OTP Group
First nine months 2019 results

Conference call – 8 November 2019

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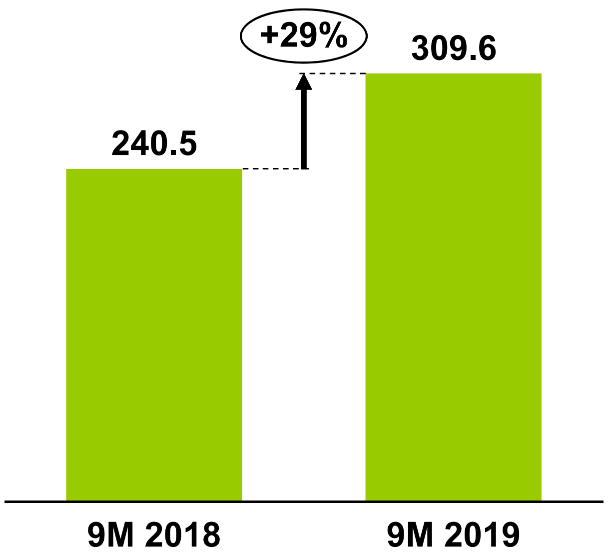
Chief Financial and Strategic Officer

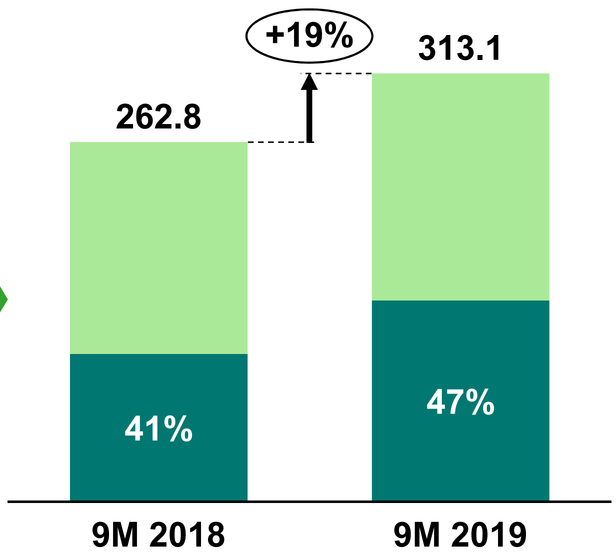
9M accounting profit surged by 29% y-o-y, while the adjusted profit grew by 19%. The profit contribution of foreign subsidiaries improved to 47%

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

Accounting profit after tax



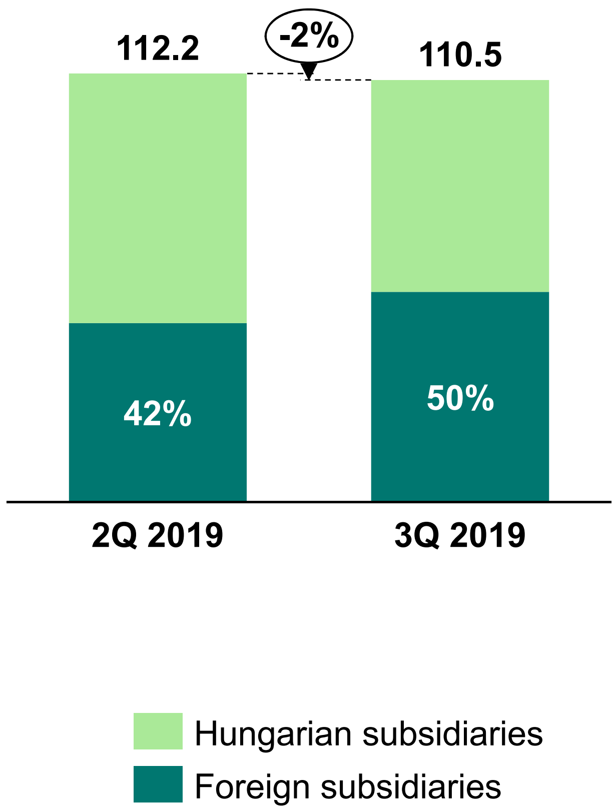
Adjusted profit after tax



Adjustments (after tax)	**9M 2018**	**9M 2019**
Banking tax	-15.1	-15.6
Effect of acquisitions	-2.9	17.9
Others	-4.4	-5.8[1]
Total	**-22.3**	**-3.5**

After tax profit development (in HUF billion)

Adjusted profit after tax



[1] Of which -HUF 4.4 billion goodwill /investment impairment charges; -HUF 1.8 billion one-off impact of regulatory changes related to FX consumer contracts in Serbia; +0.4 dividend and net cash transfer.

In 3Q 2019 the total amount of adjustments was +HUF 21.2 billion, mostly attributable to the badwill booked upon the consolidation of the newly acquired banks

(in HUF billion)	9M 18	9M 19	Y-o-Y	3Q 18	2Q 19	3Q 19	Q-o-Q	Y-o-Y
Consolidated after tax profit (accounting)	**240.5**	**309.6**	**29%**	**85.9**	**105.4**	**131.6**	**25%**	**53%**
Adjustments (total)	**-22.3**	**-3.5**	**-84%**	**-6.8**	**-6.9**	**21.2**		
Dividends and net cash transfers (after tax)	0.3	0.4	35%	0.0	0.4	-0.2		
Goodwill/investment impairment charges (after tax)	-5.3	-4.4	-16%	-5.7	-4.4			
Special tax on financial institutions (after corporate income tax)	-15.1	-15.6	3%	-0.2	-0.2	-0.2	-6%	0%
Impact of fines imposed by the Hungarian Competition Authority	0.6			0.6				
Effect of acquisitions (after tax)	-2.9	17.9		-1.4	-0.8	21.4 [1]		
One-off impact of regulatory changes related to FX consumer contracts in Serbia		-1.8			-1.9	0.1		
Consolidated adjusted after tax profit	**262.8**	**313.1**	**19%**	**92.7**	**112.2**	**110.5**	**-2%**	**19%**

1 The Effect of acquisitions line – among others – included the badwill related to the newly acquired banks, as well as the merger and integration expenses booked in the last quarter.

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The improvement in adjusted profit was mainly due to stronger foreign contributions, especially from Bulgaria, Croatia, Ukraine, Serbia and Russia. The Hungarian operation posted a 4% profit growth

Effect of acquisitions

Adjusted profit after tax (in HUF billion)

	9M 2018	9M 2019	Y-o-Y
OTP Group	262.8	313.1	19% / 13%[1]
OTP Core (Hungary)	139.6	145.7	4%
DSK Group (Bulgaria)	38.4	38.7 53.8	40% / 1%[1] / -1%[3]
OBRu (Russia)	18.9	22.1	17%/14%[2]
OBH (Croatia)	20.9	26.5	27% / 20%[5]
OBU (Ukraine)	18.2	25.6	40% / 26%[2]
OBR (Romania)	4.8	5.4	13% / 12%[5]
OBSrb (Serbia)	1.3	4.6	241% / 160%[5]
CKB (Montenegro)	2.3	2.8 3.3	45%/23%[4]
OBA (Albania)		2.2	
Mobiasbanca (Moldova)		1.2	
OBS (Slovakia)	0.6	2.0	247%
Merkantil (Hungary)	5.3	5.3	2%
OTP Fund Mgmt. (Hungary)	2.7	2.6	-4%
Corporate Centre, others	9.9	12.8	30%

Note: from 2019 the foreign leasing companies are presented as part of the operation in the given country.
The foreign leasing companies are shown on the *Corporate Centre, others* line in the above table for 9M 2018.
[1] Changes without the effect of Expressbank acquisition. [2] Change in local currency. [3] Changes without the effect of Expressbank acquisition and the inclusion of the Bulgarian leasing company. [4] Changes without the effect of Podgoricka banka acquisition.
[5] Changes without the effect of the inclusion of the local leasing company.

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9M operating profit without acquisitions improved by 16%, due to earnings dynamics outpacing operating cost growth

(in HUF billion)	9M 18	9M 19	Y-o-Y	9M 19 without M&A[1]	Y-o-Y without M&A[1]	2Q 19	3Q 19	Q-o-Q	Q-o-Q w/o M&A FX-adj.[2]
Consolidated adjusted after tax profit	**262.8**	**313.1**	**19%**	**294.0**	**12%**	**112.2**	**110.5**	**-2%**	**-4%**
Corporate tax	-32.7	-38.3	17%	-36.3	11%	-13.9	-13.0	-6%	-9%
Profit before tax	295.5	351.4	19%	330.3	12%	126.1	123.5	-2%	-5%
Total one-off items	4.1	3.5	-13%	3.5	-13%	6.3	-2.0		
Result of the Treasury share swap agreement	4.1	3.5	-13%	3.5	-13%	6.3	-2.0		
Profit before tax (adjusted, without one-offs)	**291.4**	**347.8**	**19%**	**326.8**	**12%**	**119.8**	**125.5**	**5%**	**2%**
Operating profit without one-offs	297.3	370.1	24%	345.4	16%	124.2	137.1	10%	7%
Total income without one-offs	654.0	772.2	18%	729.8	12%	259.3	273.2	5%	3%
Net interest income	443.4	510.4	15%	479.6	8%	170.7	177.1	4%	1%
Net fees and commissions	164.1	197.0	20%	188.1	15%	66.8	73.0	9%	7%
Other net non interest income without one-offs	46.4	64.8	39%	62.1	34%	21.8	23.2	7%	4%
Operating costs	-356.6	-402.2	13%	-384.4	8%	-135.1	-136.1	1%	-2%
Total risk cost	-5.9	-22.2	277%	-18.6	216%	-4.4	-11.6	165%	136%

[1] In the grey columns neither 9M 2019 numbers, nor y-o-y changes include the contribution of the Bulgarian Expressbank, OTP Bank Albania, Podgoricka banka in Montenegro and Mobiasbanca in Moldova.
[2] The q-o-q changes do not include the contribution from Podgoricka banka in Montenegro and Mobiasbanca in Moldova.

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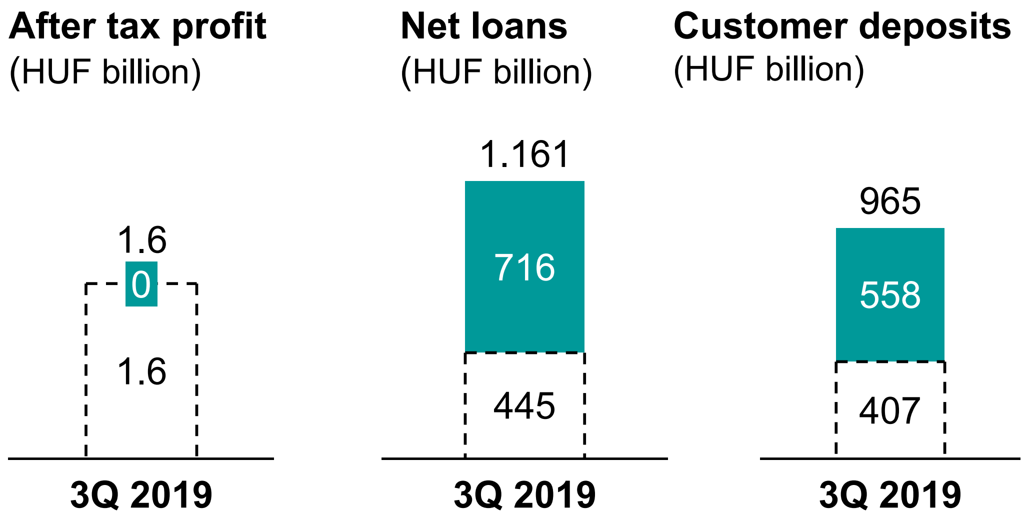
On 24 September 2019 the financial closure of the Serbian transaction has been completed; with a market share of 14% OTP has become the 2nd largest on the Serbian banking market (on pro forma basis)

Market share and equity of Serbian banks
(2Q 2019, in EUR million)

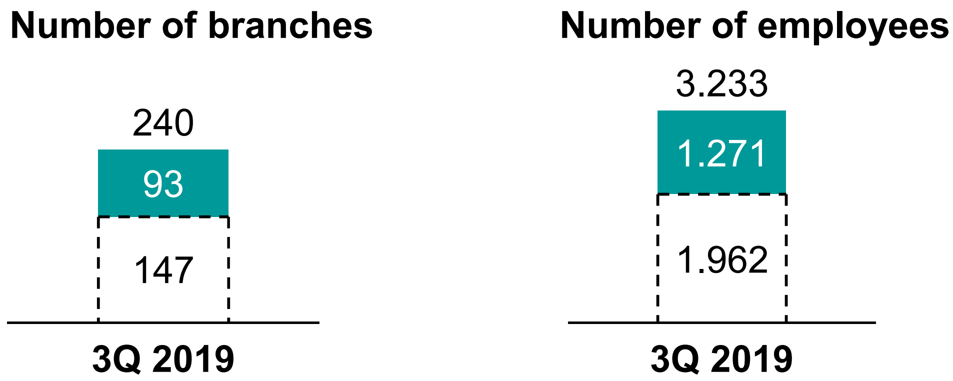
	Bank	Total assets	Market share	Equity
1	Banca Intesa A.D.	5,042	15.6%	864
2	**OTP Bank Serbia (pro forma)**	**4,429**	**13.7%**	**677**
2	Unicredit Bank Srbija A.D.	3,733	11.5%	688
3	Komercijalna banka A.D.	3,504	10.8%	587
4	**Societe Generale banka Srbija A.D.**	**2,698**	**8.3%**	**408**
5	Raiffeisen Banka A.D.	2,545	7.9%	473
6	Erste Bank A.D.	1,876	5.8%	211
7	Agroindustrijsko komercijalna banka AIK banka	1,767	5.5%	438
8	**Vojvođanska banka A. D.**	**1,731**	**5.3%**	**269**
9	Banka Poštanska štedionica A.D.	1,545	4.8%	166
10	Eurobank A.D.	1,468	4.5%	439

Source: Serbian National Bank



Net loan to deposit ratio: **120%**

OTP banka Srbija (ex-SocGen)
Vojvodjanska banka



Source: OTP Bank Serbia

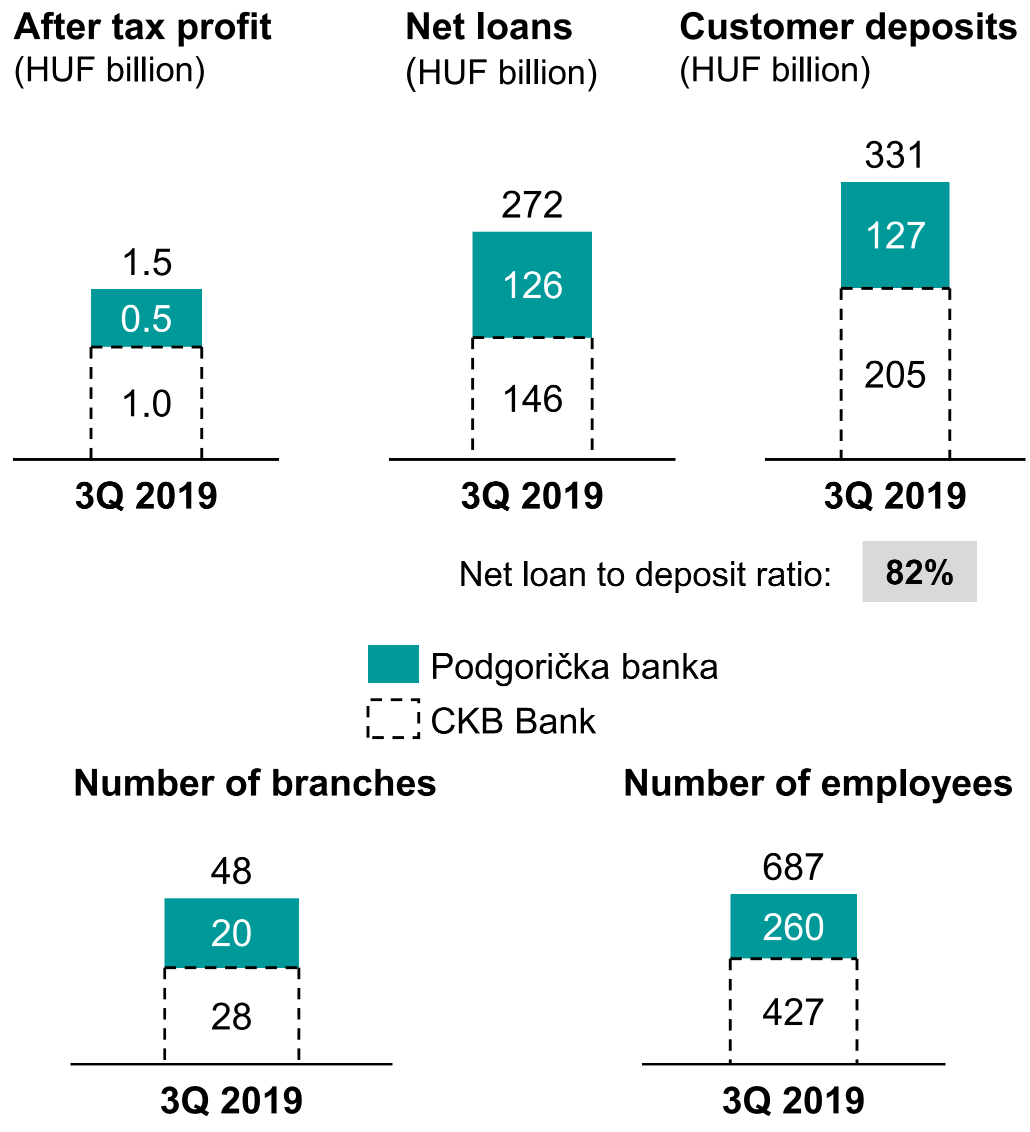
Montenegro

On 16 July 2019 the financial closure of the Montenegrin transaction has been completed; as a result, OTP cemented its market leading position in Montenegro

Market share and equity of Montenegrin banks
(3Q 2019, in EUR million)

	Bank	Total assets	Market share	Equity
1	**CKB Group (pro forma)**	**1,365**	**29.8%**	**239**
1	**Crnogorska komercijalna banka AD**	**810**	**17.7%**	**172**
2	Erste Bank AD Podgorica	581	12.7%	88
3	Hipotekarna Banka AD	559	12.2%	54
4	**Podgorička banka AD**	**555**	**12.1%**	**67**
5	Nlb Banka A.D. Podgorica	537	11.7%	66
6	Prva Banka Cg AD Podgorica Osnovana 1901.Godine	387	8.4%	38
7	Universal Capital Bank AD Podgorica	309	6.7%	13
8	Addiko Bank AD	239	5.2%	25

Source: Montenegrin National Bank



Source: CKB Group

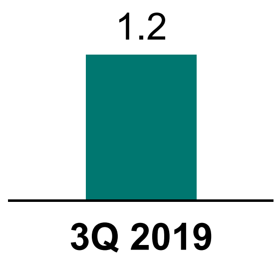
On 25 July 2019 the financial closure of the Moldovan transaction has been completed; the new subsidiary is the 4th largest bank on the Moldovan banking market with a market share of 13%

Market share and equity of Moldovan banks
(3Q 2019, in EUR million)

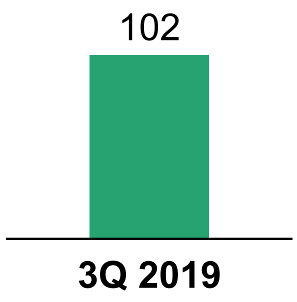
	Bank	Total assets	Market share	Equity
1	BC „Moldova - Agroindbank" S.A.	1,299	28.6%	220
2	BC „Moldindconbank" S.A.	918	20.2%	159
3	B.C. „Victoriabank" S.A.	747	16.5%	136
4	**Mobiasbanca - OTP Group S.A.**	**600**	**13.2%**	**96**
5	B.C. „Eximbank" S.A.	210	4.6%	57
6	BCR Chisinau S.A.	194	4.3%	32
7	„FinCombank" S.A.	181	4.0%	30
8	B.C. „Energbank" S.A.	129	2.8%	34
9	B.C. „ProCredit Bank" S.A.	113	2.5%	25
10	B.C. „Comertbank" S.A.	83	1.8%	18

Source: Moldovan National Bank

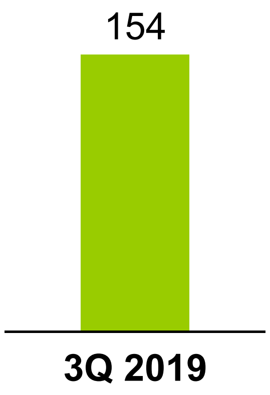
After tax profit
(HUF billion)



Net loans
(HUF billion)

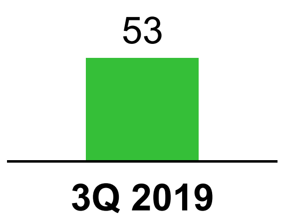


Customer deposits
(HUF billion)

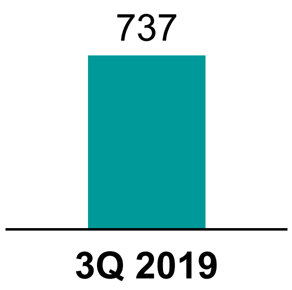


Net loan to deposit ratio: **66%**

Number of branches



Number of employees



Source: Mobiasbanca

Consolidated performing (Stage 1+2) loans expanded by 14%, o/w organic growth represents 4%. Outstanding volume expansion at the OTP Core consumer loan segment partly due to the subsidized baby loans

Q-o-Q performing (Stage 1 + 2) loan volume changes in 3Q 2019, adjusted for FX-effect

	Konsz.	Core (Hungary)	DSK (Bulgaria)	OBRu (Russia)	OBH (Croatia)	OBU (Ukraine)	OBR (Romania)	OBSrb (Serbia)	CKB (Montenegro)	OBA (Albania)	OBS (Slovakia)
Nominal change (HUF billion)	1,340 / 402[2]	269	42	11	4	25	39	717 / 8[2]	125 / -1[2]	5	-5
Total	14% / 4%[2]	8%	2%	2%	0%	7%	7%	166% / 2%[2]	88% / -1%[2]	3%	-1%
Consumer	19% / 10%[2]	43%/6%[3]	3%	1%	4%	12%	5%	104% / 4%[2]	144% / 2%[2]	2%	0%
Mortgage	11% / 2%[2]	2%	4%		1%		5%	335% / -1%[2]	110% / 1%[2]	2%	0%
Corporate[1]	13% / 2%[2]	4%	1%	3%	-2%	5%	8%	162% / 1%[2]	58% / -3%[2]	4%	-3%

Core mortgage: **Housing loan** 3% | **Home equity** -3%

[1] Loans to MSE and MLE clients and local governments.
[2] Without the effect of acquisitions closed in 3Q 2019.
[3] Cash loans growth.

Consolidated performing (Stage 1 + 2) loans expanded by 33% year-to-date, within that the organic growth reached 10%. The consumer book, driven by booming volumes in Hungary, has been the engine of growth

YTD performing (Stage 1 + 2) loan volume changes in 9M 2019, adjusted for FX-effect

	Cons.	Core[3] (Hungary)	DSK[4] (Bulgaria)	OBRu (Russia)	OBH[4] (Croatia)	OBU (Ukraine)	OBR[4] (Romania)	OBSrb[4] (Serbia)	CKB (Montenegro)	OBS (Slovakia)
Nominal change (HUF billion)	2,696 / 830[2]	440	889 / 103[2]	18	44	73	76	732 / 22[2]	139 / 13[2]	3
Total	33% / 10%[2]	14%	70% / 8%[2]	3%	4%	23%	13%	175% / 5%[2]	108% / 10%[2]	1%
Consumer	36% / 18%[2]	58%	45% / 11%[2]	4%	10%	27%	12%	116% / 10%[2]	154% / 6%[2]	0%
Mortgage	22% / 5%[2]	4%	48% / 10%[2]		0%		14%	327% / -2%[2]	122% / 7%[2]	2%
Corporate[1]	38% / 8%[2]	11%	109% / 4%[2]	-10%	0%	22%	12%	172% / 5%[2]	83% / 13%[2]	0%

Core mortgage breakdown:

Housing loan	Home equity
7%	-9%

[1] Loans to MSE and MLE clients and local governments.
[2] Without the effect of acquisitions closed in 2019.
[3] Without the elimination of OTP Real Estate Lease from OTP Core from 1Q 2019 (+HUF 22 bn effect, out of which 18 bn mortgage, 3 bn corporate loan).
[4] In case of DSK, OBH, OBR and OBSr loan volumes of the local leasing companies are included in the subsidiary bank figures in the base period, as well.

Consolidated performing (Stage 1 + 2) loans grew by 37% over the last 12 month, within that the organic growth hit 14% (without the new acquisitions in Bulgaria, Albania, Serbia, Montenegro and Moldova)

Y-o-Y performing (Stage 1 + 2) loan volume changes in 3Q 2019, adjusted for FX-effect

	Cons.	Core[3] (Hungary)	DSK[4] (Bulgaria)	OBRu (Russia)	OBH[4] (Croatia)	OBU (Ukraine)	OBR[4] (Romania)	OBSrb[4] (Serbia)	CKB (Montenegro)	OBS (Slovakia)
Nominal change (HUF billion)	2,954 / 1,088[2]	525	920 / 134[2]	71	38	89	94	768 / 59[2]	145 / 19[2]	3
Total	37% / 14%[2]	18%	74% / 11%[2]	13%	3%	30%	17%	201% / 15%[2]	118% / 15%[2]	1%
Consumer	41% / 23%[2]	63%	47% / 12%[2]	14%	9%	53%	12%	123% / 14%[2]	159% / 8%[2]	-2%
Mortgage	24% / 7%[2]	5%	54% / 15%[2]		1%		18%	341% / 1%[2]	134% / 13%[2]	1%
Corporate[1]	43% / 12%[2]	16%	114% / 7%[2]	-4%	-1%	26%	16%	213% / 21%[2]	93% / 19%[2]	2%

Core mortgage breakdown:

Housing loan	Home equity
7%	-9%

[1] Loans to MSE and MLE clients and local governments.
[2] Without the effect of acquisitions closed in 2019.
[3] Without the elimination of OTP Real Estate Lease from OTP Core from 1Q 2019 (+HUF 22 bn effect, out of which 18 bn mortgage, 3 bn corporate loan).
[4] In case of DSK, OBH, OBR and OBSr loan volumes of the local leasing companies are included in the subsidiary bank figures in the base period, as well.

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Consolidated deposits increased by 11% q-o-q (+5% w/o acquisitions). Hungarian retail deposits increased by 2% q-o-q, despite the introduction of the new type of retail government bonds (MÁP Plusz) from June 2019

Q-o-Q deposit volume changes in 3Q 2019, adjusted for FX-effect

	Cons.	Core (Hungary)	DSK (Bulgaria)	OBRu (Russia)	OBH (Croatia)	OBU (Ukraine)	OBR (Romania)	OBSrb (Serbia)	CKB (Montenegro)	OBA (Albania)	OBS (Slovakia)
Total	11% / 5%[2]	5%	2%	2%	7%	12%	3%	165% / 12%[2]	85% / 14%[2]	4%	-4%
Retail	7% / 2%[2]	2%	1%	-4%	4%	4%	3%	112% / 2%[2]	56% / 7%[2]	1%	-5%
Corporate[1]	18% / 9%[2]	9%	4%	12%	11%	17%	2%	246% / 26%[2]	126% / 28%[2]	16%	-4%

In case of OTP Core and consolidated total deposits and corporate deposits the changes are calculated based on figures excluding the q-o-q HUF 200 billion repo book (presented among corporate deposits) growth of OTP Core.

[1] Including MSE, MLE and municipality deposits.

[2] Without the effect of acquisitions closed in 3Q 2019.

Consolidated deposits went up by 22% ytd, whereas the growth without acquisitions reached 6%, driven by the Hungarian deposit inflow, as well as outstanding expansion in Ukraine, Romania, Russia and Montenegro

YTD deposit volume changes in 9M 2019, adjusted for FX-effect

	Cons.	Core (Hungary)	DSK (Bulgaria)	OBRu (Russia)	OBH (Croatia)	OBU (Ukraine)	OBR (Romania)	OBSrb (Serbia)	CKB (Montenegro)	OBS (Slovakia)
Nominal change (HUF billion)	2,611 / 703[2]	368	1,021 / 137[2]	47	23	66	51	575 / 17[2]	148 / 21[2]	-23
Total	22% / 6%[2]	6%	52% / 7%[2]	11%	2%	21%	11%	148% / 4%[2]	81% / 12%[2]	-6%
Retail	20% / 4%[2]	4%	45% / 6%[2]	-3%	3%	20%	8%	106% / 0%[2]	58% / 6%[2]	-8%
Corporate[1]	26% / 9%[2]	8%	75% / 11%[2]	42%	-2%	21%	14%	204% / 11%[2]	111% / 19%[2]	-4%
Deposit – net loan gap (HUF billion)	3,172	2,855	787	-95	226	-14	-158	-196	59	-27

With respect to OTP Group and OTP Core, the deposit - net loan gap figures are based on 3Q 2019 figures excluding HUF 400 billion repo book of OTP Core (presented among corporate deposits) and changes in total deposits and corporate deposits are also adjusted for the HUF 400 billion ytd growth of the repo volumes.

[1] Including MSE, MLE and municipality deposits. [2] Without the effect of 2019 acquisitions.

Consolidated deposits went up by 26% y-o-y, even without acquisitions the growth was 9%, driven by the Hungarian deposit inflow, as well as the outstanding expansion in Bulgaria, Ukraine, Romania and Russia

Y-o-Y deposit volume changes in 3Q 2019, adjusted for FX-effect

	Cons.	Core (Hungary)	DSK (Bulgaria)	OBRu (Russia)	OBH (Croatia)	OBU (Ukraine)	OBR (Romania)	OBSrb (Serbia)	CKB (Montenegro)	OBS (Slovakia)
Nominal change (HUF billion)	2,912 / 1,004[2]	557	1,130 / 246[2]	66	-42	84	88	583 / 24[2]	150 / 23[2]	-25
Total	26% / 9%[2]	10%	61% / 13%[2]	16%	-3%	28%	22%	152% / 6%[2]	82% / 13%[2]	-7%
Retail	24% / 7%[2]	9%	51% / 10%[2]	1%	1%	23%	13%	104% / -2%[2]	58% / 6%[2]	-10%
Corporate[1]	29% / 12%[2]	10%	99% / 26%[2]	51%	-9%	31%	30%	225% / 18%[2]	117% / 23%[2]	-1%
Deposit – net loan gap (HUF billion)	3,172	2,855	787	-95	226	-14	-158	-196	59	-27

With respect to OTP Group and OTP Core, the deposit - net loan gap figures are based on 3Q 2019 figures excluding HUF 400 billion repo book of OTP Core (presented among corporate deposits) and changes in total deposits and corporate deposits are also adjusted for the HUF 400 billion ytd growth of the repo volumes.

[1] Including MSE, MLE and municipality deposits. [2] Without the effect of 2019 acquisitions.

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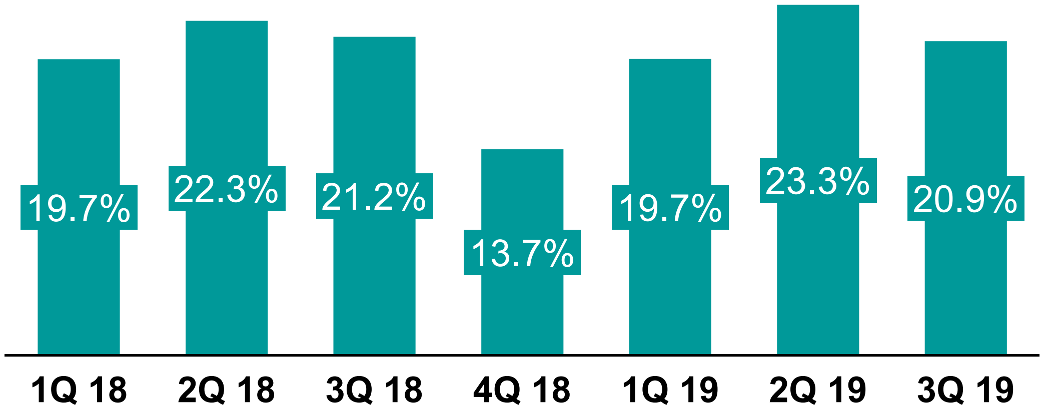
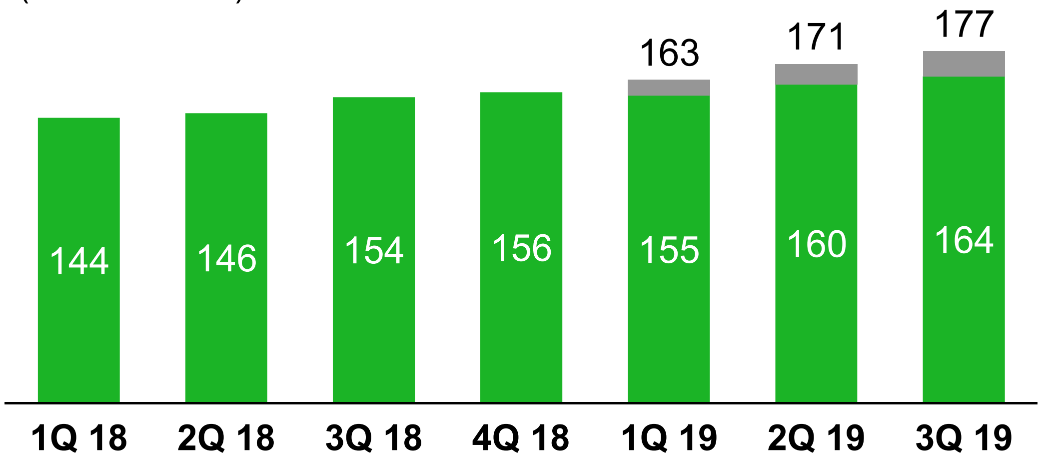
Despite the eroding net interest margin the net interest income kept on increasing even without acquisitions, adding to the bottom line earnings, whereas the ROE could remain above 20% in 3Q 2019

Effect of acquisitions

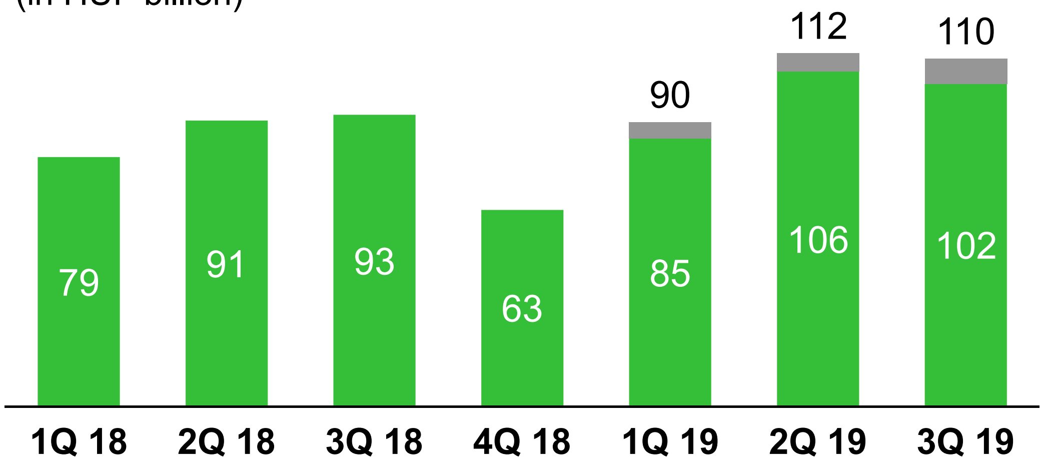
Adjusted ROE



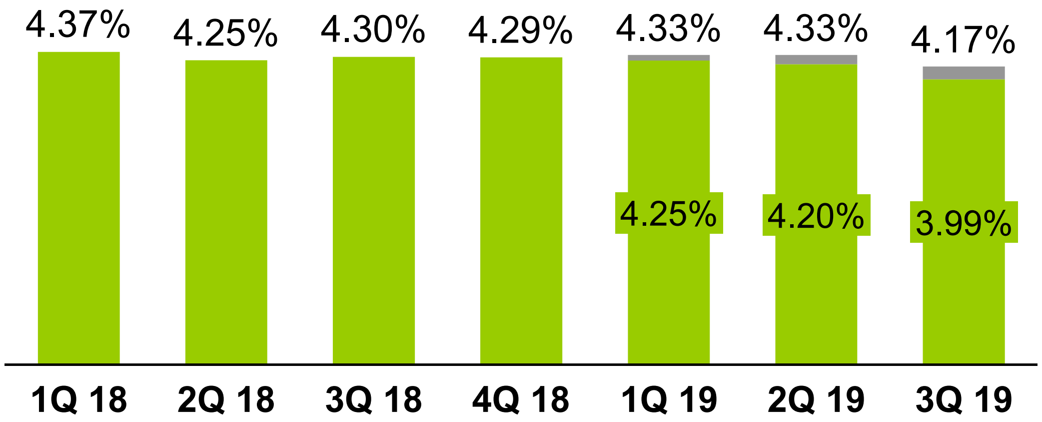
Net interest income
(in HUF billion)



Adjusted after-tax profit
(in HUF billion)

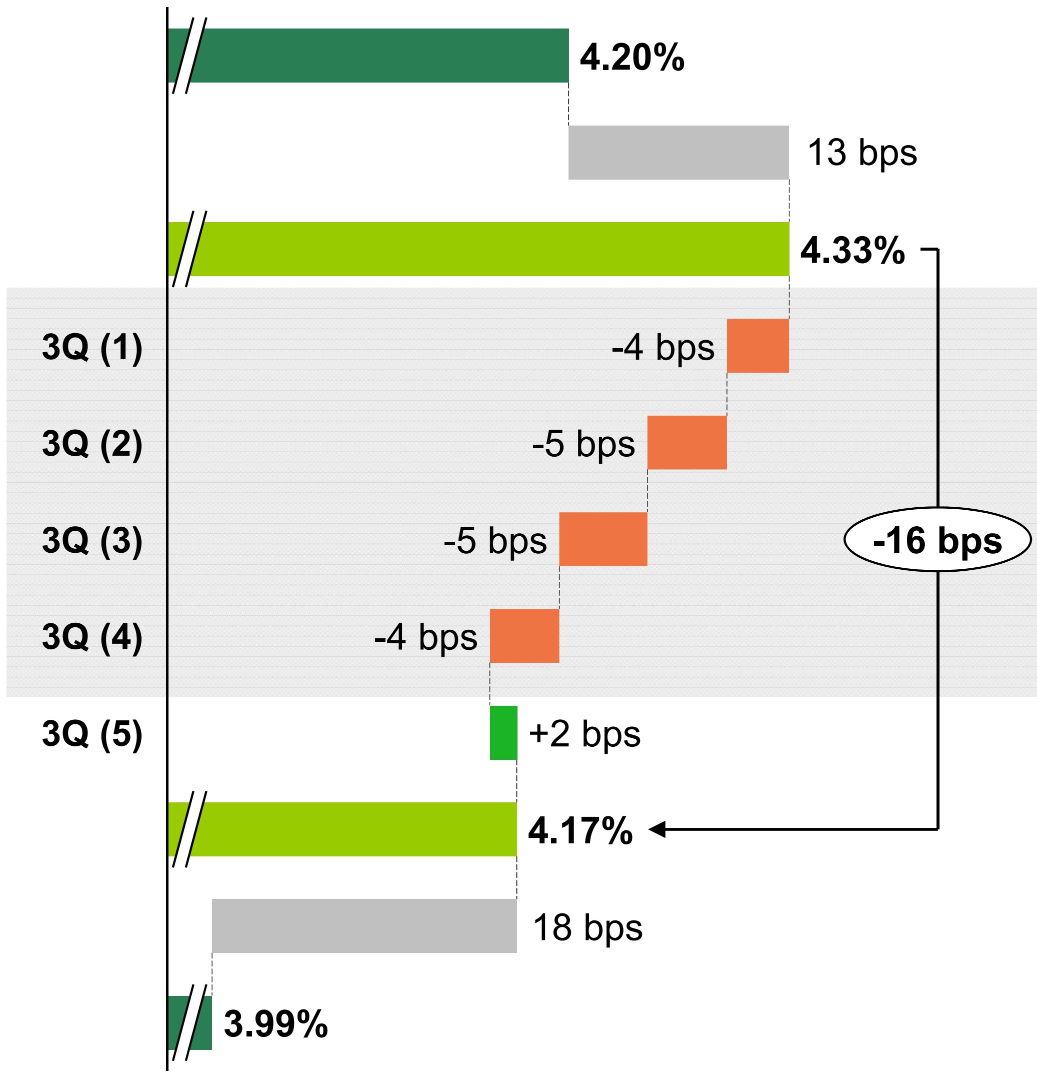


Net interest margin



The consolidated net interest margin showed a 16 bps q-o-q decline without acquisitions, explained mainly by four factors

Consolidated net interest margin development



Notes:

Reported net interest margin in 2Q 2019

Effect of acquisitions (Bulgaria, Albania)

2Q 2019 net interest margin without the effect of acquisitions

3Q (1): lower yields realized on the reinvestment of the **maturing** Hungarian government **bond portfolio** of OTP Core at the end of 2Q

3Q (2): the NIM was lowered by total asset increasing effect and the interest expense of the **Tier 2 bond** issued in July 2019

3Q (3): the average amount of **outstanding repo deals** at OTP Core increased by HUF 200 billion q-o-q, pushing up total assets

3Q (4): the one-off effect related to the accounting of certain **hedging transactions** booked within OTP Core was a drag on the NIM path

3Q (5): other, non-quantified effects

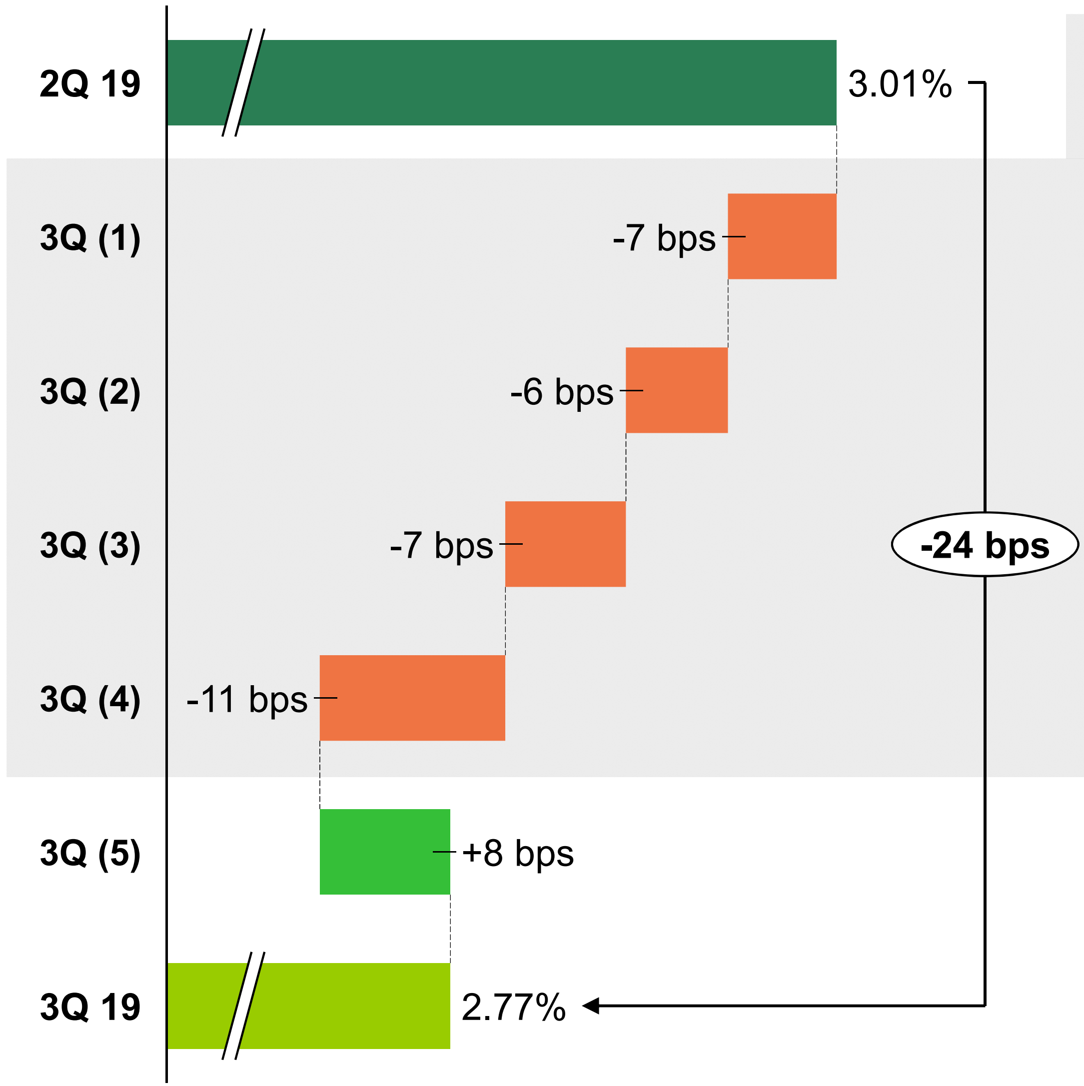
3Q 2019 net interest margin without the effect of acquisitions

Effect of acquisitions (Bulgaria, Albania, Montenegro, Moldova, Serbia)

Reported net interest margin in 3Q 2019

In 3Q 2019 the net interest margin of OTP Core melted down by 24 bps q-o-q due to four margin reducing factors

OTP Core net interest margin development



Notes:

3Q (1): the **maturity** of higher yielding government **bonds** at the end of 2Q pushed down the margin by 7 bps q-o-q. In 3Q 2019 there were no fixed rate Hungarian government bond maturities, whereas the margin effect of maturing bonds during 4Q is not significant

3Q (2): in 3Q 2019 the average amount of **outstanding repo deals** increased by HUF 200 billion q-o-q, diluting the margin through the higher balance sheet total

3Q (3): the one-off effect related to the accounting of certain **hedging transactions** was a drag on the NIM path of OTP Core. Given that in 3Q 2019 a negative amount of -HUF 0.8 billion appeared on the NII line, and in 4Q 2019 no such one-off item is expected, this effect in itself might lead to a 4 bps q-o-q margin improvement in 4Q 2019

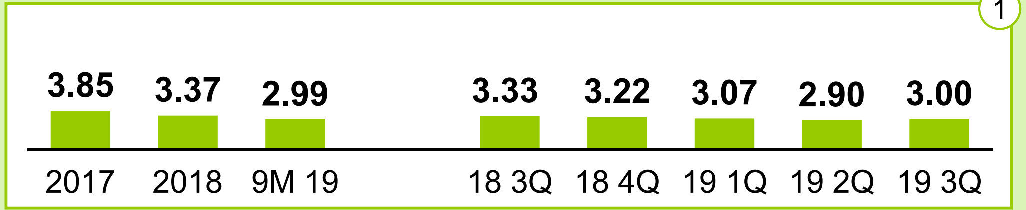
3Q (4): **intra-group swap deals** with DSK Bank induced a q-o-q decline in the NIM. Due to the eliminations on consolidated level this item did not affect the consolidated margin path

3Q (5): as for business developments, the further expanding loan volumes, within that especially the **booming consumer credits** were conducive to the q-o-q margin development, even amid slightly further declining interest rates on the stock of household loans. In 3Q the short term interbank rates remained relatively stable: the closing 3M BUBOR rate declined by 4 bps to 21 bps, whereas its quarterly average rate edged up by 6 bps to 25 bps

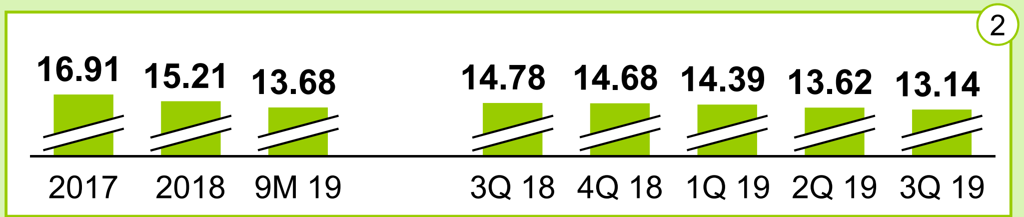
The net interest margin in Bulgaria and Romania improved on quarterly basis, but declined In Russia, Ukraine and Croatia

Net interest margin development at the largest Group members (%)

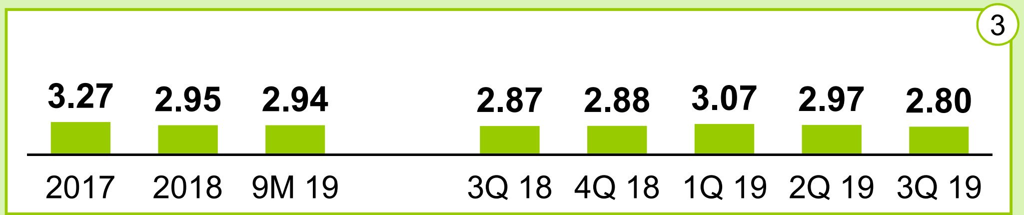
DSK+ Express Bulgaria



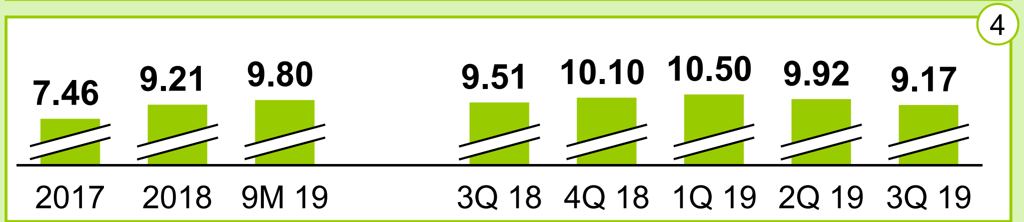
OTP Bank Russia[1]



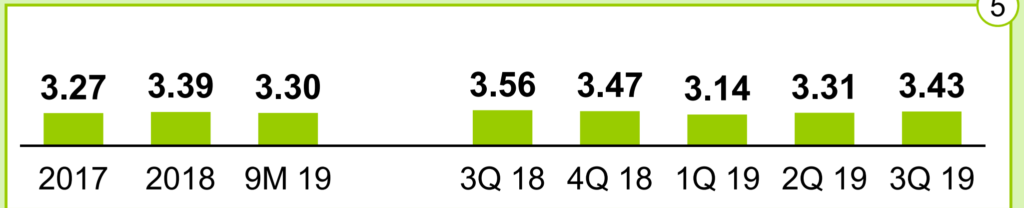
OTP Bank Croatia



OTP Bank Ukraine



OTP Bank Romania



1 At DSK the net interest income grew by 8% or HUF 2.0 billion q-o-q, partly because the income on the swap transactions (mostly in relation to the swaps with OTP Bank) recognized within the NII improved the q-o-q NII dynamics by HUF 1.2 billion. The increase in the interest income was also supported by the continued growth in loan volumes. Net interest margin rose by 10 bps q-o-q to 3.00%. Without the effect of swap result it would have declined by 3 bps q-o-q.

2 Reasons for the lower Russian NIM included the continued decline in interest rates on consumer loans, a slight increase in average deposit rates, as well as the dilution effect of the higher average total assets.

3 One-quarter of the q-o-q 17 bps decline in interest margin was induced by a technical item: in the third quarter a seven-month cumulated rental income was shifted from the net interest income to other income in the amount of HUF 0.2 billion.

4 In the retail segment the average interest rates on all type of loans but credit card loans kept decreasing q-o-q, and the increasing average interest on deposits also took their toll through eroding margins.

5 The margin expansion was due to the fact that the reference rate which serves as a basis for deposit pricing declined by an average of 19 bps q-o-q, while the benchmark interest rate for the pricing of variable-rate loans has slightly picked up in q-o-q comparison.

[1] Including Touch Bank from 1Q 2018.

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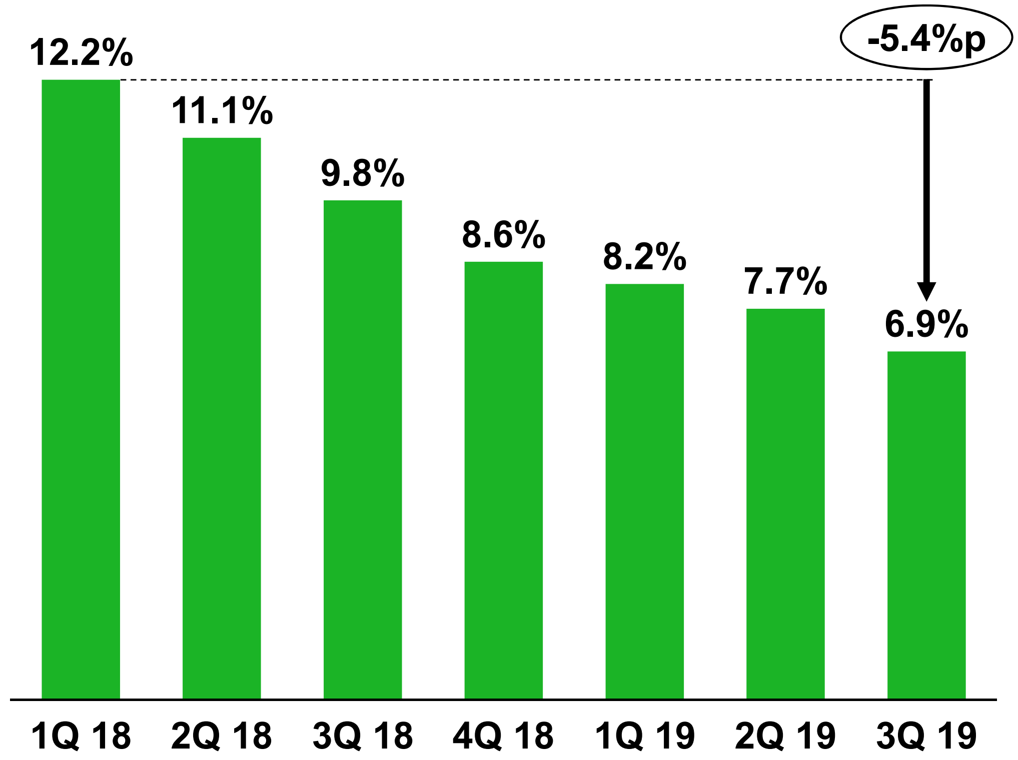
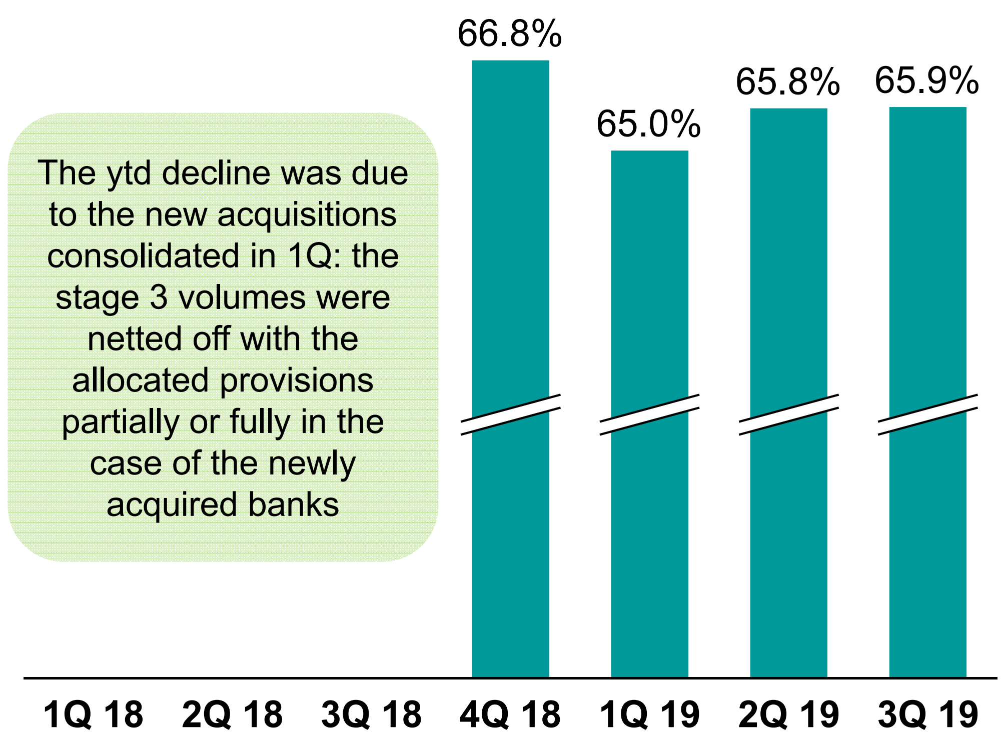
The Stage 3 ratio diminished further, at the end of 3Q it stood at 6.9%, while its own coverage stood at 65.9%

OTP Group - consolidated Stage 3 ratio[1]



OTP Group - own coverage of consolidated Stage 3 loans[1]

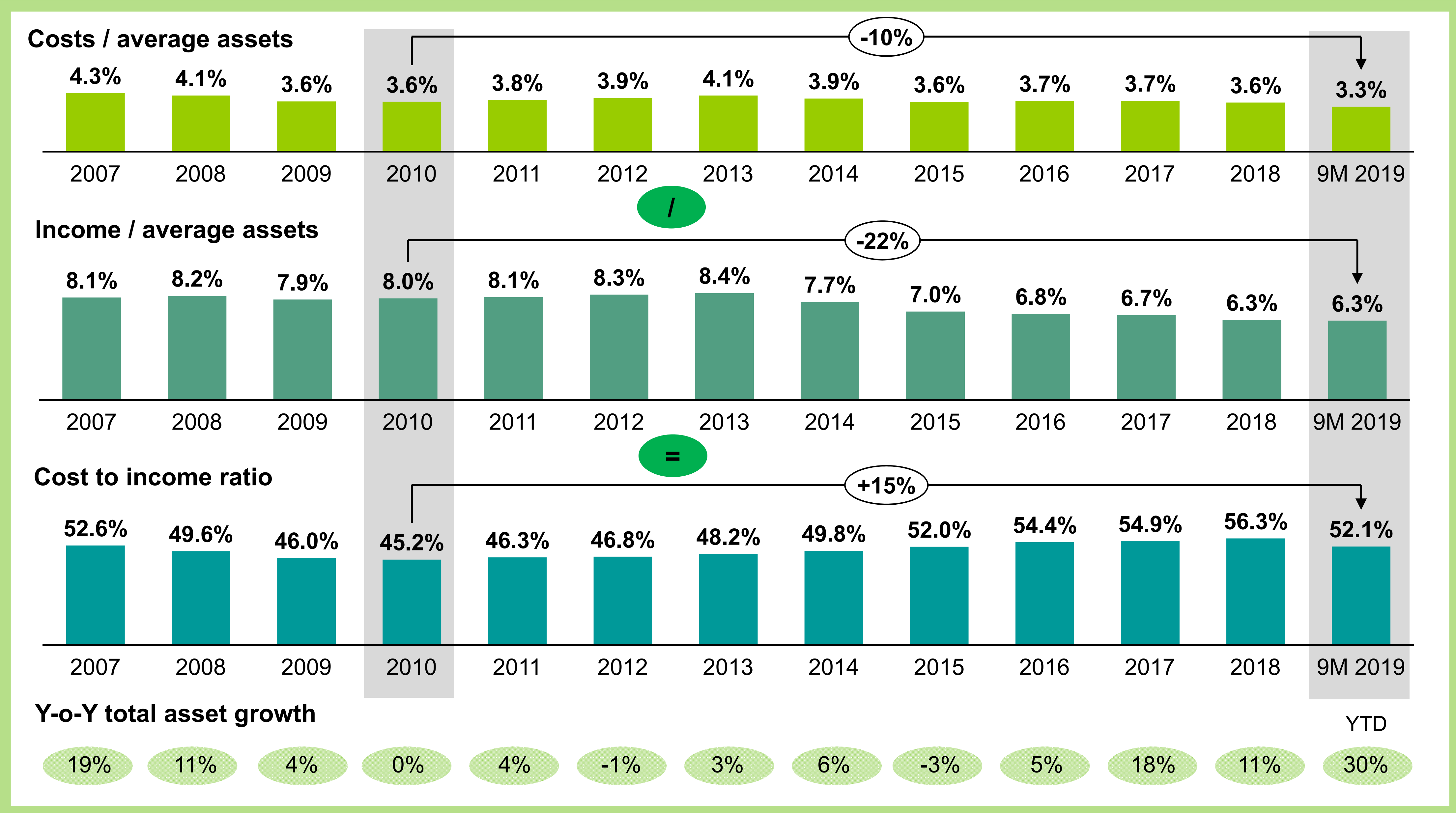


The non-performing loan category previously used by OTP, the ratio of 90+ days overdue loans (DPD90+) is replaced by the Stage 3 ratio with the introduction of IFRS 9.

The DPD90+ category is a subset of Stage 3, and it stood at 5.0% at Group level at the end of 3Q 2019.

[1] In 4Q 2018 with POCI, from 1Q 2018 POCI was distributed among Stage categories

In 9M 2019 cost efficiency indicators improved, fostered by better economies of scale reached in certain countries and total income margin remaining fairly stable



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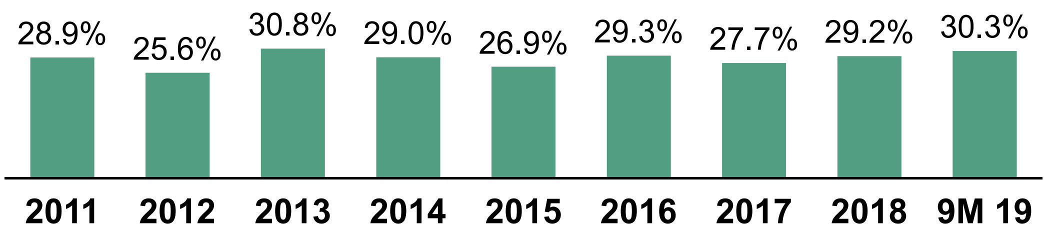
OTP CORE

The upward trend of housing loan disbursements remained in place. OTP enjoys a stable or improving market share in new mortgage and new cash loan disbursements, as well as in retail savings

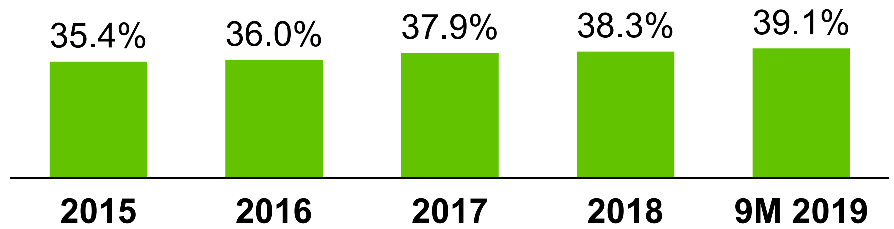
Change of housing loan disbursements of OTP Bank
(9M 2019, y-o-y)

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

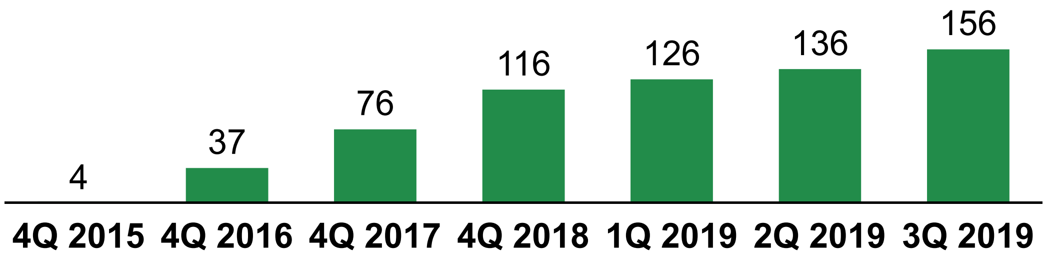
OTP's market share in mortgage loan contractual amounts



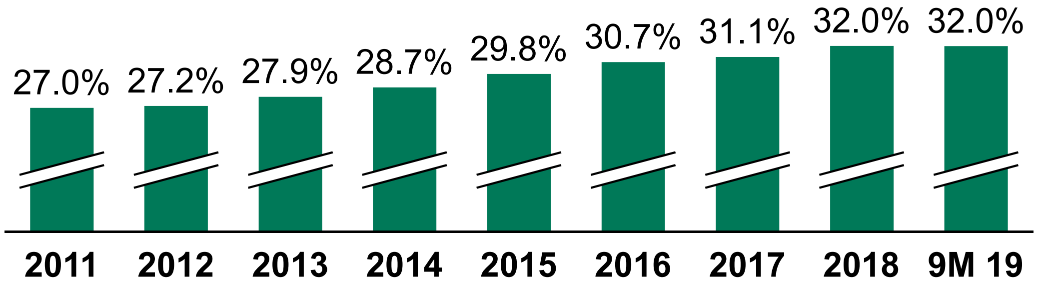
Market share in newly disbursed cash loans



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



OTP Bank's market share in household savings



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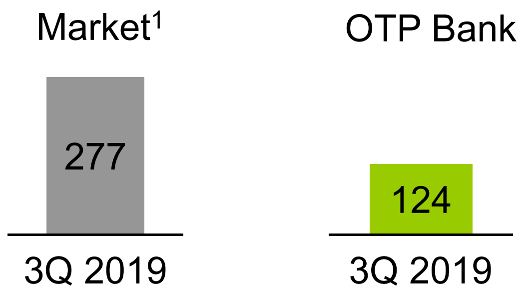
OTP CORE

OTP Bank has experienced huge demand for the newly introduced subsidized baby loans: the contractual amount hit HUF 124 billion in the third quarter

Subsidized baby loan – key statistics for 3Q 2019

Contractual amount (HUF billion)



OTP's market share in new contractual amounts

Number of new contracts:	13 thousands
Average ticket size:	HUF 9.5 million
Average maturity:	19.7 years

Subsidized baby loan – key elements of the structure

General features

Baby loans are available from 1 July 2019 until 31 Dec 2022. The primary target group is young married couples who intend to have (more) children. Eligible clients can take out max. HUF 10 million general-purpose loan.
There is 100% State guarantee for the whole loan amount. The client pays the principal and the guarantee fee (0.5% p.a., transferred by banks to the State) on a monthly basis.
Upon the request of the client, the principal repayment can be suspended for 3 years when the first child is born; for another 3 years when the second baby arrives, at the same time 30% of the outstanding principal is waived and repaid in a lump-sum by the Government. After the birth of the third child the then outstanding full principal is paid by the Government to the bank (thus, it is waived from the client's perspective).

Interest rate: in the first five years the loan is free of interest for the client, and banks receive an interest subsidy from the State on a monthly basis. The maximum interest rate is determined by a Government Decree and set at *Benchmark*[2] *+ 2%*.
If the first new baby is not born within 5 years or the couple divorces, the client must pay back the interest subsidy to the Government in a lump sum retroactively, and the exposure will carry a penalty interest rate computed as follows: the then prevailing *Benchmark + 5%*.
Handling fee: the handling fee is 0.3% p.a. of the outstanding principal at the end of every calendar year, and is paid by the State to banks (i.e. first time in 2020). At OTP this item is booked within NII and scattered over the whole remaining maturity of the loan.
Opening support fee: this up-front fee amounts to 0.8% of the principal, and is paid by the State to banks. In the case of OTP this item was booked within the fee income in July, and starting from August it was accounted for within the net interest income, spread over the whole maturity of the loan.

[1] Based on statistics published by the National Bank of Hungary
[2] Benchmark = 5Y Government bond yield * 1.3

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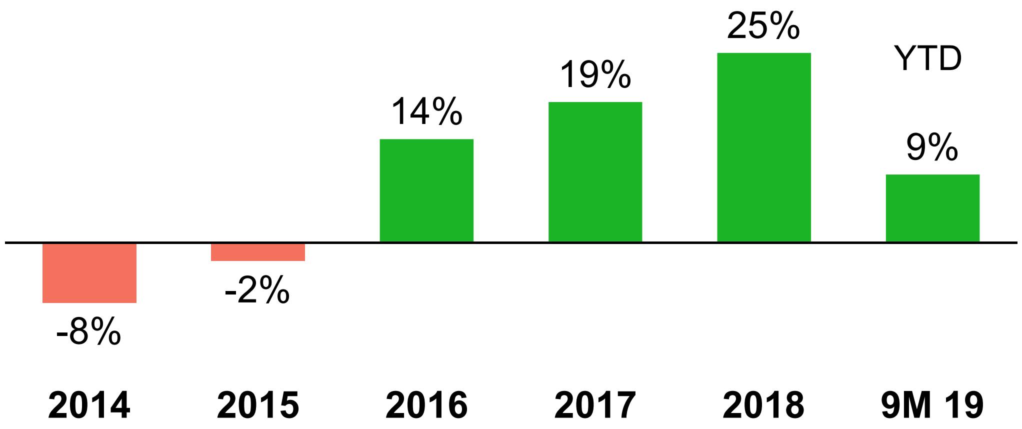
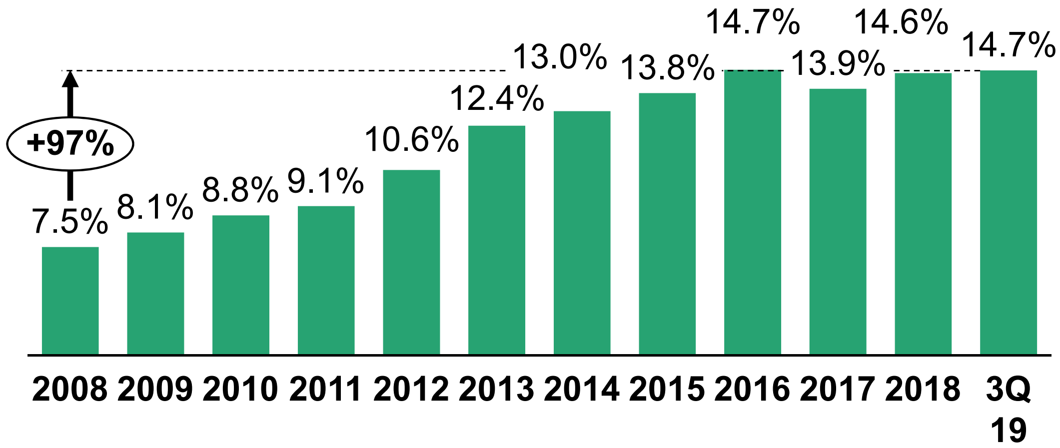
OTP CORE

In the MSE segment OTP Core managed to demonstrate 14% ytd volume dynamics, whereas the medium and large corporate loans increased by 9% ytd. OTP's market share in corporate loans got close to 15%

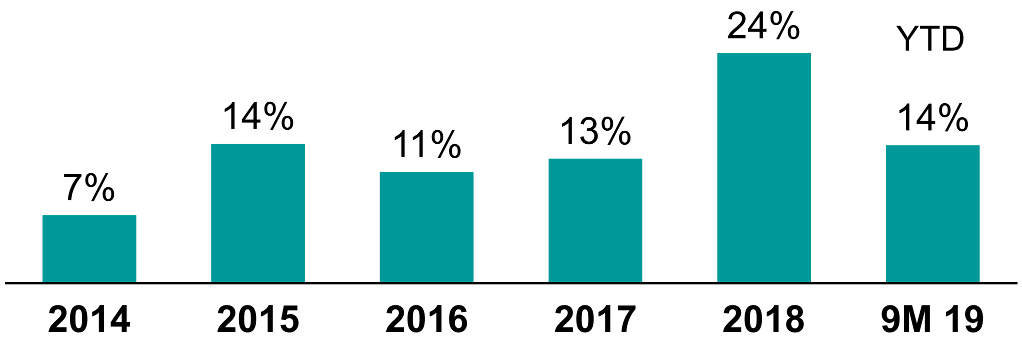
Performing (DPD0-90) medium and large corporate loan volume change (FX-adjusted)



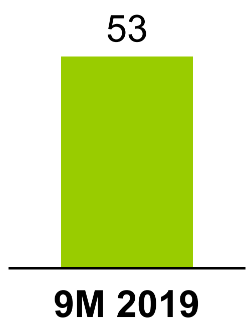
OTP Group's market share in loans to Hungarian companies[1]



Performing (DPD0-90) loan volume change at micro and small companies (FX-adjusted)



The cumulated amount of loan applications for the *Funding for Growth Scheme Fix* at OTP Bank since the launch of the programme (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.

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Changes in the original management expectations for 2019

Regarding the adjustment items the impact of the banking tax introduced in Romania in 2019 might be around -HUF 700 million against the originally expected maximum of -HUF 2 billion (after tax) and will be booked in 4Q.

Following the 10% ytd organic performing loan growth the volume expansion in 2019 may materially exceed the 10% level originally expected by the management.

In 3Q the consolidated NIM eroded to 4.17% adjusted for the 2019 acquisitions, and according to the management's expectation it may be around this level in 4Q.

The growth rate of the FX-adjusted operating expenses without acquisition effect is expected to be around 6% y-o-y against the originally anticipated level of around 4%. For the first nine months the increase was 6.5% y-o-y and the cost-to-income ratio improved from 54.5% to 52.1% for the same period.

The dividend amount of HUF 69.4 billion calculated in accordance with the Commission Regulation (EU) No. 241/2014. Article 2. (7) Paragraph for the first nine months cannot be considered as an indication of the management's dividend proposal. The dividend proposal after the 2019 fiscal year will be decided by the management in 1Q 2020.

Further details and financials

The 9M total income grew by 12% without acquisitions. The quarterly growth was driven by Hungary, whereas the foreign subsidiaries' contribution was shaped by the weakening HUF, too

Effect of acquisitions

TOTAL INCOME without one-off items	9M 2019 (HUF billion)	3Q 2019 (HUF billion)	9M 2019 Y-o-Y (HUF billion)	9M 2019 Y-o-Y (%)	3Q 2019 Q-o-Q (HUF billion)	3Q 2019 Q-o-Q (%)
OTP Group	**772**	**273**	76 42 118	18%/12%[1]	10 4 14	5%/4%[1]
OTP CORE (Hungary)	**317**	**112**	33	12%	5	4%
DSK (Bulgaria)	**116**	**40**	2 36	44%/1%[2]	1	2%
OBRu[3] (Russia)	**108**	**38**	12	13%/10%[3]	2	6%/4%[3]
OBH (Croatia)	**64**	**22**	5	8%/2%[4]	1	5%
OBU (Ukraine)	**48**	**18**	15	45%/31%[3]	2	13%/5%[3]
OBR (Romania)	**28**	**10**	5	23%/20%[4]	1	8%
OBSrb (Serbia)	**23**	**8**	1	5%/2%[2]	0 0	-4%
CKB (Montenegro)	**11**	**5**	1 3	36%/17%[1]	0 2	55%/7%[1]
OBA (Albania)	**5**	**3**	5	-	0	-2%
Mobiasbanca (Moldova)	**2**	**2**	2	-	2	-
OBS (Slovakia)	**11**	**4**	0	-2%	0	0%
Others	**39**	**13**	1	4%	-1	7%

[1] Changes without the effect of acquisitions.
[2] Changes without the effect of acquisition and the inclusion of the local leasing company.
[3] Changes in local currency.
[4] Changes without the effect of the inclusion of the local leasing company.

9M net interest income increased by 8% without acquisitions, whereas in 3Q it grew by 2%; both changes were mainly driven by the strong business volume growth

Effect of acquisitions

NET INTEREST INCOME	9M 2019 (HUF billion)	3Q 2019 (HUF billion)	9M 2019 Y-o-Y (HUF billion, %)		3Q 2019 Q-o-Q (HUF billion, %)	
OTP Group	**510**	**177**	36 67	15%/8%[1]	4 3 6	4%/2%[1]
OTP CORE (Hungary)	**193**	**63**	11	6%	-2	-4%
DSK (Bulgaria)	**80**	**28**	4 28	54%/7%[2]	2	8%
OBRu (Russia)	**83**	**29**	7	10%/7%[3]	1	5%/2%[3]
OBH (Croatia)	**42**	**14**	2	4%/-2%[4]	0	0%
OBU (Ukraine)	**34**	**13**	11	49%/35%[3]	1	12%/3%[3]
OBR (Romania)	**21**	**8**	4	22%/19%[4]	1	12%
OBSrb (Serbia)	**17**	**5**	1 1	10%/6%[2]	0 0	-4%
CKB (Montenegro)	**7**	**3**	1 2	34%/12%[1]	0 1	62%/2%[1]
OBA (Albania)	**4**	**2**	4	-	0	-6%
OBM (Moldova)	**1**	**1**	1	-	1	-
OBS (Slovakia)	**8**	**3**	-1	-6%	0	1%
Merkantil (Hungary)	**10**	**4**	1	8%	0	7%
Corporate Centre	**4**	**1**	-1	-24%	0	-14%
Others	**4**	**2**	-4	-51%	1	55%

1 While 9M net interest income showed a decent performance, in 3Q it dropped by 4%, to a great extent due to technical factors. Firstly, in 3Q the swap result deteriorated by HUF 2.3 billion q-o-q, mainly in relation to intra-group swap deals with DSK Bank. Secondly, the q-o-q NII momentum was also shaped by a one-off effect related to the accounting of certain hedging transactions (-HUF 1.7 billion q-o-q impact, this item was offset in the other income).
On the other hand, interest revenues were boosted by the dynamic expansion of the performing loans.

2 At DSK the result on swap deals with OTP Bank improved NII by HUF 1.2 billion q-o-q. The increase in the interest income was also supported by the continued growth in loan volumes.

3 The Russian 9M NII in RUB terms was supported by increasing performing volumes (+13% y-o-y) but offset by the erosion of NIM (-1.7 pps y-o-y).

4 The Ukrainian 9M NII got support from both the improving NIM and soaring volumes. 3Q performing volume growth was largely offset by margin erosion.

5 OBR: both 9M y-o-y and 3Q q-o-q growth was propelled by the dynamic retail loan expansion; on quarterly basis the improving NIM helped, too.

[1] Changes without the effect of acquisitions.
[2] Changes without the effect of acquisition and the inclusion of the local leasing company.
[3] Changes in local currency.
[4] Changes without the effect of the inclusion of the local leasing company.

The net fee and commission income in 3Q leaped by 8% q-o-q without acquisition; seasonality and strengthening business activity were the key drivers

Effect of acquisitions

NET FEE INCOME	9M 2019 (HUF billion)	3Q 2019 (HUF billion)	9M 2019 Y-o-Y (HUF billion, %)		3Q 2019 Q-o-Q (HUF billion, %)	
OTP Group	**197**	**73**	24 33	20%/15%[1]	5 6	9%/8%[1]
OTP CORE (Hungary)	**94**	**36**	13	16%	3	10%
DSK (Bulgaria)	**31**	**11**	1 9	39%/4%[2]	0	1%
OBRU (Russia)	**23**	**8**	3	17%/14%[3]	1	10%/7%[3]
OBH (Croatia)	**13**	**5**	1	8%/4%[4]	0	11%
OBU (Ukraine)	**11**	**4**	2	29%/16%[3]	1	25%/16%[3]
OBR (Romania)	**2**	**1**	0	-8%/-11%[4]	0	-9%
OBSrb (Serbia)	**6**	**2**	0 0	5%/5%[2]	0 0	-16%
CKB (Montenegro)	**3**	**1**	0 1	24%/14%[1]	0 0	43%/17%[1]
OBA (Albania)	**1**	**0**	1	-	0	38%
OBM (Moldova)	**0**	**0**	0	-	0	-
OBS (Slovakia)	**3**	**1**	0	11%	0	0%
Fund mgmt. (Hungary)	**4**	**1**	-1	-11%	0	3%

1 At OTP Core in 3Q 2019 the net fees were mainly shaped by further improving deposit and transaction-related, as well as higher securities distribution fees mainly related to the newly introduced retail bond, the Hungarian Government Security Plus (MÁP Plusz) Against the previous quarter, in 3Q the one-off items affecting the q-o-q development of net fee income were insignificant in total.

2 At OBU NFC income advanced by 16% q-o-q supported mainly by a 20% q-o-q surge in performing credit card loans.

[1] Changes without the effect of acquisitions.
[2] Changes without the effect of acquisition and the inclusion of the local leasing company.
[3] Changes in local currency.
[4] Changes without the effect of the inclusion of the local leasing company.

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9M and 3Q other income growth was boosted by better Hungarian, Russian and Croatian results

Effect of acquisitions

OTHER INCOME without one-off items	9M 2019 (HUF billion)	3Q 2019 (HUF billion)	9M 2019 Y-o-Y (HUF billion, %)		3Q 2019 Q-o-Q (HUF billion, %)	
OTP Group	65	23	16 18	39%/34%[1]	0 1	7%/5%[1]
OTP CORE (Hungary)	30	13	10	47%	4	44%
DSK (Bulgaria)	4	0	-1 -3	-23%/-61%[2]	-1	-77%
OBRU (Russia)	2	1	1	514%/502%[3]	0	31%/41%[3]
OBH (Croatia)	8	3	2	28%/27%[4]	1	21%
OBU (Ukraine)	3	1	1	61%/43%[3]	0	-12%
OBR (Romania)	5	1	2	60%/58%[4]	0	-6%
OBSrb (Serbia)	1	0	-1 -1	-35%/-37%[2]	0 0	72%
CKB (Montenegro)	0	0	0 0	-370%/-352%[1]	0 0	25%/3%[1]
OBA (Albania)	0	0	0	-	0	-14%
OBM (Moldova)	0	0	0	-	0	-
OBS (Slovakia)	0	0	0	2%	0	-23%
Others	11	3	4	50%	-2	-42%

1 At OTP Core the 9M surge was supported partly by higher securities gain. In 3Q 2019 other income increased by HUF 4 billion q-o-q, of which +HUF 3 billion was related to the result on intragroup swap transactions (with DSK Bank). Additional +HUF 1.7 billion is explained by the shift of certain hedging transactions' result from interest revenues to other income.

2 In Russia y-o-y changes are driven partly by the losses on securities in the base period due to the then rising yield environment, which trend reversed in 2019 resulting in gains on the securities book.

3 At the Croatian subsidiary the q-o-q development in 3Q is explained by a technical factor: a seven-month lump-sum rental income of HUF 0.2 billion was shifted to other income from NII.

4 Key components of the 9M growth at the other companies: newly consolidated companies added HUF 2 billion other income; on the other hand, OTP Real Estate Ltd. realized higher revenues from new home sales in 2Q, explaining also the q-o-q decline in the third quarter.

[1] Changes without the effect of acquisitions.
[2] Changes without the effect of acquisition and the inclusion of the local leasing company.
[3] Changes in local currency.
[4] Changes without the effect of the inclusion of the local leasing company.

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Operating costs grew by 6.5% y-o-y adjusted for acquisitions and FX-effect, fuelled by higher IT spending, wage inflation and intensifying business activity

Effect of acquisitions

OPERATING COSTS – 9M 2019 (HUF billion)		Y-o-Y (HUF bn)	Y-o-Y (%)	Y-o-Y (FX-adj., HUF bn)	Y-o-Y (FX-adj., %)
OTP Group	402	28 46	13% / **7.8%**[1]	24 42	11% / **6.5%**[1]
OTP CORE (Hungary)	185	19	11%	19	11% (1)
DSK (Bulgaria)	52	2 15	42%/4%[2]	1 15	39%/2%[2]
OBRU (Russia)	45	1	1%	0	-1% (2)
OBH (Croatia)	31	-1	-4%/-9%[3]	-2	-6%/-10%[3] (3)
OBU (Ukraine)	16	4	33%	3	20% (4)
OBR (Romania)	18	4	27%/23%[3]	4	27%/23%[3] (5)
OBSrb (Serbia)	18	1 1	3%/1%[2]	0 0	1%/-1%[2]
CKB (Montenegro)	7	0 1	18%/5%[1]	0 1	16%/3%[1]
OBA (Albania)	3	3	-	3	-
Mobiasbanca (Moldova)	1	1	-	1	-
OBS (Slovakia)	9	0	4%	0	3%
Merkantil (Hungary)	5	0	9%	0	9%

(1) OTP Core: 9M opex increased by 11%, partly due to the increasing average headcount. Besides, the amortization also grew y-o-y, as well as the IT and real estate-related expenses and marketing costs, and the +HUF 0.6 billion higher contributions paid into the Deposit Insurance Fund, Investor Protection Fund and Resolution Fund played a role, too.

(2) Russia: costs shrank by 1% y-o-y in RUB terms: the drop in both personnel expenses and amortization, partly associated with the integration of Touch Bank, was counterbalanced by the increase in administrative costs.

(3) OBH: the 9M opex declined by 10% (FX-adjusted, and also adjusted for the inclusion of the local leasing company from 2019) as a result of the cost synergies extracted after the merger. The 9M average number of employees decreased by 5%, while the branch number was reduced by 53 to 136 units over the last twelve months.

(4) OBU: costs in UAH terms went up by 20% (amid 9% inflation), driven by higher personnel expenses as a result of wage increase and 7% higher average number of employees, as well as higher operational expenses induced by stronger business activity.

(5) OBR: the 23% y-o-y growth (w/o leasing inclusion effect) was due to higher personnel expenses caused by the overall wage inflation and the 10% rise in the average headcount. Other costs grew on the back of stronger business activity, higher expert fees in relation to implementing the Bank's growth strategy, and charges paid to supervisory bodies.

[1] Changes without the effect of acquisitions.
[2] Changes without the effect of acquisition and the inclusion of the local leasing company.
[3] Changes without the effect of the inclusion of the local leasing company.

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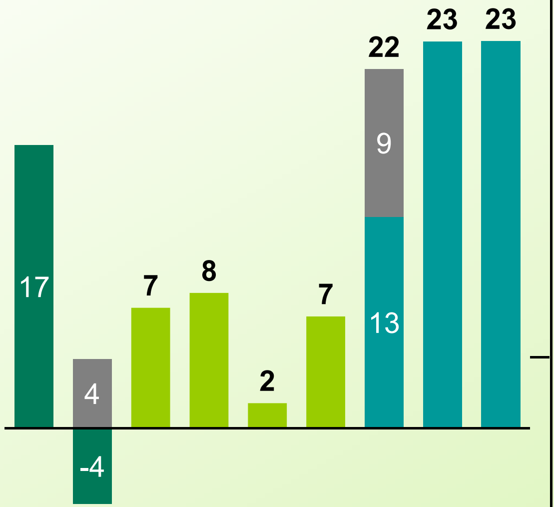
In 3Q 2019 the consolidated DPD90+ formation remained flat q-o-q, within that the Russian deterioration moderated

FX-adjusted quarterly change in DPD90+ loan volumes
(without the effect of sales / write-offs, in HUF billion)

Consolidated



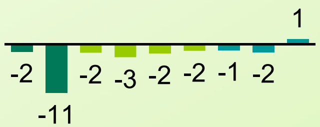
FX-adjusted sold or written-off loan volumes:

	2017 3Q	2017 4Q	2018 1Q	2018 2Q	2018 3Q	2018 4Q	2019 1Q	2019 2Q	2019 3Q
Consolidated	41	122	17	37	49	73	12	31	25

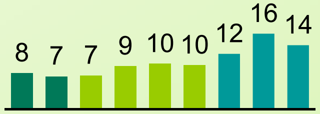
One-off effect of the DPD90+ volumes taken over as a result of acquisitions: in 4Q 2017 the portfolio of **Vojvodjanska banka** and in 1Q 2019 that of **Expressbank** was consolidated.

From 3Q 2019 the one-off effect of acquisitions was eliminated.

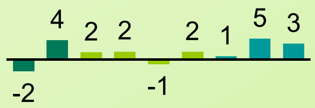
OTP Core (Hungary)



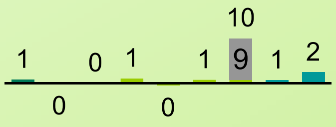
OBRu[1] (Russia)



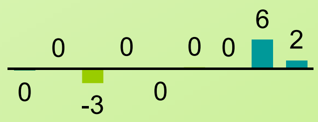
OBU (Ukraine)



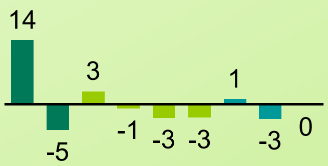
DSK (Bulgaria)



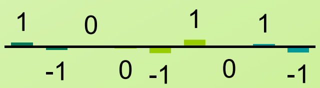
OBR (Romania)



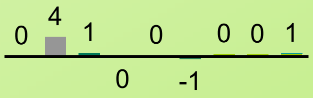
OBH (Croatia)



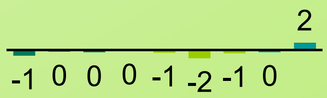
OBS (Slovakia)



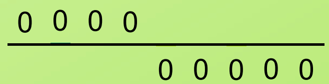
OBSr (Serbia)



CKB (Montenegro)



Merkantil (Hungary)



FX-adjusted sold or written-off loan volumes:

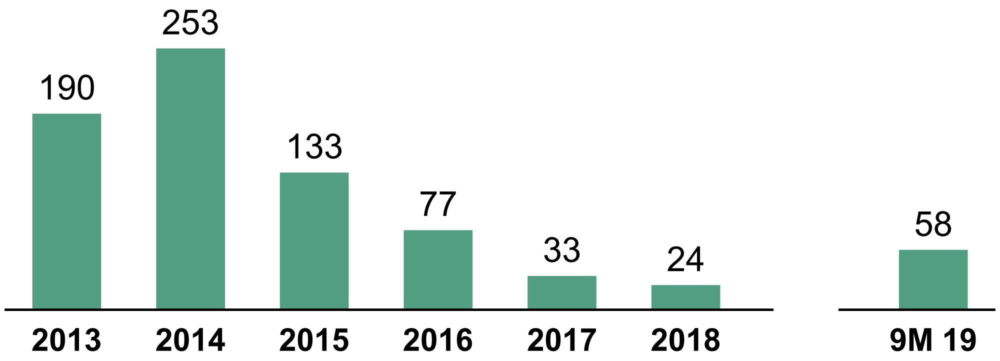
	2017 3Q	2017 4Q	2018 1Q	2018 2Q	2018 3Q	2018 4Q	2019 1Q	2019 2Q	2019 3Q
OTP Core	10	16	2	5	5	9	3	4	3
OBRu	8	5	6	6	4	12	3	15	6
OBU	10	42	2	7	14	16	3	3	8
DSK	3	14	0	0	1	6	1	1	1
OBR	1	8	5	9	16	1	1	0	0
OBH	0	6	0	0	3	4	0	7	1
OBS	0	6	0	0	4	3	1	1	2
OBSr	5	5	0	7	0	7	0	0	1
CKB	4	5	1	1	1	9	0	0	3
Merkantil	0	14	0	0	1	5	0	0	0

The formation figures of the two new Group member bank, Albania and Moldova are not showed on this slide as their inflow was close to zero in total.

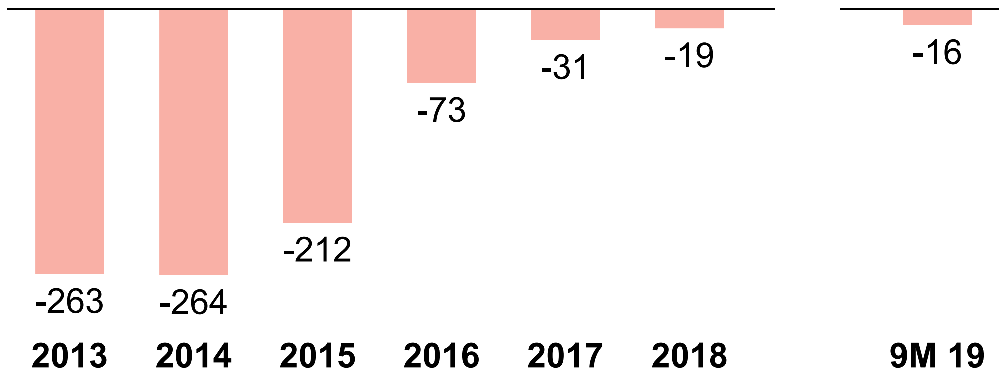
[1] Including Touch Bank from 1Q 2018.

Credit quality indicators remained favourable. The DPD90+ ratio declined further and the 9M consolidated risk cost rate remained somewhat below the last year's level

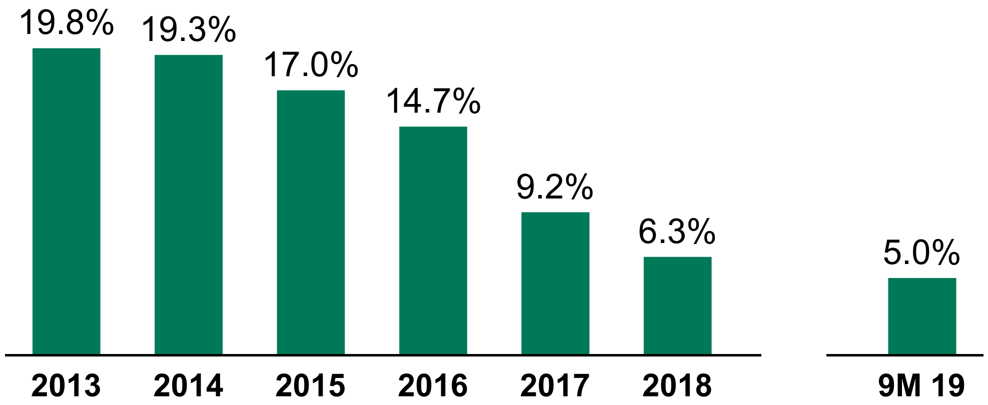
Change in DPD90+ loan volumes (consolidated, without the technical effect of new acquisitions[1], adjusted for FX and sales and write-offs, in HUF billion)



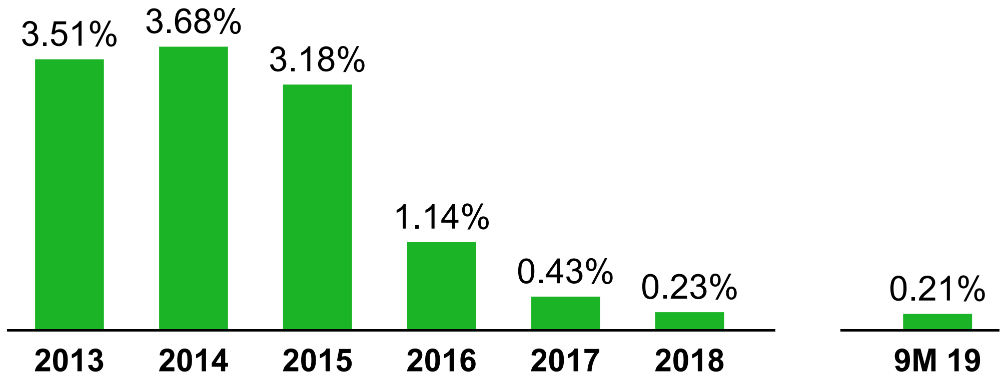
Consolidated provision for impairment on loan and placement losses (in HUF billion)



Ratio of consolidated DPD90+ loans to total loans



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



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

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