Public

OTP Weekly Outlook

Next week:

- *US CPI and ECB Governing Council meeting will be in the spotlight.*

This week:

- *Reversing weeks of recovery, stock market fell on hawkish Fed and deteriorating business environment in the euro area*
- *Long-term yields marched further upwards on Fed minutes*
- *Energy prices fell, the USD strengthened*
- *The euro area macro data point to sharp deterioration*
- *The FOMC minutes suggest more hawkish Fed than could have been foreseen*

Market summary table

Indices	Last price	1 week change (%)	YTD (%)	Interest rates	Last price	1 week change (bps)	YTD (bps)	FX rates	Last price	1 week change (%)	YTD (%)	Commodity	Last price	1 week change (%)	YTD (%)
S&P500	4478.2	-1.5	-6.0	US 2 year	2.49	3.5	175.9	Dollar index	#####	1.6	4.7	Brent	101	-3.6	29.4
Russel 2000	2002.4	-4.2	-10.8	US 10 year	2.68	30.3	117.5	EURUSD	1.0841	-1.8	-4.7	WTI	96	-3.0	28.0
Stoxx 600	458.9	0.1	-5.9	DE 2 year	0.02	9.8	65.8	USDJPY	124.58	-1.7	-7.6	Natural gas	107	-6.4	61.2
DAX	14191.2	-1.8	-10.7	DE 10 Year	0.69	14.1	87.6	GBPUSD	1.298	-1.0	-4.0	Gold	1941	0.8	6.1
CAC40	6499.9	-2.8	-9.1	ES 10 year	1.69	22.1	112.8	AUDUSD	0.743	-0.9	2.3	Silver	25	-0.3	5.4
FTSE100	7629.1	1.2	3.3	UK 10 year	1.76	15.5	79.4	USDCAD	1.261	-0.7	0.2	Palladium	2450	7.6	28.6
FTSE MIB	24651.5	-2.0	-9.9	IT 10 year	2.39	29.5	121.6	USDCHF	0.937	-1.1	-2.6	Copper	472	0.7	5.7
Nikkei 225	26985.8	-2.5	-6.3	JP 10 year	0.23	0.6	16.0	NZDUSD	0.683	-1.5	0.0	Steel	1514	-1.8	5.5
CSI 300	4230.8	-0.5	-14.4	CH 10 year	2.76	-2.0	-1.7	CNHUSD	6.375	-0.1	-0.3	Wheat	1042	5.8	35.2

Source: Bloomberg

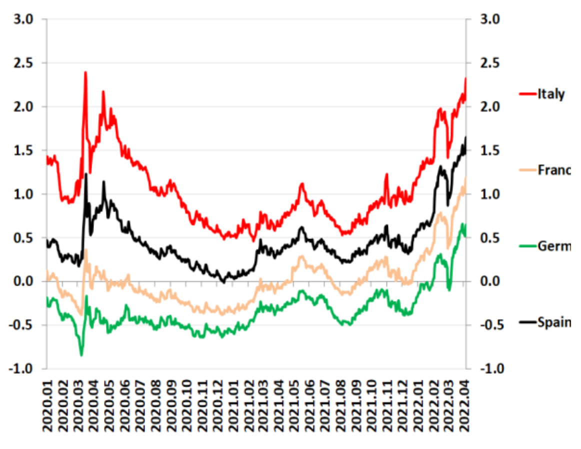
US CPI and ECB Governing Council meeting will be in the spotlight

News concerning the Russia-Ukraine conflict could still move market sentiment. However, next week will be very intense in terms of macro data. On the one hand, the ECB Governing Council's meeting on Thursday could give new insights how the Bank will react to another huge upside inflation surprise amidst slowing growth. The US CPI (out on Tuesday) will likely show another upward rise in inflation, above 8%.

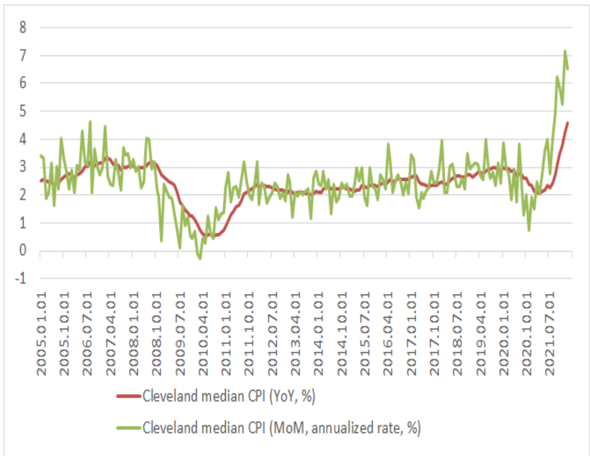
In the **euro area**, the *Governing Council* will be in an increasingly difficult position. On the one hand, the euro area economy is flirting with recession, although given the large carryover effect from 2021, annual GDP growth could increase still by 2-3%. However, slowing growth is accompanied by increasing inflation way above the ECB’s forecast. In March, the Bank had projected an inflation figure of 5.6% for Q1, after knowing January and February data. The March reading of 7.5% caused such a surprise that even the Q1 figure was 0.6 ppts higher than the ECB's forecast. And the story is not over, we expect inflation to increase further in the coming months. Admittedly, core inflation has been much more contained (currently at 3.0%), but it is still obviously above the 2% target and will remain so for a prolonged period. So overall, the Bank’s decision-makers will fall out of the 'divine coincidence' when inflation and GDP point to the same direction. At its latest meeting in March, the ECB managed to surprise the market, which assessed its decision to be more hawkish than foreseen. The Bank communicated to have sped up the phase out of asset purchases: instead of October, the ECB saw the APP at EUR 20 bn per month already by June. However, there was another change, which seemed to be less hawkish. Policymakers announced plans to raise interest rates “some time after” (rather than “shortly” after) the end of net asset purchases, which means a de-linking the timing of the first rate hike from the end of net asset purchases. However, given recent inflation developments, it is hard to believe that the Bank will wait for long to start the rate hike. It is in the cards that it will phase out asset purchases even quicker than envisaged in March. Interest rate hikes still this year are also increasingly likely, although the quick surge in long-term government bond yields (left chart below) should be also considered carefully by the decisionmakers. Finally, investors will keep an eye on the first round of *French Presidential elections*, where the right-wing candidate Jean-Marie Le Pen could cause surprise to the incumbent president Macron.

The **US** *inflation* figures for March, due out on Tuesday, are expected to signify further acceleration. In February, the headline index jumped to 7.9% YoY, its highest since January 1982, while core inflation hit 6.4%, the highest reading since August 1982. The main drivers of the headline index's growth were higher prices for fuel, food, and accommodation, while car prices, which had surged sharply during the pandemic, have eased. Further acceleration seems inevitable due to the sky-rocketing energy and agricultural commodity prices in the aftermath of the Russia-Ukraine conflict, and global supply chain problems. Analysts expect the headline index to have hit 8.3%, and core inflation to have risen to 6.6%. At its March meeting, the Fed Open Market Committee began a tightening cycle with a 25-basis-point increase, but the minutes of the meeting later showed that several members had argued for a 50-basis-point hike. The market expects additional 200-point increase by the end of this year, which would bring the Fed funds rate closer to 3%, from the current 0.25%-0.5%. The Fed may also prove to be more aggressive than had been expected in timing its balance sheet reduction, which may start as early as in May, with a monthly tapering of about USD 100 billion. No doubt, the Fed needs tighter monetary policy even if growth prospects are deteriorating. The question is how strong interest rate hikes and how fast balance sheet reduction will be sufficient to prevent second-round inflation effects from spilling over.

Long term government bond yields in the euro area (%)



US underlying inflation measures (%)



Sources: Bloomberg , Refinitiv

What to watch for the next week

Data					Cd.	Event/Data	Period	Cons.	Prev.
2022	4. 12.	8	:	00	UK	Unemployment rate (%)	Feb	3.8	3.9
		11	:	00	DE	ZEW Economic Sentiment (points)	Apr	-50.0	-39.3
		14	:	30	US	CPI (YoY, %)	Mar	8.3	7.9
		14	:	30	US	CPI (MoM, SA, %)	Mar	1.1	0.8
		14	:	30	US	core-CPI (YoY, %)	Mar	6.6	6.4
		14	:	30	US	core-CPI (MoM, SA, %)	Mar	0.5	0.5
		20	:	00	US	Federal budget balance (USDbn)			-217.0
	13.	5	:	00	CN	Export (YoY, %)	Mar	13.0	16.3
		8	:	00	UK	Inflation (YoY, %)	Mar	6.7	6.2
		10	:	00	IT	Industrial production (MoM, SA, %)	Feb	1.5	-3.4
		16	:	00	CA	Interest rate decision (%)	Apr	1.0	0.5
	14.	13	:	00	TR	Interest rate decision (%)	Apr		14.0
		13	:	45	EZ	Interest rate decision (lending rate, %)	Apr	0.0	0.0
		13	:	45	EZ	Interest rate decision (deposit rate, %)	Apr	-0.5	-0.5
		14	:	30	US	Initial jobless claims ('000s)	weekly		166.0
		14	:	30	US	Continuing jobless claims ('000s)	weekly		1523.0
		14	:	30	US	Retail sales (MoM, %)	Mar	0.6	0.3
		16	:	00	US	Business inventories (MoM, %)	Feb	1.0	1.1
		16	:	00	US	Michigan Consumer confidence (preliminary, points)	Apr	59.0	59.4
	15.	14	:	30	US	New York Fed Manufacturing index (points)	Apr	2.0	-11.8
		15	:	15	US	Industrial production (MoM, %)	Mar	0.4	0.5

Reversing weeks of recovery, stock markets fell on hawkish Fed and deteriorating business environment in the euro area

The week started with gains on Monday, despite a much weaker-than-expected Sentix business investor confidence for the euro area. However, the mood turned negative on Tuesday when Lael Brainard, who is considered to be a most dovish Fed official, said that the Fed could reduce its balance sheet at a rapid pace, in order to cut inflation. She also noted that the FED could start reducing its balance sheet as early as in May. On Wednesday, the hawkish tone of the Fed minutes also added to the stock market decline; the UST10Y yield was almost 1.6% on Thursday, while the German Bund approached 0.68%. The non-reassuring macro news from Europe continued during the week: industrial production in Germany and France fell more than expected, and the euro area's retails sales fell short of expectations. A decline in energy prices could not save the week, and although Friday was a green day in Europe, US was in red. Overall,, stock markets on both sides of the Atlantic seem to close the week with small losses.

Most stock markets in Europe and America seem to close with small losses

In **Europe**, the *STOXX600* is heading to end the week with minimal gain (+0.1%). In terms of sector performance, health care (5.8%) and utilities (3.7%) performed best, while technology (-4.6%), industrials goods (-3.7%), and auto&parts (-3.6%) seem to be the weakest ones. The national stock markets mostly closed in the red, with the *CAC40* (-2.8%) leading the fall; the *DAX* fell by 1.8%, and the *FTSEMIB* by 2.0%. However, the *FTSE100* could increase by 1.2%.

In the **USA**, the *S&P 500* seems to fall by 1.5%. Out of its components, health care (3.0%) and consumer staples (2.6%) performed best, while IT (-4.2%) and consumer discretionary (-3.4%) were the weakest spots.

Interest rate sensitive *Nasdaq Composite* by-3.9%, while *Dow* by 0.8%. The small cap *Russell2000* lost 4.2%.

Long-term yields marched further upwards on Fed and ECB minutes; energy prices fell, the USD strengthened

Reversing last week’s correction, government bond yields increased, the UST 10Y rose 30 bips in weekly terms, to almost 2.7%, a level last seen in early 2019. The German 10Y bund also grew substantially (+14 bips), exceeding 0.7% for the first time since January 2018. Southern European yields increased even more (Italy: +29 bips, Spain: +22 bips). The *USD* strengthened against major currencies on the expectations of more hawkish monetary policy.

Oil prices were stable on Friday but remained on course for a second weekly fall (-3.0%) after countries announced plans to release crude oil from their strategic stockpile. The International Energy Agency's (IEA) members will release 60 million barrels over the next six months, with the United States matching that amount as part of its 180 million barrel release announced in March. European *natural gas prices* also eased (-6.4%).

The euro area's macro data point to sharp deterioration; the FOMC minutes suggests more-hawkish-than-thought Fed

In the **euro area**, the *Sentix investor sentiment* declined dramatically to a 16-month low (-18 points) due to uncertainties and deteriorating activity on account of the Russia-Ukraine conflict. Both current assessment and expectations weakened notably in March. The current situation index declined 11.5 points to 7.8, its lowest since last May. The expectations index fell by 34.8 points, in the sharpest fall in the survey's history. The latter index reached -20.8 in March, the weakest since August 2012. Other data were less dramatic, although not at all positive, Germany's and France's *industrial production* for February both fell below expectations (Germany: -2.2% vs. -0.2% France: -0.9% vs. +0.2%), while euro area's *retail sales* for February could grow mildly (0.3%) but also below expectations (0.6%). As usual, it is hard to disentangle anything from the *ECB's Monetary Policy Account*, but it seems that some policy-makers are clearly worried about increasing underlying inflation, and questioned the reality of the staff's medium-term projection in light of significant consecutive upside surprises in inflation, and the large energy and food price shocks. However, other members were more concerned about the uncertain magnitude of the growth effect of the Russia-Ukraine conflict.

In the **USA**, the most interest macro release was the *FOMC minutes* from the March meeting. There were two important pieces of info that could have been revealed from the document. First, the minutes revealed that the Fed plans to run down its balance sheet by close to US 100bn per month which is double the pace of the run-off between 2017 and 2019. Second, Fed officials only pulled back from a 50bp rate hike last month because of the uncertainty caused by the Russia-Ukraine conflict. Otherwise, the *ISM non-manufacturing PMI* came out broadly with expectations (58.3 vs 58.4 points), which suggests an improvement compared to the previous month, and points to solid expansion. This indicates that so far, the Russia-Ukraine conflict hardly affected US sentiment. While the delivery times index declined mildly, which suggests improvement in the supply chain situation, the price index component increased further.

In **China**, the *Caixin services PMI* plunged to 42.0 in March 2022 from 50.2 in February, in the first contraction in seven months amid the new wave of COVID-19 outbreaks and mobility restrictions. It was the sharpest fall in the activity of the service sector since February 2020, as new orders shrank the most in two years, and export sales fell at the steepest rate since October 2020.

This week's data

Data				Cd.	Event/Data	Period	Fact	Cons.	Prev.
2022	4.	4.	8 : 00	DE	Export (MoM, SA, %)	Feb	6.4	1.5	-2.8
			10 : 30	EZ	Sentix Investor confidence (points)	Apr	-18.0	-9.2	-7.0
			16 : 00	US	Factory orders (MoM, %)	Feb	-0.5	-0.5	1.4
		5.	8 : 45	FR	Industrial production (MoM, %)	Feb	-0.9	0.2	1.6
			9 : 45	IT	S&P Global Service PMI (points)	Mar	52.1	51.5	52.8
			16 : 00	US	ISM non-Manufacturing PMI (points)	Mar	58.3	58.4	56.5
		6.	3 : 45	CN	Caixin Services PMI	Mar	42.0		50.2
			8 : 00	DE	Industrial orders (MoM, %)	Feb	-2.2	-0.2	2.3
			17 : 00	PL	Interest rate decision (%)	Apr	4.5	4.0	3.5
			20 : 00	US	FOMC Minutes		-	-	-
		7.	8 : 00	DE	Industrial production (MoM, %)	Feb	0.2	0.0	2.7
			11 : 00	EZ	Retail sales (MoM, %)	Feb	0.3	0.6	0.2
			13 : 30	EZ	ECB Minutes			-	-
			14 : 30	US	Initial jobless claims ('000s)	weekly	166.0	200.0	202.0
			14 : 30	US	Continuing jobless claims ('000s)	weekly	1523.0	1311.0	1307.0
		8.	10 : 00	IT	Retail sales (MoM, SA, %)	Feb	0.7		-0.6
			11 : 00	HU	Fiscal balance (monthly, billion HUF)	Mar			-1585
		10.		FR	Presidential election (first round)				E. Macron

Sector performance in the USA and Europe

Performance of US sectors

Sector	Bloomberg ticker	Last price	1 week change (%)	YTD (%)
S&P500	SPX Index	4478.2	-1.5	-6.0
IT	S5INFT Index	2672.6	-4.2	-12.5
Health care	S5HLTH Index	1657.2	3.0	0.8
Financials	S5FINL Index	626.5	-1.5	-3.6
Telco	S5TELS Index	230.2	-2.9	-13.9
Consumer discretionary	S5COND Index	1416.3	-3.4	-12.1
Industrials	S5INDU Index	841.3	-2.7	-6.0
Consumer staples	S5CONS Index	822.5	2.6	2.2
Utilities	S5UTIL Index	390.8	1.9	7.4
Energy	S5ENRS Index	600.6	2.3	42.1
Real estate	S5RLST Index	309.1	0.2	-4.8
Materials	S5MATR Index	553.1	-1.2	-2.9

Source: Bloomberg

Performance of Europe's sectors

Sector	Bloomberg ticker	Last price	1 week change (%)	YTD (%)
Stoxx 600	SXXP Index	458.9	0.1	-5.9
Health care	SXDP Index	1133.3	5.8	4.7
Industrial goods & services	SXNP Index	666.5	-3.7	-16.3
Banks	SX7P Index	135.3	-2.2	-6.7
Personal & households goods	SXQP Index	965.6	-0.9	-12.4
Insurance	SXIP Index	324.3	-1.4	0.7
Food and beverages	SX3P Index	834.7	2.4	-4.0
Technology	SX8P Index	638.1	-4.6	-20.9
Utilities	SX6P Index	403.6	3.7	-0.3
Oil & gas	SXEP Index	324.6	1.5	17.2
Chemicals	SX4P Index	1252.0	0.4	-8.4
Construction & materials	SXOP Index	557.3	-2.8	-13.7
Telco	SXKP Index	239.4	1.7	4.1
Retail	SXRP Index	322.7	-1.5	-27.5
Financial services	SXFP Index	688.8	-0.8	-8.6
Basic resources	SXPP Index	733.9	1.0	22.2
Real estate	SX86P Index	182.8	-0.9	-6.8
Auto & parts	SXAP Index	557.2	-3.6	-15.5
Media	SXMP Index	357.7	1.3	-4.1
Travel & leisure	SXTP Index	200.8	-2.9	-13.6

Source: Bloomberg

Data updated at 16:00 (CEST)

Performance of selected and regional stock indices

Name		Performance					Valuation***			Fundamentals				
Country	Index	Last Price	1M change (%)	3M change (%)	6M change (%)	12M change (%)	P/E*	P/B	P/S	ROE (%)	Current Ratio	Debt to equity (%)	Change in EPS growth in the last 4 week (%)	Change in EPS growth in the last 3 month (%)
USA	SPX Index	4478	7.4	-4.3	2.0	9.3	23.0	4.5	2.9	20.6	1.3	111.8	1.1	2.8
Europe	SXXP Index	459	10.6	-5.6	0.3	5.0	16.1	1.9	1.5	14.2	1.1	162.7	0.6	7.4
Germany	DAX Index	14191	10.6	-11.0	-6.7	-6.7	14.5	1.7	1.0	13.0	1.1	117.9	25.2	2.8
France	CAC Index	6500	9.0	-10.0	-0.9	5.4	15.3	1.7	1.3	14.6	1.1	186.8	8.2	11.8
Poland	WIG20 Index	2083	9.1	-9.9	-13.6	5.2	8.1	1.2	0.9	15.3	1.2	53.7	13.0	11.6
Czechia	PX Index	1364	8.1	-4.4	-0.2	25.3	12.3	1.2	1.3	10.0	0.9	154.6	15.2	15.9
Hungary	BUX Index	42017	1.2	-19.1	-22.1	-4.9	6.0	1.0	0.7	16.2	1.4	56.9	15.7	3.1
Romania	BET Index	12738	13.6	-3.2	-0.6	13.7	2.5	1.2	0.1	13.2		58.7	49.2	14.1
Bulgaria	SOFIX Index	628	14.7	-3.0	9.7	23.4	8.0	0.9	0.6	9.7	3.7	65.7		
Russia	IMOEX Index	2586	4.7	-31.4	-39.0	-26.3	3.8	0.8	0.8	21.2	1.4	78.0	-38.0	14.2
Ukraine	PFTS Index	519	0.0	-0.7	-1.3	-1.9	5.6	1.4	0.3	10.2	0.6	7.8		
Slovenia	SBITOP Index	1206	14.4	-6.6	3.5	19.4	7.7	1.1	0.6	14.0	1.7	33.3		
Croatia	CRO Index	2134	11.5	-0.2	4.9	13.0	12.9	1.1	1.2	9.2	1.5	40.5		
Serbia	BELEX15 Index	848	1.5	2.7	5.9	13.6	11.0	0.7	0.7	6.6	1.7	19.0		
Montenegro	MNSE10 Index	793	1.1	3.7	1.6	6.7	101.3	0.3	0.9	0.1	2.0	14.0		

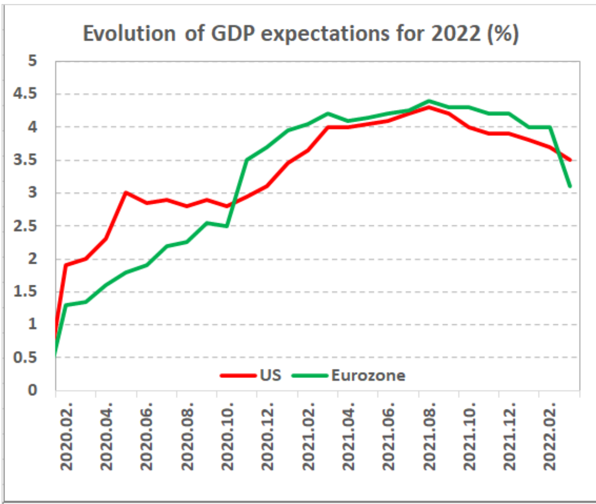
*Price to earnings (P/E) ratio is calculated with the 12M trailing EPS in the denominator.

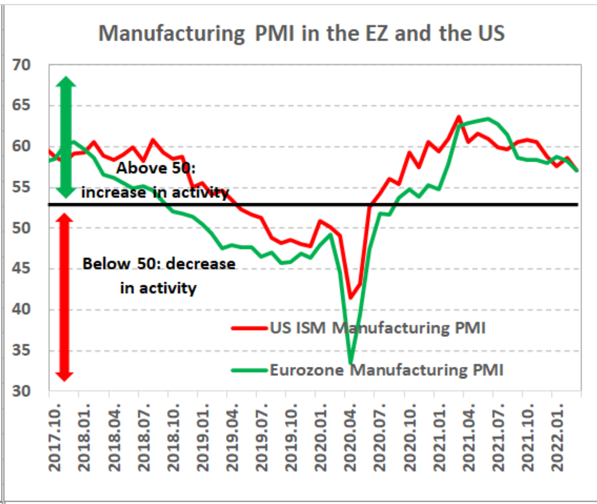
***Some of the country indices could be sector heavy (only a handful industry comprise the majority of the indices),

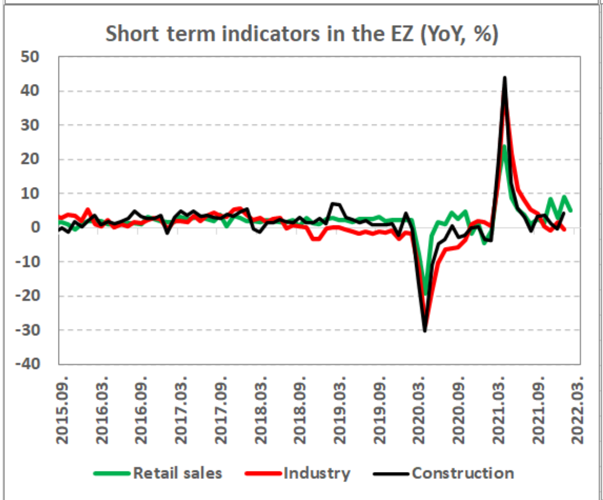
***therefore direct comparison of valuation metrics alone could be misleading.

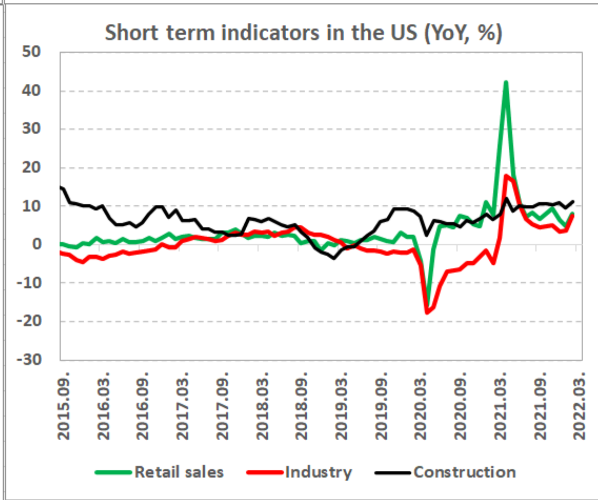
Data updated at 16:00 (CEST)

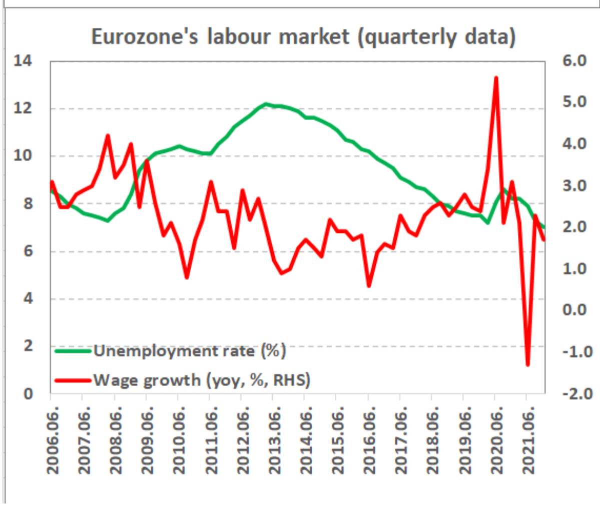
Eurozone and US chart set

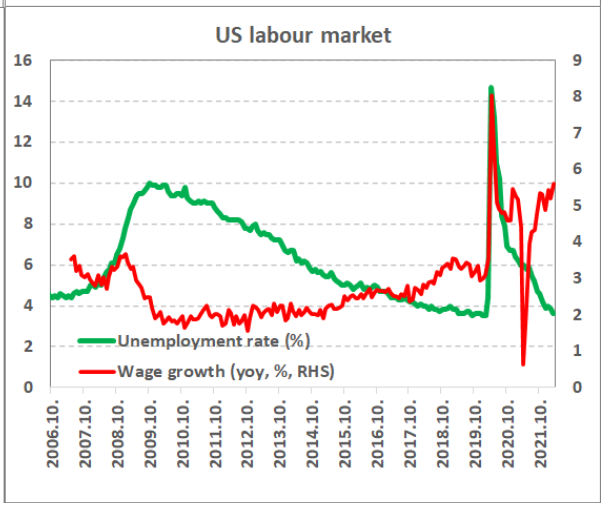






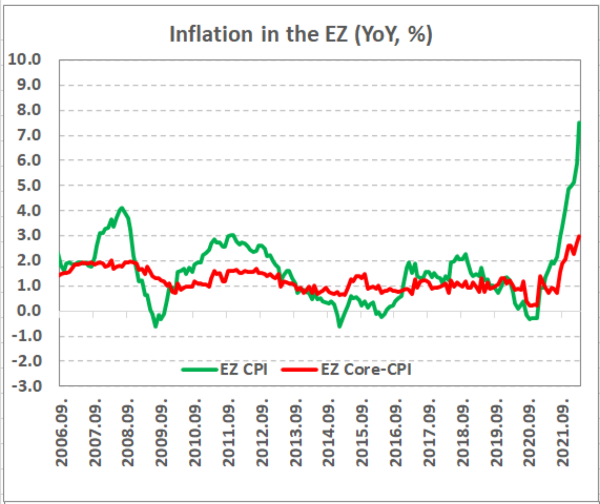


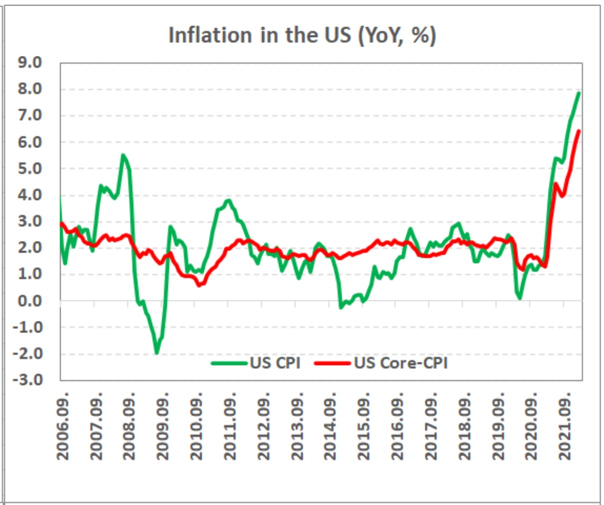


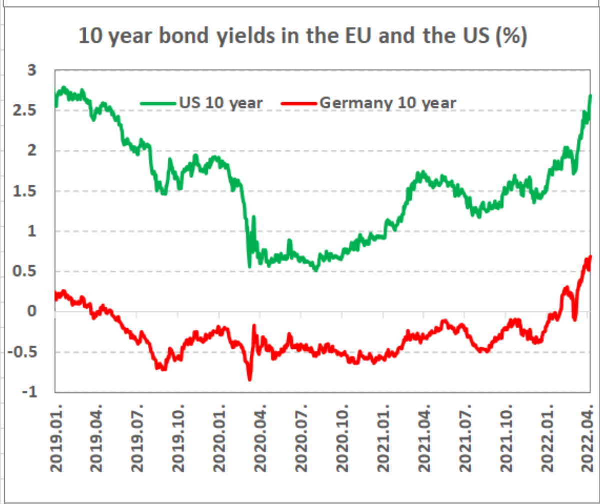


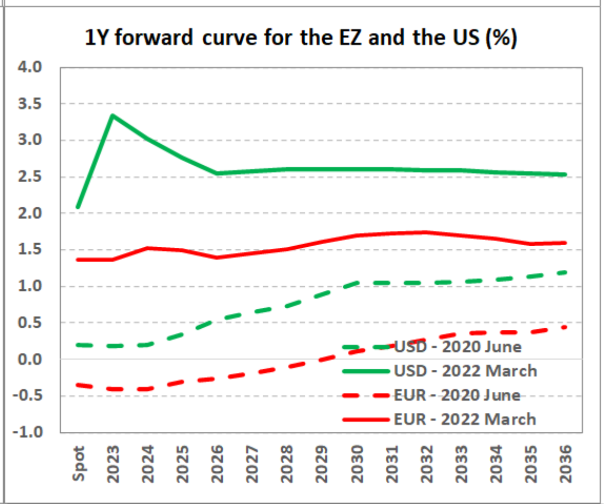
Source: Refinitiv

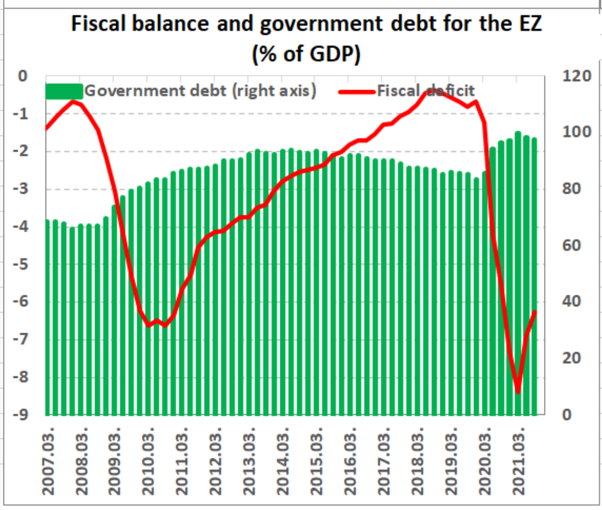
Eurozone and US chart set

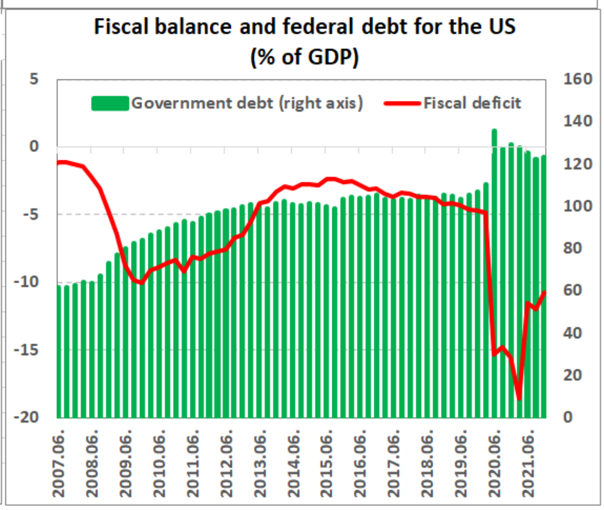












Source: Refinitiv

FX forecast for the majors

FX pair	2020.Q2	2020.Q3	2020.Q4	2021.Q1	2021.Q2	2021.Q3	2021.Q4	2022.Q4	2023.Q4	2024.Q4
EURUSD	1.09	1.18	1.19	1.21	1.21	1.18	1.14	1.14	1.16	1.18
EURGBP	0.89	0.91	0.90	0.88	0.86	0.85	0.84	0.85	0.85	0.86
EURCHF	1.06	1.08	1.08	1.08	1.10	1.08	1.06	1.05	1.10	1.09
USDJPY	107.0	106.0	104.0	104.0	109.0	111.5	114.0	120.0	117.0	114.5

Source: Bloomberg

FX forecast for OTP countries

Country	FX pair	2021.Q4	2022.Q1	2022.Q2	2022.Q3	2022.Q4	2023.Q1	2023.Q2	2023.Q3	2023.Q4
Hungary	EURHUF (eop)	369.0	367.0	371.0	369.0	369.0	367.0	367.0	366.0	363.0
Romania	EURRON (eop)	4.95	4.94	5.00	5.01	5.04	5.10	5.08	5.09	5.09
Russia	USDRUB (eop)	74.3	84.1	114.9	116.1	115.7	114.8	115.1	114.0	113.0
Ukraine	USDUAH (eop)	27.30	29.50	33.40	35.20	34.80	33.90	31.80	31.90	31.10
Croatia	EURHRK (eop)	7.5	7.6	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Serbia	EURRSD (eop)	117.6	117.7	117.9	117.8	117.8	117.7	0.0	0.0	0.0
Montenegro	EURUSD (eop)	1.14	1.10	1.11	1.12	1.13	1.13	1.14	1.16	1.17

*Slovenia and Montenegro uses EUR as a base currency.

**No forecast available for Moldova and Albania

Source: Focus Economics

Chief Economist
Gergely Tardos
tardosg@otpbank.hu

Analyst
Mihály András Kovács
Mihaly.Andras.Kovacs@otpbank.hu

OTP Bank Romania Treasury Sales Team

Robert Kovacs
Head of Sales
+40 372 318 588
robert.kovacs@otpbank.ro

Anca Butuc
Desk Dealer
+40 372 318 587
anca.butuc@otpbank.ro

Anamaria Toma
Desk Dealer
+40 372 318 585
anamaria.toma@otpbank.ro

Corina Bejan
Desk Dealer
+40 372 318 583
corina.bejan@otpbank.ro

Teodor Tibuleac
Desk Dealer
+40 372 318 586
teodor.tibuleac@otpbank.ro

Szilamer Kozma
Regional Dealer
+40 372 504 520
szilamer.kozma@otpbank.ro

Andrei Sala
Regional Dealer
+40 755 000 015
andrei.sala@otpbank.ro

Dan Giurea
Regional Dealer
+40 372 318 584
dan.giurea@otpbank.ro

Alexandru Sabin
Regional Dealer
+40 755 000 255
alexandru.sabin@otpbank.ro

This document was prepared on 11 April 2022.

Disclaimer for OTP Bank Romania S.A. customers

OTP Bank Romania S.A. does not intend to present this document as an objective or independent explanation of the matters contained therein. This document a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication does not contain a comprehensive analysis of the described issues. This report is issued for information purposes only and should not be interpreted as a suggestion, an invitation or an offer to enter into any transaction, as an investment advice, and it does not constitute legal, tax or accounting advice. Also it is not and should not be considered a recommendation for investment in financial instruments according to NSC Regulations no. 32/2006 and 15/2006.

Information herein reflects current market practices. Additional information may be available on request. This document is intended only for the direct and sole use of the selected customers of OTP Bank Romania S.A. Any form of reproduction or redistribution to any other person that the intended recipients, including publication in whole or in part for any purpose, must not be made without the express written agreement of OTP Bank Romania S.A. Although the information in this document has been prepared in good faith from sources which OTP Bank Romania S.A. believes to be reliable, we do not represent or warrant its accuracy and such information may be incomplete or condensed. The issuer of this report does not claim that the information presented herein is perfectly accurate or complete. However it is based on sources available to the public and widely believed to be reliable. Also the opinions and estimates presented herein reflect a professional subjective judgment at the original date of publication and are therefore subject to change thereafter without notice. Furthermore there can be no guarantees that any market developments will unfold as forecasted. Opinions and estimates constitute our judgment and are subject to change without notice.

OTP Bank Romania S.A. may have issued reports that are different or inconsistent with the information expressed within this report and is under no obligation to update or keep current the information contained herein.

OTP Bank Romania S.A. may hold a position or act as market maker in the financial instrument of any issuer discussed herein or act as advisor or lender to such issuer. This document is not intended to provide the basis for any evaluation of the financial instruments discussed herein. In particular, information in this document regarding any issue of new financial instruments should be regarded as indicative, preliminary and for illustrative purposes only, and evaluation of any such financial instruments should be made solely on the basis of information contained in the relevant offering circular and pricing supplement when available. OTP Bank Romania S.A. does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein and is not responsible for determining the legality or suitability of an investment in the financial instruments by any prospective purchaser.

This report is not intended to influence in any way or to be considered a substitute to research and advice centred on the specific investment objectives and constraints of the recipient (including tax concerns) therefore investors should obtain individual financial advice. Before purchasing or selling financial instruments or engaging investment services, please examine the prospectuses, regulations, terms, agreements, notices, fee letters, and any other relevant documents regarding financial instruments or investment services described herein in order to be capable of making a well-advised investment decision. Please refer to your competent adviser for advice on the risks, fees, taxes, potential losses and any other relevant conditions before you make your investment decision regarding financial instruments or investment services described herein. OTP Bank Romania S.A. in compliance with the applicable law, assumes no responsibility, obligation, warranty or guarantee whatsoever for any direct or indirect damage (including losses arising from investments), or for the costs or expenses, detrimental legal consequences or other sanctions (including punitive and consequential damage) sustained by any natural or legal person as a result of the purchase or sale of financial instruments or engaging investment services described herein, even if OTP Bank Romania S.A. was warned of the possibility of such occurrences.

Figures described herein refer to the past and past performance is not a reliable indicator of future results. Investments in financial instruments carry a certain degree of risk (fluctuation of share prices, uncertainty of dividend, yields and / or profits, exchange rate fluctuations, etc.). The capital invested is not guaranteed, investment gains, usually assumed proportionate to risk, and past performance of financial instruments is not a guarantee for future performance.

Please note that the Internet is not a secure environment and OTP Bank Romania S.A. does not accept any liability for any loss caused by the result of using this report in a form altered or delayed by the wilful or accidental interception, corruption or virus infection.

This document has been provided to the recipients upon their prior request. Your abovementioned permission may be withdrawn by an e-mail addressed to newsletters@otpbank.ro or a written mail addressed to OTP Bank Romania S.A , Buzesti Street, no. 66-68, 1st district, Bucharest, Romania. Please refer to your name and e-mail address in both cases.