OTP Group
3Q 2022 results

Conference call – 10 November 2022

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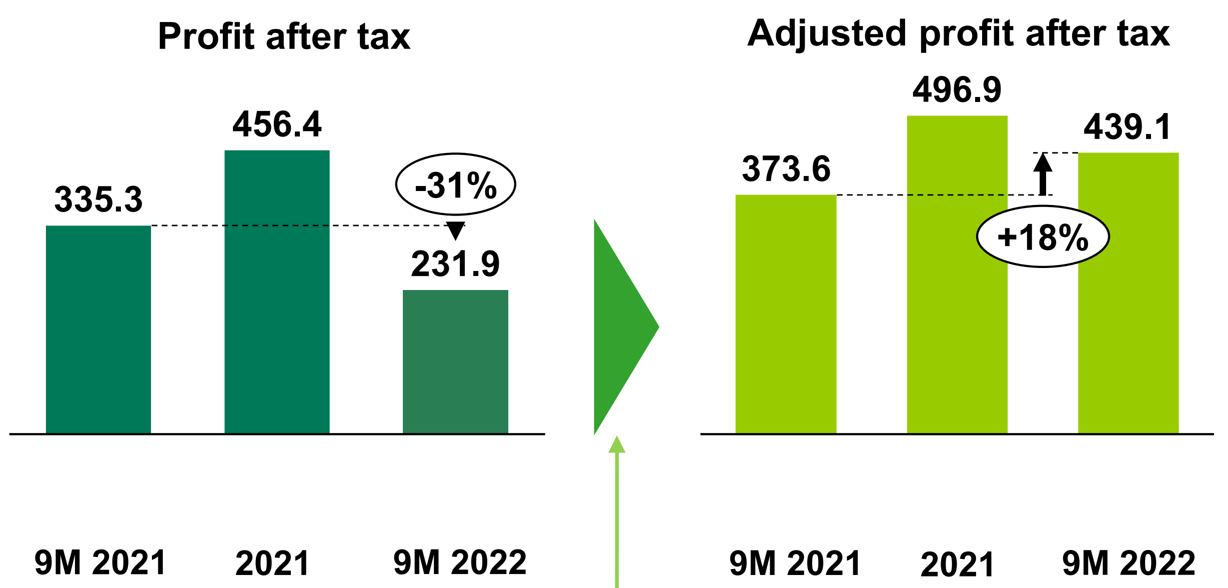
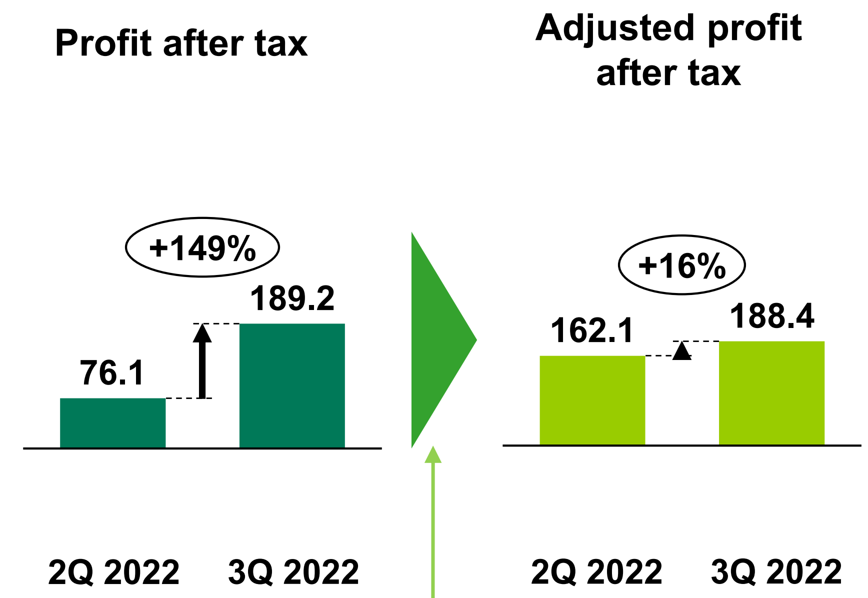
Chief Financial and Strategic Officer

In the first nine months OTP Group posted HUF 231.9 billion profit after tax, 31% lower than a year before. Adjustments exceeded -HUF 207 billion (after tax), mainly relating to the war and the Hungarian government measures

Cumulated profit development Y-o-Y (HUF billion)



Quarterly profit development (HUF billion)



Adjustments (after tax, HUF billion)	9M 2021	2021	1Q 2022	2Q 2022	3Q 2022	9M 2022
Special tax on financial institutions and windfall tax payable in Hungary	-18.9	-18.9	-20.2	-67.9	0.0	-88.2
Impairment on Russian government bonds in the books of OTP Core and DSK Bank	-	-	-34.5	-0.5	-0.8	-35.8
Goodwill impairment and tax shield on investment impairment	-0.7	1.9	-56.3	0.0	1.8	-54.5
Expected one-off effect of the extension of the interest rate cap for certain retail loans in Hungary	-	-	-	-10.1	0.0	-10.1
Effect of acquisitions	-8.8	-15.5	-2.5	-3.4	-3.7	-9.6
Dividends and net cash transfers	0.8	0.7	0.0	0.2	1.0	1.2
Result of the treasury share swap agreement	4.1	6.3	-8.5	0.0	11.5	3.0
Effect of the winding up of Sberbank Hungary	-	-	-	-2.5	-8.2	-10.7
Expected one-off negative effect of the extension of the debt repayment moratorium in Hungary	-14.8	-15.0	0.0	-1.8	-0.7	-2.5
Total	**-38.3**	**-40.5**	**-122.0**	**-86.1**	**0.9**	**-207.2**

The increase in the Group's nine-month adjusted profit after tax was mainly shaped by the dynamic growth in core banking revenues, partly offset by the operating cost pressure and tripling total risk costs

	OTP Group (consolidated)						
P&L (in HUF billion)	**9M 2021**	**2021**	**2Q 2022**	**3Q 2022**	**9M 2022**	**3Q Q-o-Q FX adj.**	**9M Y-o-Y FX adj.**
Net interest income	636	884	266	291	797	6%	16%
Net fees and commissions	238	326	96	106	288	7%	14%
Other net non-interest income	76	104	32	53	121	67%	51%
Total income	**951**	**1,313**	**394**	**450**	**1,205**	**11%**	**18%**
Personnel expenses	-241	-340	-90	-104	-279	10%	8%
Depreciation	-54	-73	-21	-22	-62	3%	8%
Other expenses	-172	-240	-75	-76	-220	-1%	20%
Operating expenses	**-467**	**-653**	**-187**	**-203**	**-560**	**5%**	**13%**
Operating profit	**484**	**660**	**207**	**247**	**645**	**16%**	**24%**
Provision for impairment on loan losses	-25	-46	-16	-27	-102	47%	246%
Other risk cost	-18	-27	-16	-5	-35	-73%	106%
Total risk cost	**-43**	**-73**	**-32**	**-32**	**-137**	**-9%**	**196%**
Profit before tax	**440**	**588**	**175**	**215**	**509**	**22%**	**4%**
Corporate tax	-67	-91	-13	-27	-70	154%	-2%
Adjusted profit after tax	**374**	**497**	**162**	**188**	**439**	**13%**	**5%**
Adjustments	-38	-40	-86	1	-207		432%
Profit after tax	**335**	**456**	**76**	**189**	**232**	**134%**	**-40%**

Main performance indicators	9M 2021	2021	2Q 2022	3Q 2022	9M 2022	3Q Q-o-Q	9M Y-o-Y
Adjusted ROE	18.8%	18.5%	21.7%	22.8%	19.1%	1.1%p	0.2%p
Performing loan growth (FX-adjusted)	+10%	+15%	+3%	+5%	+11%		
Net interest margin	3.47%	3.51%	3.57%	3.53%	3.51%	-0.04%p	0.04%p
Cost / Income ratio	49.1%	49.7%	47.4%	45.1%	46.5%	-2.3%p	-2.7%p
Credit risk cost ratio	0.23%	0.30%	0.36%	0.55%	0.75%	0.19%p	0.52%p

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The Group's 3Q result without the Russian and Ukrainian operations was shaped by the 10% stronger operating profit and the higher total risk costs

	OTP Group without Russia and Ukraine						
P&L (in HUF billion)	**9M 2021**	**2021**	**2Q 2022**	**3Q 2022**	**9M 2022**	**3Q Q-o-Q FX adj.**	**9M Y-o-Y FX adj.**
Net interest income	527	731	220	232	652	3%	16%
Net fees and commissions	209	285	86	91	255	4%	16%
Other net non-interest income	72	95	26	42	102	59%	34%
Total income	**808**	**1,111**	**332**	**365**	**1,009**	**8%**	**18%**
Personnel expenses	-204	-290	-74	-85	-229	12%	6%
Depreciation	-48	-64	-18	-19	-54	3%	8%
Other expenses	-154	-214	-68	-68	-198	-2%	21%
Operating expenses	**-407**	**-568**	**-161**	**-172**	**-481**	**5%**	**12%**
Operating profit	**402**	**543**	**172**	**193**	**528**	**10%**	**24%**
Provision for impairment on loan losses	-11	-27	12	-16	11		
Other risk cost	-16	-23	-11	-12	-29	6%	65%
Total risk cost	**-27**	**-50**	**1**	**-28**	**-18**		**-41%**
Profit before tax	**375**	**493**	**173**	**165**	**510**	**-6%**	**29%**
Corporate tax	-54	-73	-23	-23	-69	-1%	21%
Adjusted profit after tax	**321**	**420**	**150**	**142**	**441**	**-7%**	**30%**
Adjustments	-38	-40	-86	1	-207		441%
Profit after tax	**283**	**380**	**63**	**142**	**234**	**115%**	**-22%**

Main performance indicators	9M 2021	2021	2Q 2022	3Q 2022	9M 2022	3Q Q-o-Q	9M Y-o-Y
Adjusted ROE	18.4%	17.9%	23.0%	20.1%	22.1%	-2.9%p	3.7%p
Performing loan growth (FX-adjusted)	+9%	+13%	+5%	+5%	+14%		
Net interest margin	3.05%	3.09%	3.16%	3.03%	3.08%	-0.13%p	0.03%p
Cost / Income ratio	50.3%	51.1%	48.4%	47.1%	47.7%	-1.2%p	-2.6%p
Credit risk cost ratio	0.10%	0.19%	-0.28%	0.36%	-0.09%	0.64%p	-0.19%p

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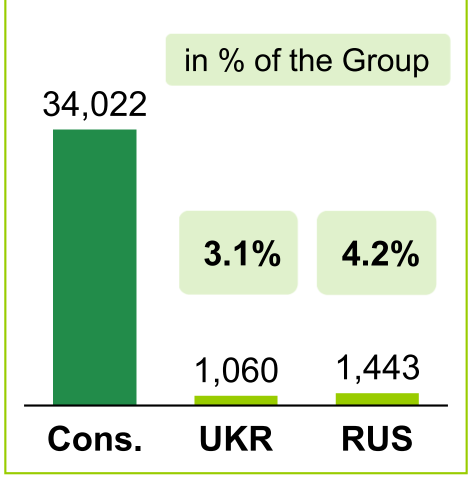
While the Russian operation posted the same profit as last year in HUF terms, in local currency it lagged behing last year's perfomance by 84%. Ukraine remained in red for the first nine months despite the profit achieved in 3Q

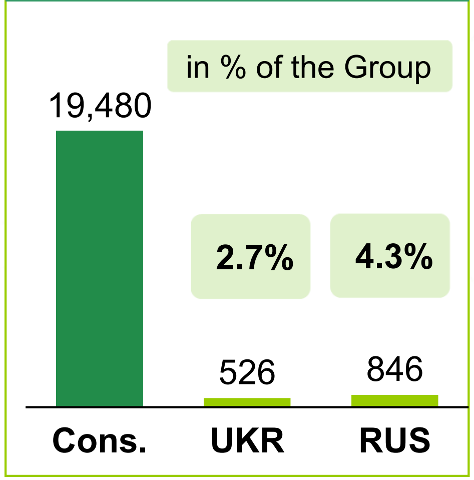
	OTP Bank Russia							OTP Bank Ukraine						
P&L (in HUF billion)	**9M 2021**	**2021**	**2Q 2022**	**3Q 2022**	**9M 2022**	**3Q 2022 Q-o-Q FX-adjusted**	**9M 2022 Y-o-Y FX-adjusted**	**9M 2021**	**2021**	**2Q 2022**	**3Q 2022**	**9M 2022**	**3Q 2022 Q-o-Q FX-adjusted**	**9M 2022 Y-o-Y FX-adjusted**
Net interest income	66	91	25	35	81	16%	-8%	43	62	21	24	64	18%	37%
Net fees and commissions	18	26	7	11	24	28%	-4%	11	14	2	4	9	71%	-22%
Other net non-int. income	1	1	1	11	13	736%		3	7	4	1	6	-86%	65%
Total income	**85**	**118**	**34**	**57**	**117**	**41%**	**2%**	**58**	**84**	**28**	**28**	**79**	**6%**	**28%**
Personnel expenses	-25	-34	-12	-15	-36	-3%	9%	-12	-17	-4	-5	-14	23%	8%
Depreciation	-5	-6	-2	-3	-6	3%	-1%	-2	-2	-1	-1	-2	2%	20%
Other expenses	-11	-16	-5	-6	-14	4%	-3%	-7	-10	-2	-3	-7	26%	-1%
Operating expenses	**-41**	**-56**	**-19**	**-23**	**-56**	**-1%**	**4%**	**-20**	**-29**	**-7**	**-8**	**-23**	**22%**	**6%**
Operating profit	**44**	**62**	**15**	**34**	**61**	**97%**	**-1%**	**38**	**55**	**21**	**20**	**56**	**1%**	**40%**
Provision for impairment on loan losses	-13	-13	-9	0	-36	-99%	177%	-2	-6	-18	-11	-76	-37%	
Other provision	-1	-2	-2	7	-1		378%	-1	-2	-3	0	-5		335%
Total risk costs	**-14**	**-15**	**-11**	**7**	**-38**		**189%**	**-3**	**-7**	**-22**	**-10**	**-81**	**-48%**	
Profit before tax	**31**	**47**	**3**	**41**	**23**		**-84%**	**35**	**47**	**-1**	**10**	**-25**		
Corporate tax	-7	-10	9	-2	0		-83%	-6	-8	1	-1	-1		-86%
Adjusted profit after tax	**24**	**38**	**12**	**38**	**24**	**175%**	**-84%**	**29**	**39**	**0**	**8**	**-26**		
Adjustments	0	0	0	0	0			0	0	0	0	0		
Profit after tax	**24**	**37**	**12**	**38**	**24**	**175%**	**-84%**	**29**	**39**	**0**	**8**	**-26**		

Main performance indicators	**9M 2021**	**2021**	**2Q 2022**	**3Q 2022**	**9M 2022**	**3Q 2022 Q-o-Q**	**9M 2022 Y-o-Y**	**9M 2021**	**2021**	**2Q 2022**	**3Q 2022**	**9M 2022**	**3Q 2022 Q-o-Q**	**9M 2022 Y-o-Y**
Adjusted ROE	16.3%	18.2%	18.6%	42.9%	11.4%	24.3%p	-4.9%p	29.7%	28.8%	0.5%	27.1%	-26.7%	26.6%p	-56.4%
Performing loan growth (FX-adjusted)	+9%	+18%	-12%	-1%	-19%			+30%	+41%	-10%	-11%	-16%		
Net interest margin	13.2%	13.2%	9.6%	10.4%	10.3%	0.8%p	-2.9%p	7.3%	7.5%	8.4%	9.2%	8.6%	0.8%p	1.3%p
Cost / Income ratio	47.9%	47.2%	56.8%	40.4%	47.9%	-16.4%p	0.0%p	34.6%	34.5%	24.7%	28.3%	28.6%	3.7%p	-6.0%p
Credit risk cost ratio	2.8%	2.0%	4.4%	0.1%	5.8%	-4.4%p	3.0%p	0.4%	1.1%	10.7%	6.6%	15.3%	-4.1%p	14.8%p

Total assets
(3Q 2022, in HUF billion)

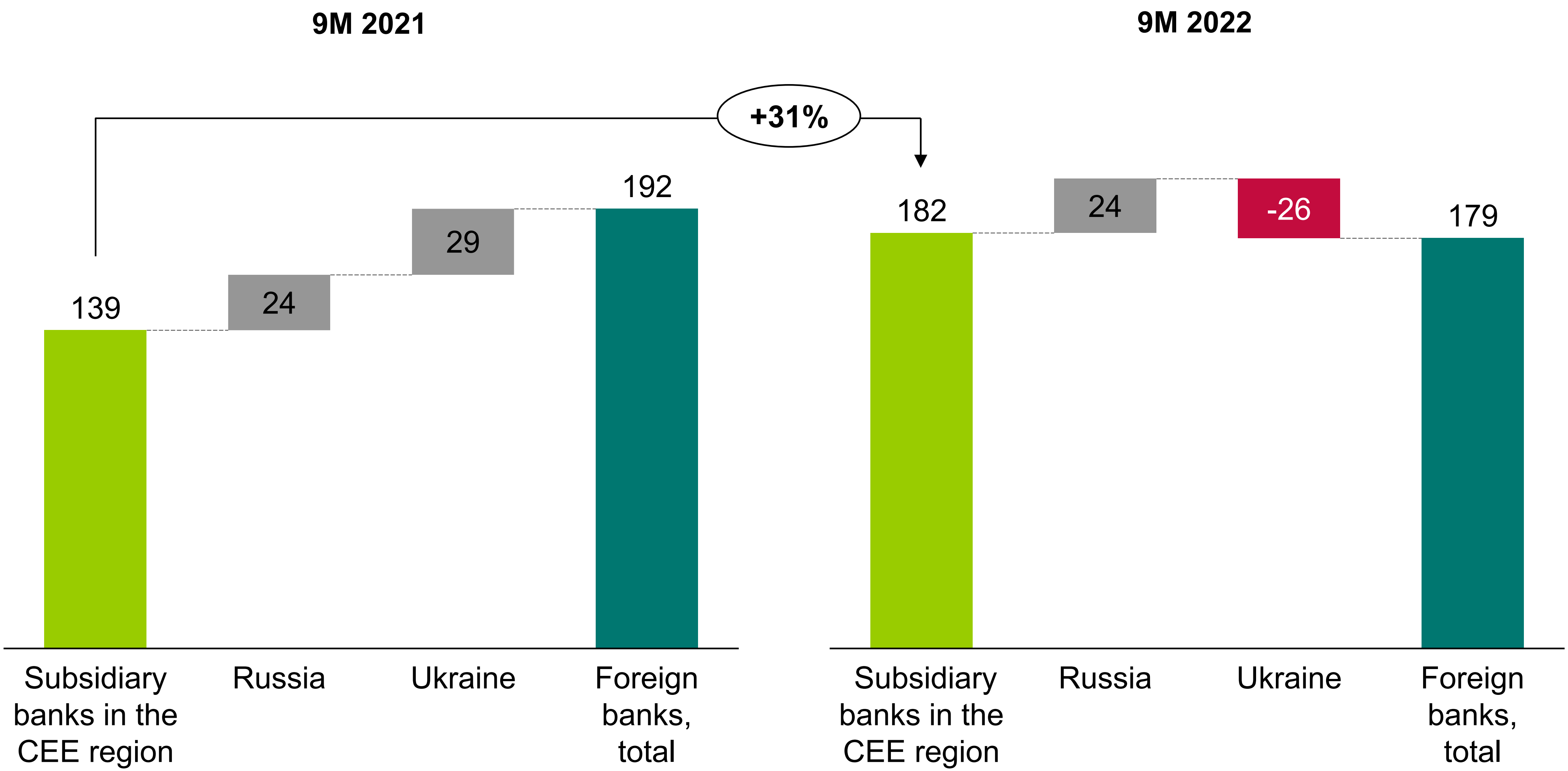


Net loans
(3Q 2022, in HUF billion)



Among the foreign subsidiary banks, the profit contribution in 9M 2022 of the CEE members improved by almost a third, while the result of the Russian subsidiary was stable, and the Ukrainian turned into a loss

Adjusted profit after tax development of foreign subsidiary banks
(HUF billion)



In the first nine months of 2022 the performance of the Albanian, Serbian and Croatian banks improved the most amongst foreign subsidiary banks in the CEE region

	9M 2021	9M 2022	2021	2Q 2022	3Q 2022	3Q Q-o-Q	9M Y-o-Y
	HUF billion					FX-adjusted	
DSK Group (Bulgaria)	66.0	76.5	76.8	28.5	26.9	-8%	7%
OTP Bank Croatia	25.2	37.8	33.4	11.8	14.9	20%	39%
OTP Bank Serbia	20.7	32.5	32.1	10.9	10.7	-7%	45%
SKB Bank (Slovenia)	12.5	18.5	16.8	4.7	8.8	80%	36%
OTP Bank Albania	3.9	7.2	5.5	2.5	2.5	-7%	67%
OTP Bank Moldova	4.4	5.6	5.9	2.8	3.4	14%	6%
CKB Group (Montenegro)	5.4	4.5	4.1	1.5	4.2	166%	-26%
OTP Bank Romania	1.0	-1.0	4.3	0.8	-0.1		

Acquisitions completed in the last five years materially improved OTP's positions in many countries. The closure of the NKBM transaction in Slovenia is subject to obtaining the approval from the local competition authority. On 3 October 2022 parties reiterated their commitment for the acquisition of Ipoteka Bank through signing a Memorandum of Understanding

Year	Target (seller, date of closing)	Net loan volumes (in HUF billion)		Market share in total assets (before/after acquisition[1], %)		Book value (in EUR million)	
2017	**Splitska banka**, Croatia (SocGen, 2Q 2017)	(Nov 18)	631	4.8	11.2	(4Q 16)	496
2017	**Vojvodjanska banka**, Serbia (NBG, 4Q 2017)	(1Q 19)	266	1.5	5.7	(3Q 17)	174
2019	**SocGen Expressbank**, Bulgaria (SocGen, 1Q 2019)	(1Q 19)	774	14.0	19.9	(4Q 18)	421
2019	**SocGen Albania** (SocGen, 1Q 2019)	(1Q 19)	124		6.0	(4Q 18)	58
2019	**SocGen Moldova** (SocGen, 3Q 2019)	(3Q 19)	102		14.0	(4Q 18)	86
2019	**SocGen Montenegro** (SocGen, 3Q 2019)	(3Q 19)	126	17.6	30.4	(4Q 18)	66
2019	**SocGen Serbia** (SocGen, 3Q 2019)	(3Q 19)	716	5.3	13.7	(4Q 18)	381
2019	**SKB Banka**, Slovenia (SocGen, 4Q 2019)	(4Q 19)	827		8.5	(4Q 18)	356
2022	**Alpha Bank SH.A.**, Albania (Alpha International Holdings, 3Q 2022)	(4Q 20)	99	6.2	10.9	(4Q 20)	73
2022	**Nova KBM**, Slovenia (Apollo Global and EBRD, signed but not closed)	(4Q 21)	1,731	8.2	29.6	(4Q 21)	1,028
2022	**Ipoteka Bank**, Uzbekistan (Uzbek State, in progress)	(4Q 21)	878		9.3	(4Q 21)	401
	Acquisitions total:		**6,274**				**3,540**

[1] Reference date of market share data: Croatia: 2Q 2017, Serbia - Vojvodjanska 4Q 2016, Bulgaria: 1Q 2019, Albania - SocGen: 4Q 2018, Moldova: 2Q 2019, Montenegro: 2Q 2019, Serbia - SocGen 2Q 2019, Slovenia - SKB: 4Q 2018, Albania – Alpha: 3Q 2021, Nova KBM Slovenia: 4Q 2021, Uzbekistan: 4Q 2021.

The cumulated net interest income grew 16% FX-adjusted, with bulk of the growth coming from Hungary, Ukraine, Bulgaria, Russia and Romania. The 5% FX-adjusted quarterly improvement was related mainly to Bulgaria and Russia, whereas Hungary showed a 2% contraction due to corporate deposit repricing

Effect of acquisitions

NET INTEREST INCOME	9M 2022 (HUF billion)	3Q 2022 (HUF billion)	9M 2022 Y-o-Y (HUF billion)	9M 2022 Y-o-Y (%)	3Q 2022 Q-o-Q (HUF billion)	3Q 2022 Q-o-Q (%)
OTP Group	**797**	**291**	159 1 161	25%/16%[1]	24	9%/5%[1]
OTP CORE (Hungary)	**325**	**109**	63	24%	-2	-2%
DSK Group (Bulgaria)	**101**	**38**	17	21%/12%[2]	6	18%/13%[2]
OBH (Croatia)	**51**	**19**	6	14%/5%[2]	2	11%/6%[2]
OBSrb (Serbia)	**53**	**20**	7	15%/6%[2]	3	15%/10%[2]
SKB Banka (Slovenia)	**23**	**9**	2	12%/4%[2]	1	16%/11%[2]
OBR (Romania)	**38**	**14**	11	43%/33%[2]	1	8%/3%[2]
OBU (Ukraine)	**64**	**24**	20	47%/37%[2]	2	10%/18%[2]
OBRu (Russia)	**81**	**35**	15	22%/-8%[2]	10	40%/16%[2]
CKB Group (Montenegro)	**15**	**5**	2	19%/10%[2]	0	10%/5%[2]
OBA (Albania)	**11**	**5**	3 3	43%/16%[1]	2	49%/5%[1]
OBM (Moldova)	**13**	**6**	6	85%/60%[2]	2	49%/39%[2]
Merkantil (Hungary)	**15**	**6**	0	1%	1	11%
Corporate Centre	**4**	**0**	4		-2	-110%
Others	**4**	**1**	2	183%	0	3%

1 In Hungary the 9M y-o-y growth of 24% was driven by deposit inflows, loan growth and the continued expansion of financial assets. 3Q NII showed a 2% setback, as average assets went up by 6%, and the margin contracted by 23 bps q-o-q.

2 The Bulgarian q-o-q improvement was explained by both volume expansion and the widening margin amid increasing rate environment.

3 The Romanian 9M NII was driven by loan growth, and the better margin due to the rising rate environment.

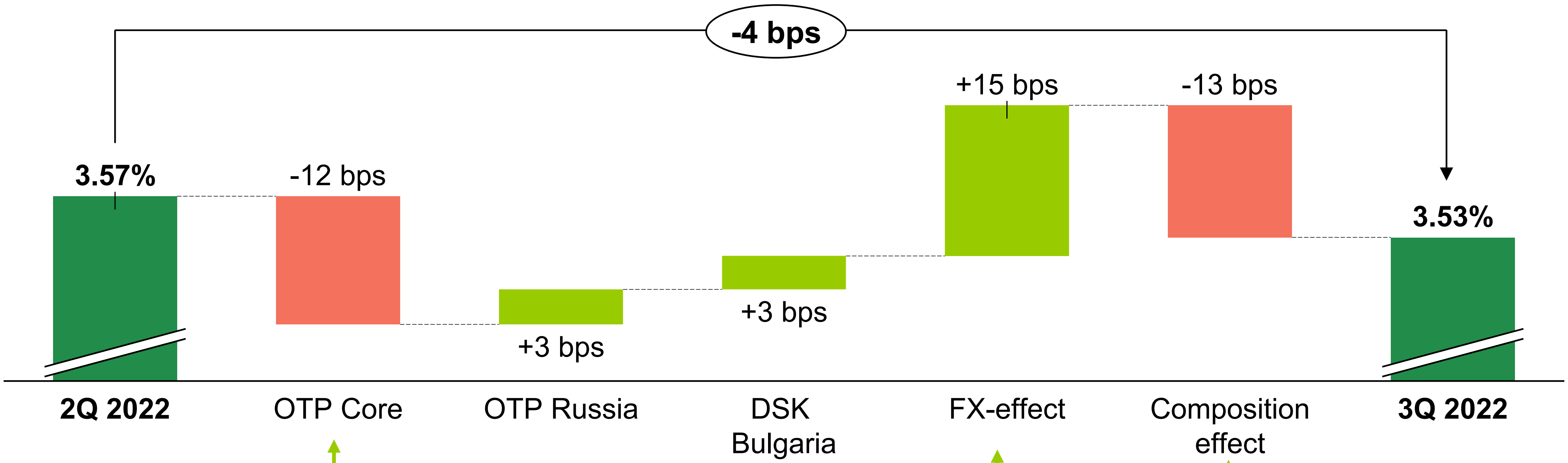
4 The better NII in Ukraine was mainly due to the increasing interest revenues from loans and placements with the central bank in the wake of the base rate hike to 25% in June.

5 In Russia the 9M net interest income decreased by 8% in RUB terms as a joint effect of volume contraction and shrinking margins. However, in 3Q the NII rebounded (+16% q-o-q in RUB terms) on the back of the net interest margin edging up thanks to deposit repricing and stabilizing volumes.

[1] FX-adjusted changes without the effect of the Albanian acquisition.
[2] FX-adjusted change.

The consolidated net interest margin eroded by 4 bps q-o-q, largely as a result of the Hungarian margin compression and the growing weight of OTP Core within the Group, partly offset by the FX effect mostly induced by the RUB strengthening

Drivers behind the q-o-q increase of the consolidated net interest margin



The NIM of **OTP Core** decreased by 23 bps q-o-q: the shift of corporate deposits from sight to term continued, and the faster repricing of corporate deposits than the variable rate corporate loans played a negative role, too. Furthermore, on the liabilities side the share of corporate time deposits carrying higher average interest rates increased.

The currencies of the group members, with the exception of the Ukrainian hryvnia, strengthened q-o-q against the forint. Within the total **foreign exchange rate effect** of +15 bps, 8 bps was caused by the significant q-o-q strengthening of the Russian ruble against the forint.

The **composition effect** was partly because the growth of the lower-margin OTP Core exceeded the group average, but a technical effect due to the newly consolidated Albanian Alpha Bank played a role, too: the consolidated financial statements included the acquired bank's balance sheet from July, but its profit contribution was consolidated only from August.

The consolidated performing loan growth reached 5% q-o-q. In Hungary and Croatia corporate lending was particularly strong. The Russian consumer lending gained momentum with volumes rebounding by 3% q-o-q

Q-o-Q performing (Stage 1 + 2) LOAN volume changes adjusted for FX-effect – 3Q 2022

	Cons.	Core[2] (Hungary)	DSK (Bulgaria)	OBH (Croatia)	OBSrb (Serbia)	SKB (Slovenia)	OBR (Romania)	OBU (Ukraine)	OBRu (Russia)	CKB (Monten.)	OBA (Albania)	OBM (Moldova)
Q-o-Q nominal change (HUF billion)	850 / 827[3]	417	73	203	40	43	27	-70	-8	7	110 / 9[4]	-10
Total	5% / 5%[3]	7%	2%	10%	2%	3%	2%	-11%	-1%	2%	41% / 4%[4]	-5%
Consumer	2% / 2%[3]	2%	3%	1%	1%	2%	0%	-21%	3%	1%	112% / 4%[4]	-9%
Mortgage	4% / 3%[3]	2%	4%	7%	4%	2%	-1%			4%	55% / 2%[4]	-4%
Corporate[1]	7% / 8%[3]	13%	-1%	17%	2%	7%	4%	-6%	-31%	1%	31% / 4%[4]	-5%
Leasing	1% / 3%[3]	-1%	8%	6%	3%	0%	9%	-16%			0% / 0%[4]	9%

Core (Hungary) mortgage breakdown:

Housing loan	Home equity
2%	0%

[1] Loans to MSE and corporate clients.
[2] In the Leasing row the leasing volume change at Merkantil Group (Hungarian leasing) is presented.
[3] Changes without Russia and Ukraine and the acquisition of Alpha Bank Albania.
[4] Changes without the acquisition of Alpha Bank Albania.

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The consolidated performing loans without Russia and Ukraine expanded by 13% organically over the first nine months. Volumes declined significantly in Russia and Ukraine

YTD performing (Stage 1 + 2) LOAN volume changes adjusted for FX-effect – 9M 2022

	Cons.	Core[2] (Hungary)	DSK (Bulgaria)	OBH (Croatia)	OBSrb (Serbia)	SKB (Slovenia)	OBR (Romania)	OBU (Ukraine)	OBRu (Russia)	CKB (Monten.)	OBA (Albania)	OBM (Moldova)
YTD nominal change (HUF billion)	1,904 / 2,127[3]	752	396	359	214	154	144	-109	-215	42	128 / 27[4]	0
Total	11% / 13%[3]	14%	13%	19%	11%	14%	13%	-16%	-19%	11%	52% / 11%[4]	0%
Consumer	2% / 5%[3]	4%	10%	4%	3%	1%	6%	-32%	-7%	7%	126% / 11%[4]	-14%
Mortgage	10% / 9%[3]	4%	13%	20%	11%	8%	7%			10%	74% / 15%[4]	-3%
Housing loan		5%										
Home equity		-4%										
Corporate[1]	17% / 21%[3]	25%	13%	25%	15%	29%	19%	-10%	-70%	12%	39% / 10%[4]	7%
Leasing	6% / 10%[3]	2%	21%	25%	7%	2%	23%	-18%			-2% / -2%[4]	14%

[1] Loans to MSE and corporate clients.
[2] In the Leasing row the leasing volume change at Merkantil Group (Hungarian leasing) is presented.
[3] Changes without Russia and Ukraine and the acquisition of Alpha Bank Albania.
[4] Changes without the acquisition of Alpha Bank Albania.

Consolidated deposits grew by 5% q-o-q. In Hungary corporate deposit inflows remained strong. The quarterly decline in deposits in Russia and Ukraine was induced by pricing measures

Q-o-Q DEPOSIT volume changes adjusted for FX-effect – 3Q 2022

	Cons.	Core (Hungary)	DSK (Bulgaria)	OBH (Croatia)	OBSrb (Serbia)	SKB (Slovenia)	OBR (Romania)	OBU (Ukraine)	OBRu (Russia)	CKB (Monten.)	OBA (Albania)	OBM (Moldova)
Q-o-q nominal change (HUF billion)	1,330 / 1,176[2]	375	323	157	103	44	95	-16	-55	55	239 / 13[3]	10
Total	5% / 5%[2]	3%	7%	7%	7%	3%	11%	-2%	-7%	12%	79% / 4%[3]	4%
Retail	3% / 2%[2]	-1%	2%	7%	2%	0%	6%	-3%	-7%	5%	88% / 4%[3]	2%
Corporate[1]	9% / 10%[2]	7%	24%	7%	14%	7%	14%	-2%	-7%	18%	48% / 6%[3]	5%
Deposits – Net loans gap (HUF billion)	6,311	5,456	1,359	169	-606	210	-265	226	-111	90	165	92

[1] Including MSE, MLE and municipality deposits.
[2] Changes without Russia and Ukraine and the acquisition of Alpha Bank Albania.
[3] Changes without the acquisition of Alpha Bank Albania.

Consolidated deposits grew by 11% in the first nine months. Within the 12% in Hungary, corporate deposit growth was particularly strong. Overall in the first nine months the Russian and Ukrainian banks enjoyed inflows

YTD DEPOSIT volume changes adjusted for FX-effect – 9M 2022

	Cons.	Core (Hungary)	DSK (Bulgaria)	OBH (Croatia)	OBSrb (Serbia)	SKB (Slovenia)	OBR (Romania)	OBU (Ukraine)	OBRu (Russia)	CKB (Monten.)	OBA (Albania)	OBM (Moldova)
YTD nominal change (HUF billion)	**2,585 / 2,277[2]**	**1,205**	**509**	**253**	**94**	**82**	**48**	**28**	**54**	**77**	**248 / 22[3]**	**-14**
Total	11% / 10%[2]	12%	12%	12%	7%	6%	5%	4%	8%	17%	85% / 8%[3]	-5%
Retail	5% / 9%[2]	4%	4%	9%	1%	5%	9%	0%	-16%	6%	93% / 7%[3]	-5%
Corporate[1]	19% / 18%[2]	19%	41%	17%	13%	7%	2%	6%	44%	28%	55% / 10%[3]	-5%
Deposits – Net loans gap (HUF billion)	**6,311**	**5,456**	**1,359**	**169**	**-606**	**210**	**-265**	**226**	**-111**	**90**	**165**	**92**

[1] Including MSE, MLE and municipality deposits.
[2] Changes without Russia and Ukraine and the acquisition of Alpha Bank Albania.
[3] Changes without the acquisition of Alpha Bank Albania.

In the first nine months of 2022 the 14% FX-adjusted y-o-y improvement in net fees was driven by Hungary and Bulgaria. The 7% clean growth in 3Q was driven by the seasonally stronger Croatia, and the reviving consumer lending in Russia

NET FEE INCOME	9M 2022 (HUF billion)	3Q 2022 (HUF billion)	9M 2022 Y-o-Y (HUF billion, %)		3Q 2022 Q-o-Q (HUF billion, %)	
OTP Group	**288**	**106**	49	21%/14%[1]	10	11%/7%[1]
OTP CORE (Hungary)	**131**	**45**	19	17%	1	1%
DSK Group (Bulgaria)	**51**	**18**	11	27%/18%[2]	1	8/3%[2]
OBH (Croatia)	**18**	**8**	5	34%/24%[2]	2	26%/21%[2]
OBSrb (Serbia)	**13**	**5**	3	24%/15%[2]	0	10%/5%[2]
SKB Banka (Slovenia)	**12**	**4**	2	22%/14%[2]	0	-8%/-12%[2]
OBR (Romania)	**3**	**1**	0	16%/8%[2]	0	-6%/-11%[2]
OBU (Ukraine)	**9**	**4**	-2	-16%/-22%[2]	1	59%/71%[2]
OBRu (Russia)	**24**	**11**	6	31%/-4%[2]	4	55%/28%[2]
CKB Group (Montenegro)	**5**	**2**	2	48%/36%[2]	1	32%/26%[2]
OBA (Albania)	**2**	**1**	1	59%/26%[1]	1	112%/54%[1]
OBM (Moldova)	**2**	**1**	0	18%/2%[2]	0	15%/7%[2]
Fund mgmt. (Hungary)	**7**	**2**	1	25%	0	10%

1. At OTP Core the cumulated net fees grew 17%, thanks mainly to stronger revenues from deposit-, transaction-, and card-related fees, while income from securities' sales declined. In 3Q net fees increased by 1% q-o-q. Effective from July 2022 the cap on financial transaction tax per transaction went up from HUF 6 to 10 thousand, and starting from August the levy was applicable to certain securities transactions, too.

2. At DSK the y-o-y growth of net fees and commissions was driven by stronger business volumes. The 3% growth in 3Q was boosted by higher volume of transactions, but the abolishment of fees charged on big ticket deposit played a negative role.

3. The y-o-y contraction was driven by falling transactions after 24 February. In 3Q those were the card transactions and the currency exchange activity that supported the q-o-q growth.

4. In 3Q the Russian fee income growth was due to the increasing consumer loan placements from the lower 2Q base, generating higher fee revenues.

[1] FX-adjusted changes without the effect of the Albanian acquisition.
[2] FX-adjusted change.

The 9M other net non-interest income jumped by 50% y-o-y, and improved by 67% q-o-q in 3Q, on an FX-adjusted basis

OTHER INCOME	9M 2022 (HUF billion)	3Q 2022 (HUF billion)	9M 2022 Y-o-Y (HUF billion, %)		3Q 2022 Q-o-Q (HUF billion, %)	
OTP Group	**121**	**53**	45	59%/50%[1]	22	68%/67%[1]
OTP CORE (Hungary)	**41**	**11**	17	75%	1	13%
DSK Group (Bulgaria)	**9**	**3**	1	8%/1%[2]	-1	-34%/-37%[2]
OBH (Croatia)	**5**	**2**	-3	-35%/-40%[2]	0	-22%/-25%[2]
OBSrb (Serbia)	**7**	**3**	2	42%/30%[2]	0	13%/8%[2]
SKB Banka (Slovenia)	**2**	**1**	0	45%/24%[2]	0	-1%/2%[2]
OBR (Romania)	**3**	**1**	-2	-40%/-43%[2]	1	10-fold[2]
OBU (Ukraine)	**6**	**1**	3	82%/65%[2]	-4	-86%
OBRu (Russia)	**13**	**11**	12	11-fold[2]	9	8-fold[2]
CKB Group (Montenegro)	**1**	**0**	0	18%/7%[2]	0	91%/83%[2]
OBA (Albania)	**1**	**1**	0	60%/11%[1]	0	42%/-28%[1]
OBM (Moldova)	**4**	**1**	1	65%/43%[2]	0	25%/16%[2]
Others	**30**	**21**	12	66%	15	239%

1 At OTP Core the cumulative other income increased by 75% y-o-y, partly due to a base effect: a large negative FX result was recorded in 2Q 2021.

2 In Ukraine, the 65% FX-adjusted y-o-y increase can largely be explained by the rising revenues from FX conversion. In 3Q, the HUF 4 billion q-o-q decline was caused by the deteriorating FX revaluation result following the 25% devaluation of the hryvnia in July by the central bank.

3 In Russia other revenues were boosted by FX gains, FX conversion revenues and derivative fair value adjustments.

4 Within the Other Hungarian subsidiaries segment, in 3Q the income from an asset sale by PortfoLion, OTP Bank's private equity fund, appeared on the other income line. This line was also supported by the growing revenues realized by agricultural companies.

[1] FX-adjusted changes without the effect of the Albanian acquisition.
[2] FX-adjusted change.

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Amid the high inflationary environment, the nine-months operating costs grew by 12.3% y-o-y, adjusted for the FX effect and the Albanian acquisition

Effect of acquisitions

OPERATING COSTS	9M 2022 (HUF billion)	Y-o-Y (HUF billion)	Y-o-Y (%)	Y-o-Y, FX-adjusted (HUF billion)	Y-o-Y, FX-adjusted (%)
OTP Group	560	92 / 1 / 93	20%/**19.6%**[1]	64 / 1 / 65	13%/**12.3%**[1]
OTP CORE (Hungary)	244	40	20%	40	20% (1)
DSK Group (Bulgaria)	63	11	21%	7	12% (2)
OBH (Croatia)	38	5	14%	2	6%
OBSrb (Serbia)	34	3	9%	0	1% (3)
SKB Banka (Slovenia)	20	3	16%	2	8%
OBR (Romania)	33	5	17%	3	9%
OBU (Ukraine)	23	3	13%	1	6%
OBRu (Russia)	56	15	38%	3	4%
CKB Group (Montenegro)	10	1	11%	0	3%
OBA (Albania)	7	1 / 2	48%/22%[1]	1 / 2	32%/10%[1]
OBM (Moldova)	7	2	33%	1	16%
Merkantil (Hungary)	8	0	-5%	0	-5%
Others	18	4	27%	4	25%

1 At OTP Core the cost growth of 20% was mainly due to the followings:

- personnel expenses rose on account of 4% higher average headcount and wage increases, offset by 4 pps reduction in employers' contributions (abolishing the 1.5% vocational training contribution and cutting employers' social contributions by 2.5 pps);
- amortization increased by 8%;
- real-estate-related costs increased (partly because of moving into the new office building);
- utility costs more than doubled;
- higher supervisory fees (largely due to the increase in deposit protection fee effective from the end of 2021);
- HUF 5 billion support granted to the Special Employee Partial Ownership Plan Organizations.

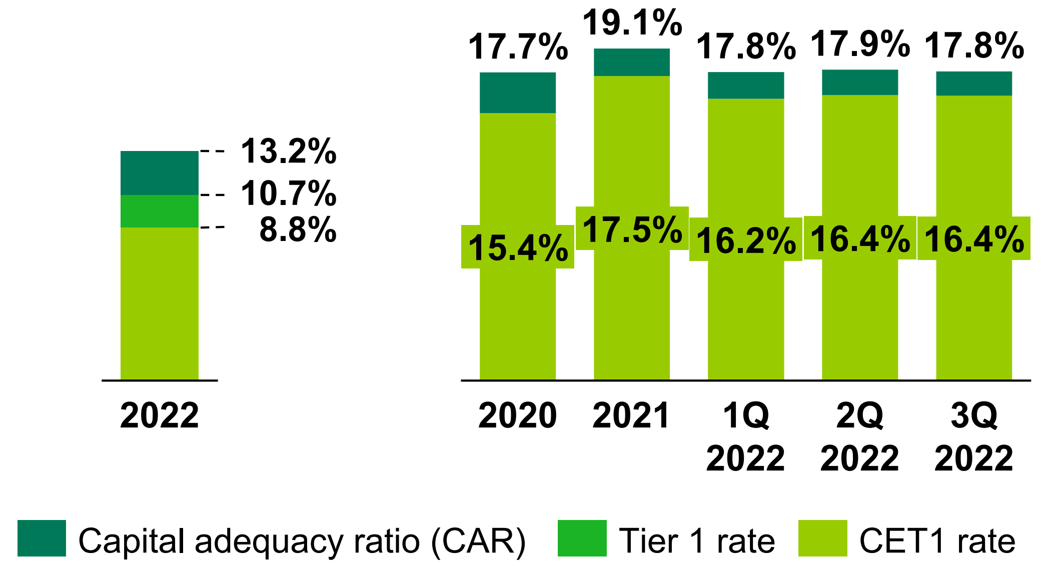
2 At DSK the cost increase was due to higher personnel expenses, while the other cost increase was driven by the 42% increase of charges paid to supervisory bodies in total, and higher energy costs.

3 Cost savings stemmed from synergies extracted from the acquisition.

[1] Changes without the effect of the Albanian acquisition.

The Group's capital adequacy ratios and liquidity reserves significantly exceeded regulatory minimum requirements; in 3Q the Bank executed two MREL-eligible bond issuances with a total amount of EUR 460 million equivalent

Regulatory minimum requirements[1] | CAR and CET1 ratio actual values[2]



The CET1 ratio stayed unchanged q-o-q:

- **On one hand, CET1 capital increased by HUF 299 billion, of which:**
  +HUF 166 billion: impact of quarterly eligible profit
  +HUF 130 billion: effect of FX changes
  -HUF 36 billion: effect of changes in the fair value of available-for-sale financial instruments, mainly due to changes in the yield on government securities
  +HUF 59 billion: due to the transitional effects
  -HUF 11 billion: higher deductions due to increasing deferred taxes
- **On the other hand, risk-weighted assets (RWA) increased by HUF 1,868 billion:**
  +HUF 854 billion: the effect of organic growth
  +HUF 695 billion: effect of changes in foreign exchange rates
  +HUF 234 billion: acquisition impact of Alpha Bank Albania
  +HUF 38 billion: increase in non-credit risk RWA

Main liquidity indicators

	4Q 2021	3Q 2022	Threshold
Net loan/deposit ratio	75%	76%	-
Liquidity coverage ratio (LCR)	180%	171%	≥ 100%

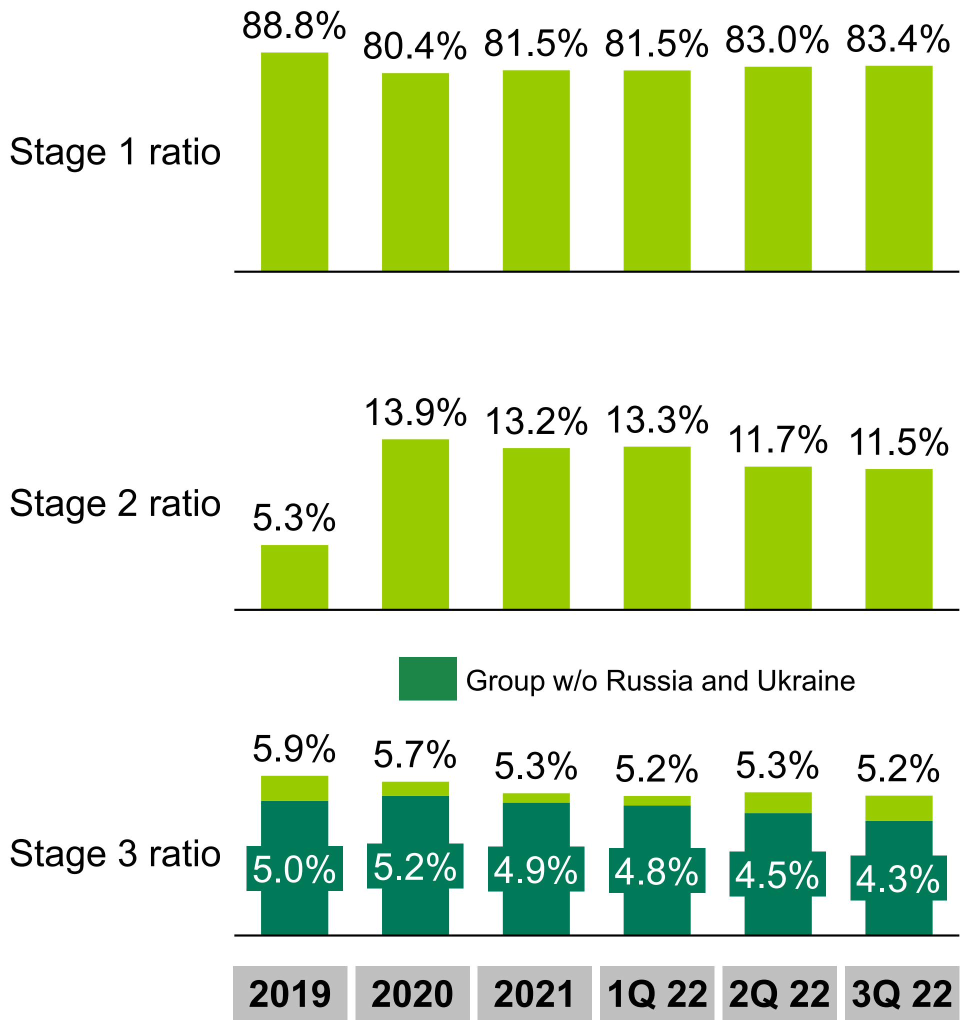
Senior Preferred Green Notes issuance in 3Q 2022

Issued amount: EUR 400 M (public) + USD 60 M (private placement)
Issue rating: BBB/BBB+ (S&P / Scope)
Format: Senior Preferred
Issuer's Call: 13 July 2024 and 29 September 2025
Maturity: 13 July 2025 and 29 September 2026
Listing: Luxembourg Stock Exchange

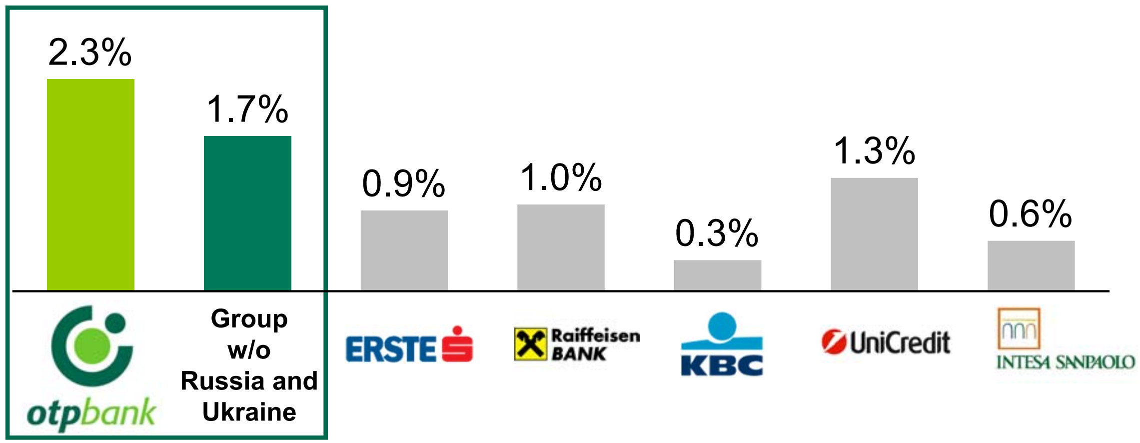
[1] In the absence of additional core capital (AT1), the Tier 1 regulatory requirement is also effective for the CET1 rate.
[2] Indicators calculated for the scope of accounting (IFRS) consolidation. In the absence of additional core capital (AT1), the Tier 1 rate is the same as the CET1 rate.

The Stage 3 rate decreased in 3Q, mainly driven by lower ratios across the board except for Russia, Ukraine and Moldova. The management's provisioning policy remained conservative compared to regional banking groups, especially regarding the coverage of performing loans

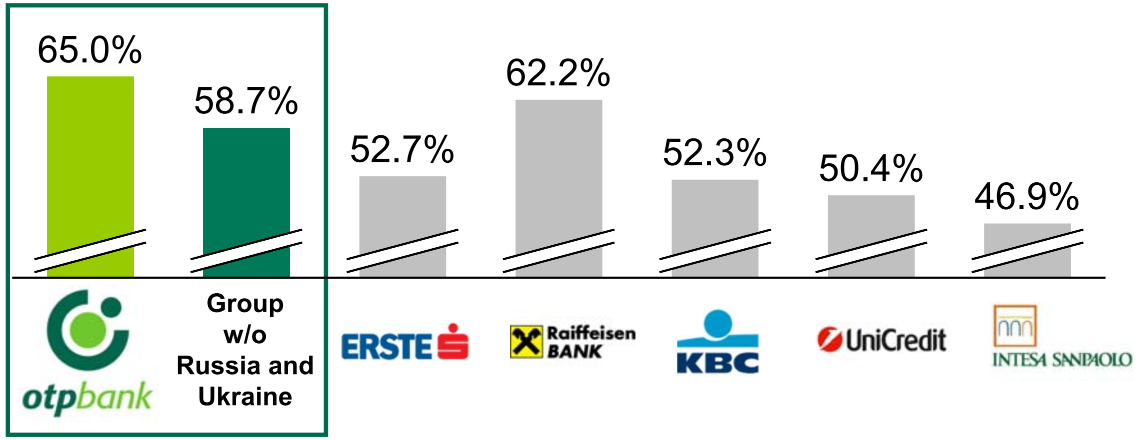
Development of the Group's main credit quality indicators



Own coverage of Stage 1+2 loans compared to regional peers at the end of 3Q 2022



Own coverage of Stage 3 loans compared to regional peers at the end of 3Q 2022

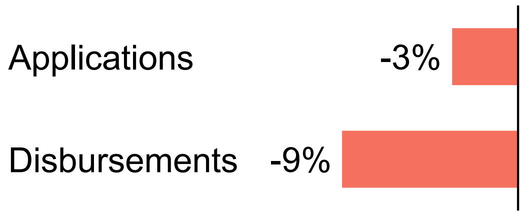


Source: company reports (estimates in some cases).

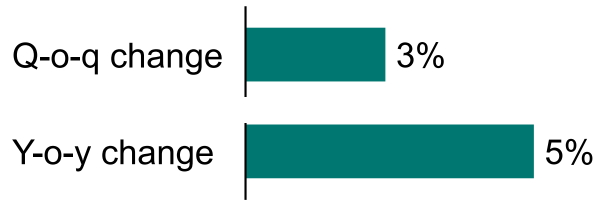
OTP CORE

In Hungary applications for mortgage loans remained broadly at around the last year’s level, mainly due to the subsidized green housing loans, whereas market-based mortgage loan requests halved

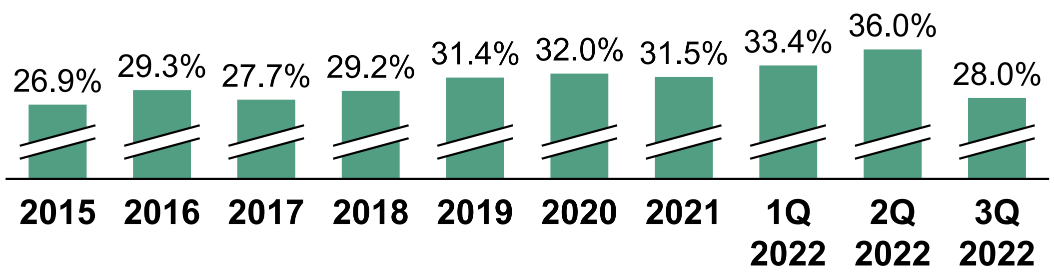
Y-o-y change of mortgage loan applications and disbursements in 9M 2022



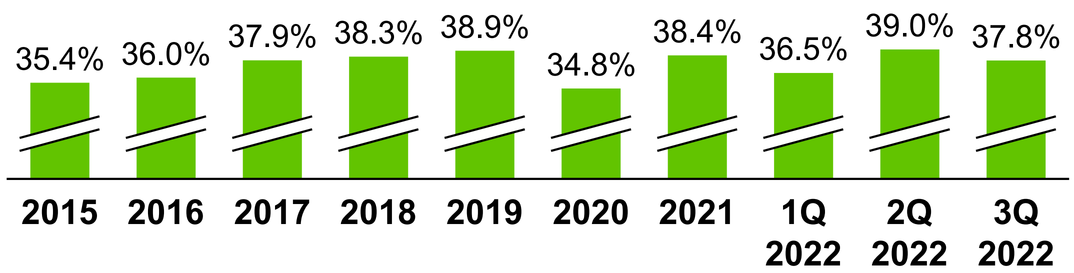
Performing (Stage 1+2) cash loan volume growth
(FX-adjusted)



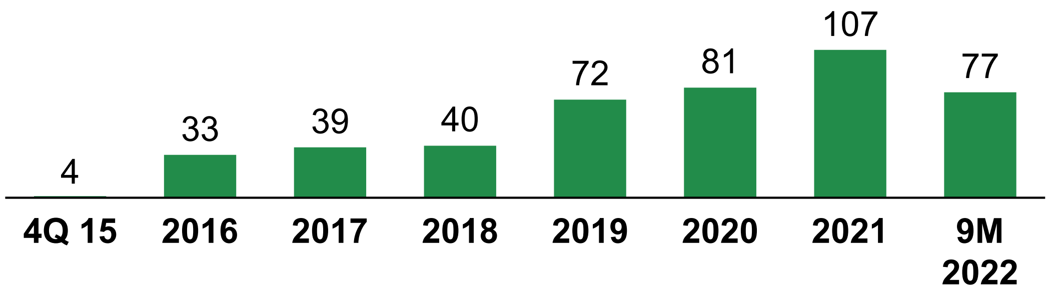
OTP’s market share in mortgage loan contractual amounts



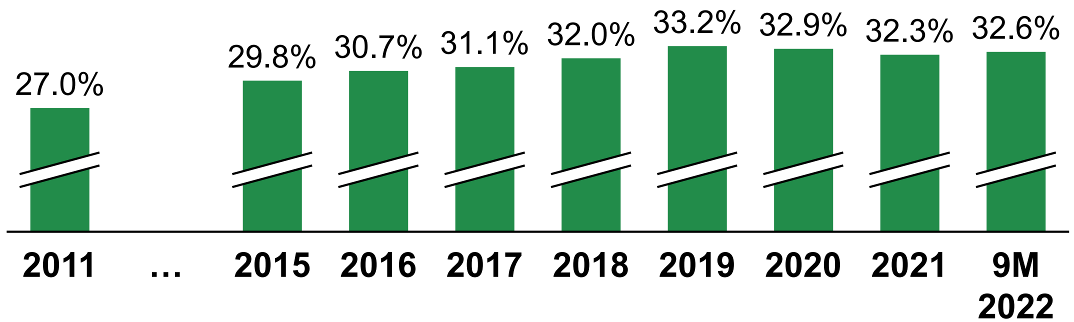
Market share in newly disbursed cash loans



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



OTP Bank’s market share in household savings



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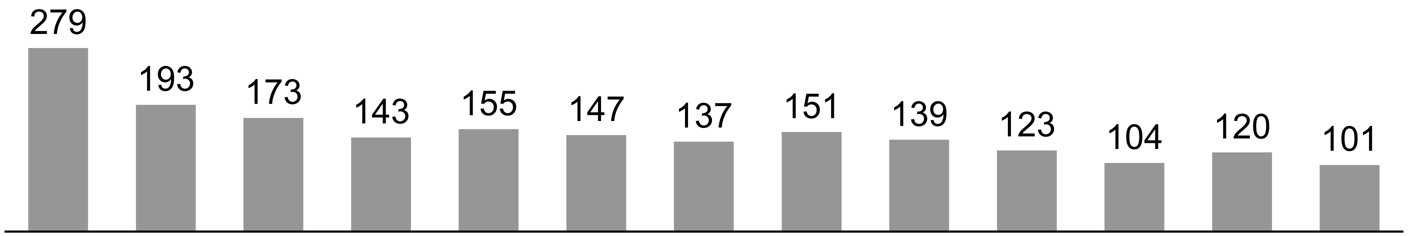
OTP Bank maintained its above 40% market share in baby loan flows; the scheme has been extended until the end of 2023. The subsidized green housing loans generated huge demand and the total available amount of HUF 300 billion has already been exhausted; actual disbursements come with a certain time delay

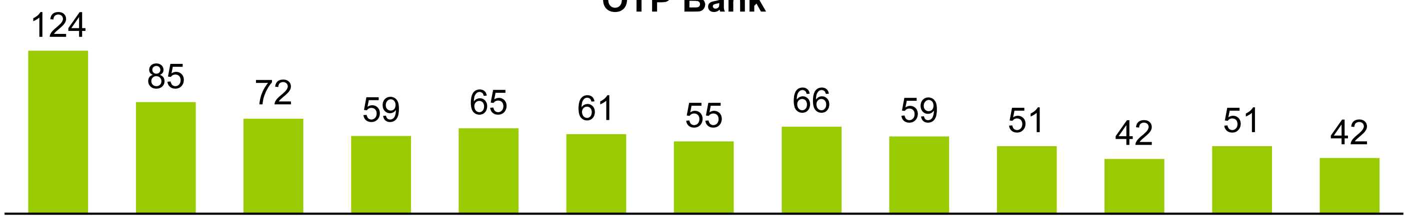
Baby loans

Contractual amount (HUF billion)

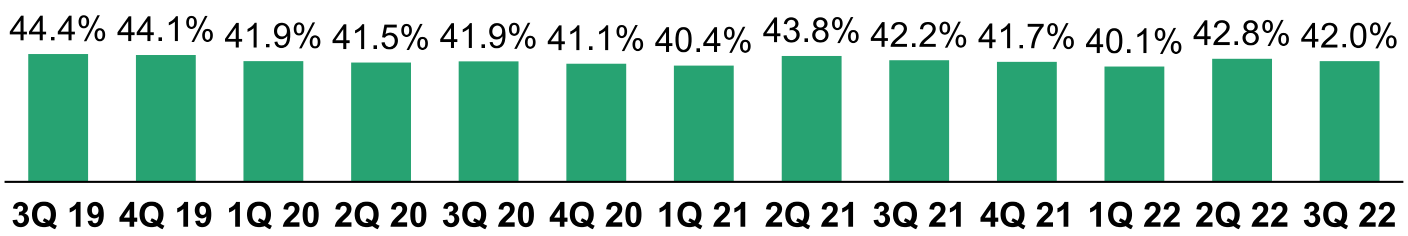
Market[1]



OTP Bank

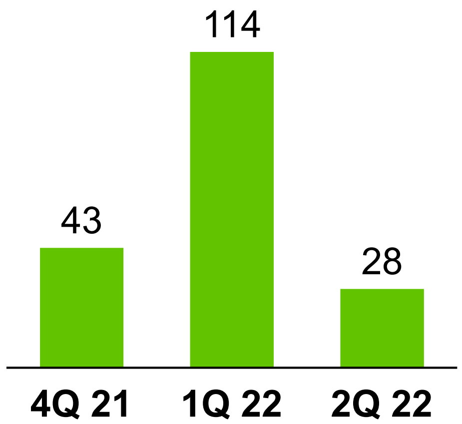


OTP's market share calculated from the contractual amount

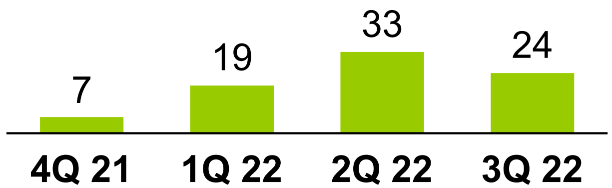


Green Home Programme[2]

Applications for green housing loans (HUF billion)



Disbursed amount (HUF billion)



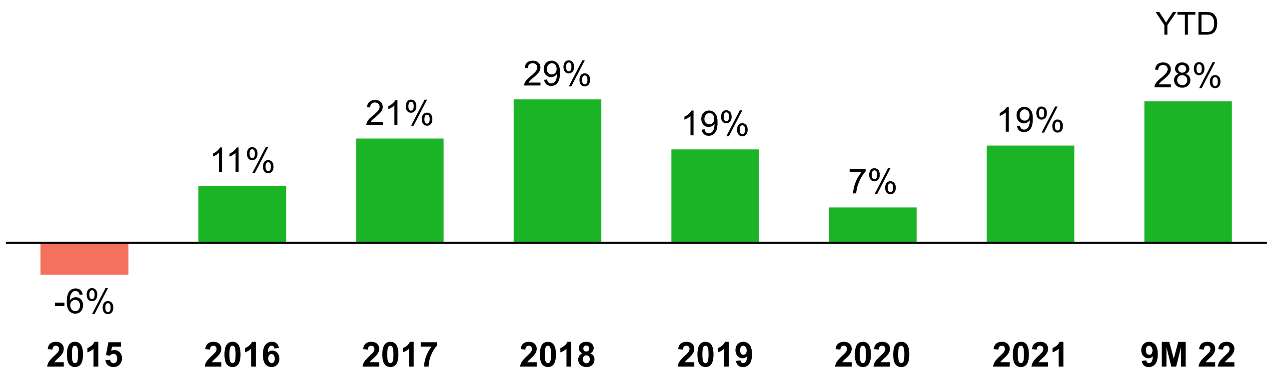
[1] Based on NBH statistics.
[2] The programme is available since October 2021.

OTP CORE

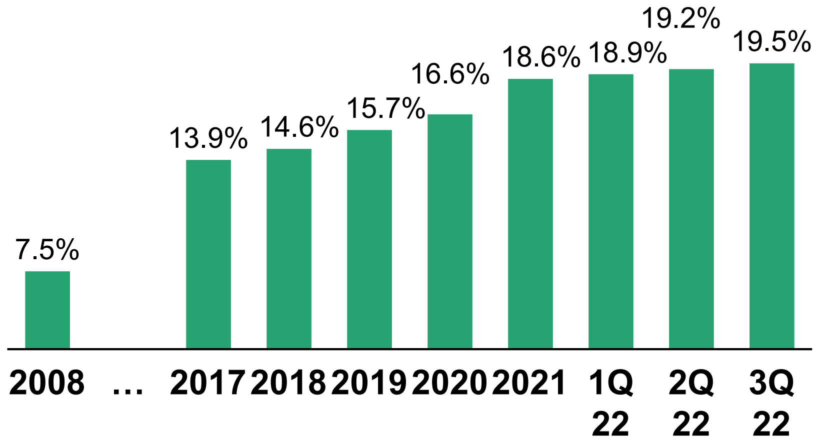
Large corporate loan volumes grew by 28% ytd, lifting OTP's market share to 19.5%. Under the *Széchenyi Card* schemes the contracted amount reached HUF 460 billion overall

Performing corporate loan volume changes

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

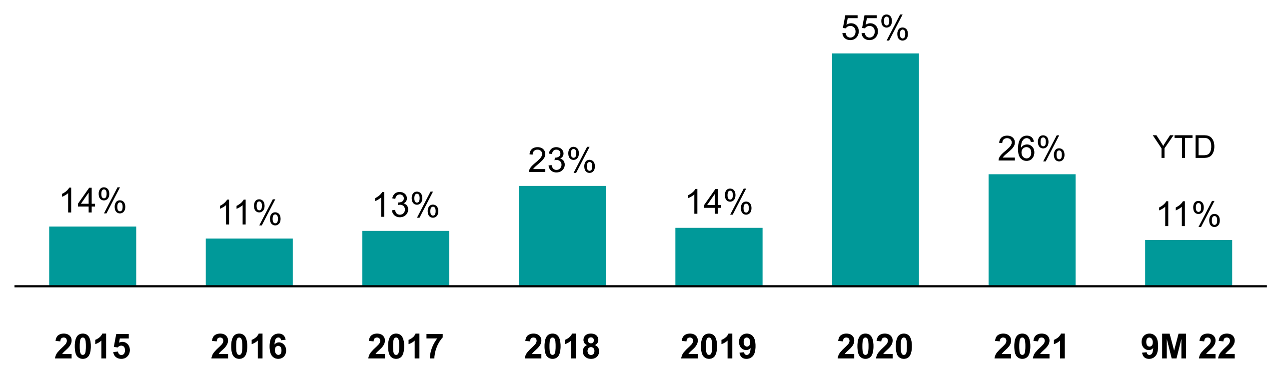


OTP Group's market share in loans to Hungarian companies[1]



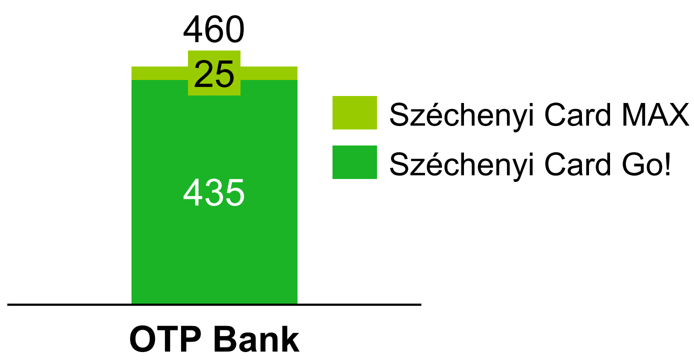
Performing loan volume changes in the micro and small companies segment

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



Contracted loan amount under the *Széchenyi Card Go! and MAX*[2] schemes

(from the start of the scheme until 30 September 2022, HUF billion)



[1] Aggregated market share of OTP Bank, OTP Mortgage Bank, OTP Building Society and Merkantil, based on central bank data (Supervisory Balance Sheet data provision until 2016 and Monetary Statistics from 2017).
[2] Source: KAVOSZ, OTP. The Széchenyi Card Go! came to an end at the end of June 2022. From August till the end of the year, it is the Széchenyi Card MAX programme that offers customers preferential rate loans.

OTP's way to a sustainable world: dedicated permanent ESG organization, strategic focus, and visible results

ORGANIZATION

The **whole organization of the Bank and its Subsidiaries are involved in the ESG transformation**, that is steered by the ESG Committee, managed by the Green Program Director as Leader of ESG business transformation.

Board of Directors
Board member responsible for ESG

ESG Committee
Standing Executive Committee

Task: Formulating strategy, plans and policies in relation to ESG, supporting management bodies, responsible for execution of the strategy
Chair: Delegate of Board of Directors

ESG Subcommittee
Operating Committee of ESG Committee

Task: operating body supporting the work of ESG Committee
Chair: Green Program Director responsible for ESG business transformation of the OTP Group

ESG risk management | **ESG business transformation** | **ESG control function**

STRATEGY

OTP Bank has successfully started implementing its ESG strategy, the main results are as follows:

Green mortgage bond issuance:
In August 2021 OTP Mortgage Bank was the first to issue a green mortgage bond on the domestic market.
Current volume of issued green mortgage bonds: **HUF 95 billion**

Green Home Programme:
In October 2021 OTP Bank was amongst the first banks joining the programme.
OTP Bank's contractual amount of Green Housing loans: **HUF 176 billion**
Validated[1] Green Housing loans: **HUF 58 billion**

Green corporate lending:
OTP's Green Lending Framework was the first among domestic banks approved by the National Bank of Hungary. The approval will allow OTP to begin financing green projects of corporate customers.
Validated[1] corporate green loans and green bonds: **HUF 114 billion**

Green bond issuances:
On 5 July 2022 OTP Bank issued its first EUR-denominated MREL-eligible 3-year green bonds, callable after two years, with a total notional of **EUR 400 million.**
On 29 September 2022 OTP Bank issued its first USD-denominated MREL-eligible 4-year green bonds, callable after three years, in the amount of **USD 60 million**.

RATINGS

OTP Bank's improving sustainability performance has been recognized with upgraded ratings by the major ESG rating agencies:

SUSTAINALYTICS
a Morningstar company
17.1
SEVERE | HIGH | MEDIUM | LOW | NEGLIGIBLE

MSCI
A
CCC | B | BB | BBB | A | AA | AAA

CDP
DRIVING SUSTAINABLE ECONOMIES
most recent update
B-
D | C | B- | A

Source: Company data
[1] Accounted for in the Green Capital Relief Program of the National Bank of Hungary.

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Many elements of the management guidance for 2022 were upgraded

Updated management guidance for 2022

The management expectations for the Group's 2022 performance without the Russian and Ukrainian operations are as follows:

- **Performing (Stage 1+2) organic loan volume growth might reach 15% y-o-y (FX-adjusted) following the 13% ytd expansion;**
- **The net interest margin may stabilize;**

  (**2021: 3.09%**, 1Q 2022: 3.05%, 2Q: 3.16%, 3Q: 3.03%, **1-9M: 3.08%**)
- **The operating cost efficiency ratio might improve compared to 2021;**

  (Cost / income ratio: **2021: 51.1%**, 1Q 2022: 47.6%, 2Q: 48.4%, 3Q: 47.1%, **1-9M: 47.7%**)
- **The credit risk cost ratio may be lower than the 2021 level;**

  (**2021: 0.19%**, 1Q 2022: -0.41%, 2Q: -0.28%, 3Q: 0.36%, **1-9M: -0.09%**)
- **The adjusted profitability indicator (ROE) may exceed the 2021 level of 18%.**

  (**2021: 17.9%**, 1Q 2022: 23.4%, 2Q: 23.0%, 3Q: 20.1%, **1-9M: 22.1%**)

The Russian subsidiary is expected to deliver positive earnings for the rest of 2022, though its magnitude might be smaller than in 3Q. The performance of the Ukrainian subsidiary will be mainly shaped by the evolution of its risk profile.

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Questions and Answers session