

OTP Group – Strong results and capital provide resilience in turbulent times

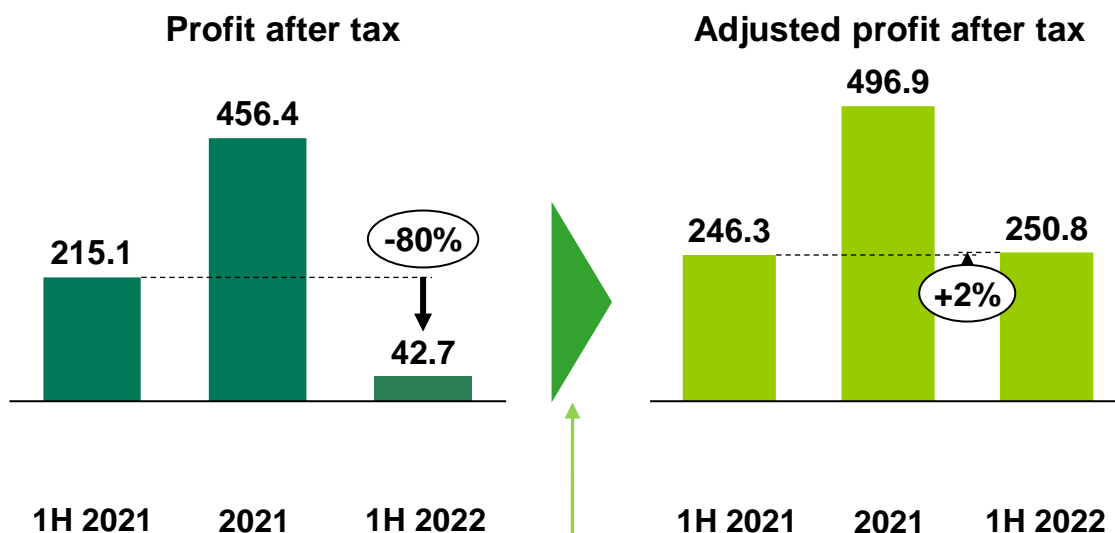
Investor presentation

Based on 2Q 2022 results

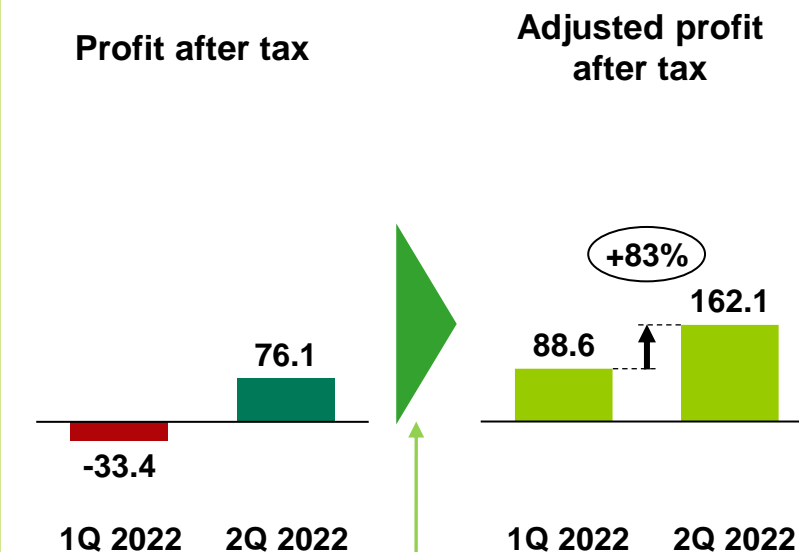


The Group posted HUF 42.7 billion profit after tax in the first half-year, representing an 80% drop y-o-y. In 1H adjustments amounted to -HUF 208 billion (after tax), mainly relating to the Russian exposures and the Hungarian government measures

Profit development Y-o-Y (HUF billion)



Profit development Q-o-Q (HUF billion)

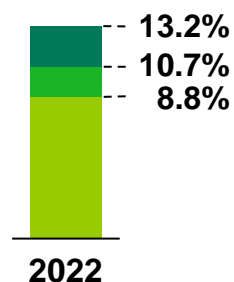


Adjustments (after tax)

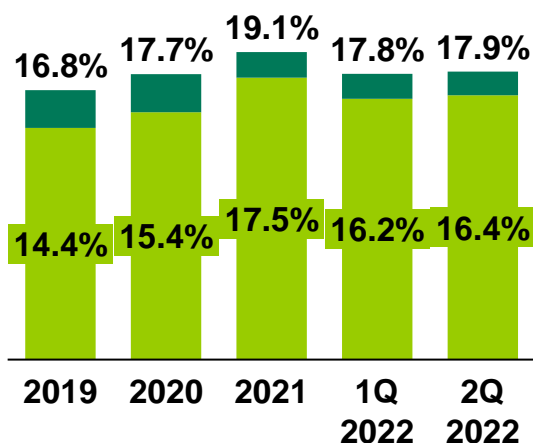
	1H 2021	2021	1Q 2022	2Q 2022	1H 2022
Special tax on financial institutions and windfall tax payable in Hungary	-18.9	-18.9	-20.2	-67.9	-88.1
Impairment on Russian government bonds in the books of OTP Core and DSK Bank	-	-	-34.5	-0.5	-35.0
Goodwill impairment and tax shield on investment impairment	-0.8	1.9	-56.3	-	-56.3
Expected one-off effect of the extension of the interest rate cap for certain retail loans in Hungary	-	-	-	-10.1	-10.1
Effect of acquisitions	-4.2	-15.5	-2.5	-3.4	-5.9
Result of the treasury share swap agreement	-2.3	6.3	-8.5	0.0	-8.5
Effect of the winding up of Sberbank Hungary	-	-	-	-2.5	-2.5
Expected one-off negative effect of the extension of the debt repayment moratorium in Hungary	-5.6	-15.0	0.0	-1.8	-1.8
Total	-31.1	-40.5	-122.0	-86.1	-208.1

Capital adequacy ratios and liquidity reserves significantly exceeded regulatory minimum requirements

Regulatory minimum requirements¹



CAR and CET1 ratio actual values²



■ Capital adequacy ratio (CAR) ■ Tier 1 rate ■ CET1 rate

The CET1 ratio increased by 0.2 pp q-o-q:

- **CET1 capital increased by HUF 415 billion, of which:**
 - +HUF 313 billion effect arising from FX rate changes (revaluation of the subsidiaries' equity within the revaluation reserves line)
 - +HUF 139 billion impact of the quarterly eligible profit
 - HUF 68 billion (after tax) impact of the HU windfall tax for 2022
 - +HUF 70 billion effect due to the IFRS 9 transitional effects
 - HUF 22 billion effect from changes in the fair value of available-for-sale financial instruments, mainly due to higher government bond yields
 - HUF 7 billion as a result of higher deferred tax deduction
- **Risk weighted assets (RWA) increased by HUF 2,305 billion:**
 - +HUF 1,406 billion induced by FX rate changes
 - +HUF 784 billion effect of organic loan growth and other effects within credit risk RWA
 - +HUF 115 billion increase in non-credit risk RWA

Main liquidity indicators

	4Q 2021	2Q 2022	Threshold
Net loan/deposit ratio	75%	76%	-
Liquidity coverage ratio (LCR)	180%	170%	≥ 100%
Net stable funding ratio (NSFR)	139%	128%	≥ 100%

Senior Preferred Green Notes issuance on 13 July 2022

Issued amount: EUR 400 million

Issue rating: BBB/BBB+ (S&P / Scope)

Format: Senior Preferred, Unsubordinated

Maturity / Issuer's Call: 13 July 2025 / 13 July 2024

Coupon: 5.5% per annum payable in arrear annually in the first two years; 3m Euribor + initial margin thereafter, paid quarterly

¹ In the absence of additional core capital (AT1), the Tier 1 regulatory requirement is also effective for the CET1 rate.

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

In 2Q 2022 the balance of adjustment items was -HUF 86 billion, mostly due to the special tax on financial institutions in Hungary

(in HUF billion)	1H 21	2021	1Q 22	2Q 22	1H 22	Q-o-Q	Y-o-Y
Consolidated profit after tax	215.1	456.4	-33.4	76.1	42.7		-38%
Adjustments (total)	-31.1	-40.5	-122.0	-86.1	-208.1	-29%	
Dividends and net cash transfers (after tax)	0.5	0.7	0.0	0.2	0.2	407%	-63%
Goodwill/investment impairment charges (after tax)	-0.7	1.9	-56.3	0.0	-56.3	-100%	-100%
Special tax on financial institutions (after tax)	-18.9	-18.9	-20.2	-67.9	-88.1	236%	
Expected one-off negative effect of the debt repayment moratorium in Hungary (after tax)	-5.6	-15.0	0.0	-1.8	-1.8		-68%
Expected one-off effect of the extension of the interest rate cap for certain retail loans in Hungary (after tax)	0.0	0.0	0.0	-10.1	-10.1		
Effect of the winding up of Sberbank Hungary (after tax)	0.0	0.0	0.0	-2.5	-2.5		
Effect of acquisitions (after tax)	-4.2	-15.5	-2.5	-3.4	-5.9	33%	366%
Result of the treasury share swap agreement (after tax)	-2.3	6.3	-8.5	0.0	-8.5	-100%	132%
Impairments on Russian government bonds at OTP Core and DSK Bank booked in 1H 2022 (after tax)	0.0	0.0	-34.5	-0.5	-35.0	-99%	
Consolidated adjusted profit after tax	246.3	496.9	88.6	162.1	250.8	83%	26%

① -HUF 68 billion (after tax) windfall tax announced by the Government on 4 June payable temporarily in 2022 and 2023. The due amount for 2022 was booked in 2Q in one sum.

② -HUF 1.8 billion related to the extension of the Hungarian payment moratorium until 31 December 2022 (after tax).

③ -HUF 10 billion (after tax) as a result of the extension until 31 December 2022 of the cap on the Hungarian variable rate mortgages (the 3 months BUBOR rate was frozen at 2.02% effective on 27 October 2021, whereas its current level is around 12%). The rate cap was originally effective for the first six months of 2022 and its negative impact was booked in 4Q 2021 within OTP Core's risk costs.

④ -HUF 2.5 billion (after tax) related to the liquidation of Sberbank Hungary. This item consists of two legs: firstly, in 2Q the Hungarian Group members were obliged to pay HUF 28.5 billion extraordinary contribution to the National Deposit Insurance Fund (NDIF). At the same time this amount was offset by the expected recovery from the already completed sale of Sberbank's assets. Based on the available information the Bank expects 100% recovery on its extraordinary contribution into the NDIF. However, due to the uncertainty about the timing of the realization of this recovery, this claim was booked at its expected net present value, thus a 9.57% discount was applied.

⑤ -HUF 3.4 billion effect of acquisitions (after tax). Most of this amount was related to the acquisition and integration processes in Slovenia, Serbia, Bulgaria and Croatia.

The q-o-q improvement in the Group's profit after tax was mainly due to lower risk costs and lower corporate tax burden, while the operating profit increased by 3% (adjusted for FX rate changes) partly boosted by the 3% credit expansion

P&L (in HUF billion)	OTP Group (consolidated)					Q-o-Q FX adj.	1H Y-o-Y FX adj.
	1H 2021	2021	1Q 2022	2Q 2022	1H 2022		
Net interest income	414	884	240	266	506	4%	17%
Net fees and commissions	152	326	86	96	182	6%	15%
Other net non-interest income	52	104	36	32	67	-15%	27%
Total income	618	1,313	361	394	755	3%	17%
Personnel expenses	-160	-340	-84	-90	-174	0%	5%
Depreciation	-36	-73	-18	-21	-39	9%	7%
Other expenses	-115	-240	-68	-75	-143	5%	20%
Operating expenses	-310	-653	-170	-187	-357	3%	11%
Operating profit	307	660	191	207	398	3%	23%
Provision for impairment on loan losses	-10	-46	-58	-16	-74	-76%	556%
Other risk cost	-8	-27	-15	-16	-31	-11%	304%
Total risk cost	-18	-73	-73	-32	-105	-63%	460%
Profit before tax	289	588	118	175	293	56%	-8%
Corporate tax	-43	-91	-29	-13	-43	-60%	0%
Adjusted profit after tax	246	497	89	162	251	106%	-10%
Adjustments	-31	-40	-122	-86	-208	-29%	566%
Profit after tax	215	456	-33	76	43		-87%

Main performance indicators	1H 2021	2021	1Q 2022	2Q 2022	1H 2022	Q-o-Q	1H Y-o-Y
Adjusted ROE	19.1%	18.5%	12.1%	21.7%	17.0%	9.6%p	-2.1%p
Performing loan growth (FX-adjusted)	+6%	+15%	+2%	+3%	+6%		
Net interest margin	3.47%	3.51%	3.43%	3.57%	3.50%	0.14%p	0.03%p
Cost / Income ratio	50.2%	49.7%	47.1%	47.4%	47.3%	0.3%p	-2.9%p
Credit Risk Cost Rate	0.14%	0.30%	1.42%	0.36%	0.86%	-1.06%p	0.72%p

The Group's result without the Russian and Ukrainian operations in 2Q 2022 was helped by positive risk costs. In the high inflation environment, the q-o-q growth rate of costs exceeded the exchange rate-adjusted growth dynamics of revenues

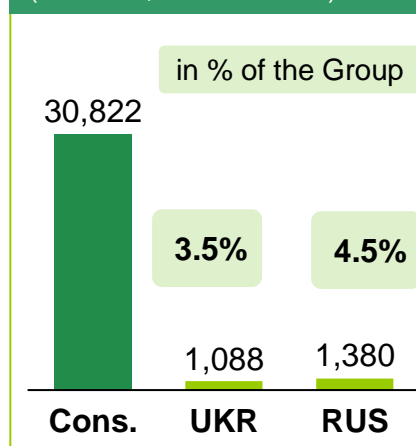
P&L (in HUF billion)	OTP Group without Russia and Ukraine						Q-o-Q FX adj.	1H Y-o-Y FX adj.
	1H 2021	2021	1Q 2022	2Q 2022	1H 2022			
Net interest income	343	731	200	220	420	7%	18%	
Net fees and commissions	134	285	78	86	164	9%	19%	
Other net non-interest income	49	95	34	26	60	-25%	19%	
Total income	526	1,111	312	332	644	4%	18%	
Personnel expenses	-135	-290	-70	-74	-144	3%	3%	
Depreciation	-32	-64	-16	-18	-35	10%	7%	
Other expenses	-103	-214	-62	-68	-130	7%	22%	
Operating expenses	-270	-568	-149	-161	-309	5%	11%	
Operating profit	256	543	163	172	335	3%	26%	
Provision for impairment on loan losses	-3	-27	15	12	27	-23%		
Other risk cost	-7	-23	-6	-11	-17	63%	141%	
Total risk cost	-10	-50	9	1	10	-89%		
Profit before tax	246	493	173	173	345	-2%	36%	
Corporate tax	-35	-73	-22	-23	-45	2%	27%	
Adjusted profit after tax	211	420	150	150	300	-2%	37%	
Adjustments	-31	-40	-122	-86	-208	-29%	574%	
Profit after tax	180	380	28	63	92	102%	-51%	

Main performance indicators	1H 2021	2021	1Q 2022	2Q 2022	1H 2022	Q-o-Q	1H Y-o-Y
Adjusted ROE	18.7%	17.9%	23.4%	23.0%	23.2%	-0.4%p	4.5%p
Performing loan growth (FX-adjusted)	+6%	+14%	+3%	+5%	+8%		
Net interest margin	3.06%	3.09%	3.05%	3.16%	3.11%	0.11%p	0.05%p
Cost / Income ratio	51.4%	51.1%	47.6%	48.4%	48.0%	0.7%p	-3.4%p
Credit Risk Cost Rate	0.05%	0.19%	-0.41%	-0.28%	-0.34%	0.13%p	-0.39%p

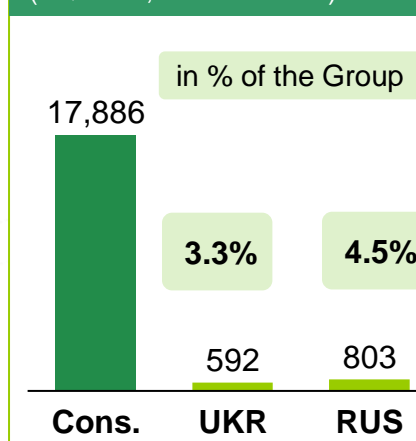
The Russian and Ukrainian subsidiaries made losses in the first half-year, despite improving net results in 2Q. The combined weight of the Russian and Ukrainian net loans within the Group was 7.8% at the end of June

P&L (in HUF billion)	OTP Bank Russia							OTP Bank Ukraine						
	1H 2021	2021	1Q 2022	2Q 2022	1H 2022	2Q q-o-q FX-adjusted	1H y-o-y	1H 2021	2021	1Q 2022	2Q 2022	1H 2022	2Q q-o-q FX-adjusted	1H y-o-y
Net interest income	43	91	21	25	46	-17%	-8%	27	62	19	21	40	5%	35%
Net fees and commissions	12	26	5	7	12	-3%	-11%	7	14	3	2	5	-30%	-28%
Other net non-int. income	0	1	1	1	2	16%	333%	2	7	1	4	5	236%	104%
Total income	56	118	26	34	60	-13%	-7%	36	84	23	28	51	13%	28%
Personnel expenses	-17	-34	-9	-12	-21	-3%	8%	-8	-17	-5	-4	-9	-28%	10%
Depreciation	-3	-6	-1	-2	-3	3%	-3%	-1	-2	-1	-1	-1	0%	22%
Other expenses	-8	-16	-4	-5	-9	-14%	-2%	-4	-10	-2	-2	-4	3%	-8%
Operating expenses	-27	-56	-14	-19	-33	-6%	4%	-13	-29	-8	-7	-15	-18%	5%
Operating profit	28	62	12	15	27	-22%	-18%	24	55	15	21	36	28%	40%
Provision for impairment on loan losses	-6	-13	-27	-9	-36	-71%		-1	-6	-47	-18	-65	-64%	
Other provision	0	-2	-6	-2	-8	-77%		-1	-2	-2	-3	-5	31%	374%
Total risk costs	-6	-15	-33	-11	-44	-72%	586%	-2	-7	-49	-22	-71	-60%	
Profit before tax	22	47	-20	3	-17			21	47	-34	-1	-35	-99%	
Corporate tax	-5	-10	-7	9	2			-3	-8	0	1	0		
Adjusted profit after tax	17	38	-27	12	-15			18	39	-34	0	-34		
Adjustments	0	0	0	0	0			0	0	0	0	0		
Profit after tax	17	37	-27	12	-15			18	39	-35	0	-34		
Main performance Indicators	1H 2021	2021	1Q 2022	2Q 2022	1H 2022	2Q q-o-q	1H y-o-y	1H 2021	2021	1Q 2022	2Q 2022	1H 2022	2Q q-o-q	1H y-o-y
Adjusted ROE	18.3%	18.2%	-53.3%	18.6%	-12.5%			28.2%	28.8%	-94.1%	0.5%	-51.4%		
Performing loan growth (FX-adjusted)	+0.4%	+18%	-8%	-11%	-18%			+19%	+41%	+5%	-10%	-6%		
Net interest margin	13.2%	13.2%	10.9%	9.6%	10.1%	-1.2%p	-3.1%p	7.1%	7.5%	8.1%	8.4%	8.2%	0.3%p	1.1%p
Cost / Income ratio	49.1%	47.2%	52.9%	56.8%	55.1%	3.9%p	6.0%p	35.2%	34.5%	33.8%	24.7%	28.8%	-9.1%p	-6.4%p
Credit Risk Cost Rate	2.0%	2.0%	16.3%	4.4%	9.6%	-12%p	7.6%p	0.56%	1.1%	28.8%	10.7%	19.5%	-18%p	19%p

Total assets
(2Q 2022, in HUF billion)



Net loans
(2Q 2022, in HUF billion)



OTP's outstanding performance is traditionally recognized not only by capital markets, but professional organizations, too



'Best Bank in CEE 2018 and 2021'

'Best Bank in Hungary 2017, 2018, 2020, 2021 and 2022'

'Best Bank in Bulgaria 2021 and 2022'

'Best Bank in Montenegro 2020 and 2021'

'Best Bank in Albania 2020, 2021 and 2022'

'Best Bank in Moldova 2022'

'Best Bank in Serbia 2022'



'Best Bank in CEE 2021'

'Best Bank in Hungary 2020 and 2021'

'Bank of the Year in Croatia in 2021'

'Bank of the Year in Montenegro in 2021'

'Bank of the Year in Slovenia in 2020 and 2021'



'Best Bank in CEE 2022'
 'Best Bank in Hungary in 2022' since 2012 in all consecutive years
 'Best Bank in Montenegro in 2022'
 'Best Bank in Slovenia in 2022'



'Best Consumer Digital Bank in Hungary in 2019, 2020, 2021 and 2022'



'Best SME Bank in CEE and in Hungary in 2022'



'Best Private Bank in CEE in 2022'
 'Best Private Bank in Hungary in 2020 and 2021 and 2022'
 'Best Private Bank in Montenegro in 2022'



'Best Bank for Sustainable Finance in Hungary for 2022'



'Bank of the Year in 2021'
 'Mobile Banking Solution of the Year 2021'
 'UX Solution of the Year 2021'
 'Sustainable Bank of the Year 2021'
 'Marketing Communication Campaign of the Year 2021'



'Safest Bank in Hungary in 2020 and 2021'



'Best FX providers in Hungary in 2017, 2018, 2019, 2020, 2021 and 2022'
 'Best FX providers in Bulgaria in 2021 and 2022'
 'Best FX providers in Slovenia in 2022'



'Best Private Bank in Hungary'

'OTP LAB has again earned the "Best Financial Innovation Labs" award from Global Finance Magazine in 2022.'

OTP's way to a sustainable world: dedicated permanent ESG organization, strategic focus, and visible results: the ESG rating by Sustainalytics improved recently

ORGANIZATION

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

Board of Directors
Board member responsible for ESG

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

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

- ESG risk management
- ESG business transformation
- ESG control function

STRATEGY

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



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



Green Home Programme:
In October 2021 OTP Bank was amongst the first banks joining the programme.
Contracted amount of Green Housing loans: **HUF 169 billion**
Validated¹ Green Housing loans: **HUF 41 billion**



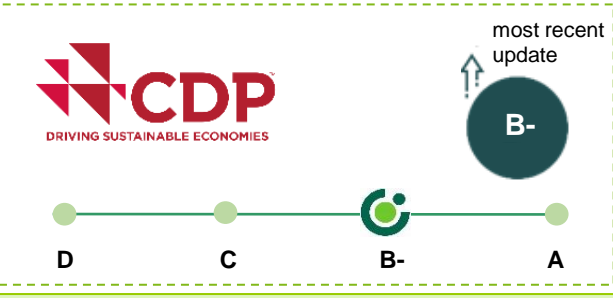
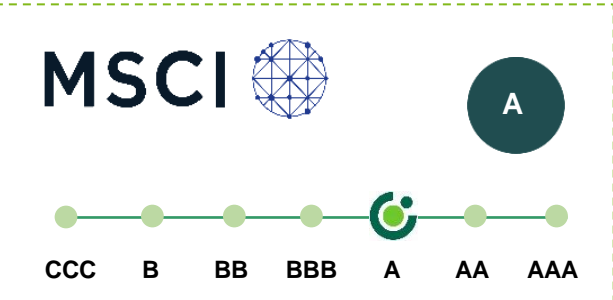
Green corporate lending:
OTP's Green Lending Framework was the first among domestic banks approved by the National Bank of Hungary. The approval will allow OTP to begin financing green projects of corporate customers.
Validated¹ corporate green loans and green bonds: **HUF 64.3 billion**



Green bond issuance:
On 5 July 2022 OTP Bank issued its first EUR-denominated MREL eligible three-year **green bonds**, callable after two years, with an order book well above **EUR 400 million**.

RATINGS

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









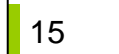
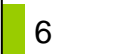


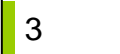


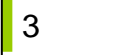




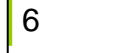

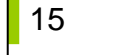
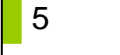




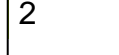







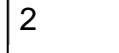
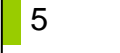
Source: Company data

¹ Accounted for in the Green Capital Relief Program of the National Bank of Hungary.

The FX-adjusted 106% q-o-q increase in 2Q adjusted profit after tax was mainly due to the improving Bulgarian results, while the Russian and Ukrainian earnings turned into positive against the significant losses suffered in 1Q. The adjusted profit of OTP Core declined by 20% q-o-q














	2Q 2021	1H 2021	2021	1Q 2022	2Q 2022	1H 2022	Q-o-Q	1H Y-o-Y
	HUF billion						FX-adjusted	
Adjusted profit after tax	129.0	246.3	496.9	88.6	162.1	250.8	106%	-10%
OTP Core (Hungary)	51.8	107.8	213.4	94.0	74.8	168.9	-20%	57%
DSK Group (Bulgaria)	23.7	42.0	76.8	21.1	28.5	49.6	27%	12%
OTP Bank Croatia	9.2	14.3	33.4	11.1	11.8	22.9	1%	52%
OTP Bank Serbia	8.0	14.8	32.1	10.9	10.9	21.8	-5%	41%
SKB Bank (Slovenia)	4.4	7.5	16.8	4.9	4.7	9.7	-10%	22%
OTP Bank Romania	1.2	1.8	4.3	-1.8	0.8	-1.0		
CKB Group (Montenegro)	1.1	3.1	4.1	-1.2	1.5	0.3		-93%
OTP Bank Albania	1.3	2.4	5.5	2.3	2.5	4.7	3%	88%
OTP Bank Moldova	1.6	3.1	5.9	-0.5	2.8	2.2		-38%
Merkantil Group (Hungary)	3.1	4.8	8.0	4.4	1.4	5.8	-67%	22%
OTP Fund Management (Hungary)	1.0	1.9	6.1	1.2	1.3	2.4	11%	31%
Other Group members and eliminations	4.2	7.9	13.8	4.0	8.4	12.4	109%	59%
OTP Bank Ukraine	8.9	17.7	39.0	-34.4	0.1	-34.3		
OTP Bank Russia	9.4	17.4	37.6	-27.2	12.5	-14.8		

The semi-annual total income grew by 22%. The quarterly increase was driven by Bulgaria, Russia and Ukraine

TOTAL INCOME without one-off items		1H 2022 (HUF billion)	2Q 2022 (HUF billion)	1H 2022 Y-o-Y (HUF billion, %)		2Q 2022 Q-o-Q (HUF billion, %)	
	OTP Group	755	394	 138	22%/17% ¹	 33	9%/3% ¹
	OTP CORE (Hungary)	332	166	 77	30%	0	0%
	DSK Group (Bulgaria)	101	54	 15	17%/12% ¹	 6	12%/6% ¹
	OBH (Croatia)	47	25	 4	8%/3% ²	 3	15%/9% ¹
	OBSrb (Serbia)	46	24	 5	12%/6% ¹	 3	12%/6% ¹
	SKB Banka (Slovenia)	23	12	 3	13%/7% ¹	 1	10%/4% ¹
	OBR (Romania)	28	14	 6	27%/22% ¹	0	1%/-4% ¹
	OBU (Ukraine)	51	28	 15	41%/28% ¹	 5	22%/13% ¹
	OBRu (Russia)	60	34	 4	8%/-7% ¹	 7	28%/-13% ¹
	CKB Group (Montenegro)	12	7	 2	16%/10% ¹	 1	21%
	OBA (Albania)	8	4	 2	26%	 1	14%
	Mobiasbanca (Moldova)	11	6	 4	51%	 1	18%
	Others	37	21	 2	7%	 5	30%

¹ FX-adjusted change.

The semi-annual net interest income grew by 22% y-o-y with bulk of the growth coming from Hungary, Ukraine, Bulgaria and Romania. The 11% quarterly improvement was related mainly to Hungary and the FX translation effect – on constant FX rates the quarterly growth would have been 4%

NET INTEREST INCOME	1H 2022 (HUF billion)	2Q 2022 (HUF billion)	1H 2022 Y-o-Y (HUF billion, %)		2Q 2022 Q-o-Q (HUF billion, %)	
 OTP Group	506	266	92	22%/17% ¹	27	11%/4% ¹
 OTP CORE (Hungary)	215	112	47	28%	8	8% ¹
 DSK Group (Bulgaria)	62	33	7	13%/8% ¹	3	9%/3% ¹
 OBH (Croatia)	32	17	3	9%/4% ¹	2	10%/4% ¹
 OBSrb (Serbia)	33	18	2	7%/2% ¹	2	11%/5% ¹
 SKB Banka (Slovenia)	14	7	1	5%/0% ¹	1	8%/2% ¹
 OBR (Romania)	24	13	7	40%/35% ¹	2	20%/13% ²
 OBU (Ukraine)	40	21	13	48%/35% ¹	3	14%/5% ³
 OBRu (Russia)	46	25	2	5%/-8% ¹	5	22%/-17% ⁴
 CKB Group (Montenegro)	9	5	1	12%	1	13%
 OBA (Albania)	6	3	1	26%	0	7%
 OBM (Moldova)	7	4	3	58%	1	21%
 Merkantil (Hungary)	10	5	0	-1%	0	4%
Corporate Centre	4	2	4		1	34%
Others	2	1	2		1	57%

¹ At OTP Core the 1H y-o-y growth of 28% was driven by the continued strong loan growth and expansion of liquid assets, whereas the semi-annual NIM remained flat at 2.80% despite the rising interest rate environment. 2Q NII grew by 8% q-o-q, as average total assets went up by 4%, and net interest margin rose by 8 bps q-o-q.

² At OBR the NII was boosted by the strong loan growth and the widening NIM, fuelled largely by the rising trend of the 3M interbank rate (which is the base rate for corporate loans).

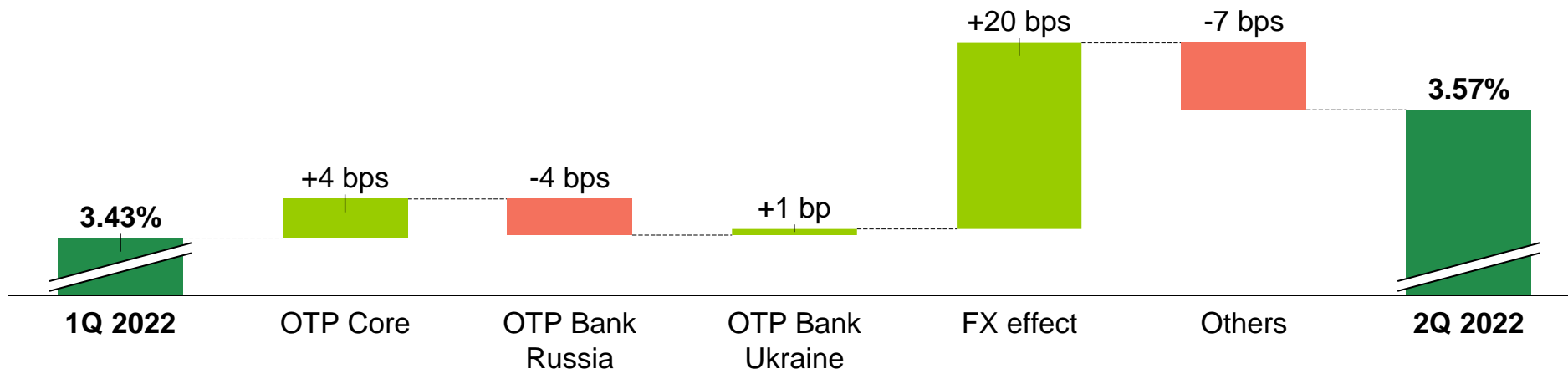
³ The Ukrainian NII was shaped by rising interest rates on loans and deposits held at the central bank. The base rate jumped from 10% to 25% on 2 June. The bank adjusted the deposit rates in line with its improving liquidity position and the actual market conditions. Accordingly, the increasing trend in net interest margin continued.

⁴ OBRu NII dropped in RUB terms, but rose in HUF terms as the average RUB/HUF rate weakened 46% q-o-q. 2Q NII contraction in RUB terms was caused by shrinking loans and the continued NIM compression, because of the still high quarterly average base rate pushing up the avg cost of funding.

¹ FX-adjusted change.

The consolidated net interest margin improved by 14 bps q-o-q, mainly due to the exchange rate effect

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



- At **OTP Core**, NIM improved by 8 bps q-o-q in the sharply increasing rate environment, exerting a 4 bps positive effect on the consolidated margin;
- The **Russian** bank's net interest margin shrank by 1.4 pps q-o-q in RUB terms, as the deposit rates were still elevated in 2Q on average, while the loan book mostly consisting of fixed rate credits is repricing more slowly, in spite of the higher margin applied in the case of newly sold loans. Since the end of 2Q deposit rates declined significantly alongside the significant base rate cuts;
- The **Ukrainian** NIM improved by 28 bps q-o-q supported by rising interest rates on the asset side, while deposit rates were set in accordance with the actual market conditions and the bank's improving liquidity position;
- **FX-effect**: the average HUF exchange rate against all group member countries' currencies weakened q-o-q, most significantly against the Ruble (RUB/HUF quarterly average rate weakened by 46% and the closing rate by 78%) and Hryvnia (average rate +8%, closing +14%), elevating the weight of high margin businesses within the Group;
- **Others**: other Group members' margin changes resulted in a +2 bps effect, and the composition effect explained -9 bps q-o-q change in the Group margin. Latter was due to the diverging growth trends in local currency terms within the Group: the share of lower-margin business such as OTP Core and Serbia increased, whereas the Russian balance sheet contracted in Ruble terms.

The consolidated performing loan growth reached 3% q-o-q, but without the Russian and Ukrainian operations it was 5%. In Hungary corporate and consumer lending was particularly strong, however housing loan volumes also grew by 2%

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

	Cons. 	Core ² (Hungary) 	DSK (Bulgaria) 	OBH (Croatia) 	OBSrb (Serbia) 	SKB (Slovenia) 	OBR (Romania) 	OBU (Ukraine) 	OBRu (Russia) 	CKB (Monten.) 	OBA (Albania) 	OBM (Moldova)
Q-o-Q nominal change (HUF billion)	596 / 783 ³	311	139	74	97	57	68	-71	-117	10	4	8
Total	3% / 5% ³	6%	4%	4%	5%	5%	6%	-10%	-11%	3%	2%	5%
Consumer	1% / 3% ³	5%	4%	2%	2%	-1%	3%	-13%	-6%	3%	2%	-3%
Mortgage	3%	1%	5%	9%	4%	4%	3%			4%	7%	2%
	Housing loan 2%	Home equity -3%										
Corporate¹	5% / 7% ³	9%	4%	1%	7%	9%	10%	-13%	-43%	2%	0%	9%
Leasing	4% / 5% ³	2%	7%	13%	6%	1%	8%	-2%			-5%	6%

¹ Loans to MSE and corporate clients.

² In the Leasing row the leasing volume change at Merkantil Group (Hungarian leasing) is presented.

³ Changes without Russia and Ukraine.

The consolidated performing loans expanded by 6% over the first six months of 2022. The performance of the CEE operations remained favourable across the board, but volumes dropped in Russia and Ukraine

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

	Cons. 	Core ² (Hungary) 	DSK (Bulgaria) 	OBH (Croatia) 	OBSrb (Serbia) 	SKB (Slovenia) 	OBR (Romania) 	OBU (Ukraine) 	OBRu (Russia) 	CKB (Monten.) 	OBA (Albania) 	OBM (Moldova)
YTD nominal change (HUF billion)	997 1,236 ³	328	304	147	164	105	110	-39	-200	32	17	10
Total	6% 8% ³	6%	10%	8%	9%	10%	10%	-6%	-18%	9%	7%	6%
Consumer	0% 4% ³	2%	7%	3%	3%	-2%	6%	-15%	-10%	6%	7%	-5%
Mortgage	6%	2%	8%	13%	7%	6%	7%			6%	12%	1%
	Housing loan	Home equity										
	2%	-4%										
Corporate¹	9% 12% ³	11%	14%	7%	13%	21%	14%	-4%	-56%	11%	6%	13%
Leasing	5% 7% ³	3%	12%	18%	4%	2%	12%	-3%			-2%	5%

¹ Loans to MSE and corporate clients.

² In the Leasing row the leasing volume change at Merkantil Group (Hungarian leasing) is presented.

³ Changes without Russia and Ukraine.

Consolidated deposits grew by 2% q-o-q. Hungarian retail deposits slightly eroded in 2Q, following the strong 1Q growth of 5% fuelled by the personal income tax refund, too. In 2Q deposits grew both in Ukraine and Russia

Q-o-Q DEPOSIT volume changes adjusted for FX-effect – 2Q 2022













	Cons.	Core (Hungary)	DSK (Bulgaria)	OBH (Croatia)	OBSrb (Serbia)	SKB (Slovenia)	OBR (Romania)	OBU (Ukraine)	OBRu (Russia)	CKB (Monten.)	OBA (Albania)	OBM (Moldova)
Q-o-Q nominal change (HUF billion)	357	93	84	132	4	26	-32	19	21	19	-1	-7
Total	2% 1% ²	1%	2%	7%	0%	2%	-4%	3%	3%	5%	0%	-3%
Retail	1% 1% ²	-1%	1%	3%	2%	4%	1%	-4%	-5%	3%	2%	1%
Corporate¹	3% 2% ²	2%	5%	14%	-1%	-2%	-8%	7%	11%	6%	-8%	-6%
Deposits – Net loans gap (HUF billion)	5,648	5,385	1,026	176	-637	197	-314	184	-51	39	36	67

¹ Including MSE, MLE and municipality deposits.

² Changes without Russia and Ukraine.

Consolidated deposits grew by 5% in the first six months, within that Hungarian deposits increased by 8%














YTD DEPOSIT volume changes adjusted for FX-effect – 1H 2022

	Cons. 	Core (Hungary) 	DSK (Bulgaria) 	OBH (Croatia) 	OBSrb (Serbia) 	SKB (Slovenia) 	OBR (Romania) 	OBU (Ukraine) 	OBRu (Russia) 	CKB (Monten.) 	OBA (Albania) 	OBM (Moldova) 
YTD nominal change (HUF billion)	1,201 1,068 ²	815	173	91	-9	36	-44	38	96	20	8	-22
Total	5% 5% ²	8%	4%	4%	-1%	3%	-5%	5%	15%	5%	3%	-8%
Retail	2% 3% ²	4%	2%	2%	-1%	5%	2%	3%	-10%	1%	3%	-7%
Corporate¹	9% 8% ²	11%	14%	9%	-1%	0%	-11%	6%	52%	8%	4%	-10%
Deposits – Net loans gap (HUF billion)	5,648	5,385	1,026	176	-637	197	-314	184	-51	39	36	67

¹ Including MSE, MLE and municipality deposits.

² Changes without Russia and Ukraine.

In 1H 2022 the 19% y-o-y improvement in net fees was driven by Hungary and Bulgaria. In 2Q net fees rose by 6% q-o-q on an FX-adjusted basis, driven by the better Hungarian result explained mainly by one-off items, and seasonally stronger figures especially in tourism-exposed countries such as Croatia and Montenegro

NET FEE INCOME	1H 2022 (HUF billion)	2Q 2022 (HUF billion)	1H 2022 Y-o-Y (HUF billion, %)		2Q 2022 Q-o-Q (HUF billion, %)	
 OTP Group	182	96	29	19%/15% ¹	10	12%/6% ¹
 OTP CORE (Hungary)	86	45	15	21%	3	8%
 DSK Group (Bulgaria)	32	17	7	26%/20% ¹	2	11%/5% ¹
 OBH (Croatia)	11	6	2	30%/23% ¹	1	24%/17% ¹
 OBSrb (Serbia)	8	4	1	18%/12% ¹	1	19%/12% ¹
 SKB Banka (Slovenia)	8	4	2	28%/22% ¹	1	14%/8% ¹
 OBR (Romania)	2	1	0	13%/9% ¹	0	2%/-3% ¹
 OBU (Ukraine)	5	2	-1	-21%/-28% ¹	-1	-25%/-30% ¹
 OBRu (Russia)	12	7	0	4%/-11% ¹	2	42%/-3% ¹
 CKB Group (Montenegro)	3	2	1	36%	0	38%
 OBA (Albania)	1	1	0	13%	0	22%
 OBM (Moldova)	1	1	0	14%	0	22%
 Fund mgmt. (Hungary)	4	2	1	24%	0	-2%

1 At OTP Core, 1H net fees surged by 21% y-o-y, supported by stronger revenues from deposit, transaction, and card-related fees, while income from securities' sales declined.

As for 2Q, out of the HUF 3.4 billion growth one-off items explained HUF 2.7 billion (mostly because of negative one-offs occurring in 1Q such as the annual contribution into the Resolution Fund (-HUF 1.1 billion), and the lump-sum accounting of the annual financial transaction tax to be paid for bank card transactions (-HUF 1.8 billion).













Anyway, 1Q is usually weaker due to seasonality, but this year the stronger transaction volumes owing to the extraordinary PIT refund generated extra income in 1Q, which dampened the seasonal improvement seen in 2Q.

2 DSK 1H net fee income growth was largely attributable to stronger business activity, especially higher fee revenues related to lending and account keeping.

3 The reasons behind the contraction were lower fee revenues on large companies' transactions and exports, lower fee income from card- as well as POS and ATM transactions after 24 February.

¹ FX-adjusted change.

The semi-annual other net non-interest income jumped by 31% y-o-y, whereas in 2Q it contracted by 11% q-o-q

OTHER INCOME	1H 2022 (HUF billion)	2Q 2022 (HUF billion)	1H 2022 Y-o-Y (HUF billion, %)		2Q 2022 Q-o-Q (HUF billion, %)	
 OTP Group	67	32	16	31%/26% ¹	-4	-11%/-15% ¹
 OTP CORE (Hungary)	30	9	16	107%	-11	-55%
 DSK Group (Bulgaria)	6	4	1	15%/10% ¹	1	53%/45% ¹
 OBH (Croatia)	3	2	-1	-30%/-34% ¹	1	36%/28% ¹
 OBSrb (Serbia)	4	2	1	39%/32% ¹	0	11%/5% ¹
 SKB Banka (Slovenia)	1	1	0	39%/24% ¹	0	22%/2% ¹
 OBR (Romania)	2	0	-1	-34%	-2	-96%
 OBU (Ukraine)	5	4	3	128%/104% ¹	3	263%/236% ¹
 OBRu (Russia)	2	1	2	517%/333% ¹	1	124%/16% ¹
 CKB Group (Montenegro)	0	0	0	-27%	0	204%
 OBA (Albania)	1	0	0	58%	0	127%
 OBM (Moldova)	2	1	1	60%	0	5%
Others	9	6	-5	-36%	3	97%

¹ OTP Core's 1H other income doubled, partly owing to base effect (a large negative FX result was recorded in 2Q 2021). Most of the HUF 11 billion q-o-q decline in 2Q was explained by weaker result on derivative financial instruments. Within that, HUF 4 billion was related to Ruble swaps: in 1Q there was a positive revaluation result on swaps (not yet designated as hedging purposes swaps) because Ruble yields and basis swap spreads increased. This effect reversed in 2Q due to the normalisation of Ruble yields².














² The growth in the Ukrainian other income came mostly from the increase in currency conversion fees relating to card transactions.

³ The 1H y-o-y decline was mainly explained by the higher revaluation result of investments by PortfoLion private equity firm booked in 1H 2021; also, OTP Real Estate realized lower revenues. The HUF 3 billion q-o-q increase was mainly explained by the seasonally higher revenues realized by an agricultural firm consolidated into the Group (Nagisz).

¹ FX-adjusted change.

² Basis swap spreads did not have any effect in 2Q as these swaps were already classified as hedging swaps, and these swaps' FX result was offset on the FX gains/losses line as the Bank's FX position is closed.

Amid the high inflationary environment, the semi-annual operating costs grew by 10.8% y-o-y adjusted for FX effect

OPERATING COSTS		1H 2022 (HUF billion)	Y-o-Y (HUF billion, %)		Y-o-Y, FX-adjusted (HUF billion, %)	
	OTP Group	357	47	15.1%	36	10.8%
	OTP CORE (Hungary)	157	24	18%	24	18%
	DSK Group (Bulgaria)	41	6	18%	5	12%
	OBH (Croatia)	24	2	9%	1	4%
	OBSrb (Serbia)	22	1	5%	0	0%
	SKB Banka (Slovenia)	13	2	13%	1	8%
	OBR (Romania)	22	3	13%	2	10%
	OBU (Ukraine)	15	2	15%	1	5%
	OBRu (Russia)	33	6	21%	2	4%
	CKB Group (Montenegro)	6	1	9%	0	4%
	OBA (Albania)	4	1	19%	0	11%
	OBM (Moldova)	4	1	23%	0	11%
	Merkantil (Hungary)	5	0	-7%	0	-7%
	Others	10	0	1%	0	0%

1 At OTP Core the cost growth was 18% or HUF 24 billion y-o-y, of which HUF 5 billion was explained by the support granted to the Special Employee Partial Ownership Plan Organizations, booked in one sum in 2Q. Without this single item, opex growth would have been 14%. The underlying cost pressure was mainly due to the followings:

- personnel expenses rose on account of 4% higher average headcount and wage increases, offset by 4 pps reduction in employers' contributions;
- increasing overhead and energy costs (+HUF 1 billion effect);
- higher supervisory fees (largely due to the increase in deposit protection fee effective from the end of 2021);
- higher real estate costs (partly because of moving into the new office building);
- lower training and travel costs in the base period due to the pandemic;
- Ukrainian refugees' support (HUF 0.5 bn);
- weaker HUF: IT services are typically paid in EUR (+HUF 0.5 billion effect).

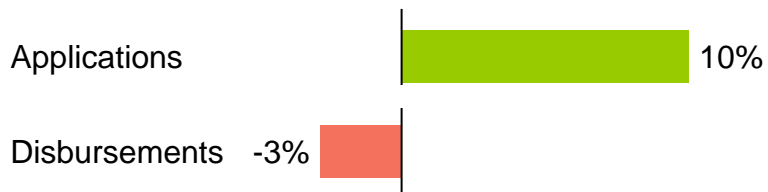
2 At DSK the cost increase was due to higher personnel expenses, while the other cost increase was driven by the higher deposit protection fund contribution (42% increase of charges paid to supervisory bodies in total) and higher energy costs.

3 Cost savings stemmed from synergies extracted from the acquisition.



In Hungary the semi-annual mortgage loan applications surged by 10% y-o-y, mainly due to the subsidized green housing loans, whereas market based mortgage loan requests halved

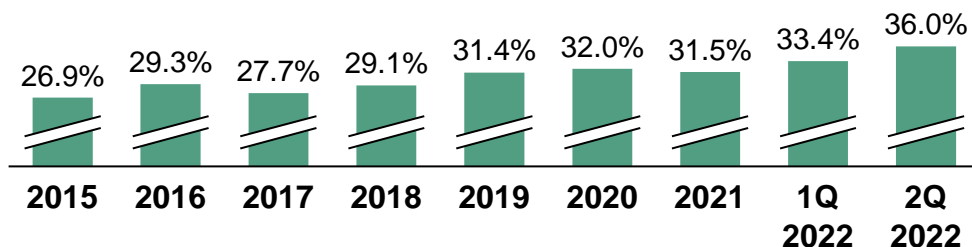
Y-o-y change of mortgage loan applications and disbursements in 1H 2022



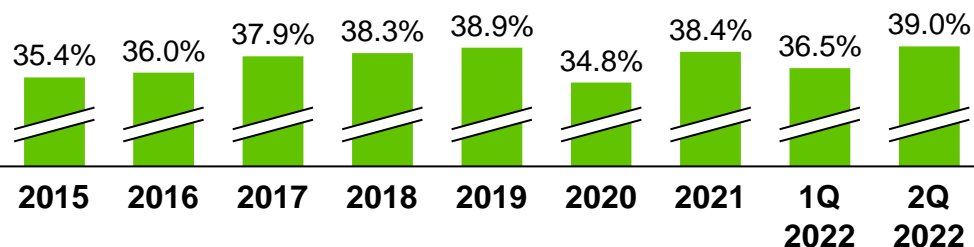
Performing (Stage 1+2) cash loan volume growth (FX-adjusted)



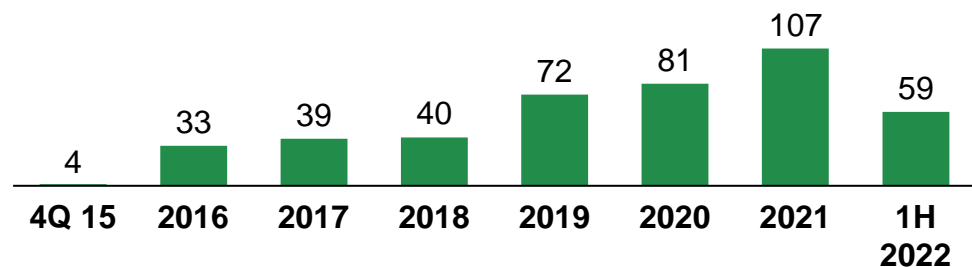
OTP's market share in mortgage loan contractual amounts



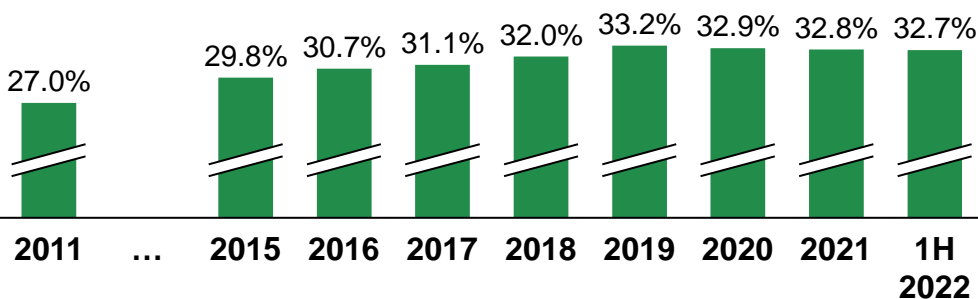
Market share in newly disbursed cash loans



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



OTP Bank's market share in household savings



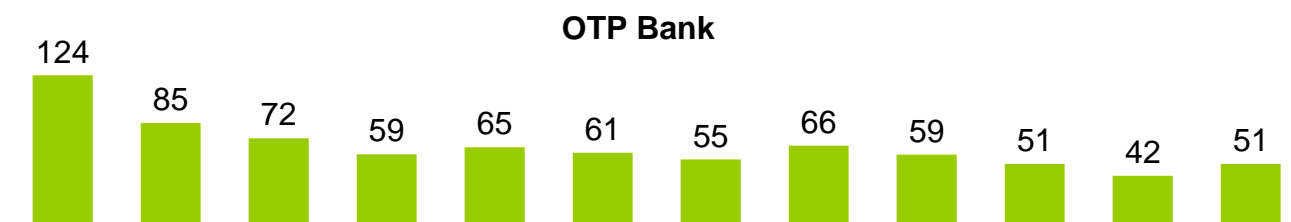
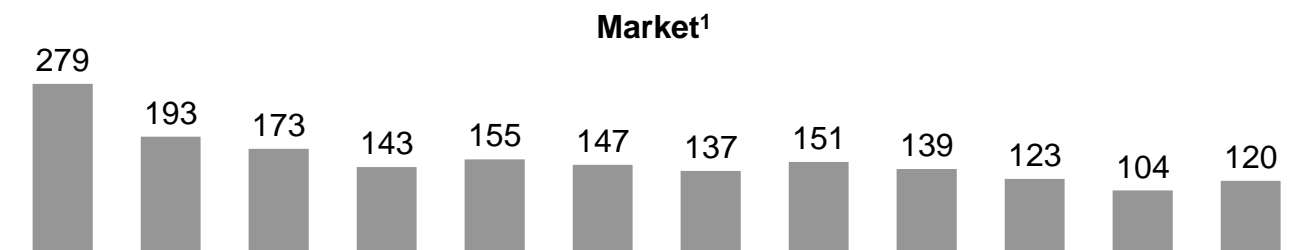


OTP CORE

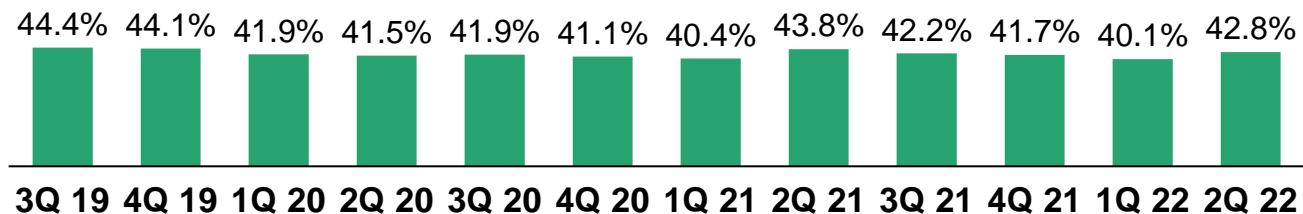
OTP Bank maintained its market share above 40% in baby loan flows; the scheme has been recently extended until the end of 2023. The subsidized green housing loans generated huge demand, thus the total available amount of HUF 300 billion has already been exhausted; actual disbursements come with a certain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

Baby loans

Contractual amount (HUF billion)

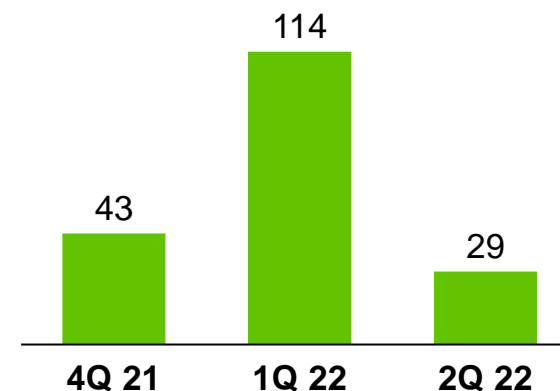


OTP's market share calculated from the contractual amount

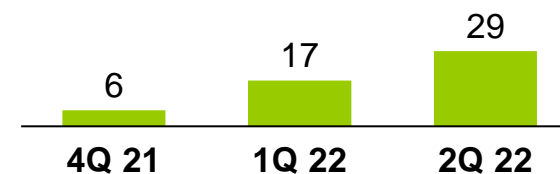


Green Home Programme

Applications for green housing loans (HUF billion)



Disbursed amount (HUF billion)



¹ Based on NBH statistics.

² The programme is available since October 2021.

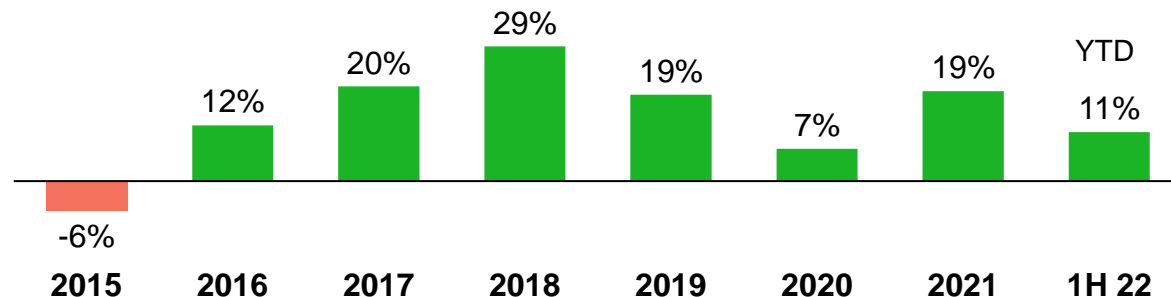


OTP CORE

The micro and small enterprise loans grew by 12% ytd. The *Széchenyi Card Go!* scheme, introduced in last July and already replaced by the newly launched *Széchenyi Card MAX* programme available from August, had a favourable effect on loan dynamics. OTP's corporate loan market share improved further in 2Q

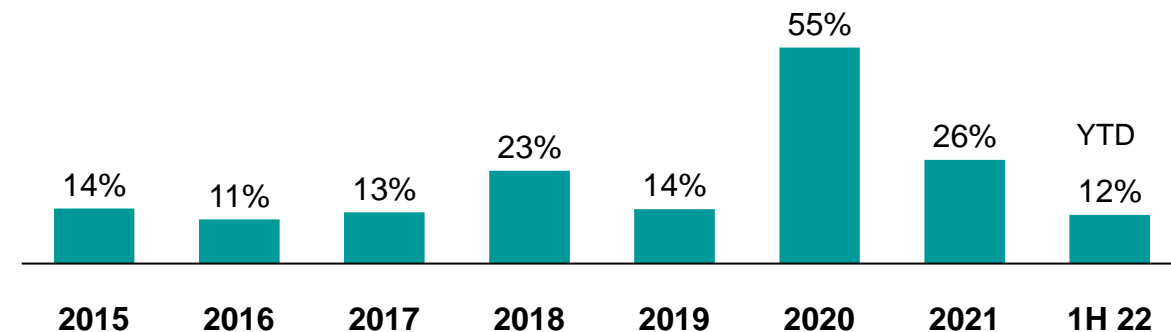
Performing corporate loan volume changes

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

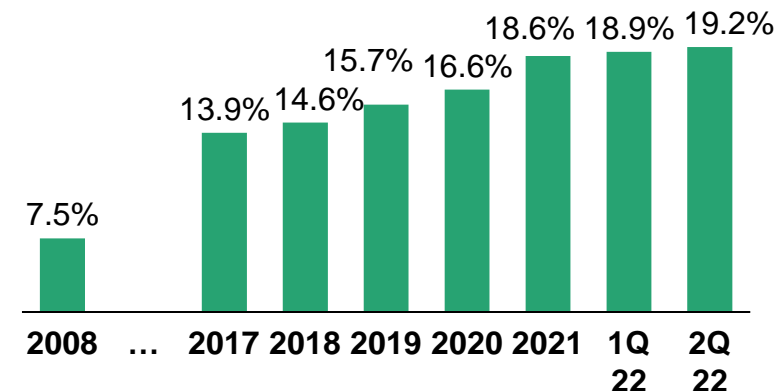


Performing loan volume changes in the micro and small companies segment

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

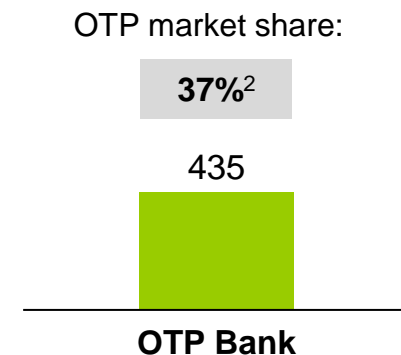


OTP Group's market share in loans to Hungarian companies¹



Contracted loan amount and market share under the *Széchenyi Card Go!* scheme

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



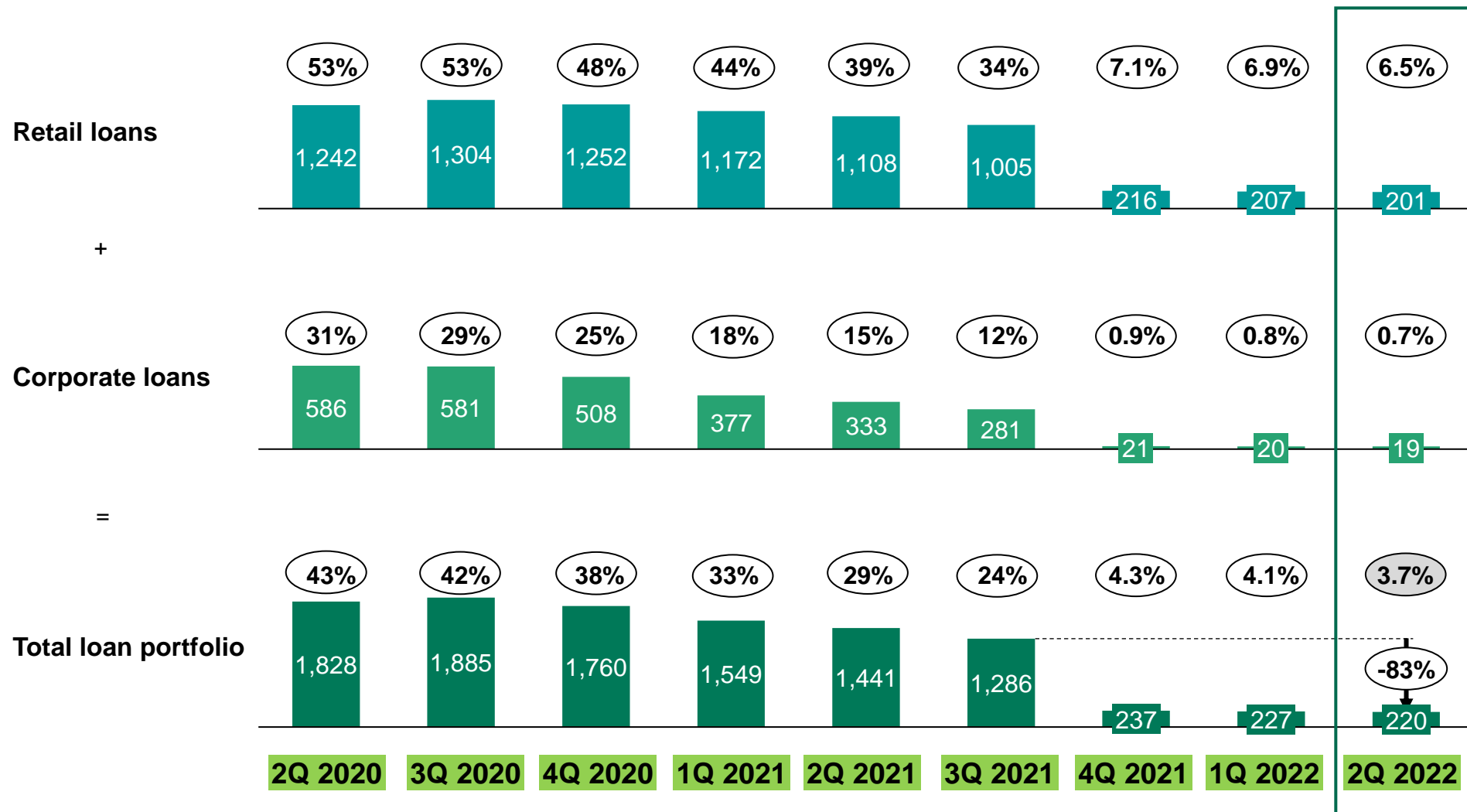
¹ Aggregated market share of OTP Bank, OTP Mortgage Bank, OTP Building Society and Merkantil, based on central bank data (Supervisory Balance Sheet data provision until 2016 and Monetary Statistics from 2017).

² Source: KAVOSZ, OTP.



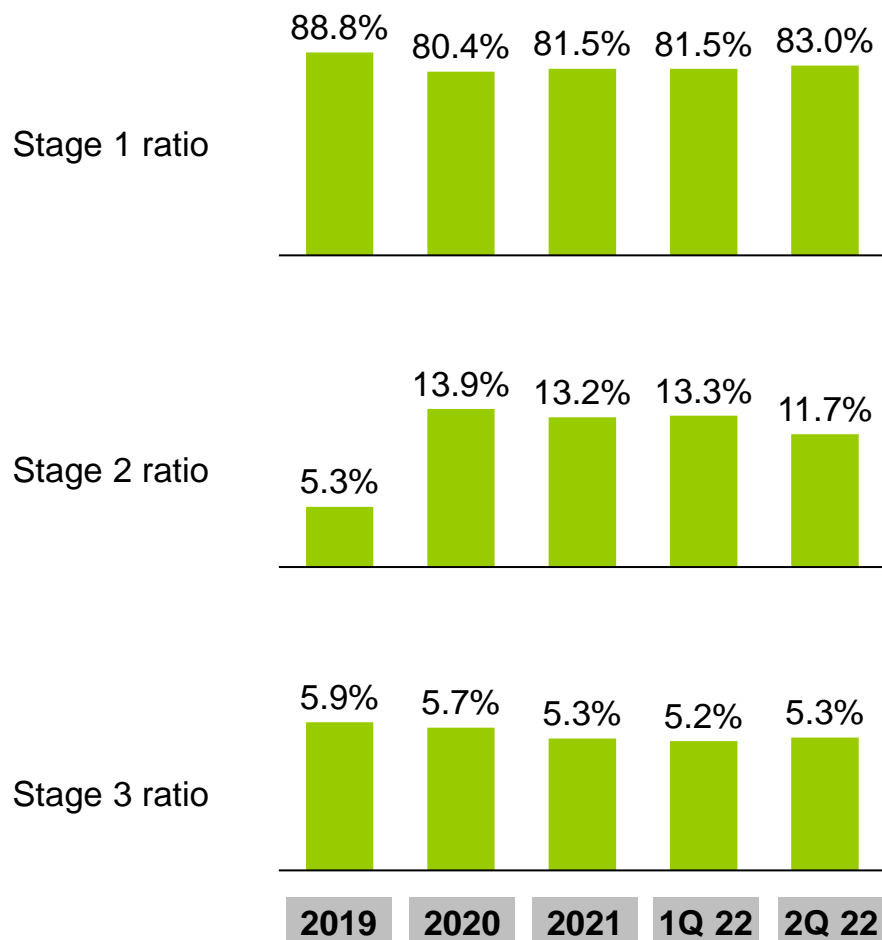
At OTP Core loans under the moratorium comprised HUF 201 billion, representing 3.7% of the total loan book. Eligible clients who applied for the moratorium by the end of July can remain in the scheme till the end of 2022

OTP Core – volumes participating in the repayment moratorium (in HUF billion and as a % of outstanding loans)

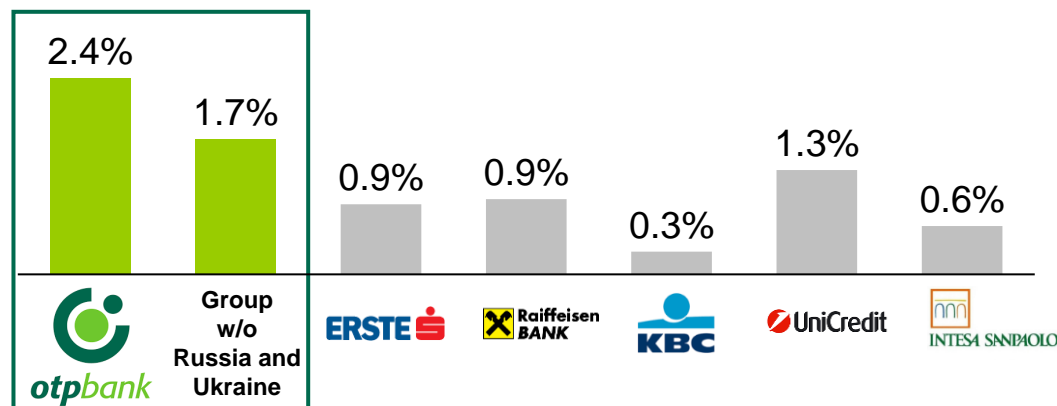


The Stage 3 rate slightly increased in 2Q because of increasing Stage 3 ratios in Russia and Ukraine, as well as their rising weight within the Group due to the FX rate changes. The management's provisioning policy remained conservative compared to regional banking groups, especially regarding the coverage of performing loans

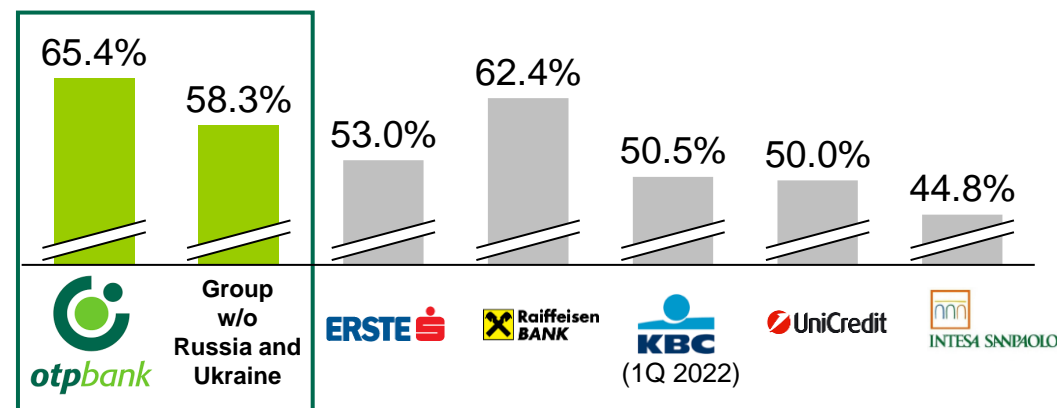
Development of the Group's main credit quality indicators
















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



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



Development of the Stage 1, Stage 2 and Stage 3 ratios














		Cons. 	Core (Hungary) 	DSK (Bulgaria) 	OBH (Croatia) 	OBSrb (Serbia) 	SKB² (Slovenia) 	OBR (Romania) 	OBU (Ukraine) 	OBRu (Russia) 	CKB (Monten.) 	OBA (Albania) 	OBM (Moldova) 	Merk.³ (Hungary) 
Stage 1 ratio ¹	<u>4Q 19</u>	88.8%	91.4%	88.6%	83.2%	96.0%	98.9%	83.9%	73.8%	75.0%	88.8%	93.8%	97.8%	94.3%
	<u>4Q 20</u>	80.4%	77.9%	81.3%	76.6%	88.8%	82.9%	80.2%	82.4%	74.8%	81.4%	79.5%	92.0%	82.4%
	<u>4Q 21</u>	81.5%	78.0%	84.0%	80.0%	89.9%	86.0%	79.8%	87.1%	76.5%	76.7%	87.0%	91.9%	75.3%
	<u>2Q 22</u>	83.0%	83.4%	86.4%	81.5%	91.6%	88.6%	82.0%	47.3%	69.8%	83.2%	90.5%	90.6%	88.6%
Stage 2 ratio ¹	<u>4Q 19</u>	5.3%	4.2%	4.3%	10.5%	1.8%	0.0%	8.7%	8.9%	12.0%	3.9%	3.1%	0.8%	2.0%
	<u>4Q 20</u>	13.9%	18.0%	11.3%	14.7%	8.6%	15.6%	13.3%	7.2%	11.3%	11.4%	17.5%	5.1%	14.1%
	<u>4Q 21</u>	13.2%	17.4%	9.8%	12.1%	7.2%	12.7%	14.5%	6.6%	12.1%	16.3%	9.7%	6.2%	21.8%
	<u>2Q 22</u>	11.7%	12.1%	8.1%	11.8%	5.6%	10.3%	13.0%	43.1%	15.3%	10.5%	6.4%	7.6%	8.3%
Stage 3 ratio ¹	<u>4Q 19</u>	5.9%	4.3%	7.2%	6.3%	2.2%	1.1%	7.5%	17.3%	13.0%	7.3%	3.1%	1.4%	3.6%
	<u>4Q 20</u>	5.7%	4.2%	7.4%	8.7%	2.6%	1.5%	6.5%	10.4%	13.9%	7.2%	3.0%	3.0%	3.5%
	<u>4Q 21</u>	5.3%	4.6%	6.2%	8.0%	2.9%	1.3%	5.7%	6.3%	11.4%	7.0%	3.3%	1.8%	2.9%
	<u>2Q 22</u>	5.3%	4.5%	5.5%	6.7%	2.8%	1.1%	5.0%	9.6%	15.0%	6.2%	3.1%	1.8%	3.1%

¹ In % of total gross loans.

² SKB's stage rates are impacted by the accounting treatment of purchased receivables.

³ This column includes Merkantil Bank in 4Q 2019, and Merkantil Bank Ltd., Merkantil Bérlet Ltd., OTP Real Estate Leasing Ltd., NIMO 2002 Ltd., SPLC-P Ltd., SPLC Ltd. from 1Q 2020.

Development of the own provision coverage ratios in different Stage categories

		Cons. 	Core (Hungary) 	DSK (Bulgaria) 	OBH (Croatia) 	OBSrb (Serbia) 	SKB¹ (Slovenia) 	OBR (Romania) 	OBU (Ukraine) 	OBRu (Russia) 	CKB (Monten.) 	OBA (Albania) 	OBM (Moldova) 	Merk.² (Hungary) 
Stage 1 own coverage	<u>4Q 19</u>	1.1%	0.8%	1.1%	0.8%	0.4%	0.4%	1.3%	0.9%	5.3%	1.1%	1.2%	1.0%	0.4%
	<u>4Q 20</u>	1.0%	0.8%	1.0%	0.8%	0.8%	0.5%	1.0%	1.9%	4.6%	1.3%	1.3%	1.1%	0.2%
	<u>4Q 21</u>	1.0%	1.0%	1.0%	0.6%	0.7%	0.3%	1.0%	1.9%	3.8%	1.0%	1.2%	1.3%	0.4%
	<u>2Q 22</u>	1.1%	0.7%	1.0%	0.5%	0.6%	0.3%	1.1%	2.7%	6.4%	1.2%	1.1%	2.3%	0.3%
Stage 2 own Coverage	<u>4Q 19</u>	10.7%	12.4%	8.5%	3.5%	5.8%	n/a	5.7%	8.3%	27.4%	4.8%	10.1%	23.6%	4.7%
	<u>4Q 20</u>	10.4%	10.1%	12.6%	5.7%	8.5%	4.3%	9.0%	15.9%	43.1%	9.3%	10.4%	19.5%	3.8%
	<u>4Q 21</u>	10.0%	8.9%	15.5%	5.9%	6.1%	5.0%	8.4%	18.5%	31.1%	6.5%	11.4%	13.6%	5.3%
	<u>2Q 22</u>	12.4%	8.9%	16.7%	5.2%	5.7%	4.8%	8.8%	18.7%	35.0%	9.5%	12.7%	19.4%	5.4%
Stage 1+2 own Coverage	<u>4Q 19</u>	1.6%	1.3%	1.4%	1.1%	0.5%	0.4%	1.7%	1.7%	8.4%	1.2%	1.5%	1.2%	0.5%
	<u>4Q 20</u>	2.4%	2.5%	2.4%	1.6%	1.5%	1.2%	2.2%	3.0%	9.7%	2.3%	2.9%	2.1%	0.8%
	<u>4Q 21</u>	2.3%	2.5%	2.5%	1.3%	1.1%	0.9%	2.1%	3.0%	7.5%	1.9%	2.3%	2.1%	1.5%
	<u>2Q 22</u>	2.4%	2.0%	2.5%	1.1%	0.9%	0.8%	2.1%	9.0%	11.1%	2.3%	2.0%	3.4%	1.1%
Stage 3 own Coverage	<u>4Q 19</u>	65.2%	55.4%	62.0%	63.6%	50.0%	8.7%	53.7%	77.9%	93.4%	68.2%	33.1%	39.7%	63.4%
	<u>4Q 20</u>	62.3%	54.5%	65.6%	53.9%	53.6%	36.3%	54.6%	74.3%	93.4%	63.9%	54.2%	48.0%	66.5%
	<u>4Q 21</u>	60.5%	42.7%	68.2%	61.4%	53.6%	56.1%	57.5%	69.6%	95.1%	66.0%	73.3%	54.3%	60.0%
	<u>2Q 22</u>	65.4%	46.8%	69.0%	64.9%	55.7%	62.9%	59.5%	76.3%	95.8%	69.5%	70.1%	58.0%	45.9%

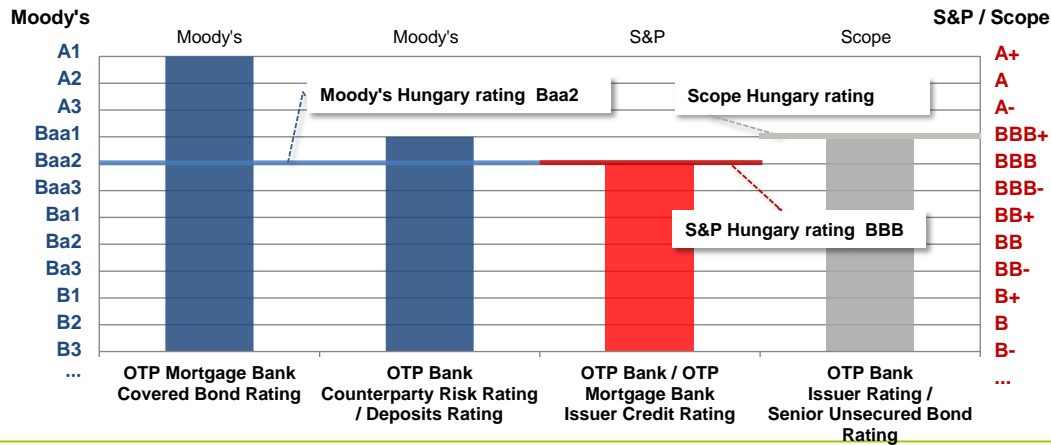
¹ The SKB acquisition was completed in 4Q 2019. The Stage 3 receivables were netted off with the already created provisions at the time of the consolidation, which automatically reduced the own coverage of Stage 3 loans.

² This column includes Merkantil Bank in 4Q 2019, and Merkantil Bank Ltd., Merkantil Bérlet Ltd., OTP Real Estate Leasing Ltd., NIMO 2002 Ltd., SPLC-P Ltd., SPLC Ltd. from 1Q 2020.

While OTP Bank ratings closely correlate with the sovereign ceilings, subsidiaries' ratings enjoy the positive impact of parental support

(rating outlook) {
 + positive
 - negative
 0 stable
 +* on watch possible upgrade
 -* on watch possible downgrade

Hungarian sovereign, OTP Bank and OTP Mortgage Bank ratings



Sovereign ratings² of OTP Group member countries

	Moody's	S&P Global	Fitch
...			
Aa3		AA- SV(0)	AA-
A1		A+	A+
A2		A	A SV(0)
A3	SV(0)	A-	A-
Baa1	BG(0)	BBB+ CR(0)	BBB+ CR(0)
Baa2	CR(0) HU(0)	BBB BG(0) HU(-)	BBB BG(+) HU(0)
Baa3	RO(0)	BBB- RO(0)	BBB- RO(-)
Ba1		BB+ SRB(0)	BB+ SRB(0)
Ba2	SRB(0)	BB	BB
Ba3		BB-	BB-
B1	ALB(0) MN(0)	B+ ALB(0)	B+
B2		B MN (0)	B
B3	MO(-)	B-	B-
Caa1		CCC+ UA(0)	CCC+
Caa2		CCC	CCC
Caa3	UA(-)	CCC-	CCC-
Ca		CC	CC UA
C		C	C

Credit ratings of OTP Group member banks

	Moody's	S&P	Scope	
OTP Bank	-	BBB(-)	BBB+(0)	
Counterparty Rating ¹	Baa1(+*)	BBB	-	
Deposits	Baa1(+*)	-	-	
Senior Unsecured Bonds (SP)	-	BBB	BBB+(0)	EUR 400mn 13/07/2022
Non-preferred Senior Unsecured Bonds	-	-	BBB(0)	
Subordinated Tier 2 Bonds	Ba1(-*)	-	BB+(0)	EUR 500mn 15/07/2019
OTP Mortgage Bank	Baa2(-*)	BBB(-)	-	
Counterparty Risk Rating	Baa1(+*)	-	-	
Covered Bonds	A1	-	-	HUF 95bn 29/09/2021

Last update: 19 August 2022

¹ Long-term Counterparty Risk Rating for Moody's and long-term Resolution Counterparty Rating for S&P Global
² Sovereign ratings: long term foreign currency government bond ratings; Abbreviations: ALB – Albania, BG - Bulgaria, CR - Croatia, HU - Hungary, MN - Montenegro, MO – Moldova, RO - Romania, RU - Russia, SRB - Serbia, SV – Slovenia, UA - Ukraine



Without the impact of the Russian and Ukrainian operations the management expectations for 2022 remained unchanged except for the growth outlook of the performing loan portfolio



Management guidance for 2022

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

- **Performing (Stage 1+2) organic loan volume growth might exceed 10% y-o-y (FX-adjusted) following the 8% ytd expansion;**
- **The net interest margin may stabilize (2021: 3.09%, 1Q 2022 : 3.05%, 2Q: 3.16%, 1H: 3.11%);**
- **The operating cost efficiency ratio may be similar to 2021 (cost / income ratio: 2021: 51.1%, 1Q 2022: 47.6%, 2Q: 48.4%, 1H: 48.0%);**
- **The credit risk cost ratio may be around the 2021 level provided the macroeconomic expectations won't deteriorate materially further (2021: 0.19%, 1Q 2022 : -0.41%, 2Q: -0.28%, 1H: -0.34%);**
- **The adjusted profitability indicator (ROE) may be similar to the 2021 level of 18% (2021: 17.9%, 1Q 2022: 23.4%, 2Q: 23.0%, 1H: 23.2%).**

The Russian subsidiary is expected to deliver positive earnings for the rest of 2022, though its magnitude might be smaller than in 2Q. The performance of the Ukrainian subsidiary will be mainly shaped by the evolution of its risk profile.

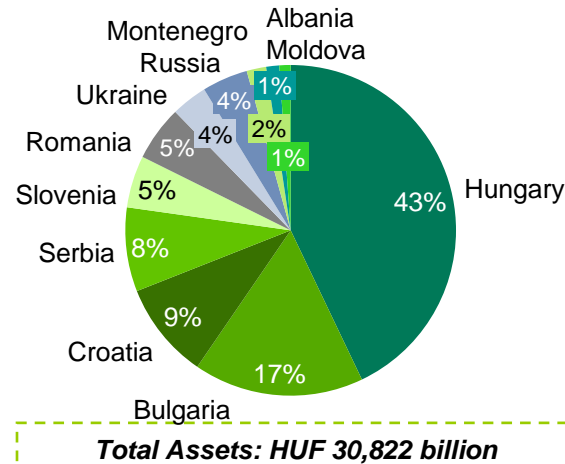
Further details and financials

OTP Group offers universal banking services to around 16 million active customers in 11 countries with majority of its operations located in European Union countries that offer attractive growth opportunities versus EU average

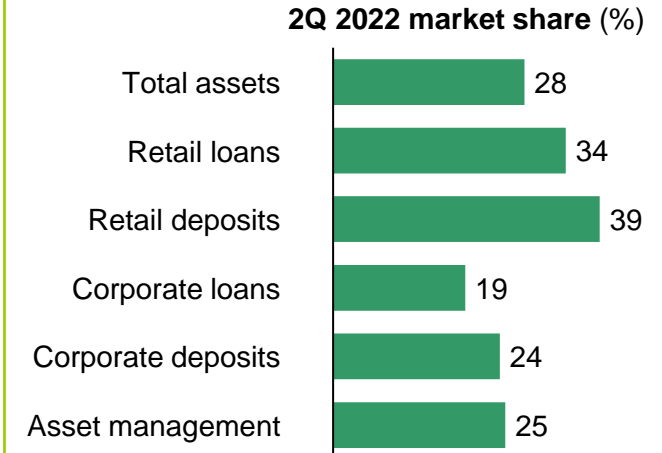
Major Group Members in Europe



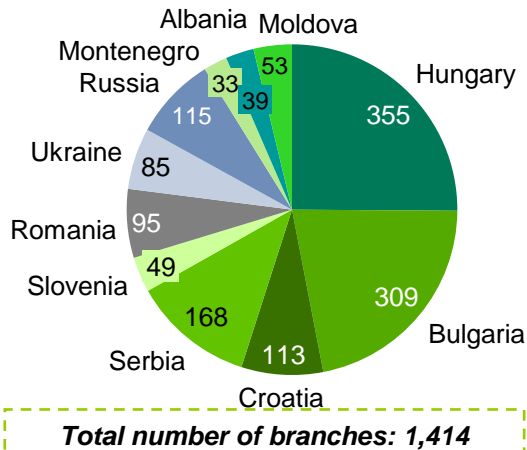
Total Assets¹



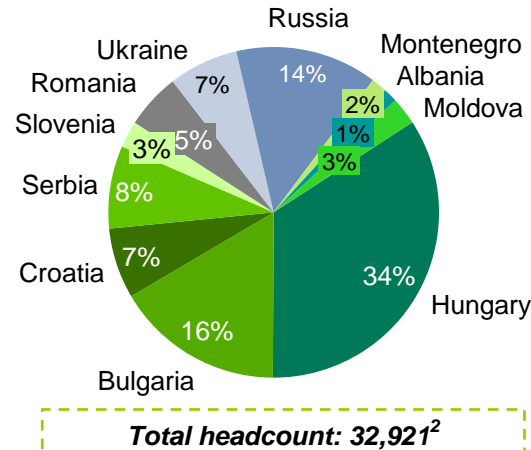
Systemic position in Hungary...



Number of Branches¹



Headcount¹



... as well as in other CEE countries

- Bulgaria** No. 2 in Total assets
No. 1 in Retail deposits
No. 1 in Retail loans
- Serbia** No. 2 in Total assets
No. 1 in Gross loans
- Slovenia** No. 3 in Total assets
- Croatia** No. 4 in Total assets
- Montenegro** No. 1 in Total assets
- Albania** No. 3 in Net loans

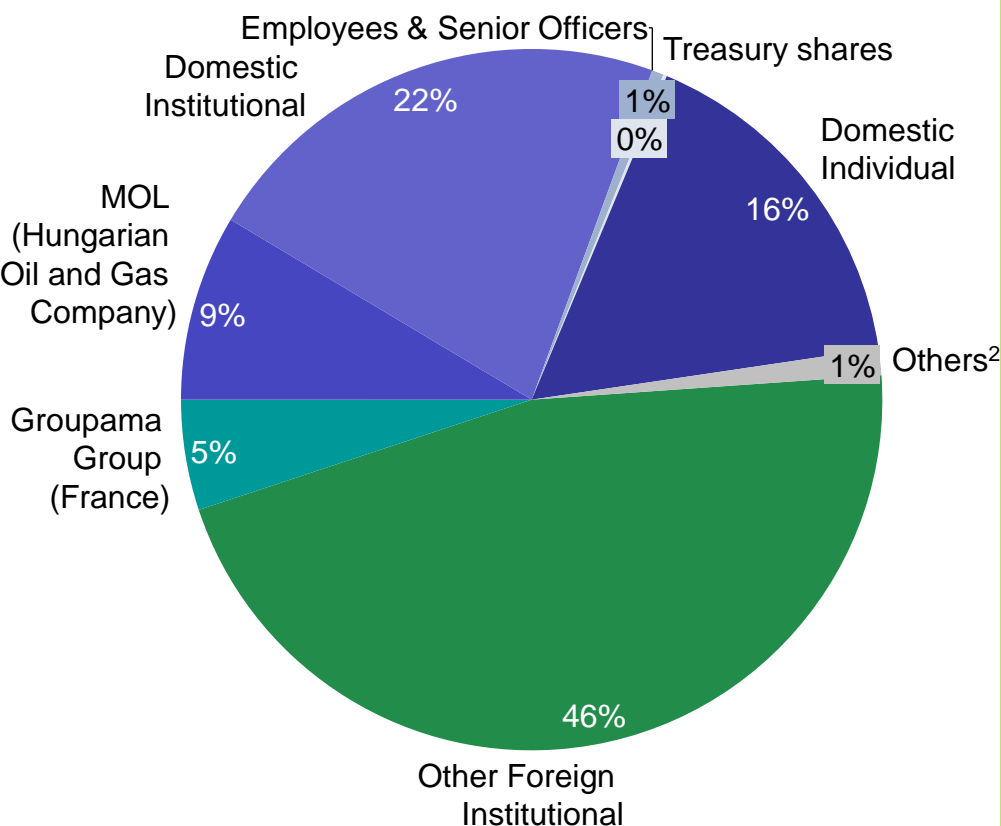
¹ As of 2Q 2022

² Excluding selling agents employed at OTP Bank Russia and at OTP Bank Ukraine.

OTP Bank offers a unique investment opportunity to access the CEE banking sector. The Bank is a well diversified and transparent player without strategic investors

Market capitalization: EUR 6.7 billion¹

Ownership structure of OTP Bank on 4 August 2022

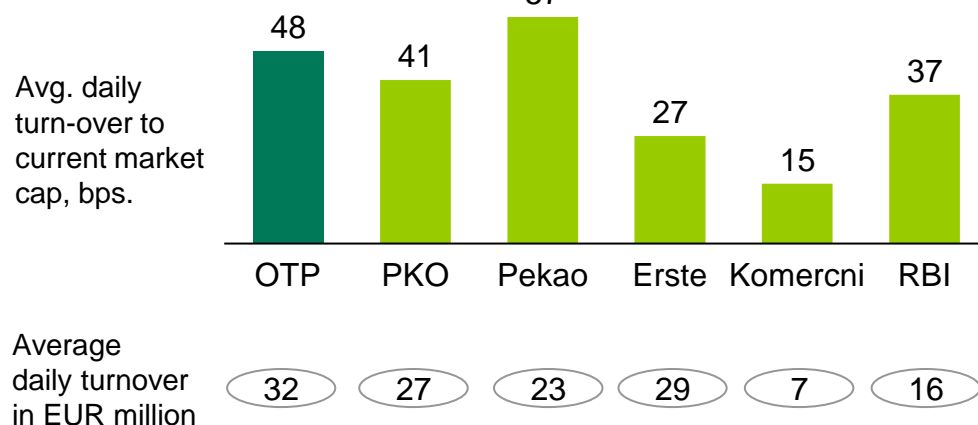


Total number of ordinary shares: 280,000,010, each having a nominal value of HUF 100 and representing the same rights

Since the IPO in 1995 / 1997, OTP Bank has not raised capital on the market, nor received equity from the state

No direct state involvement, the Golden Share was abolished in 2007

OTP is one of the most liquid stocks in a peer group comparison in terms of average daily turnover³



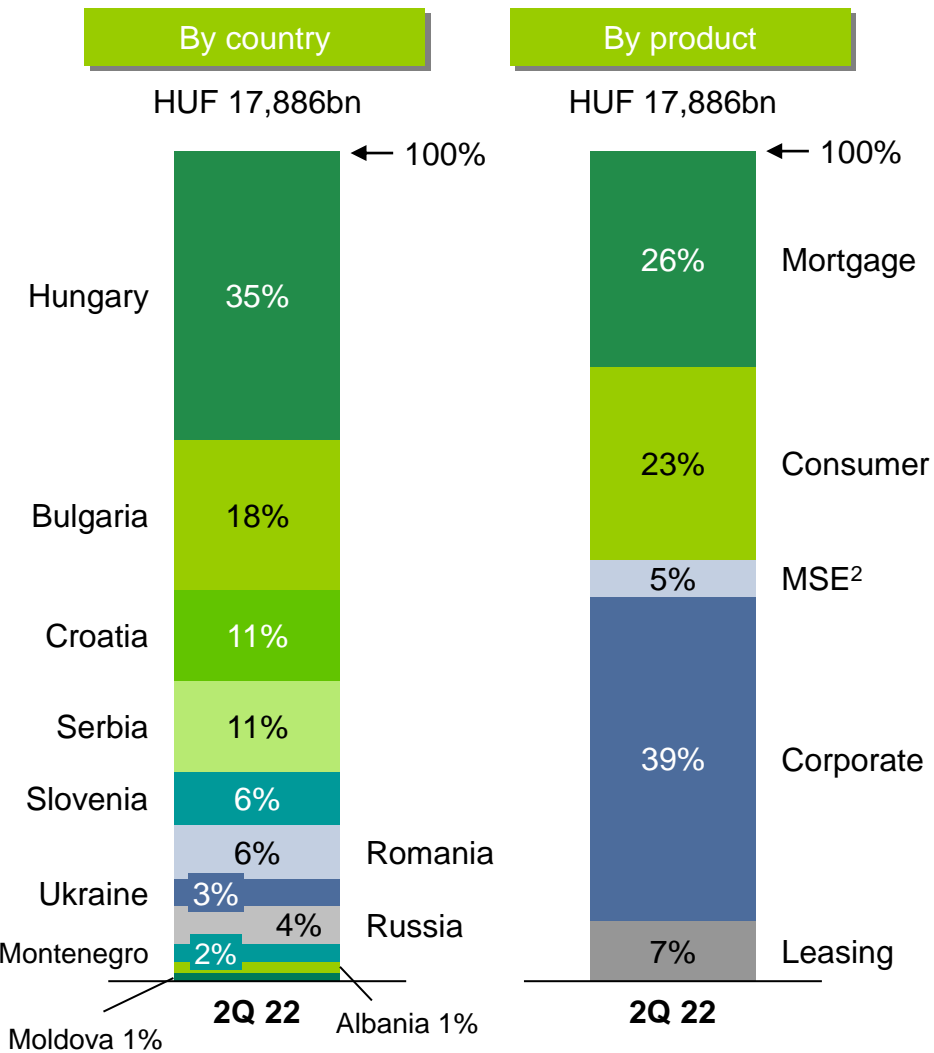
¹ On 10 August 2022.

² Foreign individuals, International Development Institutions, government held owner and non-identified shareholders.

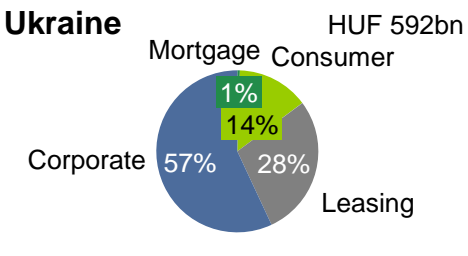
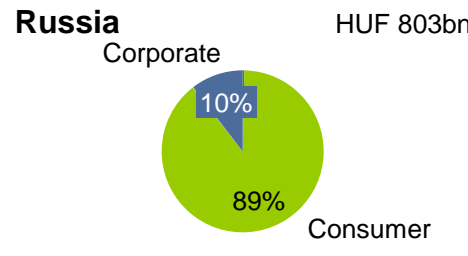
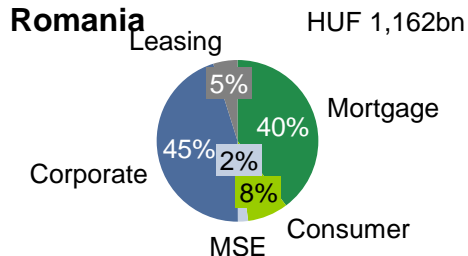
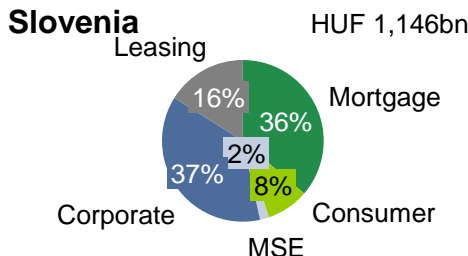
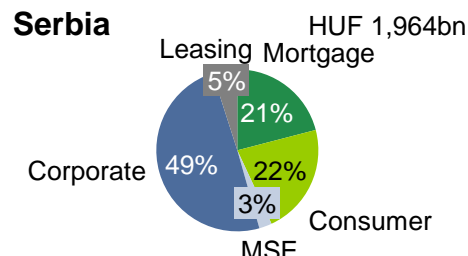
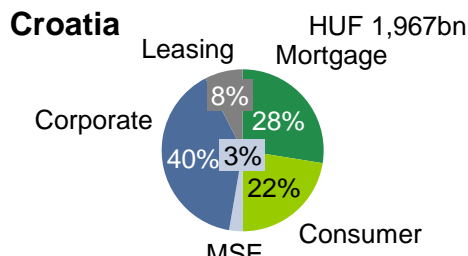
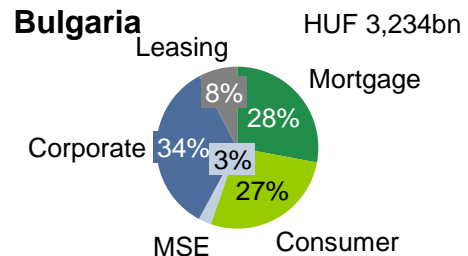
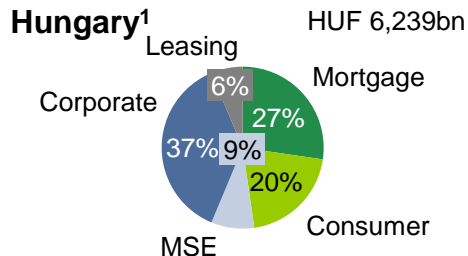
³ Based on the last 6M data (end date: 10 August 2022) on the primary stock exchange.

Almost 80% of the total net loan book is invested in EU countries, with Hungary having the dominant share. Retail lending remains the leading product

Breakdown of the consolidated net loan book



Net loan book 2Q 2022

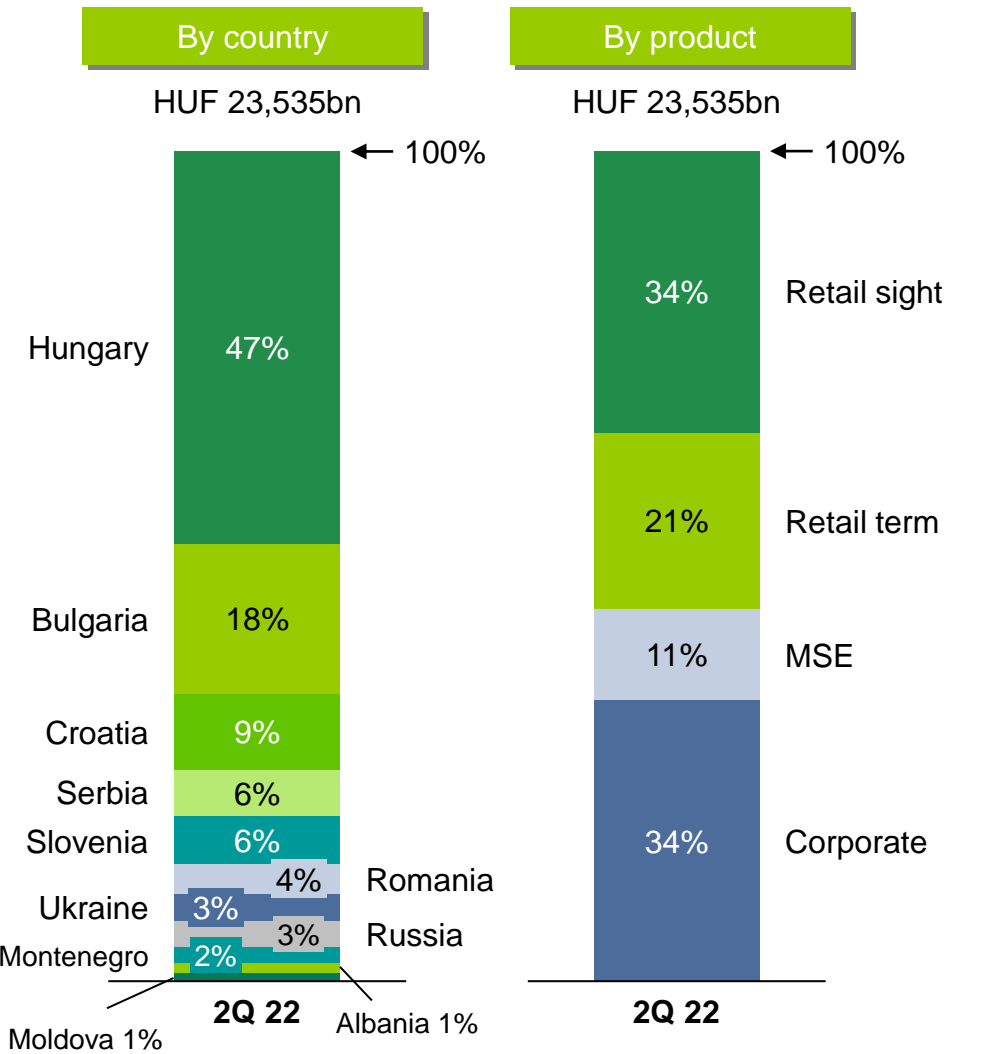


¹ Including OTP Core and Merkantil Group (Hungarian leasing).

² MSE are micro and small enterprises

Hungary represents almost half of the deposit book, Bulgaria is the second largest deposit holder in the Group. Retail volumes account for 55% of the total deposit base

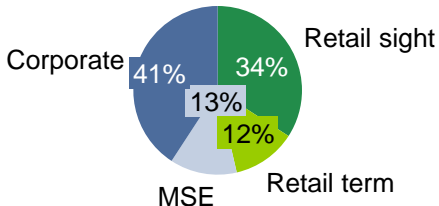
Breakdown of the consolidated deposit base



Deposit base 2Q 2022

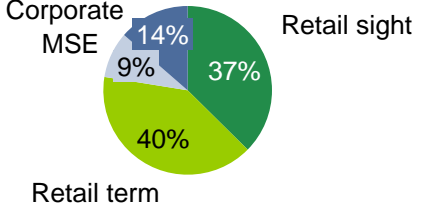
Hungary¹

HUF 11,129bn



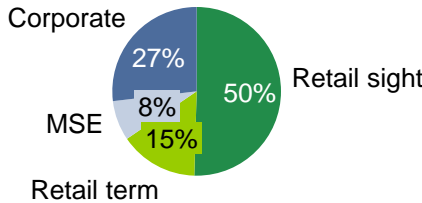
Bulgaria

HUF 4,260bn



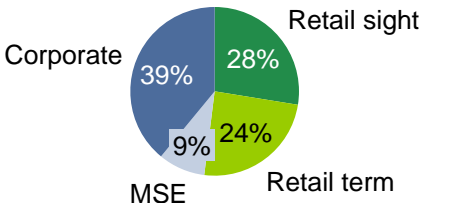
Croatia

HUF 2,142bn



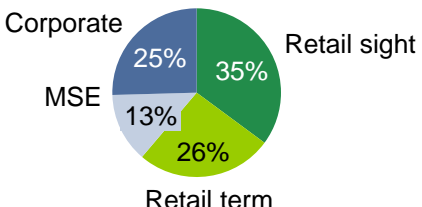
Serbia

HUF 1,327bn



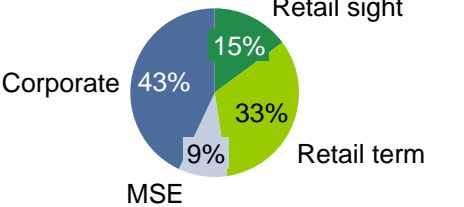
Slovenia

HUF 1,343bn



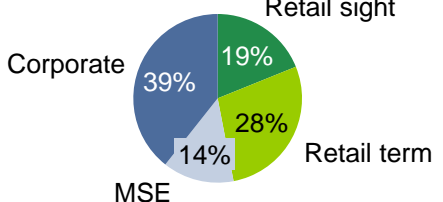
Romania

HUF 848bn



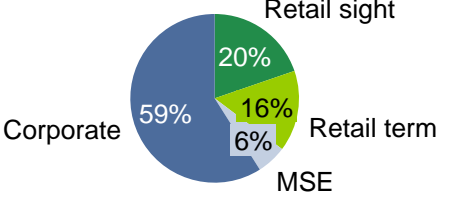
Russia

HUF 752bn



Ukraine

HUF 776bn



¹ Including OTP Core and Merkantil Group (Hungarian leasing).



The adjusted ROE for the period decreased to 17.0% shaped by higher risk costs but improved cost efficiency

	2003-2008 average	2009-2013 average	2014	2015	2016	2017	2018	2019	2020	2021	1H 2022
ROE (from profit after tax)	29.4%	8.3%	-7.4%	5.1%	15.4%	18.5%	18.7%	20.3%	10.9%	17.0%	2.9% 7.1% ⁵
ROE (from adj. profit after tax)	29.0%	11.6%	8.5%	9.6%	15.4%	18.7%	19.1%	20.6%	13.0%	18.5%	17.0% 23.2% ⁵
Total Revenue Margin ¹	8.60%	8.17%	7.74%	6.98%	6.79%	6.71%	6.33%	6.28%	5.37%	5.21%	5.22% 4.76% ⁵
Net Interest Margin ¹	6.02%	6.28%	5.96%	5.12%	4.82%	4.56%	4.30%	4.12%	3.61%	3.51%	3.50% 3.11% ⁵
Net Fee & Comm. Margin	1.50%	1.47%	1.59%	1.55%	1.62%	1.75%	1.58%	1.65%	1.34%	1.29%	1.26% 1.21% ⁵
Other income Margin ¹	1.08%	0.41%	0.19%	0.31%	0.35%	0.41%	0.44%	0.52%	0.41%	0.41%	0.47% 0.44% ⁵
Operating Costs / Average Assets	4.47%	3.80%	3.85%	3.66%	3.70%	3.68%	3.57%	3.31%	2.90%	2.59% 2.67% ⁴	2.47% 2.29% ⁵
Cost / Income (without one-offs)	51.9%	46.5%	49.8%	52.0%	54.4%	54.9%	56.3%	52.7%	54.1%	49.7% 51.2% ⁴	47.3% 48.0% ⁵
Credit Risk Cost Rate ²	0.90%	3.37%	3.68%	3.18%	1.14%	0.43%	0.23%	0.28%	1.15%	0.30%	0.86% -0.34% ⁵
CET1 capital ratio ³	9.1%	13.4%	14.1%	13.3%	13.5%	12.7%	16.5%	14.4%	15.4%	17.5%	16.4%

¹ Excluding one-off items. ² Provision for impairment on loan and placement losses-to-average gross loans ratio. ³ Until 2006 calculated from Hungarian Accounting Standard based unconsolidated figures as 'quasi CET1' divided by RWA, whereby 'quasi CET1' is calculated as Primary capital less proportional deductions. From 2007 the CET1 ratio is calculated according to Basel 3 regulation, based on IFRS financials.

⁴ Adjusted for the shifting of Hungarian local business tax and innovation contribution from costs to the corporate tax line from 2021.

⁵ OTP Group excluding the Russian and Ukrainian operations.

The Hungarian loan penetration levels are still low in regional comparison implying good volume growth potential. This is also the case for Romania, as well as for the Bulgarian housing loan segment

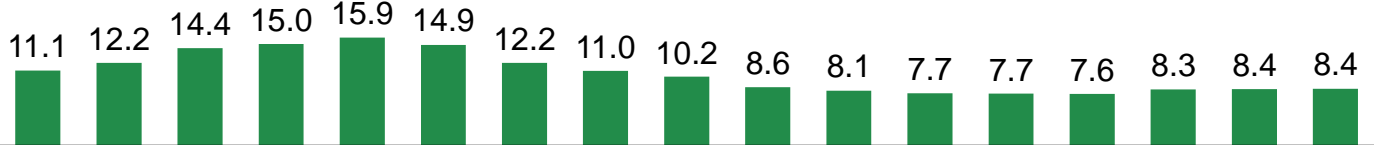
Market penetration levels in Hungary in ...

Net loan to deposit ratio in the Hungarian credit institution system¹

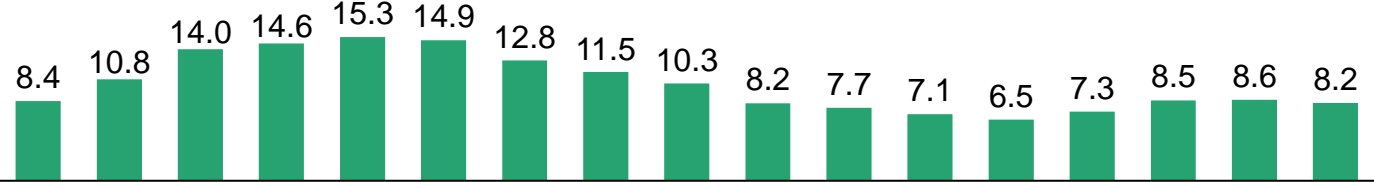
168% → 90%

1Q 2009 → 2Q 2022

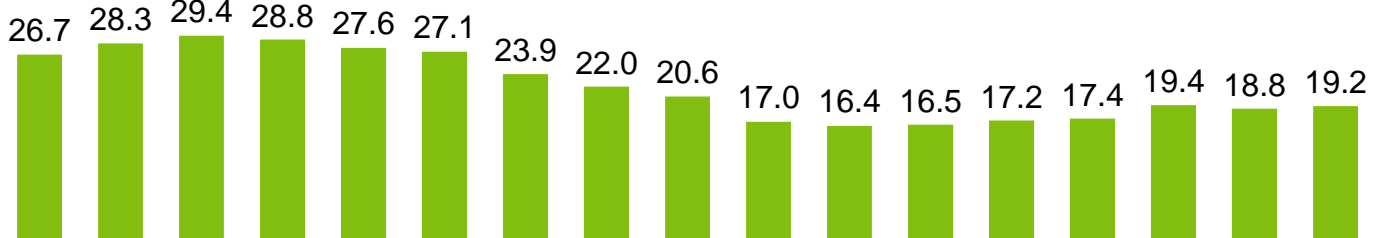
housing loans (in % of GDP)



consumer loans (incl. home equities) (in % of GDP)



corporate loans (in % of GDP)



2Q 2022 data for other CEE/CIS countries (in % of GDP)*

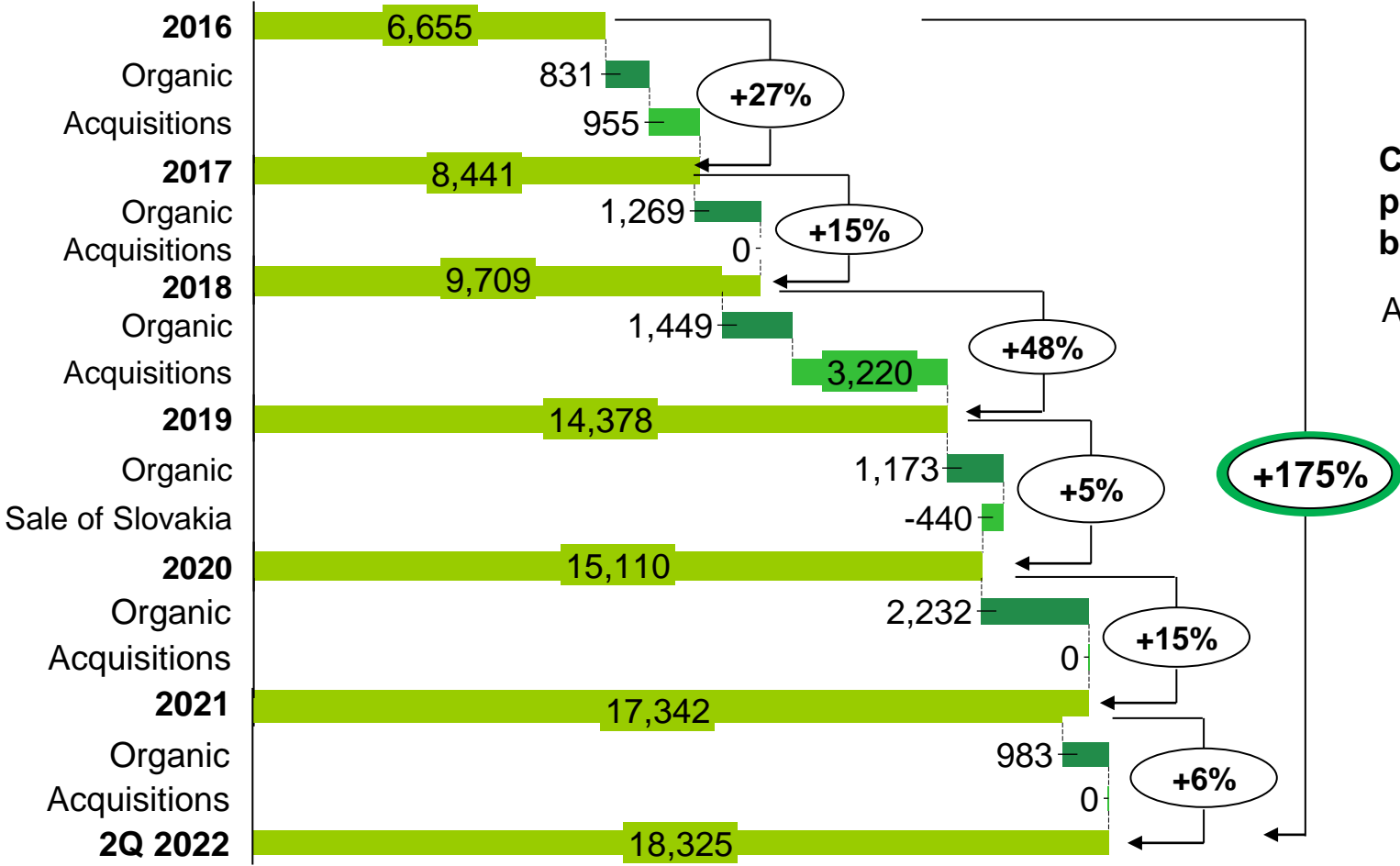
28.0	Montenegro*	9.0	Russia
26.7	Czechia	8.5	Serbia
18.6	Poland	8.2	Romania
16.4	Croatia	8.2	Albania
14.5	Slovenia	4.8	Moldova
10.7	Bulgaria	0.4	Ukraine
17.1	Croatia	7.3	Czechia
13.3	Serbia	5.1	Romania
11.3	Bulgaria	4.7	Slovenia
11.2	Poland	4.2	Moldova
9.4	Russia	4.2	Albania
		3.7	Ukraine
35.6	Russia	19.9	Czechia
27.9	Bulgaria	18.9	Slovenia
25.9	Montenegro	14.3	Poland
25.2	Serbia	13.2	Moldova
22.7	Croatia	13.1	Romania
22.4	Albania	12.4	Ukraine

¹ Latest available data. According to the supervisory balance sheet data provision.
*: total households loan

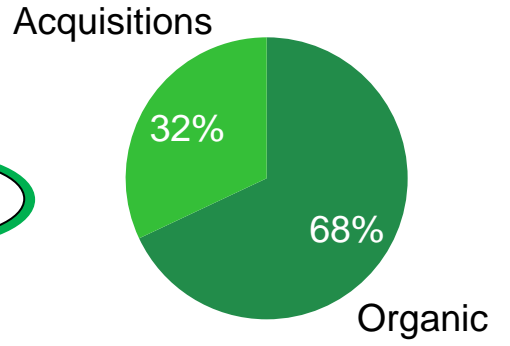
OTP Group's performing loans grew to 2.8-fold between 2016 and 2Q 2022, driven by both organic growth and acquisitions

OTP Group – performing (DPD0-90) loan growth¹

FX-adjusted, in HUF billion




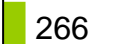



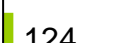

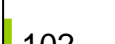













Components of the Group's performing loan growth between 2016 – 2Q 2022



¹ Performing loan data of acquisitions: Splitska banka: 2Q 2017; Vojvodjanska banka: 4Q 2017 (estimate); Expressbank, SG Albania, SG Montenegro, SG Moldova, SG Serbia and SG Slovenia: 4Q 2019. As for the sale of Slovakia, its 3Q 2020 loan figure was displayed. Organic loan growth is calculated as total growth less acquisitions-related growth (latter includes the sale of Slovakia).

Acquisitions completed in the last five years materially improved OTP's positions in many countries. In July 2022 the Albanian deal was completed, thus OTP became the third largest market player with a 15% share in term of net loans. The closure of the NKBM transaction in Slovenia is expected in 4Q 2022 subject to obtaining all regulatory approvals

Target (seller, date of closing)		Net loan volumes (in HUF billion)	Market share in total assets (before/after acquisition ¹ , %)	Book value (in EUR million)
2017	 Splitska banka, Croatia (SocGen, 2Q 2017)	(Nov 18)  631	4.8 → 11.2	(4Q 16) 496
	 Vojvodjanska banka, Serbia (NBG, 4Q 2017)	(1Q 19)  266	1.5 → 5.7	(3Q 17) 174
2019	 SocGen Expressbank, Bulgaria (SocGen, 1Q 2019)	(1Q 19)  774	14.0 → 19.9	(4Q 18) 421
	 SocGen Albania (SocGen, 1Q 2019)	(1Q 19)  124	6.0	(4Q 18) 58
	 SocGen Moldova (SocGen, 3Q 2019)	(3Q 19)  102	14.0	(4Q 18) 86
	 SocGen Montenegro (SocGen, 3Q 2019)	(3Q 19)  126	17.6 → 30.4	(4Q 18) 66
	 SocGen Serbia (SocGen, 3Q 2019)	(3Q 19)  716	5.3 → 13.7	(4Q 18) 381
	 SKB Banka, Slovenia (SocGen, 4Q 2019)	(4Q 19)  827	8.5	(4Q 18) 356
2022	 Alpha Bank SH.A., Albania (Alpha International Holdings, 3Q 2022)	(4Q 20)  99	6.2 → 10.9	(4Q 20) 73
	 Nova KBM, Slovenia (Apollo Global and EBRD, signed but not closed)	(4Q 20)  1,633	8.2 → 28.7	(4Q 20) 992
Acquisitions total:		 5,298		3,102

¹ Reference date of market share data: Croatia: 2Q 2017, Serbia - Vojvodjanska 4Q 2016, Bulgaria: 1Q 2019, Albania - SocGen: 4Q 2018, Moldova: 2Q 2019, Montenegro: 2Q 2019, Serbia - SocGen 2Q 2019, Slovenia - SKB: 4Q 2018, Albania – Alpha: 3Q 2021, Nova KBM Slovenia: 4Q 2020.

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