OTP Group – Decent adjusted profit without Russia and Ukraine; ample capital & stable liquidity position amid turbulent times

Fixed Income Investor Presentation

Based on 1Q 2022 results

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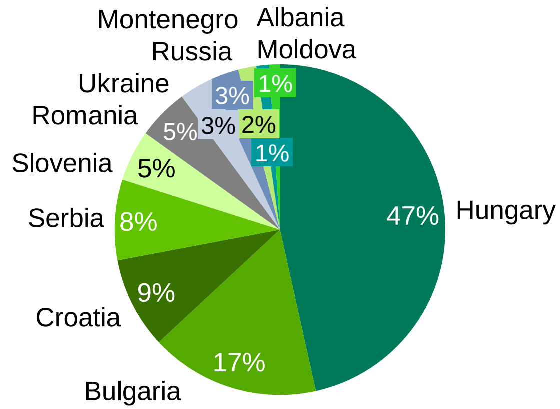
OTP Group offers universal banking services to around 16 million active customers in 11 countries across the CEE/CIS Region

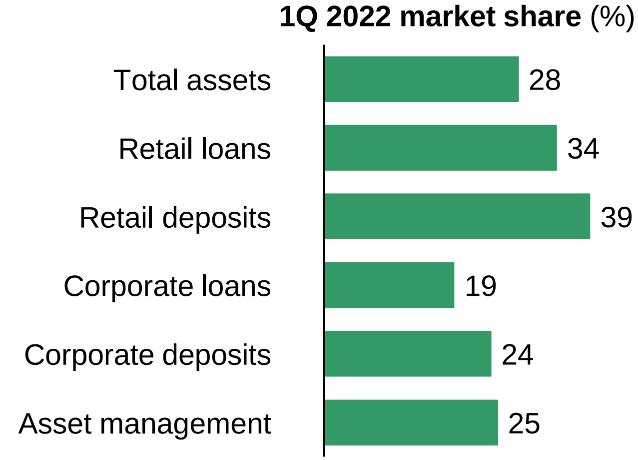
Major Group Members in Europe

Total Assets

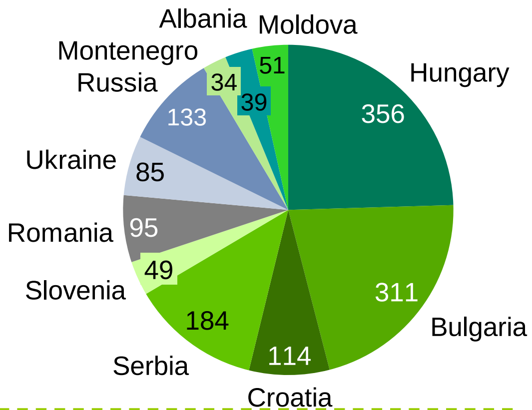


Total Assets: HUF 28,790 billion

Systemic position in Hungary…

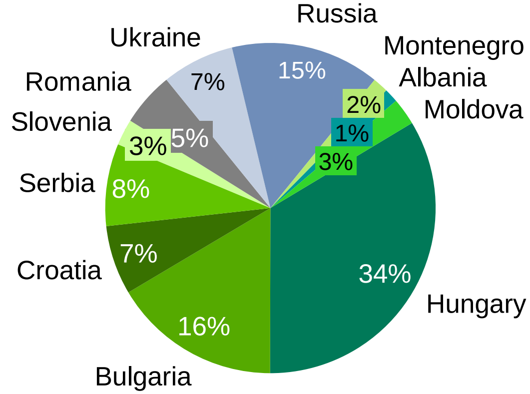


Number of Branches



Total number of branches: 1,451

Headcount



Total headcount: 33,464[1]

… 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
Russia[2]	No. 1 in POS lending No. 10 in Credit card business No. 20 in Cash loan business
Montenegro	No. 1 in Total assets

[1] Excluding selling agents employed at OTP Bank Russia and at OTP Bank Ukraine.
[2] Estimated market positions, including OTP MFO.

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Strong CEE franchise offsets temporary losses in Ukraine and Russia; the Group performance may be similar to 2021 performance without the Russian and Ukrainian operations

2021 / 1Q 2022[1]

PROFITABILITY	SIZE & GROWTH	CAPITAL STRENGTH	ASSET QUALITY	FUNDING & LIQUIDITY
Profit after tax €1.27bn/-€0.09bn	Total assets €74.7bn/€77.9bn	CET1 ratio 17.5% / 16.2%	Stage 3 ratio 5.3% / 5.2%	Net LTD 75% / 74%
ROE 17.0% / -4.6%	Loan growth +15% / +3%	CAR 19.1% / 17.8%	Risk cost rate 0.30% / 1.42%	LCR 180% / 224%

- Stable management
- Adjusted profit after tax without Russia and Ukraine demonstrates resilience
- Stable asset quality with prudent provision coverage levels
- Decent capital standing supported by historically strong capital generation
- Ample liquidity reserves, light redemption profile
- Strong commitment to regional leadership position in financing the transition to a low carbon economy

[1] Based on IFRS financial statements for 31 December 2021 and 31 March 2022, or derived from those, see Footnotes and glossary in Appendix.

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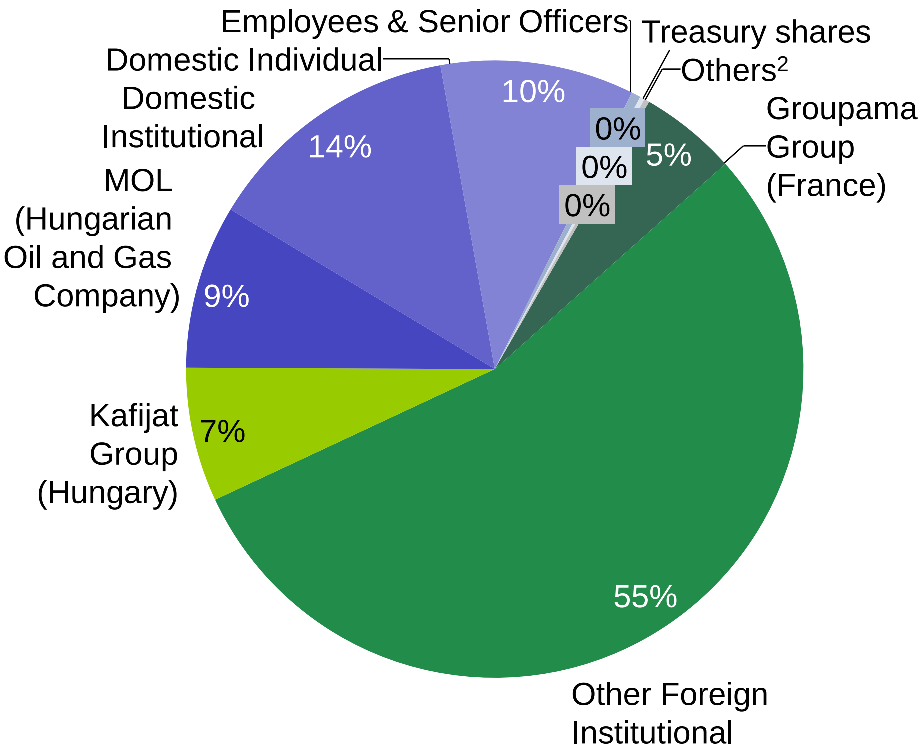
OTP Bank offers a unique investment opportunity to access the CEE banking sector. The Bank is a well diversified and transparent player without strategic investors

Ownership structure of OTP Bank on 31 March 2022



'Best Bank in CEE 2018 and 2021'
'Best Bank in Hungary 2017,2018, 2020 and 2021'
'Best Bank in Bulgaria 2021'
'Best Bank in Montenegro 2020 and 2021'
'Best Bank in Albania 2020 and 2021'

'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 and 2021'

'Safest Bank in Hungary in 2020 and 2021'

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

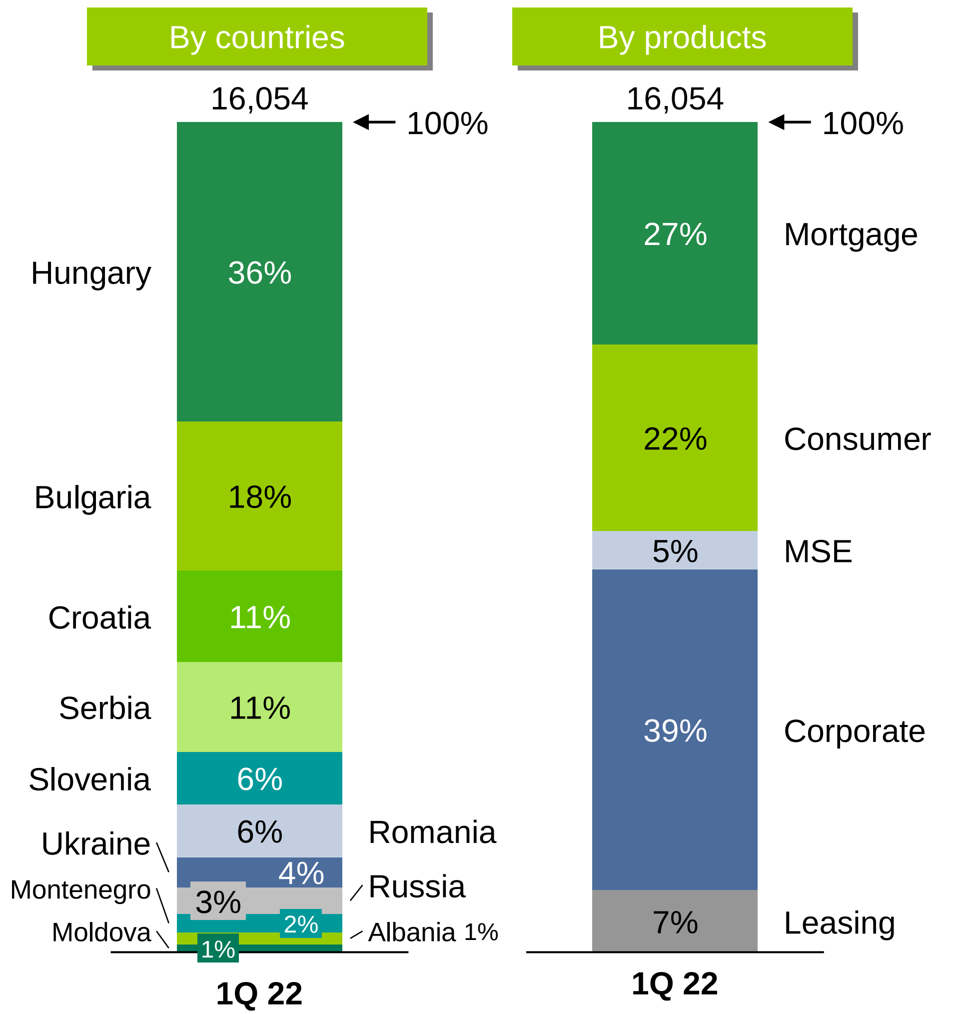
'Best FX providers in Hungary in 2017, 2018, 2019, 2020, 2021 and 2022'
'Best FX providers in Bulgaria in 2021 and 2022'
'Best FX providers in Slovenia in 2022'

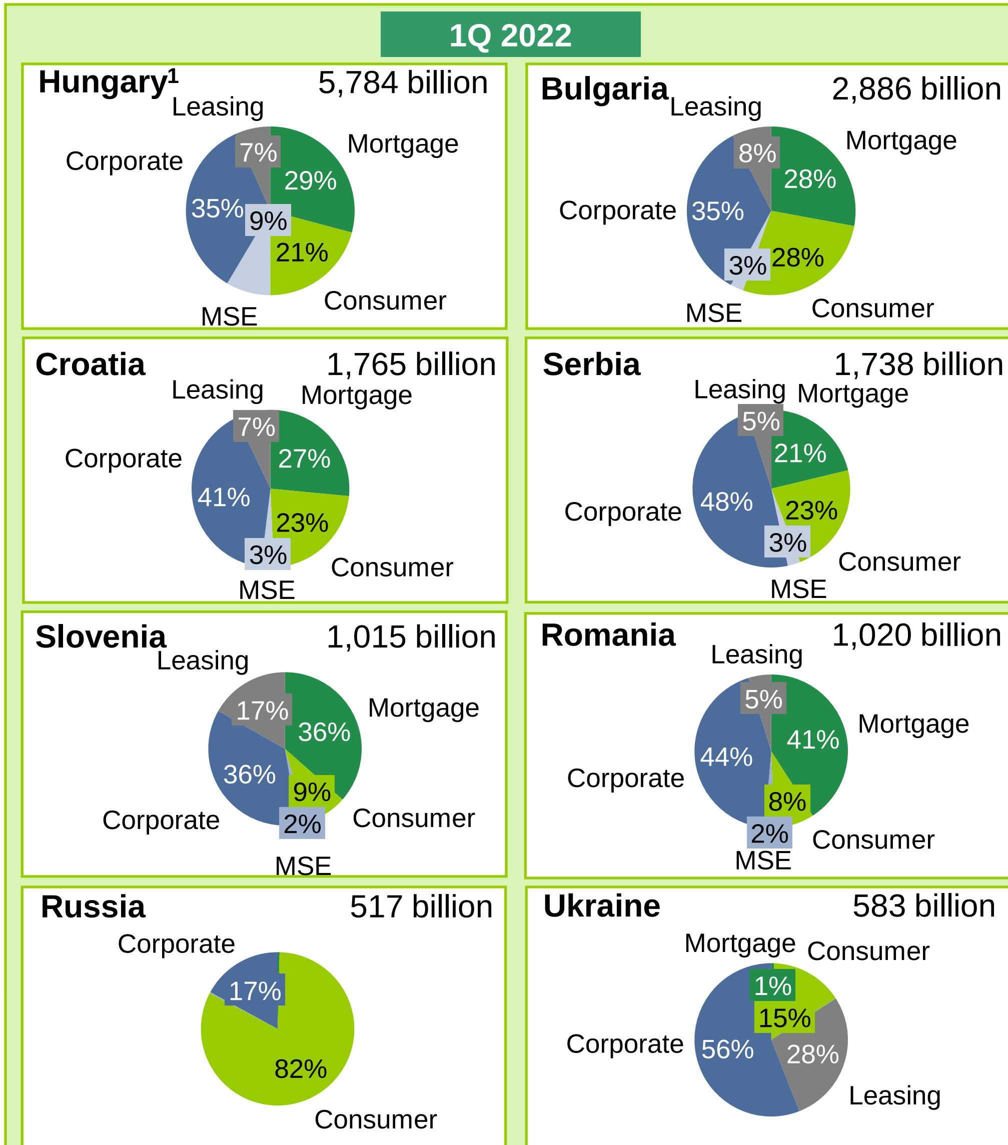
'Best Private Bank in CEE in 2022'
'Best Private Bank in Hungary in 2020 and 2021 and 2022'
'Best Private Bank in Montenegro in 2022'

[1] On 6 May 2022.
[2] Foreign individuals, International Development Institutions, government held owner and non-identified shareholders.

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
(in HUF billion)

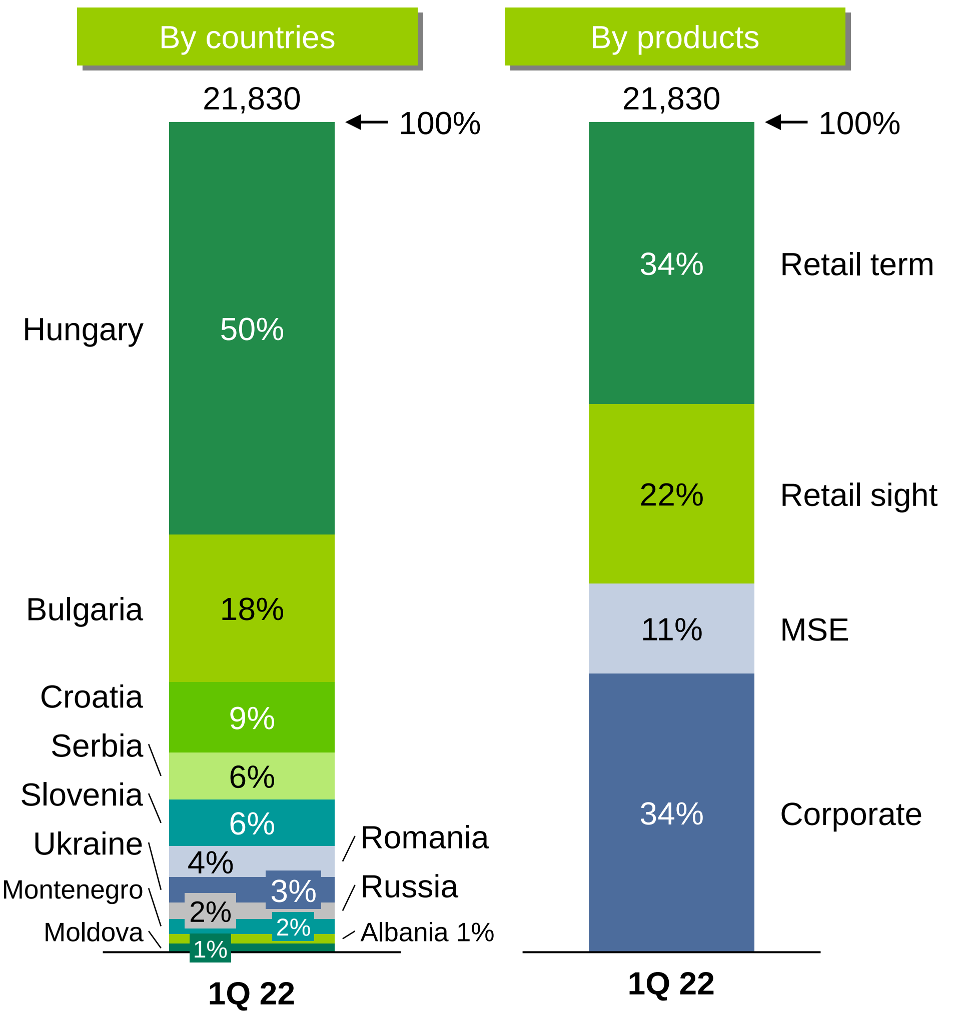


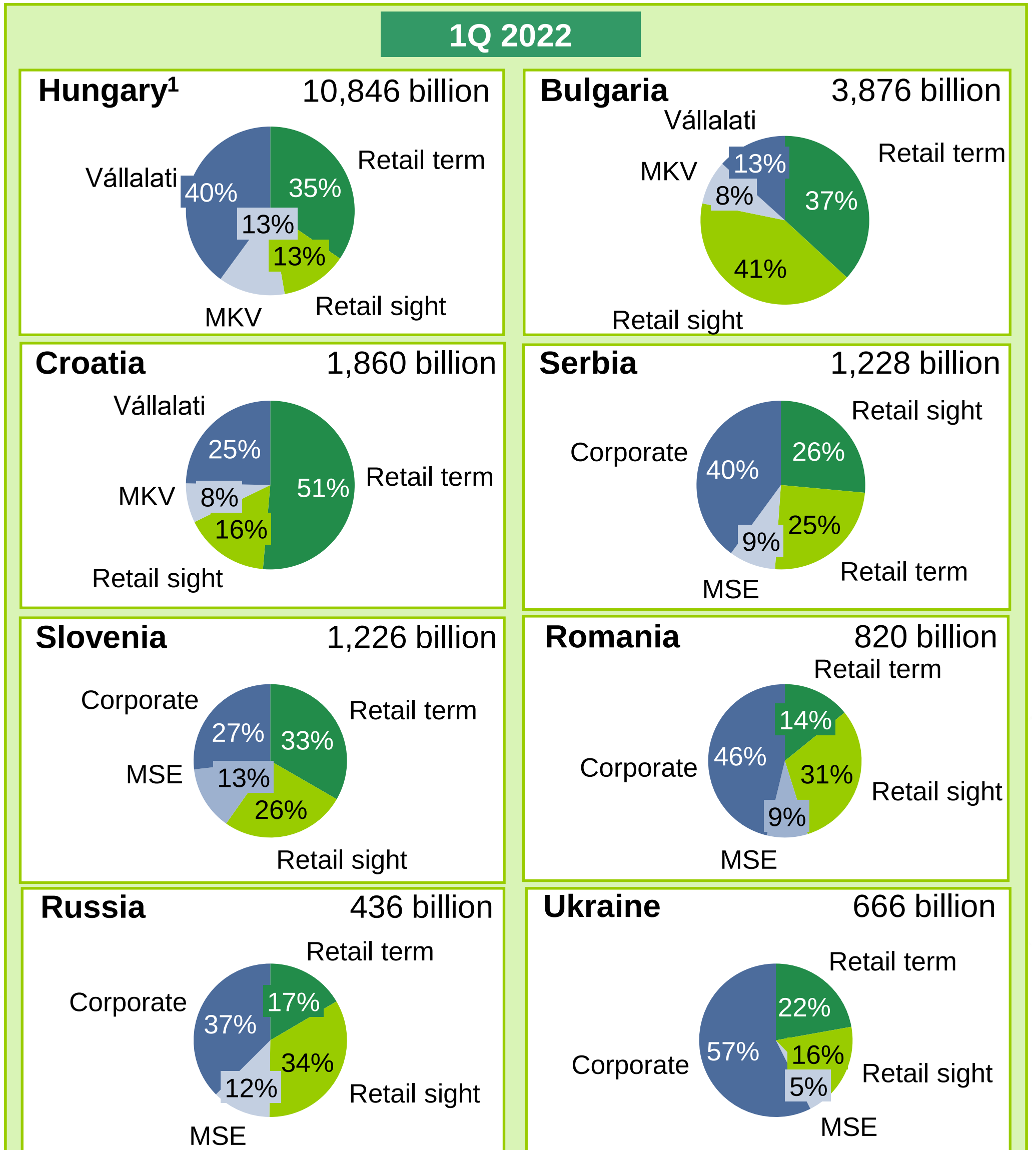


[1] Including OTP Core and Merkantil Group (Hungarian leasing).

Hungary represents half of the deposit book, Bulgaria is the second largest deposit holder in the Group. Retail volumes account for 56% of the total deposit base

Breakdown of the consolidated deposit base
(in HUF billion)





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

Acquisitions completed in the last few years materially improved OTP's positions in many countries. The financial closure of the Slovenian Nova KBM and Albanian acquisitions are expected to be completed in 2Q 2022

Year	Target (seller, date of closing)	Net loan volumes (in HUF billion)		Market share in total assets (before/after acquisition[1], %)		Book value (in EUR million)	
2017	**Splitska banka**, Croatia (SocGen, 2Q 2017)	(Nov 18)	631	4.8	11.2	(4Q 16)	**496**
2017	**Vojvodjanska banka**, Serbia (NBG, 4Q 2017)	(1Q 19)	266	1.5	5.7	(3Q 17)	**174**
2019	**SocGen Expressbank**, Bulgaria (SocGen, 1Q 2019)	(1Q 19)	774	14.0	19.9	(4Q 18)	**421**
2019	**SocGen Albania** (SocGen, 1Q 2019)	(1Q 19)	124		6.0	(4Q 18)	**58**
2019	**SocGen Moldova** (SocGen, 3Q 2019)	(3Q 19)	102		14.0	(4Q 18)	**86**
2019	**SocGen Montenegro** (SocGen, 3Q 2019)	(3Q 19)	126	17.6	30.4	(4Q 18)	**66**
2019	**SocGen Serbia** (SocGen, 3Q 2019)	(3Q 19)	716	5.3	13.7	(4Q 18)	**381**
2019	**SKB Banka**, Slovenia (SocGen, 4Q 2019)	(4Q 19)	827		8.5	(4Q 18)	**356**
2021	**Alpha Bank SH.A.**, Albania (Alpha Int. Holdings, closing exp. in 2Q '22)	(4Q 20)	99	6.2	10.9	(4Q 20)	**73**
2021	**Nova KBM**, Slovenia (Apollo Global and EBRD, closing exp. in 2Q '22)	(4Q 20)	1,633	8.2	28.7	(4Q 20)	**992**
2021	**Ipoteka Bank**, Uzbekistan (Uzbek State, put on hold[2])	(4Q 20)	690		8.3	(4Q 20)	**314**
	Acquisitions total:		**5,988**				**3,417**

[1] Reference date of market share data: Croatia: 2Q 2017, Serbia - Vojvodjanska 4Q 2016, Bulgaria: 1Q 2019, Albania - SocGen: 4Q 2018, Serbia - SocGen 2Q 2019, Moldova: 2Q 2019, Montenegro: 2Q 2019, SKB Slovenia: 4Q 2018, Nova KBM Slovenia: 4Q 2020, Ipoteka Uzbekistan: 3Q 2021, Albania – Alpha: 3Q 2021. [2] On 29 September 2021 OTP Bank signed a non-binding Memorandum of Agreement regarding the potential acquisition of the majority stake of Ipoteka Bank.

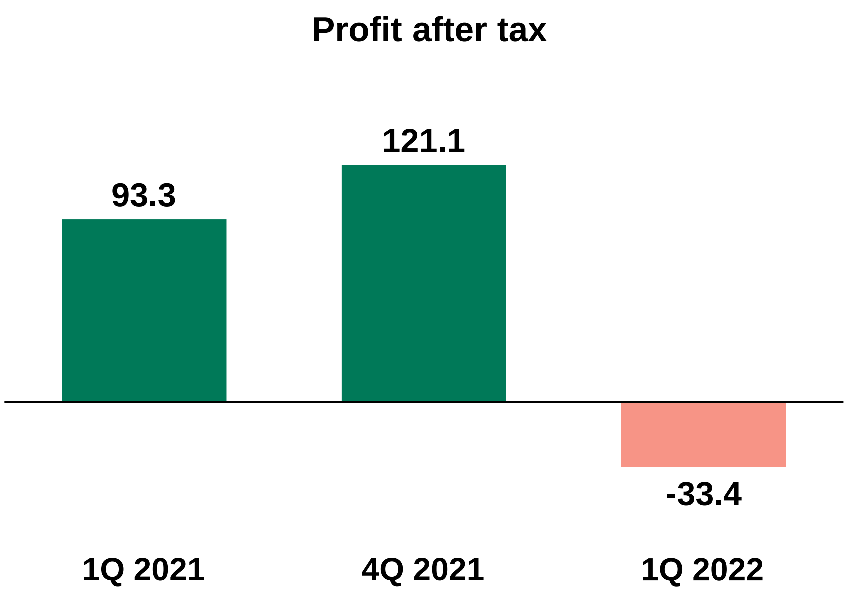
The 1Q adjusted ROE decreased to 12.1% shaped by surging risk costs in Russia and Ukraine

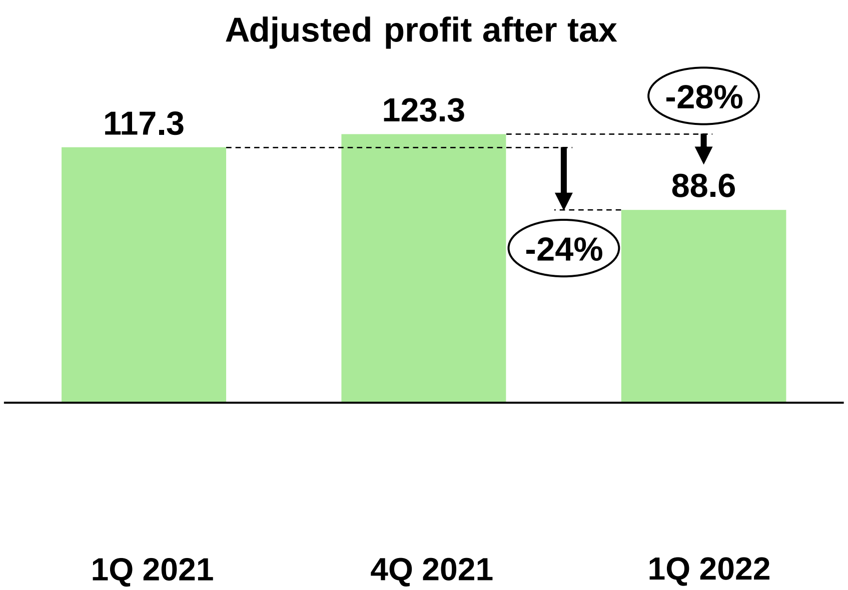
	2003-2008 average	2009-2013 average	2014	2015	2016	2017	2018	2019	2020	2021	1Q 2022 annualised
ROE (from profit after tax)	29.4%	8.3%	-7.4%	5.1%	15.4%	18.5%	18.7%	20.3%	10.9%	17.0%	-4.6% / 4.4%[5]
ROE (from adj. profit after tax)	29.0%	11.6%	8.5%	9.6%	15.4%	18.7%	19.1%	20.6%	13.0%	18.5%	12.1% / 23.4%[5]
Total Revenue Margin[1]	8.60%	8.17%	7.74%	6.98%	6.79%	6.71%	6.33%	6.28%	5.37%	5.21%	5.17% / 4.75%[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%	3.43% / 3.05%[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%	1.23% / 1.18%[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%	0.51% / 0.52%[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]	2.43% / 2.26%[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]	47.1% / 47.6%[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%	1.42% / -0.41%[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%	16.2%

[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 Ukrainien operations.

The consolidated profit after tax turned into red in 1Q due to the deeply negative balance of adjustment items. The adjusted profit after tax for the first quarter reached HUF 88.6 billion, a decrease of 24% q-o-q and 28% y-o-y

Profit development (HUF billion)

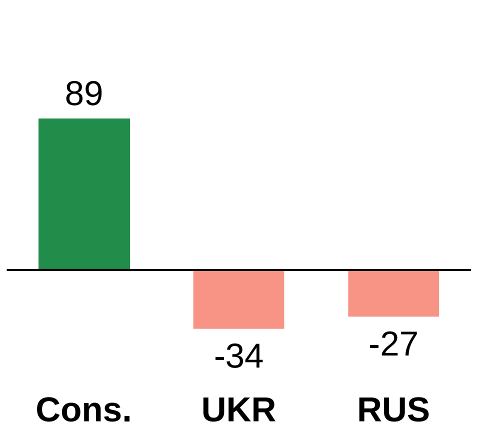




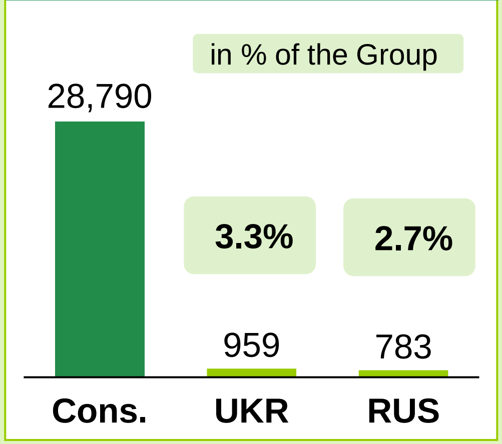
Adjustments (after tax)	**1Q 2021**	**4Q 2021**	**1Q 2022**
Special tax on financial institutions	-18.9	0.0	-20.2
Impairment on Russian government bonds in the books of OTP Core and DSK Bank	-	-	-34.5
Goodwill write-off and tax impact of investment impairment	0.7	2.6	-56.3
Effect of acquisitions	-3.5	-6.7	-2.5
Result of the treasury share swap agreement	-2.4	2.2	-8.5
Total	**-24.0**	**-2.2**	**-122.0**

Regarding Russia and Ukraine, a „going concern" approach is applied. Under an unexpected extremely negative scenario of deconsolidating both entities and writing down the outstanding gross intragroup funding as well, the effect for the consolidated CET1 ratio would be 0 bp in the case of Ukraine and -60 bps for Russia

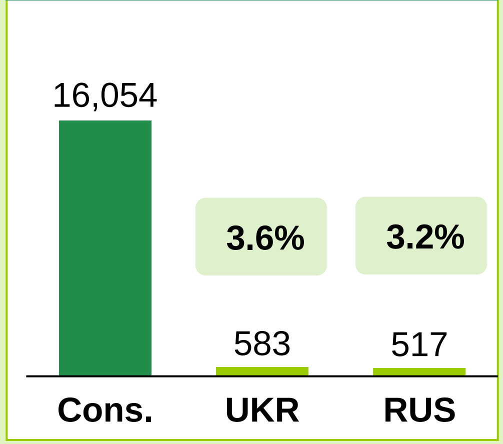
Adjusted profit after tax
(1Q 2022, in HUF billion)



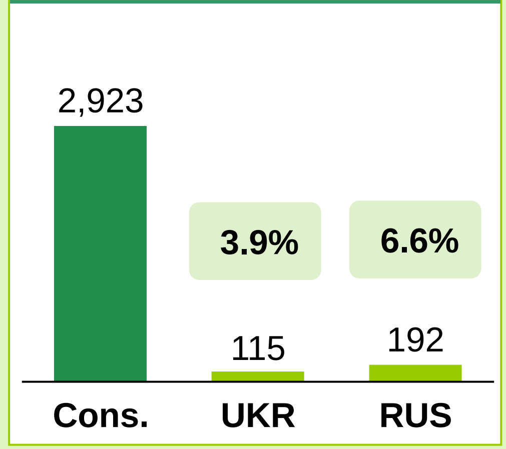
Total assets
(1Q 2022, in HUF billion)



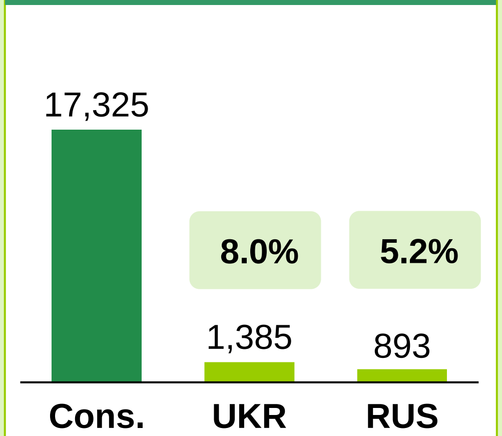
Net loans
(1Q 2022, in HUF billion)



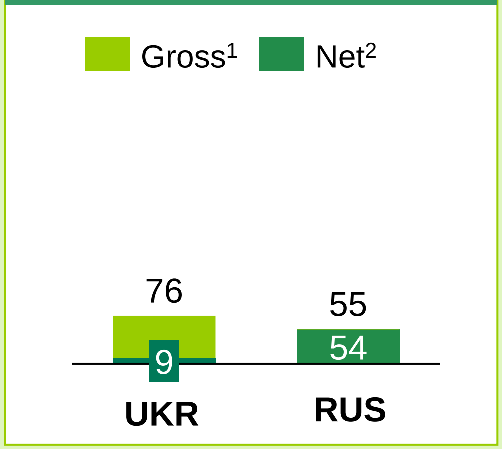
Shareholders' equity
(1Q 2022, in HUF billion)



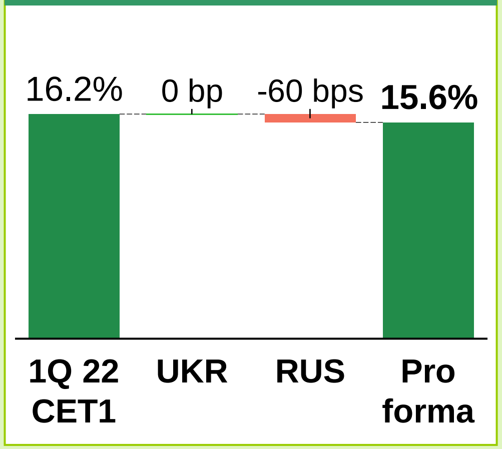
Risk weighted assets
(1Q 2022, in HUF billion)



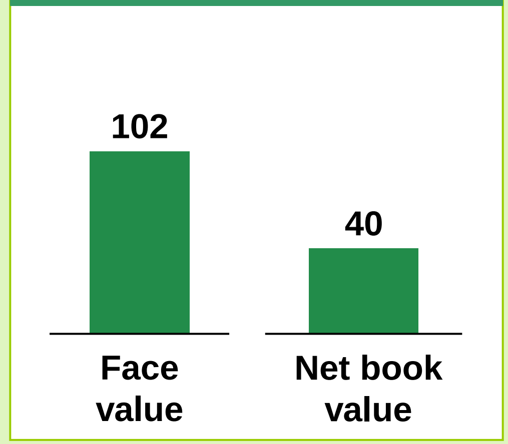
Intragroup funding
(1Q 2022, in HUF billion)



Consolidated capital effect[3]
(on CET1, based on 1Q 2022 data)



Russian bond exposures (1Q 2022, w/o the Russian bank, HUF bn)



[1] HUF equivalent of the intragroup funding provided by the Group to the given country.
[2] Gross funding less deposit placements by the entities in the given country to other Group members.
[3] Estimated CET1 impact of the Russian and Ukrainian operations, based on 1Q 2022 data. Calculation under an extremely negative scenario of deconsolidating both entities and writing down the outstanding gross intragroup funding, as well.

The decline in adjusted profit after tax was mainly due to the surge in risk costs. The 1Q corporate tax burden was shaped by the write-off of Russian deferred tax assets in the amount of HUF 6.4 billion; in addition to this, the 1Q effective corporate tax rate was upwardly biased by the fact that no deferred tax assets were recognized in Russia and Ukraine

(HUF billion)	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q FX-adjusted	Y-o-Y FX-adjusted
Adjusted profit after tax	**117.3**	**123.3**	**496.9**	**88.6**	**-25%**	**-24%**
Profit before tax	138.4	147.6	587.9	118.1	-17%	-14%
Operating profit	146.9	176.9	660.4	190.97	10%	30%
Total income	301.1	362.4	1313.1	361.2	1%	20%
Net interest income	203.2	247.5	884.0	239.8	-1%	18%
Net fees and commissions	71.9	87.3	325.5	85.7	0%	19%
Other net non-interest income	26.0	27.6	103.6	35.7	33%	37%
Operating expenses	-154.2	-185.5	-652.7	-170.2	-7%	10%
Total risk cost	-8.5	-29.3	-72.5	-72.9	147%	749%
Corporate tax	-21.1	-24.3	-91.0	-29.5	24%	39%

In 1Q 2022 the Russian and Ukrainian as well as the Romanian and Montenegrin operations suffered losses. This was partly offset by stronger q-o-q results in Hungary, Bulgaria and Croatia, shaped by favourable risk cost developments

	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
	HUF billion					
Adjusted profit after tax	**117.3**	**123.3**	**496.9**	**88.6**	**-28%**	**-24%**
OTP Core (Hungary)	56.0	45.9	213.4	94.0	105%	68%
DSK Group (Bulgaria)	18.3	10.7	76.8	21.1	96%	15%
OTP Bank Croatia	5.1	8.3	33.4	11.1	34%	116%
OTP Bank Serbia	6.8	11.4	32.1	10.9	-5%	60%
SKB Bank (Slovenia)	3.1	4.4	16.8	4.9	13%	61%
OTP Bank Romania	0.5	3.3	4.3	-1.8		
OTP Bank Ukraine	8.8	10.2	39.0	-34.4		
OTP Bank Russia	8.0	13.4	37.6	-27.2		
CKB Group (Montenegro)	2.0	-1.2	4.1	-1.2	0%	
OTP Bank Albania	1.1	1.6	5.5	2.3	40%	114%
OTP Bank Moldova	1.5	1.5	5.9	-0.5		
Merkantil Group (Hungary)	1.6	1.5	8.0	4.4	196%	169%
OTP Fund Management (Hungary)	0.8	3.3	6.1	1.2	-64%	38%
Other Group members	3.7	9.1	13.8	3.9	-57%	8%

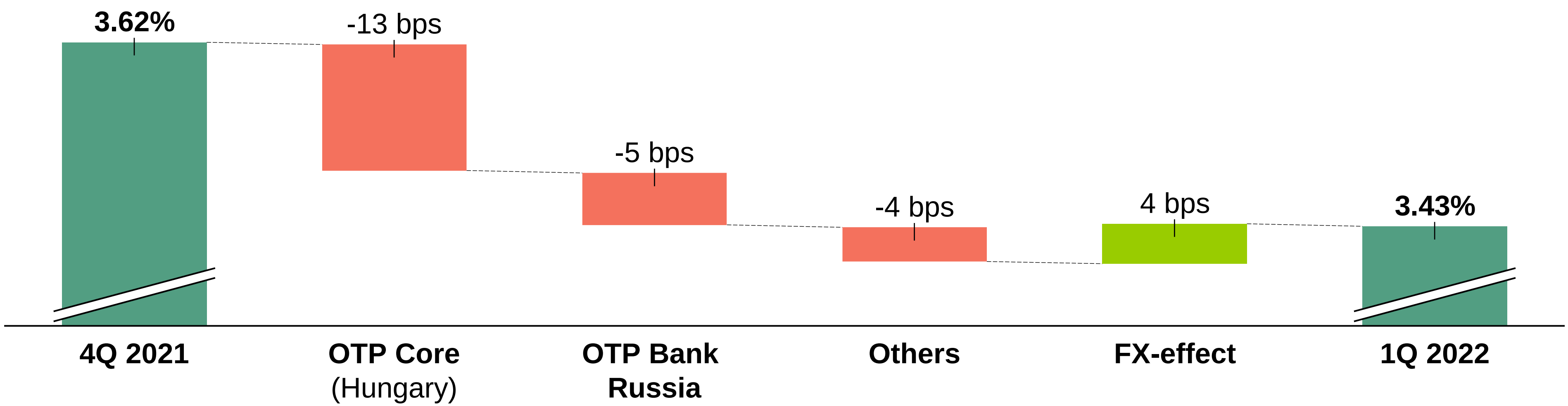
OTP Group achieved a profit after tax of HUF 28 billion in 1Q2022 excluding the Russian and Ukrainian operations, with the Russian subsidiary suffering a loss of HUF 27 billion and the Ukrainian HUF 35 billion, respectively in 1Q 2022

	OTP Group without Russia and Ukraine				OTP Bank Russia			OTP Bank Ukraine		
P&L (HUF billion)	**2021**	**4Q 2021**	**1Q 2022**	**Q-o-Q**	**2021**	**4Q 2021**	**1Q 2022**	**2021**	**4Q 2021**	**1Q 2022**
Total income	**1,111**	**303**	**312**	**3%**	**118**	**33**	**26**	**84**	**26**	**23**
Net interest income	731	204	200	-2%	91	25	21	62	19	19
Net fees and commissions	285	76	78	2%	26	8	5	14	4	3
Other net non-interest income	95	24	34	44%	1	0	1	7	4	1
Operating expenses	**-568**	**-162**	**-149**	**-8%**	**-56**	**-15**	**-14**	**-29**	**-9**	**-8**
Operating profit	**543**	**142**	**163**	**15%**	**62**	**18**	**12**	**55**	**17**	**15**
Total risk costs	**-50**	**-23**	**9**		**-15**	**-2**	**-33**	**-7**	**-5**	**-49**
Profit before tax	**493**	**119**	**173**	**45%**	**47**	**17**	**-20**	**47**	**12**	**-34**
Corporate tax	-73	-19	-22	18%	-10	-3	-7	-8	-2	0
Adjusted profit after tax	**420**	**100**	**150**	**51%**	**38**	**13**	**-27**	**39**	**10**	**-34**
Adjustments	-40	-2	-122		0	0	0	0	0	0
of which Russian gov. bond impairment	*0*	*0*	*-35*		*0*	*0*	*0*	*0*	*0*	*0*
of which investment and goodwill impairment	*0*	*2*	*-56*		*0*	*0*	*0*	*0*	*0*	*0*
Profit after tax	**380**	**97**	**28**	**-71%**	**37**	**13**	**-27**	**39**	**10**	**-35**

Performance Indicators										
Adjusted ROE	17.9%	16.5%	23.4%		18.2%	23.1%	-53.3%	28.8%	26.3%	-94.1%
Performing loan growth (FX-adjusted)	+14%	+4%	+3%		+18%	+9%	-7%	+41%	+8%	+5%
Net interest margin	3.09%	3.18%	3.05%		13.2%	13.1%	10.9%	7.5%	7.8%	8.1%
Cost/income ratio	51.1%	53.3%	47.6%		47.2%	45.5%	52.9%	34.5%	34.1%	33.8%
Credit risk cost / average gross loan volumes	0.19%	0.44%			2.0%	0.2%	16.3%	1.1%	2.6%	28.8%

The consolidated net interest margin shrank by 19 bps q-o-q, mainly due to the narrowing Hungarian and Russian margins

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



OTP Core's net interest income contracted by HUF 4 billion q-o-q, and the net interest margin decreased by 26 basis points due to the following factors:

-29 bps NIM decline was caused by the lower swap result;
+9 bps related to the mostly floating rate corporate and MSE loans that reprice gradually in the higher rate environment;
-4 bps related to retail loans, as their average interest rate declined q-o-q. Bulk of the loans to households have an interest rate fixation period for at least ten years;
+11 bps explained by the joint effect of higher interest income on financial assets (mainly attributable to higher interest rates on central bank deposits), and higher interest expenditures on customer deposits (mainly in the corporate segment);
-13 bps composition and other effects, mainly triggered by the dilution coming from fast deposit growth and higher repo liabilities.

Consolidated performing loans grew by 3% q-o-q, which is the same as the growth rate without Russia and Ukraine. The Hungarian PIT refund caused a decline in consumer credit, while mortgage demand (mainly green housing loans) jumped, where disbursements have not yet occurred

Q-o-Q performing (Stage 1 + 2) LOAN volume changes adjusted for FX-effect – 1Q 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)	**404**	**18**	**154**	**67**	**62**	**45**	**40**	**28**	**-47**	**20**	**12**	**1**
Total	3%	0%	6%	4%	4%	5%	4%	5%	-7%	6%	6%	1%
Consumer	0%	-2%	3%	1%	1%	0%	4%	-2%	-4%	3%	5%	-2%
Mortgage	2%	1%	3%	4%	3%	2%	4%			2%	5%	-1%
Corporate[1]	5%	1%	10%	6%	6%	11%	4%	10%	-21%	9%	6%	3%
Leasing	1%	0%	4%	4%	-2%	1%	4%	0%			3%	-1%

Core mortgage breakdown:

Housing loan	**Home equity**
1%	-1%

[1] Loans to MSE and corporate clients.
[2] Changes of leasing volumes of Merkantil Group in Leasing line.

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 ...

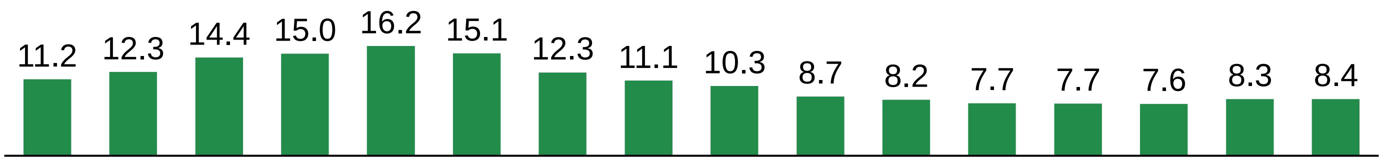
Net loan to deposit ratio in the Hungarian credit institution system[1]

168% → **85%**

1Q 2009 → 4Q 2021

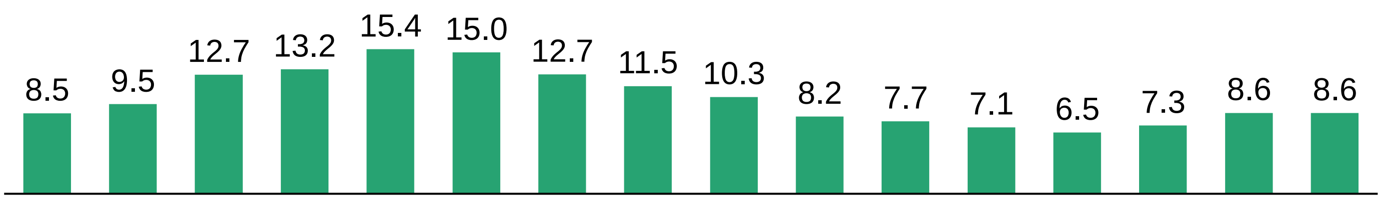
4Q 2021 data for other CEE/CIS countries (in % of GDP)

housing loans (in % of GDP)



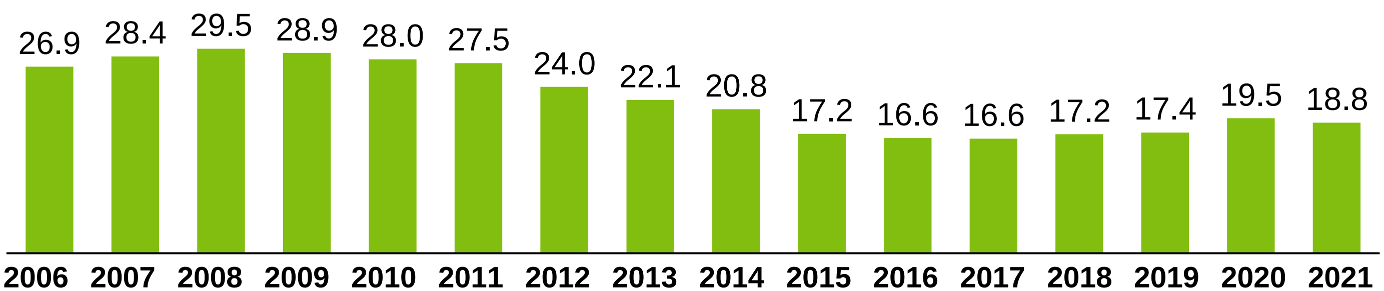
39.3	Slovakia	**10.5**	Bulgaria
29.3	Montenegro	**9.0**	Russia
27.7	Czechia	**8.5**	Romania
21.9	Serbia	**7.8**	Albania
20.5	Poland	**4.8**	Moldova
15.7	Croatia	**0.5**	Ukraine
14.4	Slovenia		

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



17.0	Croatia	**6.8**	Czechia
13.5	Serbia	**5.4**	Romania
11.4	Poland	**5.0**	Slovenia
11.2	Bulgaria	**4.1**	Ukraine
10.1	Russia	**4.4**	Moldova
7.6	Slovakia	**4.1**	Albania

corporate loans (in % of GDP)



39.6	Russia	**20.2**	Czechia
28.1	Bulgaria	**18.5**	Slovenia
25.7	Montenegro	**13.8**	Ukraine
25.0	Serbia	**13.9**	Poland
22.1	Albania	**13.5**	Moldova
22.3	Slovakia	**12.6**	Romania
20.7	Croatia		

[1] Latest available data. According to the supervisory balance sheet data provision.

Consolidated customer deposits increased by 4% q-o-q, and by 7% in Hungary partly as a result of the PIT refund. Ukrainian and Russian deposits also increased

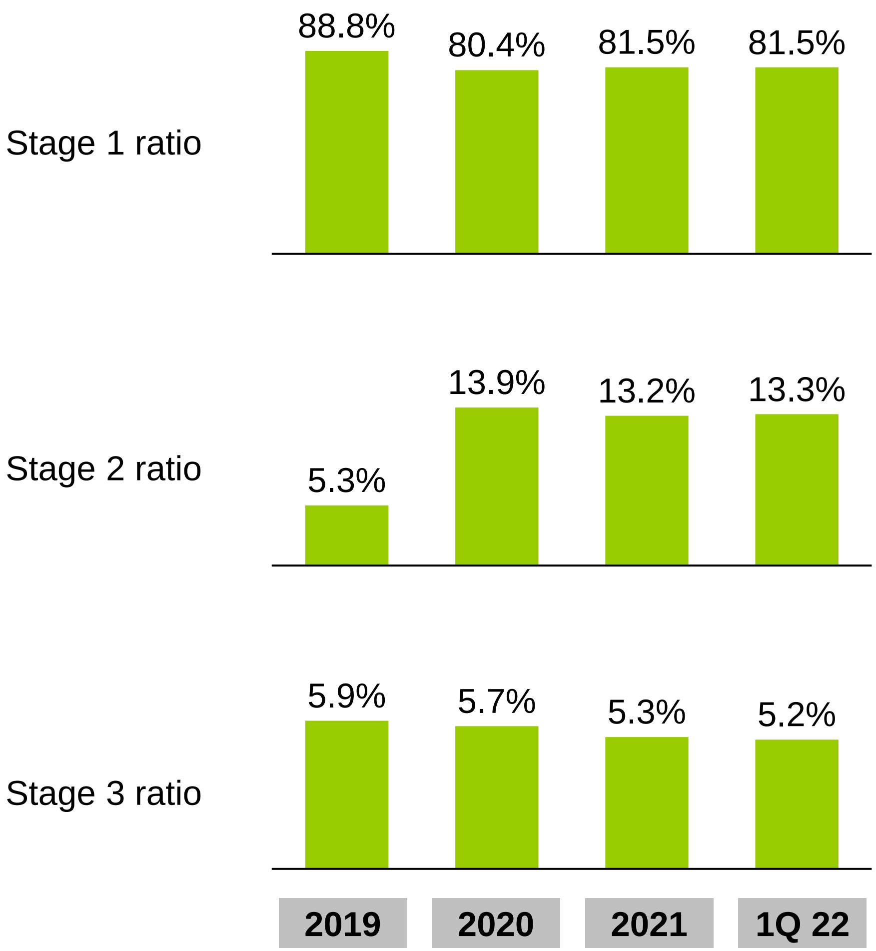
Q-o-Q DEPOSIT volume changes adjusted for FX-effect – 1Q 2022

	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)	**792**	**705**	**81**	**-38**	**-13**	**10**	**-13**	**17**	**46**	**1**	**8**	**-14**
Total	4%	7%	2%	-2%	-1%	1%	-2%	3%	12%	0%	3%	-6%
Retail	2%	5%	0%	-1%	-2%	0%	1%	8%	-5%	-2%	1%	-8%
Corporate[1]	6%	9%	9%	-5%	1%	1%	-4%	0%	37%	2%	12%	-4%
	5,777	**5,490**	**990**	**95**	**-511**	**211**	**-200**	**82**	**-81**	**27**	**37**	**73**

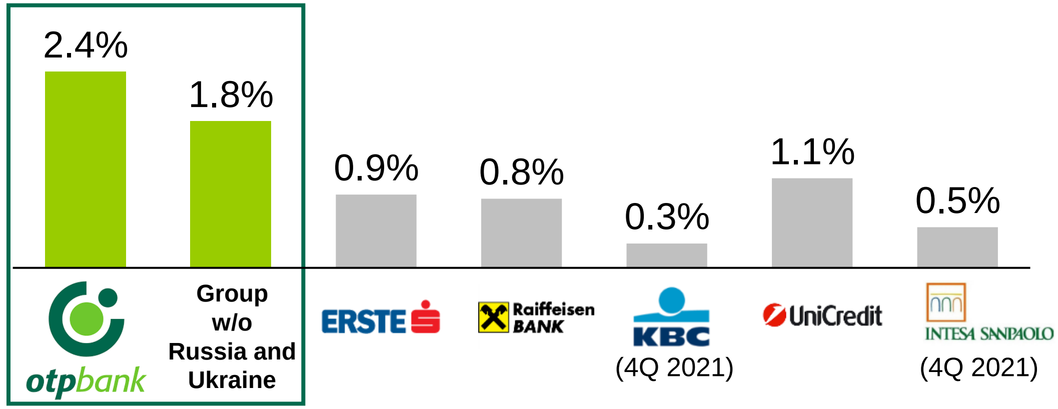
[1] Including MSE. MLE and municipality deposits.

The Stage 3 rate continued to decline in the first quarter of 2022. The management's provisioning policy remained conservative compared to regional banking groups, especially regarding the coverage of performing loans

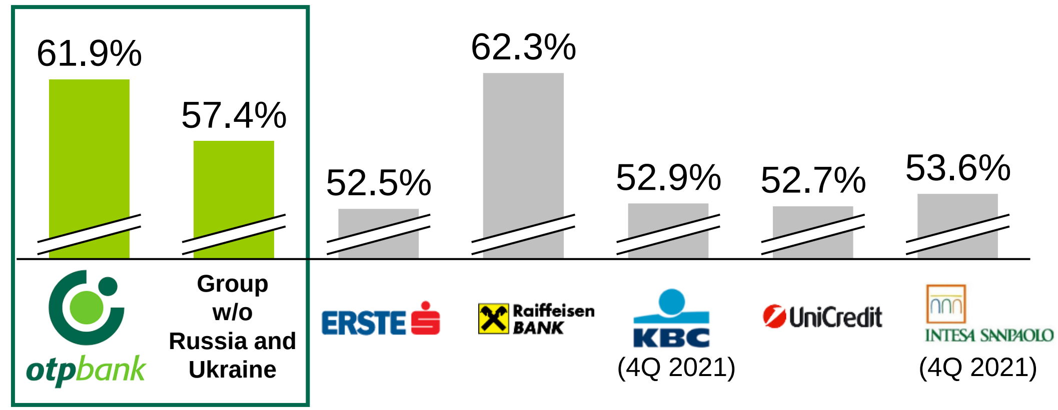
Development of the Group's main credit quality indicators



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



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



Source: company reports (estimates in some cases).

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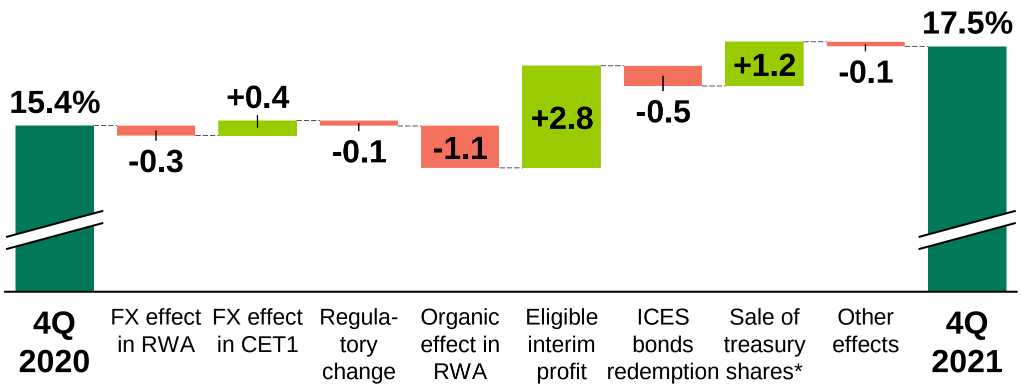
Strong capital position, all capital adequacy ratios are well above the regulatory requirements

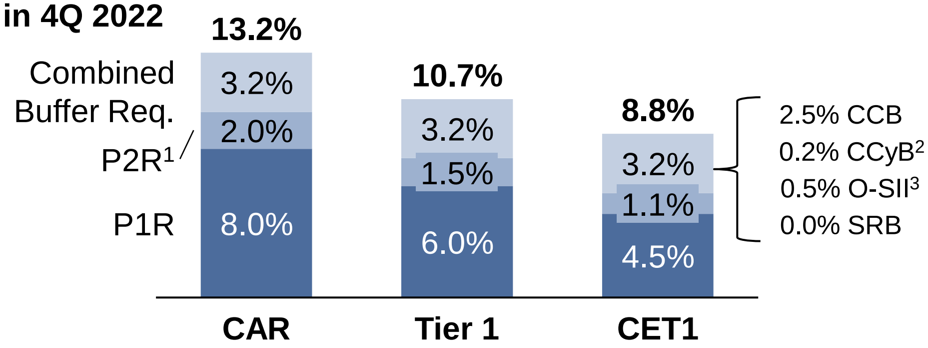
Decomposition of the change in CET1 ratio in 2021

(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

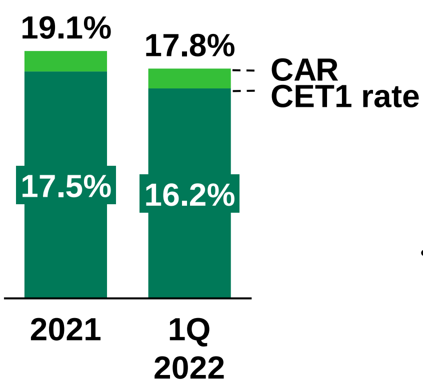


[1] The (P1R + P2R) / P1R ratio (SREP rate) for OTP Group changed to 125% starting from 1 March 2022.

[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.

CAR and CET1 rate actual values[1]



CET1 ratio decreased by 1.3 pps q-o-q:

- **CET1 capital decreased by HUF 115 billion:**
  - -33 bn: impact of quarterly profit after tax
  - -80 bn: effect of changes in the fair value of available-for-sale financial instruments
  - -28 bn: due to the transitional effects of IFRS 9
  - -15 bn: deductions due to deferred tax increase
  - +40 bn: effect of write-off of Russian goodwill
- **RWA increased by HUF 633 billion:**
  - -60 bn: effect of changes in FX rates
  - +554 bn: the effect of organic growth
  - +139 bn: increase in non-credit risk RWA

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.

[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.
Abbreviations: P1R: Pillar 1 requirement; P2R: Pillar 2 req.; CCB: Capital conservation buffer; CCyB: Countercyclical buffer; O-SII: Other Systemically Important Institutions buffer; SRB: Systemic Risk buffer.

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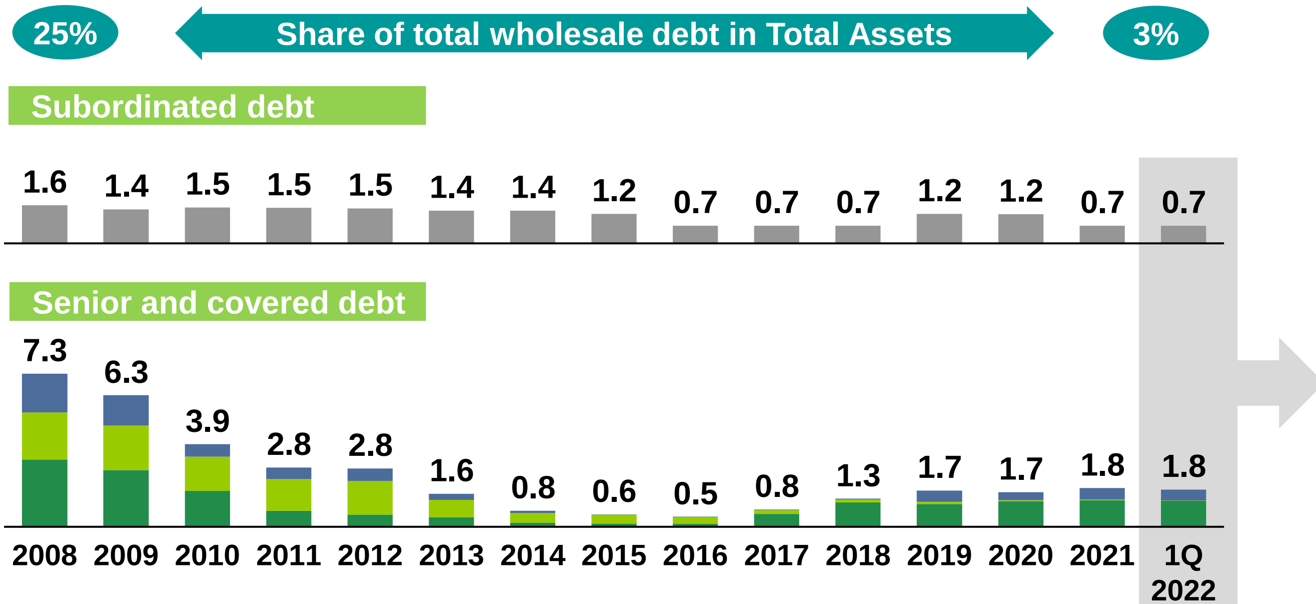
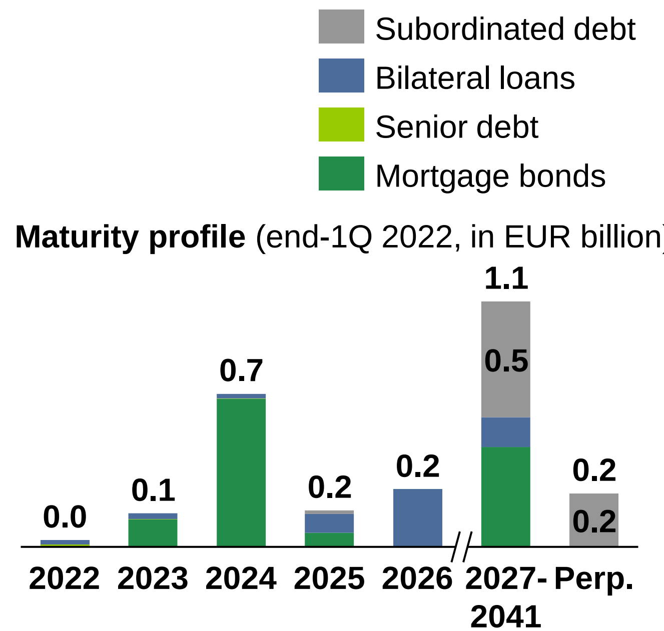
Robust liquidity position with more than EUR 8 billion equivalent liquidity reserves; 74% net loan to deposit ratio; 224% LCR, 123% NSFR and light maturity profile with marginal refinancing needs

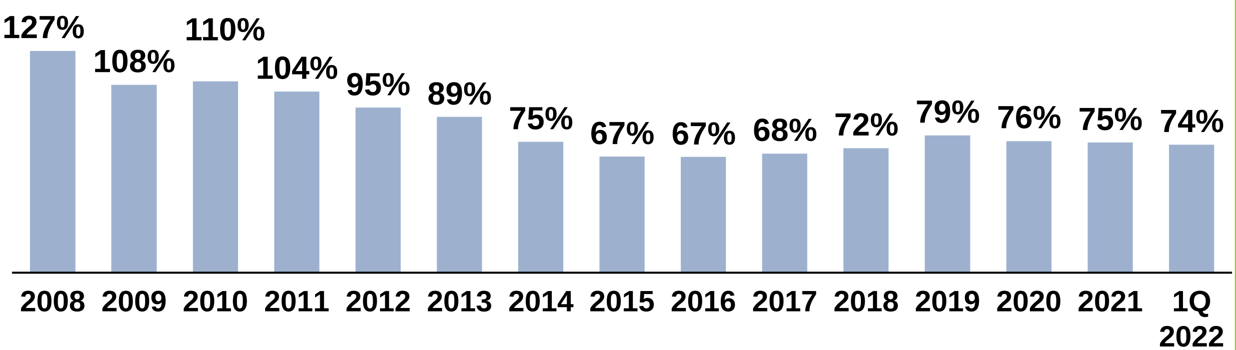
Consolidated[1] outstanding amount of wholesale debt (in EUR billion)



Maturity profile (end-1Q 2022, in EUR billion)



Consolidated Net loans/(Deposits + Retail bonds) ratio



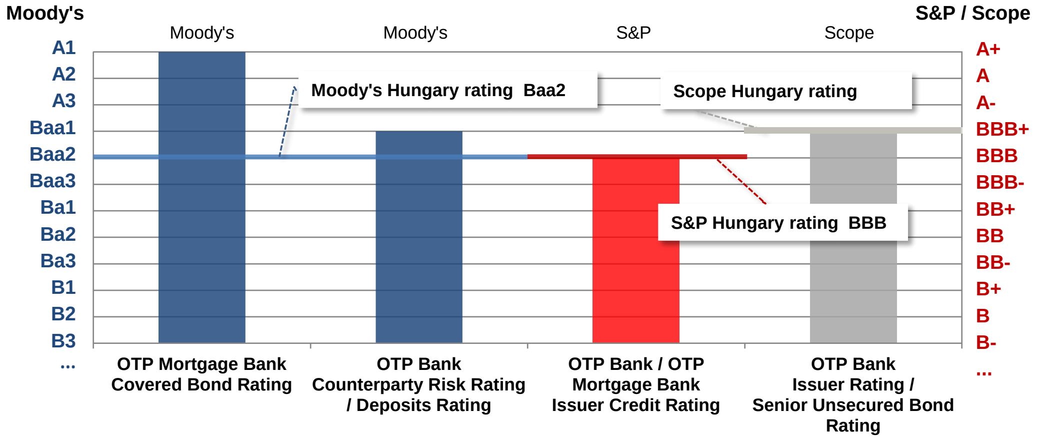
Key liquidity ratios and liquid reserves

	2020	2021	1Q 2022	Thres-hold
Net loan/deposit ratio	76%	75%	74%	-
Liquidity coverage ratio (LCR)	214%	180%	224%	≥ 100%
Net stable funding ratio (NSFR)	139%	135%	123%	≥ 100%
Operational liquidity reserves in Hungary (in EUR billion equivalent)	8.9	9.1	8.0	-

[1] Outstanding amount of bonds are decreased by the amounts purchased by Group members. Senior bonds include retail targeted bonds, too

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

Hungarian sovereign, OTP Bank and OTP Mortgage Bank ratings



Long-term credit ratings of OTP Group member banks

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

Composition of main ratings by Moody's and S&P

Moody's

Macro Factors

Weighted Macro Profile	**Moderate-**

Financial Profile

Combined Solvency Score	ba1
Combined Liquidity Score	baa3
Financial Profile	**ba1**

Qualitative Adjustments & Support

Total qualitative adjustment & Support	**0**
Adjusted BCA	**ba1**

Loss Given Failure (LGF) Analysis

Counterparty Risk / Deposits	+3
Dated subordinated debt	0
Counterparty Risk Rating / Deposit Rating	**Baa1**
Dated Subordinated Bank Debt Rating	**Ba1**

S&P

Macro Factors

Anchor	**bbb-**

Bank-Specific Factors

Business position	+1
Capital and earnings	0
Risk position	-1
Funding and liquidity	+1
Stand-Alone Credit Profile	**bbb**

External Support

Total support	**0**

Additional Factors

Additional factors	0
Issuer Credit Rating	**BBB**

[1] Long-term Counterparty Risk Rating for Moody's and long-term Resolution Counterparty Rating for S&P Global

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

ORGANIZATION

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

Board of Directors
Board member responsible for ESG

ESG Committee
Standing Executive Committee

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

ESG Subcommittee
Operating Committee of ESG Committee

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

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

STRATEGY

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

Green mortgage bond issuance:
In August 2021 OTP Mortgage Bank was the first to issue a green mortgage bond on the domestic market.

Current volume of issued green mortgage bonds: **HUF 95 billion**

Green Home Programme:
In October 2021 OTP Bank was amongst the first banks joining the programme.

Contracted amount of Green Housing loans: **HUF 21 billion**
Validated[1] Green Housing loans**:**
HUF 4 billion

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

Validated[1] corporate green loans and green bonds: **HUF 67.5 billion**

OTP Bank, as the first bank in Hungary, has become an official **Signatory of the *UN Principles for Responsible Banking.***

RATINGS

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

SUSTAINALYTICS – a Morningstar company: **20.3**

SEVERE – HIGH – **MEDIUM** – LOW – NEGLIGIBLE

MSCI: **A**

CCC – B – BB – BBB – **A** – AA – AAA

CDP – DRIVING SUSTAINABLE ECONOMIES: **B-** (most recent update)

D – C – **B-** – A

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

We have defined the main pillars of OTP Group' ESG Strategy

OTP GROUP ESG STRATEGY

OTP Group is aiming to be the regional leader in financing a fair and gradual transition to a low-carbon economy and building a sustainable future through our responsible solutions

IMPLEMENTATION TIMELINE

Present '21-'22: Planning
Establish ESG frameworks (including but not limited to SFDR implementation), develop processes, set targets

Near Future '22-'24: Roll out
Cascade ESG strategy in breadth and depth across OTP Group

Beyond '25: ESG business as usual
Green banking is standard part of OTP banking, with a working ESG org

KPI's TO MEASURE STRATEGIC ESG GOALS

	Short term	Long term
Building the green book	Green credit portfolio **by 2022** • Corporate: HUF 150 billion • Retail: HUF 80 billion	Green credit portfolio **by 2025** • Corporate: HUF 1,000 billion • Retail: HUF 500 billion
Green products on market	5 products by 2022	Green products in all segments
Reducing own emissions	Net carbon neutrality by the end of 2022	Total carbon neutrality strategy on group level
Transparent responsibility	Member of UN's Principles of Responsible Banking initiative	OTP to be listed DJSI ESG index by 2025

Source: Company data

Footnotes and Glossary

Slide 4

Profit after tax and Total assets calculated with 358.52 / 364.27 (2021 / 1Q 2022) HUF/EUR average exchange rate and 369.00 / 369.62 (2021 / 1Q 2022) HUF/EUR closing exchange rate

Loan growth: FX-adjusted performing (Stage 1 + Stage 2) loan growth year-on-year in 2021 and quarter-on-quarter in 1Q 2022

CET1 ratio: Common Equity Tier1 ratio under accounting scope of consolidation, including the unaudited interim profit and deducting the indicated dividend amount

CAR: Capital Adequacy Ratio under IFRS including the unaudited interim profit and deducting the indicated dividend amount

Net LTD: consolidated net loans / (customer deposits + retail bonds) ratio

Glossary

Adjustments or Adjusted or (adj.)	In order to present Group level trends in a comprehensive way, where indicated, the presented profit and loss statement lines or metrics calculated therefrom are adjusted by OTP Bank.
CEE/CIS	Central and Eastern Europe / Commonwealth of Independent States
CET1	Common Equity Tier 1
CET1 ratio	Common Equity Tier 1 / risk weighted assets
EBA	European Banking Authority
ECB	European Central Bank
ESG	Environmental, Social, Governance
FX	Foreign currency
ICES	Income Certificates Exchangeable for Shares
Leverage ratio	The leverage ratio is calculated pursuant to Article 429 of CRR
Liquidity Coverage Ratio (LCR)	(Stock of High Quality Liquid Assets) / (Total net cash outflows over the next 30 calendar days)
M&A	Merger and acquisition
MLE	Medium and large sized enterprises
MREL	Minimum requirement for own funds and eligible liabilities
MSE	Micro and small sized enterprises
NII	Net interest income
Net interest margin (NIM)	Net interest income / average total assets
NSFR	Net Stable Funding Ratio
Performing loans	Stage 1 + Stage 2 loans
POS	Point of sale loans
Return on Equity (ROE)	Net profit / average equity
Risk cost rate	Provision for impairment on loan and placement losses / Average gross customer loans
Stage 3 ratio	Stage 3 loans / gross customer loans
TLOF	Total liabilities and own funds
Total revenue margin	Total revenues / average total assets

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