OTP Bank Plc.

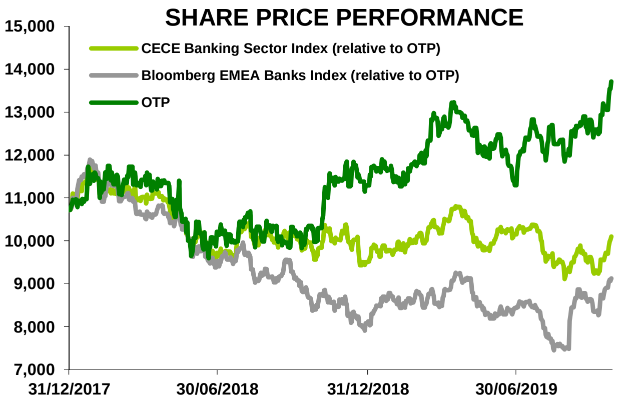
Summary of the first nine months 2019 results

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

Budapest, 8 November 2019

CONSOLIDATED FINANCIAL HIGHLIGHTS[1] AND SHARE DATA

Main components of the Statement of recognised income in HUF million	9M 2018	9M 2019	Y-o-Y	3Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y
Consolidated after tax profit	**240,504**	**309,603**	**29%**	**85,933**	**105,378**	**131,644**	**25%**	**53%**
Adjustments (total)	**-22,328**	**-3,498**	**-84%**	**-6,755**	**-6,852**	**21,173**	**-409%**	**-413%**
Consolidated adjusted after tax profit without the effect of adjustments	**262,832**	**313,101**	**19%**	**92,688**	**112,230**	**110,471**	**-2%**	**19%**
Pre-tax profit	295,494	351,387	19%	104,027	126,102	123,460	-2%	19%
Operating profit	297,305	370,054	24%	105,924	124,177	137,119	10%	29%
Total income	653,954	772,210	18%	227,677	259,278	273,216	5%	20%
Net interest income	443,383	510,423	15%	153,892	170,690	177,063	4%	15%
Net fees and commissions	164,126	197,001	20%	57,814	66,825	72,953	9%	26%
Other net non-interest income	46,444	64,786	39%	15,971	21,763	23,200	7%	45%
Operating expenses	-356,649	-402,155	13%	-121,753	-135,101	-136,096	1%	12%
Total risk costs	-5,890	-22,216	277%	-2,532	-4,385	-11,633	165%	359%
One off items	4,080	3,549	-13%	636	6,310	-2,026	-132%	-419%
Corporate taxes	-32,663	-38,286	17%	-11,339	-13,872	-12,988	-6%	15%
Main components of balance sheet closing balances in HUF million	2018	9M 2019	YTD	3Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y
Total assets	14,590,288	18,971,033	30%	14,362,575	16,458,378	18,971,033	15%	32%
Total customer loans (net, FX adjusted)	**8,376,765**	**11,066,584**	**32%**	**8,162,497**	**9,736,534**	**11,066,584**	**14%**	**36%**
Total customer loans (gross, FX adjusted)	**9,078,803**	**11,784,419**	**30%**	**8,916,962**	**10,449,606**	**11,784,419**	**13%**	**32%**
Allowances for possible loan losses (FX adjusted)	-702,038	-717,835	2%	-754,464	-713,072	-717,835	1%	-5%
Total customer deposits (FX adjusted)	**11,639,699**	**14,653,646**	**26%**	**11,338,553**	**13,012,210**	**14,653,646**	**13%**	**29%**
Issued securities	417,966	398,097	-5%	338,155	385,398	398,097	3%	18%
Subordinated loans	81,429	252,141	210%	82,173	81,532	252,141	209%	207%
Total shareholders' equity	1,826,657	2,203,898	21%	1,770,656	1,992,844	2,203,898	11%	24%
Indicators based on adjusted earnings	9M 2018	9M 2019	Y-o-Y	3Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y
ROE (from accounting net earnings)	19.3%	21.1%	1.8%p	19.6%	21.9%	24.9%	3.0%p	5.3%p
ROE (from adjusted net earnings)	21.1%	21.3%	0.3%p	21.2%	23.3%	20.9%	-2.4%p	-0.3%p
ROA (from adjusted net earnings)	2.6%	2.5%	0.0%p	2.6%	2.8%	2.5%	-0.3%p	-0.1%p
Operating profit margin	2.89%	3.00%	0.11%p	2.96%	3.05%	3.09%	0.03%p	0.13%p
Total income margin	6.36%	6.26%	-0.09%p	6.36%	6.38%	6.15%	-0.22%p	-0.21%p
Net interest margin	4.31%	4.14%	-0.17%p	4.30%	4.20%	3.99%	-0.21%p	-0.31%p
Cost-to-asset ratio	3.47%	3.26%	-0.20%p	3.40%	3.32%	3.07%	-0.26%p	-0.34%p
Cost/income ratio	54.5%	52.1%	-2.5%p	53.5%	52.1%	49.8%	-2.3%p	-3.7%p
Provision for impairment on loan and placement losses-to-average gross loans ratio	0.07%	0.21%	0.14%p	0.17%	0.15%	0.25%	0.10%p	0.08%p
Total risk cost-to-asset ratio	0.06%	0.18%	0.12%p	0.07%	0.11%	0.26%	0.15%p	0.19%p
Effective tax rate	11.1%	10.9%	-0.2%p	10.9%	11.0%	10.5%	-0.5%p	-0.4%p
Net loan/(deposit+retail bond) ratio (FX adjusted)	72%	76%	4%p	72%	75%	76%	1%p	4%p
Capital adequacy ratio (consolidated, IFRS) - Basel3	16.2%	16.8%	0.7%p	16.2%	17.4%	16.8%	-0.6%p	0.7%p
Tier1 ratio - Basel3	14.3%	14.3%	0.0%p	14.3%	15.9%	14.3%	-1.6%p	0.0%p
Common Equity Tier 1 ('CET1') ratio - Basel3	14.3%	14.3%	0.0%p	14.3%	15.9%	14.3%	-1.6%p	0.0%p
Share Data	9M 2018	9M 2019	Y-o-Y	3Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y
EPS diluted (HUF) (from unadjusted net earnings)	917	1,181	29%	328	402	504	25%	54%
EPS diluted (HUF) (from adjusted net earnings)	1,003	1,194	19%	354	428	422	-2%	19%
Closing price (HUF)	10,320	12,790	24%	10,320	11,300	12,790	13%	24%
Highest closing price (HUF)	11,750	13,230	13%	10,690	13,230	12,900	-2%	21%
Lowest closing price (HUF)	9,600	11,270	17%	9,840	11,300	11,620	3%	18%
Market Capitalization (EUR billion)	8.9	10.7	20%	8.9	9.8	10.7	9%	20%
Book Value Per Share (HUF)	6,324	7,871	24%	6,324	7,117	7,871	11%	24%
Tangible Book Value Per Share (HUF)	5,737	7,117	24%	5,737	6,429	7,117	11%	24%
Price/Book Value	1.6	1.6	0%	1.6	1.6	1.6	2%	0%
Price/Tangible Book Value	1.8	1.8	0%	1.8	1.8	1.8	2%	0%
P/E (trailing, from accounting net earnings)	9.4	9.2	-1%	9.4	9.3	9.2	0%	-1%
P/E (trailing, from adjusted net earnings)	9.0	9.5	6%	9.0	8.8	9.5	8%	6%
Average daily turnover (EUR million)	16	16	0%	14	15	17	15%	25%
Average daily turnover (million share)	0.5	0.4	-11%	0.4	0.4	0.4	16%	4%



MOODY'S RATINGS

OTP Bank – FX long term deposits	Baa3
OTP Bank – Subordinated Foreign Currency Debt	Ba1
OTP Mortgage Bank – Covered mortgage bond	Baa1

S&P GLOBAL RATINGS

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

FITCH'S RATING

OTP Bank Russia – Long term credit rating	BB+
Expressbank Bulgaria – Long term credit rating	BB+

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

SUMMARY – OTP BANK'S RESULTS FOR FIRST NINE MONTHS OF 2019

The Summary of the first nine months 2019 results of OTP Bank Plc. has been prepared on the basis of its non-audited separate and consolidated IFRS financial statements for 30 September 2019 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 2019 results which will be available after the Summary.

At presentation of the first nine months 2019 Summary of OTP Bank we applied International Financial Reporting Standards adopted by the European Union.

SUMMARY OF THE FIRST NINE MONTHS OF 2019

Following the record-high GDP growth of 5.3% in 1Q 2019 the Hungarian economy expanded by 4.9% in 2Q. While the weakening performance of the Eurozone and Germany in particular will negatively affect the Hungarian economic growth outlook, for 2019 the market consensus yet expects 4.5% GDP growth, whereas OTP Bank forecasts 4.8% annual increase. The key engine behind the growth is the stable domestic demand and the strong dynamics of investments.

According to the September Inflation Report of the National Bank of Hungary the economy might expand by 3.3% in 2020 amid an annual inflation of 3.4%. In 2019 the budget deficit to GDP is expected to be between 1.7-1.8% and decline to 1% in 2020. Simultaneously, the public debt to GDP continues to shrink substantially.

As a result of the decelerating European economy inflation pressure has become muted, during the previous three months NBH hasn't changed the monetary conditions: they are expected to prevail for a longer period of time. Hungarian government bond yields ytd tightened significantly, depending on maturities by 100-150 bps, whereas the 3M BUBOR rate shrank moderately, from 25 bps at the end of June to 21 bps by the end of September and since then it stayed there.

During the first nine months of 2019 household loan origination volumes reached record levels in Hungary. The government measures partially aimed at boosting the demography indicators announced at the beginning of the year (subsidized baby loans, village 'CSOK' and the extension of 'CSOK'; CSOK is the Hungarian abbreviation for Housing Subsidy Scheme for Families) came into effect from 1 July 2019 and have already generated substantial loan demand. During the first three months (July-September) the contracted amount of the subsidized baby loans reached HUF 277 billion, but the village 'CSOK' demonstrated decent client demand, too.

On sector level the consumer loan volumes remained the most dynamic segment within the retail portfolio: the y-o-y volume growth exceed 27%. The mortgage book increased less robust (+4.7% y-o-y). The corporate exposure demonstrated a 14.4% expansion on a yearly base.

Amid the decelerating global growth environment all economies across the CEE region have shown decent picture: GDP growth was stable, between 2.0-4.5%, while balance indicators kept improving, unemployment rates declined; loan penetration levels remained relatively low. During 3Q a couple of sovereigns within the OTP universe enjoyed rating improvement: in August the Russian debt rating increased from 'BBB-' to 'BBB', in September, the Ukraine was upgraded form 'B-' to 'B' by both Fitch and S&P, and the Serbian rating also improved from 'BB' to 'BB+' by Fitch (Moody's changed the outlook from Stable to Positive on the 'Ba3' rating). The only outlier was Romania: due to the budget deficit exceeding 4% of GDP Brussels may start again an EDP (excessive deficit procedure).

Disinflation trend continued in Russia and CBR cut the policy rate both in September and October (the current level is 6.5%) and further easing may follow in the next twelve months. Despite the economy on average successfully adjusted itself to the international sanctions – both the current account and the fiscal balance showed a massive surplus, unemployment rate dropped to historic lows (4.5%) – the growth remained fairly subdued. The indebtedness of local households has been increasing, but stringent regulatory limits put brakes on the previously dynamically increasing consumer loan portfolios.

Apart from the above mentioned rating improvements, certain government measures generated decent investor demand towards Ukraine: by the end of September the UAH strengthened to 24 against USD. In October the Minister of Economy forecasted a 3.5% GDP growth for 2020. Still, the long-awaited new IMF standby agreement hasn't been finalized, though it would be essential for stabilizing market confidence needed for securing the safe refinancing of the country's increasing maturing external obligations.

Consolidated earnings: above HUF 313 billion adjusted after tax profit in 9M (3Q: HUF 110.5 billion), q-o-q decelerating operational cost increase, accelerating loan volume growth with improving loan quality indicators, but q-o-q higher risk costs

The consolidated 3Q 2019 financial statements already incorporated the Moldavian and Montenegrin subsidiary's balance sheet and 2 months profit contribution. Since the Serbian transaction was financially completed on 24 September 2019, only its balance sheet was consolidated. The Slovenian transaction is expected to be completed in 4Q 2019.

In order to easily compare actual figures, the 9M and 3Q data adjusted for the acquisitions and FX changes are also displayed.

9M 2019 consolidated accounting after tax profit was HUF 309.6 billion (+29% y-o-y), of which 3Q represented HUF 131.6 billion (+25% q-o-q).

The total volume of adjustment items in 9M represented -HUF 3.5 billion (after tax), of which +HUF 21.2 billion arose in 3Q. The material items were as follows:

- +HUF 21.4 billion acquisition impact (after tax) related mainly to the badwill of the Serbian acquisition;
- +HUF 125 million related to the optional conversion of the Serbian CHF mortgage exposures into EUR;
- -HUF 184 million banking tax at the Slovakian subsidiary (after tax);
- -HUF 168 million dividend and net cash transfer (after tax).

In 9M 2019 OTP Group posted HUF 313.1 billion adjusted after-tax profit underpinning a 19% y-o-y increase. Without the contribution of the newly acquired Bulgarian, Albanian, Moldavian and Montenegrin banks the profit would be HUF 294 billion (+14% y-o-y). The profit of OTP Core improved by 4% y-o-y and comprised HUF 145.7 billion. DSK Group's net profit (HUF 53.8 billion) is still the second largest across the Group; the y-o-y profit improvement is reasoned by the consolidation of Expressbank. In the 9 months, there was a substantial earnings improvement at the Croatian (HUF 26.5 billion, +27% y-o-y), the Ukrainian (HUF 25.6 billion, +40% y-o-y) and the Russian subsidiaries (HUF 22.1 billion, +17% y-o-y). Those three operations already posted more profit ytd than their total annual earnings in 2018. The Romanian ytd profit (HUF 5.4 billion) showed similar dynamics. Besides, all other foreign banks, as well as most of the local subsidiaries improved their 9M earnings y-o-y.

Out of the new acquisitions made in 2019, the Bulgarian Expressbank added HUF 15.1 billion to the first nine months consolidated profit, the Albanian subsidiary brought in HUF 2.2 billion in 2Q and 3Q, whereas the 2 months contribution of the Moldavian and Montenegrin operations comprised HUF 1.2 and 0.5 billion, respectively. As a result, in 9M 2019 those newly acquired subsidiaries added HUF 19 billion into the Group's total profit.

The share of the non-Hungarian operations' profit contribution to the Group's profit improved y-o-y (9M 2018: 41%, 9M 2019: 47%).

The consolidated adjusted 9M ROE increased to 21.3% (+0.3 pp y-o-y). Out of that the Ukrainian subsidiary excelled itself with 9M ROE exceeding 45%.

9M operating income grew dynamically, by+18% y-o-y (+12% adjusted for the Bulgarian, Albanian, Moldavian and Montenegrin acquisitions). All income lines showed a positive momentum, mainly as a result of the accelerating business activity and to a lesser extent due to the weakening average rate of HUF against almost all Group member currencies. Consolidated 9M net interest income reached HUF 510 billion and expanded by 15% y-o-y, whereas the net fees and commission income comprised HUF 197 billion (+20% y-o-y). Without acquisitions the NII was HUF 480 billion (+8% y-o-y), while net F&C hit HUF 188 billion (+15% y-o-y). 9M other net non-interest income grew by 39% y-o-y, reaching HUF 64.8 billion (without acquisitions it stood at HUF 62.1 billion).

The consolidated 9M income margin (6.26%) eroded by 9 bps y-o-y, whereas the net interest margin dropped by 17 bps to 4.14%. Adjusted for acquisitions the 9M NIM was 4.27% implying a 3 bps erosion compared to the full-year 2018 margin. For most of the Group members the net interest margins went lower this year, most notably at OTP Core, Russia and Ukraine. There were various reasons behind such declines, most importantly the underlying interest rate environment took its toll: during the first nine months the Russian, Ukrainian and Serbian base rates dropped by 125, 100 and 50 bps, respectively. The longer end of the Hungarian yield curve tightened (the 5 and 10 year maturities by 150 and 100 bps, respectively), while the 3M BUBOR rate went up moderately amid significant volatility. Furthermore the 9M margins were shaped also by the intensifying business activity, competition, and also by the business mix moving into a more favourable direction: compared to the base period the origination of the retail products accelerated and volumes increased, whereas the corporate segment demonstrating robust expansion during the last couple of years showed slower growth. The weakening average HUF rate against most of the currencies had a positive impact on NIM. The y-o-y weakening against UAH was fairly substantial: the Ukrainian net interest margin significantly exceeds the Group average.

9M operating costs grew by 13% y-o-y, adjusted for acquisitions and FX-changes the increase was 6.5% y-o-y. The 9M cost-to-income ratio declined by 2.5 pps y-o-y to 52.1%

As a result of the favourable income dynamics during the first nine months, but also due to the moderation of the increase in operating expenses the consolidated 9M operating income surged by 24% y-o-y (+16% without acquisitions). During the same period of time total risk costs – albeit from a low base (9M 2018: HUF 5.9 billion) – almost quadrupled y-o-y (tripled without acquisition effect).

In 3Q 2019 OTP Group posted HUF 110.5 billion adjusted after tax profit (+19% y-o-y, -2% q-o-q) which marginally fell short of the all-time high quarterly result posted in 2Q 2019. The profit contribution of the newly consolidated Moldavian and Montenegrin subsidiaries comprised HUF 1.2 and 0.5 billion, respectively. The consolidated adjusted 3Q ROE decreased to 20.9% (-2.4 pps q-o-q). The profit contribution of foreign operations reached almost 50% (+4 pps y-o-y).

The adjusted operating profit for 3Q improved by HUF 13 billion or +10% q-o-q (+9% q-o-q without the Moldovan and Montenegrin subsidiaries), At the same time the volume of total risk costs (-HUF 11.6 billion) increased by HUF 7.2 billion q-o-q. Furthermore, the effect of the MOL-OTP treasury share swap agreement (-HUF 2 billion) presented amongst one-off items explains -HUF 8.3 billion out of the quarterly profit dynamics.

For the fair assessment of 3Q earnings one should consider that the average HUF exchange rate against all subsidiary currencies weakened q-o-q: by 1.6% against the Bulgarian, 1.9% against the Croatian currencies, by 7.9% against UAH and by 2.7% against RUB.

The favourable trends of previous quarters continued in the third quarter, i.e. the expansion of the quarterly total income remained strong (+5% q-o-q, +4% w/o acquisitions), whereas operating expenses grew only moderately (+0.7% q-o-q, w/o acquisitions -0.6%).

Out of total income the 3Q net interest income grew by 4% q-o-q which translates into a 15% y-o-y expansion. Adjusted for acquisitions the NII increased by 2% q-o-q.

However, net interest margin dropped from 4.20% in 2Q to 3.99% in 3Q. The q-o-q 21 bps NIM erosion was shaped by several factors:

- the dilution effect of the Serbian acquisition (-4 bps): the Bank' balance sheet has already been consolidated at the end of September, thus it increased the average total assets of the Group in September, whereas its P&L lines will be consolidated from 4Q only;
- the 3Q NIM adjusted for all acquisitions completed (Bulgaria, Albania, Moldova, Montenegro and Serbia) eroded from 4.33% in 2Q to 4.17% in 3Q. The q-o-q 16 bps drop can be explained by the following main items:
    - the one-off effect related to the accounting of certain hedging transactions booked within OTP Core exerted a negative effect of 4 bps on the q-o-q NIM development;
    - lower yields realized on the reinvestment of the Hungarian government bond portfolio maturing at the end of 2Q 2019 (-4 bps);
    - the total asset increasing effect and the interest expense of the Tier 2 bond issued in July 2019 (-5 bps);
    - the higher repo volumes at OTP Core (-5 bps).
- The ongoing NIM compression at the Russian and Ukrainian subsidiaries (-2 bps at each cases) had a negative impact on consolidated margins, but was largely offset by the weaker HUF against RUB and UAH.
- The impact of the intragroup swap transactions between OTP Core and DSK Group had a NIM-impact only on standalone levels, it didn't have an effect on consolidated level.

The net fee and commission income in 3Q increased by 9% q-o-q (+8% without acquisitions) due to seasonality and stronger business activity.

Other net non-interest income grew by 7% q-o-q (+5% without acquisitions).

3Q operating costs grew by 1% q-o-q (-1.9% without acquisitions and adjusted for FX rate changes), within that personnel expenses decreased by 1%, whereas amortization leaped by 10% q-o-q as a result of continuing investments. Administrative costs remained flat q-o-q.

As a result of favourable income dynamics and decelerating cost increase, the 3Q cost-to-income ratio (49.8%) dropped by 2.3 pps q-o-q, whereas the cost-to-asset ratio improved by 26 bps to close to 3%.

The growth of the FX-adjusted performing (Stage 1+2) loan portfolio accelerated in 3Q, as a result the FX-adjusted loans organically expanded by HUF 830 billion, or +10% ytd in the first 9 months. Including the impact of the five completed acquisitions (the Bulgarian, Albanian, Moldavian, Montenegrin and Serbian) the performing portfolio grew by HUF 2,710 billion ytd (+33%, FX-adjusted).

Regarding the individual performances for the first nine months those were the Ukrainian, Romanian, Hungarian, Croatian and Bulgarian Stage 1+2 volumes growing the fastest, but the Montenegrin and Serbian subsidiaries posted decent results, too.

The Russian and Slovakian volumes demonstrated only a moderate increase. In 3Q the Core, Ukrainian and Romanian operations posted the strongest organic growth rates.

As for the major credit categories in 3Q the Stage 1+2 consumer book grew the fastest (+19% q-o-q, +10% without acquisitions), the corporate portfolio advanced by 13% q-o-q (+3% w/o acquisitions), whereas the mortgage exposure increased by 11% q-o-q (+2% w/o acquisitions). OTP Core demonstrated an exceptionally strong quarterly growth in consumer loans (+43% q-o-q) explained by the origination of the subsidized baby loans starting from 1 July 2019. During the first three months the contracted volumes at OTP Bank comprised HUF 124 billion, which was around 45% of the whole market. Within the Hungarian mortgage portfolio the housing loans grew by 3% q-o-q (+HUF 29 billion). Simultaneously, the home equity loans kept further eroding (-3% q-o-q).

The FX-adjusted deposit portfolio grew by 13% q-o-q and by 29% y-o-y; adjusted for the acquisitions, volumes increased by 6% and 12%, respectively. The organic deposit growth was 9% ytd (+HUF 1,103 billion, whereas with acquisitions deposit volumes grew by HUF 3,011 billion. In Hungary a new type of retail-targeted Government bond was introduced from June, the so called MÁP Plusz. Despite its outstanding success – the security generated more than HUF 2.5 trillion demand between its launch in early June and October – deposit volumes at OTP Core advanced by 16% y-o-y and by 9% q-o-q. Within that retail volumes grew by 9% and 2%, respectively.

The consolidated net loan-to-deposit ratio grew 1 pp q-o-q and reached 76%.

At the end of 3Q 2019 gross operative liquidity reserves of the Group comprised EUR 6.6 billion equivalent.

The volume of subordinated bonds tripled q-o-q and exceeded HUF 250 billion: to a smaller extent due to weaker HUF, but rather as a result of a Tier 2 bond issued in July with EUR 500 million face value.

In line with the improving macroeconomic environment and the steadily good recovery results of the work-out activity, risk indicators in total improved. At the end of 3Q 2019 the ratio of Stage 3 loans was 6.9% (-0.8 pp q-o-q); the own provision coverage of Stage 3 loans was 65.9% (+0.1 pp q-o-q). The DPD90+ ratio dropped to 5.0% (-0.6 pp q-o-q).

In 3Q the DPD90+ volume growth (HUF 23 billion adjusted for FX and the effect of sales and write-offs) was smaller than in 2Q 2019, bulk of the q-o-q increase was related to the Russian subsidiary, and to a smaller extent to the Ukrainian, Core and Bulgarian consumer loan portfolio.

Stage 1+2 volumes comprised HUF 10,975 billion, their ratio to total gross loans was 93.1%, of which the Stage 1 ratio stood at 88.1% and Stage 2 at 5.0%.

The consolidated 3Q risk cost rate was 25 bps (1Q 2019: 24 bps, 2Q: 15 bps). Thus the 9M risk cost rate stood at 21 bps, basically matching the 2018 average (23 bps).

3Q total risk costs comprised -HUF 11.8 billion, of which provisions for loan losses represented -HUF 6.9 billion. Similar to previous quarters in 3Q OTP Core had positive risk costs.

Changes in the original management expectations for 2019

Regarding the adjustment items the impact of the banking tax introduced in Romania in 2019 might be around -HUF 700 million against the originally expected maximum of -HUF 2 billion (after tax) and will be booked in 4Q.

Following the 10% ytd organic performing loan growth the volume expansion in 2019 may materially exceed the 10% level originally expected by the management.

In 3Q the consolidated NIM eroded to 4.17% adjusted for the 2019 acquisitions, and according to the management's expectation it may be around this level in 4Q.

The growth rate of the FX-adjusted operating expenses without acquisition effect is expected to be around 6% y-o-y against the originally anticipated level of around 4%. For the first nine months the increase was 6.5% y-o-y and the cost-to-income ratio improved from 54.5% to 52.1% for the same period.

The dividend amount of HUF 69.4 billion calculated in accordance with the Commission Regulation (EU) No. 241/2014. Article 2. (7) Paragraph for the first nine months cannot be considered as an indication of the management's dividend proposal. The dividend proposal after the 2019 fiscal year will be decided by the management in 1Q 2020.

Consolidated capital adequacy ratio (in accordance with BASEL III)

At the end of September 2019 the consolidated Common Equity Tier1 ratio under IFRS – including the nine months net result less dividend – was 14.3%. This ratio equals to the Tier1 ratio. Regarding the calculation method of the deductible dividend on 10 May 2019 NBH issued a resolution. Accordingly, the dividend amount deductible from adjusted capital for 9M comprised HUF 69.4 billion.

In July 2019 the financial closure of the Montenegrin and Moldavian acquisitions have been completed, while the financial closure of the Serbian acquisition took place in September: its balance sheet was consolidated in 3Q, but the P&L items will be booked only in 4Q. Those three transactions had a total

-1.86% CET1 impact, without them the CET1 ratio would have been 16.2%. The financial closure of the Slovenian transaction is still in progress, it might take place in 4Q; its estimated CET1 impact is -86 bps.

For the purpose of incorporating the quarterly results into the calculation of the regulatory capital, OTP Bank conducted a review according to ISRE 2410 auditing standards in case of the consolidated second quarter results.

The impact of the EUR 500 million subordinated (Tier2) bonds issued in July 2019 will be shown within 3Q regulatory capital. The 10 Non-Call 5 years Tier 2 Notes carry a fix coupon of 2.875% p.a., paid annually in the first five years. Starting from year 6 until maturity, the yearly fix coupon is calculated as the sum of the initial margin (320 basis points) and the 5 year mid-swap rate prevailing at the end of year 5.

Credit rating, shareholder structure

OTP Bank Plc.'s long term foreign-currency deposit rating by Moody's remained unchanged, i.e. it is 'Baa3' with stable outlook. The Tier2 dated instrument issued by the Bank on 15 July 2019 enjoys 'Ba1' rating. Furthermore on 17 July 2019 OTP Bank's long term local currency deposit rating improved from 'Baa2' to 'Baa1'. Simultaneously, OTP Mortgage Bank's issuer rating was upgraded by Moody's from 'Baa3' to 'Baa2' with stable outlook. OTP Mortgage Bank's covered bond rating remained 'Baa1'. On 29 July 2019 Fitch upgraded OTP Bank Russia' 'BB' rating to 'BB+', the outlook is stable. Similar decision was made at the Bulgarian Expressbank: it was upgraded to 'BB+' from 'BB', the outlook is stable. On 17 October 2019, DG International Ratings (earlier Dagong International) has withdrawn its Long- and Short-Term Credit Ratings of OTP Bank as per the request of the Bank.

Regarding the ownership structure of the Bank, on 30 September 2019 the following investors had more than 5% influence (voting rights) in the Company: MOL (the Hungarian Oil and Gas Company, 8.58%), the Kafijat Ltd (7.35%), OPUS Securities SA (5.18%) and Groupama Group (5.13%).

POST BALANCE SHEET EVENTS

Hungary

- On 28 October 2019 the registered capital of OTP Mortgage Bank Ltd. was increased to HUF 37,000,000,000 from HUF 27,000,000,000.

Bulgaria

- On 31 October 2019 the Express Life Bulgaria transaction was financially closed, as a result of which Groupama Zhivotozastrahovane EAD, a Bulgarian subsidiary of the Groupama Group has acquired 100% ownership of the insurance company from DSK Bank EAD and Expressbank AD, the Bulgarian subsidiaries of OTP Bank Plc.

Russia

- On 25 October 2019 the Central Bank of Russia cut the key policy rate by 50 bps to 6.50%.

Ukraine

- On 24 October 2019 the National Bank of Ukraine cut the key policy rate by 100 bps to 15.50%.

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

in HUF million	9M 2018	9M 2019	Y-o-Y	3Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y
Consolidated after tax profit	**240,504**	**309,603**	**29%**	**85,933**	**105,378**	**131,644**	**25%**	**53%**
Adjustments (total)	**-22,328**	**-3,498**	**-84%**	**-6,755**	**-6,852**	**21,173**	**-409%**	**-413%**
Consolidated adjusted after tax profit without the effect of adjustments	**262,832**	**313,101**	**19%**	**92,688**	**112,230**	**110,471**	**-2%**	**19%**
Banks total[1]	249,581	295,715	18%	86,859	105,714	104,296	-1%	20%
OTP Core (Hungary)[2]	139,622	145,651	4%	44,268	57,720	48,299	-16%	9%
Corporate Centre[3]	4,551	3,335	-27%	1,834	1,194	1,024	-14%	-44%
DSK Group (Bulgaria)[4]	38,384	53,779	40%	14,253	16,630	19,551	18%	37%
OTP Bank Russia[5]	18,893	22,055	17%	6,065	7,260	8,154	12%	34%
OBH (Croatia)[6]	20,908	26,523	27%	8,668	8,649	9,102	5%	5%
OTP Bank Ukraine[7]	18,234	25,608	40%	6,951	7,717	9,597	24%	38%
OTP Bank Romania[8]	4,793	5,414	13%	3,425	2,438	1,788	-27%	-48%
OTP Bank Serbia[9]	1,348	4,594	241%	-215	1,572	1,603	2%	-845%
CKB Group (Montenegro)[10]	2,278	3,296	45%	912	1,144	1,457	27%	60%
OTP Bank Albania	-	2,233		-	1,206	1,028	-15%	
Mobiasbanca (Moldova)	-	1,248		-	-	1,248		
OBS (Slovakia)[11]	570	1,979	247%	698	183	1,446	689%	107%
Leasing	7,473	5,339	-29%	2,706	1,570	2,042	30%	-25%
Merkantil Bank (Hungary)[12]	5,258	5,339	2%	2,059	1,570	2,042	30%	-1%
Foreign leasing companies (Croatia, Bulgaria, Romania, Serbia)[13]	2,215	-	-	647	-	-	-	-
Asset Management	2,878	2,656	-8%	806	750	887	18%	10%
OTP Asset Management (Hungary)	2,690	2,578	-4%	794	740	838	13%	6%
Foreign Asset Management Companies (Ukraine, Romania, Bulgaria)[14]	188	78	-59%	13	10	49	401%	289%
Other Hungarian Subsidiaries	2,010	9,758	385%	914	4,565	2,704	-41%	196%
Other Foreign Subsidiaries[15]	88	248	181%	129	26	-15	-156%	-111%
Eliminations	802	-614	-177%	1,274	-394	558	-242%	-56%
Total adjusted after tax profit of HUNGARIAN subsidiaries[16]	154,934	166,048	7%	51,142	65,394	55,464	-15%	8%
Total adjusted after tax profit of FOREIGN subsidiaries[17]	107,898	147,054	36%	41,546	46,836	55,007	17%	32%
Share of foreign profit contribution, %	41%	47%	14%	45%	42%	50%	19%	11%

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

[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 2018	9M 2019	Y-o-Y	3Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y
Consolidated after tax profit	**240,504**	**309,603**	**29%**	**85,933**	**105,378**	**131,644**	**25%**	**53%**
Adjustments (total)	**-22,328**	**-3,498**	**-84%**	**-6,755**	**-6,852**	**21,173**	**-409%**	**-413%**
Dividends and net cash transfers (after tax)	327	441	35%	26	432	-168	-139%	-758%
Goodwill/investment impairment charges (after tax)	-5,257	-4,390	-16%	-5,732	-4,390	0	-100%	-100%
Special tax on financial institutions (after corporate income tax)	-15,096	-15,608	3%	-184	-195	-184	-6%	0%
Impact of fines imposed by the Hungarian Competition Authority (after tax)	565	0	-100%	565	0	0		-100%
Effect of acquisitions (after tax)	-2,867	17,860	-723%	-1,429	-772	21,400		
One-off impact of regulatory changes related to FX consumer contracts in Serbia	0	-1,801		0	-1,926	125	-106%	
Consolidated adjusted after tax profit without the effect of adjustments	**262,832**	**313,101**	**19%**	**92,688**	**112,230**	**110,471**	**-2%**	**19%**
Before tax profit	**295,494**	**351,387**	**19%**	**104,027**	**126,102**	**123,460**	**-2%**	**19%**
Operating profit	**297,305**	**370,054**	**24%**	**105,924**	**124,177**	**137,119**	**10%**	**29%**
Total income	**653,954**	**772,210**	**18%**	**227,677**	**259,278**	**273,216**	**5%**	**20%**
Net interest income	**443,383**	**510,423**	**15%**	**153,892**	**170,690**	**177,063**	**4%**	**15%**
Net fees and commissions	**164,126**	**197,001**	**20%**	**57,814**	**66,825**	**72,953**	**9%**	**26%**
Other net non-interest income	**46,444**	**64,786**	**39%**	**15,971**	**21,763**	**23,200**	**7%**	**45%**
Foreign exchange result, net	23,869	33,908	42%	8,693	10,688	14,148	32%	63%
Gain/loss on securities, net	1,175	9,118	676%	345	4,031	3,411	-15%	888%
Net other non-interest result	21,401	21,760	2%	6,933	7,044	5,641	-20%	-19%
Operating expenses	**-356,649**	**-402,155**	**13%**	**-121,753**	**-135,101**	**-136,096**	**1%**	**12%**
Personnel expenses	-178,401	-197,480	11%	-60,325	-67,211	-66,345	-1%	10%
Depreciation	-35,137	-40,266	15%	-11,549	-13,289	-14,561	10%	26%
Other expenses	-143,112	-164,409	15%	-49,879	-54,600	-55,190	1%	11%
Total risk costs	**-5,890**	**-22,216**	**277%**	**-2,532**	**-4,385**	**-11,633**	**165%**	**359%**
Provision for impairment on loan and placement losses	-4,306	-15,906	269%	-3,643	-3,624	-6,667	84%	83%
Other provision	-1,584	-6,310	298%	1,111	-762	-4,967	552%	-547%
Total one-off items	**4,080**	**3,549**	**-13%**	**636**	**6,310**	**-2,026**	**-132%**	**-419%**
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	4,080	3,549	-13%	636	6,310	-2,026	-132%	-419%
Corporate taxes	**-32,663**	**-38,286**	**17%**	**-11,339**	**-13,872**	**-12,988**	**-6%**	**15%**
INDICATORS	9M 2018	9M 2019	Y-o-Y	3Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y
ROE (from accounting net earnings)	19.3%	21.1%	1.8%p	19.6%	21.9%	24.9%	3.0%p	5.3%p
ROE (from adjusted net earnings)	21.1%	21.3%	0.3%p	21.2%	23.3%	20.9%	-2.4%p	-0.3%p
ROA (from adjusted net earnings)	2.6%	2.5%	0.0%p	2.6%	2.8%	2.5%	-0.3%p	-0.1%p
Operating profit margin	2.89%	3.00%	0.11%p	2.96%	3.05%	3.09%	0.03%p	0.13%p
Total income margin	6.36%	6.26%	-0.09%p	6.36%	6.38%	6.15%	-0.22%p	-0.21%p
Net interest margin	4.31%	4.14%	-0.17%p	4.30%	4.20%	3.99%	-0.21%p	-0.31%p
Net fee and commission margin	1.59%	1.60%	0.00%p	1.62%	1.64%	1.64%	0.00%p	0.03%p
Net other non-interest income margin	0.45%	0.53%	0.07%p	0.45%	0.54%	0.52%	-0.01%p	0.08%p
Cost-to-asset ratio	3.47%	3.26%	-0.20%p	3.40%	3.32%	3.07%	-0.26%p	-0.34%p
Cost/income ratio	54.5%	52.1%	-2.5%p	53.5%	52.1%	49.8%	-2.3%p	-3.7%p
Provision for impairment on loan and placement losses-to-average gross loans	0.07%	0.21%	0.14%p	0.17%	0.15%	0.25%	0.10%p	0.08%p
Total risk cost-to-asset ratio	0.06%	0.18%	0.12%p	0.07%	0.11%	0.26%	0.15%p	0.19%p
Effective tax rate	11.1%	10.9%	-0.2%p	10.9%	11.0%	10.5%	-0.5%p	-0.4%p
Non-interest income/total income	32%	34%	2%p	32%	34%	35%	1%p	3%p
EPS base (HUF) (from unadjusted net earnings)	918	1,181	29%	328	402	504	25%	54%
EPS diluted (HUF) (from unadjusted net earnings)	917	1,181	29%	328	402	504	25%	54%
EPS base (HUF) (from adjusted net earnings)	1,004	1,194	19%	354	429	422	-2%	19%
EPS diluted (HUF) (from adjusted net earnings)	1,003	1,194	19%	354	428	422	-2%	19%
Comprehensive Income Statement	9M 2018	9M 2019	Y-o-Y	3Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y
Consolidated after tax profit	240,504	309,603	29%	85,934	105,377	131,645	25%	53%
Fair value changes of financial instruments measured at fair value through other comprehensive income	-18,732	25,173	-234%	3,289	1,352	8,089	498%	146%
Fair value adjustment of derivative financial instruments designated as cash-flow hedge	25	13	-48%	-8	35	-1	-103%	-88%
Net investment hedge in foreign operations	-4,317	-3,703	-14%	959	-776	-3,130	303%	-426%
Foreign currency translation difference	23,712	100,186	323%	-28,892	16,510	68,087	312%	-336%
Change of actuarial costs (IAS 19)	0	0		0	0	0		
Net comprehensive income	**241,191**	**431,272**	**79%**	**61,280**	**122,498**	**204,690**	**67%**	**234%**
o/w Net comprehensive income attributable to equity holders	241,103	430,793	79%	61,367	122,347	204,630	67%	233%
Net comprehensive income attributable to non-controlling interest	88	479	444%	-87	151	60	-60%	-169%

Average exchange rate[1] of the HUF (in HUF)	9M 2018	9M 2019	Y-o-Y	3Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y
HUF/EUR	318	323	2%	324	323	328	2%	1%
HUF/CHF	274	289	6%	283	287	299	4%	6%
HUF/USD	266	288	8%	279	288	295	3%	6%

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

CONSOLIDATED BALANCE SHEET

Main components of balance sheet in HUF million	3Q 2018	4Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y	YTD
TOTAL ASSETS	**14,362,575**	**14,590,288**	**16,458,378**	**18,971,033**	**15%**	**32%**	**30%**
Cash, amounts due from Banks and balances with the National Banks	1,091,217	1,547,272	1,504,941	1,830,698	22%	68%	18%
Placements with other banks, net of allowance for placement losses	691,289	420,606	494,745	628,363	27%	-9%	49%
Financial assets at fair value through profit or loss	198,873	181,355	190,504	264,804	39%	33%	46%
Securities at fair value through other comprehensive income	2,030,765	1,883,849	2,145,586	2,416,228	13%	19%	28%
Net customer loans	7,908,033	8,066,592	9,474,300	11,066,584	17%	40%	37%
Net customer loans (FX adjusted[1])	**8,162,497**	**8,376,765**	**9,736,534**	**11,066,584**	**14%**	**36%**	**32%**
Gross customer loans	8,616,678	8,719,342	10,157,364	11,784,419	16%	37%	35%
Gross customer loans (FX adjusted[1])	**8,916,962**	**9,078,803**	**10,449,606**	**11,784,419**	**13%**	**32%**	**30%**
o/w Retail loans	5,435,162	5,521,242	6,179,237	6,988,965	13%	29%	27%
Retail mortgage loans (incl. home equity)	2,604,695	2,628,356	2,839,576	3,116,742	10%	20%	19%
Retail consumer loans	2,171,243	2,238,917	2,538,963	2,982,737	17%	37%	33%
SME loans	659,224	653,969	800,698	889,486	11%	35%	36%
Corporate loans	3,164,566	3,238,282	3,916,550	4,396,976	12%	39%	36%
Loans to medium and large corporates	2,871,418	2,931,631	3,604,511	4,077,192	13%	42%	39%
Municipal loans	293,148	306,652	312,039	319,784	2%	9%	4%
Car financing loans	317,234	319,279	353,819	398,478	13%	26%	25%
Allowances for loan losses	-708,646	-652,751	-683,064	-717,835	5%	1%	10%
Allowances for loan losses (FX adjusted[1])	-754,464	-702,038	-713,072	-717,835	1%	-5%	2%
Associates and other investments	25,664	17,592	17,422	19,433	12%	-24%	10%
Securities at amortized costs	1,675,271	1,740,520	1,792,912	1,849,627	3%	10%	6%
Tangible and intangible assets, net	409,123	420,484	516,860	566,159	10%	38%	35%
o/w Goodwill, net	93,822	91,766	102,478	105,722	3%	13%	15%
Tangible and other intangible assets, net	315,301	328,718	414,382	460,437	11%	46%	40%
Other assets	332,339	312,018	321,108	329,137	3%	-1%	5%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**14,362,575**	**14,590,288**	**16,458,378**	**18,971,033**	**15%**	**32%**	**30%**
Amounts due to banks, the Hungarian Government, deposits from the National Banks and other banks	521,335	392,706	522,373	665,912	27%	28%	70%
Deposits from customers	11,032,659	11,285,085	12,699,825	14,653,646	15%	33%	30%
Deposits from customers (FX adjusted[1])	**11,338,553**	**11,639,699**	**13,012,210**	**14,653,646**	**13%**	**29%**	**26%**
o/w Retail deposits	8,239,250	8,503,548	9,465,758	10,129,050	7%	23%	19%
Household deposits	6,836,643	7,030,919	7,923,406	8,455,202	7%	24%	20%
SME deposits	1,402,607	1,472,630	1,542,352	1,673,847	9%	19%	14%
Corporate deposits	3,087,535	3,124,807	3,533,226	4,509,900	28%	46%	44%
Deposits to medium and large corporates	2,300,539	2,411,999	2,890,865	3,669,273	27%	59%	52%
Municipal deposits	786,996	712,807	642,361	840,627	31%	7%	18%
Accrued interest payable related to customer deposits	11,769	11,344	13,227	14,696	11%	25%	30%
Liabilities from issued securities	338,155	417,966	385,398	398,097	3%	18%	-5%
o/w Retail bonds	5,897	4,732	3,385	4,213	24%	-29%	-11%
Liabilities from issued securities without retail bonds	332,258	413,235	382,013	393,884	3%	19%	-5%
Other liabilities	617,597	586,445	776,407	797,338	3%	29%	36%
Subordinated bonds and loans[2]	82,173	81,429	81,532	252,141	209%	207%	210%
Total shareholders' equity	**1,770,656**	**1,826,657**	**1,992,844**	**2,203,898**	**11%**	**24%**	**21%**
Indicators	3Q 2018	4Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y	YTD
Loan/deposit ratio (FX adjusted[1])	79%	78%	80%	81%	0%p	2%p	2%p
Net loan/(deposit + retail bond) ratio (FX adjusted[1])	72%	72%	75%	76%	1%p	4%p	4%p
Stage 1 loan volume under IFRS 9			8,809,419	10,384,726	18%		
Stage 1 loans under IFRS9/gross customer loans			86.7%	88.1%	1.4%p		
Own coverage of Stage 1 loans under IFRS 9			1.3%	1.2%	-0.1%p		
Stage 2 loan volume under IFRS 9		591,870	564,676	590,329	5%		
Stage 2 loans under IFRS9/gross customer loans		6.8%	5.6%	5.0%	-0.5%p		
Own coverage of Stage 2 loans under IFRS 9			9.8%	10.2%	0.4%p		
Stage 3 loan volume under IFRS 9	848,497	753,033	783,269	809,364	3%	-5%	7%
Stage 3 loans under IFRS9/gross customer loans	9.8%	8.6%	7.7%	6.9%	-0.8%p		
Own coverage of Stage 3 loans under IFRS 9			65.8%	65.9%	0.0%p		
90+ days past due loan volume	624,943	551,498	560,856	585,221	4%	-6%	6%
90+ days past due loans/gross customer loans	7.3%	6.3%	5.5%	5.0%	-0.6%p	-2.3%p	-1.4%p
Consolidated capital adequacy - Basel3	3Q 2018	4Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y	YTD
Capital adequacy ratio (consolidated, IFRS)	16.2%	18.3%	17.4%	16.8%	-0.6%p	0.7%p	-1.4%p
Tier1 ratio	14.3%	16.5%	15.9%	14.3%	-1.6%p	0.0%p	-2.2%p
Common Equity Tier 1 ('CET1') capital ratio	14.3%	16.5%	15.9%	14.3%	-1.6%p	0.0%p	-2.2%p
Regulatory capital (consolidated)	1,478,807	1,731,970	1,906,027	2,244,850	18%	52%	30%
o/w Tier1 Capital	1,306,384	1,565,247	1,739,157	1,907,697	10%	46%	22%
o/w Common Equity Tier 1 capital	1,306,384	1,565,247	1,739,157	1,907,697	10%	46%	22%
Tier2 Capital	172,424	166,723	166,870	337,153	102%	96%	102%
o/w Hybrid Tier2	89,935	89,935	89,935	89,935	0%	0%	0%
Consolidated risk weighted assets (RWA) (Credit&Market&Operational risk)	9,130,630	9,488,916	10,954,067	13,325,586	22%	46%	40%
o/w RWA (Credit risk)	7,675,717	7,966,050	9,481,797	11,682,221	23%	52%	47%
RWA (Market & Operational risk)	1,454,913	1,522,866	1,472,270	1,643,364	12%	13%	8%
Closing exchange rate of the HUF (in HUF)	3Q 2018	4Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y	YTD
HUF/EUR	324	322	324	335	3%	3%	4%
HUF/CHF	285	285	292	308	6%	8%	8%
HUF/USD	279	281	284	306	8%	10%	9%

[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 2018	9M 2019	Y-o-Y	3Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	139,622	145,651	4%	44,268	57,720	48,299	-16%	9%
Corporate income tax	-11,869	-12,471	5%	-3,728	-4,801	-4,160	-13%	12%
Pre-tax profit	151,491	158,122	4%	47,995	62,522	52,459	-16%	9%
Operating profit	118,401	132,791	12%	39,269	45,014	50,548	12%	29%
Total income	284,170	317,424	12%	97,070	107,144	111,892	4%	15%
Net interest income	182,796	193,499	6%	63,286	65,765	63,450	-4%	0%
Net fees and commissions	81,185	94,233	16%	28,161	32,523	35,705	10%	27%
Other net non-interest income	20,189	29,692	47%	5,623	8,857	12,737	44%	127%
Operating expenses	-165,769	-184,633	11%	-57,800	-62,130	-61,344	-1%	6%
Total risk costs	29,010	21,782	-25%	8,090	11,197	3,938	-65%	-51%
Provision for impairment on loan and placement losses	32,135	23,141	-28%	8,163	11,482	5,303	-54%	-35%
Other provisions	-3,126	-1,359	-57%	-72	-286	-1,365	378%	
Total one-off items	4,080	3,549	-13%	636	6,310	-2,026	-132%	-419%
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	4,080	3,549	-13%	636	6,310	-2,026	-132%	-419%
Indicators	**9M 2018**	**9M 2019**	**Y-o-Y**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
ROE	12.8%	12.1%	-0.6%p	11.9%	14.6%	11.6%	-3.0%p	-0.2%p
ROA	2.3%	2.2%	-0.1%p	2.1%	2.6%	2.1%	-0.5%p	0.0%p
Operating profit margin	2.0%	2.0%	0.1%p	1.9%	2.1%	2.2%	0.1%p	0.3%p
Total income margin	4.70%	4.83%	0.12%p	4.68%	4.90%	4.89%	-0.01%p	0.21%p
Net interest margin	3.03%	2.94%	-0.08%p	3.05%	3.01%	2.77%	-0.24%p	-0.28%p
Net fee and commission margin	1.34%	1.43%	0.09%p	1.36%	1.49%	1.56%	0.07%p	0.20%p
Net other non-interest income margin	0.33%	0.45%	0.12%p	0.27%	0.41%	0.56%	0.15%p	0.29%p
Operating costs to total assets ratio	2.7%	2.8%	0.1%p	2.8%	2.8%	2.7%	-0.2%p	-0.1%p
Cost/income ratio	58.3%	58.2%	-0.2%p	59.5%	58.0%	54.8%	-3.2%p	-4.7%p
Provision for impairment on loan and placement losses/average gross loans[1]	-1.46%	-0.92%	0.53%p	-1.05%	-1.39%	-0.60%	0.80%p	0.45%p
Effective tax rate	7.8%	7.9%	0.1%p	7.8%	7.7%	7.9%	0.3%p	0.2%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 2018	4Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y	YTD
Total Assets	8,349,719	8,563,425	8,814,170	9,453,590	7%	13%	10%
Net customer loans	3,025,985	3,096,391	3,243,442	3,525,841	9%	17%	14%
Net customer loans (FX adjusted)	**3,044,896**	**3,119,528**	**3,262,713**	**3,525,841**	**8%**	**16%**	**13%**
Gross customer loans	3,185,860	3,241,345	3,382,468	3,669,547	8%	15%	13%
Gross customer loans (FX adjusted)	**3,206,382**	**3,266,204**	**3,402,896**	**3,669,547**	**8%**	**14%**	**12%**
Retail loans	1,945,123	1,971,325	2,032,154	2,248,553	11%	16%	14%
Retail mortgage loans (incl. home equity)	1,317,714	1,329,622	1,328,133	1,346,803	1%	2%	1%
Retail consumer loans	418,298	425,791	467,383	655,360	40%	57%	54%
SME loans	209,111	215,913	236,638	246,390	4%	18%	14%
Corporate loans	1,261,258	1,294,878	1,370,741	1,420,994	4%	13%	10%
Loans to medium and large corporates	1,175,191	1,209,442	1,266,952	1,315,996	4%	12%	9%
Municipal loans	86,067	85,437	103,789	104,998	1%	22%	23%
Provisions	-159,875	-144,954	-139,026	-143,705	3%	-10%	-1%
Provisions (FX adjusted)	**-161,486**	**-146,676**	**-140,182**	**-143,705**	**3%**	**-11%**	**-2%**
Deposits from customers + retail bonds	5,781,517	5,967,857	6,205,413	6,784,666	9%	17%	14%
Deposits from customers + retail bonds (FX adjusted)	**5,828,868**	**6,016,883**	**6,248,290**	**6,784,666**	**9%**	**16%**	**13%**
Retail deposits + retail bonds	3,894,543	4,082,493	4,182,117	4,293,881	3%	10%	5%
Household deposits + retail bonds	3,141,797	3,287,638	3,354,520	3,429,858	2%	9%	4%
o/w: Retail bonds	5,897	4,732	3,385	4,213	24%	-29%	-11%
SME deposits	752,746	794,855	827,597	864,023	4%	15%	9%
Corporate deposits	1,934,324	1,934,390	2,066,172	2,490,785	21%	29%	29%
Deposits to medium and large corporates	1,247,543	1,327,543	1,535,618	1,817,564	18%	46%	37%
Municipal deposits	686,781	606,847	530,554	673,221	27%	-2%	11%
Liabilities to credit institutions	291,250	236,700	256,130	279,937	9%	-4%	18%
Issued securities without retail bonds	375,955	461,138	425,403	435,727	2%	16%	-6%
Total shareholders' equity	1,506,141	1,561,688	1,621,584	1,677,426	3%	11%	7%
Loan Quality	3Q 2018	4Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y	YTD
Stage 1 loan volume under IFRS 9 (in HUF million)			3,031,069	3,309,159	9%		
Stage 1 loans under IFRS 9/gross customer loans (%)			89.6%	90.2%	0.6%p		
Own coverage of Stage 1 loans under IFRS 9 (%)			0.7%	0.7%	0.0%p		
Stage 2 loan volume under IFRS 9 (in HUF million)			172,668	182,263	6%		
Stage 2 loans under IFRS 9/gross customer loans (%)			5.1%	5.0%	-0.1%p		
Own coverage of Stage 2 loans under IFRS 9 (%)			9.4%	9.8%	0.4%p		
Stage 3 loan volume under IFRS 9 (in HUF million)	215,743	190,682	178,732	178,124	-0.3%	-17.4%	
Stage 3 loans under IFRS 9/gross customer loans (%)	6.8%	5.9%	5.3%	4.9%	-0.4%p	-1.5%p	
Own coverage of Stage 3 loans under IFRS 9 (%)			57.3%	57.5%	0.4%p		
90+ days past due loan volume (in HUF million)	159,439	147,218	134,527	132,321	-2%	-17%	-10.1%
90+ days past due loans/gross customer loans (%)	5.0%	4.5%	4.0%	3.6%	-0.4%p	-1.4%p	-0.9%p
Market Share	3Q 2018	4Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y	YTD
Loans	20.9%	20.8%	20.6%	21.3%	0.6%p	0.4%p	0.4%p
Deposits	25.8%	25.7%	26.1%	26.5%	0.4%p	0.7%p	0.8%p
Total Assets	26.5%	26.2%	27.6%	28.2%	0.6%p	1.7%p	2.0%p
Performance Indicators	3Q 2018	4Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y	YTD
Net loans to (deposits + retail bonds) (FX adjusted)	52%	52%	52%	52%	0%p	0%p	0%p
Leverage (closing Shareholder's Equity/Total Assets)	18.0%	18.2%	18.4%	17.7%	-0.7%p	-0.3%p	-0.5%p
Leverage (closing Total Assets/Shareholder's Equity)	5.5x	5.5x	5.4x	5.6x	0.2x	0.1x	0.2x
Capital adequacy ratio (OTP Bank, non-consolidated, Basel3, IFRS)	30.8%	28.2%	26.1%	25.7%	-0.4%p	-5.1%p	-2.5%p
Common Equity Tier 1 ratio (OTP Bank, non-consolidated, Basel3, IFRS)	28.5%	26.2%	24.2%	21.5%	-2.7%p	-7.0%p	-4.7%p

Note: the 2Q 2019 capital adequacy ratios of OTP Bank have been retroactively changed due to the revision of capital requirement for counterparty credit risk within the overall capital requirement for credit risk.

- ***9M adjusted profit of OTP Core reached HUF 145.7 billion, up by 4% y-o-y; regarding the components of profit growth, improving operating income was partly offset by the lower volume of positive risk costs***
- ***3Q profit represented HUF 48.3 billion (+9% y-o-y): within that operating profit went up by 12% q-o-q despite both the net interest income and the margin being negatively affected by numerous factors; 3Q operating expenses declined q-o-q***
- ***Favourable credit quality trends continued with Stage 3 ratio dropping below 5%***
- ***Performing (Stage 1+2) loan volumes expanded by 8% q-o-q on an FX-adjusted basis, mainly as a result of the launch of subsidized baby loans from July***
- ***Following an increase in 2Q, household deposits kept growing in 3Q, too, despite the introduction of the new type of retail government bonds (Hungarian Government Security Plus) from June***

The scope of companies comprising OTP Core has changed from 1Q 2019: OTP Real Estate Lease Ltd was shifted from OTP Core to Other Hungarian Subsidiaries. At the end of September the gross loan portfolio of OTP Real Estate Lease amounted to HUF 24.0 billion, while performing (Stage 1+2 loans under IFRS 9) loan volumes represented HUF 22.3 billion, of which HUF 18.6 billion were mortgages. The company's after tax profit reached HUF 0.2 billion in 9M 2019.

Starting from 1Q 2019 OTP Mobile Service Limited Liability Company and OTP Ingatlanpont LLC. was included into OTP Core. These two companies realized HUF 0.6 billion loss in the first nine months of 2019.

P&L developments

Without the effect of adjustment items **OTP Core** delivered a profit after tax of HUF 145.6 billion in the first nine month of 2019, up by of 4% y-o-y, driven by the 12% improvement in operating profit. The 3Q profit of HUF 48.3 billion rose by 9% y-o-y: operating profit surged by 29% y-o-y, whereas the volume of positive risk costs shrank both q-o-q and y-o-y.

9M operating profit (without one-off revenue items) surged by 12% y-o-y, within that total income increased by the same magnitude. 9M net interest income grew by 6% y-o-y mainly as a result of dynamic organic loan volume growth. Also, higher gross interest revenues were realized y-o-y on the placement of additional liquidity generated by the deposit inflow. At the same time the average interest rate of the liquid asset portfolio declined mainly due to the sinking longer yields.9M net interest margin (2.94%) eroded by 8 bps y-o-y, partly due to lower average interest rate of liquid assets, but also to the declining average interest rate of loans. The higher share of non-interest bearing assets (within that especially the investments in subsidiaries) took its toll, too.

In 3Q the net interest income came down by HUF 2.2 billion q-o-q (-3%), whereas y-o-y it remained stable. The quarterly decline was explained by certain one-off items, most of which influenced the y-o-y dynamics, too. Firstly, in 3Q the swap result deteriorated by HUF 2.3 billion q-o-q, mainly in relation to intra-group swap deals with DSK Bank. Secondly, the q-o-q NII momentum was also shaped by a one-off effect related to the accounting of certain hedging transactions (-HUF 1.7 billion q-o-q impact, this item was offset in the other income). On the other hand, interest revenues were boosted by the dynamic expansion of the performing loans (+8% q-o-q).

The 3Q net interest margin eroded by 24 bps q-o-q to 2.77%. The quarterly contraction was shaped by the following factors:

- Intra-group swap deals with DSK Bank induced an 11 bps q-o-q net interest margin decline. Due to the eliminations on consolidated level, this one-off negative item booked in 3Q did not affect the consolidated margin path.
- The above mentioned one-off effect related to the accounting of certain hedging transactions exerted a negative impact of 7 bps on the q-o-q NIM development. Given that in 3Q 2019 a negative amount of -HUF 0.8 billion appeared on the net interest income line, and in 4Q 2019 no such one-off item is expected, this effect in itself might lead to a 4 bps q-o-q margin improvement in 4Q 2019.
- The maturity of higher yielding government bonds at the end of 2Q pushed down the margin by 7 bps q-o-q. In 3Q 2019 there were no fixed rate Hungarian government bond maturities, whereas the margin effect of maturing bonds during 4Q is not significant.
- In 3Q 2019 the average amount of outstanding repo deals increased by HUF 200 billion q-o-q, which diluted the 3Q margin by 6 bps through the higher balance sheet total.

The above four factors explain altogether 32 bps margin decline q-o-q. As for business developments, the further expanding loan volumes, within that especially the booming consumer credits were conducive to the q-o-q margin development, even amid slightly further declining interest rates on the stock of household loans. In 3Q the short term interbank rates remained relatively stable: the closing rate of the 3M BUBOR declined by 4 bps to 21 bps, whereas its quarterly average rate edged up by 6 bps to 25 bps.

The 9M net fee and commission income increased by 16% y-o-y, as the growing volumes and transactional turnover resulted in stronger card, deposit and transaction-related fee revenues. It was also positive that securities distribution fees for the first nine months showed a 14% y-o-y growth after the declining trend prevailing since 2H 2017.

In the third quarter the net fees and commissions jumped by 27% y-o-y and by 10% q-o-q. The quarterly growth was mainly shaped by further improving deposit and transaction-related, as well as securities distribution fees. The reason behind the latter was that the Government Debt Management Agency – parallel with the amendment to the distribution fee calculation methodology – introduced a new retail government bond, the Hungarian Government Security Plus (MÁP Plusz) from June 2019. This bond turned to be immensely popular, as a result, outstanding volumes increased significantly further q-o-q. In 3Q the balance of one-off items affecting the net fee and commission line were not significant in total[3].

The 9M other net non-interest income (without one-offs) grew by 47% y-o-y, partly due to the higher securities gain realized in the reviewed period. In 3Q 2019 other income increased by HUF 3.9 billion q-o-q (+44%), of which +HUF 3 billion was related to the result on intragroup swap transactions (with DSK Bank). Also, out of the q-o-q growth an additional +HUF 1.7 billion is explained by the shift of certain hedging transactions' result from interest revenues to other income.

The *revaluation result of the treasury share swap agreement* (showed among the one-off revenue items) amounted to HUF 3.5 billion in 9M 2019, owing predominantly to the dividend income received in the second quarter.

The 9M operating expenses increased by 11% y-o-y. This was partly due to the increasing average headcount. Besides, the amortization also grew y-o-y, as well as the IT and real estate-related expenses and marketing costs, and the HUF 0.6 billion higher contributions paid into the Deposit Insurance Fund, Investor Protection Fund and Resolution Fund played a role, too.

The 3Q the cost base showed a 6% y-o-y growth, but declined by 1% q-o-q. The quarterly decrease was shaped by two major factors: on one hand, part of the January-September cumulative pay roll of IT developers employed by the Bank was allocated for certain software in use, and activated for the updated IT systems. This step reduced the 3Q personnel expenses by HUF 1.7 billion. On the other hand, effective from 1 July 2019 the social contribution paid by the employers were reduced by 2 pps to 17.5%, in line with a 6-year wage agreement. The above factors were partially offset by the higher amortization (booked mainly in relation to the upgrade of branch infrastructure) and rising marketing and IT costs.

Benign credit quality developments remained in place: the DPD90+ loan volumes (adjusted for FX rate movements and without problem loan sales and write offs) declined by HUF 2 billion in 9M 2019, but grew by HUF 1 billion in 3Q. In 9M 2019 HUF 10 billion DPD90+ exposures were sold or written off, of which HUF 3 billion occurred in 3Q. The trend-like improvement of DPD90+ ratio continued: it moderated by 0.4 pp q-o-q to 3.6%. The ratio of Stage 3 loans declined by 1.5 pps y-o-y to 4.9% (-0.5 pp q-o-q), their own provision coverage stood at 57.5%.

On the total risk costs line a positive amount of HUF 21.8 billion was recognized in the course of the first nine months of 2019, 25% less than a year ago. Positive risk costs were mainly due to the recoveries realized on claims toward households handled by OTP Factoring, the work-out unit. In 3Q 2019 total risk costs amounted to +HUF 3.9 billion (-65% q-o-q).

Balance sheet trends

The FX-adjusted total gross loan portfolio of OTP Core increased by 14% y-o-y, whereas the performing (Stage 1+2) loans advanced by 17% y-o-y, fuelled by an outstanding 63% growth in the consumer loan volumes, as well as a double-digit growth of micro- and small enterprises and medium and large corporate exposures.

In the first three quarters of 2019 performing loan volume growth accelerated: following the seasonally weaker first quarter (q-o-q stagnation), in 2Q 5% growth was achieved, while in 3Q the expansion already reached 8% q-o-q (FX-adjusted), resulting in a 14% year-to-date growth altogether.

Compared to 2018 the composition of volume growth in 2019 shifted towards the retail segment, fuelled by the strong consumer loan demand boosted by the subsidized baby loans. At the same time, the loan growth in the corporate segment decelerated.

In 3Q the stock of consumer loans classified as Stage 1 and 2 under IFRS 9 increased by 43% q-o-q, and the yearly dynamics was 63%. This was to a great extent due to the launch of the subsidized baby loan product from 1 July which generated a strong additional loan demand. OTP Bank has

[3] The up-front 0.8% disbursement fee on the subsidized baby loans was booked within the fee and commission income in July (starting from August it was accounted for within the net interest income, spread over the whole maturity of these loans).
In addition to this, the fee income realized by OTP Treasury for the joint lead manager tasks fulfilled in relation to theTier2 bond issued by OTP Bank in July (both the outstanding volume and the interest expenditure on the Tier2 bonds are reported within the Corporate Centre).
The payments into the Compensation Fund (established in order to indemnify the victims of Quaestor and Hungaria Securities Ltd.). and the related tax deductions have not affected the q-o-q dynamics of the net fee income, because both in 2Q and 3Q HUF 0.6 billion deductions from the taxes were accounted for. (Due to the deductibility, in the adjusted P&L structure both the contributions into the Compensation Fund, as well as the deductions from taxes are presented within the financial transaction tax.)

experienced outstanding interest for this loan product: during 3Q the number concluded baby loan contracts exceeded 13 thousands with an average ticket size of HUF 9.5 billion. Thus the total contractual amount reached HUF 124 billion.

At the same time the introduction of the subsidized baby loan did not disrupt the growing demand for cash loans: new cash loan disbursements in 3Q increased by close to 25% y-o-y. OTP's market share in the new cash loan flow stood at 39.5% in 3Q 2019, thus the cumulated first nine month figure reached 39.1% (+1 pp y-o-y).

The performing cash loan portfolio kept growing dynamically, by 6% q-o-q and 31% y-o-y, despite the potential cannibalization effect and refinancing of existing cash loans in the wake of the introduction of the subsidized baby loans. OTP's market share in the stock of cash loans stood at 33.5% at the end of September.

As for the mortgage portfolio, in 3Q the performing mortgage book grew by 2% q-o-q and by 5% y-o-y without the above mentioned exclusion of OTP Real Estate Lease from OTP Core.

The performing mortgage book consists of two sub-categories: housing loans making up 81% of the total performing stock have been driving growth with 3% q-o-q and 10% y-o-y expansion. Home equity loans, on the contrary, have been steadily dwindling (-3% q-o-q, -11% y-o-y) as their amortization exceeds new disbursements.

9M mortgage loan disbursements showed a 4% y-o-y growth, supported by the 19% q-o-q pick-up registered in 3Q. OTP Bank's market share in new mortgage loan contractual amounts reached 33.8% in 3Q 2019, pulling the first nine months figure to 30.3% (9M 2018 market share: 30.0%).

Within mortgages, demand remained heavily tilted toward the less risky fixed rate products: at OTP the proportion of fixed rate housing loans with an interest rate fixation period of at least 5 years within total non-subsidized housing loan applications reached 99.5% in 3Q 2019 (versus 46% in 3Q 2017).

OTP Bank contributes to the success of the Housing Subsidy Scheme for Families (CSOK). The scheme was extended from 1 July 2019. In 9M 2019 more than 10 thousand applications for the CSOK subsidy were registered at OTP Bank with a value of HUF 40 billion (in 3Q: HUF 20 billion). Thus, since the launch of the programme OTP has handled HUF 156 billion applications for the CSOK housing subsidy.

Following the outstanding growth achieved in previous years, performing corporate loans expanded by 10% ytd (FX-adjusted), within that medium and large corporate loans went up by 9% and municipality credits by 23%, respectively (from a low base). Exposures to micro- and small enterprises grew by 14% over the same time horizon.

The new phase of the central bank's Funding for Growth Scheme (FGS fix) was launched from January 2019. Under the new phase OTP Bank recorded HUF 53 billion credit demand until the end of September.

The deposits (including retail bonds) continued their growing pattern (+16% y-o-y and +9% q-o-q, FX-adjusted). Household deposits kept on increasing despite the introduction of the Hungarian Government Security Plus (MÁP Plusz) in June. After an increase in 2Q, retail deposits grew also in 3Q (+2% q-o-q), thus in yearly comparison volumes advanced by 9%. Medium and large corporate deposit growth surpassed 37% ytd, or HUF 500 billion; the increase can be explained mainly by the fact that by the end of September the repo volumes reached HUF 400 billion, and these liabilities were reported on the medium and large corporate deposit line. Municipal deposits saw an outflow of 2% y-o-y, but they surged by 27% q-o-q due to seasonality.

The net loan to (deposit+retail bonds) ratio remained stable q-o-q and y-o-y, reaching 52%, thus the absolute level of the ratio can still be regarded as low.

In July 2019 the Bank issued a Tier 2 capital instrument in the nominal amount of EUR 500 million, which is part of the standalone regulatory capital of OTP Bank, but it is reported in the balance sheet of the Corporate Centre. The Bank's regulatory capital, as opposed to previous years, does not include the interim profit less dividend. The Bank's standalone capital adequacy ratio stood at 25.7%, and the Tier1=CET1 ratio (was 21.5% at the end of September.

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 2018	9M 2019	Y-o-Y	3Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	2,690	2,578	-4%	794	740	838	13%	6%
Income tax	-257	-224	-13%	-62	-95	-68	-28%	10%
Profit before income tax	2,947	2,802	-5%	856	835	906	8%	6%
Operating profit	2,947	2,802	-5%	856	835	906	8%	6%
Total income	4,757	4,776	0%	1,511	1,484	1,644	11%	9%
Net fees and commissions	4,742	4,207	-11%	1,505	1,381	1,423	3%	-5%
Other net non-interest income	15	569		6	103	222	115%	
Operating expenses	-1,809	-1,973	9%	-655	-649	-739	14%	13%
Other provisions	0	0	-100%	0	0	0	-100%	-100%
Main components of balance sheet closing balances in HUF mn	2018	9M 2019	YTD	3Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y
Total assets	16,821	21,056	25%	19,192	20,278	21,056	4%	10%
Total shareholders' equity	14,353	12,273	-14%	12,895	11,435	12,273	7%	-5%
Asset under management in HUF bn	2018	9M 2019	YTD	3Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y
Assets under management, total (w/o duplicates)[1]	**1,035**	**1,041**	**1%**	**1,108**	**1,029**	**1,041**	**1%**	**-6%**
Volume of investment funds (closing, w/o duplicates)	749	725	-3%	824	723	725	0%	-12%
Volume of managed assets (closing)	286	315	10%	283	306	315	3%	11%
Volume of investment funds (closing, with duplicates)[2]	**982**	**981**	**0%**	**1,075**	**972**	**981**	**1%**	**-9%**
money market	129	7	-95%	145	7	7	-7%	-95%
bond	217	296	36%	237	299	296	-1%	25%
mixed	55	55	-1%	59	54	55	1%	-7%
security	153	172	12%	164	169	172	2%	4%
guaranteed	32	33	2%	32	32	33	1%	1%
other[3]	395	419	6%	438	411	419	2%	-4%

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

OTP Fund Management achieved HUF 2.6 billion after-tax profit in the first nine months of 2019. This is 4% less than in the same period of 2018. On the other hand, the HUF 838 million after-tax profit in 3Q reflects 13% q-o-q and 6% y-o-y improvement.

The company's 9M operating profit shrank by 5% y-o-y. Income from net fees and commissions dropped by 11% y-o-y, simultaneously with the decline in the average assets of the managed investment funds. The volumes of investment funds and average assets under management have both grown q-o-q, as a result, profit from fees and commission grew by 3% q-o-q. The q-o-q doubling of the other net non-interest income reflects the result of the fair value adjustment of investment fund units owned by OTP Fund Management.

9M operating expenses have grown by 9% y-o-y, mainly owing to higher IT costs, expert fees, and a 9% rise in personnel costs. The q-o-q increase in expenses (+14%) stems from seasonally higher marketing costs.

The change in the volumes managed in funds was shaped by a number of factors. First, regulatory changes require much stricter operational environment. As a result, a significant number of fund managers have decided to restructure the money market fund investment policy, or to terminate funds, which led to a technical re-arrangement towards bond funds. In the case of OTP Fund Management, three of the previous four money market funds were transformed into short-term bond funds in the beginning of the year, and the remaining one will continue to operate as a money market fund without a capital guarantee. Second, the intensive demand for the Hungarian Government Security Plus bond, launched at the beginning of June 2019, works towards divestment from mutual funds, particularly from bond funds.

The funds managed by OTP Fund Management also reflect these processes. In addition to the ytd stability of the closing volume (with duplicates) of total assets under management, there was a shift towards bond funds (+36% ytd), and equity funds (+12% ytd). Money market funds, previously the most popular category, have been crowded out, with volumes shrinking to HUF 7 billion (-95% ytd) by the end of September.

OTP Fund Management's market share decreased by 0.2 pp y-o-y to 22.4% by the end of September, thus it preserved its leading position on the securities market.

MERKANTIL BANK (HUNGARY)

Performance of Merkantil Bank:

Main components of P&L account in HUF mn	9M 2018	9M 2019	Y-o-Y	3Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	5,258	5,339	2%	2,059	1,570	2,042	30%	-1%
Income tax	-169	-396	135%	-169	-201	-195	-3%	15%
Profit before income tax	5,427	5,735	6%	2,227	1,771	2,237	26%	0%
Operating profit	5,191	5,608	8%	1,893	1,599	2,124	33%	12%
Total income	9,805	10,656	9%	3,261	3,446	3,764	9%	15%
Net interest income	9,704	10,453	8%	3,383	3,368	3,619	7%	7%
Net fees and commissions	-80	-83	4%	-12	-27	4	-115%	-137%
Other net non-interest income	180	286	59%	-110	106	140	32%	-228%
Operating expenses	-4,613	-5,048	9%	-1,368	-1,848	-1,639	-11%	20%
Total provisions	235	127	-46%	334	172	113	-35%	-66%
Provision for impairment on loan and placement losses	207	59	-72%	295	134	170	27%	-42%
Other provision	28	68	141%	39	38	-57	-249%	-246%
Main components of balance sheet closing balances in HUF mn	**2018**	**9M 2019**	**YTD**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
Total assets	404,750	479,428	18%	390,181	456,071	479,428	5%	23%
Gross customer loans	321,353	357,231	11%	310,691	348,853	357,231	2%	15%
Gross customer loans (FX-adjusted)	322,336	357,231	11%	311,512	349,681	357,231	2%	15%
Retail loans	29,704	30,422	2%	30,362	30,328	30,422	0%	0%
Corporate loans	104,293	121,907	17%	94,417	119,265	121,907	2%	29%
Car financing loans	188,339	204,902	9%	186,732	200,087	204,902	2%	10%
Allowances for possible loan losses	-13,853	-11,895	-14%	-19,312	-12,414	-11,895	-4%	-38%
Allowances for possible loan losses (FX-adjusted)	-13,871	-11,895	-14%	-19,325	-12,426	-11,895	-4%	-38%
Deposits from customers	15,180	11,343	-25%	16,733	13,519	11,343	-16%	-32%
Deposits from customer (FX-adjusted)	15,180	11,343	-25%	16,733	13,519	11,343	-16%	-32%
Retail deposits	13,307	8,806	-34%	14,529	10,064	8,806	-12%	-39%
Corporate deposits	1,873	2,536	35%	2,204	3,455	2,536	-27%	15%
Liabilities to credit institutions	337,136	412,016	22%	328,587	389,424	412,016	6%	25%
Total shareholders' equity	37,189	42,682	15%	30,883	40,640	42,682	5%	38%
Loan Quality	**9M 2018**	**9M 2019**	**Y-o-Y**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)		336,787			325,013	336,787	4%	
Stage 1 loans under IFRS 9/gross customer loans (%)		94.3%			93.2%	94.3%	1.1%p	
Own coverage of Stage 1 loans under IFRS 9 (%)		0.5%			0.6%	0.5%	-0.1%p	
Stage 2 loan volume under IFRS 9 (in HUF million)		8,186			11,093	8,186	-26%	
Stage 2 loans under IFRS 9/gross customer loans (%)		2.3%			3.2%	2.3%	-0.9%p	
Own coverage of Stage 2 loans under IFRS 9 (%)		4.7%			4.8%	4.7%	-0.1%p	
Stage 3 loan volume under IFRS 9 (in HUF million)	19,931	12,258	-38%	19,931	12,747	12,258	-4%	-38%
Stage 3 loans under IFRS 9/gross customer loans (%)	6.4%	3.4%	-3.0%p	6.4%	3.7%	3.4%	-0.2%p	-3.0%p
Own coverage of Stage 3 loans under IFRS 9 (%)		78.9%			77.9%	78.9%	1.1%p	
Provision for impairment on loan and placement losses/average gross loans (%)	-0.09%	-0.02%	0.07%p	-0.37%	-0.16%	-0.19%	-0.03%p	0.19%p
90+ days past due loan volume (in HUF million)	15,834	9,092	-43%	15,834	9,253	9,092	-2%	-43%
90+ days past due loans/gross customer loans (%)	5.1%	2.5%	-2.6%p	5.1%	2.7%	2.5%	-0.1%p	-2.6%p
Performance Indicators	**9M 2018**	**9M 2019**	**Y-o-Y**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
ROA	1.8%	1.6%	-0.2%p	2.1%	1.4%	1.7%	0.3%p	-0.4%p
ROE	24.3%	17.9%	-6.4%p	27.3%	15.9%	19.4%	3.5%p	-8.0%p
Total income margin	3.45%	3.26%	-0.18%p	3.33%	3.16%	3.19%	0.03%p	-0.14%p
Net interest margin	3.41%	3.20%	-0.21%p	3.45%	3.09%	3.07%	-0.02%p	-0.38%p
Cost/income ratio	47.1%	47.4%	0.3%p	42.0%	53.6%	43.6%	-10.1%p	1.6%p

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

Merkantil Bank posted HUF 5.3 billion adjusted after-tax profit in the first nine months of 2019; this is consistent with an ROE of 17.9%. The pre-tax profit grew by 6% y-o-y, largely owing to the increase in net interest income, while 9M risks costs remained positive.

The 30% q-o-q profit growth in 3Q is attributable to a 33% increase of operating profit, particularly the improvement in the net interest income and the declining operating expenses. The main reason for the q-o-q lower operating costs was the base effect of charges paid to supervisory authorities: the total annual amount of HUF 165 million paid into the Resolution Fund was recognized in 2Q.

In 9M 2019 net interest income grew by 8% y-o-y, supported by the increase in performing loans (+18% y-o-y), which was partly counterbalanced by the decline in net interest margin (-21 bps y-o-y).

Most of the 9% y-o-y rise in 9M operating expenses stemmed from higher personnel expenses.

Loan quality trends remained favourable: DPD90+ volumes declined by HUF 0.2 billion (adjusted for FX rate changes and sold/written off volumes) in 3Q 2019. The ratio of DPD90+ loans decreased by 2.6 pps y-o-y to 2.5%.

In 3Q 2019 the ratio of Stage 3 loans to total gross loans was at 3.4% (-0.2 pp q-o-q, -3.0 pps y-o-y), while their own provision coverage stood at 78.9%.

Stage 1+2 loans expanded by 3% q-o-q (FX-adjusted). Total new loan disbursements surged by 27% y-o-y, of which the volume of newly disbursed car financing loans expanded by 18% y-o-y, and the financing of production equipment and machinery jumped by 47%.

Merkantil Bank retained its market leading position both in terms of new disbursements and leasing volumes.

IFRS REPORTS OF THE MAIN SUBSIDIARIES

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

DSK GROUP (BULGARIA)

Performance of DSK Group:

Main components of P&L account in HUF mn	9M 2018	9M 2019	Y-o-Y	3Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	38,384	53,779	40%	14,253	16,630	19,551	18%	37%
Income tax	-4,016	-5,810	45%	-1,561	-2,287	-1,332	-42%	-15%
Profit before income tax	42,399	59,589	41%	15,814	18,917	20,883	10%	32%
Operating profit	43,606	63,964	47%	15,003	21,400	22,161	4%	48%
Total income	80,189	115,772	44%	27,797	38,878	39,578	2%	42%
Net interest income	52,109	80,324	54%	17,711	26,352	28,390	8%	60%
Net fees and commissions	22,403	31,079	39%	8,083	10,615	10,756	1%	33%
Other net non-interest income	5,677	4,369	-23%	2,003	1,912	432	-77%	-78%
Operating expenses	-36,583	-51,809	42%	-12,793	-17,479	-17,417	0%	36%
Total provisions	-1,206	-4,374	263%	811	-2,483	-1,278	-49%	-258%
Provision for impairment on loan and placement losses	-3,958	-4,446	12%	468	-2,686	-1,192	-56%	-355%
Other provision	2,751	72	-97%	342	203	-86	-142%	-125%
Main components of balance sheet closing balances in HUF mn	**2018**	**9M 2019**	**YTD**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
Total assets	2,381,275	3,867,302	62%	2,134,543	3,636,866	3,867,302	6%	81%
Gross customer loans	1,343,729	2,339,202	74%	1,337,011	2,222,326	2,339,202	5%	75%
Gross customer loans (FX-adjusted)	1,398,654	2,339,202	67%	1,381,940	2,298,984	2,339,202	2%	69%
Retail loans	970,835	1,458,670	50%	958,768	1,421,049	1,458,670	3%	52%
Corporate loans	427,819	866,669	103%	423,172	863,432	866,669	0%	105%
Car financing loans		13,863			14,503	13,863	-4%	
Allowances for possible loan losses	-111,369	-133,785	20%	-113,294	-127,714	-133,785	5%	18%
Allowances for possible loan losses (FX-adjusted)	-115,917	-133,785	15%	-117,096	-132,103	-133,785	1%	14%
Deposits from customers	1,890,897	2,992,824	58%	1,797,727	2,828,813	2,992,824	6%	66%
Deposits from customers (FX-adjusted)	1,971,870	2,992,824	52%	1,862,980	2,932,841	2,992,824	2%	61%
Retail deposits	1,724,999	2,463,181	43%	1,665,541	2,427,063	2,463,181	1%	48%
Corporate deposits	246,871	529,643	115%	197,438	505,777	529,643	5%	168%
Liabilities to credit institutions	3,144	263,992		50,205	242,772	263,992	9%	426%
Total shareholders' equity	453,891	525,250	16%	255,463	491,192	525,250	7%	106%
Loan Quality	**9M 2018**	**9M 2019**	**Y-o-Y**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)		2,054,687			1,946,078	2,054,687	6%	
Stage 1 loans under IFRS 9/gross customer loans (%)		87.8%			87.6%	87.8%	0.3%p	
Own coverage of Stage 1 loans under IFRS 9 (%)		1.1%			1.1%	1.1%	0.0%p	
Stage 2 loan volume under IFRS 9 (in HUF million)		111,310			106,931	111,310	4%	
Stage 2 loans under IFRS 9/gross customer loans (%)		4.8%			4.8%	4.8%	-0.1%p	
Own coverage of Stage 2 loans under IFRS 9 (%)		10.1%			9.9%	10.1%	0.3%p	
Stage 3 loan volume under IFRS 9 (in HUF million)	156,901	173,205	10%	156,901	169,317	173,205	2%	10%
Stage 3 loans under IFRS 9/gross customer loans (%)	11.7%	7.4%	-4.3%p	11.7%	7.6%	7.4%	-0.2%p	-4.3%p
Own coverage of Stage 3 loans under IFRS 9 (%)		58.2%			56.7%	58.2%	1.5%p	
Provision for impairment on loan and placement losses/average gross loans (%)	0.42%	0.27%	-0.15%p	-0.14%	0.49%	0.21%	-0.28%p	0.35%p
90+ days past due loan volume (in HUF million)	96,911	106,610	10%	96,911	101,390	106,610	5%	10%
90+ days past due loans/gross customer loans (%)	7.2%	4.6%	-2.7%p	7.2%	4.6%	4.6%	0.0%p	-2.7%p
Performance Indicators	**9M 2018**	**9M 2019**	**Y-o-Y**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
ROA	2.5%	2.0%	-0.5%p	2.7%	1.8%	2.1%	0.2%p	-0.6%p
ROE	20.8%	14.8%	-6.0%p	22.9%	13.8%	15.4%	1.6%p	-7.5%p
Total income margin	5.27%	4.31%	-0.96%p	5.23%	4.28%	4.19%	-0.10%p	-1.05%p
Net interest margin	3.43%	2.99%	-0.44%p	3.33%	2.90%	3.00%	0.10%p	-0.33%p
Cost/income ratio	45.6%	44.8%	-0.9%p	46.0%	45.0%	44.0%	-0.9%p	-2.0%p
Net loans to deposits (FX-adjusted)	68%	74%	6%p	68%	74%	74%	0%p	6%p
FX rates (in HUF)	**9M 2018**	**9M 2019**	**Y-o-Y**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
HUF/BGN (closing)	165.6	171.1	3%	165.6	165.4	171.1	3%	3%
HUF/BGN (average)	162.4	165.2	2%	165.7	165.2	167.8	2%	1%

- ***The financial closure of the Expressbank deal was completed on 15 January 2019, thus the 3Q financial statements include the full nine-month contribution of Expressbank and its subsidiaries***
- ***The Bulgarian banking group generated HUF 53.8 billion adjusted profit in the first nine months of 2019, to which Express Group contributed by HUF 15.1 billion***
- ***The erosion in the nine-month net interest margin was in part due to the dilution effect of Expressbank's lower margin. In 3Q the margin improved by 10 bps q-o-q***
- ***The continued growth of Stage1+2 loans (+2% q-o-q, FX-adjusted) was accompanied by a similar rise in deposits***

The 9M 2019 financial statements of DSK Group include the full nine-month contribution of Expressbank and its subsidiaries. The Bulgarian P&L account was adjusted for the one-off items directly related to the acquisition; these corrections are shown at consolidated level among the adjustment items. The balance sheet items were not adjusted for the acquisition effects.

Starting from 2019, DSK Leasing is presented as part of the Bulgarian operation. The performance in the 2018 base periods does not include DSK Leasing's contribution; then DSK Leasing was presented under Foreign Leasing Companies. The adjusted after-tax profit of DSK Leasing in 9M 2019 reached HUF 556 million; at the end of September 2019 its Stage 1+2 loan volumes amounted to HUF 23 billion, while the number of employees was 56 (on FTE basis).

In January-September 2019 **DSK Group** posted HUF 53.8 billion after-tax profit (+40%), of which Express Group's contribution amounted to HUF 15.1 billion (including HUF 5.2 billion in 3Q). Thus the Bulgarian operation's nine-month profit, without the acquisition of Expressbank and the inclusion of DSK Leasing, was stable in y-o-y comparison.

Based on total assets, the market share of the Bulgarian operation stood at 20.0% at the end of September 2019 on *pro-forma* basis.

The total number of branches in Bulgaria has declined by 14 units q-o-q; thus the overall network shrank by a total of 28 branches (-6%) over the past two quarters. The headcount contracted by 165 people, or 3%, q-o-q.

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

The nine-month operating profit of the Bulgarian banking group jumped by 47%, or HUF 20.4 billion y-o-y, owing to the HUF 20.0 billion generated by Expressbank.

Regarding the 3Q developments, the HUF 19.6 billion profit is consistent with 18% q-o-q growth rate, and corresponds to above 15% return on equity.

The operating profit improved by 4% q-o-q (+2% in local currency terms). Net interest income grew by 8%, or HUF 2.0 billion q-o-q, partly because the income on the swap transactions (mostly in relation to the swaps with OTP Bank) recognised within the NII improved the q-o-q dynamics of the net interest income by HUF 1.2 billion. The increase in the interest income was also supported by the continued growth in loan volumes. Net interest margin rose by 10 bps q-o-q, to 3.00%. Without the profit on swaps, however, it would have slightly declined, by 3 bps q-o-q.

Nine-month operating costs without the acquisition effect were up 3% y-o-y in local currency terms, whereas in 3Q they remained stable y-o-y. In 3Q the operating costs of the whole Bulgarian operation dropped by 2% q-o-q (FX-adjusted), owing to the savings in administrative expenses.

In the first nine months of 2019 -HUF 4.4 billion total risk costs weighed on the profit, including -HUF 1.3 billion reported in the third quarter (-49% q-o-q). The nine-month risk cost rate stood at 27 bps.

Credit quality indicators remained favourable. The FX-adjusted DPD90+ volumes without loan sales and write-offs grew by HUF 4 billion in the first nine months (additionally, the technical effect of Expressbank's inclusion triggered an increase of HUF 9 billion). Until September nearly HUF 3 billion problem loans were sold or written off (including HUF 1 billion in 3Q). The ratio of Stage 3 loans stood at 7.4% at the end of 3Q, marking a 0.2 pp improvement. The own provision coverage of Stage 3 loans rose by 1.5 pps q-o-q, to 58.2%.

Regarding business activity, the Bulgarian operation managed to post volume increase even amid the ongoing integration project: Stage 1+2 loans grew by 2% q-o-q (FX-adjusted). Performing mortgage loans increased by 4% q-o-q, and cash loans were up by 3% (FX-adjusted). Micro and small, as well as large corporate exposures increased by 2% and 1% q-o-q, respectively. Largely as a result of the acquisition, performing loans surged by 78% q-o-q (FX-adjusted).

Deposit volume growth in 3Q (+2% q-o-q, FX-adjusted) kept pace with the expansion of the loan book. The net-loan-to-deposit ratio remained flat at 74% q-o-q.

At the end of September, the capital adequacy ratio of DSK Bank, which holds Expressbank's shares, stood at 27.7%, based on local calculation rules.

OTP BANK RUSSIA

Performance of OTP Bank Russia:

Main components of P&L account in HUF mn	9M 2018	9M 2019	Y-o-Y	3Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	18,893	22,055	17%	6,065	7,260	8,154	12%	34%
Income tax	-4,996	-6,129	23%	-1,446	-1,978	-2,458	24%	70%
Profit before income tax	23,889	28,184	18%	7,511	9,238	10,612	15%	41%
Operating profit	51,358	62,945	23%	18,770	20,985	22,885	9%	22%
Total income	95,822	107,973	13%	32,904	35,890	38,137	6%	16%
Net interest income	75,841	83,159	10%	25,856	27,739	29,087	5%	12%
Net fees and commissions	19,691	23,029	17%	6,941	7,663	8,410	10%	21%
Other net non-interest income	290	1,785	514%	107	488	641	31%	498%
Operating expenses	-44,464	-45,028	1%	-14,134	-14,905	-15,252	2%	8%
Total provisions	-27,469	-34,761	27%	-11,259	-11,747	-12,274	4%	9%
Provision for impairment on loan and placement losses	-25,642	-33,688	31%	-10,749	-11,885	-11,730	-1%	9%
Other provision	-1,827	-1,072	-41%	-510	138	-543		7%
Main components of balance sheet closing balances in HUF mn	**2018**	**9M 2019**	**YTD**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
Total assets	707,593	935,518	32%	727,300	868,500	935,518	8%	29%
Gross customer loans	610,355	744,311	22%	592,380	690,388	744,311	8%	26%
Gross customer loans (FX-adjusted)	710,302	744,311	5%	658,339	725,951	744,311	3%	13%
Retail loans	635,282	667,421	5%	584,873	658,022	667,421	1%	14%
Corporate loans	74,907	69,838	-7%	73,354	67,818	69,838	3%	-5%
Car financing loans	113	7,052		113	111	7,052		
Allowances for possible loan losses	-126,655	-161,618	28%	-124,480	-147,127	-161,618	10%	30%
Allowances for possible loan losses (FX-adjusted)	-147,341	-161,618	10%	-138,377	-154,740	-161,618	4%	17%
Deposits from customers	379,911	487,895	28%	380,786	456,052	487,895	7%	28%
Deposits from customers (FX-adjusted)	440,643	487,895	11%	422,148	479,974	487,895	2%	16%
Retail deposits	350,436	343,838	-2%	341,002	354,369	343,838	-3%	1%
Corporate deposits	90,207	144,058	60%	81,146	125,604	144,058	15%	78%
Liabilities to credit institutions	120,156	171,068	42%	129,679	158,167	171,068	8%	32%
Subordinated debt	22,522	25,418	13%	23,018	23,972	25,418	6%	10%
Total shareholders' equity	147,999	196,267	33%	158,467	178,807	196,267	10%	24%
Loan Quality	**9M 2018**	**9M 2019**	**Y-o-Y**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)		574,715			535,768	574,715	7%	
Stage 1 loans under IFRS 9/gross customer loans (%)		77.2%			77.6%	77.2%	-0.4%p	
Own coverage of Stage 1 loans under IFRS 9 (%)		6.9%			7.0%	6.9%	-0.1%p	
Stage 2 loan volume under IFRS 9 (in HUF million)		55,064			52,551	55,064	5%	
Stage 2 loans under IFRS 9/gross customer loans (%)		7.4%			7.6%	7.4%	-0.2%p	
Own coverage of Stage 2 loans under IFRS 9 (%)		25.8%			26.4%	25.8%	-0.7%p	
Stage 3 loan volume under IFRS 9 (in HUF million)	89,840	114,532	27%	89,840	102,069	114,532	12%	27%
Stage 3 loans under IFRS 9/gross customer loans (%)	15.2%	15.4%	0.2%p	15.2%	14.8%	15.4%	0.6%p	0.2%p
Own coverage of Stage 3 loans under IFRS 9 (%)		94.0%			93.7%	94.0%	0.3%p	
Provision for impairment on loan and placement losses/average gross loans (%)	6.15%	6.65%	0.51%p	7.41%	7.00%	6.56%	-0.44%p	-0.85%p
Provision for impairment on loan and placement losses/average (FX-adjusted) gross loans (%)	5.99%	6.43%	0.44%p	7.22%	6.76%	6.37%	-0.39%p	-0.85%p
90+ days past due loan volume (in HUF million)	87,487	108,414	24%	87,487	97,594	108,414	11%	24%
90+ days past due loans/gross customer loans (%)	14.8%	14.6%	-0.2%p	14.8%	14.1%	14.6%	0.4%p	-0.2%p
Performance Indicators	**9M 2018**	**9M 2019**	**Y-o-Y**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
ROA	3.8%	3.6%	-0.2%p	3.5%	3.6%	3.7%	0.1%p	0.2%p
ROE	17.1%	17.1%	0.0%p	15.6%	16.8%	17.4%	0.6%p	1.8%p
Total income margin	19.46%	17.76%	-1.70%p	18.80%	17.62%	17.23%	-0.40%p	-1.58%p
Net interest margin	15.40%	13.68%	-1.73%p	14.78%	13.62%	13.14%	-0.48%p	-1.64%p
Cost/income ratio	46.4%	41.7%	-4.7%p	43.0%	41.5%	40.0%	-1.5%p	-3.0%p
Net loans to deposits (FX-adjusted)	123%	119%	-4%p	123%	119%	119%	0%p	-4%p
FX rates (in HUF)	**9M 2018**	**9M 2019**	**Y-o-Y**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
HUF/RUB (closing)	4.3	4.7	11%	4.3	4.5	4.7	5%	11%
HUF/RUB (average)	4.3	4.4	2%	4.3	4.5	4.6	3%	7%

- ***HUF 22.1 billion nine-month after-tax profit (+14% y-o-y in local currency terms)***
- ***3Q net interest income was up 2% q-o-q in RUB terms with performing loan volumes growing, and net interest margin shrinking by 48 bps***
- ***9M operating expenses fell 1% y-o-y in RUB terms***
- ***Stage 3 ratio rose by 0.2 pp y-o-y, to 15.4%, and the Stage 3 volume grew by 7% q-o-q in RUB terms***
- ***Net loans and deposits grew comparably (q-o-q, FX-adjusted), thus net loan/deposit ratio remained at 119%***

The HUF denominated financial figures of OTP Bank Russia were affected by the HUF/RUB moves: by the end of 3Q, the RUB appreciated 5% q-o-q, and 11% y-o-y against the HUF. It strengthened 2% y-o-y on average in the first nine months, and the RUB's average rate in 3Q went up by 3% q-o-q and 7% y-o-y. Therefore local currency P&L and balance sheet dynamics can be materially different from those in HUF terms.

In 9M 2019 **OTP Bank Russia** posted HUF 22.1 billion after-tax profit, which translates into 14% y-o-y improvement in local currency. The 3Q after-tax profit of HUF 8.2 billion reflects 10% q-o-q growth in local currency.

Due to the volatility of HUF/RUB exchange rate, it is more reasonable to analyse income dynamics in RUB terms. Nine-month pre-tax profit grew by 16% y-o-y, as a combined result of a 20% improvement in operating profit and a 24% surge in risk cost. The quarterly dynamics of 3Q pre-tax profit (+12% q-o-q in local currency) was shaped by a 7% improvement in operating profit, as well as a 2% rise in total risk cost.

The 7% y-o-y increase in net interest income over the nine months period was supported by the 13% y-o-y growth of FX-adjusted Stage 1+2 loans, while net interest margin (NIM) dropped by 1.7 pps, to 13.7%. Reasons for the lower NIM include the continued decline in interest rates on consumer loans, a slight increase in average deposit interest rates, as well as the dilution effect of the higher average total assets. The inflow of corporate deposits continued in 3Q, with higher interest rates; average interest rates on POS loans kept further eroding, thus NIM shrank by nearly 0.5 pp in q-o-q terms.

Nine-month net fee and commission income was up 14% y-o-y in RUB terms, benefiting from an increase of insurance fee income on cash loans with insurance policies and other products growing considerably, as well as a rise in average commission income generated by credit cards. In 3Q 2019, fee and commissions income grew by 7% q-o-q and 13% y-o-y in RUB terms.

In the first nine months of 2019, operating expenses shrank by 1% y-o-y in RUB terms: the drop in both personnel expenses and amortization, partly associated with the integration of Touch Bank, was counterbalanced by the increase in administrative costs, going up in line with increasing business volumes. On the whole, the 9M cost/income ratio improved by 4.7 pps to 41.7%.

In 3Q, operating expenses stayed flat q-o-q in local currency, largely because personnel expenses declined on account of a 3% q-o-q drop in average headcount, which offset the increase in amortization and administrative costs.

Nine-month total risk cost grew by 24% in RUB terms; it rose by 2% q-o-q in the third quarter. In the first nine months of 2019 risk cost ratio went up by almost 0.5 pp y-o-y, to 6.65%, and it stood at 6.56% in 3Q (-44 bps q-o-q).

The DPD90+ volumes (FX-adjusted and excluding the impact of loan sales and write-offs) fell to HUF 14 billion in 3Q, reversing a growth to HUF 16 billion in 2Q, from HUF 12 billion in 1Q. The increase in non-performing loans is related to the POS loan and cash loan segments. Over the past three quarters, OTP Bank sold or wrote down a gross total of HUF 23.8 billion in loans, of which HUF 5.5 billion took place in 3Q. Overall, the ratio of Stage 3 loans to total gross loans grew by 0.6 pp q-o-q, to 15.4% in the third quarter. Stage 3 loans' own coverage was 94%.

In 3Q 2019, the FX-adjusted Stage 1+2 loan book rose by 2% q-o-q (+13% y-o-y). In the third quarter, the q-o-q increase in lending was short of the previous year's reading, despite the seasonally stronger demand for POS loans. Besides, OTP Bank tightened the conditions for disbursing cash loans, therefore performing consumer loans grew by only 1% q-o-q. Performing POS loan volumes contracted by 1% q-o-q, partly because the Bank launched car financing as a pilot project in 3Q 2018, the results of which are reclassified to the car loans line from POS loans, from this quarter on. Irrespective of the effect of this change, the POS loans portfolio expanded by 2% q-o-q. Regarding the corporate segment, performing loans picked up 2% in 3Q, from the 10% q-o-q fall in 2Q, but this was not enough to catch up with the loan volumes in 3Q 2018 (-5% y-o-y).

FX-adjusted total deposits increased by 16% y-o-y and 2% q-o-q. Corporate deposits grew impressively in both yearly and quarterly terms (by 78% and 15% respectively). Net loan-to-deposit ratio (119%) did not change in q-o-q terms.

OTP BANKA HRVATSKA (CROATIA)

Performance of OTP banka Hrvatska:

Main components of P&L account in HUF mn	9M 2018	9M 2019	Y-o-Y	3Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	20,908	26,523	27%	8,668	8,649	9,102	5%	5%
Income tax	-4,788	-5,760	20%	-2,012	-1,881	-1,904	1%	-5%
Profit before income tax	25,696	32,283	26%	10,680	10,530	11,006	5%	3%
Operating profit	26,669	32,595	22%	9,970	10,296	11,991	16%	20%
Total income	59,044	63,610	8%	21,005	21,054	22,126	5%	5%
Net interest income	40,585	42,376	4%	13,663	14,124	14,155	0%	4%
Net fees and commissions	12,065	13,025	8%	4,252	4,264	4,750	11%	12%
Other net non-interest income	6,394	8,209	28%	3,090	2,666	3,221	21%	4%
Operating expenses	-32,376	-31,015	-4%	-11,034	-10,758	-10,136	-6%	-8%
Total provisions	-973	-312	-68%	709	234	-985	-522%	-239%
Provision for impairment on loan and placement losses	-1,179	1,275	-208%	667	603	246	-59%	-63%
Other provision	206	-1,587	-872%	43	-369	-1,231	233%	
Main components of balance sheet closing balances in HUF mn	**2018**	**9M 2019**	**YTD**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
Total assets	1,837,158	2,064,140	12%	1,889,765	1,947,320	2,064,140	6%	9%
Gross customer loans	1,178,848	1,354,139	15%	1,191,038	1,307,543	1,354,139	4%	14%
Gross customer loans (FX-adjusted)	1,227,496	1,354,139	10%	1,232,890	1,351,701	1,354,139	0%	10%
Retail loans	690,057	734,557	6%	687,468	720,908	734,557	2%	7%
Corporate loans	518,943	547,419	5%	525,748	560,177	547,419	-2%	4%
Car financing loans	18,496	72,163	290%	19,674	70,616	72,163	2%	267%
Allowances for possible loan losses	-71,186	-69,162	-3%	-76,022	-66,911	-69,162	3%	-9%
Allowances for possible loan losses (FX-adjusted)	-74,119	-69,162	-7%	-78,763	-69,156	-69,162	0%	-12%
Deposits from customers	1,424,746	1,511,476	6%	1,493,520	1,368,400	1,511,476	10%	1%
Deposits from customers (FX-adjusted)	1,488,336	1,511,476	2%	1,553,097	1,418,809	1,511,476	7%	-3%
Retail deposits	1,097,629	1,141,691	4%	1,130,377	1,082,374	1,141,691	5%	1%
Corporate deposits	390,707	369,784	-5%	422,719	336,435	369,784	10%	-13%
Liabilities to credit institutions	85,702	187,326	119%	73,792	232,995	187,326	-20%	154%
Total shareholders' equity	269,126	294,813	10%	268,846	277,247	294,813	6%	10%
Loan Quality	**9M 2018**	**9M 2019**	**Y-o-Y**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)		1,193,003			1,144,240	1,193,003	4%	
Stage 1 loans under IFRS 9/gross customer loans (%)		88.1%			87.5%	88.1%	0.7%p	
Own coverage of Stage 1 loans under IFRS 9 (%)		0.9%			0.8%	0.9%	7.1%p	
Stage 2 loan volume under IFRS 9 (in HUF million)		75,175			78,586	75,175	-4%	
Stage 2 loans under IFRS 9/gross customer loans (%)		5.6%			6.0%	5.6%	-7.6%p	
Own coverage of Stage 2 loans under IFRS 9 (%)		3.9%			4.1%	3.9%	-5.0%p	
Stage 3 loan volume under IFRS 9 (in HUF million)	94,128	85,961	-9%	94,128	84,717	85,961	1%	-9%
Stage 3 loans under IFRS 9/gross customer loans (%)	7.9%	6.3%	-1.6%p	7.9%	6.5%	6.3%	-0.1%p	-1.6%p
Own coverage of Stage 3 loans under IFRS 9 (%)		64.9%			64.2%	64.9%	0.8%p	
Provision for impairment on loan and placement losses/average gross loans (%)	0.14%	-0.13%	-0.27%p	-0.22%	-0.19%	-0.07%	0.11%p	0.15%p
90+ days past due loan volume (in HUF million)	73,548	55,989	-24%	73,548	55,437	55,989	1%	-24%
90+ days past due loans/gross customer loans (%)	6.2%	4.1%	-2.0%p	6.2%	4.2%	4.1%	-0.1%p	-2.0%p
Performance Indicators (%)	**9M 2018**	**9M 2019**	**Y-o-Y**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
ROA	1.5%	1.8%	0.3%p	1.8%	1.8%	1.8%	0.0%p	0.0%p
ROE	10.9%	12.8%	1.9%p	12.9%	12.8%	12.6%	-0.2%p	-0.4%p
Total income margin	4.33%	4.42%	0.09%p	4.41%	4.43%	4.38%	-0.06%p	-0.03%p
Net interest margin	2.97%	2.94%	-0.03%p	2.87%	2.97%	2.80%	-0.17%p	-0.07%p
Cost/income ratio	54.8%	48.8%	-6.1%p	52.5%	51.1%	45.8%	-5.3%p	-6.7%p
Net loans to deposits (FX-adjusted)	74%	85%	11%p	74%	90%	85%	-5%p	11%p
FX rates (in HUF)	**9M 2018**	**9M 2019**	**Y-o-Y**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
HUF/HRK (closing)	43.6	45.2	4%	43.6	43.7	45.2	3%	4%
HUF/HRK (average)	42.8	43.6	2%	43.7	43.5	44.4	2%	2%

- ***Nine-month after-tax profit amounted to HUF 26.5 billion (+20% y-o-y, on adjusted base for leasing companies), with improving operating income and risk cost falling to one-third***
- ***9M operating costs realized 6% saving (FX-adjusted, y-o-y)***
- ***9M interest income grew by 4% y-o-y, fuelled by credit growth, amid slightly eroding net interest margin***
- ***The volume of Stage 1+2 loans grew by 3% y-o-y (FX-adjusted, compared with the basis adjusted for leasing companies), largely because of the growing consumer lending***

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

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

Starting from 2019, the financial statements of OTP Leasing d.d are presented as part of the OBH Group. The performance in the 2018 base period did not include the contribution of OTP Leasing d.d; then OTP Leasing d.d. was presented under Foreign Leasing Companies. The adjusted after-tax profit of OTP Leasing d.d. in 9M 2019 amounted to HUF 1.3 billion. At the end of September 2019, the volume of Stage 1+2 loans totalled HUF 113 billion, and the number of employees (on FTE basis) was 118 (on FTE basis).

The **Croatian operation** posted HUF 26.5 billion adjusted after-tax profit in 9M 2019 (+27% y-o-y), which is consistent with 12.8% return on equity. Had the Croatian leasing company been included in the 9M 2018 base as part of the Croatian operation, its 9M profit growth would have been 20%.

The 4% y-o-y increase in 9M net interest income was supported by the 3% y-o-y growth of the FX-adjusted Stage 1+2 loan volumes, while net interest margin eroded slightly, by three basis points, amid declining consumer loan interest rates and rising average total assets. One-quarter of the q-o-q 17 bps decline in interest margin in 3Q was induced by a technical item: in the third quarter, a seven-month lump-sum fee income of HUF 0.2 billion, relating to renting a real estate and shifted to other income. Moreover, the increase in the total assets, owing to the deposits taken, has also diluted the margin.

9M net fee and commission income grew by 4% (compared to the basis adjusted for leasing companies), owing to the higher commission for deposits and cards. The q-o-q 11% expansion in 3Q commission income was in part generated by the seasonal increase in transaction commission income.

The 9M operating costs declined by 6% in HRK terms. As a result of the reduction of the headcount related to the integration, the nine-month average number of employees decreased by 5% (on FTE basis, to 2,286 people by end-September), while 53 branches were closed over the last twelve months (the network consisted of 136 branches at the end of September). In 3Q, operating costs fell by 6% q-o-q (-8% q-o-q in local currency), partly owing to lower bonus payments.

In the first nine months of the year, HUF 0.3 billion risk cost weighed on profit, as nearly HUF -1 billion cost was recognized in 3Q. Over the third quarter, risk costs were generated for consumer and cash loan products; this was partly offset by an improvement in housing loans, lending to large corporations, as well as a release relating to the sale of MSE loans.

As a result of the aforementioned developments, the nine-month cost-to-income ratio in Croatia fell by 6.1 pps y-o-y, to 48.8%.

Regarding business activity, performing (Stage 1+2) loans stagnated in q-o-q terms, including a +4% q-o-q expansion in cash loans. Disbursement dynamics increased in q-o-q terms, in the case of both cash loans and mortgage loans. Performing corporate volume dropped by 2% q-o-q.

At the end of 3Q 2019, Stage 3 loans made up 6.3% of the total gross loan portfolio, reflecting 0.1 pp q-o-q, and 1.6% pps y-o-y improvement. The own coverage of Stage 3 loans rose by 0.8 pp q-o-q, to 64.9%.

In 3Q 2019, deposits grew by 7% q-o-q (FX-adjusted); with sight deposits jumping in both the retail and the corporate segments.

As a result of the above developments, the FX-adjusted net loan-to-deposit ratio was at 85% at the end of the third quarter (-5% pps q-o-q).

OTP BANK UKRAINE

Performance of OTP Bank Ukraine:

Main components of P&L account in HUF mn	9M 2018	9M 2019	Y-o-Y	3Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	18,234	25,608	40%	6,951	7,717	9,597	24%	38%
Income tax	-3,659	-5,248	43%	-1,437	-1,584	-1,957	24%	36%
Profit before income tax	21,893	30,856	41%	8,388	9,301	11,554	24%	38%
Operating profit	21,173	32,026	51%	8,427	10,167	11,657	15%	38%
Total income	33,226	48,024	45%	12,794	15,575	17,552	13%	37%
Net interest income	23,052	34,288	49%	9,018	11,211	12,502	12%	39%
Net fees and commissions	8,243	10,617	29%	3,119	3,268	4,086	25%	31%
Other net non-interest income	1,932	3,118	61%	657	1,096	964	-12%	47%
Operating expenses	-12,053	-15,998	33%	-4,367	-5,409	-5,895	9%	35%
Total provisions	720	-1,170		-39	-866	-103	-88%	162%
Provision for impairment on loan and placement losses	1,000	-315		-198	-656	57		
Other provision	-280	-855	205%	158	-210	-160	-24%	
Main components of balance sheet closing balances in HUF mn	**2018**	**9M 2019**	**YTD**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
Total assets	391,240	596,077	52%	377,599	474,465	596,077	26%	58%
Gross customer loans	354,258	474,521	34%	347,626	407,121	474,521	17%	37%
Gross customer loans (FX-adjusted)	417,368	474,521	14%	418,193	458,531	474,521	3%	13%
Retail loans	152,795	158,736	4%	158,585	157,775	158,736	1%	0%
Corporate loans	232,886	273,932	18%	229,522	262,326	273,932	4%	19%
Car financing loans	31,687	41,853	32%	30,087	38,430	41,853	9%	39%
Allowances for possible loan losses	-72,753	-75,121	3%	-85,180	-71,587	-75,121	5%	-12%
Allowances for possible loan losses (FX-adjusted)	-84,856	-75,121	-11%	-101,592	-80,257	-75,121	-6%	-26%
Deposits from customers	269,832	385,243	43%	251,119	306,700	385,243	26%	53%
Deposits from customers (FX-adjusted)	319,657	385,243	21%	301,565	345,381	385,243	12%	28%
Retail deposits	143,838	169,135	18%	138,923	161,588	169,135	5%	22%
Corporate deposits	175,819	216,109	23%	162,641	183,792	216,109	18%	33%
Liabilities to credit institutions	48,197	71,549	48%	53,343	60,972	71,549	17%	34%
Subordinated debt	4,903	5,524	13%	4,814	5,084	5,524	9%	15%
Total shareholders' equity	57,821	102,740	78%	48,319	78,485	102,740	31%	113%
Loan Quality	**9M 2018**	**9M 2019**	**Y-o-Y**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	232,596	356,400	53%		294,465	356,400	21%	
Stage 1 loans under IFRS 9/gross customer loans (%)	66.9%	75.1%	8.20%p		72.3%	75.1%	2.8%p	
Own coverage of Stage 1 loans under IFRS 9 (%)	1.4%	1.0%	-0.5%p		1.0%	1.0%	0.0%p	
Stage 2 loan volume under IFRS 9 (in HUF million)	13,776	29,290	113%		26,186	29,290	12%	
Stage 2 loans under IFRS 9/gross customer loans (%)	4.0%	6.2%	2.21%p		6.4%	6.2%	-0.3%p	
Own coverage of Stage 2 loans under IFRS 9 (%)	15.9%	12.7%	-3.2%p		12.8%	12.7%	-0.1%p	
Stage 3 loan volume under IFRS 9 (in HUF million)	101,253	88,830	-12%	101,253	86,471	88,830	3%	-12%
Stage 3 loans under IFRS 9/gross customer loans (%)	29.1%	18.7%	-10.4%p	29.1%	21.2%	18.7%	-2.5%p	-10.4%p
Own coverage of Stage 3 loans under IFRS 9 (%)	78.7%	76.5%	-2.2%p		75.6%	76.5%	0.83%p	
Provision for impairment on loan and placement losses/average gross loans (%)	-0.41%	0.11%	0.52%p	0.23%	0.66%	-0.05%	-0.71%p	-0.28%p
Provision for impairment on loan and placement losses/average (FX-adjusted) gross loans (%)	-0.44%	0.10%	0.53%p	0.22%	0.60%	-0.01%	-0.61%p	-0.23%p
90+ days past due loan volume (in HUF million)	63,656	57,296	-10%	63,656	54,273	57,296	6%	-10%
90+ days past due loans/gross customer loans (%)	18.3%	12.1%	-6.2%p	18.3%	13.3%	12.1%	-1.3%p	-6.2%p
Performance Indicators	**9M 2018**	**9M 2019**	**Y-o-Y**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
ROA	7.0%	7.3%	0.3%p	7.3%	6.8%	7.0%	0.2%p	-0.3%p
ROE	60.0%	45.3%	-14.7%p	59.9%	41.7%	42.2%	0.5%p	-17.7%p
Total income margin	12.79%	13.72%	0.93%p	13.48%	13.77%	12.88%	-0.90%p	-0.61%p
Net interest margin	8.87%	9.80%	0.92%p	9.51%	9.92%	9.17%	-0.74%p	-0.33%p
Cost/income ratio	36.3%	33.3%	-3.0%p	34.1%	34.7%	33.6%	-1.1%p	-0.5%p
Net loans to deposits (FX-adjusted)	105%	104%	-1%p	105%	110%	104%	-6%p	-1%p
FX rates (in HUF)	**9M 2018**	**9M 2019**	**Y-o-Y**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
HUF/UAH (closing)	9.9	12.7	28%	9.9	10.9	12.7	17%	28%
HUF/UAH (average)	9.9	10.9	11%	10.2	10.8	11.7	8%	15%

- ***The Ukrainian subsidiary posted the highest 9M ROE within subsidiary banks across the Group (45.3%); all time high 9M profit: HUF 25.6 billion***
- ***9M profit increased by 26% y-o-y in UAH terms due to improving operating profit and moderate risk cost induced by favourable credit quality trends***
- ***The Stage 3 ratio declined a by 2.5 pps to 18.7% q-o-q***
- ***Performing (Stage 1+2) loan volumes advanced by 7% q-o-q, and by 30% y-o-y (FX-adjusted)***

The financial performance and indicators of OTP Bank Ukraine in HUF terms were affected by the HUF/UAH exchange rate moves: in 3Q 2019 the closing rate of UAH appreciated both q-o-q and y-o-y against the HUF (+17% and 28%, respectively). The 9M average rate strengthened 11% y-o-y, and the 3Q average rate showed strengthening of the UAH (+8% q-o-q and +15% y-o-y). As a result, there are some differences in local currency P&L and balance sheets dynamics versus those in HUF terms.

OTP Bank Ukraine posted HUF 25.6 billion after tax profit in 9M 2019 underpinning a 40% increase against 9M 2018 (+26% in local currency terms). In 3Q the Ukrainian operation generated HUF 9.6 billion after tax profit (+15% q-o-q, +20% y-o-y in local currency terms). The 9M ROE reached 45.3% the highest among subsidiary banks across the Group.

Given the significant HUF/UAH cross-currency moves y-o-y and q-o-q, we rather analyse the P&L developments in UAH terms.

9M operating result surged by 37% y-o-y in UAH terms, the key reasons were the y-o-y 35% increase in net interest income and 16% growth of net fee and commission income, while operating expenses increased by 20%. In 3Q operating profit improved by 7% in UAH terms, as a combined result of a q-o-q 5% increase of total income and a mere 1% rise in operating expenses.

The y-o-y NII dynamics in 9M were positively influenced by the higher performing loan volumes, as well as the increase in 9M NIM by 0.9 pp y-o-y to 9.8%. In 3Q NII grew by 3% q-o-q despite net interest margin contracting by 74 bps. In the retail segment the average interest rates on all type of loans but credit card loans kept decreasing q-o-q, and the increasing average interest on deposits also took their toll through eroding margins.

Net F&C income jumped by 16% y-o-y in 9M supported mainly by corporate transactions and card related retail fee income, but the increase in deposit volumes had its positive effect, too. In 3Q net F&C income advanced by 16% q-o-q supported mainly by a 20% q-o-q surge in performing credit card loans.

Operating expenses in UAH terms increased by 20% y-o-y in 9M with an average inflation of 9%. This was mainly driven by higher personnel expenses as a result of wage increase and 7% higher average number of employees, as well as higher operational expenses induced by stronger business activity.

Total provisions in 9M totalled to -HUF 1.2 billion against +HUF 0.7 billion in the base period. Risk cost rate stood at 11 bps in 9M 2019. The DPD90+ volumes (FX-adjusted and excluding the impact of loan sales and write-offs) grew by HUF 3 billion in 3Q following a HUF 1 billion increase in 1Q 2019 and 5 billion in 2Q, respectively.

In the past 9 months problem loans were sold or written off in the amount of about HUF 14 billion, out of which HUF 8 billion in 3Q. Stage 3 loans to total gross loans ratio decreased to 18.7% by end-3Q (-2.5 pps q-o-q, -10.4 pps y-o-y).

The FX-adjusted Stage 1+2 loan book grew by 30% y-o-y and by 7% q-o-q, within the quarterly development the growth of the corporate loan segment was material (+6%), but also consumer lending grew nicely (+12%) on the back of accelerating origination activity (+28% q-o-q) and car financing also expanded by 9%.

Deposits (adjusted for the FX-effect) expended by 12% q-o-q and leaped by 28% y-o-y, so the balance sheet structure is still well-balanced: the net loan-to-deposit ratio stood at 104% at the end of September 2019 (-6 pps q-o-q).

The outstanding net intragroup funding towards the Ukrainian operation comprised USD 74 million equivalent at the end of September 2019.

OTP BANK ROMANIA

Performance of OTP Bank Romania:

Main components of P&L account in HUF mn	9M 2018	9M 2019	Y-o-Y	3Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	4,793	5,414	13%	3,425	2,438	1,788	-27%	-48%
Income tax	-961	-312	-68%	-368	-193	-142	-26%	-61%
Profit before income tax	5,755	5,726	0%	3,793	2,631	1,931	-27%	-49%
Operating profit	8,242	9,683	17%	3,695	3,348	3,774	13%	2%
Total income	22,376	27,593	23%	8,311	9,032	9,725	8%	17%
Net interest income	16,872	20,578	22%	6,334	6,780	7,625	12%	20%
Net fees and commissions	2,643	2,432	-8%	929	847	772	-9%	-17%
Other net non-interest income	2,861	4,583	60%	1,048	1,405	1,328	-6%	27%
Operating expenses	-14,134	-17,910	27%	-4,616	-5,685	-5,951	5%	29%
Total provisions	-2,488	-3,957	59%	98	-716	-1,843	157%	
Provision for impairment on loan and placement losses	-2,281	-2,212	-3%	23	-393	-499	27%	
Other provision	-206	-1,745	746%	75	-323	-1,344	316%	
Main components of balance sheet closing balances in HUF mn	**2018**	**9M 2019**	**YTD**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
Total assets	771,968	911,190	18%	745,627	838,398	911,190	9%	22%
Gross customer loans	577,565	695,398	20%	563,591	635,638	695,398	9%	23%
Gross customer loans (FX-adjusted)	595,675	695,398	17%	578,249	657,162	695,398	6%	20%
Retail loans	410,389	464,692	13%	399,581	438,913	464,692	6%	16%
Corporate loans	185,287	219,419	18%	178,668	207,878	219,419	6%	23%
Allowances for possible loan losses	-35,444	-39,816	12%	-33,160	-37,980	-39,816	5%	20%
Allowances for possible loan losses (FX-adjusted)	-36,740	-39,816	8%	-34,243	-39,327	-39,816	1%	16%
Deposits from customers	434,937	497,642	14%	399,963	470,111	497,642	6%	24%
Deposits from customers (FX-adjusted)	446,652	497,642	11%	409,404	485,480	497,642	3%	22%
Retail deposits	340,910	375,825	10%	309,460	366,505	375,825	3%	21%
Corporate deposits	105,743	121,817	15%	99,944	118,975	121,817	2%	22%
Liabilities to credit institutions	232,391	261,198	12%	245,361	252,151	261,198	4%	6%
Total shareholders' equity	60,047	117,924	96%	53,350	85,254	117,924	38%	121%
Loan Quality	**9M 2018**	**9M 2019**	**Y-o-Y**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)		574,043			518,427	574,043	11%	
Stage 1 loans under IFRS 9/gross customer loans (%)		82.5%			81.6%	82.5%	1.0%p	
Own coverage of Stage 1 loans under IFRS 9 (%)		1.4%			1.5%	1.4%	-0.1%p	
Stage 2 loan volume under IFRS 9 (in HUF million)		63,599			60,396	63,599	5%	
Stage 2 loans under IFRS 9/gross customer loans (%)		9.1%			9.5%	9.1%	-0.4%p	
Own coverage of Stage 2 loans under IFRS 9 (%)		6.0%			5.2%	6.0%	0.8%p	
Stage 3 loan volume under IFRS 9 (in HUF million)	52,214	57,757	11%	52,214	56,814	57,757	2%	11%
Stage 3 loans under IFRS 9/gross customer loans (%)	9.3%	8.3%	-1.0%p	9.3%	8.9%	8.3%	-0.6%p	-1.0%p
Own coverage of Stage 3 loans under IFRS 9 (%)		48.4%			48.0%	48.4%	0.4%p	
Provision for impairment on loan and placement losses/average gross loans (%)	0.5%	0.5%	-0.1%p	0.0%	0.3%	0.3%	0.0%p	0.3%p
90+ days past due loan volume (in HUF million)	31,077	38,256	23.1%	31,077	35,348	38,256	8.2%	23.1%
90+ days past due loans/gross customer loans (%)	5.5%	5.5%	0.0%p	5.5%	5.6%	5.5%	-0.1%p	0.0%p
Performance Indicators	**9M 2018**	**9M 2019**	**Y-o-Y**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
ROA	1.0%	0.9%	-0.1%p	1.9%	1.2%	0.8%	-0.4%p	-1.1%p
ROE	12.9%	8.3%	-4.6%p	26.4%	11.7%	7.0%	-4.8%p	-19.4%p
Total income margin	4.47%	4.42%	-0.04%p	4.67%	4.41%	4.38%	-0.03%p	-0.29%p
Net interest margin	3.37%	3.30%	-0.07%p	3.56%	3.31%	3.43%	0.12%p	-0.13%p
Cost/income ratio	63.2%	64.9%	1.7%p	55.5%	62.9%	61.2%	-1.7%p	5.7%p
Net loans to deposits (FX-adjusted)	133%	132%	-1%p	133%	127%	132%	4%p	-1%p
FX rates (in HUF)	**9M 2018**	**9M 2019**	**Y-o-Y**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
HUF/RON (closing)	69.4	70.4	1%	69.4	68.3	70.4	3%	1%
HUF/RON (average)	68.3	67.6	-1%	69.7	68.0	69.3	2%	-1%

- ***The Romanian operation generated HUF 5.4 billion after-tax profit in 9M 2019 (+13% y-o-y)***
- ***Cumulative operating profit improved by 17% y-o-y, as a result of 23% (y-o-y) increase in total income and 27% growth in operating expenses***
- ***Despite the stronger operating profit, 3Q profit decreased as risk costs grew due to technical reasons***
- ***Stage 1+2 FX-adjusted loans expanded by 7% q-o-q, driven by robust mortgage loan and corporate lending growth rates***

Starting from 2019, the financial statements of OTP Leasing Romania are presented as part of OTP Bank Romania. The performance in the 2018 base period does not comprise OTP Leasing Romania's contribution; it was then presented as part of Foreign leasing companies. The adjusted 9M after-tax profit of OTP Leasing Romania reached HUF 0.2 billion; its Stage 1+2 loan volumes amounted to HUF 25.8 billion, and the number of employees was 49 (on FTE basis) at the end of September 2019.

In the first nine months of 2019, **OTP Bank Romania** generated HUF 5.4 billion after-tax profit, in a 13% increase compared to the base period. In the third quarter the Romanian operation posted HUF 1.7 billion profit, 27% less than in 2Q, owing to higher risk costs.

The 9M operating profit grew by 17%, as a result of a 23% y-o-y increase in total income, and 27% growth in operating expenses. The 22% y-o-y improvement in net interest income was largely supported by the strong dynamics in performing (Stage 1+2) loan volumes. The 9M net interest margin slightly dropped, while total assets increased materially y-o-y on average.

In 3Q net interest income increased by 12% q-o-q and by 20% y-o-y. Performing (Stage 1+2) loan volumes rose by 7% q-o-q, and net interest margin also grew (+12 bps q-o-q). The margin expansion is due to the fact that the reference rate, which serves as a basis for deposit pricing, declined by an average of 19 bps q-o-q, while the benchmark interest rate for the pricing of variable-rate loans has slightly picked up in q-o-q terms.

Net fees and commissions declined by 8% y-o-y in the first nine months of the year. Other net non-interest income jumped by 60% in 9M, owing to unrealized derivative positions among group members, and to the improvement in foreign exchange result.

The 9M operating costs surged by 27% y-o-y, chiefly on the back of higher personnel expenses caused by overall wage inflation, and a 14% rise in average headcount (+10% without the inclusion of OTP Leasing Romania). In addition, the Bank paid higher sales commissions for the increased disbursements. Administrative expenses surged as a combined effect of stronger business activity, higher expert fees in relation to implementing the Bank's growth strategy, and charges paid to supervisory authorities.

Regarding loan quality, DPD90+ loans (FX-adjusted, without sales and write-offs) rose in q-o-q terms in 3Q, albeit at a slower rate. The ratio of Stage 3 loans to total gross loans was at 8.3% (-1 pp y-o-y, and -0.6 pp q-o-q). Reasons for the lower ratio include selling and writing off bad loans; its relative decline was supported by the higher gross loan volume. The own coverage of Stage 3 loans rose by 36 bps q-o-q in the third quarter, reaching 48.4% at the end of the reporting period.

The HUF 1.1 billion increase in total risk cost in 3Q is predominantly attributable to one item under other risk costs. In 3Q 2019, the Romanian factoring company, OTP Factoring SRL (which is presented as part of the Romanian operation) undertook capital restructuring in its subsidiaries because of their negative own capital, and recognized impairment loss on them. For unconsolidated subsidiaries HUF -1.2 billion impairment was recognized in the results of the Romanian operation.

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

Business activity has meaningfully intensified: mortgage lending surged 68% y-o-y and the disbursement of cash loans went up by 25% in 3Q. The FX-adjusted performing (Stage 1+2) loan volume grew dynamically, by 7% q-o-q. This increase was supported by both the retail (+19% y-o-y, +7% q-o-q) and the corporate (+24% y-o-y, +6% q-o-q) segments. Performing (Stage 1+2) loans expanded by 22% y-o-y (FX-adjusted).

FX-adjusted deposit volumes increased by 11% y-o-y (+3% q-o-q), driven by both the retail and corporate segments. Net loan-to-deposit ratio stood at 132% at the end of 3Q (-1 pp y-o-y).

No banking tax was recognized in the reporting period.

OTP BANK SERBIA

Performance of OTP Bank Serbia:

Main components of P&L account in HUF mn	9M 2018	9M 2019	Y-o-Y	3Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	1,348	4,594	241%	-215	1,572	1,603	2%	-845%
Income tax	4	110		-1	132	-28	-121%	
Profit before income tax	1,344	4,484	234%	-214	1,440	1,631	13%	-861%
Operating profit	4,351	4,902	13%	2,053	1,717	1,528	-11%	-26%
Total income	22,175	23,287	5%	8,196	7,958	7,609	-4%	-7%
Net interest income	15,092	16,561	10%	5,416	5,616	5,411	-4%	0%
Net fees and commissions	5,269	5,548	5%	1,906	2,077	1,742	-16%	-9%
Other net non-interest income	1,815	1,179	-35%	874	265	457	72%	-48%
Operating expenses	-17,824	-18,385	3%	-6,143	-6,241	-6,082	-3%	-1%
Total provisions	-3,007	-418	-86%	-2,267	-277	103	-137%	-105%
Provision for impairment on loan and placement losses	-3,137	-233	-93%	-2,427	-137	155	-213%	-106%
Other provision	130	-185	-243%	160	-140	-52	-63%	-132%
Main components of balance sheet closing balances in HUF mn	**2018**	**9M 2019**	**YTD**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
Total assets	590,166	1,665,768	182%	543,401	613,188	1,665,768	172%	207%
Gross customer loans	395,217	1,178,366	198%	371,097	438,278	1,178,366	169%	218%
Gross customer loans (FX-adjusted)	413,109	1,178,366	185%	385,494	453,823	1,178,366	160%	206%
Retail loans	194,600	572,496	194%	188,689	205,276	572,496	179%	203%
Corporate loans	218,509	561,800	157%	196,804	230,205	561,800	144%	185%
Allowances for possible loan losses	-14,774	-17,369	18%	-22,457	-15,088	-17,369	15%	-23%
Allowances for possible loan losses (FX-adjusted)	-15,485	-17,369	12%	-23,377	-15,642	-17,369	11%	-26%
Deposits from customers	372,961	965,469	159%	368,577	351,885	965,469	174%	162%
Deposits from customer (FX-adjusted)	390,054	965,469	148%	382,769	364,797	965,469	165%	152%
Retail deposits	272,414	548,877	101%	270,608	268,333	548,877	105%	103%
Corporate deposits	117,640	416,591	254%	112,162	96,464	416,591	332%	271%
Liabilities to credit institutions	117,169	385,469	229%	75,453	156,356	385,469	147%	411%
Subordinated debt	0	24,945	-100%	0	0	24,945	-100%	-100%
Total shareholders' equity	84,848	253,778	199%	83,884	92,198	253,778	175%	203%
Loan Quality	**9M 2018**	**9M 2019**	**Y-o-Y**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)		1,132,782			401,429	1,132,782	182%	
Stage 1 loans under IFRS 9/gross customer loans (%)		96.1%			91.6%	96.1%	5.0%p	
Own coverage of Stage 1 loans under IFRS 9 (%)		0.4%			0.3%	0.4%	11.1%p	
Stage 2 loans under IFRS 9/gross customer loans (%)		1.4%			3.7%	1.4%	-61.1%p	
Own coverage of Stage 2 loans under IFRS 9 (%)		2.6%			2.7%	2.6%	-4.4%p	
Stage 3 loan volume under IFRS 9 (in HUF million)	32,335	28,821	-11%p	32,335	20,822	28,821	38%	-11%
Stage 3 loans under IFRS 9/gross customer loans (%)	10.2%	2.4%	-7.8%p	10.2%	4.8%	2.4%	-2.31%p	-7.8%p
Own coverage of Stage 3 loans under IFRS 9 (%)		43.9%			63.8%	43.9%	-19.9%p	43.9%
Provision for impairment on loan and placement losses/average gross loans (%)	1.25%	0.07%	-1.18%p	2.66%	0.13%	-0.11%	-0.23%p	-2.77%p
90+ days past due loan volume (in HUF million)	23,069	22,344	-3%	23,069	15,640	22,344	43%	-3%
90+ days past due loans/gross customer loans (%)	6.2%	1.9%	-4.3%p	6.2%	3.6%	1.9%	-1.7%p	-4.3%p
Total provisions/90+ days past due loans (%)	97.3%	77.7%	-19.6%p	97.3%	96.5%	77.7%	-18.7%p	-19.6%p
Performance Indicators (%)	**9M 2018**	**9M 2019**	**Y-o-Y**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
ROA	0.4%	0.9%	0.6%p	-0.2%	1.0%	0.8%	-0.2%p	0.9%p
ROE	2.3%	6.2%	3.9%p	-1.0%	6.9%	5.3%	-1.6%p	6.3%p
Total income margin	5.89%	4.62%	-1.27%p	5.97%	5.22%	3.75%	-1.47%p	-2.23%p
Net interest margin	4.01%	3.28%	-0.72%p	3.95%	3.68%	2.66%	-1.02%p	-1.28%p
Cost/income ratio	80.4%	78.9%	-1.4%p	75.0%	78.4%	79.9%	1.5%p	5.0%p
Net loans to deposits (FX-adjusted)	95%	120%	26%p	95%	120%	120%	0%p	26%p
FX rates (in HUF)	**9M 2018**	**9M 2019**	**Y-o-Y**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
HUF/RSD (closing)	2.7	2.9	4%	2.7	2.8	2.9	4%	4%
HUF/RSD (average)	2.6	2.7	0%	2.7	2.7	2.8	2%	2%

- ***On 24 September, the financial closure of the acquisition in Serbia was completed, thus OTP Bank Serbia became the second largest player in local market***
- ***The 9M profit of the Serbian subsidiary has grown by 2.5 times y-o-y***
- ***Overall, Stage 1+2 loans have more than tripled y-o-y. Without the effects of the acquisition, they grew by 23% (FX-adjusted)***

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

The 9M 2019 consolidated financial statements include the acquired bank's figures, but its contribution to OTP Group's P&L account will be presented starting from October.

Starting from 2019, OTP Lizing d.o.o is presented as part of the Serbian operation. The performance in the 2018 base period did not include the contribution of OTP Lizing d.o.o.; then OTP Lizing d.o.o. was presented as part of the Foreign Leasing Companies. The 9M 2019 adjusted after-tax profit of OTP Lizing d.o.o. amounted to HUF 0.3 billion. At the end of September 2019, Stage 1+2 loans totalled HUF 27 billion, while the number of employees was 35 (on FTE basis).

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

OTP Bank Serbia (which includes the results of Vojvodjanska banka, as well as the new member of the Group, OTP banka Srbija, as well as OTP Factoring Serbia d.o.o., and OTP Lizing d.o.o.) generated HUF 4.6 billion after-tax profit in the first nine months of 2019, including HUF 1.6 billion in 3Q (+2% q-o-q).

Based on total assets, the market share of the Serbian operation that emerged following the financial closure of the acquisition at the end of September stood at 14% on pro forma basis, according to data from the end of June 2019. The acquisition added 93 branches to the network, and raised the headcount by 1,271 (on FTE basis) at the end of September.

The q-o-q and y-o-y dynamics of balance sheet lines were primarily shaped by the acquisition. At the end of September, the acquired bank's gross loans amounted to HUF 718 billion, its performing loans (Stage 1 and Stage 2 under IFRS 9) totalled HUF 709 billion, and customer deposits were at HUF 558 billion, while total assets added up to HUF 1,000 billion. The newly consolidated bank is an active player in both the retail and corporate segments, thus the inclusion of these volumes augmented retail and corporate loan books by more than 2.5 times q-o-q (in FX-adjusted terms).

The full Serbian operation's 9M operating profit improved by 13% y-o-y (or by 3%, compared to the basis adjusted for the leasing company), and contracted by 11% in 3Q.

The 9M net interest income grew by 10% y-o-y (or by 6%, compared to the basis adjusted for the leasing company), benefiting from a dynamic loan expansion, while the net interest margin without the effect of the acquisition shrank by 40 bps. The q-o-q change in 3Q net interest margin (-102 bps) largely comes from a technical effect: the newly acquired bank's contribution to the P&L account was not included in the Group, but its volumes were incorporated and thus they diluted the margin. Regarding underlying processes, the erosion of the margin continued in 3Q, partly reflecting the lower interest environment, a result of the recent base rate cuts.

The 9M operating cost level sank by 1% y-o-y in local currency (compared to the basis adjusted for the leasing company), while the q-o-q saving in 3Q was realized mainly on IT costs and seasonal bonus payments, offsetting the jump in marketing expenses of retail sales campaigns.

In the first nine months of 2019, HUF 0.4 billion risk cost weighed on the results; the y-o-y decline is mainly attributable to base effects.

The DPD90+ ratio sank by 1.7 pps, to 1.9% q-o-q. The ratio of Stage 3 loans to total gross loans sank to 2.4% by the end of September 2019 (-2.3 pps q-o-q); their own provision coverage fell to 43.9%. This is because during the consolidation of the newly acquired bank, Stage 3 volumes were netted with the respective provisions.

On the whole, FX-adjusted deposits grew by 165% q-o-q. Without the effect of the acquisition, they increased by 12% − within that corporate deposits, which make up one-third of the volumes, grew robustly (+40% q-o-q). The 2% FX-adjusted q-o-q growth in the retail segment is related to the increase in sight deposits.

As a result of these developments, the Serbian operation's net loan/deposit ratio remained at 120% q-o-q, owing to the acquisition.

CKB GROUP (MONTENEGRO)

Performance of CKB Group:

Main components of P&L account in HUF mn	9M 2018	9M 2019	Y-o-Y	3Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	2,278	3,296	45%	912	1,144	1,457	27%	60%
Income tax	-292	-302	4%	-84	-84	-148	75%	75%
Profit before income tax	2,570	3,598	40%	996	1,228	1,605	31%	61%
Operating profit	1,855	3,567	92%	896	914	1,842	102%	106%
Total income	7,806	10,618	36%	2,872	3,062	4,754	55%	66%
Net interest income	5,524	7,391	34%	1,981	2,077	3,355	62%	69%
Net fees and commissions	2,385	2,949	24%	932	905	1,298	43%	39%
Other net non-interest income	-103	278		-41	80	101	25%	
Operating expenses	-5,951	-7,051	18%	-1,976	-2,148	-2,912	36%	47%
Total provisions	715	31	-96%	100	315	-238		
Provision for impairment on loan and placement losses	514	344	-33%	133	341	177	-48%	33%
Other provision	201	-314		-33	-26	-415		
Main components of balance sheet closing balances in HUF mn	**2018**	**9M 2019**	**YTD**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
Total assets	224,892	449,870	100%	228,085	249,445	449,870	80%	97%
Gross customer loans	157,043	300,741	92%	166,059	170,088	300,741	77%	81%
Gross customer loans (FX-adjusted)	163,461	300,741	84%	171,634	175,929	300,741	71%	75%
Retail loans	76,011	161,139	112%	78,811	74,844	161,139	115%	104%
Corporate loans	87,415	139,522	60%	92,817	101,012	139,522	38%	50%
Car financing loans	35	80	130%	7	73	80	10%	
Allowances for possible loan losses	-28,265	-28,744	2%	-39,779	-27,539	-28,744	4%	-28%
Allowances for possible loan losses (FX-adjusted)	-29,420	-28,744	-2%	-41,115	-28,485	-28,744	1%	-30%
Deposits from customers	175,740	331,161	88%	175,081	173,139	331,161	91%	89%
Deposits from customers (FX-adjusted)	183,336	331,161	81%	181,511	179,407	331,161	85%	82%
Retail deposits	136,959	208,868	53%	136,208	129,054	208,868	62%	53%
Corporate deposits	46,377	122,293	164%	45,303	50,352	122,293	143%	170%
Liabilities to credit institutions	2,364	32,659		5,668	11,279	32,659	190%	476%
Total shareholders' equity	38,637	64,970	68%	39,230	56,042	64,970	16%	66%
Loan Quality	**9M 2018**	**9M 2019**	**Y-o-Y**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)		261,707			133,676	261,707	96%	
Stage 1 loans under IFRS 9/gross customer loans (%)		87.0%			78.6%	87.0%	8,4%p	
Own coverage of Stage 1 loans under IFRS 9 (%)		1.2%			1.2%	1.2%	0,0%p	
Stage 2 loan volume under IFRS 9 (in HUF million)		6,748			4,741	6,748	42%	
Stage 2 loans under IFRS 9/gross customer loans (%)		2.2%			2.8%	2.2%	-0,5%p	
Own coverage of Stage 2 loans under IFRS 9 (%)		12.1%			11.5%	12.1%	0,7%p	
Stage 3 loan volume under IFRS 9 (in HUF million)	46,788	32,286	-31%	46,788	31,671	32,286	2%	-31%
Stage 3 loans under IFRS 9/gross customer loans (%)	28.2%	10.7%	-17,4%p	28.2%	18.6%	10.7%	-7,9%p	-17,4%p
Own coverage of Stage 3 loans under IFRS 9 (%)		76.9%			80.3%	76.9%	-3,4%p	
Provision for impairment on loan and placement losses/average gross loans (%)	-0.45%	-0.23%	0,23%	-0.32%	-0.81%	-0.25%	0,56%	0,07%
Provision for impairment on loan and placement losses/average (FX-adjusted) gross loans (%)	41,358	25,898	-37%	41,358	26,160	25,898	-1%	-37%
90+ days past due loan volume (in HUF million)	24.9%	8.6%	-16,3%p	24.9%	15.4%	8.6%	-6,8%p	-16,3%p
Performance Indicators	**9M 2018**	**9M 2019**	**Y-o-Y**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
ROA	1.5%	1.5%	0,0%p	1.6%	1.9%	1,4%	-0,5%p	-0,2%p
ROE	11.1%	8.9%	-2,2%p	9.3%	10.7%	8,8%	-1,9%p	-0,5%p
Total income margin	5.06%	4.86%	-0,20%p	5.04%	5.17%	4,55%	-0,62%p	-0,50%p
Net interest margin	3.58%	3.38%	-0,20%p	3.48%	3.51%	3,21%	-0,30%p	-0,27%p
Cost/income ratio	76.2%	66.4%	-9,8%p	68.8%	70.2%	61,2%	-8,9%p	-7,5%p
Net loans to deposits (FX-adjusted)	72%	82%	10%p	72%	82%	82%	0%p	10%p
FX rates (in HUF)	**9M 2018**	**9M 2019**	**Y-o-Y**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
HUF/EUR (closing)	323.8	334.7	3%	323.8	323.5	334,7	3%	3%
HUF/EUR (average)	317.5	323.2	2%	324.1	323.0	328,1	2%	1%

- ***The financial closure of the Montenegrin acquisition was completed on 16 July, thus the 9M balance sheet and P&L figures of the Montenegrin operation already include the balance sheet and the two-month profit contribution of the acquired bank***
- ***In 9M 2019, the Montenegrin banking group generated HUF 3.3 billion adjusted profit, of which Podgorička banka's two-month profit made up HUF 0.5 billion***
- ***The FX-adjusted Stage 1+2 loan volume jumped by 118% y-o-y; without the acquisition +15%***
- ***The ratio of Stage 3 loans (10.7%) fell by 17.4 pps y-o-y***

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

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

The Montenegrin **CKB Group** posted HUF 3.3 billion after-tax profit in 9M 2019 (of which Podgorička banka's two-month contribution was HUF 0.5 billion), exceeding that of the base period by 45%. The HUF 1.5 billion profit realized in 3Q translates into 27% q-o-q growth (16% q-o-q decline, without the acquisition).

At the end of September 2019, the combined market share of OTP Bank's operation in Montenegro was 29.8% by total assets, on *pro forma* basis. Podgorička banka's network consists of 20 branches, and the headcount was 260 at the end of September (on FTE basis).

The 92% jump in 9M operating profit (+55% without the acquisition) is attributable to a 36% improvement (17% without the acquisition) in total income, while operating expenses increased by 18% (5% without the acquisition).

Nine-month net interest income grew by 34% (12% without the acquisition): due to the strengthening business activity, Stage 1+2 loans continued their growth (+14% y-o-y without the acquisition), which was partly offset by the declining net interest margin.

3Q net interest income grew by 62% q-o-q (+2% without the acquisition).

Nine-month net fees and commissions increased by 24% y-o-y (+14% without the acquisition). In q-o-q comparison it surged by 43%, (+17% without the acquisition) − the latter is explained mainly by seasonal factors.

The 18% y-o-y (5% without the acquisition) growth in 9M operating expenses is mainly attributable to an increase in the charges paid to supervisory authorities, as well as higher personnel expenses. Operating expenses were up 36% q-o-q in 3Q (dropped by 1% without the acquisition).

In 3Q total risk cost amounted to HUF 0.2 billion.

The DPD90+ loan volumes (FX-adjusted, without sales and write-offs) increased by HUF 1.6 billion in the third quarter. The DPD90+ ratio (at 8.6%) has dropped by 6.8 pps in q-o-q comparison, simultaneously with the sale/write-off of HUF 3.1 billion non-performing loans in 3Q. In 3Q 2019 the share of Stage 3 exposures represented 10.7% (-7.9 pps q-o-q, and -17.4 pps y-o-y). The own coverage of Stage 3 loans stood at 76.9%. At the consolidation of Podgorička banka its loans were netted out with provisions.

Stage 1+2 loans grew by 118% y-o-y (15% without the acquisition) and by 88% q-o-q (-1% without the acquisition). The y-o-y increase was particularly boosted by retail loans (+139% y-o-y, +132% q-o-q), including mortgage loans (+134% y-o-y, +110% q-o-q) and consumer loans (+159% y-o-y, +144% q-o-q).

FX-adjusted deposit volumes surged by 81% y-o-y (+12% without the acquisition), and by 85% q-o-q (+14% without the acquisition). The net loan-to-deposit ratio stood at 82.1% at the end of the third quarter (+10.2 pps y-o-y).

CKB Group's capital adequacy ratio was at 24.4% at the end of September 2019.

OTP BANK ALBANIA (ALBANIA)

Performance of OTP Bank Albania:

Main components of P&L account in HUF mn	9M 2018	9M 2019	Y-o-Y	3Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	-	2,233	-	-	1,206	1,028	-15%	-
Income tax	-	-305	-	-	-218	-87	-60%	-
Profit before income tax	-	2,539	-	-	1,424	1,114	-22%	-
Operating profit	-	2,787	-	-	1,454	1,333	-8%	-
Total income	-	5,356	-	-	2,701	2,655	-2%	-
Net interest income	-	4,410	-	-	2,277	2,133	-6%	-
Net fees and commissions	-	726	-	-	305	420	38%	-
Other net non-interest income	-	220	-	-	118	102	-14%	-
Operating expenses	-	-2,569	-	-	-1,247	-1,322	6%	-
Total provisions	-	-249	-	-	-30	-219	639%	-
Provision for impairment on loan and placement losses	-	-258	-	-	15	-273		-
Other provision	-	9	-	-	-45	54		-
Main components of balance sheet closing balances in HUF mn	**2018**	**9M 2019**	**YTD**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
Total assets	-	247,452	-	-	230,632	247,452	7%	-
Gross customer loans	-	145,599	-	-	135,719	145,599	7%	-
Gross customer loans (FX-adjusted)	-	145,599	-	-	140,594	145,599	4%	-
Retail loans	-	66,781	-	-	65,279	66,781	2%	-
Corporate loans	-	77,039	-	-	73,593	77,039	5%	-
Car financing loans	-	1,778	-	-	1,723	1,778	3%	-
Allowances for possible loan losses	-	-3,191	-	-	-2,556	-3,191	25%	-
Allowances for possible loan losses (FX-adjusted)	-	-3,191	-	-	-2,646	-3,191	21%	-
Deposits from customers	-	185,774	-	-	173,297	185,774	7%	-
Deposits from customers (FX-adjusted)	-	185,774	-	-	179,306	185,774	4%	-
Retail deposits	-	152,981	-	-	150,762	152,981	1%	-
Corporate deposits	-	32,793	-	-	28,544	32,793	15%	-
Liabilities to credit institutions	-	31,769	-	-	30,914	31,769	3%	-
Total shareholders' equity	-	24,548	-	-	22,851	24,548	7%	-
Loan Quality	**9M 2018**	**9M 2019**	**Y-o-Y**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	-	137,110	-	-	128,034	137,110	7%	-
Stage 1 loans under IFRS 9/gross customer loans (%)	-	94.2%	-	-	94.3%	94.2%	-0.2%p	-
Own coverage of Stage 1 loans under IFRS 9 (%)	-	1.3%	-	-	1.3%	1.3%	0.0%p	-
Stage 2 loan volume under IFRS 9 (in HUF million)	-	5,348	-	-	4,935	5,348	8%	-
Stage 2 loans under IFRS 9/gross customer loans (%)	-	3.7%	-	-	3.6%	3.7%	0.0%p	-
Own coverage of Stage 2 loans under IFRS 9 (%)	-	9.8%	-	-	9.1%	9.8%	0.7%p	-
Stage 3 loan volume under IFRS 9 (in HUF million)	-	3,141	-	-	2,750	3,141	14%	-
Stage 3 loans under IFRS 9/gross customer loans (%)	-	2.2%	-	-	2.0%	2.2%	0.1%p	-
Own coverage of Stage 3 loans under IFRS 9 (%)	-	28.9%	-	-	17.3%	28.9%	11.7%p	-
Provision for impairment on loan and placement losses/average gross loans (%)	-	0.36%	-	-	-0.05%	0.78%	0.83%p	-
Provision for impairment on loan and placement losses/average (FX-adjusted) gross loans (%)	-	1,481	-	-	1,292	1,481	15%	-
90+ days past due loan volume (in HUF million)	-	1.0%	-	-	1.0%	1.0%	0.1%p	-
Performance Indicators	**9M 2018**	**9M 2019**	**Y-o-Y**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
ROA	-	1.8%	-	-	2.2%	1.7%	-0.4%p	-
ROE	-	18.2%	-	-	22.4%	17.1%	-5.3%p	-
Total income margin	-	4.29%	-	-	4.84%	4.45%	-0.38%p	-
Net interest margin	-	3.54%	-	-	4.08%	3.58%	-0.50%p	-
Cost/income ratio	-	48.0%	-	-	46.2%	49.8%	3.6%p	-
Net loans to deposits (FX-adjusted)	-	77%	-	-	77%	77%	0%p	-
FX rates (in HUF)	**9M 2018**	**9M 2019**	**Y-o-Y**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
HUF/ALL (closing)	-	2.7	-	-	2.7	2.7	3%	-
HUF/ALL (average)	-	2.6	-	-	2.6	2.7	3%	-

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

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

OTP Bank Albania posted HUF 1.0 billion after-tax profit in 3Q 2019 (-15% q-o-q).

The 8% decline in operating profit is attributable to a 2% drop in total income and a 6% increase in operating expenses. In 3Q, net interest income decreased by 6% q-o-q, mainly owing to a decline in corporate margins. (In case of a few corporate clients loans were disbursed with grace periods, however the interest income was not accrued).

Net fees and commissions expanded by 38% q-o-q, on account of higher fees from card transactions, as well as the extra commission income relating to early repayments and guarantee fees on large enterprise exposure.

Operating expenses grew by 6% q-o-q (or by 3% in local currency).

Risk costs amounted to HUF 0.3 billion in 3Q, mostly for corporate loan and leasing products.

In 3Q 2019, the ratio of Stage 3 loans to total gross loans stood at 2.2%, and their own provision coverage was 28.9%. At consolidation, loans were netted out with provisions.

The FX-adjusted Stage 1+2 volumes grew by 3% q-o-q in 3Q 2019, of which retail loans rose by 2% while corporate loans surged 5% q-o-q.

FX-adjusted deposit volumes picked up 4% q-o-q. The end-September net loan-to-deposit ratio of 77% is above the Group’s average.

MOBIASBANCA (MOLDOVA)

Performance of Mobiasbanca:

Main components of P&L account in HUF mn	3Q 2019
After tax profit without the effect of adjustments	1,248
Income tax	-100
Profit before income tax	1,348
Operating profit	1,167
Total income	2,218
Net interest income	1,428
Net fees and commissions	393
Other net non-interest income	397
Operating expenses	-1,051
Total provisions	181
Provision for impairment on loan and placement losses	221
Other provision	-40
Main components of balance sheet closing balances in HUF mn	**3Q 2019**
Total assets	201,922
Gross customer loans	103,029
Gross customer loans (FX-adjusted)	103,029
Retail loans	52,958
Corporate loans	48,648
Car financing loans	1,422
Allowances for possible loan losses	-1,072
Allowances for possible loan losses (FX-adjusted)	-1,072
Deposits from customers	153,789
Deposits from customers (FX-adjusted)	153,789
Retail deposits	104,096
Corporate deposits	49,694
Liabilities to credit institutions	9,421
Total shareholders' equity	34,159
Loan Quality	**3Q 2019**
Stage 1 loan volume under IFRS 9 (in HUF million)	97,302
Stage 1 loans under IFRS 9/gross customer loans (%)	94.4%
Own coverage of Stage 1 loans under IFRS 9 (%)	1.0%
Stage 2 loan volume under IFRS 9 (in HUF million)	5,262
Stage 2 loans under IFRS 9/gross customer loans (%)	5.1%
Own coverage of Stage 2 loans under IFRS 9 (%)	1.0%
Stage 3 loan volume under IFRS 9 (in HUF million)	465
Stage 3 loans under IFRS 9/gross customer loans (%)	0.5%
Own coverage of Stage 3 loans under IFRS 9 (%)	7.5%
Provision for impairment on loan and placement losses/average gross loans (%)	-1.05%
Provision for impairment on loan and placement losses/average (FX-adjusted) gross loans (%)	305
90+ days past due loan volume (in HUF million)	0.3%
Performance Indicators	**3Q 2019**
ROA	3.0%
ROE	18.5%
Total income margin	5.28%
Net interest margin	3.40%
Cost/income ratio	47.4%
Net loans to deposits (FX-adjusted)	66%
FX rates (in HUF)	**3Q 2019**
HUF/MDL (closing)	17.3
HUF/MDL (average)	16.7

In accordance with the purchase agreement signed on 6 February 2019 by OTP Bank and the Societe Generale Group, the financial closure of the transaction was completed on 25 July 2019, as a result of which OTP Bank acquired an 87.85% stake in Societe Generale's Moldavian subsidiary, Mobiasbanca – Groupe Societe Generale S.A. Upon the request of the seller, OTP Bank does not disclose the purchase price.

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

In 3Q 2019 **Mobiasbanca** contributed two-month profit to OTP Group's results: it generated HUF 1.2 billion adjusted after-tax profit in August and September, with 18.5% ROE.

Net interest margin was at 3.40%, the cost-to-income ratio was at 47.4%, while the net loan/deposit ratio stood at 66.3%.

By total assets, the market share of OTP's Moldavian operation was 13.2% at the end of September 2019. At the end of September, Mobiasbanca had a 53 branches and 737 employees (on FTE basis).

In 3Q 2019, the ratio of Stage 3 loans to total gross loans stood at 0.5%. Their own provision coverage was 7.5%, as at the consolidation of the Moldavian bank, Stage 3 loans were netted out with provisions. Had the consolidation happened on gross base, the own provision coverage of Stage 3 loans would have been 71.7% in 3Q.

OTP BANKA SLOVENSKO (SLOVAKIA)

Performance of OTP Banka Slovensko:

Main components of P&L account in HUF mn	9M 2018	9M 2019	Y-o-Y	3Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	570	1,979	247%	698	183	1,446	689%	107%
Income tax	-154	-143	-7%	-21	-71	-42	-40%	105%
Profit before income tax	723	2,123	194%	719	255	1,489	485%	107%
Operating profit	2,071	1,450	-30%	748	524	558	7%	-25%
Total income	11,126	10,900	-2%	3,773	3,670	3,680	0%	-2%
Net interest income	8,383	7,868	-6%	2,828	2,621	2,652	1%	-6%
Net fees and commissions	2,516	2,800	11%	872	969	966	0%	11%
Other net non-interest income	227	232	2%	73	80	62	-23%	-16%
Operating expenses	-9,055	-9,450	4%	-3,024	-3,146	-3,122	-1%	3%
Total provisions	-1,348	672	-150%	-29	-269	930	-446%	
Provision for impairment on loan and placement losses	-1,404	621	-144%	25	-280	879	-413%	
Other provision	56	51	-10%	-55	11	52	369%	-195%
Main components of balance sheet closing balances in HUF mn	**2018**	**9M 2019**	**YTD**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
Total assets	454,498	474,859	4%	458,764	466,287	474,859	2%	4%
Gross customer loans	393,111	406,166	3%	400,596	401,722	406,166	1%	1%
Gross customer loans (FX-adjusted)	409,177	406,166	-1%	414,046	415,517	406,166	-2%	-2%
Retail loans	354,703	350,707	-1%	366,038	352,562	350,707	-1%	-4%
Corporate loans	54,458	55,451	2%	47,990	62,945	55,451	-12%	16%
Allowances for possible loan losses	-31,582	-27,606	-13%	-33,134	-30,411	-27,606	-9%	-17%
Allowances for possible loan losses (FX-adjusted)	-32,872	-27,606	-16%	-34,247	-31,455	-27,606	-12%	-19%
Deposits from customers	360,069	351,862	-2%	364,193	355,970	351,862	-1%	-3%
Deposits from customers (FX-adjusted)	374,820	351,862	-6%	376,553	368,356	351,862	-4%	-7%
Retail deposits	345,326	322,083	-7%	344,040	336,937	322,083	-4%	-6%
Corporate deposits	29,494	29,779	1%	32,513	31,419	29,779	-5%	-8%
Liabilities to credit institutions	22,725	48,623	114%	23,361	39,216	48,623	24%	108%
Subordinated debt	8,691	9,047	4%	8,753	8,747	9,047	3%	3%
Total shareholders' equity	29,382	31,560	7%	25,475	29,250	31,560	8%	24%
Loan Quality	**9M 2018**	**9M 2019**	**Y-o-Y**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)		346,055			339,396	346,055	2%	
Stage 1 loans under IFRS 9/gross customer loans (%)		85.2%			84.5%	85.2%	0.7%p	
Own coverage of Stage 1 loans under IFRS 9 (%)		0.7%			1.0%	0.7%	-0.3%p	
Stage 2 loan volume under IFRS 9 (in HUF million)		28,567			27,865	28,567	3%	
Stage 2 loans under IFRS 9/gross customer loans (%)		7.0%			6.9%	7.0%	0.1%p	
Own coverage of Stage 2 loans under IFRS 9 (%)		13.1%			9.4%	13.1%	3.7%p	
Stage 3 loan volume under IFRS 9 (in HUF million)	41,222	31,544	-23%	41,222	34,461	31,544	-8%	-23%
Stage 3 loans under IFRS 9/gross customer loans (%)	10.3%	7.8%	-2.5%p	10.3%	8.6%	7.8%	-0.8%p	-2.5%p
Own coverage of Stage 3 loans under IFRS 9 (%)		67.9%			70.6%	67.9%	-2.8%p	
Provision for impairment on loan and placement losses/average gross loans (%)	0.48%	-0.21%	-0.7%p	-0.03%	0.28%	-0.87%	-1.1%p	-0.8%p
90+ days past due loan volume (in HUF million)	30,702	25,560	-16.7%p	30,702	28,194	25,560	-9.3%p	-16.7%p
90+ days past due loans/gross customer loans (%)	7.7%	6.3%	-1.4%	7.7%	7.0%	6.3%	-0.7%	-1.4%
Performance Indicators	**9M 2018**	**9M 2019**	**Y-o-Y**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
ROA	0.2%	0.6%	0.4%	0.6%	0.2%	1.2%	1.1%p	0.6%p
ROE	3.0%	9.0%	6.0%	11.0%	2.5%	19.0%	16.5%p	8.0%p
Total income margin	3.30%	3.20%	-0.10%	3.27%	3.24%	3.13%	-0.11%	-0.14%
Net interest margin	2.49%	2.31%	-0.18%	2.45%	2.31%	2.25%	-0.06%	-0.20%
Cost/income ratio	81.4%	86.7%	5.3%	80.2%	85.7%	84.8%	-0.9%p	4.7%p
Net loans to deposits (FX-adjusted)	101%	108%	7%	101%	104%	108%	3%p	7%p
FX rates (in HUF)	**9M 2018**	**9M 2019**	**Y-o-Y**	**3Q 2018**	**2Q 2019**	**3Q 2019**	**Q-o-Q**	**Y-o-Y**
HUF/EUR (closing)	323.8	334.7	3%	323.8	323.5	334.7	3%	3%
HUF/EUR (average)	317.5	311.5	-2%	324.1	323.0	328.1	2%	1%

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

- ***In 9M 2019 OTP Banka Slovensko generated HUF 2.0 billion profit, including HUF 1.4 billion in 3Q. The latter corresponds to 19% ROE***
- ***The 9M operating profit fell by 30% y-o-y, on the back of 2% lower total income and 4% higher operating expenses***
- ***Performing (Stage 1+2) loan volumes dropped 1% q-o-q, but grew by 1% y-o-y***

OTP Banka Slovensko generated HUF 2.0 billion after-tax profit in the first nine months of 2019, up from HUF 0.6 billion in the base period. The bank realized HUF 1.4 billion profit in 3Q, owing mainly to positive risk costs, as well as an improvement in operating profit. In the third quarter the positive risk costs (+HUF 0.9 billion) was partly attributable to the revision of the IFRS 9 model parameters.

The cumulated first nine months profit was largely shaped by decreasing risk costs; operating profit, however contracted by 30% y-o-y.

The 9M total income dropped by 2%, of which the net interest income fell by 6%: while the performing (Stage 1+2) loan volumes rose by 1%, net interest margin shrank by 18 bps to 2.31%.

Net fees and commissions expanded by 11% in the first nine months, owing to the increase in selling . fees, mostly received for the sale of mutual funds and insurance policies.

Operating expenses went up by 4% y-o-y (or 3% in local currency terms) in the first nine months of 2019, as a result of higher personnel expenses and an increase in depreciation.

Operating profit improved by 7% q-o-q in 3Q: total income was stable, while operating expenses declined by 1%. 3Q net interest income rose by 1% in HUF terms, but edged lower in local currency terms. Reversing a 3% increase in 2Q, performing loans dropped by 1% in 3Q, this was related to the large corporate segment. Net interest margin also came down (by 6 bps q-o-q), mainly because of the q-o-q increase in total assets; but within that the share of performing loans moderated.

The DPD90+ loan volumes (FX-adjusted, without the effect of sales and write-offs) contracted by HUF 1.3 billion in 3Q 2019. In the third quarter HUF 2 billion problem loans were sold/written off. The share of Stage 3 exposures represented 7.8% of total gross loans (-2.5 pps y-o-y, -0.8 pp q-o-q). The own coverage of Stage 3 volumes stood at 67.9% at the end of 3Q.

FX-adjusted customer deposit volumes shrank by 4% y-o-y, and by 7% q-o-q, thus the net loan-to-deposit ratio stood at 108% at the end of 3Q.

STAFF LEVEL AND OTHER INFORMATION

	31/12/2018				30/09/2019			
	Branches	ATM	POS	Headcount (closing)	Branches	ATM	POS	Headcount (closing)
OTP Core	362	1,931	77,599	9,631	362	1,933	76,584	9,930
DSK Group (including Expressbank)	345	911	8,464	4,838	449	1,127	12,930	6,168
OTP Bank Russia (w/o employed agents)	134	227	905	5,052	134	223	851	5,182
OTP Bank Ukraine (w/o employed agents)	87	149	351	2,313	86	166	315	2,367
OTP Bank Romania	95	139	4,556	1,273	95	141	4,897	1,426
OBH (Croatia)	144	480	10,360	2,397	136	483	11,023	2,286
OTP Banka Slovenko	62	151	232	690	58	151	178	682
OTP Bank Serbia	154	248	5,554	1,996	240	347	12,608	3,233
OTP Bank Albania					35	72		423
Mobiasbanca (Moldova)					53	144		737
CKB Group	28	103	4,572	419	48	128	6,896	687
Foreign subsidiaries, total	**1,049**	**2,408**	**34,994**	**18,977**	**1,334**	**2,982**	**49,698**	**23,190**
Other Hungarian and foreign subsidiaries				924				602
OTP Group (w/o employed agents)				**29,532**				**33,722**
OTP Bank Russia - employed agents				5,306				4,815
OTP Bank Ukraine - employed agents				760				672
OTP Group (aggregated)	**1,411**	**4,339**	**112,593**	**35,599**	**1,696**	**4,915**	**126,282**	**39,210**

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

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

PERSONAL AND ORGANIZATIONAL CHANGES

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

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

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

According to the decision of Board of Directors of OTP Bank Mr. Tamás Erdei, member of the Board of Directors, was elected as Vice Chairman of the Board of Directors with effect from 12 April 201

FINANCIAL DATA

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF FINANCIAL POSITION

in HUF million	OTP Bank			Consolidated		
	30/09/2019	30/09/2018	change	30/09/2019	30/09/2018	change
Cash, amounts due from Banks and balances with the National Banks	338,128	323,069	5%	1,830,698	1,091,217	68%
Placements with other banks, net of allowance for placement losses	1,556,145	1,199,532	30%	628,363	691,289	-9%
Financial assets at fair value through profit or loss	191,260	174,795	9%	264,804	198,873	33%
Securities at fair value through other comprehensive income	1,629,038	1,661,694	-2%	2,416,228	2,030,765	19%
Loans at amortized cost and fair value	3,252,021	2,550,986	27%	11,066,584	7,908,033	40%
Associates and other investments	1,385,368	973,788	42%	19,433	25,664	-24%
Securities at amortized costs	1,452,073	1,377,315	5%	1,849,627	1,675,271	10%
Tangible and intangible assets	131,442	103,012	28%	566,159	409,123	38%
Other assets	156,044	139,007	12%	329,137	332,339	-1%
TOTAL ASSETS	**10,091,519**	**8,503,198**	**19%**	**18,971,033**	**14,362,575**	**32%**
Amounts due to banks, the Hungarian Government, deposits from the National Banks and other banks	1,238,767	955,966	30%	665,912	521,335	28%
Deposits from customers	6,577,878	5,549,016	19%	14,653,646	11,032,659	33%
Liabilities from issued securities	44,426	48,644	-9%	398,097	338,155	18%
Derivative financial liabilities designated as held for trading	125,937	108,590	16%	121,703	97,233	25%
Other liabilities	231,028	256,851	-10%	675,634	520,364	30%
Subordinated bonds and loans	281,758	111,540	153%	252,141	82,173	207%
TOTAL LIABILITIES	**8,499,794**	**7,030,607**	**21%**	**16,767,134**	**12,591,919**	**33%**
Share capital	28,000	28,000	0%	28,000	28,000	0%
Retained earnings and other reserves without earnings	1,436,381	1,310,170	10%	1,921,449	1,561,318	23%
Profit or loss for the financial year according to the balance sheet	130,206	139,758	-7%	309,621	240,299	29%
Treasury shares	-2,863	-5,336	-46%	-62,213	-62,387	0%
Non-controlling interest	0	0		7,041	3,426	106%
TOTAL SHAREHOLDERS' EQUITY	**1,591,725**	**1,472,591**	**8%**	**2,203,898**	**1,770,656**	**24%**
TOTAL LIABILTITIES AND SHAREHOLDERS' EQUITY	**10,091,519**	**8,503,198**	**19%**	**18,971,033**	**14,362,575**	**32%**

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF RECOGNIZED INCOME

in HUF million	OTP Bank			Consolidated		
	9M 2019	9M 2018	change	9M 2019	9M 2018	change
Loans	118,312	105,507	12%	499,691	426,297	17%
Placements with other banks	57,008	41,889	36%	67,714	42,223	60%
Amounts due from banks and balances with the National Banks	866	234	270%	1,275	387	229%
Securities held for trading	0	0		0	0	
Securities at fair value through other comprehensive income	25,588	23,203	10%	33,307	28,060	19%
Securities at amortized cost	35,768	34,794	3%	47,074	44,154	7%
Non-trading financial assets mandatorily at fair value through profit or loss	0	0		134	4	
Interest income on liabilities (negative interest expense)	1,177	0		1,281	173	642%
Other interest income	5	0		7,532	8,449	-11%
Interest income	238,724	205,628	*16%*	658,008	549,746	*20%*
Interest expense due to banks and on deposits from the National Banks	-66,292	-40,752	63%	-75,280	-36,848	104%
Deposits from customers	-16,489	-22,077	-25%	-55,895	-54,523	3%
Liabilities from issued securities	-143	-75	91%	-5,378	-4,351	24%
Subordinated bonds and loans	-3,319	-2,234	49%	-2,874	-1,614	78%
Interest expense on assets (negative interest income)	-1,639	0		-1,632	-211	674%
Other	-35	0		-6,082	-5,679	7%
Interest expense	-87,917	-65,138	*35%*	-147,142	-103,225	*43%*
Net interest income	**150,807**	**140,490**	**7%**	**510,866**	**446,521**	**14%**
Provisions for loans	-19,377	-7,060	174%	-30,092	-22,563	33%
Provisions on placements	-977	-444	120%	153	-197	-177%
Provision for impairment on loan and placement losses	-20,354	-7,504	171%	-29,940	-22,760	32%
NET INTEREST INCOME AFTER PROVISION FOR IMPAIRMENT ON LOAN AND PLACEMENT LOSSES	130,453	132,986	-2%	480,927	423,761	13%
Income from fees and commissions	172,808	155,423	11%	292,936	246,691	19%
Expense from fees and commissions	-23,760	-21,771	9%	-50,764	-40,874	24%
NET PROFIT FROM FEES AND COMMISSIONS	149,048	133,652	12%	242,172	205,817	18%
Foreign exchange gains and losses	9,978	6,258	59%	28,954	29,401	-2%
Losses / Gains on securities, net	5,900	2,434	142%	7,800	144	
Losses on loans measured mandatorily at fair value through other comprehensive income and on securities at amortized cost	721	-186	-489%	801	-91	-981%
Gains on real estate transactions	0	166	-100%	7,585	1,709	344%
Dividend income	78,874	68,470	15%	6,081	5,846	4%
Net insurance result	0	0		615	564	9%
Gains and losses on derivative instruments	1,519	2,812	-46%	1,118	3,289	-66%
Other operating income	3,974	3,603	10%	69,642	30,104	131%
Other operating expense	-20,883	-3,887	437%	-32,681	-13,549	141%
NET OPERATING GAIN	80,083	79,671	1%	89,916	57,416	57%
Personnel expenses	-80,327	-72,982	10%	-197,810	-179,233	10%
Depreciation	-21,796	-15,421	41%	-61,130	-43,308	41%
Other administrative expenses	-119,825	-109,702	9%	-208,553	-192,464	8%
OTHER ADMINISTRATIVE EXPENSES	-221,948	-198,105	12%	-467,492	-415,005	13%
PROFIT BEFORE INCOME TAX	**137,636**	**148,204**	**-7%**	**345,523**	**271,990**	**27%**
Income tax expense	7,430	-8,447	-188%	-35,920	-31,486	14%
NET PROFIT FOR THE PERIOD	**130,206**	**139,758**	**-7%**	**309,603**	**240,504**	**29%**
From this, attributable to non-controlling interest	0	0		-18	205	-109%
FROM THIS, ATTRIBUTABLE TO OWNERS OF THE COMPANY	**130,206**	**139,758**	**-7%**	**309,621**	**240,299**	**29%**

Note: in the Half-year Financial Report the *Interest income on liabilities (negative interest expense)* line was shifted from the interest expenses to the interest income, while the *Interest expense on assets (negative interest income)* line was shifted from the interest income to the interest expenses both in the case of OTP Bank and the consolidated level. This shifting took place in case of the 2018 base periods, too.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY (IFRS)

in HUF million	Share capital	Capital reserve	Share based payment reserve	Retained earnings and reserves	Put option reserves	Treasury shares[1]	Non-controlling interest	Total
Balance as at 31 December 2017	**28,000**	**52**	**31,835**	**1,695,460**	**-55,468**	**-63,289**	**3,465**	**1,640,055**
Modification due to the initial application of IFRS9				-50,401			-127	-50,528
Balance as at 1 January 2018	**28,000**	**52**	**31,835**	**1,645,059**	**-55,468**	**-63,289**	**3,338**	**1,589,527**
Net profit for the year				240,299			204	240,503
Other comprehensive income				804			-116	688
Share-based payment			2,605					2,605
Treasury shares								
Dividend for the year 2017				-61,320				-61,320
Correction due to ESOP				155				155
Put option								
Treasury shares								
– sale						11,019		11,019
– loss on sale				-2,287				-2,287
– volume change						-10,117		-10,117
Payment to ICES holders				-117				-117
Balance as at 30 September 2018	**28,000**	**52**	**34,440**	**1,822,593**	**-55,468**	**-62,387**	**3,426**	**1,770,656**

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 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								
							4,110	4,110
Share-based payment			2,389					2,389
Dividend for the year 2018				-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**

[1] The deduction related to repurchased treasury shares (3Q 2019: HUF 62,213 million) includes the book value of OTP shares held by ESOP (3Q 2019: 3,071,312 shares).

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF CASH FLOWS

in HUF million	OTP Bank			Consolidated		
	30/09/2019	30/09/2018	change	30/09/2019	30/09/2018	change
OPERATING ACTIVITIES						
Profit before income tax	137,636	148,204	-7%	309,621	240,299	29%
Adjustments to reconcile income before income taxes to net cash provided by operating activities						
Income tax paid	-422	0		-30,884	-18,690	65%
Goodwill impairment	0	0		4,887	5,962	
Depreciation and amortization	21,796	15,388	42%	56,243	37,347	51%
Net accrued interest	32,263	-2,156		45,778	19,880	130%
Provision for impairment / Release of provision	-16,362	-6,397		-25,541	-18,922	35%
Share-based payment	2,389	2,605	-8%	2,389	2,605	-8%
Unrealized gains / losses on fair value change of securities at fair value through other comprehensive income and fair value through profit or loss	-169	-12,278	-99%	6,901	14,169	-51%
Unrealized losses on fair value adjustment of derivative financial instruments	15,688	75,992		23,205	-34,018	-168%
Changes in operating assets and liabilities	-322,639	-115,692	179%	303,098	49,878	508%
Net cash provided by operating activities	**-129,820**	**105,666**	**-223%**	**695,697**	**298,510**	**133%**
INVESTING ACTIVITIES						
Net cash used in investing activities	**-859,346**	**-360,111**	**139%**	**-428,917**	**-516,230**	**-17%**
FINANCING ACTIVITIES						
Net cash used in financing activities	**962,501**	**173,108**	**456%**	**-8,820**	**101,212**	**-109%**
Net increase in cash and cash equivalents	**-26,665**	**-81,337**		**257,960**	**-116,508**	**-321%**
Cash and cash equivalents at the beginning of the period	303,358	347,854	-13%	819,979	800,689	2%
Cash and cash equivalents at the end of the period	**276,693**	**266,517**	**4%**	**1,077,939**	**684,181**	**58%**

CONSOLIDATED SUBSIDIARIES AND ASSOCIATES

	Name		Initial capital/Equity (HUF)	Ownership Directly + indirectly (%)	Voting rights (%)	Classification[1]
1	Air-Invest Asset Management Llc.		400,000,000	100.00	100.00	L
2	Artemis Llc.		28,000,000	100.00	100.00	L
3	Bajor-Polár Center Real Estate Management Ltd.		30,000,000	100.00	100.00	L
4	BANK CENTER No. 1. for Investments and Developments Llc.		11,500,000,000	100.00	100.00	L
5	Banka OTP Albania SHA	ALL	6,740,900,000	100.00	100.00	L
6	CIL Babér Ltd.		71,890,330	100.00	100.00	L
7	CRESCO d.o.o.	HRK	39,000	100.00	100.00	L
8	Montenegrin Commercial Bank Shareholding Company, Podgorica Montenegro	EUR	181,875,221	100.00	100.00	L
9	DSK Asset Management PLC	BGN	1,000,000	100.00	100.00	L
10	DSK Auto Leasing Ltd.	BGN	1,000,000	100.00	100.00	L
11	DSK Bank PLC	BGN	1,327,482,000	100.00	100.00	L
12	DSK DOM EAD	BGN	100,000	100.00	100.00	L
13	DSK Leasing Joint Stock Company	BGN	3,334,000	100.00	100.00	L
14	OTP Mobile Service Llc.	BGN	250,000	100.00	100.00	L
15	DSK Operating Lease Ltd.	BGN	1,000	100.00	100.00	L
16	DSK Tours Ltd.	BGN	8,491,000	100.00	100.00	L
17	DSK Trans Security PLC	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	JeT-SOL IT Services, Trading and Investment Company Limited		8,000,000	100.00	100.00	L
22	JN Parkolóház Real Estate Utilizer Limited Liability Company		4,800,000	100.00	100.00	L
23	Limited Liability Company Asset Management Company " OTP Capital"	UAH	10,000,000	100.00	100.00	L
24	LLC MFO "OTP Finance"	RUB	6,533,000,000	100.00	100.00	L
25	LLC OTP Leasing	UAH	45,495,340	100.00	100.00	L
26	Merkantil Bill and Property Investments Bank Closed Company Limited by Shares		2,000,000,000	100.00	100.00	L
27	Merkantil Lease service LLC.		6,000,000	100.00	100.00	L
28	MFM Project Investment and Development Ltd.		20,000,000	100.00	100.00	L
29	Miskolci Diákotthon Investment, Utilization Limited Liability Company		5,000,000	100.00	100.00	L
30	MONICOMP Commercial and Bearing Private Company Limited by Shares		20,000,000	100.00	100.00	L
31	NIMO 2002 Ltd.		1,156,000,000	100.00	100.00	L
32	OTP Fund Management Private Company Limited by Shares		900,000,000	100.00	100.00	L
33	OTP Asset Management SAI S.A.	RON	5,795,323	100.00	100.00	L
34	OTP Aventin d.o.o.	HRK	40,000	100.00	100.00	L
35	Joint-Stock Company OTP Bank	UAH	6,186,023,111	100.00	100.00	L
36	OTP Bank Romania S.A.	RON	1,829,253,120	100.00	100.00	L
37	OTP Banka Hrvatska d.d.	HRK	3,993,754,800	100.00	100.00	L
38	OTP Banka Srbija AD. Beograd	RSD	23,723,021,200	100.00	100.00	L
98	OTP Building Llc.	EUR	18,717,301	100.00	100.00	L
39	OTP Debt Collection Ltd.	EUR	49,000,001	100.00	100.00	L
41	OTP eBIZ Limited Liability Company		280,000,000	100.00	100.00	L
42	OTP Life Annuity Real Estate Investment Private Company Limited by Shares		2,000,000,000	100.00	100.00	L
43	OTP Factoring Bulgaria JSCo.	BGN	1,000,000	100.00	100.00	L
44	OTP Factoring Serbia Ltd	RSD	782,902,282	100.00	100.00	L
45	OTP Factoring Slovensko Ltd.	EUR	5,000	100.00	100.00	L
46	OTP Factoring Romania Llc.	RON	600,405	100.00	100.00	L
47	OTP Factoring Ukraine LLC	UAH	6,227,380,554	100.00	100.00	L
48	OTP Factoring Ltd.		500,000,000	100.00	100.00	L
49	OTP Factoring Management Ltd.		3,000,000	100.00	100.00	L
50	OTP Financing Cyprus Private Company limited by shares	EUR	1,001,000	100.00	100.00	L
51	OTP Financing Malta Company Limited	EUR	105,000,000	100.00	100.00	L
52	OTP Financing Netherlands B.V.	EUR	18,000	100.00	100.00	L
53	OTP Financing Solutions B.V	EUR	18,000	100.00	100.00	L
54	OTP Holding Ltd	EUR	131,000	100.00	100.00	L
55	OTP Holding Malta Ltd.	EUR	104,950,000	100.00	100.00	L
56	OTP Hungaro-Projekt Ltd.		300,000,000	100.00	100.00	L
57	OTP Real Estate Investment Fund Management Ltd.		100,000,000	100.00	100.00	L
58	OTP Real Estate Ltd.		1,000,000,000	100.00	100.00	L
59	OTP Ingatlankezelő Ltd.		50,000,000	100.00	100.00	L
60	OTP Real Estate Leasing Ltd.		214,000,000	100.00	100.00	L

	Name		Initial capital/Equity (HUF)	Ownership Directly + indirectly (%)	Voting rights (%)	Classification[1]
61	OTP Ingatlanpont LLC.		6,000,000	100.00	100.00	L
62	OTP Facility Management Llc.		30,000,000	100.00	100.00	L
63	OTP Insurance Broker EOOD	BGN	5,000	100.00	100.00	L
64	OTP Invest d.o.o.	HRK	12,979,900	100.00	100.00	L
65	OTP Investments d.o.o. Novi Sad	RSD	203,783,061	100.00	100.00	L
66	OTP Mortgage Bank Closed Company Limited by Shares		37,000,000,000	100.00	100.00	L
67	OTP Card Factory Ltd.		450,000,000	100.00	100.00	L
68	OTP Close Building Society		2,000,000,000	100.00	100.00	L
69	OTP Leasing d.d.	HRK	8,212,000	100.00	100.00	L
70	OTP Leasing EOOD	BGN	4,100,000	100.00	100.00	L
71	OTP Leasing Romania IFN S.A.	RON	28,556,300	100.00	100.00	L
72	OTP Leasing Srbija d.o.o. Beograd	RSD	314,097,600	100.00	100.00	L
73	OTP Leasing d.o.o. Beograd	RSD	112,870,710	100.00	100.00	L
74	OTP Mérnöki Ltd.		3,000,000	100.00	100.00	L
75	OTP Mobile Service Limited Liability Company		1,210,000,000	100.00	100.00	L
76	OTP Nekretnine d.o.o.	HRK	51,708,100	100.00	100.00	L
77	OTP Osiguranje ADO.	RSD	412,606,208	100.00	100.00	L
78	OTP Osiguranje d.d.	HRK	40,900,000	100.00	100.00	L
79	OTP Funds Servicing and Consulting Company Limited by Shares		2,349,940,000	100.00	100.00	L
80	OTP Pénzügyi Pont Ltd.		50,000,000	100.00	100.00	L
81	OTP Savjetovanje d.o.o.	HRK	3,531,400	100.00	100.00	L
82	OTP Services d. o. o.	RSD	40,028	100.00	100.00	L
84	PortfoLion Digital Ltd.		102,000,000	100.00	100.00	L
85	PortfoLion Venture Capital Fund Management Ltd.		39,500,000	100.00	100.00	L
87	R.E. Four d.o.o., Novi Sad	RSD	1,983,643,761	100.00	100.00	L
88	SB Leasing d.o.o.	HRK	23,332,000	100.00	100.00	L
89	SB ZGRADA d.o.o.	HRK	208,120,000	100.00	100.00	L
90	Aloha Buzz Llc.	RON	10,200	100.00	100.00	L
91	Favo Consultanta Llc.	RON	10,200	100.00	100.00	L
92	Tezaur Cont Llc.	RON	10,200	100.00	100.00	L
93	SPLC Property Management Limited Liability Company		10,000,000	100.00	100.00	L
94	SPLC-P Llc.		15,000,000	100.00	100.00	L
95	TOP Collector LLC	RUB	1,030,000	100.00	100.00	L
96	Velvin Ventures Ltd.	USD	50,000	100.00	100.00	L
97	Vojvodjanska Banka a.d. Novi Sad	RSD	31,607,808,040	100.00	100.00	L
99	POK DSK-Rodina AD	BGN	6,010,000	99.75	99.75	L
100	Expressbank AD	BGN	33,673,729	99.74	99.74	L
101	OTP Banka Slovensko a.s.	EUR	126,590,712	99.44	99.44	L
102	JSC "OTP Bank" (Russia)	RUB	4,423,768,142	97.91	97.91	L
103	Mobiasbanca – OTP Group S.A.	MDL	100,000,000	96.69	96.69	L
104	Podgorička banka AD Podgorica	EUR	24,730,558	90.56	90.56	L
105	ShiwaForce.com Inc.		105,321,000	67.50	67.50	L
106	Regional Urban Development Fund AD	BGN	250,000	52.00	52.00	L
107	OPUS Securities S.A	EUR	31,000	0.00	51.00	L
108	Balansz Private Open End Institutional Fund		30,931,279,011	100.00	100.00	L
109	Venture Closed-End Non Diversified Mutual Investment Fund "OTP Solution"	UAH	43,347,201	100.00	100.00	L
110	OTP MRP		35,845,598,071			L

[1] Full consolidated -L

Ownership structure of OTP Bank Plc.

Description of owner	Total equity					
	1 January 2019			30 September 2019		
	Ownership share	Voting rights[1]	Quantity	Ownership share	Voting rights[1]	Quantity
Domestic institution/company	19.32%	19.47%	54,092,340	19.71%	19.74%	55,200,187
Foreign institution/company	60.01%	60.49%	168,017,080	75.66%	75.75%	211,835,850
Domestic individual	3.53%	3.56%	9,896,546	3.45%	3.46%	9,666,808
Foreign individual	0.10%	0.10%	278,348	0.09%	0.09%	249,907
Employees, senior officers	0.85%	0.86%	2,376,450	0.84%	0.84%	2,348,887
Treasury shares[2]	0.80%	0.00%	2,242,143	0.12%	0.00%	336,795
Government held owner	0.08%	0.08%	219,072	0.08%	0.08%	219,372
International Development Institutions	0.05%	0.05%	143,308	0.05%	0.05%	140,342
Other[3]	15.26%	15.39%	42,734,723	0.00%	0.00%	1,862
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 2019 ESOP owned 3,071,312 OTP shares.

[3] Non-identified shareholders according to the shareholders' registry.

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

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

Shareholders with over/around 5% stake as at 30 September 2019

Name	Number of shares	Ownership[1]	Voting rights[1,2]
MOL (Hungarian Oil and Gas Company Plc.)	24,000,000	8.57%	8.58%
KAFIJAT Ltd.	20,549,993	7.34%	7.35%
OPUS Securities S.A.	14,496,476	5.18%	5.18%
Groupama Group	14,335,745	5.12%	5.13%

[1] Rounded to two decimals

[2] Voting rights in the General Meeting of the Issuer for participation in decision-making.

Senior officers, strategic employees and their shareholding of OTP shares as at 30 September 2019

Type[1]	Name	Position	No. of shares held
IT	Dr. Sándor Csányi [2]	Chairman and CEO	849,625
IT	Mihály Baumstark	member	43,600
IT	Dr. Tibor Bíró	member	34,556
IT	Tamás Erdei	member, Deputy Chairman	19,239
IT	Dr. István Gresa	member	164,012
IT	Antal Kovács	member, Deputy CEO	42,948
IT	Dr. Antal Pongrácz	member	96,501
IT	Dr. László Utassy	member	210,004
IT	Dr. József Vörös	member	157,914
IT	László Wolf	member, Deputy CEO	597,749
FB	Klára Bella	member	54
FB	Tibor Tolnay	Chairman	0
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	Dr. Zsolt Barna	General Deputy CEO	1,010
SP	László Bencsik	Chief Financial and Strategic Officer, Deputy CEO	42,617
SP	András Tibor Johancsik	Deputy CEO	13,153
SP	György Kiss-Haypál	Deputy CEO	19,776
TOTAL No. of shares held by management:			**2,292,858**

[1] Employee in strategic position (SP), Board Member (IT), Supervisory Board Member (FB)

[2] Number of OTP shares owned by Dr. Sándor Csányi directly or indirectly: 3,534,953

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

a) Contingent liabilities

	30/09/2019	30/09/2018
Commitments to extend credit	2,839,267	2,085,392
Guarantees arising from banking activities	884,202	564,109
Confirmed letters of credit	29,298	13,513
Legal disputes (disputed value)	31,249	13,417
Contingent liabilities related to OTP Mortgage Bank	0	0
Other	275,384	260,977
Total:	**4,059,400**	**2,937,408**

[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]	8,403	8,477	8,777
Consolidated[2]	35,164	35,599	39,210

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

Security issuances on Group level between 01/10/2018 and 30/09/2019

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	XS2022388586	15/07/2019	15/07/2029	EUR	497,242,415	167,325
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.	Retail bond	OTP_VK1_20/1	21/02/2019	21/02/2020	USD	1,527,875	468
OTP Bank Plc.	Retail bond	OTP_VK1_20/2	04/04/2019	04/04/2020	USD	2,467,300	755
OTP Bank Plc.	Retail bond	OTP_VK1_20/3	16/05/2019	16/05/2020	USD	891,900	273
OTP Bank Plc.	Retail bond	OTP_VK1_20/4	27/06/2019	27/06/2020	USD	1,874,000	574
OTP Bank Plc.	Retail bond	OTP_VK1_20/5	15/08/2019	15/08/2020	USD	1,997,400	611
OTP Bank Plc.	Retail bond	OTP_VK1_20/6	26/09/2019	26/09/2020	USD	747,612	229
OTP Bank Plc.	Corporate bond	OTP_DK_20/I	14/12/2018	31/05/2020	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_21/I	14/12/2018	31/05/2021	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_22/I	14/12/2018	31/05/2022	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_23/I	14/12/2018	31/05/2023	HUF	0	0
OTP Mortgage Bank	Corporate bond	OTP_DK_24/I	30/05/2019	31/05/2024	HUF	0	0
OTP Mortgage Bank	Corporate bond	OTP_DK_25/I	30/05/2019	31/05/2025	HUF	0	0
OTP Mortgage Bank	Mortgage bond	OJB2024_II	10/10/2018	24/10/2024	HUF	92,000	92,000

Security redemptions on Group level between 01/10/2018 and 30/09/2019

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 30/09/2018	Outstanding consolidated debt (in HUF million) 30/09/2018
OTP Bank Plc.	Corporate bond	OTPX2019A	25/06/2009	01/07/2019	HUF	211	211
OTP Bank Plc.	Corporate bond	OTPX2018D	29/10/2012	26/10/2018	HUF	2,457	2,457
OTP Bank Plc.	Corporate bond	OTPX2018E	28/12/2012	28/12/2018	HUF	2,232	2,232
OTP Bank Plc.	Corporate bond	OTPX2019D	22/03/2013	21/03/2019	HUF	3,515	3,515
OTP Bank Plc.	Corporate bond	OTPX2019E	28/06/2013	24/06/2019	HUF	2,822	2,822
OTP Bank Plc.	Corporate bond	OTPX2018F	19/12/2013	21/12/2018	EUR	200	200
OTP Bank Plc.	Retail bond	OTP_VK1_18/8	17/11/2017	17/11/2018	USD	2,928,920	816
OTP Bank Plc.	Retail bond	OTP_VK1_18/9	20/12/2017	20/12/2018	USD	1,435,320	400
OTP Bank Plc.	Retail bond	OTP_VK1_19/I	16/02/2018	16/02/2019	USD	3,044,725	849
OTP Bank Plc.	Retail bond	OTP_VK1_19/2	29/03/2018	29/03/2019	USD	2,872,882	801
OTP Bank Plc.	Retail bond	OTP_VK1_19/3	18/05/2018	18/05/2019	USD	2,986,600	833
OTP Bank Plc.	Retail bond	OTP_VK1_19/4	28/06/2018	28/06/2019	USD	2,983,400	832
OTP Bank Plc.	Retail bond	OTP_VK1_19/5	06/08/2018	06/08/2019	USD	848,600	237
OTP Bank Plc.	Corporate bond	OTP_DK_19/I	31/05/2018	31/05/2019	HUF	0	0
OTP Mortgage Bank	Mortgage bond	OJB2019_I	17/03/2004	18/03/2019	HUF	31,517	31,517
OTP Mortgage Bank	Mortgage bond	OJB2019_II	31/05/2011	18/03/2019	HUF	1,093	1,093
OTP Mortgage Bank	Mortgage bond	OJB2020_III	23/02/2017	20/05/2020	HUF	0	0

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 30/09/2018	Outstanding consolidated debt (in HUF million) 30/09/2018
OTP Mortgage Bank	Mortgage bond	OJB2022_I	24/02/2017	24/05/2022	HUF	20,524	20,524
OTP Banka Slovensko	Corporate bond	Bonds OTP VI.	27/02/2018	26/02/2019	EUR	0	0
OTP Banka Slovensko	Mortgage bond	OTP XXXII.	15/12/2017	14/12/2018	EUR	0	0

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 2018	9M 2019	Y-o-Y	3Q 2018	2Q 2019	3Q 2019	Q-o-Q	Y-o-Y
Total	**9,314**	**8,412**	**-10%**	**2,855**	**3,426**	**2,524**	**-26%**	**20%**
Short-term employee benefits	6,521	6,124	-6%	2,801	2,498	1,848	-26%	-11%
Share-based payment	2,319	1,725	-26%	773	558	575	3%	-28%
Other long-term employee benefits	448	521	16%	221	331	98	-70%	50%
Termination benefits	0	14		0	14	0		
Redundancy payments	26	28	8%	23	25	3		9%
Loans provided to companies owned by the management (normal course of business)	60,398	53,163	-12%	60,398	55,169	53,163	-4%	-12%
Credit lines and treasury framework contracts of the members of Board of Directors and the Supervisory Board and their close family members (at normal market conditions)	3,775	711	-81%	3,775	4,494	711	-84%	-81%
Commitments to extend credit and guarantees	37,622	38,287	2%	37,622	49,037	38,287	-22%	2%
Loans provided to unconsolidated subsidiaries	4,863	2,959	-39%	4,863	5,673	2,959	-48%	-39%

[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[4]

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value	
			9M 2018	9M 2019
Leverage, consolidated[5]	The leverage ratio is calculated pursuant to Article 429 of CRR. The calculation of the indicator is designed quarterly by the Bank for the prudential consolidation scope.	The leverage ratio shall be calculated as an institution's capital measure divided by that institution's total exposure measure and shall be expressed as a percentage. Example for 9M 2019: $\frac{1,934,955.7}{20,166,479.1} = 9.6\%$ Example for 9M 2018: $\frac{1,316,431.5}{15,354,340.5} = 8.6\%$	8.6%	9.6%
Liquidity Coverage Ratio (LCR), consolidated	According to Article 412 (1) of CRR, the liquidity coverage ratio (LCR) is designed to promote short-term resilience of the Group's liquidity risk profile and aims to ensure that the Group has an adequate stock of unencumbered High Quality Liquid Assets (HQLA) to meet its liquidity needs for a 30 calendar day liquidity stress scenario.	The LCR is expressed as: (stock of HQLA) / (total net cash outflows over the next 30 calendar days) ≥ 100%. The numerator of the LCR is the stock of HQLA (High Quality Liquid Assets). In order to qualify as HQLA, assets should be liquid in markets during a time of stress and, in most cases, be eligible for use in central bank operations. The denominator of the LCR is the total net cash outflows, defined as total expected cash outflows minus total expected cash inflow in the specified stress scenario for the subsequent 30 calendar days. Total cash inflows are subject to an aggregate cap of 75% of total expected cash outflows, thereby ensuring a minimum level of HQLA holdings at all times. Example for 9M 2019: $\frac{4,805,323.0}{3,480,779.5-742,239.9} = 175\%$ Example for 9M 2018: $\frac{4,042,301.9}{2,587,543.2-542,770.3} = 198\%$	198%	175%

[4] 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.

[5] 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 2018	9M 2019
Net loan to deposit ratio, consolidated	The net loan to deposit ratio is the indicator for assessing the bank's liquidity position.	The numerator of the indicator is the consolidated net consumer loan volume (gross loans less the stock of provisions), the denominator is the end of period consolidated customer deposit base. Example for 9M 2019: $\frac{11{,}066{,}584.4}{14{,}638{,}949.6} = 75.6\%$ Example for 9M 2018: $\frac{7{,}908{,}032.6}{11{,}020{,}890.6} = 71.8\%$	71.8%	75.6%
ROE (accounting), consolidated	The return on equity ratio shall be calculated as the consolidated net profit for the given period divided by the average equity, thus the ratio shows the effectiveness of the use of equity.	The numerator of the indicator is the consolidated accounting net profit for the given period, the denominator is the average consolidated equity. (The definition of average equity: calendar day-weighted average of the average balance sheet items in periods comprising the given period, where periods comprising the given period are defined as quarters (and within that months) in case of 1H, 9M and FY periods, and months in case of quarters. Furthermore, the average of the average balance sheet items is computed as the arithmetic average of closing balance sheet items for the previous period and the current period.) Example for 9M 2019: $\frac{309{,}603.0*1.34}{1{,}962{,}687.6} = 21.1\%$ Example for 9M 2018: $\frac{240{,}503.7*1.34}{1{,}668{,}480.8} = 19.3\%$	19.3%	21.1%

SUPPLEMENTARY DATA

ADJUSTMENTS OF THE CONSOLIDATED IFRS BALANCE SHEET LINES

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.

in HUF million	3Q 2018	4Q 2018	2Q 2019	3Q 2019
Gross customer loans (incl. accrued interest receivables related to loans)	8,651,985	8,751,955	10,191,597	11,820,520
(-) Accrued interest receivables related to DPD90+ / Stage 3 loans	35,307	32,613	34,233	36,100
Gross customer loans (incl. accrued interest receivables related to loans) (adjusted)	8,616,678	8,719,342	10,157,364	11,784,419
Allowances for loan losses	-743,952	-685,364	-717,296	-753,936
(-) Allocated provision on accrued interest receivables related to DPD90+ / Stage 3 loans	-35,307	-32,613	-34,233	-36,100
Allowances for loan losses (adjusted)	-708,646	-652,751	-683,064	-717,835

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

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

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

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

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

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

(7) 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.

(8) 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.

(9) 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.

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

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

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

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

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

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

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

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

CALCULATION OF ADJUSTED LINES OF IFRS PROFIT AND LOSS STATEMENTS PRESENTED IN THE REPORT

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:

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

  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. The special banking tax, however, does not include the special tax levied on the result of investment services in the year of 2017 in Hungary, this item is presented among the operating expenses.

- Until 4Q 2018 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 2019 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.

- Other non-interest income is shown together with Gains and losses on real estate transactions, Net insurance result (appearing in the accounting P&L structure from 3Q 2017), Gains and losses on derivative instruments, and Gains and losses on non-trading loans mandatorily at fair value through profit or loss lines, but without the above mentioned income from the release of pre-acquisition provisions and without received cash transfers. However other non-interest expenses stemming from non-financial activities are added to the adjusted net other non-interest income line, therefore the latter incorporates the net amount of other non-interest income from non-financial activities.

- From 2Q 2014 OTP Bank's share in the change in the shareholders' equity of companies consolidated with equity method is reclassified from the After tax dividends and net cash transfers line to the Net other non-interest result (adj.) without one-offs line. In the addition to this, in agreement with the auditor OTP Bank has changed the way how private equity funds managed by PortfoLion are recorded. As a result of this, as opposed to the previous method of recording the funds at book value (initial book value less impairments), starting from 3Q 2019 the funds are evaluated based on their net asset value. The change in the carrying value was reclassified to the Net other non-interest result (adj.) without one-offs line in the adjusted P&L structure. Furthermore, received cash transfers within the framework of the subsidy programme targeting the expansion of POS network in Hungary were reclassified from the After tax dividends and net cash transfers line to the Net other non-interest result (adj.) without one-offs line.

- Other provisions are separated from other expenses and shown on a separate line in the adjusted profit or loss statement.

- Other administrative expenses have been adjusted in the following way in order to create a category comprising administrative cost items exclusively. Other costs and expenses and other non-interest expenses were included into the adjusted Other non-interest expenses. At the same time, the following cost items were excluded from adjusted other non-interest expenses: paid cash transfers (except for movie subsidies and cash transfers to public benefit organisations, whereas from 1Q 2019 certain part of cash transfers to public benefit organizations was presented amongst net fees and commissions), Other other non-interest expenses stemming from non-financial activities, and special tax on financial institutions.

- Tax deductible transfers (offset against corporate taxes) paid by Hungarian group members from 3Q 2012 were reclassified from Other non-interest expenses to Corporate income tax. As a result, the net P&L effect of these transfers (i.e. the paid transfer less the related corporate tax allowances) is recognised in the corporate income tax line of the adjusted P&L. The amount of tax deductible transfers offset against the special tax on financial institutions is shown on a net base on the special tax on financial institutions line.

- The financial transaction tax paid from the beginning of 2013 in Hungary is reclassified from other (administrative) expenses to net fee and commission income, both on consolidated and OTP Core level.

- OTP Group is hedging the revaluation result of the FX provisions on its FX loans and interest claims by keeping hedging open FX positions. In the accounting statement of recognized income, the revaluation of FX provisions is part of the risk costs (within line "Provision for loan losses"), other provisions and net interest income lines, whereas the revaluation result of the hedging open FX positions is made through other non-interest income (within line "Foreign exchange result, net"). The two items have the same absolute amount but an opposite sign. As an adjustment to the accounting statement of income, these items are eliminated from the adjusted P&L. By modifying only the structure of the income statement, this correction does not have any impact on the bottom line net profits.

- The Compensation Fund (established in Hungary in order to indemnify the victims of Quaestor and Hungarian Securities Ltd.) contributions booked from 1Q 2017 are recognized on the Other administrative expenses line of the accounting income statement, and are presented on the financial transaction tax and/or Special tax on financial institutions line the in the adjusted P&L structure (due to the tax deductibility).

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

ADJUSTMENTS OF CONSOLIDATED IFRS P&L LINES

in HUF million	1Q 18	2Q 18	3Q 18	9M 18	4Q 18 Audited	2018 Audited	1Q 19	2Q 19	3Q 19	9M 19
Net interest income	**145,004**	**146,795**	**154,722**	**446,521**	**178,203**	**624,723**	**163,620**	**170,695**	**176,552**	**510,866**
(-) Revaluation result of FX provisions	9	-19	-18	-28	-16	-44	20	6	-4	21
(+) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	-202	46	176	21	-137	-116	-202	491	-103	186
(-) Netting of interest revenues on DPD90+ loans with the related provision (booked on the Provision for loan losses line) at OTP Core and CKB	956	772	837	2,565	775	3,340	768	745	866	2,378
(-) Effect of acquisitions	222	211	188	621	174	795	389	208	518	1,116
(-) Initial NPV gain on the monetary policy interest rate swap (MIRS) deals					20,685	20,685	0	0	0	0
(-) Reclassification due to the introduction of IFRS16							-429	-463	-459	-1,351
(-) Netting of the interest subsidy repaid by OTP Mortgage Bank to the State by the already created other provision for that purpose (and other related items) in 3Q 2019									-1,535	-1,535
Net interest income (adj.)	**143,614**	**145,877**	**153,892**	**443,383**	**156,448**	**599,832**	**162,670**	**170,690**	**177,063**	**510,423**
Net fees and commissions	**64,459**	**69,721**	**71,637**	**205,817**	**71,858**	**277,675**	**73,887**	**80,672**	**87,614**	**242,172**
(+) Financial Transaction Tax	-14,880	-12,988	-13,823	-41,691	-15,267	-56,958	-16,309	-14,213	-14,718	-45,239
(-) Effect of acquisitions	0	0	0	0	-14	-14	-12	0	-26	-37
(+) Shifting of certain cash transfers to public benefit organisations to the Net fees and commissions line							-366	366	0	0
(-) Netting of the interest subsidy repaid by OTP Mortgage Bank to the State by the already created other provision for that purpose (and other related items) in 3Q 2019									-30	-30
Net fees and commissions (adj.)	**49,579**	**56,733**	**57,814**	**164,126**	**56,605**	**220,731**	**57,223**	**66,825**	**72,953**	**197,001**
Foreign exchange result	**3,460**	**8,980**	**16,961**	**29,401**	**4,757**	**34,158**	**7,832**	**9,121**	**12,001**	**28,954**
(-) Revaluation result of FX positions hedging the revaluation of FX provisions	-3,605	2,978	4,635	4,008	-855	3,153	-834	-1,524	-1,671	-4,029
(-) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	-173	-1,935	3,633	1,524	-4,122	-2,598	-406	-42	-477	-925
(-) Effect of acquisitions	0	0	0	0	34	34	0	0	0	0
Foreign exchange result (adj.)	**7,238**	**7,937**	**8,693**	**23,869**	**9,700**	**33,568**	**9,072**	**10,688**	**14,148**	**33,908**
Gain/loss on securities, net	**-1,066**	**228**	**981**	**144**	**1,200**	**1,344**	**1,532**	**4,655**	**1,613**	**7,800**
(-) Shifting of Non-trading securities mandatorily at fair value through profit or loss line to Net other non-interest income from 1Q 2019							590	23	229	842
Gain/loss on securities, net (adj.) with one-offs	**-1,066**	**228**	**981**	**144**	**1,200**	**1,344**	**942**	**4,632**	**1,384**	**6,958**
(-) Revaluation result of the treasury share swap agreement (booked as Gain on securities, net (adj) at OTP Core)	-1,845	178	636	-1,031	-86	-1,117	-735	601	-2,026	-2,161
Gain/loss on securities, net (adj.) without one-offs	**779**	**50**	**345**	**1,175**	**1,287**	**2,461**	**1,677**	**4,031**	**3,411**	**9,118**
Gains and losses on real estate transactions	**574**	**712**	**423**	**1,709**	**181**	**1,890**	**1,985**	**3,647**	**1,953**	**7,585**
(+) Other non-interest income	**9,595**	**7,230**	**13,279**	**30,104**	**6,755**	**36,859**	**15,064**	**5,131**	**49,447**	**69,642**
(+) Gains and losses on derivative instruments	**976**	**5,020**	**-2,707**	**3,289**	**3,169**	**6,458**	**1,957**	**-675**	**-163**	**1,118**
(+) Net insurance result	**200**	**210**	**154**	**564**	**109**	**673**	**171**	**258**	**186**	**615**
(+) Losses on loans measured mandatorily at fair value through other comprehensive income and on securities at amortized cost	**-127**	**27**	**9**	**-91**	**688**	**597**	**849**	**69**	**-118**	**801**
(-) Received cash transfers	144	2	343	489	86	575	39	248	-198	89
(+) Received cash transfers within the framework of the subsidy programme targeting the expansion of POS network in Hungary	142	0	338	480	0	480	0	0	0	0
(-) Non-interest income from the release of pre-acquisition provisions	5,495	1,338	5,038	11,870	1,637	13,507	-	-	-	-
(+) Other other non-interest expenses	-732	-674	-3,482	-4,887	-1,650	-6,537	-596	-958	-1,144	-2,697
(+) Change in shareholders' equity of companies consolidated with equity method, and the change in the net asset value of the private equity funds managed by PortfoLion	-232	-48	661	381	-134	246	-454	-193	665	19
(-) Investment impairment in relation to the sale of Express Life Bulgaria (presented on the *Goodwill/investment impairment charges* adjustment line on consolidated level)								-363	0	-363
(-) Effect of acquisitions	1	21	-10	12	-12	0	10,429	4	45,481	55,914
(-) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	-29	1,982	-3,457	-1,503	3,985	2,482	204	533	373	1,111
(-) One-off impact of regulatory changes related to CHF consumer contracts in Croatia	0	0	-11	-11	-15	-26	0	0	0	0
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	-174	-73	-42	-288	-86	-375	-87	-71	-98	-256
(-) Impact of fines imposed by the Hungarian Competition Authority	0	0	0	0	0	0	0	0	0	0
(-) Netting of refunds related to legal cases (accounted for on the Net other non-interest result line) with the release of provisions created earlier for these cases (accounted for on the Other provisions line) from 1Q 2017 at OTP Bank Romania	-165	-137	-118	-420	-210	-630	-92	-94	-145	-330
(+) Shifting of Non-trading securities mandatorily at fair value through profit or loss line to Net other non-interest income from 1Q 2019							590	23	229	842
Net other non-interest result (adj.) with one-offs	**5,124**	**9,344**	**6,933**	**21,401**	**3,733**	**25,134**	**9,074**	**7,044**	**5,641**	**21,760**
(-) Gain on the repurchase of own Upper and Lower Tier2 Capital (booked as Net other non-interest result (adj.) at OTP Core and at the Corporate Centre)	0	0	0	0	0	0	0	0	0	0
Net other non-interest result (adj.) without one-offs	**5,124**	**9,344**	**6,933**	**21,401**	**3,733**	**25,134**	**9,074**	**7,044**	**5,641**	**21,760**

in HUF million	1Q 18	2Q 18	3Q 18	9M 18	4Q 18 Audited	2018 Audited	1Q 19	2Q 19	3Q 19	9M 19
Provision for impairment on loan and placement losses	**-3,482**	**-5,172**	**-14,106**	**-22,760**	**-16,527**	**-39,287**	**-13,753**	**-4,866**	**-11,320**	**-29,940**
(+) Non-interest income from the release of pre-acquisition provisions	5,495	1,338	5,038	11,870	1,637	13,507	-	-	-	-
(-) Revaluation result of FX provisions	3,590	-2,924	-4,621	-3,955	868	-3,088	816	1,531	1,757	4,105
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	-50	-45	33	-63	26	-37	-47	100	70	123
(+) Netting of interest revenues on DPD90+ loans with the related provision (booked on the Provision for loan losses line) at OTP Core and CKB	956	772	837	2,565	775	3,340	768	745	866	2,378
(-) Effect of acquisitions					-33	-33	-8,140	-203	-5,414	-13,757
(-) One-off impact of regulatory changes related to FX consumer contracts in Serbia								-1,926	-201	-2,127
Provision for impairment on loan and placement losses (adj.)	**-570**	**-93**	**-3,643**	**-4,306**	**-14,976**	**-19,283**	**-5,616**	**-3,624**	**-6,667**	**-15,906**
Dividend income	**-99**	**5,235**	**710**	**5,846**	**-110**	**5,736**	**-311**	**5,698**	**695**	**6,081**
(+) Received cash transfers	144	2	343	489	86	575	39	248	-198	89
(+) Paid cash transfers	-4,817	-537	-387	-5,741	-3,724	-9,465	-8,346	228	-221	-8,339
(-) Sponsorships, subsidies and cash transfers to public benefit organisations	-4,811	-535	-358	-5,704	-3,745	-9,449	-8,342	226	-221	-8,337
(-) Received cash transfers within the framework of the subsidy programme targeting the expansion of POS network in Hungary	142	0	338	480	0	480	0	0	0	0
(-) Dividend income of swap counterparty shares kept under the treasury share swap agreement	0	5,111	0	5,111	0	5,111	0	5,710	0	5,710
(-) Change in shareholders' equity of companies consolidated with equity method, and the change in the net asset value of the private equity funds managed by PortfoLion	-232	-48	661	381	-134	246	-454	-193	665	19
After tax dividends and net cash transfers	**129**	**172**	**26**	**327**	**131**	**457**	**177**	**432**	**-168**	**441**
Depreciation	**-12,244**	**-13,197**	**-17,867**	**-43,308**	**-14,129**	**-57,437**	**-17,566**	**-23,498**	**-20,065**	**-61,130**
(-) Goodwill impairment charges	0	-229	-5,732	-5,962	0	-5,962	0	-4,887	0	-4,887
(-) Effect of acquisitions	-940	-683	-586	-2,210	-1,056	-3,266	-2,003	-1,909	-1,798	-5,709
(-) Reclassification due to the introduction of IFRS16							-3,147	-3,414	-3,707	-10,268
Depreciation (adj.)	**-11,304**	**-12,284**	**-11,549**	**-35,137**	**-13,073**	**-48,210**	**-12,416**	**-13,289**	**-14,561**	**-40,266**
Personnel expenses	**-57,813**	**-60,818**	**-60,603**	**-179,233**	**-71,808**	**-251,041**	**-63,996**	**-67,447**	**-66,367**	**-197,810**
(-) Effect of acquisitions	-215	-340	-277	-832	-762	-1,594	-72	-236	-21	-329
Personnel expenses (adj.)	**-57,598**	**-60,478**	**-60,325**	**-178,401**	**-71,047**	**-249,447**	**-63,924**	**-67,211**	**-66,345**	**-197,480**
Income taxes	**-10,467**	**-9,941**	**-11,078**	**-31,486**	**-2,351**	**-33,837**	**-10,560**	**-8,046**	**-17,314**	**-35,920**
(-) Corporate tax impact of goodwill/investment impairment charges	0	705	0	705	528	1,233	0	859	0	859
(-) Corporate tax impact of the special tax on financial institutions	1,417	48	48	1,513	49	1,562	1,477	50	47	1,574
(+) Tax deductible transfers (offset against corporate taxes)	1,353	0	0	1,353	-3,409	-2,057	0	0	0	0
(-) Corporate tax impact of the effect of acquisitions	-101	200	213	311	261	573	-612	4,917	-4,844	-539
(-) Corporate tax impact of the initial NPV gain on the monetary policy interest rate swap (MIRS) deals					-1,862	-1,862	0	0	0	0
(-) Netting of the interest subsidy repaid by OTP Mortgage Bank to the State by the already created other provision for that purpose (and other related items) in 3Q 2019 (corporate tax impact)									146	146
Corporate income tax (adj.)	**-10,430**	**-10,893**	**-11,339**	**-32,663**	**-4,737**	**-37,400**	**-11,426**	**-13,872**	**-12,988**	**-38,286**
Other operating expense	**-5,131**	**-4,060**	**-4,358**	**-13,549**	**-11,837**	**-25,386**	**-12,135**	**-3,904**	**-16,641**	**-32,681**
(-) Other costs and expenses	-1,058	-1,093	-3,651	-5,802	-1,349	-7,152	-1,686	-1,738	-1,960	-5,385
(-) Other non-interest expenses	-5,549	-1,211	-3,868	-10,628	-5,374	-16,002	-8,942	-729	-1,364	-11,036
(-) Effect of acquisitions	1,799	0	-93	1,706	-100	1,606	-1,148	-726	-9,861	-11,736
(-) Revaluation result of FX provisions	6	-35	5	-24	3	-21	-2	-13	-82	-97
(-) One-off impact of regulatory changes related to CHF consumer contracts in Croatia	0	0	11	11	15	26	0	0	0	0
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	225	118	9	352	60	411	134	-30	28	133
(-) Netting of refunds related to legal cases (accounted for on the Net other non-interest result line) with the release of provisions created earlier for these cases (accounted for on the Other provisions line) from 1Q 2017 at OTP Bank Romania	165	137	118	420	210	630	92	94	145	330
(-) Netting of the interest subsidy repaid by OTP Mortgage Bank to the State by the already created other provision for that purpose (and other related items) in 3Q 2019									1,420	1,420
Other provisions (adj.)	**-719**	**-1,976**	**1,111**	**-1,584**	**-5,301**	**-6,885**	**-582**	**-762**	**-4,967**	**-6,310**
Other administrative expenses	**-68,789**	**-61,451**	**-62,224**	**-192,464**	**-72,340**	**-264,804**	**-75,995**	**-66,131**	**-66,427**	**-208,553**
(+) Other costs and expenses	-1,058	-1,093	-3,651	-5,802	-1,349	-7,152	-1,686	-1,738	-1,960	-5,385
(+) Other non-interest expenses	-5,549	-1,211	-3,868	-10,628	-5,374	-16,002	-8,942	-729	-1,364	-11,036
(-) Paid cash transfers	-4,817	-537	-387	-5,741	-3,724	-9,465	-8,346	228	-221	-8,339
(+) Film subsidies and cash transfers to public benefit organisations	-4,811	-535	-358	-5,704	-3,745	-9,449	-8,342	226	-221	-8,337
(-) Shifting of certain cash transfers to public benefit organisations to the Net fees and commissions line							-366	366	0	0
(-) Other other non-interest expenses	-732	-674	-3,482	-4,887	-1,650	-6,537	-596	-958	-1,144	-2,697
(-) Special tax on financial institutions (recognised as other administrative expenses)	-16,142	-235	-232	-16,608	-239	-16,848	-16,706	-245	-231	-17,182
(-) Tax deductible transfers (offset against corporate taxes)	1,353	0	0	1,353	-3,409	-2,057	0	0	0	0
(-) Financial Transaction Tax	-14,880	-12,988	-13,823	-41,691	-15,267	-56,958	-16,309	-14,213	-14,718	-45,239
(-) Effect of acquisitions	-384	-1,228	-864	-2,476	-2,469	-4,945	-1,600	-2,829	-2,634	-7,063
(+) Reclassification due to the introduction of IFRS16							-3,577	-3,876	-4,166	-11,619
Other non-interest expenses (adj.)	**-44,604**	**-48,629**	**-49,879**	**-143,112**	**-56,050**	**-199,161**	**-54,619**	**-54,600**	**-55,190**	**-164,409**

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