OTP Bank PLC

August 4, 2025

This report does not constitute a rating action.

Primary contact
Anna Lozmann
Frankfurt
49-69-33999-166
anna.lozmann
@spglobal.com

Secondary contact
Cihan Duran, CFA
Frankfurt
49-69-33999-177
cihan.duran
@spglobal.com

Research contributor
Srishti Sharma
CRISIL Global Analytical Center,
an S&P Global Ratings affiliate
Pune

Ratings Score Snapshot

SACP: bbb

Anchor	bb+	
Business position	Strong	1
Capital and earnings	Adequate	0
Risk position	Moderate	-1
Funding	Strong	1
Liquidity	Strong	
CRA adjustment		1

Support: 0

ALAC support	0
GRE support	0
Group support	0
Sovereign support	0

Additional factors: 0

Issuer credit rating
BBB/Negative/A-2
Resolution counterparty rating
BBB+/--/A-2

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Overview

Key strengths	Key risks
Leading market position in Hungary and a strong franchise in several central, eastern, and southeastern European countries.	Exposure to Russia and Ukraine results in financial and non-financial risks.
Solid risk-adjusted margins in core markets with a diversified loan portfolio.	Frequent extraordinary government intervention in the banking system.
Substantial digitalization efforts with a noteworthy digital franchise.	While there is a long track record of good execution, high acquisition appetite comes along with risks.

We expect that OTP Bank PLC's (OTP's) business position will remain a key strength relative to most peers. OTP maintained strong profitability over 2024 and first-quarter 2025. Sustained pricing power, expertise in operations in developing countries, and high geographical revenue diversification support the business profile. This has further been strengthened by the successful repositioning of the bank, especially through the merger of SKB Banka and Nova KBM in Slovenia, the acquisition of Ipoteka Bank in Uzbekistan, and the sale of its Romanian subsidiary. We forecast sound and profitable organic growth as OTP applies strict risk and pricing standards across its operations in core markets.

We forecast profitability will remain strong over 2025-2026, driven by solid margins and loan growth. Given macroeconomic conditions are largely improving and inflation subsiding, we do not anticipate any material deterioration in the credit risk of households or corporates. This translates to stable asset quality metrics across core countries of operations. At the same time, strong earnings will continue to be partly offset by the Hungarian banking tax, extraordinary windfall taxes, and extension of interest rate caps.

There are some downside risks to OTP's operations. Given the Russia-Ukraine war, risks to our base case are mainly related to OTP's presence in these two countries. OTP has expanded in Russia over recent years, while its Western European peers, such as UniCredit SpA or Raiffeisen Bank International AG are running down their portfolios in the country. The Hungarian regulator has adopted a different stance than the European Central Bank toward Russian exposure. OTP’s Russian growth stems from the retail portfolio, while it has reduced the size of its corporate loan book, which somewhat mitigates country-related risk. Also, the overall share of the group’s exposure is relatively small: at the end of first-quarter 2025, the loan portfolio of OTP's Russian subsidiary amounted to 5% of the bank's net loans and that of its Ukrainian subsidiary to 2%. Given the small size and limited intragroup funding, we consider OTP will be able to manage a deconsolidation in a hypothetical worst-case scenario. In such a scenario, we forecast only slight impact on regulatory capital ratios and the S&P Global Ratings-adjusted capital ratio. At the same time, reputational and compliance risks related to OTP’s continued presence in Russia remain elevated.

Outlook

The negative outlook primarily mirrors that on Hungary, OTP's home sovereign. However, pressure could also arise if we observe a weakening of OTP's standalone credit profile (SACP), for instance due to deterioration of asset quality or a drag on profits related to economic and geopolitical challenges affecting its core markets.

Downside scenario

We could downgrade OTP Bank and OTP Mortgage Bank in the next two years if:

- We take a similar rating action on Hungary;
- The group significantly increases its country risk exposure to Hungary, contrary to our current expectations. Evidence of challenges in repatriating capital from subsidiaries in EU countries, or a substantial financial weakening of those subsidiaries, could also lead to a negative rating action;
- There is a material weakening of OTP Bank's earnings capacity, or higher-than-anticipated credit losses significantly affect the group's capitalization; or
- The bank experiences material reputational risks or other nonfinancial risks affecting its franchise, for instance due to its business operations in Russia.

A lowering of our issuer credit rating (ICR) on OTP would lead to a lowering of the long-term resolution counterparty rating and senior unsecured and subordinated debt ratings.

Upside scenario

We could revise the outlook to stable if we take a similar action on Hungary.

Key Metrics

OTP Bank PLC--Key ratios and forecasts

	--Fiscal year ended Dec. 31 --				
(%)	2023a	2024a	2025f	2026f	2027f
Growth in operating revenue	41.7	10.5	7.6-9.3	10.3-12.6	10.4-12.7
Growth in customer loans	8.9	13.8	13.5-16.5	13.5-16.5	13.5-16.5
Growth in total assets	20.7	9.6	10.0-12.3	10.3-12.5	10.5-12.8
Net interest income/average earning assets (NIM)	4.7	5.2	4.8-5.3	4.8-5.3	4.8-5.3
Cost-to-income ratio	44.9	45.9	45.3-47.6	44.8-47.0	44.1-46.4
Return on average common equity	26.7	23.3	21.0-23.2	22.2-24.5	22.5-24.9
Return on assets	2.8	2.6	2.3-2.8	2.3-2.8	2.3-2.8
New loan loss provisions/average customer loans	0.4	0.5	0.4-0.4	0.4-0.4	0.4-0.4
Gross nonperforming assets/customer loans	4.5	3.6	3.4-3.8	3.4-3.8	3.3-3.7
Net charge-offs/average customer loans	0.3	0.4	0.3-0.3	0.3-0.3	0.3-0.3
Risk-adjusted capital ratio	7.9	8.6	8.1-8.5	7.9-8.3	7.8-8.2

All figures include S&P Global Ratings' adjustments. a--Actual. f--Forecast. NIM--Net interest margin.

Anchor: 'bb+' Reflecting Exposure To High Economic Risk Countries

We use our Banking Industry Country Risk Assessment economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an ICR. Our anchor for a commercial bank operating mainly in Hungary is 'bbb-', based on an economic risk score of '5' and an industry risk score of '6'.

We take OTP's international exposure into account when analyzing its economic risks, with two thirds of its operations outside of its home market of Hungary, including subsidiaries in Bulgaria, Croatia, Serbia, Slovenia, Ukraine, Russia, Montenegro, Albania, Moldova, and Uzbekistan. Our assessment of the weighted economic risks of exposure at default of customer loans in those countries (rounded average of '6') and our industry risk assessment for Hungary lead to the 'bb+' starting point for our ratings, which is one notch below that for a purely domestic bank.

We anticipate the share of foreign lending will increase slightly over the medium term. OTP's domestic growth is unlikely to fully balance out potential acquisitions, provided its footprints in Ukraine and Russia are not materially altered.

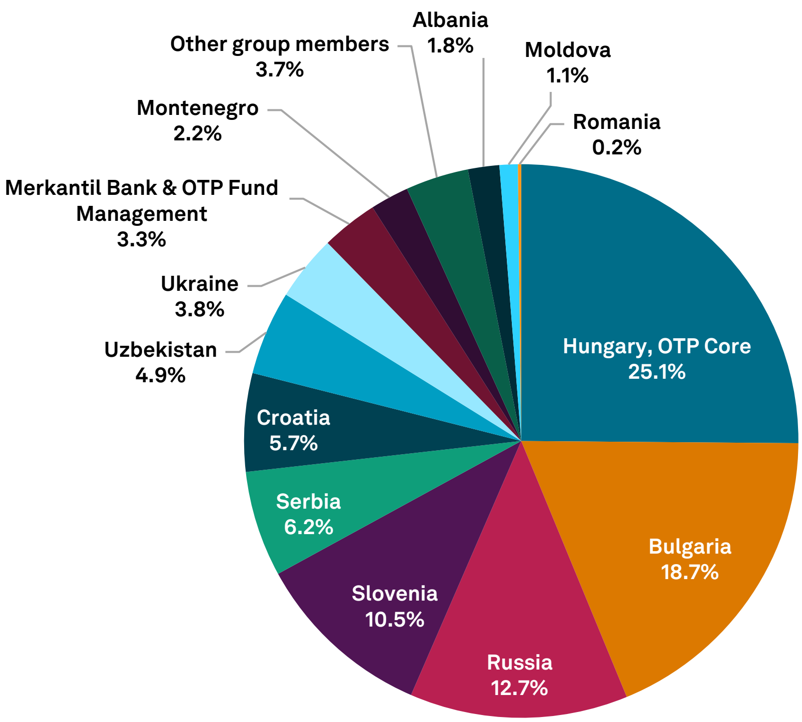
Business Position: Market Leader In Hungary With A Diversified Foreign Franchise

In our view, OTP's business position--better than that of most peers in markets like Italy, Spain, Poland, or Slovenia that carry similar industry risk--will remain a strength. We consider robust income generation by OTP to be a sufficient buffer against potentially higher credit risk costs related to its activities in less developed countries, as proven in recent years.

Chart 1

OTP's geographic reach is highly diversified

Consolidated adjusted profit after tax by geography as of year-end 2024



Source: OTP Bank PLC's Integrated Annual Report 2024

Copyright © 2025 by Standard & Poor’s Financial Services LLC. All rights reserved.

OTP has a diversified revenue stream, across regions and segments. A broad mix of business activity and limited concentration risks strengthen revenue predictability and business volume continuity. The bank is a key player in the Central European region. In Hungary, the bank has a leading position, holding 35% share of the retail loan market and 40% of household deposits as of the end of first-quarter 2025. In 2024, foreign contribution to the group's consolidated net profit was around 68% of the total, mainly from seven overseas markets.

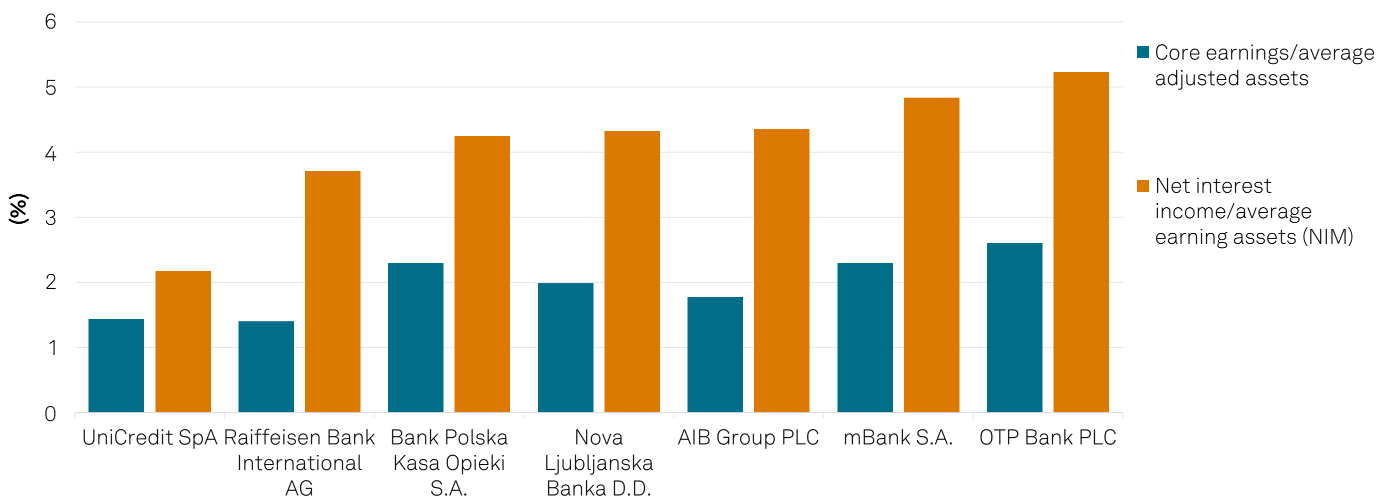
In recent years, OTP has reduced its exposure to the country risk associated with Hungary, largely due to a series of acquisitions outside its domestic market. The bank has successfully acquired and integrated multiple EU and non-EU banks, notably Slovenia’s second largest bank OTP Bank Slovenia (previously known as Nova Kreditna banka Maribor d.d.). As a result, OTP's share of lending in Hungary compared to OTP’s total net loan portfolio fell to 32% by the end of first-quarter 2025, down from almost a half a decade ago. Although OTP has no immediate acquisition plans that would indicate a further reduction in this share, we anticipate that the group will continue its international expansion in the long run, potentially further reducing its sensitivity to country risk in Hungary.

We view the group's management team as having sufficient capacity, skill sets, and experience to govern this large, multinational group. We also expect OTP's management will meet its profitability targets and successfully reposition and integrate recent acquisitions. While we see high level of government intervention and corruption in Hungary, we think that OTP's management and supervisory board are sufficiently independent to facilitate prudent decision making. Please also see the Environmental, Social, and Governance section of this report.

Chart 2

OTP's operating profitability and NIM are the highest among peers

Year ended 2024



NIM--Net interest margin. Source: S&P Global Ratings.

Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

In our view, OTP maintains a competitive edge with its advanced digital capacities. Given its digital solutions and online franchise, we consider the bank better prepared for the ongoing shift in customer preferences than many local peers. OTP Lab serves as the group's in-house innovation hub and a point of cooperation with external networks. Past digitization efforts have significantly improved OTP's cost efficiency.

Capital And Earnings: Earnings Retention Supports Growth Potential

OTP's risk-adjusted capital (RAC) ratio stood at 8.6% at year-end 2024, up from 7.9% at year-end 2023. Following the introduction of Basel IV regulations from January 1, 2025, OTP's consolidated common equity tier 1 (CET1) capital ratio declined to 18.0%, as on March 31, 2025 (versus 18.9% as on Dec. 31, 2024) but remained significantly above the regulatory minimum of 10.8%. OTP announced a dividend of about Hungarian forint (HUF) 270 billion for 2024, versus HUF150 billion for 2023, because high interest rates have boosted profitability. In recent years, the payout ratio (factoring in share repurchases) was up to 25% of net income, resulting in high capital retention. Similarly, the capital ratios of all OTP subsidiaries are comfortably above the minimum regulatory requirements.

We expect OTP will maintain satisfactory capitalization levels, with its RAC ratio projected to moderate slightly to around 8.1% by 2026. Our forecast incorporates the following assumptions:

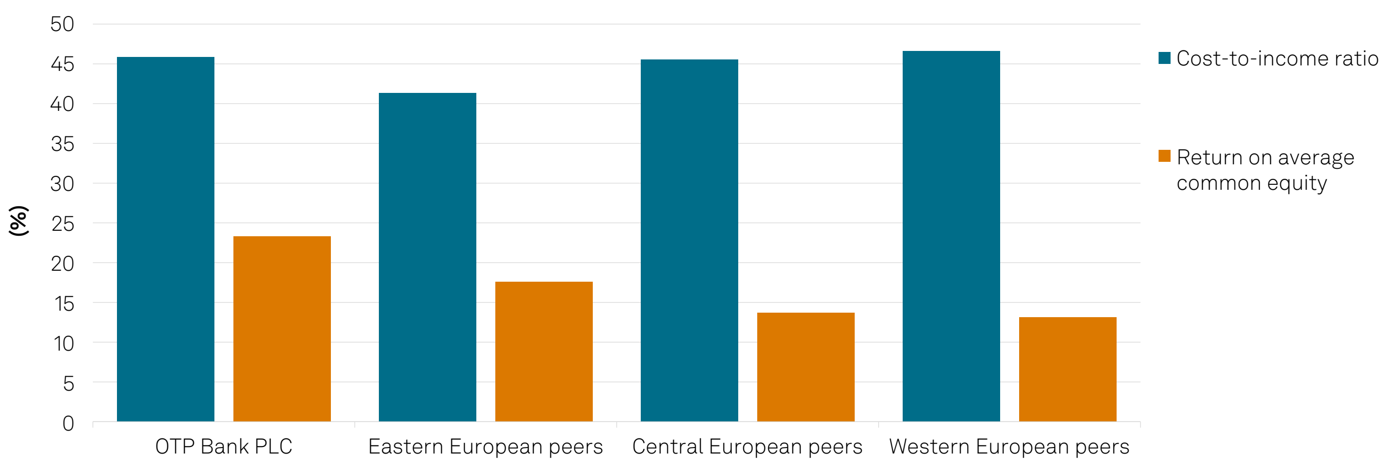
- Net interest margin to stabilize around 5% over 2025-2026, marginally down from 5.2% in 2024;
- Stable loan growth of about 15% over 2025-2026, and S&P Global Ratings' risk-weighted assets moving in tandem;
- Growth in noninterest expenses at 10%;
- Return on average common equity to remain elevated at 22%-24% over 2025-2026; and
- Cost of risk of around 40 basis points (bps), as price pressures are easing and interest rates normalizing.

Our forecast does not include potential acquisitions.

Chart 3

OTP's returns on equity are the highest among peers

Efficiency remains average



Eastern European peers: Banka Polska Kasa Opieki, Nova Ljbuljanska Banka, and mBank. Central European peers: Erste Group AG, Raiffeisen Bank International, and Ceska Sporitelna, a.s. Western European peers: Unicredit SpA, Banco BPI, and Societe Generale. Source: S&P Global Ratings.

Copyright © 2025 by Standard & Poor’s Financial Services LLC. All rights reserved.

Our assessment also considers OTP's good earnings quality, reflected in its solid margins, low share of market sensitive income, and good geographical diversity. The group has proved to deliver this track record over the cycle and we expect the trend to continue. While we acknowledge some correlations between several countries of operations, we deem the revenue diversification effects, overall, as beneficial to the group. We project OTP's three-year average earnings buffer will remain strong, supporting our capital and earnings assessment (year-end 2024: 2% of S&P Global Ratings' risk-weighted assets). The buffer measures a bank’s capacity to cover its normalized credit losses using its earnings.

Risk Position: Risks From Exposure To Russia And Ukraine

We assess OTP's risk profile as weaker than those of peer banks operating in countries with similar economic risk. In our view, the bank's presence in countries that we see as high risk, primarily Russia, presents material--both financial and nonfinancial--risks to the rating.

At the same time, OTP’s prudent risk management supports our assessment. We deem it particularly important that OTP has a highly centralized risk management framework, with limited decision-making freedom at the subsidiaries’ level, ensuring that risk, governance and anti-money laundering (AML) standards are consistent throughout the group. This is key to our rating.

Also, OTP’s large mortgage portfolio, prudent loan-to-value distribution, and good coverage of impaired assets by provisions support its risk profile and indicate that the group’s risk profile would likely remain relatively robust during moderate downturns. Regulatory limitations on certain customer loan metrics also contribute positively to asset quality. In our view, its most recent acquisitions of Nova KBM and Ipoteka Bank, and the sale of its Romanian operations have not altered overall portfolio risk.

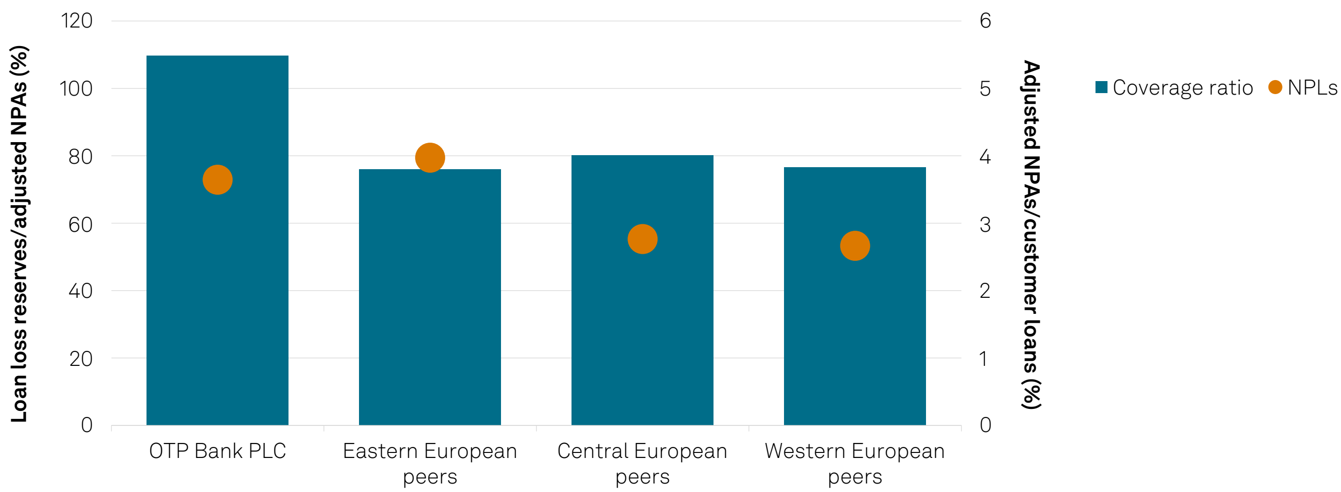
About 35% of OTP's net customer loans were disbursed to corporates, 28% toward residential mortgage, and 27% to consumers, with the rest split largely between small and midsize enterprise loans and automobile loans and leasing, as of March 31, 2025. Most foreign subsidiaries largely follow the same structure (with notable exceptions: Russia: only consumer, Ipoteka Bank: predominantly retail, and Ukraine: largely corporate). We view the mortgage loan book as adequately collateralized. The overall loan book does not show significant single-name concentration.

OTP’s Stage 3 loans reduced to 3.6% over 2024, versus 4.3% at year-end 2023. However, Stage 2 loans remained high at 13% of the portfolio, mainly attributed to the bank's exposure to Russia and Ukraine. Given OTP’s higher coverage of NPLs, we think the group follows a more conservative provisioning policy than many peers’. In our base case, we expect the asset quality metrics will persist over the medium term, as economic recovery and lower interest rates benefit the private sector.

Chart 4

OTP's coverage remains the highest among peers, while its NPL ratio is high

Year ended 2024



NPLs--Nonperforming loans. NPAs--Nonperforming assets. Eastern European peers: Banka Polska Kasa Opieki, Nova Ljbuljanska Banka, and mBank. Central European peers: Erste Group AG, Raiffeisen Bank International, and Ceska Sporitelna, a.s. Western European peers: Unicredit SpA, Banco BPI, and Societe Generale

Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

In our view, overall, market risk remains limited. This is because OTP hedges most of its foreign currency and interest rate risks and provides its subsidiaries with fixed- or floating-rate internal loans to match the repricing characteristics of their loan books, mitigating interest rate risk. It closes trading positions and adjusts the repricing structure of external debt to hedge interest rate risk at the group level. Investments in network banks are also partly hedged against foreign exchange risk.

We are closely monitoring Hungarian authorities' push to increase banks' holdings of government securities, which can intensify sensitivity to market risk depending on the valuation of government bonds. OTP's holdings of Hungarian government bonds have increased over the last few years. OTP's share of government security holdings benefits from lower risk charges. Repricing risks may be not adequately covered by capital if the sovereign suffers from negative market sentiment.

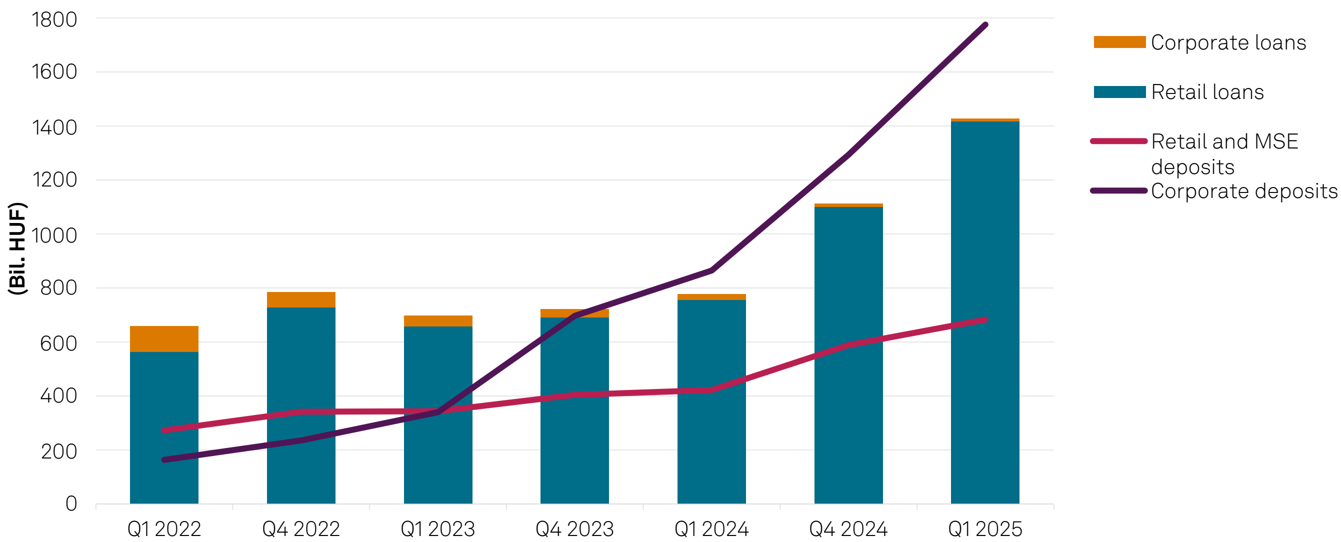
Hotspot Russia

At just 5% of net loans as of the end of March 2025, Russia's exposure is small but even this can pressure the rating in adverse scenarios, primarily through non-financial risks. The group has reduced the size of its Russian corporate portfolio to mitigate the risks; however, while OTP considers all strategic options in Russia, we do not regard an exit as feasible in the medium term. Possible further sanctions by the EU and other countries on Russia may exacerbate the risk. Direct financial risks are limited, but non-financial risks are material and can indirectly result in financial risks if regulatory fines are imposed for breach of sanctions. Risk costs stemming from OTP's operations in Russia and Ukraine have declined considerably in line with the portfolio rundown but remain high.

Chart 5

OTP's exposure to Russia has increased significantly

OTP Russia's loan portfolio and deposits (Q1 2022 versus Q1 2025)



Source: OTP Bank PLC's Q1 2025 results. MSEs--Micro and small enterprises. HUF--Hungarian Forint.

Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

We note that the inflow of deposits in Russia remains high, driven by the bank being perceived as a safe haven for domestic customers. Corporate deposits have more than doubled between the first quarter of 2023 and the first quarter of 2025. Retail loan growth has picked up again substantially in Russia. Overall, we think that there are significant reputational and legal/compliance risks associated with OTP's business in Russia. Such risks could occur primarily if a regulator (in any relevant country) opens an investigation or the bank's exposure in Russia results in sanction breaches. At the same time, we note OTP is fully compliant with regulatory requirements and faces no related legal dispute.

Funding And Liquidity: Largely Retail, Granular Funding Base And A High Level Of Liquid Assets

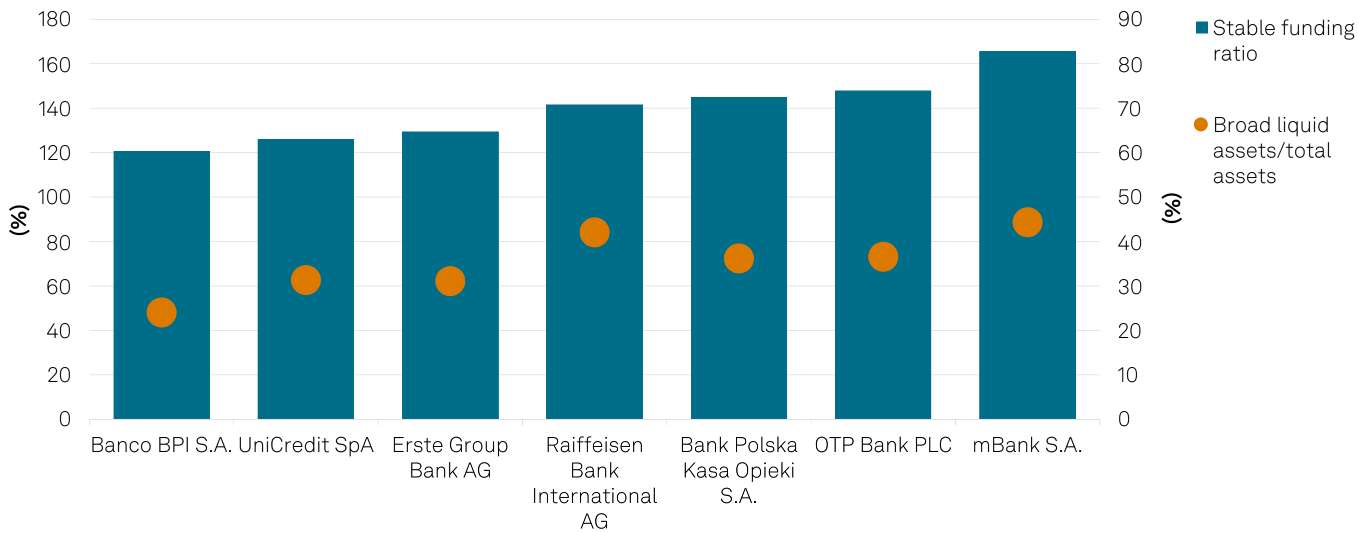
We expect OTP's funding profile will remain better than the peer average in Hungary over the cycle. We also think that the bank will retain its very high liquidity buffer. As of March 31, 2025, its liquidity coverage ratio of 238% and net stable funding ratio of 157% exceeded regulatory requirements.

OTP witnessed a 2% year-on-year growth (foreign exchange-adjusted; despite the sale of the Romanian business) in customer deposits over 2024. Customer deposits totaled around 83% of total liabilities as of year-end 2024--translating into a low net loan-to-deposit ratio of about 74%. OTP's S&P Global Ratings-adjusted stable funding ratio also strengthened further to about 148% as of the end of first-quarter 2025 and is well placed within the peer group. We expect the ratio will remain around the level over the coming years as loan growth aligns more closely with increase in deposits. Given the attractiveness of its franchise, OTP has not had to rely on overtly aggressive pricing to retain customers. Accordingly, we regard OTP's strong domestic retail franchise as loyal and well-diversified.

Chart 7

OTP benefits from sound funding and liquidity metrics versus that of peers

Year ended 2024



Source: S&P Global Ratings.

Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

We consider that OTP's individual foreign subsidiaries have similar funding profiles, as indicated by its consolidated ratios. The bank is also able to collect long-term funding by issuing mortgage-covered bonds via OTP Mortgage Bank, which we assess as positive.

Our assessment factors in OTP's strong liquid assets, mainly cash and government bonds equivalent to about one-third of total assets. Accordingly, coverage of total assets by broad liquid assets was high at 36.8% as of March 31, 2025. This, however, reflects in part the limited use of long-term wholesale debt by OTP (11% of the funding base). We center our liquidity assessment on deposit-related liquidity metrics and qualitative factors, given the high share of customer deposits in OTP's funding mix. Net broad liquid assets to short-term customer deposits--among the main metrics we consider--stood at a solid 47.7% on March 31, 2025, and is therefore stronger than for most other banks we rate. This supports our view that OTP would be able to withstand adverse market shocks

Comparable Rating Analysis (CRA): Positive One-Notch Adjustment

We assign a positive one-notch CRA adjustment to arrive at the 'bbb' SACP. This adjustment is informed by a track record of above-peer-average returns and supported by our expectation of economic conditions recovering in its main countries of operations. We think that the OTP Group will continue to outperform peers' risk-adjusted profitability. Both return on equity at 23.5% for 2024 and a cost-to-income ratio at 41.3% indicate a strong earnings buffer, better than the peer average. In our base case, we expect this advantage to persist in the medium term.

Support: No Uplift To The SACP

We do not incorporate any uplift for potential extraordinary government support into our ratings on OTP. This view is based on the implementation of the Bank Recovery and Resolution Directive for stressed banks into national law. Given OTP's systemic importance, we don't rule out the possibility of support. However, we believe the government's willingness to extend support is uncertain under the resolution framework.

The OTP Group's preferred resolution strategy is Multiple Point of Entry, with two resolution groups within the OTP Group: (i) the first resolution group consists of the Issuer as resolution entity and the entities in the prudential scope of consolidation of the Issuer, excluding the Slovenian OTP Banka d.d. and its subsidiaries (OTP Bank Resolution Group) and (ii) the second resolution group has the Slovenian OTP Banka d.d. as a resolution entity and its subsidiaries. The bank fully meets its minimum requirement for own funds and eligible liabilities (MREL), with the ratio at 26.8% versus the regulator-mandated 23.9% as of March 31, 2025. We believe it will maintain this ratio in the foreseeable future.

The ratings on OTP do not benefit from any uplift to additional loss-absorbing capacity (ALAC) due to low issuances of senior non-preferred and Tier 2 capital instruments. The bank does not meet the relevant thresholds for ALAC eligible instruments to S&P Global Ratings' RWAs before diversification, set at 425 bps for a one-notch uplift and at 850 bps for two notches of ALAC uplift to the SACP. The thresholds include adjustments for maturity concentration and prepositioning of instruments.

Other Issues: Rating Above The Sovereign

We think that OTP's capital and liquidity ratios are resilient enough to withstand a potential stress scenario, even the unlikely event of a default by Hungary. Therefore, we rate OTP above the Hungarian sovereign.

We consider that, to some extent, OTP would be able to withstand the financial stress occurring in case of a default by Hungary. This assessment justifies that our ICRs on OTP are not limited by the Hungarian Foreign Currency (FC) sovereign rating. However, we think there would still be a substantial effect on the bank's franchise and financial standing if the Hungarian sovereign were to default. Therefore, we restrict our ICR on OTP at a maximum of one notch above the sovereign FC rating on Hungary.

Our assessment of OTP's ability to withstand a sovereign default is informed by our sovereign stress test model. Under this approach, we estimate the potential credit losses and liquidity outflows that OTP could suffer in a sovereign default scenario, and also the bank's financial resilience. Our analysis considers the potential solvency of the group on a consolidated basis, and, more challengingly, that of OTP Bank PLC as a legal entity. The modelled losses--arising principally from its home sovereign bond portfolio and domestic loan book--could be substantial. That said, we see two factors that could offer some mitigation to the depletion in its regulatory capital:

- We assume that authorities would apply resolution powers to OTP, leading to the write-down of all outstanding capital instruments and the bail-in of nonpreferred senior debt instruments.
- We assume that the Hungarian parent bank could repatriate profits and some of the excess regulatory capital held in EU subsidiaries (excluding Slovenia), that is, those within its OTP Bank Resolution Group perimeter.

For non-EU subsidiaries, we see a higher likelihood of local regulators impeding the transfer of profits and excess regulatory capital to the Hungarian parent due to diverging regulatory frameworks and national interests.

Based on these assumptions, we think that OTP would, under a sovereign stress scenario, be able to maintain liquidity and capitalization at levels likely to be deemed acceptable by Hungarian authorities, applying some form of regulatory forbearance. This would give the bank time to restore capital and liquidity ratios to regulatory minimums.

Environmental, Social, And Governance

In our view, governance factors have a moderately negative influence on our credit rating analysis of OTP, reflecting the risk of government interference amid an increasing risk of perceived corruption and lower governance standards in Hungary. These could impair the effectiveness of the domestic institutional framework. We see Hungary as a negative outlier on governance risks in the peer group and reflect this in our anchor for banks active in Hungary, including OTP. Unpredictable government policies and the potential for government involvement in the financial sector remain significant risks. Also, corruption is not a negligible risk in Hungary and OTP's other regions of operation.

While governance is a negative consideration, environmental and social factors are neutral to our credit rating analysis of OTP.

At the same time, we think that OTP’s institutional setup, to some extent, mitigates the governance risks that the Hungarian banks in domestic ownership/ without free float are exposed to. In our view, its shareholder structure promotes better governance standards than at local peers. All shares are free-floating; about 45% of investors are domestic institutions and individuals, with the rest being international. There are only two investors with more than 5% share--Hungarian Oil and Gas Co owns the largest at 8.57%. Apart from a negligible 0.05% owned by the government, there are no apparent holdings of state-linked entities in the shareholder structure.

We note a prominent family link between the two most influential positions at the bank (with father being the chairman of the board of directors and son the CEO), which is not an optimal governance setup, potentially creating risks for checks and balances. However, the split of the roles of CEO and the head of the board of directors (which were previously allocated to one person) is a step forward toward a better institutional setup. Risks are mitigated by the fact that most members of the board of directors are independent (nonexecutive) and have no family connections.

The board of directors has 11 members, while the supervisory board has six. OTP has implemented all the recommendations of the Budapest Stock Exchange on corporate governance.

OTP has a material presence in less developed European countries with weaker governance standards than Hungary's. We will monitor any potential reputational issues emerging from these countries, which could come from nonfinancial risks like deficiencies in underwriting or compliance and know-your-customer practices. This has not been the case so far and we understand that OTP takes a group-wide, uniform approach to oversight.

Group Structure And Rated Subsidiaries

We equalize our ratings on OTP Mortgage Bank with those on OTP because of its integral position in the group's strategy. Our view of its status is based on its full ownership and very close organizational and operational integration with its parent.

We understand OTP Mortgage Bank is key in fulfilling the group's regulator-mandated mortgage funding adequacy ratio via issuances of mortgage-covered bonds.

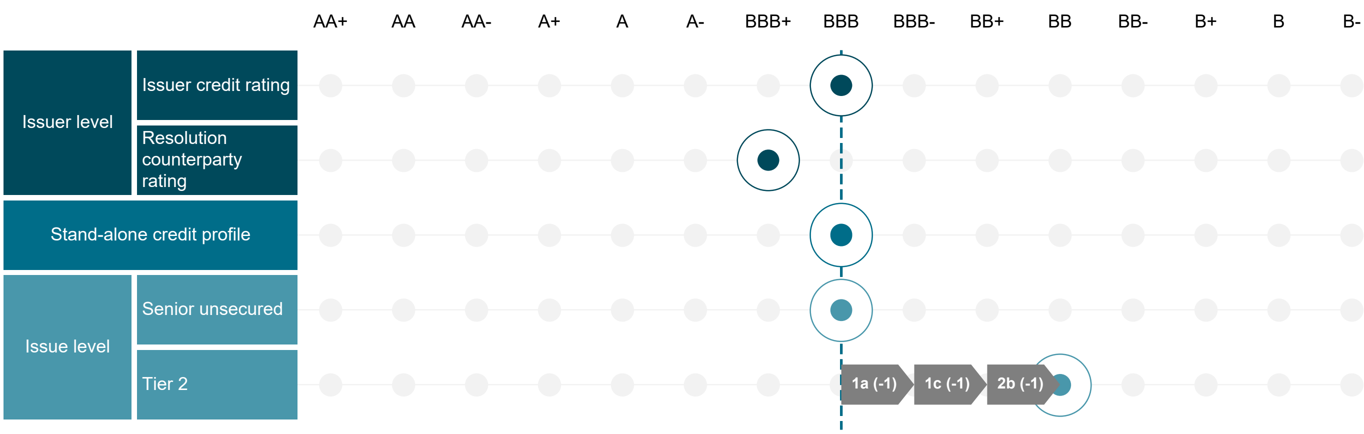
OTP Mortgage Bank has a leading position in retail mortgage lending in Hungary. The capital allocated to OTP Mortgage Bank is only moderate, and we think that OTP Bank will support its core subsidiary under all foreseeable circumstances if necessary.

We consider Ipoteka Bank a moderately strategic Uzbek subsidiary of OTP and therefore incorporate potential support in our ratings on Ipoteka Bank. We do not consider Uzbekistan a key market for OTP Group and expect that support to Ipoteka Bank will not be prioritized over other subsidiaries. At the same time, we think Ipoteka Bank will benefit from OTP's knowledge and expertise in retail lending and bank risk management systems, which could eventually lift the bank's corporate governance standards, positively differentiating the entity from other banks in Uzbekistan.

Issue Ratings

Chart 8

OTP Bank PLC: Notching



Key to notching

--- Issuer credit rating

--- Stand-alone credit profile

1a Contractual subordination

1c Mandatory contingent capital clause or equivalent

2b Other nonpayment or default risk not captured already

Note: The number-letter labels in the table above are in reference to the notching steps we apply to hybrid capital instruments, as detailed in table 2 of our “Hybrid Capital: Methodology And Assumptions” criteria, published on March 2, 2022.
The nonoperating holding company (NOHC) issuer credit rating and senior unsecured debt ratings are notched from the group stand-alone credit profile (SACP) under our criteria. Since ALAC notching does not benefit NOHCs, for simplicity the diagram above is stylized to show the positioning of these ratings with reference to the group SACP.

Copyright © 2025 by Standard & Poor’s Financial Services LLC. All rights reserved.

Key Statistics

OTP Bank PLC--Key figures

Mil. HUF	2025*	2024	2023	2022
Adjusted assets	43,976,482	43,062,564	39,317,786	32,567,179
Customer loans (gross)	24,814,130	24,334,695	21,385,765	19,643,558
Adjusted common equity	4,770,118	4,445,307	3,613,026	2,950,059
Operating revenues	728,435	2,644,933	2,392,942	1,688,206
Noninterest expenses	448,170	1,212,774	1,074,337	1,042,863
Core earnings	188,577	1,070,828	1,040,309	369,633

*2025 data is as of March 31, 2025. HUF--Hungarian forint.

OTP Bank PLC--Business position

(%)	2025*	2024	2023	2022
Loan market share in country of domicile	27.5	27.0	26.5	27.0
Deposit market share in country of domicile	30.0	31.0	30.5	31.5
Return on average common equity	14.5	23.3	26.7	10.6

*2025 data is as of March 31, 2025. N.M.--Not meaningful.

OTP Bank PLC--Capital and earnings

(%)	2025*	2024	2023	2022
Tier 1 capital ratio	18.0	18.9	16.6	16.1
S&P Global Ratings’ RAC ratio before diversification	N/A	8.6	7.9	7.4
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0
Net interest income/operating revenues	63.8	66.0	58.0	64.6
Fee income/operating revenues	34.6	31.9	28.9	35.6
Market-sensitive income/operating revenues	(0.0)	0.9	3.6	(0.6)
Cost to income ratio	61.5	45.9	44.9	61.8
Preprovision operating income/average assets	2.6	3.5	3.6	2.1
Core earnings/average managed assets	1.7	2.6	2.9	1.2

*2025 data is as of March 31, 2025. N.M.--Not meaningful.

OTP Bank PLC RACF [Risk-Adjusted Capital Framework] Data

(Mil. HUF)	Exposure*	Basel III RWA	Average Basel III RW(%)	Standard & Poor's RWA	Average Standard & Poor's RW (%)
Credit risk					
Government & central banks	17,186,815	3,271,639	19	4,930,733	29
Of which regional governments and local authorities	414,440	73,382	18	168,362	41
Institutions and CCPs	2,348,752	555,897	24	725,060	31
Corporate	14,458,276	9,407,644	65	18,687,191	129
Retail	14,109,027	7,155,816	51	14,154,308	100

OTP Bank PLC RACF [Risk-Adjusted Capital Framework] Data

(Mil. HUF)	Exposure*	Basel III RWA	Average Basel III RW(%)	Standard & Poor's RWA	Average Standard & Poor's RW (%)
Of which mortgage	6,744,942	2,408,425	36	4,143,814	61
Securitization§	0	0	0	0	0
Other assets†	3,194,632	2,291,285	72	5,208,202	163
Total credit risk	51,297,502	22,682,280	44	43,705,494	85
Credit valuation adjustment					
Total credit valuation adjustment	'--	14,589	'--	0	'--
Market Risk					
Equity in the banking book	270,865	264,604	98	2,365,050	873
Trading book market risk	'--	380,762	'--	571,143	'--
Total market risk	'--	645,366	'--	2,936,193	'--
Operational risk					
Total operational risk	'--	2,207,328	'--	4,959,249	'--
(Mil. HUF)	**Exposure**	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global RWA**	**% of S&P Global RWA**
Diversification adjustments					
RWA before diversification	'--	25,549,564	'--	51,600,936	100
Total Diversification/ Concentration Adjustments	'--	'--	'--	5,302,419	10
RWA after diversification	'--	25,549,564	'--	56,903,355	110
(Mil. HUF)		**Tier 1 capital**	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		4,842,978	19.0	4,445,307	8.6
Capital ratio after adjustments‡		4,842,978	18.9	4,445,307	7.8

*Exposure at default. §Securitization Exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. HUF--Hungary forint. Sources: Company data as of 'Dec. 31 2024', S&P Global Ratings.

OTP Bank PLC--Risk position

(%)	2025*	2024	2023	2022
Growth in customer loans	7.9	13.8	8.9	18.1
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	10.3	9.7	12.1
Total managed assets/adjusted common equity (x)	9.3	9.8	11.0	11.1
New loan loss provisions/average customer loans	0.6	0.5	0.4	1.2
Net charge-offs/average customer loans	N.M.	0.4	0.3	0.7
Gross nonperforming assets/customer loans + other real estate owned	3.5	3.6	4.5	4.9
Loan loss reserves/gross nonperforming assets	113.2	109.7	105.1	103.5

*2025 data is as of March 31, 2025. N.M.--Not meaningful.

OTP Bank PLC--Funding and liquidity

(%)	2025*	2024	2023	2022
Core deposits/funding base	86.1	85.7	85.33	89.5
Customer loans (net)/customer deposits	73.5	73.8	71.9	74.0
Long-term funding ratio	97.5	97.7	97.6	97.5
Stable funding ratio	147.8	147.9	141.5	139.4
Short-term wholesale funding/funding base	2.9	2.6	2.7	2.8
Regulatory net stable funding ratio	151.0	158.0	153.0	131.0
Broad liquid assets/short-term wholesale funding (x)	15.2	16.8	15.7	14.1
Broad liquid assets/total assets	36.8	36.6	35.7	33.5
Broad liquid assets/customer deposits	50.4	50.2	49.9	43.6
Net broad liquid assets/short-term customer deposits	47.8	47.9	47.4	41.4
Regulatory liquidity coverage ratio (LCR) (x)	238.0	266.0	246.0	172.1
Short-term wholesale funding/total wholesale funding	20.6	17.9	18.5	26.2
Narrow liquid assets/3-month wholesale funding (x)	30.5	23.2	21.6	18.2

*2025 data is as of March 31, 2025.

Rating Component Scores

Rating Component Scores	
Issuer Credit Rating	BBB/Negative/A-2
SACP	bbb
Anchor	bb+
Business position	Strong (1)
Capital and earnings	Adequate (0)
Risk position	Moderate (-1)
Funding and liquidity	Strong and Strong (1)
Comparable ratings analysis	1
Support	0
ALAC support	0
GRE support	0
Group support	0
Sovereign support	0
Additional factors	0

SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, Feb. 10, 2025
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, April 30, 2024

- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Banking Industry Country Risk Assessment Update: June 2025, June 24, 2025
- Stress Test Highlights European Banks' Resilience To Potential Trade Escalations, June 24, 2025
- OTP Bank PLC Upgraded To 'BBB/A-2' On Higher Resilience Against Potential Sovereign Stress; Outlook Negative, April 14, 2025
- Hungary Outlook Revised To Negative From Stable On Fiscal And External Risks; 'BBB-/A-3' Ratings Affirmed, April 11, 2025
- OTP Bank Resolution Counterparty Ratings Raised To 'BBB/A-2'; Other Ratings Affirmed And Outlook Stable, March 17, 2025
- Hungary Banking Industry Country Risk Assessment Unchanged On Evolving Industry Risks; No Ratings Affected, Jan. 24, 2025
- Banking Brief: CEE Banks Can Stomach Headwinds In The Auto Industry, Jan. 14, 2024
- Central And Eastern Europe Banking Outlook 2025: Economic Recovery Supports Banks' Solid Performance, Dec. 11, 2024

Ratings Detail (as of August 04, 2025)*

OTP Bank PLC	
Issuer Credit Rating	BBB/Negative/A-2
Resolution Counterparty Rating	BBB+/--/A-2
Senior Unsecured	BBB
Subordinated	BB
Issuer Credit Ratings History	
14-Apr-2025	BBB/Negative/A-2
30-Jan-2023	BBB-/Stable/A-3
16-Aug-2022	BBB/Negative/A-2
Sovereign Rating	
Hungary	BBB-/Negative/A-3

Ratings Detail (as of August 04, 2025)*	
Related Entities	
OTP Mortgage Bank	
Issuer Credit Rating	BBB/Negative/A-2
Resolution Counterparty Rating	BBB+/--/A-2

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Some of the Content may have been created with the assistance of an artificial intelligence (AI) tool. Published Content created or processed using AI is composed, reviewed, edited, and approved by S&P personnel.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.