

OTP Group

3Q 2021 results and ESG update

Conference call – 5 November 2021

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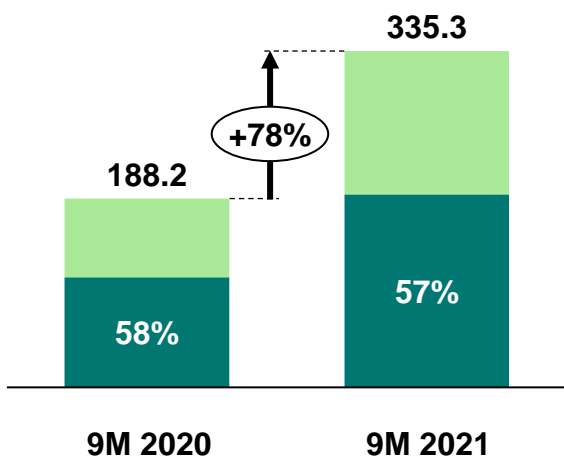
Overview of OTP Group's performance in 3Q 2021

Update on ESG strategy and recent developments

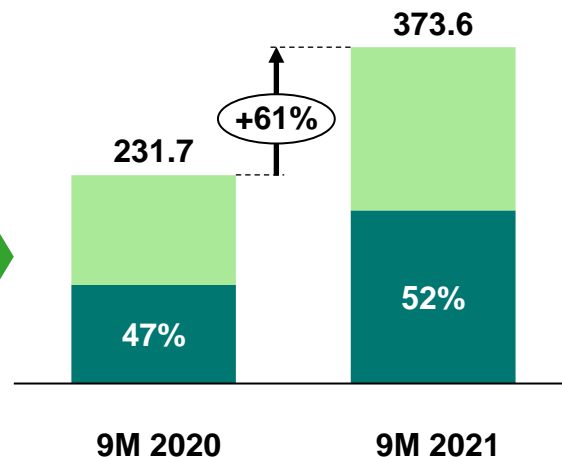
The accounting profit after tax for the first nine months of 2021 surpassed HUF 335 billion, up by 78% y-o-y. The adjusted nine-month profit was 61% higher than in the base period; the contribution of foreign group members increased further

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

Accounting profit after tax

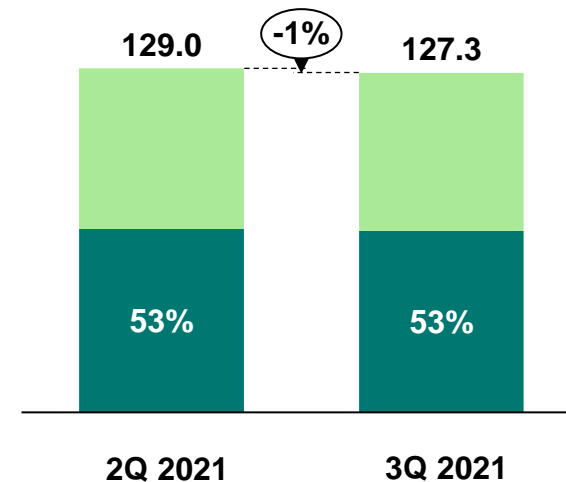


Adjusted profit after tax



After tax profit development (in HUF billion)



Adjusted profit after tax



Adjustments (after tax)

	9M 2020	9M 2021
Banking tax	-17.3	-18.9
Expected one-off negative effect of the debt repayment moratorium	-17.4	-14.8
Effect of acquisitions	-10.9	-8.8
Others	2.1	4.2 ¹
Total	-43.5	-38.3

-HUF 43 billion (after tax) in total in 2020 and 9M 2021, of which the one-off negative effect of the Hungarian moratorium amounted to HUF 45.7 billion.

 Hungarian Group members
 Foreign subsidiaries

¹ Of which HUF -0.7 billion goodwill / investment impairment charges; +0.8 dividend and net cash transfer; 4.1 result of the treasury share swap agreement.

In 3Q 2021 the balance of adjustment items was -HUF 7.1 billion, mostly related to the Hungarian payment moratorium

(in HUF billion)	9M 20	9M 21	Y-o-Y	3Q 20	2Q 21	3Q 21	Q-o-Q	Y-o-Y
Consolidated after tax profit (accounting)	188.2	335.3	78%	113.6	121.8	120.2	-1%	6%
Adjustments (total)	-43.5	-38.3	-12%	-4.1	-7.2	-7.1	-1%	75%
Dividends and net cash transfers (after tax)	0.5	0.8	75%	0.3	0.4	0.3	-31%	7%
Goodwill/investment impairment charges (after tax)	0.9	-0.7	-181%	0.0	-1.4	0.0	-100%	
Special tax on financial institutions (after tax)	-17.3	-18.9	9%	-0.02	0.0	0.0		
Expected one-off negative effect of the debt repayment moratorium in Hungary (after tax)	-17.4	-14.8	-15%	0.7	-5.6	-9.2 ¹	65%	
Impact of fines imposed by the Hungarian Competition Authority (after tax)	0.7	0.0		0.0	0.0	0.0		
Effect of acquisitions (after tax)	-10.9	-8.8	-19%	-5.1	-0.7	-4.6 ²	538%	-9%
Result of the treasury share swap agreement (after tax)	-	4.1		-	0.1	6.4 ³		
Consolidated adjusted after tax profit	231.7	373.6	61%	117.7	129.0	127.3	-1%	8%

¹ In 3Q 2021 this amount was composed of three elements:

- the one-off negative effect of the extension of the Hungarian payment holiday until 31 October 2021 with unchanged conditions (-HUF 2.7 billion after tax);
- the one-off expected negative effect of the opt-in type extension of the Hungarian moratorium till 30 June 2022 (-HUF 2 billion after tax);
- the Government obliged the banks to re-calculate the interest deferred during the period spent in the moratorium in the case of overdraft and credit card exposures. The base for the interest re-calculation to be used by the banks was the NBH's statistical data for the average annualized cash loan interest rate published for February 2020. The difference between the originally deferred interest and the re-calculated amount shall be refunded to the borrowers, for which the Bank created provisions in 3Q 2021 (-HUF 4.5 billion after tax effect).

² -HUF 4.6 billion effect of acquisitions (after tax) related mainly to the integration costs of the Serbian, Slovenian and Bulgarian banks.

³ HUF 6.4 billion related to the treasury share swap agreement between MOL and OTP, as the model calculation for the share price performance and the dividend pay-out practice has been updated.
















The 9M adjusted profit improvement was equally driven by lower risk costs and double-digit revenue dynamics entailing 20% operating income growth. In 3Q the continued increase in core banking revenues was offset by higher risk costs

(HUF billion)	9M 2020	9M 2021	Y-o-Y	Y-o-Y	2Q 2021	3Q 2021	Q-o-Q
				FX-adjusted, w/o the sale of Slovakia			
Consolidated adjusted after tax profit	231.7	373.6	61%	60%	129.0	127.3	-1%
Profit before tax	263.2	440.3	67%	67%	150.8	151.0	0%
Operating profit without one-offs	397.5	483.5	22%	61%¹ 23% ✓	160.6	176.0	10% ✓
Total income without one-offs	862.5	950.7	10%	20%¹ 12%	316.5	333.1	5%
Net interest income without one-offs	590.5	636.5	8%	10%	210.6	222.7	6%
Net fees and commissions	210.1	238.2	13%	15%	80.3	86.0	7%
Other net non interest income without one-offs	61.9	76.0	23%	24%	25.6	24.4	-5%
Operating expenses ¹	-464.9	-467.2	0%	3% 6% ¹	-155.9	-157.1	1%
Total risk cost	-135.9	-43.2	-68%	-67%	-9.7	-25.0	158%
One-off item: result of the share swap agreement ²	1.6	-			-	-	
Corporate tax ¹	-31.5	-66.7	112%	115% 69% ¹	-21.9	-23.7	9%

¹ The local business tax and innovation contribution paid in Hungary was booked within operating costs until end-2020. Starting from 2021 these items are booked on the corporate tax line. In 9M 2021 the total amount was HUF 14.2 billion on consolidated level. In the grey y-o-y changes column we indicated the changes adjusted for this reclassification, too.

² Starting from 1Q 2021 the result of the treasury share swap agreement is presented amongst the adjustment items.

The main Group members posted significant y-o-y improvement in their nine-month profit with Hungary, Bulgaria, Russia, Croatia and Serbia delivering the largest nominal increase














		Adjusted profit after tax (in HUF billion)			
		9M 2020		9M 2021	Y-o-Y
	OTP Group	231.7		373.6	61% / 60% ¹
	OTP Core (Hungary)	107.9		167.5	55%
	DSK Group (Bulgaria)	34.3		66.0	93% / 88% ²
	OBH (Croatia)	14.9		25.2	69% / 64% ²
	OBSrb (Serbia)	10.4		20.7	99%
	SKB (Slovenia)	7.6		12.5	63%
	OBR (Romania)	2.8		1.0	-64%
	OBU (Ukraine)	21.6		28.8	33% / 41% ²
	OBRu (Russia)	11.9		24.2	103%
	CKB Group (Montenegro)	2.5		5.4	117%
	OBA (Albania)	1.9		3.9	105%
	OTM (Moldova)	2.8		4.4	55%
	OBS (Slovakia)	-1.2		-	-
	Merkantil Group (Hungary)	5.6		6.5	16%
	OTP Fund Mgmt. (Hungary)	2.4		2.9	20%
	Other Group members	6.3		4.6	-26%
	Other Hungarian subs.	5.5		6.1	10%
	Corporate Centre	0.0	-0.7		
	Other foreign subs + eliminations	0.7	-0.8		

¹ FX-adjusted change without the effect of the sale of OTP Bank Slovakia.

² FX-adjusted change.

The nine-month total income grew by 12% organically. In 3Q the quarterly increase was driven by Hungary, Bulgaria and Ukraine

■ Effect of OBS sale















TOTAL INCOME without one-off items		9M 2021 (HUF billion)	3Q 2021 (HUF billion)	9M 2021 Y-o-Y (HUF billion, %)		3Q 2021 Q-o-Q (HUF billion, %)			
	OTP Group	951	333	-11	99	88	10%/12% ¹	17	5%
	OTP CORE (Hungary)	397	143		65		20%	14	10%
	DSK Group (Bulgaria)	131	45		9		7%/5% ²	2	4%
	OBH (Croatia)	66	23		3		4%/2% ²	0	-1%
	OBSrb (Serbia)	62	21		4		6%	0	1%
	SKB Banka (Slovenia)	31	11		1		4%	0	1%
	OBR (Romania)	34	12		2		6%/5% ²	1	6%/7% ²
	OBU (Ukraine)	58	21		7		14%/23% ²	2	11%/6% ²
	OBRu (Russia)	85	29	-11			-11%/-3% ²	1	5%/2% ²
	CKB Group (Montenegro)	16	6		0		1%	0	3%
	OBA (Albania)	10	4		1		12%	0	13%
	OBM (Moldova)	11	4		0		1%	0	8%
	OBS (Slovakia)	-	-	-11					-
	Others	49	15		18		57%	-4	-21%

¹ FX-adjusted change without the effect of the sale of OTP Bank Slovakia.

² FX-adjusted change.

The 9M net interest income grew by 10% organically. In 3Q the quarterly improvement reached 6%, with bulk of the q-o-q growth coming from Hungary and Ukraine

■ Effect of OBS sale

NET INTEREST INCOME	9M 2021 (HUF billion)	3Q 2021 (HUF billion)	9M 2021 Y-o-Y (HUF billion, %)		3Q 2021 Q-o-Q (HUF billion, %)		
 OTP Group	636	223	-8	54 46	8%/10% ¹	12	6%
 OTP CORE (Hungary)	262	93		50	24%	6	7% ¹
 DSK Group (Bulgaria)	83	28		0	0%/-2% ²	1	3%/3% ²
 OBH (Croatia)	45	15		1	3%	0	1%/1% ²
 OBSrb (Serbia)	46	15		3	6%/4% ²	0	1%/0% ²
 SKB Banka (Slovenia)	21	7		0	-2%/-4% ²	0	0%/0% ²
 OBR (Romania)	26	9		2	9%/8% ²	1	9%/9% ² ²
 OBU (Ukraine)	43	16		7	20%/29% ²	2	14%/9% ² ³
 OBRu (Russia)	66	23	-12		-15%/-8% ²	1	5%/2% ²
 CKB (Montenegro)	12	4		0	-3%	0	0%
 OBA (Albania)	8	3		0	5%	0	7%
 OBM (Moldova)	7	2		0	5%	0	8%
 OBS (Slovakia)	0	0	-8		-		-
 Merkantil³ (Hungary)	15	5		2	16%	0	2%
Corporate Centre	0	0		-1	-99%	0	
Others	1	1		1	76%	0	136%

¹ In the first nine months the NII surged 24%, mostly fuelled by the continued dynamic growth in business volumes, but the 4 bps y-o-y improvement in net interest margin also played a role. In the third quarter, NII went up by 7% q-o-q, owing to the expanding loan volumes and the higher interest income on rising liquid assets. The net interest margin sank by 3 bps q-o-q mainly due to the diluting effect of strong deposit inflows and rising repo liabilities, as a result of which the share of lower margin financial assets increased. This was only partially offset by the positive impact of higher rate environment.

² The Romanian NII was supported by both growing volumes and the 7 bps q-o-q margin improvement, partly as a result of lower deposit rates.

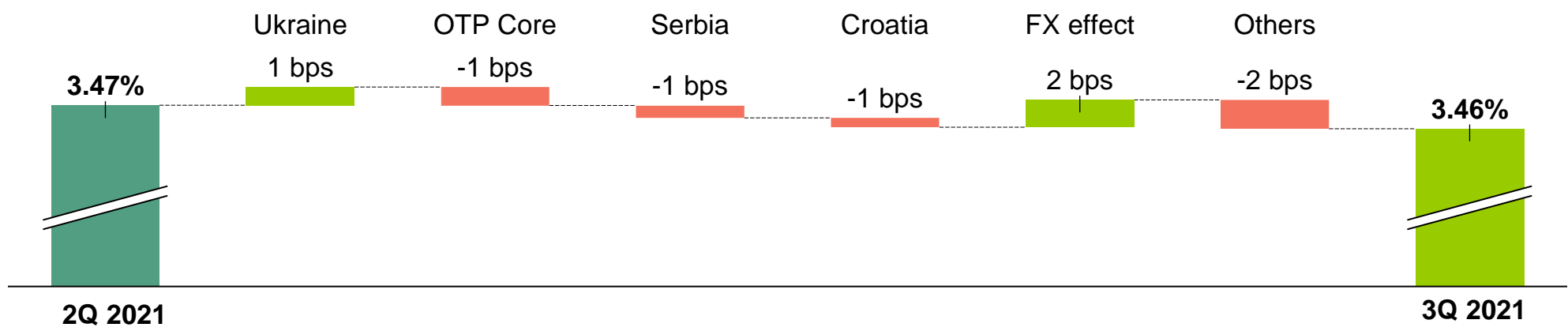
³ The strong momentum continued in the Ukraine: the q-o-q increase was driven by expanding cash loan volumes, whereas the rising rate environment helped margins, too.

¹ FX-adjusted change without the effect of the sale of OTP Bank Slovakia.

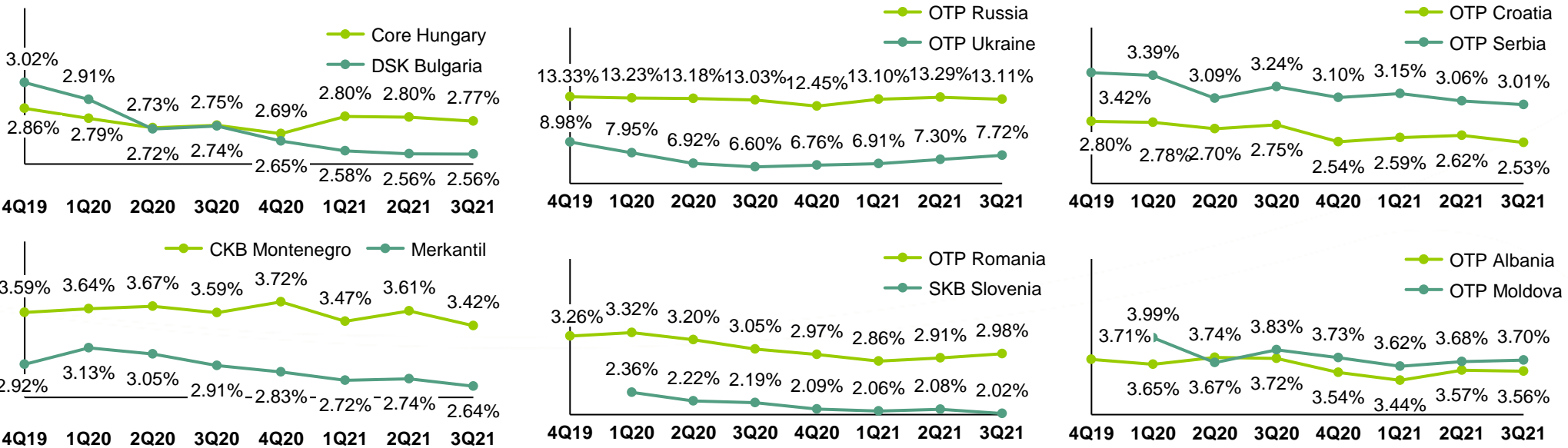
² FX-adjusted change.

The consolidated net interest margin declined marginally q-o-q: at OTP Core it slightly decreased due to fast deposit inflows – the full impact of higher rates is yet to be seen. The Ukrainian margin improvement continued on the back of the increasing rate environment; in Russia, however, the margin declined due to higher funding costs and intense competition

Consolidated net interest margin development















Net interest margin development at the Group members



The q-o-q growth of the consolidated performing loans reached 4% (FX-adjusted). The dynamic expansion in Hungary continued in every segments. The Russian growth was tilted to lower-margin products such as car loans and corporate

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













	Cons. 	Core ² (Hungary) 	DSK (Bulgaria) 	OBH (Croatia) 	OBSrb (Serbia) 	SKB (Slovenia) 	OBR (Romania) 	OBU (Ukraine) 	OBRu (Russia) 	CKB (Monten.) 	OBA (Albania) 	OBM (Moldova) 
Q-o-Q nominal change (HUF billion)	557	236	66	32	41	4	64	52	45	-2	7	12
Total	4%	5%	3%	2%	3%	0%	7%	10%	8%	-1%	4%	8%
Consumer	4%	7%	3%	1%	2%	0%	6%	6%	5%	-1%	1%	14%
Mortgage	5%	4%	5%	8%	5%	3%	4%			1%	3%	9%
	Housing loan	Home equity										
	5%	1%										
Corporate¹	3%	4%	1%	-1%	3%	-1%	11%	12%	27%	-1%	4%	5%
Leasing	3%	1%	3%	6%	-1%	-1%	4%	10%			3%	6%

¹ Loans to MSE and corporate clients.

² Changes of leasing volumes of Merkantil Group in Leasing row.

The consolidated performing loans expanded 11% year-to-date. The outstanding 15% expansion of the Hungarian loan portfolio was supported mainly by the subsidized lending programmes (baby loans and Funding for Growth Go!)

YTD performing (Stage 1 + 2) LOAN volume changes adjusted for FX-effect

	Cons. 	Core² (Hungary) 	DSK (Bulgaria) 	OBH (Croatia) 	OBSrb (Serbia) 	SKB (Slovenia) 	OBR (Romania) 	OBU (Ukraine) 	OBRu (Russia) 	CKB (Monten.) 	OBA (Albania) 	OBM (Moldova) 
YTD nominal change (HUF billion)	1,421	676	169	83	69	53	133	134	48	-2	17	23
Total	11%	15%	7%	6%	5%	6%	17%	31%	9%	0%	10%	18%
Consumer	11%	25%	7%	2%	4%	-1%	17%	16%	4%	-6%	10%	21%
Mortgage	12%	11%	12%	20%	13%	7%	11%			1%	14%	32%
	Housing loan	Home equity										
	13%	0%										
Corporate¹	9%	14%	3%	-1%	2%	10%	23%	35%	38%	1%	9%	11%
Leasing	11%	8%	10%	13%	-3%	0%	19%	37%			-3%	7%

¹ Loans to MSE and corporate clients.

² Changes of leasing volumes of Merkantil Group in Leasing row.

Consolidated deposits grew by 6% q-o-q mainly due to the 8% increase in Hungary













Q-o-Q DEPOSIT volume changes adjusted for FX-effect

	Cons. ¹	Core (Hungary)	DSK (Bulgaria)	OBH (Croatia)	OBSrb (Serbia)	SKB (Slovenia)	OBR (Romania)	OBU (Ukraine)	OBRu (Russia)	CKB (Monten.)	OBA (Albania)	OBM (Moldova)
Q-o-Q nominal change (HUF billion)	1,092	710	58	118	31	23	31	48	14	33	13	15
Total	6%	8%	2%	7%	3%	2%	4%	9%	4%	10%	6%	7%
Retail	1%	1%	1%	5%	2%	-2%	2%	3%	-1%	2%	4%	2%
Corporate¹	12%	16%	5%	10%	3%	9%	6%	13%	15%	19%	13%	15%

¹ Including MSE, MLE and municipality deposits.

Consolidated deposits grew by 10% in the first nine months, within that Hungarian deposits increased by 15%. In the course of the first nine months the nominal growth of deposits exceeded that of loans by almost HUF 400 billion

YTD DEPOSIT volume changes 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) 	OBM (Moldova) 
YTD nominal change (HUF billion)	1,813	1,197	120	188	30	41	90	67	-16	46	24	16
Total	10%	15%	3%	12%	3%	4%	13%	13%	-4%	14%	11%	8%
Retail	6%	7%	4%	10%	7%	2%	14%	7%	-12%	3%	9%	9%
Corporate¹	16%	23%	3%	14%	-1%	6%	12%	16%	12%	27%	20%	6%
Deposits – Net loans gap (HUF billion)	4,802	4,216	1,093	204	-385	230	-135	38	-192	36	49	70

¹ Including MSE, MLE and municipality deposits.

In the first nine month net fees grew by 15% y-o-y (w/o OBS sale and FX-adjusted). In 3Q net fees rose by 7% q-o-q mostly due to the continued rebound in economic activity and reviving tourism in some countries

■ Effect of OBS sale

NET FEE INCOME		9M 2021 (HUF billion)	3Q 2021 (HUF billion)	9M 2021 Y-o-Y (HUF billion, %)		3Q 2021 Q-o-Q (HUF billion, %)			
	OTP Group	238	86	-3	31	28	13%/15% ¹	6	7%
	OTP CORE (Hungary)	112	41		17		18%	3	9%
	DSK Group (Bulgaria)	40	14		7		22%/19% ²	1	6%
	OBH (Croatia)	14	5		2		15%/12% ²	1	21%
	OBSrb (Serbia)	10	4	0			-3%/-5% ²	0	1%/0% ²
	SKB Banka (Slovenia)	10	3		1		16%/13% ²	0	6%
	OBR (Romania)	3	1	0			9%/8% ²	0	-16%
	OBU (Ukraine)	11	4		1		5%/13% ²	1	15%/10% ²
	OBRu (Russia)	18	6		1		5%/15% ²	0	3%/0% ²
	CKB Group (Montenegro)	4	1	0			7%	0	14%
	OBA (Albania)	1	0	0			42%	0	-1%
	OBM (Moldova)	2	1	0			12%	0	9%
	OBS (Slovakia)	-	-	-3			-		-
	Fund mgmt. (Hungary)	5	2	0			2%	0	4%

1 At OTP Core the net fees grew by 18% y-o-y in January-September. The improvement, in the wake of strengthening economic activity, can be attributed to the double-digit growth rate of commissions on deposits, transactions, cards, lending, and securities sales. In 3Q, the 9% q-o-q increase mostly stemmed from stronger revenues from card-related fees, but commissions on deposits and financial transactions also grew further. One-off items did not have a material effect on the cumulative y-o-y and q-o-q dynamics.

2 In Bulgaria the q-o-q growth was driven by higher revenues from fees and commissions on deposits and transactions.

3 The q-o-q pick-up was the most spectacular in countries where the share of tourism is high. Both Croatia and Montenegro enjoyed excellent summer seasons.

¹ FX-adjusted change without the effect of the sale of OTP Bank Slovakia.

² FX-adjusted change.

The cumulated other net non-interest income leaped by 24% y-o-y, whereas in 3Q it slightly declined q-o-q

■ Effect of OBS sale

OTHER INCOME without one-off items		9M 2021 (HUF billion)	3Q 2021 (HUF billion)	9M 2021 Y-o-Y (HUF billion, %)		3Q 2021 Q-o-Q (HUF billion, %)			
	OTP Group	76	24	-1	15	14	23%/24% ¹	-1	-5%
	OTP CORE (Hungary)	23	9	-3			-10%	4	79%
	DSK Group (Bulgaria)	8	3		2		24%/23 ²	0	5%/8% ²
	OBH (Croatia)	8	3	0			-3%/-4% ²	-1	-31%
	OBSrb (Serbia)	5	2		1		40%/37% ²	0	8%
	SKB Banka (Slovenia)	1	0		0		61%/55% ²	0	-23%/-19% ²
	OBR (Romania)	5	2		0		-7%/-8% ²	0	7%/8% ²
	OBU (Ukraine)	3	1		0		-13%/-6% ²	0	-29%/-32% ²
	OBRu (Russia)	1	0		1		537%/405% ²	0	157%/150% ²
	CKB Group (Montenegro)	0	0		0		90%	0	10%
	OBA (Albania)	1	0		0		67%	0	195%
	OBM (Moldova)	2	1		0		-14%	0	6%
	OBS (Slovakia)	-	-	-1			-		-100%
	Others	18	4		15		379%	-4	-54%

1 In the first nine months, OTP Core's other net non-interest income declined by 10%, largely because of the weaker FX result booked in the second quarter of 2021.

In the third quarter, the rebound in other income largely stemmed from the q-o-q improvement in FX result due to the above mentioned base effect.

2 The Croatian q-o-q drop was explained by base effects: in 2Q HUF 2 billion gain was realized on sale of shares, and HUF 0.7 billion revaluation result was realized in relation to Visa shares. These effects were partly offset by the seasonally higher income from foreign currency exchange.

3 The growth in the first nine months was mainly related to the Other Hungarian subsidiaries segment: newly consolidated entities generated HUF 6.7 billion additional other income in 9M, and the PortfoLion private equity funds improved the y-o-y dynamics by HUF 7.2 billion. These entities generated almost HUF 2 billion less other income in 3Q q-o-q.

¹ FX-adjusted change without the effect of the sale of OTP Bank Slovakia.

² FX-adjusted change.

Consolidated operating costs grew by 6.1% y-o-y organically, adjusted for FX and the shifting of the Hungarian local business tax to the corporate tax line

■ Effect of OBS sale

OPERATING COSTS		9M 2021 (HUF billion)	Y-o-Y (HUF billion, %)		Y-o-Y, FX-adjusted (HUF billion, %)			
	OTP Group	467	2	16 ^{1,2}	0% / 3.5% ^{1,2}	4	27 ^{1,2}	1% / 6.1% ^{1,2}
	OTP CORE (Hungary)	203	6	19 ²	3% / 10% ²	6	19 ²	3% / 10% ²
	DSK Group (Bulgaria)	52	-4		-7%	-5		-9%
	OBH (Croatia)	33	0		0%	-1		-3%
	OBSrb (Serbia)	31	0		-1%	-1		-4%
	SKB Banka (Slovenia)	17	1		9%	1		6%
	OBR (Romania)	28	5		24%	5		23%
	OBU (Ukraine)	20	1		5%	2		14%
	OBRu (Russia)	41	-4		-8%	0		0%
	CKB Group (Montenegro)	9	-1		-13%	-2		-15%
	OBA (Albania)	5	0		9%	0		6%
	OBM (Moldova)	5	0		4%	1		10%
	OBS (Slovakia)	0	-10		-	-10		-
	Merkantil (Hungary)	8	0	0 ²	0% / 4% ²	0	0 ²	0% / 4% ²
	Others	15	6	7 ²	77% / 86% ²	6	7 ²	77% / 86% ²

1 At OTP Core the underlying cost increase, i.e. without the effect of reclassification of local business taxes and FX-adjusted, reached 10%. Part of this increase was explained by another reclassification (in 2Q the total amount of provisions for untaken holidays on a pro rata temporis basis, HUF 3.1 billion, was moved to personnel costs from other risk cost). The drivers of underlying cost growth included higher personnel expenses (increasing headcount and wage hikes), depreciation (in the wake of IT and digital investments), and increasing computer hardware and office equipment costs, telco expenses and supervisory charges (+HUF 2 billion, mostly because of higher payments into the Resolution Fund).

2 In Bulgaria, Serbia and Montenegro where new acquisitions have been added recently, cost savings stemmed from the realisation of cost synergies.

3 In Romania the 23% higher costs were mostly reasoned by the growth strategy launched in 2019. The increase in personnel expenses was partly the result of the 10% growth in the average number of employees during the first nine months.

4 The Others line grew because of entities newly consolidated from 2021 (adding HUF 6.3 billion costs in 9M 2021).

¹ Changes without the effect of the sale of OTP Bank Slovakia.

² Without the effect of the reclassification of local business tax and innovation contribution from costs to taxes.



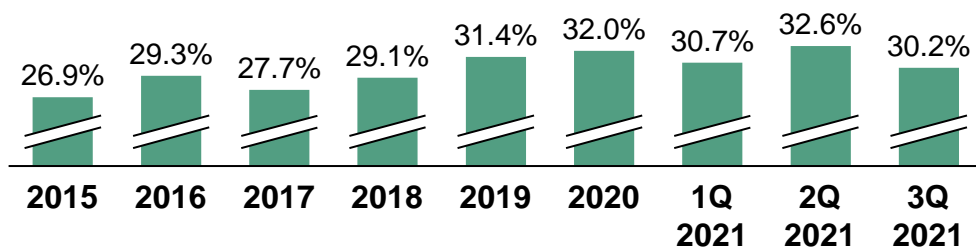
OTP CORE

In Hungary mortgage applications jumped by 47% in the first nine month, partly due to the exemption of duties for customers using the Housing Subsidy for Families, and to the home renovation loan. Cash loan growth continued. OTP maintained its over 30% market share in new mortgage and cash loan flows

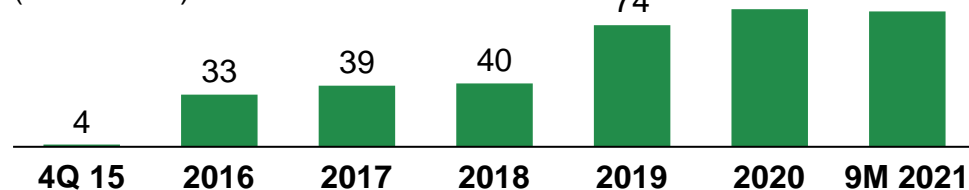
Y-o-y change of mortgage loan applications and disbursements in 9M 2021



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)

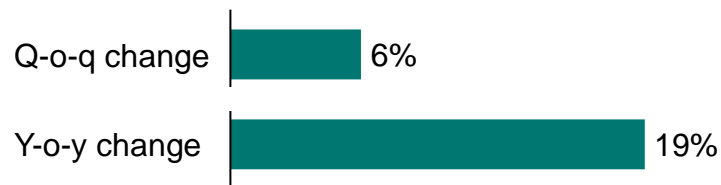


Retail loans participating in the moratorium at the end of September:

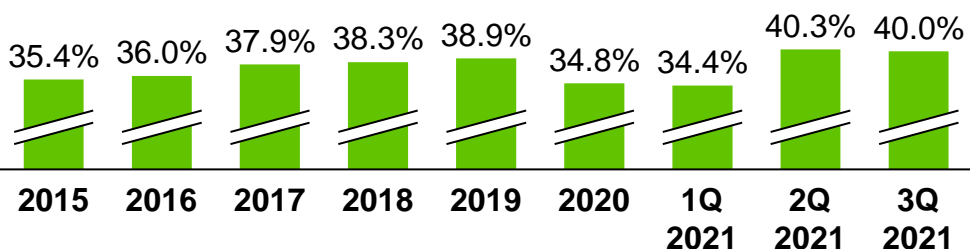
Volume: HUF 1,005 billion

34% in proportion to OTP Core total gross retail loans¹

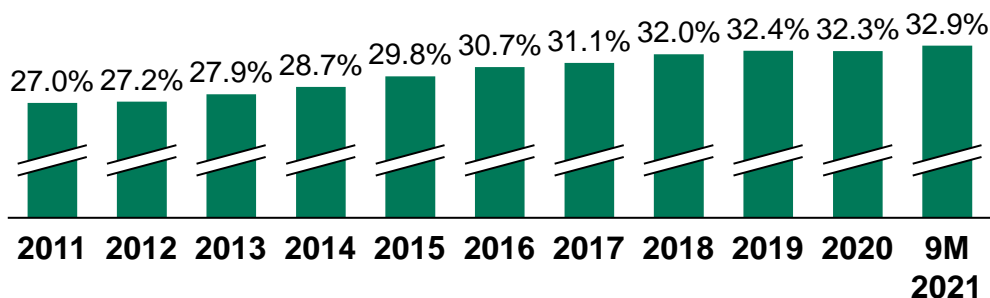
Performing (Stage 1+2) cash loan volume growth (FX-adjusted)



Market share in newly disbursed cash loans



OTP Bank's market share in household savings



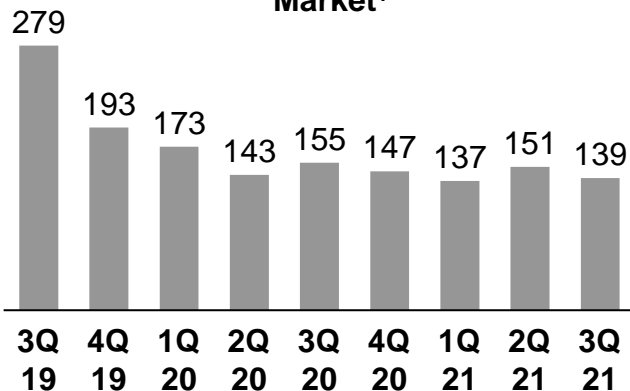
¹ The participation rate presented does not accurately reflect the actual willingness for participation since there are portfolio items within the loan volumes that are not legally eligible for participation in the moratorium.

OTP Bank maintained its above 40% market share in baby loan flows. The Bank has also actively participated in the sale of subsidized loan products newly launched in 2021

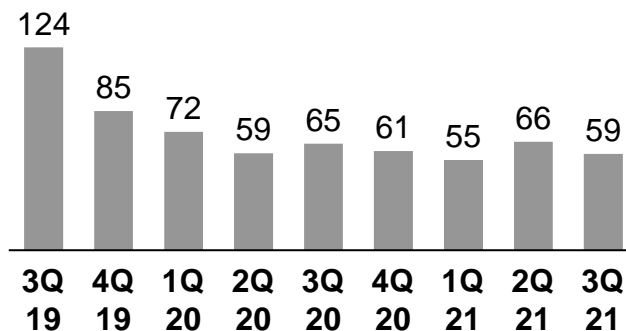
Baby loans

Contractual amounts (HUF billion)

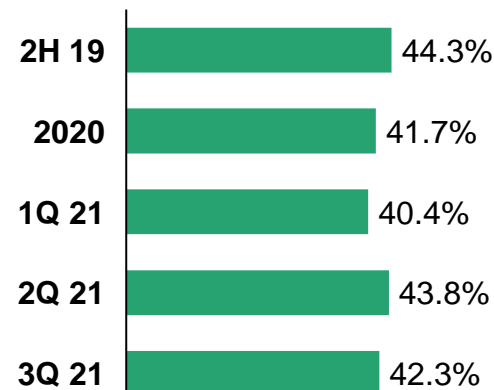
Market¹



OTP Bank



OTP Bank's market share calculated from the contractual amount



Home renovation loan and Home renovation cash loan²

Amount submitted: HUF 45.4 billion
 Market share of OTP: n/a
 Applications submitted: 9,862 pieces
 Average loan amount: HUF 4.6 million
 Average maturity: 9.3 years

Interest-free loan programme for businesses²

Amount accepted: HUF 26.5 billion
 Market share of OTP: 37.8%
 Applications accepted: 3,045 pieces
 Average loan amount: HUF 8.7 million
 Average maturity: 10 years

¹ Based on NBH statistics.

² Figures reflect data as at 30 September.

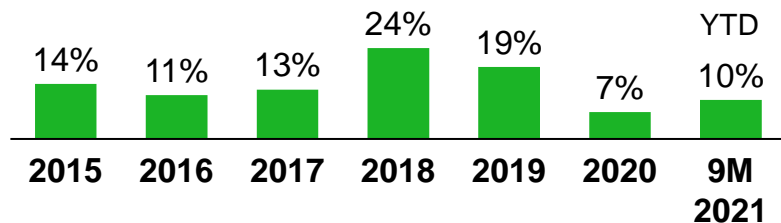


OTP CORE

OTP's micro and small enterprises loans grew by 29% ytd due to the outstanding performance in the phased-out *Funding for Growth Go!* scheme, but the *Széchenyi Card Go!* scheme, introduced in July, has also favourable effect. OTP's corporate loan market share continued its upward trend and exceeded 18% by the end of June

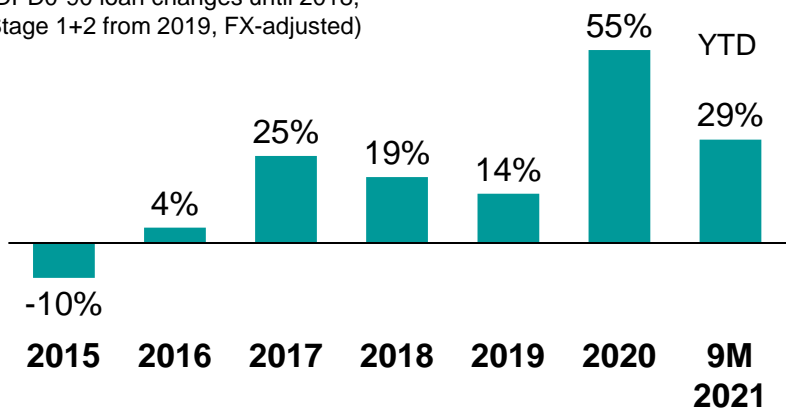
Performing corporate loan volume changes

(DPD0-90 loan changes until 2018, Stage 1+2 from 2019, FX-adjusted)



Performing loan volume changes in the micro and small companies segment

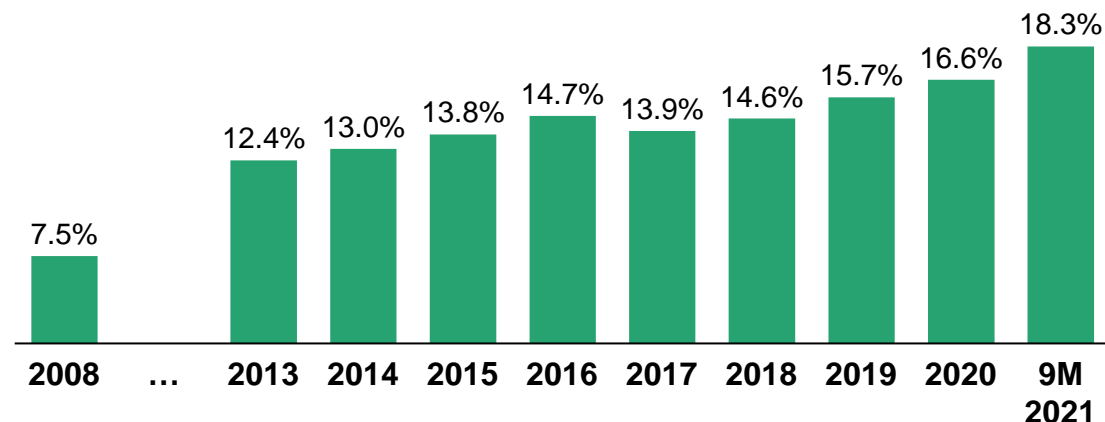
(DPD0-90 loan changes until 2018, Stage 1+2 from 2019, FX-adjusted)



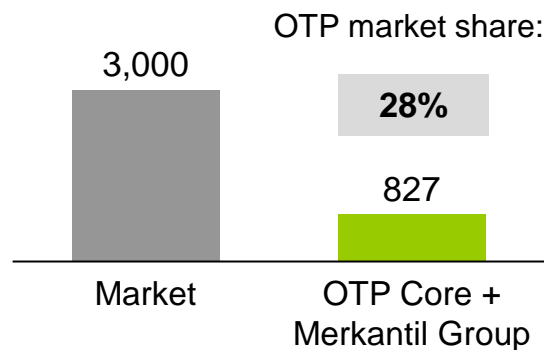
Corporate loans taking part in the moratorium:

Volume: **HUF 281 billion** at the end of September
12% in proportion to OTP Core MSE+corporate loans²

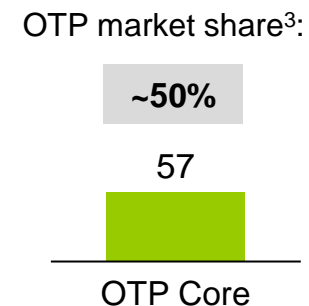
OTP Group's market share in loans to Hungarian companies¹



Contracted amount and market share under the phased-out *Funding for Growth Go!* scheme (HUF billion)



Contracted amount and market share under the *Széchenyi Card Go!* scheme (HUF billion)



Data as at 30 September 2021.

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).

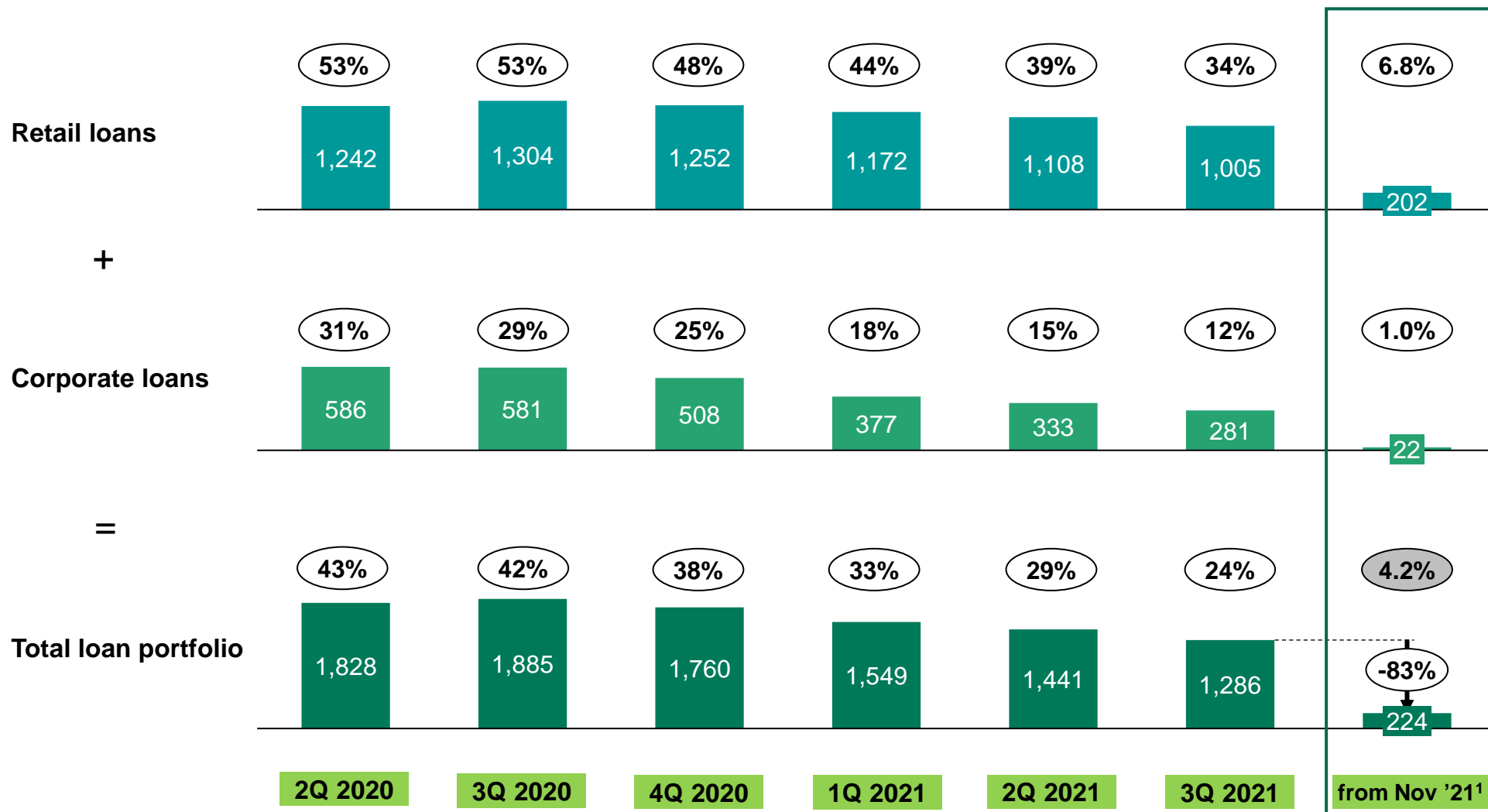
² The participation rate presented does not accurately reflect the actual willingness for participation since there are portfolio items within the loan volumes that are not legally eligible for participation in the moratorium. ³ Source: KAVOSZ, OTP.



OTP CORE

Eligible debtors who applied for the moratorium at their banks in October can remain in the scheme until the end of June 2022. In the case of OTP Core loans worth HUF 224 billion may participate in the moratorium from November, which is 4.2% of the total outstanding loan portfolio

OTP Core – volumes participating in the repayment moratorium (in HUF billion and as a % of outstanding loans)



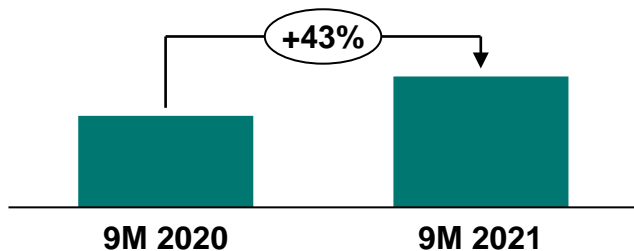
¹ The total loans participating in the moratorium from November and its ratio to outstanding volumes at the end of September 2021 were presented based on the applications received by the end of October 2021.

DIGITAL ACTIVITY

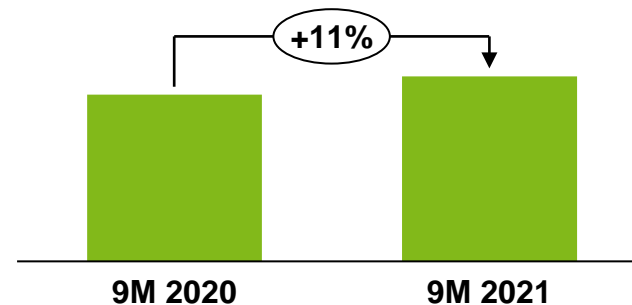
The digital activity of OTP customers jumped significantly, supported by online campaigns and education in branches



The number of OTP SmartBank users increased by 43% in one year, now exceeding 1.5 million

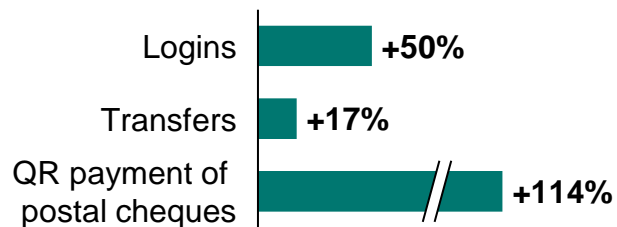


The proportion of digitally active¹ retail OTP customers increased by 11% in one year



The number of transactions via OTP's digital channels increased significantly

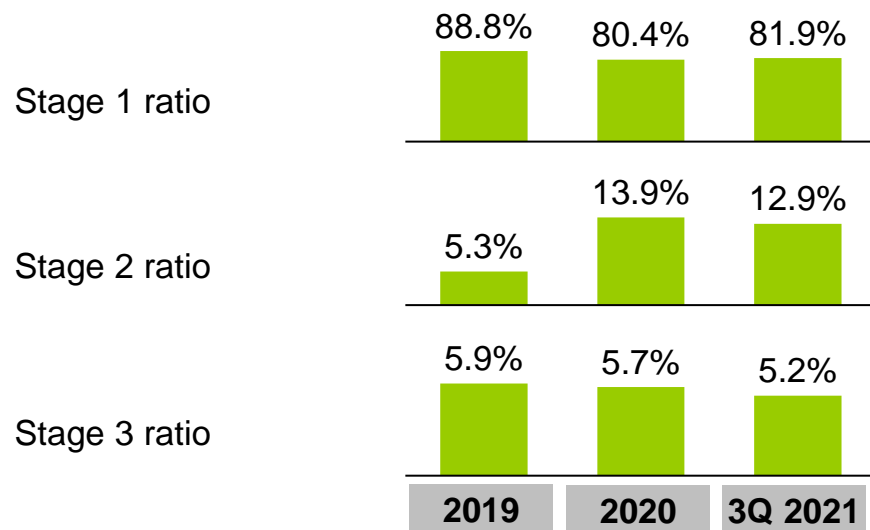
(increase in the number of transactions between 1-9M 2021 and 1-9M 2020)



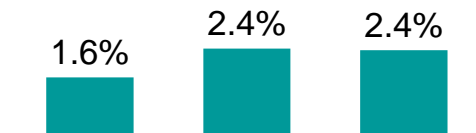
¹ Customers who have logged in to the internet- and/or mobile banking application at least once in 3 months.

In the first nine months of 2021 the portfolio quality remained stable. The provision coverage levels at OTP screen favourably compared to its regional peers

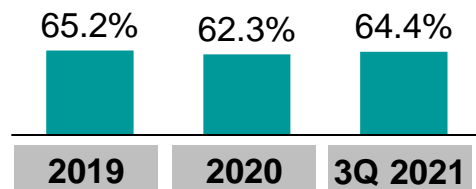
Changes in different Stage categories



Own coverage of Performing (Stage 1+2) loans



Own coverage of Non-performing (Stage 3) loans



OTP Group's conservative provisioning policy is demonstrated through a peer group comparison

Own coverage of Stage (1+2) loans compared to regional peers

	otpbank Group	otpbank Group w/o Russia	ERSTE	Raiffeisen BANK	KBC	UniCredit	INTESA SANPAOLO
2019	1.6%	1.2%	0.5%	0.5%	0.2%	0.4%	0.5%
2020	2.4%	2.1%	0.9%	0.7%	0.6%	0.9%	0.6%
3Q 2021	2.4%	2.1%	0.9%	0.7%	0.5% ¹	0.9%	0.6%

Own coverage of Stage 3 loans compared to regional peers

	otpbank Group	ERSTE	Raiffeisen BANK	KBC	UniCredit	INTESA SANPAOLO
2019	65.2%	56.6%	62.8%	45.4%	65.1%	54.6%
2020	62.3%	54.2%	64.0%	47.7%	59.8%	49.4%
3Q 2021	64.4%	54.6%	64.0%	48.2% ¹	57.1%	49.9%

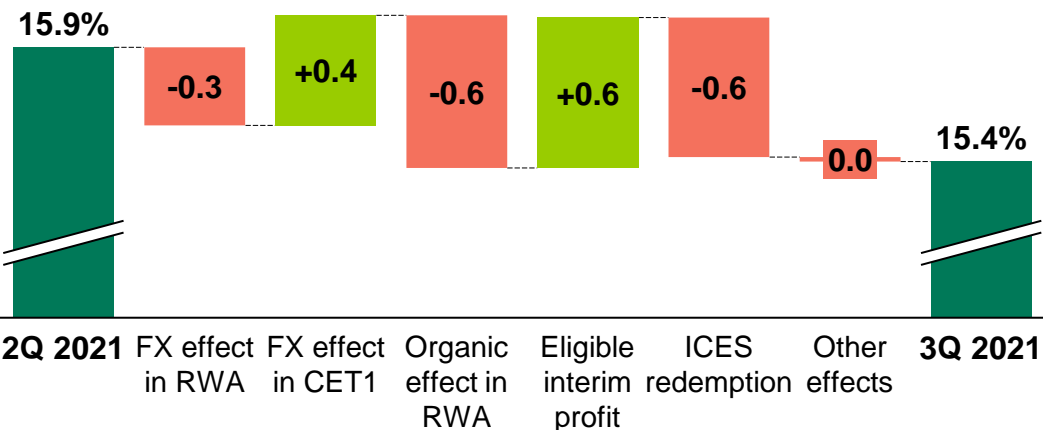
Source: Company reports.

¹ Figures reflect data as at 30 June.

Strong capital position, all capital ratios are well above the regulatory requirements. The effect of the ICES redemption was reflected in the 3Q 2021 numbers, explaining the q-o-q decline in the CET1 ratio, as the other effects offset each other

Decomposition of the change in CET1 ratio in 3Q 2021

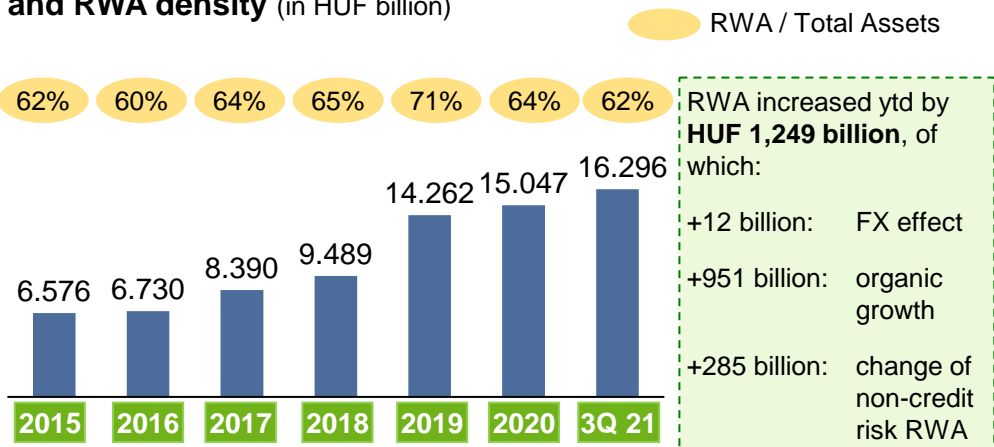
(changes in pps)



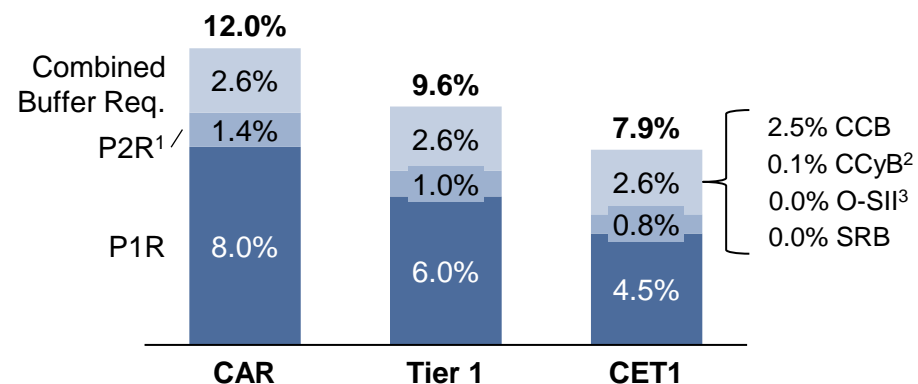
Effects impacting the CET1 ratio in 3Q 2021

- In 3Q the CET1 capital was boosted by the interim accounting profit (HUF 335 billion) reduced by the calculated dividend (HUF 65 billion), i.e. by HUF 270 billion in total, of which the quarterly effect in 3Q was HUF 96 billion. The deducted dividend for 9M 2021 can't be considered as an indication from the management for the dividend after the 2021 fiscal year, but it was determined in accordance with the Commission Delegated Regulation (EU) No. 241/2014. Article 2. (7) Paragraph.
- Due to the redemption of the ICES the CET1 capital decreased by HUF 90 billion. This had an effect on the CET1 ratio already in 3Q, in line with the Hungarian national bank's requirement.
- The organic growth of RWA was significant in 3Q (HUF 706 billion).

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



Regulatory minima of capital adequacy ratios for OTP Group in 3Q 2021



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 2021. ² The CCyB is 0.5% in Bulgaria, therefore on Group level the CCyB is 0.1%. ³ On 1 April 2020 the NBH reduced the O-SII buffer req. to zero effective from 1 July 2020 until 31 December 2021.



2021 management Guidance

For the first nine months Group-level trends played out overall positively.

According to the management guidance:

- Based on the ytd performing (Stage 1+2) loan volume growth of 11%, the loan book might expand by around 15% (FX-adjusted) for the whole year.
- Assuming that positive risk trends continue to prevail, adjusted ROE for 2021 may end up between 18-20%.



Dividend payment

OTP Bank's management is committed to distribute dividends including the HUF 119 billion dividend amount after 2019 and 2020, which had been deducted from the regulatory capital. Regarding the dividend to be paid out after the 2021 financial year, the Bank so far has deducted HUF 64.6 billion in 1-9M. However, this amount should not be considered as an indication from the management for the final dividend amount after the 2021. It was determined in accordance with the Commission Delegated Regulation (EU) No. 241/2014. Article 2. (7) Paragraph.

Overview of OTP Group's performance in 3Q 2021

Update on ESG strategy and recent developments

A dedicated organizational framework is being set up to ensure representation of ESG management responsibility in breadth and depth

Our sustainability governance

We are working towards fully integrating sustainability mindset both in our daily operation and business decision making, backed by strong executive commitment - as the envisaged set up shows.

Robust organization & top level responsibility for sustainability and climate strategy

It is a major goal for the Bank to integrate ESG in as many ways as possible: in business decisions, risk management, management effectiveness, governance activity. This volume of deliverables needs a robust organizational framework.

The **whole organization of the Bank and its subsidiaries is involved in the ESG transformation**, which is steered by the ESG Committee and managed by the Green Program Director as Leader of ESG business transformation.



ESG organization

Board of Directors

ESG Committee
New Standing Executive Committee
Task: Decision making body of the OTP in ESG strategy related issues
Chair: Delegate of BoD

ESG Subcommittee
Operating Committee of ESG Committee
Task: operating body supporting the work of ESG Committee
Chair: Green Program Director responsible for ESG business transformation of the OTP Group

ESG risk management
Task: Definition of methodologies, day-to-day ESG management, setting risk limits, brown Taxonomy

ESG business transformation
Task: The head of Green Program Directorate is responsible for the implementation of ESG Strategy in the OTP Group, managing the procedures aiming to reach the goals set in the ESG Strategy

ESG control function
Task: Performing control concerning transactions in line with the climate change and environmental rules of OTP Group

We have defined the main pillars of OTP Group' ESG Strategy

OTP GROUP ESG STRATEGY

OTP Group is aiming to be the regional leader in financing a fair and gradual transition to a low-carbon economy and building a sustainable future through our responsible solutions.

IMPLEMENTATION TIMELINE

- Present '21-'22: Planning**
Establish ESG frameworks, develop processes, set targets
- Near Future '22-'24: Roll out**
Cascade ESG strategy in breadth and depth across OTP Group
- Beyond '25: ESG business as usual**
Green banking is standard part of OTP banking, with a working ESG org



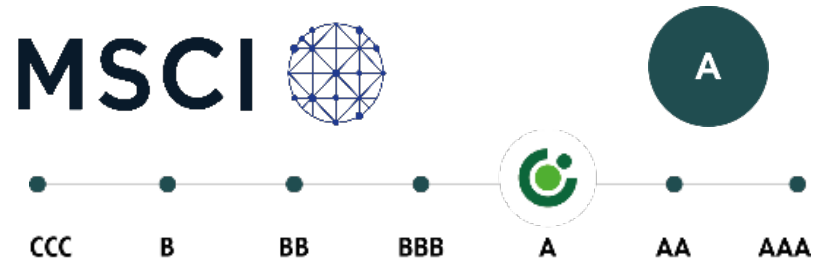
KPIs TO MEASURE STRATEGIC ESG GOALS (Hungary)

	Short term	Long term
Building the green book	Green credit portfolio by 2022: <ul style="list-style-type: none"> Corporate: HUF 150 billion Retail: HUF 80 billion 	Green credit portfolio by 2025: <ul style="list-style-type: none"> Corporate: HUF 1,000 billion Retail: HUF 500 billion
Green products on market	5 products by 2022	Green products in all segments
Reducing own emissions	Carbon neutrality by the end of 2022	Carbon neutrality strategy on group level
Transparent responsibility	Member of UN's Principles of Responsible Banking initiative	OTP to be part of DJSI ESG index by 2025

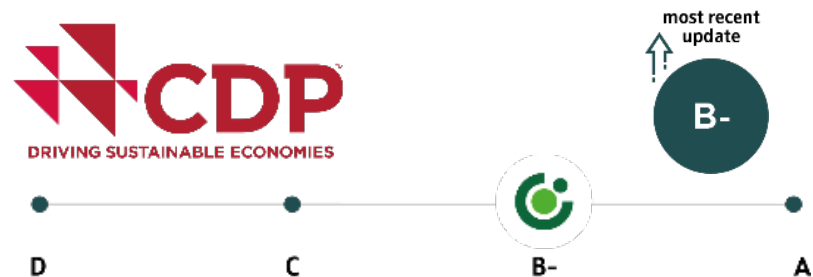
OTP Bank's sustainability performance to date has been recognized with improving ratings by several major ESG rating agencies and initiatives



OTP's overall exposure is medium and is similar to the sub-industry average. **Our 2021 score of 20.3 marks an improvement of more than 3.2 points from the last rating.** OTP shows strength in its board structure, its audit and financial performance system and its stakeholder governance. Management score improved from average to strong (from 45 to 56.1), due to the increase in the range of managed risks and the policies and ESG related programs.



In 2021 OTP Bank maintained its "A" MSCI rating. OTP Bank outperformed the industry average in terms of financial consumer protection, the development of human capital and access to finances.



From 2019 OTP Group participated in the voluntary environmental disclosure system of CDP. **In 2020 we achieved a "B-" rating, improving our result.**

Mortgage bond issues, launch of corporate and retail green lending and commitment to UN PRB are some of the recent highlights underlining our commitment to sustainable finance

Recent developments in OTP Bank's ESG program:



Green mortgage bonds:

The Green Mortgage Bond Purchase Program, launched by the National Bank of Hungary (NBH) in August 2021, has the explicit goal of encouraging the issuance of domestic green mortgage bonds. OTP Mortgage Bank was the first to issue a green mortgage bond on the domestic market on 16 August 2021. A total of HUF 10.08 billion bids were submitted by capital market participants at the auction, of which the issuer accepted HUF 5.02 billion. The second issue of HUF 90 billion was completed on 5 October 2021.



Retail Green Home Program:

NBH launched the Funding for Growth Scheme (FGS) Green Home Program to support the purchase of energy-efficient homes. In the framework of the Green Home Program, the central bank provides 0% refinancing to lenders for retail loans for new homes with a primary energy consumption threshold of 90 kWh/sqm per year. Interest rates on the loans are capped at 2.5%. The program was launched with a total available amount HUF 200 billion, of which OTP Bank expects a sizable market share.



Launching corporate green lending:

In 3Q 2021 OTP Bank has started green lending in selected sectors (renewable energy and commercial real estate). Building the green book is progressing according to initial plans, and further sectors (agriculture, electro mobility) will be included before the end of the year. NBH and ECB are supporting green financing through providing capital relief on green credits (*capital requirement discount for green corporate and municipal financing*). The current size of the Hungarian green book is around HUF 150 billion.



Signing UN PRB in October 2021:

OTP Bank has become an official **Signatory of the UN Principles for Responsible Banking** – a single framework for a sustainable banking industry developed through a partnership between banks worldwide and the United Nations Environment Program Finance Initiative (UNEP FI) in **October 2021**.

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Questions and Answers session