

# OTP Group

## Investor presentation based on 1Q 2020 results

Strong liquidity and capital position despite proactive provisioning,  
successful adaptation to the fast changing operating environment



### Baseline macro scenarios were revised

### Broad range of measures introduced by monetary authorities, regulators and governments

Rate changes, liquidity boosting steps, reduced/eliminated mandatory reserve requirements, lending facilities

Dividend restrictions, reduced capital buffer requirements

Loan repayment moratoria, fiscal stimulus, guarantee schemes

### OTP Group's own response was based on its strong liquidity and safe capital position

The Bank provided all the necessary functionalities for an uninterrupted operation across the Group and

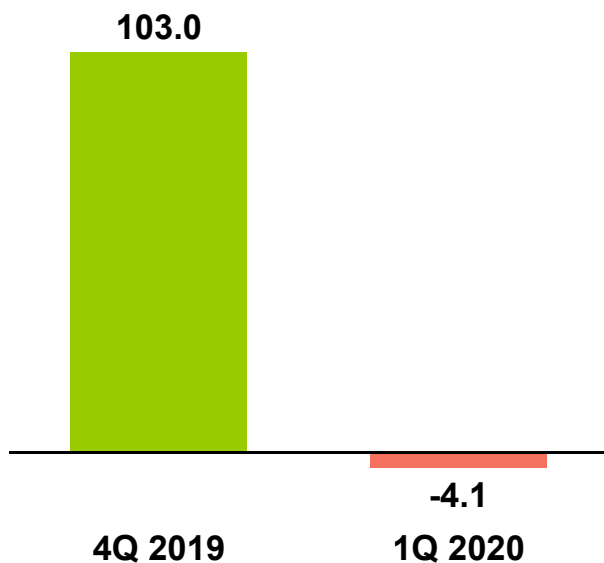
...implemented safety measures to assure the health and well-being of its employees and customers (home office, safety measures in branches, digital education for boosting online channels, extended credit lines)

...supported communities in this difficult situations (donations, medical assistance)

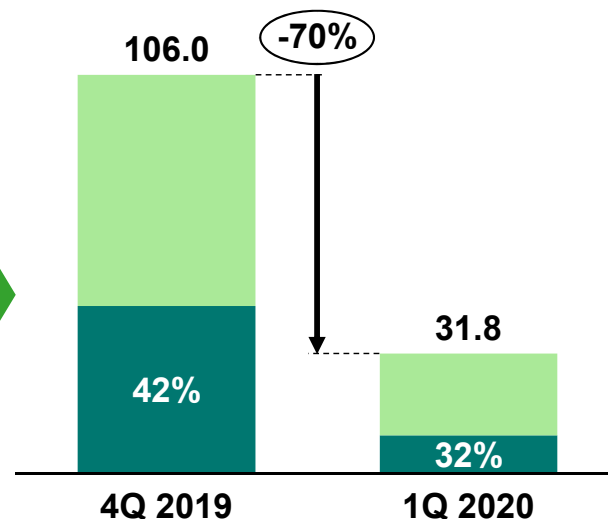
In 1Q 2020 the accounting profit turned into red as a result of higher risk costs and elevated quarterly adjustments. The profit contribution of foreign subsidiaries declined both y-o-y and q-o-q

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

#### Accounting profit after tax



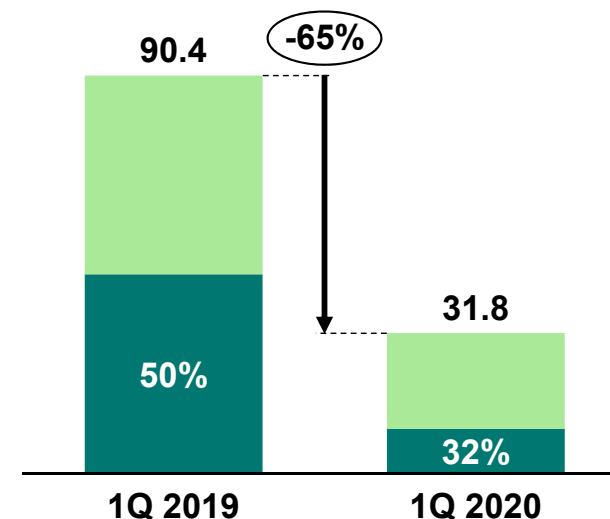
#### Adjusted profit after tax



Adjustments (after tax)	4Q 2019	1Q 2020
Banking tax	-0.6	-16.7
Expected one-off negative effect of the debt repayment moratorium in Hungary	-	-20.2
Effect of acquisitions	1.4	0.9
Others	-3.8	0.0
<b>Total</b>	<b>-3.0</b>	<b>-35.9</b>

### After tax profit development (in HUF billion)

#### Adjusted profit after tax



■ Hungarian subsidiaries  
■ Foreign subsidiaries

**In 1Q 2020 the balance of adjustments was shaped mainly by the banking tax in Hungary and Slovakia and the negative impact of debt repayment moratorium in Hungary**













(in HUF billion)	1Q 19	4Q 19	1Q 20	Q-o-Q	Y-o-Y
<b>Consolidated after tax profit (accounting)</b>	<b>72.6</b>	<b>103.0</b>	<b>-4.1</b>		
<b>Adjustments (total)</b>	<b>-17.8</b>	<b>-3.0</b>	<b>-35.9</b>		<b>101%</b>
Dividends and net cash transfers (after tax)	0.2	0.1	0.0	-49%	-82%
Goodwill/investment impairment charges (after tax)	0.0	-4.0	0.0		
Special tax on financial institutions (after corporate income tax)	-15.2	-0.6	-16.7 <sup>1</sup>		10%
Expected one-off negative effect of the debt repayment moratorium in Hungary (after tax)	-	-	-20.2 <sup>2</sup>		
Effect of acquisitions (after tax)	-2.8	1.4	0.9 <sup>3</sup>	-32%	
One-off impact of regulatory changes related to FX consumer contracts in Serbia	0.0	0.2	0.0		
<b>Consolidated adjusted after tax profit</b>	<b>90.4</b>	<b>106.0</b>	<b>31.8</b>	<b>-4%</b>	<b>70%</b>

<sup>1</sup> This amount comprises the full amount of the annual Hungarian banking tax booked in a lump sum in 1Q, and the quarterly banking tax burden at the Slovakian subsidiary. The latter actually doubled effective from 2020. The Romanian banking tax was abolished from 2020.

<sup>2</sup> -HUF 20.2 billion (after tax) expected negative impact of the debt repayment moratorium in Hungary effective from 19 March. This amount was calculated with the de facto participation at OTP Core on 23 April (HUF 21.3 billion) and Merkantil Group on 31 March (HUF 0.75 billion).

<sup>3</sup> Apart from the normal integration-related expenses, in 1Q 2020 +HUF 6 billion (after tax) was booked, as according to IFRS 3 the estimated FVA of certain securities was revised in the case of the acquired Slovenian SKB Banka.

## COVID-19 related loan repayment moratoria in the countries of OTP Group: in 1Q the expected one-off negative effect of the Hungarian scheme was already booked

	Initiation (state/regulator or voluntary)	Participation of clients	Interest charged on unpaid interest	Scope of eligible clients	Term of the moratorium
 <b>OTP Core</b> (Hungary)	state/regulator	opt-out	no	retail and corporate	19/03/2020 - 31/12/2020
 <b>DSK Group</b> (Bulgaria)	voluntary	opt-in	no	retail and corporate	6 months from the implementation date
 <b>OBH</b> (Croatia)	state/regulator	opt-in	no	clients classified as 'A' on 31/12/2019	01/04/2020 - 31/03/2021
 <b>OBSr</b> (Serbia)	state/regulator	opt-out	yes	retail and corporate	3 months (90 days) at least
 <b>SKB Banka</b> (Slovenia)	state/regulator	opt-in	no	retail and corporate	12 months from the confirmation of the bank
 <b>OBR</b> (Romania)	voluntary	opt-in	yes, except for housing loans	retail and corporate	maximum 9 months until 31/12/2020
 <b>OBU</b> (Ukraine)	-	-	-	-	-
 <b>OBRu</b> (Russia)	state/regulator	opt-in	no	retail and SME	6 months
 <b>CKB Group</b> (Montenegro)	state/regulator	opt-in	yes	retail and corporate	90 days
 <b>OBA</b> (Albania)	state/regulator	opt-in	yes	retail and corporate	13/03/2020 - 31/05/2020
 <b>Mobiasbanca</b> (Moldova)	voluntary	opt-in	no	retail and corporate	19/03/2020 - 30/06/2020
 <b>OBS</b> (Slovakia)	state/regulator	opt-in	yes	retail	6 months

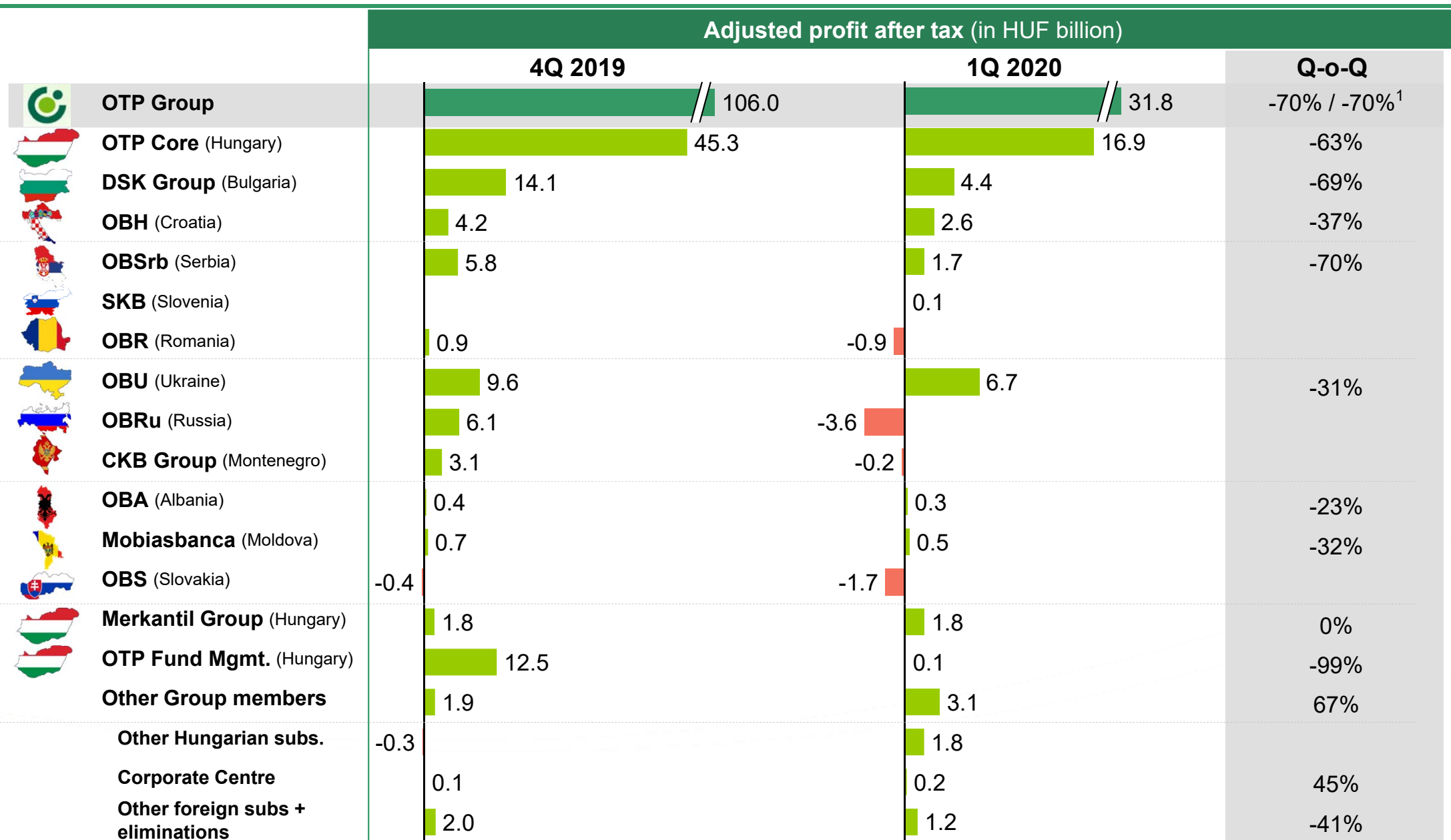
The 1Q operating profit without acquisitions improved by 3% y-o-y; the quarterly setback was shaped by the decline in net fees and other income. The lower adjusted profit was driven by the sharply increasing risk costs

(in HUF billion)	1Q 19	1Q 20	Y-o-Y	1Q 20 without M&A <sup>1</sup>	Y-o-Y	Y-o-Y FX-adj.	4Q 19	1Q 20	Q-o-Q	Q-o-Q FX-adj. w/o M&A <sup>2</sup>
<b>Consolidated adjusted after tax profit</b>	<b>90.4</b>	<b>31.8</b>	<b>-65%</b>	<b>28.8</b>	<b>-68%</b>	<b>-69%</b>	<b>106.0</b>	<b>31.8</b>	<b>-70%</b>	<b>-70%</b>
Corporate tax	-11.4	-4.0	-65%	-2.8	-75%	-77%	-8.6	-4.0	-53%	-65%
Profit before tax	101.8	35.8	-65%	31.6	-69%	-70%	114.6	35.8	-69%	-70%
Total one-off items	-0.7	0.4		0.4			-0.5	0.4		
Result of the share swap agreement	-0.7	0.4		0.4			-0.5	0.4		
<b>Profit before tax (adjusted, without one-off items)</b>	<b>102.6</b>	<b>35.5</b>	<b>-65%</b>	<b>31.2</b>	<b>-70%</b>	<b>-71%</b>	<b>115.1</b>	<b>35.5</b>	<b>-69%</b>	<b>-70%</b>
Operating profit without one-offs	108.8	127.2	17%	111.8	3%	-3%	140.0	127.2	-9%	-13%
Total income without one-offs	239.7	283.9	18%	254.0	6%	1%	305.5	283.9	-7%	-11%
Net interest income	162.7	200.3	23%	178.0	9%	4%	195.9	200.3	2%	-2%
Net fees and commissions	57.2	69.2	21%	63.4	11%	6%	85.5	69.2	-19%	-23%
Other net non interest income without one-offs	19.8	14.4	-28%	12.6	-37%	-39%	24.1	14.4	-41%	-43%
Operating costs	-131.0	-156.7	20%	-142.2	9%	5%	-165.5	-156.7	-5%	-9%
Total risk cost	-6.2	-91.7	1380%	-80.6	1200%	1001%	-24.9	-91.7	268%	255%

<sup>1</sup> In these 3 columns neither 1Q 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.

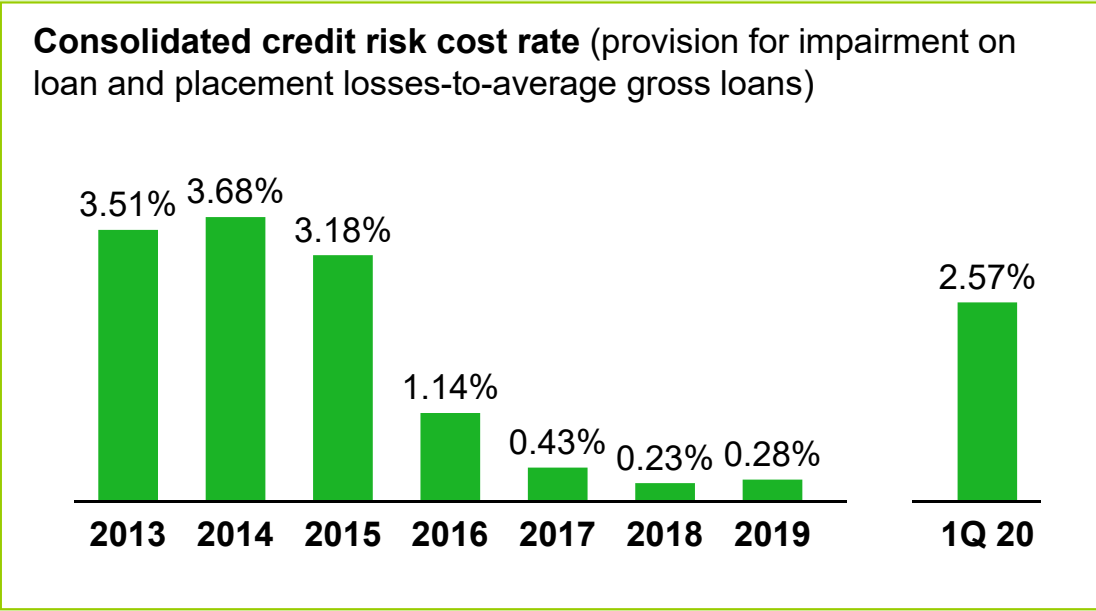
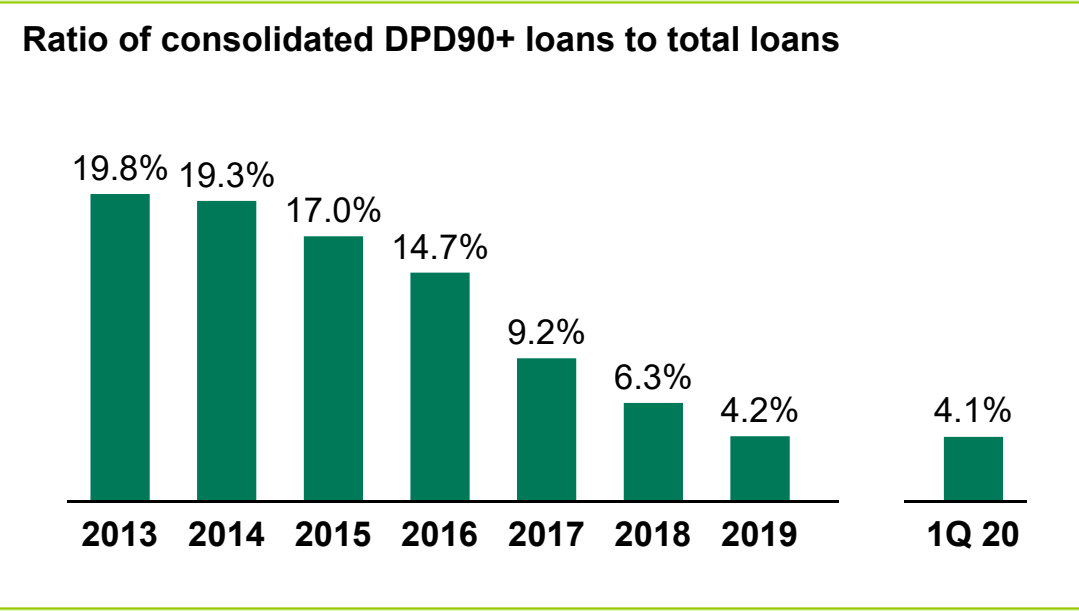
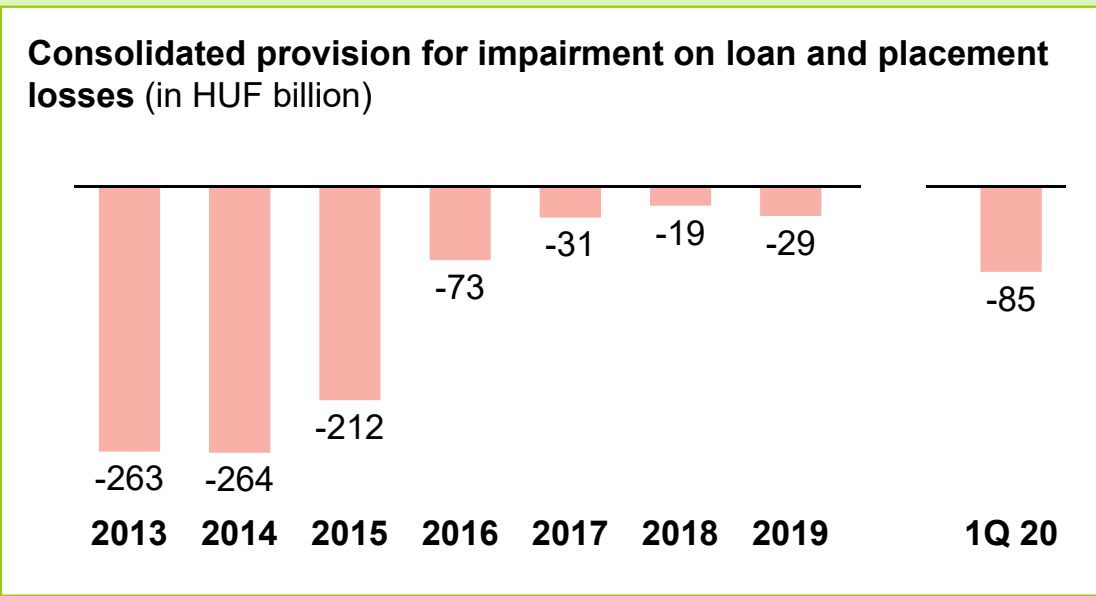
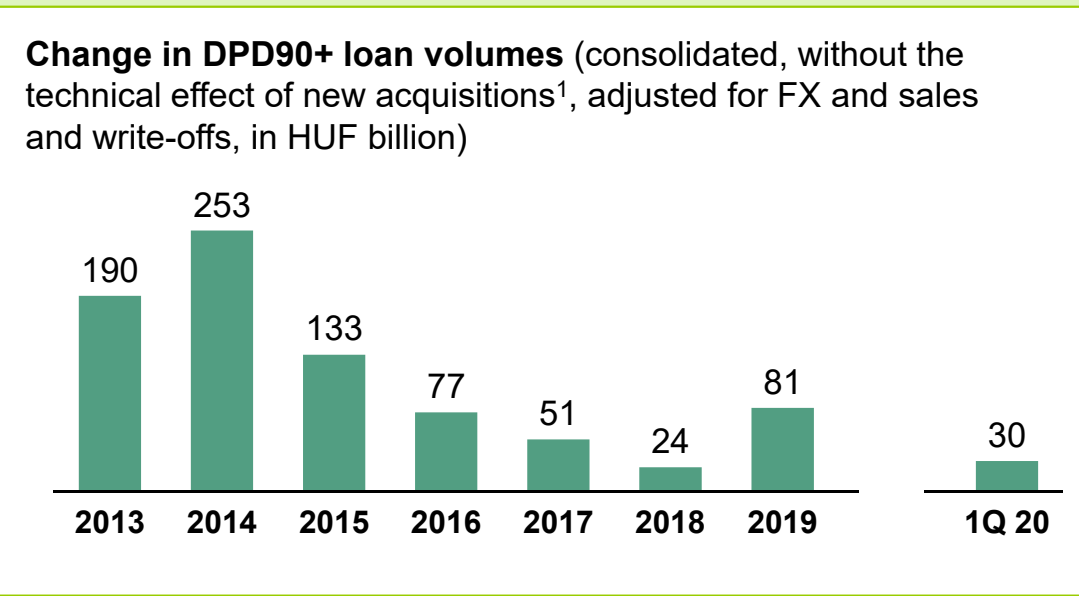
<sup>2</sup> The q-o-q changes are calculated from FX-adjusted numbers, filtering out the contribution of banks consolidated in 4Q 2019 (SKB Banka in Slovenia) from both 4Q 2019 and 1Q 2020 numbers.

All major banking operations suffered a decline in profit as a result of elevated risk costs in 1Q; in case of OTP Fund Management seasonality was the major driver (after HUF 14 billion earned as success fee in 4Q 2019)



Until the end of 2019 the after tax profit of Merkantil Bank and Merkantil Car, since 1Q 2020 the subconsolidated 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.  
<sup>1</sup> Change without the effect of SKB Banka acquisition.

**Despite the DPD90+ ratio declined further in 1Q, impairments grew significantly as a response to COVID-19; the consolidated credit risk cost rate surged above 2.5%**



<sup>1</sup> One-off effect of the DPD90+ volumes taken over as a result of acquisitions.



Based on macro scenarios and the potential COVID-19 impact on specific economic sectors OTP Group classified the corporate<sup>1</sup> exposures into four categories. 70% of the portfolio is in sectors with light / no impact expected

<b>Cons.</b> 	<b>Core</b> (Hungary) 	<b>DSK</b> (Bulgaria) 	<b>OBH</b> (Croatia) 	<b>OBSrb</b> (Serbia) 	<b>SKB</b> (Slovenia) 	<b>OBR</b> (Romania) 	<b>OBU</b> (Ukraine) 	<b>OBRu</b> (Russia) 	<b>CKB</b> (Monten.) 	<b>OBA</b> (Albania) 	<b>Mobias</b> (Moldova) 	<b>OBS</b> (Slovakia) 	<b>Merk.</b> (Hungary) 
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**Low / no impact:** Agriculture; Food production; Pharmacy; Healthcare; Water supply; Public admin and defense; Education; etc.

15%	16%	15%	14%	19%	6%	17%	27%	9%	9%	11%	26%	17%	12%
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**Light impact:** Manufact. of petroleum, Chemicals, IT; Metal processing; Electricity supply; Logistics; Financial, insurance activities; etc.

56%	53%	54%	53%	61%	74%	44%	54%	75%	54%	70%	58%	45%	52%
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**Medium impact:** Mining; Metal production; Machinery; Construction; Real Estate Development; Retail trade; Wood processing

24%	27%	23%	23%	19%	18%	35%	18%	16%	20%	10%	14%	34%	34%
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**High impact:** Accommodation; Air transport; Travel agencies; Tour operators; Passenger water transport; Aircraft/ship manufacturing

5%	4%	8%	11%	2%	2%	4%	1%	0%	17%	9%	2%	4%	2%
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<sup>1</sup> Third party exposures towards non-financial legal entities, including MLE, MSE and SL segments. Exposures include on and off balance sheet exposures, EUR 28 billion equivalent in total.

**No material change in portfolio behavior in 1Q 2020; the Stage 2 ratio increased due to reclassification of certain COVID-19 impacted corporate + MSE segments to Stage 2 in line with EBA and ESMA guidelines**

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















		<b>Cons.</b> 	<b>Core</b> (Hungary) 	<b>DSK</b> (Bulgaria) 	<b>OBH</b> (Croatia) 	<b>OBSrb</b> (Serbia) 	<b>SKB<sup>1</sup></b> (Slovenia) 	<b>OBR</b> (Romania) 	<b>OBU</b> (Ukraine) 	<b>OBRu</b> (Russia) 	<b>CKB</b> (Monten.) 	<b>OBA</b> (Albania) 	<b>Mobias</b> (Moldova) 	<b>OBS</b> (Slovakia) 	<b>Merk.<sup>2</sup></b> (Hungary) 
<b>Stage 1</b>	<b><u>4Q 19</u></b>	<b>88.8%</b>	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%
	<b><u>1Q 20</u></b>	<b>85.6%</b>	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%
<b>Stage 2</b>	<b><u>4Q 19</u></b>	<b>5.3%</b>	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%
	<b><u>1Q 20</u></b>	<b>8.6%</b>	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%
<b>Stage 3</b>	<b><u>4Q 19</u></b>	<b>5.9%</b>	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%
	<b><u>1Q 20</u></b>	<b>5.7%</b>	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%

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

<sup>2</sup> 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 2020.

The own coverage ratio developments were driven mainly by two factors: (1) Stage 1 coverage key changes due to macro updates in forward-looking calculations, and (2) increased amount of Stage 2 exposures

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

		<b>Cons.</b> 	<b>Core</b> (Hungary) 	<b>DSK</b> (Bulgaria) 	<b>OBH</b> (Croatia) 	<b>OBSrb</b> (Serbia) 	<b>SKB<sup>1)</sup></b> (Slovenia) 	<b>OBR</b> (Romania) 	<b>OBU</b> (Ukraine) 	<b>OBRu</b> (Russia) 	<b>CKB</b> (Monten.) 	<b>OBA</b> (Albania) 	<b>Mobias</b> (Moldova) 	<b>OBS</b> (Slovakia) 	<b>Merk.<sup>2)</sup></b> (Hungary) 
<b>Stage 1</b> <b>own cov.</b>	<b>4Q 19</b>	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%
	<b>1Q 20</b>	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%
<b>Stage 2</b> <b>own cov.</b>	<b>4Q 19</b>	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%
	<b>1Q 20</b>	10.5%	12.4%	11.1%	3.6%	3.5%	11.5%	7.0%	9.0%	31.7%	8.9%	8.6%	32.5%	13.4%	3.0%
<b>Stage 3</b> <b>own cov.</b>	<b>4Q 19</b>	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%
	<b>1Q 20</b>	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%

<sup>1</sup> 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.

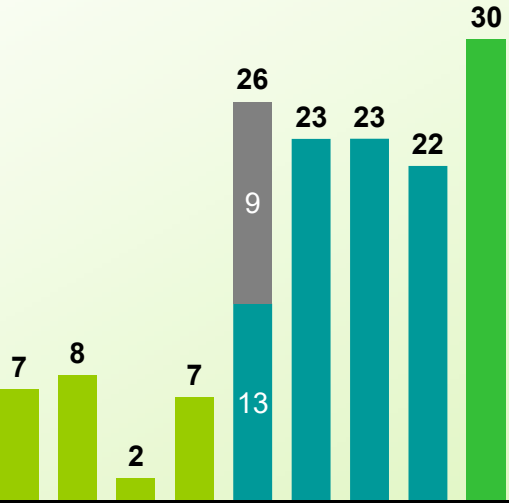
<sup>2</sup> This column includes Merkantil Bank in 4Q 2019, and Merkantil Bank Ltd., Merkantil Bérlet Ltd., OTP Real Estate Leasing Ltd., NIMO 2002 Ltd., SPLC-P Ltd., SPLC Ltd. in 1Q 2020.

In 1Q 2020 DPD90+ volumes increased by HUF 30 billion (adjusted for FX effect and sales and write-offs)

**FX-adjusted quarterly change in DPD90+ loan volumes**

(without the effect of sales / write-offs, in HUF billion)

**Consolidated**



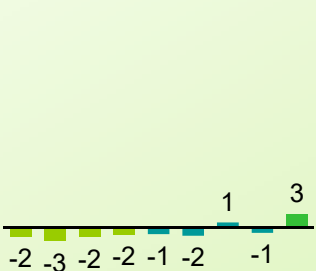
FX-adjusted sold or written-off loan volumes:

Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2018	17	37	49	73					
2019	12	34	25	61					
2020	8								

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

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

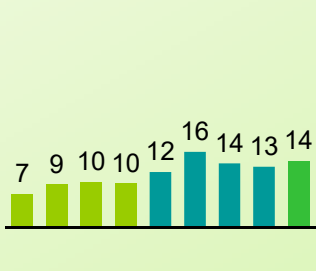
**OTP Core (Hungary)**



FX-adjusted sold or written-off loan volumes:

Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2018	2	5	5	9					
2019	3	4	3	4					
2020	2								

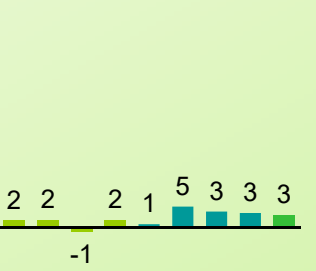
**OBRu (Russia)**



FX-adjusted sold or written-off loan volumes:

Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2018	6	6	4	12					
2019	3	15	6	29					
2020	0								

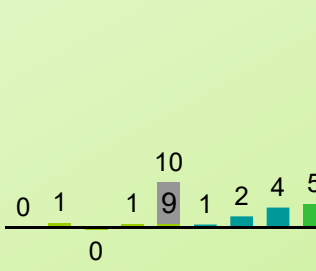
**OBU (Ukraine)**



FX-adjusted sold or written-off loan volumes:

Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2018	2	7	14	16					
2019	3	3	8	8					
2020	4								

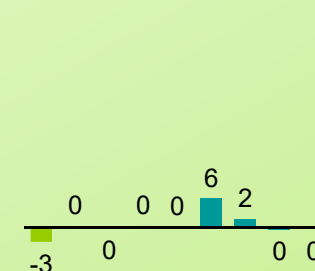
**DSK Group (Bulgaria)**



FX-adjusted sold or written-off loan volumes:

Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2018	0	0	1	6					
2019	1	1	1	2					
2020	1								

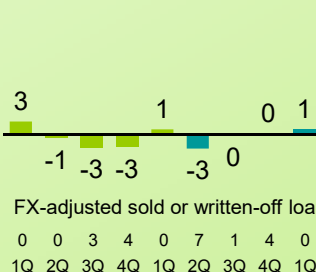
**OBR (Romania)**



FX-adjusted sold or written-off loan volumes:

Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2018	5	9	16	1					
2019	1	1	0	0					
2020	0	1	0						

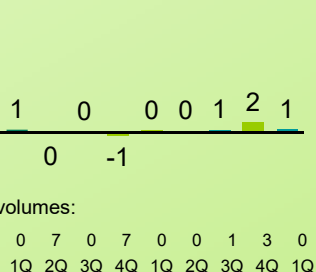
**OBH (Croatia)**



FX-adjusted sold or written-off loan volumes:

Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2018	0	0	3	4					
2019	0	7	1	4					
2020	0								

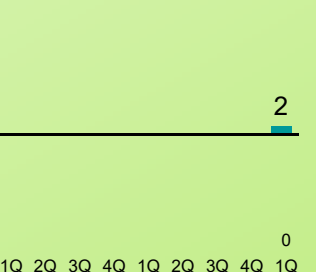
**OBSr (Serbia)**



FX-adjusted sold or written-off loan volumes:

Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2018	0	7	0	7					
2019	0	0	1	3					
2020	0								

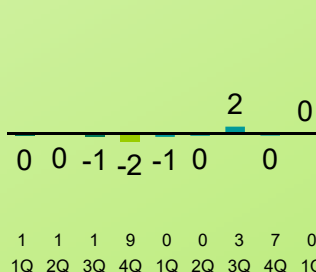
**SKB (Slovenia)**



FX-adjusted sold or written-off loan volumes:

Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2018	0								
2019									
2020									

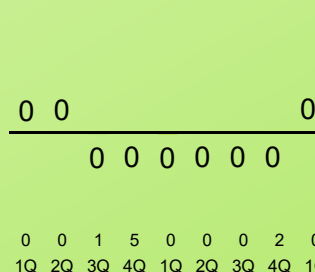
**CKB Group (Montenegro)**



FX-adjusted sold or written-off loan volumes:

Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2018	0	1	1	1					
2019	9	0	0	3					
2020	7	0							

**Merkantil (Hungary)**



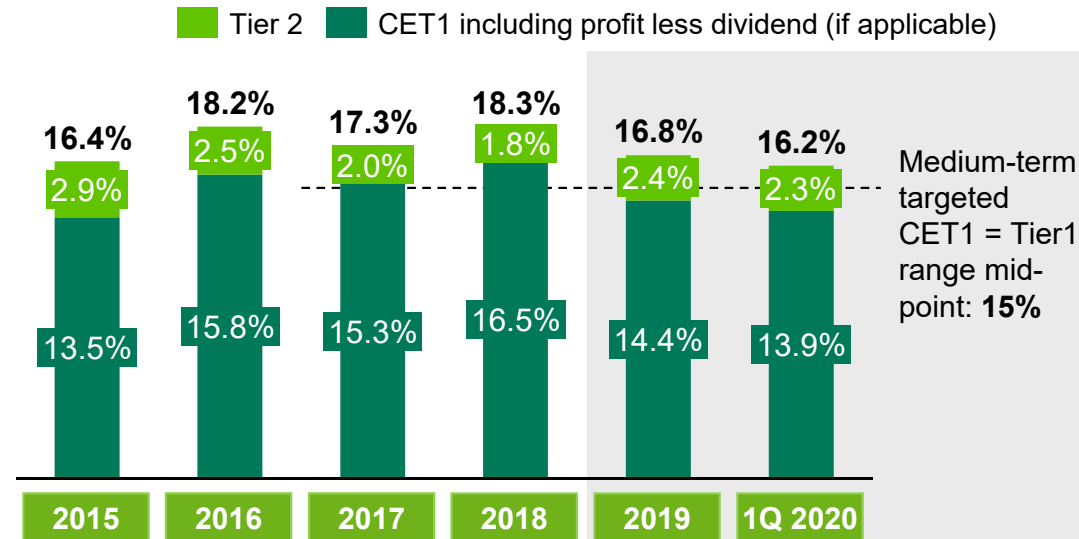
FX-adjusted sold or written-off loan volumes:

Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2018	0	0	1	5					
2019	0	0	0	0					
2020	0	0	0	0					

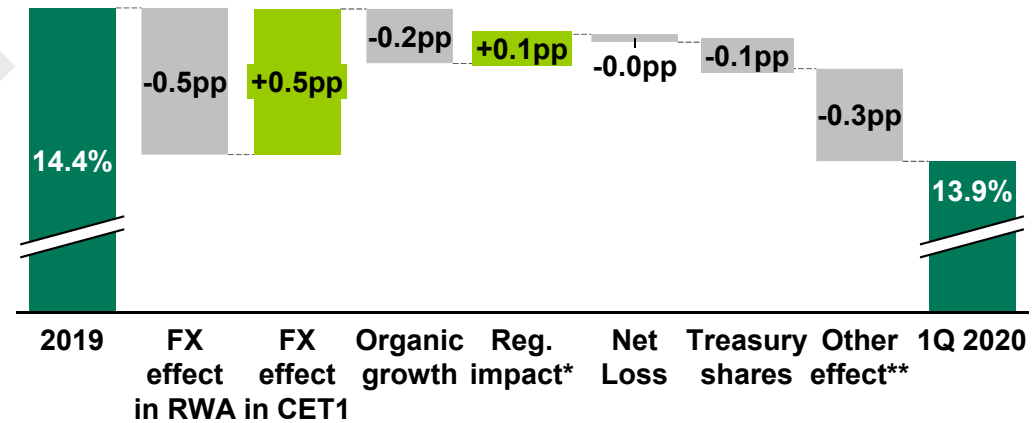
The formation figures of the two new Group member banks (Albania, Moldova) and the Slovakian subsidiary are not showed on this slide as their DPD90+ formation was less than HUF 1 billion in 1Q 2020 in total.

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

## Evolution of CET1=Tier 1 and CAR ratios

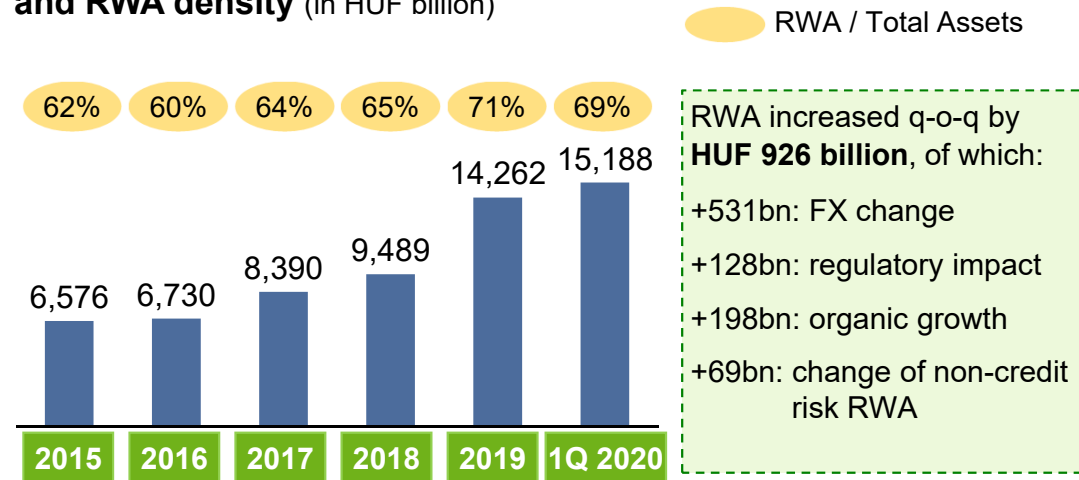


## Decomposition of the change in CET1 ratio in 1Q 2020

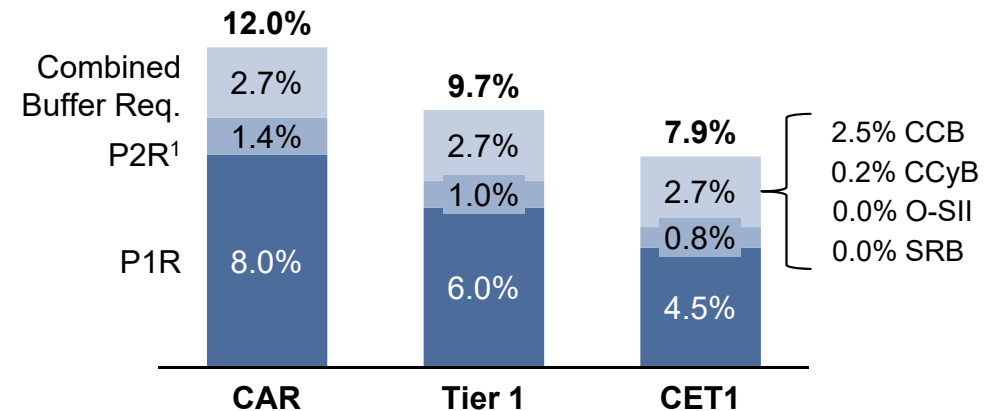


\*Change of risk weight for sovereign exposure, IFRS 9 transitional rules in RWA and CET1.  
 \*\*Including the effect of increase of non-credit risk RWA, and other change of CET1 capital (e.g. revaluation of AFS portfolio, increase of DTA)

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



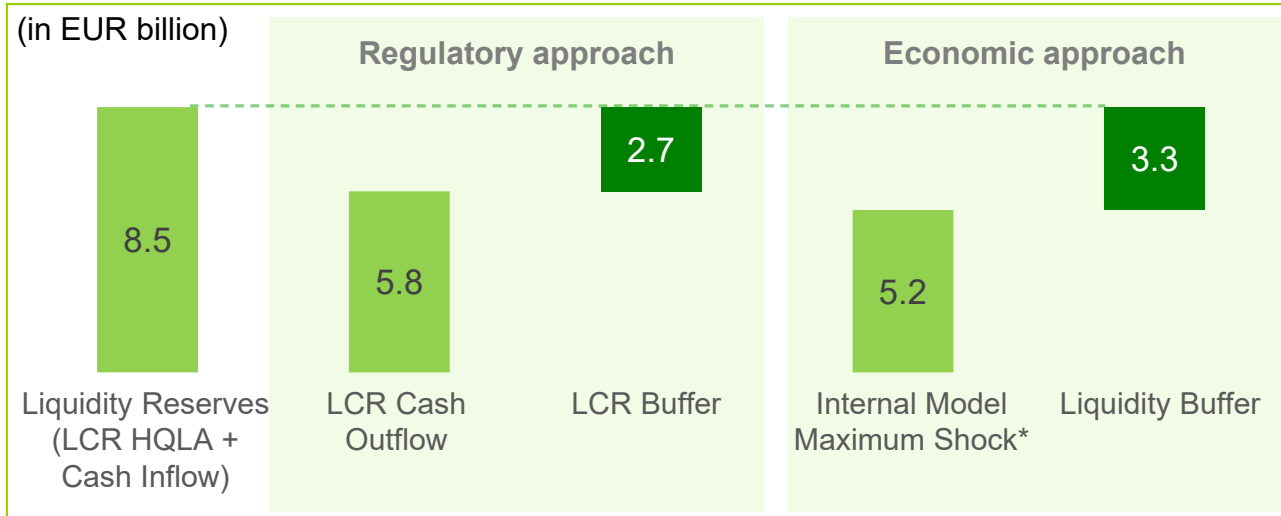
## Regulatory minima of capital adequacy ratios for OTP Group, for end-2020



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. <sup>1</sup> The (P1R + P2R) / P1R ratio on OTP Group was set by the NBH at 117.25% for 2020. <sup>2</sup> 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.

# Robust liquidity position: EUR 2.7 billion liquidity buffer over the LCR requirement; the current economic situation is rather liquidity generating than consuming

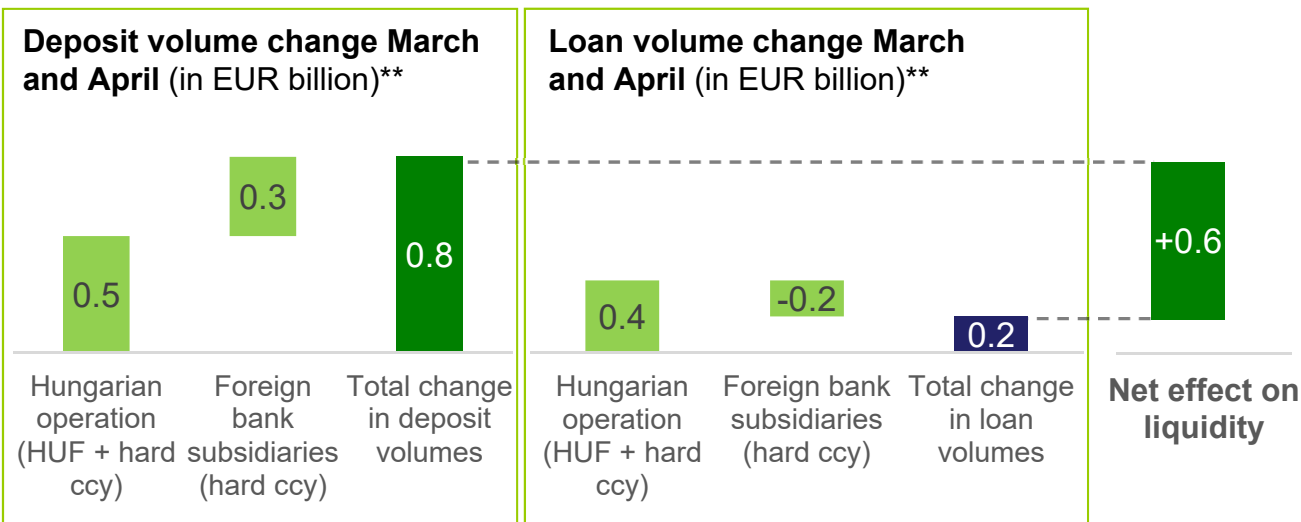
## Liquidity position is sound...



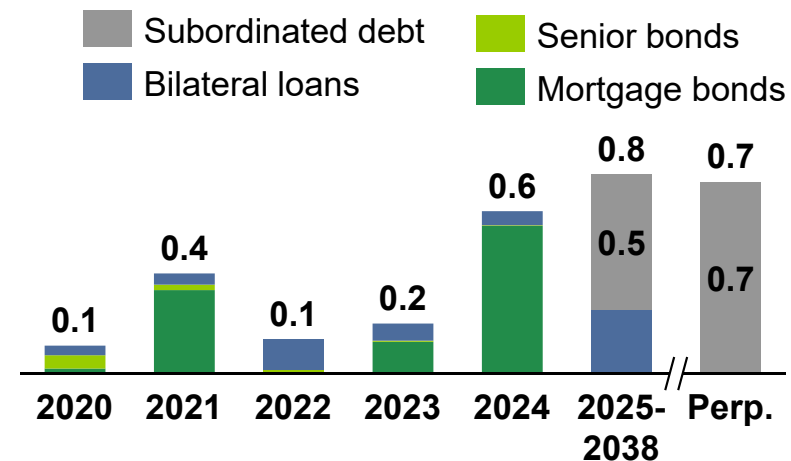
## Key liquidity ratios

	Required level	4Q 2019	1Q 2020
Liquidity coverage ratio (LCR) – consolidated	≥ 100%	167%	173%
Liquidity coverage ratio (LCR) – standalone OTP	≥ 100%	144%	164%
Net loan-to-deposit ratio	-	79%	80%

## ...and the current business environment rather increases the liquidity buffer



## Maturity profile of EUR 2.9 billion debt in total (1Q 2020, in EUR billion)



\* Adding up the historically highest deposit withdrawal, yield curve and FX rate shock; including adjustments on liquid assets.

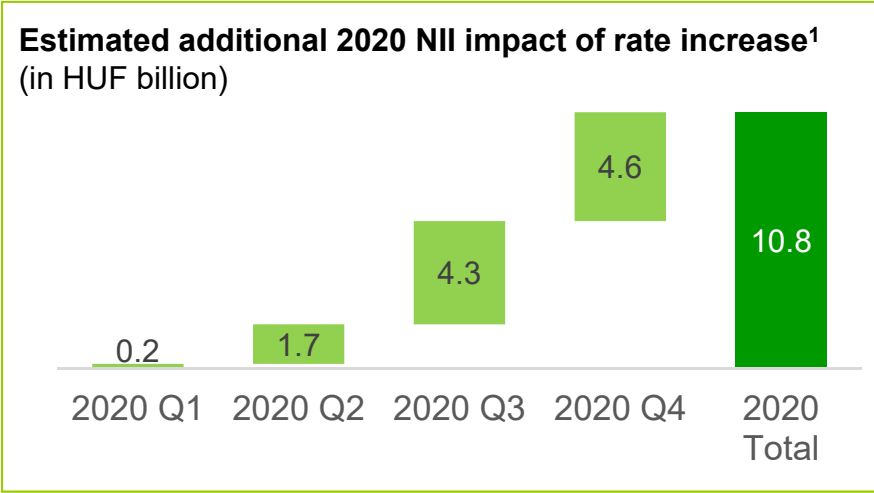
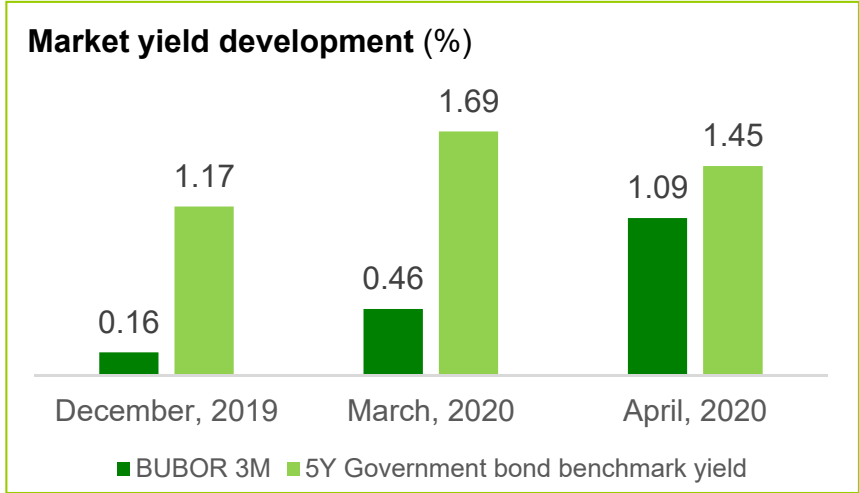
\*\* Hard currency volumes include volumes in local currencies (BGN, RUB, RON), which can be swapped to EUR or USD.

# NBH interest rate hike has a considerable positive impact on 2020 net interest income

## NBH improved the liquidity and the financial stability through several steps

NBH measures	Goal	OTP Bank's participation	Potential impact on OTP
Funding for Growth Scheme Go! refinancing loans at zero interest rate	Boosting loan volumes without reducing banks liquidity	✓	Active participation is planned from OTP side
Performing corporate loans are eligible collaterals	Increasing available liquidity for Banks	✓	Increasing stock of repo eligible instruments
New fixed-rate collateralized loan instrument 3-6-12 M, 3-5 Y	Provide liquidity for banks' government bond purchases, lower yields	✓	Active participation, financing government bond purchases at 0.9%
Government bond purchase program	Provide liquidity for banks' government bond purchases, lower yields	✓	Started this week, impact might be seen later
Mortgage bond purchase program	Provide liquidity, lower yields	✓	Opportunity to issue new covered bonds in HUF

## NBH rate hikes raised BUBOR to 1.1% and long term yields also increased albeit to a lower extent. Higher market rates can boost 2020 NII by more than HUF 10 billion

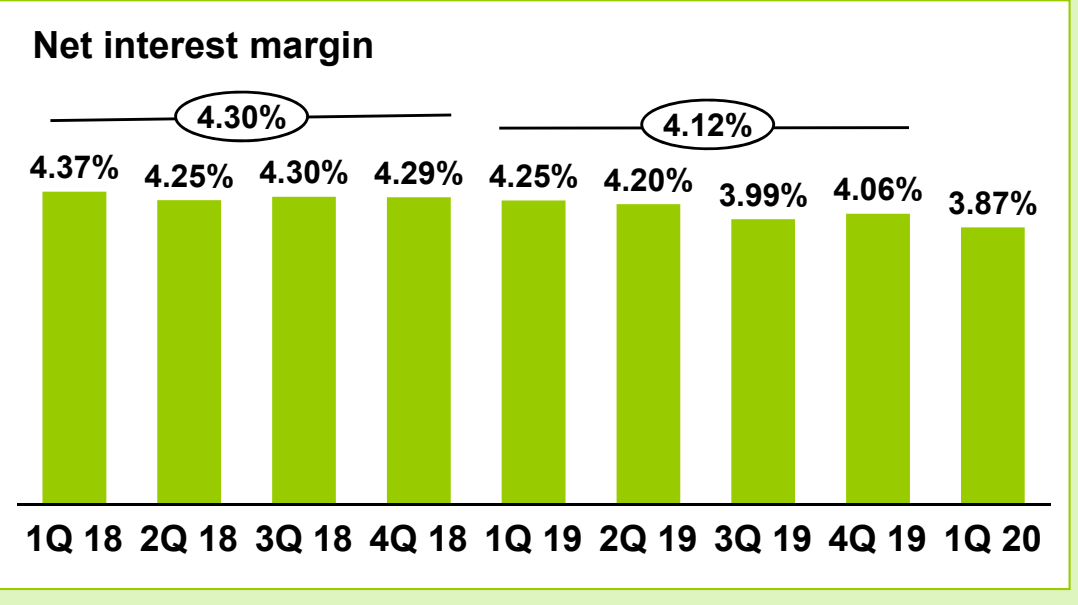
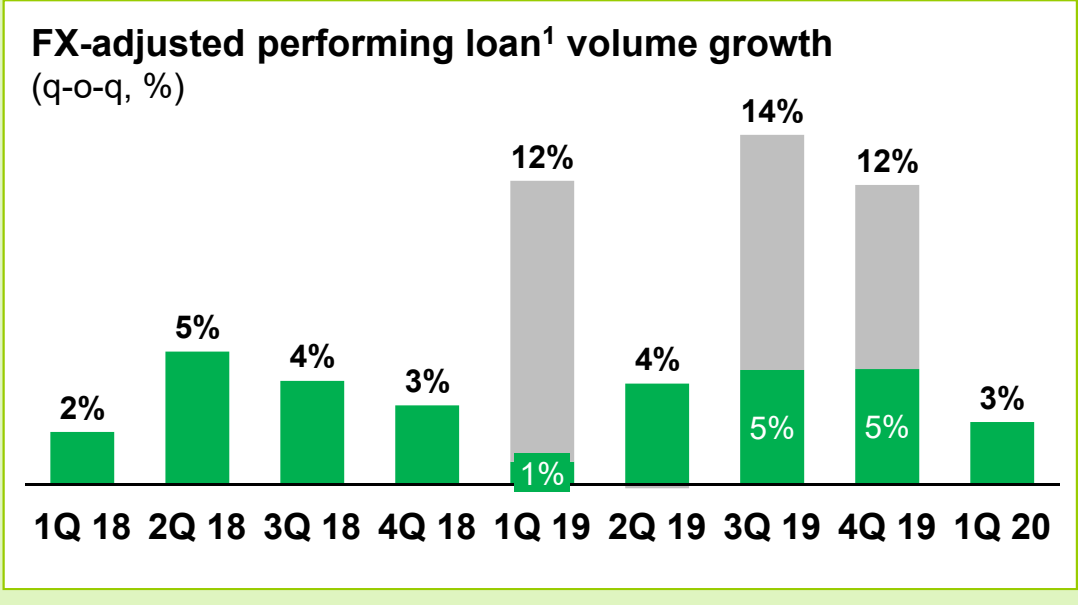
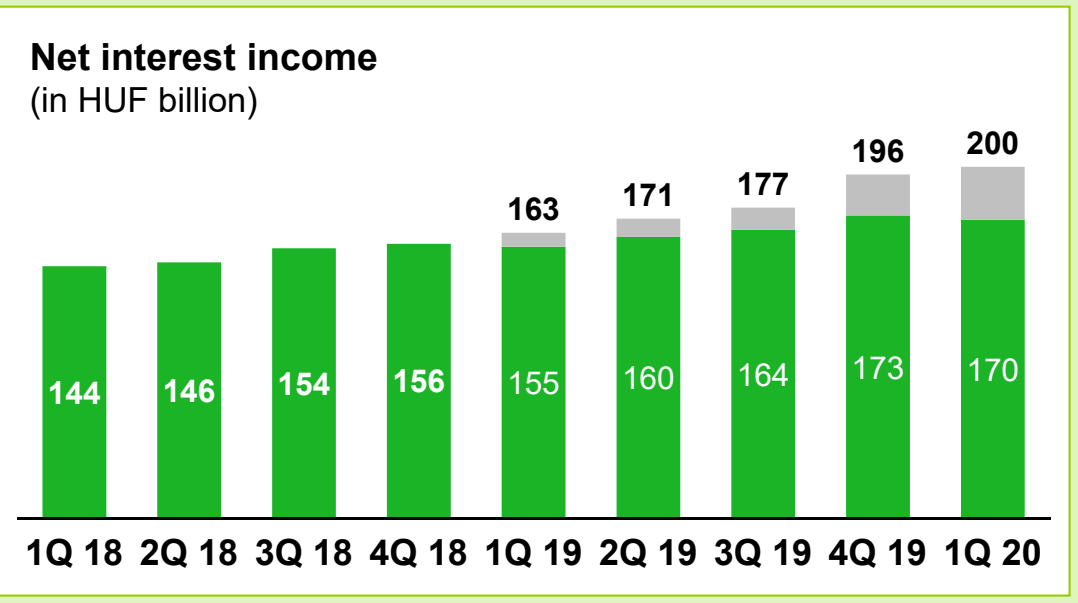
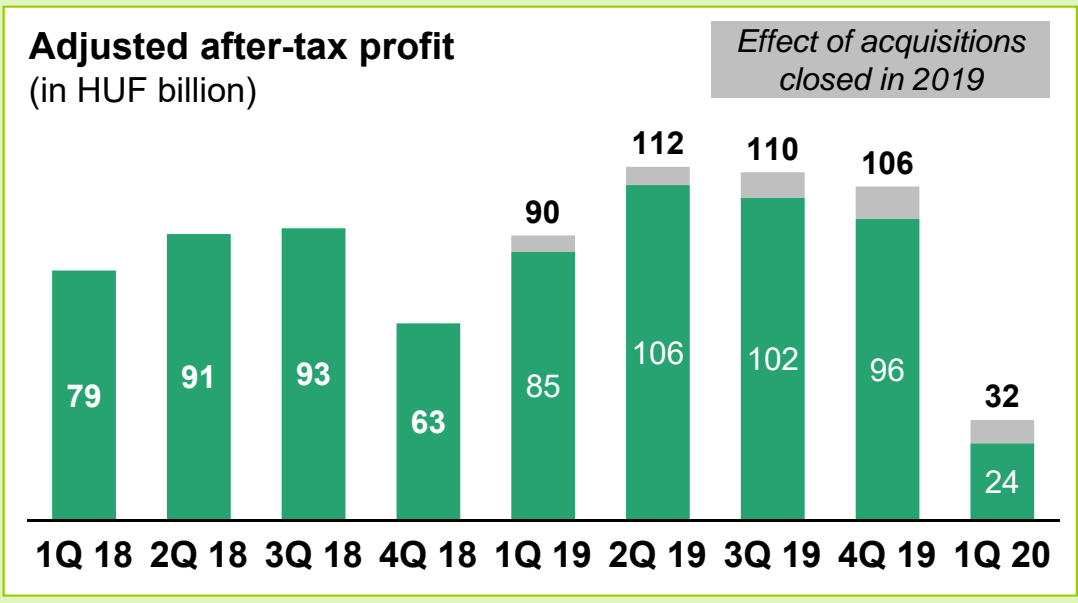


<sup>1</sup> Effect of the rate increase compared to a scenario where rates are equal to the 2019 year-end levels throughout 2020



Despite the eroding net interest margin the net interest income kept on increasing on the back of acquisitions, supported also by the performing loan volume growth

Effect of acquisitions
















<sup>1</sup> Performing loan volume changes are calculated from DPD0-90 loan volumes for the 1Q-2Q 2018 periods, and from Stage 1+2 loan volumes from 3Q 2018.



Total income grew by 6% y-o-y without acquisitions. The quarterly decrease was driven mainly by the base effect of the success fee income at OTP Fund Mgmt. booked in 4Q, and the q-o-q declining other income

Effect of acquisitions















TOTAL INCOME without one-off items		1Q 2020 (HUF billion)	Y-o-Y (HUF billion, %)		Q-o-Q (HUF billion, %)				
	<b>OTP Group</b>	284	14	44	18%/6% <sup>1</sup>	-22	-32	10	-7%/-10% <sup>1</sup>
	<b>OTP CORE</b> (Hungary)	106	7		8%		-9		-8%
	<b>DSK Group</b> (Bulgaria)	40	2	2	6%		0		0%
	<b>OBH</b> (Croatia)	19	-1		-5%		-2		-10%
	<b>OBSrb</b> (Serbia)	19	0	11	145%/0% <sup>1</sup>		-1		-5%
	<b>SKB Banka</b> (Slovenia)	10		10	-			10	-
	<b>OBR</b> (Romania)	10	2		17%		0		4%
	<b>OBU</b> (Ukraine)	18	4		24%/4% <sup>2</sup>		-1		-5%
	<b>OBRu</b> (Russia)	36	2		7%/-2% <sup>2</sup>		-2		-6%
	<b>CKB Group</b> (Montenegro)	5	0	3	92%/12% <sup>1</sup>		0		-2%
	<b>OBA</b> (Albania)	3		3	-			0	11%
	<b>Mobiasbanca</b> (Moldova)	3		3	-			0	-9%
	<b>OBS</b> (Slovakia)	4	0		2%			0	-5%
	<b>Others</b>	9	-2		-20%		-17		-64%

<sup>1</sup> Changes without the effect of acquisitions.

<sup>2</sup> Changes in local currency.

The annual net interest income increased by 10% without acquisitions; on quarterly basis the growth was driven by the newly consolidated Slovenian SKB, filtering that out the NII declined by 1%

Effect of acquisitions

NET INTEREST INCOME		1Q 2020 (HUF billion)	Y-o-Y (HUF billion, %)		Q-o-Q (HUF billion, %)				
	<b>OTP Group</b>	200	15	38	23%/9% <sup>1</sup>	-3	7	4	2%/-1% <sup>1</sup>
	<b>OTP CORE</b> (Hungary)	69	5		8%	1			1%
	<b>DSK Group</b> (Bulgaria)	28	2		9%	-1			-3%
	<b>OBH</b> (Croatia)	15	1		5%	0			2%
	<b>OBSrb</b> (Serbia)	14	0	9	160%/-1%	0	0		1%
	<b>SKB Banka</b> (Slovenia)	7		7	-			7	-
	<b>OBR</b> (Romania)	8	2		31%	0			5%
	<b>OBU</b> (Ukraine)	13	3		26%/6% <sup>2</sup>	0			-4%
	<b>OBRu</b> (Russia)	30	3		12%/3% <sup>2</sup>	-1			-3%
	<b>CKB</b> (Montenegro)	4	0	2	112%/16% <sup>1</sup>	0			2%
	<b>OBA</b> (Albania)	2		2	-	0			2%
	<b>Mobiasbanca</b> (Moldova)	2		2	-	0			-15%
	<b>OBS</b> (Slovakia)	3	0		-3%	0			-5%
	<b>Merkantil<sup>3</sup></b> (Hungary)	4	1		20%/1% <sup>4</sup>	1			17%/-2% <sup>4</sup>
	<b>Corporate Centre</b>	0	-1		-71%	0			5%
	<b>Others</b>	0	0		-45%	-2			-86%

<sup>1</sup> Changes without the effect of acquisitions.

<sup>2</sup> Changes in local currency.

<sup>3</sup> Merkantil Bank until 4Q 2019, Merkantil Group from 1Q 2020

<sup>4</sup> Based on Merkantil Bank standalone figures.

Consolidated performing (Stage 1+2) loans expanded by 3% q-o-q. The 11% expansion in consumer loans at OTP Core was mainly due to the subsidized baby loans















**Q-o-Q performing (Stage 1 + 2) LOAN volume changes in 1Q 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)	323	186	4	72	25	30	21	5	-19	5	4	9	-12
<b>Total</b>	3%	5%	0%	5%	2%	3%	3%	1%	-3%	1%	3%	8%	-3%
<b>Consumer</b>	3%	11% 3% <sup>2</sup>	1%	1%	4%	-7%	2%	-1%	-2%	-1%	-1%	0%	-1%
<b>Mortgage</b>	2%	1%	2%	3%	1%	0%	3%			2%	1%	10%	-1%
<b>Housing loan</b>		2%											
<b>Home equity</b>													-4%
<b>Corporate<sup>1</sup></b>	3%	5%	-2%	9%	2%	11%	3%	2%	-15%	2%	3%	11%	-6%

<sup>1</sup> Loans to MSE and MLE clients and local governments.  
<sup>2</sup> Cash loan growth.

Consolidated deposits increased by 1% q-o-q, Hungarian retail deposits increased by 3%

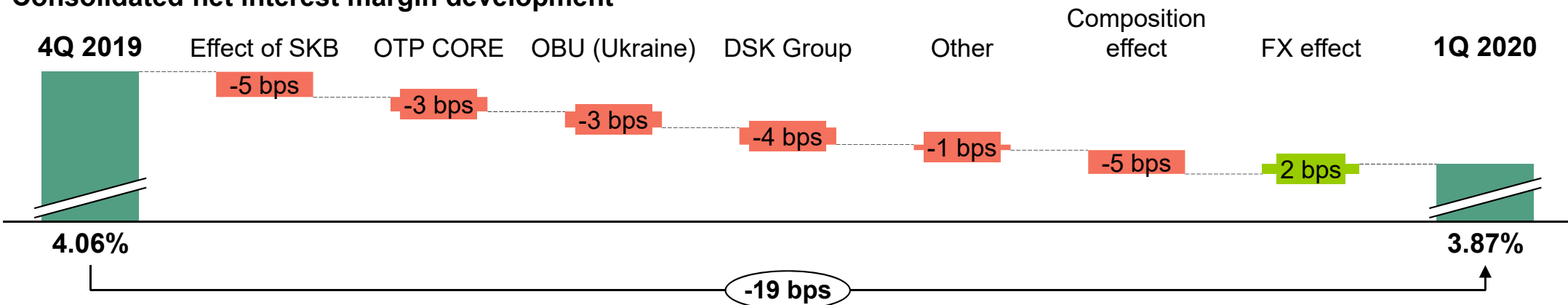
**Q-o-Q DEPOSIT volume changes in 1Q 2020, adjusted for FX-effect**

	<b>Cons.</b> 	<b>Core</b> (Hungary) 	<b>DSK</b> (Bulgaria) 	<b>OBH</b> (Croatia) 	<b>OBSrb</b> (Serbia) 	<b>SKB</b> (Slovenia) 	<b>OBR</b> (Romania) 	<b>OBU</b> (Ukraine) 	<b>OBRu</b> (Russia) 	<b>CKB</b> (Monten.) 	<b>OBA</b> (Albania) 	<b>Mobias</b> (Moldova) 	<b>OBS</b> (Slovakia) 
<b>Nominal change</b> (HUF billion)	129	88	58	-5	2	50	-15	10	-5	-13	5	1	-22
<b>Total</b>	1% 	1%	2%	0%	0%	5%	-3%	2%	-1%	-4%	3%	1%	-6%
<b>Retail</b>	1%	3%	1%	-2%	0%	4%	3%	5%	-1%	-5%	1%	5%	-6%
<b>Corporate<sup>1</sup></b>	0%	-1%	4%	3%	0%	7%	-7%	1%	-2%	-3%	7%	-5%	-5%

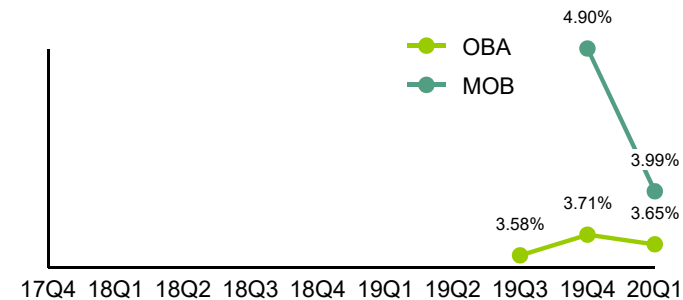
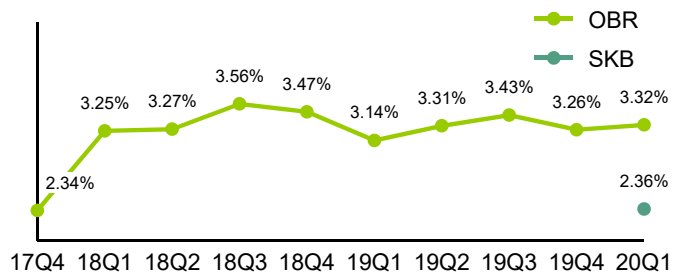
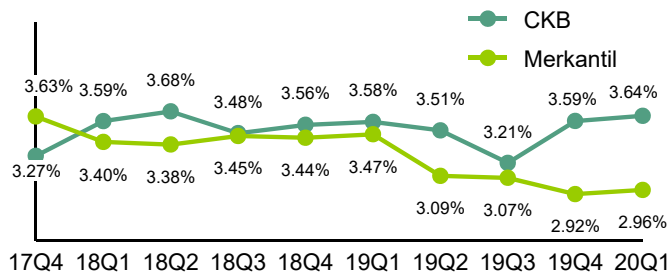
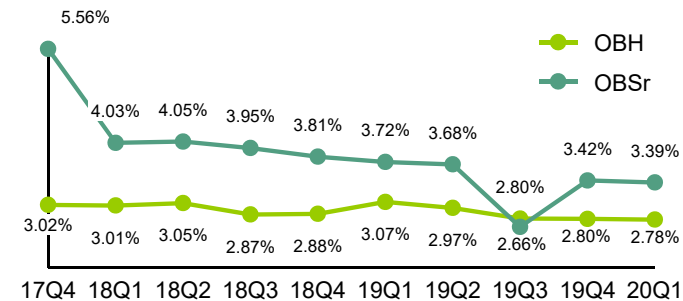
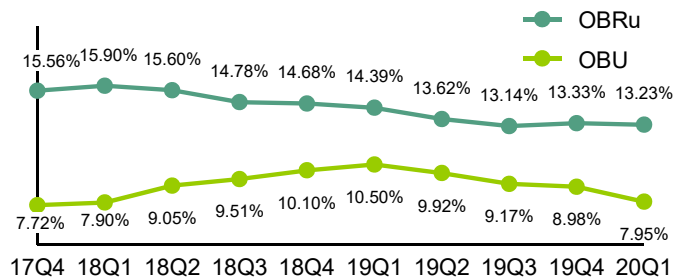
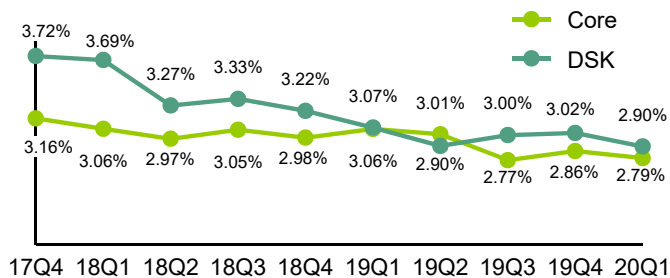
<sup>1</sup> Including MSE, MLE and municipality deposits.

The consolidated 1Q net interest margin eroded by 19 bps q-o-q as a result of the full consolidation of SBK, but also due to lower margins at OTP Core, OTP Bank Ukraine and DSK Group

Consolidated net interest margin development

















Net interest margin development at the Group members



The net fee and commission income grew by 11% y-o-y without the effect of acquisitions. The q-o-q decline was mainly due to the normal seasonality and the base effect of the performance bonus at OTP Fund Mgmt.

Effect of acquisitions

NET FEE INCOME		1Q 2020 (HUF billion)	Y-o-Y (HUF billion, %)		Q-o-Q (HUF billion, %)			
	<b>OTP Group</b>	69	6	12	21%/11% <sup>1</sup>	-16	-19	-19%/-22% <sup>1</sup>
	<b>OTP CORE</b> (Hungary)	30	4		15%	-3		-9%
	<b>DSK Group</b> (Bulgaria)	10	0	1	8%	0		-5%
	<b>OBH</b> (Croatia)	4	0		-4%	0		-4%
	<b>OBSrb</b> (Serbia)	4	0	2	115%/3% <sup>1</sup>	0		-6%
	<b>SKB Banka</b> (Slovenia)	3		3	-		3	-
	<b>OBR</b> (Romania)	1	0		10%	0		19%
	<b>OBU</b> (Ukraine)	4	0		10%/-8% <sup>2</sup>	-1		-16%
	<b>OBRU</b> (Russia)	7	0		7%/-2% <sup>2</sup>	-1		-7%
	<b>CKB Group</b> (Montenegro)	1	0	0	49%/7% <sup>1</sup>	0		-12%
	<b>OBA</b> (Albania)	0	0		-	0		6%
	<b>Mobiasbanca</b> (Moldova)	1	1		-	0		7%
	<b>OBS</b> (Slovakia)	1	0		16%	0		-7%
	<b>Fund mgmt.</b> (Hungary)	2	0		25%	-14		-89%














<sup>1</sup> Changes without the effect of acquisitions.

<sup>2</sup> Changes in local currency.

<sup>3</sup> Changes without the effect of the inclusion of the local leasing company.

## The other income declined by HUF 10 billion q-o-q, mostly due to OTP Core and Croatia

■ Effect of acquisitions















OTHER INCOME without one-off items		1Q 2020 (HUF billion)	Y-o-Y (HUF billion, %)		Q-o-Q (HUF billion, %)			
	<b>OTP Group</b>	14	-5	-7	-28%/-37% <sup>1</sup>	-10	-0	-41%/-42% <sup>1</sup>
	<b>OTP CORE</b> (Hungary)	7	-1	-	-15%	-7	-	50%
	<b>DSK Group</b> (Bulgaria)	1	-1	0	-36%	1	-	773%
	<b>OBH</b> (Croatia)	1	-2	-	-67%	-2	-	-74%
	<b>OBSrb</b> (Serbia)	1	0	0	79%/-12%	-1	-	-54%
	<b>SKB Banka</b> (Slovenia)	0	0	0	-	0	-	-
	<b>OBR</b> (Romania)	1	0	-	-24%	0	-	-7%
	<b>OBU</b> (Ukraine)	2	0	-	45%/26% <sup>2</sup>	0	-	15%
	<b>OBRU</b> (Russia)	-1	-1	-	-189%/-181% <sup>2</sup>	-1	-	-372%
	<b>CKB Group</b> (Montenegro)	0	0	0	-18%/-28% <sup>1</sup>	0	-	-29%
	<b>OBA</b> (Albania)	0	0	-	-	0	-	774%
	<b>Mobiasbanca</b> (Moldova)	1	1	-	-	0	-	4%
	<b>OBS</b> (Slovakia)	0	0	-	9%	0	-	6%
	<b>Others</b>	1	-2	-	-77%	-1	-	-53%

<sup>1</sup> Changes without the effect of acquisitions.

<sup>2</sup> Changes in local currency.

# Operating costs grew by 4.5% y-o-y, adjusted for acquisitions and FX-effect

■ Effect of acquisitions

OPERATING COSTS		1Q 2020 (HUF billion)	Y-o-Y (HUF billion, %)		Y-o-Y, FX-adjusted (HUF billion, %)			
	<b>OTP Group</b>	157	13	26	20% / 8.6% <sup>1</sup>	8	21	15% / 4.5% <sup>1</sup>
	<b>OTP CORE</b> (Hungary)	66	4		7%	4		7%
	<b>DSK Group</b> (Bulgaria)	18	2	1	7%	2	0	0%
	<b>OBH</b> (Croatia)	11	1		7%	0		2%
	<b>OBSrb</b> (Serbia)	11	0	4	74%/-5% <sup>1</sup>	-1	4	62%/-12% <sup>1</sup>
	<b>SKB Banka</b> (Slovenia)	6		6	-		6	-
	<b>OBR</b> (Romania)	8		2	25%		1	18%
	<b>OBU</b> (Ukraine)	6		2	38%		1	16%
	<b>OBRu</b> (Russia)	17		2	12%		0	3%
	<b>CKB Group</b> (Montenegro)	3	0	1	73%/16% <sup>1</sup>	0	1	62%/9% <sup>1</sup>
	<b>OBA</b> (Albania)	1		1	-		1	-
	<b>Mobiasbanca</b> (Moldova)	2		2	-		2	-
	<b>OBS</b> (Slovakia)	3		0	2%		0	-5%
	<b>Merkantil<sup>2</sup></b> (Hungary)	3		1	72%/3% <sup>3</sup>		1	72%/3% <sup>3</sup>

<sup>1</sup> Changes without the effect of acquisitions.

<sup>2</sup> Merkantil Bank until 4Q 2019, Merkantil Group from 1Q 2020.

<sup>3</sup> Based on Merkantil Bank standalone figures.



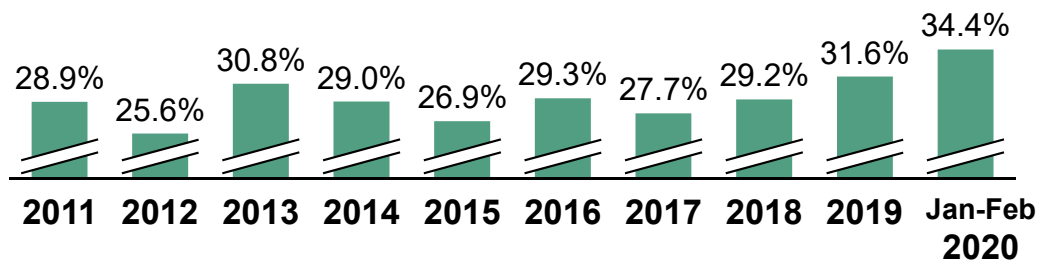


**OTP continued to enjoy a stable or improving market share in new mortgage and new cash loan disbursements, as well as in retail savings. New household loan flows moderated from the middle of March**

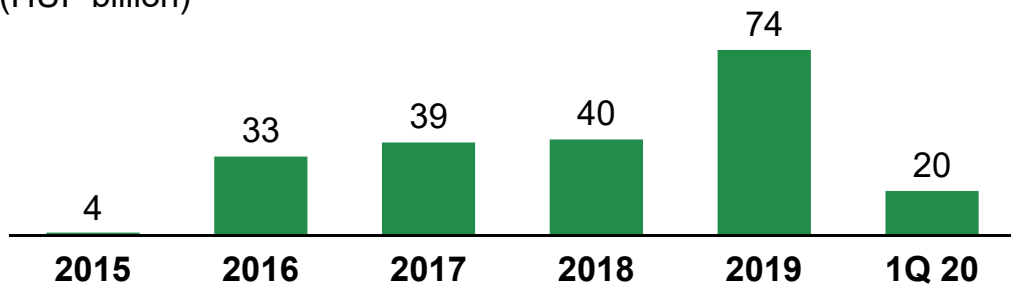
**Change of mortgage loan disbursements of OTP Bank (1Q 2020, y-o-y)**



**OTP's market share in mortgage loan contractual amounts**



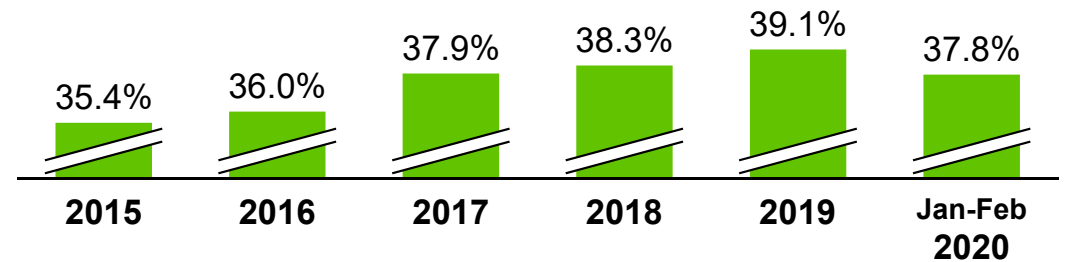
**The amount of non-refundable CSOK subsidies contracted at OTP Bank since the launch of the programme (HUF billion)**



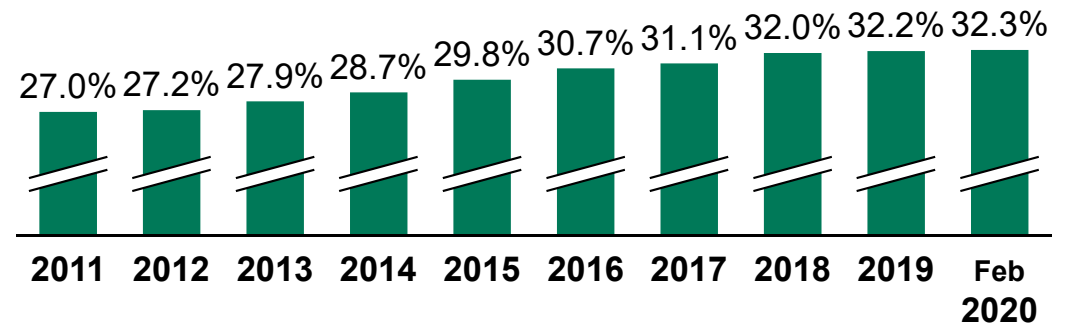
**Performing (DPD0-90) cash loan volume growth (y-o-y , FX-adjusted)**



**Market share in newly disbursed cash loans**



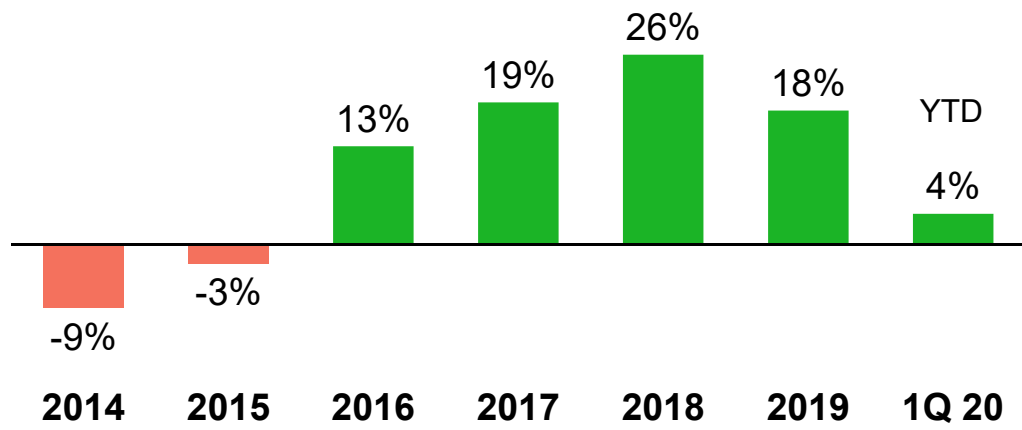
**OTP Bank's market share in household savings**



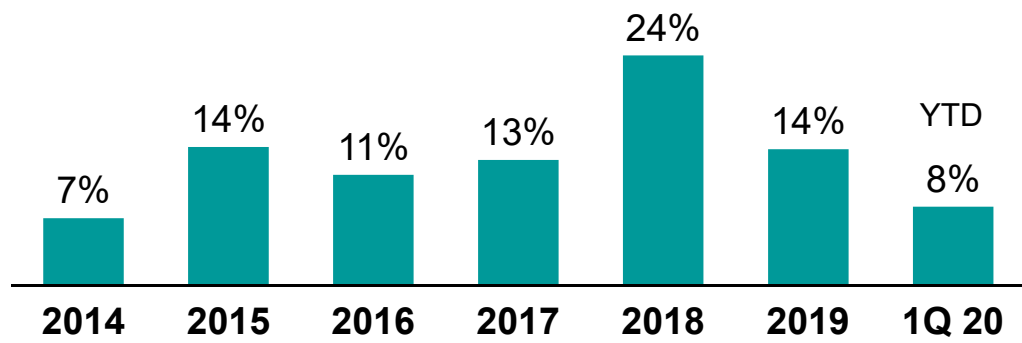


In the MSE segment OTP Core managed to demonstrate 4% ytd volume dynamics, whereas the micro and small companies segment increased by 8% ytd. OTP's market share in corporate loans remained above 15%

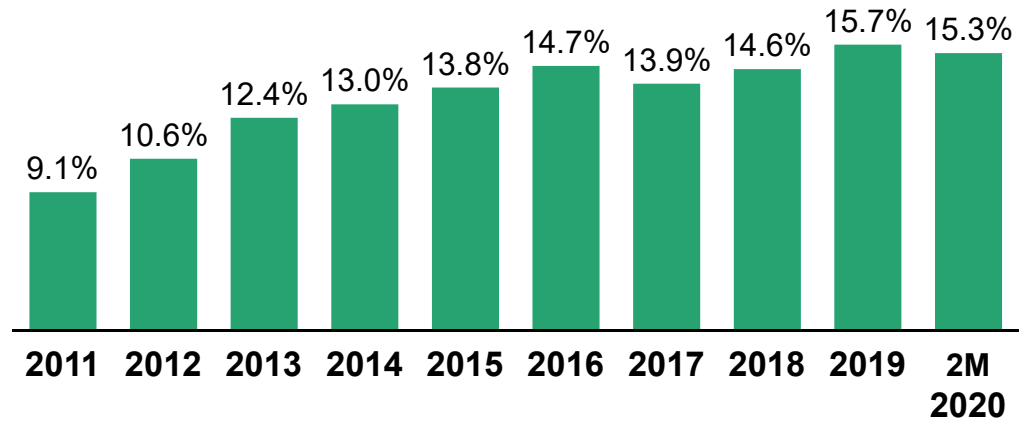
Performing (DPD0-90) medium and large corporate loan volume change (FX-adjusted)



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



OTP Group's market share in loans to Hungarian companies<sup>1</sup>



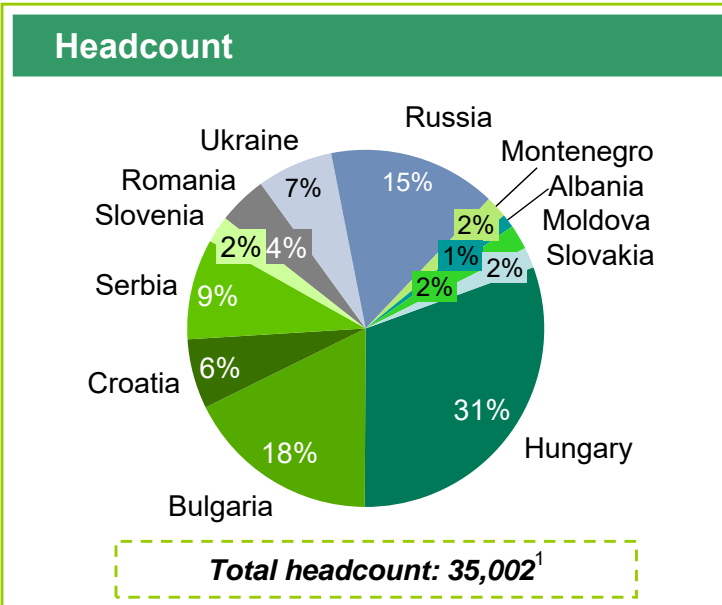
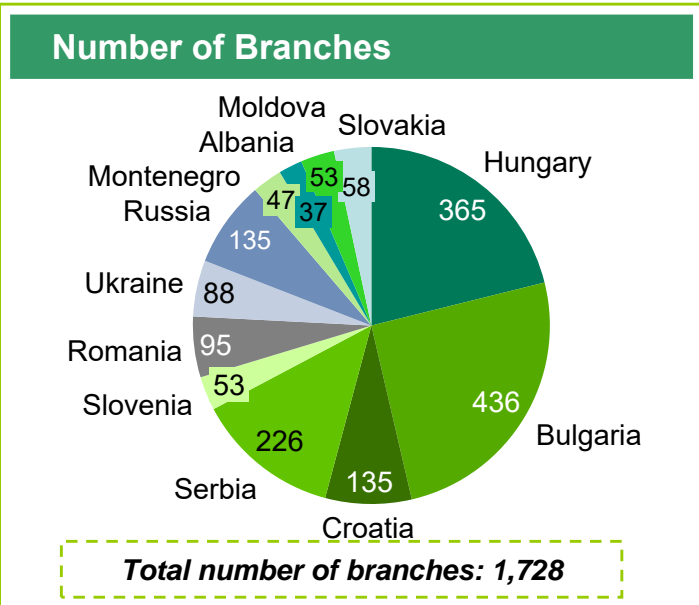
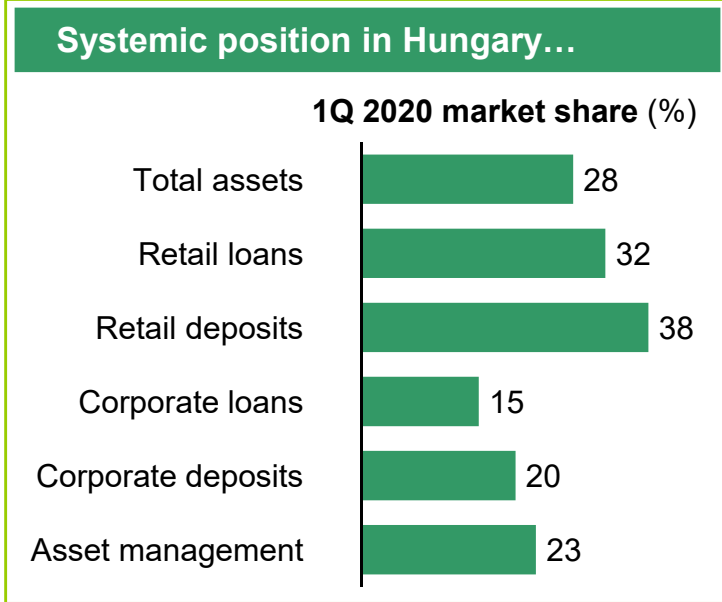
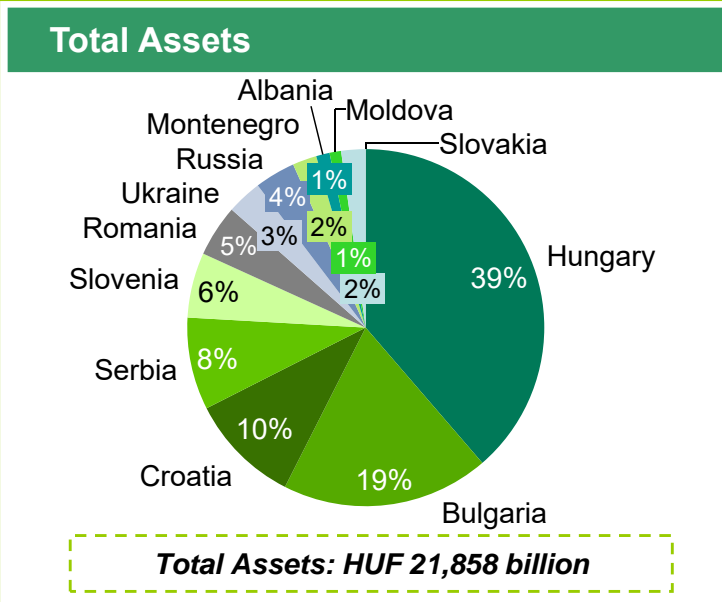
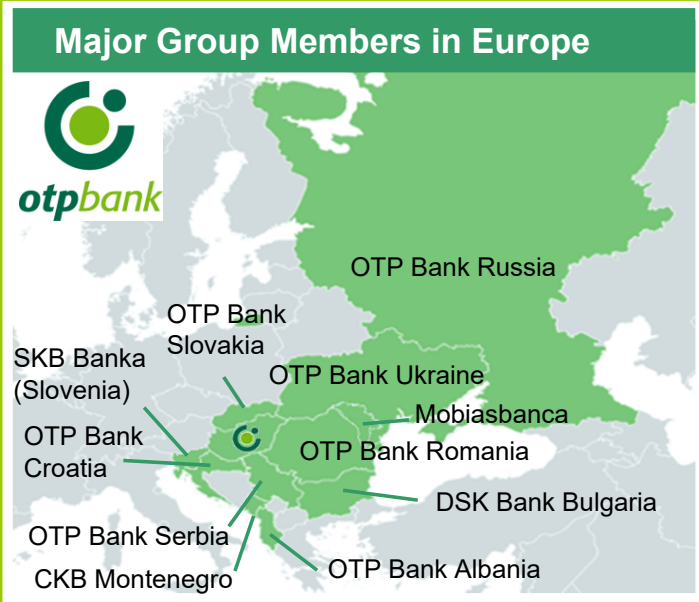
Similar to previous NHP Schemes OTP Bank intends to actively participate in NHP Go! as well as in other lending / guarantee facilities offered by Hungarian Development Bank and the Eximbank

<sup>1</sup> 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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**Further details and financials**

OTP Group offers universal banking services to more than 19 million customers in 12 countries across the CEE/CIS Region



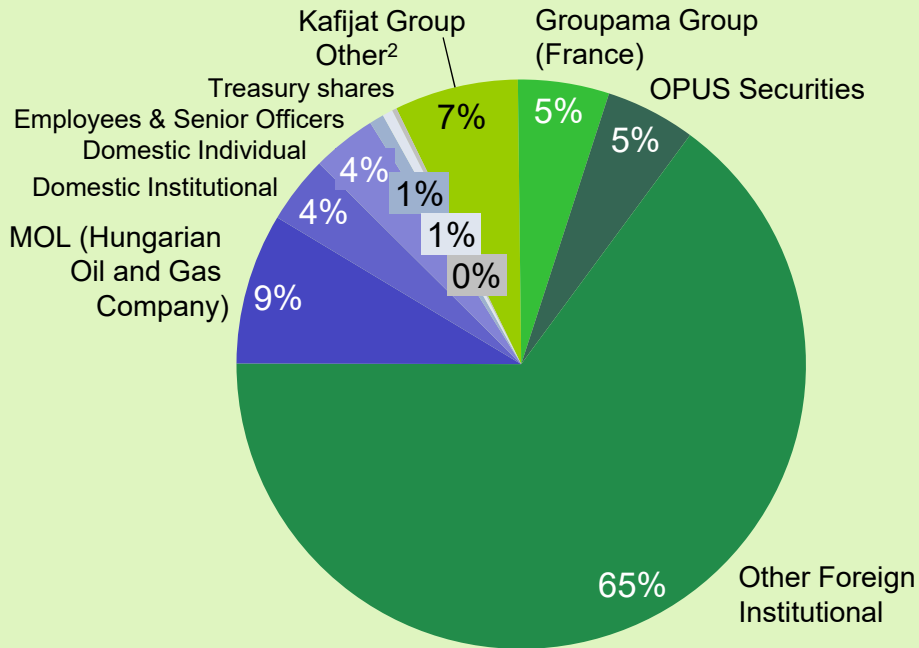
- ### ... as well as in other CEE countries
- Bulgaria:** No. 1 in Total assets  
No. 1 in Retail deposits  
No. 1 in Retail loans
  - Serbia:** No. 2 in Total assets
  - Croatia:** No. 4 in Total assets
  - Russia:** No. 4 in POS lending  
No. 7 in Credit card business  
No. 33 in Cash loan business
  - Montenegro:** No. 1 in Total assets

<sup>1</sup> Excluding selling agents employed at OTP Bank Russia and at OTP Bank Ukraine.

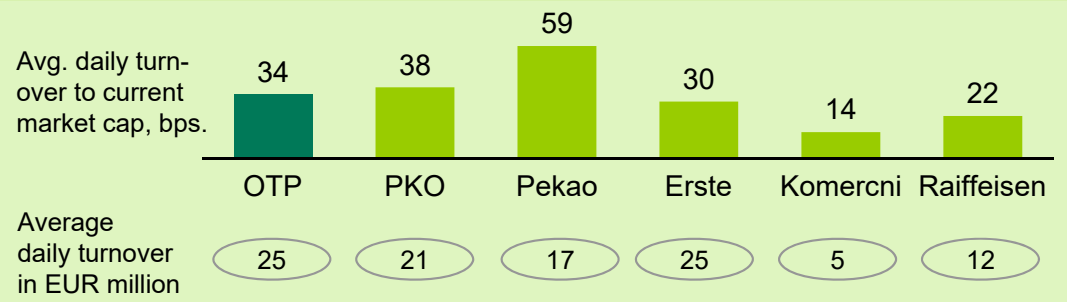
# OTP offers a unique investment opportunity to access the CEE banking sector. The Bank is a well diversified and transparent player without strategic investors

**Market capitalization: EUR 7.4 billion<sup>1</sup>**

## Ownership structure of OTP Bank on 31 March 2020



## OTP is one of the most liquid stocks in a peer group comparison in terms of average daily turnover<sup>3</sup>



Total number of ordinary shares: 280,000,010, each having a nominal value of HUF 100 and representing the same rights

**Since the IPO in 1995 / 1997, OTP Bank has not raised capital on the market, nor received equity from the state**

No direct state involvement, the Golden Share was abolished in 2007

## OTP Group's Capabilities



'Best Private Bank in Hungary'



DSK Bank - 'Best Bank in Bulgaria 2015'



'Best Bank in CEE 2018'  
Best Bank in Hungary 2017 and 2018'  
Best Bank in Bulgaria 2014 and 2017'



'The Best Private Banking Services in Hungary in 2014, 2017 and 2018'



'Best Bank in Hungary' since 2012 in all consecutive years  
'Best Bank in Montenegro in 2020'  
'Best Bank in Slovenia in 2020'



'Best Consumer Digital Bank Hungary in 2019'



Index Member of CEERUS



'Best FX providers in Hungary in 2017, 2018, 2019, 2020'



'Best Private Bank in Hungary in 2019'



'Bank of the Year in 2019'

'Retail Online and Mobile

Banking Application in 2019'

'The Most Innovative Bank of the Year' – 2<sup>nd</sup> place in 2019

'Socially Responsible Bank of the Year' – 2<sup>nd</sup> place in 2019

'Private Bank of the Year' – 2<sup>nd</sup> place in 2019

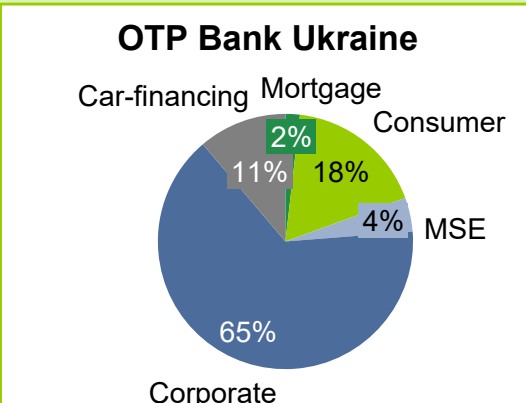
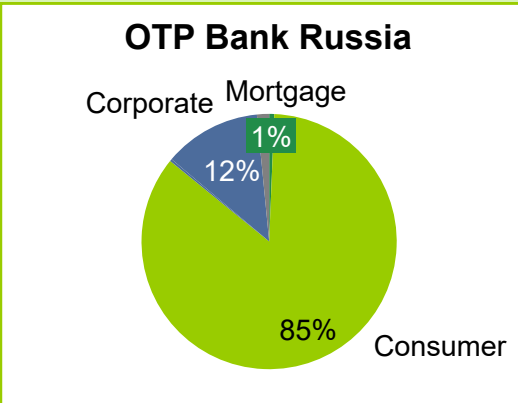
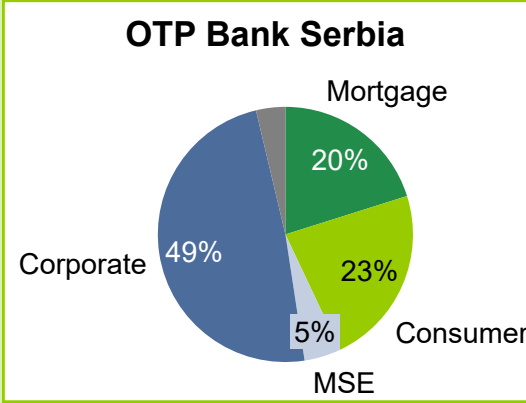
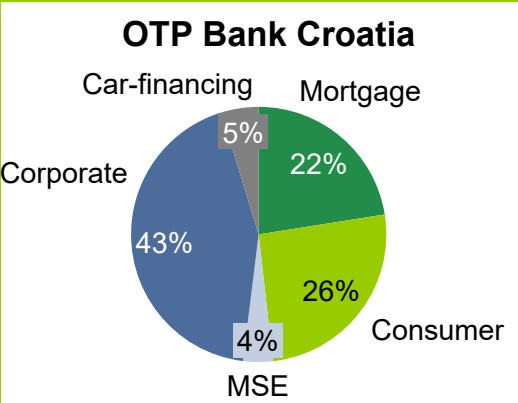
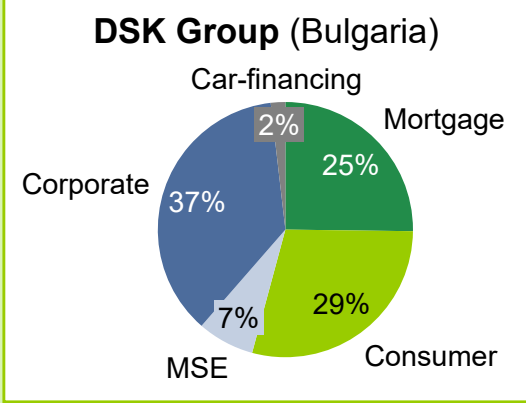
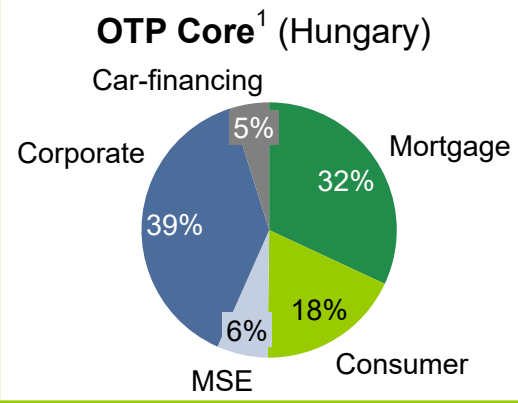
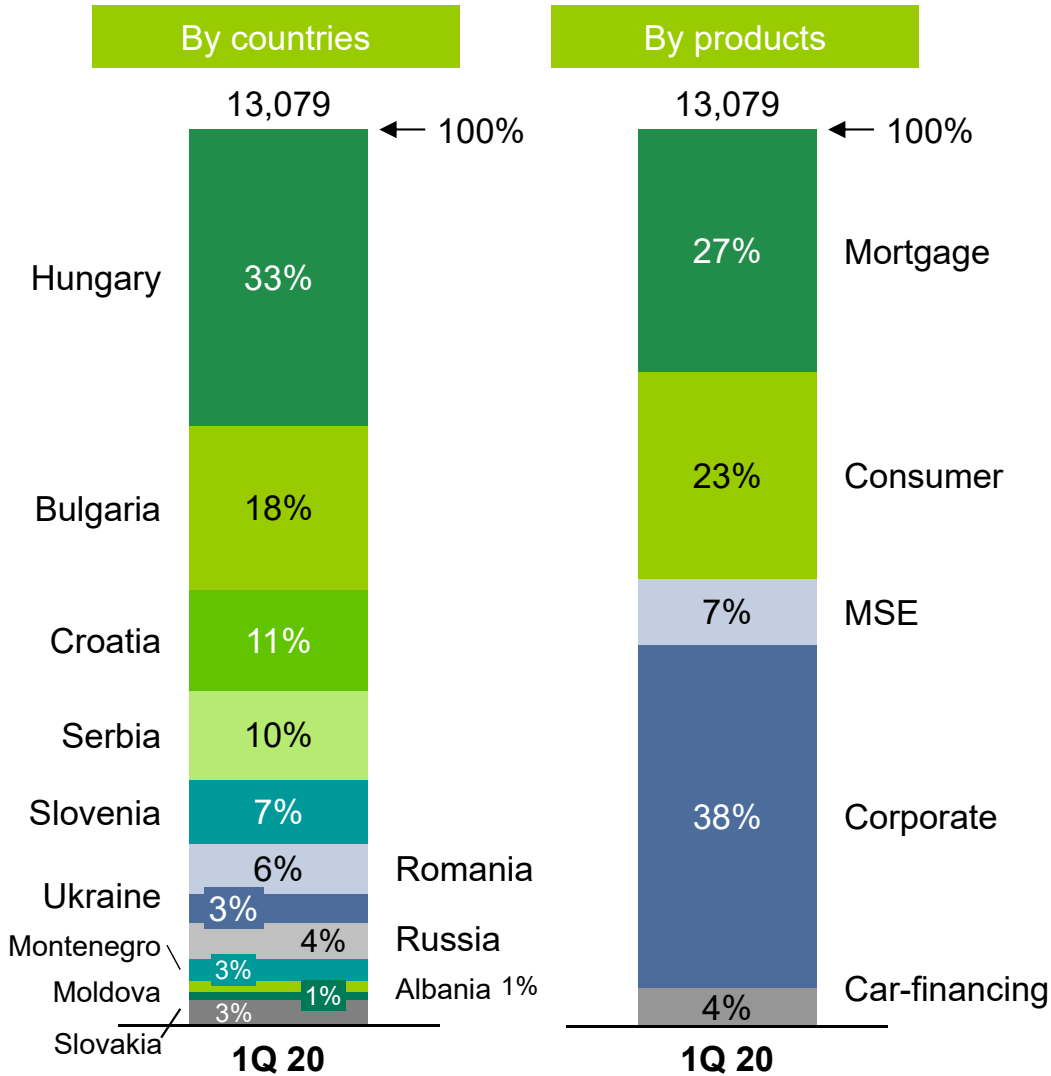
<sup>1</sup> On 11 May 2020.

<sup>2</sup> Foreign individuals, International Development Institutions, government held owner and non-identified shareholders.

<sup>3</sup> Based on the last 6M data (end date: 11 May 2020) on the primary stock exchange.

The net loan book is dominated by Hungary and tilted to retail lending; more than 75% of the total book is invested in EU countries with stable earning generation capabilities

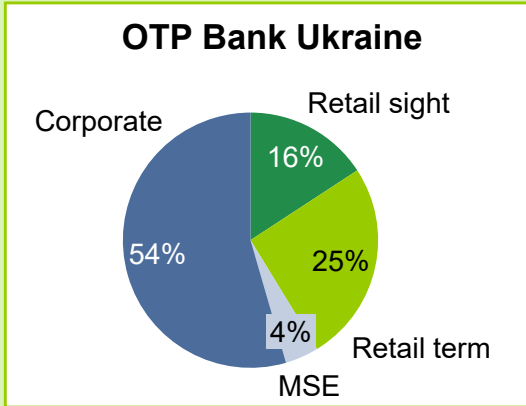
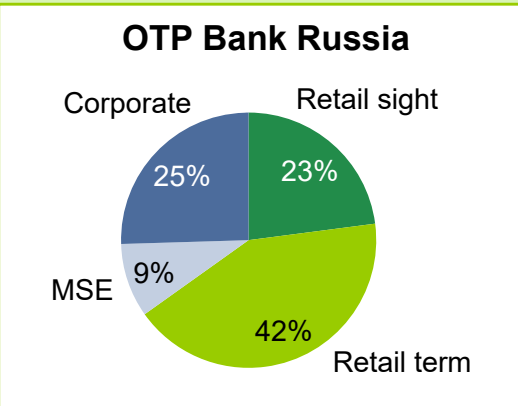
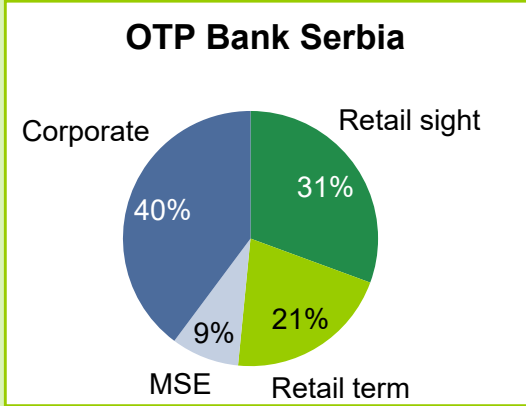
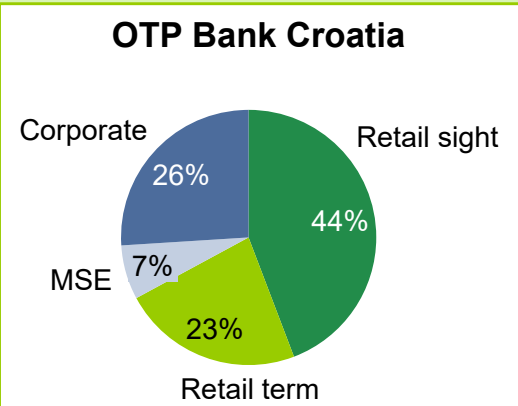
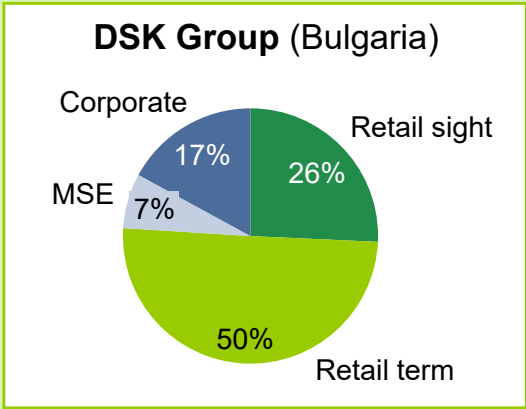
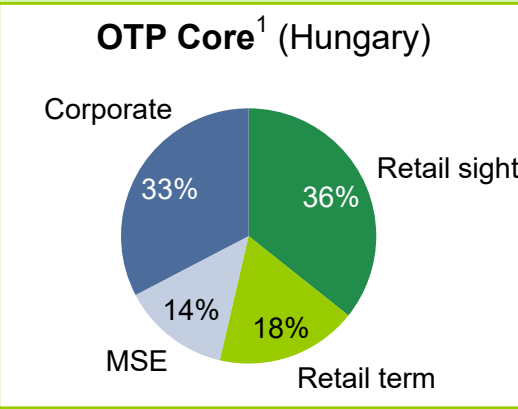
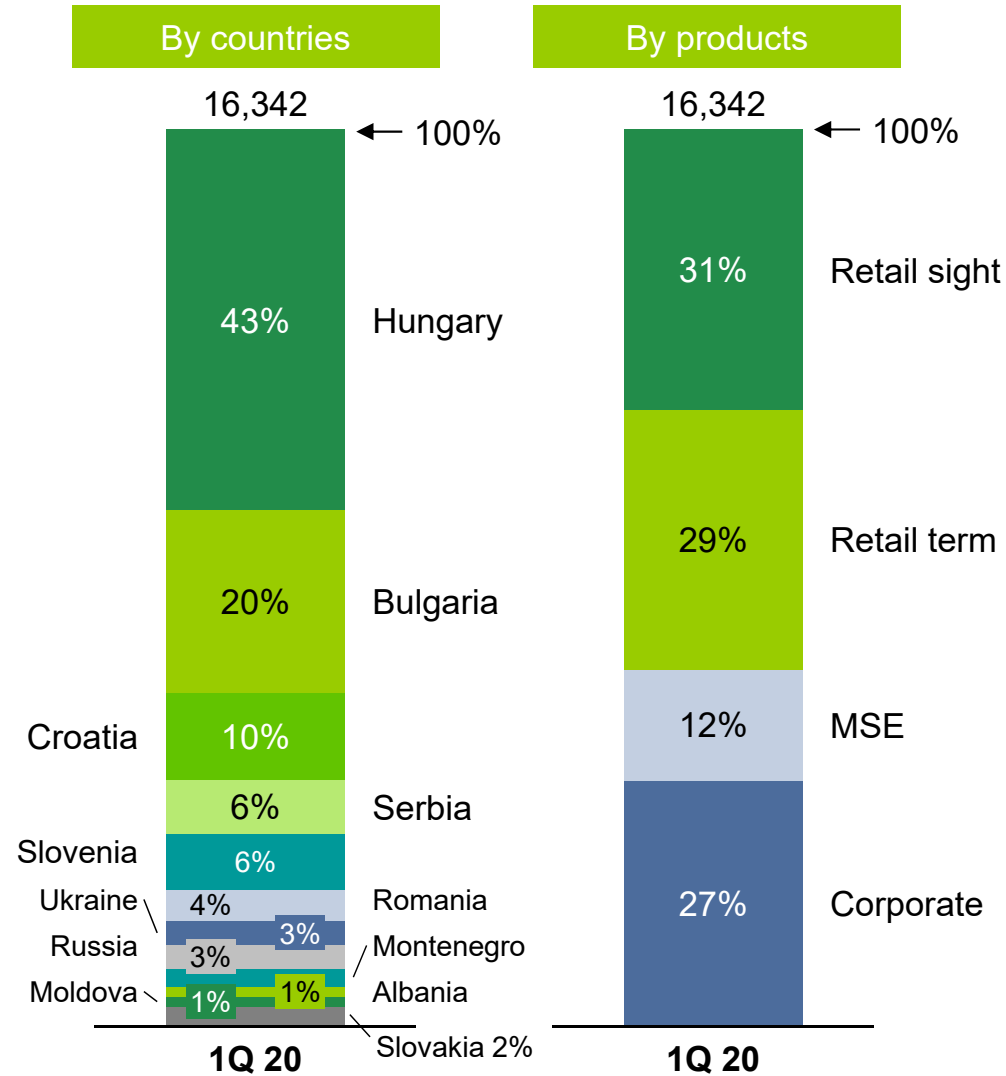
**Breakdown of the consolidated net loan book**  
(in HUF billion)



<sup>1</sup> Including Merkantil Group (Hungarian leasing).

**In the deposit book Hungary and the retail segment is dominant. In Hungary and Bulgaria OTP and DSK are the largest retail deposit holders**

**Breakdown of the consolidated deposit base**  
(in HUF billion)



<sup>1</sup> Including Merkantil Group (Hungarian leasing).



## The 1Q accounting ROE was hit by the temporary surge in risk costs and higher negative adjustment items

	2003-2008 average	2009-2013 average	2014	2015	2016	2017	2018	2019	1Q 2020
Accounting ROE	29.4%	8.3%	-7.4%	5.1%	15.4%	18.5%	18.7%	20.3%	-0.7%
Adjusted ROE <sup>1</sup>	29.0%	11.6%	8.5%	9.6%	15.4%	18.7%	19.1%	20.6%	5.5%
Total Revenue Margin <sup>2</sup>	8.60%	8.17%	7.74%	7.03%	6.79%	6.71%	6.33%	6.28%	5.49%
Net Interest Margin <sup>2</sup>	6.02%	6.28%	5.96%	5.12%	4.82%	4.56%	4.30%	4.12%	3.87%
Net Fee & Comm. Margin	1.50%	1.47%	1.59%	1.55%	1.62%	1.75%	1.58%	1.65%	1.34%
Other income Margin <sup>2</sup>	1.08%	0.41%	0.19%	0.31%	0.35%	0.41%	0.44%	0.52%	0.28%
Operating Costs / Average Assets	4.47%	3.80%	3.85%	3.66%	3.70%	3.68%	3.57%	3.31%	3.03%
Cost / Income (without one-offs)	51.9%	46.5%	49.8%	52.0%	54.4%	54.9%	56.3%	52.7%	55.2%
Risk Cost Rate <sup>3</sup>	0.90%	3.37%	3.68%	3.18%	1.14%	0.43%	0.23%	0.28%	2.57%
Leverage (average equity / avg. assets)	10.2%	13.5%	13.0%	11.7%	12.9%	12.7%	12.2%	11.9%	11.2%

















<sup>1</sup> Calculated from the Group's adjusted after tax result.

<sup>2</sup> Excluding one-off revenue items.

<sup>3</sup> Provision for impairment on loan and placement losses-to-average gross loans ratio.



## Acquisitions in the last 3 years materially improved OTP's positions in many countries

Target (seller, date of closing)		Net loan volumes (in HUF billion)	Market share in total assets (before/after acquisition <sup>2</sup> , %)		Book value (in EUR million)
2017	 <b>Splitska banka, Croatia</b> (SocGen, 2Q 2017)	(Nov 18)  631	4.8	→ 11.2	(4Q 16) <b>496</b>
	 <b>Vojvodjanska banka, Serbia</b> (NBG, 4Q 2017)	(1Q 19)  266	1.5	→ 5.7	(3Q 17) <b>174</b>
2019	 <b>SocGen Expressbank, Bulgaria</b> (SocGen, 1Q 2019)	(1Q 19)  774	14.0	→ 19.9	(4Q 18) <b>421</b>
	 <b>SocGen Albania</b> (SocGen, 1Q 2019)	(1Q 19)  124		→ 6.0	(4Q 18) <b>58</b>
	 <b>SocGen Moldova</b> (SocGen, 3Q 2019)	(3Q 19)  102		→ 14.0	(4Q 18) <b>86</b>
	 <b>SocGen Montenegro</b> (SocGen, 3Q 2019)	(3Q 19)  126		→ 17.6	(4Q 18) <b>66</b>
	 <b>SocGen Serbia</b> (SocGen, 3Q 2019)	(3Q 19)  716		→ 5.3	(4Q 18) <b>381</b>
	 <b>SKB Banka, Slovenia</b> (SocGen, 4Q 2019)	(4Q 19)  827		→ 8.5	(4Q 18) <b>356</b>
<b>Acquisitions total:</b>		<b>3,566</b>			<b>2,038</b>

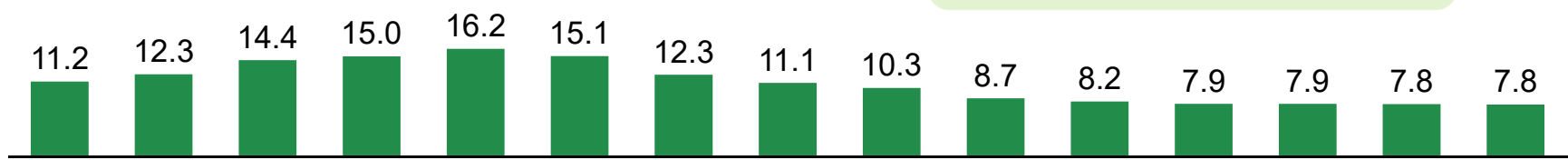
<sup>1</sup> OTP Bank disclosed purchase price for Splitska banka (EUR 425 million) and Vojvodjanska banka (EUR 125 million) only.

<sup>2</sup> Reference date of market share data: Croatia: 2Q 2017, Serbia - Vojvodjanska 4Q 2016, Bulgaria: 1Q 2019, Albania: 4Q 2018, Serbia - SocGen 2Q 2019, Moldova: 2Q 2019, Montenegro: 2Q 2019, Slovenia: 4Q 2018 (SKB Banka including Leasing).

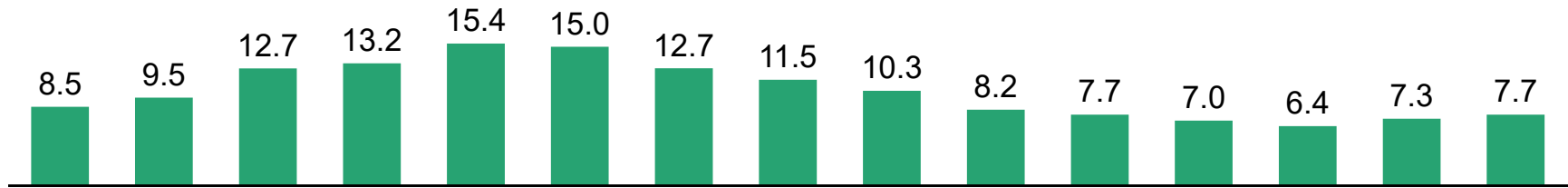
The Hungarian loan penetration levels are still low in regional comparison implying good volume growth potential. This is also the case for Romania, as well as for the Bulgarian housing loan segment

Market penetration levels in Hungary in ...

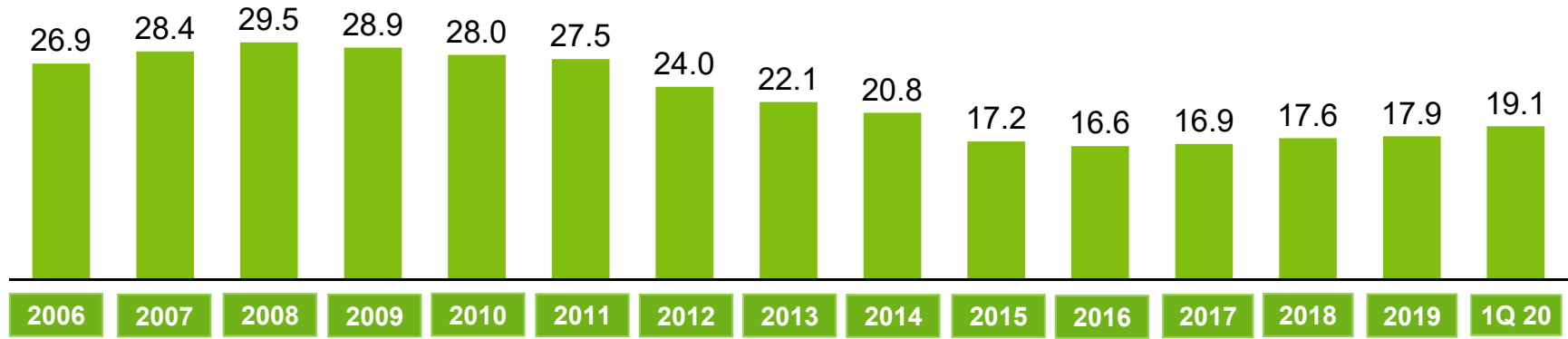
housing loans (in % of GDP)



consumer loans (incl. home equities) (in % of GDP)



corporate loans (in % of GDP)



Net loan to deposit ratio in the Hungarian credit institution system<sup>1</sup>

168% → 96%

1Q 2009 → 4Q 2019

1Q 2020 data for other CEE/CIS countries

- 33.9 Slovakia
  - 22.4 Czech Republic
  - 19.5 Poland
  - 14.3 Croatia
  - 9.5 Bulgaria
  - 7.8 Romania
  - 0.9 Ukraine
- 
- 18.7 Croatia
  - 13.5 Poland
  - 11.4 Bulgaria
  - 9.5 Russia
  - 9.0 Slovakia
  - 6.9 Czech Republic
  - 5.8 Romania
  - 4.6 Ukraine
- 
- 29.8 Bulgaria
  - 24.0 Serbia
  - 21.4 Croatia
  - 20.9 Slovakia
  - 19.8 Czech Republic
  - 19.4 Ukraine
  - 16.2 Poland
  - 11.1 Romania

<sup>1</sup> Latest available data. According to the supervisory balance sheet data provision.

# In OTP Bank the switch to 'pandemic mode' was quick and efficient

## HQ

- **Switching to home office** during COVID-19 was smooth due to existing previous practices at OTP Bank.
- Due to the agile operation the developments have not stopped; what is more, **digital developments have even accelerated**. Regular agile ceremonies through video conferencing provide a solid support for sudden changes.



## Contact Center



- **Contact centre incoming volumes have significantly increased** due to questions on moratorium. In order to provide adequate service level, we reallocated capacity and introduced online tools. Part of the contact centre has moved to home office.
- The capacity is also supported by automatic **chatbot processes**.
- **Virus testing** on CC and branch colleagues is performed by OTP Bank every two weeks.

## Branch

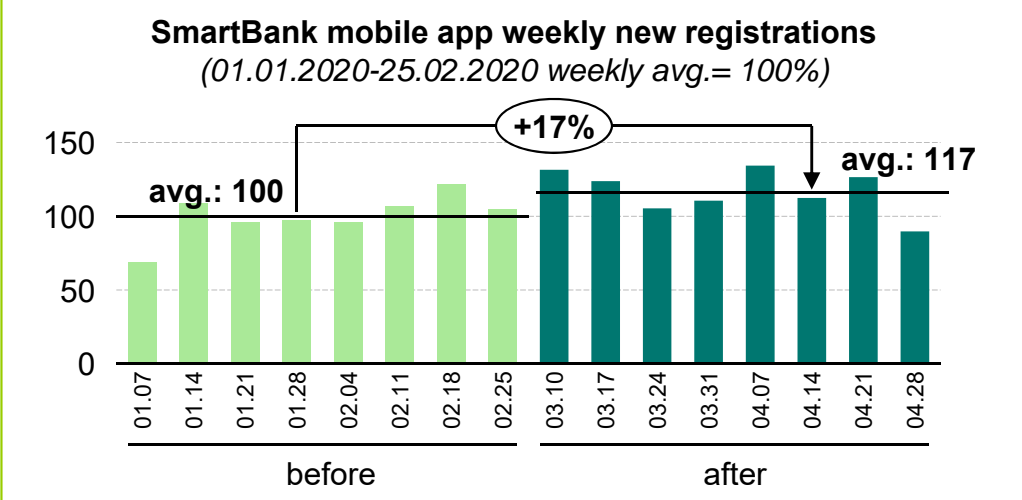
- In the branches, we place special emphasis on the **education of digital channels to clients**.
- Due to the fewer client visits, **part of the branch capacity was reallocated** to Contact Centre (e.g. customer information) and back-office (e.g. mortgage administration).
- To **prevent virus infection** we limit the number of clients in branches and we protect the branch colleagues with special plexiglas walls.



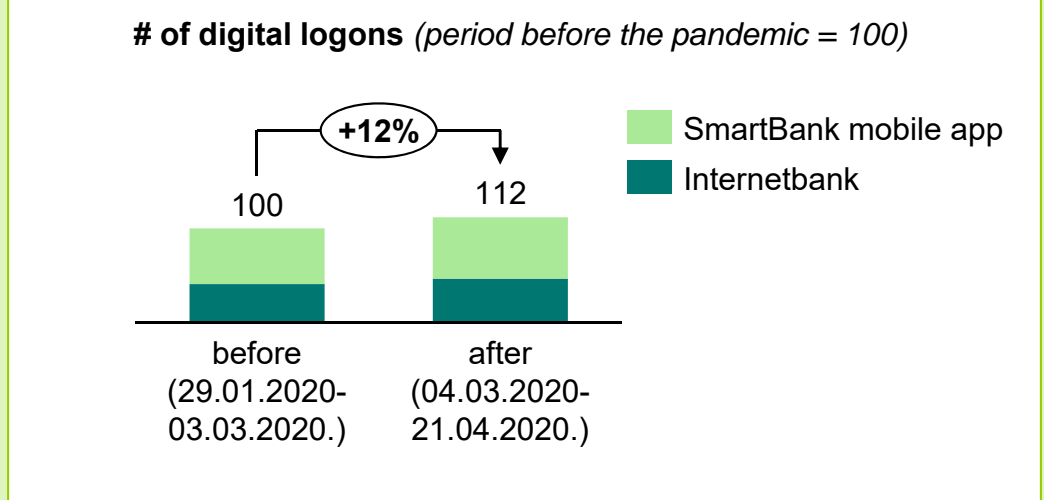


# Our digital channels have proven to be a source of resilience during the COVID-19 crisis

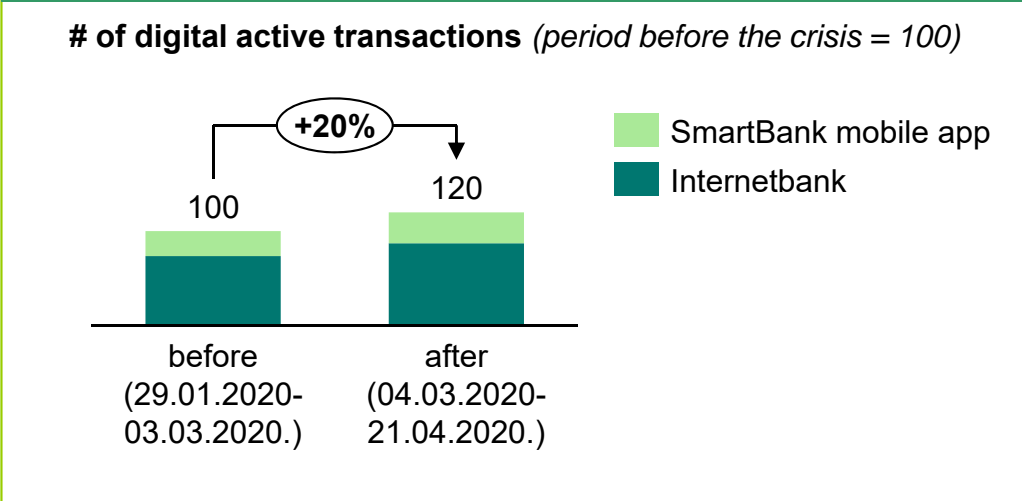
## Record number of new registrations in our mobile app ...



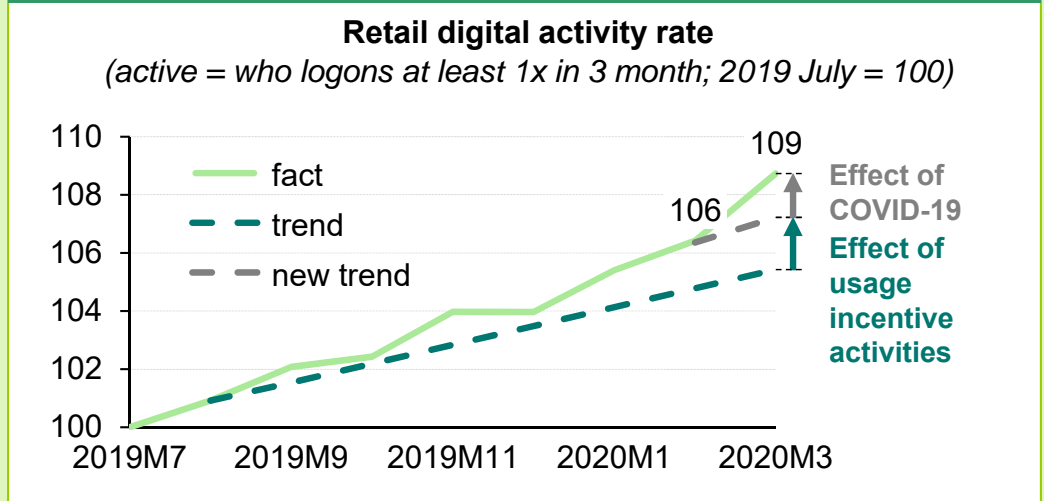
## ... leading to increased log-ins ...



## ... and double-digit growth in transactions.



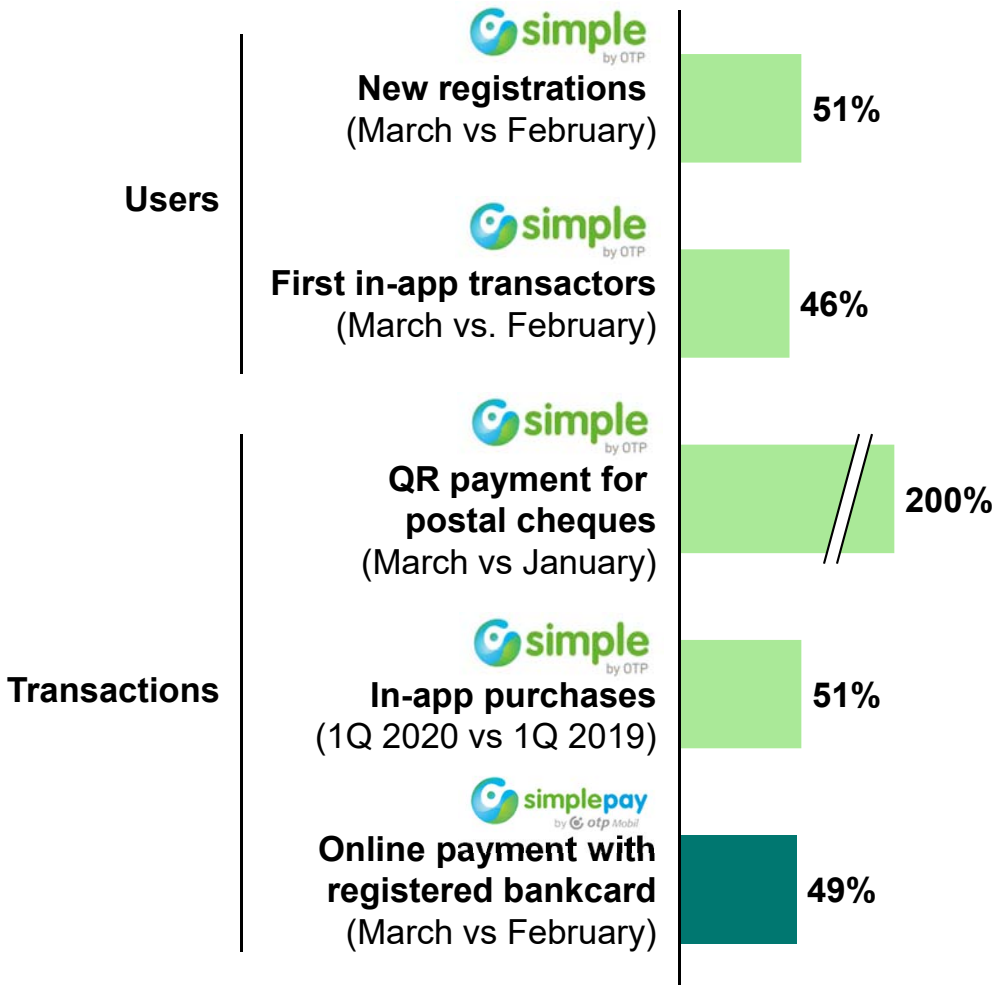
## Overall digital activity rate was boosted by campaigns and pandemic effects.



The digital activity is on the rise both in the case of Simple users and corporate customers

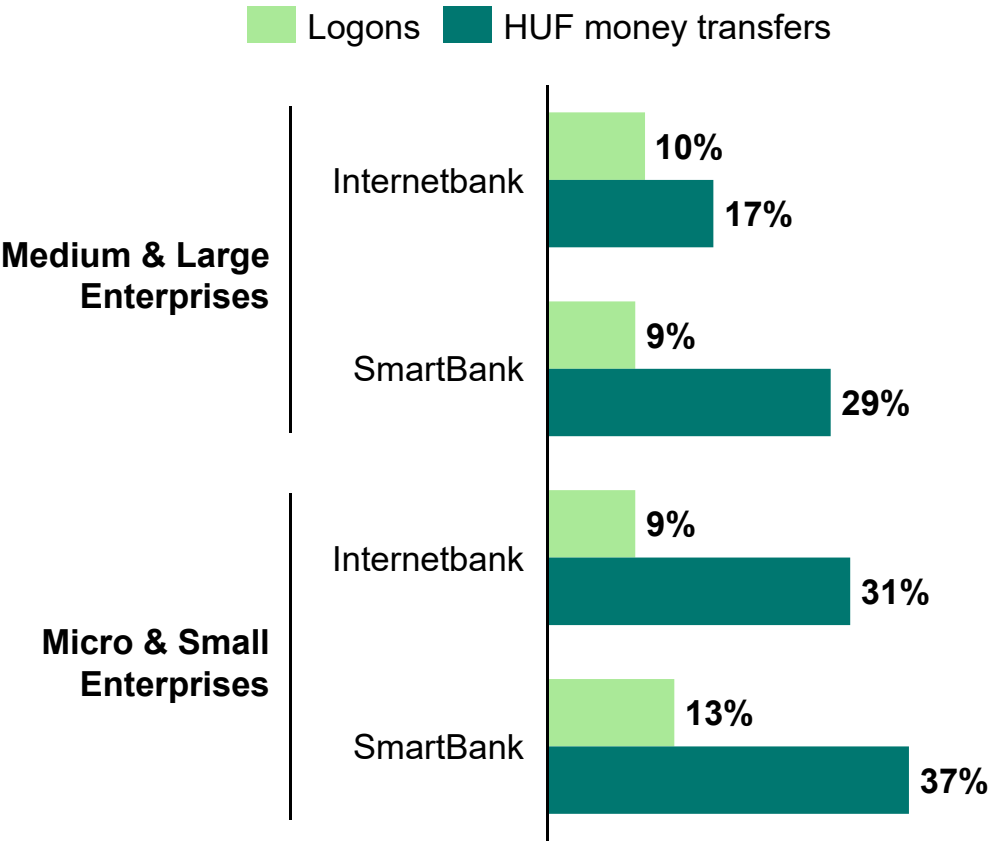
### Simple mobile app users & SimplePay

Growth in Simple by OTP application and in SimplePay



### Corporate Customers

Growth in Internetbank & SmartBank mobile app active transactions by segments, March 2020 / February 2020 (adjusted for # of days)

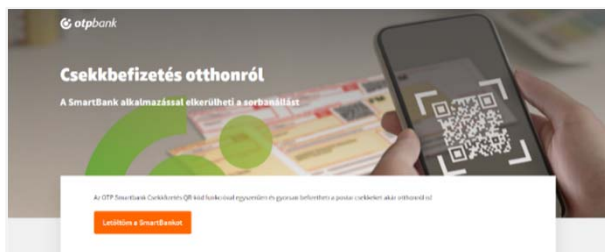




## During the COVID-19 pandemic we encourage and support the usage of digital channels and are prepared to maintain this higher rate

### Campaigns and discounts

- **Discount for money transfers:** the fee for digital money transfers up to HUF 100 ths is free of charge between April - June 2020.
- **Discount for mobile payment:** applying for a Simple prepaid card is also free of charge for non-OTP customers.
- **Online campaigns to encourage the usage of digital channels.** E.g. QR payment for postal cheques function on mobile app campaign resulted in +200% more transactions.
- We are planning additional, targeted campaigns to maintain the higher digital activity.



### Education and processes

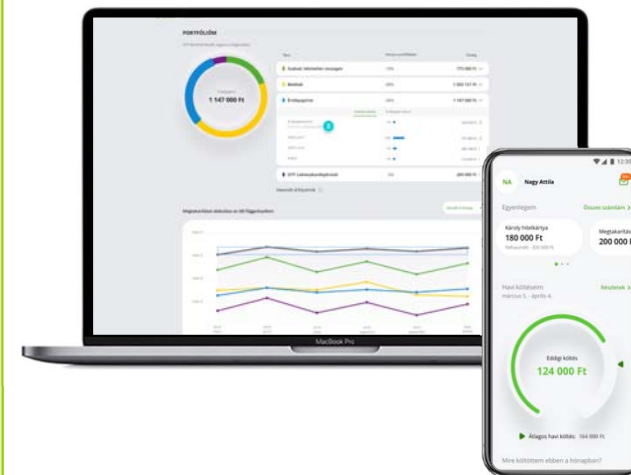
- In the branches we place emphasis on the **education of digital channels to clients**. Dedicated branch staff supports customers in their first digital banking usage.



- Online recovery of forgotten password process helps customers.
- Sales are supported by **E2E online account onboarding and personal loan request processes**.

### Launch of new digital channels

- **We are going to launch new internet banking platform and mobile banking app** with completely new back-end system.
- The new digital channels are in 'employee pilot' phase with more than 1,000 users.
- The **new features** will strengthen customers' financial control ability: **PFM, push messages, savings' portfolio view**.



## GDP is expected to contract by 1-5% at OTP Group members as a baseline scenario; amid COVID-19 there may be a downside risk

### Macroeconomic outlook



Hungary

Both external and fiscal trajectories remained sustainable, and FX mismatches have decreased heavily, so the elbow room of economic policies remained sizeable, which could mitigate crisis effects and could be also used to kick-start growth later. Less reliance on tourism and higher on manufacturing (which is expected to bounce back much faster) could also result in a less drastic recession.



Bulgaria

Recent years' robust economic growth accompanied by responsible fiscal policy led to a significant reduction of external vulnerabilities. However, the country is significantly exposed to the economic consequences of the pandemic through manufacturing and tourism. The currency board system offers no opportunity to cushion against the recession through exchange-rate depreciation, nevertheless, due to the prudent fiscal policymaking of the past years the government has some fiscal space to mitigate effects of the recession.



Russia

Russia is double hit by the health and oil price crisis leading to a deep recession. Due to the lockdown, activity is 18% below the normal level, and in addition, the sheer fall in oil prices and the corresponding OPEC cut also affect the outlook negatively. However economic reserves are substantial, net government debt is practically zero, while central bank reserves are above total external debt.



Croatia

The economic model has been put under tight pressure by the pandemic: even after the virus fades, international travel could probably rebound only with a substantial lag. Furthermore, Italy is the second largest trading partner of the country. Despite a very solid starting balance position, Croatia has limited policy space to weather the crisis, given the quasi fixed exchange rate regime, significant share of FX debt in the economy and the still high government debt level. Croatia's strong euro commitment could be a mitigating factor.



Ukraine

Compared to previous crises, the country faces this crisis in a better shape for several reasons. 1) the inflation targeting regime provides greater flexibility; 2) FX-debt declined substantially, making the country more resilient to FX-rate volatility; 3) government debt and external debt declined significantly in recent years; 4) when the crisis hit, the government reacted quickly by turning to the IMF for financial support; 5) the NBU had room for maneuver as it could cut the base rate, provide liquidity to the banking system and support the hryvnia with timely and moderate FX-interventions.

**GDP is expected to contract by 1-5% at OTP Group members as a baseline scenario; amid COVID-19 there may be a downside risk**

**Macroeconomic outlook**



Romania

Romania had one of the highest growth rate in the CEE region prior to the crisis, mostly driven by loosening of fiscal policy. Despite the initial significant budget deficit, the country has adopted a relatively large fiscal package to fight the effect of lockdown. By now the National Bank could support budget financing and stabilize the RON at the same time.



Serbia

Recovering from the previous global crisis Serbia has clearly become one of the best performers in the Balkan region. The prudent fiscal approach in recent years resulted in solid underlying growth potential and the low reliance on tourism could provide a serious advantage to the Serbian economy in the current crisis.



Slovenia

Slovenia, as a direct neighbor of Italy, is strongly affected by the epidemic, and its effect on the small and open Slovenian economy could be serious. However, the before-the-epidemic disciplined fiscal policy makes significant loosening measures possible, and Slovenia can also benefit from the extended asset purchases and TLTRO 3 programs of the ECB.



Montenegro

Recent years' impressive growth came at the price of high public debt, narrowing the maneuvering room of economic policies. The country is euroized, also limiting monetary policy measures. Although the quick response of the government helped maintain registered cases at a very low level, the restricted room for policy measures and the heavy reliance on tourism could lead to severe drop in economic activity.



Albania

The policy framework is solid, supported by the recent IMF program, both fiscal and external debt trajectories are sustainable. The solid framework is badly needed in the current situation as Albania is highly exposed to the pandemic through tourism and tight links to Italy through trade, FDI and remittances.



Moldova

The already started slowdown and the sizeable current account deficit makes Moldova more exposed to external shocks. Strong food industry, moderate openness, low weight of tourism, importing energy could result in below-average crisis effects, but the high and only partly FDI financed current account deficit could be a risk factor.



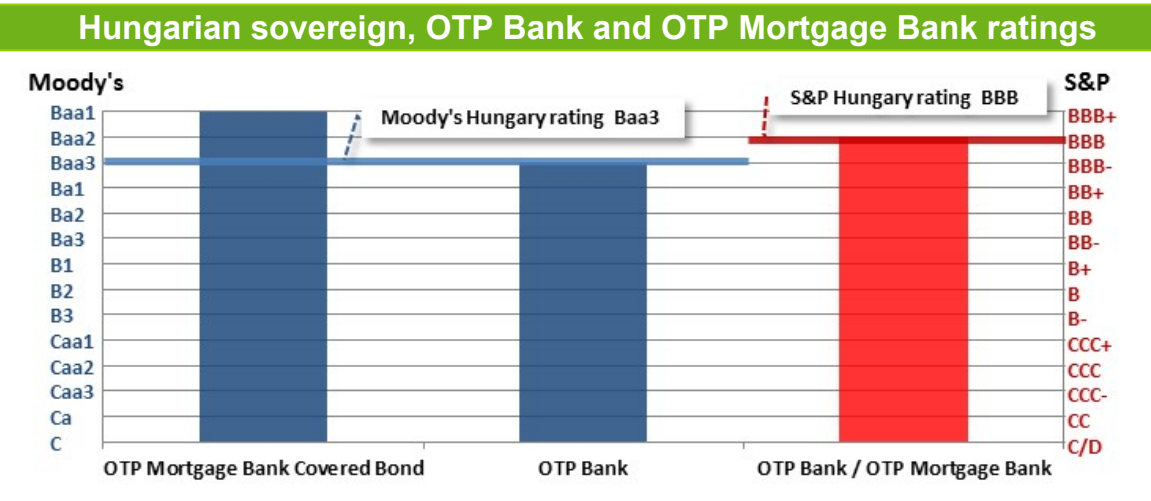
Slovakia

The pandemic hit Slovakia at the end of the business cycle, which could increase the negative effects, just like the lack of independent monetary policy. These factors could be mitigated by the fiscal policy, as the budget position is favorable and the level of public debt is moderate.



(rating outlook)  $\left\{ \begin{array}{l} + \text{ positive} \\ - \text{ negative} \\ 0 \text{ stable} \end{array} \right.$

# While OTP Bank ratings closely correlate with the sovereign ceilings, subsidiaries' ratings enjoy the positive impact of parental support



#### RATING HISTORY

- OTP Bank Slovakia, DSK Bank Bulgaria, OTP Bank Ukraine and OTP Bank Russia cancelled cooperation with Moody's in 2011, 2013, 2015 and 2016 respectively.
- Currently OTP Bank, OTP Mortgage Bank and OTP Bank Russia have solicited ratings from either Moody's, S&P Global, Fitch.

#### OTP GROUP RELATED RATING ACTIONS

- Fitch upgraded **OTP Bank Russia's** and Bulgarian-based **Expressbank's** Long-Term Issuer Default Ratings to BB+ from BB, with stable outlook. (29 July 2019)
- S&P upgraded **OTP Bank's** long and short-term issuer credit ratings to BBB/A-2 from BBB-/A-3, with stable outlook. Furthermore the rating agency upgraded long and short-term issuer credit ratings of **OTP Mortgage Bank** to BBB/A-2 from BBB-/A-3, with stable outlook. (27 January 2020)
- Moody's has changed **OTP Mortgage Bank's** backed issuer rating to negative from stable (3 April 2020)
- Fitch has changed **OTP Bank Russia's** and **Expressbank's** Long-Term Issuer Default Ratings to negative from stable (24 April 2020)
- Fitch Ratings has affirmed Expressbank's ratings and simultaneously withdrawn them (7 May 2020)

#### RECENT SOVEREIGN RATING DEVELOPMENTS

- Fitch has changed the outlook on **Romania** to negative from stable. (17 April 2020)
- Fitch has changed the outlook on **Ukraine** to stable from positive. (22 April 2020)
- Moody's has changed the outlook on **Romania** to negative from stable. (24 April 2020)
- Fitch has changed the outlook on **Bulgaria** to stable from positive. (24 April 2020)
- S&P has changed the outlook on **Hungary** to stable from positive. (28 April 2020)
- S&P has changed the outlook on **Serbia** to stable from positive. (1 May 2020)
- S&P has changed the outlook on **Montenegro** to negative from stable. (1 May 2020)
- Fitch downgraded **Slovakia's** ratings to A from A+, with stable outlook. (08 May 2020)

	Moody's	S&P	Fitch
OTP Bank	Baa3 (0)	BBB (0)	
OTP Mortgage Bank	Baa1	BBB (0)	
OTP Bank Russia			BB+ (-)

	Moody's	S&P Global	Fitch
Aaa		AAA	AAA
Aa1		AA+	AA+
Aa2		AA	AA
Aa3		AA-	AA-
A1		A+	A+
A2	SK(0)	A	A SK(0)
A3		A-	A- SV(0)
Baa1	SV(+)	BBB+	BBB+
Baa2	BG(+)	BBB	BBB BG(0)
		BG(+)	HU(0)
		HU(0)	RU(0)
Baa3	HU(0)	BBB-	BBB-
	RU(0)	CR(0)	CR(0)
	RO(-)	RO(-)	RO(-)
Ba1		BB+	BB+
		SRB(0)	SRB(0)
Ba2	CR(+)	BB	BB
Ba3	SRB(+)	BB-	BB-
B1	MN(0)	B+	B+
	ALB(0)	ALB(0)	
B2		B	B UA(0)
B3	MO(0)	B-	B-
Caa1	UA(+)	CCC+	CCC+
Caa2		CCC	CCC
Caa3		CCC-	CCC-

Last update: 08/05/2020

Sovereign ratings: long term foreign currency government bond ratings, OTP Mortgage Bank Moody's rating: covered bond rating; Other bank ratings: long term foreign currency deposit ratings  
 Abbreviations: ALB – Albania, BG - Bulgaria, CR - Croatia, HU - Hungary, MN - Montenegro, MO – Moldova, RO - Romania, RU - Russia, SRB - Serbia, SK - Slovakia, SV – Slovenia, UA - Ukraine



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