




OTP Bank Plc.

Summary of the first quarter 2022 results

(English translation of the original report submitted
to the Budapest Stock Exchange)

Budapest, 6 May 2022

A decorative green wave graphic at the bottom of the page, consisting of a thick green line that curves upwards from the left and then downwards to the right, ending in a solid green bar at the bottom.

CONSOLIDATED FINANCIAL HIGHLIGHTS¹ AND SHARE DATA

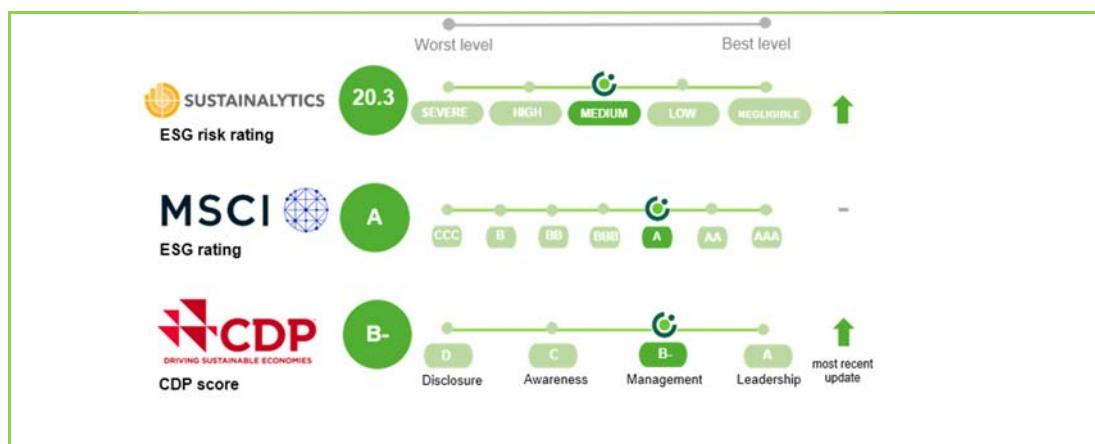
Main components of the adjusted Statement of recognised income, in HUF million	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Consolidated profit after tax	93,334	121,106	456,428	-33,405	-128%	-136%
Adjustments (total)	-23,955	-2,217	-40,474	-122,029		409%
Consolidated adjusted profit after tax	117,289	123,323	496,902	88,624	-28%	-24%
Pre-tax profit	138,400	147,580	587,853	118,079	-20%	-15%
Operating profit	146,942	176,885	660,391	190,969	8%	30%
Total income	301,131	362,421	1,313,124	361,200	0%	20%
Net interest income	203,227	247,528	884,012	239,779	-3%	18%
Net fees and commissions	71,899	87,313	325,548	85,725	-2%	19%
Other net non-interest income	26,005	27,580	103,563	35,696	29%	37%
Operating expenses	-154,189	-185,536	-652,733	-170,231	-8%	10%
Total risk costs	-8,542	-29,305	-72,538	-72,890	149%	753%
Corporate taxes	-21,111	-24,257	-90,951	-29,454	21%	40%
Main components of the adjusted balance sheet, closing balances in HUF million	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Total assets	24,307,608	27,553,384	27,553,384	28,790,272	4%	18%
Total customer loans (net, FX adjusted)	13,901,304	15,693,011	15,693,011	16,053,843	2%	15%
Total customer loans (gross, FX adjusted)	14,762,365	16,573,938	16,573,938	16,985,594	2%	15%
Performing (Stage 1+2) customer loans (gross, FX-adjusted)	13,921,500	15,702,476	15,702,476	16,106,572	3%	16%
Allowances for possible loan losses (FX adjusted)	-861,061	-880,927	-880,927	-931,752	6%	8%
Total customer deposits (FX adjusted)	18,616,000	21,046,641	21,046,641	21,840,257	4%	17%
Issued securities	481,406	436,325	436,325	417,042	-4%	-13%
Subordinated loans	275,906	278,334	278,334	282,199	1%	2%
Total shareholders' equity	2,637,055	3,036,766	3,036,766	2,923,250	-4%	11%
Indicators based on adjusted earnings	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
ROE (from profit after tax)	14.8%	17.2%	17.0%	-4.6%	-21.8%p	-19.4%p
ROE (from adjusted profit after tax)	18.6%	17.6%	18.5%	12.1%	-5.4%p	-6.5%p
ROA (from adjusted profit after tax)	2.0%	1.8%	2.0%	1.3%	-0.5%p	-0.7%p
Operating profit margin	2.51%	2.59%	2.62%	2.73%	0.14%p	0.22%p
Total income margin	5.14%	5.30%	5.21%	5.17%	-0.14%p	0.02%p
Net interest margin	3.47%	3.62%	3.51%	3.43%	-0.19%p	-0.04%p
Cost-to-asset ratio	2.63%	2.72%	2.59%	2.43%	-0.28%p	-0.20%p
Cost/income ratio	51.2%	51.2%	49.7%	47.1%	-4.1%p	-4.1%p
Provision for impairment on loan losses-to-average gross loans ratio	0.28%	0.52%	0.30%	1.42%	0.90%p	1.14%p
Total risk cost-to-asset ratio	0.15%	0.43%	0.29%	1.04%	0.61%p	0.90%p
Effective tax rate	15.3%	16.4%	15.5%	24.9%	8.5%p	9.7%p
Net loan/(deposit+retail bond) ratio (FX adjusted)	75%	75%	75%	74%	-1%p	-1%p
Capital adequacy ratio (consolidated, IFRS) - Basel3	17.9%	19.1%	19.1%	17.8%	-1.4%p	-0.1%p
Tier 1 ratio - Basel3	15.6%	17.5%	17.5%	16.2%	-1.3%p	0.7%p
Common Equity Tier 1 ("CET1") ratio - Basel3	15.6%	17.5%	17.5%	16.2%	-1.3%p	0.7%p
Share Data	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
EPS diluted (HUF) (from profit after tax)	364	469	1,738	-122	-126%	-134%
EPS diluted (HUF) (from adjusted profit after tax)	458	479	1,896	329	-31%	-28%
Closing price (HUF)	13,200	16,600	16,600	12,145	-27%	-8%
Highest closing price (HUF)	14,360	19,400	19,400	18,600	-4%	30%
Lowest closing price (HUF)	12,920	15,600	15,600	10,005	-36%	-23%
Market Capitalization (EUR billion)	10.2	12.6	12.6	9.2	-27%	-9%
Book Value Per Share (HUF)	9,418	10,846	10,846	10,440	-4%	11%
Tangible Book Value Per Share (HUF)	8,793	10,190	10,190	9,928	-3%	13%
Price/Book Value	1.4	1.5	1.5	1.2	-24%	-17%
Price/Tangible Book Value	1.5	1.6	1.6	1.2	-25%	-19%
P/E (trailing, from profit after tax)	10.4	10.2	10.2	10.3	1%	0%
P/E (trailing, from adjusted profit after tax)	9.3	9.4	9.4	7.3	-22%	-22%
Average daily turnover (EUR million)	16	39	22	46	16%	181%
Average daily turnover (million share)	0.4	0.8	0.5	1.3	55%	196%

¹ Structural adjustments made on the consolidated IFRS profit and loss statement and balance sheet, together with the calculation methodology of adjusted indicators, are detailed in the Supplementary data section of the Report.

ACTUAL CREDIT RATINGS

S&P GLOBAL	
OTP Bank and OTP Mortgage Bank – FX long-term issuer credit rating	BBB
MOODY'S	
OTP Bank – FX long term deposits	Baa1
OTP Bank – Dated subordinated FX debt	Ba1
OTP Mortgage Bank – Covered bonds	A1
SCOPE	
OTP Bank – Issuer rating	BBB+
OTP Bank – Dated subordinated FX debt	BB+

ACTUAL ESG RATINGS

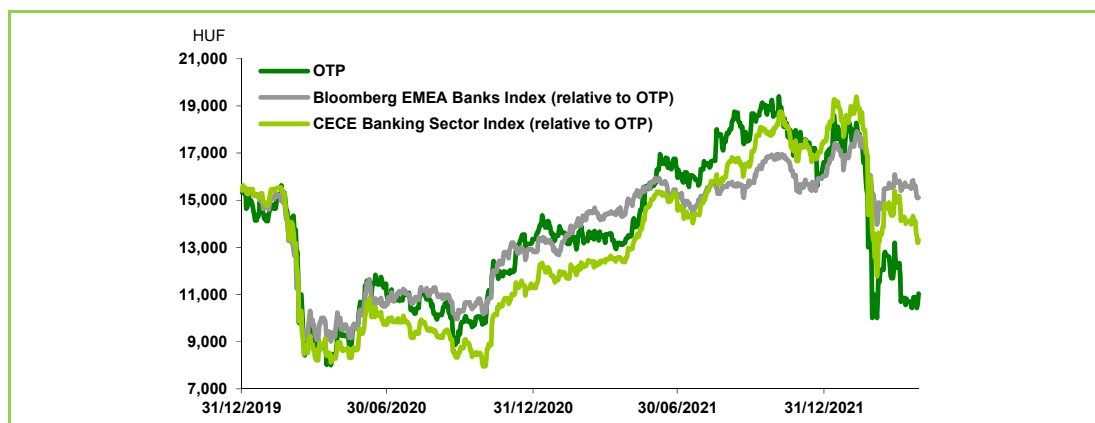


AWARDS

In the **Euromoney Awards for Excellence 2021** OTP Bank received the “Best Bank in Central and Eastern Europe” award. In addition, the Bank won the title of “Best Bank in Hungary” and its subsidiaries also proved to be the best in Bulgaria, Montenegro and Albania. In the annual ranking of **The Banker** magazine, member of Financial Times Group, the OTP Group has become the “Best Bank in Central and Eastern Europe”. In addition, the Hungarian, Montenegrin, Croatian and Slovenian subsidiaries of the OTP Group received the “Bank of the Year” award. After 2021, this year as well OTP was named the best bank in Hungary by the **Global Finance Magazin**. The OTP Group also received regional recognition as the “Best Bank in Central and Eastern Europe”, and the Group's Montenegrin and Slovenian subsidiaries of the Group proved to be the best at the local level.



SHARE PRICE PERFORMANCE



SUMMARY – OTP BANK’S RESULTS FOR FIRST QUARTER OF 2022

The Summary of the first quarter 2022 results of OTP Bank Plc. has been prepared on the basis of its non-audited separate and consolidated IFRS financial statements for 31 March 2022 or derived from that.

However, for the purpose of including the group level consolidated profit of the quarter in the regulatory capital and to comply with the provisions of Article 26 (2) of CRR, OTP Bank provides the documents specifically prepared for this purpose as predefined in the legislation (OTP Group management representation letter, special purpose review report) to the Supervisory Authority in due time (until the pre-determined deadline).

EXECUTIVE SUMMARY: SUMMARY OF THE FIRST QUARTER OF 2022

According to the Inflation Report of NBH published in March, in 2022 the Hungarian GDP may increase between 2.5-4.5% (the recent IMF growth forecast is 3.7%), and the inflation may hover in a wide range of 7.5-9.8% according the Central Bank. As a result of high inflation induced mainly by exogenous factors a strict monetary policy may remain longer-term. In 1Q 2022 the base rate increased by 200 bps and following an additional 100 bps hike in April it is currently 5.4%, while the 1-week deposit rate is 6.45%. Local yields moved upwards significantly in line with regional trends, the 5-year benchmark yield stood at 7.06% a week before reporting, whereas the 10-year one was 6.77%. The 3 months BUBOR advanced by 226 bps q-o-q and currently stands at around 6.75%.

According to the report of NBH published on 5 May, both the household and corporate loan volumes kept expanding with the former growing by 11.1%, the latter by around 8.6% y-o-y.

As for the rest of the Group, with the exception of Russia, Ukraine and Moldova, OTP expects the continuation of economic growth albeit at lower pace.

After 24 February, both Russia and Ukraine suffered massive downgrades by all three major rating agencies, besides, at end of March they withdrew their ratings on all outstanding Russian bonds. In February CBR hiked the base rate twice: on 11 February the increase was 100 bps to 9.5%, while on 28 February there was a drastic increase of 10.5 pps pushing the rate to 20% with an ultimate goal of containing a lasting and massive devaluation of RUB. However, on 11 and 29 April there were already two 300 bps cuts suggesting the central bank was committed to maintaining the lending activity of the banking sector; after a hectic performance the USD/RUB exchange rate also returned to the levels of 72-73 prevailing prior to the conflict.

Consolidated earnings: HUF 88.6 billion 1Q adjusted profit after tax, q-o-q eroding NIM, stable credit quality, significant increase in risk costs at the Ukrainian and Russian subsidiaries, 3% increase in performing loan volumes q-o-q (FX adjusted)

During the communication of 4Q 2021 results, but also at the AGM on 13 April the management gave a detailed overview on its exposures in Russia and Ukraine at the major categories. According to the figures on 31 March 2022:

- the combined weight of Ukrainian and Russian assets out of total consolidated assets comprised 6%;
- the combined weight of net loans in Ukraine and Russia comprised 6.8%;
- the volume of gross intragroup funding towards Ukraine comprised HUF 76 billion and HUF 55 billion towards Russia;
- in case of an unexpected move, under an extremely negative scenario of deconsolidating both entities and writing down the outstanding gross intragroup funding, as well, the effect for the consolidated CET1 ratio would be 0 bp in the case of Ukraine and **-60** bps for Russia;

In both cases OTP management applies a „going concern” approach.

The total volume of 1Q adjustment items represented -HUF 122 billion, thus the profit after tax was -HUF 33.4 billion. The following items had a material impact in 1Q:

- -HUF 56.3 billion after tax effect of the goodwill impairment at the Russian subsidiary (after tax). According to the accounting standards the goodwill impairment was HUF 67.7 billion which equals to the original RUB 9.4 billion amount at the time of entry. However, due to the change in RUB exchange rate against HUF with the goodwill impairment there was a revaluation gain of HUF 26.8 billion booked against equity. Thus the net impact on equity is around -HUF 41 billion before tax;

➤ -HUF 34.5 billion impairment (after tax) related to the Russian government bonds held by OTP Core and DSK Bank. As of 31 March 2022 the face value of those bonds held at OTP Core comprised HUF 88 billion of which the AFS portfolio represented HUF 60 billion, while the rest was in the HTM portfolio. There was an additional HUF 13 billion at DSK Bank Bulgaria with bulk of the bonds in the HTM portfolio. Outside Russia the liquidity of those government bonds has been significantly limited as a result of sanctions and concerns about the issuers solvency, as a result the Bank put those exposures of around HUF 102 billion face value into Stage 3 category in 1Q, and booked impairments of HUF 38 billion (resulting in HUF 34.5 billion after tax impact). The HTM portfolio is recognized at amortized cost and HUF 16 billion impairments were made on them. Regarding the AFS portfolio, bonds are booked at fair value, thus the HUF 60 billion AFS portfolio at OTP Bank was booked at a value reduced by around HUF 52 billion. Of which approximately HUF 22 billion was part of the provisions of HUF 38 billion, while the remaining HUF 30 billion will reduce the equity through OCI;

➤ -HUF 20.2 billion banking tax (after tax) at the Hungarian operation;

➤ -HUF 8.5 billion (after tax) 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 (MOL is planning to pay out around HUF 240 billion as normal and extraordinary dividend from 2021 earnings, whereas OTP Bank's AGM decided to pay out only HUF 1 billion dividend from 2021 earnings);

➤ -HUF 2.5 billion effect of acquisitions (after tax).

The effective tax rate for 1Q 2022 was 24.9%, the significant q-o-q surge of 8.9ppts was related mainly to the performance of the Ukrainian and Russian operations. As a result of the negative 1Q earnings in Ukraine OTP didn't book deferred tax assets (HUF 2.1 billion), while in Russia the existing deferred tax assets were reduced by HUF 6.4 billion; those amounts appeared on the corporate tax burden line.

2022 1Q consolidated adjusted profit after tax comprised HUF 88.6 billion (-24% y-o-y and -28% q-o-q). The adjusted ROE for the period decreased to 12.1% (-5.4 pps q-o-q).

The size of the consolidated profit after tax to a great extent was shaped by the size of total risk costs (1Q: -HUF 73 billion, +149% q-o-q).

Within that the Russian operation booked -HUF 33 billion total risk cost, while the Ukrainian -HUF 49 billion, respectively. At the same time at OTP Core there was around HUF 15 billion provision release in 1Q. The Croatian, Serbian, Slovenian and

Albanian operations, as well as Merkantil Group also booked positive risk costs, albeit with smaller volumes. Without the Russian and Ukrainian total risk cost volumes the consolidated amount would have been +HUF 9 billion. As a result of COVID the management followed a conservative provisioning policy, however bulk of the anticipated risks have not materialized and the COVID restrictions were lifted, thus part of the COVID related provisions were released or reallocated due to the deteriorating macroeconomic outlook.

As for the significant surge of risk cost in Ukraine and Russia:

➤ In Ukraine the applied provisioning policy had two major components: on local level the Stage classification of both the corporate and retail clients has been revised based on regional location. Furthermore, the risk profile of exposures still remaining in Stage 1 was revised and additional risk cost was booked as a result of the actual macroeconomic expectations. For 2022 OTP forecasts a 30% y-o-y decline in the Ukrainian GDP and a material consolidation in 2023. Thus, such assessment resulted in HUF 45 billion risk costs in total.

➤ In Russia risk costs increased due to the significantly deteriorating macroeconomic outlook. The Bank expects an 8% y-o-y GDP decline in 2022 (with 90% probability rate) which induced HUF 33 billion risk costs in total for 1Q.

1Q profit contributions by foreign subsidiaries were somewhat distorted by FX moves: the average quarterly rate of UAH against HUF weakened by 5.5%, while RUB depreciated by 13.4% q-o-q.

The 1Q 2022 operating income shows favourable picture by improving 8% q-o-q and 30% y-o-y. Total income practically remained flat q-o-q, but advanced dynamically y-o-y (+20%). Net interest income eroded by 3% q-o-q (+18% y-o-y) despite increasing performing volumes due to lower NIM and calendar effect. The q-o-q HUF 8 billion drop was stemming mainly from OTP Core and Russia. At OTP Core interest income declined by HUF 4 billion q-o-q and it can be mainly explained by the following items:

➤ the interest income on the retail exposures dropped by HUF 2 billion q-o-q, since bulk of the loans (for mortgages around 80%, for consumer loans 90%, respectively) have fixed interest rates and the composition effect reduced the interest income. At the same time the monthly instalments of floater-based mortgages didn't grow either as a result of the interest cap.

➤ also, during the last couple of years OTP's Hungarian group members purchased a significant volume of government bonds, thus actively assisting the implementation of the Government's economic policy and the safe public debt financing. By the end of 1Q the total

amount of Hungarian Government bonds exceeded HUF 3,700 billion, bulk of that was HUF-denominated. A significant portion of that portfolio had fix coupon until maturity with an average yield of somewhat less than 2.9%, i.e. falling significantly short of the current benchmark yields.

1Q 2022 consolidated net interest margin was 3.43% (-19 bps q-o-q and -4 bps y-o-y). Russia suffered the most significant q-o-q margin erosion of 262 bps, however NIM also declined at OTP Core, Serbia, Slovenia and Croatia. The quarterly NIM improved in Ukraine, Bulgaria and Romania.

Net fee & commission income decreased by 2% q-o-q (+19% y-o-y), mainly due to the weaker Russian performance.

Other net non-interest income surged by 29% q-o-q and 37% y-o-y.

FX-adjusted operating expenses declined by 8% q-o-q, there was a significant decrease at OTP Core. The volume of personal expenses dropped sharply (-16% q-o-q), whereas amortization and administrative expenses remained almost unchanged q-o-q. In 1Q the cost-to-income ratio dropped by almost 4.1 pps q-o-q to 47.1%.

Similar to previous quarters bottom line earnings were shaped to a great extent by risk costs. Total risk cost volumes in 1Q surged to HUF 73 billion, more doubling q-o-q. This amount was practically equal to the total 2021 risk cost volume. As a result the quarterly risk cost rate jumped to 1.42% (1Q 2021: 0.28%, 4Q: 0.52%).

The FX-adjusted consolidated performing (Stage 1+2) loan volumes in 1Q increased by 3% q-o-q (+HUF 404 billion), following a 4% growth in the previous quarter. Regarding Stage 1+2 volume developments at Group member banks, during the first three months out of major Group members the fastest increase was posted by the Bulgarian, Slovenian, Croatian, Romanian and Serbian operations by 6, 5 and 4-4%, respectively). The loan portfolio grew by 5% q-o-q in Ukraine, however in March, volumes already shrank. Despite the payment holiday the so far the payment discipline has remained strong: about 60% of customers properly serviced their debt obligations. As for the Russian subsidiary volumes dropped by 7% q-o-q. At OTP Core performing loan volumes stagnated in 1Q, partially due to the one-off PIT refund of several hundred billion HUF in February, as client used the money for prepayments, thus the volume of performing consumer loan exposure declined by 2% q-o-q.

As for the major loan segments, in 1Q 2022 the consolidated FX-adjusted performing corporate volumes advanced by 5% q-o-q, the SME segment by 3%, whereas the mortgage portfolio increased by 2%.

The FX-adjusted deposits grew by 4% q-o-q (+HUF 792 billion). The fastest deposit inflow was registered at the Hungarian and Bulgarian operations, but the 3% q-o-q increase in Ukraine was also remarkable. The consolidated net loan-to-deposit ratio declined by 1 pp q-o-q, to 74%.

At the end of March 2022 the gross operative liquidity reserves of the Group comprised EUR 8 billion equivalent.

The NBH acting as resolution authority determined the current target for the consolidated MREL requirement of OTP Group at 14.45% of the Group's total risk exposure amount (TREA or RWA). The buffer requirements in place add to that level. There was no international bond transaction in 1Q 2022; for the rest of the year the Bank is planning to issue one or more benchmark sized MREL-eligible bonds.

The consolidated loan portfolio quality remained stable in 1Q 2022, the underlying trends remained favourable. The Stage 3 ratio under IFRS 9 was 5.2% at end 1Q, underpinning a 0.1 pp decline q-o-q. The own coverage of Stage 1, 2 and 3 exposures was 1.2%, 9.8% and 62.0%, respectively.

The conflict between Russia and Ukraine resulted in portfolio reclassification in both countries: in Ukraine the Stage 2 ratio surged from 6.6% to 31.2% q-o-q due to the moratorium, while in Russia it increased less rapidly from 12.1% to 14.4%.

Management Guidance for 2022

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

- **Performing (Stage 1+2) organic loan volume growth might be close to 10% y-o-y (FX-adjusted);**
- **The net interest margin may stabilize;**
- **The operating cost efficiency ratio may be similar to 2021;**
- **The credit risk cost ratio may be around the 2021 level provided the macroeconomic expectations won't deteriorate significantly;**
- **The adjusted profitability indicator (ROE) may be similar to the 2021 level of 18%.**

Following the high risk provisions booked in 1Q 2022 the Russian subsidiary is expected to deliver positive earnings for the rest of 2022.

It is difficult to forecast how the operating environment will develop in Ukraine, therefore there is a high level of uncertainty concerning the expectations. 1Q risk provisioning was in line with our macroeconomic assumption of a 30% decline of GDP in 2022 and a rebound of similar magnitude in 2023. However, even under such scenario there might be an additional

provisioning need in 2022, depending on potential Stage migrations.

Both in Ukraine and Russia OTP management applies a „going concern” approach.

Under an extremely negative scenario of deconsolidating both entities and writing down the outstanding gross intragroup funding as well, the effect for the consolidated CET1 ratio would be 0 bp in the case of Ukraine and -60 bps for Russia.

Consolidated capital adequacy ratio (in accordance with BASEL III)

At the end of March 2022, the consolidated CET1 under the accounting scope of consolidation according to IFRS was 16.2% (-1.3 pps q-o-q and +0.7 pp y-o-y). This ratio equals to the Tier 1 ratio.

Effective from 1 July 2020 the original level of O-SII capital buffer (2%) was modified to 0% by the NBH until 31 December 2021. The gradual rebuilt has started on 1 January 2022 with its current level 0.5% and by 31 December 2023 it should reach 2%. The effective rate of the anticyclical capital buffer is currently 0%. In Bulgaria, however the local central bank prescribed a 1.0% buffer from 4Q 2022, whereas in Romania the local central bank required 0.5%, thus on a consolidated level anticyclical capital buffer will increase to 0.19%.

As a result, the effective regulatory minimum level of Tier 1 capital adequacy ratio for OTP Group is 10.7% (which also incorporates the effective SREP-rate), whereas the minimum CET1 requirement level is 8.8%, respectively. According to the decision of NBH, the effective SREP rate is 125% from March 2022.

In 1Q 2022 the regulatory capital under the accounting scope of consolidation was negatively affected by several factors, as a result it dropped by HUF 114 billion q-o-q. The regulatory capital declined by HUF 33 billion due to the negative profit after tax posted in 1Q, also, the FVA of financial instruments in AFS category had a negative impact of HUF 80 billion as a result of government bond yield changes. Despite the impairment volumes on both the Stage 1 and 2 categories under IFRS 9, and

also on sovereign bond portfolios increased in 1Q, the transitional impact set by regulator has changed, as well, thus the potential effect declined resulting an additional HUF 22 billion decrease in the regulatory capital. Further HUF 15 billion decline was induced by the increasing volumes of deferred tax assets. On the opposite, the goodwill write off in Russia induced a smaller reduction from the regulatory capital and elevated its volume by HUF 40 billion.

The 1Q risk weighted assets (RWA) increased by HUF 633 billion q-o-q, mainly due to the growth of credit risk weighted and partner risk assets (+HUF 559 billion q-o-q).

On 13 April the Company's AGM approved the dividend proposal of the management, accordingly HUF 119.248 billion shall be paid as dividend from the net profit for 2019 and 2020 and HUF 1 billion for 2021. Dividends shall be paid after 30 May 2022.

Credit rating, shareholder structure

In 1Q 2022 there was no change in OTP's rating with the major agencies. On 3 March 2022 S&P Global Ratings re-affirmed OTP Bank Plc's long-term issuer credit rating was 'BBB' with stable outlook.

On 11 March 2022 Moody's also re-affirmed its major ratings, as a result, the long-term FX deposit rating of OTP Bank Plc. is 'Baa1' and the dated subordinated FX debt rating is 'Ba1'. OTP Bank's Counterparty Risk Assessment (CRA) is 'Baa1', OTP Mortgage Bank Ltd.'s CRA is equally 'Baa1', and its mortgage bond rating is 'A1'.

On 9 March 2022 Scope Ratings re-affirmed the 'BBB+' issuer rating for OTP Bank Plc., and the subordinated debt rating of 'BB+'; both ratings have stable outlook.

On 23 March 2022 Fitch withdrew its rating from OTP's Russian subsidiary.

Regarding the ownership structure of the Bank, on 31 March 2022 the following investors had more than 5% influence (voting rights) in the Company: MOL (the Hungarian Oil and Gas Company, 8.59%), the Kafijat Group (7.05%) and Groupama Group (5.10%).

DISCLAIMER – RISKS RELATING TO THE RUSSIAN-UKRAINIAN ARMED CONFLICT

On 24 February 2022 Russia launched a military operation against Ukraine which is still ongoing at the date of this Report. Until now many countries, as well as the European Union imposed sanctions due to the armed conflict on Russia and Russian businesses and citizens.

The armed conflict and the international sanctions influence the business and economic activities significantly all around the world. There are a number of factors associated with the Russian-Ukrainian armed conflict and the international sanctions as well as their impact on global economies that could have a material adverse effect on (among other things) the profitability, capital and liquidity of financial institutions such as the OTP Group.

The armed conflict and the international sanctions cause significant economic damage to the affected parties and in addition they cause disruptions in the global economic processes, of which the precise consequences (inter alia the effects on energy and grain markets, the global transport routes and international trade as well as tourism) are difficult to be estimated at the moment.

It remains unclear how this will evolve through 2022 and the OTP Group continues to monitor the situation closely. However, the OTP Group's ability to conduct business may be adversely affected by disruptions to its infrastructure, business processes and technology services. This may cause significant customer detriment, costs to reimburse losses incurred by the OTP Group's customers, and reputational damage.

Furthermore, the OTP Group relies on models to support a broad range of business and risk management activities, including informing business decisions and strategies, measuring and limiting risk, valuing exposures, conducting stress testing and assessing capital adequacy. Models are, by their nature, imperfect and incomplete representations of reality because they rely on assumptions and inputs, and as such assumptions may later potentially prove to be incorrect, this can affect the accuracy of their outputs. This may be exacerbated when dealing with unprecedented scenarios, such as the Russian-Ukrainian armed conflict and the international sanctions, due to the lack of reliable historical reference points and data.

Any and all such events mentioned above could have a material adverse effect on the OTP Group's business, financial condition, results of operations, prospects, liquidity, capital position and credit ratings, as well as on the OTP Group's customers, employees and suppliers.

DISCLAIMER – RISKS RELATING TO THE IMPACT OF COVID-19 PANDEMIC

The COVID-19 pandemic has had, and continues to have, a material impact on businesses around the world and the economic environment. There are a number of factors associated with the COVID-19 pandemic and its impact on global economies that could have a material adverse effect on (among other things) the profitability, capital and liquidity of financial institutions such as the OTP Group.

The COVID-19 pandemic has caused disruption to the OTP Group's customers, suppliers and staff. A number of jurisdictions in which the OTP Group operates have implemented severe restrictions on the movement of their respective populations, with a resultant significant impact on economic activity in those jurisdictions. These restrictions are being determined by the governments of individual jurisdictions and impacts (including the timing of implementation and any subsequent lifting of restrictions) may vary from jurisdiction to jurisdiction. It remains unclear how this will evolve through 2020 and the OTP Group continues to monitor the situation closely. However, the OTP Group's ability to conduct business may be adversely affected by disruptions to its infrastructure, business processes and technology services, resulting from the unavailability of staff due to illness or the failure of third parties to supply services. This may cause significant customer detriment, costs to reimburse losses incurred by the OTP Group's customers, and reputational damage.

Furthermore, the OTP Group relies on models to support a broad range of business and risk management activities, including informing business decisions and strategies, measuring and limiting risk, valuing exposures, conducting stress testing and assessing capital adequacy. Models are, by their nature, imperfect and incomplete representations of reality because they rely on assumptions and inputs, and as such assumptions may later potentially prove to be incorrect, this can affect the accuracy of their outputs. This may be exacerbated when dealing with unprecedented scenarios, such as the COVID-19 pandemic, due to the lack of reliable historical reference points and data.

Any and all such events mentioned above could have a material adverse effect on the OTP Group's business, financial condition, results of operations, prospects, liquidity, capital position and credit ratings, as well as on the OTP Group's customers, employees and suppliers.

POST-BALANCE SHEET EVENTS**Hungary**

- On 5 April 2022 the National Bank of Hungary raised the available amount under the Green Home Programme by an additional HUF 100 billion, up from the originally announced HUF 200 billion.
- On 13 April 2022 the Hungarian Deposit Insurance Fund (OBA) notified OTP Bank Plc., OTP Building Society (LTP) and Merkantil Bank about their payment obligation set by OBA upon the compensation of Sberbank Hungary's customers. Accordingly, OTP Bank Plc. was obliged to pay HUF 26.8 billion, LTP HUF 1.7 billion and Merkantil Bank HUF 34 million extraordinary contribution into the fund by 25 May 2022. Those particular amounts are going to be booked as other expenditure items, however the P&L impact might be modified by the refund obligation of OBA, where the origin of proceeds is the money from the sale of Sberbank assets expected to happen in 2Q 2022.
- Pursuant to Government Decree No. 150/2022 published on 14 April 2022, effective from 29 April the intermediary and other fees paid by the State to commercial banks were amended in the case of the Housing Subsidy for Families (CSOK), the VAT refund subsidy for newly built homes, the repayment by the State of housing loan taken out by families with children, and the baby loans. These fees are now set as absolute amounts, instead of the previous percentage terms. Furthermore, the interest subsidy paid by the state was reduced by one percentage point in the case of baby loans requested after 29 April.
- On 26 April 2022 the Monetary Council raised the base rate by 100 bps to 5.4%. On 28 April the national bank set the 1-week central bank deposit rate at 6.45%, up by 30 bps.
- On 27 April 2022 the European Commission launched the so-called rule of law mechanism against Hungary. On 28 April Mr. Gergely Gulyás, Minister of Prime Minister's Office, said that the Government is ready to reach compromise about the disbursements from the recovery fund.

Serbia

- On 7 April 2022, the National Bank of Serbia raised the key interest rate by 0.5 percentage points to 1.5%.

Russia

- On 8 April 2022, the Central Bank of Russian Federation reduced its key interest rate by 300 basis points to 17%.
- On 29 April 2022, the Central Bank of Russian Federation reduced its key interest rate by 300 basis points to 14%.

Romania

- On 5 April 2022, the National Bank of Romania raised the base rate by 0.5 percentage points, from 2.5 percent to 3 percent per annum.

Moldova

- On 14 April 2022, Moody's changed the outlook to negative while reaffirming its 'B3' sovereign credit rating.

CONSOLIDATED PROFIT AFTER TAX BREAKDOWN BY SUBSIDIARIES (IFRS)²

in HUF million	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Consolidated profit after tax	93,334	121,106	456,428	-33,405		
Adjustments (total)	-23,955	-2,217	-40,474	-122,029		409%
Consolidated adjusted profit after tax	117,289	123,323	496,901	88,624	-28%	-24%
Banks total ¹	111,134	109,401	468,962	79,078	-28%	-29%
OTP Core (Hungary) ²	56,003	45,879	213,377	94,038	105%	68%
DSK Group (Bulgaria) ³	18,273	10,742	76,790	21,064	96%	15%
OBH (Croatia) ⁴	5,119	8,254	33,448	11,074	34%	116%
OTP Bank Serbia ⁵	6,773	11,416	32,104	10,860	-5%	60%
SKB Banka (Slovenia)	3,063	4,368	16,822	4,937	13%	61%
OTP Bank Romania ⁶	529	3,260	4,253	-1,759		
OTP Bank Ukraine ⁷	8,835	10,193	39,024	-34,400		
OTP Bank Russia ⁸	8,005	13,434	37,624	-27,222		
CKB Group (Montenegro) ⁹	2,022	-1,235	4,140	-1,230	0%	
OTP Bank Albania	1,056	1,613	5,522	2,261	40%	114%
OTP Bank Moldova	1,456	1,478	5,858	-545		
Leasing	1,626	1,476	7,998	4,372	196%	169%
Merkantil Group (Hungary) ¹⁰	1,626	1,476	7,998	4,372	196%	169%
Asset Management	877	3,318	6,321	1,238	-63%	41%
OTP Asset Management (Hungary)	835	3,253	6,116	1,155	-64%	38%
Foreign Asset Management Companies (Ukraine, Romania, Bulgaria) ¹¹	41	66	205	83	26%	100%
Other Hungarian Subsidiaries	4,905	4,099	10,205	1,415	-65%	-71%
Other Foreign Subsidiaries ¹²	456	-251	50	-12		
Corporate Centre ¹³	-427	3,589	2,887	1,269	-65%	-397%
Eliminations	-1,282	1,690	479	1,265	-25%	-199%
Total adjusted profit after tax of HUNGARIAN subsidiaries ¹⁴	61,660	59,986	241,062	103,513	73%	68%
Total adjusted profit after tax of FOREIGN subsidiaries ¹⁵	55,629	63,338	255,839	-14,889		
Share of foreign profit contribution	47%	51%	51%	-17%		

² Relevant footnotes are in the Supplementary data section of the Report.

CONSOLIDATED, UNAUDITED IFRS REPORTS OF OTP BANK PLC.

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME

Main components of the adjusted Statement of recognized income in HUF million	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Consolidated profit after tax	93,334	121,106	456,428	-33,405		
Adjustments (total)	-23,955	-2,217	-40,474	-122,029		409%
Dividends and net cash transfers (after tax)	82	-84	729	31		-62%
Goodwill/investment impairment charges (after tax)	657	2,628	1,909	-56,279		
Special tax on financial institutions (after corporate income tax)	-18,873	-11	-18,893	-20,227		7%
Expected one-off negative effect of the debt repayment moratorium in Hungary (after corporate income tax)	-1	-255	-15,040	3		
Effect of acquisitions (after tax)	-3,467	-6,697	-15,506	-2,531	-62%	-27%
Result of the treasury share swap agreement (after tax)	-2,354	2,203	6,326	-8,502		261%
Impairments on Russian government bonds at OTP Core and DSK Bank booked in 1Q 2022 (after tax)				-34,525		
Consolidated adjusted profit after tax	117,289	123,323	496,902	88,624	-28%	-24%
Before tax profit	138,400	147,580	587,853	118,079	-20%	-15%
Operating profit	146,942	176,885	660,391	190,969	8%	30%
Total income	301,131	362,421	1,313,124	361,200	0%	20%
Net interest income	203,227	247,528	884,012	239,779	-3%	18%
Net fees and commissions	71,899	87,313	325,548	85,725	-2%	19%
Other net non-interest income	26,005	27,580	103,563	35,696	29%	37%
Foreign exchange result, net	10,983	8,452	44,251	26,743	216%	143%
Gain/loss on securities, net	4,187	-1,419	9,726	4,131		-1%
Net other non-interest result	10,836	20,547	49,586	4,822	-77%	-55%
Operating expenses	-154,189	-185,536	-652,733	-170,231	-8%	10%
Personnel expenses	-78,960	-99,307	-340,201	-83,830	-16%	6%
Depreciation	-17,737	-18,865	-72,816	-18,297	-3%	3%
Other expenses	-57,491	-67,364	-239,716	-68,105	1%	18%
Total risk costs	-8,542	-29,305	-72,538	-72,890	149%	753%
Provision for impairment on loan losses	-9,772	-21,101	-46,006	-58,164	176%	495%
Other provision	1,229	-8,204	-26,532	-14,726	79%	
Corporate taxes	-21,111	-24,257	-90,951	-29,454	21%	40%
INDICATORS	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
ROE (from profit after tax)	14.8%	17.2%	17.0%	-4.6%	-21.8%p	-19.4%p
ROE (from adjusted profit after tax)	18.6%	17.6%	18.5%	12.1%	-5.4%p	-6.5%p
ROA (from adjusted profit after tax)	2.0%	1.8%	2.0%	1.3%	-0.5%p	-0.7%p
Operating profit margin	2.51%	2.59%	2.62%	2.73%	0.14%p	0.22%p
Total income margin	5.14%	5.30%	5.21%	5.17%	-0.14%p	0.02%p
Net interest margin	3.47%	3.62%	3.51%	3.43%	-0.19%p	-0.04%p
Net fee and commission margin	1.23%	1.28%	1.29%	1.23%	-0.05%p	0.00%p
Net other non-interest income margin	0.44%	0.40%	0.41%	0.51%	0.11%p	0.07%p
Cost-to-asset ratio	2.63%	2.72%	2.59%	2.43%	-0.28%p	-0.20%p
Cost/income ratio	51.2%	51.2%	49.7%	47.1%	-4.1%p	-4.1%p
Provision for impairment on loan losses-to-average gross loans ratio	0.28%	0.52%	0.30%	1.42%	0.90%p	1.14%p
Total risk cost-to-asset ratio	0.15%	0.43%	0.29%	1.04%	0.61%p	0.90%p
Effective tax rate	15.3%	16.4%	15.5%	24.9%	8.5%p	9.7%p
Non-interest income/total income	33%	32%	33%	34%	2%p	1%p
EPS base (HUF) (from profit after tax)	364	469	1,739	-122	-126%	-134%
EPS diluted (HUF) (from after tax profit)	364	469	1,738	-122	-126%	-134%
EPS base (HUF) (from adjusted profit after tax)	458	479	1,896	329	-31%	-28%
EPS diluted (HUF) (from adjusted profit after tax)	458	479	1,896	329	-31%	-28%
Comprehensive Income Statement	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Consolidated profit after tax	93,334	121,107	456,428	-33,405		
Fair value changes of financial instruments measured at fair value through other comprehensive income	-3,356	-31,909	-44,877	-80,352	152%	
Foreign currency translation difference	5,522	47,994	61,729	1,084	-98%	-80%
Change of actuarial costs (IAS 19)	0	-57	42	0	-100%	
Net comprehensive income	95,500	137,135	473,322	-112,674		
o/w Net comprehensive income attributable to equity holders	95,335	136,742	472,281	-111,550		
Net comprehensive income attributable to non-controlling interest	165	393	1,041	-1,124		
Average exchange rate¹ of the HUF (in HUF)	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
HUF/EUR	361	364	359	364	0%	1%
HUF/CHF	331	346	332	352	2%	6%
HUF/USD	300	319	303	325	2%	8%

¹ Exchange rates presented in the tables of this report should be interpreted as follows: the value of a unit of the other currency expressed in Hungarian forint terms, i.e. HUF/EUR represents the HUF equivalent of one EUR.

CONSOLIDATED BALANCE SHEET

Main components of the adjusted balance sheet, in HUF million	1Q 2021	4Q 2021	1Q 2022	Q-o-Q	Y-o-Y
TOTAL ASSETS	24,307,608	27,553,384	28,790,272	4%	18%
Cash, amounts due from Banks and balances with the National Banks	2,342,426	2,556,035	2,396,801	-6%	2%
Placements with other banks, net of allowance for placement losses	1,602,056	1,584,860	2,297,336	45%	43%
Financial assets at fair value through profit or loss	259,625	341,397	408,358	20%	57%
Securities at fair value through other comprehensive income	2,175,165	2,224,510	2,065,330	-7%	-5%
Net customer loans	13,751,255	15,743,922	16,053,843	2%	17%
Net customer loans (FX adjusted¹)	13,901,304	15,693,011	16,053,843	2%	15%
Gross customer loans	14,603,302	16,634,454	16,985,594	2%	16%
Gross customer loans (FX adjusted¹)	14,762,365	16,573,938	16,985,594	2%	15%
Gross performing (Stage 1+2) customer loans (FX-adjusted¹)	13,921,500	15,702,476	16,106,572	3%	16%
o/w Retail loans	7,738,359	8,521,087	8,614,142	1%	11%
Retail mortgage loans (incl. home equity)	3,671,765	4,125,871	4,215,593	2%	15%
Retail consumer loans	3,324,576	3,697,602	3,680,892	0%	11%
SME loans	742,018	697,614	717,657	3%	-3%
Corporate loans	5,103,993	6,012,903	6,307,829	5%	24%
Leasing	1,079,148	1,168,485	1,184,601	1%	10%
Allowances for loan losses	-852,047	-890,532	-931,752	5%	9%
Allowances for loan losses (FX adjusted ¹)	-861,061	-880,927	-931,752	6%	8%
Associates and other investments	38,570	67,223	68,486	2%	78%
Securities at amortized costs	2,960,955	3,891,335	4,314,660	11%	46%
Tangible and intangible assets, net	639,269	689,290	642,985	-7%	1%
o/w Goodwill, net	102,572	105,640	64,833	-39%	-37%
Tangible and other intangible assets, net	536,697	583,650	578,153	-1%	8%
Other assets	538,287	454,811	542,473	19%	1%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	24,307,608	27,553,384	28,790,272	4%	18%
Amounts due to banks, the National Governments, deposits from the National Banks and other banks, and Financial liabilities designated at fair value through profit or loss	1,441,234	1,608,533	1,719,516	7%	19%
Deposits from customers	18,383,167	21,068,644	21,840,257	4%	19%
Deposits from customers (FX adjusted¹)	18,616,000	21,046,641	21,840,257	4%	17%
o/w Retail deposits	13,242,138	14,289,953	14,496,024	1%	9%
Household deposits	11,026,096	11,893,051	12,129,173	2%	10%
SME deposits	2,216,043	2,396,902	2,366,851	-1%	7%
Corporate deposits	5,366,533	6,748,293	7,334,385	9%	37%
Accrued interest payable related to customer deposits	7,328	8,396	9,847	17%	34%
Liabilities from issued securities	481,406	436,325	417,042	-4%	-13%
o/w Retail bonds	952	0	0		-100%
Liabilities from issued securities without retail bonds	480,454	436,325	417,042	-4%	-13%
Other liabilities	1,088,839	1,124,782	1,608,008	43%	48%
Subordinated bonds and loans ²	275,906	278,334	282,199	1%	2%
Total shareholders' equity	2,637,055	3,036,766	2,923,250	-4%	11%
Indicators	1Q 2021	4Q 2021	1Q 2022	Q-o-Q	Y-o-Y
Loan/deposit ratio (FX adjusted ¹)	79%	79%	78%	-1%p	-2%p
Net loan/(deposit + retail bond) ratio (FX adjusted ¹)	75%	75%	74%	-1%p	-1%p
Stage 1 loan volume under IFRS 9	11,847,952	13,561,883	13,844,649	2%	17%
Stage 1 loans under IFRS9/gross customer loans	81.1%	81.5%	81.5%	0.0%p	0.4%p
Own coverage of Stage 1 loans under IFRS 9	1.0%	1.0%	1.1%	0.1%p	0.1%p
Stage 2 loan volume under IFRS 9	1,924,423	2,194,620	2,261,923	3%	18%
Stage 2 loans under IFRS9/gross customer loans	13.2%	13.2%	13.3%	0.1%p	0.1%p
Own coverage of Stage 2 loans under IFRS 9	10.8%	10.0%	10.4%	0.5%p	-0.4%p
Stage 3 loan volume under IFRS 9	830,927	877,951	879,023	0%	6%
Stage 3 loans under IFRS9/gross customer loans	5.7%	5.3%	5.2%	-0.1%p	-0.5%p
Own coverage of Stage 3 loans under IFRS 9	63.0%	60.5%	61.9%	1.4%p	-1.2%p
90+ days past due loan volume	545,110	535,445	542,137	1%	-1%
90+ days past due loans/gross customer loans	3.7%	3.2%	3.2%	0.0%p	-0.5%p
Consolidated capital adequacy - Basel3	1Q 2021	4Q 2021	1Q 2022	Q-o-Q	Y-o-Y
Capital adequacy ratio (consolidated, IFRS)	17.9%	19.1%	17.8%	-1.4%p	-0.1%p
Tier1 ratio	15.6%	17.5%	16.2%	-1.3%p	0.7%p
Common Equity Tier 1 ('CET1') capital ratio	15.6%	17.5%	16.2%	-1.3%p	0.7%p
Regulatory capital (consolidated)	2,723,117	3,191,765	3,078,173	-4%	13%
o/w Tier1 Capital	2,370,871	2,926,882	2,811,517	-4%	19%
o/w Common Equity Tier 1 capital	2,370,871	2,926,882	2,811,517	-4%	19%
Tier2 Capital	352,246	264,883	266,656	1%	-24%
o/w Hybrid Tier2	89,935	0	0		-100%
Consolidated risk weighted assets (RWA) (Credit&Market&Operational risk)	15,230,370	16,691,315	17,324,682	4%	14%
o/w RWA (Credit risk)	13,630,728	14,992,797	15,551,854	4%	14%
RWA (Market & Operational risk)	1,599,643	1,698,518	1,772,828	4%	11%

SUMMARY OF THE FIRST QUARTER 2022 RESULTS

Closing exchange rate of the HUF (in HUF)	1Q 2021	4Q 2021	1Q 2022	Q-o-Q	Y-o-Y
HUF/EUR	364	369	370	0%	2%
HUF/CHF	329	357	359	1%	9%
HUF/USD	310	326	332	2%	7%

¹ For the FX adjustment, the closing cross currency rates for the current period were used to calculate the HUF equivalent of loan and deposit volumes in the base periods.

² The ICES bonds were considered as Tier2 debt, but accounting-wise they were treated as part of the shareholders' equity until 2Q 2021, but in 3Q 2021 the ICES bonds were no longer part of the shareholders' equity. In the wake of the redemption of the ICES bonds announced on 14 September 2021, at the end of 3Q the HUF equivalent of ICES bonds (using the FX rate of 14 September) was recognized within the Other liabilities (HUF 179.8 billion) both on OTP Bank standalone and consolidated level, and within the consolidated shareholders' equity the other reserves declined by HUF 89.9 billion and the retained earnings by HUF 89.9 billion. The ICES bonds were redeemed on 29 October 2021.

OTP BANK'S HUNGARIAN CORE BUSINESS

OTP Core Statement of recognized income:

Main components of the Statement of recognised income in HUF million	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Profit after tax without received dividend	28,891	20,331	158,908	-78,380		
Received dividend	-49,432	-12,245	-44,632	-106,149	767%	115%
Profit after tax	78,322	32,576	203,540	27,769	-15%	-65%
Adjustments (total, after tax)	22,320	-13,302	-9,837	-66,269	398%	
Dividends and net cash transfers (after tax)	49,505	12,273	44,870	106,278	766%	115%
Goodwill/investment impairment charges (after tax)	-6,687	-26,254	-25,601	-114,223	335%	
Special tax on financial institutions (after corporate income tax)	-18,003	0	-18,003	-19,176	0%	7%
Expected one-off negative effect of the debt repayment moratorium (after corporate income tax)	-1	-100	-14,646	-3	-97%	
Effect of acquisitions (after tax)	-141	-1,425	-2,784	-212	-85%	51%
Result of the treasury share swap agreement (after tax)	-2,354	2,203	6,326	-8,502		261%
Impairments on Russian government bonds at OTP Core booked in 1Q 2022 (after tax)				-30,431	0%	0%
Adjusted profit after tax	56,003	45,879	213,377	94,038	105%	68%
Profit before tax	66,431	55,222	253,972	106,284	92%	60%
Operating profit	61,812	63,215	257,182	91,067	44%	47%
Total income	124,971	148,811	546,215	165,806	11%	33%
Net interest income	81,790	107,658	369,309	103,646	-4%	27%
Net fees and commissions	33,494	38,240	150,578	41,266	8%	23%
Other net non-interest income	9,687	2,912	26,328	20,894	617%	116%
Operating expenses	-63,159	-85,596	-289,034	-74,738	-13%	18%
Total risk costs	4,619	-7,993	-3,210	15,217	-290%	229%
Provision for impairment on loan losses	4,133	-7,767	-1,116	17,074	-320%	313%
Other provisions	487	-226	-2,094	-1,857	721%	-482%
Corporate income tax	-10,429	-9,343	-40,594	-12,246	31%	17%
Indicators (adjusted)	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
ROE	12.7%	10.1%	11.6%	18.9%	8.9%p	6.2%p
ROA	1.9%	1.3%	1.6%	2.5%	1.2%p	0.6%p
Operating profit margin	2.1%	1.8%	2.0%	2.4%	0.7%p	0.3%p
Total income margin	4.29%	4.17%	4.22%	4.42%	0.25%p	0.13%p
Net interest margin	2.80%	3.02%	2.85%	2.76%	-0.26%p	-0.04%p
Net fee and commission margin	1.15%	1.07%	1.16%	1.10%	0.03%p	-0.05%p
Net other non-interest income margin	0.33%	0.08%	0.20%	0.56%	0.48%p	0.22%p
Operating costs to total assets ratio	2.2%	2.4%	2.2%	2.0%	-0.4%p	-0.2%p
Cost/income ratio	50.5%	57.5%	52.9%	45.1%	-12.4%p	-5.5%p
Provision for impairment on loan losses / average gross loans ¹	-0.36%	0.57%	0.02%	-1.25%	-1.81%p	-0.89%p
Effective tax rate	15.7%	16.9%	16.0%	11.5%	-5.4%p	-4.2%p

¹ Negative Provision for impairment on loan and placement losses/average gross loans ratio implies positive amount on the Provision for impairment on loan and placement losses line.

Main components of OTP Core's Statement of financial position:

Main components of balance sheet closing balances in HUF million	1Q 2021	4Q 2021	1Q 2022	Q-o-Q	Y-o-Y
Total Assets	12,227,730	14,207,399	15,530,986	9%	27%
Net customer loans	4,542,999	5,310,327	5,348,023	1%	18%
Net customer loans (FX adjusted)	4,555,441	5,312,318	5,348,023	1%	17%
Gross customer loans	4,760,919	5,549,248	5,576,299	0%	17%
Gross customer loans (FX adjusted)	4,774,291	5,551,354	5,576,299	0%	17%
Stage 1+2 customer loans (FX-adjusted)	4,588,983	5,295,972	5,313,484	0%	16%
Retail loans	2,938,275	3,320,578	3,316,469	0%	13%
Retail mortgage loans (incl. home equity)	1,462,928	1,613,404	1,623,203	1%	11%
Retail consumer loans	1,060,922	1,246,723	1,218,249	-2%	15%
SME loans	414,424	460,451	475,016	3%	15%
Corporate loans	1,650,708	1,975,393	1,997,015	1%	21%
Provisions	-217,921	-238,921	-228,276	-4%	5%
Provisions (FX adjusted)	-218,850	-239,035	-228,276	-5%	4%
Deposits from customers + retail bonds	8,451,730	10,124,795	10,838,363	7%	28%
Deposits from customers + retail bonds (FX adjusted)	8,495,568	10,133,585	10,838,363	7%	28%
Retail deposits + retail bonds	5,612,421	6,266,976	6,508,062	4%	16%
Household deposits + retail bonds	4,404,400	4,875,039	5,121,503	5%	16%
<i>o/w: Retail bonds</i>	952	0	0		-100%
SME deposits	1,208,021	1,391,937	1,386,559	0%	15%
Corporate deposits	2,883,147	3,866,609	4,330,301	12%	50%
Liabilities to credit institutions	1,053,945	1,117,086	1,453,455	30%	38%
Issued securities without retail bonds	541,219	531,471	510,906	-4%	-6%
Total shareholders' equity	1,821,872	2,011,932	2,103,956	5%	15%
Loan Quality	1Q 2021	4Q 2021	1Q 2022	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	3,781,453	4,327,232	4,367,829	1%	16%
Stage 1 loans under IFRS 9/gross customer loans	79.4%	78.0%	78.3%	0.3%p	-1.1%p
Own coverage of Stage 1 loans under IFRS 9	0.8%	1.0%	0.7%	-0.3%p	-0.1%p
Stage 2 loan volume under IFRS 9 (in HUF million)	794,754	966,727	945,654	-2%	19%
Stage 2 loans under IFRS 9/gross customer loans	16.7%	17.4%	17.0%	-0.5%p	0.3%p
Own coverage of Stage 2 loans under IFRS 9	10.9%	8.9%	8.1%	-0.7%p	-2.7%p
Stage 3 loan volume under IFRS 9 (in HUF million)	184,712	255,288	262,816	3%	42%
Stage 3 loans under IFRS 9/gross customer loans	3.9%	4.6%	4.7%	0.1%p	0.8%p
Own coverage of Stage 3 loans under IFRS 9	54.9%	42.7%	45.9%	3.2%p	-9.0%p
90+ days past due loan volume (in HUF million)	136,018	136,003	142,945	5%	5%
90+ days past due loans/gross customer loans	2.9%	2.5%	2.6%	0.1%p	-0.3%p
Market Share	1Q 2021	4Q 2021	1Q 2022	Q-o-Q	Y-o-Y
Loans	23.3%	24.4%	24.5%	0.1%p	1.2%p
Deposits	26.4%	28.2%	30.1%	1.9%p	3.7%p
Total Assets	26.8%	26.9%	28.2%	1.4%p	1.4%p
Performance Indicators	1Q 2021	4Q 2021	1Q 2022	Q-o-Q	Y-o-Y
Net loans to (deposits + retail bonds) (FX adjusted)	54%	52%	49%	-3%p	-4%p
Leverage (closing Shareholder's Equity/Total Assets)	14.9%	14.2%	13.5%	-0.6%p	-1.4%p
Leverage (closing Total Assets/Shareholder's Equity)	6.7x	7.1x	7.4x	0.3x	0.7x
Capital adequacy ratio (OTP Bank, non-consolidated, Basel3, IFRS)	26.6%	25.1%	23.5%	-1.5%p	-3.1%p
Common Equity Tier1 ratio (OTP Bank, non-consolidated, Basel3, IFRS)	22.5%	21.8%	20.3%	-1.4%p	-2.2%p

P&L developments

In the first quarter of 2022 **OTP Core** posted an adjusted profit after tax of HUF 94 billion.

Amongst the adjustments that emerged at OTP Core in the first quarter, the largest negative item was related to the impairment of the investment in the Russian, Ukrainian and Moldovan subsidiaries (-HUF 114.2 billion after tax³). Furthermore, the banking tax booked in a lump-sum in the first quarter resulted in a -HUF 19.2 billion negative adjustment (after tax). Thirdly, the impairments on Russian government bonds held by OTP Bank amounted to -HUF 30.4 billion (after tax). Also, the result of the treasury share swap agreement was negative (-HUF 8.5 billion after tax). The 1Q 2022 profit after tax of OTP Core, including the combined effect of the adjustment items, reached HUF 27.8 billion.

However, in 1Q 2022 the profit after tax was boosted by dividends in the amount of HUF 106 billion, received mainly from the Bulgarian (74.3) and Croatian (HUF 14.6 billion) subsidiary banks. Stripping out the effect of dividends received mainly from foreign Group members, OTP Core realized an after tax loss of HUF 78.4 billion.

The q-o-q doubling adjusted profit after tax of HUF 94 billion largely stemmed from technical and one-off items, such as a seasonal decline in operating expenses, a jump in other net non-interest income, and the positive risk cost recorded in 1Q played a role, too.

On the other hand, net interest income dropped q-o-q, owing, among others, to the around HUF 2 billion q-o-q decline in the interest income on retail loans. Most retail loans have an interest rate fixation period for at least five years, thus the interest on these loans does not change during the fixed interest rate period, even if reference interest rates rise. Furthermore, the average interest rate of securities increased only marginally over the first quarter. This was mainly because of the large amount of fixed rate till maturity government bonds making up the majority of the Bank's securities book. This portfolio's average rate was only slightly increased by the re-investment of maturing bonds and net new purchases at higher rate levels. This Hungarian bond portfolio was built up gradually over the last several years, typically in the era of low yield environment. Thus, however the Bank contributed to the safe financing of the Hungarian government debt, the average rate of this bond portfolio ended up being well below the current benchmarks.

In addition to the q-o-q lower net interest income, another reason for the 26 bps q-o-q decline in net

interest margin was the dilution effect caused by the 7% q-o-q increase in average total assets.

The 27% y-o-y improvement in net interest income was driven by the continued dynamic growth of business volumes, while the net interest margin narrowed by 4 bps y-o-y.

The 3-month BUBOR jumped from 77 bps at the end of March 2021 to 421 bps by the end of December, to 648 bps by end-March 2022, and to 675 bps by end-April. The one-week central bank deposit rate moved from 4.0% at the end of 2021 to 6.15% by the end of March, and to 6.45% by end-April.

Net fees and commissions rose by 8% q-o-q and 23% y-o-y. One reason for the strong quarterly dynamics was that the higher transaction volumes owing to the PIT refund alleviated the effects of the seasonal decline in activity. Furthermore, the commission expenses paid to card companies were lower in 1Q because of technical reasons, which improved net fees' q-o-q development by almost HUF 1.5 billion. The other one-off items barely affected the q-o-q change in net fee income.

Other income grew by HUF 18 billion q-o-q, because of base effect as well as increased market volatility owing to the Russia-Ukraine situation. Gain on securities improved by HUF 6 billion q-o-q, largely as a result of a one-off negative item that emerged in 4Q. Besides, almost HUF 9 billion q-o-q higher result was realized on the *Gains and losses on derivative financial instruments* line, largely because of the positive revaluation result on FX swaps creating RUB liquidity. This was because RUB basis swap spreads rose significantly in the period between concluding those swap transactions and designating them as hedging purposes swaps.

Operating expenses fell by 13% q-o-q from the high 4Q basis, which was caused by seasonality and one-off effects. In contrast, expenses grew by 18% y-o-y: personnel expenses rose on account of 4% higher average headcount, and the implemented wage increases. Within other expenses, those were mainly costs related to hardware, office equipment, other services used, real estate (partly because of the temporary simultaneous operation while moving into the new HQ office building), and supervisory fees that showed significant increase (the latter because of the increase in deposit protection fees, effective from the end of 2021). In a favourable development, starting from 1 January 2022 the Government reduced the tax burden on companies by 4 pps, abolishing the 1.5% vocational training contribution and cutting employers' social contributions by 2.5 pps.

HUF 14.4 billion positive risk costs was recorded in the first quarter. Within that, the positive amount of

³ On consolidated level the investment impairment itself was eliminated, thus its corporate tax impact affected the results only. The Russian

goodwill impairment charges did not have an effect on OTP Core's result, as those were booked on consolidated level.

provision for impairment on loan losses was HUF 16.3 billion. One reason for that was the revision of the highly conservative assumptions previously used in the impairment models: as the uncertainty about the pandemic and the moratorium fell significantly, resulting in a provision release. Furthermore, the recoveries on retail claims managed by OTP Factoring continued.

By following strict principles, the Bank has been steadily monitoring its exposures, under which the large corporate portfolio was reviewed in 1Q in order to assess the vulnerability to the effects of the Russia-Ukraine military conflict, to the jump in energy prices, and to other specific risks. As a result, some corporate exposures were shifted into the Stage 2 category. Overall, the Stage 2 ratio sank by 0.5 pp q-o-q, while the Stage 3 ratio upped 0.1 pp.

Although the release of provisions in 1Q reduced the Stage 1+2 portfolio's total own provision coverage by 0.4 pp q-o-q to 2.0%, this is still way above the pre-pandemic level of 1.3% at the end of 2019. The own provision coverage of Stage 3 loans rose by 3.2 pps q-o-q, to 45.9%.

The volume of 90+ days past due loans grew by HUF 9 billion in 1Q 2022 (FX-adjusted, without sales/write-offs). In the first quarter, HUF 3 billion non-performing loans were sold/written off.

At the end of March 2022, HUF 227 billion worth of loans were subject to the moratorium, which made up 4.1% of OTP Core's gross loan book.

Balance sheet trends

OTP Core's balance sheet total grew by 9% q-o-q and 27% y-o-y. The q-o-q increase was largely the result of deposit inflows and higher repo volumes, which materialized on the asset side mostly in the volume growth of financial and other liquid assets, while loans stagnated q-o-q. The Bank held most of its central bank deposits in the one-week instrument; its amount was HUF 1,450 billion at the end of 1Q.

On OTP Core's asset side, the average weight of financial assets rose by 2.3 pps q-o-q, while that of non-interest bearing assets declined by 0.6 pp, and net loans dropped by 1.7 pps.

Performing (Stage 1+2) loans grew by 16% over the past 12 months (FX-adjusted). Much of this growth came from the government's and the national bank's subsidized loan programmes (baby loan, CSOK subsidized housing loan, green mortgage loan, home renovation loan, Funding for Growth Go, Széchenyi Card). However, performing loans stagnated q-o-q, partly because the overdraft loan volumes fell as a result of the PIT refund in February. Besides, lombard loans also shrank, thus total performing consumer loans sank 2% q-o-q.

The contracted volume of baby loans was HUF 42 billion in 1Q, 19% less than in the previous quarter. This is consistent with 40.1% market share.

The performing cash loan volumes remained stable q-o-q, and expanded by 12% y-o-y. In 1Q, new cash loan disbursements grew 3% q-o-q and 38% y-o-y. OTP Bank's share, based on cash loan placements, was 36.5% in 1Q 2022, after 37.5% in 4Q 2021.

To help borrowers access the subsidized home renovation subsidy, OTP made available both the mortgage-backed subsidized home renovation loan and the Bank's own unsecured home renovation cash loan product. Since its launch in 2021, loan applications for the unsecured product amounted to HUF 20 billion, and those for the secured product hit HUF 43 billion.

Having jumped by 32% q-o-q and 54% y-o-y, mortgage loan applications hit all-time highs in 1Q. In the structure of demand, the shift toward subsidized loans continued; the green housing loans with preferential interest rates, launched under the central bank's Green Home Programme in October 2021, were particularly sought; they made up 61% of all mortgage loan applications in 1Q. Demand for housing loans with market conditions declined by 34% q-o-q.

In recent months the increase in newly disbursed housing loan rates materially lagged behind the rise in long-term reference rates, thus OTP Bank's average disbursement interest rates in the case of housing loans with a fixation period of both five and ten years) implied a negative spread compared to the relevant reference yields (5Y and 10Y BIRS).

OTP Bank's market share of new mortgage loan contracted amounts was 33.4% in 1Q 2022 (vs 31.5% in full year 2021).

As to the applications for green mortgage loans, building up the loan book will take a longer time. Therefore, simultaneously with the q-o-q decline in disbursements, the mortgage loan stock grew slower than in previous quarters, by 1% q-o-q and 11% y-o-y.

The MSE loan book grew further: their performing volume grew by 3% q-o-q and 15% y-o-y (FX-adjusted). Corporate loans surged by 21% y-o-y, and by 1% q-o-q (FX-adjusted). As the FGS Go! Programme ended in 2021, the government introduced subsidized loans for micro and small enterprises through the KAVOSZ Széchenyi Card system in July 2021. Under the programme, OTP Bank signed loan agreements worth more than HUF 204 billion by the end of March.

The dynamic growth of deposits continued: volumes increased by 7% q-o-q and by 28% y-o-y in the first quarter (FX-adjusted). It was corporate deposits that fuelled growth on both time horizons (+12% q-o-q, +50% y-o-y). Retail deposits rose by 5% q-o-q, boosted by the PIT refund in February.

As the loan book grew substantially stronger than the deposit book, the net loan/deposit ratio sank by 3 pps q-o-q, to 49%.

OTP FUND MANAGEMENT (HUNGARY)**Changes in assets under management and financial performance of OTP Fund Management:**

Main components of P&L account in HUF million	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Adjusted profit after tax	835	3,253	6,116	1,155	-64%	38%
Income tax	-115	-422	-788	-171	-59%	48%
Profit before income tax	951	3,675	6,904	1,326	-64%	39%
Operating profit	951	3,689	6,918	1,401	-62%	47%
Total income	1,674	4,524	10,044	1,996	-56%	19%
Net fees and commissions	1,688	4,520	9,799	2,156	-52%	28%
Other net non-interest income	-13	4	245	-160		
Operating expenses	-724	-835	-3,125	-594	-29%	-18%
Other provisions	0	-14	-14	-75	430%	-100%
Main components of balance sheet closing balances in HUF million	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Total assets	25,178	24,988	24,988	21,470	-14%	-15%
Total shareholders' equity	7,512	12,792	12,792	8,733	-32%	16%
Asset under management in HUF billion	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Assets under management, total (w/o duplicates)¹	1,227	1,331	1,331	1,227	-8%	0%
Volume of investment funds (closing, w/o duplicates)	845	942	942	847	-10%	0%
Volume of managed assets (closing)	381	389	389	379	-2%	-1%
Volume of investment funds (closing, with duplicates)²	1,235	1,479	1,479	1,350	-9%	9%
bond	394	444	444	413	-7%	5%
mixed	180	345	345	325	-6%	81%
equity	273	342	342	296	-14%	8%
absolute return fund	339	300	300	269	-11%	-21%
commodity market	28	37	37	43	18%	52%
money market	5	4	4	4	1%	-17%
guaranteed	14	5	5	0	-100%	-100%

¹ The cumulative net asset value of investment funds and managed assets of OTP Fund Management, eliminating the volume of own investment funds (duplications) being managed in other investment funds and managed assets of OTP Fund Management.

² The cumulative net asset value of investment funds with duplications managed by OTP Fund Management.

In 1Q 2022, **OTP Fund Management** generated HUF 1.2 billion profit. The q-o-q drop is largely attributable to the income from the HUF 1.9 billion success fee for funds generating above-benchmark yields in 4Q 2021.

Within the first-quarter net fees and commissions, the income from assets under management was 6% less q-o-q than in 4Q 2021 (after adjustment for the success fee earned in 4Q 2021). The y-o-y 28% higher result was explained by the y-o-y 25% lower sales and custody fee expenses despite the stable fund management fee income (+2% y-o-y).

The q-o-q development of other income can be put down to the negative revaluation result of the investment units in the company's own books.

Operating expenses fell both q-o-q (-29%) and y-o-y (-18%).

Other risk costs increased q-o-q, owing to provisions for the future growth of personnel costs.

The first quarter of 2022 proved to be a period full of uncertainties and challenges for Hungary's investment fund market as the accelerating inflation, the central bank's interest rate hikes, and geopolitical developments have rearranged the structure of investments. The investment funds of OTP Fund Management followed market trends: it was bond funds that took the biggest hit from the high inflationary environment, while equity funds were driven by a highly volatile global sentiment. Overall, OTP Fund Manager's total wealth managed (without duplications) contracted by 9% q-o-q, but expanded by 9% y-o-y.

The Company retained its leadership position in the securities market, where its market share stood at 25.2% at the end of March 2022.

MERKANTIL GROUP (HUNGARY)**Performance of Merkantil Group:**

Main components of P&L account in HUF million	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Adjusted profit after tax	1,626	1,476	7,998	4,372	196%	169%
Income tax	-175	-13	-918	-517		196%
Profit before income tax	1,801	1,489	8,916	4,888	228%	171%
Operating profit	2,830	3,373	11,961	2,871	-15%	1%
Total income	5,556	6,520	23,291	5,284	-19%	-5%
Net interest income	4,738	5,473	20,680	4,809	-12%	2%
Net fees and commissions	0	32	116	143	352%	
Other net non-interest income	818	1,016	2,495	332	-67%	-59%
Operating expenses	-2,726	-3,147	-11,330	-2,413	-23%	-11%
Total provisions	-1,029	-1,884	-3,045	2,018	-207%	-296%
Provision for impairment on loan losses	-1,005	-1,938	-3,093	2,050	-206%	-304%
Other provision	-24	54	48	-32	-159%	34%
Main components of balance sheet closing balances in HUF million	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Total assets	736,608	782,222	782,222	770,398	-2%	5%
Gross customer loans	430,021	444,549	444,549	446,015	0%	4%
Gross customer loans (FX-adjusted)	430,499	444,590	444,590	446,015	0%	4%
Stage 1+2 customer loans (FX-adjusted)	417,928	431,751	431,751	435,069	1%	4%
Retail loans	6,263	4,867	4,867	4,379	-10%	-30%
Corporate loans	56,045	46,871	46,871	49,419	5%	-12%
Leasing	355,620	380,014	380,014	381,271	0%	7%
Allowances for possible loan losses	-13,743	-14,230	-14,230	-9,905	-30%	-28%
Allowances for possible loan losses (FX-adjusted)	-13,758	-14,231	-14,231	-9,905	-30%	-28%
Deposits from customers	8,999	8,198	8,198	7,709	-6%	-14%
Deposits from customer (FX-adjusted)	8,999	8,198	8,198	7,709	-6%	-14%
Retail deposits	5,750	5,166	5,166	4,751	-8%	-17%
Corporate deposits	3,249	3,032	3,032	2,862	-6%	-12%
Liabilities to credit institutions	656,905	688,675	688,675	673,620	-2%	3%
Total shareholders' equity	53,256	59,246	59,246	54,591	-8%	3%
Loan Quality	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	338,353	334,732	334,732	368,964	10%	9%
Stage 1 loans under IFRS 9/gross customer loans	78.7%	75.3%	75.3%	82.7%	7.4%p	4.0%p
Own coverage of Stage 1 loans under IFRS 9	0.2%	0.4%	0.4%	0.4%	0.0%p	0.1%p
Stage 2 loan volume under IFRS 9 (in HUF million)	79,123	96,982	96,982	66,106	-32%	-16%
Stage 2 loans under IFRS 9/gross customer loans	18.4%	21.8%	21.8%	14.8%	-7.0%p	-3.6%p
Own coverage of Stage 2 loans under IFRS 9	4.8%	5.3%	5.3%	4.9%	-0.4%p	0.2%p
Stage 3 loan volume under IFRS 9 (in HUF million)	12,546	12,836	12,836	10,946	-15%	-13%
Stage 3 loans under IFRS 9/gross customer loans	2.9%	2.9%	2.9%	2.5%	-0.4%p	-0.5%p
Own coverage of Stage 3 loans under IFRS 9	73.1%	60.0%	60.0%	48.7%	-11.3%p	-24.4%p
Provision for impairment on loan losses/average gross loans	0.97%	1.74%	0.71%	-1.87%	-3.61%p	-2.84%p
90+ days past due loan volume (in HUF million)	7,856	5,852	5,852	3,480	-41%	-56%
90+ days past due loans/gross customer loans	1.8%	1.3%	1.3%	0.8%	-0.5%p	-1.0%p
Performance Indicators	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
ROA	0.9%	0.7%	1.0%	2.3%	1.6%p	1.4%p
ROE	12.4%	9.9%	14.3%	29.9%	20.0%p	17.5%p
Total income margin	3.19%	3.26%	3.05%	2.78%	-0.48%p	-0.40%p
Net interest margin	2.72%	2.74%	2.71%	2.53%	-0.20%p	-0.18%p
Operating costs / Average assets	1.6%	1.6%	1.5%	1.3%	-0.3%p	-0.3%p
Cost/income ratio	49.1%	48.3%	48.6%	45.7%	-2.6%p	-3.4%p

In the first quarter of 2022, **Merkantil Group** posted HUF 4.4 billion adjusted profit after tax (+169% y-o-y). The Group's ROE was 29.9%. In a quarterly comparison profit has tripled, largely due to release of provisions.

Net interest income dropped by 12% q-o-q, predominantly owing to the base effect of one-off items in the previous quarter. The performing loan volume also rose by 1%, while net interest margin shrank by 20 bps q-o-q. The 1Q decline in the margin was largely influenced by the phasing out of the NBH's preferential deposit facility.

The q-o-q jump in net fees and commissions was the combined result of many smaller items. Other net non-interest income declined moderately q-o-q, mostly because of a base effect: In 4Q 2021, a string of settlements affected the full year retroactively, which increased other income, but these items did not occur in 1Q 2022.

Operating expenses shrank by 23% q-o-q (-11% y-o-y), owing to the base effect of higher vehicle-related costs in the fourth quarter of 2021, and higher personnel costs owing to seasonality.

In the first quarter, HUF 2 billion loan-loss-related provision was released on the total risk cost line. There were two main factors that shaped the dynamics in the first three months: The revision of the IFRS 9 model parameter reduced the own

provision coverage of Stage 3 loans, and the ratio of Stage 2 loans also dropped.

The volume of 90 days past due loans grew by HUF 0.7 billion in the first quarter (FX-adjusted, without sales/write-offs). The ratio of Stage 3 loans dropped by 0.4 pp q-o-q, to 2.5%; this is consistent with 0.5 pp y-o-y decline. The own provision coverage of Stage 3 loans decreased to 48.7%. The ratio of Stage 2 loans dropped by 7.0 pps q-o-q in the first quarter: the quarterly change was largely affected by the reclassification of moratorium participants into Stage 1 category. The own provision coverage of Stage 2 loans stood at 4.9% (+0.2 pp y-o-y, -0.4 pp q-o-q).

FX-adjusted performing (Stage 1+2) loans increased by 4% y-o-y; their volume rose by 1% q-o-q. In a year-over-year comparison, Merkantil Bank's total new loan disbursements grew by 13%. Within that, new car loans grew by 7%, while the financing of production equipment and machinery jumped by 30%. Due to the termination of FGS Go!, since the beginning of July 2021 the government has been providing preferential, interest-subsidized funds to micro- and small enterprises through the KAVOSZ Széchenyi Card scheme. Under the programme, Merkantil Bank contracted more than HUF 49 billion by the end of March. Merkantil Bank remained the market leader in both new loan placements and volumes.

IFRS REPORTS OF THE MAIN SUBSIDIARIES

In the following parts of the report the foreign subsidiaries' adjusted financial data are presented. The calculation method of performance indices can be found in the Supplementary data annex.

DSK GROUP (BULGARIA)

Performance of DSK Group:

Main components of P&L account in HUF million	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Adjusted profit after tax	18,273	10,742	76,790	21,064	96%	15%
Income tax	-1,877	-982	-8,454	-2,375	142%	27%
Profit before income tax	20,150	11,724	85,244	23,439	100%	16%
Operating profit	24,703	27,025	106,241	28,888	7%	17%
Total income	42,824	47,032	178,470	47,777	2%	12%
Net interest income	27,611	29,625	112,869	29,892	1%	8%
Net fees and commissions	12,215	14,507	54,508	15,374	6%	26%
Other net non-interest income	2,998	2,899	11,093	2,511	-13%	-16%
Operating expenses	-18,121	-20,007	-72,230	-18,888	-6%	4%
Total provisions	-4,553	-15,301	-20,997	-5,449	-64%	20%
Provision for impairment on loan losses	-4,557	-12,692	-18,938	-5,637	-56%	24%
Other provision	4	-2,609	-2,059	188	-107%	
Main components of balance sheet closing balances in HUF million	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Total assets	4,352,923	4,627,132	4,627,132	4,769,003	3%	10%
Gross customer loans	2,640,243	2,922,886	2,922,886	3,084,365	6%	17%
Gross customer loans (FX-adjusted)	2,683,263	2,927,982	2,927,982	3,084,365	5%	15%
Stage 1+2 customer loans (FX-adjusted)	2,481,083	2,746,754	2,746,754	2,900,514	6%	17%
Retail loans	1,399,629	1,611,946	1,611,946	1,660,940	3%	19%
Corporate loans	899,599	929,193	929,193	1,025,563	10%	14%
Leasing	181,856	205,615	205,615	214,011	4%	18%
Allowances for possible loan losses	-189,651	-193,180	-193,180	-198,373	3%	5%
Allowances for possible loan losses (FX-adjusted)	-192,728	-193,509	-193,509	-198,373	3%	3%
Deposits from customers	3,613,658	3,785,300	3,785,300	3,876,138	2%	7%
Deposits from customers (FX-adjusted)	3,683,490	3,794,795	3,794,795	3,876,138	2%	5%
Retail deposits	3,129,790	3,350,229	3,350,229	3,359,682	0%	7%
Corporate deposits	553,700	444,566	444,566	516,456	16%	-7%
Liabilities to credit institutions	39,221	86,606	86,606	106,413	23%	171%
Total shareholders' equity	631,066	699,375	699,375	638,352	-9%	1%
Loan Quality	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	2,158,872	2,454,806	2,454,806	2,629,722	7%	22%
Stage 1 loans under IFRS 9/gross customer loans	81.8%	84.0%	84.0%	85.3%	1.3%p	4.3%p
Own coverage of Stage 1 loans under IFRS 9	1.0%	1.0%	1.0%	1.0%	0.0%p	5.2%p
Stage 2 loan volume under IFRS 9 (in HUF million)	282,415	287,157	287,157	270,793	-6%	-4%
Stage 2 loans under IFRS 9/gross customer loans	10.7%	9.8%	9.8%	8.8%	-1.0%p	-1.9%p
Own coverage of Stage 2 loans under IFRS 9	13.2%	15.5%	15.5%	16.7%	1.2%p	3.5%p
Stage 3 loan volume under IFRS 9 (in HUF million)	198,956	180,922	180,922	183,851	2%	-8%
Stage 3 loans under IFRS 9/gross customer loans	7.5%	6.2%	6.2%	6.0%	-0.2%p	-1.6%p
Own coverage of Stage 3 loans under IFRS 9	66.2%	68.2%	68.2%	69.0%	0.8%p	4.2%p
Provision for impairment on loan losses/average gross loans	0.71%	1.76%	0.70%	0.77%	-1.00%p	0.06%p
90+ days past due loan volume (in HUF million)	126,466	114,362	114,362	117,853	3%	-7%
90+ days past due loans/gross customer loans	4.8%	3.9%	3.9%	3.8%	-0.1%p	-1.0%p
Performance Indicators	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
ROA	1.7%	0.9%	1.8%	1.8%	0.9%p	0.1%p
ROE	11.9%	6.2%	11.8%	12.4%	6.2%p	0.5%p
Total income margin	4.01%	4.12%	4.07%	4.19%	0.07%p	0.18%p
Net interest margin	2.58%	2.59%	2.58%	2.62%	0.03%p	0.04%p
Operating costs / Average assets	1.70%	1.75%	1.65%	1.66%	-0.10%p	-0.04%p
Cost/income ratio	42.3%	42.5%	40.5%	39.5%	-3.0%p	-2.8%p
Net loans to deposits (FX-adjusted)	68%	72%	72%	74%	2%p	7%p
FX rates (in HUF)	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
HUF/BGN (closing)	186.0	188.7	188.7	189.0	0%	2%
HUF/BGN (average)	184.7	186.2	183.3	186.5	0%	1%

In the first quarter of 2022, **DSK Group** posted HUF 21 billion adjusted profit after tax, almost twice as much as in the previous quarter (+15% y-o-y). The bank's improving profitability (1Q ROE: 12.4%, +6.2 pps q-o-q) can be ascribed to lower risk cost provisions, as well as to the favourable development in operating profit.

Regarding the components of total income, which improved both q-o-q and y-o-y, net interest income and fee income grew in the first quarter, particularly in year/year comparison: net interest income increased by 8%, and net fee income has surged by 26% from the same period of the previous year. The better result was largely driven by the expansion in large corporate volumes, and by the growing revenue on financial assets. The latter benefited from the fact that, starting from 2022, Bulgarian legislation allows the Bank to reduce the costs of its BGN and EUR excess liquidity through repo and swap deals with OTP Group. The expansion of consumer loan volumes also supported net interest income's growth. Overall, net interest margin improved to 2.62% in the first quarter (by 3 bps q-o-q, and 4 bps y-o-y).

The q-o-q and y-o-y increase in net fee income can be primarily ascribed to stronger business activity, higher service fee income from loans and accounts, as well as to the increase in the number of financial transactions.

Operating expenses grew by 3% y-o-y in local currency, mostly driven by utility costs and wage inflation effects. The y-o-y decline in operating expenses (-6%) is mainly explainable by a base effect, a seasonal jump in costs at the end of the preceeding year. Nevertheless, cost effectiveness indicators improved both q-o-q and y-o-y, the cost/income ratio was at 39.5% (-3 pps q-o-q and y-o-y).

In the first quarter HUF 5.5 billion risk cost weighed on profit, representing a 20% y-o-y growth, mainly because of the loan loss provision resulting from the revision of parameters in 1Q 2022. The 64% q-o-q fall stemmed from a base effect, associated with the higher loan loss provision and impairment on properties in the fourth quarter of 2021.

Performing (Stage 1+2) loans grew by 17% y-o-y and 6% q-o-q, FX-adjusted, bolstered by the increase in corporate volumes (+10% q-o-q). New corporate loan disbursement jumped by 32% q-o-q. On the Bulgarian retail loan market the higher volumes coupled with lower interest rates, particularly in case of mortgage loans. The bank's performing retail loans grew by 19% y-o-y and 3% q-o-q (FX-adjusted), while this segment's interest income remained stable. In a favourable development, the previous declining trend in the market share of the bank's consumer loan stock has stopped, and it stabilized near 40% in the first quarter.

Loan quality has improved; the ratio of Stage 1 loans jumped to 85.3% (+4.3 pps y-o-y, +1.3 pps q-o-q). The Bank worked out and is implementing a comprehensive action plan, including the development of debt collection procedures. The results are already visible: the NPL ratio dropped to 5.5% by the end of 1Q 2022 (from 6.6% in 2020). The ratio of Stage 2 and Stage 3 loans contracted both y-o-y and q-o-q. In addition, the provision coverage of both Stage 2 and Stage 3 loans has improved q-o-q.

The bank continues the digital transformation and customer-focused development of its operations and services, in accordance with its strategy to provide unique, customized end-to-end digital solutions to its retail and MSE customers. These developments help to constantly expand the user base of Internetbank and Mobilbank.

The Bulgarian operation's liquidity position is stable. The net loan/deposit ratio was 74% at the end of March. The deposit book rose by 2% q-o-q and 5% y-o-y (FX-adjusted).

OTP BANK CROATIA

Performance of OTP Bank Croatia:

Main components of P&L account in HUF million	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Adjusted profit after tax	5,119	8,254	33,448	11,074	34%	116%
Income tax	-969	-2,203	-7,618	-2,350	7%	142%
Profit before income tax	6,088	10,457	41,065	13,424	28%	121%
Operating profit	8,355	10,152	43,422	9,933	-2%	19%
Total income	19,497	22,281	88,736	21,704	-3%	11%
Net interest income	14,615	15,835	60,933	15,408	-3%	5%
Net fees and commissions	3,930	4,529	18,183	4,822	6%	23%
Other net non-interest income	953	1,917	9,619	1,474	-23%	55%
Operating expenses	-11,143	-12,129	-45,313	-11,771	-3%	6%
Total provisions	-2,267	305	-2,357	3,491		-254%
Provision for impairment on loan losses	-2,023	2,047	1,767	3,786	85%	-287%
Other provision	-243	-1,742	-4,124	-295	-83%	21%
Main components of balance sheet closing balances in HUF million	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Total assets	2,335,309	2,576,445	2,576,445	2,577,310	0%	10%
Gross customer loans	1,648,594	1,811,376	1,811,376	1,871,442	3%	14%
Gross customer loans (FX-adjusted)	1,675,216	1,808,154	1,808,154	1,871,442	4%	12%
Stage 1+2 customer loans (FX-adjusted)	1,526,784	1,664,178	1,664,178	1,731,594	4%	13%
Retail loans	784,046	873,459	873,459	896,468	3%	14%
Corporate loans	631,431	675,226	675,226	714,598	6%	13%
Leasing	111,308	115,493	115,493	120,529	4%	8%
Allowances for possible loan losses	-102,813	-109,575	-109,575	-106,262	-3%	3%
Allowances for possible loan losses (FX-adjusted)	-104,474	-109,274	-109,274	-106,262	-3%	2%
Deposits from customers	1,640,939	1,899,671	1,899,671	1,860,216	-2%	13%
Deposits from customers (FX-adjusted)	1,673,887	1,898,078	1,898,078	1,860,216	-2%	11%
Retail deposits	1,271,192	1,416,556	1,416,556	1,401,193	-1%	10%
Corporate deposits	402,695	481,523	481,523	459,023	-5%	14%
Liabilities to credit institutions	293,405	228,733	228,733	278,346	22%	-5%
Total shareholders' equity	328,983	351,023	351,023	340,162	-3%	3%
Loan Quality	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	1,298,122	1,448,458	1,448,458	1,511,747	4%	16%
Stage 1 loans under IFRS 9/gross customer loans	78.7%	80.0%	80.0%	80.8%	0.8%p	2.0%p
Own coverage of Stage 1 loans under IFRS 9	0.8%	0.6%	0.6%	0.5%	-0.1%p	-0.3%p
Stage 2 loan volume under IFRS 9 (in HUF million)	204,397	218,754	218,754	219,848	0%	8%
Stage 2 loans under IFRS 9/gross customer loans	12.4%	12.1%	12.1%	11.7%	-0.3%p	-0.7%p
Own coverage of Stage 2 loans under IFRS 9	5.9%	5.9%	5.9%	5.4%	-0.5%p	-0.5%p
Stage 3 loan volume under IFRS 9 (in HUF million)	146,075	144,163	144,163	139,847	-3%	-4%
Stage 3 loans under IFRS 9/gross customer loans	8.9%	8.0%	8.0%	7.5%	-0.5%p	-1.4%p
Own coverage of Stage 3 loans under IFRS 9	55.1%	61.4%	61.4%	62.4%	1.0%p	7.3%p
Provision for impairment on loan losses/average gross loans	0.51%	-0.46%	-0.11%	-0.85%	-0.39%p	-1.36%p
90+ days past due loan volume (in HUF million)	68,159	73,826	73,826	73,077	-1%	7%
90+ days past due loans/gross customer loans	4.1%	4.1%	4.1%	3.9%	-0.2%p	-0.2%p
Performance Indicators	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
ROA	0.9%	1.3%	1.4%	1.8%	0.5%p	0.9%p
ROE	6.4%	9.4%	10.0%	13.0%	3.5%p	6.6%p
Total income margin	3.45%	3.55%	3.73%	3.47%	-0.08%p	0.02%p
Net interest margin	2.59%	2.52%	2.56%	2.46%	-0.06%p	-0.12%p
Operating costs / Average assets	1.97%	1.93%	1.90%	1.88%	-0.05%p	-0.09%p
Cost/income ratio	57.2%	54.4%	51.1%	54.2%	-0.2%p	-2.9%p
Net loans to deposits (FX-adjusted)	94%	90%	90%	95%	5%p	1%p
FX rates (in HUF)	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
HUF/HRK (closing)	48.1	49.1	49.1	48.8	-1%	2%
HUF/HRK (average)	47.7	48.4	47.6	48.4	0%	1%

The **Croatian bank** realized more than HUF 11 billion profit after tax in 1Q 2022, thus its profit has more than doubled y-o-y, and grown by more than 30% q-o-q. This was largely the result of lower credit risk costs, but the 19% y-o-y improvement in operating profit also helped.

On the income side, net interest income sank 3% q-o-q. The expansion of performing (Stage 1+2) volumes continued (+4% q-o-q, and +13% y-o-y), but net interest margin eroded further (-6 bps q-o-q).

Net fees and commissions rose both q-o-q and y-o-y (by 6% and 23%, respectively), mainly propelled by the increase in economic activity and tourism, starting from the second quarter of 2021. Base effect also played a role in the q-o-q figure, owing to the higher fees for card companies in 4Q.

Other income fell by 23% q-o-q, partly because of the unfavourable evolution of gain on securities.

Saving 3% q-o-q on operating expenses led to further improvement in cost effectiveness indicators, both q-o-q and y-o-y. The cost/income ratio stood at 54.2% in the first quarter.

In 1Q 2022, HUF 3.5 billion positive risk cost supported the profit, owing to the release of provisions for housing loan losses and large corporate exposures, as well as for off-balance-sheet items.

In the past quarter, the share of Stage 3 loans in the portfolio shrank further, to 7.5% by end-March, while their own provision coverage grew to 62.4% (+1.0 pp q-o-q and 7.3% y-o-y).

The volume of 90 days past due loans was stable in 1Q 2022 (FX-adjusted, without sales/write-offs); there was no significant sale/write-off in the first three months.

Performing (Stage 1+2) loans rose by 4% q-o-q, thus their volumes grew by 13% y-o-y. It was the corporate segment that gave the lion's share of the q-o-q growth, but consumer loans also increased dynamically. The intensifying consumption helped cash loan disbursements expand further (+6% q-o-q, +25% y-o-y) and draw near pre-pandemic levels. Mortgage loan disbursements contracted by 2% q-o-q, but surged by 9% y-o-y. Despite the strong fourth quarter, the volume of corporate loan disbursements could increase further (+9% q-o-q).

FX-adjusted deposit volumes stagnated q-o-q. The Croatian bank's liquidity position remained stable; the net loan/deposit ratio stood at 95% at the end of March (+5 pps q-o-q, +1 pp y-o-y).

OTP BANK SERBIA

Performance of OTP Bank Serbia:

Main components of P&L account in HUF million	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Adjusted profit after tax	6,773	11,416	32,104	10,860	-5%	60%
Income tax	-586	-2,094	-3,610	-1,541	-26%	163%
Profit before income tax	7,359	13,511	35,714	12,401	-8%	69%
Operating profit	9,953	10,205	40,754	10,954	7%	10%
Total income	20,508	21,911	83,494	21,480	-2%	5%
Net interest income	15,730	16,043	62,497	15,788	-2%	0%
Net fees and commissions	3,336	4,036	14,410	3,695	-8%	11%
Other net non-interest income	1,442	1,832	6,586	1,997	9%	38%
Operating expenses	-10,555	-11,705	-42,740	-10,526	-10%	0%
Total provisions	-2,593	3,305	-5,040	1,447	-56%	-156%
Provision for impairment on loan losses	-2,341	3,023	-387	1,588	-47%	-168%
Other provision	-253	282	-4,653	-141	-150%	-44%
Main components of balance sheet closing balances in HUF million	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Total assets	2,048,165	2,224,715	2,224,715	2,265,173	2%	11%
Gross customer loans	1,551,658	1,715,347	1,715,347	1,782,049	4%	15%
Gross customer loans (FX-adjusted)	1,576,903	1,717,285	1,717,285	1,782,049	4%	13%
Stage 1+2 customer loans (FX-adjusted)	1,532,118	1,667,827	1,667,827	1,729,872	4%	13%
Retail loans	730,912	787,581	787,581	802,835	2%	10%
Corporate loans	715,075	795,215	795,215	843,663	6%	18%
Leasing	86,131	85,031	85,031	83,374	-2%	-3%
Allowances for possible loan losses	-45,370	-44,587	-44,587	-43,759	-2%	-4%
Allowances for possible loan losses (FX-adjusted)	-46,125	-44,623	-44,623	-43,759	-2%	-5%
Deposits from customers	1,151,311	1,238,864	1,238,864	1,227,780	-1%	7%
Deposits from customers (FX-adjusted)	1,173,081	1,240,687	1,240,687	1,227,780	-1%	5%
Retail deposits	697,184	751,661	751,661	737,313	-2%	6%
Corporate deposits	475,897	489,026	489,026	490,467	0%	3%
Liabilities to credit institutions	541,349	584,453	584,453	627,269	7%	16%
Total shareholders' equity	277,061	306,630	306,630	309,928	1%	12%
Loan Quality	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	1,369,960	1,542,170	1,542,170	1,620,924	5%	18%
Stage 1 loans under IFRS 9/gross customer loans	88.3%	89.9%	89.9%	91.0%	1.1%p	2.7%p
Own coverage of Stage 1 loans under IFRS 9	0.8%	0.7%	0.7%	0.6%	-0.1%p	-0.2%p
Stage 2 loan volume under IFRS 9 (in HUF million)	137,660	123,754	123,754	108,948	-12%	-21%
Stage 2 loans under IFRS 9/gross customer loans	8.9%	7.2%	7.2%	6.1%	-1.1%p	-2.8%p
Own coverage of Stage 2 loans under IFRS 9	8.3%	6.1%	6.1%	5.8%	-0.3%p	-2.5%p
Stage 3 loan volume under IFRS 9 (in HUF million)	44,039	49,423	49,423	52,177	6%	18%
Stage 3 loans under IFRS 9/gross customer loans	2.8%	2.9%	2.9%	2.9%	0.0%p	0.1%p
Own coverage of Stage 3 loans under IFRS 9	52.6%	53.6%	53.6%	53.8%	0.3%p	1.3%p
Provision for impairment on loan losses/average gross loans	0.62%	-0.73%	0.02%	-0.37%	0.35%p	-1.00%p
90+ days past due loan volume (in HUF million)	30,300	33,405	33,405	35,502	6%	17%
90+ days past due loans/gross customer loans	2.0%	1.9%	1.9%	2.0%	0.0%p	0.0%p
Performance Indicators	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
ROA	1.4%	2.1%	1.6%	2.0%	-0.1%p	0.6%p
ROE	10.1%	15.2%	11.4%	14.5%	-0.7%p	4.4%p
Total income margin	4.11%	4.07%	4.07%	3.91%	-0.16%p	-0.20%p
Net interest margin	3.15%	2.98%	3.05%	2.87%	-0.11%p	-0.28%p
Operating costs / Average assets	2.12%	2.17%	2.09%	1.91%	-0.26%p	-0.20%p
Cost/income ratio	51.5%	53.4%	51.2%	49.0%	-4.4%p	-2.5%p
Net loans to deposits (FX-adjusted)	130%	135%	135%	142%	7%p	11%p
FX rates (in HUF)	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
HUF/RSD (closing)	3.1	3.1	3.1	3.1	0%	2%
HUF/RSD (average)	3.1	3.1	3.0	3.1	0%	1%

In the first quarter of 2022, **the Serbian banking group** posted nearly HUF 11 billion adjusted profit after tax, 5% less than in the previous quarter but 60% more than a year earlier. Both the q-o-q and the y-o-y profit developments were largely influenced by positive risk costs, but the operating profit also improved (+7% q-o-q, and +10% y-o-y), mostly as a result of the intensifying business activity.

The integration was successfully completed on 30 April 2021. The total network in Serbia consists of 184 branches. Since the end of September 2019, it has contracted by a total of 56 units, three of which were closed in the first quarter of 2022. At the end of March 2022 the network had 2,696 employees, 536 (17%) less than at the time when the integration began.

Operating expenses y-o-y stagnated, but 10% q-o-q saving was realized. The latter was caused mainly by a seasonal drop in personnel expenses, expert fees, and marketing expenses, which offset the effect of the q-o-q 12% higher amortization. The cost synergies resulting from the acquisition are firmly realized, the cost effectiveness indicators have improved further both q-o-q and y-o-y. The cost/income ratio fell below 50% by the end of March (-4.4 pps q-o-q, and -2.5 pps y-o-y).

The change in after-tax profit was largely shaped by the risk cost level. The positive risk costs recorded in the fourth quarter of 2021 and in the first quarter of 2022 were predominantly related to the revision of the IFRS 9 impairment model parameters.

Net interest income remained at its 4Q 2021 level: the negative calendar effect and the margin erosion were offset by an increase in large corporate and mortgage loans. The 8% q-o-q decline in net fees and commissions was mostly caused by a drop in account turnover fees and commissions. Most of the 9% q-o-q increase in other income stemmed from higher foreign exchange fee income.

As regards loan quality, the ratio of Stage 3 loans remained flat at 2.9% q-o-q. The DPD90+ volume grew by HUF 2 billion in 1Q (FX-adjusted, without sales/write-offs). Accordingly, the DPD90+ ratio remained at 2.0% by the end of March.

Performing (Stage 1+2) loan volume grew further (+4% q-o-q, and +13% y-o-y; FX-adjusted), driven by intensifying cash loan disbursement, and an increase in the large corporate loan book.

Deposits dropped by 1% q-o-q (FX-adjusted), primarily due to retail sight deposit withdrawals.

The bank's net loan/deposit ratio rose both q-o-q and y-o-y (+7 pps q-o-q, and +11 pps y-o-y), hitting 142%.

SKB BANKA (SLOVENIA)

Performance of SKB Banka (Slovenia):

Main components of P&L account in HUF million	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Adjusted profit after tax	3,063	4,368	16,822	4,937	13%	61%
Income tax	-701	-1,075	-3,838	-1,246	16%	78%
Profit before income tax	3,764	5,443	20,660	6,184	14%	64%
Operating profit	3,854	5,453	19,595	4,145	-24%	8%
Total income	10,083	11,077	42,354	11,060	0%	10%
Net interest income	6,873	7,043	27,673	6,931	-2%	1%
Net fees and commissions	2,948	3,651	13,258	3,690	1%	25%
Other net non-interest income	262	384	1,423	440	14%	68%
Operating expenses	-6,229	-5,624	-22,759	-6,915	23%	11%
Total provisions	-90	-10	1,065	2,038		
Provision for impairment on loan losses	-138	673	1,819	2,093	211%	
Other provision	47	-683	-754	-55	-92%	-217%
Main components of balance sheet closing balances in HUF million	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Total assets	1,370,263	1,433,206	1,433,206	1,441,088	1%	5%
Gross customer loans	923,891	984,605	984,605	1,030,595	5%	12%
Gross customer loans (FX-adjusted)	939,234	986,281	986,281	1,030,595	4%	10%
Stage 1+2 customer loans (FX-adjusted)	923,041	973,231	973,231	1,018,006	5%	10%
Retail loans	457,787	476,791	476,791	482,976	1%	6%
Corporate loans	298,529	329,245	329,245	366,042	11%	23%
Leasing	166,725	167,196	167,196	168,988	1%	1%
Allowances for possible loan losses	-15,966	-16,271	-16,271	-15,484	-5%	-3%
Allowances for possible loan losses (FX-adjusted)	-16,235	-16,299	-16,299	-15,484	-5%	-5%
Deposits from customers	1,153,036	1,213,698	1,213,698	1,225,875	1%	6%
Deposits from customers (FX-adjusted)	1,173,202	1,216,065	1,216,065	1,225,875	1%	4%
Retail deposits	903,051	897,420	897,420	897,598	0%	-1%
Corporate deposits	270,152	318,645	318,645	328,276	3%	22%
Liabilities to credit institutions	22,982	15,565	15,565	10,073	-35%	-56%
Total shareholders' equity	166,982	179,515	179,515	176,647	-2%	6%
Loan Quality	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	767,167	846,646	846,646	907,327	7%	18%
Stage 1 loans under IFRS 9/gross customer loans	83.0%	86.0%	86.0%	88.0%	2.1%p	5.0%p
Own coverage of Stage 1 loans under IFRS 9	0.5%	0.3%	0.3%	0.3%	0.0%p	-0.2%p
Stage 2 loan volume under IFRS 9 (in HUF million)	140,806	124,932	124,932	110,679	-11%	-21%
Stage 2 loans under IFRS 9/gross customer loans	15.2%	12.7%	12.7%	10.7%	-1.9%p	-4.5%p
Own coverage of Stage 2 loans under IFRS 9	4.3%	5.0%	5.0%	4.9%	-0.1%p	0.6%p
Stage 3 loan volume under IFRS 9 (in HUF million)	15,918	13,027	13,027	12,590	-3%	-21%
Stage 3 loans under IFRS 9/gross customer loans	1.7%	1.3%	1.3%	1.2%	-0.1%p	-0.5%p
Own coverage of Stage 3 loans under IFRS 9	40.2%	56.1%	56.1%	59.8%	3.7%p	19.6%p
Provision for impairment on loan losses/average gross loans	0.06%	-0.27%	-0.20%	-0.84%	-0.57%p	-0.91%p
90+ days past due loan volume (in HUF million)	3,996	4,353	4,353	4,595	6%	15%
90+ days past due loans/gross customer loans	0.4%	0.4%	0.4%	0.4%	0.0%p	0.0%p
Performance Indicators	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
ROA	0.9%	1.2%	1.2%	1.4%	0.2%p	0.5%p
ROE	7.5%	9.9%	10.0%	11.4%	1.5%p	3.8%p
Total income margin	3.02%	3.17%	3.13%	3.18%	0.01%p	0.16%p
Net interest margin	2.06%	2.01%	2.04%	1.99%	-0.02%p	-0.06%p
Operating costs / Average assets	1.86%	1.61%	1.68%	1.99%	0.38%p	0.12%p
Cost/income ratio	61.8%	50.8%	53.7%	62.5%	11.7%p	0.7%p
Net loans to deposits (FX-adjusted)	79%	80%	80%	83%	3%p	4%p
FX rates (in HUF)	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
HUF/EUR (closing)	363.7	369.0	369.0	369.6	0%	2%
HUF/EUR (average)	361.3	364.2	358.5	364.8	0%	1%

The balance sheet and P/L figures of OTP's Slovenian operation do not yet include data for Nova KBM d.d., the acquisition is likely to be closed in 2Q 2022.

OTP Group's **Slovenian subsidiary** generated almost HUF 5 billion adjusted profit after tax in the first quarter of 2022, exceeding that of the base period and the previous quarter by large margins (+61% y-o-y, +13% q-o-q). It was the positive credit risk cost that helped profit improve. ROE was 11.4% in the first three months.

First-quarter operating profit fell by 24% q-o-q, as total income stagnated and operating expenses grew by 23%, because of seasonality.

Net interest income dropped by 2% q-o-q (+1% y-o-y). The positive loan volume effect was offset by the lower interest rates in all loan categories. Despite the Bank's efforts to reduce the volume of excess liquidity, net interest margin dropped by 2 bps q-o-q, and 6 bps y-o-y.

Net fees and commissions grew by 25% y-o-y, owing to the improvement in transaction fee income, and to fees on deposits exceeding a certain amount, to be paid by retail clients, then also by corporate ones, starting from April 2021.

Other non-interest income improved both q-o-q and y-o-y, on account of one-off items, as well as higher gains on financial assets.

Operating expenses grew both q-o-q and y-o-y. The 23% q-o-q jump stemmed from supervisory fees, which are due in January each year (a total of

HUF 1.4 billion was paid to the Deposit Protection Fund and to the Resolution Fund). Personnel and amortization expenses were nearly flat in the first three months of the year. Average headcount dropped by 30 y-o-y in the first quarter.

The portfolio quality remained stable: The ratio of Stage 3 loans sank to 1.2% (-0.1 pp q-o-q, -0.5 pp y-o-y), Stage 3 and Stage 2 volumes both declined q-o-q, even though customer exposures that may be affected by the Russia-Ukraine armed conflict were moved into Stage 2 category. The own provision coverage of Stage 3 loans increased meaningfully both q-o-q and y-o-y, drawing near 60%. Similarly to the previous quarter, credit risk costs remained in positive territory in 1Q (HUF +2.1 billion).

In 1Q 2022, the FX-adjusted volume of performing (Stage 1+2) loans grew by 4% q-o-q and 10% y-o-y, including a 1% q-o-q rise in retail loans and a 10% jump in corporate ones. The quarterly growth in corporate volumes can be partly ascribed to a base effect: the utilization of existing credit lines was weak in December. It was mainly revolving and investment loans that expanded in the first quarter, but municipal loans also increased dynamically. The bank's market share in corporate exposures improved by 27 bps q-o-q, thus exceeded 10%, but it slightly contracted in housing loans (to 13.3%), owing to the strong competition.

As the FX-adjusted loan stock's growth rate (1% q-o-q and 4% y-o-y) lagged behind loans' dynamics, the net loan/deposit ratio rose to 83% (+4 pps y-o-y). Corporate demand deposits increased, while retail volumes stagnated in the first quarter.

OTP BANK ROMANIA

Performance of OTP Bank Romania:

Main components of P&L account in HUF million	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Adjusted profit after tax	529	3,260	4,253	-1,759	-154%	-433%
Income tax	-365	-484	-1,444	-1	-100%	-100%
Profit before income tax	894	3,744	5,697	-1,759	-147%	-297%
Operating profit	612	2,641	8,937	2,547	-4%	316%
Total income	10,931	12,319	46,699	14,067	14%	29%
Net interest income	8,325	9,915	36,270	10,840	9%	30%
Net fees and commissions	994	1,173	4,143	1,155	-2%	16%
Other net non-interest income	1,612	1,231	6,285	2,072	68%	29%
Operating expenses	-10,319	-9,678	-37,762	-11,520	19%	12%
Total provisions	282	1,103	-3,240	-4,306	-490%	
Provision for impairment on loan losses	-1,423	-737	-6,821	-1,838	149%	29%
Other provision	1,705	1,840	3,581	-2,468	-234%	-245%
Main components of balance sheet closing balances in HUF million	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Total assets	1,206,285	1,438,484	1,438,484	1,435,490	0%	19%
Gross customer loans	878,228	1,035,400	1,035,400	1,075,099	4%	22%
Gross customer loans (FX-adjusted)	892,251	1,037,605	1,037,605	1,075,099	4%	20%
Stage 1+2 customer loans (FX-adjusted)	837,284	978,621	978,621	1,018,195	4%	22%
Retail loans	573,140	501,864	501,864	523,610	4%	-9%
Corporate loans	223,465	430,158	430,158	446,083	4%	100%
Leasing	40,680	46,599	46,599	48,502	4%	19%
Allowances for possible loan losses	-47,411	-54,780	-54,780	-55,181	1%	16%
Allowances for possible loan losses (FX-adjusted)	-48,432	-54,913	-54,913	-55,181	0%	14%
Deposits from customers	746,621	830,717	830,717	819,737	-1%	10%
Deposits from customers (FX-adjusted)	757,326	832,633	832,633	819,737	-2%	8%
Retail deposits	558,024	437,831	437,831	440,968	1%	-21%
Corporate deposits	199,302	394,803	394,803	378,769	-4%	90%
Liabilities to credit institutions	273,896	402,553	402,553	410,855	2%	50%
Total shareholders' equity	144,436	164,914	164,914	163,344	-1%	13%
Loan Quality	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	723,717	826,518	826,518	866,471	5%	20%
Stage 1 loans under IFRS 9/gross customer loans	82.4%	79.8%	79.8%	80.6%	0.8%p	-1.8%p
Own coverage of Stage 1 loans under IFRS 9	1.0%	1.0%	1.0%	1.0%	0.0%p	0.0%p
Stage 2 loan volume under IFRS 9 (in HUF million)	100,759	150,038	150,038	151,725	1%	51%
Stage 2 loans under IFRS 9/gross customer loans	11.5%	14.5%	14.5%	14.1%	-0.4%p	2.6%p
Own coverage of Stage 2 loans under IFRS 9	9.9%	8.4%	8.4%	8.8%	0.4%p	-1.1%p
Stage 3 loan volume under IFRS 9 (in HUF million)	53,752	58,844	58,844	56,904	-3%	6%
Stage 3 loans under IFRS 9/gross customer loans	6.1%	5.7%	5.7%	5.3%	-0.4%p	-0.8%p
Own coverage of Stage 3 loans under IFRS 9	56.0%	57.5%	57.5%	58.6%	1.1%p	2.6%p
Provision for impairment on loan losses/average gross loans	0.67%	0.29%	0.74%	0.72%	0.43%	0.04%
90+ days past due loan volume (in HUF million)	35,229	35,921	35,921	35,674	-1%	1%
90+ days past due loans/gross customer loans	4.0%	3.5%	3.5%	3.3%	-0.2%p	-0.7%p
Performance Indicators	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
ROA	0.2%	1.0%	0.3%	-0.5%	-1.5%p	-0.7%p
ROE	1.7%	8.7%	3.0%	-4.4%	-13.1%p	-6.1%p
Total income margin	3.75%	3.62%	3.75%	4.02%	0.40%p	0.26%p
Net interest margin	2.86%	2.91%	2.92%	3.09%	0.18%p	0.23%p
Operating costs / Average assets	3.54%	2.84%	3.04%	3.29%	0.45%p	-0.26%p
Cost/income ratio	94.4%	78.6%	80.9%	81.9%	3.3%p	-12.5%p
Net loans to deposits (FX-adjusted)	111%	118%	118%	124%	6%p	13%p
FX rates (in HUF)	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
HUF/RON (closing)	73.8	74.6	74.6	74.7	0%	1%
HUF/RON (average)	74.1	73.6	72.8	73.7	0%	0%

OTP Bank Romania posted HUF 1.8 billion loss in the first quarter of 2022, predominantly shaped by risk costs.

Its operating profit dropped by 4% q-o-q, but income grew dynamically, by 14%. Within that, net interest income increased by 9% q-o-q (in HUF). The quarterly dynamics benefited from a vigorous growth in performing (Stage 1+2) loan volumes (+4% q-o-q), and the 18 bps q-o-q improvement in net interest margin. The three-month interbank lending rate, which is the benchmark for corporate loans, remained on an increasing trajectory, so the average interest on the corporate loan portfolio grew further in the first quarter.

Net fees and commissions fell by 2% q-o-q, owing to the smaller business activity, caused by seasonality. Nevertheless, fee income grew by 16% y-o-y. The 68% q-o-q jump in other net non-interest income can be ascribed to exchange rate gains on open foreign exchange positions and other derivatives.

Operating expenses grew both y-o-y and q-o-q. Most of the cost increase stemmed from the growth strategy launched in 2019. The increase in personnel expenses was partly the result of the 3% y-o-y growth in the average headcount and wage hikes. The higher depreciation is linked to the

developments made in accordance with the growth strategy. Within other expenses, supervisory fees grew at the strongest rate (+HUF 0.5 billion y-o-y).

Total risk cost amounted to -HUF 4.3 billion in the first three months. In the first quarter, larger provision for impairment on loan losses on Stage 2 and Stage 3 loans resulted in -HUF 1.8 billion credit risk cost. In the other risk costs line, HUF 2.5 billion loan loss provision was set aside, mostly in connection with an operational risk event.

As to loan quality, the ratio of Stage 3 loans sank by 0.4 pp, to 5.3% (-0.8 pp y-o-y); their own coverage improved to 58.6% by the end of 1Q (+2.6 pps y-o-y, +1.1 pps q-o-q). The ratio of Stage 2 loans eased by 0.4 pp, to 14.1% (+2.6 pps y-o-y).

As to business activity, both placements and volumes grew dynamically, in accordance with the Bank's growth strategy. In the first quarter of 2022, mortgage loan placements grew by 6% q-o-q, while that of cash loans increased by 12%. Performing (Stage 1+2) loan volumes rose by 4% q-o-q and 22% y-o-y (FX-adjusted).

Despite the successful deposit-taking activity (+8% y-o-y FX-adjusted, -2% q-o-q), the net loan/deposit ratio grew by 13 pps y-o-y, to 124% (+6 pps q-o-q).

OTP BANK UKRAINE

Performance of OTP Bank Ukraine:

Main components of P&L account in HUF million	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Adjusted profit after tax	8.835	10.193	39.024	-34.400	-437%	-489%
Income tax	-1.833	-2.241	-8.242	-340	-85%	-81%
Profit before income tax	10.669	12.434	47.266	-34.060	-374%	-419%
Operating profit	10.911	17.180	54.760	15.251	-11%	40%
Total income	17.199	26.065	83.567	23.032	-12%	34%
Net interest income	12.877	18.613	62.051	18.814	1%	46%
Net fees and commissions	3.243	3.774	14.494	3.031	-20%	-7%
Other net non-interest income	1.079	3.678	7.022	1.188	-68%	10%
Operating expenses	-6.288	-8.885	-28.806	-7.781	-12%	24%
Total provisions	-243	-4.746	-7.494	-49.312	939%	.
Provision for impairment on loan losses	186	-4.146	-5.827	-47.043	.	.
Other provision	-428	-600	-1.667	-2.269	278%	430%
Main components of balance sheet closing balances in HUF million	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Total assets	809.533	983.557	983.557	959.169	-2%	18%
Gross customer loans	476.385	662.173	662.173	671.971	1%	41%
Gross customer loans (FX-adjusted)	487.104	639.888	639.888	671.971	5%	38%
Stage 1+2 customer loans (FX-adjusted)	439.445	599.758	599.758	627.938	5%	43%
Retail loans	88.121	108.666	108.666	105.390	-3%	20%
Corporate loans	221.547	330.180	330.180	362.327	10%	64%
Leasing	129.777	160.912	160.912	160.221	0%	23%
Allowances for possible loan losses	-46.923	-47.830	-47.830	-88.715	85%	89%
Allowances for possible loan losses (FX-adjusted)	-48.246	-46.123	-46.123	-88.715	92%	84%
Deposits from customers	539.172	671.002	671.002	665.572	-1%	23%
Deposits from customers (FX-adjusted)	552.896	648.905	648.905	665.572	3%	20%
Retail deposits	246.034	268.327	268.327	283.387	6%	15%
Corporate deposits	306.862	380.579	380.579	382.184	0%	25%
Liabilities to credit institutions	95.512	115.714	115.714	135.240	17%	42%
Total shareholders' equity	133.574	159.756	159.756	114.678	-28%	-14%
Loan Quality	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	394,204	576,876	576,876	418,136	-28%	6%
Stage 1 loans under IFRS 9/gross customer loans	82.7%	87.1%	87.1%	62.2%	-24.9%p	-20.5%p
Own coverage of Stage 1 loans under IFRS 9	1.9%	1.9%	1.9%	6.5%	4.6%p	4.6%p
Stage 2 loan volume under IFRS 9 (in HUF million)	35,789	43,707	43,707	209,802	380%	486%
Stage 2 loans under IFRS 9/gross customer loans	7.5%	6.6%	6.6%	31.2%	24.6%p	23.7%p
Own coverage of Stage 2 loans under IFRS 9	15.9%	18.5%	18.5%	14.1%	-4.4%p	-1.8%p
Stage 3 loan volume under IFRS 9 (in HUF million)	46,392	41,590	41,590	44,032	6%	-5%
Stage 3 loans under IFRS 9/gross customer loans	9.7%	6.3%	6.3%	6.6%	0.3%p	-3.2%p
Own coverage of Stage 3 loans under IFRS 9	73.0%	69.6%	69.6%	73.1%	3.5%p	0.1%p
Provision for impairment on loan losses/average gross loans	-0.17%	2.58%	1.09%	28.75%	26.18%p	28.92%p
90+ days past due loan volume (in HUF million)	28,062	21,914	21,914	24,241	11%	-14%
90+ days past due loans/gross customer loans	5.9%	3.3%	3.3%	3.6%	0.3%p	-2.3%p
Performance Indicators	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
ROA	4.7%	4.3%	4.7%	-14.8%	-19.1%p	-19.5%p
ROE	29.1%	26.3%	28.8%	-94.1%	-120.4%p	-123.1%p
Total income margin	9.23%	10.97%	10.06%	9.91%	-1.05%p	0.69%p
Net interest margin	6.91%	7.83%	7.47%	8.10%	0.27%p	1.19%p
Operating costs / Average assets	3.4%	3.7%	3.5%	3.3%	-0.4%	0.0%
Cost/income ratio	36.6%	34.1%	34.5%	33.8%	-0.3%p	-2.8%p
Net loans to deposits (FX-adjusted)	79%	92%	92%	88%	-4%p	8%p
FX rates (in HUF)	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
HUF/UAH (closing)	11.1	11.9	11.9	11.3	-6%	1%
HUF/UAH (average)	10.7	11.9	11.1	11.3	-5%	5%

OTP Bank Ukraine's financial figures in HUF terms were affected by the HUF/UAH exchange rate moves: the hryvnia appreciated by 1% y-o-y but weakened by 6% q-o-q by the end of 1Q 2022. The hryvnia's annual average exchange rate firmed 5% y-o-y but weakened 5% q-o-q in the first quarter. Therefore, the balance sheet and P&L dynamics in HUF terms differ from the ones expressed in local currency.

OTP Bank Ukraine maintains its operation even in the prevailing dramatic situation, and provides key banking services, while focusing on the safety of its staff and customers. In most parts of Ukraine, banking services are available in the majority of branches, as well as through the call centre and the electronic channels. ATMs, and cashless payments work properly. The bank's capital and liquidity positions are strong; its capital adequacy ratios are steadily above regulatory minimum requirements at the end of the quarter: the CAR ratio is 19.5% (vs. 10.0%) and the CET1 ratio is 12.4% (vs. 7.0%).

As a result of the macroeconomic uncertainty and risks, the bank generated –HUF 34.4 billion loss by the end of the first quarter of 2022, mostly because of loan loss provisions.

In the first two months of the year, lending activity expanded, largely driven by the volume growth of the large corporate portfolio. Lending diminished after 24 February. The financing of spring agricultural activities resumed at the end of March. In its lending, including the leasing of agricultural machinery, the Bank applies the available guarantees of the state and of international financial institutions. Thanks to the outstanding corporate lending activity in the first two months of the year, performing (Stage 1+2) corporate loans jumped by 64% y-o-y, and 10% q-o-q in the first quarter (FX-adjusted). Performing leasing exposures increased by 23% y-o-y, and stagnated q-o-q. In retail lending, new consumer loan disbursements contracted by 57% by the end of March from the previous quarter (-23% y-o-y) also as a result of the seasonal drop in consumer lending at the beginning of the year. The performing retail loan book shrank FX-adjusted by 3% q-o-q (+20% y-o-y).

The first-quarter results was lowered by HUF 49.3 billion risk cost, owing to the provision creation stemming from the macro parameter's revision, and to the loan loss provision caused by the reclassification of loans participating in the payment holiday into Stage 2 category; both were related to the retail and the large corporate segments. Because of the volume transfer, the ratio of Stage 2 loans grew by 24.6 pps, to 31.2% q-o-q, while the ratio of Stage 1 volumes dropped by 25 pps y-o-y (to 62.2%). By the end of March, the ratio of Stage 3 loans rose by

30 bps q-o-q (to 6.6%), predominantly because of mortgage loans and leasing products.

In a favourable development, the previous quarters' trend of rising net interest margin persisted; in the first quarter of 2022 it improved by 27 basis points q-o-q, to 8.10%. This was supported by the drop in retail deposit rates, and by the increase in financial assets' portfolio yield; the jump in provision volume also resulted in growth.

The first-quarter operating profit dropped by 6% q-o-q in local currency but it improved by 33% from the same period of the previous year, as net interest income expanded in UAH (by 7% q-o-q and 39% y-o-y), largely supported by the volume growth of the large corporate portfolio. The National Bank of Ukraine's 24 February resolution allows borrowers to postpone interest and principal payments without defaulting; it also bans charging fines or penalties for the non-timely fulfilment of obligations. In accordance with the Ukrainian banking system's practice, the Bank offered a grace period until 30 April 2022 for interest and principal payments of all loan exposures of all customer segments. As a result of the payment holiday, the interest accumulated in March has significantly increased. Within the recorded interest income, leasing risk exposures had the highest the ratio (68%) of unpaid interest; this ratio was 38% at OBU Group level.

One reason for the decline in net fees and commissions in local currency (-14% q-o-q, -11% y-o-y) was the lower transaction fee income on large companies' export and business activity after 24 February. Some fees (interchange fees on bank card payments, cash withdrawal fees) were cancelled, which has reduced other commission income.

In the first quarter, operating expenses grew by 17% y-o-y in UAH, mainly because of a jump in personnel expenses, owing to emergency payments (financial support for staff members), relocation expenses aimed at employees' security, as well as property amortization after 24 February. The 8% q-o-q decline in 1Q operating expenses in UAH can be ascribed to the seasonally higher base in the last quarter of 2021.

While loan volumes increased in January-February and stagnated in March, the Ukrainian operation's liquidity position remained stable in the first quarter; the net loan/deposit ratio remained was 88% (-4% q-o-q; 8% y-o-y). Between 24 February and 31 March 2022, the total deposit stock increased by 7.9%, including the hryvnia deposit book's 13% growth. Net intergroup financing of the Ukrainian operation amounted to HUF 12 billion at the end of March (2021 4Q: HUF 29 billion).

OTP BANK RUSSIA

Performance of OTP Bank Russia

Main components of P&L account in HUF million	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Adjusted profit after tax	8,005	13,434	37,624	-27,222	-303%	-440%
Income tax	-2,211	-3,134	-9,690	-6,843	118%	210%
Profit before income tax	10,216	16,568	47,313	-20,378	-223%	-299%
Operating profit	13,504	18,119	62,368	12,383	-32%	-8%
Total income	27,871	33,254	118,158	26,273	-21%	-6%
Net interest income	21,805	25,188	91,364	20,567	-18%	-6%
Net fees and commissions	5,889	7,711	25,728	5,085	-34%	-14%
Other net non-interest income	177	355	1,066	621	75%	251%
Operating expenses	-14,366	-15,134	-55,790	-13,890	-8%	-3%
Total provisions	-3,288	-1,551	-15,055	-32,761		896%
Provision for impairment on loan losses	-2,976	-414	-13,075	-26,605		794%
Other provision	-313	-1,137	-1,979	-6,156	442%	
Main components of balance sheet closing balances in HUF million	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Total assets	688,438	799,965	799,965	782,884	-2%	14%
Gross customer loans	617,867	753,373	753,373	659,594	-12%	7%
Gross customer loans (FX-adjusted)	614,556	706,415	706,415	659,594	-7%	7%
Stage 1 + 2 customer loans (FX-adjusted)	524,048	625,844	625,844	579,040	-7%	10%
Retail loans	450,497	508,047	508,047	485,702	-4%	8%
Corporate loans	73,551	117,797	117,797	93,338	-21%	27%
Allowances for possible loan losses	-134,988	-131,878	-131,878	-142,750	8%	6%
Allowances for possible loan losses (FX-adjusted)	-134,308	-123,610	-123,610	-142,750	15%	6%
Deposits from customers	342,655	411,633	411,633	435,915	6%	27%
Deposits from customers (FX-adjusted)	342,857	389,422	389,422	435,915	12%	27%
Retail deposits	275,229	290,326	290,326	272,629	-6%	-1%
Corporate deposits	67,628	99,096	99,096	163,286	65%	141%
Liabilities to credit institutions	101,832	85,485	85,485	60,131	-30%	-41%
Total shareholders' equity	197,907	240,724	240,724	192,405	-20%	-3%
Loan Quality	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	460,011	576,404	576,404	484,319	-16%	5%
Stage 1 loans under IFRS 9/gross customer loans	74.5%	76.5%	76.5%	73.4%	-3.1%p	-1.0%p
Own coverage of Stage 1 loans under IFRS 9	4.7%	3.8%	3.8%	5.9%	2.1%p	1.2%p
Stage 2 loan volume under IFRS 9 (in HUF million)	66,834	90,944	90,944	94,720	4%	42%
Stage 2 loans under IFRS 9/gross customer loans	10.8%	12.1%	12.1%	14.4%	2.3%p	3.5%p
Own coverage of Stage 2 loans under IFRS 9	41.7%	31.1%	31.1%	37.6%	6.5%p	-4.2%p
Stage 3 loan volume under IFRS 9 (in HUF million)	91,023	86,025	86,025	80,554	-6%	-12%
Stage 3 loans under IFRS 9/gross customer loans	14.7%	11.4%	11.4%	12.2%	0.8%p	-2.5%p
Own coverage of Stage 3 loans under IFRS 9	93.8%	95.1%	95.1%	97.5%	2.4%p	3.7%p
Provision for impairment on loan losses/average gross loans	2.02%	0.23%	2.05%	16.33%	16.11%p	14.32%p
90+ days past due loan volume (in HUF million)	86,560	87,550	87,550	82,265	-6%	-5%
90+ days past due loans/gross customer loans	14.0%	11.6%	11.6%	12.5%	0.9%p	-1.5%p
Performance Indicators	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
ROA	4.8%	7.0%	5.4%	-14.4%	-21.4%p	-19.2%p
ROE	17.3%	23.1%	18.2%	-53.3%	-76.4%p	-70.7%p
Total income margin	16.74%	17.35%	17.02%	13.88%	-3.48%p	-2.87%p
Net interest margin	13.10%	13.15%	13.16%	10.86%	-2.28%p	-2.24%p
Operating costs / Average assets	8.6%	7.9%	8.0%	7.3%	-0.6%	-1.3%
Cost/income ratio	51.5%	45.5%	47.2%	52.9%	7.4%p	1.3%p
Net loans to deposits (FX-adjusted)	140%	150%	150%	119%	-31%p	-22%p
FX rates (in HUF)	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
HUF/RUB (closing)	4.1	4.4	4.4	4.1	-6%	-1%
HUF/RUB (average)	4.0	4.4	4.1	3.8	-13%	-6%

OTP Bank Russia's financial figures in HUF were affected by the forint/rouble exchange rate's moves: in 1Q 2022, the rouble's closing exchange rate against the forint depreciated by 6% q-o-q, and by 1% y-o-y. The exchange rate also weakened by 6% y-o-y and 13% on average q-o-q in the first quarter. Therefore the balance sheet and the P&L dynamics in HUF terms differ from the ones expressed in local currency.

OTP Bank Russia posted at the end of the first quarter HUF 27.2 billion loss, falling sharply from the HUF 8 billion profit in the base period. The negative result stemmed from declining lending and high risk costs.

In the first quarter of 2022, the bank's operating profit declined by 3% y-o-y in ruble, as a result of the y-o-y stagnant revenue and the higher (+3% y-o-y) operating cost. Net interest income, which made up the bulk of total income, stagnated y-o-y, and contracted by 6% q-o-q, as smaller volumes and shrinking interest margin adversely affected interest income. The first-quarter net interest margin declined (by 1.94 pps in ruble) as a combined result of the increase in term deposits' average interest level and volume (which grew with the yield environment), as well as the typically fixed-interest-rate loan stock, which declined as lending scaled back from March.

On 24 February the Central Bank of Russia raised its benchmark rate by 100 basis points, to 9.5%, and hiked it to 20% at an emergency meeting on 28 February. In order to maintain lending activity, in addition to raising its base rate, the CBR also suspended the cap on interest rate for new loan disbursements, therefore the interest rate on new POS loans and cash loans substantially increased in March, in low volumes. At its extraordinary meeting on 8 April, the central bank cut its key interest rate by 300 basis points to 17% and then by a further 300 basis points to 14% on 29 April.

Net fees and commissions dropped by 8% y-o-y (-24% q-o-q) in local currency, largely because of the loss of fee income, amid diminishing new retail loan placements.

First-quarter operating expenses rose by 3% y-o-y and 6% q-o-q in ruble, supported by an increase in other expenses: inflation jumped to 16.7% by end-March, from 8.7% at the beginning of the year. The q-o-q growth in personnel expenses, caused by the regressivity of tax rates on wages, further increased

operating expenses. Because of the above processes, the bank's cost/income ratio worsened by 1.3 pps y-o-y and 7.4 pps q-o-q, to 52.9%.

In the first quarter, risk cost amounted to HUF 32.8 billion, owing to the higher provisions in view of worse macroeconomic outlook for Russia and geopolitical uncertainties, which is mostly related to the revision of the IFRS 9 macroparameters, and led to the increase in Stage 1 and 2 portfolios coverage levels. In addition, reclassifying corporate exposures into Stage 2 category, and the higher risk of the bond portfolio necessitated creation of other risk costs.

The performing (Stage 1 and 2) loan volumes grew by 10% y-o-y (FX-adjusted) in the first quarter, but contracted by 7% q-o-q, largely driven by the drop in corporate performing loan volumes, because of the lack of new loan placements, and bigger repayments. Regarding retail loans, new consumer loan placements fell by 20% from the same period of last year (-42% q-o-q) owing to seasonality-induced negative effects, and subdued lending. The shrinking placement dynamics was shaped by the 36% q-o-q fall in POS loans and the 51% contraction in cash loans.

Although total loan volumes fell in HUF (FX-adjusted), the portfolio's deterioration has not intensified. A moderate increase in the Stage 3 ratio can be ascribed to the shrinking of the performing portfolio; the retail portfolio's quality remained stable. The volume of DPD90+ loans declined by 6% q-o-q in HUF. The overdue volume was reduced by HUF 6.3 billion portfolio sale/write-off in 1Q.

On the liability side, the volume of customer deposits, which secures the RUB liquidity required to finance lending, grew by 12% q-o-q and 27% y-o-y (FX-adjusted), driven by the jump in the corporate deposit book (65% q-o-q, 141% y-o-y). On the other hand, the retail loan book shrank by 6% over the first quarter. The Russian bank's liquidity is stable, the FX-adjusted net loan/deposit ratio stood at 119% at the end of March.

The CBR allowed banks to apply lower risk weights for their portfolios existing on 28 February when calculating capital; thus the Bank's capital adequacy ratios remained steadily above the regulatory minimum levels at the end of the quarter: the Bank's CAR ratio is 16.0% (vs. 10.5%), and its CET1 ratio is 14.2% (vs. 7.0%).

CKB GROUP (MONTENEGRO)

Performance of CKB Group:

Main components of P&L account in HUF million	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Adjusted profit after tax	2,022	-1,235	4,140	-1,230	0%	-161%
Income tax	-192	-295	-817	-60	-80%	-69%
Profit before income tax	2,214	-940	4,957	-1,170	24%	-153%
Operating profit	2,259	2,845	10,240	2,462	-13%	9%
Total income	5,240	5,746	22,046	5,604	-2%	7%
Net interest income	4,084	4,277	16,553	4,305	1%	5%
Net fees and commissions	980	1,354	4,880	1,239	-8%	26%
Other net non-interest income	176	115	613	60	-48%	-66%
Operating expenses	-2,981	-2,902	-11,805	-3,142	8%	5%
Total provisions	-45	-3,785	-5,283	-3,632	-4%	
Provision for impairment on loan losses	49	1,825	647	-1,644	-190%	
Other provision	-94	-5,609	-5,930	-1,988	-65%	
Main components of balance sheet closing balances in HUF million	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Total assets	478,055	513,522	513,522	511,418	0%	7%
Gross customer loans	357,933	366,369	366,369	386,795	6%	8%
Gross customer loans (FX-adjusted)	363,729	366,984	366,984	386,795	5%	6%
Stage 1+2 customer loans (FX-adjusted)	335,686	341,349	341,349	361,669	6%	8%
Retail loans	160,510	162,290	162,290	166,434	3%	4%
Corporate loans	175,176	179,059	179,059	195,235	9%	11%
Allowances for possible loan losses	-23,781	-23,504	-23,504	-25,309	8%	6%
Allowances for possible loan losses (FX-adjusted)	-24,166	-23,544	-23,544	-25,309	7%	5%
Deposits from customers	332,735	386,572	386,572	388,194	0%	17%
Deposits from customers (FX-adjusted)	339,159	387,450	387,450	388,194	0%	14%
Retail deposits	216,611	235,914	235,914	230,961	-2%	7%
Corporate deposits	122,548	151,536	151,536	157,233	4%	28%
Liabilities to credit institutions	49,513	19,698	19,698	19,469	-1%	-61%
Total shareholders' equity	78,573	82,029	82,029	80,851	-1%	3%
Loan Quality	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	287,539	280,910	280,910	304,349	8%	6%
Stage 1 loans under IFRS 9/gross customer loans	80.3%	76.7%	76.7%	78.7%	2.0%p	-1.6%p
Own coverage of Stage 1 loans under IFRS 9	1.4%	1.0%	1.0%	1.2%	0.2%p	-0.1%p
Stage 2 loan volume under IFRS 9 (in HUF million)	42,797	59,866	59,866	57,319	-4%	34%
Stage 2 loans under IFRS 9/gross customer loans	12.0%	16.3%	16.3%	14.8%	-1.5%p	2.9%p
Own coverage of Stage 2 loans under IFRS 9	7.6%	6.5%	6.5%	8.1%	1.6%p	0.5%p
Stage 3 loan volume under IFRS 9 (in HUF million)	27,597	25,593	25,593	25,126	-2%	-9%
Stage 3 loans under IFRS 9/gross customer loans	7.7%	7.0%	7.0%	6.5%	-0.5%p	-1.2%p
Own coverage of Stage 3 loans under IFRS 9	60.3%	66.0%	66.0%	67.4%	1.4%p	7.2%p
Provision for impairment on loan losses/average gross loans	-0.06%	-2.01%	-0.18%	1.80%	3.81%p	1.86%p
90+ days past due loan volume (in HUF million)	17,135	16,472	16,472	16,624	1%	-3%
90+ days past due loans/gross customer loans	4.8%	4.5%	4.5%	4.3%	-0.2%p	-0.5%p
Performance Indicators	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
ROA	1.7%	-1.0%	0.9%	-1.0%	0.0%p	-2.7%p
ROE	10.7%	-5.9%	5.2%	-6.0%	-0.1%p	-16.7%p
Total income margin	4.46%	4.56%	4.62%	4.43%	-0.13%p	-0.03%p
Net interest margin	3.47%	3.39%	3.47%	3.40%	0.01%p	-0.07%p
Operating costs / Average assets	2.54%	2.30%	2.48%	2.48%	0.18%p	-0.05%p
Cost/income ratio	56.9%	50.5%	53.5%	56.1%	5.6%p	-0.8%p
Net loans to deposits (FX-adjusted)	100%	89%	89%	93%	4%p	-7%p
FX rates (in HUF)	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
HUF/EUR (closing)	363.7	369.0	369.0	369.6	0%	2%
HUF/EUR (average)	361.3	364.2	358.5	364.8	0%	1%

In the first quarter of 2022, the Montenegrin **CKB Group** realized HUF 1.2 billion loss, owing to q-o-q higher credit risk costs.

The 13% q-o-q fall in the first-quarter operating profit was a result of smaller total income, and an 8% jump in operating expenses. The q-o-q marginal improvement in net interest income was offset by the weaker net fees and commissions, and the decline in other net non-interest income. Net interest margin remained q-o-q stable, but narrowed by 7 bps y-o-y. Core banking income changed favourably y-o-y, thanks to stronger business activity.

The rise in operating expenses (+5% y-o-y, +8% q-o-q) stemmed from wage inflation with stagnant average headcount, and from higher supervisory fees. The cost/income ratio improved by 0.8 pp y-o-y (to 56.1%) in the first quarter.

Total risk cost amounted to -HUF 3.6 billion in the first quarter, including -HUF 1.6 billion credit risk cost, largely related to loans to large corporations. In

1Q, other provisions increased by HUF 2.0 billion q-o-q due to an operational risk event.

Performing (Stage 1+2) loans rose by 8% y-o-y, and 6% q-o-q (FX-adjusted). Newly disbursed cash loan volumes surged by 12% q-o-q, and mortgage loans grew by 6%.

In the first quarter of 2022, the volume of DPD90+ loans rose by HUF 0.3 billion (FX-adjusted, without sales and write-offs). The DPD90+ ratio (4.3%) sank by 0.3 pp q-o-q, simultaneously with the sale/write-off of HUF 0.2 billion non-performing volume in the first three months. At the end of the first quarter of 2022, the ratio of Stage 3 loans declined to 6.5% (-1.2 pps y-o-y, -0.5 pp q-o-q), their own provision coverage improved to 67.4% (+7.2 pps y-o-y, +1.4 pps q-o-q).

The FX-adjusted deposit volume expanded by 14% y-o-y, and stagnated q-o-q. The net loan/deposit ratio stood at 93% at the end of the quarter (-7 pps y-o-y, +4 pps q-o-q).

OTP BANK ALBANIA (ALBANIA)

Performance of OTP Bank Albania:

Main components of P&L account in HUF million	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Adjusted profit after tax	1,056	1,613	5,522	2,261	40%	114%
Income tax	-171	-309	-986	-379	22%	121%
Profit before income tax	1,227	1,922	6,508	2,639	37%	115%
Operating profit	1,548	2,026	7,213	1,969	-3%	27%
Total income	3,037	3,670	13,398	3,638	-1%	20%
Net interest income	2,408	2,906	10,619	3,026	4%	26%
Net fees and commissions	402	488	1,843	449	-8%	12%
Other net non-interest income	227	276	936	163	-41%	-28%
Operating expenses	-1,488	-1,644	-6,186	-1,669	1%	12%
Total provisions	-321	-104	-705	670	-747%	-309%
Provision for impairment on loan losses	-308	-275	-880	666	-342%	-316%
Other provision	-13	171	175	4	-97%	-133%
Main components of balance sheet closing balances in HUF million	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Total assets	291,439	350,848	350,848	357,914	2%	23%
Gross customer loans	181,890	219,890	219,890	231,336	5%	27%
Gross customer loans (FX-adjusted)	186,137	219,546	219,546	231,336	5%	24%
Stage 1+2 customer loans (FX-adjusted)	180,060	212,374	212,374	224,258	6%	25%
Retail loans	83,245	83,845	83,845	87,268	4%	5%
Corporate loans	93,450	124,725	124,725	133,068	7%	42%
Leasing	3,365	3,804	3,804	3,922	3%	17%
Allowances for possible loan losses	-8,431	-10,096	-10,096	-9,670	-4%	15%
Allowances for possible loan losses (FX-adjusted)	-8,623	-10,077	-10,077	-9,670	-4%	12%
Deposits from customers	214,818	251,270	251,270	258,960	3%	21%
Deposits from customers (FX-adjusted)	219,896	250,671	250,671	258,960	3%	18%
Retail deposits	188,496	209,692	209,692	210,858	1%	12%
Corporate deposits	31,400	40,980	40,980	48,102	17%	53%
Liabilities to credit institutions	39,948	53,257	53,257	56,921	7%	42%
Total shareholders' equity	30,008	35,134	35,134	35,702	2%	19%
Loan Quality	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	144,577	191,308	191,308	208,866	9%	44%
Stage 1 loans under IFRS 9/gross customer loans	79.5%	87.0%	87.0%	90.3%	3.3%p	10.8%p
Own coverage of Stage 1 loans under IFRS 9	1.3%	1.2%	1.2%	1.1%	-0.1%p	-0.1%p
Stage 2 loan volume under IFRS 9 (in HUF million)	31,370	21,391	21,391	15,392	-28%	-51%
Stage 2 loans under IFRS 9/gross customer loans	17.2%	9.7%	9.7%	6.7%	-3.1%p	-10.6%p
Own coverage of Stage 2 loans under IFRS 9	10.6%	11.4%	11.4%	13.4%	1.9%p	2.8%p
Stage 3 loan volume under IFRS 9 (in HUF million)	5,943	7,190	7,190	7,078	-2%	19%
Stage 3 loans under IFRS 9/gross customer loans	3.3%	3.3%	3.3%	3.1%	-0.2%p	-0.2%p
Own coverage of Stage 3 loans under IFRS 9	55.4%	73.3%	73.3%	74.5%	1.2%p	19.1%p
Provision for impairment on loan losses/average gross loans	0.70%	0.53%	0.46%	-1.21%	-1.74%p	-1.91%p
90+ days past due loan volume (in HUF million)	3,207	3,624	3,624	3,611	0%	13%
90+ days past due loans/gross customer loans	1.8%	1.6%	1.6%	1.6%	-0.1%p	-0.2%p
Performance Indicators	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
ROA	1.5%	1.9%	1.8%	2.6%	0.7%p	1.1%p
ROE	14.8%	18.9%	17.6%	26.0%	7.2%p	11.2%p
Total income margin	4.34%	4.40%	4.43%	4.19%	-0.21%p	-0.15%p
Net interest margin	3.44%	3.48%	3.51%	3.48%	0.00%p	0.04%p
Operating costs / Average assets	2.13%	1.97%	2.05%	1.92%	-0.05%p	-0.21%p
Cost/income ratio	49.0%	44.8%	46.2%	45.9%	1.1%p	-3.1%p
Net loans to deposits (FX-adjusted)	81%	84%	84%	86%	2%p	5%p
FX rates (in HUF)	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
HUF/ALL (closing)	3.0	3.1	3.1	3.0	-1%	3%
HUF/ALL (average)	2.9	3.0	2.9	3.0	0%	2%

On 6 December 2021, OTP Bank announced to purchase a 100% stake in Alpha Bank Albania, for EUR 55 million, which corresponds to a price / end of 2020 book value of 0.7. The closure of the transaction is expected in 2Q 2022, depending on regulatory approvals, therefore Alpha Bank Albania's figures were not consolidated so far.

In the first quarter of 2022, **OTP Bank Albania** generated HUF 2.3 billion profit after tax. This is consistent with 26% ROE, thus the Albanian operation made the best return on equity among OTP's foreign subsidiaries.

In the first quarter, operating profit declined by 3% q-o-q in local currency, as total income fell by 1%, and operating expenses rose by 2%.

Net interest income in local currency grew by 4% y-o-y and by 23% y-o-y. The q-o-q growth stemmed from an increase in performing (Stage 1+2) loans (+6% q-o-q), and from the widening net interest margin (+4 bps q-o-q in local currency). On 24 March the Bank of Albania raised its base rate from 0.5% to 1%. But the interest rate hike did not materially affect the portfolio's average interest rate in the first quarter.

The 2% q-o-q increase in operating expenses in local currency can be put down to higher personnel, hardware, and office equipment expenses, as well as to fees paid to supervisory authorities.

Total risk cost dropped both q-o-q and y-o-y. The release of provisions in 1Q was the result of the IFRS 9 parameter revision. In the first quarter, the DPD90+ loan portfolio stagnated (FX-adjusted, without the impact of sales and write-offs). At the end of 1Q 2022, Stage 3 loans made up 3.1% of gross loan volumes (-0.2 pp both q-o-q and y-o-y). The own provision coverage of Stage 3 loans stood at 74.5%. The ratio of Stage 2 loans dropped by 10.6 pps y-o-y, to 6.7% (-3.1 pps q-o-q); their own provision coverage was 13.4% at the end of the quarter. Simultaneously, the ratio of Stage 1 loans rose above 90% in the first three months of the year.

The FX-adjusted performing (Stage 1+2) loan volume expanded by 25% y-o-y and by 6% q-o-q. In the first quarter, new loan disbursements grew by 20% y-o-y in case of mortgages, and by 41% in case of corporate loans.

FX-adjusted loan volumes (+3% q-o-q) increased further in the first quarter. The net loan/deposit ratio stood at 86% at the end of March 2022 (+5 pps y-o-y, +2 pps q-o-q).

OTP BANK MOLDOVA

Performance of OTP Bank Moldova:

Main components of P&L account in HUF million	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Adjusted profit after tax	1,456	1,478	5,858	-545	-137%	-137%
Income tax	-156	-190	-802	-194	2%	24%
Profit before income tax	1,612	1,668	6,660	-351	-121%	-122%
Operating profit	1,541	2,276	7,835	2,735	20%	78%
Total income	3,336	4,385	15,271	4,849	11%	45%
Net interest income	2,191	2,821	9,698	3,170	12%	45%
Net fees and commissions	516	612	2,344	563	-8%	9%
Other net non-interest income	629	952	3,230	1,116	17%	77%
Operating expenses	-1,795	-2,109	-7,437	-2,114	0%	18%
Total provisions	71	-608	-1,175	-3,086	408%	
Provision for impairment on loan losses	71	-529	-663	-2,781	426%	
Other provision	0	-79	-512	-305	286%	
Main components of balance sheet closing balances in HUF million	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Total assets	248,299	310,511	310,511	299,373	-4%	21%
Gross customer loans	136,929	166,573	166,573	166,814	0%	22%
Gross customer loans (FX-adjusted)	143,005	165,358	165,358	166,814	1%	17%
Stage 1+2 customer loans (FX-adjusted)	138,861	162,323	162,323	163,712	1%	18%
Retail loans	74,412	89,453	89,453	89,837	0%	21%
Corporate loans	60,755	69,049	69,049	70,091	2%	15%
Leasing	3,694	3,821	3,821	3,784	-1%	2%
Allowances for possible loan losses	-4,382	-5,020	-5,020	-7,368	47%	68%
Allowances for possible loan losses (FX-adjusted)	-4,564	-4,989	-4,989	-7,368	48%	61%
Deposits from customers	192,123	247,610	247,610	232,652	-6%	21%
Deposits from customers (FX-adjusted)	200,468	246,772	246,772	232,652	-6%	16%
Retail deposits	139,324	159,857	159,857	148,622	-7%	7%
Corporate deposits	61,143	86,915	86,915	84,030	-3%	37%
Liabilities to credit institutions	13,600	15,886	15,886	20,762	31%	53%
Total shareholders' equity	38,357	42,701	42,701	41,239	-3%	8%
Loan Quality	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	125,235	153,157	153,157	152,775	0%	22%
Stage 1 loans under IFRS 9/gross customer loans	91.5%	91.9%	91.9%	91.6%	-0.4%p	0.1%p
Own coverage of Stage 1 loans under IFRS 9	0.9%	1.3%	1.3%	2.3%	1.0%p	1.4%p
Stage 2 loan volume under IFRS 9 (in HUF million)	7,719	10,368	10,368	10,937	5%	42%
Stage 2 loans under IFRS 9/gross customer loans	5.6%	6.2%	6.2%	6.6%	0.3%p	0.9%p
Own coverage of Stage 2 loans under IFRS 9	13.8%	13.6%	13.6%	19.7%	6.1%p	5.9%p
Stage 3 loan volume under IFRS 9 (in HUF million)	3,975	3,048	3,048	3,102	2%	-22%
Stage 3 loans under IFRS 9/gross customer loans	2.9%	1.8%	1.8%	1.9%	0.0%p	-1.0%p
Own coverage of Stage 3 loans under IFRS 9	54.4%	54.3%	54.3%	56.1%	1.8%p	1.7%p
Provision for impairment on loan losses/average gross loans	-0.22%	1.30%	0.46%	6.89%	5.58%p	7.10%p
90+ days past due loan volume (in HUF million)	2,121	2,164	2,164	2,271	5%	7%
90+ days past due loans/gross customer loans	1.5%	1.3%	1.3%	1.4%	0.1%p	-0.2%p
Performance Indicators	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
ROA	2.4%	2.0%	2.2%	-0.7%	-2.7%p	-3.1%p
ROE	15.7%	14.2%	15.2%	-5.2%	-19.4%p	-20.9%p
Total income margin	5.51%	5.98%	5.86%	6.52%	0.54%p	1.00%p
Net interest margin	3.62%	3.85%	3.72%	4.26%	0.41%p	0.64%p
Operating costs / Average assets	2.97%	2.88%	2.85%	2.84%	-0.03%p	-0.13%p
Cost/income ratio	53.8%	48.1%	48.7%	43.6%	-4.5%p	-10.2%p
Net loans to deposits (FX-adjusted)	69%	65%	65%	69%	4%p	-1%p
FX rates (in HUF)	1Q 2021	4Q 2021	2021	1Q 2022	Q-o-Q	Y-o-Y
HUF/MDL (closing)	17.2	18.4	18.4	18.1	-1%	5%
HUF/MDL (average)	17.1	18.1	17.2	18.0	-1%	5%

OTP Bank Moldova generated HUF 0.5 billion loss in the first quarter of 2022, as a result of higher risk costs.

Operating profit grew by 20% q-o-q, as total income increased by 11%, and operating expenses stagnated in the first three months. The 12% q-o-q growth in net interest income and the 41 bps rise in net interest margin (to 4.26%) was influenced by the rising yield environment. The National Bank of Moldova raised its base rate from 6.5% to 12.5% in three steps in the first quarter of 2022. As a result, loan repricing began for new placements in 1Q.

Within operating expenses, the q-o-q increase in personnel expenses was counterbalanced by lower other expenses.

Total risk cost amounted to -HUF 3.1 billion in the first three months. The revision of the IFRS 9 parameter resulted in -HUF 2.8 billion loan loss provision in the first quarter. In the other risk cost line, HUF 0.3 billion loan loss provision was put aside, mostly because loan loss provision for interbank loans and deposits, which had been

posted under credit risk costs, was presented under other risk costs starting from 2022.

In the first quarter, the volume of DPD90+ loans rose by HUF 0.1 billion (FX-adjusted, without sales and write-offs). At the end of the first quarter, the ratio of Stage 3 loans was 1.9% (-1.0 pp y-o-y, unchanged q-o-q). The own provision coverage of Stage 3 loans was 56.1%.

In 1Q 2022, the FX-adjusted stock of performing (Stage 1+2) loans expanded by 18% y-o-y. Within that, retail loans jumped by 21%, and corporate loans surged by 15%.

The FX-adjusted deposit book grew by 16% y-o-y, but contracted by 6% q-o-q. The net loan/deposit ratio stood at 69% at the end of March, in a 1 pp y-o-y decline.

Based on balance sheet total, the market share of OTP's Moldovan operation stood at 13.9% at the end of March 2022. This ranks it the third largest bank in Moldova.

STAFF LEVEL AND OTHER INFORMATION

	31/12/2021				31/03/2022			
	Branches	ATM	POS	Headcount (closing)	Branches	ATM	POS	Headcount (closing)
OTP Core	356	1,906	135,901	10,523	356	1,885	131,632	10,652
DSK Group (Bulgaria)	311	1,046	15,580	5,539	311	1,030	15,543	5,499
OBH (Croatia)	114	467	11,384	2,279	114	424	10,614	2,271
OTP Bank Serbia	187	298	15,038	2,707	184	292	15,612	2,696
SKB Banka (Slovenia)	49	82	4,940	864	49	81	5,004	859
OTP Bank Romania	95	148	7,843	1,740	95	149	8,061	1,770
OTP Bank Ukraine (w/o employed agents)	85	176	293	2,341	85	176	293	2,374
OTP Bank Russia (w/o employed agents)	134	220	607	4,992	133	219	603	4,887
CKB Group (Montenegro)	34	117	7,251	517	34	116	7,198	508
OTP Bank Albania	39	86	0	454	39	86	0	459
Mobiasbanca (Moldova)	51	151	0	899	51	154	0	883
Foreign subsidiaries, total	1,099	2,791	62,936	22,332	1,095	2,727	62,928	22,205
Other Hungarian and foreign subsidiaries				568				582
OTP Group (w/o employed agents)				33,424				33,439
OTP Bank Russia - employed agents				3,783				3,379
OTP Bank Ukraine - employed agents				657				605
OTP Group (aggregated)	1,455	4,697	198,837	37,864	1,451	4,612	194,560	37,422

Definition of headcount number: closing, active FTE (full-time employee). The employee is considered as full-time employee in case his/her employment conditions regarding working hours are in line with a full-time employment defined in the Labour Code in the reporting entity's country. Part-time employees are taken into account proportional to the full-time working hours being effective in the reporting entity's country.

PERSONAL AND ORGANIZATIONAL CHANGES

On 13 April 2022, concerning the audit of OTP Bank Plc.'s separate and consolidated annual financial statements in accordance with International Financial Reporting Standards for the year 2022, the Annual General Meeting elected Ernst & Young Ltd. as the Company's auditor from 1 May 2022 until 30 April 2023.

Disclaimers

This Report contains statements that are, or may be deemed to be, “forward-looking statements” which are prospective in nature. These forward-looking statements may be identified by the use of forward-looking terminology, or the negative thereof such as “plans”, “expects” or “does not expect”, “is expected”, “continues”, “assumes”, “is subject to”, “budget”, “scheduled”, “estimates”, “aims”, “forecasts”, “risks”, “intends”, “positioned”, “predicts”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words or comparable terminology and phrases or statements that certain actions, events or results “may”, “could”, “should”, “shall”, “would”, “might” or “will” be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Forward-looking statements are not based on historical facts, but rather on current predictions, expectations, beliefs, opinions, plans, objectives, goals, intentions and projections about future events, results of operations, prospects, financial condition and discussions of strategy.

By their nature, forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the control of OTP Bank. Forward-looking statements are not guarantees of future performance and may and often do differ materially from actual results. Neither OTP Bank nor any of its subsidiaries or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Report will actually occur. You are cautioned not to place undue reliance on these forward-looking statements which only speak as of the date of this Report. Other than in accordance with its legal or regulatory obligations, OTP Bank is not under any obligation and OTP Bank and its subsidiaries expressly disclaim any intention, obligation or undertaking to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. This Report shall not, under any circumstances, create any implication that there has been no change in the business or affairs of OTP Bank since the date of this Report or that the information contained herein is correct as at any time subsequent to its date.

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The information contained in this Report is provided as of the date of this Report and is subject to change without notice.

FINANCIAL DATA

SEPARATE IFRS STATEMENT OF FINANCIAL POSITION

in HUF million	31/03/2022	31/03/2021	change
Cash, amounts due from banks and balances with the National Bank of Hungary	393,565	726,675	-46%
Placements with other banks, net of allowance for placement losses	3,379,887	2,044,374	65%
Repo receivables	20,743	32,633	-36%
Financial assets at fair value through profit or loss	373,902	186,922	100%
Financial assets at fair value through other comprehensive income	709,246	908,285	-22%
Securities at amortised cost	3,441,408	2,291,388	50%
Loans at amortised cost	4,047,179	3,443,493	18%
Loans mandatorily measured at fair value through profit or loss	711,887	524,307	36%
Investments in subsidiaries	1,453,636	1,563,022	-7%
Property and equipment	82,289	77,151	7%
Intangible assets	60,408	54,823	10%
Right of use assets	18,048	12,649	43%
Investments properties	4,295	1,923	123%
Current tax assets	644	2,137	-70%
Deferred tax asset	16,332	0	
Derivative financial assets designated as hedge accounting relationships	45,230	20,101	125%
Other assets	461,492	240,992	91%
TOTAL ASSETS	15,220,191	12,130,875	25%
Amounts due to banks and deposits from the National Bank of Hungary and other banks	1,271,280	1,069,592	19%
Repo liabilities	357,066	262,775	36%
Deposits from customers	10,708,730	8,317,645	29%
Leasing liabilities	18,729	13,247	41%
Liabilities from issued securities	21,019	28,164	-25%
Financial liabilities at fair value through profit or loss	19,178	23,849	-20%
Derivative financial liabilities designated as held for trading	284,618	107,540	165%
Derivative financial liabilities designated as hedge accounting relationships	24,674	11,563	113%
Deferred tax liabilities	0	4,507	-100%
Current tax assets	3,187	623	412%
Other liabilities	340,405	234,106	45%
Subordinated bonds and loans	273,519	304,430	-10%
Provisions	19,819	19,761	0%
TOTAL LIABILITIES	13,342,224	10,397,802	28%
Share capital	28,000	28,000	0%
Retained earnings and reserves	1,797,994	1,686,993	7%
Profit after tax	64,208	64,740	-1%
Treasury shares	-12,235	-46,660	-74%
TOTAL SHAREHOLDERS' EQUITY	1,877,967	1,733,073	8%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	15,220,191	12,130,875	25%

CONSOLIDATED IFRS STATEMENT OF FINANCIAL POSITION

in HUF million	31/03/2022	31/03/2021	change
Cash, amounts due from banks and balances with the National Banks	2,396,801	2,342,423	2%
Placements with other banks, net of loss allowance for placements	2,297,337	1,601,812	43%
Repo receivables	31,923	120,742	-74%
Financial assets at fair value through profit or loss	408,357	258,433	58%
Securities at fair value through other comprehensive income	2,065,330	2,171,807	-5%
Loans at amortized cost	13,733,569	11,817,874	16%
Loans mandatorily at fair value through profit or loss	1,120,272	856,737	31%
Finance lease receivables	1,200,001	1,076,645	11%
Associates and other investments	68,486	38,569	78%
Securities at amortized cost	4,314,659	2,959,926	46%
Property and equipment	410,110	374,305	10%
Intangible assets and goodwill	204,377	236,431	-14%
Right-of-use assets	49,454	46,281	7%
Investment properties	29,573	37,871	-22%
Derivative financial assets designated as hedge accounting	43,932	18,219	141%
Deferred tax assets	31,331	19,254	63%
Current income tax receivable	30,872	39,391	-22%
Other assets	353,888	284,876	24%
Assets classified as held for sale / discontinued operations	0	6,012	-100%
TOTAL ASSETS	28,790,272	24,307,608	18%
Amounts due to banks, the National Governments, deposits from the National Banks and other banks	1,673,002	1,409,958	19%
Repo liabilities	346,204	153,019	126%
Financial liabilities at fair value through profit or loss	46,513	31,276	49%
Deposits from customers	21,840,257	18,383,166	19%
Liabilities from issued securities	417,042	481,406	-13%
Derivative financial liabilities held for trading	308,434	108,370	185%
Derivative financial liabilities designated as hedge accounting	10,610	11,148	-5%
Leasing liabilities	52,259	48,387	8%
Deferred tax liabilities	23,527	26,938	-13%
Current income tax payable	53,314	43,399	23%
Other liabilities	813,659	692,154	18%
Subordinated bonds and loans	282,200	275,906	2%
Liabilities directly associated with assets classified as held-for-sale / discontinued operation	0	5,426	-100%
TOTAL LIABILITIES	25,867,021	21,670,553	19%
Share capital	28,000	28,000	0%
Retained earnings and reserves	2,997,466	2,724,024	10%
Treasury shares	-107,289	-123,733	-13%
Non-controlling interest	5,074	8,764	-42%
TOTAL SHAREHOLDERS' EQUITY	2,923,251	2,637,055	11%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	28,790,272	24,307,608	18%

SEPARATE IFRS STATEMENT OF RECOGNIZED INCOME

in HUF million	1Q 2022	1Q 2021	change
Interest income calculated using the effective interest method	117,751	67,466	75%
Income similar to interest income	55,469	22,727	144%
Total Interest Income	173,220	90,193	92%
Total Interest Expense	-108,492	-25,394	327%
NET INTEREST INCOME	64,728	64,799	0%
Risk cost total	-26,818	-8,566	213%
NET INTEREST INCOME AFTER RISK COST	37,910	56,233	-33%
Losses arising from derecognition of financial assets measured at amortised cost	-3,732	314	
Modification loss	0	0	
Income from fees and commissions	80,594	65,392	23%
Expenses from fees and commissions	-11,723	-10,131	16%
Net profit from fees and commissions	68,871	55,261	25%
Foreign exchange gains (+)/ loss (-)	106	758	-86%
Gains on derivative instruments, net	9,261	526	
Losses on financial instruments at fair value through profit or loss	3,902	-683	-671%
Gains on securities, net	-6,843	-2,038	236%
Dividend income	180,372	54,829	229%
Other operating income	1,501	2,491	-40%
Net other operating expenses	-129,905	-7,484	
Net operating income	58,394	48,399	21%
Personnel expenses	-31,987	-29,485	8%
Depreciation and amortization	-10,100	-9,872	2%
Other administrative expenses	-65,703	-50,893	29%
Other administrative expenses	-107,790	-90,250	19%
PROFIT BEFORE INCOME TAX	53,653	69,957	-23%
Income tax expense	10,555	-5,217	-302%
PROFIT AFTER TAX FOR THE PERIOD	64,208	64,740	-1%

CONSOLIDATED IFRS STATEMENT OF RECOGNIZED INCOME

in HUF million	1Q 2022	1Q 2021	change
CONTINUING OPERATIONS			
Interest income calculated using the effective interest method	277,978	214,668	29%
Income similar to interest income	101,551	36,945	175%
Interest incomes	379,529	251,613	51%
Interest expenses	-138,737	-48,780	184%
NET INTEREST INCOME	240,792	202,833	19%
Risk cost total	-105,752	-11,686	805%
Loss allowance / Release of loss allowance on loans, placements and repo receivables	-72,679	-4,915	
Change in the fair value attributable to changes in the credit risk of loans mandatorily measured at fair value through profit or loss	13,758	-4,915	-380%
Loss allowance / Release of loss allowance on securities at fair value through other comprehensive income and on securities at amortized cost	-43,123	-2,378	
Provision for commitments and guarantees given	-3,734	185	
Impairment / (Release of impairment) of assets subject to operating lease and of investment properties	26	337	-92%
NET INTEREST INCOME AFTER LOSS ALLOWANCE, IMPAIRMENT AND PROVISIONS	135,040	191,147	-29%
Income from fees and commissions	154,385	120,627	28%
Expense from fees and commissions	-26,788	-22,051	21%
Net profit from fees and commissions	127,597	98,576	29%
Modification gain or loss	-15	-17	-12%
Foreign exchange gains / losses, net	3,324	2,161	54%
Foreign exchange result	11,910	1,281	829%
Gains and losses on derivative instruments	-8,586	880	
Gains / Losses on securities, net	-5,744	-121	
Gains / Losses on financial assets /liabilities measured at fair value through profit or loss	636	-699	-191%
Gain from derecognition of financial assets at amortized cost	949	10	
Dividend income and gain / loss from associated companies	462	1,896	-76%
Other operating income	19,154	21,934	-13%
Gains and losses on real estate transactions	701	2,031	-65%
Other non-interest income	18,288	19,760	-7%
Net insurance result	165	143	16%
Other operating expense	-25,896	-11,990	116%
Net operating income	-7,115	13,192	-154%
Personnel expenses	-84,061	-78,740	7%
Depreciation and amortization	-91,354	-23,425	290%
Other administrative expenses	-104,531	-89,543	17%
Other administrative expenses	-279,946	-191,708	46%
PROFIT BEFORE INCOME TAX	-24,439	111,189	-122%
Income tax expense	-9,952	-17,999	-45%
PROFIT AFTER TAX FOR THE PERIOD FROM CONTINUING OPERATIONS	-34,391	93,190	-137%
From this, attributable to:			
Non-controlling interest	-479	90	-632%
Owners of the company	-33,912	93,100	-136%
DISCONTINUED OPERATIONS			
Gains from disposal of subsidiaries classified as held for sale	986	144	585%
Loss from discontinued operation	0	0	
PROFIT FROM CONTINUING AND DISCONTINUED OPERATION	-33,405	93,334	-136%

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY (IFRS)

in HUF million	Share capital	Capital reserve	Retained earnings and reserves	Treasury shares	Non-controlling interest	Total
Balance as at 1 January 2021	28,000	52	2,629,024	-124,080	4,116	2,537,112
Profit after tax for the year	--	--	93,244	--	90	93,334
Other comprehensive income	--	--	2,091	--	75	2,166
Increase due to business combinations	--	--	--	--	4,483	4,483
Purchase of non-controlling interests	--	--	--	--	--	--
Decrease due to discontinued operations	--	--	--	--	--	--
Share-based payment	--	--	867	--	--	867
Dividend	--	--	--	--	--	--
Correction due to ESOP	--	--	--	--	--	--
Treasury shares	--	--	--	--	--	--
– sale	--	--	--	1,414	--	1,414
– loss on sale	--	--	-151	--	--	-151
– volume change	--	--	--	-1,067	--	-1,067
Payment to ICES holders	--	--	-1,103	--	--	-1,103
Balance as at 31 March 2021	28,000	52	2,723,972	-123,733	8,764	2,637,055
in HUF million	Share capital	Capital reserve	Retained earnings and reserves	Treasury shares	Non-controlling interest	Total
Balance as at 1 January 2022	28,000	52	3,109,457	-106,941	6,198	3,036,766
Profit after tax for the year	--	--	-32,926	--	-479	-33,405
Other comprehensive income	--	--	-78,624	--	-645	-79,269
Increase due to business combinations	--	--	--	--	--	--
Purchase of non-controlling interests	--	--	--	--	--	--
Decrease due to discontinued operations	--	--	--	--	--	--
Share-based payment	--	--	874	--	--	874
Dividend	--	--	--	--	--	--
Correction due to ESOP	--	--	--	--	--	--
Adjustments to previous years' reserves	--	--	--	--	--	--
Treasury shares	--	--	--	--	--	--
– sale	--	--	--	1,891	--	1,891
– loss on sale	--	--	-1,367	--	--	-1,367
– volume change	--	--	--	-2,239	--	-2,239
Balance as at 31 March 2022	28,000	52	2,997,414	-107,289	5,074	2,923,251

¹The deduction related to repurchased treasury shares (1Q 2022: HUF 107,209 million) includes the book value of OTP shares held by ESOP (1Q 2022: 10,248,006 shares).

SEPARATE IFRS STATEMENT OF CASH FLOWS

in HUF million	31/03/2022	31/03/2021	change
OPERATING ACTIVITIES			
Profit before income tax	53,653	69,957	-23%
Net accrued interest	-388	-31,364	-99%
Income tax paid	-5,680	-724	685%
Depreciation and amortization	10,133	9,883	3%
Loss allowance / (Release of loss allowance)	166,764	9,921	
Share-based payment	874	867	1%
Exchange rate gains on securities	3,418	0	
Unrealised gains on fair value adjustment of financial instruments at fair value through profit or loss	-16,169	5,458	-396%
Unrealised losses on fair value adjustment of derivative financial instruments	-13,034	-10,494	24%
Interest expense from leasing liabilities	-49	-57	-14%
Effect of currency revaluation	32,856	0	
Result from the sale of property, plant and equipment and intangible assets	-10	0	
Net change in assets and liabilities in operating activities	140,924	236,643	-40%
Net cash provided by operating activities	373,293	290,090	29%
INVESTING ACTIVITIES			
Net cash used in investing activities	-490,751	-599,584	-18%
FINANCING ACTIVITIES			
Net cash provided by / (used in) financing activities	30,902	451,651	-93%
Net decrease in cash and cash equivalents	-86,557	142,157	-161%
Cash and cash equivalents at the beginning of the year	375,642	503,087	-25%
Cash and cash equivalents at the end of the year	289,085	645,244	-55%
Cash, amounts due from banks and balances with the National Bank of Hungary	474,945	579,120	-18%
Cash and cash equivalents at the beginning of the year 2	474,945	579,120	-18%
Cash, amounts due from banks and balances with the National Bank of Hungary 2	393,565	726,675	-46%
Cash and cash equivalents at the end of the year 2	393,565	726,675	-46%

CONSOLIDATED IFRS STATEMENT OF CASH FLOWS

	31/03/2022	31/03/2021	change
OPERATING ACTIVITIES			
Profit after tax for the period	-32,926	93,244	-135%
Net changes in assets and liabilities in operating activities			
Income tax paid	-16,475	-14,169	16%
Depreciation and amortization	24,964	24,769	1%
Goodwill impairment	67,715	0	
Loss allowance	127,846	6,912	
Net accrued interest	40,821	19,373	111%
Share-based payment	874	867	1%
Unrealized (gain) / losses on fair value change of securities held for trading	-100,458	-6,062	
Unrealised losses / (gains) on fair value adjustment of financial instruments at fair value through profit or loss	1,739	-23,937	-107%
Unrealized losses / (gains) on fair value change of derivative financial instruments	208,415	317,488	-34%
Net change in assets and liabilities in operating activities	322,515	418,485	-23%
INVESTING ACTIVITIES			
Net cash used in investing activities	-468,860	-831,131	-44%
FINANCING ACTIVITIES			
Net cash used in financing activities	-17,737	283,397	-106%
Net increase (+) / decrease (-) of cash	-164,082	-129,249	27%
Cash and cash equivalents at the beginning of the year	1,701,564	1,674,777	2%
Cash and cash equivalents at the end of the year	1,537,482	1,545,528	-1%
<i>Adjustment due to discontinuing activity</i>	0	0	

CONSOLIDATED SUBSIDIARIES AND ASSOCIATES

	Name of the company	Initial capital/Equity (HUF)	Ownership Directly + indirectly (%)	Voting rights (%)	Classification ¹
1	Air-Invest Ltd.	630,000,000	100.00	100.00	L
2	AppSense Ltd.	3,000,000	100.00	100.00	L
3	Bajor-Polár Center Real Estate Management Ltd.	30,000,000	100.00	100.00	L
4	Balansz Real Estate Institute Fund	30,931,279,011	100.00	100.00	L
5	BANK CENTER No. 1. Ltd.	11,500,000,000	100.00	100.00	L
6	Banka OTP Albania SHA	ALL 6,740,900,000	100.00	100.00	L
7	CIL Babér Ltd.	71,890,330	100.00	100.00	L
8	CRESCO d.o.o.	HRK 39,000	100.00	100.00	L
9	Montenegrin Commercial Bank Shareholding Company, Podgorica Montenegro	EUR 181,875,221	100.00	100.00	L
10	DSK Asset Management EAD	BGN 1,000,000	100.00	100.00	L
11	DSK DOM EAD	BGN 100,000	100.00	100.00	L
12	DSK Leasing AD	BGN 3,334,000	100.00	100.00	L
13	DSK Mobile EAD	BGN 250,000	100.00	100.00	L
14	DSK Operating lease EOOD	BGN 1,000	100.00	100.00	L
15	DSK Tours EOOD	BGN 8,491,000	100.00	100.00	L
16	DSK Trans Security EAD	BGN 2,225,000	100.00	100.00	L
17	EiSYS Ltd.	3,000,000	100.00	100.00	L
18	INGA KETTŐ Ltd.	8,000,000,000	100.00	100.00	L
19	Limited Liability Company Asset Management Company " OTP Capital"	UAH 10,000,000	100.00	100.00	L
20	LLC MFO "OTP Finance"	RUB 6,533,000,000	100.00	100.00	L
21	LLC OTP Leasing	UAH 45,495,340	100.00	100.00	L
22	Merkantil Bank Ltd.	2,000,000,000	100.00	100.00	L
23	Merkantil Bérlet Ltd.	6,000,000	100.00	100.00	L
24	MFM Project Investment and Development Ltd.	20,000,000	100.00	100.00	L
25	MONICOMP Ltd.	100,000,000	100.00	100.00	L
26	NIMO 2002 Ltd.	1,156,000,000	100.00	100.00	L
27	OTP Fund Management Ltd.	900,000,000	100.00	100.00	L
28	OTP Asset Management SAI S.A.	RON 5,795,323	100.00	100.00	L
29	Joint-Stock Company OTP Bank	UAH 6,186,023,111	100.00	100.00	L
30	OTP Bank Romania S.A.	RON 2,279,253,360	100.00	100.00	L
31	OTP banka dioničko društvo	HRK 3,993,754,800	100.00	100.00	L
32	OTP Debt Collection d.o.o. Podgorica	EUR 49,000,001	100.00	100.00	L
33	OTP eBIZ Kft.	281,000,000	100.00	100.00	L
34	OTP Life Annuity Real Estate Investment Plc.	2,000,000,000	100.00	100.00	L
35	OTP Factoring Bulgaria JSCo.	BGN 1,000,000	100.00	100.00	L
36	OTP Factoring Serbia Ltd.	RSD 782,902,282	100.00	100.00	L
37	OTP Factoring Slovensko Ltd.	EUR 22,540,000	100.00	100.00	L
38	OTP Factoring Romania Llc.	RON 600,405	100.00	100.00	L
39	OTP Factoring Ukraine LLC	UAH 6,227,380,554	100.00	100.00	L
40	OTP Factoring Ltd.	500,000,000	100.00	100.00	L
41	OTP Factoring Management Ltd.	3,100,000	100.00	100.00	L
42	OTP Financing Malta Company Limited	EUR 105,000,000	100.00	100.00	L
43	OTP Financing Netherlands	EUR 18,000	100.00	100.00	L
44	OTP Financing Solutions	EUR 18,000	100.00	100.00	L
45	OTP Holding Ltd.	EUR 131,000	100.00	100.00	L
46	OTP Holding Malta Ltd.	EUR 104,950,000	100.00	100.00	L
47	OTP Hungaro-Projekt Ltd.	27,720,000	100.00	100.00	L
48	OTP Real Estate Investment Fund Management Ltd.	100,000,000	100.00	100.00	L
49	OTP Real Estate Ltd.	1,000,000,000	100.00	100.00	L
50	OTP Ingatlankezelő Ltd.	50,000,000	100.00	100.00	L
51	OTP Real Estate Leasing Ltd.	214,000,000	100.00	100.00	L
52	OTP Ingatlanpont Ltd.	7,500,000	100.00	100.00	L
53	OTP Ingatlanüzemeltető Ltd.	30,000,000	100.00	100.00	L
54	OTP Insurance Broker EOOD	BGN 5,000	100.00	100.00	L
55	OTP Invest društvo s ograničenom odgovornošću za upravljanje fondovima	HRK 18,211,300	100.00	100.00	L
56	OTP Investments d.o.o. Novi Sad	RSD 203,783,061	100.00	100.00	L
57	OTP Mortgage Bank Ltd.	37,000,000,000	100.00	100.00	L
58	OTP Card Factory Ltd.	450,000,000	100.00	100.00	L
59	OTP Close Building Society	2,000,000,000	100.00	100.00	L
60	OTP Leasing d.d.	HRK 8,212,000	100.00	100.00	L
61	OTP Leasing EOOD	BGN 4,100,000	100.00	100.00	L
62	OTP Leasing Romania IFN S.A.	RON 28,556,300	100.00	100.00	L
63	OTP Leasing Srbija d.o.o. Beograd	RSD 314,097,600	100.00	100.00	L
64	OTP Leasing d.o.o. Beograd	RSD 112,870,710	100.00	100.00	L

SUMMARY OF THE FIRST QUARTER 2022 RESULTS

Name of the company		Initial capital/Equity (HUF)	Ownership Directly + indirectly (%)	Voting rights (%)	Classification ¹
65	OTP Mémőki Ltd.	3,000,000	100.00	100.00	L
66	OTP Mobile Service Ltd.	1,210,000,000	100.00	100.00	L
67	OTP Nekretnine d.o.o.	HRK 259,828,100	100.00	100.00	L
68	OTP Osiguranje AKCIONARSKO DRUŠTVO ZA	RSD 412,606,208	100.00	100.00	L
69	OTP Home Solutions Limited Liability Company	3,000,000	100.00	100.00	L
70	OTP Funds Servicing and Consulting Company Limited	2,351,000,000	100.00	100.00	L
71	OTP Financial point Ltd.	51,000,000	100.00	100.00	L
72	OTP Services Ltd.	RSD 40,028	100.00	100.00	L
73	Venture Closed-End Non Diversified Mutual Investment Fund "OTP Solution"	UAH 43,347,201	100.00	100.00	L
74	OTP Travel Limited	27,000,000	100.00	100.00	L
75	PEVEC d.o.o. Beograd	RSD 812,844,640	100.00	100.00	L
76	PortfoLion Digital Ltd.	101,000,000	100.00	100.00	L
77	PortfoLion Digitális Magántőkealap I.	6,365,000,000	100.00	100.00	L
78	PortfoLion Digitális Magántőkealap II.	650,000,000	100.00	100.00	L
79	PortfoLion Venture Capital Fund Management Ltd.	39,500,000	100.00	100.00	L
80	Portfolion Zöld Fund	18,700,000,000	100.00	100.00	L
81	R.E. Four d.o.o., Novi Sad	RSD 1,983,643,761	100.00	100.00	L
82	SB Leasing d.o.o.	HRK 23,332,000	100.00	100.00	L
83	SC Aloha Buzz SRL	RON 10,200	100.00	100.00	L
84	SC Favo Consultanta SRL	RON 10,200	100.00	100.00	L
85	SC Tezaur Cont SRL	RON 10,200	100.00	100.00	L
86	SKB Leasing d.o.o.	EUR 16,809,031	100.00	100.00	L
87	SKB Leasing Select d.o.o.	EUR 5,000,000	100.00	100.00	L
88	SPLC Ltd.	10,000,000	100.00	100.00	L
89	SPLC-P Ltd.	15,000,000	100.00	100.00	L
90	TOP Collector LLC	RUB 1,860,000	100.00	100.00	L
91	Velvin Ventures Ltd.	USD 50,000	100.00	100.00	L
92	ZA-Invest Béta Ltd.	5,000,000	100.00	100.00	L
93	OTP banka Srbija, joint-stock company, Novi Sad)	RSD 56,830,780,140	100.00	100.00	L
94	SKB Banka d.d. Ljubljana	EUR 52,784,176	100.00	100.00	L
95	Nemesszalóki Ltd.	242,124,000	100.00	100.00	L
96	Nádudvari Ltd.	1,954,680,000	99.96	99.96	L
97	DSK Bank EAD	BGN 1,328,659,920	99.91	99.91	L
98	POK DSK-Rodina AD	BGN 10,010,198	99.85	99.85	L
99	HAGE Ltd.	2,689,000,000	99.64	99.64	L
100	NAGISZ Mezőgazdasági Termelő és Szolgáltató Ltd.	3,802,080,000	99.35	99.35	L
101	OTP Bank S.A.	MDL 100,000,000	98.26	98.31	L
102	JSC "OTP Bank" (Russia	RUB 4,423,768,142	97.92	97.92	L
103	Georg d.o.o	HRK 20,000	76.00	76.00	L
104	ShiwaForce.com Inc.	105,321,000	67.50	67.50	L
105	Regional Urban Development Fund AD	BGN 250,000	52.00	52.00	L
106	Portfolion Regionális Fund	9,675,000,000	50.00	50.00	L
107	PortfoLion Regionális Fund II.	5,609,200,000	49.90	49.90	L
108	Portfolion Partner Fund	26,802,720,000	30.56	30.56	L
109	AFP Private Equity Invest Ltd.	EUR 452,000	29.14	29.14	L
110	OTP ESOP	121,626,200,651	0.00	0.00	L

¹ Full consolidated -L

Ownership structure of OTP Bank Plc.

Description of owner	Total equity					
	Ownership share	1 January 2022 Voting rights ¹	Quantity	Ownership share	31 March 2022 Voting rights ¹	Quantity
Domestic institution/company	26.66%	26.97%	74,637,180	29.13%	29.21%	81,572,542
Foreign institution/company	66.69%	67.47%	186,733,858	59.71%	59.86%	167,188,491
Domestic individual	4.79%	4.84%	13,405,389	10.15%	10.17%	28,408,741
Foreign individual	0.11%	0.12%	319,712	0.19%	0.19%	523,782
Employees, senior officers ²	0.48%	0.48%	1,341,018	0.49%	0.49%	1,372,718
Treasury shares ³	1.16%	0.00%	3,251,484	0.25%	0.00%	691,233
Government held owner	0.07%	0.07%	188,326	0.05%	0.05%	139,817
International Development Institutions	0.04%	0.04%	120,871	0.03%	0.03%	91,249
Other ⁴	0.00%	0.00%	2,172	0.00%	0.00%	11,437
TOTAL	100.00%	100.00%	280,000,010	100.00%	100.00%	280,000,010

¹ Voting rights in the General Meeting of the Issuer for participation in decision-making.

² The shares indirectly owned by György Nagy, a member of the Board of Directors, were reclassified to the domestic individual category as of 31 December 2021.

³ Treasury shares do not include the OTP shares held by ESOP (OTP Bank Employee Stock Ownership Plan Organization). Pursuant to Act V of 2013 on the Civil Code, OTP shares held by the ESOP are not classified as treasury shares, but the ESOP must be consolidated in accordance with IFRS 10 Consolidated Financial Statements standard. On 31 March 2022 ESOP owned 10,248,006 OTP shares.

⁴ Non-identified shareholders according to the shareholders' registry.

Number of treasury shares held in the year under review (2022)

	1 January	31 March	30 June	30 September	31 December
OTP Bank	3,251,484	691,233			
Subsidiaries	0	0			
TOTAL	3,251,484	691,233			

Shareholders with over/around 5% stake as at 31 March 2022

Name	Number of shares	Ownership ¹	Voting rights ^{1,2}
MOL (Hungarian Oil and Gas Company Plc.)	24,000,000	8.57%	8.59%
KAFIJAT Group	19,689,409	7.03%	7.05%
KAFIJAT Ltd.	9,867,918	3.52%	3.53%
MGTR Alliance Ltd.	9,821,491	3.51%	3.52%
Groupama Group	14,257,589	5.09%	5.10%
Groupama Gan Vie SA	14,140,000	5.05%	5.06%
Groupama Biztosító Ltd.	117,589	0.04%	0.04%

¹ Rounded to two decimals

² Voting rights in the General Meeting of the Issuer for participation in decision-making.

Senior officers, strategic employees and their shareholding of OTP shares as at 31 March 2022

Type ¹	Name	Position	Commencement date of the term	Expiration/termination of the term	Number of shares
IT	dr. Sándor Csányi ²	Chairman and CEO	15/05/1992	2026	293,907
IT	Tamás Erdei	Deputy Chairman	27/04/2012	2026	32,285
IT	Gabriella Balogh	member	16/04/2021	2026	1,393
IT	Mihály Baumstark	member	29/04/1999	2026	44,000
IT	Péter Csányi	member, Deputy CEO	16/04/2021	2026	1
IT	dr. István Gresca	member	27/04/2012	2026	173,258
IT	Antal Kovács	member, Deputy CEO	15/04/2016	2026	79,244
IT	György Nagy ³	member	16/04/2021	2026	28,000
IT	dr. Márton Gellért Vági	member	16/04/2021	2026	1,700
IT	dr. József Vörös	member	15/05/1992	2026	171,114
IT	László Wolf	member, Deputy CEO	15/04/2016	2026	532,143
FB	Tibor Tolnay	Chairman	15/05/1992	2023	54
FB	dr. Gábor Horváth	Deputy Chairman	19/05/1995	2023	0
FB	Klára Bella	member	12/04/2019	2023	344
FB	dr. Tamás Gudra	member	16/04/2021	2023	0
FB	András Michnai	member	25/04/2008	2023	100
FB	Olivier Péqueux	member	13/04/2018	2023	0
SP	László Bencsik	Deputy CEO			10,038
SP	György Kiss-Haypál	Deputy CEO			5,137
TOTAL No. of shares held by management:					1,372,718

¹ Employee in strategic position (SP), Board Member (IT), Supervisory Board Member (FB)

² Number of OTP shares owned by Dr. Sándor Csányi, Chairman and CEO, directly or indirectly: 4,571,034

³ Number of OTP shares owned by György Nagy, Member of Board of Directors, directly or indirectly: 1,013,000

OFF-BALANCE SHEET ITEMS ACCORDING TO IFRS (consolidated, in HUF million) ¹

a) Contingent liabilities

	31/03/2022	31/03/2021
Commitments to extend credit	3,901,152	3,554,377
Guarantees arising from banking activities	1,298,822	1,128,214
Confirmed letters of credit	89,166	35,943
Legal disputes (disputed value)	73,859	34,371
Other	525,078	373,341
Total:	5,888,077	5,126,246

¹ Those financial undertakings, which are important from valuation perspectives however not booked within the balance sheet (such as surety, guarantees, pledge related obligations, etc.)

Changes in the headcount (active, FTE-basis) employed by the Bank and the subsidiaries

	End of reference period	Current period opening	Current period closing
Bank ¹	9,663	9,842	9,988
Consolidated ²	38,217	37,864	37,422

¹ OTP Bank Hungary (standalone) employee figures.

² Due to the changes in the scope of consolidation, the historical figures are not comparable.

Security issuances on Group level between 01/04/2021 and 31/03/2022

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 31/03/2022	Outstanding consolidated debt (in HUF million) 31/03/2022
OTP Bank Plc.	Corporate bond	OTP_DK_25/3	31/05/2021	31/05/2025	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_24/3	31/05/2021	31/05/2024	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_27/II	31/05/2021	31/05/2027	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_26/II	31/05/2021	31/05/2026	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_28/I	31/05/2021	31/05/2028	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_29/I	31/05/2021	31/05/2029	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_30/I	31/05/2021	31/05/2030	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_26/3	31/03/2022	31/05/2026	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_27/3	31/03/2022	31/05/2027	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_28/II	31/03/2022	31/05/2028	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_29/II	31/03/2022	31/05/2029	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_30/II	31/03/2022	31/05/2030	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_31/I	31/03/2022	31/05/2031	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_32/I	31/03/2022	31/05/2032	HUF	0	0
OTP Mortgage Bank	Mortgage bond	OJB3031_I	18/08/2021	22/10/2031	HUF	82,000	82,000

Security redemptions on Group level between 01/04/2021 and 31/03/2022

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 31/03/2021	Outstanding consolidated debt (in HUF million) 31/03/2021
OTP Bank Plc.	Corporate bond	OTP_DK_21/I	14/12/2018	31/05/2021	HUF	0	0
OTP Bank Plc.	Corporate bond	OTPRF2021A	05/07/2011	13/07/2021	HUF	2,684	2,684
OTP Bank Plc.	Corporate bond	OTPRF2021B	20/10/2011	25/10/2021	HUF	2,978	2,978
OTP Bank Plc.	Corporate bond	OTPRF2021C	21/12/2011	30/12/2021	HUF	543	543
OTP Bank Plc.	Corporate bond	OTPRF2021D	21/12/2011	30/12/2021	HUF	383	383
OTP Bank Plc.	Corporate bond	OTPRF2021E	21/12/2011	30/12/2021	HUF	78	78
OTP Bank Plc.	Corporate bond	OTPRF2022A	22/03/2012	23/03/2022	HUF	2,129	2,129
OTP Bank Plc.	Corporate bond	OTPRF2022B	22/03/2012	23/03/2022	HUF	857	857
OTP Bank Plc.	Corporate bond	OTPX2021A	01/04/2011	01/04/2021	HUF	183	183
OTP Bank Plc.	Corporate bond	OTPX2021B	17/06/2011	21/06/2021	HUF	237	237
OTP Bank Plc.	Corporate bond	OTPX2021C	19/09/2011	24/09/2021	HUF	231	231
OTP Bank Plc.	Corporate bond	OTPX2021D	21/12/2011	27/12/2021	HUF	249	249
OTP Bank Plc.	Corporate bond	OTPX2022A	22/03/2012	23/03/2022	HUF	190	190
OTP Bank Plc.	Retail bond	OTP_VK1_21/2	02/04/2020	02/04/2021	USD	1,228,200	380
OTP Bank Plc.	Retail bond	OTP_VK1_21/3	14/05/2020	14/05/2021	USD	1,181,700	366
OTP Bank Plc.	Retail bond	OTP_VK1_21/4	18/06/2020	18/06/2021	USD	743,000	230
OTP Banka Slovensko	Corporate bond	Bonds OTP III.	29/06/2016	29/06/2021	EUR	0	0
OTP Mortgage Bank	Mortgage bond	OJB2021_I	15/02/2017	27/10/2021	HUF	114,000	114,000
OPUS Securities	Corporate bond	ICES	2006.10.29.	2021.10.29	EUR	496,209,000	181,181

RELATED-PARTY TRANSACTIONS

The compensation of key management personnel, such as the members of the Board of Directors, members of the Supervisory Board, key employees of the Bank and its major subsidiaries involved in the decision-making process in accordance with the compensation categories defined in IAS 24 Related party disclosures, is summarised below.

Compensations (in HUF million) ¹	1Q 2021	4Q 2021	1Q 2022	Q-o-Q	Y-o-Y
Total compensation for key management personnel	3,162	3,164	3,162	0%	0%
Short-term employee benefits	2,240	2,264	2,184	-4%	-3%
Share-based payment	790	683	726	6%	-8%
Other long-term employee benefits	132	105	237	126%	80%
Termination benefits	0	0	15		
Redundancy payments	0	112	0	-100%	
Loans to key management individuals and their close family members as well as to entities in which they have an interest	97,787	108,332	68,875	-36%	-30%
Credit lines of key management individuals and their close family members as well as to entities in which they have an interest	17,967	30,369	19,350	-36%	8%
Loans provided to unconsolidated subsidiaries	798	1,792	2,408	34%	202%

¹ Due to the changes in the definition of key management personnel, figures are not comparable with previously published data.

**Alternative performance measures
pursuant to the National Bank of Hungary 5/2017, (V,24,) recommendation⁴**

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value	
			1Q 2021	1Q 2022
Leverage, consolidated ⁵	The leverage ratio is calculated pursuant to Article 429 CRR. The calculation of the indicator is designed quarterly by the Bank for the prudential consolidation circle.	<p>The leverage ratio shall be calculated as an institution's capital measure divided by that institution's total exposure measure and shall be expressed as a percentage.</p> <p>Example for 1Q 2022: $\frac{2,934,160.6}{31,199,744.8} = 9.4\%$</p> <p>Example for 1Q 2021: $\frac{2,413,576.3}{26,809,131.2} = 9.0\%$</p>	9.0%	9.4%
Liquidity Coverage Ratio (LCR)	According to Article 412 (1) of CRR, the liquidity coverage ratio (LCR) is designed to promote short-term resilience of the Issuer's / Group's liquidity risk profile and aims to ensure that the Issuer / Group has an adequate stock of unencumbered High Quality Liquid Assets (HQLA) to meet its liquidity needs for a 30 calendar day liquidity stress scenario.	<p>The LCR is expressed as: (stock of HQLA) / (total net cash outflows over the next 30 calendar days) $\geq 100\%$.</p> <p>The numerator of the LCR is the stock of HQLA (High Quality Liquid Assets). In order to qualify as HQLA, assets should be liquid in markets during a time of stress and, in most cases, be eligible for use in central bank operations.</p> <p>The denominator of the LCR is the total net cash outflows, defined as total expected cash outflows minus total expected cash inflow in the specified stress scenario for the subsequent 30 calendar days. Total cash inflows are subject to an aggregate cap of 75% of total expected cash outflows, thereby ensuring a minimum level of HQLA holdings at all times.</p> <p>Example for 1Q 2022: $\frac{5,794,509.0}{5,365,148.8 - 2,778,146.1} = 224.0\%$</p> <p>Example for 1Q 2021: $\frac{5,448,867.3}{3,914,464.9 - 1,483,772.5} = 224.2\%$</p>	224.2%	224.0%
ROE (profit after tax), consolidated	The return on equity ratio shall be calculated the consolidated after-tax profit for the given period divided by the average equity, thus shows the effectiveness of the use of equity.	<p>The numerator of the indicator is the consolidated profit after tax for the given period (annualized for periods less than one year), the denominator is the average consolidated equity. (The definition of average equity: calendar day-weighted average of the average balance sheet items in periods comprising the given period, where periods comprising the given period are defined as quarters (and within that months) in case of 1H, 9M and FY periods, and months in case of quarters. Furthermore, the average of the average balance sheet items is computed as the arithmetic average of closing balance sheet items for the previous period and the current period.)</p> <p>Example for 1Q 2022: $\frac{-33,405.1 * 4.1}{2,962,453.8} = -4.6\%$</p> <p>Example for 1Q 2021: $\frac{93,333.6 * 4.1}{2,555,248.0} = 14.8\%$</p>	14.8%	-4.6%

⁴ The NBH's recommendation (5/2017, 24 May) on Alternative Performance Measures (APM) came into effect from 1 June 2017, in line with ESMA's guidance (ESMA/2015/1415) on the same matter. The recommendation is aimed at – amongst other things – enhancing the transparency, reliability, clarity and comparability of those APMs within the framework of regulated information and thus facilitating the protection of existing and potential investors.

⁵ Based on the prudential consolidation scope, which is different from the consolidation scope used in this report.

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value	
			1Q 2021	1Q 2022
ROE (adjusted profit after tax), consolidated	The return on equity ratio shall be calculated the consolidated adjusted profit after tax for the given period divided by the average equity, thus shows the effectiveness of the use of equity.	<p>The numerator of the indicator is the consolidated adjusted profit after tax for the given period (annualized for periods less than one year), the denominator is the average consolidated equity.</p> <p>Example for 1Q 2022: $\frac{88,624.2 * 4.1}{2,962,453.8} = 12.1\%$</p> <p>Example for 1Q 2021: $\frac{117,288.9 * 4.1}{2,555,248.0} = 18.6\%$</p>	18.6%	12.1%
ROA (adjusted profit after tax), consolidated	The return on asset ratio shall be calculated the consolidated adjusted profit after tax for the given period divided by the average total asset, thus shows the effectiveness of the use of equity.	<p>The numerator of the indicator is the consolidated adjusted profit after tax for the given period, the denominator is the average consolidated total asset. (The definition of average asset: calendar day-weighted average of the average balance sheet items in periods comprising the given period, where periods comprising the given period are defined as quarters (and within that months) in case of 1H, 9M and FY periods, and months in case of quarters. Furthermore, the average of the average balance sheet items is computed as the arithmetic average of closing balance sheet items for the previous period and the current period.)</p> <p>Example for 1Q 2022: $\frac{88,624.2 * 4.1}{28,360,398.6} = 1.3\%$</p> <p>Example for 1Q 2021: $\frac{117,288.9 * 4.1}{23,739,631.2} = 2.0\%$</p>	2.0%	1.3%
Operating profit margin (adjusted, without one-off items), consolidated	The operating profit margin shall be calculated the consolidated adjusted operating profit without one-off items for the given period divided by the average total assets, thus shows the effectiveness of the operating profit generation on total assets.	<p>The numerator of the indicator is the consolidated adjusted operating profit without one-off items for the given period, the denominator is the average consolidated total assets.</p> <p>Example for 1Q 2022: $\frac{190,968.6 * 4.1}{28,360,398.6} = 2.73\%$</p> <p>Example for 1Q 2021: $\frac{146,942.3 * 4.1}{23,739,631.2} = 2.51\%$</p>	2.51%	2.73%
Total income margin (adjusted), consolidated	The total income margin shall be calculated the consolidated adjusted total income for the given period divided by the average total assets, thus shows the effectiveness of income generation on total assets.	<p>The numerator of the indicator is the consolidated adjusted total income for the given period (annualized for periods less than one year), the denominator is the average consolidated total assets.</p> <p>Example for 1Q 2022: $\frac{361,199.9 * 4.1}{28,360,398.6} = 5.17\%$</p> <p>Example for 1Q 2021: $\frac{301,130.9 * 4.1}{23,739,631.2} = 5.14\%$</p>	5.14%	5.17%

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value	
			1Q 2021	1Q 2022
Net interest margin (adjusted), consolidated	The net interest margin shall be calculated the consolidated adjusted net interest income for the given period divided by the average total assets, thus shows the effectiveness of net interest income generation on total assets.	<p>The numerator of the indicator is the consolidated adjusted net interest income for the given period (annualized for periods less than one year), the denominator is the average consolidated total assets.</p> <p>Example for 1Q 2022: $\frac{239,779.3 * 4.1}{28,360,398.6} = 3.43\%$</p> <p>Example for 1Q 2021: $\frac{203,226.6 * 4.1}{23,739,631.2} = 3.47\%$</p>	3.47%	3.43%
Operating cost (adjusted)/ total assets, consolidated	The indicator shows the operational efficiency.	<p>The numerator of the indicator is the consolidated adjusted operating cost for the given period (annualized for periods less than one year), the denominator is the average consolidated total assets.</p> <p>Example for 1Q 2022: $\frac{170,231.3 * 4.1}{28,360,398.6} = 2.43\%$</p> <p>Example for 1Q 2021: $\frac{154,188.7 * 4.1}{23,739,631.2} = 2.63\%$</p>	2.63%	2.43%
Cost/income ratio (adjusted), consolidated	The indicator is another measure of operational efficiency.	<p>The numerator of the indicator is the consolidated adjusted operating cost for the given period, the denominator is the adjusted operating income for the given period.</p> <p>Example for 1Q 2022: $\frac{170,231.3}{361,199.9} = 47.1\%$</p> <p>Example for 1Q 2021: $\frac{154,188.7}{301,130.9} = 51.2\%$</p>	51.2%	47.1%
Provision for impairment on loan losses (adjusted)/ average (adjusted) gross loans, consolidated	The indicator provides information on the amount of impairment on loan losses relative to gross customer loans.	<p>The numerator of the indicator is the consolidated adjusted provision for impairment on loan losses for the given period (annualized for periods less than one year), the denominator is the adjusted consolidated gross customer loans for the given period. (The definition of average (adjusted) gross customer loans: calendar day-weighted average of the average balance sheet items in periods comprising the given period, where periods comprising the given period are defined as quarters (and within that months) in case of 1H, 9M and FY periods, and months in case of quarters. Furthermore, the average of the average balance sheet items is computed as the arithmetic average of closing balance sheet items for the previous period and the current period.)</p> <p>Example for 1Q 2022: $\frac{58,164.4 * 4.1}{16,644,518.2} = 1.42\%$</p> <p>Example for 1Q 2021: $\frac{9,771.6 * 4.1}{14,365,180.8} = 0.28\%$</p>	0.28%	1.42%
Total risk cost (adjusted)/ total asset ratio, consolidated	The indicator shows the amount of total risk cost relative to the balance sheet total.	<p>The numerator of the indicator is consolidated adjusted total risk cost for the given period (annualized for periods less than one year), the denominator is the average consolidated total assets for the given period.</p> <p>Example for 1Q 2022: $\frac{72,890.0 * 4.1}{28,360,398.6} = 1.04\%$</p> <p>Example for 1Q 2021: $\frac{8,542.2 * 4.1}{23,739,631.2} = 0.15\%$</p>	0.15%	1.04%

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value	
			1Q 2021	1Q 2022
Effective tax rate (adjusted), consolidated	The indicator shows the amount of corporate income tax accounted on pre-tax profit.	<p>The numerator of the indicator is consolidated adjusted corporate income tax for the given period, the denominator is the consolidated adjusted pre-tax profit for the given period.</p> <p>Example for 1Q 2022: $\frac{29,454.4}{118,078.6} = 24.9\%$</p> <p>Example for 1Q 2021: $\frac{21,111.2}{138,400.1} = 15.3\%$</p>	15.3%	24.9%
Net loan/(deposit+retail bonds) ratio (FX-adjusted), consolidated	The net loan to deposit+retail bonds ratio is the indicator for assessing the bank's liquidity position.	<p>The numerator of the indicator is the consolidated net consumer loan volume (gross loan reduced the amount of provision), the denominator is the end of period consolidated consumer FX-adjusted deposit volume plus the end of period retail bond volume (issued by OTP Bank).</p> <p>Example for 1Q 2022: $\frac{16,053,842.5}{21,830,409.3 + 0.0} = 74\%$</p> <p>Example for 1Q 2021: $\frac{13,901,304.3}{18,608,671.6 + 951.7} = 75\%$</p>	75%	74%

SUPPLEMENTARY DATA

FOOTNOTES OF THE TABLE 'CONSOLIDATED AFTER TAX PROFIT BREAKDOWN BY SUBSIDIARIES (IFRS)'

General note: regarding OTP Core and other subsidiaries, the adjusted profit after tax is calculated without the effect of adjustment items.

- (1) Aggregated adjusted after tax profit of OTP Core and foreign banks.
- (2) OTP Core is an economic unit for measuring the result of core business activity of OTP Group in Hungary. Financials of OTP Core are calculated from the partially consolidated IFRS financial statements of certain companies engaged in OTP Group's operation in Hungary. These companies include OTP Bank Hungary Plc., OTP Mortgage Bank Ltd, OTP Building Society Ltd, OTP Factoring Ltd, OTP Financial Point Ltd., and companies providing intragroup financing; OTP Bank Employee Stock Ownership Plan Organization was included from 4Q 2016; OTP Card Factory Ltd., OTP Facility Management Llc., MONICOMP Ltd. and OTP Real Estate Leasing Ltd. were included from 1Q 2017 (from 1Q 2019 OTP Real Estate Lease Ltd. was eliminated from OTP Core); OTP Mobile Service Llc. and OTP Ingatlanpont Llc. were included from 1Q 2019; OTP eBIZ Ltd. was included from 1Q 2020; OTP OTP Home Solutions was included from 2Q 2021. The consolidated results of these companies are segmented into OTP Core and Corporate Centre. Latter is a virtual entity.
- (3) The result and balance sheet of OTP Factoring Bulgaria EAD and DSK Leasing AD is included.
- (4) The statement of recognised income and balance sheet of OTP Leasing d.d. and SB Leasing d.o.o. was included.
- (5) The financial performance of OTP Factoring Serbia d.o.o, OTP Lizing d.o.o. and OTP Services d.o.o. is included.
- (6) The statement of recognised income and balance sheet of OTP Faktoring SRL and OTP Leasing Romania IFN S.A. was included.
- (7) Figures are based on the aggregated financial statements of OTP Bank JSC, LLC OTP Leasing, and OTP Factoring Ukraine LLC.
- (8) The statement of recognised income and balance sheet of LLC MFO "OTP Finance" is included.
- (9) The statement of recognised income and balance sheet of the acquired Podgoricka banka was included, which merged into the Montenegrin bank in 4Q 2020.
- (10) The subconsolidated adjusted after tax profit of Merkantil Group (Merkantil Bank Ltd., Merkantil Bérlét Ltd., OTP Real Estate Leasing Ltd., NIMO 2002 Ltd., SPLC-P Ltd., SPLC Ltd.) was presented.
- (11) LLC AMC OTP Capital, OTP Asset Management SAI S.A. (Romania), DSK Asset Management EAD (Bulgaria).
- (12) OTP Buildings s.r.o. (Slovakia), Velvin Ventures Ltd. (Belize), R.E. Four d.o.o., Novi Sad (Serbia), SC Aloha Buzz SRL, SC Favo Consultanta SRL, SC Tezaur Cont SRL (Romania), Cresco d.o.o. (Croatia), OTP Osiguranje d.d. (Croatia), OTP Solution Fund (Ukraine).
- (13) Within OTP Group, the Corporate Centre acts as a virtual entity established by the equity investment of OTP Core for managing the wholesale financing activity for all the subsidiaries within OTP Group but outside OTP Core. Therefore the balance sheet of the Corporate Centre is funded by the equity and intragroup lending received from OTP Core, the intragroup lending received from other subsidiaries, and the subordinated debt and senior notes issued by OTP Bank. From this funding pool, the Corporate Centre is to provide intragroup lending to, and hold equity stakes in OTP subsidiaries outside OTP Core. Main subsidiaries financed by Corporate Centre are as follows: Hungarians: Merkantil Bank Ltd, Merkantil Leasing Ltd, OTP Fund Management Ltd, OTP Real Estate Fund Management Ltd, OTP Life Annuity Ltd; foreigners: banks, leasing companies, factoring companies.
- (14) Total Hungarian subsidiaries: sum of the adjusted after tax results of Hungarian group members, Corporate Centre and related eliminations.
- (15) Total Foreign subsidiaries: sum of the adjusted after tax profits of foreign subsidiaries.

CALCULATION OF THE ADJUSTED LINES OF IFRS PROFIT AND LOSS STATEMENTS, AS WELL AS THE ADJUSTED BALANCE SHEET LINES PRESENTED IN THE REPORT, AND THE METHODOLOGY FOR CALCULATING THE FX-ADJUSTED VOLUME CHANGES

In order to present Group level trends in a comprehensive way in the Report, the presented consolidated and separate profit and loss statements of this report were adjusted in the following way, and the adjusted P&Ls are shown and analysed in the Report. Consolidated financial statements together with separate figures of OTP Bank are disclosed in the Financial Data section.

Adjustments affecting the income statement:

- The after tax effect of adjustment items (certain, typically non-recurring items from banking operations' point of view) are shown separately in the Statement of Recognised Income. The following adjustment items emerged in the period under review and the previous year: received dividends, received and paid cash transfers, the effect of goodwill/investment impairment charges, special tax on financial institutions, the expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia, the impact of fines imposed by the Hungarian Competition Authority, the effect of acquisitions, from 1Q 2021 the result of the treasury share swap agreement (latter was presented amongst the one-off revenue items in the adjusted income statement structure), and the impairments on Russian government bonds at OTP Core and DSK Bank booked in 1Q 2022.
- The following items have been moved from the Other operating expenses line among the Net interest income after loss allowance, impairment and provisions line: *Release of loss allowance on securities at fair value through other comprehensive income and on securities at amortized cost, Provision for commitments and guarantees given, Release of impairment of assets subject to operating lease and of investment properties*. In the adjusted P&L structure these items are presented amongst the *Other provisions (adj.)* line (through the *Structural correction between Provision for impairment on loan losses and Other provisions* adjustment line). From 1Q 2021 the *Provision for commitments and guarantees given* line contains lending activity-related amounts, therefore this line is no longer shifted from 1Q 2021. In 3Q 2021 (retrospectively from 3Q 2020) the components of the new *Gain from derecognition of financial assets at amortized cost* line in the P&L were shifted back in the adjusted P&L structure to the lines on which they were presented previously. From 1Q 2022 the provision for impairment on placement losses is presented on the *Other provisions* line, instead of the previously applied *Provision for impairment on loan losses* line.
- Other non-interest income is shown together with Gains and losses on real estate transactions, Net insurance result, Gains and losses on derivative instruments, but without the income from the release of pre-acquisition provisions and without received cash transfers. However other non-interest expenses stemming from non-financial activities are added to the adjusted net other non-interest income line, therefore the latter incorporates the net amount of other non-interest income from non-financial activities.
- OTP Bank's share in the change in the shareholders' equity of companies consolidated with equity method is reclassified from the After tax dividends and net cash transfers line to the Net other non-interest result (adj.) without one-offs line. In the addition to this, OTP Bank has changed the way how private equity funds managed by PortfoLion are recorded. As a result of this, as opposed to the previous method of recording the funds at book value (initial book value less impairments), starting from 3Q 2019 the funds are evaluated based on their net asset value. The change in the carrying value was reclassified to the Net other non-interest result (adj.) without one-offs line in the adjusted P&L structure.
- Other provisions are separated from other expenses and shown on a separate line in the adjusted profit or loss statement.
- Other administrative expenses have been adjusted in the following way in order to create a category comprising administrative cost items exclusively. Other costs and expenses and other non-interest expenses were included into the adjusted Other non-interest expenses. At the same time, the following cost items were excluded from adjusted other non-interest expenses: paid cash transfers (except for movie subsidies and cash transfers to public benefit organisations), Other other non-interest expenses stemming from non-financial activities, and special tax on financial institutions.
- Tax deductible transfers (offset against corporate taxes) paid by Hungarian group members were reclassified from Other non-interest expenses to Corporate income tax. As a result, the net P&L effect of these transfers (i.e. the paid transfer less the related corporate tax allowances) is recognised in the corporate income tax line of the adjusted P&L.
- The financial transaction tax paid in Hungary is reclassified from other (administrative) expenses to net fee and commission income, both on consolidated and OTP Core level.
- The Compensation Fund contributions are recognized on the Other administrative expenses line of the income statement, and are presented on the financial transaction tax and/or Special tax on financial institutions line in the adjusted P&L structure (due to the tax deductibility).
- Due to the introduction of IFRS16, certain items previously presented on the Other non-interest expenses line (rental fees) were moved to the interest expenses and depreciation lines in the income statement. These items were shifted back to the Other non-interest expenses line in the adjusted P&L structure.
- The currency exchange result was shifted in the P&L structure from the FX result to the net fees and commissions line. In the adjusted P&L structure this item is moved to the FX result line.
- In 4Q 2021 the *Modification gains or losses* line (one of the components of the *Provision for impairment on loan and placement losses*) was presented on a separate line in the P&L structure, retroactively from 1Q 2020. In the adjusted P&L this line was shifted back to the *Provision for impairment on loan and placement losses* line. Secondly, in 4Q 2021 the *Gains and losses on non-trading securities mandatorily at fair value through profit or loss* line was moved from the *Gains / losses on securities* to the *Fair*

value adjustment on financial instruments measured at fair value through profit or loss line in the P&L structure, retroactively from 1Q 2020. In the adjusted P&L this item remained part of the *Gains / losses on securities*. Thirdly, from 1Q 2021 the local business taxes and the innovation contribution payable by Hungarian Group members were booked on the *Income tax expenses* line, whereas these items were recognised amongst the *Other general expenses*. In 4Q 2021 this change was retrospectively reflected in the full-year 2020 P&L, too, but in the adjusted P&L structure for the 2020 base period we continue to present these items amongst the *Other non-interest expenses*.

- Performance indicators (such as cost/income ratio, net interest margin, risk cost to average gross loans as well as ROA and ROE ratios, etc.) presented in this report are calculated on the basis of the adjusted profit and loss statement excluding adjustment items (unless otherwise indicated). Starting from 1Q 2022, the Provision for impairment on loan losses line is in the numerator of the Provision for impairment on loan losses-to-average gross loans ratio, which, as opposed to previous periods, does not include the provision for impairment on placement losses.
- Within the report, FX-adjusted statistics for business volume developments and their product breakdown, as well as the FX-adjusted stock of allowances for loan losses are disclosed, too. For FX adjustment, the closing cross currency rates for the current period were used to calculate the HUF equivalent of loan and deposit volumes in the base periods. Thus the FX-adjusted volumes will be different from those published earlier. Regarding the FX-adjusted volume change of DPD90+ loans (adjusted for sales and write-offs), instead of the previously applied 3Q 2009 FX rates, from 4Q 2020 onwards the actual end of period FX rates are used for calculating the FX-adjusted figures.

Adjustments affecting the balance sheet:

- From the end of 2020, OTP Osiguranje d.d. was presented as asset classified as held for sale in the financial statements. Accordingly, from end-2020 until its deconsolidation, i.e. until 2Q 2021 its assets and liabilities were shown on a separate line in the consolidated balance sheet. Regarding the 2020 and 2021 statement of recognized income, the entity's result was presented on the *Gains from held for trading operations* line, therefore the particular P&L lines in the 'continuing operations' section of the P&L don't incorporate the contribution from this entity.

As opposed to this, the adjusted financial statements presented in the Stock Exchange Report incorporated the company's balance sheet and P&L contribution in the relevant respective lines, in line with the structure of the financial statements monitored by the management.

- Finance lease receivables – earlier presented within customer loans – are shown on a separate line in the balance sheet. As for the adjusted balance sheet, net customer loans continue to include the stock of finance lease receivables.
- In the adjusted balance sheets presented in the analytical section of the report, the total amount of accrued interest receivables related to Stage 3 loans under IFRS 9 were netted with the provisions created in relation to the total exposure toward those particular clients, in case of the affected Group members. Therefore, this adjustment made on the balance sheet has an impact on the consolidated gross customer loans and allowances for loan losses.

ADJUSTMENTS OF CONSOLIDATED IFRS P&L LINES

in HUF million	1Q 21	2Q 21	3Q 21	4Q 21	2021	1Q 22
Net interest income	202,833	209,676	221,962	239,839	874,310	240,794
(-) Revaluation result of FX provisions	0	0	0	0	0	0
(+) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	77	258	125	165	625	552
(-) Netting of interest revenues on DPD90+ loans with the related provision (booked on the Provision for loan losses line) at OTP Core and CKB	674	250	676	-471	1,131	2,679
(-) Effect of acquisitions	-573	-492	-889	-726	-2,680	-728
(-) Initial NPV gain on the monetary policy interest rate swap (MIRS) deals	0	0	0	0	0	0
(-) Reclassification due to the introduction of IFRS16	-399	-376	-379	-402	-1,556	-383
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	20	20	7	0	46	0
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia	0	0	0	-5,925	-5,925	0
Net interest income (adj.)	203,227	210,573	222,685	247,528	884,012	239,779
Net fees and commissions	98,575	107,006	116,397	120,199	442,177	127,595
(+) Financial Transaction Tax	-17,353	-15,423	-16,854	-19,187	-68,818	-21,465
(-) Effect of acquisitions	-15	-55	38	-1	-33	-1
(-) Structural shift of income from currency exchange from net fees to the FX result	9,337	11,318	13,488	13,700	47,843	20,406
Net fees and commissions (adj.)	71,899	80,320	86,016	87,313	325,548	85,725
Foreign exchange result	1,281	-2,718	2,998	-5,636	-4,075	11,910
(-) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	-354	1,393	-1,142	-389	-492	5,571
(-) Effect of acquisitions	0	0	0	0	0	2
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	11	-24	3	0	-10	0
(+) Structural shift of income from currency exchange from net fees to the FX result	9,337	11,318	13,488	13,700	47,843	20,406
Foreign exchange result (adj.)	10,983	7,184	17,631	8,452	44,251	26,743
Gain/loss on securities, net	-121	1,695	3,402	583	5,559	-5,744
(-) Effect of acquisitions	0	-221	-506	-350	-1,077	-91
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	11	2	1	0	14	0
(-) Revaluation result of the treasury share swap agreement	-2,586	81	2,851	2,421	2,766	-9,343
(+) Structural adjustment due to the Gain from derecognition of financial assets at amortized cost line (against Gain/loss on securities, net)	682	325	57	-33	1,031	41
(+) Shifting of the <i>Gains and losses on non-trading securities mandatorily at fair value through profit or loss</i> line from the <i>Net other non-interest income</i> to the <i>Gains or losses from securities</i> line	1,028	3,338	346	101	4,812	400
Gain/loss on securities, net (adj.)	4,187	5,499	1,460	-1,419	9,726	4,131
Result of discontinued operation and gains from disposal of subsidiaries classified as held for sale	144	95	-62	-60	116	986
(-) Effect of acquisitions	0	0	-105	-60	-165	0
Result of discontinued operation and gains from disposal of subsidiaries classified as held for sale (adj.)	144	95	43	0	282	986

SUMMARY OF THE FIRST QUARTER 2022 RESULTS

in HUF million	1Q 21	2Q 21	3Q 21	4Q 21	2021	1Q 22
Gains and losses on real estate transactions	2,031	2,581	823	989	6,424	701
Result of discontinued operation and gains from disposal of subsidiaries classified as held for sale (adj.)	144	95	43	0	282	986
(+) Other non-interest income	19,760	13,535	15,555	25,396	74,246	18,288
(+) Gains and losses on derivative instruments	880	759	-1,475	6,633	6,797	-8,586
(+) Net insurance result	143	143	213	158	657	165
(+) Losses on loans measured mandatorily at fair value through other comprehensive income and on securities at amortized cost	-699	1,890	735	-2,458	-532	636
(-) Shifting of the <i>Gains and losses on non-trading securities mandatorily at fair value through profit or loss</i> line from the <i>Net other non-interest income</i> to the <i>Gains or losses from securities</i> line	1,028	3,338	346	101	4,812	400
(-) Received cash transfers	36	15	10	104	165	83
(+) Other other non-interest expenses	-12,264	-8,614	-10,749	-13,255	-44,882	-12,266
(+) Change in shareholders' equity of companies consolidated with equity method, and the change in the net asset value of the private equity funds managed by PortfoLion	1,847	4,213	1,444	3,652	11,155	401
(-) Effect of acquisitions	0	0	-2	-2	-4	0
(-) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	431	-1,134	1,267	555	1,117	-5,018
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	-259	-292	-235	-161	-948	-279
(-) Netting of refunds related to legal cases (accounted for on the Net other non-interest result line) with the release of provisions created earlier for these cases (accounted for on the Other provisions line) from 1Q 2017 at OTP Bank Romania	-77	-40	-48	-29	-194	-76
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	151	183	54	0	387	0
(+) Shifting of the costs of mediated services at Merkantil Bérlét Ltd. to the net other non-interest result line						-393
Net other non-interest result (adj.)	10,836	12,899	5,304	20,547	49,586	4,822
Gain from derecognition of financial assets at amortized cost	10	543	-385	1,716	1,884	949
(-) Structural adjustment due to the Gain from derecognition of financial assets at amortized cost line (against Gain/loss on securities, net)	682	325	57	-33	1,031	41
(-) Structural adjustment due to the Gain from derecognition of financial assets at amortized cost line (against Provision for impairment on loan losses)	-672	218	-441	1,749	854	908
Gain from derecognition of financial assets at amortized cost (adj.)	0	0	0	0	0	0
Provision for impairment on loan and placement losses	-4,915	3,330	-12,454	-13,683	-27,723	-72,680
(+) Modification gains or losses	-17	-372	-8,763	-4,519	-13,672	-15
(+) Change in the fair value attributable to changes in the credit risk of loans mandatorily measured at fair value through profit of loss	-4,915	-2,617	-779	-7,978	-16,289	13,758
(+) Loss allowance on securities at fair value through other comprehensive income and on securities at amortized cost	-2,378	-2,776	1,145	36	-3,974	-43,123
(+) Provision for commitments and guarantees given	185	-1,634	-1,514	2,864	-99	-3,734
(+) Impairment of assets subject to operating lease and of investment properties	337	4	80	16	438	26
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	113	94	44	89	339	96
(+) Netting of interest revenues on DPD90+ loans with the related provision (booked on the Provision for loan losses line) at OTP Core and CKB	674	250	676	-471	1,131	2,679
(-) Structural correction between Provision for loan losses and Other provisions	-2,041	-2,772	1,225	52	-3,536	-43,097
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia	-1	-346	-8,757	-1,027	-10,131	6
(+) Structural adjustment due to the <i>Gain from derecognition of financial assets at amortized cost</i> line (against <i>Provision for impairment on loan losses</i>)	-672	218	-441	1,749	854	908
(-) Shifting of provision for impairment on placement losses to the other provisions line from 1Q 2022						-1,023
Provision for impairment on loan losses (adj.)	-9,772	-573	-14,560	-21,101	-46,006	-58,164
Dividend income	1,896	4,632	5,542	3,578	15,648	462
(+) Received cash transfers	36	15	10	104	165	83
(+) Paid cash transfers	-2,043	-3,022	-350	-6,577	-11,992	-3,564
(-) Sponsorships, subsidies and cash transfers to public benefit organisations	-2,039	-3,022	-349	-6,463	-11,873	-3,451
(-) Dividend income of swap counterparty shares kept under the treasury share swap agreement	0	0	3,809	0	3,809	0
(-) Change in shareholders' equity of companies consolidated with equity method, and the change in the net asset value of the private equity funds managed by PortfoLion	1,847	4,213	1,444	3,652	11,155	401
After tax dividends and net cash transfers	82	433	299	-84	729	31
Depreciation	-23,424	-23,280	-23,578	-24,713	-94,995	-91,354
(-) Goodwill impairment charges	0	0	0	0	0	-67,715
(-) Effect of acquisitions	-1,662	-1,465	-1,350	-1,657	-6,134	-1,252
(-) Reclassification due to the introduction of IFRS16	-4,033	-3,868	-3,973	-4,191	-16,064	-4,090
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	-8	-9	-3	0	-20	0

SUMMARY OF THE FIRST QUARTER 2022 RESULTS

in HUF million	1Q 21	2Q 21	3Q 21	4Q 21	2021	1Q 22
Depreciation (adj.)	-17,737	-17,955	-18,258	-18,865	-72,816	-18,297
Personnel expenses	-78,739	-80,819	-81,584	-99,542	-340,684	-84,061
(-) Effect of acquisitions	95	-228	-413	-235	-781	-232
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	-126	-130	-43	0	-298	0
Personnel expenses (adj.)	-78,960	-80,721	-81,213	-99,307	-340,201	-83,830
Income taxes	-17,998	-16,622	-22,129	-15,374	-72,123	-9,952
(-) Corporate tax impact of goodwill/investment impairment charges	657	-1,375	0	2,628	1,909	11,435
(-) Corporate tax impact of the special tax on financial institutions	1,785	0	2	1	1,787	1,902
(+) Tax deductible transfers (offset against corporate taxes)	-334	-1,993	-5	-5,805	-8,137	-1,669
(-) Corporate tax impact of the effect of acquisitions	89	4,068	938	642	5,738	192
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	-15	-1	-2	0	-18	0
(-) Corporate tax impact of the expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia	0	552	910	25	1,487	-1
(-) Corporate tax impact of the result of the treasury share swap agreement	233	-7	-257	-218	-249	841
(-) Corporate tax impact of the impairments on Russian government bonds booked at OTP Core and DSK Bank in 1Q 2022						3,465
Corporate income tax (adj.)	-21,111	-21,853	-23,730	-24,257	-90,951	-29,454
Other operating expense	-11,991	-25,197	-25,440	-23,105	-85,733	-25,896
(-) Other costs and expenses	-1,179	-1,646	-1,577	-2,106	-6,508	-1,547
(-) Other non-interest expenses	-14,307	-11,636	-11,099	-19,832	-56,874	-15,831
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	147	199	191	72	609	182
(-) Netting of refunds related to legal cases (accounted for on the Net other non-interest result line) with the release of provisions created earlier for these cases (accounted for on the Other provisions line) from 1Q 2017 at OTP Bank Romania	77	40	48	29	194	76
(+) Structural correction between <i>Provision for loan losses</i> and <i>Other provisions</i>	-2,041	-2,772	1,225	52	-3,536	-43,097
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	0	3	1	0	4	0
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia	0	-5,793	-1,350	6,989	-153	0
(-) Impairments on Russian government bonds booked at OTP Core and DSK Bank in 1Q 2022						-37,989
(+) Shifting of provision for impairment on placement losses to the other provisions line from 1Q 2022						-1,023
(-) Shifting of certain expenses arising from mediated services from other provisions to the other non-interest expenses line						-183
Other provisions (adj.)	1,229	-9,130	-10,427	-8,204	-26,532	-14,726
Other administrative expenses	-89,543	-68,038	-70,518	-83,833	-311,931	-104,529
(+) Other costs and expenses	-1,179	-1,646	-1,577	-2,106	-6,508	-1,547
(+) Other non-interest expenses	-14,307	-11,636	-11,099	-19,832	-56,874	-15,831
(-) Paid cash transfers	-2,043	-3,022	-350	-6,577	-11,992	-3,564
(+) Film subsidies and cash transfers to public benefit organisations	-2,039	-3,022	-349	-6,463	-11,873	-3,451
(-) Other other non-interest expenses	-12,264	-8,614	-10,749	-13,255	-44,882	-12,266
(-) Special tax on financial institutions (recognised as other administrative expenses)	-20,658	-4	-7	-12	-20,680	-22,128
(-) Tax deductible transfers (offset against corporate taxes)	-334	-1,993	-5	-5,805	-8,137	-1,669
(-) Financial Transaction Tax	-17,353	-15,423	-16,854	-19,187	-68,818	-21,465
(-) Effect of acquisitions	-1,401	-2,330	-2,331	-4,308	-10,370	-420
(+) Reclassification due to the introduction of IFRS16	-4,432	-4,245	-4,351	-4,593	-17,620	-4,473
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	-44	-45	-17	0	-106	0
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia				-318	-318	-3
(-) Shifting of the costs of mediated services at Merkantil Bérlet Ltd. to the net other non-interest result line						-393
(+) Shifting of certain expenses arising from mediated services from other provisions to the other non-interest expenses line						-183
Other non-interest expenses (adj.)	-57,491	-57,245	-57,615	-67,364	-239,716	-68,105

ADJUSTMENTS OF CONSOLIDATED IFRS BALANCE SHEET LINES

in HUF million	1Q 2021	2Q 2021	3Q 2021	4Q 2021	1Q 2022
Cash, amounts due from Banks and balances with the National Banks	2,342,423	1,983,486	2,241,691	2,556,035	2,396,801
(+) Allocation of <i>Assets classified as held for sale</i> among balance sheet lines	3	4	0	0	0
Cash, amounts due from Banks and balances with the National Banks (adjusted)	2,342,426	1,983,490	2,241,691	2,556,035	2,396,801
Placements with other banks, net of allowance for placement losses	1,601,813	1,727,059	1,896,258	1,584,860	2,297,336
(+) Allocation of <i>Assets classified as held for sale</i> among balance sheet lines	243	235	0	0	0
Placements with other banks, net of allowance for placement losses (adjusted)	1,602,056	1,727,294	1,896,258	1,584,860	2,297,336
Financial assets at fair value through profit or loss	258,432	234,797	305,830	341,397	408,358
(+) Allocation of <i>Assets classified as held for sale</i> among balance sheet lines	1,192	1,169	0	0	0
Financial assets at fair value through profit or loss (adjusted)	259,625	235,966	305,830	341,397	408,358
Securities at fair value through other comprehensive income	2,171,807	2,128,322	2,196,056	2,224,510	2,065,330
(+) Allocation of <i>Assets classified as held for sale</i> among balance sheet lines	3,359	3,261	0	0	0
Securities at fair value through other comprehensive income (adjusted)	2,175,165	2,131,583	2,196,056	2,224,510	2,065,330
Securities at amortized costs	2,959,925	3,232,248	3,466,531	3,891,335	4,314,660
(+) Allocation of <i>Assets classified as held for sale</i> among balance sheet lines	1,030	998	0	0	0
Securities at amortized costs (adjusted)	2,960,955	3,233,246	3,466,531	3,891,335	4,314,660
Tangible and intangible assets, net	639,144	643,541	664,204	689,290	642,985
(+) Allocation of <i>Assets classified as held for sale</i> among balance sheet lines	125	112	0	0	0
Tangible and intangible assets, net (adjusted)	639,269	643,653	664,204	689,290	642,985
Other assets	544,239	495,303	493,538	454,811	542,473
(+) Allocation of <i>Assets classified as held for sale</i> among balance sheet lines	-5,953	-5,779	0	0	0
Other assets (adjusted)	538,287	489,524	493,538	454,811	542,473



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