



OTP BANK PLC.

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

**FOR THE SIX MONTH PERIOD
ENDED 30 JUNE 2023**

OTP BANK PLC.

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OTP BANK PLC.
SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023
(in HUF mn)

	Note	30 June 2023	31 December 2022	30 June 2022
Cash, amounts due from banks and balances with the National Bank of Hungary		2,316,708	1,092,198	445,285
Placements with other banks		2,478,055	2,899,829	3,148,794
Repo receivables		234,291	246,529	27,646
Financial assets at fair value through profit or loss	4.	480,694	410,012	463,282
Financial assets at fair value through other comprehensive income	5.	564,606	797,175	740,995
Securities at amortised cost	6.	3,097,503	3,282,373	3,695,491
Loans at amortised cost	7.	4,684,575	4,825,040	4,441,803
Loans mandatorily measured at fair value through profit or loss	7.	849,682	793,242	752,196
Investments in subsidiaries	8.	2,007,901	1,596,717	1,473,089
Property and equipment		94,806	94,564	83,065
Intangible assets		72,369	69,480	60,815
Right of use assets		40,112	39,882	36,976
Investment properties		4,266	4,207	4,262
Deferred tax assets		24,450	35,742	21,578
Current tax assets		1,042	1,569	448
Derivative financial assets designated as hedge accounting relationships		34,320	47,220	34,269
Other assets		<u>365,595</u>	<u>329,752</u>	<u>331,418</u>
TOTAL ASSETS		<u>17,350,975</u>	<u>16,565,531</u>	<u>15,761,412</u>
Amounts due to banks and deposits from the National Bank of Hungary and other banks		1,642,660	1,736,128	1,495,427
Repo liabilities		1,431,820	408,366	460,281
Deposits from customers	9.	10,268,351	11,119,158	10,959,373
Leasing liabilities		40,553	41,464	38,586
Liabilities from issued securities	10.	810,136	498,709	16,394
Financial liabilities designated at fair value through profit or loss		20,037	16,576	17,810
Derivative financial liabilities designated as held for trading		259,305	373,401	375,606
Derivative financial liabilities designated as hedge accounting relationships		35,427	50,623	61,677
Current tax liabilities		3,570	3,199	2,003
Provisions		38,171	29,656	22,128
Other liabilities		356,724	313,188	305,693
Subordinated bonds and loans		<u>513,079</u>	<u>294,186</u>	<u>294,683</u>
TOTAL LIABILITIES		<u>15,419,833</u>	<u>14,884,654</u>	<u>14,049,661</u>
Share capital		28,000	28,000	28,000
Retained earnings and reserves		1,909,431	1,655,601	1,687,499
Treasury shares		<u>(6,289)</u>	<u>(2,724)</u>	<u>(3,748)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>1,931,142</u>	<u>1,680,877</u>	<u>1,711,751</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>17,350,975</u>	<u>16,565,531</u>	<u>15,761,412</u>

OTP BANK PLC.
SEPARATE CONDENSED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTH PERIOD
ENDED 30 JUNE 2023 (UNAUDITED)
(in HUF mn)

	Note	Six month period ended 30 June 2023	Six month period ended 30 June 2022	Year ended 31 December 2022
Interest income and similar to interest income total	13.	1,009,028	393,014	1,098,910
Interest expenses total	13.	<u>(798,221)</u>	<u>(254,475)</u>	<u>(802,020)</u>
NET INTEREST INCOME	13.	<u>210,807</u>	<u>138,539</u>	<u>296,890</u>
Risk cost total		(17,943)	(41,577)	(94,594)
NET INTEREST INCOME AFTER RISK COST		<u>192,864</u>	<u>96,962</u>	<u>202,296</u>
Gains / (Losses) arising from derecognition of financial assets measured at amortised cost		(7,654)	(7,680)	(56,195)
Modification loss		(6,952)	(2,705)	(14,856)
Net profit from fees and commissions		155,056	138,595	296,357
Net operating income		279,999	43,173	57,422
Other administrative expenses		<u>(276,035)</u>	<u>(261,922)</u>	<u>(492,030)</u>
PROFIT BEFORE INCOME TAX		<u>337,278</u>	<u>6,423</u>	<u>(7,006)</u>
Income tax		<u>(24,563)</u>	<u>11,252</u>	<u>13,638</u>
PROFIT AFTER INCOME TAX		<u>312,715</u>	<u>17,675</u>	<u>6,632</u>
Earnings per share (in HUF)				
Basic		1,119	232	24
Diluted		1,119	232	24

OTP BANK PLC.
SEPARATE CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTH
PERIOD ENDED 30 JUNE 2023 (UNAUDITED)
(in HUF mn)

	Note	Six month period ended 30 June 2023	Six month period ended 30 June 2022	Year ended 31 December 2022
PROFIT AFTER INCOME TAX		<u>312,715</u>	<u>17,675</u>	<u>6,632</u>
Items that may be reclassified subsequently to profit or loss:				
Fair value adjustment of debt instruments at fair value through other comprehensive income		17,155	(69,588)	(55,804)
Deferred tax related to fair value adjustment of debt instruments at fair value through other comprehensive income		(1,541)	6,422	5,186
Gains / (Losses) on separated currency spread of financial instruments designated as hedging instrument		3,337	31,878	(4,887)
Deferred tax related to (losses) / gains on separated currency spread of financial instruments designated as hedging instrument		(300)	(2,869)	440
(Losses) / Gains on derivative financial instruments designated as cash flow hedge		<u>3,411</u>	<u>(3,965)</u>	<u>(5,641)</u>
Items that will not be reclassified to profit or loss:				
Gains on equity instruments at fair value through other comprehensive income		-	2,675	2,675
Fair value adjustment of equity instruments at fair value through other comprehensive income		1,248	(411)	61
Deferred tax related to equity instruments at fair value through other comprehensive income		<u>(141)</u>	<u>12</u>	<u>(41)</u>
Total		<u>23,169</u>	<u>(35,846)</u>	<u>(58,011)</u>
TOTAL COMPREHENSIVE INCOME		<u>335,884</u>	<u>(18,171)</u>	<u>(51,379)</u>

OTP BANK PLC.
SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH PERIOD ENDED 30
JUNE 2023 (UNAUDITED)
(in HUF mn)

	Share Capital	Capital reserve	Retained earnings and other reserves	Treasury Shares	Total
Balance as at 1 January 2022	28,000	52	1,845,784	(58,872)	1,814,964
Net profit for the period	-	-	17,675	-	17,675
Other movement	-	-	2	-	2
Other comprehensive income	-	-	(35,846)	-	(35,846)
Total comprehensive income	=	=	(18,169)	=	(18,169)
Share-based payment	-	-	1,474	-	1,474
Sale of treasury shares	-	-	-	70,048	70,048
Acquisition of treasury shares	-	-	-	(14,924)	(14,924)
Loss on treasury shares	-	-	(21,394)	-	(21,394)
Dividend for the year 2021	-	-	(120,248)	-	(120,248)
Other transaction with owners	=	=	(140,168)	55,124	(85,044)
Balance as at 30 June 2022	<u>28,000</u>	<u>52</u>	<u>1,687,447</u>	<u>(3,748)</u>	<u>1,711,751</u>
Balance as at 1 January 2023	28,000	52	1,655,549	(2,724)	1,680,877
Net profit for the period	-	-	312,715	-	312,715
Other comprehensive income	-	-	23,169	-	23,169
Total comprehensive income	=	=	335,884	=	335,884
Share-based payment	-	-	1,394	-	1,394
Sale of treasury shares	-	-	-	33,315	33,315
Acquisition of treasury shares	-	-	-	(36,880)	(36,880)
Loss on sale of treasury shares	-	-	551	-	551
Dividend for the year 2022	-	-	(84,000)	-	(84,000)
Other transaction with owners	=	=	(82,055)	(3,565)	(85,620)
Balance as at 30 June 2023	<u>28,000</u>	<u>52</u>	<u>1,909,378</u>	<u>(6,289)</u>	<u>1,931,141</u>

OTP BANK PLC.
SEPARATE CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTH PERIOD
ENDED 30 JUNE 2023 (UNAUDITED)
(in HUF mn)

	Six month period ended 30 June 2023	Six month period ended 30 June 2022	Year ended 31 December 2022
Profit before income tax	337,278	6,423	(7,006)
Net accrued interest	(23,132)	(6,038)	(11,196)
Income tax paid	(11,056)	(11,115)	(19,953)
Depreciation and amortization	24,568	22,152	46,873
Loss allowance / (Release of loss allowance)	17,051	185,935	221,227
Share-based payment	1,394	1,474	2,948
Unrealised gains on fair value adjustment of financial instruments at fair value through profit or loss	(47,262)	(14,262)	11,870
Unrealised (gains)/losses on fair value adjustment of derivative financial instruments	(69,861)	18,825	52,840
Gains on securities	7,029	8,167	62,354
Interest expense from leasing liabilities	794	(393)	(1,186)
Foreign exchange gain / (loss)	(21,153)	29,673	9,359
Proceeds from sale of tangible and intangible assets	(1,214)	(90)	(267)
Net change in assets and liabilities in operating activities	<u>(135,200)</u>	<u>384,881</u>	<u>(358,189)</u>
Net cash provided by operating activities	<u>79,236</u>	<u>625,632</u>	<u>9,674</u>
Net provided by / (used in) cash used in investing activities	<u>136,609</u>	<u>(576,342)</u>	<u>(425,351)</u>
Net cash provided by / (used in) financing activities	<u>505,217</u>	<u>(92,696)</u>	<u>391,805</u>
Net increase / (decrease) in cash and cash equivalents	<u>721,062</u>	<u>(43,406)</u>	<u>(23,872)</u>
Cash and cash equivalents at the beginning of the year	<u>351,770</u>	<u>375,642</u>	<u>375,642</u>
Cash and cash equivalents at the end of the year	<u>1,072,832</u>	<u>332,236</u>	<u>351,770</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.

NOTE 2: SIGNIFICANT EVENTS DURING THE SIX MONTH PERIOD ENDED 30 JUNE 2023

1) Capital increase at OTP Mortgage Bank Ltd.

See details about the event in Note 8.

2) Acquisition in Slovenia

See details about the event in Note 8.

3) Issuance of USD 650 million Bonds

On 15 February 2023 as a value date the Bank issued Notes in the aggregate nominal amount of USD 650 million. The original maturity of the Tier 2 Notes is 10.25 years, redeemable at par any time during the 3-month period prior to the Reset Date at 5.25 years. The notes are rated 'Ba2' by Moody's Investor Services Cyprus Ltd., 'BB' by S&P Ratings Europe Limited and 'BB+' by Scope Ratings GmbH. The notes are listed on the Luxembourg Stock Exchange.

4) Capital increase at OTP Real Estate Ltd.

See details about the event in Note 8.

5) Prolongations of interest rate cap

The government has extended the interest rate cap, which will remain effective until the base rate falls below 10%.

6) Issuance of USD 500 million Bonds

Notes (ISIN: XS2626773381) have been issued on 25 May 2023 as value date in the aggregate nominal amount of USD 500 million. The notes are rated 'Baa3' by Moody's Investor Services Cyprus Ltd., 'BBB-' by S&P Ratings Europe Limited and 'BBB+' by Scope Ratings GmbH. The notes are listed on the Luxembourg Stock Exchange.

7) Windfall tax

The government has amended previously laid down methodology of windfall tax for the second half of 2023. According to the new rules, the gross amount of the windfall tax for the year 2023 changed to HUF 41 billion in the case of OTP Group.

8) Ipoteka Bank

See details about the event in Note 8.

9) Issuance of EUR 110 million Bonds

OTP Bank issued notes (ISIN: XS2642536671) on 27 June 2023 as value date in the aggregate nominal amount of EUR 110 million. The notes are listed on the Luxembourg Stock Exchange.

NOTE 3: SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant event after the reporting period.

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

	30 June 2023	31 December 2022
Held for trading securities:		
Government bonds	29,210	67,521
Other non-interest bearing securities	329	274
Hungarian government discounted Treasury Bills	337	4,785
Corporate shares and investments	438	385
Mortgage bonds	100	82
Other securities	<u>135,445</u>	<u>1,748</u>
Subtotal	<u>165,859</u>	<u>74,795</u>
Securities mandatorily measured at fair value through profit or loss		
Shares in investment funds	30,067	29,029
Bonds	59	-
Shares	<u>1,469</u>	<u>1,469</u>
Subtotal	<u>31,595</u>	<u>30,498</u>
Held for trading derivative financial instruments:		
Foreign currency swaps	132,853	121,854
Interest rate swaps	81,840	121,506
CCIRS and mark-to-market CCIRS swaps	22,615	14,847
Other derivative transactions	<u>45,932</u>	<u>46,512</u>
Subtotal	<u>283,240</u>	<u>304,719</u>
Total	<u>480,694</u>	<u>410,012</u>

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

	30 June 2023	31 December 2022
Securities at fair value through other comprehensive income		
Government bonds	187,441	177,393
Mortgage bonds	298,261	356,540
Interest bearing treasury bills	39,803	182,726
Other securities	19,931	62,594
<i>Listed securities</i>	<u>6,729</u>	<u>7,290</u>
in foreign currency	6,729	7,290
<i>Non-listed securities</i>	<u>13,202</u>	<u>55,304</u>
in HUF	13,202	14,304
in foreign currency	-	41,000
Subtotal	<u>545,436</u>	<u>779,253</u>
Non-trading equity instruments		
-non-listed securities	<u>19,170</u>	<u>17,922</u>
in HUF	528	528
in foreign currency	<u>18,642</u>	<u>17,394</u>
	<u>19,170</u>	<u>17,922</u>
Securities at fair value through other comprehensive income total	<u>564,606</u>	<u>797,175</u>

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

	30 June 2023	31 December 2022
Government bonds	2,801,354	2,979,400
Other bonds	301,460	314,237
Mortgage bonds	<u>24,725</u>	<u>24,586</u>
Subtotal	<u>3,127,539</u>	<u>3,318,223</u>
Loss allowance	<u>(30,036)</u>	<u>(35,850)</u>
Total	<u>3,097,503</u>	<u>3,282,373</u>

An analysis of change in the loss allowance on securities at amortised cost:

	30 June 2023	31 December 2022
Balance as at 1 January	35,850	6,685
Loss allowance	1,353	31,696
Release of loss allowance	(5,796)	(4,073)
FX movement	<u>(1,371)</u>	<u>1,542</u>
Closing balance	<u>30,036</u>	<u>35,850</u>

NOTE 7: LOANS (in HUF mn)**Loans measured at fair value through profit or loss**

	30 June 2023	31 December 2022
Within one year	40,670	39,694
Over one year	<u>809,012</u>	<u>753,548</u>
Loans measured at fair value through profit or loss total	<u>849,682</u>	<u>793,242</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

	30 June 2023	31 December 2022
Within one year	2,241,460	2,481,249
Over one year	<u>2,615,531</u>	<u>2,518,671</u>
Loans at amortised cost gross total	<u>4,856,991</u>	<u>4,999,920</u>
Loss allowance on loan losses	(172,416)	(174,880)
Loans at amortised cost total	<u>4,684,575</u>	<u>4,825,040</u>

An analysis of the loan portfolio by currency (%):

	31 June 2023	31 December 2022
In HUF	59%	58%
In foreign currency	<u>41%</u>	<u>42%</u>
Total	<u>100%</u>	<u>100%</u>

An analysis of the change in the loss allowance on loans at amortised cost is as follows:

	30 June 2023	31 December 2022
Balance as at 1 January	174,880	155,557
Loss allowance	137,332	252,002
Release of loss allowance	(115,270)	(210,342)
Use of loss allowance	(16,936)	(21,274)
Partial write-off	(3,087)	(7,348)
FX movement	<u>(4,503)</u>	<u>6,285</u>
Closing balance	<u>172,416</u>	<u>174,880</u>

NOTE 8: INVESTMENTS IN SUBSIDIARIES, ASSOCIATES, JOINT VENTURES AND OTHER INVESTMENTS (in HUF mn)

	30 June 2023	31 December 2022
Investments in subsidiaries:		
Controlling interest	2,515,321	2,116,059
Other	<u>29,474</u>	<u>23,427</u>
Subtotal	<u>2,544,795</u>	<u>2,139,486</u>
Impairment loss	<u>(536,894)</u>	<u>(542,769)</u>
Total	<u>2,007,901</u>	<u>1,596,717</u>

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

	30 June 2023	31 December 2022
Balance as at 1 January	542,769	449,256
Impairment loss for the period	104	147,712
Reversal of impairment loss	<u>(5,979)</u>	<u>(54,199)</u>
Closing balance	<u>536,894</u>	<u>542,769</u>

Significant events related to investments

The Metropolitan Court of Registration has registered a capital increase at OTP Mortgage Bank Ltd. The registered capital of OTP Mortgage Bank Ltd. was increased to HUF 57,000,000,000 from HUF 37,000,000,000.

The Bank signed a purchase and sale contract for the purchase of the majority stake of Ipoteka Bank and its subsidiaries with the Ministry of Finance of the Republic of Uzbekistan.

OTP Bank will purchase 100% of the shares held by the Ministry of Finance of the Republic of Uzbekistan (nearly 97% total shareholding) in two steps: 75% of the shares now and the remaining 25% three years after the financial closing of the first transaction.

Based on the share sale and purchase agreement concluded on 12 December 2022 between OTP Bank and the Ministry of Economy and Finance of the Republic of Uzbekistan the first step of the transaction was completed on 13 June 2023. Consequently, OTP Bank became the majority shareholder of Ipoteka Bank by acquiring a 73.71% shareholding, and became indirect shareholder of Ipoteka Bank's wholly-owned subsidiaries. As a result of the acquisition, OTP Group entered the Central Asian region, and is the first foreign bank to participate in the privatization of the Uzbek banking sector. Holding a market share of 7.6% in terms of total assets as of May 2023 and a retail clientele of about 1.5 million, Ipoteka Bank is the fifth largest bank of Uzbekistan. It is active both in the retail and corporate segments, whereas over the past three years the average annual growth rate of its customer loan and deposit portfolio reached 20% and 24%, respectively. As the second step of the transaction, the remaining shares held by the Ministry will be purchased in three years from now.

The financial completion of the transaction to purchase 100% shareholding of Nova KBM d.d. and its subsidiary – after obtaining all necessary regulatory approvals – has been completed on 6 February 2023, based on the share sale and purchase agreement concluded between OTP Bank, funds managed by affiliates of Apollo Global Management, Inc. and EBRD, on 31 May 2021. The acquisition of the bank is the most significant acquisition in the history of OTP Group.

With a market share of 20.7% in terms of total assets as of September 2022 and more than 1,500 employees as of the end of 2022, Nova KBM d.d. is the 2nd largest bank in the Slovenian banking market. As a universal bank, it has been active in the retail and corporate segments as well. With the transaction closing of Nova KBM, OTP Group has around 30% share in the Slovenian banking market on a pro-forma basis.

The Metropolitan Court of Registration has registered a capital increase at OTP Real Estate Ltd. Accordingly, the registered capital of OTP Real Estate Ltd. was increased to HUF 1,050,000,000 from HUF 1,000,000,000.

NOTE 9: DEPOSITS FROM CUSTOMERS (in HUF mn)

	30 June 2023	31 December 2022
Within one year:		
In HUF	7,289,064	7,982,882
In foreign currency	<u>2,955,646</u>	<u>3,112,937</u>
	<u>10,244,710</u>	<u>11,095,819</u>
Over one year:		
In HUF	<u>23,641</u>	<u>23,339</u>
	<u>23,641</u>	<u>23,339</u>
Total	<u>10,268,351</u>	<u>11,119,158</u>

An analysis of deposits from customers by type, not including accrued interest, is as follows:

	30 June 2023		31 December 2022	
Retail deposits	4,455,795	43%	4,756,881	43%
Household deposits	4,455,795	43%	4,756,881	43%
Corporate deposits	5,812,556	56%	6,362,277	57%
Deposits to medium and large corporates	4,880,707	47%	5,570,866	50%
Municipality deposits	<u>931,849</u>	<u>9%</u>	<u>791,411</u>	<u>7%</u>
Total	<u>10,268,351</u>	<u>100%</u>	<u>11,119,158</u>	<u>100%</u>

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

	30 June 2023	31 December 2022
Within one year:		
In HUF	136,229	4,311
In foreign currency	<u>15,704</u>	<u>6,351</u>
	<u>151,933</u>	<u>10,662</u>
Over one year:		
In HUF	41,684	46,192
In foreign currency	<u>616,519</u>	<u>441,855</u>
	<u>658,203</u>	<u>488,047</u>
Total	<u>810,136</u>	<u>498,709</u>

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

In the normal course of business, the Bank becomes a party to various financial transactions that are not reflected on the statement of financial position and are referred to as off-balance sheet financial instruments. The following represents notional amounts of these off-balance sheet financial instruments, unless stated otherwise.

Contingent liabilities and commitments

	30 June 2023	31 December 2022
Loan commitments	1,965,934	1,852,164
Guarantees arising from banking activities	1,822,759	1,873,824
<i>from this: Payment undertaking liabilities (related to issue of mortgage bonds) of OTP Mortgage Bank</i>	1,046,929	955,480
Factoring loan commitments	399,614	373,417
Confirmed letters of credit	<u>772</u>	<u>12,376</u>
Contingent liabilities and commitments total in accordance with IFRS 9	<u>4,189,079</u>	<u>4,111,781</u>
Legal disputes (disputed value)	3,802	3,678
Contingent liabilities related to payments from shares in venture capital fund	19,076	28,614
Other	<u>13</u>	<u>7</u>
Contingent liabilities and commitments total in accordance with IAS 37	<u>22,891</u>	<u>32,299</u>
Total	<u>4,211,970</u>	<u>4,144,080</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 1.884 million and HUF 1.917 million as at 30 June 2023 and 31 December 2022, respectively.

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

Fair value of derivative instruments

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.

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

	30 June 2023			31 December 2022						
	Before netting Assets	Liabilities	Netting	After netting Assets	Liabilities	Netting	After netting Assets	Liabilities		
Held for trading derivative financial instruments										
Interest rate derivatives										
Interest rate swaps	148,029	(117,611)	129,086	18,943	11,475	162,519	(170,144)	155,468	7,051	(14,676)
Cross currency interest rate swaps	7,876	(6,668)	-	7,876	(6,668)	11,332	(12,139)	-	11,332	(12,139)
OTC options	1,204	(1,204)	-	1,204	(1,204)	1,000	(1,000)	-	1,000	(1,000)
Forward rate agreement	96	(27)	96	-	69	505	(3)	505	-	502
Total interest rate derivatives (OTC derivatives)	157,205	(125,510)	129,182	28,023	3,672	175,356	(183,286)	155,973	19,383	(27,313)
From this: Interest rate derivatives cleared by NBH	1,706	-	-	1,706	-	2,702	-	-	2,702	-
Foreign exchange derivatives										
Foreign exchange swaps	86,488	(56,854)	-	86,488	(56,854)	109,167	(76,037)	-	109,167	(76,037)
Foreign exchange forward	11,816	(19,008)	-	11,816	(19,008)	9,909	(11,936)	-	9,909	(11,936)
OTC options	1,566	(1,022)	-	1,566	(1,022)	1,048	(822)	-	1,048	(822)
Foreign exchange spot conversion	314	(267)	-	314	(267)	162	(162)	-	162	(162)
Total foreign exchange derivatives (OTC derivatives)	100,184	(77,151)	-	100,184	(77,151)	120,286	(88,957)	-	120,286	(88,957)
From this: Foreign exchange derivatives cleared by NBH	-	-	-	-	-	22,214	-	-	22,214	-

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

Fair value of derivative instruments

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

	30 June 2023			30 June 2023			31 December 2022			31 December 2022		
	Before netting Assets	Liabilities	Netting	After netting Assets	Liabilities	Netting	Before netting Assets	Liabilities	Netting	After netting Assets	Liabilities	Netting
Equity stock and index derivatives												
Commodity Swaps	23,217	(19,194)	-	23,217	(19,194)	-	34,058	(32,048)	-	34,058	(32,048)	-
Equity swaps	6,740	(291)	-	6,740	(291)	-	54	(702)	-	54	(702)	-
OTC derivatives	29,957	(19,485)	-	29,957	(19,485)	-	34,112	(32,750)	-	34,112	(32,750)	-
Exchange traded futures and options	317	(1,812)	-	317	(1,812)	-	214	(1,887)	-	214	(1,887)	-
Total equity stock and index derivatives	30,274	(21,297)	-	30,274	(21,297)	-	34,326	(34,637)	-	34,326	(34,637)	-
Derivatives held for risk management not designated in hedges												
Interest rate swaps	78,422	(160,724)	15,525	62,897	(145,199)	15,525	133,399	(225,915)	18,944	114,455	(206,971)	18,944
Foreign exchange swaps	46,365	(16,837)	-	46,365	(16,837)	-	12,687	(11,908)	-	12,687	(11,908)	-
Foreign exchange spot conversion	-	-	-	-	-	-	-	(43)	-	-	(43)	-
Forward	758	-	-	758	-	-	67	-	-	67	-	-
Cross currency interest rate swaps	14,739	(2,493)	-	14,739	(2,493)	-	3,515	(3,572)	-	3,515	(3,572)	-
Total derivatives held for risk management not designated in hedges	140,284	(180,054)	15,525	124,759	(164,529)	15,525	149,668	(241,438)	18,944	130,724	(222,494)	18,944
From this: Total derivatives cleared by NBH held for risk management	52,431	-	-	52,431	-	-	78,916	(1,879)	-	78,916	(1,879)	-
Total Held for trading derivative financial instruments	427,947	(404,012)	144,707	283,240	(259,305)	144,707	479,636	(548,318)	174,917	304,719	(373,401)	174,917
Derivative financial instruments designated as hedge accounting relationships												
Derivatives designated in cash flow hedges												
Interest rate swaps	1	(1,841)	1,802	(1,801)	(39)	-	(25,325)	2,651	(2,651)	(22,674)	(22,674)	-
Total derivatives designated in cash flow hedges	1	(1,841)	1,802	(1,801)	(39)	-	(25,325)	2,651	(2,651)	(22,674)	(22,674)	-
Derivatives designated in fair value hedges												
Interest rate swaps	44,384	(54,717)	25,672	18,712	(29,045)	25,672	58,381	(37,290)	30,938	27,443	(6,352)	30,938
Cross currency interest rate swaps	14,000	(6,343)	-	14,000	(6,343)	-	20,732	(5,398)	-	20,732	(5,398)	-
Foreign exchange swaps	3,409	-	-	3,409	-	-	1,696	(16,199)	-	1,696	(16,199)	-
Total derivatives designated in fair value hedges	61,793	(61,060)	25,672	36,121	(35,388)	25,672	80,809	(58,887)	30,938	49,871	(27,949)	30,938
From this: Total derivatives cleared by NBH held for hedging	-	(1,477)	-	-	(1,477)	-	-	(5,485)	-	-	(5,485)	-
Total derivatives held for risk management (OTC derivatives)	61,794	(62,901)	27,474	34,320	(35,427)	27,474	80,809	(84,212)	33,589	47,220	(50,623)	33,589

NOTE 13: INTEREST INCOME AND EXPENSES (in HUF mn)

	Six month period ended 30 June 2023	Six month period ended 30 June 2022	Year ended 31 December 2022
Interest income accounted for using the effective interest rate method from / on			
Loans at amortised cost	219,615	118,302	297,727
FVOCI securities	32,004	12,335	39,988
Securities at amortised cost	44,824	44,459	92,948
Placements with other banks	106,409	80,559	204,479
Financial liabilities	204	5,516	20,098
Amounts due from banks and balances with National Bank of Hungary	182,061	3,189	56,204
Repo receivables	<u>21,962</u>	<u>753</u>	<u>10,235</u>
Subtotal	<u>607,079</u>	<u>265,113</u>	<u>721,679</u>
Income similar to interest income			
Loans mandatorily measured at fair value through profit or loss	23,956	15,853	35,927
Swap and forward deals related to Placements with other banks	302,595	94,677	273,322
Swap and forward deals related to Loans at amortised cost	65,610	15,520	60,744
Swap and forward deals related to FVOCI securities	9,784	1,847	7,230
Investment properties	<u>4</u>	<u>4</u>	<u>8</u>
Subtotal	<u>401,949</u>	<u>127,901</u>	<u>377,231</u>
Interest income total	<u>1,009,028</u>	<u>393,014</u>	<u>1,098,910</u>
Interest expense due to / from / on			
Amounts due to banks and deposits from the National Bank of Hungary and other banks	319,880	154,898	408,865
Deposits from customers	324,116	77,772	301,657
Leasing liabilities	841	393	1,186
Liabilities from issued securities	23,311	298	7,742
Subordinated bonds and loans	13,428	3,888	8,646
Investment properties (depreciation)	68	67	135
Financial assets	4,040	1,912	6,369
Repo liabilities	112,537	15,058	66,049
Swap transaction related to acquisitions	-	<u>189</u>	<u>1,371</u>
Interest expense total	<u>798,221</u>	<u>254,475</u>	<u>802,020</u>