OTP Bank Plc.

Summary of the first nine months 2020 results

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

Budapest, 6 November 2020

CONSOLIDATED FINANCIAL HIGHLIGHTS[1] AND SHARE DATA

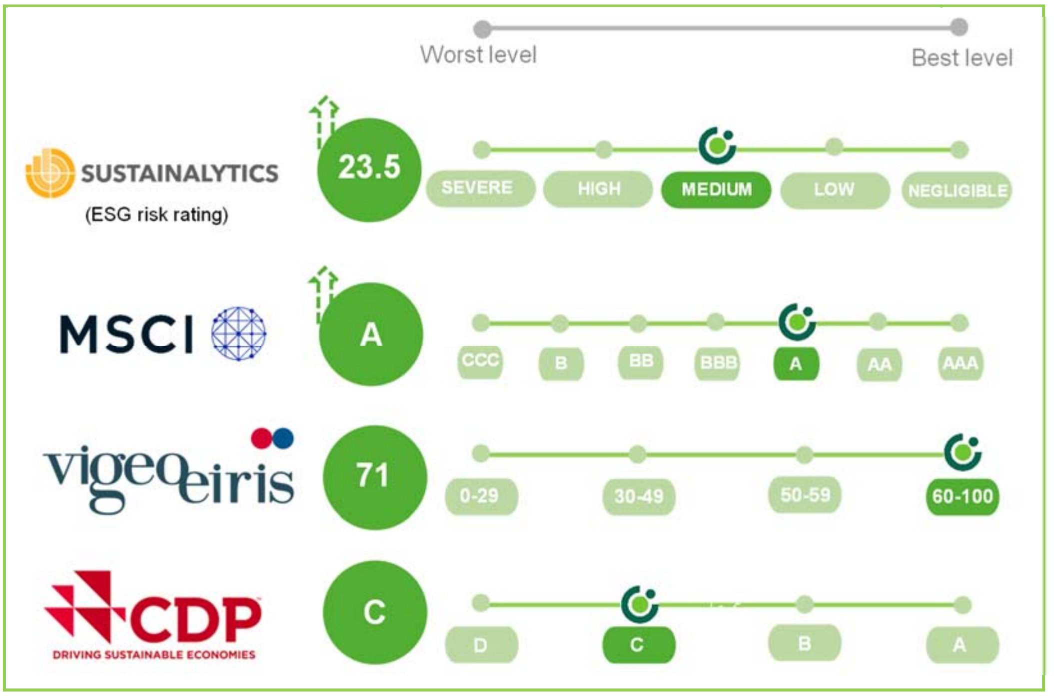
Main components of the Statement of recognised income in HUF million	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
Consolidated after tax profit	**309,603**	**188,171**	**-39%**	**131,644**	**78,670**	**113,573**	**44%**	**-14%**
Adjustments (total)	-3,498	-43,535		21,173	-3,552	-4,079	15%	-119%
Consolidated adjusted after tax profit without the effect of adjustments	**313,101**	**231,706**	**-26%**	**110,471**	**82,222**	**117,652**	**43%**	**6%**
Pre-tax profit	351,387	263,227	-25%	123,460	92,846	134,531	45%	9%
Operating profit	370,054	397,520	7%	137,119	131,016	139,320	6%	2%
Total income	772,210	862,469	12%	273,216	284,200	294,395	4%	8%
Net interest income	510,423	590,501	16%	177,063	194,482	195,738	1%	11%
Net fees and commissions	197,001	210,059	7%	72,953	66,586	74,240	11%	2%
Other net non-interest income	64,786	61,909	-4%	23,200	23,132	24,417	6%	5%
Operating expenses	-402,155	-464,950	16%	-136,096	-153,184	-155,075	1%	14%
Total risk costs	-22,216	-135,851	512%	-11,633	-39,051	-5,107	-87%	-56%
One off items	3,549	1,558	-56%	-2,026	880	318	-64%	-116%
Corporate taxes	-38,286	-31,521	-18%	-12,988	-10,624	-16,879	59%	30%
Main components of balance sheet closing balances in HUF million	2019	9M 2020	YTD	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
Total assets	20,121,767	22,709,216	13%	18,971,033	21,790,154	22,709,216	4%	20%
Total customer loans (net, FX adjusted)	**12,913,830**	**13,574,198**	**5%**	**11,532,538**	**13,157,944**	**13,574,198**	**3%**	**18%**
Total customer loans (gross, FX adjusted)	**13,619,702**	**14,394,579**	**6%**	**12,253,487**	**13,979,613**	**14,394,579**	**3%**	**17%**
Allowances for possible loan losses (FX adjusted)	-705,872	-820,381	16%	-720,949	-821,669	-820,381	0%	14%
Total customer deposits (FX adjusted)	**16,295,537**	**17,324,304**	**6%**	**15,200,037**	**16,715,792**	**17,324,304**	**4%**	**14%**
Issued securities	393,167	444,337	13%	398,097	401,829	444,337	11%	12%
Subordinated loans	249,937	273,542	9%	252,141	271,478	273,542	1%	8%
Total shareholders' equity	2,291,288	2,473,108	8%	2,203,898	2,380,263	2,473,108	4%	12%
Indicators based on adjusted earnings	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
ROE (from accounting net earnings)	21.1%	10.7%	-10.4%p	24.9%	13.5%	19.0%	5.5%p	-5.9%p
ROE (from adjusted net earnings)	21.3%	13.2%	-8.2%p	20.9%	14.1%	19.7%	5.6%p	-1.2%p
ROA (from adjusted net earnings)	2.5%	1.4%	-1.1%p	2.5%	1.5%	2.1%	0.6%p	-0.4%p
Operating profit margin	3.00%	2.48%	-0.52%p	3.09%	2.44%	2.53%	0.09%p	-0.56%p
Total income margin	6.26%	5.38%	-0.88%p	6.15%	5.30%	5.35%	0.05%p	-0.80%p
Net interest margin	4.14%	3.68%	-0.46%p	3.99%	3.63%	3.56%	-0.07%p	-0.43%p
Cost-to-asset ratio	3.26%	2.90%	-0.36%p	3.07%	2.86%	2.82%	-0.04%p	-0.25%p
Cost/income ratio	52.1%	53.9%	1.8%p	49.8%	53.9%	52.7%	-1.2%p	2.9%p
Provision for impairment on loan and placement losses-to-average gross loans ratio	0.21%	1.14%	0.93%p	0.25%	0.92%	0.00%	-0.92%p	-0.25%p
Total risk cost-to-asset ratio	0.18%	0.85%	0.67%p	0.26%	0.73%	0.09%	-0.64%p	-0.17%p
Effective tax rate	10.9%	12.0%	1.1%p	10.5%	11.4%	12.5%	1.1%p	2.0%p
Net loan/(deposit+retail bond) ratio (FX adjusted)	76%	78%	2%p	76%	79%	78%	0%p	2%p
Capital adequacy ratio (consolidated, IFRS) - Basel3	16.8%	17.0%	0.1%p	16.8%	16.3%	17.0%	0.7%p	0.1%p
Tier 1 ratio - Basel3	14.3%	14.6%	0.3%p	14.3%	13.9%	14.6%	0.7%p	0.3%p
Common Equity Tier 1 ('CET1') ratio - Basel3	14.3%	14.6%	0.3%p	14.3%	13.9%	14.6%	0.7%p	0.3%p
Share Data	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
EPS diluted (HUF) (from unadjusted net earnings)	1,183	725	-39%	503	301	442	47%	-12%
EPS diluted (HUF) (from adjusted net earnings)	1,196	894	-25%	422	314	459	46%	9%
Closing price (HUF)	12,790	9,340	-27%	12,790	11,020	9,340	-15%	-27%
Highest closing price (HUF)	13,230	15,630	18%	12,900	11,830	11,210	-5%	-13%
Lowest closing price (HUF)	11,270	8,010	-29%	11,620	8,010	8,880	11%	-24%
Market Capitalization (EUR billion)	10.7	7.2	-33%	10.7	8.7	7.2	-17%	-33%
Book Value Per Share (HUF)	7,871	8,833	12%	7,871	8,501	8,833	4%	12%
Tangible Book Value Per Share (HUF)	7,117	7,992	12%	7,117	7,636	7,992	5%	12%
Price/Book Value	1.6	1.1	-35%	1.6	1.3	1.1	-18%	-35%
Price/Tangible Book Value	1.8	1.2	-35%	1.8	1.4	1.2	-19%	-35%
P/E (trailing, from accounting net earnings)	9.2	9.0	-3%	9.2	10.0	9.0	-10%	-3%
P/E (trailing, from adjusted net earnings)	9.5	7.7	-19%	9.5	9.3	7.7	-17%	-19%
Average daily turnover (EUR million)	16	23	42%	16	27	14	-48%	-9%
Average daily turnover (million share)	0.4	0.7	74%	0.4	1.0	0.5	-49%	20%

[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.

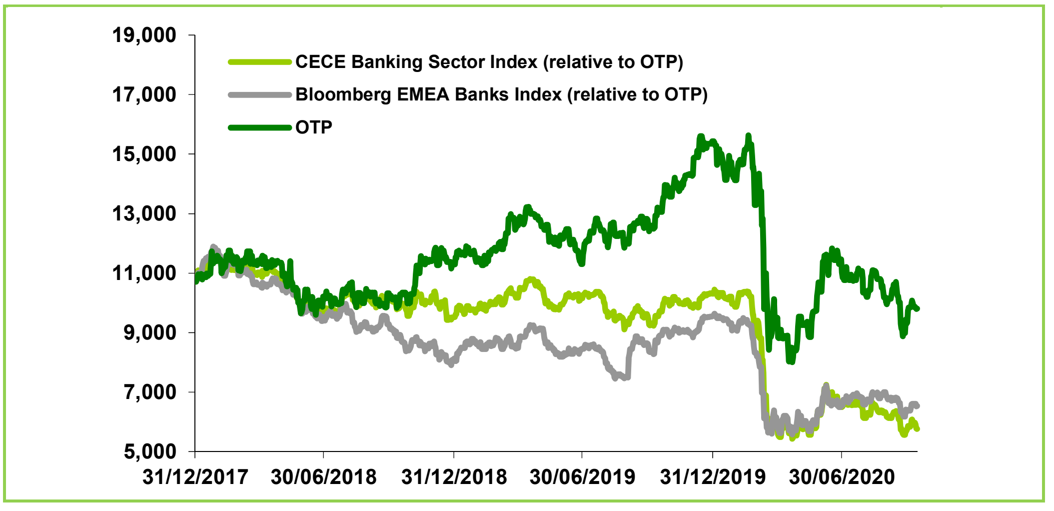
ACTUAL CREDIT RATINGS

S&P GLOBAL RATINGS	
OTP Bank and OTP Mortgage Bank – FX Long term credit rating	BBB
MOODY'S	
OTP Bank – FX long term deposits	Baa3
OTP Bank – Subordinated Foreign Currency Debt	Ba1
OTP Mortgage Bank – Covered mortgage bond	Baa1
FITCH	
OTP Bank Russia – Long term credit rating	BB+

ACTUAL ESG RATINGS



SHARE PERFORMANCE



SUMMARY – OTP BANK'S RESULTS FOR FIRST NINE MONTHS OF 2020

The Summary of the first nine months 2020 results of OTP Bank Plc. has been prepared on the basis of its non-audited separate and consolidated IFRS financial statements for 30 September 2020 or derived from that. However, for the purpose of incorporating the quarterly results into the calculation of the adjusted capital, OTP Bank is going to have a review according to ISRE 2410 auditing standards in case of the consolidated 3rd quarter result. Furthermore, the Bank will make an audit on its standalone 9M 2020 results which will be available after the Summary.

At presentation of the first nine months 2020 Summary of OTP Bank we applied International Financial Reporting Standards adopted by the European Union.

EXECUTIVE SUMMARY: SUMMARY OF THE FIRST NINE MONTHS OF 2020

Following a strong GDP increase in 1Q (+2.2% y-o-y) and a y-o-y drop of 13.6% in 2Q, during the first six months of 2020 the Hungarian economy contracted by 6.1%. OTP Bank's Research Department forecasts a 6.3% decline in 2020 GDP, while the expected growth for 2021 is 5.8%. Despite a robust rebound from the end of 2Q, the recovery has been decelerating due to the second wave of the COVID-19 pandemic.

It is positive, however, that the worsening of the macroeconomic indicators (higher unemployment level, increasing budget deficit and public debt level) is considered by markets, as well as by rating agencies only as temporary: in August both Fitch and S&P Global confirmed their rating for the sovereign ("BBB"), whereas on 25 September Moody's changed the outlook from stable to positive on the reaffirmed "Baa3" rating, giving credit to the economic policy achievements of the last three years.

On 24 September the National Bank of Hungary (NBH) left the base rate unchanged at 60 bps, but increased the 1W central bank deposit rate by 15 bps to 0.75%. As a result, interbank rates grew, too and by the end of October the 3M BUBOR stood at 77 bps.

In order to maintain the stable operation of the economy, both NBH and the Government introduced series of highly successful measures in 3Q, too: the framework of the Bond Funding for Gowth Scheme was increased to HUF 750 billion, the Parliament decided about the targeted extension of the payment moratorium until 30 June 2021, additional family and housing supporting schemes and a substantial wage increase in the healthcare sector were announced (the summary of macroeconomic measures made across the Group can be found in the next chapter).

According to the most recent report of NBH the Hungarian banking sector's lending activity has remained strong amid the pandemic: in September housing loan contracted volumes grew by 21% y-o-y, whereas the net loan disbursement in the corporate sector fell short of the corresponding period last year by only HUF 43 billion. The popularity of subsidized baby loans remained uninterrupted and by September 2020 their outstanding volume reached HUF 923 billion. Due to that and the payment moratorium containing loan amortization, the outstanding volume of household loans increased by 15% y-o-y and corporate volumes by 10.5%, respectively.

As for the credit quality of the retail portfolio, it is important to note that despite the dynamic increase of volumes during the last 3 years, there has been no lending overheatedness on sector level, while the loan to GDP penetration level is still falling short of both European and regional levels; furthermore, a significant portion of household loans was extended from 2015 when microprudential breaks were introduced by the NBH (more stringent PTI rules and LTV requirements).

With regard to the overall operating environment of Group members, based on 2Q macroeconomic statistics the Russian and the Serbian economy look better than originally anticipated, apparently, they represent the lower end of economic recession in 2020. On the opposite, the Croatian and Montenegrin outlook for this year deteriorated, whereas the rest of Group members might have similar performance expected earlier. Compared to the significant interest rate cuts in the first two quarters, in 3Q there was only one single monetary easing: in Romania the base rate was cut by 25 bps.

The second wave of pandemic is affecting all markets and parallel with the daily infection numbers increasing rapidly, restriction measures are becoming more serious. However, for the time being the overall lock down similar to the spring period is not on agenda. Thus, economic recovery might be slower than originally expected. According to the base case scenario of OTP Bank' own forecast, in 2020 the economic recession will vary between 2-8%, whereas in 2021 we may expect a GDP growth of between 4-6%.

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

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

In line with the earlier intention of the management, in 3Q the Bank had a review according to ISRE 2410 auditing standards in case of the consolidated third quarter result, as a result the 9 months accounting results were incorporated into the consolidated regulatory capital. As a result of this, but also the SME supporting factor, the CET1 rate increased to 14.6% by the end of 3Q 2020 which substantially exceeds the regulatory minimum levels set for 2020-21. The divestment of the Slovakian subsidiary is expected to be completed by the end of November, thus its positive impact on CET1, as well as the prudential treatment of software might be recognized in 4Q. OTP Bank's capital adequacy targets remained unchanged with a long-term CET1 ratio target level of 15% and a range of 12-18%.

In line with the management's strategic targets the safe capital position enables the Bank to look for further acquisition targets. Furthermore, OTP Bank's management is committed to pay dividend after 2020 in such a magnitude that it also compensates shareholders for the originally proposed HUF 69.44 billion dividend after 2019, for which the pay-out was stopped at the request of the Regulator. Regarding the actual size of the dividend the management will make its proposal prior to the AGM approving 2020 results depending on the annual accounting profit, acquisition opportunities, the then prevailing economic environment, as well as the regulatory and supervisory requirements. Accordingly, while calculating the CAR the deducted dividend amount of HUF 105.5 billion cannot be considered as a concrete indication of the management's dividend proposal. The deducted dividend amount was determined in accordance with the Commission Delegated Regulation (EU) No. 241/2014. Article 2. (7) Paragraph.

Consolidated earnings: HUF 231.7 billion nine months adjusted profit after tax (3Q: HUF 117.7 billion) with q-o-q materially decelerating NIM erosion, stable credit quality, ytd 6% FX-adjusted performing loan volume growth coupled with strengthening business activity

The 9M consolidated accounting profit exceeded HUF 188 billion which already incorporated HUF 7.6 billion profit contribution from the Slovenian SKB Banka being part of the Group since 2020.

The total volume of 9M adjustment items represented -HUF 43.5 billion (after tax), of which -HUF 4.1 billion occurred in 3Q with the following major items:

- -HUF 5.1 billion effect of acquisitions (after tax);
- HUF 0.3 billion dividends and net cash transfers (after tax);
- HUF 0.7 billion release (after tax) related to the moratorium in Hungary effective from 19 March until the end of 2020, based on the actual participation rate. At the end of September 42% of OTP Core's outstanding gross loan volumes participated in the scheme which comprises HUF 1,884 billion.

  On 20 October the Hungarian Parliament approved a law on a moratorium effective from 1 January 2021 until 30 June 2021. For details see the post balance sheet events section. The important difference against the currently effective blanket moratorium is that the new one is targeted, i.e. in case of retail customers only four categories will be eligible, namely: families raising or expecting a child, pensioners, unemployed and public workers. Furthermore, corporate clients won't have anymore an automatic participation: eligibility must be proved, and a written request must be submitted to the banks. The expected one-off negative impact of the moratorium effective in 1H 2021 will be booked in 4Q 2020, however the potential impact might be much smaller than in case of the current one.

  Regarding those foreign subsidiaries, where loan moratoria was introduced, the Bank so far has not accounted for the negative net present value impact based on actual participation statistics and the different interest calculation methodologies in place. However, in case of Serbia, given the change in the regulation, a certain amount might be booked in 4Q.

9M consolidated adjusted profit comprised almost HUF 232 billion (-26% y-o-y). The adjusted ROE for that period increased to 13.2%.

Since the after tax results were heavily distorted by the volume of total risk costs (HUF 136 billion related mainly to the pandemic situation), general trends are better illustrated and easier compared to base periods through the development of operating income.

In 9M 2020 OTP Group posted HUF 397.5 billion consolidated operating income (+7% y-o-y). 9M total income increased dynamically (+12% y-o-y) with net interest income increasing by 16% y-o-y, while net fees & commissions income grew at a slower pace (+7%) and other net non-interest income declined by 4% y-o-y.

The consolidated NIM eroded substantially (9M 2020: 3.68%, -46 bps y-o-y) due to several reasons: on one hand the interest rate environment declined substantially in a couple of countries (Russia, Ukraine, Romania, Serbia), furthermore, new subsidiaries consolidated into OTP Group usually operated with lower margins than the Group as a whole. It was only partially offset by the positive impact of FX moves related to weaker HUF. The 9M net interest income adjusted for acquisitions effects grew by 1% y-o-y (FX-adjusted), as a result of higher performing loan volumes.

For the first nine months operational expenses nominally surged by 16% y-o-y, however adjusted for the acquisitions (2Q 2019: the Albanian subsidiary, 2H 2019: the Montenegrin, Moldavian, Serbian and from January 2020 the Slovenian subsidiaries) the FX-adjusted expense growth would be only 3.4% y-o-y.

In 3Q 2020 the Group posted HUF 117.7 billion adjusted profit. The quarterly net results improved by 43% q-o-q and by 6% y-o-y. The effective tax rate (12.6%) grew by 1.1 pps q-o-q due mainly to composition effect (an effective corporate tax burden of 22% weighed on the strong Russian 3Q earnings). In 3Q the adjusted ROE was 19.7%.

Similar to the previous two quarters 3Q earnings were mainly shaped by risk costs. Their total volume was only HUF 5.1 billion (1/8 that of the 2Q amount), within that credit risk costs were practically zero, as a result of different size of positive risk costs at OTP Core, and the Russian and Ukrainian subsidiaries.

As a result, in 3Q all Group members posted profits with the Ukrainian operation achieving its highest ever earnings (HUF 10.9 billion).

The adjusted after tax profit contribution of non-Hungarian operations represented 50% in 3Q, there was change neither q-o-q nor y-o-y. It is important to note, that 3Q profit contributions from Ukraine and Russia were materially distorted (worsened) as a result of weaker average Hryvnia and Rouble rates against HUF (the UAH and RUB depreciated by 8 and 7% q-o-q, respectively).

In 3Q the pre-provision operating profit was HUF 139.3 billion (+6% q-o-q). Total income grew by 4% q-o-q, mainly supported by the 11% surge in net fee & commission income on the back of improving business activity; the net interest income improved by 1% q-o-q, while other net non-interest income advanced by 6% q-o-q.

It was positive that the NIM erosion moderated a lot compared to previous quarters (3Q: 3.56%, -7 bps q-o-q), i.e. the q-o-q better NII was the result of higher performing loan volumes. In 3Q the NIM decline was mainly the result of depreciating Russian and Ukrainian exchange rates against the HUF, as the weight of higher margin operations declined within the Group. Out of the major Group members, OTP Core, DSK Bulgaria, the Croatian and Serbian banks enjoyed a q-o-q improving NIM, but the Russian, Ukrainian and Romanian margin erosion continued. The better NIM at OTP Core was mainly the reflection of a more favourable balance sheet structure, whereas at DSK Bank it was rather technical.

The meaningful q-o-q increase in net fee & commission income was due to improving business activity: after an ailing performance in 2Q in Russia, Croatia and Montenegro, in 3Q those operations demonstrated double digit F&C increase, but even OTP Core had a 15% surge q-o-q.

Other net non-interest income grew q-o-q, despite the fact that in 2Q this particular revenue line was supported by HUF 5.7 billion revaluation gain related to the revision of the accounting treatment of VISA cass C shares.

In 3Q operating expenses increased only marginally (+1% q-o-q). Out of the three major cost elements personnel expenses remained flat, whereas amortization grew as a result of investments made in earlier periods; administrative expenses also increased. The cost-to-income ratio kept further improving and moderated by 1.2 pps q-o-q to 52.7%.

Following a marginal decrease in 2Q, FX-adjusted consolidated performing (Stage 1+2) loan volumes in 3Q increased by 3% q-o-q. As a result, the ytd organic volume expansion reached 6% (+HUF 753 billion). Y-o-y the FX-adjusted organic volume growth was 11% (+19% with the Slovenian acquisition).

Regarding Stage 1+2 volume developments at Group member banks, during the first nine month out of major Group members OTP Core excelled itself (+13%) followed by the Serbian, Romanian and Croatian subsidiaries. At the same time the Russian operations suffered a meaningful volume contraction (-18%), whereas the Bulgarian and Ukrainian volume erosion has stopped and the latter could already grow. The outstanding performance in Hungary was also coupled with further market share improvement in the key product segments.

In 3Q the FX-adjusted performing portfolio grew the fastest in Ukraine (+8% q-o-q), followed by the Hungarian, Serbian and Romanian volume developments. After a 2.5% decrease in 2Q at DSK Bank, in 3Q there was an increase with a same magnitude, whereas in Russia after a significant drop in 2Q, volumes declined only marginally in 3Q (-1% q-o-q), and in September they already grew on a month on month basis.

As for the main credit categories in 3Q all segment enjoyed a growth: the micro and small enterprise loan book advanced 6% q-o-q (to a great extent due to the sharp increase in Hungary on the back of NBH's FGS Go! scheme), the consumer exposure increased by 4%, while mortgages and large corporate portfolios by 3 and 2% q-o-q, respectively.

Lending activity in 3Q to a great extent was shaped by easing/lifting lockdowns and limitations, but targeted Government programmes helped too. Lending markets suffering a major setback in 2Q demonstrated robust, sometimes even above 100% rebound in new flows (e.g. Russian and Ukrainian consumer loans, Croatian cash loans).

The FX-adjusted deposits grew by 4% q-o-q. As a result, during the first nine months volumes expanded by HUF 1,035 billion (+6% ytd). The consolidated net loan-to-deposit ratio slightly declined q-o-q, to 78%.

At the end of 3Q 2020 the gross operative liquidity reserves of the Group comprised EUR 7.2 billion equivalent (+EUR 0.7 billion q-o-q).

The NBH acting as resolution authority on 16 October 2020 informed the Bank about the consolidated minimum requirement for own funds and eligible liabilities (MREL requirement) of OTP Group. NBH didn't set intermediate target to be met by end of 2020, but determined a mandatory intermediate target for the consolidated MREL requirement that OTP Group has to comply with by 1 January 2022. This level is 11.55% of the Group's total liabilities and own funds (TLOF) which corresponds to 17.16% of the Group's total risk exposure amount (TREA or RWA). In 3Q no international bond transaction was executed, accordingly for meeting the minimum MREL target the Bank will make transaction, mainly in form of Senior Preferred bonds during the next 14 months.

The quality of the consolidated loan book – partially due the existing or extended payment moratoria – remained stable: the growth in new DPD90+ volumes decelerated materially (1Q: HUF 30 billion, 2Q: HUF 53 billion, 3Q: HUF 12 billion adjusted for FX and the effect of sales and write-offs). The consolidated DPD90+ ratio declined to close to 1Q levels (3Q: 4.1%, -0.3 pp q-o-q).

As for the loan moratorium introduced in all countries across OTP Group, but in Ukraine, the highest participation rate was registered in Hungary and Serbia, both using opt-out solutions. The Hungarian scheme is still effective (and was extended until 30 June 2021), while the Serbian one expired by 1 October. In other geographies where the moratorium was opt-in and conditional, the participation rate was fairly low. Furthermore in a series of countries the scheme has already expired (Albania, Moldova, Russia), however in certain countries local regulators recommended banks to offer easier payment conditions till the end of the year.

The Stage 1+2 exposures comprised 94.4% of total gross loans (HUF 13,583 billion). Within that Stage 1 loans represented 83.4% of total gross loans and the Stage 2 ratio was 11%.

The Stage 3 ratio under IFRS 9 was 5.6% (-0.3 pp q-o-q, -1.2 pps y-o-y) at end 3Q. The own coverage of Stage 1, 2 and 3 exposures was 0.9%, 11.7% and 64.7%, respectively.

Consolidated total risk costs in 3Q represented -HUF 5 billion. In 1Q a significant volume of corporate exposure was shifted from Stage 1 into a riskier Stage 2 category, in 3Q similar practice was followed in case of the household portfolio. Mainly those exposure were reclassified where the Bank presumes higher potential risk, though an actual portfolio quality deterioration has not materialized yet due to the moratoria, in particular at the Hungarian, Bulgarian, Croatian, Romanian and Serbian operations. Simultaneously, significant portion of the impairments on those exposures already made in 1Q and 2Q was shifted into the Stage 2 category, i.e. the reclassification didn't induce any meaningful provision need in 3Q.

Provisions for impairment on loan and placement losses were practically zero in 3Q, as a result 9M 2020 credit risk cost rate was 1.14% (1Q: 2.57%, 2Q: 0.92%, 3Q: 0%). In case of the Hungarian operation HUF 9 billion positive risk cost was booked mainly as a result of recoveries realized at OTP Factoring, while in Russia and Ukraine the revision of parameters in the IFRS 9 provisioning model induced provision release. In Bulgaria and Croatia, on the opposite, the parameters revision required additional provisions.

Consolidated capital adequacy ratio (in accordance with BASEL III)

At the end of September 2020, the consolidated Common Equity Tier 1 ratio under IFRS was 14.6% (+0.7 pp q-o-q). This ratio equals to the Tier 1 ratio.

The amount of eligible interim profit (HUF 82.5 billion) included into regulatory capital equals to the interim profit reduced by the deducted dividend. The deducted dividend amount for 2020 was determined in accordance with the Commission Delegated Regulation (EU) No. 241/2014. Article 2. (7) Paragraph. Accordingly, in the absence of a stated dividend policy, the amount of the dividend to be deducted should be calculated as follows: out of the previous three years' average dividend

payment ratio and that of the preceding year the higher ratio must be applied. The dividend amount must be calculated from OTP Bank's standalone accounting profit, and this must be deducted from the consolidated regulatory capital. However, the deducted dividend also included HUF 69.44 billion, the original dividend proposal by the management after the 2019 fiscal year, which wasn't paid out in accordance with the National Bank of Hungary's recommendation. This amount is intended to be paid out by the management, therefore it was deducted from the regulatory capital, in consent with the National Bank of Hungary. Thus, the calculated total dividend deduction (HUF 105.5 billion) cannot be considered as a concrete indication of the management's dividend proposal, the dividend proposal after the 2020 fiscal year will be decided by the management in 1Q 2021.

Effective from 1 July 2020 the original level of O-SII capital buffer (2%) was modified to 0% by the NBH until 31 December 2021. Afterwards, this buffer should be rebuilt gradually between 1 January 2022 and 31 December 2023. The effective rate of the anticyclical capital buffer is currently 0% and according the resolution of NBH of 1 October 2020 there was no need to increase it. As a result, the effective regulatory minimum level of Tier 1 capital adequacy ratio for OTP Group is 9.7%, whereas the minimum CET1 requirement level to 7.9%, respectively.

The consolidated regulatory capital was reduced by the treasury shares buybacks. During the period of March-August 2020 the Bank bought back 6.5 million own shares approved by the regulator.

The ytd higher negative impact of own share deduction, however, was partially offset by the HUF 82 billion adjutment related to applying IFRS 9 transitional rules.

In 3Q RWA volumes increased by 1.2% q-o-q, while the credit risk weighted assets grew by 1.3% q-o-q. Due to the impact of FX-changes and the organic loan volume growth the latter would have grown by almost 2.5% q-o-q, but the preferential treatment of SME exposures offset that by around 110 bps.

Credit rating, shareholder structure

There was no change in S&P Global Ratings, consequently OTP Bank Plc's long-term issuer credit rating was 'BBB' with stable outlook. The Moody's, however on 29 September changed the outlook from stable into positive on OTP Bank Plc's long-term FX deposit. The rating was reaffirmed at 'Baa3'. OTP Mortgage Bank's issuer rating by Moody's is unchanged ('Baa2'), the outlook is negative since April 2020.

Fitch's 'BB+' rating on OTP Bank Russia has not changed either, the outlook turned to negative from stable in April 2020.

Regarding the ownership structure of the Bank, on 30 September 2020 the following investors had more than 5% influence (voting rights) in the Company: MOL (the Hungarian Oil and Gas Company, 8.71%), the Kafijat Group (7.20%), OPUS Securities SA (5.26%) and Groupama Group (5.20%).

DISCLAIMER – Risks relating to the impact of COVID-19 pandemic

The COVID-19 pandemic has had, and continues to have, a material impact on businesses around the world and the economic environment. There are a number of factors associated with the COVID-19 pandemic and its impact on global economies that could have a material adverse effect on (among other things) the profitability, capital and liquidity of financial institutions such as the OTP Group.

The COVID-19 pandemic has caused disruption to the OTP Group's customers, suppliers and staff. A number of jurisdictions in which the OTP Group operates have implemented severe restrictions on the movement of their respective populations, with a resultant significant impact on economic activity in those jurisdictions. These restrictions are being determined by the governments of individual jurisdictions and impacts (including the timing of implementation and any subsequent lifting of restrictions) may vary from jurisdiction to jurisdiction. It remains unclear how this will evolve through 2020 and the OTP Group continues to monitor the situation closely. However, the OTP Group's ability to conduct business may be adversely affected by disruptions to its infrastructure, business processes and technology services, resulting from the unavailability of staff due to illness or the failure of third parties to supply services. This may cause significant customer detriment, costs to reimburse losses incurred by the OTP Group's customers, and reputational damage.

Furthermore, the OTP Group relies on models to support a broad range of business and risk management activities, including informing business decisions and strategies, measuring and limiting risk, valuing exposures, conducting stress testing and assessing capital adequacy. Models are, by their nature, imperfect and incomplete representations of reality because they rely on assumptions and inputs, and so they may be subject to errors affecting the accuracy of their outputs. This may be exacerbated when dealing with unprecedented scenarios, such as the COVID-19 pandemic, due to the lack of reliable historical reference points and data.

Any and all such events mentioned above could have a material adverse effect on the OTP Group's business, financial condition, results of operations, prospects, liquidity, capital position and credit ratings, as well as on the OTP Group's customers, employees and suppliers.

SUMMARY OF ECONOMIC POLICY MEASURES MADE IN THE LAST PERIOD AND OTHER IMPORTANT DEVELOPMENTS, AS WELL AS POST-BALANCE SHEET EVENTS

In its 1Q 2020 Summary, as well as in the Half-Year Financial Report OTP Bank prepared a summary country-by-country about the major economic policy measures made either by particular governments or central banks as a response to the pandemic. The measures mentioned in those reports covered the period until 31 July.

In the below section we display those measures and developments which have been made since 1 August and – in OTP Bank's view – are relevant and can materially influence the operation of the Group members.

Post-balance sheet events cover the period until 28 October.

Given that currently OTP Bank does not have all information which relate to the above mentioned economic policy measures, the actual implementation of such measures or the effect of such measures on the clients of OTP Group and taking into account that currently, OTP Bank cannot completely assess all economic policy measures which might have an effect on the operation of its group members, therefore it may occur that the list of the economic policy measures presented in this report cannot be regarded as complete. OTP Bank excludes any liability for the completeness and accuracy of the measures presented herein.

Hungary

- The National Bank of Hungary announced on 31 July 2020 that in order to further strengthen the competition in the banking system it decided to extend its customer friendly certification to personal loans. The goal of the 'Certified Customer-Friendly Personal Loan' certification is that cash loans with easily understandable and clear conditions, as well as simple and fast origination procedure are offered by banks to a wide range of customers from 1 January 2021. The banks can apply to the certification voluntarily, by meeting the below main criteria:
  - The loan can be used for any purposes, including the refinancing of existing other loans.
  - The maximum tenor can be 7 years.
  - The maximum spread over the reference rate used by the banks – which is typically the yield of either the relevant government bonds or interbank interest rate swaps – can be up to 15 percentage points for loans below HUF 500,000 ticket size, and 10 percentage points for loans above HUF 500,000.
  - Standard and transparent fee structure must be applied, with fee rates more favourable for clients than the caps prescribed by other regulations, for example in the case of prepayment fees.
  - Certain deadlines, for example that for loan disbursement, or the settlement of prepayments, will be also be laid down.
  - In order to achieve better financial awareness, banks must provide information and raise client's attention in a standardized manner.
  - Certified cash loans will be available fully online from April 2021 for existing clients, and from July 2021 to all clients.
- The National Bank of Hungary announced on 8 September that it took a decision on a set of measures in order to improve the effectiveness of monetary policy transmission and simplify its instruments. Pursuant to the decision, swap tenders providing central bank foreign currency liquidity will be introduced in necessary cases to facilitate monetary policy transmission, in addition to the regular announcement of swap tenders providing forint liquidity. Furthermore, the Monetary Council decided to make other technical modifications affecting reserve requirements and the collateralised lending facility.
- On 10 September 2020 the National Bank of Hungary, in the wake of increased uncertainties amid the pandemic, in line with the ordinances made by the ECB and the European Systemic Risk Board, called upon credit institutions to extend the previously applied restriction on dividend payments and decisions, which was effective until 30 September, until 1 January 2021. The NBH also requested banks to refrain from treasury share buybacks with an aim of shareholder remuneration until 1 January 2021 (buybacks supporting the banks' own employee compensation schemes does not fall into this category), and consider the limitation of the payment of variable components of the employee's remuneration according to their Remuneration Policy till the same date.
- On 22 September 2020 the National Bank of Hungary increased the available amount under the Bond Funding for Growth programme from HUF 450 to 750 billion.
- On 24 September 2020 the National Bank of Hungary raised the rate of the 1-week central bank deposit instrument from 60 to 75 bps.
- On 25 September 2020 Moody's affirmed the 'Baa3' credit rating of Hungary, at the same time the outlook was revised to positive from stable. Furthermore, on 29 September 2020, Moody's affirmed the 'Baa3'

long-term foreign currency deposit rating of OTP Bank Plc. and revised the outlook on this rating to positive from stable.

- On 1 October 2020 the National Bank of Hungary said that it does not consider it necessary to increase the countercyclical capital buffer from the current 0 percent rate after 1 October 2020.
- On 6 October 2020 the National Bank of Hungary decided to change certain parameters of the programme of government securities purchases to promote the effectiveness the Bank's programmes affecting long-term yields. Under the measures, among others, the amount available for purchase of certain series of government securities has been raised from 33% to 50%. The central bank decided to take a flexible approach to the amount of its weekly purchases, focusing its purchases on longer maturities. Purchases may take place at regular weekly tenders as well as out of tender.
- The Prime Minister announced on 7 October 2020 that the preferential 5% VAT for newly built homes will be reintroduced for projects that will have been started until the end of 2022. It was also announced that those who resort to the Housing Subsidy for Families when purchasing a new home, will be entitled to reclaim the lowered 5% VAT after January 2021. On 14 October 2020 the Minister without portfolio for family affairs said that starting in January 2021 the State will reimburse families with one or more children 50% of the renovation costs of their homes, with a cap of HUF 3 million. On 19 October Mrs. Katalin Novák also announced that both new and second-hand properties purchased through the Housing Subsidy for Families (CSOK) scheme will be fully exempted from the asset acquisition tax from January 2021; on 28 October she said that under certain conditions, from 1 January 2021 the CSOK subsidy scheme will be extended to the conversion of family homes into duplexes.
- On 16 October 2020 the National Bank of Hungary acting as resolution authority informed the Bank about the consolidated minimum requirement for own funds and eligible liabilities (MREL requirement) of OTP Group. The consolidated MREL requirement has to be reached by 1st January 2024, and is determined at 22.71% of the Group's total risk exposure amount (TREA or RWA). The mandatory intermediate target that OTP Group has to comply with by 1st January 2022 equals to 17.16%.
- On 28 October 2020 the Act No. CVII of 2020 was published in the Official Gazette. Pursuant to this, certain borrowers can enjoy payment holiday from 1 January 2021 until 30 June 2021, and a prohibition on the termination of loan contracts by credit institutions was also introduced. Summary of the provisions of the law (for details, see Act No. CVII of 2020):
  - Prohibition on the cancellation of credit contracts by lenders: this provision refers to those borrowers who are subject to the moratorium on loan repayments that came into effect on 19 March 2020 (namely, if the loan amount had already been disbursed until 18 March 2020 within the framework of such credit contracts), but are not member of the key social groups determined in the law about the moratorium taking effect from 1 January 2021. The lender is not allowed to cancel the credit contract by way of termination until 30 June 2021 due to non-fulfilment of the debtor's obligation. In order to restore the debtor's solvency, the legislature expects the parties to agree to renegotiate the terms of the contract throughout the end of the prohibition of termination. If parties fail to reach an agreement, the prohibition on the abrogation of the contract ceases to exist without any further action.
  - Provisions of the new moratorium on loan repayments:
    - Concerning retail borrowers: a moratorium on payments was introduced regarding both principal, interest and fee payment obligations arising from credit contracts, for the following so-called key social groups: (1) unemployed, (2) borrowers raising or expecting a child, (3) pensioners, (4) public workers (those individuals who are involved in community service programs, so this is a different category than public employees). The other main details and technical provisions are the same as in the case of the moratorium effective until the end of 2020:
      - The non-paid interest during the payment holiday cannot be capitalized to the outstanding principal (neither during the moratorium, nor afterwards).
      - The amount of delayed interest accumulated during the moratorium must be repaid after the moratorium in equal instalments, evenly spread over the remaining years of the loan tenor, together with the due instalments.
      - Following the moratorium, the tenor will be prolonged in a way that the sum of the due instalment and the unpaid interest during the moratorium (which is to be repaid in equal instalments) in total should not exceed the instalment according to the original contract.
      - The moratorium does not affect the debtors' right to continue to pay according to the original contractual terms.

- Eligible borrowers can decide to join the scheme at any time during the term of the moratorium.

- As for corporate borrowers, only those companies will be eligible to participate in the moratorium that have financial difficulties and fall into the definition set in the relevant Government Decree to be published later. The payment moratorium is not automatic, but eligible companies must ask the creditors in writing. The application must contain the data on the basis of which it can be established that the debtor is entitled to a moratorium under the Government Decree on the definition of firms in financial difficulty.
- The provisions of the Act shall be applied to credits already disbursed until 18 March 2020 within the framework of such credit contracts.
- In order to clarify whether the non-payment of a given borrower falls either under the payment holiday aiming at stabilizing the financial position of key social groups, or under the prohibition of the termination of credit contract, the lenders shall consult with the borrowers in a way determined in the credit contract, but through electronic channels primarily.

Bulgaria

- DSK Bank is supervised by ECB starting from 1 October 2020.
- On 10 October 2020 Moody's upgraded Bulgaria's senior unsecured and long-term issuer ratings in foreign and local currency to Baa1 from Baa2 and changed the outlook to stable from positive.

Croatia

- On 1 October 2020 the European Investment Bank (EIB) and Croatian Bank for Reconstruction and Development (HBOR) have agreed on a financial package that could enable up to EUR 200 million in loans to support ongoing investments plans or provide working capital for SMEs and mid-caps operating in sectors most affected by pandemic.

Slovenia

- On 2 October 2020 Moody’s Investors Service has upgraded Slovenia’s long term issuer and senior unsecured bonds rating to A3 from Baa1. The outlook has been changed to stable from positive.

Romania

- On 5 August 2020 the National Bank of Romania (NBR) cut the monetary policy rate to 1.50 percent from 1.75 percent.
- Starting from 15 October the state of alert in effect was prolonged by another 30 days.

Ukraine

- The introduction of additional capital buffers – including the capital conservation buffer and the systemic buffer – will be delayed. However, banks are suggested to refrain from distributing dividend until at least end of 2020 (initially October), ensuring that financial institutions have an additional margin of safety.
- In support of the banking sector, the NBU took the decision not to apply to banks and banking groups until June 2021 sanctions for violation of capital adequacy requirements, liquidity requirements, and certain other provisions. Such a decision will be valid only if the violations arose due to the negative impact of the quarantine and restrictive measures on the bank or banking group, and provided that banks or banking groups do not violate capital adequacy ratios and liquidity ratios under Articles 75 and 76 of the Law "On banks and banking activities". The decision does not apply to banks, which, despite the recommendations of the National Bank, distributed profits for 2019 through dividends.
- In September the NBU repeatedly pre-announced plans to increase risks weights on consumer lending from 100 percent up to 150 percent starting in the second half of 2021.
- The NBU and EBRD have agreed to set up and partially activated a USD 500 million FX swap facility to support the real economy and strengthen Ukraine’s macrofinancial stability.

Russia

- On 10 August, the CBR extended some regulatory forbearance beyond 30 September through 31 December 2020 and encouraged banks to further support borrowers that are negatively affected by the COVID-19 pandemics. Additionally, the CBR reduced risk buffers for unsecured loans to be issued since 1 September 2020, and cancels risk buffers for consumer loans issued by 31 August 2019.

CONSOLIDATED AFTER TAX PROFIT BREAKDOWN BY SUBSIDIARIES (IFRS)[2]

in HUF million	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
Consolidated after tax profit	**309,603**	**188,171**	**-39%**	**131,644**	**78,670**	**113,573**	**44%**	**-14%**
Adjustments (total)	**-3,498**	**-43,535**	**1144%**	**21,173**	**-3,552**	**-4,079**	**15%**	**-119%**
Consolidated adjusted after tax profit without the effect of adjustments	**313,101**	**231,706**	**-26%**	**110,471**	**82,222**	**117,652**	**43%**	**6%**
Banks total[1]	295,715	217,478	-26%	104,296	78,989	111,475	41%	7%
OTP Core (Hungary)[2]	145,651	107,917	-26%	48,299	37,835	53,211	41%	10%
Corporate Centre[3]	3,335	40	-99%	1,024	165	-331	-301%	-132%
DSK Group (Bulgaria)[4]	53,779	34,275	-36%	19,551	17,125	12,739	-26%	-35%
OBH (Croatia)[5]	26,523	14,911	-44%	9,102	7,280	4,984	-32%	-45%
OTP Bank Serbia[6]	4,594	10,374	126%	1,603	1,915	6,714	251%	319%
SKB Banka (Slovenia)	-	7,638		-	3,163	4,393	39%	
OTP Bank Romania[7]	5,414	2,775	-49%	1,788	2,048	1,637	-20%	-8%
OTP Bank Ukraine[8]	25,608	21,634	-16%	9,597	4,102	10,874	165%	13%
OTP Bank Russia[9]	22,055	11,926	-46%	8,154	1,316	14,166	976%	74%
CKB Group (Montenegro)[10]	3,296	2,472	-25%	1,457	1,859	848	-54%	-42%
OTP Bank Albania	2,233	1,910	-14%	1,028	849	766	-10%	-25%
Mobiasbanca (Moldova)	1,248	2,823	126%	1,248	1,261	1,095	-13%	-12%
OBS (Slovakia)[11]	1,979	-1,217	-162%	1,446	72	381	426%	-74%
Leasing	5,339	5,624	5%	2,042	914	2,935	221%	44%
Merkantil Group (Hungary)[12]	5,339	5,624	5%	2,042	914	2,935	221%	44%
Asset Management	2,656	2,444	-8%	887	1,561	771	-51%	-13%
OTP Asset Management (Hungary)	2,578	2,383	-8%	838	1,534	742	-52%	-11%
Foreign Asset Management Companies (Ukraine, Romania, Bulgaria)[13]	78	60	-22%	49	27	29	9%	-40%
Other Hungarian Subsidiaries	9,758	5,539	-43%	2,704	1,939	1,841	-5%	-32%
Other Foreign Subsidiaries[14]	248	146	-41%	-15	-42	27	-164%	-282%
Eliminations	-614	476	-177%	558	-1,140	603	-153%	8%
Total adjusted after tax profit of HUNGARIAN subsidiaries[15]	166,048	121,979	-27%	55,464	41,247	59,000	43%	6%
Total adjusted after tax profit of FOREIGN subsidiaries[16]	147,054	109,726	-25%	55,007	40,975	58,652	43%	7%
Share of foreign profit contribution,	47%	47%	0%p	50%	50%	50%	0%p	0%p

[2] 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	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
Consolidated after tax profit	**309,603**	**188,171**	**-39%**	**131,644**	**78,670**	**113,573**	**44%**	**-14%**
Adjustments (total)	**-3,498**	**-43,535**		**21,173**	**-3,552**	**-4,079**	**15%**	**-119%**
Dividends and net cash transfers (after tax)	441	464	5%	-168	152	279	84%	-266%
Goodwill/investment impairment charges (after tax)	-4,390	886	-120%	0	886	0	-100%	
Special tax on financial institutions (after corporate income tax)	-15,608	-17,348	11%	-184	-594	-20	-97%	-89%
Expected one-off negative effect of the first phase of the debt repayment moratorium in Hungary expiring at the end of 2020 (after corporate income tax)	0	-17,432		0	1,988	732	-63%	
Impact of fines imposed by the Hungarian Competition Authority (after tax)	0	749		0	749	0	-100%	
Effect of acquisitions (after tax)	17,860	-10,853	-161%	21,400	-6,733	-5,070	-25%	-124%
One-off impact of regulatory changes related to FX consumer contracts in Serbia	-1,801	0	-100%	125	0	0		-100%
Consolidated adjusted after tax profit without the effect of adjustments	**313,101**	**231,706**	**-26%**	**110,471**	**82,222**	**117,652**	**43%**	**6%**
Before tax profit	**351,387**	**263,227**	**-25%**	**123,460**	**92,846**	**134,531**	**45%**	**9%**
Operating profit	**370,054**	**397,520**	**7%**	**137,119**	**131,016**	**139,320**	**6%**	**2%**
Total income	**772,210**	**862,469**	**12%**	**273,216**	**284,200**	**294,395**	**4%**	**8%**
Net interest income	**510,423**	**590,501**	**16%**	**177,063**	**194,482**	**195,738**	**1%**	**11%**
Net fees and commissions	**197,001**	**210,059**	**7%**	**72,953**	**66,586**	**74,240**	**11%**	**2%**
Other net non-interest income	**64,786**	**61,909**	**-4%**	**23,200**	**23,132**	**24,417**	**6%**	**5%**
Foreign exchange result, net	33,908	32,971	-3%	14,148	10,122	12,803	26%	-10%
Gain/loss on securities, net	9,118	10,371	14%	3,411	8,319	5,209	-37%	53%
Net other non-interest result	21,760	18,568	-15%	5,641	4,691	6,405	37%	14%
Operating expenses	**-402,155**	**-464,950**	**16%**	**-136,096**	**-153,184**	**-155,075**	**1%**	**14%**
Personnel expenses	-197,480	-232,663	18%	-66,345	-76,727	-76,622	0%	15%
Depreciation	-40,266	-50,842	26%	-14,561	-17,116	-17,721	4%	22%
Other expenses	-164,409	-181,444	10%	-55,190	-59,341	-60,732	2%	10%
Total risk costs	**-22,216**	**-135,851**	**512%**	**-11,633**	**-39,051**	**-5,107**	**-87%**	**-56%**
Provision for impairment on loan and placement losses	-15,906	-116,186	630%	-6,667	-31,477	15	-100%	-100%
Other provision	-6,310	-19,665	212%	-4,967	-7,574	-5,122	-32%	3%
Total one-off items	**3,549**	**1,558**	**-56%**	**-2,026**	**880**	**318**	**-64%**	**-116%**
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	3,549	1,558	-56%	-2,026	880	318	-64%	-116%
Corporate taxes	**-38,286**	**-31,521**	**-18%**	**-12,988**	**-10,624**	**-16,879**	**59%**	**30%**
INDICATORS	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
ROE (from accounting net earnings)	21.1%	10.7%	-10.4%p	24.9%	13.5%	19.0%	5.5%p	-5.9%p
ROE (from adjusted net earnings)	21.3%	13.2%	-8.2%p	20.9%	14.1%	19.7%	5.6%p	-1.2%p
ROA (from adjusted net earnings)	2.5%	1.4%	-1.1%p	2.5%	1.5%	2.1%	0.6%p	-0.4%p
Operating profit margin	3.00%	2.48%	-0.52%p	3.09%	2.44%	2.53%	0.09%p	-0.56%p
Total income margin	6.26%	5.38%	-0.88%p	6.15%	5.30%	5.35%	0.05%p	-0.80%p
Net interest margin	4.14%	3.68%	-0.46%p	3.99%	3.63%	3.56%	-0.07%p	-0.43%p
Net fee and commission margin	1.60%	1.31%	-0.29%p	1.64%	1.24%	1.35%	0.11%p	-0.29%p
Net other non-interest income margin	0.53%	0.39%	-0.14%p	0.52%	0.43%	0.44%	0.01%p	-0.08%p
Cost-to-asset ratio	3.26%	2.90%	-0.36%p	3.07%	2.86%	2.82%	-0.04%p	-0.25%p
Cost/income ratio	52.1%	53.9%	1.8%p	49.8%	53.9%	52.7%	-1.2%p	2.9%p
Provision for impairment on loan and placement losses-to-average gross loans	0.21%	1.14%	0.93%p	0.25%	0.92%	0.00%	-0.92%p	-0.25%p
Total risk cost-to-asset ratio	0.18%	0.85%	0.67%p	0.26%	0.73%	0.09%	-0.64%p	-0.17%p
Effective tax rate	10.9%	12.0%	1.1%p	10.5%	11.4%	12.5%	1.1%p	2.0%p
Non-interest income/total income	34%	32%	-2%p	35%	32%	34%	2%p	-2%p
EPS base (HUF) (from unadjusted net earnings)	1,183	725	-39%	503	301	442	47%	-12%
EPS diluted (HUF) (from unadjusted net earnings)	1,183	725	-39%	503	301	442	47%	-12%
EPS base (HUF) (from adjusted net earnings)	1,196	894	-25%	422	314	459	46%	9%
EPS diluted (HUF) (from adjusted net earnings)	1,196	894	-25%	422	314	459	46%	9%
Comprehensive Income Statement	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
Consolidated after tax profit	309,603	188,171	-39%	131,645	78,670	113,573	44%	-14%
Fair value changes of financial instruments measured at fair value through other comprehensive income	25,173	-21,047	-184%	8,089	4,516	7,555	67%	-7%
Fair value adjustment of derivative financial instruments designated as cash-flow hedge	13	-2	-115%	-1	-1	0	-100%	-100%
Net investment hedge in foreign operations	-3,703	-9,576	159%	-3,130	688	-2,288	-433%	-27%
Foreign currency translation difference	100,186	92,862	-7%	68,087	9,323	-98	-101%	-100%
Change of actuarial costs (IAS 19)	0	0		0	0	0		
Net comprehensive income	**431,272**	**250,408**	**-42%**	**204,690**	**93,196**	**118,742**	**27%**	**-42%**
o/w Net comprehensive income attributable to equity holders	430,793	250,614	-42%	204,630	93,161	118,807	28%	-42%
Net comprehensive income attributable to non-controlling interest	479	-206	-143%	60	35	-65	-286%	-208%

Average exchange rate[1] of the HUF (in HUF)	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
HUF/EUR	323	348	8%	328	352	354	1%	8%
HUF/CHF	289	326	13%	299	331	329	-1%	10%
HUF/USD	288	310	8%	295	319	303	-5%	3%

[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	3Q 2019	4Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y	YTD
TOTAL ASSETS	**18,971,033**	**20,121,767**	**21,790,154**	**22,709,216**	**4%**	**20%**	**13%**
Cash, amounts due from Banks and balances with the National Banks	1,830,698	1,841,963	2,175,411	2,140,664	-2%	17%	16%
Placements with other banks, net of allowance for placement losses	628,363	410,433	930,607	985,989	6%	57%	140%
Financial assets at fair value through profit or loss	264,804	251,991	276,258	274,553	-1%	4%	9%
Securities at fair value through other comprehensive income	2,416,228	2,427,537	1,906,504	2,132,675	12%	-12%	-12%
Net customer loans	11,066,584	12,247,519	13,044,865	13,574,198	4%	23%	11%
Net customer loans (FX adjusted[1])	**11,532,538**	**12,913,830**	**13,157,944**	**13,574,198**	**3%**	**18%**	**5%**
Gross customer loans	11,784,419	12,942,009	13,878,564	14,394,579	4%	22%	11%
Gross customer loans (FX adjusted[1])	**12,253,487**	**13,619,702**	**13,979,613**	**14,394,579**	**3%**	**17%**	**6%**
o/w Retail loans	7,197,315	7,934,506	8,163,424	8,458,047	4%	18%	7%
Retail mortgage loans (incl. home equity)	3,258,361	3,672,296	3,798,177	3,909,219	3%	20%	6%
Retail consumer loans	3,001,708	3,239,098	3,332,794	3,458,405	4%	15%	7%
SME loans	937,246	1,023,113	1,032,453	1,090,423	6%	16%	7%
Corporate loans	4,647,811	5,110,015	5,243,190	5,305,221	1%	14%	4%
Loans to medium and large corporates	4,309,842	4,703,959	4,762,367	4,829,168	1%	12%	3%
Municipal loans	337,969	406,056	480,822	476,053	-1%	41%	17%
Car financing loans	408,361	575,182	572,999	631,312	10%	55%	10%
Allowances for loan losses	-717,835	-694,490	-833,699	-820,381	-2%	14%	18%
Allowances for loan losses (FX adjusted[1])	-720,949	-705,872	-821,669	-820,381	0%	14%	16%
Associates and other investments	19,433	20,822	26,881	31,749	18%	63%	52%
Securities at amortized costs	1,849,627	1,995,627	2,399,322	2,569,810	7%	39%	29%
Tangible and intangible assets, net	566,159	605,673	602,426	592,861	-2%	5%	-2%
o/w Goodwill, net	105,722	105,298	105,630	101,441	-4%	-4%	-4%
Tangible and other intangible assets, net	460,437	500,375	496,796	491,421	-1%	7%	-2%
Other assets	329,137	320,201	427,879	406,717	-5%	24%	27%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**18,971,033**	**20,121,767**	**21,790,154**	**22,709,216**	**4%**	**20%**	**13%**
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	665,912	846,158	1,031,430	1,114,078	8%	67%	32%
Deposits from customers	14,653,646	15,522,654	16,588,162	17,324,304	4%	18%	12%
Deposits from customers (FX adjusted[1])	**15,200,037**	**16,295,537**	**16,715,792**	**17,324,304**	**4%**	**14%**	**6%**
o/w Retail deposits	10,556,269	11,825,654	12,289,275	12,589,585	2%	19%	6%
Household deposits	8,823,419	9,741,899	10,187,076	10,370,122	2%	18%	6%
SME deposits	1,732,850	2,083,754	2,102,200	2,219,463	6%	28%	7%
Corporate deposits	4,629,072	4,455,323	4,415,664	4,725,896	7%	2%	6%
Deposits to medium and large corporates	3,778,440	3,652,177	3,761,878	3,938,940	5%	4%	8%
Municipal deposits	850,632	803,147	653,787	786,956	20%	-7%	-2%
Accrued interest payable related to customer deposits	14,696	14,560	10,852	8,823	-19%	-40%	-39%
Liabilities from issued securities	398,097	393,167	401,829	444,337	11%	12%	13%
o/w Retail bonds	4,213	3,237	2,769	2,342	-15%	-44%	-28%
Liabilities from issued securities without retail bonds	393,884	389,930	399,059	441,996	11%	12%	13%
Other liabilities	797,338	818,561	1,116,992	1,079,846	-3%	35%	32%
Subordinated bonds and loans[2]	252,141	249,937	271,478	273,542	1%	8%	9%
Total shareholders' equity	**2,203,898**	**2,291,288**	**2,380,263**	**2,473,108**	**4%**	**12%**	**8%**
Indicators	3Q 2019	4Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y	YTD
Loan/deposit ratio (FX adjusted[1])	81%	84%	84%	83%	-1%p	2%p	-1%p
Net loan/(deposit + retail bond) ratio (FX adjusted[1])	76%	79%	79%	78%	0%p	2%p	-1%p
Stage 1 loan volume under IFRS 9	10,384,726	11,489,554	11,855,145	12,004,459	1%	16%	4%
Stage 1 loans under IFRS9/gross customer loans	88.1%	88.8%	85.4%	83.4%	-2.0%p	-4.7%p	-5%
Own coverage of Stage 1 loans under IFRS 9	1.2%	1.1%	1.2%	0.9%	-0.3%p	-0.3%p	0%
Stage 2 loan volume under IFRS 9	590,329	685,885	1,199,552	1,578,251	32%	167%	130%
Stage 2 loans under IFRS9/gross customer loans	5.0%	5.3%	8.6%	11.0%	2.3%p	6.0%p	6%
Own coverage of Stage 2 loans under IFRS 9			12.7%	11.7%	-0.9%p	11.7%p	12%
Stage 3 loan volume under IFRS 9	809,364	766,570	823,867	811,870	-1%	0%	6%
Stage 3 loans under IFRS9/gross customer loans	6.9%	5.9%	5.9%	5.6%	-0.3%p	-1.2%p	0%
Own coverage of Stage 3 loans under IFRS 9			65.8%	64.7%	-1.1%p	64.7%p	65%
90+ days past due loan volume	585,221	541,467	604,434	586,338	-3%	0%	8%
90+ days past due loans/gross customer loans	5.0%	4.2%	4.4%	4.1%	-0.3%p	-0.9%p	-0.1%p
Consolidated capital adequacy - Basel3	3Q 2019	4Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y	YTD
Capital adequacy ratio (consolidated, IFRS)	16.8%	16.8%	16.3%	17.0%	0.7%p	0.1%p	0.2%p
Tier 1 ratio	14.3%	14.4%	13.9%	14.6%	0.7%p	0.3%p	0.2%p
Common Equity Tier 1 ('CET1') capital ratio	14.3%	14.4%	13.9%	14.6%	0.7%p	0.3%p	0.2%p
Regulatory capital (consolidated)	2,244,850	2,390,688	2,426,091	2,559,285	5%	14%	7%
o/w Tier 1 Capital	1,907,697	2,055,106	2,075,528	2,206,942	6%	16%	7%
o/w Common Equity Tier 1 capital	1,907,697	2,055,106	2,075,528	2,206,942	6%	16%	7%
Tier 2 Capital	337,153	335,582	350,564	352,343	1%	5%	5%
o/w Hybrid Tier2	89,935	89,935	89,935	89,935	0%	0%	0%
Consolidated risk weighted assets (RWA) (Credit&Market&Operational risk)	13,325,586	14,262,197	14,883,459	15,065,291	1%	13%	6%
o/w RWA (Credit risk)	11,682,221	12,529,878	13,216,321	13,391,254	1%	15%	7%
RWA (Market & Operational risk)	1,643,364	1,732,319	1,667,138	1,674,036	0%	2%	-3%
Closing exchange rate of the HUF (in HUF)	3Q 2019	4Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y	YTD
HUF/EUR	335	331	357	365	2%	9%	10%
HUF/CHF	308	304	334	337	1%	9%	11%
HUF/USD	306	295	318	311	-2%	2%	6%

[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	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	145,651	107,917	-26%	48,299	37,835	53,211	41%	10%
Corporate income tax	-12,471	-11,497	-8%	-4,160	-3,901	-5,415	39%	30%
Pre-tax profit	158,122	119,414	-24%	52,459	41,736	58,626	40%	12%
Operating profit	132,791	135,141	2%	50,548	45,592	49,314	8%	-2%
Total income	317,424	332,315	5%	111,892	110,316	116,178	5%	4%
Net interest income	193,499	211,417	9%	63,450	70,012	72,286	3%	14%
Net fees and commissions	94,233	94,841	1%	35,705	30,220	34,773	15%	-3%
Other net non-interest income	29,692	26,056	-12%	12,737	10,085	9,119	-10%	-28%
Operating expenses	-184,633	-197,174	7%	-61,344	-64,725	-66,864	3%	9%
Total risk costs	21,782	-17,285	-179%	3,938	-4,736	8,994	-290%	128%
Provision for impairment on loan and placement losses	23,141	-9,271	-140%	5,303	-4,972	10,054	-302%	90%
Other provisions	-1,359	-8,014	490%	-1,365	236	-1,061	-549%	-22%
Total one-off items	3,549	1,558	-56%	-2,026	880	318	-64%	-116%
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	3,549	1,558	-56%	-2,026	880	318	-64%	-116%
Indicators	**9M 2019**	**9M 2020**	**Y-o-Y**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
ROE	12.1%	8.4%	-3.7%p	11.6%	8.9%	12.4%	3.5%p	0.8%p
ROA	2.2%	1.4%	-0.8%p	2.1%	1.5%	2.0%	0.5%p	-0.1%p
Operating profit margin	2.0%	1.8%	-0.3%p	2.2%	1.8%	1.9%	0.1%p	-0.3%p
Total income margin	4.83%	4.33%	-0.49%p	4.89%	4.30%	4.42%	0.11%p	-0.47%p
Net interest margin	2.94%	2.76%	-0.19%p	2.77%	2.73%	2.75%	0.02%p	-0.02%p
Net fee and commission margin	1.43%	1.24%	-0.20%p	1.56%	1.18%	1.32%	0.14%p	-0.24%p
Net other non-interest income margin	0.45%	0.34%	-0.11%p	0.56%	0.39%	0.35%	-0.05%p	-0.21%p
Operating costs to total assets ratio	2.8%	2.6%	-0.2%p	2.7%	2.5%	2.5%	0.0%p	-0.1%p
Cost/income ratio	58.2%	59.3%	1.2%p	54.8%	58.7%	57.6%	-1.1%p	2.7%p
Provision for impairment on loan and placement losses/average gross loans[1]	-0.92%	0.30%	1.22%p	-0.60%	0.48%	-0.93%	-1.41%p	-0.33%p
Effective tax rate	7.9%	9.6%	1.7%p	7.9%	9.3%	9.2%	-0.1%p	1.3%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	3Q 2019	4Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y	YTD
Total Assets	9,453,590	9,641,692	10,280,890	10,747,073	5%	14%	11%
Net customer loans	3,525,841	3,740,975	4,032,293	4,257,333	6%	21%	14%
Net customer loans (FX adjusted)	**3,579,626**	**3,808,500**	**4,047,599**	**4,257,333**	**5%**	**19%**	**12%**
Gross customer loans	3,669,547	3,883,412	4,218,418	4,442,175	5%	21%	14%
Gross customer loans (FX adjusted)	**3,725,645**	**3,953,725**	**4,234,572**	**4,442,175**	**5%**	**19%**	**12%**
Retail loans	2,249,156	2,377,562	2,611,369	2,805,689	7%	25%	18%
Retail mortgage loans (incl. home equity)	1,346,826	1,383,814	1,443,107	1,486,766	3%	10%	7%
Retail consumer loans	655,364	746,273	892,804	978,482	10%	49%	31%
SME loans	246,965	247,475	275,458	340,440	24%	38%	38%
Corporate loans	1,476,489	1,576,164	1,623,203	1,636,486	1%	11%	4%
Provisions	-143,705	-142,437	-186,125	-184,842	-1%	29%	30%
Provisions (FX adjusted)	**-146,019**	**-145,225**	**-186,973**	**-184,842**	**-1%**	**27%**	**27%**
Deposits from customers + retail bonds	6,784,666	6,770,161	7,104,524	7,389,952	4%	9%	9%
Deposits from customers + retail bonds (FX adjusted)	**6,856,857**	**6,868,578**	**7,121,113**	**7,389,952**	**4%**	**8%**	**8%**
Retail deposits + retail bonds	4,342,252	4,567,377	4,932,197	5,083,890	3%	17%	11%
Household deposits + retail bonds	3,470,798	3,613,803	3,934,105	4,021,337	2%	16%	11%
o/w: Retail bonds	4,213	3,237	2,769	2,342	-15%	-44%	-28%
SME deposits	871,454	953,574	998,092	1,062,553	6%	22%	11%
Corporate deposits	2,514,605	2,301,201	2,188,916	2,306,062	5%	-8%	0%
Liabilities to credit institutions	279,937	445,301	651,016	811,328	25%	190%	82%
Issued securities without retail bonds	435,727	436,340	442,738	483,818	9%	11%	11%
Total shareholders' equity	1,677,426	1,720,872	1,698,500	1,723,431	1%	3%	0%
Loan Quality	3Q 2019	4Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y	YTD
Stage 1 loan volume under IFRS 9 (in HUF million)	3,309,159	3,550,841	3,728,467	3,757,222	1%	14%	6%
Stage 1 loans under IFRS 9/gross customer loans	90.2%	91.4%	88.4%	84.6%	-3.8%p	-5.6%p	-6.9%p
Own coverage of Stage 1 loans under IFRS 9	0.7%	0.8%	1.1%	0.9%	-0.1%p	0.2%p	0.1%p
Stage 2 loan volume under IFRS 9 (in HUF million)	182,263	163,954	321,953	518,521	61%	184%	216%
Stage 2 loans under IFRS 9/gross customer loans	5.0%	4.2%	7.6%	11.7%	4.0%p	6.7%p	7.5%p
Own coverage of Stage 2 loans under IFRS 9	9.8%	12.4%	15.2%	11.2%	-4.0%p	1.4%p	-1.2%p
Stage 3 loan volume under IFRS 9 (in HUF million)	178,124	168,618	167,999	166,432	-0.9%	-6.6%	-1.3%
Stage 3 loans under IFRS 9/gross customer loans	4.9%	4.3%	4.0%	3.7%	-0.2%p	-1.1%p	-0.6%p
Own coverage of Stage 3 loans under IFRS 9	57.5%	55.4%	58.0%	55.4%	-2.6%p	-2.1%p	0.0%p
90+ days past due loan volume (in HUF million)	132,321	123,895	121,931	117,151	-4%	-11%	-5.4%
90+ days past due loans/gross customer loans	3.6%	3.2%	2.9%	2.6%	-0.3%p	-1.0%p	-0.6%p
Market Share	3Q 2019	4Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y	YTD
Loans	21.3%	22.2%	22.2%	22.6%	0.4%p	1.3%p	0.4%p
Deposits	26.5%	27.7%	26.9%	25.4%	-1.5%p	-1.1%p	-2.3%p
Total Assets	28.2%	28.8%	26.9%	26.3%	-0.5%p	-1.9%p	-2.5%p
Performance Indicators	3Q 2019	4Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y	YTD
Net loans to (deposits + retail bonds) (FX adjusted)	52%	55%	57%	58%	1%p	5%p	2%p
Leverage (closing Shareholder's Equity/Total Assets)	17.7%	17.8%	16.5%	16.0%	-0.5%p	-1.7%p	-1.8%p
Leverage (closing Total Assets/Shareholder's Equity)	5.6x	5.6x	6.1x	6.2x	0.2x	0.6x	0.6x
Capital adequacy ratio (OTP Bank, non-consolidated, Basel3, IFRS)	25.7%	27.6%	26.3%	26.1%	-0.1%p	0.4%p	-1.5%p
Common Equity Tier 1 ratio (OTP Bank, non-consolidated, Basel3, IFRS)	21.5%	23.6%	22.1%	21.9%	-0.2%p	0.4%p	-1.7%p

- ***OTP Core's nine-month adjusted profit contracted by 26%, owing to higher risk costs. The 3Q profit improved by 10% y-o-y, also mostly relating to provisions***
- ***All components of nine-month income margin (-49 bp y-o-y) dropped. In 3Q the net interest margin improved by 2 bps***
- ***The dynamic growth of performing loans continued in 3Q (+5% q-o-q, +21% y-o-y), mostly boosted by the baby loans and the Funding for Growth Scheme***
- ***Deposits have expanded by 8% ytd; the Bank's liquidity and capital position remained strong***

Starting from 1Q 2020, OTP eBIZ Ltd became part of OTP Core. It reported HUF 0.4 billion loss in full-year 2019.

Starting from 1Q 2020, the accounting method of the termination of swap contracts has changed. Upon the termination of swap deals, until the end of 2019, the FVA booked within other income was shifted to the net interest income line. From 1Q 2020 this shift does not occur. In the case of OTP Core, the intra-group swaps, typically with DSK Bank, are being terminated. In 2019 the other income of OTP Core was boosted, whereas the net interest income was reduced by the above accounting method.

P&L developments

In the first nine months of 2020, **OTP Core's** adjusted after-tax profit amounted to HUF 107.9 billion, which is 26% less than in the same period of last year. The main reason for the drop is higher risk costs, while the nine-month operating profit improved by 2%.

In 3Q the adjusted after-tax profit amounted to HUF 53.2 billion; it improved by 41% q-o-q, and 10% y-o-y, as a result of the positive HUF 9 billion total risk costs booked in 3Q.

Nine-month operating profit rose by 2%, within that the 3Q operating result declined by 2% y-o-y, but showed an 8% growth over the previous quarter, thanks mainly to stronger core banking revenues.

Cumulated net interest income grew by 9%, owing to a dynamic organic growth in loans. This was somewhat offset by a 19 bps y-o-y shrinking of net interest margin. In 3Q, net interest income grew by 3% q-o-q (+14% y-o-y), mostly because volumes continued to grow dynamically, while the margin ticked up 2 bps. The q-o-q improvement in margin was largely supported by the favourable developments in the composition of the balance sheet: the ratio of loans within total assets increased (partly to the detriment of non-interest-bearing assets), and so did the weight of household, particularly consumer loans within the total assets (performing mortgage loans rose by 3% q-o-q, and consumer loans expanded by 10% q-o-q, while lower-margin corporate loans rose by 1% only). The lower cost of funding had a slightly positive effect on the q-o-q development of the margin: this is partly because the central bank's repo rates temporarily rose in 2Q, which increased the average cost of borrowing in the base period. In contrast, the continued drop in the average interest on cash loans had a negative effect as the regulator capped interest rates on newly disbursed, non-mortgage-backed consumer loans, effective from 19 March till the end of 2020.

Overall, short-term interbank rates, which are the benchmarks for floating-rate loans, rose during the first nine months of 2020: the 3M BUBOR was at 16 bps at end-2019, at 46 bps at the end of 1Q, at 74 bps at the end of 2Q, and at 77 bps at the end of 3Q. The 3M BUBOR's average value declined by 32 bps q-o-q, to 65 bps in the third quarter.

Cumulated net fees and commissions increased by 1% y-o-y: reversing a 15% y-o-y growth in 1Q, they dropped by 7% y-o-y in 2Q, and by 3% in 3Q compared to the corresponding period of last year.

The reason for the 3% y-o-y decline in 3Q is the drop in commission on securities, largely because of the base effect caused by the higher revenue realized in 3Q 2019 as the 'MÁP Plus' retail government bond was launched in June 2019; at the same time, deposit- and transaction-related fees rose modestly.

In 3Q, net fees and commissions increased by 15%, or HUF 4.6 billion q-o-q, even though the q-o-q dynamics was dragged down by a HUF 1.2 billion one-off item recognized in 2Q[3]. Most of the q-o-q improvement can be attributable to the more than 20% q-o-q growth in card-related commissions, as well as the nearly 10% increase in deposit- and transaction-related fees revenues. The HUF 2 billion q-o-q increase in securities commissions was also favourable: to a larger extent, this was attributable to the higher distribution fees on investment units[4], and, to a lesser extent, to that on retail government bonds[5].

The cumulated other net non-interest income (without one-offs) fell by 12% y-o-y, or by HUF 3.6 billion. In 2Q 2020, the other income was boosted by a one-off

[3] In 2Q 2020, HUF 1.2 billion deduction from taxes was recorded, owing to the contribution paid to the Compensation Fund in 1Q. Because of deductibility, the amount booked, as well as the deductions themselves, are presented within the financial transaction tax, thus in the net fees and commissions line, in the adjusted P&L structure.

[4] Much of the q-o-q improvement stemmed from the lower income recorded in 2Q, due to technical reasons. At OTP Core, much of this type of income is related to the funds managed by the Group's Hungarian fund managers, and is presented at these asset management companies as commission expenditure, thus at Group level, this item did not affect the q-o-q dynamics of net fees and commissions.

[5] In 2Q 2020, the distribution fees on the retail government bonds fell, owing to the quarterly drop in the average volume of government bonds for retail customers. However, the average volumes picked up in 3Q, therefore higher income was recorded.

gain booked in the wake of the revision of Visa Inc.'s class C shares' accounting classification: due to this, HUF 2.8 billion positive amount was recognised on this line. The 9M dynamics was adversely affected by the drop in the gain on securities in 1Q 2020, and because starting from 2020 the recoveries from claims that OTP Faktoring had bought from non-Group-members were recognized within risk costs, rather than on the other income line. The 10% q-o-q (HUF 0.9 billion) decline in other income in 3Q can be put down to a number of factors: the base effect of the amount booked in 2Q owing to the Visa Inc.'s class C shares, and their revaluation recognized in 3Q accounted for HUF 3.3 billion q-o-q decline. This was largely counterbalanced by the higher gain on investment units, government bonds, and other securities.

Nine-month operating expenses grew by 7%, mostly driven by higher depreciation, but personnel expenses, as well as administrative (particularly hardware and office equipment) costs also increased. In the January-September period, the average number of employees increased by 3% y-o-y, and it remained stable in q-o-q terms in both 2Q and 3Q 2020. Operating expenses rose by 3% q-o-q in the third quarter.

In the first nine months total risk costs amounted to -HUF 17.3 billion, including +HUF 9 billion in the third quarter. Positive risk costs emerged in 3Q were mainly due to the recoveries realized on claims toward households handled by OTP Factoring, the work-out unit, whereas loan quality remained stable in 3Q. Nine-month credit risk cost rate amounted to 0.3% of average gross loans.

Regarding loan quality trends, new defaults do not appear to have jumped: in 1Q, the volume of more than 90 days past due (DPD90+) loans grew by HUF 3 billion (FX-adjusted, without sales/write-offs), but in 2Q they shrank by HUF 3.5 billion, and by HUF 2.7 billion in 3Q. In the January-September period, a total of HUF 6.5 billion non-performing volume was sold/written off (FX-adjusted), including HUF 2 billion in 3Q. The downward trend in the ratio of DPD90+ loans continued: it sank by 0.3 pp q-o-q, to 2.6%. The ratio of Stage 3 loans dropped by a similar rate q-o-q, to 3.7%, while their own provision coverage at the end of 3Q was the same as at end-2019.

In Hungary the moratorium on loan repayments that came into effect from 19 March 2020 will expire on 31 December 2020. The participation in the moratorium was automatic for all clients, but clients had the right to opt-out and pay according to the original schedule. At the end of September 2020 loan volumes amounting to HUF 1,885 billion were subject to the moratorium at OTP Core, which is equivalent of 42% of OTP Core’s total gross loan volumes. In October 2020 the Parliament approved the law on the new debt repayment moratorium, which offers payment holiday to a narrower range of borrowers from 1 January 2021 until 30 June 2021: in the case of retail clients, borrowers belonging to any of the so-called key social groups are entitled to take part. As for corporate borrowers, those in financial difficulty, as determined in a Government Decree to be published later, will be abe to participate, if they apply for it in writing. (The summary about the new moratorium can be found in the post balance sheet events section.)

OTP Bank monitors the changes in its customers' financial position and their behaviour even during the debt repayment moratorium, and seeks to identify debtors with elevated credit risk. Accordingly, in 1Q 2020 mainly corporate loans that were seen as vulnerable to the pandemic situation, and in 3Q 2020 mainly household exposures were reclassified from Stage 1 (performing) to Stage 2 (higher credit risk) category, under IFRS 9. The reclassification of retail loans in 3Q was carried out based on transaction-level analysis, using bottom-up method. It was largely the result of these reclassifications that the ratio of Stage 2 loans went up to 11.7% by the end of September, from 4.2% at end-2019, and from 7.6% a quarter earlier. In the case of those retail ones that were reclassified into Stage 2 in 3Q, additional provisions were already created in the first half of the year on portfolio-level. Although the reclassification reduced the own provision coverage of Stage 1 and Stage 2 loans, but overall, the own provision coverage of the Stage 1+2 portfolio remained stable in q-o-q terms.

Balance sheet trends

In the first nine months of 2020 the balance sheet total grew by 11% ytd (+HUF 1,105 billion) predominantly owing to a rise in customer deposits, and partly because liabilities to credit institutions also increased (+HUF 366 billion ytd), mainly because the repo volumes previously presented on the medium and large corporate deposits line picked up from zero level at the end of 2019, and were shifted to this line starting from 2020.

Gross loans and performing (Stage 1+2) loans grew at broadly similar paces over the past twelve months, by nearly 20% (FX-adjusted).

In the January-September period, performing loans grew by an FX-adjusted 13% ytd, including 5% q-o-q rise in 1Q, 2% in 2Q, and 5% in 3Q.

Starting from the second quarter, existing loan volumes were supported by the fact that there was no principal amortization in the case of loans subject to the debt repayment moratorium, and deferred interests are presented as part of gross loan volumes (the regulation prohibits charging interest on unpaid interest).

The main reason for the outstanding ytd loan growth is a nearly 40% surge in loans for micro and small enterprises, while performing consumer loan volumes increased by a third.

The engine of consumer loan growth was the subsidized baby loans. Their contractual amount at OTP Bank reached HUF 197 billion in the first nine months of 2020. Because of the nature of this structure, the quarterly contractual amount of baby loans has been declining since its launch in July 2019, in line with expectations, but it could rise q-o-q in the third quarter of 2020 (1Q: HUF 72 billion, 2Q: HUF 59 billion, 3Q: HUF 65 billion). Based on the 3Q data, OTP Bank's market share exceeded 40% again.

As for market-based cash loans, total new placements fell by 44% in the January-September period. Partly reversing a nearly 60% q-o-q slump in 2Q, new cash loan disbursements bounced back by almost 40% q-o-q in 3Q, yet they are 55% lower than a year earlier. One reason for the decline in cash loan disbursements from 2Q 2020 was the regulation that capped interest rates on newly disbursed unsecured consumer loans effective from 19 March to the end of 2020, and the related tightening of lending standards. OTP Bank's market share in cash loan disbursements was at 38.3% in 1Q 2020, 35.0% in 2Q, and 33.5% in 3Q. Performing cash loan volumes grew by 18% y-o-y and by 6% q-o-q; the latter also benefited from the decline in amortization owing to the loan repayment moratorium.

In 3Q, the steady growth in performing mortgage loan volumes continued: they increased by 3% q-o-q, and by 12% y-o-y. Within that, housing loans, which make up 84% of all mortgages, expanded by 16% y-o-y (+4% q-o-q), while the less popular mortgage-backed consumer loans (or home equities) kept shrinking (-7% y-o-y).

Demand for mortgage loans proved to be resilient in the first nine months of 2020: recovering from a 9% y-o-y fall in new mortgage loan applications in 2Q, they exceeded the base period by 4% in 3Q. In the first nine months, the disbursed amount surged 23% y-o-y (including 11% q-o-q and 15% y-o-y growth in 3Q), due to the increased demand for subsidized loans as the Housing Subsidy for Families scheme (CSOK) was extended from July 2019. OTP Bank traditionally has a strong market share in this subsidized loan segment.

OTP's market share in the contractual amounts of new mortgage loans reached 33.1% in January-September 2020 (up from 31.4% in full-year 2019).

Following the strong growth over the past years and the first quarter of 2020 (+5% q-o-q), performing corporate loans dropped by 1% q-o-q in 2Q 2020, but they picked up by the same rate in 3Q. This leaves the year-on-year growth rate in double-digit territory (+12% y-o-y).

The expansion of performing loans to micro and small enterprises continued in the third quarter: they grew by 25% q-o-q, and by 39% in the first nine months. This outstanding dynamic was mainly attributable to the National Bank of Hungary's Funding for Growth Scheme. The Funding for Growth Scheme Fix (*FGS Fix*) programme, launched in 2019, was replaced by the *FGS Go!* phase in 2Q 2020, with extended available funding and a wider array of possible loan purposes. The *FGS Go!* facility has been available at OTP Bank since the end of April 2020. OTP's cumulated contractual amounts for loan under the *FGS Go!* programme have exceeded HUF 176 billion by early October, thus OTP Bank's market share has reached 25% since its launch. For its outstanding lending activity over the past quarter, OTP Bank has won the FGS Go! Excellence Award by the National Bank of Hungary.

In the first nine months, the average share of subsidiary investment within the balance sheet total on the assets side of OTP Core increased by 1.5 pps y-o-y, to 13.4%, in a decisive contribution to boosting the share of non-interest-bearing assets in the balance sheet. However, the average share of non-interest-bearing assets dropped by 0.3 pp q-o-q in the third quarter.

OTP Core's deposit base rose by 4% q-o-q, and by 8% y-o-y (FX-adjusted). Retail deposits remained on a dynamically growing trajectory (+3% in 1Q, +6% in 2Q, and +2% in 3Q 2020 q-o-q). Deposits from medium and large corporations contracted by 1% q-o-q, and 11% y-o-y, while deposits from municipalities jumped by 25% q-o-q, due to seasonality induced by the collection of local taxes. The net loan to (deposit + retail bond) ratio rose by 1 pp q-o-q, to 58%, growing by an FX-adjusted 5 pps y-o-y, but its absolute level remained low.

At the end of September 2020, OTP Bank's capital adequacy ratio (CAR) stood at 26.1%, while the CET1=Tier 1 ratio was 21.9%. The Bank's regulatory capital at the end of the reporting period did not include the interim profit.

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	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	2,578	2,383	-8%	838	1,534	742	-52%	-11%
Income tax	-224	-179	-20%	-68	-90	-70	-23%	3%
Profit before income tax	2,802	2,562	-9%	906	1,625	812	-50%	-10%
Operating profit	2,802	2,562	-9%	906	1,625	812	-50%	-10%
Total income	4,776	5,020	5%	1,644	2,393	1,650	-31%	0%
Net interest income	0	0	-54%	0	0	0	-50%	-23%
Net fees and commissions	4,207	5,169	23%	1,423	1,978	1,434	-27%	1%
Other net non-interest income	569	-149	-126%	222	415	215	-48%	-3%
Operating expenses	-1,973	-2,458	25%	-739	-769	-838	9%	13%
Main components of balance sheet closing balances in HUF mn	2019	9M 2020	YTD	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
Total assets	33,688	25,136	-25%	21,056	25,872	25,136	-3%	19%
Total shareholders' equity	24,828	18,145	-27%	12,273	17,402	18,145	4%	48%
Asset under management in HUF bn	2019	9M 2020	YTD	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
Assets under management, total (w/o duplicates)[1]	**1,119**	**1,076**	**-4%**	**1,041**	**1,041**	**1,076**	**3%**	**3%**
Volume of investment funds (closing, w/o duplicates)	793	734	-7%	725	704	734	4%	1%
Volume of managed assets (closing)	326	342	5%	315	337	342	2%	9%
Volume of investment funds (closing, with duplicates)[2]	**1,073**	**1,038**	**-3%**	**981**	**996**	**1,038**	**4%**	**6%**
absolute return fund	434	350	-19%	388	343	350	2%	-10%
bond	315	342	8%	296	322	342	6%	15%
security	188	194	3%	172	190	194	2%	13%
mixed	73	99	36%	55	92	99	8%	82%
commodity market	30	29	-5%	32	22	29	30%	-10%
guaranteed	28	19	-30%	33	23	19	-15%	-41%
money market	6	5	-12%	7	5	5	2%	-24%
derivative	0	0		0	0	0		
other	0	0		0	0	0		

[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.

In the first nine months of 2020, **OTP Fund Management** generated HUF 2.4 billion profit, 8% less than in the same period of last year. Of this nine-month figure, HUF 0.7 billion was made in 3Q.

Net fees and commissions expanded by 23% y-o-y in January-September, the q-o-q decline of net fees and commissions q-o-q stemmed from the lower expenditure recorded in 2Q, due to technical reasons. The y-o-y drop in other income is mostly related to the negative real value adjustment of the investment fund units owned by OTP Fund Management, recorded in 1Q 2020; part of that was written back in 2Q and 3Q as the capital market situation was getting back to normal.

The 25% y-o-y increase in operating expenses stemmed largely from higher personnel costs, while the growth in hardware and office equipment expenditure drove administrative expenses higher.

Following the trough in the first quarter, Hungary's investment fund market enjoyed a more buoyant environment in the subsequent six months. The intensifying capital flow and the improving capital market sentiment augmented the assets managed in investment funds.

This positive capital flow and the yields increased the total wealth managed by OTP Fund Management by 4% q-o-q, yet it was 3% smaller than at the end of 2019. Driven by the favourable change in yields, the volume of derivatives (which make up a third of the funds managed) picked up 2% q-o-q, recovering from the slump in yields and capital divestment in March. The assets in bond funds grew by 6%, as a result of yields and capital flows. As to equity funds, the unfavourable change in yields was offset by the positive capital inflow, thus the assets managed in these funds rose by 2% q-o-q.

The Company's market share rose by 0.8 pp y-o-y, to 23.1% at the end of September 2020, thus preserving its leadership in the securities funds market.

MERKANTIL GROUP (HUNGARY)

Performance of Merkantil Group:

Main components of P&L account in HUF mn	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	5,339	5,624	5%	2,042	914	2,935	221%	44%
Income tax	-396	-642	62%	-195	-63	-404	537%	107%
Profit before income tax	5,735	6,266	9%	2,237	977	3,339	242%	49%
Operating profit	5,608	7,177	28%	2,124	2,421	2,510	4%	18%
Total income	10,656	15,385	44%	3,764	5,197	5,261	1%	40%
Net interest income	10,453	13,063	25%	3,619	4,412	4,484	2%	24%
Net fees and commissions	-83	17	-120%	4	5	26	422%	506%
Other net non-interest income	286	2,306	706%	140	781	750	-4%	436%
Operating expenses	-5,048	-8,208	63%	-1,639	-2,776	-2,751	-1%	68%
Total provisions	127	-911	-818%	113	-1,444	829	-157%	637%
Provision for impairment on loan and placement losses	59	-704		170	-1,178	757	-164%	346%
Other provision	68	-207	-403%	-57	-266	72	-127%	-225%
Main components of balance sheet closing balances in HUF mn	**2019**	**9M 2020**	**YTD**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
Total assets	491,399	620,089	26%	479,428	624,012	620,089	-1%	29%
Gross customer loans	366,064	400,758	9%	357,231	385,093	400,758	4%	12%
Gross customer loans (FX-adjusted)	368,654	400,758	9%	359,317	385,616	400,758	4%	12%
Retail loans	30,524	55,830	83%	30,685	56,076	55,830	0%	82%
Corporate loans	128,676	115,424	-10%	123,667	110,476	115,424	4%	-7%
Car financing loans	209,454	229,504	10%	204,965	219,065	229,504	5%	12%
Allowances for possible loan losses	-10,072	-12,134	20%	-11,895	-12,924	-12,134	-6%	2%
Allowances for possible loan losses (FX-adjusted)	-10,142	-12,134	20%	-11,915	-12,939	-12,134	-6%	2%
Deposits from customers	10,414	9,245	-11%	11,343	9,653	9,245	-4%	-18%
Deposits from customer (FX-adjusted)	10,414	9,245	-11%	11,343	9,653	9,245	-4%	-18%
Retail deposits	8,051	6,425	-20%	8,806	6,808	6,425	-6%	-27%
Corporate deposits	2,364	2,820	19%	2,536	2,845	2,820	-1%	11%
Liabilities to credit institutions	420,076	542,537	29%	412,016	548,263	542,537	-1%	32%
Total shareholders' equity	44,441	50,856	14%	42,682	47,702	50,856	7%	19%
Loan Quality	**9M 2019**	**9M 2020**	**Y-o-Y**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	336,787	346,041	3%	336,787	343,931	346,041	1%	3%
Stage 1 loans under IFRS 9/gross customer loans	94.3%	86.3%	-7.9%p	94.3%	89.3%	86.3%	-3.0%p	-7.9%p
Own coverage of Stage 1 loans under IFRS 9	0.5%	0.3%	-0.3%p	0.5%	0.4%	0.3%	-0.2%p	-0.3%p
Stage 2 loan volume under IFRS 9 (in HUF million)	8,186	37,785	362%	8,186	24,769	37,785	53%	362%
Stage 2 loans under IFRS 9/gross customer loans	2.3%	9.4%	7.1%p	2.3%	6.4%	9.4%	3.0%p	7.1%p
Own coverage of Stage 2 loans under IFRS 9	4.7%	4.5%	-0.2%p	4.7%	6.0%	4.5%	-1.5%p	-0.2%p
Stage 3 loan volume under IFRS 9 (in HUF million)	12,258	16,933	38%	12,258	16,392	16,933	3%	38%
Stage 3 loans under IFRS 9/gross customer loans	3.4%	4.2%	0.8%p	3.4%	4.3%	4.2%	0.0%p	0.8%p
Own coverage of Stage 3 loans under IFRS 9	78.9%	56.1%	-22.8%p	78.9%	60.6%	56.1%	-4.5%p	-22.8%p
Provision for impairment on loan and placement losses/average gross loans	-0.02%	0.24%	0.27%p	-0.19%	1.25%	-0.76%	-2.01%p	-0.58%p
90+ days past due loan volume (in HUF million)	9,092	10,116	11%	9,092	9,750	10,116	4%	11%
90+ days past due loans/gross customer loans	2.5%	2.5%	0.0%p	2.5%	2.5%	2.5%	0.0%p	0.0%p
Performance Indicators	**9M 2019**	**9M 2020**	**Y-o-Y**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
ROA	1.6%	1.3%	-0.3%p	1.7%	0.6%	1.9%	1.3%p	0.2%p
ROE	17.9%	15.8%	-2.1%p	19.4%	7.8%	23.9%	16.1%p	4.5%p
Total income margin	3.26%	3.57%	0.30%p	3.19%	3.60%	3.41%	-0.19%p	0.22%p
Net interest margin	3.20%	3.03%	-0.17%p	3.07%	3.05%	2.91%	-0.15%p	-0.16%p
Cost/income ratio	47.4%	53.4%	6.0%p	43.6%	53.4%	52.3%	-1.1%p	8.7%p

The columns for 2020 in the table display the semi-consolidated performance of Merkantil Group, whose members are: Merkantil Bank Ltd., Merkantil Bérlet Ltd., NIMO 2002 Ltd., SPLC-P Ingatlanfejlesztő, Ingatlanhasznosító Ltd., SPLC Vagyonkezelő Ltd., and OTP Ingatlanlízing Ltd. In the 2019 base periods, the performance of Merkantil Bank Ltd. was presented.

In the first nine months of 2020, **Merkantil Group** generated HUF 5.6 billion adjusted after-tax profit (+5% y-o-y), including Merkantil Bank's HUF 5.0 billion contribution. Much of this profit growth is attributable to the 28% y-o-y surge in 9M operating profit, which offset the jump in provisions. The Group's nine-month ROE ratio was 15.8%.

The main reason for the y-o-y rise of the income and expense lines is that, starting from 1Q 2020, the figures reflect the performance of the entire Hungarian leasing group. Merkantil Bank's individual net interest income rose by 2% y-o-y, and its operating expenses dropped by 1%.

In the third quarter, after-tax profit tripled in q-o-q comparison, as a combined result of improving operating profit and a positive amount of provision. The 3Q net interest margin dropped by 15 bps q-o-q. The reason for the lower margin is that the net profit from swap deals weighed on net interest income in q-o-q comparison.

Regarding loan quality, the volume of 90 days past due loans (DPD90+) rose but their share remained stable (at 2.5% at the end of 3Q; q-o-q stagnant). The volume of DPD90+ loans (FX-adjusted, without sales/write-offs) grew by HUF 0.5 billion in 3Q (by HUF 1.3 billion in the first nine months of 2020).

The ratio of Stage 2 loans rose by 0.3 pp q-o-q in the third quarter, mostly because of the volumes reclassified from Stage 1 to Stage 2. The own provision coverage of Stage 2 loans was at 4.5% (-1.5 pps q-o-q). Stage 3 loans made up 4.2% of gross loan volumes (+0.8pp y-o-y, stable q-o-q); their own provision coverage was 56.1%.

In the first nine months of 2020, provisions totaled -HUF 0.9 billion, including HUF 0.8 billion positive amount in 3Q, largely caused by the revision of the IFRS 9 model parameters.

FX-adjusted performing (Stage 1+2) loans grew by 1% y-o-y, and by 4% q-o-q. In the third quarter, new loan disbursements expanded by 22% q-o-q. Within that, car financing advanced 42%, while the financing of production equipment and machinery slipped 10%. 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 report 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	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	53,779	34,275	-36%	19,551	17,125	12,739	-26%	-35%
Income tax	-5,810	-2,831	-51%	-1,332	-1,538	-970	-37%	-27%
Profit before income tax	59,589	37,105	-38%	20,883	18,662	13,710	-27%	-34%
Operating profit	63,964	66,493	4%	22,161	21,626	23,219	7%	5%
Total income	115,772	122,390	6%	39,578	40,379	42,342	5%	7%
Net interest income	80,324	82,873	3%	28,390	27,108	27,827	3%	-2%
Net fees and commissions	31,079	32,902	6%	10,756	10,757	11,702	9%	9%
Other net non-interest income	4,369	6,614	51%	432	2,514	2,813	12%	551%
Operating expenses	-51,809	-55,897	8%	-17,417	-18,753	-19,123	2%	10%
Total provisions	-4,374	-29,388	572%	-1,278	-2,964	-9,509	221%	644%
Provision for impairment on loan and placement losses	-4,446	-27,832	526%	-1,192	-2,991	-7,864	163%	560%
Other provision	72	-1,556		-86	28	-1,645		
Main components of balance sheet closing balances in HUF mn	**2019**	**9M 2020**	**YTD**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
Total assets	3,669,766	4,210,324	15%	3,867,302	4,036,516	4,210,324	4%	9%
Gross customer loans	2,350,694	2,607,880	11%	2,339,202	2,500,852	2,607,880	4%	11%
Gross customer loans (FX-adjusted)	2,593,077	2,607,879	1%	2,548,367	2,557,253	2,607,879	2%	2%
Retail loans	1,595,342	1,600,051	0%	1,589,433	1,592,157	1,600,051	0%	1%
Corporate loans	952,140	925,207	-3%	943,828	921,144	925,207	0%	-2%
Car financing loans	45,595	82,620	81%	15,106	43,953	82,620	88%	447%
Allowances for possible loan losses	-135,640	-180,038	33%	-133,785	-168,661	-180,038	7%	35%
Allowances for possible loan losses (FX-adjusted)	-149,641	-180,038	20%	-145,773	-172,475	-180,038	4%	24%
Deposits from customers	3,015,805	3,471,188	15%	2,992,824	3,326,208	3,471,188	4%	16%
Deposits from customers (FX-adjusted)	3,318,278	3,471,187	5%	3,249,030	3,393,317	3,471,187	2%	7%
Retail deposits	2,782,386	2,873,067	3%	2,674,771	2,827,556	2,873,067	2%	7%
Corporate deposits	535,892	598,120	12%	574,260	565,761	598,120	6%	4%
Liabilities to credit institutions	59,867	52,441	-12%	263,992	55,643	52,441	-6%	-80%
Total shareholders' equity	528,759	613,473	16%	525,250	586,879	613,473	5%	17%
Loan Quality	**9M 2019**	**9M 2020**	**Y-o-Y**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	2,054,687	2,077,327	1%	2,054,687	2,066,140	2,077,327	1%	1%
Stage 1 loans under IFRS 9/gross customer loans	87.8%	79.7%	-8.2%p	87.8%	82.6%	79.7%	-3.0%p	-9.3%p
Own coverage of Stage 1 loans under IFRS 9	1.1%	0.8%	-0.2%p	1.1%	1.1%	0.8%	-0.3%p	-22.1%p
Stage 2 loan volume under IFRS 9 (in HUF million)	111,310	327,199	194%	111,310	231,184	327,199	42%	194%
Stage 2 loans under IFRS 9/gross customer loans	4.8%	12.5%	7.8%p	4.8%	9.2%	12.5%	3.3%p	7.8%p
Own coverage of Stage 2 loans under IFRS 9	10.1%	11.2%	1.1%p	10.1%	9.6%	11.2%	1.6%p	1.1%p
Stage 3 loan volume under IFRS 9 (in HUF million)	173,205	203,354	17%	173,205	203,528	203,354	0%	17%
Stage 3 loans under IFRS 9/gross customer loans	7.4%	7.8%	0.4%p	7.4%	8.1%	7.8%	-0.3%p	0.4%p
Own coverage of Stage 3 loans under IFRS 9	58.2%	62.1%	3.9%p	58.2%	60.5%	62.1%	1.6%p	6.7%p
Provision for impairment on loan and placement losses/average gross loans	0.27%	1.50%	1.23%p	0.21%	0.48%	1.25%	0.77%p	1.04%p
90+ days past due loan volume (in HUF million)	106,610	136,203	28%	106,610	136,434	136,203	0%	28%
90+ days past due loans/gross customer loans	4.6%	5.2%	0.7%p	4.6%	5.5%	5.2%	-0.2%p	0.7%p
Performance Indicators	**9M 2019**	**9M 2020**	**Y-o-Y**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
ROA	2.0%	1.2%	-0.8%p	2.1%	1.7%	1.3%	-0.5%p	-0.8%p
ROE	14.8%	8.0%	-6.7%p	15.4%	12.1%	8.5%	-3.5%p	-6.8%p
Total income margin	4.31%	4.12%	-0.19%p	4.19%	4.06%	4.17%	0.11%p	-0.01%p
Net interest margin	2.99%	2.79%	-0.20%p	3.00%	2.72%	2.74%	0.02%p	-0.26%p
Cost/income ratio	44.8%	45.7%	0.9%p	44.0%	46.4%	45.2%	-1.3%p	1.2%p
Net loans to deposits (FX-adjusted)	74%	70%	-4%p	74%	70%	70%	0%p	-4%p
FX rates (in HUF)	**9M 2019**	**9M 2020**	**Y-o-Y**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
HUF/BGN (closing)	171.1	186.4	9%	171.1	182.3	186.4	2%	9%
HUF/BGN (average)	165.2	177.9	8%	167.8	179.7	180.8	1%	8%

- ***Nine-month profit in Bulgaria totalled HUF 34.3 billion (-36% y-o-y), of which HUF 12.7 billion was generated in the third quarter***
- ***Portfolio quality remained stable 3Q. The q-o-q rise in impairments has led to higher provision coverage levels***
- ***At the beginning of May 2020, the integration of Expressbank was successfully completed. The number of branches fell by 22% y-o-y, and the headcount dropped by 9%***
- ***Business activity increased in the third quarter; performing loans rose by an FX-adjusted 2% q-o-q, but stagnated in the first nine months altogether***

The P&L of the Bulgarian operation was adjusted for the one-off items directly related to the Expressbank acquisition; these corrections are presented at consolidated level among adjustment items. The balance sheet items were not adjusted for these effects.

In the first nine months of 2020, **DSK Group** generated HUF 34.3 billion after-tax profit, 36% less than in the same period of last year. The third-quarter profit amounted to HUF 12.7 billion, which is consistent with 35% y-o-y fall.

The integration of Expressbank was successfully completed at the beginning of May. Certain cost synergies had already been extracted during the integration process, and this has continued since then. The number of branches in Bulgaria fell by 127 units altogether since the end of 1Q 2019 when Expressbank became part of the Group, whereas Expressbank had 134 branches at the end of 1Q 2019. Over the past quarter, 29 branches (-8% q-o-q) were closed. The headcount decreased by 588 (-10%) in the first nine months of 2020, including 220 in 3Q. Nine-month operating expenses in local currency terms were stable y-o-y.

The nine-month operating profit of the Bulgarian operation expanded by 4% in HUF terms (and contracted by the same magnitude in BGN terms). Within total income, the cumulated net interest income dropped by 4% in BGN terms as net interest margin shrank by 20 bps. In the third quarter, net interest income rose by 3% q-o-q, or HUF 0.7 billion. A regulatory change affecting 2Q NII improved the q-o-q dynamics of net interest income by around HUF 1 billion: during the state of emergency, between 13 March and 14 May, banks were prohibited from charging penalty interest, and the amount recognized in the 1Q financial statements for the second half of March was reversed in 2Q. This effect weighed also on the 2Q margin, thus it improved the q-o-q dynamics of net interest margin by 10 bps q-o-q (*ceteris paribus*). Overall, 3Q net interest margin grew by 2 bps, implying that the underlying margin erosion, adjusted for the above item, continued.

In the first nine months, net fees and commissions dropped by 2% in BGN terms, largely dragged down by the decline in economic and business activity in the second quarter. In the third quarter, net fees and commissions grew by 9% q-o-q, even surpassing the same period of the previous year by 1%.

Other income has increased by half in the January-September period, partly because following the revision of Visa Inc.'s class C shares' accounting classification, the equivalent of HUF 0.7 billion positive amount was recorded on this line in the second quarter of 2020. In 3Q, it was the q-o-q higher gain on swaps that boosted other income.

In the first nine months, total provisions amounted to -HUF 29.4 billion. The spike in the first-quarter figure (-HUF 16.9 billion) can be put down to the extra provisioning in response to the pandemic, whereas in 2Q and 3Q the total risk costs were much smaller. The reason for the q-o-q growth in the third quarter was that the IFRS 9 provisioning model parameters were revised in a conservative way, triggering additional provisioning in 3Q. The nine-month credit risk cost rate amounted to 1.5% of average gross loan volumes.

Loan quality indicators changed favourably in the third quarter: while more than 90 days past due loan volumes (FX-adjusted without sales/write-offs) grew by HUF 8 billion in full-year 2019, by HUF 5 billion in 1Q 2020, and by HUF 10 billion in 2Q, they declined by HUF 2 billion in 3Q. In the first nine months of 2020, it was mostly consumer loans that deteriorated. In the January-September period, non-performing loans worth HUF 1 billion were sold/written off.

Partially reversing the increase in 2Q, the ratio of Stage 3 loans dropped by 0.3 pp q-o-q, to 7.8% in 3Q, which is consistent with 0.4 pp rise from the same period of last year. The own provision coverage of Stage 3 loans has increased in both q-o-q and y-o-y terms. However, the Stage 2 ratio increased noticeably in both q-o-q and y-o-y comparison – mainly because in 1Q 2020 corporate loans which were deemed to be the most exposed to the pandemic situation, and in 3Q 2020 retail loans were reclassified from Stage 1 (performing) IFRS 9 category into Stage 2 (which signifies elevated credit risk). The combined provision coverage of Stage 1+2 loans increased in q-o-q comparison.

In Bulgaria the extended deadline to join the loan payment moratorium expired at the end of September 2020. Those retail and corporate clients who submitted their request and participate in the moratorium, can enjoy the payment holiday for 6 months after the joining the scheme. Since the scheme opened up in April 2020, the 6-months period has already elapsed for those clients who entered the moratorium in April. At the end of September, the amount of loans participating in the loan repayment moratorium made up 7% of the total gross loans of the Bulgarian operation.

Regarding lending activity, performing (Stage 1+2) loans expended by 2% both q-o-q and y-o-y (FX-adjusted).

In the third quarter, the upward trend in the stock of mortgage loans continued (the 3% q-o-q increase led to +11% y-o-y growth). In the first nine months, mortgage loan disbursements were 8% lower than a year earlier, but disbursements in 3Q have expanded by 30% q-o-q. In 3Q, outstanding consumer loan volumes worked off the 2% decline seen in 2Q; the disbursement of cash loans (which has the largest share in consumer loans) grew by more than 50% q-o-q but contracted by 8% y-o-y in local currency terms in 3Q. The q-o-q 86% FX-adjusted jump in performing car financing loans stem from the shifting of certain leasing exposures from corporate loans onto this line.

The Bulgarian operation's liquidity position is stable. The net loan/deposit ratio stood at 70% at the end of September. Deposit volumes grew by 2% in 1Q, by 1% in 2Q, and by 2% in 3Q (q-o-q, FX-adjusted), and expanded by a total of 7% over the past 12 months.

At the end of September 2020, DSK Bank's capital adequacy ratio stood at 21.4%, calculated under local rules. DSK Bank did not pay dividend to OTP Bank from its 2019 profit, in accordance with the Bulgarian National Bank's recommendation.

OTP BANK CROATIA

Performance of OTP Bank Croatia:

Main components of P&L account in HUF mn	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	26,523	14,911	-44%	9,102	7,280	4,984	-32%	-45%
Income tax	-5,760	-3,018	-48%	-1,904	-1,538	-1,031	-33%	-46%
Profit before income tax	32,283	17,928	-44%	11,006	8,818	6,015	-32%	-45%
Operating profit	32,595	30,434	-7%	11,991	9,800	12,111	24%	1%
Total income	63,610	63,773	0%	22,126	21,051	23,328	11%	5%
Net interest income	42,376	43,970	4%	14,155	14,307	14,894	4%	5%
Net fees and commissions	13,025	11,871	-9%	4,750	3,603	4,416	23%	-7%
Other net non-interest income	8,209	7,932	-3%	3,221	3,141	4,018	28%	25%
Operating expenses	-31,015	-33,338	7%	-10,136	-11,251	-11,217	0%	11%
Total provisions	-312	-12,506		-985	-981	-6,096	521%	519%
Provision for impairment on loan and placement losses	1,275	-10,618	-933%	246	-1,038	-3,849	271%	
Other provision	-1,587	-1,888	19%	-1,231	57	-2,247		83%
Main components of balance sheet closing balances in HUF mn	**2019**	**9M 2020**	**YTD**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
Total assets	2,098,951	2,215,655	6%	2,064,140	2,152,241	2,215,655	3%	7%
Gross customer loans	1,370,057	1,600,305	17%	1,354,139	1,567,657	1,600,305	2%	18%
Gross customer loans (FX-adjusted)	1,501,260	1,600,305	7%	1,463,228	1,604,424	1,600,305	0%	9%
Retail loans	811,078	831,497	3%	792,527	820,379	831,497	1%	5%
Corporate loans	617,134	698,936	13%	592,381	715,138	698,936	-2%	18%
Car financing loans	73,048	69,871	-4%	78,319	68,907	69,871	1%	-11%
Allowances for possible loan losses	-68,701	-90,812	32%	-69,162	-84,569	-90,812	7%	31%
Allowances for possible loan losses (FX-adjusted)	-75,137	-90,812	21%	-74,483	-86,567	-90,812	5%	22%
Deposits from customers	1,478,223	1,638,358	11%	1,511,476	1,560,698	1,638,358	5%	8%
Deposits from customers (FX-adjusted)	1,614,606	1,638,358	1%	1,625,336	1,592,949	1,638,358	3%	1%
Retail deposits	1,215,372	1,228,169	1%	1,228,580	1,195,923	1,228,169	3%	0%
Corporate deposits	399,234	410,188	3%	396,756	397,026	410,188	3%	3%
Liabilities to credit institutions	253,176	179,332	-29%	187,326	194,586	179,332	-8%	-4%
Total shareholders' equity	292,649	327,244	12%	294,813	313,829	327,244	4%	11%
Loan Quality	**9M 2019**	**9M 2020**	**Y-o-Y**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	1,193,003	1,272,757	7%	1,193,003	1,276,262	1,272,757	0%	7%
Stage 1 loans under IFRS 9/gross customer loans	88.1%	79.5%	-8.6%p	88.1%	81.4%	79.5%	-1.9%p	-8.6%p
Own coverage of Stage 1 loans under IFRS 9	0.9%	0.5%	-0.4%p	0.9%	0.8%	0.5%	-0.3%p	-0.4%p
Stage 2 loan volume under IFRS 9 (in HUF million)	75,175	222,345	196%	75,175	193,322	222,345	15%	196%
Stage 2 loans under IFRS 9/gross customer loans	5.6%	13.9%	8.3%p	5.6%	12.3%	13.9%	1.6%p	8.3%p
Own coverage of Stage 2 loans under IFRS 9	3.9%	7.9%	4.0%p	3.9%	5.0%	7.9%	2.9%p	4.0%p
Stage 3 loan volume under IFRS 9 (in HUF million)	85,961	105,203	22%	85,961	98,074	105,203	7%	22%
Stage 3 loans under IFRS 9/gross customer loans	6.3%	6.6%	0.2%p	6.3%	6.3%	6.6%	0.3%p	0.2%p
Own coverage of Stage 3 loans under IFRS 9	64.9%	63.4%	-1.5%p	64.9%	65.5%	63.4%	-2.0%p	-1.5%p
Provision for impairment on loan and placement losses/average gross loans	-0.13%	0.94%	1.07%p	-0.07%	0.27%	0.99%	0.72%p	1.06%p
90+ days past due loan volume (in HUF million)	55,989	73,107	31%	55,989	70,954	73,107	3%	31%
90+ days past due loans/gross customer loans	4.1%	4.6%	0.4%p	4.1%	4.5%	4.6%	0.0%p	0.4%p
Performance Indicators	**9M 2019**	**9M 2020**	**Y-o-Y**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
ROA	1.8%	0.9%	-0.9%p	1.8%	1.4%	0.9%	-0.5%p	-0.9%p
ROE	12.8%	6.4%	-6.4%p	12.6%	9.5%	6.3%	-3.2%p	-6.3%p
Total income margin	4.42%	3.98%	-0.44%p	4.38%	3.98%	4.31%	0.34%p	-0.07%p
Net interest margin	2.94%	2.75%	-0.20%p	2.80%	2.70%	2.75%	0.05%p	-0.05%p
Cost/income ratio	48.8%	52.3%	3.5%p	45.8%	53.4%	48.1%	-5.4%p	2.3%p
Net loans to deposits (FX-adjusted)	85%	92%	7%p	85%	95%	92%	-3%p	7%p
FX rates (in HUF)	**9M 2019**	**9M 2020**	**Y-o-Y**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
HUF/HRK (closing)	45.2	48.3	7%	45.2	47.1	48.3	2%	7%
HUF/HRK (average)	43.6	46.2	6%	44.4	46.4	47.0	1%	6%

- ***HUF 15 billion nine-month profit (-44% y-o-y), with 7% lower operating profit and a jump in provisions***
- ***Nine-month net interest income grew by 4% y-o-y, while performing (Stage 1+2) loans rose, and interest margin shrank 20 bps***
- ***Loan quality slightly worsened in 3Q: the Stage 3 ratio edged 0.3 pp higher, to 6.6%***

The **Croatian operation** generated HUF 14.9 billion after-tax profit in the first nine months of 2020. The quarterly dynamics of the after-tax profit in 3Q 2020 (-32% q-o-q) was shaped by q-o-q higher provisions, in excess of HUF 6 billion, while operating profit surged 24%.

The nine-month operating profit was 7% (in local currency 12%) less than in the base period. Within 9M 2020 income, core banking income dropped y-o-y in local currency, owing to a 20 bps erosion in net interest margin (2.75%), as well as the pandemic's effect on business and economic activity. The fall in tourism-related revenues weighed on net fees and commissions. In the first nine months, the other income was less than in the base period, despite a one-off HUF 1.5 billion revaluation result, following the revision of Visa Inc.'s class C shares' accounting classification in 2Q. The q-o-q increase in other income in 3Q stems from partly higher foreign exchange gain related to the tourist season as well as one-off income from selling government bonds.

In the first nine months of 2020, operating expenses rose by 7% y-o-y, owing to exchange rate effect (it upped 1% in local currency), to higher personnel costs, and to rising amortization. The 3Q operating cost level was flat q-o-q. Overall, the cost/income ratio rose by 3.9 pps y-o-y, to 52.6%. In the first nine months of 2020, HUF 12.5 billion provisions weighed on profits. A minor part of that was recorded in 1Q, with regard to the possible effects of the covid outbreak, while provisioning in 3Q exceeded the 1Q amount, as the parameters in the IFRS 9 provisioning models had been revised. The Stage 2 ratio rose by 8.3 pps y-o-y, to 13.9%, largely because of the corporate loans reclassified from Stage 1 in 1Q, and the retail loans reclassified in 3Q. The own provision coverage of Stage 2 loans rose q-o-q, to 7.9%, while the Stage 1 coverage declined as the previous additional provisioning was also reclassified as Stage 2, together with the retail loans reclassified in 3Q.

90+ days past due loan volumes increased by HUF 0.5 billion in 3Q in FX-adjusted terms, without sales/write-offs (from +HUF 12 billion in 2Q, and -HUF 2 billion in full-year 2009). This brought the DPD90+ ratio to 4.6% by the end of September (+0.4 pp y-o-y; it was stagnant in q-o-q terms). The ratio of Stage 3 loans rose by 0.3% q-o-q, to 6.6%.

During March and April, 2020 the Croatian National Bank issued a set of recommendation based on the EBA guidelines according to which local banks formulated their own payment moratorium rules. In case of OBH the tenor of the payment holiday is typically up to 6 months – in exceptional cases 12 months – for retail and typically 12 months for corporate customers which are eligible for the scheme. The bank can charge only the interest stipulated in the loan contract, but no additional fees or penalties can be levied on the clients. The debt moratorium is effective for a maximum of 12 months period. At the end of September, the amount of loans participating in the loan repayment moratorium was 13% of the total gross loans of the Croatian operation.

The volume of performing (Stage 1+2) loans expanded by an FX-adjusted 9% y-o-y; their volume was stable q-o-q. In 3Q, mortgage loan disbursement volumes grew by 8% y-o-y, while cash loan and corporate loan disbursements have dropped since the same period of 2019 (-46%, and -25%, respectively). That said, cash loan disbursement volumes more than doubled q-o-q in 3Q 2020.

The Croatian bank's liquidity position is stable. Its net loan/deposit ratio rose by an FX-adjusted 7 pps y-o-y, to 92% by the end of September. FX-adjusted deposit volumes stagnated y-o-y.

OTP BANK SERBIA

Performance of OTP Bank Serbia:

Main components of P&L account in HUF mn	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	4,594	10,374	126%	1,603	1,915	6,714	251%	319%
Income tax	110	-1,080		-28	-302	-852	182%	
Profit before income tax	4,484	11,454	155%	1,631	2,216	7,565	241%	364%
Operating profit	4,902	26,362	438%	1,528	7,877	10,111	28%	562%
Total income	23,287	57,842	148%	7,609	18,384	20,548	12%	170%
Net interest income	16,561	43,735	164%	5,411	14,066	15,286	9%	183%
Net fees and commissions	5,548	10,714	93%	1,742	3,141	3,862	23%	122%
Other net non-interest income	1,179	3,394	188%	457	1,177	1,399	19%	206%
Operating expenses	-18,385	-31,481	71%	-6,082	-10,507	-10,437	-1%	72%
Total provisions	-418	-14,907		103	-5,661	-2,545	-55%	
Provision for impairment on loan and placement losses	-233	-12,530		155	-4,038	-1,986	-51%	
Other provision	-185	-2,378		-52	-1,622	-559	-66%	982%
Main components of balance sheet closing balances in HUF mn	**2019**	**9M 2020**	**YTD**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
Total assets	1,659,483	2,025,385	22%	1,665,768	1,895,196	2,025,385	7%	22%
Gross customer loans	1,199,580	1,485,074	24%	1,178,366	1,383,334	1,485,074	7%	26%
Gross customer loans (FX-adjusted)	1,323,339	1,485,074	12%	1,283,073	1,414,816	1,485,074	5%	16%
Retail loans	632,267	724,491	15%	623,297	686,213	724,491	6%	16%
Corporate loans	641,623	706,288	10%	611,757	676,776	706,288	4%	15%
Car financing loans	49,449	54,294	10%	48,019	51,827	54,294	5%	13%
Allowances for possible loan losses	-18,904	-34,192	81%	-17,369	-31,763	-34,192	8%	97%
Allowances for possible loan losses (FX-adjusted)	-20,856	-34,192	64%	-18,904	-32,486	-34,192	5%	81%
Deposits from customers	910,623	1,160,487	27%	965,469	1,059,091	1,160,487	10%	20%
Deposits from customers (FX-adjusted)	1,003,000	1,160,487	16%	1,048,734	1,081,779	1,160,487	7%	11%
Retail deposits	604,178	649,828	8%	596,458	631,524	649,828	3%	9%
Corporate deposits	398,822	510,660	28%	452,275	450,254	510,660	13%	13%
Liabilities to credit institutions	436,449	515,378	18%	385,469	497,758	515,378	4%	34%
Subordinated debt	24,460	27,470	12%	24,945	26,521	27,470	4%	10%
Total shareholders' equity	249,461	278,006	11%	253,778	266,566	278,006	4%	10%
Loan Quality	**9M 2019**	**9M 2020**	**Y-o-Y**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	1,132,782	1,358,453	20%	1,132,782	1,272,202	1,358,453	7%	20%
Stage 1 loans under IFRS 9/gross customer loans	96.1%	91.5%	-4.7%p	96.1%	92.0%	91.5%	-0.5%p	-4.7%p
Own coverage of Stage 1 loans under IFRS 9	0.4%	0.6%	0.2%p	0.4%	0.6%	0.6%	0.0%p	0.2%p
Stage 2 loan volume under IFRS 9 (in HUF million)	16,763	94,210	462%	16,763	79,275	94,210	19%	462%
Stage 2 loans under IFRS 9/gross customer loans	1.4%	6.3%	4.9%p	1.4%	5.7%	6.3%	0.6%p	4.9%p
Own coverage of Stage 2 loans under IFRS 9	2.6%	8.7%	6.1%p	2.6%	7.1%	8.7%	1.6%p	6.1%p
Stage 3 loan volume under IFRS 9 (in HUF million)	28,821	32,411	12%	28,821	31,857	32,411	2%	12%
Stage 3 loans under IFRS 9/gross customer loans	2.4%	2.2%	-0.3%p	2.4%	2.3%	2.2%	-0.1%p	-0.3%p
Own coverage of Stage 3 loans under IFRS 9	43.9%	56.3%	12.4%p	43.9%	56.6%	56.3%	-0.3%p	12.4%p
Provision for impairment on loan and placement losses/average gross loans	0.07%	1.27%	1.20%p	-0.11%	1.23%	0.57%	-0.66%p	0.67%p
90+ days past due loan volume (in HUF million)	22,344	25,156	13%	22,344	26,067	25,156	-3%	13%
90+ days past due loans/gross customer loans	1.9%	1.7%	-0.2%p	1.9%	1.9%	1.7%	-0.2%p	-0.2%p
Performance Indicators	**9M 2019**	**9M 2020**	**Y-o-Y**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
ROA	0.9%	0.8%	-0.1%p	0.8%	0.4%	1.4%	1.0%p	0.6%p
ROE	6.2%	5.3%	-0.9%p	5.3%	2.9%	10.0%	7.1%p	4.7%p
Total income margin	4.62%	4.28%	-0.34%p	3.75%	4.04%	4.36%	0.31%p	0.61%p
Net interest margin	3.28%	3.24%	-0.05%p	2.66%	3.09%	3.24%	0.15%p	0.58%p
Cost/income ratio	78.9%	54.4%	-24.5%p	79.9%	57.2%	50.8%	-6.4%p	-29.1%p
Net loans to deposits (FX-adjusted)	121%	125%	4%p	121%	128%	125%	-3%p	4%p
FX rates (in HUF)	**9M 2019**	**9M 2020**	**Y-o-Y**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
HUF/RSD (closing)	2.9	3.1	9%	2.9	3.0	3.1	2%	9%
HUF/RSD (average)	2.7	3.0	8%	2.8	3.0	3.0	1%	8%

- ***Nine-month after-tax profit at HUF 10.4 billion, as 3Q profit grew 3.5 times q-o-q***
- ***The integration continued, nine-month cost/income ratio fell to 54.4% (by -24.5 pps y-o-y)***
- ***The share of Stage 3 loans dropped further (3Q: 2.2%), their coverage was 56.3%***

The financial closure of the Societe Generale banka Srbija transaction was completed on 24 September 2019.

The new name of the bank is OTP banka Srbija. The Serbian financial statements include the acquired bank's balance sheet starting from 3Q 2019, and its P&L statement from 4Q 2019.

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.

The **Serbian banking group** generated HUF 10.4 billion adjusted after-tax profit in the first nine months of 2020, including the HUF 6.7 billion profit earned in 3Q 2020.

Following the financial closure of the acquisition at the end of September 2019, the Serbian operation's total market share by balance sheet total jumped to 13.4% on pro forma basis, the most recent data of end-March 2020 reveal.

The integration process of the bank acquired in 2019 progresses as scheduled. The total number of branches has fallen by 23 (-10%) since the end of September 2019. The number of employees dropped by 28 q-o-q and by 173 (-5%) y-o-y.

The net-loan-to-deposit ratio of the Serbian operation rose by 4 pps y-o-y, to 125%. The deposit basis grew by an FX-adjusted 7% y-o-y, and performing loan volumes (Stage 1+2) expanded by 16% y-o-y. Both the retail and the corporate loan segments have increased y-o-y: consumer loans surged by 22%, and mortgage loans grew by 10% (FX-adjusted). Moreover, corporate loans, which make up nearly half of the performing (Stage 1+2) loan portfolio, increased by 16% y-o-y. New loan disbursement volumes in local currency surged by 77% (mortgage loans), and 78% (consumer loans) from the second quarter. Corporate loan disbursement volumes grew by 19% q-o-q, thus further strengthening the Company's markets share in existing corporate loans (15.4% at the end of September).

The y-o-y change in nine-month operating profit chiefly reflects the effect of the acquisition. The 3Q operating profit increased by 28% q-o-q, while operating costs dropped by 1% q-o-q, and total income grew by 12%. The q-o-q dynamic of 3Q net interest margin benefited from an increase in performing loans as well as a 15 bps rise in net interest margin. The q-o-q margin improvement was largely due to the dynamic growth of consumer loans. The main reason for the 23% q-o-q surge in net fees and commissions is the higher commission revenues, relating to the rebounding economic activity and cash flow.

The 9M provision totalled HUF 14.9 billion, including HUF 2.5 billion in the third quarter. The nine-month loan loss provision coverage ratio was 1.27%. The q-o-q decline in other provisions was necessitated by the high basis caused by the provisions made in 2Q for litigation exposures and guarantees.

Regarding loan quality, the volume of 90+ days past due loans dropped by HUF 1 billion, (FX-adjusted, without sales/write-offs) in 3Q. In the third quarter, HUF 0.2 billion problem loans were sold/written off. The ratio of Stage 3 loans dropped further q-o-q (2.2% in 3Q 2020, -0.1 pp q-o-q), their own provision coverage stood at 56.3% at the end of September. Stage 2 loans were shaped by a number of factors: while in 1Q it was corporate portfolios that were reclassified as Stage 2 (higher risk) because of the pandemic, in the third quarter it was mostly retail loans that were reclassified. The additional provisions for Stage 1 loan losses was also reclassified for Stage 2 portfolios, thus their own provision coverage rose by 1.6 pps, to 8.7%.

In second part of March Serbia introduced a three months (90 days) debt moratorium which was available for retail and corporate clients until 1 July 2020. Later a second moratorium was announced being effective for the 1 August and ended on 1 of October, amount of loans participating in the loan repayment moratorium was 44% of the total gross loans of the Serbian operation.

SKB BANKA (SLOVENIA)

Performance of SKB Banka (Slovenia):

Main components of P&L account in HUF mn	9M 2019	9M 2020	Y-o-Y	2Q 2020	3Q 2020	Q-o-Q
After tax profit w/o dividends and net cash transfer		7,638		3,163	4,393	39%
Income tax		-1,846		89	-1,026	
Profit before income tax		9,484		3,074	5,420	76%
Operating profit		14,193		4,750	5,009	5%
Total income		29,945		9,654	10,152	5%
Net interest income		21,017		7,016	7,033	0%
Net fees and commissions		8,282		2,674	2,830	6%
Other net non-interest income		646		-36	289	
Operating expenses		-15,752		-4,904	-5,143	5%
Total provisions		-4,710		-1,676	411	
Provision for impairment on loan and placement losses		-3,722		-281	143	
Other provision		-988		-1,395	268	
Main components of balance sheet closing balances in HUF mn	**2019**	**9M 2020**	**YTD**	**2Q 2020**	**3Q 2020**	**Q-o-Q**
Total assets	1,130,871	1,309,977	16%	1,273,699	1,309,977	3%
Gross customer loans	831,139	913,537	10%	887,449	913,537	3%
Gross customer loans (FX-adjusted)	916,982	913,537	0%	907,487	913,537	1%
Retail loans	539,670	531,207	-2%	530,881	531,207	0%
Corporate loans	249,265	260,165	4%	254,217	260,165	2%
Car financing loans	128,047	122,165	-5%	122,390	122,165	0%
Allowances for possible loan losses	-4,051	-10,876	168%	-10,203	-10,876	7%
Allowances for possible loan losses (FX-adjusted)	-4,469	-10,876	143%	-10,433	-10,876	4%
Deposits from customers	880,839	1,092,441	24%	1,041,711	1,092,441	5%
Deposits from customers (FX-adjusted)	970,996	1,092,441	13%	1,064,586	1,092,441	3%
Retail deposits	852,551	934,068	10%	918,021	934,068	2%
Corporate deposits	118,446	158,373	34%	146,565	158,373	8%
Liabilities to credit institutions	94,909	29,893	-69%	49,044	29,893	-39%
Total shareholders' equity	132,667	162,015	22%	153,527	162,015	6%
Loan Quality	**9M 2019**	**9M 2020**	**Y-o-Y**	**2Q 2020**	**3Q 2020**	**Q-o-Q**
Stage 1 loan volume under IFRS 9 (in HUF million)		855,816		826,584	855,816	4%
Stage 1 loans under IFRS 9/gross customer loans		93.7%		93.1%	93.7%	0.5%p
Own coverage of Stage 1 loans under IFRS 9		0.5%		0.5%	0.5%	0.0%p
Stage 2 loan volume under IFRS 9 (in HUF million)		45,800		50,197	45,800	-9%
Stage 2 loans under IFRS 9/gross customer loans		5.0%		5.7%	5.0%	-0.6%p
Own coverage of Stage 2 loans under IFRS 9		7.7%		7.4%	7.7%	0.3%p
Stage 3 loan volume under IFRS 9 (in HUF million)		11,920		10,669	11,920	12%
Stage 3 loans under IFRS 9/gross customer loans		1.3%		1.2%	1.3%	0.1%p
Own coverage of Stage 3 loans under IFRS 9		27.4%		21.6%	27.4%	5.8%p
Provision for impairment on loan and placement losses/average gross loans		0.56%		0.13%	-0.06%	-0.19%p
90+ days past due loan volume (in HUF million)		3,642		3,514	3,642	4%
90+ days past due loans/gross customer loans		0.4%		0.4%	0.4%	0.0%p
Performance Indicators	**9M 2019**	**9M 2020**	**Y-o-Y**	**2Q 2020**	**3Q 2020**	**Q-o-Q**
ROA		0.8%		1.0%	1.4%	0.4%p
ROE		6.8%		8.5%	11.3%	2.8%p
Total income margin		3.21%		3.05%	3.16%	0.11%p
Net interest margin		2.25%		2.22%	2.19%	-0.03%p
Cost/income ratio		52.6%		50.8%	50.7%	-0.1%p
Net loans to deposits (FX-adjusted)		83%		84%	83%	-2%p
FX rates (in HUF)	**9M 2019**	**9M 2020**	**Y-o-Y**	**2Q 2020**	**3Q 2020**	**Q-o-Q**
HUF/EUR (closing)	334.7	364.7	9%	356.6	364.7	2%
HUF/EUR (average)	323.2	348.0	8%	351.5	353.6	1%

OTP Group's financial highlights include the Slovenian bank's balance sheet starting from end-2019, and its P&L statement from the first quarter of 2020.

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

OTP Group's **Slovenian** subsidiary recorded HUF 7.6 billion adjusted after-tax profit in 9M 2020.

Net interest income in 3Q was q-o-q stable, with slightly declining margin and modestly rising volumes. In the third quarter, the 6% q-o-q surge in net fees and commissions was supported by growing commissions on payments (from ATM and POS transactions). The q-o-q increase in other net non-interest income largely stemmed from the better result of an intra-group swap deal.

The 5% q-o-q growth in operating expenses can be put down to the increase in personnel expenses as well higher hardware and office equipment costs.

In the third quarter, provisions totalled HUF 0.4 billion, largely as previous provisions for liabilities and guarantees were released.

At the end of 3Q 2020, the ratio of Stage 3 loans was at 1.3% of gross loan volume; it was stable in q-o-q terms. The own provision coverage of Stage 3 loans was 27.4%. Stage 3 coverage has been steadily rising because, at the time when the Slovenian bank was added to the Group, Stage 3 loans were recorded into books at net value, but the provisions for Stage 3 loans made since then are recognized in gross terms. In the first nine months of the year, DPD90+ loan volumes increased by HUF 0.4 billion, from HUF 1.7 billion in 1Q; -HUF 1.4 billion in 2Q; and +HUF 0.1 billion in 3Q (adjusted for FX, and for the effect of sales/write-offs).

In Slovenia the application deadline into the payment moratorium is 15 November 2020, i.e. six month from declaring the special situation due to pandemic. Those retail and corporate clients who decided to participate in the scheme are going to enjoy the payment moratorium for 12 months from the date of approval of application by the bank. At the end of September, the amount of loans participating in the loan repayment moratorium made up 5% of the total gross loans of the Slovenian operation.

In 3Q 2020, the FX-adjusted volume of performing (Stage 1+2) loans rose by 1% q-o-q. Within that, corporate loan volumes expanded by 2%, while retail loan volumes stagnated, even though the disbursement of cash loans and mortgage loans grew by nearly 50% q-o-q in the third quarter.

The FX-adjusted deposit book grew by 3% q-o-q. The net loan/deposit ratio stood at 83%.

SKB Banka had 51 branches with 881 employees at the end of September (on FTE basis).

OTP BANK ROMANIA

Performance of OTP Bank Romania:

Main components of P&L account in HUF mn	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	5,414	2,775	-49%	1,788	2,048	1,637	-20%	-8%
Income tax	-312	-83	-73%	-142	-484	-111	-77%	-22%
Profit before income tax	5,726	2,859	-50%	1,931	2,532	1,747	-31%	-10%
Operating profit	9,683	9,835	2%	3,774	4,044	3,223	-20%	-15%
Total income	27,593	32,444	18%	9,725	11,170	10,895	-2%	12%
Net interest income	20,578	24,281	18%	7,625	8,105	8,103	0%	6%
Net fees and commissions	2,432	2,724	12%	772	972	861	-11%	12%
Other net non-interest income	4,583	5,439	19%	1,328	2,093	1,932	-8%	45%
Operating expenses	-17,910	-22,610	26%	-5,951	-7,126	-7,672	8%	29%
Total provisions	-3,957	-6,976	76%	-1,843	-1,512	-1,476	-2%	-20%
Provision for impairment on loan and placement losses	-2,212	-5,006	126%	-499	-38	-857		72%
Other provision	-1,745	-1,970	13%	-1,344	-1,474	-619	-58%	-54%
Main components of balance sheet closing balances in HUF mn	**2019**	**9M 2020**	**YTD**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
Total assets	953,345	1,109,031	16%	911,190	1,047,032	1,109,031	6%	22%
Gross customer loans	708,299	843,368	19%	695,398	794,982	843,368	6%	21%
Gross customer loans (FX-adjusted)	772,404	843,368	9%	745,686	809,269	843,368	4%	13%
Retail loans	522,112	577,144	11%	497,510	543,972	577,144	6%	16%
Corporate loans	236,999	251,007	6%	235,886	250,940	251,007	0%	6%
Allowances for possible loan losses	-39,327	-47,271	20%	-39,816	-46,112	-47,271	3%	19%
Allowances for possible loan losses (FX-adjusted)	-42,945	-47,271	10%	-42,740	-46,915	-47,271	1%	11%
Deposits from customers	546,350	631,708	16%	497,642	593,609	631,708	6%	27%
Deposits from customers (FX-adjusted)	590,752	631,708	7%	530,159	603,060	631,708	5%	19%
Retail deposits	442,425	458,556	4%	400,328	447,580	458,556	2%	15%
Corporate deposits	148,327	173,152	17%	129,832	155,480	173,152	11%	33%
Liabilities to credit institutions	257,404	308,333	20%	261,198	292,537	308,333	5%	18%
Total shareholders' equity	116,432	127,693	10%	117,924	123,160	127,693	4%	8%
Loan Quality	**9M 2019**	**9M 2020**	**Y-o-Y**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	574,043	675,561	18%	574,043	653,743	675,561	3%	18%
Stage 1 loans under IFRS 9/gross customer loans	82.5%	80.1%	-2.4%p	82.5%	82.2%	80.1%	-2.1%p	-2.4%p
Own coverage of Stage 1 loans under IFRS 9	1.4%	0.9%	-0.5%p	1.4%	1.2%	0.9%	-0.3%p	-0.5%p
Stage 2 loan volume under IFRS 9 (in HUF million)	63,599	110,046	73%	63,599	85,271	110,046	29%	73%
Stage 2 loans under IFRS 9/gross customer loans	9.1%	13.0%	3.9%p	9.1%	10.7%	13.0%	2.3%p	3.9%p
Own coverage of Stage 2 loans under IFRS 9	6.0%	9.6%	3.6%p	6.0%	8.2%	9.6%	1.4%p	3.6%p
Stage 3 loan volume under IFRS 9 (in HUF million)	57,757	57,761	0%	57,757	55,967	57,761	3%	0%
Stage 3 loans under IFRS 9/gross customer loans	8.3%	6.8%	-1.5%p	8.3%	7.0%	6.8%	-0.2%p	-1.5%p
Own coverage of Stage 3 loans under IFRS 9	48.4%	53.3%	4.9%p	48.4%	55.7%	53.3%	-2.4%p	4.9%p
Provision for impairment on loan and placement losses/average gross loans	0.47%	0.87%	0.40%	0.30%	0.02%	0.43%	0.41%	0.13%
90+ days past due loan volume (in HUF million)	38,256	43,553	13.8%	38,256	43,369	43,553	0.4%	13.8%
90+ days past due loans/gross customer loans	5.5%	5.2%	-0.3%p	5.5%	5.5%	5.2%	-0.3%p	-0.3%p
Performance Indicators	**9M 2019**	**9M 2020**	**Y-o-Y**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
ROA	0.9%	0.4%	-0.5%p	0.8%	0.8%	0.6%	-0.2%p	-0.2%p
ROE	8.3%	3.1%	-5.2%p	7.0%	6.8%	5.3%	-1.5%p	-1.7%p
Total income margin	4.42%	4.26%	-0.16%p	4.38%	4.41%	4.11%	-0.31%p	-0.27%p
Net interest margin	3.30%	3.19%	-0.11%p	3.43%	3.20%	3.05%	-0.15%p	-0.38%p
Cost/income ratio	64.9%	69.7%	4.8%p	61.2%	63.8%	70.4%	6.6%p	9.2%p
Net loans to deposits (FX-adjusted)	133%	126%	-7%p	133%	126%	126%	0%p	-7%p
FX rates (in HUF)	**9M 2019**	**9M 2020**	**Y-o-Y**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
HUF/RON (closing)	70.4	74.9	6%	70.4	73.6	74.9	2%	6%
HUF/RON (average)	68.2	72.1	6%	69.3	72.7	73.0	0%	5%

OTP Bank Romania's adjusted after-tax profit amounted to HUF 2.8 billion in the first nine months of 2020. The 49% year-on-year fall is mainly owed to the HUF 7 billion total provision, most of which was recorded in the first quarter. The Romanian operation generated HUF 1.6 billion profit in 3Q, as provisions declined further.

In the first nine months of the year, operating profit rose by 2% y-o-y (it contracted by 4% in local currency), as a result of an 18% increase in total income, and a 26% jump in operating expenses.

Net interest income expanded by 12% in local currency in the January-September period, largely driven by a 15% jump in FX-adjusted performing (Stage 1+2) loan volumes, while the margin slightly shrank.

The 15 bps q-o-q decline in 3Q margin is mostly related to the housing and the corporate loan portfolios, whose interest margins dropped. The rise in total performing loan volumes offset the decline in margins, therefore 3Q net interest income remained stable q-o-q, in local currency.

The y-o-y increase in nine-month operating expenses stemmed from higher IT expenses, as well as an increase in personnel expenses; most the latter was caused by the overall wage inflation, as well as a 16% y-o-y surge in the average number of employees.

As to loan quality, the ratio of Stage 3 loans fell further over the third quarter (by 0.2 pp, to 6.8%). The own coverage of Stage 3 loans stood at 53.3% at the end of 3Q (+4.9 pps y-o-y; -2.4 pps q-o-q). The ratio of Stage 2 loans upped 2.3 pps, to 13% over the third quarter, largely because of the retail volumes that were reclassified from Stage 1 to Stage 2. Given that not only loan volumes, but the previous additional provisioning was also reclassified, the own provision coverage of Stage 1 loans dropped in 3Q, but the combined coverage of Stage 1+2 loans slightly increased.

FX-adjusted performing (Stage 1+2) loan volumes grew by 15% year/year (+4% q-o-q), chiefly as a result of a dynamic expansion of mortgage loans as well as loans to micro and small enterprises; corporate loans rose by a slower rate of 8% y-o-y, and stagnated in q-o-q terms.

In Romania the extended deadline for applying for a repayment moratorium expired on 30 September. Retail and corporate customers who apply for it and participate in the moratorium can take advantage of the deferral option for maximum 9 months from the entry date, but the latest until 31 December 2020. At the end of September, the amount of loans participating in the loan repayment moratorium was 11% of the total gross loans of the Romanian operation.

Regarding third-quarter lending activity, cash loans fell by 22% year/year in 3Q, and housing loans dropped by 2%.

The net loan/deposit ratio stood at 126% at the end of the quarter (-7 pps y-o-y, FX-adjusted).

OTP BANK UKRAINE

Performance of OTP Bank Ukraine:

Main components of P&L account in HUF mn	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	25,608	21,634	-16%	9,597	4,102	10,874	165%	13%
Income tax	-5,248	-4,636	-12%	-1,957	-852	-2,265	166%	16%
Profit before income tax	30,856	26,269	-15%	11,554	4,953	13,139	165%	14%
Operating profit	32,026	31,399	-2%	11,657	9,136	10,262	12%	-12%
Total income	48,024	50,290	5%	17,552	15,652	16,163	3%	-8%
Net interest income	34,288	36,272	6%	12,502	11,624	11,302	-3%	-10%
Net fees and commissions	10,617	10,181	-4%	4,086	3,119	3,467	11%	-15%
Other net non-interest income	3,118	3,836	23%	964	909	1,394	53%	45%
Operating expenses	-15,998	-18,890	18%	-5,895	-6,516	-5,901	-9%	0%
Total provisions	-1,170	-5,130	338%	-103	-4,183	2,878		
Provision for impairment on loan and placement losses	-315	-3,527		57	-3,240	2,871		
Other provision	-855	-1,602	87%	-160	-943	6		
Main components of balance sheet closing balances in HUF mn	2019	9M 2020	YTD	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
Total assets	646,295	723,301	12%	596,077	695,728	723,301	4%	21%
Gross customer loans	468,715	450,907	-4%	474,521	451,236	450,907	0%	-5%
Gross customer loans (FX-adjusted)	450,420	450,907	0%	442,710	429,285	450,907	5%	2%
Retail loans	143,020	135,054	-6%	143,815	133,628	135,054	1%	-6%
Corporate loans	262,887	268,515	2%	258,739	250,676	268,515	7%	4%
Car financing loans	44,513	47,337	6%	40,155	44,981	47,337	5%	18%
Allowances for possible loan losses	-69,785	-62,227	-11%	-75,121	-72,019	-62,227	-14%	-17%
Allowances for possible loan losses (FX-adjusted)	-67,243	-62,227	-7%	-70,877	-68,393	-62,227	-9%	-12%
Deposits from customers	431,944	482,618	12%	385,243	453,099	482,618	7%	25%
Deposits from customers (FX-adjusted)	411,008	482,617	17%	359,774	431,335	482,617	12%	34%
Retail deposits	184,402	211,703	15%	161,329	201,463	211,703	5%	31%
Corporate deposits	226,607	270,914	20%	198,445	229,872	270,914	18%	37%
Liabilities to credit institutions	79,331	97,796	23%	71,549	97,596	97,796	0%	37%
Total shareholders' equity	109,128	117,683	8%	102,740	115,115	117,683	2%	15%
Loan Quality	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	356,400	333,902	-6%	356,400	324,073	333,902	3%	-6%
Stage 1 loans under IFRS 9/gross customer loans	75.1%	74.1%	-1.1%p	75.1%	71.8%	74.1%	2.2%p	-1.1%p
Own coverage of Stage 1 loans under IFRS 9	1.0%	0.9%	0.0%p	1.0%	1.0%	0.9%	-0.1%p	0.0%p
Stage 2 loan volume under IFRS 9 (in HUF million)	29,290	48,312	65%	29,290	48,226	48,312	0%	65%
Stage 2 loans under IFRS 9/gross customer loans	6.2%	10.7%	4.5%p	6.2%	10.7%	10.7%	0.0%p	4.5%p
Own coverage of Stage 2 loans under IFRS 9	12.7%	9.8%	-2.9%p	12.7%	14.0%	9.8%	-4.1%p	-2.9%p
Stage 3 loan volume under IFRS 9 (in HUF million)	88,830	68,692	-23%	88,830	78,938	68,692	-13%	-23%
Stage 3 loans under IFRS 9/gross customer loans	18.7%	15.2%	-3.5%p	18.7%	17.5%	15.2%	-2.3%p	-3.5%p
Own coverage of Stage 3 loans under IFRS 9	76.5%	79.2%	2.7%p	76.5%	78.5%	79.2%	0.7%p	2.7%p
Provision for impairment on loan and placement losses/average gross loans	0.11%	1.04%	0.94%p	-0.05%	2.81%	-2.66%	-5.47%p	-2.61%p
90+ days past due loan volume (in HUF million)	57,296	43,437	-24%	57,296	50,247	43,437	-14%	-24%
90+ days past due loans/gross customer loans	12.1%	9.6%	-2.4%p	12.1%	11.1%	9.6%	-1.5%p	-2.4%p
Performance Indicators	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
ROA	7.3%	4.3%	-3.0%p	7.0%	2.4%	6.3%	3.9%p	-0.7%p
ROE	45.3%	25.9%	-19.4%p	42.2%	14.6%	39.1%	24.5%p	-3.0%p
Total income margin	13.72%	9.92%	-3.80%p	12.88%	9.32%	9.44%	0.11%p	-3.44%p
Net interest margin	9.80%	7.15%	-2.64%p	9.17%	6.92%	6.60%	-0.33%p	-2.58%p
Cost/income ratio	33.3%	37.6%	4.3%p	33.6%	41.6%	36.5%	-5.1%p	2.9%p
Net loans to deposits (FX-adjusted)	103%	81%	-23%p	103%	84%	81%	-3%p	-23%p
FX rates (in HUF)	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
HUF/UAH (closing)	12.7	11.0	-13%	12.7	11.9	11.0	-8%	-13%
HUF/UAH (average)	10.9	11.7	7%	11.7	11.9	11.0	-8%	-6%

OTP Bank Ukraine's financial figures in HUF terms were affected by the UAHHUF exchange rate: by the end of 3Q 2020, the hryvnia had weakened by 13% y-o-y, and by 8% in q-o-q comparison. The nine-month average exchange rate firmed by 7% y-o-y, while the third-quarter average rate weakened 7% y-o-y, and by 8% q-o-q. Therefore, the balance sheet and the P&L dynamics reported in HUF terms differ from the ones expressed in local currency.

In the first nine months of 2020, **OTP Bank Ukraine** generated HUF 21.6 billion after-tax profit. The 20% y-o-y decline in local currency stems from higher provisions, and 8% lower operating profit. In 3Q 2020, the Ukrainian operation realized HUF 10.9 billion profit, owing to the +HUF 2.9 billion total provisions, thus the 3Q profit has grown by 21% y-o-y (in UAH) from the previous year.

The Ukrainian operation's liquidity position improved further in q-o-q terms. The net loan/deposit ratio was at 81% at the end of 3Q, slipping 3 pps from the end of June, owing to a 12% q-o-q increase in deposits, while the loan book expanded by 5% (all FX-adjusted). It is illustrative of the favourable liquidity position that the previous net intrabank funding towards the Ukrainian operation turned into net placement to the Group in 2Q, and this net financing surplus grew further in 3Q.

Performing (Stage 1+2) loans increased by an FX-adjusted 6% y-o-y, and 8% q-o-q in 3Q, rebounding from the 6% q-o-q fall in 2Q. Performing consumer loans expanded by 5%, and corporate ones surged by 9% q-o-q (FX adjusted). Although consumer loan disbursements jumped by 119% q-o-q, they fell by nearly a fifth over the nine months to 30 September from the same period of 2019, in local currency.

In the first nine months of 2020, operating profit dropped by 8% y-o-y in local currency, while the 3Q operating profit expanded by 22% q-o-q, rebounding from a weak second quarter. Because of the modest income in 2Q, total income eased by 2% in the first nine months of the year (in local currency).

The 9M net interest income declined by 1%, while net interest margin decreased by 2.71 pps, to 7.12%, mostly because of the sharp fall in the interest rate environment. The 9M net fees and commissions contracted by 10%, largely owing to a drop in fees and commissions on corporate loans. Operating expenses (in UAH) rose by 11% compared to 9M 2019, essentially due to the higher wage costs.

Following the general decline in 2Q 2020, core banking revenues markedly increased q-o-q in 3Q: net interest income rose by 6%, net fees and commissions surged by 21% in local currency, while operating expenses eased 2%. The 33 bps quarterly decline of NIM was mainly due to the drop of yield on secutrites portfolio, and to a smaller extent the lower average yield realised on the loan portfolio, which were partly counterbalanced by the decreasing deposit rates. Net non-interest income grew by 50% q-o-q, mostly because of foreign exchange gains stemming from the volatile market environment. The 3Q total income was 2% less than a year earlier (in local currency).

Total provisions amounted -HUF 5.1 billion in the first nine months. In 3Q, +HUF 2.9 billion was booked as provisions, mostly because the IFRS 9 impairment model parameters were revised. Risk cost rate stood at 1.04% in 9M (+0.94 pp y-o-y).

In Ukraine there was no legal obligation to apply debt repayment moratorium. Regarding loan quality, the 90+ days past due loan volume grew by HUF 0.8 billion in 3Q (FX-adjusted, without sales/write-offs), after +HUF 2.7 billion in the first quarter and +HUF 4.2 billion in the second one. The deterioration affected mainly consumer loans, while the mortgage and corporate loan portfolios have improved. In the first nine months of 2020, HUF 15.1 billion (+10% y-o-y) non-performing loans were written off/sold, including HUF 7.3 billion in 3Q. The ratio of Stage 3 loans declined by 2.3 pps q-o-q, and by 3.5% y-o-y (to 15.2%). In the third quarter, the own provision coverage of Stage 2 loans fell to 9.8%, while that of Stage 3 loans rose by 0.7 pp, to 79.2% q-o-q.

OTP BANK RUSSIA

Performance of OTP Bank Russia

Main components of P&L account in HUF mn	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	22,055	11,926	-46%	8,154	1,316	14,166	976%	74%
Income tax	-6,129	-3,806	-38%	-2,458	-585	-3,946	574%	61%
Profit before income tax	28,184	15,732	-44%	10,612	1,902	18,112	852%	71%
Operating profit	62,945	51,191	-19%	22,885	16,686	14,767	-12%	-35%
Total income	107,973	95,436	-12%	38,137	30,906	28,115	-9%	-26%
Net interest income	83,159	78,215	-6%	29,087	25,902	22,736	-12%	-22%
Net fees and commissions	23,029	17,109	-26%	8,410	4,519	5,173	14%	-38%
Other net non-interest income	1,785	112	-94%	641	486	206	-58%	-68%
Operating expenses	-45,028	-44,245	-2%	-15,252	-14,220	-13,349	-6%	-12%
Total provisions	-34,761	-35,459	2%	-12,274	-14,784	3,345		
Provision for impairment on loan and placement losses	-33,688	-34,142	1%	-11,730	-12,890	2,376		
Other provision	-1,072	-1,317	23%	-543	-1,895	970		
Main components of balance sheet closing balances in HUF mn	**2019**	**9M 2020**	**YTD**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
Total assets	908,388	685,124	-25%	935,518	765,909	685,124	-11%	-27%
Gross customer loans	786,241	565,435	-28%	744,311	645,639	565,435	-12%	-24%
Gross customer loans (FX-adjusted)	664,047	565,435	-15%	629,651	571,927	565,435	-1%	-10%
Retail loans	575,191	491,516	-15%	561,276	499,493	491,516	-2%	-12%
Corporate loans	81,010	60,833	-25%	62,438	62,903	60,833	-3%	-3%
Car financing loans	7,847	13,086	67%	5,937	9,531	13,086	37%	120%
Allowances for possible loan losses	-152,741	-135,104	-12%	-161,618	-160,496	-135,104	-16%	-16%
Allowances for possible loan losses (FX-adjusted)	-128,928	-135,104	5%	-136,569	-142,012	-135,104	-5%	-1%
Deposits from customers	471,735	338,865	-28%	487,895	387,671	338,865	-13%	-31%
Deposits from customers (FX-adjusted)	405,420	338,865	-16%	418,404	346,745	338,865	-2%	-19%
Retail deposits	303,585	280,759	-8%	294,526	285,660	280,759	-2%	-5%
Corporate deposits	101,835	58,106	-43%	123,878	61,085	58,106	-5%	-53%
Liabilities to credit institutions	155,306	99,590	-36%	171,068	112,481	99,590	-11%	-42%
Total shareholders' equity	202,761	179,932	-11%	196,267	187,202	179,932	-4%	-8%
Loan Quality	**9M 2019**	**9M 2020**	**Y-o-Y**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	574,715	396,678	-31%	574,715	451,299	396,678	-12%	-31%
Stage 1 loans under IFRS 9/gross customer loans	77.2%	70.2%	-7.1%p	77.2%	69.9%	70.2%	0.3%p	-7.1%p
Own coverage of Stage 1 loans under IFRS 9	6.9%	4.6%	-2.3%p	6.9%	6.4%	4.6%	-1.8%p	-2.3%p
Stage 2 loan volume under IFRS 9 (in HUF million)	55,064	76,680	39%	55,064	90,891	76,680	-16%	39%
Stage 2 loans under IFRS 9/gross customer loans	7.4%	13.6%	6.2%p	7.4%	14.1%	13.6%	-0.5%p	6.2%p
Own coverage of Stage 2 loans under IFRS 9	25.8%	38.9%	13.1%p	25.8%	39.1%	38.9%	-0.2%p	13.1%p
Stage 3 loan volume under IFRS 9 (in HUF million)	114,532	92,077	-20%	114,532	103,448	92,077	-11%	-20%
Stage 3 loans under IFRS 9/gross customer loans	15.4%	16.3%	0.9%p	15.4%	16.0%	16.3%	0.3%p	0.9%p
Own coverage of Stage 3 loans under IFRS 9	94.0%	94.4%	0.4%p	94.0%	92.9%	94.4%	1.5%p	0.4%p
Provision for impairment on loan and placement losses/average gross loans	6.65%	6.82%	0.17%p	6.56%	7.67%	-1.64%	-9.31%p	-8.20%p
90+ days past due loan volume (in HUF million)	108,414	88,063	-19%	108,414	93,332	88,063	-6%	-19%
90+ days past due loans/gross customer loans	14.6%	15.6%	1.0%p	14.6%	14.5%	15.6%	1.1%p	1.0%p
Performance Indicators	**9M 2019**	**9M 2020**	**Y-o-Y**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
ROA	3.6%	2.0%	-1.6%p	3.7%	0.7%	8.1%	7.4%p	4.4%p
ROE	17.1%	8.6%	-8.5%p	17.4%	2.9%	32.4%	29.5%p	15.0%p
Total income margin	17.76%	16.05%	-1.71%p	17.23%	15.73%	16.11%	0.38%p	-1.11%p
Net interest margin	13.68%	13.16%	-0.52%p	13.14%	13.18%	13.03%	-0.15%p	-0.11%p
Cost/income ratio	41.7%	46.4%	4.7%p	40.0%	46.0%	47.5%	1.5%p	7.5%p
Net loans to deposits (FX-adjusted)	118%	127%	9%p	118%	124%	127%	3%p	9%p
FX rates (in HUF)	**9M 2019**	**9M 2020**	**Y-o-Y**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
HUF/RUB (closing)	4.7	4.0	-16%	4.7	4.5	4.0	-12%	-16%
HUF/RUB (average)	4.4	4.4	-1%	4.6	4.4	4.1	-7%	-10%

OTP Bank Russia's financial figures, in HUF terms, were affected by the exchange rate of the forint vs the rouble: by the end of 3Q 2020, the RUB's exchange rate against the HUF weakened by 12% q-o-q, and by 16% y-o-y. The nine-month average exchange rate weakened (-1%) y-o-y, as did the 3Q average rate (-10% y-o-y, and -7% q-o-q). Therefore, the balance sheet and P&L dynamics expressed in HUF significantly differ from the ones calculated in local currency.

OTP Bank Russia booked HUF 11.9 billion profit in the first nine months of 2020, nearly half as much as in the base period. The y-o-y fall in after-tax profit stems from the 18% drop in operating profit (in local currency) and a 2% rise in provisions. In 3Q, after-tax profit amounted to HUF 14.2 billion as the Total provisions line increased the quarterly profit by HUF 3.3 billion due to release of provisions.

Reversing a significant fall in 2Q, consumer loan disbursement volumes (in RUB) have more than doubled q-o-q in the third quarter, slowing the contraction in the FX-adjusted performing loan volume (-1.5% q-o-q, -11% y-o-y). Performing consumer loan volumes shrank by 3% q-o-q, including a 6% contraction in cash loans, a 3% drop in credit card volume, while POS loans were stable. The corporate segment expanded by 1%; car financing also shifted into higher gear (+42% q-o-q, FX-adjusted) – yet the latter makes up less than 3% of total performing volumes. Meanwhile, deposits from customer fell by 19% y-o-y and 2% q-o-q (FX-adjusted). Having peaked in 3Q 2019, corporate deposit fell sharply (-53% y-o-y), particularly in the second quarter. The FX-adjusted net loan to deposit ratio upped by 3 pps q-o-q, to 127%.

Nine-month total income has contracted by 11% y-o-y in RUB, including a 5% decline in net interest income, and 25% slump in net fees and commissions. Total income margin sank 1.7 pps y-o-y, while net interest margin shrank by 52 bps, to 13.16%.

In the third quarter, total income declined in local currency, in both y-o-y and q-o-q terms: net interest income fell by 13% and 6%, respectively, while net fees and commissions reflected the change in the dynamics of business activity (-32% y-o-y, and +23% q-o-q). In 3Q, net interest margin decreased by 15 bps q-o-q: the continued decline in interest rates on consumer loans was partly offset by a drop in average interest rates on deposits from customers.

Meanwhile, 9M operating expenses dropped by 1% y-o-y in RUB terms, thus the nine-month cost/income ratio upped 5 pps, to 46%. In the third quarter, expenses grew by 1% q-o-q (in RUB), partly owing to higher software amortization, while administrative costs remained stable, and personnel expenses edged lower q-o-q.

In the first nine months of 2020, total risk cost grew by 2% in RUB. With regard to the possible effects of the pandemic, a substantial amount of extra provisions was booked in the first half of the year. In the third quarter, a part of that was released, largely because the IFRS9 impairment model parameters were revised. Apart from the already conservative provisioning level at the and of last year and the additional provisions that were created in 1H, this was possible due to the fact, that even without a widely available loan payment moratorium the portfolio did not show signs of accelerating quality deterioration in 3Q and the expectations for the macroeconomic trajectory shifted into positive direction. Accordingly, the total provisions line improved the 3Q P&L by HUF 3.3 billion. In 9M 2020, the loan loss provision coverage ratio rose by 0.17 pp y-o-y, to 6.82%. The own provision coverage of Stage 3 loans upped by 1.5 pps q-o-q in the third quarter, that of Stage 2 loans stagnated, while the coverage of Stage 1 loans declined by 1.8 pps.

In the third quarter, the FX-adjusted 90+ days past due volumes (without the effects of sales and write-offs), rose similarly to the previous quarter (by HUF 17.1 billion) q-o-q. On the whole, the ratio of Stage 3 loans upped by 0.3 pp q-o-q and 0.9 pp y-o-y, to 16.3%, while nearly HUF 5.6 billion worth of non-performing loans were sold or written off in the third quarter, their amount totalled HUF 27 billion in the first nine months of 2020 calculated at 3Q average exchange rate.

In Russia the deadline to join the loan payment moratorium expired at the end of September 2020. At the end of September, the amount of loans participating in the loan repayment moratorium made up 2% of the total gross loans of the Russian operation. The Bank of Russia in their letter dated 24 September 2020, however, recommended that Russian banks extend the terms of restructuring for loans of borrowers experiencing difficulties due to the spread of the coronavirus pandemic (if the borrower's income decreased by 30% or more in the month preceding the month of the application, compared to the last year's average monthly income). The borrowers may, until 31 December 2020 (inclusive), apply the Bank for restructuring the loan and obtaining preferential terms of loan payment. The terms of the grace period (up to 12 months) and the maximum loan amounts are determined in accordance with the Bank's loan restructuring program. During the grace period for the loan payments, the Bank does not charge fines and penalties and does not require early repayment of the debt.

CKB GROUP (MONTENEGRO)

Performance of CKB Group:

Main components of P&L account in HUF mn	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	3,296	2,472	-25%	1,457	1,859	848	-54%	-42%
Income tax	-302	-249	-18%	-148	-187	-94	-49%	-36%
Profit before income tax	3,598	2,721	-24%	1,605	2,046	942	-54%	-41%
Operating profit	3,567	5,927	66%	1,842	1,862	2,125	14%	15%
Total income	10,618	16,195	53%	4,754	5,325	5,485	3%	15%
Net interest income	7,391	12,647	71%	3,355	4,228	4,262	1%	27%
Net fees and commissions	2,949	3,286	11%	1,298	994	1,178	18%	-9%
Other net non-interest income	278	262	-6%	101	102	45	-56%	-56%
Operating expenses	-7,051	-10,268	46%	-2,912	-3,463	-3,360	-3%	15%
Total provisions	31	-3,206		-238	184	-1,183		398%
Provision for impairment on loan and placement losses	344	-2,344		177	604	-846		
Other provision	-314	-862	175%	-415	-420	-338	-20%	-19%
Main components of balance sheet closing balances in HUF mn	**2019**	**9M 2020**	**YTD**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
Total assets	439,836	490,253	11%	449,870	472,979	490,253	4%	9%
Gross customer loans	319,836	360,202	13%	300,741	349,625	360,202	3%	20%
Gross customer loans (FX-adjusted)	352,863	360,202	2%	327,701	357,548	360,202	1%	10%
Retail loans	178,288	179,815	1%	175,584	179,830	179,815	0%	2%
Corporate loans	174,478	180,304	3%	152,030	177,628	180,304	2%	19%
Car financing loans	97	82	-15%	87	89	82	-8%	-6%
Allowances for possible loan losses	-19,518	-23,969	23%	-28,744	-21,294	-23,969	13%	-17%
Allowances for possible loan losses (FX-adjusted)	-21,534	-23,969	11%	-31,321	-21,777	-23,969	10%	-23%
Deposits from customers	318,216	330,194	4%	331,161	319,177	330,194	3%	0%
Deposits from customers (FX-adjusted)	350,596	330,194	-6%	360,168	325,997	330,194	1%	-8%
Retail deposits	228,475	214,702	-6%	227,056	215,348	214,702	0%	-5%
Corporate deposits	122,121	115,492	-5%	133,112	110,649	115,492	4%	-13%
Liabilities to credit institutions	36,733	66,332	81%	32,659	61,655	66,332	8%	103%
Total shareholders' equity	66,188	74,512	13%	64,970	73,108	74,512	2%	15%
Loan Quality	**9M 2019**	**9M 2020**	**Y-o-Y**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	261,707	294,714	13%	261,707	302,168	294,714	-2%	13%
Stage 1 loans under IFRS 9/gross customer loans	87.0%	81.8%	-5.2%p	87.0%	86.4%	81.8%	-4.6%p	-5.2%p
Own coverage of Stage 1 loans under IFRS 9	1.2%	1.0%	-0.2%p	1.2%	1.1%	1.0%	-0.1%p	-0.2%p
Stage 2 loan volume under IFRS 9 (in HUF million)	6,748	41,733	518%	6,748	24,658	41,733	69%	518%
Stage 2 loans under IFRS 9/gross customer loans	2.2%	11.6%	9.3%p	2.2%	7.1%	11.6%	4.5%p	9.3%p
Own coverage of Stage 2 loans under IFRS 9	12.1%	11.7%	-0.4%p	12.1%	8.5%	11.7%	3.2%p	-0.4%p
Stage 3 loan volume under IFRS 9 (in HUF million)	32,286	23,755	-26%	32,286	22,800	23,755	4%	-26%
Stage 3 loans under IFRS 9/gross customer loans	10.7%	6.6%	-4.1%p	10.7%	6.5%	6.6%	0.1%p	-4.1%p
Own coverage of Stage 3 loans under IFRS 9	76.9%	68.1%	-8.8%p	76.9%	69.4%	68.1%	-1.3%p	-8.8%p
Provision for impairment on loan and placement losses/average gross loans	-0.23%	0.92%	1.14%p	-0.25%	-0.70%	0.96%	1.67%p	1.21%p
90+ days past due loan volume (in HUF million)	25,898	17,673	-32%	25,898	17,025	17,673	4%	-32%
90+ days past due loans/gross customer loans	8.6%	4.9%	-3.7%p	8.6%	4.9%	4.9%	0.0%p	-3.7%p
Performance Indicators	**9M 2019**	**9M 2020**	**Y-o-Y**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
ROA	1.5%	0.7%	-0.8%p	1.4%	1.6%	0.7%	-0.9%p	-0.7%p
ROE	8.9%	4.6%	-4.3%p	8.8%	10.5%	4.6%	-5.8%p	-4.1%p
Total income margin	4.86%	4.65%	-0.21%p	4.55%	4.62%	4.62%	0.00%p	0.07%p
Net interest margin	3.38%	3.63%	0.25%p	3.21%	3.67%	3.59%	-0.08%p	0.38%p
Cost/income ratio	66.4%	63.4%	-3.0%p	61.2%	65.0%	61.3%	-3.8%p	0.0%p
Net loans to deposits (FX-adjusted)	82%	102%	20%p	82%	103%	102%	-1%p	20%p
FX rates (in HUF)	**9M 2019**	**9M 2020**	**Y-o-Y**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
HUF/EUR (closing)	334.7	364.7	9%	334.7	356.6	364.7	2%	9%
HUF/EUR (average)	323.2	348.0	8%	328.1	351.5	353.6	1%	8%

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

In the first nine months of 2020, the Montenegrin **CKB Group** generated HUF 2.5 billion adjusted profit, which is 25% less than in the base period (without the acquisition: -87% y-o-y). The HUF 0.8 billion profit recorded in the third quarter is consistent with 54% y-o-y loss (the acquired bank's profit was HUF 1 billion).

At the end of September 2020, the total market share of OTP Group's Montenegrin operation by balance sheet total was 30.1% on *pro forma* basis. The acquired Podgorička banka has 20 branches, and the number of employees was 244 at the end of June (on FTE basis). The acquired bank's integration is proceeding as scheduled.

The 66% y-o-y growth in nine-month operating profit (-5% without the acquisition) is attributable to a 53% (without the acquisition 5%) improvement in total income, while operating expenses grew by 46% (without the acquisition 9%).

In the third quarter, operating profit increased by 14% q-o-q. Net interest income was q-o-q stable in local currency, as a combined effect of rising loans and shrinking margins. The 18% q-o-q growth in net fees and commissions stems from the rebound from the pale economic activity in the base period, and from the seasonality caused by the q-o-q recovery of tourism in 3Q.

In the third quarter, provisions totalled HUF 1.2 billion, largely as a result of the revision of the IFRS 9 risk model parameters in September.

In the third quarter, the volume of DPD90+ loans (FX-adjusted, without sales/write-offs) rose by HUF 0.2 billion. The DPD90+ ratio (4.9%) declined by 3.7% y-o-y, stagnated q-o-q, simultaneously with the sale/write-off of HUF 1.7 billion non-performing loan volume in the first nine months of the year (1Q: HUF 0.2 billion, 2Q: HUF 1.4 billion, 3Q: HUF 0 billion). In 3Q 2020, the ratio of Stage 3 loans was 6.6% (+0.1pp q-o-q, -4.1 pps y-o-y), their own provision coverage stood at 68.1%. The q-o-q growth in the volume of Stage 2 loans, which signify higher credit risk, arose from the reclassification of Stage 1 loans into Stage 2 category. That was caused by two reasons. First, in the third quarter, the bank reclassified as Stage 2 some retail loans, whose higher risk had been taken into account already in the Stage 1 category, through the higher provision level. Second, these reclassifications were related to the acquisition of Podgorička banka: when the bank was acquired, its Stage 2 loans were entered into the books as part of the Stage 1 portfolio, but after 12 months, these loans must be reclassified from Stage 1 to Stage 2, if warranted.

In Montenegro there are different moratoriums in place. The first one launched by the State started from end-March and applications could be submitted by end-May. Retail and corporate clients could enjoy the payment holiday for three months from the entry date. The first clients entered the scheme in March and for them the benefit expired already in June. This program came to end by the end of August. Also, the Central Bank of Montenegro let local banks to launch their own moratorium from 1 June. CKB and Podgoricka banka used this tool and it is still open for application. Conditions, however became more stringent: only those retail clients can opt-in who lost their job during COVID-19, suffered at least 20% drop in monthly salary or sailors being unemployed for at least 3 months. Corporate clients should proof that they are facing difficulties in meeting payment obligations. The maximum tenor under such scheme is 3 months and the participation ratio is lower than in the State-run one. The 3rd scheme was launched from 1 September by the State, again. Clients can apply for payment holiday maximum until 31 August 2021, but only in particular industries: tourism, agriculture, forestry, fishery. At the end of September, the amount of loans participating in the loan repayment moratorium made up 3% of the total gross loans of the Montenegrin operation.

The performing (Stage 1+2) loan volume grew by 15% y-o-y, and by 1% q-o-q. In the first nine months of the year, cash loan disbursement exceeded the previous year's level by 2% – within that, newly disbursed volume nearly tripled q-o-q in 3Q (from a low base in 2Q). Over the nine months, corporate loan disbursements expanded by 4% y-o-y, while they increased by 15% q-o-q in 3Q (in local currency).

The FX-adjusted deposit book shrank by 8% y-o-y, but rose by 1% q-o-q. At the end of the third quarter, the net loan-to-deposit ratio stood at 102% (-1 pp q-o-q).

OTP BANK ALBANIA (ALBANIA)

Performance of OTP Bank Albania:

Main components of P&L account in HUF mn	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	2,233	1,910	-14%	1,028	849	766	-10%	-25%
Income tax	-305	-351	15%	-87	-202	-138	-32%	59%
Profit before income tax	2,539	2,261	-11%	1,114	1,051	903	-14%	-19%
Operating profit	2,787	4,548	63%	1,333	1,391	1,610	16%	21%
Total income	5,356	8,695	62%	2,655	2,775	3,045	10%	15%
Net interest income	4,410	7,342	66%	2,133	2,479	2,529	2%	19%
Net fees and commissions	726	957	32%	420	294	365	24%	-13%
Other net non-interest income	220	396	80%	102	2	151		49%
Operating expenses	-2,569	-4,148	61%	-1,322	-1,384	-1,434	4%	9%
Total provisions	-249	-2,287	819%	-219	-340	-707	108%	223%
Provision for impairment on loan and placement losses	-258	-2,115	720%	-273	-192	-683	256%	150%
Other provision	9	-172		54	-148	-24	-84%	
Main components of balance sheet closing balances in HUF mn	2019	9M 2020	YTD	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
Total assets	247,997	280,856	13%	247,452	271,121	280,856	4%	13%
Gross customer loans	147,777	172,566	17%	145,599	164,699	172,566	5%	19%
Gross customer loans (FX-adjusted)	161,374	172,566	7%	156,935	168,199	172,566	3%	10%
Retail loans	72,729	79,718	10%	72,115	77,278	79,718	3%	11%
Corporate loans	86,350	90,151	4%	82,883	88,352	90,151	2%	9%
Car financing loans	2,295	2,697	18%	1,937	2,568	2,697	5%	39%
Allowances for possible loan losses	-3,657	-7,551	106%	-3,191	-6,478	-7,551	17%	137%
Allowances for possible loan losses (FX-adjusted)	-3,999	-7,551	89%	-3,444	-6,622	-7,551	14%	119%
Deposits from customers	179,755	208,785	16%	185,774	197,388	208,785	6%	12%
Deposits from customer (FX-adjusted)	196,211	208,785	6%	200,401	201,842	208,785	3%	4%
Retail deposits	166,851	179,641	8%	165,005	171,264	179,641	5%	9%
Corporate deposits	29,360	29,144	-1%	35,396	30,577	29,144	-5%	-18%
Liabilities to credit institutions	36,901	38,968	6%	31,769	42,656	38,968	-9%	23%
Total shareholders' equity	25,605	28,146	10%	24,548	25,582	28,146	10%	15%
Loan Quality	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	137,110	154,914	13%	137,110	152,402	154,914	2%	13%
Stage 1 loans under IFRS 9/gross customer loans	94.2%	89.8%	-4.4%p	94.2%	92.5%	89.8%	-2.8%p	-4.4%p
Own coverage of Stage 1 loans under IFRS 9	1.3%	1.5%	0.3%p	1.3%	1.5%	1.5%	0.0%p	0.3%p
Stage 2 loan volume under IFRS 9 (in HUF million)	5,348	13,149	146%	5,348	8,137	13,149	62%	146%
Stage 2 loans under IFRS 9/gross customer loans	3.7%	7.6%	3.9%p	3.7%	4.9%	7.6%	2.7%p	3.9%p
Own coverage of Stage 2 loans under IFRS 9	9.8%	22.1%	12.3%p	9.8%	25.9%	22.1%	-3.8%p	12.3%p
Stage 3 loan volume under IFRS 9 (in HUF million)	3,141	4,503	43%	3,141	4,160	4,503	8%	43%
Stage 3 loans under IFRS 9/gross customer loans	2.2%	2.6%	0.5%p	2.2%	2.5%	2.6%	0.1%p	0.5%p
Own coverage of Stage 3 loans under IFRS 9	28.9%	50.3%	21.4%p	28.9%	49.3%	50.3%	1.0%p	21.4%p
Provision for impairment on loan and placement losses/average gross loans	0.36%	1.77%	1.42%p	0.78%	0.48%	1.65%	1.17%p	0.87%p
90+ days past due loan volume (in HUF million)	1,481	3,186	115%	1,481	4,809	3,186	-34%	115%
90+ days past due loans/gross customer loans	1.0%	1.8%	0.8%p	1.0%	2.9%	1.8%	-1.1%p	0.8%p
Performance Indicators	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
ROA	1.8%	1.0%	-0.8%p	1.7%	1.3%	1.1%	-0.2%p	-0.6%p
ROE	18.2%	9.8%	-8.5%p	17.1%	13.2%	11.6%	-1.6%p	-5.6%p
Total income margin	4.29%	4.39%	0.09%p	4.45%	4.18%	4.48%	0.30%p	0.03%p
Net interest margin	3.54%	3.70%	0.17%p	3.58%	3.74%	3.72%	-0.01%p	0.15%p
Cost/income ratio	48.0%	47.7%	-0.3%p	49.8%	49.9%	47.1%	-2.8%p	-2.7%p
Net loans to deposits (FX-adjusted)	77%	79%	2%p	77%	80%	79%	-1%p	2%p
FX rates (in HUF)	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
HUF/ALL (closing)	2.7	2.9	7%	2.7	2.9	2.9	3%	7%
HUF/ALL (average)	2.6	2.8	7%	2.7	2.8	2.8	1%	6%

OTP Group's financial statements have been presenting the Albanian bank's P&L statement since 2Q 2019.

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

OTP Bank Albania generated HUF 1.9 billion after-tax profit in the first nine months of 2020. Its third-quarter profit of HUF 0.8 billion is 25% less than a year earlier, owing to higher provisions.

In the third quarter, operating profit grew by 21% y-o-y. In y-o-y comparison, net interest income benefited from stronger lending and improving net interest margin. Net fees and commissions fell by 13% from the same period of 2019, despite a 24% q-o-q surge, owing to higher card-related fees during the summer tourism season.

In the third quarter, provisions totalled HUF 0.7 billion.

At the end of 3Q 2020, the ratio of Stage 3 loans made up 2.6% of gross loan volume, it inched trivially in q-o-q comparison. The own provision coverage of Stage 3 loans slightly improved q-o-q, to 50.3%. Stage 2 loan volumes increased q-o-q because a large corporate client was reclassified as Stage 2. In the first nine months of the year, the volume of DPD90+ loans rose by HUF 0.5 billion (FX-adjusted, without the effect of sales and write-offs), from +HUF 0.4 billion in 1Q, +HUF 1.3 billion in 2Q, and -HUF 1.2 billion in 3Q.

In Albania the application for the payment moratorium was effective originally between 13 March - 31 May 2020, however it was extended until end-August. Those retail and corporate clients who participated in the scheme enjoyed the payment holiday for three months from the date of entry. At the end of July, the amount of loans participating in the loan repayment moratorium made up 36% of the total gross loans of the Albanian operation.

Stage 1+2 loan volumes grew by an FX-adjusted 9% y-o-y, of which retail loans expanded by 10%, and corporate loans increased by 9%. In q-o-q terms, the total volume rose by 3%, including a 3% rise in retail loans, and a 2% uptick in corporate ones. In the third quarter, disbursement dynamics improved in all segments in quarter-on-quarter comparison.

The FX-adjusted deposit volume expanded by 4% y-o-y. The net-loan-to-deposit ratio stood at 79%.

MOBIASBANCA (MOLDOVA)

Performance of Mobiasbanca:

Main components of P&L account in HUF mn	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	1,248	2,823	126%	1,248	1,261	1,095	-13%	-12%
Income tax	-100	-218	118%	-100	-60	-142	136%	42%
Profit before income tax	1,348	3,042	126%	1,348	1,321	1,237	-6%	-8%
Operating profit	1,167	5,619	382%	1,167	1,714	2,070	21%	77%
Total income	2,218	10,732	384%	2,218	3,444	3,919	14%	77%
Net interest income	1,428	6,533	357%	1,428	2,077	2,302	11%	61%
Net fees and commissions	393	1,540	292%	393	468	540	16%	37%
Other net non-interest income	397	2,659	570%	397	899	1,077	20%	171%
Operating expenses	-1,051	-5,113	386%	-1,051	-1,730	-1,849	7%	76%
Total provisions	181	-2,578		181	-393	-834	112%	
Provision for impairment on loan and placement losses	221	-2,188		221	-169	-710	319%	
Other provision	-40	-390	877%	-40	-224	-124	-44%	211%
Main components of balance sheet closing balances in HUF mn	**2019**	**9M 2020**	**YTD**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
Total assets	211,043	251,087	19%	201,922	236,056	251,087	6%	24%
Gross customer loans	104,763	131,096	25%	103,029	121,817	131,096	8%	27%
Gross customer loans (FX-adjusted)	113,129	131,096	16%	109,851	122,044	131,096	7%	19%
Retail loans	61,326	70,847	16%	56,482	66,462	70,847	7%	25%
Corporate loans	50,243	58,409	16%	51,831	53,796	58,409	9%	13%
Car financing loans	1,561	1,840	18%	1,538	1,786	1,840	3%	20%
Allowances for possible loan losses	-1,790	-4,375	144%	-1,072	-3,598	-4,375	22%	308%
Allowances for possible loan losses (FX-adjusted)	-1,934	-4,375	126%	-1,142	-3,604	-4,375	21%	283%
Deposits from customers	161,071	197,572	23%	153,789	182,185	197,572	8%	28%
Deposits from customer (FX-adjusted)	174,031	197,572	14%	164,011	182,613	197,572	8%	20%
Retail deposits	119,811	130,859	9%	111,078	126,428	130,859	4%	18%
Corporate deposits	54,220	66,713	23%	52,932	56,184	66,713	19%	26%
Liabilities to credit institutions	12,342	10,905	-12%	9,421	11,598	10,905	-6%	16%
Total shareholders' equity	34,518	38,786	12%	34,159	38,319	38,786	1%	14%
Loan Quality	**9M 2019**	**9M 2020**	**Y-o-Y**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	97,302	119,339	23%	97,302	114,680	119,339	4%	23%
Stage 1 loans under IFRS 9/gross customer loans	94.4%	91.0%	-3.4%p	94.4%	94.1%	91.0%	-3.1%p	-3.4%p
Own coverage of Stage 1 loans under IFRS 9	1.0%	1.1%	0.1%p	1.0%	0.9%	1.1%	0.2%p	0.1%p
Stage 2 loan volume under IFRS 9 (in HUF million)	5,262	8.696	65%	5,262	5,474	8,696	59%	65%
Stage 2 loans under IFRS 9/gross customer loans	5.1%	6.6%	1.5%p	5.1%	4.5%	6.6%	2.1%p	1.5%p
Own coverage of Stage 2 loans under IFRS 9	1.0%	16.9%	15.8%p	1.0%	34.6%	16.9%	-17.8%p	15.8%p
Stage 3 loan volume under IFRS 9 (in HUF million)	465	3.062	558%	465	1,663	3,062	84%	558%
Stage 3 loans under IFRS 9/gross customer loans	0.5%	2.3%	1.9%p	0.5%	1.4%	2.3%	1.0%p	1,9%p
Own coverage of Stage 3 loans under IFRS 9	7.5%	52.1%	44.6%p	7.5%	43.0%	52.1%	9.1%p	44.6%p
Provision for impairment on loan and placement losses/average gross loans	-1.05%	2.49%	3.55%p	-1.05%	0.58%	2.28%	1.70%p	3.33%p
90+ days past due loan volume (in HUF million)	305	2.753	804%	305	2,991	2.753	-8%	804%
90+ days past due loans/gross customer loans	0.3%	2.1%	1.8%p	0.3%	2.5%	2.1%	-0.4%p	1.8%p
Performance Indicators	**9M 2019**	**9M 2020**	**Y-o-Y**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
ROA	3.0%	1.7%	-1.3%p	3.0%	2.2%	1.8%	-0.4%p	-1.1%p
ROE	18.5%	10.3%	-8.2%p	18.5%	13.8%	11.6%	-2.2%p	-6.9%p
Total income margin	5.28%	6.29%	1.01%p	5.28%	6.08%	6.53%	0.45%p	1.25%p
Net interest margin	3.40%	3.83%	0.43%p	3.40%	3.67%	3.83%	0.17%p	0.43%p
Cost/income ratio	47.4%	47.6%	0.2%p	47.4%	50.2%	47.2%	-3.0%p	-0.2%p
Net loans to deposits (FX-adjusted)	66%	64%	-2%p	66%	65%	64%	-1%p	-2%p
FX rates (in HUF)	**9M 2019**	**9M 2020**	**Y-o-Y**	**3Q 2019**	**2Q 2020**	**3Q 2020**	**Q-o-Q**	**Y-o-Y**
HUF/MDL (closing)	17.3	18.3	5%	17.3	18.4	18.3	-1%	5%
HUF/MDL (average)	16.4	17.8	9%	16.7	18.0	18,0	0%	8%

The Moldovan bank was consolidated in 3Q 2019.

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

In the first nine months of 2020, **Mobiasbanca** contributed to OTP Group's performance by HUF 2.8 billion after-tax profit, including HUF 1.1 billion in 3Q.

The main reason for the 21% q-o-q jump in operating profit in the third quarter is a 14% surge in total income. The 11% q-o-q growth in net interest income owes a lot to higher interest income on the surging retail loans, and to the decline in interest expenses on deposits. The 17bps q-o-q increase in net interest margin was mostly related to the lower interest expenses on deposits.

The 16% q-o-q increase in net fees and commissions benefited from the higher number of transactions with debit cards.

Operating expenses rose by 7% q-o-q, as a result of higher personnel expenses, amortization, and fees paid to experts and to supervisory authorities.

In the third quarter, provisioning totalled HUF 0.8 billion, largely on account of loans to micro and small enterprises.

At the end of 3Q 2020, Stage 3 loans made up 2.3% of the gross loan volume (+1.0 pp q-o-q, +1.9 pps y-o-y). The own provision coverage of Stage 3 loans was 52.1%. Most of the q-o-q growth of Stage 2 loan volumes arose from the reclassification of corporate portfolios from Stage 1 category. In the third quarter, the volume of DPD90+ loans contracted by HUF 0.2 billion (FX-adjusted, without the effect of sales and write-offs), bucking the rising trend of the previous quarters (HUF 0.8 billion in 1Q; HUF 1.3 billion in 2Q).

In Moldova the payment moratorium already expired by 31 May 2020, however retail and corporate clients were allowed to restructure their exposure by the end of July. The moratorium was effective for 76 days and offered a blanket solution. During that period the bank did not sanction clients for delayed payment.

In 3Q 2020, the FX-adjusted volume of Stage 1+2 loans grew by 6% q-o-q, ; within that, retail loans rose by 5%, and corporate ones expanded by 9%. In the third quarter, disbursement dynamics improved in all segments in quarter/quarter terms.

The FX-adjusted deposit volume grew by 20% y-o-y. The net-loan-to-deposit ratio, at 64%, is below the Group's average.

At the end of September 2020, the market share of OTP Group's Moldovan operation, by balance sheet total, was 13.8%. This ranks it the fourth largest bank in Moldova.

OTP BANKA SLOVENSKO (SLOVAKIA)

Performance of OTP Banka Slovensko:

Main components of P&L account in HUF mn	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	1,979	-1,217	-162%	1,446	72	381	426%	-74%
Income tax	-143	-331	131%	-42	-781	-21	-97%	-51%
Profit before income tax	2,123	-886	-142%	1,489	854	402	-53%	-73%
Operating profit	1,450	1,649	14%	558	796	473	-41%	-15%
Total income	10,900	11,246	3%	3,680	3,966	3,669	-7%	0%
Net interest income	7,868	7,638	-3%	2,652	2,591	2,540	-2%	-4%
Net fees and commissions	2,800	2,870	3%	966	921	944	2%	-2%
Other net non-interest income	232	738	218%	62	454	185	-59%	200%
Operating expenses	-9,450	-9,596	2%	-3,122	-3,170	-3,196	1%	2%
Total provisions	672	-2,536	-477%	930	57	-71	-223%	-108%
Provision for impairment on loan and placement losses	621	-2,730	-539%	879	-245	-45	-82%	-105%
Other provision	51	195	283%	52	302	-26	-109%	-150%
Main components of balance sheet closing balances in HUF mn	2019	9M 2020	YTD	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
Total assets	473,660	497,182	5%	474,859	478,123	497,182	4%	5%
Gross customer loans	392,793	426,847	9%	406,166	410,474	426,847	4%	5%
Gross customer loans (FX-adjusted)	433,331	426,847	-1%	442,574	419,775	426,847	2%	-4%
Retail loans	371,051	375,187	1%	382,144	365,758	375,187	3%	-2%
Corporate loans	62,273	51,659	-17%	60,422	54,013	51,659	-4%	-14%
Allowances for possible loan losses	-24,338	-25,738	6%	-27,606	-28,183	-25,738	-9%	-7%
Allowances for possible loan losses (FX-adjusted)	-26,851	-25,738	-4%	-30,081	-28,821	-25,738	-11%	-14%
Deposits from customers	351,722	373,246	6%	351,862	356,626	373,246	5%	6%
Deposits from customers (FX-adjusted)	387,509	373,246	-4%	382,755	364,509	373,246	2%	-2%
Retail deposits	353,514	340,259	-4%	350,371	332,284	340,259	2%	-3%
Corporate deposits	33,995	32,987	-3%	32,384	32,225	32,987	2%	2%
Liabilities to credit institutions	50,669	47,211	-7%	48,623	46,196	47,211	2%	-3%
Total shareholders' equity	38,078	39,743	4%	31,560	38,495	39,743	3%	26%
Loan Quality	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	346,055	367,305	6%	346,055	345,906	367,305	6%	6%
Stage 1 loans under IFRS 9/gross customer loans	85.2%	86.1%	0.9%p	85.2%	84.3%	86.1%	1.8%p	0.9%p
Own coverage of Stage 1 loans under IFRS 9	0.7%	0.8%	0.1%p	0.7%	0.9%	0.8%	-0.1%p	0.1%p
Stage 2 loan volume under IFRS 9 (in HUF million)	28,567	33,775	18%	28,567	36,195	33,775	-7%	18%
Stage 2 loans under IFRS 9/gross customer loans	7.0%	7.9%	0.9%p	7.0%	8.8%	7.9%	-0.9%p	0.9%p
Own coverage of Stage 2 loans under IFRS 9	13.1%	15.7%	2.6%p	13.1%	14.7%	15.7%	0.9%p	2.6%p
Stage 3 loan volume under IFRS 9 (in HUF million)	31,544	25,766	-18%	31,544	28,373	25,766	-9%	-18%
Stage 3 loans under IFRS 9/gross customer loans	7.8%	6.0%	-1.7%p	7.8%	6.9%	6.0%	-0.9%p	-1.7%p
Own coverage of Stage 3 loans under IFRS 9	67.9%	67.5%	-0.4%p	67.9%	69.4%	67.5%	-2.0%p	-0.4%p
Provision for impairment on loan and placement losses/average gross loans	-0.21%	0.90%	1.11%p	-0.87%	0.24%	0.04%	-0.20%p	0.91%p
90+ days past due loan volume (in HUF million)	25,560	22,297	-13%	25,560	24,012	22,297	-7%	-13%
90+ days past due loans/gross customer loans	6.3%	5.2%	-1.1%p	6.3%	5.8%	5.2%	-0.6%p	-1.1%p
Performance Indicators	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
ROA	0.6%	-0.3%	-0.9%p	1.2%	0.1%	0.3%	0.3%p	-0.9%p
ROE	9.0%	-4.2%	-13.2%p	19.0%	0.8%	4.0%	3.2%p	-15.0%p
Total income margin	3.20%	3.18%	-0.02%p	3.13%	3.38%	3.07%	-0.31%p	-0.06%p
Net interest margin	2.31%	2.16%	-0.15%p	2.25%	2.21%	2.12%	-0.08%p	-0.13%p
Cost/income ratio	86.7%	85.3%	-1.4%p	84.8%	79.9%	87.1%	7.2%p	2.3%p
Net loans to deposits (FX-adjusted)	108%	107%	0%p	108%	107%	107%	0%p	0%p
FX rates (in HUF)	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
HUF/EUR (closing)	334.7	364.7	9%	334.7	356.6	364.7	2%	9%
HUF/EUR (average)	323.2	348.0	8%	328.1	351.5	353.6	1%	8%

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

In the first nine months of 2020, **OTP Banka Slovensko** posted HUF 1.2 billion adjusted loss; this includes the +HUF 0.4 billion profit generated in the third quarter. The main reason for lower nine-month profit was the higher provisioning in the first quarter (-HUF 2.5 billion), which was only partly offset by the 14% improvement in the nine-month operating profit.

In the nine months to 30 September, operating profit grew by 14% y-o-y, as result of a 3% increase in total income and a 2% rise in operating expenses. Nine-month net fees and commissions fell by 5% y-o-y, in local currency.

Total income in the third quarter declined by 7% q-o-q; within that, net interest income dropped by 2% as net interest margin shrank by eight basis points q-o-q.

In quarter/quarter comparison, operating expenses were stagnant in local currency.

As to loan quality, performing (Stage 1+2) loans contracted by an FX-adjusted 2% y-o-y but rose by 3% q-o-q. The latter can be put down to the rising demand for mortgage loans: new housing loan disbursements have more than doubled in a year's time. In contrast, lending activity in cash loans plunged 49%, and their volume shrank by 2% q-o-q.

The ratio of Stage 2 loans dropped by 0.9 pp q-o-q, to 7.9%. The own provision coverage of Stage 2 loans stood at 15.7% at the end of 3Q (+2.6 pps y-o-y, +0.9 pp q-o-q). The ratio of Stage 3 loans amounted to 6.0% of gross loan volume (0.9 pp decline q-o-q). The own provision coverage of Stage 3 loans stood at 67.5% at the end of the third quarter. DPD90+ loans fell by HUF 0.6 billion in the third quarter (FX-adjusted, without sales and write-offs), after growing by HUF 1.6 billion in the second quarter.

In Slovakia retail debtors and small and medium-sized enterprises can ask their banks during the pandemic period to defer payments for 1 to 9 months. Such request can only be made once per loan.

The loan-to-deposit ratio remained at 107% at the end of 3Q 2020, stagnating in both y-o-y and q-o-q terms.

STAFF LEVEL AND OTHER INFORMATION

	31/12/2019				30/09/2020			
	Branches	ATM	POS	Headcount (closing)	Branches	ATM	POS	Headcount (closing)
OTP Core	**361**	**1,936**	**77,962**	**10,083**	**363**	**1,937**	**118,876**	**10,138**
DSK Group (Bulgaria)	440	1,140	12,915	6,186	350	1,109	13,528	5,598
OBH (Croatia)	136	480	10,856	2,251	125	495	10,717	2,227
OTP Bank Serbia	231	338	18,424	3,162	217	323	16,475	3,059
SKB Banka (Slovenia)	53	83	3,982	863	51	83	4,110	881
OTP Bank Romania	95	141	5,125	1,496	95	145	5,612	1,662
OTP Bank Ukraine (w/o employed agents)	88	166	331	2,399	87	175	373	2,327
OTP Bank Russia (w/o employed agents)	134	223	715	5,343	135	225	720	5,058
CKB Group (Montenegro)	48	128	6,908	681	48	129	7,480	660
OTP Bank Albania	37	76	0	424	38	78	0	447
Mobiasbanca (Moldova)	53	145	0	755	54	148	0	809
OTP Banka Slovensko (Slovakia)	58	157	159	671	58	157	135	635
Foreign subsidiaries, total	**1,373**	**3,077**	**59,415**	**24,230**	**1,258**	**3,067**	**59,150**	**23,362**
Other Hungarian and foreign subsidiaries				590				563
OTP Group (w/o employed agents)				**34,902**				**34,062**
OTP Bank Russia - employed agents				5,083				4,065
OTP Bank Ukraine - employed agents				663				635
OTP Group (aggregated)	**1,734**	**5,013**	**137,377**	**40,648**	**1,621**	**5,004**	**178,026**	**38,762**

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.

Definition of branch numbers: data reported from 1Q 2020 are not comparable with previous quarters at OTP Core due to a methodological change. The introduction of the new methodology increased the number of branches by 9 units (ceteris paribus).

According to the NBH's definition, from Q3 2020 the number of POS terminals includes all terminals where OTP is the acquirer, including terminals that are not exclusively authorized by OTP.

PERSONAL AND ORGANIZATIONAL CHANGES

Concerning the audit of OTP Bank Plc.’s separate and consolidated annual financial statements in accordance with International Financial Reporting Standards for the year 2020, the Board of Directors acting in the competency of the Annual General Meeting is electing Deloitte Auditing and Consulting Ltd. (000083, H-1068 Budapest, Dózsa György út 84/c) as the Bank’s auditor from 1 May 2020 until 30 April 2021.

On 30 April 2020 the Board of Directors acting in the competency of the Annual General Meeting, elects Mr. Tibor Tolnay as member of the Supervisory Board of the Company until the Annual General Meeting of the Company closing the 2022 business year, but not later than 30 April 2023.

On 30 April 2020 the Board of Directors acting in the competency of the Annual General Meeting, elects dr. József Gábor Horváth as member of the Supervisory Board of the Company until the Annual General Meeting of the Company closing the 2022 business year, but not later than 30 April 2023.

On 30 April 2020 the Board of Directors acting in the competency of the Annual General Meeting, elects Mr. Olivier Péqueux as member of the Supervisory Board of the Company until the Annual General Meeting of the Company closing the 2022 business year, but not later than 30 April 2023.

On 30 April 2020 the Board of Directors acting in the competency of the Annual General Meeting, elects dr. Márton Gellért Vági as member of the Supervisory Board of the Company until the Annual General Meeting of the Company closing the 2022 business year, but not later than 30 April 2023.

On 30 April 2020 the Board of Directors acting in the competency of the Annual General Meeting, elects Mrs. Klára Bella as member of the Supervisory Board of the Company until the Annual General Meeting of the Company closing the 2022 business year, but not later than 30 April 2023.

On 30 April 2020 the Board of Directors acting in the competency of the Annual General Meeting, elects Mr. András Michnai as member of the Supervisory Board of the Company until the Annual General Meeting of the Company closing the 2022 business year, but not later than 30 April 2023.

On 30 April 2020 the Board of Directors acting in the competency of the Annual General Meeting, elects Mr. Tibor Tolnay as member of the Audit Committee of the Company until the Annual General Meeting of the Company closing the 2022 business year, but not later than 30 April 2023.

On 30 April 2020 the Board of Directors acting in the competency of the Annual General Meeting, elects dr. József Gábor Horváth as member of the Audit Committee of the Company until the Annual General Meeting of the Company closing the 2022 business year, but not later than 30 April 2023.

On 30 April 2020 the Board of Directors acting in the competency of the Annual General Meeting, elects Mr. Olivier Péqueux as member of the Audit Committee of the Company until the Annual General Meeting of the Company closing the 2022 business year, but not later than 30 April 2023.

On 30 April 2020 the Board of Directors acting in the competency of the Annual General Meeting, elects dr. Márton Gellért Vági as member of the Audit Committee of the Company until the Annual General Meeting of the Company closing the 2022 business year, but not later than 30 April 2023.

On 20 July 2020 the labour contract of Dr. Zsolt Barna, Deputy Chief Executive Officer had been terminated by mutual agreement. Along with the termination of the labour contract with OTP Bank Plc, Dr. Zsolt Barna resigned from his positions held in different member companies of OTP Group.

Disclaimers

This Summary contains statements that are, or may be deemed to be, “forward-looking statements” which are prospective in nature. These forward-looking statements may be identified by the use of forward-looking terminology, or the negative thereof such as “plans", "expects” or “does not expect”, “is expected”, “continues”, “assumes”, “is subject to”, “budget”, “scheduled”, “estimates”, “aims”, “forecasts”, “risks”, “intends”, “positioned”, “predicts”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words or comparable terminology and phrases or statements that certain actions, events or results “may”, “could”, “should”, “shall”, “would”, “might” or “will” be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Forward-looking statements are not based on historical facts, but rather on current predictions, expectations, beliefs, opinions, plans, objectives, goals, intentions and projections about future events, results of operations, prospects, financial condition and discussions of strategy.

By their nature, forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the control of OTP Bank. Forward-looking statements are not guarantees of future performance and may and often do differ materially from actual results. Neither OTP Bank nor any of its subsidiaries or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Summary will actually occur. You are cautioned not to place undue reliance on these forward-looking statements which only speak as of the date of this Summary. Other than in accordance with its legal or regulatory obligations, OTP Bank is not under any obligation and OTP Bank and its subsidiaries expressly disclaim any intention, obligation or undertaking to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. This Summary shall not, under any circumstances, create any implication that there has been no change in the business or affairs of OTP Bank since the date of this Summary or that the information contained herein is correct as at any time subsequent to its date.

This Summary does not constitute or form part of any offer to purchase or subscribe for any securities. The making of this Summary does not constitute a recommendation regarding any securities.

The distribution of this Summary in other jurisdictions may be restricted by law and persons into whose possession this Summary comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of other jurisdictions.

The information contained in this Summary is provided as of the date of this Summary and is subject to change without notice.

FINANCIAL DATA

SEPARATE IFRS STATEMENT OF FINANCIAL POSITION

in HUF million	30/09/2020	30/09/2019	change
Cash, amounts due from banks and balances with the National Bank of Hungary	477,168	338,127	41%
Placements with other banks, net of allowance for placement losses	1,353,930	1,488,851	-9%
Repo receivables	9,198	77,761	-88%
Financial assets at fair value through profit or loss	219,047	191,260	15%
Financial assets at fair value through other comprehensive income	995,592	1,629,038	-39%
Loans	3,757,693	3,241,554	16%
Securities at amortised cost	1,901,336	1,452,073	31%
Investments properties	2,322	2,387	-3%
Investments in subsidiaries	1,552,023	1,385,368	12%
Intangible assets	54,823	42,344	29%
Property and equipment	72,908	72,269	1%
Right of use assets	14,054	14,442	-3%
Derivative financial assets designated as hedge accounting relationships	23,653	17,361	36%
Other assets	162,569	138,685	17%
TOTAL ASSETS	**10,596,316**	**10,091,520**	**5%**
Amounts due to banks and deposits from the National Bank of Hungary and other banks	806,584	612,537	32%
Deposits from customers	7,178,945	6,177,879	16%
Repo liabilities	184,324	996,685	-82%
Liabilities from issued securities	37,127	44,426	-16%
Subordinated bonds and loans	305,742	281,758	9%
Financial liabilities at fair value through profit or loss	25,651	29,545	-13%
Derivative financial liabilities designated as held for trading	154,808	125,937	23%
Derivative financial liabilities designated as hedge accounting relationships	18,009	12,856	40%
Deferred tax liabilities	3,450	5,472	-37%
Leasing liabilities	14,690	14,523	1%
Other liabilities	220,494	198,177	11%
TOTAL LIABILITIES	**8,949,824**	**8,499,795**	**5%**
Share capital	28,000	28,000	0%
Retained earnings and reserves	1,665,714	1,566,588	6%
Treasury shares	-47,222	-2,863	
TOTAL SHAREHOLDERS' EQUITY	**1,646,492**	**1,591,725**	**3%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**10,596,316**	**10,091,520**	**5%**

CONSOLIDATED IFRS STATEMENT OF FINANCIAL POSITION

in HUF million	30/09/2020	30/09/2019	change
Cash, amounts due from banks and balances with the National Banks	2,095,025	1,830,699	14%
Placements with other banks, net of loss allowance for placements	1,023,760	628,362	63%
Financial assets at fair value through profit or loss	273,657	264,803	3%
Securities at fair value through other comprehensive income	2,132,672	2,416,228	-12%
Loans at amortized cost	13,142,950	11,036,143	19%
Loans mandatorily at fair value through profit or loss	30,140	30,441	-1%
Associates and other investments	31,749	19,433	63%
Securities at amortized cost	2,539,697	1,849,628	37%
Property and equipment	320,227	309,863	3%
Intangible assets and goodwill	235,264	219,093	7%
Right-of-use assets	46,102	55,978	-18%
Investment properties	36,819	41,080	-10%
Derivative financial assets designated as hedge accounting	17,792	6,090	192%
Deferred tax assets	21,042	25,911	-19%
Current income tax receivable	43,384	14,306	203%
Other assets	233,326	222,974	5%
Assets classified as held-for-sale	485,610	0	
TOTAL ASSETS	**22,709,216**	**18,971,032**	**20%**
Amounts due to banks, the National Governments, deposits from the National Banks and other banks	1,084,701	636,459	70%
Repo liabilities	187,246	0	
Financial liabilities at fair value through profit or loss	27,786	29,454	-6%
Deposits from customers	16,951,338	14,653,646	16%
Liabilities from issued securities	444,338	398,097	12%
Derivative financial liabilities held for trading	161,467	121,703	33%
Derivative financial liabilities designated as hedge accounting	18,156	13,025	39%
Leasing liabilities	48,163	54,568	-12%
Deferred tax liabilities	27,682	21,267	30%
Current income tax payable	35,382	33,389	6%
Other liabilities	591,224	607,953	-3%
Subordinated bonds and loans	273,542	197,573	38%
Liabilities directly associated with assets classified as held-for-sale	385,084	0	
TOTAL LIABILITIES	**20,236,109**	**16,767,134**	**21%**
Share capital	28,000	28,000	0%
Retained earnings and reserves	2,567,431	2,231,070	15%
Treasury shares	-126,692	-62,213	104%
Non-controlling interest	4,368	7,041	-38%
TOTAL SHARHOLDERS' EQUITY	**2,473,107**	**2,203,898**	**12%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**22,709,216**	**18,971,032**	**20%**

SEPARATE IFRS STATEMENT OF RECOGNIZED INCOME

in HUF million	9M 2020	9M 2019	change
NET INTEREST INCOME	**162,746**	**150,807**	**8%**
Interest income from / on	**236,027**	**238,724**	**-1%**
Interest expense due to / from / on	**-73,281**	**-87,917**	**-17%**
Risk cost total	**57,628**	**23,282**	**148%**
Loss allowance on loan and repo receivables losses	47,930	19,377	147%
Loss allowance on placement losses	2,300	977	135%
Loss allowance on securities at fair value through other comprehensive income	188	57	230%
Loss allowance on securities at amortised cost	1,504	-179	-940%
Provision for loan commitments and financial guarantees given	5,706	3,050	87%
NET INTEREST INCOME AFTER RISK COST	**105,118**	**127,525**	**-18%**
NET PROFIT FROM FEES AND COMMISSIONS	**158,302**	**156,388**	**1%**
Income from fees and commissions	185,349	180,148	3%
Expenses from fees and commissions	-27,047	-23,760	14%
NET OPERATING INCOME	**46,179**	**75,671**	**-39%**
Foreign exchange (losses) and gains	-7,009	2,638	-366%
Gains on deivative instruments, net	5,676	1,519	274%
Gains on financial instruments at fair value through profit or loss	3,256	721	352%
Gains on securities, net	6,865	5,900	16%
Dividend income	60,961	78,874	-23%
Other operating income	5,353	3,974	35%
Other operating expenses	-28,923	-17,955	61%
OTHER ADMINISTRATIVE EXPENSES	**-237,741**	**-221,948**	**7%**
Personnel expenses	-86,810	-80,327	8%
Depreciation and amortization	-27,259	-21,796	25%
Other administrative expenses	-123,672	-119,825	3%
PROFIT BEFORE INCOME TAX	**71,858**	**137,636**	**-48%**
Income tax	-1,423	-7,430	-81%
NET PROFIT FOR THE YEAR	**70,435**	**130,206**	**-46%**

CONSOLIDATED IFRS STATEMENT OF RECOGNIZED INCOME

in HUF million	9M 2020	9M 2019	change
CONTINUING OPERATIONS			
Interest income calculated using the effective interest method	651,485	569,434	14%
Income similar to interest income	81,613	88,575	-8%
Interest incomes	**733,098**	**658,009**	**11%**
Interest expenses	**-149,078**	**-147,142**	**1%**
NET INTEREST INCOME	**584,020**	**510,867**	**14%**
Loss allowance / Release of loss allowance on loans, placements and repo receivables	-129,640	-29,939	333%
Loss allowance / Release of loss allowance on securities at fair value through other comprehensive income and on securities at amortized cost	-4,809	-148	
Provision for commitments and guarantees given	-10,262	-3,378	204%
Impairment / (Release of impairment) of assets subject to operating lease and of investment properties	945	37	
NET INTEREST INCOME AFTER LOSS ALLOWANCE, IMPAIRMENT AND PROVISIONS	**440,254**	**477,439**	**-8%**
Income from fees and commissions	350,117	317,125	10%
Expense from fees and commissions	-62,964	-50,764	24%
Net profit from fees and commissions	**287,153**	**266,361**	**8%**
Foreign exchange gains / losses, net	15,221	5,883	159%
Foreign exchange result	8,177	4,764	72%
Gains and losses on derivative instruments	7,044	1,118	530%
Gains / Losses on securities, net	11,442	7,800	47%
Gains / Losses on financial assets /liabilities measured at fair value through profit or loss	155	801	-81%
Dividend income and gain / loss from associated companies	811	6,081	-87%
Other operating income	25,419	77,843	-67%
Gains and losses on real estate transactions	2,189	7,585	-71%
Other non-interest income	22,029	69,642	-68%
Net insurance result	1,201	615	95%
Other operating expense	-40,745	-29,191	40%
Net operating income	**12,303**	**69,217**	**-82%**
Personnel expenses	-229,458	-197,810	16%
Depreciation and amortization	-67,557	-56,243	20%
Goodwill impairment	0	-4,887	-100%
Other administrative expenses	-226,630	-208,554	9%
Other administrative expenses	**-523,645**	**-467,494**	**12%**
PROFIT BEFORE INCOME TAX	**216,065**	**345,523**	**-37%**
Income tax expense	-25,774	-35,920	-28%
NET PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	**190,291**	**309,603**	**-39%**
From this, attributable to:			
Non-controlling interest	**182**	**-18**	
Owners of the company	**190,109**	**309,621**	**-39%**
DISCONTINUED OPERATIONS			
LOSS FROM DISCONTINUED OPERATION	**-2,120**	**-**	
PROFIT FROM CONTINUING AND DISCOUNTINUED OPERATION	**188,171**	**309,603**	**-39%**

Note: in the stock exchange reports that accounting P&L structure was presented for the FY 2018, FY 2019 and 2020 periods where the results are split into continuing and discontinued operations, in the wake of the sale of the Slovakian bank. However, for the intra-year periods of 2018 and 2019, including the 9M 2019 base period shown in the above table the accounting P&L without this split was presented.

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 shares1	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				309,621			-18	309,603
Other comprehensive income				121,172			497	121,669
Purchase of non-controlling interests								
Increase due to business combination							4,110	4,110
Share-based payment			2,389					2,389
Dividend				-61,320				-61,320
Correction due to ESOP				376				376
Treasury shares								
– sale						14,288		14,288
– loss on sale				-5,175				-5,175
– volume change						-8,502		-8,502
Payment to ICES holders				-197				-197
Balance as at 30 September 2019	**28,000**	**52**	**38,021**	**2,248,465**	**-55,468**	**-62,213**	**7,041**	**2,203,898**

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 2019	**28,000**	**52**	**39,179**	**2,335,500**	**-55,468**	**-60,931**	**4,956**	**2,291,288**
Change due the change in representation of Visa C shares				1,842				1,842
Balance as at 1 January 2020	**28,000**	**52**	**39,179**	**2,337,342**	**-55,468**	**-60,931**	**4,956**	**2,293,130**
Net profit for the year				187,989			182	188,171
Other comprehensive income				62,625			-388	62,237
Purchase of non-controlling interests							-382	-382
Increase due to business combinations								
Share-based payment			2,385					2,385
Dividend								
Correction due to ESOP								
Treasury shares								
– sale						17,696		17,696
– loss on sale				-3,018				-3,018
– volume change						-83,457		-83,457
Payment to ICES holders				-3,655				-3,655
Balance as at 30 September 2020	**28,000**	**52**	**41,564**	**2,581,283**	**-55,468**	**-126,692**	**4,368**	**2,473,107**

[1] The deduction related to repurchased treasury shares (3Q 2020: HUF 126,692 million) includes the book value of OTP shares held by ESOP (3Q 2020: 5,286,876 shares).

SEPARATE IFRS STATEMENT OF CASH FLOWS

in HUF million	30/09/2020	30/09/2019	change
OPERATING ACTIVITIES			
Profit before income tax	71,858	137,636	-48%
Net accrued interest	-50,638	-16,362	209%
Income tax paid	-724	-422	72%
Depreciation and amortization	27,297	21,796	25%
Loss allowance / (Release of loss allowance)	68,512	32,263	112%
Share-based payment	2,385	2,389	0%
Unrealised loss on fair value adjustment of financial instruments at fair value through profit or loss	-1,038	-169	514%
Unrealised gain on fair value adjustment of derivative financial instruments	1,126	15,688	-93%
Leasing interest expense	-195	-185	5%
Net change in assets and liabilities in operating activities	11,503	-322,639	-104%
Net cash provided by / (used in) operating activities	**130,086**	**-130,005**	**-200%**
INVESTING ACTIVITIES			
Net cash provided by / (used in) investing activities	**294,057**	**-859,346**	**-134%**
FINANCING ACTIVITIES			
Net cash provided by / (used in) financing activities	**-243,840**	**962,686**	**-125%**
Net increase/decrease in cash and cash equivalents	**180,303**	**-26,665**	**-776%**
Cash and cash equivalents at the beginning of the year	**224,631**	**303,358**	**-26%**
Cash and cash equivalents at the end of the year	**404,934**	**276,693**	**46%**
Cash, amounts due from banks and balances with the National Bank of Hungary	289,686	360,855	-20%
Cash and cash equivalents at the beginning of the year	**289,686**	**360,855**	-20%
Cash, amounts due from banks and balances with the National Bank of Hungary	477,168	338,127	41%
Cash and cash equivalents at the end of the year	**477,168**	**338,127**	41%

CONSOLIDATED IFRS STATEMENT OF CASH FLOWS

in HUF million	30/09/2020	30/09/2019	change
OPERATING ACTIVITIES			
Net profit for the period	187.989	412.241	-54%
Net changes in assets and liabilities in operating activities			
Income tax paid	-20.941	-30.170	-31%
Depreciation	69.024	77.048	-10%
Goodwill impairment	0	4.887	-100%
Loss allowance	160.992	68.293	136%
Net accrued interest	-27.344	-6.016	355%
Share-based payment	2.385	3.547	-33%
Unrealised gains on fair value adjustment of financial instruments at fair value through profit or loss	-6.266	6.975	-190%
Unrealised losses on fair value adjustment of derivative financial instruments	8.356	14.232	-41%
Changes in operating assets and liabilities	339.837	146.179	132%
Net cash provided by operating activities	**714.032**	**697.216**	**2%**
INVESTING ACTIVITIES			
Net cash used in investing activities	**-946.345**	**-350.421**	**170%**
FINANCING ACTIVITIES			
Net cash provided by / (used in) financing activities	**542.207**	**-117.037**	**-563%**
Net increase (+) / decrease (-) of cash	**309.894**	**229.758**	**35%**
Cash and cash equivalents at the beginning of the year	1.049.737	819.979	28%
Cash and cash equivalents at the end of the year	**1.358.569**	**1.049.737**	**29%**
Adjustment due to discontinuing activity	***1.062***	--	

CONSOLIDATED SUBSIDIARIES AND ASSOCIATES

			Initial capital/Equity (HUF)	Ownership Directly + indirectly (%)	Voting rights (%)	Classification[1]
1	Air-Invest Ltd.		600,000,000	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 DOM EAD	BGN	100,000	100.00	100.00	L
13	DSK Leasing AD	BGN	3,334,000	100.00	100.00	L
14	DSK Mobile EAD	BGN	250,000	100.00	100.00	L
15	DSK Operating lease EOOD	BGN	1,000	100.00	100.00	L
16	DSK Tours EOOD	BGN	8,491,000	100.00	100.00	L
17	DSK Trans Security EAD	BGN	2,225,000	100.00	100.00	L
18	EiSYS Ltd.		3,000,000	100.00	100.00	L
19	Express Factoring EOOD	BGN	1,100,000	100.00	100.00	L
20	INGA KETTŐ Ltd.		8,000,000,000	100.00	100.00	L
21	JN Parkolóház Ltd.		4,800,000	100.00	100.00	L
22	Limited Liability Company Asset Management Company " OTP Capital"	UAH	10,000,000	100.00	100.00	L
23	LLC MFO "OTP Finance"	RUB	6,533,000,000	100.00	100.00	L
24	LLC OTP Leasing	UAH	45,495,340	100.00	100.00	L
25	Merkantil Bank Ltd.		2,000,000,000	100.00	100.00	L
26	Merkantil Bérlet Ltd.		6,000,000	100.00	100.00	L
27	MFM Project Investment and Development Ltd.		20,000,000	100.00	100.00	L
28	Miskolci Diákotthon Ltd.		5,000,000	100.00	100.00	L
29	MONICOMP Ltd.		20,000,000	100.00	100.00	L
30	NIMO 2002 Ltd.		1,156,000,000	100.00	100.00	L
31	OTP Fund Management Ltd.		900,000,000	100.00	100.00	L
32	OTP Asset Management SAI S.A.	RON	5,795,323	100.00	100.00	L
33	OTP Aventin d.o.o.	HRK	40,000	100.00	100.00	L
34	Joint-Stock Company OTP Bank	UAH	6,186,023,111	100.00	100.00	L
35	OTP Bank Romania S.A.	RON	1,829,253,120	100.00	100.00	L
36	OTP banka dioničko društvo	HRK	3,993,754,800	100.00	100.00	L
37	OTP banka Srbija AD. Beograd	RSD	23,723,021,200	100.00	100.00	L
38	OTP Debt Collection d.o.o. Podgorica	EUR	49,000,001	100.00	100.00	L
39	OTP eBIZ Kft.		281,000,000	100.00	100.00	L
40	OTP Life Annuity Real Estate Investment Plc.		2,000,000,000	100.00	100.00	L
41	OTP Factoring Bulgaria JSCo.	BGN	1,000,000	100.00	100.00	L
42	OTP Factoring Serbia Ltd.	RSD	782,902,282	100.00	100.00	L
43	OTP Factoring Slovensko Ltd.	EUR	22,540,000	100.00	100.00	L
44	OTP Factoring Romania Llc.	RON	600,405	100.00	100.00	L
45	OTP Factoring Ukraine LLC	UAH	6,227,380,554	100.00	100.00	L
46	OTP Factoring Ltd.		500,000,000	100.00	100.00	L
47	OTP Factoring Management Ltd.		3,100,000	100.00	100.00	L
48	OTP Financing Cyprus Private Company Limited by shares	EUR	1,001,000	100.00	100.00	L
49	OTP Financing Malta Company Limited	EUR	105,000,000	100.00	100.00	L
50	OTP Financing Netherlands	EUR	18,000	100.00	100.00	L
51	OTP Financing Solutions	EUR	18,000	100.00	100.00	L
52	OTP Holding Ltd.	EUR	131,000	100.00	100.00	L
53	OTP Holding Malta Ltd.	EUR	104,950,000	100.00	100.00	L
54	OTP Hungaro-Projekt Ltd.		27,720,000	100.00	100.00	L
55	OTP Real Estate Investment Fund Management Ltd.		100,000,000	100.00	100.00	L
56	OTP Real Estate Ltd.		1,000,000,000	100.00	100.00	L
57	OTP Ingatlankezelő Ltd.		50,000,000	100.00	100.00	L
58	OTP Real Estate Leasing Ltd.		214,000,000	100.00	100.00	L
59	OTP Ingatlanpont Ltd.		7,500,000	100.00	100.00	L
60	OTP Ingatlanüzemeltető Ltd.		30,000,000	100.00	100.00	L
61	OTP Insurance Broker EOOD	BGN	5,000	100.00	100.00	L
62	OTP Invest društvo s ograničenom odgovornošću za upravljanje fondovima	HRK	14,679,900	100.00	100.00	L
63	OTP Investments d.o.o. Novi Sad	RSD	203,783,061	100.00	100.00	L
64	OTP Mortgage Bank Ltd.		37,000,000,000	100.00	100.00	L
65	OTP Card Factory Ltd.		450,000,000	100.00	100.00	L
66	OTP Close Building Society		2,000,000,000	100.00	100.00	L
67	OTP Leasing d.d.	HRK	8,212,000	100.00	100.00	L
68	OTP Leasing EOOD	BGN	4,100,000	100.00	100.00	L
69	OTP Leasing Romania IFN S.A.	RON	28,556,300	100.00	100.00	L

			Initial capital/Equity (HUF)	Ownership Directly + indirectly (%)	Voting rights (%)	Classification[1]
70	OTP Leasing Srbija d.o.o. Beograd	RSD	314,097,600	100.00	100.00	L
71	OTP Leasing d.o.o. Beograd	RSD	112,870,710	100.00	100.00	L
72	OTP Mérnöki Ltd.		3,000,000	100.00	100.00	L
73	OTP Mobile Service Ltd.		1,210,000,000	100.00	100.00	L
74	OTP Nekretnine d.o.o.	HRK	259,828,100	100.00	100.00	L
75	OTP Osiguranje ADO.	RSD	412,606,208	100.00	100.00	L
76	OTP Osiguranje d.d.	HRK	40,900,000	100.00	100.00	L
77	OTP Funds Servicing and Consulting Company Limited		2,351,000,000	100.00	100.00	L
78	OTP Financial point Ltd.		51,000,000	100.00	100.00	L
79	OTP Savjetovanje d.o.o.	HRK	3,531,400	100.00	100.00	L
80	OTP Services Ltd.	RSD	40,028	100.00	100.00	L
81	Venture Closed-End Non Diversified Mutual Investment Fund "OTP Solution"	UAH	43,347,201	100.00	100.00	L
82	Podgorička banka AD Podgorica	EUR	24,730,558	100.00	100.00	L
83	PortfoLion Digital Ltd.		102,000,000	100.00	100.00	L
84	PortfoLion Venture Capital Fund Management Ltd.		39,500,000	100.00	100.00	L
85	R.E. Four d.o.o., Novi Sad	RSD	1,983,643,761	100.00	100.00	L
86	SB Leasing d.o.o.	HRK	23,332,000	100.00	100.00	L
87	SC Aloha Buzz SRL	RON	10,200	100.00	100.00	L
88	SC Favo Consultanta SRL	RON	10,200	100.00	100.00	L
89	SC Tezaur Cont SRL	RON	10,200	100.00	100.00	L
90	SKB Leasing d.o.o.	EUR	16,809,031	100.00	100.00	L
91	SKB Leasing Select d.o.o.	EUR	5,000,000	100.00	100.00	L
92	SPLC Ltd.		10,000,000	100.00	100.00	L
93	SPLC-P Ltd.		15,000,000	100.00	100.00	L
94	TOP Collector LLC	RUB	1,030,000	100.00	100.00	L
95	Velvin Ventures Ltd.	USD	50,000	100.00	100.00	L
96	Vojvodjanska Banka a.d. Novi Sad	RSD	31,607,808,040	100.00	100.00	L
97	OTP Buildings s.r.o.	EUR	18,717,301	100.00	100.00	L
98	SKB Banka d.d. Ljubljana	EUR	52,784,176	100.00	100.00	L
99	DSK Bank EAD	BGN	1,328,659,920	99.91	99.91	L
100	POK DSK-Rodina AD	BGN	6,010,000	99.75	99.75	L
101	OTP Banka Slovensko a.s.	EUR	126,590,712	99.44	99.44	L
102	Mobiasbanca - OTP Group S.A.	MDL	100,000,000	98.26	98.31	L
103	JSC "OTP Bank" (Russia)	RUB	4,423,768,142	97.91	97.91	L
104	ShiwaForce.com Inc.		105,321,000	67.50	67.50	L
105	Regional Urban Development Fund AD	BGN	250,000	52.00	52.00	L
106	OPUS Securities S.A.	EUR	31,000	0.00	51.00	L
107	OTP ESOP		56,236,480,818	0.00	0.00	L

Ownership structure of OTP Bank Plc.

Description of owner	Total equity					
	1 January 2020			30 September 2020		
	Ownership share	Voting rights[1]	Quantity	Ownership share	Voting rights[1]	Quantity
Domestic institution/company	18.84%	18.86%	52,750,611	21.52%	21.86%	60,259,748
Foreign institution/company	77.01%	77.10%	215,635,699	69.00%	70.10%	193,190,663
Domestic individual	2.98%	2.98%	8,344,202	6.74%	6.85%	18,874,234
Foreign individual	0.13%	0.13%	356,377	0.15%	0.15%	415,688
Employees, senior officers	0.80%	0.80%	2,240,465	0.87%	0.88%	2,426,214
Treasury shares[2]	0.12%	0.00%	323,520	1.57%	0.00%	4,395,242
Government held owner	0.08%	0.08%	219,372	0.08%	0.08%	219,800
International Development Institutions	0.04%	0.04%	122,218	0.04%	0.04%	107,115
Other[3]	0.00%	0.00%	7,546	0.04%	0.04%	111,306
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 30 September 2020 ESOP owned 5,286,876 OTP shares.
[3] Non-identified shareholders according to the shareholders' registry.

Number of treasury shares held in the year under review (2020)

	1 January	31 March	30 June	30 September	31 December
OTP Bank	323,520	1,667,632	2,313,939	4,395,242	
Subsidiaries	0	0	0	0	
TOTAL	323,520	1,667,632	2,313,939	4,395,242	

Shareholders with over/around 5% stake as at 30 September 2020

Name	Number of shares	Ownership[1]	Voting rights[1,2]
MOL (Hungarian Oil and Gas Company Plc.)	24,000,000	8.57%	8.71%
KAFIJAT Group	19,835,748	7.08%	7.20%
OPUS Securities S.A.	14,496,476	5.18%	5.26%
Groupama Group	14,333,914	5.12%	5.20%

[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 30 September 2020

Type[1]	Name	Position	No. of shares held
IT	Dr. Sándor Csányi [2]	Chairman and CEO	910,237
IT	Mihály Baumstark	member	53,200
IT	Dr. Tibor Bíró	member	38,600
IT	Tamás Erdei	member, Deputy Chairman	29,657
IT	Dr. István Gresa	member	163,658
IT	Antal Kovács	member, Deputy CEO	61,686
IT	Dr. Antal Pongrácz	member	88,111
IT	Dr. László Utassy	member	210,847
IT	Dr. József Vörös	member	164,514
IT	László Wolf	member, Deputy CEO	572,121
FB	Klára Bella	member	93
FB	Tibor Tolnay	Chairman	54
FB	Dr. Gábor Horváth	member, Deputy Chairman	0
FB	András Michnai	member	100
FB	Olivier Péqueux	member	0
FB	Dr. Márton Gellért Vági	member	0
SP	László Bencsik	Chief Financial and Strategic Officer, Deputy CEO	43,037
SP	András Tibor Johancsik	Deputy CEO	31,055
SP	György Kiss-Haypál	Deputy CEO	3,215
TOTAL No. of shares held by management:			**2,370,185**

[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: 4,689.964

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

a) Contingent liabilities

	30/09/2020	30/09/2019
Commitments to extend credit	3,407,745	2,839,267
Guarantees arising from banking activities	1,053,289	884,202
Confirmed letters of credit	42,823	29,298
Legal disputes (disputed value)	69,457	31,249
Other	390,028	275,384
Total:	**4,963,342**	**4,059,400**

[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]	8,777	9,059	9,500
Consolidated[2]	39,210	40,648	38,762

[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 between 1/10/2019 and 30/09/2020

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 30/09/2020	Outstanding consolidated debt (in HUF million) 30/09/2020
OTP Bank Plc.	Corporate bond	XS2022388586	15/07/2019	15/07/2029	EUR	499,774,000	182,243
OTP Bank Plc.	Corporate bond	OTP_DK_22/II	29/05/2020	31/05/2022	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_23/II	29/05/2020	31/05/2023	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_24/II	29/05/2020	31/05/2024	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_25/II	29/05/2020	31/05/2025	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_26/I	29/05/2020	31/05/2026	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_27/I	29/05/2020	31/05/2027	HUF	0	0
OTP Bank Plc.	Retail bond	OTP_VK1_20/7	07/11/2019	07/11/2020	USD	1,660,300	517
OTP Bank Plc.	Retail bond	OTP_VK1_20/8	19/12/2019	19/12/2020	USD	1,469,600	458
OTP Bank Plc.	Retail bond	OTP_VK1_21/1	20/02/2020	20/02/2021	USD	1,401,200	436
OTP Bank Plc.	Retail bond	OTP_VK1_21/2	02/04/2020	02/04/2021	USD	1,252,600	390
OTP Bank Plc.	Retail bond	OTP_VK1_21/3	14/05/2020	14/05/2021	USD	1,181,700	368
OTP Bank Plc.	Retail bond	OTP_VK1_21/4	18/06/2020	18/06/2021	USD	743,000	231
OTP Mortgage Bank	Mortgage bond	OJB2024_C	24/02/2020	24/10/2024	HUF	63,602	63,602
OTP Mortgage Bank	Mortgage bond	OJB2025_II	03/02/2020	26/11/2025	HUF	9,585	9,585
OTP Mortgage Bank	Mortgage bond	OJB2027_I	23/07/2020	27/10/2027	HUF	36,700	36,700

Security redemptions on Group level between 1/10/2019 and 30/09/2020

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 30/09/2019	Outstanding consolidated debt (in HUF million) 30/09/2019
OTP Bank Plc.	Corporate bond	OTPX2019B	05/10/2009	14/10/2019	HUF	286	286
OTP Bank Plc.	Corporate bond	OTPX2019C	14/12/2009	20/12/2019	HUF	215	215
OTP Bank Plc.	Corporate bond	OTPRF2020C	11/11/2010	05/11/2020	HUF	2,596	2,596
OTP Bank Plc.	Corporate bond	OTPX2020C	11/11/2010	05/11/2020	HUF	166	166
OTP Bank Plc.	Corporate bond	OTPX2020D	16/12/2010	18/12/2020	HUF	177	177
OTP Bank Plc.	Corporate bond	OTPX2020F	10/10/2014	16/10/2020	HUF	2,722	2,722
OTP Bank Plc.	Corporate bond	OTPX2020G	15/12/2014	21/12/2020	HUF	2,399	2,399
OTP Bank Plc.	Retail bond	OTP_VK1_19/6	04/10/2018	04/10/2019	USD	2,066,529	632
OTP Bank Plc.	Retail bond	OTP_VK1_19/7	15/11/2018	15/11/2019	USD	866,036	265
OTP Bank Plc.	Retail bond	OTP_VK1_19/8	20/12/2018	20/12/2019	USD	1,494,721	457
OTP Bank Plc.	Corporate bond	OTP_DK_24/I	30/05/2019	31/05/2024	HUF	0	0
OTP Mortgage Bank	Mortgage bond	OJB2020_I	19/11/2004	12/11/2020	HUF	5,503	5,503
OTP Mortgage Bank	Mortgage bond	OJB2020_II	31/05/2011	12/11/2020	HUF	1,487	1,487
OTP Mortgage Bank	Mortgage bond	OJB2024_B	18/09/2018	24/05/2024	HUF	52,839	52,839

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	9M 2019	9M 2020	Y-o-Y	3Q 2019	2Q 2020	3Q 2020	Q-o-Q	Y-o-Y
Total	**8.412**	**10.206**	**21%**	**2.524**	**4.336**	**2.783**	**-36%**	**72%**
Short-term employee benefits	6.124	7.866	28%	1.848	3.176	2.502	-21%	72%
Share-based payment	1.725	1.647	-5%	575	745	157	-79%	30%
Other long-term employee benefits	521	595	14%	98	333	116	-65%	240%
Termination benefits	14	98	600%	0	0	93		
Redundancy payments	28	0	-100%	3	82	-85	-204%	2633%
Loans provided to companies owned by the management (normal course of business)	53.163	78.958	49%	53.163	74.929	78.958	5%	49%
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)	711	592	-17%	711	525	592	13%	-17%
Commitments to extend credit and guarantees	38.287	36.899	-4%	38.287	39.175	36.899	-6%	-4%
Loans provided to unconsolidated subsidiaries	2.959	3.419	16%	2.959	2.264	3.419	51%	16%

[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[6]

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value 9M 2019	Measures value 9M 2020
Leverage, consolidated[7]	The leverage ratio is calculated pursuant to Article 429 CRR. The calculation of the indicator is designed quarterly by the Bank for the prudential consolidation circle.	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 9M 2020: $\frac{2,224,408.7}{24,927,465.1} = 8.9\%$ Example for 9M 2019: $\frac{1,934,955.7}{20,166,479.1} = 9.6\%$	9.6%	8.9%
Liquidity Coverage Ratio (LCR)	According to Article 412 (1) of CRR, the liquidity coverage ratio (LCR) is designed to promote short-term resilience of the Issuer's / Group's liquidity risk profile and aims to ensure that the Issuer / 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 9M 2020: $\frac{4,707,507.3}{3,600,030.5 - 846,467.5} = 171.0\%$ Example for 9M 2019: $\frac{4,805,323.0}{3,480,779.5 - 742,239.9} = 175.5\%$	175.5%	171.0%
ROE (accounting), consolidated	The return on equity ratio shall be calculated the consolidated accounting after-tax profit for the given period divided by the average equity, thus shows the effectiveness of the use of equity.	The numerator of the indicator is the consolidated accounting after-tax profit for the given period (annualized for periods less than one year), 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 9M 2020: $\frac{188,171.1 * 1.3}{2,351,086.8} = 10.7\%$ Example for 9M 2019: $\frac{309,603.0 * 1.3}{1,962,687.6} = 21.1\%$	21.1%	10.7%

[6] 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.

[7] 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 9M 2019	Measures value 9M 2020
ROE (adjusted), consolidated	The return on equity ratio shall be calculated the consolidated adjusted after-tax profit for the given period divided by the average equity, thus shows the effectiveness of the use of equity.	The numerator of the indicator is the consolidated adjusted after-tax profit for the given period (annualized for periods less than one year), the denominator is the average consolidated equity. Example for 9M 2020: $\frac{231{,}705.7 \quad * \quad 1.3}{2{,}351{,}086.8} = 13.2\%$ Example for 9M 2019: $\frac{313{,}101.4 \quad * \quad 1.3}{1{,}962{,}692.7} = 21.3\%$	21.3%	13.2%
ROA (adjusted), consolidated	The return on asset ratio shall be calculated the consolidated adjusted net profit for the given period divided by the average total asset, thus shows the effectiveness of the use of equity.	The numerator of the indicator is the consolidated adjusted net profit for the given period, the denominator is the average consolidated total asset. (The definition of average asset: 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 9M 2020: $\frac{231{,}705.7 \quad * \quad 1.3}{21{,}416{,}207.7} = 1.4\%$ Example for 9M 2019: $\frac{313{,}101.4 \quad * \quad 1.3}{16{,}482{,}782.8} = 2.5\%$	2.5%	1.4%
Operating profit margin (adjusted, without one-off items), consolidated	The operating profit margin shall be calculated the consolidated adjusted net operating profit without one-off items for the given period divided by the average total assets, thus shows the effectiveness of the operating profit generation on total assets.	The numerator of the indicator is the consolidated adjusted net operating profit without one-off items for the given period, the denominator is the average consolidated total assets. Example for 9M 2020: $\frac{397{,}519.5 \quad * \quad 1.3}{21{,}416{,}207.7} = 2.48\%$ Example for 9M 2019: $\frac{370{,}054.2 \quad * \quad 1.3}{16{,}482{,}782.8} = 3.00\%$	3.00%	2.48%
Total income margin (adjusted, without one-off items), consolidated	The total income margin shall be calculated the consolidated adjusted total income without one-off items for the given period divided by the average total assets, thus shows the effectiveness of income generation on total assets.	The numerator of the indicator is the consolidated adjusted total income without one-off items for the given period (annualized for periods less than one year), the denominator is the average consolidated total assets. Example for 9M 2020: $\frac{862{,}469.0 \quad * \quad 1.3}{21{,}416{,}207.7} = 5.38\%$ Example for 9M 2019: $\frac{772{,}209.6 \quad * \quad 1.3}{16{,}482{,}782.8} = 6.26\%$	6.26%	5.38%

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value 9M 2019	Measures value 9M 2020
Net interest margin (adjusted), consolidated	The net interest margin shall be calculated the consolidated adjusted net interest income for the given period divided by the average total assets, thus shows the effectiveness of net interest income generation on total assets.	The numerator of the indicator is the consolidated adjusted net interest income for the given period (annualized for periods less than one year), the denominator is the average consolidated total assets. Example for 9M 2020: $\frac{590{,}501.0 \ * \ 1.3}{21{,}416{,}207.7} = 3.68\%$ Example for 9M 2019: $\frac{510{,}423.1 \ * \ 1.3}{16{,}482{,}782.8} = 4.14\%$	4.14%	3.68%
Operating cost (adjusted)/ total assets, consolidated	The indicator shows the operational efficiency.	The numerator of the indicator is the consolidated adjusted operating cost for the given period (annualized for periods less than one year), the denominator is the average consolidated total assets. Example for 9M 2020: $\frac{464{,}949.5 \ * \ 1.3}{21{,}416{,}207.7} = 2.90\%$ Example for 9M 2019: $\frac{402{,}155.4 \ * \ 1.3}{16{,}482{,}782.8} = 3.26\%$	3.26%	2.90%
Cost/income ratio (adjusted, without one-off items), consolidated	The indicator is another measure of operational efficiency.	The numerator of the indicator is the consolidated adjusted operating cost for the given period, the denominator is the adjusted operating income (without one-off items) for the given period. Example for 9M 2020: $\frac{464{,}949.5}{862{,}469.0} = 53.9\%$ Example for 9M 2019: $\frac{402{,}155.4}{772{,}209.6} = 52.1\%$	52.1%	53.9%
Provision for impairment on loan and placement losses (adjusted)/ average (adjusted) gross loans, consolidated	The indicator provides information on the amount of impairment on loan and placement losses relative to gross customer loans.	The numerator of the indicator is the consolidated adjusted provision for impairment on loan and placement losses for the given period (annualized for periods less than one year), the denominator is the adjusted consolidated gross customer loans for the given period. (The definition of average (adjusted) gross customer loans: 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 9M 2020: $\frac{116{,}185.7 \ * \ 1.3}{13{,}619{,}512.1} = 1.14\%$ Example for 9M 2019: $\frac{15{,}905.8 \ * \ 1.3}{10{,}064{,}347.0} = 0.21\%$	0.21%	1.14%
Total risk cost (adjusted)/ total asset ratio, consolidated	The indicator shows the amount of total risk cost relative to the balance sheet total.	The numerator of the indicator is consolidated adjusted total risk cost for the given period (annualized for periods less than one year), the denominator is the average consolidated total assets for the given period. Example for 9M 2020: $\frac{135{,}851.2 \ * \ 1.3}{21{,}416{,}207.7} = 0.85\%$ Example for 9M 2019: $\frac{22{,}216.0 \ * \ 1.3}{16{,}482{,}782.8} = 0.18\%$	0.18%	0.85%

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value 9M 2019	Measures value 9M 2020
Effective tax rate (adjusted), consolidated	The indicator shows the amount of corporate income tax accounted on pre-tax profit.	The numerator of the indicator is consolidated adjusted corporate income tax for the given period, the denominator is the consolidated adjusted pre-tax profit for the given period. Example for 9M 2020: $\frac{31{,}520.9}{263{,}226.6} = 12.0\%$ Example for 9M 2019: $\frac{38{,}285.8}{351{,}387.2} = 10.9\%$	10.9%	12.0%
Net loan/(deposit+ retail bonds) ratio (FX-adjusted), consolidated	The net loan to deposit+retail bonds ratio is the indicator for assessing the bank's liquidity position.	The numerator of the indicator is the consolidated net consumer loan volume (gross loan reduced the amount of provision), the denominator is the end of period consolidated consumer FX-adjusted deposit volume plus the end of period retail bond volume (issued by OTP Bank). Example for 9M 2020: $\frac{13{,}574{,}197.9}{17{,}315{,}480.8 + 2{,}341.6} = 78\%$ Example for 9M 2019: $\frac{11{,}066{,}584.4}{14{,}638{,}949.6 + 4{,}213.1} = 76\%$	76%	78%

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 Leasing 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; OTP eBIZ Ltd. was included from 1Q 2020. 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 issued by OTP Bank. 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) From 1Q 2019 the statement of recognised income and balance sheet of OTP Leasing d.d. and SB Leasing d.o.o. was included. In February 2020 the company name of OTP banka Hrvatska dioničko društvo was changed to OTP banka dioničko društvo.

(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) Until the end of 2019 the after tax profit of Merkantil Bank without dividends, net cash transfer and other adjustment items, since 1Q 2020 the subconsolidated after tax profit of Merkantil Group (Merkantil Bank Ltd., Merkantil Bérlet Ltd., OTP Real Estate Leasing Ltd., NIMO 2002 Ltd., SPLC-P Ltd., SPLC Ltd.) was presented.

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

(14) 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).

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

(16) 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 expected one-off negative effect of the first phase of the debt repayment moratorium in Hungary expiring at the end of 2020, the impact of fines imposed by the Hungarian Competition Authority, the effect of acquisitions, 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 securities mandatorily at fair value through profit or loss lines between 1Q 2019 – 4Q 2019, 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.
- Staring from 1Q 2020 the currency exchange result was shifted in the accounting P&L structure from the FX result to the net fees and commissions line, retroactively for the 2019 base period as well. In the adjusted P&L structure this
- 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).
- 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 and 2020 balance sheet (there was no change in the 2018 closing balance sheet structure). As for the consolidated accounting income statement, the Slovakian contribution for 2018, 2019 and 2020 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 19	2Q 19	3Q 19	9M 19	4Q 19 Audited	1Q 20	2Q 20	3Q 20	9M 20
Net interest income	**163,620**	**170,695**	**176,552**	**510,866**	**186,182**	**199,165**	**192,239**	**192,615**	**584,020**
(-) Revaluation result of FX provisions	20	6	-4	21	9	-64	29	-39	-74
(+) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	-202	491	-103	186	-110	87	72	94	253
(-) Netting of interest revenues on DPD90+ loans with the related provision (booked on the Provision for loan losses line) at OTP Core and CKB	768	745	866	2,378	756	1,792	1,175	479	3,446
(-) Effect of acquisitions	389	208	518	1,116	467	216	-309	-492	-585
(-) Initial NPV gain on the monetary policy interest rate swap (MIRS) deals	0	0	0	0	0	0	0	0	0
(-) Reclassification due to the introduction of IFRS16	-429	-463	-459	-1,351	-301	-418	-418	-374	-1,210
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines					10,733	2,554	2,648	2,603	7,804
Net interest income (adj.)	**162,670**	**170,690**	**177,063**	**510,423**	**195,875**	**200,280**	**194,482**	**195,738**	**590,501**
Net fees and commissions	**80,593**	**88,053**	**97,717**	**266,362**	**107,818**	**95,493**	**92,028**	**99,631**	**287,152**
(+) Financial Transaction Tax	-16,309	-14,213	-14,718	-45,239	-16,680	-17,739	-12,100	-15,287	-45,127
(-) Effect of acquisitions	-12	0	-26	-37	-5	-50	-34	-39	-122
(+) Shifting of certain cash transfers to public benefit organisations to the Net fees and commissions line	-366	366	0	0	0	0	0	0	0
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines					3,906	1,005	922	945	2,872
(-) Structural shift of income from currency exchange from net fees to the FX result	6,706	7,381	10,103	24,189	9,547	9,575	14,297	11,087	34,960
Net fees and commissions (adj.)	**57,223**	**66,825**	**72,953**	**197,001**	**85,503**	**69,234**	**66,586**	**74,240**	**210,059**
Foreign exchange result	**1,126**	**1,740**	**1,898**	**4,764**	**969**	**10,507**	**-8,359**	**6,029**	**8,177**
(-) Revaluation result of FX positions hedging the revaluation of FX provisions	-834	-1,524	-1,671	-4,029	-1,137	10,167	-2,582	3,754	11,339
(-) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	-406	-42	-477	-925	449	-175	-1,594	576	-1,193
(-) Effect of acquisitions	0	0	0	0	1	-2	1	0	0
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines					66	-47	10	17	-20
(+) Structural shift of income from currency exchange from net fees to the FX result	6,706	7,381	10,103	24,189	9,547	9,575	14,297	11,087	34,960
Foreign exchange result (adj.)	**9,072**	**10,688**	**14,148**	**33,908**	**11,269**	**10,045**	**10,122**	**12,803**	**32,971**
Gain/loss on securities, net	**1,532**	**4,655**	**1,613**	**7,800**	**3,811**	**-2,797**	**8,774**	**5,465**	**11,442**
(-) Shifting of Non-trading securities mandatorily at fair value through profit or loss line to Net other non-interest income from 1Q 2019 until 4Q 2019	590	23	229	842	1,072	-	-	-	-
(-) Effect of acquisitions							-66	0	-66
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines							358	62	420
Gain/loss on securities, net (adj.) with one-offs	**942**	**4,632**	**1,384**	**6,958**	**2,740**	**-2,797**	**9,199**	**5,527**	**11,929**
(-) Revaluation result of the treasury share swap agreement (booked as Gain on securities, net (adj) at OTP Core)	-735	601	-2,026	-2,161	-515	360	880	318	1,558
Gain/loss on securities, net (adj.) without one-offs	**1,677**	**4,031**	**3,411**	**9,118**	**3,254**	**-3,157**	**8,319**	**5,209**	**10,371**
Result of discontinued operation	**0**	**0**	**0**	**0**	**-4,668**	**-36**	**-2,596**	**512**	**-2,120**
(-) Effect of acquisitions					-6,037	1	17	-2	17
Result of discontinued operation (adj.)	**0**	**0**	**0**	**0**	**1,369**	**-37**	**-2,613**	**514**	**-2,136**

in HUF million	1Q 19	2Q 19	3Q 19	9M 19	4Q 19 Audited	1Q 20	2Q 20	3Q 20	9M 20
Gains and losses on real estate transactions	**1,985**	**3,647**	**1,953**	**7,585**	**646**	**557**	**607**	**1,025**	**2,189**
Result of discontinued operation (adj.)	**0**	**0**	**0**	**0**	**1,369**	**-37**	**-2,613**	**514**	**-2,136**
(+) Other non-interest income	**15,064**	**5,131**	**49,447**	**69,642**	**32,372**	**13,648**	**3,707**	**4,674**	**22,029**
(+) Gains and losses on derivative instruments	**1,957**	**-675**	**-163**	**1,118**	**-70**	**3,524**	**3,318**	**202**	**7,044**
(+) Net insurance result	**171**	**258**	**186**	**615**	**234**	**371**	**432**	**398**	**1,201**
(+) Losses on loans measured mandatorily at fair value through other comprehensive income and on securities at amortized cost	**849**	**69**	**-118**	**801**	**481**	**-173**	**227**	**99**	**154**
(-) Received cash transfers	39	248	-198	89	85	2	35	146	183
(+) Other other non-interest expenses	-596	-958	-1,144	-2,697	-4,081	-3,066	-997	-1,255	-5,317
(+) 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	-454	-193	665	19	1,843	85	-277	713	521
(-) 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	-363	200	0	0	0	0
(-) Effect of acquisitions	10,429	4	45,481	55,914	23,623	7,430	-52	-3	7,374
(-) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	204	533	373	1,111	-558	262	1,665	-481	1,446
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	-87	-71	-98	-256	-21	-37	-15	-53	-105
(-) Impact of fines imposed by the Hungarian Competition Authority	0	0	0	0	0	0	823	0	823
(-) 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	-92	-94	-145	-330	-153	-96	-33	-67	-196
(+) Shifting of Non-trading securities mandatorily at fair value through profit or loss line to Net other non-interest income from 1Q 2019 until 4Q 2019	590	23	229	842	1,072	-	-	-	-
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines					-1,072	124	2,710	-426	2,408
Net other non-interest result (adj.) with one-offs	**9,074**	**7,044**	**5,641**	**21,760**	**9,617**	**7,472**	**4,691**	**6,405**	**18,568**
(-) 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
Net other non-interest result (adj.) without one-offs	**9,074**	**7,044**	**5,641**	**21,760**	**9,617**	**7,472**	**4,691**	**6,405**	**18,568**
Provision for impairment on loan and placement losses	**-13,753**	**-4,866**	**-11,320**	**-29,940**	**-19,180**	**-97,568**	**-27,149**	**-4,923**	**-129,640**
(+) Loss allowance on securities at fair value through other comprehensive income and on securities at amortized cost	**179**	**-134**	**-192**	**-147**	**156**	**-133**	**-1,579**	**-3,097**	**-4,809**
(+) Provision for commitments and guarantees given	**-1,916**	**23**	**-1,485**	**-3,378**	**-4,617**	**-5,676**	**-4,744**	**158**	**-10,262**
(+) Impairment of assets subject to operating lease and of investment properties	**-51**	**-61**	**152**	**41**	**240**	**883**	**12**	**51**	**945**
(-) Revaluation result of FX provisions	816	1,531	1,757	4,105	1,071	-9,996	2,546	-3,669	-11,118
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	-47	100	70	123	139	73	90	87	249
(+) Netting of interest revenues on DPD90+ loans with the related provision (booked on the Provision for loan losses line) at OTP Core and CKB	768	745	866	2,378	756	1,792	1,175	479	3,446
(-) Effect of acquisitions	-8,140	-203	-5,414	-13,757	-6,112	-1,119	-12	-977	-2,107
(-) One-off impact of regulatory changes related to FX consumer contracts in Serbia		-1,926	-201	-2,127	0	0	0	0	0
(-) Structural correction between Provision for loan losses and Other provisions	-1,787	-172	-1,525	-3,485	-4,221	-4,926	-6,311	-2,888	-14,126
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines					-46	10	-2,878	-100	-2,969
Provision for impairment on loan and placement losses (adj.)	**-5,616**	**-3,624**	**-6,667**	**-15,906**	**-13,568**	**-84,724**	**-31,477**	**15**	**-116,186**
Dividend income	**-311**	**5,698**	**695**	**6,081**	**1,873**	**115**	**-159**	**854**	**811**
(+) Received cash transfers	39	248	-198	89	85	2	35	146	183
(+) Paid cash transfers	-8,346	228	-221	-8,339	-4,856	-2,351	-1,119	-2,584	-6,054
(-) Sponsorships, subsidies and cash transfers to public benefit organisations	-8,342	226	-221	-8,337	-4,802	-2,351	-1,118	-2,569	-6,038
(-) Dividend income of swap counterparty shares kept under the treasury share swap agreement	0	5,710	0	5,710	0	0	0	0	0
(-) 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	-454	-193	665	19	1,843	85	-277	713	521
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines					3	1	0	7	8
After tax dividends and net cash transfers	**177**	**432**	**-168**	**441**	**65**	**33**	**152**	**279**	**464**

in HUF million	1Q 19	2Q 19	3Q 19	9M 19	4Q 19 Audited	1Q 20	2Q 20	3Q 20	9M 20
Depreciation	**-17,566**	**-23,498**	**-20,065**	**-61,130**	**-20,806**	**-21,771**	**-22,740**	**-23,045**	**-67,556**
(-) Goodwill impairment charges	0	-4,887	0	-4,887	0	0	0	0	0
(-) Effect of acquisitions	-2,003	-1,909	-1,798	-5,709	-2,171	-1,970	-1,919	-1,713	-5,602
(-) Reclassification due to the introduction of IFRS16	-3,147	-3,414	-3,707	-10,268	-4,013	-4,214	-4,076	-4,030	-12,321
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines					-1,495	-419	-371	-419	-1,209
Depreciation (adj.)	**-12,416**	**-13,289**	**-14,561**	**-40,266**	**-16,116**	**-16,005**	**-17,116**	**-17,721**	**-50,842**
Personnel expenses	**-63,996**	**-67,447**	**-66,367**	**-197,810**	**-78,945**	**-77,901**	**-76,323**	**-75,234**	**-229,458**
(-) Effect of acquisitions	-72	-236	-21	-329	-3,448	-375	-1,424	-385	-2,184
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines					-7,024	-1,788	-1,828	-1,773	-5,389
Personnel expenses (adj.)	**-63,924**	**-67,211**	**-66,345**	**-197,480**	**-82,522**	**-79,314**	**-76,727**	**-76,622**	**-232,663**
Income taxes	**-10,560**	**-8,046**	**-17,314**	**-35,920**	**-13,982**	**-1,519**	**-9,637**	**-14,618**	**-25,774**
(-) Corporate tax impact of goodwill/investment impairment charges	0	859	0	859	-4,237	0	886	0	886
(-) Corporate tax impact of the special tax on financial institutions	1,477	50	47	1,574	48	1,651	116	3	1,770
(+) Tax deductible transfers (offset against corporate taxes)	0	0	0	0	-3,802	0	0	-2,114	-2,114
(-) Corporate tax impact of the effect of fines imposed by the Hungarian Competition Authority	0	0	0	0	0	0	-74	0	-74
(-) Corporate tax impact of the effect of acquisitions	-612	4,917	-4,844	-539	-5,173	-1,137	124	232	-781
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines					-56	13	-134	16	-105
(-) Corporate tax impact of the expected one-off negative effect of the first phase of the debt repayment moratorium in Hungary expiring at the end of 2020						1,998	-198	-73	1,727
Corporate income tax (adj.)	**-11,426**	**-13,872**	**-12,988**	**-38,286**	**-8,635**	**-4,018**	**-10,624**	**-16,879**	**-31,521**
Other operating expense	**-10,347**	**-3,732**	**-15,116**	**-29,196**	**-15,563**	**-30,844**	**-2,889**	**-7,012**	**-40,745**
(-) Other costs and expenses	-1,686	-1,738	-1,960	-5,385	-3,788	-1,356	-1,823	-1,757	-4,936
(-) Other non-interest expenses	-8,942	-729	-1,364	-11,036	-8,938	-5,417	-2,116	-3,839	-11,372
(-) Effect of acquisitions	-1,148	-726	-9,861	-11,736	4,160	89	38	0	127
(-) Revaluation result of FX provisions	-2	-13	-82	-97	58	-107	7	-47	-146
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	134	-30	28	133	-119	-36	-74	-33	-144
(-) 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	92	94	145	330	153	96	33	67	196
(+) Structural correction between *Provision for loan losses* and *Other provisions*	-1,787	-172	-1,525	-3,485	-4,221	-4,926	-6,311	-2,888	-14,126
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines					-12	-81	-123	-26	-230
(-) Expected one-off negative effect of the first phase of the debt repayment moratorium in Hungary expiring at the end of 2020						-22,150	2,186	804	-19,159
Other provisions (adj.)	**-582**	**-762**	**-4,967**	**-6,310**	**-11,323**	**-6,969**	**-7,574**	**-5,122**	**-19,665**
Other administrative expenses	**-75,995**	**-66,131**	**-66,427**	**-208,553**	**-73,975**	**-89,917**	**-66,501**	**-70,212**	**-226,631**
(+) Other costs and expenses	-1,686	-1,738	-1,960	-5,385	-3,788	-1,356	-1,823	-1,757	-4,936
(+) Other non-interest expenses	-8,942	-729	-1,364	-11,036	-8,938	-5,417	-2,116	-3,839	-11,372
(-) Paid cash transfers	-8,346	228	-221	-8,339	-4,856	-2,351	-1,119	-2,584	-6,054
(+) Film subsidies and cash transfers to public benefit organisations	-8,342	226	-221	-8,337	-4,802	-2,351	-1,118	-2,569	-6,038
(-) Shifting of certain cash transfers to public benefit organisations to the Net fees and commissions line	-366	366	0	0	0	0	0	0	0
(-) Other other non-interest expenses	-596	-958	-1,144	-2,697	-4,081	-3,066	-997	-1,255	-5,317
(-) Special tax on financial institutions (recognised as other administrative expenses)	-16,706	-245	-231	-17,182	-610	-18,385	-710	-24	-19,119
(-) Financial Transaction Tax	-16,309	-14,213	-14,718	-45,239	-16,680	-17,739	-12,100	-15,287	-45,127
(-) Effect of acquisitions	-1,600	-2,829	-2,634	-7,063	-3,900	-2,134	-3,096	-1,692	-6,922
(+) Reclassification due to the introduction of IFRS16	-3,577	-3,876	-4,166	-11,619	-4,313	-4,633	-4,494	-4,404	-13,531
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines					-5,003	-1,372	-1,312	-906	-3,590
Other non-interest expenses (adj.)	**-54,619**	**-54,600**	**-55,190**	**-164,409**	**-66,889**	**-61,371**	**-59,341**	**-60,732**	**-181,444**

ADJUSTMENTS OF CONSOLIDATED IFRS BALANCE SHEET LINES

in HUF million	1Q 2019	2Q 2019	3Q 2019	4Q 2019	1Q 2020	2Q 2020	3Q 2020
Cash, amounts due from Banks and balances with the National Banks	1,545,143	1,504,941	1,830,698	1,784,378	2,132,832	2,129,280	2,095,024
(+) Allocation of *Assets classified as held for sale* among balance sheet lines				57,586	46,879	46,131	45,640
Cash, amounts due from Banks and balances with the National Banks (adjusted)	1,545,143	1,504,941	1,830,698	1,841,963	2,179,710	2,175,411	2,140,664
Placements with other banks, net of allowance for placement losses	505,397	494,745	628,363	410,078	630,182	930,149	985,289
(+) Allocation of *Assets classified as held for sale* among balance sheet lines				354	510	458	700
Placements with other banks, net of allowance for placement losses (adjusted)	505,397	494,745	628,363	410,433	630,691	930,607	985,989
Financial assets at fair value through profit or loss	175,825	190,504	264,804	251,991	365,114	275,426	273,658
(+) Allocation of Assets classified as held for sale among balance sheet lines					1	832	895
Financial assets at fair value through profit or loss (adjusted)	175,825	190,504	264,804	251,991	365,114	276,258	274,553
Securities at fair value through other comprehensive income	2,111,988	2,145,586	2,416,228	2,426,779	2,349,343	1,906,501	2,132,672
(+) Allocation of Assets classified as held for sale among balance sheet lines				759	725	2	2
Securities at fair value through other comprehensive income (adjusted)	2,111,988	2,145,586	2,416,228	2,427,537	2,350,068	1,906,504	2,132,675
Gross customer loans (incl. accrued interest receivables related to loans)	9,791,759	10,191,597	11,820,520	12,585,969	13,500,912	13,510,506	14,009,197
(-) Accrued interest receivables related to DPD90+ / Stage 3 loans	32,983	34,233	36,100	35,450	38,507	41,352	41,753
(+) Allocation of *Assets classified as held for sale* among balance sheet lines				391,490	413,662	409,410	427,135
Gross customer loans (incl. accrued interest receivables related to loans) (adjusted)	9,758,776	10,157,364	11,784,419	12,942,009	13,876,067	13,878,564	14,394,579
Allowances for loan losses	-715,284	-717,296	-753,936	-706,907	-811,024	-847,933	-836,108
(-) Allocated provision on accrued interest receivables related to DPD90+ / Stage 3 loans	-32,983	-34,233	-36,100	-35,450	-38,507	-41,352	-41,753
(+) Allocation of *Assets classified as held for sale* among balance sheet lines				-23,033	-24,851	-27,118	-26,026
Allowances for loan losses (adjusted)	-682,301	-683,064	-717,835	-694,490	-797,367	-833,699	-820,381
Securities at amortized costs	1,834,932	1,792,912	1,849,627	1,968,072	2,180,691	2,369,970	2,539,696
(+) Allocation of *Assets classified as held for sale* among balance sheet lines				27,555	29,370	29,352	30,114
Securities at amortized costs (adjusted)	1,834,932	1,792,912	1,849,627	1,995,627	2,210,061	2,399,322	2,569,810
Tangible and intangible assets, net	521,168	516,860	566,159	595,128	591,624	591,741	582,246
(+) Allocation of *Assets classified as held for sale* among balance sheet lines				10,545	11,048	10,685	10,615
Tangible and intangible assets, net (adjusted)	521,168	516,860	566,159	605,673	602,672	602,426	592,861
Other assets	318,089	321,108	329,137	785,456	897,325	897,633	895,791
(+) Allocation of *Assets classified as held for sale* among balance sheet lines				-465,255	-477,344	-469,753	-489,075
Other assets (adjusted)	318,089	321,108	329,137	320,201	419,982	427,879	406,717
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	572,174	522,373	665,912	844,261	1,363,750	1,029,846	1,112,487
(+) Allocation of Liabilities directly associated with assets classified as held-for-sale among balance sheet lines				1,898	2,062	1,584	1,591
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)	572,174	522,373	665,912	846,158	1,365,812	1,031,430	1,114,078
Deposits from customers	12,402,053	12,699,825	14,653,646	15,171,308	15,995,969	16,231,927	16,951,337
(+) Allocation of *Liabilities directly associated with assets classified as held-for-sale* among balance sheet lines				351,346	359,493	356,235	372,967
Deposits from customers (adjusted)	12,402,053	12,699,825	14,653,646	15,522,654	16,355,462	16,588,162	17,324,304
Other liabilities	800,060	776,407	797,338	1,171,805	1,511,121	1,474,811	1,454,404
(+) Allocation of *Liabilities directly associated with assets classified as held-for-sale* among balance sheet lines				-353,244	-361,555	-357,819	-374,558
Other liabilities (adjusted)	800,060	776,407	797,338	818,561	1,149,566	1,116,992	1,079,846
Subordinated bonds and loans	81,201	81,532	252,141	249,937	272,320	271,478	273,542
(+) Allocation of Liabilities directly associated with assets classified as held-for-sale among balance sheet lines					0	0	0
Subordinated bonds and loans (adjusted)	81,201	81,532	252,141	249,937	272,320	271,478	273,542

OTP Bank Plc.

Postal address: P.O.Box: 501 Budapest H-1876 Hungary

Phone: +36 1 473 5460

Fax: +36 1 473 5951

E-mail: investor.relations@otpbank.hu

Internet: www.otpbank.hu