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BASE PROSPECTUS DATED 31 MAY 2022

OTP Bank Nyrt.

(incorporated with limited liability in Hungary)

€5,000,000,000

Euro Medium Term Note Programme

Any notes ("**Notes**") issued pursuant to this base prospectus (the "**Base Prospectus**") under the Euro Medium Term Note Programme (the "**Programme**") on or after the date of this Base Prospectus are issued subject to the provisions described herein. Under the Programme, OTP Bank Nyrt. (the "**Issuer**" or the "**Bank**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Notes. The aggregate principal amount of Notes outstanding under the Programme will not at any time exceed €5,000,000,000 (or the equivalent in other currencies), subject to increase as provided herein.

This Base Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") as competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") for the purpose of giving information with regard to the issue of Notes issued under the Programme described in this Base Prospectus during the period of 12 months from the date of approval of this Base Prospectus. This Base Prospectus comprises a base prospectus for the purpose of Article 8 of the Prospectus Regulation. Applications have been made to the Luxembourg Stock Exchange for the Notes to be admitted during the period of 12 months from the date of approval of this Base Prospectus to listing on the Official List of the Luxembourg Stock Exchange (the "**Official List**") and to trading on the Luxembourg Stock Exchange's regulated market (the "**Market**"). The Market is a regulated market for the purposes of Directive 2014/65/EU, as amended, on markets in financial instruments ("**MiFID II**"). References in this Base Prospectus to Notes being "**listed**" (and all related references) shall, unless the context otherwise requires, mean that such Notes have been admitted to the Official List and admitted to trading on the Market.

The CSSF only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation; such approval should not be considered as (a) an endorsement of the Issuer; or (b) an endorsement of the quality of any Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer.

The Senior Preferred Notes and any Coupons (each as defined herein) relating thereto will constitute ordinary non-preferential debt for the purposes of the Ranking Legislation (as defined below). The Senior Non-Preferred Notes (as defined herein) and any Coupons relating thereto will constitute secondary non-preferential debt for the purposes of the Ranking Legislation. The Tier 2 Capital Notes (as defined herein) and any Coupons relating thereto will constitute subordinated non-preferential debt for the purposes of the Ranking Legislation.

This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date (i.e. until 31 May 2023) in relation to Notes which are to be admitted to trading on a regulated market in the European Economic Area (the "**EEA**") and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 1(4) and/or 3(2) of the Prospectus Regulation. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the "**Benchmark Regulation**"). If any such reference rate does constitute such a benchmark, the applicable Final Terms (as defined below) will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of the Benchmark Regulation. Not every reference rate will fall within the scope of the Benchmark Regulation. Transitional provisions in the Benchmark Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the relevant Final Terms (or, if located outside the European Union (the "**EU**"), recognition, endorsement or equivalence). The registration status of any administrator under the Benchmark Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the relevant Final Terms to reflect any change in the registration status of the administrator.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or any U.S. state securities laws, and may not be offered, sold or delivered within the United States (as defined in Regulation S ("**Regulation S**") under the Securities Act), except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act and any applicable securities laws of any state or other jurisdiction of the United States.

Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under "*Risk Factors*" herein.

Arranger

BNP PARIBAS

Dealers

BNP PARIBAS **ING** **OTP BANK**

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IMPORTANT NOTICES

Final Terms/Drawdown Prospectus

Each Tranche (as defined under "*General Description of the Programme*" below) of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the "**Conditions**") as completed by a document specific to such Tranche called final terms (the "**Final Terms**") which will be delivered to the CSSF and, where listed, the Market or in a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**") as described under "*Final Terms and Drawdown Prospectuses*" below.

Responsibility for this Base Prospectus

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer, the information contained in this Base Prospectus (or the relevant Final Terms, as the case may be) is in accordance with the facts and this Base Prospectus (or the relevant Final Terms, as the case may be) makes no omission likely to affect the import of such information.

The Notes

Notes may only be issued under the Programme which have a denomination of at least €100,000 (or its equivalent in any other currency at the relevant issue date).

Each Tranche of Notes in registered form ("**Registered Notes**") will be represented by either: (a) individual note certificates in registered form ("**Individual Certificates**"); or (b) one or more global note certificates ("**Global Certificates**").

Each Note represented by a Global Certificate will either be: (a) in the case of a Global Certificate which is not to be held under the new safekeeping structure ("**NSS**"), registered in the name of a common depositary (or its nominee) for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or any other relevant clearing system and the relevant Global Certificate will be deposited on or about the issue date with the common depositary and/or the sub-custodian; or (b) in the case of a Global Certificate to be held under the NSS, registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and the relevant Global Certificate will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

Each Tranche of Notes in bearer form ("**Bearer Notes**") will initially be in the form of either a temporary global note in bearer form (the "**Temporary Global Note**"), without interest coupons, or a permanent global note in bearer form (the "**Permanent Global Note**"), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") which is not intended to be issued in new global note ("**NGN**") form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of Notes with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

Other relevant information

This Base Prospectus must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes, must be read and construed together with the relevant Final Terms. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

Certain information in this Base Prospectus has been extracted or derived from independent sources. Where this is the case, the source has been identified. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant source, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information has been used in this Base Prospectus, the source of such information has been identified.

Save for the Issuer, no other party has separately verified the information contained in this Base Prospectus. None of the Arranger or the Dealers or the Calculation Agent or any of the Agents accepts any responsibility for the contents of this Base Prospectus (or any Final Terms) or for any other statement, made or purported to be made by the Arranger or the Dealers or the Calculation Agent or Agents or on its or their behalf in connection with the Issuer or the issue and offering of any Notes. Each of the Arranger, the Dealers, the Calculation Agent and the Agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus, any Final Terms or any such statement. The statements made in this paragraph are without prejudice to the responsibilities of the Issuer under or in connection with this Base Prospectus, any Final Terms and the Notes.

In the ordinary course of business, the Arranger and the Dealers may have engaged and may in the future engage in banking or investment banking transactions with the Issuer and its affiliates or any of them.

References in this Base Prospectus to a "**Holder**" or "**Noteholder**" are to the holder of a Bearer Note or the person in whose name a Registered Note is registered, as the case may be.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus (and the relevant Final Terms, where applicable) or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Arranger, the Dealers or any Agent.

Neither this Base Prospectus nor any other information supplied in connection with the offering of any Notes is intended to constitute, and should not be considered as, a recommendation by any of the Issuer and the Issuer's subsidiaries (the "**Subsidiaries**") taken as a whole (collectively, the "**OTP Group**"), the Arranger, the Dealers, the Calculation Agent or the Agents that any recipient of this Base Prospectus, any Final Terms or any other information supplied in connection with the Programme or the offering of Notes should purchase any Notes. None of the Arranger or the Dealers or any of their respective affiliates or any Agent has authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus.

Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true at any time subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer or the OTP Group since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or

supplemented or that any other information supplied in connection with the Programme or the offering of any Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Arranger, the Dealers, the Calculation Agent and Agents expressly do not undertake to review the financial condition or affairs of the Issuer or the OTP Group during the life of the Programme nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arranger, the Dealers, the Calculation Agent or the Agents. Investors should review, *inter alia*, the most recent published financial statements of the Issuer and the OTP Group when evaluating the Notes.

Suitability of investment

The Notes are complex financial instruments and may not be a suitable investment for all investors. Such instruments may be purchased by investors as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplemental prospectus or any applicable Drawdown Prospectus;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where the currency for principal or interest payments is different from the currency in which the potential investor's financial activities are principally denominated;

(iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets;

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and

(vi) understand the accounting, legal, regulatory and tax implications of a purchase, holding and disposal of an interest in the relevant Notes.

An investment in the Notes may give rise to higher yields than a bank deposit placed with the Issuer or another deposit-taking bank within the OTP Group. However, an investment in the Notes carries risks which are very different from the risk profile of such a bank deposit. The Notes may provide greater liquidity than a bank deposit since bank deposits are generally not transferable. Conversely, unlike certain bank deposits (i) holders of the Notes have no ability to require repayment of their investment other than in very limited circumstances and (ii) Holders of the Notes will not have the benefit of any insurance or deposit guarantee of any government agency.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) Notes are legal investments for it; (ii) Notes can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions

should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Notes to retail investors. There are risks inherent in the holding of the Notes, including the risks in relation to their ranking and the circumstances in which Noteholders may suffer loss as a result of holding the Notes. See also the risks described in the section headed "*Risk Factors*".

Restrictions on distribution

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction and/or to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. The Issuer, the Arranger and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer, the Arranger and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*".

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and Notes in bearer form are subject to U.S. tax law requirements. The Notes may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable securities laws of any state or other jurisdiction of the United States.

NEITHER THE PROGRAMME NOR THE NOTES HAVE BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF ANY OFFERING OF NOTES OR THE ACCURACY OR ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

IMPORTANT – EEA RETAIL INVESTORS – If the Final Terms in respect of any Notes include a legend entitled "*Prohibition of Sales to EEA Retail Investors*", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a "**retail investor**" means a person who is one (or more) of:

(a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(b) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS – If the Final Terms in respect of any Notes include a legend entitled "*Prohibition of Sales to UK Retail Investors*", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a "**retail investor**" means a person who is one (or more) of:

(a) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

(b) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA ("**UK MiFIR**").

Consequently, no key information document required by the PRIIPs Regulation as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II PRODUCT GOVERNANCE/TARGET MARKET – The Final Terms in respect of any Notes will include a legend entitled "*MiFID II Product Governance/Target Market*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance Rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR PRODUCT GOVERNANCE/TARGET MARKET – The Final Terms in respect of any Notes will include a legend entitled "*UK MiFIR Product Governance/Target Market*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

Notice to investors in Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Base Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

If applicable, pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Arranger and the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Investors to make own investigations

Neither this Base Prospectus nor any Final Terms nor any of the documents incorporated by reference constitutes an offer or an invitation to subscribe for or purchase any Notes and are not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

Programme limit

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed €5,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Programme Agreement as defined under "*Subscription and Sale*")). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Programme Agreement.

Currency definitions

Unless otherwise indicated, all references in this Base Prospectus to "**Euro**", "**euro**", "**EUR**" or "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended; all references to "**dollars**", "**$**", "**U.S.$**" or "**USD**" are to the lawful currency of the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia (the "**United States**" or "**U.S.**"); all references to "**forint**" and "**HUF**" are to the lawful currency of Hungary; all references to "**UAH**" are to the lawful currency of Ukraine and all references to "**RUB**" are to the lawful currency of the Russia.

The Issuer prepares its financial statements in forint and, unless otherwise indicated, the financial information contained in this Base Prospectus has been expressed in forint.

Exchange Rates

The following table sets forth, for the periods set forth below, the high, low, average and period end Bloomberg Composite Rate expressed as HUF per EUR 1.00. The Bloomberg Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this Base Prospectus. Neither the Issuer nor the Arranger nor the Dealers represents that the HUF amounts referred to below could be or could have been converted into euro or USD at any particular rate indicated or any other rate. The average rate for a financial year means the average of the closing Bloomberg Composite Rate on each business day during a year. The average rate for a month, or for any shorter period, means the average of the closing Bloomberg Composite Rate of each business day during that month, or shorter period, as the case may be.

Unless otherwise specified, where financial information in relation to the Issuer has been translated into EUR, it has been so translated, for convenience only, at the rate of HUF 369.33 per EUR 1.00. Such translation should not be construed as a representation that the amounts in question have been, could have been or could be converted into euro at that or any other rate.

The Bloomberg Composite Rate of the euro on 26 May 2022 was HUF 392.64 per EUR 1.00.

	HUF per EUR 1.00			
	High	**Low**	**Average**	**Period end**
Year ended 31 December				
2021	370.39	345.81	358.54	369.33
2020	368.70	328.95	351.24	362.79
2019	336.62	313.08	325.31	331.23
2018	329.90	307.77	318.77	320.88
Month ended				
30 April 2022	379.28	367.86	375.06	378.37
31 March 2022	394.25	367.02	376.18	367.68
28 February 2022	371.97	352.93	357.39	371.97
31 January 2022	366.89	354.91	358.96	355.55

Ratings

As at the date of this Base Prospectus, the issuer credit rating assigned to the Issuer by S&P Global Ratings Europe Limited ("**S&P**") was BBB, the long-term counterparty risk rating assigned to the Issuer by Moody's Investors Service Cyprus Ltd ("**Moody's**") was Baa1 and the issuer rating assigned to the Issuer by Scope Ratings GmbH ("**Scope**") was BBB+. S&P, Moody's and Scope are established in the EEA and are certified under Regulation (EC) No. 1060/2009, as amended (the "**CRA Regulation**"). As such, S&P, Moody's and

Scope are included in the list of credit rating agencies published by ESMA on its website in accordance with the CRA Regulation.

Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) applicable to the Issuer or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be: (a) issued by a credit rating agency established in the EEA and registered under the CRA Regulation; (b) issued by a credit rating agency which is not established in the EEA but will be endorsed by a credit rating agency which is established in the EEA and registered under the CRA Regulation; or (c) issued by a credit rating agency which is not established in the EEA but which is certified under the CRA Regulation, will be disclosed in the Final Terms.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Stabilisation

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the relevant Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

Singapore SFA Product Classification

In connection with Section 309B(1)(c) of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (as modified and amended from time to time, the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes issued under the Programme are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

SUPPLEMENT TO THE BASE PROSPECTUS

If at any time the Issuer shall be required to prepare a supplement to this Base Prospectus pursuant to Article 23 of the Prospectus Regulation, the Issuer will prepare and make available an appropriate amendment or supplement to this Base Prospectus or a further base prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Market, shall constitute a supplemental base prospectus as required by Article 23 of the Prospectus Regulation.

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FORWARD-LOOKING STATEMENTS

This Base Prospectus and the information incorporated by reference into this Base Prospectus include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Base Prospectus and the information incorporated by reference into this Base Prospectus and include statements regarding the intentions, beliefs or current expectations of the Issuer or the OTP Group concerning, among other things, the operating results, financial condition, prospects, growth, strategies and dividend policy of the Issuer and the sectors and markets in which it operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Issuer's ability to control or predict. Forward-looking statements are not guarantees of future performance.

The Issuer's actual operating results, financial condition and the development of the sectors and markets in which it operates may differ materially from the impression created by the forward-looking statements contained in this Base Prospectus and/or the information incorporated by reference into this Base Prospectus. In addition, even if the operating results and financial condition of the Issuer, and the development of the sectors and markets in which it operates, are consistent with the forward-looking statements contained in this Base Prospectus and/or the information incorporated by reference into this Base Prospectus, those results or developments may not be indicative of results or the development of such sectors and markets in subsequent periods. Important factors that could cause these differences include, but are not limited to, general political, economic and business conditions, sector and market trends, changes in government, changes in law or regulation, stakeholder perception of the Issuer and/or the sectors or markets in which it operates and those risks described in the section headed "*Risk Factors*".

Investors are advised to read this Base Prospectus and the information incorporated by reference into this Base Prospectus in their entirety, and, in particular, the section headed "*Risk Factors*", for a further discussion of the factors that could affect the Issuer's future performance and the sectors and markets in which it operates. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this Base Prospectus and/or the information incorporated by reference into this Base Prospectus may not occur.

Subject to applicable law or regulation, the Issuer explicitly disclaims any intention or obligation or undertaking publicly to release the result of any revisions to any forward-looking statements in this Base Prospectus that may occur due to any change in the Issuer's expectations or to reflect events or circumstances after the date of this Base Prospectus.

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GENERAL DESCRIPTION OF THE PROGRAMME

The following overview is a general description of the Programme, must be read as an introduction to this Base Prospectus, and is qualified in its entirety by the remainder of this Base Prospectus and the information incorporated by reference herein (and, in relation to any Tranche of Notes, the relevant Final Terms). Words and expressions defined in "Forms of the Notes" or "Terms and Conditions of the Notes" shall have the same meanings in this General Description of the Programme.

This overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No 2019/980.

Issuer:	OTP Bank Nyrt.
Issuer Legal Entity Identifier (LEI):	529900W3MOO00A18X956
Website of the Issuer:	*https://www.otpbank.hu*
Arranger:	BNP Paribas
Dealers:	BNP Paribas, ING Bank N.V, OTP Bank Nyrt. and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes (each a "**Dealer**", and together the "**Dealers**").
Fiscal Agent, Transfer Agent and Calculation Agent:	Citibank, N.A, London Branch
Registrar:	Citibank Europe plc
Listing Agent:	Banque Internationale á Luxembourg SA
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series (as defined below) of Notes issued under the Programme. See "*Risk Factors*".
Admission to Listing and Trading:	Applications have been made for Notes to be admitted during the period of 12 months from the date of approval of this Base Prospectus to listing on the Official List and to trading on the Market. The Market is a regulated market for the purposes of MiFID II.
Clearing Systems:	Euroclear and/or Clearstream, Luxembourg and/or, in relation to any Tranche of such Notes, any other clearing system as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer(s) and specified in the relevant Final Terms.
Programme Amount:	Up to €5,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

Issuance in Series:	Notes will be issued in series (each a "**Series**"). Each Series may comprise one or more tranches (each a "**Tranche**") issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.
Final Terms or Drawdown Prospectus:	Each Tranche of Notes will be issued on the terms set out in the Conditions as completed by the relevant Final Terms or Drawdown Prospectus.
Forms of Notes:	Notes may be issued in bearer form or in registered form. ***Bearer Notes*** Bearer Notes will be sold outside the United States to persons that are not U.S. persons in "offshore transactions" within the meaning of Regulation S. In respect of each Tranche of Bearer Notes, the Issuer will deliver a Temporary Global Note or (if TEFRA is specified as non-applicable or if the TEFRA C Rules are specified as applicable) a Permanent Global Note. Each Temporary Global Note will be exchangeable for a Permanent Global Note. Each Permanent Global Note will be exchangeable for Notes in definitive bearer form ("**Definitive Notes**") in accordance with its terms. Definitive Notes will, if interest-bearing, have interest coupons ("**Coupons**") attached and, if appropriate, a talon ("**Talon**") for further Coupons. Each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and each Global Note which is not intended to be issued in NGN form (a "**CGN**"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg. ***Registered Notes*** Each Tranche of Registered Notes will be represented by either: (a) Individual Certificates; or (b) one or more Global Certificates. Each Note represented by a Global Certificate will either be: (a) in the case of a Global Certificate which is not to be held under the NSS, registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Certificate will be deposited on or about the issue date with the common depositary and/or the sub-custodian; or (b) in the case of a Global Certificate to be held under the NSS, registered in

	the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and the relevant Global Certificate will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.
Currencies:	Notes may be denominated in euro, U.S. dollars, pounds sterling or in any other currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Status of the Senior Preferred Notes:	The Senior Preferred Notes (and the Coupons relating thereto, if any) will constitute direct, unsecured, unguaranteed and unsubordinated obligations of the Issuer and will constitute ordinary non-preferential debt (Hungarian terminology: *rendes fedezetlen követelések*) pursuant to Section 57(1b)(a) of the Credit Institutions Act for the purposes of the Ranking Legislation. The Senior Preferred Notes and any Coupons relating thereto will rank junior to the claims against the Issuer specified in Section 57(1)(a)-(e) of the Ranking Legislation and *pari passu* without any preference among themselves and, save for such exceptions as may be provided by applicable legislation, at least *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future (other than Senior Non-Preferred Notes and other obligations which rank or are expressed to rank junior to the Senior Preferred Notes including debt of the Issuer specified in Section 57(1b)(b) and Section 57(1b)(c) of the Credit Institutions Act for the purposes of the Ranking Legislation, and claims against the Issuer specified in Section 57(1)(g)-(h) of the Ranking Legislation (including claims for default interest and certain claims of affiliated persons and entities against the Issuer as specified in the Ranking Legislation) and other than such deposits, loans or other obligations which are given priority pursuant to applicable statutory provisions).
Status of the Senior Non-Preferred Notes:	The Senior Non-Preferred Notes (and the Coupons relating thereto, if any) will constitute direct, unsecured, unguaranteed and unsubordinated obligations of the Issuer and will constitute secondary non-preferential debt (Hungarian terminology: *előresorolt, de nem elsőbbségi fedezetlen követelések*) pursuant to Section 57(1b)(b) of the Credit Institutions Act for the purposes of the Ranking Legislation. Subject to the Ranking Legislation, the Senior Non-Preferred Notes and any Coupons relating thereto rank junior to the claims against the Issuer specified in Section 57(1)(a)-(e) of the Ranking Legislation, junior to the Senior Preferred Notes and any Coupons relating thereto and ordinary non-preferred debt of the Issuer specified in Section 57(1b)(a) of the Credit Institutions Act for the purposes of the Ranking Legislation. The Senior Non-Preferred Notes will

rank *pari passu* without any preference among themselves and with all other Senior Non-Preferred Claims and in priority to (A) all claims in respect of other non-preferential debts of the Issuer specified in Section 57(1b)(c) of the Credit Institutions Act for the purposes of the Ranking Legislation; (B) all claims against the Issuer specified in Section 57(1)(g)-(h) of the Ranking Legislation (including claims for default interest and certain claims of affiliated persons and entities against the Issuer as specified in the Ranking Legislation); and (C) all claims in respect of Tier 2 items and instruments of the Issuer within the meaning of Section 57(2) of the Credit Institutions Act for the purposes of the Ranking Legislation (including, without limitation, any Tier 2 Capital Notes).

Status of the Tier 2 Capital Notes:

The Tier 2 Capital Notes (and the Coupons relating thereto, if any) will constitute direct, unsecured, unguaranteed and subordinated obligations of the Issuer and will constitute subordinated non-preferential debt arising from Tier 2 instruments (Hungarian terminology: *járulékos tőkeelem*) within the meaning of Section 57(2) of the Credit Institutions Act for the purposes of the Ranking Legislation. Subject to the Ranking Legislation, the Tier 2 Capital Notes and any Coupons relating thereto will rank junior to the claims against the Issuer specified in section 57(1)(a)-(h) of the Ranking Legislation, including the Senior Preferred Notes and the Senior Non-Preferred Notes and, in each case any Coupons relating thereto. The Tier 2 Capital Notes will rank *pari passu* without any preference among themselves.

Claims in relation to the Tier 2 Capital Notes shall be subordinated as provided in Condition 3(c) (*Tier 2 Capital Notes*) to all Senior Claims but shall rank:

(i) subject as provided in paragraph (ii) below, *pari passu* with the claims of holders of all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital and all obligations of the Issuer which rank, or are expressed to rank, *pari passu* therewith; and

(ii) in priority to (A) the claims of holders of the Issuer's EUR 500,000,000 fixed to floating rate perpetual subordinated notes (ISIN: XS0274147296), (B) obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital, (C) all obligations which rank, or are expressed to rank, *pari passu* with such obligations described in (A) and (B), (D) the claims of holders of all classes of share

capital of the Issuer and (E) any obligations that otherwise rank junior to the Tier 2 Capital Notes.

Issue Price: Notes may be issued at any price. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

Specified Denominations: The Notes may be issued in such denominations as may be specified in the relevant Final Terms, save that no Notes may be issued under the Programme which have a denomination of less than €100,000 (or its equivalent in any other currency at the relevant Issue Date).

Maturities: Any maturity, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Interest: Notes may be interest bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate, a resetting rate or a floating rate (or a fixed/floating rate or floating/fixed rate).

Fixed Rate Notes: Fixed Rate Notes will bear interest at the fixed rate(s) of interest specified in the relevant Final Terms. Such interest will be payable in arrear on the Interest Payment Date(s) specified in the relevant Final Terms or determined pursuant to the Conditions.

Reset Notes: Reset Notes will, in respect of an initial period, bear interest at the Initial Rate of Interest specified in the relevant Final Terms. Thereafter, the fixed rate of interest will be reset on one or more date(s) specified in the relevant Final Terms by reference to a mid-swap rate for the relevant Specified Currency or a benchmark security rate, and for a period equal to the relevant reset period, as adjusted for any applicable margin, in each case as may be specified in the relevant Final Terms. Such interest will be payable in arrear on the Interest Payment Date(s) specified in the relevant Final Terms or determined pursuant to the Conditions.

Zero Coupon Notes: Zero Coupon Notes may be issued at their principal amount or at a discount to their principal amount and will not bear interest.

Floating Rate Notes: Floating Rate Notes will bear interest determined separately for each Series as follows:

(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc.; or

(ii) by reference to a reference rate appearing on the agreed screen page of a commercial quotation service, subject to Condition 9 (*Benchmark Discontinuation*),

	in any such case as adjusted for any applicable margin specified in the relevant Final Terms. Floating Rate Notes may also have a maximum interest rate, a minimum interest rate, or both.
Benchmark Discontinuation (in respect of Floating Rate Notes and Reset Notes):	If a Benchmark Event occurs, such that any rate of interest (or any component part thereof) cannot be determined by reference to the original benchmark or screen rate (as applicable) specified in the relevant Final Terms, then the Issuer may (subject to certain conditions) be permitted to substitute such benchmark and/or screen rate (as applicable) with a successor, replacement or alternative benchmark and/or screen rate (with consequent amendment to the terms of the relevant Series of Notes and the application of an adjustment spread (which could be positive or negative or zero)). See Condition 9 (*Benchmark Discontinuation*).
Redemption:	Unless previously redeemed or purchased and cancelled or substituted, Notes will be redeemed at their Final Redemption Amount, together with accrued and unpaid interest (as specified in the relevant Final Terms) on the Maturity Date.
Optional Redemption:	Notes may be redeemed before the Maturity Date at the option of the Issuer (as described in Condition 10(b) (*Redemption at the option of the Issuer*)), to the extent (if at all) specified in the relevant Final Terms, subject to obtaining Supervisory Permission for redemption and complying with certain pre-conditions (see Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*) in the case of Tier 2 Capital Notes and Condition 10(m) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes or Senior Preferred Notes*) in the case of Senior Non-Preferred Notes and Senior Preferred Notes). To the extent (if at all) specified in the relevant Final Terms, Senior Preferred Notes and Senior Non-Preferred Notes may be redeemed before the Maturity Date at the option of the Noteholders (as described in Condition 10(f) (*Redemption at the option of Noteholders*)).
Early Redemption:	Except as described in "*Optional Redemption*" above, early redemption will only be permitted: (a) for tax reasons, as described in Condition 10(c) (*Redemption for Tax Event*); (b) in the case of Tier 2 Capital Notes, for regulatory reasons, as described in Condition 10(d) (*Redemption for Capital Disqualification Event*), subject to the Issuer obtaining prior Supervisory Permission and complying with certain pre-conditions (see Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*)); and (c), in the case of Senior Non-Preferred Notes and Senior Preferred Notes (unless otherwise specified in the relevant Final

	Terms) if the Notes are fully or partially excluded from the Issuer's minimum requirements for (i) own funds and eligible liabilities and/or (ii) loss absorbing capacity instruments, as described in Condition 10(e) (*Redemption for Loss Absorption Disqualification Event*), subject to the Issuer obtaining prior Supervisory Permission and complying with certain pre-conditions (see Condition 10(m) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes or Senior Preferred Notes*)).
Substitution and Variation of Tier 2 Capital Notes:	Unless otherwise specified in the relevant Final Terms, the Issuer may, upon occurrence of a Tax Event or a Capital Disqualification Event, either substitute all of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Qualifying Tier 2 Securities, subject to the Issuer obtaining prior Supervisory Permission and complying with certain pre-conditions (see Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes)*). See Condition 10(n) (*Substitution and Variation of Tier 2 Capital Notes*).
Substitution and Variation of Senior Non-Preferred Notes and Senior Preferred Notes:	Unless otherwise specified in the relevant Final Terms, the Issuer may, upon occurrence of a Loss Absorption Disqualification Event or a Tax Event, either substitute all of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Loss Absorption Compliant Notes, subject to the Issuer obtaining prior Supervisory Permission and complying with certain pre-conditions (see Condition 10(m) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes or Senior Preferred Notes)*). See Condition 10(o) (*Substitution and Variation of Senior Non-Preferred Notes or Senior Preferred Notes*).
Negative Pledge:	None.
Cross Default:	None.
Withholding Tax and Additional Amounts:	All payments of principal, interest and any other amounts in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall (a) in the case of each Series of Senior Preferred Notes, unless the relevant Final Terms expressly specifies "Senior Preferred Notes: Gross-up of principal" as "Not Applicable", in respect of payments of interest (if any) or principal or (b) in the case of all Tier 2 Capital Notes and all Senior Non-Preferred, in respect of payments of interest (if any) only and not principal, pay such additional amounts

("**Additional Amounts**") as will result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain exceptions as described in Condition 13 (*Taxation*).

Notwithstanding any other provisions of the Conditions or the Fiscal Agency Agreement, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 to 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any Additional Amounts in respect of FATCA Withholding.

Modification: The Fiscal Agency Agreement will contain provisions for convening meetings of Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of a modification of any of the Conditions, subject, where applicable, to Condition 18(c) (*Supervisory Permission*). Such a meeting may be convened by the Issuer or by Holders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding.

Governing Law: The Fiscal Agency Agreement, the Notes and the Coupons, and all non-contractual obligations arising out of or in connection with them, will be governed by, and shall be construed in accordance with, English law, save that the provisions of Condition 3 *(Status)* relating to the status, ranking and (if applicable) subordination of the Notes and waiver of set-off will be governed by, and shall be construed in accordance with, the laws of Hungary.

Ratings: As at the date of this Base Prospectus, the issuer credit rating assigned to the Issuer by S&P was BBB, the long-term counterparty risk rating assigned to the Issuer by Moody's was Baa1 and and the issuer rating assigned to the Issuer by Scope was BBB+. S&P, Moody's and Scope are established in the EEA and are certified under the CRA Regulation. As such, S&P, Moody's and Scope are included in the list of credit rating agencies published by ESMA on its website in accordance with the CRA Regulation.

	Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) applicable to the Issuer or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be: (a) issued by a credit rating agency established in the EEA and registered under the CRA Regulation; (b) issued by a credit rating agency which is not established in the EEA but will be endorsed by a credit rating agency which is established in the EEA and registered under the CRA Regulation; or (c) issued by a credit rating agency which is not established in the EEA but which is certified under the CRA Regulation, will be disclosed in the Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.
Selling Restrictions:	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States, the EEA (including Hungary and Italy), the United Kingdom, Japan and Singapore, see "*Subscription and Sale*".

RISK FACTORS

Prospective investors should consider carefully the risks set forth below and the other information contained in this Base Prospectus prior to making any investment decision with respect to the Notes. Each of the risks highlighted below could have a material adverse effect on the Issuer's or the OTP Group's business, operations, financial condition or prospects and the industry in which they operate which, in turn, could have a material adverse effect on the amount of principal and interest which investors will receive in respect of the Notes. In addition, each of the risks highlighted below could adversely affect the trading price of the Notes or the rights of investors under the Notes and, as a result, investors could lose some or all of their investment.

Prospective investors should note that the risks described below are not the only risks the Issuer and the OTP Group face, many of which relate to events and depend on circumstances that may or may not occur in the future. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. In addition, many of these factors are correlated and may require changes to the Issuer's and/or the OTP Group's capital requirements, and events described therein could therefore have a compounding adverse effect on the Issuer.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Words and expressions defined in "Forms of the Notes" or "Terms and Conditions of the Notes" shall have the same meanings in this Risk Factors section.

RISKS RELATED TO THE ISSUER

The performance of the OTP Group is affected by adverse global political, economic and business conditions in the markets in which it operates

The profitability of the OTP Group may be adversely affected by a worsening of general political and economic conditions in the markets in which the OTP Group operates, globally or in certain markets such as the EEA generally, and which are outside of the control of the OTP Group.

The recent developments between Russia and Ukraine

OTP Group's operations in Russia and Ukraine have been negatively impacted by the consequences of the military conflict caused by Russia's invasion of Ukraine and international sanctions imposed on Russia's economic and financial system.

Russia began an invasion of Ukraine on 24 February 2022, aimed at key Ukrainian military and civilian assets across the country. The Russian military operation has led to high-intensity fighting resulting in mass casualties and large-scale damage to infrastructure and assets in Ukraine. 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.

As at the date of this Base Prospectus, it is difficult to predict the full extent and overall impact of the military conflict between Russia and Ukraine on the Issuer's operation. Depending on how the military conflict between Russia and Ukraine develops, the impact of this conflict could result in a wide range of possible scenarios for the OTP Group, and in particular, for the operation and performance of its Ukrainian and Russian subsidiaries.

Under the worst possible scenario, the Issuer may lose control of its investments, which under extreme conditions could result in the full write-off of the invested amount.

Ukraine:

(a) The developing conflict in Ukraine could lead to operational difficulties in servicing customers, potential damage to branches and other fixed assets, increased credit risks due to an increased probability of defaults and higher losses due to defaults within the loan portfolio and also impact on the sovereign debt held by the Ukrainian subsidiary of the OTP Group. A potentially severe economic downturn could negatively impact OTP Group's growth and profit making capabilities in Ukraine. The outlook for the potential negative impact is uncertain and can quickly change in light of the turbulent situation.

(b) The deepening conflict might trigger liquidity outflows due to deposit withdrawals. However, no such impact has been experienced as at the date of this Base Prospectus. As at the date of this Base Prospectus, OTP BANK JSC ("**OTP Bank Ukraine**" or "**OBU**") has a sufficient amount of UAH liquidity reserves and any potential shocks can be handled locally with the help of National Bank of Ukraine. OBU also has a significant amount of foreign currency denominated liquidity reserves too, which are maintained with the Issuer and other banks on the interbank market. Liquidity withdrawal risk has been contained so far due to the strict restrictions on cash withdrawals, money transfers and spot conversions.

(c) To manage the UAH/USD spot FX rate, National Bank of Ukraine or the Ukrainian government might widen the spot conversion restrictions or reintroduce limitations on banks' open currency position management, forcing banks to keep a long UAH position in their books, which could result in FX revaluation losses for OBU.

Russia:

(a) The existing conflict between Russia and Ukraine has led to a temporary material devaluation of Russia's local currency (RUB), and significantly increased volatility might cause further material valuation changes of RUB. The local capital markets temporarily collapsed and foreign investments were withdrawn from the country. Extensive sanctions have been imposed by EU member states, the UK and the US government which could lead to a severe downturn in the Russian economy. The credit rating of Russia was also reviewed by major rating agencies, which resulted in Russia's rating being downgraded, signalling a high probability of default on its sovereign debt. This scenario could negatively impact OTP Group's financial position due to the increased credit risks and lower profit making capability of OTP Bank's Russian subsidiary (JSC "OTP Bank" (Russia) or "**OBRu**"). In reaction to US, UK and EU measures, countersanctions could be implemented by Russian authorities. The overall outlook for the potential negative impact is uncertain and can quickly change in light of the turbulent situation.

(b) Similar to Ukraine, Russian banks could also face significant deposit withdrawals, mostly in foreign currency. As at the date of this Base Prospectus, OBRu has a significant amount of liquidity reserves kept outside the OTP Group (government bonds, central bank and money market placements).

(c) Due to the scarce foreign currency liquidity in the Russian market, restrictions on FX conversions are very likely in the RUB FX market, which would also affect the international RUB FX market, while foreign currency and RUB settlements/payments are already difficult to execute on a cross-border basis.

In a worst-case scenario, significant deterioration of the relationship between the EU and Russia may lead to a situation where OTP Group is no longer able to operate its subsidiaries in Russia or in Ukraine.

Russia and Ukraine accounted for 5.2 per cent. and 8.0 per cent. of OTP Group's risk-weighted assets, respectively, as at 31 March 2022. A loss of both businesses would decrease OTP Bank's CET 1 capital ratio by

60 basis points based on data as of 31 March 2022. As of 31 March 2022, OTP Bank's consolidated CET1 capital ratio stood at 16.2 per cent.

For further information on the Ukraine-Russia conflict, see also the Risk Factor headed *"The provisions made by the OTP Group may not be adequate to cover actual losses sustained"*.

The COVID-19 pandemic

Since the outbreak of the pandemic, the Issuer has regularly updated its forecasts in light of the pandemic and the impact of the pandemic on the credit risk of its loan and receivables portfolio. However, the continuance of new waves of the pandemic emerging may require further revision by the Issuer to such macroeconomic scenarios and its estimations of credit impairments.

For further information on the COVID-19 pandemic see also the Risk Factors headed "*The provisions made by the OTP Group may not be adequate to cover actual losses sustained";* "The OTP Group is exposed to risks relating to the value and realisation of its security interests"; "*The OTP Group faces risks associated with the implementation of its business strategy"; and* "*The OTP Group is subject to changes to government policy and regulation"*; as well as the sections entitled "*Recent developments – Impact of COVID-19"* section of the "*Description of the OTP Group's Business*"; and the "*Business Environment - Macroeconomic environment in OTP Group countries*" section.

The volatile economic environment in the post-COVID era

Over the last 2 years, the COVID-19 pandemic severely impacted the evolution of the global economy. The supply-chain and logistic relationships were disrupted by periodic lockdowns and social distancing requirements and the supply of several key raw materials dropped significantly, leading to a more volatile economic environment compared to previous years. Raw material and energy prices rose steeply, leading to higher inflation and interest rates in some of the Issuer's operating countries. The Russian invasion of Ukraine and the subsequent implementation of sanctions on Russia have accelerated supply shortages and resulted in higher energy prices and more broad-based inflation. Several major central banks have already raised or are considering raising interest rates earlier than previously expected. The Hungarian central bank recently hiked rates. The risk of local currency devaluations versus EUR or USD has increased and could lead to a more volatile operating environment for OTP Group.

This volatile environment could cause financial difficulties for the Issuer's customers. The deteriorating credit quality of the Issuer's customers may in particular result in increasing defaults and arrears in monthly payments on loans, higher credit impairments on the loan portfolios of the Issuer, declining mortgage asset values and flat or decreasing loan portfolio levels, all of which could adversely affect the Issuer's ability to service its payment obligations, including those in respect of the Notes. Furthermore, lower demand for, and origination of, new loans could expose the Issuer to the risk of losing customers to competitors with less stringent lending requirements.

The OTP Group's activities and the profitability of its operations are strongly affected by the macroeconomic environment and the domestic and international perception of the economies in which it operates. The macroeconomic situation will both determine the magnitude of lending by OTP and also the demand for any Notes. These may in turn have a negative impact on the OTP Group's profitability and ability to meet its obligations under any Notes issued under the Programme.

The OTP Group is exposed to credit risk of its customers and counterparties

Credit risk is present and inherent in both the on-balance sheet transactions and off-balance sheet commitments of the OTP Group.

The credit risk faced by the Issuer and other members of the OTP Group arises primarily from the risks of non-payment and default on the part of the Issuer and other OTP Group members' borrowers and other counterparties. Any deterioration or adverse change in the creditworthiness of the Issuer and the OTP Group members' borrowers and other counterparties, or a fall in collateral values, are likely to affect the recoverability and value of the Issuer and other OTP Group members' assets, and could require an increase in provisions appropriated either in respect of individual OTP Group members or at OTP Group level, which in turn could have a negative impact on the financial performance of the Issuer and the OTP Group.

In addition, third parties that owe the Issuer or any member of the OTP Group money, securities or other assets may not perform their obligations due to bankruptcy, shortage in liquidity, downturns in the economy and real estate values, operational failure or any other reasons.

Credit risk tends to be aggravated during periods of economic downturn or stagnation, which are typically characterised by higher rates of insolvencies and defaults. In addition, the credit risk faced by the Issuer and other members of the OTP Group is increased by the fact that part of the OTP Group's business is conducted in markets with generally higher risk, including country risk, such as operations in Russia and Ukraine and, to a lesser extent, Albania, Montenegro and Moldova. There is a risk of losses arising from economic difficulties or political unrest and international sanctions in such countries.

Any negative developments in the operating performance, loan-loss levels, write-downs and impairments of the Issuer and the OTP Group could adversely affect their results and may result in capital requirements that could constrain their operations, thereby reducing the Issuer's ability to service payments under the Notes and potentially adversely affecting the trading price of the Notes. The deteriorating credit quality of the Issuer's customers, in particular, may result in increasing defaults and arrears in payments on loans which could adversely affect the Issuer's ability to service payment obligations under the Notes.

The provisions made by the OTP Group may not be adequate to cover actual losses sustained

The OTP Group, on a consolidated basis, sets aside provisions for loan losses in accordance with IFRS. Such provisions are made, however, based on reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions. Therefore, there can be no assurance that provisions made by the OTP Group are or will be sufficient to cover potential future losses.

Furthermore, actual credit impairments vary over the business cycle and, due to prevailing market conditions, additional credit impairments may occur at a rate higher than that experienced in the past. Moreover, the uncertainties and unusual market conditions that have arisen in the aftermath of the 2007/2009 global financial crisis may result in models currently used by the OTP Group for credit assessment purposes being inadequate and may have a negative impact on the OTP Group's ability to reliably assess default and credit migration risks. Future provisions for non-performing loans and an increase in the amount of allowances for credit impairments and credit impairments not covered by allowances could have a materially adverse effect on the Issuer and the OTP Group's operating results.

Furthermore, the provisions made by the OTP Group are based on currently available information and different forward looking macroeconomic scenarios and may, therefore, need to be increased as the Ukraine-Russia conflict further evolves, to cover additional losses emerging from the loan portfolio. The crisis may have further impact on the operations of the OTP Group which cannot currently be predicted or quantified and which may

affect forward-looking information with regard to IFRS 9 provisions and, as of the date of this Base Prospectus, the exact impact is not yet quantifiable due to the uncertainty.

The OTP Group is exposed to risks relating to the value and realisation of its security interests

The OTP Group's exposure arising from defaults by borrowers under loans can be counterbalanced, *inter alia*, by enforcement action taken to realise assets provided as security in respect of such loans. Therefore, the credit risk of the Issuer and the other OTP Group members may increase when the security it holds cannot be enforced or is liquidated at prices insufficient to recover the full amount due and payable under the relevant loan. The market value at which collateralised assets can be sold, and thus the results of realisation through such enforcement actions, heavily depends on the then prevailing conditions of the market for such collateralised assets (such as, but not limited to, the real estate market) and the legal environment at the relevant time. A decline in the value of security taken by the Issuer or any member of the OTP Group, or the inability to obtain additional security may require the relevant member of the OTP Group (both at the level of the OTP Group's individual members and on a consolidated basis) to reclassify the relevant loans, set aside additional provisions for loan losses and could result in increased reserve and/or capital requirements. As at 31 March 2022, 27 per cent. of the OTP Group's consolidated net loan book related to mortgage loan assets.

In addition, the Issuer and certain members of the OTP Group permit their clients in certain transactions to purchase securities on margin (i.e. to borrow a proportion of the purchase price from the Issuer or the relevant member of the OTP Group and to provide collateral for such credit with a set percentage of the securities purchased). During declines in securities prices, the value of the collateral securing margin purchases may fall significantly below the amount of these clients' indebtedness. The inability of such clients to provide additional collateral may expose the Issuer or the relevant member of the OTP Group to significant losses on these margin transactions.

The ability of the Issuer and the other members of the OTP Group to enforce the security interests they have taken may be dependent on decisions of courts and applicable execution measures in the jurisdictions in which the OTP Group operates. Such ability may be adversely affected in the future by regulatory or governmental measures such as the imposition of further transitional moratoria (including as a result of COVID-19), quota regimes imposed on evictions and enforcement sales outside of the court processes, such as the restrictions in relation to foreclosure proceedings against mortgaged properties that have been introduced by the Hungarian Government.

As a result of COVID-19, the Hungarian Government has introduced certain restrictions and reliefs with respect to enforcement actions. Pursuant to Governmental Decree 57/2020. (III. 23.), no enforcement orders shall be delivered to the debtors during the state of emergency and on-site enforcement acts and certain enforcement activities must be put on hold for the period of the special legal order. A moratorium has also been adopted in connection with evictions and suspension of seizures and auctions in enforcement proceedings. Such restrictions and any further similar measures that may be taken by the Hungarian Government or other regulatory or governmental bodies, may negatively affect the ability of the Issuer and the other members of the OTP Group to enforce the security interests they have taken.

Any failure to recover the expected value of the security taken by the Issuer, or other members of the OTP Group, may expose the Issuer and the other members of the OTP Group to losses, which may have a material adverse effect on the Issuer and the other members of the OTP Group's businesses, financial condition and results of operations and ultimately its ability to meet its obligations under the Notes.

The OTP Group may be adversely affected by the risks associated with the integration of the OTP Group's acquisitions in the CEE region

The OTP Group's recent acquisitions in the CEE region and the expansion and integration of its acquired businesses may have an impact upon the consolidated financial results of the Issuer. The ongoing integration also requires the Issuer to monitor the risk of these operations and incur continued capital expenditure, which may give rise to execution risk in respect of implementation. There is no assurance as to the future profitability of the Issuer's acquisitions and their continued strategic viability as part of the OTP Group.

The integration of these acquisitions has involved and will continue to involve integration challenges, particularly where management information and accounting systems differ materially from those used elsewhere in the OTP Group. Furthermore, the OTP Group may face unknown actual or potential liabilities arising from any of these acquisitions, which, in turn, may result in unexpected losses in relation to the acquired businesses and may impose further capital requirements on such subsidiaries. Unexpected losses or a failure to establish clear governance rules within the OTP Group and to align the strategies of the members of the OTP Group with the overall strategy of the OTP Group as a whole, as well as a failure to integrate the businesses of the OTP Group, could result in an inability to implement some or all of the OTP Group's strategic goals or to fully realise expected synergies, all of which could have a material adverse effect on the OTP Group's business, financial condition and results of operations. Integration of the recent acquisitions also assumes higher attention and time spent by the management of the Issuer and the management of affected subsidiaries, which may result in decreased attention to the regular banking business and decreasing profitability.

The OTP Group is dependent on customer deposits for liquidity

In managing its liquidity risk, the OTP Group is dependent on external sources of funding through deposits and wholesale markets. The ability of the OTP Group to access these funding sources on favourable economic terms, or at all, in circumstances where the OTP Group's financial condition and/or the economies in which the OTP Group operates substantially deteriorates, is subject to a variety of factors, including a number of factors outside of its control, such as liquidity constraints, general market conditions and the level of confidence in the OTP Group.

As at the date of this Base Prospectus, the OTP Group's principal source of funds is customer deposits, particularly retail deposits. As at 31 December 2021, on a consolidated basis, customer deposits represented 84 per cent. of total liabilities (76 per cent. of total assets) of the OTP Group.

The availability of ongoing funding from customer deposits is subject to factors such as depositors' concerns relating to the economy in general, the financial services industry and the OTP Group specifically, and any significant deterioration in economic conditions in the countries in which the OTP Group operates. Any of these factors separately or in combination could lead to a sustained reduction in the OTP Group's ability to access customer deposit funding on appropriate terms in the future.

If there is a material decrease in the OTP Group's customer deposits or a large unexpected outflow of deposits, the OTP Group may not be able to maintain its current levels of funding without disposing of a number of the OTP Group's assets or having to raise additional funding through other sources.

Furthermore, should the OTP Group seek to diversify further its source of funds, for example through the issuance of Notes under this Programme, the OTP Group may be exposed to refinancing liquidity risks such that it is not able to refinance its liabilities on time or is only able to refinance such liabilities at a higher-than-expected cost. Such refinancing risk could have a material adverse effect on the Issuer and the other members of the OTP Group's businesses, financial condition and results of operations and ultimately its ability to meet its obligations under the Notes.

The OTP Group is exposed to risks associated with movements in interest rates

The Issuer and certain members of the OTP Group earn interest from loans and other assets, and pay interest to its depositors and other creditors. The Issuer may fund its assets with fixed and/or relatively high interest rates, by liabilities obtained at floating and/or lower interest rates, and vice versa. Interest rate risk may also arise when interest rate fixing periods on assets and liabilities do not coincide. A mismatch of interest-earning assets and interest-bearing liabilities in any given period, which tends to accompany changes in interest rates, may have a material adverse effect on the financial conditions and results of operations of the Issuer and the OTP Group.

Interest rates are highly sensitive to many factors beyond the Issuer and other OTP Group members' control, including monetary policies and domestic and international economic and political conditions. Changes in market interest rates (including changes in the difference between prevailing short-term and long-term rates) and correlations between changes in interest rates in the reference markets and those in interest margins could affect the interest rates the Issuer and certain members of the OTP Group charge on their interest-earning assets in a different way to the interest rates they pay on their interest-bearing liabilities. This difference could reduce the Issuer and other OTP Group members' net interest income. In particular, as a result of the measures taken by governments in response to the COVID-19 pandemic, there may be a significant increase in the level of fiscal deficit and state indebtedness in the countries in which the OTP Group operates which may, in turn, result in the cost of borrowing rising for the Issuer and other members of the OTP Group and consequently lower profitability or losses where the interest expenses of such members of the OTP Group exceed interest income received on their interest-earning assets.

The OTP Group could be adversely affected by fluctuations in currency exchange rates

The OTP Group is exposed to foreign exchange risk because the assets and the liabilities of the Issuer and the members of the OTP Group can be denominated in a currency different from those of the liabilities funding such assets. As at 31 December 2021, 28 per cent. of gross loans of the OTP Group and 27 per cent. of deposits of the OTP Group were in foreign currencies. As a result of the 2007/2009 global financial crisis, several countries in which members of the OTP Group operate practically prohibit retail foreign currency borrowing. However, the corporate sector in several countries in which members of the OTP Group operate still maintains a certain degree of foreign exchange rate risk.

In addition, the Issuer and the OTP Group may become subject to governmental interventions and measures in the markets where they operate that aim to alleviate the effects of increased delinquency rates on foreign currency denominated loans granted to borrowers without matching foreign currency income as a result of the significant foreign exchange rate volatility in recent periods.

Foreign exchange rate fluctuations between the HUF and the local currencies of the countries where the OTP Group operates may have an adverse effect on the consolidated balance sheet positions of the OTP Group and, in the longer term, on its consolidated financial results, which are stated in its functional currency, the HUF. The financial statements of the OTP Group's subsidiaries located in the CEE region, Russia and Ukraine are stated in their respective local currencies and their financial results are converted into HUF for consolidation purposes.

Furthermore, because some of the OTP Group's consolidated risk-weighted assets, against which the OTP Group is required to hold a minimum level of capital, are denominated in local currencies, any significant depreciation of the currency in which such capital charges are denominated as against these local currencies may have a negative impact on the capital adequacy ratio of the Issuer and the OTP Group.

The OTP Group is subject to the risk that the value of its assets could be impaired by market risks

Fluctuations in debt and equity markets or changes in trading parameters influencing market prices (including, *inter alia*, interest rates, credit spreads, bond prices, other securities and commodities prices, derivatives prices, prices of other marketable assets, indirect indicators such as implied volatility of, and correlations between, the foregoing and general financial markets liquidity risks (e.g. the possibility of obtaining requisite funding or selling assets)) may affect the market value and liquidity of the Issuer and the OTP Group's assets and may lead to impairment charge or write-down of goodwill. Changes in interest rate levels, yield curves and spreads may affect the Issuer and certain OTP Group members' net revenue margin.

The investment banking activities, revenues from trading operations (whether for its own account or for the account of its customers), asset-liability management activities and hedging strategies of the OTP Group (or the availability of such hedging strategies) may also be adversely affected by market volatility.

Sustained market downturns may lead to a decline in the volume of capital market transactions that the OTP Group executes for its customers and, therefore, a decrease in the revenues from commissions and spreads earned from such trades. Furthermore, the fair value of financial instruments held by the OTP Group, including bonds (government, corporate and bank bonds), equity investments, cash in various foreign currencies, investments in private equity, hedge, credit and other investment funds, commodities and derivatives are also subject to the volatility of, and correlations between, market prices and trading parameters. To the extent that volatile market conditions persist or recur, the fair value of the OTP Group's bond, derivative and structured credit portfolios, as well as other classes, could fall more than estimated, and therefore cause the OTP Group to record write-downs. Furthermore, these developments may lead to material losses if the Issuer or members of the OTP Group cannot close out deteriorating positions. Monitoring the deterioration in the value of positions taken may, at the same time, be particularly difficult in the case of assets which are not traded on stock exchanges or on organised over-the-counter ("**OTC**") markets, such as certain derivative contracts between banks, and whose value is calculated by using financial models, rather than on the basis of publicly quoted prices.

Adverse market movements and/or a failure to identify and adequately manage any of the foregoing risks may have a negative impact on the OTP Group's businesses, financial condition and results of operations, and thus on the Issuer's ability to service its respective payment obligations under the Notes.

The OTP Group is exposed to the risks associated with its approach to handling its non-performing loan portfolio

Rather than selling its non-performing loans at distressed prices on a large scale, as is more commonly the practice among the OTP Group's competitors, part of the OTP Group's strategy has involved seeking to recover such non-performing loans by handling the process and management of non-performing loans in-house, as the OTP Group believes this can create value for shareholders while also maintaining relationships with its relevant customers. This in-house approach has, however, resulted in higher non-performing loan levels within the OTP Group as compared to the approach of selling non-performing loans to a third-party. The OTP Group may also be unable to maintain its past levels of recoveries on such non-performing loans which may impact its profits.

Please see the section of this Base Prospectus headed "*Description of the OTP Group's Business*" for further details regarding OTP Factoring Ltd. and the OTP Group's non-performing loan portfolio.

The OTP Group may be unable to raise new capital

The OTP Group's strategy is based on, among other things, certain financial expectations, including its ability to raise new capital and/or debt. Several factors, including the perceived creditworthiness of the OTP Group (including any credit ratings assigned to the Issuer or any of its debt obligations) as well as adverse macroeconomic conditions, significant or unexpected changes in the regulation of the banking sector in

Hungary and the CEE region, and loss of confidence by investors, counterparties and/or customers in the OTP Group, may affect the ability of the OTP Group to access the capital markets and/or the cost and other terms upon which the OTP Group is able to obtain market funding.

The OTP Group's profitability is subject to its customers' demands to prepay

The volatility of interest rates and foreign exchange rates will increase demands for prepayment among the Issuer's customers, which could adversely affect the Issuer's profitability.

Prepayment risk means an increasingly significant exposure for the Issuer, especially due to the legislative provisions applicable to mortgage loans, which are granted to consumers. Pursuant to the Hungarian Consumer Credit Act, consumer borrowers are entitled at any time to discharge, in whole or in part, their obligations under their credit agreements, including mortgage-backed loans. Further, the provisions of the Consumer Credit Act impose limitations on the right of credit institutions to recover their losses and costs incurred as a consequence of a prepayment by consumer borrowers. This in turn requires more stringent asset-liability management, further increasing the cost of funding for the Issuer.

Any legislative measures that may facilitate prepayments and/or early repayments by borrowers or impose further restrictions on the Issuer and the OTP Group's ability to recoup possible losses from such prepayments and/or early repayments, such as an early repayment scheme for certain foreign currency denominated loans, may have an adverse effect on the businesses, financial condition and results of operations of the relevant member of the OTP Group.

The OTP Group faces risks associated with the implementation of its business strategy

The OTP Group intends to continue to explore and pursue opportunities to strengthen and grow its business generally. This includes the implementation of its digital transformation strategy.

The success of the OTP Group's business, financial position and results of operations, in general, depends, in part, on the success of new products and services offered to clients, including the shift to digitalisation pursuant to the OTP Group's implementation of its digital transformation strategy. The OTP Group's success is also dependent on its ability to anticipate and leverage new and existing technologies that may have an impact on products and services in the banking industry. Technological changes may further intensify and complicate the competitive landscape and influence client behaviour. If the OTP Group's products and services employ technology that is not as attractive to clients as that employed by its competitors, if it fails to employ technologies desired by clients before its competitors do so, such as digitalisation, or if it fails to execute targeted strategic technology initiatives on time or on budget, its business, financial condition and results of operations could be adversely affected. In addition, if the OTP Group cannot respond in a timely fashion to the changing needs of its clients, it may lose clients, which could in turn materially adversely affect its financial condition and results of operations.

There can be no assurance that the implementation of the OTP Group's digital transformation strategy or other strategic initiatives will not be affected as a result of the potential impact of the COVID-19 crisis, or the Ukraine-Russia conflict and the consequent sanctions imposed on Russia as further described in "*Risks related to the Issuer – The Performance of the OTP Group is affected by adverse global political, economic and business conditions in the markets in which it operates*".

RISKS RELATED TO THE OPERATIONAL AND COMPETITIVE ENVIRONMENT

The OTP Group is exposed to the failure or malfunctioning of their information technology systems

The Issuer and the OTP Group's activities is dependent on highly sophisticated information technology ("**IT**") systems. IT systems are vulnerable to a number of problems, such as computer virus infection, malicious hacking, physical damage to vital IT centres and software or hardware malfunctions. The Issuer cannot provide

assurances that such failures or interruptions will not occur or, if they do occur, they will be adequately addressed. The occurrence of any failures or interruptions could result in a loss of customer data and an inability to service the Issuer's customers, which could have a material adverse effect on the Issuer and the OTP Group's reputation, financial condition and results of operations.

In addition, the Issuer and the OTP Group's operations rely on the secure processing, storage and transmission of confidential and other information in their computer systems and networks. Although the Issuer and the OTP Group take protective measures and endeavour to modify them as circumstances warrant, their computer systems, software and networks may be vulnerable to unauthorised access and other events that could have a security impact. Given the high volume of transactions of the Issuer and the OTP Group, certain errors may be repeated or compounded before they are discovered and rectified. If one or more of such events occurs, this could potentially jeopardise the Issuer's, the OTP Group's, their clients', counterparties' or third parties' confidential and other information processed and stored in, and transmitted through, the Issuer and the OTP Group's computer systems and networks, or otherwise cause interruptions or malfunctions in the Issuer's and the OTP Group's, their clients', counterparties' or third parties' operations, which could result in significant losses or reputational damage.

The OTP Group is subject to the risk that its risk management controls may not be effective

The OTP Group has implemented comprehensive risk management strategies and systems aimed at adequately identifying and measuring the risks they face, such as the incidence of loan losses or delinquency, and at mitigating those risks. Although the Issuer and the OTP Group invest substantial time and effort in their risk management strategies and systems, such procedures may nonetheless fail under some circumstances, particularly when confronted with risks that are not identified or anticipated.

Furthermore, the methods and models applied by the OTP Group for risk measurement and control only model reality and cannot, therefore, guarantee with any certainty that each and every risk in every circumstance will be identified, hedged and controlled. Any failure of the risk management system and strategies of the OTP Group may lead to unexpected losses from unidentified or incorrectly evaluated market developments, trends or other circumstances, which in turn may affect the Issuer's ability to fulfil its obligations under the Notes.

The OTP Group's information systems and networks are vulnerable to privacy or data protection failures and cyber-security risks

The OTP Group is subject to regulation regarding the processing (including disclosure and use) of personal data. The OTP Group processes significant volumes of personal data relating to customers as part of its business, some of which may also be classified under legislation as sensitive personal data. The OTP Group must therefore comply with strict data protection and privacy laws and regulations.

The OTP Group also faces the risk of a breach in the security of its IT systems, for example from increasingly sophisticated attacks by cybercrime groups with criminal or malicious intent, including attacks designed to overload the OTP Group's systems. These risks are accentuated as the OTP Group increasingly digitalises its products, services, key functions and distribution channels and as cyber-attacks become more sophisticated and prevalent. The OTP Group is subject to the risk that any cyber-attack may result in data breaches and/or a temporary loss of operational availability of the OTP Group's systems to its employees and/or customers which could have a material adverse effect on the OTP Group's business, financial conditions, reputation and operating results.

There is a risk that the OTP Group may not continue to invest sufficiently in its information security controls in response to emerging threats, such as cybercrime and fraud, and to seek to ensure that controls for known threats remain robust. The risks associated with cyber-attacks, where an individual or group seeks to exploit vulnerabilities in IT systems for financial gain or to disrupt services, are a material risk to the OTP Group.

The OTP Group seeks to mitigate such risks, including by ensuring that systems and procedures are in place to ensure compliance with relevant regulations. There can, however, be no assurance that such security measures will be effective.

The OTP Group is subject to risks associated with human resources

The Issuer and the OTP Group are exposed to personnel risks, in particular, qualification, fluctuation, availability and motivation risks. The Issuer and the OTP Group's current senior management team includes a number of executives who the Issuer believes contribute significant experience and expertise to their management in the banking sectors in which the Issuer operates. The continued success of the Issuer and the OTP Group's businesses and the Issuer's ability to execute its business strategy will depend, in large part, on the efforts of their senior management. Compensation is a key element of retaining highly qualified employees. At the same time, EU and Hungarian legislation imposes significant restrictions as to the remuneration policies that may be applied by credit institutions (such as the Issuer and other bank members of the OTP Group) including, *inter alia*, the requirement that remuneration policies be consistent with, and promote, sound and effective risk management, do not encourage risk-taking that exceeds the level of tolerated risk in respect of the relevant credit institution and distinguish between basic fixed remuneration and variable (or performance-based) remuneration. If a substantial portion of the Issuer and the OTP Group's senior management leaves the Issuer or the OTP Group, their business may be materially adversely affected.

The OTP Group operates in markets where competition is high and this may increase significantly in the future

The Issuer and other members of the OTP Group are subject to intense competition which is expected to increase further in the future with the implementation of the European single market in the financial services sector. Apart from local competitors, other international banks may enter the banking market in the CEE region, Russia and Ukraine, thus increasing the pressure on profit margins of the Issuer and the OTP Group.

There can be no assurance that the Issuer and the other members of the OTP Group can maintain their competitive position. If the OTP Group is unable to provide competitive products and/or services, it may fail to attract new customers and/or retain existing customers, experience decreases in its interest, fee and other income and/or lose market share, the occurrence of which may have a material adverse effect on the business, financial condition and results of operations of the Issuer and the OTP Group.

RISKS RELATED TO THE LEGAL AND REGULATORY ENVIRONMENT

The OTP Group is subject to changes to government policy and regulation

In response to the severe market conditions arising from the 2007/2009 global financial crisis, central banks and governments throughout the world have adopted several measures aimed at increasing liquidity in, and promoting the stability of, the financial markets. In particular, numerous governments in the EU have provided additional capital and funding facilities to financial institutions and are implementing other measures including increased regulatory oversight and administrative restrictions as well as additional capital requirements. In Hungary, for example, special tax obligations were levied by the Hungarian Government on the financial sector in response to the global financial crisis, and these have become a permanent burden on this sector in the past years.

Such measures partially lead to increased government ownership of, and control over, financial institutions, disparate competitive positions and further consolidation in the banking sector. Furthermore, a direct or indirect governmental acquisition of ownership in, or control over, financial institutions may result in interference with the business and commercial operations of the relevant financial institutions, which may include the imposition on such financial institutions (whether in the form of legislative measures, direct orders or guidance) of commercial, business, financial and transactional strategies and policies or the requirement to take up certain

activities, which may be based (wholly or partially) on political or fiscal rather than rational, commercial or market-based considerations. No assurance can be given, for example, that the Hungarian Government will not acquire directly or indirectly (whether by contractual arrangements, operation of law, on the open market or otherwise) an ownership interest in, or control over, the Issuer or, if it does so, it will not interfere with the business and operations of the OTP Group.

Although the members of the OTP Group work closely with their regulators and continuously monitor the situation, future changes in regulation, fiscal or other policies can be unpredictable and are beyond the control of the Issuer.

Regulatory risk faced by the OTP Group is further increased by the fact that some operations of the OTP Group are carried out in non-EU countries whose financial and banking laws are not harmonised with the relevant EU legislation as implemented in the EU member states, which may give rise to significant differences or, in certain circumstances, conflicts between EU financial and banking laws (including their application and interpretation) and the laws of the relevant countries outside the EU. All this, in turn, creates uncertainty and may have a negative impact on the ability of the OTP Group to harmonise, and monitor the implementation of, its compliance policies and/or lead to increased compliance costs.

Separately, the ability of the OTP Group to generate profit from its fund management subsidiary is subject to changes in regulations in the countries where it operates. This generally depends on the aggregate amount of assets under management and the level of management fees that may be charged for fund management by the OTP Group. Any governmental, legislative or regulatory measure that affects the amount of assets under management or imposes restrictions on the level of such fees may have an adverse effect on the profitability of the OTP Group's fund management business.

With regard to the pension fund management business, no assurance can be given that governments or legislative bodies in countries where the OTP Group operates will not adopt measures adversely affecting the profitability of the private pension fund management business.

In response to the COVID-19 pandemic, several countries in which the OTP Group has operations adopted measures granting payment moratoria for existing debtors, with application deadlines extended in several instances. However, as at the date of this Base Prospectus, the application dates of these moratoria has already passed in all countries in which the OTP Group has operations. Credit institutions in Hungary (such as the Issuer) are also subject to a special tax levied in relation to the COVID-19 crisis. Please see the sub-sections headed "*Moratorium on loan payments*" and "*Special tax on credit institutions*" in the "*Description of the OTP Group's Business – Recent developments – Impact of COVID-19*" section of this Base Prospectus for further details on statutory payment moratoria and the special tax on credit institutions. Regulatory and supervisory bodies in countries in which the OTP Group has operations have also adopted other measures and may adopt further measures (including, *inter alia*, tighter exchange control regulations, more stringent foreign exchange related liquidity ratio requirements, bans or restrictions on dividend payments, freezing of enforcement procedures and mortgage repossessions, introduction of APR caps on certain customer lending products and the temporary suspension of new lending), aimed at promoting the stability of the financial markets or aiding customers in a distressed situation.

Any of the foregoing may have an adverse effect on the OTP Group's businesses, financial condition and results of operations.

The OTP Group is exposed to changes in the mandatory deposit guarantee and investor compensation schemes

With effect from 1 January 2011, the guarantee provided by the National Deposit Insurance Fund ("*Országos Betétbiztosítási Alap*") (the "**Fund**") on so-called "registered" ("*névre szóló*") bank account deposits (as defined

in the Hungarian Credit Institutions Act) placed with the domestic credit institutions (being members of the Fund) was extended to an aggregate amount of €100,000 per depositor. This is in line with the requirements of Directive 2014/49/EU of the European Parliament and of the Council on deposit guarantee schemes. Such directive requires, *inter alia*, faster payouts and additional ex-post contributions by credit institutions under mandatory deposit guarantee schemes. On this basis, from 1 January 2021 the deadline for a payout from the Fund was reduced from 15 days to 10 days.

Any future changes in the laws governing the Fund could increase the OTP Group's membership costs or, if they are perceived as adverse by the OTP Group's customers, could expose the Issuer to the risk of losing customers to competitors which could adversely affect the OTP Group's businesses or reputation. For the avoidance of doubt, investors in the Notes should be aware that the Notes are not covered by the Fund.

For further information on recent developments regarding extraordinary contribution to the Funds, please refer to the "*Description of the OTP Group's Business - Recent developments – Winding up of Sberbank Hungary*" section of this Base Prospectus.

Loss absorption at the point of non-viability of the Issuer and resolution

The establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms is regulated by Directive 2014/59/EU of the European Parliament and of the Council (the "**BRRD**"). The aim of the BRRD is to provide relevant authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses. The BRRD was implemented in Hungary by Act XXXVII of 2014 on the further development of the institutional system strengthening the security of certain participants of the financial intermediation system (the "**Resolution Act**").

The powers provided to resolution authorities in the Resolution Act include write-down powers to ensure relevant capital instruments fully absorb losses at the point of non-viability of the issuing institution. Accordingly, the Resolution Act sets out that resolution authorities may write down such capital instruments (including the Tier 2 Capital Notes and the Senior Non-Preferred Notes) in full on a permanent basis, or convert them in full into common equity tier 1 instruments, at the point of non-viability of the Issuer or the OTP Group and before other resolution measures are implemented ("**Non-Viability Loss Absorption**"), including the bail-in tool described below. The Resolution Act provides, *inter alia*, that resolution authorities shall exercise the write-down power in relation to Non-Viability Loss Absorption in a way that results in (i) common equity tier 1 instruments being written down first in proportion to the relevant losses and (ii) thereafter, the principal amount of relevant capital instruments (including the Tier 2 Capital Notes and the Senior Non-Preferred Notes) being reduced to zero on a permanent basis.

For the purposes of Non-Viability Loss Absorption, the point of non-viability under the Resolution Act is the point at which (i) the institution or the group is failing or is likely to fail and (ii) having regard to timing and other relevant circumstances, there is no reasonable prospect that any action other than the write-down or conversion of capital instruments, independently or in combination with a resolution action, would prevent the failure of the institution or the group within a reasonable timeframe.

The MNB in its capacity as the resolution authority (the "**Resolution Authority**") must implement resolution measures, if (i) the Resolution Authority determines that the institution is failing or is likely to fail, (ii) in the view of the Resolution Authority, no other action can prevent the failure of the institution and (iii) in the view of the Resolution Authority, the resolution measures are required by public interest.

Additionally, the Resolution Authority may, as a bail-in tool write down the claims of unsecured creditors of a failing institution and to convert unsecured debt claims (including those of the Noteholders) into equity under the Resolution Act. This bail-in tool provides the Resolution Authority with broad powers, including the power

to cancel a bank's existing shares or severely dilute existing shareholdings, including with respect to any shares issued or conferred upon conversion of capital instruments to common equity tier 1 instruments pursuant to Non-Viability Loss Absorption. The Resolution Act provides that a write-down resulting from the use of the bail-in tool would, in summary, follow the ordinary allocation of losses and ranking in an insolvency of the relevant institution.

In addition to Non-Viability Loss Absorption, the Resolution Act provides the Resolution Authority with broader powers to implement other resolution measures with respect to distressed banks, which may include (without limitation) the replacement or substitution of the bank as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments) and discontinuing the listing and admission to trading of financial instruments (including, in each case, the Notes).

If the Resolution Authority were to exercise such powers in respect of the Issuer, then existing shareholders and/or subordinated debt holders, including holders of the Notes, may experience dilution of, or losses on, their holdings and may not receive any compensation for their losses. In addition, in a resolution situation, financial public support will only be available to the Issuer as a last resort after the resolution authorities have assessed and exploited, to the maximum extent practicable, the resolution tools, including the bail-in tool. Given that the purpose of resolution tools is to minimise any reliance on financial public support, there can be no assurance that any such financial public support will be forthcoming. However, see also the risk factor titled "*The OTP Group is subject to changes to government policy and regulation*" above.

The Resolution Act, in line with the BRRD, empowers the Resolution Authority to require credit institutions to have sufficient amount and quality own funds, which in case of emergency can be partially or entirely subject to bail-in or conversion measures. The relevant powers of the MNB are specified in Commission Delegated Regulation (EU) 2016/1450 (the "**MREL Regulation**") supplementing the BRRD with regard to regulatory technical standards specifying the criteria relating to the methodology for setting the minimum requirement for own funds and eligible liabilities (known as "**MREL**"). Further requirements are specified by the policies of the Single Resolution Board and the MNB.

The Issuer intends to apply the proceeds of the Notes, among other things, towards establishing own funds and eligible liabilities which satisfy the requirements of the MREL Regulation. There is no assurance that the MREL Regulation will not be changed or the regulator's policies will not be tightened in the future which may consequently have an adverse effect on the business, financial condition and results of operations of the Issuer and the OTP Group. Breaching binding MREL requirement due the Issuer's inability to access capital markets resulting from their temporary or prolonged closure, or to any other reason, may have negative implications on the Issuer, such as request from the Resolution Authority to submit MREL restoration plan or imposed capital distribution penalties.

In addition, the European Commission has adopted reforms to the BRRD in order to, among other things, implement in the EU the Financial Stability Board's total loss absorbing capacity standard ("**TLAC**") by adapting the existing regime relating to MREL, i.e. Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC ("**BRRD II**"). BRRD II was published in the Official Journal of the European Union on 7 June 2019, with entry into force 20 days following that publication. BRRD II has been transposed into Hungarian law by way of an amendment to the Resolution Act. In addition, national regulators have until 1 January 2024 at the latest to impose full MREL requirements on firms.

The OTP Group will be required to maintain a minimum requirement for own funds and eligible liabilities

To support the effectiveness of bail-in and other resolution tools, the BRRD requires that all institutions must meet the MREL which may be bailed-in, calculated as a percentage of total liabilities and own funds and set by the relevant resolution authorities. Items eligible for inclusion in MREL will include an institution's own funds, along with "eligible liabilities".

The MNB, together with the resolution authorities of countries where members of the OTP Group are established (the "**Resolution College**"), has set the consolidated minimum requirement for own funds and eligible liabilities ("**MREL requirement**") of the OTP Group. The consolidated MREL requirement has to be met by 1 January 2024, following a transitional period. The MREL requirement is determined at 17.66 per cent. of the OTP Group's total risk exposure amount ("**TREA**" or "**RWA**") and 5.89 per cent. of the OTP Group's total exposure measure ("**TEM**"). Pursuant to Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending the Capital Requirements Directive IV as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures (the "**CRD V**"), the OTP Group has to meet the combined buffer requirement in addition to the TREA based MREL requirement on 1 January 2024 as institutions shall not use CET1 capital, that is maintained to meet the combined buffer requirement, to meet the risk-based component of the MREL requirement. The MREL requirement is to be reviewed at least once a year.

In line with the BRRD II, MNB determined a mandatory intermediate target for the consolidated MREL requirement that the OTP Group had to comply with by 1 January 2022. The intermediate target level for the MREL requirement was determined at 14.45 per cent. of the OTP Group's TREA and 5.89 per cent. of the OTP Group's TEM.

MNB informed the Issuer that subordination requirements of BRRD II will also be applicable to the OTP Group. The first date of application of subordination requirements will be 16 December 2024.

These factors may have an adverse effect on the funding plans and costs of the OTP Group and, as a result, its net interest income.

For further information on MREL requirements applicable to the Issuer please refer to the section entitled "*Financial Performance of the OTP Group - Minimum Requirement for own funds and Eligible Liabilities*".

The OTP Group is exposed to litigation risk

The Issuer and the OTP Group may from time to time be subject to litigation, whether of a substantive or vexatious nature. Such litigation, if not dismissed at an early stage or decided contrary to the best commercial interests of the Issuer or the OTP Group may have an adverse impact on the operations of the Issuer or the OTP Group. Furthermore, such cases may include claims or actions in which the petitioner or plaintiff has not specifically, or not in whole, quantified the penalties or damages sought. In these circumstances, it may, in particular, be difficult to predict the outcome of a dispute and estimate possible losses in a reliable manner and, therefore, to set aside adequate provisions for such possible losses.

The OTP Group is exposed to the risk of fraud and illegal activities

The OTP Group is subject to rules and regulations related to money laundering, anti-bribery and terrorism financing. Compliance with anti-money laundering, anti-bribery and anti-terrorist financing rules entails significant cost and effort, including obtaining information from clients and other third parties. Non-compliance with these rules may have serious consequences, including adverse legal and reputational consequences. Although the OTP Group has anti-money laundering, anti-bribery and counter-terrorism financing policies and procedures which aim to ensure compliance with applicable legislation and strive for zero tolerance of any violations, it may not always be successful in identifying all instances of suspicious activity, fraud or human error and, therefore, may not be able to comply at all times with all rules applicable to money laundering, anti-

bribery and terrorism financing as extended to the whole OTP Group and applied to its workers in all circumstances. As a general statement, a violation, or even any suspicion of a violation, of any of these rules may have serious legal and financial consequences, which could have a material adverse effect on the OTP Group's reputation, business, financial condition and results of operations.

The OTP Group is subject to compliance with economic sanctions programmes

The OTP Group's operations are subject to various anti-corruption laws and economic sanction programmes, including those administered by the United Nations, the UK and the EU, as well as those of the United States Department of Treasury's Office for Foreign Assets Control ("**OFAC**"). The anti-corruption laws generally prohibit providing anything of value for the purposes of obtaining or retaining business or securing any improper business advantage. As part of its business, the OTP Group may deal with entities whose employees are considered government officials. In addition, economic sanctions programmes restrict the OTP Group's business dealings with certain sanctioned countries, individuals and entities. In particular, the OTP Group is exposed to risks in relation to the EU's and OFAC's economic sanctions programme against Russia and Ukraine, and certain Russian and Ukrainian citizens and businesses. While the current sanctions regime directed at Russia has had no material impact on the OTP Group's operations in Russia, the Issuer cannot give assurance that this will remain the case in the future,

Although the OTP Group has internal policies and procedures and several monitoring measures designed to ensure compliance with applicable anti-corruption laws and sanctions regulations, these policies and procedures cannot provide complete assurance that the OTP Group's employees, directors, officers, partners, agents, service providers or introducers will not take actions in violation of its policies and procedures (or otherwise in violation of the relevant anti-corruption laws and sanctions regulations) for which the Issuer or they may be ultimately held responsible. Litigation or investigations relating to alleged or suspected violations of anti-corruption laws and sanctions regulations could lead to financial penalties being imposed on the OTP Group, limits being placed on the OTP Group's activities, the OTP Group's authorisations and licences being revoked, damage to the OTP Group's reputation and other consequences that could have a material adverse effect on the OTP Group's business, financial condition and results of operations. Further, violations of anti-corruption laws and sanctions regulations could be costly.

RISKS RELATING TO THE NOTES

Risks relating to a particular structure of Notes

A wide range of Notes may be issued under the Programme and some Notes may have features which contain particular risks for potential investors. Set out below is a description of certain risks relating to particular structures of Notes:

An investor assumes an enhanced risk of loss in the event of the Issuer's insolvency

The Issuer intends to use the proceeds of any Tier 2 Capital Notes, among other things, as part of its Tier 2 capital and such Notes are intended to qualify as Tier 2 instruments as specified in Article 63 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms ("**CRR**"). It cannot be excluded that on the basis of a future law (including any EU regulation substituting the CRR) or as a result of the interpretation of the laws by the National Bank of Hungary ("**MNB**") such qualification would need to be changed and thus result in reduced regulatory capital levels. Upon the occurrence of a Capital Disqualification Event, the Issuer will have the right to redeem the Notes at the Optional Redemption Amount (Capital Disqualification Event) (see "*Risk Factors – Risks relating to the Notes – The Notes may be subject to early redemption at the option of the Issuer upon the occurrence of certain regulatory events*").

On 6 November 2006, the Issuer issued EUR 500,000,000 fixed to floating rate perpetual subordinated notes (ISIN: XS0274147296) (the "**2006 Notes**") (approximately EUR 269,035,000 in principal amount of the 2006 Notes had been repurchased by the Issuer and other members of the OTP Group as of 31 December 2021). On the basis of a ruling of the MNB dated 21 May 2014, the 2006 Notes are for the time being treated as Tier 2 instruments under the CRR. As set out in the Conditions, the Issuer and the Noteholders intend that the rights and claims of the Holders of any Tier 2 Capital Notes against the Issuer in respect of, or arising under, such Notes be in priority to the Issuer's obligations under the 2006 Notes. However, it cannot be excluded that a liquidator (in the event of the liquidation/involuntary winding-up of the Issuer), or the Hungarian courts, as the case may be, may take the view that the 2006 Notes should be treated as ranking equally with the Tier 2 Capital Notes.

The obligations of the Issuer in respect of Tier 2 Capital Notes are unsecured and subordinated and the claims of Holders of Senior Non-Preferred Notes also rank after more senior creditors

The Tier 2 Capital Notes will constitute unsecured and subordinated obligations of the Issuer. On a Winding-Up of the Issuer, all claims in respect of the Tier 2 Capital Notes will rank junior to all Senior Claims. If, on a liquidation of the Issuer, the assets of the Issuer are insufficient to enable the Issuer to repay the claims of more senior-ranking creditors in full, the Holders will lose their entire investment in the Tier 2 Capital Notes. If there are sufficient assets to enable the Issuer to pay the claims of more senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of its obligations in respect of the Tier 2 Capital Notes and all other claims that rank *pari passu* with the Tier 2 Capital Notes in full, Holders will lose some (which may be substantially all) of their investment in the Tier 2 Capital Notes.

For the avoidance of doubt, the Holders of Tier 2 Capital Notes shall, in a liquidation of the Issuer, have no claim in respect of the surplus assets (if any) of the Issuer remaining in any liquidation following payment of all amounts due in respect of the liabilities of the Issuer.

Although the Tier 2 Capital Notes may pay a higher rate of interest than securities which are not subordinated, there is a substantial risk that investors in the Tier 2 Capital Notes will lose all or some of the value of their investment should the Issuer become insolvent or subject to any of the resolution tools or the write-down or conversion powers in the Resolution Act.

The claims of Holders of the Senior Non-Preferred Notes will rank after the claims of Holders of Senior Preferred Notes and other unsubordinated creditors of the Issuer but before the claims of Holders of the Tier 2 Capital Notes. The same risks are therefore also applicable to Holders of the Senior Non-Preferred Notes as those set out above.

If there are sufficient assets to enable the Issuer to pay the claims of senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of its obligations in respect of the Notes and all other claims that rank *pari passu* with the relevant Series of Notes, Holders of such Notes will lose some (which may be substantially all) of their investment in such Notes. For the avoidance of doubt, the Holders of the Notes shall, in a liquidation of the Issuer, have no claim in respect of the surplus assets (if any) of the Issuer remaining in any liquidation following payment of all amounts due in respect of the liabilities of the Issuer.

As of 31 December 2021, the Issuer had, on a stand-alone basis, total liabilities (excluding the existing Tier 2 debt securities) of HUF 11,624 billion, all of which rank senior to the Tier 2 Capital Notes and the Senior Non-Preferred Notes. Therefore, if the Issuer becomes insolvent or defaults on its obligations, investors investing in the Notes in a worst case scenario could lose their entire investment.

Holders are also subject to the provisions of the Resolution Act relating to, *inter alia*, the write down or conversion of capital instruments and the bail-in of liabilities as described under "*Loss absorption at the point of non-viability of the Issuer and resolution".*

Holders may not require the redemption of the Notes prior to their maturity

Save where the Holders have a put right, the Issuer is under no obligation to redeem Notes at any time prior to their stated Maturity Date and the Holders of such Notes have no right to require the Issuer to redeem or purchase such Notes at any time. Any redemption, purchase substitution or variation of such Notes by the Issuer will be subject always to Supervisory Permission and to compliance with prevailing Regulatory Capital Requirements or, in the case of Senior Non-Preferred Notes and the Senior Preferred Notes, Loss Absorption Regulations, and the Holders may not be able to sell such Notes in the secondary market (if at all) at a price equal to or higher than the price at which they purchased their Notes. Accordingly, investors in such Notes should be prepared to hold their Notes for a significant period of time.

Holders of Tier 2 Capital Notes and Senior Non-Preferred Notes will, and Holders of Senior Preferred Notes may, have limited remedies

The remedies available to Holders of Tier 2 Capital Notes and Senior Non-Preferred Notes or Senior Preferred Notes where the relevant Final Terms specify that Condition 14(b) (*Tier 2 Capital Notes, Senior Preferred Notes and Senior Non-Preferred Notes (Restricted Default)*) applies, are limited.

Holders may not at any time demand repayment or redemption of such Notes, although in a Winding-Up the Holders will have a claim for an amount equal to the principal amount of the Notes plus any accrued interest.

The sole remedy in the event of any non-payment of principal or interest under such Notes, subject to certain conditions as described in Condition 14 (*Enforcement*), is that a Holder may institute proceedings for the winding-up of the Issuer and/or prove for any payment obligations of the Issuer arising under the Notes in any winding-up or other insolvency proceedings in respect of such non-payment.

The remedies under such Notes are more limited than those typically available to the Issuer's unsubordinated creditors, including Holders of Senior Preferred Notes where the relevant Final Terms specify that Condition 14(b) (*Tier 2 Capital Notes, Senior Preferred Notes and Senior Non-Preferred Notes (Restricted Default)*) does not apply. For further details regarding the limited remedies of the Holders, see Condition 14 (*Enforcement*).

The Notes may be subject to early redemption at the option of the Issuer upon the occurrence of certain regulatory events

Subject to obtaining prior Supervisory Permission and to compliance with prevailing Regulatory Capital Requirements and, in the case of Senior Non-Preferred Notes or Senior Preferred Notes, Loss Absorption Regulations, the Issuer may, at its option, redeem all (but not some only) of the Tier 2 Capital Notes, the Senior Non-Preferred Notes or the Senior Preferred Notes (unless, in the case of the Senior Non-Preferred Notes and the Senior Preferred Notes, "Senior Notes: Loss Absorption Disqualification Event Redemption" is specified to be "Not Applicable" in the relevant Final Terms) at their principal amount plus interest accrued and unpaid from and including the immediately preceding Interest Payment Date up to but excluding the relevant redemption date upon the occurrence of a Capital Disqualification Event or a Loss Absorption Disqualification Event, as applicable, at any time.

An optional redemption feature is likely to limit the market value of such Notes. During any period when the Issuer may elect to redeem the Notes or there is a perception that the Issuer is able to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. Further, during periods when there is an increased likelihood, or perceived increased likelihood, that such Notes will be redeemed early, the market value of the Notes may be adversely affected.

If the Issuer redeems such Notes in any of the circumstances mentioned above, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Notes or when prevailing interest rates may be relatively low, in which latter case Holders may only be able to reinvest

the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

It is not possible to predict whether the events referred to above will occur and lead to circumstances in which the Issuer may elect to redeem such Notes, and if so whether the Issuer will satisfy the conditions, or elect, to redeem the Notes. The Issuer may be more likely to exercise its option to redeem the Notes if the Issuer's funding costs would be lower than the prevailing interest rate payable in respect of the Notes. If such Notes are so redeemed, there can be no assurance that Holders will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investment in the Notes.

Waiver of set-off

The Holders waive any right of set-off in relation to such Notes insofar as permitted by applicable law. Therefore, Holders of Notes will not be entitled (subject to applicable law) to set-off the Issuer's obligations under such Notes against obligations owed by them to the Issuer.

The Notes may be modified or substituted by the Issuer without the consent of the Holders in certain circumstances, subject to certain restrictions

Unless the relevant substitution and variation provisions are marked "Not Applicable" in the relevant Final Terms, in the event of certain specified events relating to taxation (a "**Tax Event**") or following the occurrence of a Capital Disqualification Event or a Loss Absorption Disqualification Event, as applicable, the Issuer may (subject to certain conditions) at any time substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or become (as applicable) Qualifying Tier 2 Securities or Loss Absorption Compliant Notes, as applicable, without the consent of the Holders.

Qualifying Tier 2 Securities and Loss Absorption Compliant Notes must have terms not materially less favourable to Holders than the terms of the Notes, as reasonably determined by the Issuer in consultation with an investment bank or financial adviser of international standing. However, there can be no assurance that, due to the particular circumstances of a Holder of Notes, such Qualifying Tier 2 Securities or Loss Absorption Compliant Notes will be as favourable to each investor in all respects or that, if it were entitled to do so, a particular investor would make the same determination as the Issuer as to whether the terms of the Qualifying Tier 2 Securities or Loss Absorption Compliant Notes are not materially less favourable to holders than the terms of the Notes. In addition, the Issuer may make changes to Condition 23(d) *(Acknowledgement of Statutory Loss Absorption Powers)* of the Notes to ensure that Noteholders are bound by the exercise of Bail-in Powers (among other things) even if this is not favourable to them and even if it results in a change to the governing law of Condition 23(d) *(Acknowledgement of Statutory Loss Absorption Powers)* (which, on issue of the Notes, is English law). Further, the tax and stamp duty consequences could be different for Holders of Notes once such Notes have been varied or substituted as described above.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

The interest rate on Reset Notes will reset on each Reset Date, which can be expected to affect the interest payment on an investment in Reset Notes and could affect the market value of Reset Notes

Reset Notes will initially bear interest at the Initial Rate of Interest until (but excluding) the First Reset Date. On the First Reset Date and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Mid-Swap Rate or CMT Rate and the First Margin or Subsequent Margin (as applicable) (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes) such calculation to be made by the Calculation Agent on the relevant Reset Determination Date (each such interest rate being a "**Subsequent Reset Rate of Interest**"). The

Subsequent Reset Rate of Interest for any Reset Period could be less than the Initial Rate of Interest or the Subsequent Reset Rate of Interest for prior Reset Periods and could affect the market value of an investment in the Reset Notes.

If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest rate may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower overall interest return for Noteholders. If the Notes are converted from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than the prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Notes are converted from a floating rate to a fixed rate, the fixed rate in such circumstances may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

Market disruption

In certain situations, interest on Notes is determined by reference to market information sources. Such market information sources might become unavailable for various reasons, including suspensions or limitations on trading, events which affect or impair the ability of market participants in general, or early closure of market institutions. These could be caused by, among other things, physical threats to the publishers of the market information sources, market institutions or market participants in general, or unusual trading, or matters such as currency changes.

In respect of a Floating Rate Note, a Fixed/Floating Rate Note or a Reset Note (where the Rate of Interest is to be determined by reference to a screen rate, such as the euro interbank offered rate ("**EURIBOR**")), if such Reference Rate does not appear on the relevant screen page or if the relevant screen page is not available for any reason, the Calculation Agent will request each of the Reference Banks, appointed by the Issuer, to provide the Calculation Agent with its offered quotation to leading banks for the Reference Rate for the purposes of determining the applicable Rate of Interest. However, there can be no assurance that the Issuer will be able to appoint one or more Reference Banks to provide offered quotations and no Reference Banks have been appointed at the date of this Base Prospectus. Condition 5 (*Reset Note Provisions*) and Condition 6 (*Floating Rate Note Provisions*) set out fallback provisions if fewer than the requisite number of Reference Banks are appointed.

The regulation and reform of benchmarks may adversely affect the value of Notes linked to or referencing such "benchmarks"

Benchmark Reform

Reference rates and indices, including interest rate benchmarks, which are deemed to be "benchmarks" (including EURIBOR) are subject of national and international regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a benchmark. The Benchmark Regulation applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities (such as the Issuer) of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmark Regulation could have a material impact on any Notes linked to or referencing a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmark Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Fallbacks under the Conditions of the Notes

The Conditions also provide for certain fallback arrangements in the event that a Benchmark Event occurs. The Issuer may, after appointing and consulting with an Independent Adviser, determine a Successor Rate or, failing which, an Alternative Rate to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate may result in the Notes performing differently (including paying a lower rate of interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

Furthermore, if a Successor Rate or Alternative Rate is determined, the Conditions provide that the Issuer may vary the Conditions, as necessary, to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Noteholders.

If a Successor Rate or Alternative Rate is determined, the Conditions also provide that an Adjustment Spread will be determined to be applied to such Successor Rate or Alternative Rate. Accordingly, while any Adjustment Spread may be expected to be designed to eliminate, to the fullest extent reasonably practicable in the circumstances, or minimise any potential transfer of value between counterparties, the application of the Adjustment Spread to the Notes may not do so and may result in the Notes performing differently (which may include payment of a lower interest rate) than they would do if the Original Reference Rate were to continue to apply. However, there is no guarantee that such an Adjustment Spread will be determined or applied, or that the application of an Adjustment Spread will either reduce or eliminate economic prejudice to Noteholders. If no positive or negative Adjustment Spread is determined, a Successor Rate or Alternative Rate may nonetheless be used to determine the Reset Rate of Interest. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, the Notes.

If, following the occurrence of a Benchmark Event no Successor Rate or Alternative Rate is determined, the ultimate fallback for the purposes of calculation of the Rate of Interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page or, in the case of Reset Notes, the application of the previous Reset Rate for the preceding Reset Period, or for the First Reset Rate of Interest, the application off the Initial Rate of Interest applicable to such Notes on the Interest Commencement Date or a rate based on Condition 5(d) (*Fallback-Mid-Swap Rate*) or Condition 5(e) (*Fallback – CMT Rate*).

However, no Successor Rate, Alternative Rate or Adjustment Spread (as applicable) will be adopted, and no other amendments to the Conditions will be made pursuant to the Conditions if, and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 2 Capital or eligible liabilities instruments (as applicable). Such a determination may result in the Notes performing differently than would otherwise have been the case prior to the Benchmark Event and there is a risk that the relevant fallback provisions may not operate as intended at the relevant time. Moreover, any of the above matters or any other significant change to the setting or existence of the Original Reference Rate could adversely affect the ability of the Issuer to meet its obligations under the Notes and could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes.

Notes where denominations involve integral multiples

In relation to any issue of Notes that have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case, a Holder who (as a result of trading such amounts) holds an amount that is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a Holder who, as a result of trading such amounts, holds an amount that is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

The application of the net proceeds of Sustainable Finance Notes as described in "Use of Proceeds" may not meet investor expectations or be suitable for an investor's investment criteria

Prospective investors in any Notes where the "*Reasons for the Offer*" in Part B of the relevant Final Terms are stated to be for "green" or "social" purposes as described in "*Use of Proceeds*" below ("**Green Notes**" and "**Social Notes**", respectively, and together, the "**Sustainable Finance Notes**"), should have regard to the information in "*Use of Proceeds*" regarding the use of the net proceeds of those Sustainable Finance Notes and must determine for themselves the relevance of such information for the purpose of any investment in such Sustainable Finance Notes together with any other investigation such investor deems necessary. In particular no assurance is given by the Issuer, the Arranger or the Dealers that the use of such proceeds for any Eligible Loan Portfolio (as defined in the "*Use of Proceeds*" section below) will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply.

Furthermore, it should be noted that there is currently no clear definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green" or "social" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green" or "social" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time or that any prevailing market consensus will not significantly change.

A basis for the determination of such "green" project definition has been established in the European Union with the publication in the Official Journal of the EU on 22nd June, 2020 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 (the "**Sustainable Finance Taxonomy Regulation**") on the establishment of a framework to facilitate sustainable investment (the "**EU Sustainable Finance Taxonomy**"), which is subject to phased implementation. The EU Sustainable Finance Taxonomy is subject to further development by way of the implementation by the European Commission through delegated regulations of technical screening criteria for the environmental objectives set out in the Sustainable Finance Taxonomy Regulation (including, for example, through Commission Delegated Regulation (EU) 2021/2139 and a second delegated regulation for the remaining objectives, which is intended to be pulished in 2022). Until the technical screening criteria for the objectives of the EU Sustainable Finance Taxonomy have been finalised, it is not known whether the Issuer's Sustainable Financing Framework (as defined below) will satisfy those criteria. Accordingly, alignment with the EU Sustainable Finance Taxonomy or the proposed EU green bond standard is not certain and no assurance is or can be given to investors that any projects or uses the subject of, or related to, any Eligible Loan Portfolio will meet any or all investor expectations regarding such "green" or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts

will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Loan Portfolio. In addition, the criteria for what constitutes an Eligible Loan Portfolio may be changed from time to time.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any report, assessment, opinion or certification of any third party (whether or not solicited by the Issuer) which may or may not be made available in connection with the issue of any Sustainable Finance Notes and in particular with any Eligible Loan Portfolio to fulfil any environmental, sustainability and/or other criteria. Any such report, assessment, opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such report, assessment, opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, the Arranger, the Dealers or any other person to buy, sell or hold any such Sustainable Finance Notes. Any such report, assessment, opinion or certification is only current as of the date it was issued. Prospective investors must determine for themselves the relevance of any such report, assessment, opinion or certification and/or the information contained therein and/or the provider of such report, assessment, opinion or certification for the purpose of any investment in such Sustainable Finance Notes. Currently, the providers of such reports, assessments, opinions and certifications are not subject to any specific oversight or regulatory or other regime.

In the event that any Sustainable Finance Notes are listed or admitted to trading on any dedicated "green", "environmental", "social" or "sustainable" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer, the Arranger, the Dealers or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply. Furthermore, the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer, the Arranger, the Dealers or any other person that any such listing or admission to trading will be obtained in respect of any such Sustainable Finance Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Sustainable Finance Notes.

While it is the intention of the Issuer to apply the net proceeds of any Sustainable Finance Notes and obtain and publish the relevant reports, assessments, opinions and certifications in, or substantially in, the manner described in "*Use of Proceeds*", there can be no assurance that the Issuer will be able to do this. Nor can there be any assurance that the relevant project(s) or use(s) the subject of, or related to, any Eligible Loan Portfolio will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer.

Any such event or failure to apply the net proceeds of any issue of Sustainable Finance Notes for any Eligible Loan Portfolio or to obtain and publish any such reports, assessments, opinions and certifications, as well as the existence of any potential mismatch between the duration of the Eligible Loan Portfolio and the Sustainable Finance Notes will not (i) constitute an event of default under the relevant Sustainable Finance Notes, or (ii) give rise to any other claim or right of a holder of such Sustainable Finance Notes against the Issuer, or (iii) lead to an obligation of the Issuer to redeem such Notes or be a relevant factor for the Issuer in deciding whether or not to exercise any optional redemption rights in respect of any Notes or (iv) affect the regulatory treatment of such Notes as Tier 2 capital or eligible liabilities for MREL purposes if such Notes are also Tier 2 Capital Notes, Senior Preferred Notes or Senior Non-Preferred Notes, as the case may be.

The Sustainable Finance Notes are issued subject to their applicable terms and conditions including, without limitation, in relation to their status, interest payments, redemption and events of default as described in the "*Terms and Conditions of the Notes*" and the relevant Final Terms, regardless of the issue of such Notes as Sustainable Finance Notes. The Sustainable Finance Notes are further subject to any Bail-in Tool and Non-

Viability Loss Absorption that may be imposed in exactly the same manner as for any other Notes (including where such Notes are also Tier 2 Capital Notes, Senior Preferred Notes or Senior Non-Preferred Notes).

Similarly, any Sustainable Finance Notes, as for any other Notes, will be fully subject to the application of CRR eligibility criteria and BRRD requirements for own funds and eligible liabilities instruments and, as such, the proceeds of Sustainable Finance Notes qualifying as own funds or eligible liabilities may be used to cover losses in the balance sheet of the Issuer regardless of their "green" or "social" label.

Further, the performance of the Sustainable Finance Notes will in no circumstances be linked to the performance of any Eligible Loan Portfolio that may be identified by the Issuer and no segregation of assets and liabilities regarding any Sustainable Finance Notes or Eligible Loan Portfolio will occur at any time. Payments of principal and interest on any Sustainable Finance Notes shall not depend on the performance of any Eligible Loan Portfolio nor will holders of any Sustainable Finance Notes have any preferred right against the assets of any Eligible Loan Portfolio.

The withdrawal of any report, assessment, opinion or certification as described above, or any such report, assessment, opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such report, assessment, opinion or certification is reporting, assessing, opining or certifying on, and/or any such Sustainable Finance Notes no longer being listed or admitted to trading on any stock exchange or securities market, as aforesaid, may have a material adverse effect on the value of such Sustainable Finance Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

Risks relating to the Notes generally

Set out below is a brief description of certain risks relating to the Notes generally.

The Notes are not 'protected liabilities' for the purposes of any government compensation scheme

The Notes are not guaranteed or insured by any government, government agency or compensation scheme of the Hungary or any other jurisdiction. Further, as part of the reforms required by BRRD, amendments were made to relevant legislation in Hungary to establish in the insolvency hierarchy a statutory preference (i) firstly, for deposits that are insured by the Hungarian depositor protection scheme the National Deposit Insurance Fund ("**insured deposits**") and (ii) secondly, for all other deposits of individuals and micro, small and medium sized enterprises held in EEA or non-EEA branches of an EEA bank ("**other preferred deposits**"). All such preferred deposits will rank in the insolvency hierarchy ahead of all other unsecured senior creditors of the Issuer, including the Holders of the Notes. Insured deposits are excluded from the scope of the bail-in tool.

There is no limit on the amount or type of further bonds or other indebtedness that the Issuer may issue, incur or guarantee

There is no restriction on the amount of notes, bonds or other liabilities that the Issuer may issue, incur or guarantee and which rank senior to, or *pari passu* with, the Notes. The issue or guaranteeing of any such Notes or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Holders during a winding-up or administration or resolution of the Issuer and may limit the Issuer's ability to meet its obligations under the Notes. In addition, the Notes do not contain any restriction on the Issuer issuing securities that may have preferential rights to the Notes or securities with similar or different provisions to those described herein.

The Issuer may not be liable to pay certain taxes

All payments of principal, interest and any other amounts in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction

of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall (a) in the case of each Series of Senior Preferred Notes unless the relevant Final Terms expressly specifies "Senior Preferred Notes: Gross-up of principal" as "Not Applicable", in respect of payments of interest (if any) or principal or (b) in the case of all Tier 2 Capital Notes and all Senior Non-Preferred, in respect of payments of interest (if any) only and not principal, pay such Additional Amounts as will result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain exceptions as described in Condition 13 (*Taxation*).

Potential investors should be aware that neither the Issuer nor any other person will be liable for or otherwise obliged to pay, and the Noteholders and Couponholders will be liable for and/or pay, any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer and/or any payment in respect of the Notes, except as provided for in Condition 13 (*Taxation*).

Changes in law may adversely affect the rights of Holders

Changes in law after the date hereof may affect the rights of Holders as well as the market value of the Notes. The Conditions are based on English and Hungarian law in effect as of the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English or Hungarian law or administrative practice after the date of issue of the relevant Notes. Such changes in law may include changes in statutory, tax and regulatory regimes during the life of the Notes, which may have an adverse effect on an investment in the Notes.

In addition, any change in law or regulation that triggers a Tax Event, a Capital Disqualification Event or a Loss Absorption Disqualification Event would, in the case of certain Notes, entitle the Issuer, at its option (subject to, among other things, obtaining prior Supervisory Permission), to redeem the Notes, in whole but not in part, as provided under Condition 10(c) (*Redemption for Tax Event*), 10(d) (*Redemption for Capital Disqualification Event*) or 10(e) (*Redemption for Loss Absorption Disqualification Event*), as the case may be.

Such legislative and regulatory uncertainty could also affect an investor's ability to accurately value the Notes and, therefore, affect the trading price of the Notes given the extent and impact on the Notes that one or more regulatory or legislative changes, including those described above, could have on the Notes.

Judgments entered against Hungarian entities in the courts of a state which is not subject to the Brussels Regulations, the Lugano Convention or the Hague Convention may not be enforceable in Hungary

Hungarian courts normally recognise foreign judgments provided that the foreign courts had jurisdiction under the rules set out in Act XXVIII of 2017 on private international law.

However, a judgment entered against a company incorporated in Hungary in the courts of a state which is not, under the terms of: (i) Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the "**2012 Brussels Regulation**"); (ii) Council Regulation (EC) No. 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the "**2000 Brussels Regulation**"); (iii) the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters made at Lugano on 30 October 2007 (the "**Lugano Convention**"); or (iv) the Hague Choice of Court Convention of 30 June 2005 (the "**Hague Convention**") a Member State (as defined in the 2012 Brussels Regulation and the 2000 Brussels Regulation) or a Contracting State (as defined in the Lugano Convention and the Hague Convention), may not be automatically enforceable in Hungary, as a matter of law without a retrial on its merits.

An English court judgment entered against the Issuer in relation to any Notes would be enforceable in accordance with sections 109 and 113 of the Act XXVIII of 2017 on private international law. These provisions set out that a final and binding money judgment of a foreign court would be recognised by Hungarian courts, if

the respective contracting parties previously duly agreed to submit their disputes to the jurisdiction of that foreign court. However, the wording of the relevant provisions leave the question open for interpretation as to whether the Hungarian courts may exercise some form of discretion when it comes to a decision on the recognition and enforceability of foreign judgments for payment of money in the absence of reciprocity (currently, there is no reciprocity between England and Hungary) if the relevant judgment is based on the choice of forum agreement of the respective parties.

In addition, judicial enforcement in Hungary is subject to standard exceptions to recognition such that the enforcement of a court judgment of the English courts would be refused if: (i) such judgment conflicts with public policy in Hungary; (ii) the losing party in the relevant case or its authorised representative did not participate in the proceedings because such party did not have proper or timely notice of the proceedings; (iii) the proceedings were commenced in Hungary before they were commenced in the England; (iv) Hungarian courts (or relevant Hungarian authorities) have already determined the matter (*res judicata*); or (v) foreign courts have already determined the matter and such judgment is eligible for recognition in Hungary (irrespective of whether such eligible judgment is actually sought to be enforced in Hungary).

It is also noted that most of the foreign judgments have been recognised and enforced in Hungary based on either the Brussels Regulation or international treaties since the entry into force of Act XXVIII of 2017 on private international law and, therefore, very limited interpretation and court cases are available regarding recognition and enforcing of foreign judgments where no international treaty/EU regulation is applicable and no reciprocity is available.

As a result, there is a risk that a judgment of the courts of England and Wales entered against the Issuer in relation to the Notes may not be enforceable or may take longer to enforce, and any such enforcement is largely untested in Hungary.

A downgrade of the credit rating assigned by any credit rating agency to the Issuer or, if applicable, to the Notes could adversely affect the liquidity or market value of the Notes. Credit ratings downgrades could occur as a result of, among other causes, changes in the ratings methodologies used by credit rating agencies

Tranches of Notes issued under the Programme may be rated by credit rating agencies and may in the future be rated by additional credit rating agencies, although the Issuer is under no obligation to ensure that any Notes issued by them under the Programme are rated by any credit rating agency. Credit ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in these Risk Factors and other factors that may affect the liquidity or market value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the credit rating agency at any time.

Any rating assigned to the Issuer and/or, if applicable, the Notes may be withdrawn entirely by a credit rating agency, may be suspended or may be lowered, if, in that credit rating agency's judgment, circumstances relating to the basis of the rating so warrant. Ratings may be impacted by a number of factors which can change over time, including the credit rating agency's assessment of: the Issuer's strategy and management's capability; the Issuer's financial condition including in respect of capital, funding and liquidity; competitive and economic conditions in the OTP Group's key markets; the level of political support for the industries in which the OTP Group operates; and legal and regulatory frameworks affecting the Issuer's legal structure, business activities and the rights of its creditors. The credit rating agencies may also revise the ratings methodologies applicable to an issuer within a particular industry or political or economic region. If credit rating agencies perceive there to be adverse changes in the factors affecting an issuer's credit rating, including by virtue of change to applicable ratings methodologies, the credit rating agencies may downgrade, suspend or withdraw the ratings assigned to

an issuer and/or its securities. Revisions to ratings methodologies and actions on the Issuer's ratings by the credit rating agencies may occur in the future.

If the Issuer determines to no longer maintain one or more ratings, or if any credit rating agency withdraws, suspends or downgrades the credit ratings of the Issuer or the Notes, or if such a withdrawal, suspension or downgrade is anticipated (or any credit rating agency places the credit ratings of the Issuer or, if applicable, the Notes on "credit watch" status in contemplation of a downgrade, suspension or withdrawal), whether as a result of the factors described above or otherwise, such event could adversely affect the liquidity or market value of the Notes (whether or not the Notes had an assigned rating prior to such event).

Furthermore, as a result of the CRA Regulation, if the status of the rating agency rating the Notes changes, European regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in European regulated investors selling the Notes, which may impact the value of the Notes and any secondary market trading thereof.

Investors to rely on the procedures of Euroclear and Clearstream, Luxembourg for transfer, payment and communication with the Issuer

Notes issued under the Programme may be represented by one or more Global Notes or Global Certificates which may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg (each of Euroclear and Clearstream, Luxembourg, a "**Clearing System**"). If the Global Notes are NGN or if the Global Certificates are to be held under the NSS, they will be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note or Global Certificate, investors will not be entitled to receive definitive Notes. The relevant Clearing System will maintain records of the beneficial interests in the Global Notes or, as the case may be, Global Certificates. While the Notes are represented by one or more Global Notes, or as the case may be, Global Certificates, investors will be able to trade their beneficial interests only through the relevant Clearing System.

While the Notes are represented by one or more Global Notes or, as the case may be, Global Certificates, the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary or, for Global Notes that are NGN and Global Certificates to be held under the NSS, the common safekeeper for Euroclear and Clearstream, Luxembourg. A Holder of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Certificates.

Holders of beneficial interests in the Global Notes or Global Certificates will not have a direct right to vote in respect of the relevant Notes. Instead, such Holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

Modification and waivers

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

A Holder's actual yield on the Notes may be reduced from the stated yield by transaction costs

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional domestic or foreign parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Holders must

take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of Notes (direct costs), Holders must also take into account any follow-up costs (such as custody fees). Prospective investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

Risks relating to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

There can be no assurance about the development or performance of a secondary trading market for the Notes

The Notes issued under the Programme represent a new security for which no secondary trading market exists (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued) and there can be no assurance that one will develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Notes.

If a market for the Notes does develop, the trading price of the Notes may be subject to wide fluctuations in response to many factors, including those referred to in this risk factor, as well as stock market fluctuations and general economic conditions, interest rates, currency exchange rates and inflation rates that may adversely affect the market price of the Notes, such volatility may be increased in an illiquid market including in circumstances where a significant proportion of the Notes are held by a limited number of initial investors. Publicly traded bonds from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them, and such volatility may be increased in an illiquid market. If any market in the Notes does develop, it may become severely restricted, or may disappear, if the financial condition of the Issuer deteriorates such that there is an actual or perceived increased likelihood of the Issuer being unable to pay interest on the Notes in full, or, where relevant, of the Notes being subject to loss absorption under an applicable statutory loss absorption regime. In addition, the market price of the Notes may fluctuate significantly in response to a number of factors, some of which are beyond the Issuer's control.

Any or all of such events could result in material fluctuations in the price of Notes which could lead to investors losing some or all of their investment.

The issue price of the Notes might not be indicative of prices that will prevail in the trading market, and there can be no assurance that an investor would be able to sell its Notes at or near the price which it paid for them, or at a price that would provide it with a yield comparable to more conventional investments that have a developed a secondary market.

Moreover, although the Issuer and any subsidiary of the Issuer can (subject to Supervisory Permission and compliance with prevailing Regulatory Capital Requirements or Loss Absorption Regulations, as applicable) purchase Notes at any time, they have no obligation to do so. Purchases made by the Issuer (or on behalf of the Issuer) could affect the liquidity of the secondary market of the Notes and thus the price and the conditions under which investors can negotiate these Notes on the secondary market.

In addition, Holders should be aware of the prevailing credit market conditions, whereby there is a general lack of liquidity in the secondary market which may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the Notes or the assets of the Issuer. The Issuer cannot predict whether these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

Although an application has been made to admit the Notes issued under the Programme to trading on the Market, there can be no assurance that such application will be accepted, that the Notes will be so admitted, or that an active trading market will develop. Even if an active trading market does develop, it may not be liquid and may not continue for the term of the Notes.

There are exchange rate risks and exchange control risks associated with the Notes

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease; (a) the Investor's Currency equivalent yield on the Notes; (b) the Investor's Currency equivalent value of the principal payable on the Notes; and (c) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal as measured in the Investor's Currency.

INFORMATION INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the information set out in the table below as contained in:

1. the audited consolidated financial statements of the Issuer for the year ended 31 December 2021 (https://www.otpbank.hu/static/portal/sw/file/220413_IFRS_konsz_e_064.pdf) (the "**Accounts 2021**") including the information set out at the following pages in particular:

Consolidated Statement of Financial Position	Page 4
Consolidated Statement of Profit or Loss	Page 5
Consolidated Statement of Comprehensive Income	Page 6
Consolidated Statement of Changes in Equity	Page 7
Consolidated Statement of Cash-Flows	Pages 8 to 9
Notes to the Consolidated Financial Statements	Pages 10 to 179

2. the independent auditor's report in respect of the audited consolidated financial statements of the Issuer for the year ended 31 December 2021 (https://www.otpbank.hu/static/portal/sw/file/220413_Audit_report_konsz_e_064.pdf) (the "**Independent Auditor's Report 2021**")

   The Independent Auditor's Report 2021 is unqualified and contains an "Emphasis of Matter" paragraph drawing attention to the relevant disclosure in the Notes to the consolidated financial statements which describes the uncertainty related to the Ukrainian and Russian operations of the OTP Group due to the developing conflict between Russia and Ukraine.

3. the audited consolidated financial statements of the Issuer for the year ended 31 December 2020 (https://www.otpbank.hu/static/portal/sw/file/210416_IFRS_konsz_e_030.pdf) (the "**Accounts 2020**"), including the information set out at the following pages in particular:

Consolidated Statement of Financial Position	Page 4
Consolidated Statement of Profit or Loss	Page 5
Consolidated Statement of Comprehensive Income	Page 6
Consolidated Statement of Changes in Equity	Page 7
Consolidated Statement of Cash-Flows	Pages 8 to 9
Notes to the Consolidated Financial Statements	Pages 10 to 163
Independent Auditor's Report	Pages 1/6 to 6/6 (as appended to the front of the audited consolidated financial statements of the Issuer for the year ended 31 December 2020)

4. summary of the unaudited first three months to 31 March 2022 results dated 6 May 2022 (https://www.otpbank.hu/static/portal/sw/file/OTP_20221Q_e_final.pdf) (the "**1Q 2022 Interim Financial Statements**" and together with the Accounts 2021, the Independent Auditor's Report 2021 and the Accounts 2020, the "**Documents Incorporated by Reference**"), including the information set out at the following pages in particular:

Consolidated IFRS Statement of Financial Position (unaudited)	Page 45
Consolidated IFRS Statement of Recognised Income (unaudited)	Page 47
Statement of Changes in Consolidated Shareholders' Equity (IFRS)	Page 48
Consolidated IFRS Statement of Cash Flows	Page 50
Supplementary data	Pages 62 to 63

The Documents Incorporated by Reference have been previously published by the Issuer and have been approved by the CSSF or filed with it. Such information in those documents shall be incorporated in, and form part of, this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Those parts of the Documents Incorporated by Reference which are not specifically incorporated by reference in this Base Prospectus are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in this Base Prospectus. Any documents referred to in the Documents Incorporated by Reference do not form part of this Base Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

PRESENTATION OF INFORMATION

Historical financial information

The historical financial information in this Base Prospectus has been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and as adopted by the EU (the "**IFRS**"). The historical financial information presented in this Base Prospectus consists of (i) consolidated audited financial information of the Issuer for the financial years ended 31 December 2020 and 31 December 2021 and (ii) first quarter financial results for the three months ended 31 March 2022 (English translation of the original report submitted to the Budapest Stock Exchange) containing the unaudited separate and consolidated financial statements for the period (the "**1Q 2022 Interim Financial Statements**"). The 1Q 2022 Interim Financial Statements have not been audited or reviewed by the Issuer's auditors.

Non-IFRS financial measures

The Issuer presents certain key performance measures that are not defined under IFRS or Hungarian GAAP but that it finds useful in analysing its results and that it believes are widely used by investors to monitor the results of banks generally. Some of these measures are defined by, and calculated in compliance with, applicable banking regulations, but these regulations often provide the Issuer with certain discretion in making its calculations.

These alternative performance measures ("**APMs**") may not be indicative of the Issuer's historical operating results, nor are such measures meant to be predictive of its future results. The Issuer presents these APMs because it considers them an important supplemental measure of its performance and believes that they and similar measures are widely used in the industry in which it operates as a means of evaluating a company's results. However, not all banks and financial institutions calculate APMs in the same manner or on a consistent basis. As a result, these measures may not be comparable to measures used by other banks and financial institutions under the same or similar names. Accordingly, undue reliance should not be placed on the APMs contained in this Base Prospectus and they should not be considered as a substitute for financial measures computed in accordance with IFRS or Hungarian GAAP.

The APMs include Adjusted net profit, Adjusted net interest income, Adjusted net profit from fees and commissions, Adjusted other net non-interest income without one-offs, Adjusted total income, Adjusted operating expenses, Adjusted provision for impairment on loan and placement losses, Return On Equity ("**ROE**"), Adjusted ROE, Adjusted Return On Assets, Total revenue margin, Net interest margin, Net fee and commission margin, Other income margin, Cost-to-asset ratio, Cost-to-income ratio, Risk cost rate, Stage 3 ratio, Own coverage of Stage 3 loans, DPD90+ ratio, DPD90+ coverage, Net loan-to deposit ratio, Net loans to deposits including retail bonds ratio.

Each of the APMs is described below and reconciliations of these measures to the Issuer's IFRS financial statements are set out below under the section headed "*Financial Performance of the OTP Group – Alternative Performance Measures*".

Given the discretion that the Issuer and other banks have in defining these measures and calculating the reported amounts, care should be taken in comparing these various measures with similar measures used by other banks. These measures should not be used as a substitute for evaluating the performance of the Issuer based on its audited balance sheet and results of operations.

Certain measures are included in this Base Prospectus that are not measures presented in accordance with, or defined by, IFRS as adopted by the EU. However, such measures have been prepared on the basis of the Issuer's unaudited separate and consolidated IFRS financial statements or derived from that.

The Issuer believes that the presentation of these non-IFRS measures enhances an investor's understanding of the OTP Group's financial performance in the periods presented and provides helpful comparisons of financial performance between periods by providing segmented financial information and adjusting for the distorting effect of, *inter alia*, certain, typically non-recurring items, intra-group transactions, acquisitions and foreign exchange rate movements. These adjustments include separating or reclassifying certain financial statement items, including profit and loss statement lines and balance sheet lines. These non-IFRS measures are not presented in accordance with IFRS and the Issuer's use of them may vary from, and not be comparable with, non-IFRS measures used by other companies. These non-IFRS measures should not be considered in isolation or as a substitute for financial information as reported under IFRS. Please see "*1Q 2022 Interim Financial Statements*" for further details regarding the adjustments made to the IFRS measures.

Non-financial information operating data

The non-financial operating data included in this Base Prospectus has been extracted without material adjustment from the management records of the Issuer and is unaudited.

Rounding

Percentages and certain amounts in this Base Prospectus, including financial, statistical and operational information, have been rounded. As a result, the figures shown as totals may not be the precise sum of the figures that precede them.

No incorporation of website information

Other than in relation to the Documents Incorporated by Reference (see "*Information Incorporated by Reference*"), contents of the Issuer's or the OTP Group's website, any other website mentioned in this Base Prospectus or any website directly or indirectly linked to these websites have not been verified and do not form part of this Base Prospectus, have not been scrutinised or approved by the CSSF and investors should not rely on such information.

FINAL TERMS AND DRAWDOWN PROSPECTUSES

In this section the expression "**necessary information**" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes, the reasons for the issuance and the impact on the Issuer. In relation to the different types of Notes which may be issued under the Programme, the Issuer has included in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, complete this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions described in this Base Prospectus as completed to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus.

In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus, unless the context requires otherwise.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion in accordance with Part A of the relevant Final Terms, shall be applicable to Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in the terms and conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on Notes in definitive form or Certificates (as the case may be). The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Forms of the Notes - Summary of Provisions Relating to the Notes while in Global Form".

This Note is one of a series (each a "**Series**") issued pursuant to the €5,000,000,000 Euro Medium Term Note Programme (the "**Programme**") established by OTP Bank Nyrt. (the "**Issuer**") on 6 May 2020. A Fiscal Agency Agreement dated 31 May 2022 (the "**Fiscal Agency Agreement**") has been entered into in relation to the Notes between the Issuer, Citibank, N.A., London Branch as fiscal agent, Citibank Europe plc as registrar and the other agents named in it. The Notes have the benefit of a Deed of Covenant (the "**Deed of Covenant**") dated 6 May 2020 executed by the Issuer relating to the Notes. The fiscal agent, the registrar, any transfer agent and the calculation agent for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Registrar**" and the "**Transfer Agents**" (which expression shall include the Registrar) and the "**Calculation Agent**". "**Agents**" means the Fiscal Agent, the Registrar, the Transfer Agents and any other agent or agents appointed from time to time with respect to the Notes. The Fiscal Agency Agreement includes the form of the Notes. Copies of the Fiscal Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the Specified Offices of the Fiscal Agent, the Registrar and any Transfer Agents. The Noteholders (as defined below) are deemed to have notice of all the provisions of the Fiscal Agency Agreement applicable to them.

The term "**Notes**" means debt instruments, by whatever name called, issued under the Programme. The Notes may be issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**"). All subsequent references in these Conditions to "Notes" are to the Notes which are the subject of the relevant Final Terms. Notes issued under the Programme are issued in Series and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of the relevant final terms (the "**Final Terms**") which supplements these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail. Certain provisions of these Conditions are summaries of the Fiscal Agency Agreement and are subject to its detailed provisions.

1 Interpretation

(a) ***Definitions***: In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Additional Amounts**" has the meaning given in Condition 13(a) (*Gross-Up*);

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Adjustment Spread**" has the meaning given in Condition 9(g) (*Definitions*);

"**Alternative Rate**" has the meaning given in Condition 9(g) (*Definitions*);

"**Bail-In Tool**" means the mechanism for effecting the exercise by the Relevant Regulator of the write-down and conversion powers in relation to liabilities of an institution:

(i) prior to resolution in accordance with Sections 74 to 79;

(ii) under resolution in accordance with paragraphs d) to h) of subsection (1) of Section 84; or

(iii) under resolution in accordance with Sections 57 to 61 and/or Sections 69 to 73,

of the Resolution Act (as amended or replaced from time to time);

"**Benchmark Amendments**" has the meaning given in Condition 9(d) *(Benchmark Amendments*);

"**Benchmark Event**" has the meaning given in Condition 9(g) (*Definitions*);

"**Broken Amount**" means, in respect of any Notes, the amount (if any) that is specified in the relevant Final Terms;

"**Business Day**" means:

(i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and

(ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(i) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;

(ii) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(iii) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(iv) "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:

(A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next

calendar month, in which case it will be the first preceding day which is a Business Day; and

(C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(v) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"**Calculation Amount**" has the meaning given in the relevant Final Terms;

a "**Capital Disqualification Event**" is deemed to have occurred if there is a change (which has occurred or which the Relevant Regulator considers to be sufficiently certain) in the regulatory classification of the Tier 2 Capital Notes which becomes effective after the Issue Date of the last Tranche of the relevant Series of Tier 2 Capital Notes and that results, or would be likely to result, in some of or the entire principal amount of the Notes being excluded from the Tier 2 Capital of the Issuer or the Group and, for the avoidance of doubt, any amortisation of the Notes pursuant to Article 64 of the CRR as in force as at the Issue Date of the last Tranche of the relevant Series of Tier 2 Capital Notes shall not comprise a Capital Disqualification Event;

"**CMS Rate**" means the Relevant Swap Rate for swap transactions in the Reference Currency with a maturity of the Designated Maturity (expressed as a percentage rate per annum) which appears on the Relevant Screen Page as at (a) the Determination Time specified in the relevant Final Terms or (b) if no Determination Time is specified in the relevant Final Terms, 11.00 a.m. (Relevant Financial Centre time) on the Interest Determination Date in question, all as determined by the Calculation Agent;

"**CMS Rate Fixing Centre**" has the meaning given in the relevant Final Terms;

"**CMS Rate Fixing Day**" means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for business in each CMS Rate Fixing Centre specified in the relevant Final Terms;

"**CMT Designated Maturity**" has the meaning given to it in the relevant Final Terms;

"**CMT Rate**" means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period, the rate determined by the Calculation Agent, and expressed as a percentage, equal to:

(i) the yield for United States Treasury Securities at "constant maturity" for the CMT Designated Maturity, as published in the H.15(519) under the caption "treasury constant maturities (nominal)", as that yield is displayed on the CMT Rate Screen Page on such Reset Determination Date; or

(ii) if the yield referred to in paragraph (i) above is not published by 4:00 p.m. (New York City time) on the CMT Rate Screen Page on such Reset Determination Date, the yield for the United States Treasury Securities at "constant maturity" for the CMT Designated Maturity as published in the H.15(519) under the caption "treasury constant maturities (nominal)" on such Reset Determination Date; or

(iii) if the yield referred to in paragraph (ii) above is not published by 4:30 p.m. (New York City time) on such Reset Determination Date, the Reference Bank CMT Rate on such Reset Determination Date;

"**CMT Rate Screen Page**" has the meaning given to it in the relevant Final Terms or any successor service or such other page as may replace that page on that service for the purpose of displaying "treasury constant maturities" as reported in H.15(519);

"**Code**" has the meaning given in Condition 13(b) (*FATCA*);

"**Coupon Sheet**" means, in respect of a Bearer Note, a coupon sheet relating to such Note;

"**Couponholders**" means the holders of the Coupons (whether or not attached to the relevant Notes);

"**Credit Institutions Act**" means Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises;

"**CRR**" means the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation), as amended or replaced from time to time (including pursuant to Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019), and any references in these Conditions to relevant Articles of the CRR include references to any applicable provisions of law amending or replacing such Articles from time to time;

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

(i) if "**Actual/Actual (ICMA)**" is so specified, means:

(A) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year; and

(B) where the Calculation Period is longer than one Regular Period, the sum of:

(1) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (I) the actual number of days in such Regular Period and (II) the number of Regular Periods in any year; and

(2) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (I) the actual number of days in such Regular Period and (II) the number of Regular Periods in any year;

(ii) if "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(iii) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;

(iv) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;

(v) if "**30/360**" is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(vi) if "**30E/360**" or "**Eurobond Basis**" is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30;

(vii) if "**30E/360 (ISDA)**" is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis is as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (1) that day is the last day of February or (2) such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (1) that day is the last day of February but not the Maturity Date or (2) such number would be 31, in which case D_2 will be 30,

provided, however, that in each such case the number of days in the Calculation Period is calculated from (and including) the first day of the Calculation Period to (but excluding) the last day of the Calculation Period;

"**Designated Maturity**" shall have the meaning specified in the relevant Final Terms;

"**Directors**" means the directors of the Issuer;

"**Early Redemption Amount (Tax)**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"**EEA Regulated Market**" means a market as defined by Article 4.1(21) of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended or any equivalent or successor provision;

"**EURIBOR**" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Eurozone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Money Markets Institute (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor);

"**euro**" and "**€**" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended;

"**Extraordinary Resolution**" has the meaning given in the Fiscal Agency Agreement;

"**FATCA Withholding**" has the meaning given in Condition 13(b) (*FATCA*);

"**Final Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"**First Interest Payment Date**" means the date specified in the relevant Final Terms;

"**First Margin**" means the margin specified as such in the relevant Final Terms;

"**First Reset Date**" means the date specified in the relevant Final Terms;

"**First Reset Period**" means the period from (and including) the First Reset Date until (but excluding) the first Subsequent Reset Date or, if a Subsequent Reset Date is not specified in the relevant Final Terms, the Maturity Date;

"**First Reset Rate of Interest**" means, in respect of the First Reset Period and subject to Conditions 5(d) (*Fallback – Mid-Swap Rate*) and 5(e) (*Fallback – CMT Rate*) (as applicable), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate and the First Margin (with such sum converted (if necessary) from a basis equivalent to the Fixed Leg Swap Payment Frequency to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes during the First Reset Period (such calculation to be made by the Calculation Agent));

"**Fixed Coupon Amount**" has the meaning given in the relevant Final Terms;

"**Fixed Leg Swap Payment Frequency**" has the meaning given in the relevant Final Terms;

"**Fixed Rate Note**" means a Note on which interest is calculated at a fixed rate payable in arrear on a fixed date or dates in each year and on redemption or on such other dates as may be agreed between the Issuer and the relevant dealer(s) (as indicated in the relevant Final Terms);

"**Floating Rate Note**" means a Note on which interest is calculated at a floating rate payable at intervals of one, two, three, six or 12 months or at such other intervals as may be agreed between the Issuer and the relevant dealer(s) (as indicated in the relevant Final Terms);

"**Group**" means the Issuer and each entity (if any) that is part of the prudential consolidation group (as that term, or its successor, is used in the Regulatory Capital Requirements) of which the Issuer is part from time to time, if any;

"**Holder**", in the case of Bearer Notes, has the meaning given in Condition 2(b) (*Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 2(d) (*Title to Registered Notes*);

"**IA Determination Cut-Off Date**" means the day falling no later than five Business Days prior to the Interest Determination Date or the Reset Determination Date (as applicable);

"**Independent Adviser**" has the meaning given in Condition 9(g) (*Definitions*);

"**Initial Mid-Swap Rate**" has the meaning specified in the relevant Final Terms;

"**Initial Mid-Swap Rate Final Fallback**" has the meaning given in the relevant Final Terms;

"**Initial Rate of Interest**" has the meaning specified in the relevant Final Terms;

"**Interest Amount**" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"**Interest Commencement Date**" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

"**Interest Determination Date**" shall mean:

(i) if the Reference Rate is not CMS Rate, the date specified as such in the relevant Final Terms, or if the Reference Rate is EURIBOR, unless specified otherwise in the relevant Final Terms, the second TARGET Settlement Day prior to the start of each Interest Period; or

(ii) if the Reference Rate is CMS Rate, the date specified as such in the relevant Final Terms, provided that if any day specified as an Interest Determination Date in the relevant Final Terms

is not a CMS Rate Fixing Day, the relevant Interest Determination Date shall be the immediately preceding CMS Rate Fixing Day;

"**Interest Payment Date**" means the First Interest Payment Date and any date or dates specified as such in the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

(i) as the same may be adjusted in accordance with the relevant Business Day Convention; or

(ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

"**Interest Period**" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the first Interest Payment Date or next Interest Payment Date (as the case may be);

"**ISDA Definitions**" means the 2006 ISDA Definitions (as amended and updated as at the Issue Date of the first Tranche of Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

"**Issue Date**" has the meaning given in the relevant Final Terms;

"**Last Observable Mid-Swap Rate Final Fallback**" has the meaning given in the relevant Final Terms;

"**Loss Absorption Compliant Notes**" means securities issued directly by the Issuer that:

(i) (other than in respect of, or in order to ensure, the effectiveness and enforceability of Condition 23(d) *(Acknowledgement of Statutory Loss Absorption Powers)*) have terms not materially less favourable to an investor than the terms of the relevant Series of Notes which have been or are to be substituted or varied (as reasonably determined by the Issuer in consultation with an investment bank or financial adviser of international standing (which in either case is independent of the Issuer) prior to the issue or, as appropriate, variation of the relevant securities and, for the avoidance of doubt, any change to the governing law of Condition 23(d) (*Acknowledgement of Statutory Loss Absorption Powers*) shall not be materially less favourable to an investor for these purposes), and, subject thereto, which: (1) contain terms which comply with the then applicable Loss Absorption Regulations in order to be eligible to qualify in full towards the Issuer's minimum requirements (on an individual or consolidated basis) for own funds and eligible liabilities and/or loss absorbing capacity instruments; (2) provide for the same Rate of Interest and Interest Payment Dates from time to time applying to the relevant Series of Notes; (3) rank at least *pari passu* with the ranking of the relevant Series of Notes; (4) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the relevant Series of Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption; (5) preserve any existing rights under these Conditions to any accrued interest or other amounts which have not been paid; (6) (other than as envisaged by Condition 23(d) *(Acknowledgement of Statutory Loss Absorption Powers)*) do not contain terms which provide for interest cancellation or deferral; and (7) (other than as envisaged by Condition 23(d) *(Acknowledgement of Statutory Loss Absorption Powers)*) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares;

(ii) are listed on (aa) the same stock exchange or market as the relevant Series of Notes which have been or are to be substituted or varied, (bb) the Official List and admitted to trading on the Market or (cc) such other internationally recognised stock exchange, which is commonly used for the listing and trading of debt securities in the international bond markets, as selected by the Issuer;

(iii) where the Series of Notes which have been or are to be substituted or varied had a public rating which had been solicited by or published with the permission of the Issuer from a credit rating agency immediately prior to their substitution or variation, (other than in respect of, or in order to ensure, the effectiveness and enforceability of Condition 23(d) *(Acknowledgement of Statutory Loss Absorption Powers)*) each such credit rating agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Loss Absorption Compliant Notes;

a "**Loss Absorption Disqualification Event**" shall be deemed to have occurred if, as a result of any amendment to, or change in, any Loss Absorption Regulations, or any change in the application or official interpretation of any Loss Absorption Regulations, in any such case becoming effective on or after the Issue Date, the entire principal amount of a Series of Notes or any part thereof, is, or (in the opinion of the Issuer or the Relevant Regulator) is likely to be, excluded from the Issuer's and/or the Group's minimum requirements for own funds and eligible liabilities as such minimum requirements are applicable to the Issuer (whether on an individual or consolidated basis) and determined in accordance with, and pursuant to, the relevant Loss Absorption Regulations; provided that a Loss Absorption Disqualification Event shall not occur where the relevant exclusion is due to (a) the remaining maturity of the Notes being less than any period prescribed by the Loss Absorption Regulations effective with respect to the Issuer and/or the Group on the Issue Date, (b) any limit on the aggregate principal amount of instruments generally or of a particular type which the Issuer and/or the Group is permitted to count towards the minimum requirement for own funds and eligible liabilities pursuant to the Loss Absorption Regulations and/or (c) the Issuer not having a requirement pursuant to the Loss Absorption Regulations to have in issue own funds and eligible liabilities in excess of the Issuer's and/or the Group's own funds requirements;

"**Loss Absorption Regulations**" means, at any time, the laws, regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments of Hungary, the Relevant Regulator and/or of the European Parliament or of the Council of the European Union then in effect in Hungary and applicable to the Issuer and/or the Group (whether on an individual or consolidated basis), including, without limitation to the generality of the foregoing, any applicable delegated or implementing acts (such as regulatory technical standards) adopted by the European Commission and any regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments adopted by the Relevant Regulator from time to time (whether such regulations, requirements, guidelines, rules, standards or policies are applied generally or specifically to the Issuer and/or the Group);

"**Margin**" has the meaning given in the relevant Final Terms;

"**Market**" means the EEA Regulated Market of the Luxembourg Stock Exchange;

"**Maturity Date**" has the meaning given in the relevant Final Terms;

"**Maximum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Mid-Market Swap Rate**" means, for any Reset Period, the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the Fixed Leg Swap Payment Frequency during the relevant Reset Period (calculated on the day count basis then customary for fixed rate payments in the Specified Currency) of a fixed-for-floating interest rate swap transaction in the Specified Currency

which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified in the relevant Final Terms) (calculated on the day count basis then customary for floating rate payments in the Specified Currency);

"**Mid-Market Swap Rate Quotation**" means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

"**Mid-Swap Floating Leg Benchmark Rate**" means EURIBOR if the Specified Currency is euro or the Reference Rate as specified in the relevant Final Terms;

"**Mid-Swap Maturity**" has the meaning given in the relevant Final Terms;

"**Mid-Swap Rate**" means, in relation to a Reset Determination Date and subject to Condition 5(d) (*Fallback – Mid-Swap Rate*), either:

(i) if Single Mid-Swap Rate is specified in the relevant Final Terms, the rate for swaps in the Specified Currency:

(A) with a term equal to the relevant Reset Period; and

(B) commencing on the relevant Reset Date,

which appears on the Relevant Screen Page; or

(ii) if Mean Mid-Swap Rate is specified in the relevant Final Terms, the arithmetic mean (expressed as a percentage rate per annum) of the bid and offered swap rate quotations for swaps in the Specified Currency:

(A) with a term equal to the relevant Reset Period; and

(B) commencing on the relevant Reset Date,

which appear on the Relevant Screen Page,

in either case, as at approximately 11.00 a.m. in the Principal Financial Centre of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent;

"**Minimum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Noteholder**", in the case of Bearer Notes, has the meaning given in Condition 2(b) (*Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 2(d) (*Title to Registered Notes*);

"**Official List**" means the official list of the Luxembourg Stock Exchange;

"**Optional Redemption Amount (Call)**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"**Optional Redemption Amount (Capital Disqualification Event)**" means, in respect of any Tier 2 Capital Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"**Optional Redemption Amount (Loss Absorption Disqualification Event)**" means, in respect of any Senior Non-Preferred Note or, where applicable, Senior Preferred Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"**Optional Redemption Amount (Put)**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"**Optional Redemption Date (Call)**" has the meaning given in the relevant Final Terms;

"**Optional Redemption Date (Put)**" has the meaning given in the relevant Final Terms;

"**Original Reference Rate**" has the meaning given in Condition 9(g) (*Definitions*);

"**Payment Business Day**" means:

(i) if the currency of payment is euro, any day (other than a Saturday, Sunday or public holiday) which is:

(A) a day on which (1) banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies or (2) commercial banks are open for general business (including dealings in foreign currencies) in the city where the Fiscal Agent has its Specified Office; and

(B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

(ii) if the currency of payment is not euro, any day (other than a Saturday, Sunday or public holiday) which is:

(A) a day on which (1) banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies or (2) commercial banks are open for general business (including dealings in foreign currencies) in the city where the Fiscal Agent has its Specified Office; and

(B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

"**person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Principal Financial Centre**" means, in relation to any currency, the principal financial centre for that currency provided, however, that:

(i) in relation to euro, it means the principal financial centre of such Member State of the European Union as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Issuer;

(ii) in relation to Australian dollars, it means Sydney; and

(iii) in relation to New Zealand Dollars, it means either Wellington or Auckland as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Issuer;

"**Put Option Notice**" means a notice which must be delivered to an Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"**Put Option Receipt**" means a receipt issued by an Agent to a depositing Noteholder upon deposit of a Note with such Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"**Qualifying Tier 2 Securities**" means securities issued directly by the Issuer that:

(i) (other than in respect of, or in order to ensure, the effectiveness and enforceability of Condition 23(d) *(Acknowledgement of Statutory Loss Absorption Powers)*) have terms not materially less favourable to an investor than the terms of the relevant Series of Tier 2 Capital Notes (as reasonably determined by the Issuer in consultation with an investment bank or financial adviser of international standing (which in either case is independent of the Issuer) prior to the issue or, as appropriate, variation of the relevant securities and, for the avoidance of doubt, any change to the governing law of Condition 23(d) (*Acknowledgement of Statutory Loss Absorption Powers*) shall not be materially less favourable to an investor for these purposes), and, subject thereto, which: (1) contain terms which comply with the then current requirements of the Relevant Regulator in relation to Tier 2 Capital; (2) provide for the same Rate of Interest and Interest Payment Dates from time to time applying to the relevant Series of Tier 2 Capital Notes; (3) rank at least *pari passu* with the ranking of the relevant Series of Tier 2 Capital Notes; (4) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the relevant Series of Tier 2 Capital Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption; (5) preserve any existing rights under these Conditions to any accrued interest or other amounts which have not been paid; (6) (other than as envisaged by Condition 23(d) *(Acknowledgement of Statutory Loss Absorption Powers)*) do not contain terms which provide for interest cancellation or deferral; and (7) (other than as envisaged by Condition 23(d) *(Acknowledgement of Statutory Loss Absorption Powers)*) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares; and

(ii) are listed on (aa) the same stock exchange or market as the relevant Series of Tier 2 Capital Notes, (bb) the Official List and admitted to trading on the Market or (cc) such other internationally recognised stock exchange, which is commonly used for the listing and trading of debt securities in the international bond markets, as selected by the Issuer; and

(iii) where the Series of Tier 2 Capital Notes which have been or are to be substituted or varied had a public rating which had been solicited by or published with the permission of the Issuer from a credit rating agency immediately prior to their substitution or variation, (other than in respect of, or in order to ensure, the effectiveness and enforceability of Condition 23(d) *(Acknowledgement of Statutory Loss Absorption Powers)*) each such credit rating agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Qualifying Tier 2 Securities;

"**Ranking Legislation**" means Act XLIX of 1991 on Bankruptcy and Liquidation Proceedings of Hungary, subject to the Credit Institutions Act;

"**Rate of Interest**" means: (i) in the case of Notes other than Reset Notes, the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms; and (ii) in the case of Reset Notes, the Initial Rate of Interest, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest, as applicable;

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Loss Absorption Disqualification Event), the Optional Redemption Amount (Put), the Optional Redemption Amount (Capital Disqualification Event) or such other amount in the nature of a redemption amount as may be specified in the relevant Final Terms;

"**Reference Banks**" (i) in the case of Notes other than Reset Notes and Floating Rate Notes where the Reference Rate is CMS Rate, has the meaning given in the relevant Final Terms or, if none, five major banks selected by the Issuer in the market that is most closely connected with the Reference Rate, (ii) in the case of Floating Rate Notes where the Reference Rate is CMS Rate, (A) where the Reference Currency is euro, the principal office of five leading swap dealers in the Eurozone inter-bank market, (B) where the Reference Currency is pounds sterling, the principal London office of five leading swap dealers in the London inter-bank market, (C) where the Reference Currency is U.S. dollars, the principal New York City office of five leading swap dealers in the New York City inter-bank market, or (D) in the case of any other Reference Currency, the principal Relevant Financial Centre office of five leading swap dealers in the Relevant Financial Centre inter-bank market, in each case as selected by the Issuer, and (iii) in the case of Reset Notes, has the meaning given in the relevant Final Terms or, if none (1) in the case of the calculation of a Mid-Market Swap Rate, five major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer or (2) in the case of the calculation of a CMT Rate, five banks which are primary U.S. Treasury securities dealers or market makers in pricing corporate bond issues denominated in U.S. dollars in New York as selected by the Issuer;

"**Reference Bank CMT Rate**" means, if "CMT Rate" is specified in the Final Terms, the Reset United States Treasury Securities Quotations provided by the Reference Banks to the Calculation Agent at or around 4:30 p.m. (New York City time) on the relevant Reset Determination Date and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards). If at least four quotations are provided, the Reference Bank CMT Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reference Bank CMT Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Reference Bank CMT Rate will be the rounded quotation provided;

"**Reference Currency**" has the meaning given in the relevant Final Terms;

"**Reference Price**" has the meaning given in the relevant Final Terms;

"**Reference Rate**" shall mean (i)EURIBOR or (ii) the CMS Rate or (iii) or as otherwise specified in the relevant Final Terms, in the each case for the relevant period as specified in the relevant Final Terms;

"**Regular Period**" means:

(i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and each successive period from (and including) one Interest Payment Date to (but excluding) the next Interest Payment Date;

(ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from (and including) a Regular Date falling in any year to (but excluding) the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and

(iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from (and including) a Regular Date falling in any year to (but excluding) the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

"**Regulatory Capital Requirements**" means, at any time, any requirement contained in the laws, regulations, requirements, guidelines and policies of the Relevant Regulator, Hungary, the European Banking Authority or the European Parliament and/or Council then in effect in Hungary relating to capital adequacy and applicable to the Issuer and/or the Group;

"**Relevant Date**" means: (i) in respect of any payment other than a sum to be paid by the Issuer in a Winding-Up of the Issuer, the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Holders that, upon further surrender of the Certificate or Bearer Note representing such Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender, and (ii) in respect of a sum to be paid by the Issuer in a Winding-Up of the Issuer, the date which is one day prior to the date on which an order is made or a resolution is passed for the Winding-Up;

"**Relevant Financial Centre**" has the meaning given in the relevant Final Terms;

"**Relevant Jurisdiction**" means Hungary or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal, premium (if any) and/or interest on the Notes;

"**Relevant Nominating Body**" has the meaning given in Condition 9(g) (*Definitions*);

"**Relevant Regulator**" means the National Bank of Hungary (*Magyar Nemzeti Bank*) acting in the context of prudential matters or recovery and resolution matters or such other authority having primary supervisory authority with respect to prudential and/or recovery and resolution matters, concerning the Issuer and/or the Group, as may be relevant in the context and circumstances;

"**Relevant Screen Page**" means the page, section or other part of a particular information service (or any successor or replacement page, section or other part of a particular information service, including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"**Relevant Swap Rate**" means

(i) where the Reference Currency is euro, the mid-market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating euro interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to EURIBOR-Reuters (as defined in the ISDA Definitions) with a designated maturity of six months;

(ii) where the Reference Currency is pounds sterling, the mid-market semi-annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the semi-annual fixed leg, calculated on an Actual/365 (Fixed) day count basis, of a fixed-for-floating pounds sterling interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case

calculated on an Actual/365 (Fixed) day count basis, is equivalent (A) if the Designated Maturity is greater than one year, to SONIA (as defined in the ISDA Definitions) with a designated maturity of six months or (B) if the Designated Maturity is one year or less, to SONIA with a designated maturity of three months;

(iii) where the Reference Currency is U.S. dollars, the mid-market semi-annual swap rate determined on the basis of the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating U.S. dollar interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to SOFR (as defined in the ISDA Definitions) with a designated maturity of three months; and

(iv) where the Reference Currency is any other currency, the mid-market swap rate as determined by the Calculation Agent on a commercial basis as it shall consider appropriate and in accordance with standard market practice;

"**Relevant Time**" has the meaning given in the relevant Final Terms;

"**Representative Amount**" means an amount that is representative for a single transaction in the relevant market at the relevant time;

"**Reset Date**" means the First Reset Date and each Subsequent Reset Date (as applicable);

"**Reset Determination Date**" means, in respect of a Reset Period, (a) each date specified as such in the Final Terms or, if none is so specified, (b) (i) if the Specified Currency is euro, the day falling two TARGET Settlement Days prior to the first day of such Reset Period, (ii) if the Specified Currency is U.S. dollars, the day falling two U.S. Government Securities Business Days prior to the first day of such Reset Period or (iii) for any other Specified Currency, the day falling two Business Days in the principal financial centre for such Specified Currency prior to the first day of such Reset Period;

"**Reset Maturity Initial Mid-Swap Rate Final Fallback**" has the meaning given in the relevant Final Terms;

"**Reset Note**" means a Note which bears interest at a rate of interest which is recalculated at specified intervals;

"**Reset Period**" means the First Reset Period or a Subsequent Reset Period, as the case may be;

"**Reset Period Maturity Initial Mid-Swap Rate**" has the meaning given in the relevant Final Terms;

"**Reset Rate**" means (i) if "Mid-Swap Rate" is specified in the relevant Final Terms, the relevant Mid-Swap Rate or (ii) if "CMT Rate" is specified in the Final Terms, the relevant CMT Rate;

"**Reset United States Treasury Securities**" means, on the relevant Reset Determination Date, United States Treasury Securities with an original maturity equal to the CMT Designated Maturity, a remaining term to maturity of no more than one year shorter than the CMT Designated Maturity and in a principal amount equal to an amount that is representative for a single transaction in such United States Treasury Securities in the New York City market. If two or more United States Treasury Securities have remaining terms to maturity of no more than one year shorter than the CMT Designated Maturity, the United States Treasury Security with the longer remaining term to maturity will be used and if two or more United States Treasury Securities have remaining terms to maturity equally close to the duration of the CMT Designated Maturity, the United States Treasury Security with the largest nominal amount outstanding will be used;

"**Reset United States Treasury Securities Quotation**" means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period, the rate quoted by a Reference Bank as being a yield-to-maturity based on the secondary market bid price of such Reference Bank for Reset United States Treasury Securities at approximately 4:30 p.m. (New York City time) on such Reset Determination Date;

"**Resolution Act**" means Act XXXVII of 2014 on the improvement of the institutional system strengthening the security of certain participants of the financial intermediary system and any other law or regulation implementing, amending or superseding the provisions of such act or Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms;

"**Senior Claims**" means the aggregate amount of all claims admitted in a Winding-Up of the Issuer in respect of creditors of the Issuer: (a) who are unsubordinated creditors of the Issuer including the claims against the Issuer specified in Section 57(1)(a)-(h) of the Ranking Legislation, thus, for the avoidance of doubt, holders of Senior Preferred Notes and holders of Senior Non-Preferred Notes; and (b) whose claims are or are expressed to be subordinated to the claims of other creditors of the Issuer (other than those whose claims are in respect of obligations which constitute, or would but for any applicable limitation on the amount of such capital, constitute, Tier 1 Capital or Tier 2 Capital or whose claims rank or are expressed to rank *pari passu* with, or junior to, the claims of Holders in respect of the Tier 2 Capital Notes or related Coupons, including debt arising from Tier 2 items and instruments within the meaning of Section 57(2) of the Credit Institutions Act for the purposes of the Ranking Legislation);

"**Senior Non-Preferred Claims**" means the aggregate amount of all claims admitted in a Winding-Up of the Issuer which are claims of creditors in respect of obligations which are secondary non-preferential debt under the Ranking Legislation in accordance with Section 57(1b)(b) of the Credit Institutions Act (including, without limitation, Senior Non-Preferred Notes and claims in respect of the Senior Non-Preferred Notes);

"**Senior Notes**" means the Senior Non-Preferred Notes and the Senior Preferred Notes;

"**Specified Currency**" has the meaning given in the relevant Final Terms;

"**Specified Denomination(s)**" has the meaning given in the relevant Final Terms;

"**Specified Office**" has the meaning given in the Fiscal Agency Agreement;

"**Specified Period**" has the meaning given in the relevant Final Terms;

"**Subsequent Margin**" means the margin(s) specified as such in the relevant Final Terms;

"**Subsequent Reset Date**" means the date or dates specified in the relevant Final Terms;

"**Subsequent Reset Period**" means the period from (and including) the first Subsequent Reset Date to (but excluding) the next Subsequent Reset Date, and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date;

"**Subsequent Reset Rate of Interest**" means, in respect of any Subsequent Reset Period and subject to Conditions 5(d) (*Fallback – Mid-Swap Rate*) and 5(e) (*Fallback – CMT Rate*) (as applicable), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate and the relevant Subsequent Margin (with such sum converted (if necessary) from a basis equivalent to the Fixed Leg Swap Payment Frequency to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes during the relevant Subsequent Reset Period (such calculation to be made by the Calculation Agent));

"**Subsequent Reset Rate Last Observable Mid-Swap Rate Final Fallback**" has the meaning given in the relevant Final Terms;

"**Subsequent Reset Rate Mid-Swap Rate Final Fallback**" has the meaning given in the relevant Final Terms;

"**Successor Rate**" has the meaning given in Condition 9(g) (*Definitions*);

"**Supervisory Permission**" means, in relation to any action, such supervisory permission (or, as appropriate, waiver) as is required therefor under prevailing Regulatory Capital Requirements (if any) and/or (in the case of Senior Non-Preferred Notes or Senior Preferred Notes) the Loss Absorption Regulations (if any);

"**Talon**" means a talon for further Coupons;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro;

"**Tax Event**" is deemed to have occurred if, as a result of a Tax Law Change, the Issuer determines that (a) in making any payments on the Notes, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts and the Issuer could not avoid the foregoing by taking measures reasonably available to it or (b) (if Tax Event (Deductibility) is expressly specified to be "Applicable" in the Final Terms) to the extent (prior to such Tax Law Change) the Issuer was entitled to claim a deduction in respect of the Notes in computing its taxation liabilities, it would not be entitled to claim a deduction in respect of its taxation liabilities in the Relevant Tax Jurisdiction in respect of any payment of interest to be made on the next Interest Payment Date or the value of such deduction would be materially reduced;

"**Tax Law Change**" means a change in or amendment to the laws or regulations of a Relevant Jurisdiction, including any treaty to which such Relevant Jurisdiction is a party, or any change in the application of official or generally published interpretation of such laws, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position in relation to similar transactions or which differs from any specific written statements made by a tax authority regarding the anticipated tax treatment of the Notes, which change or amendment (x) (subject to (y)) becomes, or would become, effective on or after the Issue Date of the last Tranche of Notes of the relevant Series or (y) in the case of a change or proposed change in law, if such change is enacted (or, in the case of a proposed change, is expected to be enacted), on or after the Issue Date of the last Tranche of Notes of the relevant Series;

"**Tier 1 Capital**" has the meaning given to it from time to time by the Relevant Regulator or the applicable prudential rules;

"**Tier 2 Capital**" has the meaning given to it from time to time by the Relevant Regulator or the applicable prudential rules;

"**U.S. Government Securities Business Day**" means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities;

"**United States Treasury Securities**" means securities that are direct obligations of the United States Treasury, issued other than on a discount rate basis;

"**Winding-Up**" means the ordering by any competent court for the liquidation (*felszámolás*) of the Issuer in accordance with Act XLIX of 1991 on Bankruptcy and Liquidation Proceedings of Hungary; and

"**Zero Coupon Note**" means a Note specified as such in the relevant Final Terms.

(b) ***Interpretation***: In these Conditions:

(i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;

(ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;

(iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;

(iv) any reference to principal shall be deemed to include the Redemption Amount (in the case of Senior Preferred Notes unless the relevant Final Terms expressly specifies "Senior Preferred Notes: Gross-up of principal" as "Not Applicable" only) any Additional Amounts in respect of principal which may be payable under Condition 13 (*Taxation*) or any undertakings given in addition thereto or in substitution therefor or any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

(v) any reference to interest shall be deemed to include any Additional Amounts in respect of interest which may be payable under Condition 13 (*Taxation*) and any undertakings given in addition thereto or in substitution therefor or any other amount in the nature of interest payable pursuant to these Conditions;

(vi) references to Notes being "**outstanding**" shall be construed in accordance with the Fiscal Agency Agreement; and

(vii) if an expression is stated in Condition 1(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "Not Applicable", then such expression is not applicable to the Notes.

2 Form, Denomination, Title and Transfer

(a) ***Bearer Notes***

Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.

(b) ***Title to Bearer Notes***

Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, "**Holder**" means the holder of such Bearer Note and "**Noteholder**" and "**Couponholder**" shall be construed accordingly.

(c) ***Registered Notes***

Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Final Terms and higher integral multiples of a smaller amount specified in the relevant Final Terms.

(d) ***Title to Registered Notes***

The Registrar will maintain the register in accordance with the provisions of the Fiscal Agency Agreement. A certificate (each, a "**Certificate**") will be issued to each Holder of Registered Notes in respect of its registered holding. Each Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, "**Holder**" means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly.

(e) ***Ownership***

The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such Holder.

(f) ***Transfers of Registered Notes***

Subject to Conditions 2(j) (*Closed periods*) and 2(k) (*Regulations concerning transfers and registration*), a Registered Note may be transferred in whole or in part upon the surrender of the relevant Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Registered Notes will be issued to the transferor and in any case a further new Certificate will be issued to the transferee in respect of the part transferred.

(g) ***Exercise of Options or Partial Redemption in Respect of Registered Notes***

In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(h) ***Registration and delivery of Certificates***

Within three business days of the surrender of a Certificate in accordance with Condition 2(f) (*Transfers of Registered Notes*), the Registrar will register the transfer in question and deliver a new Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such

relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this Condition 2(h) (*Registration and delivery of Certificates*), "**business day**" means a day on which commercial banks and foreign exchange markets settle payments generally in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

(i) ***No charge***

The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(j) ***Closed periods***

No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Note, (ii) during the period of 15 days prior to (and including) any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 10(b) (*Redemption at the option of the Issuer*), 10(c) (*Redemption for Tax Event*), 10(d) (*Redemption for Capital Disqualification Event*) or 10(e) (*Redemption for Loss Absorption Disqualification Event*), (iii) after the Notes have been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

(k) ***Regulations concerning transfers and registration***

All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Fiscal Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

(l) ***No exchange***

Registered Notes may not be exchanged for Bearer Notes and Bearer Notes may not be exchanged for Registered Notes.

3 Status

The Notes are either senior preferred Notes ("**Senior Preferred Notes**"), senior non-preferred Notes ("**Senior Non-Preferred Notes**") or tier 2 capital Notes ("**Tier 2 Capital Notes**"), as specified in the relevant Final Terms.

(a) ***Senior Preferred Notes***

The Senior Preferred Notes (and the Coupons relating thereto, if any) constitute direct, unsecured, unguaranteed and unsubordinated obligations of the Issuer and constitute ordinary non-preferential debt (Hungarian terminology: *rendes fedezetlen követelések*) pursuant to Section 57(1b)(a) of the Credit Institutions Act for the purposes of the Ranking Legislation. The Senior Preferred Notes and any Coupons relating thereto rank *pari passu* without any preference among themselves and, save for such exceptions as may be provided by applicable legislation, at least *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future.

The Issuer and, by virtue of its holding of any Senior Preferred Note or any beneficial interest therein, each Holder of a Senior Preferred Note and each Holder of a Coupon relating to a Senior Preferred Note acknowledge and agree that the Senior Preferred Notes and any such Coupons rank junior to the claims

against the Issuer specified in Section 57(1)(a)-(e) of the Ranking Legislation and *pari passu* with all other outstanding unsecured and unsubordinated deposits with, and loans to, the Issuer, present or future (other than Senior Non-Preferred Notes and other obligations which rank or are expressed to rank junior to the Senior Preferred Notes, including debt of the Issuer specified in Sections 57(1b)(b) and Section 57(1b)(c) of the Credit Institutions Act for the purposes of the Ranking Legislation, and claims against the Issuer specified in Section 57(1)(g)-(h) of the Ranking Legislation (including claims for default interest and certain claims of affiliated persons and entities against the Issuer as specified in the Ranking Legislation) and other than such deposits, loans or other obligations which are given priority pursuant to applicable statutory provisions), save only where the Ranking Legislation provides otherwise for ordinary non-preferential debt generally, in which case the Senior Preferred Notes and such Coupons will rank as provided in the Ranking Legislation for ordinary non-preferential debt generally.

(b) ***Senior Non-Preferred Notes***

The Senior Non-Preferred Notes (and the Coupons relating thereto, if any) constitute direct, unsecured, unguaranteed and unsubordinated obligations of the Issuer and constitute secondary non-preferential debt (Hungarian terminology: *előresorolt, de nem elsőbbségi fedezetlen követelések*) pursuant to Section 57(1b)(b) of the Credit Institutions Act for the purposes of the Ranking Legislation. Subject to the Ranking Legislation, the Senior Non-Preferred Notes and any Coupons relating thereto rank junior to the claims against the Issuer specified in Section 57(1)(a)-(e) of the Ranking Legislation, junior to the Senior Preferred Notes and any Coupons relating thereto and any other senior preferred debt of the Issuer specified in Section 57(1b)(a) of the Credit Institutions Act for the purposes of the Ranking Legislation. The Senior Non-Preferred Notes rank *pari passu* without any preference among themselves.

The Issuer and, by virtue of its holding of any Senior Non-Preferred Note or any beneficial interest therein, each Holder of a Senior Non-Preferred Note and each Holder of a Coupon relating to a Senior Non-Preferred Note acknowledge and agree that if a Winding-Up of the Issuer occurs, the rights and claims of the Holders and the Couponholders against the Issuer in respect of, or arising under, each Senior Non-Preferred Note (and the Coupons relating thereto, if any) shall be for (in lieu of any other payment by the Issuer) an amount equal to the principal amount of the relevant Senior Non-Preferred Note or any related Coupon, together with, to the extent not otherwise included within the foregoing, any other amounts attributable to such Senior Non-Preferred Note or any related Coupon, including any accrued and unpaid interest thereon and any damages awarded for breach of any obligations in respect of such Senior Non-Preferred Note or any related Coupon, provided however that such rights and claims shall rank:

(i) junior in right of payment to all claims in respect of the claims against the Issuer specified in Section 57(1)(a)-(e) of the Ranking Legislation, the Senior Preferred Notes and any Coupons relating thereto and ordinary non-preferential debt specified in Section 57(1b)(a) of the Credit Institutions Act for the purposes of the Ranking Legislation) of the Issuer and any other creditors of the Issuer which are given priority pursuant to applicable statutory provisions;

(ii) *pari passu* with all other Senior Non-Preferred Claims; and

(iii) in priority to: (A) all claims in respect of other non-preferential debts of the Issuer specified in Section 57(1b)(c) of the Credit Institutions Act for the purposes of the Ranking Legislation; (B) all claims against the Issuer specified in Section 57(1)(g)-(h) of the Ranking Legislation (including claims for default interest and certain claims of affiliated persons and entities against the Issuer as specified in the Ranking Legislation); and (C) all claims in respect of Tier 2 items and instruments within the meaning of Section 57(2) of the Credit Institutions Act for the purposes of the Ranking Legislation (including, without limitation, any Tier 2 Capital Notes),

save only where the Ranking Legislation provides otherwise for claims in respect of secondary non-preferential debt generally, in which case such claims will rank as the Ranking Legislation provides for claims in respect of secondary non-preferential debt generally (whether or not the Senior Non-Preferred Notes and any Coupons relating to them then constitute secondary non-preferential debt of the Issuer for the purposes of the Ranking Legislation).

(c) ***Tier 2 Capital Notes***

The Tier 2 Capital Notes (and the Coupons relating thereto, if any) constitute direct, unsecured, unguaranteed and subordinated obligations of the Issuer and constitute subordinated non-preferential debt arising from Tier 2 instruments (Hungarian terminology: *járulékos tőkeelem*) within the meaning of Section 57(2) of the Credit Institutions Act for the purposes of the Ranking Legislation. Subject to the Ranking Legislation, the Tier 2 Capital Notes and any Coupons relating thereto rank junior to the claims against the Issuer specified in section 57(1)(a)-(h) of the Ranking Legislation, including the Senior Preferred Notes and the Senior Non-Preferred Notes and in each case any Coupons relating thereto. The Tier 2 Capital Notes rank *pari passu* without any preference among themselves.

The Issuer and, by virtue of its holding of any Tier 2 Capital Note or any beneficial interest therein, each Holder of a Tier 2 Capital Note and each Holder of a Coupon relating to a Tier 2 Capital Note acknowledge and agree that if a Winding-Up of the Issuer occurs, the rights and claims of the Holders and the Couponholders against the Issuer in respect of, or arising under, each Tier 2 Capital Note (and the Coupons relating thereto, if any) shall be for (in lieu of any other payment by the Issuer) an amount equal to the principal amount of the relevant Tier 2 Capital Note or any related Coupon, together with, to the extent not otherwise included within the foregoing, any other amounts attributable to such Tier 2 Capital Note or any related Coupon, including any accrued and unpaid interest thereon and any damages awarded for breach of any obligations in respect of such Tier 2 Capital Note or any related Coupon, provided however that such rights and claims shall be subordinated as provided in this Condition 3(c) (*Tier 2 Capital Notes*) to all Senior Claims but shall rank:

(i) subject as provided in paragraph (ii) below, at least *pari passu* with the claims of holders of all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital and all obligations of the Issuer which rank, or are expressed to rank, *pari passu* therewith; and

(ii) in priority to (A) the claims of holders of the Issuer's EUR 500,000,000 fixed to floating rate perpetual subordinated notes (ISIN: XS0274147296), (B) obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital, (C) all obligations which rank, or are expressed to rank, *pari passu* with such obligations described in (A) and (B), (D) the claims of holders of all classes of share capital of the Issuer and (E) any obligations that otherwise rank, or are expressed to rank, junior to the Tier 2 Capital Notes.

(d) ***No set-off***

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation, retention, counter-claim, abatement or other similar right or remedy which it might otherwise have under the laws of any jurisdiction in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Notes and each Holder shall, by virtue of its holding of any Note, be deemed, to the extent permitted under applicable law, to have waived all such rights of set-off, compensation, retention, counter-claim, abatement or other similar right or remedy which it might otherwise have under the laws of any jurisdiction. Notwithstanding the preceding sentence, if any of the amounts owing to any Holder by the Issuer in respect of, or arising under or in connection with the Notes

is discharged by set-off or such other similar right or remedy, such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of a Winding-Up, the relevant insolvency official appointed in respect of the Issuer) and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer (or the relevant insolvency official appointed in respect of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.

(e) ***No Security/Guarantee: No Enhancement of Seniority***

The Notes are neither secured nor subject to a guarantee or any other arrangement that enhances the seniority of the claims under the Notes.

4 Fixed Rate Note Provisions

(a) ***Application***

This Condition 4 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Accrual of interest***

The Notes bear interest from (and including) the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Conditions 11 (*Payments – Bearer Notes*) and 12 (*Payments – Registered Notes*) (as applicable). Each Note will cease to bear interest from (and including) the due date for redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 4 (*Fixed Rate Note Provisions*) (as well after as before judgment) up to (but excluding) the Relevant Date.

(c) ***Fixed Coupon Amount***

The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination. Payments of interest on any Interest Payment Date will, if so specified in the relevant Final Terms, amount to the Broken Amount so specified.

(d) ***Calculation of interest amount***

The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose, a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

5 Reset Note Provisions

(a) ***Application***

This Condition 5 (*Reset Note Provisions*) is applicable to the Notes only if the Reset Note Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Accrual of interest***

The Notes bear interest:

(i) from (and including) the Interest Commencement Date specified in the relevant Final Terms to (but excluding) the First Reset Date at the rate per annum equal to the Initial Rate of Interest;

(ii) from (and including) the First Reset Date to (but excluding) the first Subsequent Reset Date or, if a Subsequent Reset Date is not specified in the relevant Final Terms, the Maturity Date at the rate per annum equal to the First Reset Rate of Interest; and

(iii) for each Subsequent Reset Period thereafter (if any), at the rate per annum equal to the relevant Subsequent Reset Rate of Interest,

payable, in each case, in arrear on each Interest Payment Date, subject as provided in Conditions 11 (*Payments – Bearer Notes*) and 12 (*Payments – Registered Notes*) (as applicable). Each Note will cease to bear interest from (and including) the due date for redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5 (*Reset Note Provisions*) (as well after as before judgment) up to (but excluding) the Relevant Date.

(c) ***Rate of Interest***

The Rate of Interest applicable for each Reset Period shall, subject to Condition 9 (*Benchmark Discontinuation*), be determined by the Calculation Agent at or as soon as practicable after each time at which the Rate of Interest is to be determined on each Reset Determination Date. The Interest Amount payable on the Notes shall be calculated in accordance with the provisions for calculating amounts of interest in Condition 4 (*Fixed Rate Note Provisions*) and, for such purposes, Condition 4 (*Fixed Rate Note Provisions*) shall be construed accordingly.

(d) ***Fallback – Mid-Swap Rate***

Where the Reset Rate is specified as "Mid-Swap Rate" in the relevant Final Terms and if on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the Principal Financial Centre of the Specified Currency on the Reset Determination Date in question.

If two or more of the Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations on the Reset Determination Date, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean of the relevant Mid-Market Swap Rate Quotations and the First Margin or Subsequent Margin (as applicable) (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes (such calculation to be made by the Calculation Agent)).

If only one of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation on the Reset Determination Date, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the Reset Period shall be the sum of such Mid-Market Swap Rate Quotation and the First Margin or Subsequent Margin (as applicable) (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes (such calculation to be made by the Calculation Agent).

If on any Reset Determination Date none of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this Condition 5(d) (*Fallback – Mid-Swap Rate*):

(i) in the case of the first Reset Determination Date only, the First Reset Rate of Interest shall be equal to the sum of:

(A) if Initial Mid-Swap Rate Final Fallback is specified in the relevant Final Terms as being applicable, (aa) the Initial Mid-Swap Rate and (bb) the First Margin (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes (such calculation to be made by the Calculation Agent));

(B) if Reset Maturity Initial Mid-Swap Rate Final Fallback is specified in the relevant Final Terms as being applicable, (aa) the Reset Period Maturity Initial Mid-Swap Rate and (bb) the First Margin (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes (such calculation to be made by the Calculation Agent)); or

(C) if Last Observable Mid-Swap Rate Final Fallback is specified in the applicable Final Terms as being applicable, (aa) the last observable rate for swaps in the Specified Currency with a term equal to the relevant Reset Period which appears on the Relevant Screen Page and (bb) the First Margin (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes (such calculation to be made by the Calculation Agent)),

provided that if the application of paragraph (i)(B) or (i)(C) above could, in the determination of the Issuer, reasonably be expected to prejudice the qualification of the relevant Series of Notes as Tier 2 Capital (in the case of Tier 2 Capital Notes) or as eligible liabilities or loss absorbing capacity instruments (in the case of Senior Non-Preferred Notes or Senior Preferred Notes) for the purposes of the Loss Absorption Regulations, then paragraph (i)(A) above will apply; or

(ii) in the case of any Reset Determination Date, other than the first Reset Determination Date, the Subsequent Reset Rate of Interest shall be equal to the sum of:

(A) if Subsequent Reset Rate Mid-Swap Rate Final Fallback is specified in the relevant Final Terms as being applicable, (aa) the Mid-Swap Rate determined on the last preceding Reset Determination Date and (bb) the Subsequent Margin (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes (such calculation to be made by the Calculation Agent)); or

(B) if Subsequent Reset Rate Last Observable Mid-Swap Rate Final Fallback is specified in the relevant Final Terms as being applicable, (aa) the last observable rate for swaps in the Specified Currency with a term equal to the relevant Reset Period which appears on the Relevant Screen Page and (bb) the Subsequent Margin (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes (such calculation to be made by the Calculation Agent),

provided that if the application of this paragraph (ii)(B) above, in the determination of the Issuer, could reasonably be expected to prejudice the qualification of the relevant Series of Notes as Tier 2 Capital (in the case of Tier 2 Capital Notes) or as eligible liabilities or loss absorbing capacity instruments (in the case of Senior Non-Preferred Notes or Senior Preferred Notes) for the purposes of the Loss Absorption Regulations, then paragraph (ii)(A) above will apply.

(e) ***Fallback – CMT Rate***

Where the Reset Rate is specified as "CMT Rate" in the relevant Final Terms and where no quotations with respect to the Reference Bank CMT Rate are provided, the Reference Bank CMT Rate shall be determined to be the relevant CMT Rate as at the last preceding Reset Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest.

(f) ***Publication***

The Calculation Agent will cause each Rate of Interest determined by it and any other amount(s) required to be determined by it, together with the relevant payment date(s), to be notified to the Issuer and the Agents as soon as possible after such determination but in any event not later than the fourth Business Day thereafter and the Issuer shall thereafter notify, as soon as possible, each competent authority and/or stock exchange by which the Notes have then been admitted to listing and/or trading and, in accordance with Condition 20 (*Notices*), the Holders.

(g) ***Notifications, etc.***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 (*Reset Note Provisions*) by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Calculation Agent, the Agents and all Holders and no liability to the Holders, Couponholders or (subject to the provisions of the Agency Agreement) the Issuer shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

6 Floating Rate Note Provisions

(a) ***Application***

This Condition 6 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Accrual of interest***

The Notes bear interest from (and including) the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Conditions 11 (*Payments – Bearer Notes*) and 12 (*Payments – Registered Notes*) (as applicable). Each Note will cease to bear interest from (and including) the due date for redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (*Floating Rate Note Provisions*) (as well after as before judgment) up to (but excluding) the Relevant Date.

(c) ***Screen Rate Determination – Floating Rate Notes other than CMS-Linked Notes***

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and the relevant Final Terms do not specify that the Reference Rate is the CMS Rate, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent, subject to Condition 9 (*Benchmark Discontinuation*), on the following basis:

(i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(ii) if Linear Interpolation is specified as applicable in respect of an Interest Period in the relevant Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation

Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:

(A) one rate shall be determined as if the period of time designated in the Reference Rate were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and

(B) the other rate shall be determined as if the period of time designated in the Reference Rate were the period of time for which rates are available next longer than the length of the relevant Interest Period,

provided, however, that if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the period of time designated in the Reference Rate, then the Issuer shall determine such rate at such time and by reference to such sources as it determines appropriate (including, where the Issuer deems appropriate, in consultation with an Independent Advisor);

(iii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(iv) if, in the case of paragraph (i) above, such rate does not appear on that page or, in the case of paragraph (iii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Issuer will:

(A) request each of the Reference Banks to provide to the Calculation Agent a quotation of the Reference Rate as at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and

(B) determine the arithmetic mean of such quotations; and

(v) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Issuer, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period or, in the absence of a preceding Interest Period, the Rate of Interest applicable to the Notes during such Interest Period shall be the Initial Rate of Interest.

(d) ***Screen Rate Determination – Floating Rate Notes which are CMS-Linked Notes***

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and the relevant Final Terms specify that the Reference Rate is the CMS Rate, the Rate of Interest applicable to the Notes for each Interest Period will be the CMS Rate

plus or minus (as indicated in the relevant Final Terms) the Margin, as determined, subject to Condition 9 (*Benchmark Discontinuation*) by the Calculation Agent.

If the Relevant Screen Page is not available, the Calculation Agent shall request each of the Reference Banks to provide it with its quotation for the Relevant Swap Rate (expressed as a percentage rate per annum) as at approximately (i) the Determination Time specified in the relevant Final Terms or (ii) if no Determination Time is specified in the relevant Final Terms, 11.00 a.m. (Relevant Financial Centre time) on the Interest Determination Date in question.

If two or more of the Reference Banks provide the Calculation Agent with such quotations as aforesaid, the CMS Rate for such Interest Period shall be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

If on any Interest Determination Date at the Determination Time or 11.00 a.m. (Relevant Financial Centre time) (as applicable) one only or none of the Reference Banks provides the Calculation Agent with such quotations as aforesaid, the CMS Rate shall be determined by the Issuer, after consultation with an Independent Adviser, on a commercial basis as it shall consider appropriate and in accordance with standard market practice.

(e) ***ISDA Determination***

If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(i) the Floating Rate Option is as specified in the relevant Final Terms;

(ii) the Designated Maturity is a period specified in the relevant Final Terms;

(iii) the relevant Reset Date is as specified in the relevant Final Terms; and

(iv) if Linear Interpolation is specified as applicable in respect of an Interest Period in the relevant Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:

(A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and

(B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period,

provided, however, that if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than the length of the relevant Interest Period, then the Issuer shall determine such rate at such time and by reference to such sources as it determines appropriate.

The expressions "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" in this Condition 6(e) (*ISDA Determination*) have the respective meanings given to them in the ISDA Definitions.

(f) ***Maximum or Minimum Rate of Interest***

If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified. Unless otherwise specified in the relevant Final Terms, the Minimum Rate of Interest shall be zero.

(g) ***Calculation of Interest Amount***

The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose, a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(h) ***Publication***

The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it, together with any relevant payment date(s), to be notified to the Issuer and the Agents and the Issuer shall notify each competent authority and/or stock exchange on which the Notes are for the time being admitted to listing and/or trading as soon as possible after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also be given to the Noteholders by the Issuer in accordance with Condition 20 (*Notices*) as soon as possible after the determination or calculation thereof. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. Any such recalculation will promptly be notified to each competent authority and/or stock exchange on which the Notes are for the time being admitted to listing and/or trading and to the Noteholders in accordance with Condition 20 (*Notices*). If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

(i) ***Notifications, etc.***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 6 (*Floating Rate Note Provisions*) by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Calculation Agent, the Agents and all Holders and no liability to the Holders, Couponholders or (subject to the provisions of the Agency Agreement) the Issuer shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

7 Zero Coupon Note Provisions

(a) ***Application***

This Condition 7 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Late payment on Zero Coupon Notes***

If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date of the first Tranche of the relevant Series of Notes to (but excluding) whichever is the earlier of (A) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (B) the day which is seven days after the Fiscal Agent (acting on the instructions of the Issuer) has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

8 Fixed/Floating Rate Notes

(a) ***Application***

This Condition 8 (*Fixed/Floating Rate Notes*) is applicable to the Notes only if the Fixed Rate Note Provisions and the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Fixed/Floating Rate***

The Issuer may issue Notes (i) that the Issuer may elect to convert on the date set out in the relevant Final Terms from a Fixed Rate Note to a Floating Rate Note, or from a Floating Rate Note to a Fixed Rate Note or (ii) that will automatically change from a Fixed Rate Note to a Floating Rate Note, or from a Floating Rate Note to a Fixed Rate Note on the date set out in the relevant Final Terms, in either case, as set out in the relevant Final Terms.

9 Benchmark Discontinuation

This Condition 9 (*Benchmark Discontinuation*) applies to Floating Rate Notes and to Reset Notes.

(a) ***Independent Adviser***

Notwithstanding the fallback provisions provided for in Conditions 5(d) (*Fallback – Mid-Swap Rate*), 5(e) (*Fallback – CMT Rate*), Condition 6(c) (*Screen Rate Determination – Floating Rate Notes other than CMS-Linked Notes*) or Condition 6(d) (*Screen Rate Determination – Floating Rate Notes which are CMS-Linked Notes*), if a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 9(b) (*Successor Rate or Alternative Rate*)) and, in either case, an Adjustment Spread if any (in accordance with Condition 9(c) (*Adjustment Spread*)) and any Benchmark Amendments (in accordance with Condition 9(d) (*Benchmark Amendments*)).

An Independent Adviser appointed pursuant to this Condition 9 (*Benchmark Discontinuation*) shall act in good faith and in a commercially reasonable manner. In the absence of fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Agents, the Noteholders or the Couponholders for any determination made by it pursuant to this Condition 9 (*Benchmark Discontinuation*).

If the Issuer is unable to appoint an Independent Adviser prior to the IA Determination Cut-Off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may still determine: (x) a Successor Rate or, failing which, an Alternative Rate; and (y) in either case, an Adjustment Spread if any in accordance with this Condition 9 *(Benchmark Discontinuation)*.

If the Independent Adviser appointed by the Issuer or the Issuer (as applicable) fails to determine a Successor Rate or, failing which, an Alternative Rate and, in either case, an Adjustment Spread in accordance with this Condition 9 (*Benchmark Discontinuation*) prior to the relevant Interest Determination Date or the Reset Determination Date (as applicable), the Rate of Interest applicable to the next succeeding Interest Period or (in the case of Notes for which the Reset Note Provisions are applicable) Reset Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the Initial Rate of Interest. Where a different Margin, Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin, Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this sub-paragraph shall apply to the relevant next succeeding Interest Period or (in the case of Notes for which the Reset Note Provisions are applicable) Reset Period only and any subsequent Interest Periods or Reset Periods (as applicable) are subject to the subsequent operation of, and to adjustment as provided in, this Condition 9 (*Benchmark Discontinuation*).

(b) ***Successor Rate or Alternative Rate***

If in accordance with this Condition 9 *(Benchmark Discontinuation) it* is determined that:

(i) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 9 (*Benchmark Discontinuation*)); or

(ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 9 (*Benchmark Discontinuation*)).

(c) ***Adjustment Spread***

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be), including for each subsequent determination of a relevant Rate of Interest (or any component part(s) thereof) by reference to such Successor Rate or Alternative Rate (as applicable) subject to the subsequent operation of this Condition 9 (*Benchmark Discontinuation*).

If the Independent Adviser or the Issuer (as applicable) is unable to determine the Adjustment Spread (or the formula or methodology for determining such Adjustment Spread), then the fallback provisions described in the final sub-paragraph of Condition 9(a) (*Independent Adviser*) shall apply. For the avoidance of doubt, this sub-paragraph shall apply to the relevant next succeeding Interest Period, and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first sub-paragraph of Condition 9(a) (*Independent Adviser*).

(d) ***Benchmark Amendments***

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 9 (*Benchmark Discontinuation*) and the Independent Adviser determines (i) that amendments to these Conditions and/or the Fiscal Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 9(e) (*Notices, etc.*), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Fiscal Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Fiscal Agent of a certificate signed by two Directors of the Issuer pursuant to Condition 9(e) (*Notices, etc.*), the Fiscal Agent and any other agents party to the Fiscal Agency Agreement shall (at the expense and direction of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer and use reasonable endeavours to effect any Benchmark Amendments and the Fiscal Agent shall not be liable to any party for any consequences thereof, provided that the Fiscal Agent shall not be obliged so to concur or use such endeavours if in the opinion of the Fiscal Agent doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or the protective provisions afforded to it in these Conditions and/or any documents to which it is a party in any way. For the avoidance of doubt, no Noteholder consent shall be required in connection with effecting any Benchmark Amendments or such other changes, including for the execution of any documents, amendments or other steps by the Issuer or the Fiscal Agent (if required or deemed useful by the Issuer or the Fiscal Agent).

In connection with any such variation in accordance with this Condition 9(d) (*Benchmark Amendments*), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 9 (*Benchmark Discontinuation*), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected either (i) to prejudice the qualification of the Notes as Tier 2 Capital of the Issuer and/or as eligible liabilities for the purposes of the Loss Absorption Regulations or (ii) to result in the Relevant Regulator treating the Interest Payment Date or Reset Date, as the case may be, as the effective maturity date of the Notes, rather than the relevant Maturity Date.

(e) ***Notices, etc.***

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 9 (*Benchmark Discontinuation*) will be notified promptly by the Issuer to the Calculation Agent, the Agents and, in accordance with Condition 20 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent (to make available at its registered office to the Holders) a certificate signed by two Directors of the Issuer:

(i) confirming (A) that a Benchmark Event has occurred, (B) the Successor Rate or, as the case may be, the Alternative Rate, (C) the applicable Adjustment Spread and/or (D) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 9 (*Benchmark Discontinuation*); and

(ii) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

Each of the Calculation Agent and the Agents shall be entitled to rely on such certificate (without enquiry or liability to any person) as sufficient evidence thereof. For the avoidance of doubt, the Fiscal Agent shall not be liable to the Holders or any other such person for so acting or relying on such certificate, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments specified in such certificate will (in the absence of manifest error in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Calculation Agent's and the Agents' respective abilities to rely on such certificate as aforesaid) be binding on the Issuer, the Calculation Agent, the Agents and the Noteholders.

(f) ***Survival of Original Reference Rate***

Without prejudice to the obligations of the Issuer under Condition 9(a) (*Independent Adviser*), Condition 9(b) (*Successor Rate or Alternative Rate*), Condition 9(c) (*Adjustment Spread*) and Condition 9(d) (*Benchmark Amendments*), the Original Reference Rate and the fallback provisions provided for in Condition 5(d) (*Fallback – Mid-Swap Rate*), Condition 5(e) (*Fallback – CMT Rate*), Condition 6(c) (*Screen Rate Determination – Floating Rate Notes other than CMS-Linked Notes*) or Condition 6(d) (*Screen Rate Determination – Floating Rate Notes which are CMS-Linked Notes*), as the case may be, will continue to apply unless and until a Benchmark Event has occurred and the Fiscal Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be) and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 9(e) (*Notices, etc.*).

(g) ***Definitions***

As used in this Condition 9 (*Benchmark Discontinuation*):

"**Adjustment Spread**" means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case, to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)

(ii) the Independent Adviser or, if the Issuer is unable to appoint an Independent Adviser, the Issuer determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions which reference the Original Reference Rate to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied)

(iii) the Independent Adviser or, if the Issuer is unable to appoint an Independent Adviser, the Issuer determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be) or (if the Independent Adviser or, where applicable, the Issuer determines that no such industry standard is recognised or acknowledged, to be appropriate)

(iv) the Independent Adviser or, if the Issuer is unable to appoint an Independent Adviser, the Issuer determines, having regard to the objective, so far as is reasonably practicable in the

circumstances, has the effect of reducing or eliminating any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be);

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser or, if the Issuer is unable to appoint an Independent Adviser, the Issuer determines in accordance with Condition 9(b) (*Successor Rate or Alternative Rate*) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes and of a duration corresponding to the relevant Interest Period or Reset Period (as applicable);

"**Benchmark Amendments**" has the meaning given to it in Condition 9(d) (*Benchmark Amendments*);

"**Benchmark Event**" means:

(i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or

(ii) the making of a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(iii) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or

(iv) the making of a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or

(v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of an underlying market; or

(vi) it has become unlawful for any Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate,

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above, on the date of prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the making of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Fiscal Agent, the Calculation Agent and the Paying Agents;

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate experience in the international debt capital markets appointed by the Issuer at its own expense under Condition 9(a) (*Independent Adviser*);

"**Original Reference Rate**" means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes or, if applicable, any other successor or alternative rate (or any component part thereof) determined and applicable to the Notes pursuant to the earlier operation of this Condition 9 (*Benchmark Discontinuation*);

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (aa) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (bb) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (cc) a group of the aforementioned central banks or other supervisory authorities or (dd) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

10 Redemption and Purchase

(a) ***Scheduled redemption***

Unless previously redeemed, or purchased and cancelled or (pursuant to Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*), Condition 10(m) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes or Senior Preferred Notes*), Condition 10(n) (*Substitution and Variation of Tier 2 Capital Notes*) or Condition 10(o) (*Substitution and Variation of Senior Non-Preferred Notes or Senior Preferred Notes*)) substituted, the Notes will be redeemed at their Final Redemption Amount, together with accrued and unpaid interest, on the Maturity Date, subject as provided in Conditions 11 (*Payments – Bearer Notes*) and 12 (*Payments – Registered Notes*) (as applicable).

(b) ***Redemption at the option of the Issuer***

Subject to Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Note*s) in the case of Tier 2 Capital Notes or Condition 10(m) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes or Senior Preferred Notes*) in the case of Senior Non-Preferred Notes or Senior Preferred Notes, if the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) on the Issuer giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 20 (*Notices*), or such other period(s) as may be specified in the relevant Final Terms, which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the applicable amount specified in the relevant Final Terms (together with any accrued but unpaid interest to (but excluding) the relevant Optional Redemption Date (Call)) at the Optional Redemption Amount (Call).

(c) ***Redemption for Tax Event***

Subject to Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*) in the case of Tier 2 Capital Notes or Condition 10(m) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes or Senior Preferred Notes*) in the

case of Senior Non-Preferred Notes or Senior Preferred Notes, if a Tax Event has occurred, the Notes may be redeemed at the option of the Issuer in whole, but not in part, (if the Notes are Floating Rate Notes) on the next Interest Payment Date or (if the Notes are not Floating Rate Notes) at any time at their Early Redemption Amount (Tax), together with any accrued but unpaid interest to the date fixed for redemption, provided that the Issuer provides not less than 30 days' nor more than 60 days' prior notice to the Fiscal Agent, the Registrar (if applicable), and the Noteholders in accordance with Condition 20 (*Notices*) (such notice being irrevocable) specifying the date fixed for such redemption.

Upon the expiry of any such notice as is referred to in this Condition 10(c) (*Redemption for Tax Event*), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(c) (*Redemption for Tax Event*).

(d) ***Redemption for Capital Disqualification Event***

In the case of any Series of Tier 2 Capital Notes only and subject to Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*), if a Capital Disqualification Event has occurred, the Issuer may, at its option, redeem the Tier 2 Capital Notes, in whole but not in part, (if the Notes are Floating Rate Notes) on the next Interest Payment Date or (if the Notes are not Floating Rate Notes) at any time at the relevant Optional Redemption Amount (Capital Disqualification Event), together with any accrued but unpaid interest to (but excluding) the date fixed for redemption, provided that the Issuer provides not less than 30 days' nor more than 60 days' prior notice to the Fiscal Agent, the Registrar (if applicable), and the Holders of the Tier 2 Capital Notes in accordance with Condition 20 (*Notices*) (such notice being irrevocable) specifying the date fixed for such redemption.

Upon the expiry of any such notice as is referred to in this Condition 10(d) (*Redemption for Capital Disqualification Event*), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(d) (*Redemption for Capital Disqualification Event*).

(e) ***Redemption for Loss Absorption Disqualification Event***

This Condition 10(e) (*Redemption for Loss Absorption Disqualification Event*) applies in respect of all Series of Senior Non-Preferred Notes and Senior Preferred Notes except for any Series where "Senior Notes: Loss Absorption Disqualification Event Redemption" is expressly specified to be "Not Applicable" in the relevant Final Terms.

Subject to Condition 10(m) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes or Senior Preferred Notes*), if Loss Absorption Disqualification Call is specified in the relevant Final Terms as being applicable and a Loss Absorption Disqualification Event has occurred, the Issuer may, at its option, redeem the Senior Non-Preferred Notes, in whole but not in part, (if the Notes are Floating Rate Notes) on the next Interest Payment Date or (if the Notes are not Floating Rate Notes) at any time at the relevant Optional Redemption Amount (Loss Absorption Disqualification Event), together with any accrued but unpaid interest to (but excluding) the date fixed for redemption, provided that the Issuer provides not less than 30 days' nor more than 60 days' prior notice to the Holders of the Notes in accordance with Condition 20 (*Notices*) (such notice being irrevocable) specifying the date fixed for such redemption.

Upon the expiry of any such notice as is referred to in this Condition 10(e) (*Redemption for Loss Absorption Disqualification Event*), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(e) (*Redemption for Loss Absorption Disqualification Event*).

(f) ***Redemption at the option of Noteholders***

This Condition 10(f) (*Redemption at the option of Noteholders*) shall not apply to Tier 2 Capital Notes.

If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the Holder of any Note, redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice (which notice shall be irrevocable) at the relevant Optional Redemption Amount (Put), together with any accrued but unpaid interest to (but excluding) such date.

In order to exercise the option contained in this Condition 10(f) (*Redemption at the option of Noteholders*), the Holder of a Note must, not less than 30 days nor more than 60 days before the relevant Optional Redemption Date (Put) (or such other period(s) as may be specified in the relevant Final Terms), deposit with any Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) such Note, together with any unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Agent. The relevant Agent or the Registrar (as the case may be) with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(f) (*Redemption at the option of Noteholders*), may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Agent or Registrar (as the case may be) shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by an Agent or the Registrar (as the case may be) in accordance with this Condition 10(f) (*Redemption at the option of Noteholders*), the depositor of such Note and not such Agent or the Registrar (as the case may be) shall be deemed to be the Holder of such Note for all purposes.

The Holder of a Note may not exercise such option in respect of any Note which is the subject of an exercise by the Issuer of its option to redeem such Note under Condition 10(b) (*Redemption at the option of the Issuer*), 10(c) (*Redemption for Tax Event*), 10(e) (*Redemption for Loss Absorption Disqualification Event*) or 10(g) (*Partial redemption*), and any exercise of the first-mentioned option in such circumstances shall have no effect.

(g) ***Partial redemption***

If the Notes are to be redeemed in part only on any date in accordance with Condition 10(b) (*Redemption at the option of the Issuer*), in the case of Bearer Notes, the Notes to be redeemed shall be selected by the drawing of lots in such place and in such manner as the Issuer considers appropriate, subject to compliance with applicable law, the rules of each competent authority and/or stock exchange by which the Notes have then been admitted to listing and/or trading and the notice to Noteholders referred to in Condition 10(b) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed, and, in the case of Registered Notes, each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Notes on such date. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then any such redemption must relate to Notes of an aggregate principal amount at least equal to the Minimum Redemption Amount and no greater than the Maximum Redemption Amount (as applicable).

(h) ***No other redemption***

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 10(a) (*Scheduled redemption*) to 10(g) (*Partial redemption*).

(i) ***Early redemption of Zero Coupon Notes***

Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

(A) the Reference Price; and

(B) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date of the first Tranche of the relevant Series of Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the relevant Final Terms for the purposes of this Condition 10(i) *(Early redemption of Zero Coupon Notes*) or, if none is so specified, a Day Count Fraction of 30E/360.

(j) ***Purchase***

Subject to Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*) in the case of Tier 2 Capital Notes or Condition 10(m) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes or Senior Preferred Notes*) in the case of Senior Non-Preferred Notes or Senior Preferred Notes and notwithstanding Condition 3 (*Status*), the Issuer or any of its subsidiaries may purchase or otherwise acquire any of the outstanding Notes at any price in the open market or otherwise, provided that all unmatured Coupons are purchased therewith.

(k) ***Cancellation***

All Notes which are redeemed pursuant to this Condition 10 (*Redemption and Purchase*) will be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes purchased by or on behalf of the Issuer or any of its subsidiaries may, subject to obtaining any Supervisory Permission therefor, be held, reissued, resold or, at the option of the Issuer or any such subsidiary, cancelled.

(l) ***Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes***

This Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*) applies to Tier 2 Capital Notes only.

Notwithstanding any other provision in this Condition 10 (*Redemption and Purchase*), any redemption, purchase, substitution or variation of the Tier 2 Capital Notes (and giving of notice thereof to the Holders if required) pursuant to Conditions 10(b) (*Redemption at the option of the Issuer*), 10(c) (*Redemption for Tax Event*), 10(d) (*Redemption for Capital Disqualification Event*), 10(j) (*Purchase*) or 10(n) (*Substitution and Variation of Tier 2 Capital Notes*) shall be subject to:

(i) the Issuer obtaining prior Supervisory Permission therefor;

(ii) in the case of any redemption or purchase prior to the Maturity Date, if and to the extent then required under prevailing Regulatory Capital Requirements, either: (A) the Issuer having replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or (B) save in the case of paragraph (iii)(C) below, the Issuer having demonstrated to the satisfaction of the Relevant Regulator that the own funds and eligible liabilities of the Issuer would, following such redemption or purchase, exceed

its minimum requirements (including any applicable buffer requirements) by a margin that the Relevant Regulator considers necessary at such time; and

(iii) in the case of any redemption or purchase prior to the fifth anniversary of the Issue Date of the last Tranche of the relevant Series of Notes, if and to the extent then required under prevailing Regulatory Capital Requirements:

(A) in the case of redemption upon a Tax Event, the Issuer has demonstrated to the satisfaction of the Relevant Regulator that the applicable change in tax treatment is material and was not reasonably foreseeable as at the Issue Date of the last Tranche of the relevant Series of Notes; or

(B) in the case of redemption upon the occurrence of a Capital Disqualification Event, the Issuer has demonstrated to the satisfaction of the Relevant Regulator that the relevant change (or pending change which the Relevant Regulator considers to be sufficiently certain) in the regulatory classification of the Notes was not reasonably foreseeable as at the Issue Date of the last tranche of Notes of the relevant Series; or

(C) in the case of a purchase pursuant to Condition 10(j) (*Purchase*), the Issuer having demonstrated to the satisfaction of the Relevant Regulator that the Issuer has (or will have), before or at the same time as such purchase, replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer, and the Relevant Regulator having permitted such action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or

(D) in the case of a purchase pursuant to Condition 10(j) (*Purchase*), the Notes being purchased for market-making purposes in accordance with the Regulatory Capital Requirements.

Notwithstanding the above conditions, if, at the time of any redemption, purchase, substitution or variation, the prevailing Regulatory Capital Requirements (including any such Regulatory Capital Requirements which are imposed in order for the Notes to be eligible to qualify as Tier 2 Capital) permit the repayment, purchase, substitution or variation only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*), the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

Any refusal by the Relevant Regulator to give its Supervisory Permission as contemplated above shall not constitute a default for any purpose.

Prior to the publication of any notice of substitution, variation or redemption pursuant to Conditions 10(b) (*Redemption at the option of the Issuer*), 10(c) (*Redemption for Tax Event*), 10(d) (*Redemption for Capital Disqualification Event*), 10(j) (*Purchase*) and 10(n) (*Substitution and Variation of Tier 2 Capital Notes*), the Issuer shall deliver to the Fiscal Agent to make available at its registered office to the Holders (i) a certificate signed by two Directors stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or, as appropriate, vary is satisfied and, in the case of a substitution or variation, that the terms of the relevant Qualifying Tier 2 Securities comply with the definition thereof in Condition 1 (*Interpretation*) and (ii) in the case of a redemption pursuant to Condition 10(c) (*Redemption for Tax Event*) only, an opinion from a nationally recognised law firm or other tax adviser in the Relevant Jurisdiction experienced in such matters to the effect that the relevant requirement or circumstance referred to in the definition of "Tax Event" applies (but, for the avoidance of doubt, such

opinion shall not be required to comment on the ability of the Issuer to avoid such circumstance by taking measures reasonably available to it).

The Fiscal Agent is not responsible, nor shall it incur any liability, for monitoring or ascertaining as to whether any certifications required by this provision are provided, nor shall it be required to review, check or analyse any certifications produced nor shall it be responsible for the contents of any such certifications or incur any liability in the event the content of such certifications are inaccurate or incorrect.

(m) ***Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes or Senior Preferred Notes***

This Condition 10(m) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes or Senior Preferred Notes*) applies to Senior Non-Preferred Notes and Senior Preferred Notes only.

If and to the extent then required under the prevailing Loss Absorption Regulations, the Issuer may only exercise a right to redeem, purchase, substitute or vary Senior Non-Preferred Notes or Senior Preferred Notes pursuant to Conditions 10(b) (*Redemption at the option of the Issuer*), 10(c) (*Redemption for Tax Event*), 10(e) (*Redemption for Loss Absorption Disqualification Event*), 10(j) (P*urchase*) and 10(o) (*Substitution and Variation of Senior Non-Preferred Notes or Senior Preferred Notes*) if the Issuer has obtained prior Supervisory Permission therefor.

Notwithstanding the above conditions, if, at the time of any redemption, purchase, substitution or variation, the prevailing Regulatory Capital Requirements or Loss Absorption Regulations (including any requirements which are imposed in order for the Notes to be eligible to qualify as eligible liabilities instruments) permit the repayment, substitution, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 10(m) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes or Senior Preferred Notes*), the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

Any refusal by the Relevant Regulator to give its Supervisory Permission as contemplated above shall not constitute a default for any purpose.

Prior to the publication of any notice of substitution, variation or redemption pursuant to Conditions 10(b) (*Redemption at the option of the Issuer*), 10(c) (*Redemption for Tax Event*), 10(*e*) (*Redemption for Loss Absorption Disqualification Event*), 10(*j*) (Purchase) and 10(o) (*Substitution and Variation of Senior Non-Preferred Notes or Senior Preferred Notes*), the Issuer shall deliver to the Fiscal Agent to make available at its registered office to the Holders (i) a certificate signed by two Directors stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or, as appropriate, vary is satisfied and, in the case of a substitution or variation, that the terms of the relevant Loss Absorption Compliant Notes comply with the definition thereof in Condition 1 (*Interpretation*) and (ii) in the case of a redemption pursuant to Condition 10(c) (*Redemption for Tax Event*) only, an opinion from a nationally recognised law firm or other tax adviser in the Relevant Jurisdiction experienced in such matters to the effect that the relevant requirement or circumstance referred to the definition of "Tax Event" applies (but, for the avoidance of doubt, such opinion shall not be required to comment on the ability of the Issuer to avoid such circumstance by taking measures reasonably available to it).

The Fiscal Agent is not responsible, nor shall it incur any liability, for monitoring or ascertaining as to whether any certifications required by this provision are provided, nor shall it be required to review, check or analyse any certifications produced nor shall it be responsible for the contents of any such

certifications or incur any liability in the event the content of such certifications are inaccurate or incorrect.

(n) ***Substitution and Variation of Tier 2 Capital Notes***

This Condition 10(n) (*Substitution and Variation of Tier 2 Capital Notes*) applies to each Series of Tier 2 Capital Notes unless "Tier 2 Capital Notes: Substitution and Variation" is expressly specified to be "Not Applicable" in the relevant Final Terms.

If a Tax Event or a Capital Disqualification Event has occurred, then the Issuer may, subject to Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*) and having given not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 20 (*Notices*), the Registrar and the Fiscal Agent (which notice shall be irrevocable and shall specify the date for substitution or, as the case may be, variation of the Notes) but without any requirement for the consent or approval of the Holders, at any time either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Qualifying Tier 2 Securities, and the Fiscal Agent shall (subject to the following provisions of this Condition 10(n) (*Substitution and Variation of Tier 2 Capital Notes*) and subject to the receipt by it of the certificates of the Directors referred to in Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*)) on its own behalf and as agent of the Issuer agree to such substitution or variation. Upon the expiry of such notice, the Issuer shall either vary the terms of or substitute the Notes in accordance with this Condition 10(n) (*Substitution and Variation of Tier 2 Capital Notes*), as the case may be. The Fiscal Agent shall at the request and expense of the Issuer use its reasonable endeavours to assist the Issuer in the substitution of the Notes for, or the variation of the terms of the Notes so that they remain, or as appropriate, become, Qualifying Tier 2 Securities, provided that the Fiscal Agent shall not be obliged to participate in, or assist with, any such substitution or variation if the terms of the proposed alternative Qualifying Tier 2 Securities or the participation in or assistance with such substitution or variation would impose, in the Fiscal Agent's opinion, more onerous obligations upon it or reduce its rights or protections. If, notwithstanding the above, the Fiscal Agent does not participate or assist as provided above, the Issuer may, subject as provided above, redeem the Notes as provided in Condition 10(c) (*Redemption for Tax Event*) or 10(d) (*Redemption for Capital Disqualification Event*).

In connection with any substitution or variation in accordance with this Condition 10(n) (*Substitution and Variation of Tier 2 Capital Notes*), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

The Fiscal Agent is not responsible, nor shall it incur any liability, for monitoring or ascertaining as to whether any certifications required by this provision are provided, nor shall it be required to review, check or analyse any certifications produced nor shall it be responsible for the contents of any such certifications or incur any liability in the event the content of such certifications are inaccurate or incorrect.

(o) ***Substitution and Variation of Senior Non-Preferred Notes or Senior Preferred Notes***

This Condition 10(o) (*Substitution and Variation of Senior Non-Preferred Notes or Senior Preferred Notes*) applies to each Series of Senior Non-Preferred Notes and Senior Preferred Notes unless "Senior Notes: Substitution and Variation" is expressly specified to be "Not Applicable" in the relevant Final Terms.

If a Loss Absorption Disqualification Event or a Tax Event has occurred, then the Issuer may, subject to Condition 10(m) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Non-*

Preferred Notes or Senior Preferred Notes) and having given not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 20 (*Notices*), the Registrar and the Fiscal Agent (which notice shall be irrevocable and shall specify the date for substitution or, as the case may be, variation of the Notes) but without any requirement for the consent or approval of the Holders, at any time either substitute all (but not some only) of the Notes for, or vary the terms of the Notes (including, without limitation, the governing law of Condition 23(d) (*Acknowledgement of Statutory Loss Absorption Powers*)) so that they remain or, as appropriate, become, Loss Absorption Compliant Notes, and the Fiscal Agent shall (subject to the following provisions of this Condition 10(o) (*Substitution and Variation of Senior Non-Preferred Notes or Senior Preferred Notes*) and subject to the receipt by it of the certificates of the Directors referred to in Condition 10(m) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes or Senior Preferred Notes*)) on its own behalf and as agent of the Issuer agree to such substitution or variation. Upon the expiry of such notice, the Issuer shall either vary the terms of or substitute the Notes in accordance with this Condition 10(o) (*Substitution and Variation of Senior Non-Preferred Notes or Senior Preferred Notes*), as the case may be. The Fiscal Agent shall at the request and expense of the Issuer use its reasonable endeavours to assist the Issuer in the substitution of the Notes for, or the variation of the terms of the Notes so that they remain, or as appropriate, become, Loss Absorption Compliant Notes, provided that the Fiscal Agent shall not be obliged to participate in, or assist with, any such substitution or variation if the terms of the proposed alternative Loss Absorption Compliant Notes or the participation in or assistance with such substitution or variation would impose, in the Fiscal Agent's opinion, more onerous obligations upon it or reduce its rights or protections. If, notwithstanding the above, the Fiscal Agent does not participate or assist as provided above, the Issuer may, subject as provided above, redeem the Notes as provided in Condition 10(c) (*Redemption for Tax Event*) or 10(e) (*Redemption for Loss Absorption Disqualification Event*).

In connection with any substitution or variation in accordance with this Condition 10(o) (*Substitution and Variation of Senior Non-Preferred Notes or Senior Preferred Notes*), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

The Fiscal Agent is not responsible, nor shall it incur any liability, for monitoring or ascertaining as to whether any certifications required by this provision are provided, nor shall it be required to review, check or analyse any certifications produced nor shall it be responsible for the contents of any such certifications or incur any liability in the event the content of such certifications are inaccurate or incorrect.

11 Payments – Bearer Notes

This Condition 11 (*Payments – Bearer Notes*) is only applicable to Bearer Notes.

(a) ***Principal***

Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Bearer Notes at the Specified Office of any Agent outside the United States by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.

(b) ***Interest***

Payments of interest shall, subject to Condition 11(h) (*Payments other than in respect of matured Coupons*), be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Agent outside the United States in the manner described in Condition 11(a) (*Principal*).

(c) ***Payments in New York City***

Payments of principal or interest may be made at the Specified Office of an Agent in New York City if: (i) the Issuer has appointed Agents outside the United States with the reasonable expectation that such Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due; (ii) payment of the full amount of such interest at the offices of all such Agents is illegal or effectively precluded by exchange controls or other similar restrictions; and (iii) payment is permitted by applicable United States law.

(d) ***Payments subject to fiscal laws***

Save as provided in Condition 13 (*Taxation*), payments in respect of the Bearer Notes will be subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws and regulations to which the Issuer or its Agents are or agree to be subject and the Issuer or any of its Agents will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements, and no commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) ***Deductions for unmatured Coupons***

If the relevant Final Terms specify that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented for payment without all unmatured Coupons relating thereto:

(i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; provided, however, that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment; or

(ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

(A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; provided, however, that where this Condition 11(e)(ii)(A) would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

(B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; provided, however, that, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in Condition 11(a) (*Principal*) against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons.

(f) ***Unmatured Coupons void***

If the relevant Final Terms specify that the Reset Note Provisions are applicable or that the Floating Rate Note Provisions are applicable, on the due date for redemption of any Note or early redemption in whole of such Note pursuant to Conditions 10(b) (*Redemption at the option of the Issuer*), 10(c) (*Redemption for Tax Event*), 10(d) (*Redemption for Capital Disqualification Event*), 10(e) (*Redemption for Loss Absorption Disqualification Event*), 10(f) (*Redemption at the option of Noteholders*) or 14 (*Enforcement*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

(g) ***Payments on business days***

If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) ***Payments other than in respect of matured Coupons***

Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Agent outside the United States (or in New York City if permitted by Condition 11(c) (*Payments in New York City*)).

(i) ***Partial payments***

If an Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Agent will endorse thereon a statement indicating the amount and date of such payment.

(j) ***Exchange of Talons***

On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 15 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

12 Payments – Registered Notes

This Condition 12 (*Payments – Registered Notes*) is only applicable to Registered Notes.

(a) ***Principal***

Payments of principal shall be made by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with a bank in the Principal Financial Centre of that currency and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Agent.

(b) ***Interest***

Payments of interest shall be made by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with a bank in the Principal Financial Centre of that currency and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Agent.

(c) ***Payments subject to fiscal laws***

Save as provided in Condition 13 (*Taxation*), payments in respect of the Registered Notes will be subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws and regulations to which the Issuer or its Agents are or agree to be subject, and the Issuer or any of its agents will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements, and no commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) ***Payments on business days***

Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated: (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of an Agent; and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a Payment Business Day.

(e) ***Partial payments***

If an Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Certificate.

(f) ***Record date***

Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the close of business in the place of the Registrar's Specified Office on the 15th business day before the due date for such payment (the "**Record Date**").

13 Taxation

(a) ***Gross-up***

All payments of principal, interest and any other amounts in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall (a) in the case of each Series of Senior Preferred Notes, unless the relevant Final Terms expressly specifies "Senior Preferred Notes: Gross-up of principal" as "Not Applicable", in respect of payments of interest (if any) or principal or (b) in the case of all Tier 2 Capital Notes and all Senior Non-Preferred, in respect of payments of interest (if any) only and not principal, pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Note or Coupon:

(i) held by or on behalf of a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the Relevant Jurisdiction other than a mere holding of such Note or Coupon; or

(ii) in respect of which the Note or Certificate is presented for payment more than 30 days after the Relevant Date except to the extent that the Holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the last day of such period of 30 days.

References in these Conditions to interest shall be deemed to include any Additional Amounts which may become payable pursuant to the foregoing provisions or any undertakings given in addition thereto or in substitution therefor.

(b) ***FATCA***

Notwithstanding any other provisions of these Conditions or the Fiscal Agency Agreement, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 to 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any Additional Amounts in respect of FATCA Withholding.

14 Enforcement

(a) **Senior Preferred Notes (Unrestricted Default)**

The provisions of this Condition 14(a) (*Senior Preferred Notes (Unrestricted Default))* shall have effect in relation to any Series of Senior Preferred Notes where the relevant Final Terms expressly specify that Condition 14(b) (*Tier 2 Capital Notes, Senior Preferred Notes and Senior Non-Preferred Notes (Restricted Default)*) is "Not Applicable".

If any of the following events occurs and is continuing, then the Issuer shall be deemed to be in default under the Notes and whereupon they shall become immediately due and payable at their principal amount, together with any accrued but unpaid interest without further action or formality:

(i) *Non-payment*: any principal or interest on the Notes has not been paid within seven days (in the case of principal) and within 14 days (in the case of interest) from the due date for payment; or

(ii) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under these Conditions and that breach has not been remedied within 30 days of receipt of a written notice from a Holder to the Issuer and the Fiscal Agent requiring the same to be remedied; or

(iii) *Winding-up*: a Winding-Up of the Issuer.

A Holder may, at any time at its discretion and without notice, institute such proceedings or take such steps or actions as it may think fit against the Issuer to enforce the terms of these Conditions.

(b) **Tier 2 Capital Notes, Senior Preferred Notes and Senior Non-Preferred Notes (Restricted Default)**

The provisions of this Condition 14(b) (*Tier 2 Capital Notes, Senior Preferred Notes and Senior Non-Preferred Notes (Restricted Default)*) shall have effect in relation to (i) any Series of Senior Preferred Notes where the relevant Final Terms expressly specify that Condition 14(b) (*Tier 2 Capital Notes, Senior Preferred Notes and Senior Non-Preferred Notes (Restricted Default)*) is "Applicable", and (ii) each Series of Tier 2 Capital Notes and Senior Non-Preferred Notes.

(i) If the Issuer does not make payment in respect of the Notes (in the case of payment of principal) for a period of seven days or more or (in the case of any interest payment) for a period of 14 days or more, in each case after the date on which such payment is due, the Issuer shall be deemed to be in default under the Notes and a Holder, in its discretion, may institute proceedings for the winding-up of the Issuer.

In the event of a Winding-Up of the Issuer (whether or not instituted by one or more Holders pursuant to the foregoing), a Holder may prove and/or claim in such Winding-Up of the Issuer, such claim being as contemplated in Condition 3 (*Status*).

(ii) Without prejudice to Condition 14(b)(i), a Holder may at its discretion and without notice institute such steps, actions or proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Notes (other than any payment obligation of the Issuer under or arising from the Notes, including, without limitation, payment of any principal or interest in respect of the Notes, including any damages awarded for breach of any obligations) and in no event shall the Issuer, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it pursuant to these Conditions. Nothing in this Condition 14(b)(ii) shall, however, prevent a Holder from instituting proceedings for the winding-up of the Issuer and/or proving and/or claiming in any Winding-Up of the Issuer in respect of any payment obligations of the Issuer arising from the Notes (including any damages awarded for breach of any obligations) in the circumstances provided in Conditions 3 (*Status*) and 14(b)(i).

(c) **No further remedies**

No remedy against the Issuer, other than as referred to in this Condition 14 (*Enforcement*), shall be available to the Holders, whether for the recovery of amounts owing in respect of the Notes or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes.

15 Prescription

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within 10 years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest in respect of Registered Notes shall become void unless the relevant Certificates are surrendered for payment within 10 years of the appropriate Relevant Date.

16 Replacement of Notes and Coupons

If any Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, in the case of Bearer Notes or Coupons, or the Registrar, in the case of Registered Notes (and if the Notes are admitted to listing and/or trading by any competent authority and/or stock exchange which requires the appointment of an Agent in any particular place, the Agent having its Specified Office in the place required by the competent authority and/or stock exchange), subject to all applicable laws and competent authority and/or stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Certificates or Coupons or Talons must be surrendered before replacements will be issued.

17 Agents

The initial Fiscal Agent, the Registrar, the Calculation Agent and the Transfer Agents and their initial Specified Offices are listed below. They act solely as agents of the Issuer and do not assume any obligation or relationship

of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, the Registrar, the Calculation Agent and the Transfer Agents and to appoint replacement agents or other Transfer Agents, provided that it will:

(a) at all times maintain a Fiscal Agent, a Registrar and a Transfer Agent;

(b) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and

(c) if and for so long as the Notes are admitted to listing and/or trading by any competent authority and/or stock exchange which requires the appointment of an Agent in any particular place, the Issuer shall maintain an Agent having its Specified Office in the place required by such competent authority and/or stock exchange.

Notice of any such termination or appointment and of any change in the Specified Offices of the Fiscal Agent, the Registrar, the Calculation Agent and the Transfer Agents will be given to the Holders in accordance with Condition 20 (*Notices*). If any of the Calculation Agent, Registrar or the Fiscal Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions or the Fiscal Agency Agreement (as the case may be), the Issuer shall appoint an independent financial institution to act as such in its place. All calculations and determinations made by the Calculation Agent, the Registrar or the Fiscal Agent in relation to the Notes and the Coupons shall (save in the case of manifest error) be final and binding on the Issuer, the Calculation Agent, the Registrar, the Fiscal Agent and the Holders. All calculations and determinations made by the Calculation Agent pursuant to these Conditions will be made in consultation with the Issuer.

18 Meetings of Noteholders; Modification and Waiver; Substitution

(a) ***Meetings of Noteholders***

The Fiscal Agency Agreement contains provisions for convening meetings of Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of a modification of any of these Conditions, subject, where applicable, to Condition 18(c) (*Supervisory Permission*). Such a meeting (which need not be a physical meeting and instead may be by way of conference call, including by use of a videoconference platform) may be convened by the Issuer or by Holders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding.

The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the principal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain of these Conditions (including, *inter alia*, the provisions regarding status and subordination referred to in Condition 3 (*Status*), the terms concerning currency and due dates for payment of principal or interest payments in respect of the Notes and reducing or cancelling the principal amount of, or interest on, any Notes or varying the method of calculating the Rate of Interest) the quorum will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in principal amount of the Notes for the time being outstanding. The agreement or approval of the Holders shall not be required in the case of (i) the implementation of any Benchmark Amendments described in Condition 9(d) (*Benchmark Amendments*) and (ii) any variation of these Conditions and/or the Fiscal Agency Agreement required to be made in the circumstances described in Conditions 10(o) (*Substitution and Variation of Senior Non-Preferred Notes or Senior Preferred Notes*) and 10(n) (*Substitution and Variation of Tier 2 Capital Notes*) in connection with the variation of the terms of the Notes so that they become alternative Qualifying Tier 2 Securities or Loss

Absorption Compliant Notes, as the case may be, and to which the Fiscal Agent has agreed pursuant to the relevant provisions of Conditions 10(o) (*Substitution and Variation of Senior Non-Preferred Notes or Senior Preferred Notes*) or 10(n) (*Substitution and Variation of Tier 2 Capital Notes*), as the case may be.

An Extraordinary Resolution passed at any meeting of Holders will be binding on all Noteholders and Couponholders, whether or not they are present at the meeting.

The Fiscal Agency Agreement provides that (i) a resolution passed, at a meeting duly convened and held, by a majority of at least 75 per cent. of the votes cast, (ii) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes for the time being outstanding or (iii) if applicable, consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Fiscal Agent) by or on behalf of the holder(s) of not less than 75 per cent. in principal amount of the Notes for the time being outstanding, shall, in each case be effective as an Extraordinary Resolution of the Holders. Any resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

The consent or approval of the Holders shall not be required in the case of amendments to the Conditions or the Fiscal Agency Agreement pursuant to and in accordance with Condition 9(d) *(Benchmark Amendments)*.

(b) ***Modification and waiver***

The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Fiscal Agency Agreement (excluding, for the avoidance of doubt, the Conditions) if to do so could not reasonably be expected to be prejudicial to the interests of the Holders.

No modification to these Conditions or any other provisions of the Fiscal Agency Agreement shall become effective unless (if and to the extent required at the relevant time by the Relevant Regulator) the Issuer shall have given at least 30 days' prior written notice thereof to, and received Supervisory Permission therefor from, the Relevant Regulator (or such other period of notice as the Relevant Regulator may from time to time require or accept and, in any event, provided that there is a requirement to give such notice and obtain such Supervisory Permission).

Any such modification, authorisation, waiver or determination shall be binding on the Holders and such modification shall be notified to the Holders as soon as practicable.

(c) ***Supervisory Permission***

No modification to these Conditions shall become effective unless (if and to the extent required at the relevant time by the Relevant Regulator) the Issuer shall have given at least 30 days' prior written notice thereof to, and received Supervisory Permission therefor from, the Relevant Regulator (or such other period of notice as the Relevant Regulator may from time to time require or accept and, in any event, provided that there is a requirement to give such notice and obtain such Supervisory Permission).

(d) ***Notices***

Any such modification, waiver, authorisation or substitution shall be binding on all Holders and shall be notified to the Holders in accordance with Condition 20 (*Notices*) as soon as practicable thereafter.

19 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders, but subject to any Supervisory Permission required, create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single Series with the outstanding securities of any Series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 19 *(Further Issues)* and forming a single Series with the Notes.

20 Notices

(a) ***Bearer Notes***

Notices to the Holders of Bearer Notes shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes.

(b) ***Registered Notes***

Notices to the Holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the first weekday (being a day other than a Saturday or Sunday) after the date of mailing.

(c) ***Notices given by Holders***

Notices to be given by any Holder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Fiscal Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes).

(d) ***All Notices***

The Issuer shall also ensure that all notices are duly published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading.

21 Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one-thousandth of a percentage point (with 0.0005 per cent. being rounded up to 0.001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

22 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of any Note by virtue of the Contracts (Rights of Third Parties) Act 1999.

23 Governing Law and Jurisdiction, etc.

(a) ***Governing law***

The Fiscal Agency Agreement, the Notes and the Coupons, and all non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, English law, save that the provisions of Condition 3 *(Status)* relating to the status, ranking and (if applicable) subordination of the Notes and waiver of set-off are governed by, and shall be construed in accordance with, the laws of Hungary.

(b) ***Jurisdiction***

The courts of England are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection the Fiscal Agency Agreement, the Notes or the Coupons and, accordingly, any legal action or proceedings arising out of or in connection with them (including any legal action or proceedings relating to non-contractual obligations arising out of or in connection with them) ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England in respect of any such Proceedings. Nothing in this Condition 23 (*Governing Law and Jurisdiction etc.*) shall prevent the Holders from bringing Proceedings in any competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) to the extent permitted by applicable law.

(c) ***Service of Process***

The Issuer irrevocably appoints Law Debenture Corporate Services Limited at 8th Floor, 100 Bishopsgate, London, EC2N 4AG as its agent in England to receive service of process in any Proceedings in England. If for any reason the Issuer does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Holders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(d) ***Acknowledgement of Statutory Loss Absorption Powers***

Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements, or understanding between the Issuer and the Holders, each Holder acknowledges and accepts that a liability arising under the Notes may be subject to the exercise of the Bail-In Tool by the Relevant Regulator, and acknowledges, accepts, consents and agrees to be bound by:

(i) the effect of the exercise of the Bail-In Tool (or any analogous powers) by the Relevant Regulator in relation to any liability of the Issuer to the Noteholders under the Notes, that (without limitation) may include and result in any of the following, or some combination thereof:

(A) the reduction of all, or a portion, of the liabilities arising under the Notes or outstanding amounts due thereon;

(B) the conversion of all, or a portion, of the liabilities arising under the Notes into shares, other securities or other obligations of the Issuer or another person (and the issue to or conferral on the Noteholders of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes;

(C) the cancellation of the liabilities arising under the Notes; and

(D) the amendment or alteration of any interest, if applicable, thereon, the maturity or the dates on which any payments are due, including by suspending payment for a temporary period; and

(ii) the variation of the Conditions, as deemed necessary by the Relevant Regulator (including, without limitation, the governing law and jurisdiction), to give effect to the exercise of the Bail-In Tool by the Relevant Regulator.

No repayment nor a payment of amounts otherwise due on the Notes will become due and payable or be paid after the exercise of the Bail-in Tool by the Relevant Regulator if and to the extent such amounts have been reduced, converted, cancelled, suspended (for so long as such suspension or moratorium is outstanding), amended or altered as a result of such exercise.

Neither a reduction or cancellation, in part or in full, of the amounts otherwise due on the Notes, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the Bail-in Tool by the Relevant Regulator with respect to the Issuer, the suspension of payments under the Notes for a temporary period by the Relevant Regulator nor the exercise of the Bail-in Tool by the Relevant Regulator with respect to the Notes will be a default or an event of default for any purpose.

Upon the exercise of the Bail-in Tool by the Relevant Regulator with respect to any Notes, the Issuer shall promptly give notice to the Holders in accordance with Condition 20 *(Notices)*, the Registrar and the Fiscal Agent. Any delay or failure by the Issuer in delivering any notice referred to in this Condition 23 *(Governing Law and Jurisdiction, etc.)* shall not affect the validity and enforceability of the use of the Bail-in Tool.

FORM OF FINAL TERMS

The Final Terms in respect of each Tranche of Notes will be in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA"**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.]

[**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA ("**UK MiFIR**"). Consequently, no key information document required by [the PRIIPs Regulation][Regulation (EU) No 1286/2014] as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

MiFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer['s/s'] product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended "**MiFID II**")/MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.

UK MiFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer['s/s'] product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in [Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the [European Union (Withdrawal) Act 2018]/[EUWA] ("**UK MiFIR**")][UK MiFIR]; and (ii) all channels

for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any [person subsequently offering, selling or recommending the Notes (a "**distributor**")/distributor] should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.

[**Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore, as modified or amended from time to time** (the "**SFA**") – [*To insert notice if classification of the Notes is not* "*prescribed capital markets products*"*, pursuant to Section 309B of the SFA or Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products)*][1]

Final Terms dated [●] 20[●]

OTP BANK NYRT.

Legal Entity Identifier (LEI): 529900W3MOO00A18X956

Issue of [Currency][Aggregate Principal Amount of Tranche] [Title of Notes]

under the €5,000,000,000 Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the base prospectus dated 31 May 2022 [and the supplemental base prospectus dated [*date*]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus [as so supplemented].

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus. [The Base Prospectus and these Final Terms have been published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).]]

1.	Issuer:		OTP Bank Nyrt.
DESCRIPTION OF THE NOTES			
2.	(i)	Series Number:	[●]
	(ii)	Tranche Number:	[●]
	[(iii)	[Date on which the Notes become fungible:	[Not Applicable]/[The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [●] on [●]/[the Issue Date]/[exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [25] below [which is expected to occur on or about [●]].]

[1] Relevant Dealer(s) to consider whether it/they have received the necessary product classification from the Issuer prior to the launch of the offers, pursuant to s.309B of the SFA.

3.	Specified Currency or Currencies:		[●]
4.	Aggregate Principal Amount		
	[(i)]	[Series]:	[●]
	[(ii)	Tranche:	[●]]
5.	Issue Price:		[●] per cent. of the Aggregate Principal Amount [plus accrued interest from [●]]
6.	(i)	Specified Denominations:	[●] [and integral multiples of [●] in excess thereof up to (and including) [●]. [No Notes in definitive form will be issued with a denomination above [●]].]
	(ii)	Calculation Amount:	[●]
7.	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date:	[●]/[Issue Date]/[Not Applicable]
8.	Maturity Date:		[●]
9.	Interest Basis:		[[●] per cent. Fixed Rate] [Reset Notes] [Floating Rate [●] Month [[●]/[EURIBOR] +/– [●] per cent.]] [Floating Rate: CMS Linked Interest] [Zero Coupon] (see paragraph [14]/[15]/[16]/[17] below)
10.	Redemption/Payment Basis:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [[●]/[100]] per cent. of their principal amount.
11.	Change of Interest or Redemption/Payment Basis:		[●]/[Not Applicable]
12.	Put/Call Options:		[Investor Put] [Issuer Call] (see paragraph [18]/[21] below) [Not Applicable]
13.	[(i)]	Status of the Notes:	[Senior Preferred Notes]/[Senior Non-Preferred Notes]/[Tier 2 Capital Notes]
	[(ii)]	Senior Preferred Notes Restricted Default:	Condition 14(b) *(Tier 2 Capital Notes, Senior Preferred Notes and Senior Non-Preferred Notes (Restricted Default))*: [Applicable]/[Not Applicable]
	[(iii)]	Senior Preferred Notes: Gross-up of principal:	[Applicable]/[Not Applicable]
	[(iv)]	[Date Board approval for issuance of Notes obtained:	[●]]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	**Fixed Rate Note Provisions**		[Applicable]/[Not Applicable]/[Applicable from [●] to [●] [if so elected by the Issuer on or before [●]]]
	(i)	Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually]/[semi-annually]/[quarterly]/[●] in arrear on each Interest Payment Date]
	(ii)	Interest Payment Date(s):	[●]/[and [●]] in each year[, up to and including [●]/[the Maturity Date], commencing on [●]
	(iii)	Fixed Coupon Amount[(s)]:	[●] per Calculation Amount
	(iv)	Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling on [●]/[Not Applicable]
	(v)	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/360] [30E/360] [Eurobond Basis] [30E/360(ISDA)]
15.	**Reset Note Provisions**		[Applicable]/[Not Applicable]
	(i)	Initial Rate of Interest:	[●] per cent. per annum [payable [annually]/[semi-annually]/[quarterly]/[●] in arrear on each Interest Payment Date]
	(ii)	Reset Rate:	[Mid-Swap Rate]/ [CMT Rate]
	(iii)	First Margin:	[+/-][●] per cent. per annum
	(iv)	Subsequent Margin:	[[+/-][●] per cent. per annum]/[Not Applicable][2]
	(v)	Interest Payment Date(s):	[●] [and [●]] in each year up to (and including) the Maturity Date, commencing on [●]
	(vi)	Fixed Coupon Amount in respect of the period from (and including) the Interest Commencement Date up to (but excluding) the First Reset Date:	[[●] per Calculation Amount]/[Not Applicable]
	(vii)	Broken Amount(s):	[[●] per Calculation Amount payable on the Interest Payment Date falling [in]/[on] [●]]/[Not Applicable]
	(viii)	First Reset Date:	[●]

[2] For Notes which are intended to count as MREL, the Subsequent Margin shall be equal to the First Margin.

(ix)	Subsequent Reset Date(s):	[●] [and [●]]/[Not Applicable]
(x)	Fixed Leg Swap Payment Frequency:	[●]
(xi)	CMT Designated Maturity:	[[●]]/[Not Applicable]
(xii)	Relevant Screen Page:	[●]
(xiii)	CMT Rate Screen Page:	[●]
(xiv)	Mid-Swap Rate:	[Single Mid-Swap Rate]/[Mean Mid-Swap Rate]
(xv)	Mid-Swap Maturity:	[●]
(xvi)	Initial Mid-Swap Rate Final Fallback:	[Applicable]/[Not Applicable]
	- Initial Mid-Swap Rate:	[●] per cent.
(xvii)	Reset Maturity Initial Mid-Swap Rate Final Fallback:	[Applicable]/[Not Applicable]
	- Reset Period Maturity Initial Mid-Swap Rate:	[●] per cent.
(xviii)	Last Observable Mid-Swap Rate Final Fallback:	[Applicable]/[Not Applicable]
(xix)	Subsequent Reset Rate Mid-Swap Rate Final Fallback:	[Applicable]/[Not Applicable]
(xx)	Subsequent Reset Rate Last Observable Mid-Swap Rate Final Fallback:	[Applicable]/[Not Applicable]
(xxi)	Reference Rate:	[EURIBOR]/[CMS Rate]/[●]
(xxii)	Reference Banks:	[●]
(xxiii)	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/360] [30E/360] [Eurobond Basis] [30E/360(ISDA)]
(xxiv)	Reset Determination Date(s):	[●]/[The provisions of the Conditions apply]

	(xxv)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Fiscal Agent):	[[●] shall be the Calculation Agent]
16.	**Floating Rate Note Provisions**		[Applicable]/[Not Applicable]/[Applicable from [●] to [●] [if so elected by the Issuer on or before [●]]]
	(i)	Specified Period(s):	[●]
	(ii)	Interest Payment Dates:	[●] [and [●]] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to adjustment, as the Business Day Convention in (iv) below is specified to be Not Applicable]
	(iii)	First Interest Payment Date:	[●]
	(iv)	Business Day Convention:	[Following Business Day Convention] [Modified Following Business Day Convention] [Modified Business Day Convention] [Preceding Business Day Convention] [FRN Convention] [Floating Rate Convention] [Eurodollar Convention] [No Adjustment] [Not Applicable]
	(v)	Additional Business Centre(s):	[Not Applicable]/[●]
	(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination]/[ISDA Determination]
	(vii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Fiscal Agent):	[[●] shall be the Calculation Agent]
	(viii)	Screen Rate Determination:	[Applicable]/[Not Applicable]
		(a) Reference Rate:	[EURIBOR]/[CMS Rate]/[●]
		(b) Reference Bank(s):	[●]
		(c) Interest Determination Date(s):	[●]
		(d) Relevant Screen Page:	[●]

	(e)	For the purposes of the "Observation Period", "p" means:	[5/[●] London Banking Days]/[Not Applicable]
	(f)	Relevant Time:	[[●] in the Relevant Financial Centre]/[as per the Conditions]
	(g)	Relevant Financial Centre:	[London]/[Brussels]/[New York City]/[●]
	(h)	Reference Currency:	[●]/[Not Applicable]
	(i)	Designated Maturity:	[●]/[Not Applicable]
	(j)	Determination Time:	[[●] [a.m.]/[p.m.] ([●] time)]/[Not Applicable]
	(k)	CMS Rate Fixing Centre(s):	[●]/[Not Applicable]
	(l)	ISDA Determination:	[Applicable]/[Not Applicable]
	(m)	Floating Rate Option:	[●]
	(n)	Reset Date:	[●]
	(o)	ISDA Definitions:	2006
	(p)	Linear Interpolation:	[Not Applicable]/[Applicable – the Rate of Interest for the [long]/[short] [first]/[last] Interest Period shall be calculated using Linear Interpolation]
	(q)	Margin(s):	[+/-][●] per cent. per annum
	(r)	Minimum Rate of Interest:	[●] per cent. per annum
	(s)	Maximum Rate of Interest:	[●] per cent. per annum
	(t)	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/360] [30E/360] [Eurobond Basis] [30E/360(ISDA)]
17.	**Zero Coupon Note Provisions**		[Applicable]/[Not Applicable]
	(i)	Accrual Yield:	[●] per cent. per annum
	(ii)	Reference Price:	[●]

	(iii)	Day Count Fraction in relation to early Redemption Amounts:	[30/360] [Actual/Actual (ICMA)] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/360] [30E/360] [Eurobond Basis] [30E/360(ISDA)]

PROVISIONS RELATING TO REDEMPTION, SUBSTITUTION AND VARIATION

18.	**Call Option**		[Applicable]/[Not Applicable]
	(i)	Optional Redemption Date(s) (Call):	[●]/[Any date from (and including) [●] to (but excluding) [●]]
	(ii)	Optional Redemption Amount (Call):	[[●] per Calculation Amount] [in the case of the Optional Redemption Date(s) falling [on [●]]/[in the period from (and including) [●] to (but excluding) [●]] [and [[●] per Calculation Amount] [in the case of the Optional Redemption Date(s) falling [on [●]]/[in the period from (and including) [●] to (but excluding) the Maturity Date]]
	(iii)	Series redeemable in part:	[Yes: [●] per cent. of the Aggregate Principal Amount of the Notes may be redeemed on [each]/[the] Optional Redemption Date (Call)]/[No]
	(iv)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[●]/[Not Applicable]
		(b) Maximum Redemption Amount:	[●]/[Not Applicable]
	(v)	Notice period:	Minimum period: [[●] days]/[as per the Conditions] Maximum period: [[●] days]/[as per the Conditions]
19.	**Senior Non-Preferred Notes and Senior Preferred Notes**		
	(i)	Senior Notes: Loss Absorption Disqualification Event Redemption:	[Applicable]/[Not Applicable]
	(ii)	Optional Redemption Amount (Loss Absorption Disqualification Event):	[●] per Calculation Amount

	(iii)	Senior Notes: Substitution and Variation:	[Applicable]/[Not Applicable]
	(iv)	Senior Notes: Tax Event (Deductibility):	[Applicable]/[Not Applicable]
20.	**Tier 2 Capital Notes**		
	(i)	Optional Redemption Amount (Capital Disqualification Event):	[●] per Calculation Amount
	(ii)	Tier 2 Capital Notes: Substitution and Variation:	[Applicable]/[Not Applicable]
	(iii)	Tier 2 Capital Notes: Tax Event (Deductibility):	[Applicable]/[Not Applicable]
21.	**Put Option**		[Applicable]/[Not Applicable]
	(i)	Optional Redemption Date(s) (Put):	[●]
	(ii)	Optional Redemption Amount (Put):	[●] per Calculation Amount
	(iii)	Notice period:	Minimum period: [[●] days]/[as per the Conditions] Maximum period: [[●] days]/[as per the Conditions]
22.	Early Redemption Amount (Tax):		[●] per Calculation Amount
23.	Final Redemption Amount:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [●] per Calculation Amount
24.	Redemption Amount for Zero Coupon Notes:		[●]/[As per Condition 10(i) *(Early redemption of Zero Coupon Notes)*]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25.	Form of Notes:	**Bearer Notes:** [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances described in the Permanent Global Note] [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances described in the Permanent Global Note] **Registered Notes:**

		[Global Certificate exchangeable for Individual Certificates in the limited circumstances described in the Global Certificate] [Global Certificate [(U.S.$[•]/€[•] principal amount)] registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg]/[a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS))]/[Individual Certificates]
26.	New Global Note:	[Yes]/[No]/[Not Applicable]
27.	New Safekeeping Structure:	[Yes]/[No]/[Not Applicable]
28.	Additional Financial Centre(s) or other special provisions relating to payment dates:	[Not Applicable]/[•]
29.	Talons for future Coupons to be attached to Definitive Notes:	[Yes]/[No]

THIRD PARTY INFORMATION

[[Relevant third party information] has been extracted from [specify source]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

SIGNED on behalf of
OTP BANK NYRT.:

By: .....
Duly authorised

PART B – OTHER INFORMATION

1. **Listing**

(i)	Listing and admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange with effect from [●].]
(ii)	Estimate of total expenses related to admission to trading:	[●]

2. **Ratings**

Ratings:	The Notes to be issued [have not been rated]/ [have been rated:] [S&P Ratings Europe Limited ("**S&P**"): [●]] [Moody's Investors Service Cyprus Ltd ("**Moody's**"): [●]] [Scope Ratings GmbH ("**Scope**"): [●]] The issuer credit rating assigned to the Issuer by S&P is [●], the long-term counterparty risk rating assigned to the Issuer by Moody's is [●] and the issuer rating assigned to the Issuer by Scope Ratings was [●]. [*To include brief description of the meaning given to the relevant rating by the assigning rating agency*] S&P, Moody's and Scope are established in the European Economic Area (the "**EEA**") and are registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). As such, S&P, Moody's and Scope are included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

3. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]**

[Save for any fees payable to the [Managers]/[Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.]

4. **REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS**

(i) Reasons for the offer: [The Notes are [Green/Social] Notes as described, and as this term is defined, in the Base Prospectus and the proceeds from the issue of the Notes are intended to be used for ["green"/"social"] purposes as described in the "*Use of Proceeds*" section of the Base Prospectus.][The net proceeds of the issue of the Notes are intended to be used by the Issuer to finance and/or refinance, in part or in full, new and/or existing [*description of relevant projects to be inserted*].] [*see "Use of Proceeds" in the Base Prospectus – if reasons*

for the offer are different from general corporate purposes and there is a particular identified use of proceeds, this will need to be stated here]

(ii) Estimated net proceeds: [●]

5. **[Fixed Rate Notes only – YIELD**

Indication of yield: [●]]

[The indicative yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]/[The indicative yield is calculated at the Issue Date on the basis of an assumed Issue Price of [100] per cent. It is not an indication of an individual investor's actual or future yield.]

6. **OPERATIONAL INFORMATION**

(i)	ISIN:	[●]
(ii)	Common Code:	[●]
(iii)	Any clearing system(s) other than Euroclear or Clearstream, Luxembourg and the relevant identification number(s):	[Not Applicable]/[●]
(iv)	Delivery:	Delivery [against]/[free of] payment
(v)	Names and addresses of additional Agent(s) (if any):	[●]
(vi)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,] [*include this text for Registered Notes which are to be held under the NSS*][and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [No. While the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, the Notes may then be deposited with one of the ICSDs as common safekeeper [[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the

ECB being satisfied that Eurosystem eligibility criteria have been met.]

7. **DISTRIBUTION**

(i)	U.S. Selling Restrictions:	[Reg. S Compliance Category [1]/[2];[TEFRA C]/[TEFRA D]/[TEFRA not applicable]
(ii)	Prohibition of Sales to EEA Retail Investors:	[Applicable]/[Not Applicable] [*If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no "key information document" will be prepared, "Applicable" should be specified*]
(iii)	Prohibition of Sales to UK Retail Investors:	[Applicable]/[Not Applicable] [*If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no "key information document" will be prepared, "Applicable" should be specified*]
(iv)	Prohibition of Sales to Belgian Consumers:	[Applicable/Not Applicable]
(v)	Method of distribution:	[Syndicated]/[Non-syndicated]
(vi)	If syndicated:	[Not Applicable]/[●]
	(a) Names of Managers:	[Not Applicable]/[●]
	(b) Stabilisation Manager(s) (if any):	[Not Applicable]/[●]
(vii)	If non-syndicated, name and address of Dealer:	[Not Applicable]/[●]

8. **BENCHMARK REGULATION**

[[specify benchmark] is provided by [administrator legal name]. As at the date hereof, [administrator legal name] [appears]/[does not appear] in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) 2016/1011, as amended.

[As far as the Issuer is aware, as at the date hereof, [●] does not fall within the scope of Regulation (EU) 2016/1011, as amended.]]/[Not Applicable]

[*If the References Rate is EURIBOR, select the below option*]

[EURIBOR is provided by European Money Markets Institute. As at the date hereof, European Money Markets Institute appears in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) 2016/1011, as amended.]

[*If the References Rate is CMS Rate, select the below option*]

[CMS Rate is provided by ICE Benchmark Administration Limited ("**IBA**"). As at the date hereof, IBA is not included in the register of administrators and benchmarks established and

maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) 2016/1011, as amended. As far as the Issuer is aware, the transitional provisions in Article 51 of the Regulation (EU) 2016/1011, as amended, apply, such that the IBA is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence)]

[*If the Reset Rate is CMT Rate, select the below option*]

[CMT Rate is provided by the Board of Governors of the Federal Reserve System. As at the date hereof, the Board of Governors of the Federal Reserve System is not included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) 2016/1011, as amended. As far as the Issuer is aware, the transitional provisions in Article 2 of the Regulation (EU) 2016/1011, as amended, apply, such that the Board of Governors of the Federal Reserve System is not currently required to obtain authorisation/registration.]

FORMS OF THE NOTES

Bearer Notes

Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note, without interest coupons, or a Permanent Global Note, without interest coupons, in each case as specified in the relevant Final Terms. Each Global Note which is not intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the Issue Date of the relevant Tranche of Notes with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the Issue Date of the relevant Tranche of Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13 June 2006, the ECB announced that Notes in NGN form are in compliance with the "*Standards for the use of EU securities settlement systems in ESCB credit operations*" of the central banking system for the euro (the "**Eurosystem**"), provided that certain other criteria are fulfilled. At the same time, the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg from 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

In the case of each Tranche of Bearer Notes, the relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (or a successor provision) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (or a successor provision) (the "**TEFRA D Rules**") are applicable in relation to the Notes or that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the Issue Date of the relevant Tranche of Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the delivery (free of charge to the bearer) of a Permanent Global Note, duly authenticated and, in the case of a NGN, effectuated, to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

(a) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to or to the order of the Principal Paying Agent; and

(b) receipt by the Principal Paying Agent of a certificate or certificates of non-U.S. beneficial ownership,

within seven days of the bearer requesting such exchange.

Permanent Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if either of the following events occurs:

(a) Euroclear, Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or

(b) any of the circumstances described in the applicable provisions of Condition 14 (*Enforcement*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to (or to the order of) the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, the Permanent Global Note shall only be exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note.

Terms and Conditions applicable to the Bearer Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*—Summary of Provisions relating to the Notes while in Global Form*" below.

Legend concerning United States persons

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

"*Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.*"

Registered Notes

Each Tranche of Registered Notes will be represented by either:

(a) Individual Certificates; or

(b) one or more Global Certificates,

in each case as specified in the relevant Final Terms. A Certificate will be issued to each holder of Registered Notes in respect of its registered holding.

In a press release dated 22 October 2008, "*Evolution of the custody arrangement for international debt securities and their eligibility in Eurosystem credit operations*", the ECB announced that it has assessed the new holding structure and custody arrangements for registered notes which Euroclear and/or Clearstream, Luxembourg had designed in cooperation with market participants and that Notes to be held under the NSS would be in compliance with the "*Standards for the use of EU securities settlement systems in ESCB credit operations*" of the Eurosystem, subject to the conclusion of the necessary legal and contractual arrangements. The press release also stated that the new arrangements for notes to be held in NSS form will be offered by

Euroclear and Clearstream, Luxembourg from 30 June 2010 and that registered debt securities in global registered form issued through Euroclear and Clearstream, Luxembourg after 30 September 2010 will only be eligible as collateral in Eurosystem operations if the NSS is used.

Each Note represented by a Global Certificate will either be: (a) in the case of a Certificate which is not to be held under the NSS, registered in the name of a common depositary (or its nominee) for Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Certificate will be deposited on or about the issue date with the common depositary; or (b) in the case of a Certificate to be held under the NSS, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Certificate will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

If the relevant Final Terms specifies the form of Notes as being "Individual Certificates", then the Notes will at all times be represented by Individual Certificates issued to each Noteholder in respect of their respective holdings.

Global Certificate exchangeable for Individual Certificates

If the relevant Final Terms specifies the form of Notes as being "Global Certificate exchangeable for Individual Certificates", then the Notes will initially be represented by one or more Global Certificates each of which will be exchangeable in whole, but not in part, for Individual Certificates if the relevant Final Terms specifies "in the limited circumstances described in the Global Certificate", then:

(a) in the case of any Global Certificate, if Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or

(b) in any case, if any of the circumstances described in the applicable provisions of Condition 14 (*Enforcement*) occurs.

Whenever a Global Certificate is to be exchanged for Individual Certificates, each person having an interest in a Global Certificate must provide the relevant Registrar (through the relevant clearing system) with such information as the Issuer and the relevant Registrar may require to complete and deliver Individual Certificates (including the name and address of each person in which the Notes represented by the Individual Certificates are to be registered and the principal amount of each such person's holding).

Whenever a Global Certificate is to be exchanged for Individual Certificates, the Issuer shall procure that Individual Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate within five business days of the delivery, by or on behalf of the registered holder of the Global Certificate to the relevant Registrar of such information as is required to complete and deliver such Individual Certificates against the surrender of the Global Certificate at the specified office of the relevant Registrar.

Such exchange will be effected in accordance with the provisions of the Fiscal Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled to the Fiscal Agency Agreement and, in particular, shall be effected without charge to any holder, but against such indemnity as the relevant Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

Terms and Conditions applicable to the Registered Notes

The terms and conditions applicable to any Individual Certificate will be endorsed on that Individual Certificate and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Global Certificate will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*—Summary of Provisions relating to the Notes while in Global Form*" below.

Summary of Provisions relating to the Notes while in Global Form

Clearing System Accountholders

In relation to any Tranche of Notes represented by a Global Note, references in the Conditions to "**Noteholder**" or "**Holder**" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary, common depositary, sub-custodian or, as the case may be, common safekeeper.

In relation to any Tranche of Notes represented by one or more Global Certificates, references in the Conditions to "**Noteholder**" or "**Holder**" are references to the person in whose name the relevant Global Certificate is for the time being registered in the Register which is held by or on behalf of a depositary or a common depositary or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or sub-custodian or common depositary or common safekeeper or a nominee for that depositary or common depositary or sub-custodian or common safekeeper, as the case may be.

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note or a Global Certificate (each an "**Accountholder**") must look solely to Euroclear, Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the holder of such Global Note or Global Certificate and in relation to all other rights arising under such Global Note or Global Certificate. The extent to which, and the manner in which, Accountholders may exercise any rights arising under a Global Note or Global Certificate will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Note or Global Certificate, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the holder of such Global Note or Global Certificate.

Transfers of Interests in Global Notes and Global Certificates

Transfers of interests in Global Notes and Global Certificates within Euroclear and Clearstream, Luxembourg or any other relevant clearing system will be in accordance with their respective rules and operating procedures. None of the Issuer, the Registrar, the Arranger, the Dealers, the Calculation Agent or the Agents will have any responsibility or liability for any aspect of the records of any of Euroclear and Clearstream, Luxembourg or any other relevant clearing system or any of their respective participants relating to payments made on account of beneficial ownership interests in a Global Note or Global Certificate or for maintaining, supervising or reviewing any of the records of Euroclear and Clearstream, Luxembourg or any other relevant clearing system or the records of their respective participants relating to such beneficial ownership interests.

The laws of some states of the United States require that certain persons receive individual certificates in respect of their holdings of Notes. Consequently, the ability to transfer interests in a Global Certificate to such persons will be limited. Because clearing systems only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Global Certificate to pledge such interest to persons or entities which do not participate in the relevant clearing systems, or otherwise take actions in respect of such interest, may be affected by the lack of an Individual Certificate representing such interest.

Conditions applicable to Global Notes

Each Global Note and Global Certificate will contain provisions which modify the Conditions as they apply to the Global Note or Global Certificate. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note or Global Certificate which, according to the Conditions, require presentation and/or surrender of a Note, Certificate or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Global Certificate to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered pro rata in the records of Euroclear and Clearstream, Luxembourg.

All payments of interest in respect of a Series of Notes represented by a Global Note or Global Certificate shall be calculated in respect of the total aggregate amount of the Notes represented by the relevant Global Note or Global Certificate.

Payment Business Day: In the case of a Global Note or a Global Certificate, if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre specified in the Final Terms; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Payment Record Date: Each payment in respect of a Global Certificate will be made to the person, being the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

Exercise of put option: In order to exercise the option contained in Condition 10(f) (*Redemption at the option of Noteholders*), the bearer of a Permanent Global Note or the holder of a Global Certificate must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Registrar specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 10(g) (*Partial redemption*) in relation to some only of the Notes, the Permanent Global Note or Global Certificate may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and/or Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Notices: Notwithstanding Condition 20 (*Notices*), while all the Notes are represented by a Global Note or a Global Certificate and the Global Note, or the Global Certificate is deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 20 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Eurosystem Eligibility

If the Global Notes or Global Certificates are stated in the relevant Final Terms to be issued in NGN form or to be held under the NSS (as the case may be), on or prior to the original issue date of the Tranche, the Global

Notes or Global Certificates will be delivered to a common safekeeper and the relevant Final Terms will set out whether or not the Notes are intended to be held as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem ("**Eurosystem eligible collateral**").

Depositing the Global Notes or the Global Certificates intended to be held as Eurosystem eligible collateral with a common safekeeper does not necessarily mean that the Notes will be recognised as Eurosystem eligible collateral either upon issue, or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that the Eurosystem eligibility criteria have been met. In the case of Notes issued in NGN form or to be held under the NSS (as the case may be) which are not intended to be held as Eurosystem eligible collateral as of their issue date, should the Eurosystem eligibility criteria be amended in the future so that such Notes are capable of meeting the eligibility criteria, such Notes may then be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper.

USE OF PROCEEDS

The net proceeds from the issue of the Notes will be used by the Issuer for its general corporate purposes. In addition, where the Notes are stated to be "Green" or "Social" Notes in "Reasons for the Offer" in Part B of the relevant Final Terms and it is stated that the proceeds from the issue of the Notes are intended to be used for "green" or "social" purposes as described in this "Use of Proceeds" section ("**Green Notes**" or "**Social Notes**", respectively, and together, the "**Sustainable Finance Notes**"), it is the intention of the Issuer that the net proceeds from each such issue of Sustainable Finance Notes will be used as so described. If specified otherwise in the relevant Final Terms, the net proceeds from the issue of the relevant Notes will be used as so specified.

For any Sustainable Finance Notes, an amount equivalent to the net proceeds of such Sustainabile Finance Notes is intended to be used to finance and/or refinance a portfolio of loans, credits and investments (such loans, credits and investments, an "**Eligible Loan Portfolio**") satisfying the Eligibility Criteria (as defined below and as further described in the Issuer's Sustainable Finance Framework).

The proceeds of any Sustainable Finance Notes will not be used to finance loans linked to fossil fuel energy generation, nuclear energy generation, weapons and defence, mining, gambling or tobacco.

"**Eligibility Criteria**" means the criteria set out in the Issuer's Sustainable Finance Framework relating to the categories of green buildings, renewable energy, clean transportation and employment generation, and programmes designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing and microfinance, that may be financed by loans, credits and investments in order for such loans, credits and investments to be included in an Eligible Loan Portfolio.

"**Sustainable Finance Framework**" means the Sustainable Financing Framework (May 2022) of the Issuer published on its website (*https://www.otpbank.hu/static/portal/sw/file/Sustainable_Finance_Framework_ENG_20220524.pdf*), including as amended, supplemented, restated or otherwise updated on such website from time to time, relating to the issuance of Sustainable Finance Instruments.

The proceeds from the issuance of Sustainable Finance Notes will be managed by the Issuer using a portfolio approach. The Issuer intends to allocate these proceeds to an Eligible Loan Portfolio, selected in accordance with the use of proceeds criteria and evaluation and selection process described in the Sustainable Finance Framework. The Issuer will endeavour, over time, to achieve a level of allocation for the Eligible Loan Portfolio that matches or exceeds the balance of net proceeds from its outstanding Sustainable Finance Notes.

Unallocated net proceeds from any Sustainable Finance Notes will be held in the OTP Group's liquid asset portfolio, in cash or other short term liquid instruments, at the OTP Group's sole discretion.

The Issuer has obtained an independent second-party opinion from ISS ESG to confirm the validity of its Sustainable Financing Framework. This independent second-party opinion is published on the Issuer's website at: *https://www.otpbank.hu/static/portal/sw/file/Sustainable_Finance_Framework_ENG_SPO_20220524.pdf* .

The Issuer intends to request on an annual basis, starting one year after the issuance of any Sustainable Finance Notes and until the maturity (or full allocation) of such Sustainable Finance Notes, a limited assurance report of the allocation of the proceeds of such Sustainable Finance Notes to the relevant Eligible Loan Portfolio, which will be provided by its external auditor (or any subsequent external auditor).

In addition, the Issuer intends, within one year from the date of issue of any Sustainable Finance Notes and annually thereafter until the proceeds of such Sustainable Finance Notes have been fully allocated, to prepare an allocation report and an impact report in respect of that issue.

Neither the Sustainable Financing Framework, nor any of the above reports, opinions or contents of any of the above websites are incorporated in or form part of this Base Prospectus.

Prospective investors in any Sustainable Finance Notes should also refer to "*Risk Factors – Risks relating to the Notes – Risks relating to a particular structure of Notes – The application of net proceeds of Sustainable Finance Notes as described in "Use of Proceeds" may not meet investor expectations or be suitable for an investor's investment criteria*".

DESCRIPTION OF THE OTP GROUP'S BUSINESS

Introduction

The Issuer is both an operating company and the parent company of its corporate group. The OTP Group provides universal banking service, including through several domestic and foreign subsidiaries. In Hungary, traditional banking operations are performed by the Issuer while specialised services, including car leasing, mortgage lending and investment funds, are offered by the Issuer's subsidiaries. In addition to operating in Hungary, the OTP Group currently operates, through its banking subsidiaries, in the following countries: Albania, Bulgaria, Croatia, Montenegro, Moldova, Romania, Russia, Serbia, Slovenia and Ukraine. After the completion of a divestment in November 2020, the OTP Group has no more banking operations in Slovakia. The Issuer currently has two representative offices (with non-banking activities, with the sole aim of representing and promoting the Issuer in the given country), one is located in Beijing, China, and the other one is located in Eschborn, Germany. As at 31 March 2022, the OTP Group provides financial services through 1,451 branches, agent networks and electronic channels. The OTP Group's total assets were HUF 28,790 billion (EUR 78 billion) as at 31 March 2022, out of which close to 47 per cent. was in Hungary. The next four largest foreign operations comprised 38 per cent. of the OTP Group's total assets (Bulgaria 17 per cent., Croatia 9 per cent., Serbia 8 per cent. and Slovenia 5 per cent.). Based on publicly available information on central bank and bank association websites[3], the Issuer's management believes the Issuer to be the market leader in terms of total assets in Hungary and among the leading banking players in Bulgaria, Croatia, Montenegro, Serbia and Slovenia.

History

The predecessor of the Issuer, the National Savings Bank (*Országos Takarékpénztár*), was established in 1949 as a nationwide, state-owned banking entity providing retail services in relation to bank accounts, savings accounts and loans. Its activities and the scope of its authorisation have gradually widened. It was initially authorised to enter into real estate transactions. Thereafter, its role was extended to provide domestic foreign currency accounts and foreign exchange services as well as banking services for Hungarian municipalities. In 1989, the National Savings Bank started operating as a universal commercial bank. In addition to continuing its previous retail and municipal activities, the National Savings Bank became authorised to offer services in respect of corporate loan accounts and deposits and to provide commercial loans and banking services for corresponding banking and export-import transactions.

In 1990, the National Savings Bank became a public company with a share capital of HUF 23 billion. Its name was changed to National Savings and Commercial Bank (OTP Bank Rt.). Subsequently, its non-banking activities were separated from it, along with their supporting organisational units. The state lottery was reorganised into a separate state-owned company and OTP Real Estate Ltd. was established as a subsidiary of the Issuer.

The Issuer's privatisation began in 1995. As a result of three public offerings accompanied by the listing of the Issuer's shares on the Budapest Stock Exchange, the state's ownership in the Issuer decreased to a single voting preference (golden) share. The law on abolishing the voting preference share of the state came into effect on 21 April 2007. Currently, the Issuer's ownership structure is dispersed with its shares mostly held by institutional (financial) and private investors.

After the completion of its privatisation, the Issuer started its international expansion, targeting countries in the CEE region, which were considered to offer economic growth potential similar to that of its domestic market.

[3]Information available (for example) in *The National Bank of Hungary – 'Golden Book'* and similar publications and data available on central bank websites for Croatia, Serbia, Montenegro, and Bulgaria and the website of the Bank Association of Slovenia.

The Issuer has completed several acquisitions during the period 2002 to 2007, becoming one of the key players in the CEE region. By the end of 2006, the Issuer operated in nine countries. During the period of 2014 to 2016, the OTP Group completed three further acquisitions to enhance its presence in markets where it was already present. Between December 2016 and December 2021, the OTP Group completed eight further acquisitions, including commencing operations in Albania, Moldova and Slovenia. Please see "*Business Overview – History of 2016-2021 acquisitions*" below.

The following table sets out the total assets evolution of the OTP Group in the period between 1995 and 1Q 2022:

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Total assets (EUR billion)....	4.3	5.0	5.7	6.5	7.3	7.7	9.3	11.5	13.2	16.9	20.6	28.1	33.4	35.4

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	1Q 2022
Total assets (EUR billion)....	36.0	35.1	32.8	34.7	35	34.8	34	36	42.5	45.4	60.9	63.9	74	78

The corporate name of the Issuer is OTP Bank Nyrt. The Issuer's corporate name in English is "OTP Bank Plc". The Issuer has its registered seat at Nádor utca 16., 1051 Budapest, Hungary, its telephone number is: +36 1 473 5000. It was founded on 31 December 1990 for an indefinite period of time and was registered with the Metropolitan Court of Budapest on 28 November 1991 as a company limited by shares (in Hungarian: *részvénytársaság*) under the registration number of Cg 01-10-041585. The Issuer's Legal Entity Identifier (LEI) is 529900W3MOO00A18X956. The Issuer operates under Hungarian law, in particular, under Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (the "**Credit Institutions Act**"), Act CXX of 2001 on the capital markets (the "**Capital Markets Act**") and Act CXXXVIII of 2007 on investment firms and commodity service providers and on the rules of their activities (the "**Investment Firms Act**").

Shareholder Structure

The Issuer's registered capital is HUF 28,000,001,000, divided into 280,000,010 dematerialised ordinary shares with a nominal value of HUF 100 each. The ordinary shares of the Issuer all have the same nominal value and bestow the same rights in respect of the Issuer. Ordinary shares of the Issuer are listed in Category "Equities Prime" on the Budapest Stock Exchange.

Ownership structure of the Issuer as at 31 March 2022

	Total equity		
	31 March 2022		
Description of owner	**%**	**%(1)**	**Qty**
Domestic institution/company	**29.13**	**29.21**	**81,572,542**
Foreign institution/company	59.71	59.86	167,188,491
Domestic individual	10.15	10.17	28,408,741
Foreign individual	0.19	0.19	523,782
Employees, senior officers(2)	0.49	0.49	1,372,718

	Total equity		
	31 March 2022		
Description of owner	**%**	**%(1)**	**Qty**
Treasury shares(3)	0.25	0.00	691,233
Government held owner	0.05	0.05	139,817
International Development Institutions	0.03	0.03	91,249
Other(4)	0.00	0.00	11,437
TOTAL	100.00	100.00	280,000,010

Notes:

(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 OTP Bank Employee Stock Ownership Plan Organisation ("**ESOP**"). 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.

Source: OTP Bank Plc. - Summary of the first quarter 2022 results, Budapest, 6 May 2022

To the extent known by the Issuer, direct and/or indirect shareholders of the Issuer with over/around 5 per cent. 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%

Notes:

(1) Rounded to two decimals.

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

Source: OTP Bank Plc. - Summary of the first quarter 2022 results, Budapest, 6 May 2022

Detailed information on the major shareholders of the Issuer as at 31 December 2021

MOL (Hungarian Oil and Gas Company Plc.)

MOL is one of the largest oil and gas companies in the CEE region and is headquartered in Budapest, Hungary. MOL is primarily engaged in the exploration and production of crude oil and natural gas, the refining of crude oil, wholesale and retail sales of refined petroleum products and the production and sale of petrochemicals. In addition, the MOL Group is involved in gas infrastructure services.

On 16 April 2009, the Issuer and MOL concluded a three-year share swap transaction, under which the Issuer has exchanged 24,000,000 ordinary shares in the Issuer for 5,010,501 "A series" MOL shares, which now equals 40,084,008 MOL shares after the 8-for-1 share split in September 2017. As a result of the transaction, MOL became a shareholder in the Issuer with 8.57 per cent. holding of ordinary shares. MOL has no representation on either the Issuer's Board of Directors (the "**Board of Directors**") or the Issuer's Supervisory Board (the "**Supervisory Board**").

As part of the transaction, both parties were granted call and put options to initiate the gross physical settlement of shares back to the respective issuer at any time on or before 11 July 2012. There is no compulsory settlement of shares at the maturity of the swap agreement. The swap agreement contains additional settlement provisions in case of certain movements in relative share prices of the parties subject to net cash or net share settlement, as set out in the swap agreement. In July 2012 and 2017, the maturity of the transaction was increased by five years on each occasion and, therefore, the amended final maturity of the swap agreement is 11 July 2022. Until such date, either party may initiate cash or physical settlement of the transaction, as set out in the swap agreement.

At the time of the transaction, due to the loss of control over the exchanged shares in the Issuer, the shares in the Issuer were derecognised from the balance sheet of the Issuer. At the same time, the written put option over the shares in the Issuer were accounted as a deduction from equity in the amount of HUF 55.5 billion, which was equal to the carrying value of the exchanged shares in the Issuer at the time of derecognition. The received MOL shares are not recognised in the balance sheet of the Issuer. In addition, the net present value of the transaction is accounted for in the balance sheet among Derivative financial instruments, which represented HUF 10.2 billion as at 31 December 2021.

Kafijat Group

Kafijat Group consists of two corporations registered in Hungary and has no representation on either the Board of Directors or the Supervisory Board.

Groupama Group

In February 2008, an agreement was made between the Issuer and the Groupama Group, with respect to the purchase by Groupama Group of a 100 per cent. shareholding in OTP Garancia Insurance. This transaction boosted the OTP Group's profit and strengthened its capital position with a one-off revenue item of HUF 121.4 billion. As a part of the transaction, the Issuer and Groupama Group concluded a long-term cooperation agreement with each other regarding the cross-selling of financial and insurance products. In addition to this, Groupama Group appeared as a strategic owner among the shareholders of the Issuer with its significant 8 per cent. share and appointed one member to the Supervisory Board. In 2017, Groupama Group decreased its shareholding in the Issuer as part of its strategy to diversify its assets. Following the sale of shares representing approximately 3 per cent. of the Issuer's share capital, Groupama Group remained a significant shareholder of the Issuer and maintained its representation on the Supervisory Board.

Business Overview

Strategy

The strategic goal of the OTP Group is to become the most successful universal banking group in the CEE region. To reach this goal, OTP Group aims to be among the leading banks in most of the countries it operates in, except for Russia and Ukraine due to their large size and perceived riskiness. Following a period of heightened acquisition activity between 2016 and 2019, the integration of the banks acquired during this period into local subsidiaries of the Issuer has been completed as at the date of this Base Prospectus. In addition, in Slovenia, Albania and Moldova, where the OTP Group was not present prior to the acquisitions made during this period, the OTP Group alignment processes of the newly acquired banks were accomplished by the end of 2020. Beside exploring operating and funding costs synergies, and intensifying cross-selling activity at the newly acquired banks, the management of the Issuer is continuing its efforts to find value-creating acquisition targets and pursue acquisitions for the benefit of the OTP Group's stakeholders.

Please see the risk factor titled "*The OTP Group may be adversely affected by the risks associated with the integration of the OTP Group's acquisitions in the CEE region*" for further details regarding the integration of recent acquisitions.

The basic pillars of the OTP Group's strategy are stability, profitability, growth and innovation:

Stability

The OTP Group will strive to preserve its safe capital and liquidity positions, to be able at all times to provide the conditions for stable operations and growth. Since its Initial Public Offering in 1995, the Issuer has never raised equity, never received any state support, and has always comfortably relied on its organic capital generation capability. In addition, having dominant market positions in several countries it operates in, the OTP Group enjoys relatively strong deposit collection positions. Despite management focus on allocating liquidity for lending, the net loan-to-deposit ratio indicates that there is potential for further leverage in the consolidated balance sheet of the Issuer. The trust of customers provides a strong source of competitive funding. Since the 2007/2009 global financial crisis, one of the key considerations of the OTP Group's business expansion is that all subsidiaries should rely as much as reasonably possible on their own deposit generation. The Issuer's management believes that an important lesson from the global financial crisis is that most of the OTP Group's business should be local currency based to avoid significant currency mismatches. In recent years, the Issuer has only tapped the covered bond markets for the sake of meeting local regulatory threshold requirements and not as a result of pressure on liquidity.

Throughout all of its operations, the OTP Group promotes transparency, prudence and full compliance with European and local regulations.

Profitability

The profitability of operations is a key pre-condition for continued growth and stability. Between 2016 and 2019, the consolidated ROE has exceeded the Issuer's target of 15 per cent. which was set in 2015. In 2019, the OTP Group reached 20.3 per cent. ROE. In 2020, which was a challenging year due to the economic downturn and the extraordinary circumstances resulting from the COVID-19 pandemic, consolidated ROE reached 10.9 per cent., whereas in 2021, ROE was 17 per cent., all of which figures the Issuer's management believe were competitive with that of its regional competitors' results.

Growth

The OTP Group believes in the future of the CEE region and is committed to actively contributing to its progress. Through offering its products and services, the OTP Group actively contributes to the growth of the CEE region,

where the speed of economic expansion in 2019 exceeded the EU average. The OTP Group aims to increase its share in all existing markets through organic growth and occasionally by acquisitions in new markets.

The OTP Group's acquisition strategy is based on shareholder value creation by achieving economies of scale and applying the Issuer's expertise in regional markets.

In 2021, the FX-adjusted organic performing (Stage 1 + Stage 2) loan growth of the OTP Group was 15 per cent.

Innovation

The OTP Group will continue to make efforts to develop convenient and modern services that are easier and faster to access and meet the challenges of the digital age and the expectations of its customers.

The OTP Group aims to design and operate the most user-friendly and reliable digital platforms. To achieve its goal, the OTP Group is investing significant resources to understand customer expectations and to adopt customer services to meet those expectations.

The OTP Group's digitalisation strategy is based on three pillars, as follows.

Simple and reliable solutions

The prerequisite for growth of the OTP Group's digital channels is that all current and future customers should be able to easily and reliably access the OTP Group's systems. Growth in digital channel use is also supported by customer education and modular pricing. The OTP Group develops its applications through many iterative steps to test whether those apps are easy to use and stable. The OTP Group upgrades its technological stacks in order to create and run fast, fault-tolerant and flexible IT platforms.

Personalised content

Remote authentication and authorisation solutions will ensure cost-efficient operations for the OTP Group and a seamless process for customers. With data integration, services become personalised and digital channels are adjusted to customers' expectations. Functionality is a key element of the OTP Group's digital services strategy. The OTP Group focuses on providing customers with financial control through dashboards and portfolio view and a "Bank in the pocket" experience through constantly launching new end-to-end digital services.

Managed customer service

By creating interoperability between the channels, the Issuer aims to optimise and integrate the customer journey. The omni-channel operation ensures higher customer satisfaction and cost-effectiveness. Real-time analytical tools can help the Issuer optimise online journeys. Highly innovative tools such as chatbot banking – not only service and product innovations, but also channel innovations – are part of the development process.

In order to achieve the OTP Group's strategic goals, the following new digital products and services are being developed.

Online channels

The new internet bank and mobile bank applications were launched in 2020. These two platforms provide the highest level of digital accessibility for customers. The purpose of the developments is to increase the number of customers using the channel and increase product usage and cross-selling. During the COVID-19 pandemic, digital activity of OTP clients increased significantly, which was supported by online campaigns, customer education in branches and continuous development of OTP Group's digital services.

Development of non-banking applications

The Simple by OTP app aims to combine the functionality of an urban lifestyle app, with numerous useful features – parking and highway toll payment, public transport tickets, movie and entertainment ticket sales, etc. – with payment app functionality. Simple also provides both Android and Apple Pay functionality for its users (the Issuer was the first to introduce Apple Pay on the Hungarian market via its mobile banking app and Simple apps).

Branch digitalisation

Contracts and transaction slips are signed on an electronic signature pad by both the customer and the branch officer. The document is created and stored only in electronic format, while customers can access their signed documents via the internet. With the introduction of electronic signature pads, more and more products are converted to be based on digitalised contracts. At the end of a multi-annual process, the Issuer has renewed its branch and customer service front-end system.

With the use of cash-in ATMs, customers can deposit cash into their HUF accounts held with the Issuer through ATMs. The amount deposited through these ATMs is instantly available in the customers' accounts. Customers have free access to these accounts for bank card purchases or cash withdrawals, and can make transfers and/or term deposits.

A service named 'Remote Expert from Home' was launched in 2021, which allows client to avail of consultation video calls from their home at a pre-arranged time.

Integrated channel management

The Issuer is committed to an omni-channel user experience and omni-channel is a main focus of the sales process development strategy as well. Omni-channel application is available for current account and personal loan products. Customers can start the application via online channels (e.g. website, internet banking) and finish the process via online/offline channels. Using this end-to-end process, customers can decide whether to start and finish applications via online channels or start applications online and finish them in a branch. In 2021, the Issuer launched a new online service called Selfie current account opening, in which future clients can open a new retail account at any time in a few minutes without the help of a branch officer from their home using the Issuer's mobile application.

To support the organisational transformation required to maintain the pace of digital development, the Issuer launched an Agile Transformation Program in 2019, shifting a substantial part of its Hungarian workforce to an agile organisational structure.

Automation, robotization

The Issuer aims to fully digitalize its business processes to be able to provide fast, error-free and cost-efficient processes to its clients. Robotization not only achieves that but also lets the Issuer's employees focus on high value added tasks and innovation instead of manual administration. More than 30 processes are currently conducted by new "digital colleagues" who have closed more than 1.5 million cases in the last 2 years.

Speeding up Innovation with startup partnerships

OTP Group is continuously seeking mutually beneficial partnerships with later stage start-ups and scale-ups in order to leverage the fast time-to-market of start-ups on one hand and to enable them to grow internationally in the CEE region on the other hand. This activity has been run through a structured program with predefined focus areas for four consecutive years with an above-market success rate. As a result, the Issuer has managed to find new revenue streams as well as decrease operational costs.

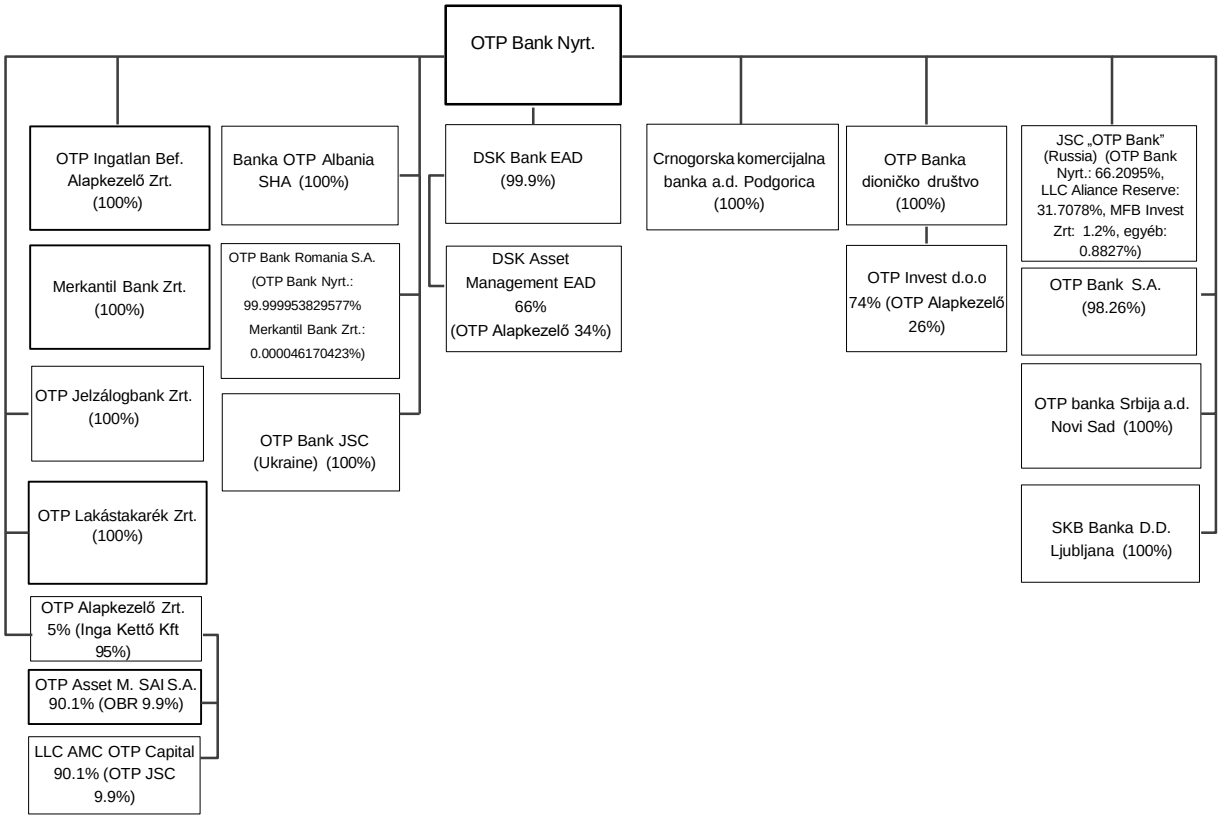
Ratings

As at the date of this Base Prospectus, the following credit ratings have been assigned to the Issuer by S&P, Moody's and Scope with the cooperation of the Issuer in the rating process:

Rating agency	**Rating classes**	**Rating**	
		Long term	**Short term**
Moody's	Foreign Currency Deposit	Baa1	P-2
	Local Currency Deposit	Baa1	P-2
	Counterparty Risk Rating (Local and Foreign Currency)	Baa1	P-2
	Subordinated Foreign Currency Debt	Ba1	-
	Junior subordinated Foreign Currency Debt	Ba3 (hyb)	-
S&P	Foreign and Local Currency Counterparty Credit Rating	BBB	A-2
	Foreign and Local Currency Resolution Counterparty Rating	BBB	A-2
Scope	Issuer rating	BBB+	-
	Preferred senior unsecured debt	BBB+	-
	Non-preferred senior unsecured debt	BBB	-
	Tier 2 debt	BB+	-

Group structure of the OTP Group

The following diagram illustrates the credit institution and investment firm members of the OTP Group as at 4 May 2022:



As at 31 March 2022, the OTP Group consisted of the Issuer and 110 fully consolidated subsidiaries and associates and the total number of customers served by the OTP Group was around 16 million. As at 31 March 2022, 1,451 branches, 4,612 automatic-teller-machines ("**ATM**s") and 194,560 point-of-sales terminals were in operation group-wide.

Operating segments are divided by the Issuer's management into business and geographical segments. The OTP Group's operating segments are as follows: core operations in Hungary ("**OTP Core**"), Bulgaria ("**DSK Group**" or "**DSK**"), Russia ("**OTP Bank Russia**"), Croatia ("**OBH**"), Ukraine ("**OTP Bank Ukraine**"), Romania ("**OTP Bank Romania**" or "**OBR**"), Serbia ("**OBSr**"), Montenegro ("**CKB**"), Albania ("**OTP Bank Albania**" or "**OBA**"), Slovakia ("**OBS**"), Moldova ("**OTP Bank Moldova**"), Slovenia ("**SKB Banka**" or "**SKB**"), the Hungarian leasing operation ("**Merkantil**"), Asset Management in Hungary ("**OTP Fund Management**") and foreign asset management subsidiaries ("**Foreign Asset Management Companies**"), Other Hungarian subsidiaries, Other Foreign subsidiaries and Corporate Centre. Following the sale of the Slovakian banking business in November 2020, the OBS operating segment is no longer reported separately. A Slovakian entity, Project 01 Consulting, s. r. o. has remained consolidated as an OTP Group member and its performance is reported under the Other Foreign subsidiaries segment.

Diversification of the OTP Group's business

The OTP Group has traditionally been a commercial bank with a strong retail focus and the largest share of its business carried out in Hungary. In 2021, approximately 49 per cent. of the consolidated adjusted after-tax profit was generated in Hungary.

The following table sets out the consolidated after-tax profit breakdown by segment for 1Q 2021 and 1Q 2022, respectively:

	1Q 2021	1Q 2022	Change
	(HUF million)		*(%)*
Net profit for the year	93,334	(33,405)	
Adjustments (total)	(23,955)	(122,029)	409
Consolidated adjusted net profit for the year	117,289	88,624	(24)
Banks total	111,134	79,078	(29)
OTP Core (Hungary)	56,003	94,038	68
DSK Group (Bulgaria)	18,273	21,064	15
OBH (Croatia)	5,119	11,074	116
OTP Bank Serbia	6,773	10,860	60
SKB Banka (Slovenia)	3,063	4,937	61
OTP Bank Romania	529	(1,759)	
OTP Bank Ukraine	8,835	(34,400)	
OTP Bank Russia	8,005	(27,222)	
CKB Group (Montenegro)	2,022	(1,230)	
OTP Bank Albania	1,056	2,261	114
OTP Bank Moldova	1,456	(545)	
Leasing	1,626	4,372	169
Merkantil (Hungary)	1,626	4,372	169
Asset Management	877	1,238	41
OTP Fund Management (Hungary)	835	1,155	38
Foreign Asset Management Companies (Ukraine, Romania, Bulgaria)	41	83	100
Other Hungarian Subsidiaries	4,905	1,415	(71)
Other Foreign Subsidiaries	456	(12)	
Corporate Centre	(427)	1,269	
Eliminations	(1,282)	1,265	
Total adjusted net profit of HUNGARIAN subsidiaries	61,660	103,513	68
Total adjusted net profit of FOREIGN subsidiaries	55,629	(14,889)	

Notes:

(1) Foreign exchange adjusted change without the effect of the sale of OBS was 59 per cent.

	1Q 2021	1Q 2022	Change
	(HUF million)		*(%)*

(2) Foreign exchange adjusted change at DSK Group was 84 per cent., at OBH 118 per cent., at OBR 159 per cent., at OBU 53 per cent. and at OBRu 136 per cent.

In terms of total assets, five out of the six largest operations (OTP Core (Hungary), DSK Group (Bulgaria), OBH (Croatia), SKB (Slovenia) and OBR (Romania)), representing more than 82 per cent. of the OTP Group's consolidated total assets, are in EU countries.

The following table sets out the consolidated total assets breakdown by country as at 31 December 2020, 31 December 2021, 31 March 2021 and 31 March 2022, respectively:

	2020	2021	Y/Y	1Q 2021	1Q 2022	Y/Y
Hungary	42%	45%	3%	43%	47%	4%
Bulgaria	18%	17%	(1%)	18%	17%	(1%)
Croatia	10%	9%	(1%)	10%	9%	(1%)
Serbia	9%	8%	(1%)	8%	8%	0%
Slovenia	6%	5%	(1%)	6%	5%	(1%)
Romania	5%	5%	0%	5%	5%	0%
Ukraine	3%	4%	1%	3%	3%	0%
Russia	3%	3%	0%	3%	3%	0%
Montenegro	2%	2%	0%	2%	2%	0%
Albania	1%	1%	0%	1%	1%	0%
Moldova	1%	1%	0%	1%	1%	0%

The loan portfolio of the OTP Group is diversified in terms of geographies and products. The majority of loans are within Hungary. However, due to the recent acquisitions the portfolio has diversified further. The OTP Group's total combined exposure to Russia and Ukraine, as of 31 March 2022, represented 7 per cent. of the OTP Group's net loan portfolio. In terms of products, approximately 54 per cent. of HUF 16,054 billion net loans on a group wide-basis were to retail and micro and small sized enterprise ("**MSE**") customers.

The following table sets out the consolidated net loans breakdown by country and by product as at 31 December 2020, 31 December 2021, 31 March 2021 and 31 March 2022, respectively:

By countries	2020	2021	Y/Y	1Q 2021	1Q 2022	Y/Y	1Q 2022 (HUF billion)
Hungary	36%	36%	0%	36%	36%	0%	5,784[(1)]
Bulgaria	18%	17%	(1%)	18%	18%	0%	2,886
Croatia	11%	11%	0%	11%	11%	0%	1,765
Serbia	11%	11%	0%	11%	11%	0%	1,738
Slovenia	7%	6%	(1%)	7%	6%	(1%)	1,015
Romania	6%	6%	0%	6%	6%	0%	1,020
Ukraine	3%	4%	1%	3%	4%	1%	583
Russia	3%	4%	1%	4%	3%	(1%)	517

By countries	2020	2021	Y/Y	1Q 2021	1Q 2022	Y/Y	1Q 2022 (HUF billion)
Montenegro	2%	2%	0%	2%	2%	0%	361
Albania	1%	1%	0%	1%	1%	0%	222
Moldova	1%	1%	0%	1%	1%	0%	159

By products	2020	2021	Y/Y	1Q 2021	1Q 2022	Y/Y
Mortgage	27%	27%	0%	27%	27%	0%
Consumer	24%	23%	(1%)	24%	22%	(2%)
MSE	5%	5%	0%	5%	5%	0%
Corporate.....	37%	38%	1%	36%	39%	3%
Car-financing /Leasing	8%	8%	0%	8%	7%	(1%)

Note:

(1) Including OTP Core and Merkantil (Hungarian leasing).

The following table sets out the net loans breakdown of the main segments and by product as at 31 December 2020, 31 December 2021, 31 March 2021 and 31 March 2022, respectively:

OTP Core + Merkantil	2020	2021	Y/Y	1Q 2021	1Q 2022	Y/Y
Mortgage	30%	29%	(1%)	30%	29%	(1%)
Consumer	21%	21%	0%	21%	21%	0%
MSE	7%	8%	1%	8%	9%	1%
Corporate.....	34%	35%	1%	34%	35%	1%
Leasing	7%	7%	0%	7%	7%	0%

DSK Group (Bulgaria)	2020	2021	Y/Y	1Q 2021	1Q 2022	Y/Y
Mortgage	27%	28%	1%	27%	28%	1%
Consumer	28%	28%	0%	29%	28%	(1%)
MSE	1%	3%	2%	1%	3%	2%
Corporate.....	36%	33%	(3%)	36%	35%	(1%)
Leasing	7%	8%	1%	7%	8%	1%

OBH (Croatia)	2020	2021	Y/Y	1Q 2021	1Q 2022	Y/Y
Mortgage	23%	27%	4%	24%	27%	3%
Consumer	25%	24%	(1%)	25%	23%	(2%)
MSE	3%	3%	0%	3%	3%	0%
Corporate.....	42%	40%	(2%)	41%	41%	0%
Leasing	7%	7%	0%	7%	7%	0%

OTP Bank Serbia	2020	2021	Y/Y	1Q 2021	1Q 2022	Y/Y
Mortgage	20%	21%	1%	20%	21%	1%
Consumer	24%	23%	(1%)	24%	23%	(1%)
MSE	3%	3%	0%	3%	3%	0%
Corporate	47%	47%	0%	47%	48%	1%
Leasing	6%	5%	(1%)	6%	5%	(1%)

SKB Banka (Slovenia)	2020	2021	Y/Y	1Q 2021	1Q 2022	Y/Y
Mortgage	37%	38%	1%	37%	36%	(1%)
Consumer	10%	9%	(1%)	10%	9%	(1%)
MSE	9%	2%	(7%)	2%	2%	0%
Corporate	26%	34%	8%	32%	36%	4%
Leasing	19%	17%	(2%)	18%	17%	(1%)

OTP Bank Romania	2020	2021	Y/Y	1Q 2021	1Q 2022	Y/Y
Mortgage	43%	41%	(2%)	42%	41%	(1%)
Consumer	9%	8%	(1%)	9%	8%	(1%)
MSE	17%	2%	(15%)	17%	2%	(15%)
Corporate	27%	44%	17%	27%	44%	17%
Leasing	5%	5%	0%	5%	5%	0%

OTP Bank Ukraine	2020	2021	Y/Y	1Q 2021	1Q 2022	Y/Y
Mortgage	2%	1%	(1%)	1%	1%	0%
Consumer	18%	17%	(1%)	18%	15%	(3%)
MSE	0%	0%	0%	0%	0%	0%
Corporate	51%	55%	4%	50%	56%	6%
Leasing	30%	27%	(3%)	30%	28%	(2%)

OTP Bank Russia	2020	2021	Y/Y	1Q 2021	1Q 2022	Y/Y
Mortgage	0%	0%	0%	0%	0%	0%
Consumer	85%	80%	(5%)	85%	82%	(3%)
MSE	0%	0%	0%	0%	0%	0%
Corporate	14%	19%	5%	14%	17%	3%
Leasing	0%	0%	0%	0%	0%	0%

The OTP Group's main source of funding is customer deposits (HUF 21,830), representing close to 84 per cent. of total liabilities (76 per cent. of total assets) as at 31 March 2022. The deposit base is granular and as at the date of this Base Prospectus close to 56 per cent. of the deposit base comprises retail deposits.

The following table sets out the consolidated customer deposits breakdown by country and by product as at 31 December 2020, 31 December 2021, 31 March 2021 and 31 March 2022, respectively:

By countries	2020	2021	Y/Y	1Q 2021	1Q 2022	Y/Y	1Q 2022 (HUF billion)
Hungary	45%	48%	3%	46%	50%	4%	10,846
Bulgaria	20%	18%	(2%)	20%	18%	(2%)	3,876
Croatia	9%	9%	0%	9%	9%	0%	1,860
Serbia	6%	6%	0%	6%	6%	0%	1,228
Slovenia	6%	6%	0%	6%	6%	0%	1,226
Romania	4%	4%	0%	4%	4%	0%	820
Ukraine	3%	3%	0%	3%	3%	0%	666
Russia	2%	2%	0%	2%	2%	0%	436
Montenegro	2%	2%	0%	2%	2%	0%	388
Albania	1%	1%	0%	1%	1%	0%	259
Moldova	1%	1%	0%	1%	1%	0%	233

By products	2020	2021	Y/Y	1Q 2021	1Q 2022	Y/Y
Retail sight	33%	34%	1%	33%	34%	1%
Retail term	26%	23%	(3%)	26%	22%	(4%)
MSE	12%	11%	(1%)	12%	11%	(1%)
Corporate	28%	32%	4%	29%	34%	5%

The following table sets out the customer deposits breakdown of the main segments and by product as at 31 December 2020, 31 December 2021, 31 March 2021 and 31 March 2022, respectively:

OTP Core + Merkantil	2020	2021	Y/Y	1Q 2021	1Q 2022	Y/Y
Retail sight	36%	35%	(1%)	36%	35%	(1%)
Retail term	16%	13%	(3%)	16%	13%	(3%)
MSE	14%	14%	0%	14%	13%	(1%)
Corporate	34%	38%	4%	34%	40%	6%

DSK Group (Bulgaria)	2020	2021	Y/Y	1Q 2021	1Q 2022	Y/Y
Retail sight	29%	37%	8%	30%	37%	7%
Retail term	49%	43%	(6%)	49%	41%	(8%)
MSE	6%	9%	3%	6%	8%	2%
Corporate	16%	12%	(4%)	15%	13%	(2%)

OBH (Croatia)	2020	2021	Y/Y	1Q 2021	1Q 2022	Y/Y
Retail sight	47%	50%	3%	49%	51%	2%

OBH (Croatia)	2020	2021	Y/Y	1Q 2021	1Q 2022	Y/Y
Retail term	20%	17%	(3%)	20%	16%	(4%)
MSE	7%	8%	1%	7%	8%	1%
Corporate	25%	25%	0%	24%	25%	1%

OTP Bank Serbia	2020	2021	Y/Y	1Q 2021	1Q 2022	Y/Y
Retail sight	32%	27%	(5%)	24%	26%	2%
Retail term	17%	25%	8%	26%	25%	(1%)
MSE	9%	9%	0%	9%	9%	0%
Corporate	41%	39%	(2%)	41%	40%	(1%)

SKB Banka (Slovenia)	2020	2021	Y/Y	1Q 2021	1Q 2022	Y/Y
Retail sight	31%	33%	2%	32%	33%	1%
Retail term	31%	27%	(4%)	30%	26%	(4%)
MSE	23%	14%	(9%)	16%	13%	(3%)
Corporate	14%	26%	12%	23%	27%	4%

OTP Bank Romania	2020	2021	Y/Y	1Q 2021	1Q 2022	Y/Y
Retail sight	11%	12%	1%	12%	14%	2%
Retail term	33%	31%	(2%)	33%	31%	(2%)
MSE	27%	9%	(18%)	29%	9%	(20%)
Corporate	29%	47%	18%	26%	46%	20%

OTP Bank Ukraine	2020	2021	Y/Y	1Q 2021	1Q 2022	Y/Y
Retail sight	17%	17%	0%	17%	22%	5%
Retail term	22%	19%	(3%)	22%	16%	(6%)
MSE	5%	5%	0%	5%	5%	0%
Corporate	55%	59%	4%	56%	57%	1%

OTP Bank Russia	2020	2021	Y/Y	1Q 2021	1Q 2022	Y/Y
Retail sight	29%	30%	1%	28%	17%	(11%)
Retail term	40%	29%	(11%)	39%	34%	(5%)
MSE	13%	15%	2%	13%	12%	(1%)
Corporate	18%	25%	7%	20%	37%	17%

The following table sets out the performing (Stage 1 + Stage 2) loan volume changes adjusted for FX-effect for the period between 31 December 2021 and 31 March 2022:

	OTP Group	OTP Core[2]	DSK Group	OBH	OTP Bank Serbia	SKB Banka	OTP Bank Romania	OTP Bank Ukraine	OTP Bank Russia	CKB Group	OTP Bank Albania	OTP Bank Moldova
Nominal change (HUF billion)....	404	18	154	67	62	45	40	28	(47)	20	12	1
Total.....	3%	0%	6%	4%	4%	5%	4%	5%	(7%)	6%	6%	1%
Consumer.....	0%	(2%)	3%	1%	1%	0%	4%	(2%)	(4%)	3%	5%	(2%)
Mortgage.....	2%	1%[3]	3%	4%	3%	2%	4%			2%	5%	(1%)
Corporate[1]	5%	1%	10%	6%	6%	11%	4%	10%	(21%)	9%	6%	3%
Leasing.....	1%	0%	4%	4%	(2%)	1%	4%	0%			3%	(1%)

Notes:

(1) Loans to MSE and corporate clients.
(2) Changes of leasing volumes of Merkantil in Leasing row.
(3) Within that, housing loan was up by 1 per cent. and home equity was down by 1 per cent.

The following table sets out the deposit volume changes adjusted for FX-effect for the period between 31 December 2021 and 31 March 2022:

	OTP Group	OTP Core	DSK Group	OBH	OTP Bank Serbia	SKB Banka	OTP Bank Romania	OTP Bank Ukraine	OTP Bank Russia	CKB Group	OTP Bank Albania	OTP Bank Moldova
Nominal change (HUF billion)....	792	705	81	(38)	(13)	10	(13)	17	46	1	8	(14)
Total.....	4%	7%	2%	(2%)	(1%)	1%	(2%)	3%	12%	0%	3%	(6%)
Retail.....	2%	5%	0%	(1%)	(2%)	0%	1%	8%	(5%)	(2%)	1%	(8%)
Corporate[1]	6%	9%	9%	(5%)	1%	1%	(4%)	0%	37%	2%	12%	(4%)
Deposits – Net loans gap (HUF billion)....	5,777	5,490	990	95	(511)	211	(200)	82	(81)	27	37	73

Note:

(1) Including MSE, medium and large sized enterprises ("**MLE**") and municipality deposits.

The following table sets out the evolution of consolidated volume of the OTP Group's subordinated debt, bilateral loans, senior bonds and mortgage bonds (in EUR billion), as well as the evolution of the consolidated net loans to deposits including retail bonds ratio in 2008 and for the period between 2016 and 1Q 2022:

	2008	2016	2017	2018	2019	2020	2021	1Q 2022
Subordinated debt (EUR billion).....	1.6	0.7	0.7	0.7	1.2	1.2	0.7	0.7
Bilateral loans (EUR billion).....	1.9	0.0	0.0	0.0	0.5	0.4	0.6	0.5

	2008	2016	2017	2018	2019	2020	2021	1Q 2022
Senior bonds (EUR billion)	2.3	0.3	0.2	0.1	0.1	0.0	0.0	0.0
Mortgage bonds (EUR billion)	3.2	0.1	0.6	1.2	1.1	1.2	1.3	1.2
Consolidated net loans to deposits including retail bonds ratio	127%	67%	68%	72%	79%	76%	75%	74%

The consolidated outstanding wholesale debt of the OTP Group has declined significantly since the 2007/2009 global financial crisis. In 2008, the total share of wholesale funding within total assets was 25 per cent., of which close to EUR 7.3 billion equivalent was senior and covered debt, whereas the amount of consolidated subordinated debt was close to EUR 1.6 billion equivalent. In 2008, the OTP Group's consolidated net loans to deposits including retail bonds ratio was close to 127 per cent., whereas in 2016 this ratio was 67 per cent. and 75 per cent. as at 31 December 2021. The OTP Group issued debt securities before 2008 primarily to finance its acquisitions and also borrowed pursuant to syndicated loans from time-to-time. The liquidity generated by the OTP Group was used to finance its operations and to pay back its maturing wholesale obligations without issuing new debt. By the end of 2016, total consolidated wholesale debt was approximately EUR 1.2 billion, out of which EUR 0.7 billion was subordinated debt and EUR 0.5 billion equivalent senior and covered debt. Since 2016, the volume of mortgage bonds has increased primarily in order to comply with the Mortgage Funding Adequacy Ratio requirement introduced by the MNB in 2016. Accordingly, by the end of December 2021, the volume of senior and covered debt had grown to EUR 1.9 billion. The volume of outstanding subordinated debt increased to around EUR 1.2 billion in 2019 due to the issuance of Tier 2 notes in the amount of EUR 500 million and decreased to EUR 0.7 billion in 2021 due to the redemption of a subordinated debt in October 2021.

The following table sets out the maturity profile of the OTP Group's consolidated wholesale debt, in EUR million, as at 31 March 2022:

	2022	2023	2024	2025	2026	2027-2041	Perpetual
Subordinated debt (EUR million)	-	-	-	15	-	500	231
Bilateral loans (EUR million)	20	24	19	81	248	128	-
Senior bonds (EUR million)	10	1	2	-	-	-	-
Mortgage bonds (EUR million)	-	119	638	61	-	430	-

As at the date of this Base Prospectus, the OTP Group's maturity profile is considered by the Issuer's management to be relatively light, not just because of the relatively low amount of outstanding debt (close to EUR 2.5 billion in total as at 31 March 2022), but due to its composition.

Distribution channels

As at 31 March 2022, the OTP Group provides financial services through 1,451 branches, agent networks and various electronic channels.

The following table sets out the number of branches and number of employees (in full-time equivalents) in the major segments as at 31 December 2020, 31 December 2021 and 31 March 2022, respectively:

	31 December 2020		31 December 2021		31 March 2022	
	Branches	**Headcount (closing)**	**Branches**	**Headcount (closing)**	**Branches**	**Headcount (closing)**
OTP Core (Hungary)	362	10,189	356	10,523	356	10,677
DSK Group (Bulgaria)	334	5,619	311	5,539	311	5,499
OBH (Croatia)	124	2,228	114	2,279	114	2,271
OTP Bank Serbia	217	3,022	187	2,707	184	2,696
SKB Banka (Slovenia)	51	889	49	864	49	859
OTP Bank Romania	95	1,693	95	1,740	95	1,770
OTP Bank Ukraine (without employed agents)	86	2,313	85	2,341	85	2,374
OTP Bank Russia (without employed agents)	135	5,127	134	4,992	133	4,887
CKB Group (Montenegro)	34	514	34	517	34	508
OTP Bank Albania	38	447	39	454	39	459
OTP Bank Moldova	54	830	51	899	51	883
Other Hungarian and foreign subsidiaries		557		568		582
OTP Group (without employed agents)		33,427		33,424		33,464
OTP Bank Russia - employed agents		4,402		3,783		3,379
OTP Bank Ukraine - employed agents		618		657		605
OTP Group (aggregated)	1,530	38,447	1,455	37,864	1,451	37,447

Description of the main segments of the OTP Group

The following table sets out the total assets by main segments as at 31 March 2022, data are in HUF billion:

Segment	**31 March 2022**
OTP Core (Hungary)	15,531
DSK Group (Bulgaria)	4,769
OBH (Croatia)	2,577
OTP Bank Serbia	2,265
SKB Banka (Slovenia)	1,441
OTP Bank Romania	1,435
OTP Bank Ukraine	959

Segment	31 March 2022
OTP Bank Russia	783
CKB Group (Montenegro)	511
OTP Bank Albania	358
OTP Bank (Moldova)	299
OTP Fund Management	21
Leasing subsidiaries	770
Corporate Centre, Foreign Asset Management Companies, Eliminations and others	(2,931)

OTP Core (Hungary)

In terms of balance sheet totals, the Issuer is the largest bank in Hungary[4] and provides a full-scale service through its branch network, digital channels and network of sales agents. The core activities of the OTP Group in Hungary are performed by the Issuer and certain of its domestic affiliated entities (together "**OTP Core**"). OTP Core is an economic unit for measuring the result of core business activity of the OTP Group in Hungary. The financial information of OTP Core is calculated from the partially consolidated IFRS financial statements of certain companies[5] engaged in the OTP Group's operations in Hungary. The consolidated results of these companies are segmented into OTP Core and Corporate Centre. The Corporate Centre is a virtual entity. Through these OTP Group members, OTP Core provides retail and corporate lending, account management, payment card, savings and investment services. Within its retail lending business line, OTP Core offers residential and mortgage loans as well as consumer loans. The corporate business offers products and services to fulfil transactional, investment and credit needs of large corporate, MSE and municipal clients. Insurance requirements of OTP Core clients are supplied by sales of insurance products via strategic collaboration with the French insurance Groupama Group, after its OTP Garancia Insurance acquisition in 2008.

The Issuer's management believes that OTP Group in Hungary is the market leader in all retail banking segments. The Issuer's management believes that its market share in total assets was 28 per cent., in retail lending 34 per cent., in retail deposits 39 per cent., in corporate loans 19 per cent., and in corporate deposits 24 per cent., as at 31 March 2022.

Asset management

OTP Fund Management, established in 1993, is a member of the OTP Group. OTP Fund Management has subsidiaries in Romania, Bulgaria, Croatia and Ukraine. Based on the data provided by the Association of Hungarian Investment Fund and Asset Management Companies ("**BAMOSZ**") the Issuer's management believes that OTP Fund Management is the market leading securities fund management company in Hungary, with approximately HUF 1,867 billion assets under management as at 31 December 2021. It is managing more

[4] *Source: The National Bank of Hungary – 'Golden Book' – Individual data of supervised institutions – 2020.*

[5] 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 Organisation, OTP Card Factory Ltd., OTP Facility Management Llc., MONICOMP Ltd. From 1Q 2019 OTP Real Estate Lease Ltd. was eliminated from OTP Core while at the same time OTP Mobile Ltd. and OTP Ingatlanpont Ltd. were included. From 1Q 2020 OTP eBIZ Ltd. was included. From 2Q 2021 OTP Home Solutions was included.

than 50 investment funds and 20 institutional portfolios. The Issuer's management believes that the market share of OTP Fund Management in the Hungarian securities fund market was 25 per cent. as at 31 March 2022.

While OTP Fund Management manages typical asset categories like money market funds, bond funds, balanced funds, equity funds, absolute return funds and capital protected funds, OTP Real Estate Investment Funds Ltd. (which is 100 per cent. owned by the Issuer) specialises in real estate investments. The main objective of the company is to offer special investment products related to real estate market for its investors. It currently manages funds with gross value of HUF 633.9 billion (EUR 1.69 billion).

In 2021, the assets under management of BAMOSZ members (without real estate and venture capital funds) increased by 16.5 per cent., year-on-year and by 31 December 2021 had reached HUF 5,597 billion. The total inflow was HUF 616.0 billion, mostly to balanced, equity and bond funds. The inflow to OTP Fund Management's products was HUF 322.4 billion, the rest of the market suffered an outflow of HUF 293.6 billion.

Leasing

The OTP Group's leasing business incorporates Merkantil in Hungary (with around 24 per cent. market share as at December 2021 as determined by the Issuer's management) as well as its subsidiaries in Croatia, Bulgaria, Romania and Serbia. Merkantil's total assets comprised approximately HUF 701 billion as at 31 December 2021. The main products of Merkantil are: (1) financing of passenger cars and light commercial vehicles to retail customers, individual entrepreneurs, companies and other organisations, sold primarily through intermediaries and also through direct banking sales channels; (2) vehicle fleet financing and operation to individual entrepreneurs, companies and other organisations, sold primarily through intermediaries and also through direct banking sales channels; (3) financing of equipment, including agricultural machinery, truck financing, IT financing to individual entrepreneurs, companies and other organisations.

Foreign subsidiaries

The Issuer started its regional acquisitions in Slovakia (IRB) in 2002, followed by Bulgaria (DSK Group) in 2003, Romania (RoBank) in 2004, and Croatia (Novabanka) in 2005. In 2006, the Issuer made acquisitions in Serbia (Niska banka, Zepter banka Kulska banka), in Ukraine (Raiffeisen Bank Ukraine), in Russia (Investsberbank Group) and in Montenegro (CKB Bank). In 2007, OTP Bank Russia signed an agreement on the acquisition of Donskoy Narodny Bank. The total assets of the OTP Group increased significantly during this period and exceeded EUR 35 billion in 2008. The 2007/2009 global financial crisis put a temporary break on acquisitions and acquisition activity resumed again in 2014. Throughout the global financial crisis, the total assets of the OTP Group remained between EUR 32 billion and EUR 36 billion. The OTP Group purchased a smaller entity in Croatia (Banco Popolare Croatia) in 2014 and in Romania (Millennium Bank) in 2015. In 2016, the Issuer acquired the retail lending and savings and the corporate businesses of AXA Bank. The employees of AXA Bank were all transferred to the Issuer by 1 November 2016 within the framework of an employer's succession. The migrated loan portfolio consisted of almost 100 per cent. of mortgage loans and the total volume was approximately HUF 177 billion.

A further wave of acquisitions commenced in 2016 as some banks decided to divest their non-core holdings in the CEE region (please see "*History of 2016-2021 acquisitions*" below). This new expansionary phase contributed to an increase in the total assets of the OTP Group from EUR 34 billion in 2015 to close to EUR 64 billion as at 31 December 2020, which further grew organically to EUR 78 billion by 31 March 2022.

In terms of total assets, the second largest operation within the OTP Group, after OTP Core, is the Bulgarian operation. The Issuer's management believes that DSK, as a traditional incumbent bank, enjoys a favourable market position, especially after the purchase of Expressbank. The Issuer's management believes that with this acquisition, the OTP Group's market share in Bulgaria increased to 18.4 per cent. in terms of total assets, and

that the Bulgarian operation is the largest bank in terms of retail deposits as well as retail loans in the local banking market and the second largest in terms of total assets in the local banking market.

The Issuer's management believes that CKB is the market leader in terms of total assets in Montenegro. However, due to the overall size of the Montenegrin market, CKB represents only approximately 2 per cent. of the OTP Group's total assets as at 31 March 2022. With the conclusion of the acquisition of Société Générale banka Montenegro, the Issuer's management believes that the market share of the Montenegrin operation has grown to 28.4 per cent. in terms of total assets.

With the acquisition of the Croatian Splitska banka d.d. ("**Splitska banka**"), the Issuer's management believes that the market share of OBH increased to 9.5 per cent. in terms of total assets and the Croatian operation is the fourth largest in the local banking market. At the same time, the Croatian operation became the third largest operation in the OTP Group, representing close to a 9 per cent. share of total assets as at 31 March 2022.

The Issuer's management believes that the market share of the Serbian operations grew to 5.4 per cent. in terms of share from market total assets due to the acquisition of Vojvodjanska banka a.d. ("**Vojvodjanska banka**"), and further to 13.5 per cent. with the completion of the acquisition of Société Générale Banka Srbija. The Serbian operation became the fourth largest operation in the OTP Group, representing approximately 8 per cent. share of total assets as at 31 March 2022. The Issuer's management believes that the market share of the OTP Group's Serbian operation is the second largest in terms of total assets, and the largest in terms of gross loans, in Serbia.

With the acquisition of SKB the Slovenian operation became the fifth largest operation within OTP, representing 5 per cent. share of total assets as at 31 March 2022. The Issuer's management believes that the market share of SKB is 8.5 per cent. in Slovenia in terms of total assets and the Slovenian operation is the third largest in the local banking market. With a market share of 21.4 per cent. by total assets as of 31 December 2021, the acquired Nova Kreditna Banka Maribor d.d. ("**Nova KBM d.d.**") is the second largest bank in the Slovenian banking market.

OBR, the Romanian banking subsidiary, is the sixth largest operation in the OTP Group, and represented close to 5 per cent. of total assets as at 31 March 2022. The Issuer's management believes that OBR's market share in Romania is between 2 per cent. and 3 per cent. in terms of total assets, less than what the Issuer's management considers optimal.

The Issuer's management believes that OTP Bank Russia is a small player in Russia in terms of total assets, with a market share of less than 0.2 per cent. as at 31 March 2022. However, the Russian subsidiary is mainly focused on retail consumer lending and the Issuer's management believes that it was the largest point-of-sale loan provider, the tenth largest credit card business and the twentieth largest cash loan business in Russia as at 31 March 2022.

The Ukrainian subsidiary represented approximately 3 per cent. of the OTP Group's total assets as at 31 March 2022. The Issuer's management believes that its market share in the Ukraine was approximately 3 per cent. in terms of total assets as at 31 March 2022.

The Slovakian operations represented approximately 2 per cent. of the OTP Group's total assets as at 31 December 2019. On 17 February 2020, the Issuer announced that an agreement had been signed with KBC Bank NV to sell the Issuer's 99.44 per cent. stake in its Slovakian subsidiary, OTP Banka Slovensko a.s. The financial closing of the transaction was completed in November 2020, after having obtained the necessary supervisory approvals. The performance of the Slovakian banking operations were consolidated with the OTP Group until October 2020.

The Albanian and Moldovan subsidiaries each represent 1 per cent. of the OTP Group's total assets as at 31 December 2021. The Issuer's management believes that OBA is the fifth biggest Albanian bank with a market

share of approximately 6 per cent. as at 31 December 2021, and the Moldovan operations have a market share of approximately 14.0 per cent. in terms of total assets. With a total asset-based market share of approximately 4.5 per cent. as of 31 December 2021, Alpha Bank is the eighth largest bank in the Albanian banking market.

In 2021, all foreign subsidiaries were profitable with the most significant contribution coming to the OTP Group's consolidated net profit from Bulgaria, Croatia and Serbia. In addition, as a result of these various strategic acquisitions, the OTP Group's management believes that the OTP Group is approaching its strategic target of being in the top 3 to 5 position in all of the markets in which it operates, except Russia, Ukraine and Romania.

History of 2016-2021 acquisitions

Since 21 December 2016, the Issuer has announced eight acquisitions in the CEE region, whereby the Issuer or its relevant local subsidiary agreed to the acquisition of the target entity and, in some cases, certain other exposures. In general, these acquisitions were undertaken to strengthen the OTP Group's market positions and potentially achieve benefits from synergies in the countries where it is already present and also to build presence in new regional markets (Albania, Moldova and Slovenia).

On 31 May 2021, the Issuer signed a share sale and purchase agreement for the purchase of 100 per cent. of the shares of Nova KBM d.d. and its subsidiaries, which are 80 per cent. owned by funds managed by affiliates of Apollo Global Management, Inc. and 20 per cent. by The European Bank for Reconstruction and Development (the "**EBRD**"). With a market share of 21.4 per cent. by total assets as of 31 December 2021, Nova KBM d.d. is the second largest bank in the Slovenian banking market and, as a universal bank, is also active in the retail and corporate segments. The financial closing of the transaction is estimated to happen in 2Q 2022, subject to obtaining all the necessary regulatory approvals.

On 29 September 2021, the Issuer signed a non-binding Memorandum of Agreement regarding the potential acquisition of a majority stake in Ipoteka Bank and its subsidiaries with the Ministry of Finance of the Republic of Uzbekistan. However, as at the date of this Base Prospectus, the acquisition of Ipoteka Bank is not being actively pursued by the Issuer due to current market uncertaintiy, including the conflict between Russia and Ukraine. Ipoteka Bank is the fifth largest bank in Uzbekistan, with a market share of 8.5 per cent. based on total assets at the end of July 2021, with more than 1.2 million retail customers and a large corporate clientele.

On 6 December 2021, the Issuer signed an acquisition agreement with Alpha International Holdings Single Member S.A. on purchasing 100 per cent. of the shares of Alpha Bank SH.A., the Albanian subsidiary of the Greek Alpha Bank S.A. The purchase price has been agreed at EUR 55 million. With a total asset-based market share of approximately 4.5 per cent. as of 31 December 2021, Alpha Bank is the eighth largest bank in the Albanian banking market, and as a universal bank it has been active in the retail and corporate segment as well. The financial closing of the transaction is expected by the end of 2Q 2022, subject to obtaining all the necessary regulatory approvals.

The following table sets out details of such acquisitions:

No.	Country of acquisition	Acquisition target	Share acquired in target bank[2]	Seller banking group	Date of acquisition agreement	Date of financial closing	Gross loans net of provisions in HUF billion[1]
1	Croatia	Splitska banka d.d.	100%	Société Générale	20/12/2016	02/05/2017	631
2	Serbia	Vojvodjanska banka a.d., NBG Leasing d.o.o. and certain other exposures	100%	National Bank of Greece	04/08/2017	01/12/2017	266

No.	Country of acquisition	Acquisition target	Share acquired in target bank[2]	Seller banking group	Date of acquisition agreement	Date of financial closing	Gross loans net of provisions in HUF billion[1]
3	Bulgaria	Societe Generale Expressbank AD	99.74%	Société Générale	01/08/2018	15/01/2019	774
4	Albania	Banka Societe Generale Albania SH. A.	100%	Société Générale	01/08/2018	29/03/2019	124
5	Serbia	Societe Generale Banka Srbija a.d.	100%	Société Générale	20/12/2018	24/09/2019	716
6	Moldova	Mobiasbanca – Groupe Societe Generale S.A.	98.26%	Société Générale	06/02/2019	25/07/2019	102
7	Montenegro	Societe Generale banka Montenegro a.d.	100%	Société Générale	28/02/2019	16/07/2019	126
8	Slovenia	SKB Banka and its subsidiaries	99.73%	Société Générale	02/05/2019	13/12/2019	827
9	Slovenia	Nova Kreditna banka Maribor and its subsidiaries	100%	Apollo Global Management, EBRD	31/05/2021	pending (2Q ‘22 expected, subject to regulatory approval)	1,633
10	Albania	Alpha Bank SH.A.	100%	Alpha International Holdings Single Member S.A.	03/12/2021	pending (2Q ‘22 expected, subject to regulatory approval)	99
11	Uzbekistan	Ipoteka Bank	To-be acquired stake not disclosed	Uzbek State	Currently put on hold; non-binding minutes of agreement signed on 29 September 2021		690

Note:

(1) Gross loans net of provisions in HUF billion are calculated from publicly available individual bank data as of November 2018 in case of Splitska banka d.d., March 2019 in case of Vojvodjanska banka a.d., Societe Generale Expressbank AD and Banka Societe Generale Albania SH. A. and September 2019 in case of Societe Generale Banka Srbija a.d., Mobiasbanca, Societe Generale banka Montenegro a.d., December 2019 in case of SKB Banka and December 2020 in case of Nova Kreditna banka and Ipoteka Bank using the then prevailing local currency to HUF exchange rate.

(2) Book value in EUR billion is calculated from publicly available individual bank data as of December 2016 in case of Splitska banka d.d., September 2017 in case of Vojvodjanska banka a.d., December 2018 in case of Societe Generale Expressbank AD, Banka Societe Generale Albania SH. A., Societe Generale Banka Srbija a.d., Mobiasbanca, Societe Generale banka Montenegro a.d. and SKB Banka and December 2020 in case of Nova Kreditna banka, Ipoteka Bank and Alpha Bank SH.A., and, in each case, using the then prevailing local currency to EUR exchange rate.

Recent developments

Impact of COVID-19

The Issuer is continuously assessing the potential impact of COVID-19 on the social and economic environment and the consequences of those on its lending activity and loan portfolio performance. Based on the current knowledge of the Issuer's management it is difficult to estimate the medium- and long-term financial impact of the virus.

In response to COVID-19, Hungary adopted certain extraordinary measures to alleviate the financial and economic impact of the crisis, as follows. Similar measures have been taken in other jurisdictions where the OTP Group has operations.

For the risks associated with the impact of and further information on COVID-19 please also see the Risk Factors headed "*Risk Factors - Risks Related to the Issuer - The performance of the OTP Group is affected by adverse global political, economic and business conditions in the markets in which it operates";* "*Risk Factors - Risks Related to the Issuer - The provisions made by the OTP Group may not be adequate to cover actual losses sustained";* "*Risk Factors - Risks Related to the Issuer – The OTP Group is dependent on customer deposits for liquidity"; "The OTP Group is exposed to risks associated with movements in interest rates";* "*Risk Factors - Risks Related to the Issuer - The OTP Group faces risks associated with the implementation of its business strategy"; and* "*Risk Factors - Risks Related to the Legal and Regulatory Environment - The OTP Group is subject to changes to government policy and regulation"* above, as well as the "*Business Environment - Macroeconomic environment in OTP Group countries*" section.

Moratorium on loan payments

On 18 March 2020, the Government of Hungary adopted Decree no. 47/2020 (III. 18.) on immediate measures to mitigate the effects of COVID-19 on the economy of Hungary (the "**COVID-19 Decree**"). According to the COVID-19 Decree, debtors under credit agreements, loan agreements and financial lease agreements concluded as part of the institution's regular lending activity and already existing on (and including) 18 March 2020 are granted a payment extension (a so-called payment moratorium) for principal, interest and other fee payment obligations applicable to loans already drawn down and disbursed under such agreements. The deadline for the performance of these payment obligations shall be extended by the term of the payment moratorium. Any credit agreement, loan agreement and financial lease agreement concluded on a commercial basis that is due to expire during the state of emergency is extended until the end of the moratorium. Notwithstanding the payment moratorium, the debtor's right to perform payment obligations remains unaffected.

The payment moratorium applies to both retail and corporate loans. The payment moratorium also extends to equivalent provisions under related security agreements and unilateral commitments. However, the payment moratorium does not apply to the following debtors: (i) the state of Hungary; (ii) local governments; and (iii) other enterprises defined in section 39 of the MNB Act, such as credit institutions or investment firms. The moratorium does not affect the debtors' right to continue to pay according to their original contractual terms.

The payment moratorium was initially intended to remain in effect until 31 December 2020, but on 20 December 2020 it was extended until 30 June 2021. On 20 May 2021, a further extension until 31 August 2021 was announced by the Hungarian Government. Pursuant to Government Decree 536/2021. (IX. 15.) published on 15 September 2021, the Hungarian Government decided to extend the debt repayment moratorium with the following conditions: (a) the blanket moratorium was extended by an additional month, until the end of October 2021, in an unchanged form, (b) from the beginning of November 2021 until 30 June 2022, only eligible borrowers can participate in the moratorium provided that they submitted a request to their banks about their intention to stay. Accordingly, the extension beyond October 2021 is not automatic - borrowers had to submit a notification to their bank (opt-in). Eligible retail borrowers include private individuals whose income fell

compared to the previous period, unemployed people, fostered workers, families raising children below the age of 25 or expecting a baby, and pensioners (as further detailed in the decree). Eligible companies need to fulfil the following criteria: more than 25 per cent. decline in revenues in the 18 months period preceding the submission of the request to participate, provided that the company has not concluded a new subsidised loan contract since 18 March 2020.

During the term of the one-month extension until the end of November 2021, eligible clients could submit the necessary documents to their banks and so this one-month extension could be regarded as technical.

According to Government Decree 537/2021. (IX. 15.) published on 15 September 2021, credit institutions are required to re-calculate the interest deferred during the period spent in the moratorium in the case of overdraft loans and credit card exposures. The base for the re-calculation is the MNB's statistical data for the average annualised cash loan interest rate published for February 2020. The difference between the deferred interest booked according to the original contract and the re-calculated amount has to be refunded to the borrowers by way of crediting the borrowers' account with the due amount.

In response to COVID-19, several other countries in which the OTP Group has operations have adopted measures granting payment moratoria for existing debtors. These regulations were not identical to the Hungarian moratorium discussed above as they varied, inter alia, regarding the mandatory or voluntary nature of the moratoria, their duration, their conditions, the affected group of borrowers, and their impact on the loan agreements.

By the end of September 2021, material participation in payment moratoria amongst OTP Group members was seen only in Hungary. However, even in Hungary, the ratio demonstrated a declining trend with 24.0 per cent. at OTP Core and Merkantil. At the end of 2021 the total household and corporate exposures remaining under the moratorium comprised HUF 245 billion at OTP Core and Merkantil, which made up 4.1 per cent. of the total gross loan portfolio of those two entities.

For the year ended 31 December 2020, the one-off financial impact of the loan repayment moratoria in Hungary and Serbia was a loss of HUF 28.3 billion, with respect to the other foreign subsidiaries the OTP Group there was no meaningful negative net present value impact as a result of the moratoria. In the course of 2020 and 2021 HUF 43.3 billion after tax loss emerged in Hungary and Serbia altogether in connection with the moratoria.

Special tax on credit institutions

Credit institutions in Hungary (such as the Issuer) were subject to a special tax in respect of the 2020 tax year in addition to the existing special tax on financial institutions introduced during the 2007/2009 financial crisis. Details of this special tax were published in Governmental Decree 108/2020. (IV. 14.) on 14 April 2020. The measures introduced by the Decree came into force on 1 May 2020. The new additional tax rate was 0.19 per cent. payable on the amount of the tax base exceeding HUF 50 billion (approx. €140 million) as determined in accordance with Act LIX of 2006 on the Introduction of Special Tax and Bankers' contribution Intended to Improve the Balance of Public Finances ("**Bank Tax Act**"). The tax payable can be decreased in accordance with the rules of the Bank Tax Act (e.g. with regard to the provision of financial support to popular team sports). The new special tax paid by a credit institution in the 2020 tax year can decrease the amount of the special tax usually payable by the relevant credit institution. The credit institution can apply such deduction for up to five years following the 2020 tax year, up to 20 per cent. of the new special tax paid in the 2020 tax year. Hungarian credit institutions (such as the Issuer) were required to declare the amount of the special tax payable by 10 June 2020 and to settle it in equal instalments by 10 June 2020, 10 September 2020 and 10 December 2020. The Issuer paid the amounts applicable to it by the deadlines in accordance with the legal requirements.

Dividends in respect of the 2019, 2020 and 2021 financial years

Following the successful performance of the OTP Group in 2019, the Board of Directors initially planned for the Issuer to pay dividends to its shareholders with respect to the 2019 financial year. However, following an executive circular sent by the MNB, proposing measures to mitigate the negative effects on the financial intermediary system caused by COVID-19, the Board of Directors proposed to the Annual General Meeting ("**AGM**") that no dividend shall be paid to the shareholders in respect of the 2019 financial year.

In its circular of 8 January 2021, the MNB instructed Hungarian credit institutions to refrain from paying dividends or making irrevocable commitments to pay dividends until 30 September 2021 in respect of the financial years ended 31 December 2019 and 2020 or at the expense of earnings made in earlier years, and also to refrain from share buybacks crediting investors until 30 September 2021 (share buybacks under a remuneration policy are not part of such limitation).

On 13 April 2022, the AGM of the Issuer determined that the net profit for 2021 is to be allocated (i) to increase the general reserve by HUF 12,534 million, (ii) to pay dividend amounting to HUF 120,248 million from the net profit for the period, out of which the amount the dividend corresponding to 2019 and 2020 is HUF 119,248 million and the dividend corresponding to for 2021 is HUF 1,000 million. As such, the dividend per share is HUF 425.89 for the 2019 and 2020, and HUF 3.57 for 2021 (in total, HUF 429.46, compared to the face value of shares it's 429.46 per cent).

Early redemption of the ICES

On 14 September 2021, the Board of Directors of the Issuer decided to terminate, with an effective date of 29 October 2021, the subordinated swap agreement concluded on 19 October 2006 between OPUS Securities S.A. ("**OPUS**") and the Issuer, which triggered the early redemption of the EUR 514,274,000 income certificates (the "**ICES**") (ISIN: XS0272723551) on 29 October 2021. The Board of Directors of the Issuer also decided on the repurchase of 14,496,476 shares of the Issuer from OPUS. Accordingly, on 29 October 2021, OPUS's share ownership in the Issuer decreased to 0 per cent. and the number of treasury shares of the Issuer increased by 14,496,476. In the wake of the redemption of ICES announced on 14 September 2021, at the end of 3Q 2021, the HUF equivalent of the ICES (using the FX rate of 14 September 2021) was recognised 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.

On 15 October 2021, an extraordinary general meeting ("**EGM**") of the Issuer resolved that the Issuer shall sell its treasury shares up to a maximum amount of HUF 210 billion on the Budapest Stock Exchange, at a purchase price which is 5.5 per cent. lower than the volume-weighted average price one day before the closing of the transaction, which formula is outlined in the advisory opinion of Deloitte Business and Management Consulting Ltd. dated 21 September 2021, to two Special Employee Stock Ownership Program organisations being established by the Issuer's employees. On 15 December 2021, the Issuer sold a total of 12,315,635 treasury shares to the two Special Employee Stock Ownership Program Organisations at a price of HUF 16,047 per share. The settlement date for this transaction was 17 December 2021. The positive capital impact of the sale of treasury shares was HUF 198 billion which alone increased the CET1 ratio by 1.2 percentage points in 4Q 2021.

Environmental, Social and Governance ("ESG")

Corporate responsibility has been an important factor for OTP Group for almost 15 years but starting from 2020 its sustainability efforts increased significantly. In the first half of 2021, the mapping of ESG business opportunities and the formulation of OTP Group's ESG-related strategic ambitions began, involving all relevant

stakeholders. As a result of this intensive work, OTP Group's ESG strategy has been formulated - OTP Group's mission in the ESG space is to be the regional leader in financing a fair and gradual transition to a low-carbon economy and building a sustainable future through our responsible solutions,

A dedicated organisational framework has been set up to ensure representation of ESG management responsibility in breadth and depth, the ESG Committee is responsible for formulating and executing on the ESG Strategy, directly reporting to the management body. The Issuer's management has also set key performance indicators to measure strategic goals. ESG compliance and other sustainability efforts set by the ESG strategy are constantly on the agenda, extensive efforts have been made for its implementation which is is currently on schedule. OTP Group provides transparency on its results via the publication of its sustainability report.

The first Hungarian green mortgage bond issuance, the launch of a corporate and retail green lending framework and the accession to the United Nations Environment Program Finance Initiative's Principles for Responsible Banking framework are some of the recent highlights that underpin the OTP Group's commitment to sustainable finance.

A notable milestone in 2022 is the completion of the Green Loan Framework, which has been approved by the OTP Group's supervisor (National Bank of Hungary) as first of its kind in Hungary and is the first milestone tool which enables the OTP Group to fulfil its role of financing the green transition.

Temporary cap on floating interest rates applicable to consumer mortgage loans

On 24 December 2021, the Hungarian Government introduced a temporary cap on floating interest rates applicable to consumer mortgage loans - between 1 January 2022 and 30 June 2022, floating interest rates applicable to consumer mortgage loans cannot be set higher than the actual floating interest rate which was applicable in the context of the respective mortgage loan on 27 October 2021. In addition, lenders are not entitled to increase principal and interest amounts payable under consumer mortgage loans with any interest amounts which become due and are not paid during the above temporary period.

According to Decree 49/2022 (II. 18.) issued by the Hungarian Government on 18 February 2022: between 1 January 2022 and 30 June 2022 in the case of financial lease contracts on housing purpose with a reference interest rate, the reference interest rate shall be set so, that it can not be higher than the reference interest rate specified in the contract on 27 October 2021. The modification loss related to the interest rate cap for variable rate mortgage loans announced on 22 December 2021 was recognized in OTP Bank's 2021 financial accounts. The extension of the interest rate cap to housing purposes financial leasing contracts did not have a significant negative effect.

Russia-Ukraine crisis

The military conflict between Russia and Ukraine escalated in the second half of February 2022. As of the date of this Base Prospectus, it is difficult to quantify the full effect of the Ukraine-Russia conflict on the Ukrainian and the Russian operations of OTP Group as there are a wide range of possible scenarios which may eventuate. Under the worst possible scenario, the Issuer may lose control of its investments, which under extreme conditions could result in the full write-off of the invested amount.

The consolidated financial statements for 2021 do not contain any write-offs for the possible consequences of the Ukraine-Russia conflict. However, in 1Q 2022 OTP Group recorded a HUF 56.3 billion after tax loss related to the goodwill impairment at the Russian subsidiary (shown among the adjustment lines). According to the accounting standards the goodwill impairment was HUF 67.7 billion which equals the original RUB 9.4 billion goodwill amount at the time of the OTP's Group entry to the Russian market. 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 negative impact on equity was around HUF 41 billion before tax. There was no goodwill in the consolidated balance sheet related to the Ukrainian subsidiaries as this had already been written down in its entirety in 2014.

Also, in 1Q 2022 an impairment of HUF 34.5 billion (after tax) emerged 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 totalled HUF 88 billion of which the available-for-sale ("**AFS**") portfolio represented HUF 60 billion, while the rest was in the held-to-maturity ("**HTM**") portfolio. There was an additional HUF 13 billion at DSK Bank with bulk of the bonds in the HTM portfolio. Outside Russia the liquidity of those government bonds has been limited as a result of sanctions and concerns about the Russian government's solvency, a result the OTP Group put those exposures of around HUF 102 billion face value into Stage 3 category in 1Q 2022 and booked impairments of HUF 38 billion (resulting in HUF 34.5 billion after tax impact). The HTM portfolio is recongised at amortised 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 of the Issuer 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 reduced the equity through other comprehensive income.

In 1Q 2022 the OBRu booked HUF 33 billion total risk cost, while OBU recorded HUF 49 billion. In Ukraine the applied provisioning policy had two major components: at a 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. These expectations include for 2022 a 30 per cent. year-on-year decline in Ukrainian GDP and a material consolidation in 2023. In Russia, risk costs increased due to the significantly deteriorating macroeconomic outlook.

OTP Group's Ukrainian operation incorporates the Ukrainian bank, as well as the leasing and factoring companies. The Ukrainian consolidated total assets amounted to HUF 959 billion as at 31 March 2022 (3.3 per cent. of total consolidated assets), while net loans amounted to HUF 583 billion (3.6 per cent. of consolidated net loans) and shareholders' equity amounted to HUF 115 billion (3.9 per cent. of the consolidated total equity).

Gross intragroup funding for the OTP Group's Ukrainian operations amounted to HUF 76 billion and net group funding (i.e. taking into account OTP Group's Ukrainian deposits placed with other members of the OTP Group) amounted to HUF 9 billion equivalent as at 31 March 2022.

The Ukrainian subsidiary's consolidated RWA was HUF 1,385 billion as at 31 March 2022 (8.0 per cent. of the OTP Group's total consolidated RWA).

The consolidated maximum negative capital effect of the potential write-off of the Ukrainian operation, taking into account shareholders' equity, intragroup funding and the Ukrainian RWA, is estimated at 0 basis points on the consolidated CET1 ratio, according to 31 March 2022 figures.

The Ukrainian operations recorded HUF 34.0 billion adjusted after-tax loss in 1Q 2022.

The total assets of the Group's Russian operations amounted to HUF 783 billion as at 31 March 2022 (2.7 per cent. of consolidated total assets), while net loans amounted to HUF 517 billion (3.2 per cent. of consolidated net loans) and shareholders' equity amounted to HUF 192 billion (6.6 per cent. of consolidated total equity).

Gross intragroup funding for the OTP Group's Russian operations was HUF 55 billion and net group funding (i.e. taking into account Russian deposits placed with other members of the OTP Group) amounted to HUF 54 billion equivalent as at 31 March 2022.

The Russian subsidiary's consolidated RWA was HUF 893 billion as at 31 March 2022 (5.2 per cent. of the OTP Group's total consolidated RWA).

The consolidated maximum negative capital effect on the potential write-off of the Russian operation, taking into account shareholders' equity, intragroup funding and the Russian RWA, is estimated at 60 bps on the consolidated CET1 ratio, according to 31 March 2022 figures.

The Russian operation posted HUF 27 billion adjusted after-tax loss in 1Q 2022.

The Independent Auditor's Report 2021 is unqualified and contains an "Emphasis of Matter" paragraph drawing attention to the relevant disclosure in the Notes to the consolidated financial statements which describes the uncertainty related to the Ukrainian and Russian operations of the Group due to the developing conflict between Russia and Ukraine.

According to the estimates of the Issuer's management, the Ukraine-Russia conflict is not expected to have a considerably negative impact on the business activity, financial position, efficiency, liquidity and capital position of the Issuer. Even after the recognition of the potential losses and write-offs outlined above, the OTP Group's capital adequacy remains above the expected regulatory level.

The Issuer's management is continuously monitoring the situation of the Ukrainian-Russian conflict in order to be able to take the necessary steps to moderate the business risk.

Winding up of Sberbank Hungary

On 1 March 2022, the Single Resolution Board launched winding up proceedings in respect of the Austrian parent of Sberbank Hungary Ltd. ("**Sberbank Hungary**"), Sberbank Europe AG. Due to the serious liquidity and capital problems of Sberbank Hungary, the MNB has also revoked its Hungarian credit institution's operating licence and has ordered its winding up. The Fund, according to its announcement published on 2 March 2022, has started to compensate depositors on 3 March 2022, broadly, up to EUR 100,000 per depositor on the principal and interest amount of their deposits. On 13 April 2022, the Fund notified the Issuer, OTP Building Society and Merkantil Bank about their respective payment obligations due to the Fund as a consequence of the compensation paid by the Fund to Sberbank Hungary's customers. Accordingly, the Issuer, OTP Building Society and Merkantil Bank were obliged to pay extraordinary contributions of HUF 26.8 billion, HUF 1.7 billion and HUF 34 million, respectively, into the Fund by 25 May 2022. These amounts are booked as other expenditure items, however the future profit and loss impact might be reduced by any refund obligation of the Fund, where the origin of proceeds is the money from the sale of Sberbank Hungary's assets. According to the extraordinary announcement of MKB Bank Plc. on 26 May 2022[6], they had been announced as the winning bidder for the purchase of Sberbank Hungary's loan portfolio with an exposure of approximately HUF 330 billion.

For the risks associated with the impact of and further information on any extraordinary contribution to the Fund, please also see the Risk Factors headed "*The OTP Group is exposed to changes in the mandatory deposit guarantee and investor compensation schemes*".

Termination of the state of emergency related to the COVID-19 pandemic

On 24 May 2022 the Hungarian Government terminated the state of emergency related to the COVID-19 pandemic, effective as 1 June 2022.

On the same day, the Parliament amended the 53rd Article of the Hungarian constitution about the state of emergency. The amendment now allows a state of emergency to be proclaimed not only in the event of a natural or an industrial disaster, but also in the event of an armed conflict, a state of war or a humanitarian disaster in a country neighboring Hungary. In view of this amendment and the Ukrainian-Russian war, the government has declared a state of emergency, effective as of 25 May 2022.

[6] Source: https://www.mkb.hu/sw/static/file/MKB_Bank_Plc_Extraordinary_information_Sberbank_offer_22_05_26.pdf

During the state of emergency, the Government governs Hungary by decrees which as a general rule remains in effect for 15 days. After that period, each decree may be extended by the Parliament on an individual basis. These decrees of the government will expire at the latest at the end of the state of emergency. However, without prejudice to the above, even in the state of emergency the constitutional check over the government must be ensured by the Parliament and the Constitutional Court. The activity of the Constitutional Court cannot be suspended even in the state of emergency and it must constantly monitor the constitutionality of the government's actions. Also, the Parliament is entitled to challenge the maintenance of the state of emergency. If the Government proposes that the maintenance of the state of emergency is no longer necessary it can decide for its termination.

On 24 May 2022, the Hungarian Government has announced a special tax on extra profits in the banking sector and other sectors. The special tax will be levied with respect to financial years 2022 and 2023. The imposition of the special tax implies an additional annual withdrawal of around HUF 250 billion from the entire Hungarian banking sector. The tax base is the net interest income, and fee and commission income. Furthermore, HUF 50 billion is expected to be collected from the financial sector by the extension of the limits on the Payment Transaction Duty and securities transactions will be subject to this duty.

Governmental, legal and arbitration proceedings

The OTP Group may be a party to legal proceedings in the future. There can be no assurance that the OTP Group will not be subject to fines, damages or other penalties which could have a material adverse effect on the OTP Group's business and financial position.

FINANCIAL PERFORMANCE OF THE OTP GROUP

OTP Bank Plc. Consolidated Statement of Financial Position as at 31 December 2021 and 31 December 2020, respectively

	31 December 2021	31 December 2020 Reclassified
	(in HUF million)	
Cash, amounts due from banks and balances with the National Banks ..	2,556,035	2,432,312
Placements with other banks, net of loss allowance for placements.....	1,584,861	1,148,743
Repo receivables.....	61,052	190,849
Financial assets at fair value through profit or loss.....	341,397	234,007
Securities at fair value through other comprehensive income	2,224,510	2,136,709
Securities at amortised cost.....	3,891,335	2,624,920
Loans at amortised cost.....	13,493,183	11,674,842
Loans mandatorily at fair value through profit or loss.....	1,068,111	802,605
Finance lease receivables.....	1,182,628	1,051,140
Associates and other investments	67,222	52,443
Property and equipment.....	411,136	322,766
Intangible assets and goodwill.....	248,631	239,004
Right-of-use assets.....	50,726	46,283
Investment properties.....	29,882	38,601
Derivative financial assets designated as hedge accounting	18,757	6,820
Deferred tax assets.....	15,109	22,317
Current income tax receivables.....	29,978	39,171
Other assets.....	276,785	266,239
Assets classified as held for sale / discontinued operations	2,046	6,070
TOTAL ASSETS.....	**27,553,384**	**23,335,841**
Amounts due to banks, the National Governments, deposits from the National Banks and other banks	1,567,348	1,185,315
Repo liabilities.....	79,047	117,991
Financial liabilities designated at fair value through profit or loss	41,184	34,131
Deposits from customers.....	21,068,644	17,890,863
Liabilities from issued securities.....	436,325	464,213
Derivative financial liabilities held for trading	202,716	104,823
Derivative financial liabilities designated as hedge accounting.....	11,228	11,341
Leasing liabilities.....	53,286	48,451

	31 December 2021	31 December 2020 Reclassified
Deferred tax liabilities	24,045	25,990
Current income tax payable	36,581	29,528
Provisions	119,799	116,467
Other liabilities	598,081	489,426
Subordinated bonds and loans	278,334	274,704
Liabilities directly associated with assets classified as held-for-sale / discontinued operations	—	5,486
TOTAL LIABILITIES	**24,516,618**	**20,798,729**
Share capital	28,000	28,000
Retained earnings and reserves	3,109,509	2,629,076
Treasury shares	(106,941)	(124,080)
Total equity attributable to the parent	**3,030,568**	**2,532,996**
Total equity attributable to non-controlling interest	6,198	4,116
TOTAL SHAREHOLDERS' EQUITY	**3,036,766**	**2,537,112**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**27,553,384**	**23,335,841**

Source: OTP Bank Plc. – Audited Consolidated Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union and Independent Auditor's Report as at, and for the year ended, 31 December 2021

OTP Bank Plc. Consolidated Statement of Profit or loss for the Year Ended 31 December 2021 and 31 December 2020, respectively

	2021	2020 Reclassified
	(in HUF million)	
CONTINUING OPERATIONS		
Interest income calculated using the effective interest method	922,539	841,901
Income similar to interest income	194,920	135,986
Interest income and income similar to interest income	**1,117,459**	**977,887**
Interest expense	**(243,149)**	**(195,216)**
NET INTEREST INCOME	**874,310**	**782,671**
Loss allowance on loans, placements and on repo receivables	(27,721)	(172,520)
Change in the fair value attributable to changes in the credit risk of loans mandatorily measured at fair value through profit of loss	(16,289)	(3,262)
Loss allowance on securities at fair value through other comprehensive income and on securities at amortised cost	(3,974)	(7,309)
Provision for commitments and guarantees given	(99)	(8,662)

	2021	2020 Reclassified
Release of impairment of assets subject to operating lease and of investment properties	438	878
Risk cost total	**(47,645)**	**(190,875)**
NET INTEREST INCOME AFTER RISK COST	**826,665**	**591,796**
Gain from derecognition of financial assets at amortized cost	**1,885**	**3,380**
Modification loss	**(13,672)**	**(29,773)**
Income from fees and commissions	554,113	486,529
Expense from fees and commissions	(111,939)	(88,896)
Net profit from fees and commissions	**442,174**	**397,633**
Foreign exchange results, net	(4,075)	7,864
Gains on securities, net	5,560	7,465
Fair value adjustment on financial instruments measured at fair value through profit or loss	(532)	4,843
Gain on derivative instruments, net	6,798	11,340
Profit from associates	15,648	527
Other operating income	81,328	33,461
Other operating expense	(85,732)	(39,447)
Net operating income	**18,995**	**26,053**
Personnel expenses	(340,684)	(308,642)
Depreciation and amortisation	(94,996)	(92,761)
Goodwill impairment	—	—
Other general expenses	(311,932)	(289,722)
Other administrative expenses	**(747,612)**	**(691,125)**
PROFIT BEFORE INCOME TAX	**528,435**	**297,964**
Income tax expense	(72,123)	(43,918)
NET PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**456,312**	**254,046**
From this, attributable to:		
Non-controlling interest	836	220
Owners of the company	455,476	253,826
DISCONTINUED OPERATIONS		
Gains from disposal of subsidiary classified as held for sale	**—**	**199**
Gains from discontinued operations	**116**	**5,391**
PROFIT FROM CONTINUING AND DISCONTINUED OPERATION	**456,428**	**259,636**

Source: OTP Bank Plc. Audited Consolidated Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union and Independent Auditor's Report for the year ended 31 December 2021

Additional information on the OTP Group's performance in the period between 2003 and 1Q 2022

	2003-2008 average	2009-2013 average	2014	2015	2016	2017	2018	2019	2020	2021	1Q 2022
ROE	29.4%	8.4%	(7.4%)	5.1%	15.4%	18.5%	18.7%	20.3%	10.9%	17.0%	(4.6%)[3]
Adjusted ROE	29.0%	11.6%	8.5%	9.6%	15.4%	18.7%	19.1%	20.6%	13.0%	18.5%	12.1%[3]
Total Revenue Margin	8.60%	8.17%	7.74%	7.03%	6.79%	6.71%	6.33%	6.28%	5.37%	5.21%	5.17%[3]
Net Interest Margin	6.02%	6.28%	5.96%	5.17%	4.82%	4.56%	4.30%	4.12%	3.61%	3.51%	3.43%[3]
Net fee and commission Margin	1.50%	1.47%	1.59%	1.55%	1.62%	1.75%	1.58%	1.65%	1.34%	1.29%	1.23%[3]
Other Income Margin	1.08%	0.41%	0.19%	0.31%	0.35%	0.41%	0.44%	0.52%	0.41%	0.41%	0.51%[3]
Operating costs / Average assets	4.47%	3.80%	3.85%	3.66%	3.70%	3.68%	3.57%	3.31%	2.90%	2.59%[2]	2.43%[3]
Cost-to-Income ratio	51.9%	46.5%	49.8%	52.0%	54.4%	54.9%	56.3%	52.7%	54.1%	49.7%[2]	47.1%[3]
Credit Risk Cost Rate	0.90%	3.37%	3.68%	3.18%	1.14%	0.43%	0.23%	0.28%	1.15%	0.30%	1.42%[3]
CET1 capital ratio	9.1%	13.4%	14.1%	13.3%	13.5%	12.7%	16.5%	14.4%[1]	15.4%	17.5%	16.2%

Note:

(1) For 2019 the originally published 13.9% CET1 ratio assumed a dividend payment of HUF 69.44 billion. However, on 30 April 2020 the Board of Directors – acting on behalf of the AGM in accordance with legal authorisation – in line with a recommendation by the NBH - decided to put the total profit made in 2019 into general reserves and retained earnings. As a result, the 2019 CET1 ratio changed to 14.4%, incorporating the dividend amount not being paid out.

(2) If adjusted for the shifting of Hungarian local business tax and innovation contribution from costs to the corporate tax line from 2021, operating costs / average assets indicator is 2.67 per cent. and cost-to-income ratio is 51.2 per cent.

(3) If adjusted to exclude of the Russian and Ukrainian operations, ROE is 4.4%, adjusted ROE is 23.4%, total revenue margin is 4.75%, net interest margin is 3.05%, net fee and commission margin is 1.18%, other income margin is 0.52%, operating costs / average assets is 2.26%, cost-to-income ratio is 47.6% and credit risk cost rate is -0.41%.

Additional information on the OTP Group's performance in 2021

OTP Group consolidated

	2020	2021	Change	Change[1]
	(in HUF million)		*%*	*%*
Main components of the Statement of recognised income				
Net profit for the year	259,636	456,428	76	76
Adjustments (total)	(50,631)	(40,474)	(20)	(20)
Adjusted net profit for the year	310,268	496,902	60	59
Adjusted before tax profit	351,802	587,853	67	66[2]
Operating profit without one-offs	537,437	660,391	23	23[2]
Adjusted total income without one-offs	1,169,920	1,313,124	12	13
Adjusted net interest income without one-offs	788,079	884,012	12	13

	2020	2021	Change	Change[1]
	(in HUF million)		*%*	*%*
Adjusted net profit from fees and commissions	293,112	325,548	11	12
Adjusted other net non-interest income without one-offs	88,729	103,563	17	17
Adjusted operating expenses	(632,483)	(652,733)	3	5[2]
Total risk costs	(187,995)	(72,538)	(61)	(61)
One-off items	2,360	—		
Adjusted corporate income tax	(41,534)	(90,951)	119	119[2]

Notes:

(1) Foreign exchange-adjusted and adjusted for the sale of the Slovakian subsidiary.

(2) The local business tax and innovation contribution paid in Hungary was booked within operating costs until end-2020. Starting from 2021 these items are booked on the corporate tax line. In 2021 the total amount was HUF 19.2 billion on consolidated level. Adjusted for IPA reclassification and the sale of the Slovakian subsidiary, the profit before tax yearly increase would be 61 per cent, the operating profit yearly increase 19 per cent., operating expenses yearly increase 8 per cent. and the corporate tax yearly increase 74 per cent.

	2020	2021	Change
	(in HUF million)		*%*
Main components of balance sheet, closing balances[2]			
Total assets	23,335,841	27,553,384	18
Total customer loans (net, FX adjusted)	13,715,487	15,743,922	15
Total customer deposits (FX adjusted)	18,152,563	21,068,644	16
Liabilities from issued securities	464,213	436,325	(6)
Subordinated bonds and loans	274,704	278,334	1
Total shareholders' equity	2,537,112	3,036,766	20

Note:

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 period.

	2020	2021	Change
			pps
Indicators			
ROE	10.9%	17.0%	6.1
Adjusted ROE	13.0%	18.5%	5.5

	2020	2021	Change
			pps
Adjusted ROA	1.4%	2.0%	0.6
Total revenue margin	5.37%	5.21%	(0.16)
Net interest margin	3.61%	3.51%	(0.10)
Cost-to-asset ratio	2.90%	2.59%	(0.31)
Cost-to-income ratio	54.1%	49.7%	(4.4)
Risk cost rate	1.15%	0.30%	(0.85)
Net loan/(deposit+retail bond) ratio (FX adjusted)	76%	75%	(1)

The 2021 performance was not impacted by new acquisitions; however, the year-on-year performance was affected by the sale of the Slovakian subsidiary at the end of 2020. The integration process of the second Serbian acquisition was completed in 2Q 2021 and the anticipated cost synergies have been realised.

In 2021, the total amount of adjustments represented a negative adjustment of HUF 40.5 billion, which was HUF 10 billion less than in 2020, within the earnings of HUF 456.4 billion (EUR 1.27 billion, after tax). The major items were as follows:

1. a negative amount of HUF 18.9 billion related to the special banking tax on financial institutions (after tax) paid by the Hungarian operation;
2. a negative amount of HUF 15.5 billion representing the effect of acquisitions (after tax) related mainly to the Bulgarian, Serbian and Slovenian integration expenses;
3. a negative amount of HUF 15 billion related to the expected negative one-off effect of the debt repayment moratorium in Hungary and Serbia (after tax);
4. HUF 6 billion related to the treasury share swap agreement between MOL and OTP Bank, reflecting the share price changes and the updated model calculation for dividend pay-outs; and
5. HUF 1.9 billion tax shield related to the recognition or reversal of impairment charges booked in relation to the revaluation of investments in certain subsidiaries (after tax).

In 2021, the OTP Group recorded a HUF 588 billion pre-tax profit (up 67 per cent. year-on-year). The corporate tax burden was more than double that of 2020, mainly due to higher pre-tax earnings. In addition, starting from 2021, in the adjusted profit and loss statement, the Hungarian local business tax and innovation contribution ("**IPA**") payable by Hungarian Group members was presented on the corporate taxes line against the previous practice of showing it as part of operational expenses. This amount in 2020 was HUF16.5 billion (it was presented amongst operational expenses in the stock exchange report), while in 2021 it was HUF 19.2 billion (shown on the corporate tax line).

The OTP Group recorded a HUF 496.9 billion consolidated adjusted profit after tax in 2021 (up 60 per cent. year-on-year) and the adjusted ROE for the period reached 18.5 per cent. (up 5.5 percentage points year-on-year).

The consolidated after-tax profit to a large extent was shaped by total risk costs, the volume of which (HUF 72.5 billion) in 2021 was around a third of that in 2020. The operating profit in 2021 was HUF 660.4 billion, 23 per cent. more than in 2020. Adjusted for FX, the sale of OBS and IPA reclassification, the increase would be 19.5 per cent. year-on-year.

Total income increased by 13 per cent. year-on-year (without the effect of the sale of the Slovakian unit and FX-adjusted) with net interest income growing by the same magnitude, whereas the net fee and commission income increased somewhat modestly (up 12 per cent. year-on-year). Other net non-interest income increased by 17 per cent. year-on-year.

The annual net interest margin eroded further (2021: 3.51 per cent., down by 11 basis points year-on-year). The declining interest rate environment prevailing in the previous years turned around in several markets and in 2021, first the Ukrainian and Russian central banks, later the Hungarian central bank and most recently the Romanian central bank hiked rates. However, the favourable impact of the higher interest rates on interest income will be gradual and realised over several quarters given the time lag in the repricing of variable rate assets. At the same time, there were several developments affecting the net interest margin negatively. On one hand, FX changes had a negative impact on annual net interest margin: during 2021, the HUF was 2.7 per cent. stronger year-on-year against the UAH and by 3.8 per cent. against RUB, respectively. In addition, net interest margin was negatively affected by the steady increase of deposit volumes through the dilution impact of higher total assets and the higher weight of low margin liquid assets. For OTP Group more widely, the annual net interest margin improved year-on-year at OTP Core, OBU and OBRu, whereas other OTP Group members suffered margin erosion of differing degrees.

In 2021, operating expenses grew nominally by 3 per cent. year-on-year. However, adjusted for IPA reclassification and the sale of the Slovakian subsidiary, the FX-adjusted year-on-year increase would be 7.7 per cent. The annual cost-to-income ratio was 49.7 per cent. (down 4.4 percentage points), whereas the cost to total assets ratio stood at 2.59 per cent. (down 31 basis points year-on-year).

For OTP Group more widely, all operations other than the Hungarian Fund Management and CKB (Montenegro) posted improved adjusted profit after-tax year-on-year. The profit contribution of non-Hungarian OTP Group members increased from 41 per cent. to 51 per cent. year-on-year.

2021 performing loan volumes grew 15 per cent. year-on-year (FX-adjusted). The Hungarian payment moratorium had a 1 percentage point positive impact on the consolidated portfolio growth (the principal is not amortizing and the accrued interest adds to the outstanding principal amount). As a result, in 2021, the performing loan portfolio expansion exceeded HUF 2,000 billion. All OTP Group members posted year-on-year volume increase in 2021. Out of the major OTP Group members, the fastest loan growth was seen in the Ukrainian (41 per cent.), Hungarian (19 per cent.), Russian (18 per cent.) and Bulgarian (11 per cent.) operations, but the Romanian, Serbian, Croatian and Slovenian operations also experienced significant loan growth. Strong volumes were coupled with improving market shares in several countries and segments, which is a positive development.

As for the major loan segments, during the last twelve months, the consolidated FX-adjusted performing corporate exposures increased the fastest (19 per cent.), followed by the expansion of the mortgage portfolio (15 per cent.), the consumer loan book (14 per cent.) and leasing exposures (11 per cent.). However, the micro and small sized enterprises portfolio shrank by 6 per cent. partly as a result of the phase-out of the Hungarian subsidized structures and the reclassification between medium and large sized enterprises and micro and small sized enterprises segments during the course of the year.

One of the side-effects of the COVID-19 pandemic is the more cautious attitude in household spending and corporate investment activity, which resulted in increased volume of overall savings. The FX-adjusted consolidated deposits grew by 16 per cent. year-on-year (i.e. by HUF 2,916 billion) and so increased faster than loan volumes. The Hungarian, Ukrainian, Romanian and Croatian operations demonstrated double-digit deposit expansion. The consolidated net loan-to-deposit ratio decreased to 75 per cent. (down 1 percentage point year-on-year).

At the end of December 2021, the gross operative liquidity reserves of the OTP Group totalled EUR 9.1 billion equivalent (up EUR 0.2 billion year-on-year).

The quality of the consolidated loan book remained stable in 2021 and the major trends shaping the risk profile were favourable overall. By the end of 2021, the Stage 3 ratio under IFRS 9 was 5.3 per cent., underpinning a 0.4 pp year on year improvement. The own coverage of Stage 1, 2 and 3 exposures were 1.0 per cent., 10.1 per cent. and 60.5 per cent., respectively.

In Hungary, the payment moratorium was extended again until 30 June 2022, even though the scope of available clients was narrowed and clients had to opt-in by 31 October 2021. As a result of the moratorium extension, retail and corporate exposures were reclassified into Stage 3, elevating the Stage 3 ratio at OTP Core.

The volume of credit risk costs for the whole year comprised a negative amount of HUF 46 billion versus the negative amount of HUF 158.4 billion in 2020. The annual risk cost ratio was 0.30 per cent.

The following tables show additional financial information by main segments of the OTP Group, for the financial years ended 31 December 2020 and 31 December 2021, respectively:

OTP Core

	2020	**2021**	**Change**
	(in HUF million)		*%*
Main components of the Statement of recognised income			
Adjusted net profit for the year	159,302	213,378	34
Adjusted total income	453,635	546,215	20
Adjusted net interest income	286,448	369,309	29
Adjusted net profit from fees and commissions	130,470	150,578	15
Adjusted other net non-interest income	36,717	26,328	(28)
Adjusted other administrative expenses	(272,457)	(289,034)	6
Total risk costs	(7,678)	(3,210)	(58)

	2020	**2021**	**Change**
	(in HUF million)		*%*
Main components of balance sheet closing balances			
Total Assets	11,492,949	14,207,399	24
Net customer loans (FX-adjusted)	4,425,421	5,310,327	20

	2020	**2021**	**Change**
			pps
Indicators			
Adjusted ROE	9.3%	11.6%	2.3

	2020	2021	Change
			pps
Stage 3 loans under IFRS 9/gross customer loans	4.2%	4.6%	0.4
Own coverage of Stage 3 loans under IFRS 9	54.5%	42.7%	(11.8)

OTP Fund Management (Hungary)

	2020	2021	Change
	(in HUF million)		*%*
Main components of the Statement of recognised income			
Adjusted net profit for the year	9,747	6,116	(37)
Adjusted total income	14,453	10,044	(31)
Adjusted net interest income	0	0	
Adjusted net profit from fees and commissions	14,154	9,799	(31)
Adjusted other net non-interest income	299	245	(18)
Adjusted other administrative expenses	(3,791)	(3,125)	(18)
Total risk costs	(1)	(14)	(2,713)
Asset under management			
Assets under management, total (w/o duplicates)[3]	1,201	1,331	11

Note:

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.

Merkantil (Hungary)

	2020	2021	Change
	(in HUF million)		*%*
Main components of the Statement of recognised income			
Adjusted net profit for the year	7,661	7,998	4
Adjusted total income	21,283	23,291	9
Adjusted net interest income	17,688	20,680	17
Adjusted net profit from fees and commissions ..	40	116	187
Adjusted other net non-interest income	3,555	2,495	(30)

	2020	2021	Change
Adjusted other administrative expenses	(11,004)	(11,330)	3
Total risk costs	(1,662)	(3,045)	83

	2020	2021	Change
			pps
Indicators			
Stage 3 loans under IFRS 9/gross customer loans	3.5%	2.9%	(0.6)
Own coverage of Stage 3 loans under IFRS 9	66.5%	60.0%	(6.5)
Adjusted ROE	15.7%	14.3%	(1.4)

DSK Group (Bulgaria)

	2020	2021	Change
	(in HUF million)		*%*
Main components of the Statement of recognised income			
Adjusted net profit for the year	40,957	76,789	87
Adjusted total income	166,667	178,470	7
Adjusted net interest income	111,239	112,869	1
Adjusted net profit from fees and commissions	45,453	54,508	20
Adjusted other net non-interest income	9,975	11,093	11
Adjusted other administrative expenses	(76,893)	(72,230)	(6)
Total risk costs	(45,110)	(20,997)	(53)

	2020	2021	Change
			pps
Indicators			
Stage 3 loans under IFRS 9/gross customer loans	7.4%	6.2%	(1.2)
Own coverage of Stage 3 loans under IFRS 9	65.6%	68.2%	2.6
Adjusted ROE	7.0%	11.8%	4.8

OBH (Croatia)

	2020	2021	Change
	(in HUF million)		*%*

	2020	2021	Change
Main components of the Statement of recognised income			
Adjusted net profit for the year	14,830	33,446	126
Adjusted total income	84,907	88,735	5
Adjusted net interest income	58,199	60,933	5
Adjusted net profit from fees and commissions	16,093	18,183	13
Adjusted other net non-interest income	10,615	9,619	(9)
Adjusted other administrative expenses	(44,578)	(45,314)	2
Total risk costs	(22,729)	(2,357)	(90)

	2020	2021	Change
			pps
Indicators			
Stage 3 loans under IFRS 9/gross customer loans	8.7%	8.0%	(0.7)
Own coverage of Stage 3 loans under IFRS 9	53.9%	61.4%	7.5
Adjusted ROE	4.7%	10.0%	5.3

OTP Bank Serbia

	2020	2021	Change
	(in HUF million)		*%*
Main components of the Statement of recognised income			
Adjusted net profit for the year	7,299	32,104	340
Adjusted total income	79,001	83,493	6
Adjusted net interest income	59,514	62,497	5
Adjusted net profit from fees and commissions	14,766	14,410	(2)
Adjusted other net non-interest income	4,721	6,586	40
Adjusted other administrative expenses	(43,102)	(42,739)	(1)
Total risk costs	(27,443)	(5,040)	(82)

	2020	2021	Change
			pps
Indicators			
Stage 3 loans under IFRS 9/gross customer loans	2.6%	2.9%	0.3
Own coverage of Stage 3 loans under IFRS 9	53.6%	53.6%	0.0

Adjusted ROE	2.7%	11.4%	8.7

SKB Banka (Slovenia)

	2020	2021	Change
	(in HUF million)		*%*
Main components of the Statement of recognised income			
Adjusted net profit for the year	9,664	16,822	74
Adjusted total income	40,388	42,354	5
Adjusted net interest income	28,103	27,673	(2)
Adjusted net profit from fees and commissions	11,127	13,258	19
Adjusted other net non-interest income	1,158	1,423	23
Adjusted other administrative expenses	(20,601)	(22,759)	10
Total risk costs	(7,684)	1,065	

	2020	2021	Change
			pps
Indicators			
Stage 3 loans under IFRS 9/gross customer loans	1.5%	1.3%	(0.2)
Own coverage of Stage 3 loans under IFRS 9	36.3%	56.1%	19.8
Adjusted ROE	6.3%	10.0%	3.7

OTP Bank Romania

	2020	2021	Change
	(in HUF million)		*%*
Main components of the Statement of recognised income			
Adjusted net profit for the year	1,557	4,252	173
Adjusted total income	43,747	46,698	7
Adjusted net interest income	32,739	36,270	11
Adjusted net profit from fees and commissions	3,813	4,143	9
Adjusted other net non-interest income	7,195	6,285	(13)
Adjusted other administrative expenses	(31,937)	(37,762)	18
Total risk costs	(10,344)	(3,240)	(69)

	2020	2021	Change
			pps
Indicators			
Stage 3 loans under IFRS 9/gross customer loans	6.5%	5.7%	(0.8)
Own coverage of Stage 3 loans under IFRS 9	54.6%	57.5%	2.9
Adjusted ROE	1.3%	3.0%	1.7

OTP Bank Ukraine

	2020	2021	Change
	HUF million		*%*
Main components of the Statement of recognised income			
Adjusted net profit for the year	26,104	39,025	49
Adjusted total income	67,385	83,567	24
Adjusted net interest income	48,581	62,051	28
Adjusted net profit from fees and commissions	13,540	14,494	7
Adjusted other net non-interest income	5,264	7,022	33
Adjusted other administrative expenses	(25,355)	(28,806)	14
Total risk costs	(10,441)	(7,494)	(28)

	2020	2021	Change
			pps
Indicators			
Stage 3 loans under IFRS 9/gross customer loans	10.4%	6.3%	(4.1)
Own coverage of Stage 3 loans under IFRS 9	74.3%	69.6%	(4.7)
Adjusted ROE	23.0%	28.8%	5.8

OTP Bank Russia

	2020	2021	Change
	HUF million		*%*
Main components of the Statement of recognised income			
Adjusted net profit for the year	16,317	37,624	131
Adjusted total income	123,198	118,158	(4)

	2020	2021	Change
	HUF million		*%*
Adjusted net interest income	99,872	91,364	(9)
Adjusted net profit from fees and commissions	22,503	25,728	14
Adjusted other net non-interest income	823	1,066	30
Adjusted other administrative expenses	(58,130)	(55,790)	(4)
Total risk costs	(43,659)	(15,055)	(66)

	2020	2021	Change
			pps
Indicators			
Stage 3 loans under IFRS 9/gross customer loans	13.9%	11.4%	(2.5)
Own coverage of Stage 3 loans under IFRS 9	93.4%	95.1%	1.7
Adjusted ROE	8.9%	18.2%	9.3

CKB Group (Montenegro)

	2020	2021	Change
	HUF million		*%*
Main components of the Statement of recognised income			
Adjusted net profit for the year	4,307	4,139	(4)
Adjusted total income	22,095	22,046	0
Adjusted net interest income	17,188	16,553	(4)
Adjusted net profit from fees and commissions	4,446	4,880	10
Adjusted other net non-interest income	461	613	33
Adjusted other administrative expenses	(13,743)	(11,806)	(14)
Total risk costs	(3,743)	(5,283)	41

	2020	2020	Change
			pps
Indicators			
Stage 3 loans under IFRS 9/gross customer loans	7.2%	7.0%	(0.2)
Own coverage of Stage 3 loans under IFRS 9	63.9%	66.0%	2.1
Adjusted ROE	6.0%	5.2%	(0.8)

OTP Bank Albania

	2020	2021	Change
	HUF million		*%*
Main components of the Statement of recognised income			
Adjusted net profit for the year	1,960	5,521	182
Adjusted total income	11,597	13,398	16
Adjusted net interest income	9,824	10,619	8
Adjusted net profit from fees and commissions	1,278	1,843	44
Adjusted other net non-interest income	495	936	89
Adjusted other administrative expenses	(5,693)	(6,186)	9
Total risk costs	(3,455)	(705)	(80)

	2020	2021	Change
			pps
Indicators			
Stage 3 loans under IFRS 9/gross customer loans	3.0%	3.3%	0.3
Own coverage of Stage 3 loans under IFRS 9	54.2%	73.3%	19.1
Adjusted ROE	7.3%	17.6%	10.3

OTP Bank Moldova

	2020	2021	Change
	HUF million		*%*
Main components of the Statement of recognised income			
Adjusted net profit for the year	3,973	5,859	47
Adjusted total income	14,596	15,272	5
Adjusted net interest income	8,889	9,698	9
Adjusted net profit from fees and commissions	2,137	2,344	10
Adjusted other net non-interest income	3,570	3,230	(10)
Adjusted other administrative expenses	(6,889)	(7,436)	8
Total risk costs	(3,194)	(1,175)	(63)

	2020	2021	Change
			pps

	2020	2021	Change
Indicators			
Stage 3 loans under IFRS 9/gross customer loans	3.0%	1.8%	(1.2)
Own coverage of Stage 3 loans under IFRS 9	48.0%	54.3%	6.3
Adjusted ROE	10.7%	15.2%	4.5

OBS (Slovakia)[7]

	2020	2021	Change
	HUF million		*%*
Main components of the Statement of recognised income			
Adjusted net profit for the year	(1,169)	—	—
Adjusted total income	12,417	—	—
Adjusted net interest income	8,523	—	—
Adjusted net profit from fees and commissions	3,208	—	—
Adjusted other net non-interest income	626	—	—
Adjusted other administrative expenses	(10,744)	—	—
Total risk costs	(2,539)	—	—

	2020	2021	Change
			pps
Indicators			
Stage 3 loans under IFRS 9/gross customer loans	—	—	—
Own coverage of Stage 3 loans under IFRS 9	—	—	—
Adjusted ROE	(3.4%)	—	—

Additional information on the OTP Group's performance in 1Q 2022

OTP Group consolidated

	1Q 2021	1Q 2022	Change
	(in HUF million)		*%*
Main components of the Statement of recognised income			

[7] On 26 November 2020, the sale of OTP Banka Slovensko a.s. to KBC Group N.V. was concluded. The Slovak bank was deconsolidated at the end of November, so the performance of the Slovak operation was consolidated until 31 October 2020, as a result the OBS segment in 2020 includes ten month of results.

	1Q 2021	1Q 2022	Change
	(in HUF million)		*%*
Net profit for the year	93,334	(33,405)	
Adjustments (total)	(23,955)	(122,029)	409
Adjusted net profit for the year	117,289	88,624	(24)
Adjusted before tax profit	138,400	118,079	(15)
Operating profit	146,942	190,969	30
Adjusted total income	301,131	361,200	20
Adjusted net interest income	203,227	239,779	18
Adjusted net profit from fees and commissions	71,899	85,725	19
Adjusted other net non-interest income	26,005	35,696	37
Adjusted operating expenses	(154,189)	(170,231)	10
Total risk costs	(8,542)	(72,890)	753
Adjusted corporate income tax	(21,111)	(29,454)	40

	1Q 2021	1Q 2022	Change
	(in HUF million)		*%*
Main components of balance sheet, closing balances[4]			
Total assets	24,307,608	28,790,272	18
Total customer loans (net, FX adjusted)	13,901,304	16,053,843	15
Total customer deposits (FX adjusted)	18,616,000	21,840,257	17
Liabilities from issued securities	481,406	417,042	(13)
Subordinated bonds and loans	275,906	282,199	2
Total shareholders' equity	2,637,055	2,923,250	11

Note:

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 period.

	1Q 2021	1Q 2022	Change
			pps
Indicators			
ROE	14.8%	(4.6%)	(19.4)
Adjusted ROE	18.6%	12.1%	(6.5)

	1Q 2021	1Q 2022	Change
			pps
Adjusted ROA	2.0%	1.3%	(0.7)
Total revenue margin	5.14%	5.17%	0.03
Net interest margin	3.47%	3.43%	(0.04)
Cost-to-asset ratio	2.63%	2.43%	(0.20)
Cost-to-income ratio	51.2%	47.1%	(4.1)
Risk cost rate	0.28%	1.42%	1.14
Net loan/(deposit+retail bond) ratio (FX adjusted)	75%	74%	(1)

OTP Group consolidated without Russia and Ukraine

	4Q 2021	2021	1Q 2022
		(in HUF million)	
Main components of the Statement of recognised income			
Adjusted net profit for the year	99,696	420,253	150,246
Adjusted before tax profit	118,577	493,273	172,517
Operating profit	141,585	543,262	163,335
Adjusted total income	303,102	1,111,399	311,895
Adjusted net interest income	203,727	730,598	200,399
Adjusted net profit from fees and commissions	75,828	285,327	77,609
Adjusted other net non-interest income	23,547	95,475	33,887
Adjusted operating expenses	(161,517)	(568,137)	(148,560)
Total risk costs	(23,008)	(49,989)	9,183
Adjusted corporate income tax	(18,881)	(73,020)	(22,272)

	4Q 2021	2021	1Q 2022
Indicators			
Adjusted ROE	16.5%	17.9%	23.4%
Net interest margin	3.18%	3.09%	3.05%
Cost-to-income ratio	53.3%	51.1%	47.6%
Risk cost rate	0.44%	0.19%	(0.41%)

1Q 2022 consolidated adjusted profit after tax comprised HUF 88.6 billion (EUR 1.27 billion, down 24 per cent. year-on-year and down 28 per cent. quarter-on-quarter). The adjusted ROE for the period decreased to 12.1 per cent. (up 5.4 percentage points quarter-on-quarter).

The total volume of 1Q 2022 adjustment items represented a negative adjustment of HUF 122.0 billion. The after tax loss was therefore HUF 33.4 billion (-EUR 0.09 billion). The following items had a material impact in 1Q 2022:

1) a negative adjustment of HUF 56.3 billion after tax, the effect of the goodwill impairment at the Russian subsidiary (after tax);
2) a negative adjustment of HUF 34.5 billion, the after tax effect of impairment related to the Russian government bonds held by OTP Core and DSK Bank.;
3) a negative adjustment of HUF 20.2 billion related to the banking tax (after tax) at the Hungarian operation;
4) a negative adjustment of 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's AGM decided on 28 April 2022 to pay out around HUF 240 billion as normal and extraordinary dividend from 2021 earnings, whereas the Issuer's shareholders decided at the annual general meeting to pay out only HUF 1 billion dividend from 2021 earnings); and
5) a negative adjustment of HUF 2.5 billion, the effect of acquisitions (after tax).

The effective tax rate for 1Q 2022 was 24.9 per cent. The significant quarter-on-quarter increase of 8.9 percentage points was mainly due to the performance of the Ukrainian and Russian operations. As a result of the negative 1Q 2022 earnings in Ukraine, the Issuer did not book deferred tax assets (HUF 2.1 billion), while in Russia the existing deferred tax asstes were reduced by HUF 6.4 billion; these amounts appeared on the corporate tax burden line.

The consolidated profit after tax was shaped largely by the size of total risk costs (1Q 2022: -HUF 73 billion, increased 149 per cent. quarter-on-quarter).

The Russian and Ukrainian operations booked -HUF 33 billion and -HUF 49 billion total risk cost, respectively. At the same time, at OTP Core, there was around HUF 15 billion provision release in 1Q 2022. The Croatian, Serbian, Slovenian and Albanian operations, as well as Merkantil 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-19, the management followed a conservative provisioning policy. However, the bulk of the anticipated risks have not materialised and the COVID-19 restrictions were lifted as a result of which part of the COVID-19 related provisions were released or reallocated due to the deteriorating macroeconomic outlook.

1Q 2022 profit contributions by foreign subsidiaries was distorted by FX moves: the average quarterly rate of UAH against HUF weakened by 5.5 per cent., while RUB depreciated by 13.4 per cent. quarter-on-quarter.

The 1Q 2022 operating income improved 8 per cent. quarter-on-quarter and 30 per cent. year-on-year. Total income practically remained flat quarter-on-quarter, but improved significantly year-on-year (increased 20 per cent.). Net interest income declined by 3 per cent. quarter-on-quarter (up 18 per cent. year-on-year) despite increasing performing volumes due to lower net interest margin ("**NIM**") and calendar effect. The quarter-on-quarter drop of HUF 8 billion was stemming mainly from OTP Core and Russia. At OTP Core, interest income declined by HUF 4 billion quarter-on-quarter due to the following:

1) the interest income on the retail exposures dropped by HUF 2 billion quarter-on-quarter, since around 80 per cent. of mortgage loans and 90 per cent. of consumer loan shave fixed interest rates and the composition effect reduced the interest income. Meanwhile, the monthly instalments of floater-based mortgages did not increase as a result of the interest cap; and

2) during the last couple of years, OTP Group's Hungarian group members purchased a significant volume of government bonds, thereby actively assisting in the implementation of the Government's economic policy and the safe public debt financing. By the end of 1Q 2022, the total amount of Hungarian Government bonds exceeded HUF 3,700 billion, bulk of which was HUF-denominated. A significant portion of that portfolio had fixed coupons until maturity with an average yield of less than 2.9 per cent., i.e. falling significantly short of the current benchmark yields.

1Q 2022 consolidated net interest margin was 3.43 per cent. (decreased by 19 bps quarter-on-quarter and by 4 bps year-on-year). OBRu suffered the most significant quarter-on-quarter margin erosion of 262 bps, however NIM also declined at OTP Core, in Serbia, in Slovenia and in Croatia. The quarterly NIM improved in Ukraine, Bulgaria and Romania. Net fee & commission income decreased by 2 per cent. quarter-on-quarter (up 19 per cent. year-on-year), mainly due to the weaker Russian performance. Other net non-interest income increased by 29 per cent. quarter-on-quarter and 37 per cent. year-on-year. FX-adjusted operating expenses declined by 8 per cent. quarter-on-quarter and there was a significant decrease at OTP Core. The volume of personal expenses dropped sharply (down 16 per cent. quarter-on-quarter), whereas amortisation and administrative expenses remained almost unchanged quarter-on-quarter. In 1Q 2022, the cost-to-income ratio dropped by almost 4.1 percentage points quarter-on-quarter to 47.1 per cent.

Similar to previous quarters, bottom line earnings were shaped to a great extent by risk costs. Total risk cost volumes in 1Q 2022 increased to HUF 73 billion, more than doubling quarter-on-quarter. This amount was practically equal to the total 2021 risk cost volume. As a result the quarterly risk cost rate jumped to 1.42 per cent. (1Q 2021: 0.28 per cent., 4Q 2021: 0.52 per cent.).

The FX-adjusted consolidated performing (Stage 1+2) loan volumes in 1Q 2022 increased by 3 per cent. quarter-on-quarter (up by HUF 404 billion), following a 4 per cent. growth in the previous quarter. As for Stage 1+2 volume developments in member banks of the OTP Group, during the first three months of 2022, out of the major Group members, the fastest increase was posted by the Bulgarian, Slovenian, Croatian, Romanian and Serbian operations, increasing by 6, 5, 4 and 4 per cent., respectively. The loan portfolio grew by 5 per cent. quarter-on-quarter in Ukraine but the volumes had already decreased in March 2022. Despite the payment holiday, payment discipline so far has remained strong: about 60 per cent. of customers properly serviced their debt obligations in 1Q 2022. As for the Russian subsidiary, volumes dropped by 7 per cent. quarter-on-quarter. At OTP Core, performing loan volumes stagnated in 1Q 2022, partially due to the one-off personal income tax refund of several hundred billion HUF in February, as clients used the money for prepayments. The volume of performing consumer loan exposure declined by 2 per cent. quarter-on-quarter.

As for the major loan segments, in 1Q 2022, the consolidated FX-adjusted performing corporate volumes increased by 5 per cent. quarter-on-quarter whereas the MSE segment increased by 3 per cent. and the mortgage portfolio increased by 2 per cent.

In 1Q 2022, the FX-adjusted consolidated deposits grew by 4 per cent. quarter-on-quarter (up by HUF 792 billion). The fastest deposit inflow was registered in the Hungarian and Bulgarian operations, but the 3 per cent. quarter-on-quarter increase in Ukraine was also significant. The consolidated net loan-to-deposit ratio declined by 1 percentage point quarter-on-quarter to 74 per cent.

As at 31 March 2022, the gross operative liquidity reserves of the Group comprised EUR 8 billion equivalent.

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

The conflict between Russia and Ukraine has resulted in portfolio reclassification in both countries. In 1Q 2022, the Stage 2 ratio in Ukraine increased significantly from 6.6 per cent. to 31.2 per cent. quarter-on-quarter due to the moratorium, while the increase in Russia was slightly less, rising from from 12.1 per cent. to 14.4 per cent.

The following tables show additional financial information by main segments of the OTP Group, for the periods ended 31 March 2020 and 31 March 2021, respectively:

OTP Core

	1Q 2021	1Q 2022	Change
	(in HUF million)		*%*
Main components of the Statement of recognised income			
Adjusted net profit for the year	56,003	94,038	68
Adjusted total income	124,971	165,806	33
Adjusted net interest income	81,790	103,646	27
Adjusted net profit from fees and commissions	33,494	41,266	23
Adjusted other net non-interest income	9,687	20,894	116
Adjusted other administrative expenses	(63,159)	(74,738)	18
Total risk costs	4,619	15,217	229

	1Q 2021	1Q 2022	Change
	(in HUF million)		*%*
Main components of balance sheet closing balances			
Total Assets	12,227,730	15,530,986	27
Net customer loans (FX-adjusted)	4,555,441	5,348,023	17

	1Q 2021	1Q 2022	Change
			pps
Indicators			
Adjusted ROE	12.7%	18.9%	6.2
Stage 3 loans under IFRS 9/gross customer loans	3.9%	4.7%	0.8
Own coverage of Stage 3 loans under IFRS 9	54.9%	45.9%	(9.0)

OTP Fund Management (Hungary)

	1Q 2021	1Q 2022	Change
	(in HUF million)		*%*
Main components of the Statement of recognised income			
Adjusted net profit for the year	835	1,155	38
Adjusted total income	1,674	1,996	19
Adjusted net interest income	0	0	5
Adjusted net profit from fees and commissions	1,688	2,156	28
Adjusted other net non-interest income	(13)	(160)	1,100
Adjusted other administrative expenses	(724)	(594)	(18)
Total risk costs	0	(75)	
Asset under management			
Assets under management, total (w/o duplicates)	1,227	1,227	0

Note:

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.

Merkantil (Hungary)

	1Q 2021	1Q 2022	Change
	(in HUF million)		*%*
Main components of the Statement of recognised income			
Adjusted net profit for the year	1,626	4,372	169
Adjusted total income	5,556	5,284	(5)
Adjusted net interest income	4,738	4,809	2
Adjusted net profit from fees and commissions	0	143	
Adjusted other net non-interest income	818	332	(59)
Adjusted other administrative expenses	(2,726)	(2,413)	(11)
Total risk costs	(1,029)	2,018	

	1Q 2021	1Q 2022	Change
			pps
Indicators			

	1Q 2021	1Q 2022	Change
			pps
Stage 3 loans under IFRS 9/gross customer loans	2.9%	2.5%	(0.4)
Own coverage of Stage 3 loans under IFRS 9	73.1%	48.7%	(24.4)
Adjusted ROE	12.4%	29.9%	17.5

DSK Group (Bulgaria)

	1Q 2021	1Q 2022	Change
	(in HUF million)		*%*
Main components of the Statement of recognised income			
Adjusted net profit for the year	18,273	21,064	15
Adjusted total income	42,824	47,777	12
Adjusted net interest income	27,611	29,892	8
Adjusted net profit from fees and commissions	12,215	15,374	26
Adjusted other net non-interest income	2,998	2,511	(16)
Adjusted other administrative expenses	(18,121)	(18,888)	4
Total risk costs	(4,553)	(5,449)	20

	1Q 2021	1Q 2022	Change
			pps
Indicators			
Stage 3 loans under IFRS 9/gross customer loans	7.5%	6.0%	(1.5)
Own coverage of Stage 3 loans under IFRS 9	66.2%	69.0%	2.8
Adjusted ROE	11.9%	12.4%	0.5

OBH (Croatia)

	1Q 2021	1Q 2022	Change
	(in HUF million)		*%*
Main components of the Statement of recognised income			
Adjusted net profit for the year	5,119	11,074	116
Adjusted total income	19,497	21,704	11

	1Q 2021	1Q 2022	Change
Adjusted net interest income	14,615	15,408	5
Adjusted net profit from fees and commissions	3,930	4,822	23
Adjusted other net non-interest income	953	1,474	55
Adjusted other administrative expenses	(11,143)	(11,771)	6
Total risk costs	(2,267)	3,491	

	1Q 2021	1Q 2022	Change
			pps
Indicators			
Stage 3 loans under IFRS 9/gross customer loans	8.9%	7.5%	(1.4)
Own coverage of Stage 3 loans under IFRS 9	55.1%	62.4%	7.3
Adjusted ROE	6.4%	13.0%	6.6

OTP Bank Serbia

	1Q 2021	1Q 2022	Change
	(in HUF million)		*%*
Main components of the Statement of recognised income			
Adjusted net profit for the year	6,773	10,860	60
Adjusted total income	20,508	21,480	5
Adjusted net interest income	15,730	15,788	0
Adjusted net profit from fees and commissions	3,336	3,695	11
Adjusted other net non-interest income	1,442	1,997	38
Adjusted other administrative expenses	(10,555)	(10,526)	0
Total risk costs	(2,593)	1,447	

	1Q 2021	1Q 2022	Change
			pps
Indicators			
Stage 3 loans under IFRS 9/gross customer loans	2.8%	2.9%	0.1
Own coverage of Stage 3 loans under IFRS 9	52.6%	53.8%	1.2
Adjusted ROE	10.1%	14.5%	4.4

SKB Banka (Slovenia)

	1Q 2021	1Q 2022	Change
	(in HUF million)		*%*
Main components of the Statement of recognised income			
Adjusted net profit for the year	3,063	4,937	61
Adjusted total income	10,083	11,060	10
Adjusted net interest income	6,873	6,931	1
Adjusted net profit from fees and commissions	2,948	3,690	25
Adjusted other net non-interest income	262	440	68
Adjusted other administrative expenses	(6,229)	(6,915)	11
Total risk costs	(90)	2,038	

	1Q 2021	1Q 2022	Change
			pps
Indicators			
Stage 3 loans under IFRS 9/gross customer loans	1.7%	1.2%	(0.5)
Own coverage of Stage 3 loans under IFRS 9	40.2%	59.8%	19.6
Adjusted ROE	7.5%	11.4%	3.9

OTP Bank Romania

	1Q 2021	1Q 2022	Change
	(in HUF million)		*%*
Main components of the Statement of recognised income			
Adjusted net profit for the year	529	(1,759)	
Adjusted total income	10,931	14,067	29
Adjusted net interest income	8,325	10,840	30
Adjusted net profit from fees and commissions	994	1,155	16
Adjusted other net non-interest income	1,612	2,072	29
Adjusted other administrative expenses	(10,319)	(11,520)	12
Total risk costs	282	(4,306)	

	1Q 2021	1Q 2022	Change
			pps
Indicators			
Stage 3 loans under IFRS 9/gross customer loans	6.1%	5.3%	(0.8)
Own coverage of Stage 3 loans under IFRS 9	56.0%	58.6%	2.6
Adjusted ROE	1.7%	(4.4%)	(6.1)

OTP Bank Ukraine

	1Q 2021	4Q 2021	1Q 2022	Y-o-y Change
		HUF million		*%*
Main components of the Statement of recognised income				
Adjusted net profit for the year	8,835	10,193	(34,400)	
Adjusted before tax profit	10,669	12,434	(34,060)	
Operating profit	10,911	17,180	15,251	40
Adjusted total income	17,199	26,065	23,032	34
Adjusted net interest income	12,877	18,613	18,814	46
Adjusted net profit from fees and commissions	3,243	3,774	3,031	(7)
Adjusted other net non-interest income	1,079	3,678	1,188	10
Adjusted other administrative expenses	(6,288)	(8,885)	(7,781)	24
Total risk costs	(243)	(4,746)	(49,312)	
Adjusted corporate income tax	(1,833)	(2,241)	(340)	(81)

	1Q 2021	4Q 2021	1Q 2022	Y-o-y Change
				pps
Indicators				
Stage 3 loans under IFRS 9/gross customer loans	9.7%	6.3%	6.6%	(3.1)
Own coverage of Stage 3 loans under IFRS 9	73.0%	69.6%	73.1%	0.1
Adjusted ROE	29.1%	26.3%	(94.1%)	(123.2)
Net Interest Margin	6.91%	7.83%	8.10%	1.19
Cost-to-Income ratio	36.6%	34.1%	33.8%	(2.8)
Credit Risk Cost Rate	(0.17%)	2.58%	28.75%	28.92

OTP Bank Russia

	1Q 2021	4Q 2021	1Q 2022	Y-o-y Change
		HUF million		*%*
Main components of the Statement of recognised income				
Adjusted net profit for the year	8,005	13,434	(27,222)	
Adjusted before tax profit	10,216	16,568	(20,378)	
Operating profit	13,504	18,119	12,383	(8)
Adjusted total income	27,871	33,254	26,273	(6)
Adjusted net interest income	21,805	25,188	20,567	(6)
Adjusted net profit from fees and commissions	5,889	7,711	5,085	(14)
Adjusted other net non-interest income	177	355	621	251
Adjusted other administrative expenses	(14,366)	(15,134)	(13,890)	(3)
Total risk costs	(3,288)	(1,551)	(32,761)	896
Adjusted corporate income tax	(2,211)	(3,134)	(6,843)	210

	1Q 2021	4Q 2021	1Q 2022	Y-o-y Change
				pps
Indicators				
Stage 3 loans under IFRS 9/gross customer loans	14.7%	11.4%	12.2%	(2.5)
Own coverage of Stage 3 loans under IFRS 9	93.8%	95.1%	97.5%	3.7
Adjusted ROE	17.3%	23.1%	(53.3%)	(70.6)
Net Interest Margin	13.10%	13.15%	10.86%	(2.24)
Cost-to-Income ratio	51.5%	45.5%	52.9%	1.4
Credit Risk Cost Rate	2.02%	0.23%	16.33%	14.31

CKB Group (Montenegro)

	1Q 2021	1Q 2022	Change
	HUF million		*%*
Main components of the Statement of recognised income			
Adjusted net profit for the year	2,022	(1,230)	

	1Q 2021	1Q 2022	Change
	HUF million		*%*
Adjusted total income	5,240	5,604	7
Adjusted net interest income	4,084	4,305	5
Adjusted net profit from fees and commissions	980	1,239	26
Adjusted other net non-interest income	176	60	(66)
Adjusted other administrative expenses	(2,981)	(3,142)	5
Total risk costs	(45)	(3,632)	

	1Q 2021	1Q 2022	Change
			pps
Indicators			
Stage 3 loans under IFRS 9/gross customer loans	7.7%	6.5%	(1.2)
Own coverage of Stage 3 loans under IFRS 9	60.3%	67.4%	7.1
Adjusted ROE	10.7%	(6.0%)	(16.7)

OTP Bank Albania

	1Q 2021	1Q 2022	Change
	HUF million		*%*
Main components of the Statement of recognised income			
Adjusted net profit for the year	1,056	2,261	114
Adjusted total income	3,037	3,638	20
Adjusted net interest income	2,408	3,026	26
Adjusted net profit from fees and commissions	402	449	12
Adjusted other net non-interest income	227	163	(28)
Adjusted other administrative expenses	(1,488)	(1,669)	12
Total risk costs	(321)	670	

	1Q 2021	1Q 2022	Change
			pps
Indicators			
Stage 3 loans under IFRS 9/gross customer loans	3.3%	3.1%	(0.2)
Own coverage of Stage 3 loans under IFRS 9	55.4%	74.5%	19.1

	1Q 2021	1Q 2022	Change
Adjusted ROE	14.8%	26.0%	11.2

OTP Bank Moldova

	1Q 2021	1Q 2022	Change
	HUF million		*%*
Main components of the Statement of recognised income			
Adjusted net profit for the year	1,456	(545)	
Adjusted total income	3,336	4,849	45
Adjusted net interest income	2,191	3,170	45
Adjusted net profit from fees and commissions	516	563	9
Adjusted other net non-interest income	629	1,116	77
Adjusted other administrative expenses	(1,795)	(2,114)	18
Total risk costs	71	(3,086)	

	1Q 2021	1Q 2022	Change
			pps
Indicators			
Stage 3 loans under IFRS 9/gross customer loans	2.9%	1.9%	(1.0)
Own coverage of Stage 3 loans under IFRS 9	54.4%	56.1%	1.7
Adjusted ROE	15.7%	(5.2%)	(20.9)

Alternative Performance Measures

The Issuer considers each metric set out below to constitute an alternative performance measure ("**APM**") as described in the European Securities and Markets Authority Guidelines on Alternative Performance Measures (the "**ESMA Guidelines**") published on 5 October 2015 by the European Securities and Markets Authority and which came into force on 3 July 2016. An APM should not be considered in isolation from, or as substitute for any analysis of, financial information presented in compliance with Financial Reporting Standards 102 (FRS 102).

All figures in the tables below are rounded and presented in HUF million. 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.

The definition of average balance sheet items: 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.

Adjusted net profit

Definition: Net profit as per the financial statements modified by adjustments determined by management.

Explanation: Provides additional information on profits for the period on an adjusted basis, in order to enable better comparability of profits of prior periods.

Reconciliation table:

	OTP Group			
	2020	**2021**	**1Q 2021**	**1Q 2022**
Net profit	259,636	456,428	93,334	(33,405)
(-) Adjustments (total, after corporate income tax)	(50,631)	(40,474)	(23,955)	(122,029)
Dividends and net cash transfers (after tax)	213	729	82	31
Goodwill/investment impairment charges (after tax)	886	1,909	657	(56,279)
Special tax on financial institutions and one-timer payment compensating the underperformance of the financial transaction tax (after corporate income tax)	(17,365)	(18,893)	(18,873)	(20,227)
Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia (after corporate income tax)	(28,262)	(15,040)	(1)	3
Impact of fines imposed by the Hungarian Competition Authority (after tax)	749	0	0	0
Effect of acquisitions (after tax)	(6,852)	(15,506)	(3,467)	(2,531)
Result of the treasury share swap agreement (after tax)	0	6,326	(2,354)	(8,502)
Impairments on Russian government bonds at OTP Core and DSK Bank booked in 1Q 2022 (after tax)	0	0	0	(34,525)
Adjusted net profit	**310,268**	**496,902**	**117,289**	**88,624**

Adjusted net interest income

Definition: Net interest income before loss allowance on loans and placements as per the financial statements modified by adjustments determined by management.

Explanation: Provides additional information on net interest income for the period on an adjusted basis, in order to enable better comparability of net interest income of prior periods.

Reconciliation table:

	OTP Group			
	2020	**2021**	**1Q 2021**	**1Q 2022**
Net interest income	782,673	874,310	202,833	240,792
(-) Revaluation result of FX provisions	(57)	0	0	0
(+) Presentation of the revaluation result of intra-group swaps on the net interest income line realised at the Romanian and Slovakian operations	337	625	77	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	5,951	1,131	674	2,679

	OTP Group			
	2020	**2021**	**1Q 2021**	**1Q 2022**
(-) Effect of acquisitions on net interest income	(600)	(2,680)	(573)	(728)
(-) Reclassification due to the introduction of IFRS16	(1,623)	(1,556)	(399)	(383)
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	8,755	46	20	0
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia	15	(5,925)	0	0
Adjusted net interest income	**788,079**	**884,012**	**203,227**	**239,779**

Adjusted net profit from fees and commissions

Definition: Net profit from fees and commissions as per the financial statements modified by adjustments determined by management.

Explanation: Provides additional information on net profit from fees and commissions for the period on an adjusted basis, in order to enable better comparability of net profit from fees and commissions of prior periods.

Reconciliation table:

	OTP Group			
	2020	**2021**	**1Q 2021**	**1Q 2022**
Net profit from fees and commissions	397,635	442,174	98,576	127,597
(+) Payment transaction duty	(61,588)	(68,818)	(17,353)	(21,465)
(-) Effect of acquisitions on net profit from fees and commissions	(145)	(33)	(15)	(1)
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	3,210	0	0	0
(-) Structural shift of income from currency exchange from net fees to the FX result	46,290	47,843	9,337	20,406
Adjusted net profit from fees and commissions	**293,112**	**325,548**	**71,899**	**85,725**

Adjusted other net non-interest income without one-offs

Definition: Sum of foreign exchange gains (net), gain/loss on securities (net), and other non-interest income (net) as per the financial statements modified by adjustments determined by management.

Explanation: Provides additional information on other non-interest income of the period on an adjusted basis, in order to enable better comparability of other non-interest income of prior periods.

Reconciliation table:

	OTP Group			
	2020	**2021**	**1Q 2021**	**1Q 2022**
Foreign exchange result	7,864	(4,075)	1,281	11,910
(-) Revaluation result of FX positions hedging the revaluation of FX provisions	11,195	0	0	0

	OTP Group			
	2020	2021	1Q 2021	1Q 2022
(-) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	(1,964)	(492)	(354)	5,571
(-) Effect of acquisitions	0)	0	0	2
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	3	(10)	11	0
(+) Structural shift of income from currency exchange from net fees to the FX result	46,290	47,843	9,337	20,406
Gain/loss on securities, net	7,464	5,560	(121)	(5,744)
(-) Effect of acquisitions	(98)	(1,077)	0	(91)
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	349	14	11	0
(-) Revaluation result of the treasury share swap agreement	0	2,766	(2,586)	(9,343)
(+) Structural adjustment due to the Gain from derecognition of financial assets at amortized cost line (against Gain/loss on securities, net)	1,402	1,031	682	41
(+) Shifting of the Gains and losses on non-trading securities mandatorily at fair value through profit or loss line from the Net other non-interest income to the Gains or losses from securities line	7,239	4,812	1,028	400
(-) Revaluation result of the treasury share swap agreement (booked as Gain on securities, net (adj) at OTP Core)	2,360	0	0	0
Gains and losses on real estate transactions	3,631	6,424	2,031	701
Result of discontinued operation and gains from disposal of subsidiaries classified as held for sale (adj.)	(1,907)	282	144	986
(+) Other non-interest income	29,109	74,246	19,760	18,288
(+) Gains and losses on derivative instruments	11,339	6,797	880	(8,586)
(+) Net insurance result	721	657	143	165
(+) Losses on loans measured mandatorily at fair value through other comprehensive income and on securities at amortized cost	4,843	(532)	(699)	636
(-) Shifting of the Gains and losses on non-trading securities mandatorily at fair value through profit or loss line from the Net other non-interest income to the Gains or losses from securities line	7,239	4,812	1,028	400
(-) Received cash transfers	65	165	36	83
(+) Other other non-interest expenses	(5,800)	(44,882)	(12,264)	(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	128	11,155	1,847	401
(-) Effect of acquisitions	7,264	(4)	0	0
(-) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	2,301	1,117	431	(5,018)
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	(226)	(948)	(259)	(279)
(-) Impact of fines imposed by the Hungarian Competition Authority	823	0	0	0
(-) 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	(216)	(194)	(77)	(76)
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	3,149	387	151	0

	OTP Group			
	2020	**2021**	**1Q 2021**	**1Q 2022**
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia	(1,646)	0	0	0
(+) Shifting of the costs of mediated services at Merkantil Bérlet Ltd. to the net other non-interest result line	0	0	0	(393)
Adjusted other net non-interest income without one-offs	**88,729**	**103,563**	**26,005**	**35,696**

Adjusted total income

Definition: Sum of adjusted net interest income, adjusted net profit from fees and commissions and adjusted other net non-interest income without one-offs.

Explanation: Provides additional information of total income on an adjusted basis, in order to enable better comparability of total income of prior periods.

Reconciliation table:

	OTP Group			
	2020	**2021**	**1Q 2021**	**1Q 2022**
Adjusted net interest income	788,079	884,012	203,227	239,779
Adjusted net profit from fees and commissions	293,112	325,548	71,899	85,725
Adjusted other net non-interest income without one-offs	88,729	103,563	26,005	35,696
Adjusted total income	**1,169,920**	**1,313,124**	**301,131**	**361,200**

Adjusted operating expenses

Definition: Other administrative expenses as per the financial statements modified by adjustments determined by management.

Explanation: Provides additional information of other administrative expenses on an adjusted basis, in order to enable better comparability of other administrative expenses of prior periods.

Reconciliation table:

	OTP Group			
	2020	**2021**	**1Q 2021**	**1Q 2022**
Depreciation	(92,762)	(94,996)	(23,425)	(91,354)
(-) Goodwill impairment charges	0	0	0	(67,715)
(-) Effect of acquisitions on depreciation	(7,415)	(6,134)	(1,662)	(1,252)
(-) Reclassification due to the introduction of IFRS16	(16,447)	(16,064)	(4,033)	(4,090)
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	(1,385)	(20)	(8)	0
Personnel expenses	(308,643)	(340,684)	(78,740)	(84,061)
(-) Effect of acquisitions on personnel expenses	(2,785)	(781)	95	(232)
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	(6,638)	(298)	(126)	0
Other administrative expenses	(289,721)	(311,932)	(89,543)	(104,531)

	OTP Group			
	2020	2021	1Q 2021	1Q 2022
(+) Other costs and expenses	(7,506)	(6,508)	(1,179)	(1,547)
(+) Other non-interest expenses	(18,568)	(56,874)	(14,307)	(15,831)
(-) Paid cash transfers	(12,768)	(11,992)	(2,043)	(3,564)
(+) Film subsidies and cash transfers to public benefit organisations	(12,508)	(11,873)	(2,039)	(3,451)
(-) Other other non-interest expenses	(5,800)	(44,882)	(12,264)	(12,266)
(-) Special tax on financial institutions (recognised as other administrative expenses)	(19,138)	(20,680)	(20,658)	(22,128)
(-) Tax deductible transfers (offset against corporate taxes)	(8,083)	(8,137)	(334)	(1,669)
(-) Financial Transaction Tax	(61,588)	(68,818)	(17,353)	(21,465)
(-) Effect of acquisitions on other administrative expenses	(9,940)	(10,370)	(1,401)	(420)
(+) Reclassification due to the introduction of IFRS16	(18,069)	(17,620)	(4,432)	(4,473)
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	(4,105)	(106)	(44)	0
(+) Shifting of the Hungarian local business tax and innovation contribution for 2020 between corporate income tax and other non-interest expenses	(16,542)	0	0	0
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia	0	(318)	0	(3)
(-) Shifting of the costs of mediated services at Merkantil Bérlet Ltd. to the net other non-interest result line	0	0	0	(393)
(+) Shifting of certain expenses arising from mediated services from other provisions to the other non-interest expenses line	0	0	0	(183)
Adjusted operating expenses	**(632,483)**	**(652,733)**	**(154,189)**	**(170,231)**

Adjusted provision for impairment on loan and placement losses

Definition: Loss allowance on loans and placements as per the financial statements modified by adjustments determined by management.

Explanation: Provides additional information of loss allowance on loans and placements on an adjusted basis, in order to enable better comparability of loss allowance on loans and placements of prior periods.

Reconciliation table:

	OTP Group			
	2020	2021	1Q 2021	1Q 2022
Provision for impairment on loan and placement losses	(172,520)	(27,721)	(4,915)	(72,679)
(+) Modification gains or losses	(29,773)	(13,672)	(17)	(15)
(+) Change in the fair value attributable to changes in the credit risk of loans mandatorily measured at fair value through profit of loss	(3,262)	(16,289)	(4,915)	13,758
(+) Loss allowance on securities at fair value through other comprehensive income and on securities at amortized cost	(7,309)	(3,974)	(2,378)	(43,123)
(+) Provision for commitments and guarantees given	(8,662)	(99)	185	(3,734)
(+) Impairment of assets subject to operating lease and of investment properties	877	438	337	26
(-) Revaluation result of FX provisions	(10,997)	0	0	0

	OTP Group			
	2020	**2021**	**1Q 2021**	**1Q 2022**
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	459	339	113	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	5,951	1,131	674	2,679
(-) Effect of acquisitions	(2,149)	0	0	0
(-) Structural correction between Provision for loan losses and Other provisions	(15,094)	(3,536)	(2,041)	(43,097)
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	(3,024)	0	0	0
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia	(29,543)	(10,131)	(1)	6
(+) Structural adjustment due to the Gain from derecognition of financial assets at amortized cost line (against Provision for impairment on loan losses)	1,978	854	(672)	908
(-) Shifting of provision for impairment on placement losses to the other provisions line from 1Q 2022	0	0	0	(1,023)
Adjusted provision for impairment on loan and placement losses	**(158,421)**	**(46,006)**	**(9,772)**	**(58,164)**

Return On Equity ("ROE")

Definition: Net profit for the given period (annualised for periods less than one year) divided by average total equity.

Explanation: Provides additional information on financial performance and profitability of the bank, compared to its average total equity.

Reconciliation table:

	OTP Group			
	2020	**2021**	**1Q 2021**	**1Q 2022**
Net profit	259,636	456,428	93,334	(33,405)
Average total equity	2,390,519	2,686,983	2,555,248	2,962,454
ROE	**10.9%**	**17.0%**	**14.8%**	**(4.6%)**

Adjusted ROE

Definition: Adjusted net profit for the given period (annualised for periods less than one year) divided by average total equity.

Explanation: Provides additional information on financial performance and profitability of the OTP Group, compared to its average total equity.

Reconciliation table:

	OTP Group			
	2020	**2021**	**1Q 2021**	**1Q 2022**
Adjusted net profit	310,268	496,902	117,289	88,624
Average total equity	2,390,519	2,686,983	2,555,248	2,962,454
Adjusted ROE	**13.0%**	**18.5%**	**18.6%**	**12.1%**

Adjusted Return On Assets

Definition: Adjusted net profit for the given period (annualised for periods less than one year) divided by average total assets.

Explanation: Provides additional information on financial performance and profitability of the OTP Group, compared to its average total assets.

Reconciliation table:

	OTP Group			
	2020	**2021**	**1Q 2021**	**1Q 2022**
Adjusted net profit	310,268	496,902	117,289	88,624
Average total assets	21,801,159	25,194,346	23,739,631	28,360,399
Adjusted ROA	**1.42%**	**1.97%**	**2.00%**	**1.27%**

Total revenue margin

Definition: Adjusted total income for the given period (annualised for periods less than one year) divided by average total assets.

Explanation: Provides additional information on net revenue generation of assets and liabilities of the OTP Group.

Reconciliation table:

	OTP Group			
	2020	**2021**	**1Q 2021**	**1Q 2022**
Adjusted total income	1,169,920	1,313,124	301,131	361,200
Average total assets	21,801,159	25,194,346	23,739,631	28,360,399
Total revenue margin	**5.37%**	**5.21%**	**5.14%**	**5.17%**

Net interest margin

Definition: Adjusted net interest income for the given period (annualised for periods less than one year) divided by average total assets.

Explanation: Provides additional information on net interest generation of assets and liabilities of the OTP Group.

Reconciliation table:

	OTP Group			
	2020	**2021**	**1Q 2021**	**1Q 2022**
Adjusted net interest income	788,079	884,012	203,227	239,779
Average total assets	21,801,159	25,194,346	23,739,631	28,360,399
Net interest margin	**3.61%**	**3.51%**	**3.47%**	**3.43%**

Net fee and commission margin

Definition: Adjusted net fee and commission income for the given period (annualised for periods less than one year) divided by average total assets.

Explanation: Provides additional information on net fee and commission generation of assets and liabilities of the OTP Group.

Reconciliation table:

	OTP Group			
	2020	**2021**	**1Q 2021**	**1Q 2022**
Adjusted net profit from fees and commissions	293,112	325,548	71,899	85,725
Average total assets	21,801,159	25,194,346	23,739,631	28,360,399
Net fee and commission margin	**1.34%**	**1.29%**	**1.23%**	**1.23%**

Other income margin

Definition: Adjusted other net non-interest income for the given period (annualised for periods less than one year) divided by average total assets.

Explanation: Provides additional information on non-interest income generation of assets and liabilities of the OTP Group.

Reconciliation table:

	OTP Group			
	2020	**2021**	**1Q 2021**	**1Q 2022**
Adjusted other net non-interest income without one-offs	88,729	103,563	26,005	35,696
Average total assets	21,801,159	25,194,346	23,739,631	28,360,399
Adjusted other net non-interest income without one-offs	**0.41%**	**0.41%**	**0.44%**	**0.51%**

Cost-to-asset ratio

Definition: Adjusted operating expenses for the given period (annualised for periods less than one year) divided by average total assets.

Explanation: Provides additional information on operating efficiency of the OTP Group.

Reconciliation table:

	OTP Group			
	2020	**2021**	**1Q 2021**	**1Q 2022**
Adjusted operating expenses	(632,483)	(652,733)	(154,189)	(170,231)
Average total assets	21,801,159	25,194,346	23,739,631	28,360,399
Cost-to-asset ratio	**2.90%**	**2.59%**	**2.63%**	**2.43%**

Cost-to-income ratio

Definition: Adjusted operating expenses divided by Adjusted total income.

Explanation: Provides additional information on operating efficiency of the OTP Group.

Reconciliation table:

	OTP Group			
	2020	**2021**	**1Q 2021**	**1Q 2022**
Adjusted operating expenses	(632,483)	(652,733)	(154,189)	(170,231)
Adjusted total income	1,169,920	1,313,124	301,131	361,200
Cost-to-income ratio	**54.1%**	**49.7%**	**51.2%**	**47.1%**

Risk cost rate

Definition: Absolute value of adjusted provision for impairment on loan and placement losses for the given period (annualised for periods less than one year) divided by average gross loans.

Explanation: Provides additional information on level of loss allowances compared to the size of the portfolio.

Reconciliation table:

	OTP Group			
	2020	**2021**	**1Q 2021**	**1Q 2022**
Adjusted provision for impairment on loan and placement losses	(158,421)	(46,006)	(9,772)	(58,164)
Average gross loans	13,819,308	15,132,360	14,365,181	16,644,518
Risk cost rate	**1.15%**	**0.30%**	**0.28%**	**1.42%**

Stage 3 ratio

Definition: Stage 3 loans gross amount under IFRS 9 divided by total gross loans less accrued interest receivables related to Stage 3 loans.

Explanation: Provides additional information on the loan portfolio quality.

Reconciliation table:

	OTP Group			
	2020	**2021**	**1Q 2021**	**1Q 2022**
Stage 3 loans gross amount	*819,622*	*877,951*	*830,927*	*879,023*
Gross customer loans (incl. finance lease receivables and accrued interest receivables related to loans)	14,401,930	16,670,469	14,642,446	17,023,639
(-) Accrued interest receivables related to DPD90+/Stage 3 loans	38,650	36,015	39,144	38,045
Gross customer loans (adjusted)	*14,363,281*	*16,634,454*	*14,603,302*	*16,985,594*
Stage 3 ratio	**5.7%**	**5.3%**	**5.7%**	**5.2%**

Own coverage of Stage 3 loans

Definition: Loss allowance on Stage 3 loans divided by Stage 3 loans gross amount.

Explanation: Provides additional information on the loan portfolio and its provisioning.

Reconciliation table:

	OTP Group			
	2020	**2021**	**1Q 2021**	**1Q 2022**
Loss allowance on Stage 3 loans	(510,290)	(530,772)	(523,728)	(543,717)
Stage 3 loans gross amount	819,622	877,951	830,927	879,023
Own coverage of Stage 3 loans	**62.3%**	**60.5%**	**63.0%**	**61.9%**

DPD90+ ratio

Definition: Gross amount of loans overdue more than 90 days divided by total gross amount of loans less accrued interest receivables related to DPD90+ loans.

Explanation: Provides additional information on the loan portfolio.

Reconciliation table:

	OTP Group			
	2020	**2021**	**1Q 2021**	**1Q 2022**
Gross amount of loans overdue more than 90 days	*543,733*	*535,445*	*545,110*	*542,137*
Gross customer loans (incl. finance lease receivables and accrued interest receivables related to loans)	14,401,930	16,670,469	14,642,446	17,023,639
(-) Accrued interest receivables related to DPD90+/Stage 3 loans	38,650	36,015	39,144	38,045
Gross customer loans (adjusted)	*14,363,281*	*16,634,454*	*14,603,302*	*16,985,594*
DPD90+ ratio	**3.8%**	**3.2%**	**3.7%**	**3.2%**

DPD90+ coverage

Definition: Total amount of allowances for loan losses as per the financial statements less allocated provision on accrued interest receivables related to DPD90+ loans divided by the gross amount of loans overdue more than 90 days.

Explanation: Provides additional information on the loan portfolio and its provisioning.

Reconciliation table:

	OTP Group			
	2020	**2021**	**1Q 2021**	**1Q 2022**
Allowances for loan losses (incl. impairment of finance lease receivables)	(873,344)	(926,547)	(891,191)	(969,797)
(-) Allocated provision on accrued interest receivables related to DPD90+ / Stage 3 loans	(38,650)	(36,015)	(39,144)	(38,045)
Allowances for loan losses (adjusted)	*(834,695)*	*(890,532)*	*(852,047)*	*(931,752)*
Gross amount of loans overdue more than 90 days	*543,733*	*535,445*	*545,110*	*542,137*
DPD90+ coverage	**153.5%**	**166.3%**	**156.3%**	**171.9%**

Net loan-to-deposit ratio

Definition: Gross customer loans less allowance for loan losses divided by total customer deposits without accrued interest liabilities on deposits from customers.

Explanation: Provides additional information on the proportion of loans and deposits.

Reconciliation table:

	OTP Group			
	2020	**2021**	**1Q 2021**	**1Q 2022**
Gross customer loans (incl. finance lease receivables and accrued interest receivables related to loans)	14,401,930	16,670,469	14,642,446	17,023,639
(-)Accrued interest receivables related to DPD90+ / Stage 3 loans	38,650	36,015	39,144	38,045
(+)Allowances for loan losses (incl. impairment of finance lease receivables)	(873,344)	(926,547)	(891,191)	(969,797)
(-) Allocated provision on accrued interest receivables related to DPD90+ / Stage 3 loans	(38,650)	(36,015)	(39,144)	(38,045)
Net customer loans (adjusted)	*13,528,586*	*15,743,922*	*13,751,255*	*16,053,843*
Deposits from customers	*17,890,863*	*21,068,644*	*18,383,166*	*21,840,257*
Net loan-to-deposit ratio	**76%**	**75%**	**75%**	**74%**

Net loans to deposits including retail bonds ratio

Definition: Gross customer loans less allowance for loan losses divided by the sum of total customer deposits without accrued interest liabilities on deposits from customers and retail bonds.

Explanation: Provides additional information on the proportion of loans and deposits.

Reconciliation table:

	OTP Group			
	2020	**2021**	**1Q 2021**	**1Q 2022**
Net customer loans (adjusted)	13,528,586	15,743,922	13,751,255	16,053,843
Deposits from customers	17,890,863	21,068,644	18,383,166	21,840,257
Retail bonds	1,326	0	952	0
Net loan-to-deposit ratio	**76%**	**75%**	**75%**	**74%**

Capital management

The primary objective of the capital management of the OTP Group is to ensure prudent operations, to comply with the requirements of the regulator and to maximise shareholder value, accompanied by an optimal financing structure. The capital management of the members of the OTP Group includes the management and evaluation of shareholders' equity available for hedging risks, other types of funds to be recorded in the equity and all material risks to be covered by the capital.

The basis of the capital management of the OTP Group members in the short term is the continuous monitoring of their objective capital positions and strategic business planning, which includes monitoring of their capital position. The OTP Group members maintain capital adequacy as required by their respective regulatory bodies

and any planned risk-taking is carried out on the basis of ensuring and developing their profitability. If the planned risk level of an OTP Group member exceeds its core and the previously raised supplementary capital, it ensures the prudent operation by occasional measures. The Issuer also effects capital management through its dividend policy, and transactions performed with treasury shares.

The OTP Group uses the standard method for determining regulatory capital requirements with respect to credit risk and market risk.

Since 31 December 2012, the OTP Group has been following the principle of "partial use" in calculating the consolidated capital requirement for operational risks based on the Advanced Measurement Approach ("**AMA**") methodology. The consolidated capital requirement for operational risks is calculated based on the AMA model approved by the MNB. The following subsidiaries are currently covered by the AMA: the Issuer, OTP Mortgage Bank Ltd., OTP Building Society Ltd., OTP Factoring Ltd., Merkantil, OTP Bank Ukraine, OTP Bank Russia, DSK, OBSr and CKB. The consolidated capital requirement for operational risks is the sum of the AMA capital requirement and the Basic Indicator Approach capital requirement calculated by those subsidiaries that do not fall under the AMA. The stand-alone capital requirement for operational risks in respect of the Issuer and the subsidiaries covered by the AMA scope is allocated from the consolidated AMA capital requirement for operational risks. The OTP Group has a different type of insurance which aims to mitigate operational risk losses, but any AMA-compliance insurance or other risk transfer mechanisms are not applied in order to reduce the capital requirement for operational risk.

Regulatory capital and capital ratios

Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the "**CRD IV**") and CRR transpose the global standards on banking regulations into the EU legal framework. The OTP Group complied with its regulatory capital requirements throughout 2020 and 2021.

For international comparison purposes, the OTP Group calculated its regulatory capital based on IFRS data as adopted by the EU, and its consolidated capital adequacy ratio based on this in accordance with the regulations of Basel III.

The composition of consolidated regulatory capital and the capital ratios of the Issuer according to Basel III regulation implementation, based on IFRS financials and accounting scope of consolidation, are as follows:

Calculation on IFRS basis	**2015**	**2016**	**2017**	**2018[1]**	**2019[1]**	**2020[1]**	**2021**	**1Q 2022**
Capital adequacy ratio (%)	16.2%	16.0%	14.6%	18.3%	16.8%	17.7%	19.1%	17.8%
Tier 1 ratio (%)	13.3%	13.5%	12.7%	16.5%	14.4%	15.4%	17.5%	16.2%
CET 1 ratio (%)	13.3%	13.5%	12.7%	16.5%	14.4%	15.4%	17.5%	16.2%
Capital adequacy ratio - including non-eligible profit less dividend (%)	16.4%	18.2%	17.3%	18.3%	16.8%	17.7%	19.1%	17.8%
CET1 ratio - including non-eligible profit less dividend (%)	13.5%	15.8%	15.3%	16.5%	14.4%	15.4%	17.5%	16.2%
	(in HUF billion)							
Own funds	1,064	1,079	1,229	1,732	2,391	2,670	3,192	3,078
Tier 1 capital	873	911	1,063	1,565	2,055	2,316	2,927	2,812
Common Equity Tier 1 capital	873	911	1,063	1,565	2,055	2,316	2,927	2,812
Additional Tier 1 capital	0	0	0	0	0	0	0	0
Tier 2	191	168	166	167	336	354	265	267

Calculation on IFRS basis	2015	2016	2017	2018[1]	2019[1]	2020[1]	2021	1Q 2022
Consolidated Risk Weighted Assets	6,576	6,730	8,390	9,489	14,262	15,047	16,691	17,325
Consolidated Risk Weighted Assets/Total Assets	62%	60%	64%	65%	71%	64%	61%	60%

Note:

1) For 2018, the reported CET1 capital (and thus the Tier 1 Capital, as well as the Own funds, together with the ratios calculated therefrom) contain the profit for the period decreased by the dividend paid for that year. For 2019, the CET1 capital (and thus the Tier 1 Capital, as well as the Own funds, together with the ratios calculated therefrom) are calculated with HUF 0 dividend payment to reflect the original request of the Financial Stability Council of the MNB to banks and their shareholders (dated 18 March 2020) to hold off on the approval and payment of any dividend until the end of September 2020. In its circular of 8 January 2021, the MNB instructed Hungarian credit institutions to refrain from paying dividends or making irrevocable commitments to pay dividends until 30 September 2021. For 2020, however, the CET1 capital (and thus the Tier 1 Capital, as well as the Own funds, together with the ratios calculated therefrom) are calculated with HUF 119 billion dividend payment, which is equal to the amount the management would have proposed to the AGM if the MNB hadn't restricted dividend payment until 30 September 2021.

As at 31 December 2020 the consolidated Common Equity Tier 1 ("**CET1**") ratio under IFRS (including the eligible net result) was 15.4 per cent. In 2021, this ratio increased in total by 2.1 percentage points, out of which 0.3 percentage points decrease was due to the changes in risk weighted assets resulting from changes in foreign exchange rates, 0.4 percentage points increase was due to the changes in CET1 resulting from changes in foreign exchange rates, 1.1 percentage points decrease was due to the changes in risk weighted assets resulting from organic growth, 0.1 percentage points decrease was due to regulatory impact (including a change of the transition rate of IFRS 9 transitional adjustment and of transitional adjustment due to the unrealised gains/loss on sovereign exposure), 2.8 percentage points increase was due to eligible interim profit, a 0.5 percentage points decrease was due to the redemption of the ICES, 1.2 percentage points increase was due to the sale of treasury shares and a 0.1 percentage points decrease was due to other effects. The amount of transitional adjustments within regulatory capital was HUF 223.5 billion at 31 December 2021.

In 1Q 2022 the CET1 ratio based on IFRS financials and accounting scope of consolidation decreased by 1.3 percentage points quarter on quarter. The main reasons for the quarterly drop in the ratio is due to the HUF 115 billion decrease in CET1 capital (numerator) and the HUF 633 billion increase of RWA (denominator). The main items contributing to the CET1 capital decrease: HUF 33 billion negative impact of quarterly profit after tax; HUF 80 billion negative effect of changes in the fair value of available-for-sale financial instruments; HUF 28 billion negative impact due to the transitional effects of IFRS 9; HUF 15 billion negative impact due to deductions in capital as deferred tax increased; and HUF 40 billion positive effect of write-off of Russian goodwill. The main items contributing to the quarterly RWA increase: HUF 60 billion negative effect due to changes in FX rates; and HUF 554 billion poitive effect of organic growth and HUF 139 billion due to increase in non-credit risk RWA.

At the end of 2020, the capital adequacy ratio of the OTP Group under CRR was 17.8 per cent. which includes eligible profit. The CET1 ratio as at the end of 2020 calculated on the same basis was 15.4 per cent.[8] At the end of 2021, the capital adequacy ratio of the OTP Group under CRR was 19.4 per cent., while the CET1 ratio was 17.8 per cent., both of which include eligible profit.

The slight difference between the capital ratios based on IFRS financials and accounting scope of consolidation, and the capital ratios calculated under CRR, is due to the different scope of consolidation, as disclosed by the

[8] For prudential reasons, in 2020, the expected dividend amount is deducted from the presented regulatory capital in accordance with the regulation (EU) No 241/2014.

Issuer in the Disclosure by Institutions in line with the Credit Institutions Act and CRR II, the so-called Pillar III report.

The OTP Group consolidated regulatory capital requirements are measured against the capital levels calculated on the scope of consolidation according to CRR.

The leverage ratio under CRR was 9.2 per cent. in 2020 and 10.1 per cent. in 2021.

Capital requirements

Following the group-wide Supervisory Review and Evaluation Process ("**SREP**"), the MNB imposed the below additional capital requirements for the OTP Group on a consolidated level, effective from 1 March 2022:

1.13 per cent.-points in case of the CET1 capital, accordingly the minimum requirement for the consolidated CET1 ratio is 5.63 per cent. (without regulatory capital buffers);
1.50 per cent.-points in case of the Tier 1 capital, accordingly the minimum requirement for the consolidated Tier 1 ratio is 7.50 per cent. (without regulatory capital buffers); and
2.00 per cent.-points in case of the Total SREP Capital Requirement, accordingly the minimum requirement for the consolidated capital adequacy ratio is 10.00 per cent. (without regulatory capital buffers).

Since the OTP Group does not have any AT1 capital instruments at the date of this Base Prospectus, the Tier 1 capital minimum requirement level applies to CET1 as well. Pillar 2 requirements can be met proportionally with CET1, Tier 1 and Tier 2 capital, so the Pillar 2 requirement is composed of minimum 56 per cent. CET1, minimum 75 per cent. Tier 1 and maximum 25 per cent. Tier 2. The SREP rate (the sum of Pillar 1 and Pillar 2 requirements divided by the Pillar 1 requirement) on the OTP Group is calculated to be 125 per cent from 1 March 2022.

The capital requirement for year-end 2022 also includes 3.2 per cent. capital buffers which will need to be met by CET1. As at the date of this Base Prospectus, in Hungary the capital conservation buffer ("**CCB**") is 2.5 per cent., the systemic risk buffer is 0 per cent., the other systemically important institutions ("**O-SII**") buffer is 0.5 per cent. and the countercyclical buffer ("**CCyB**") is 0 per cent. The O-SII buffer is expected to be set at 1 per cent. in 2023 and 2 per cent. in 2024 for the Issuer. The MNB will modify the amount of the final buffer rates if material future changes in the systemic importance of the Issuer necessitate adjustments during the annual revisions. In Bulgaria CCyB was introduced in Q3 2019 with a level of 0.5 per cent., which is expected to increase to 1 per cent. in 4Q 2022. In addition, in 4Q 2022, CCyB is expected to increase to 0.5 per cent. in Romania and therefore the weighted CCyB requirement on a consolidated level is expected to be approximately 0.19 per cent. as at 31 December 2021.

In line with CRR II, the OTP Group considers 3 per cent. to be its minimum level of leverage ratio.

Minimum Requirement for own funds and Eligible Liabilities

The MNB, together with the resolution authorities of countries where members of the OTP Group are established, has revised the consolidated minimum requirement for own funds and eligible liabilities of the OTP Group. The consolidated MREL requirement has to be met by 1 January 2024, following a two year transitional period. The MREL requirement is determined at 17.66 per cent. of the OTP Group's TREA and 5.89 per cent. of the OTP Group's TEM. Pursuant to CRD V, the OTP Group has to meet the combined buffer requirement in addition to the TREA-based MREL requirement on 1 January 2024 as institutions shall not use CET1 capital, that is maintained to meet the combined buffer requirement, to meet the risk-based component of the MREL requirement. The MREL requirement is to be reviewed at least once a year.

MNB informed the Issuer that subordination requirements of BRRD II will also be applicable to the OTP Group. The minimum level of subordination for the OTP Group shall be at 13.5 per cent. of TREA, 5 per cent. of TEM

and 8 per cent. of total liabilities and own funds. Subordination requirements shall be met by using own funds and subordinated eligible liabilities. Pursuant to CRD V, the OTP Group has to meet the combined buffer requirement in addition to the TREA-based MREL subordination requirement as institutions shall not use CET1 capital that is maintained to meet the combined buffer requirement to meet the risk-based component of the MREL subordination requirements. The first date of application of subordination requirements will be 16 December 2024.

In line with the BRRD II, MNB determined a mandatory intermediate target for the consolidated MREL requirement that the OTP Group had to comply with by 1 January 2022. The intermediate target level for the MREL requirement was determined at 14.45 per cent. of the OTP Group's TREA and 5.89 per cent. of the OTP Group's TEM. Pursuant to CRD V, the OTP Group had to meet the combined buffer requirement in addition to the TREA-based MREL requirement on 1 January 2022 as institutions shall not use CET1 capital, that is maintained to meet the combined buffer requirement, to meet the risk-based component of the MREL requirement.

The preferred resolution strategy set by the MNB presumes the continuous operation with an "open bank bail-in at parent level" approach. the Issuer's preferred resolution strategy is a Single Point of Entry ("**SPE**") strategy.

FINANCIAL RISK MANAGEMENT

The OTP Group's "Strategy for Risk Assumption" sets out a framework for the most common types of risk (credit risk, country risk, operational risk, market risk, liquidity risk). The aim of the OTP Group is to handle strategic risk, reputational risk, and real-estate risk exclusively in accordance with the Strategy for Risk Assumption.

Furthermore, the Strategy for Risk Assumption is updated continuously, but at least every three years. The Board of Directors approved the current Strategy for Risk Assumption on 10 December 2019.

OTP Factoring Ltd. was established in 1998 in Hungary. The Issuer's management believes that OTP Factoring Ltd. is one of the largest debt management company in Hungary. The Issuer's Management Committee (the "**Management Committee**") approved the OTP Group's current debt handling strategy in December 2019.

The focus of the strategy is the implementation of efficient, uniform and flexible debt management activity at bank group level. Debt management is operated by an organisation independent of business and risk units at the level of the entire OTP Group. In this way, the organisational separation of good and bad loans within the bank is achieved, taking into consideration the local size of the operation.

Rather than selling non-performing assets at distressed prices on a large scale, the OTP Group decided to manage non-performing clients itself which, in the long term, has created value to the OTP Group. Especially in recent years this approach has resulted in potentially higher non-performing loan ("**NPL**") levels as compared to its competitors who have taken the approach of selling non-performing loans on a large scale. The primary objective of the OTP Group is to reduce the NPL rate by rapidly reducing the NPL portfolio, meaning that it is possible to decide on the involvement of qualified external subcontractors or external sales based on a set of criteria to be developed. Nevertheless, the OTP Group believes that investing in in-house or intra-group collection capabilities results in value creation for its shareholders.

Credit risk

The OTP Group has a credit risk exposure in the event that a counterparty is unable to pay amounts in full when due. The OTP Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or banks of borrowers, and to geographical areas and loan types. Such risks are monitored on a periodic basis and subject to an annual or more frequent review. The exposure to any particular borrower, including banks and brokers, is further restricted by limits in relation to on-balance sheet and off-balance sheet exposures and by daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and principal repayment obligations and by changing these lending limits when appropriate. Exposure to credit risk is managed by obtaining collateral, corporate and personal guarantees.

Credit risk classification

Before the introduction of IFRS 9 in 1 January 2018, the OTP Group classified risk into days-past-due ("**DPD**") categories. The OTP Group presented the non-performing loan portfolio as loans where there was an overdue payment of more than 90 days. When determining the impairment, other information available to the OTP Group was also taken into consideration beyond just the delay of payment. When the OTP Group determined the results of the respective year, foreseeable risks and expected losses were also considered. Impairments and provisions were accounted for notwithstanding whether the result recognised in the respective year was a gain or loss. When calculating the impairment of the loans, the OTP Group applied the requirement of IFRS and the principles defined in the impairment policy of the OTP Group.

According to the requirements of the IFRS 9 standard (effective for annual periods beginning on or after 1 January 2018), the OTP Group currently classifies the financial assets measured at their amortised cost, at fair value through other comprehensive income and loan commitments and financial guarantees into the following stages:

- Stage 1 – performing assets without significant increase in credit risk since initial recognition;
- Stage 2 – performing financial assets with significant increase in credit risk since initial recognition but not credit-impaired;
- Stage 3 – non-performing, credit-impaired assets; and
- POCI – purchased or originated credit impaired.

In the case of trade receivables, contract assets and lease receivables, the OTP Group applies the simplified approach and calculates only the lifetime expected credit loss. The simplified approach is the following:

- for the past 3 years the average annual balance of receivables under the simplified approach is calculated,
- the written-off receivables under the simplified approach are determined in the past 3 years,
- historical losses are adjusted to reflect information about current conditions and reasonable forecasts of future economic conditions,
- the loss allowance ratio will be the sum of the written-off amounts divided by the sum of the average balances,
- the loss allowance is multiplied by the end-of-year balance and it will be the actual loss allowance on these receivables,
- loss allowance should be recalculated annually.

The OTP Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. This might occur if the financial asset has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The OTP Group considers sovereign exposures as having low credit risk.

Stage 1: financial assets for which the events and conditions specified in respect of Stage 2 and Stage 3 do not exist on the reporting date.

A client or loan must be qualified as in default if one or both of the following conditions occur:

- The client delays payment for more than 90 days. This is considered a hard trigger.
- There is reasonable probability that the client will not satisfy all of its payment obligations. This condition is examined on the basis of probability criteria of default.

Default qualification is applicable to those exposures (on-balance and off-balance) that originate credit risk (so originated from loan commitments, risk-taking contracts).

A financial instrument shows significant increase in credit risk, and is allocated to Stage 2, if in respect of it any of the following triggers exist on the reporting date, without fulfilling any of the conditions for the allocation to the non-performing stage (Stage 3):

- the payment delay exceeds 30 days;
- it has been classified as performing forborne;

- based on an individual decision, its currency suffered a significant “shock” since the disbursement of the loan;
- the transaction/client rating exceeds a predefined value or falls into a determined range, or compared to the historic value it deteriorates to a predefined degree;
- in the case of retail mortgage loans, the loan-to-value ratio exceeds a predefined rate;
- default on another loan of the retail customer, if no cross-default exists;
- monitoring classification of corporate and municipal clients above different thresholds defined at OTP Group level:
    - financial difficulties at the debtor (capital adequacy, liquidity, deterioration of the instrument quality);
    - significant decrease of the liquidity or the activity on the active market of the financial instrument can be observed;
    - the rating of the customer reflects high risk but is better than a default rating;
    - a significant decrease in the value of the recovery from which the debtor would disburse the loan; and
    - clients under liquidation.

A financial asset is non-performing and it is allocated to Stage 3 when any of the following conditions exists on the reporting date:

- defaulted (based on the OTP Group level default definition);
- it is classified as non-performing forborne (based on the OTP Group level forborne definition);
- the monitoring classification of corporate and municipal customers above different thresholds defined at OTP Group level (including but not limited to):
    - breaches of contracts;
    - significant financial difficulties of the debtor (such as capital adequacy, liquidity, deterioration of the instrument quality);
    - bankruptcy, liquidation, debt settlement processes against the debtor;
    - forced strike-off is commenced against the debtor;
    - termination of a loan contract by the Issuer;
    - occurrence of a fraud event; and
    - termination of the active market of the financial asset.

If the exposure is no longer considered as credit impaired, the OTP Group will allocate the exposure to Stage 2.

When loss allowance is calculated in respect of exposures categorised into stages the following process is followed by stages:

- Stage 1 (performing): loss allowance at an amount equal to 12-month expected credit loss is recognised;

- Stage 2 (significant increase in credit risk): loss allowance at an amount equal to lifetime expected credit loss is recognised; and
- Stage 3 (non-performing): loss allowance at an amount equal to lifetime expected credit loss is recognised.

For lifetime expected credit losses, an entity must estimate the risk of a default occurring on the financial asset during its expected life. 12-month expected credit losses are a portion of the lifetime expected credit losses and represent the lifetime cash shortfalls that will result if a default occurs in the 12 months after the reporting date (or a shorter period if the expected life of a financial instrument is less than 12 months), weighted by the probability of that default occurring.

An entity must measure expected credit losses of a financial asset in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date regarding past events, current conditions and forecasts of future economic conditions.

The following table sets out the main risk indicators of the OTP Group:

	2016	2017	2018	2019	2020	2021	1Q 2022
Risk cost rate (Provision for impairment on loan and placement losses (adjusted)/Average gross customer loans)	1.14%	0.43%	0.23%	0.28%	1.15%	0.30%	1.42%
90+ DPD loan volume (in HUF billion)	976	707	551	541	544	535	542
90+ DPD loans/Gross customer loans	14.7%	9.2%	6.3%	4.2%	3.8%	3.2%	3.2%
Total provision/90+ DPD loans	96.8%	99.3%	118.4%	128.3%	153.5%	166.3%	171.9%

	2019	2020	2021	1Q 2022
Consolidated Stage 1 loans under IFRS 9/gross customer loans (%)	88.8%	80.4%	81.5%	81.5%
Consolidated Stage 2 loans under IFRS 9/gross customer loans (%)	5.3%	13.9%	13.2%	13.3%
Own coverage of consolidated Stage 1 + Stage 2 loans under IFRS 9 (%)	1.6%	2.4%	2.3%	2.4%
Own coverage of consolidated Stage 1 + Stage 2 loans without OBRu and OBU under IFRS 9 (%)	-	-	-	1.8%
Consolidated Stage 3 loans under IFRS 9/gross customer loans (%)	5.9%	5.7%	5.3%	5.2%
Own coverage of consolidated Stage 3 loans under IFRS 9 (%)	65.2%	62.3%	60.5%	61.9%
Own coverage of consolidated Stage 3 loans without OBRu and OBU under IFRS 9 (%)	-	-	-	57.4%

Asset liability management

Liquidity position

The primary objective of the OTP Group in terms of asset-liability management is to ensure that the OTP Group's liquidity is maintained at a safe level.

Refinancing sources of the European Central Bank are still available to the OTP Group (the ECB repo eligible security portfolio at Group level exceeded EUR 2 billion).

Total liquidity reserves of the OTP Group remained steadily and substantially above the safety level. As of 31 December 2021, the gross liquidity buffer was around EUR 9.1 billion equivalent. The level of these buffers is significantly higher than the maturing debt within one year and the reserves required to protect against possible liquidity shocks.

As of 30 December 2021, the OTP Group consolidated liquidity coverage ratio (LCR) was 180 per cent. while NSFR compliance has remained comfortable at 135 per cent.

The volume of securities issued by the OTP Group decreased on a consolidated basis by HUF 28 billion year on year, mainly because of the change in the net volume of mortgage bonds issued by OTP Mortgage Bank and the redemption of corporate and retail bonds issued by OTP Bank in the total amount of approximately HUF 9 billion. The redemption of ICES bonds issued by OPUS Securities S.A. was accounted for in the equity. The temporary negative effect of ICES redemption on the OTP Group's liquidity position was counterbalanced as OTP Bank treasury shares were transferred from OPUS Securities, the issuer of ICES, to OTP Bank, which thus have become saleable and majority of those were sold to the Special Employee Partial Ownership Plan Organizations in December 2021.

The volume of subordinated debt increased by HUF 17 billion year on year, mainly due to the HUF weakening against the EUR, since the OTP Group did not issue any subordinated bonds in 2021.

Due to governmental foreign exchange lending measures and following the conversion of various foreign currency denominated loans, the OTP Group's foreign exchange liquidity needs have considerably declined since 2015. As a result of the conversion of various cross-currency loans, the maturing long-term foreign exchange swaps entered into in connection with such loans were not refinanced.

The following table sets out the key liquidity risk indicators and their limits as of the end of 2017, 2018, 2019, 2020, 2021 and 1Q 2022:

	Requirement	2017	2018	2019	2020	2021	1Q 2022
Net stable funding ratio	at least 100%	145%	144%	125%	139%	135%	123%
Liquidity coverage ratio	at least 100%	208%	207%	169%	214%	180%	224%
Net loan to deposit ratio	—	68%	72%	79%	76%	75%	74%

Interest rate risk

The interest-rate risk exposure of the OTP Group is determined primarily by the positions of the Issuer and OTP Mortgage Bank Ltd. Due to the HUF liabilities on the Issuer's balance sheet, which respond to yield changes to a moderate extent, the Issuer has an interest-rate risk exposure resulting from its business operations. The Issuer considers the reduction and closure of this exposure as a strategic matter. Consequently, it has been reducing its interest-rate risk exposure through the purchase of fixed-rate government securities in order to offset the negative impact of declining yields on net interest income.

The increase of BUBOR is almost completely reflected in the interest rate of the variable rate forint assets of the Issuer within 6 months: the loans get repriced typically in 3 months, the interest rate swaps (IRS) in 6 months, and other liquid assets within 1-3 months. On the deposit side the repricing is not automatic and its extent and speed depends on the level of interest rates and the liquidity position of the Issuer.

The already manifested rate and yield increases in 2021 in Hungary exerted a positive effect on the net interest income.

Market risk exposure of the OTP Group

The consolidated capital requirement of the trading book positions, the counterparty risk exposure and the foreign exchange risk exposure represented HUF 31.3 billion in total.

The OTP Group is an active participant in the international foreign exchange and derivative markets. Open foreign exchange positions of group members are restricted to individual and global net open position limits (overnight and intraday), and to stop-loss limits. The open positions of the OTP Group outside Hungary, except for the Bulgarian DSK (the EUR/BGN exposure of DSK under the current exchange rate regime does not represent real risk), were negligible in comparison with either the balance sheet total or the regulatory capital. Therefore, the group-level foreign exchange risk exposure was concentrated at the Issuer.

In the last couple of years, the main part of the foreign exchange exposure booked at the Issuer was the strategic open foreign exchange position (EUR 310 million), maintained to hedge the currency risk of the expected foreign currency-denominated net earnings of the Issuer's main foreign subsidiaries. In the course of 2021, the strategic open foreign exchange position was fully closed.

Operational risk management

Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal risk. In many respects, operational risks are very diverse and different from conventional banking risks. Effective operational risk management requires participation and commitment of the entire organisation, and support from management is crucial in order to mobilise and involve the employees who are responsible for operational risk. As a result of strong management support, the OTP Group has a well-designed and trained internal expert network. The OTP Group places great importance on the training of this internal expert network.

The most important fundamental principles which the OTP Group follows with respect to operational risk management are summarised below:

- in order for operational risks to be adequately managed, a standardised, easily understood, and robust framework system must be put in place at OTP Group level, covering the definition of operational risks and the methods of identification, measurement, monitoring, management and mitigation of such operational risks;
- the operational risk management system must cover all risks inherent in the activities of the OTP Group, an operational risk toolset must be developed and updated according to changes and internal and external expectations;
- the review of this framework needs to be established and conducted;
- strong support of people within the OTP Group dealing with operational risk management;
- the Issuer's management body and the Operational Risk Committee must be informed on a regular basis of the prevailing operational risk exposure of the OTP Group and any potential and incurred losses arising from operational risks;
- the OTP Group strives for a high level of risk-awareness and must articulate its operational risk appetite;
- the OTP Group must have guidelines, processes and procedures to mitigate operational risks, both for the Issuer and for the subsidiaries as well; and
- independent operational risk management activities must be fully integrated into the OTP Group's risk management activities and its general management information system.

Due to the changing operational environment, including technological developments, and the ever increasing need to meet the challenges of the digital era, there are increased operational risks and reputational risks. The OTP Group maintains a comprehensive cyber-security programme with the necessary defence systems and solutions. The OTP Group is a prime target in terms of phishing attacks and partially DOS/DDOS attacks. The members of the OTP Group have the necessary capability to deal with these threats by contracting with relevant third-party providers and utilising IT solutions, and organising periodical trainings for our employees and publishing awareness information on our website, while also complying with the regulations of the EU and Hungarian authorities.

The relevant department of the Issuer annually conducts a phishing campaign to raise awareness. In order to comply with regulatory recommendations, the OTP Group has created a role-based cyber security awareness training, which is also available to the subsidiaries. The OTP Group has also introduced group-wide security solutions which enables faster deployment within the subsidiaries and more seamless daily operations. Knowledge sharing is also important and therefore a rotation programme has been initiated within the OTP Group, during which employees of the Issuer's subsidiaries will be able to visit the Issuer's relevant departments to have an insight into how processes work at the Issuer level. This option will also be available for the Issuer's employees.

The OTP Group has a major focus on money-laundering prevention and compliance with sanction regimes in order to manage reputational, legal and financial risks stemming from compliance failure. The top priority for the OTP Group has been building strong internal controls, policies and systems, and a sound risk culture.

The OTP Group's insurance coverage is also used to manage operational risk. Members of the OTP Group have the following insurance cover:

- property damage insurance;
- liability insurance; and
- motor insurance,

in the form of local policies concluded individually by each member of the OTP Group.

As most insurance is managed locally, a group-level insurance framework has not been implemented. Members of the OTP Group are allowed to purchase additional local insurance cover. Insurance policies are renewed regularly. There is no current plan to terminate any of the existing insurance coverage. Current insurance policies are believed by the Issuer's management to be appropriate based on prevailing regulations and management decisions. There is no indication that insurance will not be available to the OTP Group on commercially reasonable terms.

To comply with Regulation (EU) 2016/679 (the "**General Data Protection Regulation**" or "**GDPR**"), the Issuer aims to establish the same privacy standards throughout the OTP Group in Hungary and in other EU member states as well. The Issuer follows and takes into account the guidelines and opinions of the competent data protection authorities in order to comply with privacy requirements. All documents such as general terms and conditions and privacy notices and procedures are in line with the GDPR and the applicable national laws. A register of data protection activities was established and is kept up-to-date. Personal data breaches are recorded and classified concerning the risk they have to the rights of data subjects. A register of employees responsible for GDPR compliance ensures that from the planning phase of a new service or product, the principles of data protection and privacy requirements are taken into account. Employees of the OTP Group receive privacy training on a yearly basis to increase awareness of the OTP Group's responsibilities under the GDPR.

Compliance policies (Sanctions and sensitive transactions)

The Issuer and the other members of the OTP Group enforce a sanctions policy which is designed to ensure compliance with economic, financial and trade sanctions laws and regulations and embargo provisions of the European Union, the United Nations and the United States as well as other applicable sanctions laws and regulations.

OTP Banking Group has a sanctions policy and implemented sanctions programme that set out the minimum standards that the Issuer and its subsidiaries must comply with to meet the above obligations including the following standards and procedures.

- Screening customers and transactions against the sanctions lists issued by the European Union, the United Nations, the United States and all applicable local regulatory sanctions lists including the jurisdictions in which the Issuer and its subsidiaries operate.
- Prohibiting or restricting business activities, providing financial and investment products or services or facilitating transactions that may violate the applicable sanctions laws or related OTP Banking Group standards. Prohibitions aim also to prevent transaction and business conduct that has the purpose of evading or avoiding directly or indirectly any applicable sanctions.
- OTP Banking Group may in its sole discretion refuse to provide financial and investment products or services or facilitate transactions even where permitted by applicable sanctions laws and regulations where these activities fall outside of OTP Banking Group's risk appetite.

In addition to the above, OTP Banking Group has special compliance policies in place relating to sensitive transactions and/or clients from sensitive industries, including but not limited to dual-used technology, nuclear energy, extractive industries and gambling.

In respect of transactions related to the defence industry, OTP Banking Group applies additional strict controls in compliance with relevant embargo regulations and binding national legal provisions with additional detailed "know your customer" and verification requirements for financing agreements in connection with the defence industry.

Anti-Corruption policy

OTP Group is committed to combatting corruption, and declared zero tolerance towards all forms of bribery and gaining of unfair advantages. The provisions of OTP Group's Anti-Corruption Policy have been formulated in accordance with applicable Hungarian, European Union and international legislation and the Anti-Corruption Guidance of the Wolfsberg Group.[9]

In the course of and in connection with the OTP Group's activities, all staff members and any other contractual partners of the OTP Group members are strictly prohibited from performing any act of corruption and from participating or being involved in corruption. A violation of the prohibition on corruption would give rise to consequences under labour, civil and criminal law. The OTP Group ensures full implementation of all applicable Hungarian, European Union and international anti-corruption regulations, and requires all of its staff members and contractual partners to comply with such regulations.

The Anti-Corruption Policy defines the principles of the OTP Group's anti-corruption activity and identifies the areas particularly exposed to the risk of corruption. The scope of the Anti-Corruption Policy extends to all staff members and contractual partners of the OTP Group members and to any other persons participating in the performance of their activities.

[9] The Wolfsberg Group – Wolfsberg Anti-Bribery and Corruption (ABC) Compliance Programme Guidance (2017)

In order to enforce zero tolerance towards corruption, the OTP Group applies the following procedural and operational principles:

- in order to avoid the concentration of decision-making powers in one person's hands, members of the OTP Group strictly define staff members' roles and responsibilities by adequately and officially specifying the responsibilities and clearly designating decision-making levels;
- the OTP Group members formulate officially devised procedures for the performance of specific activities by individual staff members, and require the application thereof;
- in accordance with and to the extent permitted by legal provisions, the OTP Group members monitor the activity and transactions of individual staff members; and
- in all cases where required by relevant policies, the OTP Group members expects all staff members to make their decisions on the basis of pre-defined criteria.

All OTP Group members are required to adopt the anti-corruption rules and to implement and consistently adhere to the relevant procedures.

Anti-money laundering ("AML") and counter-terrorism financing activities

The employees of the Issuer in areas having direct contact with clients and in other areas exposed to AML risks are required to take definite steps toward the prevention and combating of money laundering and terrorist financing and to obtain exhaustive information on their clients by applying the "Know Your Customer" principle. In the course of their work, employees are required to proceed in full compliance with the provisions of the Act on the Prevention and Combating of Money Laundering and Terrorist Financing, the Act on the Implementation of Financial and Property Restrictive Measures Prescribed by the European Union and the UN Security Council, as well as the implementing decrees of such Acts, the Criminal Code, the recommendations of the MNB, the FATF and the Basel Committee on Banking Supervision, the relevant regulations of the European Union and the Issuer's internal regulatory documents.

Basic principles of the Code of Ethics

The Issuer enforces a Code of Ethics regarding ethical business operations, which is implemented by certain OTP Group members including, among others, the foreign subsidiary banks.

To monitor compliance with the rules of ethics and observance of the requirements of ethical operations, the Issuer has set up an Ethics Committee; a body that reviews the Issuer's operations on a regular basis from the perspective of compliance with the basic principles and the adoption of the expected forms of conduct as defined in the Code of Ethics.

Violations of the Code of Ethics can be reported either in person, by telephone or e-mail. The Issuer also does the utmost to protect employees who report infringements against discrimination and unfair treatment by prohibiting retaliatory measures or the application of negative consequences against any person who reports, in good faith, actual or suspected breaches of the values and principles of the Code of Ethics.

The Issuer attaches particular importance to making sure that its employees familiarise themselves with and develop awareness of, the norms of ethics. The Issuer provides an e-learning programme for every employee, and reviews and monitors compliance with those norms on a regular basis.

The guidelines and requirements set forth in the Code of Ethics specify obligations for the Issuer's executive officers, employees and agents. "Agents" include representatives, experts, intermediaries, consultants, agents per se, subcontractors and suppliers, along with enterprises and natural persons in other legal relationships with the Bank under the civil law. The provisions set forth in the Code of Ethics must be observed and complied with during the entire period of the employment or contractual relationships – both during and outside working hours.

As an ethical and compliant institution, the Issuer and its management are fully committed to ensuring observance of all relevant legislation, including anti-corruption statutes. The Issuer and its management have adopted the principle of zero tolerance towards corruption and bribery, taking a definite stance against all forms of corruption and giving full support to the fight against corruption.

The Code of Ethics has also provisions on, among other things, anti-corruption including prohibited manipulation, rules on the acceptance of gifts, refusing payments facilitating business procedures, sponsorship, and donation.

The detailed procedural rules are set out in the administrative directive on the framework for reporting unethical conduct defining the rules concerning the operation of the whistleblowing system which complies with the statutory requirements and also facilitates whistleblowing on the potential violation of the values specified in the Code of Ethics as well as the rules pertaining to the procedure related to such whistleblowing reports.

The Issuer places importance on compliance with ESG requirements. Based on these principles, the Code of Ethics have been supplemented to (i) emphasise group-level regulation; (ii) focus the attention of suppliers on implementing the provisions of the Code of Ethics; (iii) make donations transparent; (iv) declare the respect for human rights; and (v) implement rules about customer protection and proper customer information.

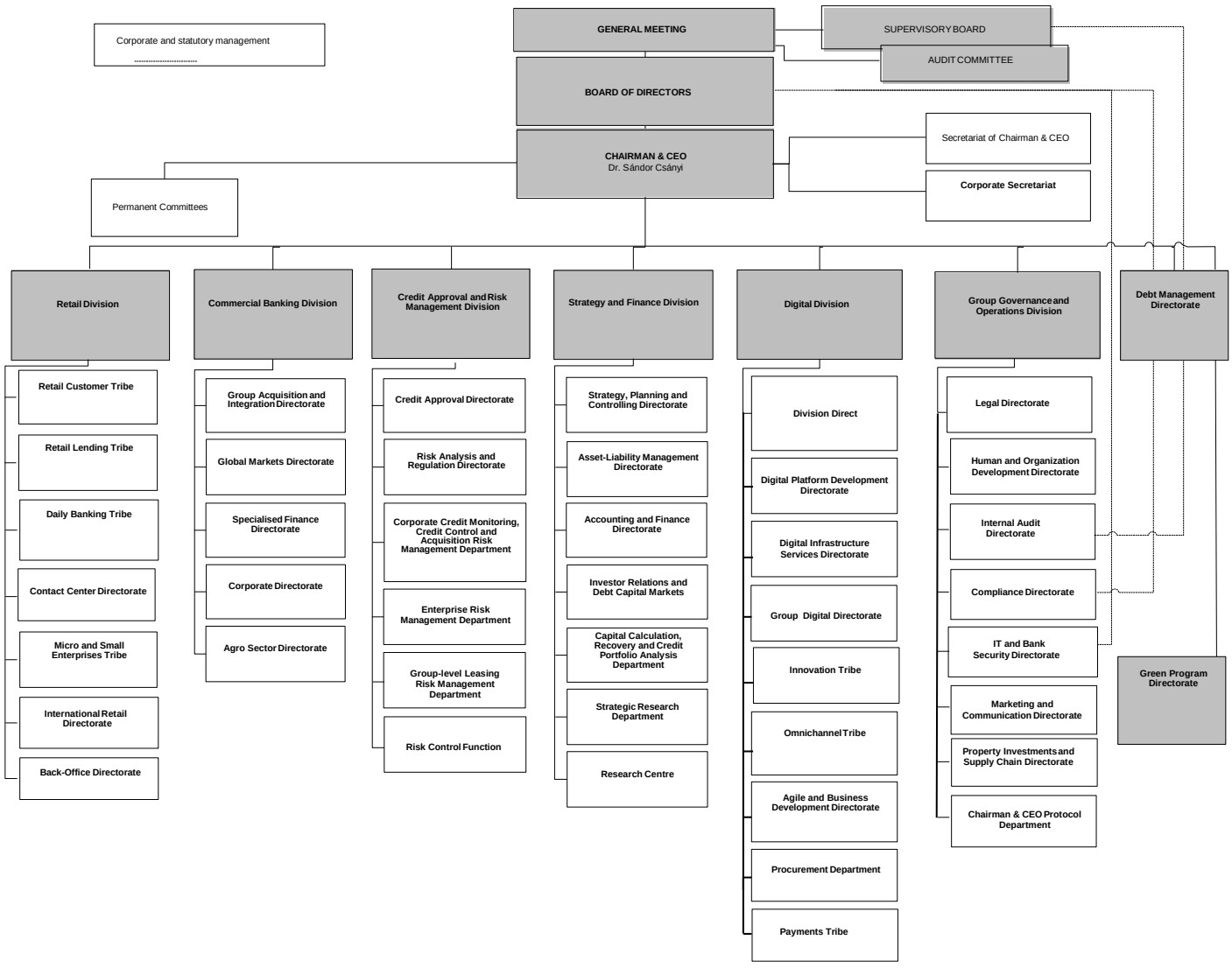
ORGANISATION STRUCTURE AND MANAGEMENT

Organisational structure of the Issuer

The Issuer's operations are divided between the Issuer's headquarters in Budapest and its branches throughout Hungary.

The Issuer is composed of two core operational divisions, four functional divisions and two directorates. All divisions are headed by a Deputy Chief Executive Officer. The core operational divisions are the Retail Division and the Commercial Banking Division. The Retail Division is responsible for retail services such as savings and current account services and consumer loans. The Commercial Banking Division is responsible for the corporate, MSE, municipal, international, securities, treasury and structured finance business lines.

The following diagram illustrates the internal organisational structure of the OTP Group:



1 April 2022

The dotted line represents the governance line through the various management bodies and, where applicable, is based on regulatory requirements.

The Issuer believes that it is in compliance with the provisions of all applicable statutory regulations, orders of the supervisory authority and the regulations of the Budapest Stock Exchange. The structure and operating conditions of the Issuer are contained in its Articles of Association, which are approved by the General Meeting of Shareholders.

In 2021, there were the following changes in senior management:

- Dr. Sándor Csányi was appointed as member of the Board of Directors of the Issuer until the AGM of the Issuer closing the 2025 business year, but not later than 30 April 2026,
- Mr. Antal György Kovács was appointed as member of the Board of Directors of the Issuer until the AGM of the Issuer closing the 2025 business year, but not later than 30 April 2026,
- Mr. László Wolf was appointed as member of the Board of Directors of the Issuer until the AGM of the Issuer closing the 2025 business year, but not later than 30 April 2026,
- Mr. Tamás György Erdei was appointed as member of the Board of Directors of the Issuer until the AGM of the Issuer closing the 2025 business year, but not later than 30 April 2026,
- Mr. Mihály Baumstark was appointed as member of the Board of Directors of the Issuer until the AGM of the Issuer closing the 2025 business year, but not later than 30 April 2026,
- Dr. István Gresa was appointed as member of the Board of Directors of the Issuer until the AGM of the Issuer closing the 2025 business year, but not later than 30 April 2026,
- Dr. József Zoltán Vörös was appointed as member of the Board of Directors of the Issuer until the AGM of the Issuer closing the 2025 business year, but not later than 30 April 2026,
- Mr. Péter Csányi was appointed as member of the Board of Directors of the Issuer until the AGM of the Issuer closing the 2025 business year, but not later than 30 April 2026,
- Mrs. Gabriella Balogh was appointed as member of the Board of Directors of the Issuer until the AGM of the Issuer closing the 2025 business year, but not later than 30 April 2026,
- Mr. György Nagy was appointed as member of the Board of Directors of the Issuer until the AGM of the Issuer closing the 2025 business year, but not later than 30 April 2026,
- Dr. Gellért Márton Vági was appointed as member of the Board of Directors of the Issuer until the AGM of the Issuer closing the 2025 business year, but not later than 30 April 2026,
- Dr. Tamás Gudra was appointed as a member of the Supervisory Board and a member of the Audit Committee of the Issuer until the AGM of the Issuer closing the 2022 business year, but not later than 30 April 2023.

Board of Directors

The Issuer's management body is the Board of Directors. The liability of the Board of Directors extends to the operation of the entire OTP Group, as part of which the Board's main tasks include the approval of the Issuer's strategy, annual report, major organisational restructurings and policies, as well as making other significant company law-related decisions. In its objectives and activities, particular emphasis is placed on increasing shareholder value, profitability and efficiency, and on managing risks and complying fully with external requirements.

The Board of Directors comprises four executive members and seven non-executive members.

The business address for the members of the Board of Directors is:

OTP Bank Plc.
Budapest
Nádor utca 16.
1051 Hungary
Tel: +36 1 473 5000

The members of the Board of Directors are elected by the General Meeting of Shareholders either for an indefinite period or for five years. The current members of the Board of Directors have been elected for a term of five years.

Executive members and their principal activities outside the OTP Group are:

Dr. Sándor Csányi, Chairman and CEO

He graduated from the College of Finance and Accountancy in 1974 with a bachelor's degree in business administration and in 1980 from the Karl Marx University of Economic Sciences (now: Corvinus University) with a masters in economics and finance, where he also obtained his doctorate in finance between 1981-1983. He is a chartered auditor – certified in 1982 at the Ministry of Finance. After graduation he worked at the Revenue Directorate and then at the Secretariat (Bank Supervision Section) of the Ministry of Finance. Between 1983 and 1986, he was a departmental head at the Ministry of Agriculture and Food Industry. From 1986 to 1989 he worked as a senior head of department at Hungarian Credit Bank (MHB). He was Deputy CEO of K&H Bank from 1989 to 1992. He has been Chairman & CEO of the Issuer since 1992. He is Vice Chairman of the Board of Directors of MOL Plc. and Co-Chairman of the Chinese-Hungarian Business Council. He is one of the largest investors in agriculture and food industry in the CEE region through Bonafarm Group and KITE, with over 9,000 employees and with 40,000 hectares cultivated land in total. Bonafarm Group is vertically integrated whereby agriculture companies produce the raw materials for food processors. He has significant investments in real estate through his minority holding in Gránit Pólus and Limedale (portfolio of USD 1 bn), in VC (Bonitás Venture Capital Fund) and asset management (CSAM in Singapore). He has been the President of the Hungarian Football Association (MLSZ) since 2010, and a member of the UEFA Executive Committee since March 2015; has been the Vice President of the UEFA Executive Committee in 2019. Since 2017 he has been a member of the FIFA Council and the Vice President of the FIFA Council since 2018. Within UEFA, he is also the Chairman of the UEFA National Team Competition Committee, a member of the UEFA Finance Committee and the UEFA Professional Football Strategy Council. He has been the owner of Pick Szeged Handball Club since 2011. He has been the Honorary Vice President of the International Judo Federation since 2008.

Since 1995 he has been Vice President of the Board of Trustees of the International Children's Safety Service, and since 2003 he has been the Chairman of the Board of Trustees of the Prima Primissima Foundation. In 2005, he established the Csányi Foundation for Children from his own assets. Since 2009, he has been a member of the Board of Trustees of the Media Union for Social Awareness Formation Foundations. Since 2020, he has been the Chairman of the Board of Trustees of the Pro Sopron University Foundation. In 2021, he became Chairman of the Board of Trustees of the Foundation for the Hungarian University of Agricultural and Life Sciences University (MATE).

As of 31 December 2021 he held 293,907 ordinary OTP shares (while the total number of OTP shares held by him directly and indirectly was 4,080,034).

Péter Csányi, Deputy CEO, Digital Division

He graduated from City University London in 2006 with a bachelor's degree in economics, then in 2007 with a master's degree in finance from the IE Business School in Madrid. In 2015, he received the Master of Business

Administration (MBA) diploma from Kellogg School of Management in the USA. He began his career in 2006 at Merrill Lynch's London office as an intern where he was working on corporate finance projects for financial institutions. From 2007 to 2011, he worked at Deutsche Bank's London office, first as an analyst and later as an associate in the field of corporate finance (for Central and Eastern European corporate customers). From 2011-2016, he worked for McKinsey & Company Inc. as an associate mostly working on banking related projects.

He joined the Issuer in 2016 as Managing Director of the Digital Sales and Development Directorate. After the agile transformation at the Bank, he became responsible for the management of the Omnichannel Tribe from 2019. In addition, since January 2021, he has been the head of the Daily Banking Tribe. He was appointed as Deputy CEO of the Issuer from March 2021 and is the head of the IT Division (as of 1 May 2021, the "Digital Division"). From 2020, he has been Chairman of the Supervisory Board of OTP banka d.d. in Croatia. He is also a member of the OTP Mobil Kft. Supervisory Board and the head of the Digitization Working Group of the Hungarian Banking Association. He is member of the Mastercard European Advisory Board. He has been a member of the Board of Directors since 16 April 2021.

As of 31 December 2021 he held 1 ordinary OTP share.

Antal György Kovács, Deputy CEO, Retail Division

He graduated from the Karl Marx University of Economic Sciences with a degree in economics. He began his professional career in 1990 at the Nagyatád branch of K&H Bank, where he worked as a branch manager between 1993 and 1995. He has been working at the Issuer since 1995, first as a county director and from 1998 as the executive director of OTP Bank's South Transdanubian Region. Since 1 July 2007 he has been the Issuer's Deputy CEO. He has received additional training at the International Training Centre for Bankers and on various courses held by the World Trade Institute.

Between April 2007 and April 2012 he was Chairman of the Supervisory Board of OTP banka Hrvatska d.d. He has been Chairman of the Supervisory Board of OTP Bank Romania SA since 12 December 2012. He has been Chairman of the Board of Directors of OTP Mortgage Bank Ltd. and OTP Building Society Ltd. since 24 April 2014. He is Chairman of the Supervisory Board of OTP Fund Management and OTP Mobile Kft. He was a member of the Supervisory Board from 2004 to 14 April 2016. He has been a member of the Board of Directors since 15 April 2016.

As of 31 December 2021 he held 79,244 ordinary OTP shares.

László Wolf, Deputy CEO, Commercial Banking Division

He graduated from the Karl Marx University of Economic Sciences in 1983. After graduation, he worked at the Bank Relations Department of the National Bank of Hungary for 8 years, and then served as head of Treasury at BNP-KH-Dresdner Bank between 1991 and 1993.

From April 1993 he was managing director of the Issuer's Treasury Directorate, and since 1994 he has been Deputy CEO of the Commercial Banking Division. He is a member of DSK Group's Supervisory Board. He has been Chairman of the Board of Directors of OTP banka Srbija since 10 December 2010. He has been a member of the Board of Directors since 15 April 2016.

As of 31 December 2021 he held 532,143 ordinary OTP shares.

Non-executive members:

Tamás György Erdei, Deputy Chairman

He graduated in 1978 with a degree from the College of Finance and Accounting. He began his professional career at the Issuer, in a variety of administrative roles (his last position was branch manager), before going on to work at the Ministry of Finance in the area of bank supervision.

Since 1983 he has been employed by the Hungarian Foreign Trade Bank (today MKB), where he gradually worked his way up through the ranks. In 1985 he became managing director, in 1990 he was appointed Deputy CEO, then in 1994 he was made CEO, and from 1997 until the end of March 2012 he was chairman and CEO. Between 1997 and 2008, and between 2009 and 2011, he was the elected president of the Hungarian Banking Association. He is the chairman of the Supervisory Board of the International Children's Safety Service.

He has been a member of the Board of Directors since 27 April 2012. He has been the chairman of the Issuer's Risk Assumption and Risk Management Committee, and he was a member of the Nomination Committee between 2014 and 2020. He has been the Deputy Chairman of the Board of Directors since April 2019 and the Deputy Chairman of the Work-out Committee since October 2019. He has been Chairman of the Board of Directors at OTP Factoring Ltd. between since December 2019.

As of 31 December 2021 he held 32,285 ordinary OTP shares.

Gabriella Balogh

She graduated as organising chemical engineer from the University of Veszprém in 1993 and as marketing economist from the University of Economics, Budapest in 1997. She worked as a marketing associate between 1993 and 1998, as director of the Marketing Department from 1998 to 2005 and as managing director of the Marketing and Sales Directorate between 2005 and 2008 at the Issuer. She has been managing director of GoodStep Consulting Kft. since 2008. She fulfilled group management tasks as a Board of Directors member at the Central European Media and Publishing Company between 2010 and 2017. She has been co-owner and member of the Board of Directors of Net Media Plc. since 2016. She is Presidium member and Chairwoman of the Marketing and Media Board of the Hungarian Football Association.

She has been a member of the Board of Directors since 16 April 2021.

As of 31 December 2021 she held 1,393 ordinary OTP shares.

Mihály Baumstark

He graduated with a degree in agricultural business administration at Gödöllő University of Agriculture (1973), and went on to do a masters in economics at the Karl Marx University of Economic Science (1981). He was employed by the Ministry of Agriculture and Food Industry between 1978 and 1989. When he left the Ministry he was Deputy head of the Investment Policy Department. After this he was managing director of Hubertus Bt., and from 1999 to 2011 he was Deputy CEO and then Chairman & CEO of Villányi Winery Ltd. (now Csányi Winery Ltd.). He is currently retired. He was a member of the Supervisory Board from 1992 to 1999, and has been a non-executive member of the Board of Directors since 1999. He has been Chairman of the Issuer's Ethics Committee since 2010, as well as a member of its Remuneration Committee since 2011. He was the member of the Nomination Committee between 2014 and 2020.

As of 31 December 2021 he held 44,000 ordinary OTP shares.

Dr. István Gresa

He graduated from the College of Finance and Accountancy in 1974 and received a degree in economics from the Karl Marx University of Economic Sciences in 1980. He earned a PhD from the University of Economic Sciences in 1983. He has worked in the banking sector since 1989. Between 1989 and 1993 he was branch manager of Budapest Bank's Zalaegerszeg branch.

From 1993 he was director of the Issuer's Zala County Directorate, and from 1998 he served as the managing director of the bank's West Transdanubian Region. From 1 March 2006 until 14 April 2016 – when he retired – he was Deputy CEO of the Credit Approval and Risk Management Division. He was Chairman of the Board of Directors at OTP Factoring Ltd. between 2006 and 2017. He has been a member of the Board of Directors since 27 April 2012.

As of 31 December 2021 he held 173,258 ordinary OTP shares.

György Nagy

He graduated from the Department of International Foreign Economics of University of International Relations (Moscow) in 1989. He was a founding owner of Wallis Holding (founded in 1990) and he managed the Wallis Group as CEO until 2000. He founded Westbay Holding Kft. in 2004, whose portfolio includes several successful investments. He has been the chairman of the Hungarian Shooters Federation since 2012, Presidium member of the European Shooting Confederation (ESC) since 2013 and Council member of the International Shooting Sport Federation since 2019.

He has been a member of the Board of Directors since 16 April 2021.

As of 31 December 2021 he held no ordinary OTP shares (while the total number of OTP shares held by him directly and indirectly was 600,000).

Dr. Márton Gellért Vági

He graduated in 1987 from the department of foreign economics at the Karl Marx University of Economic Science (today the Corvinus University of Budapest). From 1987 to 2000 he was a member of the university faculty, in the capacity of associate professor and head of department from 1994 onwards. He holds a university doctorate and a PhD in economics. He has authored or co-authored more than 80 research papers, essays and books. Between 2000 and 2006 he worked at the State Holding and Privatisation Co. (ÁPV Zrt.), as managing director, Deputy CEO and then CEO. Between 2006 and 2010 he was Chairman of the National Development Agency.

Since 2010 he has been general secretary of the Hungarian Football Association. In various periods between 2000 and 2010, he was the Chairman of the Board of Directors of Magyar Villamos Művek, Paks Nuclear Power Plant and the National Textbook Publishing House. Between 2002 and 2010, he was a member of the Board of Directors of Földhitel és Jelzálogbank Nyrt., and the Chairman of the Board of Directors for 4 years. He has been a member of UEFA’s HatTrick Financial Assistance Committee since 2011. He has been a member of FIFA’s Financial Committee since 2017.

He was a member of the Supervisory Board between 2011-2021. He was been a member of the Issuer's Audit Committee between 2014-2021. He was a member of the Issuer's Nomination Committee between 2020-2021. He has been a member of the Board of Directors since 16 April 2021.

As of 31 December 2021 he held no ordinary OTP shares.

Dr. József Zoltán Vörös

He earned a degree in economics from the Karl Marx University of Economic Science in 1974. In 1984 he earned a PhD in economics from the Hungarian Academy of Sciences, and a Doctor of Science degree in 1993. He has been a member of the Hungarian Academy of Sciences since 2013. Between 1990 and 1993 he was the dean of the Faculty of Business and Economics, Janus Pannonius University (JPTE) in Pécs. In 1993 he attended a course in management for senior executives at Harvard University. From 1994 he was a professor at JPTE, and was the senior Vice Rector of the University from 2004-2007, between 2007 and 2011 he was Chairman of the Economic Council of the University of Pécs.

He has been a non-executive member of the Board of Directors since 1992. He has been Chairman of the Issuer's Remuneration Committee since 2009, and of its Risk Assumption and Risk Management Committee since 2014.

As of 31 December 2021 he held 171,114 ordinary OTP shares.

Supervisory Board

The Supervisory Board performs the oversight of the Issuer's management and business activities. In accordance with regulatory requirements, the Supervisory Board comprises of a majority of independent (non-executive) members. The ratio of independent (non-executive) members (four members) to the total number of members (six members) is 67 per cent.

The responsibility of the Supervisory Board extends to the supervision of the lawfulness of the Issuer's operations, its business practices and management, including control of the Issuer's internal audit organisation. The Supervisory Board exercises a preliminary right of consent in respect of decisions relating to the establishment and termination of the employment of, as well as the determination of the remuneration of, the managers of the internal audit organisation. It is the task of the Supervisory Board to accept and regularly review, within the limits defined by the General Meeting of Shareholders, the principles of the Issuer's Remuneration Policy.

Members of the Supervisory Board:

The members of the Supervisory Board are elected by the General Meeting of Shareholders either for an indefinite period or for three years. The current members of the Supervisory Board have been elected for a term of three years.

Independent members:

Tibor Tolnay, Chairman of the Supervisory Board

He graduated from the Budapest University of Technology with a degree in civil engineering in 1978 and then in economic engineering in 1983. In 1993, he finished his studies as a specialised economist at Budapest University of Economics. From 1989 to 1994, he was Director of State Construction Company No. 21. From 1994 to 2015 he was Chairman & CEO of the already privatised Magyar Építő Joint Stock Company. He has been the managing director of Érték Ltd. since 1994. Since 2020 he has been the managing director of Fenyves Garden Ltd.

From 2018 to 2021, he was President of the National Association of Entrepreneurs and Employers; since 2021, he has been the co-president. Since 1992 he has been a member of the Supervisory Board, and Chairman of the Supervisory Board since 1999. He was a member and Deputy Chairman of the Issuer's Audit Committee between 2007 and 2011, and has been again since 2014. He has been the Chairman of the Issuer's Nomination Committee since 2020.

As of 31 December 2021 he held 54 ordinary OTP shares.

Dr. József Gábor Horváth, Deputy Chairman of the Supervisory Board

He earned a degree in law from Eötvös Loránd University in Budapest in 1980. From 1983 he worked for the Hungarian State Development Bank. He has been a lawyer since 1986, and since 1990 has run his own law firm, which specialises in corporate finance and corporate governance. He has been a member of the Supervisory Board since 1995, and was a member of MOL Plc's Board of Directors between 1999 and 2014.

He has been Deputy Chairman of the Supervisory Board since 2007. He was a member of the Issuer's Audit Committee between 2007 and 2011, and has been again since 2014. He has been a member of the Issuer's Nomination Committee since 2020. He was a member of the Board of Directors of INA Industrija Nafte d.d. from 2014 to 2018.

As of 31 December 2021 he held no ordinary OTP shares.

Dr. Tamás Gudra

He graduated as business administrator in 1993 in the College of Commerce and Catering. He is a Hungarian chartered accountant since 1997. He also acquired a university degree in 2010 as a lawyer at the Faculty of law of Janus Pannonius University in Pécs. He worked as an auditor from 1993 to 2001 at Deloitte & Touche. Between 2001 and 2003 he was an accounting expert of subsidiaries at the Accounting and Tax Directorate of the Hungarian Oil and Gas Public Limited Company (MOL Rt). Then he took a managing director role at the Auditor, Financial and Accounting Directorate of the National Privatization and Asset Manager Plc. (ÁPV Zrt.) between 2003 and 2007 and subsequently became the director of Controlling Directorate at the Hungarian National Asset Manager Plc. (MNV Zrt.) from 2008 to 2010. Following these assignments, he worked as the CFO of the Hungarian Football Association from 2011 until June of 2020. As of July 2020, he became the group-level CFO of Bonafarm Zrt. He is a member of the Supervisory Board of OTP Lakástakarék Zrt. between 2012 and 2021 and he is the Chairman of the Hungarian Paralympic Committee's Supervisory Board since 2016. Since 2021 he has been property inspector of Hungarian University of Agriculture and Life Sciences, member of the Executive Committee of Pick Szeged Zrt., SOLE-Mizo Zrt and MCS Vágóhíd Zrt.

He has been a member of the Supervisory Board and Audit Committee of the Issuer since 16 April 2021.

As of 31 December 2021 he held no ordinary OTP shares.

Olivier Péqueux

He graduated from the Institute of Actuaries of France and Polytechnique School and ENSAE Paris Tech. He started work in 1998 as an insurance commissioner for the French Insurance Supervisory Authority. In 2003, he joined the French Ministry of Finance to take part in the reform of the pension laws and the establishment of a pension fund for French civil servants. He then became technical adviser to the French Minister of Health and Pensions. In 2005, he joined Groupama Group, first in charge of the actuary and accounting department of Gan Patrimoine, a life insurance company, and then in 2007 as Chief Financial Officer of Groupama Paris Val de Loire. He moved to China in March 2011 as Deputy General Manager of Groupama China, where he was in charge of finance, actuary matters and investments in the joint venture between Groupama and AVIC. From 2015 to 2017, he was the General Manager of Groupama AVIC. Since March 2018, he has been the Chief International Officer of Groupama Assurances Mutuelles. Since September 2020, he has been Deputy CEO of Groupama Assurances Mutuelles.

He has been a member of the Supervisory Board and Audit Committee of the Issuer since 2018.

As of 31 December 2021 he held no ordinary OTP shares.

Employee delegates

Klára Bella

She graduated from the College of Finance and Accountancy and later received a degree from the Budapest University of Economic Sciences. From 1992 to 1994 she worked as a clerk at the Fertőszentmiklós branch of the Issuer. From 1994 to 1995 she was a lending consultant at Polgári Bank. From 1995 to 1996 she worked as a risk manager at the Central Branch of the Issuer. From 1996 to 1997 she was a credit authoriser in the Credit Approval and Risk Management Division. From 1997 to 2010 she was Deputy Managing Director at the Central Branch. From 2010 to 2016 she was Director at the Central Branch. Between 2017 and 2020, she was Director of the Corporate Directorate. Since 1 July 2020, she has been the Director of the Large Corporate Department of the Special Financing Directorate.

She has been a member of the Supervisory Board, and representative of the Bank's employees, since 12 April 2019.

As of 31 December 2021 she held 344 ordinary OTP shares.

András Michnai

He graduated in 1981 from the College of Finance and Accounting with a degree in business administration. He has been an employee of the Bank since 1974, and until 1981 held a variety of posts in the branch network. Following this he held a management position in the central network coordination department before returning to work in the branch network. From 1994, as deputy management director, he participated in the central coordination of the branch network. Between 2005 and 2014 he was the managing director of the Bank's Compliance Department. He further expanded his professional skills, earning a Master's degree at the Budapest Business School, and is a registered tax advisor.

He has been a member of the Issuer's Supervisory Board, and representative of the Bank's employees, since 2008. He has been Secretary of the Issuer's Employees' Trade Union since December 2011.

As of 31 December 2021 he held 100 ordinary OTP shares.

Audit Committee

The Audit Committee is a body that assists the work of the Supervisory Board in relation to the monitoring of the financial reporting system, selection of the auditors, and cooperation with the auditors. Under its new powers exercised since 1 January 2017, the Audit Committee monitors the internal audit, risk management and reporting systems, as well as the auditors' activities. The Audit Committee reviews and monitors the auditors' independence, with special regard to the performance of any non-prohibited non-audit services to be provided by the auditors in addition to its audit activity. Furthermore, it fulfils the audit committee tasks of the domestic subsidiaries.

Members of the Audit Committee:

The Audit Committee consists of four members, and its members are elected by the General Meeting from among the non-executive members of the Supervisory Board. They are elected for a term of three years. The Audit Committee elects a chairperson from among its own members.

Dr. József Gábor Horváth, Chairman of the Audit Committee

Tibor Tolnay, Deputy Chairman of the Audit Committee

Dr. Tamás Gudra

Olivier Pégueux

Members of Senior Management:

Dr. Sándor Csányi, Chairman and CEO

László Bencsik, Deputy CEO, Strategy and Finance Division

In 1996, he graduated from the Faculty of Business Administration at the Budapest University of Economic Sciences, and in 1999 he obtained a Masters in Business Administration (MBA) from INSEAD Business School in France. Between 1996 and 2000 he worked as a consultant at Andersen Consulting (now Accenture). From 2000 to 2003 he was a project manager at consulting firm McKinsey & Company.

He joined the Issuer in 2003, when he became managing director of the Bank Operations Management Directorate, and the manager with overall responsibility for controlling and planning. He has been Deputy CEO

of the Issuer, and head of the Strategy and Finance Division, since August 2009. Since 13 March 2012 he has been Chairman of the Supervisory Board of DSK Group.

As of 31 December 2021 he held 10,038 ordinary OTP shares.

Péter Csányi, Deputy CEO, IT Division

György Kiss-Haypál, Deputy CEO, Credit Approval and Risk Management Division

He is a qualified economist. He graduated from the Budapest University of Economic Sciences in 1996. He started his career as a project finance analyst for Budapest Bank Plc., and by 2007 he had been appointed head of the bank's risk management department. Between 2002 and 2006 he also worked in Ireland as corporate credit risk portfolio manager for GE Consumer Finance, and in Austria as GE Money Bank's consumer loans portfolio manager. Between 2008 and 2015 he was member of the Board of Directors of Budapest Bank.

From 2015 he was Deputy head of the Credit Approval and Risk Management Division of the Issuer, and was then appointed acting head of the Division. Since 3 May 2017, he has been Deputy CEO of the Credit Approval and Risk Management Division.

As of 31 December 2021 he held 3,137 ordinary OTP shares.

Antal György Kovács, Deputy CEO, Retail Division

László Wolf, Deputy CEO, Commercial Banking Division

Permanent Committees of the Issuer

The permanent committee established by the Board of Directors in support of management functions is the Management Committee. The Management Committee is a forum that directly supports the work of the Chairman and CEO and is the supreme management body of the Issuer. It has decision making power in the issues that are delegated into its scope of authority by the OTP Group's Organisational and Operational Regulations, it takes a preliminary position and prepares decisions in the majority of issues that are discussed by the General Meeting, the Board of Directors and the Supervisory Board, and plays a coordinating role in the senior management of the Issuer. The Management Committee also ensures that the Issuer can respond flexibly and effectively to market and regulatory factors and that the OTP Group as a whole can act in a coordinated fashion. The Management Committee performs its work on the basis of a six-month work schedule approved by the committee itself, and meets once a month (and on an ad-hoc basis as and when necessary). Its order of business is determined by its rules of procedure.

The following additional permanent committees operate within the Issuer for the performance of specific tasks:

- Asset-Liability Committee, which makes decisions on separately non-regulated affairs relating to the Issuer's highest-level asset-liability management
- Product Development, Sales and Pricing Committee
- International Product Development, Sales and Pricing Committee
- Work-Out Committee
- Credit and Limits Committee
- IT and Operations Board
- Group Operational Risk Management Committee
- Group Impairment Committee

- Committee on the Prevention of Money Laundering
- Group Investment Committee
- ESG Committee

Permanent committees are the Issuer's bodies in charge of preparing and making decisions as well as conducting consultations. The task of permanent committees is to prepare and make decisions needed for the performance of the Issuer's business activities, for minimising the Issuer's risks and for ensuring its operation. Decisions to establish permanent committees are made by the Board of Directors. The members of the committees are persons in charge of the professional areas concerned, who have exceptional expertise and all-round competence in the given matter. The chairpersons of the committees are nominated by the Chairman and CEO, and their rules of procedure, with the exception of the Management Committee, are approved by the head of the Legal Directorate. The Management Committee approves its own rules of procedure. In respect of resolutions, the Asset Liability Committee, the Credit and Limits Committee, the Group Operational Risk Management Committee, the International Product Development, Sales and Pricing Committee, the Work-Out Committee, Committee on the Prevention of Money Laundering, Group Investment, Committee, ESG Committee and the Group Impairment Committee operate on the principle of simple majority, while in the case of the Management Committee, the Product Development, Sales and Pricing Committee and the IT and Operations Committee decisions are made by a simple majority of votes but the chairperson has a right of veto.

Potential conflicts of interest

There are no actual or potential conflicts of interest between the private interests or duties of the members of the Board of Directors, the Supervisory Board or the senior management of the Issuer and their duties to the Issuer.

BUSINESS ENVIRONMENT

Forecasts for different macroeconomic indicators and trends are based on research carried out by the OTP Research Centre.

For further information on the COVID-19 pandemic see also the Risk Factors headed "*Risk Factors – Risks Related to the Issuer - The performance of the OTP Group is affected by adverse global political, economic and business conditions in the markets in which it operates";* "*Risk Factors – Risks Related to the Issuer - The provisions made by the OTP Group may not be adequate to cover actual losses sustained";* "*Risk Factors – Risks Related to the Issuer – "The OTP Group is dependent on customer deposits for liquidity"; "The OTP Group is exposed to risks associated with movements in interest rates";* "*Risk Factors – Risks Related to the Issuer - The OTP Group faces risks associated with the implementation of its business strategy"; and* "*Risk Factors – Risks Related to the Legal and Regulatory Environment - The OTP Group is subject to changes to government policy and regulation"*, as well as the "*Description of the OTP Group's Business - Recent developments – Impact of COVID-19"* section.

Macroeconomic environment in OTP Group countries

The OTP Group currently operates in 11 different countries (Hungary, Albania, Bulgaria, Croatia, Moldova, Montenegro, Romania, Russia, Serbia, Slovenia and Ukraine). These national economies are in different stages of development: several are members of the European Union (i.e. Hungary, Bulgaria, Croatia, Romania, and Slovenia) in addition Slovenia is a member of the Eurozone as well. Russia and Ukraine are typical commodity economies, (i.e. to a great extent their economies are dependent on exporting raw materials and energy resources).

The COVID-19 pandemic caused global volatility in 2020 and 2021. Recession in the countries where OTP Group is active ranged from modest decline to sharp downturn in 2020, which was followed by different degrees of rebound in 2021, depending on vaccination rate, stringency of restrictions due to new waves of the pandemic, and the effect of supply chain disruptions on manufacturing industry. In the second half of 2021, the rapid build-up of inflationary pressures also became a relevant problem, causing several countries to start monetary tightening. Overall, the rebound in the CEE region was robust in 2021. In countries where the tourism exposure is high and where 2020 brought a deep recession, the recovery was particularly strong. Out of the countries where OTP Group is active, Ukraine posted the most sluggish rebound in 2021, as the vaccination rate was very low, and severe restrictions were required.

GDP growth rate (YoY, %)	**2020**	**2021**
Albania	-3.5	8.5
Bulgaria	-4.4	4.2
Croatia	-8.1	10.4
Hungary	-4.7	7.1
Montenegro	-15.3	12.4
Romania	-3.7	5.9
Russia	-2.7	4.7
Serbia	-0.9	7.4
Slovenia	-4.2	8.1

Ukraine	-4.0	3.4

In February 2022, when the military conflict between Russia and Ukraine started, growth outlook deteriorated suddenly in the countries where OTP Group has active operations. Economic activity in Ukraine is expected to fall extremely sharply, while Russia's economy is expected to decline due to sanctions. After Ukraine and Russia, Moldova has the highest exposure among OTP Group countries, given its extremely negative energy balance, high trade and financial linkages with Russia and Ukraine. Hungary and Montenegro have also relatively high exposures. In the case of Hungary, this is due to the very negative energy balance, as well as the relatively high exposure to tourism, plus the sharp increase in the yield curve since the beginning of the conflict. Montenegro's vulnerabilities stem from the very high tourism exposure to the two conflicting countries. The rest of the countries show medium to low exposures.

Macroeconomic environment in Hungary

Hungarian GDP grew by 7.2 per cent. year-on-year in 4Q 2021, bringing full-year growth to 7.1 per cent. in 2021. In 2021, on the expenditure side, households' final consumption expenditure grew by 4.3 per cent. year-on-year, government consumption rose by 4.8 per cent., while gross fixed capital formation, export and import increased by 6.0, 10.1 and 8.2 per cent., respectively. In 4Q 2021, inventory accumulation was particularly strong in the manufacturing sector and the inventory stock to GDP ratio (in the manufacturing sector) reached very high levels. This suggests that manufacturing companies did not reduce their output to the extent that supply chain problems would suggest. Instead, companies produced for stock, so that the missing parts only need to be installed when they will be available. Construction activity was very strong at the end of 2021, though the outlook is not that positive. While construction output is much higher than in 2006 and 2019 (previous peaks), the orders stock is lower than at the previous peaks.

Hungary's headline inflation rose by 5.1 per cent. in 2021, faster than the 3.3 per cent. rate in 2020. The market consensus expected inflation to reach its peak in November 2021, but the published data disproved this. Although inflation has risen significantly across Europe, it is important to point out that Hungarian inflation would be above 10 per cent. without the price caps. Core inflation, which better captures the difference between the inflation rates in Hungary and Europe, remained at only 2.6 per cent. in the eurozone, but grew to 6.4 per cent. in Hungary in December 2021. The indicators capturing underlying inflation processes are now clearly higher than in the 2006-2007 period, when the Hungarian economy was facing the problem of stuck inflation expectations. In the light of the Russia-Ukraine conflict, it is likely that new inflation shocks will appear in the Hungarian economy, increasing the chances of a price-wage spiral. This can imply a higher and longer-than-expected strict monetary environment.

Hungary's European System of Accounts ("**ESA**")-based fiscal deficit declined to 6.8 per cent. of GDP in 2021, from 7.8 per cent. in the previous year. The decline reflects decreasing expenditure to GDP (-3.4 ppts), but also lower revenues to GDP (-2.3 ppts). The higher growth in nominal GDP and the better budgetary data led to lower end-2021 debt than previously estimated (76.8 per cent. vs 78.2 per cent. of GDP), and it also fell below the revised 2020 figure (79.6 per cent.).

Due to higher energy prices and the semiconductor shortage, the current account and the net financing capacity of the Hungarian economy ran deficit in 2021, ending many years of surplus and balanced position. The deficit amounted to roughly 5 per cent. of GDP in the second half of 2021 and 3 per cent. in full year 2021. The fast rise in nominal GDP and the pick-up in net FDI inflow kept the debt ratio stable both in 4Q 2021 and throughout 2021. The soaring energy prices could further deteriorate Hungary's external position.

The formerly dovish MNB started its tightening cycle in June with a 30-basis-point base rate hike and a 15-basis-point one-week deposit rate hike, both to 0.9 per cent. The central bank announced further tightening

measures in December 2021 and decided to immediately end both its quantitative easing and corporate bond purchase programmes, which surprised the market. As it is crucial that monetary conditions are appropriately adjusted to the conditions set by the MNB, the central bank has been actively using its reversed FX swap facility.

In 2021, there was strong growth in both retail and corporate lending. However, there are strong downside risks to credit market growth in 2022. A much larger-than-expected jump in inflation has led to higher-than-expected interest rate hikes, even without the effects of the Russia-Ukraine conflict.

To the best of the knowledge of the Issuer's management, the net loan to deposit ratio in the Hungarian credit institution system was 168 per cent. as at 1Q 2009 and 85 per cent. at 4Q 2021.

Competitive environment in Hungary

The Issuer's management believe that by the end of 1Q 2022, the OTP Group in Hungary had a 28 per cent. market share of total assets, 34 per cent. of retail loans, 39 per cent. of retail deposits, 19 per cent. of corporate loans and 24 per cent. of corporate deposits, respectively, and in the asset management segment, OTP Fund Management had a 25 per cent. market share.

Most of the Issuer's local competitors in Hungary are foreign-owned banks, including K&H Bank (part of the KBC Group), UniCredit, Erste Bank, Raiffeisen Bank and CIB (part of the Intesa Sanpaolo Group). In recent years, Hungarian ownership within the banking sector exceeded 50 per cent. (including the Issuer with a diverse ownership structure but having its headquarters in Budapest) and the Hungarian Government has also played an important role in consolidating the banking sector. In 2014, the Hungarian Government purchased MKB (in English, the Hungarian Foreign Trade Bank) from Bayerische Landesbank and, in 2015, it purchased Budapest Bank from GE Capital. MKB was re-privatised in 2016 and sold to financial investors. In June 2019, the shares of MKB were listed on the Budapest Stock Exchange.

Hungarian Bankholding Ltd. commenced its effective operation on 15 December, after MNB approved the merger of Budapest Bank Group, MKB Bank Plc. and Takarék Group, and the shares of the key owners were transferred to the joint holding company. By transferring the in-kind contributions, the second largest banking group in Hungary was established, with the Hungarian State owning 30.35 percent of the shares through Corvinus International Investment Ltd., the previous direct owners of MKB acquiring 31.96 percent of the shares and the previous direct owners of MTB Bank Ltd., the controller of Takarék Group, acquiring 37.69 percent of the shares. The new banking group serves 1.4 million active retail customers and 208 thousand active corporate customers. Its aggregated balance sheet is HUF 8,424, it has a HUF 3,787 credit volume and a HUF 5,414 billion deposit volume. On 31 March 2022, the legal merger of two member banks of the Hungarian Bankholding Ltd., Budapest Bank Private Co. Ltd. and MKB Bank Plc., was concluded. The merged financial institution will temporarily continue to operate under the name MKB Bank Plc. This marks another milestone in the triple bank merger led by Hungarian Bankholding, which aims to create the second largest universal major bank of Hungary by its total assets.

During the 2007/2009 global financial crisis, several banking sector participants had to significantly deleverage and close significant parts of their physical network. The Issuer maintained the same branch network which currently helps it to maintain and improve market share amid intensifying competition.

During the 2007/2009 global financial crisis, loan volumes in the sector decreased substantially. For years, there was a net volume decrease both in corporate and retail loans. However, from 2016, there has been a gradual recovery, first in corporate loans and later in consumer loans and housing loans.

The following table shows the evolution of total Hungarian housing loan volumes, total Hungarian consumer loans volumes (including home equity loans) and total Hungarian corporate loans volumes as per cent. of GDP:

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Housing loans/ GDP%.....	11.2	12.3	14.4	15.0	16.2	15.1	12.3	11.1	10.3	8.7	8.2	7.7	7.7	7.6	8.3	8.4
consumer loans (incl. home equity loans)/GDP (%).....	8.5	9.5	12.7	13.2	15.4	15.0	12.7	11.5	10.3	8.2	7.7	7.1	6.5	7.3	8.6	8.6
corporate loans/GDP (%).....	26.9	28.4	29.5	28.9	28.0	27.5	24.0	22.1	20.8	17.2	16.6	16.6	17.2	17.4	19.5	18.8

Despite reviving lending activity, Hungarian loan penetration levels are still low by regional standards and compared to their historic levels, implying good loan volume growth potential. In the period between 2006 and 2021, housing loan volumes to GDP ratio was 16.2 per cent. at its peak in 2010, but in 2021 this ratio was 8.4 per cent. This 8.4 per cent. is much lower than loan penetration levels in the region (Slovakia at 39.3 per cent., Montenegro at 29.3 per cent., Czech Republic at 27.7 per cent., Serbia at 21.9 per cent., Poland at 20.3 per cent., Croatia at 15.7 per cent., Slovenia at 14.4 per cent., Bulgaria at 10.5 per cent.), close to the Russian and Romanian levels (9.0 and 8.5 per cent. respectively), although it is higher than in respect of Albanian (7.8 per cent.), Moldavian (4.8 per cent.) and Ukrainian levels (0.5 per cent.). In Hungary, consumer loan volumes (including home equity loans) to GDP ratio was 15.4 per cent. at its peak in 2010, but in 2021 this ratio was 8.6 per cent. This 8.6 per cent. is lower than the loan penetration levels in the region (Croatia at 17.0 per cent., Serbia at 13.5 per cent., Poland at 11.3 per cent., Bulgaria at 11.2 per cent. and Russia at 10.1 per cent.), and above the Slovakian (7.6 per cent.), Czech (6.8 per cent.), Romanian (5.4 per cent.), Slovenian (5.0 per cent.), Moldavian (4.4 per cent.), Ukrainian (4.1 per cent.) and Albanian levels (4.1 per cent.). Corporate loan volumes to GDP ratio was 29.5 per cent. at its peak in 2008, whereas in 2016 this ratio was 16.6 per cent. and grew to 18.8 per cent. in 2021 in Hungary. This 18.8 per cent. is lower than the loan penetration levels in the region (Russia at 39.6 per cent., Bulgaria at 28.1 per cent., Montenegro at 25.7 per cent., Serbia at 25.0 per cent., Slovakia at 22.3 per cent., Albania at 22.1 per cent.), close to the Croatian and Czech levels (20.7 and 20.2 per cent., respectively) and exceeds the Slovenian (18.5 per cent.), Polish (13.8 per cent.), Ukrainian (13.8 per cent.), Moldavian (13.5 per cent.) and Romanian levels (12.6 per cent.).

HUNGARIAN BANKING SECTOR

The history of the Hungarian banking system

The first phase of the modernisation of the banking sector commenced in the early 1980s by loosening the centralised capital allocation regime that characterised the one-tier banking system. After two years of preparations and a year of impact assessment, the two-tier banking system was introduced in early 1987, when banks performing their operations on a commercial basis were institutionally separated from the MNB, which only retained its central bank activities.

From mid-1996, the balance sheet positions of banks started to improve gradually, their balance sheet totals rose, decision-making became more efficient and, consequently, the quality of their lending portfolios also improved. The privatisation of banks also accelerated in the same year, and the largest Hungarian banks were taken over by foreign owners. The development and evolution of the Hungarian banking sector has followed international trends, namely, the universal banking model, preferred by the EU directives which aim to create a single European market in financial services.

Following a phase of intensive development which started in 2000, the increase in branch establishment slowed down. However, competition between banks for retail customers intensified. Cost cutting and staff reduction became essential for credit institutions with declining profitability. The introduction and rapid spread of electronic banking services played an important role in this process.

The structure of the Hungarian banking system comprises a vast array of financial service providers, including banks, specialised credit institutions, savings and credit co-operatives and financial enterprises. The past few years have seen further diversification on the supply side, in particular in the payments segment, through the emergence of payment institutions ("*pénzforgalmi intézmény*") and electronic money institutions ("*elektronikuspénz-kibocsátó intézmény*") as new types of service providers introduced by recent EU legislation. Out of the three types of credit institutions (banks, specialised credit institutions or co-operative credit institutions), only banks are entitled to provide the full range of banking and investment services.

The effects of EU accession

Hungary became a member of the European Union (the "**EU**") on 1 May 2004. Membership of the EU has resulted in Hungary adopting and implementing various EU directives. Changes have therefore been made to Hungarian banking law and accounting rules in order to harmonise them with the relevant EU directives. EU accession has greatly enhanced the international integration of the domestic money market and it has strengthened the close relationship between credit institutions and their foreign parent banks.

The amendment to the regulation on the Hungarian central credit information system has enlarged the scope of persons that are subject to registration therein, thereby enhancing the safety of investments, credit, securities lending activities and financial stability.

In the course of harmonising the national law with EU law, Hungary has also implemented Directive 2004/39/EC on markets in financial instruments (as amended, "**MiFID**") and Directive 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (the "**Transparency Directive**"), together with Directive 2007/14/EC on detailed rules for the implementation of certain provisions of the Transparency Directive.

Further, Hungary has implemented (a) Directive 2006/73/EC implementing Directive 2004/39/EC of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive and (b) Directive 2007/16/EC implementing Council Directive 85/611/EEC on the coordination of laws, regulations and administrative

provisions relating to undertakings for collective investment in transferable securities as regards the clarification of certain definitions. In order to implement the above-mentioned Directives, the Hungarian Parliament passed the Investment Firms Act, which came into force on 1 December 2007 and was accompanied by various amendments to the Capital Markets Act.

In light of the 2007/2009 global financial crisis, which exposed important failures in financial supervision, legislative proposals were made by the European Commission on the adoption of the so-called Omnibus Directive which aimed at:

(a) establishing a European System of Financial Supervisors ("**ESFS**") that would consist of a network of national financial supervisors working in tandem with new European Supervisory Authorities ("**ESAs**") to be created by transforming the existing European supervisory committees into the European Banking Authority ("**EBA**"), the European Insurance and Occupational Pensions Authority ("**EIOPA**"), and ESMA, thereby combining the advantages of an overarching European framework for financial supervision with the expertise of local micro prudential supervisory bodies that are closest to the institutions operating in their jurisdictions; and

(b) establishing an ESRB to monitor and assess potential threats to financial stability that arise from macro-economic developments and from developments within the financial system as a whole. To this end, the ESRB would provide an early warning of system-wide risks that may be building up and, where necessary, issue recommendations for action to deal with these risks.

Regulations (EU) No 1092/2010, No 1093/2010, No 1094/2010, No 1095/2010 and the Directive 2010/78/EU of 24 November 2010 are the elements of the so-called Financial Supervision Package.

The Financial Supervision Package confers important powers on the ESAs, including, inter alia, to:

- draw up specific rules for national supervisory authorities ("**NSAs**") and financial institutions;
- develop technical standards, guidelines and recommendations;
- monitor how rules are being enforced by NSAs;
- take action in emergencies, including the banning of certain products;
- mediate and settle disputes between NSAs;
- ensure the consistent application of EU law; and
- mediate in certain situations and settle disagreements between NSAs, in particular in areas that require cooperation, coordination or joint decision-making by supervisory authorities from more than one member state of the EU.

The ESAs are also entitled to address individual decisions directly to the relevant NSAs:

(a) in the course of the settlement of a disagreement between the relevant NSAs which has arisen in relation to cross-border situations, where those NSAs have failed to reach an agreement within the time limit set by the respective ESA for conciliation; and

(b) in emergency situations declared by the European Council. In addition, in circumstances where an NSA fails to apply the relevant directly applicable provisions of EU law or has applied such provisions in a way that appears to amount to a breach thereof, the ESAs are empowered to issue a recommendation directly to the NSA concerned as to the actions necessary for compliance. In exceptional circumstances and subject to further conditions, where the relevant NSA fails to take the actions required by the

respective ESA, the ESA concerned may adopt decisions directly addressed to individual financial institutions as a last resort to ensure compliance with the requirements of the relevant EU legislation.

Furthermore, the Financial Supervision Package confers direct supervisory powers on ESMA over credit rating agencies established and registered in the EU, including powers to request information, launch investigations, and perform on-site inspections.

The ESRB is responsible for monitoring and assessing potential threats to financial stability that arise from macro-economic developments and from developments within the financial system as a whole. To this end, the ESRB provides an early warning of system-wide risks that may be building up and, where necessary, issues recommendations for action to deal with these risks.

The Joint Committee of the ESAs serves as a forum in which the ESAs co-operate regularly and closely to ensure cross-sector consistency, in particular with respect to financial conglomerates, accounting and auditing issues, micro-prudential analyses of cross-sectoral developments, risks to, and vulnerabilities of, financial stability, and retail investment products.

Recent legal changes and implementation of recent EU legislation

From 2014, the previous banking act was replaced by the Credit Institutions Act. Its major objectives were to recast the previous banking act and to facilitate the adaption of the Hungarian banking system to the unified banking standards of the EU (including the implementation of the CRD IV).

The implementation of other recent EU legislation includes:

(a) the CRD IV;

(b) Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes;

(c) Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation;

(d) Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property;

(e) Commission Delegated Directive (EU) 2017/593 of 7 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to safeguarding of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits;

(f) Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended, the "**BRRD**") and Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC;

(g) Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 amending Directive 2014/59/EU as regards the ranking of unsecured debt instruments in insolvency hierarchy;

(h) Directive 2015/849/EU of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purpose of money laundering and terrorism financing, and Directive 2018/843/EU of the European Parliament and of the Council of 30 May 2018 amending

Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU.

For further developments in respect of the continuing implementation of the respective EU legislation, please see the relevant subsections below.

Supervision and regulation of the banking system

The legal framework of the present banking system is based on the Credit Institutions Act, the Investment Firms Act and the Capital Markets Act and orders of the Government and the Minister responsible for the regulation of the financial markets issued in relation to the respective fields. Regulation of the Hungarian banking system is fully compliant with the relevant EU regulations, and in some cases it imposes even stricter national requirements.

In the Hungarian banking system, the MNB performs the supervisory functions. The MNB oversees all legal entities engaged in providing banking services in Hungary.

National Bank of Hungary as the central bank of Hungary

Act CXXXIX of 2013 on the National Bank of Hungary (the "**MNB Act**") regulates the MNB and its current status in the system of European Central Banks. The MNB controls the volume of money in circulation and foreign exchange management and it adopts decisions and resolutions on the governance of the money market, interest rates, foreign exchange transactions and the supply of statistics. The MNB requires all lending institutions to create reserve funds amounting to a specified portion of their adjusted liabilities. The MNB is also responsible for the creation and management of the official reserves in gold and foreign exchange for the purpose of maintaining the external stability of the Hungarian economy.

The MNB designates the payment and securities settlement systems for the purposes of Directive 98/26/EC on settlement finality in payment and securities settlement systems and supervises their operation.

In order to enhance the secure operation of the financial system, the MNB supports the adoption and maintenance of an efficient policy on financial stability and the prudential supervision of credit institutions, in particular, by identifying those economic risks which endanger the stability of the financial system as a whole. The MNB also monitors the operation and liquidity position of, *inter alia*, systemically important financial institutions. To the extent that these are not set out in acts of Parliament or orders of the Government, the MNB may determine measures to prevent or mitigate systemic risks, including, inter alia, measures to limit excessive credit growth, liquidity requirements aimed at preventing systemic risks from building up, detailed rules on countercyclical capital buffers and additional requirements with a view to reducing the probability of default by systemically important financial institutions.

The MNB may, at its discretion, act as a lender of last resort to assist credit institutions facing transitional liquidity problems, where such difficulties endanger the stability and smooth operation of the financial system, particularly in respect of payment functions. Any loan granted by the MNB to a commercial bank in its lender-of-last-resort capacity constitutes an unguaranteed obligation on the part of that bank. Furthermore, the MNB may also provide liquidity to credit institutions in accordance with the current monetary policy through repo transactions. In addition, the MNB has ongoing consultations with banks, and holds on-site audits in its capacity as a supervisory organisation.

Further, the MNB has been designated as an "*agency*" for the purposes of the functions as set out in Section 1 of Article V of the Agreement of the International Monetary Fund (the "**IMF Agreement**").

From 2010, the MNB has supported the adoption and maintenance of an efficient policy on the stability of the financial system and the prudential supervision of credit institutions, in particular through the identification of economic risks which endanger the stability of the financial system as a whole.

The MNB reviews reports filed by banks and maintains a publicly available database on the Hungarian banking system. Furthermore, it continuously evaluates the status and publishes all information regarding the financial position and condition of Hungarian credit institutions, as well as with regard to the Hungarian economy. The MNB also monitors the compliance of credit institutions with the provisions of the Credit Institutions Act and the orders issued by the Governor of the MNB (the "**MNB Orders**").

The European Central Bank and the National Bank of Hungary

There is no official date indicated by the Hungarian Government for Hungary to become a member of the Economic and Monetary Union ("**EMU**"). Prior to joining the EMU, Hungary needs to accede to the ERM-II system.

Hungary is presently at the second stage of its monetary integration, therefore it still retains the discretion to set its own monetary policy. Nevertheless, pursuant to the Treaty of Maastricht, it is bound to follow a strategy of convergence. The Governor of the MNB is a member of the Governing Council of the European Central Bank.

National Bank of Hungary as supervisory authority of the financial intermediary system

Since 1 October 2013, supervision of the banking sector has been carried out by the MNB as well, as the successor of the Hungarian Financial Supervisory Authority. The regulation of the status and organisation of the MNB is set out in the MNB Act. Further statutory powers are also conferred on it by other acts regulating the different sectors of the Hungarian financial industry. The MNB is a member of the European System of Financial Supervisors.

The MNB has been designated a "competent authority" for the purposes of Regulation (EC) No 1060/2009 on credit rating agencies laying down conditions for issuing credit ratings and rules on the organisation and conduct of credit rating agencies to promote their independence and the avoidance of conflicts of interest.

The MNB is headed by the Governor with the assistance of two or three Deputy-Governors. The Governor and the Deputy-Governors of the MNB are appointed by the President of Hungary on the nomination of the Prime Minister. The Financial Stability Council supports the efficient operation of the MNB. The Financial Stability Council consists of the Governor of the MNB, the Deputy-Governor(s) of the MNB responsible for the regulation of the financial, capital and insurance markets and other members appointed by the Governor of the MNB.

The MNB holds wide-ranging powers under the Credit Institutions Act, the Investment Firms Act, the MNB Act and the Capital Markets Act to license and supervise the operation of credit institutions. Supervision of banking activities in Hungary has strengthened as the banking system has developed.

The MNB is entitled to launch site audits, to take action in the interest of ensuring compliance with the Credit Institutions Act, and to initiate proceedings where non-compliance or, in the case of minimum liquidity requirements and the requirement to match asset and liability maturities, the danger of non-compliance has been detected. The MNB must conduct comprehensive inspections once every three years including on-site audits at banks, specialised credit institutions, insurance companies and reinsurers.

The MNB can implement a variety of measures to eliminate deficiencies and irregularities detected at lending institutions: from notification and enforcement of mandatory decisions, restrictions or bans on certain functions of the offending institution, delegation of a superintendent, to the ultimate measure of withdrawing the operation

licence of the credit institution. Apart from the above administrative powers, as an exceptional measure, the MNB may also impose a fine for any of the following: infringement of legal regulations or MNB Orders pertaining to financial services and supplementary financial services; failure to comply with the Credit Institutions Act, MNB decisions, internal rules and regulations of the supervised institutions; or late or insufficient compliance with the above. The maximum limit for such fines is specified as the higher of a fixed amount not exceeding two billion forints, twice of the amount of the gains or prevented losses resulting from breach of law or 10 per cent. of the annual income calculated in the latest consolidated financial report determined for the institution concerned.

In certain cases specified by the Credit Institutions Act, the MNB must employ the exceptional measure of delegating a superintendent to a credit institution upon the occurrence of the following events:

(a) the solvency capital of the credit institution does not reach 80 per cent. of the mandatory level prescribed by law and the owner or the third-country credit institution is unable, or not willing, to restore the solvency capital or the own equity of the credit institution to the mandatory level prescribed by law or to the level imposed by the MNB; or

(b) the competent authority, supervising the parent company of the credit institution, notifies the MNB of the occurrence of a crisis situation which jeopardises or endangers the financial stability of the parent company.

Further, the MNB is empowered to impose a ban or restriction on the undertaking of commitments by the credit institution involved for maximum one year (which can be extended by a half year) or the repayment of deposits for a maximum 90-day period.

The MNB Act confers a power on the Governor of the MNB to make delegated legislation exercisable by order. Such power, however, is strictly limited to the subject matters set out in the MNB Act and in the sectoral acts, such as detailed rules on the disclosure and reporting obligations of regulated entities, internal controlling procedures, etc. Further, orders foreseen to be issued by the Governor of the MNB may not be in contradiction to, and may not derogate from, acts of Parliament or orders of the Government.

The Credit Institutions Act also sets out the cooperation of the supervisory authorities of the relevant EU member states in relation to the supervision of cross-border banking groups on a consolidated basis, and regulates the functions to be performed by the MNB in its capacity as consolidating supervisor.

Principles of the National Bank of Hungary

In order to prevent insolvency and minimise the negative consequences of such after the 2007/2009 global financial crisis, it is necessary for the financial institution to continuously maintain their functions in the financial system. In order to ensure that, the EU introduced the BRRD implemented in Hungary by the Resolution Act on the further development of the system of institutions strengthening the security of the individual players of the financial intermediary system.

In order to further strengthen the Hungarian banking system and the stability of the Hungarian financial intermediary system, on 14 November 2018, the MNB published its principles for setting minimum requirement for own funds and eligible liabilities (the "**MREL Principles**") to provide guidance on how the MNB approaches the interpretation of certain regulatory provisions governing the determination of minimum requirement for own funds and eligible liabilities within the legislative framework of the BRRD and the Resolution Act. Credit institutions and investment firms are obliged to continuously comply with the requirements, which require the institutions holding of liabilities of adequate quantity and quality to allow their partial or complete write-off or conversion to equity in case of a situation that makes such action necessary, therefore ensuring the bearing of losses by owners and creditors as well as the efficiency of the resolution

actions. The authority which sets such requirements in Hungary is the MNB and the MREL Principles covers the following topics: the assumptions based on which MNB determines the size of the requirement; the quality of liabilities eligible to meet the requirement; and the lengths of the transitional period justified and necessary to comply with the final target. The MNB issued an order in relation to the MREL requirements applicable to the Issuer on 5 September 2019.

Main elements of the Hungarian banking regulations

The current regulatory framework for the Hungarian banking system is primarily set out in the Credit Institutions Act, the Capital Markets Act and the Investment Firms Act, which transposed the relevant EU legislation into Hungarian law, including, inter alia, Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, Directive 2014/65/EU on markets in financial instruments (as amended, "**MiFID II**"), the provisions of Directive 2015/2366/EU on payment services in the internal market (the "**PSD2**") and Directive 2009/110/EC of 16 September 2009 on the taking up, pursuit and prudential supervision of the Business of Electronic Money Institutions (the "**Electronic Money Institutions Directive**"). Particular provisions applicable to specialised credit institutions, such as mortgage credit institutions, are set out in specific acts, including the Mortgage Credit Institutions Act. In addition, specific rules not regulated in detail under these acts are elaborated in Government orders, MNB Orders or orders issued by the minister responsible for the regulation of the financial markets.

Capital Adequacy

Basel III

On 16 December 2010, the Basel Committee on Banking Supervision (the "**BCBS**") published the text of its reform package (commonly referred to as "**Basel III**", revised in June 2011), which presents the details of global regulatory standards on bank capital adequacy and liquidity agreed by the Governors and Heads of Supervision, and endorsed by the G20 Leaders at their Seoul summit held in November 2010. Basel III promotes two frameworks regarding capital: a global regulatory framework for more resilient banks and banking systems (the "**Capital Guidelines**") and an international framework for liquidity risk measurement, standards and monitoring (the "**Liquidity Guidelines**").

The Capital Guidelines comprise new standards on minimum Tier 1 capital, the composition of the capital base, rules on counterparty risk, a leverage ratio and concepts for countercyclical capital buffers. Basically, the reforms raise both the quality and quantity of the regulatory capital base of banks and enhance the risk coverage of the capital framework. These reforms are underpinned by the introduction of a simple, transparent, non-risk-based leverage ratio in relation to banks that serves as a backstop to the risk-based capital measures, which is intended to constrain excess leverage in the banking system and to provide an extra layer of protection against model risk and measurement error.

Pursuant to the Capital Guidelines, the predominant form of Tier 1 capital ("Common Equity Tier 1" capital) is common shares and retained earnings. The remainder of the Tier 1 capital ("Additional Tier 1" capital) consists of instruments that are subordinated, have fully discretionary non-cumulative dividends or coupons and have neither a maturity nor an incentive to redeem. Furthermore, the Common Equity Tier 1 ratio is 4.5 per cent. of risk-weighted assets. Additionally, a capital conservation buffer of 2.5 per cent., comprising Common Equity Tier 1, is to be established by the banks above the regulatory minimum capital requirement. Therefore, practically, the total common equity requirement of banks is to be 7 per cent. Banks are also subject to a countercyclical buffer regime which allows national regulators to require up to another 2.5 per cent. of capital during periods of high credit growth.

Furthermore, under the Capital Guidelines, in addition to the default risk capital requirements for counterparty credit risk, the banks are required to add a capital charge to cover the risk of mark-to-market losses on the expected counterparty risk (such losses being known as credit value adjustments: "**CVA**") to OTC derivatives. This strengthens the capital requirements for counterparty credit exposures arising from banks' OTC transactions, provides additional incentives to move OTC derivative contracts to central counterparties and generally raises counterparty credit risk management standards.

Under the Liquidity Guidelines, the BCBS strengthened its liquidity framework by developing two minimum standards for funding liquidity. These standards have been developed to achieve two separate but complementary objectives. The first objective is to promote short-term resilience of a bank's liquidity risk profile by ensuring that it has sufficient high-quality liquid assets to survive a significant stress scenario lasting for one month. The Committee developed the Liquidity Coverage Ratio ("**LCR**") to achieve this objective. The second objective is to promote resilience over a longer time horizon by creating additional incentives for banks to fund their activities with more stable sources of funding on an ongoing basis. The Net Stable Funding Ratio ("**NSFR**") has a time horizon of one year and has been developed to provide a sustainable maturity structure of assets and liabilities. The LCR, including any revisions, was introduced on 1 January 2015. The NSFR, including any revisions, moved to a minimum standard by 1 January 2018.

EU legislation

As regards the European Union, the current EU framework for regulatory capital is primarily set out in the CRR and CRD IV. The CRD IV aims to ensure the soundness and stability of credit institutions and certain investment firms, on the basis of the three-pillar structure of the Basel II (Revised) Capital Framework.

CRD IV was implemented in Hungary by the Credit Institutions Act which applied from 1 January 2014.

The CRR provides a single rule book, directly applicable in all EU member states, and sets out a single set of prudential requirements for credit institutions and investment firms with uniform application throughout the EU. CRR requires banks to have set aside enough capital to cover unexpected losses and keep themselves solvent in a crisis. As a main principle, the amount of capital required depends on the risk attached to the assets of a particular bank. This is referred to as the "*own funds requirement*" and is expressed as a percentage of risk-weighted assets. In other words, the riskier the assets, the more capital the bank has to set aside.

The own funds consist of the following:

(i) Tier 1 capital which consists of the sum of the following:

- Common Equity Tier 1 (CET1) capital made up of capital instruments, share premium accounts, retained earnings, accumulated other comprehensive income, other reserves, funds for general banking risk after application of some adjustments and deductions; and
- Additional Tier 1 capital which consists of capital instruments, under the conditions laid down in Article 52(1) of CRR and share premium accounts related to the instruments referred to in this bullet after application of adjustments.

(ii) Tier 2 capital, which includes capital instruments and subordinated loans under the conditions laid down in Article 63 of CRR, the share premium accounts related to instruments referred to in this bullet and some adjustments depending on the method of calculating risk-weighted exposure amounts.

A total amount of capital that banks and investment firms are required to hold should be equal to at least 8 per cent. of the total risk exposure amount. The share that has to be of the highest quality capital - common equity tier 1 should make up 4.5 per cent. of the institution's own funds.

Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (the "**CRR II**") covers, among others things, the leverage ratio, requirements for own funds and eligible liabilities, credit risk, exposures and reporting requirements. While the CRR II entered into force on 27 June 2019, the majority of its provisions will apply only from 28 June 2021.

Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending the Capital Requirements Directive IV as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures (the "**CRD V**") governs exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures. Hungary implemented the provisions of the CRD V by way of an amendment to Act CCXXXVII of 2013 on Credit Institutions and Financial Undertakings.

The amendment to the BRRD, i.e. Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC (the "**BRRD II**"), addresses the need for proportionality of bail-in related rules to ensure the effectiveness of the bail-in tool in a cross-border resolution and to promote equal treatment between EU and third-country creditors. The provisions of the BRRD II have been implemented in Hungary by the Resolution Act.

Implementation of the relevant EU legislation by Hungary

The capital adequacy requirements set out in the CRD IV have been transposed into Hungarian law through the Credit Institutions Act and its various amendments, as well as orders issued by the Government and the minister responsible for the regulation of the financial markets.

Pursuant to the Credit Institutions Act, banks must maintain a registered capital of at least HUF 4 billion (approximately EUR 11 million). The minimum registered capital requirement amounts to at least HUF 3 billion (approximately EUR 8.2 million) for mortgage credit institutions as a type of specialised credit institution. The amount of a credit institution's equity may not be less than the statutory minimum amount of its registered capital. In the event of the amount of a credit institution's equity falling below the registered capital, the MNB may afford the credit institution a maximum 18-month deadline to bring its equity to the required level.

In order to maintain its solvency and ability to satisfy its liabilities, a credit institution must at all times maintain own funds adequate to cover the risk of the financial and investment activities it engages in.

The institution's own funds must at all times be equal to, or exceed, the sum of:

(a) 8 per cent. of its total risk-weighted exposure, calculated in accordance with the relevant provisions of the CRR, for its credit risk;

(b) the capital requirement for its dilution risk;

(c) the capital requirement for counterparty credit risk in relation to items booked in, and out of, its trading book;

(d) the capital charge for position risk and large exposures in its trading book;

(e) the capital charge for foreign exchange and commodities risk throughout all of its business activities; and

(f) the capital requirement for operational risk inherent in all of its business lines,

which may not in any event be less than the minimum amount of its registered capital.

The CRR provides for two broad methodologies to quantify a bank's risk-weighted exposure: the Standardised Method and the Internal Ratings Based Approach. The Standardised Method enables the credit institution to measure its risks in a standardised manner on the basis of the principles laid down in the CRR. Pursuant to this method, each exposure must be categorised into an exposure class, linked to the respective risk category. Alternatively, the Internal Ratings Based Approach, subject to the explicit approval of MNB, allows banks to use their internal rating systems.

Trading Book

A trading book consists of positions in financial instruments and commodities held either with trading intent or in order to hedge other elements of the trading book. Positions held with trading intent are those held intentionally for short-term resale and/or with the intention of benefiting from actual or expected short-term price movements or to lock in arbitrage profits, including proprietary positions, positions arising from client servicing and market making. To be eligible for trading book capital treatment, financial instruments must either be free of any restrictive covenants on their tradability or be able to be hedged completely. In addition, positions should be frequently and accurately valued, and the portfolio should be actively managed.

In order to ascertain a credit institution's capital requirements in respect of positions booked in the trading book, there must be clearly defined policies and procedures in place in order to determine which exposures to include in, and to exclude from, the trading book. Systems and control mechanisms must be sufficient to provide prudent and reliable valuation estimates.

The regulation of credit institutions' trading activities and the trading book are set out in the Investment Firms Act and the related Government orders (implementing MiFID II and the relevant provisions of CRD IV).

General Reserves

A credit institution must create general reserves against the possibility of losses not yet identified by setting aside 10 per cent. of its Profit After Tax prior to paying dividends. The funds so set aside may be used only to offset the losses incurred by the credit institution from its business activities. (Upon request, a credit institution may be exempted by the MNB from the obligation to create general reserves, provided that the amount of the credit institution's own funds are at least equal to 150 per cent. of the minimal amount of own funds as set out in CRR and any additional capital required by the regulator and if it has no negative profit reserves.)

Minimum liquidity requirements

The LCR are monitored by the MNB from the beginning of 2012 on a quarterly basis but since 2013, the LCR have been switched to monthly monitoring. Based on the EU legislation, the MNB ensures that a bank maintains an adequate level of high-quality liquid assets that can be converted into cash to meet its liquidity needs for a 30-calendar-day time horizon under a significantly severe liquidity pre-specified stress scenario. The liquidity coverage ratio - unencumbered high-quality assets against net cash outflows over a 30-day stress period – has been phased-in gradually, starting at 60 per cent. in 2015 and reached 100 per cent. in 2016.

For a stable financing market, it is essential for credit institutions to apply stable and long-term foreign currency resources. MNB Order No. 14/2014. (V. 19.) (the "**MNB Order I**") establishes that, from 1 January 2016, the foreign currency ratio shall at all times reach 100 per cent., calculated according to the MNB Order I based on quarterly reporting to the MNB. Furthermore, according to MNB Order No. 25/2015. (VII. 30.), the absolute value of a credit institution's foreign currency indicator must not exceed 0.1 from 24 March 2020.

MNB Order No. 20/2021. (VI. 23.) (the "**MNB Order II**") deals with retail mortgage loans financed by the issuance of mortgage-backed securities. Mortgage bonds and other similar instruments are considered to be stable, long-term resources with relatively low funding costs due to their favourable risk rating. Financings with

longer term securities also reduce the interest rate risks. The scope of the MNB Order II covers credit institutions and credit institution groups, with some exceptions. Pursuant to MNB Order II, the mortgage-backed financing compliance indicator at all times shall be 0.25 from 1 July 2021 and 0.3 from 1 October 2022 based on quarterly reporting to the MNB.

Capital Buffers

In addition to the mandatory CET1 capital requirement set out in CRR, pursuant to the Credit Institutions Act implementing CRD IV, all banks are required to hold certain capital buffers to ensure that they accumulate a sufficient capital base in prosperous times to enable them to absorb losses in the event of a crisis.

Capital conservation buffer

Banks have to hold a capital conservation buffer in order to preserve a bank's capital. If a bank does not comply with this buffer, it will have to limit or stop payments of dividends or bonuses. The capital conservation buffer for Hungarian credit institutions is 2.5 per cent. of total risk exposure.

Countercyclical capital buffer

The countercyclical capital buffer is a prudential tool to counteract the effects of the economic cycle on banks' lending activity. It requires a bank to have an additional amount of capital (CET 1) in good times, when credit growth is strong, so that when the economic cycle turns, and economic activity slows down or even contracts, this buffer can be released to allow the bank to keep lending to the real economy. The countercyclical capital buffer for credit institutions that have exposures from loans granted in Hungary may extend to 2.5 per cent. of the total risk exposure. This could be increased by the MNB if the loans to deposits ratio is high or there are material adverse tendencies in the macroeconomic environment.

Other systemically important institutions (O-SII) buffer

This buffer applies to domestically important institutions as well as institutions of EU importance. Hungarian credit institutions identified as O-SII by the MNB must maintain at individual, sub-consolidated or consolidated level, as the case may be, an O-SII capital buffer of 1 to 3.5 per cent. of total risk exposure (depending on the categorisation of the relevant credit institution). The O-SII buffer applies to the Issuer.

Systemic risk buffer

The MNB is entitled to instruct credit institutions to maintain a systemic risk buffer of CET 1 capital to prevent and mitigate long-term non-cyclical systemic or macro-prudential risks, which may have serious negative effects on the economy. The minimum rate of the systemic risk buffer is 1 per cent.

Large Exposures

The so-called "large exposures" are the exposures of an institution to a single client or a group of connected clients, representing more than 10 per cent. of its eligible capital (therefore "large" compared to an institution's overall sources of capital). Pursuant to CRR, a large exposure cannot exceed 25 per cent. of the institution's eligible capital (or EUR 150 million, whichever is higher). The purpose of this limit is to protect institutions from significant losses caused by the sudden default of an individual counterparty or a group of connected counterparties.

Regulation on Transactions

In addition to the provisions on capital adequacy, the Credit Institutions Act imposes other requirements and restrictions on credit institutions, including reporting obligations and liquidity requirements, and contains limitations on exposures related to the acquisition of ownership in companies and real estate, as well as other forms of investment restrictions. The Credit Institutions Act also sets out requirements as to the fitness, probity and competence of the credit institutions' personnel.

Implementation of the Payment Services Directive

The PSD2 provides the legal framework for payments in the European Economic Area and a single market for Euro payments, known as the Single Euro Payment Area ("**SEPA**"). SEPA aims to create an integrated market for payment services in EUR, with a common set of business rules and technical standards for non-cash payments (i.e. credit transfers and direct debits), where all EUR payments are treated equally, and the differentiation between domestic and cross-border transactions disappears. PSD2 also seeks to improve competition by providing access to new players, thus fostering greater efficiency and cost reduction.

The PSD2 was implemented into Hungarian law as from 13 January 2018, when Act CXLVI of 2017 amending Act LXXXV of 2009 on the Provision of Payment Services (the "**Payment Services Act**") and Act CCXXXV of 2013 on Certain Payment Service Providers (the "**Payment Service Providers Act**") came into force.

The Payment Services Act lays down the requirements set out in the PSD2 in order for the Hungarian payment system to be compatible with SEPA. The Payment Services Act has established a comprehensive set of rules applicable to payment services provided within the territory of Hungary in relation to both domestic and cross-border payments within the EEA, with enhanced transparency as regards the conditions of payment services. The Payment Services Act imposes various disclosure obligations on payment service providers, which may not be derogated from by contract where the customer is a consumer or a micro enterprise (within the meaning defined therein). Effective from 13 January 2018, the MNB has adopted further rules in connection with the regime of payment services established by the Payment Services Act in its No 35/2017 (XII. 14.) Order on the execution of payments. Based on this regulation, the instant payment system ("*azonnali fizetési rendszer*") has been available from 2 March 2020 for customers. The system is operated by the state-owned Hungarian financial services provider, GIRO Zrt. The instant payment system processes credit transfers and other payments within a maximum of five seconds with a maximum of 24 hours of system maintenance per year. Payments may be initiated up to HUF 10,000,000 (approx. EUR 27,430) via the instant payment system.

In addition to the already existing category of payment institutions, the amendment to the Payment Service Providers Act has introduced new categories of payment service providers, being the electronic money issuance institution and the voucher issuer.

In the instant payment system, all domestic transfers of money for individuals (unless the order was issued in a paper format or the order was issued with a value date different from the issue date) sending up to HUF 10,000,000 take place within five seconds at any time of the day, seven days a week. Service providers have only 24 hours during a period when the volume of business is the lowest for down time during every calendar year, of which clients must be notified in advance. Transfers by legal entities will fall under the new obligatory rules if they transfer up to HUF 10,000,000 in individual transfers that are not submitted in bundles. The system was launched successfully on 2 March 2020. The system is intended to be a competition of traditional payment cards (such as Visa, MC), cash and the so-called yellow cheques (used to pay utilities at post offices).

Consumer protection legislation in the financial sector

EU legislation on consumer protection in respect of financial services

Directive 2008/48/EC of the European Parliament and the Council of 23 April 2008 on credit agreements for consumers (the "**Consumer Credit Directive**") sets out additional obligations on any natural or legal person who grants credit to consumers in the course of his trade, business or profession, including credit institutions. Certain types of credit agreements, such as loans secured by a mortgage on real estate, are excluded from the scope of the Consumer Credit Directive. By focusing on transparency and consumer rights, the Consumer Credit Directive ensures that comprehensive information is given to consumers in good time and before the contract is concluded and also as part of the credit agreement.

In order to enhance the comparability of different offers and to make the information more understandable, the pre-contractual information needs to be supplied in a standardised form (Standard European Consumer Credit Information), which must be used by every creditor (as defined in the Consumer Credit Directive) when marketing consumer credit in any Member State. Further, the Consumer Credit Directive imposes significantly more stringent obligations on creditors in respect of both the disclosure and calculation of the Annual Percentage Rate of Charge (as harmonised at the EU level, hereinafter referred to as "**APR**"), representing the total costs of the credit.

Moreover, the Consumer Credit Directive tightens the requirements for assessing the creditworthiness of consumers. In addition, the Consumer Credit Directive introduces two essential rights for consumers:

(a) they are allowed to withdraw from the credit agreement without giving any reason within a period of 14 days after the conclusion of the contract; and

(b) they are entitled to make early repayment at any time, with limitations on creditors' rights to compensation for the losses incurred because of the prepayment by the consumer.

Laws on consumer protection in Hungary

The recent Hungarian legislation, aimed at enhancing the protection of consumers in financial markets, implemented the Consumer Credit Directive, further narrowed the scope for unilateral amendments by credit institutions in respect of consumer credit agreements, and imposed other restrictions with a view to protecting the weaker party.

The Consumer Credit Directive has been implemented into Hungarian law by Act CLXII of 2009 on Consumer Credits (the "**Consumer Credit Act**") and Government Order No. 361/2009 (XII. 30.) on the Requirements of Prudent Retail Lending and on the Assessment of Creditworthiness (the "**Consumer Credit Order**").

As the Consumer Credit Act implements Directive 2014/17/EU on credit agreements for consumers relating to residential immovable property (the "**Mortgage Credit Directive**"), its provisions also apply to mortgage-backed loans and financial lease agreements. Both the Consumer Credit Act and the Consumer Credit Order have been amended a number of times to reflect policy changes, as well as to make certain clarifications.

The most important implications concern prepayments and the assessment of creditworthiness and, after the entering into of Act V of 2013 on the Civil Code (the "**New Civil Code**"), the obligation of credit institutions to provide the required information to the borrower. Furthermore, there are newly introduced limits in respect of the amount of the APR and any unilateral amendment of the credit agreement by the credit institution.

As regards prepayments, the Consumer Credit Act imposes significant limitations on, and conditions for, a credit institution recovering its losses, stemming from the consumer borrower repaying the loan, in whole or in part, earlier than its scheduled maturity.

In the event of a prepayment made by a relevant borrower in respect of a consumer mortgage-backed loan, the credit institution is entitled to compensation for the costs deriving from the borrower's prepayment. Such compensation however is capped at (a) 1.5 per cent. of the prepaid amount; or (b) 2 per cent. of the same in the case of consumer loans funded by mortgage bonds, including loans refinanced by mortgage credit institutions, where the prepayment falls within a period during which the interest rate is a fixed rate, or within the respective interest rate period in respect of loans with a floating rate.

In addition, the Consumer Credit Act gives consumers that are over 90 days in default on payments under their mortgage-backed loans the right to apply for an extension of the relevant housing mortgage loan term by a maximum period of five years. Such applications may be made one time only during the term of the relevant mortgage-backed loan and may not be refused by the respective creditors without good reason.

New requirements on credit rating

The provisions set out in the Consumer Credit Order apply to credit agreements, loan agreements, and financial lease agreements concluded with natural persons in the territory of Hungary by financial or payment institutions (as also defined in the Credit Institutions Act respectively) in the course of their lending activity.

Some types of credit and loan agreements are excluded from the scope of the Consumer Credit Order, such as:

- amendments to, or the rescheduling of, existing credit agreements (where the creditor will not charge any fees), stemming from the default or solvency problems on the part of natural person borrowers, provided that the total amount of the borrower's existing debt does not increase as a result of such alterations and the modified credit is (a) denominated in HUF or EUR, or made as a EUR-based loan, where the credit was originally disbursed as a EUR-denominated or EUR-based loan, or a loan denominated in a currency other than HUF or EUR; (b) denominated in HUF if the credit was initially denominated in HUF; or (c) denominated in Swiss Francs if the credit was initially denominated in Swiss Francs;
- certain refinancing credits (where the creditor will not charge any fees), granted by the same creditor as the one providing the original credit or loan on which the natural person borrower is in default, provided that the refinancing transaction does not lead to such further indebtedness of the natural person borrower which exceeds the amount reasonable to restore their solvency; and
- certain other credit agreements with specific purposes or collaterals as determined therein.

The provisions of the Consumer Credit Order do not apply to those credits which are provided to refinance a natural person borrower's debts, existing at the time of the Consumer Credit Order coming into force, by a creditor other than the one providing the original credit or loan being refinanced, insofar as such a transaction does not lead to an increase in the total amount of the natural person borrower's indebtedness, existing at the time of the refinancing credit under the original credit, and the new credit is: (a) denominated in HUF or EUR, or provided as a EUR-based credit, where the credit was originally provided as a EUR-denominated or EUR-based credit, or a credit denominated in a currency other than HUF or EUR; (b) denominated in HUF if the credit was initially denominated in HUF; or (c) denominated in Swiss Francs, or provided as a Swiss Francs based credit, if the original credit was denominated in Swiss Francs or provided as a Swiss Francs based credit. Limitations set out in the Consumer Credit Order on the amount of repayment instalments under foreign currency denominated loans and the requirements on the internal credit rating policies of creditors, however, will be applicable also to such transactions.

Provisions on internal credit rating procedures

The Consumer Credit Order sets out tightened requirements on the internal credit rating procedures of creditors. The new provisions, inter alia, impose an obligation on them to assess the creditworthiness of the natural person borrower in each and every case.

Creditors falling within the scope of the Consumer Credit Order are obliged to adopt internal rules and regulations on credit rating, especially in relation to determining procedures and methods for the establishment of credit limits for natural person borrowers, and should also determine what information the borrower shall provide in order to determine its credit rating. The calculation of such limits has to be based on the income of the natural person borrowers and the credit limits must be based on such income. In case of mortgage-backed loans, the creditor must take into account the necessary, sufficient and proportionate information in relation to the borrower's financial and economic circumstances and its expenditures.

Further, creditors must provide natural person borrowers, before the assessment of their creditworthiness, with the guidance published on the website of the MNB on the risks associated with excessive indebtedness.

Tightened regime for the calculation and disclosure of the APR

As regards the calculation and disclosure of the APR, Government Order No. 83/2010 (III. 25.) on the determination, calculation and disclosure of the annual percentage rate of charge (the "**APR Order**") implements the relevant provisions of the Consumer Credit Directive. The APR Order also covers mortgage credit and financial lease arrangements provided to natural person borrowers. The APR Order, inter alia, significantly broadens the scope of those expenses which must be included when calculating all costs related to a credit. These expenses include, but are not limited to:

(a) fees and commissions payable to credit intermediaries (if applicable);

(b) charges for ancillary services, especially fees for account maintenance and transfers, known by the creditor and the costs of those services tied to the consumer credit by contract (where applicable); and

(c) costs of proceedings before the land registry office (where applicable).

When calculating the APR, it should also be taken into account if the loan was repaid in compliance with the terms of the loan agreement.

APR cap on retail credits and pricing restrictions in respect of retail mortgage loans

The Consumer Credit Act, inter alia:

(a) prohibits financial institutions from granting any loan (except for Household Credits (as defined below)) to consumers the APR of which exceeds the base rate (published by the MNB and prevailing on the day immediately preceding the relevant half calendar year) plus 24 per cent.; and

(b) imposes a cap on APRs, whereby the APR in respect of current account overdrafts, credit lines attached to credit cards or loans provided to finance the purchase of common household equipment items (except for cars), durable consumer goods or everyday household services and loans secured by a pledge on assets, which are in each case granted to consumers (the "**Household Credits**") may not exceed the base rate (published by the MNB and prevailing on the day immediately preceding the relevant half calendar year) plus 39 per cent.

In addition, the Consumer Credit Act introduces further restrictions on the ability of financial institutions to set their prices and recoup their costs in respect of loans granted to consumers by, inter alia, limiting:

(a) the manner in which financial institutions may set and modify interest rates on loans by setting out that credit institutions must, unless otherwise provided by legislative instruments, (i) apply publicly available reference rates or reference yields specified in the Consumer Credit Act, or (ii) apply fixed interest rates for three-year periods;

(b) the grounds on which financial institutions may modify margins applied over statutory reference rates to the detriment of borrowers under such loans;

(c) the rights of financial institutions charging regular costs, fees and other interest-like charges to borrowers under such loans and the extent to which irregular charges or costs on such loans may be increased; and

(d) any modifications in the prices (which is only permitted if the Consumer Credit Act so permits or the parties expressly specified the right of such modifications in the relevant loan agreement).

If the conditions for a unilateral amendment of the loan agreement allow for a reduction of the interest rate, the margin, the cost or the fee, the creditor must apply it as part of its contractual obligations towards the consumer.

If a loan with a maturity of up to three years bears, for its entire term, either a fixed interest rate or a floating interest rate, then the term of the credit and the interest rate may not be modified unilaterally by the financial institution.

If a reference interest rate is applied in a credit agreement, the reference interest rate must be periodically adjusted to the reference rate effective on the second day prior to the last business day of the month preceding the next interest payment date. A financial institution may change the reference rate (as published on the website of the MNB) up to five times.

A financial institution may only amend the rate of interest, the interest rate margin, costs and fees unilaterally to the disadvantage of the consumer, if such amendment was expressly stipulated in the credit agreement. Other conditions, including the clause for unilateral amendment, may not be amended unilaterally to the disadvantage of the consumer.

In the event the consumer fails to make a payment when it is due, the default interest charged by the financial institution must not, for the duration of the delay, exceed 1.5 times the interest rate applicable to the original transaction plus 3 per cent., and must not exceed the maximum amount of the APR set out in the loan agreement.

EU Directive on retail residential lending

On 4 February 2014, the European Parliament and the Council published Mortgage Credit Directive, which covers credit agreements secured by a mortgage or another security interest, loans to purchase a property and certain credits for financing the renovation of a property.

The Mortgage Credit Directive introduces strict requirements for the provision of pre-contractual information to consumers on available mortgage products, in particular with respect to foreign currency loans, and an obligation on the part of creditors to appropriately assess the retail borrowers' ability to repay the relevant loan, taking into account their personal circumstances, on the basis of sufficient information. It also imposes a duty on creditors to assess the creditworthiness of consumers so as to ensure that borrowers can meet their repayment obligations. The Mortgage Credit Directive also establishes conduct of business principles that ensure that lenders and credit intermediaries act honestly and transparently in the consumer's interests. The Mortgage Credit Directive was implemented into Hungarian law by various laws, including the Consumer Credit Act, the New Civil Code and the Credit Institutions Act.

Income-based repayment instalments

To further enhance the protection of the consumers and to increase the confidence in the lending industry, another recent legislation imposed restrictions on the amount of loan and repayment instalments by adopting MNB Order No. 32/2014. (IX. 10.), effective from 1 January 2015. Such order establishes that in case of a HUF-denominated mortgage-backed loan, the total amount of the loan must not exceed 80 per cent. of the value of the real estate at the time of the credit application. In respect of EUR-denominated mortgage-backed loans, such amount must not exceed 50 per cent. of the value of the real estate and, in case of other currencies, 35 per cent. is the applicable rate.

The income-based repayment instalment is a ratio defined as being the monthly debt service to the net monthly income of the consumer. If the net monthly income is less than HUF 500.000, the income based repayment instalment shall not be more than 50 per cent. in case of a HUF-denominated loan, 25 per cent. in case of a EUR-denominated loan and 10 per cent. in respect of other currencies. If the net monthly income is equal to or more than HUF 500,000, the income-based repayment instalment shall not be more than 60 per cent. in case of a HUF-denominated loan, 30 per cent. in case of a EUR-denominated loan and 15 per cent. in respect of other currencies.

Other protective measures

The scope of Act XXXVIII of 2014 on the decision of the Supreme Court on the settlement of certain issues related to consumer loan agreements of financial institutions (the "**Curia Act**") are consumer loan agreements entered into between 1 May 2004 and the date of entry into force of the Curia Act. Pursuant to the Curia Act, a contractual condition in a consumer loan agreement that stipulates that a different exchange rate will be applied

at the time of the disbursement and repayment is null and void (except if such terms were individually negotiated). Furthermore, in case the loan agreement contains a unilateral right of amendment in relation to the increase of interest rate, costs and expenses, then it is presumed that such clause is unfair.

The Ministry of National Economy also introduced a couple of orders important in respect of the protection of the consumers' position. Order No. 56/2014. (XII. 31.) regulates the rules concerning the provision of information to consumers, while Order No. 3/2016. (I. 7.) establishes such rules in relation to mortgage-backed loans.

The most popular initiative aimed to consumers was introduced by Government Order No. 16/2016. (II. 10.) and 17/2016. (II. 10.) (the so-called "CSOK" in Hungarian), a special discount and support for families for purchasing real estate, involving certain obligations in childbearing.

In order to encourage married couples for bearing and upbringing children, the State offers them from 1 July 2019 a loan on favourable terms with an interest subsidy and a child-bearing support. Based on the Government Order No. 44/2019. (III.112.), the maximum amount of the loan is HUF 10 million for a maximum duration of 20 years. For those taking the loan, a prepayment fee or cost must not be charged. In certain cases, the supported persons may request the repayment to be suspended for a period of time. The supported persons do not pay an interest or costs for the loan during the interest subsidy period as the Treasury will pay such amounts to the credit institutions instead of them. The amount of support will be cleared between the relevant credit institution and the Treasury and the credit institution will receive an amount of 0.3 per cent.to 0.8 per cent. of the duly disbursed loan to compensate for its expenses.

Other restrictions

The Consumer Credit Act, the New Civil Code and the Credit Institutions Act give rights to financial institutions to effect unilateral amendments to existing loan agreements and financial lease agreements entered into between credit institutions and retail customers.

The Credit Institutions Act imposes certain restrictions on the provision of small-amount credits with significantly high APRs, as well as on the way of taking security interests in relation to agreements concluded with consumers. For instance, agreements concluded with consumers which provide the financial institution with a call option for security purposes in respect of a residential property are null and void in-so-far as the consumer obligor habitually lives in the property so pledged.

Measures related to the COVID-19 outbreak

In response to the COVID-19, pandemic the Hungarian Government adopted several measures related to the enforcement of loan obligations, a payment moratorium and a special tax. For further detail on these measures, please refer to the "*Description of the OTP Group's Business - Recent developments – Impact of COVID-19"* section of this Base Prospectus.

Legislative and Financial Measures Intended to Stabilise the Markets as a Response to the 2007/2009 Global Financial Crisis

Financial Measures

New monetary policy instruments

In response to the 2007/2009 global financial crisis, the MNB introduced several monetary policy instruments, such as swap and credit facility tenders aiming to enhance EUR and HUF liquidity in the Hungarian banking sector.

Enhanced Deposit Insurance and other funds

In response to the 2007/2009 global financial crisis, with effect from 1 January 2011, the guarantee provided by the National Deposit Insurance Fund (in *Hungarian: "Országos Betétbiztosítási Alap*") (the "**Fund I**") on the so-called "registered" (in Hungarian: "*névre szóló*") bank account deposits (as defined in the Credit Institutions Act) placed with domestic credit institutions (being members of the Fund I) was extended to an aggregate amount of EUR 100,000 per person.

The Investor Protection Fund (the "**Fund II**") was established on 14 April 1997 with a membership of every entity that is authorised to conduct activities under the National Money and Capital Markets Supervisory Authority, as the then competent supervisory authority. The operation of the Fund II is regulated by the Capital Markets Act and is responsible for paying the amount of compensation for investors specified by the Capital Markets Act as being such secured liabilities which are based on agreements concluded with the member of the Fund II and the investor after 1 July 1997 in relation to assets (securities, money) registered under the name of the investor but in the possession of the member of the Fund II.

The Resolution Fund (the "**Fund III**") is financed by credit institutions and investment firms and was founded in order to further strengthen the financial stability in Hungary. With such institution, the costs of the crisis in the financial sector are no longer financed by the taxpayers, but the market participants. Its main task is to bear the costs of the recovery and the institutional crisis management pursuant to the Resolution Act.

The Damage Settlement Fund (the "**Fund IV**") was established by Act CCXIV of 2015 for maintaining the capital market stability and the trust in the investment service providers. The purpose of the Fund IV is to settle claims as defined in Act CCXIV of 2015 and to enforce claims in relation to claims transferred to it.

Legislative Measures

Financial Stabilisation Act

The main legislative step in respect of financial stabilisation was the enactment of Act CIV of 2008 on Enhancing the Stability of the Financial Intermediary System (the "**Financial Stabilisation Act**"). The Financial Stabilisation Act introduced certain stabilisation measures which may be applied to credit institutions having their registered seat in Hungary.

The main measure under the Financial Stabilisation Act is recapitalisation, which may be applied on the recommendation of the Governor of the MNB to inject new capital in the credit institution (a) upon the request, or with the approval, of the credit institution or (b) without the request and approval of the credit institution. If the recapitalisation is carried out upon the request, or with the approval, of the credit institution, then it must (i) issue "dividend preference share(s)" and "voting preference share(s) with special veto right" (for details see description below) to the Hungarian State and (ii) conclude an agreement with the Hungarian State which must provide for, among other things, the nominal value and the issue value of the two classes of preferential shares, the right of the Hungarian State to delegate board members, limitations on the remuneration of the senior officers of the credit institution until the ownership of the Hungarian State terminates and the detailed rules on exercising the put option and the call option by the respective parties (as indicated below). The dividend preference share(s): (A) entitle the Hungarian State to a priority payment of a higher amount of dividend compared to other shareholders; (B) are non-voting; (C) include a call option for the credit institution; and (D) include a put option for the Hungarian State towards the credit institution after five years from the issue date of those shares. The Hungarian State cannot otherwise sell these shares. The voting preference share with special veto right may only be issued to the Hungarian State. It does not entitle the holder to dividends; but it provides for a veto right at the shareholders' meeting with respect to resolutions: (I) on the payment of dividends; (II) which are subject to the approval of the majority of holders of the voting preference share class(es); and (III) which may only be passed with 75 per cent. majority vote. Veto rights may not be exercised against certain types of resolutions detailed in the Financial Stabilisation Act.

Special bank tax

Legislative measures, aimed at enhancing financial stability, imposed a special extra tax on certain financial institutions, including credit institutions (the "**Extra Tax**"). Although the original intention was to introduce the Extra Tax for a temporary period between 2010 and 2012, the tax has become a permanent additional charge for financial institutions. In the case of credit institutions, the tax base is the adjusted balance sheet total, calculated according to IFRS or Hungarian accounting rules, of the second financial year prior to the actual tax year (the "**Tax Base**"). The Extra Tax is currently set as 0.15 per cent. of the Tax Base up to HUF 50 billion, while a 0.2 per cent. tax rate applies to that part of the Tax Base which exceeds HUF 50 billion.

Transaction duty on the payment services sector

A transaction duty under Act CXVI of 2012 on Financial Transaction Duty (the "**Payment Transaction Duty**") applies to most payment transactions (e.g. transfers, direct debits, most card payments, money remittances, cash withdrawals from payment accounts, letters of credit, cheque remittances, currency exchange, repayment of loans, etc.) with certain exceptions, such as transfers between the payment accounts of an account holder managed by the same payment service provider (including credit institutions), interbank payments (payments through a payment service provider from a payment account held by another payment service provider, financial institution, investment firm, investment fund or investment fund manager). As of 1 January 2019, in case of transfers initiated by private individuals, only the amount in excess of HUF 20,000 is subject to Payment Transaction Duty. The charging of fees and commissions by financial service providers is also subject to Payment Transaction Duty.

The Payment Transaction Duty is, in most cases, payable by the payor's relevant payment service provider (in the case of letters of credit, the Payment Transaction Duty is imposed on the issuing bank; in the case of money remittances, it is payable by the payment service provider used; and, as to cheque remittances, by the issuer's relevant payment service provider). The general tax rate is 0.3 per cent. of the amount by which the payment account of the paying party is charged with the maximum of HUF 6,000 payable per transaction. For cash withdrawals, an increased rate of 0.6 per cent. applies without an upper cap. With respect to payments by card, a flat rate of HUF 800 (HUF 500 for contactless cards) applies per card and per annum. Based on the statement of the Hungarian Ministry of Finance, the Hungarian Government expects to collect HUF 218,800,000,000 (approximately EUR 583 million) as Payment Transaction Duty in 2021.

Limitations in respect of foreign currency credits

The extensive foreign currency mortgage lending, which was prevalent in the years preceding the 2007/2009 global financial crisis, has led to large stocks of foreign currency denominated loans to borrowers without matching foreign currency income. The global financial crisis and the consequential significant depreciation of HUF against foreign currencies (especially in respect of the Swiss Franc) in the period of the global financial crisis have led to materially heavier and excessive debt servicing burdens on the part of households on foreign currency denominated residential mortgage loans, which, in turn, has resulted in increased delinquency rates on such loans, particularly in respect of those denominated in Swiss Francs.

Act LXXV of 2011 introduced certain restrictions on the conversion rates that may be applied by financial institutions in relation to housing loans granted to, and financial lease agreements where a residential home is leased are concluded with, consumers, where such loans or the financing provided under such financial lease agreements are accounted, or have been disbursed, in a foreign currency with repayments denominated, and to be fulfilled, in HUF. Further limitations were imposed on the manner in which costs of credit may be charged to borrowers in relation to foreign currency denominated loans granted to consumers and to be serviced in HUF.

Under Act LXXV of 2011, the transitional statutory ban on foreign currency denominated retail mortgage lending was lifted with effect from 1 July 2011; nevertheless, foreign currency denominated mortgage lending is still subject to strict conditions.

In addition, an early repayment scheme was introduced in respect of mortgage loans and housing financial lease agreements that were secured by real estate located in Hungary, which were granted to consumers and denominated in, or linked to, Swiss Francs, EUR or JPY irrespective of whether the relevant loan was to be serviced in HUF or in the currency in which it is denominated.

Mortgage relief programme

The blanket ban on foreign currency mortgage lending and the statutory moratorium on evictions and enforcement sales outside court enforcement have been replaced by a comprehensive package of measures, which aimed to alleviate increased borrower default on foreign currency denominated residential mortgage loans in a more sustainable manner and to mitigate significant potential distortions in the real estate market, which could have resulted from a large number of simultaneous enforcement actions following the expiry of the statutory moratorium on evictions and enforcement sales outside court enforcement.

Regime for foreclosure proceedings

Various measures were implemented following 2011 with the aim of assisting a large number of distressed borrowers and mitigating the material adverse effects, resulting primarily from the significant volatility of the HUF, on the residential mortgage market. For instance, a statutory blanket moratorium was introduced on evictions and forced sales outside court enforcement in respect of properties where the relevant obligor had his habitual residence. Currently, a general moratorium applies in each year in the period between 15 November and 30 April, during which no court enforcement or non-judicial forced sales may be initiated in respect of residential properties.

Funding for Growth Scheme

In the period between 2013 and 2017, the MNB applied a programme to facilitate and enhance the lending activities of commercial banks to SMEs and to stimulate the growth of the Hungarian economy. During the lifetime of the programme, the MNB granted 0 per cent. refinancing loans to commercial banks who then in turn provided fixed interest rate, long term loans to qualifying SMEs for a margin not exceeding 2.5 per cent. The programme was implemented in three phases, whereby in the initial phase the loans were provided to stimulate the lending activities and to refinance the foreign currency denominated loans of the SMEs and in the subsequent phases the loans were provided to finance the new investments of the SMEs. A significant number of such loans is outstanding on the Hungarian financial markets.

Following the successful period of the programme between 2013 and 2018, the MNB introduced another credit growth programme (similar to the above construction, but only loans with a maturity of at least three years may be granted for investment purposes) in 2018 in order to increase the number of the long term and fixed rates loans and to further stimulate the growth of the Hungarian lending economy. With the new programme, the MNB does not aim to increase the amount of liquidity in the banking system but to change the credit structure in the SME lending platform.

On 1 July 2019, the MNB launched a programme (Bond Funding for Growth Scheme) which intends to incentivise Hungarian corporations to issue corporate bonds (i.e. instead of taking on bank loans). The programme aims to develop the Hungarian capital markets as well as fund viable growth projects of Hungarian enterprises. Under the programme, the MNB purchases corporate bonds up to an aggregate maximum of HUF 450,000,000,000 which are eligible under an announced criteria.

Integration of the co-operative credit institutions

Significant changes have started recently in the sector of the Hungarian co-operative credit institutions. Due to organic growth and the recent challenges from the banking industry generally, but also partly on the basis of explicit support from the Hungarian Government, a process of integrating the various small co-operative credit institutions was initiated. Such process involves the central bank of the co-operative credit institutions and state-

owned other financial institutions as well. At the end of 2020 all cooperative entities and their central bank as well as another state owned bank were integrated into one single banking conglomerate with the aim to become a major participant on the Hungarian market.

TAXATION

The following summaries do not purport to be a comprehensive description of all tax considerations that could be relevant for Holders. These summaries are intended as general information only and each prospective Holder should consult a professional tax adviser with respect to the tax consequences of an investment in the Notes. These summaries are based on tax legislation and published case law in force as of the date of this document. They do not take into account any developments or amendments thereof after that date, whether or not such developments or amendments have retroactive effect.

Hungary

The following is a general discussion of certain Hungarian tax consequences relating to the acquisition and ownership of Notes. It does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. It is based on laws currently in force in Hungary and applicable on the date of this Base Prospectus, but subject to change, possibly with retrospective effect. The acquisition of the Notes by non-Hungarian Holders, or the payment of interest under the Notes, may trigger additional tax payments in the country of residence of the Holder, which is not covered by this overview, but where the provisions of the treaties on the avoidance of double taxation should be taken into consideration. Prospective purchasers of Notes are advised to consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of Notes, including the effect of any state or local taxes, under the tax laws of Hungary and each country of which they are residents.

Withholding tax (foreign resident corporate Holders)

Interest on Notes paid to a foreign resident corporate Holder, who does not have a permanent establishment in Hungary, by a resident legal entity or other persons and any capital gains realised by such foreign resident Holders on the sale of the Notes is not subject to withholding tax in Hungary.

The tax liability of a foreign resident corporate Holder, which has a permanent establishment in Hungary, is limited, in general, to the income from business activities realised through its Hungarian permanent establishment.

Taxation of Hungarian resident corporate Holders

Under Act LXXXI of 1996 on Corporate Tax and Dividend Tax (the "**Corporation Tax Act**"), Hungarian resident taxpayers are subject to tax on their worldwide income. In general, resident taxpayers are entities established under the laws of Hungary (i.e. having a Hungarian registered seat). Foreign persons having their place of management in Hungary are also considered as Hungarian resident taxpayers. Taxable income is based on the pre-tax profit as shown in the financial statements calculated under Hungarian GAAP or IFRS Standards and adjusted by certain increasing and decreasing items set forth by tax legislation.

In general, interest and capital gains realised by Hungarian resident corporate Holders on the Notes will be taxable in the same way as the regular income of the Holders. The general corporation tax rate in Hungary is 9 per cent.

Pursuant to Act C of 1990 on Local Taxes (the "**Local Taxes Act**"), financial institutions, financial enterprises, insurance companies and investment enterprises may be subject to local business tax on the basis of the proceeds realised on the Notes.

Taxation of individual non-Hungarian tax-resident Noteholders

Individual non-Hungarian tax-resident Noteholders are subject to tax in Hungary only with respect to their Hungarian source income or income that is otherwise taxable in Hungary if the applicable treaty on the avoidance of double taxation, or in the absence of a tax treaty, Act CXVII of 1995 on Personal Income Tax ("**Personal Income Tax Act**") so requires.

Payments received with respect to publicly offered debt securities are treated as income under Hungarian law, subject to personal income tax (at 15 per cent.). However, provided that Hungary has an applicable treaty on the avoidance of double taxation in place with the country of tax-residence of the Noteholder, such treaty may fully exempt the Noteholder from personal income tax or may reduce the applicable personal income tax rate, with the right to credit any Hungarian tax against the income tax payable in the country of the Noteholder's tax residence.

The tax on interest income is to be withheld by the "Payor" (in Hungarian: *kifizető*) (as defined below), if any entity qualifies as such.

Pursuant to Act CL of 2017 on the Rules of Taxation ("**ART**"), a "**Payor**" means a Hungarian resident legal person, other organisation, or private entrepreneur that provides taxable income, irrespective of whether such payment is made directly or through an intermediary (post office, credit institution). In respect of interest, Payor means the borrower of a loan or, the issuer of a note, including the investment service provider or credit institution providing the interest instead of the borrower/issuer. In respect of revenues originating from a transaction concluded with the involvement of a licensed stockbroker, Payor means such stockbroker. The Hungarian permanent establishment of a foreign resident entity is also considered as a Payor.

Capital gains may only be taxed in the state of residence of the private individual Noteholder and, therefore, no Hungarian taxes are to be withheld or paid with respect to capital gains realised by individual non-Hungarian tax-resident Noteholders.

Taxation of individual Hungarian tax-resident Noteholders

Individual Hungarian tax-resident Noteholders are subject to tax on their worldwide income. Interest received with respect to publicly offered debt securities, such as the Notes, are treated as income. The tax withheld is personal income tax (at 15 per cent.).

Capital gains realised on such Notes are subject to personal income tax at 15 per cent.

According to the Personal Income Tax Act, individual Hungarian tax residents are:

(a) any citizen of Hungary (with the exception of dual citizens without a permanent home or habitual abode in Hungary);

(b) any individual whose stay in Hungary exceeds 183 days, including the day of entry and the day of exit;

(c) any individual who has permanent resident status, or is a stateless person; and

(d) any individual, other than those mentioned in points (a) to (c) above:

  (i) whose only permanent home is in Hungary;

  (ii) whose centre of vital interests (in Hungarian *létérdek központja*) is in Hungary if they have no permanent home in Hungary or if Hungary is not the only country where they have a permanent home; or

(iii) whose habitual abode is in Hungary if there is no permanent home in Hungary or if Hungary is not the only country where they have a permanent home, and if their centre of vital interests is unknown,

where "**centre of vital interests**" means the country to which the individual is most closely connected due to family ties and business relations.

Note, that an applicable treaty on the avoidance of double taxation may define tax residence prevailing over the domestic definition of tax residence.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "**foreign financial institution**" (as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Hungary) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Notes (as described under "*Terms and Conditions of the Notes - Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or which may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to BNP Paribas, ING Bank N.V., OTP Bank Nyrt. or such other dealers as may be appointed either generally in respect of the Programme or in relation to a particular Tranche of Notes (together, the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, the Dealers are set out in a programme agreement dated 31 May 2022 (as amended or restated from time to time, the "**Programme Agreement**") and made between the Issuer, the Arranger and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealer(s) and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Programme Agreement makes provision for the resignation or termination of appointment of existing Dealer(s) and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes. The Notes may also be issued by the Issuer through all or any of the Dealers acting as agents.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Programme Agreement may be terminated in relation to all or any of the Dealers by the Issuer or, in relation to itself and the Issuer by any Dealer, at any time on giving not less than 30 days' written notice.

United States of America

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes may not be offered or sold within the United States, except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Until 40 days after the commencement of the offering of any identifiable Tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such Trance of Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations promulgated thereunder.

TEFRA D or TEFRA C apply if specified in the relevant Final Terms.

Each Dealer has represented and agreed (and each additional Dealer named in the Final Terms will be required to represent and agree) that in addition to the relevant U.S. Selling Restrictions set forth below:

(a) except to the extent permitted under the TEFRA D Rules, it has not offered or sold, and during the restricted period it will not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a U.S. person;

(b) it has and throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that such Notes may

not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a U.S. person (except to the extent permitted under the TEFRA D Rules);

(c) if it is a U.S. person, it is acquiring the Notes in bearer form for purposes of resale in connection with their original issuance, and if it retains Notes in bearer form for its own account, it will do so in accordance with the requirements of the TEFRA D Rules;

(d) with respect to each affiliate or distributor that acquires Notes in bearer form from the Dealer for the purpose of offering or selling such Notes during the restricted period, the Dealer either repeats and confirms the representations and agreements contained in paragraphs (a), (b) and (c) above on such affiliate's or distributor's behalf or agrees that it will obtain from such distributor for the benefit of the Issuer the representations and agreements contained in such paragraphs; and

(e) it shall obtain for the benefit of the Issuer the representations, undertakings and agreements contained in paragraphs (a), (b), (c) and (d) above from any person other than its affiliate with whom it enters into a written contract, (a "**distributor**" as defined in U.S. Treasury Regulation section 1.163-5(c)(2)(i)(D)(4) (or a successor provision)), for the offer or sale during the restricted period of the Notes.

Terms used in this section shall have the meanings given to them by the Internal Revenue Code of 1986 and the regulations promulgated thereunder, including the TEFRA D Rules.

Where the rules under the TEFRA C Rules are specified in the relevant Final Terms as being applicable in relation to any Notes, the Notes must, in accordance with their original issuance, be issued and delivered outside the United States and its possessions and, accordingly, each Dealer has represented and agreed (and each additional Dealer named in the Final Terms will be required to represent and agree) that, in connection with the original issuance of the Notes:

(a) it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Notes within the United States or its possessions; and

(b) it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such Dealer or such prospective purchaser is within the United States or its possessions and will not otherwise involve the United States office of such Dealer in the offer and sale of Notes.

In addition, until 40 days after the commencement of the offering of any identifiable Tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such Tranche of Notes) may violate the registration requirements of the Securities Act.

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States (as defined in Regulation S).

In addition to the foregoing, if Category 2 is specified as applicable in the relevant Final Terms:

(a) the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S), except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act; and

(b) each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of

all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies the "*Prohibition of Sales to EEA Retail Investors*" as "*Not Applicable*", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Prohibition of Sales to UK Retail Investors

Unless the Final Terms in respect of any Notes specifies the "*Prohibition of Sales to UK Retail Investors*" as "*Not Applicable*", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the UK. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of:

(a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or

(b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

Hungary

No approval of this Base Prospectus has been sought or obtained from the National Bank of Hungary in respect of the Notes, its summary has not and will not be translated into Hungarian. No application has been filed nor has any permission been obtained for accepting, nor has any other arrangement for trading the Notes on any regulated market in Hungary been made. Accordingly, any person making or intending to make any offer of Notes within Hungary which are the subject of the placement contemplated in this Base Prospectus should only do so in circumstances in which no obligation arises for the Issuer or any of the Dealers to have a prospectus for such offer approved by the National Bank of Hungary. Further to the above, in the event the Notes were to be offered in Hungary, this Base Prospectus and relevant Final Terms must be made available to the potential investors at least seven days before the relevant issue date and the Issuer agrees to notify the National Bank of Hungary within 15 days following the completion of any such offering.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) ***Financial promotion***: it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not apply to the Issuer; and

(b) ***General compliance***: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

Republic of Italy

Each Dealer acknowledges that the offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed that, save as set out below, it has not offered, sold or distributed, and will not offer, sell or distribute any Notes or any copy of this Base Prospectus or any other offer document in the Republic of Italy ("**Italy**") in an offer to the public and that sales of any Notes in Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Accordingly, each Dealer has represented and agreed that it will not offer, sell or distribute any Notes or distribute any copy of this Base Prospectus or any other offer document in Italy, except:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of the Prospectus Regulation; or

(b) in any other circumstances which are exempted from the rules on offers to the public pursuant to Article 1 of the Prospectus Regulation and/or, to the extent applicable, Article 100 of Legislative Decree No. 58 of 24 February 1998 (the "**Consolidated Financial Services Act**"), Article 34-*ter* of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("**CONSOB Regulation No. 11971**") and the Italian laws.

Any offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus, any Final Terms or any other document relating to the Notes in the Republic of Italy under paragraph (a) or (b) above must be made:

(i) by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Consolidated Financial Services Act, Legislative Decree No. 385 of 1 September 1993, as amended (the "**Italian Banking Act**") and CONSOB Regulation No. 20307 of 15 February 2018, as amended and any other applicable laws and regulations;

(ii) in compliance with Article 129 of the Italian Banking Act, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in Italy and the relevant implementing guidelines of the Bank of Italy issued on 25 August 2015 (as amended on 10 August 2016 and 2 November 2020); and

(iii) in compliance with any other applicable laws and regulations, as well as with any regulations or requirements imposed by CONSOB, the Bank of Italy or other Italian authority.

Belgium

Other than in respect of Notes for which "*Prohibition of Sales to Belgian Consumers*" is specified as "Not Applicable" in the relevant Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a "**Belgian Consumer**") and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other applicable laws, regulations and ministerial guidelines of Japan.

General

No action has been or will be taken in any country or jurisdiction by the Issuer or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession, or distribute such offering material, in all cases at their own expense.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Series of Notes) or (in any other case) in a supplement to this Base Prospectus.

GENERAL INFORMATION

Authorisation

1. The update to the Programme and the issue of Notes under the updated Programme was duly authorised by a resolution of the Asset Liability Committee of the Issuer passed on 28 February 2022.

Listing and Admission to Trading

2. Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of MiFID II.

Legal Proceedings

3. Neither the Issuer nor any other member of the OTP Group is, or has been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Base Prospectus which may have or have in such period had a significant effect on the financial position, operations or profitability of the Issuer or the OTP Group.

Significant/Material Change

4. Save as disclosed in "*Risk Factors – Risks related to the Issuer - The performance of the OTP Group is affected by adverse global political, economic and business conditions in the markets in which it operates*" on page 10 of this Base Prospectus and "*Recent Developments - Russia-Ukraine crisis*" on page 144 of this Base Prospectus, there has been no significant change in the financial performance or position of the Issuer or the OTP Group since 31 March 2022 (the date to which the Issuer's last published consolidated financial information was prepared) nor any material adverse change in the prospects of the Issuer or the OTP Group since 31 December 2021 (the date to which the Issuer's last published audited financial information was prepared).

Independent Auditors

5. As at the date of this Base Prospectus, the independent auditors of the Issuer and the OTP Group are Ernst & Young Audit Limited (001165; Váci út 20., 1132, Budapest, Hungary), who were appointed as the statutory auditor of OTP Bank Plc. and OTP Group on 16 April 2021 and audited the Issuer's consolidated and separate financial statements, which have been prepared in accordance with IFRS (as adopted by the EU) for the year ended 31 December 2021. Ernst & Young Audit Limited have no material interest in the Issuer. Ernst & Young Audit Limited are a member of the Chamber of Hungarian Auditors.

Prior to 16 April 2021, the auditors of the Issuer and the OTP Group were Deloitte Auditing and Consulting Ltd. (000083; Dózsa György u. 84/C, 1068, Budapest, Hungary), who audited the Issuer's consolidated and separate financial statements, which have been prepared in accordance with IFRS (as adopted by the EU) for the year ended 31 December 2020. Deloitte Auditing and Consulting Ltd. had no material interest in the Issuer during this period. Deloitte Auditing and Consulting Ltd. are members of the Chamber of Hungarian Auditors.

Documents on Display

6. Electronic copies of the following documents will be available on the website of the Issuer at *https://www.otpbank.hu/portal/en/IR/Bonds/Issues* for 12 months from the date of this Base Prospectus:

(a) the Fiscal Agency Agreement (which contains the forms of Notes in global and definitive form) and the Deed of Covenant; and

(b) the Articles of Association of the Issuer.

7. The following documents will be available, in electronic format, on the Issuer's website at *https://www.otpbank.hu/portal/en/IR/Bonds/Issues*

(i) this Base Prospectus;

(ii) the Documents Incorporated by Reference;

(iii) any future offering circular, prospectus, information memorandum, supplement or drawdown prospectus published since the most recent base prospectus was published and any documents incorporated therein by reference; and

(iv) any Final Terms issued in respect of Notes admitted to listing and/or trading by the listing authority and/or stock exchange since the most recent base prospectus was published.

Language of this Base Prospectus

8. The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Clearing of the Notes

9. The Notes have been accepted for clearance through the Clearstream, Luxembourg and Euroclear systems (which are entities in charge of keeping the records). The common code for each Series of Notes allocated by Clearstream, Luxembourg and Euroclear will be contained in the relevant Final Terms, along with the International Securities Identification Number (ISIN), and, where applicable, the Classification of Financial Instruments (CFI) and the Financial Instrument Short Name (FISN) for that Series. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42, Avenue J.F. Kennedy, L-1855 Luxembourg.

The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

10. The following legend will appear on all Permanent Global Notes with maturities of more than 365 days and on all Definitive Notes, Coupons and Talons: "*Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code*".

Issue Price and Yield

11. Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance

with prevailing market conditions. In the case of different Tranches of a Series of Notes, the purchase price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche. An indication of the yield of each Tranche of Fixed Rate Notes will be set out in the relevant Final Terms and will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

Dealers Transacting with the Issuer

12. Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer, other members of the OTP Group or their affiliates in the ordinary course of business. They have received, or may in the future receive, customary fees and commissions for these transactions Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and their affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

ISSUER

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INDEPENDENT AUDITORS TO THE ISSUER

For, and following, the financial year ended 31 December 2021

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For the financial year ended 31 December 2020

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