

Message from the Chairman & CEO



DEAR SHAREHOLDERS,

In 2024 we celebrated OTP Bank's 75th anniversary, and May 2025 will mark the 30th anniversary of OTP's stock exchange listing. I believe that we are rightly proud of our achievements: over the past 30 years, we have become one of the leading financial institutions in Central and Eastern Europe. Currently we provide high-quality financial services to more than 17 million retail, corporate, and municipal clients in 11 countries. Not only are our financial indicators excellent; the strategy our management has been pursuing for more than two decades also effectively combines faster-than-competitors' organic growth with successful, value-creating acquisitions.

At the end of 2023, the Bank Group's total assets exceeded EUR 100 billion, and expanded further in 2024, despite the sale of our Romanian subsidiary at the end of July; meanwhile, our profit after tax grew to EUR 2.7 billion. The structure of the Bank Group has changed substantially in recent years: 44% of net loans are now in countries that are either directly in the eurozone or will soon join it; more than two-thirds of our profit after tax comes from non-Hungarian group members; we have dominant position in five markets, and it is our goal to be near the top in the other countries as well.

Overview of the performance in financial year 2024

In 2024, OTP Group achieved excellent results: its profit after tax amounted to HUF 1,076 billion, exceeding the 1,000-billion-forint mark for the first time in its history. The 9% y-o-y profit improvement primarily stemmed from the 22% jump in operating profit. The annual return on equity (ROE) was 23.5%. In terms of P&L developments, the dynamic, 17% y-o-y revenue growth, including the 22% improvement in net interest income are worth highlighting. The sale of the Romanian subsidiary affected

the Group's balance sheet items, rather than profit dynamics. The ECB's interest rate cut that began in June resulted in smaller net interest margin in many countries – in contrast, the indicator improved significantly in Hungary, thus the consolidated annual net interest margin increased by 34 bps y-o-y, to 4.28% in 2024. OTP Group's operational efficiency improved significantly: the annual cost/income ratio of 41.3% reflects a 2.3 pps y-o-y improvement. In 2024, all group members could boast profitable operations, and the profit contribution of foreign operations increased to 68%.

The quality of the consolidated loan portfolio improved further in 2024, and the underlying developments influencing credit quality were overall favourable. Having improved by 0.6 pp y-o-y, the IFRS 9 Stage 3 loan portfolio made up 3.6% of the gross loan portfolio; the own coverage ratio of 59.5% remained significantly higher than that of our regional competitors. The annual credit risk cost ratio was 0.38% (+4 bps y-o-y).

The consolidated FX-adjusted performing (Stage 1+2) loan portfolio, excluding the impact of the Romanian subsidiary, expanded by 9% y-o-y, to HUF 23,450 billion. The growth of retail volumes materially exceeded the increase in the corporate portfolio, and it is

also pleasing that Ukraine, albeit from a low base, once again produced substantial growth; the Bulgarian, Croatian, Serbian and Russian subsidiary banks' volumes also expanded notably. In Hungary, mortgage loan volumes grew impressively, by 13% last year, while the dynamic expansion of consumer loans was maintained.

The FX-adjusted consolidated deposit stock (excluding Romania) expanded by 6%, drawing near HUF 31,700 billion. It is pleasing that the retail book in Hungary surged by 10% y-o-y, which is a positive development in terms of both liquidity and interest margin.

OTP Group's net loan-to-deposit ratio was 74%; the consolidated Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) were well above the required minimum levels.

In addition to the stable liquidity ratio, OTP Bank's capital position remained strong: at the end of 2024, the consolidated Common Equity Tier1 (CET1) ratio stood at 18.9% (+2.3 pps y-o-y), at the same level as the Tier 1 ratio. The substantial improvement, even after deducting the planned dividend payment, demonstrates the Bank Group's outstanding internal capital accumulation capacity (more than 300 bps), even by international standards.

In 2024, the Bank issued a total of EUR 1.84 billion worth of MREL bonds, of which EUR 1.8 billion was public issuance; thus the Bank remained the largest independent MREL bond issuer in the region. All transactions were realized in the form of Senior Preferred bonds. Our MREL adequacy ratio was 30.1%, thus the Resolution Group safely exceeded the MREL minimum requirement effective from 1 January 2024.

Throughout 2024, management closely monitored the operations of OTP Bank's Russian and Ukrainian subsidiaries.

In the case of Russia, our strategy is based on three main pillars, namely

- compliance with all applicable legal obligations, including full compliance with sanctions;
- limiting operations to the least sensitive activities and services. Accordingly,

following the outbreak of the war, the Bank ceased its corporate lending activities, stopped transfers in dollars, and limited the number of transfers in euros and performs them only within the European Economic Area under strict central control; and focuses its activities predominantly on retail consumer lending;

- reduces its outstanding exposure to the parent bank through dividend payment, and by reducing intra-group financing. By the end of 2024, a total of RUB 32 billion were paid in dividends, after deduction of dividend tax (approximately HUF 125 billion). OTP Bank holds the transferred amount in a separate account with the MNB.

At the end of 2024, the FX-adjusted net loan portfolio of the Russian subsidiary made up 4.5% of the Group's consolidated gross performing loan book, while the same indicator for deposits was 5.9%.

In Ukraine, loan portfolios resumed growth in 2024: the FX-adjusted consumer loan book expanded by 48% y-o-y, and corporate portfolios increased by 20%. The Ukrainian subsidiary bank's net loan volumes made up 1.7% of the consolidated stock, while deposits accounted for 2.7% at the end of 2024. Hoping that the war will soon end, OTP's management is actively exploring the possibility of participating in the privatization of the Ukrainian banking sector, which is expected to resume in 2025; thus supporting the reconstruction of Ukraine's economy.

Change in the Bank Group's structure

Over the past ten years, OTP Bank has accomplished 14 successful acquisitions, as a result of which the structure of the Bank Group has significantly changed: first, the weight of countries that are in the EU, and that of current and future members of the eurozone has significantly increased. Furthermore, OTP Group's net loan portfolio has increased fourfold since 2014; its annual growth rate of 16% significantly exceeded the dynamics

of our regional competitors in the same period. Simultaneously, at the end of 2024, 68% of the consolidated profit after tax came from foreign subsidiaries, while this ratio was as low as 7% in 2003, and was only 35% in 2017 (the year when the second major acquisition wave began). With the acquisition of Slovenia's Nova KBM, OTP carried out its largest transaction to date, while with the addition of Uzbekistan's Ipoteka Bank to the group in 3Q 2023, OTP looked beyond its previously traditional region of operation, Central and Eastern Europe, for the first time, to become the fifth largest player in the rapidly developing, extremely promising banking market of Uzbekistan. In recent years, OTP has gained unique experience through the professional, timely and precise implementation of these transactions and later via the successful integration of the acquired banks into the Group, to become a consolidator of the region's banking sector. What helped this achievement the whole time was the ability to rely on its solid capital strength, excellent liquidity and, of course, the accumulated professional experience of its employees. Being present in eleven countries, OTP Group is an excellent example of a diversified, culturally diverse, performance-improving management philosophy that focuses on permanent development, growth and thus predictable value creation in its operations.

Dear Shareholders,

As I mentioned in my introduction, this year marks 30 years since OTP Bank went public. During these 30 years, our share price has increased nearly 250 times. In 2024 alone, our growth rate surpassed 35% and the Company's stock market capitalization exceeded EUR 16 billion following the stock market report on 7 March 2025. Nevertheless, I believe that there is still room for share price growth: although we do relatively well in P/BV, we are significantly behind many regional banks in terms of P/E valuation. This is partly because of the war that has been raging

in our neighbouring country for three years now and owing to the discount resulting from uncertainty, but the weak performance of the Hungarian economy last year, and the increasing burdens from government measures (e.g. the windfall tax, the multiple extensions of the interest freezes on variable-rate mortgage loans, the increase in the financial transaction fee) all worsen our valuation. Nonetheless, we are optimistic. First, we hope the war will soon end, and second, we expect macroeconomic conditions to improve slightly overall in 2025 in most of the Group's countries, including Hungary. The management proposes to the General Meeting to pay HUF 270 billion dividends from the profit made in 2024. In addition, the buyback of treasury shares is to continue in 2025, just like last year. The two phases of our treasury share buybacks totalled to HUF 120 billion in 2024, and a new 60-billion-forint buyback programme was implemented by 10 February 2025. In our capital allocation considerations, the main priority remains to exploit the opportunities provided by organic growth as efficiently as possible, and the management constantly looks for new value-creating acquisition opportunities. Our excellent performance was once again awarded by a number of professional recognitions. All of them are important and honourable, but I would like to highlight one: in June 2024, Standard & Poor's Global Market Intelligence found OTP Bank to be the best out of 50 stock-exchange-listed banks in Europe, based on seven key financial indicators. Although the focus of our activities is on efficient and improved profitability, we implement all this in a way that is in line with our ESG endeavours and commitments. OTP Group aims to be the leading player in the CEE region in financing the low-carbon transition of economies, thereby gradually building a sustainable future. OTP Bank's sustainability strategy focuses on building a green loan portfolio, which exceeded HUF 1,000 billion by the end of 2024. These green investments hold significant opportunities for both our clients and the bank. We are convinced that financial

stability cannot exist without environmental and social sustainability. OTP's consistent work in this field is recognized by the fact that in the past two years our bank has won the Global Finance magazine's global sustainability award, ahead of many large multinational banks. Despite the multitude of challenges in recent years, we have achieved excellent financial results, strengthened our market leading or dominant positions, created a new industry standard in digitalization, and successfully entered the non-banking services market, thereby serving our existing customers in the most diverse way possible, earning their trust

and strengthening their loyalty. I am confident that the management's medium-term strategic objectives will meet your expectations. I ask for your help and supportive contribution to their implementation.

March 2025

A handwritten signature in blue ink, appearing to read 'Sándor Csányi', with a stylized, cursive script.

Dr. Sándor Csányi

Chairman and Chief Executive Officer