



OTP BANK PLC.

**SEPARATE CONDENSED
FINANCIAL STATEMENTS IN ACCORDANCE
WITH INTERNATIONAL FINANCIAL
REPORTING STANDARDS AS ADOPTED
BY THE EUROPEAN UNION**

**FOR THE THREE MONTH PERIOD
ENDED 31 MARCH 2021**

OTP BANK PLC.

CONTENTS

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021 (UNAUDITED).....	2
SEPARATE CONDENSED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021 (UNAUDITED)	3
SEPARATE CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021 (UNAUDITED)	4
SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021 (UNAUDITED)	5
SEPARATE CONDENSED STATEMENT OF CASH FLOWS FOR THREE MONTH PERIOD ENDED 31 MARCH 2021 (UNAUDITED)	6
NOTE 1: ORGANIZATION AND BASIS OF FINANCIAL STATEMENTS	7
1.1. General information	7
1.2. Accounting	7
NOTE 2: SIGNIFICANT EVENTS DURING THE THREE MONTH PERIOD ENDED 31 MARCH 2021	10
NOTE 3: SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD	10
NOTE 4: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (in HUF mn).....	11
NOTE 5: FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (in HUF mn).....	11
NOTE 6: LOANS (in HUF mn)	12
NOTE 7: INVESTMENTS IN SUBSIDIARIES (in HUF mn).....	14
NOTE 8: SECURITIES AT AMORTISED COST (in HUF mn) [continued]	12
NOTE 9: DEPOSITS FROM CUSTOMERS (in HUF mn).....	14
NOTE 10: LIABILITIES FROM ISSUED SECURITIES (in HUF mn)	15
NOTE 11: OFF BALANCE SHEET ITEMS (in HUF mn)	15
NOTE 12: DERIVATIVE FINANCIAL INSTRUMENTS (in HUF mn)	16
NOTE 13: NET INTEREST INCOME (in HUF mn)	17
NOTE 14: RELATED PARTY TRANSACTIONS (in HUF mn)	18

OTP BANK PLC.
SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021 (UNAUDITED)
(in HUF mn)

	Note	31 March 2021	31 December 2020	31 March 2020
Cash, amounts due from banks and balances with the National Bank of Hungary		726,675	579,120	552,917
Placements with other banks, net of allowance for placement losses		2,044,375	1,535,884	1,337,003
Repo receivables		32,633	183,364	17,258
Financial assets at fair value through profit or loss	4.	186,922	160,483	306,046
Financial assets at fair value through other comprehensive income	5.	908,285	911,950	1,355,895
Securities at amortised cost	6.	2,291,388	2,007,692	1,630,446
Loans at amortised cost and mandatorily measured at fair value through profit or loss	7.	3,967,798	3,898,697	3,597,202
Investments in subsidiaries	8.	1,563,022	1,548,972	1,556,331
Property and equipment		77,152	77,974	75,904
Intangible assets		54,823	57,639	52,818
Right of use assets		12,649	13,479	15,734
Investments properties		1,923	1,936	2,369
Current tax assets		2,123	593	1,614
Derivative financial assets designated as hedge accounting relationships		20,101	6,817	26,638
Other assets		<u>240,992</u>	<u>169,794</u>	<u>183,977</u>
TOTAL ASSETS		<u>12,130,861</u>	<u>11,154,394</u>	<u>10,712,152</u>
Amounts due to banks and deposits from the National Bank of Hungary and other banks		1,069,592	766,977	1,129,147
Repo liabilities		262,775	109,612	224,686
Deposits from customers	9.	8,317,645	7,895,735	6,801,717
Leasing liabilities		13,247	14,106	16,351
Liabilities from issued securities	10.	28,164	28,435	43,034
Financial liabilities at fair value through profit or loss		23,849	25,902	27,730
Derivative financial liabilities designated as held for trading		107,540	99,987	262,509
Derivative financial liabilities designated as hedge accounting relationships		11,563	3,104	12,506
Deferred tax liabilities		4,507	3,062	136
Current tax liabilities		625	-	2,895
Other liabilities		253,867	224,897	250,246
Subordinated bonds and loans		<u>304,430</u>	<u>304,243</u>	<u>303,862</u>
TOTAL LIABILITIES		<u>10,397,804</u>	<u>9,476,060</u>	<u>9,074,819</u>
Share capital		28,000	28,000	28,000
Retained earnings and reserves		1,751,717	1,697,133	1,626,242
Treasury shares		<u>(46,660)</u>	<u>(46,799)</u>	<u>(16,909)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>1,733,057</u>	<u>1,678,334</u>	<u>1,637,333</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>12,130,861</u>	<u>11,154,394</u>	<u>10,712,152</u>

OTP BANK PLC.
SEPARATE CONDENSED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTH
PERIOD ENDED 31 MARCH 2021 (UNAUDITED)
(in HUF mn)

	Note	31 March 2021	31 December 2020	31 March 2020
Interest income and similar to interest income total	13.	90,193	321,296	74,849
Interest expenses total	13.	<u>(25,394)</u>	<u>(99,630)</u>	<u>(23,659)</u>
NET INTEREST INCOME	13.	<u>64,799</u>	<u>221,666</u>	<u>51,190</u>
Risk cost total		(8,732)	(66,765)	(41,602)
NET INTEREST INCOME AFTER RISK COST		<u>56,067</u>	<u>154,901</u>	<u>9,588</u>
Modification loss		-	(17,358)	-
Net profit from fees and commissions		55,261	219,031	52,459
Net operating income		48,879	60,632	44,110
Other administrative expenses		<u>(90,250)</u>	<u>(323,960)</u>	<u>(88,317)</u>
PROFIT BEFORE INCOME TAX		69,957	93,246	17,840
Income tax		<u>(5,233)</u>	<u>(772)</u>	<u>3,325</u>
NET PROFIT FOR THE YEAR		<u>64,724</u>	<u>92,474</u>	<u>21,165</u>
Earnings per share (in HUF)				
Basic		<u>235</u>	<u>333</u>	<u>76</u>
Diluted		<u>235</u>	<u>333</u>	<u>76</u>

OTP BANK PLC.
SEPARATE CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE
MONTH PERIOD ENDED 31 MARCH 2021 (UNAUDITED)
(in HUF mn)

The comprehensive income items are as follows:

	Note	31 March 2021	31 December 2020	31 March 2020
NET PROFIT FOR THE YEAR		<u>64,724</u>	<u>92,474</u>	<u>21,165</u>
Items that may be reclassified subsequently to profit or loss:				
Fair value adjustment of debt instruments at fair value through other comprehensive income		(7,144)	(14,459)	(25,668)
Deferred tax (9%) related to fair value adjustment of debt instruments at fair value through other comprehensive income		76	1,262	2,312
Gains / (Losses) on separated currency spread of financial instruments designated as hedging instrument		(283)	(1,526)	15
Deferred tax (9%) related to gains / (losses) on separated currency spread of financial instruments designated as hedging instrument		25	137	(1)
(Losses) / Gains on derivative financial instruments designated as cash flow hedge		(2,471)	(296)	(86)
Deferred tax (9%) related to (losses) / gains on derivative financial instruments designated as cash flow hedge		-	27	-
Items that will not be reclassified to profit or loss:				
Fair value adjustment of equity instruments at fair value through other comprehensive income		178	(3,275)	107
Deferred tax (9%) related to equity instruments at fair value through other comprehensive income		<u>(134)</u>	<u>310</u>	<u>(10)</u>
Total		<u>(9,753)</u>	<u>(17,820)</u>	<u>(23,331)</u>
NET COMPREHENSIVE INCOME		<u>54,971</u>	<u>74,654</u>	<u>(2,166)</u>

OTP BANK PLC.
SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTH PERIOD ENDED 31
MARCH 2021 (UNAUDITED)
(in HUF mn)

	Share Capital	Capital reserve	Retained earnings and other reserves	Treasury Shares	Total
Balance as at 1 January 2020	28,000	52	1,628,302	(2,636)	1,653,718
Net profit for the period	-	-	21,165	-	21,165
Other comprehensive income	-	-	<u>(23,331)</u>	-	<u>(23,331)</u>
Total comprehensive income	-	-	<u>(2,166)</u>	-	<u>(2,166)</u>
Transfer to general reserve	-	-	-	-	-
Share-based payment	-	-	872	-	872
Payments to ICES holders	-	-	(1,166)	-	(1,166)
Sale of treasury shares	-	-	-	2,606	2,606
Acquisition of treasury shares	-	-	-	(16,879)	(16,879)
Loss on treasury shares	-	-	348	-	348
Dividend for the year 2019	-	-	-	-	-
Other transaction with owners	-	-	<u>54</u>	<u>(14,273)</u>	<u>(14,219)</u>
Balance as at 31 March 2020	28,000	52	1,626,190	(16,909)	1,637,333
Balance as at 1 January 2021	28,000	52	1,697,081	(46,799)	1,678,334
Net profit for the period	-	-	64,724	-	64,724
Other comprehensive income	-	-	<u>(9,753)</u>	-	<u>(9,753)</u>
Total comprehensive income	-	-	<u>54,971</u>	-	<u>54,971</u>
Transfer to general reserve	-	-	-	-	-
Share-based payment	-	-	867	-	867
Payments to ICES holders	-	-	(1,103)	-	(1,103)
Sale of treasury shares	-	-	-	1,206	1,206
Acquisition of treasury shares	-	-	-	(1,067)	(1,067)
Loss on sale of treasury shares	-	-	(151)	-	(151)
Dividend for the year 2020	-	-	-	-	-
Other transaction with owners	-	-	<u>(387)</u>	<u>139</u>	<u>(248)</u>
Balance as at 31 March 2021	<u>28,000</u>	<u>52</u>	<u>1,751,665</u>	<u>(46,660)</u>	<u>1,733,057</u>

OTP BANK PLC.
SEPARATE CONDENSED STATEMENT OF CASH FLOWS FOR THREE MONTH PERIOD ENDED
31 MARCH 2021 (UNAUDITED)
(in HUF mn)

	31 March 2021	31 December 2020	31 March 2020
Profit before income tax	69,957	93,246	17,840
Net accrued interest	(31,364)	(34,365)	(22,097)
Income tax paid	(724)	(1,449)	(628)
Depreciation and amortization	9,883	38,997	8,276
Loss allowance / (Release of loss allowance)	9,921	79,831	54,991
Share-based payment	867	3,394	872
Unrealised losses on fair value adjustment of financial instruments at fair value through profit or loss	5,458	3,549	29
Unrealised (gains)/losses on fair value adjustment of derivative financial instruments	(10,494)	4,011	26,662
Interest expense from leasing liabilities	(57)	(257)	(67)
Net change in assets and liabilities in operating activities	<u>236,643</u>	<u>592,508</u>	<u>(221,439)</u>
Net cash provided by / (used in) operating activities	<u>290,090</u>	<u>779,465</u>	<u>(135,561)</u>
Net cash (used in) / provided by investing activities	<u>(599,584)</u>	<u>(126,771)</u>	<u>233,458</u>
Net cash provided by / (used in) financing activities	<u>451,651</u>	<u>(374,238)</u>	<u>160,730</u>
Net increase in cash and cash equivalents	<u>142,157</u>	<u>278,456</u>	<u>258,627</u>
Cash and cash equivalents at the beginning of the year	<u>503,087</u>	<u>224,631</u>	<u>224,631</u>
Cash and cash equivalents at the end of the year	<u>645,244</u>	<u>503,087</u>	<u>483,258</u>

NOTE 1: ORGANIZATION AND BASIS OF FINANCIAL STATEMENTS

1.1. General information

These interim condensed financial statements had been prepared in accordance with the prescriptions of IAS 34.

1.2. Accounting

The Bank maintains its accounting records and prepares its statutory accounts in accordance with the commercial, banking and fiscal regulations prevailing in Hungary.

The presentation and the functional currency of the Bank is the Hungarian Forint ("HUF").

The Bank followed the same accounting policies and methods of computation in the interim financial statements as compared with the most recent annual financial statements.

Comparative figures - Change in the classification and valuation policy of certain subsidized retail loans

In 2020, the Bank changed its accounting policy regarding the classification and valuation of a particular class of subsidized retail loans. The interest payments on the retail loans are determined on the basis of the government bond reference yields and a multiplier. Previously, in accordance with the Bank's accounting policy, these loans were measured at amortised cost. For the year ended 31 December 2020, the Bank classified this type of loan as measured at fair value through profit or loss. The new accounting policy is in line with the practices of the majority of the players in the banking sector, thus better facilitating comparability. Therefore, in the Bank's opinion, the change in accounting policy results in a more reliable, comparable and relevant presentation of the effects of the loans in question on the Bank's financial position and financial performance in the financial statements.

In parallel with the change in accounting policy, the Bank also changed the structure of the balance sheet. In the statement of financial position, the Bank presents loans in a uniform manner, based on the nature of the instruments, on the line Loans, regardless of their classification and valuation category. The amounts presented under Loans are disclosed in the relevant Note by valuation category.

The new accounting policy is applied retrospectively by the Bank as if it had always applied this accounting policy. The Bank has made the following adjustments to the comparative figures. At the beginning of the comparative period and at the end of the comparative period, the change in accounting policy did not result in a material change in the carrying amount of the loans involved or equity. Therefore, the Bank did not change the related balance sheet values for the adjustment relating to periods before those presented, the statement, the statement of financial position contains only the data at the end of the current period and at the end of the comparative period.

As a result of the change in accounting policy, the Bank adjusted the data of the comparative period in the statement of profit or loss in accordance with the profit or loss items of the fair valuation categories. Due to the unchanged carrying amounts in the balance sheet, this amendment resulted in the following reclassification between profit or loss categories:

- The Bank recognizes interest income on loans measured at fair value through profit or loss for the period in the Income similar to Interest Income line at the value corresponding to transactional interest. The comparative value of the line of interest income calculated using the effective interest rate method has been reduced accordingly by the interest income of the respective loans determined using the previously applied effective interest rate method.
- The Bank presents the amount of commission income and commission expenses related to loans at fair value through profit or loss in the Fee and commission income and Fee and commission expense lines.
- The Bank presents the change in the fair value of loans measured at fair value through profit or loss, broken down into two components:
 - The Bank presents the portion of the change in fair value arising from changes in credit risk within Risk cost as Change in the fair value attributable to changes in the credit risk of loans mandatorily measured at fair value through profit or loss. This amount is determined using expected credit loss models used for loans measured at amortized cost. The comparative amount of Loss allowance on loans, placements and repo receivables has been reduced accordingly with the loss allowance and reversal amounts for the respective loans.
 - The Bank presents the remaining component of the change in fair value under the (Losses) / Gains on financial instruments at fair value through profit or loss.

NOTE 1: ORGANIZATION AND BASIS OF FINANCIAL STATEMENTS [continued]**1.2. Accounting [continued]****Comparative figures - Change in the classification and valuation policy of certain subsidized retail loans [continued]**

The change in accounting policy did not impact the net profit for the comparative period, nor the comparative earnings per ordinary share.

In accordance with the new accounting policy, the Bank has amended its respective disclosure notes. In the comparative figures, the Bank has reduced the previously disclosed amortized cost, gross carrying amount, impairment and fair value data by the amounts related to the loans concerned. The Bank has also amended its disclosures in the notes on assets at fair value through profit or loss for comparative information. These amendments have been marked "Revised" by the Bank. The Bank has also revised the presentation of the detailed notes to the amended profit or loss line items for comparative information in accordance with the new values in the statement of profit or loss. These amendments have been marked "Reclassified" in the notes.

NOTE 1: ORGANIZATION AND BASIS OF FINANCIAL STATEMENTS [continued]

1.2. Accounting [continued]

Comparative figures - Change in the classification and valuation policy of certain subsidized retail loans[continued]

Line item	31 March 2021	31 December 2020	31 March 2020 Revised presentation	Reclassification of amounts related to mandatorily measured at fair value through profit or loss	31 March 2020 As previously presented
Interest income calculated using the effective interest method	67,466	239,633	59,597	(2,694)	62,291
Income similar to interest income	22,727	81,663	15,252	2,779	12,473
Interest income	90,193	321,296	74,849	85	74,764
Interest expense	(25,394)	(99,630)	(23,659)	-	(23,659)
Loss allowance on loan losses	(2,904)	(61,310)	(29,093)	5,229	(34,322)
Change in the fair value attributable to changes in the credit risk of loans mandatorily measured at fair value through profit of loss	(4,245)	(405)	(5,134)	(5,134)	-
Further risk cost items	(1,583)	(5,050)	(4,616)	-	(7,375)
Risk cost total	<u>(8,732)</u>	<u>(66,765)</u>	<u>(41,602)</u>	<u>95</u>	<u>(41,697)</u>
NET INTEREST INCOME AFTER RISK COST	<u>56,067</u>	<u>154,901</u>	<u>9,588</u>	<u>180</u>	<u>9,408</u>
(Losses) / Gains on financial instruments at fair value through profit or loss	<u>(683)</u>	<u>(671)</u>	<u>(230)</u>	<u>(180)</u>	<u>(50)</u>
NET OPERATING INCOME	<u>48,879</u>	<u>60,632</u>	<u>44,110</u>	<u>(180)</u>	<u>44,290</u>

NOTE 2: SIGNIFICANT EVENTS DURING THE THREE MONTH PERIOD ENDED 31 MARCH 2021

There were no significant events during the three month period ended 31 March 2021.

NOTE 3: SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**1) Capital increase in OTP Bank Romania**

See details about the event above in Note 7.

NOTE 4: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (in HUF mn)

	31 March 2021	31 December 2020
Held for trading securities:		
Government bonds	17,555	6,031
Other non-interest bearing securities	1,468	1,964
Hungarian government discounted Treasury Bills	1,305	1,233
Corporate shares and investments	676	426
Other securities	<u>3,683</u>	<u>2,075</u>
Subtotal	<u>24,795</u>	<u>11,729</u>
Securities mandatorily measured at fair value through profit or loss		
Shares in investment funds	24,486	23,818
Bonds	8,284	5,342
Shares	-	<u>2,776</u>
Subtotal	<u>32,770</u>	<u>31,936</u>
Held for trading derivative financial instruments:		
Foreign currency swaps	35,828	41,852
Interest rate swaps	54,561	34,256
CCIRS and mark-to-market CCIRS swaps ¹	7,040	7,359
Other derivative transactions ²	<u>31,928</u>	<u>33,351</u>
Subtotal	<u>129,357</u>	<u>116,818</u>
Total	<u>186,922</u>	<u>160,483</u>

NOTE 5: FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (in HUF mn)

	31 March 2021	31 December 2020
Securities at fair value through other comprehensive income		
Government bonds	512,383	488,459
Mortgage bonds	305,777	332,667
Interest bearing treasury bills	9,316	9,957
Other securities	64,900	65,136
listed securities	<u>42,679</u>	<u>42,776</u>
in HUF	2,918	2,968
in foreign currency	39,761	39,808
-non-listed securities	<u>22,221</u>	<u>22,360</u>
in HUF	16,741	16,782
in foreign currency	5,480	5,578
Subtotal	<u>892,376</u>	<u>896,219</u>
Non-trading equity instruments		
-non-listed securities	<u>15,909</u>	<u>15,731</u>
in HUF	528	528
in foreign currency	15,381	15,203
	<u>15,909</u>	<u>15,731</u>
Securities at fair value through other comprehensive income total	<u>908,285</u>	<u>911,950</u>

¹ CCIRS: Cross Currency Interest Rate Swap

² incl.: FX, equity, commodity and index futures; FX forward; commodity and equity swap; FRA; FX option

NOTE 6: SECURITIES AT AMORTISED COST (in HUF mn) [continued]

	31 March 2021	31 December 2020
Government bonds	2,205,205	1,947,821
Other bonds	91,984	63,159
Subtotal	<u>2,297,189</u>	<u>2,010,980</u>
Loss allowance	(5,801)	(3,288)
Total	<u>2,291,388</u>	<u>2,007,692</u>

An analysis of the change in the loss allowance is as follows:

	31 March 2021	31 December 2020
Balance as at 1 January	3,288	1,443
Loss allowance	2,562	4,822
Release of loss allowance	(49)	(2,977)
Closing balance	<u>5,801</u>	<u>3,288</u>

NOTE 7: LOANS (in HUF mn)

Loans mandatorily measured at fair value through profit or loss

	31 March 2021	31 December 2020
Within one year	27,607	25,732
Over one year	<u>496,700</u>	<u>455,205</u>
Loans measured at fair value through profit or loss total	<u>524,307</u>	<u>480,937</u>

Loans measured at fair value through profit or loss are mandatorily measured at fair value through profit or loss.

Loans measured at amortised cost, net of allowance for loan losses

	31 March 2021	31 December 2020
Within one year	1,760,488	1,793,352
Over one year	<u>1,807,610</u>	<u>1,748,078</u>
Loans at amortised cost gross total	<u>3,568,098</u>	<u>3,541,430</u>
Loss allowance on loan losses	(124,607)	(123,670)
Loans at amortised cost total	<u>3,443,491</u>	<u>3,417,760</u>

NOTE 7: LOANS (in HUF mn) [continued]

An analysis of the gross loan portfolio by type, before loss allowance on loan losses, is as follows:

	31 March 2021		31 December 2020	
Retail loans	678,357	16%	662,675	16%
Retail consumer loans	583,490	14%	564,698	14%
Retail mortgage backed loans ¹	94,867	2%	97,977	2%
Corporate loans	2,889,741	71%	2,878,755	72%
Loans to medium and large corporates	2,808,729	69%	2,790,742	70%
Municipality loans	81,012	2%	88,013	2%
Loans at amortised cost total	3,568,098	87%	3,541,430	88%
Loans at fair value total	524,307	13%	480,937	12%
Gross loans total	4,092,405	100%	4,022,367	100%

An analysis of the loan portfolio by currency is as follows:

	31 March 2021	31 December 2020
In HUF	63%	61%
In foreign currency	37%	39%
Total	100%	100%

An analysis of the change in the loss allowance on loan losses is as follows:

	31 March 2021	31 December 2020
Balance as at 1 January	123,670	72,066
Reclassification	(1,281)	-
Balance as at 1 January	122,389	72,066
Loss allowance	47,400	217,012
Release of loss allowance	(43,924)	(156,383)
Use of loss allowance	(809)	(6,228)
Partial write-off	(449)	(2,797)
Closing balance	124,607	123,670

¹ incl. housing loans

NOTE 8: INVESTMENTS IN SUBSIDIARIES (in HUF mn)

	31 March 2021	31 December 2020
Investments in subsidiaries:		
Controlling interest	1,984,073	1,965,197
Other	<u>11,418</u>	<u>8,938</u>
	<u>1,995,491</u>	<u>1,974,135</u>
Provision for impairment	<u>(432,469)</u>	<u>(425,163)</u>
Total	<u>1,563,022</u>	<u>1,548,972</u>

An analysis of the change in the impairment loss is as follows:

	31 March 2021	31 December 2020
Balance as at 1 January	425,163	427,770
Provision for the period	7,381	10,052
Release of provision	-	(10)
Use of provision	<u>(75)</u>	<u>(12,649)</u>
Closing balance	<u>432,469</u>	<u>425,163</u>

The Romanian Court of Registration registered a capital increase at OTP Bank Romania SA, the Romanian subsidiary of OTP Bank. Accordingly, the registered capital of the Romanian subsidiary of OTP Bank was increased to RON 2,079,253,200 from RON 1,829,253,120.

NOTE 9: DEPOSITS FROM CUSTOMERS (in HUF mn)

	31 March 2021	31 December 2020
Within one year:		
In HUF	6,755,465	6,412,897
In foreign currency	<u>1,517,373</u>	<u>1,438,255</u>
	<u>8,272,838</u>	<u>7,851,152</u>
Over one year:		
In HUF	44,807	44,583
	<u>44,807</u>	<u>44,583</u>
Subtotal	<u>8,317,645</u>	<u>7,895,735</u>

An analysis of deposits from customers by type is as follows:

	31 March 2021		31 December 2020	
Retail deposits	3,984,735	48%	3,840,950	49%
Household deposits	3,984,735	48%	3,840,950	49%
Corporate deposits	4,332,910	52%	4,054,785	51%
Deposits to medium and large corporates	3,527,870	42%	3,301,434	42%
Municipality deposits	<u>805,040</u>	<u>10%</u>	<u>753,351</u>	<u>10%</u>
Total	<u>8,317,645</u>	<u>100%</u>	<u>7,895,735</u>	<u>100%</u>

NOTE 10: LIABILITIES FROM ISSUED SECURITIES (in HUF mn)

	31 March 2021	31 December 2020
Within one year:		
In HUF	14,478	11,115
In foreign currency	976	1,356
	<u>15,454</u>	<u>12,471</u>
Over one year:		
In HUF	12,710	15,964
	<u>12,710</u>	<u>15,964</u>
Total	<u><u>28,164</u></u>	<u><u>28,435</u></u>

NOTE 11: OFF BALANCE SHEET ITEMS (in HUF mn)

Contingent liabilities and commitments

	31 March 2021	31 December 2020
Loan commitments	1,567,899	1,441,060
Guarantees arising from banking activities	1,456,152	1,419,543
<i>from this: Payment undertaking liabilities (related to issue of mortgage bonds) of OTP Mortgage Bank</i>	708,282	683,736
Factoring loan commitments	3,524	305,269
Confirmed letters of credit	314,957	5,039
Contingent liabilities and commitments total in accordance with IFRS 9	<u>3,342,532</u>	<u>3,170,911</u>
Legal disputes (disputed value)	1,920	4,720
Liabilities due to venture capital fund contribution	51,141	32,712
Other	602	602
Contingent liabilities and commitments total in accordance with IAS 37	<u>53,663</u>	<u>38,034</u>
Total	<u><u>3,396,195</u></u>	<u><u>3,208,945</u></u>

At the balance sheet date the Bank was involved in various claims and legal proceedings of a nature considered normal to its business. The level of these claims and legal proceedings corresponds to the level of claims and legal proceedings in previous years.

The Bank believes that the various asserted claims and litigations in which it is involved will not materially affect its financial position, future operating results or cash flows, although no assurance can be given with respect to the ultimate outcome of any such claim or litigation. Provision due to legal disputes was HUF 116 million and HUF 199 million as at 31 March 2021 and 31 December 2020, respectively.

NOTE 12: DERIVATIVE FINANCIAL INSTRUMENTS (in HUF mn)

Fair value of derivative instruments

The Bank has the following held for trading derivatives and derivatives designated as hedge accounting:

	31 March 2021		31 December 2020	
	Assets	Liabilities	Assets	Liabilities
Held for trading derivative financial instruments				
Interest rate derivatives				
Interest rate swaps	30,141	(29,061)	21,232	(19,490)
Cross currency interest rate swaps	7,016	(6,819)	7,315	(7,285)
OTC options	301	(301)	356	(356)
Forward rate agreement	-	-	-	-
Total interest rate derivatives (OTC derivatives)	37,458	(36,181)	28,903	(27,131)
<i>From this: Interest rate derivatives cleared by central counterparty</i>	458	-	5	(72)
Foreign exchange derivatives				
Foreign exchange swaps	27,857	(22,526)	39,644	(30,374)
Foreign exchange forward	6,074	(8,126)	6,990	(9,869)
OTC options	1,927	(1,742)	3,909	(3,836)
Foreign exchange spot conversion	79	(37)	619	(704)
Total foreign exchange derivatives (OTC derivatives)	35,937	(32,431)	51,162	(44,783)
<i>From this: Foreign exchange derivatives cleared by central counterparty</i>	3,705	(119)	5,211	(1,852)
Equity stock and index derivatives				
Commodity Swaps	18,816	(17,847)	13,999	(12,901)
Equity swaps	4,178	(136)	7,071	(560)
OTC derivatives total	22,994	(17,983)	21,070	(13,461)
Exchange traded futures and options	537	(2,531)	379	(1,262)
Total equity stock and index derivatives	23,531	(20,514)	21,449	(14,723)
Derivatives held for risk management not designated in hedge				
Interest rate swaps	24,420	(16,005)	13,024	(9,322)
Foreign exchange swaps	7,971	(2,272)	2,208	(3,953)
Foreign exchange spot conversion	-	-	-	-
Forward	16	(51)	28	(75)
Cross currency interest rate swaps	24	(86)	44	-
Total derivatives held for risk management not designated in hedge	32,431	(18,414)	15,304	(13,350)
<i>From this: Total derivatives cleared by central counterparty held for risk management</i>	10,510	(124)	759	(6,269)
Total Held for trading derivative financial instruments	129,357	(107,540)	116,818	(99,987)
Derivative financial instruments designated as hedge accounting				
Derivatives designated in cash flow hedges				
Interest rate swaps	1,954	(660)	-	8,027
Total derivatives designated in cash flow hedges	1,954	(660)	-	8,027
Derivatives designated in fair value hedges				
Interest rate swaps	11,884	(6,939)	637	(5,266)
Cross currency interest rate swaps	6,263	(3,964)	6,180	(5,865)
Foreign exchange swaps	-	-	-	-
Total derivatives designated in fair value hedges	18,147	(10,903)	6,817	(11,131)
<i>From this: Total derivatives cleared by NBH held for hedging</i>	-	(1,756)	-	(1,691)
Total derivatives held for risk management (OTC derivatives)	20,101	(11,563)	6,817	(3,104)

NOTE 12: DERIVATIVE FINANCIAL INSTRUMENTS (in HUF mn) [continued]

Positive fair values of derivative instruments designated as hedge accounting relationships are presented separately in the statement of financial position, while positive fair values of derivative instruments classified as held for trading are included in financial assets at fair value through profit or loss. Negative fair values of hedging derivative instruments are presented separately in the statement of financial position, negative fair values of derivatives held for trading are included in the negative fair value of derivative financial instruments classified as held for trading line.

NOTE 13: NET INTEREST INCOME (in HUF mn)

	31 March 2021	31 March 2020	31 December 2020
Interest income accounted for using the effective interest rate method from / on			
Loans at amortised cost	40,051	35,596	143,652
FVOCI securities	5,731	9,619	29,095
Securities at amortised cost	13,322	11,300	48,654
Placements with other banks	4,165	2,206	12,248
Financial liabilities	580	513	1,544
Amounts due from banks and balances with National Bank of Hungary	3,572	354	4,391
Repo receivables	45	9	49
Subtotal	<u>67,466</u>	<u>59,597</u>	<u>239,633</u>
Income similar to interest income			
Loans mandatorily measured at fair value through profit or loss	5,133	2,779	15,094
Swap and forward deals related to Placements with other banks	15,030	10,833	56,341
Swap and forward deals related to Loans at amortised cost	2,966	2,947	14,011
Swap and forward deals related to FVOCI securities	(404)	(1,309)	(3,789)
Investment properties	2	2	6
Subtotal	<u>22,727</u>	<u>15,252</u>	<u>81,663</u>
Interest incomes and similar to interest incomes total	<u>90,193</u>	<u>74,849</u>	<u>321,296</u>
Interest expense due to / from / on			
Amounts due to banks and deposits from the National Bank of Hungary and other banks	14,206	16,390	67,747
Deposits from customers	7,866	3,876	19,598
Leasing liabilities	57	-	257
Liabilities from issued securities	82	111	414
Subordinated bonds and loans	2,076	1,970	8,327
Investment properties (depreciation)	11	12	49
Financial assets	603	508	1,622
Repo liabilities	493	792	1,616
Subtotal	<u>25,394</u>	<u>23,659</u>	<u>99,630</u>

NOTE 14: RELATED PARTY TRANSACTIONS (in HUF mn)

The Bank enters into transactions for services with a number of subsidiaries. Such transactions are conducted at rates which approximate market conditions.

Related party transactions can be detailed as follows:

Transactions related to OTP Mortgage Bank Ltd.:

	31 March 2021	31 March 2020
Fees and commissions received from OTP Mortgage Bank Ltd. relating to the loans	2,019	2,151

Transactions related to OTP Factoring Ltd.:

	31 March 2021	31 March 2020
The gross book value of the loans sold	530	3,060
Loss allowance for loan losses on the loans sold	424	1,921
Loans sold to OTP Factoring Ltd. without recourse (including interest)	19	773
Loss on these transaction (recorded in the separate financial statements as loan and placement loss)	87	366

The underlying mortgage rights were also transferred to OTP Factoring Ltd.