

Rating Action

Moody's Ratings affirms OTP Bank's Baa3 senior unsecured debt rating, outlook changed to stable from negative

OTP's Baa1 long-term deposit ratings were also affirmed, outlook changed to stable from positive, its BCA was upgraded to baa3 from ba1

Limassol, October 30, 2025 -- Moody's Ratings (Moody's) has today affirmed OTP Bank Nyrt's (OTP) Baa1/P-2 long- and short-term deposit and its Baa3 senior unsecured debt ratings. Concurrently we changed the outlook of the long-term deposits to stable from positive and of the senior unsecured debt to stable from negative. Further, we upgraded OTP's Baseline Credit Assessment (BCA) and Adjusted BCA to baa3 from ba1, its subordinated bond rating to Ba1 from Ba2 and its long-term Counterparty Risk Ratings (CRR) to A3 from Baa1, while we affirmed the bank's P-2 short-term CRRs and its Baa1(cr)/P-2(cr) long- and short-term Counterparty Risk (CR) Assessments.

We also affirmed OTP Jelzalogbank Zrt. (OTP Mortgage Bank)'s (OTP MB, OTP's wholly owned mortgage bank subsidiary) Baa3 backed long-term issuer rating and changed the outlook to stable from negative. OTP MB's long-term CRRs were upgraded to A3 from Baa1 while its P-2 short-term CRRs and Baa1(cr)/P-2(cr) long- and short-term CR Assessments were affirmed.

RATINGS RATIONALE

OTP BANK NYRT

BCA UPGRADE REFLECTS IMPROVED FINANCIAL PERFORMANCE

The upgrade of OTP's BCA to baa3 from ba1 reflects the bank's consistently strong financial performance supported by its leading franchise in Hungary as well as in several Central and Southern Eastern European countries. OTP's widely diversified operations provide significant growth opportunities and enabled improvements in its profitability and capitalization, alongside a steady improvement in its asset quality.

The BCA upgrade considers OTP's improved asset quality with nonperforming loans (NPLs) declining to 3.4% in the first half of 2025 from 4.7% in the first half of 2023, while coverage remained robust.

OTP's capitalization remains sound, supported by low leverage and high organic capital generation. While shareholder returns have increased, they remain moderate.

The upgrade of OTP's BCA also considers the bank's solid core earnings generation, and above peers' returns with a 2.4% return on assets for the first six months of 2025. The bank's strong profitability is driven by its high net interest margin, significant fee and commission income and its good cost efficiency, which the bank expects to maintain. OTP's credit profile also benefits from its stable funding base and large liquidity buffers.

AFFIRMATION OF THE DEPOSIT AND SENIOR UNSECURED DEBT RATINGS AND UPGRADE OF THE SUBORDINATED DEBT RATINGS

The affirmation of OTP's Baa1 long-term deposit ratings incorporates the one notch upgrade of its BCA and a lower uplift following the application of our Advanced Loss Given Failure (LGF) analysis, which now indicates a two-notch uplift from previously three. We continue to incorporate a moderate likelihood of support from the Government of Hungary (Baa2 negative) for the long-term deposit ratings, which results in no further uplift, as these ratings are already above the sovereign rating.

The affirmation of the bank's Baa3 senior unsecured debt rating reflects the BCA upgrade, the unchanged results of our Advanced LGF analysis resulting in no uplift for the senior unsecured debt rating, and our unchanged assumption of a moderate likelihood of government support. However, the latter no longer results in any further rating uplift due to the proximity of the senior unsecured debt rating to the government's rating.

The upgrade of OTP's subordinated debt rating to Ba1 from Ba2 reflects the BCA upgrade and the unchanged results of our Advanced LGF analysis, which indicates very high loss severity for this liability class, positioning it one notch below the bank's BCA.

Our Advanced LGF analysis considers OTP's current resolution perimeter—excluding certain operations—and incorporates both outstanding debt volumes and planned issuances

OTP MB

The actions on OTP MB's ratings mirror the respective actions on the parent bank's ratings. OTP MB's ratings are aligned with the equivalent ratings of its parent bank, based on OTP's explicit and irrevocable guarantee for OTP MB's unsubordinated liabilities and our assessment that

MB is a highly integrated entity of OTP.

OUTLOOKS

The stable outlooks on OTP's long-term deposit and senior unsecured debt ratings and OTP MB's issuer rating reflect our expectation that OTP's financial performance will remain broadly stable at current levels. The stable outlooks also incorporate our expectation in terms of the volumes of debt OTP will issue to continue to meet its minimum requirement for own funds and eligible liabilities.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

OTP's and OTP MB's ratings could be upgraded following an upgrade of OTP's BCA or following the issuance of more junior instruments resulting in lower losses for the relevant creditors and larger uplift from the application of our Advanced LGF analysis. An upgrade of OTP's deposit ratings is contingent on the Government of Hungary (Baa2 negative) maintaining its rating.

OTP's BCA could be upgraded following significant further improvements in solvency, mainly substantially improved asset quality while maintaining its strong profitability and capitalisation.

OTP's and OTP MB's ratings could be downgraded following a downgrade of OTP's BCA or changes in its liability structure that would result in lower notching following the application of Advanced LGF.

OTP's BCA could be downgraded following a significant deterioration in its solvency or its liquidity profile.

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Banks published in November 2024 and available at <https://ratings.moody.com/rmc-documents/432741>. Alternatively, please see the Rating Methodologies page on <https://ratings.moody.com> for a copy of this methodology.

The net effect of any adjustments applied to rating factor scores or scorecard outputs under the primary methodology(ies), if any, was not material to the ratings addressed in this announcement.

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