

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

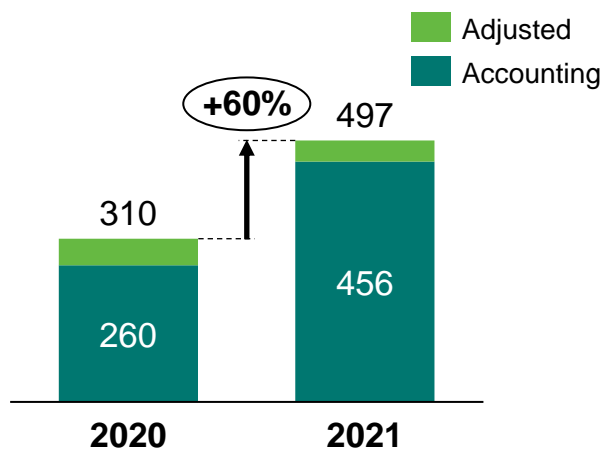
Investor presentation

Based on 4Q 2021 results

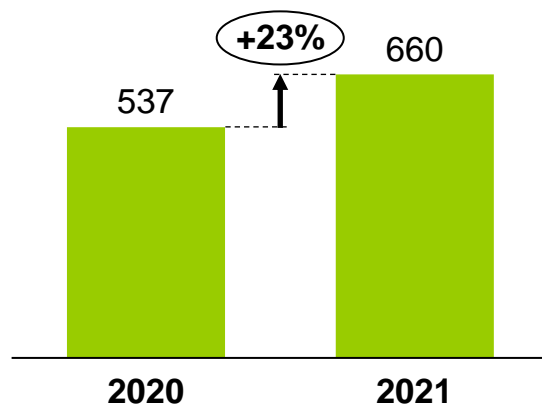


In 2021, the adjusted profit of OTP Group increased by 60% due to better operating results and lower risk costs. The Group's capital and liquidity positions are outstandingly stable

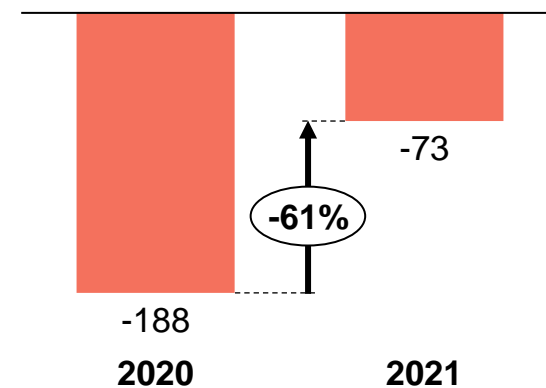
### After tax profit (HUF billion)



### Operating profit (HUF billion)

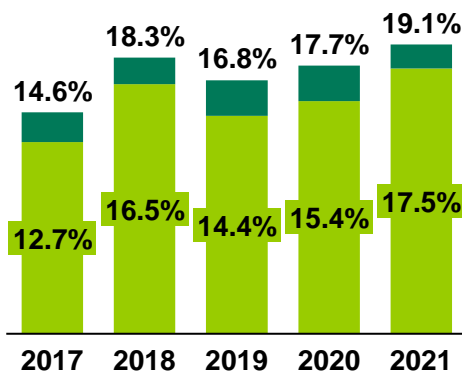


### Total risk cost (HUF billion)

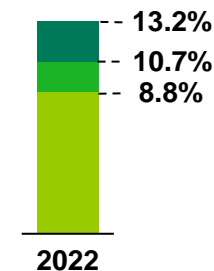


### OTP Group capital adequacy ratios and regulatory requirements

#### CAR and CET1 rate actual values<sup>1</sup>



#### Regulatory requirements end of 2022<sup>2</sup>



#### Factors behind the 1.2%-points increase in the CAR minimum requirement 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	-

<sup>1</sup> 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.

<sup>2</sup> 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
<b>Consolidated profit after tax</b>	<b>259.6</b>	<b>456.4</b>	<b>76%</b>	<b>71.5</b>	<b>120.2</b>	<b>121.1</b>	<b>1%</b>	<b>69%</b>
<b>Adjustments (total)</b>	<b>-50.6</b>	<b>-40.5</b>	<b>-20%</b>	<b>-7.1</b>	<b>-7.1</b>	<b>-2.2</b>	<b>-69%</b>	<b>-69%</b>
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 <sup>1</sup>		
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 <sup>2</sup>	45%	
Result of the treasury share swap agreement (after tax)	-	6.3		-	6.4	2.2 <sup>3</sup>	-66%	
<b>Consolidated adjusted profit after tax</b>	<b>310.3</b>	<b>496.9</b>	<b>60%</b>	<b>78.6</b>	<b>127.3</b>	<b>123.3</b>	<b>-3%</b>	<b>57%</b>

<sup>1</sup> 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).

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

<sup>3</sup> 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
<b>Consolidated adjusted after tax profit</b>	<b>310.3</b>	<b>496.9</b>	<b>60%</b>	<b>59%</b>	<b>127.3</b>	<b>123.3</b>	<b>-3%</b>
Profit before tax	351.8	587.9	67%	66%	151.0	147.6	-2%
Operating profit without one-offs	537.4	660.4	23%	61% <sup>1</sup>	176.0	176.9	0%
Total income without one-offs	1,169.9	1,313.1	12%	23%	333.1	362.4	9%
Net interest income without one-offs	788.1	884.0	12%	19% <sup>1</sup>	222.7	247.5	11%
Net fees and commissions	293.1	325.5	11%	13%	86.0	87.3	2%
Other net non interest income without one-offs	88.7	103.6	17%	12%	24.4	27.6	13%
Operating expenses <sup>1</sup>	-632.5	-652.7	3%	5%	-157.1	-185.5	18%
Total risk cost	-188.0	-72.5	-61%	8% <sup>1</sup>	-25.0	-29.3	17%
One-off item: result of the share swap agreement <sup>2</sup>	2.4	-		-61%	-	-	
Corporate tax <sup>1</sup>	-41.5	-91.0	119%	119%	-23.7	-24.3	2%
				74% <sup>1</sup>			

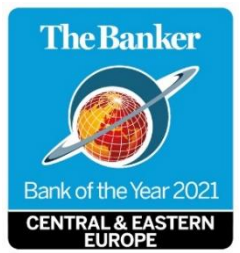
<sup>1</sup> The local business tax and innovation contribution paid in Hungary was booked within operating costs until end-2020. Starting from 2021 these items are booked on the corporate tax line. In 2021 the total amount was HUF 19.2 billion on consolidated level. In the grey y-o-y changes column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

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

The outstanding performance of OTP 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 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'



'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'



'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'



'Best Private Bank in Hungary'



**Sustainability has been promoted into OTP Bank's most important strategic priorities. OTP Bank's Green Lending Framework was the first one in Hungary to receive NBH's approval**

**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**  
**Standing Executive Committee**  
*Task: Decision making body of OTP in ESG strategy related issues*  
*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<sup>1</sup> Green Housing loans: **HUF 4 billion**



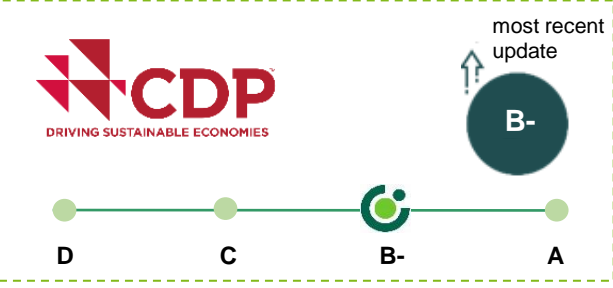
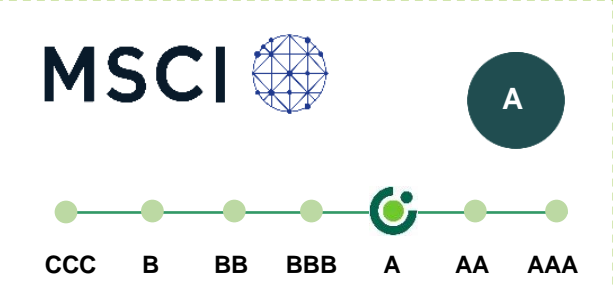
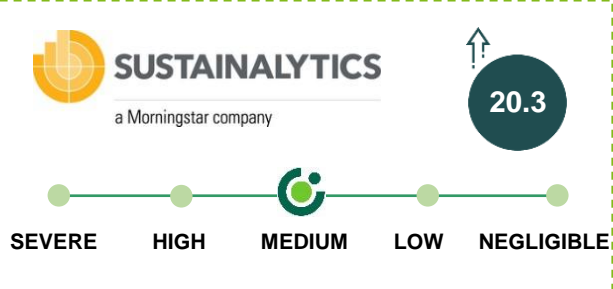
**Green corporate lending:**  
 OTP's Green Lending Framework was the first among domestic banks approved by the National Bank of Hungary. The approval will allow OTP to begin financing green projects of corporate customers.  
 Validated<sup>1</sup> corporate green loans and green bonds: **HUF 67.5 billion**



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:



<sup>1</sup> Accounted for in the Green Capital Relief Program of the National Bank of Hungary.

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

<sup>1</sup> FX-adjusted change without the effect of the sale of OTP Bank Slovakia.

<sup>2</sup> FX-adjusted change.

The 2021 total income grew by 13% 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, %)			
	<b>OTP Group</b>	<b>1313</b>	<b>362</b>	-12	156	143	12%/13% <sup>1</sup>	-29	9%
	<b>OTP CORE</b> (Hungary)	<b>546</b>	<b>149</b>		93		20%	6	4%
	<b>DSK Group</b> (Bulgaria)	<b>178</b>	<b>47</b>		12		7%/5% <sup>2</sup>	2	4%/1% <sup>2</sup>
	<b>OBH</b> (Croatia)	<b>89</b>	<b>22</b>		4		5%/2% <sup>2</sup>	-1	-5%/-7% <sup>2</sup>
	<b>OBSrb</b> (Serbia)	<b>83</b>	<b>22</b>		4		6%	1	6%/3% <sup>2</sup>
	<b>SKB Banka</b> (Slovenia)	<b>42</b>	<b>11</b>		2		5%	0	4%/1% <sup>2</sup>
	<b>OBR</b> (Romania)	<b>47</b>	<b>12</b>		3		7%/6% <sup>2</sup>	0	2%/-1% <sup>2</sup>
	<b>OBU</b> (Ukraine)	<b>84</b>	<b>26</b>		16		24%/27% <sup>2</sup>	5	23%/15% <sup>2</sup>
	<b>OBRu</b> (Russia)	<b>118</b>	<b>33</b>	-5			-4%/0% <sup>2</sup>	4	14%/6% <sup>2</sup>
	<b>CKB Group</b> (Montenegro)	<b>22</b>	<b>6</b>	0			0%	0	2%
	<b>OBA</b> (Albania)	<b>13</b>	<b>4</b>		2		16%	0	4%
	<b>OBM</b> (Moldova)	<b>15</b>	<b>4</b>		1		5%	0	12%
	<b>OBS</b> (Slovakia)	-	-	-12					-
	<b>Others</b>	<b>75</b>	<b>26</b>		24		49%	11	76%















<sup>1</sup> FX-adjusted change without the effect of the sale of OTP Bank Slovakia.

<sup>2</sup> FX-adjusted change.



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

<sup>1</sup> 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.

<sup>2</sup> 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.

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

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

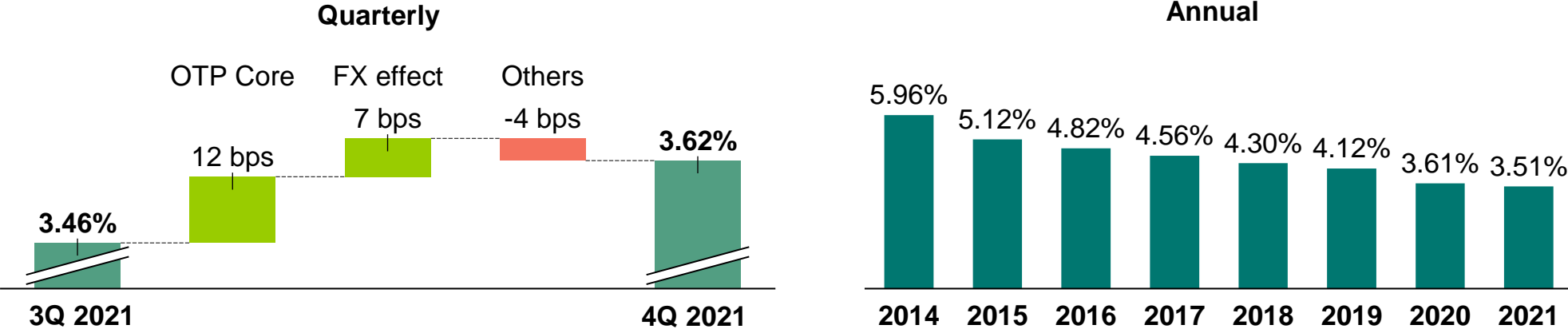
<sup>5</sup> Narrowing margins were the main drag on the annual NII.

<sup>1</sup> FX-adjusted change without the effect of the sale of OTP Bank Slovakia.

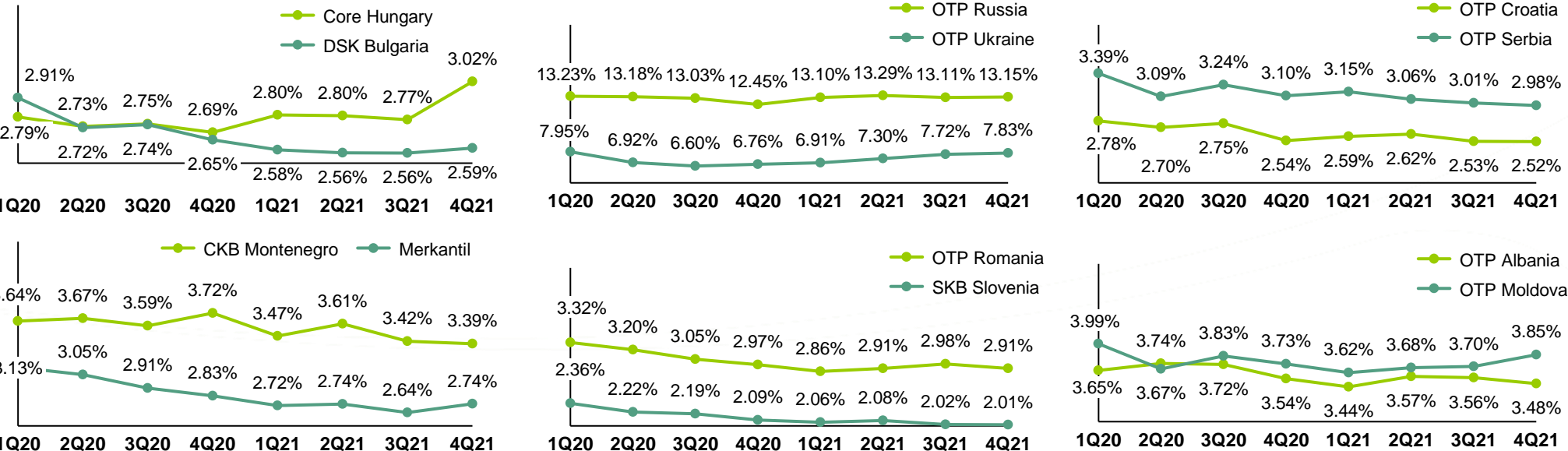
<sup>2</sup> FX-adjusted change.

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 <sup>2</sup> (Hungary) 	DSK (Bulgaria) 	OBH (Croatia) 	OBSrb (Serbia) 	SKB (Slovenia) 	OBR (Romania) 	OBU (Ukraine) 	OBRu (Russia) 	CKB (Monten.) 	OBA (Albania) 	OBM (Moldova) 
<b>Q-o-Q nominal change (HUF billion)</b>	586	168	102	63	80	12	35	43	54	3	15	5
<b>Total</b>	4%	3%	4%	4%	5%	1%	4%	7%	9%	1%	8%	3%
<b>Consumer</b>	2%	1%	3%	1%	1%	-1%	2%	12%	7%	0%	3%	1%
<b>Mortgage</b>	3%	1%	5%	5%	4%	1%	4%			3%	5%	5%
	<b>Housing loan</b>	<b>Home equity</b>										
	2%	-3%										
<b>Corporate<sup>1</sup></b>	6%	6%	3%	7%	8%	3%	3%	11%	16%	0%	9%	3%
<b>Leasing</b>	1%	2%	4%	-6%	0%	-1%	3%	-1%			11%	-2%

<sup>1</sup> Loans to MSE and corporate clients.

<sup>2</sup> 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 <sup>2</sup> (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
<b>Total</b>	15%	19%	11%	10%	10%	7%	21%	41%	18%	0%	18%	22%
<b>Consumer</b>	14%	25%	11%	3%	5%	-2%	19%	30%	12%	-6%	13%	22%
<b>Mortgage</b>	15%	12%	18%	25%	19%	8%	15%			4%	19%	39%
	<b>Housing loan</b>	<b>Home equity</b>										
	15%	-3%										
<b>Corporate<sup>1</sup></b>	16%	21%	6%	6%	11%	13%	27%	49%	59%	2%	19%	14%
<b>Leasing</b>	11%	10%	15%	6%	-3%	0%	23%	35%			7%	6%

<sup>1</sup> Loans to MSE and corporate clients.

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

<sup>1</sup> Including MSE, MLE and municipality deposits.

## Consolidated deposits grew by 16% 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)
<b>Y-o-Y nominal change (HUF billion)</b>	2,916	2,003	142	235	76	63	118	125	28	58	31	34
<b>Total</b>	16%	25%	4%	14%	7%	6%	17%	23%	7%	17%	14%	16%
<b>Retail</b>	10%	15%	7%	12%	12%	2%	16%	11%	-8%	8%	11%	16%
<b>Corporate<sup>1</sup></b>	24%	36%	-5%	18%	2%	12%	17%	30%	40%	29%	24%	17%
<b>Deposits – Net loans gap (HUF billion)</b>	5,317	4,815	1,056	198	-432	245	-150	57	-210	44	41	86

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

<sup>1</sup> FX-adjusted change without the effect of the sale of OTP Bank Slovakia.

<sup>2</sup> 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, %)	
	<b>OTP Group</b>	<b>104</b>	<b>28</b>	-1	16	15	17%
	<b>OTP CORE</b> (Hungary)	<b>26</b>	<b>3</b>	-10			-28%
	<b>DSK Group</b> (Bulgaria)	<b>11</b>	<b>3</b>		1		11%/10% <sup>2</sup>
	<b>OBH</b> (Croatia)	<b>10</b>	<b>2</b>	-1			-9%/-11% <sup>2</sup>
	<b>OBSrb</b> (Serbia)	<b>7</b>	<b>2</b>		2		40%/37% <sup>2</sup>
	<b>SKB Banka</b> (Slovenia)	<b>1</b>	<b>0</b>		0		23%/19% <sup>2</sup>
	<b>OBR</b> (Romania)	<b>6</b>	<b>1</b>	-1			-13%
	<b>OBU</b> (Ukraine)	<b>7</b>	<b>4</b>		2		33%/35% <sup>2</sup>
	<b>OBRu</b> (Russia)	<b>1</b>	<b>0</b>		0		30%/20% <sup>2</sup>
	<b>CKB Group</b> (Montenegro)	<b>1</b>	<b>0</b>		0		33%
	<b>OBA</b> (Albania)	<b>1</b>	<b>0</b>		0		89%
	<b>OBM</b> (Moldova)	<b>3</b>	<b>1</b>		0		-10%
	<b>OBS</b> (Slovakia)	<b>-</b>	<b>-</b>	-1			-
	<b>Others</b>	<b>29</b>	<b>11</b>		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.

<sup>1</sup> FX-adjusted change without the effect of the sale of OTP Bank Slovakia.

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

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.

<sup>1</sup> Changes without the effect of the sale of OTP Bank Slovakia.

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

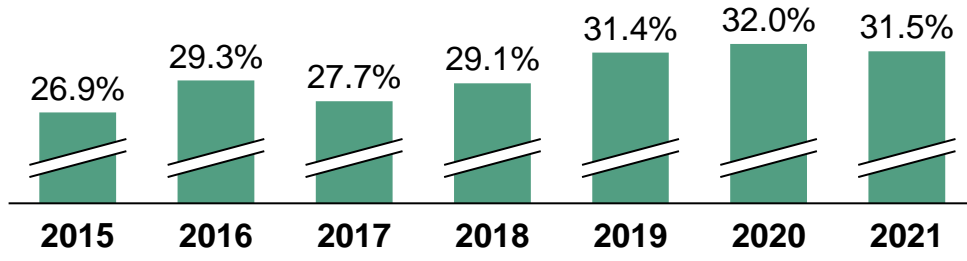


In 2021 the retail business delivered excellent results, the Bank's market share in new mortgage and cash loan placements remained stable or improved. The demand for mortgages was supported by the newly launched home renovation loans and green mortgage loans, too

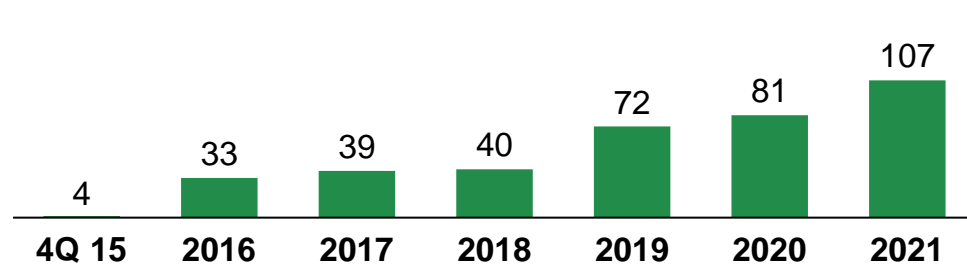
**Y-o-Y change of mortgage loan applications in 2021**



**OTP's market share in mortgage loan contractual amounts**



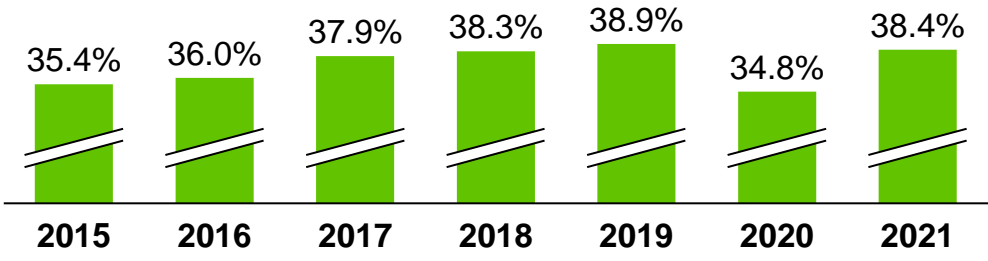
**The amount of non-refundable CSOK subsidies contracted at OTP Bank (HUF billion)**



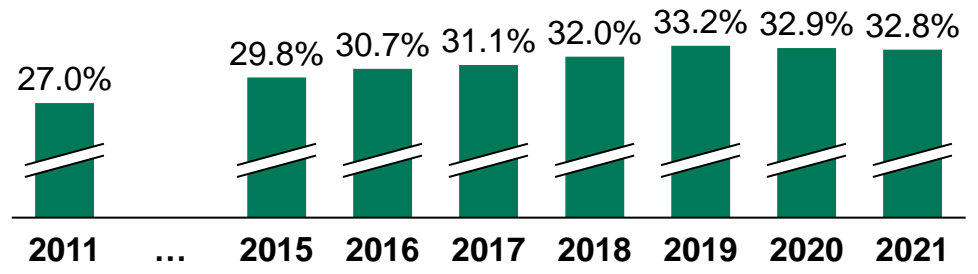
**Performing (Stage 1+2) cash loan volume growth (FX-adjusted)**



**Market share in newly disbursed cash loans**



**OTP Bank's market share in household savings**



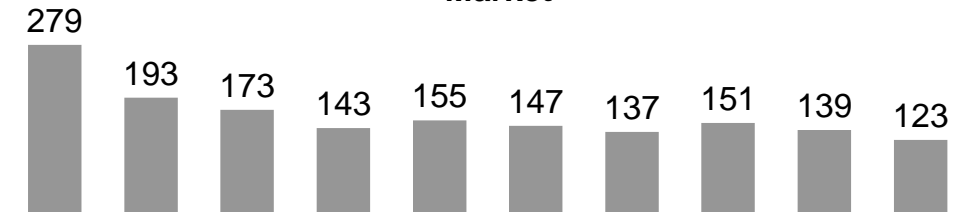


**OTP Bank maintained its above 40% market share in baby loan contractual amounts. The Bank has also been actively participating in the distribution of newly launched subsidized loan products**

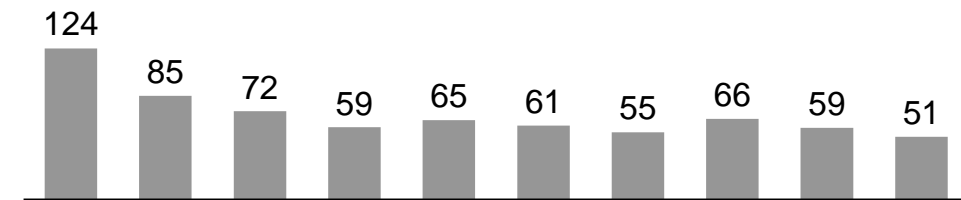
### Baby loans

**Contractual amount (HUF billion)**

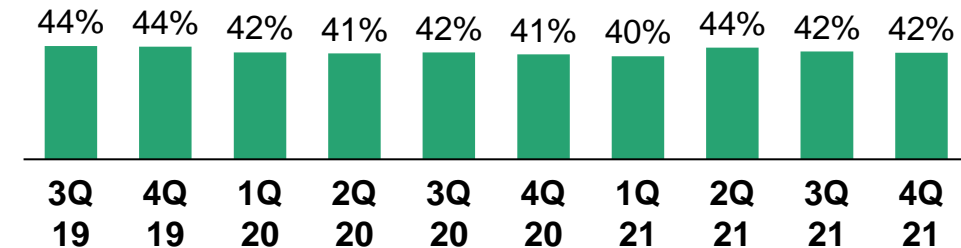
#### Market<sup>1</sup>



#### OTP Bank



**OTP's market share calculated from the contractual amount**



### Home Renovation loan and Home Renovation cash loan<sup>2</sup>

Amount submitted: HUF 52.9 bn Applications submitted: 11,638 pcs

Avg. 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 from 19 April 2021 with a grace period of up to 1 year, 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 Programme<sup>3</sup>

Amount submitted: HUF 43.3 bn Applications submitted: 2,184 pcs

Avg. 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 highly 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.

<sup>1</sup> Based on NBH statistics.

<sup>2</sup> The data are presented for the period January-December 2021.

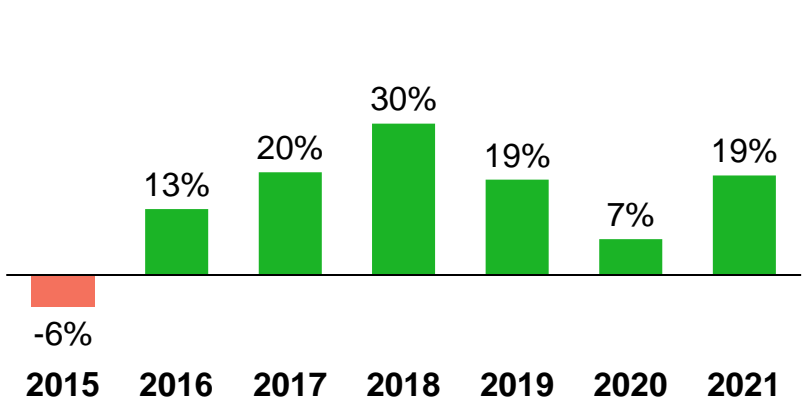
<sup>3</sup> The programme is available since October 2021.



The corporate business also achieved outstanding results: the corporate loan market share hit nearly 19%. MSE lending was helped by the already phased out *FGS Go* and the *Széchenyi Card* program launched in July

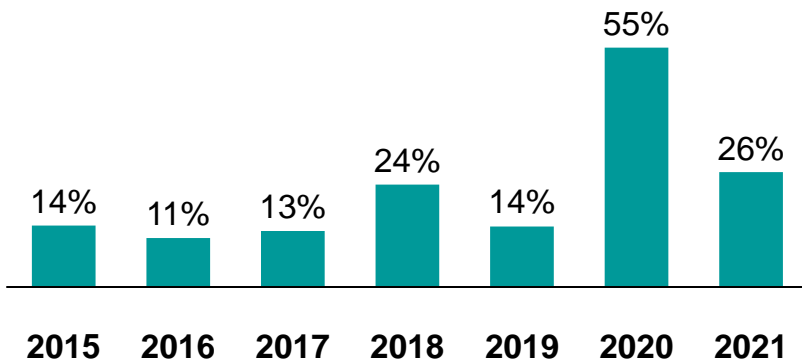
### Performing corporate loan volume changes

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

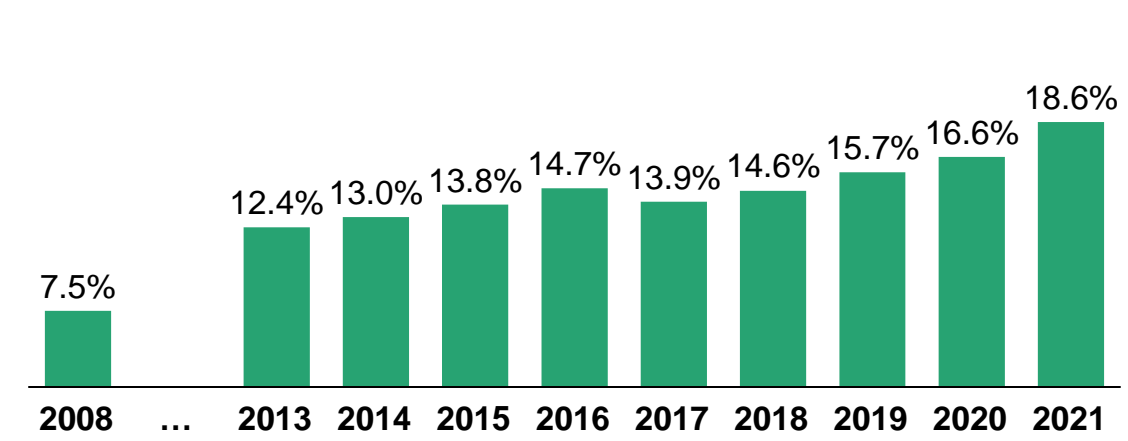


### Performing loan volume changes in the micro and small companies segment

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

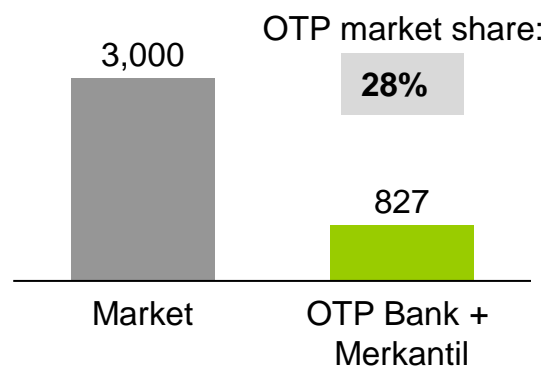


### OTP Group's market share in loans to companies<sup>1</sup>



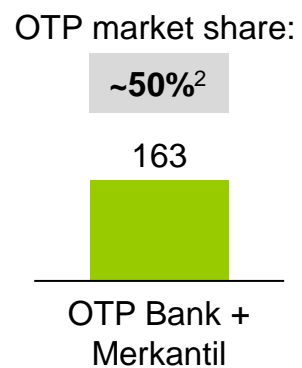
### Contracted amount and market share under the phased-out *Funding for Growth Go!* scheme

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



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

(from the start till the end of 2021, HUF bn)



<sup>1</sup> 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 (based on loans to non-financial companies and other financial institutions).

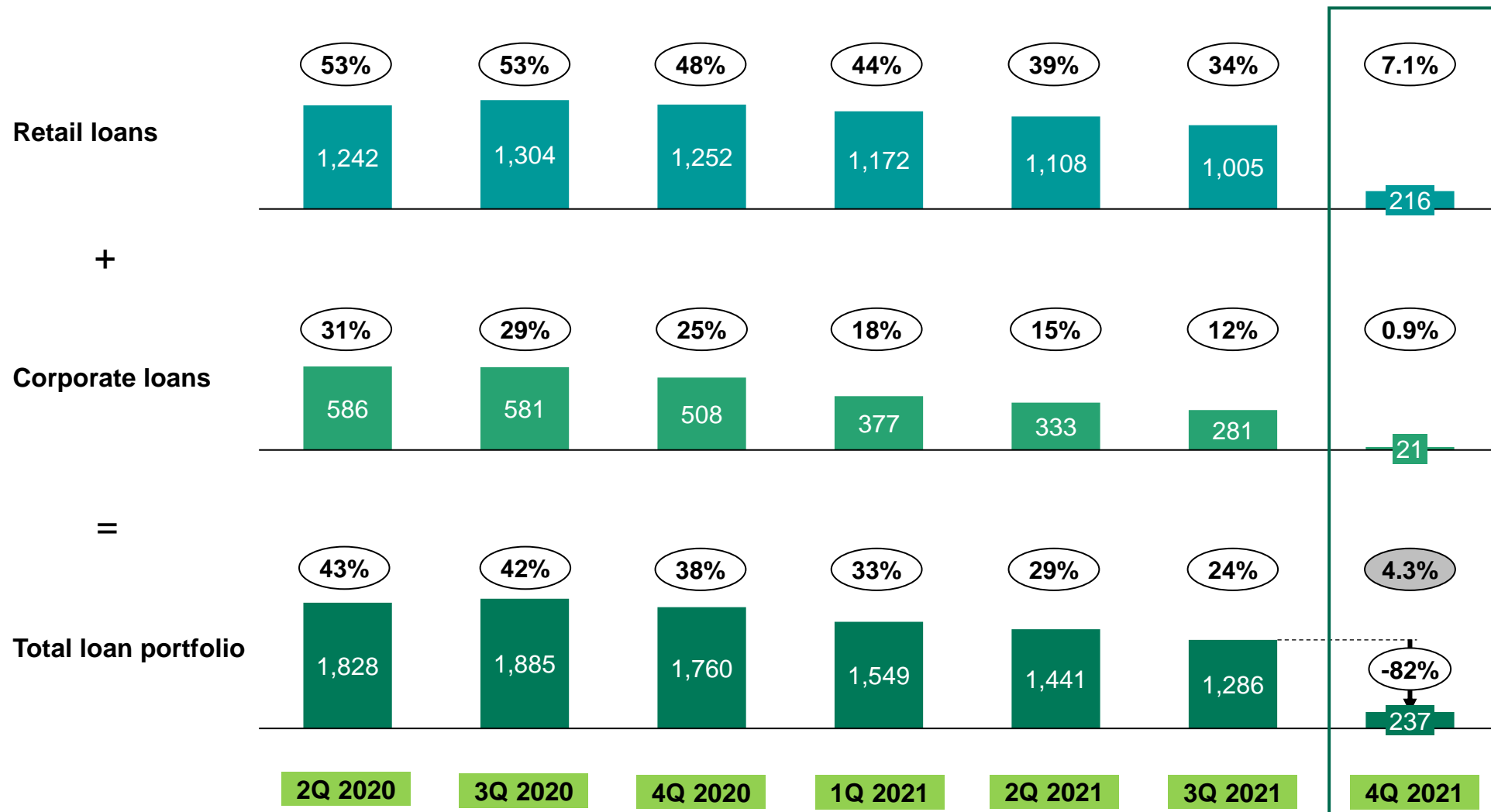
<sup>2</sup> Market share of OTP Bank. Source: KAVOSZ, OTP.





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)





OTP CORE

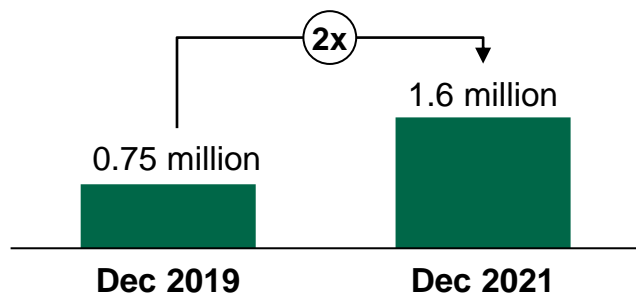
Digital channels kept on gaining ground in Hungary: the share of digitally active, especially mobile banking customers increased, similar to the number of digital transactions. Our market share in the card business remained stably high

### DIGITAL ACTIVITY

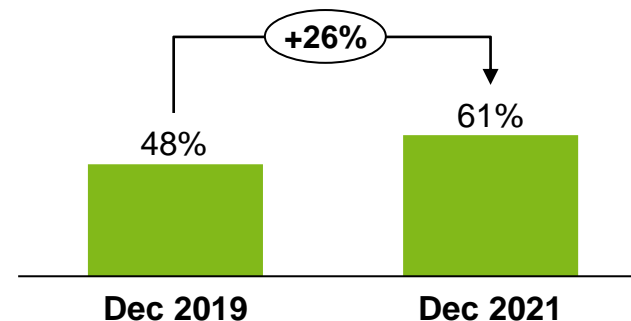
The digital activity of OTP clients has increased significantly which was supported by online campaigns, customer education in branches and continuous development of our digital services



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

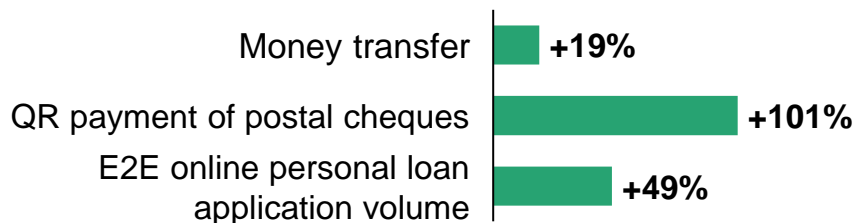


The share of digitally active<sup>1</sup> retail OTP clients increased by a quarter in the last 2 years



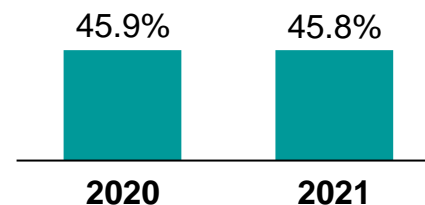
The number of transactions via OTP's digital channels increased significantly

(increase in the number of transactions between 2020 and 2021)

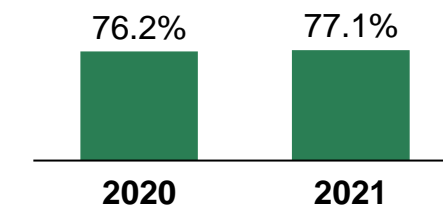


OTP has a dominant market position both as a card issuer and card acquirer

Market share in issuing debit card volumes



Market share in acquiring merchant sales volumes



<sup>1</sup> 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.

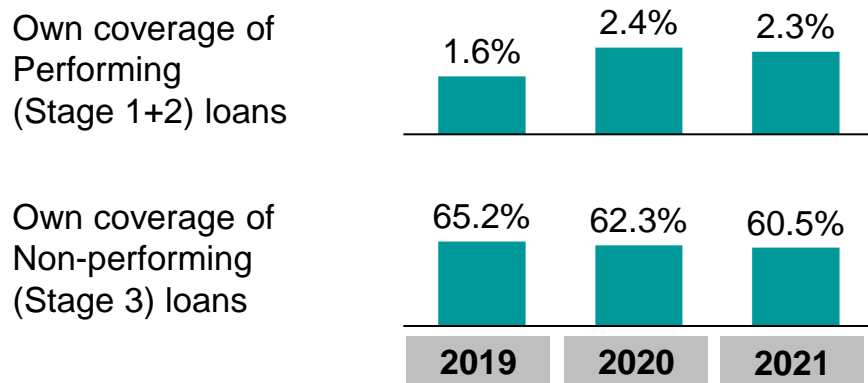
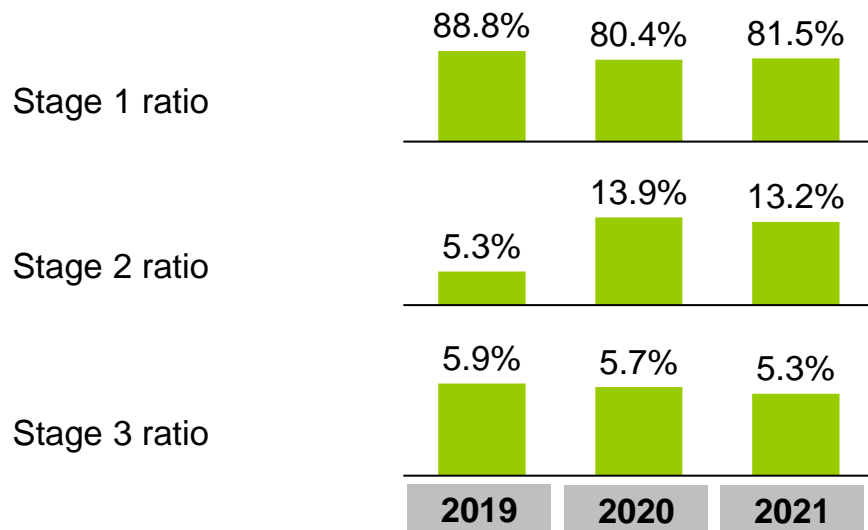
### Branch & Contact Center front-end system migration



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.

**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**



**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
<b>2019</b>	1.6%	1.2%	0.5%	0.5%	0.2%	0.4%	0.5%
<b>2020</b>	2.4%	2.1%	0.9%	0.7%	0.6%	0.9%	0.6%
<b>2021</b>	2.3%	2.1%	0.9%	0.7%	0.3%	0.9% <sup>1</sup>	0.5%














**Own coverage of Stage 3 loans compared to regional peers**

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

Source: Company reports.

<sup>1</sup> Figures reflect data as at 30 September.

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














		<b>Cons.</b> 	<b>Core</b> (Hungary) 	<b>DSK</b> (Bulgaria) 	<b>OBH</b> (Croatia) 	<b>OBSrb</b> (Serbia) 	<b>SKB<sup>2</sup></b> (Slovenia) 	<b>OBR</b> (Romania) 	<b>OBU</b> (Ukraine) 	<b>OBRu</b> (Russia) 	<b>CKB</b> (Monten.) 	<b>OBA</b> (Albania) 	<b>OBM</b> (Moldova) 	<b>Merk.<sup>3</sup></b> (Hungary) 
Stage 1 ratio <sup>1</sup>	<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%
Stage 2 ratio <sup>1</sup>	<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%
Stage 3 ratio <sup>1</sup>	<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%

<sup>1</sup> In % of total gross loans.

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

<sup>3</sup> 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

		<b>Cons.</b> 	<b>Core</b> (Hungary) 	<b>DSK</b> (Bulgaria) 	<b>OBH</b> (Croatia) 	<b>OBSrb</b> (Serbia) 	<b>SKB<sup>1</sup></b> (Slovenia) 	<b>OBR</b> (Romania) 	<b>OBU</b> (Ukraine) 	<b>OBRu</b> (Russia) 	<b>CKB</b> (Monten.) 	<b>OBA</b> (Albania) 	<b>OBM</b> (Moldova) 	<b>Merk.<sup>2</sup></b> (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%
Stage 2 own coverage	<u>4Q 19</u>	10.7%	12.4%	8.5%	3.5%	5.8%	0.0%	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%
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>	2.1%	1.9%	1.9%	1.4%	0.8%	0.8%	2.2%	2.2%	11.3%	1.9%	2.2%	2.1%	0.7%
	<u>4Q 21</u>	2.2%	2.2%	2.0%	1.4%	1.0%	0.9%	2.0%	2.7%	11.9%	1.7%	2.8%	2.4%	0.8%
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%

<sup>1</sup> 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.

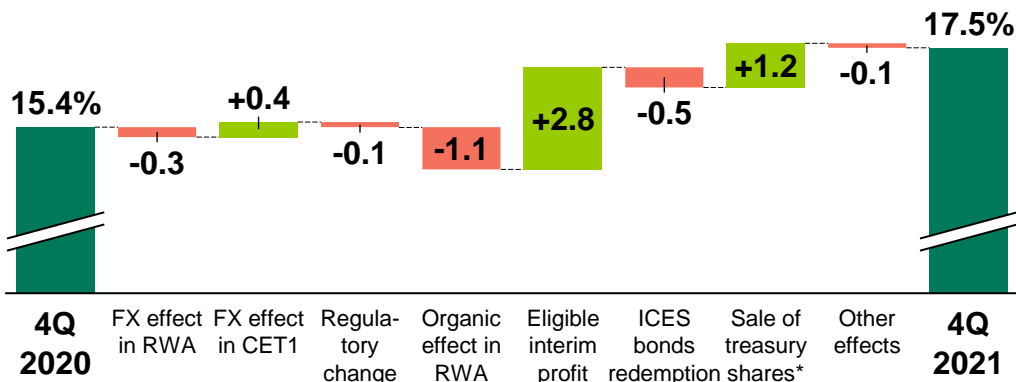
<sup>2</sup> This column includes Merkantil Bank in 4Q 2019, and Merkantil Bank Ltd., Merkantil Bérlet Ltd., OTP Real Estate Leasing Ltd., NIMO 2002 Ltd., SPLC-P Ltd., SPLC Ltd. from 1Q 2020.



# 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

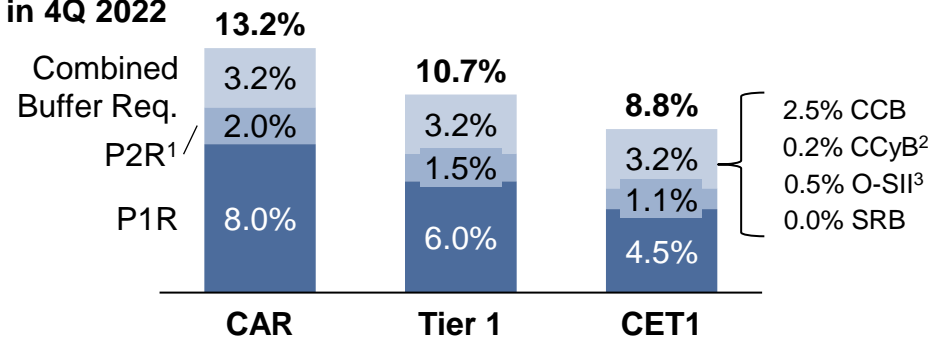
## Decomposition of the change in CET1 ratio in 2021

(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

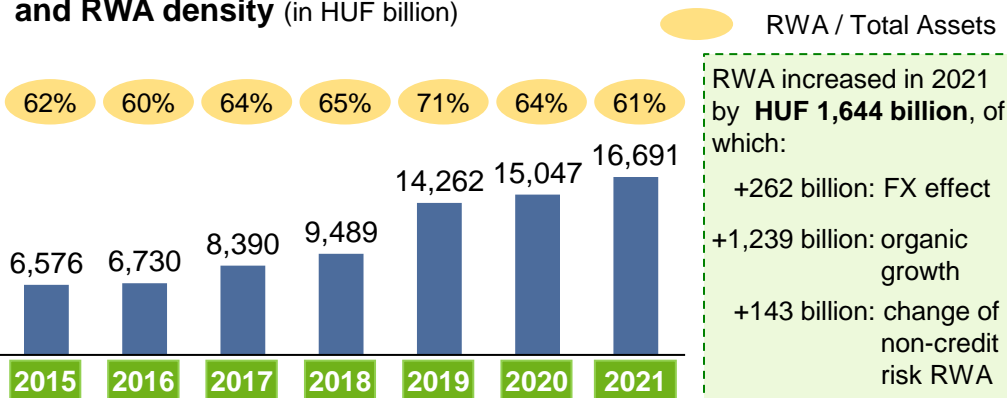


<sup>1</sup> The (P1R + P2R) / P1R ratio (SREP rate) for OTP Group changed to 125% starting from 1 March 2022.

<sup>2</sup> 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.

<sup>3</sup> 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)



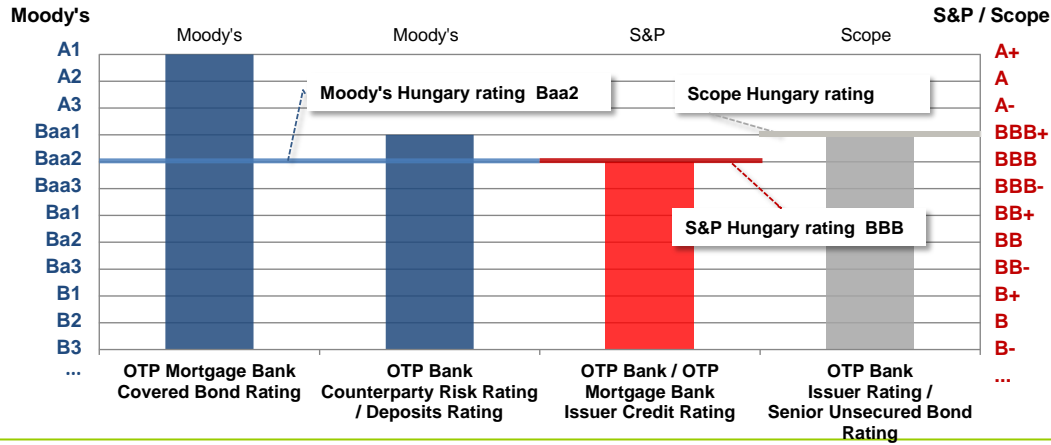
## Consolidated MREL requirements

- 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.

# 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 ratings<sup>2</sup> 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+	BBB+
Baa2	HU(0)	BBB BG(0) HU(0)	BBB BG(+) CR(+) HU(0)
Baa3	RO(0)	BBB- CR(0) RO(0)	BBB- RO(-)
Ba1	CR(0)	BB+ SRB(+)	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(0)	B-	B-
Caa1		CCC+	CCC+
Caa2	UA(-*)	CCC UA(-*)	CCC UA
Caa3		CCC-	CCC-
Ca		CC	CC
C		C	C

## Credit ratings of OTP Group member banks

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

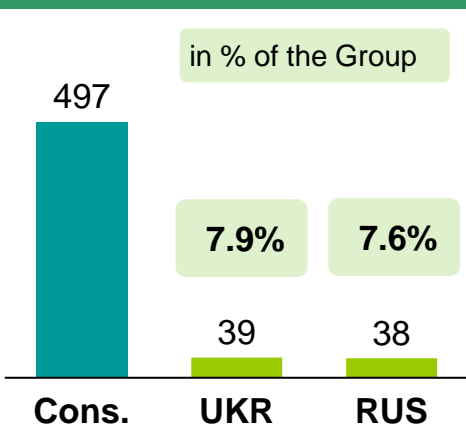
Last update: 08 April 2022

<sup>1</sup> Long-term Counterparty Risk Rating for Moody's and long-term Resolution Counterparty Rating for S&P Global  
<sup>2</sup> 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

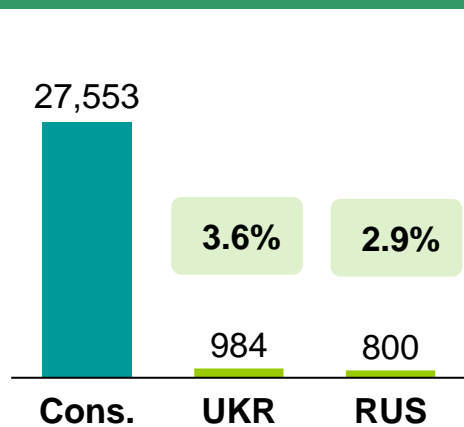


## The combined weight of total assets in Ukraine and Russia within the Group is 6.5%

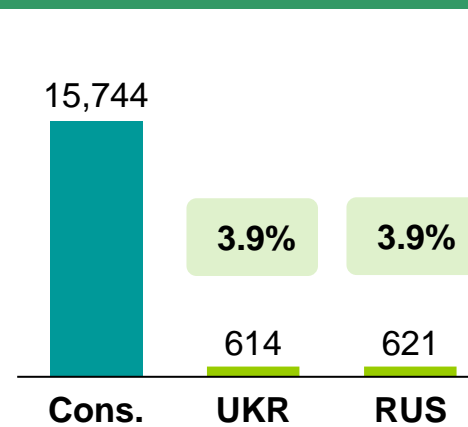
### Adjusted profit after tax (2021, HUF billion)



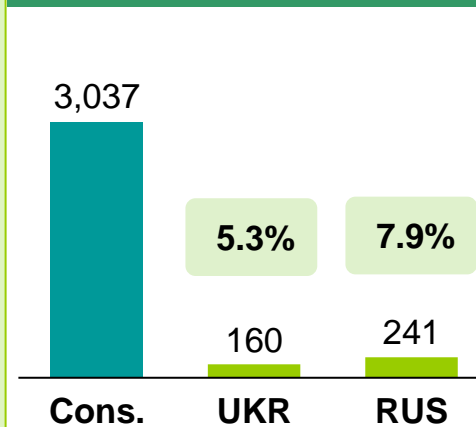
### Total assets (4Q 2021, HUF billion)



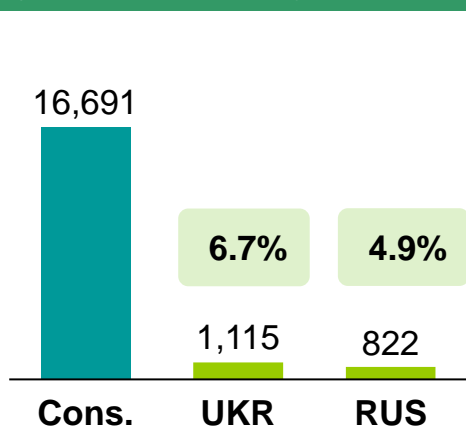
### Net loans (4Q 2021, HUF billion)



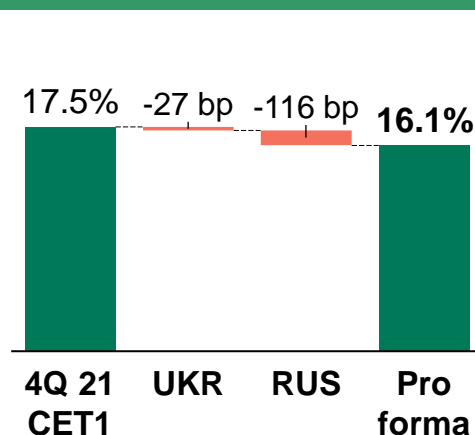
### Shareholders' equity (4Q 2021, HUF billion)



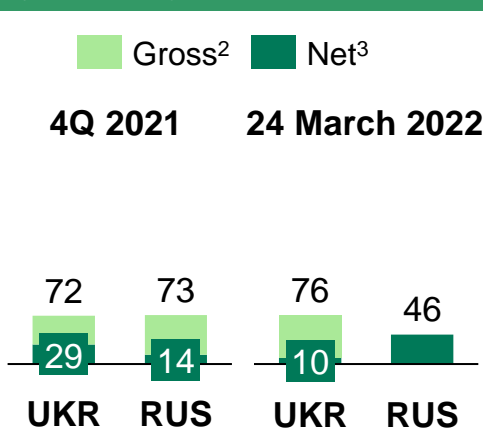
### RWA (4Q 2021, HUF billion)



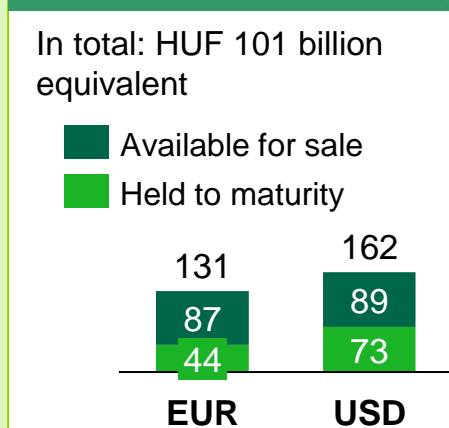
### Consolidated capital effect<sup>1</sup> (on CET1, based on 4Q 2021 data)



### Intra-group funding (HUF billion)



### Russian bond exposures (4Q 2021, w/o the Russian bank)



<sup>1</sup> Estimated CET1 impact of Russian and Ukrainian operations based on 4Q 2021 data. The calculation takes into account the shareholders' equity, existing intra-group funding as well as Russian and Ukrainian risk-weighted assets (RWA).

<sup>2</sup> HUF equivalent of the Group funding provided to the operation of the given country.

<sup>3</sup> Gross funding less the HUF equivalent of deposits placed by entities of the given country in other members of the group.

Management expectations for 2021 were fulfilled. Concerning 2022 outlook, there is a high degree of uncertainty. On 13 April 2021 the dividend proposal of HUF 120.2 billion was approved by the AGM



## 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

As for the Russian and Ukrainian operations potential scenarios vary over a wide spectrum.

Provided that there won't be a meaningful deterioration in the macroeconomic performance for the rest of the Group, i.e. without the Russian and Ukrainian operations, the management guidance for 2022 might develop as follows:

- Performing (Stage 1+2) **organic loan volume growth might be close to 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 may decrease slightly**;
- The **credit risk cost ratio** may double to **around 40 bps**;
- The **operating cost efficiency ratios may be similar to 2021**.

On 13 April 2022 shareholders at the AGM voted to approve that HUF 120.2 billion be paid as **dividend**, of which the amount for 2019 and 2020 is HUF 119.2 billion and the amount for 2021 is HUF 1 billion. The dividend per share is HUF 425.89 for 2019 and 2020 and HUF 3.57 for 2021, thus HUF 429.46 in total.

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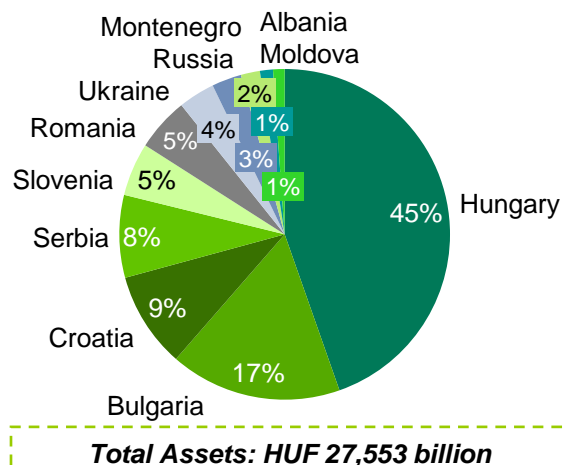
**Further details and financials**

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

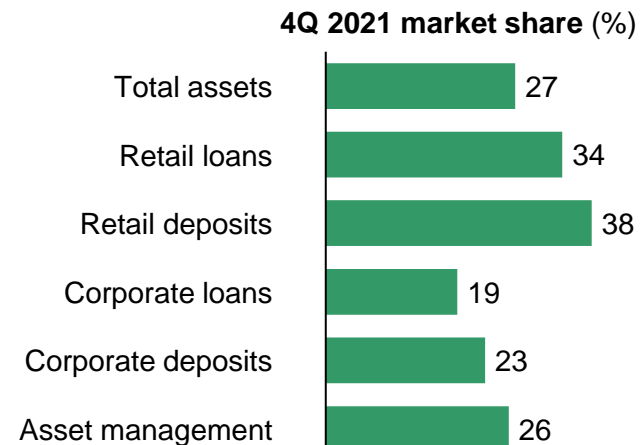
## Major Group Members in Europe



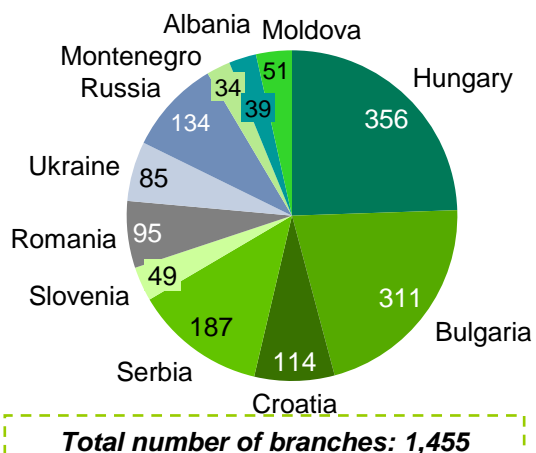
## Total Assets



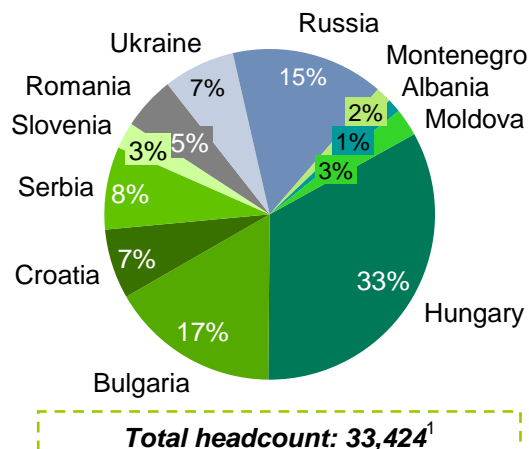
## Systemic position in Hungary...



## Number of Branches



## Headcount



## ... 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<sup>2</sup>**
  - No. 1 in POS lending
  - No. 10 in Credit card business
  - No. 20 in Cash loan business
- Montenegro**
  - No. 1 in Total assets

<sup>1</sup> Excluding selling agents employed at OTP Bank Russia and at OTP Bank Ukraine.

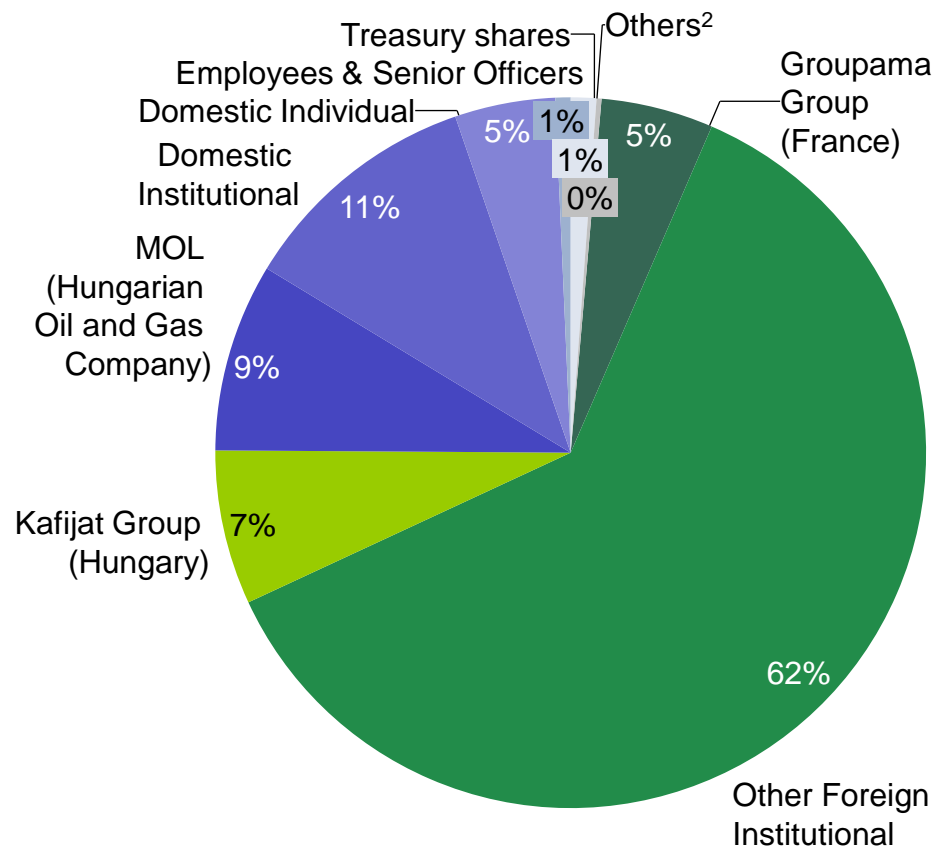
<sup>2</sup> Estimated market positions, including OTP MFO.



**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 7.4 billion<sup>1</sup>**

**Ownership structure of OTP Bank on 31 December 2021**

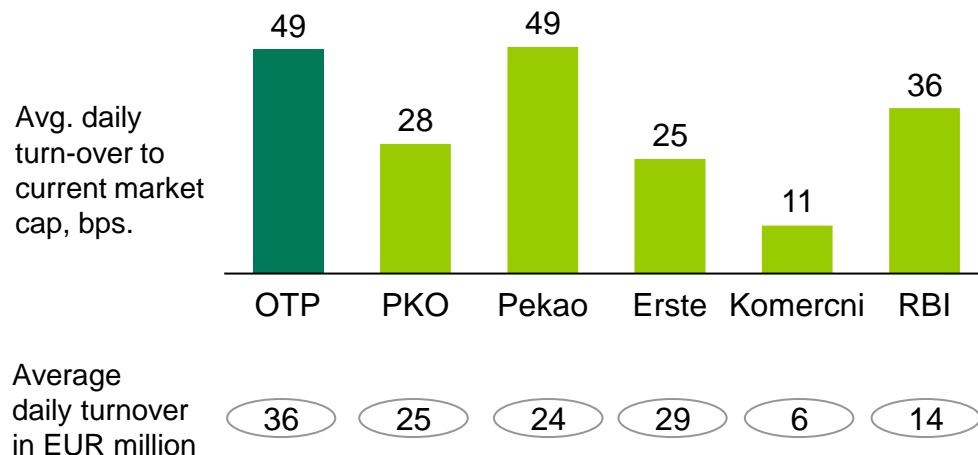


Total number of ordinary shares: 280,000,010, each having a nominal value of HUF 100 and representing the same rights

**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 turnover<sup>3</sup>**



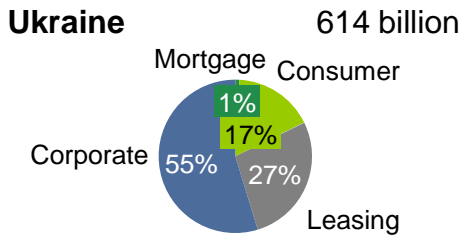
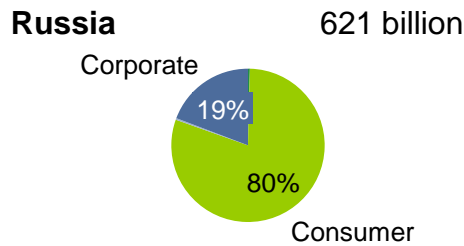
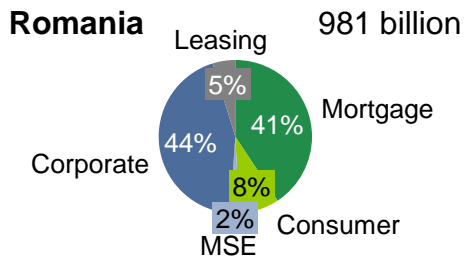
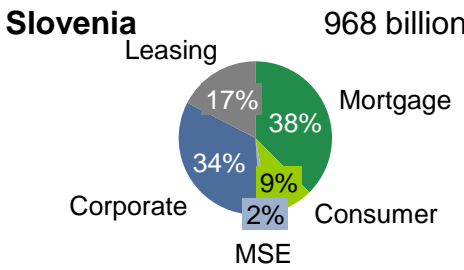
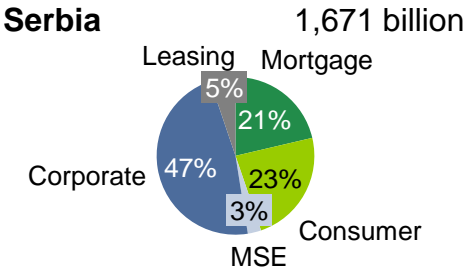
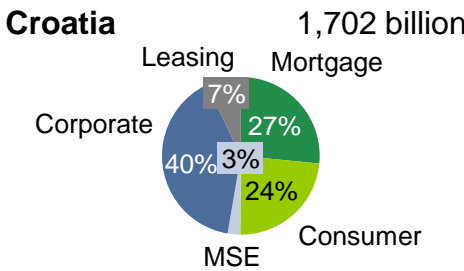
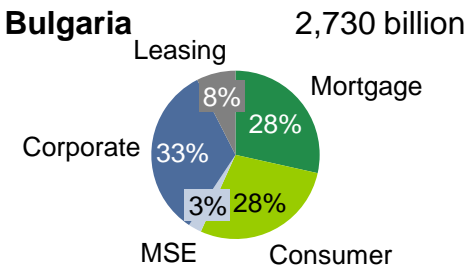
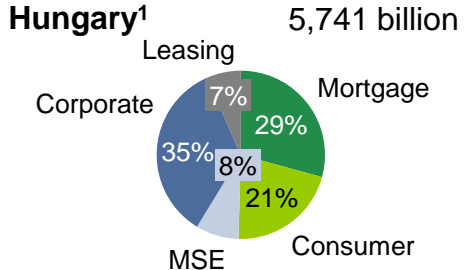
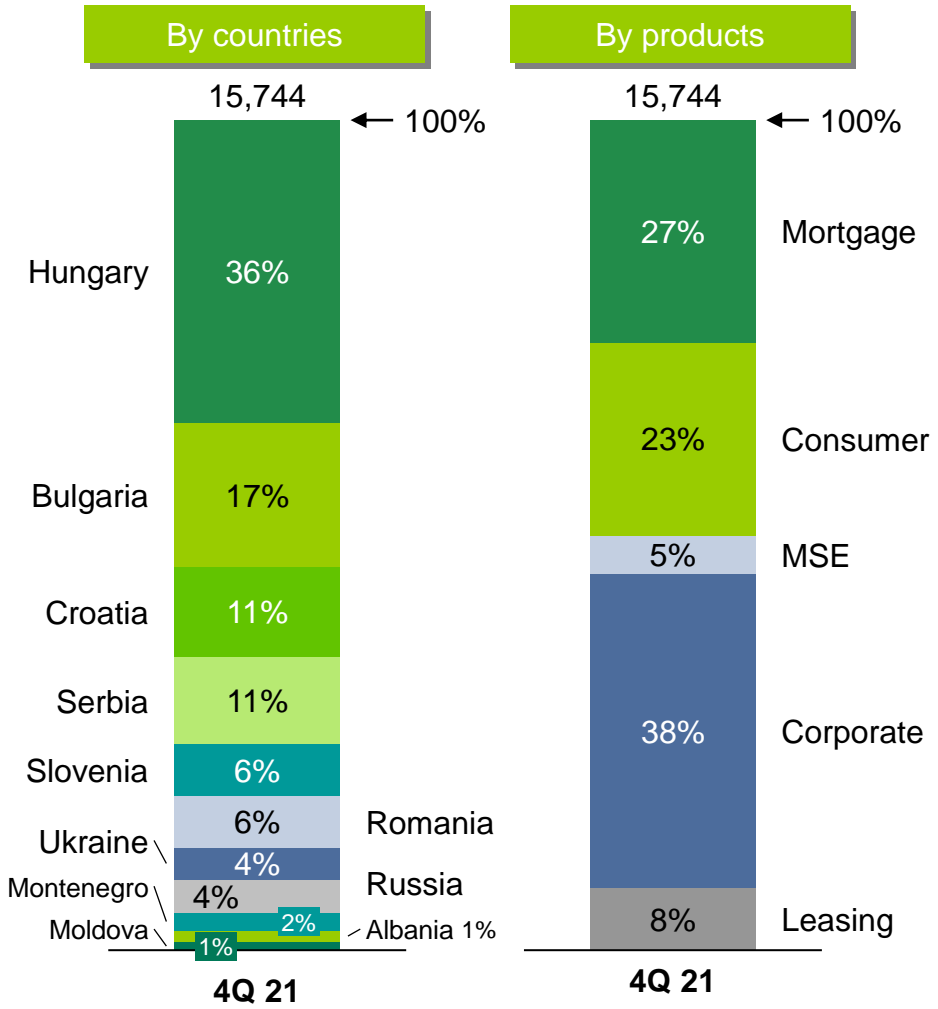
<sup>1</sup> On 4 March 2022.

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

<sup>3</sup> Based on the last 6M data (end date: 4 March 2022) on the primary stock exchange.

The net loan book is dominated by Hungary and tilted to retail lending; almost 80% of the total book is invested in EU countries with stable earning generation capabilities

**Breakdown of the consolidated net loan book**  
(in HUF billion)

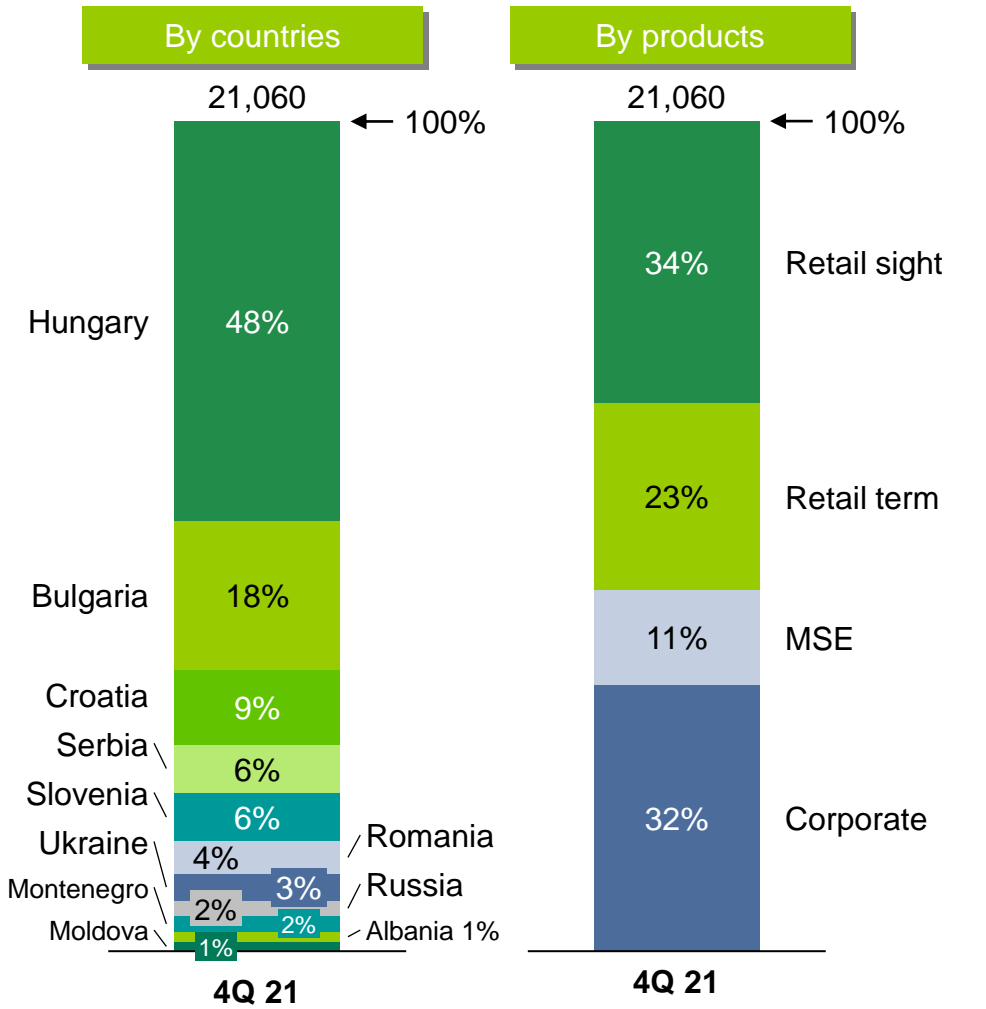


<sup>1</sup> Including OTP Core and Merkantil Group (Hungarian leasing).

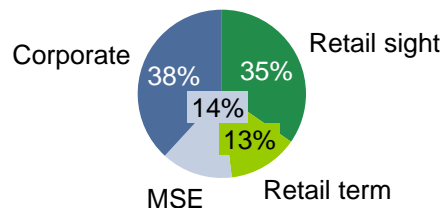
**In the deposit book Hungary and the retail segment is dominant. In Hungary and Bulgaria OTP is the largest retail deposit holder**

**Breakdown of the consolidated deposit base**

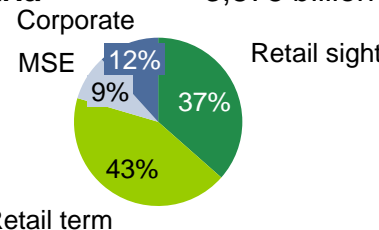
(in HUF billion)



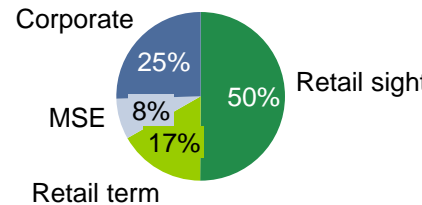
**Hungary<sup>1</sup>** 10,133 billion



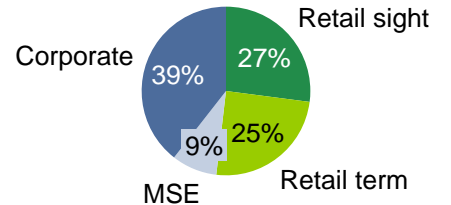
**Bulgaria** 3,875 billion



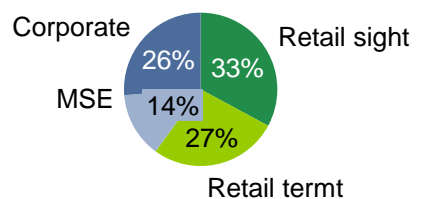
**Croatia** 1,900 billion



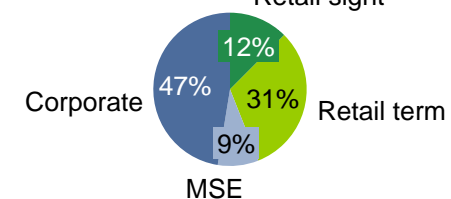
**Serbia** 1,239 billion



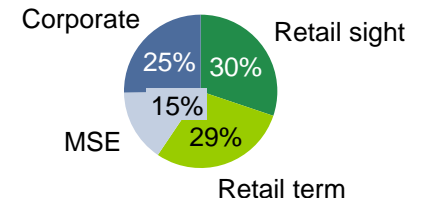
**Slovenia** 1,214 billion



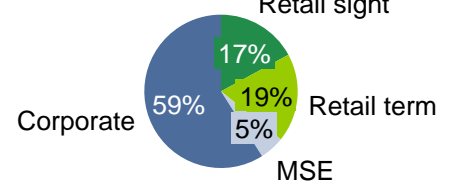
**Romania** 831 billion



**Russia** 412 billion



**Ukraine** 671 billion



<sup>1</sup> Including OTP Core and Merkantil Group (Hungarian leasing).

## The 2021 adjusted ROE recovered as the margin pressure was offset by modest risk cost rate and improved cost efficiency

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

<sup>1</sup> Excluding one-off items. <sup>2</sup> Provision for impairment on loan and placement losses-to-average gross loans ratio. <sup>3</sup> 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. <sup>4</sup> Adjusted for the shifting of Hungarian local business tax and innovation contribution from costs to the corporate tax line from 2021.

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

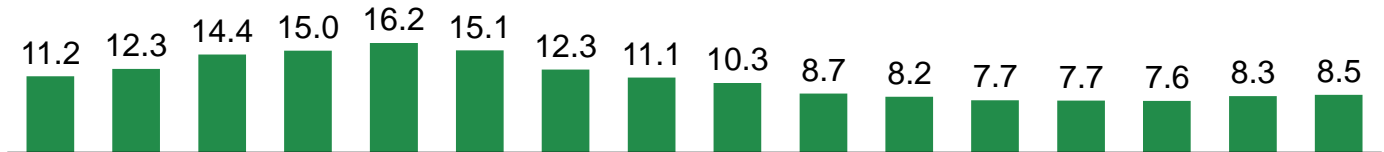
Market penetration levels in Hungary in ...

Net loan to deposit ratio in the Hungarian credit institution system<sup>1</sup>

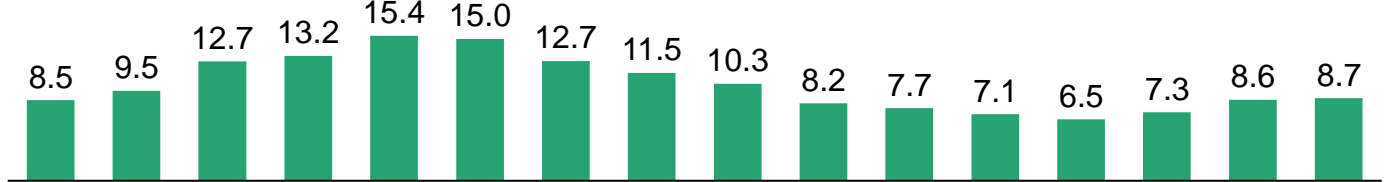
168% → 85%

1Q 2009 → 4Q 2021

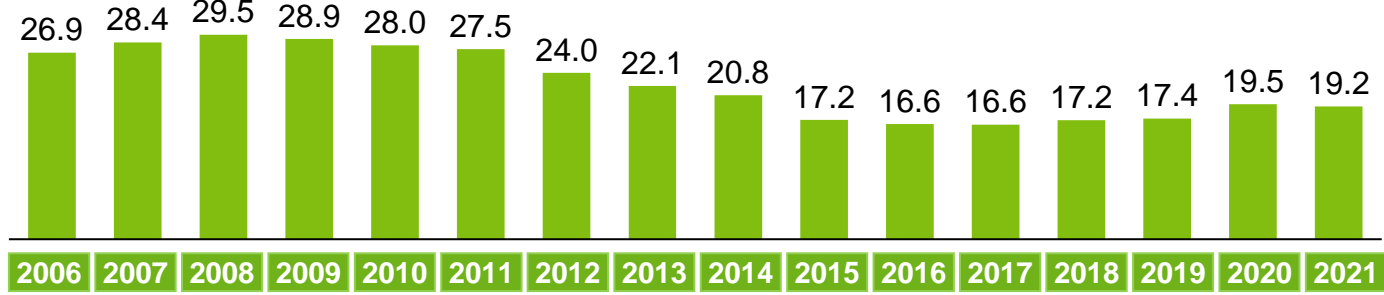
housing loans (in % of GDP)



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



corporate loans (in % of GDP)



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

39.3	Slovakia	10.7	Bulgaria
30.1	Montenegro	9.0	Russia
27.7	Czechia	8.6	Romania
22.3	Serbia	8.1	Albania
20.5	Poland	4.8	Moldova
15.7	Croatia	0.6	Ukraine
14.4	Slovenia		
17.0	Croatia	6.8	Czechia
13.7	Serbia	5.4	Romania
11.4	Poland	5.0	Slovenia
11.4	Bulgaria	4.8	Ukraine
10.2	Russia	4.4	Moldova
7.6	Slovakia	4.3	Albania
39.7	Russia	20.2	Czechia
28.6	Bulgaria	18.5	Slovenia
26.5	Montenegro	15.9	Ukraine
25.4	Serbia	13.9	Poland
23.2	Albania	13.7	Moldova
22.3	Slovakia	12.7	Romania
20.6	Croatia		

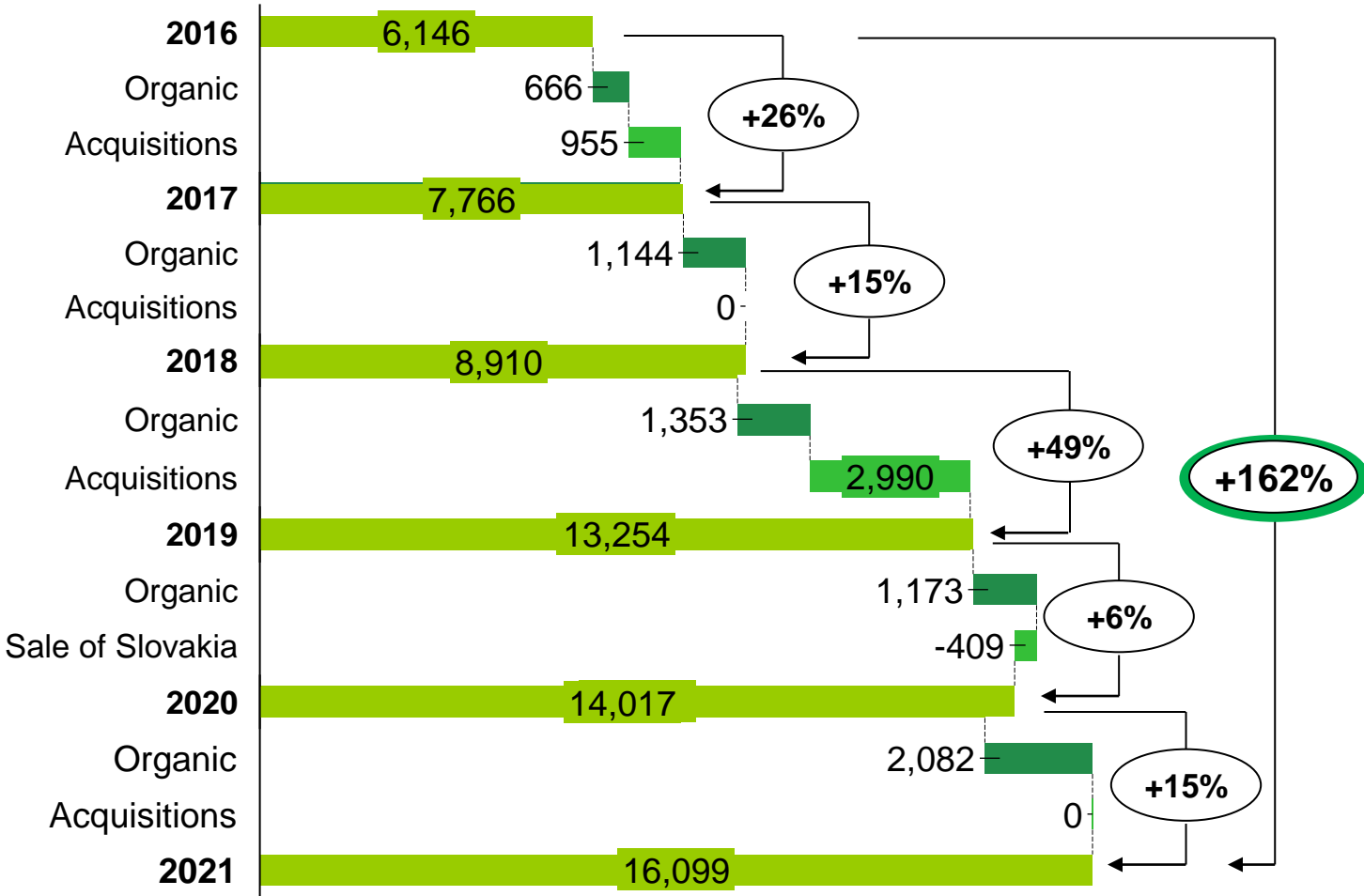
<sup>1</sup> Latest available data. According to the supervisory balance sheet data provision.



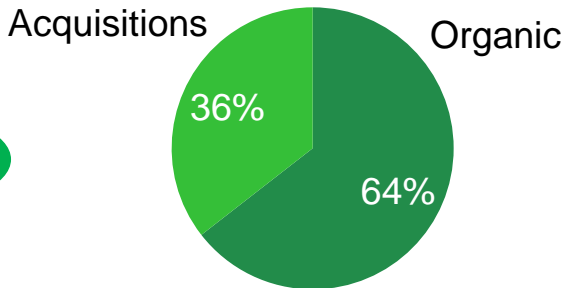
**OTP Group's performing loans grew to 2.6-fold between 2016 and 2021, driven by both organic growth and acquisitions**

**OTP Group – performing (DPD0-90) loan growth<sup>1</sup>**

FX-adjusted, in HUF billion


























**Components of OTP Group's performing loan growth between 2016 – 2021**



<sup>1</sup> 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 few years materially improved OTP's positions in many countries. The financial closure of the Slovenian Nova KBM and Albanian acquisitions might be completed in 2Q 2022, subject to regulatory approvals

Target (seller, date of closing)	Net loan volumes (in HUF billion)	Market share in total assets (before/after acquisition <sup>1</sup> , %)	Book value (in EUR million)	
2017	 <b>Splitska banka</b> , Croatia (SocGen, 2Q 2017)	(Nov 18)  631	4.8 → 11.2	(4Q 16) <b>496</b>
	 <b>Vojvodjanska banka</b> , Serbia (NBG, 4Q 2017)	(1Q 19)  266	1.5 → 5.7	(3Q 17) <b>174</b>
2019	 <b>SocGen Expressbank</b> , Bulgaria (SocGen, 1Q 2019)	(1Q 19)  774	14.0 → 19.9	(4Q 18) <b>421</b>
	 <b>SocGen Albania</b> (SocGen, 1Q 2019)	(1Q 19)  124	6.0	(4Q 18) <b>58</b>
	 <b>SocGen Moldova</b> (SocGen, 3Q 2019)	(3Q 19)  102	14.0	(4Q 18) <b>86</b>
	 <b>SocGen Montenegro</b> (SocGen, 3Q 2019)	(3Q 19)  126	17.6 → 30.4	(4Q 18) <b>66</b>
	 <b>SocGen Serbia</b> (SocGen, 3Q 2019)	(3Q 19)  716	5.3 → 13.7	(4Q 18) <b>381</b>
	 <b>SKB Banka</b> , Slovenia (SocGen, 4Q 2019)	(4Q 19)  827	8.5	(4Q 18) <b>356</b>
2021	 <b>Alpha Bank SH.A.</b> , Albania (Alpha Int. Holdings, signed but not closed)	(4Q 20)  99	6.2 → 10.9	(4Q 20) <b>73</b>
	 <b>Nova KBM</b> , Slovenia (Apollo Global and EBRD, signed but not closed)	(4Q 20)  1,633	8.2 → 28.7	(4Q 20) <b>992</b>
	 <b>Ipoteka Bank</b> , Uzbekistan (Uzbek State, put on hold <sup>2</sup> )	(4Q 20)  690	8.3	(4Q 20) <b>314</b>
<b>Acquisitions total:</b>		 <b>5,988</b>		<b>3,417</b>

<sup>1</sup> 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. <sup>2</sup> On 29 September 2021 OTP Bank signed a non-binding Memorandum of Agreement regarding the potential acquisition of the majority stake of Ipoteka Bank.



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## Investor Relations & Debt Capital Markets

Tel: + 36 1 473 5460; + 36 1 473 5457

Fax: + 36 1 473 5951

E-mail: [investor.relations@otpbank.hu](mailto:investor.relations@otpbank.hu)

[www.otpbank.hu](http://www.otpbank.hu)