



OTP Bank Plc.

**Half-year Financial Report
First half 2021 result**

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

Budapest, 12 August 2021

CONSOLIDATED FINANCIAL HIGHLIGHTS¹ AND SHARE DATA

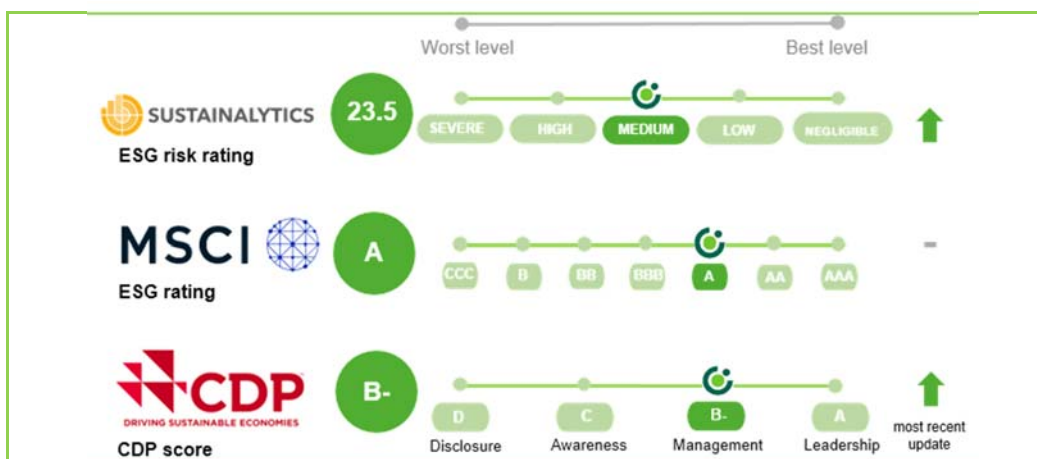
Main components of the adjusted Statement of recognised income, in HUF million	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Consolidated after tax profit	74,598	215,148	188%	78,670	93,334	121,814	31%	55%
Adjustments (total)	-39,456	-31,138	-21%	-3,552	-23,955	-7,182	-70%	102%
Consolidated adjusted after tax profit without the effect of adjustments	114,054	246,286	116%	82,222	117,289	128,997	10%	57%
Pre-tax profit	128,696	289,250	125%	92,846	138,400	150,850	9%	62%
Operating profit	258,200	307,495	19%	131,016	146,942	160,553	9%	23%
Total income	568,074	617,605	9%	284,200	301,131	316,474	5%	11%
Net interest income	394,763	413,799	5%	194,482	203,227	210,573	4%	8%
Net fees and commissions	135,820	152,219	12%	66,586	71,899	80,320	12%	21%
Other net non-interest income	37,492	51,587	38%	23,132	26,005	25,582	-2%	11%
Operating expenses	-309,874	-310,110	0%	-153,184	-154,189	-155,921	1%	2%
Total risk costs	-130,744	-18,245	-86%	-39,051	-8,542	-9,703	14%	-75%
One off items	1,240	-	-	880	-	-	-	-
Corporate taxes	-14,642	-42,965	193%	-10,624	-21,111	-21,853	4%	106%
Main components of the adjusted balance sheet, closing balances in HUF million	2020	1H 2021	YTD	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Total assets	23,335,841	24,550,723	5%	21,790,154	24,307,608	24,550,723	1%	13%
Total customer loans (net, FX adjusted)	13,231,859	14,065,940	6%	12,905,561	13,457,557	14,065,940	5%	9%
Total customer loans (gross, FX adjusted)	14,050,781	14,904,741	6%	13,649,720	14,290,987	14,904,741	4%	9%
Performing (Stage 1+2) customer loans (gross, FX-adjusted)	13,246,866	14,099,828	6%	12,849,450	13,479,112	14,099,828	5%	10%
Allowances for possible loan losses (FX adjusted)	-818,922	-838,801	2%	-744,159	-833,430	-838,801	1%	13%
Total customer deposits (FX adjusted)	17,550,310	18,258,677	4%	16,351,568	18,018,366	18,258,677	1%	12%
Issued securities	464,214	497,045	7%	401,829	481,406	497,045	3%	24%
Subordinated loans	274,704	267,378	-3%	271,478	275,906	267,378	-3%	-2%
Total shareholders' equity	2,537,112	2,696,923	6%	2,380,263	2,637,055	2,696,923	2%	13%
Indicators based on adjusted earnings	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
ROE (from accounting net earnings)	6.4%	16.7%	10.3%p	13.5%	14.8%	18.5%	3.7%p	5.0%p
ROE (from adjusted net earnings)	9.8%	19.1%	9.3%p	14.1%	18.6%	19.6%	1.0%p	5.5%p
ROA (from adjusted net earnings)	1.1%	2.1%	1.0%p	1.5%	2.0%	2.1%	0.1%p	0.6%p
Operating profit margin	2.45%	2.58%	0.13%p	2.44%	2.51%	2.65%	0.14%p	0.20%p
Total income margin	5.39%	5.18%	-0.21%p	5.30%	5.14%	5.22%	0.07%p	-0.08%p
Net interest margin	3.75%	3.47%	-0.28%p	3.63%	3.47%	3.47%	0.00%p	-0.15%p
Cost-to-asset ratio	2.94%	2.60%	-0.34%p	2.86%	2.63%	2.57%	-0.06%p	-0.28%p
Cost/income ratio	54.5%	50.2%	-4.3%p	53.9%	51.2%	49.3%	-1.9%p	-4.6%p
Provision for impairment on loan and placement losses-to-average gross loans ratio	1.73%	0.14%	-1.59%p	0.92%	0.28%	0.02%	-0.26%p	-0.91%p
Total risk cost-to-asset ratio	1.24%	0.15%	-1.09%p	0.73%	0.15%	0.16%	0.01%p	-0.57%p
Effective tax rate	11.4%	14.9%	3.5%p	11.4%	15.3%	14.5%	-0.8%p	3.0%p
Net loan/(deposit+retail bond) ratio (FX adjusted)	79%	77%	-2%p	79%	75%	77%	2%p	-2%p
Capital adequacy ratio (consolidated, IFRS) - Basel3	16.3%	18.1%	1.8%p	16.3%	17.9%	18.1%	0.2%p	1.8%p
Tier 1 ratio - Basel3	13.9%	15.9%	1.9%p	13.9%	15.6%	15.9%	0.3%p	1.9%p
Common Equity Tier 1 ('CET1') ratio - Basel3	13.9%	15.9%	1.9%p	13.9%	15.6%	15.9%	0.3%p	1.9%p
Share Data	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
EPS base (HUF) (from unadjusted net earnings)	286	839	193.1%	304	364	474	30%	56%
EPS diluted (HUF) (from unadjusted net earnings)	286	838	193%	303	364	474	30%	56%
EPS diluted (HUF) (from adjusted net earnings)	437	961	120%	317	458	503	10%	59%
Closing price (HUF)	11,020	15,955	45%	11,020	13,200	15,955	21%	45%
Highest closing price (HUF)	15,630	14,360	-8%	11,830	14,360	13,560	-6%	15%
Lowest closing price (HUF)	8,010	12,920	61%	8,010	12,920	13,560	5%	69%
Market Capitalization (EUR billion)	8.7	12.7	47%	8.7	10.2	12.7	25%	47%
Book Value Per Share (HUF)	8,501	9,632	13%	8,501	9,418	9,632	2%	13%
Tangible Book Value Per Share (HUF)	7,636	9,020	18%	7,636	8,793	9,020	3%	18%
Price/Book Value	1.3	1.7	28%	1.3	1.4	1.7	18%	28%
Price/Tangible Book Value	1.4	1.8	23%	1.4	1.5	1.8	18%	23%
P/E (trailing, from accounting net earnings)	10.0	11.2	12%	10.0	10.4	11.2	8%	12%
P/E (trailing, from adjusted net earnings)	9.3	10.1	8%	9.3	9.3	10.1	8%	8%
Average daily turnover (EUR million)	27	17	-36%	27	16	18	13%	-33%
Average daily turnover (million share)	0.9	0.4	-50%	1.0	0.4	0.4	0%	-56%

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	
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

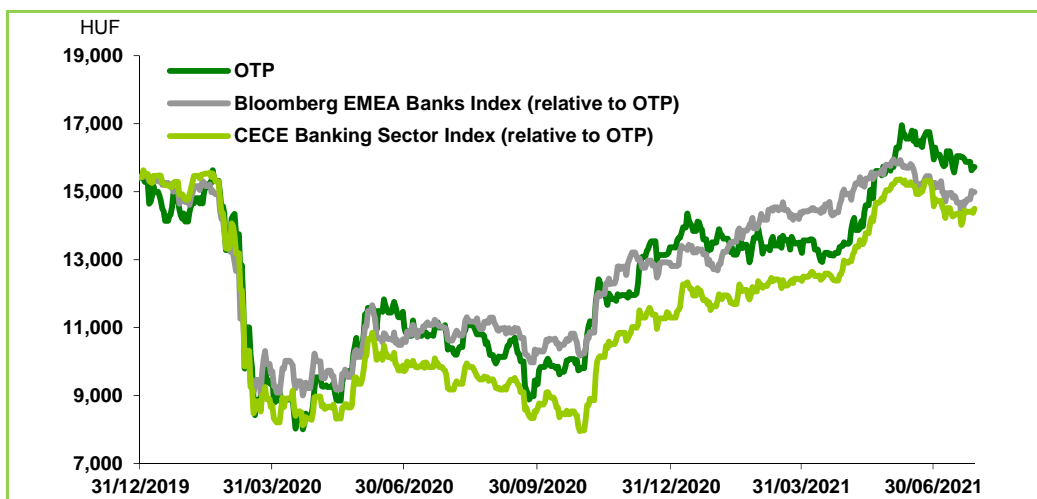


AWARDS

In the Euromoney Awards for Excellence 2021 OTP Bank received the “Best Bank in Central and Eastern Europe” award. In addition, the Bank won the title of “Best Bank in Hungary” and its subsidiaries also proved to be the best in Bulgaria, Montenegro and Albania.



SHARE PERFORMANCE



HALF-YEAR FINANCIAL REPORT – OTP BANK’S RESULTS FOR FIRST HALF 2021

The Summary of the first half 2021 results of OTP Bank Plc. has been prepared on the basis of its non-audited separate and consolidated IFRS financial statements for 30 June 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 HALF AND SECOND QUARTER 2021

Following the favourable 1Q GDP growth (+2% q-o-q) the annual forecasts for 2021 moved up significantly and currently analysts, the government and the National Bank of Hungary (NBH) anticipate around 6% or even higher growth rate with an all-time high expansion in 2Q.

The faster than expected economic rebound was equally supported by the intensive vaccination campaign, as well as by targeted governmental and central bank measures. As a result, there is a good chance that the nominal economic output will reach the pre-COVID level already in 2H 2021.

The faster expanding demand, coupled with strengthening global inflation outlook, made the central bank start a monetary tightening cycle in June, in order to contain the increase of inflation risks. Against this backdrop on 22 June the Monetary Council hiked the base rate from 0.75% to 0.90% and the 1 week deposit rate was also raised to 0.90% (on 27 July the base rate was hiked by another 30 bps, thus currently it stands at 1.20%) Furthermore, the NBH also decided about phasing out the Funding for Growth Go! Scheme that efficiently supported economic growth in earlier periods. At the same time the central bank kept in force the government securities purchase programme. Following those measures, the short-end of the yield curve elevated, the 3M BUBOR increased to 105 bps by 30 June against 75 bps at the beginning of the year. On 9 August the reference rate stood at 135 bps. The NBH expects higher (4.1%) than originally forecasted inflation and flagged that short-end rates may grow on a monthly base. The central bank’s communication gave a temporary boost to HUF.

Within the framework of the action plan for re-starting the economy there were a couple of new measures being introduced: on one hand the payment moratorium was extended in an unchanged format until 30 September, also, aiming at offsetting the impact of phasing out FGS Go! the government announced new loan facilities with state subsidized interest rate for local SMEs available from 1 July 2021 within the framework of the Széchenyi Card programme. Furthermore, several investment and export boosting measures were launched. Besides, the NBH announced its FGS Green Home programme starting from October for environment sustainability purposes.

According to the report published by the NBH on 2 August, in 1H 2021 the dynamic expansion of household loan volumes continued, whereas the y-o-y growth of corporate exposures moderated to single digit pace. Household loans expanded by 15.5%, true that the payment moratorium also played a role containing principal amortization. Corporate exposures grew by 5.8% y-o-y. Within the retail segment one of the main engines was still the subsidized baby loans; total sector level volumes reached HUF 1,334 billion by the end of 1H. Housing loan volumes grew by 12.8% y-o-y. In 2Q contractual volumes hit a new record with HUF 360 billion. The steady growth was supported by the refurbishment loans, their contractual volumes reached HUF 37 billion in 2Q. Cash loan volumes leaped by 14.6% in 1H, whereas home equity exposures kept eroding by 5% y-o-y following the trend of recent years.

As a result of the favourable developments experienced in the banking sector coupled with the improving assessment of the Hungarian macro profile, on 13 July Moody’s improved the rating of several local banks.

1Q GDP numbers were favourable in the case of the Group’s foreign operating geographies, accordingly the potential growth and simultaneously the banking sector’s activity may exceed originally expected levels. At the same time COVID-19 infection numbers in Russia are stubbornly high, while vaccination willingness is low which may hamper growth outlook; besides, high inflation may generate further monetary tightening.

For the first six months Group-level trends overall played out positively. At the same time, the potential 4th wave of the pandemic justifies to be cautious, though the expected macroeconomic impact is expected to be much lower, according to current forecasts.

According to the management guidance:

- **On the back of the ytd performing (Stage 1+2) loan volume growth of 6%, for the whole year the loan book may expand by more than 10% (FX-adjusted), provided that the favourable trends seen in 1H remain in place;**
- **In case the positive risk development trends manifested in 1H continue, the adjusted ROE for 2021 may end up between 18-20%.**

OTP Bank's management is committed to distribute dividends which will include HUF 119 billion dividend amount after 2019 and 2020; the payment of the said amount was suspended at the request of the regulator, but was deducted from the regulatory capital. In 1H the Bank deducted HUF 42 billion dividend, but it can't be considered as an indication from the management for the dividend after the 2021 fiscal year; it was determined in accordance with the Commission Delegated Regulation (EU) No. 241/2014. Article 2. (7) Paragraph.

Consolidated earnings: HUF 246 billion 1H adjusted profit after tax (2Q: HUF 129 billion), q-o-q stable NIM, steadily low quarterly risk costs, improving credit quality, ytd 6% organic increase in performing loan volumes (FX-adjusted)

1H profit after tax was partly shaped by steadily moderate risk costs, but also by increasing core banking revenues on the back of strong business activity, as well as improving cost management. 1H accounting profit reached HUF 215.1 billion.

On 31 May 2021 OTP Bank announced the purchase of the Slovenian Nova KBM d.d. and its subsidiaries. The expected financial closure of the transaction is 2Q 2022, subject to acquiring all the relevant regulatory approvals. Once the deal is completed, the newly acquired bank, together with the existing Slovenian subsidiary of OTP Bank, will form *pro forma* the biggest local bank by total assets.

The total volume of 1H adjustment items represented -HUF 31 billion within the accounting earnings (after tax), of which -HUF 7.2 billion was booked in 2Q.

The major items were as follows:

- -HUF 5.6 billion expected negative impact at OTP Core and Merkantil Group (after tax) as a result of the debt repayment moratorium extension in Hungary until 30 September 2021. At the end of June the participation rate was 28.7% at OTP Core and 20.5% at Merkantil Group, representing of HUF 1,441 billion and HUF 91 billion gross exposures at those entities;
- -HUF 1.4 billion tax shield as a joint result of impairment charges and releases on subsidiary investments;
- -HUF 0.7 billion effect of acquisitions (after tax) related mainly to the integration costs of the Serbian, Slovenian and Bulgarian banks. Additionally, HUF 3.6 billion deferred tax on the Serbian badwill was reversed. Without this particular item the quarterly amount booked on the Effect of acquisitions line would be similar to the previous quarter;

- +HUF 0.5 billion related mainly to dividends and net cash transfers, but also to the share swap agreement.

1H consolidated adjusted profit comprised HUF 246.3 billion, more than twice as high as in the base period (+116% y-o-y). The adjusted ROE for the period increased to 19.1%, roughly double that of in 1H 2020.

The profit contribution of foreign subsidiaries increased by 6 pps y-o-y to 51%.

1H profit lines were effected in a mixed way by the cross currency moves: the average rate of UAH and RUB weakened significantly y-o-y against HUF, by 11.3% and 11.6%, respectively. During the same period however, HUF depreciated against EUR, BGN and SRD by 3.7%.

For the first six months of 2021 OTP Group realized HUF 307.5 billion operating profit (+19% y-o-y). Total income advanced by 9% with net interest income growing by 5% and net fees & commissions income increasing by 12%. Other net non-interest income surged by 38% y-o-y.

While the consolidated NIM (1H 2021: 3.47%) fell short of the base period by 28 bps, it stabilized during the last two quarters.

The 1H NII adjusted for FX and the sale of the Slovakian bank grew by 7.4% y-o-y; similar to previous periods it was mainly due to higher performing loan volumes.

Operating expenses in 1H remained basically flat y-o-y at Group level, however adjusted for the Slovakian subsidiary sold in November 2020, as well as for the reclassification of the Hungarian local business tax and innovation contribution (IPA) the FX-adjusted y-o-y increase would be 5.8%.

In 2Q 2021 OTP Group posted HUF 129 billion adjusted profit after tax which underpins a q-o-q 10% improvement (+57% y-o-y). The effective tax rate was 14.5%, +3.1 pps y-o-y as a result of booking IPA on the corporate tax line starting from 2021 (shifted amount in 1Q 2021: HUF 4.4 billion, 2Q: HUF 5 billion). The adjusted 2Q ROE was 19.6% versus 14.1% a year ago.

Similar to 1Q 2021, due to lower risk costs all subsidiaries made profit in 2Q; the most significant q-o-q improvement was realized at the Bulgarian, Croatian, Slovenian and Romanian operations, as well as at Merkantil Group.

The profit contribution of foreign subsidiaries in 2Q comprised 53% demonstrating a decent y-o-y and q-o-q increase (+4% and 6%, respectively).

In 2Q the operating income reached almost HUF 161 billion (+9% q-o-q). Total income grew dynamically, by 5% q-o-q with net interest income increasing by 4% on the back of q-o-q stable NIM and surging performing loan volumes. The

consolidated net interest margin remained flat q-o-q (3.47%), thus compared to 4Q 2020 NIM level (3.42%) this manifested a stabilization over two consecutive quarters already. In 2Q the closing level of the Hungarian reference rate (3 months BUBOR) grew significantly q-o-q, from 77 to 105 bps. During the same period the Ukrainian central bank hiked the policy rate from 6.5% to 7.5%, whereas the Central Bank of Russia from 5.0% to 5.5%, respectively. For the rest of the year further rate hikes are anticipated in all three countries.

The q-o-q 12% surge in net fee and commission income is definitely explained by strengthening business activity and higher transactional volumes. The q-o-q and y-o-y increase in F&C was spectacular especially in countries where the tourism has a meaningful weight in national economies (Croatia, Montenegro and Albania). Other net non-interest income declined moderately q-o-q.

FX-adjusted operating expenses grew marginally q-o-q (+1%). On a Group level expenses grew sharply at OTP Core (+11% q-o-q), partially due to one-off items, however other operations managed to cut their expense base (also due to base effects). Out of the three major cost items personnel expenses increased by 2% q-o-q, whereas amortization and administrative expenses remained basically unchanged. Intensifying business activity coupled with higher marketing spending q-o-q, however regulatory fees dropped as a result of base effect.

In 2Q the cost-to-income ratio dropped below 50% (49.3%, -1.9 pps q-o-q).

The FX-adjusted consolidated performing (Stage 1+2) loan volumes increased by 5% q-o-q, following a 2% growth in the previous quarter. As a result, the organic growth of performing loan volumes ytd exceeded 6% (+6.4%, HUF 860 billion) within that the positive impact of the Hungarian payment moratorium was 0.7 pp. The FX-adjusted y-o-y organic performing volume increase reached 10% (without the effect of OBS sale).

During the first six months, out of the major Group members the fastest loan growth was posted at the Ukrainian, Hungarian and Romanian operations. Given its size, there was a spectacular 10% ytd increase realized at OTP Core. It was also positive, that practically all subsidiaries achieved volume growth, whereas in Russia the erosion experienced during the recent quarters has stopped.

As for the major loan segments, the consolidated FX-adjusted performing mortgages and consumer loans organically grew by 7% ytd each, whereas the corporate exposures increased by 5%. MSE exposures advanced by 9% during the first six months and leasing volumes by 8%, respectively.

Lending dynamics to a great extent were shaped by the gradual lift up of restrictions imposed upon the pandemic situation. In certain countries and particular segments one could see massive uptick in new origination: new mortgage underwriting at OTP Core surged by 70% q-o-q and by 38% at DSK, but corporate loan origination also grew by above 60% in Bulgaria, Ukraine and Croatia. New leasing volumes jumped by more than 40% in Croatia and Ukraine q-o-q.

The FX-adjusted deposits grew by 1% q-o-q, thus ytd volumes advanced by 4% or HUF 709 billion. As a result, in absolute terms the expansion of loan volumes exceeded that of deposits for the first time in several quarters. The consolidated net loan-to-deposit ratio increased by 2 pps q-o-q to 77%.

At the end of June 2021 the gross operative liquidity reserves of the Group comprised EUR 8.6 billion equivalent (-EUR 0.25 billion q-o-q). In order to optimize its capital structure and meet the minimum MREL requirements the Bank may issue benchmark size Tier2 and/or Senior Preferred transactions within its EMTN Programme updated at the end of May 2021.

The Stage 3 ratio under IFRS 9 was 5.3%, -0.3 pp q-o-q (-0.5 pp y-o-y). Apart from Croatia and Serbia the Stage 3 ratio declined in all other countries. The Stage 2 ratio stood at 13.1% at end 2Q. The own coverage of Stage 1, 2 and 3 exposures were 1.1%, 10.3% and 63.3%, respectively.

By the end of 2Q 2021 material participation in payment moratoria amongst Group members was only in Hungary, but even there the ratio demonstrated a declining trend with 28.7% at OTP Core (versus 32.5% in 1Q) and 20.5% at Merkantil Group (versus 22.2% in 1Q).

In Bulgaria and Serbia where the moratoria came to end, the share of exposures migrating into Stage 3 category marginally increased, however their ratio is still below 4 and 5%, respectively, of the original exposures being part of the moratorium.

Total risk cost volumes in 1H comprised HUF 18.2 billion underpinning a 82% y-o-y drop. In 2Q total risk cost volumes were HUF 9.7 billion (+14% q-o-q), of which credit risk costs amounted to -HUF 0.6 billion (1Q 2021: -HUF 10 billion). As a result 1H risk cost rate was 0.14% (2Q: 0.02%).

Geographically, in 2Q the biggest provisions were made in Russia, whereas q-o-q all operations, but Ukraine and Merkantil Group witnessed risk cost decline.

In 2Q there was a fine-tuning at OTP Core in its Stage 2 methodology based on internal rating, which resulted in q-o-q higher Stage 2 volumes. At the same time the parameters in the impairment models

used at OTP Group were revised, too. As a result, significant changes were made at OTP Core (because of the change mentioned above) and Albania. Those methodological fine-tunings, however didn't have a meaningful impact on the consolidated stock of allowances for loan losses.

Consolidated capital adequacy ratio (in accordance with BASEL III)

At the end of June 2021, the consolidated Common Equity Tier 1 ratio under IFRS was 15.9% (+0.3 pp q-o-q). This ratio equals to the Tier 1 ratio and reflects the net earnings for the period, as well as the accrued and deducted dividend.

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 shall be rebuilt gradually between 1 January 2022 and 31 December 2023. The effective rate of the countercyclical capital buffer is currently 0%. In Bulgaria the local central bank prescribed a 0.5% buffer, on a consolidated level it is equivalent of a 0.1% countercyclical 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 was 7.9%.

At the end of 2Q the regulatory capital was boosted by the interim semi-annual accounting profit (HUF 173 billion) reduced by the calculated dividend (HUF 41.6 billion). The deducted dividend amount for 1H 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, the amount of repurchased own shares declined by HUF 19 billion and the CET1 capital was increased by the same amount. Compared to 1Q, there was an important regulatory (CRR) change, accordingly effective from 26 April 2021 in case of non-performing assets minimum

coverage limits were established. The difference between the actual and target levels of coverage has to be covered by CET1 capital. At the end of 2Q this impact was immaterial. Other items (intangible assets, lower deduction on DTA) had a moderate negative impact on CET1 capital.

The 2Q risk weighted assets (RWA) increased by 0.3% q-o-q, mainly due to the growth of partner risk RWA (+2.0%) that was counterbalanced by lower credit risk assets (-1.2%) and operational risk RWA (-0.5%). Credit risk weighted assets declined mainly due to FX-effect (-HUF 319 billion), whereas organic volume growth resulted an increase of HUF 135 billion.

The result of the 2021 EBA stress test was favourable for OTP: out of 50 banks the decline of CET1 ratio under the adverse scenario in a 3-year horizon resulted in the 12th best position.

Credit rating, shareholder structure, credentials

In 2021 2Q there were changes neither in S&P Global Ratings' nor Moody's Investors Service' relevant ratings. However, on 13 July the dated subordinated debt rating of OTP Bank by Moody's has been placed on review for downgrade, while its junior subordinated debt rating, the BCA (baseline credit assessment) and the adjusted BCA have been placed on review for upgrade. The rest of OTP Bank's ratings and assessments have been affirmed and the outlook on OTP Bank's long-term deposit ratings has been changed to positive from stable. At the same time, Moody's has placed on review for downgrade the long-term issuer rating of OTP Mortgage Bank Ltd., while all other ratings and assessments of OTP Mortgage Bank have been affirmed.

Fitch's 'BB+' rating on OTP Bank Russia has not changed either, the outlook turned to stable from negative on 28 June 2021.

Regarding the ownership structure of the Bank, on 30 June 2021 the following investors had more than 5% influence (voting rights) in the Company: MOL (the Hungarian Oil and Gas Company, 8.61%), the Kafijat Group (7.10%), OPUS Securities SA (5.20%) and Groupama Group (5.13%).

Euromoney awarded for excellence OTP Bank in 2021 as the Best Bank in CEE, as well as in Hungary, Bulgaria, Montenegro and Albania.

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 quarterly stock exchange reports released since 1Q 2020 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 28 April 2021.

In the below section we display those measures and developments which have been made since 29 April 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 5 August 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

- On 11 May 2021 Mihály Varga, Minister of Finance announced several amendments to tax regulations: among others, effective from July 2022 wage taxes payable by employers will be cut by 2 pps (of which the vocational training contribution of 1.5 pps will be abolished, and the employers’ social contributions will be cut by 0.5 pp), and the special tax payable by private equity fund management companies will be repealed.
- On 18 May 2021 the Hungarian Development Bank revealed that the interest-free, maximum HUF 10 million loan for micro- and small enterprises (the so-called interest-free restart quick loan) can be applied for by companies whose revenues in 2020 plummeted by more than 30%, irrespective of the scope of activities (certain other criteria must be met).
- On 25 May 2021 the National Bank of Hungary did not touch the benchmark interest rates, but stressed that the central bank is ready to tighten monetary conditions in a proactive manner to the extent necessary in order to ensure price stability and to mitigate inflation risks. The central bank also said that the MNB will continue to use the government securities purchase programme by maintaining a lasting presence in the market, taking a flexible approach to changing the quantity and structure of weekly securities purchases, to the extent and for the time necessary. In its interview on 17 May, Barnabás Virág central bank deputy governor alluded to the phasing out of crisis management tools employed by the national bank in the next period (some of them quickly, others gradually).
- The Commission de Surveillance du Secteur Financier (CSSF) approved the Base Prospectus (dated 28 May 2021) relating to EUR 5,000,000,000 Euro Medium Term Note Programme of OTP Bank Nyrt. CSSF File No: C-026423, dated 28 May 2021.
- On 31 May 2021 OTP Bank signed a share sale and purchase agreement on purchasing 100% shareholding of Nova KBM d.d. and its subsidiaries, which are 80% owned by funds managed by affiliates of Apollo Global Management, Inc. and 20% by EBRD. With a market share of 20.5% by total assets as of December 2020, Nova KBM d.d. is the 2nd largest bank in the Slovenian banking market. The financial closing of the transaction is estimated in 2Q 2022 subject to obtaining all the necessary regulatory approvals.
- On 9 June 2021 Viktor Orbán Prime Minister announced that their actual personal income tax payments (up to the tax burden of the average wage) will be refunded to families raising kids in early-2022 provided that the 2021 GDP growth surpasses 5.5%.
- According to Government Decree No. 317/2021. (VI. 9.) released on 9 June 2021 the payment moratorium was extended with unchanged conditions until 30 September 2021.
- On 9 June 2021 Viktor Orbán Prime Minister announced that once the central bank phases out its Funding for Growth scheme, the government will have to shoulder the financial burden of providing cheap (not higher than 0.5% interest rate) subsidized loans to domestic micro and small enterprises, through the Széchenyi Card programme by KAVOSZ. The Prime Minister said that there won’t be any upper limit for this purpose.

On 9 June László Krisán, CEO of KAVOSZ revealed the details of the Széchenyi Card GO! programme launched on 1 July 2021:

- Széchenyi Overdraft GO! with up to HUF 100 million ticket size, 2 years maturity, and client interest rate (excluding interest subsidy paid by the state) of 0.1%;
- Széchenyi Investment Loan and Agro Széchenyi Investment Loan facility with up to HUF 1 billion loan amount and client interest rate of 0.5%, maturity of 10 years, wide range of loan purposes;
- Széchenyi Liquidity Loan GO! facility with maximum amount of HUF 250 million, 3 years tenor and can be used for working capital and refinancing purposes, too;
- Széchenyi Tourism Card GO! product with 0% client rate, for 3 years and up to HUF 250 million;

Additionally, the Széchenyi Leasing Programme is scheduled to be launched on 1 September 2021, borrowers will have to pay 0.5% interest rate.

- On its 22 June 2021 meeting the Monetary Council embarked on a rate hike cycle: the base rate was increased by 30 bps to 0.9%. In the Monetary Council's assessment, risks to the inflation outlook remain on the upside. The national bank also said that they will assess the need to further tighten monetary conditions in a data-driven manner at the monthly policy meetings, and they will continue the cycle of interest rate hikes until the outlook for inflation stabilises around the central bank target and inflation risks become evenly balanced on the horizon of monetary policy.

In parallel with the tightening of interest rate conditions, the Monetary Council has started to transform the use of instruments having an effect at longer maturities. Accordingly, with the exhaustion of the HUF 3,000 billion available amount, the Funding for Growth Go! programme will be phased out. However, the central bank continues to consider the government securities purchase programme to be crucial in its set of monetary policy instruments. The central bank will continue to use the programme by maintaining a lasting presence in the market, taking a flexible approach to changing the quantity and structure of weekly securities purchases, to the extent and for the time necessary.

The central bank has updated its economic forecasts: for 2021 a GDP growth of 6.2% with 4.1% CPI is expected, followed by 5.5% growth and 3.1% inflation in the following year.

- Effective from 24 June 2021 the National Bank of Hungary raised the one-week deposit rate to the level of the base rate.
- On 30 June 2021 the National Bank of Hungary declared that the countercyclical buffer rate will be left at 0% in the period starting with 1 July 2021.
- On 2 July 2021 the National Bank of Hungary recommended in its circular that financial institutions should abstain from charging prepayment fees in the case of full or partial prepayment of deferred interest and fee accumulated during the term of the moratorium. The central bank also recommended free of charge loan contract modification if borrowers voluntarily undertake higher monthly instalments in order to shorten the remaining maturity.
- On 6 July 2021 the National Bank of Hungary announced that with the aim of boosting green mortgage lending, it decided to launch the Green Mortgage Bond Purchase Programme and the FGS Green Home Programme as the first steps of the implementation of the new Green Monetary Policy Toolkit Strategy:
 - The strategic goal of the Green Mortgage Bond Purchase Programme is to contribute to the development of the domestic green mortgage bond market through targeted purchases and, through this, encourage green mortgage loan activities. The central bank will review the programme when the HUF 200 billion purchase volume has been reached. Additionally, the central bank also decided to re-launch the Mortgage Bond Rollover Facility for mortgage bonds without green rating.
 - The central bank will launch the Green Home Programme in October 2021 with a total limit of HUF 200 billion as part of the Funding for Growth Scheme (FGS). As in the previous phases of the FGS, the MNB will provide refinancing operation to credit institutions at 0% interest, which will be lent to residential customers at a maximum of 2.5%, fixed interest rate until the end of the maturity period. Under the scheme, loans of up to HUF 70 million and a maximum term of 25 years can be granted for constructions or purchases of new, highly energy-efficient residential real estates.
- On 23 July 2021 the European Central Bank announced that restrictions concerning dividend payments won't be prolonged beyond the currently effective deadline of 30 September.
- A Government Decree was published on 23 July 2021 facilitating the VAT refund in the case of newly built houses in brownfield sites.

- On 27 July 2021 the National Bank of Hungary raised the base rate by 30 bps to 1.2%, then on 29 July the one-week deposit rate was hiked to the same level, by the same magnitude.
- On 30 July 2021 the results of the 2021 EU-wide stress test conducted by the European Banking Authority were revealed. The fully loaded consolidated Common Equity Tier 1 (CET1) ratio of OTP Bank Plc. would change to 16.3% under the baseline scenario and to 11.2% under the adverse scenario in 2023, compared to 14.2% as at the end of 2020.

Russia

- On 23 July 2021 the Central Bank of Russia hiked the base rate by 100 bps, to 6.5%.
- On 30 July 2021 the Central Bank of Russia announced that the risk weight of local currency denominated unsecured consumer loans granted after 1 October will be increased.

Ukraine

- On 23 July 2021 the National Bank of Ukraine increased the base rate by 50 bps to 8%.
- On 6 August 2021 Fitch Ratings changed outlook on the country's „B" credit rating from stable to positive.

CONSOLIDATED AFTER TAX PROFIT BREAKDOWN BY SUBSIDIARIES (IFRS)²

in HUF million	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Consolidated after tax profit	74,598	215,148	188%	78,670	93,334	121,814	31%	55%
Adjustments (total)	-39,456	-31,138	-21%	-3,552	-23,955	-7,182	-70%	102%
Consolidated adjusted after tax profit without the effect of adjustments	114,054	246,286	116%	82,222	117,289	128,997	10%	57%
Banks total ¹	105,631	231,747	119%	78,824	111,134	120,613	9%	53%
OTP Core (Hungary) ²	54,706	107,768	97%	37,835	56,003	51,766	-8%	37%
DSK Group (Bulgaria) ³	21,536	41,975	95%	17,125	18,273	23,702	30%	38%
OBH (Croatia) ⁴	9,926	14,297	44%	7,280	5,119	9,178	79%	26%
OTP Bank Serbia ⁵	3,661	14,759	303%	1,915	6,773	7,986	18%	317%
SKB Banka (Slovenia)	3,244	7,497	131%	3,163	3,063	4,434	45%	40%
OTP Bank Romania ⁶	1,139	1,776	56%	2,048	529	1,247	136%	-39%
OTP Bank Ukraine ⁷	10,759	17,726	65%	4,102	8,835	8,891	1%	117%
OTP Bank Russia ⁸	-2,240	17,410	-877%	1,316	8,005	9,404	17%	614%
CKB Group (Montenegro) ⁹	1,625	3,117	92%	1,859	2,022	1,095	-46%	-41%
OTP Bank Albania	1,144	2,369	107%	849	1,056	1,313	24%	55%
OTP Bank Moldova	1,729	3,052	77%	1,261	1,456	1,596	10%	27%
OBS (Slovakia) ¹⁰	-1,598	-	-	72	-	-	-	-
Leasing	2,689	4,751	77%	914	1,626	3,125	92%	242%
Merkantil Group (Hungary) ¹¹	2,689	4,751	77%	914	1,626	3,125	92%	242%
Asset Management	1,672	1,953	17%	1,561	877	1,076	23%	-31%
OTP Asset Management (Hungary)	1,641	1,863	14%	1,534	835	1,028	23%	-33%
Foreign Asset Management Companies (Ukraine, Romania, Bulgaria) ¹²	31	90	190%	27	41	49	17%	81%
Other Hungarian Subsidiaries	3,698	8,895	141%	1,939	4,905	3,990	-19%	106%
Other Foreign Subsidiaries ¹³	119	362	205%	-42	456	-94	-121%	125%
Corporate Centre ¹⁴	372	-691	-286%	165	-427	-264	-38%	-260%
Eliminations	-127	-732	476%	-1,140	-1,282	550	-143%	-148%
Total adjusted after tax profit of HUNGARIAN subsidiaries¹⁵	62,979	121,855	93%	41,247	61,660	60,194	-2%	46%
Total adjusted after tax profit of FOREIGN subsidiaries¹⁶	51,075	124,431	144%	40,975	55,629	68,802	24%	68%
Share of foreign profit contribution, %	45%	51%	6%p	50%	47%	53%	6%p	4%p

Note: to the HUF 8.9 billion adjusted profit made by the Other Hungarian Subsidiaries in 1H 2021, the main contributors were (in HUF billion): OTP Real Estate Investment Fund Management 2.0, OTP Funds Servicing and Consulting Company 1.4, OTP Life Annuity Real Estate Investment 1.0, OTP Real Estate 0.9, change in shareholders' equity of companies consolidated with equity method 5.0.

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	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Consolidated after tax profit	74,598	215,148	188%	78,670	93,334	121,814	31%	55%
Adjustments (total)	-39,456	-31,138	-21%	-3,552	-23,955	-7,182	-70%	102%
Dividends and net cash transfers (after tax)	185	514	178%	152	82	433	430%	184%
Goodwill/investment impairment charges (after tax)	886	-718	-181%	886	657	-1,375	-309%	-255%
Special tax on financial institutions (after corporate income tax)	-17,328	-18,877	9%	-594	-18,873	-4	-100%	-99%
Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia (after corporate income tax)	-18,164	-5,587	-69%	1,988	-1	-5,586		-381%
Effect of acquisitions (after tax)	-5,783	-4,191	-28%	-6,733	-3,467	-724	-79%	-89%
Result of the treasury share swap agreement (after tax)		-2,280			-2,354	74	-103%	
Consolidated adjusted after tax profit without the effect of adjustments	114,054	246,286	116%	82,222	117,289	128,997	10%	57%
Before tax profit	128,696	289,250	125%	92,846	138,400	150,850	9%	62%
Operating profit	258,200	307,495	19%	131,016	146,942	160,553	9%	23%
Total income	568,074	617,605	9%	284,200	301,131	316,474	5%	11%
Net interest income	394,763	413,799	5%	194,482	203,227	210,573	4%	8%
Net fees and commissions	135,820	152,219	12%	66,586	71,899	80,320	12%	21%
Other net non-interest income	37,492	51,587	38%	23,132	26,005	25,582	-2%	11%
Foreign exchange result, net	20,167	18,167	-10%	10,122	10,983	7,184	-35%	-29%
Gain/loss on securities, net	5,161	9,685	88%	8,319	4,187	5,499	31%	-34%
Net other non-interest result	12,163	23,735	95%	4,691	10,836	12,899	19%	175%
Operating expenses	-309,874	-310,110	0%	-153,184	-154,189	-155,921	1%	2%
Personnel expenses	-156,041	-159,681	2%	-76,727	-78,960	-80,721	2%	5%
Depreciation	-33,121	-35,693	8%	-17,116	-17,737	-17,955	1%	5%
Other expenses	-120,712	-114,737	-5%	-59,341	-57,491	-57,245	0%	-4%
Total risk costs	-130,744	-18,245	-86%	-39,051	-8,542	-9,703	14%	-75%
Provision for impairment on loan and placement losses	-116,201	-10,345	-91%	-31,477	-9,772	-573	-94%	-98%
Other provision	-14,543	-7,901	-46%	-7,574	1,229	-9,130	-843%	21%
Total one-off items	1,240	-	-	880	-	-	-	-
Gain on the repurchase of own Upper and Lower Tier2 Capital	0	-	-	0	-	-	-	-
Result of the treasury share swap agreement at OTP Core	1,240	-	-	880	-	-	-	-
Corporate taxes	-14,642	-42,965	193%	-10,624	-21,111	-21,853	4%	106%
INDICATORS	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
ROE (from accounting net earnings)	6.4%	16.7%	10.3%p	13.5%	14.8%	18.5%	3.7%p	5.0%p
ROE (from adjusted net earnings)	9.8%	19.1%	9.3%p	14.1%	18.6%	19.6%	1.0%p	5.5%p
ROA (from adjusted net earnings)	1.1%	2.1%	1.0%p	1.5%	2.0%	2.1%	0.1%p	0.6%p
Operating profit margin	2.45%	2.58%	0.13%p	2.44%	2.51%	2.65%	0.14%p	0.20%p
Total income margin	5.39%	5.18%	-0.21%p	5.30%	5.14%	5.22%	0.07%p	-0.08%p
Net interest margin	3.75%	3.47%	-0.28%p	3.63%	3.47%	3.47%	0.00%p	-0.15%p
Net fee and commission margin	1.29%	1.28%	-0.01%p	1.24%	1.23%	1.32%	0.10%p	0.08%p
Net other non-interest income margin	0.36%	0.43%	0.08%p	0.43%	0.44%	0.42%	-0.02%p	-0.01%p
Cost-to-asset ratio	2.94%	2.60%	-0.34%p	2.86%	2.63%	2.57%	-0.06%p	-0.28%p
Cost/income ratio	54.5%	50.2%	-4.3%p	53.9%	51.2%	49.3%	-1.9%p	-4.6%p
Provision for impairment on loan and placement losses-to-average gross loans	1.73%	0.14%	-1.59%p	0.92%	0.28%	0.02%	-0.26%p	-0.91%p
Total risk cost-to-asset ratio	1.24%	0.15%	-1.09%p	0.73%	0.15%	0.16%	0.01%p	-0.57%p
Effective tax rate	11.4%	14.9%	3.5%p	11.4%	15.3%	14.5%	-0.8%p	3.0%p
Non-interest income/total income	31%	33%	2%p	32%	33%	33%	1%p	2%p
EPS base (HUF) (from unadjusted net earnings)	286	839	193%	304	364	474	30%	56%
EPS diluted (HUF) (from unadjusted net earnings)	286	838	193%	303	364	474	30%	56%
EPS base (HUF) (from adjusted net earnings)	437	961	120%	317	458	503	10%	59%
EPS diluted (HUF) (from adjusted net earnings)	437	961	120%	317	458	503	10%	59%

HALF-YEAR FINANCIAL REPORT – FIRST HALF 2021 RESULT

Comprehensive Income Statement	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Consolidated after tax profit	74,598	215,148	188%	78,670	93,334	121,814	31%	55%
Fair value changes of financial instruments measured at fair value through other comprehensive income	-28,602	-5,835	-80%	4,516	-3,356	-2,479	-26%	-155%
Fair value adjustment of derivative financial instruments designated as cash-flow hedge	-2	0	-100%	-1	0	0		-100%
Net investment hedge in foreign operations	-7,288	0	-100%	688	0	0		-100%
Foreign currency translation difference	92,960	-54,629	-159%	9,323	5,522	-60,151		-745%
Change of actuarial costs (IAS 19)	0	99		0	0	99		
Net comprehensive income	131,666	154,783	18%	93,196	95,500	59,283	-38%	-36%
o/w Net comprehensive income attributable to equity holders	131,807	154,491	17%	93,161	95,335	59,156	-38%	-37%
Net comprehensive income attributable to non-controlling interest	-141	292	-307%	35	165	127	-23%	263%
Average exchange rate¹ of the HUF (in HUF)	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
HUF/EUR	345	358	4%	352	361	355	-2%	1%
HUF/CHF	324	327	1%	331	331	323	-2%	-2%
HUF/USD	313	297	-5%	319	300	294	-2%	-8%

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	2Q 2020	4Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
TOTAL ASSETS	21,790,154	23,335,841	24,307,608	24,550,723	1%	13%
Cash, amounts due from Banks and balances with the National Banks	2,175,411	2,432,314	2,342,426	1,983,490	-15%	-9%
Placements with other banks, net of allowance for placement losses	930,607	1,148,987	1,602,056	1,727,294	8%	86%
Financial assets at fair value through profit or loss	276,258	235,194	259,625	235,966	-9%	-15%
Securities at fair value through other comprehensive income	1,906,504	2,140,118	2,175,165	2,131,583	-2%	12%
Net customer loans	13,044,865	13,528,586	13,751,255	14,065,940	2%	8%
Net customer loans (FX adjusted¹)	12,905,561	13,248,599	13,457,557	14,065,940	5%	9%
Gross customer loans	13,878,564	14,363,281	14,603,302	14,904,741	2%	7%
Gross customer loans (FX adjusted¹)	13,649,720	14,050,781	14,290,987	14,904,741	4%	9%
Gross performing (Stage 1+2) customer loans (FX-adjusted¹)	12,849,450	13,246,866	13,479,112	14,099,828	5%	10%
o/w Retail loans	7,188,165	7,373,758	7,528,595	7,887,310	5%	10%
Retail mortgage loans (incl. home equity)	3,458,153	3,480,980	3,564,648	3,722,049	4%	8%
Retail consumer loans	3,026,916	3,167,485	3,237,309	3,378,040	4%	12%
SME loans	703,096	725,293	726,639	787,221	8%	12%
Corporate loans	4,661,736	4,858,031	4,908,894	5,120,030	4%	10%
Leasing	999,550	1,015,077	1,041,623	1,092,488	5%	9%
Allowances for loan losses	-833,699	-834,695	-852,047	-838,801	-2%	1%
Allowances for loan losses (FX adjusted ¹)	-744,159	-802,182	-833,430	-838,801	1%	13%
Associates and other investments	26,881	52,444	38,570	40,027	4%	49%
Securities at amortized costs	2,399,322	2,625,952	2,960,955	3,233,246	9%	35%
Tangible and intangible assets, net	602,426	589,878	639,269	643,653	1%	7%
o/w Goodwill, net	105,630	101,393	102,572	100,854	-2%	-5%
Tangible and other intangible assets, net	496,796	488,485	536,697	542,799	1%	9%
Other assets	427,879	582,368	538,287	489,524	-9%	14%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	21,790,154	23,335,841	24,307,608	24,550,723	1%	13%
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	1,031,430	1,219,446	1,441,234	1,638,688	14%	59%
Deposits from customers	16,588,162	17,890,863	18,383,167	18,258,677	-1%	10%
Deposits from customers (FX adjusted¹)	16,351,568	17,550,310	18,018,366	18,258,677	1%	12%
o/w Retail deposits	12,014,275	12,553,685	12,805,487	13,025,337	2%	8%
Household deposits	9,954,054	10,395,873	10,645,551	10,869,902	2%	9%
SME deposits	2,060,221	2,157,812	2,159,936	2,155,435	0%	5%
Corporate deposits	4,326,440	4,988,150	5,205,551	5,225,882	0%	21%
Accrued interest payable related to customer deposits	10,852	8,474	7,328	7,458	2%	-31%
Liabilities from issued securities	401,829	464,214	481,406	497,045	3%	24%
o/w Retail bonds	2,769	1,326	952	0	-100%	-100%
Liabilities from issued securities without retail bonds	399,059	462,888	480,454	497,045	3%	25%
Other liabilities	1,116,992	949,502	1,088,839	1,192,012	9%	7%
Subordinated bonds and loans ²	271,478	274,704	275,906	267,378	-3%	-2%
Total shareholders' equity	2,380,263	2,537,112	2,637,055	2,696,923	2%	13%
Indicators	2Q 2020	4Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Loan/deposit ratio (FX adjusted ¹)	84%	80%	79%	82%	2%p	-2%p
Net loan/(deposit + retail bond) ratio (FX adjusted ¹)	79%	76%	75%	77%	2%p	-2%p
Stage 1 loan volume under IFRS 9	11,855,145	11,544,791	11,847,952	12,140,375	2%	2%
Stage 1 loans under IFRS9/gross customer loans	85.4%	80.4%	81.1%	81.5%	0.3%p	-4.0%p
Own coverage of Stage 1 loans under IFRS 9	1.2%	1.0%	1.0%	1.1%	0.0%p	-0.1%p
Stage 2 loan volume under IFRS 9	1,199,552	1,998,867	1,924,423	1,959,453	2%	63%
Stage 2 loans under IFRS9/gross customer loans	8.6%	13.9%	13.2%	13.1%	0.0%p	4.5%p
Own coverage of Stage 2 loans under IFRS 9	12.7%	10.4%	10.8%	10.3%	-0.5%p	-2.4%p
Stage 3 loan volume under IFRS 9	823,867	819,622	830,927	804,913	-3%	-2%
Stage 3 loans under IFRS9/gross customer loans	5.9%	5.7%	5.7%	5.4%	-0.3%p	-0.5%p
Own coverage of Stage 3 loans under IFRS 9	65.8%	62.3%	63.0%	63.3%	0.3%p	-2.5%p
90+ days past due loan volume	604,434	543,733	545,110	533,121	-2%	-12%
90+ days past due loans/gross customer loans	4.4%	3.8%	3.7%	3.6%	-0.2%p	-0.8%p

Consolidated capital adequacy - Basel3	2Q 2020	4Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Capital adequacy ratio (consolidated, IFRS)	16.3%	17.7%	17.9%	18.1%	0.2%p	1.8%p
Tier 1 ratio	13.9%	15.4%	15.6%	15.9%	0.3%p	1.9%p
Common Equity Tier 1 ('CET1') capital ratio	13.9%	15.4%	15.6%	15.9%	0.3%p	1.9%p
Regulatory capital (consolidated)	2,426,091	2,669,806	2,723,117	2,766,473	2%	14%
o/w Tier1 Capital	2,075,528	2,316,118	2,370,871	2,421,671	2%	17%
o/w Common Equity Tier 1 capital	2,075,528	2,316,118	2,370,871	2,421,671	2%	17%
Tier2 Capital	350,564	353,688	352,246	344,802	-2%	-2%
o/w Hybrid Tier2	89,935	89,935	89,935	89,935	0%	0%
Consolidated risk weighted assets (RWA) (Credit&Market&Operational risk)	14,883,459	15,046,888	15,230,370	15,268,796	0%	3%
o/w RWA (Credit risk)	13,216,321	13,389,536	13,630,728	13,511,024	-1%	2%
RWA (Market & Operational risk)	1,667,138	1,657,352	1,599,643	1,757,773	10%	5%
Closing exchange rate of the HUF (in HUF)	2Q 2020	4Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
HUF/EUR	357	365	364	352	-3%	-1%
HUF/CHF	334	337	329	321	-2%	-4%
HUF/USD	318	297	310	296	-4%	-7%

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	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	54,706	107,768	97%	37,835	56,003	51,766	-8%	37%
Corporate income tax	-6,082	-20,898	244%	-3,901	-10,429	-10,469	0%	168%
Pre-tax profit	60,789	128,666	112%	41,736	66,431	62,235	-6%	49%
Operating profit	85,827	121,055	41%	45,592	61,812	59,243	-4%	30%
Total income	216,137	254,416	18%	110,316	124,971	129,445	4%	17%
Net interest income	139,131	168,569	21%	70,012	81,790	86,779	6%	24%
Net fees and commissions	60,069	71,245	19%	30,220	33,494	37,750	13%	25%
Other net non-interest income	16,938	14,603	-14%	10,085	9,687	4,916	-49%	-51%
Operating expenses	-130,310	-133,361	2%	-64,725	-63,159	-70,202	11%	8%
Total risk costs	-26,279	7,611	-129%	-4,736	4,619	2,992	-35%	-163%
Provision for impairment on loan and placement losses	-19,325	8,848	-146%	-4,972	4,133	4,716	14%	-195%
Other provisions	-6,954	-1,237	-82%	236	487	-1,724	-454%	-831%
Total one-off items	1,240	-		880	-	-		
Revaluation result of the treasury share swap agreement	1,240	-		880	-	-		
Indicators	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
ROE	6.4%	11.9%	5.5%p	8.9%	12.7%	11.2%	-1.5%p	2.3%p
ROA	1.1%	1.8%	0.7%p	1.5%	1.9%	1.7%	-0.3%p	0.2%p
Operating profit margin	1.7%	2.0%	0.3%p	1.8%	2.1%	1.9%	-0.2%p	0.1%p
Total income margin	4.29%	4.23%	-0.06%p	4.30%	4.29%	4.18%	-0.11%p	-0.13%p
Net interest margin	2.76%	2.80%	0.04%p	2.73%	2.80%	2.80%	0.00%p	0.07%p
Net fee and commission margin	1.19%	1.18%	-0.01%p	1.18%	1.15%	1.22%	0.07%p	0.04%p
Net other non-interest income margin	0.34%	0.24%	-0.09%p	0.39%	0.33%	0.16%	-0.17%p	-0.23%p
Operating costs to total assets ratio	2.6%	2.2%	-0.4%p	2.5%	2.2%	2.3%	0.1%p	-0.3%p
Cost/income ratio	60.3%	52.4%	-7.9%p	58.7%	50.5%	54.2%	3.7%p	-4.4%p
Provision for impairment on loan and placement losses/average gross loans ¹	0.96%	-0.37%	-1.33%p	0.48%	-0.36%	-0.39%	-0.03%p	-0.87%p
Effective tax rate	10.0%	16.2%	6.2%p	9.3%	15.7%	16.8%	1.1%p	7.5%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	2Q 2020	4Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y	YTD
Total Assets	10,280,890	11,492,949	12,227,730	12,637,289	3%	23%	10%
Net customer loans	4,032,293	4,415,778	4,542,999	4,813,165	6%	19%	9%
Net customer loans (FX adjusted)	4,021,924	4,389,229	4,519,740	4,813,165	6%	20%	10%
Gross customer loans	4,218,418	4,631,974	4,760,919	5,029,480	6%	19%	9%
Gross customer loans (FX adjusted)	4,207,400	4,603,609	4,736,079	5,029,480	6%	20%	9%
Stage 1+2 customer loans (FX adjusted)	4,039,929	4,412,034	4,552,156	4,852,340	7%	20%	10%
Retail loans	2,477,485	2,796,882	2,938,023	3,150,853	7%	27%	13%
Retail mortgage loans (incl. home equity)	1,355,267	1,437,223	1,462,922	1,531,145	5%	13%	7%
Retail consumer loans	860,284	995,361	1,060,923	1,160,528	9%	35%	17%
SME loans	261,934	364,298	414,178	459,180	11%	75%	26%
Corporate loans	1,562,444	1,615,153	1,614,133	1,701,487	5%	9%	5%
Provisions	-186,125	-216,196	-217,921	-216,315	-1%	16%	0%
Provisions (FX adjusted)	-185,476	-214,379	-216,339	-216,315	0%	17%	1%
Deposits from customers + retail bonds	7,104,524	8,083,488	8,451,730	8,520,453	1%	20%	5%
Deposits from customers + retail bonds (FX adjusted)	7,078,449	8,040,662	8,399,771	8,520,453	1%	20%	6%
Retail deposits + retail bonds	4,904,135	5,344,670	5,554,367	5,684,294	2%	16%	6%
Household deposits + retail bonds	3,910,904	4,212,088	4,357,186	4,473,592	3%	14%	6%
o/w: Retail bonds	2,769	1,326	952	0	-100%	-100%	-100%
SME deposits	993,232	1,132,582	1,197,180	1,210,702	1%	22%	7%
Corporate deposits	2,174,314	2,695,992	2,845,404	2,836,159	0%	30%	5%
Deposits to medium and large corporates	1,640,227	1,943,641	2,042,078	2,110,780	3%	29%	9%
Municipal deposits	534,087	752,351	803,326	725,379	-10%	36%	-4%
Liabilities to credit institutions	651,016	858,230	1,053,945	1,370,574	30%	111%	60%
Issued securities without retail bonds	442,738	513,860	541,219	566,725	5%	28%	10%
Total shareholders' equity	1,698,500	1,766,639	1,821,872	1,893,887	4%	12%	7%
Loan Quality	2Q 2020	4Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y	YTD
Stage 1 loan volume under IFRS 9 (in HUF million)	3,728,467	3,606,490	3,781,453	3,964,082	5%	6%	10%
Stage 1 loans under IFRS 9/gross customer loans	88.4%	77.9%	79.4%	78.8%	-0.6%p	-9.6%p	1.0%p
Own coverage of Stage 1 loans under IFRS 9	1.1%	0.8%	0.8%	0.9%	0.1%p	-0.1%p	0.2%p
Stage 2 loan volume under IFRS 9 (in HUF million)	321,953	833,163	794,754	888,258	12%	176%	7%
Stage 2 loans under IFRS 9/gross customer loans	7.6%	18.0%	16.7%	17.7%	1.0%p	10.0%p	-0.3%p
Own coverage of Stage 2 loans under IFRS 9	15.2%	10.1%	10.9%	9.3%	-1.5%p	-5.8%p	-0.7%p
Stage 3 loan volume under IFRS 9 (in HUF million)	167,999	192,321	184,712	177,140	-4.1%	5.4%	-7.9%
Stage 3 loans under IFRS 9/gross customer loans	4.0%	4.2%	3.9%	3.5%	-0.4%p	-0.5%p	-0.6%p
Own coverage of Stage 3 loans under IFRS 9	58.0%	54.5%	54.9%	54.3%	-0.6%p	-3.7%p	-0.2%p
90+ days past due loan volume (in HUF million)	121,931	144,816	136,018	131,988	-3%	8%	-8.9%
90+ days past due loans/gross customer loans	2.9%	3.1%	2.9%	2.6%	-0.2%p	-0.3%p	-0.5%p
Market Share	2Q 2020	4Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y	YTD
Loans	22.2%	22.9%	23.3%	24.1%	0.9%p	1.9%p	1.2%p
Deposits	26.9%	25.3%	26.5%	26.4%	0.0%p	-0.5%p	1.1%p
Total Assets	26.9%	25.8%	26.8%	26.8%	0.0%p	-0.1%p	1.0%p
Performance Indicators	2Q 2020	4Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y	YTD
Net loans to (deposits + retail bonds) (FX adjusted)	57%	55%	54%	56%	3%p	0%p	2%p
Leverage (closing Shareholder's Equity/Total Assets)	16.5%	15.4%	14.9%	15.0%	0.1%p	-1.5%p	-0.4%p
Leverage (closing Total Assets/Shareholder's Equity)	6.1x	6.5x	6.7x	6.7x	0.0x	0.6x	0.2x
Capital adequacy ratio (OTP Bank, non-consolidated, Basel3, IFRS)	26.3%	26.7%	26.6%	25.6%	-1.0%p	-0.6%p	-1.0%p
Common Equity Tier 1 ratio (OTP Bank, non-consolidated, Basel3, IFRS)	22.1%	22.5%	22.5%	21.8%	-0.7%p	-0.2%p	-0.7%p

- **OTP Core's adjusted half-year profit amounted to HUF 107.8 billion, of which HUF 51.8 billion was realized in the second quarter**
- **Operating profit maintained its dynamic growth. In the first half-year, net interest income and fee income grew by around 20%. Net interest margin remained q-o-q stable, but improved by 7 bps y-o-y**
- **Cost efficiency indicators changed favourably: the semi-annual cost/income ratio sank to near 51% without one-off items**
- **The underlying loan quality trends remained favourable, the Stage 3 ratio dropped further q-o-q. Just like in 1Q, the total risk costs line printed a positive amount in the second quarter as recoveries at the Factoring unit continued**
- **Performing loans grew by an outstanding 7% q-o-q and 20% y-o-y (FX-adjusted), boosted by the subsidized baby loans and FGS Go! loans, but the growth of housing loans and cash loans also accelerated. Deposits grew by 20% y-o-y**

In June 2021, OTP Home Solutions was added to the range of companies that make up OTP Core; its balance sheet total was HUF 1.7 billion at the end of June.

P&L developments

In the first half of 2021 **OTP Core's** adjusted after-tax profit amounted to HUF 107.8 billion, twice as much as the amount posted a year earlier. The second-quarter profit amounted to HUF 51.8 billion, marking a 37% jump from the previous year, but it is 8% less than in the first quarter.

Starting from 2021, the local business tax and the innovation contribution paid by Hungarian Group members is recorded on the corporate income tax line, rather than under operating expenses. At OTP Core, this reclassified amount reached HUF 8.7 billion in the first six months (4.1 in 1Q and 4.6 in 2Q). This item caused much of the increase in the 1H effective tax rate. This reclassification explained 3.4 pps from the 7.9 pps y-o-y improvement in the semi-annual cost/income ratio.

In another technical change that affected cost efficiency indicators, in 2Q the total amount of

provisions for untaken holidays on a pro rata temporis basis was moved to personnel expenses from the other risk cost line, and the HUF 3.1 billion amount booked in 2Q 2021 covered all such untaken holidays. Without this reclassification, the cost/income ratio would have been 51.9% in 2Q, and 51.2% in the first six months.

The half-year operating profit jumped by an outstanding 41%, but even without the above two technical items that affected the development of operating costs, the growth rate was 34%.

In the first half-year, net interest income surged 21%, most of which was caused by the continued dynamic growth in business volumes, but the semi-annual net interest margin's 4 bps y-o-y improvement had a positive effect, too. The main reason for the y-o-y improvement in the margin was the effect of two one-off items (a technical effect relating to the loan repayment moratorium, and cash loans' repricing for regulatory reasons), as a result of which the margin level climbed higher in 1Q 2021. In 2Q, these two factors did not help the q-o-q margin dynamics, and even though at product level the narrowing of credit spreads persisted as a result of the strong competition, it was offset by the continued favourable change in the balance sheet structure: in the second quarter the ratio of non-interest-bearing assets dropped further, and consumer loans' weight in total loan volumes increased.

Although short-term interest rates began to rise in end-May as a result of the central bank's hawkish communication, this was barely felt in lending rates in 2Q because of the time lag in the repricing of variable rate loans. Out of the short-term interbank rates that are the benchmarks for variable-rate loans, the 3M BUBOR's closing value went up to 77 bps by the end of March and to 105 bps by the end of June, from 75 bps at end-2020. Its average quarterly value was 76 bps in 1Q, and 87 bps in 2Q.

Net fees and commissions grew by 19% y-o-y in the first half-year. One-off items barely influenced the y-o-y development of the semi-annual net fee income³, thus the improvement can be attributed to the double-digit growth rate of commissions on deposits, transactions, cards, lending, and securities sales, alongside with the strengthening economic activity. In q-o-q comparison, one-off items explained HUF 3.4 billion of the HUF 4.3 billion (13%) q-o-q increase, but commissions on deposits,

³ One-off item affecting 2Q 2021: HUF 0.6 billion tax deduction was recorded, owing to the payment to the Compensation Fund.

One-off items affecting 1Q 2021 (a total of -HUF 2.8 billion): the full annual amount of the financial transaction tax for bank card transactions is to be paid in a lump sum and in advance, based on the transaction data of the preceding year (-HUF 1.7 billion). Secondly, the Bank's HUF 1.1 billion payment to the Compensation Fund for full-year 2021 was already recorded in 1Q, in accordance with IFRS rules. The actual payments can be deducted from the nominal amount of the banking tax, the financial transaction tax, or the corporate income tax. Due to this deductibility, both

the recorded amount and the deductions are presented under the financial transaction tax in the adjusted P&L structure.

One-off item affecting 2Q 2020: HUF 1.2 billion tax deduction was recorded, owing to the payment into the Compensation Fund.

One-off items affecting 1Q 2020 (a total of -HUF 2.9 billion): the full annual amount of the financial transaction tax is 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). The Bank's HUF 1.2 billion payment to the Resolution Fund for full-year 2020 was already recorded in 1Q, in accordance with IFRS rules.

transactions and cards maintained their growth, whereas securities distribution fees sank q-o-q.

In the first half-year, other net non-interest income declined by 14%, largely because of the weaker FX result booked in the second quarter of 2021. In the first half year, other income's development benefited from that fact that, starting from 2021, the recoveries from claims written off by OTP Factoring for legal reasons (e.g. irretraceable borrower, time-barred debt) are presented in other income, rather than under risk costs (HUF 1.9 billion in 1H).

Operating expenses rose by 2% y-o-y in the January-June period. Without the effect of the two major items in the half-year⁴, the increase would be 7%. The q-o-q 11%, or HUF 7 billion jump in the second quarter was partly caused by a one-off item: without the HUF 3.1 billion provision for pro rata temporis untaken absences of leave, the q-o-q dynamic was 6%, largely because other administrative costs (marketing expenses, hardware and office equipment costs) increased. In the second quarter, supervisory fees grew by nearly HUF 1.1 billion q-o-q, mostly because of payments into the Resolution Fund. As a further technical item that explained the q-o-q increase in costs, the HUF 0.7 billion direct costs of real estate maintenance that emerged at OTP Ingatlanüzemeltető Ltd. in 2021 were reclassified onto operating expenses, rather than other income, in June in a lump sum. In the second quarter, the average number of employees rose by 2% y-o-y and remained stable q-o-q.

In the first six months of 2021, total risk costs amounted to +HUF 7.6 billion, as opposed to -HUF 26.3 billion in 1H 2020. Most of the provisions for the extra risks caused by the pandemic and the loan moratorium had been set aside in 2020 in a prudent manner. The main reason for the positive amount of total risk cost is the continued recoveries on retail claims managed by OTP Factoring.

Loan quality indicators remained favourable: the ratio of Stage 3 loans sank by 0.4 pp q-o-q to 3.5%, while the Stage 2 ratio went up by 1.0 pp, to 17.7%. During the second quarter the Stage 2 classification methodology based on internal rating has been fine-tuned, entailing an increase in Stage 2 volumes. The own provision coverage of both Stage 2 and Stage 3 loans sank q-o-q. On the whole, the own provision coverage of the Stage 1+2 portfolio remained q-o-q stable, at 2.5%.

The volume of 90 days past due (DPD90+) loans declined by HUF 5 billion in full-year 2020 and in 1Q 2021, and dropped by HUF 1 billion in the second quarter (FX-adjusted, without sales/write-offs and the revaluation of Faktoring's claims). In the first half

of 2021, HUF 5 billion non-performing loans were sold/written off (FX-adjusted).

At OTP Core, the amount of loans subject to the debt repayment moratorium remained in downtrend: at the end of June 2021, HUF 1,441 billion loans (28.7% of total gross loan volume) participated in the repayment moratorium, down from HUF 1,760 billion at the end of 2020. The loan repayment moratorium was extended by three months, until the end of September 2021, with unchanged conditions.

Balance sheet trends

The balance sheet total grew by 23% y-o-y (nearly HUF 2,400 billion), including the 10% rise (more than HUF 1,100 billion) in the past six months. Most of this y-o-y increase stemmed from the inflow of deposits (+20%, or +HUF 1,400 billion), and a smaller part came from interbank sources' growth (+60% y-o-y, +HUF 700 billion); the expansion of loans under the Funding for Growth scheme, refinanced by the National Bank of Hungary, also contributed to the latter.

In the second quarter, the growth in the balance sheet total was caused by interbank liabilities, and nominal growth of net loans significantly exceeded that of deposits (+HUF 270 billion, and +HUF 70 billion, respectively). However, over the past 12 months, the difference between deposits and net loans grew by almost HUF 640 billion nominally, which crystallized in rising volumes of financial assets and other liquid assets.

On OTP Core's asset side, the average quarterly share of non-interest-bearing assets sank by 2.5 pps y-o-y, to 14.3% in the second quarter, which was offset by a similar increase in the ratio of financial assets, while the weight of net loans slightly declined y-o-y.

Performing (Stage 1+2) loans grew at an accelerated pace, by an FX-adjusted 7% q-o-q, thus 10% in the first half-year (of which 2 pps growth was due to the volume-boosting effect of the moratorium) and 20% in the past 12 months. 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, home renovation loan).

Starting from the second quarter of 2020, loan growth was boosted by the fact that, in the case of loans participating in the repayment moratorium, the transactional interest on the outstanding principal is charged during the moratorium as well, furthermore, deferred interests are also presented as part of the

⁴ Starting from 2021, local business tax and innovation contribution (HUF 8.7 billion) were reclassified as corporate tax, rather than operating expenses. Likewise, the total amount of provisions for pro rata temporis

untaken absences of leave, HUF 3.1 billion, was moved to personnel costs, from other risk cost, in the second quarter.

gross loan volume (nevertheless, the regulation prohibits charging interest on unpaid interest).

Regarding individual product categories, consumer loans jumped by 35% y-o-y, including 9% q-o-q increase in the second quarter. The engine of consumer loan growth was the subsidized baby loan, for which the Bank's loan agreements amounted to HUF 66 billion in the second quarter, up from HUF 55 billion in the first one. This brought the Bank's market share to 43.8% in the second quarter.

In the case of cash loans, market pricing was in effect starting from 2021, as the regulatory interest rate cap expired. New cash loan placements' dynamic growth continued: they hit a seven-quarter high in 2Q, having jumped to 2.5-fold from the low base a year earlier; this translated into 63% q-o-q growth rate. In new cash loan placements, OTP Bank's market share was 34.8% in full-year 2020, which was followed by 34.4% in 1Q 2021, and 40.3% in 2Q. Supported by both the declining amortization owing to the loan repayment moratorium, and the q-o-q jump in new disbursements, the performing cash loan book expanded by 8% q-o-q and 19% y-o-y.

To help borrowers use the government's new, subsidized home renovation subsidy, OTP made available both the mortgage-backed, subsidized home renovation loan (from the beginning of February 2021) and the Bank's own unsecured home renovation cash loan product (from March 2021). In the first half-year, loan applications for the unsecured product amounted to HUF 9 billion, and those for the secured product hit HUF 24 billion. Because of its secured nature, the subsidized home renovation loan is presented in the product structure among mortgage loans, whereas the unsecured home renovation loan is shown amongst consumer loans.

In the second quarter, the demand for mortgage loans reached record highs at sector level; at OTP, this materialized in accelerating volume growth.

Having increased by one-fourth q-o-q, and having doubled y-o-y, mortgage loan applications hit record high in 2Q 2021. Likewise, disbursements reached unprecedented levels. Of the nearly HUF 112 billion mortgage loans disbursed in the second quarter, subsidized home renovation loans amounted to HUF 12 billion, and loans granted under the Housing Subsidy for Families (CSOK) with subsidized interest made up further HUF 25 billion. OTP Bank's market share of new mortgage loan contracted amounts was 31.9% in the first half-year of 2021, after 32.0% in full-year 2020. In the second quarter, performing mortgage loan volumes rose by 5% q-o-q, which brought the y-o-y growth rate to 13%. Within that, housing loans, which make up 86% of the volumes, increased by 16% y-o-y.

The Bank's corporate lending activity remained strong. Within that, the outstanding expansion in the micro- and small enterprise segment continued in 2021: its performing volume grew by 11% q-o-q, and by 75% y-o-y (FX-adjusted). This is predominantly attributable to the MNB's Funding for Growth Go! scheme. By the end of July, OTP Bank's contractual amounts hit HUF 752 billion, thus OTP's market share since the launch of the FGS Go was close to 26%. At the end of July, the contracted amount was HUF 2,921 billion at sector level; the central bank will end this programme once the HUF 3,000 billion available amount is exhausted. In the future the government will provide cheap, subsidized funding for micro and small enterprises through the KAVOSZ Széchenyi Card system.

Performing corporate loans increased by 5% q-o-q and 9% y-o-y in 2Q 2021 (FX-adjusted).

Deposit growth has decelerated: OTP Core's customer deposits rose by 1% q-o-q, 5% ytd, and 20% y-o-y (FX-adjusted). The net loan / (deposit + retail bond) ratio of 56% at the end of June saw a 3% q-o-q increase.

The Bank's capital adequacy ratio (CAR) stood at 25.6% at the end of June 2021, while the CET1=Tier 1 ratio was at 21.8%. The Bank's regulatory capital at the end of the reporting period includes 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	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	1,641	1,863	14%	1,534	835	1,028	23%	-33%
Income tax	-109	-206	89%	-90	-115	-91	-21%	1%
Profit before income tax	1,750	2,070	18%	1,625	951	1,119	18%	-31%
Operating profit	1,750	2,070	18%	1,625	951	1,119	18%	-31%
Total income	3,370	3,494	4%	2,393	1,674	1,819	9%	-24%
Net fees and commissions	3,734	3,446	-8%	1,978	1,688	1,758	4%	-11%
Other net non-interest income	-364	48	-113%	415	-13	61	-560%	-85%
Operating expenses	-1,620	-1,424	-12%	-769	-724	-701	-3%	-9%
Other provisions	0	0		0	0	0		

Main components of balance sheet closing balances in HUF million	2020	1H 2021	YTD	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Total assets	33,210	20,773	-37%	25,872	25,178	20,773	-17%	-20%
Total shareholders' equity	16,425	8,539	-48%	17,402	7,512	8,539	14%	-51%

Asset under management in HUF billion	2020	1H 2021	YTD	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Assets under management, total (w/o duplicates)¹	1,201	1,238	3%	1,041	1,227	1,238	1%	19%
Volume of investment funds (closing, w/o duplicates)	828	863	4%	704	845	863	2%	23%
Volume of managed assets (closing)	373	375	1%	337	381	375	-2%	11%
Volume of investment funds (closing, with duplicates)²	1,183	1,286	9%	996	1,235	1,286	4%	29%
bond	376	405	8%	322	394	405	3%	26%
absolute return fund	374	322	-14%	343	339	322	-5%	-6%
equity	248	289	16%	190	273	289	6%	52%
mixed	133	221	66%	92	180	221	23%	140%
commodity market	28	34	24%	22	28	34	21%	56%
guaranteed	20	11	-46%	23	14	11	-27%	-54%
money market	5	5	-16%	5	5	5	-13%	-9%

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 half-year of 2021, **OTP Fund Management** generated HUF 1.9 billion profit, 14% more than in the same period of 2020. Of that, HUF 1 billion was made in the second quarter.

Net fees and commissions declined by 8% y-o-y in the first six months of the year; simultaneously with the expansion of the assets under management higher sales and custody fees were charged, which was partly offset by higher income from fund management.

In the first half-year, the y-o-y increase in other net non-interest income stemmed from a base effect, relating to the negative fair value adjustment of own investment units in 1Q 2020.

In the reporting period, operating expenses declined by 12% y-o-y, including an 18% fall in personnel expenses, and 7% saving in other expenses.

As a result of capital flows and the attractive yields, the market of Hungarian investment funds maintained its growth in the second quarter of 2021.

The wealth managed in OTP Fund Manager's investment funds hit HUF 1,286 billion by the end of June (+4% q-o-q, +29% y-o-y).

Of the funds managed, the popularity of bond funds was unbroken; their volume expanded by +3% q-o-q and +26% y-o-y. The second largest category, the absolute return funds performed mixed in 2Q, as a result of an increase in bond market yields and favourable trends in equity markets; overall, their volume contracted by 5% q-o-q and 6% y-o-y. It was chiefly the economic recovery that propelled equity fund prices' growth; their volumes jumped by more than 50% y-o-y, of which 6% was the q-o-q rise.

OTP Fund Management's market share rose by 0.2 pp q-o-q to 25.0% by the end of June 2021, thus it has improved further its leading position in the market of securities funds.

MERKANTIL GROUP (HUNGARY)

Performance of Merkantil Group:

Main components of P&L account in HUF million	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	2,689	4,751	77%	914	1,626	3,125	92%	242%
Income tax	-238	-598	151%	-63	-175	-423	143%	568%
Profit before income tax	2,927	5,349	83%	977	1,801	3,548	97%	263%
Operating profit	4,667	5,696	22%	2,421	2,830	2,866	1%	18%
Total income	10,125	11,186	10%	5,197	5,556	5,629	1%	8%
Net interest income	8,578	9,928	16%	4,412	4,738	5,190	10%	18%
Net fees and commissions	-9	37	-515%	5	0	36		641%
Other net non-interest income	1,555	1,221	-22%	781	818	403	-51%	-48%
Operating expenses	-5,458	-5,490	1%	-2,776	-2,726	-2,764	1%	0%
Total provisions	-1,740	-347	-80%	-1,444	-1,029	683	-166%	-147%
Provision for impairment on loan and placement losses	-1,461	-383	-74%	-1,178	-1,005	622	-162%	-153%
Other provision	-279	36	-113%	-266	-24	60	-350%	-123%
Main components of balance sheet closing balances in HUF million	2020	1H 2021	YTD	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Total assets	667,120	789,092	18%	624,012	736,608	789,092	7%	26%
Gross customer loans	416,987	444,595	7%	385,093	430,021	444,595	3%	15%
Gross customer loans (FX-adjusted)	416,131	444,595	7%	384,746	429,213	444,595	4%	16%
Stage 1+2 customer loans (FX-adjusted)	401,473	433,521	8%	368,392	416,700	433,521	4%	18%
Retail loans	6,988	6,051	-13%	9,028	6,261	6,051	-3%	-33%
Corporate loans	51,394	59,430	16%	43,467	55,826	59,430	6%	37%
Leasing	343,091	368,040	7%	315,897	354,613	368,040	4%	17%
Allowances for possible loan losses	-12,874	-12,389	-4%	-12,924	-13,743	-12,389	-10%	-4%
Allowances for possible loan losses (FX-adjusted)	-12,837	-12,389	-3%	-12,913	-13,722	-12,389	-10%	-4%
Deposits from customers	9,344	8,995	-4%	9,653	8,999	8,995	0%	-7%
Deposits from customer (FX-adjusted)	9,344	8,995	-4%	9,653	8,999	8,995	0%	-7%
Retail deposits	6,071	5,535	-9%	6,808	5,750	5,535	-4%	-19%
Corporate deposits	3,273	3,460	6%	2,845	3,249	3,460	7%	22%
Liabilities to credit institutions	584,944	702,117	20%	548,263	656,905	702,117	7%	28%
Total shareholders' equity	52,553	56,066	7%	47,702	53,256	56,066	5%	18%
Loan Quality	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	343,931	348,678	1%	343,931	338,353	348,678	3%	1%
Stage 1 loans under IFRS 9/gross customer loans	89.3%	78.4%	-10.9%p	89.3%	78.7%	78.4%	-0.3%p	-10.9%p
Own coverage of Stage 1 loans under IFRS 9	0.4%	0.2%	-0.2%p	0.4%	0.2%	0.2%	0.0%p	-0.2%p
Stage 2 loan volume under IFRS 9 (in HUF million)	24,769	84,843	243%	24,769	79,123	84,843	7%	243%
Stage 2 loans under IFRS 9/gross customer loans	6.4%	19.1%	12.7%p	6.4%	18.4%	19.1%	0.7%p	12.7%p
Own coverage of Stage 2 loans under IFRS 9	6.0%	4.3%	-1.7%p	6.0%	4.8%	4.3%	-0.5%p	-1.7%p
Stage 3 loan volume under IFRS 9 (in HUF million)	16,392	11,074	-32%	16,392	12,546	11,074	-12%	-32%
Stage 3 loans under IFRS 9/gross customer loans	4.3%	2.5%	-1.8%p	4.3%	2.9%	2.5%	-0.4%p	-1.8%p
Own coverage of Stage 3 loans under IFRS 9	60.6%	71.6%	11.0%p	60.6%	73.1%	71.6%	-1.5%p	11.0%p
Provision for impairment on loan and placement losses/average gross loans	0.77%	0.18%	-0.59%p	1.25%	0.97%	-0.57%	-1.55%p	-1.82%p
90+ days past due loan volume (in HUF million)	9,750	6,669	-32%	9,750	7,856	6,669	-15%	-32%
90+ days past due loans/gross customer loans	2.5%	1.5%	-1.0%p	2.5%	1.8%	1.5%	-0.3%p	-1.0%p
Performance Indicators	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
ROA	1.0%	1.3%	0.3%p	0.6%	0.9%	1.6%	0.7%p	1.0%p
ROE	11.5%	17.8%	6.3%p	7.8%	12.4%	23.0%	10.6%p	15.2%p
Total income margin	3.65%	3.07%	-0.58%p	3.60%	3.19%	2.97%	-0.22%p	-0.63%p
Net interest margin	3.09%	2.73%	-0.36%p	3.05%	2.72%	2.74%	0.02%p	-0.32%p
Operating costs / Average assets	2.0%	1.5%	-0.5%p	1.9%	1.6%	1.5%	-0.1%p	-0.5%p
Cost/income ratio	53.9%	49.1%	-4.8%p	53.4%	49.1%	49.1%	0.0%p	-4.3%p

The table displays the sub-consolidated performance of Merkantil Group, whose members are: Merkantil Bank Ltd., Merkantil Bérlet Ltd., NIMO 2002 Ltd., SPLC-P Ltd., SPLC Ltd., and OTP Real Estate Leasing Ltd.

In the first half-year of 2021, **Merkantil Group** posted HUF 4.8 billion adjusted after-tax profit, which brought its ROE to 17.8%. The 77% y-o-y jump in profit stemmed from the improving operating profit and the decline in provisions. The 92% q-o-q surge in second-quarter profit owed a lot to the positive total risk cost.

In the first six months of 2021, net interest income grew by 16% y-o-y: its dynamic benefited from a 18% y-o-y increase in performing loans and a 38% expansion in financial assets, while net interest margin declined by 36 bps y-o-y in the first half-year. Operating expenses rose by 1% y-o-y in the January-June period.

On the total risk cost line, HUF 0.7 billion was released in the second quarter. This, coupled with the pandemic-induced higher base, brought down total risk cost by 80% y-o-y in the first half-year.

As to loan quality, the volume of more than 90 days past due loans fell by HUF 0.4 billion (FX-adjusted,

without sales/write-offs) in the second quarter, allowing the DPD90+ ratio to sink further q-o-q. The ratio of Stage 3 loans dropped to 2.5% (-1.8 pps y-o-y, -0.4% pp q-o-q). The own provision coverage of Stage 3 loans stood at 71.6% at the end of the half-year (+11.0 pps y-o-y). The ratio of Stage 2 loans rose by 0.7 pp, to 19.1% over the quarter, which was related to some larger corporate exposures. The own provision coverage of Stage 2 loans stood at 4.3% at the end of 2Q, which is consistent with 0.5 pp q-o-q decline.

At the end of June, loans participating in the payment moratorium made up 20.5% of Merkantil Group's total gross loans.

Performing (Stage 1+2) loans grew by 18% y-o-y, and 4% q-o-q. In year-over-year comparison, Merkantil Bank's total new loan disbursements grew by 44%. Within that, new car loans jumped by 65%, while the financing of production equipments and machinery grew by 11%. The second-quarter dynamics benefited from the national bank's Funding for Growth Go facility, launched in April 2020: Merkantil Bank's cumulated contractual amount hit HUF 74 billion by the end of June 2021.

Merkantil Bank remained the market leader in both new leasing placements 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	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	21,536	41,975	95%	17,125	18,273	23,702	30%	38%
Income tax	-1,860	-4,337	133%	-1,538	-1,877	-2,460	31%	60%
Profit before income tax	23,396	46,313	98%	18,662	20,150	26,163	30%	40%
Operating profit	43,274	51,604	19%	21,626	24,703	26,901	9%	24%
Total income	80,048	86,315	8%	40,379	42,824	43,491	2%	8%
Net interest income	55,046	55,070	0%	27,108	27,611	27,459	-1%	1%
Net fees and commissions	21,200	25,711	21%	10,757	12,215	13,497	10%	25%
Other net non-interest income	3,801	5,534	46%	2,514	2,998	2,536	-15%	1%
Operating expenses	-36,773	-34,711	-6%	-18,753	-18,121	-16,591	-8%	-12%
Total provisions	-19,878	-5,291	-73%	-2,964	-4,553	-738	-84%	-75%
Provision for impairment on loan and placement losses	-19,967	-5,116	-74%	-2,991	-4,557	-560	-88%	-81%
Other provision	89	-175	-296%	28	4	-178		-748%
Main components of balance sheet closing balances in HUF million	2020	1H 2021	YTD	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Total assets	4,283,625	4,262,136	-1%	4,036,516	4,352,923	4,262,136	-2%	6%
Gross customer loans	2,634,870	2,641,882	0%	2,500,852	2,640,243	2,641,882	0%	6%
Gross customer loans (FX-adjusted)	2,539,685	2,641,882	4%	2,467,709	2,554,298	2,641,882	3%	7%
Stage 1+2 customer loans (FX-adjusted)	2,351,810	2,452,652	4%	2,266,844	2,361,815	2,452,652	4%	8%
Retail loans	1,311,474	1,383,135	5%	1,258,535	1,332,526	1,383,135	4%	10%
Corporate loans	870,419	887,627	2%	829,379	856,152	887,627	4%	7%
Leasing	169,918	181,890	7%	178,930	173,137	181,890	5%	2%
Allowances for possible loan losses	-185,829	-185,048	0%	-168,661	-189,651	-185,048	-2%	10%
Allowances for possible loan losses (FX-adjusted)	-179,103	-185,048	3%	-166,439	-183,480	-185,048	1%	11%
Deposits from customers	3,587,364	3,524,836	-2%	3,326,208	3,613,658	3,524,836	-2%	6%
Deposits from customers (FX-adjusted)	3,464,183	3,524,836	2%	3,273,403	3,493,817	3,524,836	1%	8%
Retail deposits	2,908,010	2,975,903	2%	2,728,214	2,970,736	2,975,903	0%	9%
Corporate deposits	556,173	548,933	-1%	545,189	523,081	548,933	5%	1%
Liabilities to credit institutions	17,010	39,264	131%	55,643	39,221	39,264	0%	-29%
Total shareholders' equity	620,379	637,038	3%	586,879	631,066	637,038	1%	9%
Loan Quality	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	2,066,140	2,199,088	6%	2,066,140	2,158,872	2,199,088	2%	6%
Stage 1 loans under IFRS 9/gross customer loans	82.6%	83.2%	0.6%p	82.6%	81.8%	83.2%	1.5%p	0.8%p
Own coverage of Stage 1 loans under IFRS 9	1.1%	1.0%	-0.2%p	1.1%	1.0%	1.0%	0.0%p	-15.0%p
Stage 2 loan volume under IFRS 9 (in HUF million)	231,184	253,564	10%	231,184	282,415	253,564	-10%	10%
Stage 2 loans under IFRS 9/gross customer loans	9.2%	9.6%	0.4%p	9.2%	10.7%	9.6%	-1.1%p	0.4%p
Own coverage of Stage 2 loans under IFRS 9	9.6%	14.4%	4.8%p	9.6%	13.2%	14.4%	1.2%p	4.8%p
Stage 3 loan volume under IFRS 9 (in HUF million)	203,528	189,230	-7%	203,528	198,956	189,230	-5%	-7%
Stage 3 loans under IFRS 9/gross customer loans	8.1%	7.2%	-1.0%p	8.1%	7.5%	7.2%	-0.4%p	-1.0%p
Own coverage of Stage 3 loans under IFRS 9	60.5%	67.4%	6.9%p	60.5%	66.2%	67.4%	1.2%p	11.4%p
Provision for impairment on loan and placement losses/average gross loans	1.63%	0.39%	-1.24%p	0.48%	0.71%	0.09%	-0.62%p	-0.40%p
90+ days past due loan volume (in HUF million)	136,434	120,978	-11%	136,434	126,466	120,978	-4%	-11%
90+ days past due loans/gross customer loans	5.5%	4.6%	-0.9%p	5.5%	4.8%	4.6%	-0.2%p	-0.9%p
Performance Indicators	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
ROA	1.1%	2.0%	0.9%p	1.7%	1.7%	2.2%	0.5%p	0.5%p
ROE	7.7%	13.5%	5.8%p	12.1%	11.9%	15.1%	3.2%p	3.0%p
Total income margin	4.10%	4.04%	-0.06%p	4.06%	4.01%	4.06%	0.05%p	0.00%p
Net interest margin	2.82%	2.57%	-0.24%p	2.72%	2.58%	2.56%	-0.02%p	-0.16%p
Operating costs / Average assets	1.88%	1.62%	-0.26%p	1.88%	1.70%	1.55%	-0.15%p	-0.34%p
Cost/income ratio	45.9%	40.2%	-5.7%p	46.4%	42.3%	38.1%	-4.2%p	-8.3%p
Net loans to deposits (FX-adjusted)	70%	70%	-1%p	70%	68%	70%	2%p	-1%p
FX rates (in HUF)	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
HUF/BGN (closing)	182.3	179.9	-1%	182.3	186.0	179.9	-3%	-1%
HUF/BGN (average)	176.5	183.0	4%	179.8	184.7	181.5	-2%	1%

- **The Bulgarian profit hit HUF 42 billion in 1H**
- **Record-breaking 2Q profit of HUF 23.7 billion**
- **The erosion of net interest margin continued (-2 bps q-o-q, and -16 bps y-o-y). Total income margin improved by 5 bps q-o-q**
- **Improving cost efficiency: the cost/income ratio fell to 38% in 2Q**
- **The credit risk cost ratio (0.39%) has fallen sharply both q-o-q and y-o-y**
- **Performing loans grew by 4% q-o-q, and deposits rose by 1% (FX-adjusted)**

In the first half-year of 2021, **DSK Group** posted HUF 42 billion after-tax profit, almost twice as much as a year earlier. Its second-quarter profit amounted to HUF 23.7 billion, which is consistent with 38% y-o-y growth.

Operating income in Bulgaria grew by 19% y-o-y in HUF terms (by 16% in BGN) in the first six months of 2021. Net interest income dropped by 3% y-o-y in local currency in the first half-year, largely owing to the continued margin erosion (-24 bps y-o-y), the pace of which slowed in the second quarter (-2 bps q-o-q).

Thanks to the dynamic volume growth, net interest income increased by 1% q-o-q in local currency.

In the first half-year, net fees and commissions bounced back 21%, owing to the low base amid lockdowns, and intensifying business activity. Net fees and commissions grew by 10% q-o-q in the second quarter. The 46% y-o-y surge in 1H other income was predominantly caused by higher income from swaps and currency conversion.

In year-over-year comparison, the 1H operating costs fell by 9% in local currency, which can be attributed to cost synergies after the acquisition: the number of employees dropped by 7% y-o-y on average, and the number of branches declined by 17%. The main reason for the q-o-q 8% lower operating expenses in 2Q was that Bulgaria joined the Single Resolution Fund in 2021. This led to a sharp fall in banks' contribution, moreover, the surplus amounts paid in 2015-2020 may be used to cover subsequent payments. DSK Group had overpayment in the previous period, therefore its contributions paid this year were returned in 2Q in a lump sum amounting to HUF 1.7 billion. Cost efficiency indicators improved both q-o-q and y-o-y. The cost/income ratio amounted to 38.1% in the second quarter of 2021, dropping 4.2 pps q-o-q.

In the first half-year, HUF 0.7 billion total risk cost, much less than in the base period, weighed on the profit. In the first six months, the credit risk cost ratio amounted to 0.39% of the average gross loan volume.

Regarding loan quality, the volume of more than 90 days past due loans rose by HUF 2 billion in the first half-year (FX-adjusted, without sales/write-offs). In the first half-year of 2021, HUF 2.7 billion of bad loans was sold/written off, including HUF 2.2 billion in the second quarter.

The ratio of Stage 2 loans dropped by 1.1 pps q-o-q, to 9.6%, and the share of Stage 3 loans sank 0.4 pp q-o-q (to 7.2%). The own provision coverage of Stage 2 and Stage 3 loans increased q-o-q.

As to lending activity, performing (Stage 1+2) loans grew organically, by 8% y-o-y and by 4% q-o-q (FX-adjusted). Consumer loan disbursement surged 12% q-o-q in BGN terms in the second quarter, marking the Bank's strongest quarter since 2Q 2019. New mortgage loan disbursements jumped by 38% q-o-q, which translates into 98% y-o-y growth rate. Corporate loan disbursement increased by 73% q-o-q, and by 114% y-o-y.

The Bulgarian operation's liquidity position remained stable. The net loan/deposit ratio was 70% at the end of June. The deposit book rose by 8% y-o-y, and 1% q-o-q (FX-adjusted).

At the end of June 2021, DSK Bank's capital adequacy ratio, calculated in accordance with local rules, was at 22.3%.

OTP BANK CROATIA

Performance of OTP Bank Croatia:

Main components of P&L account in HUF million	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	9,926	14,297	44%	7,280	5,119	9,178	79%	26%
Income tax	-1,987	-2,957	49%	-1,538	-969	-1,988	105%	29%
Profit before income tax	11,914	17,254	45%	8,818	6,088	11,166	83%	27%
Operating profit	18,324	20,876	14%	9,800	8,355	12,522	50%	28%
Total income	40,445	43,081	7%	21,051	19,497	23,584	21%	12%
Net interest income	29,076	29,806	3%	14,307	14,615	15,192	4%	6%
Net fees and commissions	7,455	8,326	12%	3,603	3,930	4,396	12%	22%
Other net non-interest income	3,914	4,949	26%	3,141	953	3,997	320%	27%
Operating expenses	-22,121	-22,205	0%	-11,251	-11,143	-11,062	-1%	-2%
Total provisions	-6,410	-3,623	-43%	-981	-2,267	-1,356	-40%	38%
Provision for impairment on loan and placement losses	-6,770	-2,347	-65%	-1,038	-2,023	-323	-84%	-69%
Other provision	359	-1,276	-455%	57	-243	-1,033	324%	
Main components of balance sheet closing balances in HUF million	2020	1H 2021	YTD	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Total assets	2,325,669	2,354,934	1%	2,152,241	2,335,309	2,354,934	1%	9%
Gross customer loans	1,642,170	1,653,915	1%	1,567,657	1,648,594	1,653,915	0%	6%
Gross customer loans (FX-adjusted)	1,589,143	1,653,915	4%	1,554,430	1,602,727	1,653,915	3%	6%
Stage 1+2 customer loans (FX-adjusted)	1,451,075	1,500,180	3%	1,457,128	1,460,688	1,500,180	3%	3%
Retail loans	736,536	779,771	6%	738,400	751,054	779,771	4%	6%
Corporate loans	610,968	609,587	0%	610,729	603,572	609,587	1%	0%
Leasing	103,571	110,822	7%	107,999	106,061	110,822	4%	3%
Allowances for possible loan losses	-100,920	-109,261	8%	-84,569	-102,813	-109,261	6%	29%
Allowances for possible loan losses (FX-adjusted)	-97,702	-109,261	12%	-83,951	-100,067	-109,261	9%	30%
Deposits from customers	1,634,652	1,652,245	1%	1,560,698	1,640,939	1,652,245	1%	6%
Deposits from customers (FX-adjusted)	1,584,684	1,652,245	4%	1,542,742	1,594,378	1,652,245	4%	7%
Retail deposits	1,193,698	1,244,606	4%	1,157,280	1,208,288	1,244,606	3%	8%
Corporate deposits	390,986	407,640	4%	385,462	386,090	407,640	6%	6%
Liabilities to credit institutions	287,647	291,662	1%	194,586	293,405	291,662	-1%	50%
Total shareholders' equity	328,165	330,657	1%	313,829	328,983	330,657	1%	5%
Loan Quality	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	1,276,262	1,306,580	2%	1,276,262	1,298,122	1,306,580	1%	2%
Stage 1 loans under IFRS 9/gross customer loans	81.4%	79.0%	-2.4%p	81.4%	78.7%	79.0%	0.3%p	-2.4%p
Own coverage of Stage 1 loans under IFRS 9	0.8%	0.8%	0.0%p	0.8%	0.8%	0.8%	0.0%p	0.0%p
Stage 2 loan volume under IFRS 9 (in HUF million)	193,322	193,600	0%	193,322	204,397	193,600	-5%	0%
Stage 2 loans under IFRS 9/gross customer loans	12.3%	11.7%	-0.6%p	12.3%	12.4%	11.7%	-0.7%p	-0.6%p
Own coverage of Stage 2 loans under IFRS 9	5.0%	5.5%	0.5%p	5.0%	5.9%	5.5%	-0.4%p	0.5%p
Stage 3 loan volume under IFRS 9 (in HUF million)	98,074	153,735	57%	98,074	146,075	153,735	5%	57%
Stage 3 loans under IFRS 9/gross customer loans	6.3%	9.3%	3.0%p	6.3%	8.9%	9.3%	0.4%p	3.0%p
Own coverage of Stage 3 loans under IFRS 9	65.5%	57.4%	-8.1%p	65.5%	55.1%	57.4%	2.3%p	-8.1%p
Provision for impairment on loan and placement losses/average gross loans	0.92%	0.29%	-0.63%p	0.27%	0.51%	0.08%	-0.43%p	-0.19%p
90+ days past due loan volume (in HUF million)	70,954	76,669	8%	70,954	68,159	76,669	12%	8%
90+ days past due loans/gross customer loans	4.5%	4.6%	0.1%p	4.5%	4.1%	4.6%	0.5%p	0.1%p
Performance Indicators	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
ROA	0.9%	1.2%	0.3%p	1.4%	0.9%	1.6%	0.7%p	0.2%p
ROE	6.5%	8.8%	2.3%p	9.5%	6.4%	11.3%	4.9%p	1.8%p
Total income margin	3.81%	3.76%	-0.06%p	3.98%	3.45%	4.06%	0.61%p	0.09%p
Net interest margin	2.74%	2.60%	-0.14%p	2.70%	2.59%	2.62%	0.03%p	-0.09%p
Operating costs / Average assets	2.09%	1.94%	-0.15%p	2.12%	1.97%	1.91%	-0.07%p	-0.22%p
Cost/income ratio	54.7%	51.5%	-3.2%p	53.4%	57.2%	46.9%	-10.2%p	-6.5%p
Net loans to deposits (FX-adjusted)	95%	93%	-2%p	95%	94%	93%	-1%p	-2%p
FX rates (in HUF)	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
HUF/HRK (closing)	47.1	47.0	0%	47.1	48.1	47.0	-2%	0%
HUF/HRK (average)	45.8	47.7	4%	46.4	47.7	47.1	-1%	2%

- **The Croatian bank posted HUF 14.3 billion profit in the first quarter of 2021**
- **The 2Q net interest margin slightly improved q-o-q**
- **The q-o-q growth in Stage 3 volumes can be explained by migration due to the expiry of the moratorium, as well as to a technical effect**
- **Performing (Stage 1+2) loans and deposits grew by 4% y-o-y in the first half-year, FX-adjusted; mortgage and cash loan disbursement showed the strongest result since the integration**

The Croatian bank posted HUF 14.3 billion profit in the first half-year of 2021, of which HUF 9.2 billion was realized in the second quarter. The profit improvement stemmed from the favourable income growth and from lower credit risk costs.

In the first half-year, operating profit improved by 14% y-o-y. Within that, net interest income rose by 3%, while net interest margin eroded by 14 bps y-o-y. However, net interest income grew by 4% q-o-q in the second quarter, mostly because of interest payment on certain Stage 3 loans, but the rising interest level of leasing products also helped.

Net fees and commissions increased by 12% y-o-y over the half-year: The 2% y-o-y growth rate in 1Q accelerated to 22% in the second quarter, which is consistent with 12% q-o-q growth. This favourable q-o-q development was caused by POS terminal transactions, stronger income from transaction fees on current accounts, as well as early repayment fees linked to large corporations.

The main reason for the q-o-q jump in other income in the second quarter was the gain on selling shares; in addition to this, HUF 0.7 billion revaluation result was realized in relation to Visa shares.

As operating expenses were stable both y-o-y and q-o-q, the cost/income ratio declined by 3.2 pps y-o-y to 51.5%.

In the first half-year of 2021, nearly HUF 3.6 billion total risk cost weighed on profit, down from HUF 6.4 billion in the base period. Within that, credit risk costs contracted by 84% q-o-q in the second quarter. The credit risk cost ratio stood at 8 bps (-43 bps q-o-q) in 2Q. In the reporting period, the increase in other risk cost was induced mostly by litigations.

Regarding lending activity, gross loans and performing (Stage 1+2) loans grew by the same rates ytd and q-o-q (FX-adjusted +4%, and +3% respectively). Housing loans made up nearly half of the q-o-q growth of performing volumes (+HUF 40 billion), but consumer and corporate loans also expanded. The increase in disbursement dynamics continued in 2Q. As a result, the disbursement of mortgage loans jumped by more than 70% and that of cash loans surged 50% in the first half-year, compared with the same period of last year.

The Croatian bank's liquidity position remained stable; the net loan/deposit ratio stood at 93% at the end of June. FX-adjusted deposit volumes have expanded by 4% since the end of last year, largely as a result of the increase in retail on-demand deposits in the second quarter, as well as the expansion in the corporate segment.

The ratio of Stage 3 loans within the portfolio upped in both q-o-q and y-o-y terms (by 3 and 0.4 pp, respectively). Of that, the q-o-q change can be explained by migration due to the expiry of the moratorium, as well as to a technical effect of the Group's methodological harmonization. The Stage 3 loans' own provision coverage rose by 2.3 pps q-o-q, to 57.4%.

The volume of more than 90 days past due loans (FX-adjusted, without sales/write-offs) was flat in the first quarter of 2021 but it grew by HUF 10 billion in 2Q. The amount of non-performing loans sold or written off in the second quarter was negligible. The DPD90+ ratio stood at 4.6% at the end of June (+0.1 pp y-o-y, and +0.5 pp q-o-q).

OTP BANK SERBIA

Performance of OTP Bank Serbia:

Main components of P&L account in HUF million	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	3,661	14,759	303%	1,915	6,773	7,986	18%	317%
Income tax	-228	-1,946	752%	-302	-586	-1,360	132%	351%
Profit before income tax	3,889	16,705	330%	2,216	7,359	9,346	27%	322%
Operating profit	16,251	20,101	24%	7,877	9,953	10,148	2%	29%
Total income	37,295	40,903	10%	18,384	20,508	20,395	-1%	11%
Net interest income	28,449	31,026	9%	14,066	15,730	15,296	-3%	9%
Net fees and commissions	6,851	6,844	0%	3,141	3,336	3,509	5%	12%
Other net non-interest income	1,995	3,033	52%	1,177	1,442	1,591	10%	35%
Operating expenses	-21,044	-20,802	-1%	-10,507	-10,555	-10,247	-3%	-2%
Total provisions	-12,362	-3,396	-73%	-5,661	-2,593	-802	-69%	-86%
Provision for impairment on loan and placement losses	-10,543	-355	-97%	-4,038	-2,341	1,986	-185%	-149%
Other provision	-1,819	-3,041	67%	-1,622	-253	-2,788		72%
Main components of balance sheet closing balances in HUF million	2020	1H 2021	YTD	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Total assets	2,052,332	2,000,218	-3%	1,895,196	2,048,165	2,000,218	-2%	6%
Gross customer loans	1,539,738	1,518,955	-1%	1,383,334	1,551,658	1,518,955	-2%	10%
Gross customer loans (FX-adjusted)	1,482,755	1,518,955	2%	1,365,091	1,501,266	1,518,955	1%	11%
Stage 1+2 customer loans (FX-adjusted)	1,444,254	1,471,669	2%	1,333,674	1,458,657	1,471,669	1%	10%
Retail loans	682,717	709,657	4%	624,036	695,913	709,657	2%	14%
Corporate loans	678,056	679,963	0%	625,908	680,742	679,963	0%	9%
Leasing	83,482	82,049	-2%	83,730	82,001	82,049	0%	-2%
Allowances for possible loan losses	-43,597	-42,692	-2%	-31,763	-45,370	-42,692	-6%	34%
Allowances for possible loan losses (FX-adjusted)	-41,960	-42,692	2%	-31,337	-43,900	-42,692	-3%	36%
Deposits from customers	1,147,712	1,104,451	-4%	1,059,091	1,151,311	1,104,451	-4%	4%
Deposits from customers (FX-adjusted)	1,105,815	1,104,451	0%	1,043,441	1,113,772	1,104,451	-1%	6%
Retail deposits	652,044	669,263	3%	609,045	661,235	669,263	1%	10%
Corporate deposits	453,771	435,188	-4%	434,395	452,536	435,188	-4%	0%
Liabilities to credit institutions	548,354	531,764	-3%	497,758	541,349	531,764	-2%	7%
Total shareholders' equity	273,046	277,495	2%	266,566	277,061	277,495	0%	4%
Loan Quality	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	1,272,202	1,355,369	7%	1,272,202	1,369,960	1,355,369	-1%	7%
Stage 1 loans under IFRS 9/gross customer loans	92.0%	89.2%	-2.7%p	92.0%	88.3%	89.2%	0.9%p	-2.7%p
Own coverage of Stage 1 loans under IFRS 9	0.6%	0.8%	0.2%p	0.6%	0.8%	0.8%	0.0%p	0.2%p
Stage 2 loan volume under IFRS 9 (in HUF million)	79,275	116,300	47%	79,275	137,660	116,300	-16%	47%
Stage 2 loans under IFRS 9/gross customer loans	5.7%	7.7%	1.9%p	5.7%	8.9%	7.7%	-1.2%p	1.9%p
Own coverage of Stage 2 loans under IFRS 9	7.1%	7.0%	-0.1%p	7.1%	8.3%	7.0%	-1.3%p	-0.1%p
Stage 3 loan volume under IFRS 9 (in HUF million)	31,857	47,286	48%	31,857	44,039	47,286	7%	48%
Stage 3 loans under IFRS 9/gross customer loans	2.3%	3.1%	0.8%p	2.3%	2.8%	3.1%	0.3%p	0.8%p
Own coverage of Stage 3 loans under IFRS 9	56.6%	49.6%	-7.0%p	56.6%	52.6%	49.6%	-3.0%p	-7.0%p
Provision for impairment on loan and placement losses/average gross loans	1.65%	0.05%	-1.61%p	1.23%	0.62%	-0.52%	-1.14%p	-1.75%p
90+ days past due loan volume (in HUF million)	26,067	30,110	16%	26,067	30,300	30,110	-1%	16%
90+ days past due loans/gross customer loans	1.9%	2.0%	0.1%p	1.9%	2.0%	2.0%	0.0%p	0.1%p
Performance Indicators	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
ROA	0.4%	1.5%	1.1%p	0.4%	1.4%	1.6%	0.2%p	1.2%p
ROE	2.8%	10.9%	8.0%p	2.9%	10.1%	11.6%	1.6%p	8.7%p
Total income margin	4.24%	4.09%	-0.15%p	4.04%	4.11%	4.08%	-0.03%p	0.04%p
Net interest margin	3.24%	3.11%	-0.13%p	3.09%	3.15%	3.06%	-0.09%p	-0.03%p
Operating costs / Average assets	2.39%	2.08%	-0.31%p	2.31%	2.12%	2.05%	-0.07%p	-0.26%p
Cost/income ratio	56.4%	50.9%	-5.6%p	57.2%	51.5%	50.2%	-1.2%p	-6.9%p
Net loans to deposits (FX-adjusted)	128%	134%	6%p	128%	131%	134%	3%p	6%p
FX rates (in HUF)	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
HUF/RSD (closing)	3.0	3.0	-1%	3.0	3.1	3.0	-3%	-1%
HUF/RSD (average)	2.9	3.0	4%	3.0	3.1	3.0	-2%	1%

- **Almost HUF 15 billion adjusted after-tax profit in the first half-year of 2021, with 73% y-o-y decline in total risk cost**
- **The second integration in Serbia was successfully accomplished at the end of April**
- **Cost efficiency indicators signify meaningful q-o-q and y-o-y improvement**
- **The FX-adjusted volume of performing (Stage 1+2) loans q-o-q stagnated but grew by 10% y-o-y**

The **Serbian banking group** posted almost HUF 15 billion adjusted after-tax profit in the first half-year of 2021, expanding more than 4 times y-o-y. Of that, HUF 8 billion profit was generated in 2Q 2021 (+18% q-o-q). This impressive improvement was largely the result of a sharp fall in risk costs.

Following the financial closure of the second Serbian acquisition at the end of September 2019, the integration continued according to plans, and was successfully accomplished on 30 April 2021. The Serbian operation's total market share by balance sheet total jumped to 13.2% on pro forma basis (No. 2), and it remained market leader in net loans, according to the most recent 1Q 2021 data.

Overall, the total network of Serbian branches contracted by 32 units (-13%) since the end of September 2019, and by nine units (-4%) q-o-q. The number of employees dropped by 3%, or 87 people q-o-q. On the whole, the staff number has declined by 324 (-10%) since the end of September 2019.

First-half-year operating cost level dropped by 4% y-o-y in local currency, and it was q-o-q stable. As a result, the bank's cost/income ratio improved by 5.6 pps, to 50.9% in the first half-year.

Despite the stagnation in the second quarter, performing (Stage 1+2) loan volumes grew by a double-digit rate of 10% y-o-y (FX-adjusted), outstripping the 6% expansion in the deposit base. Overall, the bank's net-loan-to-deposit ratio remained near 130% (+3 pps q-o-q, and +6 pps y-o-y).

Nearly all loan segments grew y-o-y: on top of consumer loans (+13%) and mortgage loans (+18%), corporate loans, which make up nearly half of the performing portfolio, expanded by 9% y-o-y (all FX-adjusted). The volume of new loan disbursements grew in all segments q-o-q (except consumer loans). Thus the volume of half-year mortgage loan disbursements more than doubled y-o-y, while half-year consumer loan disbursements expanded by 10%, despite the weaker 2Q performance.

The half-year and the second-quarter after-tax profit developments were basically shaped by the size of risk costs. The volume of total risk costs contracted by 73% y-o-y over the first half-year. One reason for that was the release of loan loss allowances in 2Q 2021, as a result of the introduction of behaviour rating based Stage classification in the case of the newly acquired bank's consumer loans. Other risk costs created in 2Q were related to ongoing litigations.

In 1H 2021, total income surged by 10% y-o-y. Net interest income grew by 9% y-o-y, as the performing (Stage 1+2) loan volume expanded by 10% (FX-adjusted) and net interest margin narrowed (1H 2021: 3.11%, -13 bps y-o-y) owing to the low interest rate environment. Net fees and commissions did not change y-o-y in the first half-year but grew by 5% q-o-q in the second quarter, as commissions from deposits and transactions have been rising, hand in hand with business activity, since the beginning of this year.

As regards loan quality, the ratio of Stage 3 loans in the whole portfolio rose to 3.1% by the end of June. The DPD90+ loan book grew by HUF 0.8 billion (FX-adjusted, without sales/write-offs) in 2Q and by a total of 9.5 in the first half-year, which is double of the amount seen in the same period of last year.

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

SKB BANKA (SLOVENIA)

Performance of SKB Banka:

Main components of P&L account in HUF million	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	3,244	7,497	131%	3,163	3,063	4,434	45%	40%
Income tax	-820	-1,676	104%	89	-701	-975	39%	
Profit before income tax	4,064	9,173	126%	3,074	3,764	5,409	44%	76%
Operating profit	9,184	8,763	-5%	4,750	3,854	4,908	27%	3%
Total income	19,793	20,641	4%	9,654	10,083	10,558	5%	9%
Net interest income	13,984	13,755	-2%	7,016	6,873	6,882	0%	-2%
Net fees and commissions	5,452	6,184	13%	2,674	2,948	3,236	10%	21%
Other net non-interest income	357	702	97%	-36	262	441	68%	
Operating expenses	-10,609	-11,879	12%	-4,904	-6,229	-5,649	-9%	15%
Total provisions	-5,121	410		-1,676	-90	500		
Provision for impairment on loan and placement losses	-3,865	408		-281	-138	545		
Other provision	-1,256	2		-1,395	47	-45		-97%
Main components of balance sheet closing balances in HUF million	2020	1H 2021	YTD	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Total assets	1,353,772	1,338,170	-1%	1,273,699	1,370,263	1,338,170	-2%	5%
Gross customer loans	909,439	923,263	2%	887,449	923,891	923,263	0%	4%
Gross customer loans (FX-adjusted)	876,419	923,263	5%	875,676	893,883	923,263	3%	5%
Stage 1+2 customer loans (FX-adjusted)	863,084	910,914	6%	865,152	878,481	910,914	4%	5%
Retail loans	483,939	442,829	-8%	474,805	435,534	442,829	2%	-7%
Corporate loans	219,376	306,383	40%	226,842	284,214	306,383	8%	35%
Leasing	159,769	161,702	1%	163,505	158,732	161,702	2%	-1%
Allowances for possible loan losses	-14,876	-15,470	4%	-10,203	-15,966	-15,470	-3%	52%
Allowances for possible loan losses (FX-adjusted)	-14,335	-15,470	8%	-10,067	-15,448	-15,470	0%	54%
Deposits from customers	1,136,666	1,113,069	-2%	1,041,711	1,153,036	1,113,069	-3%	7%
Deposits from customer (FX-adjusted)	1,095,905	1,113,069	2%	1,027,256	1,115,451	1,113,069	0%	8%
Retail deposits	938,379	872,275	-7%	885,806	858,466	872,275	2%	-2%
Corporate deposits	157,526	240,794	53%	141,450	256,985	240,794	-6%	70%
Liabilities to credit institutions	29,524	31,948	8%	49,044	22,982	31,948	39%	-35%
Total shareholders' equity	166,124	165,382	0%	153,527	166,982	165,382	-1%	8%
Loan Quality	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	826,584	777,935	-6%	826,584	767,167	777,935	1%	-6%
Stage 1 loans under IFRS 9/gross customer loans	93.1%	84.3%	-8.9%p	93.1%	83.0%	84.3%	1.2%p	-8.9%p
Own coverage of Stage 1 loans under IFRS 9	0.5%	0.5%	0.0%p	0.5%	0.5%	0.5%	0.0%p	0.0%p
Stage 2 loan volume under IFRS 9 (in HUF million)	50,197	132,979	165%	50,197	140,806	132,979	-6%	165%
Stage 2 loans under IFRS 9/gross customer loans	5.7%	14.4%	8.7%p	5.7%	15.2%	14.4%	-0.8%p	8.7%p
Own coverage of Stage 2 loans under IFRS 9	7.4%	4.3%	-3.1%p	7.4%	4.3%	4.3%	0.1%p	-3.1%p
Stage 3 loan volume under IFRS 9 (in HUF million)	10,669	12,349	16%	10,669	15,918	12,349	-22%	16%
Stage 3 loans under IFRS 9/gross customer loans	1.2%	1.3%	0.1%p	1.2%	1.7%	1.3%	-0.4%p	0.1%p
Own coverage of Stage 3 loans under IFRS 9	21.6%	49.2%	27.6%p	21.6%	40.2%	49.2%	9.0%p	27.6%p
Provision for impairment on loan and placement losses/average gross loans	0.88%	-0.09%	-0.97%p	0.13%	0.06%	-0.24%	-0.30%p	-0.37%p
90+ days past due loan volume (in HUF million)	3,514	3,687	5%	3,514	3,996	3,687	-8%	5%
90+ days past due loans/gross customer loans	0.4%	0.4%	0.0%p	0.4%	0.4%	0.4%	0.0%p	0.0%p
Performance indicators	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
ROA	0.5%	1.1%	0.6%p	1.0%	0.9%	1.3%	0.4%p	0.3%p
ROE	4.5%	9.2%	4.7%p	8.5%	7.5%	10.8%	3.2%p	2.3%p
Total income margin	3.23%	3.11%	-0.13%p	3.05%	3.02%	3.20%	0.18%p	0.15%p
Net interest margin	2.29%	2.07%	-0.21%p	2.22%	2.06%	2.08%	0.03%p	-0.13%p
Operating costs / Average assets	1.73%	1.79%	0.05%p	1.55%	1.86%	1.71%	-0.15%p	0.16%p
Cost/income ratio	53.6%	57.5%	4.0%p	50.8%	61.8%	53.5%	-8.3%p	2.7%p
Net loans to deposits (FX-adjusted)	84%	82%	-3%p	84%	79%	82%	3%p	-3%p
FX rates (in HUF)	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
HUF/EUR (closing)	356.6	351.9	-1%	356.6	363.7	351.9	-3%	-1%
HUF/EUR (average)	345.2	357.9	4%	351.7	361.3	355.0	-2%	1%

- **The after tax profit more than doubled y-o-y in the first-half-year, and jumped by 45% q-o-q in 2Q**
- **Performing loan volumes grew by 4% q-o-q**
- **The loan quality improved, the Stage 3 ratio sank to 1.3%**

In the first half-year of 2021, OTP's **Slovenian** subsidiary generated HUF 7.5 billion adjusted profit, which is 131% more than in the base period. The HUF 4.4 billion profit made in the second quarter is consistent with 45% q-o-q growth.

In the first six months of 2021, operating profit declined by 5% y-o-y as operating costs rose by 12%, while total income improved by 4%. In q-o-q terms, operating profit rose by 27% in the second quarter, benefiting from a 5% improvement in total income and a 9% drop in operating expenses.

In the first half-year, net interest income contracted by 5% in local currency, as business volume growth was offset by the 21 bps erosion of net interest margin, to 2.07%, as a result of the strong competition.

The 13% y-o-y surge in net fees and commissions in the first half-year was supported the higher fee income from payment services and deposits. One reason for the latter was that in November 2020 the Bank introduced deposit commissions for corporate deposits above a certain amount, and this threshold was lowered in April 2021. For retail deposits above a certain amount, this fee was introduced in April 2021.

The y-o-y growth in first-half-year operating expenses was caused by higher personnel, hardware and office equipment expenses as well as fees paid to supervisory authorities. The q-o-q decline in the second-quarter operating expenses was caused by the lump-sum accounting of the expected annual fees paid to supervisory authorities in 1Q (HUF 0.7 billion to the Deposit Insurance Fund, and HUF 0.5 billion to the Resolution Fund). In the second quarter, further HUF 0.3 billion such fees were recorded, owing to the actual Resolution Fund contribution. As a result, HUF 1.6 billion was recorded on the supervisory fees line in the first half-year, HUF 0.4 billion more than a year earlier.

The ratio of Stage 3 loans dropped to 1.3% (by 0.4 pp q-o-q) at the end of the second quarter of 2021. The own provision coverage ratio of Stage 3 loans increased meaningfully both q-o-q and y-o-y, to 49.2%⁵.

In 2Q 2021, the FX-adjusted volume of performing (Stage 1+2) loans grew by 4% q-o-q, including a 2% rise in retail loans, and an 8% surge in corporate loans. The FX-adjusted volume increased by 5% y-o-y, as retail loans contracted by 7%, and corporate loans jumped by 35%. One reason for the y-o-y increase in corporate loans was that a part of the MSE stock (customers with a pre-defined annual income) were reallocated into the corporate segment. In the second quarter, the loan disbursement dynamics improved both year-over-year and quarter-over-quarter in all segments.

The FX-adjusted deposit book expanded by 8% y-o-y, and remained stable q-o-q. The net loan/deposit ratio stood at 82% (+3 pps q-o-q, -3 pps y-o-y) at the end of the quarter.

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	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	1,139	1,776	56%	2,048	529	1,247	136%	-39%
Income tax	27	-593		-484	-365	-228	-38%	-53%
Profit before income tax	1,112	2,369	113%	2,532	894	1,475	65%	-42%
Operating profit	6,611	3,099	-53%	4,044	612	2,487	306%	-38%
Total income	21,549	22,297	3%	11,170	10,931	11,366	4%	2%
Net interest income	16,178	16,957	5%	8,105	8,325	8,632	4%	6%
Net fees and commissions	1,863	2,068	11%	972	994	1,074	8%	11%
Other net non-interest income	3,507	3,273	-7%	2,093	1,612	1,661	3%	-21%
Operating expenses	-14,938	-19,198	29%	-7,126	-10,319	-8,879	-14%	25%
Total provisions	-5,499	-730	-87%	-1,512	282	-1,012	-459%	-33%
Provision for impairment on loan and placement losses	-4,149	-2,615	-37%	-38	-1,423	-1,193	-16%	
Other provision	-1,351	1,886	-240%	-1,474	1,705	181	-89%	-112%
Main components of balance sheet closing balances in HUF million	2020	1H 2021	YTD	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Total assets	1,162,183	1,191,337	3%	1,047,032	1,206,285	1,191,337	-1%	14%
Gross customer loans	861,393	890,363	3%	794,982	878,228	890,363	1%	12%
Gross customer loans (FX-adjusted)	823,395	890,363	8%	774,735	849,687	890,363	5%	15%
Stage 1+2 customer loans (FX-adjusted)	769,766	837,362	9%	720,226	797,640	837,362	5%	16%
Retail loans	527,378	575,609	9%	485,873	546,045	575,609	5%	18%
Corporate loans	206,255	220,270	7%	201,923	212,859	220,270	3%	9%
Leasing	36,132	41,483	15%	32,430	38,736	41,483	7%	28%
Allowances for possible loan losses	-48,174	-47,483	-1%	-46,112	-47,411	-47,483	0%	3%
Allowances for possible loan losses (FX-adjusted)	-46,039	-47,483	3%	-44,890	-45,900	-47,483	3%	6%
Deposits from customers	710,047	739,884	4%	593,609	746,621	739,884	-1%	25%
Deposits from customers (FX-adjusted)	681,321	739,884	9%	578,376	723,908	739,884	2%	28%
Retail deposits	486,819	545,682	12%	429,695	533,839	545,682	2%	27%
Corporate deposits	194,502	194,202	0%	148,681	190,068	194,202	2%	31%
Liabilities to credit institutions	284,173	274,829	-3%	292,537	273,896	274,829	0%	-6%
Total shareholders' equity	127,238	141,320	11%	123,160	144,436	141,320	-2%	15%
Loan Quality	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	653,743	749,038	15%	653,743	723,717	749,038	3%	15%
Stage 1 loans under IFRS 9/gross customer loans	82.2%	84.1%	1.9%p	82.2%	82.4%	84.1%	1.7%p	1.9%p
Own coverage of Stage 1 loans under IFRS 9	1.2%	1.0%	-0.2%p	1.2%	1.0%	1.0%	0.0%p	-0.2%p
Stage 2 loan volume under IFRS 9 (in HUF million)	85,271	88,324	4%	85,271	100,759	88,324	-12%	4%
Stage 2 loans under IFRS 9/gross customer loans	10.7%	9.9%	-0.8%p	10.7%	11.5%	9.9%	-1.6%p	-0.8%p
Own coverage of Stage 2 loans under IFRS 9	8.2%	10.3%	2.1%p	8.2%	9.9%	10.3%	0.4%p	2.1%p
Stage 3 loan volume under IFRS 9 (in HUF million)	55,967	53,001	-5%	55,967	53,752	53,001	-1%	-5%
Stage 3 loans under IFRS 9/gross customer loans	7.0%	6.0%	-1.1%p	7.0%	6.1%	6.0%	-0.2%p	-1.1%p
Own coverage of Stage 3 loans under IFRS 9	55.7%	57.8%	2.1%p	55.7%	56.0%	57.8%	1.7%p	2.1%p
Provision for impairment on loan and placement losses/average gross loans	1.11%	0.61%	-0.50%	0.02%	0.67%	0.55%	-0.12%	0.53%
90+ days past due loan volume (in HUF million)	43,369	34,603	-20%	43,369	35,229	34,603	-2%	-20%
90+ days past due loans/gross customer loans	5.5%	3.9%	-1.6%p	5.5%	4.0%	3.9%	-0.1%p	-1.6%p
Performance Indicators	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
ROA	0.2%	0.3%	0.1%p	0.8%	0.2%	0.4%	0.2%p	-0.4%p
ROE	1.9%	2.7%	0.7%p	6.8%	1.7%	3.5%	1.8%p	-3.3%p
Total income margin	4.34%	3.79%	-0.55%p	4.41%	3.75%	3.83%	0.08%p	-0.58%p
Net interest margin	3.26%	2.88%	-0.38%p	3.20%	2.86%	2.91%	0.05%p	-0.29%p
Operating costs / Average assets	3.01%	3.27%	0.26%p	2.82%	3.54%	2.99%	-0.55%p	0.18%p
Cost/income ratio	69.3%	86.1%	16.8%p	63.8%	94.4%	78.1%	-16.3%p	14.3%p
Net loans to deposits (FX-adjusted)	126%	114%	-12%p	126%	111%	114%	3%p	-12%p
FX rates (in HUF)	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
HUF/RON (closing)	73.6	71.4	-3%	73.6	73.8	71.4	-3%	-3%
HUF/RON (average)	71.6	73.0	2%	72.7	74.1	72.1	-3%	-1%

In the first half-year **OTP Bank Romania** posted HUF 1.8 billion after-tax profit, 56% more than in the base period. In 2Q 2021, the Romanian operation generated HUF 1.2 billion profit, twice as much as the first quarter figure.

In the first half-year, operating profit contracted by 53% as total income rose by 3% y-o-y and operating expenses grew by 29%.

In the first six months, net interest income increased by 5% y-o-y in HUF, and by 3% in local currency. The y-o-y dynamics was supported by the vigorous growth in performing (Stage 1+2) loan volumes (+16% y-o-y), while net interest margin shrank by 38 bps y-o-y. Net interest income rose by 4% q-o-q as a result of growing volumes, and the 5 bps q-o-q increase in net interest margin. The higher margin mostly stemmed from the lower average interest rate levels on the liability side, which offset the decline in average interest rate on the asset side. Net fees and commissions grew by 8% q-o-q, owing to the low base in the first quarter, caused by seasonality.

Operating expenses surged by 29% y-o-y. In part, the higher costs stemmed from the growth strategy launched in 2019: the increase in personnel expenses was partly the result of the 11% y-o-y growth in the average number of employees in the first half-year. Another main reason for higher costs was 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% (or HUF 0.65 billion) higher than the fee booked in 1Q 2020. The 14% q-o-q decline in operating expenses in the second quarter is related to this item, too.

In the first half-year, total risk cost amounted to -HUF 0.7 billion. The y-o-y decline stemmed from lower credit risk costs than in the base periods and from the release of other provisions. A change in the methodology of impairment calculation caused HUF 1 billion additional credit risk cost in the second quarter.

As to loan quality, the volume of 90 days past due loans fell by HUF 0.8 billion (FX-adjusted, without sales/write-offs) in the first half-year. The ratio of Stage 2 loans (which signifies increased credit risk according to IFRS 9) fell by 1.6 pps q-o-q. At the end of 2Q, the own coverage of Stage 2 loans stood at 10.3% (+2.1 pps y-o-y, +0.4 pp q-o-q). The ratio of Stage 3 loans fell further, to 6.0% (-1.1 pps y-o-y, -0.2 pp q-o-q). At the end of 2Q the own coverage of Stage 3 loans stood at 57.8% (+2.1 pps y-o-y, +1.7 pps q-o-q).

As to business activity, the placement of new cash loans surged by 158% y-o-y and 10% q-o-q in the second quarter. Mortgage loan placements grew by 116% y-o-y and by 8% q-o-q. The performing (Stage 1+2) retail loan book increased by 18% y-o-y (+5% q-o-q), and corporate loans expanded by 9% y-o-y and 3% q-o-q (FX-adjusted).

As a result of the successful deposit-taking (+28% y-o-y; FX-adjusted), the net loan/deposit ratio sank by 12 pps y-o-y, to 114%.

The 11% ytd 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.

OTP BANK UKRAINE

Performance of OTP Bank Ukraine:

Main components of P&L account in HUF million	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	10,759	17,726	65%	4,102	8,835	8,891	1%	117%
Income tax	-2,371	-3,459	46%	-852	-1,833	-1,626	-11%	91%
Profit before income tax	13,130	21,186	61%	4,953	10,669	10,517	-1%	112%
Operating profit	21,137	23,542	11%	9,136	10,911	12,630	16%	38%
Total income	34,126	36,307	6%	15,652	17,199	19,108	11%	22%
Net interest income	24,970	27,178	9%	11,624	12,877	14,300	11%	23%
Net fees and commissions	6,714	6,723	0%	3,119	3,243	3,481	7%	12%
Other net non-interest income	2,443	2,406	-2%	909	1,079	1,327	23%	46%
Operating expenses	-12,989	-12,765	-2%	-6,516	-6,288	-6,477	3%	-1%
Total provisions	-8,007	-2,356	-71%	-4,183	-243	-2,113	771%	-49%
Provision for impairment on loan and placement losses	-6,399	-1,312	-80%	-3,240	186	-1,497		-54%
Other provision	-1,609	-1,044	-35%	-943	-428	-616	44%	-35%
Main components of balance sheet closing balances in HUF million	2020	1H 2021	YTD	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Total assets	729,012	794,297	9%	695,728	809,533	794,297	-2%	14%
Gross customer loans	443,031	524,169	18%	451,236	476,385	524,169	10%	16%
Gross customer loans (FX-adjusted)	449,993	524,169	16%	417,826	461,602	524,169	14%	25%
Stage 1+2 customer loans (FX-adjusted)	402,995	480,360	19%	345,184	416,670	480,360	15%	39%
Retail loans	82,461	88,911	8%	71,045	85,020	88,911	5%	25%
Corporate loans	207,914	251,584	21%	163,852	210,001	251,584	20%	54%
Leasing	112,620	139,865	24%	110,287	121,649	139,865	15%	27%
Allowances for possible loan losses	-46,200	-44,652	-3%	-72,019	-46,923	-44,652	-5%	-38%
Allowances for possible loan losses (FX-adjusted)	-47,092	-44,652	-5%	-66,342	-45,427	-44,652	-2%	-33%
Deposits from customers	493,884	518,590	5%	453,099	539,172	518,590	-4%	14%
Deposits from customers (FX-adjusted)	500,362	518,590	4%	419,552	521,430	518,590	-1%	24%
Retail deposits	224,021	233,442	4%	195,108	230,584	233,442	1%	20%
Corporate deposits	276,341	285,147	3%	224,444	290,846	285,147	-2%	27%
Liabilities to credit institutions	91,059	104,807	15%	97,596	95,512	104,807	10%	7%
Total shareholders' equity	117,071	126,265	8%	115,115	133,574	126,265	-5%	10%
Loan Quality	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	324,073	441,359	36%	324,073	394,204	441,359	12%	36%
Stage 1 loans under IFRS 9/gross customer loans	71.8%	84.2%	12.4%p	71.8%	82.7%	84.2%	1.5%p	12.4%p
Own coverage of Stage 1 loans under IFRS 9	1.0%	1.8%	0.8%p	1.0%	1.9%	1.8%	0.0%p	0.8%p
Stage 2 loan volume under IFRS 9 (in HUF million)	48,226	39,001	-19%	48,226	35,789	39,001	9%	-19%
Stage 2 loans under IFRS 9/gross customer loans	10.7%	7.4%	-3.2%p	10.7%	7.5%	7.4%	-0.1%p	-3.2%p
Own coverage of Stage 2 loans under IFRS 9	14.0%	15.4%	1.4%p	14.0%	15.9%	15.4%	-0.5%p	1.4%p
Stage 3 loan volume under IFRS 9 (in HUF million)	78,938	43,809	-45%	78,938	46,392	43,809	-6%	-45%
Stage 3 loans under IFRS 9/gross customer loans	17.5%	8.4%	-9.1%p	17.5%	9.7%	8.4%	-1.4%p	-9.1%p
Own coverage of Stage 3 loans under IFRS 9	78.5%	69.7%	-8.8%p	78.5%	73.0%	69.7%	-3.3%p	-8.8%p
Provision for impairment on loan and placement losses/average gross loans	2.78%	0.56%	-2.22%p	2.81%	-0.17%	1.23%	1.39%p	-1.58%p
90+ days past due loan volume (in HUF million)	50,247	25,270	-50%	50,247	28,062	25,270	-10%	-50%
90+ days past due loans/gross customer loans	11.1%	4.8%	-6.3%p	11.1%	5.9%	4.8%	-1.1%p	-6.3%p
Performance Indicators	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
ROA	3.2%	4.6%	1.4%p	2.4%	4.7%	4.5%	-0.2%p	2.1%p
ROE	19.3%	28.2%	8.8%p	14.6%	29.1%	27.3%	-1.8%p	12.7%p
Total income margin	10.16%	9.50%	-0.67%p	9.32%	9.23%	9.75%	0.52%p	0.43%p
Net interest margin	7.44%	7.11%	-0.33%p	6.92%	6.91%	7.30%	0.39%p	0.37%p
Operating costs / Average assets	3.87%	3.34%	-0.53%p	3.88%	3.37%	3.30%	-0.07%p	-0.58%p
Cost/income ratio	38.1%	35.2%	-2.9%p	41.6%	36.6%	33.9%	-2.7%p	-7.7%p
Net loans to deposits (FX-adjusted)	84%	92%	9%p	84%	80%	92%	13%p	9%p
FX rates (in HUF)	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
HUF/UAH (closing)	11.9	10.9	-9%	11.9	11.1	10.9	-2%	-9%
HUF/UAH (average)	12.1	10.7	-11%	11.9	10.7	10.7	0%	-10%

OTP Bank Ukraine's financial figures in HUF terms were affected by the HUF/UAH exchange rate moves: by the end of 2Q 2021, the hryvnia depreciated by 9% y-o-y and by 2% q-o-q against the HUF. Over the first half-year, the exchange rate weakened by 11% y-o-y on average. In the second quarter, the average rate depreciated by 10% y-o-y, and was stable in q-o-q terms. As a result, the balance sheet and P&L statement figures in HUF terms differ from the values calculated in local currency.

OTP Bank Ukraine generated HUF 17.7 billion after-tax profit in the first half-year of 2021. The 87% y-o-y growth rate in local currency terms was caused by a 26% surge in operating profit and risk costs' contraction to one-third. Based on average shareholders' equity and first-half-year profit, ROE was 28%. In 2Q 2021, profit grew by 1% q-o-q, as the 16% growth in operating profit was mostly offset by the rise in risk costs in the quarter.

As to lending activity, the disbursement of POS loans stagnated q-o-q in the second quarter, but cash loan disbursements remained in uptrend (+30% q-o-q). Reversing the decline in the first quarter, corporate disbursement have greatly improved and leasing placements jumped by 45% q-o-q. As a result, performing (Stage 1+2) loans grew by 39% y-o-y and 15% q-o-q (FX-adjusted). Performing retail loans rose by 5%, corporate loans expanded by 20%, while leasing exposures increased by 15% q-o-q.

While loan volumes increased sharply, the Ukrainian operation's liquidity position remained stable in 2Q, and it does not need net intragroup funding. The net loan/deposit ratio grew by 13 pps q-o-q to 92%, as deposit volumes declined by an FX-adjusted 1% q-o-q (+24% y-o-y).

Owing to the favourable balance sheet trends, total income grew by 20% y-o-y in local currency in 1H 2021, including y/y 23% increase in net interest income, 13% rise in net fees and commissions, and 11% growth in other net non-interest income in 2Q.

In q-o-q terms, total income surged by 11% in the second quarter. Within that, in UAH terms net interest income rose by 11%, net fees and commissions increased by 8% as customer's activity intensified, and other net non-interest income surged 23%, owing to higher trading result.

Net interest margin contracted by 33 bps y-o-y to 7.11% in the first six months of the year. In a favourable development, quarterly net interest margin improved q-o-q in the third consecutive quarter; it increased by 39 bps to 7.30% in 2Q, as a result of the improving balance sheet structure and rising yield environment.

In the first half-year, operating expenses increased by 11% q-o-q in UAH, largely because wage costs grew by 10%, while other expenses rose by 5%. The cost/income ratio declined by almost 3 pps, nearing 35% during the first half-year. In 2Q, operating expenses rose by 3% q-o-q.

In the first half-year of 2021, total risk costs declined to its third compared with the first half-year of 2020, the risk cost ratio stood at 56 basis points in 1H. In 2Q 2021, total risk costs amounted to HUF 2.1 billion, as a result of additional provisions created for consumer and large corporate exposures, and HUF 0.6 billion other risk cost.

Regarding loan quality, the 90+ days past due loan volume contracted by HUF 1.2 billion (FX-adjusted, without sales/write-offs) in 2Q, reversing a HUF 0.6 billion rise in the first quarter. In 2Q, only HUF 0.7 billion non-performing loans were sold/written off (FX-adjusted). This was one reason why the Stage 3 ratio declined by 1.4 pps q-o-q and 9.1 pps y-o-y, to 8.4%. In the second quarter, the own provision coverage of Stage 3 loans dropped by 3.3 pps to 69.7%. The own provision coverage of Stage 1 and Stage 2 loans was practically flat q-o-q.

OTP BANK RUSSIA

Performance of OTP Bank Russia:

Main components of P&L account in HUF million	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	-2,240	17,410		1,316	8,005	9,404	17%	614%
Income tax	140	-4,691		-585	-2,211	-2,481	12%	324%
Profit before income tax	-2,380	22,101		1,902	10,216	11,885	16%	525%
Operating profit	36,425	28,309	-22%	16,686	13,504	14,805	10%	-11%
Total income	67,320	55,642	-17%	30,906	27,871	27,772	0%	-10%
Net interest income	55,479	43,455	-22%	25,902	21,805	21,650	-1%	-16%
Net fees and commissions	11,936	11,861	-1%	4,519	5,889	5,972	1%	32%
Other net non-interest income	-95	326		486	177	150	-15%	-69%
Operating expenses	-30,896	-27,333	-12%	-14,220	-14,366	-12,966	-10%	-9%
Total provisions	-38,804	-6,208	-84%	-14,784	-3,288	-2,920	-11%	-80%
Provision for impairment on loan and placement losses	-36,517	-6,014	-84%	-12,890	-2,976	-3,038	2%	-76%
Other provision	-2,287	-194	-92%	-1,895	-313	118		
Main components of balance sheet closing balances in HUF million	2020	1H 2021	YTD	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Total assets	688,980	657,922	-5%	765,909	688,438	657,922	-4%	-14%
Gross customer loans	597,849	608,615	2%	645,639	617,867	608,615	-1%	-6%
Gross customer loans (FX-adjusted)	609,271	608,615	0%	580,662	608,357	608,615	0%	5%
Stage 1+2 customer loans (FX-adjusted)	524,287	526,385	0%	487,676	518,713	526,385	1%	8%
Retail loans	451,893	448,222	-1%	430,635	447,000	448,222	0%	4%
Corporate loans	72,394	78,164	8%	57,042	71,713	78,164	9%	37%
Allowances for possible loan losses	-127,598	-127,812	0%	-160,496	-134,988	-127,812	-5%	-20%
Allowances for possible loan losses (FX-adjusted)	-129,996	-127,812	-2%	-144,259	-132,907	-127,812	-4%	-11%
Deposits from customers	350,608	328,495	-6%	387,671	342,655	328,495	-4%	-15%
Deposits from customers (FX-adjusted)	356,190	328,495	-8%	350,271	336,524	328,495	-2%	-6%
Retail deposits	293,011	269,091	-8%	288,986	270,763	269,091	-1%	-7%
Corporate deposits	63,179	59,404	-6%	61,285	65,760	59,404	-10%	-3%
Liabilities to credit institutions	90,852	82,027	-10%	112,481	101,832	82,027	-19%	-27%
Subordinated debt	22,580	0	-100%	25,040	0	0		-100%
Total shareholders' equity	183,402	204,770	12%	187,202	197,907	204,770	3%	9%
Loan Quality	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	451,299	456,041	1%	451,299	460,011	456,041	-1%	1%
Stage 1 loans under IFRS 9/gross customer loans	69.9%	74.9%	5.0%p	69.9%	74.5%	74.9%	0.5%p	5.0%p
Own coverage of Stage 1 loans under IFRS 9	6.4%	4.4%	-2.0%p	6.4%	4.7%	4.4%	-0.3%p	-2.0%p
Stage 2 loan volume under IFRS 9 (in HUF million)	90,891	70,344	-23%	90,891	66,834	70,344	5%	-23%
Stage 2 loans under IFRS 9/gross customer loans	14.1%	11.6%	-2.5%p	14.1%	10.8%	11.6%	0.7%p	-2.5%p
Own coverage of Stage 2 loans under IFRS 9	39.1%	42.8%	3.7%p	39.1%	41.7%	42.8%	1.1%p	3.7%p
Stage 3 loan volume under IFRS 9 (in HUF million)	103,448	82,230	-21%	103,448	91,023	82,230	-10%	-21%
Stage 3 loans under IFRS 9/gross customer loans	16.0%	13.5%	-2.5%p	16.0%	14.7%	13.5%	-1.2%p	-2.5%p
Own coverage of Stage 3 loans under IFRS 9	92.9%	94.2%	1.4%p	92.9%	93.8%	94.2%	0.5%p	1.4%p
Provision for impairment on loan and placement losses/average gross loans	10.26%	2.03%	-8.23%p	7.67%	2.02%	2.05%	0.04%p	-5.62%p
90+ days past due loan volume (in HUF million)	93,332	82,173	-12%	93,332	86,560	82,173	-5%	-12%
90+ days past due loans/gross customer loans	14.5%	13.5%	-1.0%p	14.5%	14.0%	13.5%	-0.5%p	-1.0%p
Performance Indicators	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
ROA	-0.5%	5.3%	5.8%p	0.7%	4.8%	5.8%	1.0%p	5.1%p
ROE	-2.4%	18.3%	20.7%p	2.9%	17.3%	19.2%	1.9%p	16.3%p
Total income margin	16.03%	16.89%	0.87%p	15.73%	16.74%	17.05%	0.31%p	1.32%p
Net interest margin	13.21%	13.19%	-0.01%p	13.18%	13.10%	13.29%	0.19%p	0.11%p
Operating costs / Average assets	7.36%	8.30%	0.94%p	7.24%	8.63%	7.96%	-0.67%p	0.72%p
Cost/income ratio	45.9%	49.1%	3.2%p	46.0%	51.5%	46.7%	-4.9%p	0.7%p
Net loans to deposits (FX-adjusted)	125%	146%	22%p	125%	141%	146%	5%p	22%p
FX rates (in HUF)	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
HUF/RUB (closing)	4.5	4.0	-10%	4.5	4.1	4.0	-1%	-10%
HUF/RUB (average)	4.5	4.0	-12%	4.4	4.0	4.0	-1%	-10%

OTP Bank Russia's financial figures in HUF terms were affected by the forint/rouble exchange rate's moves: in 2Q 2021, the rouble's closing exchange rate against the forint weakened by 1% q-o-q and 10% y-o-y. In the first half-year, the exchange rate weakened by 12% y-o-y on average, and it also depreciated in 2Q (-10% y-o-y, -1% q-o-q). Therefore P&L and balance sheet dynamics in local currency can be materially different from those in HUF.

OTP Bank Russia posted HUF 17.4 billion profit in the first half-year of 2021, of which HUF 9.4 billion was generated in the second quarter (+19% q-o-q in RUB terms). The reason for the half-year profit improvement was the 82% fall in y-o-y total risk costs (in RUB terms); while operating profit declined by 12% in local currency.

In the second quarter of 2021 the FX-adjusted performing (Stage 1+2) loan volume rose by a slight 1% q-o-q. This brought the y-o-y growth rate to 8%, from the bottom hit in 2Q 2020. Most of the y-o-y and q-o-q volume growth was caused by corporate loans, and the intensive surge in car financing continued (+28% q-o-q, +241% y-o-y). Despite a 1% q-o-q uptick in cash loans and credit cards, consumer loans overall stagnated q-o-q, as POS loan volumes contracted by 4% q-o-q.

Deposits from customers fell by 2% q-o-q, and 6% y-o-y (FX-adjusted). The FX-adjusted net loan/deposit ratio rose by 5 pps q-o-q and by 22 pps y-o-y to 146%.

In the first half-year, operating profit dropped by 12% y-o-y in RUB terms, as a result of a 6% decline in total income and stagnant operating expenses. Although net interest margin (13.19%) barely changed y-o-y in 1H 2021, the drop in average loan portfolio adversely affected net interest income (-11% y-o-y in RUB). However, net fees and commissions expanded by 13% in RUB terms, mostly because lending activity was overall stronger than in the base period.

In 2Q 2021, after-tax profit grew by 19% q-o-q in local currency, mostly driven by the 11% increase in operating profit, but total risk cost also fell 10% in RUB. Total income rose by 1% q-o-q in RUB. Within that, net interest income increased by 1%, and net fees and commission by 3%.

In the second quarter, net interest margin grew by 19 bps q-o-q, mostly because of changes in

intragroup funding (thus it did not impact the consolidated margin development): the Russian bank paid back the subordinated loan to the Group; furthermore, the gross intragroup financing towards the Russian operation declined, as did the intragroup deposit placed by the Russian operation, which resulted in lower Russian balance sheet total. Despite the ytd rising interest environment in Russia, average lending rates on POS loans still dropped in 2Q, those on cash loan and credit card products were stable, while car financing and corporate loan interest rates nudged higher.

In the second quarter operating expenses rose by 1% y-o-y but fell 9% q-o-q in local currency. Other expenses dropped by 4% in RUB, partly as a result of q-o-q lower marketing and communication expenses, but the 10% fall in personnel expenses had higher impact, which owed a lot to the seasonal decline in the number of agents in the second quarter, and to the degressivity of taxes and commissions on wages. The cost/income ratio upped 0.7 pp y-o-y to 46.7% in the second quarter.

Total risk cost fell by 82% y-o-y in RUB in the first six months of 2021, while 2Q risk costs receded 78% y-o-y and 10% q-o-q.

The credit risk cost ratio stood at 2.0% in the first half-year. The key fundamental reasons for the substantially lower credit risk cost than before the pandemic (2018: HUF 7.4 %, 2019: 6.6%) were the improving risk indicators owing to the tightened lending standards for cash loans from mid-2019 in several steps, as well as the related composition effect. The composition of the total loan portfolio has markedly shifted towards lower-risk loans: the weight of collateralised retail loans and corporate loans jumped to 21%, up from 11% at the end of 2Q 2019. The overall favourable development in the portfolio quality of POS and credit card loans in the reporting period also pointed to lower risk costs. The DPD90+ loan book grew by HUF 5.7 billion (FX-adjusted, without sales/write-offs) in 2Q and by a total of HUF 11.5 billion in the first half-year, which is almost half of the amount seen in the same period of last year.

The ratio of Stage 3 loans dropped by 1.2 pps q-o-q, to 13.5%, owing to the HUF 8.7 billion non-performing loan sold/written off in 2Q. Without this the ratio would have remained unchanged.

CKB GROUP (MONTENEGRO)

Performance of CKB Group:

Main components of P&L account in HUF million	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	1,625	3,117	92%	1,859	2,022	1,095	-46%	-41%
Income tax	-154	-276	79%	-187	-192	-84	-56%	-55%
Profit before income tax	1,779	3,393	91%	2,046	2,214	1,179	-47%	-42%
Operating profit	3,802	4,768	25%	1,862	2,259	2,509	11%	35%
Total income	10,710	10,687	0%	5,325	5,240	5,447	4%	2%
Net interest income	8,385	8,187	-2%	4,228	4,084	4,103	0%	-3%
Net fees and commissions	2,108	2,171	3%	994	980	1,191	22%	20%
Other net non-interest income	218	329	51%	102	176	153	-13%	50%
Operating expenses	-6,909	-5,919	-14%	-3,463	-2,981	-2,938	-1%	-15%
Total provisions	-2,023	-1,375	-32%	184	-45	-1,330		
Provision for impairment on loan and placement losses	-1,499	-1,171	-22%	604	49	-1,220		
Other provision	-524	-205	-61%	-420	-94	-110	17%	-74%
Main components of balance sheet closing balances in HUF million	2020	1H 2021	YTD	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Total assets	477,676	450,041	-6%	472,979	478,055	450,041	-6%	-5%
Gross customer loans	362,067	349,532	-3%	349,625	357,933	349,532	-2%	0%
Gross customer loans (FX-adjusted)	348,950	349,532	0%	345,046	346,292	349,532	1%	1%
Stage 1+2 customer loans (FX-adjusted)	323,769	323,886	0%	322,545	319,592	323,886	1%	0%
Retail loans	157,254	153,557	-2%	164,440	152,815	153,557	0%	-7%
Corporate loans	166,514	170,328	2%	158,105	166,778	170,328	2%	8%
Allowances for possible loan losses	-24,510	-24,323	-1%	-21,294	-23,781	-24,323	2%	14%
Allowances for possible loan losses (FX-adjusted)	-23,624	-24,323	3%	-21,016	-23,008	-24,323	6%	16%
Deposits from customers	324,671	325,302	0%	319,177	332,735	325,302	-2%	2%
Deposits from customer (FX-adjusted)	313,239	325,302	4%	314,509	321,734	325,302	1%	3%
Retail deposits	205,616	205,751	0%	207,746	205,575	205,751	0%	-1%
Corporate deposits	107,623	119,551	11%	106,764	116,158	119,551	3%	12%
Liabilities to credit institutions	58,967	31,563	-46%	61,655	49,513	31,563	-36%	-49%
Total shareholders' equity	76,556	77,311	1%	73,108	78,573	77,311	-2%	6%
Loan Quality	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	302,168	261,025	-14%	302,168	287,539	261,025	-9%	-14%
Stage 1 loans under IFRS 9/gross customer loans	86.4%	74.7%	-11.7%p	86.4%	80.3%	74.7%	-5.7%p	-11.7%p
Own coverage of Stage 1 loans under IFRS 9	1.1%	1.4%	0.3%p	1.1%	1.4%	1.4%	0.1%p	0.3%p
Stage 2 loan volume under IFRS 9 (in HUF million)	24,658	62,860	155%	24,658	42,797	62,860	47%	155%
Stage 2 loans under IFRS 9/gross customer loans	7.1%	18.0%	10.9%p	7.1%	12.0%	18.0%	6.0%p	10.9%p
Own coverage of Stage 2 loans under IFRS 9	8.5%	7.1%	-1.3%p	8.5%	7.6%	7.1%	-0.5%p	-1.3%p
Stage 3 loan volume under IFRS 9 (in HUF million)	22,800	25,647	12%	22,800	27,597	25,647	-7%	12%
Stage 3 loans under IFRS 9/gross customer loans	6.5%	7.3%	0.8%p	6.5%	7.7%	7.3%	-0.4%p	0.8%p
Own coverage of Stage 3 loans under IFRS 9	69.4%	62.9%	-6.4%p	69.4%	60.3%	62.9%	2.7%p	-6.4%p
Provision for impairment on loan and placement losses/average gross loans	0.89%	0.67%	-0.23%p	-0.70%	-0.06%	1.39%	1.45%p	2.10%p
90+ days past due loan volume (in HUF million)	17,025	16,373	-4%	17,025	17,135	16,373	-4%	-4%
90+ days past due loans/gross customer loans	4.9%	4.7%	-0.2%p	4.9%	4.8%	4.7%	-0.1%p	-0.2%p
Performance Indicators	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
ROA	0.7%	1.3%	0.6%p	1.6%	1.7%	1.0%	-0.8%p	-0.6%p
ROE	4.7%	8.2%	3.5%p	10.5%	10.7%	5.7%	-5.0%p	-4.8%p
Total income margin	4.67%	4.62%	-0.04%p	4.62%	4.46%	4.79%	0.33%p	0.17%p
Net interest margin	3.65%	3.54%	-0.11%p	3.67%	3.47%	3.61%	0.13%p	-0.06%p
Operating costs / Average assets	3.01%	2.56%	-0.45%p	3.00%	2.54%	2.58%	0.05%p	-0.42%p
Cost/income ratio	64.5%	55.4%	-9.1%p	65.0%	56.9%	53.9%	-3.0%p	-11.1%p
Net loans to deposits (FX-adjusted)	103%	100%	-3%p	103%	100%	100%	-1%p	-3%p
FX rates (in HUF)	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
HUF/EUR (closing)	356.6	351.9	-1%	356.6	363.7	351.9	-3%	-1%
HUF/EUR (average)	345.2	357.9	4%	351.7	361.3	355.0	-2%	1%

In the first half-year of 2021, the Montenegrin **CKB Group** generated HUF 3.1 billion adjusted profit, 92% more than in the base period. The HUF 1.1 billion profit made in the second quarter is consistent with 46% q-o-q contraction, the improvement in operating profit could not offset the higher risk cost.

In the first six months, operating profit grew by 25% y-o-y as operating costs sank by 14%, while income was stable. In q-o-q terms, operating profit rose by 11% in the second quarter, benefiting from a 4% improvement in total income. Net interest margin improved by 13 bps q-o-q.

In 2Q, net fees and commissions grew by 22% q-o-q, owing to the seasonally stronger business activity, and a surge in income from cards and commissions on transactions.

In the first half-year, operating expenses shrank by 14% y-o-y, owing to lower personnel expenses as the employee count dropped by 162 y-o-y after the merger with Podgoricka banka AD, but lower marketing, real estate and hardware costs played a role. Cost efficiency indicators improved meaningfully y-o-y.

In the second quarter HUF 1.3 billion total risk cost was created, largely relating to the corporate portfolio.

In the second quarter, the volume of DPD90+ loans (FX-adjusted, without sales/write-offs) did not change. The DPD90+ ratio (4.7%) declined by 0.2 pp y-o-y and 0.1 pp q-o-q, simultaneously with the sale/write-off of HUF 0.1 billion non-performing loan volume in the second quarter. In 2Q 2021, the ratio of Stage 3 loans was 7.3% (-0.4 pp q-o-q, +0.8 pp y-o-y); their own provision coverage stood at 62.9%. The 47% q-o-q expansion in Stage 2 loan volumes was to a larger extent related to the newly introduced classification methodology in the case of retail exposures of the acquired bank (for example, behaviour rating was introduced based on data available since the first time consolidation of the acquired bank); furthermore, the shifting of a single large corporate exposure pushed up Stage 2 volumes, too.

Performing (Stage 1+2) loan volumes remained q-o-q and y-o-y stable. In the second quarter, the loan disbursement dynamics improved both y-o-y and q-o-q in the key loan segments.

The net loan/deposit ratio stood at 100% (-3 pps y-o-y) at the end of the second quarter.

At the end of June 2021, the total market share of OTP Group's Montenegrin operation by balance sheet total was 26.5%.

OTP BANK ALBANIA (ALBANIA)

Performance of OTP Bank Albania:

Main components of P&L account in HUF million	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	1,144	2,369	107%	849	1,056	1,313	24%	55%
Income tax	-213	-413	94%	-202	-171	-242	41%	19%
Profit before income tax	1,358	2,782	105%	1,051	1,227	1,555	27%	48%
Operating profit	2,937	3,222	10%	1,391	1,548	1,674	8%	20%
Total income	5,650	6,185	9%	2,775	3,037	3,148	4%	13%
Net interest income	4,813	4,968	3%	2,479	2,408	2,559	6%	3%
Net fees and commissions	593	881	49%	294	402	479	19%	63%
Other net non-interest income	245	336	37%	2	227	110	-52%	
Operating expenses	-2,713	-2,963	9%	-1,384	-1,488	-1,475	-1%	7%
Total provisions	-1,580	-440	-72%	-340	-321	-119	-63%	-65%
Provision for impairment on loan and placement losses	-1,432	-503	-65%	-192	-308	-195	-37%	2%
Other provision	-147	63		-148	-13	76		
Main components of balance sheet closing balances in HUF million	2020	1H 2021	YTD	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Total assets	286,606	292,197	2%	271,121	291,439	292,197	0%	8%
Gross customer loans	180,815	185,980	3%	164,699	181,890	185,980	2%	13%
Gross customer loans (FX-adjusted)	175,183	185,980	6%	162,972	176,261	185,980	6%	14%
Stage 1+2 customer loans (FX-adjusted)	169,864	180,009	6%	158,847	170,499	180,009	6%	13%
Retail loans	78,573	82,919	6%	72,685	78,960	82,919	5%	14%
Corporate loans	87,926	93,917	7%	82,546	88,337	93,917	6%	14%
Leasing	3,365	3,172	-6%	3,616	3,201	3,172	-1%	-12%
Allowances for possible loan losses	-8,089	-8,581	6%	-6,478	-8,431	-8,581	2%	32%
Allowances for possible loan losses (FX-adjusted)	-7,834	-8,581	10%	-6,414	-8,173	-8,581	5%	34%
Deposits from customers	214,808	218,315	2%	197,388	214,818	218,315	2%	11%
Deposits from customer (FX-adjusted)	208,166	218,315	5%	195,922	208,206	218,315	5%	11%
Retail deposits	174,343	184,738	6%	166,249	178,459	184,738	4%	11%
Corporate deposits	33,824	33,578	-1%	29,673	29,747	33,578	13%	13%
Liabilities to credit institutions	37,151	36,701	-1%	42,656	39,948	36,701	-8%	-14%
Total shareholders' equity	28,781	30,834	7%	25,582	30,008	30,834	3%	21%
Loan Quality	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	152,402	158,158	4%	152,402	144,577	158,158	9%	4%
Stage 1 loans under IFRS 9/gross customer loans	92.5%	85.0%	-7.5%p	92.5%	79.5%	85.0%	5.6%p	-7.5%p
Own coverage of Stage 1 loans under IFRS 9	1.5%	1.3%	-0.2%p	1.5%	1.3%	1.3%	0.0%p	-0.2%p
Stage 2 loan volume under IFRS 9 (in HUF million)	8,137	21,851	169%	8,137	31,370	21,851	-30%	169%
Stage 2 loans under IFRS 9/gross customer loans	4.9%	11.7%	6.8%p	4.9%	17.2%	11.7%	-5.5%p	6.8%p
Own coverage of Stage 2 loans under IFRS 9	25.9%	14.0%	-11.9%p	25.9%	10.6%	14.0%	3.4%p	-11.9%p
Stage 3 loan volume under IFRS 9 (in HUF million)	4,160	5,971	44%	4,160	5,943	5,971	0%	44%
Stage 3 loans under IFRS 9/gross customer loans	2.5%	3.2%	0.7%p	2.5%	3.3%	3.2%	-0.1%p	0.7%p
Own coverage of Stage 3 loans under IFRS 9	49.3%	58.6%	9.4%p	49.3%	55.4%	58.6%	3.3%p	9.4%p
Provision for impairment on loan and placement losses/average gross loans	1.84%	0.57%	-1.27%p	0.48%	0.70%	0.43%	-0.26%p	-0.05%p
90+ days past due loan volume (in HUF million)	4,809	2,749	-43%	4,809	3,207	2,749	-14%	-43%
90+ days past due loans/gross customer loans	2.9%	1.5%	-1.4%p	2.9%	1.8%	1.5%	-0.3%p	-1.4%p
Performance Indicators	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
ROA	0.9%	1.7%	0.8%p	1.3%	1.5%	1.8%	0.3%p	0.6%p
ROE	8.8%	16.1%	7.3%p	13.2%	14.8%	17.4%	2.6%p	4.2%p
Total income margin	4.34%	4.37%	0.03%p	4.18%	4.34%	4.39%	0.05%p	0.21%p
Net interest margin	3.69%	3.51%	-0.19%p	3.74%	3.44%	3.57%	0.13%p	-0.17%p
Operating costs / Average assets	2.08%	2.09%	0.01%p	2.09%	2.13%	2.06%	-0.07%p	-0.03%p
Cost/income ratio	48.0%	47.9%	-0.1%p	49.9%	49.0%	46.8%	-2.2%p	-3.0%p
Net loans to deposits (FX-adjusted)	80%	81%	1%p	80%	81%	81%	1%p	1%p
FX rates (in HUF)	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
HUF/ALL (closing)	2.9	2.9	0%	2.9	3.0	2.9	-3%	0%
HUF/ALL (average)	2.8	2.9	4%	2.8	2.9	2.9	-1%	2%

In the first half-year of 2021, **OTP Bank Albania** posted HUF 2.4 billion after-tax profit, 107% more than in the base period. In the first half-year, ROE was 16.1%.

In the first half-year, operating profit grew by 10% y-o-y, supported by 9% expansion in total income, while operating expenses jumped by 9%. The 8% q-o-q growth in second-quarter operating profit benefited from a 4% rise in total income and a 1% drop in operating expenses.

In the second quarter, net interest income grew by 6% q-o-q, owing to a loan repayment by a customer previously classified as Stage 3, as well as to the positive effect of a seasonal jump in the new housing loans disbursements.

The 49% y-o-y jump in first-half-year net fees and commissions can be put down to higher fee income from bank card transactions and from loans (higher early repayment fees). In the second quarter, net fees and commissions grew by 19% q-o-q, supported by

the jump in the number of card transactions as the pandemic eased.

The 9% y-o-y jump in operating expenses was influenced by higher personnel and marketing expenses, as well as amortization.

At the end of the second quarter of 2021, the ratio of Stage 3 loans was 3.2%, and their own provision coverage was 58.6%. In the second quarter, the volume of DPD90+ loans dropped by HUF 0.4 billion (FX-adjusted, without the effect of sales and write-offs). The q-o-q decline in the Stage 2 ratio can be attributable to a technical change in the classification methodology.

The FX-adjusted volume of Stage 1+2 loans expanded by 13% y-o-y and 6% q-o-q. In the second quarter, disbursement dynamics improved in all segments, in both y-o-y and q-o-q terms.

The FX-adjusted deposit volume grew by 11% y-o-y. The net loan/deposit ratio stood at 81%.

OTP BANK MOLDOVA

Performance of OTP Bank Moldova:

Main components of P&L account in HUF million	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	1,729	3,052	77%	1,261	1,456	1,596	10%	27%
Income tax	-76	-319	318%	-60	-156	-163	5%	170%
Profit before income tax	1,805	3,371	87%	1,321	1,612	1,759	9%	33%
Operating profit	3,549	3,425	-3%	1,714	1,541	1,885	22%	10%
Total income	6,813	6,969	2%	3,444	3,336	3,633	9%	5%
Net interest income	4,231	4,439	5%	2,077	2,191	2,249	3%	8%
Net fees and commissions	1,000	1,099	10%	468	516	583	13%	25%
Other net non-interest income	1,582	1,430	-10%	899	629	801	27%	-11%
Operating expenses	-3,264	-3,543	9%	-1,730	-1,795	-1,748	-3%	1%
Total provisions	-1,744	-54	-97%	-393	71	-125		-68%
Provision for impairment on loan and placement losses	-1,478	163		-169	71	92	30%	
Other provision	-266	-218	-18%	-224	0	-218		-3%
Main components of balance sheet closing balances in HUF million	2020	1H 2021	YTD	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Total assets	249,921	248,280	-1%	236,056	248,299	248,280	0%	5%
Gross customer loans	132,081	137,211	4%	121,817	136,929	137,211	0%	13%
Gross customer loans (FX-adjusted)	126,654	137,211	8%	112,232	131,507	137,211	4%	22%
Stage 1+2 customer loans (FX-adjusted)	122,863	133,769	9%	110,659	127,687	133,769	5%	21%
Retail loans	65,710	74,300	13%	59,436	67,921	74,300	9%	25%
Corporate loans	53,723	56,006	4%	47,805	56,268	56,006	0%	17%
Leasing	3,429	3,463	1%	3,419	3,498	3,463	-1%	1%
Allowances for possible loan losses	-4,578	-4,118	-10%	-3,598	-4,382	-4,118	-6%	14%
Allowances for possible loan losses (FX-adjusted)	-4,386	-4,118	-6%	-3,309	-4,212	-4,118	-2%	24%
Deposits from customers	203,176	196,007	-4%	182,185	192,123	196,007	2%	8%
Deposits from customer (FX-adjusted)	195,484	196,007	0%	169,389	184,595	196,007	6%	16%
Retail deposits	128,284	134,758	5%	117,168	128,340	134,758	5%	15%
Corporate deposits	67,200	61,249	-9%	52,221	56,255	61,249	9%	17%
Liabilities to credit institutions	5,906	10,472	77%	11,598	13,600	10,472	-23%	-10%
Total shareholders' equity	37,287	36,483	-2%	38,319	38,357	36,483	-5%	-5%
Loan Quality	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	114,680	126,240	10%	114,680	125,235	126,240	1%	10%
Stage 1 loans under IFRS 9/gross customer loans	94.1%	92.0%	-2.1%p	94.1%	91.5%	92.0%	0.5%p	-2.1%p
Own coverage of Stage 1 loans under IFRS 9	0.9%	0.9%	0.1%p	0.9%	0.9%	0.9%	0.0%p	0.1%p
Stage 2 loan volume under IFRS 9 (in HUF million)	5,474	7,529	38%	5,474	7,719	7,529	-2%	38%
Stage 2 loans under IFRS 9/gross customer loans	4.5%	5.5%	1.0%p	4.5%	5.6%	5.5%	-0.2%p	1.0%p
Own coverage of Stage 2 loans under IFRS 9	34.6%	14.6%	-20.0%p	34.6%	13.8%	14.6%	0.8%p	-20.0%p
Stage 3 loan volume under IFRS 9 (in HUF million)	1,663	3,443	107%	1,663	3,975	3,443	-13%	107%
Stage 3 loans under IFRS 9/gross customer loans	1.4%	2.5%	1.1%p	1.4%	2.9%	2.5%	-0.4%p	1.1%p
Own coverage of Stage 3 loans under IFRS 9	43.0%	54.1%	11.1%p	43.0%	54.4%	54.1%	-0.3%p	11.1%p
Provision for impairment on loan and placement losses/average gross loans	2.61%	-0.25%	-2.85%p	0.58%	-0.22%	-0.27%	-0.06%p	-0.85%p
90+ days past due loan volume (in HUF million)	2,991	1,850	-38%	2,991	2,121	1,850	-13%	-38%
90+ days past due loans/gross customer loans	2.5%	1.3%	-1.1%p	2.5%	1.5%	1.3%	-0.2%p	-1.1%p
Performance indicators	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
ROA	1.6%	2.5%	0.9%p	2.2%	2.4%	2.6%	0.2%p	0.4%p
ROE	9.6%	16.4%	6.8%p	13.8%	15.7%	17.2%	1.5%p	3.4%p
Total income margin	6.16%	5.73%	-0.42%p	6.08%	5.51%	5.95%	0.43%p	-0.13%p
Net interest margin	3.82%	3.65%	-0.17%p	3.67%	3.62%	3.68%	0.06%p	0.01%p
Operating costs / Average assets	2.95%	2.91%	-0.04%p	3.05%	2.97%	2.86%	-0.11%p	-0.19%p
Cost/income ratio	47.9%	50.8%	2.9%p	50.2%	53.8%	48.1%	-5.7%p	-2.1%p
Net loans to deposits (FX-adjusted)	64%	68%	4%p	64%	69%	68%	-1%p	4%p
FX rates (in HUF)	1H 2020	1H 2021	Y-o-Y	2Q 2020	1Q 2021	2Q 2021	Q-o-Q	Y-o-Y
HUF/MDL (closing)	18.4	16.5	-11%	18.4	17.2	16.5	-4%	-11%
HUF/MDL (average)	17.7	16.8	-5%	18.0	17.1	16.5	-4%	-8%

In the first quarter of 2021, **OTP Bank Moldova** contributed to OTP Group's performance by HUF 3.1 billion profit, as a result of lower risk costs. This is consistent with 77% y-o-y improvement from the base period. The ROE grew to 17.2% in the second quarter, and to 16.4% in the first half-year.

The 3% q-o-q decline in half-year operating profit was affected by a 9% rise in operating expenses, while among core banking incomes, net interest income grew by 5%, and net fees jumped by 10%.

In the first half-year, net interest margin declined by 17 bps y-o-y, and increased by 6 bps q-o-q in the second quarter.

In 1H, net fees and commissions grew by 10% y-o-y, bolstered by higher fee income relating to deposits and transactions.

The main reason for the 22% q-o-q jump in 2Q operating profit is the 9% increase in total income.

The 9% y-o-y jump in first-half-year operating expenses was caused by higher personnel expenses, marketing expenses, as well as fees paid to supervisory authorities (in 2021 this includes not only

the Deposit Protection Fund, but also the Resolution Fund established in 2020, with lower contribution prescribed in the base period).

At the end of 2Q 2021, the ratio of Stage 3 loans was 2.5%, which is consistent with 0.4 pp q-o-q decline. The own provision coverage of Stage 3 loans was 54.1%. In the second quarter, DPD90+ loan volumes decreased by HUF 0.2 billion (FX-adjusted, without sales/write-offs).

The FX-adjusted stock of performing loans expanded by 21% y-o-y. Within that, retail loans jumped by 25% and corporate exposures surged by 17%. In q-o-q terms volumes grew by 5%. In the second quarter, disbursement dynamics fell in all segments in both y-o-y and q-o-q terms.

The FX-adjusted deposit book grew by 6% q-o-q, but fell 16% y-o-y. The net-loan-to-deposit ratio stood at 68% at the end of the quarter (+4 pps y-o-y).

At the end of June 2021, the market share of OTP Group's Moldovan operation by balance sheet total, was 13.6%. This ranks it the fourth largest bank in Moldova.

STAFF LEVEL AND OTHER INFORMATION

	31/12/2020				30/06/2021			
	Branches	ATM	POS	Headcount (closing)	Branches	ATM	POS	Headcount (closing)
OTP Core	362	1,920	125,800	10,189	361	1,853	129,033	10,329
DSK Group (Bulgaria)	334	1,094	14,329	5,619	314	1,068	15,338	5,579
OBH (Croatia)	124	488	11,037	2,228	116	493	10,559	2,223
OTP Bank Serbia	217	323	16,657	3,022	208	321	15,094	2,908
SKB Banka (Slovenia)	51	83	4,167	889	50	82	4,840	890
OTP Bank Romania	95	149	6,256	1,693	95	150	6,791	1,746
OTP Bank Ukraine (w/o employed agents)	86	161	402	2,313	85	159	287	2,292
OTP Bank Russia (w/o employed agents)	135	280	704	5,127	135	223	647	4,948
CKB Group (Montenegro)	34	115	6,421	514	34	116	6,762	515
OTP Bank Albania	38	80	0	447	38	86	0	454
OTP Bank Moldova	54	148	0	830	51	149	0	868
Foreign subsidiaries, total	1,168	2,921	59,973	22,681	1,126	2,847	60,318	22,421
Other Hungarian and foreign subsidiaries				557				586
OTP Group (w/o employed agents)				33,427				33,337
OTP Bank Russia – employed agents				4,402				3,880
OTP Bank Ukraine – employed agents				618				589
OTP Group (aggregated)	1,530	4,841	185,773	38,447	1,487	4,700	189,351	37,806

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. The new head of the Digital Division (IT Division until 1 May 2021) is Mr. Péter Csányi, who had been in charge of digital developments and sales as managing director until his appointment. 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 Gresá

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 of Directors.

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

ASSET-LIABILITY MANAGEMENT

Similar to previous periods OTP Group maintained a strong and safe liquidity position...

The primary objective of OTP Group in terms of asset-liability management has not changed, that is to ensure that the Group's liquidity is maintained at a safe level.

Refinancing sources of the European Central Bank are available for OTP (ECB repo eligible security portfolio on Group level exceeded EUR 1.6 billion).

Total liquidity reserves of OTP Bank remained steadily and substantially above the safety level. As of 30 June 2021 the gross liquidity buffer was around EUR 8.6 billion equivalent. In addition to this, significant part of the Bulgarian excess liquidity (ca. EUR 1.2 billion) is placed locally due to the Bulgarian regulation. The level of these buffers is significantly higher than the maturing debt within one year and the reserves required to manage possible liquidity shocks.

As of 30 June 2021 OTP Group consolidated liquidity coverage (LCR) ratio was 212% (4Q 2020: 214%, 1Q 2021: 224%).

The volume of issued securities increased by HUF 70 billion y-o-y, mainly because of the change of net volume of mortgage bonds issued by OTP Mortgage bank due to the joint effect of issuance and cancellation of mortgage bonds in 2020.

...and kept its interest-rate risk exposures low

Interest-rate risk exposure of OTP Group is determined primarily by the positions of OTP Bank Plc. and OTP Mortgage Bank Ltd. Due to the forint liabilities on OTP Bank's balance sheet, which respond to yield changes only to a moderate extent, the Bank has an interest-rate risk exposure resulting from its business operations. The Bank considers the reduction and closing of this exposure as a strategic matter. Consequently, it has been reducing its interest-rate risk exposure through the purchase of

fixed-rate government securities in order to offset the negative impact of declining yields on net interest income.

The increase of BUBOR is almost completely reflected in the interest rate of the variable rate forint assets of the Bank within 6 months: the loans get repriced typically in 3 months, the interest rate swaps (IRS) in 6 months, and other liquid assets within 1-3 months. On the deposit side the repricing is not automatic, its extent and speed depends on the level of interest rates and the liquidity position of the Bank.

The already manifested rate and yield increases in 2021 in Hungary exert a positive effect on the net interest income.

Market Risk Exposure of OTP Group

The consolidated capital requirement of the trading book positions, the counterparty risk and the FX risk exposure represented HUF 48.9 billion in total.

OTP Group is an active participant of the international FX and derivative market. Open FX positions of group members are restricted to individual and global net open position limits (overnight and intraday), and to stop-loss limits. The open positions of the group members outside Hungary except for the Bulgarian DSK Bank – the EUR/BGN exposure of DSK under the current exchange rate regime does not represent real risk – were negligible measured against either the balance sheet total or the regulatory capital. Therefore, the group level FX exposure was concentrated at OTP Bank.

In the last couple of years the main part of the FX exposure at OTP Bank was the strategic open FX position (EUR 310 million), kept in order to hedge the currency risk of the expected FX-denominated net earnings of the main foreign subsidiaries. The open short EUR position that emerged as a result of the strategic open FX position's accounting close, was fully closed in the course of 1Q 2021.

STATEMENT ON CORPORATE GOVERNANCE PRACTICE

Corporate governance practice

OTP Bank Plc., being registered in Hungary, has a corporate governance policy that complies with the provisions on companies of the act applicable (Civil Code). As the company conducts banking operations, it also adheres to the statutory regulations pertaining to credit institutions.

Beyond fulfilling the statutory requirements, as a listed company on the Budapest Stock Exchange (BSE), the company also makes an annual declaration on its compliance with the BSE's Corporate Governance Recommendations. After being approved by the General Meeting, this declaration is published on the websites of both the Stock Exchange (www.bet.hu) and the Bank (www.otpbank.hu).

System of internal controls

OTP Bank Plc., as a provider of financial and investment services, operates a closely regulated and state-supervised system of internal controls.

OTP Bank Plc. has detailed risk management regulations applicable to all types of risks (liquidity, market, country, counterparty, credit, operational, compliance), which are in compliance with the legal regulations on prudent banking operations. Its risk management system extends to cover the identification of risks, the assessment and analysis of their impact, elaboration of the required action plans and the monitoring of their effectiveness and results. The business continuity framework is intended to provide for the continuity of services. Developed on the basis of international methodologies, the lifecycle model includes process evaluation, action plan development for critical processes, the regular review and testing of these, as well as related DRP activities.

To ensure effective auditing, the OTP Bank Plc.'s internal audit system is realised on several levels of control built on each other. The system of internal checks and balances includes a combination of process-integrated and management control, independent internal audit organisation and executive information system. The independent internal audit organisation as an element of internal lines of defence promotes the statutory and efficient management of assets and liabilities, the defence of property, the safe course of business, the efficient, economical and productive operation of internal control systems, the minimisation of risks, moreover – beside compliance organisation – it reveals and reports deviations from statutory regulations and

internal rules, makes proposal to abolish deficiencies and follows up the execution of actions. The independent internal audit organisation annually and quarterly prepares group-level reports on control actions for the executive boards. Once a year, the internal audit organisation draws up, for the Supervisory Board, objective and independent reports in respect of the operation of risk management, internal control mechanisms and corporate governance functions and, in line with the provisions of the Credit Institutions Act, reports, once a year, to the Supervisory Board and the Board of Directors on the regularity of internal audit tasks, professional requirements and the conduct of audits, and on the review of compliance with IT and other technical conditions needed for the audits.

In line with the regulations of the European Union, the applicable Hungarian laws and supervisory recommendations, OTP Bank Plc. established an independent organisational unit with the task of identifying and managing compliance risks.

General meeting

The General Meeting is the supreme governing body of OTP Bank Plc. The regulations pertaining to its operation are set forth in the Company's Bylaws, and comply fully with both general and special statutory requirements. Information on the General Meeting is available in the Corporate Governance Report.

In accordance with the provisions of the Government Decree 102/2020 (IV.10.), the resolutions on the published agenda items were made by the Company's Board of Directors acting in the competence of the General Meeting, which was convened to be held on 16 April 2021.

Committees⁶

Members of the Board of Directors

Dr. Sándor Csányi – Chairman
 Mr. Tamás Erdei – Deputy Chairman
 Mrs. Gabriella Balogh (from the 16th of April 2021)⁷
 Mr. Mihály Baumstark
 Dr. Tibor Bíró (until the 16th of April 2021)⁸
 Mr. Péter Csányi (from the 16th of April 2021)⁷
 Dr. István Gresa
 Mr. Antal Kovács
 Mr. György Nagy (from the 16th of April 2021)⁷
 Dr. Antal Pongrácz (until the 16th of April 2021)⁸
 Dr. László Utassy (until the 16th of April 2021)⁸
 Dr. Márton Gellért Vági (from the 16th of April 2021)⁷
 Dr. József Vörös
 Mr. László Wolf

⁶ Personal changes can be found in the „Personal and organizational changes” chapter.

⁷ Ms. Gabriella Balogh, Mr. Péter Csányi, Mr. György Nagy and Dr. Márton Gellért Vági were elected as members of the Board of Directors by the

Bank's Board of Directors acting in the competence of the General Meeting on the 16th of April 2021.

⁸ The Board of Directors membership of Dr. Tibor Bíró, Dr. Antal Pongrácz and Dr. László Utassy terminated on the 16th of April 2021.

Members of the Supervisory Board

Mr. Tibor Tolnay – Chairman
Dr. Gábor Horváth – Deputy Chairman
Mrs. Klára Bella
Dr. Tamás Gudra (from the 16th of April 2021)⁹
Mr. András Michnai
Dr. Márton Gellért Vági (until the 16th of April 2021)¹⁰
Mr. Olivier Péqueux

Members of the Audit Committee

Dr. Gábor Horváth – Chairman
Mr. Tibor Tolnay – Deputy Chairman
Dr. Tamás Gudra (from the 16th of April 2021)⁹
Dr. Márton Gellért Vági (until the 16th of April 2021)¹⁰
Mr. Olivier Péqueux

Operation of the executive boards

OTP Bank Plc. has a dual governance structure, in which the Board of Directors is the Company's executive management body in its managerial function, while the Supervisory Board is the management body in its supervisory function of the Company. It controls the supervision of the lawfulness of the Company's operation, its business practices and management, performs oversight tasks and accepts the provisions of the Bank Group's Remuneration Policy. The effective operation of Supervisory Board is supported by the Audit Committee, as a committee, which also monitors the

internal audit, the risk management, the reporting systems and the activities of the auditor.

In order to assist the performance of the governance functions the Board of Directors founded and operates, as permanent or other committees, such as the Management Committee, the Remuneration Committee, the Nomination Committee and the Risk Assumption and Risk Management Committee. To ensure effective operation OTP Bank Plc. also has a number of further permanent committees.

OTP Bank Plc. gives an account of the activities of the executive boards and the committees every year in its Corporate Governance Report.

The Board of Directors held 5, the Supervisory Board held 4 meetings, while the Audit Committee held 1 meeting in the first half of 2021. In addition, resolutions were passed by the Board of Directors on 96, by the Supervisory Board on 41 and by the Audit Committee on 15 occasions by written vote.

Pursuant to the Bank's Articles of Association, a Board of Directors with 5-11 members and a Supervisory Board with 5-9 members operate at the Bank. The present Board of Directors has 11 members, including one female member since 16 April 2021, the Supervisory Board has 6 members, including one female member since 15 April 2016. The Bank's senior management currently consists of 6 persons, none of whom are women.

⁹ Dr. Tamás Gudra was elected as a member of the Supervisory Board and a member of the Audit Committee by the Bank's Board of Directors acting in the competence of the General Meeting on the 16th of April 2021.

¹⁰ The Supervisory Board and Audit Committee membership of Dr. Márton Gellért Vági terminated on the 16th of April 2021.

ENVIRONMENTAL POLICY, ENVIRONMENTAL PROJECTS

Our responsibility

As a dominant banking group of the Central and Eastern European region and one of Hungary's most significant financial service providers, OTP Group manages the environmental impacts of its activities in a responsible manner and is committed to continuously improving its environmental performance.

We make serious efforts to go beyond what is required of us by the law. Our goal is to reduce the carbon footprint of our activities, protect natural values and support international efforts to manage risks related to climate change.

We continuously monitor and assess our environmental performance and improve it in line with our objectives. We cooperate and openly communicate with those involved in the assessment of our environmental activity.

The foundations of responsible operation

We strive to reduce our environmental impact related to our operation by focusing on the efficient and environmentally-conscious utilization of resources, including energy consumption, paper use, water consumption and support for environmentally-friendly transport options. Our goal is to reduce pollutant emissions and waste generation and implement modern waste management. As much as possible, we strive to employ green principles in our procurements and investments.

Legal compliance is of the utmost importance for OTP Group, and as such, we also demonstrate law-abiding and compliant behaviour in the area of environmental protection. No environmental fines were imposed on either the Group or any of its subsidiaries in 2021.

Environmentally-aware energy consumption

OTP Group uses state-of-the-art technology in new construction and renovation projects, installing modern engineering solutions and energy-efficient (LED) light sources. There was no substantial change in the Bank's overall energy consumption compared to the previous half year. At the same time, energy use was seriously affected by the pandemic. As regards ventilation and fresh air in the buildings of OTP Bank, air recirculation was suspended and we applied more intensive ventilation instead, which increased our energy consumption. The significant rate of home office work temporary pointed to a decline in energy consumption, heating and cooling. In 2021, we are planning to conduct a comprehensive energy efficiency review in the head office buildings and equip two additional parent bank branches with solar panels.

Environmentally-aware waste management

The Bank steadily enforces the following order of priority: "prevention of waste generation: reuse, recycling, disposal". Collecting waste selectively and cutting back on paper use is an integral part of this endeavour. The method of waste collection at group level has not changed.

Our Romanian subsidiary collects all paper, metal, glass and plastic selectively. Our Croatian subsidiary has collected paper waste and PET bottles selectively for years, and in 2021, preparations are in progress for a pilot programme aimed at the selective collection of additional types of waste (metal, other plastics, glass).

Reduction of paper use through digitalisation

OTP Group's ongoing digital developments have an impact on the environment and are also considered to be important in terms of sustainability. The pandemic obviously reinforced digitalisation, and working from home also reduced the volume of printing. In 2021, we continued to expand the range of products also available online; in addition, digital signature pads are used increasingly frequently in the branches, and there is a rising trend in the use of electronic account statements. Nearly all customers receive e-statements at our Bulgarian subsidiary, while our Moldavian subsidiary uses e-statements exclusively. 80% of the customers of the Serbian Vojvodjanska banka and around half of the customers of our Slovenian subsidiary receive e-statements.

Following significant decreases in paper use over the past few years (2020 saw an 8% reduction at group level and 30% in OTP Bank alone), as a realistic goal for 2021 we set ourselves the target of maintaining our earlier achievements and further expanding the use of recycled paper at OTP Bank.

Recycling

The ratio of the use of recycled materials varies within OTP Group.

- Recycled paper represented 10% of all paper used across the Group in 2020.
- Our subsidiaries in Montenegro, Moldova and Slovakia, as well as the Serbian Vojvodjanska banka use toner refills to reduce toner and ink cartridge waste.
- A number of our subsidiaries drew up schemes to reduce the use of plastics in 2021.
- OTP Bank is the first in Hungary to issue bank cards made of recycled plastic. Young customers opening a new Junior account in the summer can order recycled plastic bank cards.

Business trips and options for their substitution

The operations of the banking group involve significant level of travel and transportation. Taking environmental aspects into account, our purchasing activity focuses on cars with low fuel consumption. In line with its vehicle policy, OTP Bank replaces all cars older than 5 years or having reached a certain total distance travelled; the Bank has also introduced carbon emission caps. We made it a Group-level practice to include environmentally-friendly cars among the types that can be selected in our vehicle policies in each category. Currently the OTP Bank's fleet include two electric cars and 34 hybrid vehicles.

As a result of the coronavirus pandemic, at Group level, there was a 13% decline in car travel, and the total mileage travelled per person decreased by 15% in 2020.

We continue adding new bicycle stands for the use of our customers and employees. OTP Bank and all of our subsidiaries have bicycle storage available at one or more head office buildings. Bicycle storage is also available at 58% of the branches of OTP Bank.

Video conferences

Our Banking Group increases the number of video conferencing rooms; in 2020, we set up 21 new rooms at the parent bank. At Group level, we used 311 video conferencing devices and equipment; moreover, online communication via applications

without any specific device has become a daily practice in the home office environment due to the pandemic.

M12 office building project

The office building project, OTP Bank's priority project in Hungary, commenced in the summer of 2018 and is set to be completed in 2022. OTP Bank's new HQ will have LEED Gold certification, meaning it will comply with sustainability criteria for the entire duration of the construction. Construction works are progressing on schedule according to plans.

Attitude shaping

In recent years, most members of our Banking Group have continuously strengthened the practice of raising awareness and taking joint action to protect environmental and natural resources; by now, this has become a tradition. Our Slovenian subsidiary keeps bees on the balcony of its head office building as part of the 'Nature in the City' scheme, contributing to the preservation of a Slovenian species. The employees of our Montenegrin and Ukrainian subsidiary planted trees at several locations.

The bank's environmental protection-related principles and the fundamentals of its environmental practices are available on our website at <https://www.otpfenntarthatosag.hu/hu/kornyezetvedelem>.

Disclaimers

This Report 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.

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

FINANCIAL DATA

SEPARATE IFRS STATEMENT OF FINANCIAL POSITION

in HUF million	30/06/2021	30/06/2020	change
Cash, amounts due from banks and balances with the National Bank of Hungary	392,632	469,992	-16%
Placements with other banks, net of allowance for placement losses	2,272,209	1,476,344	54%
Repo receivables	47,144	11,922	295%
Financial assets at fair value through profit or loss	181,675	226,159	-20%
Financial assets at fair value through other comprehensive income	857,351	983,207	-13%
Securities at amortised cost	2,588,668	1,643,025	58%
Loans at amortised cost and mandatorily measured at fair value through profit or loss	4,144,108	3,575,356	16%
Investments properties	1,912	2,356	-19%
Investments in subsidiaries	1,586,180	1,547,443	3%
Intangible assets	54,410	54,402	0%
Property and equipment	79,205	75,395	5%
Right of use assets	11,521	14,888	-23%
Derivative financial assets designated as hedge accounting relationships	12,883	22,529	-43%
Current tax assets	0	2	
Other assets	225,560	168,177	34%
TOTAL ASSETS	12,455,458	10,271,197	21%
Amounts due to banks and deposits from the National Bank of Hungary and other banks	1,223,842	732,436	67%
Deposits from customers	8,379,970	6,933,116	21%
Repo liabilities	315,260	131,672	139%
Liabilities from issued securities	31,003	41,723	-26%
Subordinated bonds and loans	295,592	302,991	-2%
Financial liabilities at fair value through profit or loss	23,529	27,192	-13%
Derivative financial liabilities designated as held for trading	83,259	154,832	-46%
Derivative financial liabilities designated as hedge accounting relationships	144	11,522	-99%
Current tax assets	2,588	1,032	151%
Deferred tax liabilities	3,653	3,206	14%
Leasing liabilities	12,002	15,401	-22%
Other liabilities	256,092	262,222	-2%
TOTAL LIABILITIES	10,626,934	8,617,345	23%
Share capital	28,000	28,000	0%
Retained earnings and reserves	1,681,461	1,608,154	5%
Net profit	127,333	39,481	223%
Treasury shares	-8,270	-21,783	-62%
TOTAL SHAREHOLDERS' EQUITY	1,828,524	1,653,852	11%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	12,455,458	10,271,197	21%

CONSOLIDATED IFRS STATEMENT OF FINANCIAL POSITION

in HUF million	30/06/2021	31/06/2020	change
Cash, amounts due from banks and balances with the National Banks	1,983,486	2,129,281	-7%
Placements with other banks, net of loss allowance for placements	1,727,059	930,148	86%
Repo receivables	107,849	52,244	106%
Financial assets at fair value through profit or loss	234,797	275,426	-15%
Securities at fair value through other comprehensive income	2,128,320	1,906,502	12%
Loans at amortized cost and mandatorily at fair value through profit or loss	12,958,928	12,662,573	2%
Securities at amortized cost	3,232,248	2,369,970	36%
Finance lease receivables	1,107,012	0	
Associates and other investments	40,028	26,881	49%
Property and equipment	388,331	320,757	21%
Intangible assets and goodwill	230,446	242,170	-5%
Right-of-use assets	42,697	47,987	-11%
Investment properties	40,766	36,835	11%
Derivative financial assets designated as hedge accounting	13,034	12,389	5%
Deferred tax assets	21,605	29,869	-28%
Current income tax receivable	35,218	36,938	-5%
Other assets	253,078	243,743	4%
Assets classified as held for sale / discontinued operations	5,821	466,441	-99%
TOTAL ASSETS	24,550,723	21,790,154	13%
Amounts due to banks, the National Governments, deposits from the National Banks and other banks and repo liabilities	1,882,825	1,122,671	68%
Financial liabilities at fair value through profit or loss	31,804	29,265	9%
Deposits from customers	18,258,676	16,231,927	12%
Liabilities from issued securities	497,045	401,829	24%
Derivative financial liabilities held for trading	84,389	159,339	-47%
Derivative financial liabilities designated as hedge accounting	2,193	14,080	-84%
Leasing liabilities	44,817	50,038	-10%
Deferred tax liabilities	22,356	26,825	-17%
Current income tax payable	42,144	50,304	-16%
Other liabilities	714,905	683,298	5%
Subordinated bonds and loans	267,378	271,478	-2%
Liabilities directly associated with assets classified as held-for-sale / discontinued operation	5,268	368,837	-99%
TOTAL LIABILITIES	21,853,800	19,409,891	13%
Share capital	28,000	28,000	0%
Retained earnings and reserves	2,768,248	2,449,135	13%
Treasury shares	-104,055	-101,305	3%
Non-controlling interest	4,730	4,433	7%
TOTAL SHARHOLDERS' EQUITY	2,696,923	2,380,263	13%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	24,550,723	21,790,154	13%

SEPARATE IFRS STATEMENT OF RECOGNIZED INCOME

in HUF million	1H 2021	1H 2020	change
Interest income calculated using the effective interest method	136,991	119,140	15%
Income similar to interest income	43,685	41,382	6%
Total Interest Income	180,676	160,522	13%
Total Interest Expense	-47,812	-54,505	-12%
NET INTEREST INCOME	132,864	106,017	25%
Risk cost total	-22,184	-46,475	-52%
NET INTEREST INCOME AFTER RISK COST	110,680	59,542	86%
Gain or loss from derecognition of securities at amortized cost	382	-3,190	-112%
Income from fees and commissions	137,807	117,471	17%
Expenses from fees and commissions	-22,118	-17,386	27%
Net profit from fees and commissions	115,689	100,085	16%
Foreign exchange gains (+)/ loss (-)	-3,297	-4,147	-20%
Gains on derivative instruments, net	1,910	3,272	-42%
Gains on financial instruments at fair value through profit or loss	-381	2,107	-118%
Gains (+) or loss (-) on securities, net	-816	5,043	-116%
Dividend income	81,549	60,946	34%
Other operating income	5,085	2,748	85%
Net other operating income / (expenses)	-563	-26,429	-98%
Net operating income	83,487	43,540	92%
Personnel expenses	-61,791	-57,979	7%
Depreciation and amortization	-20,026	-17,701	13%
Other administrative expenses	-89,081	-85,212	5%
Other administrative expenses	-170,898	-160,892	6%
PROFIT BEFORE INCOME TAX	139,340	39,085	257%
Income tax expense	-12,007	396	
NET PROFIT FOR THE PERIOD	127,333	39,481	223%

CONSOLIDATED IFRS STATEMENT OF RECOGNIZED INCOME

in HUF million	1H 2021	1H 2020	change
CONTINUING OPERATIONS			
Interest income calculated using the effective interest method	433,971	438,017	-1%
Income similar to interest income	68,535	60,558	13%
Interest incomes	502,506	498,575	1%
Interest expenses	-89,998	-107,171	-16%
NET INTEREST INCOME	412,508	391,404	5%
Risk cost total	-16,222	-135,954	-88%
Loss allowance / Release of loss allowance on loans, placements and repo receivables	-1,973	-125,440	-98%
Gain / (loss) from derecognition of amortized financial assets	-455	723	-163%
Change in the fair value attributable to changes in the credit risk of loans mandatorily measured at fair value through profit of loss	-7,532	0	
Loss allowance / Release of loss allowance on securities at fair value through other comprehensive income and on securities at amortized cost	-5,154	-1,711	201%
Provision for commitments and guarantees given	-1,449	-10,420	-86%
Impairment / (Release of impairment) of assets subject to operating lease and of investment properties	341	894	-62%
NET INTEREST INCOME AFTER LOSS ALLOWANCE, IMPAIRMENT AND PROVISIONS	396,286	255,450	55%
Income from fees and commissions	253,695	227,366	12%
Expense from fees and commissions	-48,113	-39,845	21%
Net profit from fees and commissions	205,582	187,521	10%
Foreign exchange gains / losses, net	203	8,989	-98%
Foreign exchange result	-1,436	2,148	-167%
Gains and losses on derivative instruments	1,639	6,842	-76%
Gains / Losses on securities, net	5,939	5,768	3%
Gain from derecognition of securities at amortized cost	1,007	210	380%
Gains / Losses on financial assets /liabilities measured at fair value through profit or loss	-3,174	54	
Dividend income and gain / loss from associated companies	6,528	-44	
Other operating income	38,192	19,322	98%
Gains and losses on real estate transactions	4,611	1,164	296%
Other non-interest income	33,295	17,355	92%
Net insurance result	286	803	-64%
Other operating expense	-37,188	-33,732	10%
Net operating income	11,507	567	
Personnel expenses	-159,559	-154,225	3%
Depreciation and amortization	-46,705	-44,510	5%
Other administrative expenses	-157,583	-156,416	1%
Other administrative expenses	-363,847	-355,151	2%
PROFIT BEFORE INCOME TAX	249,528	88,387	182%
Income tax expense	-34,619	-11,156	210%
NET PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	214,909	77,231	178%
From this, attributable to:			
Non-controlling interest	361	1	
Owners of the company	214,548	77,230	178%
DISCONTINUED OPERATIONS			
Gains from disposal of subsidiaries classified as held for sale	239	0	
Loss from discontinued operation	0	-2,632	-100%
PROFIT FROM CONTINUING AND DISCONTINUED OPERATION	215,148	74,599	188%

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	2,321,053	-60,931	4,956	2,293,130
Net profit for the year	--	--	74,598	--	1	74,599
Other comprehensive income	--	--	57,210	--	-142	57,068
Increase due to business combinations	--	--	--	--	-382	-382
Purchase of non-controlling interests	--	--	--	--	--	--
Share-based payment	--	--	1,744	--	--	1,744
Dividend	--	--	--	--	--	--
Correction due to ESOP	--	--	--	--	--	--
Treasury shares	--	--	--	--	--	--
– sale	--	--	--	16,501	--	16,501
– loss on sale	--	--	-3,084	--	--	-3,084
– volume change	--	--	--	-56,875	--	-56,875
Payment to ICES holders	--	--	-2,438	--	--	-2,438
Balance as at 30 June 2020	28,000	52	2,449,083	-101,305	4,433	2,380,263
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	--	--	214,787	--	361	215,148
Other comprehensive income	--	--	-60,296	--	-69	-60,365
Increase due to business combinations	--	--	--	--	322	322
Purchase of non-controlling interests	--	--	--	--	--	0
Decrease due to discontinued operations	--	--	--	--	--	0
Share-based payment	--	--	1,691	--	--	1,691
Dividend	--	--	--	--	--	0
Correction due to ESOP	--	--	--	--	--	0
Modification of previous years' reserves	--	--	458	--	--	458
Treasury shares	--	--	--	--	--	0
– sale	--	--	--	30,514	--	30,514
– loss on sale	--	--	-15,235	--	--	-15,235
– volume change	--	--	--	-10,489	--	-10,489
Payment to ICES holders	--	--	-2,233	--	--	-2,233
Balance as at 30 June 2021	28,000	52	2,768,196	-104,055	4,730	2,696,923

¹ The deduction related to repurchased treasury shares (2Q 2021: HUF 104.055 million) includes the book value of OTP shares held by ESOP (2Q 2021: 7,839,644 shares).

SEPARATE IFRS STATEMENT OF CASH FLOWS

in HUF million	30/06/2021	30/06/2020	change
OPERATING ACTIVITIES			
Profit before income tax	139,340	39,085	257%
Net accrued interest	-30,803	-22,916	34%
Income tax paid	-1,207	0	
Depreciation and amortization	20,048	17,701	13%
Loss allowance / (Release of loss allowance)	9,474	71,854	-87%
Share-based payment	1,691	1,744	-3%
Unrealised gains on fair value adjustment of financial instruments at fair value through profit or loss	7,978	-953	-937%
Unrealised losses on fair value adjustment of derivative financial instruments	-11,882	2,325	-611%
Leasing interest expense	-111	-67	66%
Effect of currency revaluation	12,143		
Result from the sale of property, plant and equipment and intangible assets	-5		
Net change in assets and liabilities in operating activities	135,434	-34,332	-494%
Net cash provided by operating activities	282,100	74,441	279%
INVESTING ACTIVITIES			
Net cash used in investing activities	-508,660	445,951	-214%
FINANCING ACTIVITIES			
Net cash provided by / (used in) financing activities	29,589	-344,814	-109%
Net decrease in cash and cash equivalents	-196,971	175,578	-212%
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	306,116	400,209	-24%
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	306,116	400,209	-24%

CONSOLIDATED IFRS STATEMENT OF CASH FLOWS

	in HUF million	30/06/2021	30/06/2020	change
OPERATING ACTIVITIES				
<i>Net profit for the period</i>		214,787	74,598	188%
<i>Net changes in assets and liabilities in operating activities</i>				
Income tax paid		-14,434	-16,686	-13%
Depreciation and amortization		49,318	45,471	8%
Loss allowance		23,836	151,519	-84%
Net accrued interest		18,140	-6,194	-393%
Share-based payment		1,691	1,744	-3%
Unrealized (gain) / losses on fair value change of securities held for trading		11,964	-6,811	-276%
Unrealized losses on fair value change of derivative financial instruments		33,433	5,605	496%
Other changes in assets and liabilities in operating activities		-135,642	267,942	
Net change in assets and liabilities in operating activities		203,093	517,188	-61%
INVESTING ACTIVITIES				
Net cash used in investing activities		-1,204,293	-514,821	134%
FINANCING ACTIVITIES				
Net cash used in financing activities		539,950	378,586	43%
Net increase (+) / decrease (-) of cash		-461,250	380,953	-221%
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		1,213,524	1,430,852	-15%
<i>Adjustment due to discontinuing activity</i>		3	-162	-102%

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 Lic..		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, joint-stock company, Novi Sad)	RSD	55,330,780,140	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 Lic.	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

	Name of the company		Initial capital/Equity (HUF)	Ownership Directly + indirectly (%)	Voting rights (%)	Classification ¹
64	OTP Close Building Society		2,000,000,000	100.00	100.00	L
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 Mémőki 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 AKCIONARSKO DRUŠTVO ZA	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 Home Solutions Limited Liability Company		3,000,000	100.00	100.00	L
76	OTP Funds Servicing and Consulting Company Limited		2,351,000,000	100.00	100.00	L
77	OTP Financial point Ltd.		51,000,000	100.00	100.00	L
78	OTP Services Ltd.	RSD	40,028	100.00	100.00	L
79	Venture Closed-End Non Diversified Mutual Investment Fund "OTP Solution"	UAH	43,347,201	100.00	100.00	L
80	PortfoLion Digital Ltd.		102,000,000	100.00	100.00	L
81	PortfoLion Venture Capital Fund Management Ltd.		39,500,000	100.00	100.00	L
82	Portfolion Zöld Fund		17,700,000,000	100.00	100.00	L
83	R.E. Four d.o.o., Novi Sad	RSD	1,983,643,761	100.00	100.00	L
84	SB Leasing d.o.o.	HRK	23,332,000	100.00	100.00	L
85	SC Aloha Buzz SRL	RON	10,200	100.00	100.00	L
86	SC Favo Consultanta SRL	RON	10,200	100.00	100.00	L
87	SC Tezaur Cont SRL	RON	10,200	100.00	100.00	L
88	SKB Leasing d.o.o.	EUR	16,809,031	100.00	100.00	L
89	SKB Leasing Select d.o.o.	EUR	5,000,000	100.00	100.00	L
90	SPLC Ltd.		10,000,000	100.00	100.00	L
91	SPLC-P Ltd.		15,000,000	100.00	100.00	L
92	TOP Collector LLC	RUB	1,530,000	100.00	100.00	L
93	Velvin Ventures Ltd.	USD	50,000	100.00	100.00	L
94	ZA-Invest Béta Ltd.		4,000,000	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	Nádudvari Ltd.		1,954,680,000	99.96	99.96	L
99	DSK Bank EAD	BGN	1,328,659,920	99.91	99.91	L
100	POK DSK-Rodina AD	BGN	10,010,198	99.85	99.85	L
101	HAGE Ltd.		2,689,000,000	99.64	99.64	L
102	NAGISZ Mezőgazdasági Termelő és Szolgáltató Ltd.		3,802,080,000	99.35	99.35	L
103	OTP Bank S.A.	MDL	100,000,000	98.26	98.31	L
104	JSC "OTP Bank" (Russia)	RUB	4,423,768,142	97.92	97.92	L
105	ShiwaForce.com Inc.		105,321,000	67.50	67.50	L
106	Portfolion Regionális Fund		8,965,000,000	53.96	53.96	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 MRP		89,426,844,086	0.00	0.00	L

¹ Full consolidated -L

Ownership structure of OTP Bank Plc.

Description of owner	Total equity					
	Ownership share	1 January 2020 Voting rights ¹	Quantity	Ownership share	30 June 2021 Voting rights ¹	Quantity
Domestic institution/company	20.93%	21.26%	58,605,628	21.89%	21.98%	61,296,921
Foreign institution/company	71.60%	72.73%	200,480,153	72.64%	72.93%	203,398,602
Domestic individual	4.79%	4.87%	13,424,090	3.86%	3.87%	10,797,969
Foreign individual	0.11%	0.12%	319,346	0.11%	0.11%	312,582
Employees, senior officers	0.85%	0.87%	2,393,390	0.97%	0.98%	2,723,293
Treasury shares ²	1.55%	0.00%	4,334,140	0.40%	0.00%	1,120,786
Government held owner	0.08%	0.08%	219,800	0.07%	0.07%	195,726
International Development Institutions	0.04%	0.04%	108,981	0.05%	0.05%	147,040
Other ³	0.04%	0.04%	114,482	0.00%	0.00%	7,091
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 30 June 2021 ESOP owned 7,839,644 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	1,120,786		
Subsidiaries	0	0	0		
TOTAL	4,334,140	4,330,609	1,120,786		

Shareholders with over/around 5% stake as at 30 June 2021

Name	Number of shares	Ownership ¹	Voting rights ^{1,2}
MOL (Hungarian Oil and Gas Company Plc.)	24,000,000	8.57%	8.61%
KAFIJAT Group	19,787,328	7.07%	7.10%
KAFIJAT Ltd.	9,894,454	3.53%	3.55%
MGTR Alliance Ltd.	9,892,874	3.53%	3.55%
OPUS Securities S.A.	14,496,476	5.18%	5.20%
Groupama Group	14,312,188	5.11%	5.13%
Groupama Gan Vie SA	14,140,000	5.05%	5.07%
Groupama Biztosító Ltd.	172,188	0.06%	0.06%

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 30 June 2021

Type ¹	Name	Position	Commencement date of the term	Expiration/termination of the term	Number of shares
IT	dr. Sándor Csányi ²	Chairman and CEO	15/05/1992	2026	1,015,018
IT	Tamás Erdei	Deputy Chairman	27/04/2012	2026	40,457
IT	Gabriella Balogh	member	16/04/2021	2026	2,145
IT	Mihály Baumstark	member	29/04/1999	2026	50,000
IT	Péter Csányi	member, Deputy CEO	16/04/2021	2026	9,777
IT	dr. István Gresca	member	27/04/2012	2026	173,258
IT	Antal Kovács	member, Deputy CEO	15/04/2016	2026	51,354
IT	György Nagy	member	16/04/2021	2026	600,000
IT	dr. Márton Gellért Vági	member	16/04/2021	2026	0
IT	dr. József Vörös	member	15/05/1992	2026	174,114
IT	László Wolf	member, Deputy CEO	15/04/2016	2026	563,184
FB	Tibor Tolnay	Chairman	15/05/1992	2023	54
FB	dr. Gábor Horváth	Deputy Chairman	19/05/1995	2023	0
FB	Klára Bella	member	12/04/2019	2023	344
FB	dr. Tamás Gudra	member	16/04/2021	2023	0
FB	András Michnai	member	25/04/2008	2023	100
FB	Olivier Péqueux	member	13/04/2018	2023	0
SP	László Bencsik	Deputy CEO			40,279
SP	György Kiss-Haypál	Deputy CEO			3,209
TOTAL No. of shares held by management:					2,723,293

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: 4,801,145.

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

a) Contingent liabilities

	30/06/2021	30/06/2020
Commitments to extend credit	3,681,034	3,267,976
Guarantees arising from banking activities	1,162,158	997,548
Confirmed letters of credit	44,858	44,378
Legal disputes (disputed value)	54,429	60,972
Other	388,111	359,146
Total:	5,330,590	4,730,020

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

	30/06/2020	01/01/2021	30/06/2021
Bank ¹	9.424	9.568	9.705
Consolidated ²	38.348	38.447	37.806

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 1/7/2020 and 30/06/2021

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 30/06/2021	Outstanding consolidated debt (in HUF million) 30/06/2021
OTP Bank Plc.	Corporate bond	OTP_DK_25/3	31/05/2021	31/05/2025	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_24/3	31/05/2021	31/05/2024	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_27/II	31/05/2021	31/05/2027	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_26/II	31/05/2021	31/05/2026	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_28/I	31/05/2021	31/05/2028	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_29/I	31/05/2021	31/05/2029	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_30/I	31/05/2021	31/05/2030	HUF	0	0
OTP Mortgage Bank	Mortgage bond	OJB2021_I	23/07/2020	27/10/2027	HUF	76,850	76,850

Security redemptions on Group level between 1/7/2020 and 30/06/2021

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 30/06/2020	Outstanding consolidated debt (in HUF million) 30/06/2020
OTP Bank Plc.	Corporate bond	OTP_DK_21/I	14/12/2018	31/05/2021	HUF	0	0
OTP Bank Plc.	Corporate bond	OTPRF2020A	12/07/2010	20/07/2020	HUF	2,274	2,274
OTP Bank Plc.	Corporate bond	OTPRF2020B	12/07/2010	20/07/2020	HUF	1,270	1,270
OTP Bank Plc.	Corporate bond	OTPRF2020C	11/11/2010	05/11/2020	HUF	2,757	2,757
OTP Bank Plc.	Corporate bond	OTPX2020B	28/06/2010	09/07/2020	HUF	267	267
OTP Bank Plc.	Corporate bond	OTPX2020C	11/11/2010	05/11/2020	HUF	151	151
OTP Bank Plc.	Corporate bond	OTPX2020D	16/12/2010	18/12/2020	HUF	161	161
OTP Bank Plc.	Corporate bond	OTPX2020F	10/10/2014	16/10/2020	HUF	2,602	2,602
OTP Bank Plc.	Corporate bond	OTPX2020G	15/12/2014	21/12/2020	HUF	2,280	2,280
OTP Bank Plc.	Corporate bond	OTPX2021A	01/04/2011	01/04/2021	HUF	183	183
OTP Bank Plc.	Corporate bond	OTPX2021B	17/06/2011	21/06/2021	HUF	245	245
OTP Bank Plc.	Retail bond	OTP_VK1_20/5	15/08/2019	15/08/2020	USD	1,966,600	625
OTP Bank Plc.	Retail bond	OTP_VK1_20/6	26/09/2019	26/09/2020	USD	719,300	229
OTP Bank Plc.	Retail bond	OTP_VK1_20/7	07/11/2019	07/11/2020	USD	1,660,300	528
OTP Bank Plc.	Retail bond	OTP_VK1_20/8	19/12/2019	19/12/2020	USD	1,518,500	483
OTP Bank Plc.	Retail bond	OTP_VK1_21/1	20/02/2020	20/02/2021	USD	1,401,200	445
OTP Bank Plc.	Retail bond	OTP_VK1_21/2	02/04/2020	02/04/2021	USD	1,277,400	406
OTP Bank Plc.	Retail bond	OTP_VK1_21/3	14/05/2020	14/05/2021	USD	1,181,700	376
OTP Bank Plc.	Retail bond	OTP_VK1_21/4	18/06/2020	18/06/2021	USD	743,000	236
OTP Mortgage Bank	Mortgage bond	OJB2020_I	19/11/2004	12/11/2020	HUF	5,503	5,503
OTP Mortgage Bank	Mortgage bond	OJB2020_II	31/05/2011	12/11/2020	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	1H 2020	1H 2021	Y-O-Y	2Q 2020	1Q 2020	2Q 2021	Q-o-Q	Y-O-Y
Total	7,423	7,252	-2%	4,336	3,162	4,090	29%	-6%
Short-term employee benefits	5,364	4,957	-8%	3,176	2,240	2,717	21%	-14%
Share-based payment	1,490	1,689	13%	745	790	899	14%	21%
Other long-term employee benefits	479	606	27%	333	132	474	259%	42%
Termination benefits	5	0		0	0	0		
Redundancy payments	85	0		82	0	0		
Loans provided to companies owned by the management (normal course of business)	74,929	83,019	11%	74,929	85,164	83,019	-3%	11%
Credit lines of the members of Board of Directors and the Supervisory Board and their close family members (at normal market conditions)	525	328	-38%	525	361	328	-9%	-38%
Commitments to extend credit and guarantees	39,175	56,020	43%	39,175	40,078	56,020	40%	43%
Loans provided to unconsolidated subsidiaries	2,264	1,259	-44%	2,264	798	1,259	58%	-44%

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.) recommendation¹¹**

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value	
			1H 2020	1H 2021
Leverage, consolidated ¹²	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.	<p>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.</p> <p>Example for 1H 2021: $\frac{2,490,860.3}{26,850,483.3} = 9.3\%$</p> <p>Example for 1H 2020: $\frac{2,092,926.2}{23,911,920.1} = 8.8\%$</p>	8.8%	9.3%
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.	<p>The LCR is expressed as: (stock of HQLA) / (total net cash outflows over the next 30 calendar days) $\geq 100\%$.</p> <p>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.</p> <p>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.</p> <p>Example for 1H 2021: $\frac{5,062,272.9}{4,077,416.1 - 1,689,952.4} = 212.0\%$</p> <p>Example for 1H 2020: $\frac{4,677,924.0}{3,342,977.0 - 884,973.5} = 190.3\%$</p>	190.3%	212.0%
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.	<p>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.)</p> <p>Example for 1H 2021: $\frac{215,148.0 * 2.0}{2,599,855.6} = 16.7\%$</p> <p>Example for 1H 2020: $\frac{74,598.3 * 2.0}{2,337,723.1} = 6.4\%$</p>	6.4%	16.7%

¹¹ 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.

¹² 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	
			1H 2020	1H 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.	<p>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.</p> <p>Example for 1H 2021: $\frac{246,285.5 * 2.0}{2,599,855.6} = 19.1\%$</p> <p>Example for 1H 2020: $\frac{114,053.9 * 2.0}{2,337,723.1} = 9.8\%$</p>	9.8%	19.1%
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.	<p>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.)</p> <p>Example for 1H 2021: $\frac{246,285.5 * 2.0}{24,033,647.6} = 2.1\%$</p> <p>Example for 1H 2020: $\frac{114,053.9 * 2.0}{21,177,102.9} = 1.1\%$</p>	1.1%	2.1%
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.	<p>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.</p> <p>Example for 1H 2021: $\frac{307,495.3 * 2.0}{24,033,647.6} = 2.58\%$</p> <p>Example for 1H 2020: $\frac{258,199.6 * 2.0}{21,177,102.9} = 2.45\%$</p>	2.45%	2.58%
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.	<p>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.</p> <p>Example for 1H 2021: $\frac{617,605.2 * 2.0}{24,033,647.6} = 5.18\%$</p> <p>Example for 1H 2020: $\frac{568,073.9 * 2.0}{21,177,102.9} = 5.39\%$</p>	5.39%	5.18%

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value	
			1H 2020	1H 2021
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.	<p>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.</p> <p>Example for 1H 2021: $\frac{413,799.1 * 2.0}{24,033,647.6} = 3.47\%$</p> <p>Example for 1H 2020: $\frac{394,762.7 * 2.0}{21,177,102.9} = 3.75\%$</p>	3.75%	3.47%
Operating cost (adjusted)/ total assets, consolidated	The indicator shows the operational efficiency.	<p>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.</p> <p>Example for 1H 2021: $\frac{310,109.9 * 2.0}{24,033,647.6} = 2.60\%$</p> <p>Example for 1H 2020: $\frac{309,874.3 * 2.0}{21,177,102.9} = 2.94\%$</p>	2.94%	2.60%
Cost/income ratio (adjusted, without one-off items), consolidated	The indicator is another measure of operational efficiency.	<p>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.</p> <p>Example for 1H 2021: $\frac{310,109.9}{617,605.2} = 50.2\%$</p> <p>Example for 1H 2020: $\frac{309,874.3}{568,073.9} = 54.5\%$</p>	54.5%	50.2%
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.	<p>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.)</p> <p>Example for 1H 2021: $\frac{10,344.7 * 2.0}{14,509,027.9} = 0.14\%$</p> <p>Example for 1H 2020: $\frac{116,200.9 * 2.0}{13,489,259.9} = 1.73\%$</p>	1.73%	0.14%
Total risk cost (adjusted)/ total asset ratio, consolidated	The indicator shows the amount of total risk cost relative to the balance sheet total.	<p>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.</p> <p>Example for 1H 2021: $\frac{18,245.3 * 2.0}{24,033,647.6} = 0.15\%$</p> <p>Example for 1H 2020: $\frac{130,744.3 * 2.0}{21,177,102.9} = 1.24\%$</p>	1.24%	0.15%

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value	
			1H 2020	1H 2021
Effective tax rate (adjusted), consolidated	The indicator shows the amount of corporate income tax accounted on pre-tax profit.	<p>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.</p> <p>Example for 1H 2021: $\frac{42,964.5}{289,250.0} = 14.9\%$</p> <p>Example for 1H 2020: $\frac{14,641.9}{128,695.8} = 11.4\%$</p>	11.4%	14.9%
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.	<p>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).</p> <p>Example for 1H 2021: $\frac{14,065,940.2}{18,251,218.6 + 0.0} = 77\%$</p> <p>Example for 1H 2020: $\frac{13,044,865.1}{16,577,310.1 + 2,769.2} = 79\%$</p>	79%	77%

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; OTP OTP Home Solutions was included from 2Q 2021. 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 Béret 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 Consultant 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 Quaeator 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 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.
- Starting 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-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 1H 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	1H 20	3Q 20	4Q 20 Audited	2020 Audited	1Q 21	2Q 21	1H 21
Net interest income	199,165	192,239	391,405	192,615	198,653	782,673	202,833	209,676	412,509
(-) Revaluation result of FX provisions	-64	29	-35	-39	18	-57	0	0	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	158	94	84	337	77	258	335
(-) 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	2,966	479	2,505	5,951	674	250	925
(-) Effect of acquisitions	216	-309	-93	-492	-15	-600	-573	-492	-1,065
(-) Initial NPV gain on the monetary policy interest rate swap (MIRS) deals	0	0	0	0	0	0	0	0	0
(-) Reclassification due to the introduction of IFRS16	-418	-418	-836	-374	-413	-1,623	-399	-376	-776
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	2,554	2,648	5,201	2,603	951	8,755	20	20	40
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia					15	15	0	0	0
Net interest income (adj.)	200,280	194,482	394,763	195,738	197,578	788,079	203,227	210,573	413,799
Net fees and commissions	95,493	92,028	187,521	99,631	110,484	397,635	98,575	107,006	205,581
(+) Financial Transaction Tax	-17,739	-12,100	-29,840	-15,287	-16,461	-61,588	-17,353	-15,423	-32,776
(-) Effect of acquisitions	-50	-34	-84	-39	-22	-145	-15	-55	-70
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	1,005	922	1,927	945	338	3,210	0	0	0
(-) Structural shift of income from currency exchange from net fees to the FX result	9,575	14,297	23,872	11,087	11,331	46,290	9,337	11,318	20,655
Net fees and commissions (adj.)	69,234	66,586	135,820	74,240	83,052	293,112	71,899	80,320	152,219
Foreign exchange result	10,507	-8,359	2,148	6,029	-313	7,864	1,281	-2,718	-1,436
(-) Revaluation result of FX positions hedging the revaluation of FX provisions	10,167	-2,582	7,585	3,754	-144	11,195	0	0	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	-1,769	576	-771	-1,964	-354	1,393	1,039
(-) Effect of acquisitions	-2	1	0	0	0	0	0	0	0
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	-47	10	-37	17	23	3	11	-24	-13
(+) Structural shift of income from currency exchange from net fees to the FX result	9,575	14,297	23,872	11,087	11,331	46,290	9,337	11,318	20,655
Foreign exchange result (adj.)	10,045	10,122	20,167	12,803	11,956	44,927	10,983	7,184	18,167
Gain/loss on securities, net	-2,797	8,774	5,977	5,465	4,664	16,106	1,589	5,357	6,946
(-) Effect of acquisitions		-66	-66	0	-32	-98	0	-221	-221
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines		358	358	62	-72	349	11	2	13
(-) Revaluation result of the treasury share swap agreement							-2,586	81	-2,505
Gain/loss on securities, net (adj.) with one-offs	-2,797	9,199	6,402	5,527	4,624	16,553	4,187	5,499	9,685
(-) Revaluation result of the treasury share swap agreement (booked as Gain on securities, net (adj.) at OTP Core)	360	880	1,240	318	801	2,360	-	-	-
Gain/loss on securities, net (adj.) without one-offs	-3,157	8,319	5,161	5,209	3,822	14,193	4,187	5,499	9,685
Result of discontinued operation and gains from disposal of subsidiaries classified as held for sale	-36	-2,596	-2,632	512	7,710	5,590	144	95	239
(-) Effect of acquisitions	1	17	18	-2	7,480	7,496	0	0	0
Result of discontinued operation and gains from disposal of subsidiaries classified as held for sale (adj.)	-37	-2,613	-2,651	514	230	-1,907	144	95	239

HALF-YEAR FINANCIAL REPORT – FIRST HALF 2021 RESULT

in HUF million	1Q 20	2Q 20	1H 20	3Q 20	4Q 20 Audited	2020 Audited	1Q 21	2Q 21	1H 21
Gains and losses on real estate transactions	557	607	1,164	1,025	1,442	3,631	2,031	2,581	4,611
Result of discontinued operation and gains from disposal of subsidiaries classified as held for sale (adj.)	-37	-2,613	-2,651	514	230	-1,907	144	95	239
(+) Other non-interest income	13,648	3,707	17,355	4,674	7,080	29,109	19,760	13,535	33,295
(+) Gains and losses on derivative instruments	3,524	3,318	6,842	202	4,295	11,339	880	759	1,639
(+) Net insurance result	371	432	803	398	-481	721	143	143	286
(+) Losses on loans measured mandatorily at fair value through other comprehensive income and on securities at amortized cost	-173	227	54	99	-2,550	-2,396	-1,726	-1,448	-3,174
(-) Received cash transfers	2	35	37	146	-117	65	36	15	51
(+) Other other non-interest expenses	-3,066	-997	-4,063	-1,255	-483	-5,800	-12,264	-8,614	-20,877
(+) 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	-192	713	-393	128	1,847	4,213	6,060
(-) Effect of acquisitions	7,430	-52	7,377	-3	-110	7,264	0	0	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	1,927	-481	855	2,301	431	-1,134	-704
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	-37	-15	-52	-53	-121	-226	-259	-292	-552
(-) Impact of fines imposed by the Hungarian Competition Authority	0	823	823	0	0	823	0	0	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	-128	-67	-20	-216	-77	-40	-118
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	124	2,710	2,834	-426	741	3,149	151	183	334
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia	-1,646	-1,646	0	0	0	0	0	0	0
Net other non-interest result (adj.) with one-offs	7,472	4,691	12,163	6,405	11,042	29,610	10,836	12,899	23,735
(-) 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	0	-	-	-
Net other non-interest result (adj.) without one-offs	7,472	4,691	12,163	6,405	11,042	29,610	10,836	12,899	23,735
Provision for impairment on loan and placement losses	-97,568	-27,149	-124,717	-4,923	-70,676	-200,315	-5,604	3,176	-2,428
(+) 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	-2,617	-7,532
(+) Loss allowance on securities at fair value through other comprehensive income and on securities at amortized cost	-133	-1,579	-1,712	-3,097	-2,500	-7,309	-2,378	-2,776	-5,154
(+) Provision for commitments and guarantees given	-5,676	-4,744	-10,420	158	1,600	-8,662	185	-1,634	-1,449
(+) Impairment of assets subject to operating lease and of investment properties	883	12	894	51	-68	877	337	4	341
(-) Revaluation result of FX provisions	-9,996	2,546	-7,450	-3,669	121	-10,997	0	0	0
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	73	90	162	87	210	459	113	94	206
(+) 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	2,966	479	2,505	5,951	674	250	925
(-) Effect of acquisitions	-1,119	-12	-1,131	-977	-42	-2,149	0	0	0
(-) Structural correction between Provision for loan losses and Other provisions	-4,926	-6,311	-11,237	-2,888	-968	-15,094	-2,041	-2,772	-4,813
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	10	-2,878	-2,869	-100	-55	-3,024	0	0	0
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia					-29,543	-29,543	-1	-346	-347
Provision for impairment on loan and placement losses (adj.)	-84,724	-31,477	-116,201	15	-42,235	-158,421	-9,772	-573	-10,345
Dividend income	115	-159	-44	854	-284	527	1,896	4,632	6,528
(+) Received cash transfers	2	35	37	146	-117	65	36	15	51
(+) Paid cash transfers	-2,351	-1,119	-3,470	-2,584	-6,714	-12,768	-2,043	-3,022	-5,066
(-) Sponsorships, subsidies and cash transfers to public benefit organisations	-2,351	-1,118	-3,469	-2,569	-6,470	-12,508	-2,039	-3,022	-5,061
(-) 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	-192	713	-393	128	1,847	4,213	6,060
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	1	0	1	7	0	8	0	0	0
After tax dividends and net cash transfers	33	152	185	279	-252	213	82	433	514

HALF-YEAR FINANCIAL REPORT – FIRST HALF 2021 RESULT

in HUF million	1Q 20	2Q 20	1H 20	3Q 20	4Q 20 Audited	2020 Audited	1Q 21	2Q 21	1H 21
Depreciation	-21,771	-22,740	-44,511	-23,045	-25,206	-92,762	-23,424	-23,280	-46,705
(-) Effect of acquisitions	-1,970	-1,919	-3,889	-1,713	-1,813	-7,415	-1,662	-1,465	-3,127
(-) Reclassification due to the introduction of IFRS16	-4,214	-4,076	-8,290	-4,030	-4,126	-16,447	-4,033	-3,868	-7,901
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	-419	-371	-790	-419	-176	-1,385	-8	-9	-16
Depreciation (adj.)	-16,005	-17,116	-33,121	-17,721	-19,444	-70,286	-17,737	-17,955	-35,693
Personnel expenses	-77,901	-76,323	-154,224	-75,234	-79,184	-308,643	-78,739	-80,819	-159,559
(-) Effect of acquisitions	-375	-1,424	-1,799	-385	-601	-2,785	95	-228	-134
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	-1,788	-1,828	-3,616	-1,773	-1,248	-6,638	-126	-130	-255
Personnel expenses (adj.)	-79,314	-76,727	-156,041	-76,622	-79,832	-312,495	-78,960	-80,721	-159,681
Income taxes	-1,519	-9,637	-11,155	-14,618	-1,603	-27,376	-17,998	-16,622	-34,620
(-) Corporate tax impact of goodwill/investment impairment charges	0	886	886	0	0	886	657	-1,375	-718
(-) Corporate tax impact of the special tax on financial institutions	1,651	116	1,767	3	3	1,773	1,785	0	1,785
(+) Tax deductible transfers (offset against corporate taxes)	0	0	0	-2,114	-5,969	-8,083	-334	-1,993	-2,327
(-) Corporate tax impact of the effect of fines imposed by the Hungarian Competition Authority	0	-74	-74	0	0	-74	0	0	0
(-) Corporate tax impact of the effect of acquisitions	-1,137	124	-1,013	232	1,279	497	89	4,068	4,157
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	13	-134	-121	16	25	-80	-15	-1	-16
(-) Corporate tax impact of the expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia	1,998	-198	1,800	-73	1,185	2,913	0	552	553
(-) Corporate tax impact of the result of the treasury share swap agreement							233	-7	225
Corporate income tax (adj.)	-4,018	-10,624	-14,642	-16,879	-10,013	-41,534	-21,111	-21,853	-42,965
Other operating expense	-30,844	-2,889	-33,733	-7,012	1,297	-39,447	-11,991	-25,197	-37,189
(-) Other costs and expenses	-1,356	-1,823	-3,179	-1,757	-2,570	-7,506	-1,179	-1,646	-2,825
(-) Other non-interest expenses	-5,417	-2,116	-7,533	-3,839	-7,197	-18,568	-14,307	-11,636	-25,943
(-) Effect of acquisitions	89	38	127	0	896	1,022	0	0	0
(-) Revaluation result of FX provisions	-107	7	-100	-47	5	-141	0	0	0
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	-36	-74	-110	-33	-90	-233	147	199	345
(-) 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	128	67	20	216	77	40	118
(+) Structural correction between <i>Provision for loan losses</i> and <i>Other provisions</i>	-4,926	-6,311	-11,237	-2,888	-968	-15,094	-2,041	-2,772	-4,813
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	-81	-123	-204	-26	-13	-243	0	3	4
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia	-22,150	2,186	-19,964	804	19,159	0	0	-5,793	-5,793
Other provisions (adj.)	-6,969	-7,574	-14,543	-5,122	-9,908	-29,574	1,229	-9,130	-7,901
Other administrative expenses	-89,917	-66,501	-156,418	-70,212	-79,632	-306,263	-89,543	-68,038	-157,581
(+) Other costs and expenses	-1,356	-1,823	-3,179	-1,757	-2,570	-7,506	-1,179	-1,646	-2,825
(+) Other non-interest expenses	-5,417	-2,116	-7,533	-3,839	-7,197	-18,568	-14,307	-11,636	-25,943
(-) Paid cash transfers	-2,351	-1,119	-3,470	-2,584	-6,714	-12,768	-2,043	-3,022	-5,066
(+) Film subsidies and cash transfers to public benefit organisations	-2,351	-1,118	-3,469	-2,569	-6,470	-12,508	-2,039	-3,022	-5,061
(-) Other other non-interest expenses	-3,066	-997	-4,063	-1,255	-483	-5,800	-12,264	-8,614	-20,877
(-) Special tax on financial institutions (recognised as other administrative expenses)	-18,385	-710	-19,095	-24	-19	-19,138	-20,658	-4	-20,662
(-) Tax deductible transfers (offset against corporate taxes)	0	0	0	-2,114	-5,969	-8,083	-334	-1,993	-2,327
(-) Financial Transaction Tax	-17,739	-12,100	-29,840	-15,287	-16,461	-61,588	-17,353	-15,423	-32,776
(-) Effect of acquisitions	-2,134	-3,096	-5,230	-1,692	-3,018	-9,940	-1,401	-2,330	-3,731
(+) Reclassification due to the introduction of IFRS16	-4,633	-4,494	-9,127	-4,404	-4,538	-18,069	-4,432	-4,245	-8,677
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	-1,372	-1,312	-2,684	-906	-515	-4,105	-44	-45	-89
Other non-interest expenses (adj.)	-61,371	-59,341	-120,712	-60,732	-68,258	-249,702	-57,491	-57,245	-114,737

ADJUSTMENTS OF CONSOLIDATED IFRS BALANCE SHEET LINES

in HUF million	1Q 2020	2Q 2020	3Q 2020	4Q 2020	1Q 2021	2Q 2021
Cash, amounts due from Banks and balances with the National Banks	2,132,832	2,129,280	2,095,024	2,432,312	2,342,423	1,983,486
(+) Allocation of <i>Assets classified as held for sale</i> among balance sheet lines	46,879	46,131	45,640	3	3	4
Cash, amounts due from Banks and balances with the National Banks (adjusted)	2,179,710	2,175,411	2,140,664	2,432,314	2,342,426	1,983,490
Placements with other banks, net of allowance for placement losses	630,182	930,149	985,289	1,148,744	1,601,813	1,727,059
(+) Allocation of <i>Assets classified as held for sale</i> among balance sheet lines	510	458	700	244	243	235
Placements with other banks, net of allowance for placement losses (adjusted)	630,691	930,607	985,989	1,148,987	1,602,056	1,727,294
Financial assets at fair value through profit or loss	365,114	275,426	273,658	234,006	258,432	234,797
(+) Allocation of <i>Assets classified as held for sale</i> among balance sheet lines	1	832	895	1,188	1,192	1,169
Financial assets at fair value through profit or loss (adjusted)	365,114	276,258	274,553	235,194	259,625	235,966
Securities at fair value through other comprehensive income	2,349,343	1,906,501	2,132,672	2,136,709	2,171,807	2,128,322
(+) Allocation of <i>Assets classified as held for sale</i> among balance sheet lines	725	2	2	3,410	3,359	3,261
Securities at fair value through other comprehensive income (adjusted)	2,350,068	1,906,504	2,132,675	2,140,118	2,175,165	2,131,583
Gross customer loans (incl. finance lease receivables and accrued interest receivables related to loans)	13,500,912	13,510,506	14,009,197	14,401,930	14,642,446	14,944,035
(-) Accrued interest receivables related to DPD90+ / Stage 3 loans	38,507	41,352	41,753	38,650	39,144	39,294
(+) Allocation of <i>Assets classified as held for sale</i> among balance sheet lines	413,662	409,410	427,135	0	0	0
Gross customer loans (adjusted)	13,876,067	13,878,564	14,399,579	14,363,281	14,603,302	14,904,741
Allowances for loan losses (incl. impairment of finance lease receivables)	-811,024	-847,933	-836,108	-873,344	-891,191	-878,095
(-) Allocated provision on accrued interest receivables related to DPD90+ / Stage 3 loans	-38,507	-41,352	-41,753	-38,650	-39,144	-39,294
(+) Allocation of <i>Assets classified as held for sale</i> among balance sheet lines	-24,851	-27,118	-26,026	0	0	0
Allowances for loan losses (adjusted)	-797,367	-833,699	-820,381	-834,695	-852,047	-838,801
Securities at amortized costs	2,180,691	2,369,970	2,539,696	2,624,921	2,959,925	3,232,248
(+) Allocation of <i>Assets classified as held for sale</i> among balance sheet lines	29,370	29,352	30,114	1,031	1,030	998
Securities at amortized costs (adjusted)	2,210,061	2,399,322	2,569,810	2,625,952	2,960,955	3,233,246
Tangible and intangible assets, net	591,624	591,741	582,246	589,743	639,144	643,541
(+) Allocation of <i>Assets classified as held for sale</i> among balance sheet lines	11,048	10,685	10,615	135	125	112
Tangible and intangible assets, net (adjusted)	602,672	602,426	592,861	589,878	639,269	643,653
Other assets	897,315	897,633	895,791	588,378	544,239	495,303
(+) Allocation of <i>Assets classified as held for sale</i> among balance sheet lines	-477,344	-469,753	-489,075	-6,010	-5,953	-5,779
Other assets (adjusted)	419,972	427,879	406,717	582,368	538,287	489,524
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	1,363,750	1,029,846	1,112,487	1,219,446	1,441,234	1,638,688
(+) Allocation of <i>Liabilities directly associated with assets classified as held-for-sale</i> among balance sheet lines	2,062	1,584	1,591	0	0	0
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 (adjusted)	1,365,812	1,031,430	1,114,078	1,219,446	1,441,234	1,638,688
Deposits from customers	15,995,969	16,231,927	16,951,337	17,890,863	18,383,167	18,258,677
(+) Allocation of <i>Liabilities directly associated with assets classified as held-for-sale</i> among balance sheet lines	359,493	356,235	372,967	0	0	0
Deposits from customers (adjusted)	16,355,462	16,588,162	17,324,304	17,890,863	18,383,167	18,258,677
Other liabilities	1,511,121	1,474,811	1,454,404	949,502	1,088,839	1,192,470
(+) Allocation of <i>Liabilities directly associated with assets classified as held-for-sale</i> among balance sheet lines	-361,555	-357,819	-374,558	0	0	0
Other liabilities (adjusted)	1,149,566	1,116,992	1,079,846	949,502	1,088,839	1,192,470
Subordinated bonds and loans	272,320	271,478	273,542	274,704	275,906	267,378
(+) Allocation of <i>Liabilities directly associated with assets classified as held-for-sale</i> among balance sheet lines	0	0	0	0	0	0
Subordinated bonds and loans (adjusted)	272,320	271,478	273,542	274,704	275,906	267,378



OTP Bank Plc.

Postal address: P.O.Box: 501 Budapest H-1876 Hungary

Phone: +36 1 473 5460

Fax: +36 1 473 5951

E-mail: investor.relations@otpbank.hu

Internet: www.otpbank.hu