OTP Group
1Q 2023 results

Conference call – 10 May 2023

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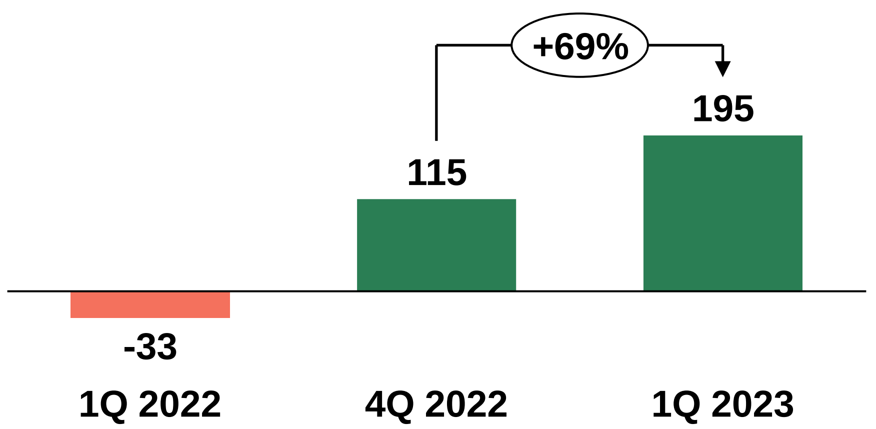
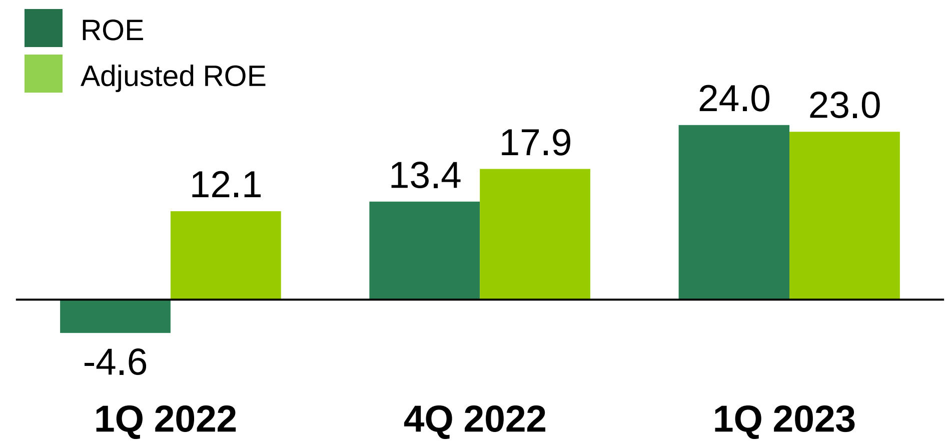
Chief Financial and Strategic Officer

The Group's profit after tax exceeded the previous quarter by 69%. The balance of adjustments was positive, as the NKBM acquisition and the recovery of additional payments on the Sberbank bankruptcy in Hungary offset the special bank taxes

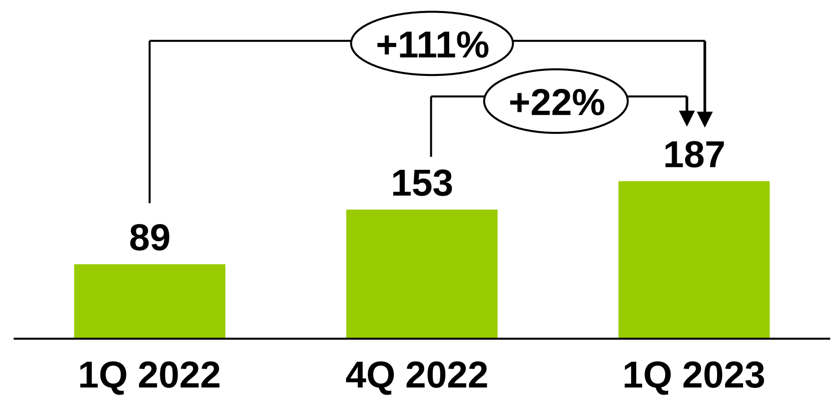
Consolidated profit after tax
(HUF billion)



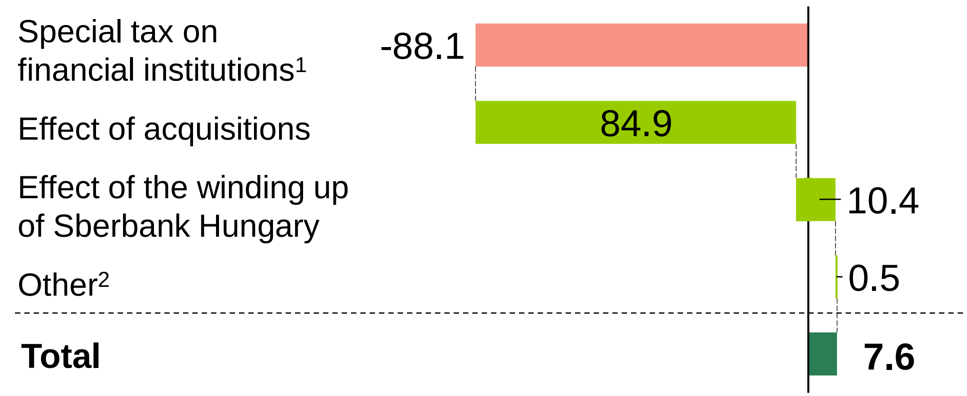
OTP Group's Return on Equity indicators
(%)



Consolidated adjusted profit after tax
(HUF billion)



Main adjustment items in 1Q 2023
(after tax, HUF billion)



[1] The effect of the amendment of the windfall tax published on April 24 will be booked in 2Q. The amount accounted for 1Q was calculated based on the previous regulation.
[2] Of this, the impact of the interest rate cap was HUF 0.3, dividends and net cash transfer was HUF 0.2 billion.

The 1Q adjusted profit was boosted by the 2 months contribution from NKBM (HUF 13 billion). Operating profit grew 5% q-o-q organically and FX-adjusted, whereas provision charges moderated significantly. 1Q adjusted ROE was 23%

OTP Group (consolidated)						
P&L (in HUF billion)	**1Q 2022**	**4Q 2022**	**1Q 2023**	**Q-o-Q FX-adj.**	**Q-o-Q FX-adj., w/o NKBM**	**Y-o-Y FX-adj., w/o NKBM**
Net interest income	240	296	312	12%	6%	18%
Net fees and commissions	86	110	103	-1%	-6%	11%
Other net non-interest income	36	45	42	4%	3%	17%
Total income	**361**	**451**	**457**	**8%**	**3%**	**16%**
Personnel expenses	-84	-118	-108	-3%	-8%	17%
Depreciation	-18	-23	-23	8%	5%	19%
Other expenses	-68	-87	-94	13%	9%	28%
Operating expenses	**-170**	**-228**	**-225**	**4%**	**0%**	**22%**
Operating profit	**191**	**223**	**232**	**12%**	**5%**	**11%**
Provision for impairment on loan losses	-58	-34	-6	-78%	-78%	-89%
Other risk cost	-15	-8	-3	-63%	-68%	-84%
Total risk cost	**-73**	**-42**	**-9**	**-75%**	**-75%**	**-88%**
Profit before tax	**118**	**181**	**223**	**31%**	**23%**	**72%**
Corporate tax	-29	-28	-36	35%	32%	8%
Adjusted profit after tax	**89**	**153**	**187**	**30%**	**21%**	**95%**
Adjustments	-122	-38	8			
Profit after tax	**-33**	**115**	**195**	**84%**	**82%**	

Main performance indicators	1Q 2022	4Q 2022	1Q 2023	Q-o-Q	Y-o-Y
Adjusted ROE	12.1%	17.9%	23.0%	5.1%p	10.9%p
Performing loan growth (FX-adjusted)	+3%	+1%	+11%		
Net interest margin	3.43%	3.50%	3.66%	0.17%p	0.24%p
Cost / Income ratio	47.1%	50.5%	49.3%	-1.3%p	2.1%p
Credit risk cost ratio	1.42%	0.66%	0.12%	-0.54%p	-1.30%p

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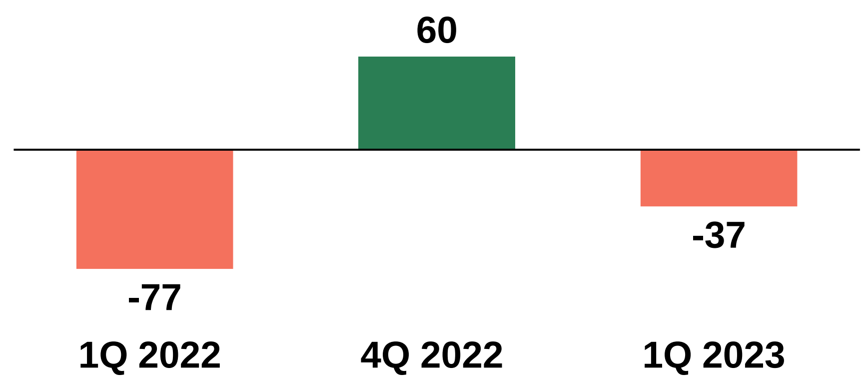
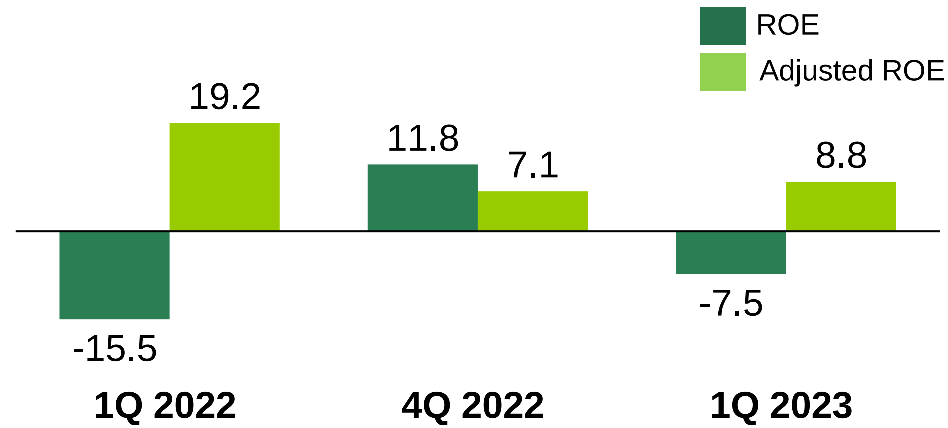
OTP CORE

OTP Core realized HUF 37 billion loss in 1Q 2023 excluding dividends received from subsidiaries, primarily as a result of lump-sum accounting of special taxes in 1Q

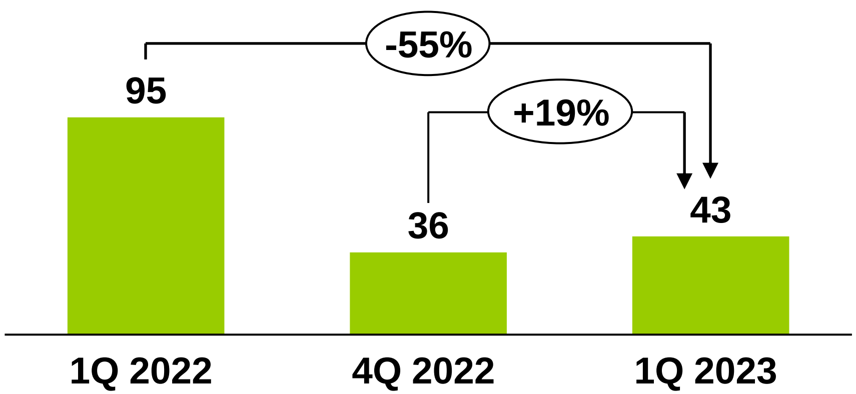
OTP Core profit after tax
(without dividends received from subsidiaries[1], HUF billion)



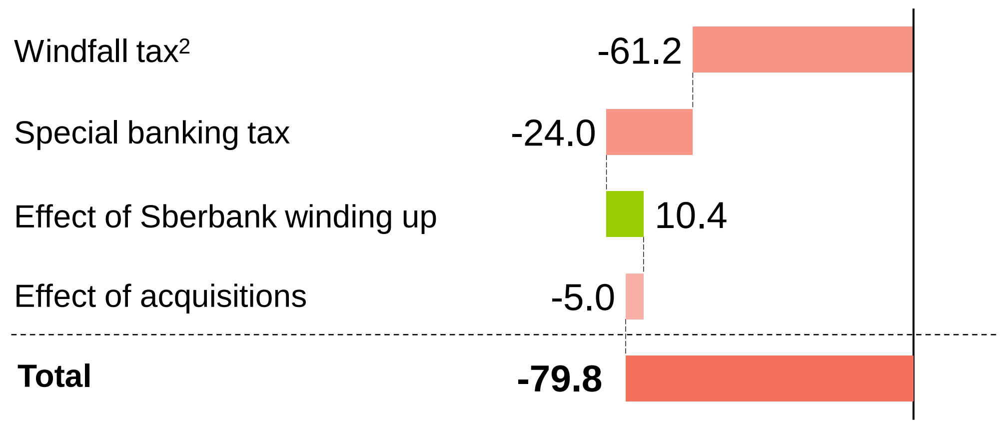
OTP Core's Return on Equity indicators
(%)



OTP Core adjusted profit after tax
(HUF billion)



Main one-off adjustment items at OTP Core in 1Q 2023
(after tax, HUF billion, without received dividends)



[1] In 1Q 2023 the amount of dividends received from subsidiaries was HUF 92.7 billion, of which: from DSK Bank (Bulgaria) 48.7, OBH (Croatia) 28.6, Merkantil Bank 3.8, Real Estate Management Fund 3.5, PortfoLion 3.5.
[2] The effect of the amendment of the windfall tax published on 24 April will be booked in 2Q. The amount accounted for in 1Q was calculated based on the previous regulation.

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In 1Q 2023 the foreign subsidiaries typically increased their profit after tax q-o-q, with ROEs on average in the range of 15-25%, except for Romania. Operating cost efficiency improved across the board

	Profit after tax[1] (HUF billion) 4Q 2022	Profit after tax[1] (HUF billion) 1Q 2023	Q-o-Q, FX-adjusted	ROE 1Q 2023	Cost / income ratio 1Q 2022	Cost / income ratio 1Q 2023
DSK Group (Bulgaria)	43	36	-13%	19%	40%	44%
SKB + NKBM (Slovenia)	5	7 13[2] 20	300%/ 34%[3]	21%	63%	43%
OTP Bank Croatia	5	13	168%	14%	54%	49%
OTP Bank Serbia	4	16	292%	19%	49%	38%
OTP Bank Albania	3	4	35%	26%	46%	45%
CKB Group (Montenegro)	5	4	-12%	18%	56%	40%
OTP Bank Romania	4	1	-70%	3%	82%	78%
OTP Bank Russia	19	18	29%	24%	53%	42%
OTP Bank Ukraine	10	13	40%	41%	34%	26%
OTP Bank Moldova	4	4	28%	33%	44%	36%

[1] Without the adjustment items (effect of acquisitions, impairment on Russian government bonds in DSK Bank's books).
[2] 2 months profit contribution of NKBM in 1Q.
[3] Without NKBM.

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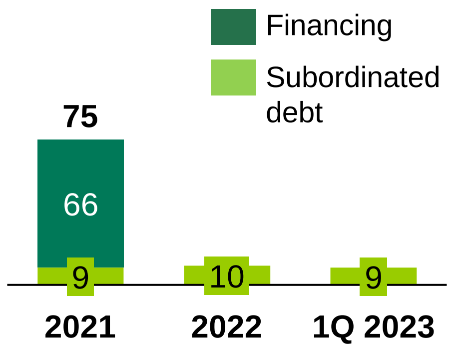
The Russian and Ukrainian loan volumes decreased y-o-y, while deposits expanded. In both countries there is a substantial free capital above the regulatory minimum requirement. In Ukraine, the provisioning level further improved

OTP Russia

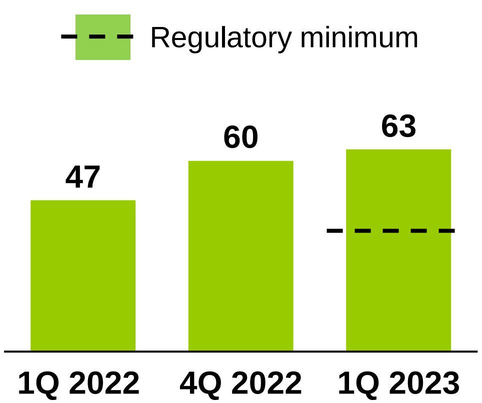
Y-o-y change of volumes (FX-adjusted)

Performing (Stage 1+2) loans	-9%
Corporate loans	-80%
Customer deposits	42%

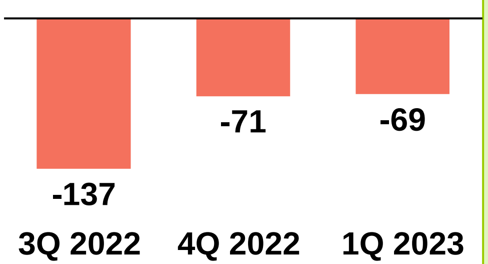
Gross intragroup financing and subordinated debt capital (in HUF billion)



OTP Russia's equity (in RUB billion)



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

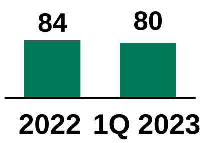


OTP Ukraine

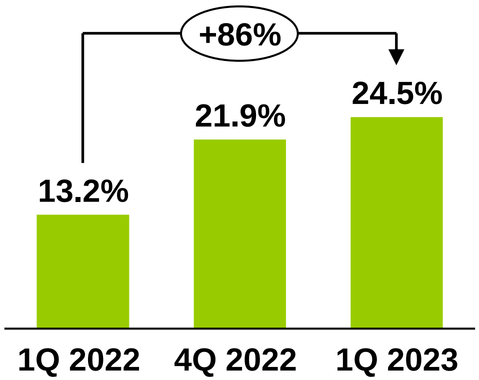
Y-o-y change of volumes (FX-adjusted)

Performing (Stage 1+2) loans	-37%
Customer deposits	20%

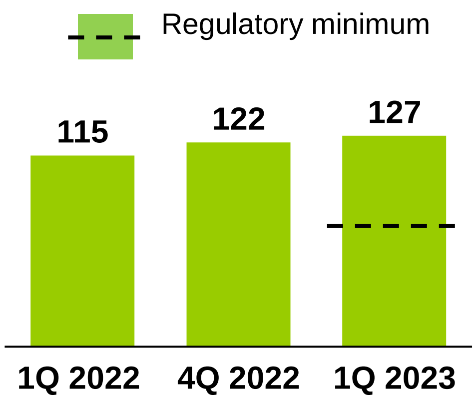
Intragroup financing (gross, HUF billion)



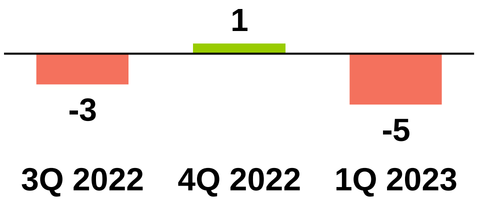
Total provisions to total gross loans ratio



OTP Ukraine's equity (in HUF billion)



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



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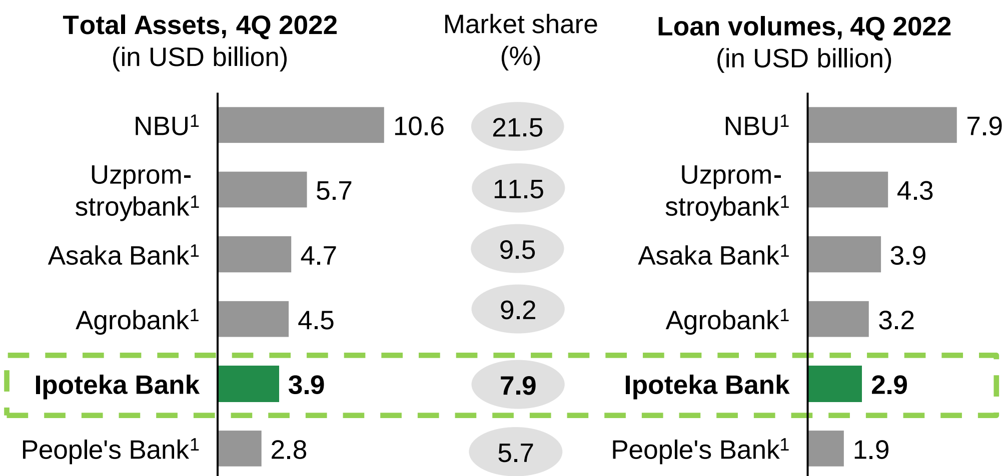
Uzbekistan

The acquisition of Ipoteka Bank is expected to be completed by the end of 2Q. Ipoteka is the 5th largest player in the Uzbek banking sector, while it is the market leader in mortgage lending

Main features of the transaction

- On 12 December 2022 OTP Bank **signed a purchase and sale contract** for the purchase of the majority stake and subsidiaries **of Ipoteka Bank**.
- The transaction is **the first step in the privatization process of the** local, predominantly **state-owned banking sector**.
- OTP Bank and International Finance Corporation (IFC) have agreed to cooperate on Ipoteka Bank in the future.
- **Ipoteka is the 5th biggest bank in Uzbekistan with 7.9% market share** based on 4Q 2022 total assets. Ipoteka Bank has more than 1.6 million retail clients.
- Ipoteka is the **market leader in mortgage lending with a market share of ~30%**.
- The transaction is expected to be **completed in 2Q 2023**.

Major market participants and market shares



Source: Central bank

Financial highlights of Ipoteka Bank

(IFRS, in HUF billion equivalent)

Statement of recognized income	2020	2021	1H 2022
Total income	55	74	43
Operating costs	-20	-26	-14
Risk costs	-19	-17	-6
Profit before tax	16	31	22
Corporate tax	-3	-6	-5
Profit after tax	**12**	**25**	**17**
Balance sheet			
Total assets	**925**	**1,206**	**1,374**
Gross loans	724	930	1,111
Retail loans	293	424	513
Corporate loans	432	506	598
Provision for expected credit losses	-34	-52	-67
Customer deposits	261	409	379
Retail deposits	55	71	89
State and public organisations	62	76	79
Other legal entities	144	262	211
Interbank liabilities	549	647	789
Shareholders' equity	115	148	192
Performance indicators			
ROE	10.7%	19.8%	21.5%
Total revenue margin	6.3%	7.1%	6.9%
Net interest margin	5.0%	5.8%	5.8%
Net loan-to-deposit ratio	264%	215%	275%
Naturals			
Number of branches	39	39	39
Employees	4,208	4,087	4,072

[1] State-owned bank.

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Total income increased by 3% q-o-q organically and adjusted for the FX-effect, driven primarily by Hungary, Bulgaria, Slovenia and Albania

Effect of NKBM acquisition

TOTAL INCOME	1Q 2023 (HUF billion)	Y-o-Y (HUF billion)	Y-o-Y (%)	Q-o-Q (HUF billion)	Q-o-Q (%)
OTP Group	457	73 / 23 / **96**	27%/16%[1]	-17 / 23 / **6**	1%/3%[1]
OTP CORE (Hungary)	150	**-18**	-11%	**8**	5%
DSK Group (Bulgaria)	71	**23**	48%/39%[2]	**1**	1%/6%[2]
SKB+NKBM (Slovenia)	39	5 / 23 / **28**	252%/36%[1]	1 / 23 / **24**	159%/12%[1]
OBH (Croatia)	27	**6**	26%/16%[2]	**0**	0%/4%[2]
OBSrb (Serbia)	31	**9**	43%/34%[2]	**-1**	-2%/3%[2]
OBA (Albania)	8	**4**	113%/90%[2]	**2**	30%/37%[2]
CKB Group (Montenegro)	8	**3**	51%/41%[2]	**0**	0%/6%[2]
OBR (Romania)	17	**3**	21%/12%[2]	**-1**	-7%/-2%[2]
OBRu (Russia)	49	**22**	85%/45%[2]	**-13**	-21%/5%[2]
OBU (Ukraine)	28	**5**	24%/42%[2]	**-3**	-11%/-1%[2]
OBM (Moldova)	8	**3**	60%/50%[2]	**-2**	-17%/-10%[2]
Others	22	**7**	52%	**-8**	-27%

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

Net interest income grew 18% y-o-y organically and FX-adjusted, as the weaker OTP Core performance was offset by stellar foreign performances

Effect of NKBM acquisition

NET INTEREST INCOME	1Q 2022 (HUF billion)	4Q 2022 (HUF billion)	1Q 2023 (HUF billion)	1Q 2023 Y-o-Y (HUF billion, %)	1Q 2023 Q-o-Q (HUF billion, %)
OTP Group	**240**	**296**	**312**	55 72 30%/18%[1]	-2 18 16 5%/6%[1]
OTP CORE (Hungary)	**105**	**89**	**90**	-16 -15%	1 1%
DSK Group (Bulgaria)	**30**	**45**	**50**	20 66%/55%[2]	5 11%/17%[2]
SKB+NKBM (Slovenia)	**7**	**11**	**30**	5 23 327%/61%[1]	1 18 19 179%/18%[1]
OBH (Croatia)	**15**	**19**	**20**	5 32%/23%[2]	1 6%/10%[2]
OBSrb (Serbia)	**16**	**23**	**24**	8 53%/44%[2]	1 5%/10%[2]
OBA (Albania)	**3**	**6**	**6**	3 113%/89%[2]	1 9%/15%[2]
CKB Group (Montenegro)	**4**	**6**	**7**	2 55%/46%[2]	0 7%/13%[2]
OBR (Romania)	**11**	**16**	**16**	6 52%/42%[2]	1 5%/10%[2]
OBRu (Russia)	**21**	**37**	**30**	10 47%/12%[2]	-7 -19%/5%[2]
OBU (Ukraine)	**19**	**26**	**24**	5 27%/46%[2]	-2 -8%/2%[2]
OBM (Moldova)	**3**	**6**	**6**	3 82%/70%[2]	-1 -10%/-3%[2]
Merkantil (Hungary)	**5**	**7**	**7**	2 44%	0 -3%
Others	**1**	**5**	**2**	3 -378%	-1 -37%

1 The 15% y-o-y drop in net interest income was induced by the 73 bps erosion of net interest margin, despite the 17% y-o-y increase in quarterly average total assets. The margin erosion was explained mainly by the significant fixed rate asset surplus of OTP Core; also, the higher mandatory reserve requirement and the deviation of the rate the central bank pays on those reserves effective from last October played a role, too.

NII grew 1% q-o-q, whereas the NIM remained close to its all-time low level in 4Q (1.94%, +3 bps q-o-q), despite variable rate corporate loans have repriced gradually, but with a certain time delay, compared to the faster repricing of corporate deposits following the steep rise in the rate environment last autumn. The q-o-q dynamics of interest expenditures was primarily shaped by the accruals on senior and subordinated bonds issued by the Bank in the last several months.

2 CEE group members exhibited strong FX-adjusted growth rates both in y-o-y and q-o-q comparison, fuelled by the rising rates which remained in the range that still exert a positive effect on margins.

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

Foreign operations in the CEE region played a major role in the net interest margin improvement q-o-q, as the rising but significantly lower interest rate environment than in Hungary has a favorable effect on margins

NET INTEREST MARGIN	1Q 2022	4Q 2022	1Q 2023
OTP Group	3.43%	3.50%	3.66%
OTP CORE (Hungary)	2.67%	1.91%	1.94%
DSK Group (Bulgaria)	2.62%	3.02%	3.41%
SKB+NKBM (Slovenia)	1.99%	2.40%	3.28%[1]
OBH (Croatia)	2.46%	2.37%	2.74%
OBSrb (Serbia)	2.87%	3.33%	3.77%
OBA (Albania)	3.48%	3.61%	4.23%
CKB Group (Montenegro)	3.40%	3.71%	4.37%
OBR (Romania)	3.09%	3.54%	4.05%
OBRu (Russia)	10.86%	11.89%	11.91%
OBU (Ukraine)	8.10%	9.69%	9.63%
OBM (Moldova)	4.26%	6.47%	6.60%

1 In the steeply increasing rate environment, the y-o-y margin erosion was explained mainly by the significant fixed rate asset surplus of OTP Core; also, the mandatory reserve requirement went up from 1% to 5% effective from last October and since October the central bank paid the 13% base rate on compulsory reserves, thus it was diverted from the 18% overnight rate.
From 1 April the minimum mandatory reserve requirement was further increased to 10%, and the effective rate paid on the reserves was reduced to 9.75% from the previous 13%.
The 1Q net interest margin remained close to its all-time low level in 4Q, despite the fact that variable rate corporate loans have repriced gradually, but with a certain time delay, compared to the faster repricing of corporate deposits following the steep rise in the rate environment last autumn. The margin was influenced by the accrued interest expenditures on senior and subordinated bonds issued by the Bank in the last several months.

2 The interest margin of the foreign CEE group members was supported by the rising interest rate environment, which was significantly lower than the Hungarian one.

[1] The P&L contribution of NKBM was included into OTP Group's consolidated figures from February, while the balance sheet total was consolidated only from the end of February, which, based on the net interest margin calculation methodology, distorted upwardly the margin of the Slovenian operation. The margin of the entire Slovenian operation was 2.95% in March.

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Consolidated performing loan growth was 11% q-o-q, out of which 10%-point was explained by the NKBM acquisition. In Bulgaria and Montenegro lending remained strong, but other CEE countries slowed down. Russian corporate exposures kept melting down

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.)	OBR (Romania)	OBRu (Russia)	OBU (Ukraine)	OBM (Moldova)
Q-o-Q nominal change (HUF billion)	1,903 / 194[3]	80	190	1,706 / -3[3]	21	-36	-4	7	-25	4	-39	-5
Total	11% / 1%[3]	1%	6%	151% / 0%[3]	1%	-2%	-1%	2%	-2%	1%	-10%	-3%
Consumer	8% / 1%[3]	1%	2%	275% / 1%[3]	1%	-1%	-6%	3%	-5%	3%	-18%	-12%
Mortgage	10% / 0%[3]	-1%	3%	118% / 0%[3]	1%	-1%	-1%	2%	-4%			-5%
Corporate[1]	14% / 2%[3]	2%	11%	213% / -1%[3]	0%	-3%	-1%	1%	-1%	-36%	-9%	0%
Leasing	1%	0%	5%	1%	6%	-2%	9%		0%		-8%	-1%

Core mortgage breakdown:

Housing loan	Home equity
-1%	0%

[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 acquisition.

Consolidated performing loans expanded by 10% organically over the last twelve months. Strong growth in the CEE countries was partly offset by contraction in Russia, Ukraine and Moldova

Y-o-Y 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.)	OBR (Romania)	OBRu (Russia)	OBU (Ukraine)	OBM (Moldova)
Y-o-Y nominal change (HUF billion)	3,423 / 1,714[3]	871	492	1,790 / 81[3]	281	70	94	39	32	-57	-215	-16
Total	21% / 10%[3]	16%	16%	171% / 8%[3]	16%	4%	39%	11%	3%	-9%	-37%	-9%
Consumer	11% / 4%[3]	9%	11%	285% / 4%[3]	2%	-3%	92%	8%	-8%	5%	-60%	-32%
Mortgage	19% / 8%[3]	1%	17%	133% / 7%[3]	20%	8%	62%	13%	-4%			-12%
Housing loan		3%										
Home equity		-7%										
Corporate[1]	29% / 16%[3]	30%	18%	253% / 12%[3]	19%	5%	27%	11%	10%	-80%	-33%	0%
Leasing	5%	0%	26%	2%	21%	9%	7%		20%		-33%	20%

[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 acquisition.

Consolidated deposits remained stable q-o-q without the NKBM acquisition. In Hungary the slowly declining underlying trend continued in retail, but the 13th month pension paid in February gave a one-off boost; large corporate outflows were partly offset by a seasonal jump in municipal deposits. The Croatian drop was driven by pricing steps and one-off factors

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.)	OBR (Romania)	OBRu (Russia)	OBU (Ukraine)	OBM (Moldova)
Q-o-Q nominal change (HUF billion)	3,078 / -28[2]	-106	141	3,087 / -19[2]	-172	37	-2	-30	-8	169	14	9
Total	13% / 0%[2]	-1%	3%	221% / -1%[2]	-8%	2%	0%	-6%	-1%	33%	2%	3%
Retail	17% / 0%[2]	0%	2%	277% / 0%[2]	-4%	0%	0%	-2%	4%	11%	-2%	4%
Corporate[1]	7% / 0%[2]	-2%	6%	141% / -3%[2]	-16%	5%	-2%	-9%	-6%	52%	4%	3%
Deposits – Net loans gap (HUF billion)	7,500	4,705	1,342	1,639	21	-331	155	57	-143	139	389	112

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

Consolidated deposits grew by 9% organically over the last 12 months

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

	Cons.	Core[3] (Hungary)	DSK (Bulgaria)	SKB+ NKBM (Slovenia)	OBH (Croatia)	OBSrb (Serbia)	OBA (Albania)	CKB (Monten.)	OBR (Romania)	OBRu (Russia)	OBU (Ukraine)	OBM (Moldova)
Y-o-Y nominal change (HUF billion)	5,117 / 2,011[2]	67	795	3,218 / 112[2]	169	244	215	69	98	203	126	19
Total	23% / 9%[2]	1%	20%	255% / 6%[2]	9%	19%	78%	17%	12%	42%	20%	8%
Retail	24% / 6%[2]	-3%	11%	310% / 5%[2]	12%	8%	90%	12%	32%	9%	-4%	13%
Corporate[1]	21% / 13%[2]	4%	50%	172% / 9%[2]	3%	30%	40%	23%	-5%	76%	36%	2%
Deposits – Net loans gap (HUF billion)	7,500	4,705	1,342	1,639	21	-331	155	57	-143	139	389	112

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

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OTP Group's deposit collection franchise is featured by strong market shares and high share of insured retail deposits

1Q 2023	TOTAL customer deposits: Volume, HUF billion	TOTAL customer deposits: Weight, %	TOTAL customer deposits: Market share, %	TOTAL customer deposits: Insured, %	RETAIL deposits: Market share, %	RETAIL deposits: Insured, %	RETAIL deposits: Share of term, %	NON-RETAIL deposits: Market share, %	NON-RETAIL deposits: Insured, %
OTP Group	**27,353**	**100**	**-**	**58**	**-**	**85**	**33**	**-**	**12**
OTP CORE[1] (Hungary)	**10,888**	**40**	**30**	**50**	**42**	**83**	**26**	**24**	**5**
DSK Group (Bulgaria)	**4,794**	**18**	**18**	**75**	**24**	**93**	**49**	**11**	**24**
SKB+NKBM (Slovenia)	**4,482**	**16**	**30**	**73**	**33**	**90**	**14**	**26**	**27**
OBH (Croatia)	**2,093**	**8**	**10**	**67**	**10**	**85**	**21**	**8**	**26**
OBSrb (Serbia)	**1,513**	**6**	**12**	**41**	**11**	**73**	**50**	**13**	**12**
OBA (Albania)	**491**	**2**	**10**	**62**	**10**	**72**	**68**	**9**	**20**
CKB Group (Montenegro)	**469**	**2**	**24**	**44**	**23**	**77**	**43**	**25**	**15**
OBR (Romania)	**943**	**3**	**2**	**51**	**2**	**75**	**80**	**2**	**22**
OBRu (Russia)	**683**	**2**	**0**	**28**	**0**	**66**	**49**	**0**	**5**
OBU (Ukraine)	**745**	**3**	**4**	**31**	**3**	**100**	**48**	**6**	**0**
OBM (Moldova)	**262**	**1**	**14**	**13**	**13**	**17**	**59**	**16**	**4**

General note: 1Q 2023 or latest available data.
[1] Including Merkantil Group (Hungarian leasing).

In 1Q the 6% decrease in net fees was driven primarily by base effect and negative one-offs in Hungary, as well as seasonality

Effect of NKBM acquisition

NET FEE INCOME	1Q 2022 (HUF billion)	4Q 2022 (HUF billion)	1Q 2023 (HUF billion)	1Q 2023 Y-o-Y (HUF billion, %)		1Q 2023 Q-o-Q (HUF billion, %)	
OTP Group	**86**	**110**	**103**	13 18	20%/11%[1]	-6 -11 5	-6%/-6%[1]
OTP CORE (Hungary)	**41**	**46**	**44**	3	7%	-2	-4%
DSK Group (Bulgaria)	**15**	**18**	**17**	2	12%/5%[2]	-1	-4%/2%[2]
SKB+NKBM (Slovenia)	**4**	**4**	**8**	0 5	128%/-7%[1]	0 5	130%/6%[1]
OBH (Croatia)	**5**	**6**	**5**	1	13%/5%[2]	-1	-14%/-10%[2]
OBSrb (Serbia)	**4**	**5**	**4**	0	13%/6%[2]	-1	-17%/-12%[2]
OBA (Albania)	**0**	**1**	**1**	0	93%/72%[2]	0	-4%/1%[2]
CKB Group (Montenegro)	**1**	**2**	**1**	0	21%/14%[2]	0	-21%/-16%[2]
OBR (Romania)	**1**	**1**	**2**	1	49%/39%[2]	0	32%/40%[2]
OBRu (Russia)	**5**	**12**	**9**	4	77%/35%[2]	-3	-23%/0%[2]
OBU (Ukraine)	**3**	**4**	**3**	0	5%/21%[2]	-1	-14%/-5%[2]
OBM (Moldova)	**1**	**1**	**1**	0	7%/0%[2]	0	4%/13%[2]
Fund mgmt. (Hungary)	**2**	**8**	**4**	1	66%	-4	-52%

1 At OTP Core net fees went up by 7% y-o-y, mainly supported by stronger income from deposit-, transaction-, and card-related fees. The 4% q-o-q setback was due to seasonality and negative one-offs (around -HUF 2.6 billion) booked in 1Q, whereas within securities commissions those were the investment units-related ones that showed particularly strong dynamics.

2 In Russia the 35% y-o-y increase in local currency terms was due to higher volume of transactions, especially FX-related ones. Net fees stagnated q-o-q mainly due to the seasonally lower business activity at the beginning of the year.

3 At OTP Fund Management fee income increased by 40% q-o-q without the HUF 4.8 billion success fee realized in 4Q 2022, mainly due to the expansion of the assets under management. The y-o-y evolution of commission income (+66%) was in line with the annual growth dynamics of assets under management (+68%).

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

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Other net non-interest income improved by 3% q-o-q on an FX-adjusted basis, driven mainly by OTP Core

Effect of NKBM acquisition

OTHER INCOME	1Q 2022 (HUF billion)	4Q 2022 (HUF billion)	1Q 2023 (HUF billion)	1Q 2023 Y-o-Y (HUF billion, %)		1Q 2023 Q-o-Q (HUF billion, %)	
OTP Group	36	45	42	6 6	17%/17%[1]	-3 -4	-7%/3%[1]
OTP CORE (Hungary)	21	7	16	-5	-24%	9	124%
DSK Group (Bulgaria)	3	8	4	2	64%/54%[2]	-4	-47%/-44%[2]
SKB+NKBM (Slovenia)	0	1	1	0 0	111%/-4%[1]	0 0	17%/-41%[1]
OBH (Croatia)	1	2	1	0	0%/-9%[2]	0	-17%/-15%[2]
OBSrb (Serbia)	2	3	2	0	14%/7%[2]	-1	-29%/-25%[2]
OBA (Albania)	0	-1	0	0	180%/149%[2]	1	
CKB Group (Montenegro)	0	0	0	0	310%/285%[2]	0	-16%/-11%[2]
OBR (Romania)	2	1	-1	-3		-2	
OBRu (Russia)	1	13	9	9	14-fold/ 12-fold[2]	-3	-25%/7%[2]
OBU (Ukraine)	1	2	1	0	8%/25%[2]	-1	-37%/-30%[2]
OBM (Moldova)	1	2	1	0	23%/15%[2]	-1	-40%/-35%[2]
Others	3	7	6	2	74%	-1	-21%

1 At OTP Core the q-o-q increase was driven by higher FX gains and better result on derivative instruments.

2 At the Bulgarian subsidiary the q-o-q decrease can be explained by the high 4Q base as a result of real estate sale, but the revaluation result of repo and swap transactions related to intragroup placements played a role, too.

3 The Romanian setback was due to the negative revaluation result on swap deals in connection with the active liquid asset management of the bank, which on the other hand had a positive effect on net interest income.

4 In Russia the 12-fold FX-adjusted y-o-y increase and the 7% q-o-q growth was related to FX conversion services.

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

Amid the high inflationary environment, operating costs grew by 22% y-o-y, adjusted for the FX-effect and the NKBM acquisition

Effect of NKBM acquisition

OPERATING COSTS	1Q 2023 (HUF billion)	Y-o-Y (HUF billion)	Y-o-Y (%)	Y-o-Y, FX-adjusted (HUF billion)	Y-o-Y, FX-adjusted (%)
OTP Group	225	47 / 8 / 55	32%/**27%**[1]	38 / 8 / 47	26%/**22%**[1]
OTP CORE (Hungary)	94	19	25%	19	25%
DSK Group (Bulgaria)	31	12	66%	11	55%
SKB+NKBM (Slovenia)	17	1 / 10	142/20%[1]	1 / 9	127%/12%[1]
OBH (Croatia)	13	2	14%	1	6%
OBSrb (Serbia)	12	1	12%	0	4%
OBA (Albania)	3	2	110%	2	87%
CKB Group (Montenegro)	3	0	9%	0	2%
OBR (Romania)	13	2	15%	1	7%
OBRu (Russia)	21	7	48%	2	13%
OBU (Ukraine)	7	0	-5%	1	9%
OBM (Moldova)	3	1	33%	1	24%
Merkantil (Hungary)	3	0	20%	0	20%
Others	4	0	-4%	0	-5%

1 Drivers behind the 25% cost growth:

- personnel expenses rose by 28% 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 16%;
- other costs grew by 25%, driven by, among others:
  - higher cost of real-estate (partly related to the new M12 head office building completed in April 2022);
  - around 50% jump in energy costs;
  - increasing supervisory fees (mostly due to the increase in deposit and insurance protection fee rates effective from the end of 2022).

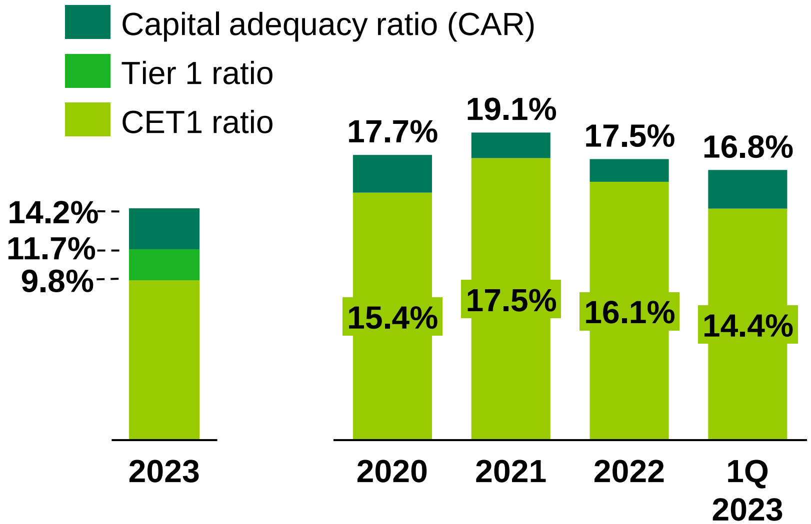
2 At DSK the cost increase was driven by the HUF 9 billion y-o-y increase of charges paid to supervisory bodies, adjusted for this item the cost increase would have stayed below 10%.

3 The two banks' merger happened on 1 December 2022, explaining most of the cost increase. Further synergy benefits are likely to be realized in the coming months.

[1] Changes without the effect of the NKBM acquisition.

The Group's capital and liquidity position is stable, even though capital adequacy ratios declined q-o-q, partly driven by regulatory changes and the consolidation of NKBM. Series of successful bond issues were executed in recent months

Regulatory minimum requirements[1] | **CAR and CET1 ratio actual values**[2]



Expected impact of the Ipoteka acquisition based on the Group's 1Q 2023 capital adequacy ratios, *ceteris paribus*

Group	1Q 2023	Ipoteka effect	OTP Group – with Ipoteka acquisition
CET1 ratio	14.4%	-0.3%	14.1%
Tier 1 ratio	14.4%	-0.3%	14.1%
CAR	16.8%	-0.4%	16.4%

Stable liquidity position	4Q 2022	1Q 2023	Threshold
Net loan/deposit ratio	74%	72%	
Consolidated Liquidity Coverage ratio (LCR)	172%	196%	≥ 100%
Net Stable Funding ratio (NSFR)	137%	139%[3]	≥ 100%

Issuance of three Senior Preferred bonds and one Tier 2 bond

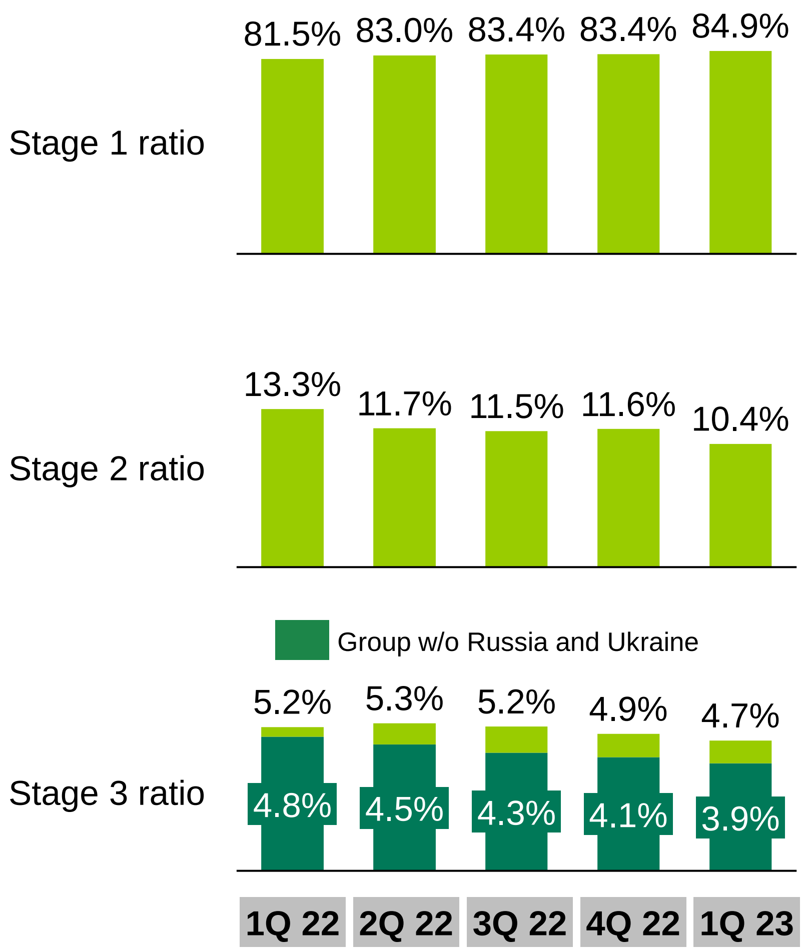
	Senior Preferred			Tier 2
Date	13/07/2022	29/09/2022	01/12/2022	15/02/2023
Face value	EUR 400 m	USD 60 m	EUR 650 m	USD 650 m
Re-offer rate[4]	427 bps	286 bps	452 bps	462 bps
Issuer's call	13/07/2024	29/09/2025	04/03/2025	15/02- 05/15/2028
Maturity	13/07/2025	29/09/2026	04/03/2026	15/05/2033
Issue rating (S&P/Moody's/Scope)	BBB- / - / BBB+			BB / Ba2 / BB+
Listing	Luxembourg Stock Exchange			

In order to comply with the MREL requirements effective from 1 January 2024, in 2023 the Bank is planning to issue two or three benchmark size (at least EUR 500 million) Senior Preferred bonds.

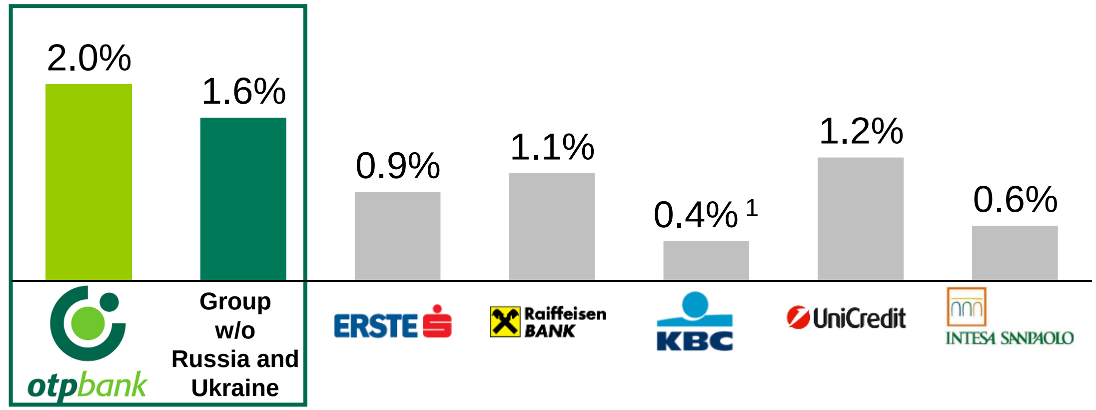
[1] In the absence of additional core capital (AT1), the Tier 1 regulatory requirement is also effective for the CET1 rate
[2] Indicators calculated for the scope of accounting (IFRS) consolidation. In the absence of additional core capital (AT1), the Tier 1 rate is the same as the CET1 rate. [3] Preliminary data. [4] Issuance spread over the EUR Mid-Swap curve.

The Stage 3 ratio decreased in the past four consecutive quarters, despite the various headwinds. The management's provisioning policy remained conservative compared to regional banking groups

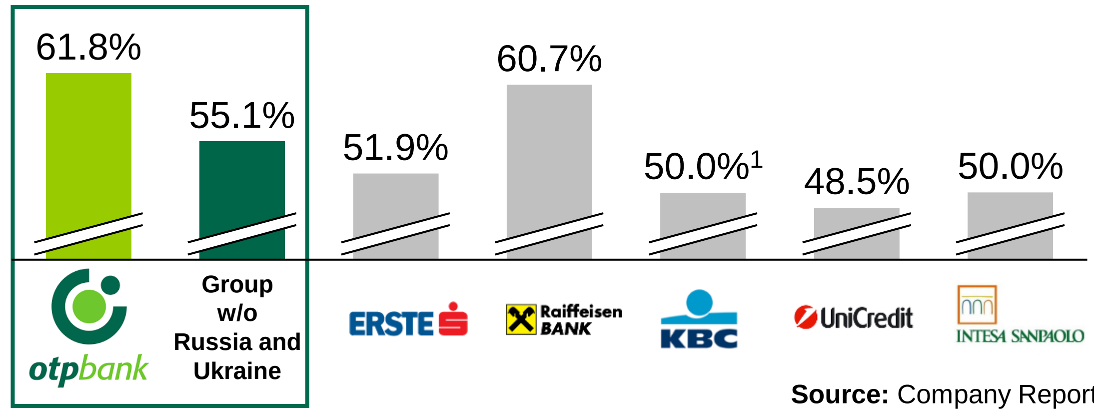
Development of the Group's main credit quality indicators



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



Own coverage of Stage 3 loans compared to regional peers at the end of 1Q 2023



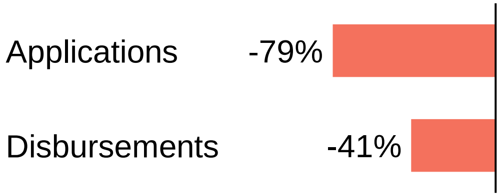
Source: Company Reports

[1] Data as of 31 December 2022.
Source: company reports (estimates in some cases).

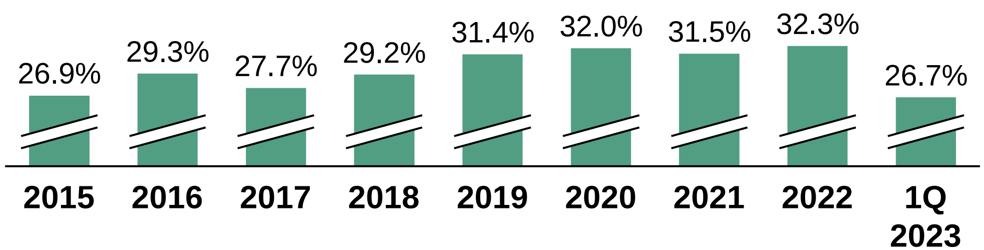
OTP CORE

In Hungary applications for mortgage loans dropped 79% y-o-y; OTP’s market share declined in 1Q 2023. OTP’s market share in cash loan sales was 41%, our market share in retail deposits further improved

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

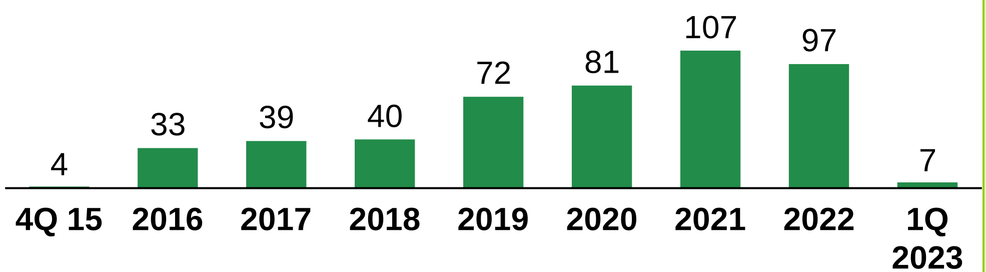


OTP’s market share in mortgage loan contractual amounts



The amount of non-refundable CSOK subsidies contracted at OTP Bank since the launch of the programme

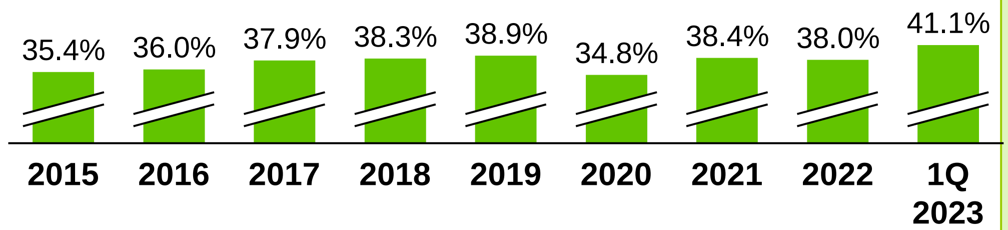
(HUF billion)



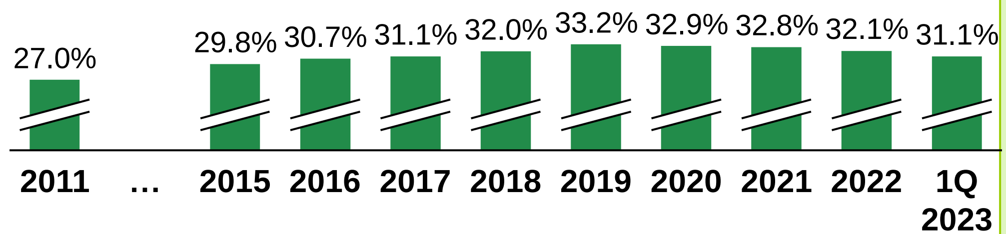
Performing (Stage 1+2) cash loan volume growth

(FX-adjusted)

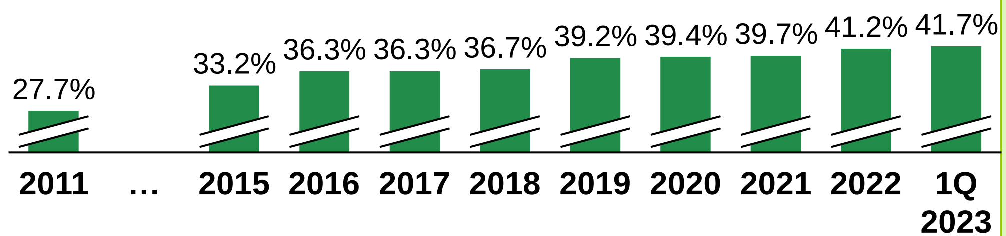
Market share in newly disbursed cash loans



OTP Bank’s market share in retail savings



OTP Bank’s market share in retail deposits

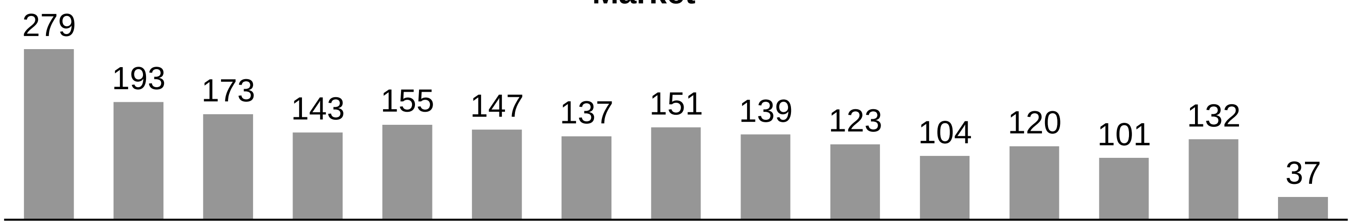


The baby loans contractual amounts declined q-o-q. The green housing loans generated huge demand last year, but actual disbursements come with a certain time delay

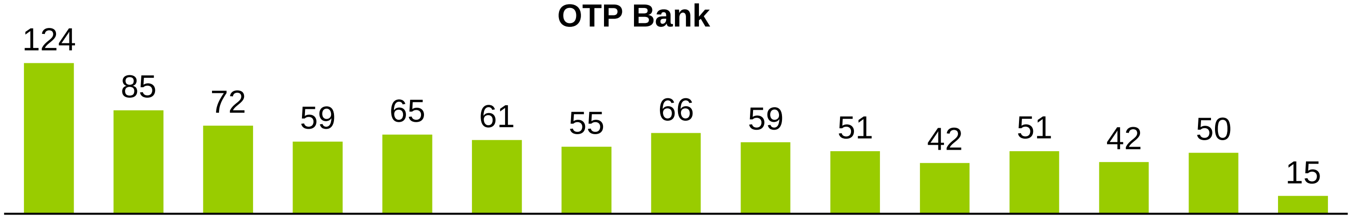
Baby loans

Contractual amount (HUF billion)

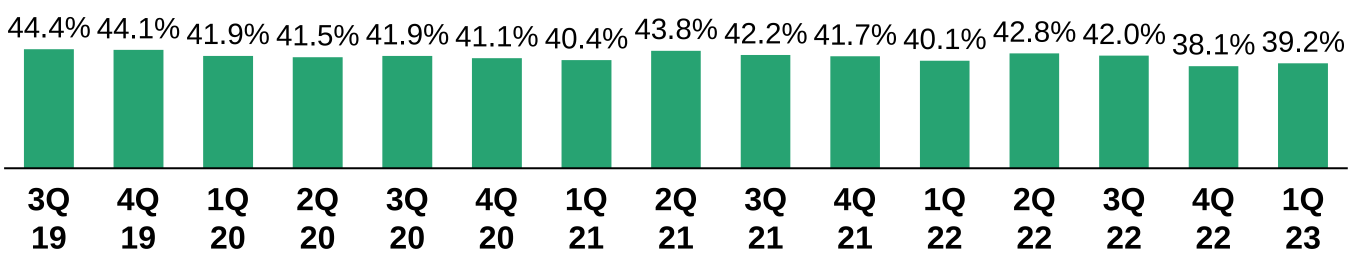
Market[1]



OTP Bank

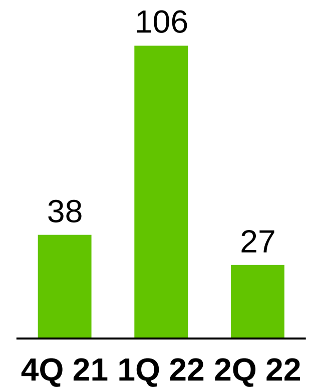


OTP's market share calculated from the contractual amount



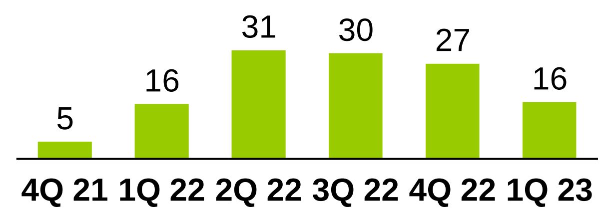
Green Home Programme[2]

Applications for green housing loans (HUF billion)



OTP Bank's market share in contractual amount: **42%**

Green housing loan disbursements (HUF billion)



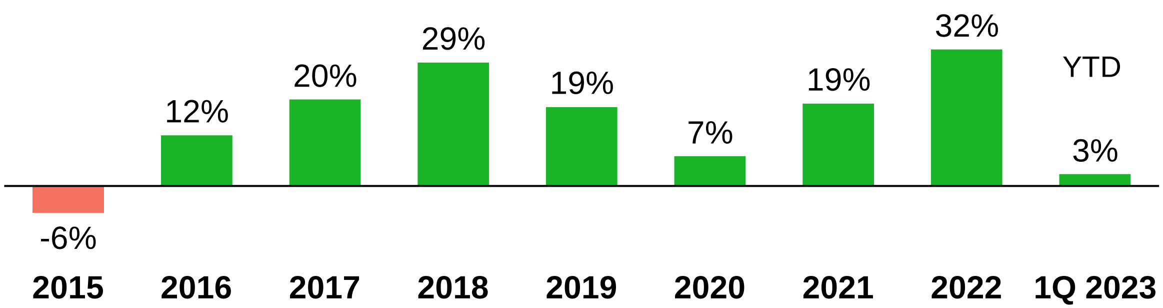
[1] Based on NBH statistics.
[2] The programme started in October 2021 and the allocated amount has already been fully allocated.

OTP CORE

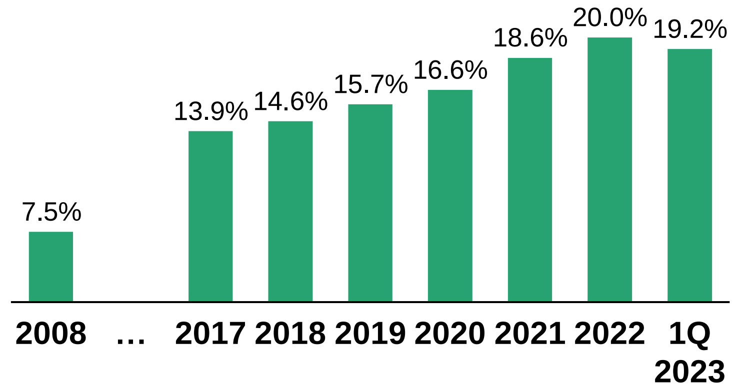
In Hungary, the growth rate of corporate loans slowed down, OTP's market share remained above 19%. Amid the high interest rate environment, there is a strong demand for subsidized schemes in particular

Performing corporate loan volume changes

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

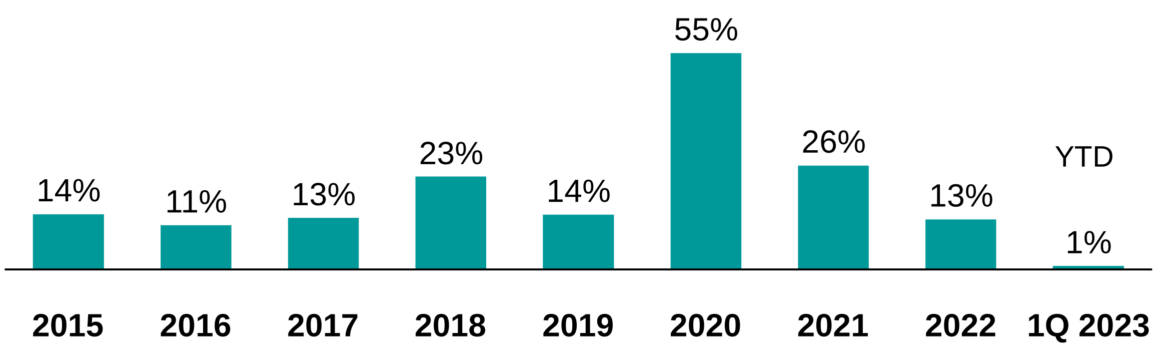


OTP Group's market share in loans to Hungarian companies[1]



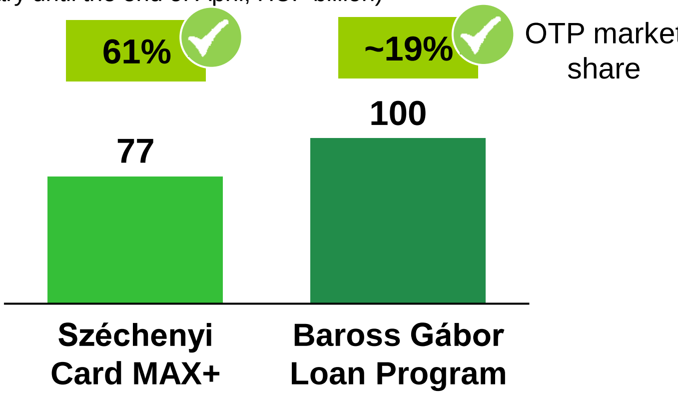
Performing loan volume changes in the micro and small companies segment

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



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 31 March 2023, in the case of the Gábor Baross Loan Program, from the start in February until the end of April, 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, with several new initiatives already in the field of green finance

ESG RESULTS AND TARGETS

	2022 Actual	Long-term KPIs
Building the green credit portfolio	Corporate: **HUF 161 billion** Retail: **HUF 106 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 – **17.4**

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

1 NO POVERTY

8 DECENT WORK AND ECONOMIC GROWTH

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.

Due to the effects of the war, high inflation and tight monetary conditions economic growth is expected to be moderate in 2023, but the countries of OTP Group may avoid recession. In 2024 growth may pick up in the region

	Hungary			Bulgaria			Slovenia			Croatia		
	2022	2023F	2024F	2022	2023F	2024F	2022	2023F	2024F	2022	2023F	2024F
GDP growth (annual, %)	4.6	0.0-0.6	3.7	3.4	1.5	2.6	5.4	1.0	2.6	6.3	3.0	3.3
Unemployment (%)	3.6	4.1	4.0	4.3	4.4	4.2	4.0	3.1	2.9	7.0	6.5	6.5
Budget balance (% of GDP)	-6.2	-3.9	-2.9[2]	-2.8	-3.4	-2.9	-3.0	-4.2	-3.0	0.4	-2.0	-1.5
Inflation (avg / eop, %)	14.5/24.5	19.5/9.3	5.5/5.1	15.3	11.0	3.9	9.3	6.4	2.5	10.7	7.8	3.3
Reference rate[1] (eop, %)	16.1	9.5	6.5	1.4	3.5	3.0	2.0	3.5	3.2	2.0	3.5	3.2

	Serbia			Albania			Montenegro			Romania		
	2022	2023F	2024F	2022F	2023F	2024F	2022F	2023F	2024F	2022	2023F	2024F
GDP growth (annual, %)	2.3	1.4	3.0	4.8	2.7	3.7	6.1	1.8	2.7	4.7	2.8	3.5
Unemployment (%)	9.4	10.0	9.5	11.3	10.5	9.8	15.0	16.3	16.0	5.6	5.8	5.5
Budget balance (% of GDP)	-3.3	-3.3	-3.3	-3.8	-3.0	-3.0	-4.3	-5.1	-4.6	-6.2	-5.0	-4.0
Inflation (avg, %)	11.9	11.9	5.0	6.7	4.5	3.0	13.0	8.8	2.5	13.7	10.4	4.8
Reference rate[1] (eop, %)	5.0	5.5	4.0	2.75	3.5	3.5	-	-	-	6.75	6.25	5.5

	Russia			Ukraine			Moldova			Uzbekistan		
	2022	2023F	2024F	2022	2023F	2024F	2022	2023F	2024F	2022	2023F	2024F
GDP growth (annual, %)	-2.1	1.1	1.2	-29.1	1.0	3.9	-5.9	1.6	6.1	5.7	5.3	5.5
Unemployment (%)	3.9	3.7	4.0	24.5	27.6	16.2	3.1	4.7	4.4	8.9	8.4	7.9
Budget balance (% of GDP)	-2.3	-3.8	-2.8	-17.6	-15.0	-15.0	-3.3	-4.0	-3.5	-3.9	-2.9	-2.9
Inflation (avg, %)	13.8	4.9	4.0	20.2	20.2	12.0	28.8	13.6	6.1	11.4	10.8	9.2
Reference rate[1] (eop, %)	7.5	7.5	7.0	25.0	25.0	20.0	20.0	10.0	9.0	15.0	13.7	11.8

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.

In 2023 the adjusted ROE may be close to the 2022 level due to new acquisitions, continued organic growth, stable risk profile and increasing cost pressure amid high inflation

Updated management guidance for 2023

Compared to the management guidance published on 10 March 2023 the current one forecasts the following:

As a result of the NKBM acquisition completed on 6 February 2023 and the pending acquisition of Ipoteka Bank in Uzbekistan expected to be financially closed in 2Q, their 11 and 6 months earnings may substantially contribute to the consolidated profit after tax. The expected positive after tax effect of one-off items to be booked in relation to the consolidation of Ipoteka Bank (presented among the adjustments) might exceed EUR 200 million.

In 2023 the consolidated NIM may primarily be shaped by the NIM development at OTP Core, while further rate hikes by ECB can positively impact the net interest margin at several other Group members. The decrease of the overnight deposit rate in Hungary may start from May/June, and according to the Central Bank's expectation by autumn it may drop to the level of the base rate (13%). Since the currently forecasted rate trajectory differs from the originally anticipated one, the net interest margin of OTP Core may eventually be even lower than the 4Q 2022 level (1.91%), which can also negatively impact the consolidated NIM.

Similarly to 2022, in 2023 the gross volume of the Hungarian banking tax (HUF 28 billion) and the windfall tax (HUF 41 billion) puts a significant burden on the Bank's profitability. The calculation of the windfall tax was amended on 24 April, as a result the full-year burden for 2023 will be HUF 28 billion lower versus the originally calculated HUF 69 billion booked in 1Q. The above difference is going to be recognized in 2Q 2023.

As for other financial indicators and expectations (credit risk profile, cost efficiency indicator, performing loan volume growth) currently the management sees no reason to modify them, and still believes that it is realistic to achieve a consolidated adjusted ROE similar to the 2022 level.

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Questions and Answers session