OTP Group
2Q 2023 results

Conference call – 10 August 2023

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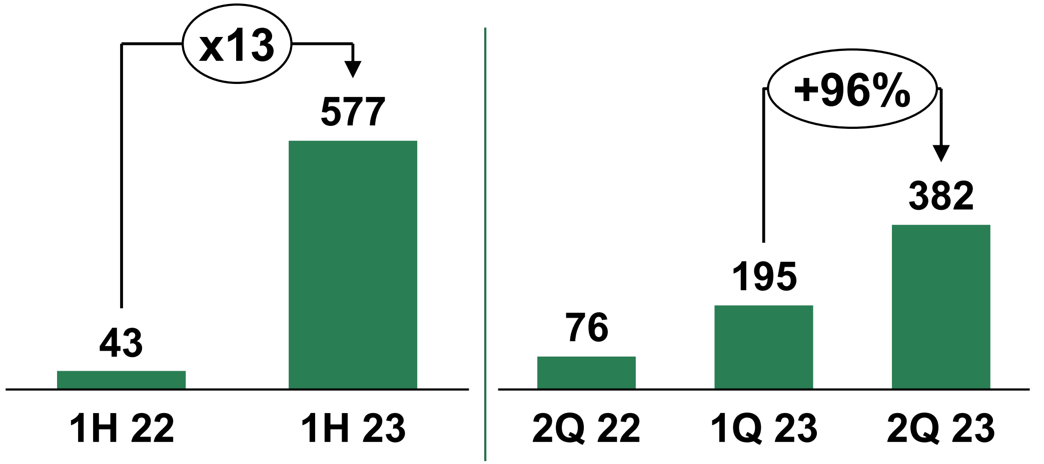
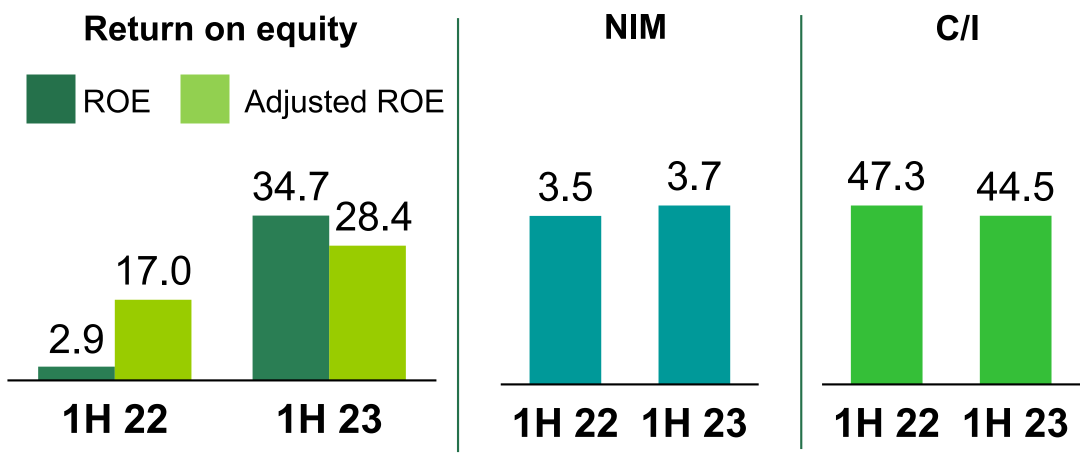
Chief Financial and Strategic Officer

In 1H 2023 OTP Group posted HUF 577 billion profit after tax, partially supported by the badwill of two acquisitions closed in the first half-year, as well as the improvement of adjusted profit

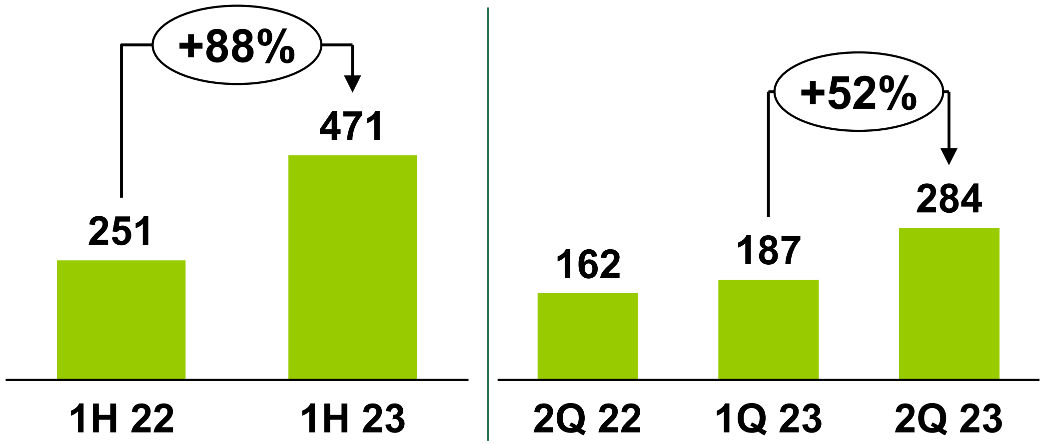
Consolidated profit after tax
(HUF billion)



Key performance indicators of OTP Group
(%)



Consolidated adjusted profit after tax
(HUF billion)



Main adjustment items
(after tax, HUF billion)

	1H 22	1Q 23	2Q 23	1H 23
Effect of acquisitions	-5.9	84.9	84	168.9
Special tax on financial institutions	-88.1	-88.1	25.6	-62.5
Interest rate cap extension	-10.1	0.3	-17.9	-17.6
Effect of the Russia-Ukraine war[1]	-91.3	0.0	-0.5	-0.5
Others	-12.6	10.5	6.9	17.4
Total	**-208.1**	**7.6**	**98.1**	**105.8**

[1] Goodwill impairment, the tax effect of the impairment on investments, and the impairment recognized on the Russian government bonds held in OTP Core and DSK Bank's books.

The increase in the Group's semi-annual adjusted profit after tax was mainly shaped by dynamic income growth and close to zero total risk cost, partly offset by the operating cost pressure

	OTP Group (consolidated)					
P&L (in HUF billion)	**1H 2022**	**1H 2023**	**1H Y-o-Y FX-adj. w/o acq.**	**1Q 2023**	**2Q 2023**	**2Q Q-o-Q FX-adj. w/o acq.**
Net interest income	506	653	20%	312	341	10%
Net fees and commissions	182	221	14%	103	118	14%
Other net non-interest income	67	131	94%	42	89	114%
Total income	**755**	**1,005**	**25%**	**457**	**547**	**21%**
Personnel expenses	-174	-228	24%	-108	-120	13%
Depreciation	-39	-46	12%	-23	-23	-2%
Other expenses	-143	-174	17%	-94	-80	-14%
Operating expenses	**-357**	**-448**	**20%**	**-225**	**-222**	**0%**
Operating profit	**398**	**557**	**30%**	**232**	**325**	**41%**
Provision for impairment on loan losses	-74	-3	-97%	-6	3	
Other risk cost	-31	3		-3	6	
Total risk cost	**-105**	**0**		**-9**	**9**	
Profit before tax	**293**	**557**	**72%**	**223**	**335**	**52%**
Corporate tax	-43	-86	78%	-36	-51	46%
Adjusted profit after tax	**251**	**471**	**71%**	**187**	**284**	**54%**
Adjustments	-208	106		8	98	
Profit after tax	**43**	**577**	**1264%**	**195**	**382**	**108%**

Main performance indicators	**1H 2022**	**1H 2023**	**Y-o-Y**	**1Q 2023**	**2Q 2023**	**Q-o-Q**
Adjusted ROE	17.0%	28.4%	11.4%p	23.0%	33.5%	10.5%p
Performing loan growth (FX-adjusted)	+7%	+18%/+3%[1]		+11%/+1%[1]	+6%/+2%[1]	
Net interest margin	3.50%	3.72%	0.22%p	3.66%	3.77%	0.11%p
Cost / Income ratio	47.3%	44.5%	-2.7%p	49.3%	40.6%	-8.7%p
Credit risk cost ratio	0.86%	0.03%	-0.83%p	0.12%	-0.06%	-0.18%p

[1] Without acquisitions.

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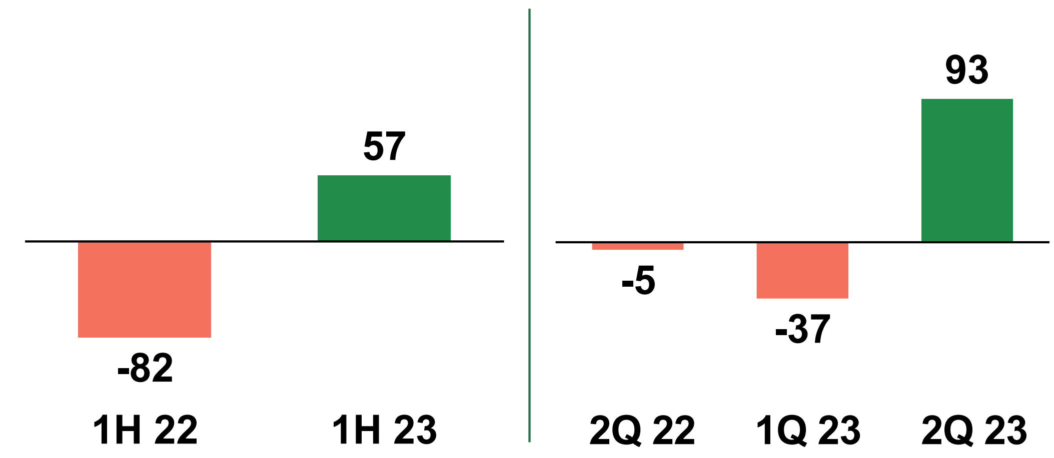
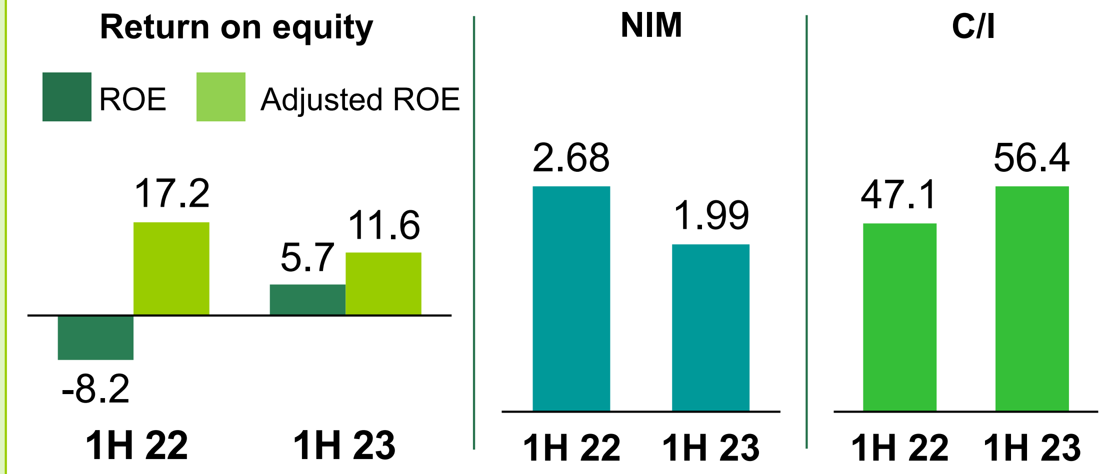
OTP CORE

In the first half of the year, OTP Core achieved HUF 57 billion profit after tax excluding dividends from subsidiaries. The half-year adjusted result is 32% lower than last year

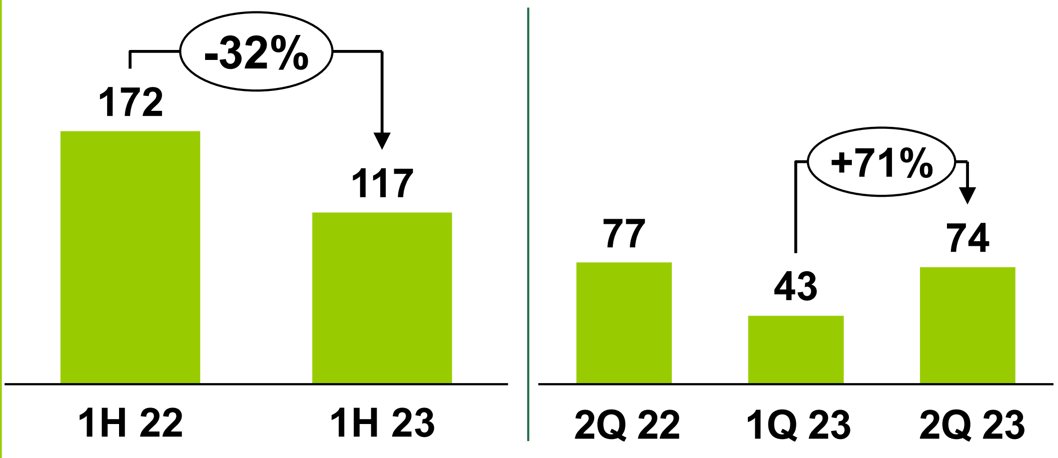
OTP Core profit after tax
(without dividends received from subsidiaries, HUF billion)



Highlighted key performance indicators of OTP Core
(%)



OTP Core adjusted profit after tax
(HUF billion)



Main one-off adjustment items at OTP Core
(after tax, HUF billion, without received dividends)

	1H 22	1Q 23	2Q 23	1H 23
Windfall tax	-66.0	-61.2	25,0	-36.2
Special banking tax	-19.2	-24.0	0.0	-24.0
Interest rate cap extension	-10.1	0.0	-16.3	-16.3
Effect of the Russia-Ukraine war[1]	-145.2	0.0	5.3	5.3
Others	-13.5	5.4	5.6	11.0
Total	**-254.1**	**-79.7**	**19.5**	**-60.2**

[1] Impairment of investments and the amount of the impairment recognized on the Russian bonds on OTP Core's balance sheet.

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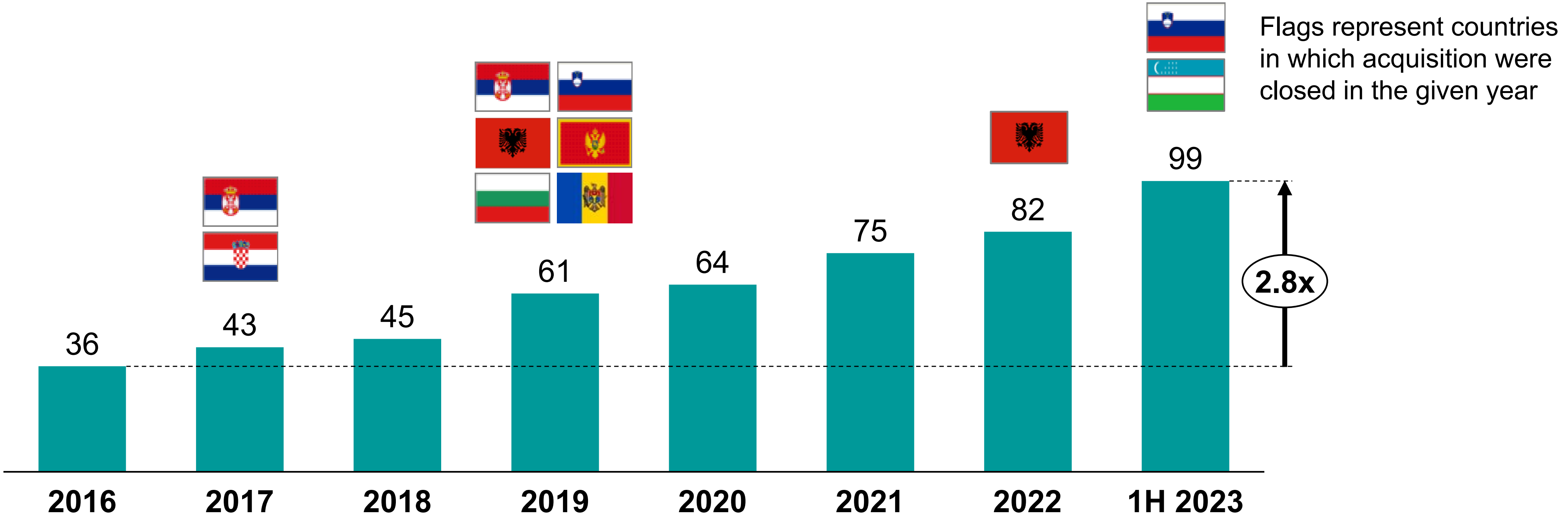
In 1H 2023 foreign subsidiary banks in the CEE region substantially increased their profit after tax, their ROE indicators were typically between 15-25%. The Russian and Ukrainian subsidiaries continued their profitable operation in 2Q as well

	Profit after tax[1] (HUF billion)		ROE		Cost / income ratio	
	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023
DSK Group (Bulgaria)	50	89	15%	24%	40%	35%
SKB + NKBM (Slovenia)	10	15 + 39[2] = 54	11%	22%	58%	36%
OTP Bank Croatia	23	30	13%	16%	52%	47%
OTP Bank Serbia	22	31	14%	18%	48%	38%
OTP Bank Albania	5	8	26%	26%	45%	45%
CKB Group (Montenegro)	0	9	1%	18%	52%	39%
OTP Bank Russia	-15	51	-13%	36%	55%	35%
OTP Bank Ukraine	-34	30	-51%	47%	29%	26%
OTP Bank Romania	-1	14	-1%	16%	77%	72%
OTP Bank Moldova	2	9	10%	31%	41%	41%

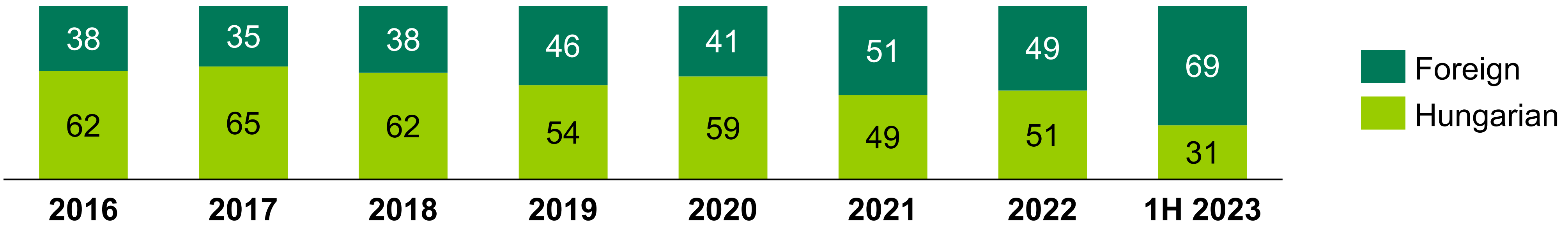
[1] Without adjustment items.
[2] NKBM contribution from February 2023.

Due to the acquisitions completed in recent years and the dynamic organic growth, consolidated total assets approached EUR 100 billion, while profit contribution of foreign operations gradually increased, hitting almost 70% in 1H 2023

Total assets development of OTP Group (in EUR billion)



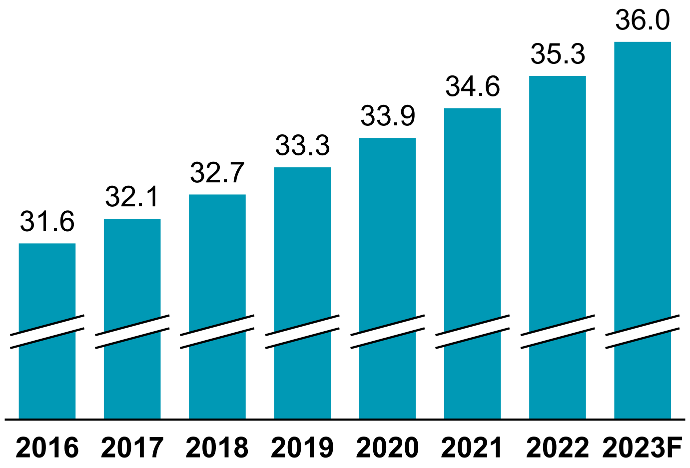
Contribution of Hungarian and foreign operations to the adjusted profit after tax (%)



UZBEKISTAN

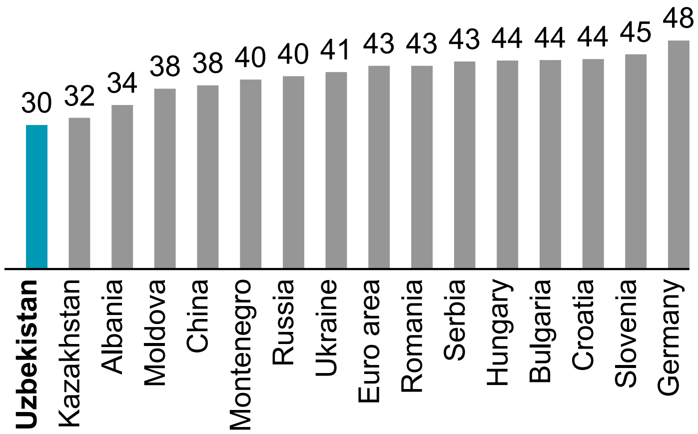
Uzbekistan's economy has significant growth potential. The population is young and rapidly growing, while the educational indicators demonstrate a favourable position even in global comparison

Population (million)



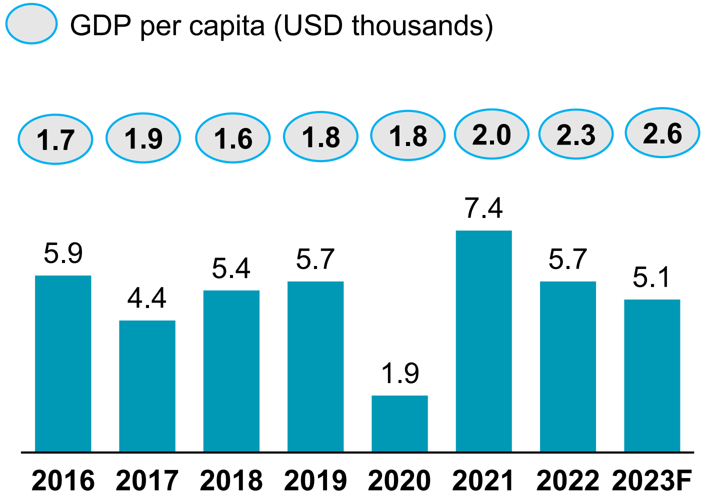
Source: IMF

Comparison of the median age (2020)



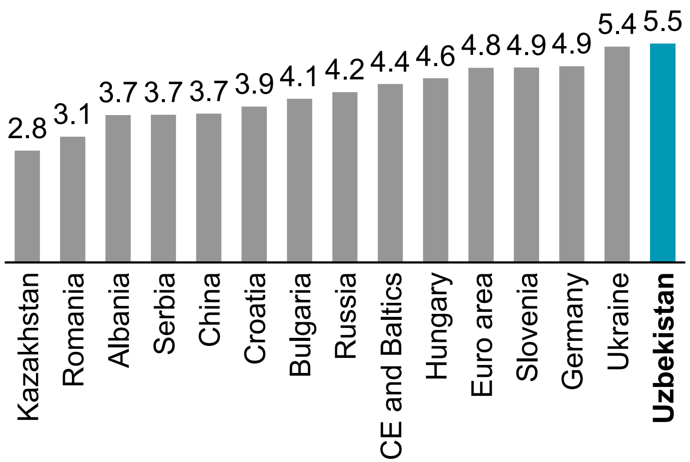
Source United Nations

GDP growth (y-o-y, %)



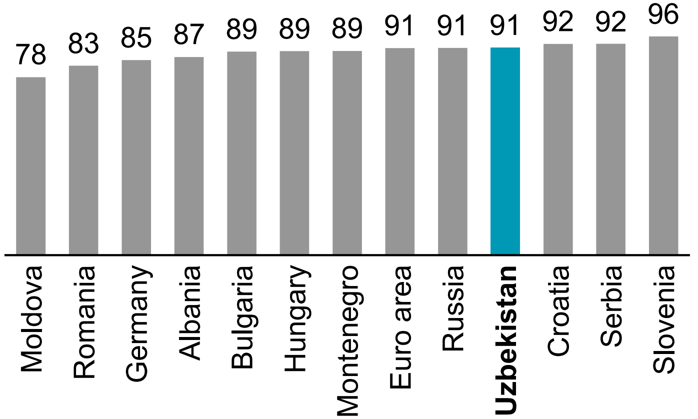
Source: IMF

Educational spending to GDP (%)



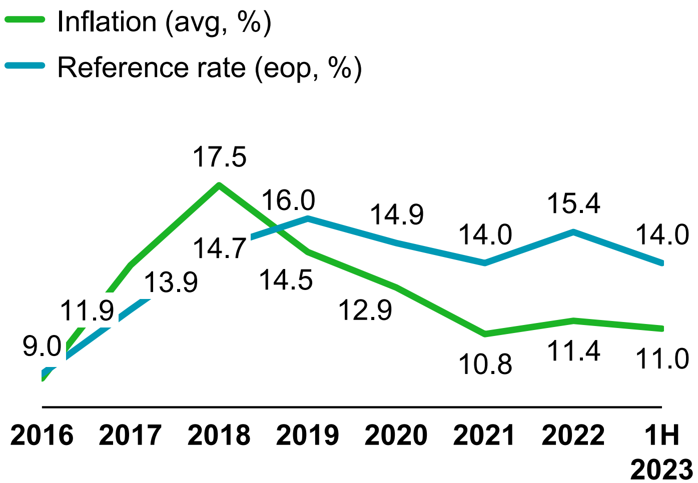
Source: World Bank

Secondary school enrolment (net, %)



Source: World Bank

Inflation and reference rate (%)



Source: OTP Research Department

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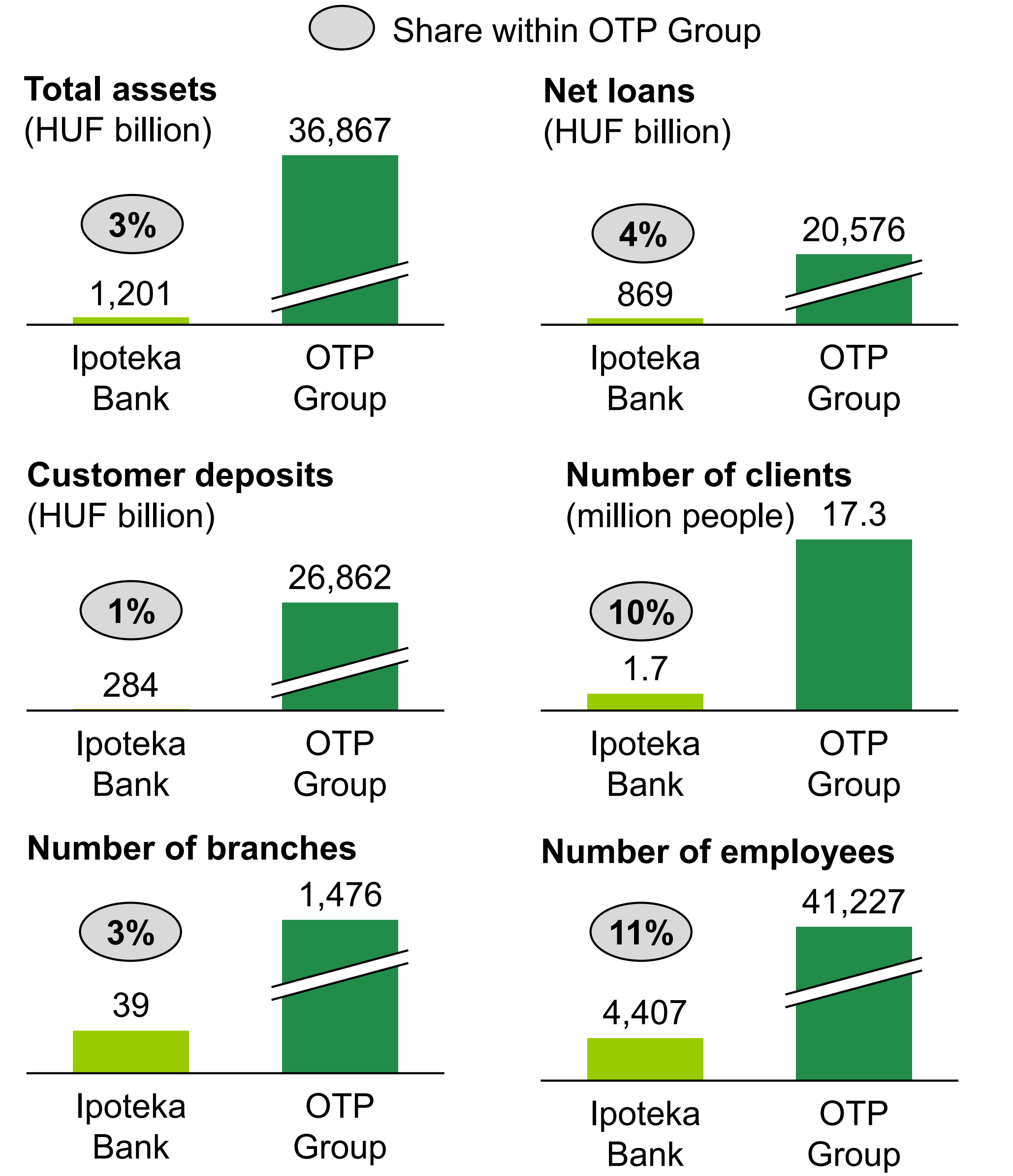
IPOTEKA BANK

In terms of total assets, Ipoteka Bank is the fifth largest bank in Uzbekistan with a market share of 7.7%, and it is also the largest player in the mortgage market with a market share of around 25%

IFRS, HUF billion / %	2020	2021	2022
Profit after tax	**12**	**25**	**44**
Total assets	925	1,206	1,492
Net loans	690	878	1,099
Customer deposits	261	409	421
Interbank liabilities	549	647	847
Shareholders' equity	115	148	210
ROE	10.7%	19.8%	23.9%
Net loan-to-deposit ratio	264%	215%	261%

Market share and equity of Uzbek banks[1]
(As of 1 July 2023, EUR billion)

	Bank	Total assets	Market share	Shareholders' equity
1	NBU	9.4	20.2%	1.4
2	Uzpromstroybank	5.3	11.5%	0.7
3	Agrobank	4.7	10.3%	0.8
4	Asaka bank	3.9	8.4%	0.5
5	**Ipoteka Bank**	**3.6**	**7.7%**	**0.5**
6	People's bank	2.8	6.0%	0.4
7	Kapital bank	2.6	5.7%	0.3
8	Qishloq Qurilish bank	2.0	4.3%	0.2



[1] Source: National Bank of Uzbekistan.

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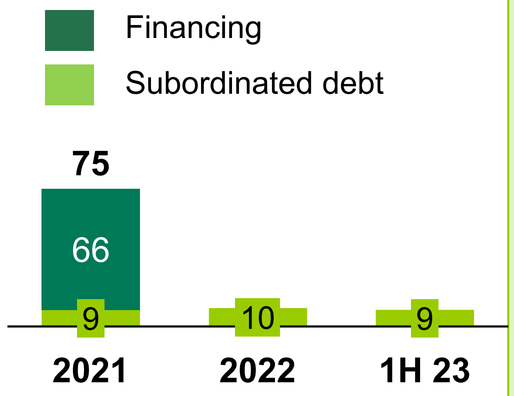
Russian consumer loans expanded by 16% y-o-y, while corporate lending dropped by 64%. In Ukraine the provisioning level improved further. In both countries there is a substantial free capital above the regulatory minimum requirement

OTP Russia

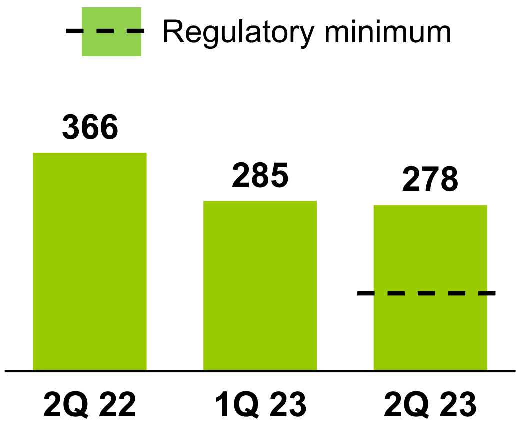
Volume changes
(FX-adjusted)

	Y-o-Y
Performing consumer (Stage 1+2) loans	16%
Corporate loans	-64%
Customer deposits	56%

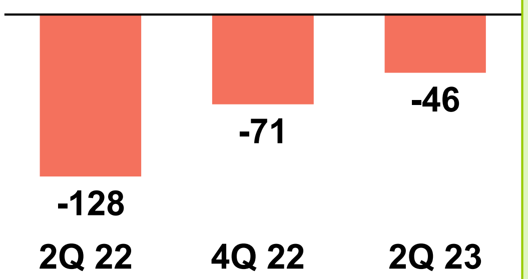
Gross intragroup financing and subordinated debt capital
(in HUF billion)



OTP Russia's equity
(in HUF billion)



Impact of the potential deconsolidation of the Russian operation on the Group's CET1 ratio
(basis points)

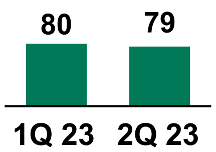


OTP Ukraine

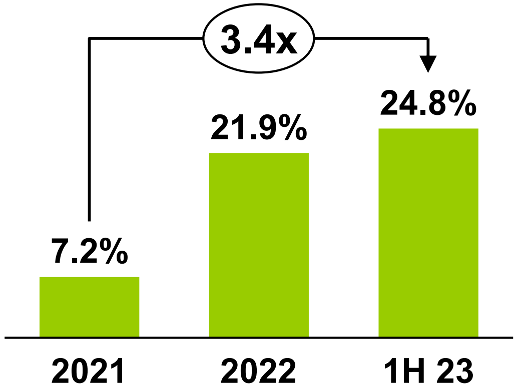
Volume changes
(FX-adjusted)

	Y-o-Y	Q-o-Q
Performing (Stage 1+2) loans	-38%	-11%
Customer deposits	11%	-5%

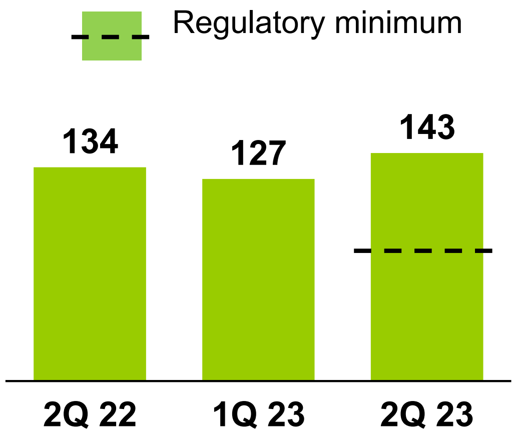
Intragroup financing (gross, HUF billion)



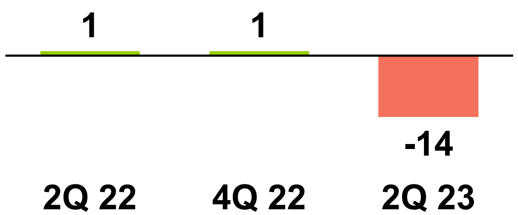
Total provisions to total gross loans ratio



OTP Ukraine's equity
(in HUF billion)



Impact of the potential deconsolidation of the Ukrainian operation on the Group's CET1 ratio
(basis points)



In 2Q 2023 the Group's FX-adjusted total income grew by 21% without the NKBM acquisition, driven primarily by Hungary

Effect of NKBM acquisition

TOTAL INCOME without one-off items	1H 2023 (HUF billion)	2Q 2023 (HUF billion)	1H 2023 Y-o-Y (HUF billion)		2Q 2023 Q-o-Q (HUF billion)	
OTP Group	**1,005**	**547**	185 64 249	33%/25%[1]	72 18 90	20%/21%[1]
OTP CORE (Hungary)	**349**	**199**	13	4%	49	33%
DSK Group (Bulgaria)	**146**	**76**	45	45%	5	7%/11%[2]
SKB+NKBM (Slovenia)	**97**	**58**	9 64 74	316%/39%[1]	1 18 19	49%/9%[1]
OBH (Croatia)	**56**	**29**	10	21%	2	7%/11%[2]
OBSrb (Serbia)	**63**	**32**	17	38%	1	5%/9%[2]
OBA (Albania)	**16**	**8**	8	105%	0	5%
CKB Group (Montenegro)	**18**	**9**	5	42%	1	8%/12%[2]
OBRu (Russia)	**107**	**58**	47	78%	9	19%/36%[2]
OBU (Ukraine)	**55**	**26**	4	7%/32%[2]	-2	-7%/-2%[2]
OBR (Romania)	**33**	**16**	5	16%	-1	-7%/-2%[2]
OBM (Moldova)	**13**	**6**	3	28%	-2	-26%
Others	**52**	**31**	20	36%	9	41%

[1] Changes without the effect of NKBM acquisition and FX-adjusted.
[2] FX-adjusted change.

Semi-annual FX-adjusted net interest income grew 20% organically, as stronger foreign contributions offset the weaker Hungarian performance. The q-o-q NII growth at OTP Core was driven by technical factors

Effect of NKBM acquisition

NET INTEREST INCOME	1H 2023 (HUF billion)	2Q 2023 (HUF billion)	1H 2023 Y-o-Y (HUF billion)		2Q 2023 Q-o-Q (HUF billion)	
OTP Group	653	341	99 / 48 / 147	29%/20%[1]	16 / 13 / 29	9%/10%[1]
OTP CORE (Hungary)	187	97	-32	-15%	8	8%
DSK Group (Bulgaria)	104	55	42	67%	5	10%/15%[2]
SKB+NKBM (Slovenia)	73	43	10 / 48 / 58	404%/68%[1]	1 / 13 / 14	45%/11%[1]
OBH (Croatia)	41	21	9	28%	1	3%/7%[2]
OBSrb (Serbia)	49	25	16	48%	1	3%/7%[2]
OBA (Albania)	13	7	7	112%	0	5%
CKB Group (Montenegro)	14	7	5	49%	0	5%/9%[2]
OBRu (Russia)	60	30	14	31%	-1	-2%/15%[2]
OBU (Ukraine)	46	22	6	15%/42%[2]	-2	-6%/-1%[2]
OBR (Romania)	34	17	10	41%	1	4%/9%[2]
OBM (Moldova)	10	4	3	42%	-2	-28%
Merkantil (Hungary)	13	6	3	33%	-1	-11%
Others	8	6	10		4	209%

1 At OTP Core the 2Q NII increased by HUF 7.6 billion due to one-off items and technical factors:
- the semi-annual amount of interest subsidies for certain loans, to the tune of HUF 5.4 billion, was recognized in one sum in 2Q;
- an item recognized in 1Q related to the consolidation of interest income earned on securities transferred within the Group was corrected in 2Q (+HUF 3.8 billion q-o-q NII effect);
- calendar effect: +HUF 1 billion q-o-q.

Without these items, NII would have declined q-o-q by HUF 2.6 billion, mainly because of the changes of the mandatory reserve rules from April, and the changes in the balance sheet structure: higher share of non-interest-bearing assets, increasing share of higher rate liabilities, lower weight of deposits. These negative factors were mitigated by the starting of the rate cutting cycle and the continued rise of EUR rates.

2 In EUR-linked countries, group members benefited from rising rates exerting a positive effect on margins.

3 In Russia and Ukraine 1H NII increase was driven by higher interest earned on central bank placements.

[1] Changes without the effect of NKBM acquisition and FX-adjusted.
[2] FX-adjusted change.

The consolidated net interest margin improved q-o-q, thanks to the continuation of positive trends at CEE Group members. As a result of technical and one-off items, the Hungarian margin grew by 10 bps q-o-q from close to its historic lows

NET INTEREST MARGIN	2Q 2022	1Q 2023	2Q 2023
OTP Group	3.57%	3.66%	3.77%
OTP CORE (Hungary)	2.69%	1.94%	2.05%
DSK Group (Bulgaria)	2.62%	3.41%	3.73%
SKB+NKBM (Slovenia)	1.99%	3.28%[1]	3.16%
OBH (Croatia)	2.48%	2.74%	2.96%
OBSrb (Serbia)	2.89%	3.77%	3.84%
OBA (Albania)	3.46%	4.23%	4.37%
CKB Group (Montenegro)	3.48%	4.37%	4.68%
OBRu (Romania)	9.63%	11.91%	10.70%
OBU (Russia)	8.38%	9.63%	8.97%
OBR (Ukraine)	3.37%	4.05%	4.47%
OBM (Moldova)	4.85%	6.60%	4.68%

1 OTP Core's 2Q margin was substantially lower than a year earlier:
- the mandatory minimum reserve requirement was raised and the rate was diverted from the 18% O/N rate, in 2Q the central bank paid 9.75%;
- unfavorable changes in the balance sheet structure:
  - o on the asset side, the proportion of non-interest-bearing assets increased, mainly at the expense of financial assets;
  - o on the liability side the weight of deposits decreased against higher rate liabilities;
- significant fixed rate asset surplus due to fixed rate HU govies and high proportion of fixed rate loans.

The q-o-q improvement was due to one-offs and technical factors boosting NII; without those, NIM would have declined 9 bps q-o-q, partly due to declining NII without one-offs and the 2% increase in the quarterly average total assets.

2 NIM of CEE group members was boosted by the rising interest rate environment.

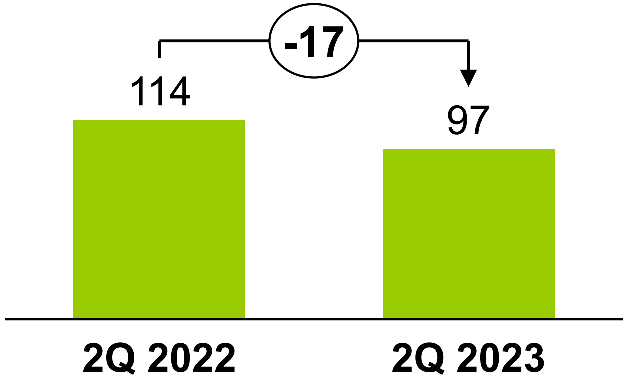
3 The Russian, Ukrainian and Moldovan NIM decreased q-o-q, mainly due to lower rates earned on placements with the central bank.

[1] NKBM's profit figures were consolidated into the Group's from February 2023, while its balance sheet from the end of February, which based on the net interest margin calculation methodology, distorted the margin of the Slovenian operation upwards in 1Q.

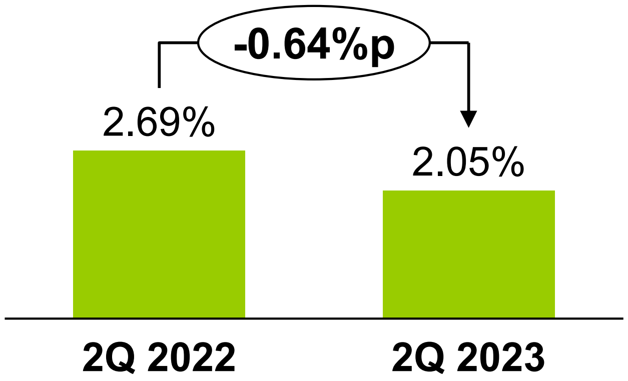
OTP CORE

At OTP Core the significant y-o-y drop of net interest margin was mainly due to the negative impact of the changes in the mandatory reserve rules, the NKBM acquisition and the shrinking deposit volumes

OTP Core - net interest income
(HUF billion)



OTP Core - net interest margin



Decomposition of y-o-y NII / NIM decline	∆ NII	∆ NIM
Mandatory reserves: the minimum reserve ratio was increased from 1% to 5% in October 2022 and to 10% in April 2023. The central bank paid the base rate (13%) instead of the O/N rate (18%) starting from October, and 0% on 25% of the reserves starting from April 2023.	-23 bn	-54 bps
Acquisitions: interest bearing assets decreased and non-interest bearing investments increased due to the NKBM acquisition (HUF 297 bn) in 1Q 2023.	-13 bn	-30 bps
Deposits: deposits decreased from HUF 11,122 billion to 10,621 billion. The NII impact was calculated with the assumption of fix 12% deposit margin.	-11 bn	-24 bps
MREL issuances: altogether HUF 861 billion equivalent new MREL eligible instruments were issued after 2Q 2022, elevating interest expenses and increasing the average funding costs. The impact was calculated with 3% average spread over the benchmark.	-6 bn	-25 bps
Interest rate hikes: the average key reference rate was 6.57% in 2Q 2022 and 17.44% in 2Q 2023 with negative NII effect at OTP Core due to high proportion of assets with fix rate (government bonds, loans).	-4 bn	-8 bps
Customer loans: new customer loan disbursements generated additional interest income.	+15 bn	+35 bps
EUR open position: strategic EUR 1 billion short position was opened in February in order to hedge OTP's investments in the Eurozone.	+14 bn	+33 bps
Interest subsidies: as a one-off effect, interest subsidies on subsidized housing (CSOK) loans were corrected in June retrospectively for 1H 2023.	+5 bn	+13 bps
Others	+6 bn	-2 bps
Total	**-17 bn**	**-64 bps**

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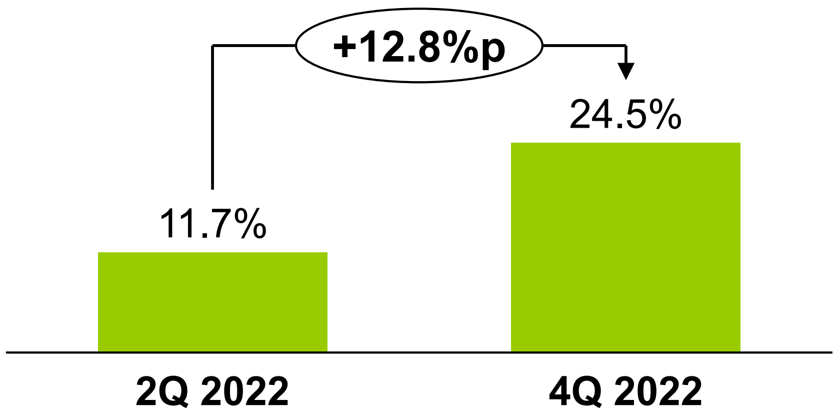
HUNGARY

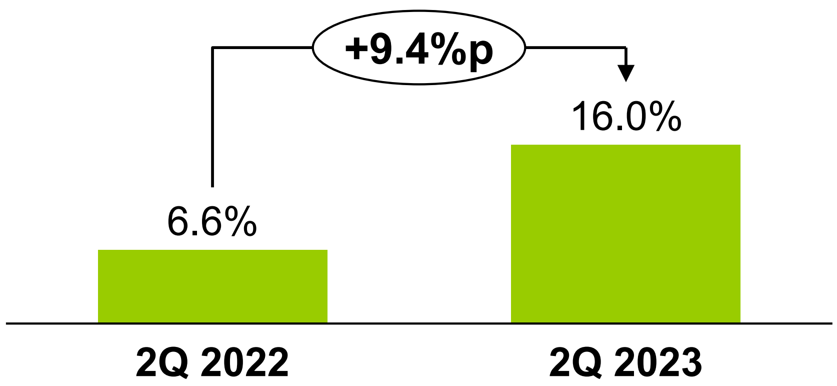
In the wake of high inflation and high retail government bond yields, significant structural changes occurred on the Hungarian retail savings market. The total retail savings grew 12% y-o-y, within that deposits suffered outflows, but retail government bonds and investment funds gained popularity

Inflation, y-o-y



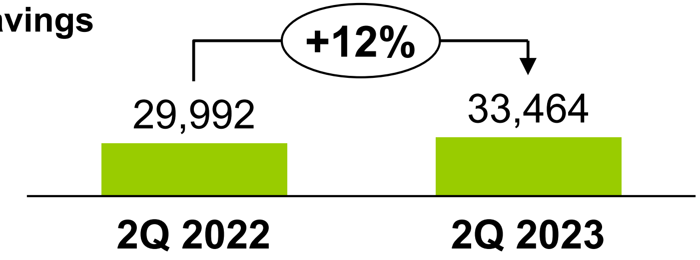
Retail government bond yield

(inflation indexed PMÁP)

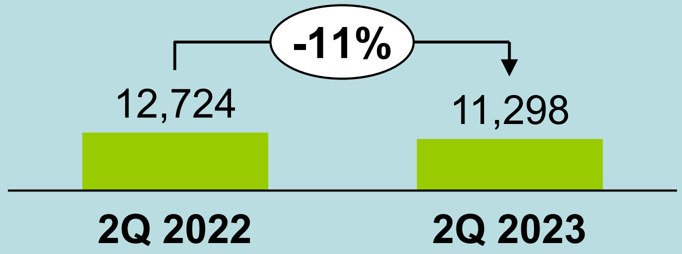


Retail market volumes in Hungary (HUF billion)

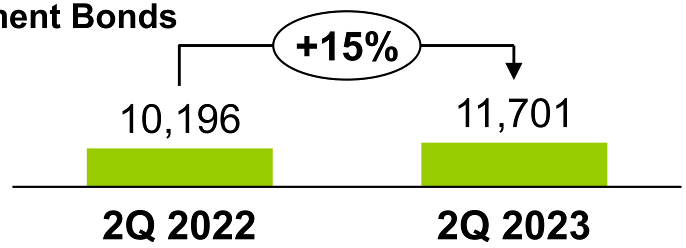
Total Retail Savings



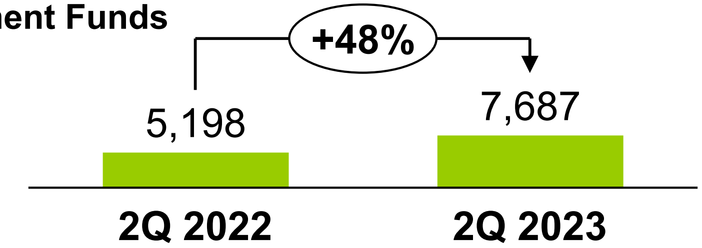
Retail Deposits



Retail Government Bonds



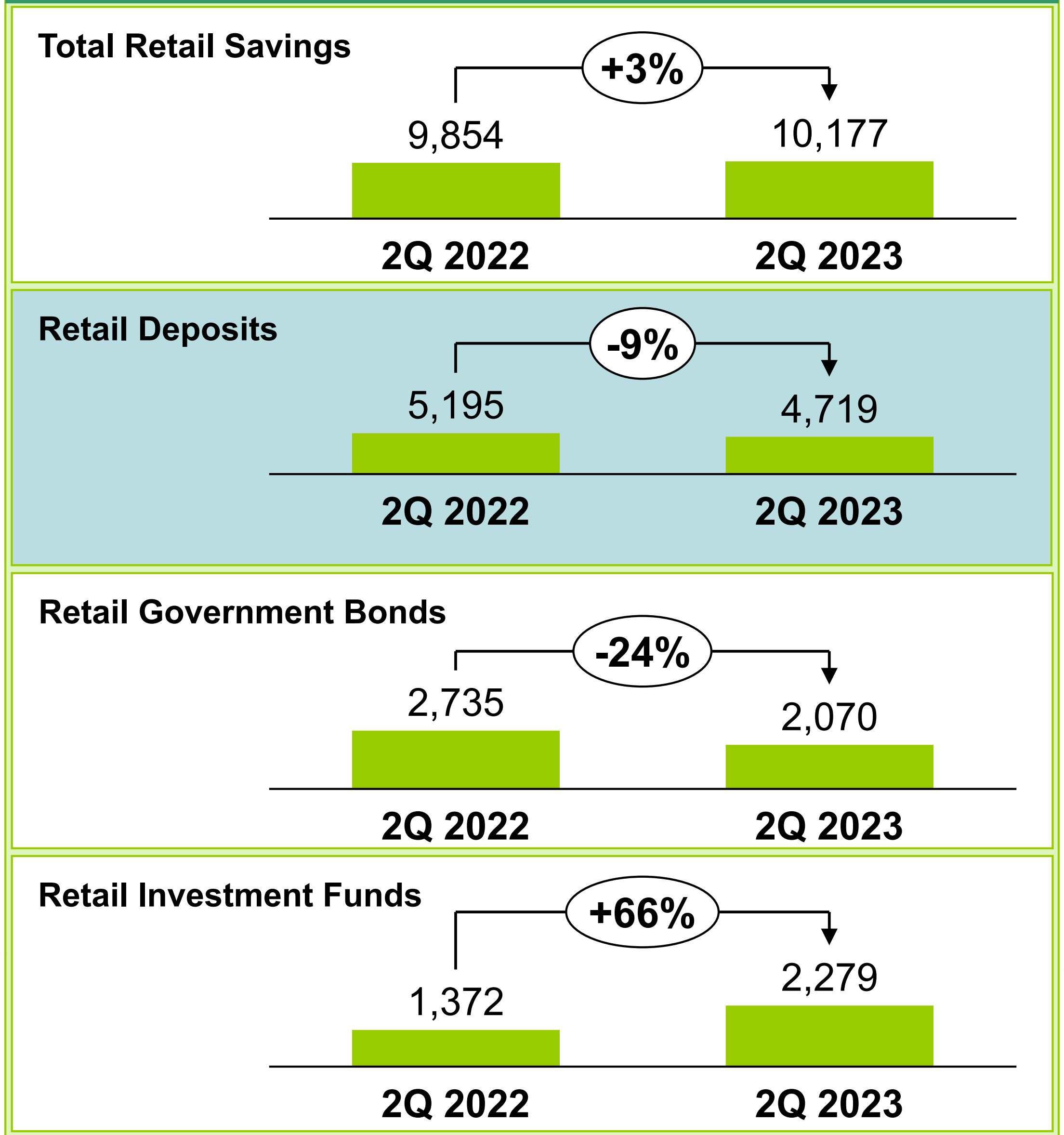
Retail Investment Funds



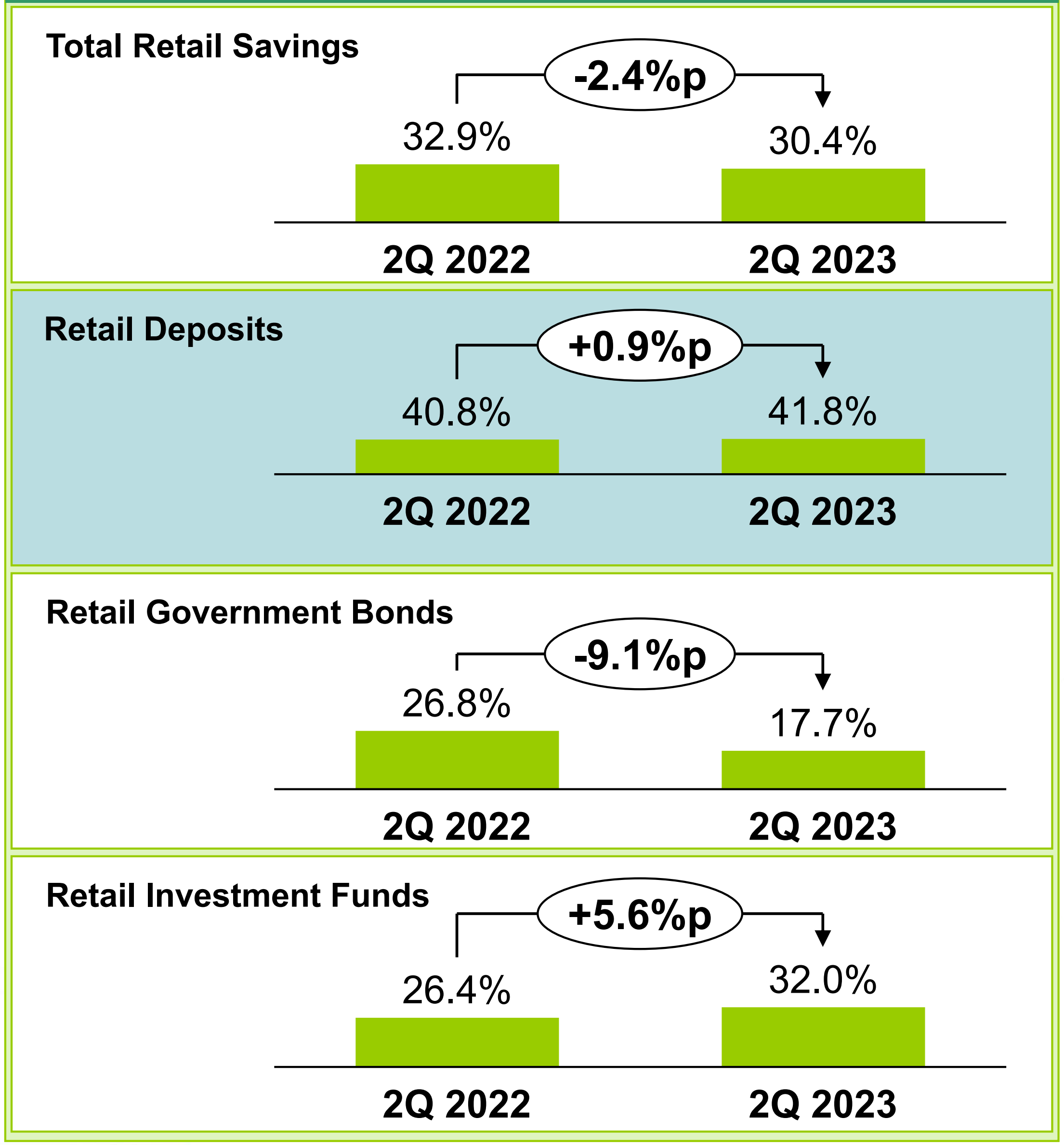
OTP CORE

Despite declining retail deposit volumes, OTP's deposit market share increased by 0.9 pp y-o-y

Retail savings volumes at OTP Core (HUF billion)



OTP's market share in Hungary



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Consolidated performing loans increased by 2% q-o-q organically, driven primarily by Bulgaria and Croatia, whereas Ukrainian and Moldovan volumes continued to shrink

Q-o-Q performing (Stage 1+2) LOAN volume changes, adjusted for FX-effect

	Cons.	Core[2] (Hungary)	DSK (Bulgaria)	SKB+ NKBM (Slovenia)	OBH (Croatia)	OBSrb (Serbia)	OBA (Albania)	CKB (Monten.)	OBRu (Russia)	OBU (Ukraine)	OBR (Romania)	OBM (Moldova)
Q-o-Q nominal change (HUF billion)	1,233 / 348[3]	73	232	-7	47	2	0	6	19	-40	7	-9
Total	6% / 2%[3]	1%	7%	0%	2%	0%	0%	1%	4%	-11%	1%	-6%
Consumer	6% / 3%[3]	6%	3%	0%	2%	2%	-2%	5%	4%	-14%	-1%	-11%
Mortgage	8% / 2%[3]	3%	5%	-1%	4%	0%	2%	3%			-3%	-4%
Corporate[1]	6% / 1%[3]	-2%	12%	0%	-1%	-1%	-1%	-1%	1%	-13%	3%	-5%
Leasing	4%	4%	4%	2%	17%	2%	7%			-7%	7%	-1%

Core mortgage breakdown:

Housing loan	Home equity
2%	5%

[1] Loans to MSE and corporate clients.
[2] In the Leasing row the leasing volume change applies to Merkantil Group (Hungarian leasing).
[3] Changes without the Ipoteka Bank acquisition.

Consolidated performing loans grew by 18% in the first half of the year, within that the organic growth (excluding the Nova KBM and Ipoteka Bank acquisitions) reached 3%

YTD performing (Stage 1+2) LOAN volume changes, adjusted for FX-effect

	Cons.	Core[2] (Hungary)	DSK (Bulgaria)	SKB+ NKBM (Slovenia)	OBH (Croatia)	OBSrb (Serbia)	OBA (Albania)	CKB (Monten.)	OBRu (Russia)	OBU (Ukraine)	OBR (Romania)	OBM (Moldova)
YTD nominal change (HUF billion)	3,085 / 546[3]	150	417	1,655 / 1[4]	68	-33	-4	12	23	-78	-17	-14
Total	18% / 3%[3]	2%	13%	150% / 0%[4]	3%	-2%	-1%	3%	5%	-20%	-2%	-9%
Consumer	14% / 5%[3]	8%	5%	275% / 2%[4]	3%	1%	-8%	8%	7%	-29%	-6%	-21%
Mortgage	20% / 2%[3]	2%	8%	116% / -1%[4]	5%	-1%	1%	5%			-7%	-9%
Corporate[1]	20% / 3%[3]	1%	24%	212% / 0%[4]	0%	-3%	-1%	0%	-35%	-21%	2%	-5%
Leasing	5%	4%	9%	3%	24%	0%	17%			-15%	7%	-2%

Core (Hungary) Mortgage breakdown:

Housing loan	Home equity
1%	6%

[1] Loans to MSE and corporate clients.
[2] In the Leasing row the leasing volume change applies to Merkantil Group (Hungarian leasing).
[3] Changes without the NKBM and Ipoteka Bank acquisitions.
[4] Changes without NKBM acquisition.

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Consolidated customer deposits decreased by 1% q-o-q without the Ipoteka Bank acquisition, mainly as a consequence of outflows affecting Hungarian retail and corporate segments

Q-o-Q DEPOSIT volume changes, adjusted for FX-effect

	Cons.	Core[3] (Hungary)	DSK (Bulgaria)	SKB+ NKBM (Slovenia)	OBH (Croatia)	OBSrb (Serbia)	OBA (Albania)	CKB (Monten.)	OBRu (Russia)	OBU (Ukraine)	OBR (Romania)	OBM (Moldova)
Q-o-Q nominal change (HUF billion)	49 / -234[2]	-416	23	26	29	50	5	-2	141	-35	9	8
Total	0% / -1%[2]	-4%	0%	1%	1%	3%	1%	0%	23%	-5%	1%	3%
Retail	1% / 0%[2]	-2%	2%	2%	2%	0%	1%	2%	2%	0%	-1%	7%
Corporate[1]	-1% / -2%[2]	-6%	-4%	-2%	1%	6%	1%	-3%	36%	-7%	3%	-2%

[1] Including MSE, MLE and municipality deposits.
[2] Changes without the Ipoteka Bank acquisition.
[3] Including retail bonds.

Consolidated customer deposits decreased by 1% in the first six month without the effect of acquisitions

YTD DEPOSIT volume changes, adjusted for FX-effect

	Cons.	Core[3] (Hungary)	DSK (Bulgaria)	SKB+ NKBM (Slovenia)	OBH (Croatia)	OBSrb (Serbia)	OBA (Albania)	CKB (Monten.)	OBRu (Russia)	OBU (Ukraine)	OBR (Romania)	OBM (Moldova)
YTD nominal change (HUF billion)	3,027 / -298[2]	-527	161	3,033 / -8[4]	-139	86	3	-31	295	-21	0	17
Total	13% / -1%[2]	-5%	4%	223% / -1%[4]	-6%	6%	1%	-6%	65%	-3%	0%	7%
Retail	18% / 0%[2]	-2%	4%	284% / 0%[4]	-2%	0%	1%	1%	13%	-2%	4%	11%
Corporate[1]	6% / -2%[2]	-7%	2%	136% / -2%[4]	-15%	11%	-1%	-12%	109%	-3%	-4%	1%
Deposits – Net loans gap (HUF billion)	6,286	4,255	1,100	1,618	2	-271	161	49	256	375	-138	125

[1] Including MSE, MLE and municipality deposits.
[2] Changes without the NKBM and Ipoteka Bank acquisitions.
[3] Including retail bonds.
[4] Changes without NKBM acquisition.

In 2Q the 14% q-o-q increase in net fees was driven by OTP Core and Hungarian Fund Management, as well as seasonality

Effect of NKBM acquisition

NET FEE INCOME	1H 2023 (HUF billion)	2Q 2023 (HUF billion)	1H 2023 Y-o-Y (HUF billion)		2Q 2023 Q-o-Q (HUF billion)	
OTP Group	221	118	26 13 39	22%/14%[1]	11 4 15	14%/14%[1]
OTP CORE (Hungary)	94	50	8	9%	6	13% ①
DSK Group (Bulgaria)	35	18	2	7%	0	2%
SKB+NKBM (Slovenia)	21	12	0 13	164%/-7%[1]	0 4	48%/8%[1]
OBH (Croatia)	12	6	1	8%	1	13%
OBSrb (Serbia)	9	4	1	6%	0	6%[2]
OBA (Albania)	2	1	1	80%/65%[2]	0	7%
CKB Group (Montenegro)	3	2	1	18%	1	33%
OBRu (Russia)	19	10	7	54%/58%[2] ②	1	11%/31%[2]
OBU (Ukraine)	6	3	1	11%/35%[2]	-1	-16%
OBR (Romania)	3	1	0	19%	-1	-39% ③
OBM (Moldova)	1	1	0	-11%	0	-16%
Fund mgmt. (Hungary)	9	5	5	107% ④	2	46%

1. At OTP Core net fees went up by 13% q-o-q, driven by the increase of certain fees effective from March by the rate of previous year's average inflation, as well as due to the negative one-off items emerged in the first quarter (+HUF 3.3 billion effect q-o-q).

2. In Russia 58% y-o-y increase in local currency terms mostly as a result of higher account management fees and commission income related to transactions.

3. In Romania net fees dropped q-o-q mainly as a result of a technical effect offset against risk costs line. This explains HUF 0.6 billion from the HUF 0.7 billion q-o-q decline.

4. At OTP Fund Management fee income more than doubled y-o-y which, on the one hand, reflects the growth in AUM, and on the other hand, the increase in the average fund management fee rate.

[1] Changes without the effect of NKBM acquisition and FX-adjusted.
[2] FX-adjusted change.

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Other net non-interest income more than doubled q-o-q, driven mainly by the positive fair value adjustment of baby loans and subsidized CSOK housing loans at OTP Core

Effect of NKBM acquisition

OTHER INCOME	1H 2023 (HUF billion)	2Q 2023 (HUF billion)	1H 2023 Y-o-Y (HUF billion)		2Q 2023 Q-o-Q (HUF billion)	
OTP Group	131	89	61 / 64	94%/94%[1]	45 / 47	113%/114%[1]
OTP CORE (Hungary)	68	52	38	124%	36 (1)	225%
DSK Group (Bulgaria)	7	3	1	17%	-1	-19%
SKB+NKBM (Slovenia)	3	2	0 / 3	249%/ -17%[1]	0 / 2	168%/ -25%[1]
OBH (Croatia)	3	2	0	0%	1	37%
OBSrb (Serbia)	5	3	1	18%	0	19%[2]
OBA (Albania)	1	0	0	72%/60%[2]	0	1%
CKB Group (Montenegro)	0	0	0	44%	0	-58%
OBRu (Russia)	28	18	26		9 (2)	96%
OBU (Ukraine)	3	1	-3 (3)	-54%/-42%[2]	0	-4%
OBR (Romania)	-4	-2	-6	-265%	-1 (4)	101%
OBM (Moldova)	2	1	0	4%	0	-26%
Others	13	8	4	42%	2	40%

(1) At OTP Core the HUF 36 billion q-o-q jump can be attributed to:

- in 2Q a significant positive fair value adjustment was accounted for the subsidized housing (CSOK) and baby loans which are measured at fair value, which improved this line's q-o-q dynamics by HUF 34 billion. This can largely be explained by the decline in the discount rates, as a result of the q-o-q decline in long-term yields, based on which the net present value of future cash flows are calculated;
- higher gain on securities.

(2) At the Russian subsidiary the q-o-q increase can be explained by the stronger foreign currency conversion income.

(3) The Ukrainian y-o-y setback was due to the exceptionally high foreign currency conversion income realized in the base period.

(4) In Romania the q-o-q decline was in connection with the deterioration in the result of intra-group swap transactions, offset against NII.

[1] Changes without the effect of NKBM acquisition and FX-adjusted.
[2] FX-adjusted change.

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Amid high inflationary environment semi-annual FX-adjusted operating costs grew by 20% without the NKBM acquisition

Effect of NKBM acquisition

OPERATING COSTS	1H 2023 (HUF billion)	Y-o-Y (HUF billion)		Y-o-Y, FX-adjusted (HUF billion)	
OTP Group	448	70 20 91	25%/**20%**[1]	69 20 90	26%/**20%**[1]
OTP CORE (Hungary)	196	38	24%	38	24% (1)
DSK Group (Bulgaria)	51	10	25%	9	22% (2)
SKB+NKBM (Slovenia)	35	1 22	163/11%[1]	1 20 21	158/9%[1]
OBH (Croatia)	27	2	10%	2	8%
OBSrb (Serbia)	24	2	8%	1	6%
OBA (Albania)	7	4	105%	3	89% (3)
CKB Group (Montenegro)	7	0	6%	0	4%
OBRu (Russia)	38	5	14%	4	15%
OBU (Ukraine)	14	0	-2%	2	19%
OBR (Romania)	24	2	8%	1	6%
OBM (Moldova)	6	1	26%	1	23%
Merkantil (Hungary)	6	1	23%	1	23%
Others	13	3	37%	3	37%

1. At OTP Core the followings were the drivers behind the 24% cost growth:
   - personnel expenses rose by 40% on account of 4% higher average headcount and the implemented wage increases in the course of 2022 and effective from March 2023;
   - amortization increased by 10%;
   - other costs grew by 13%, driven by, among others:
     - o higher cost of real-estate (partly related to the new M12 head office building completed in April 2022);
     - o jump in energy costs;
     - o increasing supervisory fees (mostly due to the increase in deposit and insurance protection fee rates effective from the end of 2022).

2. At DSK, unlike in the base period, the total annual supervisory fees were booked in a lump sum in the first quarter of 2023 – excluding this item, the y-o-y growth would have been 7%.

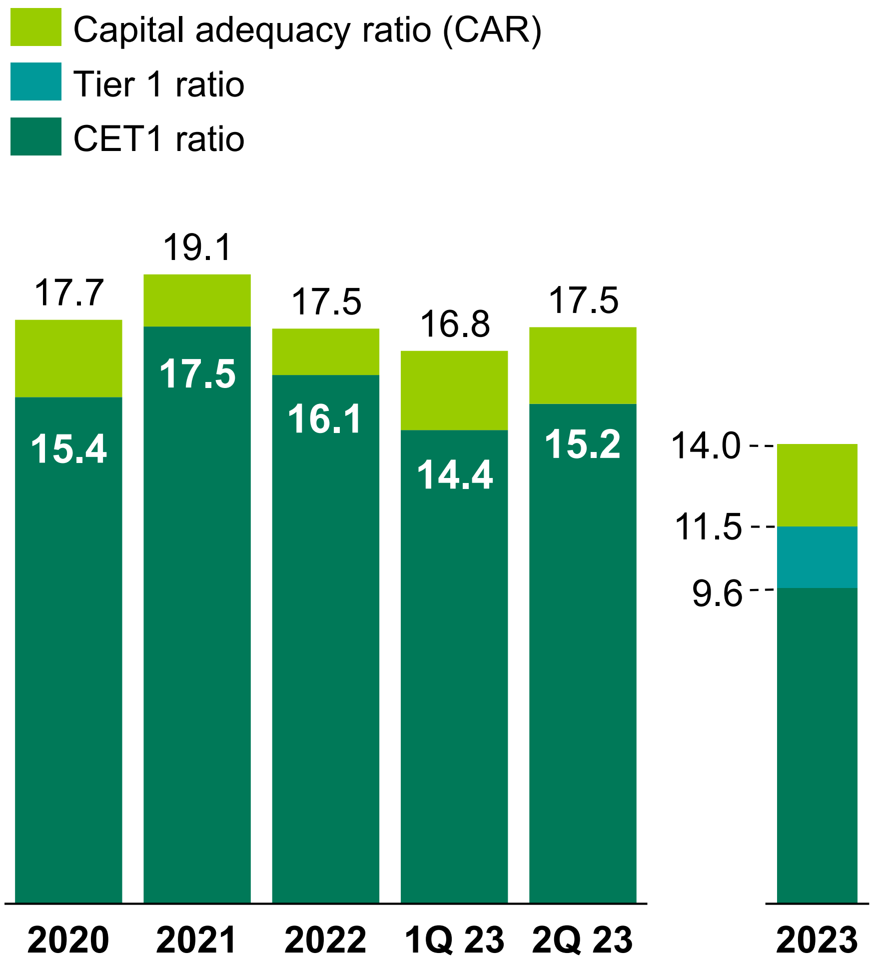
3. The newly acquired Albanian bank was consolidated from August 2022, explaining most of the cost increase.

[1] Changes without the NKBM acquisition.

The Group's capital and liquidity position is stable. Capital adequacy ratios improved q-o-q despite the consolidation of Ipoteka, thanks to the inclusion of eligible 2Q profit. Two successful bond issues were executed in the second quarter

CAR and CET1 ratio actual values (%)[1]

Regulatory minimum requirements (%)[2]



Stable liquidity position	1Q 2023	2Q 2023	Threshold
Net loan/deposit ratio	72%	76%	
Consolidated Liquidity Coverage ratio (LCR)	196%	204%	≥ 100%
Net Stable Funding ratio (NSFR)	142%	145%	≥ 100%

For the remaining part of the year OTP Bank is expected to issue one more MREL-eligible benchmark size Senior Preferred bond.

Details of Senior Preferred, Senior Non-Preferred and Tier 2 bonds issued by OTP Bank on the international markets since July 2022

	Senior Preferred				Senior Non-Preferred	Tier 2
Date	13/07/22	29/09/22	01/12/22	25/05/23	27/06/23	15/02/23
Face value	EUR 400 mn	USD 60 mn	EUR 650 mn	USD 500 mn	EUR 110 mn	USD 650 mn
Re-offer rate[3]	427 bps	286 bps	452 bps	322 bps	369 bps	462 bps
Issuer's call	13/07/24	29/09/25	04/03/25	25/05/26	27/06/25	15/02-15/05/28
Maturity	13/07/25	29/09/26	04/03/26	25/05/27	27/06/26	15/05/33
Issue rating (S&P/Moody's/Scope)	BBB- / Baa3 / BBB+				Not Rated	BB / Ba2 / BB+
Listing	Luxembourg Stock Exchange					

[1] Indicators calculated for the scope of accounting (IFRS) consolidation. In the absence of additional core capital (AT1), the Tier 1 rate is the same as the CET1 rate. [2] In the absence of additional core capital (AT1), the Tier 1 regulatory requirement is also effective for the CET1 rate. [3] Issuance spread over the EUR Mid-Swap curve.

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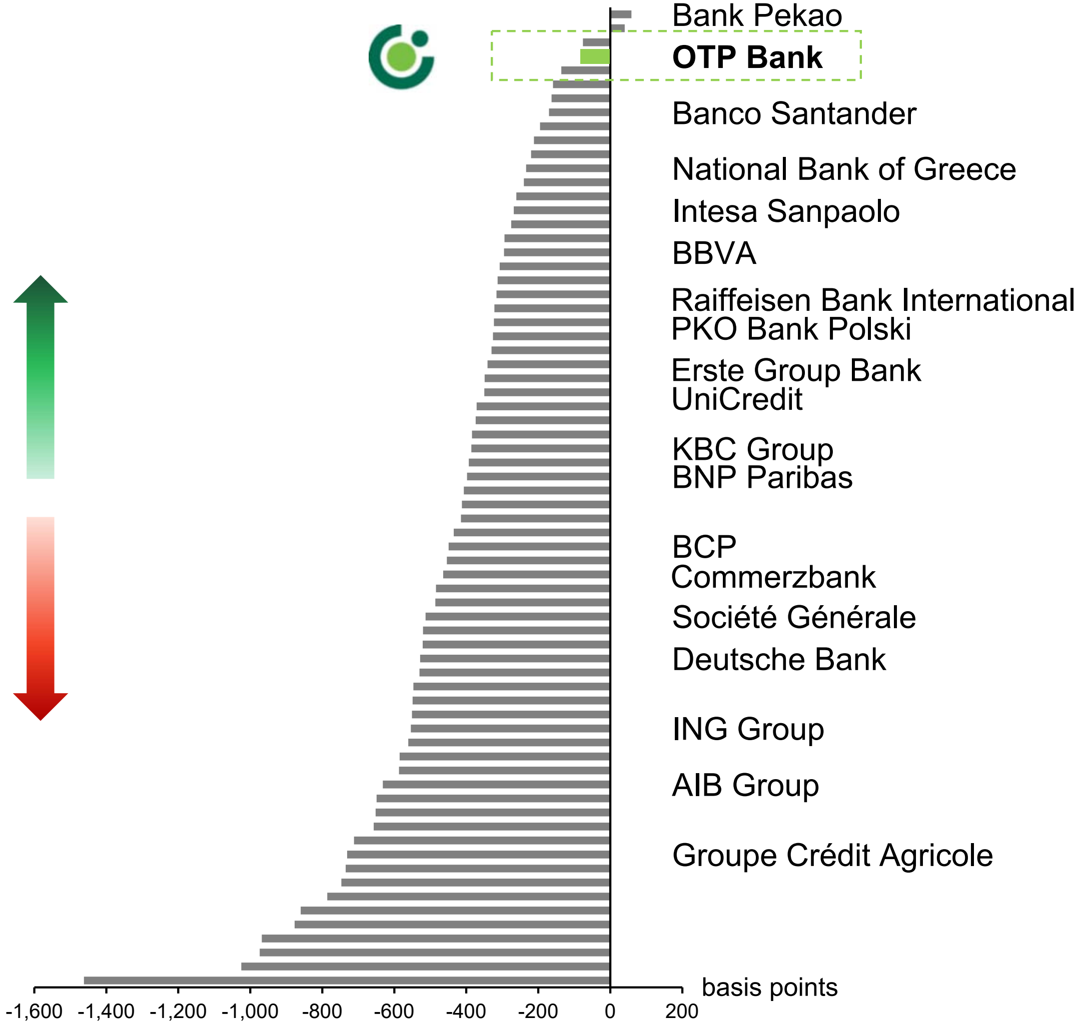
The capital strength and stability of OTP Bank has been demonstrated again by the outcome of the latest stress test conducted by the European Banking Authority in cooperation with the National Bank of Hungary

OTP Bank achieved the 4th best result among the 70 participating banks of the EU-wide stress test

Decrease of the fully loaded consolidated CET1 ratio over the three-year period under the adverse scenario:



OTP Bank enjoyed high rankings even in peer comparison in the EU-wide stress test

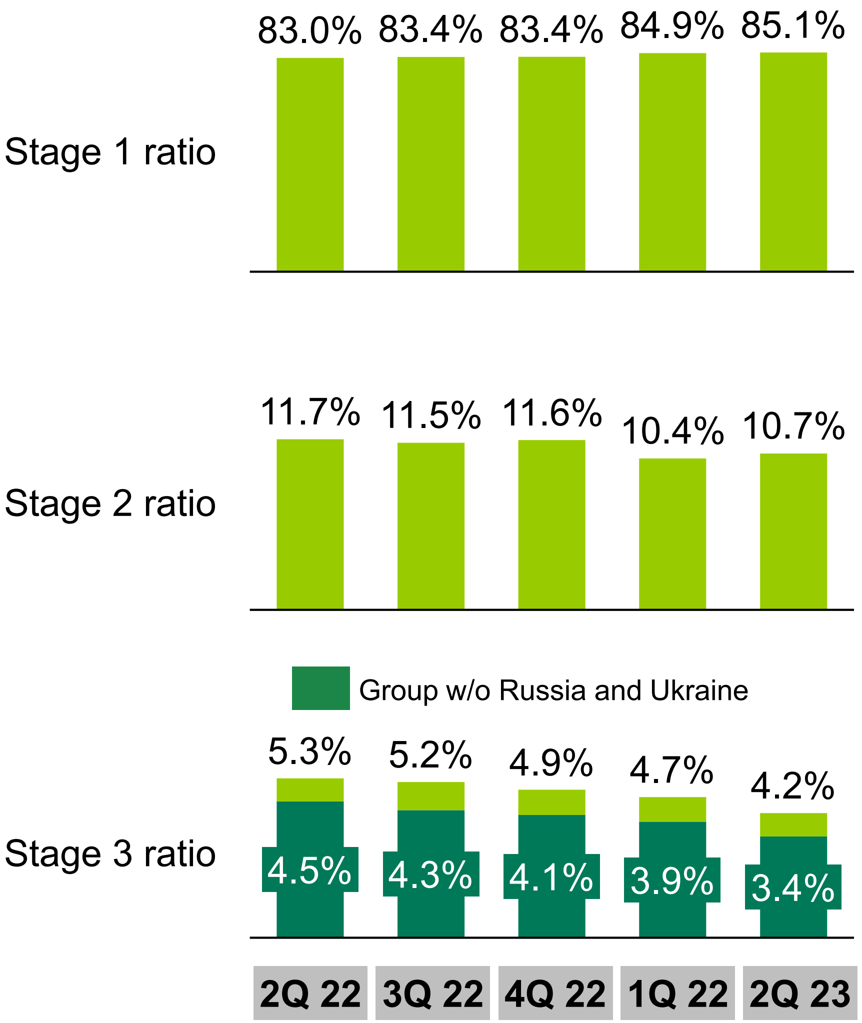
Fully loaded consolidated CET1 ratio and its decrease over the three-year period from 2022 to 2025 under the adverse scenario:

	CET1 rate end-2025	Ranking	CET1 rate decrease	Ranking
otpbank	**14.5%**	**13.**	**-0.77%p**	**4.**
INTESA SANPAOLO	10.8%	36.	-2.68%p	15.
Raiffeisen Bank International	12.4%	23.	-3.16%p	21.
ERSTE	10.8%	36.	-3.41%p	26.
UniCredit Group	12.5%	21.	-3.49%p	27.
KBC	11.4%	30.	-3.86%p	32.

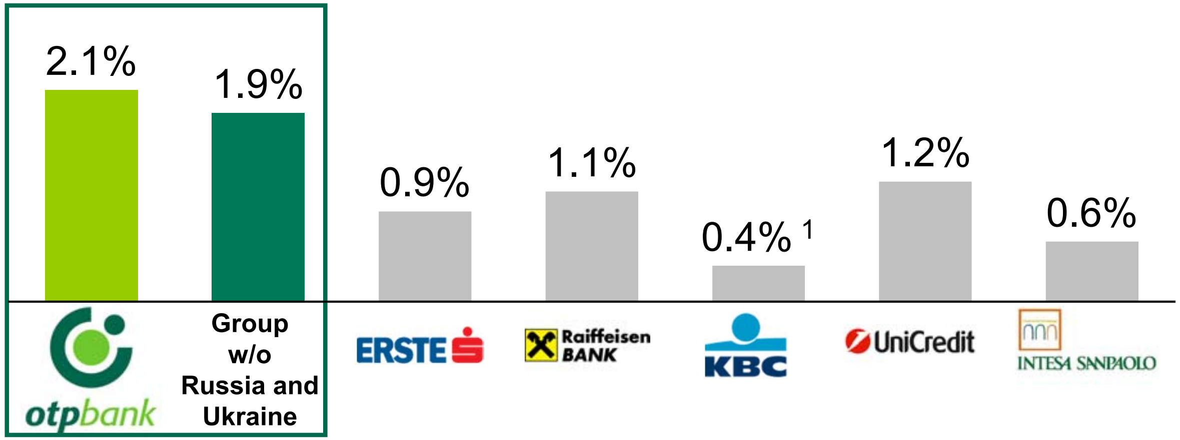
Source: EBA.

Stage 3 ratio continued to follow a declining trend. Provisioning policy remained conservative compared to regional banking groups

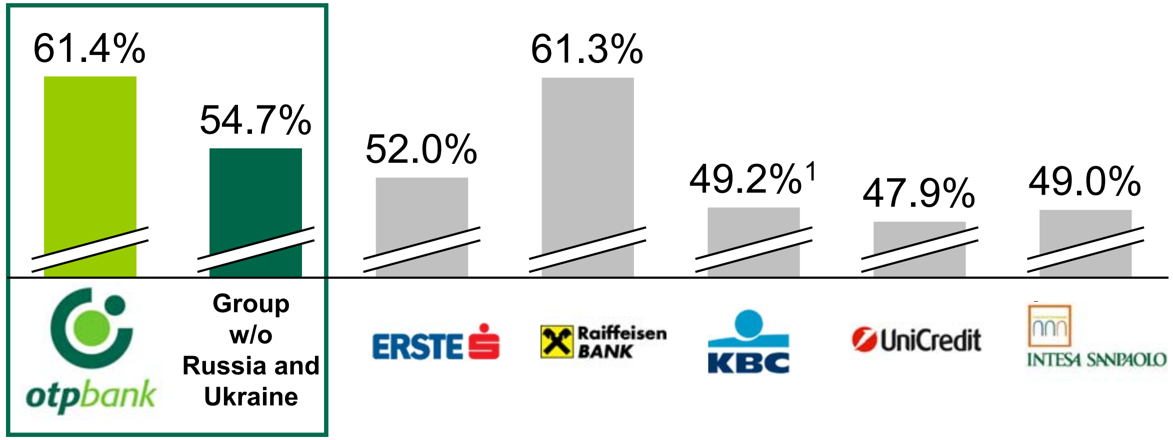
Development of the Group's main credit quality indicators



Own coverage of Stage 1+2 loans compared to regional peers at the end of 2Q 2023



Own coverage of Stage 3 loans compared to regional peers at the end of 2Q 2023

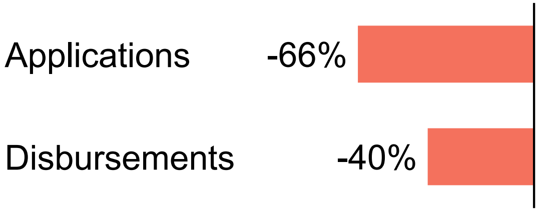


[1] Data as at 31 March 2023.
Source: company reports (estimates in some cases).

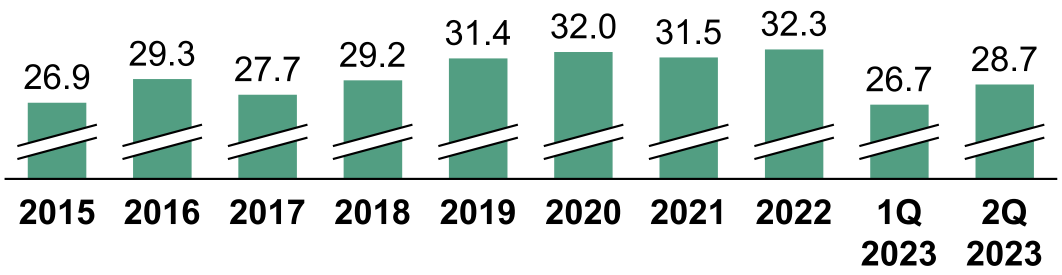
OTP CORE

In Hungary applications for mortgage loans dropped 66% y-o-y in 1H, but OTP's market share improved q-o-q. OTP's market share in cash loan sales was above 41%, and its retail deposit market share further improved

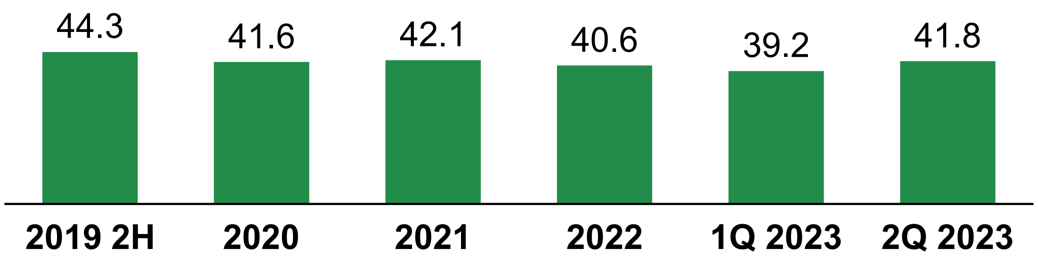
Y-o-y change of mortgage loan applications and disbursements in 1H 2023



OTP's market share in mortgage loan contractual amounts

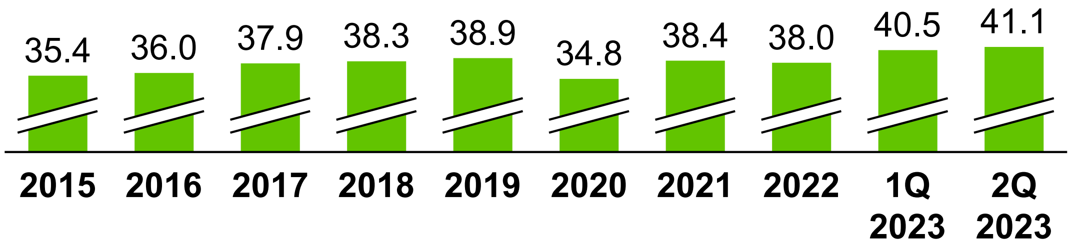


OTP's market share calculated from the baby loans contractual amount (%)

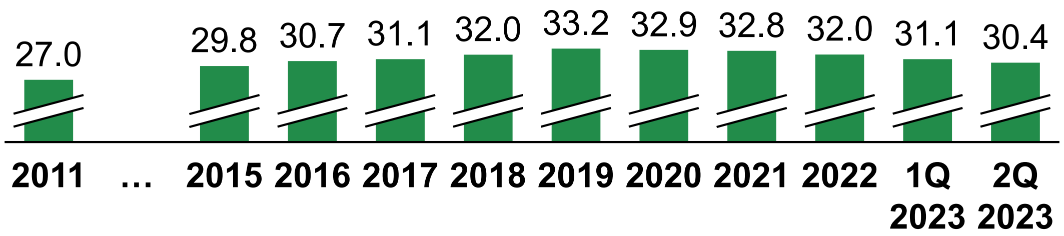


Performing (Stage 1+2) cash loan volume growth (FX-adjusted)

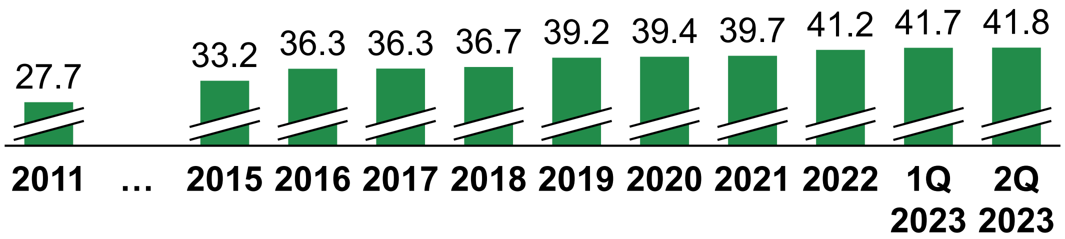
Market share in newly disbursed cash loans



OTP Bank's market share in retail savings



OTP Bank's market share in retail deposits



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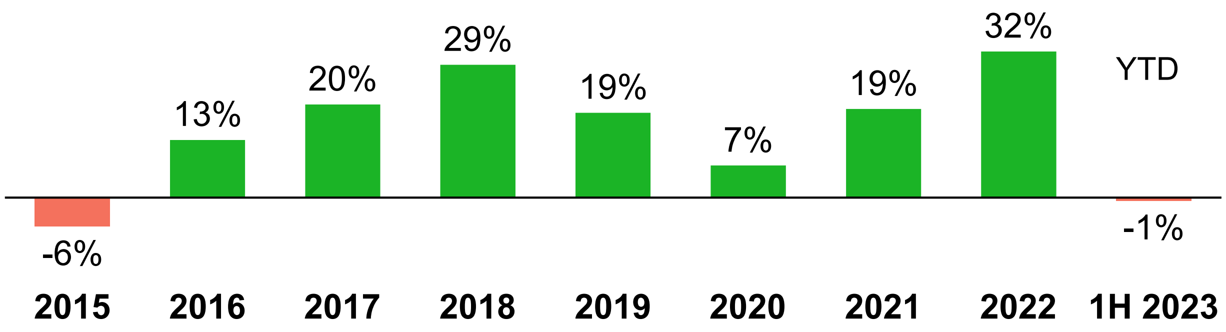
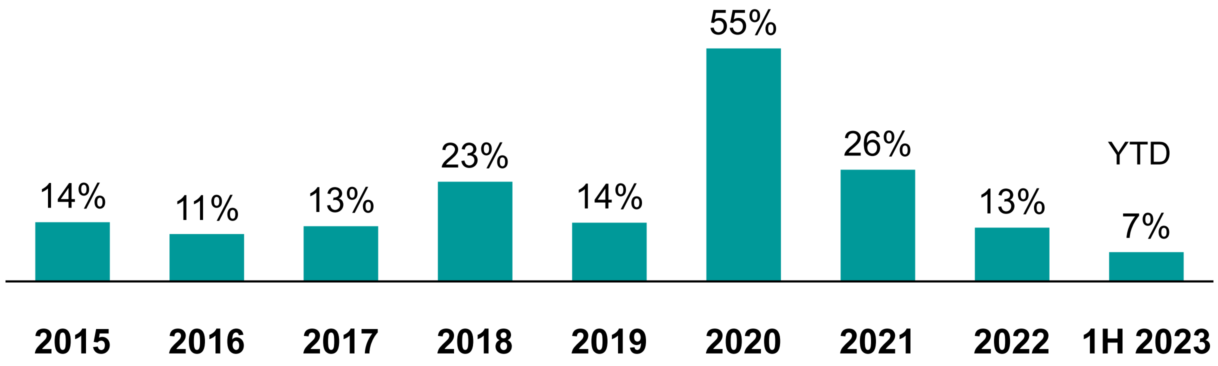
OTP CORE

Micro and small business loans continued to grow, while corporate loans decreased slightly during the first half of the year. The popularity of subsidized lending schemes remained intact

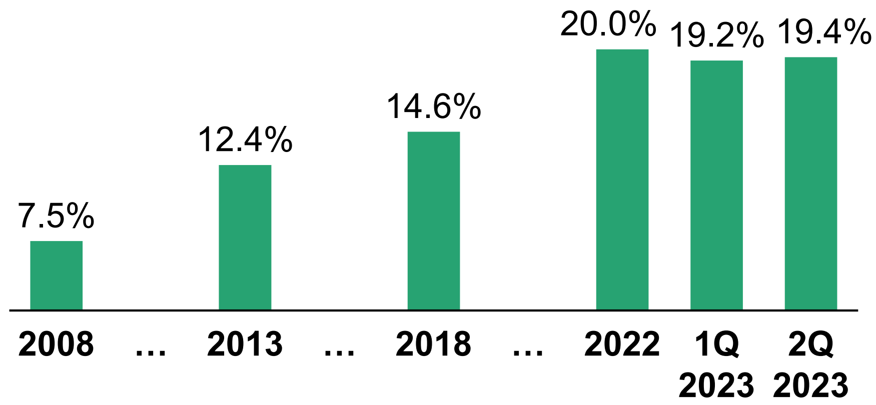
Performing corporate loan volume changes
(DPD0-90 loan changes until 2018, Stage 1+2 from 2019, FX-adjusted)



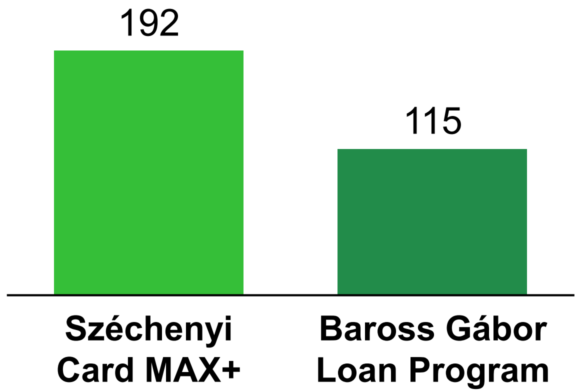
Performing loan volume changes in the micro and small companies segment
(DPD0-90 loan changes until 2018, Stage 1+2 from 2019, FX-adjusted)



OTP Group's market share in loans to Hungarian companies[1]



Contracted loan amount under the *Széchenyi Card MAX+ Program and Baross Gábor Reindustrialisation Loan Program*[2]
(in the case of Széchenyi MAX+, from the start until 30 June 2023, in the case of the Gábor Baross Loan Program, from the start in February until the end of June, HUF billion)



[1] Aggregated market share of OTP Bank, OTP Mortgage Bank, OTP Building Society and Merkantil, based on central bank data (Supervisory Balance Sheet data provision until 2016 and Monetary Statistics from 2017).
[2] Source: KAVOSZ, OTP. The Széchenyi Card MAX+ Program has offered preferential rate loans to customers from 23 December 2022; the Baross Gábor Reindustrialisation Loan Program was launched in 1 February 2023.

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The delivery of ESG obligations and goals set by the Bank's ESG strategy are on track according to schedule. At the beginning of July OTP's ESG risk rating by Sustainalytics improved further

ESG RESULTS AND TARGETS

	2Q 2023 Actual	Long-term KPIs
Building the green credit portfolio	Corporate: **HUF 184 billion** Retail: **HUF 132 billion**	Green loans of **HUF 1,500 billion** in total **by 2025** for the Group
Responsible employer	**Employee engagement** was 70% on group level	Steady increase in employee engagement, to reach global 75th percentile (in 2022: 78%)
Reducing own emissions	**Net carbon neutrality** reached (by purchasing green energy and offsets)	**Total carbon neutrality** by 2030 for OTP Bank
Transparent responsibility	OTP Bank Plc. is **signatory of UN PRB;** Integrated Report	OTP Bank will become a member of **S&P Dow Jones Sustainability Index** by 2025

ESG RATINGS

OTP Bank's improving sustainability performance has been recognized with rating upgrades by the major ESG rating agencies.

SUSTAINALYTICS a Morningstar company
ESG risk rating
SEVERE – HIGH – MEDIUM – LOW – NEGLIGIBLE
14.6

MSCI
ESG rating
CCC – B – BB – BBB – A – AA – AAA
A

CDP DRIVING SUSTAINABLE ECONOMIES
ESG rating
D – C – B- – A
B-

GREEN FINANCE

Green Loan Framework

In 2022 OTP Group has **developed its Green Loan Framework** - the first of its kind in Hungary - based on international standards.

Sustainable Finance Framework

In July 2022, OTP Group issued its first series of green bonds through its **Sustainable Finance Framework**, which was the first Hungarian green bond on the international bond market.

Contribution to UN SDG's

Green investments

In the area of **investment services**, the screening of sustainability preferences and objectives have been integrated into the investment advisory and portfolio management processes.

Macro expectations tend to improve

	Hungary			Bulgaria			Slovenia			Croatia		
	2022	2023F	2024F	2022	2023F	2024F	2022	2023F	2024F	2022	2023F	2024F
GDP growth (annual, %)	4.6	-0.6	2.0	3.4	1.5	2.4	5.4	1.0	2.4	6.2	2.7	3.0
Unemployment (%)	3.6	4.1	4.0	4.3	4.3	4.1	4.0	3.5	3.2	7.0	6.5	6.5
Budget balance (% of GDP)	-6.2	-3.9[2]	-2.9[2]	-2.8	-3.4	-3.1	-3.0	-4.2	-2.8	0.4	-1.0	-1.0
Inflation (avg / eop, %)	14.5/24.5	17.9/6.9	5.0/4.9	15.3	9.9	3.6	9.3	7.1	3.3	10.7	8.4	3.7
Reference rate[1] (eop, %)	16.1	9.5	6.5	1.4	4.0	3.7	2.0	4.0	3.5	2.0	4.0	3.5

	Serbia			Albania			Montenegro			Uzbekistan		
	2022	2023F	2024F	2022	2023F	2024F	2022	2023F	2024F	2022	2023F	2024F
GDP growth (annual, %)	2.3	1.7	3.0	4.9	3.2	3.8	6.1	4.7	2.8	5.7	5.1	5.4
Unemployment (%)	9.4	10.0	9.5	11.3	10.2	9.4	15.0	15.2	14.8	8.9	8.4	7.9
Budget balance (% of GDP)	-3.1	-3.3	-3.3	-3.8	-3.0	-3.0	-4.3	-5.1	-4.8	-3.9	-3.3	-2.9
Inflation (avg, %)	11.9	11.7	5.0	6.7	4.5	3.0	13.0	4.9	2.5	11.4	10.2	9.0
Reference rate[1] (eop, %)	5.0	6.0	4.0	2.75	3.0	3.0	-	-	-	15.0	12.5	10.8

	Russia			Ukraine			Romania			Moldova		
	2022	2023F	2024F	2022	2023F	2024F	2022	2023F	2024F	2022	2023F	2024F
GDP growth (annual, %)	-2.1	1.8	1.2	-29.1	1.0	3.9	4.7	2.8	3.5	-5.9	3.3	4.9
Unemployment (%)	3.9	3.7	4.0	24.5	27.6	16.2	5.6	5.8	5.5	3.1	4.5	4.3
Budget balance (% of GDP)	-2.1	-3.6	-2.4	-17.6	-15.0	-15.0	-6.2	-5.0	-4.0	-3.3	-4.0	-3.5
Inflation (avg, %)	13.8	5.4	4.8	20.2	15.5	10.0	13.7	10.4	5.0	28.8	13.0	5.5
Reference rate[1] (eop, %)	7.5	9.0	8.0	25.0	20.0	15.0	6.75	6.75	6.0	20.0	6.0	6.0

Source: OTP Research Department
[1] Base rates, except for: Hungary: 3M BUBOR; Croatia and Slovenia: ECB deposit facility rate; Bulgaria: Leonia Plus interbank rate; Albania: 3M Tribor; Moldova: 91 days T-bill.
[2] Government target.

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In light of the stronger than expected 1H results, management upgraded its guidance for 2023

Updated Management Guidance for 2023

The organic performing loan volume growth may reach 5% y-o-y (FX-adjusted).

Based on the 1H 2023 trends, management forecasts y-o-y lower credit risk cost rate and cost-to-income ratio for the whole year, therefore adjusted ROE in 2023 may substantially exceed the level of 18.8% seen in 2022.

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Questions and Answers session