OTP Bank Plc.

Summary of the full-year 2019 results

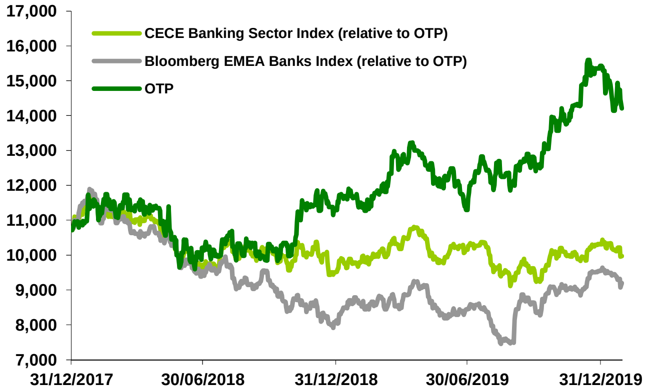
(English translation of the original report submitted
to the Budapest Stock Exchange)

Budapest, 6 March 2020

CONSOLIDATED FINANCIAL HIGHLIGHTS[1] AND SHARE DATA

Main components of the Statement of recognised income in HUF million	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
Consolidated after tax profit	**318,322**	**412,582**	**30%**	**77,818**	**131,644**	**102,979**	**-22%**	**32%**
Adjustments (total)	**-7,013**	**-6,470**	**-8%**	**15,315**	**21,173**	**-2,971**	**-114%**	**-119%**
Consolidated adjusted after tax profit without the effect of adjustments	**325,335**	**419,052**	**29%**	**62,503**	**110,471**	**105,950**	**-4%**	**70%**
Pre-tax profit	362,734	465,973	28%	67,240	123,460	114,585	-7%	70%
Operating profit	384,908	510,045	33%	87,603	137,119	139,991	2%	60%
Total income	881,726	1,077,727	22%	227,773	273,216	305,518	12%	34%
Net interest income	599,832	706,298	18%	156,448	177,063	195,875	11%	25%
Net fees and commissions	220,731	282,504	28%	56,605	72,953	85,503	17%	51%
Other net non-interest income	61,163	88,926	45%	14,719	23,200	24,140	4%	64%
Operating expenses	-496,818	-567,682	14%	-140,169	-136,096	-165,527	22%	18%
Total risk costs	-26,167	-47,107	80%	-20,277	-11,633	-24,891	114%	23%
One off items	3,993	3,034	-24%	-86	-2,026	-515	-75%	497%
Corporate taxes	-37,400	-46,921	25%	-4,737	-12,988	-8,635	-34%	82%
Main components of balance sheet closing balances in HUF million	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
Total assets	14,590,288	20,121,767	38%	14,590,288	18,971,033	20,121,767	6%	38%
Total customer loans (net, FX adjusted)	**8,306,712**	**12,247,519**	**47%**	**8,306,712**	**10,967,356**	**12,247,519**	**12%**	**47%**
Total customer loans (gross, FX adjusted)	**9,001,577**	**12,942,009**	**44%**	**9,001,577**	**11,678,288**	**12,942,009**	**11%**	**44%**
Allowances for possible loan losses (FX adjusted)	-694,866	-694,490	0%	-694,866	-710,932	-694,490	-2%	0%
Total customer deposits (FX adjusted)	**11,547,410**	**15,522,654**	**34%**	**11,547,410**	**14,530,515**	**15,522,654**	**7%**	**34%**
Issued securities	417,966	393,167	-6%	417,966	398,097	393,167	-1%	-6%
Subordinated loans	81,429	249,937	207%	81,429	252,141	249,937	-1%	207%
Total shareholders' equity	1,826,657	2,291,288	25%	1,826,657	2,203,898	2,291,288	4%	25%
Indicators based on adjusted earnings	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
ROE (from accounting net earnings)	18.7%	20.3%	1.6%p	17.1%	24.9%	18.2%	-6.7%p	1.2%p
ROE (from adjusted net earnings)	19.1%	20.6%	1.5%p	13.7%	20.9%	18.8%	-2.1%p	5.1%p
ROA (from adjusted net earnings)	2.3%	2.4%	0.1%p	1.7%	2.5%	2.2%	-0.3%p	0.5%p
Operating profit margin	2.76%	2.97%	0.21%p	2.40%	3.09%	2.90%	-0.18%p	0.50%p
Total income margin	6.33%	6.28%	-0.04%p	6.25%	6.15%	6.34%	0.18%p	0.09%p
Net interest margin	4.30%	4.12%	-0.19%p	4.29%	3.99%	4.06%	0.08%p	-0.23%p
Cost-to-asset ratio	3.57%	3.31%	-0.26%p	3.85%	3.07%	3.43%	0.37%p	-0.41%p
Cost/income ratio	56.3%	52.7%	-3.7%p	61.5%	49.8%	54.2%	4.4%p	-7.4%p
Provision for impairment on loan and placement losses-to-average gross loans ratio	0.23%	0.28%	0.05%p	0.68%	0.25%	0.45%	0.20%p	-0.24%p
Total risk cost-to-asset ratio	0.19%	0.27%	0.09%p	0.56%	0.26%	0.52%	0.25%p	-0.04%p
Effective tax rate	10.3%	10.1%	-0.2%p	7.0%	10.5%	7.5%	-3.0%p	0.5%p
Net loan/(deposit+retail bond) ratio (FX adjusted)	72%	79%	7%p	72%	76%	79%	3%p	7%p
Capital adequacy ratio (consolidated, IFRS) - Basel3	18.3%	16.3%	-2.0%p	18.3%	16.8%	16.3%	-0.6%p	-2.0%p
Tier1 ratio - Basel3	16.5%	13.9%	-2.6%p	16.5%	14.3%	13.9%	-0.4%p	-2.6%p
Common Equity Tier1 ('CET1') ratio - Basel3	16.5%	13.9%	-2.6%p	16.5%	14.3%	13.9%	-0.4%p	-2.6%p
Share Data	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
EPS diluted (HUF) (from unadjusted net earnings)	1,215	1,575	30%	297	503	391	-22%	32%
EPS diluted (HUF) (from adjusted net earnings)	1,242	1,602	29%	239	422	404	-4%	69%
Closing price (HUF)	11,290	15,430	37%	11,290	12,790	15,430	21%	37%
Highest closing price (HUF)	11,850	15,600	32%	11,850	12,900	15,600	21%	32%
Lowest closing price (HUF)	9,600	11,270	17%	9,835	11,620	12,410	7%	26%
Market Capitalization (EUR billion)	9.8	13.1	33%	9.8	10.7	13.1	22%	33%
Book Value Per Share (HUF)	6,524	8,183	25%	6,524	7,871	8,183	4%	25%
Tangible Book Value Per Share (HUF)	5,921	7,362	24%	5,921	7,117	7,362	3%	24%
Price/Book Value	1.7	1.9	9%	1.7	1.6	1.9	16%	9%
Price/Tangible Book Value	1.9	2.1	10%	1.9	1.8	2.1	17%	10%
P/E (trailing, from accounting net earnings)	9.9	10.5	5%	9.9	9.2	10.5	13%	5%
P/E (trailing, from adjusted net earnings)	9.7	10.3	6%	9.7	9.5	10.3	8%	6%
Average daily turnover (EUR million)	18	16	-7%	22	16	17	11%	-21%
Average daily turnover (million share)	0.5	0.4	-20%	0.6	0.4	0.4	-1%	-37%

SHARE PRICE PERFORMANCE



S&P GLOBAL RATINGS

OTP Bank and **OTP Mortgage Bank** – FX Long term credit rating — BBB

MOODY'S RATINGS

OTP Bank – FX long term deposits — Baa3

OTP Bank – Subordinated Foreign Currency Debt — Ba1

OTP Mortgage Bank – Covered mortgage bond — Baa1

FITCH'S RATINGS

OTP Bank Russia – Long term credit rating — BB+

Expressbank Bulgaria – Long term credit rating — BB+

[1] Structural adjustments made on consolidated IFRS profit and loss statement and balance sheet, together with the calculation methodology of adjusted indicators, are detailed in the Supplementary data section of the Report.

SUMMARY OF THE FULL YEAR 2019 RESULTS

The Summary of the full-year 2019 results of OTP Bank Plc. has been prepared on the basis of its unaudited separate and consolidated IFRS financial statements for 31 December 2019 or derived from that. The audited report will be released after the publication of the Summary; no material changes are expected. At presentation of full year 2019 report of OTP Bank we applied International Financial Reporting Standards adopted by the European Union.

SUMMARY OF THE FULL-YEAR 2019 AND THE FOURTH QUARTER 2019

According to the preliminary 4Q GDP data published on 14 February 2020 (4Q: +4.5% y-o-y), in 2019 Hungary was one of the most dynamically growing economies within the European Union with an annual growth rate of 4.9%, marking a moderate deceleration against the previous year. The key engine of growth was the strong domestic demand and the rapidly expanding investment activity, furthermore the contribution of the market services to overall growth was substantial and more pronounced than expected.

Balance indicators showed stable picture, employment rate increased further and the credit stance of Hungary within the investor community improved significantly: in 2019 both Fitch and S&P Global Ratings raised their credit rating by one notch (to 'BBB'). The country attracted a record level of FDI exceeding EUR 5 billion and by the beginning of 2020 the 5 year Hungarian CDS spreads tightened to their lows (48 bps).

Annual average inflation was 3.3% and NBH continued to pursue a loose monetary policy. The reference rate (3 months BUBOR) closed at 16 bps (+3 bps y-o-y) and the whole government bond yield curve shifted lower. Despite the headline inflation in December and also in January 2020 exceeded original expectations, the tax-adjusted core inflation remained in the tolerance range set by the central bank.

Among the economic policy measures those aiming at boosting the demographic indicators enjoyed high priority: during the last five years under the Housing Subsidy Scheme for Families (CSOK) scheme around HUF 318 billion non-refundable state subsidy was granted by end-2019, whereas the contracted volume of subsidized baby loans reached HUF 470 billion within the July-December period of 2019. Furthermore, there were several other targeted measures aiming at providing preferential funding sources to the actors of the real economy (Lending for Growth Scheme Fix, Bond Funding for Growth programme).

Household lending growth accelerated y-o-y: on sector level the newly disbursed household loan volumes expanded by 47.5% y-o-y, as a result the outstanding book grew by 15.5% y-o-y. In particular, cash loans advanced by 28%, housing loans by 9%, respectively; on the other hand home equities eroded by 14% y-o-y. The corporate exposures demonstrated an 11% expansion on a yearly base.

Across OTP Group, most of the national economies enjoyed a fairly positive macroeconomic environment. General market sentiment towards the Ukraine improved significantly: in December the country reached an agreement with IMF on a new standby facility and UAH shined as one of the best performing Emerging Markets currencies. Partially explained by those factors, in January Ukraine successfully returned to the euro bond market. In Russia a faster economic growth is expected in 2020 with further monetary easing. In Romania, fiscal overspending characterizing the previous periods came to end which is expected to have negative impact on economic growth; the political uncertainty has been on the rise.

Based on the most recent GDP data for 4Q 2019, as well as considering some negative developments hindering global growth perspectives, on 14 February the Hungarian minister for finance announced that the Government revised its 2020 growth forecast from 4.0% to 3.5%.

Consolidated earnings: HUF 419 billion adjusted annual after tax profit, robust business activity and loan volume growth, moderate contraction in net interest margin y-o-y, improving efficiency indicators, stable portfolio quality

2019 was another landmark in the history of OTP Group: altogether there were six M&A transactions being executed (Bulgaria, Albania, Montenegro, Moldova, Serbia and Slovenia). Those acquisitions improved existing market positions in a meaningful way, whereas in new markets OTP acquired banks with substantial market share.

While the purchase price of those particular transactions was not made public as a result of an agreement between the parties, the overall average price of the deals completed since 2017 was around the book value of the acquired entities.

In 2019 OTP Group posted the highest ever after tax profit in its history, whereas the closing volume of total assets exceeded HUF 20,000 billion. The all-time high accounting and adjusted profits were shaped by number of factors: on the back of the favourable regional macroeconomic performance, business activity got further boost, as a result of that and also due to the accomplished acquisitions performing loan volumes increased y-o-y by a remarkable pace in European comparison +48%; within that the organic growth rate was 15% (FX-adjusted). Higher performing loan volumes off-set the negative impact of eroding margins resulting from the low and even declining interest rate environment, intensifying competition and tighter regulatory framework. Furthermore, the y-o-y weakening HUF against all local currencies across the Group had an upward pressure on P&L lines.

The overall credit quality has been stable, the ratio of Stage 3 loans declined further and the annual credit risk cost rate increased only moderately.

The consolidated 4Q 2019 financial statements already incorporated the Serbian subsidiary's (purchased from Societe Generalé) full quarter profit contribution, however in case of the Slovenian SKB Banka (bought from SG, too) only its balance sheet was consolidated; the P&L contribution will be consolidated from 1Q 2020.

On 17 February 2020 OTP Bank announced the signing of the sale agreement of its Slovakian subsidiary. According to IFRS 5 the Slovakian bank was presented as a discontinued operation in the consolidated income statement and balance sheet. With regards to the consolidated accounting balance sheet, all assets and liabilities of the Slovakian bank was shown on one-one line of the 2019 balance sheet (there was no change in the 2018 closing balance sheet structure). As for the consolidated accounting income statement, the Slovakian contribution for both 2018 and 2019 was shown separately from the result of continued operation, on the *Loss from discontinued operation* line, i.e. the particular P&L lines in the 'continuing operations' section of the accounting P&L don't incorporate the contribution from the Slovakian subsidiary. As opposed to this, the *adjusted* financial statements presented in this Summary incorporated the Slovakian banks' balance sheet and P&L contribution in the relevant respective lines, in line with the structure of the financial statements monitored by the management. The consolidated *accounting* income statement and balance sheet can be found in the Financial Data section of this Summary, whereas the transparent presentation of the differences between the adjusted and accounting financial statements in the Supplementary Data section, respectively.

The full-year 2019 consolidated accounting after tax profit was HUF 412.6 billion, against HUF 318.3 billion reached in the base period, marking a 30% y-o-y increase.

The accounting ROE was 20.3% (+1.6 pps y-o-y).

The total volume of adjustment items in 2019 represented -HUF 6.5 billion (after tax), i.e. less than in 2018. In 4Q the volume of adjustments amounted to -HUF 3 billion with the following items:

- -HUF 4 billion (after tax), which was partially a tax shield related to the recognition or reversal of impairment charges booked in relation to the revaluation of investments in certain subsidiaries;
- -HUF 0.6 billion banking tax at the Slovakian and Romanian subsidiaries (after tax); in 4Q -HUF 0.4 billion Romanian banking tax was booked;
- +HUF 1.4 billion acquisition impact (after tax) which – among others – incorporated the effects of both the Slovenian bank purchase and the Slovakian bank sale;
- +HUF 0.2 billion tax effect related to provisions made earlier on the conversion of Serbian CHF mortgage loans.

In 2019 OTP Group posted HUF 419 billion adjusted after-tax profit underpinning a 29% y-o-y increase. Without the contribution of the newly acquired Bulgarian, Albanian, Moldavian, Montenegrin and Serbian banks the annual profit would be HUF 389.7 billion (+20% y-o-y). The effective tax rate moderated by 0.2 pp y-o-y to 10.1%. The profit before tax increased by 28% y-o-y.

Out of the annual profit it was still OTP Core posting the highest individual net results (HUF 191 billion). Regarding the annual performances all subsidiaries managed to improve their earnings. Given its weight, the Bulgarian operation excelled itself with HUF 67.9 billion, followed by the Ukrainian (HUF 35.2 billion), Croatian (HUF 30.7 billion) and Russian profit contributions (HUF 28.1 billion). Besides, several other subsidiaries doubled or even tripled their annual profit. Of them the most outstanding improvement belonged to OTP Fund Management (Hungary): as a result of its all-time high success fee income the bottom-line profit jumped to 3.5-fold y-o-y (to HUF 15.1 billion).

When comparing the individual profit contributions of the newly acquired banks one should consider that their consolidation took place in different times.

In particular, the Bulgarian Expressbank contributed around HUF 18 billion through a 12-months period; the Albanian subsidiary brought in HUF 2.6 billion between April-December 2019 (9 months); both the Montenegrin and Moldavian subsidiaries contributed HUF 1.9 billion between August-December (5 months), whereas the newly acquired Serbian subsidiary boosted consolidated earnings by HUF 5 billion in 4Q (with its full quarterly earnings). As a result these five new entities brought in HUF 29.4 billion in total into the consolidated earnings in 2019.

Based on those figures the share of the non-Hungarian operations' profit contribution within the Group's total profit increased from 38% in 2018 to 46% in 2019 (4Q 2019: 42%).

The consolidated adjusted ROE increased to 20.6% (+1.5 pps y-o-y). Out of that the Ukrainian subsidiary excelled itself with an annual ROE of 42.5%.

Since certain elements of the management guidance for 2019 were adjusted for acquisitions, in the below section the without acquisition balance sheet and P&L developments are also presented.

In 2019 total income grew by 22% y-o-y (+14% without acquisitions). The annual operating income advanced by 33% (+21% w/o acquisitions), whereas total risk costs jumped by 80% y-o-y (+46% w/o acquisitions), within that credit costs grew by 53%.

Despite the continued margin erosion and the more intense competition, the annual net interest income grew by 18% (+9% w/o acquisitions). Net fee and commission income had an excellent run (+28% y-o-y, and +21% w/o acquisitions), which, to a great extent, was related to the Hungarian operation: in 4Q the success fee at OTP Fund Management (Hungary) comprised HUF 14 billion. Also, alongside the stronger transactional volumes and business activity, distribution fee revenues related to the retail Hungarian Government Bond Plus (MÁP Plus) gave further boost to this line at OTP Core.

The other net non-interest income grew by 45% y-o-y (+34% without acquisitions). On one hand this was shaped by the consolidation of the newly acquired banks, but stronger FX and securities gains helped, too.

The annual NIM was shaped by several factors: the low and further declining interest rate environment, stronger competition, the dilution effect of lower margins of the newly acquired subsidiaries, but also the weaker HUF (annual average HUF/UAH rate: -13.5%, HUF/RUB: -4.1%). As a result the annual NIM dropped by 19 bps y-o-y to 4.12%. However, the NIM adjusted for the acquisitions eroded only marginally (-4 bps y-o-y to 4.27%).

On a stand-alone base the single biggest NIM erosion hit the Russian operation (the Russian margin dropped from 15.21% to 13.58%), whereas the Bulgarian and Core operations faced continued margin erosion, albeit at a slower magnitude (from 3.37% to 3.0% and from 3.01% to 2.92%, respectively). Only the Ukrainian subsidiary enjoyed a NIM improvement y-o-y (from 9.21% to 9.55%).

Consolidated operating costs grew by 14% y-o-y, whereas the FX-adjusted increase without the effect of acquisitions was 6.0%. All cost elements grew: personnel expenses leaped by 12% reflecting the elevated wage inflation practically in every country. Amortization grew even faster, by 17% y-o-y. Administrative expenses advanced by 16% as a result of higher expenses supporting general banking activities (rental fees, office equipment costs), higher supervisory contributions and also the growing digital transformation expenses.

The consolidated cost-to-income ratio dropped by 3.7 pps y-o-y to 52.7%, whereas the cost-to-asset indicator declined from 3.57% to 3.31%.

Cost synergy benefits were already utilized at the Croatian operation throughout 2019. As for the on-going integration processes the expected deadline is 1H 2020 in Bulgaria, 4Q 2020 in Montenegro and 1H 2021 in Serbia.

The adjusted operating profit for 4Q reached HUF 106 billion (-4% q-o-q; without the acquisition of the Serbian subsidiary -9% q-o-q). Total income expanded by 12% q-o-q, within that net interest income increased by 11% q-o-q (+5% w/o the new Serbian acquisition) as a result of the continuing organic loan growth and the quarterly NIM (4.06%) improving by 8 bps q-o-q.

The net fee and commission income in 4Q enjoyed a robust growth, +17% q-o-q (+14% without acquisition). The quarterly drop at OTP Core (-HUF 3 billion) was reasoned mainly by a one-off item, but it was comfortably off-set on consolidated level by the outstanding success fee earned by OTP Fund Management (Hungary). Other net non-interest income grew by 4% q-o-q.

The lower quarterly adjusted profit was shaped by higher operating expenses (+22%, w/o the newly purchased Serbian bank +17%) as a result of seasonality and one-off items, but doubling risk costs – albeit from a low base – also took their tolls. Higher 4Q risk cost were mainly related to the Bulgarian, Croatian and Serbian operations.

In 2019 the consolidated FX-adjusted performing (Stage 1+2) loan volumes surged by 48%, by around HUF 4,000 billion y-o-y, out of which the organic growth represented 15% (HUF 1,252 billion). In 4Q FX-adjusted performing volumes grew by 12%, w/o the Slovenian acquisition +4%, respectively. It was positive that volumes increased at all Group members and in each category.

As for the major credit categories in 2019 the Stage 1+2 micro and small enterprise book advanced the fastest y-o-y (+54%, and -3% w/o acquisitions), followed by the corporate portfolio (+52% and +17%) and the consumer exposure (+48% and +28%). The FX-adjusted mortgage loan portfolio advanced by 39% y-o-y (+9% w/o acquisitions).

Regarding the individual performances, y-o-y the Hungarian (+21%, within that +81% for consumer credits), Ukrainian (+27%), Romanian (+23%) and Croatian (+15%) organic loan expansions were the most remarkable. In case of other operations the yearly loan volume dynamics were distorted by acquisitions.

The FX-adjusted deposit portfolio grew slower than loans, by 34% y-o-y (+11% adjusted for the acquisitions), in 4Q +7% q-o-q (+1% w/o acquisition). As a result, the consolidated net loan-to-deposit ratio grew the fastest during the last couple of years and reached 79% (+7 pps y-o-y).

At the end of 4Q 2019 the gross operative liquidity reserves of the Group comprised EUR 7.4 billion equivalent.

In line with the improving macroeconomic environment and the steadily good recovery results of the work-out activity, risk indicators in total improved. At the end of 4Q 2019 the ratio of Stage 3 loans was 5.9% (-2.7 pps y-o-y, -0.9 pp q-o-q); the ratio of Stage 2 loans stood at 5.3% (-1.5 pps y-o-y and + 0.3 pp q-o-q).

In 2019 the DPD90+ volume growth (HUF 81 billion adjusted for FX and the effect of sales and write-offs, as well as for the one-off inclusion effect of newly acquired banks) was higher than in 2018 (HUF 24 billion). The consolidated DPD90+ ratio dropped significantly (-2.1 pps y-o-y) to 4.2%, lower than before the financial crisis. The decline was supported by sales and write-offs, too, in 2019 as a whole in the amount of HUF 133 billion (FX-adjusted), mainly at the Russian and Ukrainian subsidiaries. At OTP Core the DPD90+ ratio shrank to 3.2% (-1.3 pps y-o-y). The consolidated annual risk cost rate was 0.28% versus 0.23% in 2018.

Management expectations for 2020

Management expectations for 2020 are overall positive and assume supporting operating environment. However, recent developments might create temporary impact on the affected economies. This factor introduces higher than usual uncertainties concerning expectations:

The Return on Equity (ROE[2]) target of above 15% announced at the 2015 Annual General Meeting remains in place.

The expected quantifiable adjustment items (after tax) in 2020 are: -HUF 18 billion banking tax and around -HUF 12 billion related to the completed acquisitions.

The FX-adjusted organic growth of performing loans may decelerate in 2Q 2020 compared to 2019 trajectory.
However, in 2H 2020 it may return to an annualized growth rate above 10%.

The development of net interest margin mainly depends on the Hungarian and Ukrainian interest rate environments and the performing loans growth. Both factors are difficult to forecast, but margin erosion is likely to continue.

The credit risk cost rate might increase further even in the base case scenario, primarily due to the gradual decline of the nominal amount and proportion of NPL recoveries.

Operating expenses adjusted for the positive base effect of the already completed acquisitions might expand by around 6% y-o-y (FX-adjusted).

Concerning capital adequacy, there is no change in the targeted CET1 = Tier1 ratio range mid point of 15%, which was set in November 2017.

As a result of recent acquisitions, the market position of the Group improved materially in a number of markets, and it obtained substantial market shares in new markets. Following the big wave of acquisitions, in 2020, capital accumulation and integration of the acquired banks will be in focus.

Nevertheless, the management continues to assess further value-creating acquisition opportunities.

Furthermore, the management seeks to pay out higher dividend amount to the shareholder, thus:

- the management proposal for the dividend amount after the 2019 financial year increases by 13% y-o-y to HUF 69.44 billion, implying a dividend per share of HUF 248;
- the AGM on 17 April 2020 makes the final decision on dividends;
- similar to the practice in previous years, the dividend proposal after the 2020 financial year will be made by the management in 1Q 2021.

Consolidated capital adequacy ratio (in accordance with BASEL III)

At the end of December 2019 the consolidated Common Equity Tier1 ratio under IFRS – including the annual net result less the proposed dividend amount – was 13.9%. This ratio equals to the Tier1 ratio.

Credit rating, shareholder structure

The sovereign rating improved in February 2019: both S&P Global and Fitch upgraded Hungary's rating to 'BBB'. Roughly a year later, on 27 January 2020 S&P Global raised OTP Bank Plc.'s and OTP Mortgage Bank's short and long term issuer credit ratings from 'BBB-/A-3' to 'BBB/A-2'. S&P affirmed its 'BBB/A-2' long- and short-term resolution

[2] Assuming 12.5% Common Equity Tier1 (CET1) ratio

counterparty ratings on OTP and OTP Mortgage Bank. The outlook remained stable for both banks. OTP Bank Plc.'s long term foreign-currency deposit rating by Moody's remained unchanged, i.e. it is 'Baa3' with stable outlook. Moody's assigned 'Ba1' foreign currency rating to the subordinated notes (Tier 2) issued by OTP Bank Plc. on 15 July 2019. Furthermore, on 17 July 2019 the long term local currency deposit rating of OTP Bank Plc. was upgraded from 'Baa2' to 'Baa1'. Simultaneously, OTP Mortgage Bank's issuer rating was upgraded by Moody's from 'Baa3' to 'Baa2' with stable outlook. OTP Mortgage Bank's covered bond rating remained 'Baa1'.

On 29 July 2019 Fitch upgraded OTP Bank Russia' 'BB' rating to 'BB+', the outlook is stable. Similar decision was made at the Bulgarian Expressbank: it was upgraded to 'BB+' from 'BB', the outlook is stable.

Regarding the ownership structure of the Bank, on 31 December 2019 the following investors had more than 5% influence (voting rights) in the Company: MOL (the Hungarian Oil and Gas Company, 8.58%), the Kafijat Ltd (6.89%), OPUS Securities SA (5.18%) and Groupama Group (5.13%).

MREL requirements and further potential MREL eligible issuance

In September 2019 the Hungarian National Bank acting as a resolution authority set its minimum MREL requirements for OTP Group. The consolidated MREL requirement has to be reached by 30th June 2023, following a 4-year transitional period. The MREL requirement is set at 14.73% of the Group's total liabilities and own funds (TLOF) which corresponds to 21.89% of the Group's total risk exposure amount (TREA or RWA). The MREL requirement is expected to be reviewed at least once a year in the future.

OTP Bank expects to meet the above MREL requirements mainly by organic CET1 capital generation and by the issuance of Tier2, senior non-preferred (SNP) and senior or senior preferred (SP) liabilities.

The preferred resolution strategy set by NBH presumes the continuous operation at an "open bank bail-in at parent level" approach, i.e. OTP's preferred resolution strategy is a Single Point of Entry (SPE). Accordingly in future OTP Bank Plc. will be the issuer of the above mentioned Tier2, SNP or SP instruments for complying the MREL requirements set at Group level.

In order to comply with the biding requirements OTP Bank's annual issuance plan envisages at least one, but under certain circumstances even more benchmark size, MREL eligible capital markets transactions between 2020-2023. As a result OTP Bank is planning to issue senior preferred (SP) bonds in 2020 with a targeted size of EUR 750-1,000 million. The final size, timing and other relevant conditions of the transaction will be decided by the Bank depending predominantly on the Group's business activity, the pace of the TLOF and RWA volumes growth, the requirements of the resolution authority and the prevailing capital market conditions.

POST BALANCE SHEET EVENTS

Hungary

- On 27 January 2020, S&P Global Ratings raised its long and short-term issuer credit ratings (ICRs) on OTP Bank Plc. and OTP Mortgage Bank Ltd. to 'BBB/A-2' from 'BBB-/A-3'; while the 'BBB/A-2' long and short-term resolution counterparty ratings (RCR) on both banks were affirmed. The outlooks are stable.
- As a result of a group-wide Supervisory Review And Evaluation Process (SREP) the National Bank of Hungary imposed the below additional capital requirements for OTP Group, on consolidated level:
  - 0.78 pp in case of the Common Equity Tier1 (CET1) capital, accordingly the minimum requirement for the consolidated CET1 ratio is 5.28% (without regulatory capital buffers);
  - 1.03 pps in case of the Tier1 capital, accordingly the minimum requirement for the consolidated Tier1 ratio is 7.03% (without regulatory capital buffers);
  - 1.38 pps in case of the Total SREP Capital Requirement (TSCR), accordingly the minimum requirement for the consolidated capital adequacy ratio is 9.38% (without regulatory capital buffers).
- According to the preliminary statistics published by the Hungarian Central Statistical Office in 4Q 2019 the GDP advanced by 4.5% y/y, as a result the annual growth rate was 4.9%. Due to the increasing external risk factors the Government cut back its original 4% growth estimation to 3.5% for 2020.
- On 14 February 2020 S&P Global Ratings revised its outlook from stable to positive on Hungary's sovereign credit ratings ('BBB').
- On 17 February 2020 OTP Bank announced that it signed an agreement about the sale of its 99.44% stake in its Slovakian subsidiary to the Belgian KBC Bank NV.

Romania

- On 11 January 2020 the Government Emergency Ordinance no. 1/2020 ruled that „in the year 2020 the tax on assets is not calculated and not due".

Russia

- On 21 January 2020 a new Russian government has been approved with Mikhail Mishustin as Prime Minister.
- On 7 February 2020 the Russian Central Bank cut the key policy rate from 6.25% to 6.0%.

Ukraine

- On 30 January 2020 the Ukrainian Central Bank lowered its benchmark interest rate by 250 bps to 11%.

Croatia

- The Croatian Supreme Court ruling in September 2019 concerning the unfairness of unilateral amendment and the FX variability clauses of the CHF-based consumer loans, and the opinion announced by the Civil Division of the Supreme Court in January 2020 about the statute of limitations, and also the upcoming ruling of the Supreme Court (due until the 17th of March) about the scope of the loan contracts the declared unfairness refers to, can potentially have ramifications on the Croatian subsidiary of OTP Bank. The potential financial effect, however, cannot be quantified at the moment. Borrowers may sue the banks for reimbursement individually. The final verdict of the Supreme Court can be contested at the Constitutional Court of Republic of Croatia.

CONSOLIDATED AFTER TAX PROFIT BREAKDOWN BY SUBSIDIARIES (IFRS)[3]

in HUF million	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
Consolidated after tax profit	**318,322**	**412,582**	**30%**	**77,818**	**131,644**	**102,979**	**-22%**	**32%**
Adjustments (total)	**-7,013**	**-6,470**	**-8%**	**15,315**	**21,173**	**-2,971**	**-114%**	**-119%**
Consolidated adjusted after tax profit without the effect of adjustments	**325,335**	**419,052**	**29%**	**62,503**	**110,471**	**105,950**	**-4%**	**70%**
Banks total[1]	308,831	385,622	25%	59,251	104,296	89,907	-14%	52%
OTP Core (Hungary)[2]	180,445	190,956	6%	40,823	48,299	45,304	-6%	11%
Corporate Centre[3]	6,190	3,478	-44%	1,639	1,024	143	-86%	-91%
DSK Group (Bulgaria)[4]	47,293	67,879	44%	8,910	19,551	14,100	-28%	58%
OBH (Croatia)[5]	24,961	30,719	23%	4,053	9,102	4,196	-54%	4%
OTP Bank Serbia[6]	2,999	10,430	248%	1,651	1,603	5,836	264%	254%
OTP Bank Romania[7]	3,850	6,309	64%	-943	1,788	894	-50%	-195%
OTP Bank Ukraine[8]	24,415	35,223	44%	6,181	9,597	9,615	0%	56%
OTP Bank Russia[9]	16,420	28,127	71%	-2,473	8,154	6,072	-26%	-346%
CKB Group (Montenegro)[10]	2,214	6,377	188%	-65	1,457	3,082	111%	
OTP Bank Albania	-	2,616		-	1,028	382	-63%	
Mobiasbanca (Moldova)	-	1,936		-	1,248	688	-45%	
OBS (Slovakia)[11]	44	1,575		-526	1,446	-404	-128%	-23%
Leasing	9,827	7,115	-28%	2,355	2,042	1,776	-13%	-25%
Merkantil Bank (Hungary)[12]	7,437	7,115	-4%	2,179	2,042	1,776	-13%	-18%
Foreign leasing companies (Croatia, Bulgaria, Romania, Serbia)[13]	2,391			176				
Asset Management	4,159	15,208	266%	1,281	887	12,552		880%
OTP Asset Management (Hungary)	4,122	15,104	266%	1,432	838	12,526		775%
Foreign Asset Management Companies (Ukraine, Romania, Bulgaria)[14]	37	104	179%	-151	49	26	-47%	-117%
Other Hungarian Subsidiaries	1,601	9,498	493%	-410	2,704	-261	-110%	-36%
Other Foreign Subsidiaries[15]	388	232	-40%	300	-15	-15	3%	-105%
Eliminations	528	1,377	161%	-274	558	1,991	257%	-826%
Total adjusted after tax profit of HUNGARIAN subsidiaries[16]	200,323	227,527	14%	45,389	55,464	61,480	11%	35%
Total adjusted after tax profit of FOREIGN subsidiaries[17]	125,012	191,525	53%	17,114	55,007	44,471	-19%	160%
Share of foreign profit contribution	38%	46%	19%	27%	50%	42%	-16%	53%

Note: Effective from 2019 foreign leasing companies are shown as part of their local operations.

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

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

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME

Main components of the Statement of recognized income in HUF million	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
Consolidated after tax profit	**318,322**	**412,582**	**30%**	**77,818**	**131,644**	**102,979**	**-22%**	**32%**
Adjustments (total)	**-7,013**	**-6,470**	**-8%**	**15,315**	**21,173**	**-2,971**	**-114%**	**-119%**
Dividends and net cash transfers (after tax)	457	505	11%	131	-168	65	-138%	-50%
Goodwill/investment impairment charges (after tax)	-4,729	-8,427	78%	528	0	-4,037		-865%
Special tax on financial institutions (after corporate income tax)	-15,286	-16,170	6%	-190	-184	-562	205%	196%
Impact of fines imposed by the Hungarian Competition Authority (after tax)	565	0	-100%	0	0	0		
Effect of acquisitions (after tax)	-6,844	19,265	-381%	-3,976	21,400	1,405	-93%	-135%
Initial NPV gain on the monetary policy interest rate swap (MIRS) deals (after tax)	18,823	0	-100%	18,823	0	0		-100%
One-off impact of regulatory changes related to FX consumer contracts in Serbia	0	-1,644		0	125	157	26%	
Consolidated adjusted after tax profit without the effect of adjustments	**325,335**	**419,052**	**29%**	**62,503**	**110,471**	**105,950**	**-4%**	**70%**
Before tax profit	**362,734**	**465,973**	**28%**	**67,240**	**123,460**	**114,585**	**-7%**	**70%**
Operating profit	**384,908**	**510,045**	**33%**	**87,603**	**137,119**	**139,991**	**2%**	**60%**
Total income	**881,726**	**1,077,727**	**22%**	**227,773**	**273,216**	**305,518**	**12%**	**34%**
Net interest income	**599,832**	**706,298**	**18%**	**156,448**	**177,063**	**195,875**	**11%**	**25%**
Net fees and commissions	**220,731**	**282,504**	**28%**	**56,605**	**72,953**	**85,503**	**17%**	**51%**
Other net non-interest income	**61,163**	**88,926**	**45%**	**14,719**	**23,200**	**24,140**	**4%**	**64%**
Foreign exchange result, net	33,568	45,177	35%	9,700	14,148	11,269	-20%	16%
Gain/loss on securities, net	2,461	12,372	403%	1,287	3,411	3,254	-5%	153%
Net other non-interest result	25,134	31,376	25%	3,733	5,641	9,617	70%	158%
Operating expenses	**-496,818**	**-567,682**	**14%**	**-140,169**	**-136,096**	**-165,527**	**22%**	**18%**
Personnel expenses	-249,447	-280,002	12%	-71,047	-66,345	-82,522	24%	16%
Depreciation	-48,210	-56,383	17%	-13,073	-14,561	-16,116	11%	23%
Other expenses	-199,161	-231,298	16%	-56,050	-55,190	-66,889	21%	19%
Total risk costs	**-26,167**	**-47,107**	**80%**	**-20,277**	**-11,633**	**-24,891**	**114%**	**23%**
Provision for impairment on loan and placement losses	-19,283	-29,474	53%	-14,976	-6,667	-13,568	104%	-9%
Other provision	-6,885	-17,633	156%	-5,301	-4,967	-11,323	128%	114%
Total one-off items	**3,993**	**3,034**	**-24%**	**-86**	**-2,026**	**-515**	**-75%**	**497%**
Gain on the repurchase of own Upper and Lower Tier2 Capital	0	0		0	0	0		
Result of the treasury share swap agreement at OTP Core	3,993	3,034	-24%	-86	-2,026	-515	-75%	497%
Corporate taxes	**-37,400**	**-46,921**	**25%**	**-4,737**	**-12,988**	**-8,635**	**-34%**	**82%**
INDICATORS	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
ROE (from accounting net earnings)	18.7%	20.3%	1.6%p	17.1%	24.9%	18.2%	-6.7%p	1.2%p
ROE (from adjusted net earnings)	19.1%	20.6%	1.5%p	13.7%	20.9%	18.8%	-2.1%p	5.1%p
ROA (from adjusted net earnings)	2.3%	2.4%	0.1%p	1.7%	2.5%	2.2%	-0.3%p	0.5%p
Operating profit margin	2.76%	2.97%	0.21%p	2.40%	3.09%	2.90%	-0.18%p	0.50%p
Total income margin	6.33%	6.28%	-0.04%p	6.25%	6.15%	6.34%	0.18%p	0.09%p
Net interest margin	4.30%	4.12%	-0.19%p	4.29%	3.99%	4.06%	0.08%p	-0.23%p
Net fee and commission margin	1.58%	1.65%	0.06%p	1.55%	1.64%	1.77%	0.13%p	0.22%p
Net other non-interest income margin	0.44%	0.52%	0.08%p	0.40%	0.52%	0.50%	-0.02%p	0.10%p
Cost-to-asset ratio	3.57%	3.31%	-0.26%p	3.85%	3.07%	3.43%	0.37%p	-0.41%p
Cost/income ratio	56.3%	52.7%	-3.7%p	61.5%	49.8%	54.2%	4.4%p	-7.4%p
Provision for impairment on loan and placement losses-to-average gross loans	0.23%	0.28%	0.05%p	0.68%	0.25%	0.45%	0.20%p	-0.24%p
Total risk cost-to-asset ratio	0.19%	0.27%	0.09%p	0.56%	0.26%	0.52%	0.25%p	-0.04%p
Effective tax rate	10.3%	10.1%	-0.2%p	7.0%	10.5%	7.5%	-3.0%p	0.5%p
Non-interest income/total income	32%	34%	2%p	31%	35%	36%	1%p	5%p
EPS base (HUF) (from unadjusted net earnings)	1,215	1,576	30%	298	503	391	-22%	32%
EPS diluted (HUF) (from unadjusted net earnings)	1,215	1,575	30%	297	503	391	-22%	32%
EPS base (HUF) (from adjusted net earnings)	1,243	1,602	29%	239	422	404	-4%	69%
EPS diluted (HUF) (from adjusted net earnings)	1,242	1,602	29%	239	422	404	-4%	69%
Comprehensive Income Statement	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
Consolidated after tax profit	318,322	412,582	30%	77,819	131,645	102,979	-22%	32%
Fair value changes of financial instruments measured at fair value through other comprehensive income	-20,323	30,224	-249%	-1,591	8,089	5,051	-38%	-417%
Fair value adjustment of derivative financial instruments designated as cash-flow hedge	-9	11	-222%	-34	-1	-2	100%	-94%
Net investment hedge in foreign operations	-3,253	-2,526	-22%	1,064	-3,130	1,177	-138%	11%
Foreign currency translation difference	10,007	79,440	694%	-13,705	68,087	-20,746	-130%	51%
Change of actuarial costs (IAS 19)	-65	-161	148%	-65	0	-161		148%
Net comprehensive income	**304,679**	**519,570**	**71%**	**63,488**	**204,690**	**88,298**	**-57%**	**39%**
o/w Net comprehensive income attributable to equity holders	304,813	518,802	70%	63,710	204,630	88,009	-57%	38%
Net comprehensive income attributable to non-controlling interest	-134	768	-673%	-222	60	289	382%	-230%

Average exchange rate[1] of the HUF (in HUF)	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
HUF/EUR	319	325	2%	323	328	332	1%	3%
HUF/CHF	276	292	6%	284	299	303	1%	7%
HUF/USD	270	291	8%	283	295	300	2%	6%

[1] Exchange rates presented in the tables of this report should be interpreted as follows: the value of a unit of the other currency expressed in Hungarian forint terms, i.e. HUF/EUR represents the HUF equivalent of one EUR.

CONSOLIDATED BALANCE SHEET

Main components of balance sheet in HUF million	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
TOTAL ASSETS	**14,590,288**	**18,971,033**	**20,121,767**	**6%**	**38%**
Cash, amounts due from Banks and balances with the National Banks	1,547,272	1,830,698	1,841,963	1%	19%
Placements with other banks, net of allowance for placement losses	420,606	628,363	410,433	-35%	-2%
Financial assets at fair value through profit or loss	181,355	264,804	251,991	-5%	39%
Securities at fair value through other comprehensive income	1,883,849	2,416,228	2,427,537	0%	29%
Net customer loans	8,066,592	11,066,584	12,247,519	11%	52%
Net customer loans (FX adjusted[1])	**8,306,712**	**10,967,356**	**12,247,519**	**12%**	**47%**
Gross customer loans	8,719,342	11,784,419	12,942,009	10%	48%
Gross customer loans (FX adjusted[1])	**9,001,577**	**11,678,288**	**12,942,009**	**11%**	**44%**
o/w Retail loans	5,480,960	6,934,407	7,619,989	10%	39%
Retail mortgage loans (incl. home equity)	2,609,698	3,092,466	3,471,008	12%	33%
Retail consumer loans	2,223,583	2,961,167	3,190,556	8%	43%
SME loans	647,680	880,774	958,425	9%	48%
Corporate loans	3,203,486	4,348,243	4,774,075	10%	49%
Loans to medium and large corporates	2,899,818	4,031,359	4,395,789	9%	52%
Municipal loans	303,668	316,884	378,285	19%	25%
Car financing loans	317,131	395,637	547,946	38%	73%
Allowances for loan losses	-652,751	-717,835	-694,490	-3%	6%
Allowances for loan losses (FX adjusted[1])	-694,866	-710,932	-694,490	-2%	0%
Associates and other investments	17,592	19,433	20,822	7%	18%
Securities at amortized costs	1,740,520	1,849,627	1,995,627	8%	15%
Tangible and intangible assets, net	420,484	566,159	605,673	7%	44%
o/w Goodwill, net	91,766	105,722	105,298	0%	15%
Tangible and other intangible assets, net	328,718	460,437	500,375	9%	52%
Other assets	312,018	329,137	320,201	-3%	3%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**14,590,288**	**18,971,033**	**20,121,767**	**6%**	**38%**
Amounts due to banks, the National Governments, deposits from the National Banks and other banks, and Financial liabilities designated at fair value through profit or loss	392,706	665,912	846,158	27%	115%
Deposits from customers	11,285,085	14,653,646	15,522,654	6%	38%
Deposits from customers (FX adjusted[1])	**11,547,410**	**14,530,515**	**15,522,654**	**7%**	**34%**
o/w Retail deposits	8,435,273	10,040,713	11,217,326	12%	33%
Household deposits	6,972,763	8,379,272	9,228,802	10%	32%
SME deposits	1,462,510	1,661,441	1,988,524	20%	36%
Corporate deposits	3,100,793	4,475,106	4,290,769	-4%	38%
Deposits to medium and large corporates	2,389,687	3,636,809	3,502,442	-4%	47%
Municipal deposits	711,106	838,297	788,327	-6%	11%
Accrued interest payable related to customer deposits	11,344	14,696	14,560	-1%	28%
Liabilities from issued securities	417,966	398,097	393,167	-1%	-6%
o/w Retail bonds	4,732	4,213	3,237	-23%	-32%
Liabilities from issued securities without retail bonds	413,235	393,884	389,930	-1%	-6%
Other liabilities	586,445	797,338	818,561	3%	40%
Subordinated bonds and loans[2]	81,429	252,141	249,937	-1%	207%
Total shareholders' equity	**1,826,657**	**2,203,898**	**2,291,288**	**4%**	**25%**
Indicators	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
Loan/deposit ratio (FX adjusted[1])	78%	80%	83%	3%p	5%p
Net loan/(deposit + retail bond) ratio (FX adjusted[1])	72%	76%	79%	3%p	7%p
Stage 1 loan volume under IFRS 9		10,384,726	11,489,554	11%	
Stage 1 loans under IFRS9/gross customer loans		88.1%	88.8%	0.7%p	
Own coverage of Stage 1 loans under IFRS 9		1.2%	1.1%	-0.1%p	
Stage 2 loan volume under IFRS 9	591,870	590,329	685,885	16%	
Stage 2 loans under IFRS9/gross customer loans	6.8%	5.0%	5.3%	0.3%p	
Own coverage of Stage 2 loans under IFRS 9		10.2%	10.7%	0.5%p	
Stage 3 loan volume under IFRS 9	753,033	809,364	766,570	-5%	2%
Stage 3 loans under IFRS9/gross customer loans	8.6%	6.9%	5.9%	-0.9%p	
Own coverage of Stage 3 loans under IFRS 9		65.9%	65.2%	-0.7%p	
90+ days past due loan volume	551,498	585,221	541,467	-7%	-2%
90+ days past due loans/gross customer loans	6.3%	5.0%	4.2%	-0.8%p	-2.1%p
Consolidated capital adequacy - Basel3	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
Capital adequacy ratio (consolidated, IFRS)	18.3%	16.8%	16.3%	-0.6%p	-2.0%p
Tier1 ratio	16.5%	14.3%	13.9%	-0.4%p	-2.6%p
Common Equity Tier1 ('CET1') capital ratio	16.5%	14.3%	13.9%	-0.4%p	-2.6%p
Regulatory capital (consolidated)	1,731,970	2,244,850	2,321,248	3%	34%
o/w Tier1 Capital	1,565,247	1,907,697	1,985,666	4%	27%
o/w Common Equity Tier1 capital	1,565,247	1,907,697	1,985,666	4%	27%
Tier2 Capital	166,723	337,153	335,582	0%	101%
o/w Hybrid Tier2	89,935	89,935	89,935	0%	0%
Consolidated risk weighted assets (RWA) (Credit&Market&Operational risk)	9,488,916	13,325,586	14,262,197	7%	50%
o/w RWA (Credit risk)	7,966,050	11,682,221	12,529,878	7%	57%
RWA (Market & Operational risk)	1,522,866	1,643,364	1,732,319	5%	14%
Closing exchange rate of the HUF (in HUF)	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
HUF/EUR	322	335	331	-1%	3%
HUF/CHF	285	308	304	-1%	7%
HUF/USD	281	306	295	-4%	5%

[1] For the FX adjustment, the closing cross currency rates for the current period were used to calculate the HUF equivalent of loan and deposit volumes in the base periods.
[2] The ICES bonds are considered as Tier2 debt, but accounting-wise they are treated as part of the shareholders’ equity.

OTP BANK'S HUNGARIAN CORE BUSINESS

OTP Core Statement of recognized income:

Main components of the Statement of recognised income in HUF million	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	180,445	190,956	6%	40,823	48,299	45,304	-6%	11%
Corporate income tax	-14,717	-12,668	-14%	-2,848	-4,160	-197	-95%	-93%
Pre-tax profit	195,162	203,624	4%	43,671	52,459	45,502	-13%	4%
Operating profit	144,577	173,995	20%	26,176	50,548	41,204	-18%	57%
Total income	378,534	432,013	14%	94,364	111,892	114,589	2%	21%
Net interest income	245,934	261,754	6%	63,138	63,450	68,255	8%	8%
Net fees and commissions	107,010	126,911	19%	25,825	35,705	32,678	-8%	27%
Other net non-interest income	25,590	43,349	69%	5,401	12,737	13,656	7%	153%
Operating expenses	-233,956	-258,018	10%	-68,188	-61,344	-73,385	20%	8%
Total risk costs	46,591	26,594	-43%	17,581	3,938	4,812	22%	-73%
Provision for impairment on loan and placement losses	48,192	30,332	-37%	16,057	5,303	7,190	36%	-55%
Other provisions	-1,601	-3,737	133%	1,525	-1,365	-2,378	74%	-256%
Total one-off items	3,993	3,034	-24%	-86	-2,026	-515	-75%	497%
Gain on the repurchase of own Upper and Lower Tier2 Capital	0	0	0%	0	0	0	0%	0%
Revaluation result of the treasury share swap agreement	3,993	3,034	-24%	-86	-2,026	-515	-75%	497%
Indicators	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
ROE	12.2%	11.7%	-0.5%p	10.6%	11.6%	10.5%	-1.1%p	0.0%p
ROA	2.2%	2.1%	-0.1%p	1.9%	2.1%	1.9%	-0.2%p	0.0%p
Operating profit margin	1.8%	1.9%	0.2%p	1.2%	2.2%	1.7%	-0.5%p	0.5%p
Total income margin	4.64%	4.82%	0.18%p	4.45%	4.89%	4.80%	-0.10%p	0.34%p
Net interest margin	3.01%	2.92%	-0.09%p	2.98%	2.77%	2.86%	0.08%p	-0.12%p
Net fee and commission margin	1.31%	1.42%	0.10%p	1.22%	1.56%	1.37%	-0.19%p	0.15%p
Net other non-interest income margin	0.31%	0.48%	0.17%p	0.25%	0.56%	0.57%	0.01%p	0.32%p
Operating costs to total assets ratio	2.9%	2.9%	0.0%p	3.2%	2.7%	3.1%	0.4%p	-0.1%p
Cost/income ratio	61.8%	59.7%	-2.1%p	72.3%	54.8%	64.0%	9.2%p	-8.2%p
Provision for impairment on loan and placement losses/average gross loans[1]	-1.60%	-0.88%	0.72%p	-1.98%	-0.60%	-0.75%	-0.16%p	1.22%p
Effective tax rate	7.5%	6.2%	-1.3%p	6.5%	7.9%	0.4%	-7.5%p	-6.1%p

[1] Negative Provision for impairment on loan and placement losses/average gross loans ratio implies positive amount on the Provision for impairment on loan and placement losses line.

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

Main components of balance sheet closing balances in HUF mn	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
Total Assets	8,563,425	9,453,590	9,641,692	2%	13%
Net customer loans	3,096,391	3,525,841	3,740,975	6%	21%
Net customer loans (FX adjusted)	**3,112,187**	**3,517,834**	**3,740,975**	**6%**	**20%**
Gross customer loans	3,241,345	3,669,547	3,883,412	6%	20%
Gross customer loans (FX adjusted)	**3,258,458**	**3,661,178**	**3,883,412**	**6%**	**19%**
Retail loans	1,971,206	2,248,454	2,376,885	6%	21%
Retail mortgage loans (incl. home equity)	1,329,600	1,346,783	1,383,774	3%	4%
Retail consumer loans	425,790	655,360	746,269	14%	75%
SME loans	215,816	246,311	246,842	0%	14%
Corporate loans	1,287,252	1,412,724	1,506,527	7%	17%
Loans to medium and large corporates	1,201,815	1,307,725	1,404,773	7%	17%
Municipal loans	85,437	104,998	101,754	-3%	19%
Provisions	-144,954	-143,705	-142,437	-1%	-2%
Provisions (FX adjusted)	**-146,270**	**-143,344**	**-142,437**	**-1%**	**-3%**
Deposits from customers + retail bonds	5,967,857	6,784,666	6,770,161	0%	13%
Deposits from customers + retail bonds (FX adjusted)	**6,000,083**	**6,768,095**	**6,770,161**	**0%**	**13%**
Retail deposits + retail bonds	4,072,038	4,283,628	4,505,485	5%	11%
Household deposits + retail bonds	3,278,499	3,420,953	3,562,244	4%	9%
o/w: Retail bonds	4,732	4,213	3,237	-23%	-32%
SME deposits	793,539	862,675	943,241	9%	19%
Corporate deposits	1,928,045	2,484,468	2,264,676	-9%	17%
Deposits to medium and large corporates	1,321,304	1,811,357	1,624,880	-10%	23%
Municipal deposits	606,741	673,110	639,796	-5%	5%
Liabilities to credit institutions	236,700	279,937	445,301	59%	88%
Issued securities without retail bonds	461,138	435,727	436,340	0%	-5%
Total shareholders' equity	1,561,688	1,677,426	1,720,872	3%	10%
Loan Quality	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)		3,309,159	3,550,841	7%	
Stage 1 loans under IFRS 9/gross customer loans		90.2%	91.4%	1.3%p	
Own coverage of Stage 1 loans under IFRS 9		0.7%	0.8%	0.1%p	
Stage 2 loan volume under IFRS 9 (in HUF million)		182,263	163,954	-10%	
Stage 2 loans under IFRS 9/gross customer loans		5.0%	4.2%	-0.7%p	
Own coverage of Stage 2 loans under IFRS 9		9.8%	12.4%	2.6%p	
Stage 3 loan volume under IFRS 9 (in HUF million)	190,682	178,124	168,618	-5.3%	-11.6%
Stage 3 loans under IFRS 9/gross customer loans	5.9%	4.9%	4.3%	-0.5%p	-1.5%p
Own coverage of Stage 3 loans under IFRS 9		57.5%	55.4%	-2.1%p	
90+ days past due loan volume (in HUF million)	147,218	132,321	123,895	-6%	-16%
90+ days past due loans/gross customer loans	4.5%	3.6%	3.2%	-0.4%p	-1.4%p
Market Shares	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
Loans	20.8%	21.3%	22.2%	0.9%p	1.4%p
Deposits	25.7%	26.5%	27.7%	1.2%p	2.0%p
Total Assets	26.2%	28.2%	28.8%	0.5%p	2.6%p
Performance Indicators	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
Net loans to (deposits + retail bonds) (FX adjusted)	52%	52%	55%	3%p	3%p
Leverage (closing Shareholder's Equity/Total Assets)	18.2%	17.7%	17.8%	0.1%p	-0.4%p
Leverage (closing Total Assets/Shareholder's Equity)	5.5x	5.6x	5.6x	0.0x	0.1x
Capital adequacy ratio (OTP Bank, non-consolidated, Basel3, IFRS)	28.2%	25.7%	26.6%	0.9%p	-1.6%p
Common Equity Tier1 ratio (OTP Bank, non-consolidated, Basel3, IFRS)	26.2%	21.5%	22.6%	1.1%p	-3.6%p

- ***OTP Core's adjusted full-year after tax profit amounted to HUF 191 billion (+6% y-o-y). Regarding the structure of profit growth, a 20% improvement in operating profit was offset by smaller amounts of positive risk costs***
- ***Despite a 9 bps erosion in net interest margin, total income margin improved in 2019***
- ***4Q profit hit HUF 45.3 billion; the 6% q-o-q decline mostly reflects higher operating expenses***
- ***Amid favourable credit quality trends the ratio of Stage 3 loans declined to 4.3%***
- ***The growth in retail loans accelerated in 2019, while corporate loan growth moderated after the outstanding expansion in 2018. Stage 1+2 loans surged by 21% y-o-y and 7% q-o-q (FX-adjusted), boosted by the introduction of subsidized baby loans in July***
- ***The double-digit growth in deposit volumes was coupled with a 3 pps improvement in net loan/deposit ratio. Retail deposits continued to trend higher, even with the MÁP Plus government bond for retail customers being introduced in June***

The scope of companies comprising OTP Core has changed from 1Q 2019: OTP Real Estate Lease Ltd was moved from OTP Core to Other Hungarian Subsidiaries. At the end of December, the gross loan portfolio of OTP Real Estate Lease amounted to HUF 23.4 billion, while performing (Stage 1+2 loans under IFRS 9) loan volumes reached HUF 22.0 billion, of which mortgage loans amounted to HUF 19.3 billion. OTP Real Estate Lease Ltd.'s adjusted after-tax profit was HUF 0.35 billion in 2019.

Starting from 1Q 2019, OTP Ingatlanpont LLC and OTP Mobile Service Limited Liability Company were included into OTP Core. These two companies recorded a combined loss of HUF 0.6 billion in 2019.

On 30 September 2019 two companies (previously presented among other Hungarian subsidiaries) merged into Monicomp Ltd., which is part of OTP Core.

P&L developments

In 2019 **OTP Core** generated HUF 191 billion adjusted after-tax profit. The 6% y-o-y growth rate owes mainly to a 20% increase in operating profit, which was partly counterbalanced by the declining amount of positive risk costs.

The HUF 45.3 billion profit after tax realized in 4Q showed a q-o-q decline chiefly because of a seasonal jump in operating expenses, but it translates into 11% growth in y-o-y comparison. Corporate income tax burden fell significantly q-o-q[4]; accordingly, pre-tax profit improved by a modest 4% y-o-y.

The annual operating profit (without one-off items) grew by 20%, largely driven by the 14% increase in total income. Full-year net interest income was up 6%, mostly owing to the continued dynamic organic growth in loan volumes, but the revenues were also boosted by the gross interest income realized from the placement of additional liquidity supported by the rise in customer deposits.

In an environment determined by low short-term interest rates and sinking long-term yields, the full-year net interest margin moderated by 9 bps y-o-y to 2.92%. The average interest rates of both the loan portfolio and liquid assets have decreased. Furthermore, the share of non-interest-bearing assets (including the investments in subsidiaries) increased within the balance sheet total.

In the fourth quarter the net interest income grew by 8% in both q-o-q and y-o-y terms. The HUF 4.8 billion q-o-q improvement was driven by the following larger items: first, net interest income benefited from the dynamic growth in performing loan volumes, particularly the q-o-q expansion in consumer loans. Second, interest expenditures on deposits went lower in q-o-q comparison. Third, the swap result improved by HUF 1.2 billion q-o-q: while in 3Q the result of intra-group swap deals with DSK Bank negatively affected this line, in 4Q this was positive (this item is offset in other income). Last, a one-off effect related to the accounting of certain hedging transactions reduced net interest income by HUF 0.8 billion in 3Q (being offset in other income, this item is neutral to the profit); the base effect of this exerted a +HUF 0.8 billion positive effect on the q-o-q net interest income dynamics in 4Q 2019.

Following the 24 bps q-o-q contraction in 3Q, in 4Q net interest margin widened by 8 basis points q-o-q, to 2.86%. The q-o-q development was influenced by three major items:

- The q-o-q change in the result of the swap deals with DSK induced 6 bps q-o-q improvement in the net interest margin. Due to the eliminations on consolidated level, this item did not affect the consolidated margin path.

[4] The main reason for OTP Core's lower corporate income tax in 4Q 2019 was that a part of the impairment accounted for in relation to the investment in the Ukrainian subsidiary was written back in 4Q, and partially as a result of this a previously unutilized tax credit became available, which reduced OTP Core's corporate income tax in 4Q. However, the corporate income tax burden related to the impairment write-back was not presented in OTP Core's adjusted income statement, because it was shown among the adjustment items presented at consolidated level, on the line *Goodwill/investment impairment charges* line.

- •The above mentioned one-off effect related to the accounting of certain hedging transactions exerted a positive effect of 4 bps on the q-o-q NIM development.
- In 4Q 2019 the Bank's repo volumes shrank q-o-q on average by around HUF 100 billion. This improved the margin by 3 bps, owing to the lower balance sheet total.

These three items explain a combined 12 bps q-o-q increase in net interest margin, thus the other factors affecting the margin were overall negative: even though the share of higher-margin retail loans has increased within the balance sheet total, which grew by 4% q-o-q on average, the average interest rates on loans and liquid assets continued to decrease. Moreover, short-term interbank rates, which are the reference rates for variable rate loans, slightly dropped in the fourth quarter (the 3M BUBOR's closing value sank 5 bps q-o-q to 16 bps, while its average rate fell by 6 bps to 19 bps).

The annual net fees and commissions increased by 19%, as the growing volumes and transactional turnover resulted in stronger card, deposit and transaction-related fee revenues. It was also positive that securities distribution fees for the whole year showed a 21% y-o-y growth after the declining trend prevailing since 2H 2017. The reason was that the Government Debt Management Agency – parallel with the amendment to the distribution fee calculation methodology – introduced a new retail government bond, the Hungarian Government Security Plus (MÁP Plus) from June 2019; its volumes have significantly increased owing to the outstanding new sales volumes.

In the fourth quarter the net fees and commissions grew by 27% y-o-y, but contracted by 8%, or HUF 3.0 billion in q-o-q terms. The latter was dragged down by the deteriorating balance of one-off items: they worsened the q-o-q dynamics of net fees by HUF 3.5 billion[5].

The annual other net non-interest income (without one-offs) surged by 69% y-o-y, largely because of the higher gain on securities. Other income grew by HUF 0.9 billion q-o-q in 4Q.

The *revaluation result of the treasury share swap agreement* (showed among the one-off revenue items) amounted to HUF 3.0 billion in 2019 (-24% y-o-y), owing predominantly to the dividend income received in the second quarter.

Operating expenses grew by 10% in 2019. Personnel expenses were shaped, among others, by the 5% rise in the average number of employees, as well as by the fact that in 3Q and 4Q 2019 part of the cumulated wage cost of the IT developers employed by OTP Bank was allocated for certain software in use, and activated for the systems developed – in the amount of HUF 1.7 billion in 3Q and HUF 0.4 billion in 4Q 2019, so the total amount was HUF 2.1 billion. Another factor that reduced the dynamics of personnel costs was that, in accordance with the six-year wage agreement, employers pay 2 pps lower social contribution tax rate (17.5%) starting from July 2019. Moreover, amortization grew in y-o-y terms, and within other expenses, IT hardware and licence costs, facility management and telecommunications expenses, and deductible taxes have all increased.

The 8% y-o-y increase in 4Q operating expenses was consistent with 20% q-o-q rise. The q-o-q jump owes a lot to personnel expenses: on top of bonus payments and other seasonal effects, as well as the q-o-q rise in headcount, a technical effect played a role, too: HUF 1.3 billion less personnel expenses were activated in q-o-q terms. Administrative expenses also increased q-o-q, in part because of seasonality (e.g. marketing costs and licence fees).

Loan quality trends remained favourable: DPD90+ loan volumes fell by HUF 3 billion in 2019 (FX-adjusted and without problem loan sales and write-offs), of which HUF 1 billion in 4Q. In 2019 altogether HUF 16 billion problem loans were sold/written off, including HUF 6 billion in 4Q. The decreasing trend in the share of DPD90+ loans continued: the rate dropped by 0.4 pp to 3.2% q-o-q. The share of Stage 3 loans also remained on a downward path (4.3%, -0.5 pp q-o-q, -1.5 pps y-o-y); their own provision coverage stood at 55.4% (-2.1 pps q-o-q).

On the total risk costs line, a positive amount of HUF 26.6 billion was recognized in 2019, mainly due to the recoveries realized on claims toward households handled by OTP Factoring, the Hungarian work-out company. The amount of positive risk costs was 43% less than in the base period. In 4Q 2019 total risk costs amounted to +HUF 4.8 billion (+22% q-o-q).

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[5] One-off item concerning 4Q 2019: similarly to the previous years, the full-year amount of refunds for credit card usage was accounted in lump sum in 4Q (it amounted to HUF 2.6 bn in 4Q 2019, and to HUF 2.5 bn in 4Q 2018).
One-off items concerning 3Q 2019: first, a one-off 0.8% fee on the baby loan amounts disbursed in July was recognized within the fee income (starting from August, this item has been accounted within interest revenues, spread over the whole maturity of these loans). In addition to this, the fee income realized by OTP Treasury for the joint lead manager tasks fulfilled in relation to theTier2 bond issued by OTP Bank in July (both the outstanding volume and the interest expenditure on the Tier2 bonds are reported within the Corporate Centre). Third, the settlements related to the payments into the Compensation Fund (established in order to indemnify the victims of Quaestor and Hungaria Securities Ltd.) deteriorated the q-o-q dynamics of net fees by HUF 0.6 bn, as HUF 0.6 bn deduction from taxes was accounted for in 3Q. (Due to the deductibility, in the adjusted P&L structure both the contributions into the Compensation Fund, as well as the deductions from taxes are presented within the financial transaction tax.)

Balance sheet trends

The continued strengthening of OTP Core's business activity was coupled with further increase in business volumes, and a steady increase of the balance sheet total.

On the asset side, gross loans surged 19% y-o-y, while performing (Stage 1+2) loans expanded by 21% (FX-adjusted), largely driven by an outstanding, 81% jump in consumer loans. Thus, the performing loan growth in 2019 exceeded the previous year's 18% level.

The quarterly rise in performing loans demonstrated an accelerating trend in 2019: a seasonally weak first quarter (q-o-q stagnation) was followed by FX-adjusted q-o-q growth rates of 5% in 2Q, 8% in 3Q, and 7% in 4Q.

The increasing growth rates seen in the second half of the year were driven by the strong demand for consumer loans, fuelled also by the introduction of the subsidized baby loans, while corporate loan growth decelerated compared to last year: in 2018 corporate and SME loans expanded by nearly 30% overall, which came down to 18% in 2019. This represents a pronounced shift in the structure of loan growth, towards retail loans.

The Hungarian Government introduced the subsidized baby loan scheme for families in July 2019, which generated significant additional loan demand. OTP Bank's clients were particularly interested in this product: nearly 22,000 loan contracts were signed in the second half of the year, with an average ticket size of HUF 9.5 million – this brings the contracted amount of baby loans between July and December 2019 to HUF 209 billion (HUF 124 billion in 3Q, and HUF 85 billion in 4Q). Accordingly, OTP's respective market share was nearing 45% in the second half of the year.

In a favourable development, the introduction of baby loans did not break the increasing demand for personal loans: new cash loans granted by OTP Bank expanded by 26% in 2019 as a whole, within that in 4Q a slower 15% y-o-y rise was registered. Based on this, OTP Bank's market share in new cash loan disbursements exceeded 39% in 2019 (+0.8 pp y-o-y), and reached 38.3% in 4Q.

The performing personal loan volumes grew by 27% y-o-y, whereas in 4Q the q-o-q growth moderated to 2%, amid q-o-q seasonally weaker newly disbursed volumes. Based on the outstanding stock, OTP Bank's market share in cash loans stood at 33.2% at the end of December.

As a result, performing (Stage 1+2) total consumer loans jumped by 81% y-o-y (+14% q-o-q).

Performing mortgage loans were up 3% q-o-q, and the annual growth rate was 7% (filtering out the effect of the exclusion of OTP Real Estate Lease from OTP Core).

The performing mortgage loan portfolio consists of two product segments: housing loans, which make up 82% of the stock volumes, grew steadily by double-digit rates (+12% y-o-y), and by an accelerating rate of 5% q-o-q in the fourth quarter. The volume of mortgage-backed consumer loans (or home equities), the weight of which is 18%, is gradually shrinking (-2% q-o-q, -11% y-o-y) as amortization exceeds new disbursements.

New mortgage loan disbursements expanded by 12% y-o-y in 2019, and in the fourth quarter they jumped by 34% y-o-y. In 2019 OTP Bank's market share in new mortgage loan contractual amounts reached 31.6%, up from 29.2% in 2018. In the fourth quarter the market share was 35.3%, improving from 26.5% a year earlier and from 28.5% in the first half of 2019. The improvement in the past two quarters can to a large extent be attributable to the increasing demand for subsidized housing loans – in this field OTP Bank traditionally has a strong market share.

Customers continue to prefer, almost exclusively, the more predictable fixed-rate housing loans: at OTP Bank, the share of loans with fixed interest rate for at least five years, was above 99% of all new market-based housing loan applications in 2019 (up from near-50% levels in 2017). Within that, the popularity of loans with longer-term interest rate fixation periods (for 10 and 20 years) has been gradually increasing.

OTP Bank has been actively contributing to the success of the Housing Subsidy Scheme for Families (CSOK) programme, which was expanded by the Government from July 2019. In 2019 more than 17 thousand applications for the CSOK subsidy were registered at OTP Bank with a value of HUF 70 billion (o/w in 4Q: HUF 30 billion). Thus, the total volume of applications submitted to OTP Bank since the programme's inception at the end of 2015 amounted to HUF 190 billion.

After the outstanding dynamics in previous years, corporate loan growth lost some steam, but they continued to expand by a strong, double-digit rate (+18%) in 2019. Within that, loans to medium and large corporates surged 18%, and loans to municipalities expanded by 19%. Performing loans to micro and small enterprises expanded by 14% y-o-y (FX-adjusted).

Under the Funding for Growth Scheme Fix, which was launched at the beginning of 2019 by the National Bank of Hungary, OTP received loan requests in the amount of close to HUF 60 billion.

OTP Bank has been actively participating in the Bond Funding for Growth Scheme of the NBH. As a lead manager, in the course of 2019 OTP Bank participated in 3 already completed bond issuances with a total notional of HUF 46 billion; additionally, there were further issuances in progress at the end of the year. In the case of the 3 deals where OTP acted as lead manager, the Bank has underwritten bonds in the amount of HUF 6 billion, whereas altogether

HUF 21 billion was underwritten from bonds issued under the umbrella of the Bond Funding for Growth Scheme.

Because of the recent acquisitions and capital increases at subsidiaries, on the asset side the volume of investments in subsidiaries as well as its share within the balance sheet total grew further (by 1.3 pps to 12.2% on average), strongly contributing to the rise in the share of non-interest-bearing assets within total assets.

OTP Core's deposit base (including retail bonds) was stable in q-o-q terms and grew by an FX-adjusted 13% y-o-y. Despite the launch of the popular MÁP Plus retail government bond in June, household deposits could sustain their growth in 2Q, 3Q, and 4Q (+5% q-o-q in the seasonally strong 4Q), thus the annual growth rate of household deposits reached 11%. The 23% y-o-y expansion in medium and large corporate deposits reflects business developments, while the 10% q-o-q contraction (by HUF 190 billion) reflects that the Bank's closing repo volume against the Government Debt Management Agency fell to zero, down from HUF 400 billion in September; these liabilities are presented amongst the deposits from medium and large corporates line. Municipalities' deposits grew by 5% y-o-y, while these volumes dropped by 5% q-o-q, from a seasonally high level in September.

The net loan / (deposit + retail bond) ratio rose by 3 pps y-o-y to 55%, but despite the improvement, the absolute level of the ratio can still be regarded as low.

In July 2019 the Bank issued a Tier 2 capital instrument in the nominal amount of EUR 500 million, which is part of the standalone regulatory capital of OTP Bank, but it is reported in the balance sheet of the Corporate Centre. Similarly to previous years, but unlike in the previous quarters of 2019, the Bank’s regulatory capital at the end of 2019 included the interim profit less proposed dividend. The Bank’s standalone capital adequacy ratio (CAR) stood at 26.6% at the end of December 2019, while the CET1=Tier1 ratio reached 22.6%.

OTP FUND MANAGEMENT (HUNGARY)

Changes in assets under management and financial performance of OTP Fund Management:

Main components of P&L account in HUF mn	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	4,122	15,104	266%	1,432	838	12,526		775%
Income tax	-403	-1,438	256%	-146	-68	-1,214		731%
Profit before income tax	4,525	16,542	266%	1,578	906	13,740		771%
Operating profit	4,525	16,542	266%	1,578	906	13,740		771%
Total income	7,121	20,433	187%	2,364	1,644	15,657	852%	562%
Net fees and commissions	7,196	19,800	175%	2,455	1,423	15,593	996%	535%
Other net non-interest income	-75	633	-940%	-90	222	65	-71%	-172%
Operating expenses	-2,596	-3,891	50%	-786	-739	-1,918	160%	144%
Other provisions	0	0		0	0	0		
Main components of balance sheet closing balances in HUF mn	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
Total assets	16,821	33,688	100%	16,821	21,056	33,688	60%	100%
Total shareholders' equity	14,353	24,828	73%	14,353	12,273	24,828	102%	73%
Asset under management in HUF bn	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
Assets under management, total (w/o duplicates)[1]	**1,035**	**1,119**	**8%**	**1,035**	**1,041**	**1,119**	**8%**	**8%**
Volume of investment funds (closing, w/o duplicates)	749	793	6%	749	725	793	9%	6%
Volume of managed assets (closing)	286	326	14%	286	315	326	3%	14%
Volume of investment funds (closing, with duplicates)[2]	**982**	**1,073**	**9%**	**982**	**981**	**1,073**	**9%**	**9%**
bond	217	315	45%	217	296	315	6%	45%
equity	153	188	23%	153	172	188	10%	23%
mixed	55	73	32%	55	55	73	33%	32%
guaranteed	32	28	-14%	32	33	28	-15%	-14%
money market	129	6	-96%	129	7	6	-14%	-96%
other[3]	395	464	18%	395	419	464	11%	18%

[1] The cumulative net asset value of investment funds and managed assets of OTP Fund Management, eliminating the volume of own investment funds (duplications) being managed in other investment funds and managed assets of OTP Fund Management.
[2] The cumulative net asset value of investment funds with duplications managed by OTP Fund Management.
[3] Other funds: absolute return, derivative and commodity market funds.

OTP Fund Management's HUF 15 billion after-tax profit in 2019 was more than three and a half times bigger than a year earlier. This outstanding result was supported by HUF 14 billion success fee recognized in 4Q 2019, which exceeded the amount of total success fees received in the previous four years.

On the income side, the y-o-y jump in fee and commission revenues largely stemmed from the success fees received in the fourth quarter. 85% of the full-year success fees were related to the OTP Supra derivative investment fund's performance. OTP Supra boasted a yield of nearly 24% in 2019, and the success fee is 20% of the positive difference between the fund's yield and the ZMAX benchmark index. In addition to OTP Supra, the Company's other derivative and mixed funds also excelled. The decline in other net non-interest result reflected the fair value adjustment of investment fund units, and the q-o-q lower foreign exchange result.

Full-year operating costs grew by 50% y-o-y, largely as a result of the bonus payments booked in the last quarter of the year.

The market of investment funds underwent significant restructuring in 2019. First, regulatory changes that stipulate substantially stricter operating conditions prompted many fund managers to amend the investment policy of their money market funds, and even to close some of their funds, bringing about a technical shift towards bond funds. In the case of OTP Fund Management, three of the former four money market funds were transformed into short-term bond funds at the beginning of the year, and the remaining one became a money market fund without capital guarantee. Second, the strong demand for the Hungarian Government Security Plus, available since the beginning of June 2019, redirected money from investment funds, particularly from bond funds.

The assets managed by OTP Fund Management partly reflected the effect of the above developments: there was a rearrangement towards bond funds (+45% y-o-y) and equity funds (+23% y-o-y), and a previously most popular category, money market funds, were squeezed out: their volume shrank to HUF 6 billion (-96% y-o-y) by the end of December. On the other hand, the effect of the new Hungarian Government Security Plus was offset by the positive capital inflow to the Company's derivative funds, chiefly because of OTP Supra's popularity. Overall, the closing volume of the Company's investment funds expanded by 9% y-o-y.

Increasing its market share by 1.3 pps y-o-y to 23.6% by the end of December, OTP Fund Management upheld its market leader position on the securities fund market.

MERKANTIL BANK (HUNGARY)

Performance of Merkantil Bank:

Main components of P&L account in HUF mn	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	7,437	7,115	-4%	2,179	2,042	1,776	-13%	-18%
Income tax	456	-632	-239%	625	-195	-236	21%	-138%
Profit before income tax	6,981	7,747	11%	1,554	2,237	2,012	-10%	29%
Operating profit	6,599	7,372	12%	1,407	2,124	1,764	-17%	25%
Total income	12,983	14,369	11%	3,178	3,764	3,713	-1%	17%
Net interest income	13,131	14,013	7%	3,427	3,619	3,560	-2%	4%
Net fees and commissions	-124	-104	-16%	-44	4	-21	-597%	-52%
Other net non-interest income	-24	461		-205	140	175	25%	-185%
Operating expenses	-6,384	-6,997	10%	-1,771	-1,639	-1,950	19%	10%
Total provisions	382	375	-2%	147	113	248	121%	69%
Provision for impairment on loan and placement losses	256	143	-44%	49	170	84	-50%	72%
Other provision	126	232	84%	98	-57	164	-386%	68%
Main components of balance sheet closing balances in HUF mn	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
Total assets	404,750	491,399	21%	404,750	479,428	491,399	2%	21%
Gross customer loans	321,353	366,064	14%	321,353	357,231	366,064	2%	14%
Gross customer loans (FX-adjusted)	322,042	366,064	14%	322,042	356,944	366,064	3%	14%
Retail loans	29,658	30,244	2%	29,658	30,386	30,244	0%	2%
Corporate loans	104,058	126,422	21%	104,058	121,665	126,422	4%	21%
Car financing loans	188,325	209,398	11%	188,325	204,894	209,398	2%	11%
Allowances for possible loan losses	-13,853	-10,072	-27%	-13,853	-11,895	-10,072	-15%	-27%
Allowances for possible loan losses (FX-adjusted)	-13,868	-10,072	-27%	-13,868	-11,893	-10,072	-15%	-27%
Deposits from customers	15,180	10,414	-31%	15,180	11,343	10,414	-8%	-31%
Deposits from customer (FX-adjusted)	15,180	10,414	-31%	15,180	11,343	10,414	-8%	-31%
Retail deposits	13,307	8,051	-40%	13,307	8,806	8,051	-9%	-40%
Corporate deposits	1,873	2,364	26%	1,873	2,536	2,364	-7%	26%
Liabilities to credit institutions	337,136	420,076	25%	337,136	412,016	420,076	2%	25%
Total shareholders' equity	37,189	44,441	19%	37,189	42,682	44,441	4%	19%
Loan Quality	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)		345,339			336,787	345,339	3%	
Stage 1 loans under IFRS 9/gross customer loans		94.3%			94.3%	94.3%	0.1%p	
Own coverage of Stage 1 loans under IFRS 9		0.4%			0.5%	0.4%	-0.2%p	
Stage 2 loan volume under IFRS 9 (in HUF million)		7,459			8,186	7,459	-9%	
Stage 2 loans under IFRS 9/gross customer loans		2.0%			2.3%	2.0%	-0.3%p	
Own coverage of Stage 2 loans under IFRS 9		4.7%			4.7%	4.7%	0.0%p	
Stage 3 loan volume under IFRS 9 (in HUF million)	14,133	13,267	-6%	14,133	12,258	13,267	8%	-6%
Stage 3 loans under IFRS 9/gross customer loans	4.4%	3.6%	-0.8%p	4.4%	3.4%	3.6%	0.2%p	-0.8%p
Own coverage of Stage 3 loans under IFRS 9		63.4%			78.9%	63.4%	-15.5%p	
Provision for impairment on loan and placement losses/average gross loans	-0.08%	-0.04%	0.04%p	-0.06%	-0.19%	-0.09%	0.10%p	-0.03%p
90+ days past due loan volume (in HUF million)	10,204	7,364	-28%	10,204	9,092	7,364	-19%	-28%
90+ days past due loans/gross customer loans	3.2%	2.0%	-1.2%p	3.2%	2.5%	2.0%	-0.5%p	-1.2%p
Performance Indicators	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
ROA	1.9%	1.6%	-0.3%p	2.2%	1.7%	1.5%	-0.3%p	-0.7%p
ROE	24.4%	17.4%	-7.0%p	24.9%	19.4%	16.1%	-3.3%p	-8.8%p
Total income margin	3.38%	3.20%	-0.18%p	3.19%	3.19%	3.05%	-0.15%p	-0.14%p
Net interest margin	3.42%	3.12%	-0.29%p	3.44%	3.07%	2.92%	-0.15%p	-0.52%p
Cost/income ratio	49.2%	48.7%	-0.5%p	55.7%	43.6%	52.5%	9.0%p	-3.2%p

On 30 September 2018 Merkantil Car Ltd. was merged into Merkantil Bank Ltd. and ceased to exist as a separate legal entity. The above table includes the contribution of Merkantil Car for the 2018 base periods, too.

Merkantil Bank posted HUF 7.1 billion adjusted after-tax profit in 2019 (-4% y-o-y); this is consistent with an ROE of 17.4%. Taking into account the increase in the corporate tax burden for 2019, the year-on-year pre-tax profit increase of 11% was largely due to the higher net interest income, while the twelve-month risk costs remained positive.

Net interest income for 2019 increased by 7% y-o-y. The dynamics was positively influenced by the growth of the performing loan portfolio (+15% y-o-y), which was partially offset by the narrowing net interest margin (-29 bps y-o-y). The 10% y-o-y increase in operating expenses was mainly driven by personnel expenses.

The 13% q-o-q profit decline in 4Q 2019 was attributable to a 19% increase in operating expenses, which grew mainly because of seasonal reasons. The q-o-q increase in costs was due to the increase in marketing and IT expenses – in addition to personnel expenses.

Credit quality trends continued to develop favourably: in 2019 the DPD90+ loan portfolio declined by HUF 1 billion (FX-adjusted and excluding the impact of loan sales and write-offs).

At the end of 2019, the ratio of Stage 3 loans was 3.6% (-0.8 pp y-o-y, +0.2 pp q-o-q), whereas the own provision coverage of Stage 3 loans was 63.4%. On a quarterly basis, the coverage of Stage 3 loans decreased by 15.5 percentage points, mainly owing to HUF 2.7 billion within 90 days overdue loans moved from the Stage 2 to the Stage 3 category.

In the fourth quarter HUF 1.6 billion non-performing loans were sold/written off. This number amounted to HUF 2.3 billion in 2019 as a whole.

Performing (Stage 1+2) loan volumes rose by 15% y-o-y, and by 2% on a quarterly basis. Total new disbursements increased by 19% y-o-y, including the 19% expansion of new car loans and the 17% growth of the financing of production equipment and machinery. Merkantil Bank retained its market leading position both in terms of new disbursements and outstanding leasing volumes.

IFRS REPORTS OF THE MAIN SUBSIDIARIES

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

DSK GROUP (BULGARIA)

Performance of DSK Group:

Main components of P&L account in HUF mn	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	47,293	67,879	44%	8,910	19,551	14,100	-28%	58%
Income tax	-4,308	-7,199	67%	-292	-1,332	-1,389	4%	375%
Profit before income tax	51,601	75,078	45%	9,202	20,883	15,488	-26%	68%
Operating profit	57,096	83,495	46%	13,490	22,161	19,532	-12%	45%
Total income	107,817	155,567	44%	27,628	39,578	39,794	1%	44%
Net interest income	69,979	109,030	56%	17,870	28,390	28,706	1%	61%
Net fees and commissions	30,435	42,019	38%	8,031	10,756	10,940	2%	36%
Other net non-interest income	7,403	4,517	-39%	1,726	432	147	-66%	-91%
Operating expenses	-50,720	-72,071	42%	-14,138	-17,417	-20,262	16%	43%
Total provisions	-5,495	-8,418	53%	-4,289	-1,278	-4,043	216%	-6%
Provision for impairment on loan and placement losses	-9,532	-5,216	-45%	-5,575	-1,192	-770	-35%	-86%
Other provision	4,038	-3,201	-179%	1,286	-86	-3,273		-354%
Main components of balance sheet closing balances in HUF mn	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
Total assets	2,381,275	3,669,766	54%	2,381,275	3,867,302	3,669,766	-5%	54%
Gross customer loans	1,343,729	2,350,694	75%	1,343,729	2,339,202	2,350,694	0%	75%
Gross customer loans (FX-adjusted)	1,381,368	2,350,694	70%	1,381,368	2,310,163	2,350,694	2%	70%
Retail loans	958,860	1,446,035	51%	958,860	1,440,678	1,446,035	0%	51%
Corporate loans	422,508	863,331	104%	422,508	855,793	863,331	1%	104%
Car financing loans		41,327			13,692	41,327	202%	
Allowances for possible loan losses	-111,369	-135,640	22%	-111,369	-133,785	-135,640	1%	22%
Allowances for possible loan losses (FX-adjusted)	-114,487	-135,640	18%	-114,487	-132,133	-135,640	3%	18%
Deposits from customers	1,890,897	3,015,805	59%	1,890,897	2,992,824	3,015,805	1%	59%
Deposits from customers (FX-adjusted)	1,946,301	3,015,805	55%	1,946,301	2,953,103	3,015,805	2%	55%
Retail deposits	1,702,923	2,528,233	48%	1,702,923	2,430,836	2,528,233	4%	48%
Corporate deposits	243,378	487,572	100%	243,378	522,267	487,572	-7%	100%
Liabilities to credit institutions	3,144	59,867		3,144	263,992	59,867	-77%	
Total shareholders' equity	453,891	528,759	16%	453,891	525,250	528,759	1%	16%
Loan Quality	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)		2,081,790			2,054,687	2,081,790	1%	
Stage 1 loans under IFRS 9/gross customer loans		88.6%			87.8%	88.6%	0.7%p	
Own coverage of Stage 1 loans under IFRS 9		1.1%			1.1%	1.1%	0.0%p	
Stage 2 loan volume under IFRS 9 (in HUF million)		99,917			111,310	99,917	-10%	
Stage 2 loans under IFRS 9/gross customer loans		4.3%			4.8%	4.3%	-0.5%p	
Own coverage of Stage 2 loans under IFRS 9		8.5%			10.1%	8.5%	-1.6%p	
Stage 3 loan volume under IFRS 9 (in HUF million)	141,513	168,986	19%	141,513	173,205	168,986	-2%	19%
Stage 3 loans under IFRS 9/gross customer loans	10.5%	7.2%	-3.3%p	10.5%	7.4%	7.2%	-0.2%p	-3.3%p
Own coverage of Stage 3 loans under IFRS 9		62.0%			58.2%	62.0%	3.8%p	
Provision for impairment on loan and placement losses/average gross loans	0.74%	0.24%	-0.51%p	1.65%	0.21%	0.13%	-0.08%p	-1.52%p
90+ days past due loan volume (in HUF million)	89,986	108,600	21%	89,986	106,610	108,600	2%	21%
90+ days past due loans/gross customer loans	6.7%	4.6%	-2.1%p	6.7%	4.6%	4.6%	0.1%p	-2.1%p
Performance Indicators	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
ROA	2.3%	1.9%	-0.4%p	1.6%	2.1%	1.5%	-0.6%p	-0.1%p
ROE	18.4%	13.7%	-4.7%p	12.2%	15.4%	10.7%	-4.7%p	-1.6%p
Total income margin	5.20%	4.28%	-0.92%p	4.98%	4.19%	4.19%	0.00%p	-0.79%p
Net interest margin	3.37%	3.00%	-0.37%p	3.22%	3.00%	3.02%	0.02%p	-0.20%p
Cost/income ratio	47.0%	46.3%	-0.7%p	51.2%	44.0%	50.9%	6.9%p	-0.3%p
Net loans to deposits (FX-adjusted)	65%	73%	8%p	65%	74%	73%	0%p	8%p
FX rates (in HUF)	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
HUF/BGN (closing)	164.4	169.0	3%	164.4	171.1	169.0	-1%	3%
HUF/BGN (average)	163.0	166.3	2%	165.2	167.8	169.7	1%	3%

- ***The financial closure of the Expressbank deal was completed on 15 January 2019, thus the annual financial statements include the full-year contribution of the Express Group***
- ***The Bulgarian banking group generated HUF 67.9 billion adjusted profit in 2019, of which Express Group's contribution amounted to HUF 17.9 billion. The return on equity ratio was 13.7%***
- ***Part of the erosion in the full-year net interest margin was due to the dilution effect of Expressbank's lower margin. However, the margin rose slightly q-o-q in 4Q, as it did in 3Q***
- ***Stage1+2 loans grew by an FX-adjusted 77% in 2019, of which organic growth amounted to 12% (+2% q-o-q in 4Q). Deposits rose by 9% organically***

The 2019 financial statements of DSK Group include the full-year contribution of Expressbank and its subsidiaries. The Bulgarian P&L account was adjusted for the one-off items directly related to the acquisition; these corrections are shown at consolidated level among the adjustment items. The balance sheet items were not adjusted for the acquisition effects.

Starting from 2019, DSK Leasing is presented as part of the Bulgarian operation. The performance in the 2018 base period does not include DSK Leasing's contribution; then DSK Leasing was presented under Foreign Leasing Companies. The adjusted after-tax profit of DSK Leasing in 2019 amounted to HUF 0.9 billion; at the end of 2019 its Stage 1+2 loan volumes amounted to HUF 20 billion, while the number of employees was 19 (on FTE basis).

In 2019, **DSK Group** posted HUF 67.9 billion after-tax profit (+44%), of which Express Group's contribution was HUF 17.9 billion in full year 2019 (including HUF 2.8 billion in 4Q). Thus, the Bulgarian operation's annual profit increased by 4% y-o-y even without Expressbank's contribution and the inclusion of DSK Leasing.

Based on total assets, the market share of OTP's Bulgarian operation stood at 19.5% at the end of December 2019 on *pro-forma* basis.

The total number of branches in Bulgaria has declined by 28 units (-6%) since 1Q 2019, which already included Expressbank's branches. Headcount decreased by 206 people, or 3%, since 1Q.

The y-o-y dynamics of balance sheet and P&L lines were predominantly determined by the consolidation of Expressbank and its subsidiaries.

The full-year operating profit of the Bulgarian operation jumped by 46%, or HUF 26.4 billion, practically by the same as the amount delivered by Expressbank and DSK Leasing.

Total annual income expanded by 44% (or by 2% without the inclusion of Expressbank and DSK Leasing), largely driven by net interest income (+56%, or +9% without the inclusion of Expressbank and DSK Leasing). The annual net interest margin shrank by 37 bps, partly because of the dilution effect stemming from the lower margin of the newly consolidated Express Group, and due to the continued margin erosion at DSK Bank (without Expressbank).

The reasons for the drop in full-year other net non-interest income was partially the decline in the swap result booked within other income (-HUF 2.3 billion y-o-y), as well as the deterioration in the foreign exchange result, while Expressbank and DSK Leasing generated a combined HUF 2 billion other income in 2019.

Full-year operating costs were up 5% without the acquisition and leasing inclusion effect, mostly as a result of higher personnel, real-estate-related, as well as hardware and office equipment costs.

In 2019 a total risk cost of HUF 8.4 billion weighed on the profit, 53% more than in 2018. This increase was related to other risk costs, since following the release in 2018, HUF 3.3 billion other risk cost was created in 4Q 2019, largely in connection with some off-balance sheet items. The other component of total risk costs, the provision for impairment on loan and placement losses fell by 45% in 2019 from the previous year, thus the full-year credit risk cost rate amounted to 24 bps (-51 bps y-o-y).

Regarding developments in the fourth quarter, the HUF 14.1 billion 4Q profit is 28% less than in the previous quarter. The 16% jump in operating expenses reduced operating income by 12% q-o-q. Reasons behind q-o-q cost growth include the year-end bonus payments, as well as higher marketing expenses to support retail loan sales campaigns. Another reason for the lower 4Q profit was the -HUF 3.3 billion other risk cost in the fourth quarter. In a favourable development, the quarterly net interest margin could sustain a moderate q-o-q growth in 4Q. That part of the swap result which is presented as part of net interest income, and which was partially booked on swaps made with OTP Bank, has not changed materially q-o-q.

Credit quality indicators continued to develop favourably. The FX-adjusted DPD90+ volumes without loan sales and write-offs increased by HUF 4 billion in 4Q, and grew by HUF 8 billion in 2019 (on top of that, the technical effect of Expressbank's inclusion caused HUF 9 billion growth). In full-year 2019, HUF 9 billion problem loans were sold or written off (including HUF 4 billion in 4Q). The ratio of Stage 3 loans stood at 7.2% at the end of December, marking a 3.3 pps y-o-y improvement. The own provision coverage of Stage 3 loans was at 62.0% at the end of the year (+3.8 pps q-o-q).

As a result of the acquisition, Stage 1+2 (performing) loans grew by an FX-adjusted 77% y-o-y; or, excluding the acquisition and the leasing inclusion, by 12%. In addition to the organic growth in the stock of loans, new placements also indicate that, in terms of business activity, the Bulgarian operation remained on a growth path even during the on-going integration project: without Expressbank, new cash loan sales grew by 20%, and mortgage loan disbursements rose by 3% y-o-y in the course of 2019.

Performing loans rose by an FX-adjusted 2% q-o-q in 4Q, largely driven by mortgage loans (+4%); cash loans and loans to medium and large corporates were up 1% each.

Overall, deposits grew by 55% in 2019; without the Expressbank acquisition they rose by 9% (FX-adjusted). Net loan/deposit ratio (73%) was up 8 pps y-o-y, largely because of the Expressbank-related composition effect.

At the end of 2019 the capital adequacy ratio of DSK Bank, which owns Expressbank's shares, was 27.2% according to local rules.

OTP BANKA HRVATSKA (CROATIA)

Performance of OTP banka Hrvatska:

Main components of P&L account in HUF mn	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	24,961	30,719	23%	4,053	9,102	4,196	-54%	4%
Income tax	-5,638	-6,681	19%	-850	-1,904	-921	-52%	8%
Profit before income tax	30,599	37,400	22%	4,903	11,006	5,116	-54%	4%
Operating profit	35,456	42,925	21%	8,787	11,991	10,330	-14%	18%
Total income	78,295	85,069	9%	19,251	22,126	21,459	-3%	11%
Net interest income	54,059	56,812	5%	13,474	14,155	14,437	2%	7%
Net fees and commissions	16,042	17,032	6%	3,977	4,750	4,007	-16%	1%
Other net non-interest income	8,194	11,225	37%	1,800	3,221	3,016	-6%	68%
Operating expenses	-42,840	-42,144	-2%	-10,464	-10,136	-11,129	10%	6%
Total provisions	-4,857	-5,525	14%	-3,884	-985	-5,214	429%	34%
Provision for impairment on loan and placement losses	-3,046	-2,835	-7%	-1,867	246	-4,110		120%
Other provision	-1,811	-2,691	49%	-2,016	-1,231	-1,104	-10%	-45%
Main components of balance sheet closing balances in HUF mn	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
Total assets	1,837,158	2,098,951	14%	1,837,158	2,064,140	2,098,951	2%	14%
Gross customer loans	1,178,848	1,370,057	16%	1,178,848	1,354,139	1,370,057	1%	16%
Gross customer loans (FX-adjusted)	1,210,053	1,370,057	13%	1,210,053	1,335,025	1,370,057	3%	13%
Retail loans	680,186	741,016	9%	680,186	723,942	741,016	2%	9%
Corporate loans	511,651	562,612	10%	511,651	539,871	562,612	4%	10%
Car financing loans	18,217	66,428	265%	18,217	71,212	66,428	-7%	265%
Allowances for possible loan losses	-71,186	-68,701	-3%	-71,186	-69,162	-68,701	-1%	-3%
Allowances for possible loan losses (FX-adjusted)	-73,019	-68,701	-6%	-73,019	-68,138	-68,701	1%	-6%
Deposits from customers	1,424,746	1,478,223	4%	1,424,746	1,511,476	1,478,223	-2%	4%
Deposits from customers (FX-adjusted)	1,465,168	1,478,223	1%	1,465,168	1,487,982	1,478,223	-1%	1%
Retail deposits	1,080,602	1,111,988	3%	1,080,602	1,123,966	1,111,988	-1%	3%
Corporate deposits	384,566	366,235	-5%	384,566	364,017	366,235	1%	-5%
Liabilities to credit institutions	85,702	253,176	195%	85,702	187,326	253,176	35%	195%
Total shareholders' equity	269,126	292,649	9%	269,126	294,813	292,649	-1%	9%
Loan Quality	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)		1,140,495			1,193,003	1,140,495	-4%	
Stage 1 loans under IFRS 9/gross customer loans		83.2%			88.1%	83.2%	-4.9%p	
Own coverage of Stage 1 loans under IFRS 9		0.8%			0.9%	0.8%	-0.1%p	
Stage 2 loan volume under IFRS 9 (in HUF million)		143,843			75,175	143,843	91%	
Stage 2 loans under IFRS 9/gross customer loans		10.5%			5.6%	10.5%	4.9%p	
Own coverage of Stage 2 loans under IFRS 9		3.5%			3.9%	3.5%	-0.4%p	
Stage 3 loan volume under IFRS 9 (in HUF million)	89,059	85,719	-4%	89,059	85,961	85,719	0%	-4%
Stage 3 loans under IFRS 9/gross customer loans	7.6%	6.3%	-1.3%p	7.6%	6.3%	6.3%	-0.1%p	-1.3%p
Own coverage of Stage 3 loans under IFRS 9		63.6%			64.9%	63.6%	-1.4%p	
Provision for impairment on loan and placement losses/average gross loans	0.26%	0.22%	-0.04%p	0.62%	-0.07%	1.20%	1.27%p	0.58%p
90+ days past due loan volume (in HUF million)	65,011	51,012	-22%	65,011	55,989	51,012	-9%	-22%
90+ days past due loans/gross customer loans	5.5%	3.7%	-1.8%p	5.5%	4.1%	3.7%	-0.4%p	-1.8%p
Performance Indicators	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
ROA	1.4%	1.6%	0.2%p	0.9%	1.8%	0.8%	-1.0%p	-0.1%p
ROE	9.6%	10.9%	1.3%p	5.9%	12.6%	5.7%	-6.9%p	-0.2%p
Total income margin	4.27%	4.35%	0.08%p	4.11%	4.38%	4.16%	-0.22%p	0.05%p
Net interest margin	2.95%	2.91%	-0.04%p	2.88%	2.80%	2.80%	0.00%p	-0.08%p
Cost/income ratio	54.7%	49.5%	-5.2%p	54.4%	45.8%	51.9%	6.1%p	-2.5%p
Net loans to deposits (FX-adjusted)	78%	88%	10%p	78%	85%	88%	3%p	10%p
FX rates (in HUF)	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
HUF/HRK (closing)	43.4	44.4	2%	43.4	45.2	44.4	-2%	2%
HUF/HRK (average)	43.0	43.9	2%	43.5	44.4	44.6	1%	2%

- ***The HUF 30.7 billion full-year after-tax profit, which was consistent with 10.9% ROE, was coupled with higher operating profit and improving cost efficiency***
- ***Full-year net interest income grew by 5% y-o-y, fuelled by credit growth, amid slightly eroding net interest margin***
- ***The volume of Stage 1+2 loans grew by 6% y-o-y (FX-adjusted, adjusting for the leasing inclusion), largely because of the intensifying consumer lending***

In December 2018 the integration of Splitska banka was successfully completed: Splitska banka d.d. was incorporated into OTP banka Hrvatska d.d., and the business and technology merger was accomplished.

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

Starting from 2019, the financial statements of OTP Leasing d.d are presented as part of the OBH Group. The performance in the 2018 base period did not include the contribution of OTP Leasing d.d; then OTP Leasing d.d. was presented under Foreign Leasing Companies. The adjusted after-tax profit of OTP Leasing d.d. in 2019 was near HUF 1 billion. At the end of December 2019 the volume of Stage 1+2 loans at the leasing company totalled HUF 105 billion, and the number of employees (on FTE basis) was 121.

The **Croatian operation** posted HUF 30.7 billion after-tax profit in 2019 (+23% y-o-y), which is consistent with 10.9% return on equity. Had the Croatian leasing company been included in the 2018 base as part of the Croatian operation, the annual profit growth would have been 17%.

The full-year net interest income increased by 5% y-o-y (but dropped by 1% y-o-y compared with the basis including the leasing company). Although the FX-adjusted Stage 1+2 loans, chiefly driven by consumer loans, expanded by 6% y-o-y compared to the adjusted basis, a decline in consumer loan interest rates reduced net interest margin by 5 bps y-o-y, to 2.91%.

The annual net fee and commission income grew by 6% (or by 3% if the leasing was included in the 2018 base period), mostly because of a rise in bank account keeping fees and transaction commission income, as well as higher deposits and cards-related commissions. The 16% q-o-q decline in 4Q reflected the refund of previously charged fees for providing mandatory notification of clients, as well as lower fee income from loans and deposits of micro- and small enterprises.

The annual operating expenses declined by 4% y-o-y in local currency terms (compared to the basis adjusted for leasing companies, it dropped by 8% in local currency). As a result of the integration process, the average number of full-time employees dropped by 6% y-o-y (to 2,251 people by the end of December). In 2019 further 8 branches were closed within the framework of branch rationalisation, after the closure of 53 units in 2018. At the end of 2019, the network consisted of 136 units. In 4Q operating expenses grew by 10% q-o-q, partly as bonus payments raised personnel costs by 4% q-o-q, and in part because of higher auditing, public notary and external consultant expert fees.

Overall, the Croatian operation's full-year cost/income ratio dropped by 5.2 pps y-o-y to 49.5%.

Of the HUF 5.5 billion risk cost that weighed on profit in 2019, HUF 5.2 billion was recognized in 4Q. The reason for the q-o-q jump is that PD and LGD parameters, as well as the macroeconomic expectations were revised and modified in the IFRS9 provisioning models, which resulted in higher provisioning; besides, as a result of the fine-tuning of the classification methodology under IFRS9 Stage 1 volumes were reclassified into Stage 2 category, which also led to higher risk costs created in the last quarter. In 2019 as a whole, provision for impairment on loan losses was 7% less than a year earlier, and the full-year credit risk cost rate declined by 4 bps y-o-y to 22 bps. The y-o-y rise in other risk costs was related to litigations and to risks costs for large corporate guarantees.

Regarding business activity, performing (Stage 1+2) loans expanded by an FX-adjusted 3% q-o-q; the y-o-y growth rate compared with the basis adjusted for leasing companies was 6%. The new disbursement dynamics of personal loans and mortgage loans increased in y-o-y terms.

At the end of 2019, Stage 3 loans made up 6.3% of total gross loan volumes, which corresponds to 0.1 pp q-o-q, and 1.3 pps y-o-y improvement. The own coverage of Stage 3 loans dropped by 1.4 pps q-o-q, to 63.6%. In 4Q Stage 1 loan volumes were reclassified as Stage 2 on account of the IFRS 9 revision.

FX-adjusted deposit volumes stagnated in both y-o-y and q-o-q comparison. In the large corporate segment, which makes up nearly a quarter of the total, sight deposit volumes contracted, while in the retail segment there was a shift from term to sight deposits. The FX-adjusted net loan/deposit ratio grew to 88% by the end of December.

OTP BANK SERBIA

Performance of OTP Bank Serbia:

Main components of P&L account in HUF mn	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	2,999	10,430	248%	1,651	1,603	5,836	264%	254%
Income tax	-138	459	-433%	-142	-28	350		-347%
Profit before income tax	3,137	9,970	218%	1,793	1,631	5,486	236%	206%
Operating profit	6,227	13,143	111%	1,875	1,528	8,241	440%	339%
Total income	30,306	43,276	43%	8,131	7,609	19,989	163%	146%
Net interest income	20,514	30,809	50%	5,422	5,411	14,248	163%	163%
Net fees and commissions	7,286	9,506	30%	2,017	1,742	3,958	127%	96%
Other net non-interest income	2,507	2,962	18%	692	457	1,783	290%	158%
Operating expenses	-24,079	-30,133	25%	-6,255	-6,082	-11,748	93%	88%
Total provisions	-3,090	-3,173	3%	-83	103	-2,755		
Provision for impairment on loan and placement losses	-3,146	-1,634	-48%	-10	155	-1,401		
Other provision	56	-1,539		-73	-52	-1,354		
Main components of balance sheet closing balances in HUF mn	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
Total assets	590,166	1,659,483	181%	590,166	1,665,768	1,659,483	0%	181%
Gross customer loans	395,217	1,199,580	204%	395,217	1,178,366	1,199,580	2%	204%
Gross customer loans (FX-adjusted)	407,642	1,199,580	194%	407,642	1,163,147	1,199,580	3%	194%
Retail loans	191,970	573,101	199%	191,970	564,969	573,101	1%	199%
Corporate loans	215,671	581,658	170%	215,671	554,653	581,658	5%	170%
Allowances for possible loan losses	-14,774	-18,904	28%	-14,774	-17,369	-18,904	9%	28%
Allowances for possible loan losses (FX-adjusted)	-15,278	-18,904	24%	-15,278	-17,137	-18,904	10%	24%
Deposits from customers	372,961	910,623	144%	372,961	965,469	910,623	-6%	144%
Deposits from customer (FX-adjusted)	384,772	910,623	137%	384,772	952,179	910,623	-4%	137%
Retail deposits	268,791	548,472	104%	268,791	541,494	548,472	1%	104%
Corporate deposits	115,981	362,150	212%	115,981	410,686	362,150	-12%	212%
Liabilities to credit institutions	117,169	436,449	272%	117,169	385,469	436,449	13%	272%
Subordinated debt	0	24,460	-100%	0	24,945	24,460	-2%	-100%
Total shareholders' equity	84,848	249,461	194%	84,848	253,778	249,461	-2%	194%
Loan Quality	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)		1,151,763			1,132,782	1,151,763	2%	
Stage 1 loans under IFRS 9/gross customer loans		96.0%			96.1%	96.0%	-0.1%p	
Own coverage of Stage 1 loans under IFRS 9		0.4%			0.4%	0.4%	0.0%p	
Stage 2 loan volume under IFRS 9 (in HUF million)		21,447			16,763	21,447	28%	
Stage 2 loans under IFRS 9/gross customer loans		1.8%			1.4%	1.8%	0.4%p	
Own coverage of Stage 2 loans under IFRS 9		5.8%			2.6%	5.8%	3.2%p	
Stage 3 loan volume under IFRS 9 (in HUF million)	18,819	26,370	40%	18,819	28,821	26,370	-9%	40%
Stage 3 loans under IFRS 9/gross customer loans	4.8%	2.2%	-2.6%p	4.8%	2.4%	2.2%	-0.2%p	-2.6%p
Own coverage of Stage 3 loans under IFRS 9	61.7%	50.0%		61.7%	43.9%	50.0%	6.1%p	-11.7%
Provision for impairment on loan and placement losses/average gross loans	0.90%	0.25%	-0.65%p	0.01%	-0.11%	0.47%	0.58%p	0.46%p
90+ days past due loan volume (in HUF million)	15,322	20,702	35%	15,322	22,344	20,702	-7%	35%
90+ days past due loans/gross customer loans	3.9%	1.7%	-2.2%p	3.9%	1.9%	1.7%	-0.2%p	-2.2%p
Performance Indicators	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
ROA	0.6%	1.1%	0.6%p	1.2%	0.8%	1.4%	0.6%p	0.2%p
ROE	3.7%	7.6%	3.9%p	7.8%	5.3%	9.3%	4.0%p	1.5%p
Total income margin	5.84%	4.70%	-1.14%p	5.7%	3.7%	4.80%	1.05%p	-0.91%p
Net interest margin	3.95%	3.35%	-0.61%p	3.81%p	2.66%p	3.42%p	0.76%p	-0.39%p
Cost/income ratio	79.5%	69.6%	-9.8%p	76.9%	79.9%	58.8%	-21.2%p	-18.2%p
Net loans to deposits (FX-adjusted)	102%	130%	28%p	102%	120%	130%	9%p	28%p
FX rates (in HUF)	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
HUF/RSD (closing)	2.7	2.8	3%	2.7	2.9	2.8	-1%	3%
HUF/RSD (average)	2.7	2.8	2%	2.7	2.8	2.8	1%	4%

- ***On 24 September the financial closure of the new acquisition in Serbia was completed, thus OTP became the second largest player in the local market***
- ***The Serbian banking group generated HUF 10.4 billion adjusted profit; the bank bought from Societe Générale contributed to this by HUF 5 billion in 4Q***
- ***The full-year net interest margin dropped by 61 bps y-o-y, partly reflecting the diluting effect of the lower margin of the newly acquired bank***
- ***The FX-adjusted volume of Stage 1+2 loans tripled y-o-y, within which organic growth amounted to 19% in comparison with the basis adjusted for leasing inclusion. The increase in FX-adjusted deposits reflected the effect of the acquisition***

On 24 September the financial closure of the Societe Generale banka Srbija transaction, announced on 20 December 2018, was completed. As a result, OTP Bank became 100% owner of the Serbian subsidiary of Societe Generale Group and its subsidiaries. Following the transaction, the name of the acquired bank was changed to OTP banka Srbija.

The Serbian operation's full-year 2019 consolidated financial statements include the acquired bank's figures starting from September, but only its 4Q contribution was presented in OTP Group's P&L account.

The Serbian P&L statement was adjusted for the one-off items related to the acquisitions; these corrections are presented at consolidated level, among adjustment items. The balance sheet items were not adjusted for these effects.

Starting from 2019, OTP Lizing d.o.o is presented as part of the Serbian operation. The performance in the 2018 base period did not include the contribution of OTP Lizing d.o.o.; then OTP Lizing d.o.o. was presented as part of the Foreign Leasing Companies. The full-year 2019 adjusted after-tax profit of OTP Lizing d.o.o. amounted to HUF 145 million. At the end of December 2019, Stage 1+2 loans totalled HUF 28 billion, while the number of employees was 33 (on FTE basis).

The loss recognized during the reporting period relating to the conversion of outstanding CHF mortgage loans to EUR loans at customers' request, commenced in April and closed on 19 July, was shown at consolidated level among the adjustment items.

OTP Bank Serbia (which includes the results of Vojvodjanska banka, OTP banka Srbija, as well as of OTP Factoring Serbia d.o.o. and OTP Lizing d.o.o.) generated HUF 10.4 billion after-tax profit in 2019, including HUF 5.8 billion in 4Q. Within that, the newly acquired bank's contribution was HUF 5 billion.

Following the financial closure of the acquisition at the end of September, the Serbian operation's total market share by balance sheet total jumped to 13.7% on pro forma basis, according to the latest available data, at the end of September 2019. The acquisition added 93 units to the network, bringing the total number of branches to 240. Of the total headcount of 3,162 at the end of December, the acquired banks added 1,290 workers (on FTE basis).

The y-o-y dynamics of balance sheet lines were primarily shaped by the acquisition. At the end of December, the acquired bank's gross loan volume amounted to HUF 732 billion, its performing loans (Stage 1+2 under IFRS 9) reached HUF 723 billion, while customer deposits totalled HUF 525 billion, the balance sheet total hit HUF 998 billion. The newly consolidated bank is an active player in the retail and corporate segment, as well.

The Serbian banking group's operating profit (HUF 13 billion) doubled in y-o-y terms; the growth practically reflects the effect of the acquisition.

The annual total income surged by 43% (it stagnated without the acquisition and the inclusion of the leasing company). Net interest income jumped by 50% y-o-y, while net interest margin dropped by 61 bps, partially due the lower margin of the newly acquired bank and due to technical effect. Only 3 months contribution to the P&L account of the newly acquired bank was included in the Group, but its volumes were incorporated as at the end of September, thus the acquisition diluted the margin. Regarding the underlying processes, the erosion of the margin continued in 4Q, partly reflecting the lower interest environment in the aftermath of step-by-step cuts of the benchmark rate.

Overall, full-year operating cost level rose by one quarter, but without the effect of the acquisition and the inclusion of the leasing company, it remained at the 2018 level y-o-y; regarding the last quarter, higher marketing and IT costs led to a 6% q-o-q increase.

The cost/income ratio has significantly improved in both y-o-y and q-o-q terms.

In 2019 altogether HUF 3 billion risk cost weighed on the profit (+3% y-o-y). Most of the full-year risk cost was recognized in 4Q, partly because the parameters for PD and LGD, as well as for the macroeconomic environment, were revised in the IFRS9 provisioning models, which resulted in one-off additional provisioning in the fourth quarter. Other risk costs amounted to -HUF 1.5 billion, mostly because of contingent liabilities relating to litigations, mainly in the fourth quarter.

The share of Stage 3 loans dropped to 2.2% by the end of December. The coverage of Stage 3 loans improved in q-o-q terms, but in y-o-y comparison it dropped by 11.7 ppts to 50%. The reason for the latter, and also for the significantly declining Stage 3 ratio was that during the consolidation of the newly acquired bank, Stage 3 volumes were netted with the related provisions.

The lending activity intensified in 2019. The performing (Stage 1+2) loan volumes doubled, within that organic growth represented 16%.

On top of the 3% y-o-y organic growth, FX-adjusted deposit volumes expanded to more than 2.5 fold as a result of the acquisition.

Consequently, due to the above developments the Serbian operation's net loan/deposit ratio edged up to 130%.

SKB BANKA (SLOVENIA)

Performance of SKB Banka (Slovenia):

Main components of P&L account in HUF mn	4Q 2019
After tax profit w/o dividends and net cash transfer	-
Income tax	-
Profit before income tax	-
Operating profit	-
Total income	-
Net interest income	-
Net fees and commissions	-
Other net non-interest income	-
Operating expenses	-
Total provisions	-
Provision for impairment on loan and placement losses	-
Other provision	-
Main components of balance sheet closing balances in HUF mn	**4Q 2019**
Total assets	1,130,871
Gross customer loans	831,139
Gross customer loans (FX-adjusted)	831,139
Retail loans	489,134
Corporate loans	225,942
Car financing loans	116,062
Allowances for possible loan losses	-4,051
Allowances for possible loan losses (FX-adjusted)	-4,051
Deposits from customers	880,839
Deposits from customers (FX-adjusted)	880,839
Retail deposits	773,337
Corporate deposits	107,225
Liabilities to credit institutions	94,909
Total shareholders' equity	132,667
Loan Quality	**4Q 2019**
Stage 1 loan volume under IFRS 9 (in HUF million)	822,118
Stage 1 loans under IFRS 9/gross customer loans	98.9%
Own coverage of Stage 1 loans under IFRS 9	0.4%
Stage 2 loan volume under IFRS 9 (in HUF million)	0
Stage 2 loans under IFRS 9/gross customer loans	0.0%
Own coverage of Stage 2 loans under IFRS 9	0.0%
Stage 3 loan volume under IFRS 9 (in HUF million)	9,020
Stage 3 loans under IFRS 9/gross customer loans	1.1%
Own coverage of Stage 3 loans under IFRS 9	8.7%
Provision for impairment on loan and placement losses/average gross loans	-
90+ days past due loan volume (in HUF million)	2,967
90+ days past due loans/gross customer loans	0.4%
Performance Indicators	**4Q 2019**
ROA	-
ROE	-
Total income margin	-
Net interest margin	-
Cost/income ratio	-
Net loans to deposits (FX-adjusted)	94%
FX rates (in HUF)	**4Q 2019**
HUF/EUR (closing)	330.5
HUF/EUR (average)	331.9

- ***The Slovenian subsidiary (SKB Banka) was consolidated in December 2019, therefore its results will be consolidated only from 1Q 2020***
- ***The Stage 3 ratio stood at 1.1% at the end of 2019***
- ***The net loan-to-deposit ratio reached 94%***

In line with the purchase agreement signed on 3 May 2019 by OTP Bank Plc. and the Societe Generale Group, the financial closure of the transaction was completed on 13 December 2019. As a result, OTP Bank has become the 99.73% owner of SKB Banka. Upon the request of the seller, OTP Bank does not disclose the purchase price.

The end-2019 balance sheet of the Slovenian bank was consolidated but its result will be presented in OTP Group's P&L account starting from 2020 (in the reporting period, the realized profit was accounted for directly against the equity).

OTP's **Slovenian** subsidiary is the fourth largest bank in Slovenia by balance sheet total, with nearly 9% market share. SKB Banka had 53 branches and had 863 employees (on FTE basis) at the end of December 2019.

The bank's balance sheet total amounted to HUF 1.131 billion, its gross loans made up HUF 831 billion, and customer deposits totalled HUF 881 billion at the end of 2019. At the end of 2019 Stage 3 loans represented 1.1% of gross loan volumes. The own provision coverage of Stage 3 loans stood at 8.7% – Stage 3 loans were netted with provisions upon the Slovenian bank's consolidation. If this netting hadn't happened, the own coverage of Stage 3 loans would have been 63.5%.

At the end of 2019 the Stage 2 loan volumes amounted to zero because in the opening balance the Stage 2 volumes were moved to Stage 1 category, and the provisioning level was also aligned with that.

OTP BANK ROMANIA

Performance of OTP Bank Romania:

Main components of P&L account in HUF mn	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	3,850	6,309	64%	-943	1,788	894	-50%	-195%
Income tax	-1,051	-598	-43%	-90	-142	-286	101%	218%
Profit before income tax	4,902	6,906	41%	-853	1,931	1,180	-39%	-238%
Operating profit	10,585	12,314	16%	2,343	3,774	2,631	-30%	12%
Total income	30,759	37,530	22%	8,383	9,725	9,937	2%	19%
Net interest income	23,410	28,254	21%	6,539	7,625	7,676	1%	17%
Net fees and commissions	3,563	3,180	-11%	920	772	748	-3%	-19%
Other net non-interest income	3,786	6,097	61%	924	1,328	1,514	14%	64%
Operating expenses	-20,174	-25,216	25%	-6,040	-5,951	-7,307	23%	21%
Total provisions	-5,683	-5,408	-5%	-3,196	-1,843	-1,451	-21%	-55%
Provision for impairment on loan and placement losses	-4,794	-3,018	-37%	-2,513	-499	-806	62%	-68%
Other provision	-890	-2,390	169%	-683	-1,344	-645	-52%	-6%
Main components of balance sheet closing balances in HUF mn	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
Total assets	771,968	953,345	23%	771,968	911,190	953,345	5%	23%
Gross customer loans	577,565	708,299	23%	577,565	695,398	708,299	2%	23%
Gross customer loans (FX-adjusted)	585,678	708,299	21%	585,678	683,673	708,299	4%	21%
Retail loans	403,463	479,401	19%	403,463	456,667	479,401	5%	19%
Corporate loans	182,214	216,843	19%	182,214	215,860	216,843	0%	19%
Allowances for possible loan losses	-35,444	-39,327	11%	-35,444	-39,816	-39,327	-1%	11%
Allowances for possible loan losses (FX-adjusted)	-36,141	-39,327	9%	-36,141	-39,153	-39,327	0%	9%
Deposits from customers	434,937	546,350	26%	434,937	497,642	546,350	10%	26%
Deposits from customers (FX-adjusted)	439,305	546,350	24%	439,305	489,043	546,350	12%	24%
Retail deposits	335,514	409,728	22%	335,514	369,480	409,728	11%	22%
Corporate deposits	103,791	136,623	32%	103,791	119,562	136,623	14%	32%
Liabilities to credit institutions	232,391	257,404	11%	232,391	261,198	257,404	-1%	11%
Total shareholders' equity	60,047	116,432	94%	60,047	117,924	116,432	-1%	94%
Loan Quality	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)		593,922			574,043	593,922	3%	
Stage 1 loans under IFRS 9/gross customer loans		83.9%			82.5%	83.9%	1.3%p	
Own coverage of Stage 1 loans under IFRS 9		1.3%			1.4%	1.3%	-0.2%p	
Stage 2 loan volume under IFRS 9 (in HUF million)		61,556			63,599	61,556	-3%	
Stage 2 loans under IFRS 9/gross customer loans		8.7%			9.1%	8.7%	-0.5%p	
Own coverage of Stage 2 loans under IFRS 9		5.7%			6.0%	5.7%	-0.3%p	
Stage 3 loan volume under IFRS 9 (in HUF million)	51,771	52,821	2%	51,771	57,757	52,821	-9%	2%
Stage 3 loans under IFRS 9/gross customer loans	9.0%	7.5%	-1.5%p	9.0%	8.3%	7.5%	-0.8%p	-1.5%p
Own coverage of Stage 3 loans under IFRS 9		53.7%			48.4%	53.7%	5.3%p	
Provision for impairment on loan and placement losses/average gross loans	0.85%	0.47%	-0.39%p	1.75%	0.30%	0.46%	0.16%p	-1.29%p
90+ days past due loan volume (in HUF million)	29,583	35,416	19.7%	29,583	38,256	35,416	-7.4%	19.7%
90+ days past due loans/gross customer loans	5.1%	5.0%	-0.1%p	5.1%	5.5%	5.0%	-0.5%p	-0.1%p
Performance Indicators	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
ROA	0.6%	0.7%	0.2%p	-0.5%	0.8%	0.4%	-0.4%p	0.9%p
ROE	7.5%	6.6%	-0.9%p	-6.8%	7.0%	3.0%	-3.9%p	9.9%p
Total income margin	4.46%	4.37%	-0.09%p	4.45%	4.38%	4.22%	-0.15%p	-0.22%p
Net interest margin	3.39%	3.29%	-0.11%p	3.47%	3.43%	3.26%	-0.17%p	-0.21%p
Cost/income ratio	65.6%	67.2%	1.6%p	72.1%	61.2%	73.5%	12.3%p	1.5%p
Net loans to deposits (FX-adjusted)	125%	122%	-3%p	125%	132%	122%	-9%p	-3%p
FX rates (in HUF)	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
HUF/RON (closing)	69.0	69.1	0%	69.0	70.4	69.1	-2%	0%
HUF/RON (average)	68.5	68.6	0%	69.3	69.3	69.6	0%	0%

- ***The Romanian operation generated a profit of HUF 6.3 billion in 2019 (+64% y-o-y)***
- ***The annual operating profit improved by 16% as a result of 22% increase in total income and 25% growth of operating costs***
- ***The decline in 4Q profit – along with improving revenues – was due to rising operating expenses***
- ***The 23% y-o-y FX-adjusted growth of Stage 1+2 loans was supported by strong mortgage and corporate credit dynamics***
- ***As a result of dynamic deposit expansion (+24% y-o-y, +12% q-o-q adjusted) the net loan-to-deposit ratio improved***

Starting from 2019, the financial statements of OTP Leasing Romania are presented as part of OTP Bank Romania. The performance in the 2018 base period does not comprise OTP Leasing Romania's contribution; it was then presented as part of Foreign leasing companies. The adjusted after-tax profit of OTP Leasing Romania in 2019 was -HUF 0.4 billion; its Stage 1+2 loan volumes amounted to HUF 27.6 billion, and the number of employees was 49 (on FTE basis) at the end of 2019.

In the 2019, **OTP Bank Romania** generated HUF 6.3 billion after-tax profit, a 64% increase compared to the base period. In the fourth quarter the Romanian operation realized HUF 0.9 billion profit, 50% less than in 3Q, owing to a rise in non-interest expenses.

The annual operating profit grew by 16%, as a result of 22% increase in total income, and 25% growth in operating expenses. The 21% y-o-y improvement in net interest income was largely supported by the strong dynamics in performing (Stage 1+2) loan volumes, while the net interest margin slightly dropped (-11 bps).

In 4Q net interest income increased by 1% q-o-q. Performing (Stage 1+2) loan volumes rose by 5% q-o-q, at the same time net interest margin narrowed (-17 bps q-o-q). In line with the Bank's growth strategy, deposit volumes and average interest rates on deposits grew, which contributed to the decline in margins. The loan portfolio also increased, but the average interest rate on the performing portfolio decreased slightly.

The annual net fees and commissions declined by 11% y-o-y. The downtrend can be explained by the base effect of product-specific factors[6]. The twelve month other net non-interest income grew by 61%, which was driven by unrealized gains on inter-group derivative transactions and higher FX gains.

In 2019 operating costs surged by 25% y-o-y. The year-on-year and fourth-quarter cost increases were partly due to the Bank's growth strategy: higher personnel costs were driven by both general wage inflation and the 18% increase in average headcount (excluding OTP Leasing Romania +14%). In addition, the Bank paid higher sales commissions for the increased disbursements. Administrative expenses surged as a combined effect of stronger business activity, higher expert fees in relation to the implementation of the Bank's growth strategy, and charges paid to supervisory authorities. On a quarterly basis, operating expenses increased by 23%, which can be explained by rising wage-, marketing-, IT- and training costs.

Regarding loan quality, in 2019 DPD90+ loans (FX-adjusted, without sales and write-offs) rose by HUF 8 billion, whereas in 2018 a decrease of HUF 2 billion was registered. Large part of the deterioration was attributable to corporate loans falling into the DPD90+ category during 2Q 2019.

The ratio of Stage 3 loans to total gross loans was 7.5% (-1.5 pps y-o-y, and -0.8 pp q-o-q). Reasons for the lower ratio included selling and writing off of bad loans; the ratio's decline was also supported by the higher gross loan volumes. The own coverage of Stage 3 loans rose during the fourth quarter reaching 53.7% at the end of the reporting period (+5.3 pps q-o-q).

Risk costs showed a 5% y-o-y decrease, within that provisions on loans diminished by 37%. The 2019 other risk cost figure was adversely affected by an item emerged in 3Q: in the third quarter of 2019, the Romanian factoring company, OTP Factoring SRL (which is presented as part of the Romanian operation) injected capital into some of its subsidiaries because of their negative own capital, consequently an impairment was booked which appeared in the Romanian result because these subsidiaries were out of the scope of consolidation. Due to this, 4Q 2019 shows a 21% decrease in risk costs on a quarterly basis.

The 94% y-o-y rise in shareholders' equity was attributable to fact that OTP Bank Romania received a RON 320 million (about HUF 22 billion) capital increase by its parent bank in the third quarter.

Business activity has meaningfully intensified along the Bank's organic growth strategy: mortgage lending surged by 74% y-o-y, so their FX-adjusted performing (Stage 1+2) volume increased by 21% y-o-y (+6% q-o-q), while the cash loan volumes rose by 15% y-o-y. Performing (Stage 1+2) MSE loans

[6] Customers received bonuses, booked as fee expense, after certain banking products, if they managed to fulfil contractual conditions. In 2018 the amount of bonuses was lower due to non-fulfilment of contractual conditions, which resulted in higher fee expense y-o-y.

increased by 32% y-o-y and corporate exposures by 17%.

The FX-adjusted deposit volumes increased by 24% y-o-y (+12% q-o-q), driven by both the retail and corporate segments. Net loan-to-deposit ratio stood at 122% at the end of 4Q (-3 pps y-o-y).

In the fourth quarter HUF 373 million bank tax was recognized, which was presented on consolidated level among adjustments, therefore it did not appear in the Romanian adjusted income statement.

OTP BANK UKRAINE

Performance of OTP Bank Ukraine:

Main components of P&L account in HUF mn	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	24,415	35,223	44%	6,181	9,597	9,615	0%	56%
Income tax	-4,760	-6,937	46%	-1,101	-1,957	-1,689	-14%	53%
Profit before income tax	29,175	42,160	45%	7,282	11,554	11,304	-2%	55%
Operating profit	30,095	44,353	47%	8,922	11,657	12,327	6%	38%
Total income	47,145	67,451	43%	13,919	17,552	19,428	11%	40%
Net interest income	33,040	48,128	46%	9,989	12,502	13,840	11%	39%
Net fees and commissions	11,444	14,877	30%	3,201	4,086	4,260	4%	33%
Other net non-interest income	2,661	4,446	67%	729	964	1,328	38%	82%
Operating expenses	-17,050	-23,098	35%	-4,997	-5,895	-7,100	20%	42%
Total provisions	-920	-2,194	138%	-1,640	-103	-1,023	894%	-38%
Provision for impairment on loan and placement losses	-1,680	-1,433	-15%	-2,680	57	-1,118		-58%
Other provision	760	-761		1,040	-160	94		-91%
Main components of balance sheet closing balances in HUF mn	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
Total assets	391,240	646,295	65%	391,240	596,077	646,295	8%	65%
Gross customer loans	354,258	468,715	32%	354,258	474,521	468,715	-1%	32%
Gross customer loans (FX-adjusted)	407,119	468,715	15%	407,119	463,447	468,715	1%	15%
Retail loans	149,345	155,012	4%	149,345	155,338	155,012	0%	4%
Corporate loans	226,925	268,800	18%	226,925	267,252	268,800	1%	18%
Car financing loans	30,849	44,903	46%	30,849	40,857	44,903	10%	46%
Allowances for possible loan losses	-72,753	-69,785	-4%	-72,753	-75,121	-69,785	-7%	-4%
Allowances for possible loan losses (FX-adjusted)	-82,627	-69,785	-16%	-82,627	-73,141	-69,785	-5%	-16%
Deposits from customers	269,832	431,944	60%	269,832	385,243	431,944	12%	60%
Deposits from customers (FX-adjusted)	312,645	431,944	38%	312,645	376,701	431,944	15%	38%
Retail deposits	140,346	189,125	35%	140,346	164,919	189,125	15%	35%
Corporate deposits	172,299	242,819	41%	172,299	211,781	242,819	15%	41%
Liabilities to credit institutions	48,197	79,331	65%	48,197	71,549	79,331	11%	65%
Subordinated debt	4,903	5,397	10%	4,903	5,524	5,397	-2%	10%
Total shareholders' equity	57,821	109,128	89%	57,821	102,740	109,128	6%	89%
Loan Quality	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)		345,955			356,400	345,955	-3%	
Stage 1 loans under IFRS 9/gross customer loans		73.8%			75.1%	73.8%	-1.3%p	
Own coverage of Stage 1 loans under IFRS 9		0.9%			1.0%	0.9%	0.0%p	
Stage 2 loan volume under IFRS 9 (in HUF million)		41,847			29,290	41,847	43%	
Stage 2 loans under IFRS 9/gross customer loans		8.9%			6.2%	8.9%	2.8%p	
Own coverage of Stage 2 loans under IFRS 9		8.3%			12.7%	8.3%	-4.4%p	
Stage 3 loan volume under IFRS 9 (in HUF million)	88,604	80,913	-9%	88,604	88,830	80,913	-9%	-9%
Stage 3 loans under IFRS 9/gross customer loans	25.0%	17.3%	-7.7%p	25.0%	18.7%	17.3%	-1.5%p	-7.7%p
Own coverage of Stage 3 loans under IFRS 9		77.9%			76.5%	77.9%	1.45%p	
Provision for impairment on loan and placement losses/average gross loans	0.51%	0.34%	-0.16%p	2.97%	-0.05%	0.93%	0.98%p	-2.04%p
Provision for impairment on loan and placement losses/average (FX-adjusted) gross loans	0.46%	0.33%	-0.13%p	3.06%	-0.02%	0.93%	0.95%p	-2.13%p
90+ days past due loan volume (in HUF million)	53,534	51,913	-3%	53,534	57,296	51,913	-9%	-3%
90+ days past due loans/gross customer loans	15.1%	11.1%	-4.0%p	15.1%	12.1%	11.1%	-1.0%p	-4.0%p
Performance Indicators	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
ROA	6.8%	7.0%	0.2%p	6.3%	7.0%	6.2%	-0.8%p	0.0%p
ROE	55.6%	42.5%	-13.1%p	45.8%	42.2%	36.6%	-5.6%p	-9.3%p
Total income margin	13.15%	13.38%	0.23%p	14.08%	12.88%	12.61%	-0.27%p	-1.47%p
Net interest margin	9.21%	9.55%	0.33%p	10.10%	9.17%	8.98%	-0.19%p	-1.12%p
Cost/income ratio	36.2%	34.2%	-1.9%p	35.9%	33.6%	36.5%	3.0%p	0.6%p
Net loans to deposits (FX-adjusted)	104%	92%	-11%p	104%	104%	92%	-11%p	-11%p
FX rates (in HUF)	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
HUF/UAH (closing)	10.1	12.4	23%	10.1	12.7	12.4	-2%	23%
HUF/UAH (average)	9.9	11.3	14%	10.1	11.7	12.4	6%	22%

- ***The Ukrainian subsidiary posted the highest ROE within subsidiary banks across the Group (42.5%); annual profit reached HUF 35.2 billion***
- ***2019 profit after tax increased by 27% y-o-y in UAH terms mainly due to improving operating profit and moderate risk cost***
- ***The Ukrainian subsidiary excelled itself as the only bank within OTP Group posting improving annual net interest margin***
- ***The Stage 3 ratio declined by 7.7 pps to 17.3% y-o-y on the back of non-performing asset sale and write-offs, as well as expanding gross loan volumes***
- ***Performing (Stage 1+2) loan volumes advanced by 27% y-o-y (FX-adjusted)***

The financial performance and indicators of OTP Bank Ukraine in HUF terms were affected by the HUF/UAH exchange rate moves: in 4Q 2019 the closing rate of UAH appreciated by 23% y-o-y against the HUF (-2% q-o-q). The annual average rate strengthened 14% y-o-y, and the 4Q average rate showed appreciation (+6% q-o-q and +22% y-o-y). As a result, there are some differences in local currency P&L and balance sheets dynamics versus those in HUF terms.

OTP Bank Ukraine posted all-time high HUF 35.2 billion after tax profit in 2019 marking a 44% increase against the base period (+27% in local currency terms). In 4Q the Ukrainian operation generated HUF 9.6 billion after tax profit (-5% q-o-q, +27% y-o-y in local currency terms). The annual ROE reached 42.5% the highest among subsidiary banks across the Group.

Given the significant HUF/UAH FX rate moves y-o-y and q-o-q, the P&L developments are rather analysed in UAH terms.

The annual operating result surged by 30% y-o-y in UAH terms as a result of the steady expansion of business volumes. Net interest income surged by 28% y-o-y, whereas net fee and commission income grew by 14% and other net non-interest income jumped one and a half times. At the same time operating expenses advanced by 19% y-o-y. In 4Q the quarterly increase of total income in UAH terms (+5% q-o-q) was off-set by a 14% increase in operating expenses; as a result, operating profit remained flat q-o-q.

The annual NII dynamics were favourably affected by the fact that the average loan portfolio grew faster than the average deposit base. It was also positive that the average interest income on credit card, leasing and large enterprise exposures improved, whereas there was a declining trend in the case of cash loans and POS loans.

The annual NIM increased to 9.55% (+0.33 pp y-o-y): the mix of outstanding loans gradually shifted towards higher margin consumer loans, while the policy rate was cut by 4.5 pps during 2019 in several steps. In 4Q NII grew by 5% q-o-q despite net interest margin contracting by 19 bps; regarding the latter the increasing deposit volumes took their toll.

The annual net F&C income jumped by 14% y-o-y in 2019 supported mainly by corporate transactions and card related retail fee income, but the increase in deposit volumes had its positive effect, too. In 4Q net F&C income marginally declined q-o-q.

Operating expenses in UAH terms increased by 19% y-o-y in 2019 with an average inflation of 8%. This was mainly driven by higher personnel expenses as a result of wage increase and 1.5% increase in the average number of employees, as well as higher operational expenses induced by stronger business activity.

Despite higher operating expenses, the cost-to-income ratio improved y-o-y and its level (34.2%) was the lowest across the Group.

Total provisions increased by 161% in UAH terms against the base period, whereas provisions for impairment on loan and placement losses declined by 19% y-o-y in UAH terms. Overall, the credit quality remained favourable: despite the q-o-q increase in the 4Q risk cost rate, its annual level moderated to 0.34% (-16 bps y-o-y). The DPD90+ volumes (FX-adjusted and excluding the impact of loan sales and write-offs) grew by HUF 3 billion in 4Q following a HUF 1 billion increase in 1Q 2019, 5 billion in 2Q and 3 billion in 3Q.

During the past 12 months problem loans were sold or written-off in the amount of about HUF 21 billion, out of which HUF 8 billion in 4Q. Stage 3 loans to total gross loans ratio decreased to 17.3% by end-2019 (-1.5 pps q-o-q, -7.7 pps y-o-y).

The FX-adjusted Stage 1+2 loan book grew by 27% y-o-y and by 3% q-o-q. As for the yearly development the growth of the car financing loans was the strongest (+48%), but consumer lending grew rapidly, too (+40%) on the back of accelerating origination activity (+17% y-o-y). Corporate exposures expanded by 25% y-o-y. In 4Q the main volume drivers were the consumer and car financing segments (+10% q-o-q, each).

Deposits (adjusted for the FX-effect) expended by 15% q-o-q and leaped by 38% y-o-y, so the balance sheet structure is still well-balanced: the net loan-to-deposit ratio stood at 92% at the end of December 2019 (-11 pps both q-o-q and y-o-y).

The total outstanding net intragroup funding towards the Ukrainian operation comprised USD 118 million equivalent at the end of 2019, almost flat y-o-y.

OTP BANK RUSSIA

Performance of OTP Bank Russia:

Main components of P&L account in HUF mn	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	16,420	28,127	71%	-2,473	8,154	6,072	-26%	
Income tax	-4,614	-8,272	79%	382	-2,458	-2,143	-13%	
Profit before income tax	21,034	36,399	73%	-2,855	10,612	8,215	-23%	
Operating profit	68,878	84,946	23%	17,520	22,885	22,001	-4%	26%
Total income	129,899	146,582	13%	34,077	38,137	38,609	1%	13%
Net interest income	102,489	113,572	11%	26,648	29,087	30,413	5%	14%
Net fees and commissions	26,766	31,012	16%	7,075	8,410	7,983	-5%	13%
Other net non-interest income	644	1,998	210%	354	641	214	-67%	-40%
Operating expenses	-61,021	-61,636	1%	-16,557	-15,252	-16,608	9%	0%
Total provisions	-47,844	-48,547	1%	-20,375	-12,274	-13,786	12%	-32%
Provision for impairment on loan and placement losses	-42,204	-46,123	9%	-16,562	-11,730	-12,434	6%	-25%
Other provision	-5,640	-2,424	-57%	-3,813	-543	-1,352	149%	-65%
Main components of balance sheet closing balances in HUF mn	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
Total assets	707,593	908,388	28%	707,593	935,518	908,388	-3%	28%
Gross customer loans	610,355	786,241	29%	610,355	744,311	786,241	6%	29%
Gross customer loans (FX-adjusted)	710,935	786,241	11%	710,935	745,175	786,241	6%	11%
Retail loans	636,354	685,398	8%	636,354	668,659	685,398	3%	8%
Corporate loans	74,471	91,497	23%	74,471	69,452	91,497	32%	23%
Car financing loans	111	9,345		111	7,064	9,345	32%	
Allowances for possible loan losses	-126,655	-152,741	21%	-126,655	-161,618	-152,741	-5%	21%
Allowances for possible loan losses (FX-adjusted)	-147,436	-152,741	4%	-147,436	-161,822	-152,741	-6%	4%
Deposits from customers	379,911	471,735	24%	379,911	487,895	471,735	-3%	24%
Deposits from customers (FX-adjusted)	440,409	471,735	7%	440,409	487,521	471,735	-3%	7%
Retail deposits	350,344	354,076	1%	350,344	343,619	354,076	3%	1%
Corporate deposits	90,064	117,659	31%	90,064	143,901	117,659	-18%	31%
Liabilities to credit institutions	120,156	155,306	29%	120,156	171,068	155,306	-9%	29%
Subordinated debt	22,522	25,031	11%	22,522	25,418	25,031	-2%	11%
Total shareholders' equity	147,999	202,761	37%	147,999	196,267	202,761	3%	37%
Loan Quality	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)		589,553			574,715	589,553	3%	
Stage 1 loans under IFRS 9/gross customer loans		75.0%			77.2%	75.0%	-2.2%p	
Own coverage of Stage 1 loans under IFRS 9		5.3%			6.9%	5.3%	-1.6%p	
Stage 2 loan volume under IFRS 9 (in HUF million)		94,413			55,064	94,413	71%	
Stage 2 loans under IFRS 9/gross customer loans		12.0%			7.4%	12.0%	4.6%p	
Own coverage of Stage 2 loans under IFRS 9		27.4%			25.8%	27.4%	1.6%p	
Stage 3 loan volume under IFRS 9 (in HUF million)	84,469	102,274	21%	84,469	114,532	102,274	-11%	21%
Stage 3 loans under IFRS 9/gross customer loans	13.8%	13.0%	-0.8%p	13.8%	15.4%	13.0%	-2.4%p	-0.8%p
Own coverage of Stage 3 loans under IFRS 9		93.4%			94.0%	93.4%	-0.5%p	
Provision for impairment on loan and placement losses/average gross loans	7.39%	6.61%	-0.78%p	10.78%	6.56%	6.50%	-0.06%p	-4.28%p
Provision for impairment on loan and placement losses/average (FX-adjusted) gross loans	7.41%	6.57%	-0.84%p	10.72%	6.55%	6.45%	-0.11%p	-4.27%p
90+ days past due loan volume (in HUF million)	81,995	96,484	18%	81,995	108,414	96,484	-11%	18%
90+ days past due loans/gross customer loans	13.4%	12.3%	-1.2%p	13.4%	14.6%	12.3%	-2.3%p	-1.2%p
Performance Indicators	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
ROA	2.4%	3.4%	0.9%p	-1.4%	3.7%	2.7%	-1.0%p	4.0%p
ROE	10.9%	15.7%	4.8%p	-6.2%	17.4%	12.1%	-5.2%p	18.3%p
Total income margin	19.28%	17.53%	-1.75%p	18.78%	17.23%	16.92%	-0.30%p	-1.85%p
Net interest margin	15.21%	13.58%	-1.63%p	14.68%	13.14%	13.33%	0.19%p	-1.35%p
Cost/income ratio	47.0%	42.0%	-4.9%p	48.6%	40.0%	43.0%	3.0%p	-5.6%p
Net loans to deposits (FX-adjusted)	128%	134%	6%p	128%	120%	134%	15%p	6%p
FX rates (in HUF)	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
HUF/RUB (closing)	4.1	4.7	17%	4.1	4.7	4.7	0%	17%
HUF/RUB (average)	4.3	4.5	4%	4.3	4.6	4.7	3%	11%

- ***HUF 28 billion after-tax profit in 2019 (+66% y-o-y in local currency terms), 15.7% ROE***
- ***Stage 1+2 loans grew by 12% (FX-adjusted) demonstrating a y-o-y deceleration as a result of tightened underwriting standards***
- ***The annual operating expenses fell 3% y-o-y in RUB terms, the C/I ratio improved by 5 pps to 42%***
- ***The annual risk cost rate declined to 6.6%; Stage 3 ratio improved by 0.8 pps y-o-y to 13% partially due to balance sheet clean-up***
- ***Deposit volumes growth fell short of the loan expansion, as a result net loan-to-deposit ratio increased to 134%***

The HUF denominated financial figures of OTP Bank Russia were significantly affected by the HUF/RUB moves: by the end of 4Q, the RUB closing rate remained flat q-o-q, but appreciated 17% y-o-y against the HUF. It strengthened 4% y-o-y on average in 2019, and the RUB's average rate in 4Q went up by 3% q-o-q and 11% y-o-y. Therefore local currency P&L and balance sheet dynamics can be materially different from those in HUF terms.

In 2019 **OTP Bank Russia** posted HUF 28.1 billion after-tax profit, which translated into 66% y-o-y improvement in local currency and 15.7% ROE. The 4Q after-tax profit of HUF 6.1 billion implied 28% q-o-q drop in local currency.

Due to the volatility of HUF/RUB exchange rate, it is more reasonable to analyse income dynamics in RUB terms. The annual pre-tax profit grew by 68% y-o-y, as a combined result of an 18% improvement in operating profit and a 3% decline in total provisions. The quarterly dynamics of 4Q pre-tax profit (-25% q-o-q in local currency) was shaped by a 7% decrease in operating profit, as well as a 9% rise in total risk cost.

The 6% y-o-y increase in net interest income was supported by the 12% y-o-y growth of FX-adjusted performing (Stage 1+2) loans, while net interest margin (NIM) dropped by 1.6 pps to 13.6%. Reasons for the lower NIM included the continued decline in interest rates on consumer loans and a slight increase in average deposit interest rates. In 4Q NIM improved by 19 bps as a result of increasing weight of higher margin consumer loans amid stronger lending activity at the end of the year, replacing low margin liquid assets held in order to fund the surge in new lending. Also, starting from 3Q the bank cut its deposit rates in several steps.

The annual net fee and commission income was up 11% y-o-y in RUB terms, benefiting from an increase of insurance fee income on cash loans with insurance policies and other products growing considerably, as well as a rise in average commission income generated by credit cards and POS loans. In 4Q 2019, fee and commissions income eroded by 8% q-o-q, but grew by 2% y-o-y in RUB terms.

In 2019 operating expenses shrank by 3% y-o-y in RUB terms: the drop in both personnel expenses and amortization, partly associated with the integration of Touch Bank, was counterbalanced by the increase in administrative costs, going up in line with increasing business volumes. On the whole, the annual cost/income ratio improved by 4.9 pps to 42% y-o-y. In 4Q operating expenses increased by 6% q-o-q in local currency terms, largely because personnel expenses grew by 3% q-o-q as the average headcount expanded.

In line with tightened underwriting standards the annual total risk costs eroded by 3% in RUB terms; they rose by 9% q-o-q in the fourth quarter (but -39% y-o-y). The significant y-o-y drop was due to base effect: in 4Q 2018 the provisioning policy under IFRS9 was revised and overall risk costs leaped. In 2019 risk cost ratio declined by 78 bps y-o-y to 6.61%.

The growth of DPD90+ volumes (FX-adjusted and excluding the impact of loan sales and write-offs) jumped to HUF 55 billion in 2019 underpinning almost a one and a half times increase y-o-y. Such increase was partially attributed to the loan portfolio expansion. Over the past twelve months OTP Bank Russia sold or wrote down a total of HUF 52 billion in gross loans, more than half took place in 4Q.

Overall, the ratio of Stage 3 loans to total gross loans declined by 2.4 pps q-o-q (-0.8 pp y-o-y) to 13.0% by the end of 2019. Stage 3 loans' own coverage was 93.4%. In 4Q the volume of Stage 2 loans jumped by 71% due to a one-off technical reason: the classification methodology was fine-tuned in 4Q, triggering a shift of HUF 31 billion Stage 1 exposures into Stage 2 category. The IFRS9 model parameter changes in total had only limited effect on risk cost.

In 2019, the FX-adjusted Stage 1+2 loan book rose by 12% y-o-y underpinning a y-o-y less pronounced volume growth. The consumer loan portfolio grew by 9% y-o-y and the corporate by 19%, respectively. In 4Q total volumes expanded by 8% q-o-q, within that consumer loans by 5% and corporate by 34%. As a result, in absolute terms 40% of the portfolio expansion in 4Q was induced by the corporate segment. POS volumes grew by 11% y-o-y (4Q: +12% q-o-q). Since cash loan disbursement conditions were tightened during the year, in 4Q volumes eroded by 2% q-o-q; still, during the last twelve months the book increased by 12%. Credit card volumes increased by 5% y-o-y, in 4Q the remained basically flat q-o-q.

FX-adjusted total deposits increased by 7% y-o-y, but eroded by 3% q-o-q partly as a result of several rate cuts in 2H. Corporate deposits displayed a volatile performance: they grew by 31% y-o-y, but dropped by 18% q-o-q. The net loan-to-deposit ratio (134%) increased by 6% y-o-y.

CKB GROUP (MONTENEGRO)

Performance of CKB Group:

Main components of P&L account in HUF mn	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	2,214	6,377	188%	-65	1,457	3,082	111%	
Income tax	-326	-679	108%	-34	-148	-376	155%	
Profit before income tax	2,540	7,056	178%	-31	1,605	3,458	115%	
Operating profit	2,605	5,692	119%	749	1,842	2,125	15%	184%
Total income	10,729	16,120	50%	2,924	4,754	5,502	16%	88%
Net interest income	7,529	11,464	52%	2,005	3,355	4,073	21%	103%
Net fees and commissions	3,227	4,215	31%	842	1,298	1,266	-2%	50%
Other net non-interest income	-27	441		76	101	163	62%	113%
Operating expenses	-8,125	-10,428	28%	-2,174	-2,912	-3,377	16%	55%
Total provisions	-65	1,364		-780	-238	1,333		
Provision for impairment on loan and placement losses	-46	1,293		-560	177	948	436%	
Other provision	-19	71		-220	-415	384		
Main components of balance sheet closing balances in HUF mn	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
Total assets	224,892	439,836	96%	224,892	449,870	439,836	-2%	96%
Gross customer loans	157,043	319,836	104%	157,043	300,741	319,836	6%	104%
Gross customer loans (FX-adjusted)	161,444	319,836	98%	161,444	297,029	319,836	8%	98%
Retail loans	75,073	161,601	115%	75,073	159,150	161,601	2%	115%
Corporate loans	86,337	158,147	83%	86,337	137,800	158,147	15%	83%
Car financing loans	34	88	156%	34	79	88	12%	156%
Allowances for possible loan losses	-28,265	-19,518	-31%	-28,265	-28,744	-19,518	-32%	-31%
Allowances for possible loan losses (FX-adjusted)	-29,057	-19,518	-33%	-29,057	-28,390	-19,518	-31%	-33%
Deposits from customers	175,740	318,216	81%	175,740	331,161	318,216	-4%	81%
Deposits from customers (FX-adjusted)	180,877	318,216	76%	180,877	326,880	318,216	-3%	76%
Retail deposits	135,092	207,441	54%	135,092	206,137	207,441	1%	54%
Corporate deposits	45,785	110,775	142%	45,785	120,743	110,775	-8%	142%
Liabilities to credit institutions	2,364	36,733		2,364	32,659	36,733	12%	
Total shareholders' equity	38,637	66,188	71%	38,637	64,970	66,188	2%	71%
Loan Quality	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)		283,959			261,707	283,959	9%	
Stage 1 loans under IFRS 9/gross customer loans		88.8%			87.0%	88.8%	1.8%p	
Own coverage of Stage 1 loans under IFRS 9		1.1%			1.2%	1.1%	-0.1%p	
Stage 2 loan volume under IFRS 9 (in HUF million)		12,509			6,748	12,509	85%	
Stage 2 loans under IFRS 9/gross customer loans		3.9%			2.2%	3.9%	1.7%p	
Own coverage of Stage 2 loans under IFRS 9		4.8%			12.1%	4.8%	-7.3%p	
Stage 3 loan volume under IFRS 9 (in HUF million)	33,096	23,369	-29%	33,096	32,286	23,369	-28%	-28%
Stage 3 loans under IFRS 9/gross customer loans	21.1%	7.3%	-13.8%p	21.1%	10.7%	7.3%	-3.4%p	13.8%p
Own coverage of Stage 3 loans under IFRS 9		68.2%			76.9%	68.2%	-8.7%p	
Provision for impairment on loan and placement losses/average gross loans	0.03%	-0.56%	-0.59%p	1.36%	-0.25%	-1.21%	-0.96%p	-2.57%p
90+ days past due loan volume (in HUF million)	27,993	17,058	-39%	27,993	25,898	17,058	-34%	-39%
90+ days past due loans/gross customer loans	17.8%	5.3%	-12.5%p	17.8%	8.6%	5.3%	-3.3%p	-12.5%p
Performance Indicators	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
ROA	1.1%	1.9%	0.9%p	-0.1%	1.4%	2.7%	1.3%p	2.8%p
ROE	7.3%	11.9%	4.6%p	-0.7%	8.8%	18.6%	9.8%p	19.2%p
Total income margin	5.09%	4.86%	-0.23%p	5.18%	4.55%	4.85%	0.30%p	-0.33%p
Net interest margin	3.57%	3.45%	-0.12%p	3.56%	3.21%	3.59%	0.38%p	0.04%p
Cost/income ratio	75.7%	64.7%	-11.0%p	74.4%	61.2%	61.4%	0.1%p	-13.0%p
Net loans to deposits (FX-adjusted)	73%	94%	21%p	73%	82%	94%	12%p	21%p
FX rates (in HUF)	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
HUF/EUR (closing)	321.5	330.5	3%	321.5	334.7	330.5	-1%	3%
HUF/EUR (average)	318.9	325.3	2%	323.1	328.1	331.9	1%	3%

- ***The financial closure of the Montenegrin acquisition was completed on 16 July, thus the full-year balance sheet and P&L figures of the Montenegrin operation already included the balance sheet and the five-months profit contribution of the acquired bank***
- ***In 2019 the Montenegrin banking group generated HUF 6.4 billion adjusted profit, of which Podgorička banka's five-month profit made up HUF 1.9 billion***
- ***The FX-adjusted performing loan volumes jumped by 133% y-o-y, or by 22% without the acquisition***
- ***The ratio of Stage 3 loans (7.3%) dropped by 13.8 pps y-o-y***

On 27 February 2019 Crnogorska komercijalna banka a.d., the Montenegrin subsidiary of OTP Bank signed an acquisition agreement on purchasing 90.56% shareholding of Societe Generale banka Montenegro a.d. ('SGM'), the Montenegrin subsidiary of Societe Generale Group. The financial closure of the transaction was completed on 16 July 2019. The new name of the acquired bank is Podgorička banka. In December 2019 minority shareholders were bought out, thus Crnogorska komercijalna banka a.d. became the 100% owner of Podgorička banka.

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

The Montenegrin **CKB Group** posted HUF 6.4 billion after-tax profit in 2019 (including Podgorička banka's five-months contribution of HUF 1.9 billion), exceeding that of the base period by 188%. The 4Q HUF 3.1 billion profit is twice as large as in the previous quarter (+73% q-o-q without the acquisition).

At the end of December 2019, the combined market share of OTP Bank's operation in Montenegro was 29.5% on *pro forma* basis. Podgorička banka's network consisted of 20 branches, and the headcount was 255 (on FTE basis) at the end of December.

The 119% jump in full-year operating profit (+49% without the acquisition) reflects a 50% surge in total income (+15% without the acquisition), while operating expenses increased by 28% (+5% without the acquisition).

Full-year net interest income surged by 52% (+11% without the acquisition): due to the strengthening business activity, Stage 1+2 loans continued their growth (+22% y-o-y without the acquisition), which was partly offset by the declining net interest margin.

In the fourth quarter the net interest income grew by 21% q-o-q (+3% without the acquisition).

Full-year net fees and commissions increased by 31% y-o-y (+13% without the acquisition). The overall 2% q-o-q decline in the fourth quarter (-11% without the acquisition) was largely caused by seasonal factors.

The 28% y-o-y growth in operating expenses (+5% without the acquisition) is mainly attributable to an increase in the charges paid to supervisory authorities as well as to higher personnel expenses. Operating expenses were up 16% q-o-q (5% without the acquisition) in 4Q.

In 2019 as a whole HUF 1.4 billion total risk cost was released, including HUF 1.3 billion in 4Q; partly because the parameters for PD and LGD, as well as for the macroeconomic environment and outlook were revised in the IFRS9 provisioning models, and in part owing to the release of other risk cost relating to one corporate customer.

The DPD90+ loan volumes (FX-adjusted, without sales and write-offs) declined by HUF 0.4 billion in 4Q. The DPD90+ ratio (5.3%) dropped by 12.5 pps y-o-y, simultaneously with the sale/write-off of HUF 6.6 billion non-performing volumes in the fourth quarter. At the end of 2019 the share of Stage 3 exposures was 7.3% (-3.4 pps q-o-q, -13.8 pps y-o-y). The own coverage of Stage 3 loans stood at 68.2%.

Performing (Stage 1+2) loans grew by 133% (+22% y-o-y without the acquisition), and rose by 12% q-o-q.

FX-adjusted deposit volumes surged by 76% y-o-y (11% without the acquisition), but dropped by 3% q-o-q. The net loan-to-deposit ratio stood at 94% at the end of the fourth quarter (+21 pps y-o-y).

Based on local calculation rules, the capital adequacy ratio of Crnogorska komercijalna banka a.d., which holds the shares of Podgorička banka, stood at 23.6% at the end of 2019.

OTP BANK ALBANIA (ALBANIA)

Performance of OTP Bank Albania:

Main components of P&L account in HUF mn	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	-	2,616	-	-	1,028	382	-63%	-
Income tax	-	-459	-	-	-87	-154	78%	-
Profit before income tax	-	3,075	-	-	1,114	536	-52%	-
Operating profit	-	3,702	-	-	1,333	915	-31%	-
Total income	-	7,953	-	-	2,655	2,596	-2%	-
Net interest income	-	6,697	-	-	2,133	2,287	7%	-
Net fees and commissions	-	1,007	-	-	420	281	-33%	-
Other net non-interest income	-	248	-	-	102	28	-73%	-
Operating expenses	-	-4,250	-	-	-1,322	-1,681	27%	-
Total provisions	-	-627	-	-	-219	-378	73%	-
Provision for impairment on loan and placement losses	-	-249	-	-	-273	9		-
Other provision	-	-379	-	-	54	-388		-
Main components of balance sheet closing balances in HUF mn	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
Total assets	-	247,997	-	-	247,452	247,997	0%	-
Gross customer loans	-	147,777	-	-	145,599	147,777	1%	-
Gross customer loans (FX-adjusted)	-	147,777	-	-	143,693	147,777	3%	-
Retail loans	-	66,593	-	-	66,024	66,593	1%	-
Corporate loans	-	79,096	-	-	75,913	79,096	4%	-
Car financing loans	-	2,088	-	-	1,756	2,088	19%	-
Allowances for possible loan losses	-	-3,657	-	-	-3,191	-3,657	15%	-
Allowances for possible loan losses (FX-adjusted)	-	-3,657	-	-	-3,150	-3,657	16%	-
Deposits from customers	-	179,755	-	-	185,774	179,755	-3%	-
Deposits from customer (FX-adjusted)	-	179,755	-	-	183,577	179,755	-2%	-
Retail deposits	-	152,883	-	-	151,174	152,883	1%	-
Corporate deposits	-	26,872	-	-	32,403	26,872	-17%	-
Liabilities to credit institutions	-	36,901	-	-	31,769	36,901	16%	-
Total shareholders' equity	-	25,605	-	-	24,548	25,605	4%	-
Loan Quality	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	-	138,579	-	-	137,110	138,579	1%	-
Stage 1 loans under IFRS 9/gross customer loans	-	93.8%	-	-	94.2%	93.8%	-0.4%p	-
Own coverage of Stage 1 loans under IFRS 9	-	1.2%	-	-	1.3%	1.2%	-0.1%p	-
Stage 2 loan volume under IFRS 9 (in HUF million)	-	4,593	-	-	5,348	4,593	-14%	-
Stage 2 loans under IFRS 9/gross customer loans	-	3.1%	-	-	3.7%	3.1%	-0.6%p	-
Own coverage of Stage 2 loans under IFRS 9	-	10.1%	-	-	9.8%	10.1%	0.3%p	-
Stage 3 loan volume under IFRS 9 (in HUF million)	-	4,604	-	-	3,141	4,604	47%	-
Stage 3 loans under IFRS 9/gross customer loans	-	3.1%	-	-	2.2%	3.1%	1.0%p	-
Own coverage of Stage 3 loans under IFRS 9	-	33.1%	-	-	28.9%	33.1%	4.1%p	-
Provision for impairment on loan and placement losses/average gross loans	-	0.23%	-	-	0.78%	-0.03%	-0.81%p	-
90+ days past due loan volume (in HUF million)	-	2,270	-	-	1,481	2,270	53%	-
90+ days past due loans/gross customer loans	-	1.5%	-	-	1.0%	1.5%	0.5%p	-
Performance Indicators	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
ROA	-	1.4%	-	-	1.7%	0.6%	-1.1%p	-
ROE	-	14.1%	-	-	17.1%	6.1%	-11.0%p	-
Total income margin	-	4.27%	-	-	4.45%	4.21%	-0.24%p	-
Net interest margin	-	3.59%	-	-	3.58%	3.71%	0.13%p	-
Cost/income ratio	-	53.4%	-	-	49.8%	64.8%	15.0%p	-
Net loans to deposits (FX-adjusted)	-	80%	-	-	77%	80%	4%	-
FX rates (in HUF)	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
HUF/ALL (closing)	-	2.7	-	-	2.7	2.7	-1%	-
HUF/ALL (average)	-	2.6	-	-	2.7	2.7	0%	-

- ***The Albanian bank was consolidated in 1Q 2019 and its results appeared in the consolidated P&L from April***
- ***The bank posted HUF 2.6 billion profit after tax profit between April-December 2019***
- ***The Stage 3 ratio was 3.1% by the end of 2019; the net loan-to-deposit ratio was 80%***

In line with the purchase agreement signed on 1 August 2018 by OTP Bank Plc. and the Societe Generale Group, the financial closure of the Albanian transaction was completed on 29 March 2019. As a result, OTP Bank has become the 100% owner of Banka Societe Generale Albania SH.A. The results of the Albanian bank were consolidated in OTP Group's P&L account starting from April 2019. Upon the request of the seller, OTP Bank does not disclose the purchase price.

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

OTP Bank Albania posted HUF 2.6 billion after-tax profit between April and December 2019. Its 4Q profit amounted to HUF 0.4 billion (-63% q-o-q).

The full-year ROE (14.1%) and net interest margin (3.59%) were below the Group's average, while the cost/income ratio (53.4%) exceeded it.

Regarding 4Q developments, the operating income contracted by 31% q-o-q, reflecting a 2% drop in total income and a 27% increase in operating expenses.

In the fourth quarter the net interest income rose by 7% q-o-q. Net fees and commissions contracted by 33% q-o-q, relating to q-o-q lower number of ATM transactions and also to seasonal effects.

The 27% q-o-q increase in operating expenses in 4Q was induced by higher software amortization and personnel costs.

The annual credit risk cost rate reached 23 bps in the period under review. The other provision recognized in the amount of HUF 0.4 billion in the fourth quarter reflected mainly the provisions created on AFS securities (as certain IFRS parameters were revised).

At the end of 2019 the Stage 3 loans made up 3.1% of gross loan volumes. The Stage 3 loans of the acquired bank were netted with the related provisions upon its consolidation. The own provision coverage of Stage 3 loans was 33.1%. In the fourth quarter the volume of DPD90+ loans rose by HUF 0.6 billion (FX-adjusted, without the effect of sales and write-offs).

In 4Q 2019 the FX-adjusted volume of Stage 1+2 loans increased by 2% q-o-q; within that, retail loans stagnated, while corporate loans rose by 3% q-o-q.

FX-adjusted deposit volumes dropped by 2% q-o-q. The net loan/deposit ratio stood at 80%, above the group's average.

MOBIASBANCA (MOLDOVA)

Performance of Mobiasbanca:

Main components of P&L account in HUF mn	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	-	1,936	-	-	1,248	688	-45%	-
Income tax	-	-174	-	-	-100	-74	-26%	-
Profit before income tax	-	2,110	-	-	1,348	762	-43%	-
Operating profit	-	2,929	-	-	1,167	1,762	51%	-
Total income	-	5,902	-	-	2,218	3,684	66%	-
Net interest income	-	3,959	-	-	1,428	2,531	77%	-
Net fees and commissions	-	891	-	-	393	498	27%	-
Other net non-interest income	-	1,052	-	-	397	656	65%	-
Operating expenses	-	-2,974	-	-	-1,051	-1,922	83%	-
Total provisions	-	-819	-	-	181	-1,000		-
Provision for impairment on loan and placement losses	-	-737	-	-	221	-958		-
Other provision	-	-82	-	-	-40	-42	5%	-
Main components of balance sheet closing balances in HUF mn	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
Total assets	-	211,043	-	-	201,922	211,043	5%	-
Gross customer loans	-	104,763	-	-	103,029	104,763	2%	-
Gross customer loans (FX-adjusted)	-	104,763	-	-	101,772	104,763	3%	-
Retail loans	-	57,000	-	-	52,495	57,000	9%	-
Corporate loans	-	46,339	-	-	47,871	46,339	-3%	-
Car financing loans	-	1,424	-	-	1,406	1,424	1%	-
Allowances for possible loan losses	-	-1,790	-	-	-1,072	-1,790	67%	-
Allowances for possible loan losses (FX-adjusted)	-	-1,790	-	-	-1,058	-1,790	69%	-
Deposits from customers	-	161,071	-	-	153,789	161,071	5%	-
Deposits from customer (FX-adjusted)	-	161,071	-	-	151,842	161,071	6%	-
Retail deposits	-	110,838	-	-	102,763	110,838	8%	-
Corporate deposits	-	50,233	-	-	49,079	50,233	2%	-
Liabilities to credit institutions	-	12,342	-	-	9,421	12,342	31%	-
Total shareholders' equity	-	34,518	-	-	34,159	34,518	1%	-
Loan Quality	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	-	102,460	-	-	97,302	102,460	5.3%	-
Stage 1 loans under IFRS 9/gross customer loans	-	97.8%	-	-	94.4%	97.8%	3.4%p	-
Own coverage of Stage 1 loans under IFRS 9	-	1.0%	-	-	1.0%	1.0%	0.0%p	-
Stage 2 loan volume under IFRS 9 (in HUF million)	-	880	-	-	5,262	880	-83.3%	-
Stage 2 loans under IFRS 9/gross customer loans	-	0.8%	-	-	5.1%	0.8%	-4.3%p	-
Own coverage of Stage 2 loans under IFRS 9	-	23.6%	-	-	1.0%	23.6%	22.5%p	-
Stage 3 loan volume under IFRS 9 (in HUF million)	-	1,424	-	-	465	1,424	206.1%	-
Stage 3 loans under IFRS 9/gross customer loans	-	1.4%	-	-	0.5%	1.4%	0.9%p	-
Own coverage of Stage 3 loans under IFRS 9	-	39.7%	-	-	7.5%	39.7%	32.3%p	-
Provision for impairment on loan and placement losses/average gross loans	-	1.58%	-	-	-1.05%	3.74%	4.80%p	-
90+ days past due loan volume (in HUF million)	-	383	-	-	305	383	26%	-
90+ days past due loans/gross customer loans	-	0.4%	-	-	0.3%	0.4%	0.1%p	-
Performance Indicators	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
ROA	-	2.1%	-	-	3.0%	1.3%	-1.6%p	-
ROE	-	12.6%	-	-	18.5%	8.0%	-10.4%p	-
Total income margin	-	6.31%	-	-	5.28%	7.14%	1.86%p	-
Net interest margin	-	4.23%	-	-	3.40%	4.90%	1.51%p	-
Cost/income ratio	-	50.4%	-	-	47.4%	52.2%	4.8%p	-
Net loans to deposits (FX-adjusted)	-	64%	-	-	66%	64%	-2%	-
FX rates (in HUF)	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
HUF/MDL (closing)	-	17.1	-	-	17.3	17.1	-1%	-
HUF/MDL (average)	-	16.6	-	-	16.7	17.2	3%	-

- ***The Moldavian bank was consolidated in July 2019, and its results appeared in the consolidated P&L from August***
- ***The Moldovan bank's profit contribution was HUF 1.9 billion in 2019***
- ***The Stage 3 ratio stood at 1.4% at the end of 2019; the net loan to deposit ratio was 64%***

In accordance with the purchase agreement signed on 6 February 2019 by OTP Bank and the Societe Generale Group, the financial closure of the transaction was completed on 25 July 2019, as a result of which OTP Bank acquired Mobiasbanca – Groupe Societe Generale S.A. OTP Bank's shareholding reached 98.26% at the end of 2019.

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

Between August and December 2019 **Mobiasbanca** contributed to OTP Group's adjusted profit by HUF 1.9 billion. It generated HUF 0.7 billion profit in the fourth quarter (-45% q-o-q).

The full-year ROE (12.6%) and the cost/income ratio (50.4%) were below the Group's average, while the net interest margin (4.23%) exceeded it.

The quarterly developments of the P&L lines to a great extent reflected the fact that in 3Q only two months, whereas in 4Q the full quarterly contribution of the newly acquired bank was consolidated. A 51% increase in operating profit was due to the 66% higher total income and 83% surge in operating expenses. Latter was attributable to higher marketing and personnel costs.

In the fourth quarter HUF 1.0 billion provision was created, mainly for corporate loans.

The bank's balance sheet total amounted to HUF 211 billion, its gross loans made up HUF 105 billion, and customer deposits totalled HUF 161 billion at the end of 2019. Net loan-to-deposit ratio was 64%, lower than the Group's average.

Based on its total assets, the market share of OTP's Moldavian operation was 13.5% at the end of December 2019; this ranks it the fourth biggest bank in Moldavia. Mobiasbanca's branch network consisted of 53 units, and the bank employed 755 people (on FTE basis) at the end of December.

At the end of 2019 the ratio of Stage 3 loans to total gross loans stood at 1.4%. Stage 3 loans own provision coverage was 39.7%.

The FX-adjusted ratio of Stage 1+2 loans rose by 2% q-o-q in the fourth quarter of 2019. Within that, retail loans expended by 8% q/q, and corporate loans dropped by 5% q-o-q.

OTP BANKA SLOVENSKO (SLOVAKIA)

Performance of OTP Banka Slovensko:

Main components of P&L account in HUF mn	2018	2019	Y-o-Y	4Q 2018	3Q 2019	4Q 2019	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	44	1,575		-526	1,446	-404	-128%	-23%
Income tax	-56	-240	328%	97	-42	-97	128%	-199%
Profit before income tax	100	1,815		-623	1,489	-307	-121%	-51%
Operating profit	2,598	1,625	-37%	527	558	175	-69%	-67%
Total income	15,014	14,714	-2%	3,888	3,680	3,814	4%	-2%
Net interest income	11,148	10,505	-6%	2,765	2,652	2,636	-1%	-5%
Net fees and commissions	3,536	3,884	10%	1,019	966	1,084	12%	6%
Other net non-interest income	330	325	-1%	103	62	93	51%	-10%
Operating expenses	-12,416	-13,089	5%	-3,361	-3,122	-3,639	17%	8%
Total provisions	-2,498	190	-108%	-1,150	930	-482	-152%	-58%
Provision for impairment on loan and placement losses	-2,579	604	-123%	-1,175	879	-17	-102%	-99%
Other provision	81	-414	-609%	25	52	-464	-996%	
Main components of balance sheet closing balances in HUF mn	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
Total assets	454,498	473,660	4%	454,498	474,859	473,660	0%	4%
Gross customer loans	393,111	392,793	0%	393,111	406,166	392,793	-3%	0%
Gross customer loans (FX-adjusted)	404,127	392,793	-3%	404,127	401,154	392,793	-2%	-3%
Retail loans	350,325	336,342	-4%	350,325	346,380	336,342	-3%	-4%
Corporate loans	53,786	56,444	5%	53,786	54,766	56,444	3%	5%
Allowances for possible loan losses	-31,582	-24,338	-23%	-31,582	-27,606	-24,338	-12%	-23%
Allowances for possible loan losses (FX-adjusted)	-32,467	-24,338	-25%	-32,467	-27,266	-24,338	-11%	-25%
Deposits from customers	360,069	351,722	-2%	360,069	351,862	351,722	0%	-2%
Deposits from customers (FX-adjusted)	370,195	351,722	-5%	370,195	347,505	351,722	1%	-5%
Retail deposits	341,065	320,907	-6%	341,065	318,092	320,907	1%	-6%
Corporate deposits	29,130	30,815	6%	29,130	29,413	30,815	5%	6%
Liabilities to credit institutions	22,725	50,669	123%	22,725	48,623	50,669	4%	123%
Subordinated debt	8,691	8,933	3%	8,691	9,047	8,933	-1%	3%
Total shareholders' equity	29,382	38,078	30%	29,382	31,560	38,078	21%	30%
Loan Quality	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)		336,650			346,055	336,650	-3%	
Stage 1 loans under IFRS 9/gross customer loans		85.7%			85.2%	85.7%	0.5%p	
Own coverage of Stage 1 loans under IFRS 9		0.7%			0.7%	0.7%	0.0%p	
Stage 2 loan volume under IFRS 9 (in HUF million)		29,307			28,567	29,307	3%	
Stage 2 loans under IFRS 9/gross customer loans		7.5%			7.0%	7.5%	0.4%p	
Own coverage of Stage 2 loans under IFRS 9		11.7%			13.1%	11.7%	-1.4%p	
Stage 3 loan volume under IFRS 9 (in HUF million)	35,916	26,836	-25%	35,916	31,544	26,836	-15%	-25%
Stage 3 loans under IFRS 9/gross customer loans	9.1%	6.8%	-2.3%p	9.1%	7.8%	6.8%	-0.9%p	-2.3%p
Own coverage of Stage 3 loans under IFRS 9		68.8%			67.9%	68.8%	0.9%p	
Provision for impairment on loan and placement losses/average gross loans	0.65%	-0.15%	-0.8%p	1.17%	-0.87%	0.02%	0.9%p	-1.1%p
90+ days past due loan volume (in HUF million)	29,160	21,890	-24.9%p	29,160	25,560	21,890	-14.4%p	-24.9%p
90+ days past due loans/gross customer loans	7.4%	5.6%	-1.8%	7.4%	6.3%	5.6%	-0.7%	-1.8%
Performance Indicators	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
ROA	0.0%	0.3%	0.3%	-0.5%	1.2%	-0.3%	-1.6%p	0.1%p
ROE	0.2%	5.2%	5.1%	-8.1%	19.0%	-4.9%	-23.9%p	3.1%p
Total income margin	3.32%	3.20%	-0.12%	3.39%	3.13%	3.22%	0.10%	-0.16%
Net interest margin	2.47%	2.29%	-0.18%	2.41%	2.25%	2.23%	-0.02%	-0.18%
Cost/income ratio	82.7%	89.0%	6.3%	86.4%	84.8%	95.4%	10.6%p	9.0%p
Net loans to deposits (FX-adjusted)	100%	105%	4%	100%	108%	105%	-3%p	4%p
FX rates (in HUF)	**2018**	**2019**	**Y-o-Y**	**4Q 2018**	**3Q 2019**	**4Q 2019**	**Q-o-Q**	**Y-o-Y**
HUF/EUR (closing)	321.5	330.5	3%	321.5	334.7	330.5	-1%	3%
HUF/EUR (average)	318.9	325.3	2%	323.1	328.1	331.9	1%	3%

Note: P&L lines and performance indicators are adjusted for the banking tax, Deposit Protection Fund contributions and payments into the Resolution Fund.

- ***OTP Banka Slovensko generated HUF 1.6 billion profit in 2019***
- ***12M operating profit fell by 37% y-o-y, as a result of 2% lower income and 5% higher operating expenses***
- ***The performing (Stage 1+2) loan volumes did not change substantially in y-o-y comparison***

In 2019 **OTP Banka Slovensko** posted HUF 1.6 billion adjusted after tax profit, against the near-zero result of the base period. A significant part of the profit growth originated from favourable development in provisions: in 2019 the total provisions were in positive territory (HUF 0.2 billion), mainly owing to provision releases (+HUF 0.9 billion) booked in the third quarter, which in part stemmed from the revision of the IFRS 9 model parameters.

Total income in full-year 2019 declined by 2%. Within that, net interest income dropped by 6%, while performing (Stage 1+2) loan volumes did not change substantially in comparison with the base period. In 2019, net interest margin contracted by 18 bps to 2.29%.

Twelve-month operating expenses rose by 5% y-o-y (3% in local currency), reflecting higher personnel expenses and depreciation.

During 2019, net fees and commissions expanded by 10%, owing to a year-over-year increase in brokerage fees, largely because of a rise in investment fund and insurance fees.

Unlike in the previous quarter, the bank booked loss in 4Q. The total income line in the fourth quarter showed 4% q-o-q growth; within that net interest income fell by 1%. Net interest margin decreased on a quarterly basis (-2 bps).

The 4Q operating expenses grew by 17% q-o-q, and on the total provisions line, it was the other provisions that caused adverse change q-o-q. This was due to the fact that OTP Faktoring Ltd. (Hungary) raised capital in OTP Faktoring Slovensko (presented as part of the Slovakian operation), which thereafter raised capital in its affiliated companies. As these companies had negative equity before the capital increase, and are out of the scope of consolidation, an impairment was recognized in the other provisions line of the Slovakian operation.

DPD90+ loan volumes contracted by HUF 1 billion in 2019 (FX-adjusted, without sales and write-offs). During the year, HUF 6 billion problem loans were sold/written off. The ratio of Stage 3 loans amounted to 6.8% of the gross loan volume (-2.3 pps y-o-y, -0.9 pp q-o-q). The own coverage of Stage 3 loans stood at 68.8% at the end of 4Q.

Performing (Stage 1+2) loans stayed flat y-o-y (-1% q-o-q, FX-adjusted).

FX-adjusted customer deposits dropped by 5% y-o-y and rose by 1% q-o-q. This brought the loan/deposit ratio to 105% by the end of 2019.

STAFF LEVEL AND OTHER INFORMATION

	31/12/2018				31/12/2019			
	Branches	ATM	POS	Headcount (closing)	Branches	ATM	POS	Headcount (closing)
OTP Core (Hungary)	**362**	**1,931**	**77,599**	**9,631**	**361**	**1,936**	**77,962**	**10,083**
DSK Group (Bulgaria)	345	911	8,464	4,838	440	1,140	12,915	6,186
OBH (Croatia)	144	480	10,360	2,397	136	480	10,856	2,251
OTP Bank Serbia	154	248	5,554	1,996	231	338	18,424	3,162
SKB Banka (Slovenia)					53	83	3,982	863
OTP Bank Romania	95	139	4,556	1,273	95	141	5,125	1,496
OTP Bank Ukraine (w/o employed agents)	87	149	351	2,313	88	166	331	2,399
OTP Bank Russia (w/o employed agents)	134	227	905	5,052	134	223	715	5,343
CKB Group (Montenegro)	28	103	4,572	419	48	128	6,908	681
OTP Bank Albania					37	76	0	424
Mobiasbanca (Moldova)					53	145	0	755
OTP Banka Slovensko (Slovakia)	62	151	232	690	58	157	159	671
Foreign subsidiaries, total	**1,049**	**2,408**	**34,994**	**18,977**	**1,373**	**3,077**	**59,415**	**24,230**
Other Hungarian and foreign subsidiaries				924				590
OTP Group (w/o employed agents)				**29,532**				**34,903**
OTP Bank Russia - employed agents				5,306				5,083
OTP Bank Ukraine - employed agents				760				663
OTP Group (aggregated)	**1,411**	**4,339**	**112,593**	**35,599**	**1,734**	**5,013**	**137,377**	**40,648**

Notes: the y/y changes in the headcount data presented in the table were influenced by the changes in the scope of companies comprising OTP Core, the Bulgarian, Croatian, Serbian, Montenegrin and Romanian operations and in the case of other Hungarian and foreign group members. For more details, see the individual section about OTP Core, and the Bulgarian, Croatian, Serbian and Romanian performances.

Definition of headcount number: closing, active FTE (full-time employee). The employee is considered as full-time employee in case his/her employment conditions regarding working hours are in line with a full time employment defined in the Labour Code in the reporting entity's country. Part-time employees are taken into account proportional to the full time working hours being effective in the reporting entity's country.

PERSONAL AND ORGANIZATIONAL CHANGES

Mrs. Ágnes Rudas resigned from the membership of the Supervisory Board with effect from 12 April 2019.

The Annual General Meeting elected Mrs. Klára Bella as member of the Supervisory Board of the Company until the Annual General Meeting of the Company closing the 2019 business year but not later than 30 April 2020.

Concerning the audit of OTP Bank Plc.'s separate and consolidated annual financial statements in accordance with International Financial Reporting Standards for the year 2019, the Annual General Meeting is elected Deloitte Auditing and Consulting Ltd. (000083, H-1068 Budapest, Dózsa György út 84/c) as the Bank's auditor from 1 May 2019 until 30 April 2020.

According to the decision of Board of Directors of OTP Bank Mr. Tamás Erdei, member of the Board of Directors, was elected as Deputy Chairman of the Board of Directors with effect from 12 April 2019.

FINANCIAL DATA

SEPARATE IFRS STATEMENT OF FINANCIAL POSITION

in HUF million	2019	2018	Y-o-Y
Cash, amounts due from banks and balances with the National Bank of Hungary	289,686	360,855	-20%
Placements with other banks, net of allowance for placement losses	1,560,142	1,074,840	45%
Repo receivables	45,539	14,139	222%
Financial assets at fair value through profit or loss	172,229	155,042	11%
Financial assets at fair value through other comprehensive income	1,485,977	1,451,905	2%
Loans at amortised cost	3,285,338	2,571,979	28%
Loans mandatorily measured at fair value through profit or loss	29,731	32,745	-9%
Investments in subsidiaries	1,542,538	1,177,573	31%
Securities at amortised cost	1,447,224	1,431,789	1%
Property and equipment	77,754	70,442	10%
Intangible assets	53,282	39,883	34%
Right of use assets	13,607	0	
Investments properties	2,381	2,333	2%
Deferred tax assets	0	1,241	-100%
Derivative financial assets designated as hedge accounting relationships	16,677	12,221	36%
Other assets	116,699	109,201	7%
TOTAL ASSETS	**10,138,804**	**8,506,188**	**19%**
Amounts due to banks and deposits from the National Bank of Hungary and other banks	738,054	458,182	61%
Repo liabilities	462,621	279,854	65%
Deposits from customers	6,573,550	5,741,498	14%
Leasing liabilities	13,660	0	
Liabilities from issued securities	43,284	46,694	-7%
Financial liabilities at fair value through profit or loss	28,861	32,231	-10%
Derivative financial liabilities designated as held for trading	83,088	82,838	0%
Derivative financial liabilities designated as hedge accounting relationships	10,023	6,925	45%
Deferred tax liabilities	5,875	0	
Other liabilities	**246,676**	**236,570**	4%
Subordinated bonds and loans	279,394	110,454	153%
TOTAL LIABILITIES	**8,485,086**	**6,995,246**	**21%**
Share capital	**28,000**	**28,000**	0%
Retained earnings and reserves	1,628,354	1,484,906	10%
Treasury shares	-2,636	-1,964	34%
TOTAL SHAREHOLDERS' EQUITY	**1,653,718**	**1,510,942**	**9%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**10,138,804**	**8,506,188**	**19%**

CONSOLIDATED IFRS STATEMENT OF FINANCIAL POSITION

in HUF million	2019	2018	Y-o-Y
Cash, amounts due from banks and balances with the National Banks	1,784,378	1,547,272	15%
Placements with other banks, net of loss allowance for placements	410,079	420,606	-3%
Financial assets at fair value through profit or loss	251,990	181,356	39%
Securities at fair value through other comprehensive income	2,426,779	1,883,849	29%
Loans at amortized cost	11,846,260	8,032,068	47%
Loans mandatorily at fair value through profit or loss	32,802	34,525	-5%
Associates and other investments	20,822	17,591	18%
Securities at amortized cost	1,968,072	1,740,520	13%
Property and equipment	320,431	253,773	26%
Intangible assets and goodwill	242,219	166,711	45%
Right-of-use assets	52,950	-	
Investment properties	41,559	38,115	9%
Derivative financial assets designated as hedge accounting	7,463	15,201	-51%
Deferred tax assets	26,543	20,769	28%
Other assets	227,349	237,932	-4%
Assets classified as held-for-sale	462,071	-	
TOTAL ASSETS	**20,121,767**	**14,590,288**	**38%**
Amounts due to banks, the National Governments, deposits from the National Banks and other banks	813,399	360,475	126%
Financial liabilities at fair value through profit or loss	30,862	32,231	-5%
Deposits from customers	15,171,308	11,285,085	34%
Liabilities from issued securities	393,167	417,966	-6%
Derivative financial liabilities held for trading	86,743	73,316	18%
Derivative financial liabilities designated as hedge accounting	10,709	7,407	45%
Deferred tax liabilities	29,195	6,865	325%
Leasing liabilities	52,855	50	
Other liabilities	629,807	498,807	26%
Subordinated bonds and loans	249,938	81,429	207%
Liabilities directly associated with assets classified as held-for-sale	362,496	-	
TOTAL LIABILITIES	**17,830,479**	**12,763,631**	**40%**
Share capital	28,000	28,000	0%
Retained earnings and reserves	2,319,263	1,864,204	24%
Treasury shares	-60,931	-67,999	-10%
Non-controlling interest	4,956	2,452	102%
TOTAL SHAREHOLDERS' EQUITY	**2,291,288**	**1,826,657**	**25%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**20,121,767**	**14,590,288**	**38%**

SEPARATE IFRS STATEMENT OF RECOGNIZED INCOME

in HUF million	2019	2018	Y-o-Y
Interest income accounted for using the effective interest rate method	239,395	214,821	11%
Income similar to interest income accounted for not using the effective interest rate method	83,111	75,912	9%
Interest incomes	***322,506***	***290,733***	***11%***
Interest expenses	***-119,384***	***-83,778***	***43%***
NET INTEREST INCOME	**203,122**	**206,955**	**-2%**
Loss allowance on loans, placements and financial lease receivables	-39,121	-9,978	292%
NET INTEREST INCOME AFTER RISK COST	**164,001**	**196,977**	**-17%**
Income from fees and commissions	238,995	212,556	12%
Expense from fees and commissions	-35,591	-34,339	4%
Net profit from fees and commissions	**203,404**	**178,217**	**14%**
Foreign exchange gains, net	13,247	9,510	39%
Gains on securities, net	8,188	1,960	318%
Gains on financial assets /liabilities measured at fair value through profit or loss	1,890	625	202%
Gains on deivative instruments, net	4,715	3,706	27%
Dividend income	78,887	68,481	15%
Other operating income	7,505	5,179	45%
Other operating expense	26,515	-2,867	
Net operating gain	**140,947**	**86,594**	**63%**
Personnel expenses	-115,035	-104,819	10%
Depreciation and amortization	-29,925	-21,232	41%
Other administrative expenses	-160,198	-151,104	6%
Other administrative expenses	**-305,158**	**-277,155**	**10%**
PROFIT BEFORE INCOME TAX	**203,194**	**184,633**	**10%**
Income tax expense	-9,840	-11,191	-12%
NET PROFIT FOR THE YEAR	**193,354**	**173,442**	**11%**

CONSOLIDATED IFRS STATEMENT OF RECOGNIZED INCOME

in HUF million	2019	2018	Y-o-Y
CONTINUING OPERATIONS			
Interest income accounted for using the effective interest rate method	777,502	647,650	20%
Income similar to interest income accounted for not using the effective interest rate method	116,642	98,379	19%
Interest incomes	***894,144***	***746,029***	***20%***
Interest expenses	***-197,095***	***-132,644***	***49%***
NET INTEREST INCOME	**697,049**	**613,385**	**14%**
Loss allowance on loans, placements and financial lease receivables	-49,120	-22,616	117%
Release of loss allowance on securities at fair value through other comprehensive income and on securities at amortized cost	9	607	-99%
Provision for commitments and guarantees given	-7,995	-6,481	23%
Release of impairment of assets subject to operating lease and of investment properties	280	-326	-186%
NET INTEREST INCOME AFTER LOSS ALLOWANCE, IMPAIRMENT AND PROVISIONS	**640,223**	**584,569**	**10%**
Income from fees and commissions	413,348	333,082	24%
Expense from fees and commissions	-72,903	-58,946	24%
NET PROFIT FROM FEES AND COMMISSIONS	**340,445**	**274,136**	**24%**
Foreign exchange gains, net	40,518	40,352	0%
Gains on securities, net	11,611	1,345	763%
Gains on financial assets /liabilities measured at fair value through profit or loss	1,282	597	115%
Dividend income	7,955	5,733	39%
Other operating income	111,093	25,872	329%
Other operating expense	-44,758	-19,173	133%
NET OPERATING GAIN	**127,701**	**54,726**	**133%**
Personnel expenses	-276,754	-244,600	13%
Depreciation and amortization	-77,048	-50,138	54%
Goodwill impairment	-4,887	-5,962	-18%
Other administrative expenses	-282,528	-259,823	9%
OTHER ADMINISTRATIVE EXPENSES	**-641,217**	**-560,523**	**14%**
PROFIT BEFORE INCOME TAX	**467,152**	**352,908**	**32%**
Income tax expense	**-49,902**	**-34,000**	**47%**
NET PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	**417,250**	**318,908**	**31%**
From this, attributable to:			
Non-controlling interest	341	97	252%
Owners of the company	416,909	318,811	31%
DISCONTINUED OPERATIONS			
LOSS FROM DISCONTINUED OPERATION	**-4,668**	**-586**	697%
PROFIT FROM CONTINUING AND DISCOUNTINUED OPERATION	**412,582**	**318,322**	30%

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY (IFRS)

in HUF million	Share capital	Capital reserve	Share based payment reserve	Retained earnings and reserves	Put option reserves	Treasury shares[1]	Non-controlling interest	Total
Balance as at 31 December 2017	**28,000**	**52**	**31,835**	**1,695,460**	**-55,468**	**-63,289**	**3,465**	**1,640,055**
Modification due to the initial application of IFRS9				-51,475			-127	-51,602
Balance as at 1 January 2018	**28,000**	**52**	**31,835**	**1,643,985**	**-55,468**	**-63,289**	**3,338**	**1,588,453**
Net profit for the year				318,233			89	318,322
Other comprehensive income				-13,420			-223	-13,643
Share-based payment							-752	-752
Treasury shares			3,797					3,797
Dividend for the year 2017				-61,320				-61,320
Correction due to ESOP				156				156
Treasury shares								
– sale						21,814		21,814
– loss on sale				-2,390				-2,390
– volume change						-26,524		-26,524
Payment to ICES holders				-1,256				-1,256
Balance as at 31 December 2018	**28,000**	**52**	**35,632**	**1,883,988**	**-55,468**	**-67,999**	**2,452**	**1,826,657**

in HUF million	Share capital	Capital reserve	Share based payment reserve	Retained earnings and reserves	Put option reserves	Treasury shares[1]	Non-controlling interest	Total
Balance as at 1 January 2018	**28,000**	**52**	**35,632**	**1,883,988**	**-55,468**	**-67,999**	**2,452**	**1,826,657**
Net profit for the year				412,241			341	412,582
Other comprehensive income				106,561			427	106,988
Purchase of non-controlling interests								
Increase due to business combinations							1,736	1,736
Share-based payment			3,547					3,547
Dividend for the year 2018				-61,320				-61,320
Correction due to ESOP				376				376
Treasury shares								
– sale				--	--	15,956	--	15,956
– loss on sale				-5,013	--	--	--	-5,013
– volume change				--	--	-8,888	--	-8,888
Payment to ICES holders				-1,334	--	--	--	-1,334
Balance as at 31 December 2019	**28,000**	**52**	**39,179**	**2,335,499**	**-55,468**	**-60,931**	**4,956**	**2,291,287**

[1] The deduction related to repurchased treasury shares (4Q 2019: HUF 60,931 million) includes the book value of OTP shares held by ESOP (4Q 2019: 2,963,204 shares).

SEPARATE IFRS STATEMENT OF CASH FLOWS

in HUF million	2019	2018	Y-o-Y
OPERATING ACTIVITIES			
Profit before income tax	203,194	184,633	10%
Net accrued interest	6,760	1,586	326%
Income tax paid	-628	0	
Depreciation and amortization	29,925	21,232	41%
Loss allowance / (Release of loss allowance)	-255	-2,525	-90%
Share-based payment	3,547	3,797	-7%
Unrealised gains on fair value adjustment of financial instruments at fair value through profit or loss	-1,379	-13,528	-90%
Unrealised losses on fair value adjustment of derivative financial instruments	6,777	16,903	-60%
Leasing interest expense	-244	0	
Net change in assets and liabilities in operating activities	-21,975	63,185	-135%
Net cash provided by operating activities	**225,722**	**275,283**	**-18%**
INVESTING ACTIVITIES			
Net cash used in investing activities	**-847,023**	**-316,268**	**168%**
FINANCING ACTIVITIES			
Net cash provided by / (used in) financing activities	**542,574**	**-3,511**	**-15554%**
Net decrease in cash and cash equivalents	**-78,727**	**-44,496**	**77%**
Cash and cash equivalents at the beginning of the year	**303,358**	**347,854**	**-13%**
Cash and cash equivalents at the end of the year	**224,631**	**303,358**	**-26%**
Cash, amounts due from banks and balances with the National Bank of Hungary	360,855	399,124	-10%
Cash and cash equivalents at the beginning of the year	**360,855**	**399,124**	**-10%**
Cash, amounts due from banks and balances with the National Bank of Hungary	289,686	360,855	-20%
Cash and cash equivalents at the end of the year	**289,686**	**360,855**	**-20%**

CONSOLIDATED IFRS STATEMENT OF CASH FLOWS

in HUF million	2019	2018	Y-o-Y
OPERATING ACTIVITIES			
Net profit for the period	412,241	318,233	30%
Net changes in assets and liabilities in operating activities			
Income tax paid	-30,170	-17,377	74%
Depreciation	78,864	51,475	53%
Goodwill impairment	4,887	5,962	-18%
Loss allowance	72,370	41,520	74%
Net accrued interest	-6,590	-2,434	171%
Share-based payment	3,547	3,797	-7%
Unrealised gains on fair value adjustment of financial instruments at fair value through profit or loss	6,975	9,128	-24%
Unrealised losses on fair value adjustment of derivative financial instruments	14,232	-29,525	-148%
Net change in assets and liabilities in operating activities	162,614	-193,407	-184%
Net cash provided by operating activities	**718,970**	**187,372**	**284%**
INVESTING ACTIVITIES			
Net cash used in investing activities	**-355,239**	**-201,622**	**76%**
FINANCING ACTIVITIES			
Net cash provided by / (used in) financing activities	**-117,120**	**33,540**	**-449%**
Net increase (+) / decrease (-) of cash	**246,611**	**19,290**	
Cash and cash equivalents at the beginning of the year	819,979	800,689	2%
Cash and cash equivalents at the end of the year	1,049,737	819,979	28%
Adjustment due to discontinuing activity	*16,853*		

CONSOLIDATED SUBSIDIARIES AND ASSOCIATES

			Initial capital/Equity (HUF)	Ownership Directly + indirectly (%)	Voting rights (%)	Classification[1]
1	Air-Invest Ltd.		400,000,000	100.00	100.00	L
2	AppSense Ltd.		3,000,000	100.00	100.00	L
3	Bajor-Polár Center Real Estate Management Ltd.		30,000,000	100.00	100.00	L
4	Balansz Real Estate Institute Fund		30,931,279,011	100.00	100.00	L
5	BANK CENTER No. 1. Ltd.		11,500,000,000	100.00	100.00	L
6	Banka OTP Albania SHA	ALL	6,740,900,000	100.00	100.00	L
7	CIL Babér Ltd.		71,890,330	100.00	100.00	L
8	CRESCO d.o.o.	HRK	39,000	100.00	100.00	L
9	Montenegrin Commercial Bank Shareholding Company, Podgorica Montenegro	EUR	181,875,221	100.00	100.00	L
10	DSK Asset Management EAD	BGN	1,000,000	100.00	100.00	L
11	DSK Auto Leasing EOOD	BGN	1,000,000	100.00	100.00	L
12	DSK Bank EAD	BGN	1,327,482,000	100.00	100.00	L
13	DSK DOM EAD	BGN	100,000	100.00	100.00	L
14	DSK Leasing AD	BGN	3,334,000	100.00	100.00	L
15	DSK Mobile EAD	BGN	250,000	100.00	100.00	L
16	DSK Operating lease EOOD	BGN	1,000	100.00	100.00	L
17	DSK Tours EOOD	BGN	8,491,000	100.00	100.00	L
18	DSK Trans Security EAD	BGN	2,225,000	100.00	100.00	L
19	EiSYS Ltd.		3,000,000	100.00	100.00	L
20	Express Factoring EOOD	BGN	1,100,000	100.00	100.00	L
21	INGA KETTŐ Ltd.		8,000,000,000	100.00	100.00	L
22	JN Parkolóház Ltd.		4,800,000	100.00	100.00	L
23	Limited Liability Company Asset Management Company " OTP Capital"	UAH	10,000,000	100.00	100.00	L
24	LLC MFO "OTP Finance"	RUB	6,533,000,000	100.00	100.00	L
25	LLC OTP Leasing	UAH	45,495,340	100.00	100.00	L
26	Merkantil Bank Ltd.		2,000,000,000	100.00	100.00	L
27	Merkantil Bérlet Ltd.		6,000,000	100.00	100.00	L
28	MFM Project Investment and Development Ltd.		20,000,000	100.00	100.00	L
29	Miskolci Diákotthon Ltd.		5,000,000	100.00	100.00	L
30	MONICOMP Ltd.		20,000,000	100.00	100.00	L
31	NIMO 2002 Ltd.		1,156,000,000	100.00	100.00	L
32	OTP Fund Management Ltd.		900,000,000	100.00	100.00	L
33	OTP Asset Management SAI S.A.	RON	5,795,323	100.00	100.00	L
34	OTP Aventin d.o.o.	HRK	40,000	100.00	100.00	L
35	Joint-Stock Company OTP Bank	UAH	6,186,023,111	100.00	100.00	L
36	OTP Bank Romania S.A.	RON	1,829,253,120	100.00	100.00	L
37	OTP banka Hrvatska d.d.	HRK	3,993,754,800	100.00	100.00	L
38	OTP banka Srbija AD. Beograd	RSD	23,723,021,200	100.00	100.00	L
39	OTP Debt Collection d.o.o. Podgorica	EUR	49,000,001	100.00	100.00	L
40	OTP eBIZ Kft.		281,000,000	100.00	100.00	L
41	OTP Life Annuity Real Estate Investment Plc.		2,000,000,000	100.00	100.00	L
42	OTP Factoring Bulgaria JSCo.	BGN	1,000,000	100.00	100.00	L
43	OTP Factoring Serbia Ltd.	RSD	782,902,282	100.00	100.00	L
44	OTP Factoring Slovensko Ltd.	EUR	22,540,000	100.00	100.00	L
45	OTP Factoring Romania Llc.	RON	600,405	100.00	100.00	L
46	OTP Factoring Ukraine LLC	UAH	6,227,380,554	100.00	100.00	L
47	OTP Factoring Ltd.		500,000,000	100.00	100.00	L
48	OTP Factoring Management Ltd.		3,000,000	100.00	100.00	L
49	OTP Financing Cyprus Private Company Limited by shares	EUR	1,001,000	100.00	100.00	L
50	OTP Financing Malta Company Limited	EUR	105,000,000	100.00	100.00	L
51	OTP Financing Netherlands	EUR	18,000	100.00	100.00	L
52	OTP Financing Solutions	EUR	18,000	100.00	100.00	L
53	OTP Holding Ltd.	EUR	131,000	100.00	100.00	L
54	OTP Holding Malta Ltd.	EUR	104,950,000	100.00	100.00	L
55	OTP Hungaro-Projekt Ltd.		300,000,000	100.00	100.00	L
56	OTP Real Estate Investment Fund Management Ltd.		100,000,000	100.00	100.00	L
57	OTP Real Estate Ltd.		1,000,000,000	100.00	100.00	L
58	OTP Ingatlankezelő Ltd.		50,000,000	100.00	100.00	L
59	OTP Real Estate Leasing Ltd.		214,000,000	100.00	100.00	L
60	OTP Ingatlanpont Ltd.		7,000,000	100.00	100.00	L
61	OTP Ingatlanüzemeltető Ltd.		30,000,000	100.00	100.00	L
62	OTP Insurance Broker EOOD	BGN	5,000	100.00	100.00	L
63	OTP Invest d.o.o.	HRK	12,979,900	100.00	100.00	L

			Initial capital/Equity (HUF)	Ownership Directly + indirectly (%)	Voting rights (%)	Classification[1]
64	OTP Investments d.o.o. Novi Sad	RSD	203,783,061	100.00	100.00	L
65	OTP Mortgage Bank Ltd.		37,000,000,000	100.00	100.00	L
66	OTP Card Factory Ltd.		450,000,000	100.00	100.00	L
67	OTP Close Building Society		2,000,000,000	100.00	100.00	L
68	OTP Leasing d.d.	HRK	8,212,000	100.00	100.00	L
69	OTP Leasing EOOD	BGN	4,100,000	100.00	100.00	L
70	OTP Leasing Romania IFN S.A.	RON	28,556,300	100.00	100.00	L
71	OTP Leasing Srbija d.o.o. Beograd	RSD	314,097,600	100.00	100.00	L
72	OTP Leasing d.o.o. Beograd	RSD	112,870,710	100.00	100.00	L
73	OTP Mérnöki Ltd.		3,000,000	100.00	100.00	L
74	OTP Mobile Service Ltd.		1,210,000,000	100.00	100.00	L
75	OTP Nekretnine d.o.o.	HRK	259,828,100	100.00	100.00	L
76	OTP Osiguranje ADO.	RSD	412,606,208	100.00	100.00	L
77	OTP Osiguranje d.d.	HRK	40,900,000	100.00	100.00	L
78	OTP Funds Servicing and Consulting Company Limited		2,349,940,000	100.00	100.00	L
79	OTP Financial point Ltd.		50,000,000	100.00	100.00	L
80	OTP Savjetovanje d.o.o.	HRK	3,531,400	100.00	100.00	L
81	OTP Services Ltd.	RSD	40,028	100.00	100.00	L
82	Venture Closed-End Non Diversified Mutual Investment Fund "OTP Solution"	UAH	43,347,201	100.00	100.00	L
83	Podgorička banka AD Podgorica	EUR	24,730,558	100.00	100.00	L
84	PortfoLion Digital Ltd.		102,000,000	100.00	100.00	L
85	PortfoLion Venture Capital Fund Management Ltd.		39,500,000	100.00	100.00	L
86	R.E. Four d.o.o., Novi Sad	RSD	1,983,643,761	100.00	100.00	L
87	SB Leasing d.o.o.	HRK	23,332,000	100.00	100.00	L
88	SC Aloha Buzz SRL	RON	10,200	100.00	100.00	L
89	SC Favo Consultanta SRL	RON	10,200	100.00	100.00	L
90	SC Tezaur Cont SRL	RON	10,200	100.00	100.00	L
91	SKB Leasing d.o.o.	EUR	16,809,031	100.00	100.00	L
92	SKB Leasing Select d.o.o.	EUR	5,000,000	100.00	100.00	L
93	SPLC Ltd.		10,000,000	100.00	100.00	L
94	SPLC-P Ltd.		15,000,000	100.00	100.00	L
95	TOP Collector LLC	RUB	1,030,000	100.00	100.00	L
96	Velvin Ventures Ltd.	USD	50,000	100.00	100.00	L
97	Vojvodjanska banka a.d. Novi Sad	RSD	31,607,808,040	100.00	100.00	L
98	OTP Building Llc.	EUR	18,717,301	100.00	100.00	L
99	POK DSK-Rodina AD	BGN	6,010,000	99.75	99.75	L
100	Expressbank AD	BGN	33,673,729	99.74	99.74	L
101	SKB Banka d.d. Ljubljana	EUR	52,784,176	99.66	99.66	L
102	OTP Banka Slovensko a.s.	EUR	126,590,712	99.44	99.44	L
103	Mobiasbanca - OTP Group S.A.	MDL	100,000,000	98.26	98.31	L
104	JSC "OTP Bank" (Russia)	RUB	4,423,768,142	97.91	97.91	L
105	ShiwaForce.com Inc.		105,321,000	67.50	67.50	L
106	Regional Urban Development Fund AD	BGN	250,000	52.00	52.00	L
107	OPUS Securities S.A.	EUR	31,000	0.00	51.00	L
108	OTP ESOP		35,845,598,071	0.00	0.00	L

[1] Full consolidated -L

Ownership structure of OTP Bank Plc.

Description of owner	Total equity					
	1 January 2019			31 December 2019		
	Ownership share	Voting rights[1]	Quantity	Ownership share	Voting rights[1]	Quantity
Domestic institution/company	19.32%	19.47%	54,092,340	18.84%	18.86%	52,750,611
Foreign institution/company	60.01%	60.49%	168,017,080	77.01%	77.10%	215,635,699
Domestic individual	3.53%	3.56%	9,896,546	2.98%	2.98%	8,344,202
Foreign individual	0.10%	0.10%	278,348	0.13%	0.13%	356,377
Employees, senior officers	0.85%	0.86%	2,376,450	0.80%	0.80%	2,240,465
Treasury shares[2]	0.80%	0.00%	2,242,143	0.12%	0.00%	323,520
Government held owner	0.08%	0.08%	219,072	0.08%	0.08%	219,372
International Development Institutions	0.05%	0.05%	143,308	0.04%	0.04%	122,218
Other[3]	15.26%	15.39%	42,734,723	0.00%	0.00%	7,546
TOTAL	**100.00%**	**100.00%**	**280,000,010**	**100.00%**	**100.00%**	**280,000,010**

[1] Voting rights in the General Meeting of the Issuer for participation in decision-making.
[2] Treasury shares do not include the OTP shares held by ESOP (OTP Bank Employee Stock Ownership Plan Organization). Pursuant to Act V of 2013 on the Civil Code, OTP shares held by the ESOP are not classified as treasury shares, but the ESOP must be consolidated in accordance with IFRS 10 Consolidated Financial Statements standard. On 31 December 2019 ESOP owned 2,963,204 OTP shares.
[3] Non-identified shareholders according to the shareholders' registry.

Number of treasury shares held in the year under review (2019)

	1 January	31 March	30 June	30 September	31 December
OTP Bank	168,583	159,961	443,966	336,795	323,520
Subsidiaries	2,073,560	2,073,560	0	0	0
TOTAL	2,242,143	2,233,521	443,966	336,795	323,520

Shareholders with over/around 5% stake as at 31 December 2019

Name	Number of shares	Ownership[1]	Voting rights[1,2]
MOL (Hungarian Oil and Gas Company Plc.)	24,000,000	8.57%	8.58%
KAFIJAT Ltd.	19,278,248	6.89%	6.89%
OPUS Securities S.A.	14,496,476	5.18%	5.18%
Groupama Group	14,335,745	5.12%	5.13%

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

Senior officers, strategic employees and their shareholding of OTP shares as at 31 December 2019

Type[1]	Name	Position	No. of shares held
IT	Dr. Sándor Csányi [2]	Chairman and CEO	870,255
IT	Mihály Baumstark	member	43,600
IT	Dr. Tibor Bíró	member	29,000
IT	Tamás Erdei	member, Deputy Chairman	19,239
IT	Dr. István Gresa	member	154,012
IT	Antal Kovács	member, Deputy CEO	35,948
IT	Dr. Antal Pongrácz	member	96,501
IT	Dr. László Utassy	member	145,597
IT	Dr. József Vörös	member	154,914
IT	László Wolf	member, Deputy CEO	577,521
FB	Tibor Tolnay	Chairman	54
FB	Dr. Gábor Horváth	member, Deputy Chairman	0
FB	Klára Bella	member	0
FB	András Michnai	member	100
FB	Olivier Péqueux	member	0
FB	Dr. Márton Gellért Vági	member	0
SP	Dr. Zsolt Barna	General Deputy CEO	1,010
SP	László Bencsik	Chief Financial and Strategic Officer, Deputy CEO	41,756
SP	András Tibor Johancsik	Deputy CEO	13,153
SP	György Kiss-Haypál	Deputy CEO	1,776
TOTAL No. of shares held by management:			**2,184,436**

[1] Employee in strategic position (SP), Board Member (IT), Supervisory Board Member (FB)
[2] Number of OTP shares owned by Dr. Sándor Csányi directly or indirectly: 3,555,583

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

a) Contingent liabilities

	31/12/2019	31/12/2018
Commitments to extend credit	3,027,112	2,187,619
Guarantees arising from banking activities	966,649	600,278
Confirmed letters of credit	33,296	9,798
Legal disputes (disputed value)	30,844	30,644
Contingent liabilities related to OTP Mortgage Bank	0	0
Other	285,296	255,271
Total:	**4,343,197**	**3,083,610**

[1] Those financial undertakings, which are important from valuation perspectives however not booked within the balance sheet (such as surety, guarantees, pledge related obligations, etc.)

Changes in the headcount (active, FTE-basis) employed by the Bank and the subsidiaries

	End of reference period	Current period opening	Current period closing
Bank[1]	8,477	8,477	9,059
Consolidated[2]	35,599	35,599	40,648

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

Security issuances on Group level in 2019

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 31/12/2019	Outstanding consolidated debt (in HUF million) 31/12/2019
OTP Bank Plc.	Corporate bond	XS2022388586	15/07/2019	15/07/2029	EUR	500,000,000	165,260
OTP Bank Plc.	Retail bond	OTP_VK1_20/1	21/02/2019	21/02/2020	USD	1,527,875	468
OTP Bank Plc.	Retail bond	OTP_VK1_20/2	04/04/2019	04/04/2020	USD	2,467,300	755
OTP Bank Plc.	Retail bond	OTP_VK1_20/3	16/05/2019	16/05/2020	USD	891,900	273
OTP Bank Plc.	Retail bond	OTP_VK1_20/4	27/06/2019	27/06/2020	USD	1,874,000	574
OTP Bank Plc.	Retail bond	OTP_VK1_20/5	15/08/2019	15/08/2020	USD	1,997,400	611
OTP Bank Plc.	Retail bond	OTP_VK1_20/6	26/09/2019	26/09/2020	USD	747,612	229
OTP Bank Plc.	Retail bond	OTP_VK1_20/7	07/11/2019	07/11/2020	USD	1,677,000	494
OTP Bank Plc.	Retail bond	OTP_VK1_20/8	19/12/2019	19/12/2020	USD	1,518,500	448
OTP Mortgage Bank	Corporate bond	OTP_DK_24/I	30/05/2019	31/05/2024	HUF	0	0
OTP Mortgage Bank	Corporate bond	OTP_DK_25/I	30/05/2019	31/05/2025	HUF	0	0

Security redemptions on Group level in 2019

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 31/12/2018	Outstanding consolidated debt (in HUF million) 31/12/2018
OTP Bank Plc.	Corporate bond	OTPX2019A	25/06/2009	01/07/2019	HUF	211	211
OTP Bank Plc.	Corporate bond	OTPX2019B	05/10/2009	14/10/2019	HUF	284	284
OTP Bank Plc.	Corporate bond	OTPX2019C	14/12/2009	20/12/2019	HUF	238	238
OTP Bank Plc.	Corporate bond	OTPX2019D	22/03/2013	21/03/2019	HUF	3,470	3,470
OTP Bank Plc.	Corporate bond	OTPX2019E	28/06/2013	24/06/2019	HUF	2,812	2,812
OTP Bank Plc.	Corporate bond	OTP_VK1_19/I	16/02/2018	16/02/2019	USD	3,044,725	855
OTP Bank Plc.	Retail bond	OTP_VK1_19/2	29/03/2018	29/03/2019	USD	2,832,384	796
OTP Bank Plc.	Retail bond	OTP_VK1_19/3	18/05/2018	18/05/2019	USD	2,986,478	839
OTP Bank Plc.	Corporate bond	OTP_DK_19/I	30/05/2018	31/05/2019	HUF	0	0
OTP Bank Plc.	Retail bond	OTP_VK1_19/4	28/06/2018	28/06/2019	USD	2,983,358	838
OTP Bank Plc.	Retail bond	OTP_VK1_19/5	06/08/2018	06/08/2019	USD	848,600	238
OTP Bank Plc.	Retail bond	OTP_VK1_19/6	04/10/2018	04/10/2019	USD	2,066,529	581
OTP Bank Plc.	Retail bond	OTP_VK1_19/7	15/11/2018	15/11/2019	USD	890,237	250
OTP Bank Plc.	Retail bond	OTP_VK1_19/8	20/12/2018	20/12/2019	USD	1,495,821	420
OTP Bank Plc.	Corporate bond	OTP_DK_19/II	14/12/2018	31/05/2019	HUF	0	0
OTP Banka Slovensko	Corporate bond	Bonds OTP VI.	27/02/2018	26/02/2019	EUR	0	0
OTP Mortgage Bank	Mortgage bond	OJB2019_I	17/03/2004	18/03/2019	HUF	31,517	31,517
OTP Mortgage Bank	Mortgage bond	OJB2019_II	31/05/2011	18/03/2019	HUF	1,093	1,093

RELATED-PARTY TRANSACTIONS

The compensation of key management personnel, such as the members of the Board of Directors, members of the Supervisory Board, key employees of the Bank and its major subsidiaries involved in the decision-making process in accordance with the compensation categories defined in IAS 24 Related party disclosures, is summarised below.

Compensations in HUF million	2018	2019	Y-o-Y	4Q 18	3Q 19	4Q 19	Q-o-Q	Yo-Y
Total	**10,700**	**11,896**	**11%**	**1,386**	**2,524**	**3,484**	**38%**	**82%**
Short-term employee benefits	7,817	8,453	8%	1,296	1,848	2,329	26%	43%
Share-based payment	2,431	2,732	12%	112	575	1,007	75%	413%
Other long-term employee benefits	390	636	63%	-58	98	115	17%	-269%
Termination benefits	36	40	11%	36	0	26		-100%
Redundancy payments	26	35	35%	0	3	7	133%	
Loans provided to companies owned by the management (normal course of business)	62,971	55,517	-12%	62,971	53,163	55,517	4%	-12%
Credit lines and treasury framework contracts of the members of Board of Directors and the Supervisory Board and their close family members (at normal market conditions)	3,692	666	-82%	3,692	711	666	-6%	-82%
Commitments to extend credit and guarantees	37,809	27,708	-27%	37,809	38,287	27,708	-28%	-27%
Loans provided to unconsolidated subsidiaries	5,136	2,656	-48%	5,136	2,959	2,656	-10%	-48%

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

Alternative performance measures
pursuant to the National Bank of Hungary 5/2017. (V.24.) recommendation[7]

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value	
			2018	2019
Leverage, consolidated[8]	The leverage ratio is calculated pursuant to Article 429 of CRR. The calculation of the indicator is designed quarterly by the Bank for the prudential consolidation scope.	The leverage ratio shall be calculated as an institution's capital measure divided by that institution's total exposure measure and shall be expressed as a percentage. Example for 2019: $\frac{1,869,386.7}{21,845,867,7} = 8.6\%$ Example for 2018: $\frac{1,297,641.6}{15,554,946,1} = 8.3\%$	8.3%	8.6%
Liquidity Coverage Ratio (LCR), consolidated	According to Article 412 (1) of CRR, the liquidity coverage ratio (LCR) is designed to promote short-term resilience of the Group's liquidity risk profile and aims to ensure that the Group has an adequate stock of unencumbered High Quality Liquid Assets (HQLA) to meet its liquidity needs for a 30 calendar day liquidity stress scenario.	The LCR is expressed as: (stock of HQLA) / (total net cash outflows over the next 30 calendar days) ≥ 100%. The numerator of the LCR is the stock of HQLA (High Quality Liquid Assets). In order to qualify as HQLA, assets should be liquid in markets during a time of stress and, in most cases, be eligible for use in central bank operations. The denominator of the LCR is the total net cash outflows, defined as total expected cash outflows minus total expected cash inflow in the specified stress scenario for the subsequent 30 calendar days. Total cash inflows are subject to an aggregate cap of 75% of total expected cash outflows, thereby ensuring a minimum level of HQLA holdings at all times. Example for 2019: $\frac{4,825,171.3}{3,465,537.4-614,504.0} = 169\%$ Example for 2018: $\frac{4,425,092.3}{2,607,550.6-471.671,1} = 207\%$	207%	169%

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

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value	
			2018	2019
Net loan to deposit ratio, consolidated	The net loan to deposit ratio is the indicator for assessing the bank's liquidity position.	The numerator of the indicator is the consolidated net consumer loan volume (gross loans less the stock of provisions), the denominator is the end of period consolidated customer deposit base. Example for 2019: $\frac{12,247,519.4}{15,508,094.4} = 79.0\%$ Example for 2018: $\frac{8,066,591.6}{11,273,740.6} = 71.6\%$	71.6%	79.0%
ROE (accounting), consolidated	The return on equity ratio shall be calculated as the consolidated net profit for the given period divided by the average equity, thus the ratio shows the effectiveness of the use of equity.	The numerator of the indicator is the consolidated accounting net profit for the given period, the denominator is the average consolidated equity. (The definition of average equity: calendar day-weighted average of the average balance sheet items in periods comprising the given period, where periods comprising the given period are defined as quarters (and within that months) in case of 1H, 9M and FY periods, and months in case of quarters. Furthermore, the average of the average balance sheet items is computed as the arithmetic average of closing balance sheet items for the previous period and the current period.) Example for 2019: $\frac{412,581.8*1.00}{2,032,901.7} = 20.3\%$ Example for 2018: $\frac{318,321.7*1.00}{1,703,881.0} = 18.7\%$	18.7%	20.3%

SUPPLEMENTARY DATA

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

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

(1) Aggregated adjusted after tax profit of OTP Core, Corporate Centre and foreign banks.

(2) OTP Core is an economic unit for measuring the result of core business activity of OTP Group in Hungary. Financials of OTP Core are calculated from the partially consolidated IFRS financial statements of certain companies engaged in OTP Group's operation in Hungary. These companies include OTP Bank Hungary Plc., OTP Mortgage Bank Ltd, OTP Building Society Ltd, OTP Factoring Ltd, OTP Financial Point Ltd., and companies providing intragroup financing; OTP Bank Employee Stock Ownership Plan Organization was included from 4Q 2016; OTP Card Factory Ltd., OTP Facility Management Llc., MONICOMP Ltd. and OTP Real Estate Lease Ltd. were included from 1Q 2017 (from 1Q 2019 OTP Real Estate Lease Ltd. was eliminated from OTP Core); OTP Mobile Service Llc. and OTP Ingatlanpont Llc. were included from 1Q 2019. The consolidated accounting results of these companies are segmented into OTP Core and Corporate Centre. Latter is a virtual entity.

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

(4) The result and balance sheet of OTP Factoring Bulgaria EAD is included. From 1Q 2019 Expressbank AD and its subsidiaries, OTP Leasing EOOD and Express Factoring EOOD (altogether: Express Group) were included into the Bulgarian operation. From 1Q 2019 the statement of recognised income and balance sheet of DSK Leasing AD was included.

(5) Splitska banka and its subsidiaries were consolidated into OBH's results from 2Q 2017. From 1Q 2019 the statement of recognised income and balance sheet of OTP Leasing d.d. and SB Leasing d.o.o. was included.

(6) Including the financial performance of OTP Factoring Serbia d.o.o from 4Q 2010. Vojvodjanska banka has been consolidated from 4Q 2017. From 1Q 2019 the statement of recognised income and balance sheet of OTP Lizing d.o.o and OTP Services d.o.o. was included. The balance sheet of the newly acquired OTP banka Srbija was included in 3Q 2019, its P&L from 4Q 2019.

(7) From 2Q 2010 the statement of recognised income and balance sheet of OTP Faktoring SRL was included. From 1Q 2019 the statement of recognised income and balance sheet of OTP Leasing Romania IFN S.A. was included.

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

(9) From 1Q 2015 to 4Q 2017 the performance of OTP Bank Russia does not contain the volumes and financial result of Touch Bank. From 1Q 2015 the statement of recognised income and balance sheet of LLC MFO "OTP Finance" was included in the Russian performance.

(10) Including the financial performance of OTP Factoring Montenegro d.o.o. (merged into CKB Bank in 4Q 2018). From 3Q 2019 the statement of recognised income and balance sheet of Podgoricka banka was included.

(11) From 2012 on P&L data and related indices are adjusted for the special banking tax and the Slovakian Deposit Protection Fund contributions being introduced again in 2014, as well as the contribution into the Resolution Fund. Including the financial performance of OTP Faktoring Slovensko s.r.o.

(12) After tax profit of Merkantil Bank without dividends, net cash transfer, other adjustment items and provisioning for investments in subsidiaries. Merkantil Car was merged into Merkantil Bank in 3Q 2018. For the 2018 base periods the aggregated after tax profit of Merkantil Bank and Car was presented.

(13) Companies comprising Foreign Leasing in previous periods (OTP Leasing Romania IFN S.A. (Romania), OTP Leasing d.d. and SB Leasing d.o.o. (Croatia), DSK Leasing AD (Bulgaria), OTP Lizing d.o.o, OTP Services d.o. (Serbia)) were presented as part of the operations in the given countries starting from 1Q 2019.

(14) LLC AMC OTP Capital, OTP Asset Management SAI S.A. (Romania), DSK Asset Management EAD (Bulgaria).

(15) OTP Buildings s.r.o. (Slovakia), Velvin Ventures Ltd. (Belize), R.E. Four d.o.o., Novi Sad (Serbia), SC Aloha Buzz SRL, SC Favo Consultanta SRL, SC Tezaur Cont SRL (Romania), Cresco d.o.o. (Croatia), OTP Osiguranje d.d. (Croatia), OTP Solution Fund (Ukraine).

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

(17) Total Foreign subsidiaries: sum of the adjusted after tax profits of foreign subsidiaries.

CALCULATION OF THE ADJUSTED LINES OF IFRS PROFIT AND LOSS STATEMENTS, AS WELL AS THE ADJUSTED BALANCE SHEET LINES PRESENTED IN THE REPORT, AND THE METHODOLOGY FOR CALCULATING THE FX-ADJUSTED VOLUME CHANGES

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

Adjustments affecting the income statement:

- The after tax effect of adjustment items (certain, typically non-recurring items from banking operations' point of view) are shown separately in the Statement of Recognised Income. The following adjustment items emerged in the period under review and the previous year: received dividends, received and paid cash transfers, the effect of goodwill/investment impairment charges, special tax on financial institutions, the impact of fines imposed by the Hungarian Competition Authority, the effect of acquisitions, the initial NPV gain on the monetary policy interest rate swap (MIRS) deals, and the one-off impact of regulatory changes related to FX consumer contracts in Serbia.

  Beside the Slovakian banking levy, the total amount of the special banking tax includes and the Slovakian Deposit Protection Fund contributions being introduced again in 2014, and the contribution into the Resolution Fund in Slovakia, too. Within banking taxes, the special tax booked by the Romanian subsidiary was also included in 4Q 2019.
- Until 4Q 2017 other non-interest income elements stemming from provisioning release in connection with provisions on loans originated before the acquisitions of the subsidiaries have been reclassified to and deducted from the volume of *Provision for impairment on loan and placement losses* line in the income statement. Starting from 1Q 2018 this income from the release of pre-acquisition provisions was presented amongst the *Provision for impairment on loan and placement losses* line both in the accounting and adjusted P&L structure.
- In 4Q 2019 the following items have been moved – even retroactively for the 2018 base periods – from the Other operating expenses line among the Net interest income after loss allowance, impairment and provisions line: *Release of loss allowance on securities at fair value through other comprehensive income and on securities at amortized cost*, *Provision for commitments and guarantees given*, *Release of impairment of assets subject to operating lease and of investment properties*. In the adjusted P&L structure these items are presented amongst the *Other provisions (adj.)* line (through the *Structural correction between Provision for loan losses and Other provisions* adjustment line).
- Other non-interest income is shown together with Gains and losses on real estate transactions, Net insurance result (appearing in the accounting P&L structure from 3Q 2017), Gains and losses on derivative instruments, and Gains and losses on non-trading loans mandatorily at fair value through profit or loss lines, but without the above mentioned income from the release of pre-acquisition provisions and without received cash transfers. However other non-interest expenses stemming from non-financial activities are added to the adjusted net other non-interest income line, therefore the latter incorporates the net amount of other non-interest income from non-financial activities.
- From 2Q 2014 OTP Bank's share in the change in the shareholders' equity of companies consolidated with equity method is reclassified from the After tax dividends and net cash transfers line to the Net other non-interest result (adj.) without one-offs line. In the addition to this, in agreement with the auditor OTP Bank has changed the way how private equity funds managed by PortfoLion are recorded. As a result of this, as opposed to the previous method of recording the funds at book value (initial book value less impairments), starting from 3Q 2019 the funds are evaluated based on their net asset value. The change in the carrying value was reclassified to the Net other non-interest result (adj.) without one-offs line in the adjusted P&L structure. Furthermore, received cash transfers within the framework of the subsidy programme targeting the expansion of POS network in Hungary were reclassified from the After tax dividends and net cash transfers line to the Net other non-interest result (adj.) without one-offs line.
- Other provisions are separated from other expenses and shown on a separate line in the adjusted profit or loss statement.
- Other administrative expenses have been adjusted in the following way in order to create a category comprising administrative cost items exclusively. Other costs and expenses and other non-interest expenses were included into the adjusted Other non-interest expenses. At the same time, the following cost items were excluded from adjusted other non-interest expenses: paid cash transfers (except for movie subsidies and cash transfers to public benefit organisations, whereas from 1Q 2019 certain part of cash transfers to public benefit organizations was presented amongst net fees and commissions), Other other non-interest expenses stemming from non-financial activities, and special tax on financial institutions.
- Tax deductible transfers (offset against corporate taxes) paid by Hungarian group members from 3Q 2012 were reclassified from Other non-interest expenses to Corporate income tax. As a result, the net P&L effect of these transfers (i.e. the paid transfer less the related corporate tax allowances) is recognised in the corporate income tax line of the adjusted P&L. The amount of tax deductible transfers offset against the special tax on financial institutions is shown on a net base on the special tax on financial institutions line.
- The financial transaction tax paid from the beginning of 2013 in Hungary is reclassified from other (administrative) expenses to net fee and commission income, both on consolidated and OTP Core level.
- OTP Group is hedging the revaluation result of the FX provisions on its FX loans and interest claims by keeping hedging open FX positions. In the accounting statement of recognized income, the revaluation of FX provisions is part of the risk costs (within line "Provision for loan losses"), other provisions and net interest income lines, whereas the revaluation result of the hedging open FX positions is made through other non-interest income (within line

"Foreign exchange result, net"). The two items have the same absolute amount but an opposite sign. As an adjustment to the accounting statement of income, these items are eliminated from the adjusted P&L. By modifying only the structure of the income statement, this correction does not have any impact on the bottom line net profits.

- The Compensation Fund (established in Hungary in order to indemnify the victims of Quaestor and Hungarian Securities Ltd.) contributions booked from 1Q 2017 are recognized on the Other administrative expenses line of the accounting income statement, and are presented on the financial transaction tax and/or Special tax on financial institutions line the in the adjusted P&L structure (due to the tax deductibility).
- In case of OTP Banka Slovensko and OTP Bank Romania the total revaluation result of intra-group swap deals – earlier booked partly within the net interest income, but also on the Foreign exchange gains and Net other non-interest result lines within total Other non-interest income – is presented on a net base on the net interest income line starting from 1Q 2016.
- Due to the introduction of IFRS16 from 2019, certain items previously presented on the Other non-interest expenses line (rental fees) were moved to the interest expenses and depreciation lines in the accounting income statement. These items were shifted back to the Other non-interest expenses line in the adjusted P&L structure.
- Performance indicators (such as cost/income ratio, net interest margin, risk cost to average gross loans as well as ROA and ROE ratios, etc.) presented in this report are calculated on the basis of the adjusted profit and loss statement excluding adjustment items (unless otherwise indicated). Adjustment items include received dividends and net cash transfers, the effect of goodwill/investment impairment charges, special tax on financial institutions, the impact of fines imposed by the Hungarian Competition Authority, the effect of acquisitions, and the initial NPV gain on the monetary policy interest rate swap (MIRS) deals.
- Within the report, FX-adjusted statistics for business volume developments and their product breakdown are disclosed, too. For FX adjustment, the closing cross currency rates for the current period were used to calculate the HUF equivalent of loan and deposit volumes in the base periods. Thus the FX-adjusted volumes will be different from those published earlier.

Adjustments affecting the balance sheet (as well):

- On 17 February 2020 OTP Bank announced the signing of the sale agreement of its Slovakian subsidiary. According to IFRS 5 the Slovakian bank was presented as a discontinued operation in the consolidated income statement and balance sheet. With regards to the consolidated accounting balance sheet, all assets and liabilities of the Slovakian bank was shown on one-one line of the 2019 balance sheet (there was no change in the 2018 closing balance sheet structure). As for the consolidated accounting income statement, the Slovakian contribution for both 2018 and 2019 was shown separately from the result of continued operation, on the Loss from discontinued operation line, i.e. the particular P&L lines in the 'continuing operations' section of the accounting P&L don't incorporate the contribution from the Slovakian subsidiary. As opposed to this, the adjusted financial statements presented in this Summary incorporated the Slovakian banks' balance sheet and P&L contribution in the relevant respective lines, in line with the structure of the financial statements monitored by the management. Therefore, new adjustment lines have been inserted in the tables reconciling the accounting income statement and balance sheet lines with the adjusted ones.
- Starting from 3Q 2017, in the adjusted balance sheets presented in the analytical section of the report, the total amount of accrued interest receivables related to DPD90+ loans (until 4Q 2018) and Stage 3 loans under IFRS 9 (from 1Q 2019) were netted with the provisions created in relation to the total exposure toward those particular clients, in case of the affected Group members. Therefore, this adjustment made on the accounting balance sheet has an impact on the consolidated gross customer loans and allowances for loan losses.

ADJUSTMENTS OF CONSOLIDATED IFRS P&L LINES

in HUF million	1Q 18	2Q 18	3Q 18	4Q 18 Audited	2018 Audited	1Q 19	2Q 19	3Q 19	4Q 19 Preliminary	2019 Preliminary
Net interest income	**145,004**	**146,795**	**154,722**	**166,864**	**613,385**	**163,620**	**170,695**	**176,552**	**186,182**	**697,049**
(-) Revaluation result of FX provisions	9	-19	-18	-16	-44	20	6	-4	9	30
(+) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	-202	46	176	-137	-116	-202	491	-103	-110	76
(-) Netting of interest revenues on DPD90+ loans with the related provision (booked on the Provision for loan losses line) at OTP Core and CKB	956	772	837	775	3,340	768	745	866	756	3,135
(-) Effect of acquisitions	222	211	188	174	795	389	208	518	467	1,583
(-) Initial NPV gain on the monetary policy interest rate swap (MIRS) deals				20,685	20,685	0	0	0	0	0
(-) Reclassification due to the introduction of IFRS16						-429	-463	-459	-301	-1,652
(-) Netting of the interest subsidy repaid by OTP Mortgage Bank to the State by the already created other provision for that purpose (and other related items) in 3Q 2019						0	0	-1,535	0	-1,535
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines				11,338	11,338				10,733	10,733
Net interest income (adjusted)	**143,614**	**145,877**	**153,892**	**156,448**	**599,832**	**162,670**	**170,690**	**177,063**	**195,875**	**706,298**
Net fees and commissions	**64,459**	**69,721**	**71,637**	**68,319**	**274,136**	**73,887**	**80,672**	**87,614**	**98,272**	**340,444**
(+) Financial Transaction Tax	-14,880	-12,988	-13,823	-15,267	-56,958	-16,309	-14,213	-14,718	-16,680	-61,920
(-) Effect of acquisitions	0	0	0	-14	-14	-12	0	-26	-5	-42
(+) Shifting of certain cash transfers to public benefit organisations to the Net fees and commissions line						-366	366	0	0	0
(-) Netting of the interest subsidy repaid by OTP Mortgage Bank to the State by the already created other provision for that purpose (and other related items) in 3Q 2019						0	0	-30	0	-30
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines				3,539	3,539				3,906	3,906
Net fees and commissions (adjusted)	**49,579**	**56,733**	**57,814**	**56,605**	**220,731**	**57,223**	**66,825**	**72,953**	**85,503**	**282,504**
Foreign exchange result	**3,460**	**8,980**	**16,961**	**4,492**	**33,893**	**7,832**	**9,121**	**12,001**	**10,516**	**39,470**
(-) Revaluation result of FX positions hedging the revaluation of FX provisions	-3,605	2,978	4,635	-855	3,153	-834	-1,524	-1,671	-1,137	-5,166
(-) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	-173	-1,935	3,633	-4,122	-2,598	-406	-42	-477	449	-477
(-) Effect of acquisitions	0	0	0	34	34	0	0	0	1	1
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines				265	265				66	66
Foreign exchange result (adjusted)	**7,238**	**7,937**	**8,693**	**9,700**	**33,568**	**9,072**	**10,688**	**14,148**	**11,269**	**45,177**
Gain/loss on securities, net	**-1,066**	**228**	**981**	**1,200**	**1,344**	**1,532**	**4,655**	**1,613**	**3,811**	**11,611**
(-) Shifting of Non-trading securities mandatorily at fair value through profit or loss line to Net other non-interest income from 1Q 2019						590	23	229	1,072	1,914
Gain/loss on securities, net (adj.) with one-offs	**-1,066**	**228**	**981**	**1,200**	**1,344**	**942**	**4,632**	**1,384**	**2,740**	**9,697**
(-) Revaluation result of the treasury share swap agreement (booked as Gain on securities, net (adj) at OTP Core)	-1,845	178	636	-86	-1,117	-735	601	-2,026	-515	-2,675
Gain/loss on securities, net (adjusted) without one-offs	**779**	**50**	**345**	**1,287**	**2,461**	**1,677**	**4,031**	**3,411**	**3,254**	**12,373**
Result of discontinued operation	**0**	**0**	**0**	**-586**	**-586**	**0**	**0**	**0**	**-4,668**	**-4,668**
(-) Effect of acquisitions									-6,037	-6,037
Result of discontinued operation (adjusted)	**0**	**0**	**0**	**-586**	**-586**	**0**	**0**	**0**	**1,369**	**1,369**

in HUF million	1Q 18	2Q 18	3Q 18	4Q 18 Audited	2018 Audited	1Q 19	2Q 19	3Q 19	4Q 19 Preliminary	2019 Preliminary
Gains and losses on real estate transactions	**574**	**712**	**423**	**181**	**1,890**	**1,985**	**3,647**	**1,953**	**646**	**8,231**
Result of discontinued operation (adj)	**0**	**0**	**0**	**-586**	**-586**	**0**	**0**	**0**	**1,369**	**1,369**
(+) Other non-interest income	**4,100**	**5,892**	**8,242**	**5,075**	**23,309**	**15,064**	**5,131**	**49,447**	**32,372**	**102,015**
(+) Gains and losses on derivative instruments	**976**	**5,020**	**-2,707**	**3,170**	**6,459**	**1,957**	**-675**	**-163**	**-70**	**1,048**
(+) Net insurance result	**200**	**210**	**154**	**109**	**673**	**171**	**258**	**186**	**234**	**849**
(+) Losses on loans measured mandatorily at fair value through other comprehensive income and on securities at amortized cost	**-127**	**27**	**9**	**688**	**597**	**849**	**69**	**-118**	**481**	**1,282**
(-) Received cash transfers	144	2	343	86	575	39	248	-198	85	174
(+) Received cash transfers within the framework of the subsidy programme targeting the expansion of POS network in Hungary	142	0	338	0	480	0	0	0	0	0
(+) Other other non-interest expenses	-732	-674	-3,482	-1,623	-6,510	-596	-958	-1,144	-4,081	-6,778
(+) Change in shareholders' equity of companies consolidated with equity method, and the change in the net asset value of the private equity funds managed by PortfoLion	-232	-48	661	-134	246	-454	-193	665	1,843	1,862
(-) Investment impairment in relation to the sale of Express Life Bulgaria (presented on the *Goodwill/investment impairment charges* adjustment line on consolidated level)						0	-363	0	200	-163
(-) Effect of acquisitions	1	21	-10	-12	0	10,429	4	45,481	23,623	79,538
(-) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	-29	1,982	-3,457	3,985	2,482	204	533	373	-558	553
(-) One-off impact of regulatory changes related to CHF consumer contracts in Croatia	0	0	-11	-15	-26	0	0	0	0	0
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	-174	-73	-42	-86	-375	-87	-71	-98	-21	-277
(-) Impact of fines imposed by the Hungarian Competition Authority	0	0	0	0	0	0	0	0	0	0
(-) Netting of refunds related to legal cases (accounted for on the Net other non-interest result line) with the release of provisions created earlier for these cases (accounted for on the Other provisions line) from 1Q 2017 at OTP Bank Romania	-165	-137	-118	-210	-630	-92	-94	-145	-153	-483
(+) Shifting of Non-trading securities mandatorily at fair value through profit or loss line to Net other non-interest income from 1Q 2019						590	23	229	1,072	1,914
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines				602	602				-1,072	-1,072
Net other non-interest result (adjusted) with one-offs	**5,124**	**9,344**	**6,933**	**3,733**	**25,134**	**9,074**	**7,044**	**5,641**	**9,617**	**31,376**
(-) Gain on the repurchase of own Upper and Lower Tier2 Capital (booked as Net other non-interest result (adj) at OTP Core and at the Corporate Centre)	0	0	0	0	0	0	0	0	0	0
Net other non-interest result (adjusted) without one-offs	**5,124**	**9,344**	**6,933**	**3,733**	**25,134**	**9,074**	**7,044**	**5,641**	**9,617**	**31,376**
Provision for impairment on loan and placement losses	**2,013**	**-3,834**	**-9,069**	**-11,726**	**-22,616**	**-13,753**	**-4,866**	**-11,320**	**-19,180**	**-49,120**
(+) Loss allowance on securities at fair value through other comprehensive income and on securities at amortized cost	**-47**	**-141**	**55**	**740**	**607**	**179**	**-134**	**-192**	**156**	**9**
(+) Provision for commitments and guarantees given	**-2,416**	**-1,277**	**-1,211**	**-1,577**	**-6,481**	**-1,916**	**23**	**-1,485**	**-4,617**	**-7,995**
(+) Impairment of assets subject to operating lease and of investment properties	**33**	**-5**	**-273**	**-80**	**-326**	**-51**	**-61**	**152**	**240**	**280**
(-) Revaluation result of FX provisions	3,590	-2,924	-4,621	868	-3,088	816	1,531	1,757	1,071	5,176
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	-50	-45	33	26	-37	-47	100	70	139	263
(+) Netting of interest revenues on DPD90+ loans with the related provision (booked on the Provision for loan losses line) at OTP Core and CKB	956	772	837	775	3,340	768	745	866	756	3,135
(-) Effect of acquisitions	0	0	0	-33	-33	-8,140	-203	-5,414	-6,112	-19,868
(-) One-off impact of regulatory changes related to FX consumer contracts in Serbia							-1,926	-201	0	-2,127
(-) Structural correction between Provision for loan losses and Other provisions	-2,430	-1,423	-1,429	-918	-6,200	-1,787	-172	-1,525	-4,221	-7,705
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines				-3,164	-3,164				-46	-46
Provision for impairment on loan and placement losses (adjusted)	**-570**	**-93**	**-3,643**	**-14,976**	**-19,283**	**-5,616**	**-3,624**	**-6,667**	**-13,568**	**-29,474**
Dividend income	**-99**	**5,235**	**710**	**-113**	**5,733**	**-311**	**5,698**	**695**	**1,873**	**7,955**
(+) Received cash transfers	144	2	343	86	575	39	248	-198	85	174
(+) Paid cash transfers	-4,817	-537	-387	-3,724	-9,465	-8,346	228	-221	-4,856	-13,195
(-) Sponsorships, subsidies and cash transfers to public benefit organisations	-4,811	-535	-358	-3,745	-9,449	-8,342	226	-221	-4,802	-13,139
(-) Received cash transfers within the framework of the subsidy programme targeting the expansion of POS network in Hungary	142	0	338	0	480	0	0	0	0	0
(-) Dividend income of swap counterparty shares kept under the treasury share swap agreement	0	5,111	0	0	5,111	0	5,710	0	0	5,710
(-) Change in shareholders' equity of companies consolidated with equity method, and the change in the net asset value of the private equity funds managed by PortfoLion	-232	-48	661	-134	246	-454	-193	665	1,843	1,862
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines				3	3				3	3
After tax dividends and net cash transfers	**129**	**172**	**26**	**131**	**457**	**177**	**432**	**-168**	**65**	**505**
Depreciation	**-12,244**	**-13,197**	**-17,867**	**-12,792**	**-56,100**	**-17,566**	**-23,498**	**-20,065**	**-20,806**	**-81,935**
(-) Goodwill impairment charges	0	-229	-5,732	0	-5,962	0	-4,887	0	0	-4,887
(-) Effect of acquisitions	-940	-683	-586	-1,056	-3,266	-2,003	-1,909	-1,798	-2,171	-7,881
(-) Reclassification due to the introduction of IFRS16						-3,147	-3,414	-3,707	-4,013	-14,280
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines				-1,337	-1,337				-1,495	-1,495
Depreciation (adjusted)	**-11,304**	**-12,284**	**-11,549**	**-13,073**	**-48,210**	**-12,416**	**-13,289**	**-14,561**	**-16,116**	**-56,383**

in HUF million	1Q 18	2Q 18	3Q 18	4Q 18 Audited	2018 Audited	1Q 19	2Q 19	3Q 19	4Q 19 Preliminary	2019 Preliminary
Personnel expenses	**-57,813**	**-60,818**	**-60,603**	**-65,367**	**-244,600**	**-63,996**	**-67,447**	**-66,367**	**-78,945**	**-276,755**
(-) Effect of acquisitions	-215	-340	-277	-762	-1,594	-72	-236	-21	-3,448	-3,777
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines				-6,441	-6,441				-7,024	-7,024
Personnel expenses (adjusted)	**-57,598**	**-60,478**	**-60,325**	**-71,047**	**-249,447**	**-63,924**	**-67,211**	**-66,345**	**-82,522**	**-280,002**
Income taxes	**-10,467**	**-9,941**	**-11,078**	**-2,514**	**-34,000**	**-10,560**	**-8,046**	**-17,314**	**-13,982**	**-49,902**
(-) Corporate tax impact of goodwill/investment impairment charges	0	705	0	528	1,233	0	859	0	-4,237	-3,378
(-) Corporate tax impact of the special tax on financial institutions	1,417	48	48	49	1,562	1,477	50	47	48	1,623
(+) Tax deductible transfers (offset against corporate taxes)	1,353	0	0	-3,409	-2,057	0	0	0	-3,802	-3,802
(-) Corporate tax impact of the effect of acquisitions	-101	200	213	261	573	-612	4,917	-4,844	-5,173	-5,713
(-) Corporate tax impact of the one-off impact of regulatory changes related to FX consumer contracts in Serbia	0	0	0	0	0	0	0	326	157	483
(-) Corporate tax impact of the initial NPV gain on the monetary policy interest rate swap (MIRS) deals				-1,862	-1,862	0	0	0	0	0
(-) Netting of the interest subsidy repaid by OTP Mortgage Bank to the State by the already created other provision for that purpose (and other related items) in 3Q 2019 (corporate tax impact)						0	0	146	0	146
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines				163	163				-56	-56
Corporate income tax (adjusted)	**-10,430**	**-10,893**	**-11,339**	**-4,737**	**-37,400**	**-11,426**	**-13,872**	**-12,988**	**-8,635**	**-46,921**
Other operating expense	**-5,131**	**-4,060**	**-4,358**	**-5,624**	**-19,173**	**-10,347**	**-3,732**	**-15,116**	**-15,563**	**-44,759**
(-) Other costs and expenses	-1,058	-1,093	-3,651	-1,278	-7,080	-1,686	-1,738	-1,960	-3,788	-9,172
(-) Other non-interest expenses	-5,549	-1,211	-3,868	-5,347	-15,975	-8,942	-729	-1,364	-8,938	-19,973
(-) Effect of acquisitions	1,799	0	-93	-100	1,606	-1,148	-726	-9,861	4,160	-7,575
(-) Revaluation result of FX provisions	6	-35	5	3	-21	-2	-13	-82	58	-40
(-) One-off impact of regulatory changes related to CHF consumer contracts in Croatia	0	0	11	15	26	0	0	0	0	0
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	225	118	9	60	411	134	-30	28	-119	14
(-) Impact of fines imposed by the Hungarian Competition Authority	0	0	2,000	0	2,000	0	0	0	0	0
(-) Netting of refunds related to legal cases (accounted for on the Net other non-interest result line) with the release of provisions created earlier for these cases (accounted for on the Other provisions line) from 1Q 2017 at OTP Bank Romania	165	137	118	210	630	92	94	145	153	483
(-) Netting of the interest subsidy repaid by OTP Mortgage Bank to the State by the already created other provision for that purpose (and other related items) in 3Q 2019						0	0	1,420	0	1,420
(+) Structural correction between *Provision for loan losses* and *Other provisions*				-6,200	-6,200	-1,787	-172	-1,525	-4,221	-7,705
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines				85	85				-12	-12
Other provisions (adjusted)	**-719**	**-1,976**	**1,111**	**-5,301**	**-6,885**	**-582**	**-762**	**-4,967**	**-11,323**	**-17,633**
Other administrative expenses	**-68,789**	**-61,451**	**-62,224**	**-67,359**	**-259,823**	**-75,995**	**-66,131**	**-66,427**	**-73,975**	**-282,527**
(+) Other costs and expenses	-1,058	-1,093	-3,651	-1,278	-7,080	-1,686	-1,738	-1,960	-3,788	-9,172
(+) Other non-interest expenses	-5,549	-1,211	-3,868	-5,347	-15,975	-8,942	-729	-1,364	-8,938	-19,973
(-) Paid cash transfers	-4,817	-537	-387	-3,724	-9,465	-8,346	228	-221	-4,856	-13,195
(+) Film subsidies and cash transfers to public benefit organisations	-4,811	-535	-358	-3,745	-9,449	-8,342	226	-221	-4,802	-13,139
(-) Shifting of certain cash transfers to public benefit organisations to the Net fees and commissions line						-366	366	0	0	0
(-) Other other non-interest expenses	-732	-674	-3,482	-1,623	-6,510	-596	-958	-1,144	-4,081	-6,778
(-) Special tax on financial institutions (recognised as other administrative expenses)	-16,142	-235	-232	-239	-16,848	-16,706	-245	-231	-610	-17,792
(-) Tax deductible transfers (offset against corporate taxes)	1,353	0	0	-3,409	-2,057	0	0	0	-3,802	-3,802
(-) Financial Transaction Tax	-14,880	-12,988	-13,823	-15,267	-56,958	-16,309	-14,213	-14,718	-16,680	-61,920
(-) Impact of fines imposed by the Hungarian Competition Authority	0	0	-1,435	0	-1,435	0	0	0	0	0
(-) Effect of acquisitions	-384	-1,228	-864	-2,469	-4,945	-1,600	-2,829	-2,634	-3,900	-10,963
(+) Reclassification due to the introduction of IFRS16						-3,577	-3,876	-4,166	-4,313	-15,933
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines				-5,052	-5,052				-5,003	-5,003
Other non-interest expenses (adjusted)	**-44,604**	**-48,629**	**-49,879**	**-56,050**	**-199,161**	**-54,619**	**-54,600**	**-55,190**	**-66,889**	**-231,298**

ADJUSTMENTS OF CONSOLIDATED IFRS BALANCE SHEET LINES

in HUF million	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019	3Q 2019	4Q 2019
Cash, amounts due from Banks and balances with the National Banks	1,264,606	1,181,072	1,091,217	1,547,272	1,545,143	1,504,941	1,830,698	1,784,378
(+) Allocation of *Assets classified as held for sale* among balance sheet lines								57,586
Cash, amounts due from Banks and balances with the National Banks (adjusted)	1,264,606	1,181,072	1,091,217	1,547,272	1,545,143	1,504,941	1,830,698	1,841,963
Placements with other banks, net of allowance for placement losses	460,641	629,013	691,289	420,606	505,397	494,745	628,363	410,078
(+) Allocation of *Assets classified as held for sale* among balance sheet lines								354
Placements with other banks, net of allowance for placement losses (adjusted)	460,641	629,013	691,289	420,606	505,397	494,745	628,363	410,433
Securities at fair value through other comprehensive income	2,104,417	1,925,895	2,030,765	1,883,849	2,111,988	2,145,586	2,416,228	2,426,779
(+) Allocation of *Assets classified as held for sale* among balance sheet lines								759
Securities at fair value through other comprehensive income (adjusted)	2,104,417	1,925,895	2,030,765	1,883,849	2,111,988	2,145,586	2,416,228	2,427,537
Gross customer loans (incl. accrued interest receivables related to loans)	7,896,670	8,537,138	8,651,985	8,751,955	9,791,759	10,191,597	11,820,520	12,585,969
(-) Accrued interest receivables related to DPD90+ / Stage 3 loans	40,576	35,274	35,307	32,613	32,983	34,233	36,100	35,450
(+) Allocation of *Assets classified as held for sale* among balance sheet lines								391,490
Gross customer loans (incl. accrued interest receivables related to loans) (adjusted)	7,856,093	8,501,864	8,616,678	8,719,342	9,758,776	10,157,364	11,784,419	12,942,009
Allowances for loan losses	-794,510	-799,292	-743,952	-685,364	-715,284	-717,296	-753,936	-706,907
(-) Allocated provision on accrued interest receivables related to DPD90+ / Stage 3 loans	-40,576	-35,274	-35,307	-32,613	-32,983	-34,233	-36,100	-35,450
(+) Allocation of *Assets classified as held for sale* among balance sheet lines								-23,033
Allowances for loan losses (adjusted)	-753,934	-764,018	-708,646	-652,751	-682,301	-683,064	-717,835	-694,490
Securities at amortized costs	1,537,619	1,649,681	1,675,271	1,740,520	1,834,932	1,792,912	1,849,627	1,968,072
(+) Allocation of *Assets classified as held for sale* among balance sheet lines								27,555
Securities at amortized costs (adjusted)	1,537,619	1,649,681	1,675,271	1,740,520	1,834,932	1,792,912	1,849,627	1,995,627
Tangible and intangible assets, net	410,638	422,300	409,123	420,484	521,168	516,860	566,159	595,128
(+) Allocation of *Assets classified as held for sale* among balance sheet lines								10,545
Tangible and intangible assets, net (adjusted)	410,638	422,300	409,123	420,484	521,168	516,860	566,159	605,673
Other assets	306,510	316,796	332,339	312,018	318,089	321,108	329,137	785,456
(+) Allocation of *Assets classified as held for sale* among balance sheet lines								-465,255
Other assets (adjusted)	306,510	316,796	332,339	312,018	318,089	321,108	329,137	320,201
Amounts due to banks, the National Governments, deposits from the National Banks and other banks, and Financial liabilities designated at fair value through profit or loss	537,682	600,048	521,335	392,706	572,174	522,373	665,912	844,261
(+) Allocation of *Liabilities directly associated with assets classified as held-for-sale* among balance sheet lines								1,898
Amounts due to banks, the National Governments, deposits from the National Banks and other banks , and Financial liabilities designated at fair value through profit or loss (adjusted)	537,682	600,048	521,335	392,706	572,174	522,373	665,912	846,158
Deposits from customers	10,385,228	10,870,394	11,032,659	11,285,085	12,402,053	12,699,825	14,653,646	15,171,308
(+) Allocation of *Liabilities directly associated with assets classified as held-for-sale* among balance sheet lines								351,346
Deposits from customers (adjusted)	10,385,228	10,870,394	11,032,659	11,285,085	12,402,053	12,699,825	14,653,646	15,522,654
Other liabilities	661,957	646,985	617,597	586,445	800,060	776,407	797,338	1,171,805
(+) Allocation of *Liabilities directly associated with assets classified as held-for-sale* among balance sheet lines								-353,244
Other liabilities (adjusted)	661,957	646,985	617,597	586,445	800,060	776,407	797,338	818,561

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