Credit Rating Announcement

23 June 2026

Scope affirms OTP Bank’s BBB+ issuer rating with Stable Outlook

The rating reflects the group’s continued robust operating performance and strong prudential metrics.

Rating action

Scope Ratings GmbH (Scope) has affirmed OTP Bank’s issuer rating and senior unsecured debt rating of BBB+, both with a Stable Outlook.

The full list of rating actions and rated entities is at the end of this rating action release.

Key rating drivers

Business model assessment: Resilient low. The issuer rating is anchored by the Resilient (Low) business model assessment. OTP is one of the largest independent banking groups in the Central Eastern Europe (CEE), with total assets of HUF 47.9trn, or EUR 124bn, as of Q1 2026. OTP combines a broad franchise in CEE with a leading market position in Hungary and strong market shares in most of the other markets in which it operates. High geographic diversification offsets the moderate volatility of the group's Hungarian operations and provides higher margins and growth opportunities in less developed banking markets.

OTP has demonstrated a disciplined acquisition strategy and strong execution record in past years. The group's most recent transactions closed in 2023, with the acquisition of Nova KBM in Slovenia, one of the country's largest banks, and the acquisition of Ipokeka Bank in Uzbekistan, which ranked fifth in the local market by size at acquisition. Between 2014 and 2023, OTP acquired a total of 14 local subsidiaries. Barring a transformative acquisition, Scope does not expect the group’s business model to change materially.

OTP is one of the few remaining European banks operating in Russia. The local bank continues to grow in consumer lending and deposit collection, while corporate lending has been in run-off since 2022. Credit quality and profitability have remained robust, and OTP has been able to withdraw maturing intra-group funding and upstream retained earnings since the start of the war. Further, OTP has recently received principal repayments of Russian government bonds, allowing the bank to release associated provisions. At the same time, the ongoing Russian operations carry reputational and legal risks.

Operating environment assessment: Moderately supportive low. The assessment reflects Scope’s blended view of the different markets where OTP operates.

Hungary (Moderately supportive high) is the group’s primary market, accounting for just over one third of total assets. It is one of the largest economies in CEE, with high economic growth potential supported by foreign investment and EU funding. Real GDP per capita has grown significantly over the last 25 years but is still comparatively low in relation to the EU average. The government's ability to support the economy during downturns is limited by elevated public debt, a high interest payment burden, and persistent fiscal deficits. OTP dominates the moderately concentrated banking sector. Despite several bank levies, Hungarian lenders have performed well since the second half of the 2010s. Local banks are supervised by the Hungarian central bank and are subject to the EU framework for banking and financial regulation.

Bulgaria (Moderately supportive low) is OTP's second largest market. It is a small, developing economy within the EU, with a GDP per capital well below the EU average. Scope expects real GDP to expand at a sustained pace over coming years. Furthermore, Bulgaria retains the lowest debt/GDP ratio in the EU-27, supporting fiscal space. Bulgaria joined the euro area in January 2026, which has improved the country's resilience to external shocks, monetary policy credibility and capital market integration.

The banking sector is concentrated, with the top five largest banks controlling three-quarters of total assets. Banking sector fundamentals have been improving for years.

Slovenia (Supportive low) is the group's third-largest market. Slovenia is a small and developed economy in the CEE region. GDP per capita is moderately below the EU average. Fiscal stability has been supported by the country's membership in the EU and prudent budget control. The banking sector has performed well in recent years with banks displaying solid profitability, low levels of impairments and good levels of capitalisation.

Slovenia and Bulgaria are part of the European Banking Union and euro area, which has brought about a significant strengthening and harmonisation in bank regulation and supervision under the Single Supervisory Mechanism, which we consider to be supportive of financial stability. Access to the European Central Bank's refinancing operations further strengthens the banking system's access to liquidity.

Scope also considers operations in weaker environments, including Serbia, Russia, Ukraine and Uzbekistan, which weigh on the overall assessment.

Scope arrives at an initial mapping of **bbb-** based on a combined assessment of the issuer's operating environment and business model.

Long-term sustainability assessment (ESG factor): Neutral. The assessment reflects Scope's view that the issuer is embracing changes to ensure the long-term sustainability of its business model. Progress made may be tangible but does not warrant further credit differentiation.

The group has strengthened its digitalisation efforts, aiming to provide market-leading digital solutions and to increase group-wide efficiency. In the past years, digital penetration has increased in line with changing client preferences.

In its ESG strategy 2021-25, OTP had set interims goal for 2025, with the primary goal of reaching HUF 1,500bn in green loans, which the group met. For 2026-28, the group has expanded its ESG targets and ambitions. The green loan target has been set at HUF 2,123bn, and the group has identified six priorities, including reporting, transition planning and emissions reduction ambitions. Climate change stress test results show exposure to transition risk due to its presence in more carbon-intensive economies than for EU peers, while physical risk seems contained.

Scope notes that the group may face a more complex regulatory environment as it expands operations in the euro area.

The long-term sustainability assessment leads to an adjusted rating anchor of **bbb-**.

Earnings capacity and risk exposures assessment: Supportive (+1). The assessment reflects Scope's view that earnings capacity is stable through economic cycles and provides a strong buffer against losses. Risks are well managed and are highly unlikely to lead to losses capable of undermining the issuer's viability.

OTP exhibits superior earnings generation compared to national and international peers. Profitability is driven by high interest margins and economic growth in the CEE region, as well as by the group's market power in most of the countries in which it operates. Strong revenues allow the group to comfortably absorb cost inflation and the impact of levies or other direct market interventions imposed by CEE governments.

Scope expects the group to continue delivering strong results, driven by sustained economic growth in CEE with corresponding loan volume growth and broadly stable net interest margins across its markets, also benefitting from rebalancing effects towards higher-margin markets. In Scope's central scenario, which excludes the impact of potential M&A deals, profitability should remain robust and just moderately lower than its 2025 level, in line with guidance from OTP's management.

OTP's asset quality remains solid, with a gross Stage 3 ratio at 3.37% at Q1 2026 and high coverage of both performing and non-performing loans. Resilient economic performance in CEE has been robust and supportive of OTP's credit quality in recent years, including during periods of high inflation and macroeconomic and geopolitical uncertainty.

The group has a concentrated but manageable exposure to the Hungarian sovereign. As of Q1 2026, the domestic bond portfolio accounted for around 75% of the group's Tier 1 capital. Scope estimates that the group would be able to withstand a severe haircut to its domestic government bond portfolio and remain prudentially viable, which is supportive to our current positioning of the group's rating above that of its home sovereign (BBB/Stable). In line with Scope's Financial Institutions Rating Methodology, the rating on the issuer is not mechanically capped at the rating level of the sovereign where it is domiciled.

Financial viability management assessment: Comfortable (+1 notch). The assessment reflects Scope's view that the issuer's maintains comfortable buffer to relevant regulatory requirements and Scope expects it to continue to do so. The issuer's financial viability is largely resilient to tail-risk events.

OTP's capital position is sound, with a CET1 ratio of 17.6% at end-March 2026, providing a buffer to minimum capital requirements of 650bps. As the bank does not issue AT1 instruments, the Tier 1 capital ratio also stood at 17.6%, 460bps over the minimum requirement. The bank's total payout ratio was 45% in 2025 and the bank continues to absorb organic RWA increases through loan growth via capital retention. Given its substantial capital buffers, the bank stands ready for further acquisitions should the opportunity arise.

OTP is primarily funded through deposits thanks to its strong positioning in retail markets, especially in Hungary and Bulgaria. The group's subsidiaries are funded in their respective local currencies, minimising currency mismatches between assets and liabilities. Since 2022, the group has increased the issuance of bonds on international markets to fulfil its MREL requirements.

One or more key drivers of the credit rating action are considered an ESG factor.

The **Stable Outlook** reflects Scope's view that the risks to the current rating are balanced.

The **upside scenario** for the ratings and Outlooks is:

1. Progressive rebalancing of the group's operations towards more mature and resilient banking environments, either through M&A, organic growth or structural improvements in the group's current markets, could lead to an upgrade of the issuer-level operating environment assessment.

The **downside scenarios** for the ratings and Outlook are (individually or collectively):

1. A material worsening in the group's asset quality and earnings, or a substantive increase in the exposure to domestic sovereign risk, would have a negative impact on the Earnings Capacity and Risk Exposures assessment.

2. Downgrade of the Financial Viability Management assessment following a material erosion of the group's capital and liquidity buffers.

Debt ratings

Preferred senior unsecured debt: BBB+/Stable. The rating is aligned with the issuer rating and applies to senior unsecured debt ranking above other classes of senior unsecured debt.

Non-preferred senior unsecured debt: BBB/Stable. The rating is one notch lower than the issuer rating, reflecting statutory subordination.

Tier 2 debt: BB+/Stable. The rating is three notches below the issuer rating, in line with our standard approach for Tier 2 debt instruments, without additional notching.

Environmental, social and governance (ESG) factors

Please refer to the 'long-term sustainability assessment' under the 'key rating drivers' section above for the ESG analysis.

All rating actions and rated entities

OTP Bank Nyrt.

Issuer rating: BBB+/Stable, affirmed

Preferred senior unsecured debt rating: BBB+/Stable, affirmed

Non-preferred senior unsecured debt rating: BBB/Stable, affirmed

Tier 2 debt rating: BB+/Stable, affirmed

Tier 2 debt rating assigned to instruments: XS2988670878, XS2586007036, XS3406852536

Stress testing & cash flow analysis

No stress testing was performed. No cash flow analysis was performed.

Methodology

The methodology used for these Credit Ratings and Outlooks, (Financial Institutions Rating Methodology, 18 September 2025), is available on scoperatings.com/governance-and-policies/rating-governance/methodologies.

Information on the meaning of each Credit Rating category, including definitions of default, recoveries, Outlooks and Under Review, can be viewed in 'Rating Definitions – Credit Ratings, Ancillary and Other Services', published on scoperatings.com/governance-and-policies/rating-governance/definitions-and-scales. Historical default rates of the entities rated by Scope Ratings can be viewed in the Credit Rating performance report at scoperatings.com/governance-and-policies/regulatory/eu-regulation. Also refer to the central platform (CEREP) of the European Securities and Markets Authority (ESMA): registers.esma.europa.eu/cerep-publication/. A comprehensive clarification of Scope Ratings' definitions of default and Credit Rating notations can be found at scoperatings.com/governance-and-policies/rating-governance/definitions-and-scales. Guidance and information on how environmental, social or governance factors (ESG factors) are incorporated into the Credit Rating can be found in the respective sections of the methodologies or guidance documents provided on scoperatings.com/governance-and-policies/rating-governance/methodologies.
The Outlook indicates the most likely direction of the Credit Rating if the Credit Rating were to change within the next 12 to 18 months.

Solicitation, key sources and quality of information

The Rated Entity and/or its Related Third Parties participated in the Credit Rating process.
The following substantially material sources of information were used to prepare the Credit Ratings: public domain, the Rated Entity and Scope Ratings' internal sources.
Scope Ratings considers the quality of information available to Scope Ratings on the Rated Entity or instrument to be satisfactory. The information and data supporting the Credit Ratings originate from sources Scope Ratings considers to be reliable and accurate. Scope Ratings does not, however, independently verify the reliability and accuracy of the information and data.
Prior to the issuance of the Credit Rating action, the Rated Entity was given the opportunity to review the Credit Ratings and Outlooks and the principal grounds on which the Credit Ratings and Outlooks are based. Following that review, the Credit Ratings and Outlooks were not amended before being issued.

Regulatory disclosures

The Credit Ratings and Outlooks are issued by Scope Ratings GmbH, Lennéstraße 5, D-10785 Berlin, Tel +49 30 27891-0. The Credit Ratings and Outlooks are UK-endorsed.
Lead analyst: Julian Zimmermann, Director
Person responsible for approval of the Credit Ratings: Karlo Stefan Fuchs, Managing Director
The Credit Ratings/Outlooks were first released by Scope Ratings on 15 November 2021. The Credit Ratings/Outlooks were last updated on 18 July 2025.

Potential conflicts

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About Scope Group

With more than 300 employees operating from offices in Berlin, Frankfurt, London, Madrid, Milan, Oslo and Paris, Scope Group is the leading European provider of independent credit ratings, ESG analysis and fund research. Based on forward-looking and innovative methodologies, Scope offers a European perspective that contributes to greater diversity of opinion for institutional investors worldwide. Scope Ratings is registered in accordance with the EU rating regulation and operating in the European Union with ECAI status. Scope Ratings is the only European rating agency accepted by the ECB for the Eurosystem Credit Assessment Framework (ECAF). The shareholders of Scope Group include CEO and founder Florian Schoeller and anchor shareholder Stefan Quandt, numerous senior personalities in European finance and industry as well as institutional investors from several European countries. More on www.scopegroup.com

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