



OTP BANK PLC.

CONDENSED SEPARATE FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE SIX MONTH PERIOD ENDED
30 JUNE 2024

OTP BANK PLC.

CONTENTS

SEPARATE STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT 30 JUNE 2024	4
SEPARATE STATEMENT OF PROFIT OR LOSS (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2024	5
SEPARATE STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2024	6
SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2024	7
SEPARATE STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2024	8
NOTE 1: ORGANIZATION AND BASIS OF FINANCIAL STATEMENTS	10
1.1. General information	10
1.2. Basis of accounting	10
NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND DECISIONS IN THE APPLICATION OF ACCOUNTING POLICIES	11
2.1. Loss allowance on financial instruments	11
2.2. Valuation of instruments without direct quotations	11
2.3. Provisions	11
NOTE 3: CASH, AMOUNTS DUE FROM BANKS AND BALANCES WITH THE NATIONAL BANK OF HUNGARY (in HUF mn)	12
NOTE 4: PLACEMENTS WITH OTHER BANKS (in HUF mn)	12
NOTE 5: REPO RECEIVABLES (in HUF mn)	12
NOTE 6: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (in HUF mn)	13
NOTE 7: SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (in HUF mn)	13
NOTE 8: SECURITIES AT AMORTISED COST (in HUF mn)	14
NOTE 9: LOANS (in HUF mn)	14
NOTE 10: INVESTMENTS IN SUBSIDIARIES, ASSOCIATES, JOINT VENTURES AND OTHER INVESTMENTS (in HUF mn)	15
NOTE 11: AMOUNTS DUE TO BANKS AND DEPOSITS FROM THE NATIONAL BANK OF HUNGARY AND OTHER BANKS (in HUF mn)	18
NOTE 12: REPO LIABILITIES (in HUF mn)	18
NOTE 13: DEPOSITS FROM CUSTOMERS (in HUF mn)	18
NOTE 14: LIABILITIES FROM ISSUED SECURITIES (in HUF mn)	19
NOTE 15: FINANCIAL LIABILITIES DESIGNATED AS FAIR VALUE THROUGH PROFIT OR LOSS (in HUF mn)	21
NOTE 16: PROVISIONS (in HUF mn)	21
NOTE 17: SUBORDINATED BONDS AND LOANS (in HUF mn)	21
NOTE 18: SHARE CAPITAL (in HUF mn)	24
NOTE 19: RETAINED EARNINGS AND RESERVES (in HUF mn)	24
NOTE 20: INTEREST INCOME AND EXPENSES (in HUF mn)	25
NOTE 21: RISK COST (in HUF mn)	26
NOTE 22: NET PROFIT FROM FEES AND COMMISSIONS (in HUF mn)	27
NOTE 23: GAINS AND LOSSES (in HUF mn)	28

NOTE 24:	OTHER OPERATING INCOME AND EXPENSES AND OTHER ADMINISTRATIVE EXPENSES (in HUF mn)	30
NOTE 25:	INCOME TAX (in HUF mn)	31
NOTE 26:	FINANCIAL RISK MANAGEMENT (in HUF mn)	32
26.1.	<i>Credit risk</i>	32
26.2	<i>Capital management</i>	40
NOTE 27:	OFF-BALANCE SHEET ITEMS (in HUF mn)	42
NOTE 28:	RELATED PARTY TRANSACTIONS (in HUF mn)	43
NOTE 29:	EARNINGS PER SHARE	45
NOTE 30:	FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn)	46
NOTE 31:	ASSETS CLASSIFIED AS HELD-FOR-SALE (in HUF mn)	68
NOTE 32:	SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD	68

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

	Note	30 June 2024	31 December 2023
Cash, amounts due from banks and balances with the National Bank of Hungary	3.	2,858,762	2,708,232
Placements with other banks	4.	2,759,756	2,702,433
Repo receivables	5.	147,472	201,658
Financial assets at fair value through profit or loss	6.	261,688	257,535
Financial assets at fair value through other comprehensive income	7.	563,177	559,527
Securities at amortised cost	8.	4,034,500	2,710,848
Loans at amortised cost	9.	4,766,363	4,681,359
Loans mandatorily measured at fair value through profit or loss	9.	957,458	934,848
Investments in subsidiaries	10.	2,042,344	2,001,952
Property and equipment		109,074	107,306
Intangible assets		106,646	98,115
Right of use assets		64,880	66,222
Investment properties		4,257	4,203
Deferred tax assets	25.	-	408
Derivative financial assets designated as hedge accounting relationships		20,807	21,628
Non-current assets held for sale	31.	130,718	130,718
Other assets		<u>410,261</u>	<u>365,961</u>
TOTAL ASSETS		<u>19,238,163</u>	<u>17,552,953</u>
Amounts due to banks and deposits from the National Bank of Hungary and other banks	11.	2,164,274	1,761,579
Repo liabilities	12.	608,768	443,694
Deposits from customers	13.	11,103,152	10,734,325
Leasing liabilities		68,828	68,282
Liabilities from issued securities	14.	1,611,265	1,163,109
Financial liabilities designated at fair value through profit or loss	15.	18,610	19,786
Derivative financial liabilities designated as held for trading		120,877	183,565
Derivative financial liabilities designated as hedge accounting relationships		24,062	27,423
Deferred tax liabilities	25.	530	-
Current tax liabilities	25.	15,865	14,393
Provisions	16.	23,445	22,497
Other liabilities		351,813	295,399
Subordinated bonds and loans	17.	<u>542,469</u>	<u>520,296</u>
TOTAL LIABILITIES		<u>16,653,958</u>	<u>15,254,348</u>
Share capital	18.	28,000	28,000
Retained earnings and reserves	19.	2,607,721	2,276,759
Treasury shares		<u>(51,516)</u>	<u>(6,154)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>2,584,205</u>	<u>2,298,605</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>19,238,163</u>	<u>17,552,953</u>

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

	Note	Six month period ended 30 June 2024	Year ended 31 December 2023
<i>Interest Income:</i>			
Interest income calculated using the effective interest method	20.	546,724	1,227,173
Income similar to interest income	20.	<u>285,957</u>	<u>795,906</u>
Interest income and similar to interest income total		<u>832,681</u>	<u>2,023,079</u>
<i>Interest Expense:</i>			
Interest expenses total	20.	<u>(579,511)</u>	<u>(1,556,361)</u>
NET INTEREST INCOME		<u>253,170</u>	<u>466,718</u>
(Loss allowance) / Release of loss allowance on loan, placement and repo receivables losses	4., 5., 9., 21.	(1,426)	8,616
(Loss allowance) / Release of loss allowance on securities at fair value through other comprehensive income and on securities at amortised cost	7., 8., 21.	(16,447)	11,879
(Provision) / Release of provision for loan commitments and financial guarantees given	27., 21.	(1,665)	7,172
Change in the fair value attributable to changes in the credit risk of loans mandatorily measured at fair value through profit of loss	30.4.	<u>1,530</u>	<u>(980)</u>
Risk cost total		<u>(18,008)</u>	<u>26,687</u>
NET INTEREST INCOME AFTER RISK COST		<u>235,162</u>	<u>493,405</u>
LOSSES ARISING FROM DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST		<u>(3,941)</u>	<u>(19,707)</u>
MODIFICATION LOSS		<u>(1,124)</u>	<u>(9,017)</u>
Income from fees and commissions	22.	211,061	402,885
Expenses from fees and commissions	22.	<u>(41,559)</u>	<u>(78,755)</u>
NET PROFIT FROM FEES AND COMMISSIONS		<u>169,502</u>	<u>324,130</u>
Foreign exchange losses	23.	(2,981)	(12,269)
Gains on securities, net	23.	4,529	7,073
Gains on financial instruments at fair value through profit or loss	23.	7,800	91,268
Net results on derivative instruments and hedge relationships	23.	3,195	13,055
Dividend income	23.	360,555	275,705
Other operating income	24.	13,387	26,184
Other operating expenses	24.	<u>(26,737)</u>	<u>63,590</u>
NET OPERATING INCOME		<u>359,748</u>	<u>464,606</u>
Personnel expenses	24.	(95,613)	(195,404)
Depreciation and amortization	24.	(29,099)	(50,814)
Other administrative expenses	24.	<u>(132,393)</u>	<u>(281,918)</u>
OTHER ADMINISTRATIVE EXPENSES		<u>(257,105)</u>	<u>(528,136)</u>
PROFIT BEFORE INCOME TAX		<u>502,242</u>	<u>725,281</u>
Income tax expense	25.	<u>(33,259)</u>	<u>(70,293)</u>
PROFIT AFTER INCOME TAX		<u>468,983</u>	<u>654,988</u>
Earnings per share (in HUF)			
Basic	29.	1,683	2,344
Diluted	29.	1,683	2,344

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

	Note	Six month period ended 30 June 2024	Year ended 31 December 2023
PROFIT AFTER INCOME TAX		<u>468,983</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		8,644	37,917
Deferred tax related to fair value adjustment of debt instruments at fair value through other comprehensive income	25.	(759)	(3,503)
Gains / (Losses) on separated currency spread of financial instruments designated as hedging instrument		(1,274)	3,752
Deferred tax related to (losses) / gains on separated currency spread of financial instruments designated as hedging instrument	25.	115	(338)
(Losses) / Gains on derivative financial instruments designated as cash flow hedge		(106)	5,700
Items that will not be reclassified to profit or loss:			
Fair value adjustment of equity instruments at fair value through other comprehensive income		2,223	3,308
Deferred tax related to equity instruments at fair value through other comprehensive income	25.	(251)	(374)
Total		<u>8,592</u>	<u>46,462</u>
TOTAL COMPREHENSIVE INCOME		<u>477,575</u>	<u>701,450</u>

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

	Note	Six month period ended 30 June 2024	Six month period ended 30 June 2023	Year ended 31 December 2023
OPERATING ACTIVITIES				
Profit before income tax		502,242	337,278	725,281
Net accrued interest		62,833	(23,132)	3,136
Depreciation and amortization		28,939	24,568	50,834
Loss allowance on loans and placements	21.	2,860	18,990	357
Loss allowance / (Release of loss allowance) on securities at fair value through other comprehensive income	7.	13,907	(1,832)	(3,303)
Impairment loss / (Reversal of impairment loss) on investments in subsidiaries	10.	6,510	(5,875)	(87,609)
Loss allowance / (Release of loss allowance) on securities at amortised cost	8.	2,540	(4,443)	(8,576)
Loss allowance on other assets		1,792	894	3,575
Provision on off-balance sheet commitments and contingent liabilities	16.	708	9,317	(6,663)
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	30.	(8,886)	(47,262)	(95,953)
Unrealised gains on fair value adjustment of derivative financial instruments	30.	(298)	(69,861)	(76,357)
Gains on securities	23.	3,210	7,029	18,890
Interest expense from leasing liabilities		(1,369)	794	(2,081)
Foreign exchange (loss) / gain	23.	47,435	(21,153)	(20,842)
Proceeds from sale of tangible and intangible assets		(81)	(1,214)	(1,225)
Net changing in assets and liabilities in operating activities				
Net decrease in placements with other banks and repo receivables before allowance for placement losses	4., 5.	18,139	451,251	291,024
Changes in held for trading securities	6.	(41,178)	(87,163)	52,640
Change in financial instruments mandatorily measured at fair value through profit or loss	6.	1,637	(1,141)	(2,200)
Changes in derivative financial instruments at fair value through profit or loss	6.	49,542	(90,386)	(32,338)
Net increase in loans	10.	(36,265)	(74,929)	(35,369)
Increase in other assets, excluding advances for investments and before provisions for losses		(42,132)	(40,633)	(22,571)
Net increase in amounts due to banks and deposits from the National Bank of Hungary and other banks and repo liabilities	11., 12.	482,326	1,027,154	105,778
Financial liabilities designated as fair value through profit or loss	15.	(907)	(632)	(1,332)
Net increase / (decrease) in deposits from customers	13.	256,669	(605,953)	(237,889)
Increase/(decrease) in other liabilities		37,238	(6,575)	(73,221)
Net increase in the compulsory reserve established by the National Bank of Hungary	3.	(56,553)	(503,448)	(402,879)
Dividend income		(360,555)	(202,745)	(275,705)
Income tax paid		<u>(13,472)</u>	<u>(11,056)</u>	<u>(19,213)</u>
Net cash provided by operating activities		<u>958,815</u>	<u>79,236</u>	<u>(150,519)</u>

OTP BANK PLC.
SEPARATE STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE YEAR ENDED 31
DECEMBER 2023
(in HUF mn) [continued]

	Note	Six month period ended 30 June 2024	Six month period ended 30 June 2023	Year ended 31 December 2023
INVESTING ACTIVITIES				
Purchase securities at fair value through other comprehensive income	7.	(201,404)	(148,547)	(342,984)
Proceeds from sale of securities at fair value through other comprehensive income	7.	198,415	401,292	628,817
Change in derivative financial instruments designated as hedge accounting		(21,435)	6,142	1,580
Increase in investments in subsidiaries	11.	(34,532)	(414,252)	(445,637)
Dividend income		361,738	202,747	254,694
Increase in securities at amortised cost	8.	(50,545,271)	(69,486)	(81,661)
Redemption of securities at amortised cost	8.	49,247,140	181,258	588,288
Additions to property, equipment and intangible assets		(35,619)	(24,304)	(86,251)
Disposal of property, equipment and intangible assets		<u>116</u>	<u>1,886</u>	<u>1,903</u>
Net increase in investment properties		<u>(127)</u>	<u>(127)</u>	<u>(134)</u>
Net (used in) / provided by cash used in investing activities		<u>(1,030,979)</u>	<u>136,609</u>	<u>518,615</u>
FINANCING ACTIVITIES				
Leasing payments		(2,531)	(4,939)	(5,341)
Cash received from issuance of securities	14.	638,957	440,729	829,166
Cash used for redemption of issued securities	14.	(269,071)	(96,439)	(140,736)
Cash received from issuance of subordinated bonds and loans	17.	9,576	286,541	293,590
Cash used for redemption of subordinated bonds and loans	17.	(16,913)	(33,693)	(44,611)
Purchase of Treasury shares		(78,116)	(17,771)	(39,818)
Sale of Treasury shares		34,157	14,757	36,804
Dividends paid	19.	<u>(149,918)</u>	<u>(83,968)</u>	<u>(83,995)</u>
Net cash provided by financing activities		<u>166,141</u>	<u>505,217</u>	<u>845,059</u>
Net increase in cash and cash equivalents		<u>93,977</u>	<u>721,062</u>	<u>1,213,155</u>
Cash and cash equivalents at the beginning of the year		<u>1,564,925</u>	<u>351,770</u>	<u>351,770</u>
Cash and cash equivalents at the end of the year		<u>1,658,902</u>	<u>1,072,832</u>	<u>1,564,925</u>
<i>Interest received</i>		<i>811,290</i>	<i>891,794</i>	<i>1,848,542</i>
<i>Interest paid</i>		<i>541,803</i>	<i>604,848</i>	<i>1,320,920</i>

NOTE 1: ORGANIZATION AND BASIS OF FINANCIAL STATEMENTS

1.1. General information

OTP Bank Plc. ("Bank" or "OTP Bank") was established on 31 December 1990, when the previously State-owned company was transformed into a limited liability company.

The Bank's registered office address is 16, Nádor Street, Budapest 1051. Internet homepage: <http://www.otpbank.hu/>

Signatory of the separate financial statements is the Chief Executive Officer, dr. Sándor Csányi and Deputy Chief Executive Officer, László Wolf.

The Bank's owners have the power to amend the separate financial statements after issue if applicable.

Responsible person for the control and management of accounting services: Zoltán Tuboly (Budapest), Managing Director of Accounting and Financial Directorate, Registration Number: 177289, IFRS qualified chartered accountant.

Due to Hungarian legislation audit services are statutory for OTP Bank. Disclosure information about the auditor: Ernst & Young Audit Ltd. (001165), 1132 Budapest Váci Street 20. Registered under 01-09-267553 by Budapest-Capital Regional Court, as registry court. Statutory registered auditor: Zsolt Kónya, registration number: 007383.

Audit service fee agreed by the Annual General Meeting of the Bank for the year ended 2024 is an amount of EUR 458 thousand + VAT.

All other fees charged by the Auditor for non-audit services during the financial year are disclosed in the consolidated financial statements of the Bank.

In 1995, the shares of the Bank were introduced on the Budapest and the Luxembourg Stock Exchanges and were also traded on the SEAQ board on the London Stock Exchange and PORTAL in the USA.

The structure of the Share capital by shareholders (%):

	30 June 2024	31 December 2023
Domestic and foreign private and institutional investors	98%	99%
Employees	1%	1%
Treasury shares	<u>1%</u>	=
Total	<u>100%</u>	<u>100%</u>

The Bank's Registered Capital consists of 280.000.010 pieces of ordinary shares with the nominal value of HUF 100 each, representing the same rights to the shareholders.

The Bank provides a full range of commercial banking services through a nationwide network of 342 branches in Hungary.

	30 June 2024	31 December 2023
Number of employees	10,587	10,715
Average number of employees	10,628	10,591

NOTE 1: ORGANIZATION AND BASIS OF FINANCIAL STATEMENTS

1.2. Basis of accounting

These Separate Financial Statements were prepared based on the assumption of the Management that the Bank will remain in business for the foreseeable future. The Bank will not be forced to halt operations and liquidate its assets in the near term at what may be very low fire-sale prices.

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

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

These condensed separate financial statements have been prepared in accordance with IAS 34.

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND DECISIONS IN THE APPLICATION OF ACCOUNTING POLICIES

The presentation of separate financial statements in conformity with International Financial Reporting Standards (“IFRS”) requires the Management of the Bank to make judgements about estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the financial statements and their reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on expected loss and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period. Actual results could differ from those estimates. Significant areas of subjective judgements include:

- 2.1. Loss allowance on financial instruments
- 2.2. Valuation of instruments without direct quotations
- 2.3. Provisions

The same accounting estimates and decisions were applied for these Condensed Financial Statements as for the Separate Financial statements prepared in accordance with IFRS as adopted by the EU for the year ended 31 December 2023.

NOTE 3: CASH, AMOUNTS DUE FROM BANKS AND BALANCES WITH THE NATIONAL BANK OF HUNGARY (in HUF mn)

	30 June 2024	31 December 2023
Cash on hand:	86,167	101,729
Amounts due from banks and balances with National Bank of Hungary:		
Within one year:	<u>2,773,135</u>	<u>2,606,898</u>
Subtotal	<u>2,859,302</u>	<u>2,708,627</u>
Loss allowance	<u>(540)</u>	<u>(395)</u>
Subtotal	<u>2,858,762</u>	<u>2,708,232</u>
Average amount of compulsory reserve	1,199,860	1,143,307
Total	<u>1,658,902</u>	<u>1,564,925</u>
Rate of the compulsory reserve	10%	10%

NOTE 4: PLACEMENTS WITH OTHER BANKS (in HUF mn)

	30 June 2024	31 December 2023
Within one year:	503,779	698,098
Over one year	<u>2,261,507</u>	<u>2,011,210</u>
Total placements	<u>2,765,286</u>	<u>2,709,308</u>
Loss allowance on placement losses	<u>(5,530)</u>	<u>(6,875)</u>
Total	<u>2,759,756</u>	<u>2,702,433</u>

NOTE 5: REPO RECEIVABLES (in HUF mn)

	30 June 2024	31 December 2023
Within one year:	<u>147,732</u>	<u>202,025</u>
Total gross amount	<u>147,732</u>	<u>202,025</u>
Loss allowance on repo receivables	<u>(260)</u>	<u>(367)</u>
Total repo receivables	<u>147,472</u>	<u>201,658</u>

NOTE 6: 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	52,959	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>160,406</u>	<u>196,799</u>
Total	<u>261,791</u>	<u>257,535</u>

NOTE 7: 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	<u>46,445</u>	<u>48,160</u>
<i>Listed securities</i>	9,029	11,622
<i>Non-listed securities</i>	37,416	36,538
Subtotal	<u>539,777</u>	<u>538,350</u>
Non-trading equity instruments		
<i>Non-listed securities</i>	<u>23,400</u>	<u>21,177</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 8: 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>

NOTE 9: 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>

NOTE 10: 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	<u>(420,113)</u>	<u>(418,115)</u>
Total	<u>2,042,344</u>	<u>2,001,952</u>

Other investments contain certain securities accounted at cost.

Significant subsidiaries

Investments in companies in which the Bank has a controlling interest (direct) are detailed below. All companies are incorporated in Hungary unless indicated otherwise:

	30 June 2024		31 December 2023	
	% Held (direct/indirect)	Gross book value	% Held (direct/indirect)	Gross book value
OTP Bank JSC (Ukraine)	100%	311,390	100%	311,390
OTP Luxembourg S.à r.l.	100%	307,655	100%	301,470
DSK Bank EAD (Bulgaria)	100%	280,722	100%	280,722
OTP banka Srbija akcionarsko drustvo Novi Sad (Serbia)	100%	262,759	100%	262,759
OTP banka Hrvatska d.d. (Croatia)	100%	210,428	100%	204,243
OTP Mortgage Bank Ltd.	100%	199,294	100%	199,294
SKB Banka d.d. Ljubljana (Slovenia)	100%	107,689	100%	107,689
Ipoteka Bank (Uzbekistan)	80%	110,269	80%	110,015
JSC "OTP Bank" (Russia)	98%	74,337	98%	74,337
Crnogorska komercijalna banka a.d. (Montenegro)	100%	72,784	100%	72,784
OOO AlyansReserv (Russia)	100%	50,074	100%	50,074
Air-Invest Llc.	100%	49,248	100%	49,248
OTP Holding Malta Ltd.	100%	32,359	100%	32,359
Balanz Private Open-end Investment Fund	100%	86,795	100%	60,629
Bank Center No. 1. Ltd.	100%	43,955	100%	43,955
OTP Factoring Ltd.	100%	25,411	100%	25,411
Other		<u>210,039</u>		<u>204,339</u>
Total		<u>2,435,208</u>		<u>2,390,718</u>

NOTE 10: INVESTMENTS IN SUBSIDIARIES, ASSOCIATES, JOINT VENTURES AND OTHER INVESTMENTS (in HUF mn) [continued]

Significant associates and joint ventures

The main figures of the Bank's indirectly owned associates and joint ventures at cost as at 30 June 2024:

List of associated entities	Carrying amount	Ownership of OTP Bank	Profit after tax	Country / Headquarter	Activity
Edrone spółka z ograniczoną odpowiedzialnością	937	24.38%	362	Poland / Krakow	Computer programming activities
NovaKid Inc.	1,763	4.07%	193	USA / San Francisco	Online kids English learning platform operator
Banzai Cloud Closed Co. Plc	4	17.42%	(267)	Hungary /Budapest	Computer programming activities
CodeCool Ltd	901	47.24%	3,306	Hungary /Budapest	Other education
Pepita.hu Closed Co. Plc	2,679	38.75%	987	Hungary / Szeghalom	Retail sale via mail order houses or via Internet
Seon Holdings Ltd	14,854	19.26%	1,210	UK / London	Computer programming activities
VCC Live Group Closed Co. Plc	1,216	24.72%	243	Hungary /Budapest	Computer programming activities
Cursor Insight Ltd	77	6.75%	51	UK / London	Computer programming activities
Packhelp Spółka Akcyjna	899	3.14%	2,509	Poland / Warsaw	Manufacture of corrugated paper and paperboard and of containers of paper and paperboard
Phoenix Play Invest Closed Co. Plc	5,813	21.68%	(151)	Hungary /Budapest	Activities of holding companies
Algorithmiq Invest Closed Co. Plc	4,695	21.68%	8,907	Hungary /Budapest	Activities of holding companies
Deligo Vision Technologies Ltd	302	8.70%	272	Hungary /Budapest	Other information service activities
Shopper Park Plus Closed Co. Plc.	5,216	2.80%	(4,398)	Hungary /Budapest	Sale and purchase of own real estate
New Frontier Technology Invest SARL	3,677	14.00%	(103)	Luxemburg / Luxembourg	Activities of holding companies
Mindgram sp. z.o.o	238	2.63%	1,133	Poland / Warsaw	Other human health activities
Tine Limited	1,152	13.07%	1,086	Great Britain / London	Child day-care services
Renewabl Ltd.	202	5.01%	269	Great Britain / London	Other information technology services
Giganci Programowania sp. z.o.o.	1,038	5.73%	149	Poland / Warsaw	Other education
FlowX.Ai., Inc	2,401	9.50%	1,786	USA / Camano Park	Computer programming activities
Commsignia Inc.	1,880	3.17%	1,534	USA / Santa Clara	Retail sale of computers, peripheral units and software in specialized stores
Deskbird AG	1,074	8.46%	2,168	St. Gallen / Switzerland	Computer programming activities
Actis Luna GP S.a r.l.	11,858	11.25%	n.a.	Luxemburg / Luxembourg	Business management
Ontotext AD	843	5.03%	1,322	Bulgaria / Sofia	Computer programming activities
Tree.ly Flexco	514	11.12%	n.a.	Austria / Dornbir	Computer programming activities
Subtotal (Investments through funds)	64,233		22,568		
OTP-DayOne Magvető Fund	280	22.00%	(308)	Hungary /Budapest	Trusts, funds and similar financial entities
D-ÉG Thermoset Ltd 'u.l.'	-	46.99%	n.a.	Hungary / Dunaújváros	Wholesale of hardware, plumbing and heating equipment and supplies
Company for Cash Services AD	392	25.00%	(333)	Bulgaria / Sofia	Other financial service activities, except insurance and pension funding
Fabetker Ltd	3	20.00%	(155)	Hungary / Nádudvar	Manufacture of concrete products for construction purposes
NGY Propertiers Investment SRL	11,637	14.54%	(1,447)	Romania / Bucharest	Renting and operating of own or leased real estate
Fintech CEE Software Invest Ltd	507	20.04%	7	Hungary /Budapest	Activities of holding companies
Bankart Procesiranje Placilnih Instrumentov d.o.o.	7,219	43.06%	(1,103)	Ljubjana / Slovenia	Data processing, web hosting services
Dél-borsodi Gazdák Ltd.	4	40.92%	(4)	Hungary / Mezőkeresztes	Wholesale of grain, tobacco, seeds and animal feeds.
"Egertej" Ltd.	8	28.12%	(264)	Hungary / Eger	Manufacture of dairy products.
Orbánhegyi Szőlőbirtok	13	25.00%	(128)	Hungary / Budapest	Viticulture
Subtotal	20,063		(3,735)		
Total	84,296		18,833		

NOTE 10: INVESTMENTS IN SUBSIDIARIES, ASSOCIATES, JOINT VENTURES AND OTHER INVESTMENTS (in HUF mn) [continued]

Significant associates and joint ventures [continued]

The main figures of the Bank's indirectly owned associates and joint ventures at cost as at 31 December 2023:

List of associated entities	Carrying amount	Ownership of OTP Bank	Profit after tax	Country / Headquarter	Activity
Edrone spółka z ograniczoną odpowiedzialnością	848	23.54%	(342)	Poland / Krakow	Computer programming activities
NovaKid Inc.	2,009	4.07%	(231)	USA / San Francisco	Online kids English learning platform operator
Banzai Cloud Closed Co. Plc	4	17.42%	267	Hungary /Budapest	Computer programming activities
CodeCool Ltd	1,310	7.26%	(731)	Hungary /Budapest	Other education
Pepita.hu Closed Co. Plc	2,679	38.75%	(580)	Hungary / Szeghalom	Retail sale via mail order houses or via Internet
Seon Holdings Ltd	8,070	19.26%	(1,210)	UK / London	Computer programming activities
VCC Live Group Closed Co. Plc	1,632	24.72%	(220)	Hungary /Budapest	Computer programming activities
Cursor Insight Ltd	73	6.75%	(51)	UK / London	Computer programming activities
OneSoil Ag.	6	3.72%	(819)	Switzerland / Zurich	Computer programming activities
Packhelp Spółka Akcyjna	899	3.14%	(2,725)	Poland / Warsaw	Manufacture of corrugated paper and paperboard and of containers of paper and paperboard
Phoenix Play Invest Closed Co. Plc	6,368	21.68%	151	Hungary /Budapest	Activities of holding companies
Algorithmiq Invest Closed Co. Plc	5,185	21.68%	(8,907)	Hungary /Budapest	Activities of holding companies
Deligo Vision Technologies Ltd	302	8.70%	(215)	Hungary /Budapest	Other information service activities
Shopper Park Plus Closed Co. Plc.	5,237	2.80%	3,175	Hungary /Budapest	Sale and purchase of own real estate
New Frontier Technology Invest SARL	3,624	14.00%	103	Luxemburg / Luxembourg	Activities of holding companies
Mindgram sp. z.o.o	206	2.38%	(1,083)	Poland / Warsaw	Other human health activities
Tine Limited	-	0.00%	(1,086)	Great Britain / London	Child day-care services
Renewabl Ltd.	102	5.01%	(269)	Great Britain / London	Other information technology services
Giganci Programowania sp. z.o.o.	514	5.03%	(149)	Poland / Warsaw	Other education
FlowX.Ai., Inc	2,252	9.50%	(1,786)	USA / Camano Park	Computer programming activities
Commsignia Inc.	1,763	3.17%	(1,438)	USA / Santa Clara	Retail sale of computers, peripheral units and software in specialized stores
Deskbird AG	1,079	8.46%	(1,944)	St. Gallen / Switzerland	Computer programming activities
Subtotal (Investments through funds)	44,162		(20,090)		
OTP Risk Fund I.	611	44.12%	158	Hungary /Budapest	Trusts, funds and similar financial entities
OTP-DayOne Magvető Fund	280	22.00%	308	Hungary /Budapest	Trusts, funds and similar financial entities
D-ÉG Thermoset Ltd 'u.l.'	-	46.99%	n.a.	Hungary / Dunaújváros	Wholesale of hardware, plumbing and heating equipment and supplies
Company for Cash Services AD	392	25.00%	337	Bulgaria / Sofia	Other financial service activities, except insurance and pension funding
Fabetker Ltd	3	20.00%	119	Hungary / Nádudvar	Manufacture of concrete products for construction purposes
NGY Propertiers Investment SRL	11,637	14.54%	6,903	Romania / Bucharest	Renting and operating of own or leased real estate
Fintech CEE Software Invest Ltd	408	20.04%	(7)	Hungary /Budapest	Activities of holding companies
Bankart Procesiranje Placilnih Instrumentov d.o.o.	7,219	43.06%	(1,733)	Ljubjana / Slovenia	Data processing, web hosting services
Mortgage refinancing Company of Uzbekistan	1,030	20.00%	(615)	Tashkent / Uzbekistan	Refinancing mortgage loans
Dél-borsodi Gazdák Ltd.	4	40.92%	(4)	Hungary / Mezőkeresztes	Wholesale of grain, tobacco, seeds and animal feeds.
"Egertej" Ltd.	8	28.12%	78	Hungary / Eger	Manufacture of dairy products.
Orbánhegyi Szőlőbirtok	-	25.00%	28	Hungary / Budapest	Viticulture
Subtotal	21,592		5,572		
Total	65,754		(14,518)		

NOTE 10: INVESTMENTS IN SUBSIDIARIES, ASSOCIATES, JOINT VENTURES AND OTHER INVESTMENTS (in HUF mn) [continued]

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. For further information about the financial closing of the transaction please see Note 32.

NOTE 11: AMOUNTS DUE TO BANKS AND DEPOSITS FROM THE NATIONAL BANK OF HUNGARY AND OTHER BANKS (in HUF mn)

	30 June 2024	31 December 2023
Within one year:	1,418,709	665,825
Over one year:	<u>745,565</u>	<u>1,095,754</u>
Total	<u>2,164,274</u>	<u>1,761,579</u>

NOTE 12: REPO LIABILITIES (in HUF mn)

	30 June 2024	31 December 2023
Within one year:	420,913	202,158
Over one year:	<u>187,855</u>	<u>241,536</u>
Total	<u>608,768</u>	<u>443,694</u>

NOTE 13: DEPOSITS FROM CUSTOMERS (in HUF mn)

	30 June 2024	31 December 2023
Within one year:	11,078,065	10,710,112
Over one year:	<u>25,087</u>	<u>24,213</u>
Total	<u>11,103,152</u>	<u>10,734,325</u>

NOTE 14: LIABILITIES FROM ISSUED SECURITIES (in HUF mn)

	30 June 2024	31 December 2023
Within one year:	102,394	187,887
Over one year:	<u>1,508,871</u>	<u>975,222</u>
Total	<u>1,611,265</u>	<u>1,163,109</u>

Issued securities denominated in foreign currency as at 30 June 2024

Name	Date of issuance	Maturity	Currency	Nominal value in FX million	Nominal value in HUF million	Amortised cost in FX million	Amortised cost in HUF million	Interest conditions (in % actual)	hedged
1 XS2838495542	12/06/2024	12/06/2028	EUR	697	275,459	697	275,421	fixed 4.75	hedged
2 XS2698603326	05/10/2023	05/10/2027	EUR	650	256,825	684	270,186	fixed 6.13	hedged
3 XS2560693181	01/12/2022	04/03/2026	EUR	649	256,319	665	262,616	fixed 7.35	
4 XS2754491640	31/01/2024	31/01/2029	EUR	600	237,090	606	239,633	fixed 5.00	hedged
5 XS2626773381	25/05/2023	25/05/2027	USD	499	184,440	494	182,443	fixed 7.50	hedged
6 XS2499691330	13/07/2022	13/07/2025	EUR	398	157,417	420	165,828	fixed 5.50	
7 XS2642536671	27/06/2023	27/06/2026	EUR	110	43,467	110	43,511	fixed 7.50	
8 XS2737630314	22/12/2023	22/06/2026	EUR	75	29,636	75	29,604	fixed 6.10	hedged
9 XS2536446649	29/09/2022	29/09/2026	USD	60	22,164	61	22,579	fixed 7.25	
10 XS2703264635	13/10/2023	13/10/2026	RON	<u>170</u>	<u>13,496</u>	<u>180</u>	<u>14,283</u>	variable 8.10	
Subtotal issued securities in foreign currency					<u>1,476,313</u>		<u>1,506,104</u>		

Issued securities denominated in foreign currency as at 31 December 2023

Name	Date of issuance	Maturity	Currency	Nominal value in FX million	Nominal value in HUF million	Amortised cost in FX million	Amortised cost in HUF million	Interest conditions (in % actual)	hedged
1 XS2560693181	01/12/2022	04/03/2026	EUR	649	248,497	689	263,732	fixed 7.35	
2 XS2698603326	05/10/2023	05/10/2027	EUR	650	248,725	674	258,006	fixed 6.13	hedged
3 XS2626773381	25/05/2023	25/05/2027	USD	500	173,152	499	173,011	fixed 7.50	hedged
4 XS2499691330	13/07/2022	13/07/2025	EUR	400	153,111	410	157,095	fixed 5.50	
5 XS2642536671	27/06/2023	27/06/2026	EUR	110	42,106	114	43,745	fixed 7.50	
6 XS2737630314	22/12/2023	22/06/2026	EUR	75	28,709	75	28,778	fixed 6.10	
7 XS2536446649	29/09/2022	29/09/2026	USD	60	20,786	61	21,180	fixed 7.25	
8 XS2703264635	13/10/2023	13/10/2026	RON	170	13,082	173	13,320	variable 8.10	
Subtotal issued securities in foreign currency					<u>928,168</u>		<u>958,867</u>		

NOTE 14: LIABILITIES FROM ISSUED SECURITIES (in HUF mn) [continued]Issued securities denominated in HUF as at 30 June 2024

	Name	Date of issuance	Maturity	Nominal value in HUF million	Amortised cost in HUF million	Interest conditions	Hedged
1	OTPHB 4 3/4 06/12/28	12/06/2024	12/06/2028	25,563	28,522	fix 15.00	hedged
2	OTPHB 6 1/8 10/05/27	05/10/2023	05/10/2027	10,228	11,070	fix 12.00	hedged
3	OTPHB 7.35 03/04/26	01/12/2022	04/03/2026	8,461	8,554	fix 6.00	
4	OTPHB 5 01/31/29	31/01/2024	31/01/2029	6,062	6,195	fix 6.50	
5	OTPHB 0 05/07/27	25/05/2023	25/05/2027	6,048	6,087	fix 6.00	
6	OTP 5 1/2 07/13/25	13/07/2022	13/07/2025	5,940	5,964	fix 6.00	
7	OTPHB 7 1/2 06/27/26	27/06/2023	27/06/2026	5,679	5,776	fix 6.50	
8	OTPHB 6.1 22/06/26	22/12/2023	22/06/2026	5,115	5,119	fix 12.00	
9	OTP_HUF_2025/1	18/11/2022	18/11/2025	4,115	4,517	fix 10.50	
10	OTPHB 7 1/4 09/29/26	29/09/2022	29/09/2026	3,424	3,606	fix 8.50	
11	OTPHB 8.1 10/13/26	13/10/2023	13/10/2026	3,397	3,605	fix 8.75	
12	OTP_HUF_2026/1	22/12/2022	05/01/2026	2,887	3,011	fix 8.00	
13	OTP_HUF_2025/7	26/04/2024	26/04/2025	2,675	2,861	fix 9.00	
14	OTP_HUF_2025/5	01/03/2024	01/03/2025	2,583	2,793	fix 9.75	
15	OTP_HUF_2025/8	24/05/2024	24/05/2025	2,199	2,261	fix 6.75	
16	OTP_HUF_2025/9	07/06/2024	07/06/2025	1,965	2,034	fix 7.50	
17	OTP_HUF_2025/6	28/03/2024	28/03/2025	1,377	1,501	fix 10.00	
18	OTP_HUF_2025/2	30/06/2023	30/06/2025	647	673	fix 7.40	
19	OTP_HUF_2024/9	28/07/2023	28/07/2024	295	353	indexed 0.70	hedged
20	OTP_HUF_2024/14	17/11/2023	17/11/2024	242	286	indexed 0.60	hedged
21	OTP_TBSZ_HUF_2028/1	13/10/2023	15/12/2028	155	169	fix 12.00	
	Other			<u>204</u>	<u>204</u>	fix	
	Subtotal issued securities in HUF			<u>99,261</u>	<u>105,161</u>		
	Total			<u>1,575,574</u>	<u>1,611,265</u>		

Issued securities denominated in HUF as at 31 December 2023

	Name	Date of issuance	Maturity	Nominal value in HUF million	Amortised cost in HUF million	Interest conditions	Hedged
1	OTP_HUF_2024/1	17/02/2023	17/02/2024	26,079	28,593	fix 11.00	
2	OTP_HUF_2025/1	18/11/2022	18/11/2025	25,563	27,042	fix 15.00	hedged
3	OTP_HUF_2024/2	10/03/2023	10/03/2024	22,977	25,048	fix 11.00	
4	OTP_HUF_2024/3	31/03/2023	31/03/2024	17,015	18,441	fix 11.00	
5	OTP_HUF_2024/6	02/06/2023	02/06/2024	16,722	17,806	fix 11.00	
6	OTP_HUF_2024/4	21/04/2023	21/04/2024	14,698	15,837	fix 11.00	
7	OTP_HUF_2024/5	12/05/2023	12/05/2024	13,946	14,937	fix 11.00	
8	OTP_HUF_2024/7	23/06/2023	23/06/2024	11,232	11,859	fix 10.50	
9	OTP_HUF_2026/1	22/12/2022	05/01/2026	10,228	11,856	fix 12.00	hedged
10	OTP_HUF_2025/2	30/06/2023	30/06/2025	5,116	5,431	fix 12.00	
11	OTP_HUF_2024/9	28/07/2023	28/07/2024	4,173	4,364	fix 10.50	
12	OTP_HUF_2024/8	30/06/2023	30/06/2024	3,730	3,931	fix 10.50	
13	OTP_HUF_2024/13	20/10/2023	20/10/2024	3,494	3,557	fix 8.75	
14	OTP_HUF_2024/14	17/11/2023	17/11/2024	3,509	3,547	fix 8.50	
15	OTP_HUF_2024/15	20/12/2023	20/12/2024	2,994	3,004	fix 8.00	
16	OTP_HUF_2024/12	25/09/2023	25/09/2024	2,777	2,845	fix 9.00	
17	OTP_HUF_2024/11	01/09/2023	01/09/2024	2,655	2,743	fix 9.75	
18	OTP_HUF_2024/10	07/08/2023	07/08/2024	1,431	1,490	fix 10.00	
19	OTP_HUF_2026/2	15/12/2023	15/12/2026	647	649	fix 7.40	
20	OTPX2024B	10/10/2014	16/10/2024	295	339	indexed 0.70	hedged
21	OTPX2024A	18/06/2014	21/06/2024	241	283	indexed 1.30	hedged
22	OTPX2024C	15/12/2014	20/12/2024	242	275	indexed 0.60	hedged
23	OTP_TBSZ_HUF_2028/1	13/10/2023	15/12/2028	155	159	fix 12.00	
	Other			<u>206</u>	<u>206</u>		
	Subtotal issued securities in HUF			<u>190,125</u>	<u>204,242</u>		
	Total			<u>1,118,293</u>	<u>1,163,109</u>		

NOTE 15: FINANCIAL LIABILITIES DESIGNATED AS FAIR VALUE THROUGH PROFIT OR LOSS (in HUF mn)

	30 June 2024	31 December 2023
Within one year:	1,758	1,816
Over one year:	<u>16,852</u>	<u>17,970</u>
Total	<u>18,610</u>	<u>19,786</u>

NOTE 16: PROVISIONS (in HUF mn)

The provision on other liabilities, off-balance sheet commitments and contingent liabilities are detailed as follows:

	30 June 2024	31 December 2023
Provision for losses on other off-balance sheet commitments and contingent liabilities	<u>17,916</u>	<u>16,092</u>
Provisions in accordance with IFRS 9	<u>17,916</u>	<u>16,092</u>
Provision for litigation	1,976	1,931
Provision for retirement pension and severance pay	994	2,000
Provision on other liabilities	<u>2,559</u>	<u>2,474</u>
Provisions in accordance with IAS 37	<u>5,529</u>	<u>6,405</u>
Total	<u>23,445</u>	<u>22,497</u>

Movements in the provision for losses on commitments and contingent liabilities in accordance with IFRS 9 can be summarized as follows:

	30 June 2024	31 December 2023
Opening balance	16,092	23,632
Provision for the period	23,626	62,662
Release of provision for the period	(15,469)	(50,882)
Use of provision	(6,492)	(18,952)
FX revaluation	<u>159</u>	<u>(368)</u>
Closing balance	<u>17,916</u>	<u>16,092</u>

Movements in the provision for losses on commitments and contingent liabilities in accordance with IAS 37 can be summarized as follows:

	30 June 2024	31 December 2023
Opening balance	6,405	6,024
Provision for the period	53	11,563
Release of provision	(1,005)	(8,633)
Use of provision	(5)	(2,420)
FX revaluation	<u>81</u>	<u>(129)</u>
Closing balance	<u>5,529</u>	<u>6,405</u>

NOTE 17: SUBORDINATED BONDS AND LOANS (in HUF mn)

	30 June 2024	31 December 2023
Within one year	10,981	8,060
Over one year:	<u>531,488</u>	<u>512,236</u>
Total	<u>542,469</u>	<u>520,296</u>

NOTE 17: SUBORDINATED BONDS AND LOANS (in HUF mn) [continued]

Subordinated loans and bonds are detailed as follows as at 30 June 2024:

Type	Name	Date of issuance	Date of maturity	Issue price	Currency	Nominal value in FX million	Nominal value in HUF million	Amortised cost in Fx million	Amortised cost in HUF million	Interest conditions	Current interest rate
Subordinated bond	XS2586007036	15/02/2023	15/05/2033	99.42%	USD	650	239,981	654	236,757	Fixed 8.75% (payable annual)	8.750%
Subordinated bond	XS2022388586	15/07/2019	15/07/2029	99.74%	EUR	493	194,769	504	199,154	Fixed 2.875% (payable annual)	2.875%
Subordinated bond	XS0274147296	07/11/2006	Perpetual	99.38%	EUR	230	90,849	232	91,809	Three-month EURIBOR + 3%, variable (payable quarterly)	6.788%
Discount bond	HU0000362553	01/06/2023	31/05/2028	66.68%	HUF	1,959	1,959	1,425	1,425	N.a.	
Discount bond	HU0000363908	31/05/2024	31/05/2029	72.11%	HUF	1,901	1,901	1,378	1,378	N.a.	
Discount bond	HU0000360516	31/05/2021	31/05/2025	92.54%	HUF	1,216	1,216	1,194	1,194	N.a.	
Discount bond	HU0000361605	31/03/2022	31/05/2027	72.13%	HUF	1,092	1,092	907	907	N.a.	
Discount bond	HU0000360532	31/05/2021	31/05/2027	87.27%	HUF	795	795	744	744	N.a.	
Discount bond	HU0000361597	31/03/2022	31/05/2026	76.86%	HUF	783	783	693	693	N.a.	
Discount bond	HU0000360524	31/05/2021	31/05/2026	90.02%	HUF	707	707	679	679	N.a.	
Discount bond	HU0000360540	31/05/2021	31/05/2028	84.31%	HUF	669	669	608	608	N.a.	
Discount bond	HU0000359732	29/05/2020	31/05/2025	92.99%	HUF	592	592	584	584	N.a.	
Discount bond	HU0000362561	01/06/2023	31/05/2029	63.21%	HUF	684	684	469	469	N.a.	
Discount bond	HU0000362579	01/06/2023	31/05/2030	60.08%	HUF	719	719	467	467	N.a.	
Discount bond	HU0000362587	01/06/2023	31/05/2031	56.64%	HUF	762	762	466	466	N.a.	
Discount bond	HU0000362595	01/06/2023	31/05/2032	52.82%	HUF	817	817	466	466	N.a.	
Discount bond	HU0000363916	31/05/2024	31/05/2030	67.43%	HUF	672	672	455	455	N.a.	
Discount bond	HU0000363924	31/05/2024	31/05/2031	63.20%	HUF	717	717	455	455	N.a.	
Discount bond	HU0000363932	31/05/2024	31/05/2032	59.16%	HUF	765	765	455	455	N.a.	
Discount bond	HU0000363957	31/05/2024	31/05/2033	55.27%	HUF	818	818	455	455	N.a.	
Discount bond	HU0000361613	31/03/2022	31/05/2028	67.89%	HUF	554	554	433	433	N.a.	
Discount bond	HU0000361621	31/03/2022	31/05/2029	64.03%	HUF	554	554	408	408	N.a.	
Discount bond	HU0000361639	31/03/2022	31/05/2030	60.38%	HUF	554	554	384	384	N.a.	
Discount bond	HU0000359740	29/05/2020	31/05/2026	91.10%	HUF	392	392	381	381	N.a.	
Discount bond	HU0000360557	31/05/2021	31/05/2029	81.23%	HUF	403	403	354	354	N.a.	
Discount bond	HU0000361647	31/03/2022	31/05/2031	56.88%	HUF	384	384	250	250	N.a.	
Discount bond	HU0000362603	01/06/2023	31/05/2033	49.02%	HUF	282	282	149	149	N.a.	
Discount bond	HU0000363940	31/05/2024	31/05/2034	51.58%	HUF	283	283	147	147	N.a.	
Discount bond	HU0000358932	30/05/2019	31/05/2025	83.86%	HUF	104	104	101	101	N.a.	
Discount bond	HU0000359757	29/05/2020	31/05/2027	89.05%	HUF	95	95	90	90	N.a.	
Discount bond	HU0000360565	31/05/2021	31/05/2030	78.09%	HUF	104	104	88	88	N.a.	
Discount bond	HU0000361654	31/03/2022	31/05/2032	53.52%	HUF	<u>105</u>	<u>105</u>	<u>64</u>	<u>64</u>	N.a.	
Total							<u>545,081</u>		<u>542,469</u>		

NOTE 17: SUBORDINATED BONDS AND LOANS (in HUF mn) [continued]

Subordinated loans and bonds are detailed as follows as at 31 December 2023:

Type	Name	Date of issuance	Date of maturity	Issue price	Currency	Nominal value in FX million	Nominal value in HUF million	Amortised cost in Fx million	Amortised cost in HUF million	Interest conditions	Current interest rate
Subordinated bond	XS2586007036	15/02/2023	15/05/2033	99.42%	USD	650	225,104	653	226,001	Fixed 8.75% (payable annual)	8.750%
Subordinated bond	XS2022388586	15/07/2019	15/07/2029	99.74%	EUR	497	190,399	501	191,894	Fixed 2.875% (payable annual)	2.875%
Subordinated bond	XS0274147296	07/11/2006	Perpetual	99.38%	EUR	231	88,409	234	89,381	Three-month EURIBOR + 3%, variable (payable quarterly)	6.966%
Discount bond	HU0000358924	30/05/2019	31/05/2024	87.85%	HUF	426	426	421	421	N.a.	
Discount bond	HU0000359724	29/05/2020	31/05/2024	94.79%	HUF	592	592	589	589	N.a.	
Discount bond	HU0000360508	31/05/2021	31/05/2024	95.12%	HUF	883	883	876	876	N.a.	
Discount bond	HU0000358932	30/05/2019	31/05/2025	83.86%	HUF	104	104	100	100	N.a.	
Discount bond	HU0000359732	29/05/2020	31/05/2025	92.99%	HUF	592	592	580	580	N.a.	
Discount bond	HU0000360516	31/05/2021	31/05/2025	92.54%	HUF	1,216	1,216	1,183	1,180	N.a.	
Discount bond	HU0000359740	29/05/2020	31/05/2026	91.10%	HUF	392	392	378	378	N.a.	
Discount bond	HU0000360524	31/05/2021	31/05/2026	90.02%	HUF	707	707	672	672	N.a.	
Discount bond	HU0000361597	31/03/2022	31/05/2026	76.86%	HUF	783	783	672	672	N.a.	
Discount bond	HU0000359757	29/05/2020	31/05/2027	89.05%	HUF	95	95	90	90	N.a.	
Discount bond	HU0000360532	31/05/2021	31/05/2027	87.27%	HUF	795	795	735	735	N.a.	
Discount bond	HU0000361605	31/03/2022	31/05/2027	72.13%	HUF	1,092	1,092	879	879	N.a.	
Discount bond	HU0000360540	31/05/2021	31/05/2028	84.31%	HUF	669	669	601	601	N.a.	
Discount bond	HU0000361613	31/03/2022	31/05/2028	67.89%	HUF	554	554	420	420	N.a.	
Discount bond	HU0000362553	01/06/2023	31/05/2028	66.68%	HUF	1,959	1,959	1,369	1,369	N.a.	
Discount bond	HU0000360557	31/05/2021	31/05/2029	81.23%	HUF	403	403	350	350	N.a.	
Discount bond	HU0000361621	31/03/2022	31/05/2029	64.03%	HUF	554	554	396	396	N.a.	
Discount bond	HU0000362561	01/06/2023	31/05/2029	63.21%	HUF	684	684	452	452	N.a.	
Discount bond	HU0000360565	31/05/2021	31/05/2030	78.09%	HUF	104	104	87	87	N.a.	
Discount bond	HU0000361639	31/03/2022	31/05/2030	60.38%	HUF	554	554	373	373	N.a.	
Discount bond	HU0000362579	01/06/2023	31/05/2030	60.08%	HUF	719	719	451	451	N.a.	
Discount bond	HU0000361647	31/03/2022	31/05/2031	56.88%	HUF	384	384	243	243	N.a.	
Discount bond	HU0000362587	01/06/2023	31/05/2031	56.64%	HUF	762	762	450	450	N.a.	
Discount bond	HU0000361654	31/03/2022	31/05/2032	53.52%	HUF	105	105	62	62	N.a.	
Discount bond	HU0000362595	01/06/2023	31/05/2032	52.82%	HUF	817	817	450	450	N.a.	
Discount bond	HU0000362603	01/06/2023	31/05/2033	49.02%	HUF	282	282	144	144	N.a.	
Total							520,139		520,296		

NOTE 18: SHARE CAPITAL (in HUF mn)

	30 June 2024	31 December 2023
Authorized, issued and fully paid:		
Ordinary shares	<u>28,000</u>	<u>28,000</u>

The nominal value of the shares is HUF 100 per shares. All of the shares are ordinary shares representing the same rights to the shareholders. Furthermore there are no restrictions on the distribution of dividends and the repayment of capital.

NOTE 19: RETAINED EARNINGS AND RESERVES (in HUF mn)

Based on the instructions of Act C of 2000 on accounting (“Act on Accounting”) financial statements of the Bank are prepared in accordance with IFRS as issued by the IASB as adopted by the EU.

In 2023 dividend of HUF 84,000 million was paid out from the profit of the year 2022, which meant HUF 300 dividend per share payable to the shareholders. In 2024 dividend of HUF 150,000 million was paid out to from the profit of the year 2023, which meant HUF 535.71 dividend per share payable to the shareholders.

NOTE 20: 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	<u>8,760</u>	<u>21,962</u>	<u>37,435</u>
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	<u>5</u>	<u>4</u>	<u>9</u>
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	<u>45,061</u>	<u>112,537</u>	<u>202,137</u>
Interest expense total	<u>579,511</u>	<u>798,221</u>	<u>1,556,361</u>

NOTE 21: RISK COST (in HUF mn)

	Six month period ended 30 June 2024	Six month period ended 30 June 2023	Year ended 31 December 2023
Loss allowance of loans at amortised cost			
Loss allowance	148,705	132,820	249,194
Release of loss allowance	<u>(145,773)</u>	<u>(116,275)</u>	<u>(243,652)</u>
	<u>2,932</u>	<u>16,545</u>	<u>5,542</u>
Loss allowance of sight deposits and placements with other banks			
Loss allowance	3,196	7,328	11,767
Release of loss allowance	<u>(4,595)</u>	<u>(11,193)</u>	<u>(24,125)</u>
	<u>(1,399)</u>	<u>(3,865)</u>	<u>(12,358)</u>
Loss allowance of placements with other banks			
Loss allowance	1,330	8,688	11,755
Release of loss allowance	<u>(1,437)</u>	<u>(9,030)</u>	<u>(13,555)</u>
	<u>(107)</u>	<u>(342)</u>	<u>(1,800)</u>
Loss allowance of FVOCI debt instruments			
Loss allowance	15,219	1,959	3,401
Release of loss allowance	<u>(1,312)</u>	<u>(3,791)</u>	<u>(6,704)</u>
	<u>13,907</u>	<u>(1,832)</u>	<u>(3,303)</u>
Loss allowance of securities at amortised cost			
Loss allowance	10,732	1,353	2,287
Release of loss allowance	<u>(8,192)</u>	<u>(5,796)</u>	<u>(10,863)</u>
	<u>2,540</u>	<u>(4,443)</u>	<u>(8,576)</u>
Provision on loan commitments and financial guarantees			
Provision for the period	23,626	38,921	62,662
Release of provision	<u>(21,961)</u>	<u>(28,663)</u>	<u>(69,834)</u>
	<u>1,665</u>	<u>10,258</u>	<u>(7,172)</u>
Change in the fair value attributable to changes in the credit risk of loans mandatorily measured at fair value through profit of loss	<u>(1,530)</u>	<u>1,622</u>	<u>980</u>
Risk cost total	<u>18,008</u>	<u>17,943</u>	<u>(26,687)</u>

NOTE 22: NET PROFIT FROM FEES AND COMMISSIONS (in HUF mn)**Income from fees and commissions:**

	Six month period ended 30 June 2024	Six month period ended 30 June 2023
Fees and commissions related to lending	6,613	6,104
Deposit and account maintenance fees and commissions	87,127	78,182
Fees and commission related to the issued bank cards	66,631	63,292
Fees and commissions related to security trading	22,748	15,897
Fx margin	10,695	10,964
Fees and commissions paid by OTP Mortgage Bank Ltd.	4,920	4,003
Net insurance fee income	7,266	6,494
Other	<u>5,061</u>	<u>5,301</u>
Fees and commissions from contracts with customers	<u>204,448</u>	<u>184,133</u>
Total Income from fees and commissions:	<u>211,061</u>	<u>190,237</u>

Contract balances

	Six month period ended 30 June 2024	Six month period ended 30 June 2023
Receivables, which are included in 'other assets'	14,306	15,394
Loss allowance	(396)	(580)

Fee and commission expense

	Six month period ended 30 June 2024	Six month period ended 30 June 2023
Other fees and commissions related to issued bank cards	33,635	28,232
Insurance fees	416	354
Fees and commissions related to lending	2,837	2,906
Fees and commissions related to security trading	1,045	702
Fees and commissions relating to deposits	1,672	1,284
Trust activities related to securities	1,308	1,079
Postal fees	121	113
Money market transaction fees and commissions	112	115
Other	<u>413</u>	<u>396</u>
Total	<u>41,559</u>	<u>35,181</u>
Net profit from fees and commissions	<u>169,502</u>	<u>155,056</u>

NOTE 23: GAINS AND LOSSES(in HUF mn)

	Six month period ended 30 June 2024	Six month period ended 30 June 2023
Losses arising from derecognition of financial assets measured at amortised cost		
(Loss) from loans / Gain from loans	(309)	300
Loss from securities	(3,418)	(7,760)
Other	(214)	(194)
Total	<u>(3,941)</u>	<u>(7,654)</u>
Additional information to Gains or losses from operating income:		
	Six month period ended 30 June 2024	Six month period ended 30 June 2023
Foreign exchange losses		
Loss from foreign exchange	(2,204)	(6,448)
Margin losses	(77)	(2,986)
Total	<u>(2,981)</u>	<u>(9,434)</u>
	Six month period ended 30 June 2024	Six month period ended 30 June 2023
Net results on derivative instruments and hedge relationships		
Gains on FX spot, swap and option deals	2,519	7,142
Fees received / (paid) related to option deals	27	(427)
Gains from commodity deals	353	3,110
Losses from futures transactions	-	(28)
Gains from credit valuation adjustment related to FX spot, swap and option deals held for trading	298	1,177
(Losses) / Gains from credit valuation adjustment related to commodity deals held for trading	(2)	19
Total	<u>3,195</u>	<u>10,993</u>
	Six month period ended 30 June 2024	Six month period ended 30 June 2023
Gains on financial instruments at fair value through profit or loss		
Gains on securities mandatorily measured at fair value through profit or loss	77	1,690
Gains on loans mandatorily measured at fair value through profit or loss	7,307	47,382
Gains / (Losses) on financial liabilities designated at fair value through profit or loss	416	(4,092)
Total	<u>7,800</u>	<u>44,980</u>

NOTE 23: GAINS AND LOSSES (in HUF mn) [continued]**Additional information to Gains or losses from operating income: [continued]**

	Six month period ended 30 June 2024	Six month period ended 30 June 2023
Gains on securities, net		
Interest income from held for trading securities	1,246	3,858
Gains on held for trading securities	1,377	5,813
Gains on FVOCI securities	208	732
(Losses) / Gains on derecognition of investments in subsidiaries	(836)	1,322
Gains/losses from other securities	<u>2,534</u>	<u>7,098</u>
Total	<u>4,529</u>	<u>18,823</u>
	Six month period ended 30 June 2024	Six month period ended 30 June 2023
Dividend income		
Distribution from investments in subsidiaries	350,206	202,515
Distribution from held for trading securities	10,062	19
Distribution from FVOCI equity instruments	<u>287</u>	<u>211</u>
Total	<u>360,555</u>	<u>202,745</u>
Total gains and losses from operating income (without other operating income)	<u>373,098</u>	<u>268,107</u>

NOTE 24: OTHER OPERATING INCOME AND EXPENSES AND OTHER ADMINISTRATIVE EXPENSES (in HUF mn)

	Six month period ended 30 June 2024	Six month period ended 30 June 2023
Other operating income		
Repayment of extraordinary payments made to NDIF in previous years	-	10,738
Other operating income from OTP Employee Stock Ownership Program (OTP ESOP)	7,588	3,380
Intermediary and other services	1,468	1,173
Income from lease of tangible assets	635	597
Gains on IT services provided to subsidiaries	739	496
Derecognition of financial liabilities at amortised cost	832	298
Non-repayable assets received	96	74
Gains on sale of tangible assets	81	1,214
Income from written off receivables	182	130
Gains on transactions related to property activities	53	54
Other	<u>1,713</u>	<u>1,685</u>
Total	<u>13,387</u>	<u>19,839</u>
	Six month period ended 30 June 2024	Six month period ended 30 June 2023
Other operating expenses		
(Loss allowance)/Release of loss allowance on investments in subsidiaries	(6,510)	5,875
Release of provision for off-balance sheet commitments and contingent liabilities	957	954
Non-repayable assets contributed	(1,253)	(196)
Release of loss allowance on other assets	(1,792)	(894)
Financial support for sport association and organization of public utility	(14,387)	(11,604)
Other	<u>(3,752)</u>	<u>(2,082)</u>
Total	<u>(26,737)</u>	<u>(7,947)</u>
	Six month period ended 30 June 2024	Six month period ended 30 June 2023
Other administrative expenses:		
Personnel expenses:		
Wages	67,802	67,526
Taxes related to personnel expenses	10,183	9,428
Other personnel expenses	<u>17,628</u>	<u>14,771</u>
Subtotal	<u>95,613</u>	<u>91,725</u>
Depreciation and amortization	<u>29,099</u>	<u>24,500</u>
Other administrative expenses:		
Taxes, other than income tax	63,583	90,836
Services	43,923	41,582
Fees payable to authorities and other fees	8,527	14,409
Administration expenses, including rental fees	4,137	3,841
Professional fees	6,822	4,974
Advertising	<u>5,401</u>	<u>4,168</u>
Subtotal	<u>132,393</u>	<u>159,810</u>
Total	<u>257,105</u>	<u>276,035</u>

NOTE 25: INCOME TAX (in HUF mn)

The Bank is presently liable for income tax at a rate of 9% of taxable income, local taxes at a rate of 2.3% of taxable revenue.

A breakdown of the income tax expense is:

	30 June 2024	31 December 2023
Current tax expense	33,216	39,174
Deferred tax (benefit)/expense	<u>43</u>	<u>31,119</u>
Total	<u>33,259</u>	<u>70,293</u>

Global minimum tax

The global minimum tax legislation has been enacted, or substantively enacted, in certain jurisdictions the OTP Group operates, mainly in the EU Member States. OTP Group is in scope of the enacted global minimum tax legislation. The legislation is effective for the Group's financial year beginning 1 January 2024 and introduces a minimum rate of effective taxation of 15%. The global minimum tax legislation has been adopted in Hungary in Act No. LXXXIV of 2023 on the top-up taxes ensuring a global minimum level of taxation and the amendment of related acts.

From an accounting perspective, it is unclear if the global minimum tax rules create additional temporary differences, whether to remeasure deferred taxes for the global minimum tax rules and which tax rate to use to measure deferred taxes. In response to this uncertainty, IAS 12 'Income taxes' has been amended to introduce a mandatory temporary exception to the requirements of IAS 12. Under the mandatory temporary exception, a company does not recognize or disclose information about deferred tax assets and liabilities related to the global minimum tax rules. The Group applies the temporary exception.

In Hungary, the most relevant taxes determining the global minimum tax effective tax rate are corporate income tax, local business tax and innovation contribution. The taxable income for local business tax and innovation contribution (with a combined statutory tax rate of 2.3%) purposes is significantly higher than the taxable income for corporate income tax purposes due to the scope (and hence, the amount) of deductible expenses under local business tax and innovation contribution being more limited than under corporate income tax. The proportion of taxable income for local business tax and innovation contribution and corporate income tax, respectively, may vary year by year to a significant extent. Based on the data as of 30 June 2024, the effective tax rate calculated as per the global minimum tax rules exceeds the required 15%, and therefore, no global minimum tax has been accounted for.

The non-EU countries where the group operate in have not introduced global minimum tax legislation. Out of those countries, the Group calculated global minimum tax payable in the amount of HUF 487.9 in respect of Serbia, Moldova and Montenegro (HUF 283.7 million, HUF 175.4 million and 28.8 million, respectively). In the absence of global minimum tax legislation introduced in those countries, any global minimum tax payable in respect of the OTP Group entities operating in those countries will be payable by OTP Bank Plc to the Hungarian tax authority.

NOTE 26: FINANCIAL RISK MANAGEMENT (in HUF mn)

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments may result in certain risks to the Bank. The most significant risks the Bank faces include:

26.1. Credit risk

The Bank takes on exposure to credit risk which is the risk that a counter-party will be unable to pay amounts in full when due. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or banks of borrowers, and to geographical areas and loan types. Such risks are monitored on a periodical basis and subject to an annual or more frequent review. The exposure to any borrower including banks and brokers is further restricted by sublimit covering on- and off-balance sheet exposures and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits when appropriate. Exposure to credit risk is partly managed obtaining collateral, corporate and personal guarantees.

26.1.1. Financial instruments by stages

Defining the expected credit loss on individual and collective basis

On individual basis:

Individually assessed are the non-retail or micro- and small enterprise exposure of significant amount on a stand-alone basis:

- exposure in stage 3,
- exposure in workout management
- purchased or originated credit-impaired instruments which are in accordance with the conditions mentioned above

The calculation of impairment must be prepared and approved by the risk management functional areas. The calculation, all relevant factors (amortised cost, original and current EIR, contracted and expected cash flows (from business and/or collateral) for the individual periods of the entire lifecycle, other essential information enforced during the valuation) and the criteria thereof (including the factors underlying the classification as stage 3) must be documented individually.

The expected credit loss of the exposure equals the difference of the receivable's AC (gross book value) on the valuation date and the present value of the receivable's expected cash flows discounted to the valuation date by the exposure's original effective interest rate (EIR) (calculated at the initial recognition, or in the case of variable rate, recalculated due to the last interest rate change). The estimation of the expected future cash flows should be forward looking, it must also contain the effects of the possible change of macroeconomic outlook.

At least two scenarios must be used for the estimation of the expected cash flow. At least one scenarios should anticipate that realised cash flows will be significantly different from the contractual cash flows. Probability weights must be allocated to the individual scenarios. The estimation must reflect the probability of the occurrence and non-occurrence of the credit loss, even if the most probable result is the non-occurrence of the loss.

On collective basis:

The following exposures are subject to collective assessment:

- retail exposure irrespective of the amount,
- micro and small enterprise exposures irrespective of the amount,
- all other exposure which are insignificant on a stand-alone basis and not part of the workout management,
- exposure which are not in stage 3, significant on a stand-alone basis,
- purchased or originated credit-impaired instruments which are in accordance with the conditions mentioned above.

NOTE 26: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

26.1. Credit risk [continued]

26.1.1. Financial instruments by stages [continued]

In the collective impairment methodology credit risk and the change of credit risk can be correctly captured by understanding the risk characteristics of the portfolio. In order to achieve this the main risk drivers shall be identified and used to form homogeneous segments having similar risk characteristics. The segmentation is expected to stay stable from month to month however a regular (at least yearly) revision of the segmentation process should be set up to capture the change of risk characteristics. The segmentation must be performed separately for each parameter, since in each case different factors may have relevance.

The Bank's Headquarters Group Reserve Committee stipulates the guidelines related to the collective impairment methodology at group level. In addition, it has right of agreement in respect of the risk parameters (PD -probability of default, LGD - loss given default, EAD – exposure at default) and segmentation criteria proposed by the group members.

The review of the parameters must be performed at least annually and the results should be approved by the Group Reserve Committee. Local Risk Managements is responsible for parameter estimations and updates, macroeconomic scenarios are calculated by OTP Bank Headquarters for each subsidiary and each parameter. Based on the consensus proposal of Local Risk Management and OTP Bank Headquarters, the Group Reserve Committee decides on the modification of parameters (all parameters for impairment calculation).

The impairment parameters should be backtested at least annually.

The expected loss calculation should be forward looking, including forecasts of future economic conditions. This may be achieved by applying 3-5 different macroeconomic scenarios, which may be integrated in the PD, LGD and EAD parameters.

NOTE 26: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

26.1. Credit risk [continued]

26.1.1. Financial instruments by stages [continued]

Gross carrying amount and accumulated loss allowance of financial assets at amortized cost and fair value through other comprehensive income by IFRS 9 stages as at 30 June 2024:

	Carrying amount/ Exposure	Gross carrying amount / Notional amount					Loss allowance					Write-off
		Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Total	
Cash, amounts due from banks and balances with the National Bank of Hungary	2,858,762	2,848,863	10,439	-	-	2,859,302	493	47	-	-	540	-
Placements with other banks	2,759,756	2,753,226	10,961	1,099	-	2,765,286	3,233	1,198	1,099	-	5,530	-
Repo receivables	147,472	147,732	-	-	-	147,732	260	-	-	-	260	-
<i>Retail consumer loans</i>	599,307	520,324	117,064	20,178	-	657,566	14,562	30,298	13,399	-	58,259	-
<i>Mortgage loans</i>	50,155	39,026	6,137	4,187	1,841	51,191	32	153	701	150	1,036	-
<i>Municipal loans</i>	87,589	87,992	1,495	-	-	89,487	1,613	285	-	-	1,898	-
<i>Corporate loans</i>	4,029,312	3,380,497	630,476	87,496	8,920	4,107,389	15,430	28,024	33,881	742	78,077	23,354
Loans at amortised cost	4,766,363	4,027,839	755,172	111,861	10,761	4,905,633	31,637	58,760	47,981	892	139,270	23,354
FVOCI debt instruments	539,777	509,507	-	30,270	-	539,777	1,037	-	38,340	-	39,377	-
Securities at amortised cost	4,034,500	4,022,073	5,691	36,212	-	4,063,976	8,187	181	21,108	-	29,476	-
Other financial assets	127,360	124,910	594	7,557	13	133,074	294	388	5,023	9	5,714	-
Total as at 30 June 2024	<u>15,233,990</u>	<u>14,434,150</u>	<u>782,857</u>	<u>186,999</u>	<u>10,774</u>	<u>15,414,780</u>	<u>45,141</u>	<u>60,574</u>	<u>113,551</u>	<u>901</u>	<u>220,167</u>	<u>23,354</u>
Loan commitments	2,367,295	2,233,747	138,715	6,930	-	2,379,392	6,598	4,397	1,102	-	12,097	-
Financial guarantees	2,220,484	2,124,232	94,709	6,615	-	2,225,556	1,678	1,047	2,347	-	5,072	-
Factoring loan commitments	406,633	390,333	9,872	7,160	-	407,365	436	35	261	-	732	-
Bill of credit	10,770	10,785	=	=	=	10,785	15	=	=	=	15	=
Loan commitments and financial guarantees total	<u>5,005,182</u>	<u>4,759,097</u>	<u>243,296</u>	<u>20,705</u>	<u>=</u>	<u>5,023,098</u>	<u>8,727</u>	<u>5,479</u>	<u>3,710</u>	<u>=</u>	<u>17,916</u>	<u>=</u>

NOTE 26: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

26.1. Credit risk [continued]

26.1.1. Financial instruments by stages [continued]

Gross carrying amount and accumulated loss allowance of financial assets at amortized cost and fair value through other comprehensive income by IFRS 9 stages as at 31 December 2023:

Assets measured at amortised cost and FVOCI as at 31 December 2023	Carrying amount/ Exposure	Gross carrying amount / Notional amount					Loss allowance				Write-off	
		Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired		Total
Cash, amounts due from banks and balances with the National Bank of Hungary	2,708,232	2,701,675	6,952	-	-	2,708,627	267	128	-	-	395	-
Placements with other banks	2,702,433	2,697,572	9,421	2,315	-	2,709,308	3,465	1,095	2,315	-	6,875	-
Repo receivables	201,658	202,025	-	-	-	202,025	367	-	-	-	367	-
<i>Retail consumer loans</i>	572,912	488,231	128,101	19,811	1	636,144	15,471	33,192	14,568	1	63,232	-
<i>Mortgage loans</i>	53,996	41,172	7,232	4,823	1,988	55,215	38	189	813	179	1,219	-
<i>Municipal loans</i>	102,003	103,152	320	-	-	103,472	1,417	52	-	-	1,469	-
<i>Corporate loans</i>	3,952,448	3,213,155	746,233	65,434	9,121	4,033,943	16,783	36,390	27,544	778	81,495	22,637
Loans at amortised cost	4,681,359	3,845,710	881,886	90,068	11,110	4,828,774	33,709	69,823	42,925	958	147,415	22,637
FVOCI debt instruments	538,350	507,477	-	30,873	-	538,350	1,425	-	22,920	-	24,345	-
Securities at amortised cost	2,710,848	2,696,310	5,961	34,802	-	2,737,073	13,350	273	12,602	-	26,225	-
Other financial assets	115,499	114,982	792	7,560	15	123,349	1,442	3,039	3,357	12	7,850	-
Total as at 31 December 2023	<u>13,658,379</u>	<u>12,765,751</u>	<u>905,012</u>	<u>165,618</u>	<u>11,125</u>	<u>13,847,506</u>	<u>54,025</u>	<u>74,358</u>	<u>84,119</u>	<u>970</u>	<u>213,472</u>	<u>22,637</u>
Loan commitments	1,976,476	1,854,533	130,879	2,127	-	1,987,539	6,153	4,206	704	-	11,063	-
Financial guarantees	1,995,500	1,946,951	46,977	5,819	-	1,999,747	2,020	412	1,815	-	4,247	-
Factoring loan commitments	365,440	348,659	12,386	5,136	-	366,181	482	53	206	-	741	-
Bill of credit	8,586	8,626	=	=	=	8,626	40	=	=	=	40	=
Loan commitments and financial guarantees total	<u>4,346,002</u>	<u>4,158,769</u>	<u>190,242</u>	<u>13,082</u>	<u>=</u>	<u>4,362,093</u>	<u>8,695</u>	<u>4,671</u>	<u>2,725</u>	<u>=</u>	<u>16,091</u>	<u>=</u>

NOTE 26: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

26.1. Credit risk [continued]

26.1.2. Collaterals

The collateral value held by the Bank by collateral types is as follows (**total collateral value**). The collaterals cover loans as well as off-balance sheet exposures.

Types of collateral	30 June 2024	31 December 2023
Mortgages	2,075,257	1,977,401
Guarantees and warranties	2,007,928	1,961,382
Deposit	490,809	214,085
<i>from this: Cash</i>	344,009	94,486
<i>Securities</i>	146,800	119,599
Other	120	147
Total	<u>4,574,114</u>	<u>4,153,015</u>

The collateral value held by the Bank by collateral types is as follows (**to the extent of the exposures**). The collaterals cover loans as well as off-balance sheet exposures.

Types of collateral	30 June 2024	31 December 2023
Mortgage	1,546,588	1,523,976
Guarantees and warranties	1,792,516	1,662,645
Deposit	390,296	145,591
<i>from this: Cash</i>	338,875	89,211
<i>Securities</i>	51,421	56,380
Other	120	90
Total	<u>3,729,520</u>	<u>3,332,302</u>

The coverage level of loan portfolio to the extent of the exposures increased from 49,89% to 48,62% as at 30 June 2024, while the coverage to the total collateral value decreased from 55,09% to 59,63%.

NOTE 26: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

26.1. Credit risk [continued]

26.1.2. Collaterals [continued]

Maximum exposure to credit risk as at 30 June 2024

	Maximum exposure to credit risk	Fair value of collateral							Collateral total	Net exposure	Coverage	ECL
		Cash	Securities	Guarantees	Property	Other	Offsetting arrangements	Surplus				
Cash, amounts due from banks and balances with the National Bank of Hungary	2,858,762	-	-	-	-	-	-	-	-	2,858,762	0%	540
Placements with other banks	2,759,756	-	-	-	-	-	-	-	-	2,759,756	0%	5,530
Repo receivables	147,472	-	162,168	-	-	-	-	(15,048)	147,120	352	100%	260
<i>Retail consumer loans</i>	599,307	490	405	1,337	11,619	-	-	(4,721)	9,130	590,177	2%	58,259
<i>Mortgage loans</i>	50,155	-	-	2,334	383,470	-	-	(335,649)	50,155	-	100%	1,036
<i>Municipal loans</i>	87,589	3	-	8,511	11,286	-	-	(6,009)	13,791	73,798	16%	1,898
<i>Corporate loans</i>	6,803,240	50,455	210,607	943,018	2,819,519	15	-	(1,828,447)	2,195,167	4,608,073	32%	90,906
Loans at amortised cost	7,540,291	50,948	211,012	955,200	3,225,894	15	-	(2,174,826)	2,268,243	5,272,048	30%	152,099
Securities at amortised cost	4,034,500	-	-	-	-	-	-	-	-	4,034,500	0%	29,476
Financial assets at amortised cost total	17,340,781	50,948	373,180	955,200	3,225,894	15	-	(2,189,874)	2,415,363	14,925,418	14%	187,905
Derivative financial assets	181,213	61,510	-	-	-	-	45,330	-	106,840	74,373	59%	-
Held-for-trading financial assets	68,004	-	-	-	-	-	-	-	-	68,004	0%	-
mFVTPL securities	33,381	-	-	-	-	-	-	-	-	33,381	0%	-
mFVTPL loans	957,458	-	-	879,605	-	-	-	(41,195)	838,410	119,048	88%	-
Financial assets at fair value through profit or loss total	1,240,056	61,510	-	879,605	-	-	45,330	(41,195)	945,250	294,806	76%	-
FVOCI debt instruments	539,777	-	-	-	-	-	-	-	-	539,777	0%	39,377
FVOCI debt instruments total	539,777	-	-	-	-	-	-	-	-	539,777	0%	39,377
Financial assets total	19,120,614	112,458	373,180	1,834,805	3,225,894	15	45,330	(2,231,069)	3,360,613	15,760,001	18%	227,282
Financial guarantees	2,220,484	289,306	1,571	21,094	153,802	-	-	(48,141)	417,632	1,802,852	19%	5,072
Accreditive	10,770	-	-	-	-	-	-	-	-	10,770	0%	15
Off-balance sheet items total	2,231,254	289,306	1,571	21,094	153,802	-	-	(48,141)	417,632	1,813,622	19%	5,087
Total	21,351,868	401,764	374,751	1,855,899	3,379,696	15	45,330	(2,279,210)	3,778,245	17,573,623	18%	232,369

NOTE 26: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

26.1. Credit risk [continued]

26.1.2. Collaterals [continued]

Maximum exposure to credit risk as at 31 December 2023

	Maximum exposure to credit risk	Fair value of collateral							Surplus	Collateral total	Net exposure	Coverage	ECL
		Cash	Securities	Guarantees	Property	Other	Offsetting arrangements						
Cash, amounts due from banks and balances with the National Bank of Hungary	2,708,627	-	-	-	-	-	-	-	-	2,708,627	0%	395	
Placements with other banks	2,709,308	-	-	-	-	-	-	-	-	2,709,308	0%	6,875	
Repo receivables	202,025	-	220,654	-	-	-	-	(21,868)	198,786	3,239	98%	367	
<i>Retail consumer loans</i>	636,144	1,621	204	1,941	10,975	-	-	(7,128)	7,613	628,531	1%	63,232	
<i>Mortgage loans</i>	55,215	-	-	2,515	386,730	-	-	(334,122)	55,123	92	100%	1,219	
<i>Municipal loans</i>	103,472	1	-	9,191	11,900	-	-	(5,990)	15,102	88,370	15%	1,469	
<i>Corporate loans</i>	6,387,663	40,251	255,404	903,666	2,472,799	242	-	(1,606,100)	2,066,262	4,321,401	32%	93,299	
Loans at amortised cost	7,182,494	41,873	255,608	917,313	2,882,404	242	-	(1,953,340)	2,144,100	5,038,394	30%	159,219	
Securities at amortised cost	2,737,073	-	-	-	-	-	-	-	-	2,737,073	0%	26,225	
Financial assets at amortised cost total	15,539,527	41,873	476,262	917,313	2,882,404	242	-	(1,975,208)	2,342,886	13,196,641	15%	193,081	
Derivative financial assets	218,427	60,721	-	-	-	-	76,853	-	137,574	80,853	63%	-	
Held-for-trading financial assets	27,804	-	-	-	-	-	-	-	-	27,804	0%	-	
mFVTPL securities	32,932	-	-	-	-	-	-	-	-	32,932	0%	-	
mFVTPL loans	934,848	-	-	865,054	-	-	-	(44,555)	820,499	114,349	88%	-	
Financial assets at fair value through profit or loss total	1,214,011	60,721	-	865,054	-	-	76,853	(44,555)	958,073	255,938	79%	-	
FVOCI debt instruments	538,350	-	-	-	-	-	-	-	-	538,350	0%	24,345	
FVOCI debt instruments total	538,350	-	-	-	-	-	-	-	-	538,350	0%	24,345	
Financial assets total	17,291,888	102,594	476,262	1,782,367	2,882,404	242	76,853	(2,019,763)	3,300,959	13,990,929	19%	217,426	
Financial guarantees	1,999,747	47,241	1,801	19,442	65,799	-	-	(44,554)	89,729	1,910,018	4%	4,247	
Accreditive	8,626	-	-	-	-	-	-	-	-	8,626	0%	40	
Off-balance sheet items total	2,008,373	47,241	1,801	19,442	65,799	-	-	(44,554)	89,729	1,918,644	4%	4,287	
Total	19,300,261	149,835	478,063	1,801,809	2,948,203	242	76,853	(2,064,317)	3,390,688	15,909,573	18%	221,713	

NOTE 26: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]**26.1. Credit risk [continued]****26.1.2. Collaterals**

Returns from realization of collaterals taken into possession by types of collateral

Types of collateral	30 June 2024	31 December 2023
Real estate	56	178
Guarantee	15,932	25,509
Bail	6	-
Other	72	80
Proceeds from enforcement of collaterals	<u>16,066</u>	<u>25,767</u>

26.1.3. Restructured loans

	30 June 2024		31 December 2023	
	Gross portfolio	Loss allowance	Gross portfolio	Loss allowance
Consumer loans	15,770	(8,558)	12,757	(7,064)
Mortgage loans	2,362	(54)	1,829	(65)
Corporate loans	67,192	(2,596)	103,897	(5,312)
SME loans	17,009	(970)	21,555	(1,508)
Municipal loans	74	(1)	75	(1)
Total	<u>102,407</u>	<u>(12,179)</u>	<u>140,114</u>	<u>(13,949)</u>

Restructured portfolio definition

The forbore definition used by the Bank is based on EU 2015/227 regulation.

Restructuring (forbearance) is a modification of the contract – initiated by either the client or the bank – that provides a concession or allowance towards the client in respect to the client’s current or future financial difficulties. The table of restructured loans contains exposures classified as performing forbore. An exposure is considered performing forbore if the conditions of the non-performing status are not met at the time of the restructuring, or the exposure fulfilled the requirements of the minimum one-year cure period as non-performing forbore.

The loan volume of Hungarian entities classified as performing forbore exclusively due to moratoria participation decreased significantly due the expiration of the probation period for retail exposures.

NOTE 26: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

26.2 Capital management

Capital management

The primary objective of the capital management of the Bank is to ensure the prudent operation, the entire compliance with the prescriptions of the regulator for a persistent business operation and maximising the shareholder value, accompanied by an optimal financing structure.

The capital management of the Bank includes the management and evaluation of the shareholders' equity available for hedging risks, other types of funds to be recorded in the equity and all material risks to be covered by the capital.

The basis of the capital management of the Bank in the short run is the continuous monitoring of its capital position, in the long run the strategic and the business planning, which includes the monitoring and forecast of the capital position of the Bank.

The Bank maintains the capital adequacy required by the regulatory bodies and the planned risk taking mainly by means of ensuring and developing its profitability. In case the planned risk level of the Bank exceeded its Core and Supplementary capital, the Bank ensures the prudent operation by occasional measures. A further tool in the capital management of the Bank is the dividend policy, and the transactions performed with the treasury shares.

Capital adequacy¹

The Capital Requirements Directive package (CRDIV/CRR) transposes the global standards on banking regulation (commonly known as the Basel III agreement) into the EU legal framework. The rules are applied from 1 January 2014. They set stronger prudential requirements for institutions, requiring them to keep sufficient capital reserves and liquidity. This framework makes institutions in the EU more solid and strengthens their capacity to adequately manage the risks linked to their activities, and absorb any losses they may incur in doing business.

The Bank has entirely complied with the regulatory capital requirements in 2024 as well as in 2023.

The Bank's capital adequacy calculation is in line with IFRS and based on Basel III as at 30 June 2024 and 31 December 2023. The Bank uses the standard method for determining the regulatory capital requirements of the credit risk and market risk while in case of the operational risk the Advanced Measurement Approach (AMA).

¹ The dividend amount planned to pay out / paid out is deducted from reserves.

NOTE 26: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

26.2 Capital management

Capital adequacy ratio as at 30 June 2024 and 31 December 2023:

Capital adequacy

	30 June 2024 Basel III	31 December 2023 Basel III
Core capital (Tier 1)	2,446,057	2,186,422
<i>Primary core capital (CET1)</i>	<i>2,446,057</i>	<i>2,186,422</i>
Supplementary capital (Tier 2)	325,631	500,555
Regulatory capital	<u>2,771,688</u>	<u>2,686,977</u>
Credit risk capital requirement	743,209	719,575
Market risk capital requirement	29,652	27,799
Operational risk capital requirement	30,279	30,324
Total eligible regulatory capital	<u>803,140</u>	<u>777,698</u>
Surplus capital	<u>1,968,548</u>	<u>1,909,279</u>
CET 1 ratio	24.36%	22.49%
Capital adequacy ratio	<u>27.61%</u>	<u>27.64%</u>

Basel III:

Common equity Tier 1 capital (CET1):

Issued capital, Capital reserve, useable part of Tied-up reserve, General reserve, Profit reserve, Profit for the year, Treasury shares, Intangible assets, deductions due to investments, adjustments due to temporary disposals

Tier 2 capital:

Subsidiary loan capital, Subordinated loan capital, deductions due to repurchased loan capital and Subordinated loan capital issued by the OTP Bank, adjustments due to temporary disposals.

NOTE 27: 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>	<i>1,120,239</i>	<i>1,177,213</i>
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>

NOTE 28: RELATED PARTY TRANSACTIONS (in HUF mn)

Outstanding balances and transactions with related parties are summarized below in aggregate:

Statement of financial position

	30 June 2024		31 December 2023	
	Associated companies and other companies	Other related parties	Associated companies and other companies	Other related parties
Cash, amounts due from banks and balances with the National Bank of Hungary	19,240	-	11,568	-
Placements with other banks	2,454,126	-	2,202,179	-
Repo receivables	96,972	-	183,394	-
Held for trading securities	23	-	16	-
Held for trading derivative financial instruments:	45,840	-	43,808	-
Financial assets at fair value through other comprehensive income	272,887	-	273,400	-
Securities at amortised cost	-	618	-	609
Loans at amortised cost	1,005,893	51,179	979,319	56,353
Loans mandatorily measured at fair value through profit or loss	-	34	-	42
Right of use assets	24,446	-	25,972	-
Derivative financial assets designated as hedge accounting relationships	1,638	-	1,345	-
Other assets	<u>165,507</u>	<u>313</u>	<u>173,687</u>	<u>280</u>
Total Assets	<u>4,086,572</u>	<u>52,144</u>	<u>3,894,688</u>	<u>57,284</u>
Amounts due to banks and deposits from the National Bank of Hungary and other banks	(1,380,132)	-	(998,512)	-
Repo liabilities	(380,786)	-	(317,457)	-
Deposits from customers	(306,138)	-	(300,557)	(78,840)
Leasing liabilities	(25,632)	-	(26,948)	-
Liabilities from issued securities	(14,751)	-	(13,019)	-
Derivative financial liabilities designated as held for trading	(30,165)	-	(24,137)	-
Derivative financial liabilities designated as hedge accounting relationships	(6,478)	-	(898)	-
Other liabilities	<u>(20,413)</u>	<u>-</u>	<u>(14,681)</u>	<u>-</u>
Total Liabilities	<u>(2,164,495)</u>	<u>-</u>	<u>(1,696,209)</u>	<u>(78,840)</u>
Off balance sheet items				
Guarantees	(1,302,709)	(606)	(1,324,353)	(10,209)
Loan commitments	(60,847)	(43,852)	(59,569)	(49,294)
Factoring loan commitments	<u>(1,223)</u>	<u>(9,989)</u>	<u>(1,094)</u>	<u>(2,977)</u>
Total	<u>(1,364,818)</u>	<u>(54,447)</u>	<u>(1,385,016)</u>	<u>(62,480)</u>

NOTE 28: RELATED PARTY TRANSACTIONS (in HUF mn) [continued]

Outstanding balances and transactions with related parties are summarized below in aggregate: [continued]

Statement of Profit or Loss

	Six month period ended 30 June 2024	Year ended 31 December 2023
Interest Income	179,983	419,368
Interest Expense	(118,464)	(291,054)
Risk cost	2,739	20,067
(Losses)/Gains arising from derecognition of financial assets measured at amortised cost	36	968
Income from fees and commissions	22,483	35,577
Expenses from fees and commissions	(984)	(3,599)
Other administrative expenses	(6,309)	(11,778)

Related party transactions with key management

The compensation of key management, such as the members of the Board of Directors, the members of the Supervisory Board and the employees involved in the decision-making process in accordance with the compensation categories defined in IAS 24 Related Party Disclosures, is summarised below:

	30 June 2024	31 December 2023
Short-term employee benefits	1,933	3,379
Share-based payment	1,649	1,732
Long-term employee benefits (on the basis of IAS 19)	<u>169</u>	<u>320</u>
Total	<u>3,751</u>	<u>5,431</u>

	30 June 2024	31 December 2023
Loans provided to companies owned by the Management (in the normal course of business)	51,179	56,353
Commitments to extend credit and bank guarantees	54,447	62,480

An analysis of payment to Executives related to their activity in Board of Directors and Supervisory Board is as follows (in HUF mn):

	30 June 2024	31 December 2023
Members of Board of Directors	2,059	1,283
Members of Supervisory Board	<u>123</u>	<u>225</u>
Total	<u>2,182</u>	<u>1,508</u>

In the normal course of business, OTP Bank enters into other transactions with its subsidiaries, the amounts and volumes of which are not significant to these financial statements taken as a whole.

NOTE 29: EARNINGS PER SHARE

Earnings per share attributable to the Bank's ordinary shares are determined by dividing Net profit for the year attributable to ordinary shareholders, after the deduction of declared preference dividends, by the weighted average number of ordinary shares outstanding during the year. Dilutive potential ordinary shares are deemed to have been converted into ordinary shares.

	30 June 2024	31 December 2023
Net profit for the year attributable to ordinary shareholders (in HUF mn)	468,983	654,988
Weighted average number of ordinary shares outstanding during the year for calculating basic EPS (number of share)	278,614,280	279,485,921
Basic Earnings per share (in HUF)	<u>1,683</u>	<u>2,344</u>
Separate net profit for the year attributable to ordinary shareholders (in HUF mn)	468,983	654,988
Modified weighted average number of ordinary shares outstanding during the year for calculating diluted EPS (number of share)	278,619,971	279,490,541
Diluted Earnings per share (in HUF)	<u>1,683</u>	<u>2,344</u>
	30 June 2024	31 December 2023
Weighted average number of ordinary shares	280,000,010	280,000,010
Average number of Treasury shares	(1,385,730)	(514,089)
Weighted average number of ordinary shares outstanding during the year for calculating basic EPS	<u>278,614,280</u>	<u>279,485,921</u>
Dilutive effect of options issued in accordance with the Remuneration Policy / Management Option Program and convertible into ordinary shares	5,691	4,620
The modified weighted average number of ordinary shares outstanding during the year for calculating diluted EPS	<u>278,619,971</u>	<u>279,490,541</u>

NOTE 30: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn)

In determining the fair value of a financial asset or liability the Bank in the case of instruments that are quoted on an active market uses the market price. In most cases market price is not publicly available so the Bank has to make assumptions or use valuation techniques to determine the fair value of a financial instrument. See Note 30. d) for more information about fair value classes applied for financial assets and liabilities measured at fair value in these financial statements.

To provide a reliable estimate of the fair value of those financial instrument that are originally measured at amortised cost, the Bank used the discounted cash flow analysis (loans, placements with other banks, amounts due to banks, deposits from customers). The fair value of issued securities and subordinated bonds is based on quoted prices (e.g, Reuters), Cash and amounts due from banks and balances with the National Bank of Hungary represent amounts available immediately thus the fair value equals to the cost.

The assumptions used when calculating the fair value of financial assets and liabilities when using valuation technique are the following:

- the discount rates are the risk free rates related to the denomination currency adjusted by the appropriate risk premium as of the end of the reporting period,
- the contractual cash flows are considered for the performing loans and for the non-performing loans, the amortised cost less impairment is considered as fair value,
- the future cash flows for floating interest rate instruments are estimated from the yield curves as of the end of the reporting period,
- the fair value of the deposit which can be due in demand cannot be lower than the amount payable on demand.

For classes of assets and liabilities not measured at fair value in the statement of financial position, the income approach was used to convert future cash flows to a single current amount. Fair value of current assets is equal to carrying amount, fair value of liabilities from issued securities and other bond-type classes of assets and liabilities not measured at fair value measured based on Reuters market rates and, fair value of other classes not measured at fair value of the statement of financial position are measured using the discounted cash flow method. Fair value of loans, net of allowance for loan losses measured using discount rate adjustment technique, the discount rate is derived from observed rates of return for comparable assets or liabilities that are traded in the market.

Methods and significant assumptions used to determine fair value of the different classes of financial instruments:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly;
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Use of modified yield curve

Yield curves derived from hungarian government bonds (“ÁKK curve”) have become distorted due to certain market events, which means that real liquidity has concentrated on certain part of the yield curve. Therefore a modified yield curve - which is not observable on the market - has been used at the concerning fair value calculations. This yield curve is based on the relevant yield curve points of the original ÁKK curve. Based on Management’s discretion fair value calculated with modified yield curves can represent the perspective of market participants reliable at current market conditions.

Modified yield curve was used for calculating fair value in case of subsidised personal loans represented in “Loans mandatorily measured at fair value through profit or loss” line.

NOTE 30: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]**a) Fair value of financial assets and liabilities at amortised cost**

	30 June 2024					31 December 2023				
	Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3
Cash, amounts due from banks and balances with the National Bank of Hungary	2,858,762	2,858,762	2,858,762	-	-	2,708,232	2,708,232	2,708,232	-	-
Placements with other banks	2,759,756	2,938,085	1,366,557	1,571,528	-	2,702,433	2,933,781	1,509,113	1,424,668	-
Repo receivables	147,472	147,754	-	147,754	-	201,658	201,742	-	201,742	-
Securities at amortised cost	4,034,500	3,749,608	2,211,102	1,524,230	14,276	2,710,848	2,494,227	2,236,994	238,837	18,396
Loans at amortised cost	4,766,363	4,907,748	-	-	4,907,748	4,681,359	4,824,169	-	-	4,824,169
Other financial assets	<u>333,399</u>	<u>333,399</u>	-	-	<u>333,399</u>	<u>298,838</u>	<u>298,838</u>	-	-	<u>298,838</u>
Total assets measured at amortised cost	<u>14,900,252</u>	<u>14,935,356</u>	<u>6,436,421</u>	<u>3,243,513</u>	<u>5,255,423</u>	<u>13,303,368</u>	<u>13,460,989</u>	<u>6,454,339</u>	<u>1,865,247</u>	<u>5,141,403</u>
Amounts due to banks, deposits from the National Bank of Hungary and other banks	2,164,274	2,112,197	896,443	1,215,754	-	1,761,579	1,709,710	609,288	1,100,422	-
Repo liabilities	608,768	614,554	-	614,554	-	443,694	457,508	-	457,508	-
Deposits from customers	11,103,152	11,100,273	-	11,100,273	-	10,734,325	10,741,597	-	10,741,597	-
Leasing liabilities	68,828	68,810	-	-	68,810	68,282	68,328	-	-	68,328
Liabilities from issued securities	1,611,265	1,656,318	1,656,318	-	-	1,163,109	1,201,901	1,201,901	-	-
Subordinated bonds and loans	542,469	544,593	544,593	-	-	520,296	421,030	421,030	-	-
Other financial liabilities	<u>288,912</u>	<u>288,912</u>	-	-	<u>288,912</u>	<u>243,319</u>	<u>243,319</u>	-	-	<u>243,319</u>
Total liabilities measured at amortised cost	<u>16,387,668</u>	<u>16,385,657</u>	<u>3,097,354</u>	<u>12,930,581</u>	<u>357,722</u>	<u>14,934,604</u>	<u>14,843,393</u>	<u>2,232,219</u>	<u>12,299,527</u>	<u>311,647</u>

b) Derivative financial instruments

OTP Bank regularly enters into hedging transactions in order to decrease its financial risks. However some economically hedging transaction do not meet the criteria to account for hedge accounting, therefore these transactions were accounted as derivatives held for trading. Net investment hedge in foreign operations is not applicable in separate financial statements.

NOTE 30: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

b) Derivative financial instruments [continued]

The assessment of the hedge effectiveness (both for fair value hedges and cash flow hedges) to determine the economic relationship between the hedged item and the hedging instrument is accomplished with prospective scenario analysis via different rate shift scenarios of the relevant risk factor(s) of the hedged risk component(s). The fair value change of the hedged item and the hedging instrument is compared in the different scenarios. Economic relationship is justified if the change of the fair value of the hedged item and the hedging instrument are in the opposite direction and the absolute changes are similar amounts. The hedge ratio is determined as the ratio of the notional of the hedged item and the notional of the hedging instrument. The sources of hedge ineffectiveness are the not hedged risk components (e.g. change of cross currency basis spreads in case of interest rate risk hedges), slight differences in maturity dates and interest payment dates in case of fair value hedges, and differences between the carrying amount of the hedged item and the carrying amount of the hedging instrument in case of FX hedges (e.g. caused by interest rate risk components in the fair value of the hedging instrument).

Fair value of derivative financial instruments¹

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

	30 June 2024					31 December 2023				
	Before netting		Netting	After netting		Before netting		Netting	After netting	
	Assets	Liabilities		Assets	Liabilities	Assets	Liabilities		Assets	Liabilities
Held for trading derivative financial instruments										
Interest rate derivatives										
Interest rate swaps	115,209	(98,408)	103,141	12,068	4,733	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	-	103	-	(214)	-	-	(214)
Total interest rate derivatives (OTC derivatives)	122,922	(105,303)	103,244	19,678	(2,059)	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)

¹ Certain derivative financial assets and liabilities are offset and the net amount is presented in accordance with IAS 32 in the Statement of Financial Position. The Bank has the ability and the intention to settle those instruments on a net basis, which are settled through the same clearing house.

NOTE 30: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

b) Derivative financial instruments [continued]¹

Fair value of derivative financial instruments [continued]

	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)	22,237	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)	22,237	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	282,202	(242,776)	121,796	160,406	(120,980)	133,176	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)	1,066	-	(9,935)	1,066	(1,066)	(8,869)
Total derivatives designated in cash flow hedges	-	(8,982)	1,010	(1,010)	(7,972)	1,066	-	(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)	25,130	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)
Foreign exchange swaps	-	-	-	-	-	-	-	-	-	-	-
Total derivatives designated in fair value microhedges	48,275	(42,489)	26,458	21,817	(16,031)	25,130	47,824	(43,733)	25,130	22,694	(18,603)
Interest rate swaps	1,559	(1,618)	1,559	-	(59)	168	168	(119)	168	-	49
Total derivatives designated in fair value macrohedges	1,559	(1,618)	1,559	-	(59)	168	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)	26,364	47,992	(53,787)	26,364	21,628	(27,423)

¹ Certain derivative financial assets and liabilities are offset and the net amount is presented in accordance with IAS 32 in the Statement of Financial Position. The Bank has the ability and the intention to settle those instruments on a net basis, which are settled through the same clearing house.

NOTE 30: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

c) **Derivative financial instruments [continued]¹**

Fair value of derivative financial instruments [continued]

Financial assets subject to offsetting, netting arrangement as at 30 June 2024

	Offsetting recognised on the balance sheet			Netting potential not recognised on the balance sheet			Assets not subject to netting arrangements	Total assets	Maximum exposure to risk
	Gross assets before offset	Offsetting with gross liabilities	Net assets recognised on the statement of financial position	Financial liabilities	Collateral received	Assets after consideration of netting potential	Assets recognised on the statement of financial position	Recognised in the statement of financial position	After consideration of netting potential
Derivative financial instruments	287,944	(150,822)	137,121	(45,330)	(61,510)	30,281	44,091	181,213	74,373

Financial liabilities subject to offsetting, netting arrangement as at 30 June 2024

	Offsetting recognised on the balance sheet			Netting potential not recognised on the balance sheet			Liabilities not subject to netting arrangements	Total liabilities	Maximum exposure to risk
	Gross liabilities before offset	Offsetting with gross assets	Net liabilities recognised on the statement of financial position	Financial assets	Collateral pledged	Liabilities after consideration of netting potential	Liabilities recognised on the statement of financial position	Recognised in the statement of financial position	After consideration of netting potential
Derivative financial instruments	281,088	(150,822)	130,265	(45,330)	(63,812)	21,124	14,776	145,042	35,900

¹ Certain derivative financial assets and liabilities are offset and the net amount is presented in accordance with IAS 32 in the Statement of Financial Position. The Bank has the ability and the intention to settle those instruments on a net basis, which are settled through the same clearing house.

NOTE 30: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

d) Derivative financial instruments [continued]¹

Fair value of derivative financial instruments [continued]

Financial assets subject to offsetting, netting arrangement as at 31 December 2023

	Offsetting recognised on the balance sheet			Netting potential not recognised on the balance sheet			Assets not subject to netting arrangements	Total assets	Maximum exposure to risk
	Gross assets before offset	Offsetting with gross liabilities	Net assets recognised on the statement of financial position	Financial liabilities	Collateral received	Assets after consideration of netting potential	Assets recognised on the statement of financial position	Recognised in the statement of financial position	After consideration of netting potential
Derivative financial instruments	324,446	(158,844)	165,602	(60,721)	(76,853)	28,028	52,825	218,427	80,853

Financial liabilities subject to offsetting, netting arrangement as at 31 December 2023

	Offsetting recognised on the balance sheet			Netting potential not recognised on the balance sheet			Liabilities not subject to netting arrangements	Total liabilities	Maximum exposure to risk
	Gross liabilities before offset	Offsetting with gross assets	Net liabilities recognised on the statement of financial position	Financial assets	Collateral pledged	Liabilities after consideration of netting potential	Liabilities recognised on the statement of financial position	Recognised in the statement of financial position	After consideration of netting potential
Derivative financial instruments	347,414	(158,844)	188,570	(60,721)	(103,563)	24,286	22,418	210,988	46,704

¹ Certain derivative financial assets and liabilities are offset and the net amount is presented in accordance with IAS 32 in the Statement of Financial Position. The Bank has the ability and the intention to settle those instruments on a net basis, which are settled through the same clearing house.

NOTE 30: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

e) Hedge accounting

Interest rate risk management is centralized at OTP Bank. Interest rate risk exposures in major currencies are managed at HQ on consolidated level. Although risk exposures in local currencies are managed at subsidiary level, the respective decisions are subject to HQ approval. Interest rate risk is measured by simulating NII and EVE under different stress and plan scenarios, the established risk limits are described in „OTP Bank’s Group-Level Regulations on the Management of Liquidity Risk and Interest Rate Risk of Banking Book”. The interest rate risk management activity aims to stabilize NII within the approved risk limits.

The risk management objective of these hedge relationships is to mitigate the risk of clean fair value (i.e. excluding accrued interest) change of MIRS loans due to the change of interest rate reference indexes (BUBOR, EURIBOR, LIBOR, etc.) of the respective currency.

Amount, timing and uncertainty of future cash flows - hedging instruments as at 30 June 2024 (amounts in million currency)

Type of hedge	Type of risk	Type of instrument	Within one month	Within three months and over one month	Within one year and over three months	Within five years and over one year	More than five years	Total
Fair Value Hedge	Interest rate risk	Interest rate swap						
		HUF						
		Notional	-	-	(27,700)	106,249	26,800	105,349
		Average Interest Rate (%)	-	-	-20.62%	5.60%	1.39%	
		EUR						
		Notional	-	-	(75)	(1,890)	-	(1,965)
		Average Interest Rate (%)	-	-	3.26%	3.22%	-	
		USD						
		Notional	-	-	-	(1,106)	47	(1,059)
		Average Interest Rate (%)	-	-	-	3.65%	4.18%	
Fair Value Hedge	FX & IR risk	JPY						
		Notional	-	-	-	4,500	-	4,500
		Average Interest Rate (%)	-	-	-	0.22%	-	
		Cross currency interest rate swap						
		EUR/HUF						
Notional	-	-	2	6	9	17		
Average Interest Rate (%)	-	-	(1.68%)	(1.74%)	(1.82%)			
Average FX Rate	-	-	310.15	309.21	307.71			

NOTE 30: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

e) *Hedge accounting [continued]*

Amount, timing and uncertainty of future cash flows - hedging instruments as at 30 June 2024 (amounts in million currency) [continued]

Type of hedge	Type of risk	Type of instrument	Within one month	Within three months and over one month	Within one year and over three months	Within five years and over one year	More than five years	Total
Fair Value Hedge	FX risk	Cross currency interest rate swap						
		EUR/HUF						
		Notional	-	2	172	1,502	-	1,676
		Average FX Rate	-	378.25	378.39	383.30	-	
		RON/HUF						
		Notional	-	-	1,000	625	-	1,625
		Average FX Rate	-	-	73.47	76.94	-	
		JPY/HUF						
		Notional	-	-	-	4,500	-	4,500
		Average FX Rate	-	-	-	2.43	-	
Fair Value Hedge	Other	Interest rate swap						
		HUF						
		Notional	-	-	537	-	-	537
		Average Interest Rate	-	-	-	2.46	-	
Cash flow Hedge	Interest rate risk	Interest rate swap						
		HUF						
Portfolio Fair Value Hedge	Interest rate risk	Interest rate swap						
		EUR						
		Notional	-	-	(170)	(680)	(340)	(1,190)
		Average Interest Rate	-	-	3.56	2.67	2.51	

NOTE 30: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

e) *Hedge accounting [continued]*

Amount, timing and uncertainty of future cash flows - hedging instruments as at 31 December 2023 (amounts in million currency)

Type of hedge	Type of risk	Type of instrument	Within one month	Within three months and over one month	Within one year and over three months	Within five years and over one year	More than five years	Total
Fair Value Hedge	Interest rate risk	Interest rate swap						
		HUF						
		Notional	-	-	(24,975)	102,049	28,300	105,374
		Average Interest Rate (%)	-	-	15.66%	15.25%	1.38%	
		EUR						
		Notional	-	-	-	(590)	-	(590)
		Average Interest Rate (%)	-	-	-	3.92%	-	
		USD						
		Notional	-	-	-	(1,106)	47	(1,059)
		Average Interest Rate (%)	-	-	-	3.65%	4.18%	
		JPY						
		Notional	-	-	-	4,500	-	4,500
Average Interest Rate (%)	-	-	-	0.22%	-			
Fair Value Hedge	FX & IR risk	Cross currency interest rate swap						
		EUR/HUF						
		Notional	-	1	2	8	10	21
		Average Interest Rate (%)	-	(1.69%)	(1.68%)	(1.73%)	(1.82%)	
		Average FX Rate	-	310.02	310.10	309.36	307.71	

NOTE 30: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

f) Hedge accounting [continued]

Amount, timing and uncertainty of future cash flows - hedging instruments as at 31 December 2023 (amounts in million currency)

Type of hedge	Type of risk	Type of instrument	Within one month	Within three months and over one month	Within one year and over three months	Within five years and over one year	More than five years	Total
Fair Value Hedge	FX risk	Cross currency interest rate swap						
		EUR/HUF						
		Notional	-	175	250	1,167	500	2,092
		Average FX Rate	-	356.12	359.11	383.36	381.11	
		RON/HUF						
		Notional	-	-	575	1,250	-	1,825
		Average FX Rate	-	-	73.75	74.94	-	
		JPY/HUF						
		Notional	-	-	-	4,500	-	4,500
		Average FX Rate	-	-	-	2.43	-	
		USD/HUF						
		Notional	-	-	143	-	-	143
Average FX Rate	-	-	357.16	-	-			
Fair Value Hedge	Other	Interest rate swap						
		HUF						
Cash flow Hedge	Interest rate risk	Interest rate swap						
		HUF						
		Notional	-	-	778	-	-	778
Other fair Value Hedge	Interest rate risk	Interest rate swap						
		HUF						
		Notional	-	-	-	28,027	-	28,027
Other fair Value Hedge	Interest rate risk	Interest rate swap						
		EUR						
		Notional	-	-	(60)	(240)	(120)	(420)
Other fair Value Hedge	Interest rate risk	Average Interest Rate	-	-	-	2.46	-	
		Average Interest Rate	-	-	3.54	2.61	2.42	

NOTE 30: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

e) Hedge accounting [continued]

Derivative financial instruments designated as hedge accounting as follows:

Type of instrument	Type of risk	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument for the six month period ended 30 June 2024			Line item in the statement of financial position where the hedging instrument is located	Changes in fair value used for calculating hedge ineffectiveness for the six month period ended 30 June 2024	
			Before netting Assets	Liabilities	Netting			After netting Assets
Fair value hedges								
Fair value hedge - micro								
Interest rate swap	Interest rate risk	1,746,432	37,622	(31,981)	26,458	11,164 (5,523)	Derivative assets (liabilities) held for risk management	184
Cross-currency swap	FX & IR risk	5,712	-	(1,477)	-	- (1,477)	Derivative assets (liabilities) held for risk management	4
Cross-currency swap	FX risk	853,818	10,557	(9,031)	-	10,557 (9,031)	Derivative assets (liabilities) held for risk management	(24)
Interest rate swap	Other	537	96	-	-	96 -	Derivative assets (liabilities) held for risk management	-
Cash flow hedge								
Interest rate swap	Interest rate risk	66,899	-	(8,982)	1,010	(1,010) (7,972)	Derivative assets (liabilities) held for risk management	(47)
Fair value hedge - macro								
Interest rate swap	Interest rate risk	470,229	1,559	(1,618)	1,559	- (59)	Derivative assets (liabilities) held for risk management	(138)

NOTE 30: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

e) Hedge accounting [continued]

Derivative financial instruments designated as hedge accounting as follows:

30 June 2024	Type of risk	Carrying amount of the hedged item		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Line item in the statement of financial position in which the hedged item is included
		Assets	Liabilities	Assets	Liabilities	
Fair value hedges - micro						
- Loans	<i>Interest rate risk</i>	28,039	-	(3,653)	-	Loans
- Loans	<i>Interest rate risk</i>	-	144,140	-	(7,325)	Amounts due to banks and deposits from the National Bank of Hungary and other banks
- Government bonds	<i>Interest rate risk</i>	164,688	-	4,763	-	Securities at amortised cost
- Government bonds	<i>Interest rate risk</i>	1,171,543	-	(19,673)	-	Securities at fair value through other comprehensive income
- Other securities	<i>Interest rate risk</i>	3,952	-	(200)	-	Securities at fair value through other comprehensive income
- Other securities	<i>Interest rate risk</i>	-	1,019,879	-	(1,421)	Liabilities from issued securities
- Other securities	<i>Interest rate risk</i>	-	234,569	-	(4,807)	Subordinated debts
- Loans	<i>FX & IR risk</i>	3,371	-	(124)	-	Loans
- Loans	<i>FX risk</i>	849,315	-	-	-	Loans
- Government bonds	<i>FX risk</i>	10,330	-	-	-	Securities at fair value through other comprehensive income
- Other securities	<i>Other risk</i>	=	537	=	(12)	Liabilities from issued securities
Fair value hedges total		<u>2,231,238</u>	<u>1,399,125</u>	<u>(18,887)</u>	<u>(13,565)</u>	
Fair value hedges - macro						
- Customer deposits		=	<u>465,599</u>	=	<u>(5,470)</u>	Customer deposits

NOTE 30: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

e) Hedge accounting [continued]

Derivative financial instruments designated as hedge accounting as follows:

Type of instrument	Type of risk	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument for the year ended 31 December 2023			Line item in the statement of financial position where the hedging instrument is located	Changes in fair value used for calculating hedge ineffectiveness for the year ended 31 December 2023
			Before netting Assets	Liabilities	Netting		
Fair value hedges							
Fair value hedge							
Interest rate swap	Interest rate risk	1,167,195	37,542	(33,055)	25,130	12,412 (7,925)	Derivative assets (liabilities) held for risk management 648
Cross-currency swap	FX & IR risk	6,394	-	(1,418)	-	- (1,418)	Derivative assets (liabilities) held for risk management (893)
Cross-currency swap	FX risk	997,565	10,173	(9,260)	-	10,173 (9,260)	Derivative assets (liabilities) held for risk management 6,699
Interest rate swap	Other	778	108	-	-	108 -	Derivative assets (liabilities) held for risk management 1
Cash flow hedge							
Interest rate swap	Interest rate risk	66,899	-	(9,935)	1,066	(1,066) (8,869)	Derivative assets (liabilities) held for risk management (84)
Fair value hedge - macro							
Interest rate swap	Interest rate risk	160,768	168	-119	168	- 49	Derivative assets (liabilities) held for risk management 32

NOTE 30: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

e) Hedge accounting [continued]

Derivative financial instruments designated as hedge accounting as follows:

31 December 2023	Type of risk	Carrying amount of the hedged item		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Line item in the statement of financial position in which the hedged item is included
		Assets	Liabilities	Assets	Liabilities	
Fair value hedges						
- Loans	<i>Interest rate risk</i>	26,839	-	(3,178)	-	Loans
- Loans	<i>Interest rate risk</i>	-	143,857	-	(11,249)	Loans
- Government bonds	<i>Interest rate risk</i>	164,229	-	7,808	-	Securities at amortised cost
- Government bonds	<i>Interest rate risk</i>	148,843	-	20,391	-	Securities at fair value through other comprehensive income
- Other securities	<i>Interest rate risk</i>	3,828	-	203	-	Securities at fair value through other comprehensive income
- Other securities	<i>Interest rate risk</i>	-	457,027	-	6,539	Liabilities from issued securities
- Other securities	<i>Interest rate risk</i>	-	219,989	-	(157)	Subordinated debts
- Loans	<i>FX & IR risk</i>	3,266	-	(96)	-	Loans
- Loans	<i>FX risk</i>	949,447	-	-	-	Loans
- Loans	<i>FX risk</i>	10,986	-	-	-	Securities at fair value through other comprehensive income
- Loans		49,378	-	-	-	Securities at amortised cost
- Other securities	<i>Other risk</i>	-	897	-	(39)	Liabilities from issued securities
Fair value hedges total		<u>1,356,816</u>	<u>821,770</u>	<u>25,128</u>	<u>(4,906)</u>	
Fair value hedges - macro						
- Customer deposits	<i>Other risk</i>	-	<u>157,543</u>	-	<u>84</u>	Customer deposits

NOTE 30: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]***e) Hedge accounting [continued]***

For the six month period ended 30 June 2024 OCI related to cash flow hedges as follows:

Type of risk	Carrying amount of the hedged item		Cash flow hedge reserve for the six month period ended 30 June 2024	Line item in the statement of financial position in which the hedged item is included
	Assets	Liabilities		
Interest rate risk	28,027	-	3,615	Loans at amortised cost

For the year ended 31 December 2023 OCI related to cash flow hedges as follows:

Type of risk	Carrying amount of the hedged item		Cash flow hedge reserve Year ended 2023	Line item in the statement of financial position in which the hedged item is included
	Assets	Liabilities		
Interest rate risk	28,027	-	3,509	Loans at amortised cost

For the six month period ended 30 June 2024 change in basis swap spread recognised in OCI related to fair value hedges as follows:

Type of risk	Carrying amount of the hedged item		Items recognised in OCI for the six month period ended 30 June 2024	Change in the items recognized in other comprehensive income for the six month period ended 30 June 2024	Line item in the statement of financial position in which the hedged item is included
	Assets	Liabilities			
FX risk	849,315	-	1,471	1,244	Loans at amortised cost
FX risk	<u>10,330</u>	=	<u>(30)</u>	<u>31</u>	FVOCI debt securities
	<u>859,645</u>	=	<u>1,441</u>	<u>1,275</u>	

For the year ended 31 December 2023 change in basis swap spread recognised in OCI related to fair value hedges as follows:

Type of risk	Carrying amount of the hedged item		Items recognised in OCI for the year ended 2023	Change in the items recognized in other comprehensive income Year ended 2023	Line item in the statement of financial position in which the hedged item is included
	Assets	Liabilities			
FX risk	949,447	-	167	530	Loans at amortised cost
FX risk	<u>10,986</u>	=	<u>(69)</u>	=	FVOCI debt securities
	<u>960,433</u>	=	<u>98</u>	<u>530</u>	

NOTE 30: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]***e) Hedge accounting [continued]***Change in the fair value of the hedging instrument related to cash flow hedge**30 June 2024**

Type of instrument	Type of risk	Change in the value of the hedging instrument recognised in cash flow hedge reserve	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
Interest rate swap	Interest rate risk	106	(47)	Interest Income from Placements with other banks, net of allowance for placement losses

For the six month period ended 30 June 2024 there were no reclassification from cash flow hedge reserve to profit or loss due to termination of hedging relationship.

31 December 2023

Type of instrument	Type of risk	Change in the value of the hedging instrument recognised in cash flow hedge reserve	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
Interest rate swap	Interest rate risk	-5,701	(85)	Interest Income from Placements with other banks, net of allowance for placement losses

For the year ended 31 December 2023 there were no reclassification from cash flow hedge reserve to profit or loss due to termination of hedging relationship.

NOTE 30: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]**f) Fair value classes**

Methods and significant assumptions used to determine fair value of the different classes of financial instruments:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly, Fair value measurements – in relation with instruments measured not at fair value – are categorized in level 2;
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

30 June 2024	Total	Level 1	Level 2	Level 3
Loans mandatorily at fair value through profit or loss	957,458	-	-	957,458
Financial assets at fair value through profit or loss	261,688	89,286	163,637	8,765
<i>from this: securities held for trading</i>	<i>68,004</i>	<i>62,796</i>	<i>5,208</i>	<i>-</i>
<i>from this: positive FVA of derivative financial instruments designated as held for trading</i>	<i>160,303</i>	<i>1,874</i>	<i>158,429</i>	<i>-</i>
<i>from this: securities mandatorily measured at fair value through profit or loss</i>	<i>33,381</i>	<i>24,616</i>	<i>-</i>	<i>8,765</i>
Equity instruments at fair value through other comprehensive income	23,400	23,400	-	-
Securities at fair value through other comprehensive income	539,777	233,610	275,897	30,270
Positive fair value of derivative financial instruments designated as hedge accounting	<u>20,807</u>	<u>-</u>	<u>20,807</u>	<u>-</u>
Financial assets measured at fair value total	<u>1,803,130</u>	<u>346,296</u>	<u>460,341</u>	<u>996,493</u>
Financial liabilities at fair value through profit or loss	18,610	-	-	18,610
Negative fair value of derivative financial instruments classified as held for trading	120,877	1,227	118,484	1,166
Short position	16,031	16,031	-	-
Negative fair value of derivative financial instruments designated as hedge accounting	<u>24,062</u>	<u>-</u>	<u>24,062</u>	<u>-</u>
Financial liabilities measured at fair value total	<u>179,580</u>	<u>17,258</u>	<u>142,546</u>	<u>19,776</u>

NOTE 30: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]**f) Fair value classes [continued]**

As at 31 December 2023	Total	Level 1	Level 2	Level 3
Loans mandatorily at fair value through profit or loss	934,848	-	-	934,848
Financial assets at fair value through profit or loss	257,535	44,106	204,414	9,015
<i>from this: securities held for trading</i>	<i>27,804</i>	<i>19,756</i>	<i>8,048</i>	<i>-</i>
<i>from this: positive FVA of derivative financial instruments designated as held for trading</i>	<i>196,799</i>	<i>433</i>	<i>196,366</i>	<i>-</i>
<i>from this: securities mandatorily measured at fair value through profit or loss</i>	<i>32,932</i>	<i>23,917</i>	<i>-</i>	<i>9,015</i>
Equity instruments at fair value through other comprehensive income	21,177	21,177	-	-
Securities at fair value through other comprehensive income	538,350	229,331	278,146	30,873
Positive fair value of derivative financial instruments designated as hedge accounting	<u>21,628</u>	<u>-</u>	<u>21,628</u>	<u>-</u>
Financial assets measured at fair value total	<u>1,773,538</u>	<u>294,614</u>	<u>504,188</u>	<u>974,736</u>
Financial liabilities at fair value through profit or loss	19,786	-	-	19,786
Negative fair value of derivative financial instruments classified as held for trading	183,565	451	179,414	3,700
Short position	19,107	19,107	-	-
Negative fair value of derivative financial instruments designated as hedge accounting	<u>27,423</u>	<u>-</u>	<u>27,423</u>	<u>-</u>
Financial liabilities measured at fair value total	<u>249,881</u>	<u>19,558</u>	<u>206,837</u>	<u>23,486</u>

The fair value of investment properties are categorized in level 3.

The fair value of investment in subsidiaries is presented in Note 10 and they are categorized in level 3.

Valuation techniques and sensitivity analysis on Level 2 instruments

The fair value of Level 2 instruments is calculated by discounting their expected interest and capital cash flows. Discounting is done with the respective swap curve of each currency.

Valuation techniques and sensitivity analysis on Level 3 instruments

Sensitivity analysis is performed on products with significant unobservable inputs (Level 3) to generate a range of reasonably possible alternative valuations. The sensitivity methodologies applied take account of the nature of the valuation techniques used, as well as the availability and reliability of observable proxy and historical data and the impact of using alternative models.

The calculation is based on range or spread data of reliable reference source or a scenario based on relevant market analysis alongside the impact of using alternative models. Sensitivities are calculated without reflecting the impact of any diversification in the portfolio.

NOTE 30: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]***f) Fair value classes [continued]*****Unobservable inputs used in measuring fair value**

Class of financial instrument	Type of financial instrument	Valuation technique	Significant unobservable input	Range of estimates for unobservable input
Financial assets at fair value through profit or loss	VISA C shares	Market approach combined with expert judgement	Discount applied due to illiquidity and litigation	+/-12%
Loans mandatorily at fair value through profit or loss	MFB refinancing loans	Discounted cash flow model	Probability of default	+/- 20%
Loans mandatorily at fair value through profit or loss	Subsidised personal loans	Discounted cash flow model	Probability of default	+/- 20%
Loans mandatorily at fair value through profit or loss	Subsidised personal loans	Discounted cash flow model	Operational costs	+/- 20%
Loans mandatorily at fair value through profit or loss	Subsidised personal loans	Discounted cash flow model	Demography	Change in the cash flow estimation +/- 5%
Securities at fair value through other comprehensive income	FVOCI debt securities	Market approach combined with expert judgement	Credit risk	+/-15%

NOTE 30: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]**f) Fair value classes [continued]****The effect of unobservable inputs on fair value measurement**

Although the Bank believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3 changing the assumptions used to reasonably possible alternative assumptions would have the following effects.

30 June 2024	Class of financial instrument	Unobservable inputs	Carrying amount	Fair values		Effect on profit and loss	
				Favourable	Unfavourable	Favourable	Unfavourable
VISA C shares	Financial assets at fair value through profit or loss	Illiquidity	1,981	2,219	1,743	238	(238)
MFB refinancing loans	Loans mandatorily at fair value through profit or loss	Probability of default	17,630	18,024	17,236	394	(394)
Subsidised personal loans	Loans mandatorily at fair value through profit or loss	Probability of default	935,917	937,897	933,948	1,980	(1,969)
Subsidised personal loans	Loans mandatorily at fair value through profit or loss	Operational costs	935,917	941,349	930,517	5,432	(5,400)
Subsidised personal loans	Loans mandatorily at fair value through profit or loss	Demography	935,917	936,624	935,363	707	(554)
Russian government bonds	Securities at fair value through other comprehensive income	Probability of default	30,270	40,020	20,520	9,750	(9,750)
31 December 2023	Class of financial instrument	Unobservable inputs	Carrying amount	Fair values		Effect on profit and loss	
				Favourable	Unfavourable	Favourable	Unfavourable
VISA C shares	Financial assets at fair value through profit or loss	Illiquidity	1,808	2,024	1,590	217	(217)
MFB refinancing loans	Loans mandatorily at fair value through profit or loss	Probability of default	19,154	19,499	18,809	345	(345)
Subsidised personal loans	Loans mandatorily at fair value through profit or loss	Probability of default	911,190	913,292	909,097	2,102	(2,093)
Subsidised personal loans	Loans mandatorily at fair value through profit or loss	Operational costs	911,190	916,712	905,728	5,522	(5,462)
Subsidised personal loans	Loans mandatorily at fair value through profit or loss	Demography	911,190	911,939	910,577	749	(613)
Russian government bonds	Securities at fair value through other comprehensive income	Probability of default	30,873	37,051	24,695	6,178	(6,178)

NOTE 30: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

f) Fair value classes [continued]

The effect of unobservable inputs on fair value measurement [continued]

The favourable and unfavourable effects of using reasonably possible alternative assumptions for the valuation of Visa C shares have been calculated by modifying the discount rate used for the valuation by +/-12% as being the best estimates of the management as at 30 June 2024 and 31 December 2023 respectively.

In the case of MFB refinancing loans and subsidised personal loans the Bank calculated the favourable and unfavourable effects of using reasonably possible alternative assumptions by modifying the rates of probability of default by +/- 20% as one of the most significant unobservable input.

In case of subsidised personal loans operational cost and factors related to demography are considered as unobservable inputs to the applied fair value calculation model in addition to credit risk.

The Bank calculated the favourable and unfavourable effects of using reasonably possible alternative assumptions by modifying the rates of operational costs by +/- 20% as one of the most significant unobservable input.

In case of subsidised personal loans cash flow estimation are based on assumption related to the future number of childbirths performed by the debtors both in the current and the comparative period. According to the assumptions used in comparative period 15% of the debtors will not fulfill the conditions of the subsidy determined by the government after 5 years ("breach of conditions"), thereby debtors will be obliged to pay back advanced interest subsidy given in advance. Furthermore, in this case subsidised loans are converted to loans provided based on market conditions. Loans are prepaid by the government as part of the subsidy after the second and the third childbirth following the signatory of the loan contract. The Bank calculated the favourable and unfavourable effects of using reasonably possible alternative assumptions by modifying the demographical assumption of breach of conditions by +/- 5% as one of the most significant unobservable input in the cash flow estimation.

For the year ended 31 December 2022 the Bank used a new and more complex model for cash flow calculations of the subsidised personal loans. The new model uses more scenarios compared to the previous one. These scenarios based on the above mentioned events (first second and third child births after signatory and breach of conditions) and also the event of divorce. The model uses public statistical information to estimate the outcome of these possible future events. The Bank calculated the favourable and unfavourable effects of using reasonably possible alternative assumptions by modifying the demographical assumption of future child births by +/-5% as one of the most significant unobservable input in the cash flow estimation.

The favourable and unfavourable effects of using reasonably possible alternative assumptions for the valuation of FVOCI debt securities have been calculated by modifying the credit risk rate used for the valuation by +/-15% as being the best estimates of the management as at 30 June 2024 and 31 December 2023 respectively.

NOTE 30: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]**f) Fair value classes [continued]****The effect of unobservable inputs on fair value measurement [continued]****Reconciliation of the opening and closing balances of Level 3 instruments for the six month period ended 30 June 2024**

	Opening balance	Change in FVA due to credit risk	Change in FVA due to market factors	Purchases/ Disbursement	Settlement/ Sales	Closing balance
Loans mandatorily measured at fair value through profit or loss	934,848	1,530	7,311	48,438	(34,669)	957,458
Securities mandatorily measured at fair value through profit or loss	9,015	-	(250)	-	-	8,765
Derivative financial instruments designated as held for trading	(3,700)	-	2,534	-	-	(1,166)
Securities at fair value through other comprehensive income	30,873	(5,252)	4,649	-	-	30,270
Financial liabilities at fair value through profit or loss	<u>(19,786)</u>	=	416	=	760	<u>(18,610)</u>
Total	<u>951,250</u>	<u>(3,722)</u>	<u>14,660</u>	<u>48,438</u>	<u>(33,909)</u>	<u>976,717</u>

Reconciliation of the opening and closing balances of Level 3 instruments for the year ended 31 December 2023

	Opening balance	Change in FVA due to credit risk	Change in FVA due to market factors	Purchases/ Disbursement	Settlement/ Sales	Closing balance
Loans mandatorily measured at fair value through profit or loss	793,242	(980)	93,257	103,725	(54,396)	934,848
Securities mandatorily measured at fair value through profit or loss	9,374	-	(359)	-	-	9,015
Derivative financial instruments designated as held for trading	(650)	-	(3,050)	-	-	(3,700)
Securities at fair value through other comprehensive income	27,415	1,423	2,035	-	-	30,873
Financial liabilities at fair value through profit or loss	<u>(16,576)</u>	=	<u>(4,542)</u>	=	1,332	<u>(19,786)</u>
Total	<u>812,805</u>	<u>443</u>	<u>87,341</u>	<u>103,725</u>	<u>(53,064)</u>	<u>951,250</u>

NOTE 31: ASSETS CLASSIFIED AS HELD-FOR-SALE (in HUF mn)

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 total selling price is EUR 347.5 million from which EUR 335 million is related to OTP Bank Romania S.A. Therefore impairment gain was recorded in amount of HUF 41 billion in the Separate Statement of Profit or Loss related to investment of OTP Bank Romania S.A., after that the carrying amount was reclassified to „Non-current asset held for sale” in the Separate Statement of Financial Position.

For further information about the financial closing of the transaction please see Note 32.

NOTE 32: 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.