



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 2024**

OTP BANK PLC.

CONTENTS

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024.....	3
SEPARATE CONDENSED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTH ENDED 30 JUNE 2024 (UNAUDITED) (in HUF mn)	4
SEPARATE CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTH ENDED 30 JUNE 2024 (UNAUDITED) (in HUF mn).....	5
SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH ENDED 30 JUNE 2024 (UNAUDITED) (in HUF mn)	6
SEPARATE CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2024 (UNAUDITED)	7
NOTE 1: ORGANIZATION AND BASIS OF FINANCIAL STATEMENTS	8
1.1. General information	8
1.2. Accounting	8
NOTE 2: SIGNIFICANT EVENTS DURING THE SIX MONTH PERIOD ENDED 30 JUNE 2024	8
NOTE 3: SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD	9
NOTE 4: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (in HUF mn)	10
NOTE 5: SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (in HUF mn).....	10
NOTE 6: SECURITIES AT AMORTISED COST (in HUF mn).....	11
NOTE 7: LOANS (in HUF mn).....	11
NOTE 8: INVESTMENTS IN SUBSIDIARIES, ASSOCIATES, JOINT VENTURES AND OTHER INVESTMENTS (in HUF mn)	12
NOTE 9: DEPOSITS FROM CUSTOMERS (in HUF mn)	13
NOTE 10: LIABILITIES FROM ISSUED SECURITIES (in HUF mn)	13
NOTE 11: OFF-BALANCE SHEET ITEMS (in HUF mn)	14
NOTE 12: DERIVATIVE FINANCIAL INSTRUMENTS (in HUF mn) [continued].....	15
NOTE 13: INTEREST INCOME AND EXPENSES (in HUF mn)	17

OTP BANK PLC.
SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024
(UNAUDITED) (in HUF mn)

	Note	30 June 2024	31 December 2023	30 June 2023
Cash, amounts due from banks and balances with the National Bank of Hungary		2,858,762	2,708,232	2,316,708
Placements with other banks		2,759,756	2,702,433	2,478,055
Repo receivables		147,472	201,658	234,291
Financial assets at fair value through profit or loss	4.	261,688	257,535	480,694
Financial assets at fair value through other comprehensive income	5.	563,177	559,527	564,606
Securities at amortised cost	6.	4,034,500	2,710,848	3,097,503
Loans at amortised cost	7.	4,766,363	4,681,359	4,684,575
Loans mandatorily measured at fair value through profit or loss	7.	957,458	934,848	849,682
Investments in subsidiaries	8.	2,042,344	2,001,952	2,007,901
Property and equipment		109,074	107,306	94,806
Intangible assets		106,646	98,115	72,369
Right of use assets		64,880	66,222	40,112
Investment properties		4,257	4,203	4,266
Deferred tax assets		-	408	24,450
Current tax assets		-	-	1,042
Derivative financial assets designated as hedge accounting relationships		20,807	21,628	34,320
Non-current assets held for sale		130,718	130,718	-
Other assets		<u>410,261</u>	<u>365,961</u>	<u>365,595</u>
TOTAL ASSETS		<u>19,238,163</u>	<u>17,552,953</u>	<u>17,350,975</u>
Amounts due to banks and deposits from the National Bank of Hungary and other banks		2,164,274	1,761,579	1,642,660
Repo liabilities		608,768	443,694	1,431,820
Deposits from customers	9.	11,103,152	10,734,325	10,268,351
Leasing liabilities		68,828	68,282	40,553
Liabilities from issued securities	10.	1,611,265	1,163,109	810,136
Financial liabilities designated at fair value through profit or loss		18,610	19,786	20,037
Derivative financial liabilities designated as held for trading		120,877	183,565	259,305
Derivative financial liabilities designated as hedge accounting relationships		24,062	27,423	35,427
Deferred tax liabilities		530	-	-
Current tax liabilities		15,865	14,393	3,570
Provisions		23,445	22,497	38,171
Other liabilities		351,813	295,399	356,724
Subordinated bonds and loans		<u>542,469</u>	<u>520,296</u>	<u>513,079</u>
TOTAL LIABILITIES		<u>16,653,958</u>	<u>15,254,348</u>	<u>15,419,833</u>
Share capital		28,000	28,000	28,000
Retained earnings and reserves		2,607,721	2,276,759	1,909,431
Treasury shares		<u>(51,516)</u>	<u>(6,154)</u>	<u>(6,289)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>2,584,205</u>	<u>2,298,605</u>	<u>1,931,142</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>19,238,163</u>	<u>17,552,953</u>	<u>17,350,975</u>

OTP BANK PLC.
SEPARATE CONDENSED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTH ENDED
30 JUNE 2024 (UNAUDITED)
(in HUF mn)

	Six month period ended 30 June 2024	Six month period ended 30 June 2023	Year ended 31 December 2023
Interest income and similar to interest income total	832,681	1,009,028	2,023,079
Interest expenses total	<u>(579,511)</u>	<u>(798,221)</u>	<u>(1,556,361)</u>
NET INTEREST INCOME	<u>253,170</u>	<u>210,807</u>	<u>466,718</u>
Risk cost total	(18,008)	(17,943)	26,687
NET INTEREST INCOME AFTER RISK COST	<u>235,162</u>	<u>192,864</u>	<u>493,405</u>
Gains / (Losses) arising from derecognition of financial assets measured at amortised cost	(3,941)	(7,654)	(19,707)
Modification loss	(1,124)	(6,952)	(9,017)
Net profit from fees and commissions	169,502	155,056	324,130
Net operating income	359,748	279,999	464,606
Other administrative expenses	<u>(257,105)</u>	<u>(276,035)</u>	<u>(528,136)</u>
PROFIT BEFORE INCOME TAX	<u>502,242</u>	<u>337,278</u>	<u>725,281</u>
Income tax expense	<u>(33,259)</u>	<u>(24,563)</u>	<u>(70,293)</u>
PROFIT AFTER INCOME TAX	<u>468,983</u>	<u>312,715</u>	<u>654,988</u>
Earnings per share (in HUF)			
Basic	1,683	1,119	2,349
Diluted	1,683	1,119	2,349

OTP BANK PLC.
SEPARATE CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTH
ENDED 30 JUNE 2024 (UNAUDITED)
(in HUF mn)

	Six month period ended 30 June 2024	Six month period ended 30 June 2023	Year ended 31 December 2023
PROFIT AFTER INCOME TAX	<u>468,983</u>	<u>312,715</u>	<u>654,988</u>
Items that may be reclassified subsequently to profit or loss:			
Fair value adjustment of debt instruments at fair value through other comprehensive income	12,486	17,156	37,917
Deferred tax related to fair value adjustment of debt instruments at fair value through other comprehensive income	(4,600)	(1,541)	(3,503)
Gains / (Losses) on separated currency spread of financial instruments designated as hedging instrument	(1,274)	3,337	3,752
Deferred tax related to (losses) / gains on separated currency spread of financial instruments designated as hedging instrument	115	(300)	(338)
(Losses) / Gains on derivative financial instruments designated as cash flow hedge	(106)	<u>3,411</u>	<u>5,700</u>
Items that will not be reclassified to profit or loss:			
Fair value adjustment of equity instruments at fair value through other comprehensive income	2,596	1,248	3,308
Deferred tax related to equity instruments at fair value through other comprehensive income	(625)	(141)	(374)
Total	<u>8,592</u>	<u>23,170</u>	<u>46,462</u>
TOTAL COMPREHENSIVE INCOME	<u>477,575</u>	<u>335,885</u>	<u>701,450</u>

OTP BANK PLC.
SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH ENDED 30 JUNE 2024
(UNAUDITED)
(in HUF mn)

	Share Capital	Capital reserve	Retained earnings and other reserves	Treasury Shares	Total
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	=	=	<u>23,170</u>	=	<u>23,170</u>
Total comprehensive income	=	=	<u>335,885</u>	=	<u>335,885</u>
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 treasury shares	-	-	551	-	551
Dividend for the year 2022	=	=	<u>(84,000)</u>	=	<u>(84,000)</u>
Other transaction with owners	=	=	<u>(82,055)</u>	<u>(3,565)</u>	<u>(85,620)</u>
Balance as at 30 June 2023	<u>28,000</u>	<u>52</u>	<u>1,909,379</u>	<u>(6,289)</u>	<u>1,931,142</u>
Balance as at 1 January 2024	28,000	52	2,276,707	(6,154)	2,298,605
Net profit for the period	-	-	468,983	-	468,983
Other comprehensive income	=	=	<u>8,592</u>	=	<u>8,592</u>
Total comprehensive income	=	=	<u>477,575</u>	=	<u>477,575</u>
Share-based payment	-	-	1,984	-	1,984
Sale of treasury shares	-	-	-	32,754	32,754
Acquisition of treasury shares	-	-	-	(78,116)	(78,116)
Loss on sale of treasury shares	-	-	1,403	-	1,403
Dividend for the year 2023	=	=	<u>(150,000)</u>	=	<u>(150,000)</u>
Other transaction with owners	=	=	<u>(146,613)</u>	<u>(45,362)</u>	<u>(191,975)</u>
Balance as at 30 June 2024	<u>28,000</u>	<u>52</u>	<u>2,607,669</u>	<u>(51,516)</u>	<u>2,584,205</u>

OTP BANK PLC.
SEPARATE CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTH PERIOD
ENDED 30 JUNE 2024 (UNAUDITED)
(in HUF mn)

	Six month period ended 30 June 2024	Six month period ended 30 June 2023	Year ended 31 December 2023
Profit before income tax	502,242	337,278	725,281
Net accrued interest	62,833	(23,132)	3,136
Income tax paid	(13,472)	(11,056)	(19,213)
Depreciation and amortization	28,939	24,568	50,834
Loss allowance / (Release of loss allowance)	28,317	17,051	(102,219)
Share-based payment	1,984	1,394	3,292
Unrealised gains on fair value adjustment of financial instruments at fair value through profit or loss	(8,886)	(47,262)	(95,953)
Unrealised gains on fair value adjustment of derivative financial instruments	(298)	(69,861)	(76,357)
Gains on securities	3,210	7,029	18,890
Interest expense from leasing liabilities	(1,369)	794	(2,081)
Foreign exchange (loss) / gain	47,435	(21,153)	(20,842)
Proceeds from sale of tangible and intangible assets	(81)	(1,214)	(1,225)
Net change in assets and liabilities in operating activities	<u>307,961</u>	<u>(135,200)</u>	<u>(634,062)</u>
Net cash provided by operating activities	<u>958,815</u>	<u>79,236</u>	<u>(150,519)</u>
Net (used in) / provided by cash used in investing activities	<u>(1,030,979)</u>	<u>136,609</u>	<u>518,615</u>
Net cash provided by financing activities	<u>166,141</u>	<u>505,217</u>	<u>859,903</u>
Net increase in cash and cash equivalents	<u>93,977</u>	<u>721,062</u>	<u>1,227,999</u>
Cash and cash equivalents at the beginning of the year	<u>1,579,769</u>	<u>351,770</u>	<u>351,770</u>
Cash and cash equivalents at the end of the year	<u>1,673,746</u>	<u>1,072,832</u>	<u>1,579,769</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 2024

1) Capital increase at Monicomp Ltd.

See details about the event in Note 8.

2) Capital increase at JSCMB 'IPOTEKA BANK'

See details about the event in Note 8.

3) Capital increase at OTP Real Estate Ltd.

See details about the event in Note 8.

4) OTP Bank is selling its Romanian operations

See details about the event in Note 8.

5) EUR 600 million bond issuance

See details about the event in Note 10.

6) EUR 700 million Green Senior Preferred bond issuance

See details about the event in Note 10.

NOTE 3: SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In the section below, the measures and developments which have been made since the balance sheet date, and – in OTP Bank’s view – are relevant and have materially influenced / can materially influence the operation of the Bank.

OTP Bank excludes any liability for the completeness and accuracy of the measures presented herein. Post-balance sheet events cover the period until 2 August 2024.

- The government extended childbirth pledge deadline until 1 July 2026, for all baby loan borrowers whose deadline was or will be between 1 July 2024 and 30 June 2026, based on Government Decree No. 190/2024. (VII. 8.).
- On 8 July 2024, the Government took measures to increase budget revenues.
 - Based on Government Decree No. 183/2024. (VII. 8.) the existing financial transaction tax rates were increased, and a new, additional levy will be introduced on FX conversions.
 - Based on Government Decree No. 187/2024. (VII. 8.) the government obliged banks to freeze account fees for retail customers until 31 December 2024: any unilateral modification of existing contracts is prohibited either in terms of payment obligations or discounts.
 - According to Government Decree No. 183/2024. (VII. 8.) the windfall tax burden in 2024 can be reduced in proportion of the growth of government bonds maturing after 2027 only if the total volume of government bonds increases at least with the same amount. The reduction is can be up to 10% of growth in the notional of government bonds, but not more than 50% of the windfall tax payment obligation.
 - On 8 July, the Ministry for National Economy stated in its press release that the Government decided to extend the windfall tax into 2025 in a way that the sector-level total gross levy shall not decline y-o-y, and the tax base will be the 2023 adjusted profit before tax. In 2025 the reduction opportunity will depend on the change in the average stock of government securities between January-November 2024 and January-November 2025.
- On 15 July 2024, OTP Bank Plc. redeemed senior preferred notes (*5.500 per cent. Green Senior Preferred Fixed-to-Floating Callable Notes due 2025*) in the total nominal amount of EUR 400 million. The principal amount, together with accrued and unpaid interest was paid to the holders of the Notes. Following the redemption, the Notes have been cancelled.
- On 15 July 2024, OTP Bank Plc. redeemed Tier 2 notes (*Fixed Rate Reset Callable Subordinated Notes due 15 July 2029*) in the total nominal amount of EUR 500 million. The principal amount, together with accrued and unpaid interest was paid to the holders of the Notes. Following the redemption, the Notes have been cancelled.
- On 23 July 2024, the National Bank of Hungary cut the policy rate by 25 bps to 6.75%.
- According to the preliminary estimate of the Hungarian Central Statistical Office, in 2Q 2024 the Hungarian GDP increased by 1.5% y-o-y, and was down by 0.2% compared to the previous quarter. The economic growth was held back by a decrease in the value added of industry which has a high share in the economy as a whole.
- On 30 July 2024, the financial closing of the sale and purchase transaction with Banca Transilvania S.A. took place, as a result of which Banca Transilvania S.A. acquired 100% of the direct and indirect shares in OTP Bank Romania S.A., the Romanian subsidiary bank of OTP Group. As part of the transaction, OTP Group also sold OTP Leasing Romania IFN S.A. to Banca Transilvania Group. The closing of the sale of OTP Asset Management S.A.I. S.A. may take place at a later date, subject to the relevant regulatory approvals.

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

	30 June 2024	31 December 2023
Held for trading securities:		
Government bonds	54,809	22,352
Other non-interest bearing securities	345	320
Hungarian government discounted Treasury Bills	6,551	71
Corporate shares and investments	887	513
Mortgage bonds	108	111
Other securities	<u>5,304</u>	<u>4,437</u>
Subtotal	<u>68,004</u>	<u>27,804</u>
Securities mandatorily measured at fair value through profit or loss		
Shares in investment funds	31,400	31,124
Shares	<u>1,981</u>	<u>1,808</u>
Subtotal	<u>33,381</u>	<u>32,932</u>
Held for trading derivative financial instruments:		
Foreign currency swaps	53,418	66,324
Interest rate swaps	52,856	65,434
CCIRS and mark-to-market CCIRS swaps	17,812	23,221
Other derivative transactions	<u>36,217</u>	<u>41,820</u>
Subtotal	<u>160,303</u>	<u>196,799</u>
Total	<u>261,688</u>	<u>257,535</u>

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

	30 June 2024	31 December 2023
Securities at fair value through other comprehensive income		
Government bonds	188,980	189,385
Mortgage bonds	303,361	300,569
Interest bearing treasury bills	991	236
Other securities	46,445	48,160
<i>Listed securities</i>	<u>9,029</u>	<u>11,622</u>
in foreign currency	9,029	11,622
<i>Non-listed securities</i>	<u>37,416</u>	<u>36,538</u>
in HUF	11,041	12,115
in foreign currency	<u>26,375</u>	<u>24,423</u>
Subtotal	<u>539,777</u>	<u>538,350</u>
Non-trading equity instruments		
-non-listed securities	<u>23,400</u>	<u>21,177</u>
in HUF	528	528
in foreign currency	<u>22,872</u>	<u>20,649</u>
	<u>23,400</u>	<u>21,177</u>
Securities at fair value through other comprehensive income total	<u>563,177</u>	<u>559,527</u>

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

	30 June 2024	31 December 2023
Government bonds	2,399,915	2,396,803
Other bonds	1,639,184	315,532
Mortgage bonds	<u>24,877</u>	<u>24,738</u>
Subtotal	<u>4,063,976</u>	<u>2,737,073</u>
Loss allowance	<u>(29,476)</u>	<u>(26,225)</u>
Total	<u>4,034,500</u>	<u>2,710,848</u>

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

	30 June 2024	31 December 2023
Balance as at 1 January	26,225	35,850
Loss allowance	10,732	2,287
Release of loss allowance	(8,192)	(10,863)
FX movement	<u>711</u>	<u>(1,049)</u>
Closing balance	<u>29,476</u>	<u>26,225</u>

NOTE 7: LOANS (in HUF mn)

Loans measured at fair value through profit or loss

	30 June 2024	31 December 2023
Within one year	44,967	46,131
Over one year	<u>912,491</u>	<u>888,717</u>
Loans measured at fair value through profit or loss total	<u>957,458</u>	<u>934,848</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 2024	31 December 2023
Within one year	2,389,936	2,245,979
Over one year	<u>2,515,697</u>	<u>2,582,795</u>
Loans at amortised cost gross total	<u>4,905,633</u>	<u>4,828,774</u>
Loss allowance on loan losses	<u>(139,270)</u>	<u>(147,415)</u>
Loans at amortised cost total	<u>4,766,363</u>	<u>4,681,359</u>

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

	30 June 2024	31 December 2023
In HUF	60%	61%
In foreign currency	<u>40%</u>	<u>39%</u>
Total	<u>100%</u>	<u>100%</u>

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

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

	30 June 2024	31 December 2023
Balance as at 1 January	147,415	174,880
Loss allowance	151,545	257,173
Release of loss allowance	(144,917)	(241,580)
Use of loss allowance	(14,351)	(35,043)
Partial write-off	(1,754)	(5,263)
FX movement	<u>1,332</u>	<u>(2,752)</u>
Closing balance	<u>139,270</u>	<u>147,415</u>

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

	30 June 2024	31 December 2023
Investments in subsidiaries:		
Controlling interest	2,435,208	2,390,718
Other	<u>27,249</u>	<u>29,349</u>
Subtotal	<u>2,462,457</u>	<u>2,420,067</u>
Impairment loss	(420,113)	(418,115)
Total	<u>2,042,344</u>	<u>2,001,952</u>

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

	30 June 2024	31 December 2023
Balance as at 1 January	418,115	542,769
Impairment loss for the period	8,223	348
Reversal of impairment loss	(1,713)	(87,345)
Use of impairment loss	<u>(4,512)</u>	<u>(37,657)</u>
Closing balance	<u>420,113</u>	<u>418,115</u>

Significant events related to investments

The Metropolitan Court of Registration has registered a capital increase at Monicomp Ltd. The registered capital of Monicomp Ltd. was increased to HUF 320,500,000 from HUF 226,500,000.

The Uzbek Court of Registration has registered a capital increase at JSCMB 'IPOTEKA BANK'. The registered capital of JSCMB 'IPOTEKA BANK' was increased to UZS 3,834,217,638,941 from UZS 2,989,584,338,941. As a consequence of the capital increase the ownership ratio of OTP Bank Plc. increased to 79.58%.

The Metropolitan Court of Registration has registered a capital increase at OTP Real Estate Ltd. The registered capital of OTP Real Estate Ltd. was increased to HUF 1,101,000,000 from HUF 1,100,000,000.

The Bank has concluded a share sale and purchase agreement to sell its directly and indirectly owned 100% shareholding in OTP Bank Romania S.A. to Banca Transilvania S.A. (hereinafter referred to as: BT). OTP Group is also selling its 100% shareholdings in its other Romanian subsidiaries, OTP Leasing Romania IFN S.A. and OTP Asset Management S.A.I. S.A. to BT under the transaction. The selling price is EUR 347.5 million.

NOTE 9: DEPOSITS FROM CUSTOMERS (in HUF mn)

	30 June 2024	31 December 2023
Within one year:		
In HUF	8,589,385	7,747,906
In foreign currency	<u>2,488,680</u>	<u>2,962,206</u>
	<u>11,078,065</u>	<u>10,710,112</u>
Over one year:		
In HUF	<u>25,087</u>	<u>24,213</u>
	<u>25,087</u>	<u>24,213</u>
Total	<u>11,103,152</u>	<u>10,734,325</u>

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

	30 June 2024		31 December 2023	
Retail deposits	4,797,246	43%	4,422,120	41%
Household deposits	4,797,246	43%	4,422,120	41%
Corporate deposits	6,305,906	57%	6,312,205	59%
Deposits to medium and large corporates	5,418,792	49%	5,402,710	51%
Municipality deposits	<u>887,114</u>	<u>8%</u>	<u>909,495</u>	<u>8%</u>
Total	<u>11,103,152</u>	<u>100%</u>	<u>10,734,325</u>	<u>100%</u>

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

	30 June 2024	31 December 2023
Within one year:		
In HUF	67,765	161,217
In foreign currency	<u>34,629</u>	<u>26,670</u>
	<u>102,394</u>	<u>187,887</u>
Over one year:		
In HUF	37,396	43,025
In foreign currency	<u>1,471,475</u>	<u>932,197</u>
	<u>1,508,871</u>	<u>975,222</u>
Total	<u>1,611,265</u>	<u>1,163,109</u>

A significant event related to the bond issue and redemption**Issuance of EUR 600 mn bond**

The Bank have been issued notes (ISIN: XS2754491640 on 31 January 2024 as value date in the aggregate nominal amount of EUR 600 million. The notes are rated 'Baa3' by Moody's Investor Services Cyprus Ltd. and 'BBB+' by Scope Ratings GmbH. The notes are listed on the Luxembourg Stock Exchange.

Issuance of EUR 700 mn bond

The Bank have been issued notes (ISIN: XS2838495542) on 12 June 2024 as value date in the aggregate nominal amount of EUR 700 million. The notes are rated 'BBB-' by S&P Ratings Europe Limited and 'BBB+' by Scope Ratings GmbH. The notes are listed on the Luxembourg Stock Exchange.

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 2024	31 December 2023
Loan commitments	2,379,392	1,987,539
Guarantees arising from banking activities	2,225,556	1,999,747
<i>from this: Payment undertaking liabilities (related to issue of mortgage bonds) of OTP Mortgage Bank</i>	1,120,239	1,177,213
Factoring loan commitments	407,365	366,181
Confirmed letters of credit	<u>10,785</u>	<u>8,626</u>
Contingent liabilities and commitments total in accordance with IFRS 9	<u>5,023,098</u>	<u>4,362,093</u>
Legal disputes (disputed value)	4,633	4,586
Contingent liabilities related to payments from shares in venture capital fund	18,700	20,803
Other	<u>26</u>	<u>19</u>
Contingent liabilities and commitments total in accordance with IAS 37	<u>23,359</u>	<u>25,408</u>
Total	<u>5,046,457</u>	<u>4,387,501</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 1.976 million and HUF 1.931 million as at 30 June 2024 and 31 December 2023, 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 2024			31 December 2023							
	Before netting Assets	Liabilities	Netting	After netting Assets	Liabilities	Netting	Before netting Assets	Liabilities	Netting	After netting Assets	Liabilities
Held for trading derivative financial instruments											
Interest rate derivatives											
Interest rate swaps	115,209	(98,408)	103,244	11,965	4,836		130,230	(113,742)	110,939	19,291	(2,803)
Cross currency interest rate swaps	6,890	(6,175)	-	6,890	(6,175)		8,644	(6,532)	-	8,644	(6,532)
OTC options	720	(720)	-	720	(720)		818	(818)	-	818	(818)
Forward rate agreement	-	103	-	-	103		-	(214)	-	-	(214)
Total interest rate derivatives (OTC derivatives)	122,819	(105,200)	103,244	19,575	(1,956)		139,692	(121,306)	110,939	28,753	(10,367)
From this: Interest rate derivatives cleared by NBH	1,050	-	-	1,050	-		1,132	-	-	1,132	-
Foreign exchange derivatives											
Foreign exchange swaps	48,411	(20,055)	-	48,411	(20,055)		54,528	(32,818)	-	54,528	(32,818)
Foreign exchange forward	6,584	(7,057)	-	6,584	(7,057)		6,551	(10,129)	-	6,551	(10,129)
OTC options	1,168	(1,210)	-	1,168	(1,210)		1,016	(871)	-	1,016	(871)
Foreign exchange spot conversion	95	(66)	-	95	(66)		347	(303)	-	347	(303)
Total foreign exchange derivatives (OTC derivatives)	56,258	(28,388)	-	56,258	(28,388)		62,442	(44,121)	-	62,442	(44,121)

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 2024			31 December 2023							
	Before netting Assets	Liabilities	Netting	After netting Assets	Liabilities	Netting	Before netting Assets	Liabilities	Netting	After netting Assets	Liabilities
Equity stock and index derivatives											
Commodity Swaps	25,764	(25,100)	-	25,764	(25,100)	-	32,402	(32,490)	-	32,402	(32,490)
Equity swaps	-	(1,166)	-	-	(1,166)	-	126	(3,826)	-	126	(3,826)
OTC derivatives	25,764	(26,266)	-	25,764	(26,266)	-	32,528	(36,316)	-	32,528	(36,316)
Exchange traded futures and options	1,874	(1,227)	-	1,874	(1,227)	-	433	(451)	-	433	(451)
Total equity stock and index derivatives	27,638	(27,493)	-	27,638	(27,493)	-	32,961	(36,767)	-	32,961	(36,767)
Derivatives held for risk management not designated in hedges											
Interest rate swaps	59,443	(74,282)	18,552	40,891	(55,730)	68,380	(91,634)	22,237	46,143	(69,397)	
Foreign exchange swaps	5,007	(4,776)	-	5,007	(4,776)	11,796	(20,284)	-	11,796	(20,284)	
Forward	12	(14)	-	12	(14)	127	-	-	127	-	
Cross currency interest rate swaps	10,922	(2,520)	-	10,922	(2,520)	14,577	(2,629)	-	14,577	(2,629)	
Total derivatives held for risk management not designated in hedges	75,384	(81,592)	18,552	56,832	(63,040)	94,880	(114,547)	22,237	72,643	(92,310)	
From this: Total derivatives cleared by NBH held for risk management	35,623	-	-	35,623	-	33,042	-	-	33,042	-	
Total Held for trading derivative financial instruments	282,099	(242,673)	121,796	160,303	(120,877)	329,975	(316,741)	133,176	196,799	(183,565)	
Derivative financial instruments designated as hedge accounting relationships											
Derivatives designated in cash flow hedges											
Interest rate swaps	-	(8,982)	1,010	(1,010)	(7,972)	-	(9,935)	1,066	(1,066)	(8,869)	
Total derivatives designated in cash flow hedges	-	(8,982)	1,010	(1,010)	(7,972)	-	(9,935)	1,066	(1,066)	(8,869)	
Derivatives designated in fair value hedges											
Interest rate swaps	37,718	(31,981)	26,458	11,260	(5,523)	37,651	(33,054)	25,130	12,521	(7,924)	
Cross currency interest rate swaps	10,557	(10,508)	-	10,557	(10,508)	10,173	(10,679)	-	10,173	(10,679)	
Total derivatives designated in fair value microhedges	48,275	(42,489)	26,458	21,817	(16,031)	47,824	(43,733)	25,130	22,694	(18,603)	
Interest rate swaps	1,559	(1,618)	1,559	-	(59)	168	(119)	168	-	49	
Total derivatives designated in fair value macrohedges	1,559	(1,618)	1,559	-	(59)	168	(119)	168	-	49	
From this: Total derivatives cleared by NBH held for hedging	-	(1,698)	-	-	(1,698)	-	(5,485)	-	-	(5,485)	
Total derivatives held for risk management (OTC derivatives)	49,834	(53,089)	29,027	20,807	(24,062)	47,992	(53,787)	26,364	21,628	(27,423)	

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

	Six month period ended 30 June 2024	Six month period ended 30 June 2023	Year ended 31 December 2023
Interest income accounted for using the effective interest rate method from / on			
Loans at amortised cost	223,381	219,615	457,472
FVOCI securities	15,544	32,004	50,838
Securities at amortised cost	121,900	44,824	129,054
Placements with other banks	89,063	106,409	206,280
Financial liabilities	122	204	398
Amounts due from banks and balances with National Bank of Hungary	87,954	182,061	345,696
Repo receivables	8,760	21,962	37,435
Subtotal	<u>546,724</u>	<u>607,079</u>	<u>1,227,173</u>
Income similar to interest income			
Loans mandatorily measured at fair value through profit or loss	29,600	23,956	51,132
Swap and forward deals related to Placements with other banks	218,970	302,595	600,959
Swap and forward deals related to Loans at amortised cost	31,656	65,610	125,151
Swap and forward deals related to FVOCI securities	5,726	9,784	18,655
Investment properties	5	4	9
Subtotal	<u>285,957</u>	<u>401,949</u>	<u>795,906</u>
Interest income total	<u>832,681</u>	<u>1,009,028</u>	<u>2,023,079</u>
Interest expense due to / from / on			
Amounts due to banks and deposits from the National Bank of Hungary and other banks	282,505	319,880	641,908
Deposits from customers	181,741	324,116	608,340
Leasing liabilities	1,697	841	2,314
Liabilities from issued securities	50,550	23,311	64,774
Subordinated bonds and loans	16,562	13,428	29,893
Investment properties (depreciation)	73	68	138
Financial assets	1,322	4,040	6,857
Repo liabilities	45,061	112,537	202,137
Interest expense total	<u>579,511</u>	<u>798,221</u>	<u>1,556,361</u>