OTP Bank Plc.

Summary of the first quarter 2021 results

(English translation of the original report submitted to the Budapest Stock Exchange)

Budapest, 7 May 2021

CONSOLIDATED FINANCIAL HIGHLIGHTS[1] AND SHARE DATA

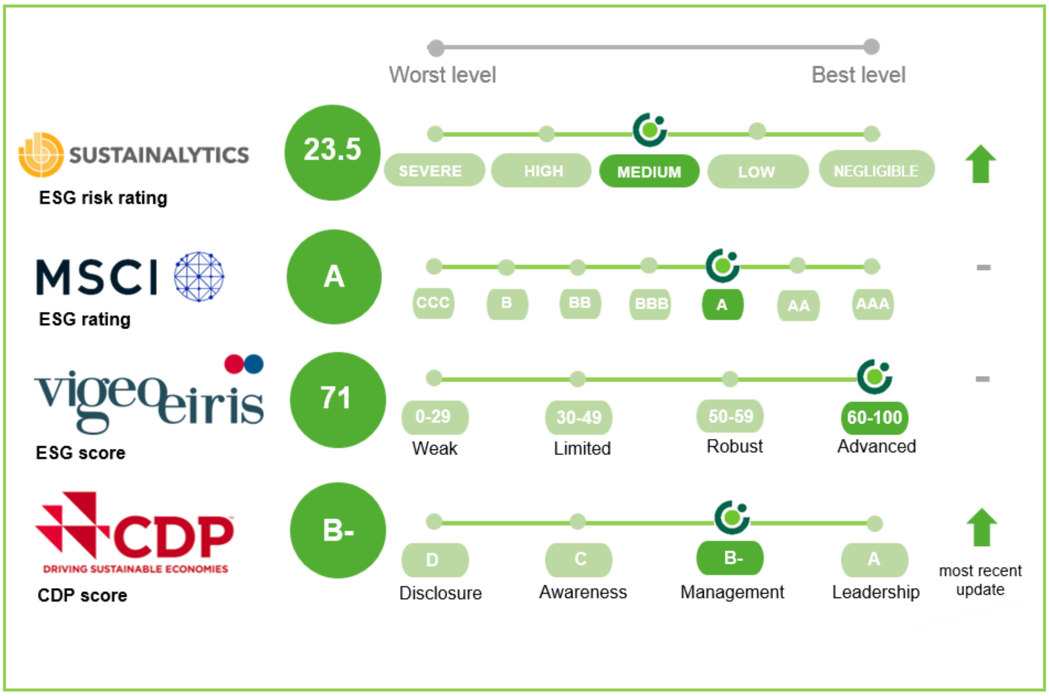
Main components of the adjusted Statement of recognised income, in HUF million	1Q 2020	4Q 2020	1Q 2021	Q-O-Q	Y-O-Y
Consolidated after tax profit	**-4,072**	**71,465**	**93,334**	**31%**	
Adjustments (total)	-35,904	-7,097	-23,955	238%	-33%
Consolidated adjusted after tax profit without the effect of adjustments	**31,832**	**78,562**	**117,289**	**49%**	**268%**
Pre-tax profit	35,850	88,575	138,400	56%	286%
Operating profit	127,183	139,917	146,942	5%	16%
Total income	283,873	307,451	301,131	-2%	6%
Net interest income	200,280	197,578	203,227	3%	1%
Net fees and commissions	69,234	83,052	71,899	-13%	4%
Other net non-interest income	14,359	26,820	26,005	-3%	81%
Operating expenses	-156,690	-167,533	-154,189	-8%	-2%
Total risk costs	-91,694	-52,144	-8,542	-84%	-91%
One off items	360	801	-		
Corporate taxes	-4,018	-10,013	-21,111	111%	425%
Main components of the adjusted balance sheet, closing balances in HUF million	1Q 2020	4Q 2020	1Q 2021	Q-O-Q	Y-O-Y
Total assets	21,858,302	23,335,841	24,307,608	4%	11%
Total customer loans (net, FX adjusted)	**13,097,957**	**13,540,313**	**13,751,255**	**2%**	**5%**
Total customer loans (gross, FX adjusted)	**13,937,020**	**14,362,183**	**14,603,302**	**2%**	**5%**
Performing (Stage 1+2) customer loans (gross, FX-adjusted)	13,141,549	13,539,699	13,772,375	2%	5%
Allowances for possible loan losses (FX adjusted)	-839,063	-821,871	-852,047	4%	2%
Total customer deposits (FX adjusted)	**16,402,150**	**17,909,495**	**18,383,167**	**3%**	**12%**
Issued securities	399,603	464,214	481,406	4%	20%
Subordinated loans	272,320	274,704	275,906	0%	1%
Total shareholders' equity	2,315,540	2,537,112	2,637,055	4%	14%
Indicators based on adjusted earnings	1Q 2020	4Q 2020	1Q 2021	Q-O-Q	Y-O-Y
ROE (from accounting net earnings)	-0.7%	11.3%	14.8%	3.5%p	15.5%p
ROE (from adjusted net earnings)	5.5%	12.5%	18.6%	6.2%p	13.1%p
ROA (from adjusted net earnings)	0.6%	1.4%	2.0%	0.6%p	1.4%p
Operating profit margin	2.46%	2.43%	2.51%	0.08%p	0.05%p
Total income margin	5.49%	5.33%	5.14%	-0.19%p	-0.35%p
Net interest margin	3.88%	3.43%	3.47%	0.05%p	-0.40%p
Cost-to-asset ratio	3.03%	2.90%	2.63%	-0.27%p	-0.40%p
Cost/income ratio	55.2%	54.5%	51.2%	-3.3%p	-4.0%p
Provision for impairment on loan and placement losses-to-average gross loans ratio	2.57%	1.17%	0.28%	-0.89%p	-2.30%p
Total risk cost-to-asset ratio	1.77%	0.90%	0.15%	-0.76%p	-1.63%p
Effective tax rate	11.2%	11.3%	15.3%	3.9%p	4.0%p
Net loan/(deposit+retail bond) ratio (FX adjusted)	80%	76%	75%	-1%p	-5%p
Capital adequacy ratio (consolidated, IFRS) - Basel3	16.2%	17.7%	17.9%	0.1%p	1.7%p
Tier 1 ratio - Basel3	13.9%	15.4%	15.6%	0.2%p	1.7%p
Common Equity Tier 1 ('CET1') ratio - Basel3	13.9%	15.4%	15.6%	0.2%p	1.7%p
Share Data	1Q 2020	4Q 2020	1Q 2021	Q-O-Q	Y-O-Y
EPS base (HUF) (from unadjusted net earnings)	-16	279	364	30%	
EPS diluted (HUF) (from unadjusted net earnings)	-16	279	364	30%	
EPS diluted (HUF) (from adjusted net earnings)	121	307	458	49%	277%
Closing price (HUF)	9,500	13,360	13,200	-1%	39%
Highest closing price (HUF)	15,630	13,540	14,360	6%	-8%
Lowest closing price (HUF)	8,425	9,625	12,920	34%	53%
Market Capitalization (EUR billion)	7.4	10.2	10.2	-1%	37%
Book Value Per Share (HUF)	8,270	9,061	9,418	4%	14%
Tangible Book Value Per Share (HUF)	7,444	8,436	8,793	4%	18%
Price/Book Value	1.1	1.5	1.4	-5%	22%
Price/Tangible Book Value	1.3	1.6	1.5	-5%	18%
P/E (trailing, from accounting net earnings)	7.9	14.4	10.4	-28%	31%
P/E (trailing, from adjusted net earnings)	7.4	12.1	9.3	-23%	27%
Average daily turnover (EUR million)	27	20	16	-19%	-40%
Average daily turnover (million share)	0.7	0.6	0.4	-31%	-42%

[1] Structural adjustments made on consolidated IFRS profit and loss statement and balance sheet, together with the calculation methodology of adjusted indicators, are detailed in the Supplementary data section of the Report.

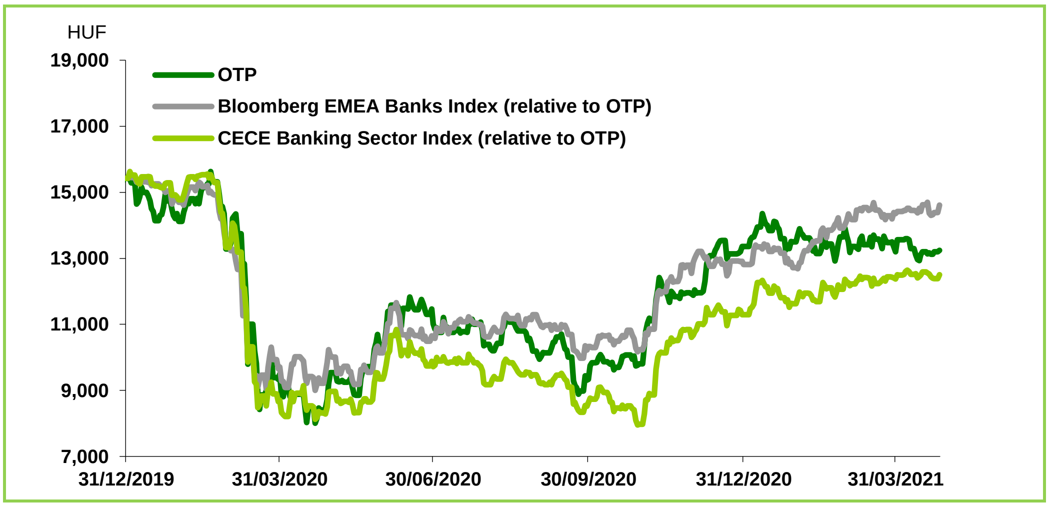
ACTUAL CREDIT RATINGS

S&P GLOBAL RATINGS	
OTP Bank and OTP Mortgage Bank – FX Long term credit rating	BBB
MOODY'S	
OTP Bank – FX long term deposits	Baa1
OTP Bank – Subordinated Foreign Currency Debt	Ba1
OTP Mortgage Bank – Covered mortgage bond	A2
FITCH	
OTP Bank Russia – Long term credit rating	BB+

ACTUAL ESG RATINGS



SHARE PERFORMANCE



SUMMARY – OTP BANK'S RESULTS FOR FIRST QUARTER OF 2021

The Summary of the first quarter 2021 results of OTP Bank Plc. has been prepared on the basis of its non-audited separate and consolidated IFRS financial statements for 31 March 2021 or derived from that.

However, for the purpose of including the group level consolidated profit of the quarter in the regulatory capital and to comply with the provisions of Article 26 (2) of CRR, OTP Bank provides the documents specifically prepared for this purpose as predefined in the legislation (OTP Group management representation letter, special purpose review report) to the Supervisory Authority in due time (until the pre-determined deadline).

EXECUTIVE SUMMARY: SUMMARY OF THE FIRST QUARTER OF 2021

Despite in March 2021 further temporary restrictions had to be introduced due to the 3rd wave of COVID-19 pandemic that peaked in 2H April, the number and ratio of vaccinated people has been rising steadily. As of 5 May around 43% of the population was vaccinated with the first dose. As a result, by such ratio Hungary is the second-placed after Malta within the European Union.

According to preliminary data in 2020 the Hungarian GDP declined by 5% y-o-y. The minister of finance recently suggested a moderate 1Q economic performance that is expected to materially accelerate in 2H thus bringing the annual GDP growth rate to around 4.3%. For such a rebound the necessary conditions will be created by the Economic Protection Plan and the Economic Re-start Program, as well as the successful vaccination program.NBH forecasted a growth rate between 4-6% in its Inflation Report published in March, whereas the rating agencies and IMF put their GDP growth estimation between 3-4.5%. As a result of the spill-over effect of economic growth protection measures, as well as new recovery-boosting measures in 2021 the budget deficit can be as high as 7.5% of GDP according to the Ministry of Finance's estimation.

During the first two months of the year parallel with international trends local benchmark yields increased significantly, however in March they normalized. Yield developments were supported by the enlargement of the government paper purchase programme of NBH. As a result ytd the 5 and 10 years benchmark yields moved up by 40-60 bps on average, whereas the 3 months BUBOR increased by 4 bps to 79 bps. The closing and average EUR/HUF exchange rates were stable in 1Q.

The series of government measures supporting the re-start of economy continued: the disbursement of subsidized refurbishment loans and interest-free re-start loans for local enterprises kick-started, the 5% VAT for new house constructions was re-introduced, whereas the framework of NBH's Funding for Growth Go scheme was expanded to HUF 3,000 billion.

Due to the overall favourable macroeconomic developments both Fitch and S&P confirmed their sovereign rating of 'BBB/BBB', as well as the Stable outlook in February. In April Moody's changed the outlook on the Hungarian banking system from negative to stable.

According to the most recent report of NBH published on 5 May, both the household and corporate loan volumes expanded dynamically despite the economic recession caused by the pandemic. The first segment grew by 13.5% y-o-y, whereas the latter by 5.5%, partially due to the effect of payment moratoria through containing loan amortization. Within the household segment key driver was the subsidized baby loans: their outstanding volumes reached HUF 1,192 billion by the end of March. The housing loan portfolio increased by 10% y-o-y, in March contracted volumes hit an all-time high monthly amount with more than HUF 100 billion; such an outstanding result was presumably related to refurbishment loan origination. Cash loan volumes expanded by 10.8% y-o-y, while home equity mortgages eroded further by 4.8%.

With most of the Group members except Croatia and Montenegro suffered a milder recession in 2020 than originally anticipated, they enjoy a relatively favourable starting position for 2021. In its spring global economic forecast, apart from Hungary, IMF also improved its expectation for Bulgaria and Romania. Fitch changed the outlook on Bulgaria's 'BBB' rating from stable to positive, while Moody's upgraded Serbia's rating from 'Ba3' to Ba2'. Partially due to higher underlying inflation, but also to offset the impact of geopolitical tension, the Ukrainian central bank hiked the base rate by 150 bps ytd, and the Russian by 75 bps, respectively.

Technical changes in the tables of consolidated statement of recognized income and balance sheet presented in the report

In 1Q 2021 the structure of consolidated and standalone adjusted income statement and balance sheet tables went through the following technical changes:

- In order to simplify the adjusted income structure, the impact of the treasury share swap agreement between OTP and MOL booked originally within the one-off items, starting from 1Q 2021 will be reported amongst the adjustment items. Thus the one-off items line will be eliminated and won't be shown going forward.

- The local activity tax and innovation contribution paid in Hungary until end-2020 was booked within operating expenses, on the Other expenses line. Starting from 2021 – and in line with the practice followed by all Hungarian peers – in future such items will be booked on the corporate tax line. This shift is earnings-neutral. In 2020 the total amount of these taxes at Hungarian Group members comprised around -HUF 16.5 billion, it was booked on a monthly base and its quarterly amount was fairly flat. In 1Q 2021 the total reclassified amount was around HUF 4.4 billion at the Hungarian Group members, of which HUF 4.1 billion emerged at OTP Core.
- As for loan volume segmentation by products, there were two changes: starting from 1Q 2021 in the tables of the report the Bank started to show the breakdown of Stage 1+2 loans (FX adjusted), rather than that of gross loan volumes. Furthermore, the structure of the segmental breakdown changed retrospectively, too, effective from 1Q 2020: volumes shown previously on car financing line to a larger extent were shifted to a newly created Leasing line, while the rest went to the consumer loans line. Also, real estate leasing volumes presented earlier amongst mortgage loans, as well as machinery leasing presented amongst corporate exposures were shifted to the Leasing line. Finally, the breakdown of corporate loans and deposits into MLE (medium and large enterprises) and local governments is omitted.

Consolidated earnings: HUF 117 billion 1Q adjusted profit after tax, q-o-q improving NIM, stable credit quality, significant drop in risk costs, 2% organic increase in performing loan volumes q-o-q (FX adjusted)

Despite temporary lock down measures introduced in many countries the operation of OTP Group remained uninterrupted in 1Q. The second Serbian integration has been progressing smoothly and was successfully completed on 30 April 2021.

The total volume of 1Q adjustment items represented -HUF 24 billion within the accounting earnings of HUF 93.3 billion (after tax) which is around half of the magnitude of whole year 2020 adjustments. There were three major items occurring in 1Q:

- almost -HUF 19 billion banking tax at the Hungarian operation;
- -HUF 3.5 billion effect of acquisitions (after tax) related mainly to the Serbian, Slovenian and Bulgarian banks;
- the impact of the treasury share swap agreement between MOL and OTP, previously shown as a one-off item, is presented amongst adjustment items starting from 1Q 2021 and this line represented -HUF 2.4 billion. Such volume is shaped by the share price performance of those individual stocks, but more so by the dividend pay-out practice. Given that in case of banks NBH asked them not to pay dividend until 30 September 2021, if the dividend ban is lifted, that particular item might reverse later this year.

1Q consolidated adjusted profit comprised HUF 117.3 billion, almost four times higher than in the base period. The adjusted ROE for the period increased to 18.6% (+13.1 pps y-o-y).

The size of profit after tax to a great extent was shaped by the significant drop in total risk costs (1Q: -HUF 8.5 billion, -91% y-o-y).

Within the quarterly profit the contribution of foreign subsidiaries comprised 47% (+16 pps y-o-y). All of them turned to be profitable, in absolute terms the biggest y-o-y improvement was demonstrated by the Bulgarian and Russian operations.

The 1Q operating income shows favourable picture by improving 16% y-o-y, while adjusted by OBS and FX the increase was 16.7% y-o-y. Total income grew dynamically, +6% y-o-y (w/o OBS and FX-adjusted +8%) with net interest income increasing by 1% (w/o OBS and FX-adjusted by 3%), while net fees & commissions income grew at a faster pace (+4%, w/o OBS and FX-adjusted by 5%). Other net non-interest income surged by 81% y-o-y.

The consolidated NIM improved by 5 bps q-o-q reaching 3.47% (-40 bps y-o-y). The higher net interest margin was mainly due to the Hungarian and lesser extent to the Croatian, Ukrainian and Russian operations. In Hungary the consumer loans originated last year with an interest rate cap between the 19 March – 31 December period were repriced from 2021. Thus the higher NIM was due to that, but also to the technical impact of the payment moratorium (for details see: OTP Core chapter). In a longer period, however the margin erosion is expected to continue as long as the nominal deposit volume growth exceeds that of loans, as the reinvestment of excess liquidity into Government bonds will dampen margins. The Ukrainian and Russian base rate hike, as well as the q-o-q higher 3M Bubor rate (+2 bps) had so far marginal impact in 1Q.

FX-adjusted operating expenses declined by 2% y-o-y, w/o OBS divestment they were almost flat y-o-y. In line with the practice followed by other Hungarian banks, starting from 2021 the local business tax and innovation contribution was taken out from the operational expenses of OTP Core and shifted to the corporate taxes line. This accounting change is profit neutral. Their annual volume is around HUF 16 billion, of which in 1Q HUF 4.4 billion was booked within the corporate tax line at the Hungarian Group members.

In respects of cost developments it is worth mentioning that on a consolidated level – mainly as a result of integration processes following acquisitions – the branch network got smaller by 13% y-o-y (-230 units), to the largest extent in Bulgaria (-123 units), Croatia (-19 units) and Montenegro (-13 units). Alongside the network streamlining the number of employees dropped by 601 people in Bulgaria, 194 in Serbia, 188 in Montenegro and 14 in Croatia, respectively. The 800+ staff reduction in Russia was explained by weaker business activity as a result of COVID-19 pandemic, of them around 600 people were selling agents.

Apart from OTP Fund Management in 1Q all operations enjoyed q-o-q improving net earnings mainly as a result of lower risk costs. 1Q profit contributions by foreign subsidiaries were less distorted by FX moves: the average HUF rate against UAH depreciated by only 0.2% q-o-q, whereas against RUB by 1.5%, respectively.

As for the whole Group, it was again the Ukrainian subsidiary posing the highest ROE for the period (1Q: 29%).

Operating income in 1Q improved by 5% q-o-q. Total income eroded by 2% q-o-q, within that the net interest income grew by 3% mainly due to OTP Core, whereas net fee & commission income dropped by 13% q-o-q as a result of base effect (in 4Q OTP Fund management results were boosted by HUF 7.3 billion success fee revenues), and seasonality. Other net non-interest income was marginally lower q-o-q.

1Q operating expenses were seasonally lower and coupled with the shifting of certain decuctible taxes in Hungary this line dropped by HUF 13.3 billion q-o-q (-8%). Personal expenses came down marginally, while amortization shrank by 9% and other expenses dropped by 16% q-o-q. Within that marketing expenses and expert fees declined a lot, and the local business tax was shifted to the corporate tax line. However, regulatory charges grew q-o-q. In 1Q the cost-to-income rate decreased to 51.2% (-3.3 pps q-o-q), out of which the reclassification of local busiess tax in Hungary had 1.4 pps positive effect on consolidated cost efficiency ratio.

Similar to previous quarters bottom line earnings were shaped to a great extent by risk costs. Total risk cost volumes in 1Q dropped by 84% q-o-q (1Q 2020: HUF 91.7 billion, 4Q: HUF 52.1 billion, 1Q 2021: HUF 8.5 billion). As a result the quarterly risk cost rate melted down to 0.3% (1Q 2020: 2.57%, 4Q: 1.17%).

The FX-adjusted consolidated performing (Stage 1+2) loan volumes in 1Q increased by 2% q-o-q (+HUF 233 billion, w/o OBS divestment), following a 3% growth in the previous quarter.

Regarding Stage 1+2 volume developments at Group member banks, during the first three months out of major Group members the fastest increase was posted by the Hungarian, Ukrainian and Romanian operations (+3-3 and 4% q-o-q, respectively). As for the Russian subsidiary volumes eroded by only 1% q-o-q compared to a 3% q-o-q decline in 1Q 2020.

As for the major loan segments, the consolidated FX-adjusted performing mortgages and consumer loans organically grew by 2%, whereas the corporate exposure increased by 1% q-o-q.

Out of individual performances OTP Core excelled itself by the 7 and 14% surge in consumer and SME segments q-o-q.

The FX-adjusted deposits grew by 3% q-o-q (+HUF 474 billion). Similar to the loan volume pattern, the fastest deposit inflow was registered at the Hungarian, Ukrainian and Romanian operations. The consolidated net loan-to-deposit ratio declined by 1 pp q-o-q, to 75%.

At the end of March 2021 the gross operative liquidity reserves of the Group comprised EUR 8.9 billion equivalent (flat q-o-q).

The NBH acting as resolution authority determined a mandatory intermediate target for the consolidated MREL requirement that OTP Group at 17.16% of the Group’s total risk exposure amount (TREA or RWA), accordingly for meeting the minimum MREL target the Bank is expected to make international bond transaction in the remaining part of the year.

The consolidated loan portfolio quality remained stable in 1Q: the DPD90+ volume growth (adjusted for FX and the effect of sales and write-offs, as well as for the revaluation of Factoring claims in Hungary) decelerated significantly, the HUF 9 billion growth is well below the quarterly average seen in 2020. The consolidated DPD90+ ratio declined further (1Q: 3.73%, -0.5 pp q-o-q).

The Stage 1+2 exposures comprised 94.3% of total gross loans (HUF 13,772 billion) by the end of 1Q 2021.Within that Stage 1 loans represented 81.1% of total gross loans and the Stage 2 ratio was 13.2%.

The Stage 3 ratio under IFRS 9 was 5.7% at end 1Q, unchanged q-o-q (-0.1 pp y-o-y). The own coverage of Stage 1, 2 and 3 exposures was 1.0%, 10.8% and 63.0%, respectively.

Participation rates in payment moratoria everywhere demonstrated a declining trend. One could see a material participation rate only at OTP Core (32.5%), Merkantil Group (21.3%), the Croatian operation (5.2%) and SKB (4.7%) by the end of March 2021.

Similar to the previous quarter, in 1Q 2021 the Group made further fine-tunings in its Stage 2 methodology: with regards to corporate exposures riskier portfolio elements were identified on the base of case-by-case monitoring, whereas in retail loans mainly internal classification principals were applied. As a result, at certain operations the Stage 2 volumes increased q-o-q, while in Moldova the introduction of IFRS 9 methodology resulted in a moderate Stage 2 volume growth. At the same time, in Croatia the Stage 2 volumes declined substantially, partly because certain portfolios in the 2020 earthquake-hit area were shifted into Stage 2, but over the recent months they showed no meaningful portfolio quality deterioration.

Consolidated capital adequacy ratio (in accordance with BASEL III)

At the end of March 2021, the consolidated Common Equity Tier 1 ratio under IFRS was 15.6% (+0.2 pp q-o-q and +1.7 pps y-o-y). This ratio equals to the Tier 1 ratio.

Effective from 1 July 2020 the original level of O-SII capital buffer (2%) was modified to 0% by the NBH until 31 December 2021. Afterwards, this buffer should be rebuilt gradually between 1 January 2022 and 31 December 2023. The effective rate of the anticyclical capital buffer is currently 0% and according the resolution of NBH of 1 October 2020 there was no need to increase it. In Bulgaria, however the local central bank prescribed a 0.5% buffer, on a consolidated level it is equivalent of a 0.1% anticyclical capital buffer. As a result, the effective regulatory minimum level of Tier 1 capital adequacy ratio for OTP Group is 9.6% (which also incorporates the effective SREP-rate of 117.25%), whereas the minimum CET1 requirement level to 7.9%, respectively.

The regulatory capital in 1Q was boosted by the interim accounting profit (HUF 93 billion) reduced by the calculated dividend (HUF 18 billion), i.e. by HUF 75 billion in total. The deducted dividend amount for 1Q 2021 can't be considered as an indication from the management for the dividend after the 2021 fiscal year, but it was determined in accordance with the Commission Delegated Regulation (EU) No. 241/2014. Article 2. (7) Paragraph. Accordingly, in the absence of a stated dividend policy, the amount of the dividend to be deducted should be calculated as follows: out of the previous three years' average dividend payment ratio and that of the preceding year the higher ratio must be applied.

The accrued dividend amount of HUF 119 billion after 2019 and 2020 financial years reduced the retained earnings. Furthermore, other items (intangible assets, lower deduction on DTA) also contributed to the improvement of regulatory capital, though to a lesser extent.

The 1Q risk weighted assets (RWA) increased by 1.2% q-o-q, mainly due to the growth of credit risk weighted assets (+1.8% q-o-q). The FX-effect (in case of the Ukrainian and Russian subsidiaries) boosted credit risk weighted assets by HUF 26 billion.

Also, the transitional adjustments of IFRS 9 affected both the RWA and CET1 capital: out of impairments made until 31 December 2019 only 50% can be counted in the regulatory capital (versus 75% applied in 2020), but impairments made after 1 January 2020 are still entirely taken into consideration. As a result, currently the amount of impairments included in the regulatory capital comprised HUF 174 billion, and the RWA was elevated by the same amount.

Credit rating, shareholder structure

There was no change in S&P Global Ratings, consequently OTP Bank Plc's long-term issuer credit rating was 'BBB' with stable outlook. At Moody's OTP Bank Plc's long-term FX deposit rating was 'Baa1' with stable outlook. OTP Mortgage Bank's issuer rating by Moody's is unchanged ('Baa2'), the outlook is negative since April 2020.

Fitch's 'BB+' rating on OTP Bank Russia has not changed either, the outlook turned to negative from stable in April 2020.

Regarding the ownership structure of the Bank, on 31 March 2021 the following investors had more than 5% influence (voting rights) in the Company: MOL (the Hungarian Oil and Gas Company, 8.71%), the Kafijat Group (7.20%), OPUS Securities SA (5.26%) and Groupama Group (5.20%).

DISCLAIMER – Risks relating to the impact of COVID-19 pandemic

The COVID-19 pandemic has had, and continues to have, a material impact on businesses around the world and the economic environment. There are a number of factors associated with the COVID-19 pandemic and its impact on global economies that could have a material adverse effect on (among other things) the profitability, capital and liquidity of financial institutions such as the OTP Group.

The COVID-19 pandemic has caused disruption to the OTP Group’s customers, suppliers and staff. A number of jurisdictions in which the OTP Group operates have implemented severe restrictions on the movement of their respective populations, with a resultant significant impact on economic activity in those jurisdictions. These restrictions are being determined by the governments of individual jurisdictions and impacts (including the timing of implementation and any subsequent lifting of restrictions) may vary from jurisdiction to jurisdiction. It remains unclear how this will evolve through 2020 and the OTP Group continues to monitor the situation closely. However, the OTP Group's ability to conduct business may be adversely affected by disruptions to its infrastructure, business processes and technology services, resulting from the unavailability of staff due to illness or the failure of third parties to supply services. This may cause significant customer detriment, costs to reimburse losses incurred by the OTP Group’s customers, and reputational damage.

Furthermore, the OTP Group relies on models to support a broad range of business and risk management activities, including informing business decisions and strategies, measuring and limiting risk, valuing exposures, conducting stress testing and assessing capital adequacy. Models are, by their nature, imperfect and incomplete representations of reality because they rely on assumptions and inputs, and as such assumptions may later potentially prove to be incorrect, this can affect the accuracy of their outputs. This may be exacerbated when dealing with unprecedented scenarios, such as the COVID-19 pandemic, due to the lack of reliable historical reference points and data.

Any and all such events mentioned above could have a material adverse effect on the OTP Group’s business, financial condition, results of operations, prospects, liquidity, capital position and credit ratings, as well as on the OTP Group’s customers, employees and suppliers.

SUMMARY OF ECONOMIC POLICY MEASURES MADE IN THE LAST PERIOD AND OTHER IMPORTANT DEVELOPMENTS, AS WELL AS POST-BALANCE SHEET EVENTS

In its 1Q, 3Q and 4Q 2020 Summary, as well as in the Half-Year Financial Report OTP Bank prepared a summary country-by-country about the major economic policy measures made either by particular governments or central banks as a response to the pandemic. The measures mentioned in those reports covered the period until 19 February 2021.

In the below section we display those measures and developments which have been made since 19 February 2021 and – in OTP Bank's view – are relevant and can materially influence the operation of the Group members.

Post-balance sheet events cover the period until 28 February 2021.

Given that currently OTP Bank does not have all information which relate to the above mentioned economic policy measures, the actual implementation of such measures or the effect of such measures on the clients of OTP Group and taking into account that currently, OTP Bank cannot completely assess all economic policy measures which might have an effect on the operation of its group members, therefore it may occur that the list of the economic policy measures presented in this report cannot be regarded as complete. OTP Bank excludes any liability for the completeness and accuracy of the measures presented herein.

Hungary

- As a response to the third wave of the COVID-19 pandemic, on 22 February 2021 the Government extended the state of danger, then on 5 March the restrictive measures were temporarily tightetened. The Government started to gradually easen the restrictions from 7 April, after the number of people getting at least the first shot of the vaccine crossing 2.5 million. Since then further easening steps were made in line with the increasing vaccination ratio.
- In the Report on Inflation published on 25 March 2021, the National Bank of Hungary released its economic forecasts for 2021: average annual inflation of 3.8-3.9%, tax-adjusted core inflation around 3%, GDP growth between 4-6%. The budget deficit might reach 6.5-7% due to the pandemic-related protective measures and economy boosting programmes, whereas the public debt ratio, after temporarily exceeding 80%, is expected to get back to a gradually declining trajectory from 2021.
- On 1 April 2021 Moody's rating agency upgraded the outlook on the Hungarian banking sector from negative to stable.
- On 6 April 2021 the NBH raised the available amount for the Funding for Growth Go! Scheme by HUF 500 billion to HUF 3,000 billion.
- From 12 April 2021 the scope of eligible companies for the interest-free loan programme for businesses in trouble in the wake of the pandemic was extended, primarily for entities in the services and commercial sector: the Hungarian Development Bank made it available to companies set up in 2019, too. The range of eligible business activities amounted to 55 in the middle of April.

Bulgaria

- On 19 February 2021 Fitch rating agency affirmed the credit rating of Bulgaria at 'BBB', while changing the outlook from stable to positive.
- The parliamentary elections held on 4 April 2021 were won by the GERB party led by Mr. Boyko Borisov, the previous prime minister.

Serbia

- On 12 March 2021 the credit rating of Serbia was upgraded by Moody's from 'Ba3' to 'Ba2'. The outlook is stable.
- At the end of April 2021 the integration process of the two Serbian banks was successfully completed, thus the merger process came to an end from both legal, operational and organizational point of view.

Romania

- On 16 April 2021 Standard & Poor's changed outlook on the country's „BBB-" credit rating from negative to stable.

Russia

- On 19 March 2021 the Russian central bank hiked the base rate from 4.25% to 4.5%.
- On 23 April 2021 the Russian central bank hiked the base rate from 4.5% to 5%.

Ukraine

- On 4 March 2021 the Ukrainian central bank hiked the base rate by 50 bps to 6.5%.
- On 15 April 2021 the Ukrainian central bank hiked the base by 100 bps to 7.5%.

Albania

- The parliamentary elections held on 25 April 2021 were won by the ruling Socialist party.

CONSOLIDATED AFTER TAX PROFIT BREAKDOWN BY SUBSIDIARIES (IFRS)[2]

in HUF million	1Q 2020	4Q 2020	1Q 2021	Q-o-Q	Y-o-Y
Consolidated after tax profit	**-4,072**	**71,465**	**93,334**	**31%**	
Adjustments (total)	**-35,904**	**-7,097**	**-23,955**	**238%**	**-33%**
Consolidated adjusted after tax profit without the effect of adjustments	**31,832**	**78,562**	**117,289**	**49%**	**268%**
Banks total[1]	26,806	67,666	111,134	64%	315%
OTP Core (Hungary)[2]	16,871	51,386	56,003	9%	232%
DSK Group (Bulgaria)[3]	4,411	6,683	18,273	173%	314%
OBH (Croatia)[4]	2,646	-81	5,119		93%
OTP Bank Serbia[5]	1,746	-3,076	6,773	-320%	288%
SKB Banka (Slovenia)	81	2,028	3,063	51%	
OTP Bank Romania[6]	-909	-1,217	529	-143%	-158%
OTP Bank Ukraine[7]	6,658	4,471	8,835	98%	33%
OTP Bank Russia[8]	-3,556	4,391	8,005	82%	-325%
CKB Group (Montenegro)[9]	-235	1,835	2,022	10%	-961%
OTP Bank Albania	296	49	1,056		257%
Mobiasbanca (Moldova)	468	1,150	1,456	27%	211%
OBS (Slovakia)[10]	-1,671	48	-		
Leasing	1,775	2,037	1,626	-20%	-8%
Merkantil Group (Hungary)[11]	1,775	2,037	1,626	-20%	-8%
Asset Management	111	7,380	877	-88%	691%
OTP Asset Management (Hungary)	107	7,364	835	-89%	683%
Foreign Asset Management Companies (Ukraine, Romania, Bulgaria)[12]	4	17	41	146%	910%
Other Hungarian Subsidiaries	1,759	2,702	4,905	81%	179%
Other Foreign Subsidiaries[13]	161	-37	456		184%
Corporate Centre[14]	207	-609	-427	-30%	-306%
Eliminations	1,013	-577	-1,282	122%	-227%
Total adjusted after tax profit of HUNGARIAN subsidiaries[15]	21,732	62,303	61,660	-1%	184%
Total adjusted after tax profit of FOREIGN subsidiaries[16]	10,100	16,259	55,629	242%	451%
Share of foreign profit contribution	32%	21%	47%	27%p	16%p

Note: to the HUF 4.9 billion adjusted profit made by the Other Hungarian Subsidiaries in 1Q 2021, the main contributors were (in HUF billion): OTP Real Estate Investment Fund Management 0.8, OTP Real Estate 0.6, OTP Funds Servicing and Consulting Company 0.5, Balansz Real Estate Institute Fund 0.3, OTP Life Annuity Real Estate Investment 0.3, change in shareholders' equity of companies consolidated with equity method 1.8.

[2] Relevant footnotes are in the Supplementary data section of the Report.

CONSOLIDATED AND SEPARATE, UNAUDITED IFRS REPORTS OF OTP BANK PLC.

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME

Main components of the adjusted Statement of recognized income in HUF million	1Q 2020	4Q 2020	1Q 2021	Q-o-Q	Y-o-Y
Consolidated after tax profit	**-4,072**	**71,465**	**93,334**	**31%**	
Adjustments (total)	**-35,904**	**-7,097**	**-23,955**	**238%**	**-33%**
Dividends and net cash transfers (after tax)	33	-252	82	-132%	150%
Goodwill/investment impairment charges (after tax)	0	0	657		
Special tax on financial institutions (after corporate income tax)	-16,734	-17	-18,873		13%
Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia (after corporate income tax)	-20,152	-10,830	-1	-100%	-100%
Effect of acquisitions (after tax)	949	4,002	-3,467	-187%	-465%
Result of the treasury share swap agreement (after tax)			-2,354		
Consolidated adjusted after tax profit without the effect of adjustments	**31,832**	**78,562**	**117,289**	**49%**	**268%**
Before tax profit	**35,850**	**88,575**	**138,400**	**56%**	**286%**
Operating profit	**127,183**	**139,917**	**146,942**	**5%**	**16%**
Total income	**283,873**	**307,451**	**301,131**	**-2%**	**6%**
Net interest income	**200,280**	**197,578**	**203,227**	**3%**	**1%**
Net fees and commissions	**69,234**	**83,052**	**71,899**	**-13%**	**4%**
Other net non-interest income	**14,359**	**26,820**	**26,005**	**-3%**	**81%**
Foreign exchange result, net	10,045	11,956	10,983	-8%	9%
Gain/loss on securities, net	-3,157	3,822	4,187	10%	-233%
Net other non-interest result	7,472	11,042	10,836	-2%	45%
Operating expenses	**-156,690**	**-167,533**	**-154,189**	**-8%**	**-2%**
Personnel expenses	-79,314	-79,832	-78,960	-1%	0%
Depreciation	-16,005	-19,444	-17,737	-9%	11%
Other expenses	-61,371	-68,258	-57,491	-16%	-6%
Total risk costs	**-91,694**	**-52,144**	**-8,542**	**-84%**	**-91%**
Provision for impairment on loan and placement losses	-84,724	-42,235	-9,772	-77%	-88%
Other provision	-6,969	-9,908	1,229	-112%	-118%
Total one-off items	**360**	**801**	**-**		
Gain on the repurchase of own Upper and Lower Tier2 Capital	0	0	-		
Result of the treasury share swap agreement at OTP Core	360	801	-		
Corporate taxes	**-4,018**	**-10,013**	**-21,111**	**111%**	**425%**
INDICATORS	1Q 2020	4Q 2020	1Q 2021	Q-o-Q	Y-o-Y
ROE (from accounting net earnings)	-0.7%	11.3%	14.8%	3.5%p	15.5%p
ROE (from adjusted net earnings)	5.5%	12.5%	18.6%	6.2%p	13.1%p
ROA (from adjusted net earnings)	0.6%	1.4%	2.0%	0.6%p	1.4%p
Operating profit margin	2.46%	2.43%	2.51%	0.08%p	0.05%p
Total income margin	5.49%	5.33%	5.14%	-0.19%p	-0.35%p
Net interest margin	3.88%	3.43%	3.47%	0.05%p	-0.40%p
Net fee and commission margin	1.34%	1.44%	1.23%	-0.21%p	-0.11%p
Net other non-interest income margin	0.28%	0.46%	0.44%	-0.02%p	0.17%p
Cost-to-asset ratio	3.03%	2.90%	2.63%	-0.27%p	-0.40%p
Cost/income ratio	55.2%	54.5%	51.2%	-3.3%p	-4.0%p
Provision for impairment on loan and placement losses-to-average gross loans	2.57%	1.17%	0.28%	-0.89%p	-2.30%p
Total risk cost-to-asset ratio	1.77%	0.90%	0.15%	-0.76%p	-1.63%p
Effective tax rate	11.2%	11.3%	15.3%	3.9%p	4.0%p
Non-interest income/total income	29%	36%	33%	-3%p	3%p
EPS base (HUF) (from unadjusted net earnings)	-16	279	364	30%	
EPS diluted (HUF) (from unadjusted net earnings)	-16	279	364	30%	
EPS base (HUF) (from adjusted net earnings)	122	307	458	49%	277%
EPS diluted (HUF) (from adjusted net earnings)	121	307	458	49%	277%
Comprehensive Income Statement	1Q 2020	4Q 2020	1Q 2021	Q-o-Q	Y-o-Y
Consolidated after tax profit	-4,072	71,465	93,334	31%	
Fair value changes of financial instruments measured at fair value through other comprehensive income	-33,118	16,283	-3,356	-121%	-90%
Fair value adjustment of derivative financial instruments designated as cash-flow hedge	-1	0	0		-100%
Net investment hedge in foreign operations	-7,976	985	0	-100%	-100%
Foreign currency translation difference	83,637	-24,269	5,522	-123%	-93%
Change of actuarial costs (IAS 19)	0	144	0	-100%	
Net comprehensive income	**38,470**	**64,608**	**95,500**	**48%**	**148%**
o/w Net comprehensive income attributable to equity holders	38,646	64,625	95,335	48%	147%
Net comprehensive income attributable to non-controlling interest	-176	-17	165		-194%
Average exchange rate[1] of the HUF (in HUF)	1Q 2020	4Q 2020	1Q 2021	Q-o-Q	Y-o-Y
HUF/EUR	339	361	361	0%	7%
HUF/CHF	318	335	331	-1%	4%
HUF/USD	307	303	300	-1%	-3%

[1] Exchange rates presented in the tables of this report should be interpreted as follows: the value of a unit of the other currency expressed in Hungarian forint terms, i.e. HUF/EUR represents the HUF equivalent of one EUR.

CONSOLIDATED BALANCE SHEET

Main components of the adjusted balance sheet, in HUF million	1Q 2020	4Q 2020	1Q 2021	Q-o-Q	Y-o-Y
TOTAL ASSETS	**21,858,302**	**23,335,841**	**24,307,608**	**4%**	**11%**
Cash, amounts due from Banks and balances with the National Banks	2,179,710	2,432,314	2,342,426	-4%	7%
Placements with other banks, net of allowance for placement losses	630,691	1,148,987	1,602,056	39%	154%
Financial assets at fair value through profit or loss	365,114	235,194	259,625	10%	-29%
Securities at fair value through other comprehensive income	2,350,068	2,140,118	2,175,165	2%	-7%
Net customer loans	13,078,701	13,528,586	13,751,255	2%	5%
Net customer loans (FX adjusted[1])	**13,097,957**	**13,540,313**	**13,751,255**	**2%**	**5%**
Gross customer loans	13,876,067	14,363,281	14,603,302	2%	5%
Gross customer loans (FX adjusted[1])	**13,937,020**	**14,362,183**	**14,603,302**	**2%**	**5%**
Gross performing (Stage 1+2) customer loans (FX-adjusted[1])	**13,141,549**	**13,539,699**	**13,772,375**	**2%**	**5%**
o/w Retail loans	7,312,495	7,515,205	7,669,721	2%	5%
Retail mortgage loans (incl. home equity)	3,458,252	3,549,302	3,634,139	2%	5%
Retail consumer loans	3,120,984	3,228,738	3,298,698	2%	6%
SME loans	733,260	737,164	736,884	0%	0%
Corporate loans	4,809,923	4,985,630	5,036,786	1%	5%
Leasing	1,019,130	1,038,865	1,065,869	3%	5%
Allowances for loan losses	-797,367	-834,695	-852,047	2%	7%
Allowances for loan losses (FX adjusted[1])	-839,063	-821,871	-852,047	4%	2%
Associates and other investments	21,313	52,444	38,570	-26%	81%
Securities at amortized costs	2,210,061	2,625,952	2,960,955	13%	34%
Tangible and intangible assets, net	602,672	589,878	639,269	8%	6%
o/w Goodwill, net	102,728	101,393	102,572	1%	0%
Tangible and other intangible assets, net	499,945	488,485	536,697	10%	7%
Other assets	419,972	582,368	538,287	-8%	28%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**21,858,302**	**23,335,841**	**24,307,608**	**4%**	**11%**
Amounts due to banks, the National Governments, deposits from the National Banks and other banks, and Financial liabilities designated at fair value through profit or loss	1,365,812	1,219,446	1,441,234	18%	6%
Deposits from customers	16,355,462	17,890,863	18,383,167	3%	12%
Deposits from customers (FX adjusted[1])	**16,402,150**	**17,909,495**	**18,383,167**	**3%**	**12%**
o/w Retail deposits	11,910,574	12,818,766	13,072,760	2%	10%
Household deposits	9,874,020	10,623,760	10,877,537	2%	10%
SME deposits	2,036,554	2,195,006	2,195,223	0%	8%
Corporate deposits	4,478,502	5,082,256	5,303,078	4%	18%
Accrued interest payable related to customer deposits	13,075	8,474	7,328	-14%	-44%
Liabilities from issued securities	399,603	464,214	481,406	4%	20%
o/w Retail bonds	3,526	1,326	952	-28%	-73%
Liabilities from issued securities without retail bonds	396,076	462,888	480,454	4%	21%
Other liabilities	1,149,566	949,502	1,088,839	15%	-5%
Subordinated bonds and loans[2]	272,320	274,704	275,906	0%	1%
Total shareholders' equity	**2,315,540**	**2,537,112**	**2,637,055**	**4%**	**14%**
Indicators	1Q 2020	4Q 2020	1Q 2021	Q-o-Q	Y-o-Y
Loan/deposit ratio (FX adjusted[1])	85%	80%	79%	-1%p	-6%p
Net loan/(deposit + retail bond) ratio (FX adjusted[1])	80%	76%	75%	-1%p	-5%p
Stage 1 loan volume under IFRS 9	11,880,014	11,544,791	11,847,952	3%	0%
Stage 1 loans under IFRS9/gross customer loans	85.6%	80.4%	81.1%	0.8%p	-4.5%p
Own coverage of Stage 1 loans under IFRS 9	1.3%	1.0%	1.0%	0.0%p	-0.3%p
Stage 2 loan volume under IFRS 9	1,198,559	1,998,867	1,924,423	-4%	61%
Stage 2 loans under IFRS9/gross customer loans	8.6%	13.9%	13.2%	-0.7%p	4.5%p
Own coverage of Stage 2 loans under IFRS 9	10.5%	10.4%	10.8%	0.4%p	0.3%p
Stage 3 loan volume under IFRS 9	797,495	819,622	830,927	1%	4%
Stage 3 loans under IFRS9/gross customer loans	5.7%	5.7%	5.7%	0.0%p	-0.1%p
Own coverage of Stage 3 loans under IFRS 9	65.3%	62.3%	63.0%	0.8%p	-2.2%p
90+ days past due loan volume	574,087	543,733	545,110	0%	-5%
90+ days past due loans/gross customer loans	4.1%	3.8%	3.7%	-0.1%p	-0.4%p
Consolidated capital adequacy - Basel3	1Q 2020	4Q 2020	1Q 2021	Q-o-Q	Y-o-Y
Capital adequacy ratio (consolidated, IFRS)	16.2%	17.7%	17.9%	0.1%p	1.7%p
Tier 1 ratio	13.9%	15.4%	15.6%	0.2%p	1.7%p
Common Equity Tier 1 ('CET1') capital ratio	13.9%	15.4%	15.6%	0.2%p	1.7%p
Regulatory capital (consolidated)	2,463,015	2,669,806	2,723,117	2%	11%
o/w Tier 1 Capital	2,106,519	2,316,118	2,370,871	2%	13%
o/w Common Equity Tier 1 capital	2,106,519	2,316,118	2,370,871	2%	13%
Tier2 Capital	356,496	353,688	352,246	0%	-1%
o/w Hybrid Tier2	89,935	89,935	89,935	0%	0%
Consolidated risk weighted assets (RWA) (Credit&Market&Operational risk)	15,188,195	15,046,888	15,230,370	1%	0%
o/w RWA (Credit risk)	13,458,562	13,389,536	13,630,728	2%	1%
RWA (Market & Operational risk)	1,729,633	1,657,352	1,599,643	-3%	-8%
Closing exchange rate of the HUF (in HUF)	1Q 2020	4Q 2020	1Q 2021	Q-o-Q	Y-o-Y
HUF/EUR	359	365	364	0%	1%
HUF/CHF	339	337	329	-3%	-3%
HUF/USD	327	297	310	4%	-5%

[1] For the FX adjustment, the closing cross currency rates for the current period were used to calculate the HUF equivalent of loan and deposit volumes in the base periods.
[2] The ICES bonds are considered as Tier2 debt, but accounting-wise they are treated as part of the shareholders' equity.

OTP BANK'S HUNGARIAN CORE BUSINESS

OTP Core Statement of recognized income:

Main components of the Statement of recognised income in HUF million	1Q 2020	4Q 2020	1Q 2021	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	16,871	51,386	56,003	9%	232%
Corporate income tax	-2,182	-5,060	-10,429	106%	378%
Pre-tax profit	19,053	56,446	66,431	18%	249%
Operating profit	40,235	46,037	61,812	34%	54%
Total income	105,821	121,320	124,971	3%	18%
Net interest income	69,119	75,031	81,790	9%	18%
Net fees and commissions	29,849	35,629	33,494	-6%	12%
Other net non-interest income	6,853	10,661	9,687	-9%	41%
Operating expenses	-65,586	-75,283	-63,159	-16%	-4%
Total risk costs	-21,542	9,607	4,619	-52%	-121%
Provision for impairment on loan and placement losses	-14,353	11,645	4,133	-65%	-129%
Other provisions	-7,190	-2,037	487	-124%	-107%
Total one-off items	360	801	-		
Revaluation result of the treasury share swap agreement	360	801	-		
Indicators	**1Q 2020**	**4Q 2020**	**1Q 2021**	**Q-o-Q**	**Y-o-Y**
ROE	3.9%	11.7%	12.7%	1.0%p	8.8%p
ROA	0.7%	1.8%	1.9%	0.1%p	1.2%p
Operating profit margin	1.6%	1.7%	2.1%	0.5%p	0.5%p
Total income margin	4.28%	4.36%	4.29%	-0.07%p	0.01%p
Net interest margin	2.79%	2.69%	2.80%	0.11%p	0.01%p
Net fee and commission margin	1.21%	1.28%	1.15%	-0.13%p	-0.06%p
Net other non-interest income margin	0.28%	0.38%	0.33%	-0.05%p	0.06%p
Operating costs to total assets ratio	2.6%	2.7%	2.2%	-0.5%p	-0.5%p
Cost/income ratio	62.0%	62.1%	50.5%	-11.5%p	-11.4%p
Provision for impairment on loan and placement losses/average gross loans[1]	1.46%	-1.01%	-0.36%	0.66%p	-1.82%p
Effective tax rate	11.5%	9.0%	15.7%	6.7%p	4.2%p

[1] Negative Provision for impairment on loan and placement losses/average gross loans ratio implies positive amount on the Provision for impairment on loan and placement losses line.

Main components of OTP Core's Statement of financial position:

Main components of balance sheet closing balances in HUF million	1Q 2020	4Q 2020	1Q 2021	Q-o-Q	Y-o-Y
Total Assets	10,543,515	11,492,949	12,227,730	6%	16%
Net customer loans	3,959,572	4,415,778	4,542,999	3%	15%
Net customer loans (FX adjusted)	**3,967,623**	**4,413,314**	**4,542,999**	**3%**	**15%**
Gross customer loans	4,128,863	4,631,974	4,760,919	3%	15%
Gross customer loans (FX adjusted)	**4,137,233**	**4,629,291**	**4,760,919**	**3%**	**15%**
Stage 1+2 customer loans (FX-adjusted)	3,966,226	4,436,936	4,576,208	3%	15%
Retail loans	2,362,255	2,797,030	2,938,186	5%	24%
Retail mortgage loans (incl. home equity)	1,312,803	1,437,239	1,462,938	2%	11%
Retail consumer loans	794,927	995,361	1,060,923	7%	33%
SME loans	254,526	364,430	414,326	14%	63%
Corporate loans	1,603,970	1,639,906	1,638,022	0%	2%
Provisions	-169,291	-216,196	-217,921	1%	29%
Provisions (FX adjusted)	**-169,610**	**-215,977**	**-217,921**	**1%**	**28%**
Deposits from customers + retail bonds	6,953,575	8,083,488	8,451,730	5%	22%
Deposits from customers + retail bonds (FX adjusted)	**6,954,445**	**8,089,966**	**8,451,730**	**4%**	**22%**
Retail deposits + retail bonds	4,684,002	5,373,867	5,585,008	4%	19%
Household deposits + retail bonds	3,728,565	4,236,136	4,381,728	3%	18%
o/w: Retail bonds	3,526	1,326	952	-28%	-73%
SME deposits	955,438	1,137,731	1,203,280	6%	26%
Corporate deposits	2,270,442	2,716,099	2,866,722	6%	26%
Deposits to medium and large corporates	1,576,664	1,963,408	2,063,038	5%	31%
Municipal deposits	693,778	752,690	803,684	7%	16%
Liabilities to credit institutions	986,940	858,230	1,053,945	23%	7%
Issued securities without retail bonds	441,376	513,860	541,219	5%	23%
Total shareholders' equity	1,684,847	1,766,639	1,821,872	3%	8%
Loan Quality	1Q 2020	4Q 2020	1Q 2021	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	3,668,191	3,606,490	3,781,453	5%	3%
Stage 1 loans under IFRS 9/gross customer loans	88.8%	77.9%	79.4%	1.6%p	-9.4%p
Own coverage of Stage 1 loans under IFRS 9	1.1%	0.8%	0.8%	0.0%p	-0.3%p
Stage 2 loan volume under IFRS 9 (in HUF million)	289,712	833,163	794,754	-5%	174%
Stage 2 loans under IFRS 9/gross customer loans	7.0%	18.0%	16.7%	-1.3%p	9.7%p
Own coverage of Stage 2 loans under IFRS 9	12.4%	10.1%	10.9%	0.8%p	-1.5%p
Stage 3 loan volume under IFRS 9 (in HUF million)	170,960	192,321	184,712	-4.0%	8.0%
Stage 3 loans under IFRS 9/gross customer loans	4.1%	4.2%	3.9%	-0.3%p	-0.3%p
Own coverage of Stage 3 loans under IFRS 9	54.7%	54.5%	54.9%	0.4%p	0.2%p
90+ days past due loan volume (in HUF million)	126,593	144,816	136,018	-6%	7%
90+ days past due loans/gross customer loans	3.1%	3.1%	2.9%	-0.3%p	-0.2%p
Market Share	1Q 2020	4Q 2020	1Q 2021	Q-o-Q	Y-o-Y
Loans	21.9%	22.9%	23.3%	0.4%p	1.4%p
Deposits	27.7%	25.4%	26.5%	1.1%p	-1.2%p
Total Assets	27.8%	25.8%	26.8%	1.1%p	-1.0%p
Performance Indicators	1Q 2020	4Q 2020	1Q 2021	Q-o-Q	Y-o-Y
Net loans to (deposits + retail bonds) (FX adjusted)	57%	55%	54%	-1%p	-3%p
Leverage (closing Shareholder's Equity/Total Assets)	16.0%	15.4%	14.9%	-0.5%p	-1.1%p
Leverage (closing Total Assets/Shareholder's Equity)	6.3x	6.5x	6.7x	0.2x	0.5x
Capital adequacy ratio (OTP Bank, non-consolidated, Basel3, IFRS)	26.5%	26.7%	26.6%	0.0%p	0.1%p
Common Equity Tier 1 ratio (OTP Bank, non-consolidated, Basel3, IFRS)	22.3%	22.5%	22.5%	0.0%p	0.3%p

- ***OTP Core's adjusted profit amounted to HUF 56 billion in 1Q 2021 (+9% q-o-q)***
- ***Net interest income grew by 9% q-o-q and 18% y-o-y, buoyed by expanding volumes and improving margin***
- ***The 11 bps q-o-q increase in the net interest margin largely stemmed from the regulatory-induced change in certain consumer loans' interest rate, and from a technical effect caused by the moratorium***
- ***The underlying loan quality trends remained favourable, the Stage 3 ratio dropped q-o-q. The total risk costs line printed a positive amount in 1Q again, as recoveries at the Faktoring unit continued***
- ***Performing loans grew by 3% q-o-q and 15% y-o-y (FX-adjusted), chiefly boosted by the subsidized baby loans and the FGS Go! loans. Deposits surged 22% y-o-y***

P&L developments

In the first quarter of 2021, **OTP Core**'s adjusted after-tax profit hit HUF 56.0 billion, 9% more than in the previous quarter, and nearly 3.5 times more than in the same period of 2020. The q-o-q improvement was predominantly the result of stronger net interest income and a q-o-q drop in costs, while the y-o-y increase was driven by the growing total revenues as well as by the higher risk costs set aside in the base period due to the pandemic.

Starting from 1Q 2021, the local business tax and the innovation contribution of Hungarian Group members was booked on the corporate tax line, rather than under operating expenses. At OTP Core, this amount reached HUF 4.1 billion in the first quarter. This item explained the full q-o-q increase in effective tax rate. Furthermore, this reclassification accounted for 3.3 pps out of the total 11.5 pps q-o-q improvement in the cost/income ratio.

Operating profit grew impressively, by 34% q-o-q and 54% y-o-y.

Net interest income increased by 9% q-o-q, supported by the continued dynamic growth in business volumes as well as by the 11 bps q-o-q rebound in net interest margin. One of the main reasons for the q-o-q improvement of net interest margin was a technical effect related to the repayment moratorium. In the case of loans participating in the moratorium, the one-off loss caused by the negative net present value effect[3] was booked in December 2020 among credit risk costs in the accounting financial statements, resulting in a reduction of loans' outstanding amount (*'modification loss')*. (The amount booked in 1Q 2020 was booked among other risk costs in the accounting P&L, while in the adjusted P&L structure it was presented amongst the adjustment items, thus leaving loan volumes unaffected.) Nevertheless, the accounting of the '*modification loss'* did not affect customers' debts, thus the difference between the Bank's actual claim and the book value reduced by the '*modification loss*' will be amortized during the remaining tenor of the loan, proportionately with the outstanding principal, on the net interest income line. Accordingly, starting from 1Q 2021, a higher-than-previous interest income was accounted for loans that participate in the moratorium, especially in the case of household loans. Furthermore, in the case of loans that were prepaid in the reporting period and had participated in the moratorium, the difference between the lower book value (owing to *modification loss*) and the actual (prepaid) claim was recognised in the Bank's net interest income in a lump sum. In 1Q, these two effects have improved net interest income by around HUF 2.5 billion q-o-q.

The other important reason for the q-o-q rise in net interest margin was the regulatory-induced repricing of certain consumer loans. A temporary regulatory interest rate cap (base rate + 5 pps) was effective until 31 December 2020 for unsecured consumer loans disbursed after 19 March 2020. Pursuant to the law, starting from 2021 the annual percentage rate (APR) set out in the lender's Terms & Conditions effective at the time of the signing of the contract became applicable in the case of the affected loans.

Overall, short-term interbank rates, which are the benchmarks for floating-rate loans, were stable: the 3M BUBOR's closing value went up to 77 bps by the end of March, from 75 bps at end-2020, while its average quarterly rate value remained q-o-q stable, at 76 bps.

Net interest margin inched up one basis point y-o-y: as a result of the strong competition, the declining trend in lending rates in the previous quarters worked against the above-mentioned positive factors in 1Q 2021. In January-March 2021, the share of financial assets (which have lower margin than loans) in the balance sheet increased y-o-y; at the same time, the weight of non-interest-bearing assets fell at a similar rate.

Net fees and commissions grew by 12% y-o-y in 1Q 2021, reflecting a fundamental improvement, as the one-off items in net fees and commissions did not have material effect[4] on the y-o-y dynamics. The 6%

[3] The one-off negative net present value effect emerged because, under the law, the amount of delayed interest accumulated during the moratorium must be repaid after the moratorium ends, in equal instalments, evenly spread over the remaining loan tenor, but banks are barred from charging interest on the unpaid interest. The respective provisions were presented in the 2020 P&L structure at consolidated level, amongst the adjustment items.

[4] The one-off items affecting 1Q 2021 (a total of -HUF 2.8 billion) are: the full annual amount of the financial transaction tax to be paid for bank card transactions, in a lump sum and in advance, based on the transaction data of the preceding year (-HUF 1.7 billion). Furthermore, the -HUF 1.1 billion

(HUF 2.1 billion) q-o-q decline was caused by the negative one-off items booked in 1Q 2021; without them, a 2% q-o-q improvement would have occurred.

Other net non-interest income dropped by 9% (HUF 1 billion) q-o-q, largely because of weaker FX result and derivative gains. On the other hand, nearly HUF 1 billion q-o-q growth could be attributed to the fact that, starting from 1Q 2021, the recoveries from claims written off by Faktoring for legal reasons (e.g. irretraceable borrower, time-barred debt) are presented within other income, rather than under risk costs. Other income jumped by 41% y-o-y, partly because of the weaker gain on securities in the base period.

Operating expenses fell by 4% y-o-y, or HUF 2.4 billion. Without the HUF 4.1 billion shifting of local business tax and innovation contribution, which are presented under corporate tax, rather than operating expenses starting from 1Q 2021, the growth rate would have been 3%. In y-o-y comparison the depreciation, as well as hardware and office equipment costs increased, somewhat offset by the 2 pps reduction in employers' contribution effective from July 2020. In the first quarter, the average headcount rose by 1% y-o-y. In the first quarter of 2021, countering the coronavirus pandemic caused HUF 0.8 billion extra cost.

The reason for the 16% (HUF 12.1 billion) q-o-q fall in expenses – beyond the above reclassification – was the drop in deprecation, as well as a seasonal drop in bonus payments, consulting fees and marketing expenses.

In the first three months of 2021, total risk costs amounted to +HUF 4,6 billion, as opposed to +HUF 9.6 billion in the previous quarter, and -HUF 21.5 billion in 1Q 2020.

Provisions for the extra risks owing to the pandemic and the loan moratorium were mostly set aside in 2020 in a prudent manner. By the end of 1Q 2021, the Bank fully applied in its classification methodology the requirements laid down in the central bank circular published on 22 January 2021. This led to overall somewhat higher provisions in the household and micro and small enterprises segments (the Bank's methodology for classifying medium and large corporate borrowers complied with the central bank requirements already at the end of 2020). Changing the impairment model parameters barely affected risk costs' amount in the first quarter.

The positive amount of total risk cost in the first quarter of 2021 stemmed from the continued recoveries on mainly retail claims managed by OTP Faktoring. Nevertheless, the risk cost effect of recoveries realized in 1Q 2021 lagged behind those seen in the previous quarters. One of the reasons was the upward revaluation of Faktoring's claims in 4Q 2020, therefore part of future expected recoveries was recognized in a lump sum in the fourth-quarter; furthermore, starting from 1Q 2021, the recoveries on loans written off for legal reasons by Faktoring are presented under other income, rather than under risk costs.

Loan quality indicators remained favourable: the ratio of Stage 3 loans sank by 0.3 pps q-o-q, to 3.9%, while the Stage 2 ratio dropped by 1.4 pps, to 16.6%. The own provision coverage of Stage 3 loans edged higher both y-o-y and q-o-q. In the past 12 months, the reclassifications into Stage 2 category have reduced the own provision coverage of both Stage 1 and Stage 2 loans, but on the whole, the own provision coverage of the Stage 1+2 portfolio grew by 60 bps y-o-y, to 2.1% (and remained stable q-o-q).

The volume of 90 days past due (DPD90+) loans declined by HUF 5 billion in full-year 2020, followed by a similar drop in 1Q 2021 (FX-adjusted, without sales/write-offs and the revaluation of Faktoring's claims). In the first quarter of 2021, HUF 3 billion non-performing loans were sold/written off (FX-adjusted).

At the end of March 2021, OTP Core had HUF 1,549 billion loans participating in the repayment moratorium, which made up 32.5% of its total gross loan book.

Balance sheet trends

The balance sheet total grew by 16% y-o-y, or nearly HUF 1,700 billion, including the 6% (more than HUF 700 billion) surge in the past three months. Much of this year-over-year increase stemmed from expanding deposits (+22%, or +HUF 1,500 billion). Over the past 12 months, the difference between deposits and net loans grew by more than HUF 900 billion nominally, which crystallized in a continued rise in financial and other liquid assets.

On OTP Core's asset side, the average quarterly share of non-interest-bearing assets in the balance sheet total sank by 2.1 pps y-o-y, to 14.7%, which was offset by a similar increase in the ratio of financial assets, while the weight of net loans slightly declined y-o-y.

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payment to the Resolution Fund in 2021 was already recorded in 1Q, in accordance with IFRS rules. The actual payments are deductible from the nominal amount of the banking tax, the financial transaction tax, or the corporate profit tax. Because of this deductibility, the accounted amount, as well as deductions are presented in the financial transaction tax in the adjusted P&L structure.
The one-off items relating to 4Q 2020 (totalling HUF +0.2 billion): the reclassification of retail loans with subsidized interest into loans measured at fair value caused HUF 2.7 billion positive effect. Furthermore, similarly to previous years, the total annual amount of credit-card-related refunds (-HUF 2.5 billion) was recorded in 4Q 2020 in a lump sum.
One-off items affecting 1Q 2020 (a total of -HUF 2.9 billion): the full annual amount of the financial transaction tax to be paid for bank card transactions, in a lump sum and in advance, based on the transaction data of the preceding the year (-HUF 1.7 billion). Furthermore, the -HUF 1.2 billion payment to the Resolution Fund in 2020 was already recorded in 1Q, in accordance with IFRS rules.

Keeping up their dynamic growth, performing (Stage 1+2) loans rose by 3% q-o-q, and 15% y-o-y (FX-adjusted). Just like in full-year 2020, much of the growth can be attributed to the government's and the National Bank of Hungary's subsidized loan programmes (baby loan, Funding for Growth Go, CSOK family housing subsidy).

Starting from the second quarter of 2020, the loan growth was boosted by the fact that, in the case of loans participating in the repayment moratorium, the interest is charged on the outstanding principal during the moratorium as well, and deferred interests are also presented as part of the gross loan volume (nevertheless, the regulation prohibits charging interest on unpaid interest).

Regarding individual product categories, consumer loans jumped by 33% y-o-y, including 6% increase in 1Q. The engine of consumer loan growth was the subsidized baby loan, of which the Bank disbursed HUF 55 billion in the first three months of 2021 (vs HUF 61 billion in 4Q 2020). This brought the Bank's market share to 40.4% in the first quarter.

In the case of consumer loans, market pricing was in effect throughout the first quarter of 2021, as the temporary regulatory interest rate cap on newly disbursed unsecured consumer loans, in effect from 19 March, ended on 31 December 2020. Starting from 2021, the annual percentage rate set out in the lender's Terms & Conditions effective at the time of the signing of the contract became applicable in the case of such loans, resulting in a q-o-q increase in the average interest rate level mainly in the cash loan segment.

In 1Q, cash loan placements hit their highest in four quarters (+43% q-o-q) but were 35% less than a year earlier. In terms of new cash loan placements, OTP Bank's market share was 34.8% in full-year 2020 (including 30.7% in 4Q), followed by 34.6% in 1Q 2021. The outstanding performing cash loan book – supported by the declining amortization owing to the loan moratorium, as well as the q-o-q jump in new disbursements – expanded by 5% q-o-q and 16% y-o-y.

To help borrowers take advantage of the government's new, subsidized home renovation subsidy, OTP made available both the covered subsidized home renovation loan (from the bedinning of February 2021), and the Bank's own unsecured home renovation cash loan product (from March 2021). In the first quarter, loan applications amounted to nearly HUF 2 billion in the case of the unsecured product, and nearly HUF 9 billion in the case of the secured product. The subsidized home renovation loan, because of its secured nature, is presented among mortgage loans in the product structure, whereas the unsecured home renovation loan is shown amongst consumer loans.

In mortgage loans, the expansion of the performing volume continued throughout 1Q 2021 (+2% q-o-q), thus its y-o-y growth rate hit 11%. Within that, housing loans, which made up 85% of the total mortgage stock, increased by 14% y-o-y (+2% q-o-q), while home equity loans, which lost appeal in recent years, contracted further (-3% y-o-y). In 1Q 2021, mortgage loan applications grew dynamically, by 35% y-o-y and 57% q-o-q, partly because of the recently launched subsidized home renovation loan, and in part because customers applying for the CSOK housing subsidy are exempt from duties. Still, the amount disbursed shrank by 19% q-o-q, and 13% y-o-y. OTP Bank's market share of new mortgage loan contracted amounts was 30.8% in 1Q 2021, after 32.0% in full-year 2020.

The Bank's corporate lending activity remained strong. Within that, the outstanding expansion in the micro- and small enterprise segment continued in the first quarter of 2021: their performing volume grew by 14% q-o-q, and by 63% y-o-y (FX-adjusted, predominantly because of the National Bank of Hungary's *Funding for Growth Go* scheme. Since the launch of the FGS Go, the contracted amount at OTP reached HUF 515 billion, thus OTP Bank's market share exceeded 25%. OTP Bank won the *FGS Go Excellence Award* by the National Bank of Hungary again, acknowledging that OTP Bank was the most active bank in placing these subsidized loans in 1Q 2021. Performing corporate loans increased by 2% y-o-y, and remained stable q-o-q.

OTP Core's customer deposits rose by 4% q-o-q and 22% y-o-y (FX-adjusted). The net loan/(deposit+ retail bond) ratio stood at 54% at the end of March, which is consistent with a decline of 1 pp q-o-q and 3 pps y-o-y.

The Bank's capital adequacy ratio (CAR) stood at 26.6% at the end of March 2021, while the CET1=Tier1 ratio was at 22.5%. The Bank's regulatory capital at the end of the reporting period included the eligible interim profit (after dividend deduction).

OTP FUND MANAGEMENT (HUNGARY)

Changes in assets under management and financial performance of OTP Fund Management:

Main components of P&L account in HUF million	1Q 2020	4Q 2020	1Q 2021	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	107	7,364	835	-89%	683%
Income tax	-19	-736	-115	-84%	507%
Profit before income tax	126	8,100	951	-88%	656%
Operating profit	126	8,100	951	-88%	656%
Total income	977	9,433	1,674	-82%	71%
Net fees and commissions	1,756	8,986	1,688	-81%	-4%
Other net non-interest income	-779	448	-13	-103%	-98%
Operating expenses	-851	-1,333	-724	-46%	-15%
Other provisions	0	-1	0	-100%	-100%
Main components of balance sheet closing balances in HUF million	1Q 2020	4Q 2020	1Q 2021	Q-o-Q	Y-o-Y
Total assets	33,733	33,210	25,178	-24%	-25%
Total shareholders' equity	24,935	16,425	7,512	-54%	-70%
Asset under management in HUF billion	1Q 2020	4Q 2020	1Q 2021	Q-o-Q	Y-o-Y
Assets under management, total (w/o duplicates)[1]	979	1,201	1,227	2%	25%
Volume of investment funds (closing, w/o duplicates)	668	828	845	2%	27%
Volume of managed assets (closing)	311	373	381	2%	23%
Volume of investment funds (closing, with duplicates)[2]	946	1,183	1,235	4%	31%
bond	329	376	394	5%	20%
absolute return fund	321	374	339	-9%	6%
equity	154	248	273	10%	78%
mixed	82	133	180	35%	119%
commodity market	31	28	28	2%	-8%
guaranteed	25	20	14	-26%	-42%
money market	5	5	5	-4%	0%

[1] The cumulative net asset value of investment funds and managed assets of OTP Fund Management, eliminating the volume of own investment funds (duplications) being managed in other investment funds and managed assets of OTP Fund Management.
[2] The cumulative net asset value of investment funds with duplications managed by OTP Fund Management.

In the first quarter of 2021, **OTP Fund Management** made HUF 835 million after-tax profit. The q-o-q drop is largely attributable to the income from the HUF 7.3 billion success fee in 4Q 2020, for funds generating above-benchmark yields.

Within the fist-quarter net fees and commissions, the income from assets under management has risen in both q-o-q and y-o-y terms (by +6% and +3%, respectively); after adjustment for the success fee earned in the fourth quarter of 2020.

Most of the y-o-y increase in other net non-interest income can be linked to the negative fair value adjustment of own investment units in 1Q 2020.

The q-o-q decline in operating expenses can be put down to the end-of-the-year bonus payments, while the y-o-y drop reflects the impact of lower personnel expenses.

As a result of capital flows, and the attractive yields, the market of Hungarian investment funds maintained its growth in 1Q 2021. The wealth managed in OTP Fund Manager's investment funds hit a five-year high of HUF 1,235 billion (+4% q-o-q, +31% y-o-y) by the end of March.

Of the funds managed, the popularity of bond funds is unbroken; their volume expanded in both q-o-q and y-o-y terms (+5%, and +20%, respectively). The second largest category, absolute return funds, experienced capital outflow, and their yields could not contribute to growth this time. Equity funds ended the quarter with gains (+10% q-o-q), their wealth expanded by nearly 80% y-o-y, thanks to the positive capital flow and the attractive yields.

OTP Fund Management, whose market share rose 0.2 pp q-o-q to 24.8% by the end of March 2021, has preserved its leading position in the market of securities.

MERKANTIL GROUP (HUNGARY)

Performance of Merkantil Group:

Main components of P&L account in HUF million	1Q 2020	4Q 2020	1Q 2021	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	1,775	2,037	1,626	-20%	-8%
Income tax	-174	-315	-175	-45%	0%
Profit before income tax	1,950	2,351	1,801	-23%	-8%
Operating profit	2,246	3,102	2,830	-9%	26%
Total income	4,928	5,898	5,556	-6%	13%
Net interest income	4,167	4,625	4,738	2%	14%
Net fees and commissions	-14	24	0	-100%	-101%
Other net non-interest income	775	1,249	818	-35%	6%
Operating expenses	-2,681	-2,795	-2,726	-2%	2%
Total provisions	-296	-751	-1,029	37%	247%
Provision for impairment on loan and placement losses	-283	-787	-1,005	28%	255%
Other provision	-13	36	-24	-167%	86%
Main components of balance sheet closing balances in HUF million	**1Q 2020**	**4Q 2020**	**1Q 2021**	**Q-o-Q**	**Y-o-Y**
Total assets	537,808	667,120	736,608	10%	37%
Gross customer loans	377,358	416,987	430,021	3%	14%
Gross customer loans (FX-adjusted)	377,602	416,875	430,021	3%	14%
Stage 1+2 customer loans (FX-adjusted)	362,419	402,160	417,476	4%	15%
Retail loans	9,141	6,990	6,262	-10%	-32%
Corporate loans	41,691	51,482	55,972	9%	34%
Leasing	311,587	343,689	355,242	3%	14%
Allowances for possible loan losses	-11,754	-12,874	-13,743	7%	17%
Allowances for possible loan losses (FX-adjusted)	-11,759	-12,868	-13,743	7%	17%
Deposits from customers	9,876	9,344	8,999	-4%	-9%
Deposits from customer (FX-adjusted)	9,876	9,344	8,999	-4%	-9%
Retail deposits	7,156	6,071	5,750	-5%	-20%
Corporate deposits	2,721	3,273	3,249	-1%	19%
Liabilities to credit institutions	464,622	584,944	656,905	12%	41%
Total shareholders' equity	46,065	52,553	53,256	1%	16%
Loan Quality	**1Q 2020**	**4Q 2020**	**1Q 2021**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	336,795	343,668	338,353	-2%	0%
Stage 1 loans under IFRS 9/gross customer loans	89.3%	82.4%	78.7%	-3.7%p	-10.6%p
Own coverage of Stage 1 loans under IFRS 9	0.5%	0.2%	0.2%	0.0%p	-0.2%p
Stage 2 loan volume under IFRS 9 (in HUF million)	25,404	58,592	79,123	35%	211%
Stage 2 loans under IFRS 9/gross customer loans	6.7%	14.1%	18.4%	4.3%p	11.7%p
Own coverage of Stage 2 loans under IFRS 9	3.0%	3.8%	4.8%	1.0%p	1.8%p
Stage 3 loan volume under IFRS 9 (in HUF million)	15,160	14,727	12,546	-15%	-17%
Stage 3 loans under IFRS 9/gross customer loans	4.0%	3.5%	2.9%	-0.6%p	-1.1%p
Own coverage of Stage 3 loans under IFRS 9	61.9%	66.5%	73.1%	6.5%p	11.2%p
Provision for impairment on loan and placement losses/average gross loans	0.30%	0.77%	0.97%	0.20%p	0.67%p
90+ days past due loan volume (in HUF million)	9,147	8,971	7,856	-12%	-14%
90+ days past due loans/gross customer loans	2.4%	2.2%	1.8%	-0.3%p	-0.6%p
Performance Indicators	**1Q 2020**	**4Q 2020**	**1Q 2021**	**Q-o-Q**	**Y-o-Y**
ROA	1.3%	1.2%	0.9%	-0.3%p	-0.4%p
ROE	15.4%	15.6%	12.4%	-3.1%p	-2.9%p
Total income margin	3.71%	3.60%	3.19%	-0.41%p	-0.52%p
Net interest margin	3.13%	2.83%	2.72%	-0.11%p	-0.42%p
Operating costs / Average assets	2.0%	1.7%	1.6%	-0.1%p	-0.5%p
Cost/income ratio	54.4%	47.4%	49.1%	1.7%p	-5.4%p

The table displays the semi-consolidated performance of Merkantil Group, whose members are: Merkantil Bank Ltd., Merkantil Bérlet Ltd., NIMO 2002 Ltd., SPLC-P Ingatlanfejlesztő, Ingatlanhasznosító Ltd., SPLC Vagyonkezelő Ltd., and OTP Ingatlanlízing Ltd.

In the first quarter of 2021, **Merkantil Group** posted HUF 1.6 billion adjusted after-tax profit, in an 8% decline from the same period of the previous year. The Group's ROE was 12.4%.

The 20% fall in q-o-q profit was largely caused by the decline in other net non-interest income, which is a result of the high figures in the base period, 4Q 2020, owing to one-off items. Net interest income grew by 14% y-o-y. The rise in performing loans had a positive effect on the dynamics, but the net interest margin declined. The y-o-y 2% increase in operating expenses was largely caused by higher hardware and office equipment costs. The q-o-q 2% decline owes a lot to the reclassification of local business tax and innovation contribution from operating expenses to the corporate tax line; they amounted to HUF 120 million in the first quarter.

Most of the q-o-q 11 bp decline in net interest margin can be put down to the lower average interest on performing loans.

Total risk cost jumped by 37% q-o-q in the first quarter, partly as a result of the q-o-q higher provisioning, owing to the increase in the Stage 2 loan volumes.

As to loan quality, the volume of 90 days past due loans fell by HUF 1 billion (FX-adjusted, without sales/write-offs) in the first quarter. The ratio of Stage 2 loans rose by 4.3 pps, to 18.4% in the quarter, as the classification methodology became stricter, in accordance with the MNB's recommendations; as a result, certain loans under moratorium were reclassified as Stage 2. The own provision coverage of Stage 2 loans stood at 4.8% at the end of 1Q, which is consistent with 1 pp q-o-q increase. The ratio of Stage 3 loans fell to 2.9% (-0.6 pp q-o-q, -1.1 pps y-o-y). The own provision coverage of Stage 3 loans rose to 73.1% (+11.2 pps y-o-y).

Performing (Stage 1+2) loans grew by 15% y-o-y, and 4% q-o-q. In year-over-year comparison, Merkantil Bank's total new loan placements grew by 25%. Within that, new car loans surged by 21%, while the financing of production equipment and machinery jumped by 40%. The first-quarter dynamics benefited from the central bank's Funding for Growth Go facility, available since April 2020: Merkantil Bank's contractual amounts hit HUF 60 billion by the end of March 2021.

Merkantil Bank remained the market leader in both new loan placement and volumes.

IFRS REPORTS OF THE MAIN SUBSIDIARIES

In the following parts of the report the after-tax profit of the foreign subsidiaries is presented without any received dividends and net cash transfers, and without other adjustment items in the case of certain foreign subsidiaries. The structural adjustments on the lines of subsidiaries' Statements of recognised income as well as description of calculation methods of performance indices can be found in the Supplementary data annex.

DSK GROUP (BULGARIA)

Performance of DSK Group:

Main components of P&L account in HUF million	1Q 2020	4Q 2020	1Q 2021	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	4,411	6,683	18,273	173%	314%
Income tax	-323	-877	-1,877	114%	482%
Profit before income tax	4,733	7,560	20,150	167%	326%
Operating profit	21,648	23,282	24,703	6%	14%
Total income	39,668	44,279	42,824	-3%	8%
Net interest income	27,938	28,366	27,611	-3%	-1%
Net fees and commissions	10,443	12,551	12,215	-3%	17%
Other net non-interest income	1,287	3,362	2,998	-11%	133%
Operating expenses	-18,020	-20,997	-18,121	-14%	1%
Total provisions	-16,915	-15,722	-4,553	-71%	-73%
Provision for impairment on loan and placement losses	-16,976	-17,043	-4,557	-73%	-73%
Other provision	61	1,321	4	-100%	-94%
Main components of balance sheet closing balances in HUF million	**1Q 2020**	**4Q 2020**	**1Q 2021**	**Q-o-Q**	**Y-o-Y**
Total assets	4,107,979	4,283,625	4,352,923	2%	6%
Gross customer loans	2,557,927	2,634,870	2,640,243	0%	3%
Gross customer loans (FX-adjusted)	2,590,432	2,625,174	2,640,243	1%	2%
Stage 1+2 customer loans (FX-adjusted)	2,404,065	2,430,981	2,441,287	0%	2%
Retail loans	1,338,452	1,355,574	1,377,334	2%	3%
Corporate loans	877,128	899,778	884,995	-2%	1%
Leasing	188,486	175,630	178,958	2%	-5%
Allowances for possible loan losses	-161,196	-185,829	-189,651	2%	18%
Allowances for possible loan losses (FX-adjusted)	-163,265	-185,127	-189,651	2%	16%
Deposits from customers	3,336,858	3,587,364	3,613,658	1%	8%
Deposits from customers (FX-adjusted)	3,367,744	3,583,003	3,613,658	1%	7%
Retail deposits	2,796,056	3,007,489	3,072,251	2%	10%
Corporate deposits	571,688	575,514	541,406	-6%	-5%
Liabilities to credit institutions	108,343	17,010	39,221	131%	-64%
Total shareholders' equity	571,388	620,379	631,066	2%	10%
Loan Quality	**1Q 2020**	**4Q 2020**	**1Q 2021**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	2,134,883	2,142,644	2,158,872	1%	1%
Stage 1 loans under IFRS 9/gross customer loans	83.5%	81.3%	81.8%	0.4%p	-2.0%p
Own coverage of Stage 1 loans under IFRS 9	0.9%	1.0%	1.0%	0.0%p	6.7%p
Stage 2 loan volume under IFRS 9 (in HUF million)	239,059	297,292	282,415	-5%	18%
Stage 2 loans under IFRS 9/gross customer loans	9.3%	11.3%	10.7%	-0.6%p	1.4%p
Own coverage of Stage 2 loans under IFRS 9	11.1%	12.6%	13.2%	0.6%p	2.2%p
Stage 3 loan volume under IFRS 9 (in HUF million)	183,985	194,934	198,956	2%	8%
Stage 3 loans under IFRS 9/gross customer loans	7.2%	7.4%	7.5%	0.1%p	0.3%p
Own coverage of Stage 3 loans under IFRS 9	62.9%	65.6%	66.2%	0.6%p	5.3%p
Provision for impairment on loan and placement losses/average gross loans	2.82%	2.58%	0.71%	-1.87%p	-2.11%p
90+ days past due loan volume (in HUF million)	124,093	126,242	126,466	0%	2%
90+ days past due loans/gross customer loans	4.9%	4.8%	4.8%	0.0%p	-0.1%p
Performance Indicators	**1Q 2020**	**4Q 2020**	**1Q 2021**	**Q-o-Q**	**Y-o-Y**
ROA	0.5%	0.6%	1.7%	1.1%p	1.3%p
ROE	3.2%	4.3%	11.9%	7.6%p	8.7%p
Total income margin	4.14%	4.13%	4.01%	-0.12%p	-0.13%p
Net interest margin	2.91%	2.65%	2.58%	-0.06%p	-0.33%p
Operating costs / Average assets	1.88%	1.96%	1.70%	-0.26%p	-0.18%p
Cost/income ratio	45.4%	47.4%	42.3%	-5.1%p	-3.1%p
Net loans to deposits (FX-adjusted)	72%	68%	68%	0%p	-4%p
FX rates (in HUF)	**1Q 2020**	**4Q 2020**	**1Q 2021**	**Q-o-Q**	**Y-o-Y**
HUF/BGN (closing)	183.6	186.7	186.0	0%	1%
HUF/BGN (average)	173.2	184.3	184.7	0%	7%

- ***1Q profit in Bulgaria hit HUF 18.3 billion***
- ***The continued margin erosion was offset by improving cost efficiency; the credit risk cost ratio (0.71%) has fallen sharply both q-o-q and y-o-y***
- ***Performing loans rose by 2% y-o-y, and deposits grew by 7% (FX-adjusted)***

In 1Q 2021, **DSK Group** posted HUF 18.3 billion after-tax profit, more than quadrupling the result made a year earlier.

The Bulgarian operation's 1Q operating income grew by 14% y-o-y in HUF (by 7% in BGN). Net interest income dropped by 7% y-o-y in local currency, largely owing to the continued erosion of margins. Net interest margin declined by 33 bps y-o-y and 6 bps q-o-q; the latter stemmed from the composition effect of financial assets, and from the decline in the average interest rate on these assets.

In year-on-year comparison, operating costs dropped by 6% in local currency, which can be attributed to cost synergies: average quarterly headcount dropped by 10% y-o-y, and the number of branches fell by 28%. The 14% q-o-q fall in operating costs was caused by the base effect of the seasonal jump in costs at the end of last year. Cost efficiency indicators improved both q-o-q and y-o-y.

In the first quarter, HUF 4.6 billion total risk cost, much less than in the base period, weighed on profit. In the first quarter, credit risk cost ratio amounted to 0.71% of the average gross loan volume.

Regarding loan quality, the stock of 90 days past due loans rose by HUF 1 billion in 1Q (FX-adjusted, without sales/write-offs). In the first quarter, HUF 0.5 billion was sold/written off in non-performing loans. The ratio of Stage 2 loans dropped by 0.6 pp q-o-q, to 10.7%, and the share of Stage 3 loans upped 0.1 pp q-o-q, (to 7.5%). The reason for the q-o-q increase in Stage 3 loan volume is the newly applied definition of default, effective from 1 January 2021. The own provision coverage of Stage 2 and Stage 3 loans has increased q-o-q.

As to lending activity, performing (Stage 1+2) loans grew organically by 2% y-o-y (FX-adjusted) but stagnated q-o-q. In the first quarter, the disbursement of consumer loans (in BGN) surged by 15% q-o-q, but was 1% less than a year earlier. The disbursement of new mortgage loans fell 19% q-o-q but grew 10% y-o-y.

The Bulgarian operation's liquidity position is stable. The net loan/deposit ratio was 68% at the end of March. The deposit book rose by 1% q-o-q, and 7% y-o-y (FX-adjusted).

At the end of March 2021, DSK Bank's capital adequacy ratio, calculated in accordance with local rules, was at 22.0%. DSK Bank does not pay dividend from its 2020 profit to OTP Bank, in compliance with the Bulgarian National Bank's recommendation.

OTP BANK CROATIA

Performance of OTP Bank Croatia:

Main components of P&L account in HUF million	2020 1Q	2020 4Q	2021 1Q	Q/Q	Y/Y
After tax profit without the effect of adjustments	2,646	-81	5,119		93%
Income tax	-449	247	-969	-492%	116%
Profit before income tax	3,095	-328	6,088		97%
Operating profit	8,524	9,894	8,355	-16%	-2%
Total income	19,394	21,134	19,497	-8%	1%
Net interest income	14,769	14,229	14,615	3%	-1%
Net fees and commissions	3,852	4,222	3,930	-7%	2%
Other net non-interest income	773	2,683	953	-64%	23%
Operating expenses	-10,870	-11,240	-11,143	-1%	3%
Total provisions	-5,429	-10,222	-2,267	-78%	-58%
Provision for impairment on loan and placement losses	-5,731	-8,872	-2,023	-77%	-65%
Other provision	302	-1,350	-243	-82%	-180%
Main components of balance sheet closing balances in HUF million	**2020 1Q**	**2020 4Q**	**2021 1Q**	**Q/Q**	**Y/Y**
Total assets	2,200,763	2,325,669	2,335,309	0%	6%
Gross customer loans	1,546,195	1,642,170	1,648,594	0%	7%
Gross customer loans (FX-adjusted)	1,570,817	1,634,740	1,648,594	1%	5%
Stage 1+2 customer loans (FX-adjusted)	1,476,558	1,492,732	1,502,519	1%	2%
Retail loans	772,340	756,864	771,735	2%	0%
Corporate loans	589,463	628,911	621,245	-1%	5%
Leasing	114,755	106,957	109,539	2%	-5%
Allowances for possible loan losses	-80,174	-100,920	-102,813	2%	28%
Allowances for possible loan losses (FX-adjusted)	-81,511	-100,404	-102,813	2%	26%
Deposits from customers	1,584,625	1,634,652	1,640,939	0%	4%
Deposits from customers (FX-adjusted)	1,604,992	1,631,137	1,640,939	1%	2%
Retail deposits	1,186,012	1,229,991	1,244,918	1%	5%
Corporate deposits	418,980	401,146	396,020	-1%	-5%
Liabilities to credit institutions	230,679	287,647	293,405	2%	27%
Total shareholders' equity	307,882	328,165	328,983	0%	7%
Loan Quality	**2020 1Q**	**2020 4Q**	**2021 1Q**	**Q/Q**	**Y/Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	1,242,062	1,257,492	1,298,122	3%	5%
Stage 1 loans under IFRS 9/gross customer loans	80.3%	76.6%	78.7%	2.2%p	-1.6%p
Own coverage of Stage 1 loans under IFRS 9	1.0%	0.8%	0.8%	0.0%p	-0.2%p
Stage 2 loan volume under IFRS 9 (in HUF million)	211,395	241,962	204,397	-16%	-3%
Stage 2 loans under IFRS 9/gross customer loans	13.7%	14.7%	12.4%	-2.3%p	-1.3%p
Own coverage of Stage 2 loans under IFRS 9	3.6%	5.7%	5.9%	0.1%p	2.3%p
Stage 3 loan volume under IFRS 9 (in HUF million)	92,739	142,716	146,075	2%	58%
Stage 3 loans under IFRS 9/gross customer loans	6.0%	8.7%	8.9%	0.2%p	2.9%p
Own coverage of Stage 3 loans under IFRS 9	64.4%	53.9%	55.1%	1.1%p	-9.3%p
Provision for impairment on loan and placement losses/average gross loans	1.61%	2.19%	0.51%	-1.68%p	-1.11%p
90+ days past due loan volume (in HUF million)	55,999	68,712	68,159	-1%	22%
90+ days past due loans/gross customer loans	3.6%	4.2%	4.1%	0.0%p	0.5%p
Performance Indicators	**2020 1Q**	**2020 4Q**	**2021 1Q**	**Q/Q**	**Y/Y**
ROA	0.5%	0.0%	0.9%	0.9%p	0.4%p
ROE	3.5%	-0.1%	6.4%	6.5%p	2.9%p
Total income margin	3.65%	3.77%	3.45%	-0.32%p	-0.21%p
Net interest margin	2.78%	2.54%	2.59%	0.05%p	-0.20%p
Operating costs / Average assets	2.05%	2.00%	1.97%	-0.03%p	-0.08%p
Cost/income ratio	56.0%	53.2%	57.2%	4.0%p	1.1%p
Net loans to deposits (FX-adjusted)	93%	94%	94%	0%p	1%p
FX rates (in HUF)	**2020 1Q**	**2020 4Q**	**2021 1Q**	**Q/Q**	**Y/Y**
HUF/HRK (closing)	47.1	48.4	48.1	-1%	2%
HUF/HRK (average)	45.2	47.7	47.7	0%	5%

- ***The Croatian bank posted HUF 5.1 billion profit in 1Q 2021***
- ***Stage 2 loan volumes fell by 16% q-o-q as customers in the earthquake-hit area were reclassified as Stage 1***
- ***In the first quarter, performing loans and deposits both grew by an FX-adjusted 1% q-o-q***

The **Croatian bank** realized HUF 5.1 billion after-tax profit in 1Q 2021. The significant q-o-q and y-o-y improvement largely stems from falling credit risk costs (-77% q-o-q, and -65% y-o-y).

As to lending activity, loan disbursements reflected a seasonal drop in the first quarter, except for leasing placements (+51% q-o-q). Mortgage loan disbursement was 23% stronger than in the same period of 2020, but dropped by 2% q-o-q. In cash loans, the upsurge seen after the first wave of the coronavirus turned into q-o-q stagnation.

The volume of performing (Stage 1+2) mortgage loans grew further (+5% q-o-q, and +8% y-o-y; both FX-adjusted), which offset the drop in consumer loans (-1% q-o-q, and -7% y-o-y). Overall, performing loans grew by 1% q-o-q.

The Croatian bank's liquidity position remained stable; the net loan/deposit ratio remained at 94%, similarly to the previous quarter.

In 1Q 2021, operating profit was less than in the base period (-16% q-o-q, -2% y-o-y). The reason for the quarterly drop is the 8% lower income, chiefly a result of the drop in other income. The q-o-q 3% improvement in net interest income benefited from a slight q-o-q rise in volumes, as well as a modest improvement in the margin. The q-o-q improvement in NII and margin can be partly linked to lower expense on provision on interest. Net fees and commissions dropped by 7% q-o-q, largely because of seasonal reasons.

Operating expenses dropped both q-o-q (-1%) and y-o-y (-3%) in local currency. The cost/income ratio grew by 4 pps q-o-q, to 57.2% in the quarter.

In the first quarter of 2021, nearly HUF 2.3 billion total risk cost weighed on profit, down from HUF 10.2 billion in the previous one. The high base can be largely put down to customers who had spent more than nine months in the loan moratorium, and were reclassified into Stage 3 category in accordance with local regulations. In 1Q, credit risk cost rate was at 0.51%.

The volume and the ratio of Stage 2 loans fell sharply q-o-q, partly because the Stage 1 exposures in the area hit by the earthquake in 2020 had been reclassified as Stage 2, as a precautionary measure; nevertheless, they were reclassified as Stage 1 in 1Q because risk indicators of customers and portfolios have not deteriorated meaningfully. The own coverage of Stage 2 loans upped 0.1 pp q-o-q, to 5.9% by the end of March.

The ratio of Stage 3 loans within the portfolio increased in both q-o-q and y-o-y terms, partly because customers who had spent more than nine months in the moratorium were reclassified, while their own coverage ratio stood at 55.1%.

The volume of 90 days past due loans (FX-adjusted, without sales/write-offs) did not change in 1Q 2021. The amount of non-performing loans sold or written off was insignificant in 1Q. At the end of March, the DPD90+ ratio stood at 4.1% (q-o-q stagnated, and rose by 0.5 pp y-o-y).

The deadline for submitting applications for the debt moratorium expired on 31 March 2021.

OTP BANK SERBIA

Performance of OTP Bank Serbia:

Main components of P&L account in HUF million	2020 1Q	2020 4Q	2021 1Q	Q/Q	Y/Y
After tax profit without the effect of adjustments	1,746	-3,076	6,773	-320%	288%
Income tax	73	-77	-586	658%	-902%
Profit before income tax	1,673	-2,999	7,359	-345%	340%
Operating profit	8,374	9,537	9,953	4%	19%
Total income	18,911	21,158	20,508	-3%	8%
Net interest income	14,383	15,779	15,730	0%	9%
Net fees and commissions	3,710	4,052	3,336	-18%	-10%
Other net non-interest income	818	1,326	1,442	9%	76%
Operating expenses	-10,537	-11,621	-10,555	-9%	0%
Total provisions	-6,701	-12,536	-2,593	-79%	-61%
Provision for impairment on loan and placement losses	-6,505	-9,641	-2,341	-76%	-64%
Other provision	-196	-2,895	-253	-91%	29%
Main components of balance sheet closing balances in HUF million	2020 1Q	2020 4Q	2021 1Q	Q/Q	Y/Y
Total assets	1,830,048	2,052,332	2,048,165	0%	12%
Gross customer loans	1,332,832	1,539,738	1,551,658	1%	16%
Gross customer loans (FX-adjusted)	1,348,672	1,532,525	1,551,658	1%	15%
Stage 1+2 customer loans (FX-adjusted)	1,316,323	1,492,734	1,507,619	1%	15%
Retail loans	611,462	705,602	719,241	2%	18%
Corporate loans	622,358	700,843	703,620	0%	13%
Leasing	82,503	86,288	84,758	-2%	3%
Allowances for possible loan losses	-27,342	-43,597	-45,370	4%	66%
Allowances for possible loan losses (FX-adjusted)	-27,633	-43,364	-45,370	5%	64%
Deposits from customers	992,714	1,147,712	1,151,311	0%	16%
Deposits from customers (FX-adjusted)	1,001,768	1,143,133	1,151,311	1%	15%
Retail deposits	602,936	674,040	683,521	1%	13%
Corporate deposits	398,831	469,093	467,790	0%	17%
Liabilities to credit institutions	497,002	548,354	541,349	-1%	9%
Total shareholders' equity	268,839	273,046	277,061	1%	3%
Loan Quality	2020 1Q	2020 4Q	2021 1Q	Q/Q	Y/Y
Stage 1 loan volume under IFRS 9 (in HUF million)	1,201,746	1,367,313	1,369,960	0%	14%
Stage 1 loans under IFRS 9/gross customer loans	90.2%	88.8%	88.3%	-0.5%p	-1.9%p
Own coverage of Stage 1 loans under IFRS 9	0.6%	0.8%	0.8%	0.0%p	0.2%p
Stage 2 loan volume under IFRS 9 (in HUF million)	99,059	132,427	137,660	4%	39%
Stage 2 loans under IFRS 9/gross customer loans	7.4%	8.6%	8.9%	0.3%p	1.4%p
Own coverage of Stage 2 loans under IFRS 9	3.5%	8.5%	8.3%	-0.2%p	4.8%p
Stage 3 loan volume under IFRS 9 (in HUF million)	32,026	39,998	44,039	10%	38%
Stage 3 loans under IFRS 9/gross customer loans	2.4%	2.6%	2.8%	0.2%p	0.4%p
Own coverage of Stage 3 loans under IFRS 9	51.7%	53.6%	52.6%	-1.0%p	0.8%p
Provision for impairment on loan and placement losses/average gross loans	2.11%	2.53%	0.62%	-1.91%p	-1.49%p
90+ days past due loan volume (in HUF million)	22,762	22,697	30,300	33%	33%
90+ days past due loans/gross customer loans	1.7%	1.5%	2.0%	0.5%p	0.2%p
Performance Indicators	2020 1Q	2020 4Q	2021 1Q	Q/Q	Y/Y
ROA	0.4%	-0.6%	1.4%	2.0%p	0.9%p
ROE	2.7%	-4.5%	10.1%	14.5%p	7.3%p
Total income margin	4.46%	4.16%	4.11%	-0.05%p	-0.35%p
Net interest margin	3.39%	3.10%	3.15%	0.05%p	-0.24%p
Operating costs / Average assets	2.48%	2.28%	2.12%	-0.17%p	-0.37%p
Cost/income ratio	55.7%	54.9%	51.5%	-3.5%p	-4.2%p
Net loans to deposits (FX-adjusted)	132%	130%	131%	1%p	-1%p
FX rates (in HUF)	2020 1Q	2020 4Q	2021 1Q	Q/Q	Y/Y
HUF/RSD (closing)	3.1	3.1	3.1	-1%	1%
HUF/RSD (average)	2.9	3.1	3.1	0%	7%

- ***After-tax profit hit HUF 6.8 billion in 1Q 2021, while credit risk cost fell by nearly 80% q-o-q***
- ***The two banks' integration was successfully completed on 30 April***
- ***Cost efficiency indicators signify meaningful q-o-q and y-o-y improvement***
- ***The FX-adjusted volume of performing (Stage1+2) loans q-o-q stagnated but grew by 15% y-o-y***

The **Serbian banking group** posted HUF 6.8 billion adjusted after-tax profit in 1Q 2021, as opposed to the HUF 3.1 billion loss made in 4Q 2020; it had nearly quadrupled the profit of the base period, 1Q 2020. This impressive improvement was largely the result of a massive fall in risk costs, in both terms (-79% q-o-q, -64% y-o-y).

Following the financial closure of the acquisition at the end of September 2019, the Serbian operation's combined market share by balance sheet total jumped to 13.4% on pro forma basis (No.2). However, it is market leader in terms of net customer loans and receivables, based on the most recently available data, of end-December 2020.

The integration of the bank that was acquired in 2019 was successfully completed on 30 April. The total network of Serbian branches has contracted by 23 units (-10%) since the end of September 2019. The number of employees dropped by 27 q-o-q, and by 194 (-6%) y-o-y.

Both the deposit base and the performing loan volume (Stage 1+2) grew by double-digit rates y-o-y but stagnated q-o-q. This left the Serbian bank's net loan/deposit ratio near 130%.

All loan segments grew y-o-y: on top of consumer loans (+19%), and mortgage loans (+16%), corporate loans, which make up nearly half of the performing (Stage 1+2) portfolio, expanded by 13% y-o-y (FX-adjusted). The volume of new loan disbursements lagged behind the seasonally stronger 4Q period in all segments q-o-q, but the amount of new mortgage loan disbursements has doubled y-o-y. Consumer loan disbursements were 9% less than in the same period of 2020.

The change in after-tax profit was basically shaped by the size of risk costs. The volume of total risk costs fell sharply both q-o-q and y-o-y (1Q 2021: HUF 2.6 billion, 4Q: HUF 12.5 billion, 1Q 2020: HUF 6.7 billion). As a result, credit risk cost ratio dropped to 0.62% in the quarter (from 2.53% in 4Q 2020, and 2.11% in 1Q 2020).

In 1Q 2021, total income surged by 8% y-o-y. Net interest income grew by 9% y-o-y, while the volume of Stage 1+2 loans expanded by 15%, and net interest margin eroded (1Q 2021: 3.15%, -24 bps y-o-y) owing to the lower interest environment. In the first quarter, net fees and commissions contracted by 10% y-o-y.

Operating expenses were at the same level as a year earlier; the q-o-q 9% saving was largely caused by seasonality. This improved the bank's cost/income ratio by 3.5 pps, to 51.5% in the first quarter.

As regards loan quality, the ratio of Stage 3 loans in the whole portfolio rose by 0.2 pp q-o-q, to 2.8%; their coverage slightly dropped. The volume of DPD90+ loans grew by HUF 5.5 billion in the first quarter (FX-adjusted, without sales/write-offs). In this quarter, HUF 1.2 billion non-performing loans were sold/written off (FX-adjusted).

In Serbia, borrowers could apply for the third cycle of the loan moratorium until the end of April 2021; the moratorium lasts no longer than six months from the date of entrance.

SKB BANKA (SLOVENIA)

Performance of SKB Banka (Slovenia):

Main components of P&L account in HUF mn	1Q 2020	4Q 2020	1Q 2021	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	81	2,028	3,063	51%	
Income tax	-909	-593	-701	18%	-23%
Profit before income tax	990	2,620	3,764	44%	280%
Operating profit	4,434	5,594	3,854	-31%	-13%
Total income	10,139	10,443	10,083	-3%	-1%
Net interest income	6,968	7,086	6,873	-3%	-1%
Net fees and commissions	2,778	2,845	2,948	4%	6%
Other net non-interest income	393	512	262	-49%	-33%
Operating expenses	-5,705	-4,849	-6,229	28%	9%
Total provisions	-3,444	-2,974	-90	-97%	-97%
Provision for impairment on loan and placement losses	-3,583	-2,522	-138	-95%	-96%
Other provision	139	-452	47		-66%
Main components of balance sheet closing balances in HUF mn	**1Q 2020**	**4Q 2020**	**1Q 2021**	**Q-o-Q**	**Y-o-Y**
Total assets	1,287,889	1,353,772	1,370,263	1%	6%
Gross customer loans	934,112	909,439	923,891	2%	-1%
Gross customer loans (FX-adjusted)	945,909	905,839	923,891	2%	-2%
Stage 1+2 customer loans (FX-adjusted)	934,991	892,057	907,973	2%	-3%
Retail loans	499,255	500,166	450,135	-10%	-10%
Corporate loans	262,952	226,751	293,769	30%	12%
Leasing	172,784	165,140	164,069	-1%	-5%
Allowances for possible loan losses	-9,200	-14,876	-15,966	7%	74%
Allowances for possible loan losses (FX-adjusted)	-9,314	-14,816	-15,966	8%	71%
Deposits from customers	1,007,650	1,136,666	1,153,036	1%	14%
Deposits from customers (FX-adjusted)	1,019,147	1,132,827	1,153,036	2%	13%
Retail deposits	865,217	970,016	887,386	-9%	3%
Corporate deposits	153,930	162,811	265,650	63%	73%
Liabilities to credit institutions	84,229	29,524	22,982	-22%	-73%
Total shareholders' equity	151,022	166,124	166,982	1%	11%
Loan Quality	**1Q 2020**	**4Q 2020**	**1Q 2021**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	898,225	753,584	767,167	2%	-15%
Stage 1 loans under IFRS 9/gross customer loans	96.2%	82.9%	83.0%	0.2%p	-13.1%p
Own coverage of Stage 1 loans under IFRS 9	0.5%	0.5%	0.5%	0.0%p	0.0%p
Stage 2 loan volume under IFRS 9 (in HUF million)	25,097	142,015	140,806	-1%	461%
Stage 2 loans under IFRS 9/gross customer loans	2.7%	15.6%	15.2%	-0.4%p	12.6%p
Own coverage of Stage 2 loans under IFRS 9	11.4%	4.3%	4.3%	-0.1%p	-7.1%p
Stage 3 loan volume under IFRS 9 (in HUF million)	10,790	13,840	15,918	15%	48%
Stage 3 loans under IFRS 9/gross customer loans	1.2%	1.5%	1.7%	0.2%p	0.6%p
Own coverage of Stage 3 loans under IFRS 9	17.5%	36.3%	40.2%	3.9%p	22.7%p
Provision for impairment on loan and placement losses/average gross loans	1.64%	1.10%	0.06%	-1.04%p	-1.58%p
90+ days past due loan volume (in HUF million)	5,460	3,620	3,996	10%	-27%
90+ days past due loans/gross customer loans	0.6%	0.4%	0.4%	0.0%p	-0.2%p
Performance Indicators	**1Q 2020**	**4Q 2020**	**1Q 2021**	**Q-o-Q**	**Y-o-Y**
ROA	0.0%	0.6%	0.9%	0.3%p	0.9%p
ROE	0.2%	4.9%	7.5%	2.6%p	7.3%p
Total income margin	3.43%	3.08%	3.02%	-0.06%p	-0.41%p
Net interest margin	2.36%	2.09%	2.06%	-0.03%p	-0.30%p
Operating costs / Average assets	1.93%	1.43%	1.86%	0.43%p	-0.07%p
Cost/income ratio	56.3%	46.4%	61.8%	15.3%p	5.5%p
Net loans to deposits (FX-adjusted)	92%	79%	79%	0%p	-13%p
FX rates (in HUF)	**1Q 2020**	**4Q 2020**	**1Q 2021**	**Q-o-Q**	**Y-o-Y**
HUF/EUR (closing)	359.1	365.1	363.7	0%	1%
HUF/EUR (average)	338.9	360.5	361.3	0%	7%

OTP Group's **Slovenian subsidiary** posted HUF 3.1 billion after-tax profit in the first quarter of 2021. The first-quarter ROE was at 7.5%.

The 31% q-o-q fall in the first-quarter operating income was a result of a 3% drop in total income, and a 28% jump in operating expenses.

Net interest income declined by 3% q-o-q and 1% y-o-y (by 7% in local currency). The 30 bps y-o-y drop in net interest margin can mainly be put down to the extra liquidity, which increased owing to the strong deposit volumes, because they led to higher interbank placement and securities volumes, on which the average interest rate has significantly decreased. The q-o-q 4% increase in net fees and commissions stems from the accrual of a single large income in the first quarter of 2021.

The 28% q-o-q jump in operating expenses was caused by the higher personnel expenses and fees paid to supervisory authorities (HUF 0.7 billion for the Deposit Insurance Fund, and to HUF 0.5 billion to the Resolution Fund). While the fees payable to supervisory authorities were last year accrued in January, May, and June, in 2021 they were fixed as a single amount in the first quarter, based on the payment made in the previous year (the total amount is HUF 1.0 billion).

At the end of 1Q 2021, the ratio of Stage 3 loans rose to 1.7% (+0.2 pp q-o-q, +0.6 pp y-o-y). The own provision coverage ratio of Stage 3 loans has increased both q-o-q and y-o-y, to 40.2%.[5] In the first quarter, the volume of DPD90+ loans grew by HUF 0.5 billion (FX-adjusted, without sales and write-offs).

In 1Q 2021, the FX-adjusted volume of Stage 1+2 loans upped 2% q-o-q, including a 10% fall in the retail segment, and a 30% jump in corporate loans. One reason for the increase in corporate loans was that 2/3 part of the MSE stock (customers those with a pre-defined annual income) were reclassified into the corporate segment; quarterly changes of dynamics of these segments are mainly explained by this reclassification. In the first quarter, disbursement dynamics improved q-o-q in all segments except mortgage loans.

The FX-adjusted deposit book expanded by 13% y-o-y and 2% q-o-q. The net loan/deposit ratio stood at 79% at the end of the quarter (-13 pps y-o-y).

[5] The Stage 3 ratio and coverage are much below the Group average because Stage 3 loans were netted with provisions upon the Slovenian bank's consolidation.

OTP BANK ROMANIA

Performance of OTP Bank Romania:

Main components of P&L account in HUF million	1Q 2020	4Q 2020	1Q 2021	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	-909	-1,217	529	-143%	-158%
Income tax	511	175	-365	-309%	-171%
Profit before income tax	-1,420	-1,392	894	-164%	-163%
Operating profit	2,567	1,976	612	-69%	-76%
Total income	10,379	11,304	10,931	-3%	5%
Net interest income	8,073	8,458	8,325	-2%	3%
Net fees and commissions	891	1,089	994	-9%	11%
Other net non-interest income	1,415	1,756	1,612	-8%	14%
Operating expenses	-7,812	-9,328	-10,319	11%	32%
Total provisions	-3,987	-3,368	282	-108%	-107%
Provision for impairment on loan and placement losses	-4,110	-2,835	-1,423	-50%	-65%
Other provision	123	-533	1,705	-420%	
Main components of balance sheet closing balances in HUF million	**1Q 2020**	**4Q 2020**	**1Q 2021**	**Q-o-Q**	**Y-o-Y**
Total assets	1,026,027	1,162,183	1,206,285	4%	18%
Gross customer loans	786,657	861,393	878,228	2%	12%
Gross customer loans (FX-adjusted)	784,803	851,023	878,228	3%	12%
Stage 1+2 customer loans (FX-adjusted)	728,587	795,643	824,476	4%	13%
Retail loans	495,356	545,027	564,342	4%	14%
Corporate loans	200,761	213,269	220,096	3%	10%
Leasing	32,469	37,347	40,038	7%	23%
Allowances for possible loan losses	-46,359	-48,174	-47,411	-2%	2%
Allowances for possible loan losses (FX-adjusted)	-46,114	-47,547	-47,411	0%	3%
Deposits from customers	572,041	710,047	746,621	5%	31%
Deposits from customers (FX-adjusted)	570,168	703,511	746,621	6%	31%
Retail deposits	439,420	502,344	550,185	10%	25%
Corporate deposits	130,748	201,167	196,436	-2%	50%
Liabilities to credit institutions	293,177	284,173	273,896	-4%	-7%
Total shareholders' equity	122,118	127,238	144,436	14%	18%
Loan Quality	**1Q 2020**	**4Q 2020**	**1Q 2021**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	649,901	690,664	723,717	5%	11%
Stage 1 loans under IFRS 9/gross customer loans	82.6%	80.2%	82.4%	2.2%p	-0.2%p
Own coverage of Stage 1 loans under IFRS 9	1.6%	1.0%	1.0%	0.0%p	-0.6%p
Stage 2 loan volume under IFRS 9 (in HUF million)	80,294	114,615	100,759	-12%	25%
Stage 2 loans under IFRS 9/gross customer loans	10.2%	13.3%	11.5%	-1.8%p	1.3%p
Own coverage of Stage 2 loans under IFRS 9	7.0%	9.0%	9.9%	0.8%p	2.9%p
Stage 3 loan volume under IFRS 9 (in HUF million)	56,462	56,113	53,752	-4%	-5%
Stage 3 loans under IFRS 9/gross customer loans	7.2%	6.5%	6.1%	-0.4%p	-1.1%p
Own coverage of Stage 3 loans under IFRS 9	53.7%	54.6%	56.0%	1.4%p	2.4%p
Provision for impairment on loan and placement losses/average gross loans	2.25%	1.33%	0.67%	-0.65%	-1.58%
90+ days past due loan volume (in HUF million)	37,501	38,713	35,229	-9%	-6%
90+ days past due loans/gross customer loans	4.8%	4.5%	4.0%	-0.5%p	-0.8%p
Performance Indicators	**1Q 2020**	**4Q 2020**	**1Q 2021**	**Q-o-Q**	**Y-o-Y**
ROA	-0.4%	-0.4%	0.2%	0.6%p	0.6%p
ROE	-3.1%	-3.8%	1.7%	5.5%p	4.7%p
Total income margin	4.27%	3.97%	3.75%	-0.21%p	-0.51%p
Net interest margin	3.32%	2.97%	2.86%	-0.11%p	-0.46%p
Operating costs / Average assets	3.21%	3.27%	3.54%	0.27%p	0.33%p
Cost/income ratio	75.3%	82.5%	94.4%	11.9%p	19.1%p
Net loans to deposits (FX-adjusted)	130%	114%	111%	-3%p	-18%p
FX rates (in HUF)	**1Q 2020**	**4Q 2020**	**1Q 2021**	**Q-o-Q**	**Y-o-Y**
HUF/RON (closing)	74.4	75.0	73.8	-2%	-1%
HUF/RON (average)	70.6	74.0	74.1	0%	5%

OTP Bank Romania posted HUF 0.5 billion profit in 1Q 2021.

Operating profit declined both q-o-q and y-o-y, largely because of the higher operating expenses.

Net interest income grew by 3% y-o-y in HUF, and slightly dropped in local currency. The y-o-y dynamics was supported by the vigorous growth in performing (Stage 1+2) loan volumes (+13% y-o-y), while net interest margin shrank by 46 bps y-o-y (-11 bps q-o-q). The q-o-q decline in the margin was caused by the drop in average interests on the asset side. Net fees and commissions fell by 9% q-o-q, owing to the smaller business activity, caused by seasonality.

Operating expenses grew both y-o-y and q-o-q. In part, the y-o-y higher costs stemmed from the growth strategy launched in 2019: the increase in personnel expenses was partly the result of the 12% y-o-y growth in average headcount. Another important reason for higher costs is that, just like in 2020, the full annual fee (HUF 1.5 billion) payable to the Deposit Protection Fund was accrued in the first quarter; it was 76% higher than the fee in 1Q 2020.

With regard to loan quality, the volume of 90 days past due loans (FX-adjusted, without sales/write-offs) dropped by HUF 2 billion in 1Q. The ratio of Stage 2 loans fell by 1.8 pps in the quarter, owing to a change in the classification methodology.

At the end of 1Q, the own coverage of Stage 2 loans stood at 9.9% (+2.9 pps y-o-y, +0.8 pp q-o-q). The ratio of Stage 3 loans amounted to 6.1% of gross loans (-1.1 pps y-o-y, -0.4 pp q-o-q). The own coverage of Stage 3 loans stood at 56.0% at the end of 1Q (+2.4 pps y-o-y, +1.4 pps q-o-q).

In the first quarter, total risk cost amounted to +HUF 0.3 billion, owing to lower credit risk costs than in the base periods and the release of other provisions.

As to business activity, the placement of new cash loans surged by 37% y-o-y and 58% q-o-q in the first quarter. Mortgage loan placements grew by 17% y-o-y but declined 7% q-o-q. The performing (Stage 1+2) retail loan book increased by 14% y-o-y (+4% q-o-q), and corporate loans expanded by 10% y-o-y and 3% q-o-q (FX-adjusted).

As a result of the successful deposit-taking (+6% q-o-q, +31% y-o-y; FX-adjusted), the net loan/deposit ratio sank by 18 pps y-o-y, to 111% (-3 pps q-o-q).

The q-o-q 14% increase in shareholders' equity was largely the result of the RON 250 million (nearly HUF 18 billion) capital increase by the parent bank in the first quarter of 2021.

OTP BANK UKRAINE

Performance of OTP Bank Ukraine:

Main components of P&L account in HUF million	2020 1Q	2020 4Q	2021 1Q	Q/Q	Y/Y
After tax profit without the effect of adjustments	6,658	4,471	8,835	98%	33%
Income tax	-1,519	-849	-1,833	116%	21%
Profit before income tax	8,177	5,320	10,669	101%	30%
Operating profit	12,001	10,631	10,911	3%	-9%
Total income	18,475	17,096	17,199	1%	-7%
Net interest income	13,346	12,309	12,877	5%	-4%
Net fees and commissions	3,595	3,359	3,243	-3%	-10%
Other net non-interest income	1,533	1,428	1,079	-24%	-30%
Operating expenses	-6,473	-6,465	-6,288	-3%	-3%
Total provisions	-3,824	-5,311	-243	-95%	-94%
Provision for impairment on loan and placement losses	-3,159	-2,758	186		-106%
Other provision	-666	-2,553	-428	-83%	-36%
Main components of balance sheet closing balances in HUF million	**2020 1Q**	**2020 4Q**	**2021 1Q**	**Q/Q**	**Y/Y**
Total assets	694,535	729,012	809,533	11%	17%
Gross customer loans	484,823	443,031	476,385	8%	-2%
Gross customer loans (FX-adjusted)	456,239	464,577	476,385	3%	4%
Stage 1 + 2 customer loans (FX-adjusted)	380,439	416,073	429,993	3%	13%
Retail loans	80,810	84,477	87,095	3%	8%
Corporate loans	190,127	214,503	216,553	1%	14%
Leasing	109,502	117,093	126,345	8%	15%
Allowances for possible loan losses	-72,351	-46,200	-46,923	2%	-35%
Allowances for possible loan losses (FX-adjusted)	-67,624	-48,637	-46,923	-4%	-31%
Deposits from customers	449,647	493,884	539,172	9%	20%
Deposits from customers (FX-adjusted)	423,135	517,271	539,172	4%	27%
Retail deposits	192,523	232,185	238,938	3%	24%
Corporate deposits	230,612	285,086	300,234	5%	30%
Liabilities to credit institutions	102,812	91,059	95,512	5%	-7%
Total shareholders' equity	109,241	117,071	133,574	14%	22%
Loan Quality	**2020 1Q**	**2020 4Q**	**2021 1Q**	**Q/Q**	**Y/Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	345,665	365,266	394,204	8%	14%
Stage 1 loans under IFRS 9/gross customer loans	71.3%	82.4%	82.7%	0.3%p	11.5%p
Own coverage of Stage 1 loans under IFRS 9	1.0%	1.9%	1.9%	0.0%p	0.8%p
Stage 2 loan volume under IFRS 9 (in HUF million)	58,060	31,726	35,789	13%	-38%
Stage 2 loans under IFRS 9/gross customer loans	12.0%	7.2%	7.5%	0.4%p	-4.5%p
Own coverage of Stage 2 loans under IFRS 9	9.0%	15.9%	15.9%	0.0%p	6.8%p
Stage 3 loan volume under IFRS 9 (in HUF million)	81,097	46,039	46,392	1%	-43%
Stage 3 loans under IFRS 9/gross customer loans	16.7%	10.4%	9.7%	-0.7%p	-7.0%p
Own coverage of Stage 3 loans under IFRS 9	78.4%	74.3%	73.0%	-1.3%p	-5.4%p
Provision for impairment on loan and placement losses/average gross loans	2.76%	2.44%	-0.17%	-2.60%p	-2.92%p
90+ days past due loan volume (in HUF million)	51,468	28,401	28,062	-1%	-45%
90+ days past due loans/gross customer loans	10.6%	6.4%	5.9%	-0.5%p	-4.7%p
Performance Indicators (%)	**2020 1Q**	**2020 4Q**	**2021 1Q**	**Q/Q**	**Y/Y**
ROA	4.0%	2.5%	4.7%	2.3%p	0.8%p
ROE	24.0%	14.9%	29.1%	14.2%p	5.0%p
Total income margin	11.01%	9.38%	9.23%	-0.15%p	-1.78%p
Net interest margin	7.95%	6.76%	6.91%	0.15%p	-1.04%p
Operating costs / Average assets	3.86%	3.55%	3.37%	-0.17%p	-0.48%p
Cost/income ratio	35.0%	37.8%	36.6%	-1.3%p	1.5%p
Net loans to deposits (FX-adjusted)	92%	80%	80%	-1%p	-12%p
FX rates (in HUF)	**2020 1Q**	**2020 4Q**	**2021 1Q**	**Q/Q**	**Y/Y**
HUF/UAH (closing)	11.9	10.5	11.1	6%	-6%
HUF/UAH (average)	12.3	10.7	10.7	0%	-12%

OTP Bank Ukraine's financial figures in HUF terms were affected by the HUF/UAH exchange rate moves: the hryvnia depreciated by 6% y-o-y but firmed 6% q-o-q by the end of 1Q 2021. In the first quarter, the average exchange rate weakened by 12% y-o-y but stagnated q-o-q. Therefore, the balance sheet and P&L dynamics in HUF terms differ from the ones expressed in local currency.

OTP Bank Ukraine made HUF 8.8 billion profit after tax in 1Q 2021; in local currency, this is consistent with about 50% y-o-y growth, and nearly doubling profit q-o-q. The significant improvement was mainly caused by a slump in risk costs in both terms. This first-quarter profit, compared with average equity, resulted in 29% ROE.

In the first quarter, the disbursement of POS loans seasonally contracted (-34%), but that of cash loans (+23%) remained strong compared to the previous quarter. Following a steep rise in 4Q, corporate loan disbursement fell by 76% q-o-q in 1Q. Performing (Stage 1+2) loans grew by 13% y-o-y and 3% q-o-q. Performing retail loans rose by 3%, corporate loans upped by 1%, while leasing exposures increased by 8% q-o-q.

While loan volumes increased, the Ukrainian operation's liquidity position remained stable in 1Q; the net loan/deposit ratio remained steady at 80% q-o-q. Deposits grew by an FX-adjusted 4% q-o-q.

In local currency, the 1Q 2021 operating profit increased by 4% y-o-y and 2% q-o-q. In UAH terms, total income stagnated q-o-q; within that, the 4% rise in net interest income was offset by a similar decline in net fees and commissions, and a 25% contraction in other net non-interest income.

In a positive development, the sharply falling trend of the recent quarters was followed by q-o-q improvement in net interest margin in both 4Q 2020 and 1Q 2021 (the latter upped 15 bps, to 6.91%), owing to a further decline in interest on UAH deposits. At the beginning of March 2021, the base rate was raised by 50 bps, to 6.5%, followed by another 100 bps hike on 18 April.

In the first quarter, operating expenses dropped by 3% q-o-q in UAH, largely because material expenses fell by 24%, while wage costs grew by 11%.

In 1Q 2021, total risk cost was a mere -HUF 0.2 billion; within that, part of the provisions for loan losses was written back. Base effect played a role in the q-o-q significant decline: the -HUF 5.3 billion risk costs in the fourth quarter of 2020 can be largely put down to the revision of the IFRS 9 model parameters.

As to loan quality, the volume of 90 days past due loans inched up minimally, by HUF 0.7 billion (FX-adjusted, without sales/write-offs) in the first quarter. In 1Q, HUF 2.5 billion non-performing loans were sold/written off (FX-adjusted). This was one reason why Stage 3 loans' share in the total portfolio declined by 0.7 pp q-o-q and 7.0 pps y-o-y, to 9.7%. In the first three months of the year, the own provision coverage of Stage 3 loans dropped by 1.3 pps, to 73%. The own provision coverage of Stage 1 and Stage 2 loans were stable q-o-q.

OTP BANK RUSSIA

Performance of OTP Bank Russia

Main components of P&L account in HUF million	2020 1Q	2020 4Q	2021 1Q	Q/Q	Y/Y
After tax profit without the effect of adjustments	-3,556	4,391	8,005	82%	
Income tax	725	-1,286	-2,211	72%	
Profit before income tax	-4,281	5,677	10,216	80%	
Operating profit	19,739	13,877	13,504	-3%	-32%
Total income	36,414	27,762	27,871	0%	-23%
Net interest income	29,577	21,657	21,805	1%	-26%
Net fees and commissions	7,418	5,394	5,889	9%	-21%
Other net non-interest income	-581	711	177	-75%	-130%
Operating expenses	-16,676	-13,885	-14,366	3%	-14%
Total provisions	-24,020	-8,200	-3,288	-60%	-86%
Provision for impairment on loan and placement losses	-23,628	-7,019	-2,976	-58%	-87%
Other provision	-392	-1,182	-313	-74%	-20%
Main components of balance sheet closing balances in HUF million	**2020 1Q**	**2020 4Q**	**2021 1Q**	**Q/Q**	**Y/Y**
Total assets	803,121	688,980	688,438	0%	-14%
Gross customer loans	682,103	597,849	617,867	3%	-9%
Gross customer loans (FX-adjusted)	670,181	618,826	617,867	0%	-8%
Stage 1+2 customer loans (FX-adjusted)	576,349	532,531	526,845	-1%	-9%
Retail loans	510,230	458,644	453,676	-1%	-11%
Corporate loans	66,118	73,888	73,169	-1%	11%
Allowances for possible loan losses	-156,974	-127,598	-134,988	6%	-14%
Allowances for possible loan losses (FX-adjusted)	-154,218	-132,038	-134,988	2%	-12%
Deposits from customers	420,016	350,608	342,655	-2%	-18%
Deposits from customers (FX-adjusted)	412,341	362,639	342,655	-6%	-17%
Retail deposits	307,215	298,073	275,488	-8%	-10%
Corporate deposits	105,126	64,567	67,166	4%	-36%
Liabilities to credit institutions	133,857	90,852	101,832	12%	-24%
Total shareholders' equity	171,789	183,402	197,907	8%	15%
Loan Quality	**2020 1Q**	**2020 4Q**	**2021 1Q**	**Q/Q**	**Y/Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	496,160	447,094	460,011	3%	-7%
Stage 1 loans under IFRS 9/gross customer loans	72.7%	74.8%	74.5%	-0.3%p	1.7%p
Own coverage of Stage 1 loans under IFRS 9	7.6%	4.6%	4.7%	0.1%p	-2.9%p
Stage 2 loan volume under IFRS 9 (in HUF million)	90,431	67,394	66,834	-1%	-26%
Stage 2 loans under IFRS 9/gross customer loans	13.3%	11.3%	10.8%	-0.5%p	-2.4%p
Own coverage of Stage 2 loans under IFRS 9	31.7%	43.1%	41.7%	-1.3%p	10.0%p
Stage 3 loan volume under IFRS 9 (in HUF million)	95,512	83,361	91,023	9%	-5%
Stage 3 loans under IFRS 9/gross customer loans	14.0%	13.9%	14.7%	0.8%p	0.7%p
Own coverage of Stage 3 loans under IFRS 9	94.8%	93.4%	93.8%	0.4%p	-1.1%p
Provision for impairment on loan and placement losses/average gross loans	12.58%	4.77%	2.02%	-2.76%p	-10.57%p
90+ days past due loan volume (in HUF million)	95,129	77,929	86,560	11%	-9%
90+ days past due loans/gross customer loans	13.9%	13.0%	14.0%	1.0%p	0.1%p
Performance Indicators	**2020 1Q**	**2020 4Q**	**2021 1Q**	**Q/Q**	**Y/Y**
ROA	-1.6%	2.5%	4.8%	2.3%p	6.4%p
ROE	-7.2%	9.6%	17.3%	7.7%p	24.6%p
Total income margin	16.29%	15.96%	16.74%	0.78%p	0.45%p
Net interest margin	13.23%	12.45%	13.10%	0.65%p	-0.13%p
Operating costs / Average assets	7.46%	7.98%	8.63%	0.65%p	1.17%p
Cost/income ratio	45.8%	50.0%	51.5%	1.5%p	5.8%p
Net loans to deposits (FX-adjusted)	125%	134%	141%	7%p	16%p
FX rates (in HUF)	**2020 1Q**	**2020 4Q**	**2021 1Q**	**Q/Q**	**Y/Y**
HUF/RUB (closing)	4.2	4.0	4.1	4%	-2%
HUF/RUB (average)	4.6	4.0	4.0	2%	-13%

OTP Bank Russia's financial figures in HUF terms were affected by the forint/rouble exchange rate's moves: in 1Q 2021, the rouble's closing exchange rate against the forint appreciated by 4% q-o-q, but weakened by 2% y-o-y. The Q1 average exchange rate also weakened y-o-y (-16%) but firmed 2% q-o-q. Therefore the balance sheet and the P&L dynamics in HUF terms differ from the ones expressed in local currency.

OTP Bank Russia generated HUF 8 billon profit in 1Q 2021, which was 79% higher than in the previous quarter in local currency. The better profit was caused by a slump in total risk costs (-61% q-o-q in RUB), while operating profit dropped by 4%.

Following a 9% q-o-q rise in FX-adjusted performing (Stage 1+2) loan volumes in 4Q 2020, the loan book contracted by 1% q-o-q in the first quarter of 2021, bringing the y-o-y fall to 9%. In accordance with the usual seasonality, POS loan origination shrank by a third q-o-q in RUB, and that of consumer loans fell by 22%. In a favourable development, consumer loan disbursement in the reporting period was just 1% less than in the first quarter of 2020, which was barely hit by the Covid-19 pandemic. One reason for that was that within consumer loans, car financing has surged from a low base: the amount of new disbursements jumped sixfold, thus their volume has nearly tripled. The loan book of medium-sized and large corporates shrank by 1% q-o-q but expanded by 11% y-o-y.

Deposits from customers fell by 6% q-o-q, and 17% y-o-y (FX-adjusted). The FX-adjusted net loan/deposit ratio rose by 7 pps q-o-q, and by 16 pps y-o-y, to 141%.

In the first three months of 2021, total income dropped by 12% y-o-y in RUB; within that, net interest income sank by 15%, net fees and commissions declined by 9%, as the business volumes shrank because of the pandemic. In a positive development, total income margin improved by 45 bps y-o-y, and by 78 bps q-o-q. The drop in net interest margin has stopped: in the first quarter, it rebounded 65 bps, to 13.1%, largely because deposit rates dropped further, and the share of loans increased within the bank's total assets.

In 1Q 2021, total income in local currency declined by 1% q-o-q: the 1% decline in net interest income could not be offset by the 7% higher net fees and commissions, and other income also dropped q-o-q in the first quarter.

Operating expenses decreased by 1% y-o-y in local currency but upped 2% q-o-q. Non-interest expenses seasonally declined q-o-q owing to lower marketing, mailing, and communications costs, but this effect was counterbalanced by higher personnel costs, partly owing to regressive tax rates. The quarterly cost/income ratio upped 1.5 pps, to 51.5%.

In the first three months of 2021 total risk cost fell meaningfully both y-o-y and q-o-q, bringing down the credit risk cost ratio to 2%. In the first quarter, the own provision coverage of different Stages categories barely changed; that of Stage 3 loans inched up 0.4 pp, to 93.8%.

In the first quarter, the DPD90+ book grew by HUF 5.9 billion (FX-adjusted, without sales/write-offs), from HUF 3.7 billion in the previous quarter. Overall, the ratio of Stage 3 loans rose by 0.8 pp q-o-q, to 14.7%. A negligible amount of non-performing loans was sold/written off in 1Q.

CKB GROUP (MONTENEGRO)

Performance of CKB Group:

Main components of P&L account in HUF mn	1Q 2020	4Q 2020	1Q 2021	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	-235	1,835	2,022	10%	
Income tax	32	-53	-192	259%	
Profit before income tax	-267	1,888	2,214	17%	
Operating profit	1,940	2,426	2,259	-7%	16%
Total income	5,385	5,900	5,240	-11%	-3%
Net interest income	4,157	4,541	4,084	-10%	-2%
Net fees and commissions	1,113	1,160	980	-16%	-12%
Other net non-interest income	115	198	176	-11%	52%
Operating expenses	-3,446	-3,474	-2,981	-14%	-13%
Total provisions	-2,207	-537	-45	-92%	-98%
Provision for impairment on loan and placement losses	-2,103	-1,090	49		
Other provision	-104	553	-94		-9%
Main components of balance sheet closing balances in HUF mn	**1Q 2020**	**4Q 2020**	**1Q 2021**	**Q-o-Q**	**Y-o-Y**
Total assets	477,246	477,676	478,055	0%	0%
Gross customer loans	351,364	362,067	357,933	-1%	2%
Gross customer loans (FX-adjusted)	355,905	360,681	357,933	-1%	1%
Stage 1+2 customer loans (FX-adjusted)	330,848	334,653	330,336	-1%	0%
Retail loans	168,858	162,541	157,952	-3%	-6%
Corporate loans	161,990	172,112	172,384	0%	6%
Allowances for possible loan losses	-23,155	-24,510	-23,781	-3%	3%
Allowances for possible loan losses (FX-adjusted)	-23,454	-24,418	-23,781	-3%	1%
Deposits from customers	332,426	324,671	332,735	2%	0%
Deposits from customers (FX-adjusted)	336,099	323,887	332,735	3%	-1%
Retail deposits	215,192	212,622	212,577	0%	-1%
Corporate deposits	120,906	111,265	120,158	8%	-1%
Liabilities to credit institutions	53,423	58,967	49,513	-16%	-7%
Total shareholders' equity	71,766	76,556	78,573	3%	9%
Loan Quality	**1Q 2020**	**4Q 2020**	**1Q 2021**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	298,835	294,548	287,539	-2%	-4%
Stage 1 loans under IFRS 9/gross customer loans	85.0%	81.4%	80.3%	-1.0%p	-4.7%p
Own coverage of Stage 1 loans under IFRS 9	1.2%	1.3%	1.4%	0.0%p	0.2%p
Stage 2 loan volume under IFRS 9 (in HUF million)	27,792	41,390	42,797	3%	54%
Stage 2 loans under IFRS 9/gross customer loans	7.9%	11.4%	12.0%	0.5%p	4.0%p
Own coverage of Stage 2 loans under IFRS 9	8.9%	9.3%	7.6%	-1.7%p	-1.3%p
Stage 3 loan volume under IFRS 9 (in HUF million)	24,737	26,129	27,597	6%	12%
Stage 3 loans under IFRS 9/gross customer loans	7.0%	7.2%	7.7%	0.5%p	0.7%p
Own coverage of Stage 3 loans under IFRS 9	69.1%	63.9%	60.3%	-3.7%p	-8.8%p
Provision for impairment on loan and placement losses/average gross loans	2.56%	1.20%	-0.06%	-1.26%p	-2.62%p
90+ days past due loan volume (in HUF million)	18,488	17,538	17,135	-2%	-7%
90+ days past due loans/gross customer loans	5.3%	4.8%	4.8%	-0.1%p	-0.5%p
Performance Indicators	**1Q 2020**	**4Q 2020**	**1Q 2021**	**Q-o-Q**	**Y-o-Y**
ROA	-0.2%	1.5%	1.7%	0.2%p	1.9%p
ROE	-1.4%	9.8%	10.7%	0.9%p	12.1%p
Total income margin	4.71%	4.84%	4.46%	-0.38%p	-0.26%p
Net interest margin	3.64%	3.72%	3.47%	-0.25%p	-0.16%p
Operating costs / Average assets	3.02%	2.85%	2.54%	-0.31%p	-0.48%p
Cost/income ratio	64.0%	58.9%	56.9%	-2.0%p	-7.1%p
Net loans to deposits (FX-adjusted)	99%	104%	100%	-3%p	2%p
FX rates (in HUF)	**1Q 2020**	**4Q 2020**	**1Q 2021**	**Q-o-Q**	**Y-o-Y**
HUF/EUR (closing)	359.1	365.1	363.7	0%	1%
HUF/EUR (average)	338.9	360.5	361.3	0%	7%

The Montenegrin **CKB Group** posted HUF 2.0 billion profit in 1Q 2021 (+10% q-o-q).

The first-quarter operating profit declined by 9% y-o-y in local currency, owing to a 9% drop in total income, and 19% fall in operating expenses.

In the first quarter of 2021, the quarterly change in net interest income and net interest margin was negatively affected by a one-off technical effect relating to the merger (-13 bps).

Net fees and commissions dropped by 12% y-o-y because net income from card and cash transactions was lower than in the base period, amid lacklustre business activity.

On 11 December 2020, the Montenegrin Podgoricka banka AD Podgorica merged into Crnogorska komercijalna banka AD. The cost synergies have been beneficial ever since the integration began. The number of branches in Montenegro contracted by 14 units (-29%), and the headcount dropped by 183 workers (-27%) compared with the end of 3Q 2019, when Podgoricka banka AD Podgorica was acquired. Annual operating expenses fell by 19% y-o-y in local currency, while the cost/income ratio sank to 56.9% (-7.1 pps y-o-y). Operating expenses dropped by 14% q-o-q as personnel expenses, expert fees, and fees to supervisory authorities all fell.

In the first quarter, the volume of DPD90+ loans (FX-adjusted, without sales and write-offs) rose by HUF 0.3 billion. The DPD90+ ratio (4.8%) sank by 0.5 pp y-o-y and stagnated q-o-q, simultaneously with the sale/write-off of HUF 0.6 billion worth of non-performing loans in the first quarter. In 1Q 2021, the ratio of Stage 3 loans was 7.7% (+0.5 pp q-o-q, +0.7 pp y-o-y). The own provision coverage of Stage 3 loans sank to 60.3% (-3.7 pps q-o-q).

The performing (Stage 1+2) loan volume was stable y-o-y; within that, retail loans fell 6%, while corporate loans grew by 6%. In the first quarter, the loan disbursement dynamics deteriorated year-over-year in the key segments.

The FX-adjusted deposit book grew by 3% q-o-q, but fell 1% y-o-y. The net loan/deposit ratio stood at 100% (+2 pps y-o-y) at the end of the first quarter.

OTP BANK ALBANIA (ALBANIA)

Performance of OTP Bank Albania:

Main components of P&L account in HUF mn	1Q 2020	4Q 2020	1Q 2021	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	296	49	1,056		257%
Income tax	-11	-138	-171	24%	
Profit before income tax	307	188	1,227	554%	300%
Operating profit	1,546	1,356	1,548	14%	0%
Total income	2,875	2,902	3,037	5%	6%
Net interest income	2,333	2,482	2,408	-3%	3%
Net fees and commissions	298	320	402	25%	35%
Other net non-interest income	243	99	227	129%	-7%
Operating expenses	-1,329	-1,546	-1,488	-4%	12%
Total provisions	-1,240	-1,168	-321	-73%	-74%
Provision for impairment on loan and placement losses	-1,241	-400	-308	-23%	-75%
Other provision	1	-768	-13	-98%	
Main components of balance sheet closing balances in HUF mn	**1Q 2020**	**4Q 2020**	**1Q 2021**	**Q-o-Q**	**Y-o-Y**
Total assets	267,247	286,606	291,439	2%	9%
Gross customer loans	159,693	180,815	181,890	1%	14%
Gross customer loans (FX-adjusted)	164,457	180,796	181,890	1%	11%
Stage 1+2 customer loans (FX-adjusted)	160,593	175,310	175,947	0%	10%
Retail loans	72,776	81,001	81,395	0%	12%
Corporate loans	84,217	90,834	91,245	0%	8%
Leasing	3,601	3,476	3,307	-5%	-8%
Allowances for possible loan losses	-5,011	-8,089	-8,431	4%	68%
Allowances for possible loan losses (FX-adjusted)	-5,167	-8,082	-8,431	4%	63%
Deposits from customers	194,826	214,808	214,818	0%	10%
Deposits from customers (FX-adjusted)	201,781	214,793	214,818	0%	6%
Retail deposits	169,076	179,881	184,124	2%	9%
Corporate deposits	32,705	34,912	30,694	-12%	-6%
Liabilities to credit institutions	39,761	37,151	39,948	8%	0%
Total shareholders' equity	25,741	28,781	30,008	4%	17%
Loan Quality	**1Q 2020**	**4Q 2020**	**1Q 2021**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	142,326	143,701	144,577	1%	2%
Stage 1 loans under IFRS 9/gross customer loans	89.1%	79.5%	79.5%	0.0%p	-9.6%p
Own coverage of Stage 1 loans under IFRS 9	1.6%	1.3%	1.3%	0.0%p	-0.3%p
Stage 2 loan volume under IFRS 9 (in HUF million)	13,622	31,620	31,370	-1%	130%
Stage 2 loans under IFRS 9/gross customer loans	8.5%	17.5%	17.2%	-0.2%p	8.7%p
Own coverage of Stage 2 loans under IFRS 9	8.6%	10.4%	10.6%	0.1%p	2.0%p
Stage 3 loan volume under IFRS 9 (in HUF million)	3,745	5,494	5,943	8%	59%
Stage 3 loans under IFRS 9/gross customer loans	2.3%	3.0%	3.3%	0.2%p	0.9%p
Own coverage of Stage 3 loans under IFRS 9	43.7%	54.2%	55.4%	1.2%p	11.7%p
Provision for impairment on loan and placement losses/average gross loans	3.25%	0.92%	0.70%	-0.22%p	-2.55%p
90+ days past due loan volume (in HUF million)	2,986	3,984	3,207	-20%	7%
90+ days past due loans/gross customer loans	1.9%	2.2%	1.8%	-0.4%p	-0.1%p
Performance Indicators	**1Q 2020**	**4Q 2020**	**1Q 2021**	**Q-o-Q**	**Y-o-Y**
ROA	0.5%	0.1%	1.5%	1.4%p	1.0%p
ROE	4.5%	0.7%	14.8%	14.1%p	10.3%p
Total income margin	4.49%	4.14%	4.34%	0.20%p	-0.16%p
Net interest margin	3.65%	3.54%	3.44%	-0.10%p	-0.21%p
Operating costs / Average assets	2.08%	2.21%	2.13%	-0.08%p	0.05%p
Cost/income ratio	46.2%	53.3%	49.0%	-4.3%p	2.8%p
Net loans to deposits (FX-adjusted)	79%	80%	81%	0%p	2%p
FX rates (in HUF)	**1Q 2020**	**4Q 2020**	**1Q 2021**	**Q-o-Q**	**Y-o-Y**
HUF/ALL (closing)	2.8	3.0	3.0	0%	6%
HUF/ALL (average)	2.8	2.9	2.9	0%	6%

In the first quarter of 2021, **OTP Bank Albania** posted HUF 1.1 billion after-tax profit, which is consistent with 14.8% ROE.

The q-o-q 14% jump in Q1 operating profit was supported by a 5% rise in total income, and a 4% decline in operating expenses.

Net interest income dropped by 3% q-o-q but grew at that same rate in y-o-y. Net interest margin declined by 21 bps y-o-y, largely dragged down by a drop in average interest on financial assets and housing loans. The increase in net fees (+25% q-o-q and +35% y-o-y) stems from higher early repayment fees (the number of transactions was lower in the base period). The HUF 0.1 billion q-o-q increase in other net non-interest income was caused by a one-off item: the bank sold the real properties it used to own as collateral.

The 12% y-o-y increase in operating expenses is due to personnel expenses (the number of employees grew by 26 people y-o-y), higher amortization and marketing costs, as well as fees paid to supervisory authorities.

Total risk costs have dropped by three-quarters q-o-q and y-o-y. At the end of 1Q 2021, the ratio of Stage 3 was at 3.3% of gross loan volume (+0.2 pp q-o-q, +0.9 pp y-o-y). The own provision coverage of Stage 3 loans stood at 55.4%. In the first quarter, the stock of DPD90+ loans (FX-adjusted, without sales and write-offs) fell by HUF 0.8 billion.

The FX-adjusted volume of Stage 1+2 loans expanded by 10% y-o-y (stagnated q-o-q). Within that, retail loans grew by 12%, and corporate ones rose by 8%. In the first quarter, disbursement dynamics improved in all segments, in y-o-y comparison.

The FX-adjusted deposit book expanded by 6% y-o-y, and remained stable q-o-q. The net loan/deposit ratio stood at 81% at the end of the quarter (+2 pps y-o-y).

MOBIASBANCA (MOLDOVA)

Performance of Mobiasbanca:

Main components of P&L account in HUF mn	1Q 2020	4Q 2020	1Q 2021	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	468	1,150	1,456	27%	211%
Income tax	-16	-322	-156	-52%	879%
Profit before income tax	484	1,471	1,612	10%	233%
Operating profit	1,835	2,087	1,541	-26%	-16%
Total income	3,369	3,864	3,336	-14%	-1%
Net interest income	2,154	2,356	2,191	-7%	2%
Net fees and commissions	532	597	516	-14%	-3%
Other net non-interest income	683	911	629	-31%	-8%
Operating expenses	-1,534	-1,777	-1,795	1%	17%
Total provisions	-1,351	-616	71		
Provision for impairment on loan and placement losses	-1,309	-507	71		
Other provision	-42	-109	0		
Main components of balance sheet closing balances in HUF mn	**1Q 2020**	**4Q 2020**	**1Q 2021**	**Q-o-Q**	**Y-o-Y**
Total assets	226,543	249,921	248,299	-1%	10%
Gross customer loans	120,965	132,081	136,929	4%	13%
Gross customer loans (FX-adjusted)	117,461	131,875	136,929	4%	17%
Stage 1+2 customer loans (FX-adjusted)	115,864	127,928	132,953	4%	15%
Retail loans	60,137	68,533	70,845	3%	18%
Corporate loans	51,986	55,847	58,489	5%	13%
Leasing	3,741	3,548	3,620	2%	-3%
Allowances for possible loan losses	-3,250	-4,578	-4,382	-4%	35%
Allowances for possible loan losses (FX-adjusted)	-3,162	-4,567	-4,382	-4%	39%
Deposits from customers	173,406	203,176	192,123	-5%	11%
Deposits from customers (FX-adjusted)	169,036	203,483	192,123	-6%	14%
Retail deposits	118,720	133,503	133,563	0%	13%
Corporate deposits	50,316	69,980	58,560	-16%	16%
Liabilities to credit institutions	12,956	5,906	13,600	130%	5%
Total shareholders' equity	36,472	37,287	38,357	3%	5%
Loan Quality	**1Q 2020**	**4Q 2020**	**1Q 2021**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	115,641	121,459	125,235	3%	8%
Stage 1 loans under IFRS 9/gross customer loans	95.6%	92.0%	91.5%	-0.5%p	-4.1%p
Own coverage of Stage 1 loans under IFRS 9	1.2%	1.1%	0.9%	-0.2%p	-0.2%p
Stage 2 loan volume under IFRS 9 (in HUF million)	3,694	6,670	7,719	16%	109%
Stage 2 loans under IFRS 9/gross customer loans	3.1%	5.1%	5.6%	0.6%p	2.6%p
Own coverage of Stage 2 loans under IFRS 9	32.5%	19.5%	13.8%	-5.7%p	-18.7%p
Stage 3 loan volume under IFRS 9 (in HUF million)	1,630	3,952	3,975	1%	144%
Stage 3 loans under IFRS 9/gross customer loans	1.3%	3.0%	2.9%	-0.1%p	1.6%p
Own coverage of Stage 3 loans under IFRS 9	43.1%	48.0%	54.4%	6.4%p	11.3%p
Provision for impairment on loan and placement losses/average gross loans	4.80%	1.53%	-0.22%	-1.74%p	-5.02%p
90+ days past due loan volume (in HUF million)	1,502	2,109	2,121	1%	41%
90+ days past due loans/gross customer loans	1.2%	1.6%	1.5%	0.0%p	0.3%p
Performance Indicators	**1Q 2020**	**4Q 2020**	**1Q 2021**	**Q-o-Q**	**Y-o-Y**
ROA	0.9%	1.8%	2.4%	0.6%p	1.5%p
ROE	5.3%	11.9%	15.7%	3.7%p	10.4%p
Total income margin	6.24%	6.12%	5.51%	-0.60%p	-0.72%p
Net interest margin	3.99%	3.73%	3.62%	-0.11%p	-0.37%p
Operating costs / Average assets	2.84%	2.81%	2.97%	0.15%p	0.13%p
Cost/income ratio	45.5%	46.0%	53.8%	7.8%p	8.3%p
Net loans to deposits (FX-adjusted)	68%	63%	69%	6%p	1%p
FX rates (in HUF)	**1Q 2020**	**4Q 2020**	**1Q 2021**	**Q-o-Q**	**Y-o-Y**
HUF/MDL (closing)	18.0	17.3	17.2	0%	-4%
HUF/MDL (average)	17.5	17.7	17.1	-3%	-2%

In the first quarter of 2021, **Mobiasbanca** contributed to OTP Group's performance by HUF 1.5 billion profit, significantly improving both q-o-q and y-o-y. In the first quarter, ROE was at 15.7%.

In the first quarter, operating income fell by 26% q-o-q, as total income decreased by 14%, and operating expenses rose by 1%.

The 7% q-o-q drop in net interest income and the 11 bps decline in net interest margin (to 3.62%) was caused by a technical effect linked to the acquisition. The large corporate portfolio, which was classified as Stage 2 during the acquisition in 2019, has been reclassified as Stage 1. Accordingly, the related impairment difference was amortized in the interest income each month, in accordance with the IFRS methodology. The last amortization took place in December 2020, thus net interest income (-HUF 0.2 billion) and net interest margin both fell sharply q-o-q.

The 14% q-o-q erosion of net fees and commissions was a result of a seasonal drop in fees and commissions on deposits and transactions.

The q-o-q 31% fall in net non-interest income was caused by a seasonal effect.

The reason for the 17% y-o-y increase in operating expenses was higher personnel expenses (the headcount grew by 60 people y-o-y) as well as the fees paid to supervisory authorities (in 2021 it includes the Deposit Protection Fund, as well as the Resolution Fund established in 2020 (+HUF 0.2 billion)).

At the end of 1Q 2021, the ratio of Stage 3 loans remained at 2.9% q-o-q. The own provision coverage of Stage 3 loans stood at 54.4%.

In 1Q 2021, the FX-adjusted stock of Stage 1+2 loans expanded by 15% y-o-y. Within that, retail loans grew by 18% and corporate ones rose by 13%.

The FX-adjusted deposit book grew by 14% y-o-y, but contracted by 6% q-o-q. The net loan/deposit ratio stood at 69% at the end of the quarter (+6 pps q-o-q).

Based on balance sheet total, the market share of OTP's Moldovan operation stood at 13.7% at the end of March 2021. This ranks it the fourth largest bank in Moldova.

STAFF LEVEL AND OTHER INFORMATION

	31/12/2020				31/03/2021			
	Branches	ATM	POS	Headcount (closing)	Branches	ATM	POS	Headcount (closing)
OTP Core	**362**	**1,920**	**125,800**	**10,189**	**362**	**1,918**	**125,356**	**10,261**
DSK Group (Bulgaria)	334	1,094	14,329	5,619	313	1,075	14,712	5,562
OBH (Croatia)	124	488	11,037	2,228	116	488	10,430	2,198
OTP Bank Serbia	217	323	16,657	3,022	217	322	16,235	2,995
SKB Banka (Slovenia)	51	83	4,167	889	51	82	4,583	889
OTP Bank Romania	95	149	6,256	1,693	95	150	6,276	1,737
OTP Bank Ukraine (w/o employed agents)	86	161	402	2,313	86	160	274	2,299
OTP Bank Russia (w/o employed agents)	135	280	704	5,127	135	223	663	5,093
CKB Group (Montenegro)	34	115	6,421	514	34	115	6,402	504
OTP Bank Albania	38	80	0	447	38	82	0	454
Mobiasbanca (Moldova)	54	148	0	830	51	149	0	851
OTP Banka Slovensko (Slovakia)	0	0	0	0				
Foreign subsidiaries, total	**1,168**	**2,921**	**59,973**	**22,681**	**1,136**	**2,846**	**59,575**	**22,582**
Other Hungarian and foreign subsidiaries				557				574
OTP Group (w/o employed agents)				**33,427**				**33,418**
OTP Bank Russia - employed agents				4,402				4,192
OTP Bank Ukraine - employed agents				618				608
OTP Group (aggregated)	**1,530**	**4,841**	**185,773**	**38,447**	**1,498**	**4,764**	**184,931**	**38,217**

Definition of headcount number: closing, active FTE (full-time employee). The employee is considered as full-time employee in case his/her employment conditions regarding working hours are in line with a full time employment defined in the Labour Code in the reporting entity's country. Part-time employees are taken into account proportional to the full time working hours being effective in the reporting entity's country.

PERSONAL AND ORGANIZATIONAL CHANGES

On 12 March 2021, the labour contract of Mr. Tibor Johancsik, Deputy CEO in charge of IT had been terminated by mutual agreement. After the appointment into the deputy CEO position the new head of the IT Division (from 1 May 2021 operating as a Digital Division) is Mr. Péter Csányi who has been in charge of digital developments and sales until recently as managing director. Key task of the area in transition is going to be the efficient support of the Bank's digital transformation through further improving customer experience. The new strategy of the division is aimed at creating such an IT that has business competence, but also serving as a platform for other business areas while setting the pace of digitalization in accordance with the National Bank of Hungary's digital recommendations.

On 16 April 2016 the Board of Directors acting in the competency of the Annual General Meeting elected Ernst & Young Ltd. as the Bank's auditor concerning the audit of OTP Bank Plc.'s separate and consolidated annual financial statements in accordance with International Financial Reporting Standards for the year 2021, from 1 May 2021 until 30 April 2022.

On 16 April the Board of Directors acting in the competency of the Annual General Meeting, elects Dr. Tamás Gudra as member of the Supervisory Board (SB) and of Audit Committee (AC) of the Company until the Annual General Meeting of the Company closing the 2022 business year, but not later than 30 April 2023.

On 16 April 2021 the Board of Directors acting in the competency of the Annual General Meeting, elects
Dr. Sándor Csányi
Mr. Antal György Kovács
Mr. László Wolf
Mr. Tamás György Erdei
Mr. Mihály Baumstark
Dr. István Gresa
Dr. József Zoltán Vörös
Mr. Péter Csányi
Mrs. Gabriella Balogh
Mr. György Nagy
Dr. Gellért Márton Vági

as members of the Board of Directors (BoD) of the Company until the Annual General Meeting of the Company closing the 2025 business year, but not later than 30 April 2026.

On 16 April 2021, Dr. Sándor Csányi was elected as Chairman of the Bank's Board of Directors and in accordance with subsection 4 of section 9 of the Articles of Association of the Company as Chief Executive Officer (Chairman & CEO).

Dr. Sándor Csányi performs his duties until the closing AGM of the fiscal year 2025 but latest until 30 April 2026.

On 16 April 2021 Mr. Tamás György Erdei, the member of the Board of Directors, was elected a Deputy Chairman of the Board.

Mr. Tamás György Erdei performs his duties until the closing AGM of the fiscal year 2025 but latest until 30 April 2026.

Disclaimers

This Summary contains statements that are, or may be deemed to be, "forward-looking statements" which are prospective in nature. These forward-looking statements may be identified by the use of forward-looking terminology, or the negative thereof such as "plans", "expects" or "does not expect", "is expected", "continues", "assumes", "is subject to", "budget", "scheduled", "estimates", "aims", "forecasts", "risks", "intends", "positioned", "predicts", "anticipates" or "does not anticipate", or "believes", or variations of such words or comparable terminology and phrases or statements that certain actions, events or results "may", "could", "should", "shall", "would", "might" or "will" be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Forward-looking statements are not based on historical facts, but rather on current predictions, expectations, beliefs, opinions, plans, objectives, goals, intentions and projections about future events, results of operations, prospects, financial condition and discussions of strategy.

By their nature, forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the control of OTP Bank. Forward-looking statements are not guarantees of future performance and may and often do differ materially from actual results. Neither OTP Bank nor any of its subsidiaries or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Summary will actually occur. You are cautioned not to place undue reliance on these forward-looking statements which only speak as of the date of this Summary. Other than in accordance with its legal or regulatory obligations, OTP Bank is not under any obligation and OTP Bank and its subsidiaries expressly disclaim any intention, obligation or undertaking to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. This Summary shall not, under any circumstances, create any implication that there has been no change in the business or affairs of OTP Bank since the date of this Summary or that the information contained herein is correct as at any time subsequent to its date.

This Summary does not constitute or form part of any offer to purchase or subscribe for any securities. The making of this Summary does not constitute a recommendation regarding any securities.

The distribution of this Summary in other jurisdictions may be restricted by law and persons into whose possession this Summary comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of other jurisdictions.

The information contained in this Summary is provided as of the date of this Summary and is subject to change without notice.

FINANCIAL DATA

SEPARATE IFRS STATEMENT OF FINANCIAL POSITION

HUF million	31/03/2021	31/03/2020	change
Cash, amounts due from banks and balances with the National Bank of Hungary	726,675	552,917	31%
Placements with other banks, net of allowance for placement losses	2,044,374	1,337,003	53%
Repo receivables	32,633	17,258	89%
Financial assets at fair value through profit or loss	186,922	306,046	-39%
Financial assets at fair value through other comprehensive income	908,285	1,355,895	-33%
Securities at amortised cost	2,291,388	1,630,446	41%
Loans at amortised cost and mandatorily measured at fair value through profit or loss	3,967,800	3,597,202	10%
Investments in subsidiaries	1,563,022	1,556,331	0%
Property and equipment	77,151	75,904	2%
Intangible assets	54,823	52,818	4%
Right of use assets	12,649	15,734	-20%
Investments properties	1,923	2,369	-19%
Current tax assets	2,137		
Derivative financial assets designated as hedge accounting relationships	20,101	26,638	-25%
Other assets	240,992	185,591	30%
TOTAL ASSETS	**12,130,875**	**10,712,152**	**13%**
Amounts due to banks and deposits from the National Bank of Hungary and other banks	1,069,592	1,129,147	-5%
Repo liabilities	262,775	224,686	17%
Deposits from customers	8,317,645	6,801,717	22%
Leasing liabilities	13,247	16,351	-19%
Liabilities from issued securities	28,164	43,034	-35%
Financial liabilities at fair value through profit or loss	23,849	27,730	-14%
Derivative financial liabilities designated as held for trading	107,540	262,509	-59%
Derivative financial liabilities designated as hedge accounting relationships	11,563	12,506	-8%
Deferred tax liabilities	4,507	136	
Current tax liabilities	623		
Other liabilities	253,867	253,141	0%
Subordinated bonds and loans	304,430	303,862	0%
TOTAL LIABILITIES	**10,397,802**	**9,074,819**	**15%**
Share capital	28,000	28,000	0%
Retained earnings and reserves	1,751,733	1,626,242	8%
Treasury shares	-46,660	-16,909	176%
TOTAL SHAREHOLDERS' EQUITY	**1,733,073**	**1,637,333**	**6%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**12,130,875**	**10,712,152**	**13%**

CONSOLIDATED IFRS STATEMENT OF FINANCIAL POSITION

HUF million	31/03/2021	31/03/2020	change
Cash, amounts due from banks and balances with the National Banks	2,342,423	2,132,832	10%
Placements with other banks, net of loss allowance for placements	1,601,812	630,182	154%
Repo receivables	120,742	29,475	310%
Financial assets at fair value through profit or loss	258,433	365,114	-29%
Securities at fair value through other comprehensive income	2,171,807	2,349,343	-8%
Loans at amortized cost and mandatorily at fair value through profit or loss	12,674,611	12,689,889	0%
Finance lease receivables	1,076,645	0	
Associates and other investments	38,569	21,313	81%
Securities at amortized cost	2,959,926	2,180,691	36%
Property and equipment	374,305	325,010	15%
Intangible assets and goodwill	236,431	237,898	-1%
Right-of-use assets	46,281	49,343	-6%
Investment properties	37,871	36,867	3%
Derivative financial assets designated as hedge accounting	18,219	17,747	3%
Deferred tax assets	19,254	36,900	-48%
Current income tax receivable	39,391	18,364	115%
Other assets	284,876	263,210	8%
Assets classified as held-for-sale	6,012	474,124	-99%
TOTAL ASSETS	**24,307,608**	**21,858,302**	**11%**
Amounts due to banks, the National Governments, deposits from the National Banks and other banks	1,409,958	1,333,952	6%
Repo liabilities	153,019	81,418	
Financial liabilities at fair value through profit or loss	31,276	29,798	5%
Deposits from customers	18,383,166	15,995,969	15%
Liabilities from issued securities	481,406	399,603	20%
Derivative financial liabilities held for trading	108,370	255,513	-58%
Derivative financial liabilities designated as hedge accounting	11,148	15,084	-26%
Leasing liabilities	48,387	51,240	-6%
Deferred tax liabilities	26,938	25,839	4%
Current income tax payable	43,399	52,832	-18%
Other liabilities	692,154	656,073	5%
Subordinated bonds and loans	275,906	272,320	1%
Liabilities directly associated with assets classified as held-for-sale	5,426	373,122	-99%
TOTAL LIABILITIES	**21,670,553**	**19,542,763**	**11%**
Share capital	28,000	28,000	0%
Retained earnings and reserves	2,724,024	2,357,963	16%
Treasury shares	-123,733	-75,204	65%
Non-controlling interest	8,764	4,780	83%
TOTAL SHARHOLDERS' EQUITY	**2,637,055**	**2,315,539**	**14%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**24,307,608**	**21,858,302**	**11%**

SEPARATE IFRS STATEMENT OF RECOGNIZED INCOME

HUF million	1Q 2021	1Q 2020	change
Interest income calculated using the effective interest method	67,466	62,291	8%
Income similar to interest income	22,727	12,473	82%
Total Interest Income	90,193	74,764	21%
Total Interest Expense	-25,394	-23,659	7%
NET INTEREST INCOME	**64,799**	**51,105**	**27%**
Risk cost total	-8,732	-41,697	-79%
NET INTEREST INCOME AFTER RISK COST	**56,067**	**9,408**	**496%**
Income from fees and commissions	65,392	61,062	7%
Expenses from fees and commissions	-10,131	-8,603	18%
Net profit from fees and commissions	**55,261**	**52,459**	**5%**
Foreign exchange gains (+)/ loss (-)	758	-5,279	-114%
Gains (+) or loss (-) on securities, net	-1,558	1,569	-199%
Gains (+) or loss (-) on financial instruments at fair value through profit or loss	-683	-50	
Gains on derivative instruments, net	526	2,276	-77%
Dividend income	54,829	60,960	-10%
Other operating income	2,491	1,116	123%
Net other operating income / (expenses)	-7,484	-16,302	-54%
Net operating income	**48,879**	**44,290**	**10%**
Personnel expenses	-29,485	-29,441	0%
Depreciation and amortization	-9,872	-8,276	19%
Other administrative expenses	-50,893	-50,600	1%
Other administrative expenses	**-90,250**	**-88,317**	**2%**
PROFIT BEFORE INCOME TAX	**69,957**	**17,840**	**292%**
Income tax expense	-5,217	3,325	-257%
NET PROFIT FOR THE PERIOD	**64,740**	**21,165**	**206%**

CONSOLIDATED IFRS STATEMENT OF RECOGNIZED INCOME

HUF million	1Q 2021	1Q 2020	change
CONTINUING OPERATIONS			
Interest income calculated using the effective interest method	214,668	222,978	-4%
Income similar to interest income	36,945	22,843	62%
Interest incomes	251,613	245,821	2%
Interest expenses	-48,780	-46,656	5%
NET INTEREST INCOME	**202,833**	**199,165**	**2%**
Risk cost total	**-12,375**	**-102,493**	**-88%**
Loss allowance / Release of loss allowance on loans, placements and repo receivables	-5,604	-97,567	-94%
Change in the fair value attributable to changes in the credit risk of loans mandatorily measured at fair value through profit of loss	-4,915	0	
Loss allowance / Release of loss allowance on securities at fair value through other comprehensive income and on securities at amortized cost	-2,378	-132	
Provision for commitments and guarantees given	185	-5,676	-103%
Impairment / (Release of impairment) of assets subject to operating lease and of investment properties	337	882	-62%
NET INTEREST INCOME AFTER LOSS ALLOWANCE, IMPAIRMENT AND PROVISIONS	**190,458**	**96,672**	**97%**
Income from fees and commissions	120,616	115,004	5%
Expense from fees and commissions	-22,051	-19,510	13%
Net profit from fees and commissions	**98,565**	**95,494**	**3%**
Foreign exchange gains / losses, net	2,172	14,030	-85%
Foreign exchange result	1,292	10,507	-88%
Gains and losses on derivative instruments	880	3,524	-75%
Gains / Losses on securities, net	1,588	-2,798	-157%
Gains / Losses on financial assets /liabilities measured at fair value through profit or loss	-1,726	-173	898%
Dividend income and gain / loss from associated companies	1,896	115	
Other operating income	21,934	14,576	50%
Gains and losses on real estate transactions	2,031	557	264%
Other non-interest income	19,760	13,648	45%
Net insurance result	143	371	-61%
Other operating expense	-11,990	-30,844	-61%
Net operating income	**13,874**	**-5,094**	**-372%**
Personnel expenses	-78,740	-77,901	1%
Depreciation and amortization	-23,425	-21,770	8%
Other administrative expenses	-89,543	-89,917	0%
Other administrative expenses	**-191,708**	**-189,588**	**1%**
PROFIT BEFORE INCOME TAX	**111,189**	**-2,516**	
Income tax expense	-17,999	-1,519	
NET PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	**93,190**	**-4,035**	
From this, attributable to:			
Non-controlling interest	90	111	-19%
Owners of the company	93,100	-4,146	
DISCONTINUED OPERATIONS			
Gains from disposal of subsidiaries classified as held for sale	144	0	
Loss from discontinued operation	0	-36	-100%
PROFIT FROM CONTINUING AND DISCOUNTINUED OPERATION	**93,334**	**-4,071**	

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY (IFRS)

in HUF million	Share capital	Capital reserve	Retained earnings and reserves	Treasury shares	Non-controlling interest	Total
Balance as at 1 January 2020	**28,000**	**52**	**2,319,211**	**-60,931**	**4,956**	**2,291,288**
Net profit for the year			-4,182		110	-4,072
Other comprehensive income			42,828		-286	42,542
Increase due to business combinations						
Purchase of non-controlling interests						
Share-based payment			872			872
Dividend						
Correction due to ESOP						
Treasury shares						
– sale				2,606		2,606
– loss on sale			348			348
– volume change				-16,879		-16,879
Payment to ICES holders			-1,166			-1,166
Balance as at 31 March 2020	**28,000**	**52**	**2,357,911**	**-75,204**	**4,780**	**2,315,540**

in HUF million	Share capital	Capital reserve	Retained earnings and reserves	Treasury shares	Non-controlling interest	Total
Balance as at 1 January 2021	**28,000**	**52**	**2,629,024**	**-124,080**	**4,116**	**2,537,112**
Net profit for the year			93,244		90	93,334
Other comprehensive income			2,091		75	2,166
Increase due to business combinations					4,483	4,483
Purchase of non-controlling interests						
Decrease due to discontinued operations						
Share-based payment			867			867
Dividend						
Correction due to ESOP						
Treasury shares						
– sale				1,414		1,414
– loss on sale			-151			-151
– volume change				-1,067		-1,067
Payment to ICES holders			-1,103			-1,103
Balance as at 31 March 2021	**28,000**	**52**	**2,723,972**	**-123,733**	**8,764**	**2,637,055**

[1] The deduction related to repurchased treasury shares (1Q 2021: HUF 123.733 million) includes the book value of OTP shares held by ESOP (1Q 2021: 5,076,718 shares).

SEPARATE IFRS STATEMENT OF CASH FLOWS

HUF million	31/03/2021	31/03/2020	change
OPERATING ACTIVITIES			
Profit before income tax	69,957	17,840	292%
Net accrued interest	-31,364	-22,097	42%
Income tax paid	-724	-628	15%
Depreciation and amortization	9,883	8,276	19%
Loss allowance / (Release of loss allowance)	9,921	54,991	-82%
Share-based payment	867	872	-1%
Unrealised gains on fair value adjustment of financial instruments at fair value through profit or loss	5,458	29	
Unrealised losses on fair value adjustment of derivative financial instruments	-10,494	26,662	-139%
Leasing interest expense	-57	-67	-15%
Net change in assets and liabilities in operating activities	236,643	-221,438	-207%
Net cash provided by operating activities	**290,090**	**-135,560**	**-314%**
INVESTING ACTIVITIES			
Net cash used in investing activities	**-599,584**	**233,457**	**-357%**
FINANCING ACTIVITIES			
Net cash provided by / (used in) financing activities	**451,651**	**160,730**	**181%**
Net decrease in cash and cash equivalents	**142,157**	**258,627**	**-45%**
Cash and cash equivalents at the beginning of the year	**503,087**	**224,631**	**124%**
Cash and cash equivalents at the end of the year	**645,244**	**483,258**	**34%**
Cash, amounts due from banks and balances with the National Bank of Hungary	579,120	289,686	100%
Cash and cash equivalents at the beginning of the year	**503,087**	**224,631**	**124%**
Cash, amounts due from banks and balances with the National Bank of Hungary	579,120	289,686	100%
Cash and cash equivalents at the end of the year	**645,244**	**483,258**	**34%**

CONSOLIDATED IFRS STATEMENT OF CASH FLOWS

HUF million	31/03/2021	31/03/2020	change
OPERATING ACTIVITIES			
Net profit for the period	93,244	-4,182	
Net changes in assets and liabilities in operating activities			
Income tax paid	-14,169	-11,749	21%
Depreciation	24,769	22,273	11%
Loss allowance	6,912	126,729	-95%
Net accrued interest	19,373	-17,484	-211%
Share-based payment	867	872	-1%
Unrealised gains on fair value adjustment of financial instruments at fair value through profit or loss	-6,062	-228	
Unrealised losses on fair value adjustment of derivative financial instruments	-23,937	18,694	-228%
Net change in assets and liabilities in operating activities	317,488	-66,465	-578%
Net change in assets and liabilities in operating activities	**418,485**	**68,460**	**511%**
INVESTING ACTIVITIES			
Net cash used in investing activities	**-831,131**	**-419,310**	**98%**
FINANCING ACTIVITIES			
Net cash used in financing activities	283,397	694,322	-59%
Net increase (+) / decrease (-) of cash	***-129,249***	***343,472***	***-138%***
Cash and cash equivalents at the beginning of the year	1,674,777	1,049,737	60%
Cash and cash equivalents at the end of the year	1,545,528	1,392,014	11%
Adjustment due to discontinuing activity	0	1,195	-100%

CONSOLIDATED SUBSIDIARIES AND ASSOCIATES

	Name of the company		Initial capital/Equity (HUF)	Ownership Directly + indirectly (%)	Voting rights (%)	Classification[1]
1	Air-Invest Ltd.		600,000,000	100.00	100.00	L
2	AppSense Ltd.		3,000,000	100.00	100.00	L
3	Bajor-Polár Center Real Estate Management Ltd.		30,000,000	100.00	100.00	L
4	Balansz Real Estate Institute Fund		30,931,279,011	100.00	100.00	L
5	BANK CENTER No. 1. Ltd.		11,500,000,000	100.00	100.00	L
6	Banka OTP Albania SHA	ALL	6,740,900,000	100.00	100.00	L
7	CIL Babér Ltd.		71,890,330	100.00	100.00	L
8	CRESCO d.o.o.	HRK	39,000	100.00	100.00	L
9	Montenegrin Commercial Bank Shareholding Company, Podgorica Montenegro	EUR	181,875,221	100.00	100.00	L
10	DSK Asset Management EAD	BGN	1,000,000	100.00	100.00	L
11	DSK Auto Leasing EOOD	BGN	1,000,000	100.00	100.00	L
12	DSK DOM EAD	BGN	100,000	100.00	100.00	L
13	DSK Leasing AD	BGN	3,334,000	100.00	100.00	L
14	DSK Mobile EAD	BGN	250,000	100.00	100.00	L
15	DSK Operating lease EOOD	BGN	1,000	100.00	100.00	L
16	DSK Tours EOOD	BGN	8,491,000	100.00	100.00	L
17	DSK Trans Security EAD	BGN	2,225,000	100.00	100.00	L
18	EiSYS Ltd.		3,000,000	100.00	100.00	L
19	INGA KETTŐ Ltd.		8,000,000,000	100.00	100.00	L
20	JN Parkolóház Ltd.		4,800,000	100.00	100.00	L
21	Limited Liability Company Asset Management Company " OTP Capital"	UAH	10,000,000	100.00	100.00	L
22	LLC MFO "OTP Finance"	RUB	6,533,000,000	100.00	100.00	L
23	LLC OTP Leasing	UAH	45,495,340	100.00	100.00	L
24	Merkantil Bank Ltd.		2,000,000,000	100.00	100.00	L
25	Merkantil Bérlet Ltd.		6,000,000	100.00	100.00	L
26	MFM Project Investment and Development Ltd.		20,000,000	100.00	100.00	L
27	Miskolci Diákotthon Ltd.		5,000,000	100.00	100.00	L
28	MONICOMP Ltd.		20,000,000	100.00	100.00	L
29	NIMO 2002 Ltd.		1,156,000,000	100.00	100.00	L
30	OTP Fund Management Ltd.		900,000,000	100.00	100.00	L
31	OTP Asset Management SAI S.A.	RON	5,795,323	100.00	100.00	L
32	Joint-Stock Company OTP Bank	UAH	6,186,023,111	100.00	100.00	L
33	OTP Bank Romania S.A.	RON	2,079,253,200	100.00	100.00	L
34	OTP banka dioničko društvo	HRK	3,993,754,800	100.00	100.00	L
35	OTP banka Srbija AD. Beograd	RSD	23,723,021,200	100.00	100.00	L
36	OTP Debt Collection d.o.o. Podgorica	EUR	49,000,001	100.00	100.00	L
37	OTP Digitális Fund		6,365,000,000	100.00	100.00	L
38	OTP eBIZ Kft.		281,000,000	100.00	100.00	L
39	OTP Life Annuity Real Estate Investment Plc.		2,000,000,000	100.00	100.00	L
40	OTP Factoring Bulgaria JSCo.	BGN	1,000,000	100.00	100.00	L
41	OTP Factoring Serbia Ltd.	RSD	782,902,282	100.00	100.00	L
42	OTP Factoring Slovensko Ltd.	EUR	22,540,000	100.00	100.00	L
43	OTP Factoring Romania Llc.	RON	600,405	100.00	100.00	L
44	OTP Factoring Ukraine LLC	UAH	6,227,380,554	100.00	100.00	L
45	OTP Factoring Ltd.		500,000,000	100.00	100.00	L
46	OTP Factoring Management Ltd.		3,100,000	100.00	100.00	L
47	OTP Financing Malta Company Limited	EUR	105,000,000	100.00	100.00	L
48	OTP Financing Netherlands	EUR	18,000	100.00	100.00	L
49	OTP Financing Solutions	EUR	18,000	100.00	100.00	L
50	OTP Holding Ltd.	EUR	131,000	100.00	100.00	L
51	OTP Holding Malta Ltd.	EUR	104,950,000	100.00	100.00	L
52	OTP Hungaro-Projekt Ltd.		27,720,000	100.00	100.00	L
53	OTP Real Estate Investment Fund Management Ltd.		100,000,000	100.00	100.00	L
54	OTP Real Estate Ltd.		1,000,000,000	100.00	100.00	L
55	OTP Ingatlankezelő Ltd.		50,000,000	100.00	100.00	L
56	OTP Real Estate Leasing Ltd.		214,000,000	100.00	100.00	L
57	OTP Ingatlanpont Ltd.		7,500,000	100.00	100.00	L
58	OTP Ingatlanüzemeltető Ltd.		30,000,000	100.00	100.00	L
59	OTP Insurance Broker EOOD	BGN	5,000	100.00	100.00	L
60	OTP Invest društvo s ograničenom odgovornošću za upravljanje fondovima	HRK	18,211,300	100.00	100.00	L
61	OTP Investments d.o.o. Novi Sad	RSD	203,783,061	100.00	100.00	L
62	OTP Mortgage Bank Ltd.		37,000,000,000	100.00	100.00	L
63	OTP Card Factory Ltd.		450,000,000	100.00	100.00	L
64	OTP Close Building Society		2,000,000,000	100.00	100.00	L

	Name of the company		Initial capital/Equity (HUF)	Ownership Directly + indirectly (%)	Voting rights (%)	Classification[1]
65	OTP Leasing d.d.	HRK	8,212,000	100.00	100.00	L
66	OTP Leasing EOOD	BGN	4,100,000	100.00	100.00	L
67	OTP Leasing Romania IFN S.A.	RON	28,556,300	100.00	100.00	L
68	OTP Leasing Srbija d.o.o. Beograd	RSD	314,097,600	100.00	100.00	L
69	OTP Leasing d.o.o. Beograd	RSD	112,870,710	100.00	100.00	L
70	OTP Mérnöki Ltd.		3,000,000	100.00	100.00	L
71	OTP Mobile Service Ltd.		1,210,000,000	100.00	100.00	L
72	OTP Nekretnine d.o.o.	HRK	259,828,100	100.00	100.00	L
73	OTP Osiguranje ADO.	RSD	412,606,208	100.00	100.00	L
74	OTP Osiguranje d.d.	HRK	40,900,000	100.00	100.00	L
75	OTP Funds Servicing and Consulting Company Limited		2,351,000,000	100.00	100.00	L
76	OTP Financial point Ltd.		51,000,000	100.00	100.00	L
77	OTP Services Ltd.	RSD	40,028	100.00	100.00	L
78	Venture Closed-End Non Diversified Mutual Investment Fund "OTP Solution"	UAH	43,347,201	100.00	100.00	L
79	PortfoLion Digital Ltd.		102,000,000	100.00	100.00	L
80	PortfoLion Venture Capital Fund Management Ltd.		39,500,000	100.00	100.00	L
81	Portfolion Zöld Fund		14,200,000,000	100.00	100.00	L
82	R.E. Four d.o.o., Novi Sad	RSD	1,983,643,761	100.00	100.00	L
83	SB Leasing d.o.o.	HRK	23,332,000	100.00	100.00	L
84	SC Aloha Buzz SRL	RON	10,200	100.00	100.00	L
85	SC Favo Consultanta SRL	RON	10,200	100.00	100.00	L
86	SC Tezaur Cont SRL	RON	10,200	100.00	100.00	L
87	SKB Leasing d.o.o.	EUR	16,809,031	100.00	100.00	L
88	SKB Leasing Select d.o.o.	EUR	5,000,000	100.00	100.00	L
89	SPLC Ltd.		10,000,000	100.00	100.00	L
90	SPLC-P Ltd.		15,000,000	100.00	100.00	L
91	TOP Collector LLC	RUB	1,030,000	100.00	100.00	L
92	Velvin Ventures Ltd.	USD	50,000	100.00	100.00	L
93	Vojvodjanska Banka a.d. Novi Sad	RSD	31,607,808,040	100.00	100.00	L
94	ZA-Invest Béta Ltd.		3,000,000	100.00	100.00	L
95	ZA-Invest Szalók Ltd.		3,000,000	100.00	100.00	L
96	OTP Buildings s.r.o.	EUR	18,717,301	100.00	100.00	L
97	SKB Banka d.d. Ljubljana	EUR	52,784,176	100.00	100.00	L
98	DSK Bank EAD	BGN	1,328,659,920	99.91	99.91	L
99	POK DSK-Rodina AD	BGN	6,010,000	99.75	99.75	L
100	Mobiasbanca - OTP Group S.A.	MDL	100,000,000	98.26	98.31	L
101	JSC "OTP Bank" (Russia)	RUB	4,423,768,142	97.91	97.91	L
102	NAGISZ Ltd.		3,802,080,000	97.91	97.91	L
103	Nádudvari Ltd.		1,954,680,000	91.61	91.61	L
104	ShiwaForce.com Inc.		105,321,000	67.50	67.50	L
105	Hage Ltd.		2,689,000,000	59.40	59.40	L
106	Portfolion Regionális Fund		8,815,000,000	50.00	50.00	L
107	Regional Urban Development Fund AD	BGN	250,000	52.00	52.00	L
108	PortfoLion Regionális Fund II.		2,500,000,000	50.00	50.00	L
109	OPUS Securities S.A.	EUR	31,000	0.00	51.00	L
110	OTP ESOP		56,236,480,818	0.00	0.00	L

[1] Full consolidated -L

Ownership structure of OTP Bank Plc.

Description of owner	Total equity					
	1 January 2020			31 March 2021		
	Ownership share	Voting rights[1]	Quantity	Ownership share	Voting rights[1]	Quantity
Domestic institution/company	20.93%	21.26%	58,605,628	21.14%	21.48%	59,200,016
Foreign institution/company	71.60%	72.73%	200,480,153	71.25%	72.37%	199,507,376
Domestic individual	4.79%	4.87%	13,424,090	4.82%	4.90%	13,499,826
Foreign individual	0.11%	0.12%	319,346	0.10%	0.10%	287,985
Employees, senior officers	0.85%	0.87%	2,393,390	0.81%	0.82%	2,270,740
Treasury shares[2]	1.55%	0.00%	4,334,140	1.55%	0.00%	4,330,609
Government held owner	0.08%	0.08%	219,800	0.08%	0.08%	219,134
International Development Institutions	0.04%	0.04%	108,981	0.04%	0.04%	98,672
Other[3]	0.04%	0.04%	114,482	0.21%	0.21%	585,652
TOTAL	**100.00%**	**100.00%**	**280,000,010**	**100.00%**	**100.00%**	**280,000,010**

[1] Voting rights in the General Meeting of the Issuer for participation in decision-making.
[2] Treasury shares do not include the OTP shares held by ESOP (OTP Bank Employee Stock Ownership Plan Organization). Pursuant to Act V of 2013 on the Civil Code, OTP shares held by the ESOP are not classified as treasury shares, but the ESOP must be consolidated in accordance with IFRS 10 Consolidated Financial Statements standard. On 31 March 2021 ESOP owned 5,076,718 OTP shares.
[3] Non-identified shareholders according to the shareholders' registry.

Number of treasury shares held in the year under review (2021)

	1 January	31 March	30 June	30 September	31 December
OTP Bank	4,334,140	4,330,609			
Subsidiaries	0	0			
TOTAL	4,334,140	4,330,609			

Shareholders with over/around 5% stake as at 31 March 2021

Name	Number of shares	Ownership[1]	Voting rights[1,2]
MOL (Hungarian Oil and Gas Company Plc.)	**24,000,000**	**8.57%**	**8.71%**
KAFIJAT Group	**19,835,748**	**7.08%**	**7.20%**
KAFIJAT Ltd.	9,917,874	3.54%	3.60%
MGTR Alliance Ltd.	9,917,874	3.54%	3.60%
OPUS Securities S.A.	**14,496,476**	**5.18%**	**5.26%**
Groupama Group	**14,329,388**	**5.12%**	**5.20%**
Groupama Gan Vie SA	14,140,000	5.05%	5.13%
Groupama Biztosító Ltd.	189,388	0.07%	0.07%

[1] Rounded to two decimals
[2] Voting rights in the General Meeting of the Issuer for participation in decision-making.

Senior officers, strategic employees and their shareholding of OTP shares as at 31 March 2021

Type[1]	Name	Position	No. of shares held
IT	Dr. Sándor Csányi [2]	Chairman and CEO	926,378
IT	Mihály Baumstark	member	46,300
IT	Dr. Tibor Bíró	member	38,600
IT	Tamás Erdei	member, Deputy Chairman	29,657
IT	Dr. István Gresa	member	163,658
IT	Antal Kovács	member, Deputy CEO	46,651
IT	Dr. Antal Pongrácz	member	70,000
IT	Dr. László Utassy	member	160,847
IT	Dr. József Vörös	member	164,514
IT	László Wolf	member, Deputy CEO	562,925
FB	Klára Bella	member	93
FB	Tibor Tolnay	Chairman	54
FB	Dr. Gábor Horváth	member, Deputy Chairman	0
FB	András Michnai	member	100
FB	Olivier Péqueux	member	0
FB	Dr. Márton Gellért Vági	member	2,000
SP	László Bencsik	Chief Financial and Strategic Officer, Deputy CEO	43,037
SP	Péter Csányi	Deputy CEO	8,334
SP	György Kiss-Haypál	Deputy CEO	7,592
TOTAL No. of shares held by management:			**2,270,740**

[1] Employee in strategic position (SP), Board Member (IT), Supervisory Board Member (FB)
[2] Number of OTP shares owned by Dr. Sándor Csányi directly or indirectly: 4,712,505

OFF-BALANCE SHEET ITEMS ACCORDING TO IFRS (consolidated, in HUF million) [1]

a) Contingent liabilities

	31/03/2021	31/03/2020
Commitments to extend credit	3,554,377	2,990,306
Guarantees arising from banking activities	1,128,214	998,344
Confirmed letters of credit	35,943	46,072
Legal disputes (disputed value)	34,371	26,527
Other	373,341	326,264
Total:	**5,126,246**	**4,387,513**

[1] Those financial undertakings, which are important from valuation perspectives however not booked within the balance sheet (such as surety, guarantees, pledge related obligations, etc.)

Changes in the headcount (active, FTE-basis) employed by the Bank and the subsidiaries

	End of reference period	Current period opening	Current period closing
Bank[1]	9,434	9,568	9,663
Consolidated[2]	40,463	38,447	38,217

[1]OTP Bank Hungary (standalone) employee figures.
[2] Due to the changes in the scope of consolidation, the historical figures are not comparable.

Security issuances on Group level between 1/4/2020 and 31/03/2021

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 31/03/2021	Outstanding consolidated debt (in HUF million) 31/03/2021
OTP Bank Plc.	Corporate bond	OTP_DK_22/II	29/05/2020	31/05/2022	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_23/II	29/05/2020	31/05/2023	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_24/II	29/05/2020	31/05/2024	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_25/II	29/05/2020	31/05/2025	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_26/I	29/05/2020	31/05/2026	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_27/I	29/05/2020	31/05/2027	HUF	0	0
OTP Bank Plc.	Retail bond	OTP_VK1_21/2	02/04/2020	02/04/2021	USD	1,228,200	380
OTP Bank Plc.	Retail bond	OTP_VK1_21/3	14/05/2020	14/05/2021	USD	1,181,700	366
OTP Bank Plc.	Retail bond	OTP_VK1_21/4	18/06/2020	18/06/2021	USD	743,000	230
OTP Mortgage Bank	Mortgage bond	OJB2027_I	23/07/2020	27/10/2027	HUF	73,350	73,350

Security redemptions on Group level between 1/4/2020 and 31/03/2021

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 31/03/2020	Outstanding consolidated debt (in HUF million) 31/03/2020
OTP Bank Plc.	Corporate bond	OTP_DK_20/I	2018.12.14.	2020.05.31.	HUF	0	0
OTP Bank Plc.	Corporate bond	OTPRF2020A	2010.07.12.	2020.07.20.	HUF	2,213	2,213
OTP Bank Plc.	Corporate bond	OTPRF2020B	2010.07.12.	2020.07.20.	HUF	1,272	1,272
OTP Bank Plc.	Corporate bond	OTPRF2020C	2010.11.11.	2020.11.05.	HUF	2,681	2,681
OTP Bank Plc.	Corporate bond	OTPX2020B	2010.06.28.	2020.07.09.	HUF	267	267
OTP Bank Plc.	Corporate bond	OTPX2020C	2010.11.11.	2020.11.05.	HUF	166	166
OTP Bank Plc.	Corporate bond	OTPX2020D	2010.12.16.	2020.12.18.	HUF	161	161
OTP Bank Plc.	Corporate bond	OTPX2020E	2014.06.18.	2020.06.22.	HUF	2,905	2,905
OTP Bank Plc.	Corporate bond	OTPX2020F	2014.10.10.	2020.10.16.	HUF	2,602	2,602
OTP Bank Plc.	Corporate bond	OTPX2020G	2014.12.15.	2020.12.21.	HUF	2,280	2,280
OTP Bank Plc.	Retail bond	OTP_VK1_20/2	2019.04.04.	2020.04.04.	USD	2,467,300	807
OTP Bank Plc.	Retail bond	OTP_VK1_20/3	2019.05.16.	2020.05.16.	USD	886,500	290
OTP Bank Plc.	Retail bond	OTP_VK1_20/4	2019.06.27.	2020.06.27.	USD	1,743,800	570
OTP Bank Plc.	Retail bond	OTP_VK1_20/5	2019.08.15.	2020.08.15.	USD	1,990,400	651
OTP Bank Plc.	Retail bond	OTP_VK1_20/6	2019.09.26.	2020.09.26.	USD	747,600	245
OTP Bank Plc.	Retail bond	OTP_VK1_20/7	2019.11.07.	2020.11.07.	USD	1,660,300	543
OTP Bank Plc.	Retail bond	OTP_VK1_20/8	2019.12.19.	2020.12.19.	USD	1,518,500	497
OTP Bank Plc.	Retail bond	OTP_VK1_21/1	2020.02.20.	2021.02.20.	USD	1,406,200	460
OTP Mortgage Bank	Mortgage bond	OJB2020_I	2004.11.19.	2020.11.12.	HUF	5,503	5,503
OTP Mortgage Bank	Mortgage bond	OJB2020_II	2011.05.31.	2020.11.12.	HUF	1,487	1,487

RELATED-PARTY TRANSACTIONS

The compensation of key management personnel, such as the members of the Board of Directors, members of the Supervisory Board, key employees of the Bank and its major subsidiaries involved in the decision-making process in accordance with the compensation categories defined in IAS 24 Related party disclosures, is summarised below.

Compensations in HUF million	1Q 2020	4Q 2020	1Q 2021	Q-o-Q	Y-o-Y
Total	**3,087**	**3,884**	**3,162**	**-19%**	**2%**
Short-term employee benefits	2,188	2,227	2,240	1%	2%
Share-based payment	745	972	790	-19%	6%
Other long-term employee benefits	146	275	132	-52%	-10%
Termination benefits	5	410	0		
Redundancy payments	3	0	0		
Loans provided to companies owned by the management (normal course of business)	85,018	87,791	85,164	-3%	0%
Credit lines of the members of Board of Directors and the Supervisory Board and their close family members (at normal market conditions)	580	361	361	0%	-38%
Commitments to extend credit and guarantees	27,888	36,758	40,078	9%	44%
Loans provided to unconsolidated subsidiaries	2,289	16,395	798	-95%	-65%

[1] Members of the Board of Directors and the Supervisory Board, senior officers and the auditor of the company

Alternative performance measures pursuant to the National Bank of Hungary 5/2017, (V,24,) recommendation[6]

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value 1Q 2020	Measures value 1Q 2021
Leverage, consolidated[7]	The leverage ratio is calculated pursuant to Article 429 CRR. The calculation of the indicator is designed quarterly by the Bank for the prudential consolidation circle.	The leverage ratio shall be calculated as an institution's capital measure divided by that institution's total exposure measure and shall be expressed as a percentage. Example for 1Q 2021: $\frac{2,414,623.3}{26,490,924.6} = 9.1\%$ Example for 1Q 2020: $\frac{2,139,592.4}{22,369,159.4} = 9.6\%$	9.6%	9.1%
Liquidity Coverage Ratio (LCR)	According to Article 412 (1) of CRR, the liquidity coverage ratio (LCR) is designed to promote short-term resilience of the Issuer's / Group's liquidity risk profile and aims to ensure that the Issuer / Group has an adequate stock of unencumbered High Quality Liquid Assets (HQLA) to meet its liquidity needs for a 30 calendar day liquidity stress scenario.	The LCR is expressed as: (stock of HQLA) / (total net cash outflows over the next 30 calendar days) ≥ 100%. The numerator of the LCR is the stock of HQLA (High Quality Liquid Assets). In order to qualify as HQLA, assets should be liquid in markets during a time of stress and, in most cases, be eligible for use in central bank operations. The denominator of the LCR is the total net cash outflows, defined as total expected cash outflows minus total expected cash inflow in the specified stress scenario for the subsequent 30 calendar days. Total cash inflows are subject to an aggregate cap of 75% of total expected cash outflows, thereby ensuring a minimum level of HQLA holdings at all times. Example for 1Q 2021: $\frac{5,448,867.3}{3,914,464.9 - 1,483,772.5} = 224.2\%$ Example for 1Q 2020: $\frac{4,712,186.7}{3,531,908.6 - 809,382.6} = 173.1\%$	173.1%	224.2%
ROE (accounting), consolidated	The return on equity ratio shall be calculated the consolidated accounting after-tax profit for the given period divided by the average equity, thus shows the effectiveness of the use of equity.	The numerator of the indicator is the consolidated accounting after-tax profit for the given period (annualized for periods less than one year), the denominator is the average consolidated equity. (The definition of average equity: calendar day-weighted average of the average balance sheet items in periods comprising the given period, where periods comprising the given period are defined as quarters (and within that months) in case of 1H, 9M and FY periods, and months in case of quarters. Furthermore, the average of the average balance sheet items is computed as the arithmetic average of closing balance sheet items for the previous period and the current period.) Example for 1Q 2021: $\frac{93,333.6 * 4.1}{2,555,248.0} = 14.8\%$ Example for 1Q 2020: $\frac{-4,071.7 * 4.0}{2,332,138.8} = -0.7\%$	-0.7%	14.8%

[6] The NBH's recommendation (5/2017, 24 May) on Alternative Performance Measures (APM) came into effect from 1 June 2017, in line with ESMA's guidance (ESMA/2015/1415) on the same matter. The recommendation is aimed at – amongst other things – enhancing the transparency, reliability, clarity and comparability of those APMs within the framework of regulated information and thus facilitating the protection of existing and potential investors.

[7] Based on the prudential consolidation scope, which is different from the consolidation scope used in this report.

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value 1Q 2020	Measures value 1Q 2021
ROE (adjusted), consolidated	The return on equity ratio shall be calculated the consolidated adjusted after-tax profit for the given period divided by the average equity, thus shows the effectiveness of the use of equity.	The numerator of the indicator is the consolidated adjusted after-tax profit for the given period (annualized for periods less than one year), the denominator is the average consolidated equity. Example for 1Q 2021: (117,288.9 * 4.1) / 2,555,248.0 = 18.6% Example for 1Q 2020: (31,832.3 * 4.0) / 2,332,138.8 = 5.5%	5.5%	18.6%
ROA (adjusted), consolidated	The return on asset ratio shall be calculated the consolidated adjusted net profit for the given period divided by the average total asset, thus shows the effectiveness of the use of equity.	The numerator of the indicator is the consolidated adjusted net profit for the given period, the denominator is the average consolidated total asset. (The definition of average asset: calendar day-weighted average of the average balance sheet items in periods comprising the given period, where periods comprising the given period are defined as quarters (and within that months) in case of 1H, 9M and FY periods, and months in case of quarters. Furthermore, the average of the average balance sheet items is computed as the arithmetic average of closing balance sheet items for the previous period and the current period.) Example for 1Q 2021: (117,288.9 * 4.1) / 23,739,631.2 = 2.0% Example for 1Q 2020: (31,832.3 * 4.0) / 20,782,008.6 = 0.6%	0.6%	2.0%
Operating profit margin (adjusted, without one-off items), consolidated	The operating profit margin shall be calculated the consolidated adjusted net operating profit without one-off items for the given period divided by the average total assets, thus shows the effectiveness of the operating profit generation on total assets.	The numerator of the indicator is the consolidated adjusted net operating profit without one-off items for the given period, the denominator is the average consolidated total assets. Example for 1Q 2021: (146,942.3 * 4.1) / 23,739,631.2 = 2.51% Example for 1Q 2020: (127,183.3 * 4.0) / 20,782,008.6 = 2.46%	2.46%	2.51%
Total income margin (adjusted, without one-off items), consolidated	The total income margin shall be calculated the consolidated adjusted total income without one-off items for the given period divided by the average total assets, thus shows the effectiveness of income generation on total assets.	The numerator of the indicator is the consolidated adjusted total income without one-off items for the given period (annualized for periods less than one year), the denominator is the average consolidated total assets. Example for 1Q 2021: (301,130.9 * 4.1) / 23,739,631.2 = 5.14% Example for 1Q 2020: (283,873.4 * 4.0) / 20,782,008.6 = 5.49%	5.49%	5.14%
Net interest margin (adjusted), consolidated	The net interest margin shall be calculated the consolidated adjusted net interest income for the given period divided by the average total assets, thus shows the effectiveness of net interest income generation on total assets.	The numerator of the indicator is the consolidated adjusted net interest income for the given period (annualized for periods less than one year), the denominator is the average consolidated total assets. Example for 1Q 2021: (203,226.6 * 4.1) / 23,739,631.2 = 3.47% Example for 1Q 2020: (200,280.5 * 4.0) / 20,782,008.6 = 3.88%	3.88%	3.47%

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value 1Q 2020	Measures value 1Q 2021
Operating cost (adjusted)/ total assets, consolidated	The indicator shows the operational efficiency.	The numerator of the indicator is the consolidated adjusted operating cost for the given period (annualized for periods less than one year), the denominator is the average consolidated total assets. Example for 1Q 2021: $\frac{154{,}188.7 * 4.1}{23{,}739{,}631.2} = 2.63\%$ Example for 1Q 2020: $\frac{156{,}690.1 * 4.0}{20{,}782{,}008.6} = 3.03\%$	3.03%	2.63%
Cost/income ratio (adjusted, without one-off items), consolidated	The indicator is another measure of operational efficiency.	The numerator of the indicator is the consolidated adjusted operating cost for the given period, the denominator is the adjusted operating income (without one-off items) for the given period. Example for 1Q 2021: $\frac{154{,}188.7}{301{,}130.9} = 51.2\%$ Example for 1Q 2020: $\frac{156{,}690.1}{283{,}873.4} = 55.2\%$	55.2%	51.2%
Provision for impairment on loan and placement losses (adjusted)/ average (adjusted) gross loans, consolidated	The indicator provides information on the amount of impairment on loan and placement losses relative to gross customer loans.	The numerator of the indicator is the consolidated adjusted provision for impairment on loan and placement losses for the given period (annualized for periods less than one year), the denominator is the adjusted consolidated gross customer loans for the given period. (The definition of average (adjusted) gross customer loans: calendar day-weighted average of the average balance sheet items in periods comprising the given period, where periods comprising the given period are defined as quarters (and within that months) in case of 1H, 9M and FY periods, and months in case of quarters. Furthermore, the average of the average balance sheet items is computed as the arithmetic average of closing balance sheet items for the previous period and the current period.) Example for 1Q 2021: $\frac{9{,}771.6 * 4.1}{14{,}365{,}180.8} = 0.28\%$ Example for 1Q 2020: $\frac{84{,}724.3 * 4.0}{13{,}244{,}459.3} = 2.57\%$	2.57%	0.28%
Total risk cost (adjusted)/ total asset ratio, consolidated	The indicator shows the amount of total risk cost relative to the balance sheet total.	The numerator of the indicator is consolidated adjusted total risk cost for the given period (annualized for periods less than one year), the denominator is the average consolidated total assets for the given period. Example for 1Q 2021: $\frac{8{,}542.2 * 4.1}{23{,}739{,}631.2} = 0.15\%$ Example for 1Q 2020: $\frac{91{,}693.6 * 4.0}{20{,}782{,}008.6} = 1.77\%$	1.77%	0.15%
Effective tax rate (adjusted), consolidated	The indicator shows the amount of corporate income tax accounted on pre-tax profit.	The numerator of the indicator is consolidated adjusted corporate income tax for the given period, the denominator is the consolidated adjusted pre-tax profit for the given period. Example for 1Q 2021: $\frac{21{,}111.2}{138{,}400.1} = 15.3\%$ Example for 1Q 2020: $\frac{4{,}017.6}{35{,}849.8} = 11.2\%$	11.2%	15.3%

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value 1Q 2020	Measures value 1Q 2021
Net loan/(deposit+retail bonds) ratio (FX-adjusted), consolidated	The net loan to deposit+retail bonds ratio is the indicator for assessing the bank's liquidity position.	The numerator of the indicator is the consolidated net consumer loan volume (gross loan reduced the amount of provision), the denominator is the end of period consolidated consumer FX-adjusted deposit volume plus the end of period retail bond volume (issued by OTP Bank). Example for 1Q 2021: $\frac{13{,}751{,}255.0}{18{,}375{,}838.4 + 951.7} = 75\%$ Example for 1Q 2020: $\frac{13{,}078{,}700.5}{16{,}342{,}386.9 + 3{,}526.4} = 80\%$	80%	75%

SUPPLEMENTARY DATA

FOOTNOTES OF THE TABLE 'CONSOLIDATED AFTER TAX PROFIT BREAKDOWN BY SUBSIDIARIES (IFRS)'

General note: regarding OTP Core and other subsidiaries, profit after tax is calculated without received dividends and net cash transfers (and other adjustment items). Dividends and net cash transfers received from non-group member companies are shown on a separate line in one sum in the table, regardless to the particular receiver or payer group member company.

(1) Aggregated adjusted after tax profit of OTP Core and foreign banks.

(2) OTP Core is an economic unit for measuring the result of core business activity of OTP Group in Hungary. Financials of OTP Core are calculated from the partially consolidated IFRS financial statements of certain companies engaged in OTP Group's operation in Hungary. These companies include OTP Bank Hungary Plc., OTP Mortgage Bank Ltd, OTP Building Society Ltd, OTP Factoring Ltd, OTP Financial Point Ltd., and companies providing intragroup financing; OTP Bank Employee Stock Ownership Plan Organization was included from 4Q 2016; OTP Card Factory Ltd., OTP Facility Management Llc., MONICOMP Ltd. and OTP Real Estate Leasing Ltd. were included from 1Q 2017 (from 1Q 2019 OTP Real Estate Lease Ltd. was eliminated from OTP Core); OTP Mobile Service Llc. and OTP Ingatlanpont Llc. were included from 1Q 2019; OTP eBIZ Ltd. was included from 1Q 2020. The consolidated accounting results of these companies are segmented into OTP Core and Corporate Centre. Latter is a virtual entity.

(3) The result and balance sheet of OTP Factoring Bulgaria EAD is included. From 1Q 2019 Expressbank AD and its subsidiaries, OTP Leasing EOOD and Express Factoring EOOD (altogether: Express Group) were included into the Bulgarian operation. From 1Q 2019 the statement of recognised income and balance sheet of DSK Leasing AD was included.

(4) From 1Q 2019 the statement of recognised income and balance sheet of OTP Leasing d.d. and SB Leasing d.o.o. was included. In February 2020 the company name of OTP banka Hrvatska dioničko društvo was changed to OTP banka dioničko društvo.

(5) The financial performance of OTP Factoring Serbia d.o.o is included. From 1Q 2019 the statement of recognised income and balance sheet of OTP Lizing d.o.o and OTP Services d.o.o. was included. The balance sheet of the newly acquired OTP banka Srbija was included in 3Q 2019, its P&L from 4Q 2019.

(6) The statement of recognised income and balance sheet of OTP Faktoring SRL was included. From 1Q 2019 the statement of recognised income and balance sheet of OTP Leasing Romania IFN S.A. was included.

(7) Figures are based on the aggregated financial statements of OTP Bank JSC, LLC OTP Leasing Ukraine, and OTP Factoring Ukraine LLC.

(8) The statement of recognised income and balance sheet of LLC MFO "OTP Finance" is included in the Russian performance.

(9) From 3Q 2019 the statement of recognised income and balance sheet of Podgoricka banka was included.

(10) P&L data and related indicators are adjusted for the special banking tax and the Slovakian Deposit Protection Fund contributions being introduced again in 2014, as well as the contribution into the Resolution Fund. Including the financial performance of OTP Faktoring Slovensko s.r.o. The sale of the Slovakian subsidiary was concluded at the end of November 2020.

(11) After tax profit of Merkantil Bank without dividends, net cash transfer and other adjustment items, since 1Q 2020 the subconsolidated after tax profit of Merkantil Group (Merkantil Bank Ltd., Merkantil Bérlet Ltd., OTP Real Estate Leasing Ltd., NIMO 2002 Ltd., SPLC-P Ltd., SPLC Ltd.) was presented.

(12) LLC AMC OTP Capital, OTP Asset Management SAI S.A. (Romania), DSK Asset Management EAD (Bulgaria).

(13) OTP Buildings s.r.o. (Slovakia), Velvin Ventures Ltd. (Belize), R.E. Four d.o.o., Novi Sad (Serbia), SC Aloha Buzz SRL, SC Favo Consultanta SRL, SC Tezaur Cont SRL (Romania), Cresco d.o.o. (Croatia), OTP Osiguranje d.d. (Croatia), OTP Solution Fund (Ukraine).

(14) Within OTP Group, the Corporate Centre acts as a virtual entity established by the equity investment of OTP Core for managing the wholesale financing activity for all the subsidiaries within OTP Group but outside OTP Core. Therefore the balance sheet of the Corporate Centre is funded by the equity and intragroup lending received from OTP Core, the intragroup lending received from other subsidiaries, and the subordinated debt and senior notes issued by OTP Bank. From this funding pool, the Corporate Centre is to provide intragroup lending to, and hold equity stakes in OTP subsidiaries outside OTP Core. Main subsidiaries financed by Corporate Centre are as follows: Hungarians: Merkantil Bank Ltd, Merkantil Leasing Ltd, OTP Fund Management Ltd, OTP Real Estate Fund Management Ltd, OTP Life Annuity Ltd; foreigners: banks, leasing companies, factoring companies.

(15) Total Hungarian subsidiaries: sum of the adjusted after tax results of Hungarian group members, Corporate Centre and related eliminations.

(16) Total Foreign subsidiaries: sum of the adjusted after tax profits of foreign subsidiaries.

CALCULATION OF THE ADJUSTED LINES OF IFRS PROFIT AND LOSS STATEMENTS, AS WELL AS THE ADJUSTED BALANCE SHEET LINES PRESENTED IN THE REPORT, AND THE METHODOLOGY FOR CALCULATING THE FX-ADJUSTED VOLUME CHANGES

In order to present Group level trends in a comprehensive way in the Report, the presented consolidated and separate profit and loss statements of this report were adjusted in the following way, and the adjusted P&Ls are shown and analysed in the Report. Consolidated accounting figures together with Separate accounting figures of OTP Bank are still disclosed in the Financial Data section.

Adjustments affecting the income statement:

- The after tax effect of adjustment items (certain, typically non-recurring items from banking operations' point of view) are shown separately in the Statement of Recognised Income. The following adjustment items emerged in the period under review and the previous year: received dividends, received and paid cash transfers, the effect of goodwill/investment impairment charges, special tax on financial institutions, the expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia, the impact of fines imposed by the Hungarian Competition Authority, the effect of acquisitions, and from 1Q 2021 the result of the treasury share swap agreement (latter was presented amongst the one-off revenue items in the adjusted income statement structure).

  Beside the Slovakian banking levy payable until 2Q 2020, the total amount of the special banking tax includes and the Slovakian Deposit Protection Fund contributions being introduced again in 2014, and the contribution into the Resolution Fund in Slovakia, too.
- In 4Q 2019 the following items have been moved from the Other operating expenses line among the Net interest income after loss allowance, impairment and provisions line: *Release of loss allowance on securities at fair value through other comprehensive income and on securities at amortized cost*, *Provision for commitments and guarantees given*, *Release of impairment of assets subject to operating lease and of investment properties*. In the adjusted P&L structure these items are presented amongst the *Other provisions (adj.)* line (through the *Structural correction between Provision for loan losses and Other provisions* adjustment line). From 1Q 2021 the *Provision for commitments and guarantees given* line contains lending activity-related amounts, therefore this line is no longer shifted from 1Q 2021.
- Other non-interest income is shown together with Gains and losses on real estate transactions, Net insurance result (appearing in the accounting P&L structure from 3Q 2017), Gains and losses on derivative instruments, and Gains and losses on non-trading securities mandatorily at fair value through profit or loss lines between 1Q 2019 – 4Q 2019, but without the above mentioned income from the release of pre-acquisition provisions and without received cash transfers. However other non-interest expenses stemming from non-financial activities are added to the adjusted net other non-interest income line, therefore the latter incorporates the net amount of other non-interest income from non-financial activities.
- From 2Q 2014 OTP Bank's share in the change in the shareholders' equity of companies consolidated with equity method is reclassified from the After tax dividends and net cash transfers line to the Net other non-interest result (adj.) without one-offs line. In the addition to this, OTP Bank has changed the way how private equity funds managed by PortfoLion are recorded. As a result of this, as opposed to the previous method of recording the funds at book value (initial book value less impairments), starting from 3Q 2019 the funds are evaluated based on their net asset value. The change in the carrying value was reclassified to the Net other non-interest result (adj.) without one-offs line in the adjusted P&L structure. Furthermore, received cash transfers within the framework of the subsidy programme targeting the expansion of POS network in Hungary were reclassified from the After tax dividends and net cash transfers line to the Net other non-interest result (adj.) without one-offs line.
- Other provisions are separated from other expenses and shown on a separate line in the adjusted profit or loss statement.
- Other administrative expenses have been adjusted in the following way in order to create a category comprising administrative cost items exclusively. Other costs and expenses and other non-interest expenses were included into the adjusted Other non-interest expenses. At the same time, the following cost items were excluded from adjusted other non-interest expenses: paid cash transfers (except for movie subsidies and cash transfers to public benefit organisations, whereas from 1Q 2019 certain part of cash transfers to public benefit organizations was presented amongst net fees and commissions), Other other non-interest expenses stemming from non-financial activities, and special tax on financial institutions.
- Tax deductible transfers (offset against corporate taxes) paid by Hungarian group members from 3Q 2012 were reclassified from Other non-interest expenses to Corporate income tax. As a result, the net P&L effect of these transfers (i.e. the paid transfer less the related corporate tax allowances) is recognised in the corporate income tax line of the adjusted P&L. The amount of tax deductible transfers offset against the special tax on financial institutions is shown on a net base on the special tax on financial institutions line.
- The financial transaction tax paid from the beginning of 2013 in Hungary is reclassified from other (administrative) expenses to net fee and commission income, both on consolidated and OTP Core level.
- OTP Group is hedging the revaluation result of the FX provisions on its FX loans and interest claims by keeping hedging open FX positions. In the accounting statement of recognized income, the revaluation of FX provisions is part of the risk costs (within line "Provision for loan losses"), other provisions and net interest income lines, whereas the revaluation result of the hedging open FX positions is made through other non-interest income (within line "Foreign exchange result, net"). The two items have the same absolute amount but an opposite sign. As an adjustment to the accounting statement of income, these items are eliminated from the adjusted P&L. By modifying only the structure of the income statement, this correction does not have any impact on the bottom line net profits.
- The Compensation Fund (established in Hungary in order to indemnify the victims of Quaestor and Hungarian Securities Ltd.) contributions booked from 1Q 2017 are

recognized on the Other administrative expenses line of the accounting income statement, and are presented on the financial transaction tax and/or Special tax on financial institutions line the in the adjusted P&L structure (due to the tax deductibility).

- In case of OTP Banka Slovensko and OTP Bank Romania the total revaluation result of intra-group swap deals – earlier booked partly within the net interest income, but also on the Foreign exchange gains and Net other non-interest result lines within total Other non-interest income – is presented on a net base on the net interest income line starting from 1Q 2016.
- Due to the introduction of IFRS16 from 2019, certain items previously presented on the Other non-interest expenses line (rental fees) were moved to the interest expenses and depreciation lines in the accounting income statement. These items were shifted back to the Other non-interest expenses line in the adjusted P&L structure.
- Staring from 1Q 2020 the currency exchange result was shifted in the accounting P&L structure from the FX result to the net fees and commissions line, retroactively for the 2019 base period as well. In the adjusted P&L structure this
- Performance indicators (such as cost/income ratio, net interest margin, risk cost to average gross loans as well as ROA and ROE ratios, etc.) presented in this report are calculated on the basis of the adjusted profit and loss statement excluding adjustment items (unless otherwise indicated).
- Within the report, FX-adjusted statistics for business volume developments and their product breakdown, as well as the FX-adjusted stock of allowances for loan losses are disclosed, too. For FX adjustment, the closing cross currency rates for the current period were used to calculate the HUF equivalent of loan and deposit volumes in the base periods. Thus the FX-adjusted volumes will be different from those published earlier. Regarding the FX-adjusted volume change of DPD90+ loans (adjusted for sales and write-offs), instead of the previously applied 3Q 2009 FX rates, from 4Q 2020 onwards the actual end of period FX rates are used for calculating the FX-adjusted figures.

Adjustments affecting the balance sheet:

- On 17 February 2020 OTP Bank announced the signing of the sale agreement of its Slovakian subsidiary. According to IFRS 5 the Slovakian bank was presented as a discontinued operation in the consolidated income statement and balance sheet until it was sold. With regards to the consolidated accounting balance sheet, all assets and liabilities of the Slovakian bank was shown on one-one line of the 2019 and 9M 2020 balance sheet (there was no change in the 2018 closing balance sheet structure, whereas by the end of 4Q 2020 the Slovakian entity was deconsolidated). As for the consolidated accounting income statement, the Slovakian contribution for 2018, 2019 and 2020 (in 2020 the January-October contribution was consolidated) was shown separately from the result of continued operation, on the Loss from discontinued operation line, i.e. the particular P&L lines in the 'continuing operations' section of the accounting P&L don't incorporate the contribution from the Slovakian subsidiary. As opposed to this, the adjusted financial statements presented in the Stock Exchange Report incorporated the Slovakian banks' balance sheet and P&L contribution in the relevant respective lines, in line with the structure of the financial statements monitored by the management.
- From the end of 2020, OTP Osiguranje d.d. was presented as asset classified as held for sale in the accounting financial statements. Accordingly, from end-2020 its assets and liabilities were shown on a separate line in the consolidated balance sheet. Regarding the 2020 and 1Q 2021 accounting statement of recognized income, the entity's result was presented on the *Gains from held for trading operations* line, therefore the particular P&L lines in the 'continuing operations' section of the accounting P&L don't incorporate the contribution from this entity. As opposed to this, the adjusted financial statements presented in the Stock Exchange Report incorporated the company's balance sheet and P&L contribution in the relevant respective lines, in line with the structure of the financial statements monitored by the management.
- Finance lease receivables – earlier presented within customer loans – are shown on a separate line in the accounting balance sheet from 4Q 2019. As for the adjusted balance sheet, net customer loans continue to include the stock of finance lease receivables.
- Starting from 3Q 2017, in the adjusted balance sheets presented in the analytical section of the report, the total amount of accrued interest receivables related to DPD90+ loans (until 4Q 2018) and Stage 3 loans under IFRS 9 (from 1Q 2019) were netted with the provisions created in relation to the total exposure toward those particular clients, in case of the affected Group members. Therefore, this adjustment made on the accounting balance sheet has an impact on the consolidated gross customer loans and allowances for loan losses.

ADJUSTMENTS OF CONSOLIDATED IFRS P&L LINES

in HUF million	1Q 20	2Q 20	3Q 20	4Q 20 Audited	2020 Audited	1Q 21
Net interest income	**199,165**	**192,239**	**192,615**	**198,653**	**782,673**	**202,833**
(-) Revaluation result of FX provisions	-64	29	-39	18	-57	0
(+) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	87	72	94	84	337	77
(-) Netting of interest revenues on DPD90+ loans with the related provision (booked on the Provision for loan losses line) at OTP Core and CKB	1,792	1,175	479	2,505	5,951	674
(-) Effect of acquisitions	216	-309	-492	-15	-600	-573
(-) Initial NPV gain on the monetary policy interest rate swap (MIRS) deals	0	0	0	0	0	0
(-) Reclassification due to the introduction of IFRS16	-418	-418	-374	-413	-1,623	-399
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	2,554	2,648	2,603	951	8,755	20
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia				15	15	0
Net interest income (adj.)	**200,280**	**194,482**	**195,738**	**197,578**	**788,079**	**203,227**
Net fees and commissions	**95,493**	**92,028**	**99,631**	**110,484**	**397,635**	**98,575**
(+) Financial Transaction Tax	-17,739	-12,100	-15,287	-16,461	-61,588	-17,353
(-) Effect of acquisitions	-50	-34	-39	-22	-145	-15
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	1,005	922	945	338	3,210	0
(-) Structural shift of income from currency exchange from net fees to the FX result	9,575	14,297	11,087	11,331	46,290	9,337
Net fees and commissions (adj.)	**69,234**	**66,586**	**74,240**	**83,052**	**293,112**	**71,899**
Foreign exchange result	**10,507**	**-8,359**	**6,029**	**-313**	**7,864**	**1,281**
(-) Revaluation result of FX positions hedging the revaluation of FX provisions	10,167	-2,582	3,754	-144	11,195	0
(-) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	-175	-1,594	576	-771	-1,964	-354
(-) Effect of acquisitions	-2	1	0	0	0	0
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	-47	10	17	23	3	11
(+) Structural shift of income from currency exchange from net fees to the FX result	9,575	14,297	11,087	11,331	46,290	9,337
Foreign exchange result (adj.)	**10,045**	**10,122**	**12,803**	**11,956**	**44,927**	**10,983**
Gain/loss on securities, net	**-2,797**	**8,774**	**5,465**	**4,664**	**16,106**	**1,589**
(-) Effect of acquisitions		-66	0	-32	-98	0
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines		358	62	-72	349	11
(-) Revaluation result of the treasury share swap agreement						-2,586
Gain/loss on securities, net (adj.) with one-offs	**-2,797**	**9,199**	**5,527**	**4,624**	**16,553**	**4,187**
(-) Revaluation result of the treasury share swap agreement (booked as Gain on securities, net (adj) at OTP Core)	360	880	318	801	2,360	-
Gain/loss on securities, net (adj.) without one-offs	**-3,157**	**8,319**	**5,209**	**3,822**	**14,193**	**4,187**
Result of discontinued operation and gains from disposal of subsidiaries classified as held for sale	**-36**	**-2,596**	**512**	**7,710**	**5,590**	**144**
(-) Effect of acquisitions	1	17	-2	7,480	7,496	0
Result of discontinued operation and gains from disposal of subsidiaries classified as held for sale (adj.)	**-37**	**-2,613**	**514**	**230**	**-1,907**	**144**

in HUF million	1Q 20	2Q 20	3Q 20	4Q 20 Audited	2020 Audited	1Q 21
Gains and losses on real estate transactions	**557**	**607**	**1,025**	**1,442**	**3,631**	**2,031**
Result of discontinued operation and gains from disposal of subsidiaries classified as held for sale (adj.)	**-37**	**-2,613**	**514**	**230**	**-1,907**	**144**
(+) Other non-interest income	**13,648**	**3,707**	**4,674**	**7,080**	**29,109**	**19,760**
(+) Gains and losses on derivative instruments	**3,524**	**3,318**	**202**	**4,295**	**11,339**	**880**
(+) Net insurance result	**371**	**432**	**398**	**-481**	**721**	**143**
(+) Losses on loans measured mandatorily at fair value through other comprehensive income and on securities at amortized cost	**-173**	**227**	**99**	**-2,550**	**-2,396**	**-1,726**
(-) Received cash transfers	2	35	146	-117	65	36
(+) Other other non-interest expenses	-3,066	-997	-1,255	-483	-5,800	-12,264
(+) Change in shareholders' equity of companies consolidated with equity method, and the change in the net asset value of the private equity funds managed by PortfoLion	85	-277	713	-393	128	1,847
(-) Effect of acquisitions	7,430	-52	-3	-110	7,264	0
(-) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	262	1,665	-481	855	2,301	431
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	-37	-15	-53	-121	-226	-259
(-) Impact of fines imposed by the Hungarian Competition Authority	0	823	0	0	823	0
(-) Netting of refunds related to legal cases (accounted for on the Net other non-interest result line) with the release of provisions created earlier for these cases (accounted for on the Other provisions line) from 1Q 2017 at OTP Bank Romania	-96	-33	-67	-20	-216	-77
(+) Shifting of Non-trading securities mandatorily at fair value through profit or loss line to Net other non-interest income from 1Q 2019 until 4Q 2019	-	-	-	-	-	-
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	124	2,710	-426	741	3,149	151
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia				-1,646	-1,646	0
Net other non-interest result (adj.) with one-offs	**7,472**	**4,691**	**6,405**	**11,042**	**29,610**	**10,836**
(-) Gain on the repurchase of own Upper and Lower Tier2 Capital (booked as Net other non-interest result (adj) at OTP Core and at the Corporate Centre)	0	0	0	0	0	-
Net other non-interest result (adj.) without one-offs	**7,472**	**4,691**	**6,405**	**11,042**	**29,610**	**10,836**
Provision for impairment on loan and placement losses	**-97,568**	**-27,149**	**-4,923**	**-70,676**	**-200,315**	**-5,604**
(+) Change in the fair value attributable to changes in the credit risk of loans mandatorily measured at fair value through profit of loss				**-3,262**	**-3,262**	**-4,915**
(+) Loss allowance on securities at fair value through other comprehensive income and on securities at amortized cost	**-133**	**-1,579**	**-3,097**	**-2,500**	**-7,309**	**-2,378**
(+) Provision for commitments and guarantees given	**-5,676**	**-4,744**	**158**	**1,600**	**-8,662**	**185**
(+) Impairment of assets subject to operating lease and of investment properties	**883**	**12**	**51**	**-68**	**877**	**337**
(-) Revaluation result of FX provisions	-9,996	2,546	-3,669	121	-10,997	0
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	73	90	87	210	459	113
(+) Netting of interest revenues on DPD90+ loans with the related provision (booked on the Provision for loan losses line) at OTP Core and CKB	1,792	1,175	479	2,505	5,951	674
(-) Effect of acquisitions	-1,119	-12	-977	-42	-2,149	0
(-) Structural correction between Provision for loan losses and Other provisions	-4,926	-6,311	-2,888	-968	-15,094	-2,041
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	10	-2,878	-100	-55	-3,024	0
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia				-29,543	-29,543	-1
Provision for impairment on loan and placement losses (adj.)	**-84,724**	**-31,477**	**15**	**-42,235**	**-158,421**	**-9,772**
Dividend income	**115**	**-159**	**854**	**-284**	**527**	**1,896**
(+) Received cash transfers	2	35	146	-117	65	36
(+) Paid cash transfers	-2,351	-1,119	-2,584	-6,714	-12,768	-2,043
(-) Sponsorships, subsidies and cash transfers to public benefit organisations	-2,351	-1,118	-2,569	-6,470	-12,508	-2,039
(-) Change in shareholders' equity of companies consolidated with equity method, and the change in the net asset value of the private equity funds managed by PortfoLion	85	-277	713	-393	128	1,847
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	1	0	7	0	8	0
After tax dividends and net cash transfers	**33**	**152**	**279**	**-252**	**213**	**82**
Depreciation	**-21,771**	**-22,740**	**-23,045**	**-25,206**	**-92,762**	**-23,424**
(-) Effect of acquisitions	-1,970	-1,919	-1,713	-1,813	-7,415	-1,662
(-) Reclassification due to the introduction of IFRS16	-4,214	-4,076	-4,030	-4,126	-16,447	-4,033
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	-419	-371	-419	-176	-1,385	-8
Depreciation (adj.)	**-16,005**	**-17,116**	**-17,721**	**-19,444**	**-70,286**	**-17,737**

in HUF million	1Q 20	2Q 20	3Q 20	4Q 20 Audited	2020 Audited	1Q 21
Personnel expenses	**-77,901**	**-76,323**	**-75,234**	**-79,184**	**-308,643**	**-78,739**
(-) Effect of acquisitions	-375	-1,424	-385	-601	-2,785	95
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	-1,788	-1,828	-1,773	-1,248	-6,638	-126
Personnel expenses (adj.)	**-79,314**	**-76,727**	**-76,622**	**-79,832**	**-312,495**	**-78,960**
Income taxes	**-1,519**	**-9,637**	**-14,618**	**-1,603**	**-27,376**	**-17,998**
(-) Corporate tax impact of goodwill/investment impairment charges	0	886	0	0	886	657
(-) Corporate tax impact of the special tax on financial institutions	1,651	116	3	3	1,773	1,785
(+) Tax deductible transfers (offset against corporate taxes)	0	0	-2,114	-5,969	-8,083	-334
(-) Corporate tax impact of the effect of fines imposed by the Hungarian Competition Authority	0	-74	0	0	-74	0
(-) Corporate tax impact of the effect of acquisitions	-1,137	124	232	1,279	497	89
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	13	-134	16	25	-80	-15
(-) Corporate tax impact of the expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia	1,998	-198	-73	1,185	2,913	0
(-) Corporate tax impact of the result of the treasury share swap agreement						233
Corporate income tax (adj.)	**-4,018**	**-10,624**	**-16,879**	**-10,013**	**-41,534**	**-21,111**
Other operating expense	**-30,844**	**-2,889**	**-7,012**	**1,297**	**-39,447**	**-11,991**
(-) Other costs and expenses	-1,356	-1,823	-1,757	-2,570	-7,506	-1,179
(-) Other non-interest expenses	-5,417	-2,116	-3,839	-7,197	-18,568	-14,307
(-) Effect of acquisitions	89	38	0	896	1,022	0
(-) Revaluation result of FX provisions	-107	7	-47	5	-141	0
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	-36	-74	-33	-90	-233	147
(-) Netting of refunds related to legal cases (accounted for on the Net other non-interest result line) with the release of provisions created earlier for these cases (accounted for on the Other provisions line) from 1Q 2017 at OTP Bank Romania	96	33	67	20	216	77
(+) Structural correction between *Provision for loan losses* and *Other provisions*	-4,926	-6,311	-2,888	-968	-15,094	-2,041
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	-81	-123	-26	-13	-243	0
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia	-22,150	2,186	804	19,159	0	0
Other provisions (adj.)	**-6,969**	**-7,574**	**-5,122**	**-9,908**	**-29,574**	**1,229**
Other administrative expenses	**-89,917**	**-66,501**	**-70,212**	**-79,632**	**-306,263**	**-89,543**
(+) Other costs and expenses	-1,356	-1,823	-1,757	-2,570	-7,506	-1,179
(+) Other non-interest expenses	-5,417	-2,116	-3,839	-7,197	-18,568	-14,307
(-) Paid cash transfers	-2,351	-1,119	-2,584	-6,714	-12,768	-2,043
(+) Film subsidies and cash transfers to public benefit organisations	-2,351	-1,118	-2,569	-6,470	-12,508	-2,039
(-) Other other non-interest expenses	-3,066	-997	-1,255	-483	-5,800	-12,264
(-) Special tax on financial institutions (recognised as other administrative expenses)	-18,385	-710	-24	-19	-19,138	-20,658
(-) Tax deductible transfers (offset against corporate taxes)	0	0	-2,114	-5,969	-8,083	-334
(-) Financial Transaction Tax	-17,739	-12,100	-15,287	-16,461	-61,588	-17,353
(-) Effect of acquisitions	-2,134	-3,096	-1,692	-3,018	-9,940	-1,401
(+) Reclassification due to the introduction of IFRS16	-4,633	-4,494	-4,404	-4,538	-18,069	-4,432
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	-1,372	-1,312	-906	-515	-4,105	-44
Other non-interest expenses (adj.)	**-61,371**	**-59,341**	**-60,732**	**-68,258**	**-249,702**	**-57,491**

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