

OTP Group Full year 2021 results

Conference call – 4 March 2022

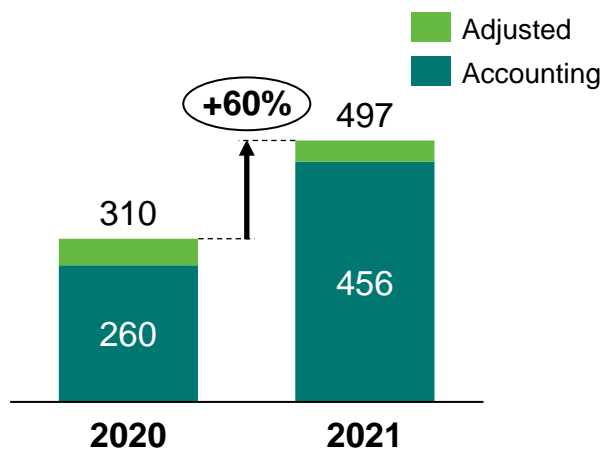
László Bencsik

Chief Financial and Strategic Officer

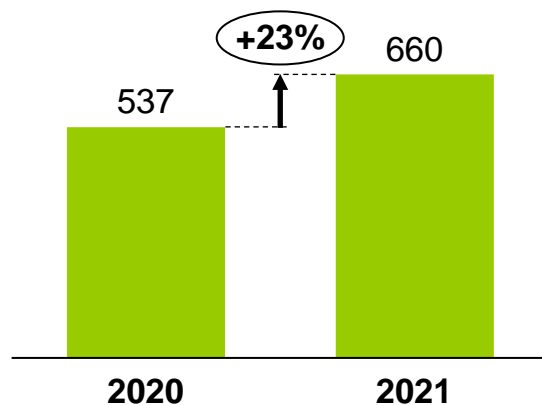


In 2021, the adjusted profit of OTP Group increased by 60% due to better operating results and lower risk costs. The Group's capital and liquidity positions are outstandingly stable.

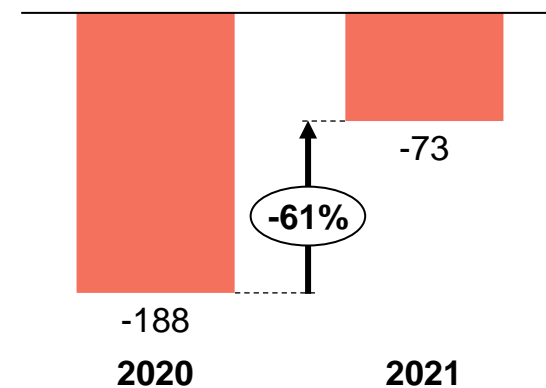
After tax profit (HUF billion)



Operating profit (HUF billion)

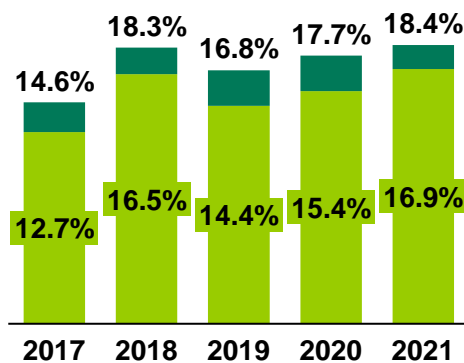


Total risk cost (HUF billion)

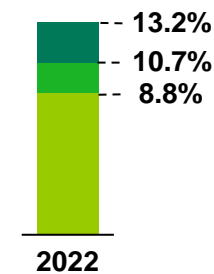


OTP Group capital adequacy ratios and regulatory requirements

CAR and CET1 rate actual values¹



Regulatory requirements end of 2022²



Factors behind the 1.2%-points increase in the CAR minimum expectation compared to the end of 2021:

- The group-wide SREP rate increased from 117.25% to 125% from 1 March 2022.
- The buffer of systemically important institutions (O-SII) increased from 0 to 0.5% from 2022.
- The Bulgarian countercyclical buffer rate will increase to 1% in 2022 and 0.5% in Romania.

Legend: Capital adequacy ratio (CAR) (dark green), Tier 1 rate (medium green), CET1 rate (light green)

Key liquidity ratios and liquid reserves

	2020	2021	Threshold
Net loan/deposit ratio	76%	75%	-
Liquidity coverage ratio (LCR)	214%	180%	≥ 100%
Net stable funding ratio (NSFR)	139%	135%	≥ 100%
Operational liquidity reserves in Hungary (in EUR billion equivalent)	8.9	9.1	-

¹ 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.

² In the absence of additional core capital (AT1), the Tier 1 regulatory requirement is also effective for the CET1 rate.

In 4Q 2021 the balance of adjustment items was -HUF 2.2 billion, mostly related to the effect of acquisitions line

(in HUF billion)	2020	2021	Y-o-Y	4Q 20	3Q 21	4Q 21	Q-o-Q	Y-o-Y
Consolidated after tax profit (accounting)	259.6	456.4	76%	71.5	120.2	121.1	1%	69%
Adjustments (total)	-50.6	-40.5	-20%	-7.1	-7.1	-2.2	-69%	-69%
Dividends and net cash transfers (after tax)	0.2	0.7	243%	-0.3	0.3	-0.1		-67%
Goodwill/investment impairment charges (after tax)	0.9	1.9	116%	-	-	2.6 ¹		
Special tax on financial institutions (after tax)	-17.4	-18.9	9%	0.0	0.0	0.0		
Expected one-off negative effect of the debt repayment moratorium in Hungary (after tax)	-28.3	-15.0	-47%	-10.8	-9.2	-0.3	-97%	-98%
Impact of fines imposed by the Hungarian Competition Authority (after tax)	0.7	-		-	-	-		
Effect of acquisitions (after tax)	-6.9	-15.5	126%	4.0	-4.6	-6.7 ²	45%	
Result of the treasury share swap agreement (after tax)	-	6.3		-	6.4	2.2 ³	-66%	
Consolidated adjusted after tax profit	310.3	496.9	60%	78.6	127.3	123.3	-3%	57%

¹ HUF 2.6 billion tax shield related to the recognition or reversal of impairment charges booked in relation to the revaluation of investments in certain subsidiaries (after tax).

² -HUF 6.7 billion effect of acquisitions (after tax) related mainly to the integration costs of the Serbian, Slovenian and Bulgarian banks.

³ HUF 2.2 billion related to the treasury share swap agreement between MOL and OTP, reflecting the share price changes and the updated model calculation for dividend pay-outs.
















The annual adjusted profit improvement was equally driven by double-digit revenue dynamics and lower risk costs, entailing 19% clean operating income growth. In 4Q the continued increase in core banking revenues was offset by the seasonal peak in operating expenses and higher risk costs

(HUF billion)	2020	2021	Y-o-Y	Y-o-Y FX-adjusted, w/o the sale of Slovakia	3Q 2021	4Q 2021	Q-o-Q
Consolidated adjusted after tax profit	310.3	496.9	60%	59%	127.3	123.3	-3%
Profit before tax	351.8	587.9	67%	66%	151.0	147.6	-2%
Operating profit without one-offs	537.4	660.4	23%	23%	176.0	176.9	0%
Total income without one-offs	1,169.9	1,313.1	12%	13%	333.1	362.4	9%
Net interest income without one-offs	788.1	884.0	12%	13%	222.7	247.5	11%
Net fees and commissions	293.1	325.5	11%	12%	86.0	87.3	2%
Other net non interest income without one-offs	88.7	103.6	17%	17%	24.4	27.6	13%
Operating expenses ¹	-632.5	-652.7	3%	5%	-157.1	-185.5	18%
Total risk cost	-188.0	-72.5	-61%	-61%	-25.0	-29.3	17%
One-off item: result of the share swap agreement ²	2.4	-			-	-	
Corporate tax ¹	-41.5	-91.0	119%	119%	-23.7	-24.3	2%

¹ The local business tax and innovation contribution paid in Hungary was booked within operating costs until end-2020. Starting from 2021 these items are booked on the corporate tax line. In 2021 the total amount was HUF 19.2 billion on consolidated level. In the grey y-o-y changes column we indicated the changes adjusted for this reclassification, too.

² Starting from 1Q 2021 the result of the treasury share swap agreement is presented amongst the adjustment items.

The main Group members posted significant y-o-y improvement in their 2021 profit with Serbia, Romania and Albania delivering the most dynamic y-o-y profit growth














		Adjusted profit after tax (in HUF billion)		
		2020	2021	Y-o-Y
	OTP Group	310.3	496.9	60%/59% ¹
	OTP Core (Hungary)	159.3	213.4	34%
	DSK Group (Bulgaria)	41.0	76.8	87%/84% ²
	OBH (Croatia)	14.8	33.4	126%/118% ²
	OBSrb (Serbia)	7.3	32.1	340%
	SKB (Slovenia)	9.7	16.8	74%
	OBR (Romania)	1.6	4.3	173%/159% ²
	OBU (Ukraine)	26.1	39.0	49%/53% ²
	OBRu (Russia)	16.3	37.6	131%/136% ²
	CKB Group (Montenegro)	4.3	4.1	-4%
	OBA (Albania)	2.0	5.5	182%
	OBM (Moldova)	4.0	5.9	47%
	OBS (Slovakia)	-1.2		-
	Merkantil Group (Hungary)	7.7	8.0	4%
	OTP Fund Mgmt. (Hungary)	9.7	6.1	-37%
	Other Group members	7.8	13.8	78%
	Other Hungarian subs.	8.2	10.2	24%
	Corporate Centre	-0.6	2.9	
	Other foreign subs + eliminations	0.1	0.7	

¹ FX-adjusted change without the effect of the sale of OTP Bank Slovakia.

² FX-adjusted change.

The 2021 total income grew by 12% organically. In 4Q the quarterly increase was driven by Hungary, Russia and Ukraine, as well as by other Group members

■ Effect of OBS sale















TOTAL INCOME without one-off items		2021 (HUF billion)	4Q 2021 (HUF billion)	2021 Y-o-Y (HUF billion, %)		4Q 2021 Q-o-Q (HUF billion, %)			
	OTP Group	1313	362	-12	156	143	12%/13% ¹	29	9%
	OTP CORE (Hungary)	546	149		93		20%	6	4%
	DSK Group (Bulgaria)	178	47		12		7%/5% ²	2	4%/1% ²
	OBH (Croatia)	89	22		4		5%/2% ²	-1	-5%/-7% ²
	OBSrb (Serbia)	83	22		4		6%	1	6%/3% ²
	SKB Banka (Slovenia)	42	11		2		5%	0	4%/1% ²
	OBR (Romania)	47	12		3		7%/6% ²	0	2%/-1% ²
	OBU (Ukraine)	84	26		16		24%/27% ²	5	23%/15% ²
	OBRu (Russia)	118	33	-5			-4%/0% ²	4	14%/6% ²
	CKB Group (Montenegro)	22	6	0			0%	0	2%
	OBA (Albania)	13	4		2		16%	0	4%
	OBM (Moldova)	15	4		1		5%	0	12%
	OBS (Slovakia)	-	-	-12					-
	Others	75	26		24		49%	11	76%

¹ FX-adjusted change without the effect of the sale of OTP Bank Slovakia.

² FX-adjusted change.

The 2021 net interest income grew by 12% organically. In 4Q the quarterly improvement reached 11%, with bulk of the q-o-q growth coming from Hungary

■ Effect of OBS sale

NET INTEREST INCOME	2021 (HUF billion)	4Q 2021 (HUF billion)	2021 Y-o-Y (HUF billion, %)		4Q 2021 Q-o-Q (HUF billion, %)	
 OTP Group	884	248	-9	104 96	12%/13% ¹	25 11%
 OTP CORE (Hungary)	369	108		83	29%	15 16% ¹
 DSK Group (Bulgaria)	113	30		2	1%/0% ²	1 5%/2% ²
 OBH (Croatia)	61	16		3	5%/2% ²	1 4%/1% ²
 OBSrb (Serbia)	62	16		3	5%/3% ²	1 4%/1% ²
 SKB Banka (Slovenia)	28	7	0		-2%/-4% ²	0 2%/0% ² ²
 OBR (Romania)	36	10		4	11%/10% ²	1 5%/3% ²
 OBU (Ukraine)	62	19		13	28%/31% ²	2 14%/7% ² ³
 OBRu (Russia)	91	25	-9		-9%/-5% ²	2 11%/3% ² ⁴
 CKB Group (Montenegro)	17	4	-1		-4% ⁵	0 5%
 OBA (Albania)	11	3		1	8%	0 6%
 OBM (Moldova)	10	3		1	9%	0 16%
 OBS (Slovakia)	0	0	-9		-	-
 Merkantil (Hungary)	21	5		3	17%	0 4%
Corporate Centre	1	1		1	201%	1 458%
Others	2	1		1	162%	0 29%

¹ NII growth in 2021 was driven by the continued dynamic growth in business volumes, as well as the higher NIM. In 4Q NII almost half of the q-o-q increase came from the interest rate swaps' revaluation result recognised within NII. The majority of this revaluation result came from transactions with an aim of optimizing the yield of the liquid asset portfolio, under which the Bank sold government securities and closed the related hedging purposes interest swap positions. This revaluation result was partly offset on the gain on securities line, under other income.

² Despite of the growth in business volumes, full-year NII dropped due to the erosion of net interest margin, owing to strong competition and low interest rate environment.

³ The outstanding annual NII growth was equally supported by robust loan growth and higher margin. These trends continued into 4Q, too.

⁴ The annual contraction was due to lower average interest rate on loans, despite higher average volumes.

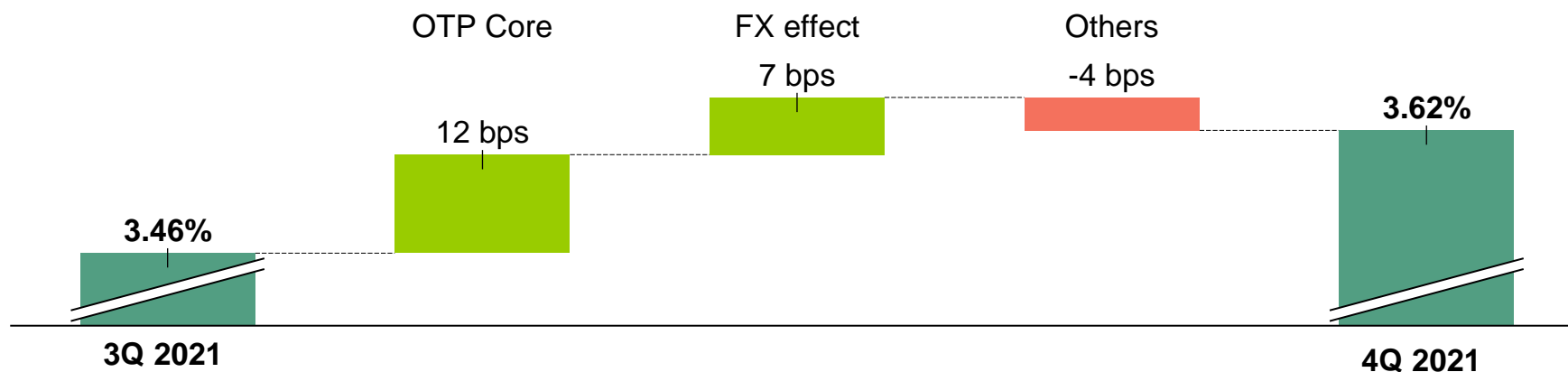
⁵ Narrowing margins were the main drag on the annual NII.

¹ FX-adjusted change without the effect of the sale of OTP Bank Slovakia.

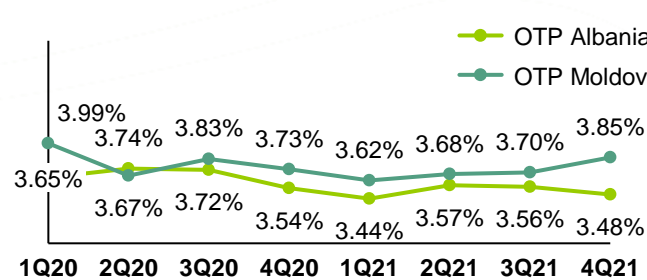
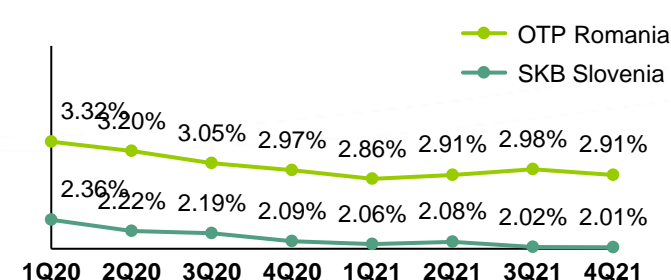
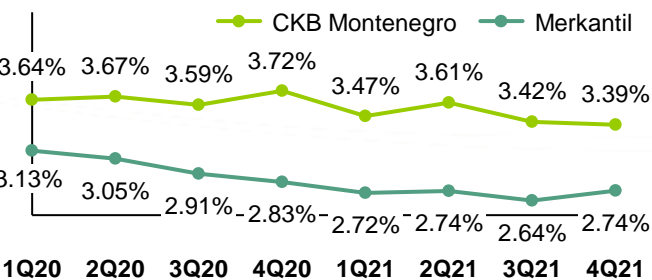
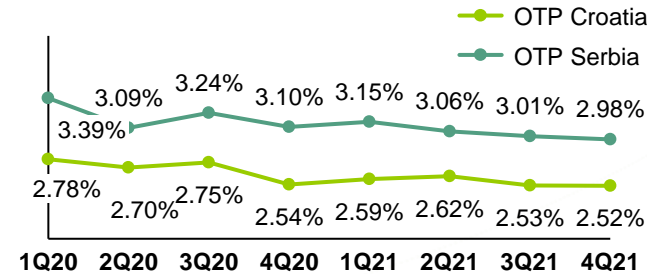
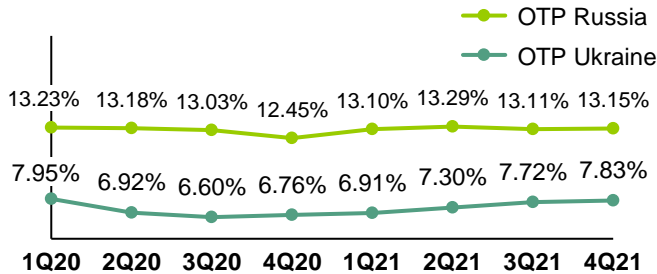
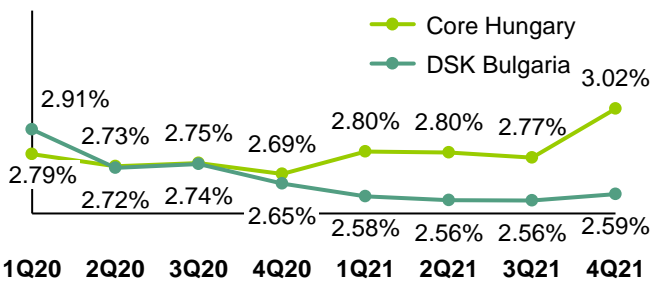
² FX-adjusted change.

The consolidated net interest margin improved q-o-q: at OTP Core the rising interest rates had a favourable impact (while there is a certain time-lag regarding the repricing of variable rate assets), but one-off positive items helped, too

Consolidated net interest margin development















Net interest margin development at the Group members



The q-o-q growth of the consolidated performing loans remained robust (+4% FX-adjusted). The Hungarian growth was held back by the shifting of loans under the moratorium into Stage 3 owing to the moratorium extension.

Q-o-Q performing (Stage 1 + 2) LOAN volume changes adjusted for FX-effect – 4Q 2021













	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)	586	168	102	63	80	12	35	43	54	3	15	5
Total	4%	3%	4%	4%	5%	1%	4%	7%	9%	1%	8%	3%
Consumer	2%	1%	3%	1%	1%	-1%	2%	12%	7%	0%	3%	1%
Mortgage	3%	1%	5%	5%	4%	1%	4%			3%	5%	5%
	Housing loan	Home equity										
	2%	-3%										
Corporate ¹	6%	6%	3%	7%	8%	3%	3%	11%	16%	0%	9%	3%
Leasing	1%	2%	4%	-6%	0%	-1%	3%	-1%			11%	-2%

¹ Loans to MSE and corporate clients.

² Changes of leasing volumes of Merkantil Group in Leasing line.

The consolidated performing loans expanded 15% y-o-y. The outstanding 19% expansion of the Hungarian loan portfolio was supported mainly by the subsidized lending programmes, whereas the direct volume-boosting effect of the moratorium explained 3 pps out of the 19% growth in Hungary

Y-o-Y performing (Stage 1 + 2) LOAN volume changes adjusted for FX-effect – 2021













	Cons. 	Core ² (Hungary) 	DSK (Bulgaria) 	OBH (Croatia) 	OBSrb (Serbia) 	SKB (Slovenia) 	OBR (Romania) 	OBU (Ukraine) 	OBRu (Russia) 	CKB (Monten.) 	OBA (Albania) 	OBM (Moldova) 
Y-o-Y nominal change (HUF billion)	2,020	845	276	147	151	66	170	181	103	1	33	29
Total	15%	19%	11%	10%	10%	7%	21%	41%	18%	0%	18%	22%
Consumer	14%	25%	11%	3%	5%	-2%	19%	30%	12%	-6%	13%	22%
Mortgage	15%	12%	18%	25%	19%	8%	15%			4%	19%	39%
	Housing loan	Home equity										
	15%	-3%										
Corporate¹	16%	21%	6%	6%	11%	13%	27%	49%	59%	2%	19%	14%
Leasing	11%	10%	15%	6%	-3%	0%	23%	35%			7%	6%

¹ Loans to MSE and corporate clients.

² Changes of leasing volumes of Merkantil Group in Leasing row.

Consolidated deposits grew by 5% q-o-q mainly due to the 9% increase in Hungary

Q-o-Q DEPOSIT volume changes adjusted for FX-effect – 4Q 2021

	Cons.¹ 	Core (Hungary) 	DSK (Bulgaria) 	OBH (Croatia) 	OBSrb (Serbia) 	SKB (Slovenia) 	OBR (Romania) 	OBU (Ukraine) 	OBRu (Russia) 	CKB (Monten.) 	OBA (Albania) 	OBM (Moldova) 
Q-o-Q nominal change (HUF billion)	1,081	799	20	43	45	21	26	56	44	11	7	18
Total	5%	9%	1%	2%	4%	2%	3%	9%	12%	3%	3%	8%
Retail	4%	7%	3%	2%	4%	0%	1%	4%	4%	5%	2%	6%
Corporate¹	7%	10%	-7%	3%	3%	5%	5%	12%	25%	1%	4%	10%

¹ Including MSE, MLE and municipality deposits.

Consolidated deposits grew by 18% in 2021, within that Hungarian deposits surged by 25%

Y-o-Y DEPOSIT volume changes adjusted for FX-effect – 2021

	Cons.	Core (Hungary)	DSK (Bulgaria)	OBH (Croatia)	OBSrb (Serbia)	SKB (Slovenia)	OBR (Romania)	OBU (Ukraine)	OBRu (Russia)	CKB (Monten.)	OBA (Albania)	OBM (Moldova)
Y-o-Y nominal change (HUF billion)	2,916	2,003	142	235	76	63	118	125	28	58	31	34
Total	16%	25%	4%	14%	7%	6%	17%	23%	7%	17%	14%	16%
Retail	10%	15%	7%	12%	12%	2%	16%	11%	-8%	8%	11%	16%
Corporate¹	24%	36%	-5%	18%	2%	12%	17%	30%	40%	29%	24%	17%
Deposits – Net loans gap (HUF billion)	5,317	4,815	1,056	198	-432	245	-150	57	-210	44	41	86

¹ Including MSE, MLE and municipality deposits.

In 2021 net fees grew by 12% y-o-y (w/o OBS sale and FX-adjusted). The moderate 2% growth in 4Q was owing to negative one-offs in Hungary and seasonally weaker Croatia, offset by the reviving fee revenues in Russia and the success fee revenues realized by OTP Fund Management (Hungary)

■ Effect of OBS sale

NET FEE INCOME		2021 (HUF billion)	4Q 2021 (HUF billion)	2021 Y-o-Y (HUF billion, %)		4Q 2021 Q-o-Q (HUF billion, %)			
	OTP Group	326	87	-3	36	32	11%/12% ¹	1	2%
	OTP CORE (Hungary)	151	38		20		15%	-3	-7%
	DSK Group (Bulgaria)	55	15		9		20%/18% ²	0	2%/-1% ²
	OBH (Croatia)	18	5		2		13%/11% ²	-1	-15%/-17% ²
	OBSrb (Serbia)	14	4	0			-2%/-4% ²	1	14%/12% ²
	SKB Banka (Slovenia)	13	4		2		19%/17% ²	0	7%/4% ²
	OBR (Romania)	4	1		0		9%/8% ²	0	30%/27% ²
	OBU (Ukraine)	14	4		1		7%/10% ²	0	-6%/-13% ²
	OBRu (Russia)	26	8		3		14%/19% ²	2	25%/17% ²
	CKB Group (Montenegro)	5	1		0		10%	0	0%
	OBA (Albania)	2	0		1		44%	0	3%
	OBM (Moldova)	2	1		0		10%	0	-3%
	OBS (Slovakia)	-	-	-3			-		-
	Fund mgmt. (Hungary)	10	5	-4			-31%	3	147%

1 The y-o-y growth was fuelled by the economic bounce-back: the nominal GDP growth in 2021 exceeded 12%. The q-o-q drop in the fourth quarter was caused by one-off items: first, similar to previous years, the total annual amount of credit-card-related refunds to clients, HUF 2.7 billion, was recorded as a lump sum in 4Q 2021. Second, the base period of 3Q 2021 was positively affected by a HUF 0.6 billion tax deduction, owing to the payment into the Compensation Fund.

2 In Croatia 2021 net fees surged mainly as a result of stronger economic activity and tourism season. In the fourth quarter fee income dropped q-o-q, largely owing to seasonally lower tourism-related revenues.

3 In 4Q -HUF 1.1 billion was shifted from other income to card commission expenses.

4 The Russian q-o-q growth was driven by increasing volumes, mainly credit card exposures and deposit volumes.

5 The q-o-q increase was due to the success fee income booked in 4Q after the 2021 performance of the managed funds. Success fees fell short of the 2020 base period.

¹ FX-adjusted change without the effect of the sale of OTP Bank Slovakia.

² FX-adjusted change.

The cumulated other net non-interest income leaped by 17% y-o-y, and by 13% q-o-q in 4Q

■ Effect of OBS sale

OTHER INCOME without one-off items		2021 (HUF billion)	4Q 2021 (HUF billion)	2021 Y-o-Y (HUF billion, %)		4Q 2021 Q-o-Q (HUF billion, %)	
	OTP Group	104	28	-1	16	15	17%
	OTP CORE (Hungary)	26	3	-10			-28%
	DSK Group (Bulgaria)	11	3		1		11%/10% ²
	OBH (Croatia)	10	2	-1			-9%/-11% ²
	OBSrb (Serbia)	7	2		2		40%/37% ²
	SKB Banka (Slovenia)	1	0		0		23%/19% ²
	OBR (Romania)	6	1	-1			-13%
	OBU (Ukraine)	7	4		2		33%/35% ²
	OBRu (Russia)	1	0		0		30%/20% ²
	CKB Group (Montenegro)	1	0		0		33%
	OBA (Albania)	1	0		0		89%
	OBM (Moldova)	3	1		0		-10%
	OBS (Slovakia)	-	-	-1			-
	Others	29	11		22		317%

1 The annual drop in other net non-interest income can be explained mainly by two items: the weaker foreign exchange result in 2Q and the securities losses in 4Q 2021, latter was offset on the NII line.

2 The 4Q decline was reasoned by the seasonally lower income from foreign currency exchange, as well as from the negative revaluation result owing to a IT-system-related write-off (0.2 billion) and unfavourable FX rate movements.

3 In 4Q -HUF 1.1 billion was shifted from other income to card commission expenses.

4 The annual growth was mainly related to the Other Hungarian subsidiaries segment: newly consolidated entities generated more than HUF 11 billion additional other income in 2021. Furthermore, the PortfoLion private equity funds improved the y-o-y dynamics by HUF 11 billion, too. Out of the HUF 7 billion q-o-q growth, HUF 2 billion was due to newly consolidated entities (mainly OTP Travel), and almost HUF 3 billion was explained by the higher contribution of PortfoLion funds.

¹ FX-adjusted change without the effect of the sale of OTP Bank Slovakia.

² FX-adjusted change.

Consolidated operating costs grew by 7.7% y-o-y organically, adjusted for FX and the shifting of the Hungarian local business tax to the corporate tax line

■ Effect of OBS sale

OPERATING COSTS		2021 (HUF billion)	Y-o-Y (HUF billion, %)		Y-o-Y, FX-adjusted (HUF billion, %)	
	OTP Group	653	20	50 ^{1,2} / 3% / 8.1% ^{1,2}	18	49 ^{1,2} / 3% / 7.7% ^{1,2}
	OTP CORE (Hungary)	289	17	34 ² / 6% / 12% ²	17	34 ² / 6% / 12% ²
	DSK Group (Bulgaria)	72	-5	-6%	-6	-8%
	OBH (Croatia)	45	1	2%	0	-1%
	OBSrb (Serbia)	43	0	-1%	-1	-3%
	SKB Banka (Slovenia)	23	2	10%	2	8%
	OBR (Romania)	38	6	18%	6	18%
	OBU (Ukraine)	29	3	14%	4	16%
	OBRu (Russia)	56	-2	-4%	0	0%
	CKB Group (Montenegro)	12	-2	-14%	-2	-15%
	OBA (Albania)	6	0	9%	0	5%
	OBM (Moldova)	7	1	8%	1	12%
	OBS (Slovakia)	0	-11	-	-11	-
	Merkantil (Hungary)	11	0	1 ² / 3% / 8% ²	0	1 ² / 3% / 8% ²
	Others	22	10	11 ² / 90% / 101% ²	10	11 ² / 86% / 97% ²

1 At OTP Core the FX-adjusted cost increase without the effect of reclassification of local business taxes reached 12%. There were 2 other technical items: first, in 2Q the total amount of provisions for untaken holidays on a pro rata temporis basis (HUF 3.1 billion) was moved to personnel costs from other risk costs; second, in 4Q HUF 5.4 billion additional personnel expenses were booked in a lump sum related to expected future bonus payments. Without these two items, expenses would have grown by 9% y-o-y, partly owing to higher personnel expenses, the steady rise in depreciation on the back of IT and digital development and higher other expenses due to stronger business activity and supervisory fees.

2 In Bulgaria, Serbia and Montenegro where new acquisitions have been added recently, cost savings stemmed from the realisation of cost synergies.

3 In Romania the 18% higher costs were mostly reasoned by the growth strategy launched in 2019. The increase in personnel expenses was partly the result of the 8% growth in the average number of employees in 2021, as well as wage hikes.

4 The Others line grew because of entities newly consolidated in 2021.

¹ Changes without the effect of the sale of OTP Bank Slovakia.

² Without the effect of the reclassification of local business tax and innovation contribution from costs to taxes.



OTP CORE

In Hungary mortgage applications jumped by 55% in 2021, partly due to the Housing Subsidy for Families, the home renovation loan and the newly launched green mortgages. OTP maintained its market share above 30% in new mortgage and cash loan flows

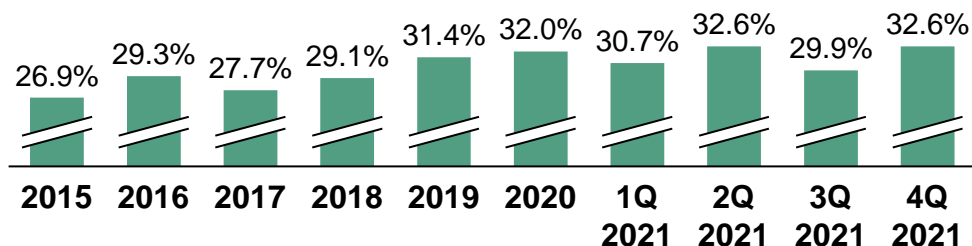
Y-o-y change of mortgage loan applications and disbursements in 2021



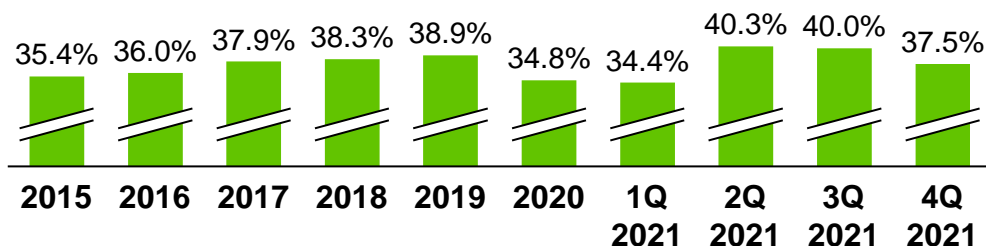
Performing (Stage 1+2) cash loan volume growth (FX-adjusted)



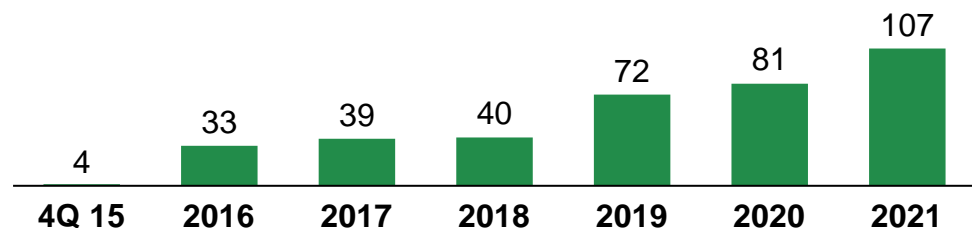
OTP's market share in mortgage loan contractual amounts



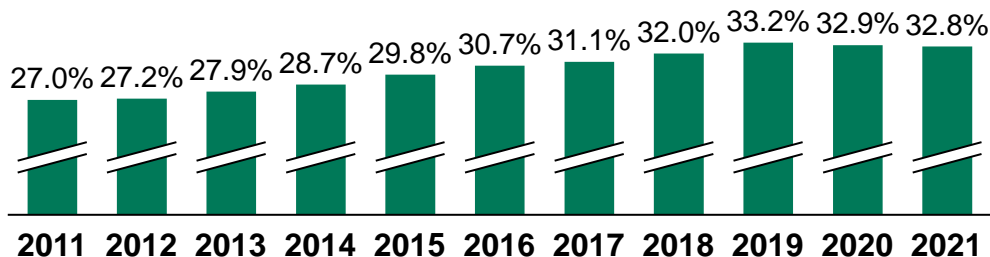
Market share in newly disbursed cash loans



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



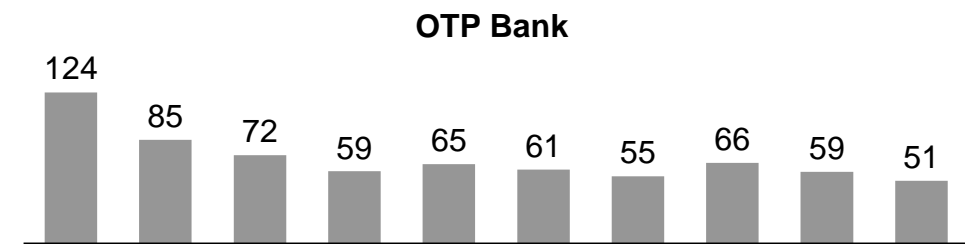
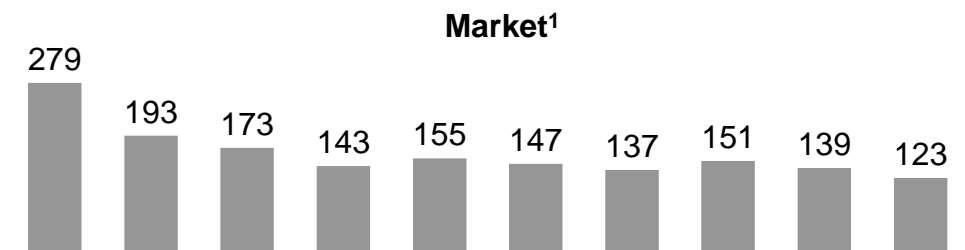
¹ In 4Q the reclassifications of cash loans into Stage 3 owing to the moratorium extension reduced performing cash loans' q-o-q dynamics by 4 pps.



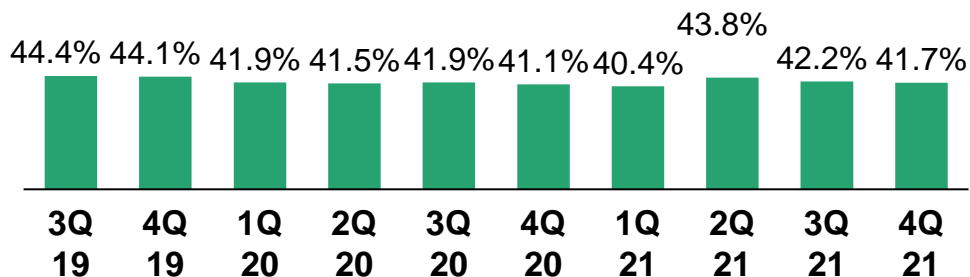
OTP Bank maintained its above 40% market share in baby loan flows. The Bank has also been actively participating in the sale of newly launched subsidized loan products

Baby loans

Contractual amount (HUF billion)



OTP's market share calculated from the contractual amount



Home renovation loan and Home renovation cash loan²

Amount submitted: HUF 52.9 bn Applications submitted: 11,638 pcs
 Average loan amount: HUF 4.5 mn Average maturity: 9.3 years

Parents raising at least one child can apply for a Home renovation loan at a fixed annual interest rate of 3 percent for up to 10 years. The loan can be applied for with a grace period of up to 1 year from 19 April 2021, during which only interest is payable.

The Home renovation personal loan helps to pre-finance the non-refundable home renovation subsidy provided by the state. The loan amount can be between HUF 1 and 10 million, and the term can range from 24 to 120 months, with a fixed interest rate over the entire term.

Green Home Programme³

Amount submitted: HUF 43.3 bn Applications accepted: 2,184 pcs
 Average loan amount: HUF 19.8 mn Average maturity: 22.5 years

The Green Home loan can be taken out for the purchase and construction of energy-efficient new homes at a fixed annual interest rate of 2.5% until the end of the term. The loan amount can be between HUF 500,000 and HUF 70,000,000, and the term can range from 6 to 25 years.

¹ Based on NBH statistics.

² The data are presented for the period January-December 2021.

³ The programme is available since October 2021.

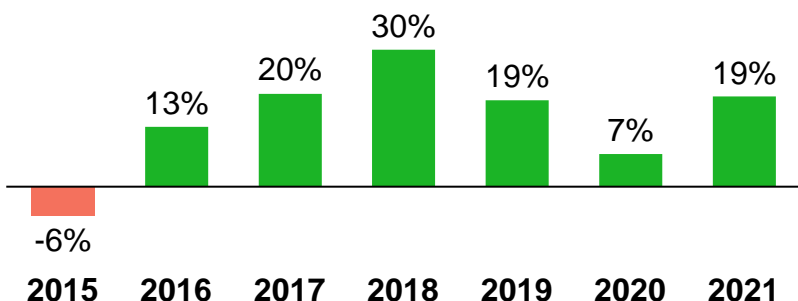


OTP CORE

OTP's SME loans grew by 26% due to the outstanding performance in the already phased-out *Funding for Growth Go!* scheme; the *Széchenyi Card Go!* scheme, introduced in July, had a favourable effect, too. OTP's corporate loan market share continued its upward trend exceeding 18.6% by the end of December

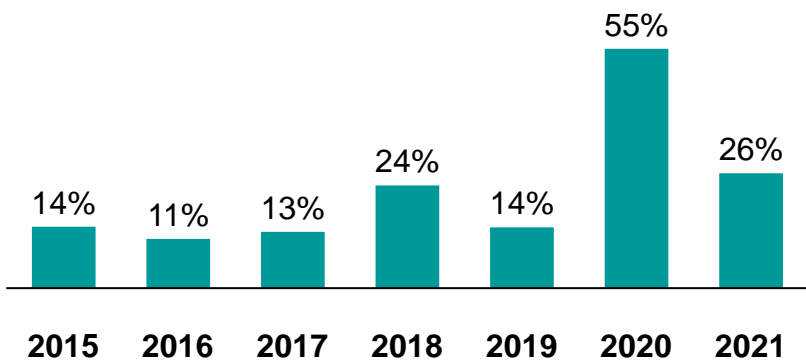
Performing corporate loan volume changes

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

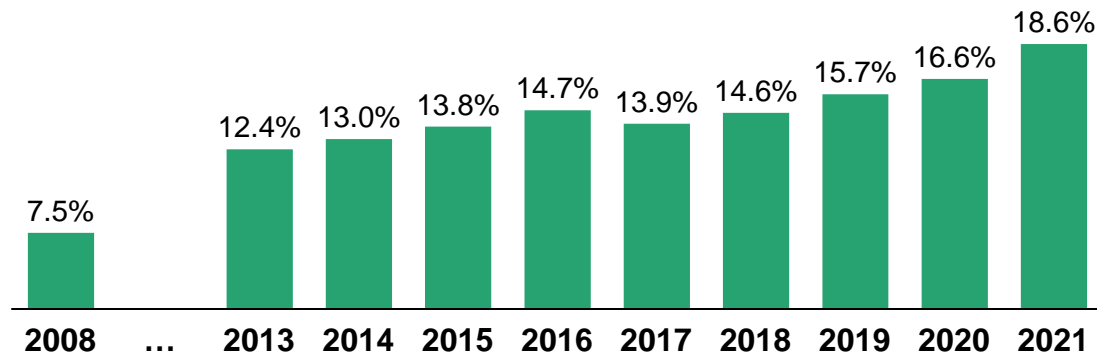


Performing loan volume changes in the micro and small companies segment

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

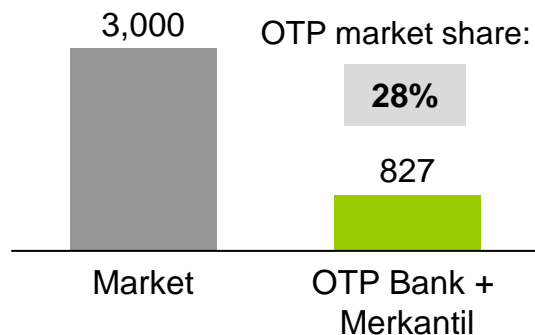


OTP Group's market share in loans to Hungarian companies¹



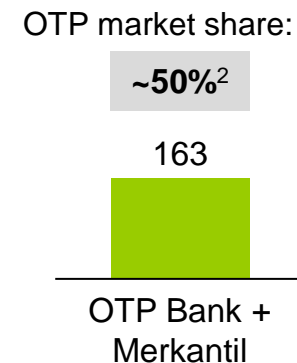
Contracted amount and market share under the phased-out *Funding for Growth Go!* Scheme

(from the start till the end of the scheme, HUF billion)



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

(from the start till the end of 2021, 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 Market share of OTP Bank. Source: KAVOSZ, OTP.

Eligible clients who applied for the moratorium by end-October can remain in the scheme until 30 June 2022. At OTP Core such loans comprised HUF 237 billion representing 4.3% of the total outstanding loan portfolio

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



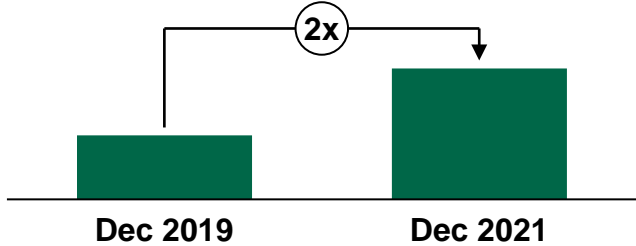
Accelerating digitization: the mobile channel is booming, and the digital activity and the share of digitally active clients has been expanding dynamically

DIGITAL ACTIVITY

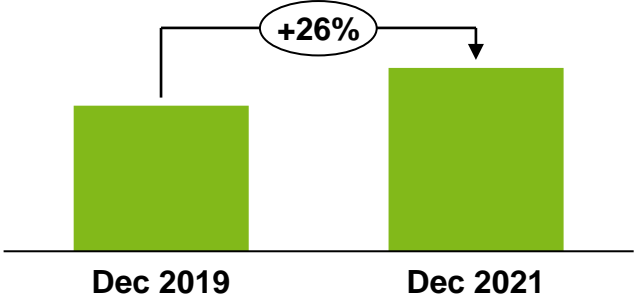
Digital activity of OTP clients has increased significantly which was supported by online campaigns, customer education in branches and continuous development of our digital services



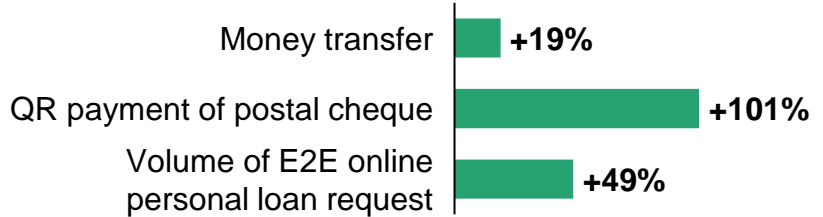
The number of OTP mobile banking app users doubled in the last 2 years, exceeding 1.6 million users



The share of digitally active¹ retail OTP clients increased by a quarter in the last 2 years



The number of digital transactions grew significantly (transaction growth between 2020 & 2021)



¹ Customers who have logged in to the internet- and/or mobile banking application at least once in 3 months.

DIGITAL DEVELOPMENTS

There was no obstacle to digital developments thanks to agile operation, therefore we were able to launch new services and processes



Mastercard
Év Bankja
2021



1. place



New Internet- & MobileBank



Mobile banking solution of the year



Marketing communication campaign of the year

Our new digital channels have relevant functionality in all retail businesses:

- Lending – E2E personal loan request also to non-OTP clients
- Savings – Portfolio view
- Daily Banking – PFM (Personal Finance Manager)

VideoBank service



Our customers can contract for retail account, POS loan, OTPdirekt via VideoBank using remote customer verification. In addition, from 2021 consulting service is also available via VideoBank.

Selfie current account opening



UX solution of the year



Our future clients can open a new retail account at any time in a few minutes without the help of a branch officer from their home using the SmartBank mobile application.

Branch & Contact Center front-end system migration



A new, modern, user friendly front-end system was developed for personal and contact center customer service colleagues enabling them to serve our clients faster and in a more personalized way.

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

ORGANIZATION

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

Board of Directors

ESG Committee
New Standing Executive Committee
Task: Decision making body of the OTP in ESG strategy related issues
Chair: Delegate of Board of Directors
Members: deputy CEO-s

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

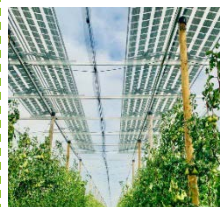
OTP Bank has successfully started implementing its ESG strategy, the main results are as follows:



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



Retail Green Housing Program:
 The OTP Bank was amongst the first banks joining the program in October 2021.
 Contracted amount of Green Housing loans: **HUF 21 billion**
 Validated¹ Green Housing loans: **HUF 4 billion**



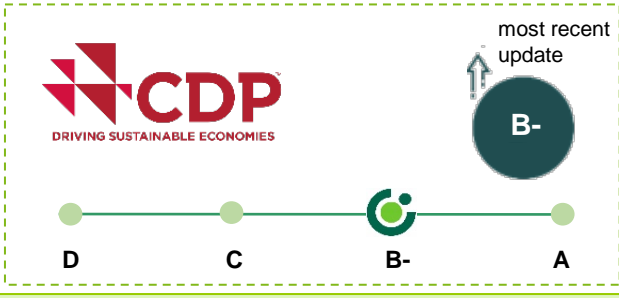
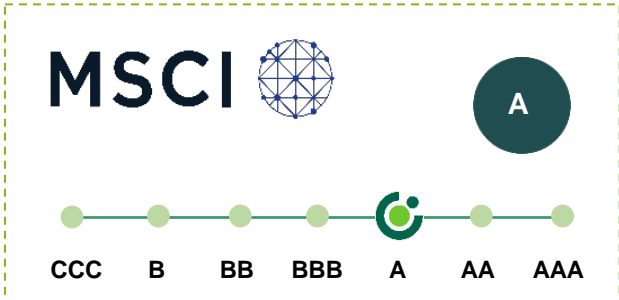
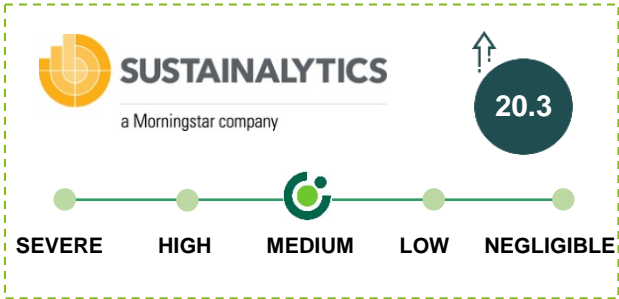
Corporate green lending launch:
 In 2021 OTP Bank has started green lending in selected sectors (renewable energy, electromobility, agriculture and commercial real estate).
 Validated¹ corporate green loans and green bonds: **HUF 67.5 billion**



OTP Bank as the first Hungarian Bank has become an official **Signatory of the UN Principles for Responsible Banking.**

RATINGS

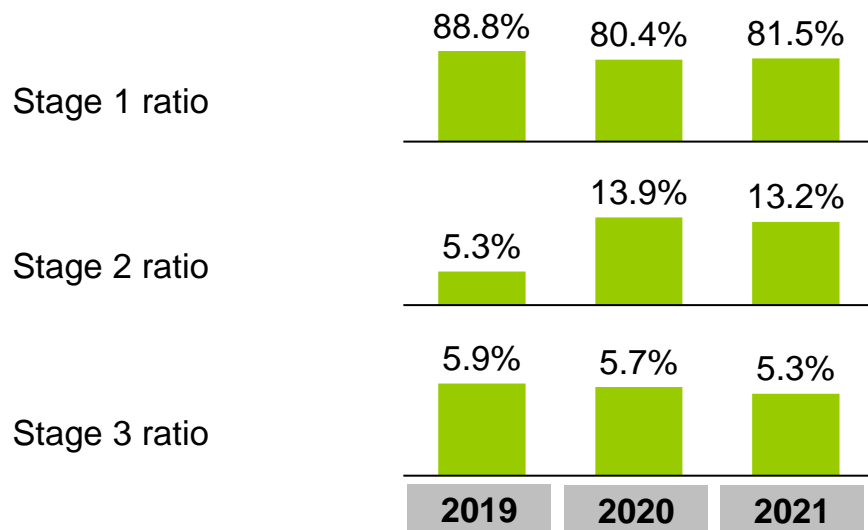
OTP Bank's sustainability performance to date has been recognized with improving ratings by several major ESG rating agencies and initiatives:



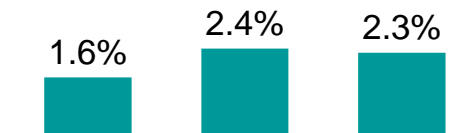
¹ Accounted by National Bank of Hungary Green Capital Relief Program

In 2021 the portfolio quality remained stable. The provision coverage levels at OTP screen favourably compared to its regional peers

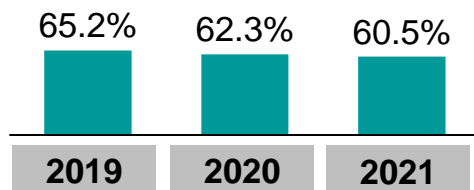
Changes in different Stage categories



Own coverage of Performing (Stage 1+2) loans



Own coverage of Non-performing (Stage 3) loans



OTP Group's conservative provisioning policy is demonstrated through a peer group comparison

Own coverage of Stage (1+2) loans compared to regional peers

	otpbank Group	otpbank Group w/o Russia	ERSTE	Raiffeisen BANK	KBC	UniCredit	INTESA SANPAOLO
2019	1.6%	1.2%	0.5%	0.5%	0.2%	0.4%	0.5%
2020	2.4%	2.1%	0.9%	0.7%	0.6%	0.9%	0.6%
2021	2.3%	2.1%	0.9%	0.7%	0.3%	0.9% ¹	0.5%

Own coverage of Stage 3 loans compared to regional peers

	otpbank Group	ERSTE	Raiffeisen BANK	KBC	UniCredit	INTESA SANPAOLO
2019	65.2%	56.6%	62.8%	45.4%	65.1%	54.6%
2020	62.3%	54.2%	64.0%	47.7%	59.8%	49.4%
2021	60.5%	51.9%	63.4%	52.9%	57.1% ¹	53.6%

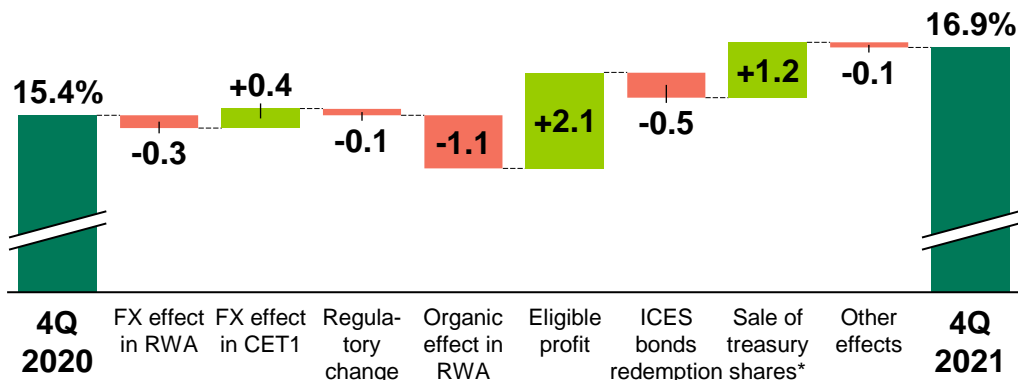
Source: Company reports.

¹ Figures reflect data as at 30 September.

Strong capital position, all capital ratios are well above the regulatory requirements. The effect of the ICES redemption was reflected in the 3Q 2021 numbers and the related sale of treasury shares to the Special Employee Partial Ownership Plan Organizations was executed in December, lifting the CET1 ratio by 120 bps

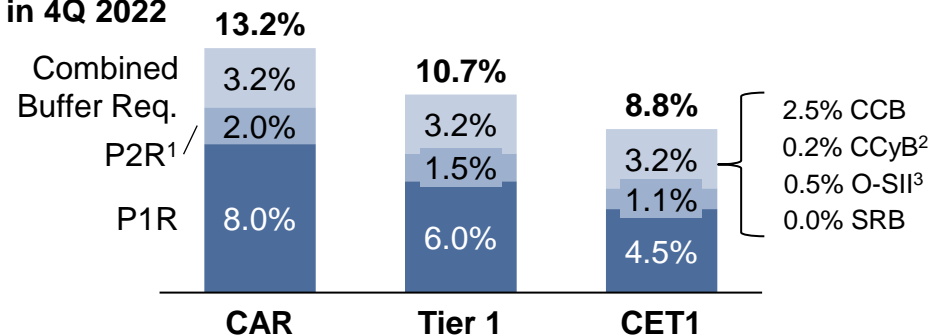
Decomposition of the change in CET1 ratio in 2021

(changes in pps)



* On 15 December 2021, OTP Bank sold in total 12,315,635 treasury shares to two Special Employee Partial Ownership Plan Organizations at a price of HUF 16,047 per share. The positive capital impact of the sale of treasury shares was HUF 198 billion.

Regulatory minima of capital adequacy ratios for OTP Group in 4Q 2022

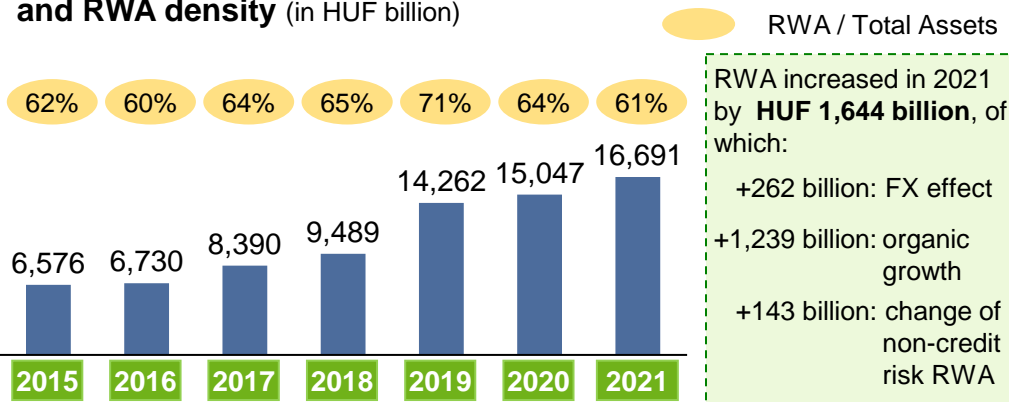


¹ The (P1R + P2R) / P1R ratio (SREP rate) for OTP Group changed to 125% starting from 1 March 2022.

² In 4Q 2022 the CCyB level will increase to 1% in Bulgaria and 0.5% in Romania, therefore the weighted CCyB requirement on a consolidated basis is expected to be 0.19% in 4Q 2022.

³ NBH set the O-SII buffer requirement at 0.5% starting from 2022 and the requirement is expected to further increase to 1% from 2023 and to 2% from 2024.

Development of the Risk Weighted Assets of OTP Group and RWA density (in HUF billion)



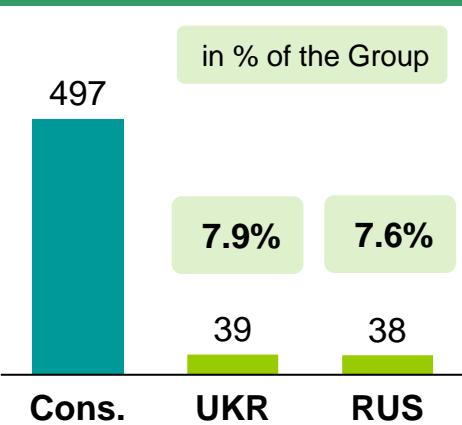
Consolidated MREL requirements

- The consolidated MREL requirement has to be met by 1 January 2024, following a 2-year transitional period. Required level is 17.66% of the Group's total risk exposure amount (TREA or RWA) and 5.89% of the Group's total exposure measure (TEM).
- Mandatory intermediate target level that had to be met by 1 January 2022 was 14.45% of the Group's TREA or RWA and 5.89% of the Group's TEM.
- The MREL requirement is to be reviewed at least once a year.
- The minimum level of subordination applicable from 16 December 2024 is set at 13.5% of TREA or RWA, 5% of TEM and 8% of TLOF.
- OTP Group has to meet the combined buffer requirement in addition to the MREL TREA requirement / MREL TREA subordination requirement.

Currently it is difficult to estimate the ramifications of the military conflict between Russia and Ukraine for the Group, in particular for the operation and performance of the Ukrainian and Russian subsidiaries. The share of the Ukrainian and Russian net loans is less than 8% within the Group

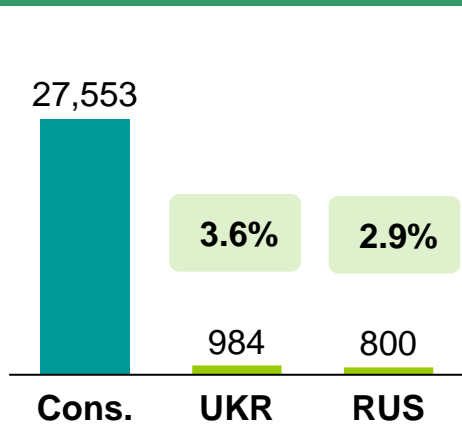
Adjusted profit

(2021, in HUF billion)



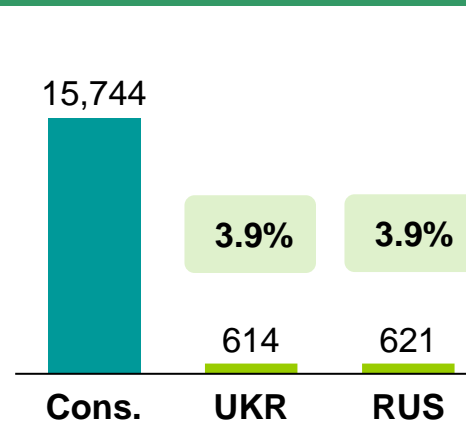
Total assets

(4Q 2021, in HUF billion)



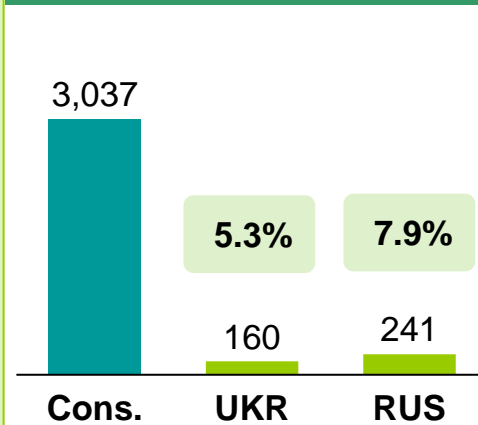
Net loans

(4Q 2021, in HUF billion)



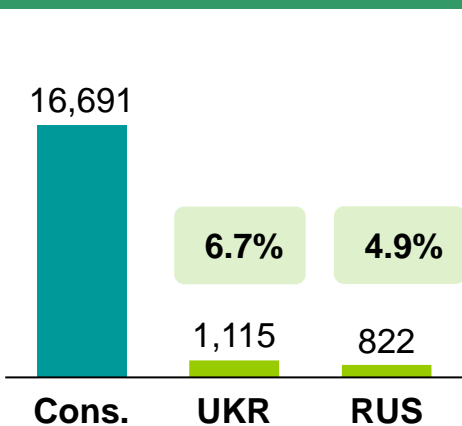
Shareholders' equity

(4Q 2021, in HUF billion)



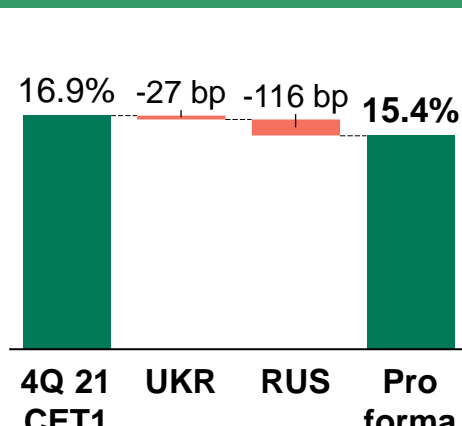
Risk weighted assets

(4Q 2021, in HUF billion)



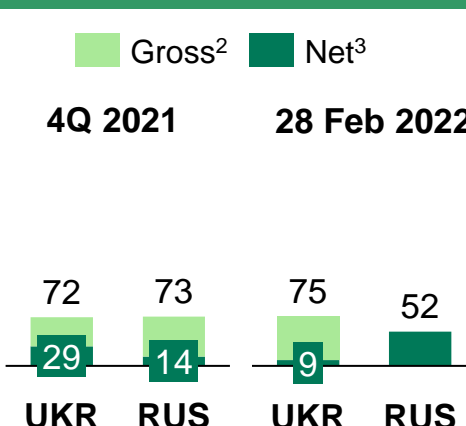
Consolidated capital effect¹

(on CET1, based on 4Q 2021 data)



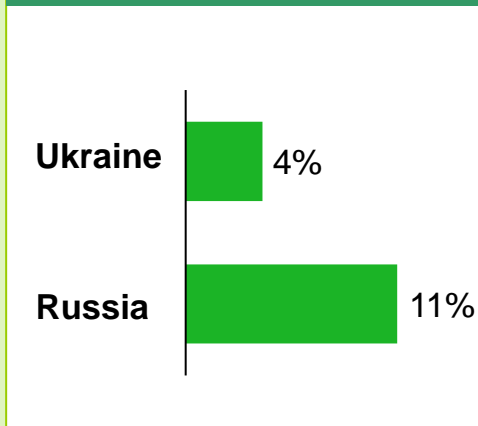
Intragroup funding

(4Q 2021, in HUF billion)



Retail depo. volume changes

(between 23 February and 3 March)



¹ Estimated CET1 impact of the Russian and Ukrainian operations, based on 4Q 2021 data, taking into consideration the equity and intragroup funding, as well as the risk weighted assets.



² HUF equivalent of the intragroup funding provided by the Group to the given country.

³ Gross funding less deposit placements by the entities in the given country to other Group members.

Management expectations for 2021 were fulfilled. Concerning 2022 outlook, there's a high degree of uncertainty because of the conflict between Russia and Ukraine. The Board of Directors will decide on the dividend proposal in March



Management expectations for 2021 were met

Expectations	2021 Fact	
1. Assuming that positive risk trends continue to prevail, adjusted ROE for 2021 may end up between 18-20%.	18.5%	
2. The performing (Stage 1+2) loan volume might expand by around 15% (FX-adjusted).	+15%	



Management guidance for 2022 and dividend

Currently it is difficult to quantify the ramifications of the Russian-Ukrainian conflict on the Russian and Ukrainian operations, potential scenarios vary over a wide spectrum.

Assuming that the conflict doesn't exert a material negative effect on the rest of the Group, the 2022 performance of the rest of the Group, i.e. without the Russian and Ukrainian operations, might develop as follows:

- Performing (Stage 1+2) **organic loan volume growth might be around 10% y-o-y** (FX-adjusted).
- Following the steady erosion during the last couple of years the **net interest margin may stabilize**.
- **The adjusted profitability indicator, the credit risk cost ratio and the operating cost efficiency ratios may be similar to 2021.**

OTP Bank's management continues to reckon the payment of HUF 119 billion **dividend** set aside after 2019 and 2020 as reasonable. However, the Board of Directors will decide on this and the proposed amount of dividend to be paid after 2021 on its March 2022 meeting, taking into account the development of the Russian-Ukrainian conflict.

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Questions and Answers session