Strategy and Finance Division

Investor Relations & DCM

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Extraordinary announcement

OTP Bank Plc. in compliance with its obligations pursuant to Section 55 of the Act No. CXX of 2001 on capital markets hereby announces the followings:

As a consequence of the military conflict between Russia and Ukraine, in 1Q 2022 OTP Group suffered a consolidated after tax loss of HUF 33.4 billion. Within that OTP Core (the basic operation in Hungary) realized HUF 78.4 billion after tax loss without received dividends. Furthermore, in 1Q 2022 OTP Core's net interest income fell short of the previous quarter's figure (HUF 107.7 billion) by HUF 4 billion, thus the net interest margin of OTP Core contracted despite the increasing rate environment (-26 bps q-o-q, -4 bps y-o-y), and it was only marginally, 7 bps higher than the all-time low level hit in 4Q 2020.

Pursuant to Government Decree No. 197/2022 published on 4 June 2022, the Hungarian Government decided to impose a windfall tax on credit institutions and financial enterprises temporarily, i.e. for 2022 and 2023.

As for 2022, the base of the windfall tax is the net revenues based on the 2021 financial statements, calculated according to Act No. C of 1990 on local taxes, whereas the tax rate is 10%. Consequently, in 2022 the windfall tax burden payable by the Hungarian members of OTP Group amounts to HUF 78.3 billion. This item will be recognised in a lump sum in 2Q 2022, and it will be presented amongst the adjustments in the adjusted P&L structure.

The accounting treatment of the windfall tax payable in 2023 is still under discussion.

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