OTP Group
1Q 2021 results

Conference call – 7 May 2021

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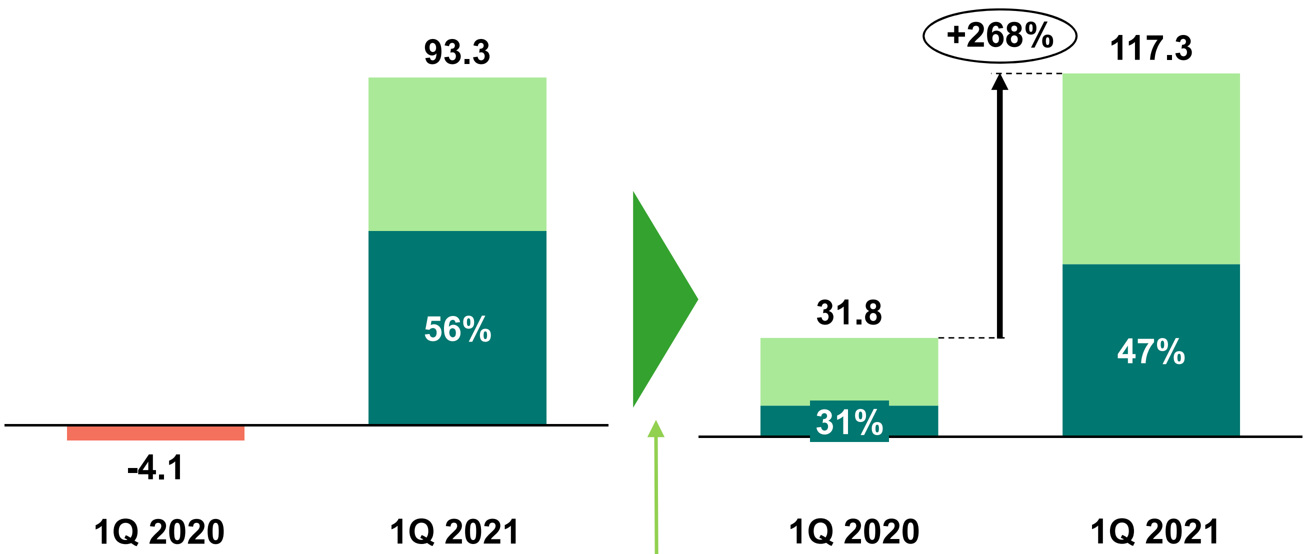
In 1Q 2021 the accounting profit exceeded HUF 93 billion, while the adjusted profit comprised HUF 117 billion. The adjusted profit grew both y-o-y and q-o-q as a result of lower risk costs

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

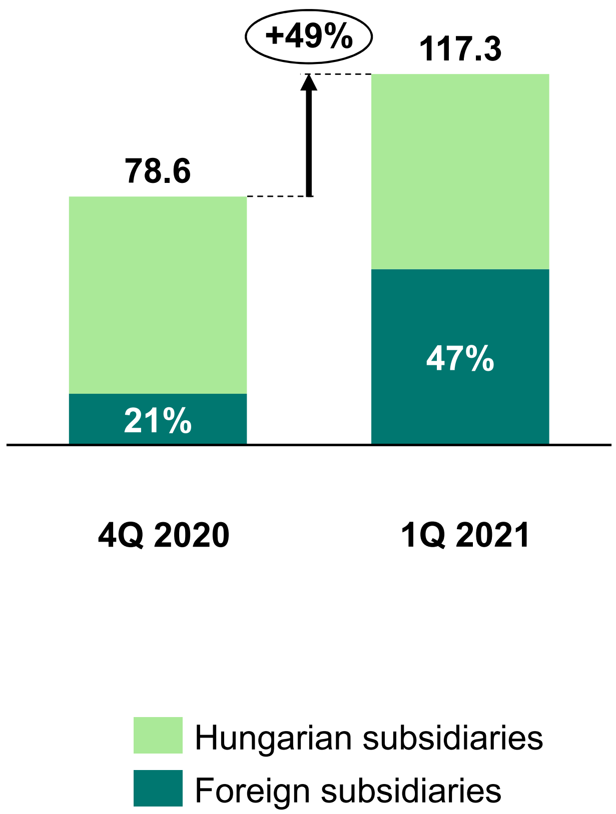
Accounting profit after tax / **Adjusted profit after tax**



Adjustments (after tax)	**1Q 2020**	**1Q 2021**
Banking tax	-16.7	-18.9
Expected one-off negative effect of the debt repayment moratorium	-20.2	0.0
Effect of acquisitions	0.9	-3.5
Others	0.0	-1.6[1]
Total	**-35.9**	**-24.0**

After tax profit development (in HUF billion)

Adjusted profit after tax



[1] Of which +HUF 0.7 billion goodwill / investment impairment charges; +0.1 dividend and net cash transfer; -2.4 result of the treasury share swap agreement.

In 1Q 2021 the adjustments hit -HUF 24 billion in total, mostly due to the lump-sum recognition of the Hungarian bank tax

(in HUF billion)	1Q 20	4Q 20	1Q 21	Q-o-Q	Y-o-Y
Consolidated after tax profit (accounting)	**-4.1**	**71.5**	**93.3**	**31%**	
Adjustments (total)	**-35.9**	**-7.1**	**-24.0**	**238%**	**-33%**
Dividends and net cash transfers (after tax)	0.0	-0.3	0.1		150%
Goodwill/investment impairment charges (after tax)	0.0	0.0	0.7 [1]		
Special tax on financial institutions (after tax)	-16.7	0.0	-18.9 [2]		13%
Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia (after tax)	-20.2	-10.8	0.0		
Effect of acquisitions (after tax)	0.9	4.0	-3.5 [3]		
Result of the treasury share swap agreement (after tax)	-	-	-2.4 [4]		
Consolidated adjusted after tax profit	**31.8**	**78.6**	**117.3**	**49%**	**268%**

1 HUF 0.7 billion corporate tax effect emerged because of the investment impairment booked at a Hungarian subsidiary. The impairment itself is eliminated on consolidated level, but the tax effect appeared in the consolidated income statement.

2 According to IFRS standards the full annual amount of the Hungarian banking tax is booked in January in one sum. The tax base is the two years before adjusted total assets, the rate remained 20 bps.

3 The -HUF 3.5 billion acquisition impact (after tax) included, among others, the integration costs in Serbia, Slovenia and Moldova, and the customer base value amortisation in Bulgaria and Croatia (around -HUF 1 billion).

4 The treasury share swap result was shifted from one-off items to adjustments from 1Q 2021. This line is shaped to a smaller extent by the relative share price performance of the two stocks, and to a greater extent by the dividends. The negative number shown on this line in 1Q 2021 might reverse later this year, assuming the lifting of the Hungarian central bank's dividend ban for banks effective until 30 September 2021.

The improvement of adjusted profit was supported by lower risk costs and higher revenues

(in HUF billion)	1Q 2020	4Q 2020	1Q 2021	Q-o-Q	Y-o-Y
				FX-adjusted, and without the sale of Slovakia	
Consolidated adjusted after tax profit	**31.8**	**78.6**	**117.3**	**50%**	**242%**
Profit before tax	35.8	88.6	138.4	56% / 51%[1]	257% / 246%[1]
Operating profit without one-offs	127.2	139.9	146.9	5% / 2%[1]	17% / 13%[1]
Total income without one-offs	283.9	307.5	301.1	-2%	8%
Net interest income without one-offs	200.3	197.6	203.2	3%	3%
Net fees and commissions	69.2	83.1	71.9	-13%	5%
Other net non interest income without one-offs	14.4	26.8	26.0	-3%	81%
Operating expenses[1]	-156.7	-167.5	-154.2	-7% / -5%[1]	0% / 3%[1]
Total risk cost	-91.7	-52.1	-8.5	-84%	-90%
One-off item: result of the share swap agreement[2]	0.4	0.8	-		
Corporate tax[1]	-4.0	-10.0	-21.1	110% / 66%[1]	371% / 272%[1]

[1] The local business tax and innovation contribution paid in Hungary until end-2020 was booked within operating costs. Starting from 2021 these items will be booked on the corporate tax line. In 1Q 2021 the total amount was HUF 4.4 billion on consolidated level. In the q-o-q and y-o-y changes columns we indicated the changes adjusted for this reclassification, too.

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

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Almost all major Group members posted a significant y-o-y improvement in their quarterly profit

Adjusted profit after tax (in HUF billion)

	1Q 2020	1Q 2021	Y-o-Y
OTP Group	31.8	117.3	268%[1] / 250%[2]
OTP Core (Hungary)	16.9	56.0	232%[1]
DSK Group (Bulgaria)	4.4	18.3	314% / 239%[3]
OBH (Croatia)	2.6	5.1	93% / 73%[3]
OBSrb (Serbia)	1.7	6.8	288%
SKB (Slovenia)	0.1	3.1	
OBR (Romania)	-0.9	0.5	
OBU (Ukraine)	6.7	8.8	33% / 53%[3]
OBRu (Russia)	-3.6	8.0	
CKB Group (Montenegro)	-0.2	2.0	
OBA (Albania)	0.3	1.1	257%
Mobiasbanca (Moldova)	0.5	1.5	211%
OBS (Slovakia)	-1.7	-	-
Merkantil Group (Hungary)	1.8	1.6	-8%
OTP Fund Mgmt. (Hungary)	0.1	0.8	683%
Other Group members	3.2	3.7	15%
Other Hungarian subs.	1.8	4.9	179%
Corporate Centre	0.2	-0.4	
Other foreign subs + eliminations	1.2	-0.8	

[1] Starting from 1Q 2021 the impact of the treasury share swap agreement between OTP and MOL is presented amongst adjustment items, thus is no longer part of the adjusted profit from 1Q 2021.
[2] FX-adjusted change without the effect of the sale of OTP Bank Slovakia.
[3] FX-adjusted change.

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Total income grew by 7% y-o-y organically, but declined by 2% compared to the previous quarter, mainly because of the drop out of the success fee income at OTP Fund Management booked in 4Q

Effect of the sale of OBS

TOTAL INCOME without one-off items	1Q 2021 (HUF billion)	Y-o-Y (HUF billion)	Y-o-Y (%)	Q-o-Q (HUF billion)	Q-o-Q (%)
OTP Group	301	-4 / 21 / 17	6%/7%[1]	-6 / -5 / -1	-2%/-2%[1]
OTP CORE (Hungary)	125	19	18%	4	3%
DSK Group (Bulgaria)	43	3	8%/1%[2]	-1	-3%
OBH (Croatia)	19	0	1%/-5%[2]	-2	-8%
OBSrb (Serbia)	21	2	8%/2%[2]	-1	-3%
SKB Banka (Slovenia)	10	0	-1%	0	-3%
OBR (Romania)	11	1	5%/0%[2]	0	-3%%
OBU (Ukraine)	17	-1	-7%/6%[2]	0	1%
OBRu (Russia)	28	-9	-23%/-12%[2]	0	0%
CKB Group (Montenegro)	5	0	-3%/-9%[1]	-1	-11%
OBA (Albania)	3	0	6%	0	5%
Mobiasbanca (Moldova)	3	0	-1%	-1	-14%
OBS (Slovakia)	-	-4		-1	
Others	16	6	66%	-3	-18%

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

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The 3% quarterly growth in net interest income was driven by OTP Core Hungary, supported by both expanding volumes and improving margins

Effect of the sale of OBS

NET INTEREST INCOME	1Q 2021 (HUF billion)	Y-o-Y (HUF billion)	Y-o-Y (%)	Q-o-Q (HUF billion)	Q-o-Q (%)
OTP Group	203	-3 / 5	1%/3%[1]	-1 / 7	3%/3%[1]
OTP CORE (Hungary)	82	13	18%	7	9% (1)
DSK Group (Bulgaria)	28	0	-1%/-7%[2]	-1	-3% (2)
OBH (Croatia)	15	0	-1%/-6%[2]	0	3%
OBSrb (Serbia)	16	1	9%	0	0%/-1%[2]
SKB Banka (Slovenia)	7	0	-1%	0	-3%
OBR (Romania)	8	0	3%/-2%[2]	0	-2%
OBU (Ukraine)	13	0	-4%/10%[2]	1	5%/4%[2]
OBRu (Russia)	22	-8	-26%/-15%[2]	0	1%/-1%[2] (3)
CKB (Montenegro)	4	0	-2%/-8%[1]	0	-10%
OBA (Albania)	2	0	3%	0	-3%
Mobiasbanca (Moldova)	2	0	2%	0	-7%
OBS (Slovakia)	-	-3		-1	
Merkantil (Hungary)	5	1	14%	0	2%
Corporate Centre	0	-1	-154%	0	-33%
Others	0	0	-4%	0	302%

1 At OTP Core the NII was boosted by the continued dynamic growth in business volumes as well as the 11 bps q-o-q rebound in margin, explained partly by the repricing of certain consumer loans following the expiry of the temporary rate cap on consumer loans disbursed between 19 March – 31 Dec 2020. Also, a technical effect related to the moratorium played a role: the *modification loss* (practically the negative NPV effect) booked in December 2020 reduced the book value of loans under the moratorium, and from 1Q 2021 the Bank started to amortize the difference between the actual claim and the reduced book value during the remaining tenor of these loans, proportionately with the outstanding principal, on the net interest income line. In the case of prepayments this discount is recognized in one sum. This technical effect and the prepayments resulted in HUF 2.5 billion NII growth q-o-q.

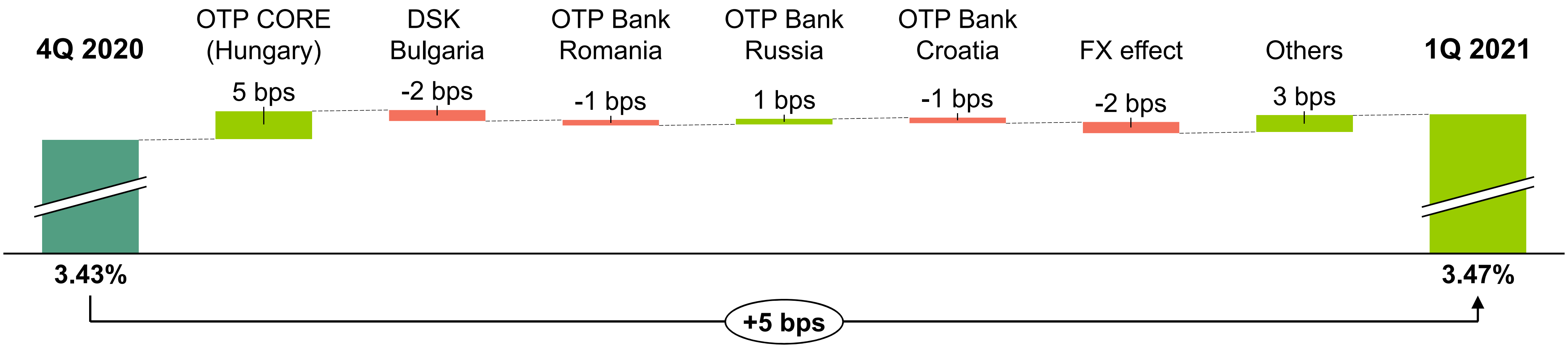
2 At DSK the NII was dragged down by contracting margin in the wake of declining average rate of liquid assets.

3 The Russian y-o-y drop was mainly caused by contracting loans; however, in quarterly comparison volumes stabilized and margin improved.

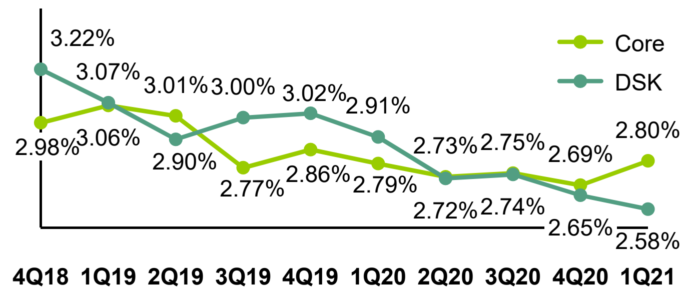
[1] FX- adjusted change without the effect of the sale of OTP Bank Slovakia.
[2] FX- adjusted change.

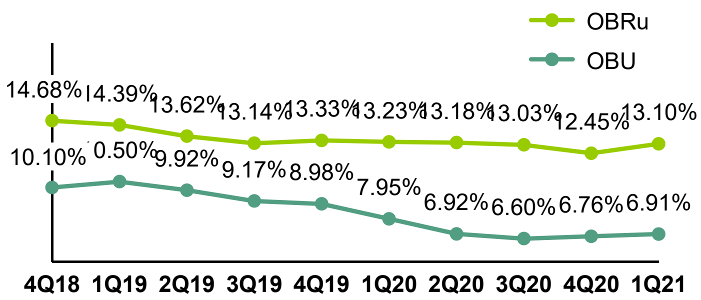
The consolidated net interest margin improved by 5 bps q-o-q mainly due to the Hungarian operation where the margin expansion was driven by regulatory-induced repricing of certain consumer loans after the expiry of the temporary rate cap on newly granted unsecured loans, and the technical effect of the loan repayment moratorium

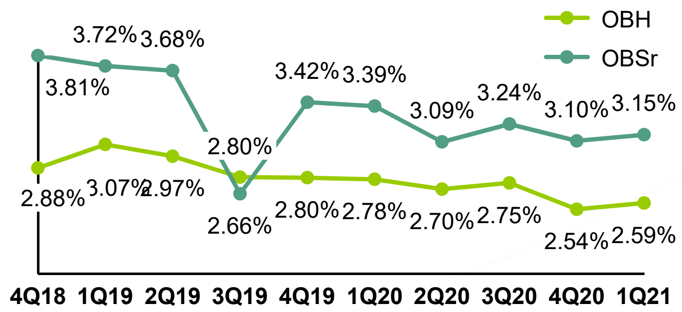
Consolidated net interest margin development

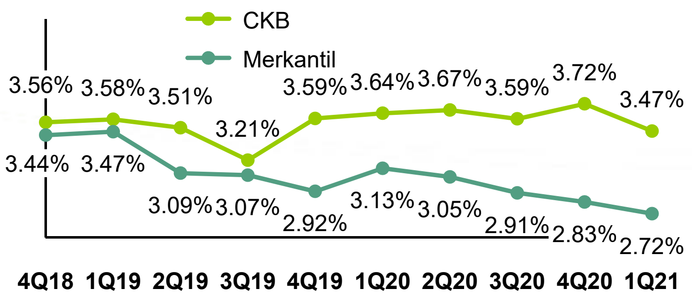


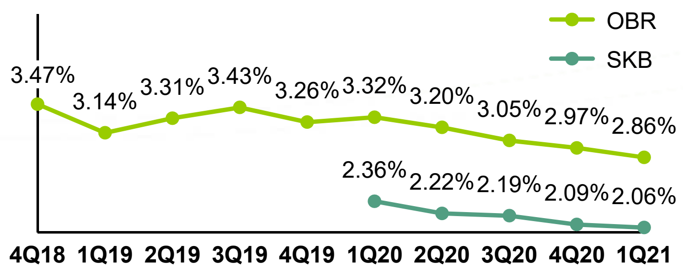
Net interest margin development at the Group members

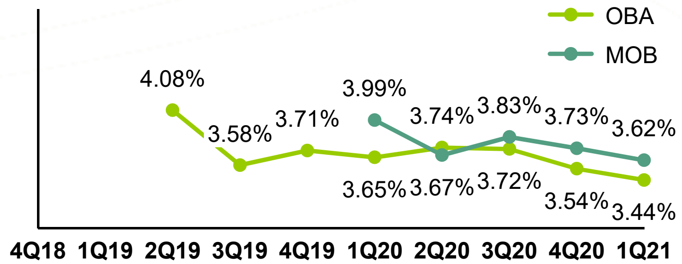












The consolidated performing loans grew 2% q-o-q. 60% of the growth came from Hungary, led by the reviving cash loan sales and the continued strong demand for baby loans and the loans under the Funding for Growth scheme

Q-o-Q performing (Stage 1 + 2) LOAN volume changes in 1Q 2021, adjusted for FX-effect

	Cons.	Core[2] (Hungary)	DSK (Bulgaria)	OBH (Croatia)	OBSrb (Serbia)	SKB (Slovenia)	OBR (Romania)	OBU (Ukraine)	OBRu (Russia)	CKB (Monten.)	OBA (Albania)	Mobias (Moldova)
Q-o-Q nominal change (HUF billion)	**233**	**139**	**10**	**10**	**15**	**16**	**29**	**14**	**-6**	**-4**	**1**	**5**
Total	2%	3%	0%	1%	1%	2%	4%	3%	-1%	-1%	0%	4%
Consumer	2%	7%	1%	-1%	1%	0%	5%	4%	-1%	-4%	2%	-4%
Mortgage	2%	2%	2%	5%	3%	1%	3%			-1%	3%	12%
Corporate[1]	1%	2%	-2%	-1%	0%	4%	4%	1%	-1%	0%	-1%	4%
Leasing	3%	3%	2%	2%	-2%	-1%	7%	8%			-5%	2%

Core (Hungary) mortgage breakdown:

Housing loan	Home equity
2%	-1%

[1] Loans to MSE and corporate clients.
[2] Changes of leasing volumes of Merkantil Group in Leasing row.

Consolidated performing loans increased by 8% y-o-y without the effect of the sale of Slovakia (FX-adjusted). The 15% expansion in Hungary was mainly due to the subsidized baby loans and MSE loans granted under the FGS scheme

Y-o-Y performing (Stage 1 + 2) LOAN volume changes in 1Q 2021, adjusted for FX-effect

	Cons. (w/o OBS)	Core[1] (Hungary)	DSK (Bulgaria)	OBH (Croatia)	OBSrb (Serbia)	SKB (Slovenia)	OBR (Romania)	OBU (Ukraine)	OBRu (Russia)	CKB (Monten.)	OBA (Albania)	Mobias (Moldova)
Y-o-Y nominal change (HUF billion)	**1,022**	**610**	**37**	**26**	**191**	**-27**	**96**	**50**	**-50**	**-1**	**15**	**17**
Total	8%	15%	2%	2%	15%	-3%	13%	13%	-9%	0%	10%	15%
Consumer	8%	33%	0%	-7%	19%	-4%	9%	9%	-11%	-4%	8%	1%
Mortgage	11%	11%	11%	8%	16%	4%	14%			0%	14%	52%
Corporate[2]	7%	10%	-2%	5%	14%	-8%	12%	14%	10%	1%	9%	9%
Leasing	5%	14%	-5%	-5%	3%	-5%	23%	15%			-8%	-3%

Core (Hungary) mortgage:

Housing loan	Home equity
14%	-3%

[1] Changes of leasing volumes of Merkantil Group in Leasing row.
[2] Loans to MSE and corporate clients.

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Consolidated deposits increased by 3% q-o-q or almost HUF 500 billion, driven by Hungary

Q-o-Q DEPOSIT volume changes in 1Q 2021, adjusted for FX-effect

	Cons.	Core (Hungary)	DSK (Bulgaria)	OBH (Croatia)	OBSrb (Serbia)	SKB (Slovenia)	OBR (Romania)	OBU (Ukraine)	OBRu (Russia)	CKB (Monten.)	OBA (Albania)	Mobias (Moldova)
Q-o-Q nominal change (HUF billion)	475	362	31	10	8	20	43	22	-20	9	0	-11
Total	3%	4%	1%	1%	1%	2%	6%	4%	-6%	3%	0%	-6%
Retail	2%	3%	2%	2%	2%	0%	7%	3%	-8%	1%	2%	2%
Corporate[1]	3%	6%	-4%	-1%	0%	4%	5%	5%	1%	5%	-6%	-14%

[1] Including MSE and corporate deposits.

Consolidated deposits grew by 15% y-o-y organically, within that the Hungarian deposits grew by 22%. The decline in the Russian portfolio was in line with the shrinking loan portfolio. The nominal expansion of Romanian deposits exceeded the growth in loan volumes

Y-o-Y DEPOSIT volume changes in 1Q 2021, adjusted for FX-effect

	Cons. (w/o OBS)	Core (Hungary)	DSK (Bulgaria)	OBH (Croatia)	OBSrb (Serbia)	SKB (Slovenia)	OBR (Romania)	OBU (Ukraine)	OBRu (Russia)	CKB (Monten.)	OBA (Albania)	Mobias (Moldova)
Y-o-Y nominal change (HUF billion)	**2,351**	**1,500**	**246**	**36**	**150**	**134**	**176**	**116**	**-70**	**-3**	**13**	**23**
Total	15%	22%	7%	2%	15%	13%	31%	27%	-17%	-1%	6%	14%
Retail	12%	18%	11%	5%	12%	11%	23%	21%	-15%	1%	8%	11%
Corporate[1]	18%	26%	-5%	-3%	18%	17%	38%	32%	-21%	-3%	1%	18%
Deposit – Net Loan gap (HUF billion)	**4,625**	**3,908**	**1,163**	**95**	**-355**	**245**	**-84**	**110**	**-140**	**-1**	**41**	**60**

[1] Including MSE and corporate deposits.

In 1Q 2021 net fees rose by 5% y-o-y (w/o OBS sale and FX-adjusted), mostly due to higher activity in Hungary. The 13% q-o-q drop was mainly due to negative one-offs at OTP Core and the base effect of success fees booked at OTP Fund Management (Hungary)

Effect of the sale of OBS

NET FEE INCOME	1Q 2021 (HUF billion)	Y-o-Y (HUF billion, %)		Q-o-Q (HUF billion, %)	
OTP Group	72	-1 4 3	4%/5%[1]	-11 0	-13%[1]
OTP CORE (Hungary)	33	4	12%	-2	-6% (1)
DSK Group (Bulgaria)	12	2	17%/10%[2]	0	-3%
OBH (Croatia)	4	0	2%/-3%[2]	0	-7%
OBSrb (Serbia)	3	0	-10%/-16%[2]	-1	-18% (2)
SKB Banka (Slovenia)	3	0	6%	0	4%/3%[2]
OBR (Romania)	1	0	11%/6%[2]	0	-9%
OBU (Ukraine)	3	0	-10%/3%[2]	0	-3%/-4%[2]
OBRu (Russia)	6	-2	-21%/-9%[2]	0	9%/7%[2]
CKB Group (Montenegro)	1	0	-12%/-17%[2]	0	-16%
OBA (Albania)	0	0	35%	0	25%
Mobiasbanca (Moldova)	1	0	-3	0	-14%
OBS (Slovakia)	-	-1	-	0	-
Fund Mgmt. (Hungary)	2	0	-4%	-7	-81% (3)

1 At OTP Core the 12% y-o-y growth was due to a fundamental improvement along with stronger activity, as one-off items did not have material effect on the y-o-y dynamics.
The 6% q-o-q drop was caused by the negative one-off items booked in 1Q 2021; without them, a 2% q-o-q improvement would have occurred. One-off items affecting 1Q 2021 (a total of -HUF 2.8 billion): the full annual amount of the financial transaction tax to be paid for bank card transactions, in a lump sum and in advance, based on the transaction data of the preceding year (-HUF 1.7 billion); the -HUF 1.1 billion annual payment to the Resolution Fund was already booked in 1Q 2021 in one sum – this amount will be offset against the financial transaction tax later this year.

2 The Serbian q-o-q decline was mostly due to the seasonally lower activity and the shifting of certain items, previously presented amongst fee expenses, to operating costs (-HUF 0.4 billion q-o-q effect).

3 The q-o-q decline at OTP Fund Management (Hungary) was due to the HUF 7.3 billion success fees recognised in 4Q 2020.

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

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The 1Q other net non-interest income leaped by more than 80% y-o-y and showed a slight decline q-o-q

Effect of the sale of OBS

OTHER INCOME without one-off items	1Q 2021 (HUF billion)	Y-o-Y (HUF billion)	Y-o-Y (%)	Q-o-Q (HUF billion)	Q-o-Q (%)
OTP Group	26	12	81%/82%[1]	-1	-3%
OTP CORE (Hungary)	10	3	41%	-1	-9%
DSK Group (Bulgaria)	3	2	133%/122%[2]	0	-11%
OBH (Croatia)	1	0	23%/17%[2]	-2	-64%/-65%
OBSrb (Serbia)	1	1 -	76%/65%[2]	0	9%/8%[2]
SKB Banka (Slovenia)	0	0	-33%	0	-49%/-48%[2]
OBR (Romania)	2	0	14%/9%[2]	0	-8%
OBU (Ukraine)	1	0	-30%/20%[2]	0	-24%/-25%[2]
OBRu (Russia)	0	1	-130%/-135%[2]	-1	-75%/-76%[2]
CKB Group (Montenegro)	0	0	52%/43%[1]	0	11%
OBA (Albania)	0	0	-7%	0	129%
Mobiasbanca (Moldova)	1	0	-8%	0	-31%
OBS (Slovakia)	-	0	-	0	-
Others	7	6	830%	4	110%

1 Other income at OTP Core dropped by 9% (HUF 1 billion) q-o-q, largely because of weaker FX result and derivative gains. Nearly HUF 1 billion q-o-q growth could be attributed to the fact that, starting from 1Q 2021, the recoveries from claims written off by Factoring for legal reasons (e.g. irretraceable borrower, time-barred debt) are presented within other income, rather than under risk costs. Other income jumped by 41% y-o-y, partly because of the weaker gain on securities in the base period.

2 The q-o-q drop in Croatia was partly because of base effects (sale of real estate and other one-off revenues booked in 4Q 2020), and lower FX revaluation result.

3 The Russian decline was mostly due to the weaker FX revaluation result.

4 The growth was mainly related to the Other Hungarian subsidiaries segment: newly consolidated entities generated HUF 2.1 billion additional other income in 1Q, and the companies consolidated with equity method improved the q-o-q dynamics by HUF 1.8 billion.

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

Consolidated operating costs grew by 3% y-o-y organically (also adjusted for FX and the shifting of Hungarian deductible taxes to the corporate tax line)

Effect of the sale of OBS

OPERATING COSTS	1Q 2021 (HUF billion)	Y-o-Y (HUF billion)	Y-o-Y (%)	Y-o-Y, FX-adjusted (HUF billion)	Y-o-Y, FX-adjusted (%)
OTP Group	154	-3 / 1	-2%/**1.2%**[1,2]	-3 / 0	-2%/**3.0%**[1,2]
OTP CORE (Hungary)	63	-2	-4%/3%[2]	-2	-4%/3%[2] (1)
DSK Group (Bulgaria)	18	0	1%	-1	-6% (2)
OBH (Croatia)	11	0	3%	0	-3%
OBSrb (Serbia)	11	0	0%	-1	-6% (3)
SKB Banka (Slovenia)	6	1	9%	0	2%
OBR (Romania)	10	3	32%	2	26% (4)
OBU (Ukraine)	6	0	-3%	1	11%
OBRu (Russia)	14	-2	-14%	0	-1%
CKB Group (Montenegro)	3	0	-13%	-1	-19%
OBA (Albania)	1	0	12%	0	6%
Mobiasbanca (Moldova)	2	0	17%	0	19%
OBS (Slovakia)	-	-3	-	-3	-
Merkantil (Hungary)	3	0	2%/6%[2]	0	2%/6%[2]
Others	5	2	80%	2	79% (5)

1 At OTP Core the operating expenses fell by 4% y-o-y, or HUF 2.4 billion. Without the HUF 4.1 billion shifting of local business tax and innovation contribution, the growth rate was 3%. In y-o-y comparison the depreciation, hardware and office equipment costs increased, somewhat offset by the 2 pps reduction in employers' contribution effective from July 2020. The average headcount rose by 1% y-o-y. In 1Q 2021, HUF 0.8 billion extra costs occurred due to the pandemic.

2 The 6% y-o-y drop was due to cost synergies: the average quarterly headcount dropped by 10%, and the number of branches fell by 28% y-o-y.

3 The 6% cost decline in Serbia was attributable to cost synergies realized mostly from the first acquisition: the number of branches declined by 4% and the headcount by 6% y-o-y.

4 The y-o-y increase was partly due the growth strategy launched in 2019; also, the full annual Deposit Protection Fund fee was booked in 1Q, HUF 0.65 billion higher than a year ago.

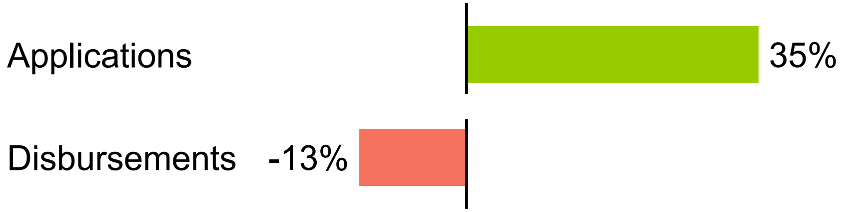
5 The Other segment grew because of entities newly consolidated in 1Q 2021 (adding HUF 2.1 billion costs in 1Q).

[1] Changes without the effect of the sale of OTP Bank Slovakia.
[2] Without the effect of the reclassification of local business tax and innovation contribution from costs to taxes.

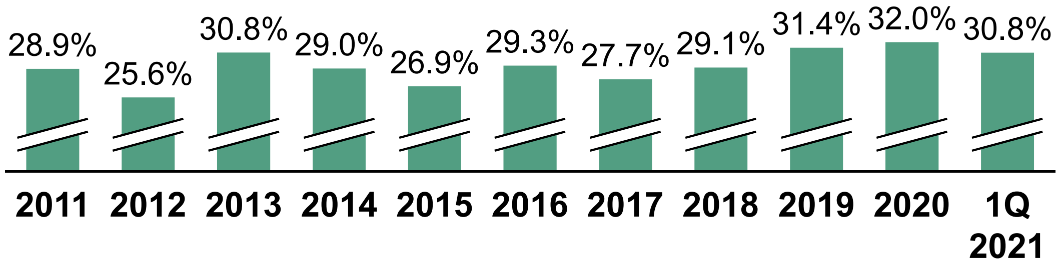
OTP CORE

In Hungary the mortgage applications increased by 35%, partly due to the exemption from duties introduced for customers using the Housing Subsidy for Families, and partly due to the home renovation loan. OTP Bank enjoys a market share over 30% in new mortgage and cash loan disbursements, as well as in retail savings

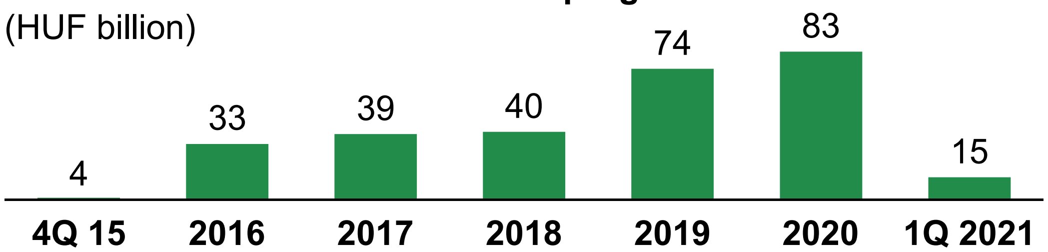
Y-o-y change of mortgage loan applications and disbursements in 1Q 2021



OTP's market share in mortgage loan contractual amounts

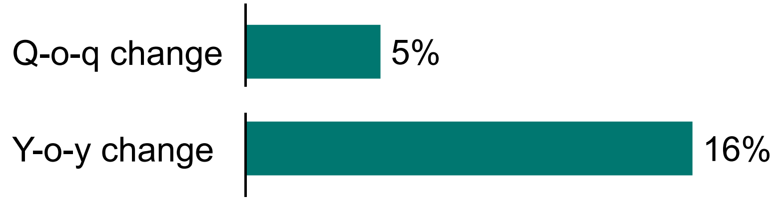


The amount of non-refundable CSOK subsidies contracted at OTP Bank since the launch of the programme
(HUF billion)

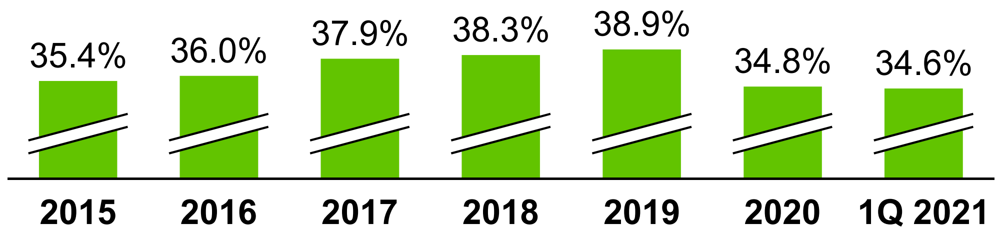


Retail loans participating in the moratorium at the end of March:
Volume: **HUF 1,172 billion**
44% in proportion to OTP Core total gross retail loans[1]

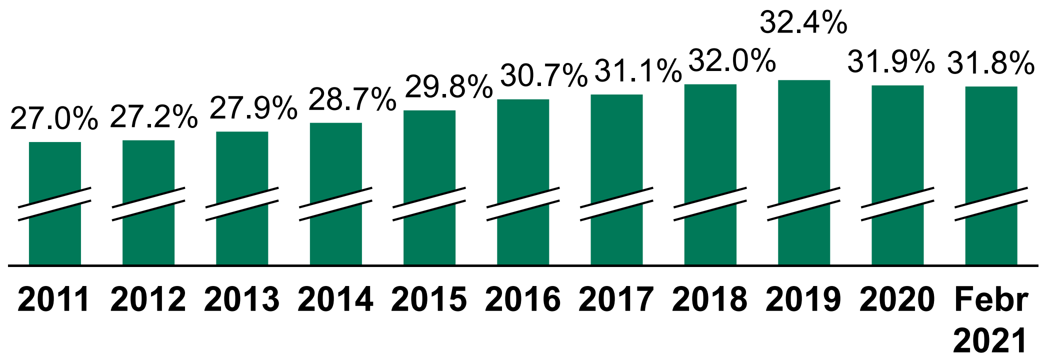
Performing (Stage 1+2) cash loan volume growth
(FX-adjusted)



Market share in newly disbursed cash loans



OTP Bank's market share in household savings



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

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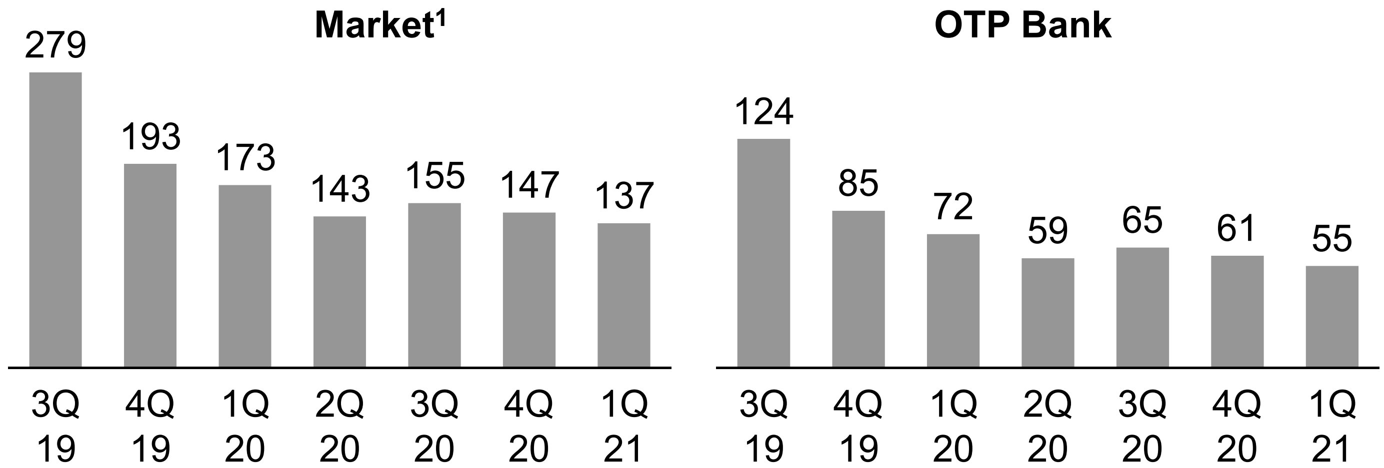
OTP CORE

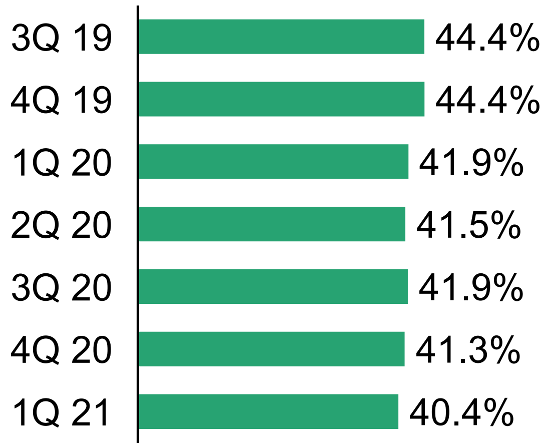
In the case of baby loans, OTP Bank's market share is steadily above 40%. The Bank also actively participates in the sale and intermediation of subsidized loan products launched in 2021

Baby loans

Contractual amounts
(HUF billion)



OTP Bank's market share calculated from the contractual amount



Home renovation loan and Home renovation cash loan[2]

Amount submitted:	HUF 18.7 billion
Market share of OTP:	n/a
Applications submitted:	3,921 pieces
Average loan amount:	HUF 4.8 million
Average maturity:	9.5 years

Interest-free loan programme for businesses[2]

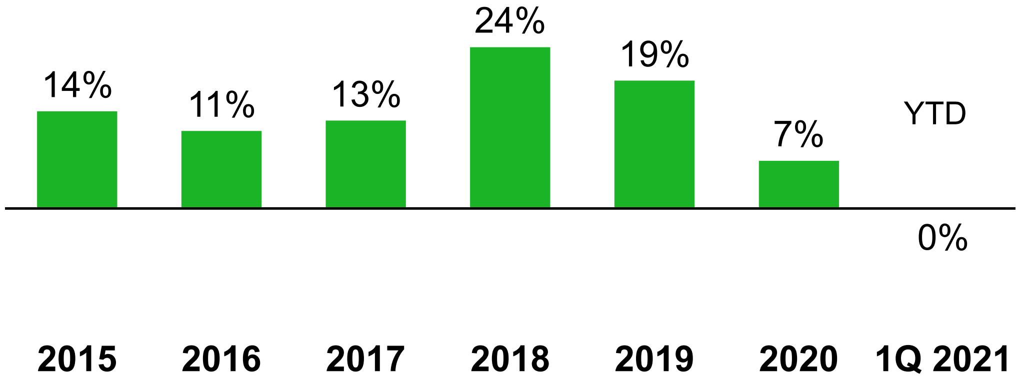
Amount accepted:	HUF 14 billion
Market share of OTP:	37.7%
Applications accepted:	1,774 pieces
Average loan amount:	HUF 8 million
Average maturity:	10 years

[1] Based on NBH statistics.
[2] Figures reflect data as at 30 April.

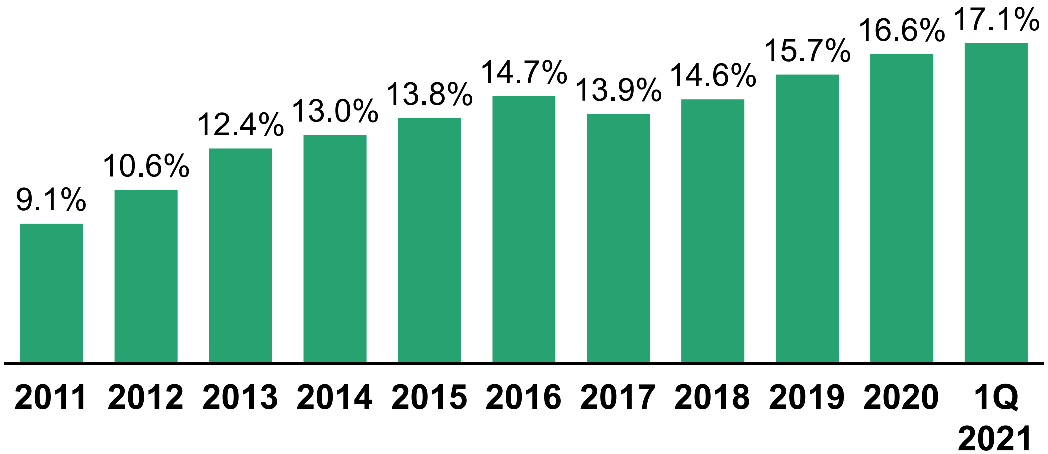
OTP CORE

OTP's micro and small enterprises loans grew by 14% q-o-q due to the outstanding performance in the *Funding for Growth Go!* scheme, which was recognized by the central bank with the FGS Excellence Award. OTP's corporate loan market share continued its upward trend and exceeded 17%

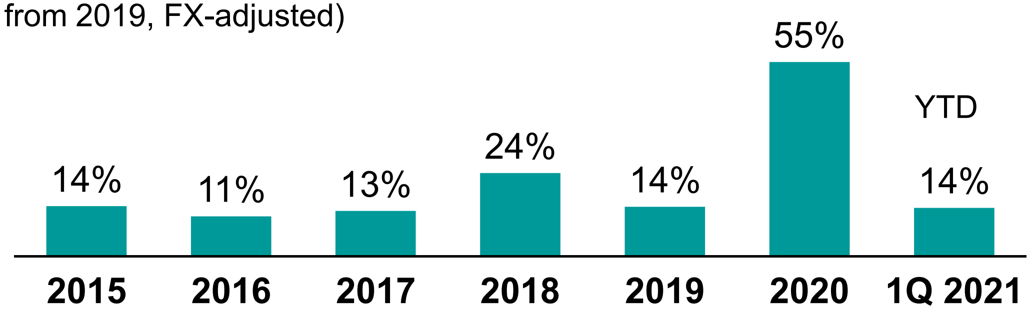
Performing corporate loan volume changes (DPD0-90 loan changes until 2018, Stage 1+2 from 2019, FX-adjusted)



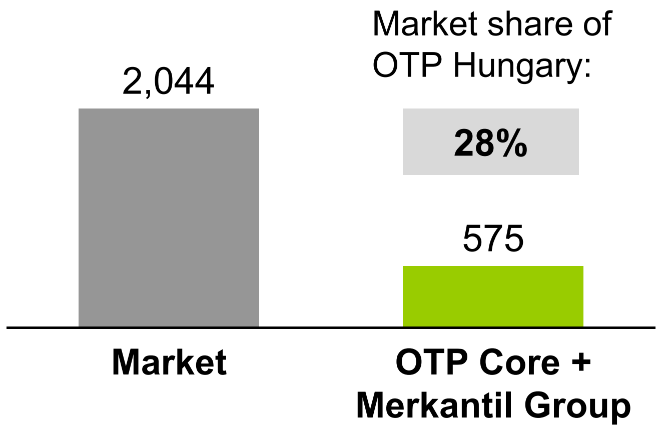
OTP Group's market share in loans to Hungarian companies[1]



Performing loan volume changes in the micro and small companies segment (DPD0-90 loan changes until 2018, Stage 1+2 from 2019, FX-adjusted)



Contracted amount and market share under *the Funding for Growth Go!* Scheme until the end of 1Q 2021 (HUF billion)



Corporate loans taking part in the moratorium at the end of March:

Volume: **HUF 377 billion**

18% in proportion to OTP Core MSE+corporate loans[2]

[1] Aggregated market share of OTP Bank, OTP Mortgage Bank, OTP Building Society and Merkantil, based on central bank data (Supervisory Balance Sheet data provision until 2016 and Monetary Statistics from 2017.

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

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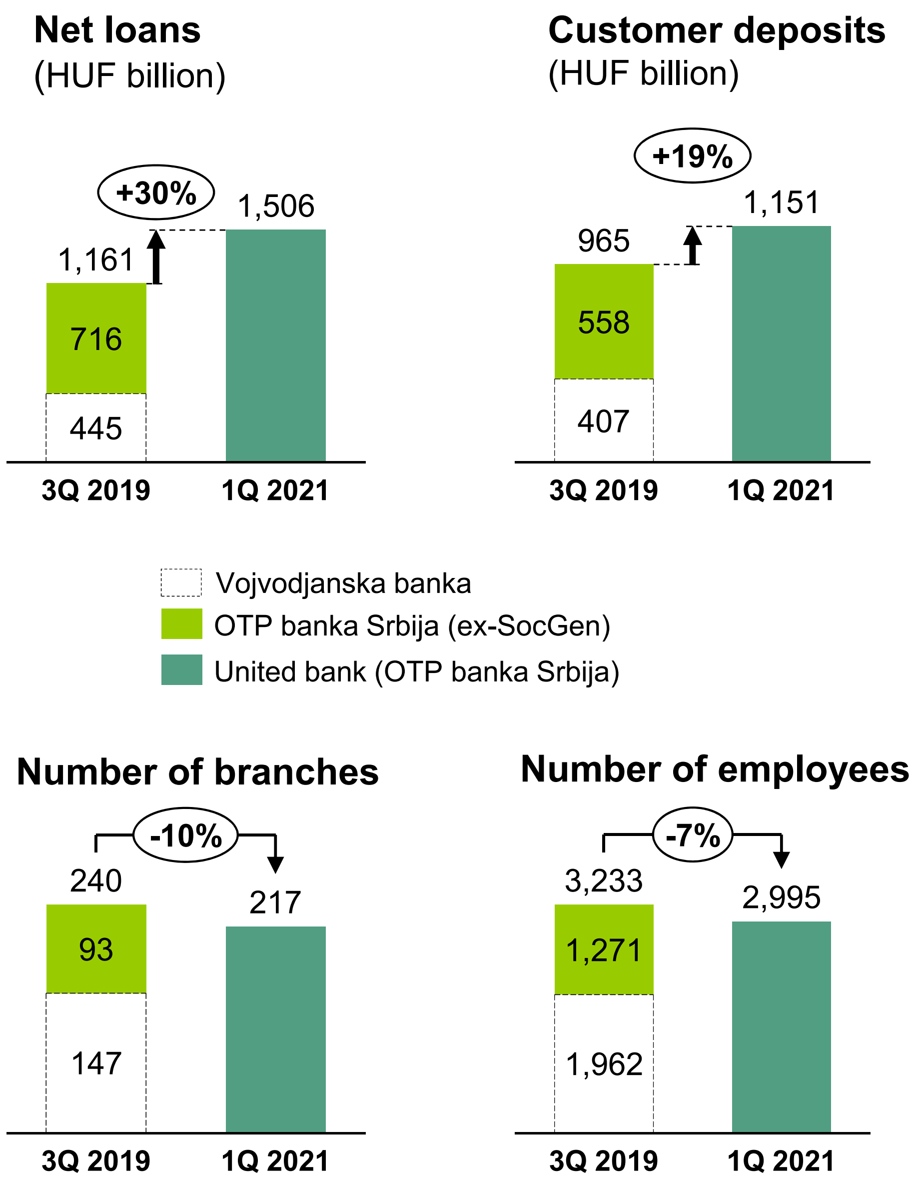
Serbia

On April 30 2021 the integration process of the two Serbian banks was successfully completed, creating the No. 1 bank in Serbia in terms of gross customer loans. The dynamic expansion of business volumes continued during the integration period

Market share and equity of Serbian banks
(4Q 2020, in EUR million)

	Bank	Gross customer loans[1]	Market share[1]	Equity
1	**OTP banka Srbija (Vojvodjanska banka + Societe Generale Banka Serbia)**	**3,758**	**16.7%**	**704**
2	Banca Intesa A.D.- Beograd	3,485	15.5%	929
3	Unicredit Bank Srbija A.D.- Beograd	2,373	10.6%	707
4	Komercijalna banka A.D.- Beograd	1,612	7.2%	631
5	Erste Bank A.D.- Novi Sad	1,602	7.1%	280
6	Raiffeisen Banka A.D.- Beograd	1,592	7.1%	541
7	Eurobank A.D.- Beograd	1,123	5.0%	457
8	Agroindustrijsko komercijalna banka AIK banka akcionarsko društvo, Beograd	943	4.2%	452
9	ProCredit Bank A.D.- Beograd	939	4.2%	147
10	Credit Agricole banka Srbija A.D.- Novi Sad	916	4.1%	117

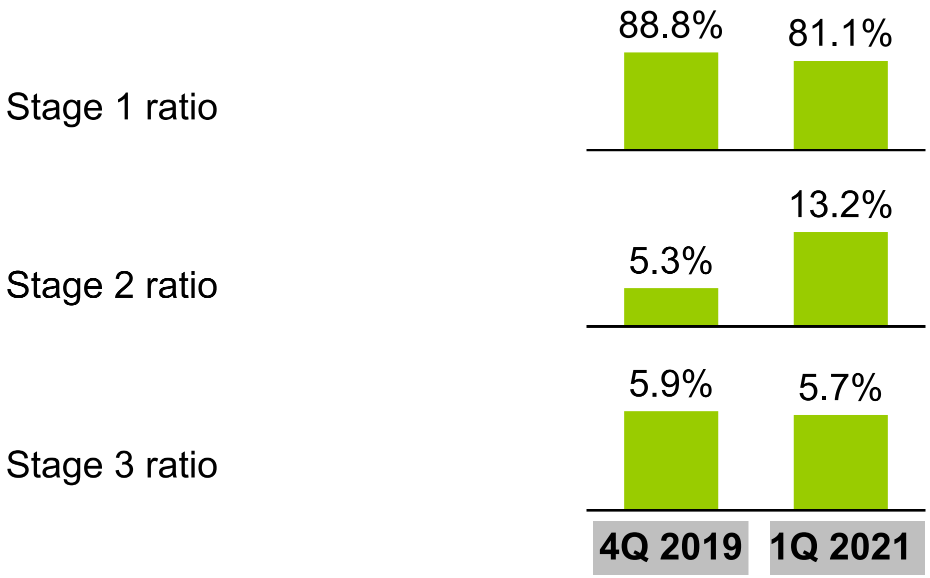
Source: Serbian National Bank

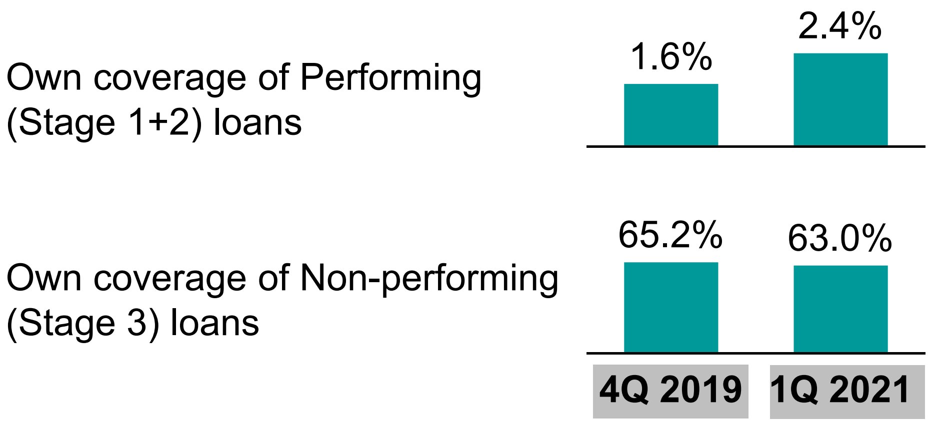


[1] Based on *Loans and receivables from clients* statistics available on the website of the National Bank of Serbia.

Portfolio quality remained basically stable, partly due to the economy protection measures, in particular the payment moratoria. The provision coverage levels at OTP screen favourably compared to its regional peers

Changes in different Stage categories





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

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

	otpbank Group	otpbank Group w/o Russia	ERSTE	Raiffeisen BANK	KBC	UniCredit	INTESA SANPAOLO
4Q 2019	1.6%	1.2%	0.5%	0.5%	0.2%	0.4%	0.5%
1Q 2021	2.4%	2.1%	0.9%	0.7%	n/a	0.8%	0.6%

Own coverage of Stage 3 loans compared to regional peers

	otpbank	ERSTE	Raiffeisen BANK	KBC	UniCredit	INTESA SANPAOLO
4Q 2019	65.2%	56.6%	62.8%	45.4%	65.1%	54.6%
1Q 2021	63.0%	54.3%	62.4%	n/a	58.2%	49.4%

Source: Company reports.

The total volume of loans at Group level under the loan repayment moratoria reached HUF 1,873 billion at the end of March, representing 13% of the consolidated total gross loan book

Details of the currently running payment holiday schemes in the countries of OTP Group	Currently in force?	Opt-in / opt-out	Interest charged on unpaid interest	Application deadline	Term of the moratorium	Participation ratio[1]
Hungary	Yes	Opt-out till 31/12/2020 Opt-in from 01/01/2021[2]	No	30/06/2021	1st phase: max. 9 months 2nd phase: max. 6 months	**31.7%** (OTP Core: 32.5%, Merkantil: 22.2%)
DSK Group (Bulgaria)	Yes	Opt-in	No	23/03/2021	max. 9 months (all phases combined)	**2.0%**
OBH (Croatia)	Yes	Opt-in	No	31/03/2021	max. 9 months, except for the victims of the earthquake (12 months or more)	**5.2%**
OBSrb (Serbia)	Yes	Opt-out till Dec 2020 Opt-in from Dec 2020	Yes (in the case of the last phase started in Dec '20)	30/04/2021	6 months	**2.0%**
SKB Banka (Slovenia)	Yes	Opt-in	No	26/02/2021	max. 9 months	**4.7%**
OBR (Romania)	Yes	Opt-in	No	31/03/2021	max. 9 months (all phases combined)	**0.5%**
OBU (Ukraine)	-	-	-	-	-	**-**
OBRu (Russia)	Expired on 31/03/2021	Opt-in	No	30/09/2020	6 months	**0.2%**
CKB Group (Montenegro)	Yes	Opt-in	Yes	22/04/2021	max. 6 months	**1.6%**
OBA (Albania)	Yes	Opt-in	Yes	31/03/2021	3 months	**2.7%**
Mobiasbanca (Moldova)	Expired on 30/06/2020					

[1] The participation ratios were calculated from participating volumes at the end of March, divided by total gross loan volumes.
[2] Borrowers who participated at the end of 2020 remained in the scheme, but those who want to join the scheme have to submit their request to their bank.

Based on macro scenarios and the potential COVID-19 impact on specific sectors, OTP Group classified the corporate exposures into four categories. 71% of the portfolio is in sectors with light / no impact expected

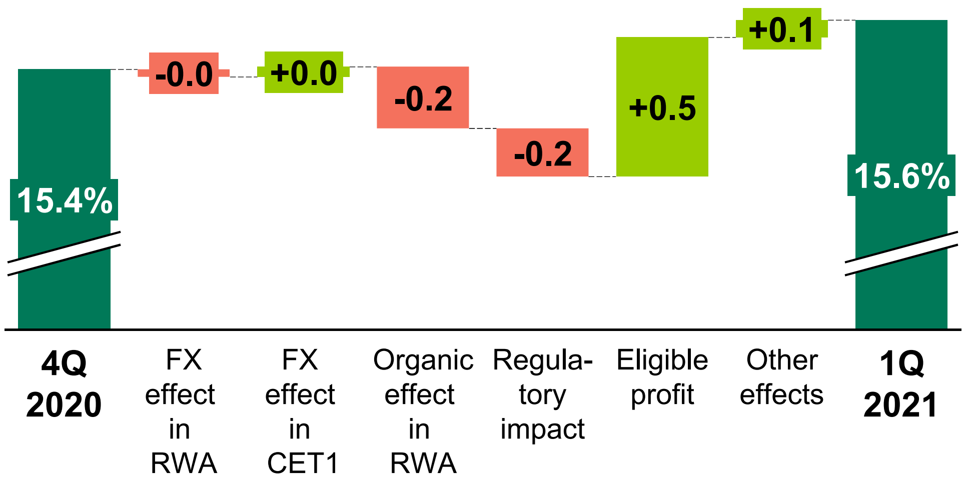
Classification of the corporate[1] exposures based on their anticipated vulnerability (1Q 2021, in % of the total corporate exposures)

	Cons.	Core (Hungary)	DSK (Bulgaria)	OBH (Croatia)	OBSrb (Serbia)	SKB (Slovenia)	OBR (Romania)	OBU (Ukraine)	OBRu (Russia)	CKB (Monten.)	OBA (Albania)	Mobias (Moldova)	Merk. (Hungary)
Low / no impact: Agriculture; Food production; Pharmacy; Healthcare; Water supply; Public admin and defense; Education; etc.	**16%**	16%	14%	14%	19%	7%	18%	30%	6%	9%	10%	24%	12%
Light impact: Manufact. of petroleum, Chemicals, IT; Metal processing; Electricity supply; Logistics; Financial, insurance activities; etc.	**55%**	53%	56%	56%	56%	67%	45%	50%	73%	53%	71%	58%	49%
Medium impact: Mining; Metal production; Machinery; Construction; Real Estate Development; Retail trade; Wood processing	**24%**	27%	23%	20%	20%	23%	32%	20%	21%	18%	10%	16%	37%
High impact: Accommodation; Air transport; Travel agencies; Tour operators; Passenger water transport; Aircraft/ship manufacturing	**5%**	4%	7%	11%	2%	3%	5%	0%	1%	19%	8%	2%	2%

[1] Third party exposures towards non-financial legal entities, including MLE, MSE and SL segments.
Exposures include on and off balance sheet exposures, EUR 27 billion equivalent in total.

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

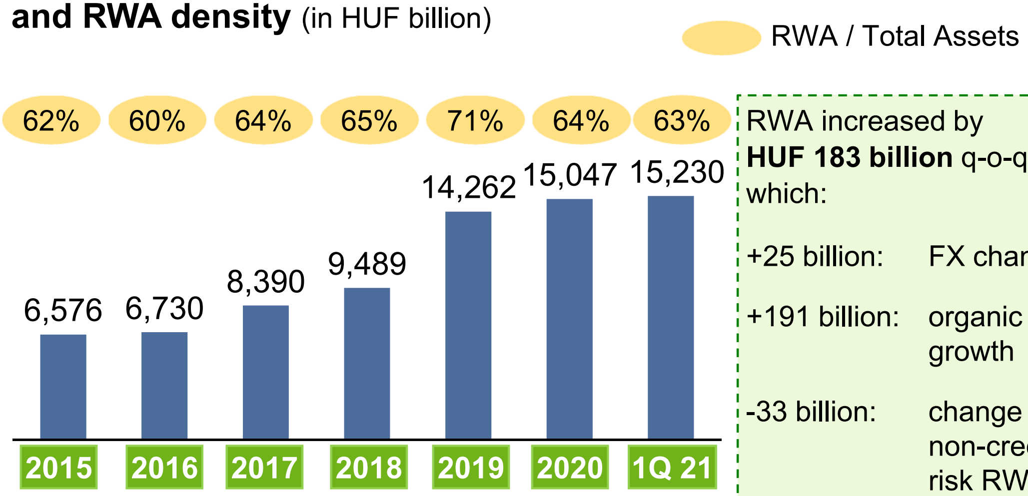
Decomposition of the change in CET1 ratio in 1Q 2021
(changes in pp)



Effects impacting the CET1 ratio in 1Q 2021

- The CET1 capital in 1Q was boosted by the interim accounting profit (HUF 93 billion) reduced by the calculated dividend (HUF 18 billion), i.e. by HUF 75 billion in total. The deducted dividend amount for 1Q 2021 can't be considered as an indication from the management for the dividend after the 2021 fiscal year, but it was determined in accordance with the Commission Delegated Regulation (EU) No. 241/2014. Article 2. (7) Paragraph. The accrued dividend of HUF 119 billion after 2019 and 2020 reduced the retained earnings.
- The regulatory impact includes the IFRS 9 transitional rules (16 bps out of the 17 bps total regulatory effect) and the unrealized result on sovereign exposures after 31 December 2019 that are not to be included into regulatory capital. The IFRS 9 transitional adjustments affected both the RWA and CET1 capital: out of impairments made until 31 Dec 2019 only 50% can be counted in the regulatory capital (vs. 75% applied in 2020), but impairments made after 1 Jan 2020 are still entirely taken into consideration. As a result, currently the amount of impairments included in the regulatory capital comprised HUF 174 billion, and the RWA was elevated by the same amount.

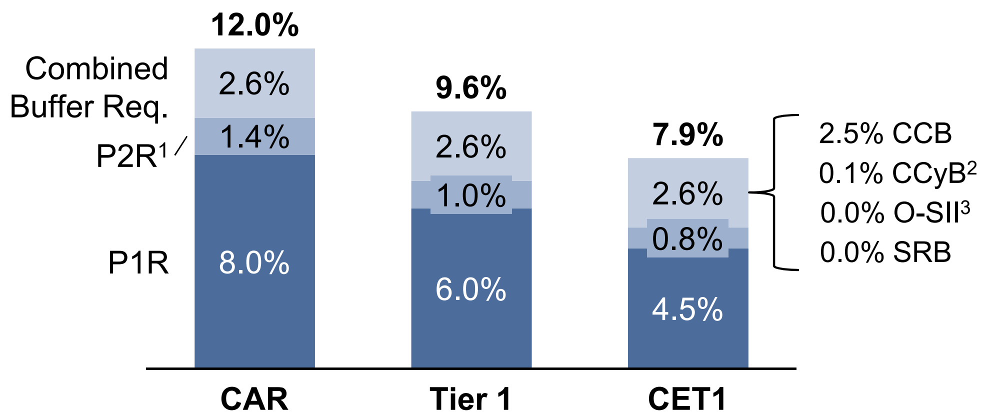
Development of the Risk Weighted Assets of OTP Group and RWA density (in HUF billion)



RWA increased by **HUF 183 billion** q-o-q, of which:

+25 billion:	FX change
+191 billion:	organic growth
-33 billion:	change of non-credit risk RWA

Regulatory minima of capital adequacy ratios for OTP Group, in 1Q 2021



Abbreviations: P1R: Pillar 1 requirement; P2R: Pillar 2 req.; CCB: Capital conservation buffer; CCyB: Countercyclical buffer; O-SII: Other Systemically Important Institutions buffer; SRB: Systemic Risk buffer. [1] The (P1R + P2R) / P1R ratio on OTP Group was set by the NBH at 117.25% for 2021. [2] Assumptions for CCyB: 0.5% in Bulgaria, therefore on Group level the CCyB is 0.1%. [3] On 1 April the NBH reduced the O-SII buffer req. to zero effective from 1 July 2020 until 31 December 2021.

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Main macroeconomic indicators in the CEE region's countries: in terms of growth a substantial rebound is expected in all countries in 2021

	Hungary		Bulgaria		Croatia		Serbia	
	2020A	2021F	2020A	2021F	2020A	2021F	2020A	2021F
GDP growth (y-o-y, %)	-5.0	4.9	-4.2	3.4	-8.0	5.5	-1.0	5.0
Unemployment (%)	4.1	4.0	5.1	5.0	7.5	7.0	10.5	9.7
Fiscal balance (% of GDP)	-8.1	-7.3	-3.4	-3.1	-7.4	-5.5	-8.1	-7.0
CPI (avg. %)	3.3	3.8	1.7	1.8	0.1	1.6	1.6	1.9
Base rate[1] (%)	0.75	0.77	0.0	0.0	0.1	-0.2	1.0	1.0

	Russia		Ukraine		Romania		Slovenia	
	2020A	2021F	2020A	2021F	2020A	2021F	2020A	2021F
GDP growth (y-o-y, %)	-3.0	4.0	-4.0	4.2	-3.9	5.5	-5.5	4.8
Unemployment (%)	5.8	5.0	9.5	9.2	4.9	4.7	5.0	4.7
Fiscal balance (% of GDP)	-3.9	-2.6	-5.3	-6.0	-9.2	-8.2	-8.4	-3.6
CPI (avg. %)	3.4	5.5	2.7	7.5	2.6	3.4	-0.3	1.0
Base rate (%)	4.25	5.5	6.0	9.0	1.5	1.25	-0.55	-0.56

	Montenegro		Albania		Moldova	
	2020A	2021F	2020A	2021F	2020A	2021F
GDP growth (y-o-y, %)	-15.2	4.4	-3.3	5.0	-7.0	4.9
Unemployment (%)	17.9	17.5	12.2	11.1	4.0	3.9
Fiscal balance (% of GDP)	-10.0	-6.2	-6.9	-6.0	-5.3	-5.0
CPI (avg. %)	-0.3	0.9	1.6	1.8	4.0	3.2
Base rate (%)	-	-	1.0	0.9	3.9	3.6

Source: OTP Research Centre.

[1] In case of Hungary the 3M interbank rate (3M BUBOR) was displayed.

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Questions and Answers session