y without acquisitions. In 3Q a material q-o-q increase was observed at almost every subsidiary, supported by the pick-up in business activity from 2Q lows

Effect of acquisitions

NET FEE INCOME		9M 2020 (HUF billion)	3Q 2020 (HUF billion)	9M 2020 Y-o-Y (HUF billion, %)		3Q 2020 Q-o-Q (HUF billion, %)	
	OTP Group	210	74	-2	15	13	7%/-1% ¹
	OTP CORE (Hungary)	95	35		1		1%
	DSK Group (Bulgaria)	33	12		2		6%
	OBH (Croatia)	12	4	-1			-9%
	OBSrb (Serbia)	11	4	0	5		93%/4% ¹
	SKB Banka (Slovenia)	8	3		8		-
	OBR (Romania)	3	1		0		12%
	OBU (Ukraine)	10	3	0			-4%/-10% ²
	OBRu (Russia)	17	5	-6			-26%/-25% ²
	CKB Group (Montenegro)	3	1	0	0		11%/-8% ¹
	OBA (Albania)	1	0		0		-
	Mobiasbanca (Moldova)	2	1		1		-
	OBS (Slovakia)	3	1		0		3%
	Fund mgmt. (Hungary)	5	1		1		23%

1 3Q net fee income increased by 15% q-o-q, despite a positive one-off item in 2Q amounting to HUF 1.2 billion. Most of the q-o-q improvement can be attributable to the more than 20% q-o-q growth in card-related commissions, as well as the nearly 10% increase in the deposit and payment fee income. Also, securities commissions went up by HUF 2 billion q-o-q; to a larger extent, this was attributable to the higher distribution fees on (1) investment funds (much of the q-o-q improvement was due to technical reasons, and related to the settlement of distribution fee for own funds managed by the Hungarian asset mgmt companies, therefore at Group level this was neutral); and to a lesser extent, to that on (2) retail government bonds. In 2Q 2020 the distribution fee income on the retail government bonds fell, owing to the quarterly drop in the average volume of government bonds held by retail clients; however, the average volumes picked up in 3Q, therefore q-o-q higher income was recorded.

2 Mostly due to technical reasons the distribution fee expenditures increased q-o-q, as explained in the upper text box.

¹ Changes without the effect of acquisitions.

² Changes in local currency.

The cumulated other net non-interest income dropped by 13% without acquisitions, despite the one-off gain on Visa C shares booked in 2Q 2020. Despite this base effect, 3Q other income could grow by 6%

Effect of acquisitions

OTHER INCOME without one-off items		9M 2020 (HUF billion)	3Q 2020 (HUF billion)	9M 2020 Y-o-Y (HUF billion, %)		3Q 2020 Q-o-Q (HUF billion, %)		
	OTP Group	62	24	-3	-85	-4%/-13% ¹	1	6%
	OTP CORE (Hungary)	26	9	-4		-12%	-1	-10%
	DSK Group (Bulgaria)	7	3		2	51%	0	12%
	OBH (Croatia)	8	4	0		-3%	1	28%
	OBSrb (Serbia)	3	1	0	2	188%/16% ¹	0	19%
	SKB Banka (Slovenia)	1	0		1	-	0	-912%
	OBR (Romania)	5	2		1	19%	0	-8%
	OBU (Ukraine)	4	1		1	23%/16% ²	0	53%/66% ²
	OBRu (Russia)	0	0	-2		-94%/-91% ²	0	-58%/-54% ²
	CKB Group (Montenegro)	0	0	0	0	-6%/-25% ¹	0	-56%
	OBA (Albania)	0	0		0	80%	0	
	Mobiasbanca (Moldova)	3	1		2	570%	0	20%
	OBS (Slovakia)	1	0		1	218%	0	-59%
	Others	4	2	-7		-64%	0	37%

① Other income line showed a HUF 1.3 billion improvement over the last quarter, despite the fact that the revision of the accounting classification of Visa Inc.'s class C shares improved this income line by HUF 5.7 billion in the second quarter.

In 2Q the geographical breakdown of this altogether HUF 5.7 billion pre-tax gain was as follows (in HUF billion):

OTP Core	2.8
DSK Bulgaria	0.7
OBH Croatia	1.5
OBR Romania	0.4
OBS Slovakia	0.3

② The q-o-q decline in other income in 3Q can be put down to a number of factors: the base effect of the amount booked in 2Q owing to the Visa Inc.'s class C shares, and their revaluation recognized in 3Q explained HUF 3.3 billion q-o-q decline. This was largely counterbalanced by the higher gain on investment funds, government bonds, and other securities.

③ Despite the Visa gain in 2Q, the other income grew q-o-q due to tourism-related revenues and a one-off gain realized on securities sale.

¹ Changes without the effect of acquisitions.

² Changes in local currency.

Operating costs grew by 3.4% y-o-y in the first nine month, adjusted for acquisitions and FX-effect

Effect of acquisitions

OPERATING COSTS		9M 2020 (HUF billion)	Y-o-Y (HUF billion, %)		Y-o-Y, FX-adjusted (HUF billion, %)	
	OTP Group	465	24	63 16% / 6.1% ¹	14	53 13% / 3.4% ¹
	OTP CORE (Hungary)	197	13	7%	13	7%
	DSK Group (Bulgaria)	56	4	8%	0	0%
	OBH (Croatia)	33	2	7%	0	1%
	OBSrb (Serbia)	31	-1	13 71%/-7% ¹	-3	12 59%/-14% ¹
	SKB Banka (Slovenia)	16		16 -		16 -
	OBR (Romania)	23	5	26%	4	19%
	OBU (Ukraine)	19	3	18%	2	11%
	OBRu (Russia)	44	-1	-2%	0	-1%
	CKB Group (Montenegro)	10	1	3 46%/9% ¹	0	3 36%/2% ¹
	OBA (Albania)	4	2	-	1	-
	Mobiasbanca (Moldova)	5	4	-	4	-
	OBS (Slovakia)	10	0	2%	-1	-6%
	Merkantil² (Hungary)	8	3	63%/-1% ³	3	63%/-1% ³

1 At OTP Core the 9M operating expenses grew by 7%, driven by higher depreciation, but personnel expenses, as well as administrative (particularly hardware and office equipment) costs also increased. In the first nine months the COVID-related extra expenses amounted to HUF 3 billion at OTP Bank Plc.

2 In Bulgaria certain cost synergies were extracted already during the integration process, and this continued in 3Q. The number of branches fell by 99 units or 22% y-o-y, of which 29 units were closed in 3Q. Headcount decreased by 570 people (-9%) y-o-y, including 220 in 3Q.

3 At the Serbian bank 14% cost saving was achieved, mostly due to the synergies extracted from the first acquisition. The integration of the second acquired bank is still in progress.

4 In Romania the y-o-y increase stemmed from higher IT and personnel expenses; most of the latter was caused by the overall wage inflation, and 16% y-o-y surge in the average number of employees.

5 The scope of companies presented as Merkantil Group was extended from 2020, causing the jump in costs. The comparable opex change was -1%.

¹ Changes without the effect of acquisitions.

² Merkantil Bank until 4Q 2019, Merkantil Group from 1Q 2020.

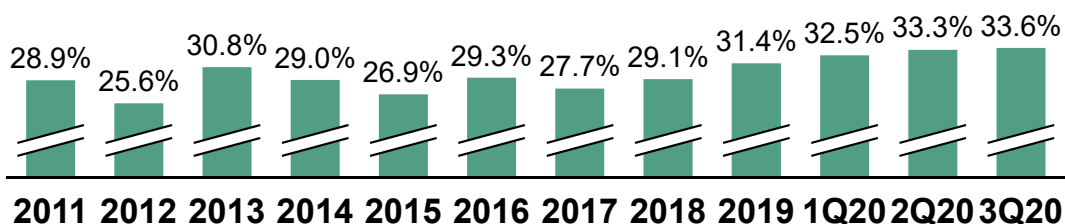
³ Based on Merkantil Bank standalone figures.

Hungarian mortgage loan disbursements have been rising steadily. Cash loan placements jumped from low basis q-o-q, so the performing portfolio increased by 6%. OTP Bank enjoys a market share over 30% in new mortgage and cash loan disbursements, as well as in retail savings

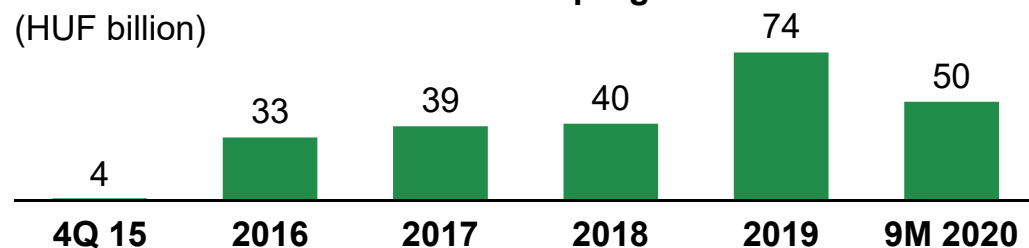
Change of mortgage loan disbursements of OTP Bank



OTP's market share in mortgage loan contractual amounts



The amount of non-refundable CSOK subsidies contracted at OTP Bank since the launch of the programme (HUF billion)

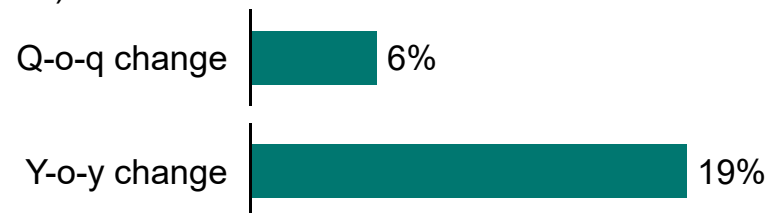


Retail loans participating in the moratorium at the end of September:

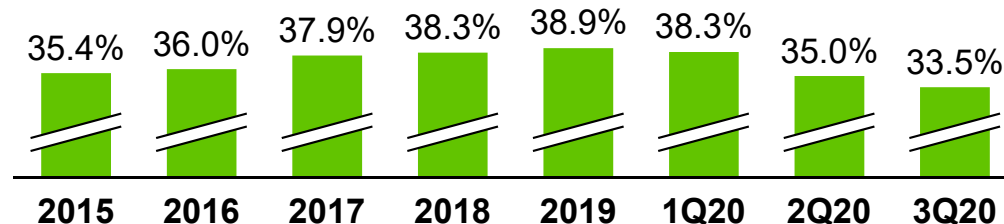
Volume: HUF 1,304 billion

53% in proportion to OTP Core total gross retail loans¹

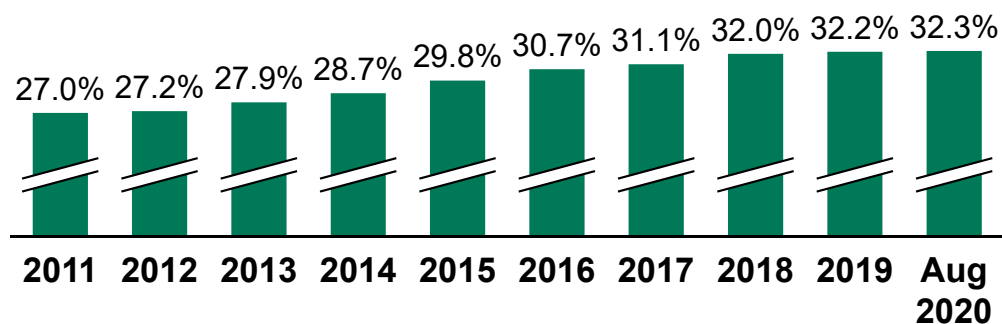
Performing (DPD0-90) cash loan volume growth (FX-adjusted)



Market share in newly disbursed cash loans



OTP Bank's market share in household savings

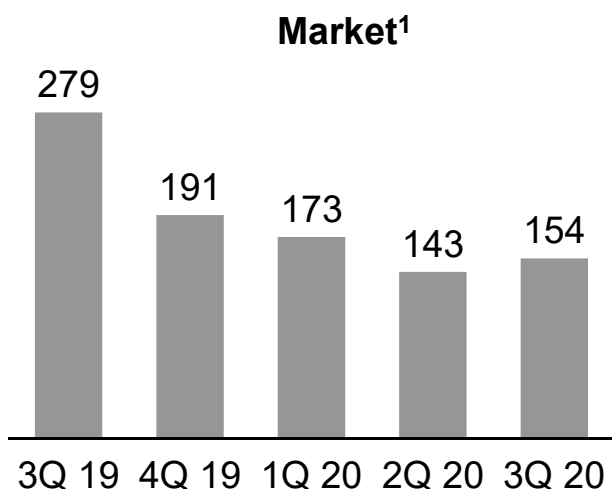


¹ The participation rate presented does not accurately reflect the actual willingness for participation since there are portfolio items within the loan volumes that are not legally eligible for participation in the moratorium.

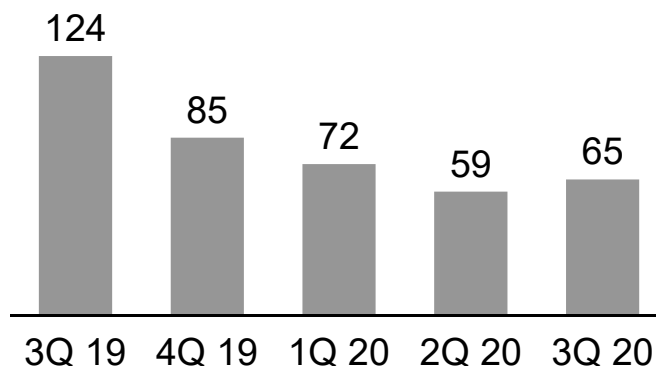
OTP Bank continued to enjoy outstanding demand for the subsidized baby loans: at OTP Bank the contracted amount reached HUF 400 billion since the start of the program, implying a market share steadily above 40%

Baby loans

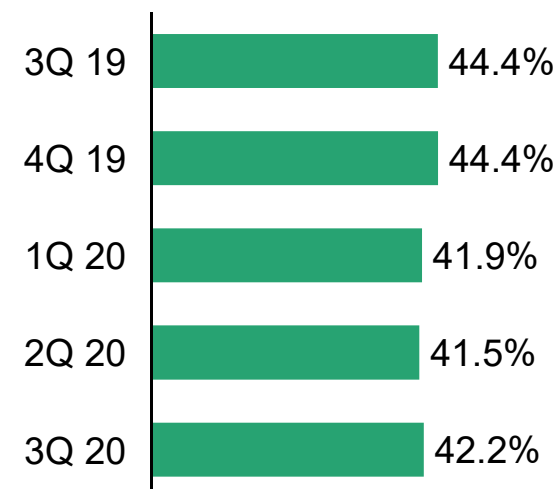
Contractual amounts
(HUF billion)



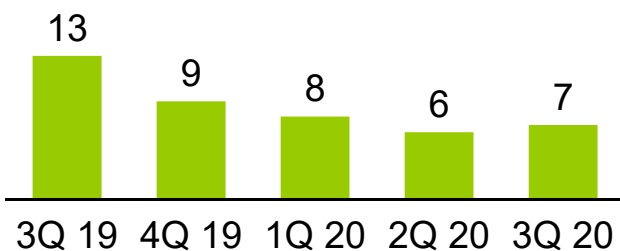
OTP Bank



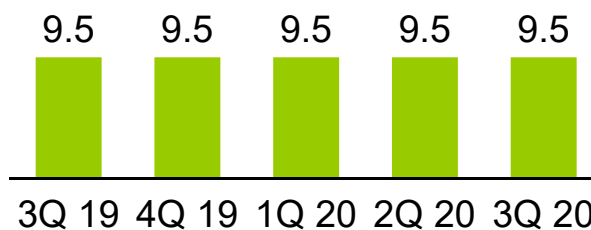
OTP Bank's market share calculated from the contractual amount



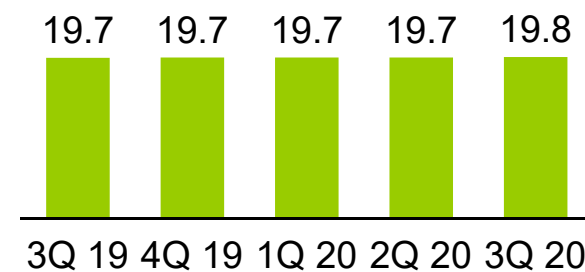
Number of concluded contracts
(in thousands)



Average loan amount applied for
(HUF million)



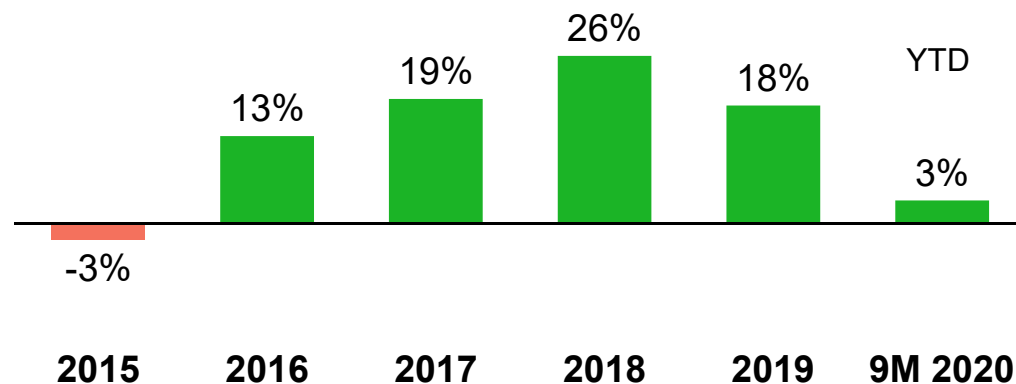
Average maturity
(years)



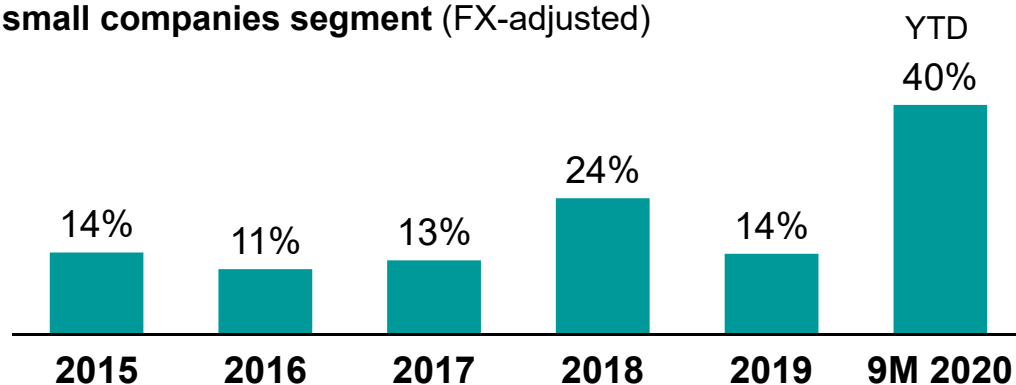
¹ Based on NBH statistics.

In the micro and small companies segment OTP Core managed to demonstrate 40% ytd volume growth, due to the outstanding activity in Funding for Growth Go scheme – these loans granted under the FGS scheme are typically secured by guarantee institutions. OTP's market share in corporate loans remained above 15%

Performing (DPD0-90) medium and large corporate loan volume change (FX-adjusted)



Performing (DPD0-90) loan volume change in the micro and small companies segment (FX-adjusted)

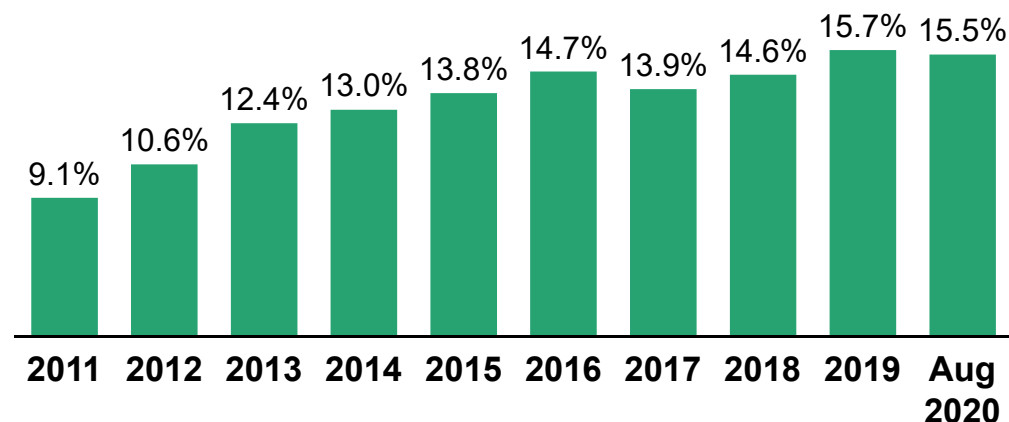


Corporate loans participating in the moratorium at the end of Sept.:

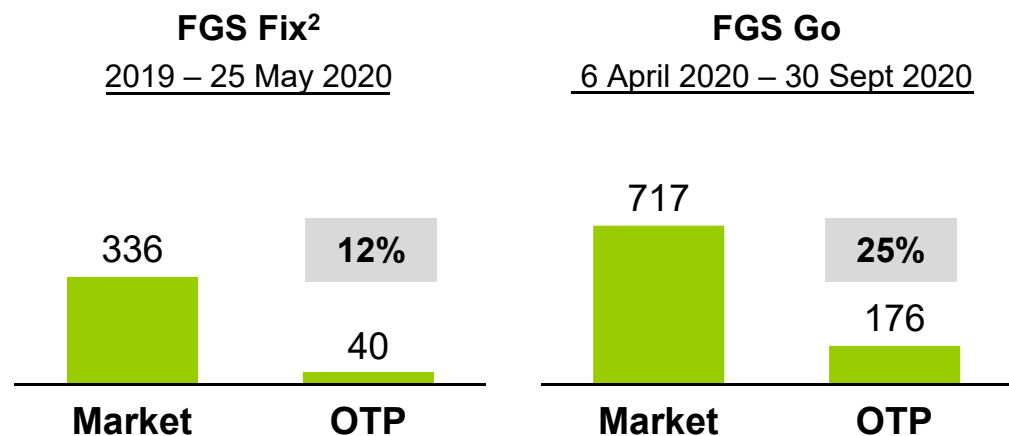
Volume: **HUF 581 billion**

29% in proportion to OTP Core MSE+corporate loans²

OTP Group's market share in loans to Hungarian companies¹



Contracted amount and market shares under the Funding for Growth Fix and FGS Go schemes (HUF billion)



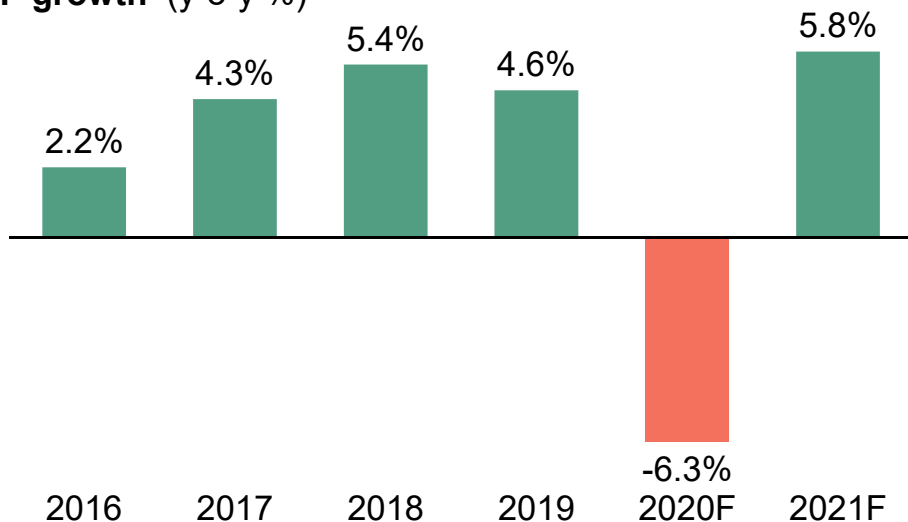
¹ Aggregated market share of OTP Bank, OTP Mortgage Bank, OTP Building Society and Merkantil, based on central bank data (Supervisory Balance Sheet data provision until 2016 and Monetary Statistics from 2017). ² The participation rate presented does not accurately reflect the actual willingness for participation since there are portfolio items within the loan volumes that are not legally eligible for participation in the moratorium. ³ On 25 May the FGS Fix programme was merged into the FGS Go scheme by the National Bank of Hungary.



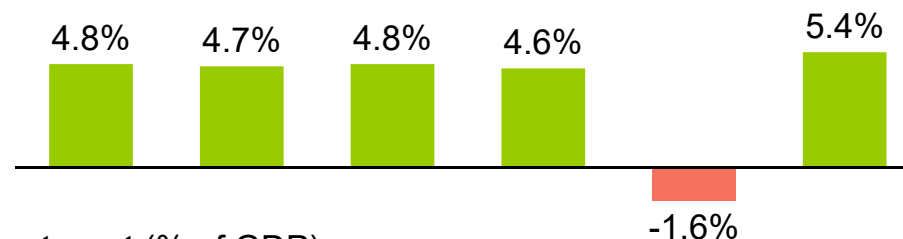
Hungary

In Hungary we expect above 6% recession this year, with modest rise in unemployment, and slowdown in real wage growth

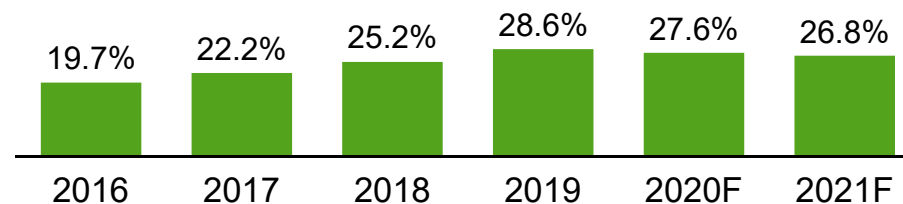
GDP growth (y-o-y %)



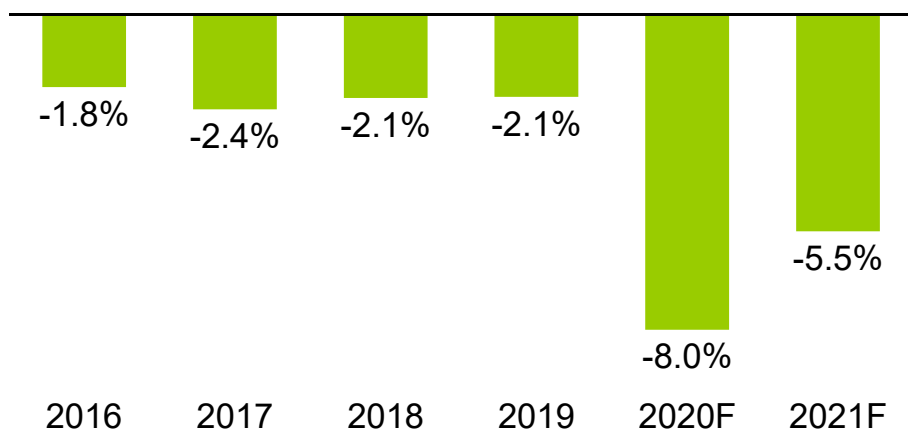
Household consumption (y-o-y %)



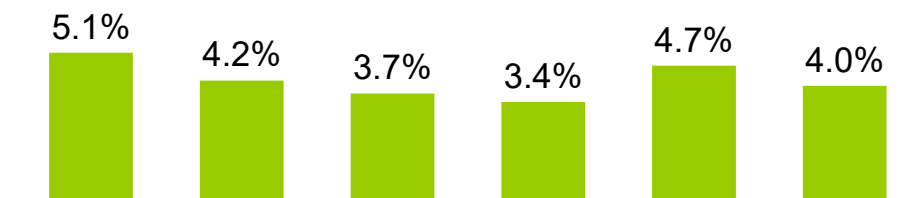
Investment (% of GDP)



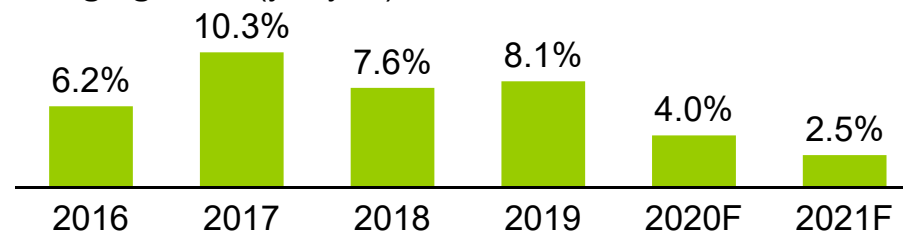
Budget deficit (% of GDP)



Unemployment rate (%)



Real wage growth (y-o-y %)



Main macroeconomic indicators in the CEE region's countries

	 Hungary			 Bulgaria			 Croatia			 Serbia		
	2019A	2020F	2021F	2019A	2020F	2021F	2019A	2020F	2021F	2019A	2020F	2021F
GDP growth (y-o-y %)	4.6	-6.3	5.8	3.2	-4.7	4.3	2.9	-8.4	5.4	4.2	-1.9	5.3
Unemployment (%)	3.4	4.7	4.0	4.2	6.0	5.0	6.8	9.0	8.5	10.4	12	9.7
Fiscal balance (% of GDP)	-2.1	-8.0	-5.5	2.1	-4.4	-1.2	0.4	-9.0	-6.0	0.2	-8.0	-2.5
CPI (AVG. %)	3.4	3.4	3.1	3.1	1.2	1.5	0.8	0.2	1.2	1.9	1.6	1.8
Base rate ¹ (%)	0.2	0.75	0.75	0.0	0.0	0.0	0.1	0.1	-0.1	2.25	1.0	1.0

		Russia				Ukraine				Romania				Slovenia		
	2019A	2020F	2021F		2019A	2020F	2021F		2019A	2020F	2021F		2019A	2020F	2021F	
GDP growth (y-o-y %)	1.3	-3.3	3.6		3.2	-5.7	4.7		4.1	-4.4	4.6		3.2	-7.1	5.9	
Unemployment (%)	4.6	6.0	5.0		8.7	9.9	9.2		3.9	5.8	6.0		4.4	4.6	4.5	
Fiscal balance (% of GDP)	1.8	-4.4	-2.5		-2.2	-7.5	-6.0		-4.3	-9.5	-6.5		0.5	-8.0	-3.6	
CPI (AVG. %)	4.5	3.3	4.0		7.9	2.5	6.4		3.8	2.9	3.0		1.7	0.0	1.3	
Base rate (%)	6.3	4.3	4.0		13.5	6.0	7.0		2.5	1.3	1.3		-0.5	-0.5	-0.5	

	 Montenegro	 Albania	 Moldova						
	2019A	2020F	2021F	2019A	2020F	2021F	2019A	2020F	2021F
GDP growth (y-o-y %)	3.6	-12.7	7.8	2.2	-5.9	5.5	3.6	-6.3	5.9
Unemployment (%)	15.1	19.7	17.4	12.0	13.1	13.1	4.3	6.4	5.7
Fiscal balance (% of GDP)	-2.1	-11.0	-4.2	-1.9	-7.7	-3.8	-1.5	-7.5	-5.0
CPI (AVG. %)	0.4	0.2	1.0	1.4	1.5	1.4	4.8	2.8	2.3
Base rate (%)	-	-	-	1.3	0.9	0.9	4.8	3.9	3.7

Source: OTP Research

¹ In case of Hungary the 3M interbank rate (3M BUBOR) was displayed.

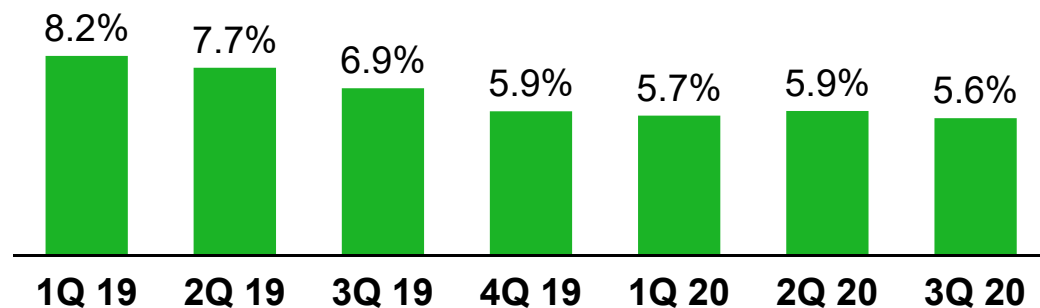
Loan repayment moratoria in the countries of OTP Group: in Hungary the moratorium was extended by 6 months for certain retail client groups, and companies facing financial difficulties. In Serbia the second phase ended at the end of September; in Bulgaria the 6-months period has already elapsed for those clients who entered the moratorium in April

	Participation of clients	Interest charged on unpaid interest	Scope of eligible clients	Application deadline and term of the moratorium	Participation ratio ¹
 OTP Core (Hungary)	1 st phase: opt-out, 2 nd phase: retail opt-out, corp. opt-in	no	retail and corporate	Moratorium term: 1 st phase: 19/03/2020 - 31/12/2020; 2 nd phase: 01/01/2021 - 30/06/2021. Eligible borrowers can join or leave the scheme at any time.	42% (households: 53%, MSE+MLE: 29%)
 DSK Group (Bulgaria)	opt-in	no	retail and corporate	The moratorium is for 6 months from entry. The application period expired at the end of September.	7%
 OBH (Croatia)	opt-in	no	retail and corporate	At OBH the moratorium is typically for 6 months for retail (can be extended by another 6 months) and 12 months for corporate customers. Application deadline expired in the middle of September.	13%
 OBSrb (Serbia)	opt-out	no	retail and corporate	Expired - the first phase was for 3 months originally; the second phase of the moratorium was effective until 1 October.	44%/0%
 SKB Banka (Slovenia)	opt-in	no	retail and corporate	The moratorium is for 12 months from entry. The extended deadline for application is 15 November 2020.	5%
 OBR (Romania)	opt-in	yes, except for housing loans	retail and corporate	Application deadline: 30 September; the moratorium term can be up to 9 months, but till the end of 2020 the latest.	11%
 OBU (Ukraine)	-	-	-	-	-
 OBRu (Russia)	opt-in	no	retail and SME	Application deadline expired on 30 September; the moratorium can be up to 6 months from entry. As a second phase, CBR recommended banks to provide the opportunity for troubled borrowers to reschedule till the end of this year for a maximum period of 12 months.	2%
 CKB Group (Montenegro)	opt-in	yes	retail and corporate	The first moratorium expired at the end of August. 2nd scheme: voluntary moratorium, application deadline: end of August, the deferral is for up to 3 months. Third phase: for companies in troubled sectors only; eligible borrowers can apply at any time and the moratorium will expire on 31 August 2021.	3%
 OBA (Albania)	opt-in	yes	retail and corporate	The application deadline expired at the end of August. The term of the moratorium is 3 months from the joining date.	35%
 Mobiasbanca (Moldova)	opt-in	no	retail and corporate	Expired - the statutory moratorium was effective between 17/03/2020-31/05/2020. Till the end of July borrowers could apply for rescheduling on a case-by-case basis.	0%

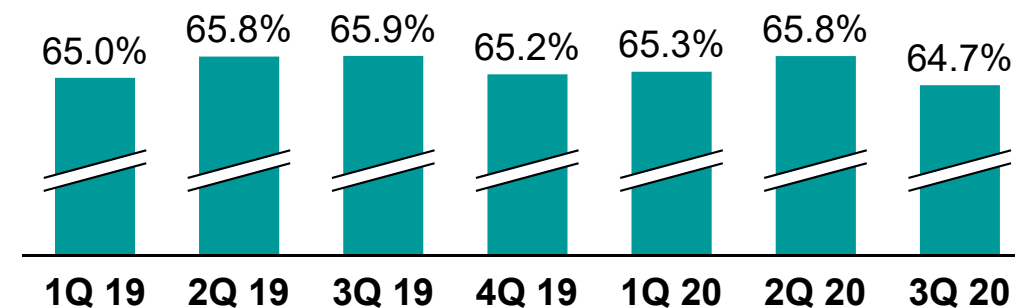
¹ The participation ratios were calculated from participating volumes at the end of September, divided by total gross loan volumes at the end of 3Q (except for Albania where the end of August ratio was presented). The participation ratios presented in this table do not accurately reflect the actual willingness to participate, since there can be portfolio elements within total loans that are not eligible to participate in the moratorium.

The consolidated ratio of Stage 3 loans declined in the third quarter, similarly to the DPD90+ ratio

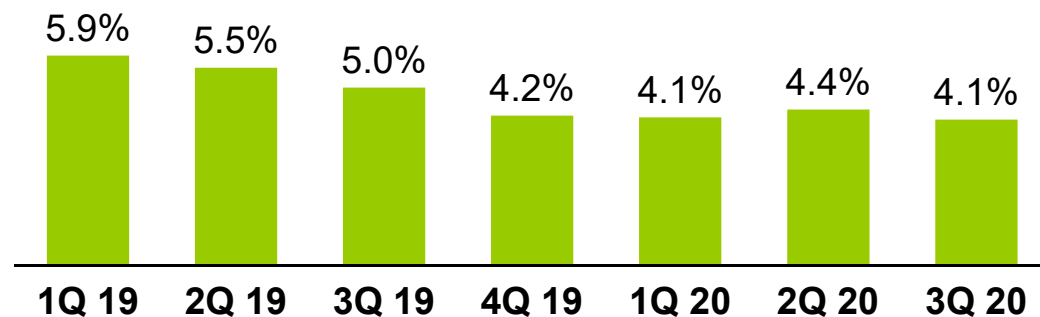
Ratio of Stage 3 loans¹ (consolidated)



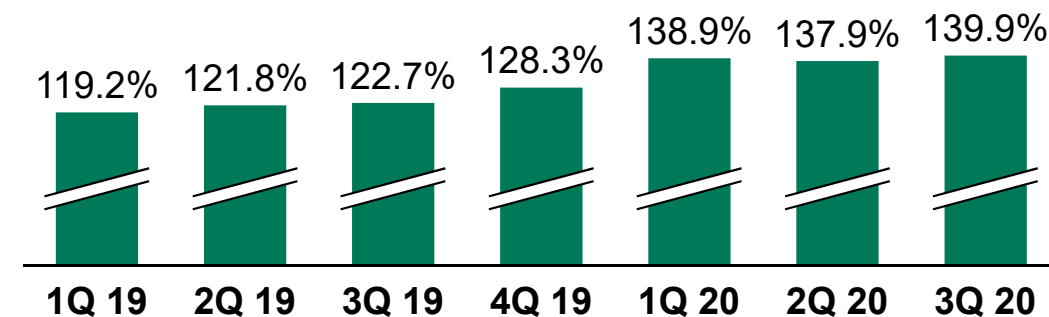
Own coverage of Stage 3 loans¹ (consolidated)



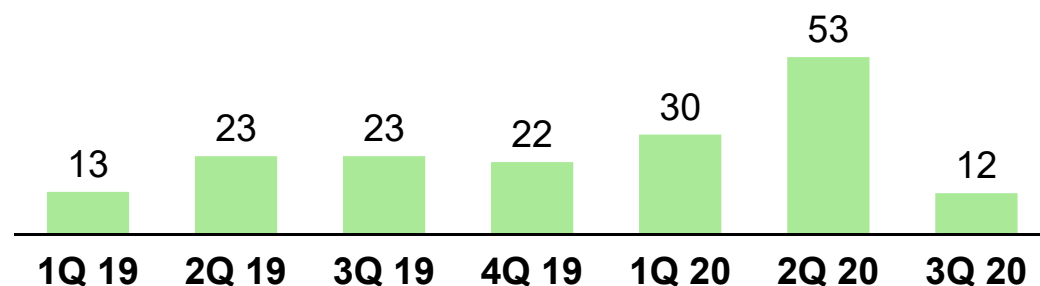
Ratio of DPD90+ loans (consolidated)



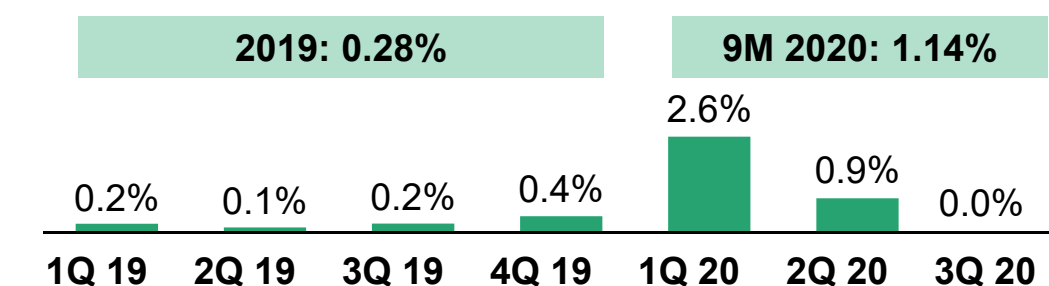
Total stock of provisions / DPD90+ loans (consolidated)



Change in DPD90+ loan volumes (consolidated, without the technical effect of new acquisitions², adjusted for FX and sales and write-offs, in HUF billion)



Consolidated credit risk cost rate (provision for impairment on loan and placement losses-to-average gross loans)



¹ From 1Q 2019, POCI was distributed among the Stage categories.

² One-off effect of the DPD90+ volumes taken over as a result of acquisitions.

In the third quarter the Stage 3 ratio improved q-o-q. The reason for the q-o-q increase of the Stage 2 ratio was the shifting of certain, mainly household exposures from S1 to S2 category

Development of the Stage 1, Stage 2 and Stage 3 ratios (in % of total gross loans)

		Cons. 	Core (Hungary) 	DSK (Bulgaria) 	OBH (Croatia) 	OBSrb (Serbia) 	SKB¹ (Slovenia) 	OBR (Romania) 	OBU (Ukraine) 	OBRu (Russia) 	CKB (Monten.) 	OBA (Albania) 	Mobias (Moldova) 	OBS (Slovakia) 	Merk.² (Hungary) 
Stage 1 ratio	4Q 19	88.8%	91.4%	88.6%	83.2%	96.0%	98.9%	83.9%	73.8%	75.0%	88.8%	93.8%	97.8%	85.7%	94.3%
	1Q 20	85.6%	88.8%	83.5%	80.3%	90.2%	96.2%	82.6%	71.3%	72.7%	85.0%	89.1%	95.6%	84.7%	89.3%
	2Q 20	85.4%	88.4%	82.6%	81.4%	92.0%	93.1%	82.2%	71.8%	69.9%	86.4%	92.5%	94.1%	84.3%	89.3%
	3Q 20	83.4%	84.6%	79.7%	79.5%	91.5%	93.7%	80.1%	74.1%	70.2%	81.8%	89.8%	91.0%	86.1%	86.3%
Stage 2 ratio	4Q 19	5.3%	4.2%	4.3%	10.5%	1.8%	0.0%	8.7%	8.9%	12.0%	3.9%	3.1%	0.8%	7.5%	2.0%
	1Q 20	8.6%	7.0%	9.3%	13.7%	7.4%	2.7%	10.2%	12.0%	13.3%	7.9%	8.5%	3.1%	8.4%	6.7%
	2Q 20	8.6%	7.6%	9.2%	12.3%	5.7%	5.7%	10.7%	10.7%	14.1%	7.1%	4.9%	4.5%	8.8%	6.4%
	3Q 20	11.0%	11.7%	12.5%	13.9%	6.3%	5.0%	13.0%	10.7%	13.6%	11.6%	7.6%	6.6%	7.9%	9.4%
Stage 3 ratio	4Q 19	5.9%	4.3%	7.2%	6.3%	2.2%	1.1%	7.5%	17.3%	13.0%	7.3%	3.1%	1.4%	6.8%	3.6%
	1Q 20	5.7%	4.1%	7.2%	6.0%	2.4%	1.2%	7.2%	16.7%	14.0%	7.0%	2.3%	1.3%	6.9%	4.0%
	2Q 20	5.9%	4.0%	8.1%	6.3%	2.3%	1.2%	7.0%	17.5%	16.0%	6.5%	2.5%	1.4%	6.9%	4.3%
	3Q 20	5.6%	3.7%	7.8%	6.6%	2.2%	1.3%	6.8%	15.2%	16.3%	6.6%	2.6%	2.3%	6.0%	4.2%

¹ SKB's stage rates are impacted by the accounting treatment of purchased receivables.

² This column includes Merkantil Bank in 4Q 2019, and Merkantil Bank Ltd., Merkantil Bérlet Ltd., OTP Real Estate Leasing Ltd., NIMO 2002 Ltd., SPLC-P Ltd., SPLC Ltd. in 1Q-3Q 2020.

The reclassification of certain retail loans from S1 into S2 resulted in q-o-q declining S1 and S2 own coverage ratios, because the previously created extra provisions were also shifted. The coverage of S1 + S2 loans remained stable in total

Development of the own provision coverage ratios in the three Stage categories

		Cons. 	Core (Hungary) 	DSK (Bulgaria) 	OBH (Croatia) 	OBSrb (Serbia) 	SKB¹ (Slovenia) 	OBR (Romania) 	OBU (Ukraine) 	OBRu (Russia) 	CKB (Monten.) 	OBA (Albania) 	Mobias (Moldova) 	OBS (Slovakia) 	Merk.² (Hungary) 
Stage 1 own coverage	4Q 19	1.1%	0.8%	1.1%	0.8%	0.4%	0.4%	1.3%	0.9%	5.3%	1.1%	1.2%	1.0%	0.7%	0.4%
	1Q 20	1.3%	1.1%	0.9%	1.0%	0.6%	0.5%	1.6%	1.0%	7.6%	1.2%	1.6%	1.2%	1.2%	0.5%
	2Q 20	1.2%	1.1%	1.1%	0.8%	0.6%	0.5%	1.2%	1.0%	6.4%	1.1%	1.5%	0.9%	0.9%	0.4%
	3Q 20	0.9%	0.9%	0.8%	0.5%	0.6%	0.5%	0.9%	0.9%	4.6%	1.0%	1.5%	1.1%	0.8%	0.3%
Stage 2 own coverage	4Q 19	10.7%	12.4%	8.5%	3.5%	5.8%	0.0%	5.7%	8.3%	27.4%	4.8%	10.1%	23.6%	11.7%	4.7%
	1Q 20	10.5%	12.4%	11.1%	3.6%	3.5%	11.4%	7.0%	9.0%	31.7%	8.9%	8.6%	32.5%	13.4%	3.0%
	2Q 20	12.7%	15.2%	9.6%	5.0%	7.1%	7.4%	8.2%	14.0%	39.1%	8.5%	25.9%	34.6%	14.7%	6.0%
	3Q 20	11.7%	11.2%	11.2%	7.9%	8.7%	7.7%	9.6%	9.8%	38.9%	11.7%	22.1%	16.9%	15.7%	4.5%
Stage 3 own coverage	4Q 19	65.2%	55.4%	62.0%	63.6%	50.0%	8.7%	53.7%	77.9%	93.4%	68.2%	33.1%	39.7%	68.8%	63.4%
	1Q 20	65.3%	54.7%	62.9%	64.4%	51.7%	17.5%	53.7%	78.4%	94.8%	69.1%	43.7%	43.1%	69.1%	61.9%
	2Q 20	65.8%	58.0%	60.5%	65.5%	56.6%	21.6%	55.7%	78.5%	92.9%	69.4%	49.3%	43.0%	69.4%	60.6%
	3Q 20	64.7%	55.4%	62.1%	63.4%	56.3%	27.4%	53.3%	79.2%	94.4%	68.1%	50.3%	52.1%	67.5%	56.1%

¹ The SKB acquisition was completed in 4Q 2019. The Stage3 receivables were netted off with the already created provisions at the time of the consolidation, which automatically reduced the own coverage of Stage3 loans.

² This column includes Merkantil Bank in 4Q 2019, and Merkantil Bank Ltd., Merkantil Bérlet Ltd., OTP Real Estate Leasing Ltd., NIMO 2002 Ltd., SPLC-P Ltd., SPLC Ltd. in 1Q-3Q 2020.

Based on macro scenarios and the potential COVID-19 impact on specific sectors, OTP Group classified the corporate exposures into four categories. 72% of the portfolio is in sectors with light / no impact expected

Classification of the corporate¹ exposures based on their anticipated vulnerability (3Q 2020, in % of the total corporate exposures)

Cons.	Core (Hungary)	DSK (Bulgaria)	OBH (Croatia)	OBSrb (Serbia)	SKB (Slovenia)	OBR (Romania)	OBU (Ukraine)	OBRu (Russia)	CKB (Monten.)	OBA (Albania)	Mobias (Moldova)	OBS (Slovakia)	Merk. (Hungary)
													

Low / no impact: Agriculture; Food production; Pharmacy; Healthcare; Water supply; Public admin and defense; Education; etc.

16%	16%	14%	14%	19%	7%	19%	33%	8%	9%	11%	26%	15%	12%
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Light impact: Manufact. of petroleum, Chemicals, IT; Metal processing; Electricity supply; Logistics; Financial, insurance activities; etc.

56%	55%	55%	55%	60%	67%	44%	51%	74%	52%	69%	57%	45%	51%
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Medium impact: Mining; Metal production; Machinery; Construction; Real Estate Development; Retail trade; Wood processing

23%	25%	23%	21%	19%	24%	32%	16%	18%	19%	10%	15%	36%	34%
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High impact: Accommodation; Air transport; Travel agencies; Tour operators; Passenger water transport; Aircraft/ship manufacturing

5%	4%	7%	11%	2%	3%	4%	0%	0%	19%	10%	2%	3%	2%
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¹ Third party exposures towards non-financial legal entities, including MLE, MSE and SL segments. Exposures include on and off balance sheet exposures, EUR 24.5 billion equivalent in total.

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Questions and Answers session