

Independent Auditor's Report

To the Shareholders, Supervisory Board and Board of Directors of OTP Banka Slovensko, a.s.:

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of OTP Banka Slovensko, a.s. (the "Bank") as at 31 December 2020, and the Bank's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Our opinion is consistent with our additional report to the Supervisory board performing the role of Audit Committee dated 26 March 2021.

What we have audited

The Bank's financial statements comprise:

- the statement of financial position as at 31 December 2020;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (Code of Ethics) and the ethical requirements of the Slovak Act on Statutory Audit No. 423/2015 and on amendments and supplements to Slovak Act on Accounting No. 431/2002, as amended (hereafter the "Act on Statutory audit") that are relevant to our audit of the financial statements in the Slovak Republic. We have fulfilled our other ethical responsibilities in accordance with the Code of Ethics and the ethical requirements of Act on Statutory audit.

To the best of our knowledge and belief, we declare that non-audit services that we have provided are in accordance with the applicable law and regulations in the Slovak Republic and that we have not provided non-audit services that are prohibited under Regulation (EU) No. 537/2014.

We did not provide any non-audit services to the Bank in the period from 1 January 2020 to 31 December 2020.

Our audit approach

Overview

Materiality	Overall materiality is EUR 1 million which represents approximately 1% of net assets.
Key audit matters	Credit loss allowance estimate.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Bank, the accounting processes and controls, and the industry in which the Bank operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the financial statements as a whole.

The qualitative considerations and assessment of the overall impact of the misstatements, which relate to reclassification within the primary statements or within the notes to the financial statements might be considered not material even if they are quantitatively in excess of the materiality thresholds disclosed below.

Overall materiality	EUR 1 million
How we determined it	We determined the materiality as approximately 1% of net assets.
Rationale for the materiality benchmark applied	The Bank's capital is an important indicator for many users of the financial statements and shareholder return is also commonly expressed relative to the amount of the Bank's capital, that is, as a return on equity.

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the key audit matter

Credit loss allowance estimate

As explained in Notes 6 and 35 to the financial statements, management estimated the total credit loss allowances for loans and advances to customers at EUR 66 million.

The carrying value of loans and advances to customers measured at amortised cost may be materially misstated if individual or collective credit loss allowances are not appropriately identified and estimated. The estimates required for credit loss allowances are significant estimates, as explained in more detail in Note 2 *Principal Accounting Policies*.

The identification of significant increase in credit risk or default; the estimation of credit loss including estimates of future cash flows and valuation of collateral; implementation of comprehensive credit models - all involve significant management judgement.

In 2020, the estimate of credit loss allowances was significantly influenced by the COVID-19 pandemic, decrease in economic activity and uncertainty regarding the financial condition of the Bank's customers including the legislative changes introducing moratoria on loan repayment.

Due to the significance of the amount of the credit loss allowances and material impact of the credit loss allowances on the net result for the year, we consider the credit loss estimate as a key audit matter.

We assessed and tested design and operating effectiveness of manual and automated controls related to the timely identification of defaulted loans.

We tested design and operating effectiveness of general IT controls, including access to programs and data, program changes and computer operations related to quantification of credit loss allowances.

We verified that models used for accurate quantification of credit loss allowances are in line with the requirements of IFRS 9.

A sample of individually significant loan exposures was selected to test accuracy of credit loss allowances calculated on an individual basis. We considered management's assumptions, including forecasts of future cash flows, by comparing them to historical performance of the customer and expected future performance as well as assessing external and internal valuations of the underlying collateral and comparing them to the values used by management in the credit loss allowances quantification.

On a sample basis, we assessed the underlying models, reasonableness of assumptions, and completeness and accuracy of the underlying data, which were used by the Bank to estimate collective credit loss allowances for loans that share similar credit risk characteristics.

The underlying models and expert judgement applied by the Bank in response to the COVID-19 pandemic were assessed by our specialists for financial risk management and modelling.

The specialists assessed the design and implementation of models in line with the applicable reporting standards, including shifts in risk parameters due to the COVID-19 pandemic. The specialists assessed reasonableness of forward-looking information including the expected changes in macroeconomic variables and its impact on the risk parameters and appropriateness of collective credit loss allowances.

Reporting on other information including the Annual Report

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements our responsibility will be to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Annual Report, we will also consider whether it includes the disclosures required by the Slovak Act on Accounting No. 431/2002, as amended, the Slovak Act on Stock Exchanges No. 429/2002 as amended, the Slovak Act on Securities and Investment Services No. 566/2001, as amended and the Commercial Code No. 513/1991, as amended, when it becomes available to us. This will include checking the consistency of the Annual Report with the financial statements, and whether the Annual Report has been prepared in accordance with the applicable legislation.

In addition, our updated report will either state that we have nothing to report in respect of the above, or will describe any material misstatements we identified in the Annual Report based on our knowledge and understanding of the Bank and its environment, which we obtained during our audit.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Appointment as an independent auditor

We were first appointed as auditors of the Bank in 2020. Our appointment for the year ended 31 December 2020 was approved by the shareholder's resolution on 29 June 2020. This represents a total period of uninterrupted audit service of one year.

The engagement partner on the audit resulting in this independent auditor's report is Martin Gallovič.



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30 April 2021
Bratislava, Slovak Republic