

This is a translation of the Hungarian Report

Independent Auditor's Report

To the Shareholders of OTP Bank Nyrt.

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying 2023 consolidated financial statements of OTP Bank Nyrt. ("the Company") and its subsidiaries (altogether "the Group") included in the accompanying 529900W3M0000A18X956-2023-12-31-hu.zip¹ digital file, which comprise the consolidated statement of financial position as at 31 December 2023 - showing a total assets of HUF 39,609,144 million - and a consolidated statement of comprehensive income - showing a total comprehensive income for the year of HUF 864,843 million -, the related consolidated statement of profit or loss, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including material accounting policy information.

In our opinion the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("EU IFRSs") and have been prepared, in all material respects, in accordance with the supplementary requirements of Act C of 2000 on Accounting ("Hungarian Accounting Law") relevant for consolidated financial statements prepared in accordance with EU IFRSs.

Basis for opinion

We conducted our audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, including also Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities ("Regulation (EU) No. 537/2014"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

¹ Digital identification of the above referred 529900W3M0000A18X956-2023-12-31-hu.zip consolidated financial statements, using SHA 256 HASH algorithm is 2808F7287D51E1D0482F6BC5E1AEEFB0B728991CC79FB18D6D8FA448658CE4A9

We are independent of the Group in accordance with the applicable ethical requirements according to relevant laws in effect in Hungary and the policy of the Chamber of Hungarian Auditors on the ethical rules and disciplinary proceedings and, concerning matters not regulated by any of these, with the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Acquisition accounting for significant new business combinations

In 2023, after obtaining all required regulatory approvals, the Group acquired 43 legal entities, of which two entities, Nova KBM d.d. and JSCMB Ipoteka Bank, have significant operations from a Group perspective.

Accounting for acquisitions falls under the scope of IFRS 3 - Business Combinations and involves significant judgments and assumptions for the determination and recognition of the fair value of the acquired assets and liabilities assumed. Management performed the assessment and purchase price allocations with the

Our audit procedures on the business combinations included among others the following procedures. We read and evaluated the share purchase agreements and the acquisition accounting assessments made by management.

Our audit procedures included the involvement of valuation specialists to assess the appropriateness of the methodology applied by management in determining the fair value of acquired financial instruments, real estate, immaterial rights and other assets acquired and liabilities

involvement of (external) valuation expert.

After performing the purchase price allocations for the two subsidiaries, the Group recognized negative goodwill arising on these two acquisitions in the amount of HUF 198 billion.

Due to the significance of the recognized negative goodwill (representing 20% of total profit after income tax as of 31 December 2023) and the related estimation uncertainty, this is considered a key audit matter.

assumed. We also assessed the main assumptions used in the valuation and evaluated the competence, capabilities and objectivity of the (external) valuation specialists involved by management. We assessed the measurement of the assets acquired and liabilities assumed at fair value, as well as the calculation of negative goodwill.

We also assessed the completeness of the fair value adjustments recognized by reading share purchase agreements, Board decisions and due diligence reports.

We evaluated whether the negative goodwill determined is reasonable and whether there are any potential liabilities to be recognized as part of the purchase price allocation.

We also evaluated whether the disclosures in the consolidated financial statements appropriately reflect the Group's acquisition accounting and are compliant with the EU IFRSs.

The Group's disclosures about its policies for business combinations are included in Note 2.4. Accounting for acquisitions, which specifically explain the accounting policies and key assumptions used when determining the estimations and their evaluation, are detailed in Note 42 Acquisition.

Determination of expected credit losses relating to loans at amortised cost

Credit impairment is a highly subjective area due to the level of judgement applied by management in determining expected credit losses ("ECL"). The identification of impairment and the determination of the recoverable amount are inherently uncertain processes involving various assumptions and factors. Such factors

We involved valuation specialists to assist us in performing our audit procedures on ECL and related credit impairments. Our audit procedures included among others the following procedures.

We evaluated the design and tested the operating effectiveness of internal controls over the approval, recording

may include the financial condition of the counterparty, expected future cash flows, and expected net selling prices of collateral. The portfolios which give rise to the greatest uncertainty are typically those where impairments are derived from estimates of future cash flows and the realisable value of collateral, calculated using collective impairment models, which are unsecured or are subject to potential collateral shortfalls.

These models require the significant periodic judgment of management regarding correct segmentation, the identification of significant changes in credit risk, the inclusion of forward-looking elements as well as the application of management overlay (to reflect on circumstances beyond the modelling capabilities).

Given the economic uncertainties from the Russian - Ukrainian conflict, the risks to the global economy, significant judgement is required in the assessment of significant changes in credit risk, the definition of default, the estimation of future cash-flows (including the value of realisable collateral) and the evaluation of forward-looking information.

Due to the significance of loans at amortised cost (representing 48% of Total Assets as of 31 December 2023) and the related estimation uncertainty, this is considered a key audit matter.

and monitoring of loans at amortized cost and controls over ECL calculations, including the quality of underlying data and applications.

We evaluated the controls over the general IT environment of the applications relevant from an audit perspective related to the determination of ECL.

We evaluated management's assumptions relating to the overall uncertainties arising from the geopolitical and economic situation caused by the Russian-Ukrainian conflict.

For ECL calculated on an individual basis, we tested the assumptions used by the management underlying the impairment identification and quantification, focusing on loan cases with the most significant potential impact on the consolidated financial statements. We also evaluated management's assumptions on the expected future cash flows, including the value of realisable collateral and estimates of recovery, based on our own understanding and available market information.

For ECL calculated on a collective basis we evaluated the model governance, methodologies, inputs and management assumptions used (probability of default, loss given default, significant increase in credit risk and forward-looking elements).

For exposures subject to increased uncertainties arising from the Russian-Ukrainian conflict we designed additional procedures to address the higher estimation uncertainty. Such procedures, among others included: an assessment of the overall changes in the ECL model (including its parameters), an assessment of the additional criteria applied for the

identification of significant changes in credit risk, territorial analysis of the value of realisable collateral of the exposures which are directly or indirectly impacted by the Russian-Ukrainian conflict, and benchmarking of the ECL coverage of the portfolio against other market participants. We assessed the sensitivity of the Ukrainian ECL models to reasonable alternative forward-looking assumptions.

We considered the regulatory measures on the assumptions applied by the management for ECL estimation purposes.

We also evaluated whether the disclosures in the consolidated financial statements appropriately reflect the Group's exposure to credit risk and are compliant with the EU IFRSs.

The Group's disclosures about its risk management policies are included in Note 2.6 Loss allowance and Note 37.1 Credit risk which specifically explains the key assumptions used when determining credit risk and their evaluation are described in Note 4: Macro environment, impact of economic situation on the Group, Note 11 Loans at amortised cost and at fair value and Note 31 Loss allowances / Impairment / Provisions.

General Information Technology controls over the financial reporting process

A significant part of the Group's financial reporting process, including revenue recognition, is significantly reliant on IT systems with embedded automated processes and controls over the capture, storage and extraction of information. A fundamental component of these processes and controls is ensuring appropriate user access and change

We focused our audit on those IT systems and controls that are significant for the Group's financial reporting. As audit procedures over the IT systems and application controls require specific expertise, we involved IT audit specialists to assist us in performing our audit procedures. Our

management protocols exist and are being adhered to.

These protocols are important because they ensure that access and changes to IT systems and related data are made and authorized in an appropriate manner.

As our audit of the financial statements sought to place a high level of reliance on IT systems and application controls related to financial reporting, a high proportion of the overall audit effort has been carried out regarding to understand and test IT infrastructure and applications including relevant application controls. Furthermore, the complexity of IT systems and nature of application controls requires special technology expertise and specialized skills to be involved in the audit we therefore consider this as a key audit matter.

audit procedures included among others the following procedures.

We understood and assessed the overall IT control environment and the controls in place which included controls over access to systems and data, as well as system changes. We adjusted our audit approach based on the financial significance of the system and whether there were automated procedures supported by that system.

As part of our audit procedures, we tested the operating effectiveness of controls over appropriate access rights to assess whether only appropriate users had the ability to create, modify or delete user accounts for the relevant in-scope applications. We also tested the operating effectiveness of controls around system development and program changes to establish that changes to the system were appropriately authorized, developed and implemented. Additionally, we assessed and tested the design and operating effectiveness of the application controls embedded in the processes relevant to our audit.

The Group's disclosures about its IT systems and related IT general and application controls are included in section System of internal controls and IT Controls in the consolidated business report.

Estimation uncertainties as a result of the Russian - Ukrainian conflict (excluding expected credit losses relating to loans at amortised cost)

On 24 February 2022, the Russian army started military operations in Ukraine, which are still ongoing at the date of our audit report. In connection to this, there have been, among others, impacts on businesses in Ukraine and Russia. The sanctions implemented caused an unforeseen rise and volatility of market prices, foreign exchange and interest

We involved valuation specialists to assist us in performing our audit procedures which included among others the following procedures.

We evaluated the appropriateness of the Group's controls over the valuation of financial instruments, deferred tax assets and goodwill.

rates. It is difficult to estimate the further development of market prices and the key macroeconomic indicators. As a consequence, the valuation of financial instruments, goodwill and the recoverability of deferred tax assets are a highly subjective area due to the level of judgement applied by the management.

In the consolidated financial statements, the amount of financial instruments (government bonds and foreign exchange derivatives) which are exposed to valuation uncertainties relating to the Russian-Ukrainian conflict is HUF 463 billion. Cash flow estimates and yield curves applied for the valuation of Russian and Ukrainian financial instruments contain significant judgements. As such, the exposures identified are mainly categorized as Level 3 financial instruments. The valuation of these instruments involves unobservable inputs as well and, as such, there is greater estimation uncertainty in the determination of their value.

As a consequence of differences between the accounting and tax treatment of ECL and valuation adjustments of financial instruments, the Russian operation of the Group recognized deferred tax assets in the amount of HUF 11 billion. Based on the available business plans the Russian operation of the Group will be able to utilize the deferred tax assets. The recoverability of deferred tax assets involves significant judgement applied by the management.

Due to the conflict, the Group performed an impairment test of goodwill. As a result, the Group fully impaired the goodwill (a provision of HUF 41 billion) relating to the Russian operation in 2023. The goodwill impairment test model includes sensitive inputs as key assumptions.

Our procedures included an assessment of the suitability of the valuation model and the key assumptions applied by management. As part of our procedures, we reviewed key market-related assumptions in management's valuation models, country budgets and we performed benchmarking of foreign exchange rates, discount rates against external data where available. We also tested the mathematical accuracy of the cash flow models and agreed relevant data to Board approved business plans.

We evaluated pricing model methodologies against industry practice and valuation guidelines. We performed independent valuations for selected instruments and used external source data where available. We compared results of our valuations to the Group's valuations.

We also evaluated whether the disclosures in the consolidated financial statements appropriately reflect the estimation uncertainties of the Group as a result of the Russian - Ukrainian conflict and are compliant with the EU IFRSs.

The Group's disclosures about its risk valuation policies are included in Note 2.5.3. Financial assets at fair value through profit or loss, Note 3.4. Impairment on goodwill, Note 4: Macro environment, impact of economic situation on the Group, which specifically explains the accounting policies and key assumptions used when determining the estimations and their evaluation, are detailed in Note 8 Financial assets at fair value through profit or loss, Note 9 Securities at fair value through other comprehensive income, Note 10 Securities at amortized cost, Note 13 Property,

Due to the significance of assets impacted by the Russian - Ukrainian conflict (representing 5% of Total Assets as of 31 December 2023) and the related estimation uncertainty, this is considered a key audit matter.

equipment and intangible assets, Note 35 Income taxes and Note 48.4. Fair value levels.

Other information

Other information consists of the 2023 consolidated business report of the Group and the "Management's Analysis" section of the annual report which have been made available to us before the date of our independent auditor's report and of the "Message to the Shareholders", "Corporate Governance" and "Macroeconomic and financial environment in 2023" sections of the annual report which are expected to be made available after the date of our independent auditor's report but do not include the consolidated financial statements and our independent auditor's report. Management is responsible for the other information, including preparation of the consolidated business report in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any. Our opinion on the consolidated financial statements does not cover the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether 1) the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated and 2) the consolidated business report has been prepared in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any.

Our opinion on the consolidated business report should include the information required according to Subsection (2) e) and f) of Section 95/B of the Hungarian Accounting Law and we are required to confirm also whether the information prescribed in Subsection (2) a)-d) and g)-h) of Section 95/B of the Hungarian Accounting Law have been made available and whether the consolidated business report includes the non-financial statement as required by Subsection (5) of Section 134 of the Hungarian Accounting Law.

When fulfilling this responsibility we have considered the following law: Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 on Supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format ("ESEF Regulation") and Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("EU Taxonomy Regulation"), as such prescribing specific requirements for the consolidated business report, in relation with forming our opinion on the consolidated business report.

In our opinion, the consolidated business report of the Group, including the information required according to Subsection (2) e) and f) of Section 95/B of the Hungarian Accounting Law for 2023 is consistent, in all material respects, with the 2023 consolidated financial statements of the Group and the relevant requirements of the Hungarian Accounting Law and the other law listed above.

We also confirm that the Group have made available the information required according to Subsection (2) a)-d) and g)-h) of Section 95/B of the Hungarian Accounting Law and that the consolidated business report includes the non-financial statement as required by Subsection (5) of Section 134 of the Hungarian Accounting Law.

Further to the above, based on the knowledge we have obtained about the Group and its environment in the course of the audit we are required to report whether we have identified any material misstatement in the other information, and if so, the nature of the misstatement in question. We have nothing to report in this regard.

When we read the sections of the annual report, which had not yet been made available to us at the date of this report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with EU IFRSs and for the preparation in accordance with the supplementary requirements of the Hungarian Accounting Law relevant for consolidated financial statements prepared in accordance with EU IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, including also Regulation (EU) No. 537/2014 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, including also Regulation (EU) No. 537/2014, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

Report on other legal and regulatory requirements

Report on compliance with the requirements of the regulation on the European Single Electronic Format:

We have undertaken a reasonable assurance engagement on the compliance of the consolidated financial statements included in the digital file - identified in our report - prepared by the Group ("consolidated financial statements in ESEF format") with the requirements set out in the ESEF Regulation.

Responsibilities of the management and those charged with governance for the consolidated financial statements in ESEF format

The Company's management is responsible for preparing the consolidated financial statements in ESEF format that comply with the ESEF Regulation. This responsibility includes:

- ▶ the preparation of the consolidated financial statements in the applicable XHTML format;
- ▶ the selection and application of appropriate iXBRL tags as required by ESEF Regulation using judgement where necessary; including completeness of use of the relevant tags, appropriateness of creation and anchoring of the extension elements; and
- ▶ the design, implementation and maintenance of internal controls relevant to the application of the ESEF Regulation.

Those charged with governance are responsible for overseeing the Group's financial reporting process including compliance with the ESEF Regulation.

Our responsibility and summary of the work performed

Our responsibility is to express an opinion on whether the consolidated financial statements in ESEF format complies, in all material respects, with the requirements of the ESEF Regulation based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Hungarian National Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000).

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the ESEF Regulation. The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation whether due to fraud or error. Our reasonable assurance engagement included obtaining an understanding of the tagging, obtaining an understanding of the Group's internal controls relevant to the application of the requirements of the ESEF Regulation, verifying whether the XHTML format was applied properly, evaluating the completeness of the Group's tagging of the consolidated financial statements using the XBRL markup language, evaluating the appropriateness of the Group's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified and evaluating the use of anchoring in relation to the extension elements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements in ESEF format of the Group for the year ended 31 December 2023 included in the digital files -identified in our report - complies, in all material respects, with the requirements of the ESEF Regulation.

Reporting requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014:

Appointment and Approval of Auditor

We were appointed as the statutory auditor of OTP Bank Nyrt. by the General Assembly of Shareholders of the Company on 28 April 2023. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for three years.

Consistency with Additional Report to Audit Committee

Our audit opinion on the consolidated financial statements expressed herein is consistent with the additional report to the audit committee of the Company, which we issued in accordance with Article 11 of the Regulation (EU) No. 537/2014 on the same date as the date of this report.

Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 were provided by us to the Company and its controlled undertakings and we remained independent from the Group in conducting the audit.

In addition to statutory audit services and services disclosed in the consolidated business report and in the consolidated financial statements, no other services were provided by us to the Company and its controlled undertakings.

The engagement partner on the audit resulting in this independent auditor's report is Kónya Zsolt.

Budapest, 20 March 2024

(The original Hungarian version has been signed.)

Kónya Zsolt
Engagement partner
Ernst & Young Kft.
1132 Budapest, Váci út 20.
Registration No. 001165

Kónya Zsolt
Registered auditor
Chamber membership No.: 007383