OTP Bank Plc.

Summary of the full-year 2022 results

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

Budapest, 10 March 2023

CONSOLIDATED FINANCIAL HIGHLIGHTS[1] AND SHARE DATA

Main components of the adjusted Statement of recognised income, in HUF million	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
Consolidated profit after tax	**456,428**	**347,081**	**-24%**	**121,106**	**189,246**	**115,184**	**-39%**	**-5%**
Adjustments (total)	-40,474	-245,466	506%	-2,217	871	-38,237		
Consolidated adjusted profit after tax	**496,902**	**592,547**	**19%**	**123,323**	**188,374**	**153,421**	**-19%**	**24%**
Profit before tax	587,853	690,022	17%	147,580	215,189	181,381	-16%	23%
Operating profit	660,391	868,487	32%	176,885	247,152	223,157	-10%	26%
Total income	1,313,124	1,656,571	26%	362,421	450,285	451,147	0%	24%
Net interest income	884,012	1,093,579	24%	247,528	290,884	296,499	2%	20%
Net fees and commissions	325,548	397,118	22%	87,313	106,075	109,527	3%	25%
Other net non-interest income	103,563	165,874	60%	27,580	53,327	45,121	-15%	64%
Operating expenses	-652,733	-788,084	21%	-185,536	-203,133	-227,990	12%	23%
Total risk costs	-72,538	-178,465	146%	-29,305	-31,963	-41,777	31%	43%
Corporate taxes	-90,951	-97,475	7%	-24,257	-26,815	-27,960	4%	15%
Main components of the adjusted balance sheet, closing balances in HUF million	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
Total assets	27,553,384	32,804,210	19%	27,553,384	34,022,405	32,804,210	-4%	19%
Total customer loans (net, FX adjusted)	**16,655,367**	**18,640,624**	**12%**	**16,655,367**	**18,507,205**	**18,640,624**	**1%**	**12%**
Total customer loans (gross, FX adjusted)	**17,610,471**	**19,643,558**	**12%**	**17,610,471**	**19,540,925**	**19,643,558**	**1%**	**12%**
Performing (Stage 1+2) customer loans (gross, FX-adjusted)	16,675,058	18,674,389	12%	16,675,058	18,562,424	18,674,389	1%	12%
Allowances for possible loan losses (FX adjusted)	-955,104	-1,002,933	5%	-955,104	-1,033,720	-1,002,933	-3%	5%
Total customer deposits (FX-adjusted)	**22,173,249**	**25,188,805**	**14%**	**22,173,249**	**24,671,912**	**25,188,805**	**2%**	**14%**
Issued securities	436,325	870,682	100%	436,325	587,987	870,682	48%	100%
Subordinated loans	278,334	301,984	8%	278,334	317,367	301,984	-5%	8%
Total shareholders' equity	3,036,766	3,322,312	9%	3,036,766	3,452,448	3,322,312	-4%	9%
Indicators based on adjusted earnings	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
ROE (from profit after tax)	17.0%	11.0%	-6.0%p	17.2%	22.9%	13.4%	-9.5%p	-3.8%p
ROE (from adjusted profit after tax)	18.5%	18.8%	0.3%p	17.6%	22.8%	17.9%	-4.9%p	0.4%p
ROA (from adjusted profit after tax)	2.0%	1.9%	-0.1%p	1.8%	2.3%	1.8%	-0.5%p	0.0%p
Operating profit margin	2.62%	2.78%	0.16%p	2.59%	3.00%	2.63%	-0.36%p	0.04%p
Total income margin	5.21%	5.31%	0.10%p	5.30%	5.46%	5.32%	-0.14%p	0.02%p
Net interest margin	3.51%	3.51%	0.00%p	3.62%	3.53%	3.50%	-0.03%p	-0.13%p
Cost-to-asset ratio	2.59%	2.53%	-0.06%p	2.72%	2.46%	2.69%	0.23%p	-0.03%p
Cost/income ratio	49.7%	47.6%	-2.1%p	51.2%	45.1%	50.5%	5.4%p	-0.7%p
Provision for impairment on loan losses-to-average gross loans ratio	0.30%	0.73%	0.42%p	0.52%	0.55%	0.66%	0.11%p	0.15%p
Total risk cost-to-asset ratio	0.29%	0.57%	0.28%p	0.43%	0.39%	0.49%	0.11%p	0.06%p
Effective tax rate	15.5%	14.1%	-1.3%p	16.4%	12.5%	15.4%	3.0%p	-1.0%p
Net loan/(deposit+retail bond) ratio (FX-adjusted)	75%	74%	-1%p	75%	75%	74%	-1%p	-1%p
Capital adequacy ratio (consolidated, IFRS) - Basel3	19.1%	17.5%	-1.6%p	19.1%	17.8%	17.5%	-0.3%p	-1.6%p
Tier 1 ratio - Basel3	17.5%	16.1%	-1.5%p	17.5%	16.4%	16.1%	-0.3%p	-1.5%p
Common Equity Tier 1 ('CET1') ratio - Basel3	17.5%	16.1%	-1.5%p	17.5%	16.4%	16.1%	-0.3%p	-1.5%p
Share Data	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
EPS diluted (HUF) (from profit after tax)	1,738	1,288	-26%	469	702	427	-39%	-9%
EPS diluted (HUF) (from adjusted profit after tax)	1,896	2,204	16%	479	701	571	-19%	19%
Closing price (HUF)	16,600	10,110	-39%	16,600	7,908	10,110	28%	-39%
Highest closing price (HUF)	19,400	18,600	-4%	19,400	9,520	10,890	14%	-44%
Lowest closing price (HUF)	12,920	7,854	-39%	15,600	7,854	7,944	1%	-49%
Market Capitalization (EUR billion)	12.6	7.1	-44%	12.6	5.3	7.1	35%	-44%
Book Value Per Share (HUF)	12,330	11,865	-4%	10,846	12,330	11,865	-4%	9%
Tangible Book Value Per Share (HUF)	11,675	11,257	-4%	10,190	11,748	11,257	-4%	10%
Price/Book Value	1.3	0.9	-37%	1.5	0.6	0.9	33%	-44%
Price/Tangible Book Value	1.4	0.9	-37%	1.6	0.7	0.9	33%	-45%
P/E (trailing, from profit after tax)	10.2	8.2	-20%	10.2	6.3	8.2	30%	-20%
P/E (trailing, from adjusted profit after tax)	9.4	4.8	-49%	9.4	3.9	4.8	21%	-49%
Average daily turnover (EUR million)	22	24	7%	39	12	13	3%	-68%
Average daily turnover (million share)	0.5	0.8	69%	0.8	0.6	0.5	-9%	-36%

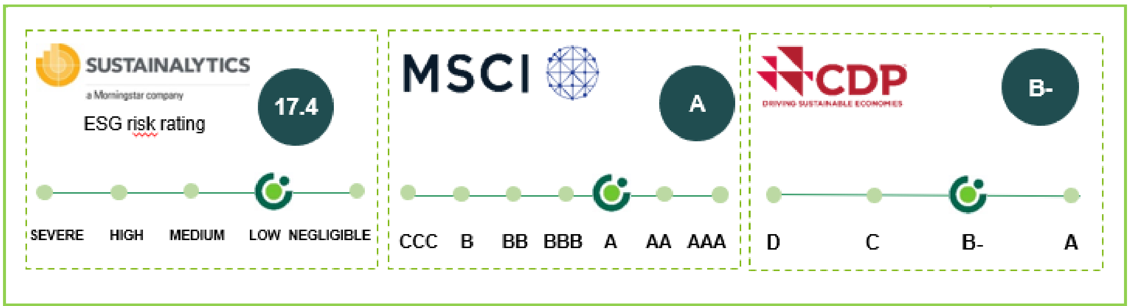
[1] Structural adjustments made on the consolidated IFRS profit and loss statement and balance sheet, together with the calculation methodology of adjusted indicators, are detailed in the Supplementary data section of the Report.

ACTUAL CREDIT RATINGS

S&P GLOBAL	
OTP Bank and OTP Mortgage Bank – FX long-term issuer credit rating	BBB-
OTP Bank – Dated subordinated FX debt	BB
MOODY'S	
OTP Bank – FX long term deposits	Baa1
OTP Bank – Dated subordinated FX debt	Ba2
OTP Mortgage Bank – Covered bonds	A1
SCOPE	
OTP Bank – Issuer rating	BBB+
OTP Bank – Dated subordinated FX debt	BB+

Updated: 15/02/2023

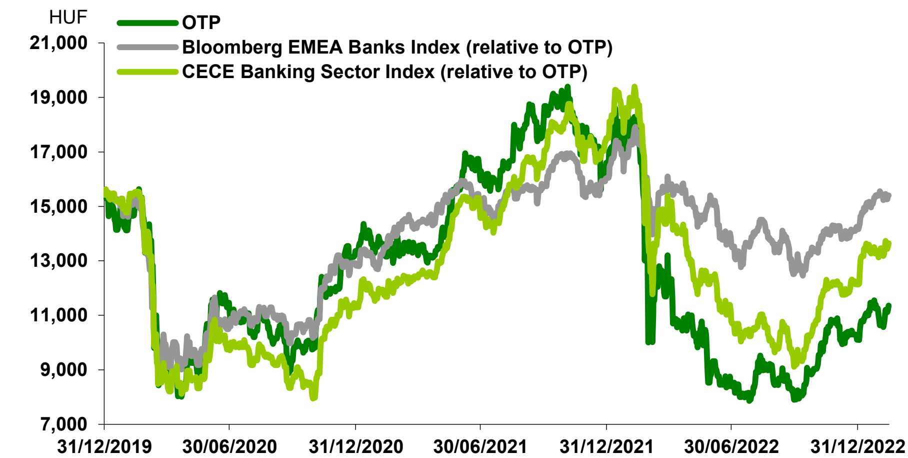
ACTUAL ESG RATINGS



AWARDS

After 2021, **Global Finance** magazine chose OTP Bank as the best bank in Hungary again this year. The OTP Group also received the regional recognition of "Best Bank of Central and Eastern Europe", and the Montenegrin and Slovenian subsidiary banks of the OTP Group also proved to be the best at the local level.
In the **Euromoney** Awards for Excellence 2022 competition, OTP Bank received the "Best Bank in Hungary" award. In addition, the Albanian, Bulgarian, Moldovan and Serbian subsidiary banks of the OTP Group also proved to be the best at the local level. In the annual ranking of **The Banker** magazine, which belongs to the Financial Times group, OTP Group became the "best bank in Central and Eastern Europe". In addition, the OTP Group's Hungarian, Montenegrin, Croatian and Slovenian subsidiary banks received the "Bank of the Year" award.

SHARE PRICE PERFORMANCE



SUMMARY OF THE FULL YEAR 2022 RESULTS

The Summary of the full-year 2022 results of OTP Bank Plc. has been prepared on the basis of its unaudited separate and consolidated IFRS financial statements for 31 December 2022 or derived from that. The audited report will be released after the publication of the Summary. At presentation of full year 2022 report of OTP Bank we applied International Financial Reporting Standards adopted by the European Union.

EXECUTIVE SUMMARY: SUMMARY OF THE FULL-YEAR 2022 AND THE FOURTH QUARTER 2022

The overall performance of 2022 was shaped mainly by the direct and indirect impact of the war between Russia and Ukraine broken out on 24 February.

As part of the acquisition activity, in 2022 OTP successfully completed the purchase of Alpha Bank in Albania, and the 3Q results already incorporated the balance sheet and P&L numbers of the newly acquired entity.

On 6 February 2023 the purchase of Nova KBM in Slovenia was financially closed, the balance sheet and P&L numbers will be consolidated in 1Q figures. The transaction represented the biggest ever acquisition by OTP Group, as a result of the deal OTP will be the leading bank in five CEE countries in terms of outstanding loan volumes, namely in Hungary, Bulgaria, Slovenia (on a pro forma basis), Serbia and Montenegro.

The purchase of Ipoteka Bank in Uzbekistan announced on 12 December 2022 is expected to be completed and the bank being consolidated in 2Q 2023.

Consolidated earnings: HUF 347 billion profit after tax, y-o-y stable NIM, improving cost efficiency and portfolio quality with FX-adjusted performing loan volume growth of 15% y-o-y without the Russian and Ukrainian volumes, but including the Albanian acquisition

In 2022 OTP Group posted HUF 347.1 billion profit after tax. The significant, y-o-y 24% drop was due to the massive increase of the negative adjustment items. The annual ROE was 11% (-6.0 pps y-o-y).

The total volume of adjustment items amounted to -HUF 245 billion underpinning a y-o-y six-fold increase. The major items were as follows:

- -HUF 91.4 billion tax on financial institutions including both the banking tax and the windfall tax (after tax);
- -HUF 59.3 billion on goodwill/investment impairment charges (after tax);
- -HUF 36.5 billion expected one-of effect of the extension of the interest rate cap for certain loans in Hungary (after tax);
- -HUF 35 billion impairments on Russian government bonds held at OTP Core and DSK Bank (after tax);
- -HUF 10.4 billion effect of the winding up Sberbank Hungary (after tax);
- -HUF 2.5 billion expected one-off negative effect of the debt payment moratorium in Hungary (after tax);
- -HUF 14 billion other items.

In 4Q 2022 the balance of adjusted items put a drag of HUF 38 billion on profit after tax, in particular through the following items:

- -HUF 26.4 billion as a potential impact of the extension of the cap on the Hungarian variable rate mortgages and mortgages with less than 5 years rate reset period, as well as SME exposures until 30 June 2023 (after tax);
- -HUF 6.0 billion effect of acquisitions (after tax);
- -HUF 4.7 billion tax effect of goodwill impairment charges mainly at the Russian and Serbian subsidiaries (after tax);
- -HUF 3.2 billion special tax paid by the Croatian subsidiary (after tax);
- +HUF 2.1 billion as a result of several smaller items (after tax).

The profit after tax, as well as the balance sheet items were substantially affected by the currency moves: the average rate of the Hungarian Forint y-o-y depreciated against all currencies, the most significant weaknenig (-37.5%) was suffered against RUB. In 4Q the HUF recovered somewhat and already strengthened against both RUB and UAH by around 4% q-o-q.

The weight of exposures towards Russia and Ukraine was shaped partially by FX moves, but also by deliberate or forced business policy measures.

In Russia the profit after tax in local currency dropped from RUB 9.1 billion to 3.9 billion (-57% y-o-y); the gross loan portfolio eroded by 12% y-o-y in RUB, within that the corporate exposures decreased by 75%. The intragroup funding declined to nil, and there is a Tier 2 loan expiring in 2031 in the amount of HUF 10 billion. The weight of Russian assets in the consolidated total assets comprised 3.1% by the end of 2022, while net loans represented 3.3%, respectively. Under an unexpected and extremely negative scenario of deconsolidating the Russian entity and writing down the outstanding gross intragroup exposure as well, the effect for the consolidated CET1 ratio would be -71 bps (the q-o-q 66 bps decline on one hand reflects the repaid intragroup funding, and also the weaker RUB/HUF cross currency rate).

In Ukraine the lending activity suffered a major setback after 24 February, gross loan volumes dropped by 16% y-o-y, however the deposit book advanced by 21%, on an FX-adjusted basis. The weight of the Ukrainian assets within the Group comprised 3.2%, while net loans represented 2.2% within the consolidated loan book. The volume of gross intragroup funding towards Ukraine comprised HUF 84 billion. In 2022 the Ukrainian operation posted almost HUF 16 billion loss, however after the negative results in 1H, the bank managed to turn that around and reached a positive result in 2H. The provision coverage of the gross Ukrainian loan book reached almost 22% by the end of 2022 (+14.7 pps y-o-y). Under an unexpected and extremely negative scenario of deconsolidating the Ukrainian entity and writing down the outstanding gross intragroup funding as well, the effect for the consolidated CET1 ratio would be +1 bp.

In the case of Ukraine and Russia OTP management applies a „going concern" approach, however in Russia the management is still considering all strategic options, though a Russian presidential decree in October 2022 prohibited the sale of foreign owned banks.

2022 earnings, to a large extent, were shaped by the 32% improvement of operating result; total risk costs grew by 146% y-o-y mainly due to higher Russian and Ukrainian provisions. The dynamic increase of total income (+26%) was supported by all lines. The net interest income advanced by 24% y-o-y, whereas the net fee and commission income grew somewhat slower, by 22% y-o-y. Other net non-interest income surged by 60% y-o-y, within that FX results more than doubled.

The annual NIM remained flat y-o-y (3.51%). Apart from the Russian market, in other geographies rate hike trend continued. In 2022 the Ukrainian, Moldavian and Hungarian policy rates closed at the highest levels (25%, 20% and 18%, respectively). The positive impact of higher rates on the interest income kicks in only gradually as a result of the different dynamics in deposit and loan repricing. In other markets like Bulgaria, Ukraine, Slovenia, Moldova, Romania and Montenegro the NIM improved y-o-y in 2022; at OTP Core, however it eroded by 28 bps y-o-y.

The annual operating expenses grew by 21% y-o-y, the underlying inflation above 10% in most of the countries took its toll through all cost elements. The annual consolidated cost-to-income ratio improved by 2.1 pps y-o-y to 47.6%; the cost-to-asset ratio (2.53%) declined by 6 bps y-o-y.

Total risk costs for 2022 amounted to -HUF 178 billion, two and the half times higher than in 2021. Within that the total volume of credit risk costs reached -HUF 135.2 billion versus -HUF 46 billion a year ago. The annual credit risk cost rate stood at 0.73% (+42 bps y-o-y). Without the Russian and Ukrainian operations the yearly credit risk costs would be +HUF 7 billion implying a CoR of -0.04% versus 0.19% in 2021.

In 4Q OTP Group posted HUF 153 billion profit after tax, -19% q-o-q. Operating income comprised HUF 223 billion (-10% q-o-q). Total income stagnated q-o-q with the net interest income growing by 2% q-o-q, and net fee and commission income by 3%. Other income dropped mainly due to base effect: in 3Q there was a significant one-off revenue item. The quarterly NIM declined by 3 bps q-o-q (3.50%). Operating expenses advanced by 12% q-o-q.

The volume of total risk costs surged by 31% q-o-q, within that credit risk costs leaped by 24% to -HUF 33.7 billion.

Out of the foreign subsidiaries DSK Bulgaria posted outstandingly strong 4Q earnings, also, OTP Fund Management increased its quarterly earnings four fold q-o-q as a result of success fee income realized in 4Q.

The FX-adjusted consolidated performing (Stage 1+2) loan volumes increased by 12% y-o-y. Without the Ukrainian and Russian volumes, but incorporating the acquisition impact of Alpha Bank Albania the loan book advanced by 15%. As a result, the growth of the portfolio reached close to HUF 2,300 billion in 2022. Apart from the Ukrainian, Russian and Moldavian subsidiaries, all other operations posted an annual increase of around or above 10%, whereas in those three countries the decline was 27, 16 and 5% y-o-y, respectively. It was positive that alongside the strong volume dynamics OTP managed to improve its markets shares in many countries and segments.

As for the major segments, the fastest FX-adjusted performing loan volume increase was posted in the corporate sector (+20% y-o-y), followed by MSE loans (+12%) which was also supported by the new subsidized structures in Hungary. The consumer book grew by 3%, while the mortgage book by 10% y-o-y, respectively.

In 4Q, however the volume increase decelerated substantially (+1% q-o-q), mainly as a result of newly started or continued interest rate hiking cycles. At OTP Core the overall loan book increased by 2% q-o-q, but the mortgage volumes already eroded and the corporate exposure grew by 4% which was a definite deceleration in the context of the annual 33% y-o-y leap.

The FX-adjusted deposits grew by 14% y-o-y which corresponds to about HUF 3,000 billion increase. Without the Russian, Ukrainian volumes the growth was 13% y-o-y. In 4Q the deposit growth slowed down to 2% q-o-q.

The consolidated net loan-to-deposit ratio marginally declined to 74% (-1 pp y-o-y).

In 2022 OTP Bank issued two international public bond deals with EUR 400 million and 650 million face value, furthermore it also printed a USD 60 million private placement. In Hungary the Bank also tested the market with 2 additional transactions and raised HUF 36.2 billion in total. All issued bonds were MREL-eligible. In February 2023 OTP Bank issued USD 650 million Tier2 bonds.

The credit profile of the consolidated loan book kept further improving in 2022, the major indicators shaped favorably. The Stage 3 ratio under IFRS 9 comprised 4.9% of the gross loan exposure by the end of 4Q 2022 underpinning a y-o-y 0.3 pp improvement. The own coverage of the Stage 3 exposures was 61%. On the Group level the Ukrainian and Russian operations had the highest Stage 3 ratio (18.1% and 15.7%, respectively).

The consolidated Stage 2 ratio stood at 11.6% at the end of 2022.

The general Hungarian payment moratorium ceased to exist by the end of 2022. At OTP Core and Merkantil Bank altogether 2.1% of their aggregated gross loan volumes were under the expiring moratorium (HUF 148 billion). There is still a moratorium in place for agricultural companies until the end of 2023, the affected volumes comprised HUF 57 billion at OTP Core and Merkantil Group in total (0.8% of their aggregated gross loan volumes).

The Management Guidance for 2022 was met, accordingly without the Russian and Ukrainian operations

- The organic performing loan (Stage 1+2) growth was 14.3%, but including the Albanian acquisition it reached 15% (FX-adjusted);
- The net interest margin stabilized (2021: 3.09%, 2022: 3.05%);
- The cost efficiency ratio improved compared to 2021 (2021 cost-to-income ratio: 51.1%, 2022: 49.5%);
- The credit risk cost rate was lower than in 2021 (2021: 0.19%, 2022: -0.04%);
- The adjusted profitability indicator (ROE) exceeded the 2021 level of around 18% (2021: 17.9%, 2022: 20.7%).

Management Guidance for 2023

The direct and indirect impacts of the war between Russia and Ukraine, as well as the performance of the Hungarian economy and the related Government and Central Bank measures still pose risks in 2023. The expected financial performance of the Group especially depends on these factors, thus the management guidance involves higher than usual uncertainty.

In case of Russia and Ukraine the management doesn't anticipate material worsening in the operating environment, therefore the profit after tax in local currency terms may improve in both countries in 2023.

During the last period high interest rate environment, rate cap schemes and increase of the mandatory reserve requirements had negative effect on Hungarian revenues. However, the management expects inflation to moderate below 10% by the end of 2023, and the rate environment to decline accordingly. In this scenario the net interest income and the net interest margin of OTP Core is expected to improve compared to the 4Q 2022 level[2].

Similarly to 2022, in 2023 the gross volume of the Hungarian banking tax (HUF 28 billion) and the windfall tax (HUF 69 billion) will put a significant burden on the Bank's profitability. In 2023 the windfall tax will reach HUF 69 billion despite the core activity in Hungary (OTP Core) posted only HUF 27 billion profit after tax in 2022 without dividend received from subsidiaries, while Merkantil Bank made HUF 1.7 billion.

At the same time, the Nova KBM acquisition completed in February 2023 and the pending acquisition of Ipoteka Bank in Uzbekistan (expected to be financially closed in 2Q) may substantially contribute to the consolidated profit after tax; in addition to this, the expected positive after tax effect of one-off items to be booked in relation to the consolidation of Nova KBM (badwill, PPA, initial risk cost, etc.) and presented among the adjustments might reach EUR 230 million.

Due to the overall high interest rate environment and the expected slowdown of the GDP growth in most of the Group's markets, the FX-adjusted organic performing loan growth may not exceed 5% in 2023.

The consolidated net interest margin may remain stable in 2023, and the management doesn't anticipate material deterioration in the risk profile, however elevated inflation puts pressure on the cost efficiency indicators.

In line with the above assumptions the consolidated return on equity calculated from the adjusted profit after tax (adjusted ROE) may be close to the 2022 level.

After the 2022 business year the Board of Directors is expected to suggest a dividend payment of HUF 84 billion (HUF 300/share). The final decision on the dividend proposal will be made at the Board meeting on 21 March, which will be publicly announced on 6 April.

In order to comply with the MREL requirements effective from 1 January 2024, in 2023 OTP Bank is planning to issue two or three benchmark size (at least EUR 500 million) Senior Preferred bonds.

[2] This expectation refers to the combined net interest income and net interest margin of OTP Core and Corporate Centre (base of reference in 4Q 2022: NII: HUF 89.2 billion, NIM: 1.73%), because starting from 1Q 2023, Corporate Centre won't be carved out of OTP Core in the Stock Exchange Reports.

Consolidated capital adequacy ratio (in accordance with BASEL III)

At the end of December 2022, the consolidated CET1 ratio under the accounting scope of consolidation according to IFRS was 16.1% (-0.3 pp q-o-q and -1.5 pps y-o-y). This equals to the Tier 1 ratio.

By the end of 2022 the effective regulatory minimum requirement for the consolidated Tier 1 capital adequacy ratio was 10.7% which also incorporated the effective SREP rate, whereas the minimum CET1 requirement was 8.8%.

The components of the capital requirements were shaped by the following recent changes:

- According to the decision of NBH, the effective SREP rate is 125% from March 2022.
- Effective from 1 July 2020 the original level of O-SII capital buffer (2%) was modified to 0% by the NBH until 31 December 2021. The gradual rebuilding started on 1 January 2022, its level was determined at 0.5% at year-end 2022, 1% in 2023 and on 1 January 2024 it will reach the original 2%.
- The effective rate of the countercyclical capital buffer is currently 0% in Hungary. In Bulgaria the local central bank prescribed a 1.0% buffer from 4Q 2022, whereas in Romania the local central bank required a 0.5% buffer, thus on the consolidated base the institution-specific countercyclical capital buffer increased to 0.20%. In the course of 2023 the consolidated institution-specific countercyclical capital buffer requirements are expected to increase further, as in Bulgaria the local relevant buffer requirement effective from 1 January 2023 is going to be increased to 1.5% and from October to 2.0%, while in Croatia from 31 March to 0.5% and in Hungary from1 July 2023 to 0.5% as well. With all these changes taking effect, on consolidated level the countercyclical capital buffer is expected to increase to 0.68%.

The risk weighted assets (RWA) under the accounting scope of consolidation decreased by HUF 1,092 billion q-o-q; of that HUF 1,173 billion is explained by the FX rate changes, while the FX-adjusted organic growth would have been HUF 96 billion. The other, non-credit risk factors (i.e. partner risk, CVA, market risk and operating risk) induced RWA decline of HUF 15 billion. The consolidated regulatory capital eroded by HUF 262 billion q-o-q mainly as a result of lower revaluation reserves booked in the comprehensive income (-HUF 265 billion) due to the weaker HUF. The consolidated regulatory capital incorporated the annual eligible profit (HUF 262 billion after the deduction of the dividend which comprised HUF 84 billion).

Credit rating, shareholder structure

There was no change in S&P Global Ratings credit assessment in 4Q 2022. However, on 30 January 2023 the agency downgraded OTP Bank's long-term issuer credit rating from 'BBB' to 'BBB-', the outlookis stable; the credit rating of the dated Tier2 instrument issued in February 2023 is 'BB'.

There was no change at Moody's either in 4Q, accordingly, the long-term FX deposit rating of OTP Bank Plc. remained 'Baa1'. However, the dated subordinated FX debt rating was changed to 'Ba2' on 6 February 2023. Simultaneously, OTP Mortgage Bank Ltd.'s long-term issuer rating was downgraded from 'Baa2' to 'Baa3'. Its mortgage bond rating remained 'A1'.

OTP Bank Plc' issuer rating at Scope Ratings was 'BBB+' and the subordinated debt rating 'BB+', respectively; on 6 December the outlook changed from stable to negative.

Regarding the ownership structure of the Bank, on 31 December 2022 the following investors had more than 5% influence (voting rights) in the Company: MOL (the Hungarian Oil and Gas Company, 8.57%) and Groupama Group (5.09%).

DISCLAIMER – RISKS RELATING TO THE RUSSIAN-UKRAINIAN ARMED CONFLICT

On 24 February 2022 Russia launched a military operation against Ukraine which is still ongoing at the date of this Report. Until now many countries, as well as the European Union imposed sanctions due to the armed conflict on Russia and Russian businesses and citizens. Russia responded to these sanctions with similar measures.

The armed conflict and the international sanctions influence the business and economic activities significantly all around the world. There are a number of factors associated with the Russian-Ukrainian armed conflict and the international sanctions as well as their impact on global economies that could have a material adverse effect on (among other things) the profitability, capital and liquidity of financial institutions such as the OTP Group.

The armed conflict and the international sanctions cause significant economic damage to the affected parties and in addition they cause disruptions in the global economic processes, of which the precise consequences (inter alia the effects on energy and grain markets, the global transport routes and international trade as well as tourism) are difficult to be estimated at the moment.

It remains unclear how this will evolve through 2022 and the OTP Group continues to monitor the situation closely. However, the OTP Group's ability to conduct business may be adversely affected by disruptions to its infrastructure, business processes and technology services. This may cause significant customer detriment, costs to reimburse losses incurred by the OTP Group’s customers, and reputational damage.

Furthermore, the OTP Group relies on models to support a broad range of business and risk management activities, including informing business decisions and strategies, measuring and limiting risk, valuing exposures, conducting stress testing and assessing capital adequacy. Models are, by their nature, imperfect and incomplete representations of reality because they rely on assumptions and inputs, and as such assumptions may later potentially prove to be incorrect, this can affect the accuracy of their outputs. This may be exacerbated when dealing with unprecedented scenarios, such as the Russian-Ukrainian armed conflict and the international sanctions, due to the lack of reliable historical reference points and data.

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

DISCLAIMER – THE COVID-19 PANDEMIC AND THE VOLATILE ECONOMIC ENVIRONMENT IN THE POST-COVID-19 ERA

Since the outbreak of the COVID-19 pandemic, OTP Group has regularly updated its forecasts in light of the pandemic and the impact of the pandemic on the operations of OTP Group. However, the continuance of new waves of the pandemic emerging may require further revision by OTP Group to such macroeconomic scenarios and its estimations of credit impairments.

Over the last 3 years, the COVID-19 pandemic severely impacted the evolution of the global economy. The supply-chain and logistic relationships were disrupted by periodic lockdowns and social distancing requirements and the supply of several key raw materials dropped significantly, leading to a more volatile economic environment compared to previous years. Raw material and energy prices rose steeply, leading to higher inflation and interest rates in some of OTP Group’s operating countries. The conflict between Russian and Ukraine and the subsequent implementation of sanctions on Russia have accelerated supply shortages and resulted in higher energy prices and more broad-based inflation. Several major central banks have already raised or are considering raising interest rates earlier than previously expected. The Hungarian central bank recently hiked rates. The risk of local currency devaluations versus EUR or USD has increased and could lead to a more volatile operating environment for OTP Group.

This volatile environment could cause financial difficulties for OTP Group’s customers. The deteriorating credit quality of OTP Group’s customers may in particular result in increasing defaults and arrears in monthly payments on loans, higher credit impairments on the loan portfolios of OTP Group. Furthermore, lower demand for, and origination of, new loans could have a material adverse effect on the OTP Group’s results of operations.

The OTP Group’s activities and the profitability of its operations are strongly affected by the macroeconomic environment and the domestic and international perception of the economies in which it operates.

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

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

POST-BALANCE SHEET EVENTS

Post-balance sheet event cover the period until 17 February 2023.

Hungary

- On 4 January 2023 OTP Bank announced that the National Bank of Hungary imposed the below additional capital requirements for OTP Group, on consolidated level, effective from 1 January 2023 until the next review:
  - 1.13 pps in case of the Common Equity Tier 1 (CET1) capital, accordingly the minimum requirement for the consolidated CET1 ratio is 5.63% (without regulatory capital buffers);
  - 1.50 pps in case of the Tier 1 capital, accordingly the minimum requirement for the consolidated Tier 1 ratio is 7.50% (without regulatory capital buffers);
  - 2.00 pps in case of the Total SREP Capital Requirement (TSCR), accordingly the minimum requirement for the consolidated capital adequacy ratio is 10.00% (without regulatory capital buffers).
- On 23 January 2023 the Ministry of Economic Development announced that the Gábor Baross Reindustrialization Loan Programme will be launched from February by Eximbank, with a total available amount of HUF 700 billion. Under the scheme, the HUF and EUR denominated loans will be available for all purposes, depending on the loan amount either through commercial banks or directly through Eximbank, but all the funding need will be provided or refinanced by Eximbank. The interest rate of the loans will be fixed throughout the whole tenor, and will be typically maximum 6% in the case of HUF loans and maximum 3.5% in the case of EUR loans.
- On 24 January 2023 the National Bank of Hungary kept the reference rates unchanged . The NBH held a long-term deposit tender on 25 January, and from 1 February discount bill auctions are held on a weekly basis. The NBH said that it will continue to meet foreign currency liquidity needs in the coming months to reach market balance related to the energy account. Furthermore, the Deputy Governor announced that effective from April the mandatory reserve requirement for banks will be increased from 5% to 10%.
- On 27 January 2023 S&P Global Ratings lowered the long- and short-term foreign and local currency sovereign credit ratings on Hungary to 'BBB-/A-3' from 'BBB/A-2'. The outlook on the long-term ratings is stable.
- According to the press release published on 30 January 2023 by S&P Global Ratings, the rating agency downgraded its long- and short-term issuer credit ratings, as well as the long- and short-term resolution counterparty ratings on OTP Bank Plc. and OTP Mortgage Bank Ltd. to 'BBB-/A-3' from 'BBB/A-2', and the senior preferred debt rating of OTP Bank Plc. was also downgraded by one notch to 'BBB-'. The outlook on the long-term issuer ratings is stable.
- The financial completion of the transaction to purchase 100% shareholding of Nova KBM d.d. and its subsidiary in Slovenia – after obtaining all necessary regulatory approvals – has been completed on 6 February 2023.
- According to the press release published on 6 February 2023 by Moody's Investors Service, the rating agency concluded the ratings review initiated in July 2021. The rating agency downgraded OTP Bank's subordinated bond rating by one notch to 'Ba2' from 'Ba1'. All other ratings and assessments of OTP Bank have been affirmed. Outlook is stable.

  At the same time, Moody's Investors Service downgraded the backed long-term domestic currency issuer rating of OTP Mortgage Bank to 'Baa3' from 'Baa2'. All other ratings and assessments of OTP Mortgage Bank have been affirmed. Outlook is stable.
- On 15 February 2023 as value date OTP Bank issued Tier 2 Notes in the aggregate nominal amount of USD 650 million. The Tier 2 Notes with 10.25 years maturity, redeemable at par any time during the 3-month period prior to the Reset Date at 5.25 years, were priced on 8 February 2023.

Bulgaria

- On 17 February 2023 the Minister of Finance announced that the originally planned accession date to the Eurozone of 1 January 2024 will be postponed. The new target date will be declared by the new Parliament formed after the elections scheduled to 2 April.

Serbia

- On 12 January 2023 the central bank hiked the base rate by 25 bps to 5.25%.
- On 9 February 2023 the central bank hiked the base rate by 25 bps to 5.5%.

Slovenia

- On 2 February 2023 the ECB hiked its key interest rate by 50 bps to 3.0%.
- On 7 February 2023 Moody's upgraded the deposit rating of NKBM to 'A3', the outlook is stable. At the same time, the Bank's unsecured non-preferred debt rating was upgraded to 'Baa3'.

Romania

- On 20 January 2023 the central bank hiked the base rate by 25 bps to 7%.

Russia

- Effective from 1 January 2023 the capital conservation buffer in Russia decreased temporarily to 0% from 2.5%, which does not affect the minimum requirement for OTP Group.

Ukraine

- Effective from 1 January 2023 the Ukrainian central bank raised the mandatory reserve requirement for local and foreign currency denominated deposits by 5-5 pps each, to 5% and 15%, respectively.
- On 10 February 2023 Moody's downgraded the Ukrainian sovereign credit rating from 'Caa' to 'Ca', the outlook is stable.

Moldova

- On 7 February 2023 Moldova's central bank cut its key rate to 17% from 20%.

CONSOLIDATED PROFIT AFTER TAX BREAKDOWN BY SUBSIDIARIES (IFRS)[3]

in HUF million	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
Consolidated profit after tax	**456,428**	**347,081**	**-24%**	**121,106**	**189,246**	**115,184**	**-39%**	**-5%**
Adjustments (total)	**-40,474**	**-245,466**	**506%**	**-2,217**	**871**	**-38,237**		
Consolidated adjusted profit after tax	**496,901**	**592,547**	**19%**	**123,323**	**188,374**	**153,421**	**-19%**	**24%**
Banks total[1]	468,962	535,717	14%	109,401	167,041	138,595	-17%	27%
OTP Core (Hungary)[2]	213,377	253,232	19%	45,879	48,932	35,413	-28%	-23%
DSK Group (Bulgaria)[3]	76,790	119,885	56%	10,742	26,892	43,407	61%	304%
OBH (Croatia)[4]	33,448	42,801	28%	8,254	14,922	4,990	-67%	-40%
OTP Bank Serbia[5]	32,104	36,873	15%	11,416	10,671	4,421	-59%	-61%
SKB Banka (Slovenia)	16,822	23,860	42%	4,368	8,828	5,348	-39%	22%
OTP Bank Romania[6]	4,253	3,071	-28%	3,260	-58	4,121		26%
OTP Bank Ukraine[7]	39,024	-15,922		10,193	8,286	10,046	21%	-1%
OTP Bank Russia[8]	37,624	42,548	13%	13,434	38,473	18,826	-51%	40%
CKB Group (Montenegro)[9]	4,140	9,791	137%	-1,235	4,232	5,268	24%	
OTP Bank Albania[10]	5,522	10,175	84%	1,613	2,476	2,954	19%	83%
OTP Bank Moldova	5,858	9,403	61%	1,478	3,386	3,801	12%	157%
Leasing	7,998	10,971	37%	1,476	1,699	3,462	104%	135%
Merkantil Group (Hungary)[11]	7,998	10,971	37%	1,476	1,699	3,462	104%	135%
Asset Management	6,321	9,621	52%	3,318	1,376	5,662	312%	71%
OTP Asset Management (Hungary)	6,116	9,357	53%	3,253	1,324	5,598	323%	72%
Foreign Asset Management Companies (Ukraine, Romania, Bulgaria)[12]	205	263	28%	66	52	64	24%	-2%
Other Hungarian Subsidiaries	10,205	27,645	171%	4,099	18,023	2,601	-86%	-37%
Other Foreign Subsidiaries[13]	50	-141		-251	-13	-158		-37%
Corporate Centre[14]	2,887	2,968	3%	3,589	-611	639		
Eliminations	479	5,767		1,690	859	2,621	205%	55%
Profit after tax of the Hungarian operation[15]	229,194	167,057	-27%	46,555	72,781	69,110	-5%	48%
Adjusted profit after tax of the Hungarian operation[15]	241,304	303,873	26%	60,480	68,946	47,404	-31%	-22%
Profit after tax of the Foreign operation[16]	227,234	180,024	-21%	74,551	116,465	46,074	-60%	-38%
Adjusted profit after tax of the Foreign operation[16]	255,597	288,674	13%	62,843	119,429	106,016	-11%	69%
Share of Hungarian contribution to the adjusted profit after tax	49%	51%	3%p	49%	37%	31%	-6%p	-18%p
Share of Foreign contribution to the adjusted profit after tax	51%	49%	-3%p	51%	63%	69%	6%p	18%p

[3] Relevant footnotes are in the Supplementary data section of the Report.

CONSOLIDATED, UNAUDITED IFRS REPORTS OF OTP BANK PLC.

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME

Main components of the adjusted Statement of recognized income, in HUF million	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
Consolidated profit after tax	**456,428**	**347,081**	**-24%**	**121,106**	**189,246**	**115,184**	**-39%**	**-5%**
Adjustments (total, after corporate income tax)	**-40,474**	**-245,466**	**506%**	**-2,217**	**871**	**-38,237**		
Dividends and net cash transfers (after tax)	729	1,927	164%	-84	1,018	719	-29%	
Goodwill/investment impairment charges (after tax)	1,909	-59,254		2,628	1,765	-4,740		
Special tax on financial institutions (after tax)	-18,893	-91,353	384%	-11	-78	-3,173		
Expected one-off negative effect of the debt repayment moratorium in Hungary (after tax)	-15,040	-2,473	-84%	-255	-698	15		
Expected one-off effect of the interest rate cap for certain loans in Hungary (after tax)	0	-36,585		0	0	-26,444		
Effect of the winding up of Sberbank Hungary (after tax)	0	-10,389		0	-8,182	301	-104%	
Effect of acquisitions (after tax)	-15,506	-15,594	1%	-6,697	-3,670	-6,019	64%	-10%
Result of the treasury share swap agreement (after tax)	6,326	3,028	-52%	2,203	11,478	76	-99%	-97%
Impairments on Russian government bonds at OTP Core and DSK Bank booked in 2022 (after tax)	0	-34,775		0	-762	1,026		
Consolidated adjusted profit after tax	**496,902**	**592,547**	**19%**	**123,323**	**188,374**	**153,421**	**-19%**	**24%**
Profit before tax	**587,853**	**690,022**	**17%**	**147,580**	**215,189**	**181,381**	**-16%**	**23%**
Operating profit	**660,391**	**868,487**	**32%**	**176,885**	**247,152**	**223,157**	**-10%**	**26%**
Total income	**1,313,124**	**1,656,571**	**26%**	**362,421**	**450,285**	**451,147**	**0%**	**24%**
Net interest income	**884,012**	**1,093,579**	**24%**	**247,528**	**290,884**	**296,499**	**2%**	**20%**
Net fees and commissions	**325,548**	**397,118**	**22%**	**87,313**	**106,075**	**109,527**	**3%**	**25%**
Other net non-interest income	**103,563**	**165,874**	**60%**	**27,580**	**53,327**	**45,121**	**-15%**	**64%**
Foreign exchange result, net	44,251	90,691	105%	8,452	20,628	25,253	22%	199%
Gain/loss on securities, net	9,726	1,579	-84%	-1,419	-1,769	2,072		
Net other non-interest result	49,586	73,604	48%	20,547	34,468	17,796	-48%	-13%
Operating expenses	**-652,733**	**-788,084**	**21%**	**-185,536**	**-203,133**	**-227,990**	**12%**	**23%**
Personnel expenses	-340,201	-396,304	16%	-99,307	-104,256	-117,747	13%	19%
Depreciation	-72,816	-84,663	16%	-18,865	-22,422	-22,825	2%	21%
Other expenses	-239,716	-307,117	28%	-67,364	-76,455	-87,417	14%	30%
Total risk costs	**-72,538**	**-178,465**	**146%**	**-29,305**	**-31,963**	**-41,777**	**31%**	**43%**
Provision for impairment on loan losses	-46,006	-135,231	194%	-21,101	-27,288	-33,719	24%	60%
Other provision	-26,532	-43,234	63%	-8,204	-4,675	-8,058	72%	-2%
Corporate taxes	**-90,951**	**-97,475**	**7%**	**-24,257**	**-26,815**	**-27,960**	**4%**	**15%**
INDICATORS	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
ROE (from profit after tax)	17.0%	11.0%	-6.0%p	17.2%	22.9%	13.4%	-9.5%p	-3.8%p
ROE (from adjusted profit after tax)	18.5%	18.8%	0.3%p	17.6%	22.8%	17.9%	-4.9%p	0.4%p
ROA (from adjusted profit after tax)	2.0%	1.9%	-0.1%p	1.8%	2.3%	1.8%	-0.5%p	0.0%p
Operating profit margin	2.62%	2.78%	0.16%p	2.59%	3.00%	2.63%	-0.36%p	0.04%p
Total income margin	5.21%	5.31%	0.10%p	5.30%	5.46%	5.32%	-0.14%p	0.02%p
Net interest margin	3.51%	3.51%	0.00%p	3.62%	3.53%	3.50%	-0.03%p	-0.13%p
Net fee and commission margin	1.29%	1.27%	-0.02%p	1.28%	1.29%	1.29%	0.01%p	0.01%p
Net other non-interest income margin	0.41%	0.53%	0.12%p	0.40%	0.65%	0.53%	-0.11%p	0.13%p
Cost-to-asset ratio	2.59%	2.53%	-0.06%p	2.72%	2.46%	2.69%	0.23%p	-0.03%p
Cost/income ratio	49.7%	47.6%	-2.1%p	51.2%	45.1%	50.5%	5.4%p	-0.7%p
Provision for impairment on loan losses-to-average gross loans ratio	0.30%	0.73%	0.42%p	0.52%	0.55%	0.66%	0.11%p	0.15%p
Total risk cost-to-asset ratio	0.29%	0.57%	0.28%p	0.43%	0.39%	0.49%	0.11%p	0.06%p
Effective tax rate	15.5%	14.1%	-1.3%p	16.4%	12.5%	15.4%	3.0%p	-1.0%p
Non-interest income/total income	33%	34%	1%p	32%	35%	34%	-1%p	3%p
EPS base (HUF) (from profit after tax)	1,739	1,289	-26%	469	702	428	-39%	-9%
EPS diluted (HUF) (from profit after tax)	1,738	1,288	-26%	469	702	427	-39%	-9%
EPS base (HUF) (from adjusted profit after tax)	1,896	2,204	16%	479	701	571	-19%	19%
EPS diluted (HUF) (from adjusted profit after tax)	1,896	2,204	16%	479	701	571	-19%	19%
Comprehensive Income Statement	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
Consolidated profit after tax	456,428	347,081	-24%	121,107	189,246	115,183	-39%	-5%
Fair value changes of financial instruments measured at fair value through other comprehensive income	-44,877	-119,378	166%	-31,909	-36,449	19,524		
Foreign currency translation difference	61,729	179,623	191%	47,994	129,880	-266,757		
Change of actuarial costs (IAS 19)	42	1,016		-57	-31	1,084		
Net comprehensive income	**473,322**	**408,342**	**-14%**	**137,135**	**282,646**	**-130,966**		
o/w Net comprehensive income attributable to equity holders	472,281	407,695	-14%	136,742	281,707	-129,542		
Net comprehensive income attributable to non-controlling interest	1,041	647	-38%	393	939	-1,424		
Average exchange rate[1] of the HUF (in HUF)	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
HUF/EUR	359	391	9%	359	403	411	2%	15%
HUF/CHF	332	390	18%	332	415	418	1%	26%
HUF/USD	303	373	23%	303	401	403	1%	33%

[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 the adjusted balance sheet, in HUF million	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
TOTAL ASSETS	**27,553,384**	**34,022,405**	**32,804,210**	**-4%**	**19%**
Cash, amounts due from Banks and balances with the National Banks	2,556,035	3,598,087	4,221,392	17%	65%
Placements with other banks, net of allowance for placement losses	1,584,860	1,776,713	1,351,081	-24%	-15%
Securities at fair value through profit or loss	341,397	562,021	436,387	-22%	28%
Securities at fair value through other comprehensive income	2,224,510	2,024,180	1,739,603	-14%	-22%
Net customer loans	15,743,922	19,479,826	18,640,624	-4%	18%
Net customer loans (FX-adjusted[1])	**16,655,367**	**18,507,205**	**18,640,624**	**1%**	**12%**
Gross customer loans	16,634,454	20,634,650	19,643,558	-5%	18%
Gross customer loans (FX-adjusted[1])	**17,610,471**	**19,540,925**	**19,643,558**	**1%**	**12%**
Gross performing (Stage 1+2) customer loans (FX-adjusted[1])	**16,675,058**	**18,562,424**	**18,674,389**	**1%**	**12%**
o/w Retail loans	9,035,587	9,641,678	9,686,987	0%	7%
Retail mortgage loans (incl. home equity)	4,338,022	4,752,079	4,787,822	1%	10%
Retail consumer loans	3,978,753	4,089,625	4,094,534	0%	3%
SME loans	718,813	799,974	804,631	1%	12%
Corporate loans	6,411,601	7,616,107	7,697,424	1%	20%
Leasing	1,227,870	1,304,639	1,289,977	-1%	5%
Allowances for loan losses	-890,532	-1,154,824	-1,002,933	-13%	13%
Allowances for loan losses (FX-adjusted[1])	-955,104	-1,033,720	-1,002,933	-3%	5%
Associates and other investments	67,223	75,308	73,849	-2%	10%
Securities at amortized costs	3,891,335	5,039,491	4,891,938	-3%	26%
Tangible and intangible assets, net	689,290	732,144	738,105	1%	7%
o/w Goodwill, net	105,640	70,397	68,319	-3%	-35%
Tangible and other intangible assets, net	583,650	661,748	669,786	1%	15%
Other assets	454,811	734,635	711,230	-3%	56%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**27,553,384**	**34,022,405**	**32,804,210**	**-4%**	**19%**
Amounts due to banks, the National Governments, deposits from the National Banks and other banks, and Financial liabilities designated at fair value through profit or loss	1,608,533	1,781,495	1,517,349	-15%	-6%
Deposits from customers	21,068,644	25,814,547	25,188,805	-2%	20%
Deposits from customers (FX-adjusted[1])	**22,173,249**	**24,671,912**	**25,188,805**	**2%**	**14%**
o/w Retail deposits	15,105,139	15,926,706	16,314,389	2%	8%
Household deposits	12,598,433	13,280,152	13,639,627	3%	8%
SME deposits	2,506,706	2,646,554	2,674,762	1%	7%
Corporate deposits	7,059,715	8,721,604	8,844,168	1%	25%
Accrued interest payable related to customer deposits	8,396	23,602	30,247	28%	260%
Liabilities from issued securities	436,325	587,987	870,682	48%	100%
o/w Retail bonds	0	0	35,766		
Liabilities from issued securities without retail bonds	436,325	587,987	834,916	42%	91%
Other liabilities	1,124,782	2,068,560	1,603,078	-23%	43%
Subordinated bonds and loans	278,334	317,367	301,984	-5%	8%
Total shareholders' equity	**3,036,766**	**3,452,448**	**3,322,312**	**-4%**	**9%**
Indicators	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
Loan/deposit ratio (FX-adjusted[1])	79%	79%	78%	-1%p	-1%p
Net loan/(deposit + retail bond) ratio (FX-adjusted[1])	75%	75%	74%	-1%p	-1%p
Stage 1 loan volume under IFRS 9	13,561,883	17,199,233	16,387,792	-5%	21%
Stage 1 loans under IFRS9/gross customer loans	81.5%	83.4%	83.4%	0.1%p	1.9%p
Own coverage of Stage 1 loans under IFRS 9	1.0%	1.0%	1.0%	0.0%p	0.0%p
Stage 2 loan volume under IFRS 9	2,194,620	2,364,270	2,286,597	-3%	4%
Stage 2 loans under IFRS9/gross customer loans	13.2%	11.5%	11.6%	0.2%p	-1.6%p
Own coverage of Stage 2 loans under IFRS 9	10.0%	11.8%	10.7%	-1.0%p	0.8%p
Stage 3 loan volume under IFRS 9	877,951	1,071,147	969,169	-10%	10%
Stage 3 loans under IFRS9/gross customer loans	5.3%	5.2%	4.9%	-0.3%p	-0.3%p
Own coverage of Stage 3 loans under IFRS 9	60.5%	65.0%	61.0%	-3.9%p	0.6%p
90+ days past due loan volume	535,445	711,262	601,268	-15%	12%
90+ days past due loans/gross customer loans	3.2%	3.4%	3.1%	-0.4%p	-0.2%p
Consolidated capital adequacy - Basel3	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
Capital adequacy ratio (consolidated, IFRS)	19.1%	17.8%	17.5%	-0.3%p	-1.6%p
Tier 1 ratio	17.5%	16.4%	16.1%	-0.3%p	-1.5%p
Common Equity Tier 1 ('CET1') capital ratio	17.5%	16.4%	16.1%	-0.3%p	-1.5%p
Regulatory capital (consolidated)	3,191,765	3,828,083	3,565,932	-7%	12%
o/w Tier 1 Capital	2,926,882	3,526,063	3,277,984	-7%	12%
o/w Common Equity Tier 1 capital	2,926,882	3,526,063	3,277,984	-7%	12%
Tier2 Capital	264,883	302,020	287,949	-5%	9%
Consolidated risk weighted assets (RWA) (Credit&Market&Operational risk)	16,691,315	21,497,011	20,405,328	-5%	22%
o/w RWA (Credit risk)	14,992,797	19,533,294	18,477,102	-5%	23%
RWA (Market & Operational risk)	1,698,518	1,963,717	1,928,226	-2%	14%
Closing exchange rate of the HUF (in HUF)	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
HUF/EUR	369	421	400	-5%	8%
HUF/CHF	357	439	407	-7%	14%
HUF/USD	326	429	376	-12%	15%

[1] For the FX-adjustment, the closing cross currency rates for the current period were used in order to calculate the HUF equivalent of loan and deposit volumes in the base periods.

OTP CORE (OTP BANK'S HUNGARIAN CORE BUSINESS)

OTP Core Statement of recognized income:

Main components of the Statement of recognised income[1], in HUF million	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
Profit after tax without received dividend	**169,067**	**27,274**	**-84%**	**20,973**	**52,744**	**59,459**	**13%**	**184%**
Dividend received from subsidiaries	44,310	107,907	144%	12,245	0	0		-100%
Profit after tax	**213,377**	**135,181**	**-37%**	33,218	52,744	59,459	13%	79%
Adjustments (total, after tax)	0	-118,051		-12,661	3,812	24,047	531%	
Adjusted profit after tax	**213,377**	**253,232**	**19%**	**45,879**	**48,932**	**35,413**	**-28%**	**-23%**
Profit before tax	253,972	296,672	17%	55,222	59,088	44,635	-24%	-19%
Operating profit	257,182	294,257	14%	63,215	78,862	41,190	-48%	-35%
Total income	546,215	637,469	17%	148,811	165,277	140,529	-15%	-6%
Net interest income	369,309	412,611	12%	107,658	109,388	87,841	-20%	-18%
Net fees and commissions	150,578	176,830	17%	38,240	45,285	45,561	1%	19%
Other net non-interest income	26,328	48,028	82%	2,912	10,604	7,127	-33%	145%
Operating expenses	-289,034	-343,212	19%	-85,596	-86,415	-99,339	15%	16%
Total risk costs	-3,210	2,415		-7,993	-19,775	3,444		
Provision for impairment on loan losses	-1,116	32,850		-7,767	-10,888	13,881		
Other provisions	-2,094	-30,435		-226	-8,887	-10,437	17%	
Corporate income tax	-40,594	-43,440	7%	-9,343	-10,156	-9,222	-9%	-1%
Indicators (adjusted)	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
ROE	11.6%	12.6%	1.0%p	10.1%	9.6%	7.0%	-2.7%p	-3.1%p
ROA	1.6%	1.6%	-0.1%p	1.3%	1.2%	0.8%	-0.3%p	-0.4%p
Operating profit margin	2.0%	1.8%	-0.2%p	1.8%	1.9%	1.0%	-0.9%p	-0.8%p
Total income margin	4.22%	3.97%	-0.25%p	4.17%	3.94%	3.37%	-0.57%p	-0.80%p
Net interest margin	2.85%	2.57%	-0.28%p	3.02%	2.61%	2.11%	-0.50%p	-0.91%p
Net fee and commission margin	1.16%	1.10%	-0.06%p	1.07%	1.08%	1.09%	0.01%p	0.02%p
Net other non-interest income margin	0.20%	0.30%	0.10%p	0.08%	0.25%	0.17%	-0.08%p	0.09%p
Operating costs to total assets ratio	2.2%	2.1%	-0.1%p	2.4%	2.1%	2.4%	0.3%p	0.0%p
Cost/income ratio	52.9%	53.8%	0.9%p	57.5%	52.3%	70.7%	18.4%p	13.2%p
Provision for impairment on loan losses / average gross loans[2]	0.02%	-0.55%		0.57%	0.70%	-0.85%		
Effective tax rate	16.0%	14.6%	-1.3%p	16.9%	17.2%	20.7%	3.5%p	3.7%p

[1] The *adjustments (total, after tax)*, the *profit after tax* and the *profit after tax without received dividend* lines of OTP Core were retroactively corrected for 2021 and 3Q 2022.

[2] 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 million	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
Total Assets	14,207,399	16,804,154	15,758,292	-6%	11%
Net customer loans	5,310,327	6,219,047	6,278,620	1%	18%
Net customer loans (FX adjusted)	5,387,188	6,144,939	6,278,620	2%	17%
Gross customer loans	5,549,248	6,459,603	6,528,001	1%	18%
Gross customer loans (FX adjusted)	5,630,432	6,381,645	6,528,001	2%	16%
Stage 1+2 customer loans (FX-adjusted)	**5,373,189**	**6,105,349**	**6,205,045**	**2%**	**15%**
Retail loans	3,320,881	3,478,853	3,482,945	0%	5%
Retail mortgage loans (incl. home equity)	1,613,420	1,670,935	1,656,975	-1%	3%
Retail consumer loans	1,246,729	1,297,272	1,306,921	1%	5%
SME loans	460,732	510,646	519,050	2%	13%
Corporate loans	2,052,308	2,626,497	2,722,099	4%	33%
Provisions	-238,921	-240,556	-249,381	4%	4%
Provisions (FX adjusted)	-243,244	-236,705	-249,381	5%	3%
Deposits from customers + retail bonds	10,124,795	11,674,728	11,246,795	-4%	11%
Deposits from customers + retail bonds (FX adjusted)	**10,319,536**	**11,487,409**	**11,246,795**	**-2%**	**9%**
Retail deposits + retail bonds	6,360,260	6,539,843	6,483,357	-1%	2%
Household deposits + retail bonds	4,951,603	5,124,387	5,065,562	-1%	2%
o/w: Retail bonds	0	0	35,766		
SME deposits	1,408,657	1,415,456	1,417,795	0%	1%
Corporate deposits	3,959,276	4,947,566	4,763,438	-4%	20%
Liabilities to credit institutions	1,117,086	1,505,928	1,251,653	-17%	12%
Issued securities without retail bonds	531,471	508,128	471,773	-7%	-11%
Total shareholders' equity	2,011,932	2,007,462	2,016,019	0%	0%
Loan Quality	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	4,327,232	5,408,424	5,457,140	1%	26%
Stage 1 loans under IFRS 9/gross customer loans	78.0%	83.7%	83.6%	-0.1%p	5.6%p
Own coverage of Stage 1 loans under IFRS 9 (%)	1.0%	0.9%	0.8%	0.0%p	-0.2%p
Stage 2 loan volume under IFRS 9 (in HUF million)	966,727	772,100	747,905	-3%	-23%
Stage 2 loans under IFRS 9/gross customer loans	17.4%	12.0%	11.5%	-0.5%p	-6.0%p
Own coverage of Stage 2 loans under IFRS 9 (%)	8.9%	8.7%	8.6%	-0.1%p	-0.3%p
Stage 3 loan volume under IFRS 9 (in HUF million)	255,288	279,079	322,956	16%	27%
Stage 3 loans under IFRS 9/gross customer loans	4.6%	4.3%	4.9%	0.6%p	0.3%p
Own coverage of Stage 3 loans under IFRS 9 (%)	42.7%	45.6%	43.2%	-2.5%p	0.5%p
90+ days past due loan volume (in HUF million)	136,003	164,570	189,870	15%	40%
90+ days past due loans/gross customer loans	2.5%	2.5%	2.9%	0.4%p	0.5%p
Market Share	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
Loans	24.4%	25.3%	25.5%	0.3%p	1.1%p
Deposits	28.2%	28.8%	29.1%	0.4%p	0.9%p
Total Assets	26.9%	27.8%	27.5%	-0.3%p	0.6%p
Performance Indicators	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
Net loans to (deposits + retail bonds) (FX adjusted)	52%	53%	56%	2%p	4%p
Leverage (closing Shareholder's Equity/Total Assets)	14.2%	11.9%	12.8%	0.8%p	-1.4%p
Leverage (closing Total Assets/Shareholder's Equity)	7.1x	8.4x	7.8x	-0.6x	0.8x
Capital adequacy ratio (OTP Bank, non-consolidated, Basel3, IFRS)	25.1%	19.7%	19.2%	-0.5%p	-5.9%p
Common Equity Tier 1 ratio (OTP Bank, non-consolidated, Basel3, IFRS)	21.8%	16.7%	16.3%	-0.4%p	-5.5%p

In 2022 **OTP Core** reached an profit after tax of HUF 27.3 billion without dividends received from subsidiaries, down from the previous year's result of HUF 169 billion.

In the period under review, most of the negative adjustment items were related either directly to the war, or to the Hungarian Governmernt measures. Out of those items, the largest were the special banking taxes (-HUF 85.2 billion after tax), the effect of goodwill and investment impairment (-64.9), the expected impact of the interest rate cap scheme (-33.3), and the impairment on Russian government bonds held by OTP Bank (-30.3).

The annual adjusted operating profit advanced by 14%, mainly driven by the dynamic expansion of business volumes; at the same time, despite the higher rate environment the net interest margin narrowed significantly, by 28 bps to 2.57%. Still, due to volume expansion the net interest income grew 12% y-o-y.

In 4Q the net interest income dropped 20% q-o-q, mainly due to the material margin erosion (2.11%, -50 bps q-o-q). Given the fixed rate asset surplus of OTP Core, the margin path was predominantly shaped by the steeply increasing rate environment. Similar to the previous quarter, one temporary component of this effect was the different speed of repricing of corporate loans and deposits.

The annual net fees and commissions surged by 17%, mainly supported by stronger revenues from deposit-, transaction-, and card-related fees, while income from securities' sales declined. The cumulated other income leaped by 82%.

In 2022 operating expenses grew 19% y-o-y. Within that, personnel expenses rose by 10% on account of 4% higher average headcount and the implemented wage increases, partly offset by the reduction of employers' contributions by altogether 4 pps effective from 1 January 2022. Amortization increased by 10%. Other costs grew by one-third, driven by, among others, the higher real-estate-related costs (partly because of moving into the new office building), energy costs and supervisory fees (latter largely due to the increase in deposit protection fee effective from the end of 2021).

In 2022 altogether +HUF 2.4 billion total risk costs emerged. Within that, the positive amount of provision for impairment on loan losses reached HUF 32.8 billion, whereas the other risk costs came in at -HUF 30.4 billion. In 4Q HUF 3.4 billion positive total risk cost was booked, comprising of +HUF 13.9 billion credit risk costs (with mainly the upward revaluation of claims held by OTP Factoring explaining the positive sign of this component, also resulting in higher net Stage 3 volumes), and -HUF 10.4 billion other risk costs related mainly to impairments on Hungarian government bonds.

Credit quality trends remained overall benign. During 2022 the Stage 2 ratio moderated by 6.0 pps to 11.5% (in 2Q the Stage 2 volumes fell by more than HUF 200 billion as borrowers who left the moratorium in November 2021 and resumed normal payment were shifted back into Stage 1 category). The Stage 3 ratio went up by 0.3 pp y-o-y, driven by the 0.6 pp increase in 4Q. Latter was partly owing to the revaluation of Factoring claims, which resulted in higher net Stage 3 volumes; secondly, certain retail loans that had participated in the moratorium were shifted into the Stage 3 basket. Without these two factors, the declining trend of Stage 3 ratio would have prevailed in the last quarter.

Although the Stage 1+2 portfolio's cumulative own provision coverage dropped by 0.7 pp y-o-y, to 1.8%, this is still way above the pre-pandemic level of 1.3% at the end of 2019.

The total assets of OTP Core expanded by 11% y-o-y, including a 6% q-o-q contraction in the last quarter.

Performing (Stage 1+2) loans grew by 15% y-o-y (FX-adjusted), mainly due to the government's and the national bank's subsidized loan programmes (baby loan, CSOK housing loan, green mortgage loan, home renovation loan, Széchenyi Card scheme). Performing loans increased by 2% q-o-q.

Over both time horizons, loan growth was driven by the corporate segment (+33% y-o-y, +4% q-o-q). Since July 2021 the Government introduced subsidized loan facilities for micro and small enterprises through the *KAVOSZ Széchenyi Card* programme. Under the *Széchenyi Card Go! and MAX* schemes, by the end of 2022 OTP Bank signed loan agreements worth HUF 593 billion in total, of which HUF 158 billion under the *MAX* structure available since August. In 2023, subsidized loans are available to MSE and corporate clients through the extended Széchenyi Card scheme and the Gábor Baross Reindustrialization Programme.

In 2022 the contracted amount of baby loans (prolonged till the end of 2024) was HUF 186 billion (4Q: 50), thus the outstanding stock reached HUF 784 billion. Performing cash loan volumes rose by 4% y-o-y (-4% q-o-q). The origination of new cash loans increased by 4% y-o-y, so OTP's market share reached 38% in 2022 (2021: 38.4%).

The volume of performing mortgage loans contracted by 1% q-o-q, and grew 3% y-o-y. Mortgage loan applications registered in 4Q fell to their lowest level since 1Q 2016. In 2022 as a whole, applications for mortgages dropped 19% y-o-y, but the demand showed a spectacular shift towards subsidized products (+29% y-o-y); on the contrary, demand for market-based mortgage loans declined by 52%.

Assets held with the central bank declined q-o-q on average, within that overnight deposits and mandatory reserves grew (latter mainly on the back of the minimum reserve requirement increased from October), whereas longer term deposits dropped.

Customer deposits expanded 9% y-o-y, but eroded by 2% over the last quarter (FX-adjusted). The 5% q-o-q increase in retail deposits (including retail bonds) in the first quarter was boosted by the PIT refund in February; then they eroded by 1% q-o-q in each quarter. Corporate deposits – despite their 4% decline in 4Q – grew by 20% over the last 12 months.

As for international bond issuances, there were 2 transactions in 3Q and one in the last quarter, in the total notional of EUR 1,050 million and USD 60 million. These bonds amounted to HUF 478 billion at the end of the year and were presented on the liability side of Corporate Centre, not that of OTP Core.

OTP FUND MANAGEMENT (HUNGARY)

Changes in assets under management and financial performance of OTP Fund Management:

Main components of P&L account in HUF million	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
Adjusted profit after tax	6,116	9,357	53%	3,253	1,324	5,598	323%	72%
Income tax	-788	-1,234	57%	-422	-195	-695	257%	65%
Profit before income tax	6,904	10,592	53%	3,675	1,519	6,293	314%	71%
Operating profit	6,918	10,678	54%	3,689	1,608	6,221	287%	69%
Total income	10,044	14,585	45%	4,524	2,607	7,683	195%	70%
Net fees and commissions	9,799	14,094	44%	4,520	2,317	7,519	225%	66%
Other net non-interest income	245	491	101%	4	291	164	-44%	
Operating expenses	-3,125	-3,907	25%	-835	-999	-1,462	46%	75%
Other provisions	-14	-86	509%	-14	-90	72	-180%	-605%
Main components of balance sheet closing balances in HUF million	**2021**	**2022**	**Y/Y**	**2021 4Q**	**2022 3Q**	**2022 4Q**	**Q/Q**	**Y/Y**
Total assets	24,988	27,718	11%	24,988	20,839	27,718	33%	11%
Total shareholders' equity	12,792	16,993	33%	12,792	11,337	16,993	50%	33%
Asset under management in HUF billion	**2021**	**2022**	**Y/Y**	**2021 4Q**	**2022 3Q**	**2022 4Q**	**Q/Q**	**Y/Y**
Assets under management, total (w/o duplicates)[1]	**1,331**	**1,782**	**34%**	**1,331**	**1,458**	**1,782**	**22%**	**34%**
Volume of investment funds (closing, w/o duplicates)	942	1,388	47%	942	1,086	1,388	28%	47%
Volume of managed assets (closing)	389	393	1%	389	372	393	6%	1%
Volume of investment funds (closing, with duplicates)[2]	**1,479**	**1,869**	**26%**	**1,479**	**1,565**	**1,869**	**19%**	**26%**
bond	444	665	50%	444	502	665	32%	50%
equity	342	296	-13%	342	290	296	2%	-13%
absolute return fund	300	288	-4%	300	274	288	5%	-4%
money market	4	287		4	148	287	93%	
mixed	345	285	-17%	345	300	285	-5%	-17%
commodity market	37	49	33%	37	49	49	-1%	33%
guaranteed	5	0	-100%	5	0	0		-100%

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

In 2022 **OTP Fund Management** generated HUF 9.4 billion profit, exceeding the 2021 profit by more than 50%. Of the annual profit, HUF 5.6 billion was realized in 4Q 2022.

The growth of annual net fees and commissions stemmed from the 26% surge in assets under management, while average fund management fees were the same as in the base year, and sales costs declined. In the fourth quarter of 2022, y-o-y higher success fee was recorded for funds generating above-benchmark yields (2021: HUF 1.9 billion, 2022: HUF 4.8 billion).

Annual other income has doubled y-o-y, thanks to the positive revaluation result of the investment units in the Company's own books, and to the sales results.

Annual operating expenses grew by 25%, chiefly under the pressure of a high-inflation environment. Personnel expenses were 19% higher than in the base year. The q-o-q growth in the fourth quarter reflects the bonus payments for funds' performance in the reporting period.

In Hungary's fund management market, investment fund volumes were shaped by rising inflation environment, the MNB's interest rate hikes, and the change in government bond yields in 2022. Given the growth of the portfolio under management, the shift between categories is even more striking, particularly at OTP Fund Management's money market fund, whose volumes had marginalised when an EU regulation came into force in January 2019, but hit HUF 287 billion by the end of 2022. Among investment funds, bond funds continue to represent the largest category. Their improving popularity, owing to rising government bond yields, and capital inflows both supported a dynamic 50% y-o-y increase in volumes, which hit HUF 665 billion by the end of 2022. Overall, the volume of investment funds of OTP Fund Management expanded by 26% y-o-y, hitting a new record, and exceeding HUF 1,869 billion (with duplications).

The Company further strengthened its leadership in the securities market, where its market share stood at 27.1% (+4.3 pps y-o-y) at the end of December 2022.

MERKANTIL GROUP (HUNGARY)

Performance of Merkantil Group:

Main components of P&L account in HUF million	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
Adjusted profit after tax	7,998	10,971	37%	1,476	1,699	3,462	104%	135%
Income tax	-918	-1,645	79%	-13	-263	-574	118%	
Profit before income tax	8,916	12,616	41%	1,489	1,962	4,035	106%	171%
Operating profit	11,961	13,930	16%	3,373	3,438	4,496	31%	33%
Total income	23,291	24,766	6%	6,520	6,135	7,537	23%	16%
Net interest income	20,680	22,537	9%	5,473	5,576	7,141	28%	30%
Net fees and commissions	116	921	694%	32	214	298	39%	844%
Other net non-interest income	2,495	1,307	-48%	1,016	346	98	-72%	-90%
Operating expenses	-11,330	-10,836	-4%	-3,147	-2,698	-3,041	13%	-3%
Total provisions	-3,045	-1,314	-57%	-1,884	-1,476	-461	-69%	-76%
Provision for impairment on loan losses	-3,093	-1,068	-65%	-1,938	-691	-1,237	79%	-36%
Other provision	48	-246		54	-785	776		
Main components of balance sheet closing balances in HUF million	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
Total assets	782,222	948,735	21%	782,222	949,564	948,735	0%	21%
Gross customer loans	444,549	532,054	20%	444,549	527,323	532,054	1%	20%
Gross customer loans (FX-adjusted)	446,453	532,054	19%	446,453	525,584	532,054	1%	19%
Stage 1+2 customer loans (FX-adjusted)	433,477	517,933	19%	433,477	511,232	517,933	1%	19%
Retail loans	4,867	3,148	-35%	4,867	3,502	3,148	-10%	-35%
Corporate loans	46,897	130,859	179%	46,897	118,904	130,859	10%	179%
Leasing	381,713	383,926	1%	381,713	388,826	383,926	-1%	1%
Allowances for possible loan losses	-14,230	-12,436	-13%	-14,230	-11,681	-12,436	6%	-13%
Allowances for possible loan losses (FX-adjusted)	-14,286	-12,436	-13%	-14,286	-11,646	-12,436	7%	-13%
Deposits from customers	8,198	6,151	-25%	8,198	6,507	6,151	-5%	-25%
Deposits from customer (FX-adjusted)	8,198	6,151	-25%	8,198	6,507	6,151	-5%	-25%
Retail deposits	5,166	3,713	-28%	5,166	4,015	3,713	-8%	-28%
Corporate deposits	3,032	2,438	-20%	3,032	2,492	2,438	-2%	-20%
Liabilities to credit institutions	688,675	852,738	24%	688,675	852,959	852,738	0%	24%
Total shareholders' equity	59,246	57,591	-3%	59,246	57,428	57,591	0%	-3%
Loan Quality	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	334,732	453,307	35%	334,732	464,104	453,307	-2%	35%
Stage 1 loans under IFRS 9/gross customer loans	75.3%	85.2%	9.9%p	75.3%	88.0%	85.2%	-2.8%p	9.9%p
Own coverage of Stage 1 loans under IFRS 9	0.4%	0.4%	0.0%p	0.4%	0.4%	0.4%	0.1%p	0.0%p
Stage 2 loan volume under IFRS 9 (in HUF million)	96,982	64,627	-33%	96,982	48,804	64,627	32%	-33%
Stage 2 loans under IFRS 9/gross customer loans	21.8%	12.1%	-9.7%p	21.8%	9.3%	12.1%	2.9%p	-9.7%p
Own coverage of Stage 2 loans under IFRS 9	5.3%	4.5%	-0.8%p	5.3%	5.6%	4.5%	-1.1%p	-0.8%p
Stage 3 loan volume under IFRS 9 (in HUF million)	12,836	14,120	10%	12,836	14,414	14,120	-2%	10%
Stage 3 loans under IFRS 9/gross customer loans	2.9%	2.7%	-0.2%p	2.9%	2.7%	2.7%	-0.1%p	-0.2%p
Own coverage of Stage 3 loans under IFRS 9	60.0%	53.1%	-6.9%p	60.0%	50.8%	53.1%	2.3%p	-6.9%p
Provision for impairment on loan losses/average gross loans	0.71%	0.21%	-0.49%p	1.74%	0.52%	0.93%	0.40%p	-0.82%p
90+ days past due loan volume (in HUF million)	5,852	3,655	-38%	5,852	3,479	3,655	-38%	-38%
90+ days past due loans/gross customer loans	1.3%	0.7%	-0.6%p	1.3%	0.7%	0.7%	0.0%p	-0.6%p
Performance Indicators	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
ROA	1.0%	1.3%	0.3%p	0.7%	0.8%	1.4%	0.7%p	0.7%p
ROE	14.3%	19.1%	4.8%p	9.9%	11.8%	23.9%	12.1%p	13.9%p
Total income margin	3.05%	2.94%	-0.11%p	3.26%	2.81%	3.15%	0.34%p	-0.11%p
Net interest margin	2.71%	2.68%	-0.03%p	2.74%	2.56%	2.99%	0.43%p	0.25%p
Operating costs / Average assets	1.5%	1.3%	-0.2%p	1.6%	1.2%	1.3%	0.0%p	-0.3%p
Cost/income ratio	48.6%	43.8%	-4.9%p	48.3%	44.0%	40.4%	-3.6%p	-7.9%p

In 2022, **Merkantil Group** posted HUF 11 billion adjusted profit after tax (+37% y-o-y), which brought its full-year ROE to 19.1%. Its profit grew by 104% q-o-q in the fourth quarter.

Annual net interest income increased by 9%, while the net interest margin narrowed by 3 basis points. Net interest income grew by q-o-q 28% in the fourth quarter, as interest rates on new loan placements increased compared to the previous quarter, for both cars and capital goods, and part of the interests on the liabilities side was channelled into overnight deposits.

Annual net fees and commissions grew and other net non-interest income dropped largely due to technical reasons (in 2022, some items were reclassified from other income to net fees and commissions). Fourth-quarter net fees and commissions grew by 39% q-o-q, due to higher commission income from loans and guarantees to entrepreneurs, and higher commissions from car and fleet dealers.

Annual operating expenses contracted by 4% y-o-y, but grew by 13% q-o-q in the fourth quarter.

In 2022, total risk cost declined, largely because risk model parameters were revised, and agricultural loans subject to the moratorium were reclassified into a riskier category. In the fourth quarter, HUF 0.5 billion was set aside for total risk cost.

Stage 3 loans increased by 10% y-o-y, while the Stage 2 portfolio shrank by 33% as the introduction of new forborne rules, from May 2022, led to the reclassification of the volumes subject to the moratorium from Stage 2 to Stage 3. The ratio of Stage 3 loans declined by 2.9 pps, to 2.7% q-o-q, and the share of Stage 2 loans fell by 9.7 pps, to 12.1%.

The annual loan dynamics was materially influenced by an intra-group deal, which increased Merkantil Group's loan volumes, but was eliminated at consolidated level: in relation to the M12 office building, OTP Real Estate Leasing disbursed loan to another group member, which was presented under corporate loans. Without this amount, FX-adjusted performing (Stage 1+2) loans grew by 8% y-o-y, mostly because corporate loan volumes expanded by 72% (largely owing to an increase in non-agricultural capital goods and working capital), while leasing exposures stagnated.

Hungary introduced preferential, subsidized funding for micro and small enterprises through the KAVOSZ Széchenyi Card system in July 2021. Under the programme, Merkantil Bank signed loan agreements worth more than HUF 84 billion (1Q: HUF 49 billion, 2Q: HUF 16 billion; 3Q: HUF 6 billion; 4Q: HUF 13 billion) in 2022.

In 2022, newly disbursed loan volumes grew by 12% y-o-y, including 45% increase in the financing of capital goods.

Merkantil Bank is market leader in new loan placements.

IFRS REPORTS OF THE MAIN SUBSIDIARIES

In the following parts of the report the foreign subsidiaries' adjusted financial data are presented. The calculation method 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 million	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
Adjusted profit after tax	76,790	119,885	56%	10,742	26,892	43,407	61%	304%
Income tax	-8,454	-12,680	50%	-982	-2,543	-4,756	87%	385%
Profit before income tax	85,244	132,565	56%	11,724	29,435	48,163	64%	311%
Operating profit	106,241	142,383	34%	27,025	36,944	45,077	22%	67%
Total income	178,470	230,834	29%	47,032	59,225	70,314	19%	50%
Net interest income	112,869	145,461	29%	29,625	38,289	44,722	17%	51%
Net fees and commissions	54,508	68,755	26%	14,507	18,410	17,854	-3%	23%
Other net non-interest income	11,093	16,618	50%	2,899	2,526	7,738	206%	167%
Operating expenses	-72,230	-88,451	22%	-20,007	-22,281	-25,237	13%	26%
Total provisions	-20,997	-9,819	-53%	-15,301	-7,509	3,086	-141%	-120%
Provision for impairment on loan losses	-18,938	-10,992	-42%	-12,692	-5,998	816	-114%	-106%
Other provision	-2,059	1,173	-157%	-2,609	-1,511	2,270	-250%	-187%
Main components of balance sheet closing balances in HUF million	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
Total assets	4,627,132	5,946,815	29%	4,627,132	5,880,783	5,946,815	1%	29%
Gross customer loans	2,922,886	3,584,751	23%	2,922,886	3,727,038	3,584,751	-4%	23%
Gross customer loans (FX-adjusted)	3,171,029	3,584,751	13%	3,171,029	3,539,129	3,584,751	1%	13%
Stage 1+2 customer loans (FX-adjusted)	2,974,782	3,458,387	16%	2,974,782	3,351,388	3,458,387	3%	16%
Retail loans	1,745,525	2,003,486	15%	1,745,525	1,952,329	2,003,486	3%	15%
Corporate loans	1,006,603	1,176,069	17%	1,006,603	1,130,588	1,176,069	4%	17%
Leasing	222,654	278,832	25%	222,654	268,472	278,832	4%	25%
Allowances for possible loan losses	-193,180	-154,361	-20%	-193,180	-222,410	-154,361	-31%	-20%
Allowances for possible loan losses (FX-adjusted)	-209,550	-154,361	-26%	-209,550	-211,229	-154,361	-27%	-26%
Deposits from customers	3,785,300	4,893,078	29%	3,785,300	4,863,893	4,893,078	1%	29%
Deposits from customers (FX-adjusted)	4,117,637	4,893,078	19%	4,117,637	4,594,564	4,893,078	6%	19%
Retail deposits	3,633,302	4,012,224	10%	3,633,302	3,803,427	4,012,224	5%	10%
Corporate deposits	484,334	880,854	82%	484,334	791,137	880,854	11%	82%
Liabilities to credit institutions	86,606	152,193	76%	86,606	158,011	152,193	-4%	76%
Total shareholders' equity	699,375	779,095	11%	699,375	771,207	779,095	1%	11%
Loan Quality	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	2,454,806	3,177,291	29%	2,454,806	3,242,871	3,177,291	-2%	29%
Stage 1 loans under IFRS 9/gross customer loans	84.0%	88.6%	4.6%p	84.0%	87.0%	88.6%	1.6%p	4.6%p
Own coverage of Stage 1 loans under IFRS 9	1.0%	1.1%	0.0%p	1.0%	1.1%	1.1%	-0.1%p	0.0%p
Stage 2 loan volume under IFRS 9 (in HUF million)	287,157	281,096	-2%	287,157	286,499	281,096	-2%	-2%
Stage 2 loans under IFRS 9/gross customer loans	9.8%	7.8%	-2.0%p	9.8%	7.7%	7.8%	0.2%p	-2.0%p
Own coverage of Stage 2 loans under IFRS 9	15.5%	16.0%	0.5%p	15.5%	16.8%	16.0%	-0.9%p	0.5%p
Stage 3 loan volume under IFRS 9 (in HUF million)	180,922	126,364	-30%	180,922	197,668	126,364	-36%	-30%
Stage 3 loans under IFRS 9/gross customer loans	6.2%	3.5%	-2.7%p	6.2%	5.3%	3.5%	-1.8%p	-2.7%p
Own coverage of Stage 3 loans under IFRS 9	68.2%	60.2%	-8.0%p	68.2%	69.9%	60.2%	-9.8%p	-8.0%p
Provision for impairment on loan losses/average gross loans	0.70%	0.33%	-0.38%p	1.76%	0.67%	-0.09%	-0.75%p	-1.85%p
90+ days past due loan volume (in HUF million)	114,362	65,240	-43%	114,362	133,095	65,240	-51%	-43%
90+ days past due loans/gross customer loans	3.9%	1.8%	-2.1%p	3.9%	3.6%	1.8%	-1.8%p	-2.1%p
Performance Indicators	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
ROA	1.8%	2.3%	0.5%p	0.9%	2.0%	2.9%	1.0%p	2.0%p
ROE	11.8%	16.7%	4.8%p	6.2%	14.5%	22.2%	7.7%p	16.0%p
Total income margin	4.07%	4.41%	0.34%p	4.12%	4.32%	4.75%	0.43%p	0.63%p
Net interest margin	2.58%	2.78%	0.20%p	2.59%	2.79%	3.02%	0.23%p	0.43%p
Operating costs / Average assets	1.65%	1.69%	0.04%p	1.75%	1.62%	1.71%	0.08%p	-0.05%p
Cost/income ratio	40.5%	38.3%	-2.2%p	42.5%	37.6%	35.9%	-1.7%p	-6.6%p
Net loans to deposits (FX-adjusted)	72%	70%	-2%p	72%	72%	70%	-2%p	-2%p
FX rates (in HUF)	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
HUF/BGN (closing)	188.7	204.6	8%	188.7	215.5	204.6	-5%	8%
HUF/BGN (average)	183.3	200.1	9%	186.2	206.0	210.1	2%	13%

In 2022, **DSK Group** posted HUF 120 billion profit after tax, 56% more than in 2021. This was primarily driven by the improved operating profit (+34% y-o-y), and the favourable development of credit risk costs (-53% y-o-y). In the fourth quarter, the profit mounted to HUF 43.4 billion (+61% q-o-q), as higher operating expenses (+13% q-o-q) were counterbalanced by the income growth (+19% q-o-q), and positive risk cost.

Within the annual revenues, the realized interest income on customer loans and other securities and placements by group members also increased in parallel with the rise in the interest rate environment. The 29% y-o-y surge in net interest income in HUF (18% in BGN) was supported by the dynamic loan growth, as well as by the increasing net interest margin. In the fourth quarter, net interest income grew by 17% q-o-q in HUF (+15% in BGN), mainly due to the further expanding and typically EURIBOR-linked corporate loan portfolios with variable interest rates. The expansion of the net interest margin, which stabilized in 2021 and then began to rise from 2Q of 2022, continued in 4Q, and reached 3.02% in the last quarter of the year.

In 2022, net fees and commissions grew by 26% y-o-y, mainly due to the increase in fee income realized on expanding corporate loans and higher transaction fee income in the residential segment. In 4Q, quarterly fee income shrank by 3% q-o-q as a result of cancellation of certain fee items in September that were calculated in proportion to the deposit portfolio, as well as the December settlement of refunds related to credit card use.

Other income grew by 50% y-o-y in 2022, mostly boosted by the jump in the fourth quarter. This was largely due to an increase in the revaluation result of swap transactions, as well as proceeds from the sale of real estate and leased assets.

Annual operating expenses increased by 22% (by 12% in local currency), mostly as a result of an inflation-induced growth in personnel and utility costs. The 13% q-o-q increase in the fourth quarter predominantly stemmed from the end-of-the-year seasonal rise in personnel costs. In 2022, the average number of employees decreased further, and the improvements launched in 2021 for the comprehensive transformation of the bank's business and operating model, continued, which improved its operational effectiveness and financial efficiency. Cost efficiency indicators have improved q-o-q and y-o-y, the cost/income ratio was 38% in 2022.

In 2022, HUF 9.8 billion total risk cost weighed on the profit, 53% less than in the base year. The positive credit risk costs in the fourth quarter were largely due to the revision of the Stage classification methodology for retail loans, which reduced the retail Stage 3 portfolio by approximately HUF 10 billion and also led to provision releases. In the fourth quarter, the sale/write-off of non-performing loans also reduced the Stage 3 volumes. As a result, the ratio of Stage 3 loans declined by 1.8 pps q-o-q, to 3.5% by the end of December, while their own provision coverage dropped to 60.2% (-9.8 pps q-o-q). The ratio of Stage 2 loans shrunk by 2 pps to 7.8% y-o-y; their own provision coverage was 16% (+0.5 pp y-o-y). In the fourth quarter HUF 3.7 billion worth of other risk costs were released in connection with a won litigation case.

Regarding the lending activity, performing (Stage 1+2) loans expanded by 16% y-o-y, and rose by 3% q-o-q (FX-adjusted). The retail loan book growth was chiefly driven by the increase of mortgage lending. The disbursement of new cash loans dropped q-o-q in the fourth quarter, yet, the performing retail loan portfolio still increased by 15% y-o-y. The FX-adjusted corporate performing loan volume increased by 17% y-o-y in the fourth quarter, as new disbursements surged by 53% q-o-q, amid rising interest rates. New leasing transactions also expanded in the fourth quarter, so the performing stock maintained its growth dynamics both on an annual and quarterly basis.

The FX-adjusted deposit volume increased by 19% compared to the end of 2021, within which it increased by 6% in the fourth quarter, largely driven by the corporate segment.

The Bulgarian bank's liquidity position is stable, the FX-adjusted net loan/deposit ratio stood at 70% at the end of December (-2 pps y-o-y).

As a result of the bank's digital developments, the number of Mobile Bank users is also expanding: in 2022, their number increased by 33%. Nearly a fifth of the customers actively using the bank's products and services are also users of its digital services.

DSK Bank's capital adequacy ratio (19.8%) remained stable above the regulatory minimum (17.3%) at the end of the fourth quarter. The CET1 ratio was 19.8% (regulatory minimum: 13.0%).

The bank's market share by total assets improved to 18.65% at the end of December 2022, thereby jumped to the top of the Bulgarian banking ranking.

OTP BANK CROATIA

Performance of OTP Bank Croatia:

Main components of P&L account in HUF million	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
Adjusted profit after tax	33,448	42,801	28%	8,254	14,922	4,990	-67%	-40%
Income tax	-7,618	-9,294	22%	-2,203	-3,328	-947	-72%	-57%
Profit before income tax	41,065	52,095	27%	10,457	18,250	5,937	-67%	-43%
Operating profit	43,422	49,013	13%	10,152	14,399	12,196	-15%	20%
Total income	88,736	102,042	15%	22,281	27,996	27,376	-2%	23%
Net interest income	60,933	70,547	16%	15,835	18,885	19,258	2%	22%
Net fees and commissions	18,183	24,692	36%	4,529	7,547	6,353	-16%	40%
Other net non-interest income	9,619	6,803	-29%	1,917	1,565	1,765	13%	-8%
Operating expenses	-45,313	-53,029	17%	-12,129	-13,598	-15,180	12%	25%
Total provisions	-2,357	3,082	-231%	305	3,852	-6,259	-263%	
Provision for impairment on loan losses	1,767	7,102	302%	2,047	4,412	-4,041	-192%	-297%
Other provision	-4,124	-4,020	-3%	-1,742	-561	-2,219	296%	27%
Main components of balance sheet closing balances in HUF million	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
Total assets	2,576,445	3,224,955	25%	2,576,445	3,262,501	3,224,955	-1%	25%
Gross customer loans	1,811,376	2,263,825	25%	1,811,376	2,385,416	2,263,825	-5%	25%
Gross customer loans (FX-adjusted)	1,962,890	2,263,825	15%	1,962,890	2,264,058	2,263,825	0%	15%
Stage 1+2 customer loans (FX-adjusted)	1,806,394	2,152,201	19%	1,806,394	2,147,695	2,152,201	0%	19%
Retail loans	948,625	1,075,342	13%	948,625	1,069,728	1,075,342	1%	13%
Corporate loans	732,670	928,717	27%	732,670	921,438	928,717	1%	27%
Leasing	125,100	148,142	18%	125,100	156,529	148,142	-5%	18%
Allowances for possible loan losses	-109,575	-108,490	-1%	-109,575	-112,694	-108,490	-4%	-1%
Allowances for possible loan losses (FX-adjusted)	-118,703	-108,490	-9%	-118,703	-106,927	-108,490	1%	-9%
Deposits from customers	1,899,671	2,381,977	25%	1,899,671	2,441,411	2,381,977	-2%	25%
Deposits from customers (FX-adjusted)	2,065,327	2,381,977	15%	2,065,327	2,306,339	2,381,977	3%	15%
Retail deposits	1,541,549	1,777,094	15%	1,541,549	1,707,765	1,777,094	4%	15%
Corporate deposits	523,778	604,883	15%	523,778	598,574	604,883	1%	15%
Liabilities to credit institutions	228,733	337,047	47%	228,733	208,730	337,047	61%	47%
Total shareholders' equity	351,023	390,583	11%	351,023	407,809	390,583	-4%	11%
Loan Quality	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	1,448,458	1,886,633	30%	1,448,458	1,966,492	1,886,633	-4%	30%
Stage 1 loans under IFRS 9/gross customer loans	80.0%	83.3%	3.4%p	80.0%	82.4%	83.3%	0.9%p	3.4%p
Own coverage of Stage 1 loans under IFRS 9	0.6%	0.5%	0.0%p	0.6%	0.5%	0.5%	0.1%p	0.0%p
Stage 2 loan volume under IFRS 9 (in HUF million)	218,754	265,568	21%	218,754	295,960	265,568	-10%	21%
Stage 2 loans under IFRS 9/gross customer loans	12.1%	11.7%	-0.3%p	12.1%	12.4%	11.7%	-0.7%p	-0.3%p
Own coverage of Stage 2 loans under IFRS 9	5.9%	7.3%	1.4%p	5.9%	6.3%	7.3%	1.0%p	1.4%p
Stage 3 loan volume under IFRS 9 (in HUF million)	144,163	111,624	-23%	144,163	122,965	111,624	-9%	-23%
Stage 3 loans under IFRS 9/gross customer loans	8.0%	4.9%	-3.0%p	8.0%	5.2%	4.9%	-0.2%p	-3.0%p
Own coverage of Stage 3 loans under IFRS 9	61.4%	70.6%	9.2%p	61.4%	69.1%	70.6%	1.5%p	9.2%p
Provision for impairment on loan losses/average gross loans	-0.11%	-0.34%	-0.23%p	-0.46%	-0.78%	0.69%	1.47%p	1.15%p
90+ days past due loan volume (in HUF million)	73,826	71,800	-3%	73,826	79,025	71,800	-9%	-3%
90+ days past due loans/gross customer loans	4.1%	3.2%	-0.9%p	4.1%	3.3%	3.2%	-0.1%p	-0.9%p
Performance Indicators	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
ROA	1.4%	1.5%	0.1%p	1.3%	1.9%	0.6%	-1.3%p	-0.7%p
ROE	10.0%	11.4%	1.4%p	9.4%	15.1%	4.9%	-10.2%p	-4.5%p
Total income margin	3.73%	3.51%	-0.22%p	3.55%	3.58%	3.37%	-0.21%p	-0.18%p
Net interest margin	2.56%	2.43%	-0.13%p	2.52%	2.41%	2.37%	-0.04%p	-0.15%p
Operating costs / Average assets	1.90%	1.83%	-0.08%p	1.93%	1.74%	1.87%	0.13%p	-0.06%p
Cost/income ratio	51.1%	52.0%	0.9%p	54.4%	48.6%	55.4%	6.9%p	1.0%p
Net loans to deposits (FX-adjusted)	89%	90%	1%p	89%	94%	90%	-3%p	1%p
FX rates (in HUF)	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
HUF/HRK (closing)	49.1	53.1	8%	49.1	56.0	53.1	-5%	8%
HUF/HRK (average)	47.6	49.7	4%	48.4	53.6	54.5	2%	13%

The **Croatian bank** generated HUF 42.8 billion profit after tax in 2022, thus its profit jumped by nearly 30% y-o-y, bringing the ROE to 11.4%. The fourth-quarter adjusted profit after tax of HUF 5.0 billion is consistent with 67% q-o-q and 40% y-o-y declines.

The result was partly determined by credit risk costs. In 2022, HUF 3.1 billion positive risk cost supported profit. Within that, the +HUF 7.1 billion credit risk cost was driven by multiple factors: first, provisions were released in the first three quarters, as retail mortgages that left the moratorium were reclassified from Stage 3 to Stage 1 category, while the macroeconomic outlook turned unfavourable in the fourth quarter, necessitating the revision of the risk model parameter in both the retail and the corporate segments. Furthermore, HUF 4 billion other risk cost weighed on the result in 2022, owing to impairment on repo receivables, provisions for legal and tax lawsuits, and redundancy payments.

Annual operating profit improved by 13%. The 4Q 2022 operating profit declined q-o-q, as cost level increased by 12% q-o-q in the rising inflationary environment, and total income dropped by 2%.

Annual net interest income grew by 16%, chiefly induced by the dynamic increase in performing (Stage 1+2) volumes (+19% y-o-y FX-adjusted), while net interest margin eroded by 13 basis points, to 2.43%.

Twelve-month net fees and commissions grew by 36% y-o-y, mainly as a result of the post-pandemic rebound in economic activity, and the recovery of tourism starting from the second quarter of 2021. The latter's effect is also palpable in the y-o-y stronger income from ATMs and currency exchange. In the fourth quarter, fee income q-o-q declined, reflecting seasonal effects: the fee income from card usage and currency exchange declined as the summer tourism season ended.

Other income fell by 29% last year, partly because of the unfavourable evolution of gain on securities, and in part owing to lower income from currency conversion.

Annual operating cost level was 17% higher than in the base year, while inflation exceeded 13%, and the number of employees remained unchanged y-o-y. Moreover, additional IT costs and expert fees emerged as the euro was adopted in 2023. The bank saved money y-o-y on marketing expenses. Overall, the annual cost/income ratio declined by 9 pps, to 52.0%.

In 2022, the share of Stage 3 loans in the portfolio sank further y-o-y, thus it stood at 4.9% at the end of December. This process was supported by the overall improvement in the loan portfolio, and by the reclassification into S1 category of the mortgages that left the moratorium and are duly paid. In 2022, HUF 5.6 billion worth of non-performing loans were sold/written off (FX-adjusted). The own provision coverage of Stage 3 loans rose to 70.6% (+9.2 pps y-o-y).

Performing (Stage 1+2) loans expanded by an FX-adjusted 19% y-o-y, and stagnated q-o-q. The retail segment's growth benefited from the subsidized housing loan facility for first-home-buyers, in a scheme resumed on 21 March 2022. The annual disbursed volume of cash loans remained on the level of the base year 2021. Corporate loan volumes grew at the strongest rate, by 27% y-o-y.

The excellent tourism season, the savings related to the euro conversion, and lower personal consumption preferences led to a 15% y-o-y increase in FX-adjusted deposit volumes. The Croatian bank's liquidity and capital position is stable; its capital adequacy ratio was 19.6% at the end of December 2022.

OTP BANK SERBIA

Performance of OTP Bank Serbia:

Main components of P&L account in HUF million	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
Adjusted profit after tax	32,104	36,873	15%	11,416	10,671	4,421	-59%	-61%
Income tax	-3,610	-6,118	69%	-2,094	-1,619	-1,280	-21%	-39%
Profit before income tax	35,714	42,991	20%	13,511	12,290	5,701	-54%	-58%
Operating profit	40,754	58,544	44%	10,205	15,671	19,174	22%	88%
Total income	83,494	104,524	25%	21,911	27,495	31,412	14%	43%
Net interest income	62,497	76,635	23%	16,043	20,147	23,171	15%	44%
Net fees and commissions	14,410	17,954	25%	4,036	4,834	5,040	4%	25%
Other net non-interest income	6,586	9,934	51%	1,832	2,514	3,201	27%	75%
Operating expenses	-42,740	-45,980	8%	-11,705	-11,824	-12,238	4%	5%
Total provisions	-5,040	-15,553	209%	3,305	-3,381	-13,473	299%	-508%
Provision for impairment on loan losses	-387	-14,422		3,023	-2,949	-12,954	339%	-528%
Other provision	-4,653	-1,131	-76%	282	-432	-519	20%	-284%
Main components of balance sheet closing balances in HUF million	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
Total assets	2,224,715	2,708,993	22%	2,224,715	2,823,591	2,708,993	-4%	22%
Gross customer loans	1,715,347	2,038,480	19%	1,715,347	2,176,508	2,038,480	-6%	19%
Gross customer loans (FX-adjusted)	1,861,471	2,038,480	10%	1,861,471	2,067,154	2,038,480	-1%	10%
Stage 1+2 customer loans (FX-adjusted)	1,807,788	1,986,879	10%	1,807,788	2,010,993	1,986,879	-1%	10%
Retail loans	854,137	907,047	6%	854,137	911,946	907,047	-1%	6%
Corporate loans	861,573	979,896	14%	861,573	1,000,469	979,896	-2%	14%
Leasing	92,078	99,935	9%	92,078	98,578	99,935	1%	9%
Allowances for possible loan losses	-44,587	-62,386	40%	-44,587	-53,857	-62,386	16%	40%
Allowances for possible loan losses (FX-adjusted)	-48,412	-62,386	29%	-48,412	-51,147	-62,386	22%	29%
Deposits from customers	1,238,864	1,551,143	25%	1,238,864	1,516,365	1,551,143	2%	25%
Deposits from customers (FX-adjusted)	1,347,720	1,551,143	15%	1,347,720	1,436,027	1,551,143	8%	15%
Retail deposits	816,861	867,997	6%	816,861	831,263	867,997	4%	6%
Corporate deposits	530,860	683,146	29%	530,860	604,763	683,146	13%	29%
Liabilities to credit institutions	584,453	682,615	17%	584,453	825,544	682,615	-17%	17%
Total shareholders' equity	306,630	358,120	17%	306,630	373,435	358,120	-4%	17%
Loan Quality	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	1,542,170	1,764,677	14%	1,542,170	1,995,891	1,764,677	-12%	14%
Stage 1 loans under IFRS 9/gross customer loans	89.9%	86.6%	-3.3%p	89.9%	91.7%	86.6%	-5.1%p	-3.3%p
Own coverage of Stage 1 loans under IFRS 9	0.7%	0.9%	0.2%p	0.7%	0.6%	0.9%	0.3%p	0.2%p
Stage 2 loan volume under IFRS 9 (in HUF million)	123,754	222,202	80%	123,754	121,469	222,202	83%	80%
Stage 2 loans under IFRS 9/gross customer loans	7.2%	10.9%	3.7%p	7.2%	5.6%	10.9%	5.3%p	3.7%p
Own coverage of Stage 2 loans under IFRS 9	6.1%	7.0%	0.9%p	6.1%	6.3%	7.0%	0.7%p	0.9%p
Stage 3 loan volume under IFRS 9 (in HUF million)	49,423	51,601	4%	49,423	59,149	51,601	-13%	4%
Stage 3 loans under IFRS 9/gross customer loans	2.9%	2.5%	-0.3%p	2.9%	2.7%	2.5%	-0.2%p	-0.3%p
Own coverage of Stage 3 loans under IFRS 9	53.6%	59.8%	6.2%p	53.6%	56.5%	59.8%	3.3%p	6.2%p
Provision for impairment on loan losses/average gross loans	0.02%	0.74%	0.71%p	-0.73%	0.56%	2.44%	1.89%p	3.17%p
90+ days past due loan volume (in HUF million)	33,405	34,516	3%	33,405	41,748	34,516	-17%	3%
90+ days past due loans/gross customer loans	1.9%	1.7%	-0.3%p	1.9%	1.9%	1.7%	-0.2%p	-0.3%p
Performance Indicators	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
ROA	1.6%	1.5%	-0.1%p	2.1%	1.6%	0.6%	-0.9%p	-1.5%p
ROE	11.4%	10.9%	-0.5%p	15.2%	11.9%	4.8%	-7.1%p	-10.4%p
Total income margin	4.07%	4.14%	0.06%p	4.07%	4.07%	4.52%	0.44%p	0.45%p
Net interest margin	3.05%	3.03%	-0.02%p	2.98%	2.99%	3.33%	0.35%p	0.35%p
Operating costs / Average assets	2.09%	1.82%	-0.27%p	2.17%	1.75%	1.76%	0.01%p	-0.41%p
Cost/income ratio	51.2%	44.0%	-7.2%p	53.4%	43.0%	39.0%	-4.0%p	-14.5%p
Net loans to deposits (FX-adjusted)	135%	127%	-7%p	135%	140%	127%	-13%p	-7%p
FX rates (in HUF)	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
HUF/RSD (closing)	3.1	3.4	9%	3.1	3.6	3.4	-5%	9%
HUF/RSD (average)	3.0	3.2	5%	3.1	3.4	3.5	2%	13%

In 2022, the **Serbian Banking Group** posted HUF 36.9 billion adjusted profit after tax, 15% more than in 2021. The annual profit was shaped by a 44% surge in operating profit and by the y-o-y tripled risk costs. In the fourth quarter of 2022, adjusted profit after tax was HUF 4.4 billion, which is consistent with 61% y-o-y and 59% q-o-q declines.

Over the past 20 months following the completion of the integration, the banking group has been strengthening its credit market position. Based on the latest market data, its market share was 17.3% (+0.7 pp y-o-y) at the end of September 2022, while its total assets rank it second, with 14% market share.

The synergy and saving opportunities stemming from the integration were steadily realized: despite the intensifying price pressure (the rate of inflation rose to 15.1% by December 2022, from 8.3% in January 2022), twelve-month operating expenses were stable in local currency, and they barely changed q-o-q in the fourth quarter. Annual personnel costs rose by 3% y-o-y in local currency; the average number of employees (on FTE basis) dropped by 7% y-o-y (-209 people). Cost efficiency indicators have been firmly improving. In 2022, the cost/income ratio (44.0%) was one of the lowest ones among group members.

In full year 2022, core banking revenues were favourable, supported by the intensifying business activity. Net interest income grew by 23% y-o-y (by 12% in local currency), which partly stemmed from the increase in performing loans, but the rising RSD and EUR interest rate environment also made its impact on the predominantly variable-interest-rate loans and through the growing deposit volumes. Annual net interest margin (3.03%) narrowed by 2 bps y-o-y compared with the base year, but has been improving since the second quarter, and grew by 35 bps q-o-q in the fourth one.

Net fees and commissions expanded by 25% y-o-y (by 13% y-o-y in local currency) last year, predominantly owing to the rise in account fees.

The annual profit dynamics was chiefly shaped by risk costs. Credit risk costs grew by HUF 14 billion y-o-y, predominantly in the fourth quarter of 2022, owing to the revision of the IFRS 9 impairment model parameters, and as some large corporate exposures were reclassified into Stage 2 category. As a result of the provision for impairment, the own provision coverage of Stage 1, Stage 2, and Stage 3 loans all improved meaningfully in the fourth quarter.

The ratio of Stage 3 loans sank by 0.3 pp, to 2.5% y-o-y. The increase in the Stage 2 ratio reflects both the gradually deteriorating trend in the cash loan portfolio, and the reclassification of some large corporate exposures in the fourth quarter.

The y-o-y decline in other risk costs was driven by a high base due to the high provision for litigation in 2021.

The performing (Stage 1+2) loan book grew by 10% y-o-y, driven by the housing loan programme that was supported by a marketing campaign, strong cash loan disbursements, and growth in loans to large corporations, even if cash loan conditions became tighter in the fourth quarter, and corporate loan disbursements declined as EUR liquidity sources tightened.

The deposit book grew by an FX-adjusted 15% y-o-y, mainly due to retail demand deposits and large corporate deposits; the growth rate was above market average, particularly in the large corporate segment. The bank’s net loan/deposit ratio declined further; it stood at 127% at the end of December.

SKB BANKA (SLOVENIA)

Performance of SKB Banka (Slovenia):

Main components of P&L account in HUF million	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
Adjusted profit after tax	16,822	23,860	42%	4,368	8,828	5,348	-39%	22%
Income tax	-3,838	-5,710	49%	-1,075	-2,115	-1,321	-38%	23%
Profit before income tax	20,660	29,570	43%	5,443	10,943	6,669	-39%	23%
Operating profit	19,595	24,046	23%	5,453	6,585	7,644	16%	40%
Total income	42,354	51,403	21%	11,077	13,079	15,050	15%	36%
Net interest income	27,673	33,688	22%	7,043	8,685	10,598	22%	50%
Net fees and commissions	13,258	15,416	16%	3,651	3,864	3,659	-5%	0%
Other net non-interest income	1,423	2,299	61%	384	530	793	50%	107%
Operating expenses	-22,759	-27,357	20%	-5,624	-6,493	-7,406	14%	32%
Total provisions	1,065	5,523	419%	-10	4,358	-974	-122%	
Provision for impairment on loan losses	1,819	7,048	287%	673	4,615	140	-97%	-79%
Other provision	-754	-1,525	102%	-683	-258	-1,115	332%	63%
Main components of balance sheet closing balances in HUF million	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
Total assets	1,433,206	1,790,944	25%	1,433,206	1,740,849	1,790,944	3%	25%
Gross customer loans	984,605	1,204,641	22%	984,605	1,277,832	1,204,641	-6%	22%
Gross customer loans (FX-adjusted)	1,068,248	1,204,641	13%	1,068,248	1,213,556	1,204,641	-1%	13%
Stage 1+2 customer loans (FX-adjusted)	1,054,104	1,190,453	13%	1,054,104	1,200,170	1,190,453	-1%	13%
Retail loans	516,522	552,741	7%	516,522	550,098	552,741	0%	7%
Corporate loans	356,531	451,536	27%	356,531	464,655	451,536	-3%	27%
Leasing	181,051	186,177	3%	181,051	185,417	186,177	0%	3%
Allowances for possible loan losses	-16,271	-14,637	-10%	-16,271	-15,286	-14,637	-4%	-10%
Allowances for possible loan losses (FX-adjusted)	-17,658	-14,637	-17%	-17,658	-14,514	-14,637	1%	-17%
Deposits from customers	1,213,698	1,466,625	21%	1,213,698	1,472,090	1,466,625	0%	21%
Deposits from customers (FX-adjusted)	1,318,022	1,466,625	11%	1,318,022	1,396,172	1,466,625	5%	11%
Retail deposits	972,768	1,053,881	8%	972,768	1,022,805	1,053,881	3%	8%
Corporate deposits	345,254	412,744	20%	345,254	373,367	412,744	11%	20%
Liabilities to credit institutions	15,565	68,172	338%	15,565	151	68,172		338%
Total shareholders' equity	179,515	194,843	9%	179,515	199,635	194,843	-2%	9%
Loan Quality	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	846,646	1,062,588	26%	846,646	1,137,856	1,062,588	-7%	26%
Stage 1 loans under IFRS 9/gross customer loans	86.0%	88.2%	2.2%p	86.0%	89.0%	88.2%	-0.8%p	2.2%p
Own coverage of Stage 1 loans under IFRS 9	0.3%	0.2%	-0.1%p	0.3%	0.2%	0.2%	0.0%p	-0.1%p
Stage 2 loan volume under IFRS 9 (in HUF million)	124,932	127,866	2%	124,932	125,874	127,866	2%	2%
Stage 2 loans under IFRS 9/gross customer loans	12.7%	10.6%	-2.1%p	12.7%	9.9%	10.6%	0.8%p	-2.1%p
Own coverage of Stage 2 loans under IFRS 9	5.0%	2.4%	-2.6%p	5.0%	3.0%	2.4%	-0.6%p	-2.6%p
Stage 3 loan volume under IFRS 9 (in HUF million)	13,027	14,188	9%	13,027	14,101	14,188	1%	9%
Stage 3 loans under IFRS 9/gross customer loans	1.3%	1.2%	-0.1%p	1.3%	1.1%	1.2%	0.1%p	-0.1%p
Own coverage of Stage 3 loans under IFRS 9	56.1%	68.4%	12.2%p	56.1%	66.4%	68.4%	2.0%p	12.2%p
Provision for impairment on loan losses/average gross loans	-0.20%	-0.61%	-0.42%p	-0.27%	-1.51%	-0.04%	1.46%p	0.23%p
90+ days past due loan volume (in HUF million)	4,353	5,831	34%	4,353	5,205	5,831	12%	34%
90+ days past due loans/gross customer loans	0.4%	0.5%	0.0%p	0.4%	0.4%	0.5%	0.1%p	0.0%p
Performance Indicators	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
ROA	1.2%	1.5%	0.3%p	1.2%	2.1%	1.2%	-0.9%p	0.0%p
ROE	10.0%	12.8%	2.8%p	9.9%	18.2%	10.8%	-7.4%p	0.9%p
Total income margin	3.13%	3.25%	0.12%p	3.17%	3.15%	3.40%	0.25%p	0.23%p
Net interest margin	2.04%	2.13%	0.09%p	2.01%	2.09%	2.40%	0.30%p	0.38%p
Operating costs / Average assets	1.68%	1.73%	0.05%p	1.61%	1.56%	1.67%	0.11%p	0.07%p
Cost/income ratio	53.7%	53.2%	-0.5%p	50.8%	49.6%	49.2%	-0.4%p	-1.6%p
Net loans to deposits (FX-adjusted)	80%	81%	1%p	80%	86%	81%	-5%p	1%p
FX rates (in HUF)	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
HUF/EUR (closing)	369.0	400.3	8%	369.0	421.4	400.3	-5%	8%
HUF/EUR (average)	358.5	384.9	7%	364.2	402.9	410.9	2%	13%

On 31 January 2023, Slovenia's competition authority approved the purchase of Nova KBM d.d., and the financial closure of the transaction was completed on 6 February 2023. The balance sheet and P/L figures of the purchased bank will be included into OTP Group's consolidated figures from the first quarter of 2023.

OTP Group's **Slovenian subsidiary** generated almost HUF 24 billion profit after tax in 2022 (+42% y-o-y). The profit improved chiefly as a result of a 23% growth in operating profit, and the fivefold jump in positive risk costs. ROE improved by 2.8 pps, to 12.8% y-o-y.

What distorts the profit dynamic is that the HUF's twelve-month average exchange rate weakened by 9% y-o-y versus the EUR.

The improvement in the annual operating profit stemmed from the 21% increase in total income; operating expenses grew slower than that (+20% y-o-y).

The rise in annual net interest income (+11% in EUR) was driven by the combined effect of performing loan volumes' dynamic growth and the improving net interest margin (+9 bps y-o-y). The ECB started to raise its interest rates, which benefited interests on the asset side. The 2.13% annual net interest margin is still above the average of the banking sector.

The 16% y-o-y increase in annual net fees and commissions (7% in EUR) largely stemmed from the improvement in transaction fee income (transfers, ATMs, cards). Fee income from transactions with securities have also risen. However, charging retail and corporate customers above a certain deposit threshold, a practice launched in 2021, ended in August.

The jump in other income can be mainly attributable to the refund on an insurance cooperation.

The annual volume of positive risk costs exceeded HUF 5.5 billion. First, the provisions set aside during COVID were released; second, based on the forward-looking IFRS 9 model, the probability of defaults, calculated during the maturity, have sharply reduced, which has led to the release of roughly EUR 11 million provision in the third quarter.

The ECB began monetary tightening in July 2022, raising the benchmark interest rate to 2.5% (+1.25% q-o-q) by the end of 2022, which had a significant impact on the operating environment. As a result of the rising interest rate environment, net interest margin improved by 30 bps, to 2.40% q-o-q in the fourth quarter.

Operating expenses have grown by 20% y-o-y (10% in EUR); within that, personnel expenses rose slower, while administrative and amortization costs increased by more than 10%. The bank's annual cost/income ratio sank to 53.2% (-0.5 pp), one of the lowest levels in this sector.

The fourth-quarter profit after tax was HUF 5.4 billion. The q-o-q decline in profit was predominantly the result of a base effect: in the third quarter, the positive credit risk cost hit HUF 4.3 billion, but its size was marginal in the final quarter of 2022. However, operating profit improved further (+16% q-o-q), thanks to a 22% jump in net interest income. Net interest margin increased by 30 bps, to 2.40% in the fourth quarter.

The quality of the portfolio remained stable: the ratio of Stage 3 loans inched up (+1.2%, -0.1 pp y-o-y), while the Stage 2 ratio dropped by 2.1%. The own provision coverage of Stage 3 loans exceeded 68%, which is consistent with 12.2% y-o-y growth.

The FX-adjusted volume of Stage 1+2 loans expanded by 13% y-o-y. Corporate loan growth was outstanding (+27% q-o-q), while mortgages rose by 9% y-o-y in the retail segment. Corporate loan placement growth was mostly linked to financing working capital, and to a lesser extent to investment loans. Loan volumes dropped by 1% in the fourth quarter; within that, consumer and mortgage loans rose mildly. The Bank's market share has trivially dropped in cash and mortgage loans, but improved in the corporate segment, going beyond 10%.

The net loan/deposit ratio dropped by 5 pps q-o-q, to 81% (+1 pp y-o-y). Similarly to loans, the FX-adjusted annual deposit growth (+11%) was also faster in the corporate segment (+20% y-o-y). Making use of the rising interest rate level, the excess liquidity was placed on the interbank market and at the central bank. In June and September, the Bank received EUR 30 million and EUR 50 million subordinated loan capital from OTP Bank, and SKB issued EUR 170 million worth of MREL-eligible bonds in December.

OTP BANK ROMANIA

Performance of OTP Bank Romania:

Main components of P&L account in HUF million	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
Adjusted profit after tax	4,253	3,071	-28%	3,260	-58	4,121		26%
Income tax	-1,444	-649	-55%	-484	-231	135		
Profit before income tax	5,697	3,720	-35%	3,744	173	3,986		6%
Operating profit	8,937	17,384	95%	2,641	4,911	5,920	21%	124%
Total income	46,699	62,596	34%	12,319	15,972	18,313	15%	49%
Net interest income	36,270	53,560	48%	9,915	13,996	15,748	13%	59%
Net fees and commissions	4,143	4,743	14%	1,173	1,107	1,300	17%	11%
Other net non-interest income	6,285	4,293	-32%	1,231	870	1,265	45%	3%
Operating expenses	-37,762	-45,212	20%	-9,678	-11,062	-12,393	12%	28%
Total provisions	-3,240	-13,663	322%	1,103	-4,738	-1,934	-59%	-275%
Provision for impairment on loan losses	-6,821	-11,094	63%	-737	-4,230	-2,383	-44%	223%
Other provision	3,581	-2,569		1,840	-508	448		-76%
Main components of balance sheet closing balances in HUF million	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
Total assets	1,438,484	1,687,581	17%	1,438,484	1,829,378	1,687,581	-8%	17%
Gross customer loans	1,035,400	1,228,254	19%	1,035,400	1,328,309	1,228,254	-8%	19%
Gross customer loans (FX-adjusted)	1,124,925	1,228,254	9%	1,124,925	1,260,599	1,228,254	-3%	9%
Stage 1+2 customer loans (FX-adjusted)	1,060,750	1,163,986	10%	1,060,750	1,197,697	1,163,986	-3%	10%
Retail loans	544,295	565,119	4%	544,295	583,093	565,119	-3%	4%
Corporate loans	465,996	535,591	15%	465,996	552,717	535,591	-3%	15%
Leasing	50,460	63,276	25%	50,460	61,886	63,276	2%	25%
Allowances for possible loan losses	-54,780	-62,442	14%	-54,780	-68,721	-62,442	-9%	14%
Allowances for possible loan losses (FX-adjusted)	-59,721	-62,442	5%	-59,721	-65,126	-62,442	-4%	5%
Deposits from customers	830,717	998,452	20%	830,717	994,485	998,452	0%	20%
Deposits from customers (FX-adjusted)	899,056	998,452	11%	899,056	943,805	998,452	6%	11%
Retail deposits	474,446	593,046	25%	474,446	518,386	593,046	14%	25%
Corporate deposits	424,611	405,406	-5%	424,611	425,419	405,406	-5%	-5%
Liabilities to credit institutions	402,553	446,641	11%	402,553	589,498	446,641	-24%	11%
Total shareholders' equity	164,914	181,206	10%	164,914	185,571	181,206	-2%	10%
Loan Quality	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	826,518	990,307	20%	826,518	1,073,047	990,307	-8%	20%
Stage 1 loans under IFRS 9/gross customer loans	79.8%	80.6%	0.8%p	79.8%	80.8%	80.6%	-0.2%p	0.8%p
Own coverage of Stage 1 loans under IFRS 9	1.0%	1.1%	0.1%p	1.0%	1.1%	1.1%	0.0%p	0.1%p
Stage 2 loan volume under IFRS 9 (in HUF million)	150,038	173,679	16%	150,038	188,886	173,679	-8%	16%
Stage 2 loans under IFRS 9/gross customer loans	14.5%	14.1%	-0.4%p	14.5%	14.2%	14.1%	-0.1%p	-0.4%p
Own coverage of Stage 2 loans under IFRS 9	8.4%	9.6%	1.2%p	8.4%	9.3%	9.6%	0.3%p	1.2%p
Stage 3 loan volume under IFRS 9 (in HUF million)	58,844	64,268	9%	58,844	66,377	64,268	-3%	9%
Stage 3 loans under IFRS 9/gross customer loans	5.7%	5.2%	-0.5%p	5.7%	5.0%	5.2%	0.2%p	-0.5%p
Own coverage of Stage 3 loans under IFRS 9	57.5%	54.1%	-3.4%p	57.5%	59.7%	54.1%	-5.6%p	-3.4%p
Provision for impairment on loan losses/average gross loans	0.74%	0.93%	0.19%	0.29%	1.31%	0.74%	-0.58%	0.45%
90+ days past due loan volume (in HUF million)	35,921	37,091	3%	35,921	44,155	37,091	-16%	3%
90+ days past due loans/gross customer loans	3.5%	3.0%	-0.4%p	3.5%	3.3%	3.0%	-0.3%p	-0.4%p
Performance Indicators	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
ROA	0.3%	0.2%	-0.2%p	1.0%	0.0%	0.9%	0.9%p	0.0%p
ROE	3.0%	1.8%	-1.3%p	8.7%	-0.1%	8.9%	9.1%p	0.2%p
Total income margin	3.75%	3.86%	0.11%p	3.62%	3.63%	4.12%	0.50%p	0.51%p
Net interest margin	2.92%	3.31%	0.39%p	2.91%	3.18%	3.54%	0.37%p	0.63%p
Operating costs / Average assets	3.04%	2.79%	-0.24%p	2.84%	2.51%	2.79%	0.28%p	-0.05%p
Cost/income ratio	80.9%	72.2%	-8.6%p	78.6%	69.3%	67.7%	-1.6%p	-10.9%p
Net loans to deposits (FX-adjusted)	118%	117%	-2%p	118%	127%	117%	-10%p	-2%p
FX rates (in HUF)	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
HUF/RON (closing)	74.6	80.9	8%	74.6	85.2	80.9	-5%	8%
HUF/RON (average)	72.8	79.4	9%	73.6	82.0	83.5	2%	13%

In 2022 **OTP Bank Romania** generated HUF 3.1 billion profit after tax. In a positive development, operating profit nearly doubled year-on-year, but due to the higher risk cost level, profit after rax dropped by 28% year-on-year (-40% in local currency).

Annual operating profit increased by 76% in local currency, as a result of 23% y-o-y surge in total income and 10% higher operating expenses. In full year 2022, risk costs nearly tripled in local currency, owing to a 50% increase in credit risk costs as well as a rise in other risk costs, partly related to a base effect: in 2021 loan loss provisions related to one-offs were written back, totalling HUF 3.6 billion, but at the beginning of 2022, one-off provisions were put aside in connection with an operational risk event.

In 2022, other income declined, while net fees and commissions increased by 5% in local currency, and net interest income jumped by 35%. The latter benefited from an increase in average performing loan volume, and from the 39 bps y-o-y improvement in net interest margin. The improvement in the interest margin stemmed from the rising trend in benchmark interest rates (primarily the three-month interbank lending rate for corporate loans and the IRCC benchmark index for retail mortgages) throughout the year, which was partly offset by an increase in borrowing costs.

In 2022, operating expenses grew by 10% in local currency, and increased by the same rate in the last quarter, in comparison with the previous three months. Regarding the higher cost/income ratio, which was typical in recent years, partly linked to the initial higher costs of the growth strategy, positive signs have appeared in full year 2022: the ratio improved by 8.6 pps, to 72.2% y-o-y, and sank below 68% in the final quarter of 2022.

The Romanian operation recorded HUF 4.1 billion profit in the fourth quarter. The quarterly profit improvement was driven by stronger operating profit (+18% q-o-q in local currency) and lower risk costs (-60% q-o-q).

After a decline in the third quarter, net interest margin increased by 37 basis points q-o-q in the fourth quarter, as loan pricing changed in the rising interest rate environment. Thus, net interest income could grow by 11% q-o-q in RON, even though average performing loan volume already stagnated in the fourth quarter. Net fees and commissions (+15%) and other income also grew in local currency.

As to business activity, retail product placements fell by more than 20% in full year 2022 in the rising interest rate environment, while disbursements in the corporate loan and leasing segments increased by more than 10% year-on-year. Early repayments were on the rise, particularly for mortgage loans, while disbursements were decreasing. Accordingly, the FX-adjusted annual growth of performing retail loans (+4%) was slower than that of the MSE, corporate, and leasing segments (+11%, +15%, and 25% y-o-y, respectively). In the fourth quarter, disbursements declined q-o-q (except for the leasing segment), thus the performing loan book shrank by 3% overall. In the fourth quarter of 2022, deposits from customers grew further (+6% q-o-q) in FX-adjusted terms, bringing the full-year expansion to 11% in 2022. Corporate deposits contracted by 5% both q-o-q and y-o-y, while household deposits increased by 28% y-o-y and 17% q-o-q. The net loan/deposit ratio sank by 10 pps, to 117% q-o-q.

As to loan quality, the ratio of Stage 3 loans within the full portfolio sank by half a percentage point, to 5.2% y-o-y (+0.2 pp q-o-q), while their own provision coverage declined by 3.4 pps y-o-y (2022: 59.7%). The ratio of Stage 2 loans prints a similar pattern: it slipped by 0.4 pp, to 14.1% y-o-y (+0.3 pp q-o-q). In 2022, a total of HUF 10 billion worth of non-performing loans were sold, including HUF 7 billion in the fourth quarter.

OTP BANK UKRAINE

Performance of OTP Bank Ukraine:

Main components of P&L account in HUF million	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
Adjusted profit after tax	39,024	-15,922	-141%	10,193	8,286	10,046	21%	-1%
Income tax	-8,242	-2,718	-67%	-2,241	-1,224	-1,809	48%	-19%
Profit before income tax	47,266	-13,204	-128%	12,434	9,510	11,855	25%	-5%
Operating profit	54,760	79,863	46%	17,180	19,974	23,530	18%	37%
Total income	83,567	110,805	33%	26,065	27,874	31,876	14%	22%
Net interest income	62,051	90,007	45%	18,613	23,649	26,111	10%	40%
Net fees and commissions	14,494	12,673	-13%	3,774	3,642	3,717	2%	-2%
Other net non-interest income	7,022	8,125	16%	3,678	582	2,049	252%	-44%
Operating expenses	-28,806	-30,943	7%	-8,885	-7,900	-8,346	6%	-6%
Total provisions	-7,494	-93,067		-4,746	-10,464	-11,675	12%	146%
Provision for impairment on loan losses	-5,827	-90,836		-4,146	-10,795	-14,582	35%	252%
Other provision	-1,667	-2,231	34%	-600	332	2,907	777%	-584%
Main components of balance sheet closing balances in HUF million	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
Total assets	983,557	1,048,713	7%	983,557	1,059,890	1,048,713	-1%	7%
Gross customer loans	662,173	529,644	-20%	662,173	649,751	529,644	-18%	-20%
Gross customer loans (FX-adjusted)	633,775	529,644	-16%	633,775	579,350	529,644	-9%	-16%
Stage 1+2 customer loans (FX-adjusted)	594,212	433,520	-27%	594,212	497,443	433,520	-13%	-27%
Retail loans	99,019	48,530	-51%	99,019	66,708	48,530	-27%	-51%
Corporate loans	328,662	264,425	-20%	328,662	294,605	264,425	-10%	-20%
Leasing	166,531	120,565	-28%	166,531	136,130	120,565	-11%	-28%
Allowances for possible loan losses	-47,830	-115,754	142%	-47,830	-123,693	-115,754	-6%	142%
Allowances for possible loan losses (FX-adjusted)	-45,370	-115,754	155%	-45,370	-109,620	-115,754	6%	155%
Deposits from customers	671,002	783,009	17%	671,002	751,897	783,009	4%	17%
Deposits from customers (FX-adjusted)	645,296	783,009	21%	645,296	671,417	783,009	17%	21%
Retail deposits	273,594	302,960	11%	273,594	285,867	302,960	6%	11%
Corporate deposits	371,702	480,049	29%	371,702	385,550	480,049	25%	29%
Liabilities to credit institutions	115,714	108,678	-6%	115,714	125,113	108,678	-13%	-6%
Total shareholders' equity	159,756	122,493	-23%	159,756	130,501	122,493	-6%	-23%
Loan Quality	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	576,876	219,078	-62%	576,876	288,048	219,078	-24%	-62%
Stage 1 loans under IFRS 9/gross customer loans	87.1%	41.4%	-45.8%p	87.1%	44.3%	41.4%	-3.0%p	-45.8%p
Own coverage of Stage 1 loans under IFRS 9	1.9%	2.1%	0.2%p	1.9%	3.5%	2.1%	-1.4%p	0.2%p
Stage 2 loan volume under IFRS 9 (in HUF million)	43,707	214,442	391%	43,707	269,308	214,442	-20%	391%
Stage 2 loans under IFRS 9/gross customer loans	6.6%	40.5%	33.9%p	6.6%	41.4%	40.5%	-1.0%p	33.9%p
Own coverage of Stage 2 loans under IFRS 9	18.5%	18.1%	-0.4%p	18.5%	20.2%	18.1%	-2.1%p	-0.4%p
Stage 3 loan volume under IFRS 9 (in HUF million)	41,590	96,124	131%	41,590	92,395	96,124	4%	131%
Stage 3 loans under IFRS 9/gross customer loans	6.3%	18.1%	11.9%p	6.3%	14.2%	18.1%	3.9%p	11.9%p
Own coverage of Stage 3 loans under IFRS 9	69.6%	75.3%	5.7%p	69.6%	64.0%	75.3%	11.3%p	5.7%p
Provision for impairment on loan losses/average gross loans	1.09%	14.01%	12.92%p	2.58%	6.60%	9.81%	3.22%p	7.24%p
90+ days past due loan volume (in HUF million)	21,914	42,776	95%	21,914	52,346	42,776	-18%	95%
90+ days past due loans/gross customer loans	3.3%	8.1%	4.8%p	3.3%	8.1%	8.1%	0.0%p	4.8%p
Performance Indicators	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
ROA	4.7%	-1.6%	-6.3%p	4.3%	3.2%	3.7%	0.5%p	-0.6%p
ROE	28.8%	-12.4%	-41.1%p	26.3%	27.1%	31.9%	4.8%p	5.5%p
Total income margin	10.06%	10.92%	0.86%p	10.97%	10.84%	11.83%	0.99%p	0.87%p
Net interest margin	7.47%	8.87%	1.40%p	7.83%	9.20%	9.69%	0.50%p	1.86%p
Operating costs / Average assets	3.5%	3.0%	-0.4%	3.7%	3.1%	3.1%	0.0%	-0.6%
Cost/income ratio	34.5%	27.9%	-6.5%p	34.1%	28.3%	26.2%	-2.2%p	-7.9%p
Net loans to deposits (FX-adjusted)	91%	53%	-38%p	91%	70%	53%	-17%p	-38%p
FX rates (in HUF)	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
HUF/UAH (closing)	11.9	10.2	-14%	11.9	11.6	10.2	-12%	-14%
HUF/UAH (average)	11.1	11.5	3%	11.9	11.4	10.9	-4%	-8%

OTP Bank Ukraine's financial figures in HUF terms were affected by the UAH/HUF exchange rate's moves: In 2022, the UAH's average exchange rate appreciated by 3% y-o-y, and the average rate in the fourth quarter weakened by 4%. The hryvnia's closing exchange rate vs the HUF depreciated by 14% y-o-y, and by 12% q-o-q in the fourth quarter of 2022. Therefore, the balance sheet and P&L dynamics in HUF terms differ from the ones calculated in local currency.

OTP Bank Ukraine realized HUF 16 billion loss in 2022, mainly owing to provisions for loan losses, but its operating profit improved, driven by an increase in interest income. Just like in the previous two quarters, the Bank recorded profit in the fourth quarter, which exceeded HUF 10 billion, largely as a result of growing income.

Annual operating profit was 46% higher (+42% in UAH) than in the base period, chiefly as a result of growing net interest income (+42% in UAH). In the fourth quarter, net interest income grew by 15% q-o-q in UAH, largely owing to the interest income on deposits placed at the central bank. This volume made up nearly 30% of the Ukrainian operation's total balance sheet by the end of December. The volume of central bank deposits and the income realised on them steadily increased (it paid 23% interest rate starting from 3 June 2022), and made up 53.5% of interest income in the fourth quarter (vs 34.4% in the third quarter).

Net interest margin strengthened both on annual and quarterly bases (+1.4 pps y-o-y, +0.5 pp q-o-q), mostly as a result of the rising average interest level of financial assets and large corporate loans.

Annual net fees and commissions declined by 13% y-o-y in HUF, mainly as the use of cards and accounts dropped, and foreign exchange transactions declined as business activity decreased. Business activity picked up in the second half of the year, causing higher spending, card usage, and corporate foreign exchange transaction.

The y-o-y increase in other income was mostly driven by foreign exchange conversion gains. The main reason for the fourth quarter growth is the one-off revenue from the annual compensation paid by card providers to the bank for card transactions.

Annual operating expenses rose by 5% in UAH, mostly driven by an increase in personnel costs. In the fourth quarter, costs grew by 10% q-o-q, owing to the annual cost settlement towards multiple IT service providers, and increased expert fees. As a result of strict cost management, the cost/income ratio remained the lowest among group members, it was 28% in 2022.

In 2022, risk costs totalled HUF 93 billion, mainly due to macro parameter revision and because of the reclassification of certain exposures to Stage 2 or Stage 3 as the portfolio deteriorated. The Stage 2 ratio grew by 33.9 pps, to 40.5% y-o-y, the own coverage of Stage 2 loans stood at 18.1% at the end of the year. The Stage 3 ratio grew by 12 pps y-o-y to 18.1%, with 75% own provision coverage (5.7 pps y-o-y, 11.3 pps q-o-q). In 2022, the ratio of provisions to gross loans increased to 21.9% (from 7.2% in 2021).

The bank stopped mortgage lending in February, while POS lending, which had fallen to a fraction since February improved in the second half of the year; disbursements started with limited volumes, and pricing reflecting the high interest rate environment. The number of users of the bank's digital application, OTP Credit, and online loan sales began to increase again in the fourth quarter after stagnating in the previous months. The performing retail (Stage 1+2) loan volume fell by 51% y-o-y (FX-adjusted), including a 27% q-o-q slump in the fourth quarter. New corporate lending is mostly limited to the refinancing of existing credit lines. Corporate loan volumes contracted by 20% y-o-y, and the leasing portfolio shrank by 28% (FX-adjusted). In the fourth quarter, the corporate loan book contracted further, by 10% q-o-q.

The total deposit book grew by 21% y-o-y FX-adjusted, and 17% q-o-q in the fourth quarter, chiefly boosted by the increase of large corporate deposits.

OTP Bank Ukraine's capital position is extremely stable; its capital adequacy ratio stood at 27.7% at the end of the fourth quarter; the CET1 ratio is at 17.6% (the regulatory minimum is 7.0%).

OTP BANK RUSSIA

Performance of OTP Bank Russia

Main components of P&L account in HUF million	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
Adjusted profit after tax	37,624	42,548	13%	13,434	38,473	18,826	-51%	40%
Income tax	-9,690	-3,632	-63%	-3,134	-2,167	-3,928	81%	25%
Profit before income tax	47,313	46,179	-2%	16,568	40,640	22,754	-44%	37%
Operating profit	62,368	98,137	57%	18,119	33,998	37,201	9%	105%
Total income	118,158	178,494	51%	33,254	57,052	61,462	8%	85%
Net interest income	91,364	118,004	29%	25,188	35,115	37,240	6%	48%
Net fees and commissions	25,728	35,251	37%	7,711	11,221	11,713	4%	52%
Other net non-interest income	1,066	25,239		355	10,717	12,510	17%	
Operating expenses	-55,790	-80,357	44%	-15,134	-23,054	-24,262	5%	60%
Total provisions	-15,055	-51,958	245%	-1,551	6,642	-14,447	-318%	831%
Provision for impairment on loan losses	-13,075	-51,046	290%	-414	-143	-14,975		
Other provision	-1,979	-911	-54%	-1,137	6,785	528	-92%	-146%
Main components of balance sheet closing balances in HUF million	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
Total assets	799,965	1,029,721	29%	799,965	1,443,348	1,029,721	-29%	29%
Gross customer loans	753,373	784,958	4%	753,373	1,096,174	784,958	-28%	4%
Gross customer loans (FX-adjusted)	891,162	784,958	-12%	891,162	759,478	784,958	3%	-12%
Stage 1+2 customer loans (FX-adjusted)	789,349	661,999	-16%	789,349	637,084	661,999	4%	-16%
Retail loans	642,680	624,932	-3%	642,680	593,275	624,932	5%	-3%
Corporate loans	146,669	37,067	-75%	146,669	43,809	37,067	-15%	-75%
Allowances for possible loan losses	-131,878	-173,105	31%	-131,878	-249,678	-173,105	-31%	31%
Allowances for possible loan losses (FX-adjusted)	-155,970	-173,105	11%	-155,970	-173,075	-173,105	0%	11%
Deposits from customers	411,633	576,865	40%	411,633	735,613	576,865	-22%	40%
Deposits from customers (FX-adjusted)	484,763	576,865	19%	484,763	547,418	576,865	5%	19%
Retail deposits	362,735	341,554	-6%	362,735	328,341	341,554	4%	-6%
Corporate deposits	122,028	235,311	93%	122,028	219,077	235,311	7%	93%
Liabilities to credit institutions	85,485	49,774	-42%	85,485	103,318	49,774	-52%	-42%
Total shareholders' equity	240,724	306,304	27%	240,724	418,145	306,304	-27%	27%
Loan Quality	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	576,404	570,949	-1%	576,404	756,434	570,949	-25%	-1%
Stage 1 loans under IFRS 9/gross customer loans	76.5%	72.7%	-3.8%p	76.5%	69.0%	72.7%	3.7%p	-3.8%p
Own coverage of Stage 1 loans under IFRS 9	3.8%	5.1%	1.3%p	3.8%	4.7%	5.1%	0.4%p	1.3%p
Stage 2 loan volume under IFRS 9 (in HUF million)	90,944	91,050	0%	90,944	164,150	91,050	-45%	0%
Stage 2 loans under IFRS 9/gross customer loans	12.1%	11.6%	-0.5%p	12.1%	15.0%	11.6%	-3.4%p	-0.5%p
Own coverage of Stage 2 loans under IFRS 9	31.1%	31.5%	0.4%p	31.1%	29.4%	31.5%	2.0%p	0.4%p
Stage 3 loan volume under IFRS 9 (in HUF million)	86,025	122,959	43%	86,025	175,590	122,959	-30%	43%
Stage 3 loans under IFRS 9/gross customer loans	11.4%	15.7%	4.2%p	11.4%	16.0%	15.7%	-0.4%p	4.2%p
Own coverage of Stage 3 loans under IFRS 9	95.1%	93.6%	-1.4%p	95.1%	94.3%	93.6%	-0.6%p	-1.4%p
Provision for impairment on loan losses/average gross loans	2.05%	5.85%	3.81%p	0.23%	0.06%	6.11%	6.06%p	5.89%p
90+ days past due loan volume (in HUF million)	87,550	122,953	40%	87,550	156,950	122,953	-22%	40%
90+ days past due loans/gross customer loans	11.6%	15.7%	4.0%p	11.6%	14.3%	15.7%	1.3%p	4.0%p
Performance Indicators	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
ROA	5.4%	3.9%	-1.6%p	7.0%	11.4%	6.0%	-5.4%p	-1.0%p
ROE	18.2%	14.1%	-4.1%p	23.1%	42.9%	19.9%	-23.0%p	-3.1%p
Total income margin	17.02%	16.23%	-0.79%p	17.35%	16.93%	19.62%	2.69%p	2.27%p
Net interest margin	13.16%	10.73%	-2.43%p	13.15%	10.42%	11.89%	1.47%p	-1.25%p
Operating costs / Average assets	8.0%	7.3%	-0.7%	7.9%	6.8%	7.7%	0.9%	-0.2%
Cost/income ratio	47.2%	45.0%	-2.2%p	45.5%	40.4%	39.5%	-0.9%p	-6.0%p
Net loans to deposits (FX-adjusted)	152%	106%	-46%p	152%	107%	106%	-1%p	-46%p
FX rates (in HUF)	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
HUF/RUB (closing)	4.4	5.2	18%	4.4	7.5	5.2	-31%	18%
HUF/RUB (average)	4.1	5.7	38%	4.4	6.7	6.5	-4%	47%

OTP Bank Russia's financial figures in HUF terms were strongly affected by the forint/rouble exchange rate's moves: the RUB's closing exchange rate weakened by 31% q-o-q against the HUF, but appreciated by 18% y-o-y in the fourth quarter of 2022. The annual average exchange rate strengthened 38% y-o-y, the fourth-quarter average exchange rate depreciated by 4% q-o-q, and appreciated by 47% y-o-y. Therefore, changes expressed in local currency provide a more accurate picture of balance sheet and P&L developments.

OTP Bank Russia posted HUF 42.5 billion profit in 2022, 13% more than in the base period. The result in rouble was 57% less than in the previous year. The profit was fundamentally boosted by the growth of the operating profit, which offset the increase of risk costs. The Russian operation was profitable also in the fourth quarter, generating HUF 18.8 billion profit.

In local currency, the 2022 annual operating profit grew by 11% in comparison with the previous year. In rouble, total income increased by 8% y-o-y; within that, net interest income, as well as net fees and commissions declined, while other income grew materially. Net interest income dropped by 6% in rouble last year, it was largely shaped by the shrinking interest income on the declining average volume, and the increased funding costs in a temporarily rising interest rate environment. The annual net interest margin was at 10.7%, dropping by 2.43 pps y-o-y, mostly as lending activity dropped back and the excess liquidity was placed at lower yields. Annual net fee and commission income declined by 2% y-o-y in rouble (improved by 37% in HUF), mainly owing to the fall in loan disbursements, which was partly offset by the stronger income from foreign transfers.

The fourth-quarter operating profit grew by 9% in HUF (by 16% in local currency), due to higher revenues. In the fourth quarter net interest income grew by 10% q-o-q in rouble, chiefly owing to the positive result of swap deals. Net interest income was also positively influenced by the fact that, in parallel with the reduction of the base rate and the favourable liquidity position, the interest rate level of term deposits also decreased, along with a lower average term deposits amount. Net interest margin strengthened in the fourth quarter by 1.37 pps q-o-q, to 11.89%. The 9% q-o-q increase of the 4Q net fee and commission income measured in roubles (+4% in HUF) can mainly be linked to the seasonal increase of POS and consumer loan placements, as well as the increase in fee income related to corporate current accounts. Other income jumped in 4Q largely as a result of improved FX conversion income.

Annual operating expenses rose by 6% in rouble (by +44% in HUF), mostly owing to rising personnel costs, telecommunications expenses, and costs related to IT developments. In the fourth quarter, operating expenses grew by 9% q-o-q in rouble. Nevertheless, cost efficiency indicators have improved, the cost/income ratio was 45% in 2022 (-2.2 pps y-o-y). During the year, digital developments aimed at increasing the proportion of online loan disbursements played an important role in this trend. At the end of the year, 65% of the new personal loan placements took place via digital channels. Online penetration among active customers exceeded 78%.

In 2022, total risk costs amounted to HUF 52 billion, mainly due to increased loan loss provisions as a result of unfavourable macroeconomic effects and negative forward-looking expectations. In the fourth quarter, the IFRS 9 parameter revision and the seasonal retail portfolio growth shaped the credit risk cost. During the year, the other risk costs were not significant as a whole, but at the same time they showed substantial volatility in terms of their quarterly development. In the fourth quarter, the amount of other risk costs became positive again as a result of the write-back of provisions primarily for legal matters.

On an annual basis, the performing (Stage 1+2) loan stock decreased by 16% adjusted for exchange rates, primarily due to the effect of the large corporate loan stock shrinking by 75% as a result of the cessation of active corporate lending (-15% q/q). Performing retail loan volumes shank by 3% y-o-y (FX-adjusted). The retail credit market started to pick up again in the second half of the year, and although lending dynamics lagged behind the similar period of the previous year, in the fourth quarter, as a result of the strengthening retail lending activity, the performing loan portfolio increased by 5% q-o-q. The Stage 3 ratio rose by 4.2 pps y-o-y, mainly driven by the large corporate segment. In the fourth quarter, RUB 1.1 billion worth of Stage 3 loans were sold.

Deposits from customers grew by 19% y-o-y (FX-adjusted), boosted by the large corporate segment's 93% increase, while retail deposit volumes shrank (-6%). Deposit volumes grew in both segments (retail +4%, large corporate +7%) q-o-q. By the end of the year, the net loan/deposit ratio fell by 46% y-o-y, to 106%.

In the fourth quarter, the Russian operation repaid its expiring intergroup liabilities, so the existing gross intergroup financing was reduced q-o-q to zero by an amount corresponding to HUF 78 billion. At the end of the year, only the intergroup subordinated debt due in 2031 remained in the amount of HUF 10 billion. The Bank's capital adequacy ratios remained steadily above the regulatory minimum levels. The Bank's CAR stood at 17.9% at the end of December (vs. the regulatory minimum: 10.5%), its CET1 ratio was 15.3% (vs the regulatory minimum: 7.0%).

CKB GROUP (MONTENEGRO)

Performance of CKB Group:

Main components of P&L account in HUF million	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
Adjusted profit after tax	4,140	9,791	137%	-1,235	4,232	5,268	24%	-526%
Income tax	-817	-2,184	167%	-295	-700	-961	37%	225%
Profit before income tax	4,957	11,975	142%	-940	4,932	6,229	26%	-763%
Operating profit	10,240	15,133	48%	2,845	4,600	4,602	0%	62%
Total income	22,046	28,816	31%	5,746	7,992	8,439	6%	47%
Net interest income	16,553	20,832	26%	4,277	5,380	6,262	16%	46%
Net fees and commissions	4,880	7,106	46%	1,354	2,265	1,887	-17%	39%
Other net non-interest income	613	878	43%	115	347	290	-16%	152%
Operating expenses	-11,805	-13,683	16%	-2,902	-3,392	-3,837	13%	32%
Total provisions	-5,283	-3,158	-40%	-3,785	332	1,627	390%	-143%
Provision for impairment on loan losses	647	639	-1%	1,825	468	1,739	271%	-5%
Other provision	-5,930	-3,797	-36%	-5,609	-136	-112	-18%	-98%
Main components of balance sheet closing balances in HUF million	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
Total assets	513,522	664,395	29%	513,522	672,671	664,395	-1%	29%
Gross customer loans	366,369	447,921	22%	366,369	457,176	447,921	-2%	22%
Gross customer loans (FX-adjusted)	397,396	447,921	13%	397,396	434,220	447,921	3%	13%
Stage 1+2 customer loans (FX-adjusted)	369,636	425,934	15%	369,636	409,123	425,934	4%	15%
Retail loans	175,739	193,907	10%	175,739	189,995	193,907	2%	10%
Corporate loans	193,897	232,027	20%	193,897	219,128	232,027	6%	20%
Allowances for possible loan losses	-23,504	-21,893	-7%	-23,504	-27,362	-21,893	-20%	-7%
Allowances for possible loan losses (FX-adjusted)	-25,495	-21,893	-14%	-25,495	-25,988	-21,893	-16%	-14%
Deposits from customers	386,572	524,479	36%	386,572	520,256	524,479	1%	36%
Deposits from customers (FX-adjusted)	420,137	524,479	25%	420,137	493,047	524,479	6%	25%
Retail deposits	255,905	289,242	13%	255,905	277,980	289,242	4%	13%
Corporate deposits	164,232	235,237	43%	164,232	215,066	235,237	9%	43%
Liabilities to credit institutions	19,698	12,443	-37%	19,698	27,394	12,443	-55%	-37%
Total shareholders' equity	82,029	99,131	21%	82,029	98,406	99,131	1%	21%
Loan Quality	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	280,910	389,640	39%	280,910	387,847	389,640	0%	39%
Stage 1 loans under IFRS 9/gross customer loans	76.7%	87.0%	10.3%p	76.7%	84.8%	87.0%	2.2%p	10.3%p
Own coverage of Stage 1 loans under IFRS 9	1.0%	1.2%	0.2%p	1.0%	1.2%	1.2%	0.0%p	0.2%p
Stage 2 loan volume under IFRS 9 (in HUF million)	59,866	36,294	-39%	59,866	42,905	36,294	-15%	-39%
Stage 2 loans under IFRS 9/gross customer loans	16.3%	8.1%	-8.2%p	16.3%	9.4%	8.1%	-1.3%p	-8.2%p
Own coverage of Stage 2 loans under IFRS 9	6.5%	8.9%	2.4%p	6.5%	9.6%	8.9%	-0.8%p	2.4%p
Stage 3 loan volume under IFRS 9 (in HUF million)	25,593	21,987	-14%	25,593	26,424	21,987	-17%	-14%
Stage 3 loans under IFRS 9/gross customer loans	7.0%	4.9%	-2.1%p	7.0%	5.8%	4.9%	-0.9%p	-2.1%p
Own coverage of Stage 3 loans under IFRS 9	66.0%	64.4%	-1.7%p	66.0%	70.4%	64.4%	-6.0%p	-1.7%p
Provision for impairment on loan losses/average gross loans	-0.18%	-0.15%	0.03%p	-2.01%	-0.42%	-1.54%	-1.12%p	0.47%p
90+ days past due loan volume (in HUF million)	16,472	13,330	-19%	16,472	19,789	13,330	-33%	-19%
90+ days past due loans/gross customer loans	4.5%	3.0%	-1.5%p	4.5%	4.3%	3.0%	-1.4%p	-1.5%p
Performance Indicators	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
ROA	0.9%	1.6%	0.8%p	-1.0%	2.6%	3.1%	0.5%p	4.1%p
ROE	5.2%	10.9%	5.7%p	-5.9%	18.1%	21.2%	3.1%p	27.1%p
Total income margin	4.62%	4.84%	0.21%p	4.56%	4.99%	5.00%	0.00%p	0.44%p
Net interest margin	3.47%	3.50%	0.02%p	3.39%	3.36%	3.71%	0.35%p	0.32%p
Operating costs / Average assets	2.48%	2.30%	-0.18%p	2.30%	2.12%	2.27%	0.15%p	-0.03%p
Cost/income ratio	53.5%	47.5%	-6.1%p	50.5%	42.4%	45.5%	3.0%p	-5.0%p
Net loans to deposits (FX-adjusted)	89%	81%	-7%p	89%	83%	81%	-2%p	-7%p
FX rates (in HUF)	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
HUF/EUR (closing)	369.0	400.3	8%	369.0	421.4	400.3	-5%	8%
HUF/EUR (average)	358.5	391.3	9%	364.2	402.9	410.9	2%	13%

In 2022, the Montenegrin **CKB Group** generated HUF 9.8 billion adjusted profit after tax, twice as much as in the base period in local currency. The improvement in the annual result stemmed from 34% higher operating profit and 38% fall in risk costs. The bank's cost efficiency is steadily improving, the cost/income ratio dropped by 6.1 pps, to 47.5% y-o-y in 2022, and now it is better than the Group's average again, for the first time since 2008. In the fourth quarter of 2022, profit after tax surged by 22% q-o-q in local currency.

In full-year 2022, core banking revenues were favourable, supported by the stronger business activity. Total income expanded by 19% in local currency, owing to a 15% surge in net interest income, as well as a 33% jump in net fees and commissions. The increase in business turnover had a benign effect on income, while the annual net interest margin upped by two basis points. Operating expenses rose by 6% year-on-year in EUR; more than half of this increase came from the annual growth in fees to supervisory bodies.

In the fourth quarter of 2022, operating profit declined 2% q-o-q in EUR, as a result of a 4% growth in total income and a 11% increase in operating expenses.

Net interest margin rose by 31 bps q-o-q in the fourth quarter, and net interest income grew by 14% in EUR. Net fees and commissions dropped by 18% q-o-q, partly because revenues declined owing to seasonality.

In 2022, risk costs amounted to HUF 3.2 billion (-40% y-o-y). Within that, HUF 1.6 billion worth of provisions were written back in the fourth quarter, partly because of the revision of the impairment model parameters.

Performing (Stage 1+2) loans rose by 15% y-o-y and 4% q-o-q (FX-adjusted). In 2022, newly disbursed corporate loans doubled, while mortgage loans jumped by 61%, and cash loans surged by 55%.

At the end of 2022, the ratio of Stage 3 loans fell to 4.9% (-2.1 pps y-o-y, -0.9 pps q-o-q). One reason for the q-o-q improvement is that HUF 3.2 billion worth of non-performing loans were sold in the fourth quarter (and a total of HUF 4.8 billion in 2022). The own provision coverage of Stage 3 loans stood at 64.4% at the end of the year (-1.7 pps y-o-y).

The FX-adjusted deposit book expanded by 25% y-o-y and 6% q-o-q. The net loan/deposit ratio stood at 81% at the end of the fourth quarter (-7 pps y-o-y, -2 pps q-o-q).

OTP BANK ALBANIA

Performance of OTP Bank Albania:

Main components of P&L account in HUF million	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
Adjusted profit after tax	5,522	10,175	84%	1,613	2,476	2,954	19%	83%
Income tax	-986	-2,013	104%	-309	-470	-669	42%	116%
Profit before income tax	6,508	12,188	87%	1,922	2,946	3,623	23%	89%
Operating profit	7,213	9,335	29%	2,026	3,289	1,780	-46%	-12%
Total income	13,398	20,232	51%	3,670	6,479	5,972	-8%	63%
Net interest income	10,619	16,927	59%	2,906	4,792	5,886	23%	103%
Net fees and commissions	1,843	3,067	66%	488	1,164	906	-22%	86%
Other net non-interest income	936	238	-75%	276	524	-820		
Operating expenses	-6,186	-10,896	76%	-1,644	-3,190	-4,191	31%	155%
Total provisions	-705	2,852		-104	-343	1,843		
Provision for impairment on loan losses	-880	2,505		-275	-87	1,474		
Other provision	175	347	98%	171	-256	368		115%
Main components of balance sheet closing balances in HUF million	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
Total assets	350,848	635,364	81%	350,848	672,399	635,364	-6%	81%
Gross customer loans	219,890	370,875	69%	219,890	393,546	370,875	-6%	69%
Gross customer loans (FX-adjusted)	244,973	370,875	51%	244,973	376,436	370,875	-1%	51%
Stage 1+2 customer loans (FX-adjusted)	236,959	352,632	49%	236,959	359,146	352,632	-2%	49%
Retail loans	94,768	156,789	65%	94,768	160,363	156,789	-2%	65%
Corporate loans	138,049	191,676	39%	138,049	194,730	191,676	-2%	39%
Leasing	4,143	4,167	1%	4,143	4,053	4,167	3%	1%
Allowances for possible loan losses	-10,096	-16,208	61%	-10,096	-17,853	-16,208	-9%	61%
Allowances for possible loan losses (FX-adjusted)	-11,227	-16,208	44%	-11,227	-17,126	-16,208	-5%	44%
Deposits from customers	251,270	516,668	106%	251,270	540,482	516,668	-4%	106%
Deposits from customers (FX-adjusted)	280,600	516,668	84%	280,600	517,260	516,668	0%	84%
Retail deposits	234,809	448,065	91%	234,809	438,887	448,065	2%	91%
Corporate deposits	45,790	68,603	50%	45,790	78,373	68,603	-12%	50%
Liabilities to credit institutions	53,257	30,279	-43%	53,257	45,547	30,279	-34%	-43%
Total shareholders' equity	35,134	60,827	73%	35,134	62,236	60,827	-2%	73%
Loan Quality	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	191,308	318,215	66%	191,308	344,696	318,215	-8%	66%
Stage 1 loans under IFRS 9/gross customer loans	87.0%	85.8%	-1.2%p	87.0%	87.6%	85.8%	-1.8%p	-1.2%p
Own coverage of Stage 1 loans under IFRS 9	1.2%	1.0%	-0.3%p	1.2%	1.5%	1.0%	-0.6%p	-0.3%p
Stage 2 loan volume under IFRS 9 (in HUF million)	21,391	34,417	61%	21,391	30,891	34,417	11%	61%
Stage 2 loans under IFRS 9/gross customer loans	9.7%	9.3%	-0.4%p	9.7%	7.8%	9.3%	1.4%p	-0.4%p
Own coverage of Stage 2 loans under IFRS 9	11.4%	9.4%	-2.1%p	11.4%	9.1%	9.4%	0.3%p	-2.1%p
Stage 3 loan volume under IFRS 9 (in HUF million)	7,190	18,243	154%	7,190	17,959	18,243	2%	154%
Stage 3 loans under IFRS 9/gross customer loans	3.3%	4.9%	1.6%p	3.3%	4.6%	4.9%	0.4%p	1.6%p
Own coverage of Stage 3 loans under IFRS 9	73.3%	54.4%	-18.8%p	73.3%	54.1%	54.4%	0.4%p	-18.8%p
Provision for impairment on loan losses/average gross loans	0.46%	-0.83%	-1.30%p	0.53%	0.10%	-1.54%	-1.64%p	-2.06%p
90+ days past due loan volume (in HUF million)	3,624	11,050	205%	3,624	6,998	11,050	58%	205%
90+ days past due loans/gross customer loans	1.6%	3.0%	1.3%p	1.6%	1.8%	3.0%	1.2%p	1.3%p
Performance Indicators	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
ROA	1.8%	2.0%	0.2%p	1.9%	1.6%	1.8%	0.2%p	-0.1%p
ROE	17.6%	21.1%	3.5%p	18.9%	16.3%	19.7%	3.3%p	0.8%p
Total income margin	4.43%	4.07%	-0.37%p	4.40%	4.20%	3.66%	-0.54%p	-0.74%p
Net interest margin	3.51%	3.40%	-0.11%p	3.48%	3.10%	3.61%	0.50%p	0.12%p
Operating costs / Average assets	2.0%	2.2%	0.1%p	2.0%	2.1%	2.6%	0.5%p	0.6%p
Cost/income ratio	46.2%	53.9%	7.7%p	44.8%	49.2%	70.2%	20.9%p	25.4%p
Net loans to deposits (FX-adjusted)	83%	69%	-15%p	83%	69%	69%	-1%p	-15%p
FX rates (in HUF)	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
HUF/ALL (closing)	3.1	3.5	15%	3.1	3.6	3.5	-3%	15%
HUF/ALL (average)	2.9	3.3	13%	3.0	3.4	3.5	3%	18%

In accordance with the purchase agreement signed by and between OTP Bank and Alpha International Holdings Single Member S.A. on 6 December 2021, the transaction's financial closure was completed on 18 July 2022. As a result, OTP Bank became the 100% owner of Alpha Bank Albania SH.A., Alpha Bank Group's Albanian subsidiary.

The consolidated financial statements include the acquired bank's volumes from July, while the profit contribution is consolidated into the Group's P&L account starting from August only.

On 1 December 2022, Albania's Court of Registration registered the merger of Alpha Bank Albania SH.A. and Banka OTP Albania SHA.

The Albanian profit and loss account was adjusted for the one-off items directly related to the acquisition; they are presented at consolidated level among the adjustment items. The balance sheet items were not adjusted for these effects.

In full year 2022, **OTP Bank Albania** generated HUF 10.2 billion profit after tax (84% y-o-y; +64% in local currency), which includes the result of the newly consolidated bank, starting from August. This is consistent with 21.1% ROE, the best return on equity in OTP Group. The fourth-quarter profit grew by 17% q-o-q in local currency.

Thanks to the acquisition, the market share of OTP's Albanian operation by net loan jumped to 14.6% by the end of December 2022, from 10.6% at the end of December 2021. This ranks it third, up from the fourth place in the market ranking of banks. In terms of total assets, OTP confirmed its fifth place with 9.5% market share.

On 1 December 2022, Alpha Bank Albania merged into OTP Bank Albania, and the integration began. Its first results were realized in the fourth quarter: the total network in Albania has contracted by 15 units (-21%) since the end of September 2022, while the number of employees dropped by 64 people (-8%) q-o-q.

In local currency, annual operating profit grew by 15% y-o-y, but in the fourth quarter it fell by 48% q-o-q, chiefly owing to a drop in other income, and as costs increased q-o-q, due to higher personnel expenses, amortization, fees to supervisory authorities, and IT expenses. The main reason for the q-o-q decline in other net non-interest income was the strengthening of the local currency against the euro in November and December, which led to a loss on open positions, and this was recorded in other net non-interest income.

Annual net interest income grew 28% y-o-y in local currency, net fees and commissions increased by 45%, and operating expenses rose by 53%.

Annual net interest margin was 3.4%. The main reason for the q-o-q margin improvement in the fourth quarter was that the consolidation of the new bank in the previous quarter had distorted third-quarter margin downwards; the fourth-quarter margin levels were not distorted by acquisition-related technical effects.

Annual risk costs amounted to a positive figure, +HUF 2.9 billion, of which HUF 1.8 billion was set aside in the fourth quarter, as risk parameters were revised at both banks, which resulted in risk cost releases.

At the end of 2022, the ratio of Stage 3 loans was 4.9%, whereas the own provision coverage of Stage 3 loans was 54.4%. The reason for the y-o-y decline was that during the consolidation of the newly acquired bank, Stage 3 volumes were netted with the related provisions.

Due largely to acquisitions and to a lesser extent to organic growth, the performing (Stage 1+2) loan book increased by 49% year-on-year, while the stock of deposits grew by 84% year-on-year.

OTP BANK MOLDOVA

Performance of OTP Bank Moldova:

Main components of P&L account in HUF million	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
Adjusted profit after tax	5,858	9,403	61%	1,478	3,386	3,801	12%	157%
Income tax	-802	-1,385	73%	-190	-516	-609	18%	220%
Profit before income tax	6,660	10,788	62%	1,668	3,902	4,410	13%	164%
Operating profit	7,835	17,551	124%	2,276	5,259	6,118	16%	169%
Total income	15,271	27,830	82%	4,385	7,994	9,287	16%	112%
Net interest income	9,698	19,172	98%	2,821	5,729	6,436	12%	128%
Net fees and commissions	2,344	2,624	12%	612	792	580	-27%	-5%
Other net non-interest income	3,230	6,034	87%	952	1,473	2,271	54%	139%
Operating expenses	-7,437	-10,279	38%	-2,109	-2,734	-3,169	16%	50%
Total provisions	-1,175	-6,763	476%	-608	-1,357	-1,708	26%	181%
Provision for impairment on loan losses	-663	-5,895	789%	-529	-1,010	-1,604	59%	203%
Other provision	-512	-868	70%	-79	-347	-104	-70%	32%
Main components of balance sheet closing balances in HUF million	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
Total assets	310,511	365,658	18%	310,511	400,212	365,658	-9%	18%
Gross customer loans	166,573	171,412	3%	166,573	199,461	171,412	-14%	3%
Gross customer loans (FX-adjusted)	179,402	171,412	-4%	179,402	181,466	171,412	-6%	-4%
Stage 1+2 customer loans (FX-adjusted)	176,102	166,679	-5%	176,102	176,856	166,679	-6%	-5%
Retail loans	96,830	83,388	-14%	96,830	92,088	83,388	-9%	-14%
Corporate loans	75,132	78,333	4%	75,132	80,021	78,333	-2%	4%
Leasing	4,140	4,958	20%	4,140	4,748	4,958	4%	20%
Allowances for possible loan losses	-5,020	-11,177	123%	-5,020	-10,374	-11,177	8%	123%
Allowances for possible loan losses (FX-adjusted)	-5,415	-11,177	106%	-5,415	-9,452	-11,177	18%	106%
Deposits from customers	247,610	264,031	7%	247,610	281,334	264,031	-6%	7%
Deposits from customers (FX-adjusted)	268,754	264,031	-2%	268,754	255,271	264,031	3%	-2%
Retail deposits	173,744	177,022	2%	173,744	168,125	177,022	5%	2%
Corporate deposits	95,010	87,009	-8%	95,010	87,145	87,009	0%	-8%
Liabilities to credit institutions	15,886	42,083	165%	15,886	48,088	42,083	-12%	165%
Total shareholders' equity	42,701	53,430	25%	42,701	55,969	53,430	-5%	25%
Loan Quality	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	153,157	139,227	-9%	153,157	177,009	139,227	-21%	-9%
Stage 1 loans under IFRS 9/gross customer loans	91.9%	81.2%	-10.7%p	91.9%	88.7%	81.2%	-7.5%p	-10.7%p
Own coverage of Stage 1 loans under IFRS 9	1.3%	2.3%	1.1%p	1.3%	2.3%	2.3%	0.0%p	1.1%p
Stage 2 loan volume under IFRS 9 (in HUF million)	10,368	27,452	165%	10,368	17,426	27,452	58%	165%
Stage 2 loans under IFRS 9/gross customer loans	6.2%	16.0%	9.8%p	6.2%	8.7%	16.0%	7.3%p	9.8%p
Own coverage of Stage 2 loans under IFRS 9	13.6%	18.3%	4.7%p	13.6%	19.4%	18.3%	-1.1%p	4.7%p
Stage 3 loan volume under IFRS 9 (in HUF million)	3,048	4,733	55%	3,048	5,026	4,733	-6%	55%
Stage 3 loans under IFRS 9/gross customer loans	1.8%	2.8%	0.9%p	1.8%	2.5%	2.8%	0.2%p	0.9%p
Own coverage of Stage 3 loans under IFRS 9	54.3%	61.3%	7.0%p	54.3%	56.6%	61.3%	4.8%p	7.0%p
Provision for impairment on loan losses/average gross loans	0.46%	3.23%	2.77%p	1.30%	2.04%	3.38%	1.34%p	2.08%p
90+ days past due loan volume (in HUF million)	2,164	3,158	46%	2,164	3,901	3,158	-19%	46%
90+ days past due loans/gross customer loans	1.3%	1.8%	0.5%p	1.3%	2.0%	1.8%	-0.1%p	0.5%p
Performance Indicators	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
ROA	2.2%	2.7%	0.5%p	2.0%	3.6%	3.8%	0.2%p	1.8%p
ROE	15.2%	19.3%	4.1%p	14.2%	26.1%	27.2%	1.2%p	13.1%p
Total income margin	5.86%	8.05%	2.19%p	5.98%	8.61%	9.34%	0.73%p	3.36%p
Net interest margin	3.72%	5.55%	1.83%p	3.85%	6.17%	6.47%	0.30%p	2.63%p
Operating costs / Average assets	2.85%	2.97%	0.12%p	2.88%	2.95%	3.19%	0.24%p	0.31%p
Cost/income ratio	48.7%	36.9%	-11.8%p	48.1%	34.2%	34.1%	-0.1%p	-14.0%p
Net loans to deposits (FX-adjusted)	65%	61%	-4%p	65%	67%	61%	-7%p	-4%p
FX rates (in HUF)	**2021**	**2022**	**Y-o-Y**	**4Q 2021**	**3Q 2022**	**4Q 2022**	**Q-o-Q**	**Y-o-Y**
HUF/MDL (closing)	18.4	19.6	7%	18.4	21.9	19.6	-11%	7%
HUF/MDL (average)	17.2	19.7	15%	18.1	20.7	20.8	0%	15%

OTP Bank Moldova generated HUF 9.4 billion profit after tax in 2022, which presents a 61% y-o-y growth. This was mainly driven by the 124% y-o-y increase of the operating profit, that offset the higher risk costs. In the fourth quarter, the Moldovan operation achieved a profit of HUF 3.8 billion.

In 2022, total income exceeded that of the base period by 82%, chiefly because net interest income has doubled (+70% in local currency). In the rising interest rate environment (the central bank base rate grew from 6.5% at the beginning of the year to 21.5% by August, and then decreased to 20% in December), variable interest rate assets followed the upward trend. Furthermore, the net interest income was significantly supported by the interest income achieved on the mandatory reserve deposited with the central bank. The required reserve ratio was 40% until December 5, 2022, and the interest rate was 19.5% (after December 5, the required reserve ratio was reduced to 37%, the interest rate to 18%). The annual net interest margin improved by 1.83 pps y-o-y, to 5.55%, within this, it rose by 0.30 ppt q-o-q in the fourth quarter. This drove the fourth-quarter net interest income 12% higher q-o-q, despite the q-o-q shrinking loan book.

In 2022, annual net fees declined by 3% y-o-y in local currency, largely due to the decrease in commission income related to more restrained retail lending. Net fees contracted by 27% q-o-q in local currency in the fourth quarter, as a result of the drop in retail lending, and the higher payable card fees booked at the end of the year.

Other net non-interest income expanded by 87% y-o-y in 2022, mostly owing to higher income from currency exchange, which also contributed to the growth in other income in the fourth quarter (+54% q-o-q).

In the course of 2022, significant inflationary pressure developed in the country, the inflation rate peaking at over 34% in October-November decreased to 30.2% by December. This was reflected in the 20% y-o-y increase in annual operating expenses in local currency. This is reflected in the 20% y-o-y increase in annual operating costs measured in local currency. Seasonally higher marketing and sponsorship expenses also contributed to the 15% q-o-q cost increase measured in local currency in the fourth quarter. Despite this, the cost efficiency indicator improved significantly, the cost/income ratio in 2022 was below 37% (-11.8 pps y-o-y).

The impact of the downturn in the economy and the high inflation affecting income conditions was primarily manifested in the deterioration of the retail loan portfolio; the trend was further exacerbated by the shrinking volumes. In 2022, total risk costs increased sixfold y-o-y, nominally amounting to nearly HUF 7 billion. A large part of this arose in connection with the revision of IFRS 9 parameters. In the fourth quarter, risk cost formation took place mainly on retail loans, due to the application of the revised risk parameters.

The Stage 2 ratio jumped by 9.8 pps y-o-y, primarily due to the reclassifications in 4Q; the coverage of Stage 2 loans' own provisions also improved by 4.7 pps y-o-y to 18.3%. At the end of 2022, the ratio of Stage 3 loans was 2.8% (+0.9 pp y-o-y), their own coverage increased to 61.3%.

The FX-adjusted performing (Stage 1+2) loan portfolio decreased by 5% y-o-y in 2022, within which the drop in retail loans was significant, shrinking by 14%, while the corporate portfolio expanded by 4%. As of the summer of 2022, OTP Bank Moldova has stopped retail lending and significantly reduced its lending activities on the corporate side as well.

The FX-adjusted deposit book declined by 2% y-o-y, mostly because deposits from large corporations contracted (-8% y-o-y). In the fourth quarter, deposits from large corporations stagnated, while retail term deposits showed an increase due to the deposit collection campaign and rising deposit interest rates, so the FX-adjusted deposit portfolio expanded by 3% overall q-o-q.

At the end of December 2022, the market share of OTP's Moldovan operation by total assets reached 14.2%, thereby maintaining its 3rd place in the banking ranking.

STAFF LEVEL AND OTHER INFORMATION

	31/12/2021				31/12/2022			
	Branches	ATM	POS	Headcount (closing)	Branches	ATM	POS	Headcount (closing)
OTP Core	**356**	**1,906**	**135,901**	**10,523**	**352**	**1,866**	**143,078**	**10,985**
DSK Group (Bulgaria)	311	1,046	15,580	5,539	305	998	16,559	5,358
OBH (Croatia)	114	467	11,384	2,279	111	428	11,344	2,294
OTP Bank Serbia	187	298	15,038	2,707	155	265	18,049	2,632
SKB Banka (Slovenia)	49	82	4,940	864	49	81	4,925	875
OTP Bank Romania	95	148	7,843	1,740	97	156	8,325	1,826
OTP Bank Ukraine (w/o employed agents)	85	176	293	2,341	71	150	263	2,134
OTP Bank Russia (w/o employed agents)	134	220	607	4,992	108	191	534	4,471
CKB Group (Montenegro)	34	117	7,251	517	33	116	7,529	497
OTP Bank Albania	39	86	0	454	58	213	831	730
Mobiasbanca (Moldova)	51	151	0	899	53	156	0	896
Foreign subsidiaries, total	**1,099**	**2,791**	**62,936**	**22,332**	**1,040**	**2,754**	**68,359**	**21,713**
Other Hungarian and foreign subsidiaries				568				619
OTP Group (w/o employed agents)				**33,424**				**33,318**
OTP Bank Russia - employed agents				3,783				2,431
OTP Bank Ukraine - employed agents				657				227
OTP Group (aggregated)	**1,455**	**4,697**	**198,837**	**37,864**	**1,392**	**4,620**	**211,437**	**35,976**

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

On 13 April 2022, concerning the audit of OTP Bank Plc.'s separate and consolidated annual financial statements in accordance with International Financial Reporting Standards for the year 2022, the Annual General Meeting elected Ernst & Young Ltd. as the Company's auditor from 1 May 2022 until 30 April 2023.

Disclaimers

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

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

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

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

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

FINANCIAL DATA

SEPARATE IFRS STATEMENT OF FINANCIAL POSITION

in HUF million	31/12/2022	31/12/2021	change
Cash, amounts due from banks and balances with the National Bank of Hungary	1,092,198	474,945	130%
Placements with other banks, net of allowance for placement losses	2,899,829	2,567,212	13%
Repo receivables	246,529	33,638	633%
Financial assets at fair value through profit or loss	410,012	246,462	66%
Financial assets at fair value through other comprehensive income	797,175	641,939	24%
Securities at amortised cost	3,282,373	3,071,038	7%
Loans at amortised cost	4,825,040	4,032,465	20%
Loans mandatorily measured at fair value through profit or loss	793,242	662,012	20%
Investments in subsidiaries	1,596,717	1,573,008	2%
Property and equipment	94,564	81,817	16%
Intangible assets	69,480	62,161	12%
Right of use assets	39,882	17,231	131%
Investments properties	4,207	4,328	-3%
Current tax assets	1,569	0	
Deferred tax asset	35,742	0	
Derivative financial assets designated as hedge accounting relationships	47,220	17,727	166%
Other assets	329,752	224,488	47%
TOTAL ASSETS	**16,565,531**	**13,710,471**	**21%**
Amounts due to banks and deposits from the National Bank of Hungary and other banks	1,736,128	1,051,203	65%
Repo liabilities	408,366	86,580	372%
Deposits from customers	11,119,158	9,948,532	12%
Leasing liabilities	41,464	17,932	131%
Liabilities from issued securities	498,709	22,153	
Financial liabilities at fair value through profit or loss	16,576	20,133	-18%
Derivative financial liabilities designated as held for trading	373,401	192,261	94%
Derivative financial liabilities designated as hedge accounting relationships	50,623	18,690	171%
Deferred tax liabilities	0	1,507	-100%
Current tax assets	3,199	4,776	-33%
Other liabilities	313,188	238,437	31%
Subordinated bonds and loans	294,186	271,776	8%
Provisions	29,656	21,527	38%
TOTAL LIABILITIES	**14,884,654**	**11,895,507**	**25%**
Share capital	28,000	28,000	0%
Retained earnings and reserves	1,648,969	1,720,497	-4%
Profit after tax	6,632	125,339	-95%
Treasury shares	-2,724	-58,872	-95%
TOTAL SHAREHOLDERS' EQUITY	**1,680,877**	**1,814,964**	**-7%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**16,565,531**	**13,710,471**	**21%**

CONSOLIDATED IFRS STATEMENT OF FINANCIAL POSITION

in HUF million	31/12/2022	31/12/2021	change
Cash, amounts due from banks and balances with the National Banks	4,221,392	2,556,035	65%
Placements with other banks, net of loss allowance for placements	1,351,082	1,584,861	-15%
Repo receivables	41,009	61,052	-33%
Financial assets at fair value through profit or loss	436,387	341,397	28%
Securities at fair value through other comprehensive income	1,739,603	2,224,510	-22%
Loans at amortized cost	16,094,458	13,493,183	19%
Loans mandatorily at fair value through profit or loss	1,247,414	1,068,111	17%
Finance lease receivables	1,298,752	1,182,628	10%
Associates and other investments	73,849	67,222	10%
Securities at amortized cost	4,891,938	3,891,335	26%
Property and equipment	464,469	411,136	13%
Intangible assets and goodwill	237,031	248,631	-5%
Right-of-use assets	58,937	50,726	16%
Investment properties	47,452	29,882	59%
Derivative financial assets designated as hedge accounting	48,247	18,757	157%
Deferred tax assets	75,421	15,109	399%
Current income tax receivable	5,650	29,978	-81%
Other assets	471,119	276,785	70%
Assets classified as held for sale / discontinued operations	0	2,046	-100%
TOTAL ASSETS	**32,804,210**	**27,553,384**	**19%**
Amounts due to banks, the National Governments, deposits from the National Banks and other banks	1,463,158	1,567,348	-7%
Repo liabilities	217,369	79,047	175%
Financial liabilities designated at fair value through profit or loss	54,191	41,184	32%
Deposits from customers	25,188,805	21,068,644	20%
Liabilities from issued securities	870,682	436,325	100%
Derivative financial liabilities held for trading	385,747	202,716	90%
Derivative financial liabilities designated as hedge accounting	27,949	11,228	149%
Leasing liabilities	63,778	53,286	20%
Deferred tax liabilities	40,094	24,045	67%
Current income tax payable	28,866	36,581	-21%
Provisions	131,621	119,799	10%
Other liabilities	707,654	598,081	18%
Subordinated bonds and loans	301,984	278,334	8%
TOTAL LIABILITIES	**29,481,898**	**24,516,618**	**20%**
Share capital	28,000	28,000	0%
Retained earnings and reserves	3,395,215	3,109,509	9%
Treasury shares	-106,862	-106,941	0%
Total equity attributable to the parent	3,316,353	3,030,568	9%
Total equity attributable to non-controlling interest	5,959	6,198	-4%
TOTAL SHARHOLDERS' EQUITY	**3,322,312**	**3,036,766**	**9%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**32,804,210**	**27,553,384**	**19%**

SEPARATE IFRS STATEMENT OF RECOGNIZED INCOME

in HUF million	2022	2021	change
Interest income calculated using the effective interest method	721,679	302,373	139%
Income similar to interest income	377,231	105,663	257%
Total Interest Income	1,098,910	408,036	169%
Total Interest Expense	-802,020	-155,491	416%
NET INTEREST INCOME	**296,890**	**252,545**	**18%**
Risk cost total	-94,594	-56,710	67%
NET INTEREST INCOME AFTER RISK COST	**202,296**	**195,835**	**3%**
Losses arising fom derecognitionof financial assets measured at amortised cost	**-56,195**	**-2,700**	
Modification loss	**-14,856**	**-7,017**	**112%**
Income from fees and commissions	362,444	300,803	20%
Expenses from fees and commissions	-66,087	-52,276	26%
Net profit from fees and commissions	**296,357**	**248,527**	**19%**
Foreign exchange gains (+)/ loss (-)	541	-5,638	-110%
Gains (+) or loss (-) on securities, net	-10,605	2,104	-604%
Losses on financial instruments at fair value through profit or loss	-18,790	-6,494	189%
Gains on derivative instruments, net	9,917	3,436	189%
Dividend income	194,526	99,037	96%
Other operating income	13,775	11,265	22%
Net other operating expenses	-131,942	-41,636	217%
Net operating income	**57,422**	**62,074**	**-7%**
Personnel expenses	-154,303	-136,126	13%
Depreciation and amortization	-46,738	-40,692	15%
Other administrative expenses	-290,989	-178,611	63%
Other administrative expenses	**-492,030**	**-355,429**	**38%**
PROFIT BEFORE INCOME TAX	**-7,006**	**141,290**	**-105%**
Income tax expense	-13,638	-15,951	-15%
PROFIT AFTER TAX FOR THE PERIOD	**6,632**	**125,339**	**-95%**

CONSOLIDATED IFRS STATEMENT OF RECOGNIZED INCOME

in HUF million	2022	2021	change
CONTINUING OPERATIONS			
Interest income calculated using the effective interest method	1,508,050	922,539	63%
Income similar to interest income	495,973	194,920	154%
Interest incomes	2,004,023	1,117,459	79%
Interest expenses	-912,709	-243,149	275%
NET INTEREST INCOME	**1,091,314**	**874,310**	**25%**
Risk cost total	**-210,458**	**-47,645**	**342%**
Loss allowance / Release of loss allowance on loans, placements, amounts due from banks and repo receivables	-155,681	-27,721	462%
Change in the fair value attributable to changes in the credit risk of loans mandatorily measured at fair value through profit of loss	13,346	-16,289	-182%
Loss allowance / Release of loss allowance on securities at fair value through other comprehensive income and on securities at amortized cost	-60,774	-3,974	
Provision for commitments and guarantees given	-6,145	-99	
Impairment / (Release of impairment) of assets subject to operating lease and of nvestment properties	-1,204	438	-375%
NET INTEREST INCOME AFTER RISK COST	**880,856**	**826,665**	**7%**
Income from fees and commissions	739,576	554,113	33%
Expense from fees and commissions	-139,216	-111,939	24%
Net profit from fees and commissions	**600,360**	**442,174**	**36%**
Modification gain or loss	**-39,997**	**-13,672**	**193%**
Foreign exchange gains / losses, net	-4,431	2,723	-263%
Foreign exchange gains / losses, net	-14,989	-4,075	268%
Gains and losses on derivative instruments	10,558	6,798	55%
Gains / Losses on securities, net	-4,488	5,560	-181%
Gains / Losses on financial assets /liabilities measured at fair value through profit or loss	-4,164	-532	683%
Gain from derecognition of financial assets at amortized cost	-1,655	1,885	-188%
Profit from associates	14,640	15,648	-6%
Other operating income	125,415	81,328	54%
Gains and losses on real estate transactions	5,269	6,424	-18%
Other non-interest income	118,777	74,246	60%
Net insurance result	1,370	657	109%
Other operating expense	-128,785	-85,732	50%
Net operating income	**-3,468**	**20,880**	**-117%**
Personnel expenses	-402,563	-340,684	18%
Depreciation and amortization	-175,303	-94,996	85%
Other administrative expenses	-464,997	-311,932	49%
Other administrative expenses	**-1,042,863**	**-747,612**	**39%**
PROFIT BEFORE INCOME TAX	**394,888**	**528,435**	**-25%**
Income tax expense	-59,251	-72,123	-18%
PROFIT AFTER INCOME TAX FOR THE PERIOD FROM CONTINUING OPERATIONS	**335,637**	**456,312**	**-26%**
From this, attributable to:			
Non-controlling interest	727	836	-13%
Owners of the company	334,910	455,476	-26%
DISCONTINUED OPERATIONS	**0**	**0**	
Gains from disposal of subsidiary classified as held for sale	11,444	0	
Net loss / gain from discontinued operation	0	116	-100%
PROFIT AFTER INCOME TAX FROM CONTINUING AND DISCOUNTINUED OPERATION	**347,081**	**456,428**	**-24%**

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY (IFRS)

in HUF million	Share capital	Capital reserve	Retained earnings and reserves	Treasury shares	Non-controlling interest	**Total**
Balance as at 1 January 2021	**28,000**	**52**	**2,629,024**	**-124,080**	**4,116**	**2,537,112**
Profit after tax for the year	--	--	455,592	--	836	456,428
Other comprehensive income	--	--	16,689	--	205	16,894
Increase due to business combinations	--	--	--	--	1,041	1,041
Purchase of non-controlling interests	--	--	--	--	--	
Decrease due to discontinued operations	--	--	--	--	--	
Share-based payment	--	--	3,589	--	--	3,589
Dividend	--	--	--	--	--	
Correction due to ESOP	--	--	--	--	--	
Adjustments to previous years' reserves	--	--	1,034	--	--	1,034
Treasury shares	--	--	--	--	--	
– sale	--	--	--	293,572	--	293,572
– loss on sale	--	--	-27,800	--	--	-27,800
– volume change	--	--	--	-276,433	--	-276,433
Payment to ICES holders	--	--	-3,734	--	--	-3,734
Decrease due to closure of ICES	--	--	35,063	--	--	35,063
Balance as at 31 December 2021	**28,000**	**52**	**3,109,457**	**-106,941**	**6,198**	**3,036,766**

in HUF million	Share capital	Capital reserve	Retained earnings and reserves	Treasury shares	Non-controlling interest	**Total**
Balance as at 1 January 2022	**28,000**	**52**	**3,109,457**	**-106,941**	**6,198**	**3,036,766**
Profit after tax for the year	--	--	346,354	--	727	347,081
Other comprehensive income	--	--	61,341	--	-80	61,261
Increase due to business combinations	--	--	--	--	-886	-886
Purchase of non-controlling interests	--	--	-1,321	--		-1,321
Decrease due to discontinued operations	--	--	--	--	--	
Share-based payment	--	--	2,948	--	--	2,948
Dividend	--	--	-120,248	--	--	-120,248
Correction due to ESOP	--	--	4,066	--	--	4,066
Adjustments to previous years' reserves	--	--	--	--	--	
Treasury shares	--	--	--	--	--	
– sale	--	--	--	16,347	--	16,347
– loss on sale	--	--	-7,434	--	--	-7,434
– volume change	--	--	--	-16,268	--	-16,268
Balance as at 31 December 2022	**28,000**	**52**	**3,395,163**	**-106,862**	**5,959**	**3,322,312**

[1]The deduction related to repurchased treasury shares (4Q 2022: HUF 106,862 million) includes the book value of OTP shares held by ESOP (4Q 2022: 10,965,752 shares).

SEPARATE IFRS STATEMENT OF CASH FLOWS

in HUF million	31/12/2022	31/12/2021	change
OPERATING ACTIVITIES			
Profit before income tax	-7,006	141,290	-105%
Net accrued interest	-11,198	-2,205	408%
Income tax paid	-19,953	-15,259	31%
Depreciation and amortization	46,873	40,784	15%
Loss allowance / (Release of loss allowance)	221,212	68,257	224%
Share-based payment	2,948	3,589	-18%
Exchange rate gains on securities	62,354	6,212	904%
Unrealised gains on fair value adjustment of financial instruments at fair value through profit or loss	391	23,051	-98%
Unrealised losses on fair value adjustment of derivative financial instruments	52,840	30,962	71%
Interest expense from leasing liabilities	-1,181	-214	452%
Effect of currency revaluation	9,359	35,136	-73%
Result from the sale of property, plant and equipment and intangible assets	-267	82	-426%
Net change in assets and liabilities in operating activities	-346,234	421,748	-182%
Net cash provided by operating activities	**10,138**	**753,433**	**-99%**
INVESTING ACTIVITIES			
Net cash used in investing activities	**-425,810**	**-807,585**	**-47%**
FINANCING ACTIVITIES			
Net cash provided by / (used in) financing activities	**391,800**	**-73,293**	**-635%**
Net decrease in cash and cash equivalents	**-23,872**	**-127,445**	**-81%**
Cash and cash equivalents at the beginning of the year	**375,642**	**503,087**	**-25%**
Cash and cash equivalents at the end of the year	**351,770**	**375,642**	**-6%**
Cash, amounts due from banks and balances with the National Bank of Hungary	474,945	579,120	-18%
Cash and cash equivalents at the beginning of the year	**474,945**	**579,120**	**-18%**
Cash, amounts due from banks and balances with the National Bank of Hungary	1,092,198	474,945	130%
Cash and cash equivalents at the end of the year	**1,092,198**	**474,945**	**130%**

CONSOLIDATED IFRS STATEMENT OF CASH FLOWS

in HUF million	31/12/2022	31/12/2021	change
OPERATING ACTIVITIES			
Profit after tax for the period	346,354	455,592	-24%
Net changes in assets and liabilities in operating activities			
Income tax paid	-74,411	-47,876	55%
Depreciation and amortization	112,749	100,321	12%
Goodwill impairment	67,715	0	
Loss allowance	243,712	53,706	354%
Net accrued interest	45,499	14,854	206%
Share-based payment	2,948	3,589	-18%
Unrealized (gain) / losses on fair value change of securities held for trading	-296,986	22,258	
Unrealized (gain) / losses on fair value adjustment of securities valued at fair value	-84,641	11,404	-842%
Unrealised losses / (gains) on fair value adjustment of derivative financial instruments	81,440	18,982	329%
Gain on discontinued operations	0	-116	
Negative goodwill	-3,784	0	
Other changes in assets and liabilities in operating activities	707,859	840,539	-16%
Net change in assets and liabilities in operating activities	**1,148,454**	**1,473,253**	**-22%**
INVESTING ACTIVITIES			
Net cash used in investing activities	**-721,784**	**-1,555,723**	**-54%**
FINANCING ACTIVITIES			
Net cash used in financing activities	**469,454**	**109,255**	**330%**
Net increase (+) / decrease (-) of cash	**896,124**	**26,785**	
Cash and cash equivalents at the beginning of the year	1,701,564	1,674,777	2%
Cash and cash equivalents at the end of the year	**2,597,688**	**1,701,564**	**53%**
Adjustment due to discontinuing activity	**0**	**-2**	**-100%**

CONSOLIDATED SUBSIDIARIES AND ASSOCIATES

	Name of the company		Initial capital/Equity (HUF)	Ownership Directly + indirectly (%)	Voting rights (%)	Classification[1]
1	OTP Real Estate Ltd.		1,000,000,000	100.00	100.00	L
2	BANK CENTER No. 1. Ltd.		11,500,000,000	100.00	100.00	L
3	OTP Fund Management Ltd.		900,000,000	100.00	100.00	L
4	OTP Factoring Ltd.		500,000,000	100.00	100.00	L
5	OTP Close Building Society		2,000,000,000	100.00	100.00	L
6	Merkantil Bank Ltd.		2,000,000,000	100.00	100.00	L
7	OTP Factoring Management Ltd.		3,100,000	100.00	100.00	L
8	INGA KETTŐ Ltd.		8,000,000,000	100.00	100.00	L
9	Merkantil Bérlet Ltd.		6,000,000	100.00	100.00	L
10	OTP Mortgage Bank Ltd.		82,000,000,000	100.00	100.00	L
11	OTP Funds Servicing and Consulting Company Limited		2,351,000,000	100.00	100.00	L
12	DSK Bank AD	BGN	1,328,659,920	99.92	99.92	L
13	DSK Tours EOOD	BGN	8,491,000	100.00	100.00	L
14	DSK Trans Security EAD	BGN	2,225,000	100.00	100.00	L
15	POK DSK-Rodina AD	BGN	10,010,198	99.85	99.85	L
16	NIMO 2002 Ltd.		1,156,000,000	100.00	100.00	L
17	OTP Real Estate Investment Fund Management Ltd.		100,000,000	100.00	100.00	L
18	OTP Card Factory Ltd.		450,000,000	100.00	100.00	L
19	OTP Bank Romania S.A.	RON	2,279,253,360	100.00	100.00	L
20	DSK Asset Management EAD	BGN	1,000,000	100.00	100.00	L
21	OTP banka dioničko društvo	HRK	3,993,754,800	100.00	100.00	L
22	Air-Invest Ltd.		630,000,000	100.00	100.00	L
23	DSK Leasing AD	BGN	3,334,000	100.00	100.00	L
24	OTP Invest društvo s ograničenom odgovornošću za upravljanje fondovima	HRK	18,211,300	100.00	100.00	L
25	OTP Nekretnine d.o.o.	HRK	259,828,100	100.00	100.00	L
26	SPLC-P Ltd.		15,000,000	100.00	100.00	L
27	SPLC Ltd.		10,000,000	100.00	100.00	L
28	OTP Real Estate Leasing Ltd.		214,000,000	100.00	100.00	L
29	OTP Life Annuity Real Estate Investment Plc.		2,000,000,000	100.00	100.00	L
30	OTP Leasing d.d.	HRK	8,212,000	100.00	100.00	L
31	Joint-Stock Company OTP Bank	UAH	6,186,023,111	100.00	100.00	L
32	JSC "OTP Bank" (Russia	RUB	4,423,768,142	97.92	97.92	L
33	Montenegrin Commercial Bank Shareholding Company, Podgorica Montenegro	EUR	181,875,221	100.00	100.00	L
34	OTP banka Srbija, joint-stock company, Novi Sad)	RSD	56,830,752,260	100.00	100.00	L
35	OTP Investments d.o.o. Novi Sad	RSD	203,783,061	100.00	100.00	L
36	OTP Leasing Romania IFN S.A.	RON	33,556,300	100.00	100.00	L
37	OTP Ingatlanpont Ltd.		7,500,000	100.00	100.00	L
38	OTP Hungaro-Projekt Ltd.		27,720,000	100.00	100.00	L
39	OTP Financing Netherlands	EUR	18,000	100.00	100.00	L
40	OTP Mérnöki Ltd.		3,000,000	100.00	100.00	L
41	OTP Ingatlanüzemeltető Ltd.		30,000,000	100.00	100.00	L
42	Limited Liability Company Asset Management Company " OTP Capital"	UAH	10,000,000	100.00	100.00	L
43	CRESCO d.o.o.	HRK	39,000	100.00	100.00	L
44	LLC OTP Leasing	UAH	45,495,340	100.00	100.00	L
45	OTP Asset Management SAI S.A.	RON	5,795,323	100.00	100.00	L
46	OTP Financing Solutions	EUR	18,000	100.00	100.00	L
47	Velvin Ventures Ltd.	USD	50,000	100.00	100.00	L
48	OTP Factoring Romania Llc.	RON	600,405	100.00	100.00	L
49	OTP Factoring Ukraine LLC	UAH	6,227,380,554	100.00	100.00	L
50	OTP Insurance Broker EOOD	BGN	5,000	100.00	100.00	L
51	PortfoLion Venture Capital Fund Management Ltd.		39,500,000	100.00	100.00	L
52	OTP Factoring Bulgaria JSCo.	BGN	1,000,000	100.00	100.00	L
53	SC Aloha Buzz SRL	RON	10,200	100.00	100.00	L
54	SC Favo Consultanta SRL	RON	10,200	100.00	100.00	L
55	SC Tezaur Cont SRL	RON	10,200	100.00	100.00	L
56	OTP Holding Ltd.	EUR	131,000	100.00	100.00	L
57	OTP Debt Collection d.o.o. Podgorica	EUR	49,000,001	100.00	100.00	L
58	OTP Factoring Serbia Ltd.	RSD	782,902,282	100.00	100.00	L
59	MONICOMP Ltd.		100,000,000	100.00	100.00	L
60	CIL Babér Ltd.		71,890,330	100.00	100.00	L
61	Project 01 Consulting, s. r. o.	EUR	22,540,000	100.00	100.00	L
62	R.E. Four d.o.o., Novi Sad	RSD	1,983,643,761	100.00	100.00	L
63	OTP Financial point Ltd.		52,000,000	100.00	100.00	L
64	Bajor-Polár Center Real Estate Management Ltd.		30,000,000	100.00	100.00	L
65	OTP Mobile Service Ltd.		1,210,000,000	100.00	100.00	L
66	OTP Holding Malta Ltd.	EUR	104,950,000	100.00	100.00	L
67	OTP Financing Malta Company Limited	EUR	105,000,000	100.00	100.00	L
68	LLC MFO "OTP Finance"	RUB	6,533,000,000	100.00	100.00	L
69	OTP Travel Limited		27,000,000	100.00	100.00	L
70	OTP Ecosystem Limited Liability Company; OTP Ecosystem Llc.		281,100,000	100.00	100.00	L

	Name of the company		Initial capital/Equity (HUF)	Ownership Directly + indirectly (%)	Voting rights (%)	Classification[1]
71	DSK ventures EAD	BGN	250,000	100.00	100.00	L
72	OTP ESOP		125,419,724,941	0.00	0.00	L
73	PEVEC d.o.o. Beograd	RSD	812,844,640	100.00	100.00	L
74	PortfoLion Digital Ltd.		101,000,000	100.00	100.00	L
75	OTP Ingatlankezelő Ltd.		50,000,000	100.00	100.00	L
76	MFM Project Investment and Development Ltd.		20,000,000	100.00	100.00	L
77	OTP Leasing d.o.o. Beograd	RSD	112,870,710	100.00	100.00	L
78	Venture Closed-End Non Diversified Mutual Investment Fund "OTP Solution"	UAH	43,347,201	100.00	100.00	L
79	OTP Services Ltd.	RSD	40,028	100.00	100.00	L
80	DSK DOM EAD	BGN	100,000	100.00	100.00	L
81	ShiwaForce.com Inc.		105,321,000	100.00	100.00	L
82	OTP Leasing EOOD	BGN	4,100,000	100.00	100.00	L
83	Regional Urban Development Fund AD	BGN	250,000	52.00	52.00	L
84	Banka OTP Albania SHA	ALL	6,740,900,000	100.00	100.00	L
85	EiSYS Ltd.		3,000,000	100.00	100.00	L
86	OTP Leasing Srbija d.o.o. Beograd	RSD	314,097,580	100.00	100.00	L
87	OTP Osiguranje AKCIONARSKO DRUŠTVO ZA	RSD	412,606,208	100.00	100.00	L
88	OTP Bank S.A.	MDL	100,000,000	98.26	98.31	L
89	AppSense Ltd.		3,000,000	100.00	100.00	L
90	SKB Banka d.d. Ljubljana	EUR	52,784,176	100.00	100.00	L
91	SKB Leasing d.o.o.	EUR	16,809,031	100.00	100.00	L
92	SKB Leasing Select d.o.o.	EUR	5,000,000	100.00	100.00	L
93	OTP Home Solutions Limited Liability Company		10,000,000	100.00	100.00	L
94	Georg d.o.o	HRK	20,000	76.00	76.00	L
95	OD Ltd.		6,000,000	60.00	60.00	L
96	Balansz Real Estate Institute Fund		70,708,097,047	100.00	100.00	L
97	PortfoLion Zöld Fund		22,420,000,000	100.00	100.00	L
98	PortfoLion Digitális Magántőkealap I.		6,600,000,000	100.00	100.00	L
99	PortfoLion Regionális Fund		9,375,800,000	50.00	50.00	L
100	PortfoLion Regionális Fund II.		12,897,200,000	49.90	49.90	L
101	Portfolion Partner Fund		45,998,661,990	30.56	30.56	L
102	PortfoLion Digitális Magántőkealap II.		2,200,000,000	100.00	100.00	L
103	Nemesszalóki Ltd.		242,124,000	100.00	100.00	L
104	ZA-Invest Béta Ltd.		7,000,000	100.00	100.00	L
105	NAGISZ Mezőgazdasági Termelő és Szolgáltató Ltd.		3,802,080,000	99.35	99.35	L
106	Nádudvari Ltd.		1,954,680,000	99.96	99.96	L
107	HAGE Ltd.		2,689,000,000	99.61	99.61	L
108	AFP Private Equity Invest Ltd.	EUR	452,000	29.14	29.14	L
109	Mendota Invest, Nepremicninska druzba, d.o.o.	EUR	257,500	100.00	100.00	L
110	ZA-Invest Delta Ltd.		3,000,000	100.00	100.00	L

[1] Full consolidated - L

Ownership structure of OTP Bank Plc.

Description of owner	Total equity					
	1 January 2022			31 December 2022		
	Ownership share	Voting rights[1]	Quantity	Ownership share	Voting rights[1]	Quantity
Domestic institution/company	26.66%	26.97%	74,637,180	31.80%	31.84%	89,040,716
Foreign institution/company	66.69%	67.47%	186,733,858	50.05%	50.11%	140,129,576
Domestic individual	4.79%	4.84%	13,405,389	16.91%	16.93%	47,338,305
Foreign individual	0.11%	0.12%	319,712	0.52%	0.52%	1,464,494
Employees, senior officers[2]	0.48%	0.48%	1,341,018	0.55%	0.55%	1,526,762
Treasury shares[3]	1.16%	0.00%	3,251,484	0.13%	0.00%	354,144
Government held owner	0.07%	0.07%	188,326	0.05%	0.05%	139,946
International Development Institutions	0.04%	0.04%	120,871	0.00%	0.00%	3,183
Other[4]	0.00%	0.00%	2,172	0.00%	0.00%	2,884
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] The shares indirectly owned by György Nagy, a member of the Board of Directors, were reclassified to the domestic individual category as of 31 December 2021.
[3] 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 31 December 2022 ESOP owned 10,965,752 OTP shares.
[4] Non-identified shareholders according to the shareholders' registry.

Number of treasury shares held in the year under review (2022)

	1 January	31 March	30 June	30 September	31 December
OTP Bank	3,251,484	691,233	467,880	365,842	354,144
Subsidiaries	0	0	0	0	0
TOTAL	3,251,484	691,233	467,880	365,842	354,144

Shareholders with over/around 5% stake as at 31 December 2022

Name	Nationality[1]	Activity[2]	Number of shares	Ownership[3]	Voting rights[3,4]	Notes[5]
MOL (Hungarian Oil and Gas Company Plc.)	**D**	**C**	**24,000,000**	**8.57%**	**8.58%**	
Groupama Group	**F/D**	**C**	**14,258,161**	**5.09%**	**5.10%**	
Groupama Gan Vie SA	F	C	14,140,000	5.05%	5.06%	
Groupama Biztosító Ltd.	D	C	118,161	0.04%	0.04%	

[1] Domestic (D), Foreign (F).
[2] Custodian (CU), Public Institution (PU), International Development Institutions (ID), Institutional (I), Company (C), Private (PR), Employee or senior officer (E).
[3] Rounded to two decimals.
[4] Voting rights in the General Meeting of the Issuer for participation in decision-making.
[5] Eg: professional investor, financial investor, etc.

Senior officers, strategic employees and their shareholding of OTP shares as at 31 December 2022

Type[1]	Name	Position	Commencement date of the term	Expiration/termination of the term	Number of shares
IT	dr. Sándor Csányi [2]	Chairman and CEO	15/05/1992	2026	325,047
IT	Tamás Erdei	Deputy Chairman	27/04/2012	2026	43,085
IT	Gabriella Balogh	member	16/04/2021	2026	8,193
IT	Mihály Baumstark	member	29/04/1999	2026	53,600
IT	Péter Csányi	member, Deputy CEO	16/04/2021	2026	9,648
IT	dr. István Gresa	member	27/04/2012	2026	182,858
IT	Antal Kovács[3]	member, Deputy CEO	15/04/2016	2026	114,759
IT	György Nagy[4]	member	16/04/2021	2026	34,800
IT	dr. Márton Gellért Vági	member	16/04/2021	2026	8,500
IT	dr. József Vörös	member	15/05/1992	2026	186,714
IT	László Wolf	member, Deputy CEO	15/04/2016	2026	535,347
FB	Tibor Tolnay	Chairman	15/05/1992	2023	54
FB	dr. Gábor Horváth	Deputy Chairman	19/05/1995	2023	0
FB	Klára Bella	member	12/04/2019	2023	408
FB	dr. Tamás Gudra	member	16/04/2021	2023	0
FB	András Michnai	member	25/04/2008	2023	100
FB	Olivier Péqueux	member	13/04/2018	2023	0
SP	László Bencsik	Deputy CEO			12,744
SP	György Kiss-Haypál	Deputy CEO			10,905
TOTAL No. of shares held by management:					**1,526,762**

[1] Employee in strategic position (SP), Board Member (IT), Supervisory Board Member (FB)
[2] Number of OTP shares owned by Dr. Sándor Csányi, Chairman and CEO, directly or indirectly: 4,602,174
[3] Number of OTP shares owned by Antal Kovács, Member of Board of Directors, directly or indirectly: 119,059
[4] Number of OTP shares owned by György Nagy, Member of Board of Directors, directly or indirectly: 1,118,955

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

a) Contingent liabilities

	31/12/2022	31/12/2021
Commitments to extend credit	4,230,289	4,065,002
Guarantees arising from banking activities	1,414,414	1,293,841
Confirmed letters of credit	53,557	65,077
Legal disputes (disputed value)	86,137	75,453
Other	569,906	497,748
Total:	**6,354,303**	**5,997,121**

[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]	9,842	9,842	10,277
Consolidated[2]	37,865	37,865	35,976

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

Security issuances on Group level between 01/01/2022 and 31/12/2022

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 30/09/2022	Outstanding consolidated debt (in HUF million) 30/09/2022
OTP Bank Plc.	Corporate bond	XS2499691330	13/07/2022	13/07/2025	EUR	400,000,000	159,701
OTP Bank Plc.	Corporate bond	XS2536446649	29/09/2022	29/09/2026	USD	60,000,000	22,541
OTP Bank Plc.	Corporate bond	XS2560693181	01/12/2022	04/03/2026	EUR	650,000,000	259,613
OTP Bank Plc.	Corporate bond	OTP_DK_26/3	31/03/2022	31/05/2026	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_27/3	31/03/2022	31/05/2027	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_28/II	31/03/2022	31/05/2028	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_29/II	31/03/2022	31/05/2029	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_30/II	31/03/2022	31/05/2030	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_31/I	31/03/2022	31/05/2031	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_32/I	31/03/2022	31/05/2032	HUF	0	0
OTP Bank Plc.	Retail bond	OTP_HUF_25/1	18/11/2022	18/11/2025	HUF	25,563	25,563
OTP Bank Plc.	Retail bond	OTP_HUF_26/1	22/12/2022	05/01/2026	HUF	10,230	10,230
OTP Mortgage Bank	Mortgage bond	OJB2029_A	25/07/2022	24/05/2029	HUF	91,510	91,510

Security redemptions on Group level between 01/01/2022 and 31/12/2022

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 30/09/2021	Outstanding consolidated debt (in HUF million) 30/09/2021
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_22/II	29/05/2020	31/05/2022	HUF	0	0
OTP Bank Plc.	Corporate bond	OTPRF2022A	22/03/2012	23/03/2022	HUF	2,321	2,321
OTP Bank Plc.	Corporate bond	OTPRF2022B	22/03/2012	23/03/2022	HUF	934	934
OTP Bank Plc.	Corporate bond	OTPRF2022C	28/06/2012	28/06/2022	HUF	209	209
OTP Bank Plc.	Corporate bond	OTPRF2022D	28/06/2012	28/06/2022	HUF	286	286
OTP Bank Plc.	Corporate bond	OTPRF2022E	29/10/2012	31/10/2022	HUF	862	862
OTP Bank Plc.	Corporate bond	OTPRF2022F	28/12/2012	28/12/2022	HUF	708	708
OTP Bank Plc.	Corporate bond	OTPX2022A	22/03/2012	23/03/2022	HUF	175	175
OTP Bank Plc.	Corporate bond	OTPX2022B	18/07/2012	18/07/2022	HUF	164	164
OTP Bank Plc.	Corporate bond	OTPX2022C	29/10/2012	28/10/2022	HUF	177	177
OTP Bank Plc.	Corporate bond	OTPX2022D	28/12/2012	27/12/2022	HUF	238	238

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)[1]	2021	2022	Y-o-Y	4Q 2021	3Q 2022	4Q 2022	Q-o-Q	Y-o-Y
Total compensation for key management personnel	**12,846**	**13,597**	**6%**	**3,164**	**3,310**	**3,427**	**4%**	**8%**
Short-term employee benefits	8,881	9,790	10%	2,264	2,567	2,352	-8%	4%
Share-based payment	3,110	2,524	-19%	683	592	668	13%	-2%
Other long-term employee benefits	743	989	33%	105	149	138	-7%	31%
Termination benefits	0	293		0	1	269		
Redundancy payments	112	1	-99%	112	1	0	-100%	-100%
Loans to key management individuals and their close family members as well as to entities in which they have an interest	108,332	75,704	-30%	108,332	92,889	75,704	-19%	-30%
Credit lines of key management individuals and their close family members as well as entities in which they have an interest	30,369	47,522	56%	30,369	28,293	47,522	68%	56%
Loans provided to unconsolidated subsidiaries	1,792	4,067	127%	1,792	3,915	4,067	4%	127%

[1] Due to the changes in the definition of key management personnel, figures are not comparable with previously published data.

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	
			2021	2022
Leverage, consolidated[5]	The leverage ratio is calculated pursuant to Article 429 CRR. The calculation of the indicator is designed quarterly by the Bank for the prudential consolidation circle.	The leverage ratio shall be calculated as an institution's capital measure divided by that institution's total exposure measure and shall be expressed as a percentage. Example for 2022: $\frac{3,369,616.3}{35,517,511.6} = 9.5\%$ Example for 2021: $\frac{3,002,328.2}{29,860,866.0} = 10.1\%$	10.1%	9.5%
Liquidity Coverage Ratio (LCR)	According to Article 412 (1) of CRR, the liquidity coverage ratio (LCR) is designed to promote short-term resilience of the Issuer's / Group's liquidity risk profile and aims to ensure that the Issuer / Group has an adequate stock of unencumbered High Quality Liquid Assets (HQLA) to meet its liquidity needs for a 30 calendar day liquidity stress scenario.	The LCR is expressed as: (stock of HQLA) / (total net cash outflows over the next 30 calendar days) ≥ 100%. The numerator of the LCR is the stock of HQLA (High Quality Liquid Assets). In order to qualify as HQLA, assets should be liquid in markets during a time of stress and, in most cases, be eligible for use in central bank operations. The denominator of the LCR is the total net cash outflows, defined as total expected cash outflows minus total expected cash inflow in the specified stress scenario for the subsequent 30 calendar days. Total cash inflows are subject to an aggregate cap of 75% of total expected cash outflows, thereby ensuring a minimum level of HQLA holdings at all times. Example for 2022: $\frac{7,439,159.8}{6,175,742.4 - 1,852,865.4} = 172.1\%$ Example for 2021: $\frac{5,299,489.8}{4,860,023.0 - 1,914,897.1} = 179.9\%$	179.9%	172.1%
ROE (accounting), consolidated	The return on equity ratio shall be calculated the consolidated accounting after-tax profit for the given period divided by the average equity, thus shows the effectiveness of the use of equity.	The numerator of the indicator is the consolidated accounting after-tax profit for the given period (annualized for periods less than one year), the denominator is the average consolidated equity. (The definition of average equity: calendar day-weighted average of the average balance sheet items in periods comprising the given period, where periods comprising the given period are defined as quarters (and within that months) in case of 1H, 9M and FY periods, and months in case of quarters. Furthermore, the average of the average balance sheet items is computed as the arithmetic average of closing balance sheet items for the previous period and the current period.) Example for 2022: $\frac{347,081.1 * 1.0}{3,160,118.9} = 11.0\%$ Example for 2021: $\frac{456,427.7 * 1.0}{2,686,982.7} = 17.0\%$	17.0%	11.0%
ROE (adjusted), consolidated	The return on equity ratio shall be calculated the consolidated adjusted after-tax profit for the given period divided by the average equity, thus shows the effectiveness of the use of equity.	The numerator of the indicator is the consolidated adjusted after-tax profit for the given period (annualized for periods less than one year), the denominator is the average consolidated equity. Example for 2022: $\frac{592,547.0 * 1.0}{3,160,118.9} = 18.8\%$ Example for 2021: $\frac{496,901.5 * 1.0}{2,686,982.7} = 18.5\%$	18.5%	18.8%

[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 2021	Measures value 2022
ROA (adjusted), consolidated	The return on asset ratio shall be calculated the consolidated adjusted net profit for the given period divided by the average total asset, thus shows the effectiveness of the use of equity.	The numerator of the indicator is the consolidated adjusted net profit for the given period, the denominator is the average consolidated total asset. (The definition of average asset: calendar day-weighted average of the average balance sheet items in periods comprising the given period, where periods comprising the given period are defined as quarters (and within that months) in case of 9M, 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 2022: $\frac{592{,}547.0 \ * \ 1.0}{31{,}190{,}136.9} = 1.9\%$ Example for 2021: $\frac{496{,}901.5 \ * \ 1.0}{25{,}194{,}346.0} = 2.0\%$	2.0%	1.9%
Operating profit margin (adjusted, without one-off items), consolidated	The operating profit margin shall be calculated the consolidated adjusted net operating profit without one-off items for the given period divided by the average total assets, thus shows the effectiveness of the operating profit generation on total assets.	The numerator of the indicator is the consolidated adjusted net operating profit without one-off items for the given period, the denominator is the average consolidated total assets. Example for 2022: $\frac{868{,}486.7 \ * \ 1.0}{31{,}190{,}136.9} = 2.78\%$ Example for 2021: $\frac{660{,}390.7 \ * \ 1.0}{25{,}194{,}346.0} = 2.62\%$	2.62%	2.78%
Total income margin (adjusted, without one-off items), consolidated	The total income margin shall be calculated the consolidated adjusted total income without one-off items for the given period divided by the average total assets, thus shows the effectiveness of income generation on total assets.	The numerator of the indicator is the consolidated adjusted total income without one-off items for the given period (annualized for periods less than one year), the denominator is the average consolidated total assets. Example for 2022: $\frac{1{,}656{,}571.0 \ * \ 1.0}{31{,}190{,}136.9} = 5.31\%$ Example for 2021: $\frac{1{,}313{,}123.5 \ * \ 1.0}{25{,}194{,}346.0} = 5.21\%$	5.21%	5.31%
Net interest margin (adjusted), consolidated	The net interest margin shall be calculated the consolidated adjusted net interest income for the given period divided by the average total assets, thus shows the effectiveness of net interest income generation on total assets.	The numerator of the indicator is the consolidated adjusted net interest income for the given period (annualized for periods less than one year), the denominator is the average consolidated total assets. Example for 2022: $\frac{1{,}093{,}578.8 \ * \ 1.0}{31{,}190{,}136.9} = 3.51\%$ Example for 2021: $\frac{884{,}012.2 \ * \ 1.0}{25{,}194{,}346.0} = 3.51\%$	3.51%	3.51%
Operating cost (adjusted)/ total assets, consolidated	The indicator shows the operational efficiency.	The numerator of the indicator is the consolidated adjusted operating cost for the given period (annualized for periods less than one year), the denominator is the average consolidated total assets. Example for 2022: $\frac{788{,}084.3 \ * \ 1.0}{31{,}190{,}136.9} = 2.53\%$ Example for 2021: $\frac{652{,}732.8 \ * \ 1.0}{25{,}194{,}346.0} = 2.59\%$	2.59%	2.53%
Cost/income ratio (adjusted, without one-off items), consolidated	The indicator is another measure of operational efficiency.	The numerator of the indicator is the consolidated adjusted operating cost for the given period, the denominator is the adjusted operating income (without one-off items) for the given period. Example for 2022: $\frac{788{,}084.3}{1{,}656{,}571.0} = 47.6\%$ Example for 2021: $\frac{652{,}732.8}{1{,}313{,}123.5} = 49.7\%$	49.7%	47.6%

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value 2021	Measures value 2022
Provision for impairment on loan and placement losses (adjusted)/ average (adjusted) gross loans, consolidated	The indicator provides information on the amount of impairment on loan and placement losses relative to gross customer loans.	The numerator of the indicator is the consolidated adjusted provision for impairment on loan and placement losses for the given period (annualized for periods less than one year), the denominator is the adjusted consolidated gross customer loans for the given period. (The definition of average (adjusted) gross customer loans: calendar day-weighted average of the average balance sheet items in periods comprising the given period, where periods comprising the given period are defined as quarters (and within that months) in case of 1H, 9M and FY periods, and months in case of quarters. Furthermore, the average of the average balance sheet items is computed as the arithmetic average of closing balance sheet items for the previous period and the current period.) Example for 2022: $\frac{135{,}231.1 \; * \; 1.0}{18{,}639{,}432.7} = 0.73\%$ Example for 2021: $\frac{46{,}005.6 \; * \; 1.0}{15{,}132{,}360.4} = 0.30\%$	0.30%	0.73%
Total risk cost (adjusted)/ total asset ratio, consolidated	The indicator shows the amount of total risk cost relative to the balance sheet total.	The numerator of the indicator is consolidated adjusted total risk cost for the given period (annualized for periods less than one year), the denominator is the average consolidated total assets for the given period. Example for 2022: $\frac{178{,}464.7 \; * \; 1.0}{31{,}190{,}136.9} = 0.57\%$ Example for 2021: $\frac{72{,}538.1 \; * \; 1.0}{25{,}194{,}346.0} = 0.29\%$	0.29%	0.57%
Effective tax rate (adjusted), consolidated	The indicator shows the amount of corporate income tax accounted on pre-tax profit.	The numerator of the indicator is consolidated adjusted corporate income tax for the given period, the denominator is the consolidated adjusted pre-tax profit for the given period. Example for 2022: $\frac{97{,}475.0}{690{,}022.0} = 14.1\%$ Example for 2021: $\frac{90{,}951.2}{587{,}852.6} = 15.5\%$	15.5%	14.1%
Net loan/(deposit+retail bonds) ratio (FX-adjusted), consolidated	The net loan to deposit+retail bonds ratio is the indicator for assessing the bank's liquidity position.	The numerator of the indicator is the consolidated net consumer loan volume (gross loan reduced the amount of provision), the denominator is the end of period consolidated consumer FX-adjusted deposit volume plus the end of period retail bond volume (issued by OTP Bank). Example for 2022: $\frac{18{,}640{,}624.3}{25{,}158{,}557.6 \; + \; 35{,}766.3} = 74\%$ Example for 2021: $\frac{16{,}655{,}366.8}{22{,}164{,}853.5 \; + \; 0.0} = 75\%$	75%	74%

SUPPLEMENTARY DATA

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

General note: regarding OTP Core and other subsidiaries, the adjusted profit after tax is calculated without the effect of adjustment items.

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

(2) OTP Core is an economic unit for measuring the result of core business activity of OTP Group in Hungary. Financials of OTP Core are calculated from the partially consolidated IFRS financial statements of certain companies engaged in OTP Group's operation in Hungary. These companies include OTP Bank Hungary Plc., OTP Mortgage Bank Ltd, OTP Building Society Ltd, OTP Factoring Ltd, OTP Financial Point Ltd., and companies providing intragroup financing; OTP Bank Employee Stock Ownership Plan Organization was included from 4Q 2016; OTP Card Factory Ltd., OTP Facility Management Llc., MONICOMP Ltd. and OTP Real Estate Leasing Ltd. were included from 1Q 2017 (from 1Q 2019 OTP Real Estate Lease Ltd. was eliminated from OTP Core); OTP Mobile Service Llc. and OTP Ingatlanpont Llc. were included from 1Q 2019; OTP Ecosystem Ltd. (previous name: OTP eBIZ Ltd.) was included from 1Q 2020; OTP OTP Home Solutions was included from 2Q 2021. The consolidated results of these companies are segmented into OTP Core and Corporate Centre. Latter is a virtual entity.

(3) The result and balance sheet of OTP Factoring Bulgaria EAD and DSK Leasing AD is included.

(4) The statement of recognised income and balance sheet of OTP Leasing d.d. and SB Leasing d.o.o. was included.

(5) The financial performance of OTP Factoring Serbia d.o.o, OTP Lizing d.o.o. and OTP Services d.o.o. is included.

(6) The statement of recognised income and balance sheet of OTP Faktoring SRL and OTP Leasing Romania IFN S.A. was included.

(7) Figures are based on the aggregated financial statements of OTP Bank JSC, LLC OTP Leasing, and OTP Factoring Ukraine LLC.

(8) The statement of recognised income and balance sheet of LLC MFO "OTP Finance" is included.

(9) The statement of recognised income and balance sheet of the acquired Podgoricka banka was included, which merged into the Montenegrin bank in 4Q 2020.

(10) The Albanian figures include the balance sheet of the newly acquired Alpha Bank Albania from July 2022 and its P&L contribution from August.

(11) The subconsolidated adjusted profit after tax of Merkantil Group (Merkantil Bank Ltd., Merkantil Bérlet Ltd., OTP Real Estate Leasing Ltd., NIMO 2002 Ltd., SPLC-P Ltd., SPLC Ltd.) was presented.

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

(13) Velvin Ventures Ltd. (Belize), SC Aloha Buzz SRL, SC Favo Consultanta SRL, SC Tezaur Cont SRL (Romania), OTP Osiguranje d.d. (Croatia), OTP Solution Fund (Ukraine), Mendota Invest d.o.o. (Slovenia).

(14) Within OTP Group, the Corporate Centre acts as a virtual entity established by the equity investment of OTP Core for managing the wholesale financing activity for all the subsidiaries within OTP Group but outside OTP Core. Therefore the balance sheet of the Corporate Centre is funded by the equity and intragroup lending received from OTP Core, the intragroup lending received from other subsidiaries, and the subordinated debt and senior notes issued by OTP Bank. From this funding pool, the Corporate Centre is to provide intragroup lending to, and hold equity stakes in OTP subsidiaries outside OTP Core. Main subsidiaries financed by Corporate Centre are as follows: Hungarians: Merkantil Bank Ltd, OTP Flat Lease Ltd, OTP Fund Management Ltd, OTP Real Estate Fund Management Ltd, OTP Life Annuity Ltd; foreigners: banks, leasing companies, factoring companies.

(15) The profit after tax of the Hungarian operation lines include the profit after tax or adjusted profit after tax of the Hungarian subsidiaries and Corporate Centre, as well as the eliminations allocated onto these entities. (In 4Q 2022 the *profit after tax of the Hungarian operation* was retroactively corrected for 2021 and 3Q 2022, affecting the *profit after tax of the Foreign operation* line, too.)

(16) The profit after tax of the Foreign operation lines include the profit after tax or adjusted profit after tax of the Foreign subsidiaries, as well as the eliminations allocated onto these entities.

CALCULATION OF THE ADJUSTED LINES OF IFRS PROFIT AND LOSS STATEMENTS, AS WELL AS THE ADJUSTED BALANCE SHEET LINES PRESENTED IN THE REPORT, AND THE METHODOLOGY FOR CALCULATING THE FX-ADJUSTED BALANCE SHEET AND P&L DYNAMICS

In order to present Group performance reflecting the underlying business trends , the presented consolidated and separate / sub-consolidated 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 (unless otherwise stated). Consolidated financial statements together with separate figures of OTP Bank are disclosed in the *Financial Data* section.

Adjustments affecting the income statement:

- The after tax effect of adjustment items (certain, typically non-recurring items from banking operations' point of view) are shown separately in the Statement of Recognised Income. The following adjustment items emerged in the period under review and the previous year: received dividends, received and paid cash transfers, the effect of goodwill/investment impairment charges, special tax on financial institutions (including the Hungarian windfall tax), the expected one-off negative effect of the debt repayment moratorium in Hungary, the expected one-off effect of the interest rate cap for certain loans in Hungary, the effect of the winding up of Sberbank Hungary, the effect of acquisitions, from 1Q 2021 the result of the treasury share swap agreement (latter was presented earlier amongst the one-off revenue items in the adjusted P&L structure), and the impairments on Russian government bonds at OTP Core and DSK Bank booked in 2022.
- The following items have been moved from the Other operating expenses line among the Net interest income after loss allowance, impairment and provisions line: *Release of loss allowance on securities at fair value through other comprehensive income and on securities at amortized cost*, *Provision for commitments and guarantees given*, *Release of impairment of assets subject to operating lease and of investment properties*. In the adjusted P&L structure these items are presented amongst the *Other provisions (adj.)* line (through the *Structural correction between Provision for impairment on loan losses and Other provisions* adjustment line). From 1Q 2021 the *Provision for commitments and guarantees given* line contains lending activity-related amounts, therefore this line is no longer shifted from 1Q 2021. In 3Q 2021 (retrospectively from 3Q 2020) the components of the new *Gain from derecognition of financial assets at amortized cost* line in the P&L were shifted back in the adjusted P&L structure to the lines on which they were presented previously. From 1Q 2022 the provision for impairment on placement losses is presented on the *Other provisions* line, instead of the previously applied *Provision for impairment lon loan losses* line.
- Other non-interest income is shown together with Gains and losses on real estate transactions, Net insurance result, Gains and losses on derivative instruments, but without the 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.
- 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, 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.
- 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), 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 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 financial transaction tax paid in Hungary is reclassified from other (administrative) expenses to net fee and commission income, both on consolidated and OTP Core level.
- The Compensation Fund contributions are recognized on the Other administrative expenses line of the 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).
- Due to the introduction of IFRS16, certain items previously presented on the Other non-interest expenses line (rental fees) were moved to the interest expenses and depreciation lines in the income statement. These items were shifted back to the Other non-interest expenses line in the adjusted P&L structure.
- The currency exchange result was shifted in the P&L structure from the FX result to the net fees and commissions line. In the adjusted P&L structure this item is moved to the FX result line.
- In 4Q 2021 the *Modification gains or losses* line (one of the components of the *Provision for impairment on loan and placement losses*) was presented on a separate line in the P&L structure, retroactively from 1Q 2020. In the adjusted P&L this line was shifted back to the *Provision for impairment on loan and placement losses* line. Secondly,

in 4Q 2021 the *Gains and losses on non-trading securities mandatorily at fair value through profit or loss* line was moved from the *Gains / losses on securities* to the *Fair value adjustment on financial instruments measured at fair value through profit or loss* line in the P&L structure, retroactively from 1Q 2020. In the adjusted P&L this item remained part of the *Gains / losses on securities*. Thirdly, from 1Q 2021 the local business taxes and the innovation contribution payable by Hungarian Group members were booked on the *Income tax expenses* line, whereas these items were recognised amongst the *Other general expenses*.

- *The expected one-off effect of the interest rate cap for certain loans in Hungary* line contains the expected effect of the rate cap in the second half of 2022 and first half of 2023. The expected effect of the rate cap effective in 1H 2022 was presented in 4Q 2021 amongst the risk costs of OTP Core.
- *The effect of the winding up of Sberbank Hungary* line represents the combined impact of the extraordinary contribution payable into the Deposit Protection Fund in relation to the compensation of depositors, and the net present value of the expected recovery from the sale of Sberbank assets.
- 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). Starting from 1Q 2022, the Provision for impairment on loan losses line is in the numerator of the Provision for impairment on loan losses-to-average gross loans ratio, which, as opposed to previous periods, does not include the provision for impairment on placement losses.
- Within the report, FX-adjusted statistics for business volume developments and their product breakdown, as well as the FX-adjusted stock of allowances for loan losses 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. Regarding the FX-adjusted volume change of DPD90+ loans (adjusted for sales and write-offs), instead of the previously applied 3Q 2009 FX rates, from 4Q 2020 onwards the actual end of period FX rates are used for calculating the FX-adjusted figures.
- The *FX-adjusted* changes of certain consolidated or sub-consolidated P&L lines in HUF terms are presented in this Report. According to the applied methodology in the case of the P&L lines, the FX effect is filtered out only in relation to the currency of the given country, irrespective of the transactional currency mix in which the given P&L line materialized. Thus, for instance, as for the consolidated FX-adjusted operating cost development, the effect of the Hungarian Forint rate changes against the given currency is not eliminated in the case of the cost items arising in FX within the Hungarian cost base.

Adjustments affecting the balance sheet:

- From the end of 2020, OTP Osiguranje d.d. was presented as asset classified as held for sale in the financial statements. Accordingly, from end-2020 until its deconsolidation, i.e. until 2Q 2021 its assets and liabilities were shown on a separate line in the consolidated balance sheet. Regarding the 2020 and 2021 statement of recognized income, the entity's result was presented on the *Gains from held for trading operations* line, therefore the particular P&L lines in the 'continuing operations' section of the P&L don't incorporate the contribution from this entity.

  As opposed to this, the adjusted financial statements presented in the Stock Exchange Report incorporated the company's balance sheet and P&L contribution in the relevant respective lines, in line with the structure of the financial statements monitored by the management.
- In the adjusted balance sheet, net customer loans include the stock of finance lease receivables.
- In the adjusted balance sheets presented in the analytical section of the report, the total amount of accrued interest receivables related to Stage 3 loans under IFRS 9 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 balance sheet has an impact on the consolidated gross customer loans and allowances for loan losses.

ADJUSTMENTS OF CONSOLIDATED IFRS P&L LINES

in HUF million	1Q 21	2Q 21	3Q 21	4Q 21 Audited	2021 Audited	1Q 22	2Q 22	3Q 22	4Q 22 Preliminary	2022 Preliminary
Net interest income	**202,833**	**209,676**	**221,962**	**239,839**	**874,310**	**240,794**	**264,479**	**290,478**	**295,562**	**1,091,314**
(+) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	77	258	125	165	625	552	831	-65	716	2,034
(-) Netting of interest revenues on DPD90+ loans with the related provision (booked on the Provision for loan losses line)	674	250	676	-471	1,131	2,679	205	1,053	1,398	5,335
(-) Effect of acquisitions	-573	-492	-889	-726	-2,680	-728	-731	-783	-937	-3,179
(-) Initial NPV gain on the monetary policy interest rate swap (MIRS) deals	0	0	0	0	0	0	0	0	0	0
(-) Reclassification due to the introduction of IFRS16	-399	-376	-379	-402	-1,556	-383	-580	-741	-682	-2,386
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	20	20	7	0	46	0	0	0	0	0
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia	0	0	0	-5,925	-5,925	0	0	0	0	0
Net interest income (adj.)	**203,227**	**210,573**	**222,685**	**247,528**	**884,012**	**239,779**	**266,417**	**290,884**	**296,499**	**1,093,579**
Net fees and commissions	**98,575**	**107,006**	**116,397**	**120,199**	**442,177**	**127,595**	**137,856**	**164,671**	**170,239**	**600,361**
(+) Financial Transaction Tax	-17,353	-15,423	-16,854	-19,187	-68,818	-21,465	-19,153	-23,174	-25,958	-89,751
(-) Effect of acquisitions	-15	-55	38	-1	-33	-1	0	-1	0	-2
(-) Structural shift of income from currency exchange from net fees to the FX result	9,337	11,318	13,488	13,700	47,843	20,406	22,911	35,423	34,754	113,494
Net fees and commissions (adj.)	**71,899**	**80,320**	**86,016**	**87,313**	**325,548**	**85,725**	**95,792**	**106,075**	**109,527**	**397,118**
Foreign exchange result	**1,281**	**-2,718**	**2,998**	**-5,636**	**-4,075**	**11,910**	**-10,959**	**-16,761**	**821**	**-14,989**
(-) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	-354	1,393	-1,142	-389	-492	5,571	-6,110	-1,965	10,322	7,818
(-) Effect of acquisitions	0	0	0	0	0	2	-5	-1	0	-4
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	11	-24	3	0	-10	0	0	0	0	0
(+) Structural shift of income from currency exchange from net fees to the FX result	9,337	11,318	13,488	13,700	47,843	20,406	22,911	35,423	34,754	113,494
Foreign exchange result (adj.)	**10,983**	**7,184**	**17,631**	**8,452**	**44,251**	**26,743**	**18,067**	**20,628**	**25,253**	**90,691**
Gain/loss on securities, net	**-121**	**1,695**	**3,402**	**583**	**5,559**	**-5,744**	**-2,116**	**1,012**	**2,360**	**-4,488**
(-) Effect of acquisitions	0	-221	-506	-350	-1,077	-91	-466	0	0	-556
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	11	2	1	0	14	0	0	0	0	0
(-) Revaluation result of the treasury share swap agreement	-2,586	81	2,851	2,421	2,766	-9,343	-26	-717	83	-10,002
(+) Structural adjustment due to the Gain from derecognition of financial assets at amortized cost line (against Gain/loss on securities, net)	682	325	57	-33	1,031	41	0	-2,923	-1,754	-4,636
(+) Shifting of the *Gains and losses on non-trading securities mandatorily at fair value through profit or loss* line from the *Net other non-interest income* to the *Gains or losses from securities* line	1,028	3,338	346	101	4,812	400	-1,229	-575	1,549	145
Gain/loss on securities, net (adj.)	**4,187**	**5,499**	**1,460**	**-1,419**	**9,726**	**4,131**	**-2,855**	**-1,769**	**2,072**	**1,579**
Result of discontinued operation and gains from disposal of subsidiaries classified as held for sale	**144**	**95**	**-62**	**-60**	**116**	**986**	**0**	**9,236**	**1,222**	**11,444**
(-) Effect of acquisitions	0	0	-105	-60	-165	0	0	0	0	0
Result of discontinued operation and gains from disposal of subsidiaries classified as held for sale (adj.)	**144**	**95**	**43**	**0**	**282**	**986**	**0**	**9,236**	**1,222**	**11,444**

in HUF million	1Q 21	2Q 21	3Q 21	4Q 21 Audited	2021 Audited	1Q 22	2Q 22	3Q 22	4Q 22 Preliminary	2022 Preliminary
Gains and losses on real estate transactions	**2,031**	**2,581**	**823**	**989**	**6,424**	**701**	**891**	**1,458**	**2,219**	**5,269**
Result of discontinued operation and gains from disposal of subsidiaries classified as held for sale (adj.)	**144**	**95**	**43**	**0**	**282**	**986**	**0**	**9,236**	**1,222**	**11,444**
(+) Other non-interest income	**19,760**	**13,535**	**15,555**	**25,396**	**74,246**	**18,288**	**25,184**	**34,371**	**40,934**	**118,777**
(+) Gains and losses on derivative instruments	**880**	**759**	**-1,475**	**6,633**	**6,797**	**-8,586**	**7,516**	**23,012**	**-11,384**	**10,558**
(+) Net insurance result	**143**	**143**	**213**	**158**	**657**	**165**	**440**	**391**	**373**	**1,370**
(+) Losses on loans measured mandatorily at fair value through other comprehensive income and on securities at amortized cost	**-699**	**1,890**	**735**	**-2,458**	**-532**	**636**	**4,320**	**-12,651**	**3,532**	**-4,164**
(-) Shifting of the *Gains and losses on non-trading securities mandatorily at fair value through profit or loss* line from the *Net other non-interest income* to the *Gains or losses from securities* line	1,028	3,338	346	101	4,812	400	**-1,229**	**-575**	**1,549**	**145**
(-) Received cash transfers	36	15	10	104	165	83	-6	-14	383	447
(+) Other other non-interest expenses	-12,264	-8,614	-10,749	-13,255	-44,882	-12,266	-16,394	-18,154	-26,155	-72,969
(+) 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	1,847	4,213	1,444	3,652	11,155	401	603	2,298	-2,461	840
(-) Effect of acquisitions	0	0	-2	-2	-4	0	0	3,348	-80	3,268
(-) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	431	-1,134	1,267	555	1,117	-5,018	6,941	1,900	-9,606	-5,783
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	-259	-292	-235	-161	-948	-279	-130	-93	-89	-591
(-) 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	-77	-40	-48	-29	-194	-76	-65	-45	-89	-275
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	151	183	54	0	387	0	0	0	0	0
(+) Shifting of the costs of mediated services at Merkantil Bérlet Ltd. to the net other non-interest result line						-393	-531	-629	-293	-1,846
(+) Structural adjustment due to the Gain from derecognition of financial assets at amortized cost line (against Net other non-interest result)								-342	-150	-492
(-) Expected one-off effect of the interest rate cap for certain loans in Hungary									-2,022	-2,022
Net other non-interest result (adj.)	**10,836**	**12,899**	**5,304**	**20,547**	**49,586**	**4,822**	**16,518**	**34,468**	**17,796**	**73,604**
Gain from derecognition of financial assets at amortized cost	**10**	**543**	**-385**	**1,716**	**1,884**	**949**	**1,030**	**-2,685**	**-948**	**-1,655**
(-) Structural adjustment due to the Gain from derecognition of financial assets at amortized cost line (against Gain/loss on securities, net)	682	325	57	-33	1,031	41	0	-2,923	-1,754	-4,636
(-) Structural adjustment due to the Gain from derecognition of financial assets at amortized cost line (against Provision for impairment on loan losses)	-672	218	-441	1,749	854	908	1,030	580	955	3,473
(-) Structural adjustment due to the Gain from derecognition of financial assets at amortized cost line (against Net other non-interest result)								-342	-150	-492
Gain from derecognition of financial assets at amortized cost (adj.)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Provision for impairment on loan and placement losses	**-4,915**	**3,330**	**-12,454**	**-13,683**	**-27,723**	**-72,680**	**-15,908**	**-37,032**	**-30,060**	**-155,680**
(+) Modification gains or losses	**-17**	**-372**	**-8,763**	**-4,519**	**-13,672**	**-15**	**-13,059**	**-2,179**	**-24,744**	**-39,997**
(+) Change in the fair value attributable to changes in the credit risk of loans mandatorily measured at fair value through profit of loss	**-4,915**	**-2,617**	**-779**	**-7,978**	**-16,289**	**13,758**	**1,229**	**-1,869**	**228**	**13,346**
(+) Loss allowance on securities at fair value through other comprehensive income and on securities at amortized cost	**-2,378**	**-2,776**	**1,145**	**36**	**-3,974**	**-43,123**	**-6,087**	**-8,027**	**-3,537**	**-60,775**
(+) Provision for commitments and guarantees given	**185**	**-1,634**	**-1,514**	**2,864**	**-99**	**-3,734**	**-2,200**	**6,428**	**-6,639**	**-6,145**
(+) Impairment of assets subject to operating lease and of investment properties	**337**	**4**	**80**	**16**	**438**	**26**	**40**	**74**	**-1,345**	**-1,205**
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	113	94	44	89	339	96	55	4	-17	138
(+) Netting of interest revenues on DPD90+ loans with the related provision (booked on the Provision for loan losses line)	674	250	676	-471	1,131	2,679	205	1,053	1,398	5,335
(-) Structural correction between Provision for loan losses and Other provisions	-2,041	-2,772	1,225	52	-3,536	-43,097	-6,047	-7,953	-4,882	-61,979
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia	-1	-346	-8,757	-1,027	-10,131	6	-522	-2,184	-2,117	-4,816
(+) Structural adjustment due to the *Gain from derecognition of financial assets at amortized cost* line (against *Provision for impairment on loan losses*)	-672	218	-441	1,749	854	908	1,030	580	955	3,473
(-) Shifting of provision for impairment on placement losses to the other provisions line from 1Q 2022						-1,023	-1,031	-144	1,937	-261
(-) Expected one-off effect of the interest rate cap for certain loans in Hungary							-11,144	0	-24,861	-36,005
Provision for impairment on loan losses (adj.)	**-9,772**	**-573**	**-14,560**	**-21,101**	**-46,006**	**-58,164**	**-16,060**	**-27,288**	**-33,719**	**-135,231**
Dividend income	**1,896**	**4,632**	**5,542**	**3,578**	**15,648**	**462**	**794**	**15,462**	**-2,078**	**14,641**
(+) Received cash transfers	36	15	10	104	165	83	-6	-14	383	447
(+) Paid cash transfers	-2,043	-3,022	-350	-6,577	-11,992	-3,564	-5,483	-5,140	-3,522	-17,709
(-) Sponsorships, subsidies and cash transfers to public benefit organisations	-2,039	-3,022	-349	-6,463	-11,873	-3,451	-5,456	-5,137	-3,475	-17,519
(-) Dividend income of swap counterparty shares kept under the treasury share swap agreement	0	0	3,809	0	3,809	0	0	12,130	0	12,130
(-) 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	1,847	4,213	1,444	3,652	11,155	401	603	2,298	-2,461	840
After tax dividends and net cash transfers	**82**	**433**	**299**	**-84**	**729**	**31**	**159**	**1,018**	**719**	**1,927**
Depreciation	**-23,424**	**-23,280**	**-23,578**	**-24,713**	**-94,995**	**-91,354**	**-26,832**	**-28,427**	**-28,691**	**-175,303**

in HUF million	1Q 21	2Q 21	3Q 21	4Q 21 Audited	2021 Audited	1Q 22	2Q 22	3Q 22	4Q 22 Preliminary	2022 Preliminary
(-) Goodwill impairment charges	0	0	0	0	0	-67,715	0	0	0	-67,715
(-) Effect of acquisitions	-1,662	-1,465	-1,350	-1,657	-6,134	-1,252	-1,227	-1,222	-1,216	-4,917
(-) Reclassification due to the introduction of IFRS16	-4,033	-3,868	-3,973	-4,191	-16,064	-4,090	-4,485	-4,783	-4,650	-18,008
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	-8	-9	-3	0	-20	0	0	0	0	0
Depreciation (adj.)	**-17,737**	**-17,955**	**-18,258**	**-18,865**	**-72,816**	**-18,297**	**-21,119**	**-22,422**	**-22,825**	**-84,663**
Personnel expenses	**-78,739**	**-80,819**	**-81,584**	**-99,542**	**-340,684**	**-84,061**	**-90,691**	**-104,596**	**-123,215**	**-402,563**
(-) Effect of acquisitions	95	-228	-413	-235	-781	-232	-219	-340	-468	-1,259
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	-126	-130	-43	0	-298	0	0	0	0	0
(-) Shifting of the support granted to the Special Employee Partial Ownership Plan Organizations booked within the Personnel expenses to the Other non-interest expenses line									-5,000	-5,000
Personnel expenses (adj.)	**-78,960**	**-80,721**	**-81,213**	**-99,307**	**-340,201**	**-83,830**	**-90,471**	**-104,256**	**-117,747**	**-396,304**
Income taxes	**-17,998**	**-16,622**	**-22,129**	**-15,374**	**-72,123**	**-9,952**	**-4,542**	**-20,418**	**-24,340**	**-59,252**
(-) Corporate tax impact of goodwill/investment impairment charges	657	-1,375	0	2,628	1,909	11,435	0	1,765	-4,740	8,461
(-) Corporate tax impact of the special tax on financial institutions	1,785	0	2	1	1,787	1,902	6,713	7	-3,166	5,456
(+) Tax deductible transfers (offset against corporate taxes)	-334	-1,993	-5	-5,805	-8,137	-1,669	-193	-4,431	-8,187	-14,479
(-) Corporate tax impact of the effect of acquisitions	89	4,068	938	642	5,738	192	312	-262	302	543
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	-15	-1	-2	0	-18	0	0	0	0	0
(-) Corporate tax impact of the expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia	0	552	910	25	1,487	-1	177	69	-2	244
(-) Corporate tax impact of the result of the treasury share swap agreement	233	-7	-257	-218	-249	841	2	65	-8	900
(-) Corporate tax impact of the impairments on Russian government bonds booked at OTP Core and DSK Bank in 2022						3,465	55	-486	460	3,494
(-) Corporate tax impact of the winding up of Sberbank Hungary (contribution to the Deposit Protection Fund)							248	809	-30	1,027
(-) Corporate tax impact of the expected one-off effect of the interest rate cap for certain loans in Hungary							1,003	0	2,615	3,618
Corporate income tax (adj.)	**-21,111**	**-21,853**	**-23,730**	**-24,257**	**-90,951**	**-29,454**	**-13,246**	**-26,815**	**-27,960**	**-97,475**
Other operating expense	**-11,991**	**-25,197**	**-25,440**	**-23,105**	**-85,733**	**-25,896**	**-37,032**	**-30,736**	**-35,120**	**-128,785**
(-) Other costs and expenses	-1,179	-1,646	-1,577	-2,106	-6,508	-1,547	-4,403	-11,726	397	-17,279
(-) Other non-interest expenses	-14,307	-11,636	-11,099	-19,832	-56,874	-15,831	-21,877	-23,294	-29,676	-90,678
(-) Effect of acquisitions	0	0	0	0	0	0	0	-190	-1,151	-1,341
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	147	199	191	72	609	182	75	89	106	453
(-) 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	77	40	48	29	194	76	65	45	89	275
(+) Structural correction between *Provision for loan losses* and *Other provisions*	-2,041	-2,772	1,225	52	-3,536	-43,097	-6,047	-7,953	-4,882	-61,979
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	0	3	1	0	4	0	0	0	0	0
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia	0	-5,793	-1,350	6,989	-153	0	-1,448	1,419	2,133	2,104
(-) Impairments on Russian government bonds booked at OTP Core and DSK Bank in 2022						-37,989	-569	-275	565	-38,268
(+) Shifting of provision for impairment on placement losses to the other provisions line from 1Q 2022						-1,023	-1,031	-144	1,937	-261
(-) Shifting of certain expenses arising from mediated services from other provisions to the other non-interest expenses line						-183	-178	-228	-294	-882
(-) Expected one-off effect of the interest rate cap for certain loans in Hungary									-2,175	-2,175
Other provisions (adj.)	**1,229**	**-9,130**	**-10,427**	**-8,204**	**-26,532**	**-14,726**	**-15,776**	**-4,675**	**-8,058**	**-43,234**
Other administrative expenses	**-89,543**	**-68,038**	**-70,518**	**-83,833**	**-311,931**	**-104,529**	**-158,296**	**-91,966**	**-110,206**	**-464,998**
(+) Other costs and expenses	-1,179	-1,646	-1,577	-2,106	-6,508	-1,547	-4,403	-11,726	397	-17,279
(+) Other non-interest expenses	-14,307	-11,636	-11,099	-19,832	-56,874	-15,831	-21,877	-23,294	-29,676	-90,678
(-) Paid cash transfers	-2,043	-3,022	-350	-6,577	-11,992	-3,564	-5,483	-5,140	-3,522	-17,709
(+) Film subsidies and cash transfers to public benefit organisations	-2,039	-3,022	-349	-6,463	-11,873	-3,451	-5,456	-5,137	-3,475	-17,519
(-) Other other non-interest expenses	-12,264	-8,614	-10,749	-13,255	-44,882	-12,266	-16,394	-18,154	-26,155	-72,969
(-) Special tax on financial institutions (recognised as other administrative expenses)	-20,658	-4	-7	-12	-20,680	-22,128	-74,588	-86	-7	-96,808
(-) Tax deductible transfers (offset against corporate taxes)	-334	-1,993	-5	-5,805	-8,137	-1,669	-193	-4,431	-8,187	-14,479
(-) Financial Transaction Tax	-17,353	-15,423	-16,854	-19,187	-68,818	-21,465	-19,153	-23,174	-25,958	-89,751
(-) Effect of acquisitions	-1,401	-2,330	-2,331	-4,308	-10,370	-420	-1,039	-813	-2,383	-4,654
(+) Reclassification due to the introduction of IFRS16	-4,432	-4,245	-4,351	-4,593	-17,620	-4,473	-5,065	-5,524	-5,332	-20,395
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	-44	-45	-17	0	-106	0	0	0	0	0
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia				-318	-318	-3	0	-2	5	0
(-) Shifting of the costs of mediated services at Merkantil Bérlet Ltd. to the net other non-interest result line						-393	-531	-629	-293	-1,846
(+) Shifting of certain expenses arising from mediated services from other provisions to the other non-interest expenses line						-183	-178	-228	-294	-882
(-) Effect of the winding up of Sberbank Hungary (contribution to the Deposit Protection Fund)							-2,756	-8,992	331	-11,416

in HUF million	1Q 21	2Q 21	3Q 21	4Q 21 Audited	2021 Audited	1Q 22	2Q 22	3Q 22	4Q 22 Preliminary	2022 Preliminary
(+) Shifting of the support granted to the Special Employee Partial Ownership Plan Organizations booked within the Personnel expenses to the Other non-interest expenses line									-5,000	-5,000
Other non-interest expenses (adj.)	**-57,491**	**-57,245**	**-57,615**	**-67,364**	**-239,716**	**-68,105**	**-75,140**	**-76,455**	**-87,417**	**-307,117**

ADJUSTMENTS OF CONSOLIDATED IFRS BALANCE SHEET LINES

in HUF million	1Q 2021	2Q 2021	3Q 2021	4Q 2021	1Q 2022	2Q 2022	3Q 2022	4Q 2022
Cash, amounts due from Banks and balances with the National Banks	2,342,423	1,983,486	2,241,691	2,556,035	2,396,801	2,312,422	3,598,087	4,221,392
(+) Allocation of *Assets classified as held for sale* among balance sheet lines	3	4	0	0	0	0	0	0
Cash, amounts due from Banks and balances with the National Banks (adjusted)	2,342,426	1,983,490	2,241,691	2,556,035	2,396,801	2,312,422	3,598,087	4,221,392
Placements with other banks, net of allowance for placement losses	1,601,813	1,727,059	1,896,258	1,584,860	2,297,336	1,765,735	1,776,713	1,351,081
(+) Allocation of *Assets classified as held for sale* among balance sheet lines	243	235	0	0	0	0	0	0
Placements with other banks, net of allowance for placement losses (adjusted)	1,602,056	1,727,294	1,896,258	1,584,860	2,297,336	1,765,735	1,776,713	1,351,081
Securities at fair value through profit and loss	258,432	234,797	305,830	341,397	408,358	462,603	562,021	436,387
(+) Allocation of Assets classified as held for sale among balance sheet lines	1,192	1,169	0	0	0	0	0	0
Securities at fair value through profit or loss (adjusted)	259,625	235,966	305,830	341,397	408,358	462,603	562,021	436,387
Securities at fair value through other comprehensive income	2,171,807	2,128,322	2,196,056	2,224,510	2,065,330	2,103,518	2,024,180	1,739,603
(+) Allocation of Assets classified as held for sale among balance sheet lines	3,359	3,261	0	0	0	0	0	0
Securities at fair value through other comprehensive income (adjusted)	2,175,165	2,131,583	2,196,056	2,224,510	2,065,330	2,103,518	2,024,180	1,739,603
Gross customer loans (incl. finance lease receivables and accrued interest receivables related to loans)	14,642,446	14,944,035	15,782,701	16,670,469	17,023,639	19,031,165	20,682,060	19,690,287
(-) Accrued interest receivables related to DPD90+ / Stage 3 loans	39,144	39,294	40,530	36,015	38,045	42,983	47,410	46,730
Gross customer loans (adjusted)	14,603,302	14,904,741	15,742,171	16,634,454	16,985,594	18,988,181	20,634,650	19,643,558
Allowances for loan losses (incl. impairment of finance lease receivables)	-891,191	-878,095	-914,664	-926,547	-969,797	-1,145,091	-1,202,235	-1,049,663
(-) Allocated provision on accrued interest receivables related to DPD90+ / Stage 3 loans	-39,144	-39,294	-40,530	-36,015	-38,045	-42,983	-47,410	-46,730
Allowances for loan losses (adjusted)	-852,047	-838,801	-874,134	-890,532	-931,752	-1,102,107	-1,154,824	-1,002,933
Securities at amortized costs	2,959,925	3,232,248	3,466,531	3,891,335	4,314,660	4,802,056	5,039,491	4,891,938
(+) Allocation of *Assets classified as held for sale* among balance sheet lines	1,030	998	0	0	0	0	0	0
Securities at amortized costs (adjusted)	2,960,955	3,233,246	3,466,531	3,891,335	4,314,660	4,802,056	5,039,491	4,891,938
Tangible and intangible assets, net	639,144	643,541	664,204	689,290	642,985	690,193	732,144	738,105
(+) Allocation of *Assets classified as held for sale* among balance sheet lines	125	112	0	0	0	0	0	0
Tangible and intangible assets, net (adjusted)	639,269	643,653	664,204	689,290	642,985	690,193	732,144	738,105
Other assets	544,239	495,303	493,538	454,811	542,473	720,784	734,635	711,230
(+) Allocation of *Assets classified as held for sale* among balance sheet lines	-5,953	-5,779	0	0	0	0	0	0
Other assets (adjusted)	538,287	489,524	493,538	454,811	542,473	720,784	734,635	711,230

OTP Bank Plc.

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

Phone: +36 1 473 5460

Fax: +36 1 473 5951

E-mail: investor.relations@otpbank.hu

Internet: www.otpbank.hu