OTP Bank Plc.

Summary of the full-year 2021 results

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

Budapest, 4 March 2022

CONSOLIDATED FINANCIAL HIGHLIGHTS[1] AND SHARE DATA

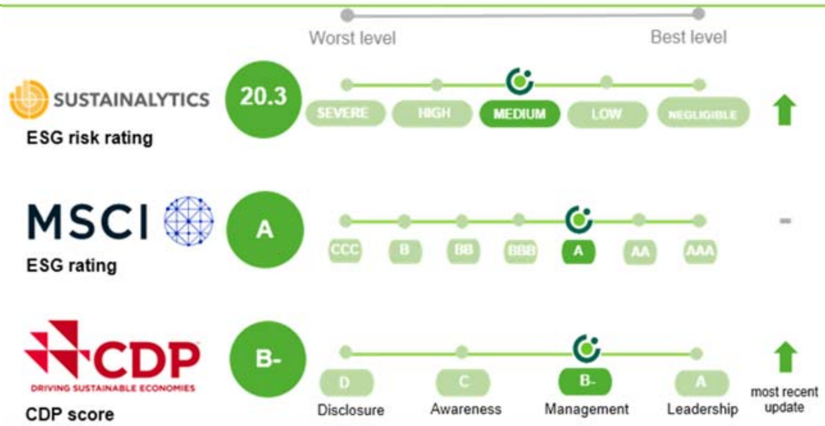
Main components of the adjusted Statement of recognised income, in HUF million	2020	2021	Y-o-Y	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
Consolidated after tax profit	**259,636**	**456,428**	**76%**	**71,465**	**120,173**	**121,106**	**1%**	**69%**
Adjustments (total)	-50,631	-40,474	-20%	-7,097	-7,119	-2,217	-69%	-69%
Consolidated adjusted after tax profit without the effect of adjustments	**310,268**	**496,902**	**60%**	**78,562**	**127,293**	**123,323**	**-3%**	**57%**
Pre-tax profit	351,802	587,853	67%	88,575	151,023	147,580	-2%	67%
Operating profit	537,437	660,391	23%	139,917	176,010	176,885	0%	26%
Total income	1,169,920	1,313,124	12%	307,451	333,097	362,421	9%	18%
Net interest income	788,079	884,012	12%	197,578	222,685	247,528	11%	25%
Net fees and commissions	293,112	325,548	11%	83,052	86,016	87,313	2%	5%
Other net non-interest income	88,729	103,563	17%	26,820	24,396	27,580	13%	3%
Operating expenses	-632,483	-652,733	3%	-167,533	-157,087	-185,536	18%	11%
Total risk costs	-187,995	-72,538	-61%	-52,144	-24,988	-29,305	17%	-44%
One off items	2,360	-		801	-	-		
Corporate taxes	-41,534	-90,951	119%	-10,013	-23,730	-24,257	2%	142%
Main components of the adjusted balance sheet, closing balances in HUF million	2020	2021	Y-o-Y	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
Total assets	23,335,841	27,553,384	18%	23,335,841	26,180,508	27,553,384	5%	18%
Total customer loans (net, FX adjusted)	**13,715,487**	**15,743,922**	**15%**	**13,730,752**	**15,107,502**	**15,743,922**	**4%**	**15%**
Total customer loans (gross, FX adjusted)	**14,575,916**	**16,634,454**	**14%**	**14,575,916**	**15,997,693**	**16,634,454**	**4%**	**14%**
Performing (Stage 1+2) customer loans (gross, FX-adjusted)	13,736,409	15,756,503	15%	13,736,409	15,170,120	15,756,503	4%	15%
Allowances for possible loan losses (FX adjusted)	-860,429	-890,532	3%	-845,164	-890,190	-890,532	0%	5%
Total customer deposits (FX adjusted)	**18,152,563**	**21,068,644**	**16%**	**18,152,563**	**19,986,335**	**21,068,644**	**5%**	**16%**
Issued securities	464,214	436,325	-6%	464,214	498,312	436,325	-12%	-6%
Subordinated loans	274,704	278,334	1%	274,704	270,448	278,334	3%	1%
Total shareholders' equity	2,537,112	3,036,766	20%	2,537,112	2,700,692	3,036,766	12%	20%
Indicators based on adjusted earnings %	2020	2021	Y-o-Y	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
ROE (from accounting net earnings)	10.9%	17.0%	6.1%p	11.3%	17.3%	17.2%	-0.1%p	5.9%p
ROE (from adjusted net earnings)	13.0%	18.5%	5.5%p	12.5%	18.3%	17.6%	-0.8%p	5.1%p
ROA (from adjusted net earnings)	1.4%	2.0%	0.5%p	1.4%	2.0%	1.8%	-0.2%p	0.4%p
Operating profit margin	2.47%	2.62%	0.16%p	2.43%	2.73%	2.59%	-0.14%p	0.16%p
Total income margin	5.37%	5.21%	-0.15%p	5.33%	5.17%	5.30%	0.13%p	-0.03%p
Net interest margin	3.61%	3.51%	-0.11%p	3.43%	3.46%	3.62%	0.17%p	0.20%p
Cost-to-asset ratio	2.90%	2.59%	-0.31%p	2.90%	2.44%	2.72%	0.28%p	-0.19%p
Cost/income ratio	54.1%	49.7%	-4.4%p	54.5%	47.2%	51.2%	4.0%p	-3.3%p
Provision for impairment on loan and placement losses-to-average gross loans ratio	1.15%	0.30%	-0.84%p	1.17%	0.38%	0.52%	0.14%p	-0.65%p
Total risk cost-to-asset ratio	0.86%	0.29%	-0.57%p	0.90%	0.39%	0.43%	0.04%p	-0.48%p
Effective tax rate	11.8%	15.5%	3.7%p	11.3%	15.7%	16.4%	0.7%p	5.1%p
Net loan/(deposit+retail bond) ratio (FX adjusted)	76%	75%	-1%p	76%	76%	75%	-1%p	-1%p
Capital adequacy ratio (consolidated, IFRS) - Basel3	17.7%	18.4%	0.7%p	17.7%	17.0%	18.4%	1.5%p	0.7%p
Tier1 ratio - Basel3	15.4%	16.9%	1.5%p	15.4%	15.4%	16.9%	1.4%p	1.5%p
Common Equity Tier 1 ('CET1') ratio - Basel3	15.4%	16.9%	1.5%p	15.4%	15.4%	16.9%	1.4%p	1.5%p
Share Data	2020	2021	Y-o-Y	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
EPS base (HUF) (from unadjusted net earnings)	1,004	1,739	73%	279	468	469	0%	68%
EPS diluted (HUF) (from unadjusted net earnings)	1,003	1,738	73%	279	468	469	0%	68%
EPS diluted (HUF) (from adjusted net earnings)	1,200	1,896	58%	307	496	479	-3%	56%
Closing price (HUF)	13,360	16,600	24%	13,360	18,200	16,600	-9%	24%
Highest closing price (HUF)	15,630	19,400	24%	13,540	18,750	19,400	3%	43%
Lowest closing price (HUF)	8,010	12,920	61%	9,625	15,570	15,600	0%	62%
Market Capitalization (EUR billion)	10.2	12.6	23%	10.2	14.1	12.6	-11%	23%
Book Value Per Share (HUF)	9,061	10,846	20%	9,061	9,645	10,846	12%	20%
Tangible Book Value Per Share (HUF)	8,436	10,190	21%	8,436	9,010	10,190	13%	21%
Price/Book Value	1.5	1.5	4%	1.5	1.9	1.5	-19%	4%
Price/Tangible Book Value	1.6	1.6	3%	1.6	2.0	1.6	-19%	3%
P/E (trailing, from accounting net earnings)	14.4	10.2	-29%	14.4	12.5	10.2	-19%	-29%
P/E (trailing, from adjusted net earnings)	12.1	9.4	-22%	12.1	11.3	9.4	-17%	-22%
Average daily turnover (EUR million)	22	19	-12%	20	14	38	168%	89%
Average daily turnover (million share)	0.7	0.4	-38%	0.6	0.3	0.7	156%	20%

[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 issuer credit rating	BBB
MOODY'S	
OTP Bank – FX long term deposits	Baa1
OTP Bank – Dated subordinated FX debt	Ba1
OTP Mortgage Bank – Covered bonds	A1
SCOPE	
OTP Bank – Issuer rating	BBB+
OTP Bank – Covered bonds	BB+
FITCH	
OTP Bank Russia – Long term credit rating	BB+

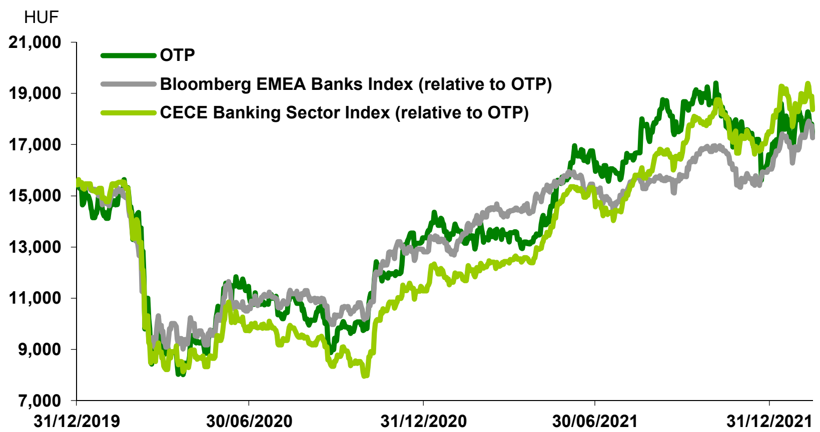
ACTUAL ESG RATINGS



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. **Global Finance** named again in 2021 OTP Bank the safest bank in Hungary, thus it joined the group the World's Safest Banks, furthermore OTP Bank received the "Best Bank Award" again in Hungary in 2021. In the annual ranking of **The Banker** magazine, member of Financial Times Group, the OTP Group has become the "Best Bank in Central and Eastern Europe". In addition, the Hungarian, Montenegrin, Croatian and Slovenian subsidiaries of the OTP Group received the "Bank of the Year" award.

SHARE PRICE PERFORMANCE



SUMMARY OF THE FULL YEAR 2021 RESULTS

The Summary of the full-year 2021 results of OTP Bank Plc. has been prepared on the basis of its unaudited separate and consolidated IFRS financial statements for 31 December 2021 or derived from that. The audited report will be released after the publication of the Summary. At presentation of full year 2021 report of OTP Bank we applied International Financial Reporting Standards adopted by the European Union.

EXECUTIVE SUMMARY: SUMMARY OF THE FULL-YEAR 2021 AND THE FOURTH QUARTER 2021

According to the preliminary GDP data published on 15 February 2022, in 4Q the Hungarian economy expanded by 2.1% q-o-q, as a result the annual growth rate was 7.1% y-o-y.

The faster than originally expected GDP-growth was mainly due to the targeted and successful measures initiated by the Government and the Hungarian Central Bank aimed at safeguarding the economy. These steps to a large extent helped the economy to reach its pre-Covid performance by 3Q 2021 with the employment level reaching new heights. Acknowledging the results in restoring the economy, in January 2022 Fitch affirmed the sovereign rating ('BBB') and its stable outlook.

As for 2022, the Government expects 5.9% annual GDP growth, 4.9% budget deficit with the public debt to GDP ratio declining further; the average inflation may be 4.8%. The recent inflation figures, however manifest upward risk.

During the course of the year there have been significant changes in the monetary policy: as a respond to elevating inflation NBH started a tightening trend and the base rate was increased from 0.6% to 2.4%, whereas the 1-week deposit rate reached 4% by the end of 2021. Following a 50 bps rate hike on 22 February, the base rate stood at 3.4%, whereas on 24 February the 1-week deposit rate was hiked to 4.6%. The 3M Bubor, i.e. the reference rate for floating rate loans started 2021 at 0.75% and closed at 4.21% (+346 bps y-o-y) and by mid-February stood at 4.58%.

The 10-year Government bond yielded 4.51% at the end of 2021, since then it increased further. The local currency was volatile during 2021 and finally closed at 369.0 against the EUR. In 2022 ytd, however it strengthened substantially.

As a meaningful change, two essential tools playing important role during the last couple of years in boosting economic performance through supporting the local corporate sector, namely the Funding for Growth Go! Scheme and the Bond Funding for Growth Scheme, have been gradually phased out in the second half of 2021. At the same time NBH launched its FGS Green Home programme focused on sustainable household funding.

According to the report published by the NBH on 2 February 2022, in 2021 both the household loan volumes and corporate exposures expanded steadily: the former grew by 11% y-o-y, and the corporate portfolio by 15%, respectively, supported also by the payment moratorium putting on hold principal amortization. Within the retail segment the main engine was the subsidized baby loans; total sector level volumes reached HUF 1,569 billion by the end of December underpinning an almost 50% y-o-y growth. Cash loan volumes leaped by 17.0% y-o-y, whereas housing loan volumes grew by 15% y-o-y; home equity exposures kept eroding by 4% y-o-y following the trend of recent years.

On a Group level all economies enjoyed favourable trends in 2021 coupled with numerous rating upgrades or improving outlooks. Alongside the improving GDP and employment statistics, in a few countries local central banks had to react to surging inflation with definite monetary tightening: the Ukrainian and Russian base rate was increased by 300 bps and 425 bps y-o-y (in January the Ukrainian National Bank, in February CBR hiked the policy rate by additional 100-100 bps), and in Romania by 50 bps, respectively (followed by a further 25 bps rate increase in January and 50 bps in February to the current level of 2.50%).

With regard to the recent pandemic developments, despite the significant differences in vaccination levels across the Group, the general trend is rather the gradual easing/relaxing of restriction measures.

Management guidance for 2022

Currently it is difficult to quantify the ramifications of the Russian-Ukrainian conflict on the Russian and Ukrainian operations, potential scenarios vary over a wide spectrum.

Assuming that the conflict doesn't exert a material negative effect on the rest of the Group, the 2022 performance of the rest of the Group, i.e. without the Russian and Ukrainian operations, might develop as follows:

- ***Performing (Stage 1+2) organic loan volume growth might be around 10% y-o-y (FX-adjusted).***
- ***Following the steady erosion during the last couple of years the net interest margin may stabilize.***

- ***The adjusted profitability indicator, the credit risk cost ratio and the operating cost efficiency ratio may be similar to 2021.***

OTP Bank's management continues to reckon the payment of HUF 119 billion dividend set aside after 2019 and 2020 as reasonable. However, the Board of Directors will decide on this and the proposed amount of dividend to be paid after 2021 on its March 2022 meeting, taking into account the development of the Russian-Ukrainian conflict.

Consolidated earnings: HUF 497 billion adjusted profit after tax, stabilizing NIM, stable credit quality, improving efficiency, with performing loan volumes organically increasing by 15% y-o-y (FX-adjusted)

The annual performance was clean of new acquisitions, however the y-o-y dynamics were affected by the sale of the Slovakian subsidiary at the end of 2020. The integration process of the second Serbian acquisition was completed in 2Q 2021, the anticipated cost synergies have been utilized.

In 2021 the total amount of adjustments comprised -HUF 40.5 billion within the accounting earnings of HUF 456.4 billion (after tax), by HUF 10 billion less than in 2020. Of that -HUF 2.2 billion was booked in 4Q.

The major items were as follows:

- -HUF 6.7 billion effect of acquisitions (after tax).
- +HUF 2.6 billion tax shield related to the recognition or reversal of impairment charges booked in relation to the revaluation of investments in certain subsidiaries (after tax);
- +HUF 2.2 billion related to the treasury share swap agreement between MOL and OTP, reflecting the share price changes and the updated model calculation for dividend pay-outs.
- a smaller, -HUF 255 million one-off effect was related to the extension of the Hungarian payment moratorium until 30 June 2022 (after tax).

In 2021 OTP Group posted HUF 588 billion the pre-tax profit (+67% y-o-y). The corporate tax burden was more than twice as big as in the base period mainly due to the higher pre-tax earnings. Besides, starting from 2021, in the adjusted P&L structure the Hungarian local business tax and innovation contribution (IPA) payable by Hungarian Group members was presented on the corporate taxes line against the previous practice of showing it as part of operational expenses[2]. That particular amount in 2020 comprised HUF16.5 billion (in the stock exchange report it was presented amongst operational expenses), while in 2021 it was HUF 19.2 billion (shown on the corporate tax line).

The Group posted HUF 496.9 billion consolidated adjusted profit in 2021 (+60% y-o-y), the adjusted ROE for the period reached 18.5% (+5.5 pps y-o-y).

The size of the bottom-line profit to a large extent was shaped by total risk costs, their volume of HUF 72.5 billion was around a third of that in the base period. The operating profit showed a decent picture: in 2021 the Group posted HUF 660.4 billion, 23% more than in 2020. Adjusted for FX, the sale of OBS and IPA reclassification the increase would be 19.5% y-o-y.

Total income advanced dynamically, by 13% y-o-y (without the effect of the sale of the Slovakian unit, FX-adjusted) with net interest income growing by the same magnitude, whereas the net fee & commission income grew somewhat slower (+12% y-o-y). Other net non-interest income surged by 17% y-o-y.

Despite the annual net interest margin eroded further (2021: 3.51%, y-o-y -11 bps), compared to 4Q 2020 levels (3.43%) the quarterly NIMs demonstrated either a stable or improving trend (1Q 2021: 3.47%, 2Q: 3.47%, 3Q: 3.46%, 4Q: 3.62%). The declining interest rate environment prevailing for years turned around in several markets, and in 2021 first the Ukrainian and Russian central banks, later the Hungarian, and most recently the Romanian hiked rates. However, the favourable impact of the higher interest rates for the interest income will be gradual and stretched out for several quarters given the time lag in repricing of variable rate assets. At the same time, there were several developments affecting the net interest margin negatively. On one hand FX changes had negative impact on annual NIM: during 2021 the HUF was 2.7% stronger y-o-y against the Ukrainian hryvna and by 3.8% against RUB, respectively. Also, NIM was negatively affected by the steady increase of deposit volumes through the dilution impact of higher total assets and the higher weight of low margin liquid assets. As for the whole Group, the annual NIM improved y-o-y at OTP Core, Ukraine and Russia, whereas other Group members suffered margin erosion at different scale.

In 2021 operating expenses nominally grew by 3% y-o-y. However, adjusted for IPA and the sale of the Slovakian subsidiary the FX-adjusted y-o-y increase would be 7.7%. The annual cost-to-income ratio was 49.7% (-4.4 pps), whereas the cost to total assets ratio stood at 2.59% (-31 bps y-o-y).

[2] The Hungarian local tax and innovation contribution was uniformly booked within the *Corporate tax line* in the accounting income statement and the consolidated IFRS report for 2020 and 2021, as well.

As for the overall performance of the Group, all operations but the Hungarian Fund Management and CKB (Montenegro) posted y-o-y improving adjusted profit after-tax. The profit contribution of non-Hungarian Group members leaped from 41% to 51% y-o-y.

In 4Q 2021 OTP Group posted HUF 123.3 billion adjusted profit after tax underpinning a 3% q-o-q decline. Regarding the individual performances the picture was quite mixed: due to the higher risk costs and seasonally higher operating expenses the quarterly profit declined in 4Q at OTP Core, DSK, OBH, OBU, CKB and SKB.

In 4Q the operating income reached HUF 177 billion, a marginal improvement q-o-q. Total income advanced by 9% q-o-q mainly due to the 11% q-o-q increase of net interest income supported by strong volumes and improving NIM. The consolidated NIM in 4Q increased by 17 bps q-o-q to 3.62%.

Net fee and commission income grew only moderately, by 2% q-o-q. Two operations suffered meaningful setback in 4Q: in case of the Croatian subsidiary is was reasoned by base effect, whereas at OTP Core the usual year-end refund to credit card holders booked in a lump-sum took its toll. At the same time success fees booked at OTP Fund Management partly offset the negative impact of the above two factors. Other net non-interest income increased by 13% q-o-q.

Operating expenses grew substantially q-o-q (+18%); within that personal expenses surges by 22% due to year-end bonus payments; administrative expenses also advanced significantly as a result of higher marketing and regulatory costs and the cost of hardware and office equipments; amortization grew marginally q-o-q.

The volume of total risk costs in 4Q grew by 17% q-o-q, within that credit risk costs surged by 45%. Following the extension of the payment moratorium in Hungary the Bank reclassified certain retail and corporate exposures into Stage 2 and Stage 3, which induced additional risk provisions. Simultaneously, the quarterly volume of credit risk costs was reduced by revaluation gains at OTP Factoring, also, the update of model parameters at a number of foreign subsidiaries resulted lower credit risk costs.

The profit contribution of foreign subsidiaries in 4Q declined by 2 pps q-o-q and comprised 51%: the Serbian, Russian and Romanian operations posted strong quarterly net earnings. It should be noted that in 4Q FX-changes also had a distorting effect: the HUF on average weakened by 3% q-o-q against most of the currencies, but by 7.3% versus UAH and by 7.0% versus RUB, respectively.

2021 performing loan volumes grew 15% y-o-y (FX-adjusted). The Hungarian payment moratorium had a 1 pp positive impact on the consolidated portfolio growth (the principal is not amortizing, and the accrued interest adds to the outstanding principal). As a result, in 2021 the performing loan portfolio expansion exceeded HUF 2,000 billion. Last year all Group members posted y-o-y volume increase. Out of the major Group members the fastest loan growth was posted at the Ukrainian (+41%), Hungarian (+19%), the Russian (+18%) and Bulgarian (+11%) operations, but the Romanian, Serbian, Croatian and Slovenian dynamics were also outstanding. It was positive that strong volumes were coupled with improving market shares in several countries and segments.

As for the major loan segments, during the last twelve months the consolidated FX-adjusted performing corporate exposures increased the fastest (+19%), followed by the expansion of the mortgage portfolio (+15%) and the consumer book (+14%) and leasing exposures (+11%). The MSE portfolio, however, shrank by 6% partly as a result of the phase-out of the Hungarian subsidized structures and also the reclassification between MLE and MSE segments during the course of the year.

In 4Q performing volumes grew by 4% q-o-q. Out of individual performances the Russian portfolio grew by 9%, the Ukrainian by 7%, the Bulgarian by 4% and the Hungarian by 3%, respectively. The quarterly dynamics of lending activity was shaped by the easing/release of pandemic restriction measures imposed earlier, but also by the variety of government sponsored economy-boosting programmes.

One of the side-effects of pandemic is the more cautious attitude in household spending and corporate investment activity, as a result the volume of overall savings increased. The FX-adjusted consolidated deposits grew by 16% y-o-y or HUF 2,916 billion, i.e. increased faster than loan volumes. The Hungarian, Ukrainian, Romanian and Croatian operations demonstrated double-digit deposit expansion. The consolidated net loan-to-deposit ratio decreased to 75% (-1 pp y-o-y).

At the end of December 2021, the gross operative liquidity reserves of the Group comprised EUR 9.1 billion equivalent (+EUR 0.8 billion q-o-q).

On 15 December 2021 OTP Bank received the MREL requirements from the National Bank of Hungary acting as resolution authority. Accordingly, the consolidated MREL requirement should be met by 1st January 2024, following a 2-year transitional period. The MREL requirement was determined at 17.66% of the Group’s total risk exposure amount (TREA or RWA). There were no international bond transactions in 2021; as for 2022 the Bank is planning to issue one or more benchmark size MREL-eligible issues.

The quality of the consolidated loan book remained stable in 2021, the major trends shaping the risk profile were overall favourable.

The 4Q Stage 3 ratio under IFRS 9 was 5.3% underpinning a 0.4 pp y-o-y improvement. The 0.1 pp q-o-q increase was attributable to the Hungarian payment moratorium extended in November: certain exposures remaining under the effect of the moratorium were shifted into the Stage 3 category. The own coverage of Stage 1, 2 and 3 exposures were 1.0%, 10.1% and 60.5%, respectively.

In Hungary the payment moratorium was extended again until 30 June 2022, true, the scope of available clients was narrowed and clients had to opt-in until 31 October 2021. By the end of 2021 the total household and corporate exposure remaining under the moratorium comprised HUF 245 billion at OTP Core and Merkantil Group, which was 4.1% of total gross loan portfolio of those two entities. As a result of the moratorium extension and thus shifting retail and corporate exposures into Stage 3, the Stage 3 ratio at OTP Core increased to 4.6% (+1.2 pps q-o-q).

The volume of credit risk costs in 4Q reached -HUF 21.1 billion, as a result for the whole year it comprised -HUF 46 billion versus -HUF 158.4 billion in the base period. The annual credit cost ratio was 0.30% (1Q: 0.28%, 2Q: 0.02%, 3Q: 0.38%, 4Q: 0.52%).

Ukraine

In the second half of February 2022 the military conflict between Russia and Ukraine escalated.

OTP Group's Ukrainian operation incorporates the Ukrainian bank, as well as the leasing and factoring companies. The country-consolidated Ukrainian total assets represented HUF 984 billion at the end of 2021 (3.6% of consolidated total assets), while net loans comprised HUF 614 billion (3.9% of consolidated net loans) and shareholders' equity HUF 160 billion (5.3% of consolidated total equity). At the end of 2021 the book value of the capital investment in the Ukrainian subsidiaries comprised HUF 105 billion; there was no goodwill at all, it was already written down entirely in 2014.

The gross intragroup funding towards the Ukrainian operation represented HUF 72 billion, and taking into account the Ukrainian deposits placed with the HQ, i.e. the net group funding represented HUF 29 billion equivalent. According to the 28 February 2022 figures, the gross funding amounted to HUF 75 billion equivalent and the net intragroup funding stood at HUF 9 billion equivalent.

The Ukrainian sub-consolidated RWA was HUF 1,115 billion by the end of 2021 (6.7% of the total consolidated RWA).

The consolidated capital effect of the Ukrainian operation, taking into account the equity, the intragroup funding and the Ukrainian risk weighted assets, is estimated at 27 bps on the consolidated CET1 ratio, according to year-end figures.

The Ukrainian operation posted HUF 39.0 billion adjusted profit in 2021 which represented 7.9% of OTP Group's adjusted annual profit.

Russia

The total assets of the Group's Russian operation represented HUF 800 billion at the end of 2021 (2.9% of consolidated total assets), while net loans comprised HUF 621 billion (3.9% of consolidated net loans) and shareholders' equity HUF 241 billion (7.9% of consolidated total equity). At the end of 2021 the book value of the capital investment in the Russian subsidiaries comprised HUF 74 billion.

The gross intragroup funding towards the Russian operation represented HUF 73 billion, and taking into account the Russian deposits placed with the HQ, i.e. the net group funding represented HUF 14 billion equivalent. On 28 February 2022 the gross intragroup funding reached HUF 52 billion equivalent, which equalled the net figure because there was no deposit placement by the Russian operation at other Group members.

The Russian sub-consolidated RWA was HUF 822 billion by the end of 2021 (4.9% of the total consolidated RWA).

The consolidated capital effect of the Russian operation, taking into account the equity, the intragroup funding and the Russian risk weighted assets, is estimated at 116 bps on the consolidated CET1 ratio, according to year-end figures.

The Russian operation posted HUF 37.6 billion adjusted profit in 2021 which represented 7.9% of OTP Group's adjusted annual profit.

Consolidated capital adequacy ratio (in accordance with BASEL III)

At the end of 4Q 2021, the consolidated CET1 under the accounting scope of consolidation according to IFRS was 16.9% (+1.4 pps q-o-q and 1.5 pps y-o-y). This ratio equals to the Tier 1 ratio and includes the net earnings for the period and the 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. At the end of 2021 the countercyclical capital buffer requirement was 0% in Hungary, and the central bank stated that it does not plan to raise it in the short term. However, in Bulgaria the local central bank prescribed a 0.5% buffer for the local subsidiary, thus, the institution-specific countercyclical buffer requirement for OTP Group was 0.1%. As a result, the effective regulatory minimum requirement for the Tier 1 capital adequacy ratio for OTP Group was 9.6% for end-2021 (which also incorporated the effective SREP rate of 117.25%), whereas the minimum CET1 requirement was 7.9%. According to the decision of NBH, effective from March 2022 the SREP rate increased to 125%.

At the end of 4Q the regulatory capital under the accounting scope of consolidation was boosted by the annual accounting profit (HUF 341 billion) reduced by the dividend, as well as by the positive impact of the ordinary share sale to Special Employee Partial Ownership Plan Organization (+HUF 198 billion). The accrued dividend amount of HUF 119 billion after 2019 and 2020 financial years reduced the retained earnings.

Credit rating, shareholder structure

In 4Q 2021 there was no change in S&P Global Ratings, accordingly, OTP Bank Plc.'s long-term issuer rating is 'BBB' with stable outlook. There was no change at Moody's Investors Service either, as a result the long-term FX deposit rating of OTP Bank Plc. is 'Baa1' and the dated subordinated FX debt rating is 'Ba1'. OTP Bank's Counterparty Risk Assessment (CRA) is 'Baa1', OTP Mortgage Bank Ltd.'s CRA is equally 'Baa1', and its mortgage bond rating is 'A1'. On 15 November 2021 Scope Ratings assigned 'BBB+' issuer rating for OTP Bank Plc., the subordinated debt rating is 'BB+'; both ratings have stable outlook.

Fitch's 'BB+' rating on OTP Bank Russia has not changed, the outlook is stable.

Regarding the ownership structure of the Bank, on 31 December 2021 the following investors had more than 5% influence (voting rights) in the Company: MOL (the Hungarian Oil and Gas Company, 8.67%), the Kafijat Group (7.10%) and Groupama Group (5.17%). On 29 October 2021 OPUS Securities S.A.'s previous holding and influence (voting rights) in the Company dropped to nil.

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 29 October 2021.

In the below section we display those measures and developments which have been made since 29 October 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 17 February 2022.

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 5 November 2021 OTP Bank announced that it was the first Hungarian bank to sign the *UN Principles for Responsible Banking*.
- According to the rating action report published on 15 November 2021 by Scope Ratings GmbH, an issuer rating of 'BBB+', preferred senior unsecured debt rating of 'BBB+', non-preferred senior unsecured debt rating of 'BBB' and Tier2 debt rating of 'BB+' was assigned to OTP Bank Plc. The Outlook for all ratings is stable.
- On 15 November 2021 a three-party agreement was reached between the government, employers and trade unions about the increase of the minimum wage by 19.5% to HUF 200,000 and the hiking of the minimum wage for skilled workers to HUF 260,000, effective from 2022.
- On 16 November 2021 the Monetary Council of the NBH hiked the base rate by 30 bps to 2.1%. Furthermore, in order to reduce liquidity in the banking system, the NBH decided to cease to use the FX swap facility providing forint liquidity, and to introduce a new, limited, occasional and short-term central bank discount bill that supports the effective sterilisation of liquidity in the financial system.

  The Deputy Governor of NBH stressed after the Monetary Council meeting that the NBH is ready to set the rate of the 1-week central bank deposit above the level of the base rate already from 18 November. Accordingly, on 18 November the NBH raised the rate of the 1-week deposit facility to 2.5% (40 bps higher than the base rate), and the central bank accepted all offers at the tender. Consequently, the 1-week deposit has become the effective rate for the banking sector determining the marginal asset yields.
- On its weekly one-week deposit tender on 25 November 2021 the NBH offered an interest rate of 2.9%, 40 bps higher than at the previous auction one week before.
- On 30 November 2021 the NBH's Monetary Council widened the interest rate corridor and also decided to make it asymmetric. Accordingly, the lower bound of the corridor was raised by 45 bps and the upper one by 105 bps.
- The NBH announced on 1 December 2021 that based on its usual annual review, 7 Hungarian banks were classified as systemically important. The O-SII capital buffers (which were lifted temporarily in 2020 in the wake of the pandemic) must be replenished by the affected bank from 2022, gradually over 3 years. In the case of OTP Bank the O-SII buffer rate prescribed for 2022 was set at 0.5%, and the envisaged level for 2023 and 2024 remained at 1.0% and 2.0%, respectively.
- On 2 December 2021 the NBH hiked the rate of the 1-week central bank deposit by 20 bps to 3.1%.
- On 6 December 2021 OTP Bank Plc. announced that it signed an acquisition agreement with Alpha International Holdings Single Member S.A. on purchasing 100% shareholding of Alpha Bank SH.A., the Albanian subsidiary of the Greek Alpha Bank S.A. The purchase price was agreed at EUR 55 million.
- On 9 December 2021 the NBH hiked the rate of the 1-week central bank deposit by 20 bps to 3.3%.

- On 14 December 2021 the NBH's Monetary Council raised the base rate by 30 bps to 2.4% and made a decision to phase out both the Bond Funding for Growth programme and the government bond purchase programme.
- On 15 December 2021 OTP Bank announced that the National Bank of Hungary, acting as resolution authority, informed the Bank about the consolidated minimum requirement for own funds and eligible liabilities (MREL requirement) of OTP Group determined according to the provisions of BRRD2. The consolidated MREL requirement shall be met by 1 January 2024, following a 2-year transitional period. The MREL requirement is determined at 17.66% of the Group's total risk exposure amount (TREA or RWA) and 5.89% of the Group's total exposure measure (TEM). Pursuant to CRD V OTP Group has to meet the combined buffer requirement in addition to the MREL TREA requirement on 1 January 2024 as institutions shall not use CET1 capital that is maintained to meet the combined buffer requirement, to meet the risk-based component of the MREL requirement. The MREL requirement will be reviewed at least once a year in the future.

  In line with the BRRD2 regulation the NBH determined a mandatory intermediate target for the consolidated MREL requirement that OTP Group has to comply with by 1 January 2022. The intermediate target level for the MREL requirement is determined at 14.45% of the Group's total risk exposure amount (TREA or RWA) and 5.89% of the Group's total exposure measure (TEM). Pursuant to CRD V the Group has to meet the combined buffer requirement in addition to the MREL TREA requirement on 1 January 2022 as institutions shall not use CET1 capital that is maintained to meet the combined buffer requirement, to meet the risk-based component of the MREL requirement.

  The NBH also decided that subordination requirements of BRRD2 will also be applicable to OTP Group. The first date of application of subordination requirements will be 16 December 2024.
- On 16 December 2021 the NBH hiked the rate of the 1-week central bank deposit by 30 bps to 3.6%.
- On 17 December 2021 Finance Minister Mr. Mihály Varga announced that the 2022 budget deficit target was reduced from 5.9% to 4.94%. He added that the economy might expand by around 5% in 2022.
- Mr. Viktor Orbán Prime Minister announced on 22 December 2021 that the government will introduce an interest rate cap for certain retail mortgage loans (for example whose pricing is linked to a reference rate, but the legislation does not apply to those with longer fixation periods) for the period between 1 January and 30 June 2022. Accordingly, the affected mortgages' reference rate cannot be higher than the relevant reference rate as at 27 October 2021. Furthermore, banks had to inform their borrowers about the interest rate risk and offer amendments to the contract until 31 January 2022. Details were laid down by Government Decree 782/2021 (XII. 24.) and Decree 1/2022 (I. 3.) by the Prime Minister's Office.
- The central bank revealed on 22 December 2021 that the counter-cyclical capital buffer will remain 0% after 1 January 2022 and added that the monitored indicators pointed to the direction of increasing level of cyclical risks that altogether have not yet warranted the prescription of a counter-cyclical capital buffer.
- On 23 December 2021 the NBH hiked the rate of the 1-week central bank deposit by 20 bps to 3.8%.
- In its release published on 27 December 2021 the NBH said that from 1 January 2022 Hungarian credit institutions can pay dividends and buy back shares with shareholder remuneration purposes again. The NBH did not extend these restrictions (in line with the similar step taken by the ECB at the end of September) because the risks arising from the payment moratorium have moderated significantly and banks' provision coverage levels are adequate.
- On 30 December 2021 the NBH hiked the rate of the 1-week central bank deposit by 20 bps to 4.0%.
- Against the initially planned 2 pps social security contribution cut effective from July 2022, the government reduced employers' taxes by 4 pps already from 1 January 2022 (the 1.5% vocational training contribution was abolished and the social contribution taxes were cut by 2.5 pps).
- On 25 January 2022 the NBH hiked the base rate by 50 bps to 2.9%.
- On 27 January 2022 the NBH hiked the rate of the 1-week central bank deposit by 30 bps to 4.3%.
- On 15 February 2022 the CSO revealed the final GDP growth figures: accordingly, in 4Q 2021 the quarterly expansion of 2.1% was stronger than expected, lifting the annual growth rate to 7.1% in 2021 as a whole

(seasonally and working day adjusted). Mr. Mihály Varga (Minister of Finance) announced that the government expects 5.9% growth for 2022.

Slovenia

- On 2 February 2022, the Slovenian Parliament passed a law requiring banks to compensate customers for losses arising from FX rate depreciation of more than 10% in the case of CHF mortgages disbursed between 2004 and 2010. The law came into force 15 days after its Parliamentary approval, and under the law banks have 60 days to notify their customers about the reimbursement and the recalculated new instalments. SKB Banka intends to file a constitutional objection against the law, and plans to submit the appeal to the local Constitutional Court after the law's entry into force. A provision is expected to be made in March 2022 for the potential negative impact.

Russia

- On 11 February 2022 CBR hiked the base rate by 100 bps to 9.5%

Ukraine

- On 20 January 2022 the National Bank of Ukraine raised its key interest rate by 1 pp to 10%.

Romania

- The National Bank of Romania raised the key interest rate by 25 bps on 10 January 2022, and by further 50 bps on 10 February 2022 to 2.5%.

Moldova

- On 13 January 2022, the National Bank of Moldova raised the key interest rate by 2 pps to 8.5%.
- On 15 February 2022, the National Bank of Moldova raised the key interest rate by 2 pps to 10.5%.

CONSOLIDATED AFTER TAX PROFIT BREAKDOWN BY SUBSIDIARIES (IFRS)[3]

in HUF million	2020	2021	Y-o-Y	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
Consolidated after tax profit	**259,636**	**456,428**	**76%**	**71,465**	**120,173**	**121,106**	**1%**	**69%**
Adjustments (total)	**-50,631**	**-40,474**	**-20%**	**-7,097**	**-7,119**	**-2,217**	**-69%**	**-69%**
Consolidated adjusted after tax profit without the effect of adjustments	**310,268**	**496,901**	**60%**	**78,562**	**127,293**	**123,323**	**-3%**	**57%**
Banks total[1]	285,103	468,962	64%	67,666	127,814	109,401	-14%	62%
OTP Core (Hungary)[2]	159,303	213,377	34%	51,386	59,730	45,879	-23%	-11%
DSK Group (Bulgaria)[3]	40,957	76,790	87%	6,683	24,072	10,742	-55%	61%
OBH (Croatia)[4]	14,830	33,448	126%	-81	10,897	8,254	-24%	
OTP Bank Serbia[5]	7,298	32,104	340%	-3,076	5,929	11,416	93%	-471%
SKB Banka (Slovenia)	9,665	16,822	74%	2,028	4,957	4,368	-12%	115%
OTP Bank Romania[6]	1,558	4,253	173%	-1,217	-783	3,260	-516%	-368%
OTP Bank Ukraine[7]	26,104	39,024	49%	4,471	11,105	10,193	-8%	128%
OTP Bank Russia[8]	16,317	37,624	131%	4,391	6,780	13,434	98%	206%
CKB Group (Montenegro)[9]	4,307	4,140	-4%	1,835	2,259	-1,235	-155%	-167%
OTP Bank Albania	1,959	5,522	182%	49	1,540	1,613	5%	
OTP Bank Moldova	3,973	5,858	47%	1,150	1,327	1,478	11%	29%
OBS (Slovakia)[10]	-1,169	-		48	-	-		
Leasing	7,661	7,998	4%	2,037	1,771	1,476	-17%	-28%
Merkantil Group (Hungary)[11]	7,661	7,998	4%	2,037	1,771	1,476	-17%	-28%
Asset Management	9,824	6,321	-36%	7,380	1,049	3,318	216%	-55%
OTP Asset Management (Hungary)	9,747	6,116	-37%	7,364	1,000	3,253	225%	-56%
Foreign Asset Management Companies (Ukraine, Romania, Bulgaria)[12]	77	205	166%	17	49	66	33%	289%
Other Hungarian Subsidiaries	8,241	10,205	24%	2,702	-2,789	4,099	-247%	52%
Other Foreign Subsidiaries[13]	108	50	-54%	-37	-62	-251	307%	569%
Corporate Centre[14]	-569	2,887	-608%	-609	-11	3,589		-689%
Eliminations	-101	479	-574%	-577	-480	1,690	-452%	-393%
Total adjusted after tax profit of HUNGARIAN subsidiaries[15]	184,282	241,062	31%	62,303	59,222	59,986	1%	-4%
Total adjusted after tax profit of FOREIGN subsidiaries[16]	125,986	255,839	103%	16,259	68,071	63,338	-7%	290%
Share of foreign profit contribution	41%	51%	11%p	21%	53%	51%	-2%p	31%p

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

CONSOLIDATED, UNAUDITED IFRS REPORTS OF OTP BANK PLC.

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME

Main components of the adjusted Statement of recognized income in HUF million	2020	2021	Y-o-Y	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
Consolidated after tax profit	**259,636**	**456,428**	**76%**	**71,465**	**120,173**	**121,106**	**1%**	**69%**
Adjustments (total)	**-50,631**	**-40,474**	**-20%**	**-7,097**	**-7,119**	**-2,217**	**-69%**	**-69%**
Dividends and net cash transfers (after tax)	213	729	243%	-252	299	-84	-128%	-67%
Goodwill/investment impairment charges (after tax)	886	1,909	116%	0	0	2,628		
Special tax on financial institutions (after corporate income tax)	-17,365	-18,893	9%	-17	-5	-11	115%	-34%
Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia (after corporate income tax)	-28,262	-15,040	-47%	-10,830	-9,197	-255	-97%	-98%
Effect of acquisitions (after tax)	-6,852	-15,506	126%	4,002	-4,619	-6,697	45%	-267%
Result of the treasury share swap agreement (after tax)		6,326			6,403	2,203	-66%	
Consolidated adjusted after tax profit without the effect of adjustments	**310,268**	**496,902**	**60%**	**78,562**	**127,293**	**123,323**	**-3%**	**57%**
Before tax profit	**351,802**	**587,853**	**67%**	**88,575**	**151,023**	**147,580**	**-2%**	**67%**
Operating profit	**537,437**	**660,391**	**23%**	**139,917**	**176,010**	**176,885**	**0%**	**26%**
Total income	**1,169,920**	**1,313,124**	**12%**	**307,451**	**333,097**	**362,421**	**9%**	**18%**
Net interest income	**788,079**	**884,012**	**12%**	**197,578**	**222,685**	**247,528**	**11%**	**25%**
Net fees and commissions	**293,112**	**325,548**	**11%**	**83,052**	**86,016**	**87,313**	**2%**	**5%**
Other net non-interest income	**88,729**	**103,563**	**17%**	**26,820**	**24,396**	**27,580**	**13%**	**3%**
Foreign exchange result, net	44,927	44,251	-2%	11,956	17,631	8,452	-52%	-29%
Gain/loss on securities, net	14,193	9,726	-31%	3,822	1,460	-1,419	-197%	-137%
Net other non-interest result	29,610	49,586	67%	11,042	5,304	20,547	287%	86%
Operating expenses	**-632,483**	**-652,733**	**3%**	**-167,533**	**-157,087**	**-185,536**	**18%**	**11%**
Personnel expenses	-312,495	-340,201	9%	-79,832	-81,213	-99,307	22%	24%
Depreciation	-70,286	-72,816	4%	-19,444	-18,258	-18,865	3%	-3%
Other expenses	-249,702	-239,716	-4%	-68,258	-57,615	-67,364	17%	-1%
Total risk costs	**-187,995**	**-72,538**	**-61%**	**-52,144**	**-24,988**	**-29,305**	**17%**	**-44%**
Provision for impairment on loan and placement losses	-158,421	-46,006	-71%	-42,235	-14,560	-21,101	45%	-50%
Other provision	-29,574	-26,532	-10%	-9,908	-10,427	-8,204	-21%	-17%
Total one-off items	**2,360**	**-**		**801**	**-**	**-**		
Result of the treasury share swap agreement at OTP Core	2,360	-		801	-	-		
Corporate taxes	**-41,534**	**-90,951**	**119%**	**-10,013**	**-23,730**	**-24,257**	**2%**	**142%**
INDICATORS	2020	2021	Y-o-Y	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
ROE (from accounting net earnings)	10.9%	17.0%	6.1%p	11.3%	17.3%	17.2%	-0.1%p	5.9%p
ROE (from adjusted net earnings)	13.0%	18.5%	5.5%p	12.5%	18.3%	17.6%	-0.8%p	5.1%p
ROA (from adjusted net earnings)	1.4%	2.0%	0.5%p	1.4%	2.0%	1.8%	-0.2%p	0.4%p
Operating profit margin	2.47%	2.62%	0.16%p	2.43%	2.73%	2.59%	-0.14%p	0.16%p
Total income margin	5.37%	5.21%	-0.15%p	5.33%	5.17%	5.30%	0.13%p	-0.03%p
Net interest margin	3.61%	3.51%	-0.11%p	3.43%	3.46%	3.62%	0.17%p	0.20%p
Net fee and commission margin	1.34%	1.29%	-0.05%p	1.44%	1.34%	1.28%	-0.06%p	-0.16%p
Net other non-interest income margin	0.41%	0.41%	0.00%p	0.46%	0.38%	0.40%	0.02%p	-0.06%p
Cost-to-asset ratio	2.90%	2.59%	-0.31%p	2.90%	2.44%	2.72%	0.28%p	-0.19%p
Cost/income ratio	54.1%	49.7%	-4.4%p	54.5%	47.2%	51.2%	4.0%p	-3.3%p
Provision for impairment on loan and placement losses-to-average gross loans	1.15%	0.30%	-0.84%p	1.17%	0.38%	0.52%	0.14%p	-0.65%p
Total risk cost-to-asset ratio	0.86%	0.29%	-0.57%p	0.90%	0.39%	0.43%	0.04%p	-0.48%p
Effective tax rate	11.8%	15.5%	3.7%p	11.3%	15.7%	16.4%	0.7%p	5.1%p
Non-interest income/total income	33%	33%	0%p	36%	33%	32%	-1%p	-4%p
EPS base (HUF) (from unadjusted net earnings)	1,004	1,739	73%	279	468	469	0%	68%
EPS diluted (HUF) (from unadjusted net earnings)	1,003	1,738	73%	279	468	469	0%	68%
EPS base (HUF) (from adjusted net earnings)	1,200	1,896	58%	307	496	479	-3%	56%
EPS diluted (HUF) (from adjusted net earnings)	1,200	1,896	58%	307	496	479	-3%	56%

Comprehensive Income Statement	2020	2021	Y-o-Y	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
Consolidated after tax profit	259,636	456,428	76%	71,465	120,173	121,107	1%	69%
Fair value changes of financial instruments measured at fair value through other comprehensive income	-4,764	-44,877	842%	16,283	-7,133	-31,909	347%	-296%
Fair value adjustment of derivative financial instruments designated as cash-flow hedge	-2	0	-100%	0	0	0		
Net investment hedge in foreign operations	-8,591	0	-100%	985	0	0		-100%
Foreign currency translation difference	68,593	61,729	-10%	-24,269	68,364	47,994	-30%	-298%
Change of actuarial costs (IAS 19)	144	42	-71%	144	0	-57		-140%
Net comprehensive income	**315,016**	**473,322**	**50%**	**64,608**	**181,404**	**137,135**	**-24%**	**112%**
o/w Net comprehensive income attributable to equity holders	315,239	472,281	50%	64,625	181,048	136,742	-24%	112%
Net comprehensive income attributable to non-controlling interest	-223	1,041	-567%	-17	356	393	10%	
Average exchange rate[1] of the HUF (in HUF)	2020	2021	Y-o-Y	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
HUF/EUR	351	359	2%	361	354	364	3%	1%
HUF/CHF	328	332	1%	335	327	346	6%	3%
HUF/USD	308	303	-2%	303	300	319	6%	5%

[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	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
TOTAL ASSETS	**23,335,841**	**26,180,508**	**27,553,384**	**5%**	**18%**
Cash, amounts due from Banks and balances with the National Banks	2,432,314	2,241,691	2,556,035	14%	5%
Placements with other banks, net of allowance for placement losses	1,148,987	1,896,258	1,584,860	-16%	38%
Financial assets at fair value through profit or loss	235,194	305,830	341,397	12%	45%
Securities at fair value through other comprehensive income	2,140,118	2,196,056	2,224,510	1%	4%
Net customer loans	13,528,586	14,868,037	15,743,922	6%	16%
Net customer loans (FX adjusted[1])	**13,730,752**	**15,107,502**	**15,743,922**	**4%**	**15%**
Gross customer loans	14,363,281	15,742,171	16,634,454	6%	16%
Gross customer loans (FX adjusted[1])	**14,575,916**	**15,997,693**	**16,634,454**	**4%**	**14%**
Gross performing (Stage 1+2) customer loans (FX-adjusted[1])	**13,736,409**	**15,170,120**	**15,756,503**	**4%**	**15%**
o/w Retail loans	7,619,159	8,366,312	8,560,531	2%	12%
Retail mortgage loans (incl. home equity)	3,585,272	4,006,038	4,123,484	3%	15%
Retail consumer loans	3,290,818	3,651,501	3,739,128	2%	14%
SME loans	743,068	708,773	697,919	-2%	-6%
Corporate loans	5,065,053	5,639,770	6,025,106	7%	19%
Leasing	1,052,197	1,164,037	1,170,866	1%	11%
Allowances for loan losses	-834,695	-874,134	-890,532	2%	7%
Allowances for loan losses (FX adjusted[1])	-845,164	-890,190	-890,532	0%	5%
Associates and other investments	52,444	48,361	67,223	39%	28%
Securities at amortized costs	2,625,952	3,466,531	3,891,335	12%	48%
Tangible and intangible assets, net	589,878	664,204	689,290	4%	17%
o/w Goodwill, net	101,393	104,056	105,640	2%	4%
Tangible and other intangible assets, net	488,485	560,148	583,650	4%	19%
Other assets	582,368	493,538	454,811	-8%	-22%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**23,335,841**	**26,180,508**	**27,553,384**	**5%**	**18%**
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	1,219,446	1,667,300	1,608,533	-4%	32%
Deposits from customers	17,890,863	19,677,002	21,068,644	7%	18%
Deposits from customers (FX adjusted[1])	**18,152,563**	**19,986,335**	**21,068,644**	**5%**	**16%**
o/w Retail deposits	12,992,703	13,655,533	14,297,453	5%	10%
Household deposits	10,774,361	11,420,098	11,897,580	4%	10%
SME deposits	2,218,342	2,235,435	2,399,873	7%	8%
Corporate deposits	5,151,386	6,323,291	6,762,795	7%	31%
Accrued interest payable related to customer deposits	8,474	7,511	8,396	12%	-1%
Liabilities from issued securities	464,214	498,312	436,325	-12%	-6%
o/w Retail bonds	1,326	0	0		-100%
Liabilities from issued securities without retail bonds	462,888	498,312	436,325	-12%	-6%
Other liabilities	949,502	1,366,754	1,124,782	-18%	18%
Subordinated bonds and loans[2]	274,704	270,448	278,334	3%	1%
Total shareholders' equity	**2,537,112**	**2,700,692**	**3,036,766**	**12%**	**20%**
Indicators	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
Loan/deposit ratio (FX adjusted[1])	80%	80%	79%	-1%p	-1%p
Net loan/(deposit + retail bond) ratio (FX adjusted[1])	76%	76%	75%	-1%p	-1%p
Stage 1 loan volume under IFRS 9	11,544,791	12,898,377	13,561,883	5%	17%
Stage 1 loans under IFRS9/gross customer loans	80.4%	81.9%	81.5%	-0.4%p	1.2%p
Own coverage of Stage 1 loans under IFRS 9	1.0%	1.1%	1.0%	0.0%p	0.0%p
Stage 2 loan volume under IFRS 9	1,998,867	2,031,644	2,194,620	8%	10%
Stage 2 loans under IFRS9/gross customer loans	13.9%	12.9%	13.2%	0.3%p	-0.7%p
Own coverage of Stage 2 loans under IFRS 9	10.4%	10.4%	10.0%	-0.4%p	-0.4%p
Stage 3 loan volume under IFRS 9	819,622	812,149	877,951	8%	7%
Stage 3 loans under IFRS9/gross customer loans	5.7%	5.2%	5.3%	0.1%p	-0.4%p
Own coverage of Stage 3 loans under IFRS 9	62.3%	64.4%	60.5%	-3.9%p	-1.8%p
90+ days past due loan volume	543,733	543,700	535,445	-2%	-2%
90+ days past due loans/gross customer loans	3.8%	3.5%	3.2%	-0.2%p	-0.6%p

Consolidated capital adequacy - Basel3	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
Capital adequacy ratio (consolidated, IFRS)	17.7%	17.0%	18.4%	1.5%p	0.7%p
Tier 1 ratio	15.4%	15.4%	16.9%	1.4%p	1.5%p
Common Equity Tier 1 ('CET1') capital ratio	15.4%	15.4%	16.9%	1.4%p	1.5%p
Regulatory capital (consolidated)	2,669,806	2,767,985	3,077,765	11%	15%
o/w Tier 1 Capital	2,316,118	2,510,558	2,812,882	12%	21%
o/w Common Equity Tier 1 capital	2,316,118	2,510,558	2,812,882	12%	21%
Tier2 Capital	353,688	257,428	264,883	3%	-25%
o/w Hybrid Tier2	89,935	0	0		-100%
Consolidated risk weighted assets (RWA) (Credit&Market&Operational risk)	15,046,888	16,295,902	16,691,315	2%	11%
o/w RWA (Credit risk)	13,389,536	14,540,450	14,992,797	3%	12%
RWA (Market & Operational risk)	1,657,352	1,755,452	1,698,518	-3%	2%
Closing exchange rate of the HUF (in HUF)	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
HUF/EUR	365	361	369	2%	1%
HUF/CHF	337	332	357	7%	6%
HUF/USD	297	311	326	5%	10%

[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 were considered as Tier2 debt, but accounting-wise they were treated as part of the shareholders' equity until 2Q 2021, but in 3Q 2021 the ICES bonds are no longer part of the shareholders' equity. In the wake of the redemption of the ICES bonds announced on 14 September 2021, at the end of 3Q the HUF equivalent of ICES bonds (using the FX rate of 14 September) was recognized within the Other liabilities (HUF 179.8 billion) both on OTP Bank standalone and consolidated level, and within the consolidated shareholders' equity the other reserves declined by HUF 89.9 billion and the retained earnings by HUF 89.9 billion. The ICES bonds were redeemed on 29 October 2021.

OTP BANK'S HUNGARIAN CORE BUSINESS

OTP Core Statement of recognized income:

Main components of the Statement of recognised income in HUF million	2020	2021	Y-o-Y	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	159,303	213,377	34%	51,386	59,730	45,879	-23%	-11%
Corporate income tax	-16,558	-40,594	145%	-5,060	-10,353	-9,343	-10%	85%
Pre-tax profit	175,860	253,972	44%	56,446	70,084	55,222	-21%	-2%
Operating profit	181,178	257,182	42%	46,037	72,912	63,215	-13%	37%
Total income	453,634	546,215	20%	121,320	142,989	148,811	4%	23%
Net interest income	286,448	369,309	29%	75,031	93,082	107,658	16%	43%
Net fees and commissions	130,470	150,578	15%	35,629	41,094	38,240	-7%	7%
Other net non-interest income	36,717	26,328	-28%	10,661	8,813	2,912	-67%	-73%
Operating expenses	-272,457	-289,034	6%	-75,283	-70,077	-85,596	22%	14%
Total risk costs	-7,677	-3,210	-58%	9,607	-2,828	-7,993	183%	-183%
Provision for impairment on loan and placement losses	2,374	-1,116	-147%	11,645	-2,198	-7,767	253%	-167%
Other provisions	-10,052	-2,094	-79%	-2,037	-631	-226	-64%	-89%
Total one-off items	2,360	-		801	-	-		
Revaluation result of the treasury share swap agreement	2,360	-		801	-	-		
Indicators	2020	2021	Y-o-Y	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
ROE	9.3%	11.6%	2.3%p	11.7%	12.5%	10.1%	-2.4%p	-1.7%p
ROA	1.5%	1.6%	0.1%p	1.8%	1.8%	1.3%	-0.5%p	-0.6%p
Operating profit margin	1.7%	2.0%	0.3%p	1.7%	2.2%	1.8%	-0.4%p	0.1%p
Total income margin	4.34%	4.22%	-0.12%p	4.36%	4.26%	4.17%	-0.09%p	-0.19%p
Net interest margin	2.74%	2.85%	0.11%p	2.69%	2.77%	3.02%	0.24%p	0.32%p
Net fee and commission margin	1.25%	1.16%	-0.08%p	1.28%	1.23%	1.07%	-0.15%p	-0.21%p
Net other non-interest income margin	0.35%	0.20%	-0.15%p	0.38%	0.26%	0.08%	-0.18%p	-0.30%p
Operating costs to total assets ratio	2.6%	2.2%	-0.4%p	2.7%	2.1%	2.4%	0.3%p	-0.3%p
Cost/income ratio	60.1%	52.9%	-7.1%p	62.1%	49.0%	57.5%	8.5%p	-4.5%p
Provision for impairment on loan and placement losses/average gross loans[1]	-0.06%	0.02%	0.08%p	-1.01%	0.17%	0.57%	0.40%p	1.58%p
Effective tax rate	9.4%	16.0%	6.6%p	9.0%	14.8%	16.9%	2.1%p	8.0%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	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
Total Assets	11,492,949	13,462,791	14,207,399	6%	24%
Net customer loans	4,415,778	5,061,229	5,310,327	5%	20%
Net customer loans (FX adjusted)	**4,425,421**	**5,079,532**	**5,310,327**	**5%**	**20%**
Gross customer loans	4,631,974	5,284,666	5,549,248	5%	20%
Gross customer loans (FX adjusted)	**4,642,248**	**5,304,233**	**5,549,248**	**5%**	**20%**
Stage 1+2 customer loans (FX-adjusted)	4,449,398	5,125,522	5,293,960	3%	19%
Retail loans	2,797,121	3,307,479	3,320,579	0%	19%
Retail mortgage loans (incl. home equity)	1,437,243	1,595,515	1,613,416	1%	12%
Retail consumer loans	995,361	1,240,207	1,246,723	1%	25%
SME loans	364,517	471,756	460,440	-2%	26%
Corporate loans	1,652,277	1,818,043	1,973,381	9%	19%
Provisions	-216,196	-223,437	-238,921	7%	11%
Provisions (FX adjusted)	**-216,828**	**-224,701**	**-238,921**	**6%**	**10%**
Deposits from customers + retail bonds	8,083,488	9,276,637	10,124,795	9%	25%
Deposits from customers + retail bonds (FX adjusted)	**8,122,814**	**9,326,169**	**10,124,795**	**9%**	**25%**
Retail deposits + retail bonds	5,394,876	5,839,598	6,261,808	7%	16%
Household deposits + retail bonds	4,254,102	4,567,732	4,870,560	7%	14%
o/w: Retail bonds	1,326	0	0		-100%
SME deposits	1,140,774	1,271,866	1,391,247	9%	22%
Corporate deposits	2,727,938	3,486,571	3,862,988	11%	42%
Deposits to medium and large corporates	1,975,050	2,628,120	3,033,447	15%	54%
Municipal deposits	752,888	858,451	829,541	-3%	10%
Liabilities to credit institutions	858,230	1,287,653	1,117,086	-13%	30%
Issued securities without retail bonds	513,860	582,692	531,471	-9%	3%
Total shareholders' equity	1,766,639	1,768,700	2,011,932	14%	14%
Loan Quality	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	3,606,490	4,159,188	4,327,232	4%	20%
Stage 1 loans under IFRS 9/gross customer loans	77.9%	78.7%	78.0%	-0.7%p	0.1%p
Own coverage of Stage 1 loans under IFRS 9	0.8%	1.0%	1.0%	0.1%p	0.3%p
Stage 2 loan volume under IFRS 9 (in HUF million)	833,163	947,335	966,727	2%	16%
Stage 2 loans under IFRS 9/gross customer loans	18.0%	17.9%	17.4%	-0.5%p	-0.6%p
Own coverage of Stage 2 loans under IFRS 9	10.1%	9.3%	8.9%	-0.4%p	-1.2%p
Stage 3 loan volume under IFRS 9 (in HUF million)	192,321	178,142	255,288	43.3%	32.7%
Stage 3 loans under IFRS 9/gross customer loans	4.2%	3.4%	4.6%	1.2%p	0.4%p
Own coverage of Stage 3 loans under IFRS 9	54.5%	54.0%	42.7%	-11.3%p	-11.8%p
90+ days past due loan volume (in HUF million)	144,816	128,323	136,003	6%	-6%
90+ days past due loans/gross customer loans	3.1%	2.4%	2.5%	0.0%p	-0.7%p
Market Share	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
Loans	22.9%	24.3%	24.4%	0.1%p	1.5%p
Deposits	25.3%	26.0%	28.2%	2.3%p	2.9%p
Total Assets	25.8%	27.6%	26.9%	-0.7%p	1.1%p
Performance Indicators	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
Net loans to (deposits + retail bonds) (FX adjusted)	54%	54%	52%	-2%p	-2%p
Leverage (closing Shareholder's Equity/Total Assets)	15.4%	13.1%	14.1%	1.0%p	-1.2%p
Leverage (closing Total Assets/Shareholder's Equity)	6.5x	7.6x	7.1x	-0.5x	0.6x
Capital adequacy ratio (OTP Bank, non-consolidated, Basel3, IFRS)	26.7%	22.1%	23.6%	1.5%p	-3.1%p
Common Equity Tier1 ratio (OTP Bank, non-consolidated, Basel3, IFRS)	22.5%	18.8%	20.3%	1.5%p	-2.2%p

In June 2021, OTP Home Solutions was added to the range of companies that make up OTP Core; its balance sheet total was HUF 1.6 billion at the end of 2021.

P&L developments

In 2021 **OTP Core**'s adjusted after-tax profit amounted to HUF 213.4 billion, 34% more than a year earlier. The fourth-quarter adjusted after-tax profit of HUF 45.9 billion was consistent with 23% q-o-q and 11% y-o-y decline.

Starting from 2021, the local business tax and the innovation contribution paid by Hungarian Group members are presented on the corporate income tax line, rather than under operating expenses, in the adjusted P&L structure. At OTP Core, the local business tax and the innovation contribution amounted to HUF 15.2 billion in 2020 (presented under operating expenses), and to HUF 17.4 billion in 2021 (shown on the corporate income tax line), including HUF 4.2 bn in the fourth quarter. This item caused much of the increase in the annual effective corporate income tax rate. The above item explained 3.2 pps from the 7.1 pps improvement in the annual cost/income ratio, which would have decreased nearly 4 pps even without this technical effect, as income growth outpaced that of operating expenses.

The full-year operating profit jumped by 42%. Even without the above reclassification affecting operating expenses, operating profit would have improved by 34%.

Net interest income grew at an accelerating pace, by 29% y-o-y in 2021, and by 43% y-o-y in the fourth quarter. This could be largely ascribed to the continued dynamic growth in business volumes, as well as to last year's reversal of net interest margin's erosion: it has risen by 11 bps y-o-y in full year 2021.

The main reason for the favourable turn in the net interest margin development was that rising reference rates' benign effect on interest revenues was more and more visible in the second half of the year. Overall, the effect of rising reference rates is reflected in the asset-side interest rates with a certain delay; what is more, the time lag in the repricing of variable-rate assets (mortgage and corporate loans with variable rates, central bank deposits, and government securities swapped to variable-rate) is also different. Of the short-term interbank interest rates, which are typically the reference rates for variable rate loans, the 3M BUBOR increased to 77 bps by end-March, to 105 bps by end-June, to 176 bps by end-September, and to 421 bps by end-December (from 75 bps at the end of 2020), while its quarterly average was 76 bps in 1Q, 87 bps in 2Q, 139 bps in 3Q, and 277 bps in 4Q 2021. The 3M BUBOR hit 459 bps on 17 February 2022. Likewise, the 6M BUBOR printed a similar pattern, hitting 479 bps on 17 February. Most of the deposits kept with the central bank was held in its one-week instrument; it amounted to HUF 750 billion at the end of 2021.

Also, two one-off effects emerging in 1Q 2021 (a technical effect relating to the accounting of the loan repayment moratorium, and the repricing of cash loans for regulatory reasons) exerted a positive impact on the margin development, as they elevated the margin level in the first quarter, but have not helped the margin dynamics since then.

On the other hand, partly as a result of the strong competition, the erosion of product-level spreads typically continued in the case of newly disbursed loans, adversely affecting the margin development.

In 2021 as a whole, the changes in the balance sheet structure had an overall neutral effect on the y-o-y margin dynamics: although due to the sustained dynamic growth in deposits the weight of financial assets carrying lower margins than loans increased in the balance sheet (partly at the expense of loans), but the share of non-interest-bearing assets was in downtrend in recent quarters, and the weight of consumer loans within total loans grew, too. These trends continued in the fourth quarter.

As a negative development, for the period between 1 January and 30 June 2022 the government introduced an interest rate cap for variable-rate retail mortgage loans, and with its decision announced on 18 February, for housing purposes financial leasing contracts, too. Accordingly, the affected exposures' reference rate cannot be higher than the relevant reference rate as at 27 October 2021.

Net fees and commissions rose by 15% y-o-y in 2021. The improvement can be attributed to the double-digit growth rate of commissions on deposits, transactions, cards, lending, as well as securities sales, fuelled by the strengthening economic activity compared to the base period. The 7% or HUF 2.9 billion q-o-q drop in the fourth quarter was caused by one-off items[4]. One-off items reduced the y-o-y growth of net fees and commissions by a total of HUF 3 billion.

The annual other net non-interest income dropped by 28%, or nearly HUF 10 billion. This can be explained mainly by two items: the weaker foreign exchange result in 2Q 2021, and the weaker securities result in 4Q 2021, latter owing to the sale of government securities. The development of other income was also influenced by the fact that, starting from 2021, the recoveries from claims written off at

[4] Overall, a total of HUF 3.3 billion q-o-q decline can be ascribed to one-off items. First, similar to previous years, the total annual amount of credit-card-related refunds to clients, HUF 2.7 billion, was recorded as a lump sum in 4Q 2021. Second, the base period of 3Q 2021 was positively affected by a HUF 0.6 billion tax deduction, owing to the payment into the Compensation Fund.

OTP Factoring for legal reasons (e.g. irretraceable borrower, time-barred debt) are presented amongst other income, rather than under risk costs.

Operating expenses grew by 6% y-o-y in 2021. In the reporting period, there were three major one-off or technical items that affected costs: first, starting from 2021, the local business tax and the innovation contribution (HUF 17.4 billion in 2021) are presented as part of corporate income tax, rather than under operating expenses. Second, in the second quarter, the provisions for untaken holidays on a pro rata temporis basis were moved to personnel expenses from the other risk costs line, and simultaneously, the HUF 3.1 billion amount for all such untaken holidays was recorded in 2Q. Third, in 4Q 2021, in the case of certain expected future bonus payments, the expected amount on a longer time horizon and according to model calculations was booked in a lump sum, against the previous practice of recognising the expected payments over the next 12 months. This item explained HUF 5.4 billion increase in personnel expenses both in 2021 y-o-y and in 4Q 2021 q-o-q. Without the effect of these three items, expenses would have grown by 9% y-o-y, partly owing to higher personnel expenses (due to a 2% increase in annual average headcount and the implemented wage hikes), the steady rise in depreciation on the back of IT and digital development, as well as higher other expenses (due to stronger business activity, higher cost of hardware, office equipment, and other services, and supervisory fees increased by HUF 3.8 billion y-o-y).

The 22% q-o-q cost increase in 4Q was mostly attributable to seasonal and one-off effects: within personnel expenses the bonus payments, as well as the lump sum accounting of the aforementioned expected future bonus payments caused increase, whereas in other expenses were driven by higher marketing costs and consultant fees. Besides, hardware and office equipment expenses also rose, as did supervisory fees (+HUF 1.3 billion q-o-q, owing to the increase in deposit protection fee rate).

On the whole, underlying credit quality trends were favourable in 2021. In 2021 total risk costs amounted to -HUF 3.2 billion (down from -HUF 7.7 billion in 2020), including -HUF 2.1 billion other risk costs partly relating to provisions for securities, while credit risk costs amounted to -HUF 1.1 billion. The main reason for the positive amount of total risk costs in the first two quarters was the continued recoveries on retail claims managed by OTP Faktoring, but these recoveries followed a declining path during the year. In the third quarter, nearly HUF 3 billion additional credit risk cost emerged as a result of the reclassification of certain corporate loans participating in the moratorium into the riskier Stage 2 bucket, in accordance with the more conservative approach applied by the Bank.

In the fourth quarter, HUF 7.8 billion credit risk cost (the highest since 1Q 2020) weighed on profit. In the last quarter, credit risk costs were adversely affected by the additional provisions allocated to exposures participating in the extended moratorium: borrowers who applied for the extended loan repayment moratorium starting from November were reclassified into riskier categories (Stage 2 or Stage 3), based on the Bank's assessment; moreover, the impairment parameters were also revised.

In 2021, the loan repayment moratorium was first extended by three months (until the end of September 2021), then by one more month (until end-October), with unchanged terms and conditions. Between November 2021 and June 2022, only eligible borrowers who had applied for it at their bank in October 2021 are entitled to participate in the moratorium. At OTP Core, the volume of loans subject to the debt repayment moratorium was in downtrend in 2021: At the end of 2020 HUF 1,760 billion, at the end of 3Q 2021 HUF 1,286 billion, and at the end of 2021 HUF 237 billion worth of loans participated in the loan repayment moratorium; the latter makde up 4.3% of OTP Core's total gross loan portfolio.

In accordance with the relevant regulations, after six months of regular payment the Bank can assess the possibility of provision release in the case of customers who have been paying according to the contract since they opted out from the moratorium.

Partly as a result of the above mentioned one-timer effects, the ratio of Stage 3 loans went up by 1.2 pps q-o-q to 4.6%, while the Stage 2 ratio sank 0.5 pp to 17.4%. Overall, the total provisions / total gross loans ratio slightly improved q-o-q: within that, the aggregated own provision coverage of the Stage 1+2 portfolio remained q-o-q stable at 2.5%, while the own provision coverage of Stage 3 loans dropped by 11.3% q-o-q, to 42.7%. The shifting of loans under the moratorium into Stage 3 did not have a significant effect on Stage 3 loans' own provision coverage ratio, because of the additional impairments created on these exposures. Thus, the q-o-q decline in the Stage 3 own coverate ratio was explained mainly by the provision releases induced by the revision of the risk and macro parameters in the IFRS 9 models.

The volume of more than 90 days past due (DPD90+) loans declined by HUF 5 billion both in full year 2020 and in 1Q 2021, then it declined by HUF 1 billion in 2Q, did not budge in 3Q, and grew by HUF 6 billion in 4Q (FX-adjusted, without sales/write-offs and the revaluation of Faktoring's claims). In 2021, HUF 10 billion non-performing loans were sold/written off (including HUF 3 billion in 4Q 2021, FX-adjusted).

Balance sheet trends

OTP Core's balance sheet total grew by 24% y-o-y or more than HUF 2,700 billion, including the 6% rise (almost HUF 750 billion) in the last three months of 2021. Most of this year-over-year increase stemmed from the inflow of deposits (+25%, or +HUF 2,040 billion), and a smaller part came from interbank liabilities' increase (+30% y-o-y, +HUF 260 billion); the latter was partly explained by the expansion of loan volumes under the Funding for Growth scheme refinanced by the central bank.

Both in the fourth quarter and in full year 2021, the nominal growth in customer deposits significantly exceeded the increase in loans, which crystallized in the further rise in the volume of financial and other liquid assets. In 2021, the share of financial assets on OTP Core's assets side rose by 4.3 pps y-o-y on average, while that of non-interest-bearing assets dropped by 2.6 pps, and the weight of net loans shrank by 1.7 pps.

Performing (Stage 1+2) loans increased dynamically, by an FX-adjusted 3% q-o-q. This brought the full-year growth to 19% in, of which 3 pps increase could be ascribed to the volume-boosting effect of the moratorium. Much of the yearly growth came from the government's and the national bank's subsidized loan programmes (baby loan, CSOK subsidized housing loan, green mortgage loan, home renovation loan, Funding for Growth Go!, Széchenyi Card Go!).

Regarding individual product categories, performing consumer loans jumped by 25% y-o-y, including a 1% q-o-q increase in the fourth quarter. The q-o-q growth rate in the fourth quarter lagged behind that in the previous ones, mainly because certain borrowers who remained in the moratorium from November were reclassified into the Stage 3 category - this reduced the q-o-q dynamics of performing consumer loans by 2 pps. In another negative technical effect, the 537/2021. (IX. 15) Government decree stipulated that banks shall recalculate the amount of debt accumulated during the moratorium for retail credit card and overdraft loans that participated in the moratorium; as a result, outstanding debt balances declined in 4Q.

Within consumer loans, baby loans remained highly popular: in whole year 2021, the newly contracted amount at OTP Bank hit HUF 232 billion (including HUF 51 billion in 4Q); this was consistent with a market share of 42.1% in 2021.

In the case of cash loans, market pricing has been in effect since the beginning of 2021, as the regulatory interest rate cap expired. New cash loan placements grew by 50% last year. In the fourth quarter, new disbursements seasonally slowed down q-o-q, but nearly doubled y-o-y. OTP Bank's market share in cash loan disbursements reached 38.4% in 2021 (4Q: 37.5%), against 34.8% in full year 2020. All in all, performing cash loan volumes expanded by 17% y-o-y, but shrank by 2% q-o-q in the fourth quarter (the reclassifications into Stage 3 owing to the moratorium extension reduced performing cash loans' q-o-q dynamics by 4 pps).

To help borrowers take advantage of the government's 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). By the end of December, loan applications for the unsecured product amounted to HUF 16 billion, and those for the secured product was close to HUF 37 billion. Because of its collateralized nature, the subsidized home renovation loan is presented among mortgage loans in the product structure, whereas the unsecured home renovation loan is shown under consumer loans.

As for mortgage loans, the strong demand persisted: applications grew by 55% in full year 2021, including 81% y-o-y jump in the fourth quarter, but were shy of the all-time record set in the second quarter. In the last quarter 31% of the applications (HUF 43 billion) were for green housing loans with subsidized interest rates, under the central bank's FGS Green Home programme launched in October 2021. Out of the applications received in 4Q, additional HUF 5 billion was for subsidized home renovation loans, and HUF 23 billion for loans granted under the Housing Subsidy for Families (CSOK) with subsidized interest rates. This brought the share of subsidized loans within all mortgage applications to 50% in the fourth quarter. OTP Bank's market share in new mortgage loan contractual amounts was 31.5% in 2021 (against 32% in 2020), within that 32.6% in 4Q.

In the fourth quarter, performing mortgage loan volumes rose by 1% q-o-q, thus the full-year growth rate hit 12% (the shifting of exposures participating in the extended moratorium into Stage 3 reduced mortgage loan growth by nearly 2 pps in the fourth quarter). Within mortgages, housing loans, which made up 87% of the total book, increased by 15% y-o-y.

The Bank's corporate lending activity remained strong, largely because of the *Funding for Growth Go!* scheme launched by the Magyar Nemzeti Bank in April 2020. By the end of September 2021, the FGS Go! contracted amount reached the HUF 3,000 billion available amount at sector level, thus the programme was phased out by the central bank. Since the launch of this scheme, OTP Bank's contracted amounts exceeded HUF 752 billion, which resulted in a market share of 26%.

Because of the phasing out of the FGS Go! programme, in July 2021 the government introduced subsidized lending programmes for micro and small enterprises through the KAVOSZ Széchenyi Card scheme. Under the programme, by the end of

December OTP Bank signed loan agreements worth more than HUF 130 billion.

Overall, in 2021 at OTP core the outstanding expansion of loans to micro and small enterprises continued: their performing volumes surged 26% y-o-y (FX-adjusted), partly bolstered by the FGS Go! programme, which has already been ended. However, their performing volume contracted by 2% q-o-q, mainly because of the reclassification of exposures participating in the extended moratorium, into Stage 3 category. Without that shifting, the performing MSE volumes would have slightly increased q-o-q.

Performing corporate loans grew by 19% y-o-y (FX-adjusted), and rose by 9% q-o-q, driven by the surging new disbursements in the fourth quarter.

Deposits grew by an outstanding 9% q-o-q. This brought OTP Core's 12-month customer deposit growth rate to 25% (FX-adjusted). Within the latter, the 42% jump in corporate deposits was outstanding, but retail deposits also increased by 14%.

The net loan/deposit ratio stood at 52% at the end of 2021, marking a 2 pps q-o-q and y-o-y contraction.

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	2020	2021	Y-o-Y	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	9,747	6,116	-37%	7,364	1,000	3,253	225%	-56%
Income tax	-915	-788	-14%	-736	-160	-422	164%	-43%
Profit before income tax	10,662	6,904	-35%	8,100	1,160	3,675	217%	-55%
Operating profit	10,662	6,918	-35%	8,100	1,160	3,689	218%	-54%
Total income	14,453	10,044	-31%	9,433	2,026	4,524	123%	-52%
Net fees and commissions	14,154	9,799	-31%	8,986	1,833	4,520	147%	-50%
Other net non-interest income	299	245	-18%	448	193	4	-98%	-99%
Operating expenses	-3,791	-3,125	-18%	-1,333	-867	-835	-4%	-37%
Other provisions	-1	-14		-1	0	-14	-100%	
Main components of balance sheet closing balances in HUF million	2020	2021	Y-o-Y	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
Total assets	33,210	24,988	-25%	33,210	21,644	24,988	15%	-25%
Total shareholders' equity	16,425	12,792	-22%	16,425	9,539	12,792	34%	-22%
Asset under management in HUF billion	2020	2021	Y-o-Y	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
Assets under management, total (w/o duplicates)[1]	1,201	1,331	11%	1,201	1,295	1,331	3%	11%
Volume of investment funds (closing, w/o duplicates)	828	942	14%	828	913	942	3%	14%
Volume of managed assets (closing)	373	389	4%	373	382	389	2%	4%
Volume of investment funds (closing, with duplicates)[2]	**1,183**	**1,479**	**25%**	**1,183**	**1,390**	**1,479**	**6%**	**25%**
bond	376	444	18%	376	425	444	5%	18%
absolute return fund	374	300	-20%	374	324	300	-7%	-20%
equity	248	342	38%	248	314	342	9%	38%
mixed	133	345	160%	133	280	345	24%	160%
commodity market	28	37	33%	28	35	37	6%	33%
guaranteed	20	5	-73%	20	8	5	-32%	-73%
money market	5	4	-21%	5	4	4	-5%	-21%

[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 2021, **OTP Fund Management** generated more than HUF 6 billion profit, 37% less than in 2020. HUF 3.3 billion out of the annual profit was realized in 4Q 2021.

The annual profit was shaped by the 31% y-o-y drop in fees and commissions, as the success fee revenues from funds with above-benchmark performance fell short of the 4Q 2020 level: while HUF 7.3 billion success fee was recorded in the 2020 base period, less than a third of that, HUF 1.9 billion was realized on the fund management activity in 2021.

Last year the other income dropped by 18% y-o-y owing to two factors: the revaluation result of the investment units in the Company's own books improved, which was offset by the decline in foreign exchange result.

Last year 18% cost saving was achieved, within that personnel expenses came down 21% y-o-y, in sync with the decline in bonus payments for funds' performance.

In 2021, the market of Hungarian investment funds was rather hectic: the accelerating inflation and interest rate hikes by the central banks transformed the structure of investment funds. Equity funds were the most successful ones last year: two of Hungary's top three equity funds by assets under management, OTP Quality Fund and OTP Climate Change Fund, are both managed by the Company. Although bond funds' performance was adversely affected by the rising yield environment, the capital influx helped their volumes further expand y-o-y. Overall, regarding the whole portfolio, the total wealth managed by OTP Fund Management expanded further, by 25% y-o-y and 6% q-o-q.

The Company's markets share rose by 1.3 pps y-o-y, to 26.0% by end-December 2021, thus preserving its leadership in the securities funds market.

MERKANTIL GROUP (HUNGARY)

Performance of Merkantil Group:

Main components of P&L account in HUF million	2020	2021	Y-o-Y	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	7,661	7,998	4%	2,037	1,771	1,476	-17%	-28%
Income tax	-956	-918	-4%	-315	-307	-13	-96%	-96%
Profit before income tax	8,617	8,916	3%	2,351	2,078	1,489	-28%	-37%
Operating profit	10,280	11,961	16%	3,102	2,892	3,373	17%	9%
Total income	21,283	23,291	9%	5,898	5,585	6,520	17%	11%
Net interest income	17,688	20,680	17%	4,625	5,279	5,473	4%	18%
Net fees and commissions	40	116	187%	24	48	32	-34%	34%
Other net non-interest income	3,555	2,495	-30%	1,249	258	1,016	294%	-19%
Operating expenses	-11,004	-11,330	3%	-2,795	-2,693	-3,147	17%	13%
Total provisions	-1,663	-3,045	83%	-751	-814	-1,884	131%	151%
Provision for impairment on loan and placement losses	-1,491	-3,093	107%	-787	-772	-1,938	151%	146%
Other provision	-171	48	-128%	36	-42	54	-229%	51%
Main components of balance sheet closing balances in HUF million	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
Total assets	667,120	782,222	17%	667,120	779,722	782,222	0%	17%
Gross customer loans	416,987	444,549	7%	416,987	438,180	444,549	1%	7%
Gross customer loans (FX-adjusted)	417,282	444,549	7%	417,282	438,713	444,549	1%	7%
Stage 1+2 customer loans (FX-adjusted)	402,526	431,714	7%	402,526	427,466	431,714	1%	7%
Retail loans	6,993	4,866	-30%	6,993	5,543	4,866	-12%	-30%
Corporate loans	51,520	46,870	-9%	51,520	49,362	46,870	-5%	-9%
Leasing	344,013	379,977	10%	344,013	372,561	379,977	2%	10%
Allowances for possible loan losses	-12,874	-14,230	11%	-12,874	-13,079	-14,230	9%	11%
Allowances for possible loan losses (FX-adjusted)	-12,888	-14,230	10%	-12,888	-13,100	-14,230	9%	10%
Deposits from customers	9,344	8,198	-12%	9,344	9,007	8,198	-9%	-12%
Deposits from customer (FX-adjusted)	9,344	8,198	-12%	9,344	9,007	8,198	-9%	-12%
Retail deposits	6,071	5,166	-15%	6,071	5,385	5,166	-4%	-15%
Corporate deposits	3,273	3,032	-7%	3,273	3,622	3,032	-16%	-7%
Liabilities to credit institutions	584,944	688,675	18%	584,944	694,917	688,675	-1%	18%
Total shareholders' equity	52,553	59,246	13%	52,553	57,927	59,246	2%	13%
Loan Quality	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	343,668	334,732	-3%	343,668	333,331	334,732	0%	-3%
Stage 1 loans under IFRS 9/gross customer loans	82.4%	75.3%	-7.1%p	82.4%	76.1%	75.3%	-0.8%p	-7.1%p
Own coverage of Stage 1 loans under IFRS 9	0.2%	0.4%	0.2%p	0.2%	0.2%	0.4%	0.2%p	0.2%p
Stage 2 loan volume under IFRS 9 (in HUF million)	58,592	96,982	66%	58,592	93,624	96,982	4%	66%
Stage 2 loans under IFRS 9/gross customer loans	14.1%	21.8%	7.8%p	14.1%	21.4%	21.8%	0.4%p	7.8%p
Own coverage of Stage 2 loans under IFRS 9	3.8%	5.3%	1.5%p	3.8%	4.7%	5.3%	0.7%p	1.5%p
Stage 3 loan volume under IFRS 9 (in HUF million)	14,727	12,836	-13%	14,727	11,225	12,836	14%	-13%
Stage 3 loans under IFRS 9/gross customer loans	3.5%	2.9%	-0.6%p	3.5%	2.6%	2.9%	0.3%p	-0.6%p
Own coverage of Stage 3 loans under IFRS 9	66.5%	60.0%	-6.5%p	66.5%	70.4%	60.0%	-10.4%p	-6.5%p
Provision for impairment on loan and placement losses/average gross loans	0.38%	0.71%	0.33%p	0.77%	0.68%	1.74%	1.06%p	0.98%p
90+ days past due loan volume (in HUF million)	8,971	5,852	-35%	8,971	6,317	5,852	-7%	-35%
90+ days past due loans/gross customer loans	2.2%	1.3%	-0.8%p	2.2%	1.4%	1.3%	-0.1%p	-0.8%p
Performance Indicators	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
ROA	1.3%	1.0%	-0.2%p	1.2%	0.9%	0.7%	-0.1%p	-0.5%p
ROE	15.7%	14.3%	-1.4%p	15.6%	12.3%	9.9%	-2.3%p	-5.7%p
Total income margin	3.58%	3.05%	-0.52%p	3.60%	2.80%	3.26%	0.47%p	-0.34%p
Net interest margin	2.97%	2.71%	-0.26%p	2.83%	2.64%	2.74%	0.10%p	-0.09%p
Operating costs / Average assets	1.8%	1.5%	-0.4%p	1.7%	1.3%	1.6%	0.2%p	-0.1%p
Cost/income ratio	51.7%	48.6%	-3.1%p	47.4%	48.2%	48.3%	0.1%p	0.9%p

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

In 2021, **Merkantil Group** posted HUF 8 billion adjusted after-tax profit, which brought its ROE to 14.3%. The 4% y-o-y profit growth stemmed from the 16% y-o-y improvement in operating profit, which was offset by the jump in risk costs. The fourth-quarter after-tax profit fell by 17% q-o-q, owing to higher risk costs.

In 2021, net interest income grew by 17% y-o-y driven by the 7% y-o-y increase in performing loans and a 32% surge in financial assets, while annual net interest margin declined by 26 bps y-o-y. In a favourable development, the fourth-quarter net interest margin improved by 10 bps q-o-q, as average interest rates on loan and leasing exposures increased. Meanwhile, average funding costs also increased.

Annual operating expenses rose by 3% y-o-y. Without the effect of the local business tax and innovation contribution being presented on the corporate income tax line instead of costs starting from 2021, this rate would be 8%. Most of the underlying cost growth could be attributed to personnel and vehicle-related expenses, as well as higher supervisory fees. In 4Q expenses grew by 17% q-o-q, caused by higher costs of vehicles and the increase in personnel costs at the end of the year.

In 2021 total risk costs amounted to -HUF 3 billion, including HUF 1.9 billion provisions created in 4Q. This was predominantly the result of the revision of the IFRS 9 model parameters, and of the additional loan loss provisions for the loans that remained in the extended moratorium from November 2021. Customers who had indicated their decision to remain in the moratorium were reclassified to riskier categories (Stage 2 or Stage 3), which resulted in additional loan loss provisions. At the end of the year, Merkantil Group's loan volumes that participated in the moratorium amounted to HUF 8.3 billion, which represented 2% of total gross loans.

As a result, the ratio of Stage 3 loans grew by 0.3 pp q-o-q, to 2.9%, yet it fell by 0.6 pp y-o-y. The own provision coverage of Stage 3 loans dropped to 60.6%. The ratio of Stage 2 loans rose by 0.3 pp q-o-q in the fourth quarter. The own provision coverage of Stage 2 loans stood at 5.4% (+1.6 pps y-o-y, +0.7 pp q-o-q).

The volume of 90 days past due loans fell by HUF 0.7 billion (FX-adjusted, without sales/write-offs) in 2021 (+HUF 0.7 billion in the fourth quarter).

FX-adjusted performing (Stage 1+2) loans increased by 7% y-o-y; their volume rose by 1% q-o-q. Merkantil Bank's total new loan placement rose by 15% y-o-y in the fourth quarter, including a 12% rise in the volume of new car loan placements, and the financing of production equipment and machinery surged 20%. Its dynamics benefited from the central bank's Funding for Growth Scheme Go! programme launched in April 2020, under which Merkantil Bank's contracted amount hit HUF 74 billion. Due to the termination of FGS Go!, since the beginning of July 2021 the government has been providing preferential, interest-subsidized funds to micro- and small enterprises through the KAVOSZ Széchenyi Card scheme. Under the programme, Merkantil Bank contracted more than HUF 32 billion in loans by the end of December.

Merkantil Bank remained the market leader in both new loan 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	2020	2021	Y-o-Y	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	40,957	76,790	87%	6,683	24,072	10,742	-55%	61%
Income tax	-3,707	-8,454	128%	-877	-3,135	-982	-69%	12%
Profit before income tax	44,665	85,244	91%	7,560	27,207	11,724	-57%	55%
Operating profit	89,775	106,241	18%	23,282	27,612	27,025	-2%	16%
Total income	166,668	178,470	7%	44,279	45,123	47,032	4%	6%
Net interest income	111,239	112,869	1%	28,366	28,174	29,625	5%	4%
Net fees and commissions	45,453	54,508	20%	12,551	14,290	14,507	2%	16%
Other net non-interest income	9,975	11,093	11%	3,362	2,660	2,899	9%	-14%
Operating expenses	-76,893	-72,230	-6%	-20,997	-17,512	-20,007	14%	-5%
Total provisions	-45,110	-20,997	-53%	-15,722	-404	-15,301		-3%
Provision for impairment on loan and placement losses	-44,875	-18,938	-58%	-17,043	-1,130	-12,692		-26%
Other provision	-235	-2,059	777%	1,321	726	-2,609	-460%	-298%
Main components of balance sheet closing balances in HUF million	2020	2021	Y-o-Y	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
Total assets	4,283,625	4,627,132	8%	4,283,625	4,458,065	4,627,132	4%	8%
Gross customer loans	2,634,870	2,922,886	11%	2,634,870	2,770,544	2,922,886	5%	11%
Gross customer loans (FX-adjusted)	2,663,462	2,922,886	10%	2,663,462	2,835,952	2,922,886	3%	10%
Stage 1+2 customer loans (FX-adjusted)	2,466,457	2,741,964	11%	2,466,457	2,639,583	2,741,964	4%	11%
Retail loans	1,375,184	1,609,216	17%	1,375,184	1,549,505	1,609,216	4%	17%
Corporate loans	913,099	927,478	2%	913,099	893,598	927,478	4%	2%
Leasing	178,174	205,270	15%	178,174	196,480	205,270	4%	15%
Allowances for possible loan losses	-185,829	-193,180	4%	-185,829	-189,732	-193,180	2%	4%
Allowances for possible loan losses (FX-adjusted)	-187,812	-193,180	3%	-187,812	-194,202	-193,180	-1%	3%
Deposits from customers	3,587,364	3,785,300	6%	3,587,364	3,673,419	3,785,300	3%	6%
Deposits from customers (FX-adjusted)	3,642,801	3,785,300	4%	3,642,801	3,765,322	3,785,300	1%	4%
Retail deposits	3,056,883	3,342,569	9%	3,056,883	3,232,158	3,342,569	3%	9%
Corporate deposits	585,918	442,730	-24%	585,918	533,164	442,730	-17%	-24%
Liabilities to credit institutions	17,010	86,606	409%	17,010	43,367	86,606	100%	409%
Total shareholders' equity	620,379	699,375	13%	620,379	675,320	699,375	4%	13%
Loan Quality	2020	2021	Y-o-Y	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
Stage 1 loan volume under IFRS 9 (in HUF million)	2,142,644	2,454,806	15%	2,142,644	2,334,242	2,454,806	5%	15%
Stage 1 loans under IFRS 9/gross customer loans	81.3%	84.0%	2.7%p	81.3%	84.3%	84.0%	-0.3%p	3.3%p
Own coverage of Stage 1 loans under IFRS 9	1.0%	1.0%	0.1%p	1.0%	1.0%	1.0%	0.1%p	7.6%p
Stage 2 loan volume under IFRS 9 (in HUF million)	297,292	287,157	-3%	297,292	244,451	287,157	17%	-3%
Stage 2 loans under IFRS 9/gross customer loans	11.3%	9.8%	-1.5%p	11.3%	8.8%	9.8%	1.0%p	-1.5%p
Own coverage of Stage 2 loans under IFRS 9	12.6%	15.5%	2.9%p	12.6%	14.9%	15.5%	0.6%p	2.9%p
Stage 3 loan volume under IFRS 9 (in HUF million)	194,934	180,922	-7%	194,934	191,851	180,922	-6%	-7%
Stage 3 loans under IFRS 9/gross customer loans	7.4%	6.2%	-1.2%p	7.4%	6.9%	6.2%	-0.7%p	-1.2%p
Own coverage of Stage 3 loans under IFRS 9	65.6%	68.2%	2.5%p	65.6%	67.9%	68.2%	0.2%p	3.9%p
Provision for impairment on loan and placement losses/average gross loans	1.79%	0.70%	-1.09%p	2.58%	0.17%	1.76%	1.60%p	-0.82%p
90+ days past due loan volume (in HUF million)	126,242	114,362	-9%	126,242	125,769	114,362	-9%	-9%
90+ days past due loans/gross customer loans	4.8%	3.9%	-0.9%p	4.8%	4.5%	3.9%	-0.6%p	-0.9%p
Performance Indicators	2020	2021	Y-o-Y	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
ROA	1.0%	1.8%	0.7%p	0.6%	2.2%	0.9%	-1.2%p	0.3%p
ROE	7.0%	11.8%	4.8%p	4.3%	14.6%	6.2%	-8.4%p	1.9%p
Total income margin	4.13%	4.07%	-0.05%p	4.13%	4.11%	4.12%	0.01%p	-0.01%p
Net interest margin	2.75%	2.58%	-0.18%p	2.65%	2.56%	2.59%	0.03%p	-0.05%p
Operating costs / Average assets	1.90%	1.65%	-0.25%p	1.96%	1.59%	1.75%	0.16%p	-0.21%p
Cost/income ratio	46.1%	40.5%	-5.7%p	47.4%	38.8%	42.5%	3.7%p	-4.9%p
Net loans to deposits (FX-adjusted)	68%	72%	4%p	68%	70%	72%	2%p	4%p
FX rates (in HUF)	2020	2021	Y-o-Y	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
HUF/BGN (closing)	186.7	188.7	1%	186.7	184.3	188.7	2%	1%
HUF/BGN (average)	177.9	182.3	2%	184.3	180.9	186.2	3%	1%

In 2021, **DSK Group** reached HUF 76.8 billion cumulated after-tax profit, 87% more than in 2020. Of that, the fourth-quarter profit amounted to HUF 10.7 billion.

Annual operating profit grew by 18% y-o-y, mainly driven by a 20% surge in net fees and commissions. The improvement partly stemmed from a 6% y-o-y decline in operating expenses (in local currency terms): the cost synergies resulting from the integration of Expressbank were observable also in 2021, and the continuing decrease in average headcount brought down personnel costs. In 2021 the bank launched a comprehensive project in order to transform its business and operational model, and develop its digital capabilities, which also supported the operational efficiency.

With regard to the annual income, cumulated net interest income stagnated in BGN terms, as a joint result of the 18 bps erosion in net interest margin and increasing volumes. Net fee income grew by 18% in local currency last year, mainly as a result of stronger business activity and the introduction of new fees on deposits. Furthermore, fees related to loans and investment services also increased.

Performing (Stage 1+2) loan volumes grew by 11% y-o-y (FX-adjusted). The retail loan book expanded by 17% last year, supported by 29% y-o-y growth in new cash loan disbursement, as well as a 47% jump in mortgage loan disbursements. Performing corporate loan volumes rose by 2% last year.

At the end of 2021, the bank's market share by total asset value was 18.03%, which ranked it second on the market.

In 2021, HUF 21 billion total risk cost weighed on profit, 53% less than in 2020. The 12-month credit risk cost ratio stood at 0.70% (-1.09 pps y-o-y).

The ratio of Stage 2 loans declined by 1.5 pps (to 9.8%) from the previous year; the large corporate and the mortgage loan portfolios improved.

The HUF 10.7 billion profit made in the fourth quarter was consistent with 55% q-o-q drop, owing to the increase of risk costs. This was caused mostly by the revision and the modification of the IFRS 9 model parameters which resulted in higher loan loss provision in the fourth quarter.

As a result of the seasonally higher operating expenses (+11% q-o-q in BGN) owing to higher marketing and personnel expenses at the end of the year, operating profit dropped by 5% q-o-q.

In the fourth quarter net interest income rose by 2% q-o-q and 3% y-o-y in local currency. The q-o-q growth in interest income was supported by rising mortgage and cash loan volumes, while the interest rate on new disbursements declined further. By contrast, the average interest rate for large corporate loans nudged higher. In the fourth quarter net interest margin improved by 3 bps from the previous quarter, partly as a result of the composition effect that stemmed from cash loan growth, while the margin erosion continued (-5 bps y-o-y).

Net fee income declined 1% q-o-q in local currency terms in the last quarter, but it was 14% stronger than in the same period of the previous year, as transaction volumes grew.

In the fourth quarter performing (Stage 1+2) loans expanded by 4% q-o-q, and by 11% y-o-y (FX-adjusted), volumes grew in all segments. Retail loan volume growth (4% q-o-q, 17% y-o-y) continued in the fourth quarter, along with the upward trend in new mortgage loan placements (18% q-o-q, 38% y-o-y). Consumer loan disbursements also grew by 18% q-o-q in the fourth quarter. In this segment, the bank maintained its above 41% market share at the end of the year. The market share in mortgage loan placements also improved, helping the bank's market share in mortgage loan volumes grow to 20.2%. The bank's market share in corporate loans stood at 15%. Leasing exposure grew by 4% in the fourth quarter (+15% y-o-y), as a result of the improving business activity.

Loan quality indicators changed favorably: the volume of 90 days past due loans fell by HUF 12 billion (FX-adjusted, without sales/write-offs) in 2021, including -HUF 11 billion in the fourth quarter. In 2021, HUF 22 billion worth of non-performing loans were sold/written off. This helped to improve the portfolio and to reduce the ratio of Stage 3 loans (to 6.2%).

Deposit volumes rose by 1% q-o-q (FX-adjusted) in 4Q, and expanded by a total of 4% over the past 12 months. The FX-adjusted net loan/deposit ratio stood at 72% at the end of December.

OTP BANK CROATIA

Performance of OTP Bank Croatia:

Main components of P&L account in HUF million	2020	2021	Y-o-Y	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	14,830	33,448	126%	-81	10,897	8,254	-24%	
Income tax	-2,771	-7,618	175%	247	-2,458	-2,203	-10%	-991%
Profit before income tax	17,600	41,065	133%	-328	13,355	10,457	-22%	
Operating profit	40,329	43,422	8%	9,894	12,394	10,152	-18%	3%
Total income	84,907	88,736	5%	21,134	23,373	22,281	-5%	5%
Net interest income	58,199	60,933	5%	14,229	15,292	15,835	4%	11%
Net fees and commissions	16,093	18,183	13%	4,222	5,328	4,529	-15%	7%
Other net non-interest income	10,615	9,619	-9%	2,683	2,753	1,917	-30%	-29%
Operating expenses	-44,578	-45,313	2%	-11,240	-10,979	-12,129	10%	8%
Total provisions	-22,728	-2,357	-90%	-10,222	961	305	-68%	-103%
Provision for impairment on loan and placement losses	-19,491	1,767	-109%	-8,872	2,067	2,047	-1%	-123%
Other provision	-3,238	-4,124	27%	-1,350	-1,105	-1,742	58%	29%
Main components of balance sheet closing balances in HUF million	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
Total assets	2,325,669	2,576,445	11%	2,325,669	2,443,668	2,576,445	5%	11%
Gross customer loans	1,642,170	1,811,376	10%	1,642,170	1,720,305	1,811,376	5%	10%
Gross customer loans (FX-adjusted)	1,664,491	1,811,376	9%	1,664,491	1,758,231	1,811,376	3%	9%
Stage 1+2 customer loans (FX-adjusted)	1,519,909	1,667,213	10%	1,519,909	1,604,207	1,667,213	4%	10%
Retail loans	770,976	875,737	14%	770,976	853,673	875,737	3%	14%
Corporate loans	640,362	676,124	6%	640,362	627,504	676,124	8%	6%
Leasing	108,572	115,351	6%	108,572	123,030	115,351	-6%	6%
Allowances for possible loan losses	-100,920	-109,575	9%	-100,920	-110,656	-109,575	-1%	9%
Allowances for possible loan losses (FX-adjusted)	-102,293	-109,575	7%	-102,293	-113,059	-109,575	-3%	7%
Deposits from customers	1,634,652	1,899,671	16%	1,634,652	1,813,473	1,899,671	5%	16%
Deposits from customers (FX-adjusted)	1,664,844	1,899,671	14%	1,664,844	1,856,665	1,899,671	2%	14%
Retail deposits	1,255,438	1,416,254	13%	1,255,438	1,401,728	1,416,254	1%	13%
Corporate deposits	409,406	483,417	18%	409,406	454,938	483,417	6%	18%
Liabilities to credit institutions	287,647	228,733	-20%	287,647	199,574	228,733	15%	-20%
Total shareholders' equity	328,165	351,023	7%	328,165	349,931	351,023	0%	7%
Loan Quality	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	1,257,492	1,448,458	15%	1,257,492	1,389,070	1,448,458	4%	15%
Stage 1 loans under IFRS 9/gross customer loans	76.6%	80.0%	3.4%p	76.6%	80.7%	80.0%	-0.8%p	3.4%p
Own coverage of Stage 1 loans under IFRS 9	0.8%	0.6%	-0.2%p	0.8%	0.8%	0.6%	-0.2%p	-0.2%p
Stage 2 loan volume under IFRS 9 (in HUF million)	241,962	218,754	-10%	241,962	180,622	218,754	21%	-10%
Stage 2 loans under IFRS 9/gross customer loans	14.7%	12.1%	-2.7%p	14.7%	10.5%	12.1%	1.6%p	-2.7%p
Own coverage of Stage 2 loans under IFRS 9	5.7%	5.9%	0.1%p	5.7%	5.3%	5.9%	0.6%p	0.1%p
Stage 3 loan volume under IFRS 9 (in HUF million)	142,716	144,163	1%	142,716	150,612	144,163	-4%	1%
Stage 3 loans under IFRS 9/gross customer loans	8.7%	8.0%	-0.7%p	8.7%	8.8%	8.0%	-0.8%p	-0.7%p
Own coverage of Stage 3 loans under IFRS 9	53.9%	61.4%	7.5%p	53.9%	59.8%	61.4%	1.6%p	7.5%p
Provision for impairment on loan and placement losses/average gross loans	1.27%	-0.11%	-1.38%p	2.19%	-0.49%	-0.46%	0.03%p	-2.65%p
90+ days past due loan volume (in HUF million)	68,712	73,826	7%	68,712	79,252	73,826	-7%	7%
90+ days past due loans/gross customer loans	4.2%	4.1%	-0.1%p	4.2%	4.6%	4.1%	-0.5%p	-0.1%p
Performance Indicators	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
ROA	0.7%	1.4%	0.7%p	0.0%	1.8%	1.3%	-0.5%p	1.3%p
ROE	4.7%	10.0%	5.3%p	-0.1%	12.8%	9.4%	-3.4%p	9.5%p
Total income margin	3.93%	3.73%	-0.20%p	3.77%	3.86%	3.55%	-0.31%p	-0.22%p
Net interest margin	2.69%	2.56%	-0.13%p	2.54%	2.53%	2.52%	0.00%p	-0.01%p
Operating costs / Average assets	2.06%	1.90%	-0.16%p	2.00%	1.81%	1.93%	0.12%p	-0.07%p
Cost/income ratio	52.5%	51.1%	-1.4%p	53.2%	47.0%	54.4%	7.5%p	1.3%p
Net loans to deposits (FX-adjusted)	94%	90%	-4%p	94%	89%	90%	1%p	-4%p
FX rates (in HUF)	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
HUF/HRK (closing)	48.4	49.1	2%	48.4	48.1	49.1	2%	2%
HUF/HRK (average)	46.6	47.6	2%	47.7	47.2	48.4	3%	2%

The **Croatian bank** realized HUF 33.5 billion after-tax profit in 2021, more than doubling its profit y-o-y. This was primarily caused by a favourable development in credit risk costs, but operating profit also improved (+8% y-o-y). Part of the q-o-q weaker fourth-quarter profit stemmed from lower positive total risk costs, and part could be ascribed to the seasonally higher operating expenses (+10% q-o-q), while income also dropped mainly owing to seasonal effects.

Within annual income, net interest income expanded by 5%. The dynamic organic growth of loans was partly offset by a further erosion in net interest margin (-13 bps y-o-y). The fourth-quarter net interest income grew by 4% q-o-q, thanks to the continued expansion in performing loans, and to higher repayments from Stage 3 loans, which also helped stabilize net interest margin q-o-q.

Net fees and commissions surged 13% y-o-y in 2021, mainly as a result of stronger economic activity and tourism, starting from the second quarter. In the fourth quarter fee income dropped by 14% q-o-q, largely owing to seasonal effects as number of card transactions and card commission revenues fell after the end of tourism season.

Other income contracted by 9% y-o-y last year, largely because of the 30% q-o-q decline in the fourth quarter. The latter stemmed from the seasonally lower income from foreign currency exchange, as well as from the negative revaluation result owing to an IT-system-related write-off and unfavourable exchange rate fluctuations.

Operating expenses rose by 2% (but dropped by 1% in local currency) in 2021, thus cost efficiency indicators improved. In the fourth quarter, operating expenses grew by 10% q-o-q and 8% y-o-y. A smaller part of the HUF 1.1 billion q-o-q growth could be ascribed to the end-of-the-year seasonal rise in personnel and marketing expenses, and a bigger part was due to the higher quarterly supervisory fees (Deposit Protection Fund contribution) due in the last quarter (+HUF 0.7 billion q-o-q).

In 2021, HUF 2.4 billion total risk cost weighed on profit, which was a tenth of what was recorded in the base year. Of that, HUF 2 billion allowances for loan losses were released in 4Q, chiefly because the IFRS 9 model parameters were revised, which offset the provision for litigation, presented on the other risk cost line.

In the past quarter, the share of Stage 3 loans in the portfolio sank to 8.0%, while their own provision coverage grew to 61.4% (+7.5 pps y-o-y).

The volume of 90 days past due loans grew by HUF 8.7 billion (FX-adjusted, without sales/write-offs) in 2021. It was in 4Q when considerable non-performing loans were sold/written off last year (nearly HUF 4 billion, FX-adjusted).

As to lending activity, performing (Stage 1+2) loans surged 10% y-o-y (FX-adjusted). Within that, the 4% q-o-q growth rate posted was 4Q is the most dynamic in the past seven quarters. It was the corporate segment that gave the lion’s share of the q-o-q growth. Besides, the subsidized housing programme and the placement of loans to municipalities were also successful. The bank’s market share increased q-o-q in all segments.

In the retail segment, mortgage (+67% y-o-y) and cash (+40%) loan disbursement volumes grew dynamically. Despite the strong fourth quarter, the volume of corporate loan disbursement contracted by 6% from the previous year.

The FX-adjusted deposit volumes increased by 14% compared to end-2020. Within that, they rose by 2% in the fourth quarter, largely driven by the corporate segment, but the growth in the on-demand retail deposits also continued.

The Croatian bank's liquidity position remained stable; the net loan/deposit ratio stood at 90% at the end of December (+1 pp q-o-q, and -4 pps y-o-y).

OTP BANK SERBIA

Performance of OTP Bank Serbia:

Main components of P&L account in HUF million	2020	2021	Y-o-Y	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	7,298	32,104	340%	-3,076	5,929	11,416	93%	-471%
Income tax	-1,157	-3,610	212%	-77	431	-2,094	-586%	
Profit before income tax	8,455	35,714	322%	-2,999	5,498	13,511	146%	-551%
Operating profit	35,898	40,754	14%	9,537	10,447	10,205	-2%	7%
Total income	79,001	83,494	6%	21,158	20,680	21,911	6%	4%
Net interest income	59,514	62,497	5%	15,779	15,429	16,043	4%	2%
Net fees and commissions	14,766	14,410	-2%	4,052	3,530	4,036	14%	0%
Other net non-interest income	4,721	6,586	40%	1,326	1,722	1,832	6%	38%
Operating expenses	-43,102	-42,740	-1%	-11,621	-10,233	-11,705	14%	1%
Total provisions	-27,443	-5,040	-82%	-12,536	-4,949	3,305	-167%	-126%
Provision for impairment on loan and placement losses	-22,170	-387	-98%	-9,641	-3,056	3,023	-199%	-131%
Other provision	-5,273	-4,653	-12%	-2,895	-1,893	282	-115%	-110%
Main components of balance sheet closing balances in HUF million	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
Total assets	2,052,332	2,224,715	8%	2,052,332	2,095,131	2,224,715	6%	8%
Gross customer loans	1,539,738	1,715,347	11%	1,539,738	1,596,993	1,715,347	7%	11%
Gross customer loans (FX-adjusted)	1,555,706	1,715,347	10%	1,555,706	1,634,224	1,715,347	5%	10%
Stage 1+2 customer loans (FX-adjusted)	1,515,269	1,665,924	10%	1,515,269	1,586,039	1,665,924	5%	10%
Retail loans	716,486	786,945	10%	716,486	766,626	786,945	3%	10%
Corporate loans	711,244	794,091	12%	711,244	734,115	794,091	8%	12%
Leasing	87,538	84,889	-3%	87,538	85,297	84,889	0%	-3%
Allowances for possible loan losses	-43,597	-44,587	2%	-43,597	-46,844	-44,587	-5%	2%
Allowances for possible loan losses (FX-adjusted)	-44,054	-44,587	1%	-44,054	-47,941	-44,587	-7%	1%
Deposits from customers	1,147,712	1,238,864	8%	1,147,712	1,164,796	1,238,864	6%	8%
Deposits from customers (FX-adjusted)	1,162,891	1,238,864	7%	1,162,891	1,193,918	1,238,864	4%	7%
Retail deposits	686,059	750,275	9%	686,059	722,814	750,275	4%	9%
Corporate deposits	476,832	488,589	2%	476,832	471,103	488,589	4%	2%
Liabilities to credit institutions	548,354	584,453	7%	548,354	552,800	584,453	6%	7%
Total shareholders' equity	273,046	306,630	12%	273,046	293,157	306,630	5%	12%
Loan Quality	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	1,367,313	1,542,170	13%	1,367,313	1,417,889	1,542,170	9%	13%
Stage 1 loans under IFRS 9/gross customer loans	88.8%	89.9%	1.1%p	88.8%	88.8%	89.9%	1.1%p	1.1%p
Own coverage of Stage 1 loans under IFRS 9	0.8%	0.7%	-0.1%p	0.8%	0.9%	0.7%	-0.2%p	-0.1%p
Stage 2 loan volume under IFRS 9 (in HUF million)	132,427	123,754	-7%	132,427	132,025	123,754	-6%	-7%
Stage 2 loans under IFRS 9/gross customer loans	8.6%	7.2%	-1.4%p	8.6%	8.3%	7.2%	-1.1%p	-1.4%p
Own coverage of Stage 2 loans under IFRS 9	8.5%	6.1%	-2.4%p	8.5%	7.0%	6.1%	-1.0%p	-2.4%p
Stage 3 loan volume under IFRS 9 (in HUF million)	39,998	49,423	24%	39,998	47,080	49,423	5%	24%
Stage 3 loans under IFRS 9/gross customer loans	2.6%	2.9%	0.3%p	2.6%	2.9%	2.9%	-0.1%p	0.3%p
Own coverage of Stage 3 loans under IFRS 9	53.6%	53.6%	0.0%p	53.6%	53.2%	53.6%	0.4%p	0.0%p
Provision for impairment on loan and placement losses/average gross loans	1.62%	0.02%	-1.59%p	2.53%	0.78%	-0.73%	-1.51%p	-3.26%p
90+ days past due loan volume (in HUF million)	22,697	33,405	47%	22,697	29,963	33,405	11%	47%
90+ days past due loans/gross customer loans	1.5%	1.9%	0.5%p	1.5%	1.9%	1.9%	0.1%p	0.5%p
Performance Indicators	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
ROA	0.4%	1.6%	1.2%p	-0.6%	1.2%	2.1%	1.0%p	2.7%p
ROE	2.7%	11.4%	8.6%p	-4.5%	8.3%	15.2%	6.9%p	19.7%p
Total income margin	4.25%	4.07%	-0.17%p	4.16%	4.04%	4.07%	0.03%p	-0.09%p
Net interest margin	3.20%	3.05%	-0.15%p	3.10%	3.01%	2.98%	-0.03%p	-0.12%p
Operating costs / Average assets	2.32%	2.09%	-0.23%p	2.28%	2.00%	2.17%	0.18%p	-0.11%p
Cost/income ratio	54.6%	51.2%	-3.4%p	54.9%	49.5%	53.4%	3.9%p	-1.5%p
Net loans to deposits (FX-adjusted)	130%	135%	5%p	130%	133%	135%	2%p	5%p
FX rates (in HUF)	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
HUF/RSD (closing)	3.1	3.1	1%	3.1	3.1	3.1	2%	1%
HUF/RSD (average)	3.0	3.0	2%	3.1	3.0	3.1	3%	1%

The **Serbian banking group**'s adjusted after-tax profit exceeded HUF 32 billion in 2021, almost 4.5 times more than in the previous year. This dynamic profit growth was largely the result of a sharp fall in risk costs, and a 14% improvement in operating profit. HUF 11 billion profit was realized in the fourth quarter of 2021.

Following the financial closure of the second Serbian acquisition at the end of September 2019, the integration continued as planned, and was successfully accomplished on 30 April 2021. The Serbian operation's market share by balance sheet total jumped to 13.0% on *pro forma* basis (ranking No. 2), and it remained market leader in net loans (with 16.6% market share), according to the latest available data of end-September 2021.

The total network in Serbia consists of 187 branches. Since the end of September 2019, it contracted by a total of 53 units, of which 14 were closed in the fourth quarter of 2021. At the end of 2021 the bank had 2,707 employees, 16% (525 employees) less than at the end of September 2019.

Operating expenses in 2021 stagnated y-o-y in HUF but dropped by 3% in local currency terms. The Bank's annual cost/income ratio improved by 3.4 pps y-o-y, to 51.2%. Half of the q-o-q 14% cost increase seen in 4Q stemmed from accruals and payments for personnel expenses; the remaining part can be ascribed to the marketing costs of the cash loan campaign, and to the IT expenses related to new software deployment.

Both the full-year and the fourth-quarter changes in after-tax profit were largely shaped by the size of risk costs. In 2021, total risk cost volume fell by 82% y-o-y, from more than HUF 27 billion in the previous year. Within that, HUF 3.3 billion positive risk cost was recorded in the fourth quarter, predominantly in connection with the revision of the IFRS 9 impairment model parameters. The 2021 amount on the other risk cost line was mostly induced by legal disputes, and the release in 4Q mainly stemmed from released provision on securities.

In full year 2021, the income side grew by 6% y-o-y, supported by a 5% increase in net interest income, and a 40% jump in other income. Annual net fees and commissions contracted by 2% from the previous year's level.

Fourth-quarter income grew by 6% q-o-q; within that, net interest income grew by 5% q-o-q (1% in local currency terms), owing to the growth in performing loans, while net interest margin narrowed (-3 bps q-o-q) as a result of the intense competition.

Income from bank account maintenance fees and loan-related fee revenues grew in the fourth quarter, hand in hand with a surge in business activity; net fee income improved by 14% q-o-q.

As regards loan quality, the share of Stage 3 loans in the whole portfolio was 2.9% at the end of December (+0.3 pp y-o-y, -0.1 pp q-o-q). The DPD90+ volumes (FX-adjusted, without sales/write-offs) grew by HUF 4 billion in 4Q, and by a total of HUF 13 billion in 2021. This brought the DPD90+ ratio y-o-y 0.5 pp higher, to 1.9% by the end of December.

Performing (Stage 1+2) loan volumes increased by 10% y-o-y (FX-adjusted), while the deposit base increased by 7%. The large corporate sector gave almost three-quarters of the q-o-q of performing loan growth. The remaining part came from the HUF 45 billion q-o-q increase in mortgage and cash loans. The bank's net loan/deposit ratio rose both in q-o-q and y-o-y terms, hitting 135%.

In Serbia, borrowers could apply for the third phase of the loan moratorium until the end of April 2021; the moratorium (maximum six months from the date of entry) ended at the end of October.

SKB BANKA (SLOVENIA)

Performance of SKB Banka (Slovenia):

Main components of P&L account in HUF million	2020	2021	Y/Y	2020 4Q	2021 3Q	2021 4Q	Q/Q	Y/Y
After tax profit without the effect of adjustments	9,665	16,822	74%	2,028	4,957	4,368	-12%	115%
Income tax	-2,439	-3,838	57%	-593	-1,088	-1,075	-1%	81%
Profit before income tax	12,104	20,660	71%	2,620	6,045	5,443	-10%	108%
Operating profit	19,787	19,595	-1%	5,594	5,379	5,453	1%	-3%
Total income	40,388	42,354	5%	10,443	10,636	11,077	4%	6%
Net interest income	28,103	27,673	-2%	7,086	6,875	7,043	2%	-1%
Net fees and commissions	11,127	13,258	19%	2,845	3,424	3,651	7%	28%
Other net non-interest income	1,158	1,423	23%	512	337	384	14%	-25%
Operating expenses	-20,601	-22,759	10%	-4,849	-5,257	-5,624	7%	16%
Total provisions	-7,683	1,065	-114%	-2,974	666	-10	-102%	-100%
Provision for impairment on loan and placement losses	-6,244	1,819	-129%	-2,522	739	673	-9%	-127%
Other provision	-1,440	-754	-48%	-452	-73	-683	832%	51%
Main components of balance sheet closing balances in HUF million	**2020**	**2021**	**Y/Y**	**2020 4Q**	**2021 3Q**	**2021 4Q**	**Q/Q**	**Y/Y**
Total assets	1,353,772	1,433,206	6%	1,353,772	1,378,540	1,433,206	4%	6%
Gross customer loans	909,439	984,605	8%	909,439	950,168	984,605	4%	8%
Gross customer loans (FX-adjusted)	919,331	984,605	7%	919,331	972,742	984,605	1%	7%
Stage 1+2 customer loans (FX-adjusted)	905,333	971,578	7%	905,333	959,462	971,578	1%	7%
Retail loans	507,762	475,971	-6%	507,762	471,535	475,971	1%	-6%
Corporate loans	230,038	328,691	43%	230,038	320,124	328,691	3%	43%
Leasing	167,533	166,915	0%	167,533	167,804	166,915	-1%	0%
Allowances for possible loan losses	-14,876	-16,271	9%	-14,876	-16,368	-16,271	-1%	9%
Allowances for possible loan losses (FX-adjusted)	-15,040	-16,271	8%	-15,040	-16,761	-16,271	-3%	8%
Deposits from customers	1,136,666	1,213,698	7%	1,136,666	1,164,077	1,213,698	4%	7%
Deposits from customers (FX-adjusted)	1,150,365	1,213,698	6%	1,150,365	1,192,361	1,213,698	2%	6%
Retail deposits	985,148	895,652	-9%	985,148	887,958	895,652	1%	-9%
Corporate deposits	165,217	318,046	93%	165,217	304,403	318,046	4%	93%
Liabilities to credit institutions	29,524	15,565	-47%	29,524	13,359	15,565	17%	-47%
Total shareholders' equity	166,124	179,515	8%	166,124	173,037	179,515	4%	8%
Loan Quality	**2020**	**2021**	**Y/Y**	**2020 4Q**	**2021 3Q**	**2021 4Q**	**Q/Q**	**Y/Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	753,584	846,646	12%	753,584	807,210	846,646	5%	12%
Stage 1 loans under IFRS 9/gross customer loans	82.9%	86.0%	3.1%p	82.9%	85.0%	86.0%	1.0%p	3.1%p
Own coverage of Stage 1 loans under IFRS 9	0.5%	0.3%	-0.2%p	0.5%	0.5%	0.3%	-0.1%p	-0.2%p
Stage 2 loan volume under IFRS 9 (in HUF million)	142,015	124,932	-12%	142,015	129,994	124,932	-4%	-12%
Stage 2 loans under IFRS 9/gross customer loans	15.6%	12.7%	-2.9%p	15.6%	13.7%	12.7%	-1.0%p	-2.9%p
Own coverage of Stage 2 loans under IFRS 9	4.3%	5.0%	0.7%p	4.3%	4.4%	5.0%	0.6%p	0.7%p
Stage 3 loan volume under IFRS 9 (in HUF million)	13,840	13,027	-6%	13,840	12,964	13,027	0%	-6%
Stage 3 loans under IFRS 9/gross customer loans	1.5%	1.3%	-0.2%p	1.5%	1.4%	1.3%	0.0%p	-0.2%p
Own coverage of Stage 3 loans under IFRS 9	36.3%	56.1%	19.8%p	36.3%	53.4%	56.1%	2.7%p	19.8%p
Provision for impairment on loan and placement losses/average gross loans	0.70%	-0.20%	-0.90%p	1.10%	-0.31%	-0.27%	0.04%p	-1.38%p
90+ days past due loan volume (in HUF million)	3,620	4,353	20%	3,620	3,874	4,353	12%	20%
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	**2020**	**2021**	**Y/Y**	**2020 4Q**	**2021 3Q**	**2021 4Q**	**Q/Q**	**Y/Y**
ROA	0.8%	1.2%	0.5%p	0.6%	1.5%	1.2%	-0.2%p	0.7%p
ROE	6.3%	10.0%	3.7%p	4.9%	11.7%	9.9%	-1.8%p	4.9%p
Total income margin	3.18%	3.13%	-0.05%p	3.08%	3.12%	3.17%	0.05%p	0.09%p
Net interest margin	2.21%	2.04%	-0.17%p	2.09%	2.02%	2.01%	0.00%p	-0.08%p
Operating costs / Average assets	1.62%	1.68%	0.06%p	1.43%	1.54%	1.61%	0.06%p	0.18%p
Cost/income ratio	51.0%	53.7%	2.7%p	46.4%	49.4%	50.8%	1.3%p	4.3%p
Net loans to deposits (FX-adjusted)	79%	80%	1%p	79%	80%	80%	0%p	1%p
FX rates (in HUF)	**2020**	**2021**	**Y/Y**	**2020 4Q**	**2021 3Q**	**2021 4Q**	**Q/Q**	**Y/Y**
HUF/EUR (closing)	365.1	369.0	1%	365.1	360.5	369.0	2%	1%
HUF/EUR (average)	351.2	358.5	2%	360.5	353.8	364.2	3%	1%

In 2021, OTP's **Slovenian** subsidiary generated HUF 16.8 billion adjusted profit, 74% more than in the base period. This substantial improvement was driven by the decline in risk costs.

Operating profit was marginally smaller in 2021 than in the base period. The 5% growth in income largely stemmed from strong fees and commissions, mostly because of higher fee income from payment services and from deposits: the Bank introduced commissions for corporate and retail deposits above a certain amount. Full-year net interest income dropped by 4% in local currency as the growth in business volumes was offset by the 17 bps y-o-y erosion of net interest margin, to 2.04%, owing to the strong competition and the low interest rate environment.

Operating expenses increased by 10% last year, mostly because of higher personnel expenses and administrative costs: annual supervisory costs rose, as did IT spending; amortization stagnated.

The positive trend in loan portfolio quality resulted in a release of loan loss provisions, and led to modest risk costs. In the fourth quarter, the revision of the IFRS 9 model parameters led to positive credit risk costs.

The HUF 4.4 billion profit in the fourth quarter was consistent with 12% q-o-q decline. The 1% improvement in operating profit was offset by q-o-q higher risk cost. In a favourable development, core banking income improved q-o-q: both net interest income and fees and commissions grew q-o-q. Net interest margin remained stable q-o-q at 2.01%.

In the fourth quarter, operating expenses increased by 7%, partly as a result of higher marketing expenses, thus the fourth-quarter cost/income ratio exceeded 50% again.

At the end of 2021, the ratio of Stage 3 loans (1.3%) improved by 0.2 pp y-o-y. The own provision coverage of Stage 3 loans grew by almost 20 pps y-o-y, to 56.1%, thus it is already nearing the Group average. The own provision coverage of Stage 3 loans also improved q-o-q.

The performing loan volumes grew by 7% y-o-y. One reason for the y-o-y increase in corporate deposits and loans was the change in the definition of the MSE and corporate segments in 3Q 2021 (just like in 1Q), thus part of the MSE loan stock (customers above a certain annual income) was reclassified into the corporate segment.

Mortgage loan volumes grew by 8% y-o-y, disbursements jumped by more than 70%. Corporate loans and credit card loan volumes surged by double-digit rates y-o-y.

The bank's market share in cash loans improved y-o-y, but it slightly declined in mortgage and corporate loans, owing to the strong price competition.

In the fourth quarter, the volume of Stage 1+2 loans increased by 1% q-o-q, including a 1% rise in mortgage loans; the corporate portfolio grew by 3%.

The FX-adjusted deposit book expanded by 6% y-o-y and 2% q-o-q. The net-loan-to-deposit ratio stood at 80% at the end of the quarter (q-o-q unchanged, +1 pp y-o-y).

OTP BANK ROMANIA

Performance of OTP Bank Romania:

Main components of P&L account in HUF million	2020	2021	Y-o-Y	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	1,558	4,253	173%	-1,217	-783	3,260	-516%	-368%
Income tax	91	-1,444		175	-367	-484	32%	-377%
Profit before income tax	1,467	5,697	288%	-1,392	-416	3,744	-1000%	-369%
Operating profit	11,811	8,937	-24%	1,976	3,197	2,641	-17%	34%
Total income	43,748	46,699	7%	11,304	12,083	12,319	2%	9%
Net interest income	32,739	36,270	11%	8,458	9,399	9,915	5%	17%
Net fees and commissions	3,813	4,143	9%	1,089	903	1,173	30%	8%
Other net non-interest income	7,195	6,285	-13%	1,756	1,781	1,231	-31%	-30%
Operating expenses	-31,937	-37,762	18%	-9,328	-8,885	-9,678	9%	4%
Total provisions	-10,344	-3,240	-69%	-3,368	-3,613	1,103	-131%	-133%
Provision for impairment on loan and placement losses	-7,840	-6,821	-13%	-2,835	-3,468	-737	-79%	-74%
Other provision	-2,504	3,581	-243%	-533	-145	1,840		-445%
Main components of balance sheet closing balances in HUF million	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
Total assets	1,162,183	1,438,484	24%	1,162,183	1,325,709	1,438,484	9%	24%
Gross customer loans	861,393	1,035,400	20%	861,393	973,080	1,035,400	6%	20%
Gross customer loans (FX-adjusted)	863,037	1,035,400	20%	863,037	997,009	1,035,400	4%	20%
Stage 1+2 customer loans (FX-adjusted)	806,492	976,556	21%	806,492	942,042	976,556	4%	21%
Retail loans	552,550	500,791	-9%	552,550	481,761	500,791	4%	-9%
Corporate loans	216,060	429,245	99%	216,060	415,245	429,245	3%	99%
Leasing	37,881	46,520	23%	37,881	45,036	46,520	3%	23%
Allowances for possible loan losses	-48,174	-54,780	14%	-48,174	-52,047	-54,780	5%	14%
Allowances for possible loan losses (FX-adjusted)	-48,519	-54,780	13%	-48,519	-53,510	-54,780	2%	13%
Deposits from customers	710,047	830,717	17%	710,047	786,422	830,717	6%	17%
Deposits from customers (FX-adjusted)	712,274	830,717	17%	712,274	804,553	830,717	3%	17%
Retail deposits	508,556	436,727	-14%	508,556	425,640	436,727	3%	-14%
Corporate deposits	203,718	393,990	93%	203,718	378,913	393,990	4%	93%
Liabilities to credit institutions	284,173	402,553	42%	284,173	354,218	402,553	14%	42%
Total shareholders' equity	127,238	164,914	30%	127,238	143,221	164,914	15%	30%
Loan Quality	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	690,664	826,518	20%	690,664	826,443	826,518	0%	20%
Stage 1 loans under IFRS 9/gross customer loans	80.2%	79.8%	-0.4%p	80.2%	84.9%	79.8%	-5.1%p	-0.4%p
Own coverage of Stage 1 loans under IFRS 9	1.0%	1.0%	0.0%p	1.0%	1.1%	1.0%	-0.1%p	0.0%p
Stage 2 loan volume under IFRS 9 (in HUF million)	114,615	150,038	31%	114,615	93,193	150,038	61%	31%
Stage 2 loans under IFRS 9/gross customer loans	13.3%	14.5%	1.2%p	13.3%	9.6%	14.5%	4.9%p	1.2%p
Own coverage of Stage 2 loans under IFRS 9	9.0%	8.4%	-0.6%p	9.0%	12.2%	8.4%	-3.8%p	-0.6%p
Stage 3 loan volume under IFRS 9 (in HUF million)	56,113	58,844	5%	56,113	53,445	58,844	10%	5%
Stage 3 loans under IFRS 9/gross customer loans	6.5%	5.7%	-0.8%p	6.5%	5.5%	5.7%	0.2%p	-0.8%p
Own coverage of Stage 3 loans under IFRS 9	54.6%	57.5%	2.9%p	54.6%	58.5%	57.5%	-1.0%p	2.9%p
Provision for impairment on loan and placement losses/average gross loans	0.99%	0.74%	-0.25%	1.33%	1.48%	0.29%	-1.19%	-1.03%
90+ days past due loan volume (in HUF million)	38,713	35,921	-7%	38,713	34,762	35,921	3%	-7%
90+ days past due loans/gross customer loans	4.5%	3.5%	-1.0%p	4.5%	3.6%	3.5%	-0.1%p	-1.0%p
Performance Indicators	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
ROA	0.1%	0.3%	0.2%p	-0.4%	-0.2%	1.0%	1.2%p	1.4%p
ROE	1.3%	3.0%	1.8%p	-3.8%	-2.2%	8.7%	10.9%p	12.5%p
Total income margin	4.18%	3.75%	-0.43%p	3.97%	3.83%	3.62%	-0.21%p	-0.35%p
Net interest margin	3.13%	2.92%	-0.21%p	2.97%	2.98%	2.91%	-0.07%p	-0.06%p
Operating costs / Average assets	3.05%	3.04%	-0.02%p	3.27%	2.82%	2.84%	0.02%p	-0.43%p
Cost/income ratio	73.0%	80.9%	7.9%p	82.5%	73.5%	78.6%	5.0%p	-4.0%p
Net loans to deposits (FX-adjusted)	114%	118%	4%p	114%	117%	118%	1%p	4%p
FX rates (in HUF)	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
HUF/RON (closing)	75.0	74.6	-1%	75.0	72.9	74.6	2%	-1%
HUF/RON (average)	72.6	72.8	0%	74.0	71.7	73.6	3%	-1%

In 2021 **OTP Bank Romania** generated HUF 4.3 billion after-tax profit, which is consistent with 3% ROE. The tripling annual profit benefited from the 69% fall in risk costs. The Romanian operation generated HUF 3.3 billion profit in the fourth quarter, largely supported by positive risk costs.

The annual operating profit dropped by 24%, as a result of y-o-y 7% higher total income, and 18% growth in operating expenses. In the fourth quarter, operating profit fell 17% q-o-q, largely owing to a drop in other income, and 9% higher operating expenses.

The twelve-month net interest income surged 10% y-o-y in local currency. The annual dynamics was supported by the vigorous, 21% growth in performing (Stage 1+2) loan volumes, while net interest margin shrank by 21 bps y-o-y. 4Q net interest income rose by 5% q-o-q, as a result of growing volumes, while net interest margin declined by 7 bps. The q-o-q margin erosion was chiefly the result of the interest expenses on intragroup funding, which offset the positive effect of rising corporate lending rates. The three-month interbank lending rate, which is the benchmark for corporate loans, started to rise at the end of September, so the average interest on the corporate loan portfolio already grew in the fourth quarter. The benchmark index (IRCC) for retail loans' reference rate remained on a declining trajectory, according to the data of National Bank of Romania.

Operating expenses surged by 18% y-o-y. Most of the higher costs stemmed from the growth strategy launched in 2019. The increase in personnel expenses was partly the result of the 8% y-o-y growth in the average number of employees and wage hikes. The higher depreciation was due to the CAPEX requirement of developments, in line with the growth strategy. Within other expenses, supervisory fees grew at the strongest rate (+HUF 0.7 billion y-o-y).

In 2021, total risk cost amounted to -HUF 3.2 billion. The 69% y-o-y decline stemmed from the lower credit risk cost than in the base period, and from the release of other provisions. In the fourth quarter, provisions created for the higher volume of Stage 2 and Stage 3 loans resulted in -HUF 0.7 billion credit risk costs. On the other risk costs line, HUF 1.8 billion provisions were released, mostly induced by litigations.

As to loan quality, the volume of 90 days past due loans fell by HUF 1 billion (FX-adjusted, without sales/write-offs) last year. The ratio of Stage 3 loans declined by 1.4 pps y-o-y, to 5.7% (+0.2 pp q-o-q), their own provision coverage stood at 57.5% at the end of the fourth quarter (+2.9 pps y-o-y, -1.0 pp q-o-q). The ratio of Stage 2 loans fell by 1.2 pps y-o-y, to 14.5% (+4.9 pps q-o-q). The growth was driven by the revision of IFRS model parameters, during which a substantial retail volume was reclassified as Stage 2. The own provision coverage of Stage 2 loans edged higher (+0.6 pp y-o-y and +3.8 pps q-o-q), and stood at 8.4% at the end of the fourth quarter.

As to business activity, both new placements and volumes grew dynamically, in accordance with the Bank's strategy. In 2021, mortgage loan placements increased by 25% y-o-y, and by 7% q-o-q in 4Q. Performing (Stage 1+2) loan volumes rose by 21% y-o-y and by 4% q-o-q (FX-adjusted). In the third quarter of 2021, group-level definitions were adopted for MSE and large corporate loans. As a result, certain exposures were reclassified between the two categories.

Despite the successful deposit-taking (+17% y-o-y; FX-adjusted), the net loan/deposit ratio grew by 4 pps y-o-y, to 118%.

The 30% y-o-y increase in total 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	2020	2021	Y-o-Y	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	26,104	39,024	49%	4,471	11,105	10,193	-8%	128%
Income tax	-5,485	-8,242	50%	-849	-2,541	-2,241	-12%	164%
Profit before income tax	31,589	47,266	50%	5,320	13,646	12,434	-9%	134%
Operating profit	42,030	54,760	30%	10,631	14,039	17,180	22%	62%
Total income	67,385	83,567	24%	17,096	21,195	26,065	23%	52%
Net interest income	48,581	62,051	28%	12,309	16,260	18,613	14%	51%
Net fees and commissions	13,540	14,494	7%	3,359	3,996	3,774	-6%	12%
Other net non-interest income	5,264	7,022	33%	1,428	938	3,678	292%	158%
Operating expenses	-25,355	-28,806	14%	-6,465	-7,156	-8,885	24%	37%
Total provisions	-10,441	-7,494	-28%	-5,311	-393	-4,746		-11%
Provision for impairment on loan and placement losses	-6,286	-5,827	-7%	-2,758	-370	-4,146		50%
Other provision	-4,155	-1,667	-60%	-2,553	-23	-600		-76%
Main components of balance sheet closing balances in HUF million	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
Total assets	729,012	983,557	35%	729,012	911,299	983,557	8%	35%
Gross customer loans	443,031	662,173	49%	443,031	605,918	662,173	9%	49%
Gross customer loans (FX-adjusted)	491,631	662,173	35%	491,631	623,031	662,173	6%	35%
Stage 1+2 customer loans (FX-adjusted)	440,021	620,582	41%	440,021	577,732	620,582	7%	41%
Retail loans	90,510	115,140	27%	90,510	103,331	115,140	11%	27%
Corporate loans	227,872	341,118	50%	227,872	307,887	341,118	11%	50%
Leasing	121,640	164,324	35%	121,640	166,514	164,324	-1%	35%
Allowances for possible loan losses	-46,200	-47,830	4%	-46,200	-45,773	-47,830	4%	4%
Allowances for possible loan losses (FX-adjusted)	-51,699	-47,830	-7%	-51,699	-47,189	-47,830	1%	-7%
Deposits from customers	493,884	671,002	36%	493,884	597,854	671,002	12%	36%
Deposits from customers (FX-adjusted)	546,495	671,002	23%	546,495	615,362	671,002	9%	23%
Retail deposits	244,679	275,196	12%	244,679	262,987	275,196	5%	12%
Corporate deposits	301,815	395,805	31%	301,815	352,375	395,805	12%	31%
Liabilities to credit institutions	91,059	115,714	27%	91,059	119,411	115,714	-3%	27%
Total shareholders' equity	117,071	159,756	36%	117,071	146,907	159,756	9%	36%
Loan Quality	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	365,266	576,876	58%	365,266	521,220	576,876	11%	58%
Stage 1 loans under IFRS 9/gross customer loans	82.4%	87.1%	4.7%p	82.4%	86.0%	87.1%	1.1%p	4.7%p
Own coverage of Stage 1 loans under IFRS 9	1.9%	1.9%	0.0%p	1.9%	1.8%	1.9%	0.0%p	0.0%p
Stage 2 loan volume under IFRS 9 (in HUF million)	31,726	43,707	38%	31,726	40,756	43,707	7%	38%
Stage 2 loans under IFRS 9/gross customer loans	7.2%	6.6%	-0.6%p	7.2%	6.7%	6.6%	-0.1%p	-0.6%p
Own coverage of Stage 2 loans under IFRS 9	15.9%	18.5%	2.6%p	15.9%	14.3%	18.5%	4.2%p	2.6%p
Stage 3 loan volume under IFRS 9 (in HUF million)	46,039	41,590	-10%	46,039	43,942	41,590	-5%	-10%
Stage 3 loans under IFRS 9/gross customer loans	10.4%	6.3%	-4.1%p	10.4%	7.3%	6.3%	-1.0%p	-4.1%p
Own coverage of Stage 3 loans under IFRS 9	74.3%	69.6%	-4.8%p	74.3%	69.1%	69.6%	0.5%p	-4.8%p
Provision for impairment on loan and placement losses/average gross loans	1.39%	1.09%	-0.30%p	2.44%	0.26%	2.58%	2.31%p	0.14%p
90+ days past due loan volume (in HUF million)	28,401	21,914	-23%	28,401	25,696	21,914	-15%	-23%
90+ days past due loans/gross customer loans	6.4%	3.3%	-3.1%p	6.4%	4.2%	3.3%	-0.9%p	-3.1%p
Performance Indicators	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
ROA	3.8%	4.7%	0.9%p	2.5%	5.3%	4.3%	-1.0%p	1.8%p
ROE	23.0%	28.8%	5.8%p	14.9%	32.7%	26.3%	-6.3%p	11.5%p
Total income margin	9.78%	10.06%	0.28%p	9.38%	10.06%	10.97%	0.91%p	1.58%p
Net interest margin	7.05%	7.47%	0.42%p	6.76%	7.72%	7.83%	0.12%p	1.07%p
Operating costs / Average assets	3.68%	3.47%	-0.21%p	3.55%	3.40%	3.74%	0.34%p	0.19%p
Cost/income ratio	37.6%	34.5%	-3.2%p	37.8%	33.8%	34.1%	0.3%p	-3.7%p
Net loans to deposits (FX-adjusted)	81%	92%	11%p	81%	94%	92%	-2%p	11%p
FX rates (in HUF)	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
HUF/UAH (closing)	10.5	11.9	14%	10.5	11.7	11.9	2%	14%
HUF/UAH (average)	11.4	11.1	-3%	10.7	11.2	11.9	7%	12%

OTP Bank Ukraine's financial figures in HUF terms were affected by the UAH/HUF exchange rate moves: by the end of 4Q 2021, the hryvnia appreciated by 14% y-o-y and by 2% q-o-q against the HUF. The UAH's annual average exchange rate weakened 3%, while the fourth-quarter average exchange rate strengthened by 12% y-o-y, and 7% q-o-q. Therefore, the balance sheet and P&L dynamics in HUF terms differ from the ones expressed in local currency.

OTP Bank Ukraine generated HUF 39 billion after-tax profit in 2021. Most of the 49% y-o-y growth stemmed from a 30% y-o-y improvement in operating profit. This was a result of a dynamic growth in income (+24% y-o-y in HUF terms), including the outstanding 28% growth of net interest income. All this offset the 14% increase in operating expenses, which was fuelled by a hike in personnel expenses.

The Ukrainian base rate grew by a total of 300 bps, to 9% in 2021. The rising interest rate environment supported the steady improvement of net interest margin, which grew by 42 bps y-o-y, to 7.47%.

The Ukrainian operation could further improve its cost efficiency: the cost/income ratio sank by 3.2 pps y-o-y, to 34.5%, as did the ratio of operating expenses to average balance sheet total, compared to the previous year (to 3.4%). Based on average shareholders' equity and twelve-month profit in 2021, ROE was 28.8%, the highest ratio in the Group again.

Total risk costs fell 28% y-o-y, to -HUF 7.5 billion in full year 2021. The annual risk cost rate stood at 1.09%. Owing to the improved loan quality, the volume of 90 days past due loans fell by HUF 6.5 billion (FX-adjusted, without sales/write-offs).

Loan sales grew robustly in 2021. The FX-adjusted volume of performing (Stage 1+2) loans expanded by 41% last year, owing to a 50% jump in corporate loans, and a 27% surge in retail loans. Leasing activity was likewise strong in 2021, growing by 35% y-o-y. Thanks to the steady improvement in consumer loan sales, the Ukrainian bank could increase its market share in this segment, as well as in the performing corporate loan market. While loan volumes increased, the Ukrainian operation's liquidity position remained stable; the net loan/deposit ratio remained stable at 92%.

In the fourth quarter of 2021, the Ukrainian operation realized HUF 10.2 billion profit, the 8% q-o-q decline can be ascribed to the increase in risk costs. The after-tax profit was 128% higher than in the same period of the previous year.

The fourth-quarter operating profit improved by 14% q-o-q, and 45% y-o-y in local currency terms. The quarterly income in UAH grew by 15% from the third quarter, and by 37% from the same period of the previous year. Much of the improvement stemmed from a rise in net interest income, supported by the volume growth of the large corporate portfolio, as well as an increase of average interest rate on POS loans. Net interest margin continued to improve in the fourth quarter: it grew by 0.12 pps q-o-q, and 1.07 pps y-o-y, to 7.83%.

In the fourth quarter, net fees and commissions contracted by 13% q-o-q, mainly because of a reclassification at the end of 2021: in 4Q HUF 1.1 billion was shifted from other expenses to card commission expenses, reducing net fee and commission income, and increasing other net non-interest income. Operating expenses grew by 16% q-o-q, among others, because of a seasonal growth in wage and marketing expenses.

Performing (Stage 1+2) loans increased by 41% y-o-y and 7% q-o-q in the fourth quarter (FX-adjusted). In the fourth quarter, partly because of seasonal reasons, the disbursement of cash and POS loans grew substantially, thus the performing consumer loan volume expanded by 12% q-o-q in local currency. Corporate loan volumes rose by 11% q-o-q, thus annual growth rate hit 50%.

The deposits from customers grew by an FX-adjusted 9% q-o-q and 23% y-o-y. In the fourth quarter, the net loan/deposit ratio declined by 2 pps q-o-q, but grew by 11 pps from the fourth quarter of the previous year.

The risk cost booked in the fourth quarter can be partly ascribed to the revision of the IFRS 9 impairment model parameters.

As to loan quality, the volume of 90 days past due loans fell by HUF 4 billion (FX-adjusted, without sales/write-offs) in the fourth quarter. In 4Q HUF 6 billion worth of non-performing loans were sold/written off, which contributed to the decline in loan volumes classified as Stage 3. In the full year of 2021, sales/write-offs amounted to HUF 10 billion. The ratio of Stage 3 loans in the whole portfolio dropped by 1 pp q-o-q and 4.1 pps y-o-y (to 6.3%) in the fourth quarter. The provision coverage of Stage 3 loans declined by 4.8 pps y-o-y, to 69.6%. The own provision coverage of Stage 2 loans rose by 2.6 pps q-o-q, to 18.5%. The own provision coverage of Stage 1 loans remained at 1.9%.

OTP BANK RUSSIA

Performance of OTP Bank Russia

Main components of P&L account in HUF million	2020	2021	Y-o-Y	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	16,317	37,624	131%	4,391	6,780	13,434	98%	206%
Income tax	-5,092	-9,690	90%	-1,286	-1,864	-3,134	68%	144%
Profit before income tax	21,409	47,313	121%	5,677	8,644	16,568	92%	192%
Operating profit	65,068	62,368	-4%	13,877	15,939	18,119	14%	31%
Total income	123,198	118,158	-4%	27,762	29,262	33,254	14%	20%
Net interest income	99,872	91,364	-9%	21,657	22,721	25,188	11%	16%
Net fees and commissions	22,503	25,728	14%	5,394	6,157	7,711	25%	43%
Other net non-interest income	823	1,066	30%	711	384	355	-8%	-50%
Operating expenses	-58,130	-55,790	-4%	-13,885	-13,323	-15,134	14%	9%
Total provisions	-43,659	-15,055	-66%	-8,200	-7,296	-1,551	-79%	-81%
Provision for impairment on loan and placement losses	-41,160	-13,075	-68%	-7,019	-6,647	-414	-94%	-94%
Other provision	-2,499	-1,979	-21%	-1,182	-649	-1,137	75%	-4%
Main components of balance sheet closing balances in HUF million	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
Total assets	688,980	799,965	16%	688,980	745,539	799,965	7%	16%
Gross customer loans	597,849	753,373	26%	597,849	689,025	753,373	9%	26%
Gross customer loans (FX-adjusted)	656,236	753,373	15%	656,236	702,511	753,373	7%	15%
Stage 1+2 customer loans (FX-adjusted)	564,686	667,347	18%	564,686	613,313	667,347	9%	18%
Retail loans	486,612	542,886	12%	486,612	506,629	542,886	7%	12%
Corporate loans	78,074	124,461	59%	78,074	106,683	124,461	17%	59%
Allowances for possible loan losses	-127,598	-131,878	3%	-127,598	-136,795	-131,878	-4%	3%
Allowances for possible loan losses (FX-adjusted)	-140,026	-131,878	-6%	-140,026	-139,472	-131,878	-5%	-6%
Deposits from customers	350,608	411,633	17%	350,608	360,233	411,633	14%	17%
Deposits from customers (FX-adjusted)	383,877	411,633	7%	383,877	367,936	411,633	12%	7%
Retail deposits	315,780	307,663	-3%	315,780	294,601	307,663	4%	-3%
Corporate deposits	68,097	103,970	53%	68,097	73,334	103,970	42%	53%
Liabilities to credit institutions	90,852	85,485	-6%	90,852	109,322	85,485	-22%	-6%
Subordinated debt	22,580	8,842	-61%	22,580	0	8,842		-61%
Total shareholders' equity	183,402	240,724	31%	183,402	223,530	240,724	8%	31%
Loan Quality	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	447,094	576,404	29%	447,094	524,476	576,404	10%	29%
Stage 1 loans under IFRS 9/gross customer loans	74.8%	76.5%	1.7%p	74.8%	76.1%	76.5%	0.4%p	1.7%p
Own coverage of Stage 1 loans under IFRS 9	4.6%	3.8%	-0.9%p	4.6%	4.3%	3.8%	-0.5%p	-0.9%p
Stage 2 loan volume under IFRS 9 (in HUF million)	67,394	90,944	35%	67,394	77,051	90,944	18%	35%
Stage 2 loans under IFRS 9/gross customer loans	11.3%	12.1%	0.8%p	11.3%	11.2%	12.1%	0.9%p	0.8%p
Own coverage of Stage 2 loans under IFRS 9	43.1%	31.1%	-12.0%p	43.1%	41.0%	31.1%	-9.9%p	-12.0%p
Stage 3 loan volume under IFRS 9 (in HUF million)	83,361	86,025	3%	83,361	87,498	86,025	-2%	3%
Stage 3 loans under IFRS 9/gross customer loans	13.9%	11.4%	-2.5%p	13.9%	12.7%	11.4%	-1.3%p	-2.5%p
Own coverage of Stage 3 loans under IFRS 9	93.4%	95.1%	1.7%p	93.4%	94.3%	95.1%	0.8%p	1.7%p
Provision for impairment on loan and placement losses/average gross loans	6.36%	2.05%	-4.31%p	4.77%	4.15%	0.23%	-3.92%p	-4.55%p
90+ days past due loan volume (in HUF million)	77,929	87,550	12%	77,929	87,913	87,550	0%	12%
90+ days past due loans/gross customer loans	13.0%	11.6%	-1.4%p	13.0%	12.8%	11.6%	-1.1%p	-1.4%p
Performance Indicators	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
ROA	2.1%	5.4%	3.3%p	2.5%	3.9%	7.0%	3.1%p	4.5%p
ROE	8.9%	18.2%	9.3%p	9.6%	12.8%	23.1%	10.3%p	13.5%p
Total income margin	16.03%	17.02%	0.99%p	15.96%	16.89%	17.35%	0.47%p	1.39%p
Net interest margin	13.00%	13.16%	0.16%p	12.45%	13.11%	13.15%	0.03%p	0.69%p
Operating costs / Average assets	7.56%	8.04%	0.47%p	7.98%	7.69%	7.90%	0.21%p	-0.08%p
Cost/income ratio	47.2%	47.2%	0.0%p	50.0%	45.5%	45.5%	0.0%p	-4.5%p
Net loans to deposits (FX-adjusted)	134%	151%	17%p	134%	153%	151%	-2%p	17%p
FX rates (in HUF)	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
HUF/RUB (closing)	4.0	4.4	10%	4.0	4.3	4.4	2%	10%
HUF/RUB (average)	4.3	4.1	-4%	4.0	4.1	4.4	7%	11%

OTP Bank Russia's financial figures in HUF terms were affected by the HUF/RUB exchange rate's moves: in 4Q 2021, the rouble's closing exchange rate against the forint appreciated by 2% q-o-q, and 10% y-o-y. The annual average exchange rate weakened 4% y-o-y, while the 4Q average exchange rate strengthened 7% q-o-q, and 11% y-o-y. Therefore, the balance sheet and the P&L dynamics in HUF terms differ from the ones expressed in local currency.

OTP Bank Russia posted HUF 37.6 billion profit in 2021, 131% more than in the base period.

The bank's operating profit in local currency stagnated from the previous year, just like operating expenses. In RUB terms, 2021 total income did not change from 2020, because the 19% y-o-y growth in net fees and commissions offset the 5% contraction in net interest income. Net interest income was adversely affected by the lower average interest rate on loans (in part because of the strong competition, partly because of regulatory reasons, partly because of composition effect), and this led to lower interest income on loans, despite growing volumes. Net interest margin crawled up y-o-y last year, partially supported by the overall decline in deposit interest expenses. The yield environment grew over the past year: the base rate increased by a total of 425 bps, to 8.5%.

Operating expenses stagnated y-o-y in RUB. The annual cost/income ratio was 47.2%, similar to the previous year.

Risk costs fell by 66% y-o-y 2021, owing to the pandemic-induced loan loss provisions set aside in the base period, the favourable portfolio quality trend in 2021, and the release of provisions owing to the revision of the IFRS 9 depreciation model parameters in 4Q 2021.

The ratio of Stage 3 loans declined by 2.5 pps, to 11.4%, while that of Stage 1 loans upped by 1.7 pps, to 76.5%. The credit risk cost ratio dropped by 4.31 pps, to 2.05% y-o-y.

The performing (Stage 1+2) loan volume expanded by 18% y-o-y (FX-adjusted), bolstered by the 12% retail and 59% corporate volume growth rates. During 2021, the composition of the portfolio shifted towards lower-margin corporate loans and car financing, while the ratio of retail consumer loans with higher risk profile dropped. New retail loan disbursements in 2021 were 28% higher y-o-y than in the previous year, while interest rates headed down.

After-tax profit hit HUF 13.4 billion in the fourth quarter, having doubled q-o-q, and tripled y-o-y. The main reason for this was the decline in risk cost: the revision of the IFRS 9 impairment model parameters led to release of provisions.

The fourth-quarter operating profit grew by 6% q-o-q in RUB, as total income expanded at a comparable rate. Within that, net interest income rose by 3%, and net fees and commissions improved by 17%. The latter can be ascribed to credit card and deposit volumes' growth. The fourth-quarter interest margin in local currency decreased q-o-q: the increase in interest rates on the deposit side had a negative effect, while interest rates on the credit side stagnated.

The q-o-q 6% growth in fourth-quarter operating expenses stemmed from the higher wage costs caused by the year-end bonuses, and from seasonal increase in other costs. The cost/income ratio stagnated q-o-q in the fourth quarter.

Performing (Stage 1+2) loan volume growth continued in 4Q: it increased by 9% q-o-q (FX-adjusted), owing to a 7% q-o-q rise in consumer loans, and 17% surge in corporate loan volumes.

Loan disbursements to medium-sized and large companies increased by 3% q-o-q. In the last quarter of the year, new car financing placements remained stable q-o-q, but jumped by 94% compared to the same period of the previous year.

The digital service and product development continued in 2021; online penetration hit 77% among active customers. The share of digital sales followed a rising trend in case of all key products.

Deposits from customers grew by 12% q-o-q and 7% y-o-y (FX-adjusted). The FX-adjusted net loan/deposit ratio dropped 2 pps q-o-q, but rose 17 pps y-o-y.

In the last quarter of 2021, the combination of risk costs and the significant increase in average loan portfolio resulted in 0.23% credit risk cost ratio (-4.55 pps y-o-y, -3.92 pps q-o-q). In the fourth quarter, the own coverage ratio of Stage 3 loans edged higher (to 95.1%), while that of Stage 2 loans declined by 9.9 pps (to 31.1%). Nearly HUF 6.8 billion worth of non-performing loans were sold or written off (FX-adjusted) in the fourth quarter, and a total of HUF 16.8 billion in full year 2021.

CKB GROUP (MONTENEGRO)

Performance of CKB Group:

Main components of P&L account in HUF million	2020	2021	Y-o-Y	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	4,307	4,140	-4%	1,835	2,259	-1,235	-155%	-167%
Income tax	-302	-817	170%	-53	-246	-295	20%	453%
Profit before income tax	4,609	4,957	8%	1,888	2,504	-940	-138%	-150%
Operating profit	8,353	10,240	23%	2,426	2,628	2,845	8%	17%
Total income	22,095	22,046	0%	5,900	5,612	5,746	2%	-3%
Net interest income	17,188	16,553	-4%	4,541	4,088	4,277	5%	-6%
Net fees and commissions	4,446	4,880	10%	1,160	1,355	1,354	0%	17%
Other net non-interest income	461	613	33%	198	169	115	-32%	-42%
Operating expenses	-13,743	-11,805	-14%	-3,474	-2,985	-2,902	-3%	-16%
Total provisions	-3,743	-5,283	41%	-537	-123	-3,785		604%
Provision for impairment on loan and placement losses	-3,434	647	-119%	-1,090	-7	1,825		-267%
Other provision	-309	-5,930		553	-117	-5,609		
Main components of balance sheet closing balances in HUF million	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
Total assets	477,676	513,522	8%	477,676	499,116	513,522	3%	8%
Gross customer loans	362,067	366,369	1%	362,067	355,906	366,369	3%	1%
Gross customer loans (FX-adjusted)	365,907	366,369	0%	365,907	364,277	366,369	1%	0%
Stage 1+2 customer loans (FX-adjusted)	339,502	340,776	0%	339,502	337,901	340,776	1%	0%
Retail loans	164,896	162,018	-2%	164,896	160,077	162,018	1%	-2%
Corporate loans	174,606	178,758	2%	174,606	177,824	178,758	1%	2%
Allowances for possible loan losses	-24,510	-23,504	-4%	-24,510	-24,924	-23,504	-6%	-4%
Allowances for possible loan losses (FX-adjusted)	-24,772	-23,504	-5%	-24,772	-25,510	-23,504	-8%	-5%
Deposits from customers	324,671	386,572	19%	324,671	366,841	386,572	5%	19%
Deposits from customers (FX-adjusted)	329,051	386,572	17%	329,051	375,819	386,572	3%	17%
Retail deposits	216,100	235,340	9%	216,100	228,151	235,340	3%	9%
Corporate deposits	112,951	151,232	34%	112,951	147,669	151,232	2%	34%
Liabilities to credit institutions	58,967	19,698	-67%	58,967	32,606	19,698	-40%	-67%
Total shareholders' equity	76,556	82,029	7%	76,556	81,603	82,029	1%	7%
Loan Quality	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	294,548	280,910	-5%	294,548	267,577	280,910	5%	-5%
Stage 1 loans under IFRS 9/gross customer loans	81.4%	76.7%	-4.7%p	81.4%	75.2%	76.7%	1.5%p	-4.7%p
Own coverage of Stage 1 loans under IFRS 9	1.3%	1.0%	-0.4%p	1.3%	1.4%	1.0%	-0.4%p	-0.4%p
Stage 2 loan volume under IFRS 9 (in HUF million)	41,390	59,866	45%	41,390	62,559	59,866	-4%	45%
Stage 2 loans under IFRS 9/gross customer loans	11.4%	16.3%	4.9%p	11.4%	17.6%	16.3%	-1.2%p	4.9%p
Own coverage of Stage 2 loans under IFRS 9	9.3%	6.5%	-2.8%p	9.3%	7.2%	6.5%	-0.7%p	-2.8%p
Stage 3 loan volume under IFRS 9 (in HUF million)	26,129	25,593	-2%	26,129	25,770	25,593	-1%	-2%
Stage 3 loans under IFRS 9/gross customer loans	7.2%	7.0%	-0.2%p	7.2%	7.2%	7.0%	-0.3%p	-0.2%p
Own coverage of Stage 3 loans under IFRS 9	63.9%	66.0%	2.1%p	63.9%	64.7%	66.0%	1.4%p	2.1%p
Provision for impairment on loan and placement losses/average gross loans	0.99%	-0.18%	-1.17%p	1.20%	0.01%	-2.01%	-2.02%p	-3.21%p
90+ days past due loan volume (in HUF million)	17,538	16,472	-6%	17,538	16,561	16,472	-1%	-6%
90+ days past due loans/gross customer loans	4.8%	4.5%	-0.3%p	4.8%	4.7%	4.5%	-0.2%p	-0.3%p
Performance Indicators	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
ROA	0.9%	0.9%	0.0%p	1.5%	1.9%	-1.0%	-2.9%p	-2.5%p
ROE	6.0%	5.2%	-0.7%p	9.8%	11.4%	-5.9%	-17.3%p	-15.7%p
Total income margin	4.70%	4.62%	-0.08%p	4.84%	4.69%	4.56%	-0.14%p	-0.28%p
Net interest margin	3.65%	3.47%	-0.18%p	3.72%	3.42%	3.39%	-0.03%p	-0.33%p
Operating costs / Average assets	2.92%	2.48%	-0.45%p	2.85%	2.50%	2.30%	-0.20%p	-0.55%p
Cost/income ratio	62.2%	53.5%	-8.6%p	58.9%	53.2%	50.5%	-2.7%p	-8.4%p
Net loans to deposits (FX-adjusted)	104%	89%	-15%p	104%	90%	89%	-1%p	-15%p
FX rates (in HUF)	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
HUF/EUR (closing)	365.1	369.0	1%	365.1	360.5	369.0	2%	1%
HUF/EUR (average)	351.2	358.5	2%	360.5	353.8	364.2	3%	1%

In full year 2021, the Montenegrin **CKB Group** generated HUF 4.1 billion adjusted profit, which marked a 4% y-o-y decrease compared to the base period. As a result, ROE in 2021 decreased by 0.7 pp y-o-y to 5.2%. The HUF 1.2 billion loss in the fourth quarter was primarily impacted by higher other risk costs.

The twelve-month operating profit grew by 23% y-o-y as operating expenses fell by 14%, while income was stable. One reason for the lower operating expenses was the synergies from the merger of the acquired Podgoricka banka: average headcount fell by 155 y-o-y, and the number of branches dropped to 34, from 48 at the end of 3Q 2020. Marketing, real estate-related, and hardware costs also subsided. Thus, the twelve-month cost/income ratio (53.5%) improved by 8.6 pps y-o-y. Moreover, the ratio was nearing 50% in 4Q 2021.

Full-year total income declined by 1% in local currency: owing to the narrowing margins the net interest income fell 5%, while net fees and commissions grew by 8% as tourism re-started and business activity intensified.

The 4Q operating profit improved by 8% q-o-q, mostly because net interest income increased by 5% (2% in local currency). Net interest margin shrank by 3 bps q-o-q. Operating expenses dropped by 6% q-o-q in EUR, chiefly owing to lower bonus payments.

Total risk cost in 2021 increased 41% y-o-y, primarily due to other risk costs generated in 4Q. In 4Q HUF 1.8 billion lending-related provisions were released, as a result of the revision of the IFRS 9 model parameters. In 4Q, other provisions increased by HUF 5.5 billion q-o-q due to an operational risk event.

Performing (Stage 1+2) loans stayed flat y-o-y, and rose by 1% q-o-q (FX-adjusted). Newly disbursed loan volumes rose in all segments in q-o-q comparison: cash loan disbursement grew by 16% q-o-q, mortgage loans jumped by 72%, and corporate loan disbursements increased by 24%.

In full year 2021, the volume of DPD90+ loans dropped by HUF 0.3 billion (FX-adjusted, without sales and write-offs), including -HUF 0.3 billion in the fourth quarter. The DPD90+ ratio (4.5%) declined 0.3 pp y-o-y, simultaneously with the sale/write-off of the HUF 1 billion (4Q: HUF 0.2 billion) worth of non-performing loans in 2021. At the end of 2021, the ratio of Stage 3 loans was 7.0% (-0.2 pp y-o-y, and -0.3 pp q-o-q); their own coverage stood at 66%.

The FX-adjusted deposit book expanded by 17% y-o-y, and by 3% q-o-q. The net loan/deposit ratio stood at 89% at the end of the year (-15 pps y-o-y, -1 pp q-o-q).

At the end of December 2021, the total market share of OTP Group's Montenegrin operation by balance sheet total was 26.8%. The Bank retained its market leading position in Montenegro.

OTP BANK ALBANIA (ALBANIA)

Performance of OTP Bank Albania:

Main components of P&L account in HUF million	2020	2021	Y-o-Y	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	1,959	5,522	182%	49	1,540	1,613	5%	
Income tax	-489	-986	102%	-138	-263	-309	17%	124%
Profit before income tax	2,448	6,508	166%	188	1,804	1,922	7%	925%
Operating profit	5,904	7,213	22%	1,356	1,965	2,026	3%	49%
Total income	11,597	13,398	16%	2,902	3,544	3,670	4%	26%
Net interest income	9,824	10,619	8%	2,482	2,745	2,906	6%	17%
Net fees and commissions	1,278	1,843	44%	320	475	488	3%	52%
Other net non-interest income	495	936	89%	99	324	276	-15%	179%
Operating expenses	-5,693	-6,186	9%	-1,546	-1,579	-1,644	4%	6%
Total provisions	-3,455	-705	-80%	-1,168	-161	-104	-36%	-91%
Provision for impairment on loan and placement losses	-2,515	-880	-65%	-400	-103	-275	168%	-31%
Other provision	-940	175	-119%	-768	-59	171	-392%	-122%
Main components of balance sheet closing balances in HUF million	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
Total assets	286,606	350,848	22%	286,606	318,717	350,848	10%	22%
Gross customer loans	180,815	219,890	22%	180,815	198,503	219,890	11%	22%
Gross customer loans (FX-adjusted)	185,390	219,890	19%	185,390	203,933	219,890	8%	19%
Stage 1+2 customer loans (FX-adjusted)	179,767	212,699	18%	179,767	197,435	212,699	8%	18%
Retail loans	83,135	84,207	1%	83,135	81,359	84,207	4%	1%
Corporate loans	93,097	124,691	34%	93,097	112,650	124,691	11%	34%
Leasing	3,536	3,801	7%	3,536	3,425	3,801	11%	7%
Allowances for possible loan losses	-8,089	-10,096	25%	-8,089	-9,212	-10,096	10%	25%
Allowances for possible loan losses (FX-adjusted)	-8,285	-10,096	22%	-8,285	-9,462	-10,096	7%	22%
Deposits from customers	214,808	251,270	17%	214,808	237,899	251,270	6%	17%
Deposits from customers (FX-adjusted)	220,322	251,270	14%	220,322	244,512	251,270	3%	14%
Retail deposits	184,605	210,200	14%	184,605	203,682	210,200	3%	14%
Corporate deposits	35,717	41,070	15%	35,717	40,830	41,070	1%	15%
Liabilities to credit institutions	37,151	53,257	43%	37,151	40,861	53,257	30%	43%
Total shareholders' equity	28,781	35,134	22%	28,781	33,310	35,134	5%	22%
Loan Quality	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	143,701	191,308	33%	143,701	169,913	191,308	13%	33%
Stage 1 loans under IFRS 9/gross customer loans	79.5%	87.0%	7.5%p	79.5%	85.6%	87.0%	1.4%p	7.5%p
Own coverage of Stage 1 loans under IFRS 9	1.3%	1.2%	0.0%p	1.3%	1.3%	1.2%	0.0%p	0.0%p
Stage 2 loan volume under IFRS 9 (in HUF million)	31,620	21,391	-32%	31,620	22,264	21,391	-4%	-32%
Stage 2 loans under IFRS 9/gross customer loans	17.5%	9.7%	-7.8%p	17.5%	11.2%	9.7%	-1.5%p	-7.8%p
Own coverage of Stage 2 loans under IFRS 9	10.4%	11.4%	1.0%p	10.4%	14.0%	11.4%	-2.6%p	1.0%p
Stage 3 loan volume under IFRS 9 (in HUF million)	5,494	7,190	31%	5,494	6,326	7,190	14%	31%
Stage 3 loans under IFRS 9/gross customer loans	3.0%	3.3%	0.2%p	3.0%	3.2%	3.3%	0.1%p	0.2%p
Own coverage of Stage 3 loans under IFRS 9	54.2%	73.3%	19.1%p	54.2%	61.6%	73.3%	11.7%p	19.1%p
Provision for impairment on loan and placement losses/average gross loans	1.55%	0.46%	-1.08%p	0.92%	0.21%	0.53%	0.31%p	-0.39%p
90+ days past due loan volume (in HUF million)	3,984	3,624	-9%	3,984	3,399	3,624	7%	-9%
90+ days past due loans/gross customer loans	2.2%	1.6%	-0.6%p	2.2%	1.7%	1.6%	-0.1%p	-0.6%p
Performance Indicators	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
ROA	0.7%	1.8%	1.1%p	0.1%	2.0%	1.9%	-0.1%p	1.9%p
ROE	7.3%	17.6%	10.3%p	0.7%	19.1%	18.9%	-0.2%p	18.2%p
Total income margin	4.32%	4.43%	0.11%p	4.14%	4.59%	4.40%	-0.19%p	0.25%p
Net interest margin	3.66%	3.51%	-0.15%p	3.54%	3.56%	3.48%	-0.08%p	-0.06%p
Operating costs / Average assets	2.12%	2.05%	-0.08%p	2.21%	2.05%	1.97%	-0.08%p	-0.24%p
Cost/income ratio	49.1%	46.2%	-2.9%p	53.3%	44.5%	44.8%	0.3%p	-8.5%p
Net loans to deposits (FX-adjusted)	80%	83%	3%p	80%	80%	83%	4%p	3%p
FX rates (in HUF)	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
HUF/ALL (closing)	3.0	3.1	4%	3.0	3.0	3.1	3%	4%
HUF/ALL (average)	2.8	2.9	3%	2.9	2.9	3.0	3%	3%

On 6 December 2021, OTP Bank announced to purchase a 100% stake in Alpha Bank Albania, for EUR 55 million, which corresponds to a price / end of 2020 book value of 0.7. The closure of the transaction is expected in 2Q 2022, depending on regulatory approvals, therefore Alpha Bank Albania's figures were not consolidated until the end of 2021.

OTP Bank Albania generated HUF 5.5 billion after-tax profit in full year 2021; it has nearly tripled y-o-y. Its fourth-quarter profit amounted to HUF 1.6 billion, thus fourth-quarter ROE hit 18.9%.

In 2021, operating profit grew by 22% y-o-y, supported by 16% expansion in total income, while operating expenses increased by 9%.

The 8% expansion in annual net interest income was driven by volume growth, while interest margin narrowed. The 44% y-o-y jump in annual net fees and commissions can be put down to higher fee income from bank card transactions and from loan-related fees. The reason for the y-o-y jump in other net non-interest income was a technical one: the full-year revaluation gain on foreign currency-denominated provisions due to exchange rate fluctuations was reclassified from risk costs to other income in 3Q. This move is neutral to the net result, and the presentation of this item is thus in line with the practice of the Group's other subsidiaries.

The 9% y-o-y jump in annual operating expenses was influenced by higher personnel cost and depreciation, as well as rising supervisory fees among other expenses.

Annual total credit risk cost amounted to -HUF 0.7 billion, in 80% y-o-y slump. In the fourth quarter, nearly HUF 0.1 billion total risk cost incurred.

The main reason for the 3% q-o-q surge in 4Q operating profit (which stagnated in local currency) is the 4% growth in total income and a 4% increase in operating expenses.

The 6% q-o-q growth in fourth-quarter net interest income (3% in local currency) was supported by an increase in loan volumes, while net interest margin declined 8 bps q-o-q, largely owing to the lower interest rates on corporate loans.

In the fourth quarter, net fees and commissions were 52% higher than a year earlier, but grew by 3% q-o-q.

In full year 2021, the volume of DPD90+ loans (FX-adjusted, without sales and write-offs) dropped by HUF 0.4 billion (4Q: +HUF 0.2 billion).

The ratio of Stage 3 loans upped by 0.2 pp y-o-y to 3.3% by the end of 2021. The own provision coverage of Stage 3 loans increased by 19.1 pps y-o-y, and by 11.7 pps q-o-q, to 73.3%. The ratio of Stage 2 loans dropped by 7.8 pps y-o-y (-1.5 pps q-o-q); their own provision coverage was 11.4% at the end of the fourth quarter.

The FX-adjusted performing (Stage 1+2) loan volume expanded by 18% y-o-y and by 8% in a quarter to quarter comparison. In the third quarter of 2021, group-level definitions were introduced for MSE and large corporate loans. As a result, some volumes were reclassified between the two categories in the third quarter. In the fourth quarter, new loan disbursements grew by 18% q-o-q in case of mortgages, and by 54% in case of corporate loans.

FX-adjusted loan volumes (+3% q-o-q) increased further in the fourth quarter, largely owing to a strong growth in retail deposits. The net loan/deposit ratio stood at 83% at the end of December 2021.

Based on its balance sheet total, the market share of OTP's Albanian operation was 6.4% at the end of December 2021; this ranks it the fifth biggest bank in the country.

OTP BANK MOLDOVA

Performance of OTP Bank Moldova:

Main components of P&L account in HUF million	2020	2021	Y-o-Y	4Q 2020	3Q 2021	4Q 2021	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	3,973	5,858	47%	1,150	1,327	1,478	11%	29%
Income tax	-540	-802	48%	-322	-293	-190	-35%	-41%
Profit before income tax	4,513	6,660	48%	1,471	1,620	1,668	3%	13%
Operating profit	7,707	7,835	2%	2,087	2,133	2,276	7%	9%
Total income	14,596	15,271	5%	3,864	3,918	4,385	12%	13%
Net interest income	8,889	9,698	9%	2,356	2,437	2,821	16%	20%
Net fees and commissions	2,137	2,344	10%	597	633	612	-3%	2%
Other net non-interest income	3,570	3,230	-10%	911	848	952	12%	4%
Operating expenses	-6,889	-7,437	8%	-1,777	-1,785	-2,109	18%	19%
Total provisions	-3,193	-1,175	-63%	-616	-513	-608	18%	-1%
Provision for impairment on loan and placement losses	-2,695	-663	-75%	-507	-298	-529	78%	4%
Other provision	-499	-512	3%	-109	-215	-79	-63%	-27%
Main components of balance sheet closing balances in HUF million	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
Total assets	249,921	310,511	24%	249,921	278,231	310,511	12%	24%
Gross customer loans	132,081	166,573	26%	132,081	156,076	166,573	7%	26%
Gross customer loans (FX-adjusted)	138,650	166,573	20%	138,650	162,123	166,573	3%	20%
Stage 1+2 customer loans (FX-adjusted)	134,504	163,525	22%	134,504	158,705	163,525	3%	22%
Retail loans	72,740	90,473	24%	72,740	87,391	90,473	4%	24%
Corporate loans	58,146	69,231	19%	58,146	67,425	69,231	3%	19%
Leasing	3,618	3,820	6%	3,618	3,889	3,820	-2%	6%
Allowances for possible loan losses	-4,578	-5,020	10%	-4,578	-4,608	-5,020	9%	10%
Allowances for possible loan losses (FX-adjusted)	-4,804	-5,020	5%	-4,804	-4,781	-5,020	5%	5%
Deposits from customers	203,176	247,610	22%	203,176	221,398	247,610	12%	22%
Deposits from customers (FX-adjusted)	213,302	247,610	16%	213,302	229,713	247,610	8%	16%
Retail deposits	139,838	160,603	15%	139,838	150,830	160,603	6%	15%
Corporate deposits	73,465	87,008	18%	73,465	78,883	87,008	10%	18%
Liabilities to credit institutions	5,906	15,886	169%	5,906	12,897	15,886	23%	169%
Total shareholders' equity	37,287	42,701	15%	37,287	39,897	42,701	7%	15%
Loan Quality	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	121,459	153,157	26%	121,459	145,011	153,157	6%	26%
Stage 1 loans under IFRS 9/gross customer loans	92.0%	91.9%	0.0%p	92.0%	92.9%	91.9%	-1.0%p	0.0%p
Own coverage of Stage 1 loans under IFRS 9	1.1%	1.3%	0.1%p	1.1%	1.0%	1.3%	0.3%p	0.1%p
Stage 2 loan volume under IFRS 9 (in HUF million)	6,670	10,368	55%	6,670	7,770	10,368	33%	55%
Stage 2 loans under IFRS 9/gross customer loans	5.1%	6.2%	1.2%p	5.1%	5.0%	6.2%	1.2%p	1.2%p
Own coverage of Stage 2 loans under IFRS 9	19.5%	13.6%	-5.9%p	19.5%	16.6%	13.6%	-3.0%p	-5.9%p
Stage 3 loan volume under IFRS 9 (in HUF million)	3,952	3,048	-23%	3,952	3,295	3,048	-7%	-23%
Stage 3 loans under IFRS 9/gross customer loans	3.0%	1.8%	-1.2%p	3.0%	2.1%	1.8%	-0.3%p	-1.2%p
Own coverage of Stage 3 loans under IFRS 9	48.0%	54.3%	6.3%p	48.0%	58.3%	54.3%	-4.0%p	6.3%p
Provision for impairment on loan and placement losses/average gross loans	2.23%	0.46%	-1.76%p	1.53%	0.82%	1.30%	0.49%p	-0.22%p
90+ days past due loan volume (in HUF million)	2,109	2,164	3%	2,109	1,870	2,164	16%	3%
90+ days past due loans/gross customer loans	1.6%	1.3%	-0.3%p	1.6%	1.2%	1.3%	0.1%p	-0.3%p
Performance Indicators	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
ROA	1.7%	2.2%	0.5%p	1.8%	2.0%	2.0%	0.0%p	0.2%p
ROE	10.7%	15.2%	4.5%p	11.9%	14.0%	14.2%	0.2%p	2.2%p
Total income margin	6.24%	5.86%	-0.39%p	6.12%	5.95%	5.98%	0.03%p	-0.14%p
Net interest margin	3.80%	3.72%	-0.08%p	3.73%	3.70%	3.85%	0.15%p	0.12%p
Operating costs / Average assets	2.95%	2.85%	-0.09%p	2.81%	2.71%	2.88%	0.17%p	0.06%p
Cost/income ratio	47.2%	48.7%	1.5%p	46.0%	45.6%	48.1%	2.5%p	2.1%p
Net loans to deposits (FX-adjusted)	63%	65%	2%p	63%	68%	65%	-3%p	2%p
FX rates (in HUF)	**2020**	**2021**	**Y-o-Y**	**4Q 2020**	**3Q 2021**	**4Q 2021**	**Q-o-Q**	**Y-o-Y**
HUF/MDL (closing)	17.3	18.4	6%	17.3	17.6	18.4	4%	6%
HUF/MDL (average)	17.8	17.2	-4%	17.7	16.9	18.1	7%	3%

In full year 2021, **OTP Bank Moldova** contributed to OTP Group's performance by HUF 5.9 billion profit. This is consistent with 47% y-o-y improvement, mostly caused by lower risk costs. ROE rose by 4.5 pps, to 15.2% in 2021. The Moldovan operation realized HUF 1.5 billion profit in the fourth quarter.

In 2021 operating profit rose by 2% y-o-y, driven by a 5% increase in total income; operating expenses surged 8%. Of core banking incomes, net interest income grew by 9% and net fees jumped by 10% y-o-y, which was related to revenues from cash and card transactions.

Other net non-interest income dropped by 6% y-o-y in local currency, owing to lower gains on foreign currency exchange in 2021.

The 7% q-o-q growth in fourth-quarter operating profit was predominantly driven by the 12% increase in total income. The 16% q-o-q increase in net interest income can be partly put down to the expanding loan volume, but net interest margin also improved q-o-q (+15 bps).

The 8% y-o-y rise in twelve-month operating expenses was caused by fees paid to supervisory authorities[5], as well as by the 8% increase in average headcount, and the resulting higher personnel expenses.

The 18% q-o-q increase in operating expenses stemmed from higher cost of personnel expenses, amortization, as well as hardware, office equipment and other services.

In 2021, total risk cost fell by 63% y-o-y, as a result of the base effect of the loan loss provisions necessitated by the pandemic in 2020.

In the fourth quarter, nearly HUF 0.6 billion total risk cost was booked, mostly caused by the revision of the IFRS 9 model parameters.

In full-year 2021, the DPD90+ loan portfolio stagnated (FX-adjusted, without the impact of sales and write-offs). The ratio of Stage 3 loans was 1.8% (-1.2 pps y-o-y, -0.3 pp q-o-q) at the end of 2021. The own provision coverage of Stage 3 loans was 54.3%.

In 2021 the FX-adjusted stock of performing (Stage 1+2) loans expanded by 22% y-o-y. Within that, retail loans jumped by 24%, and corporate loans surged by 19%. In the third quarter of 2021, group-level definitions were introduced for MSE and large corporate loans. As a result, some volumes were reclassified between the two categories.

The FX-adjusted deposit volume grew by 16% y-o-y, and 8% q-o-q. The net loan/deposit stood at 65% at the end of December, which is consistent 2 pps y-o-y growth.

Based on total assets, the market share of OTP's Moldavian operation was 14.2% at the end of December 2021; this ranks it the third biggest bank in Moldova.

[5]In 2021, payments were made not only the Deposit Protection Fund, but also to the Resolution Fund established in 2020, which had stipulated lower contribution in the base period.

STAFF LEVEL AND OTHER INFORMATION

	31/12/2020				31/12/2021			
	Branches	ATM	POS	Headcount (closing)	Branches	ATM	POS	Headcount (closing)
OTP Core	**362**	**1,920**	**125,800**	**10,189**	**356**	**1,906**	**135,901**	**10,506**
DSK Group (Bulgaria)	334	1,094	14,329	5,619	311	1,046	15,580	5,539
OBH (Croatia)	124	488	11,037	2,228	114	467	11,384	2,279
OTP Bank Serbia	217	323	16,657	3,022	187	298	15,038	2,707
SKB Banka (Slovenia)	51	83	4,167	889	49	82	4,940	864
OTP Bank Romania	95	149	6,256	1,693	95	148	7,843	1,740
OTP Bank Ukraine (w/o employed agents)	86	161	402	2,313	85	176	293	2,341
OTP Bank Russia (w/o employed agents)	135	224	704	5,127	134	220	607	4,992
CKB Group (Montenegro)	34	115	6,421	514	34	117	7,251	517
OTP Bank Albania	38	80	0	447	39	86	0	454
Mobiasbanca (Moldova)	54	148	0	830	51	151	0	899
Foreign subsidiaries, total	**1,168**	**2,865**	**59,973**	**22,681**	**1,099**	**2,791**	**62,936**	**22,332**
Other Hungarian and foreign subsidiaries				557				568
OTP Group (w/o employed agents)				**33,427**				**33,406**
OTP Bank Russia - employed agents				4,402				3,783
OTP Bank Ukraine - employed agents				618				657
OTP Group (aggregated)	**1,530**	**4,785**	**185,773**	**38,447**	**1,455**	**4,697**	**198,837**	**37,846**

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 Gresa
Dr. József Zoltán Vörös
Mr. Péter Csányi
Mrs. Gabriella Balogh
Mr. György Nagy
Dr. Gellért Márton Vági

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

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

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

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

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

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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FINANCIAL DATA

SEPARATE IFRS STATEMENT OF FINANCIAL POSITION

in HUF million	31/12/2021	31/12/2020	change
Cash, amounts due from banks and balances with the National Bank of Hungary	474,945	579,120	-18%
Placements with other banks, net of allowance for placement losses	2,567,212	1,535,884	67%
Repo receivables	33,638	183,364	-82%
Financial assets at fair value through profit or loss	246,462	160,483	54%
Financial assets at fair value through other comprehensive income	641,939	911,950	-30%
Securities at amortised cost	3,071,038	2,007,692	53%
Loans at amortised cost	4,032,465	3,417,760	18%
Loans mandatorily measured at fair value through profit or loss	662,012	480,937	38%
Investments in subsidiaries	1,573,008	1,548,972	2%
Property and equipment	81,817	77,974	5%
Intangible assets	62,161	57,639	8%
Right of use assets	17,231	13,479	28%
Investments properties	4,328	1,936	124%
Current tax assets	0	593	-100%
Derivative financial assets designated as hedge accounting relationships	17,727	6,817	160%
Other assets	224,488	169,794	32%
TOTAL ASSETS	**13,710,471**	**11,154,394**	**23%**
Amounts due to banks and deposits from the National Bank of Hungary and other banks	1,051,203	766,977	37%
Repo liabilities	86,580	109,612	-21%
Deposits from customers	9,948,532	7,895,735	26%
Leasing liabilities	17,932	14,106	27%
Liabilities from issued securities	22,153	28,435	-22%
Financial liabilities at fair value through profit or loss	20,133	25,902	-22%
Derivative financial liabilities designated as held for trading	192,261	99,987	92%
Derivative financial liabilities designated as hedge accounting relationships	18,690	3,104	502%
Deferred tax liabilities	1,507	3,062	-51%
Current tax assets	4,776	1,464	226%
Other liabilities	259,964	223,433	16%
Subordinated bonds and loans	271,776	304,243	-11%
TOTAL LIABILITIES	**11,895,507**	**9,476,060**	**26%**
Share capital	28,000	28,000	0%
Retained earnings and reserves	1,720,497	1,604,659	7%
Net profit	125,339	92,474	36%
Treasury shares	-58,872	-46,799	26%
TOTAL SHAREHOLDERS' EQUITY	**1,814,964**	**1,678,334**	**8%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**13,710,471**	**11,154,394**	**23%**

CONSOLIDATED IFRS STATEMENT OF FINANCIAL POSITION

in HUF million	31/12/2021	31/12/2020	change
Cash, amounts due from banks and balances with the National Banks	2,556,035	2,432,312	5%
Placements with other banks, net of loss allowance for placements	1,584,861	1,148,743	38%
Repo receivables	61,052	190,849	-68%
Financial assets at fair value through profit or loss	341,397	234,007	46%
Securities at fair value through other comprehensive income	2,224,510	2,136,709	4%
Loans at amortized cost	13,493,183	11,674,842	16%
Loans mandatorily at fair value through profit or loss	1,068,111	802,605	33%
Finance lease receivables	1,182,628	1,051,140	13%
Associates and other investments	67,222	52,443	28%
Securities at amortized cost	3,891,335	2,624,920	48%
Property and equipment	411,136	322,766	27%
Intangible assets and goodwill	248,631	239,004	4%
Right-of-use assets	50,726	46,283	10%
Investment properties	29,882	38,601	-23%
Derivative financial assets designated as hedge accounting	18,757	6,820	175%
Deferred tax assets	15,109	22,317	-32%
Current income tax receivable	29,978	38,936	-23%
Other assets	276,785	266,474	4%
Assets classified as held for sale / discontinued operations	2,046	6,070	-66%
TOTAL ASSETS	**27,553,384**	**23,335,841**	**18%**
Amounts due to banks, the National Governments, deposits from the National Banks and other banks	1,567,348	1,185,315	32%
Repo liabilities	79,047	117,991	-33%
Financial liabilities at fair value through profit or loss	41,184	34,131	21%
Deposits from customers	21,068,644	17,890,863	18%
Liabilities from issued securities	436,325	464,213	-6%
Derivative financial liabilities held for trading	202,716	104,823	93%
Derivative financial liabilities designated as hedge accounting	11,228	11,341	-1%
Leasing liabilities	53,286	48,451	10%
Deferred tax liabilities	24,045	25,990	-7%
Current income tax payable	36,581	27,684	32%
Other liabilities	717,880	607,737	18%
Subordinated bonds and loans	278,334	274,704	1%
Liabilities directly associated with assets classified as held-for-sale / discontinued operation	0	5,486	-100%
TOTAL LIABILITIES	**24,516,618**	**20,798,729**	**18%**
Share capital	28,000	28,000	0%
Retained earnings and reserves	3,109,509	2,629,076	18%
Treasury shares	-106,941	-124,080	-14%
Non-controlling interest	6,198	4,116	51%
TOTAL SHARHOLDERS' EQUITY	**3,036,766**	**2,537,112**	**20%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**27,553,384**	**23,335,841**	**18%**

SEPARATE IFRS STATEMENT OF RECOGNIZED INCOME

in HUF million	2021	2020	change
Interest income calculated using the effective interest method	302,373	239,633	26%
Income similar to interest income	105,663	81,663	29%
Total Interest Income	408,036	321,296	27%
Total Interest Expense	-155,491	-99,630	56%
NET INTEREST INCOME	**252,545**	**221,666**	**14%**
Risk cost total	-56,710	-63,126	-10%
NET INTEREST INCOME AFTER RISK COST	**195,835**	**158,540**	**24%**
Losses arising fom derecognitionof financial assets measured at amortised cost	**-2,700**	**-3,279**	**-18%**
Modification loss	**-7,017**	**-17,358**	**-60%**
Income from fees and commissions	300,803	259,781	16%
Expenses from fees and commissions	-52,276	-40,750	28%
Net profit from fees and commissions	**248,527**	**219,031**	**13%**
Foreign exchange gains (+) / loss (-)	-5,638	-4,518	25%
Gains on securities, net	2,104	17,595	-88%
Losses on financial instruments at fair value through profit or loss	-6,494	-671	868%
Gains on derivative instruments, net	3,436	7,057	-51%
Dividend income	99,037	60,973	62%
Other operating income	11,265	7,900	43%
Net other operating expenses	-41,636	-28,064	48%
Net operating income	**62,074**	**60,272**	**3%**
Personnel expenses	-136,126	-118,498	15%
Depreciation and amortization	-40,692	-38,948	4%
Other administrative expenses	-178,611	-154,165	16%
Other administrative expenses	**-355,429**	**-311,611**	**14%**
PROFIT BEFORE INCOME TAX	**141,290**	**105,595**	**34%**
Income tax expense	-15,951	-13,121	22%
NET PROFIT FOR THE PERIOD	**125,339**	**92,474**	**36%**

CONSOLIDATED IFRS STATEMENT OF RECOGNIZED INCOME

in HUF million	2021	2020	change
CONTINUING OPERATIONS			
Interest income calculated using the effective interest method	922,539	841,901	10%
Income similar to interest income	194,920	135,986	43%
Interest incomes	1,117,459	977,887	14%
Interest expenses	-243,149	-195,216	25%
NET INTEREST INCOME	**874,310**	**782,671**	**12%**
Risk cost total	**-47,645**	**-190,875**	**-75%**
Loss allowance / Release of loss allowance on loans, placements and repo receivables	-27,721	-172,520	-84%
Change in the fair value attributable to changes in the credit risk of loans mandatorily measured at fair value through profit of loss	-16,289	-3,262	399%
Loss allowance / Release of loss allowance on securities at fair value through other comprehensive income and on securities at amortized cost	-3,974	-7,309	-46%
Provision for commitments and guarantees given	-99	-8,662	-99%
Impairment / (Release of impairment) of assets subject to operating lease and of investment properties	438	878	-50%
NET INTEREST INCOME AFTER LOSS ALLOWANCE, IMPAIRMENT AND PROVISIONS	**826,665**	**591,796**	**40%**
Income from fees and commissions	554,113	486,529	14%
Expense from fees and commissions	-111,939	-88,896	26%
Net profit from fees and commissions	**442,174**	**397,633**	**11%**
Modification gain or loss	**-13,672**	**-29,773**	**-54%**
Foreign exchange gains / losses, net	2,723	19,204	-86%
Foreign exchange result	-4,075	7,864	-152%
Gains and losses on derivative instruments	6,798	11,340	-40%
Gains / Losses on securities, net	5,560	7,465	-26%
Gain from derecognition of financial assets at amortized cost	1,885	3,380	-44%
Gains / Losses on financial assets /liabilities measured at fair value through profit or loss	-532	4,843	-111%
Dividend income and gain / loss from associated companies	15,648	527	2869%
Other operating income	81,328	33,461	143%
Gains and losses on real estate transactions	6,424	3,631	77%
Other non-interest income	74,246	29,109	155%
Net insurance result	657	721	-9%
Other operating expense	-85,732	-39,447	117%
Net operating income	**20,880**	**29,433**	**-29%**
Personnel expenses	-340,684	-308,642	10%
Depreciation and amortization	-94,996	-92,761	2%
Other administrative expenses	-311,932	-289,722	8%
Other administrative expenses	**-747,612**	**-691,125**	**8%**
PROFIT BEFORE INCOME TAX	**528,435**	**297,964**	**77%**
Income tax expense	-72,123	-43,918	64%
NET PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	**456,312**	**254,046**	**80%**
From this, attributable to:			
Non-controlling interest	836	220	280%
Owners of the company	455,476	253,826	79%
DISCONTINUED OPERATIONS			
Gains from disposal of subsidiaries classified as held for sale	0	199	
Loss from discontinued operation	116	5,391	-98%
PROFIT FROM CONTINUING AND DISCOUNTINUED OPERATION	**456,428**	**259,636**	**76%**

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY (IFRS)

in HUF million	Share capital	Capital reserve	Retained earnings and reserves	Treasury shares	Non-controlling interest	Total
Balance as at 1 January 2020	**28,000**	**52**	**2,319,211**	**-60,931**	**4,956**	**2,291,288**
Net profit for the year	--	--	259,416	--	220	**259,636**
Other comprehensive income	--	--	55,823	--	-443	**55,380**
Increase due to business combinations	--	--	--	--	--	**0**
Purchase of non-controlling interests	--	--	--	--	-382	**-382**
Decrease due to discontinued operations	--	--	--	--	-235	**-235**
Share-based payment	--	--	3,394	--	--	**3,394**
Dividend	--	--	--	--	--	**0**
Correction due to ESOP	--	--	--	--	--	**0**
Treasury shares	--	--	--	--	--	**0**
– sale	--	--	--	22,773	--	**22,773**
– loss on sale	--	--	-3,967	--	--	**-3,967**
– volume change	--	--	--	-85,922	--	**-85,922**
Payment to ICES holders	--	--	-4,853	--	--	**-4,853**
Balance as at 31 December 2020	**28,000**	**52**	**2,629,024**	**-124,080**	**4,116**	**2,537,112**

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	--	--	455,592	--	836	**456,428**
Other comprehensive income	--	--	16,689	--	205	**16,894**
Increase due to business combinations	--	--	--	--	1,041	**1,041**
Purchase of non-controlling interests	--	--	--	--	--	**0**
Decrease due to discontinued operations	--	--	--	--	--	**0**
Share-based payment	--	--	3,589	--	--	**3,589**
Dividend	--	--	--	--	--	**0**
Correction due to ESOP	--	--	--	--	--	**0**
Modification of previous years' reserves	--	--	1,034	--	--	**1,034**
Treasury shares	--	--	--	--	--	**0**
– sale	--	--	--	293,572	--	**293,572**
– loss on sale	--	--	-27,800	--	--	**-27,800**
– volume change	--	--	--	-276,433	--	**-276,433**
Payment to ICES holders	--	--	-3,734	--	--	**-3,734**
Decrease due to closure of ICES	--	--	35,063	--	--	**35,063**
Balance as at 31 December 2021	**28,000**	**52**	**3,109,457**	**-106,941**	**6,198**	**3,036,766**

[1]The deduction related to repurchased treasury shares (4Q 2021: HUF 106,941 million) includes the book value of OTP shares held by ESOP (4Q 2021: 7,656,897 shares).

SEPARATE IFRS STATEMENT OF CASH FLOWS

in HUF million	31/12/2021	31/12/2020	change
OPERATING ACTIVITIES			
Profit before income tax	141,290	93,246	52%
Net accrued interest	-2,205	-34,365	-94%
Income tax paid	-1,636	-1,449	13%
Depreciation and amortization	40,784	38,997	5%
Loss allowance / (Release of loss allowance)	68,257	79,831	-14%
Share-based payment	3,589	3,394	6%
Exchange rate gains on securities	6,212	-6,433	-197%
Unrealised gains on fair value adjustment of financial instruments at fair value through profit or loss	23,051	3,549	550%
Unrealised losses on fair value adjustment of derivative financial instruments	30,962	4,011	672%
Interest expense from leasing liabilities	-214	-257	-17%
Effect of currency revaluation	35,136	-4,476	-885%
Result from the sale of property, plant and equipment and intangible assets	82	72	14%
Net change in assets and liabilities in operating activities	408,124	159,717	156%
Net cash provided by operating activities	**753,433**	**335,837**	**124%**
INVESTING ACTIVITIES			
Net cash used in investing activities	**-807,585**	**20,228**	
FINANCING ACTIVITIES			
Net cash provided by / (used in) financing activities	**-73,293**	**-77,609**	**-6%**
Net decrease in cash and cash equivalents	**-127,445**	**278,456**	**-146%**
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	**375,642**	**503,087**	**-25%**
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	**579,120**	**289,686**	**100%**
Cash, amounts due from banks and balances with the National Bank of Hungary	474,945	579,120	-18%
Cash and cash equivalents at the end of the year	**474,945**	**579,120**	**-18%**

CONSOLIDATED IFRS STATEMENT OF CASH FLOWS

in HUF million	31/12/2021	31/12/2020	change
OPERATING ACTIVITIES			
Net profit for the period	455,592	259,416	76%
Net changes in assets and liabilities in operating activities			
Income tax paid	-47,876	-37,729	27%
Depreciation and amortization	100,321	98,385	2%
Loss allowance	53,706	279,886	-81%
Net accrued interest	14,854	-9,040	-264%
Share-based payment	3,589	3,394	6%
Unrealized (gain) / losses on fair value change of securiities held for trading	22,258	-6,820	-426%
Unrealized losses / (gains) on fair value change of	11,404	762	
Unrealized losses / (gains) on fair value change of derivative financial instruments	18,982	-25,068	-176%
Gain on discontinued operations	-116	-5,391	-98%
Other changes in assets and liabilities in operating activities	840,539	431,792	95%
Net change in assets and liabilities in operating activities	**1,473,253**	**989,587**	**49%**
INVESTING ACTIVITIES			
Net cash used in investing activities	**-1,555,723**	**-430,280**	**262%**
FINANCING ACTIVITIES			
Net cash used in financing activities	**109,255**	**48,882**	**124%**
Net increase (+) / decrease (-) of cash	**26,785**	**608,189**	**-96%**
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	**1,701,564**	**1,674,777**	**2%**
Adjustment due to discontinuing activity	-2	-16,851	-100%

CONSOLIDATED SUBSIDIARIES AND ASSOCIATES

	Name of the company		Initial capital/Equity (HUF)	Ownership Directly + indirectly (%)	Voting rights (%)	Classification[1]
1	Air-Invest Ltd.		630,000,000	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	Limited Liability Company Asset Management Company " OTP Capital"	UAH	10,000,000	100.00	100.00	L
21	LLC MFO "OTP Finance"	RUB	6,533,000,000	100.00	100.00	L
22	LLC OTP Leasing	UAH	45,495,340	100.00	100.00	L
23	Merkantil Bank Ltd.		2,000,000,000	100.00	100.00	L
24	Merkantil Bérlet Ltd.		6,000,000	100.00	100.00	L
25	MFM Project Investment and Development Ltd.		20,000,000	100.00	100.00	L
26	MONICOMP Ltd.		20,000,000	100.00	100.00	L
27	NIMO 2002 Ltd.		1,156,000,000	100.00	100.00	L
28	OTP Fund Management Ltd.		900,000,000	100.00	100.00	L
29	OTP Asset Management SAI S.A.	RON	5,795,323	100.00	100.00	L
30	Joint-Stock Company OTP Bank	UAH	6,186,023,111	100.00	100.00	L
31	OTP Bank Romania S.A.	RON	2,279,253,360	100.00	100.00	L
32	OTP banka dioničko društvo	HRK	3,993,754,800	100.00	100.00	L
33	OTP Debt Collection d.o.o. Podgorica	EUR	49,000,001	100.00	100.00	L
34	OTP eBIZ Kft.		281,000,000	100.00	100.00	L
35	OTP Life Annuity Real Estate Investment Plc.		2,000,000,000	100.00	100.00	L
36	OTP Factoring Bulgaria JSCo.	BGN	1,000,000	100.00	100.00	L
37	OTP Factoring Serbia Ltd.	RSD	782,902,282	100.00	100.00	L
38	OTP Factoring Slovensko Ltd.	EUR	22,540,000	100.00	100.00	L
39	OTP Factoring Romania Llc.	RON	600,405	100.00	100.00	L
40	OTP Factoring Ukraine LLC	UAH	6,227,380,554	100.00	100.00	L
41	OTP Factoring Ltd.		500,000,000	100.00	100.00	L
42	OTP Factoring Management Ltd.		3,100,000	100.00	100.00	L
43	OTP Financing Malta Company Limited	EUR	105,000,000	100.00	100.00	L
44	OTP Financing Netherlands	EUR	18,000	100.00	100.00	L
45	OTP Financing Solutions	EUR	18,000	100.00	100.00	L
46	OTP Holding Ltd.	EUR	131,000	100.00	100.00	L
47	OTP Holding Malta Ltd.	EUR	104,950,000	100.00	100.00	L
48	OTP Hungaro-Projekt Ltd.		27,720,000	100.00	100.00	L
49	OTP Real Estate Investment Fund Management Ltd.		100,000,000	100.00	100.00	L
50	OTP Real Estate Ltd.		1,000,000,000	100.00	100.00	L
51	OTP Ingatlankezelő Ltd.		50,000,000	100.00	100.00	L
52	OTP Real Estate Leasing Ltd.		214,000,000	100.00	100.00	L
53	OTP Ingatlanpont Ltd.		7,500,000	100.00	100.00	L
54	OTP Ingatlanüzemeltető Ltd.		30,000,000	100.00	100.00	L
55	OTP Insurance Broker EOOD	BGN	5,000	100.00	100.00	L
56	OTP Invest društvo s ograničenom odgovornošću za upravljanje fondovima	HRK	18,211,300	100.00	100.00	L
57	OTP Investments d.o.o. Novi Sad	RSD	203,783,061	100.00	100.00	L
58	OTP Mortgage Bank Ltd.		37,000,000,000	100.00	100.00	L
59	OTP Card Factory Ltd.		450,000,000	100.00	100.00	L
60	OTP Close Building Society		2,000,000,000	100.00	100.00	L
61	OTP Leasing d.d.	HRK	8,212,000	100.00	100.00	L
62	OTP Leasing EOOD	BGN	4,100,000	100.00	100.00	L
63	OTP Leasing Romania IFN S.A.	RON	28,556,300	100.00	100.00	L

	Name of the company		Initial capital/Equity (HUF)	Ownership Directly + indirectly (%)	Voting rights (%)	Classification[1]
64	OTP Leasing Srbija d.o.o. Beograd	RSD	314,097,600	100.00	100.00	L
65	OTP Leasing d.o.o. Beograd	RSD	112,870,710	100.00	100.00	L
66	OTP Mérnöki Ltd.		3,000,000	100.00	100.00	L
67	OTP Mobile Service Ltd.		1,210,000,000	100.00	100.00	L
68	OTP Nekretnine d.o.o.	HRK	259,828,100	100.00	100.00	L
69	OTP Osiguranje AKCIONARSKO DRUŠTVO ZA	RSD	412,606,208	100.00	100.00	L
70	OTP Home Solutions Limited Liability Company		3,000,000	100.00	100.00	L
71	OTP Funds Servicing and Consulting Company Limited		2,351,000,000	100.00	100.00	L
72	OTP Financial point Ltd.		51,000,000	100.00	100.00	L
73	OTP Services Ltd.	RSD	40,028	100.00	100.00	L
74	Venture Closed-End Non Diversified Mutual Investment Fund "OTP Solution"	UAH	43,347,201	100.00	100.00	L
75	OTP Travel Limited		27,000,000	100.00	100.00	L
76	PEVEC d.o.o. Beograd	RSD	812,844,640	100.00	100.00	L
77	PortfoLion Digital Ltd.		101,000,000	100.00	100.00	L
78	PortfoLion Digitális Magántőkealap I.		6,365,000,000	100.00	100.00	L
79	PortfoLion Venture Capital Fund Management Ltd.		38,500,000	100.00	100.00	L
80	Portfolion Zöld Fund		18,700,000,000	100.00	100.00	L
81	R.E. Four d.o.o., Novi Sad	RSD	1,983,643,761	100.00	100.00	L
82	SB Leasing d.o.o.	HRK	23,332,000	100.00	100.00	L
83	SC Aloha Buzz SRL	RON	10,200	100.00	100.00	L
84	SC Favo Consultanta SRL	RON	10,200	100.00	100.00	L
85	SC Tezaur Cont SRL	RON	10,200	100.00	100.00	L
86	SKB Leasing d.o.o.	EUR	16,809,031	100.00	100.00	L
87	SKB Leasing Select d.o.o.	EUR	5,000,000	100.00	100.00	L
88	SPLC Ltd.		10,000,000	100.00	100.00	L
89	SPLC-P Ltd.		15,000,000	100.00	100.00	L
90	TOP Collector LLC	RUB	1,530,000	100.00	100.00	L
91	Velvin Ventures Ltd.	USD	50,000	100.00	100.00	L
92	ZA-Invest Béta Ltd.		5,000,000	100.00	100.00	L
93	OTP banka Srbija, joint-stock company, Novi Sad)	RSD	56,830,780,140	100.00	100.00	L
94	SKB Banka d.d. Ljubljana	EUR	52,784,176	100.00	100.00	L
95	Nemesszalóki Ltd.		242,124,000	100.00	100.00	L
96	Nádudvari Ltd.		1,954,680,000	99.96	99.96	L
97	DSK Bank EAD	BGN	1,328,659,920	99.91	99.91	L
98	POK DSK-Rodina AD	BGN	10,010,198	99.85	99.85	L
99	HAGE Ltd.		2,689,000,000	99.64	99.64	L
100	NAGISZ Mezőgazdasági Termelő és Szolgáltató Ltd.		3,802,080,000	99.35	99.35	L
101	OTP Bank S.A.	MDL	100,000,000	98.26	98.31	L
102	JSC "OTP Bank" (Russia	RUB	4,423,768,142	97.92	97.92	L
103	Georg d.o.o	HRK	20,000	76.00	76.00	L
104	ShiwaForce.com Inc.		105,321,000	67.50	67.50	L
105	Regional Urban Development Fund AD	BGN	250,000	52.00	52.00	L
106	Portfolion Regionális Fund		9,675,000,000	50.00	50.00	L
107	PortfoLion Regionális Fund II.		5,609,200,000	49.90	49.90	L
108	Portfolion Partner Fund		16,920,000,000	30.56	30.56	L
109	AFP Private Equity Invest Ltd.	EUR	452,000	29.14	29.14	L
110	OTP ESOP		88,908,956,916	0.00	0.00	L

[1] Full consolidated -L

Ownership structure of OTP Bank Plc.

Description of owner	Total equity					
	1 January 2021			31 December 2021		
	Ownership share	Voting rights[1]	Quantity	Ownership share	Voting rights[1]	Quantity
Domestic institution/company	20.93%	21.26%	58,605,628	26.66%	26.97%	74,637,180
Foreign institution/company	71.60%	72.73%	200,480,153	66.69%	67.47%	186,733,858
Domestic individual	4.79%	4.87%	13,424,090	4.57%	4.63%	12,805,389
Foreign individual	0.11%	0.12%	319,346	0.11%	0.12%	319,712
Employees, senior officers	0.85%	0.87%	2,393,390	0.69%	0.70%	1,941,018
Treasury shares[2]	1.55%	0.00%	4,334,140	1.16%	0.00%	3,251,484
Government held owner	0.08%	0.08%	219,800	0.07%	0.07%	188,326
International Development Institutions	0.04%	0.04%	108,981	0.04%	0.04%	120,871
Other[3]	0.04%	0.04%	114,482	0.00%	0.00%	2,172
TOTAL	**100.00%**	**100.00%**	**280,000,010**	**100.00%**	**100.00%**	**280,000,010**

[1] Voting rights in the General Meeting of the Issuer for participation in decision-making.
[2] Treasury shares do not include the OTP shares held by ESOP (OTP Bank Employee Stock Ownership Plan Organization). Pursuant to Act V of 2013 on the Civil Code, OTP shares held by the ESOP are not classified as treasury shares, but the ESOP must be consolidated in accordance with IFRS 10 Consolidated Financial Statements standard. On 31 December 2021 ESOP owned 7.656.897 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	1,077,322	3,251,484
Subsidiaries	0	0	0	0	0
TOTAL	4,334,140	4,330,609	1,120,786	1,077,322	3,251,484

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

Name	Number of shares	Ownership[1]	Voting rights[1,2]
MOL (Hungarian Oil and Gas Company Plc.)	**24,000,000**	**8.57%**	**8.67%**
KAFIJAT Group	**19,661,409**	**7.02%**	**7.10%**
KAFIJAT Ltd.	9,839,918	3.51%	3.56%
MGTR Alliance Ltd.	9,836,491	3.51%	3.55%
Groupama Group	**14,311,769**	**5.11%**	**5.17%**
Groupama Gan Vie SA	14,140,000	5.05%	5.11%
Groupama Biztosító Ltd.	171,769	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 31 December 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	293,907
IT	Tamás Erdei	Deputy Chairman	27/04/2012	2026	32,285
IT	Gabriella Balogh	member	16/04/2021	2026	1,393
IT	Mihály Baumstark	member	29/04/1999	2026	44,000
IT	Péter Csányi	member, Deputy CEO	16/04/2021	2026	1
IT	dr. István Gresa	member	27/04/2012	2026	173,258
IT	Antal Kovács	member, Deputy CEO	15/04/2016	2026	79,244
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	171,114
IT	László Wolf	member, Deputy CEO	15/04/2016	2026	532,143
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			10,038
SP	György Kiss-Haypál	Deputy CEO			3,137
TOTAL No. of shares held by management:					**1,941,018**

[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: 4,080,034

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

a) Contingent liabilities

	31/12/2021	31/12/2020
Commitments to extend credit	4,065,002	3,420,718
Guarantees arising from banking activities	1,293,841	1,159,699
Confirmed letters of credit	65,077	35,715
Legal disputes (disputed value)	75,453	53,486
Other	497,748	363,398
Total:	**5,997,121**	**5,033,016**

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

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

	End of reference period	Current period opening	Current period closing
Bank[1]	9,568	9,568	9,842
Consolidated[2]	38,447	38,447	37,864

[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 in 2021

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 31/12/2021	Outstanding consolidated debt (in HUF million) 31/12/2021
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	OJB3031_I	18/08/2021	22/10/2031	HUF	82,000	82,000

Security redemptions on Group level in 2021

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 31/12/2020	Outstanding consolidated debt (in HUF million) 31/12/2020
OTP Bank Plc.	Corporate bond	OTP_DK_21/I	14/12/2018	31/05/2021	HUF	0	0
OTP Bank Plc.	Corporate bond	OTPRF2021A	05/07/2011	13/07/2021	HUF	2,607	2,607
OTP Bank Plc.	Corporate bond	OTPRF2021B	20/10/2011	25/10/2021	HUF	2,894	2,894
OTP Bank Plc.	Corporate bond	OTPRF2021C	21/12/2011	30/12/2021	HUF	527	527
OTP Bank Plc.	Corporate bond	OTPRF2021D	21/12/2011	30/12/2021	HUF	372	372
OTP Bank Plc.	Corporate bond	OTPRF2021E	21/12/2011	30/12/2021	HUF	76	76
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.	Corporate bond	OTPX2021C	19/09/2011	24/09/2021	HUF	231	231
OTP Bank Plc.	Corporate bond	OTPX2021D	21/12/2011	27/12/2021	HUF	259	259
OTP Bank Plc.	Retail bond	OTP_VK1_21/1	20/02/2020	20/02/2021	USD	1,392,200	414
OTP Bank Plc.	Retail bond	OTP_VK1_21/2	02/04/2020	02/04/2021	USD	1,243,200	370
OTP Bank Plc.	Retail bond	OTP_VK1_21/3	14/05/2020	14/05/2021	USD	1,181,700	351
OTP Bank Plc.	Retail bond	OTP_VK1_21/4	18/06/2020	18/06/2021	USD	743,000	221
OTP Banka Slovensko	Corporate bond	Bonds OTP III.	29/06/2016	29/06/2021	EUR	0	0
OTP Mortgage Bank	Mortgage bond	OJB2021_I	15/02/2017	27/10/2021	HUF	114,000	114,000
OPUS Securities	Corporate bond	ICES	2006.10.29.	2021.10.29	EUR	496,209,000	181,181

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)	2020	2021	Y/Y
Total compensation for key management personnel	**12,819**	**12,846**	**0%**
Short-term employee benefits	8,901	8,881	0%
Share-based payment	2,619	3,110	19%
Other long-term employee benefits	827	743	-10%
Termination benefits	472		-100%
Redundancy payments	0	112	
Loans to key management individuals and their close family members as well as to entities in which they have an interest	100,265	108,332	8%
Credit lines of key management individuals and their close family members as well as entities in which they have an interest	24,932	30,369	22%
Loans provided to unconsolidated subsidiaries	16,395	1,792	-89%

[1] Due to the changes in the definition of key management personnel, figures are not comparable with previously published data.

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

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value 2020	Measures value 2021
Leverage, consolidated[7]	The leverage ratio is calculated pursuant to Article 429 CRR. The calculation of the indicator is designed quarterly by the Bank for the prudential consolidation circle.	The leverage ratio shall be calculated as an institution's capital measure divided by that institution's total exposure measure and shall be expressed as a percentage. Example for 2021: $\frac{2,802,038.4}{29,804,875.6} = 9.4\%$ Example for 2020: $\frac{2,341,836.8}{25,558,194.8} = 9.2\%$	9.2%	9.4%
Liquidity Coverage Ratio (LCR)	According to Article 412 (1) of CRR, the liquidity coverage ratio (LCR) is designed to promote short-term resilience of the Issuer's / Group's liquidity risk profile and aims to ensure that the Issuer / Group has an adequate stock of unencumbered High Quality Liquid Assets (HQLA) to meet its liquidity needs for a 30 calendar day liquidity stress scenario.	The LCR is expressed as: (stock of HQLA) / (total net cash outflows over the next 30 calendar days) ≥ 100%. The numerator of the LCR is the stock of HQLA (High Quality Liquid Assets). In order to qualify as HQLA, assets should be liquid in markets during a time of stress and, in most cases, be eligible for use in central bank operations. The denominator of the LCR is the total net cash outflows, defined as total expected cash outflows minus total expected cash inflow in the specified stress scenario for the subsequent 30 calendar days. Total cash inflows are subject to an aggregate cap of 75% of total expected cash outflows, thereby ensuring a minimum level of HQLA holdings at all times. Example for 2021: $\frac{5,299,489.8}{4,860,023.0 - 1,914,897.1} = 179.9\%$ Example for 2020: $\frac{5,560,090.3}{3,721,569.3 - 1,123,296.8} = 214.0\%$	214.0%	179.9%
ROE (accounting), consolidated	The return on equity ratio shall be calculated the consolidated accounting after-tax profit for the given period divided by the average equity, thus shows the effectiveness of the use of equity.	The numerator of the indicator is the consolidated accounting after-tax profit for the given period (annualized for periods less than one year), the denominator is the average consolidated equity. (The definition of average equity: calendar day-weighted average of the average balance sheet items in periods comprising the given period, where periods comprising the given period are defined as quarters (and within that months) in case of 1H, 9M and FY periods, and months in case of quarters. Furthermore, the average of the average balance sheet items is computed as the arithmetic average of closing balance sheet items for the previous period and the current period.) Example for 2021: $\frac{456,427.7 * 1.0}{2,686,982.7} = 17.0\%$ Example for 2020: $\frac{259,636.4 * 1.0}{2,390,518.7} = 10.9\%$	10.9%	17.0%

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

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

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value 2020	Measures value 2021
ROE (adjusted), consolidated	The return on equity ratio shall be calculated the consolidated adjusted after-tax profit for the given period divided by the average equity, thus shows the effectiveness of the use of equity.	The numerator of the indicator is the consolidated adjusted after-tax profit for the given period (annualized for periods less than one year), the denominator is the average consolidated equity. Example for 2021: (496,901.5 * 1.0) / 2,686,982.7 = 18.5% Example for 2020: (310,267.8 * 1.0) / 2,390,518.7 = 13.0%	13.0%	18.5%
ROA (adjusted), consolidated	The return on asset ratio shall be calculated the consolidated adjusted net profit for the given period divided by the average total asset, thus shows the effectiveness of the use of equity.	The numerator of the indicator is the consolidated adjusted net profit for the given period, the denominator is the average consolidated total asset. (The definition of average asset: calendar day-weighted average of the average balance sheet items in periods comprising the given period, where periods comprising the given period are defined as quarters (and within that months) in case of 1H, 9M and FY periods, and months in case of quarters. Furthermore, the average of the average balance sheet items is computed as the arithmetic average of closing balance sheet items for the previous period and the current period.) Example for 2021: (496,901.5 * 1.0) / 25,194,346.0 = 2.0% Example for 2020: (310,267.8 * 1.0) / 21,801,158.6 = 1.4%	1.4%	2.0%
Operating profit margin (adjusted, without one-off items), consolidated	The operating profit margin shall be calculated the consolidated adjusted net operating profit without one-off items for the given period divided by the average total assets, thus shows the effectiveness of the operating profit generation on total assets.	The numerator of the indicator is the consolidated adjusted net operating profit without one-off items for the given period, the denominator is the average consolidated total assets. Example for 2021: (660,390.7 * 1.0) / 25,194,346.0 = 2.62% Example for 2020: (537,436.8 * 1.0) / 21,801,158.6 = 2.47%	2.47%	2.62%
Total income margin (adjusted, without one-off items), consolidated	The total income margin shall be calculated the consolidated adjusted total income without one-off items for the given period divided by the average total assets, thus shows the effectiveness of income generation on total assets.	The numerator of the indicator is the consolidated adjusted total income without one-off items for the given period (annualized for periods less than one year), the denominator is the average consolidated total assets. Example for 2021: (1,313,123.5 * 1.0) / 25,194,346.0 = 5.21% Example for 2020: (1,169,919.6 * 1.0) / 21,801,158.6 = 5.37%	5.37%	5.21%

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value 2020	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.	The numerator of the indicator is the consolidated adjusted net interest income for the given period (annualized for periods less than one year), the denominator is the average consolidated total assets. Example for 2021: $\frac{884{,}012.2 \ * \ 1.0}{25{,}194{,}346.0} = 3.51\%$ Example for 2020: $\frac{788{,}078.8 \ * \ 1.0}{21{,}801{,}158.6} = 3.61\%$	3.61%	3.51%
Operating cost (adjusted)/ total assets, consolidated	The indicator shows the operational efficiency.	The numerator of the indicator is the consolidated adjusted operating cost for the given period (annualized for periods less than one year), the denominator is the average consolidated total assets. Example for 2021: $\frac{652{,}732.8 \ * \ 1.0}{25{,}194{,}346.0} = 2.59\%$ Example for 2020: $\frac{632{,}482.8 \ * \ 1.0}{21{,}801{,}158.6} = 2.90\%$	2.90%	2.59%
Cost/income ratio (adjusted, without one-off items), consolidated	The indicator is another measure of operational efficiency.	The numerator of the indicator is the consolidated adjusted operating cost for the given period, the denominator is the adjusted operating income (without one-off items) for the given period. Example for 2021: $\frac{652{,}732.8}{1{,}313{,}123.5} = 49.7\%$ Example for 2020: $\frac{632{,}482.8}{1{,}169{,}919.6} = 54.1\%$	54.1%	49.7%
Provision for impairment on loan and placement losses (adjusted)/ average (adjusted) gross loans, consolidated	The indicator provides information on the amount of impairment on loan and placement losses relative to gross customer loans.	The numerator of the indicator is the consolidated adjusted provision for impairment on loan and placement losses for the given period (annualized for periods less than one year), the denominator is the adjusted consolidated gross customer loans for the given period. (The definition of average (adjusted) gross customer loans: calendar day-weighted average of the average balance sheet items in periods comprising the given period, where periods comprising the given period are defined as quarters (and within that months) in case of 1H, 9M and FY periods, and months in case of quarters. Furthermore, the average of the average balance sheet items is computed as the arithmetic average of closing balance sheet items for the previous period and the current period.) Example for 2021: $\frac{46{,}005.6 \ * \ 1.0}{15{,}132{,}360.4} = 0.30\%$ Example for 2020: $\frac{158{,}420.9 \ * \ 1.0}{13{,}819{,}307.9} = 1.15\%$	1.15%	0.30%
Total risk cost (adjusted)/ total asset ratio, consolidated	The indicator shows the amount of total risk cost relative to the balance sheet total.	The numerator of the indicator is consolidated adjusted total risk cost for the given period (annualized for periods less than one year), the denominator is the average consolidated total assets for the given period. Example for 2021: $\frac{72{,}538.1 \ * \ 1.0}{25{,}194{,}346.0} = 0.29\%$ Example for 2020: $\frac{187{,}994.8 \ * \ 1.0}{21{,}801{,}158.6} = 0.86\%$	0.86%	0.29%

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value 2020	Measures value 2021
Effective tax rate (adjusted), consolidated	The indicator shows the amount of corporate income tax accounted on pre-tax profit.	The numerator of the indicator is consolidated adjusted corporate income tax for the given period, the denominator is the consolidated adjusted pre-tax profit for the given period. Example for 2021: $\frac{90{,}951.2}{587{,}852.6} = 15.5\%$ Example for 2020: $\frac{41{,}533.8}{351{,}801.7} = 11.8\%$	11.8%	15.5%
Net loan/(deposit+retail bonds) ratio (FX-adjusted), consolidated	The net loan to deposit+retail bonds ratio is the indicator for assessing the bank's liquidity position.	The numerator of the indicator is the consolidated net consumer loan volume (gross loan reduced the amount of provision), the denominator is the end of period consolidated consumer FX-adjusted deposit volume plus the end of period retail bond volume (issued by OTP Bank). Example for 2021: $\frac{15{,}743{,}921.9}{21{,}060{,}248.1 + 0.0} = 75\%$ Example for 2020: $\frac{13{,}715{,}487.4}{18{,}144{,}088.9 + 1{,}325.8} = 76\%$	76%	75%

SUPPLEMENTARY DATA

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

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

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

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

(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) Since 1Q 2020 the subconsolidated adjusted after tax profit of Merkantil Group (Merkantil Bank Ltd., Merkantil Bérlet Ltd., OTP Real Estate Leasing Ltd., NIMO 2002 Ltd., SPLC-P Ltd., SPLC Ltd.) was presented (w/o dividends, net cash transfers and other adjustment items).

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

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

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

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

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

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

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

Adjustments affecting the income statement:

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

  Beside the Slovakian banking levy payable until 2Q 2020, the total amount of the special banking tax includes and the Slovakian Deposit Protection Fund contributions being introduced again in 2014, and the contribution into the Resolution Fund in Slovakia, too.
- In 4Q 2019 the following items have been moved from the Other operating expenses line among the Net interest income after loss allowance, impairment and provisions line: *Release of loss allowance on securities at fair value through other comprehensive income and on securities at amortized cost*, *Provision for commitments and guarantees given*, *Release of impairment of assets subject to operating lease and of investment properties*. In the adjusted P&L structure these items are presented amongst the *Other provisions (adj.)* line (through the *Structural correction between Provision for loan losses and Other provisions* adjustment line). From 1Q 2021 the *Provision for commitments and guarantees given* line contains lending activity-related amounts, therefore this line is no longer shifted from 1Q 2021. In 3Q 2021 (retrospectively from 3Q 2020) the components of the new *Gain from derecognition of financial assets at amortized cost* line in the accounting P&L were shifted back in the adjusted P&L structure to the lines on which they were presented previously.
- 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 contributions booked from 1Q 2017 are recognized on the Other administrative expenses line of the accounting income statement, and are presented on the financial transaction tax and/or Special tax on financial institutions line the in the adjusted P&L structure (due to the tax deductibility).
- In case of OTP Banka Slovensko and OTP Bank Romania the total revaluation result of intra-group swap deals – earlier booked partly within the net interest income, but also on the Foreign exchange gains and Net other non-interest result lines within total Other non-interest income – is presented on a net base on the net interest income line starting from 1Q 2016.
- Due to the introduction of IFRS16 from 2019, certain items previously presented on the Other non-interest expenses line (rental fees) were moved to the interest expenses and depreciation lines in the accounting income statement. These items were shifted back to the Other non-interest expenses line in the adjusted P&L structure.
- Staring from 1Q 2020 the currency exchange result was shifted in the accounting P&L structure from the FX result to the net fees and commissions line, retroactively for the 2019 base period as well. In the adjusted P&L structure this item is moved to the FX result line.
- In 4Q 2021 the *Modification gains or losses* line (one of the components of the *Provision for impairment on loan and placement losses*) was presented on a separate line in the accounting P&L structure, retroactively from 1Q 2020. In the adjusted P&L this line was shifted back to the *Provision for impairment on loan and placement losses* line. Secondly, in 4Q 2021 the *Gains and losses on non-trading securities mandatorily at fair value through profit or loss* line was moved from the *Gains / losses on securities* to the *Fair value adjustment on financial instruments measured at fair value through profit or loss* line in the accounting P&L structure, retroactively from 1Q 2020. In the adjusted P&L this item remained part of the *Gains / losses on securities*. Thirdly, from 1Q 2021 the local business taxes and the innovation contribution payable by Hungarian Group members were booked on the *Income tax expenses* line, whereas these items were recognised amongst the *Other general expenses*. In 4Q 2021 this change was retrospectively reflected in the full-year 2020 accounting P&L, too, but in the adjusted P&L structure for the 2020 base period we continue to present these items amongst the *Other non-interest expenses*.
- 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 were shown on one-one line in 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 until its deconsolidation, i.e. until 2Q 2021 its assets and liabilities were shown on a separate line in the consolidated balance sheet. Regarding the 2020 and 2021 accounting statement of recognized income, the entity's result was presented on the *Gains from held for trading operations* line, therefore the particular P&L lines in the 'continuing operations' section of the accounting P&L don't incorporate the contribution from this entity. As opposed to this, the adjusted financial statements presented in the Stock Exchange Report incorporated the company's balance sheet and P&L contribution in the relevant respective lines, in line with the structure of the financial statements monitored by the management.
- Finance lease receivables – earlier presented within customer loans – are shown on a separate line in the accounting balance sheet from 4Q 2019. As for the adjusted balance sheet, net customer loans continue to include the stock of finance lease receivables.
- Starting from 3Q 2017, in the adjusted balance sheets presented in the analytical section of the report, the total amount of accrued interest receivables related to DPD90+ loans (until 4Q 2018) and Stage 3 loans under IFRS 9 (from 1Q 2019) were netted with the provisions created in relation to the total exposure toward those particular clients, in case of the affected Group members. Therefore, this adjustment made on the accounting balance sheet has an impact on the consolidated gross customer loans and allowances for loan losses.

ADJUSTMENTS OF CONSOLIDATED IFRS P&L LINES

in HUF million	1Q 20	2Q 20	3Q 20	4Q 20 Audited	2020 Audited	1Q 21	2Q 21	3Q 21	4Q 21 Preliminary	2021 Preliminary
Net interest income	**199,165**	**192,239**	**192,615**	**198,653**	**782,673**	**202,833**	**209,676**	**221,962**	**239,839**	**874,310**
(-) Revaluation result of FX provisions	-64	29	-39	18	-57	0	0	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	94	84	337	77	258	125	165	625
(-) Netting of interest revenues on DPD90+ loans with the related provision (booked on the Provision for loan losses line) at OTP Core and CKB	1,792	1,175	479	2,505	5,951	674	250	676	-471	1,131
(-) Effect of acquisitions	216	-309	-492	-15	-600	-573	-492	-889	-726	-2,680
(-) Initial NPV gain on the monetary policy interest rate swap (MIRS) deals	0	0	0	0	0	0	0	0	0	0
(-) Reclassification due to the introduction of IFRS16	-418	-418	-374	-413	-1,623	-399	-376	-379	-402	-1,556
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	2,554	2,648	2,603	951	8,755	20	20	7	0	46
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia				15	15	0	0	0	-5,925	-5,925
Net interest income (adj.)	**200,280**	**194,482**	**195,738**	**197,578**	**788,079**	**203,227**	**210,573**	**222,685**	**247,528**	**884,012**
Net fees and commissions	**95,493**	**92,028**	**99,631**	**110,484**	**397,635**	**98,575**	**107,006**	**116,397**	**120,199**	**442,177**
(+) Financial Transaction Tax	-17,739	-12,100	-15,287	-16,461	-61,588	-17,353	-15,423	-16,854	-19,187	-68,818
(-) Effect of acquisitions	-50	-34	-39	-22	-145	-15	-55	38	-1	-33
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	1,005	922	945	338	3,210	0	0	0	0	0
(-) Structural shift of income from currency exchange from net fees to the FX result	9,575	14,297	11,087	11,331	46,290	9,337	11,318	13,488	13,700	47,843
Net fees and commissions (adj.)	**69,234**	**66,586**	**74,240**	**83,052**	**293,112**	**71,899**	**80,320**	**86,016**	**87,313**	**325,548**
Foreign exchange result	**10,507**	**-8,359**	**6,029**	**-313**	**7,864**	**1,281**	**-2,718**	**2,998**	**-5,636**	**-4,075**
(-) Revaluation result of FX positions hedging the revaluation of FX provisions	10,167	-2,582	3,754	-144	11,195	0	0	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	576	-771	-1,964	-354	1,393	-1,142	-389	-492
(-) Effect of acquisitions	-2	1	0	0	0	0	0	0	0	0
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	-47	10	17	23	3	11	-24	3	0	-10
(+) Structural shift of income from currency exchange from net fees to the FX result	9,575	14,297	11,087	11,331	46,290	9,337	11,318	13,488	13,700	47,843
Foreign exchange result (adj.)	**10,045**	**10,122**	**12,803**	**11,956**	**44,927**	**10,983**	**7,184**	**17,631**	**8,452**	**44,251**
Gain/loss on securities, net	**-1,603**	**3,360**	**1,759**	**3,949**	**7,464**	**-121**	**1,695**	**3,402**	**583**	**5,559**
(-) Effect of acquisitions	0	-66	0	-32	-98	0	-221	-506	-350	-1,077
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	0	358	62	-72	349	11	2	1	0	14
(-) Revaluation result of the treasury share swap agreement						-2,586	81	2,851	2,421	2,766
(+) Structural adjustment due to the Gain from derecognition of financial assets at amortized cost line (against Gain/loss on securities, net)			1,231	171	1,402	682	325	57	-33	1,031
(+) Shifting of the *Gains and losses on non-trading securities mandatorily at fair value through profit or loss* line from the *Net other non-interest income* to the *Gains or losses from securities* line	-1,194	5,415	2,474	544	7,239	1,028	3,338	346	101	4,812
Gain/loss on securities, net (adj.) with one-offs	**-2,797**	**9,199**	**5,527**	**4,624**	**16,553**	**4,187**	**5,499**	**1,460**	**-1,419**	**9,726**
(-) Revaluation result of the treasury share swap agreement (booked as Gain on securities, net (adj) at OTP Core)	360	880	318	801	2,360	-	-	-	-	-
Gain/loss on securities, net (adj.) without one-offs	**-3,157**	**8,319**	**5,209**	**3,822**	**14,193**	**4,187**	**5,499**	**1,460**	**-1,419**	**9,726**
Result of discontinued operation and gains from disposal of subsidiaries classified as held for sale	**-36**	**-2,596**	**512**	**7,710**	**5,590**	**144**	**95**	**-62**	**-60**	**116**
(-) Effect of acquisitions	1	17	-2	7,480	7,496	0	0	-105	-60	-165
Result of discontinued operation and gains from disposal of subsidiaries classified as held for sale (adj.)	**-37**	**-2,613**	**514**	**230**	**-1,907**	**144**	**95**	**43**	**0**	**282**

in HUF million	1Q 20	2Q 20	3Q 20	4Q 20 Audited	2020 Audited	1Q 21	2Q 21	3Q 21	4Q 21 Preliminary	2021 Preliminary
Gains and losses on real estate transactions	557	607	1,025	1,442	3,631	2,031	2,581	823	989	6,424
Result of discontinued operation and gains from disposal of subsidiaries classified as held for sale (adj.)	-37	-2,613	514	230	-1,907	144	95	43	0	282
(+) Other non-interest income	13,648	3,707	4,674	7,080	29,109	19,760	13,535	15,555	25,396	74,246
(+) Gains and losses on derivative instruments	3,524	3,318	202	4,295	11,339	880	759	-1,475	6,633	6,797
(+) Net insurance result	371	432	398	-481	721	143	143	213	158	657
(+) Losses on loans measured mandatorily at fair value through other comprehensive income and on securities at amortized cost	-1,366	5,642	2,573	-2,005	4,843	-699	1,890	735	-2,458	-532
(-) Shifting of the *Gains and losses on non-trading securities mandatorily at fair value through profit or loss* line from the *Net other non-interest income* to the *Gains or losses from securities* line	-1,194	5,415	2,474	544	7,239	1,028	3,338	346	101	4,812
(-) Received cash transfers	2	35	146	-117	65	36	15	10	104	165
(+) Other other non-interest expenses	-3,066	-997	-1,255	-483	-5,800	-12,264	-8,614	-10,749	-13,255	-44,882
(+) Change in shareholders' equity of companies consolidated with equity method, and the change in the net asset value of the private equity funds managed by PortfoLion	85	-277	713	-393	128	1,847	4,213	1,444	3,652	11,155
(-) Effect of acquisitions	7,430	-52	-3	-110	7,264	0	0	-2	-2	-4
(-) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	262	1,665	-481	855	2,301	431	-1,134	1,267	555	1,117
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	-37	-15	-53	-121	-226	-259	-292	-235	-161	-948
(-) Impact of fines imposed by the Hungarian Competition Authority	0	823	0	0	823	0	0	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	-67	-20	-216	-77	-40	-48	-29	-194
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	124	2,710	-426	741	3,149	151	183	54	0	387
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia				-1,646	-1,646	0	0	0	0	0
Net other non-interest result (adj.) without one-offs	7,472	4,691	6,405	11,042	29,610	10,836	12,899	5,304	20,547	49,586
Gain from derecognition of financial assets at amortized cost			2,058	1,322	3,380	10	543	-385	1,716	1,884
(-) Structural adjustment due to the Gain from derecognition of financial assets at amortized cost line (against Gain/loss on securities, net)			1,231	171	1,402	682	325	57	-33	1,031
(-) Structural adjustment due to the Gain from derecognition of financial assets at amortized cost line (against Provision for impairment on loan and placement losses)			826	1,151	1,978	-672	218	-441	1,749	854
Gain from derecognition of financial assets at amortized cost (adj.)			0	0	0	0	0	0	0	0
Provision for impairment on loan and placement losses	-97,545	-27,102	-5,715	-42,158	-172,520	-4,915	3,330	-12,454	-13,683	-27,723
(+) Modification gains or losses	-23	-47	-34	-29,669	-29,773	-17	-372	-8,763	-4,519	-13,672
(+) 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	-779	-7,978	-16,289
(+) Loss allowance on securities at fair value through other comprehensive income and on securities at amortized cost	-133	-1,579	-3,097	-2,500	-7,309	-2,378	-2,776	1,145	36	-3,974
(+) Provision for commitments and guarantees given	-5,676	-4,744	158	1,600	-8,662	185	-1,634	-1,514	2,864	-99
(+) Impairment of assets subject to operating lease and of investment properties	883	12	51	-68	877	337	4	80	16	438
(-) Revaluation result of FX provisions	-9,996	2,546	-3,669	121	-10,997	0	0	0	0	0
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	73	90	87	210	459	113	94	44	89	339
(+) Netting of interest revenues on DPD90+ loans with the related provision (booked on the Provision for loan losses line) at OTP Core and CKB	1,792	1,175	479	2,505	5,951	674	250	676	-471	1,131
(-) Effect of acquisitions	-1,119	-12	-977	-42	-2,149	0	0	0	0	0
(-) Structural correction between Provision for loan losses and Other provisions	-4,926	-6,311	-2,888	-968	-15,094	-2,041	-2,772	1,225	52	-3,536
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	10	-2,878	-100	-55	-3,024	0	0	0	0	0
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia				-29,543	-29,543	-1	-346	-8,757	-1,027	-10,131
(+) Structural adjustment due to the *Gain from derecognition of financial assets at amortized cost* line (against *Provision for impairment on loan and placement losses*)			826	1,151	1,978	-672	218	-441	1,749	854
Provision for impairment on loan and placement losses (adj.)	-84,724	-31,477	15	-42,235	-158,421	-9,772	-573	-14,560	-21,101	-46,006
Dividend income	115	-159	854	-284	527	1,896	4,632	5,542	3,578	15,648

in HUF million	1Q 20	2Q 20	3Q 20	4Q 20 Audited	2020 Audited	1Q 21	2Q 21	3Q 21	4Q 21 Preliminary	2021 Preliminary
(+) Received cash transfers	2	35	146	-117	65	36	15	10	104	165
(+) Paid cash transfers	-2,351	-1,119	-2,584	-6,714	-12,768	-2,043	-3,022	-350	-6,577	-11,992
(-) Sponsorships, subsidies and cash transfers to public benefit organisations	-2,351	-1,118	-2,569	-6,470	-12,508	-2,039	-3,022	-349	-6,463	-11,873
(-) Dividend income of swap counterparty shares kept under the treasury share swap agreement	0	0	0	0	0	0	0	3,809	0	3,809
(-) Change in shareholders' equity of companies consolidated with equity method, and the change in the net asset value of the private equity funds managed by PortfoLion	85	-277	713	-393	128	1,847	4,213	1,444	3,652	11,155
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	1	0	7	0	8	0	0	0	0	0
After tax dividends and net cash transfers	**33**	**152**	**279**	**-252**	**213**	**82**	**433**	**299**	**-84**	**729**
Depreciation	**-21,771**	**-22,740**	**-23,045**	**-25,206**	**-92,762**	**-23,424**	**-23,280**	**-23,578**	**-24,713**	**-94,995**
(-) Effect of acquisitions	-1,970	-1,919	-1,713	-1,813	-7,415	-1,662	-1,465	-1,350	-1,657	-6,134
(-) Reclassification due to the introduction of IFRS16	-4,214	-4,076	-4,030	-4,126	-16,447	-4,033	-3,868	-3,973	-4,191	-16,064
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	-419	-371	-419	-176	-1,385	-8	-9	-3	0	-20
Depreciation (adj.)	**-16,005**	**-17,116**	**-17,721**	**-19,444**	**-70,286**	**-17,737**	**-17,955**	**-18,258**	**-18,865**	**-72,816**
Personnel expenses	**-77,901**	**-76,323**	**-75,234**	**-79,184**	**-308,643**	**-78,739**	**-80,819**	**-81,584**	**-99,542**	**-340,684**
(-) Effect of acquisitions	-375	-1,424	-385	-601	-2,785	95	-228	-413	-235	-781
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	-1,788	-1,828	-1,773	-1,248	-6,638	-126	-130	-43	0	-298
Personnel expenses (adj.)	**-79,314**	**-76,727**	**-76,622**	**-79,832**	**-312,495**	**-78,960**	**-80,721**	**-81,213**	**-99,307**	**-340,201**
Income taxes	**-1,519**	**-9,637**	**-14,618**	**-18,145**	**-43,918**	**-17,998**	**-16,622**	**-22,129**	**-15,374**	**-72,123**
(-) Corporate tax impact of goodwill/investment impairment charges	0	886	0	0	886	657	-1,375	0	2,628	1,909
(-) Corporate tax impact of the special tax on financial institutions	1,651	116	3	3	1,773	1,785	0	2	1	1,787
(+) Tax deductible transfers (offset against corporate taxes)	0	0	-2,114	-5,969	-8,083	-334	-1,993	-5	-5,805	-8,137
(-) Corporate tax impact of the effect of fines imposed by the Hungarian Competition Authority	0	-74	0	0	-74	0	0	0	0	0
(-) Corporate tax impact of the effect of acquisitions	-1,137	124	232	1,279	497	89	4,068	938	642	5,738
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	13	-134	16	25	-80	-15	-1	-2	0	-18
(-) Corporate tax impact of the expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia	1,998	-198	-73	1,185	2,913	0	552	910	25	1,487
(-) Corporate tax impact of the result of the treasury share swap agreement						233	-7	-257	-218	-249
(-) Shifting of the Hungarian local business tax and innovation contribution for 2020 between corporate income tax and other non-interest expenses				-16,542	-16,542					
Corporate income tax (adj.)	**-4,018**	**-10,624**	**-16,879**	**-10,013**	**-41,534**	**-21,111**	**-21,853**	**-23,730**	**-24,257**	**-90,951**
Other operating expense	**-30,844**	**-2,889**	**-7,012**	**1,297**	**-39,447**	**-11,991**	**-25,197**	**-25,440**	**-23,105**	**-85,733**
(-) Other costs and expenses	-1,356	-1,823	-1,757	-2,570	-7,506	-1,179	-1,646	-1,577	-2,106	-6,508
(-) Other non-interest expenses	-5,417	-2,116	-3,839	-7,197	-18,568	-14,307	-11,636	-11,099	-19,832	-56,874
(-) Effect of acquisitions	89	38	0	896	1,022	0	0	0	0	0
(-) Revaluation result of FX provisions	-107	7	-47	5	-141	0	0	0	0	0
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	-36	-74	-33	-90	-233	147	199	191	72	609
(-) Netting of refunds related to legal cases (accounted for on the Net other non-interest result line) with the release of provisions created earlier for these cases (accounted for on the Other provisions line) from 1Q 2017 at OTP Bank Romania	96	33	67	20	216	77	40	48	29	194
(+) Structural correction between *Provision for loan losses* and *Other provisions*	-4,926	-6,311	-2,888	-968	-15,094	-2,041	-2,772	1,225	52	-3,536
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	-81	-123	-26	-13	-243	0	3	1	0	4
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia	-22,150	2,186	804	19,159	0	0	-5,793	-1,350	6,989	-153
Other provisions (adj.)	**-6,969**	**-7,574**	**-5,122**	**-9,908**	**-29,574**	**1,229**	**-9,130**	**-10,427**	**-8,204**	**-26,532**
Other administrative expenses	**-89,917**	**-66,501**	**-70,212**	**-63,090**	**-289,721**	**-89,543**	**-68,038**	**-70,518**	**-83,833**	**-311,931**
(+) Other costs and expenses	-1,356	-1,823	-1,757	-2,570	-7,506	-1,179	-1,646	-1,577	-2,106	-6,508
(+) Other non-interest expenses	-5,417	-2,116	-3,839	-7,197	-18,568	-14,307	-11,636	-11,099	-19,832	-56,874
(-) Paid cash transfers	-2,351	-1,119	-2,584	-6,714	-12,768	-2,043	-3,022	-350	-6,577	-11,992
(+) Film subsidies and cash transfers to public benefit organisations	-2,351	-1,118	-2,569	-6,470	-12,508	-2,039	-3,022	-349	-6,463	-11,873
(-) Other other non-interest expenses	-3,066	-997	-1,255	-483	-5,800	-12,264	-8,614	-10,749	-13,255	-44,882
(-) Special tax on financial institutions (recognised as other administrative expenses)	-18,385	-710	-24	-19	-19,138	-20,658	-4	-7	-12	-20,680

in HUF million	1Q 20	2Q 20	3Q 20	4Q 20 Audited	2020 Audited	1Q 21	2Q 21	3Q 21	4Q 21 Preliminary	2021 Preliminary
(-) Tax deductible transfers (offset against corporate taxes)	0	0	-2,114	-5,969	-8,083	-334	-1,993	-5	-5,805	-8,137
(-) Financial Transaction Tax	-17,739	-12,100	-15,287	-16,461	-61,588	-17,353	-15,423	-16,854	-19,187	-68,818
(-) Effect of acquisitions	-2,134	-3,096	-1,692	-3,018	-9,940	-1,401	-2,330	-2,331	-4,308	-10,370
(+) Reclassification due to the introduction of IFRS16	-4,633	-4,494	-4,404	-4,538	-18,069	-4,432	-4,245	-4,351	-4,593	-17,620
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	-1,372	-1,312	-906	-515	-4,105	-44	-45	-17	0	-106
(+) Shifting of the Hungarian local business tax and innovation contribution for 2020 between corporate income tax and other non-interest expenses				-16,542	-16,542					
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia									-318	-318
Other non-interest expenses (adj.)	**-61,371**	**-59,341**	**-60,732**	**-68,258**	**-249,702**	**-57,491**	**-57,245**	**-57,615**	**-67,364**	**-239,716**

ADJUSTMENTS OF CONSOLIDATED IFRS BALANCE SHEET LINES

in HUF million	4Q 2020	1Q 2021	2Q 2021	3Q 2021	4Q 2021
Cash, amounts due from Banks and balances with the National Banks	2,432,312	2,342,423	1,983,486	2,241,691	2,556,035
(+) Allocation of *Assets classified as held for sale* among balance sheet lines	3	3	4	0	0
Cash, amounts due from Banks and balances with the National Banks (adjusted)	2,432,314	2,342,426	1,983,490	2,241,691	2,556,035
Placements with other banks, net of allowance for placement losses	1,148,744	1,601,813	1,727,059	1,896,258	1,584,860
(+) Allocation of *Assets classified as held for sale* among balance sheet lines	244	243	235	0	0
Placements with other banks, net of allowance for placement losses (adjusted)	1,148,987	1,602,056	1,727,294	1,896,258	1,584,860
Financial assets at fair value through profit or loss	234,006	258,432	234,797	305,830	341,397
(+) Allocation of Assets classified as held for sale among balance sheet lines	1,188	1,192	1,169	0	0
Financial assets at fair value through profit or loss (adjusted)	235,194	259,625	235,966	305,830	341,397
Securities at fair value through other comprehensive income	2,136,709	2,171,807	2,128,322	2,196,056	2,224,510
(+) Allocation of Assets classified as held for sale among balance sheet lines	3,410	3,359	3,261	0	0
Securities at fair value through other comprehensive income (adjusted)	2,140,118	2,175,165	2,131,583	2,196,056	2,224,510
Gross customer loans (incl. finance lease receivables and accrued interest receivables related to loans)	14,401,930	14,642,446	14,944,035	15,782,701	16,670,469
(-) Accrued interest receivables related to DPD90+ / Stage 3 loans	38,650	39,144	39,294	40,530	36,015
(+) Allocation of *Assets classified as held for sale* among balance sheet lines	0	0	0	0	0
Gross customer loans (adjusted)	14,363,281	14,603,302	14,904,741	15,742,171	16,634,454
Allowances for loan losses (incl. impairment of finance lease receivables)	-873,344	-891,191	-878,095	-914,664	-926,547
(-) Allocated provision on accrued interest receivables related to DPD90+ / Stage 3 loans	-38,650	-39,144	-39,294	-40,530	-36,015
(+) Allocation of *Assets classified as held for sale* among balance sheet lines	0	0	0	0	0
Allowances for loan losses (adjusted)	-834,695	-852,047	-838,801	-874,134	-890,532
Securities at amortized costs	2,624,921	2,959,925	3,232,248	3,466,531	3,891,335
(+) Allocation of *Assets classified as held for sale* among balance sheet lines	1,031	1,030	998	0	0
Securities at amortized costs (adjusted)	2,625,952	2,960,955	3,233,246	3,466,531	3,891,335
Tangible and intangible assets, net	589,743	639,144	643,541	664,204	689,290
(+) Allocation of *Assets classified as held for sale* among balance sheet lines	135	125	112	0	0
Tangible and intangible assets, net (adjusted)	589,878	639,269	643,653	664,204	689,290
Other assets	588,378	544,239	495,303	493,538	454,811
(+) Allocation of *Assets classified as held for sale* among balance sheet lines	-6,010	-5,953	-5,779	0	0
Other assets (adjusted)	582,368	538,287	489,524	493,538	454,811
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	1,219,446	1,441,234	1,638,688	1,667,300	1,608,533
(+) Allocation of Liabilities directly associated with assets classified as held-for-sale among balance sheet lines	0	0	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)	1,219,446	1,441,234	1,638,688	1,667,300	1,608,533
Deposits from customers	17,890,863	18,383,167	18,258,677	19,677,002	21,068,644
(+) Allocation of *Liabilities directly associated with assets classified as held-for-sale* among balance sheet lines	0	0	0	0	0
Deposits from customers (adjusted)	17,890,863	18,383,167	18,258,677	19,677,002	21,068,644
Other liabilities	949,502	1,088,839	1,192,012	1,366,754	1,124,782
(+) Allocation of *Liabilities directly associated with assets classified as held-for-sale* among balance sheet lines	0	0	0	0	0
Other liabilities (adjusted)	949,502	1,088,839	1,192,012	1,366,754	1,124,782

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