OTP BANK PLC.

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

FOR THE YEAR ENDED
31 DECEMBER 2024

OTP BANK PLC.

CONTENTS

OTP BANK PLC.
SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024
(in HUF mn)

	Note	31 December 2024	31 December 2023
Cash, amounts due from banks and balances with the National Bank of Hungary	5.	2,075,179	2,708,232
Placements with other banks	6.	2,948,536	2,702,433
Repo receivables	7.	238,079	201,658
Financial assets at fair value through profit or loss	8.	651,236	257,535
Financial assets at fair value through other comprehensive income	9.	592,602	559,527
Securities at amortised cost	10.	3,334,145	2,710,848
Loans at amortised cost	11.	4,670,795	4,681,359
Loans mandatorily measured at fair value through profit or loss	11.	998,410	934,848
Investments in subsidiaries	12.	2,169,031	2,001,952
Property and equipment	13.	111,772	107,306
Intangible assets	13.	137,860	98,115
Right of use assets	35.	58,956	66,222
Investment properties	14.	4,227	4,203
Deferred tax assets	34.	-	408
Derivative financial assets designated as hedge accounting relationships	15.	43,130	21,628
Non-current assets held for sale	46.	-	130,718
Other assets	16.	357,095	365,961
TOTAL ASSETS		**18,391,053**	**17,552,953**
Amounts due to banks and deposits from the National Bank of Hungary and other banks	17.	1,606,969	1,761,579
Repo liabilities	18.	227,632	443,694
Deposits from customers	19.	10,891,924	10,734,241
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19.	4,303	84
Leasing liabilities	35.	64,380	68,282
Liabilities from issued securities	20.	1,750,893	1,163,109
Financial liabilities designated at fair value through profit or loss	21.	17,024	19,786
Derivative financial liabilities designated as held for trading	22.	144,499	183,565
Derivative financial liabilities designated as hedge accounting relationships	23.	19,438	27,423
Deferred tax liabilities	34.	1,707	-
Current tax liabilities	34.	23,591	14,393
Provisions	24.	25,647	22,497
Other liabilities	24.	449,522	295,399
Subordinated bonds and loans	25.	362,271	520,296
TOTAL LIABILITIES		**15,589,800**	**15,254,348**
Share capital	26.	28,000	28,000
Retained earnings and reserves	27.	2,896,319	2,276,759
Treasury shares	28.	(123,066)	(6,154)
TOTAL SHAREHOLDERS' EQUITY		**2,801,253**	**2,298,605**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**18,391,053**	**17,552,953**

Budapest, 19 March 2025

Dr. Sándor Csányi
Chairman and Chief Executive Officer

László Wolf
Deputy Chief Executive Officer

OTP BANK PLC.
SEPARATE STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2024 (in HUF mn)

	Note	Year ended 31 December 2024	Year ended 31 December 2023
Interest Income:			
Interest income calculated using the effective interest method	29.	1,040,534	1,227,173
Income similar to interest income	29.	585,619	795,906
Interest income and similar to interest income total		**1,626,153**	**2,023,079**
Interest Expense:			
Interest expenses total	29.	**(1,107,551)**	**(1,556,361)**
NET INTEREST INCOME		**518,602**	**466,718**
(Loss allowance) / Release of loss allowance on loan, placement and repo receivables losses	6., 7., 11., 30.	(19,955)	8,616
(Loss allowance) / Release of loss allowance on securities at fair value through other comprehensive income and on securities at amortised cost	9., 10., 30.	(35,128)	11,879
(Provision) / Release of provision for loan commitments and financial guarantees given	24., 30.	(2,565)	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	45.4.	4,193	(980)
Risk cost total		**(53,455)**	**26,687**
NET INTEREST INCOME AFTER RISK COST		**465,147**	**493,405**
LOSSES ARISING FROM DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST		**(9,856)**	**(19,707)**
MODIFICATION LOSS	4.	**(1,999)**	**(9,017)**
Income from fees and commissions	31.	468,566	402,885
Expenses from fees and commissions	31.	(92,217)	(78,755)
NET PROFIT FROM FEES AND COMMISSIONS		**376,349**	**324,130**
Foreign exchange losses	32.	(6,885)	(12,269)
Gains on securities, net	32.	120,863	7,073
Gains on financial instruments at fair value through profit or loss	32.	27,377	91,268
Net results on derivative instruments and hedge relationships	32.	(6,063)	13,055
Dividend income	32.	413,262	275,705
Other operating income	33.	18,380	26,184
Other operating expenses	33.	(37,072)	63,590
NET OPERATING INCOME		**529,862**	**464,606**
Personnel expenses	33.	(200,268)	(195,404)
Depreciation and amortization	33.	(63,551)	(50,814)
Other administrative expenses	33.	(284,128)	(281,918)
OTHER ADMINISTRATIVE EXPENSES		**(547,947)**	**(528,136)**
PROFIT BEFORE INCOME TAX		**811,556**	**725,281**
Income tax expense	34.	(66,557)	(70,293)
PROFIT AFTER INCOME TAX		**744,999**	**654,988**
Earnings per share (in HUF)			
Basic	43.	2,692	2,344
Diluted	43.	2,692	2,344

OTP BANK PLC.
SEPARATE STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024 (in HUF mn)

	Note	Year ended 31 December 2024	Year ended 31 December 2023
PROFIT AFTER INCOME TAX		**744,999**	**654,988**
Items that may be reclassified subsequently to profit or loss:			
Fair value adjustment of debt instruments at fair value through other comprehensive income		9,751	37,917
Deferred tax related to fair value adjustment of debt instruments at fair value through other comprehensive income	34.	(848)	(3,503)
Gains / (Losses) on separated currency spread of financial instruments designated as hedging instrument		(359)	3,752
Deferred tax related to (losses) / gains on separated currency spread of financial instruments designated as hedging instrument	34.	32	(338)
(Losses) / Gains on derivative financial instruments designated as cash flow hedge		136	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		11,547	3,308
Deferred tax related to equity instruments at fair value through other comprehensive income	34.	(1,305)	(374)
Total		**18,954**	**46,462**
TOTAL COMPREHENSIVE INCOME		**763,953**	**701,450**

OTP BANK PLC.
SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024
(in HUF mn)

	Note	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		-	-	654,988	-	654,988
Other comprehensive income		-	-	46,462	-	46,462
Total comprehensive income		**-**	**-**	**701,450**	**-**	**701,450**
Share-based payment	39.	-	-	3,292	-	3,292
Sale of treasury shares	28.	-	-	-	36,388	36,388
Acquisition of treasury shares	28.	-	-	-	(39,818)	(39,818)
Loss on treasury shares	28.	-	-	416	-	416
Dividend for the year 2022		-	-	(84,000)	-	(84,000)
Other transaction with owners		**-**	**-**	**(80,292)**	**(3,430)**	**(83,722)**
Balance as at 31 December 2023		**28,000**	**52**	**2,276,707**	**(6,154)**	**2,298,605**
Balance as at 1 January 2024		**28,000**	**52**	**2,276,707**	**(6,154)**	**2,298,605**
Net profit for the period		-	-	744,999	-	744,999
Other comprehensive income		-	-	18,954	-	18,954
Total comprehensive income		**-**	**-**	**763,953**	**-**	**763,953**
Share-based payment	39.	-	-	4,411	-	4,411
Sale of treasury shares	28.	-	-	-	36,193	36,193
Acquisition of treasury shares	28.	-	-	-	(153,105)	(153,105)
Loss on sale of treasury shares	28.	-	-	1,196	-	1,196
Dividend for the year 2023		-	-	(150,000)	-	(150,000)
Other transaction with owners		**-**	**-**	**(144,393)**	**(116,912)**	**(261,305)**
Balance as at 31 December 2024		**28,000**	**52**	**2,896,267**	**(123,066)**	**2,801,253**

OTP BANK PLC.
SEPARATE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024
(in HUF mn)

	Note	Year ended 31 December 2024	Year ended 31 December 2023
OPERATING ACTIVITIES			
Profit before income tax		**811,556**	**725,281**
Net accrued interest		8,015	3,136
Depreciation and amortization	13.	63,700	50,834
Loss allowance on loans and placements	30.	23,478	357
Loss allowance / (Release of loss allowance) on securities at fair value through other comprehensive income	9.	24,560	(3,303)
Impairment loss / (Reversal of impairment loss) on investments in subsidiaries	12.	7,428	(87,609)
Loss allowance / (Release of loss allowance) on securities at amortised cost	10.	10,568	(8,576)
Loss allowance on other assets	16.	5,514	3,575
Provision on off-balance sheet commitments and contingent liabilities	24.	2,561	(6,663)
Share-based payment	39.	4,411	3,292
Unrealised gains on fair value adjustment of financial instruments at fair value through profit or loss	45.	(31,315)	(95,953)
Unrealised gains on fair value adjustment of derivative financial instruments	45.	(21,014)	(76,357)
Gains on securities	32.	7,017	18,890
Interest expense from leasing liabilities	35.	(2,495)	(2,081)
Foreign exchange (loss) / gain	32.	69,407	(20,842)
Proceeds from sale of tangible and intangible assets	33.	19	(1,225)
Net changing in assets and liabilities in operating activities			
Net (increase) / decrease in placements with other banks and repo receivables before allowance for placement losses	6., 7.	(214,250)	291,024
Changes in held for trading securities	8.	(419,957)	52,640
Change in financial instruments mandatorily measured at fair value through profit or loss	8.	3,727	(2,200)
Changes in derivative financial instruments at fair value through profit or loss	8.	108,979	(32,338)
Net decrease in loans	11.	87,202	(35,369)
Increase in other assets, excluding advances for investments and before provisions for losses	16.	(6,918)	(22,571)
Net (decrease) / increase in amounts due to banks and deposits from the National Bank of Hungary and other banks and repo liabilities	17., 18.	(523,976)	105,778
Financial liabilities designated as fair value through profit or loss	21.	(1,446)	(1,332)
Net decrease in deposits from customers	19.	(48,969)	(237,889)
Increase/(decrease) in other liabilities	24.	133,922	(73,221)
Net increase in the compulsory reserve established by the National Bank of Hungary	5.	(20,036)	(402,879)
Dividend income	12.	(413,262)	(275,705)
Income tax paid		(37,966)	(19,213)
Net cash used in operating activities		**(369,540)**	**(150,519)**

OTP BANK PLC.
SEPARATE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024
(in HUF mn) [continued]

	Note	Year ended 31 December 2024	Year ended 31 December 2023
INVESTING ACTIVITIES			
Purchase securities at fair value through other comprehensive income	9.	(375,295)	(342,984)
Proceeds from sale of securities at fair value through other comprehensive income	9.	347,083	628,817
Change in derivative financial instruments designated as hedge accounting		(22,624)	1,580
Increase in investments in subsidiaries	12.	(16,479)	(445,637)
Dividend income		435,295	254,694
Increase in securities at amortised cost	10.	(90,219,009)	(81,661)
Redemption of securities at amortised cost	10.	89,669,606	588,288
Additions to property, equipment and intangible assets	13.	(101,092)	(86,251)
Disposal of property, equipment and intangible assets	13.	333	1,903
Net increase in investment properties	14.	(173)	(134)
Net (used in) / provided by cash used in investing activities		**(282,355)**	**518,615**
FINANCING ACTIVITIES			
Leasing payments		(6,594)	(5,341)
Cash received from issuance of securities	20.	960,124	829,166
Cash used for redemption of issued securities	20.	(491,946)	(140,736)
Cash received from issuance of subordinated bonds and loans	25.	16,314	293,590
Cash used for redemption of subordinated bonds and loans	25.	(213,410)	(44,611)
Purchase of Treasury shares	28.	(153,105)	(39,818)
Sale of Treasury shares	28.	37,389	36,804
Dividends paid	27.	(149,966)	(83,995)
Net cash (used in) / provided by financing activities		**(1,194)**	**845,059**
Net (decrease) / increase in cash and cash equivalents		**(653,089)**	**1,213,155**
Cash and cash equivalents at the beginning of the year		1,564,925	351,770
Cash and cash equivalents at the end of the year		**911,836**	**1,564,925**
Interest received		*1,574,048*	*1,848,542*
Interest paid		*1,016,302*	*1,320,920*

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 (%):

	31 December 2024	**31 December 2023**
Domestic and foreign private and institutional investors	96,77%	99,25%
Employees	0,51%	0,48%
Treasury shares	2,52%	0,20%
Other	0,20%	0,07%
Total	**100,00%**	**100,00%**

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 317 branches in Hungary.

	31 December 2024	**31 December 2023**
Number of employees	10,679	10,715
Average number of employees	10,820	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").

The separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

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

1.2.1. The effect of adopting new and revised IFRS standards effective from 1 January 2024

The following amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- **IAS 1 Presentation of Financial Statements:** Classification of Liabilities as Current or Non-current (Amendments) **-** The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and are applied retrospectively.
  - The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied within twelve months after the reporting period.
- **IFRS 16 Leases:** Lease Liability in a Sale and Leaseback (Amendments) **-** The amendments are effective for annual reporting periods beginning on or after January 1, 2024.
  - The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. Under the amendments, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease. The amendments apply retrospectively to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16.
- **IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures -** Supplier Finance Arrangements (Amendments) **-** The amendments are effective for annual reporting periods beginning on or after January 1, 2024.
  - The amendments supplement requirements already in IFRS and require an entity to disclose the terms and conditions of supplier finance arrangements. Additionally, entities are required to disclose at the beginning and end of reporting period the carrying amounts of supplier finance arrangement financial liabilities and the line items in which those liabilities are presented as well as the carrying amounts of financial liabilities and line items, for which the finance providers have already settled the corresponding trade payables. Entities should also disclose the type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities, which prevent the carrying amounts of the financial liabilities from being comparable. Furthermore, the amendments require an entity to disclose at the beginning and end of the reporting period the range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements.

The adoption of these amendments to the existing standards has not led to any material changes in these Separate Financial Statements.

1.2.2. New and revised Standards and Interpretations issued by IASB and adopted by the EU but not yet effective

- **IAS 21 The Effects of Changes in Foreign Exchange Rates:** Lack of Exchangeability (Amendments) - The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with earlier application permitted.
  - The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

1.2.3. Standards and Interpretations issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the IASB except for the following new standards, amendments to the existing standards and new interpretation, which were not endorsed for use in EU as at date of publication of these financial statements:

- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded).
    - The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.
- **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures -** Classification and Measurement of Financial Instruments (Amendments) **-** The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Early adoption of amendments related to the classification of financial assets and the related disclosures is permitted, with the option to apply the other amendments at a later date.
    - The amendments clarify that a financial liability is derecognised on the 'settlement date', when the obligation is discharged, cancelled, expired, or otherwise qualifies for derecognition. They introduce an accounting policy option to derecognise liabilities settled via electronic payment systems before the settlement date, subject to specific conditions. They also provide guidance on assessing the contractual cash flow characteristics of financial assets with environmental, social, and governance (ESG)-linked features or other similar contingent features. Additionally, they clarify the treatment of non-recourse assets and contractually linked instruments and require additional disclosures under IFRS 7 for financial assets and liabilities with contingent event references (including ESG-linked) and equity instruments classified at fair value through other comprehensive income.
- **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments:** Disclosures - Contracts Referencing Nature-dependent Electricity (Amendments) **-** The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.
    - The amendments include clarifying the application of the 'own-use' requirements, permitting hedge accounting if contracts in scope of the amendments are used as hedging instruments, and introduce new disclosure requirements to enable investors to understand the impact of these contracts on a company's financial performance and cash flows. The clarifications regarding the 'own-use' requirements must be applied retrospectively, but the guidance permitting hedge accounting have to be applied prospectively to new hedging relationships designated on or after the date of initial application.

- **IFRS 18 Presentation and Disclosure in Financial Statements** - IFRS 18 is effective for reporting periods beginning on or after January 1, 2027, with earlier application permitted. Retrospective application is required in both annual and interim financial statements.

    - IFRS 18 introduces new requirements on presentation within the statement of profit or loss. It requires an entity to classify all income and expenses within its statement of profit or loss into one of the five categories: operating; investing; financing; income taxes; and discontinued operations. These categories are complemented by the requirements to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards. The Bank anticipates that the adoption of these new standards, amendments to the existing standards and new interpretations will have no material impact on the financial statements of the Bank in the period of initial application.

1.2.3. Standards and Interpretations issued by IASB but not yet adopted by the EU [continued]

- **IFRS 19 Subsidiaries without Public Accountability: Disclosures** - IFRS 19 is effective for reporting periods beginning on or after January 1, 2027, with early application permitted.
    - IFRS 19 permits subsidiaries without public accountability to use reduced disclosure requirements if their parent company (either ultimate or intermediate) prepares publicly available consolidated financial statements in compliance with IFRS accounting standards. These subsidiaries must still apply the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards.
- **Annual Improvements to IFRS Accounting Standards – Volume 11** - An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026.
    - The IASB's annual improvements process deals with non-urgent, but necessary, clarifications and amendments to IFRS. In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards — Volume 11. The Annual Improvements to IFRS Accounting Standards - Volume 11, includes amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7. These amendments aim to clarify wording, correct minor unintended consequences, oversights, or conflicts between requirements in the standards.
- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures:** Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.
    - The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The Bank anticipates that the adoption of these new standards, amendments to the existing standards and new interpretations will have no material impact on the financial statements of the Bank in the period of initial application.

NOTE 2: SUMMARY OF MATERIAL ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of the accompanying separate financial statements are summarized below:

2.1. Basis of presentation

These separate financial statements have been prepared under the historical cost convention with the exception of certain financial instruments, which are recorded at fair value. Revenues and expenses are recorded in the period in which they are earned or incurred. The Bank does not offset assets and liabilities or income and expenses unless it is required or permitted by an IFRS standard.

During the preparation of separate financial statements assets and liabilities, income and expenses are presented separately, except in certain cases, when one of the IFRS standards prescribes net presenting related to certain items. (See below 2.5.5.)

The presentation of separate financial statements in conformity with IFRS requires the Management of the Bank to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Actual results could differ from those estimates.

Future changes in economic conditions, business strategies, regulatory requirements, accounting rules and other factors could result in a change in estimates that could have a material impact on future separate financial statements.

2.2. Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into HUF that is the presentation currency, at exchange rates quoted by the National Bank of Hungary ("NBH") as at the date of the separate financial statements. Income and expenses arising in foreign currencies are converted at the rate of exchange on the transaction date. Resulting foreign exchange gains or losses are recorded to the separate statement of profit or loss.

2.3. Consolidated financial statements

These financial statements present the separate financial position and results of operations of the Bank. Consolidated financial statements are prepared by the Bank and consolidated net profit for the year and shareholders' equity differs significantly from that presented in these separate financial statements. See Note 2.4 for the description of the method of accounting for investments in subsidiaries and associated companies in these separate financial statements. The consolidated financial statements and the separate financial statements will be published on the same date.

2.4. Investments in subsidiaries, associated companies and other investments

Investments in subsidiaries comprise those investments where OTP Bank, through direct and indirect ownership interest, controls the investee. Control is achieved when the Bank has power over the investee, is exposed or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

Investments in subsidiaries are recorded at the cost of acquisition, less impairment for permanent diminution in value, when appropriate. After initial measurement investments in subsidiaries are measured at cost, in the case of foreign currency denominated investments for the measurement the Bank uses the exchange rate at the date of transaction.

Impairment is determined based on the future economic benefits of the subsidiary and macroeconomic factors.

OTP Bank calculates the fair value based on discounted cash flow model. The 3 year period explicit cash flow model serves as a basis for the impairment test by which the Bank defines the impairment need on investment in subsidiaries based on the strategic factors and financial data of its cash-generating units.

OTP Bank in its strategic plan has taken into consideration the cautious recovery of global economic situation and outlook, the associated risks and their possible effect on the financial sector as well as the current and expected availability of wholesale funding.

2.5. Financial assets

2.5.1. Business model and SPPI test

A business model refers how the Bank manages its financial instruments in order to generate cash flows. It is determined at a level that reflects how groups of financial instruments are managed rather than at an instrument level.

The financial assets held by the Bank are classified into three categories depending on the business model within the financial assets are managed.

- Business model whose objective is to hold financial assets in order to collect contractual cash flows. Some sales can be consistent with hold to collect business model and the Bank assesses the nature, frequency and significance of any sales occurring. The Bank does not consider the sale frequent when at least six months have elapsed between sales. The significant sales are those when the sales exceed 2% of the total hold to collect portfolio. Within this business model the Bank manages mainly loans and advances and long term securities and other financial assets.
- Business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Within this business model the Bank only manages securities.
- Business model whose objective is to achieve gains in a short term period. Within this business model the Bank manages securities and derivative financial instrument.

If cash flows are realised in a way that is different from the expectations at the date that the Bank assessed the business model, that does not give rise to a prior error in the Bank's financial statements nor does it change the classification of the remaining financial assets held in that business model.

When, and only when the Bank changes its business model for managing financial assets it reclassifies all affected assets. Such changes are determined by the Bank's senior management as a result of external or internal changes and must be significant to the Bank's operations and demonstrable to external parties. The Bank shall not reclassify any financial liability.

Classification of a financial asset is based on the characteristics of its contractual cash flows if the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

The Bank should determine whether the asset's contractual cash flows are solely payments of principal and interest on the principal amount outstanding (SPPI test). Contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are consistent with a basic lending arrangement.

Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The Bank assesses whether contractual cash flows are solely payments of principal and interest on the principal amount outstanding for the currency in which the financial asset is denominated.

Time value of money is the element of interest that provides consideration for only the passage of time. However, in some cases, the time value of money element may be modified. In such cases, the Bank assesses the modification to determine whether the contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

When assessing a modified time value of money element, the objective is to determine how different the undiscounted contractual cash flows could be from undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). The benchmark instrument can be an actual or a hypothetical financial asset. If the undiscounted contractual cash flows significantly – above 2% – differ from the undiscounted benchmark cash flows, the financial asset should be subsequently measured at fair value through profit or loss.

2.5.2. Securities at amortised cost

The Bank measures at amortized cost those securities which are held for contractual cash collecting purposes, and contractual terms of these securities give rise to cash flows that are solely payment of principal and interest on the principal amount outstanding. The Bank initially recognises these securities at fair value. Securities at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. The amortisation of any discount or premium on the acquisition of a security at amortized cost is part of the amortized cost and is recognised as interest income so that the revenue recognized in each period represents a constant yield on the investment. Securities at amortized cost are accounted for on a trade date basis. Such securities comprise mainly securities issued by the Hungarian Government bonds and corporate bonds.

2.5.3. Financial assets at fair value through profit or loss

2.5.3.1. Securities held for trading

Investments in securities are accounted for on a trade date basis and are initially measured at fair value. Securities held for trading are measured at subsequent reporting dates at fair value. Unrealised gains and losses on held for trading securities are recognized in profit or loss and are included in the separate statement of profit or loss for the period. The Bank holds held for trading securities within the business model to obtain short-term gains, consequently realised and unrealised gains and losses are recognized in the net operating income, while interest income is recognised in income similar to interest income. The Bank applies FIFO[1] inventory valuation method for securities held for trading. Such securities consist of discounted and interest bearing Treasury bills, Hungarian Government bonds, mortgage bonds, shares in non-financial commercial companies, shares in investment funds, shares in venture capital funds and shares in financial institutions.

2.5.3.2. Derivative financial instruments

In the normal course of business, the Bank is a party to contracts for derivative financial instruments, which represent a low initial investment compared to the notional value of the contract and their value depends on value of underlying asset and are settled in the future. The derivative financial instruments used include interest rate forward or swap agreements and currency forward or swap agreements and options. These financial instruments are used by the Bank both for trading purposes and to hedge interest rate risk and currency exposures associated with its transactions in the financial markets. (It is the so-called economic hedge, accounting hedge is described later.)

Derivative financial instruments are accounted for on a trade date basis and are initially measured at fair value and at subsequent reporting dates also at fair value. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate. OTP Bank adopts multi curve valuation approach for calculating the net present value of future cash flows – based on different curves used for determining forward rates and used for discounting purposes. It shows the best estimation of such derivative deals that are collateralised as OTP Bank has almost its entire open derivative transactions collateralised. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in profit or loss and are included in the separate statement of profit or loss for the period. Each derivative deal is determined as asset when fair value is positive and as liability when fair value is negative.

Certain derivative transactions, while providing effective economic hedges under risk management positions of the Bank, do not qualify for hedge accounting under the specific rules of IFRS 9 and are therefore treated as derivatives held for trading with fair value gains and losses charged directly to the separate statement of profit or loss.

Foreign currency contracts

Foreign currency contracts are agreements to exchange specific amounts of currencies at a specified rate of exchange, at a spot date (settlement occurs two days after the trade date) or at a forward date (settlement occurs more than two days after the trade date). The notional amount of forward contracts does not represent the actual market or credit risk associated with these contracts.

Foreign currency contracts are used by the Bank for risk management and trading purposes. The Bank's risk management foreign currency contracts were used to hedge the exchange rate fluctuations of loans and deposits denominated in foreign currency.

[1] First In First Out

2.5.3.2. Derivative financial instruments [continued]

Foreign exchange swaps and interest rate swaps

The Bank enters into foreign-exchange swap and interest rate swap ("IRS") transactions. The swap transaction is a complex agreement concerning the swap of certain financial instruments, which usually consists of a spot and one or more forward contracts.
Interest rate swaps obligate two parties to exchange one or more payments calculated with reference to fixed or periodically reset rates of interest applied to a specific notional principal amount (the base of the interest calculation). Notional principal is the amount upon which interest rates are applied to determine the payment streams under interest rate swaps.
Such notional principal amounts are often used to express the volume of these transactions but are not actually exchanged between the counterparties. The Bank's interest rate swap contracts can be hedging or held for trading contracts.

Cross-currency interest rate swaps

The Bank enters into cross-currency interest rate swap ("CCIRS") transactions which have special attributes, i.e. the parties exchange the notional amount at the beginning and also at the maturity of the transaction. A special type of these deals is the mark-to-market CCIRS agreements. At this kind of deals the parties – in accordance with the foreign exchange prices – revalue the notional amount during lifetime of the transaction.

Equity and commodity swaps

Equity swaps obligate two parties to exchange more payments calculated with reference periodically reset rates of interest and performance of indices. A specific notional principal amount is the base of the interest calculation. The payment of index return is calculated on the basis of current market price compared to the previous market price. In the case of commodity swaps payments are calculated on the basis of the strike price of a predefined commodity compared to its average market price in a period.

Forward rate agreements ("FRA")

A forward rate agreement is an agreement to settle amounts at a specified future date based on the difference between an interest rate index and an agreed upon fixed rate. Market risk arises from changes in the market value of contractual positions caused by movements in interest rates.

The Bank limits its exposure to market risk by entering into generally matching or offsetting positions and by establishing and monitoring limits on unmatched positions. Credit risk is managed through approval procedures that establish specific limits for individual counter-parties. The Bank's forward rate agreements were transacted for management of interest rate exposures.

Foreign exchange options

A foreign exchange option is a derivative financial instrument that gives the owner the right to exchange money denominated in one currency into another currency at a pre-agreed exchange rate at a specified future date. The transaction, for a fee, guarantees a worst-case exchange rate for the futures purchase of one currency for another. These options protect against unfavourable currency movements while preserving the ability to participate in favourable movements.

2.5.4. Hedge accounting

The Bank implemented hedge accounting rules for micro hedge transactions prescribed by IFRS 9 in 2018.

The Bank elected – as an accounting policy choice permitted under IFRS 9 – to apply IAS 39 hedge accounting rules for portfolio (macro) hedge transactions.

For further details please see Note 45.3

2.5.4. Hedge accounting [continued]

2.5.4.1. Derivative financial instruments designated as fair value

Micro hedge transactions

The Bank elected to apply IFRS 9 for the micro hedge transactions.

Changes in the fair value of derivatives that are designated and qualify as hedging instruments fair value hedges and that prove to be highly effective in relation to the hedged risk, are recorded in the separate statement of profit or loss along with the corresponding change in fair value of the hedged asset or liability that is attributable to the specific hedged risk. Changes in the fair value of the hedging instrument in fair value hedges are charged directly to the separate statement of profit or loss. The conditions of hedge accounting applied by the Bank are the following: formally designated as hedging relationship, proper hedge documentation is prepared, effectiveness test is performed and based on it the hedge is qualified as effective.

In the case of a financial instrument measured at amortised cost the Bank recognises the hedging gain or loss on the hedged item as the modification of its carrying amount and it is recognised in profit or loss. These adjustments of the carrying amount are amortised to the profit or loss using the effective interest rate method. The Bank starts the amortisation when the hedged item is no longer adjusted by the hedging gains or losses. If the hedged item is derecognised, the Bank recognises the unamortised fair value in profit or loss immediately. For the fair value hedges inefficiencies and the net revaluation of hedged and hedging item are recognised in the Net result on derivative instruments and hedge relationships.

Macro (portfolio) hedge transactions

The Bank elected, as a policy choice permitted under IFRS 9, to continue to apply hedge accounting in accordance with IAS 39 in the case of macro hedge transactions.

The Bank applies macro fair value hedging to its core part sight deposit to mitigate the interest rate risk arising from the interest rate mismatch of assets with floating behaviour and the fixed rate nature of the deposit. The nature of the hedged risk is interest rate risk arising from the fixed nature and the term structure of the interest rate risk characteristics of the hedged core sight deposits.

The hedging instruments are fixed-to-floater interest rate swaps measured at fair value through profit or loss designated in a proportion defined as the declared hedging ratio.

The hedging gain or loss is recognized in accordance with IAS39 paragraph 89 and 90.

The gain or loss on the hedging instrument is recognized in profit or loss, the fair value adjustment attributable to the hedged risk is presented on a separate line in the separate statement of financial position.

The assessment of hedge effectiveness is measured on a monthly basis. The hedging relationship is considered appropriate if the difference of fair value change of the hedging instrument and the hedged item is between the 80% -125% range in the case of all or all but one valid stress scenarios.

The aggregated fair value changes on the hedged assets are recognised on the Derivative financial asset / liability designated as hedge accounting in the Separate Statement of Financial Position.

2.5.4. Hedge accounting [continued]

2.5.4.2. Derivative financial instruments designated as cash flow hedge

Changes in fair value of derivatives that are designated and qualify as hedging instrument in cash flow hedges and that prove to be highly effective in relation to hedged risk are recognized as reserve in other comprehensive income. Amounts deferred in other comprehensive income are transferred to the separate statement of profit or loss and classified as revenue or expense in the periods during which the hedged assets and liabilities effect the separate statement of recognized and comprehensive income for the period. The ineffective element of the hedge is charged directly to the separate statement of profit or loss. The Bank terminates the hedge accounting if the hedging instrument expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for hedge accounting. In the case of cash flow hedges - in line with the standard – hedge accounting is still applied as long as the underlying asset is derecognised or terminated.

When the Bank discontinues hedge accounting to a cash-flow hedge the amount in the cash flow hedge reserve is reclassified to the profit or loss if the hedged future cash flows are no longer expected to occur. If the hedged future cash flows are still expected to occur, the amount remains in the cashflow hedge reserve and reclassified to the profit and loss only when the future cash flows occur.

2.5.5. Offsetting

Financial assets and liabilities may be offset and the net amount is reported in the statement of financial position when the Bank has a legally enforceable right to set off the recognised amounts and the transactions are intended to be reported in the statement of financial position on a net basis. In the case of the derivative financial instruments the Bank applies offsetting and net presentation in the Statement of Financial Position when the Bank has the right and the ability to settle the assets and liabilities on a net basis.

2.5.6. Embedded derivatives

Sometimes, a derivative may be a component of a combined or hybrid contract that includes a host contract and a derivative (the embedded derivative) affecting cash flows or otherwise modifying the characteristics of the host instrument. An embedded derivative must be separated from the host instrument and accounted for as a separate derivative if, and only if:

- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- A separate financial instrument with the same terms as the embedded derivative would meet the definition of a derivative as a stand-alone instrument; and
- The host instrument is not measured at fair or is measured at fair value but changes in fair value are recognised in other comprehensive income.

As long as a hybrid contract contains a host that is a financial asset the general accounting rules for classification, recognition and measurement of financial assets are applicable for the whole contract and no embedded derivative is separated.

Derivatives that are required to be separated are measured at fair value at initial recognition and subsequently. If the Bank is unable to measure the embedded derivative separately either at acquisition or at the end of a subsequent financial reporting period, the Bank shall designate the entire hybrid contract as at fair value through profit or loss. The Bank shall assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the Bank first becomes a party to the contract.

The separation rules for embedded derivatives are only relevant for financial liabilities.

2.5.7. Securities at fair value through other comprehensive income ("FVOCI securities")

FVOCI securities are held within a business model whose objective is achieved by both collecting of contractual cash flows and selling securities. Furthermore contractual terms of FVOCI securities give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Debt instruments

Investments in debt securities are accounted for on a trade date basis and are initially measured at fair value. Securities at fair value through other comprehensive income are measured at subsequent reporting dates at fair value. Unrealised gains and losses on FVOCI financial instruments are recognized in other comprehensive income, except for interest and foreign exchange gains/losses on monetary items, unless such FVOCI security is part of an effective hedge. Such gains and losses will be reported when realised in profit or loss for the applicable period. The Bank applies FIFO[2] inventory valuation method for FVOCI securities.

For debt securities at fair value through other comprehensive income the loss allowance is calculated based on expected credit loss model. The expected credit loss is accounted for against Other Comprehensive Income.

FVOCI securities are remeasured at fair value based on quoted prices or values derived from cash flow models. In circumstances where the quoted market prices are not readily available, the fair value of debt securities is estimated using the present value of the future cash flows and the fair value of any unquoted equity instruments are calculated using the EPS ratio.

Fair value through other comprehensive income option for equity instruments

In some cases the Bank made an irrevocable election at initial recognition for certain non-trading investments in an equity instrument to present subsequent changes in fair value of these securities in other comprehensive income instead of in profit or loss.
The use of the fair value option is based only on direct decision of management of the Bank.

2.5.8. Loans, placements with other banks, repo receivables and loss allowance for loan, placements and repo receivables losses

The Bank measures Loans, placements with other banks and repo receivables at amortised cost, which are held to collect contractual cash flows, and contractual terms of these assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Bank recognises loans, which are not held for trading and do not give rise contractual cash flows that are solely payments of principal and interest on the principal amount outstanding as loans measured at fair value through profit or loss ("FVTPL loans").

Loans, placements with other banks and repo receivables are accounted at amortised cost, stated at the principal amounts outstanding including accrued interest, net of allowance for loan or placement losses, respectively.

In the case of the above mentioned financial assets measured at amortised cost transaction fees and charges adjust the carrying amount at initial recognition and are included in effective interest calculation. In the case of FVTPL loans fees and charges are recognised when incurred in the separate statement of profit or loss.

Loans, placements with other banks and repo receivables loans are derecognised when the contractual rights to the cash flows expire or they are transferred. When a financial asset is derecognised the difference of the carrying amount and the consideration received is recognised in the profit or loss. In the case of the above mentioned financial assets at amortised cost gains or losses from derecognition are presented in "Gains/losses arising from derecognition of financial assets at amortised cost" line. In the case of FVTPL loans gains or losses from derecognition are presented in "Net operating income".

Change in the fair value of FVTPL loans is broken down into two components and presented in the separate statement of profit or loss as follows:

- Portion of the change in fair value arising from changes in credit risk are presented within "Risk cost" as "Change in the fair value attributable to changes in the credit risk of loans mandatorily measured at fair value through profit of loss".
- The remaining component of the change is presented in fair value within "Net operating income" as "Gains/(Losses) on financial instruments at fair value through profit or loss".

[2] First In First Out

2.5.8. Loans, placements with other banks, repo receivables and loss allowance for loan, placements and repo receivables losses [continued]

Initially, financial assets shall be recognised at fair value which is usually equal to the transaction value in the case of loans and placements. However, when the amounts are not equal, the initial fair value difference should be recognized.

If the fair value of financial assets is based on a valuation technique using only inputs observable in market transactions, the Bank recognises the initial fair value difference in the Separate Statement of Profit or Loss.

When the fair value of financial assets is based on models for which inputs are not observable, the difference between the transaction price and the fair value is deferred and only recognised in profit or loss when the instrument is derecognised or the inputs became observable.

Initial fair value of loans lent at interest below market conditions is lower than their transaction price, the subsequent measurement of these loans is under IFRS 9.

Allowance for losses on loans, placements with other banks and repo receivables represent management assessment for potential losses in relation to these activities.

The Bank recognises a loss allowance for expected credit losses on a financial asset at each reporting date. The loss allowance for a financial asset equals to 12-month expected credit loss or equals to the lifetime expected credit losses. The maximum period over which expected credit losses shall be measured is the maximum contractual period over which the Bank is exposed to credit risk.

If the credit risk on a financial asset has not increased significantly since initial recognition then 12-month expected credit losses, otherwise (in the case of significant credit risk increase) lifetime expected credit losses should be calculated. The expected credit loss is the present value of the difference between the contractual cash flows that are due to the Bank under the contract and the cash flows that the Bank expects to receive.

When the contractual cash flows of a financial asset are modified and the modification does not result in the derecognition of the financial asset the Bank recalculate the gross carrying amount of the financial asset by discounting the expected future cash flows with the original effective interest rate of the asset. The difference between the carrying amount and the present value of the expected cash flows is recognised as a "Modification gain or loss" in the statement of profit or loss. Interest income and amortised cost are accounted for using the effective interest rate method.

Write-offs are generally recorded after all reasonable restructuring or collection activities have taken place and the possibility of further recovery is considered to be remote. The loan is written off against the related account "Loss allowance on loan, placement and repo receivables losses" in the Statement of Profit or loss.

OTP Bank applies partial or full write-off for loans based on the definitions and prescriptions of financial instruments in accordance with IFRS 9. If OTP Bank has no reasonable expectations regarding a financial asset (loan) to be recovered, it will be written off partially or fully at the time of emergence.

The gross amount and loss allowance of the loans shall be written off in the same amount to the estimated maximum recovery amount while the net carrying value remains unchanged.

If there are reasonable expectations of recovery for a financial asset that is written-off fully or partially, OTP Bank shall re-estimate cash flows of that financial asset and write-off reversal is applied in the financial statements.

NOTE 2: SUMMARY OF MATERIAL ACCOUNTING POLICIES [continued]

2.5.9. Modification of contractual cash flows

If the net present value of the contracted cash flows changes due to the modification of the contractual terms and it is not qualified as derecognition, modification gain or loss should be calculated and accounted for in the separate statement of profit or loss. Modification gain or loss is accounted in the cases like restructuring – as defined in internal policies of the Bank – prolongation, renewal with unchanged terms, renewal with shorter terms and prescribing capital repayment rate, if it doesn't exist or has not been earlier.

The changes of net present value should be calculated on portfolio level in the case of retail exposures. Each retail contract is restructured based on restructuring frameworks. The Bank has to evaluate these frameworks (and not individual contracts). The changes of net present value should be calculated individually on contract level in the case of corporate portfolio.

Among the possible contract amendments, the Bank considers as a derecognition and a new recognition the followings:
- merging several debts into a single debt, or one single debt splitting into several tranches,
- change of currency,
- change in counterparty,
- failing SPPI test after modification,
- interest rate change (fixed to floating or floating to fixed),

when the discounted present value – discounted at the original effective interest rate – of the cash flows under the new terms is at least 10 per cent different from the discounted present value of the remaining cash flows.

In the case of derecognition and new recognition of a financial asset, the unamortized fees of the derecognized asset should be presented as Income similar to interest income. The newly recognized financial asset is initially measured at fair value and is placed in stage 1 if the derecognized financial asset was in stage 1 or stage 2 portfolio. The newly recognized financial asset will be purchased or originated credit impaired financial asset ("POCI") if the derecognized financial asset was in stage 3 portfolio or it was POCI.

The modification gain or loss shall be calculated at each contract amendments unless they are handled as a derecognition and new recognition. In the case of modification the Bank recalculates the gross carrying amount of the financial asset. To do this, the new contractual cash flows should be discounted using the financial asset's original effective interest rate (or credit-adjusted effective interest rate for POCI financial asset). Any costs or fees incurred adjust the carrying amount of the modified financial asset are amortized over the remaining term of the modified financial asset.

2.5.10. Purchased or originated credit impaired financial assets

Purchased or originated financial assets are credit-impaired on initial recognition. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

A purchased credit-impaired asset is likely to be acquired at a deep discount. In unusual circumstances, it may be possible that an entity originates a credit-impaired asset, for example, following a substantial modification of a distressed financial asset that resulted in the derecognition of the original financial asset.

In the case of POCI financial assets, interest income is always recognized by applying the credit-adjusted effective interest rate.

For POCI financial assets, in subsequent reporting periods an entity is required to recognize:
- the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance,
- the impairment gain or loss which is the amount of any change in lifetime expected credit losses.
  An impairment gain is recognized (with the parallel increase of the net amortized cost of receivable) if due to the favourable changes after initial recognition the lifetime expected credit loss estimation is becoming lower than the original estimated credit losses at initial recognition.

The POCI qualification remains from initial recognition to derecognition in the Bank's books.

2.6. Loss allowance

Loss Allowance for loans and placements with other banks and repo receivables are recognised by the Bank based on the expected credit loss model in accordance with IFRS 9. Based on the three stage model loss allowance is recognised in amount of 12 month expected credit loss from the initial recognition. Financial assets with significantly increased credit risk or credit impaired financial assets (based on objective evidences) loss allowance is recognised in amount of lifetime expected credit loss.

In the case of purchased or originated credit impaired financial assets loss allowance is recognised in amount of lifetime expected credit loss since initial recognition. Impairment gain is recognised if lifetime expected credit loss for purchased or originated credit impaired financial assets at measurement date are less than the estimated credit loss at initial recognition.

A loss allowance for loans and placements with other banks and repo receivables represents Management's assessment for potential losses in relation to these activities.

The default occurs when either or both of the following events have taken place:

- objective criterion meaning that the credit obligation of the client is overdue exceeding the materiality threshold for more than 90 consecutive days (90+ default DPD), or the obligor has breached the limit of the overdraft with an amount exceeding the materiality threshold for more than 90 consecutive days (90+ default DPD), or
- probability criterion meaning the probability that the obligor will be unable to pay its credit obligations in full (UTP= Unlikely to Pay). The following conditions indicate the occurrence of the probability criterion: specific credit risk adjustment, sell of credit obligation with significant loss, distressed restructuring, termination of the contract on the initiative of the Bank, Bankruptcy, liquidation, personal bankruptcy, forced deleted status.

Previously described conditions should result in default status mandatorily. Moreover, during the individual expert-based assessment the client's default status shall be established if in the specific case the default can be justified on subjective basis. The default status should be terminated if in the last 3 months no other default criterion exists and the condition (either probability criterion or objective criterion) that resulted in the default status ceased at least 3 months ago.

The expected loss calculation should be forward looking. Available forward-looking information has to be included in the parameter estimation by using different scenarios, including forecasts of future economic conditions. The determination of probability-weighted forward-looking scenarios are based on the OTP Bank' macro model. In general, there are two crisis scenarios (4-5), and three non-crisis scenarios (1-3) but the calculation of impairment should be based on at least two scenarios in the OTP Bank. The macro conditioning is performed by Vasicek-model, which captures the relationship between point-in-time (PiT) and through-the-cycle (TTC) PD.

The Vasicek PD transformation can also be used to estimate the PIT PDs of the buckets. The required parameters (such as correlation coefficient and macro condition parameter) can be derived from the OTP's macro model.
In the collective provisioning methodology credit risk and the change of credit risk can be correctly captured by understanding the risk characteristics of the portfolio. At portfolio segmentation, setting the segments is a key element of the provisioning calculation and requires the extensive knowledge of the portfolio. The segmentation is expected to stay stable from month to month. The segmentation must be performed separately for each parameter, since in each case different factors may have relevance.
The estimation of one-year and lifetime probability of default (PD) of collectively assessed exposures is performed via transition matrices. The assets should be allocated to groups representing similar credit risk based on major credit risk characteristics and their capability to fulfil contractual obligations. The mandatory variables of the group level assessment procedure are payment delay, deal/client rating, the restructured flag, the default status and product type. Further segmentation is advisable in the case significant differences are observed in probability of default. Transition matrices should be determined for each portfolio segment separately. The Bank model handles healing (from default) rate in the PD parameter, thus the calculated probabilities should be reduced by this rate.

2.6. Loss allowance [continued]

Two different methods are applied in OTP Bank for LGD parameter calculation: Retail mortgage loans and non-retail portfolios (MSE and Wholesale) that are significantly secured by mortgage: modified LGD methodology based on the Asset Quality Review (AQR) – the primary source of the recovery the collateral itself but cash recovery is also taken into account. The calculation is performed for each exposure individually based on the estimated parameters (main parameters: FSR – foreclosure success rate, SR – sales ratio, TTS – time to sale, C – cost, REC – cash recovery) and the actual value of collaterals (e.g. property, guarantee, surety, bail).

For Consumer loans and car finance: recovery based LGD methodology estimated from historical recoveries. The LGD calculation should not be automatically identified with historic actual data. The direction and degree of the shift in the factors impacting the LGD, also considering the macroeconomic effects, in addition to the anticipated developments in those, must always be analysed. The LGD – just like the PD – is not independent of the business cycles either; typically it increases in parallel with the economic downturn.

Loss allowance for loan and placements are determined at a level that provides coverage for individually identified credit losses. Collective impairment loss is recognised for loans with similar credit risk characteristics when it is not possible to determine the amount of the individually identified credit loss in the absence of objective evidence. The expected cash flows for loan portfolios are estimated based on historical loss experience.

At subsequent measurement the Bank recognises through “Loss allowance on loan, placement and repo receivables losses” in the Statement of Profit or Loss impairment gain or loss as an amount of expected credit losses or reversal that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with IFRS 9.

If a financial asset, which previously classified in the first stage, classified subsequently in the second or third stage than loss allowance is adjusted to lifetime expected credit loss. If a financial asset, which previously classified in the second or third stages, classified subsequently in the first stage than loss allowance is adjusted to level of 12 month expected credit loss.

Classification into risk classes

According to the requirements of the IFRS9 standard, the Bank classifies financial assets measured at amortised cost and fair value through other comprehensive income, and loan commitments and financial guarantees into the following categories in accordance with IFRS9:

Stage 1	Performing
Stage 2	Performing, but compared to the initial recognition it shows significant increase in credit risk
Stage 3	Non-performing
POCI	Purchased or originated credit impaired

In the case of trade receivables, contract assets and lease receivables the Bank applies the simplified approach and calculates only lifetime expected credit loss. Simplified approach is the following:

- for the past 3 years the average annual balance of receivables under simplified approach is calculated,
- the written-off receivables under simplified approach are determined in the past 3 years,
- the loss allowance ratio will be the sum of the written-off amounts divided by the sum of the average balances,
- historical losses are adjusted to reflect information about current conditions and reasonable forecasts of future economic conditions,
- the loss allowance is multiplied by the end-of-year balance and it will be the actual loss allowance on these receivables,
- loss allowance should be recalculated annually.

Classification into risk classes [continued]

The Bank assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. This might occur if the financial asset has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Bank considers souvereign exposures having low credit risk.

Stage 1: financial instruments for which the events and conditions specified in respect of Stage 2 and Stage 3 do not exist on the reporting date.

A financial instrument shows significant increase in credit risk, and is allocated to Stage 2, if in respect of which any of the following triggers exist on the reporting date, without fulfilling any of the conditions for the allocation to the non-performing stage (stage 3):

- the payment delay exceeds 30 days,
- it is classified as performing forborne,
- based on individual decision, its currency suffered a significant "shock" since the disbursement of the loan,
- the transaction/client rating exceeds a predefined value or falls into a determined range, or compared to the historic value it deteriorates to a predefined degree,
- in the case retail mortgage loans, the loan-to-value ratio exceeds a predefined rate,
- default on another loan of the retail client, if no cross-default exists,
- monitoring classification of corporate and municipal clients above different thresholds defined on group
  - financial difficulties at the debtor (capital adequacy, liquidity, deterioration of the instrument quality),
  - significant decrease of the liquidity or the activity on the active market of the financial instrument can be observed,
  - the rating of the client reflects high risk, but it is better than the default one,
  - significantly decrease in the value of the recovery from which the debtor would disburse the loan,
  - clients under liquidation.

A financial instrument is non-performing and it is allocated to Stage 3 when any of the following events or conditions exists on the reporting date:

- default (based on the group level default definition),
- classified as non-performing forborne (based on the group level forborne definition),
- the monitoring classification of corporate and municipal clients above different thresholds defined on group level (including but not limited to):
  - breaching of contracts,
  - significant financial difficulties of the debtor (like capital adequacy, liquidity, deterioration of the instrument quality),
  - bankruptcy, liquidation, debt settlement processes against debtor,
  - forced strike-off started against debtor,
  - termination of loan contract by the Bank,
  - occurrence of fraud event,
  - termination of the active market of the financial instrument.

If the exposure is no longer considered as credit impaired, the Bank allocates this exposure to Stage 2.

When loss allowance is calculated at exposures categorized into stages the following process is needed by stages:

- Stage 1 (performing): loss allowance at an amount equal to 12-month expected credit loss should be recognized,
- Stage 2 (significant increase in credit risk): loss allowance at an amount equal to lifetime expected credit loss should be recognized,
- Stage 3 (non-performing): loss allowance at an amount equal to lifetime expected credit loss should be recognized.

Classification into risk classes [continued]

For lifetime expected credit losses, the Bank shall estimate the risk of a default occurring on the financial instrument during its expected life. 12-month expected credit losses are a portion of the lifetime expected credit losses and represent cash flow shortfalls that will result if a default occurs in the 12 months after the reporting date (or a shorter period if the expected life of the financial instrument is less than 12 months), weighted by the probability of that default occurring.

An entity shall measure expected credit losses of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes,
- the time value of money, and
- reasonable and supportable information that is available without undue cost of effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

2.7. Option to designate a financial asset/liability measured at fair value through profit or loss (FVTPL option)

The Bank may, at initial recognition, irrevocably designate a financial asset or liability as measured at fair value through profit or loss. The Bank may use FVTPL option in the following cases:

- if doing so eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases
- if the group of financial liabilities or assets is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Bank's key management personnel.

The use of the fair value option is limited only to special situations, and it can be based only on direct decision of management of the Bank.

2.8. Sale and repurchase agreements, security lending

Where debt or equity securities are sold under a commitment to repurchase them at a pre-determined price, they remain on the statement of financial position and the consideration received is recorded in Other liabilities or Amounts due to banks and deposits from the National Bank of Hungary and other banks, or Deposits from customers. Conversely, debt or equity securities purchased under a commitment to resell are not recognized in the statement of financial position and the consideration paid is recorded either in Placements with other banks or Deposits from customers. Interest is accrued evenly over the life of the repurchase agreement. In the case of security lending transactions the Bank does not recognize or derecognize the securities because it is believed that the transferor retains substantially all the risks and rewards of the ownership of the securities. Only a financial liability or financial receivable is recognized for the consideration amount.

2.9. Property, equipment and intangible assets

Property, equipment and intangible assets are stated at cost, less accumulated depreciation and amortization and impairment, if any. The depreciable amount (book value less residual value) of the non-current assets must be allocated over their useful lives. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets based on the following annual percentages:

	Depreciation key	Useful lifetime (years)
Intangible assets		
Software	20%-33%	3-5
Property rights	17%-50%	2-6
Property	1%-7%	15-100
Office equipment and vehicles	7%-50%	2-15

Depreciation and amortization on properties, equipment and intangible assets starts on the day when such assets are placed into service. At each balance sheet date, the Bank reviews the carrying value of its tangible and intangible assets to determine if there is any indication that those assets have suffered an impairment loss.

If such indication exists, the recoverable amount of the asset is estimated to determine the extent (if any) of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Bank estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where the carrying value of property, equipment, other tangible fixed assets and intangible assets is greater than the estimated recoverable amount, it is impaired immediately to the estimated recoverable amount.

2.10. Inventories

The inventories shall be measured at the lower of cost and net realisable value. The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The Bank uses generally FIFO formulas to the measurement of inventories. Inventories shall be derecognised when they are sold, unusable or destroyed. When inventories are sold, the carrying amount of those inventories shall be recognized as an expense in the period in which the related revenue is recognized. Repossessed assets are classified as inventories. The Bank's policy is to sell repossessed assets and not to use them for its internal operations.

2.11. Investment properties

Investment properties of the Bank are land, buildings, part of buildings which are held (as the owner or as the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for use in the production or supply of services or for administrative purposes or sale in the ordinary course of business. The Bank measures the investment properties at cost less accumulated depreciation and impairment, if any. The depreciable amount (book value less residual value) of the investment properties must be allocated over their useful lives. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets.

The fair value of the investment properties is established mainly by external experts. According to the opinion of the Management there is no significant difference between the fair value and the carrying value of these properties.

2.12. Financial liabilities

The financial liabilities are presented within these lines in the Separate Financial Statements:

- Amount due to banks and deposits from the National Banks and other banks
- Repo liabilities
- Financial liabilities designated at fair value through profit or loss
- Deposits from customers
- Liabilities from issued securities
- Derivative financial liabilities held for trading
- Derivative financial liabilities designated as hedge accounting
- Other financial liabilities

At initial recognition, the Bank measures financial liabilities at fair value plus or minus – in the case of a financial liability not at fair value through profit or loss – transaction costs that are directly attributable to the acquisition or issue of the financial liability.

2.12. Financial liabilities [continued]

Usually, the initial fair value of financial liabilities equals to transaction value. However, when the amounts are not equal, the initial fair value difference should be recognized.
If the fair value of financial liabilities is based on a valuation technique using only inputs observable in market transactions, the Bank recognizes the initial fair value difference in the Separate Statement of Profit or Loss.

When the fair value of financial liabilities is based on models for which inputs are not observable, the difference between the transaction price and the fair value is deferred and only recognized in profit or loss when the instrument is derecognized or the inputs became observable.

Financial liabilities at fair value through profit or loss are either financial liabilities held for trading or they are designated upon initial recognition as at fair value through profit or loss.

In connection to the derivative financial liabilities measured at fair value through profit or loss, the Bank presents the amount of change in their fair value originated from the changes of market conditions and business environment.

The Bank designated some financial liabilities upon initial recognition to measure at fair value through profit or loss. This classification eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases (“accounting mismatch”). The changes in fair value of these liabilities are recognized in profit or loss, except the fair value changes attributable to credit risk which are recognized among other comprehensive income.

In the case of financial liabilities measured at amortised cost, fees and commissions related to the origination of the financial liability are recognised through profit or loss during the maturity of the instrument. In certain cases the Bank repurchases a part of financial liabilities (mainly issued securities or subordinated bonds) and the difference between the carrying amount of the financial liability and the amount paid for it is recognised in the statement of profit or loss and included in other operating income.

2.13. Leases

An agreement is a lease or contains a lease if it transfers the rights to control the use of an identified asset for a given period in exchange for compensation.

Expenses related to the use of lease assets, the majority of which were previously recognised in external services costs, will be currently classified as depreciation/amortisation and interest costs. Usufruct rights are depreciated using a straight line method, while lease liabilities are settled using an effective discount rate.

Recognition of lease liabilities

The Bank will recognise lease liabilities related to leases which were previously classified as "operating leases" in accordance with IAS 17 Leases. These liabilities will be measured at the present value of lease payments receivable as at the date of commencement of the application of IFRS 16. Lease payments shall be discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate.

At their date of initial recognition, lease payments contained in the measurement of lease liabilities comprise the following types of payments for the right to use the underlying asset for the life of the lease:

- fixed lease payments less any lease incentives,
- variable lease payments which are dependent on market indices,
- amounts expected to be payable by the lessee under residual value guarantees,
- the strike price of a purchase option, if it is reasonably certain that the option will be exercised, and
- payment of contractual penalties for terminating the lease, if the lease period reflects that the lessee used the option of terminating the lease.

The Bank makes use of expedients with respect to short-term leases (less than 12 months) as well as in the case of leases in respect of which the underlying asset has a low value (less than HUF 1.4 million) and for which agreements it will not recognise financial liabilities nor any respective right-of-use assets. These types of lease payments will be recognised as costs using the straight-line method during the life of the lease.

2.13. Leases [continued]

Recognition of right-of-use assets

Right-of-use assets are initially measured at cost.

The cost of a right-of-use asset comprises:

- the amount of the initial measurement of lease liabilities,
- any lease payments made at or before the commencement date, less any lease incentives received,
- any initial direct costs incurred by the lessee,
- estimates of costs to be incurred by the lessee as a result of an obligation to disassemble and remove an underlying asset or to carry out renovation/restoration.

Right-of-use assets are presented separately in the financial statements.

2.14. Share capital

Share capital is the capital determined in the Articles of Association and registered by the Budapest-Capital Regional Court. Share capital is the capital the Bank raised by issuing common stocks at the date the shares were issued. The amount of share capital has not changed over the current period.

2.15. Treasury shares

Treasury shares are shares which are purchased on the stock exchange and the over-the-counter market by the Bank and are presented in the separate statement of financial position at acquisition cost as a deduction from shareholders' equity. Gains and losses on the sale of treasury shares are recognised directly to shareholder's equity. Derecognition of treasury shares is based on the FIFO method.

2.16. Non-current assets held-for-sale and discontinued operations

A discontinued operation is a component of an entity that either has been disposed of or is classified as held-for-sale. Hereinafter non-current assets classified as held-for-sale, disposal group and discontinued operations are referred to as assets in accordance with IFRS 5.
The Bank classifies assets under IFRS 5 if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The Bank does not account for an asset under IFRS 5 that has been temporarily taken out of use as if it had been abandoned.
The Bank measures an asset under IFRS 5 at the lower of its carrying amount and fair value less costs to sell. When the sale is expected to occur beyond one year, the Bank measures the costs to sell at their present value.

Any increase in the present value of the costs to sell that arises from the passage of time shall be presented in profit or loss. Immediately before the initial classification of the asset under IFRS 5, the carrying amounts of the asset (or all the assets and liabilities in the group) are measured in accordance with applicable IFRS.

The Bank does not depreciate (or amortize) an asset under IFRS 5 while it is classified as asset in accordance with IFRS 5. Interest and other expenses attributable to the liabilities of the asset under IFRS 5 shall continue to be recognized.

If the Bank has classified an asset under IFRS 5, but the criteria for that are no longer met, the Bank ceases to classify the asset under IFRS 5. The Bank measures these assets which cease to be classified as asset under IFRS 5 at the lower of:

- its carrying amount before the asset was classified as asset under IFRS 5, adjusted for any depreciation, amortisation or revaluations that would have been recognized had the asset not been classified as asset under IFRS 5, and
- its recoverable amount at the date of the subsequent decision not to sell.

The Bank presents an asset classified as asset under IFRS 5 separately from other assets in the Separate Statement of Financial Position. The liabilities of the asset under IFRS 5 are presented separately from other liabilities in the Separate Statement of Financial Position. Those assets and liabilities shall not be offset and presented as a single amount. The major classes of assets and liabilities classified as held for sale or discontinued operations are separately disclosed in the Notes.

2.16. Non-current assets held-for-sale and discontinued operations [continued]

The Bank presents separately any cumulative income or expense recognized in other comprehensive income relating to a non-current asset (or disposal group) classified as held for sale. Results from discontinued operations are reported separately in the Consolidated Statement of Profit or Loss as result from discontinued operations.

2.17. Interest income, income similar to interest income and interest expense

Interest income and expenses are recognised in profit or loss in the period to which they relate, using the effective interest rate method.

For exposures categorized into stage 1 and stage 2 the interest income is recognized on a gross basis. For exposures categorized into stage 3 (using effective interest rate) and for POCI (using credit-adjusted effective interest rate) the interest income is recognized on a net basis.

The time-proportional income similar to interest income of derivative financial instruments calculated without using the effective interest method and the positive fair value adjustment of interest rate swaps are also included in income similar to interest income. Interest income of FVTPL loans is calculated based on interest fixed in the contract and presented in “Income similar to interest income” line.

Interest from loans and deposits are accrued on a daily basis. Interest income and expense include certain transaction cost and the amortisation of any discount and premium between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

All interest income and expense recognised are arising from loans, placements with other banks, repo receivables, securities at fair value through other comprehensive income, securities at amortised cost, and amounts due to banks, repo liabilities, deposits from customers, liabilities from issued securities, subordinated bonds and loans are presented under these lines of financial statements

2.18. Fees and Commissions

Fees and commissions that are not involved in the amortised cost model are recognised in the Separate Statement of Profit or Loss on an accrual basis according to IFRS 15 (For details see Note 31). These fees are related to deposits, cash withdrawal, security trading, bank card, etc.

The Bank earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services. The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. When the Bank provides a service to its customers, consideration is invoiced and generally due immediately because it typically controls the services before transferring them to the customer.

The Bank provides foreign exchange trading services to its customers, the profit margin achieved on these transactions is presented as Net profit from fees and commissions in the Separate Statement of Profit or Loss.

2.18 Fees and Commisions [continued]

Performance obligations satisfied over time include asset management, deposit and account maintenance services, where the customer simultaneously receives and consumes the benefits provided by the Bank's performance as the Bank performs.

The Bank's fee and commission income from services where performance obligations are satisfied over time are followings:

Deposit and account maintenance fees and commissions and fees related to cash withdrawal

The Bank provides a number of account management services for both retail and corporate customers in which they charge a fee. Fees related to these services can be typically account transaction fees (money transfer fees, direct debit fees, money standing order fees, etc.), internet banking fees (e.g. OTP Direct fee), account control fees (e.g. sms fee), or other fees for occasional services (account statement fees, other administration fees, etc.). Fees for ongoing account management services are charged to the customer's account on a monthly basis. The fees are commonly fixed amounts that can be vary per account package and customer category. In the case of the transaction-based fees where the services include money transfer the fee is charged when the transaction takes place. The rate of the fee is typically determined in a certain % of the transaction amount. In the case of other transaction-based fees (e.g. SMS fee), the fee is settled monthly. In the case of occasional services, the Bank basically charges the fees when the services are used by the customer. The fees can be fixed fees or they can be set in %. The rates are reviewed by the Bank regularly.
These fees for ongoing account management services are charged on a monthly basis during the period when they are provided. Transaction-based fees are charged when the transaction takes place or charged monthly at the end of the month.

Fees and commission related to the issued bank cards

The Bank provides a variety of bank cards to its customers, for which different fees are charged. The fees are basically charged in connection with the issuance of cards and the related card transactions. The annual fees of the cards are charged in advance in a fixed amount. The amount of the annual card fee depends on the type of card. In the case of transaction-based fees (e.g. cash withdrawal/payment fee, merchant fee, interchange fee, etc.), the settlement of the fees will take place immediately after the transaction or on a monthly basis. The fee is typically determined in % of the transaction with a fixed minimum amount. For all other cases where the Bank provides a continuous service to the customers (e.g. card closing fee), the fees are charged monthly. The fee is calculated in a fix amount. The rates are reviewed by the Bank regularly.
These fees for ongoing services are charged on a monthly basis during the period when they are provided. Transaction-based fees are charged when the transaction takes place or charged monthly at the end of the month.

Fees and commissions related to security account management services

The Bank provides its clients security account management services. Fees will be charged for account management and transactions on accounts. Account management fees are typically charged quarterly or annually. The amount is determined in %, based on the stocks of securities managed by the clients on the account in a given period. Fees for transactions on the securities account are charged immediately after the transaction. They are determined in %, based on the transaction amount. Fees for complex services provided to clients (e.g. portfolio management or custody) are typically charged monthly or annually. The fees are fixed monthly amounts and in some cases a bonus fee are charged.
These fees for ongoing services are charged quarterly or annually during the period when they are provided. The fees are accrued monthly. Transaction-based fees are charged when the transaction takes place.

Fees and commissions related to fund management

Fees from fund management services provided to investment funds and from portfolio management provided to insurance companies, funds. The fee income are calculated on the basis of net asset value of the portfolio and by the fee rates determined in the contracts about portfolio management.
These fees for ongoing services are charged usually on monthly (mutual funds) or semi-annually (venture capital funds) during the period when they are provided but accrued monthly.

2.18 Fees and Commisions [continued]

Net insurance fee income

Due to the fact that the Bank rarely provides insurance services to its clients, only acts as an agent, the fee income charged to the customers and fees payable to the insurance company are presented net in the fee income. In addition, agency fee charged for the sale of insurance contracts is also recorded in this line. The fee is charged on a monthly basis and determined in %.
Fees for ongoing services are charged on a monthly basis during the period when they are provided.

Other fees

Fees that are not significant in the Bank total income are included in Other fees category. Such fees are safe lease, special procedure fee, account rent fee, fee of a copy of document, etc. Other fees may include charges for continuous services or for ad hoc administration services. Continuous fees are charged monthly (e.g., safe lease fees) at the beginning of the period, typically at a fixed rate. Fees for ad hoc services are charged immediately after the service obligation were met, usually in a fixed amount.
These fees for ongoing services are charged on a monthly basis during the period when they are provided. Fees for ad hoc services are charged when the transaction takes place.

2.19. Dividend income

Dividend income refers to any distribution of entity's earnings to shareholders from stocks or mutual funds that is owned by the Bank. The Bank recognizes dividend income in the separate financial statements when its right to receive the payment is established.

2.20. Income tax

The Bank considers corporate income tax and local business tax and the innovation contribution as income tax in Hungary. The annual taxation charge is based on the tax payable under Hungarian fiscal law, adjusted for deferred taxation. Deferred taxation is accounted for using the balance sheet liability method in respect of temporary differences between the tax bases of assets and liabilities and their carrying value for financial reporting purposes, measured at the tax rates that are expected to apply when the asset is realised or the liability is settled.

Current tax asset or current tax liability is presented related to income tax and innovation contribution separately in the Separate Statement of Financial Position.

Pillar Two – Global Anti-base Erosion Model Rules ("GloBE"), global minimum tax – introduces a minimum effective tax rate of at least 15%, calculated based on a specific rule set. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions the Group operates. The legislation will be effective for the Group's financial year beginning 1 January 2024, but in year 2023 no income tax results obtained from Pillar Two rules.. The Group considers this top-up tax as an income tax according to IAS 12.

Deferred tax assets and liabilities are presented in a net way in the statement of financial position. Current tax asset or current tax liability is presented related to income tax and innovation contribution separately in the statement of financial position.

Deferred tax assets are recognized by the Bank for the amounts of income tax that are recoverable in future periods in respect of deductible temporary differences as well as the carry forward of unused tax losses and the carryforward of unused tax credits.

The Bank recognizes a deferred tax asset for all deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint arrangements, to the extent that, and only to the extent that, it is probable that:

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the temporary difference can be utilised.

2.20 Income tax [continued]

The Bank considers the availability of qualifying taxable temporary differences and the probability of other future taxable profits to determine whether future taxable profits will be available.
The Bank recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint arrangements, except to the extent that both of the following conditions are satisfied:
- the Bank is able to control the timing of the reversal of the temporary difference, and
- it is probable that the temporary difference will not reverse in the foreseeable future.

The Bank only offsets its deferred tax liabilities against deferred tax assets when:
- there is a legally enforceable right to set-off current tax liabilities against current tax assets, and
- the taxes are levied by the same taxation authorities on either
    - the same taxable entity or
    - different taxable entities which intend to settle current tax liabilities and assets on a net basis.

2.21. Banking tax

The Bank is obliged to pay banking tax based on Act LIX of 2006. As the calculation is not based on the taxable profit (but the adjusted Assets total calculated based on the Separate Financial Statements for the second period preceding the current tax year), banking tax is not considered as income tax. Therefore, the banking tax is considered as an other administrative expense, not as income tax.

Pursuant to Government Decree No. 197/2022 published on 4 June 2022, the Hungarian Government decided to impose a windfall tax on credit institutions and financial enterprises temporarily, that is for 2022 and 2023.

During 2024, the Government amended the Decree on the windfall tax and the obligation was extended to 2025.

2.22. Off-balance sheet commitments and contingent liabilities, provisions

In the ordinary course of its business, the Bank has entered into off-balance sheet commitments such as guarantees, commitments to extend credit, letters of credit and transactions with financial instruments. The provision on off-balance sheet commitments and contingent liabilities is maintained at a level adequate to absorb probable future losses which are probable and relate to present obligations.

Those commitments and contingent liabilities Management determines the adequacy of the provision based upon reviews of individual items, recent loss experience, current economic conditions, the risk characteristics of the various categories of transactions and other pertinent factors.

The Bank recognizes a provision for off-balance sheet commitment and contingent liabilities in accordance with IAS 37 when it has a present obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the obligation.

Expected credit loss model is applied for given financial guarantees and loan commitments which are under IFRS 9 the, when the provision is calculated (see more details in Note 2.6.). After initial recognition the Bank subsequently measures those contracts at a higher of the amount of the loss allowance or of the amount initially recognised less the cumulative amount of income recognized in accordance with IFRS 15.

2.23. Share-based payment

The Bank applies the requirements of IFRS 2 Share-based Payment.

The Bank issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the year, based on the Bank’s estimate of shares that will eventually vest.

Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on Management’s best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

2.24. Employee benefits

The Bank has applied the requirement of IAS 19 Employee Benefits. The Bank’s short-term employee benefits are wages, salaries and bonuses, premium, paid annual leave and paid sick leave and other free services (health care, reward holiday). Short-term employee benefits are expected to pay by the Bank within 12 month. These benefits are recognised as an expense and liability undiscounted in the separate financial statements.

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. These can be wages, salaries and bonuses, premium, paid annual leave and paid sick leave and other free services (health care, reward holiday). Long-term employee benefits are mostly the jubilee reward.

Post-employment benefits are employee benefits (other than termination and short-term employee benefits) that are payable after the completion of employment. Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees. Post-employment benefit plans are classified as either defined contribution plans or defined benefit plans, depending on the economic substance of the plan as derived from its principal terms and conditions.

Termination benefits are employee benefits provided in exchange for the termination of an employee’s employment as a result of either: an entity’s decision to terminate an employee’s employment before the normal retirement date or an employee’s decision to accept an offer of benefits in exchange for the termination of employment. Other long-term employee benefits are all employee benefits other than short-term employee benefits, postemployment benefits and termination benefits.

NOTE 2: SUMMARY OF MATERIAL ACCOUNTING POLICIES [continued]

2.25. Separate statement of cash flows

Cash flows arising from the operating, investing or financing activities are reported in the Statement of Cash-Flows of the Bank primarily on a gross basis. Net basis reporting are applied by the Bank in the following cases:

- when the cash flows reflect the activities of the customer rather than those of the Bank, and
- for items in which the turnover is quick, the amounts are large, and the maturities are short.

For the purposes of reporting cash flows "Cash, due from banks and balances with the NBH" line item excluding compulsory reserve are considered as cash and cash equivalents by the Bank. This line item shows balances of HUF and foreign currency cash amounts, and sight depos from NBH and from other banks, furthermore balances of current accounts.

Cash flows from hedging activities are classified in the same category as the item being hedged. The unrealised gains and losses from the translation of monetary items to the closing foreign exchange rates and the unrealised gains and losses from derivative financial instruments are presented separately net in the statement of cash flows for the monetary items which have been revalued.

2.26. Segment reporting

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Bank that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

At separate level, the Management does not separate and makes decisions based on different segments; the segments are identified by the Bank only at consolidated level in line with IFRS 8 paragraph 4. At Group level the segments identified by the Bank are the business and geographical segments.

The Group's operating segments under IFRS 8 are therefore as follows: OTP Core Hungary, Russia, Ukraine, Bulgaria, Romania, Serbia, Croatia, Montenegro, Albania, Moldova, Slovenia, Uzbekistan, Merkantil Group, Asset Management subsidiaries, other subsidiaries, Corporate Centre. Romanian segment is classified as discontinued operation from 2023 but in line with management report it is still presented in Segment reporting as separate segment.

2.27. Comparative figures

These separate financial statements are prepared in accordance with the same accounting policies in all respects as the Financial Statements prepared in accordance with IFRS as adopted by the EU for the year ended 31 December 2023

In Note 12 the table about list of associates was changed in order to be more transparent by aggregating associates which are owned through venture capital fund as these companies are immaterial. The comparative previous year's table was transformed to the same structure as well.

NOTE 3: SIGNIFICANT ACCOUNTING ESTIMATES AND DECISIONS IN THE APPLICATION OF ACCOUNTING POLICIES

The presentation of separate financial statements in conformity with 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:

3.1. Loss allowance on financial instruments

The Bank regularly assesses its financial instruments for impairment. Management determines the adequacy of the allowances based upon reviews of individual loans and placements, recent loss experience, current economic conditions, the risk characteristics of the various categories of loans and other pertinent factors. The use of a new, three stage model was implemented for IFRS 9 purposes. The new impairment methodology is used to classify financial instruments in order to determine whether credit risk has significantly increased since initial recognition and able to identify credit-impaired assets. For instruments with credit-impairment or significant increase of credit risk lifetime expected losses will be recognized. (For details see note 36.1.1.)

3.2. Valuation of instruments without direct quotations

Financial instruments without direct quotations in an active market are valued using the valuation model technique. The models are regularly reviewed and each model is calibrated for the most recent available market data. While the models are built only on available data, their use is subject to certain assumptions and estimates (e.g. for correlations, volatilities, etc). Changes in the model assumptions may affect the reported fair value of the relevant financial instruments.

IFRS 13 Fair Value Measurement seeks to increase consistency and comparability in fair value measurements and related disclosures through a 'fair value hierarchy'. The hierarchy categorises the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The Bank evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary, based on the facts at the beginning of the reporting period. The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions.

3.3. Provisions

Provision is recognised and measured for commitments to extend credit and for warranties arising from banking activities based on IFRS 9 Financial Instruments. Provision for these instruments is recognised based on the credit conversion factor, which shows the proportion of the undrawn credit line that will be probably drawn.

Other provision is recognised and measured based on IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The Bank is involved in a number of ongoing legal disputes. Based upon historical experience and expert reports, the Bank assesses the developments in these cases, and the likelihood and the amount of potential financial losses which are appropriately provided for. (See Note 24.)

Other provision for off-balance sheet items includes provision for litigation, provision for retirement and expected liabilities and provision for Confirmed letter of credit.

A provision is recognised by the Bank when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

NOTE 4: MACRO-ENVIRONMENT, IMPACT OF ECONOMIC SITUATION ON THE BANK

Macro economy and financial situation in Hungary

In 2024, inflation continued to recede in advanced economies, so the Fed and the ECB both started rate-cutting cycles. The US presidential election and the expectations ahead of it led to a sharp turnaround in bond markets and interest rate expectations, as the victory of Donald Trump, whose election promises included several highly inflationary elements, became increasingly likely. In mid-September, yields started to pick up from the decline that had started in spring, and expectations of further rate cuts began to ease. Growth remained strong in the United States, but the euro area continued to struggle to recover from the downturn, where the energy crisis and the inflation shock owing to the Russia-Ukraine war had thrown it. Meanwhile, labour markets remained tight on both sides of the Atlantic, with low unemployment and strong wage dynamics.

As the year was nearing its end, it became clear that the USA's growth was robust, as consumer spending and private investment steadily boosted the economy, which expanded by 2.8%, well above the 1-1.5% rate expected at the beginning of the year. Labour market conditions also surpassed expectations: despite minor temporary wobbling, employment growth remained strong, the unemployment rate remained low, and wages increased by 4%. In the autumn, disinflation stalled, and core inflation reflected 3-3.5% underlying price growth, well above the inflation target. Nevertheless, the Fed reduced its base rate by 100 basis points, to 4.25-4.5% by the end of the year, as expected.

In the euro area, the recovery was also driven by consumption, but the pace of the rebound was slower than in the USA and was uneven in the area. The best performers were tourism-driven southern member states, while the industry-heavy economies struggled to recover from the shock of the energy crisis. Political crises are also weighing on the recovery, with two major economies, Germany and France, both facing government crises. In the autumn, inflation temporarily fell below the target but has been accelerating again since October as the drop in food and energy prices faded. Nevertheless, the ECB continued its easing cycle, reducing the effective rate to 3% by the end of 2024; this is consistent with 100-basis-point cut in the full year.

The Hungarian economy started to pick up in 2024, ending a longer and deeper recession than its regional peers saw in 2023, but just like in Europe, the recovery was uneven and fragile, rising by just 0.5% in full year 2024. The rise in real wages helped consumption gradually pick up (it expanded by roughly 4% in 2024), and households' precautionary savings seemed to ease in the second half of the year. Despite the expanding consumption, the high exposure to the automotive sector, the eroded room in fiscal policy, the falling exports, and a more than 10% plunge in investment pushed the economy back into technical recession in the second and third quarters, before a recovery came in the fourth quarter. Net exports' contribution to growth was positive, but it did not stem from exports' robust performance – it was only because imports fell sharper than exports did. As a result of the government's stimulus measures, the housing market surged together with households' loan demand, while the corporate loan market's rise was rather subdued. Labour market tightness has clearly eased, employment slightly declined in the second half of the year, but the unemployment rate rose in 2024.

Inflation slowed in Hungary, too, and briefly reached the 3% target in September, giving the MNB room to cut interest rates to 6.5%, from 10.75% at the end of 2023. But inflation started to rise in October, and hit 4.6% in December, the highest monthly rate in 2024. The escalation of the Middle East conflict and the rise in US yields forced the MNB to pause its easing cycle. The EUR/HUF, which traded near 380 at the beginning of 2024, spent much of the second half-year above the 400 mark.

After years of deficits of 7-8% of GDP, a fiscal adjustment came despite the unfavourable macroeconomic environment; Hungary's primary balance improved to close to zero in 2024, and the headline deficit fell to 4.8% of GDP, close to the raised deficit target of 4.5%, but still far from the 3% Maastricht criterion. The reduction of government debt stalled in 2024, and the debt-to-GDP ratio rose to 73.9%-74%, up from 73.4% in 2023. Hungary's external balance started to improve rapidly after the energy price shock faded and domestic demand declined; the deficit swung from more than 8% of GDP in 2022 to a slight surplus in 2023, before rising to 2.5% of GDP in 2024, and external debt started to slowly decline.

NOTE 4: MACRO-ENVIRONMENT, IMPACT OF ECONOMIC SITUATION ON THE BANK [continued]

Summary of economic policy measures made and other relevant regulatory changes in the period under review

Windfall tax

Government decree No. 206/2023 (V.31.) published on 31 May 2023 outlined the details of the extra profit tax payable by credit institutions in 2024. The basis of the tax is the 2022 profit before tax adjusted for several items. The tax rate is 13% for the part of the tax base not exceeding HUF 20 billion, and 30% for the amount above that. According to the decree, if the average amount of Hungarian government bonds owned by the financial institution increases over a certain period, the windfall tax payable by the credit institution can be reduced. The reduction cannot be more than 10% of the increase in government bond holdings and cannot exceed 50% of the windfall tax payment obligation calculated without the reduction.

The ruling was amended according to Government Decree No. 183/2024. (VII. 8.) as the windfall tax burden in 2024 can be reduced in proportion to 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 can be up to 10% of the growth in the notional of government bonds, but not more than 50% of the windfall tax payment obligation.

In 2024 the gross amount of the windfall tax was HUF 13 billion in the case of the Hungarian Group members, from which the increase in government bond holdings allowed for HUF 6.2 billion reduction, resulting in HUF 6.8 billion windfall tax burden.

According to Government Decree No. 356/2024 (XI. 21.) published on 21 November 2024, in 2025 the windfall profit tax burden payable by OTP Group's Hungarian group members might be around HUF 53 billion (before corporate income tax), assuming the full utilization of the reduction opportunity related to the increase in the stock of government securities.

Interest rate cap

Pursuant to Government Decree No. 522/2023. (XI. 30.):

- The interest rate cap for the outstanding volume of certain residential mortgage loans was extended by six months, until 30 June 2024.
- The rate cap for the existing volume of certain MSE loans was extended until 1 April 2024, and it was terminated that after.

On 20 June 2024, Government Decree No. 130/2024 (VI.20) enacted the extension of the interest rate cap on certain housing loans, until 31 December 2024.

On 2 December 2024, Government Decree No. 374/2024 (XII.2) enacted the extension of the interest rate cap on certain housing loans, until 30 June 2025.

Voluntary interest rate cap on newly granted loans

At the beginning of October 2023, the Ministry of Economic Development proposed that banks impose voluntary interest rate caps on newly granted HUF-denominated working capital loans for businesses, and on residential housing loans. The voluntary interest rate cap expired on 30 June 2024. OTP Bank participated in the initiative.

Between 1 April and 31 October 2025, as part of the government's 'New Economic Policy Action Plan', based on the individual decision of the participating banks, 5% interest rate cap will be available for under 35 years old, first-time home buyers for newly granted green housing loans, with properties under 60 square meter and price lower than HUF 1.2 million per square meter. The rate cap will be applied in the first 5 years of the loan, and the product will be free of disbursement and credit assessment fees.

NOTE 4: MACRO-ENVIRONMENT, IMPACT OF ECONOMIC SITUATION ON THE BANK [continued]

Summary of economic policy measures made and other relevant regulatory changes in the period under review [continued]

Family support schemes and economic stimulus measures

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.).

The government decrees of 388/2024 (XII. 11.) and 437/2024 (XII. 23.) have amended the terms and conditions for the subsidized baby loan:

- The interest-free feature of the loan may be regained if the first baby is born only after the fifth year, or if one of the members of the former couple remarries after the first five years of the term and a child is born from the new relationship. The penalty paid in a lump sum at the end of the fifth year will not be repaid to the family, but the interest-free period will be restored, and thus the instalment will also be smaller. The couple having this child may request a three-year payment moratorium.
- If penalty imposed or interest subsidy repayment is obligated for violating any of the loan conditions, after paying the penalty exemption can be requested even from interest rate increases, via individual application; i.e. in certain cases, the loan may remain interest-free.
- The eligibility age limit for wives increased from 30 the 35 years. However, the previous option to apply for such loan for married couples where the wife is aged 35-41 and at least 12 weeks pregnant, ceased at the end of the year.

On 5 April 2024, the government announced a new subsidized home renovation loan programme, which began on 1 July 2024. The loan, with maximum amount of HUF 7 million and up to 12 years term, is available in OTP Bank's branches that function as 'MFB points', for the purpose of energy efficiency improvement of family houses built before 1990.

From 1 November 2024, the client interest rate of Széchenyi Card Programme's investment loan products for Hungarian micro, small and medium-sized enterprises was lowered to fixed 3.5%, from the previous 5%.

Capital regulation

On 20 June 2024, the National Bank of Hungary raised the countercyclical capital buffer rate to 1%, effective from 1 July 2025. In its meeting of 27 June 2024, the central bank left the systemic risk capital buffer unchanged at 0%.

MREL minimum requirement: effective from 1 January 2025, the National Bank of Hungary imposed the below additional capital requirements for OTP Group, on consolidated level:

- 1.01%-points in the case of the Common Equity Tier1 (CET1) capital, accordingly the minimum requirement for the consolidated CET1 ratio is 5.51% (without regulatory capital buffers);
- 1.34%-points in the case of the Tier1 capital, accordingly the minimum requirement for the consolidated Tier1 ratio is 7.34% (without regulatory capital buffers);
- 1.79%-points in the case of the Total SREP Capital Requirement (TSCR), accordingly the minimum requirement for the consolidated capital adequacy ratio is 9.79% (without regulatory capital buffers).

The principles used in the preparation of the Separate Statement of Financial Position as at 31 December 2024 in connection with the evaluation of Russian and Ukrainian exposures

Ukraine

In 2022 Russia launched a still ongoing war against Ukraine.
OTP Group's Ukrainian operation incorporates the Ukrainian bank, as well as the leasing and factoring companies. The country-consolidated Ukrainian total assets represented HUF 1,187 billion at the end of 2024 (2.7% of total consolidated assets), while net loans comprised HUF 389 billion (1.7% of consolidated net loans) and shareholders' equity amounted to HUF 206 billion (4.0% of the consolidated total equity).
At the end of 2023 the gross intragroup funding towards the Ukrainian operation represented HUF 55 billion, while taking into account the Ukrainian deposits placed with the Headquarters, i.e. the net group funding stood at HUF 14 billion equivalent towards the Ukrainian operation.
In 2024 the Ukrainian operation posted a profit after tax of HUF 41.2 billion, slightly less than the HUF 44.9 billion in 2023.

Russia

The total assets of the Group's Russian operation represented HUF 2,371 billion at the end of 2024 (5.5% of consolidated total assets), while net loans comprised HUF 998 billion (4.3% of consolidated net loans) and shareholders' equity HUF 299 billion (5.8% of consolidated total equity).
The Russian operation posted HUF 136.9 billion profit after tax in 2024, after the HUF 95.7 billion profit reached in full-year 2023.
As the Russian subsidiary repaid its maturing intragroup loans in 4Q 2022, the gross intragroup funding towards the Russian operation declined to zero and remained nil since then. At the end of 2024 the intragroup subordinated loan exposure toward the Russian operation amounted to HUF 11 billion equivalent.
In 2024 the Russian Central Bank approved dividend payment by OTP's Russian subsidiary several times with a total amount of RUB 28.3 billion. With this amount RUB 41.8 billion dividend was paid since 3Q 2023.
In the case of Ukraine and Russia OTP management applies a „going concern" approach, however in Russia the management is still considering all strategic options, bearing in mind that any future solution should be strictly within the framework and in accordance with applicable local and international regulations.
If the Russian entity was deconsolidated and the outstanding gross intragroup exposures were written off as well, the effect for the consolidated CET1 ratio would be 30 bps, whereas in the Ukraine the effect would be 8 bps.

Significant estimates affected by the Russian-Ukrainian conflict during the preparation of these Separate Financial Statements

During the preparation of these Separate Financial Statements, the Bank identified the following estimates, which were significantly affected by the Russian-Ukrainian conflict:

1) Evaluation of Russian sovereign exposures (government securities) and related reserves for expected credit losses at OTP Bank (as parent company)
2) Evaluation of Ukrainian sovereign exposures (government securities) and related reserves for expected credit losses at OTP Bank (as parent company)
3) Evaluation of derivative transactions denominated in Russian rubles
4) Evaluation of derivative transactions denominated in the Ukrainian hryvnia
5) Provisions for expected credit losses related to Russian and Ukrainian interbank claims and customer loans (following direct exposure to the Russian and Ukrainian markets, non-Russian and Ukrainian bank exposures)
6) Evaluation of investments

	Reference	Gross value	Impairment
Securities at amortized cost	1	36,442	(26,299)
Securities at fair value through other comprehensive income	1	71,092	(51,293)
Other financial assets		6,311	(5,660)
Investments	6	462,646	(299,339)
TOTAL ASSETS		**576,491**	**(382,591)**

NOTE 4: MACRO-ENVIRONMENT, IMPACT OF ECONOMIC SITUATION ON THE BANK [continued]

The principles used in the preparation of the Separate Statement of Financial Position as at 31 December 2024 in connection with the evaluation of Russian and Ukrainian exposures [continued]

During the evaluation of these assets, the Bank applied the evaluation principles detailed below, which evaluation contains significant estimates on the part of the Management. The results of the estimates may vary significantly depending on the development of the situation in the Russian-Ukrainian conflict.

References

1. Evaluation of Russian sovereign exposures and related reserves for expected credit losses - other exposures of the group

Outside of Russia, the marketability of Russian government securities is significantly limited due to sanctions and capital market participants turning away from Russian securities. The credit rating of the Russian state was withdrawn in 2022, the Group classifies the Russian state as non-performing, and in accordance with this, it assigned the affected exposures to the Stage 3 category. The Russian state not only recognizes its obligation and has the necessary financial reserves, but would also be willing to pay, so the increased loss potential is caused by non-traditional credit risks. In the case of a portfolio valued at fair value through other comprehensive income, the book value is determined based on the level 3 prices of IFRS13. Cash-flow estimation, current market benchmarks (provided by Bloomberg), liquidity and non-credit risk considerations were taken into account in fair value calculation.

2. Valuation of Ukrainian sovereign exposures and related reserves for expected credit losses - other exposures of the group

Ukrainian government securities are exclusively in the books of the Ukrainian subsidiary.

3. Valuation of Russian derivative transactions

In the case of futures contracts concluded with local partners on the Russian market, the evaluation is carried out using yield curves available and observable on the local market. In the cases where one of the partners is not Russian, the evaluation is done using yield curves available and observable on the international market.

4. Valuation of Ukrainian derivatives

The Treasury turnover of the Ukrainian bank is low, and a significant part of the derivative transactions are related to the bank's risk management and concluded with the parent company. During the actual evaluation, the expected cash-flow is discounted using yield curves observed based on current market benchmarks (published by the National Bank of Ukraine).

The principles used in the preparation of the Separate Statement of Financial Position as at 31 December 2024 in connection with the evaluation of Russian and Ukrainian exposures [continued]

References [continued]

5. Provisions for expected credit losses related to Russian and Ukrainian interbank claims and customer loans (following direct exposure to the Russian and Ukrainian markets, non-Russian and Ukrainian bank exposures)

As part of the quarterly monitoring activity, the Bank has identified and analysed the secondary and tertiary negative effects of the war in the corporate segment. Changes related to the meanwhile imposed sanctions – which should have been taken into consideration at analysis - have been followed up. As part of the individual monitoring activity separate monitoring methodology and assessment were prepared for exposures above HUF 250 million as follows:

i) sectors vulnerable to the risk arising from changes of energy / interest / foreign exchange
ii) customers from sectors with high risks according to the loan policy, especially the hotel industry and real estate utilisation industry
iii) municipalities, customers owned by municipalities

When technical or objective default occured due to sanctions the affected exposures were classified into Stage 3. In these cases at least two scenarios were taken into consideration as the estimation of expected cash flows for impairment calculation. At least one scenario represents that case when significant differences occur between the expected and the contractual cash flows. Probabilities shall be allocated to represent the occurence of credit loss, even in that case when most likely there is no need to recognise impairment loss.

Exposures in amount of HUF 10.3 billion as classified into Stage 3 had an amount of HUF 4.2 billion of expected credit loss as at 31 December 2023. The concerning exposures in amount of HUF 9.9 billion had an amount of HUF 6.8 billion as at 31 December 2024.

6. Evaluation of investments

The Bank has evaluated its investments in 3 countries concerning the Russian-Ukrainian conflict based on discounted cash flows, and neither impairement loss nor reversal of impairment loss was recognised for the year ended 31 December 2024.

NOTE 4: MACRO-ENVIRONMENT, IMPACT OF ECONOMIC SITUATION ON THE BANK [continued]

Please see details in this note above under "Interest rate cap" where Interest rate cap is described.

Financial assets modified during the year ended 31 December 2024

Modification due to the prolongation of existing interest rate cap till 31 December 2024

	in HUF million
Gross carrying amount before modification	44,974
Modification loss	(1,104)
Gross carrying amount after modification	**43,870**
Loss allowance	(763)
Net amortised cost after modification	**43,107**

Modification due to the prolongation of existing interest rate cap till 30 June 2025

	in HUF million
Gross carrying amount before modification	40,881
Modification loss	(875)
Gross carrying amount after modification	**40,006**
Loss allowance	(536)
Net amortised cost after modification	**39,470**

Financial assets modified during the year ended 31 December 2023

Modification due to the prolongation of existing interest rate cap till 31 December 2023

	in HUF million
Gross carrying amount before modification	179,970
Modification loss	(6,952)
Gross carrying amount after modification	**173,018**
Loss allowance	(9,376)
Net amortised cost after modification	**163,642**

Modification due to prolongation of existing interest rate cap till 30 June 2024 (in the case of SME loans till 1 April 2024)

	in HUF million
Gross carrying amount before modification	124,456
Modification loss	(2,065)
Gross carrying amount after modification	**122,391**
Loss allowance	(7,938)
Net amortised cost after modification	**114,453**

NOTE 5: CASH, AMOUNTS DUE FROM BANKS AND BALANCES WITH THE NATIONAL BANK OF HUNGARY (in HUF mn)

	31 December 2024	31 December 2023
Cash on hand:		
In HUF	107,982	86,317
In foreign currency	17,784	15,412
	125,766	**101,729**
Amounts due from banks and balances with National Bank of Hungary:		
Within one year:		
In HUF	1,531,556	2,272,840
In foreign currency	419,970	334,058
	1,951,526	**2,606,898**
Subtotal	**2,077,292**	**2,708,627**
Loss allowance	(2,113)	(395)
Subtotal	**2,075,179**	**2,708,232**
Average amount of compulsory reserve	1,163,343	1,143,307
Total	**911,836**	**1,564,925**
Rate of the compulsory reserve	10%	10%

The Bank shall deposit compulsory reserve in a determined percent of its liabilities at NBH. Liabilities considered in compulsory reserve calculation are as follows:

a) deposits and loans,
b) debt instruments,
c) repo transactions.

The amount of the compulsory reserve is the multiplication of the daily average of the liabilities considered in the compulsory reserve calculation and compulsory reserve rate, which are determined by the NBH in a specific decree. The Bank is required to complete compulsory reserve requirements in average in the second month after the reserve calculation period, requirements shall be completed once a month on the last calendar day. The Bank complies with the compulsory reserve requirements by the deposit of the adequate amount of cash as the calculated compulsory reserve on the bank account at NBH in monthly average.

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

	31 December 2024	31 December 2023
Balance as at 1 January	**395**	**1,353**
Loss allowance	3,445	3,588
Release of loss allowance	(1,702)	(4,399)
FX movement	(25)	(147)
Closing balance	**2,113**	**395**

NOTE 6: PLACEMENTS WITH OTHER BANKS (in HUF mn)

	31 December 2024	31 December 2023
Within one year:		
In HUF	380,772	563,752
In foreign currency	173,037	134,346
	553,809	**698,098**
Over one year		
In HUF	1,564,539	1,196,419
In foreign currency	835,407	814,791
	2,399,946	**2,011,210**
Total placements	**2,953,755**	**2,709,308**
Loss allowance on placement losses	(5,219)	(6,875)
	2,948,536	**2,702,433**

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

	31 December 2024	31 December 2023
Balance as at 1 January	**6,875**	**18,782**
Loss allowance	5,074	8,178
Release of loss allowance	(7,050)	(19,727)
FX movement	320	(358)
Closing balance	**5,219**	**6,875**

Interest conditions of placements with other banks (%):

	31 December 2024	31 December 2023
Placements with other banks in HUF	0%-25%	0%-25%
Placements with other banks in foreign currency	0%-9,68%	0%-11.6%
Average interest of placements with other banks	6.65%	7.55%

NOTE 7: REPO RECEIVABLES (in HUF mn)

	31 December 2024	31 December 2023
Within one year:		
In HUF	234,659	202,025
In foreign currency	3,774	-
	238,433	**202,025**
Total gross amount	**238,433**	**202,025**
Loss allowance on repo receivables	(354)	(367)
Total repo receivables	**238,079**	**201,658**

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

	31 December 2024	31 December 2023
Balance as at 1 January	**367**	**2,167**
Loss allowance	2,255	11,755
Release of loss allowance	(2,268)	(13,555)
Closing balance	**354**	**367**

Interest conditions of repo receivables (%):

	31 December 2024	31 December 2023
Repo receivables in HUF	6%-6,9%	7.49%-11.4%
Average interest of repo receivables denominated in HUF	7.48%	13.85%
Average interest of repo receivables denominated in foreign currency	3.87%	3.86%

Securities as collaterals underlying repo receivable contracts is as follows:

As at 31 December 2024

Type	Currency	Notional in HUF mn	Fair value in HUF mn
Hungarian government bonds	HUF	256,068	244,986
Hungarian government discounted Treasury Bills	HUF	1,650	1,612
Foreign country government bonds	EUR	3,896	3,883
Total		**261,614**	**250,481**

As at 31 December 2023

Type	Currency	Notional	Fair value
Hungarian government bonds	HUF	233,408	219,270
Hungarian government discounted Treasury Bills	HUF	1,439	1,384
Total		**234,847**	**220,654**

NOTE 8: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (in HUF mn)

	31 December 2024	31 December 2023
Held for trading securities:		
Government bonds	57,498	22,352
Other non-interest bearing securities	377	320
Hungarian government discounted Treasury Bills	207	71
Corporate shares and investments	1,197	513
Mortgage bonds	117	111
Other securities	388,597	4,437
Subtotal	**447,993**	**27,804**
Securities mandatorily measured at fair value through profit or loss		
Shares in investment funds	30,878	31,124
Shares	1,304	1,808
Subtotal	**32,182**	**32,932**
Held for trading derivative financial instruments:		
Foreign currency swaps	63,309	66,324
Interest rate swaps	57,406	65,434
CCIRS and mark-to-market CCIRS swaps	20,730	23,221
Other derivative transactions	29,616	41,820
Subtotal	**171,061**	**196,799**
Total	**651,236**	**257,535**

Interest conditions and the remaining maturities of securities held for trading are as follows:

	31 December 2024	31 December 2023
Within one year:		
variable interest	107	103
fixed interest	386,175	12,881
	386,282	**12,984**
Over one year:		
variable interest	3,648	975
fixed interest	56,489	13,012
	60,137	**13,987**
Non-interest bearing securities	1,574	833
Total	**447,993**	**27,804**
Securities held for trading denominated in HUF	94%	28%
Securities held for trading denominated in foreign currency	6%	72%
Securities held for trading total	**100%**	**100%**
Government bonds denominated in HUF	63%	18%
Government bonds denominated in foreign currency	37%	82%
Government securities total	**100%**	**100%**
Interest rates on securities held for trading in HUF	1.9%-19.1%	1.9%-16.25%
Interest rates on securities held for trading in foreign currency	0%-8.9%	0%-7.63%
Average interest on securities held for trading	1.34%	11.58%

NOTE 8: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (in HUF mn) [continued]

Interest conditions and the remaining maturities of securities mandatorily measured at fair value through profit or loss are as follows:

	31 December 2024	31 December 2023
Non-interest bearing securities	32,182	32,932
Total	**32,182**	**32,932**

Securities mandatorily measured at fair value through profit or loss denominated in HUF	78%	73%
Securities mandatorily measured at fair value through profit or loss denominated in foreign currency	22%	27%
Securities mandatorily measured at fair value through profit or loss total	**100%**	**100%**

NOTE 9: SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (in HUF mn)

	31 December 2024	31 December 2023
Securities at fair value through other comprehensive income		
Government bonds	185,171	189,385
Mortgage bonds	326,950	300,569
Interest bearing treasury bills	86	236
Other securities	46,461	48,160
Listed securities	*9,525*	*11,622*
in foreign currency	9,525	11,622
Non-listed securities	*36,936*	*36,538*
in HUF	10,331	12,115
in foreign currency	26,605	24,423
Subtotal	**558,668**	**538,350**
Non-trading equity instruments		
-non-listed securities	33,934	21,177
in HUF	528	528
in foreign currency	33,406	20,649
	33,934	**21,177**
Securities at fair value through other comprehensive income total	**592,602**	**559,527**

NOTE 9: SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (in HUF mn) [continued]

Detailed information of the non-trading equity instruments to be measured at fair value through other comprehensive income:

Name	Currency	31 December 2024	31 December 2023
Garantiqa	HUF	392	392
Hage / Közvil / Pénzügykut	HUF	136	136
OBS	EUR	16,625	14,318
VISA A Preferred	USD	10,312	6,331
VISA C Common	USD	6,469	-
Total		**33,934**	**21,177**

Interest conditions and the remaining maturities of FVOCI securities can be analysed as follows:

	31 December 2024	31 December 2023
Within one year:		
variable interest	196	30,130
fixed interest	91,521	13,235
	91,717	**43,365**
Over one year:		
variable interest	122,473	120,268
fixed interest	344,478	374,717
	466,951	**494,985**
Non-interest bearing securities	33,934	21,177
Total	**592,602**	**559,527**
FVOCI securities denominated in HUF	78%	71%
FVOCI securities denominated in foreign currency	22%	29%
FVOCI securities total	**100%**	**100%**
Interest rates on FVOCI securities denominated in HUF	0.25%-11%	1.25%-13.8%
Interest rates on FVOCI securities denominated in foreign currency	0%-12.75%	0.74%-16%
Average interest on FVOCI securities	5.44%	8.16%

Certain fixed-rate mortgage bonds and other securities are hedged against interest rate risk. (See Note 45.4.)

	31 December 2024	31 December 2023
Net gain / (loss) reclassified from other comprehensive income to statement of profit or loss	2,875	25,363
Fair value of the hedged securities:		
Government bonds	144,218	180,220
Other bonds	4,002	4,031
	148,220	**184,251**

During the year ended 31 December 2023 and 2024 the Bank didn't sell any of equity instruments designated to measure at fair value through other comprehensive income.

NOTE 10: SECURITIES AT AMORTISED COST (in HUF mn)

	31 December 2024	31 December 2023
Government bonds	2,904,452	2,396,803
Other bonds	345,418	315,532
Treasury bills	93,259	-
Mortgage bonds	29,927	24,738
Subtotal	**3,373,056**	**2,737,073**
Loss allowance	(38,911)	(26,225)
Total	**3,334,145**	**2,710,848**

Interest conditions and the remaining maturities of securities at amortised cost can be analysed as follows:

	31 December 2024	31 December 2023
Within one year:		
fixed interest	518,374	63,775
	518,374	**63,775**
Over one year:		
variable interest	24,824	4,845
fixed interest	2,829,858	2,668,453
	2,854,682	**2,673,298**
Total	**3,373,056**	**2,737,073**

The distribution of the securities at amortised cost by currency (%):

	31 December 2024	31 December 2023
Securities at amortised cost denominated in HUF	72%	72%
Securities at amortised cost denominated in foreign currency	28%	28%
Securities at amortised cost total	**100%**	**100%**
Interest rates on securities at amortised cost	0.1%-12.75%	0.1%-13.2%
Average interest on securities at amortised cost denominated in HUF	4.62%	3.95%

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

	31 December 2024	31 December 2023
Balance as at 1 January	**26,225**	**35,850**
Loss allowance	22,001	2,287
Release of loss allowance	(11,433)	(10,863)
FX movement	2,118	(1,049)
Closing balance	**38,911**	**26,225**

NOTE 11: LOANS (in HUF mn)

Loans measured at fair value through profit or loss

	31 December 2024	31 December 2023
Within one year	45,362	46,131
Over one year	953,048	888,717
Loans measured at fair value through profit or loss total	**998,410**	**934,848**

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

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

	31 December 2024	31 December 2023
Within one year	2,415,594	2,245,979
Over one year	2,399,947	2,582,795
Loans at amortised cost gross total	**4,815,541**	**4,828,774**
Loss allowance on loan losses	(144,746)	(147,415)
Loans at amortised cost total	**4,670,795**	**4,681,359**

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

	31 December 2024	31 December 2023
In HUF	64%	61%
In foreign currency	36%	39%
Total	**100%**	**100%**

Interest rates of the loan portfolio mandatorily measured at fair value through profit or loss are as follows (%):

	31 December 2024	31 December 2023
Loans denominated in HUF	3,1%-18,83%	3,1%-21,08%
Average interest on loans denominated in HUF	6.30%	5.96%

Interest rates of the loan portfolio measured at amortised cost are as follows (%):

	31 December 2024	31 December 2023
Loans denominated in HUF	0%-42%	0%-43.11%
Loans denominated in foreign currency	0%-21.21%	0%-21.21%
Average interest on loans denominated in HUF	11.83%	11.32%
Average interest on loans denominated in foreign currency	5.71%	5.42%

NOTE 11: LOANS (in HUF mn) [continued]

For an analysis of the loan portfolio by stages, countries and rating categories please see Note 36.1.

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

	31 December 2024	31 December 2023
Balance as at 1 January	**147,415**	**174,880**
Loss allowance	266,410	257,173
Release of loss allowance	(238,441)	(241,580)
from this: effect of change in parameters used for loss allowance	*(14,952)*	*(4,180)*
Use of loss allowance	(25,572)	(35,043)
Partial write-off	(8,065)	(5,263)
FX movement	2,999	(2,752)
Closing balance	**144,746**	**147,415**

The Bank sells non-performing loans without recourse at estimated fair value to a wholly owned subsidiary, OTP Factoring Ltd.

NOTE 12: INVESTMENTS IN SUBSIDIARIES, ASSOCIATES, JOINT VENTURES AND OTHER INVESTMENTS (in HUF mn)

	31 December 2024	31 December 2023
Investments in subsidiaries:		
Controlling interest	2,566,076	2,390,718
Other	27,646	29,349
Subtotal	**2,593,722**	**2,420,067**
Impairment loss	(424,691)	(418,115)
Total	**2,169,031**	**2,001,952**

Other investments contain certain securities accounted at cost. These are instruments for which there is no quoted market price in an active market and whose fair value cannot be reliably measured.

NOTE 12: INVESTMENTS IN SUBSIDIARIES, ASSOCIATES, JOINT VENTURES AND OTHER INVESTMENTS (in HUF mn) [continued]

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:

	31 December 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%	534,873	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%	217,898	100%	204,243
OTP Mortgage Bank Ltd.	100%	199,294	100%	199,294
SKB Banka d.d. Ljubljana (Slovenia)	0%	-	100%	107,689
Ipoteka Bank (Uzbekistan)	80%	110,973	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
Balansz Private Open-end Investment Fund	100%	86,795	100%	60,629
Bank Center No. 1. Ltd.	100%	43,955	100%	43,955
PortfoLion Green Venture Capital Fund	100%	33,571	100%	33,571
Other		205,044	-	196,179
Total		**2,566,076**		**2,390,718**

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

	31 December 2024	**31 December 2023**
Balance as at 1 January	**418,115**	**542,769**
Impairment loss for the period	13,517	348
Reversal of impairment loss	(2,430)	(87,345)
Use of impairment loss	(4,511)	(37,657)
Closing balance	**424,691**	**418,115**

The Bank decided that the recoverable amount is determined based on fair value less cost of disposal. The Bank prepared impairment tests of the subsidiaries based on two different net present value calculation methods that show the same result; however they represent different economical logics. On one hand is the discount cash flow method (“DCF”) that calculates the value of the subsidiaries by discounting their expected cash flow; on the other hand the economic value added (“EVA”) method estimates the value of the subsidiaries from the initial invested capital and the present value of the economic profit that the companies are expected to generate in the future. Applying the EVA method was more practically than DCF method because it gives a more realistic picture about how the explicit period and the residual value can contribute to the value of the company.

The Bank, in its strategic plan, has taken into consideration the effects of the present global economic situation, the cautious recovery of economic situation and outlook, the associated risks and their possible effect on the financial sector as well as the current and expected availability of wholesale funding.

NOTE 12: **INVESTMENTS IN SUBSIDIARIES, ASSOCIATES, JOINT VENTURES AND OTHER INVESTMENTS (in HUF mn) [continued]**

An analysis of the impairment loss by significant subsidiaries is as follows:

	31 December 2024	31 December 2023
OTP Bank JSC (Ukraine)	280,763	280,763
OTP Mortgage Bank Ltd.	83,557	84,707
LLC Alliance Reserve (Russia)	15,801	15,801
Monicomp Ltd.	13,173	10,965
Air-Invest Ltd.	10,965	8,632
OTP Real Estate Ltd.	11,034	4,395
R.E. Four d.o.o. (Serbia)	3,763	3,763
JSC "OTP Bank" (Russia)	2,775	2,775
OTP Life Annuity Ltd.	-	2,281
Total	**421,831**	**414,082**

Dividend income from significant subsidiaries and shares held-for-trading and shares measured at fair value through other comprehensive income is as follows:

	31 December 2024	31 December 2023
DSK Bank EAD (Bulgaria)	112,908	48,658
JSC "OTP Bank" (Russia)	54,057	33,961
OTP Luxembourg S.à r.l.	45,686	21,131
LLC Alliance Reserve (Russia)	31,664	-
OTP banka dioničko društvo (Croatia)	29,687	28,574
OTP banka Srbija akcionarsko drustvo Novi Sad (Serbia)	26,822	30,873
Crnogorska komercijalna banka a.d. (Montenegro)	23,295	3,511
OTP Holding Malta Ltd. (Malta)	20,904	-
OTP banka d.d. (Slovenia)	12,288	-
OTP Bank S.A. (Moldova)	10,258	5,513
OTP Factoring Ltd.	6,000	70,000
Other	29,274	19,001
Subtotal	**402,843**	**261,222**
Dividend from shares held-for-trading	10,060	14,229
Dividend from securities mandatorily at fair value through profit or loss	15	-
Dividend from shares fair value through other comprehensive income	344	254
Total	**413,262**	**275,705**

NOTE 12: 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 31 December 2024:

List of associated entities (amounts in HUF million)	Carrying amount	Shareholder's equity	Share capital	Profit after tax	Voting right	Country / Headquarter	Activity
PortfoLion Digital Venture Capital Fund I.	15,593	14,179	7,000	(7,479)	100.00%	Hungary /Budapest	Digital technology, solutions that strengthen the bank's innovation capacity (e.g. big data, financial software, payment solutions, blockchain etc.).
PortfoLion Regional Venture Capital Fund II.	15,672	15,511	17,847	(472)	49.88%	Hungary /Budapest	Investment in any industries and sectors, due to which international expansion of Hungarian enterprises can be realized.
PortfoLion Partner Venture Capital Fund	30,661	70,262	60,421	5,031	30.56%	Hungary /Budapest	Financing of domestic or foreign takeover, capital increase or merger in which the acquiring company is at least majority-owned by Hungarians.
PortfoLion Digital Venture Capital Fund II.	6,374	6,516	7,270	(687)	100.00%	Hungary /Budapest	IT, digital technology, fintech
PortfoLion Green Venture Capital Fund	11	35,298	33,571	234	100.00%	Hungary /Budapest	Investing in companies engaged in agricultural activities, as well as in food processing and agriculture-related areas.
Subtotal	**68,311**						
OTP-DayOne Magvető Fund	648	2,947	1,271	23	22.00%	Hungary /Budapest	Trusts, funds and similar financial entities
D-ÉG Thermoset Ltd 'u.l.'	-	n.a.	1,045	n.a.	46.99%	Hungary / Dunaújváros	Wholesale of hardware, plumbing and heating equipment and supplies
Company for Cash Services AD	392	4,319	1,982	(333)	25.00%	Bulgaria / Sofia	Other financial service activities, except insurance and pension funding
Bankart Procesiranje Placilnih Instrumentov d.o.o.	7,219	11,403	658	1,182	43.06%	Ljubjana / Slovenia	Data processing, web hosting services
Subtotal	**8,259**						
Total	**76,570**						

There are no material investments in associates owned by equity funds below 50% voting right and without control.

The associated that are owned through venture capital funds are not detailed below neither for year 2024 nor for 2023, only the funds that own them are presented below. PortfoLion funds are subsidiaries in the separate financial statements.

NOTE 12: 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 (amounts in HUF million)	Carrying amount	Shareholder's equity	Share capital	Profit after tax	Voting right	Country / Headquarter	Activity
PortfoLion Digital Venture Capital Fund I.	12,332	20,968	8,800	460	100.00%	Hungary /Budapest	Digital technology, solutions that strengthen the bank's innovation capacity (e.g. big data, financial software, payment solutions, blockchain etc.).
PortfoLion Regional Venture Capital Fund II.	12,733	13,381	15,245	288	49.88%	Hungary /Budapest	Investment in any industries and sectors, due to which international expansion of Hungarian enterprises can be realized.
PortfoLion Partner Venture Capital Fund	27,201	64,269	60,421	119	30.56%	Hungary /Budapest	Financing of domestic or foreign takeover, capital increase or merger in which the acquiring company is at least majority-owned by Hungarians.
PortfoLion Digital Venture Capital Fund II.	3,941	5,681	5,800	14	100.00%	Hungary /Budapest	IT, digital technology, fintech
PortfoLion Green Venture Capital Fund	15	35,064	33,571	1,264	100.00%	Hungary /Budapest	Investing in companies engaged in agricultural activities, as well as in food processing and agriculture-related areas.
Subtotal	**56,222**						
OTP-DayOne Magvető Fund	280	2,954	1,271	308	22.00%	Hungary /Budapest	Trusts, funds and similar financial entities
D-ÉG Thermoset Ltd 'u.l.'	-	n.a.	1,045	n.a.	46.99%	Hungary / Dunaújváros	Wholesale of hardware, plumbing and heating equipment and supplies
Company for Cash Services AD	392	3,464	1,982	333	25.00%	Bulgaria / Sofia	Other financial service activities, except insurance and pension funding
Bankart Procesiranje Placilnih Instrumentov d.o.o.	7,219	9,265	658	1,182	43.06%	Ljubjana / Slovenia	Data processing, web hosting services
OTP Risk Fund I.	611	1,384	6,800	158	44.12%	Hungary /Budapest	Trusts, funds and similar financial entities
Mortgage Refinancing Company of Uzbekistan	1,030	4,338	2,990	(615)	20.00%	Uzbekistan / Tashkent	Refinancing mortgage loans issued by banks and others credit organizations.
Subtotal	**9,532**						
Total	**65,754**						

There are no material investments in associates owned by equity funds below 50% voting right and without control.

The associated that are owned through venture capital funds are not detailed below neither for year 2024 nor for 2023, only the funds that own them are presented below. PortfoLion funds are subsidiaries in the separate financial statements.

NOTE 12: 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.

Legal merger process of two Slovenian subsidiary, SKB Banka and Nova KBM, has ended on 22 August 2024. After that operative merger process also has ended successfully during the period.

NOTE 13: PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS (in HUF mn)

For the year ended 31 December 2024

	Intangible assets	Property	Office equipment and vehicles	Vehicles	Construction in progress	Right of use assets	Total
Cost							
Balance as at 1 January	**261,854**	**85,918**	**115,814**	**338**	**19,629**	**86,654**	**570,207**
Additions	75,795	11,211	23,278	104	25,309	487	136,184
Disposals	(2,225)	(1,049)	(7,068)	-	(34,802)	(21)	(45,165)
Closing balance	**335,424**	**96,080**	**132,024**	**442**	**10,136**	**87,120**	**661,226**
Depreciation and Amortization							
Balance as at 1 January	**163,739**	**31,978**	**82,319**	**96**	**-**	**20,432**	**298,564**
Charge for the year	34,024	4,630	15,297	58	-	9,542	63,551
Disposals	(243)	(644)	(6,824)	-	-	(1,810)	(9,521)
Closing balance	**197,520**	**35,964**	**90,792**	**154**	**-**	**28,164**	**352,594**
Impairment							
Balance as at 1 January	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Charge for the year	1,326	-	-	-	-	-	1,326
Disposals	(1,282)	-	-	-	-	-	(1,282)
Closing balance	**44**	**-**	**-**	**-**	**-**	**-**	**44**
Net book value							
Balance as at 1 January	**98,115**	**53,940**	**33,495**	**242**	**19,629**	**66,222**	**271,643**
Closing balance	**137,860**	**60,116**	**41,232**	**288**	**10,136**	**58,956**	**308,588**

For the year ended 31 December 2023

	Intangible assets	Property	Office equipment and vehicles	Vehicles	Construction in progress	Right of use assets	Total
Cost							
Balance as at 1 January	**213,085**	**78,595**	**112,924**	**197**	**15,650**	**59,349**	**479,800**
Additions	55,533	10,550	15,662	200	30,718	68,060	180,723
Disposals	(6,764)	(3,227)	(12,772)	(59)	(26,739)	(40,755)	(90,316)
Closing balance	**261,854**	**85,918**	**115,814**	**338**	**19,629**	**86,654**	**570,207**
Depreciation and Amortization							
Balance as at 1 January	**143,605**	**30,148**	**82,577**	**77**	**-**	**19,467**	**275,874**
Charge for the year	25,902	3,900	12,290	39	-	8,927	51,058
Disposals	(5,768)	(2,070)	(12,548)	(20)	-	(7,962)	(28,368)
Closing balance	**163,739**	**31,978**	**82,319**	**96**	**-**	**20,432**	**298,564**
Net book value							
Balance as at 1 January	**69,480**	**48,447**	**30,347**	**120**	**15,650**	**39,882**	**203,926**
Closing balance	**98,115**	**53,940**	**33,495**	**242**	**19,629**	**66,222**	**271,643**

The Bank has no intangible assets with indefinite useful life.

NOTE 14: INVESTMENT PROPERTIES (in HUF mn)

For the year ended 31 December 2024 and for the year ended 31 December 2023, respectively

	31 December 2024	31 December 2023
Property		
Cost		
Balance as at 1 January	**5,165**	**5,027**
Additions result from subsequent expenditure	172	138
Closing balance	**5,337**	**5,165**
Depreciation and Amortization		
Balance as at 1 January	**962**	**820**
Charge for the period	148	142
Closing balance	**1,110**	**962**
Net book value		
Balance as at 1 January	**4,203**	**4,207**
Closing balance	**4,227**	**4,203**

According to the opinion of the Management there is no significant difference between the fair value and the carrying value of these properties.

Income and Expenses	31 December 2024	31 December 2023
Rental income	9	9
Depreciation	149	138

NOTE 15: FAIR VALUE OF DERIVATIVE FINANCIAL ASSETS DESIGNATED AS HEDGE ACCOUNTING (in HUF mn)

Positive fair value of derivative financial assets designated as hedge accounting:

	31 December 2024	31 December 2023
Interest rate swaps designated as fair value hedge	37,679	12,521
CCIRS designated as fair value hedge	13,903	10,173
Interest rate swaps designated as cash flow hedge	(8,452)	(1,066)
Total	**43,130**	**21,628**

NOTE 16: OTHER ASSETS[1] (in HUF mn)

	31 December 2024	31 December 2023
Other financial assets		
Receivables from OTP Employee Stock Ownership Program (OTP ESOP)	145,966	133,347
Prepayments and accrued income	28,993	23,785
Receivables from investment services	43,346	29,597
Stock exchange deposit	27,239	19,630
Trade receivables	14,713	13,960
Receivables from card operations	16,586	51,938
Receivables from suppliers	6,057	9,367
Other	10,197	25,089
	293,097	**306,713**
Loss allowance	(11,522)	(7,875)
Other financial assets total	**281,575**	**298,838**
Other non-financial assets		
Prepayments and accrued income	53,030	42,574
Receivable related to Hungarian Government subsidies	12,562	15,996
Other	10,506	9,160
	76,098	**67,730**
Provision for impairment on other assets	(578)	(607)
Other non-financial assets total	**75,520**	**67,123**
Total	**357,095**	**365,961**

An analysis of the movement in the loss allowance on other financial assets is as follows:

	31 December 2024	31 December 2023
Balance as at 1 January	**7,875**	**7,026**
Charge for the period	10,616	6,686
Release of loss allowance	(6,132)	(4,479)
Use of loss allowance	(1,242)	(1,227)
FX movement	405	(131)
Closing balance	**11,522**	**7,875**

An analysis of the movement in the loss allowance on other non-financial assets is as follows:

	31 December 2024	31 December 2023
Balance as at 1 January	**607**	**699**
Charge for the period	269	266
Release of provision	(329)	(336)
FX movement	31	(22)
Closing balance	**578**	**607**

[1] Other assets are expected to be recovered or settled no more than twelve months after the reporting period.

NOTE 17: AMOUNTS DUE TO BANKS AND DEPOSITS FROM THE NATIONAL BANK OF HUNGARY AND OTHER BANKS (in HUF mn)

	31 December 2024	31 December 2023
Within one year:		
In HUF	495,497	328,641
In foreign currency	521,986	337,184
	1,017,483	**665,825**
Over one year:		
In HUF	381,129	615,167
In foreign currency	208,357	480,587
	589,486	**1,095,754**
Subtotal	**1,606,969**	**1,761,579**
Total	**1,606,969**	**1,761,579**

Interest rates on amounts due to banks and deposits from the NBH and other banks are as follows (%):

	31 December 2024	31 December 2023
Within one year:		
In HUF	0%-9,23%	(2.4%)-8.75%
In foreign currency	-2,02%-7,18%	(2.31%)-4.2%
Over one year:		
In HUF	-1,34%-6,49%	(1.7%)-11.4%
In foreign currency	-2%-4,35%	(2.02%)-7.18%
Average interest on amounts due to banks in HUF	4.89%	6.02%
Average interest on amounts due to banks in foreign currency	3.73%	3.55%

NOTE 18: REPO LIABILITIES (in HUF mn)

	31 December 2024	31 December 2023
Within one year:		
In HUF	61,824	100,296
In foreign currency	129,990	101,862
	191,814	**202,158**
Over one year:		
In HUF	-	190,255
In foreign currency	35,818	51,281
	35,818	**241,536**
Subtotal	**227,632**	**443,694**
Total	**227,632**	**443,694**

Interest rates on repo liabilities are as follows (%):

	31 December 2024	31 December 2023
Within one year:		
In HUF	(4.5%)-6.76%	9.25%-10.63%
In foreign currency	1.46%-5.92%	1.67%
Over one year:		
In HUF	-	9.25%-10.63%
In foreign currency	3,97%-5,11%	1.67%-5.92%
Average interest on repo liabilities in HUF	8.06%	15.22%
Average interest on repo liabilities in foreign currency	3.60%	4.51%

NOTE 19: DEPOSITS FROM CUSTOMERS (in HUF mn)

	31 December 2024	31 December 2023
Within one year:		
In HUF	8,608,098	7,747,906
In foreign currency	2,264,025	2,962,206
	10,872,123	**10,710,112**
Over one year:		
In HUF	24,104	24,213
	24,104	**24,213**
Total	**10,896,227**	**10,734,325**

Deposit from customers includes the fair value changes on hedged deposits involved in portfolio hedge of interest rate risk.

Interest rates on deposits from customers are as follows (%):

	31 December 2024	31 December 2023
Within one year:		
In HUF	0%-11.25%	0%-15.4%
In foreign currency	(0.85%)-36%	(0.36%)-11.77%
Over one year:		
In HUF	0%-6.03%	0%-10.75%
In foreign currency	-	0%-9.73%
Average interest on deposits from customers in HUF	1.99%	3.75%
Average interest on deposits from customers in foreign currency	1.40%	1.36%

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

	31 December 2024		31 December 2023	
Retail deposits	**5,024,279**	**46%**	**4,422,120**	**41%**
Household deposits	5,024,279	46%	4,422,120	41%
Corporate deposits	**5,871,948**	**54%**	**6,312,205**	**59%**
Corporate deposits	5,032,072	46%	5,402,710	51%
Municipality deposits	839,876	8%	909,495	8%
Total	**10,896,227**	**100%**	**10,734,325**	**100%**

NOTE 20: LIABILITIES FROM ISSUED SECURITIES (in HUF mn)

	31 December 2024	31 December 2023
Within one year:		
In HUF	83,693	161,217
In foreign currency	46,521	26,670
	130,214	**187,887**
Over one year:		
In HUF	12,226	43,025
In foreign currency	1,608,453	932,197
	1,620,679	**975,222**
Total	**1,750,893**	**1,163,109**

Interest rates on liabilities from issued securities are as follows (%):

	31 December 2024	31 December 2023
Issued securities denominated in HUF	5.5%-12%	0.6%-15%
Issued securities denominated in foreign currency	4.1%-8.1%	5.5%-8.1%
Average interest on issued securities denominated in HUF	9.85%	11.42%
Average interest on issued securities denominated in foreign currency	6.10%	6.88%

Term Note Program in the value of HUF 800 billion for the year of 2023/2024

On 18 April 2023 the Bank initiated term note program in the value of HUF 800 billion with the intention of issuing registered dematerialized bonds in public. The NBH approved on 7 August 2023 the prospectus of Term Note Program. The prospectus is valid for 12 months following the disclosure.

Term Note Program in the value of HUF 800 billion for the year of 2024/2025

On 30 April 2024 the Bank initiated term note program in the value of HUF 800 billion with the intention of issuing registered dematerialized bonds in public. The NBH approved on 19 July 2024 the prospectus of Term Note Program. The prospectus is valid for 12 months following the disclosure. At the same time Term Note Program for the year 2023/2024 was closed, which was originally valid till 7 August 2024.

Notes issued in amount of EUR 600 million

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

Notes issued in amount of EUR 700 million

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

Recall of green notes issued in amount of EUR 400 million

Notes (XS2499691330) have been redeemed in amount of EUR 400 million on 15 July 2024 and the principal amount, together with accrued and unpaid interest was paid to the holders of the Notes.

Notes issued in amount of CNY 300 million

The Bank have been issued notes (ISIN: XS2871018136) on 31 July 2024 as value date in the aggregate nominal amount of CNY 300 million. The notes are rated ’BBB+’ by Scope Ratings GmbH. The notes are listed on the Luxembourg Stock Exchange.

NOTE 20: LIABILITIES FROM ISSUED SECURITIES (in HUF mn) [continued]

Notes issued in amount of EUR 500 million

The Bank issued notes (ISIN: XS2917468618) on 16 October 2024 as value date in the aggregate nominal amount of EUR 500 million. The notes are rated 'Baa3' by Moody's Investor Services Cyprus Ltd. and 'BBB+' by Scope Ratings GmbH. The notes are listed on the Luxembourg Stock Exchange.

Hedge accounting

Certain issued structured securities are hedged by the Bank with interest rate swaps ("IRS") which exchange the fixed and floating interest rate with the interest rate of the securities between the parties at a notional amount that equals the nominal amount of the hedged securities. These are considered as fair value hedge relationships as they cover the interest rate risk arising from the coupons of the hedged securities. OTP Bank does not intend to be exposed to the risk embedded in the structured bonds, consequently as part of interest rate swap transaction the structured interest payments are swapped to floating interest rate. This hedging relationship meets all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument
- the effect of credit risk does not dominate the value changes that result from that economic relationship
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Bank actually hedges and the quantity of the hedging instrument that the Bank actually uses to hedge that quantity of hedged item

The cash-flows of the fixed rate securities issued by the Bank are exposed to the changes in the HUF/EUR foreign exchange rate and the volatility of the quoted interest rates of EUR and HUF. The interest rate risk and foreign exchange risk related to these securities are hedged with EUR and HUF IRS transactions, where the fixed interests were swapped to payments linked to 3 month HUF BUBOR and EURIBOR, resulting in a decrease in the interest rate and foreign exchange exposure of issued securities.

NOTE 20: **LIABILITIES FROM ISSUED SECURITIES (in HUF mn) [continued]**

Issued securities denominated in foreign currency as at 31 December 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	XS2871018136	7/31/2024	7/31/2027	CNY	300	16,176	305	16,443	fixed	4.10	
2	XS2560693181	12/1/2022	3/4/2026	EUR	648	265,938	689	282,387	fixed	7.35	
3	XS2642536671	6/27/2023	6/27/2026	EUR	110	45,110	114	46,871	fixed	7.50	
4	XS2698603326	10/5/2023	10/5/2027	EUR	649	266,321	674	276,203	fixed	6.13	hedged
5	XS2737630314	12/22/2023	6/22/2026	EUR	75	30,757	78	31,845	fixed	6.10	hedged
6	XS2754491640	1/31/2024	1/31/2029	EUR	598	245,420	634	260,169	fixed	5.00	hedged
7	XS2838495542	6/12/2024	6/12/2028	EUR	698	286,058	729	298,861	fixed	4.75	hedged
8	XS2917468618	10/16/2024	10/16/2030	EUR	499	204,680	504	206,807	fixed	4.25	hedged
9	XS2703264635	10/13/2023	10/13/2026	RON	170	14,011	173	14,279	variable	8.10	hedged
10	XS2536446649	29/09/2022	29/09/2026	USD	60	23,616	61	24,063	fixed	7.25	
11	XS2626773381	5/25/2023	5/25/2027	USD	500	196,689	501	197,046	fixed	7.50	hedged
	Subtotal issued securities in foreign currency					**1,594,776**		**1,654,974**			

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	12/1/2022	3/4/2026	EUR	649	248,497	689	263,732	fixed	7.35	
2	XS2698603326	10/5/2023	10/5/2027	EUR	650	248,725	674	258,006	fixed	6.13	hedged
3	XS2626773381	5/25/2023	5/25/2027	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	hedged
5	XS2642536671	6/27/2023	6/27/2026	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	9/29/2022	9/29/2026	USD	60	20,786	61	21,180	fixed	7.25	
8	XS2703264635	10/13/2023	10/13/2026	RON	170	13,082	173	13,320	variable	8.10	
	Subtotal issued securities in foreign currency					**928,168**		**958,867**			

NOTE 20: LIABILITIES FROM ISSUED SECURITIES (in HUF mn) [continued]

Issued securities denominated in HUF as at 31 December 2024

	Name	Date of issuance	Maturity	Nominal value in HUF million	Amortised cost in HUF million	Interest conditions		Hedged
1	OTP_HUF_2026/1	12/22/2022	1/5/2026	10,228	12,674	fix	12.00	hedged
2	OTP_TBSZ_HUF_2028/1	10/13/2023	12/15/2028	155	156	fix	6.88	
3	OTP_HUF_2026/2	12/15/2023	12/15/2026	620	622	fix	7.40	
4	OTP_HUF_2025/3	1/12/2024	1/12/2025	1,919	2,060	fix	7.50	
5	OTP_HUF_2025/4	2/2/2024	2/2/2025	2,155	2,289	fix	6.75	
6	OTP_HUF_2025/5	3/1/2024	3/1/2025	5,957	6,284	fix	6.50	
7	OTP_HUF_2025/6	3/28/2024	3/28/2025	5,559	5,837	fix	6.50	
8	OTP_HUF_2025/7	4/26/2024	4/26/2025	8,190	8,528	fix	6.00	
9	OTP_HUF_2025/8	5/24/2024	5/24/2025	5,860	6,075	fix	6.00	
10	OTP_HUF_2025/9	6/7/2024	6/7/2025	5,756	5,955	fix	6.00	
11	OTP_HUF_2025/10	7/5/2024	7/5/2025	11,675	12,024	fix	6.00	
12	OTP_HUF_2025/11	8/2/2024	8/2/2025	6,698	6,868	fix	6.00	
13	OTP_HUF_2025/12	8/30/2024	8/30/2025	4,532	4,618	fix	5.50	
14	OTP_HUF_2025/13	9/27/2024	9/27/2025	5,162	5,239	fix	5.50	
15	OTP_HUF_2025/14	10/31/2024	10/31/2025	5,826	5,883	fix	5.50	
16	OTP_HUF_2025/15	11/29/2024	11/29/2025	3,243	3,260	fix	5.50	
17	OTP_HUF_2025/16	12/18/2024	12/18/2025	7,324	7,343	fix	6.00	
18	Other			204	204			
	Subtotal issued securities in HUF			**91,063**	**95,919**			
	Total			**1,685,839**	**1,750,893**			

NOTE 20: **LIABILITIES FROM ISSUED SECURITIES (in HUF mn) [continued]**

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

NOTE 21: FINANCIAL LIABILITIES DESIGNATED AS FAIR VALUE THROUGH PROFIT OR LOSS (in HUF mn)

	31 December 2024	31 December 2023
Within one year:		
In HUF	1,709	1,816
	1,709	1,816
Over one year:		
In HUF	15,315	17,970
	15,315	17,970
Total	17,024	19,786
Contractual amount outstanding	*17,000*	*17,747*

Interest rates on financial liabilities designated as fair value through profit or loss are as follows (%):

	31 December 2024	31 December 2023
Within one year:		
In HUF	4.33%-8.24%	4.97%-9.97%
Over one year:		
In HUF	3.14%	4.83%
Average interest on amounts due to banks in HUF	7.30%	7.88%

Certain MFB refinanced loan receivables are categorised as fair value through profit or loss based on SPPI test. Related refinancing loans at the liability side are categorised as fair value through profit or loss based on fair value option due to accounting mismatch as provided by the IFRS 9 standard.

NOTE 22: HELD FOR TRADING DERIVATIVE FINANCIAL LIABILITIES (in HUF mn)

Negative fair value of held for trading derivative financial liabilities by deal types:

	31 December 2024	31 December 2023
Interest rate swaps	52,672	72,200
Foreign currency swaps	57,644	53,102
CCIRS and mark-to-market CCIRS	11,627	9,161
Other derivative contracts	22,556	49,102
Total	144,499	183,565

NOTE 23: FAIR VALUE OF DERIVATIVE FINANCIAL LIABLITIES DESIGNATED AS HEDGE ACCOUNTING (in HUF mn)

Fair value of derivative financial liabilities designated as hedge accounting is detailed as follows:

	31 December 2024	31 December 2023
IRS designated as fair value hedge	18	7,875
CCIRS designated as fair value hedge	19,420	10,679
IRS designated as cash flow hedge	-	8,869
Total	19,438	27,423

NOTE 24: OTHER LIABILITIES[1] AND PROVISIONS (in HUF mn)

	31 December 2024	31 December 2023
Other financial liabilities		
Liabilities from investment services	149,317	50,321
Accrued expenses	26,341	27,673
Accounts payable	52,854	33,508
Liabilities due to short positions	47,157	19,107
Liabilities from customer's credit card payments	27,372	84,184
Other	34,575	28,526
Other financial liabilities total	**337,616**	**243,319**
Other non-financial liabilities		
Technical accounts	74,168	25,321
Current income tax payable	21,843	13,770
Social contribution	10,522	8,475
Accrued expenses	3,337	2,940
Other	2,036	1,574
Other non-financial liabilities total	**111,906**	**52,080**
Other liabilities total	**449,522**	**295,399**

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

	31 December 2024	31 December 2023
Provision for losses on other off-balance sheet commitments and contingent liabilities	19,054	16,092
Provisions in accordance with IFRS 9	**19,054**	**16,092**
Provision for litigation	283	1,931
Provision for retirement pension and severance pay	2,000	2,000
Provision on other liabilities	4,310	2,474
Provisions in accordance with IAS 37	**6,593**	**6,405**
Total	**25,647**	**22,497**

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

	31 December 2024	31 December 2023
Opening balance	**16,092**	**23,632**
Provision for the period	51,461	62,662
Release of provision for the period	(16,438)	(50,882)
Use of provision	(32,458)	(18,952)
FX revaluation	397	(368)
Closing balance	**19,054**	**16,092**

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

	31 December 2024	31 December 2023
Opening balance	**6,405**	**6,024**
Provision for the period	4,958	11,563
Release of provision	(2,405)	(8,633)
Use of provision	(2,557)	(2,420)
FX revaluation	192	(129)
Closing balance	**6,593**	**6,405**

[1] Other liabilities are expected to be recovered or settled no more than twelve months after the reporting period.

NOTE 25: SUBORDINATED BONDS AND LOANS (in HUF mn)

	31 December 2024	31 December 2023
Within one year		
In HUF	1,898	1,886
In foreign currency	3,856	6,174
	5,754	**8,060**
Over one year:		
In HUF	13,256	11,133
In foreign currency	343,261	501,103
	356,517	**512,236**
Total	**362,271**	**520,296**

Interest rates on subordinated bonds and loans are as follows (%):

	31 December 2024	31 December 2023
Subordinated bonds and loans denominated in foreign currency	6.0%-8.8%	2.9%-8.8%
Average interest on subordinated bonds and loans denominated in HUF	4.99%	5.51%
Average interest on subordinated bonds and loans denominated in foreign currency	6.76%	6.04%

EUR 500 million Fixed Rate Reset Callable Subordinated bond recall (XS2022388586)

On 15 July 2024 Notes EUR 500 million Due 15 July 2029 have been redeemed and the principal amount, together with accrued and unpaid interest was paid to the holders of the Notes.

NOTE 25: SUBORDINATED BONDS AND LOANS (in HUF mn) [continued]

Subordinated loans and bonds are detailed as follows as at 31 December 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	645	253,770	642	252,504	Fixed 8.75% (payable annual)	8.750%
Subordinated bond	XS0274147296	07/11/2006	Perpetual	99.38%	EUR	229	93,717	231	94,612	Three-month EURIBOR + 3%, variable (payable quarterly)	6.032%
Discount bond	HU0000362553	01/06/2023	31/05/2028	66.68%	HUF	1,959	1,959	1,485	1,485	N.a.	
Discount bond	HU0000363908	31/05/2024	31/05/2029	72.11%	HUF	1,901	1,901	1,425	1,425	N.a.	
Discount bond	HU0000360516	31/05/2021	31/05/2025	92.54%	HUF	1,216	1,216	1,206	1,206	N.a.	
Discount bond	HU0000361605	31/03/2022	31/05/2027	72.13%	HUF	1,092	1,092	937	937	N.a.	
Discount bond	HU0000360532	31/05/2021	31/05/2027	87.27%	HUF	795	795	752	752	N.a.	
Discount bond	HU0000361597	31/03/2022	31/05/2026	76.86%	HUF	783	783	716	716	N.a.	
Discount bond	HU0000360524	31/05/2021	31/05/2026	90.02%	HUF	707	707	686	686	N.a.	
Discount bond	HU0000360540	31/05/2021	31/05/2028	84.31%	HUF	669	669	616	616	N.a.	
Discount bond	HU0000359732	29/05/2020	31/05/2025	92.99%	HUF	592	592	589	589	N.a.	
Discount bond	HU0000362561	01/06/2023	31/05/2029	63.21%	HUF	684	684	488	488	N.a.	
Discount bond	HU0000362579	01/06/2023	31/05/2030	60.08%	HUF	719	719	485	485	N.a.	
Discount bond	HU0000362587	01/06/2023	31/05/2031	56.64%	HUF	762	762	483	483	N.a.	
Discount bond	HU0000362595	01/06/2023	31/05/2032	52.82%	HUF	817	817	483	483	N.a.	
Discount bond	HU0000363916	31/05/2024	31/05/2030	67.44%	HUF	672	672	471	471	N.a.	
Discount bond	HU0000363924	31/05/2024	31/05/2031	63.20%	HUF	717	717	471	471	N.a.	
Discount bond	HU0000363932	31/05/2024	31/05/2032	59.16%	HUF	765	765	470	470	N.a.	
Discount bond	HU0000363957	31/05/2024	31/05/2033	55.27%	HUF	818	818	470	470	N.a.	
Discount bond	HU0000361613	31/03/2022	31/05/2028	67.89%	HUF	554	554	447	447	N.a.	
Discount bond	HU0000361621	31/03/2022	31/05/2029	64.03%	HUF	554	554	421	421	N.a.	
Discount bond	HU0000361639	31/03/2022	31/05/2030	60.38%	HUF	554	554	397	397	N.a.	
Discount bond	HU0000359740	29/05/2020	31/05/2026	91.10%	HUF	392	392	384	384	N.a.	
Discount bond	HU0000360557	31/05/2021	31/05/2029	81.23%	HUF	403	403	359	359	N.a.	
Discount bond	HU0000361647	31/03/2022	31/05/2031	56.88%	HUF	384	384	258	258	N.a.	
Discount bond	HU0000362603	01/06/2023	31/05/2033	49.02%	HUF	282	282	155	155	N.a.	
Discount bond	HU0000363940	31/05/2024	31/05/2034	51.58%	HUF	283	283	152	152	N.a.	
Discount bond	HU0000358932	30/05/2019	31/05/2025	83.86%	HUF	104	104	103	103	N.a.	
Discount bond	HU0000359757	29/05/2020	31/05/2027	89.05%	HUF	95	95	91	91	N.a.	
Discount bond	HU0000360565	31/05/2021	31/05/2030	78.09%	HUF	104	104	89	89	N.a.	
Discount bond	HU0000361654	31/03/2022	31/05/2032	53.52%	HUF	105	105	66	66	N.a.	
Total							**366,969**		**362,271**		

NOTE 25: 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	XS0274147296	07/11/2006	Perpetual	99.38%	EUR	231	88,409	234	89,381	Three-month EURIBOR + 3%, variable (payable quarterly)	6.966%
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	XS2586007036	15/02/2023	15/05/2033	99.42%	USD	650	225,104	653	226,001	Fixed 8.75% (payable annual)	8.750%
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 26: **SHARE CAPITAL (in HUF mn)**

	31 December 2024	31 December 2023
Authorized, issued and fully paid:		
Ordinary shares	28,000	28,000

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 27: 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 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. In 2025 dividend of HUF 270,000 million are expected to be proposed by the Management from the profit of the year 2024, which means HUF 964.28 dividend per share payable to the shareholders.

Based on paragraph 114/B of Act on Accounting Equity Correlation Table is prepared and disclosed as a part of the explanatory notes for the reporting date by the Bank. Equity correlation table shall contain the opening and closing balances of the shareholder's equity in accordance with IFRS, furthermore deducted from this the opening and closing balances of the specified equity elements. Equity correlation table shall contain also untied retained earnings available for the payment of dividends, covering retained earnings from the last financial year for which accounts have been adopted comprising net profit for the period of that financial year minus cumulative unrealized gains claimed in connection with any increase in the fair value of investment properties, as provided in IAS 40 - Investment Property, reduced by the cumulative income tax accounted for under IAS 12 - Income Taxes.

Share capital

Share capital is the portion of the Bank's equity that has been obtained by the issue of shares in the corporation to a shareholder, usually for cash.

Share-based payment reserve

Share-based payment reserve represents the increase in the equity due to the goods or services were received by the Bank in an equity-settled share-based payment transaction, valued at the fair value of the goods or services received.

Retained earnings

Profit of previous years generated by the Bank that are not distributed to shareholders as dividends.

Put option reserve

OTP Bank Plc. and MOL Plc. entered into a share swap agreement in 16 April 2009, whereby OTP has changed 24,000,000 OTP ordinary shares for 5,010,501 „A series" MOL shares. The amended final maturity of the share swap agreement is 11 July 2027, until which any party can initiate cash or physical settlement of the transaction. Put option reserve represents the written put option over OTP ordinary shares were accounted as a deduction from equity at the date of OTP-MOL share swap transaction.

Other comprehensive income

Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by other IFRSs.

General reserve

The Bank shall place ten per cent of the after-tax profit of the year into general reserve prescribed by the Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises. The Bank is allowed to use general reserves only to cover operating losses arising from their activities.

Tied-up reserve

The tied-up reserve shall consist of sums tied up from the capital reserve and from the retained earnings.

NOTE 27: **RETAINED EARNINGS AND RESERVES (in HUF mn) [continued]**

The equity correlation table of the Bank based on paragraph 114/B of Act on Accounting as at 31 December 2024:

31 December 2024 Closing balance	Share Capital	Capital reserve	Share-based payment reserve	Retained earnings and reserves	Option reserve	Treasury Shares	Revaluation reserve	Tied-up reserve	Net profit for the year	Total
Components of Shareholder's equity in accordance with IFRS	**28,000**	**52**	**56,813**	**2,894,922**	**(55,468)**	**(123,066)**	**-**	**-**	**-**	**2,801,253**
Other comprehensive income	-	-	-	(9,806)	-	-	9,806	-	-	-
Option reserve	-	(55,468)	-	-	55,468	-	-	-	-	-
Treasury shares	-	(123,066)	-	-	-	123,066	-	-	-	-
Share based payments	-	56,813	(56,813)	-	-	-	-	-	-	-
Net profit for the year	-	-	-	(744,999)	-	-	-	-	744,999	-
General reserve and tied-up reserve	-	-	-	(267,436)	-	-	-	267,436	-	-
Components of Shareholder's equity in accordance with paragraph 114/B of Act on Accounting	**28,000**	**(121,669)**	**-**	**1,872,681**	**-**	**-**	**9,806**	**267,436**	**744,999**	**2,801,253**

The equity correlation table of the Bank based on paragraph 114/B of Act on Accounting as at 1 January 2024:

1 January 2024 Opening balance	Share Capital	Capital reserve	Share-based payment reserve	Retained earnings and reserves	Option reserve	Treasury Shares	Revaluation reserve	Tied-up reserve	Net profit for the year	Total
Components of Shareholder's equity in accordance with IFRS	**28,000**	**52**	**52,402**	**2,279,773**	**(55,468)**	**(6,154)**	**-**	**-**	**-**	**2,298,605**
Other comprehensive income	-	-	-	9,148	-	-	(9,148)	-	-	-
Option reserve	-	(55,468)	-	-	55,468	-	-	-	-	-
Treasury shares	-	(6,154)	-	-	-	6,154	-	-	-	-
Share based payments	-	52,402	(52,402)	-	-	-	-	-	-	-
Net profit for the year	-	-	-	(654,988)	-	-	-	-	654,988	-
General reserve	-	-	-	(192,937)	-	-	-	192,937	-	-
Components of Shareholder's equity in accordance with paragraph 114/B of Act on Accounting	**28,000**	**(9,168)**	**-**	**1,440,996**	**-**	**-**	**(9,148)**	**192,937**	**654,988**	**2,298,605**

NOTE 27: RETAINED EARNINGS AND RESERVES (in HUF mn) [continued]

Calculated untied retained earnings in accordance with paragraph 114/B of Act on Accounting

	31 December 2024	31 December 2023
Retained earnings	1,872,681	1,440,996
Net profit for the year	744,999	654,988
Untied retained earnings	**2,617,680**	**2,095,984**

Items of retained earnings and other reserves

	31 December 2024	31 December 2023
Retained earnings	1,872,681	1,440,996
Capital reserve	52	52
Option reserve	(55,468)	(55,468)
Other reserves	267,436	192,937
Fair value of financial instruments measured at fair value through other comprehensive income	13,180	(5,639)
Share-based payment reserve	56,813	52,402
Fair value of derivative financial instruments designated as cash-flow hedge	(3,374)	(3,509)
Net profit for the period	744,999	654,988
Retained earnings and other reserves	**2,896,319**	**2,276,759**

Fair value adjustment of securities at fair value through other comprehensive income

	31 December 2024	31 December 2023
Balance as at 1 January	**(40,262)**	**(82,906)**
Change of fair value correction	(18,559)	46,485
Deferred tax related to change of fair value correction	3,890	(3,841)
Closing balance	**(54,931)**	**(40,262)**

Expected credit loss on securities at fair value through other comprehensive income

	31 December 2024	31 December 2023
Balance as at 1 January	**24,345**	**29,161**
Increase of loss allowance	29,399	3,401
Release of loss allowance	(4,839)	(6,704)
Deferred tax related to expected credit loss	(4,707)	-
Fx movement	3,391	(1,513)
Closing balance	**47,589**	**24,345**

Fair value changes of equity instruments as at fair value through other comprehensive income

	31 December 2024	31 December 2023
Balance as at 1 January	**10,278**	**10,022**
Change of fair value correction	11,549	3,307
Deferred tax related to change of fair value correction	(1,305)	(374)
Transfer to retained earnings	-	(2,677)
Closing balance	**20,522**	**10,278**

NOTE 28: TREASURY SHARES (in HUF mn)

	31 December 2024	31 December 2023
Nominal value (ordinary shares)	705	57
Carrying value at acquisition cost	123,066	6,154

The changes in the carrying value of treasury shares are due to repurchase and sale transactions on market authorised by the General Assembly.

Change in number of shares:

	31 December 2024	31 December 2023
Number of shares as at 1 January	**571,246**	**352,344**
Additions	8,775,919	3,948,338
Disposals	(2,301,642)	(3,729,436)
Number of shares at the end of the period	**7,045,523**	**571,246**

Change in carrying value:	31 December 2024	31 December 2023
Balance as at 1 January	**6,154**	**2,724**
Additions	153,105	39,818
Disposals	(36,193)	(36,388)
Closing Balance	**123,066**	**6,154**

	31 December 2024	31 December 2023
Face value of treasury shares held by OTP Group members	1,197	1,210

NOTE 29: **INTEREST INCOME AND EXPENSES (in HUF mn)**

	Year ended 31 December 2024	Year ended 31 December 2023
Interest income accounted for using the effective interest rate method from / on		
Loans at amortised cost	437,745	457,472
FVOCI securities	30,311	50,838
Securities at amortised cost	216,762	129,054
Placements with other banks	179,241	206,280
Financial liabilities	214	398
Amounts due from banks and balances with National Bank of Hungary	161,598	345,696
Repo receivables	14,663	37,435
Subtotal	**1,040,534**	**1,227,173**
Income similar to interest income		
Loans mandatorily measured at fair value through profit or loss	62,663	51,132
Swap and forward deals related to Placements with other banks	478,199	600,959
Swap and forward deals related to Loans at amortised cost	35,034	125,151
Swap and forward deals related to FVOCI securities	9,714	18,655
Investment properties	9	9
Subtotal	**585,619**	**795,906**
Interest income total	**1,626,153**	**2,023,079**
Interest expense due to / from / on		
Amounts due to banks and deposits from the National Bank of Hungary and other banks	583,183	641,908
Deposits from customers	314,695	608,340
Leasing liabilities	3,147	2,314
Liabilities from issued securities	103,579	64,774
Subordinated bonds and loans	30,163	29,893
Investment properties (depreciation)	149	138
Financial assets	2,139	6,857
Repo liabilities	70,496	202,137
Interest expense total	**1,107,551**	**1,556,361**

NOTE 30: **RISK COST (in HUF mn)**

	Year ended 31 December 2024	Year ended 31 December 2023
Loss allowance of loans at amortised cost		
Loss allowance	260,589	249,194
Release of loss allowance	(240,388)	(243,652)
	20,201	**5,542**
Loss allowance of sight deposits and placements with other banks		
Loss allowance	8,519	11,767
Release of loss allowance	(8,752)	(24,125)
	(233)	**(12,358)**
Loss allowance of placements with other banks		
Loss allowance	2,256	11,755
Release of loss allowance	(2,269)	(13,555)
	(13)	**(1,800)**
Loss allowance of FVOCI debt instruments		
Loss allowance	29,399	3,401
Release of loss allowance	(4,839)	(6,704)
	24,560	**(3,303)**
Loss allowance of securities at amortised cost		
Loss allowance	22,001	2,287
Release of loss allowance	(11,433)	(10,863)
	10,568	**(8,576)**
Provision on loan commitments and financial guarantees		
Provision for the period	51,461	62,662
Release of provision	(48,896)	(69,834)
	2,565	**(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	**(4,193)**	**980**
Risk cost total	**53,455**	**(26,687)**

NOTE 31: NET PROFIT FROM FEES AND COMMISSIONS (in HUF mn)

Income from fees and commissions:

	Year ended 31 December 2024	Year ended 31 December 2023
Fees and commissions related to lending	**13,782**	**12,040**
Deposit and account maintenance fees and commissions	194,155	162,872
Fees and commission related to the issued bank cards	147,749	137,162
Fees and commissions related to security trading	48,143	33,899
Fx margin	22,928	21,828
Fees and commissions paid by OTP Mortgage Bank Ltd.	12,564	8,379
Net insurance fee income	15,701	13,558
Other	13,544	13,147
Fees and commissions from contracts with customers	**454,784**	**390,845**
Total Income from fees and commissions:	**468,566**	**402,885**

Contract balances

	Year ended 31 December 2024	Year ended 31 December 2023
Receivables, which are included in 'other assets'	26,960	24,012
Loss allowance	(542)	(616)

Fee and commission expense

	Year ended 31 December 2024	Year ended 31 December 2023
Other fees and commissions related to issued bank cards	76,040	63,941
Insurance fees	901	715
Fees and commissions related to lending	5,856	5,320
Fees and commissions related to security trading	2,153	2,497
Fees and commissions relating to deposits	3,387	2,850
Trust activities related to securities	2,763	2,324
Postal fees	241	223
Money market transaction fees and commissions	211	205
Other	665	680
Total	**92,217**	**78,755**
Net profit from fees and commissions	**376,349**	**324,130**

NOTE 32: GAINS AND LOSSES BY TRANSACTIONS (in HUF mn)

	Year ended 31 December 2024	Year ended 31 December 2023
Losses arising from derecognition of financial assets measured at amortised cost		
Gain from loans	785	2,760
Loss from loans	(2,309)	(2,716)
Gain from securities	-	152
Loss from securities	(7,871)	(19,552)
Other	(461)	(351)
Total	**(9,856)**	**(19,707)**

Additional information to Gains or losses from operating income:

	Year ended 31 December 2024	Year ended 31 December 2023
Foreign exchange losses		
Loss from foreign exchange	(5,500)	(6,116)
Margin gains	4,332	8,157
Margin losses	(5,717)	(14,310)
Total	**(6,885)**	**(12,269)**

	Year ended 31 December 2024	Year ended 31 December 2023
Net results on derivative instruments and hedge relationships		
Gains on FX spot, swap and option deals	50,660	59,675
Losses from FX spot, swap and option deals	(46,055)	(52,428)
Fees received related to option deals	5,593	6,569
Fees paid related to option deals	(5,372)	(6,554)
Gains on commodity deals	72,543	87,062
Losses from commodity deals	(71,944)	(83,504)
Gains on futures transactions	439	212
Losses from futures transactions	(695)	(230)
Losses from credit valuation adjustment related to FX spot, swap and option deals held for trading	(11,234)	2,232
Losses from credit valuation adjustment related to commodity deals held for trading	2	21
Total	**(6,063)**	**13,055**

	Year ended 31 December 2024	Year ended 31 December 2023
Gains on financial instruments at fair value through profit or loss		
Gains on securities mandatorily measured at fair value through profit or loss	(314)	2,570
Gains on loans mandatorily measured at fair value through profit or loss	55,604	100,436
Losses on loans mandatorily measured at fair value through profit or loss	(29,153)	(7,196)
Gains on financial liabilities designated at fair value through profit or loss	2,236	766
Losses on financial liabilities designated at fair value through profit or loss	(996)	(5,308)
Total	**27,377**	**91,268**

NOTE 32: GAINS AND LOSSES BY TRANSACTIONS (in HUF mn) [continued]

Additional information to Gains or losses from operating income: [continued]

	Year ended 31 December 2024	Year ended 31 December 2023
Gains on securities, net		
Interest income from held for trading securities	3,183	1,168
Gains on held for trading securities	7,948	14,529
Losses on held for trading securities	(4,051)	(6,588)
Gains on FVOCI securities	855	999
Losses on FVOCI securities	-	(489)
Gains on derecognition of investments in subsidiaries	112,076	1,322
Losses on derecognition of investments in subsidiaries	(836)	-
Gains/losses from other securities	1,688	(3,868)
Total	**120,863**	**7,073**

	Year ended 31 December 2024	Year ended 31 December 2023
Dividend income		
Distribution from investments in subsidiaries	402,843	261,222
Distribution from held for trading securities	10,075	14,229
Distribution from FVOCI equity instruments	344	254
Total	**413,262**	**275,705**
Total gains and losses from operating income (without other operating income)	**548,554**	**374,832**

For the year ended 31 December 2024 gains and losses attributable to the hedged risk on the hedged item and on the hedging instruments and also ineffectiveness in the case of fair value hedge on amortised cost line items as follows

	Hedged items	Hedging instrument	Hedge ineffectiveness
Fair value hedge	(28,937)	38,549	9,612

For the year ended 31 December 2023 gains and losses attributable to the hedged risk on the hedged item and on the hedging instruments and also ineffectiveness in the case of fair value hedge on amortised cost line items as follows

	Hedged items	Hedging instrument	Hedge ineffectiveness
Fair value hedge	(15,433)	2,855	(12,578)

NOTE 33: OTHER OPERATING INCOME AND EXPENSES AND OTHER ADMINISTRATIVE EXPENSES (in HUF mn)

Other operating income	Year ended 31 December 2024	Year ended 31 December 2023
Other operating income from OTP Employee Stock Ownership Program (OTP ESOP)	9,676	4,739
Intermediary and other services	2,937	2,547
Gains on IT services provided to subsidiaries	1,996	1,155
Derecognition of financial liabilities at amortised cost	1,957	581
Income from lease of tangible assets	1,292	1,223
Non-repayable assets received	1,009	423
Gains related to ATM maintenance activities	430	436
Income from written off receivables	318	257
Gains on sale of tangible assets	(19)	1,225
(Losses) / Gains on issued securities	(3,063)	135
Repayment of extraordinary payments made to NDIF in previous years	-	10,738
Other	1,847	2,725
Total	**18,380**	**26,184**

Other operating expenses	Year ended 31 December 2024	Year ended 31 December 2023
Release of loss allowance/(Loss allowance) on investments in subsidiaries	(7,427)	87,609
Release of provision for off-balance sheet commitments and contingent liabilities	4	(471)
Non-repayable assets contributed	(1,826)	(1,056)
Release of loss allowance on other assets	(5,514)	(3,576)
Financial support for sport association and organization of public utility	(14,490)	(11,893)
Other	(3,660)	(3,790)
Total	**(37,072)**	**63,590**

Other administrative expenses:	Year ended 31 December 2024	Year ended 31 December 2023
Personnel expenses:		
Wages	146,771	141,650
Taxes related to personnel expenses	21,333	20,172
Other personnel expenses	32,164	33,582
Subtotal	**200,268**	**195,404**
Depreciation and amortization	**63,551**	**50,814**
Other administrative expenses:		
Taxes, other than income tax	136,276	139,629
Services	92,583	86,272
Fees payable to authorities and other fees	16,269	25,384
Administration expenses, including rental fees	8,485	7,813
Professional fees	16,347	11,382
Advertising	14,168	11,438
Subtotal	**284,128**	**281,918**
Total	**547,947**	**528,136**

NOTE 34: 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:

	31 December 2024	31 December 2023
Current tax expense	66,563	39,174
Deferred tax (benefit)/expense	(6)	31,119
Total	**66,557**	**70,293**

A reconciliation of the deferred tax liability is as follows:

	31 December 2024	31 December 2023
Balance as at 1 January	**408**	**35,742**
Deferred tax (expense)/ benefit	6	(31,119)
Tax effect of fair value adjustment of FVOCI securities	(2,121)	(4,215)
Closing balance	**(1,707)**	**408**

A breakdown of the deferred tax liability is as follows:

	31 December 2024	31 December 2023
Provision for untaken leave	450	399
Provision for termination benefits and jubilee	1,428	1,325
Deferred tax asset	**1,878**	**1,724**
Fair value adjustment of held for trading and securities at fair value through other comprehensive income	(2,171)	(55)
Difference in depreciation and amortization	(1,414)	(1,261)
Deferred tax liabilities	**(3,585)**	**(1,316)**
Net deferred tax assets/(liabilities)	**(1,707)**	**408**

NOTE 34: INCOME TAX (in HUF mn) [continued]

A reconciliation of the income tax (income) / expense is as follows:

	31 December 2024	31 December 2023
Profit before income tax	811,556	725,281
Income tax at statutory tax rate (9%)	73,040	65,275
Income tax adjustments due to permanent differences are as follows:		
Share-based payment	397	296
Deferred use of tax allowance	(4)	69
Dividend income	(46,393)	(24,449)
Use of tax allowance in the current year	(375)	777
Amounts unenforceable by tax law	153	23
Change due to accounting policy (Visa)	(111)	1,068
Correction due to local taxes classified as income taxes	16,051	7,196
Local taxes	24,443	21,545
Other	(644)	(1,507)
Income tax	**66,557**	**70,293**
Effective tax rate	8.2%	9.7%

	31 December 2024	31 December 2023
Current tax liabilities	(23,591)	(14,393)
Net tax liabilities	**(23,591)**	**(14,393)**

Global minimum tax

The global minimum tax legislation has been enacted in certain jurisdictions the OTP Group operates in, mainly in the EU Member States. OTP Group is in scope of the enacted global minimum tax legislation. The legislation has been in effect for the Group's financial year beginning 1 January 2024 and introduced 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 Bank applied the temporary exception for the year-ended 31 December 2024.

Based on the status of the global minimum tax legislation, if top-up taxes arose in the jurisdictions which had not introduced the global minimum tax rules in their domestic legislation, OTP Bank Plc., being an ultimate parent entity, would be obliged to pay the top-up taxes in respect of such jurisdictions. As for Hungary, the Hungarian global minimum tax legislation provides for various options as to who is obliged to pay the Hungarian top-up (i.e., the Hungarian Group entities based on certain allocation ratios or OTP Bank Plc.). OTP group chose the option where OTP Bank Plc pays the Hungarian top-up tax. This decision may be revisited every year per the Hungarian global minimum legislation.

The global minimum tax legislation had been subject to several significant changes since their first publication and changes are still expected. Based on the most recent information available regarding the financial performance of the group entities and the prevailing interpretation of the global minimum tax legislation, the calculated amount of taxes imposed under the global minimum tax legislation payable by OTP Bank Plc. is HUF 708.2 million in 2024. The amount of taxes under the global minimum tax legislation is included in the income tax expense recognized in the statement of profit or loss in 2024.

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NOTE 35: LEASE (in HUF mn)

The Bank as a lessee:

Amounts recognised in profit and loss	31 December 2024	31 December 2023
Interest expense on lease liabilities	3,147	2,314
Expense relating to short-term leases	2,097	2,065
Expense relating to leases of low value assets	9	-
Expense relating to variable lease payments not included in the measurement of lease liabilities	1,865	1,662

Leasing liabilities by maturities:

	31 December 2024	31 December 2023
Within one year	9,046	7,595
Over one year	55,334	60,687
Total	**64,380**	**68,282**

An analysis of movement in the carrying amount of right-of-use assets by category is as follows:

Gross carrying amount	Right-of-use of real estate	Right-of-use of machinery and equipment	Total
Balance as at 1 January 2023	**57,362**	**1,987**	**59,349**
Additions due to new contracts	26,426	3,012	29,438
Derecognition due to matured contracts	(7,957)	(218)	(8,175)
Change due to revaluation and modification	4,293	1,749	6,042
Balance as at 31 December 2023	**80,124**	**6,530**	**86,654**
Additions due to new contracts	488	-	488
Derecognition due to matured contracts	(2,129)	-	(2,129)
Change due to revaluation and modification	1,823	284	2,107
Balance as at 31 December 2024	**80,306**	**6,814**	**87,120**
Depreciation			
Balance as at 1 January 2023	**19,380**	**87**	**19,467**
Depreciation charge	7,991	936	8,927
Derecognition due to matured contracts	(7,943)	(19)	(7,962)
Balance as at 31 December 2023	**19,428**	**1,004**	**20,432**
Depreciation charge	8,278	1,525	9,803
Derecognition due to matured contracts	(2,071)	-	(2,071)
Balance as at 31 December 2024	**25,635**	**2,529**	**28,164**
Net carrying amount			
Balance as at 31 December 2023	**60,696**	**5,526**	**66,222**
Balance as at 31 December 2024	**54,671**	**4,285**	**58,956**

NOTE 36: 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:

36.1. 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.

36.1.1. 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.

36.1. Credit risk [continued]

36.1.1. 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.

<u>NOTE 36:</u> **FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]**

36.1. Credit risk [continued]

36.1.1. 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 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	2,075,179	2,044,628	32,664	-	-	2,077,292	1,851	262	-	-	2,113	-
Placements with other banks	2,948,536	2,940,967	11,653	1,135	-	2,953,755	2,751	1,333	1,135	-	5,219	-
Repo receivables	238,079	238,433	-	-	-	238,433	354	-	-	-	354	-
Retail consumer loans	*659,121*	*522,785*	*168,325*	*18,904*	-	*710,014*	*7,808*	*31,027*	*12,058*	-	*50,893*	-
Mortgage loans	*45,849*	*36,171*	*4,950*	*3,796*	*1,684*	*46,601*	*20*	*91*	*534*	*107*	*752*	-
Municipal loans	*102,852*	*103,765*	*852*	-	-	*104,617*	*1,547*	*218*	-	-	*1,765*	-
Corporate loans	*3,862,973*	*3,161,499*	*699,698*	*84,646*	*8,466*	*3,954,309*	*16,204*	*41,927*	*32,813*	*392*	*91,336*	*28,741*
Loans at amortised cost	4,670,795	3,824,220	873,825	107,346	10,150	4,815,541	25,579	73,263	45,405	499	144,746	28,741
FVOCI debt instruments	558,668	537,145	-	21,523	-	558,668	1,003	-	51,293	-	52,296	-
Securities at amortised cost	3,334,145	3,330,049	5,516	37,491	-	3,373,056	11,057	505	27,349	-	38,911	-
Other financial assets	69,128	67,972	951	6,976	8	75,907	237	307	6,229	6	6,779	-
Total as at 31 December 2024	**13,894,530**	**12,983,414**	**924,609**	**174,471**	**10,158**	**14,092,652**	**42,832**	**75,670**	**131,411**	**505**	**250,418**	**28,741**
Loan commitments	2,525,121	2,391,305	139,251	6,434	-	2,536,990	6,854	4,594	421	-	11,869	-
Financial guarantees	1,897,269	1,803,492	92,134	8,092	-	1,903,718	3,176	1,061	2,212	-	6,449	-
Factoring loan commitments	381,312	364,434	13,286	4,291	-	382,011	479	43	177	-	699	-
Bill of credit	5,144	5,181	-	-	-	5,181	37	-	-	-	37	-
Loan commitments and financial guarantees total	**4,808,846**	**4,564,412**	**244,671**	**18,817**	**-**	**4,827,900**	**10,546**	**5,698**	**2,810**	**-**	**19,054**	**-**

NOTE 36: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

36.1. Credit risk [continued]

36.1.1. 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:

	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	-
Retail consumer loans	*572,912*	*488,231*	*128,101*	*19,811*	*1*	*636,144*	*15,471*	*33,192*	*14,568*	*1*	*63,232*	-
Mortgage loans	*53,996*	*41,172*	*7,232*	*4,823*	*1,988*	*55,215*	*38*	*189*	*813*	*179*	*1,219*	-
Municipal loans	*102,003*	*103,152*	*320*	-	-	*103,472*	*1,417*	*52*	-	-	*1,469*	-
Corporate loans	*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	**13,658,379**	**12,765,751**	**905,012**	**165,618**	**11,125**	**13,847,506**	**54,025**	**74,358**	**84,119**	**970**	**213,472**	**22,637**
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	**4,346,002**	**4,158,769**	**190,242**	**13,082**	**-**	**4,362,093**	**8,695**	**4,671**	**2,725**	**-**	**16,091**	**-**

NOTE 36: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

36.1. Credit risk [continued]

36.1.2. Financial instruments under simplified approach by day-past-due categories

As at 31 December 2024

	Without delay	< 30 days	31 - 60 days	61 - 90 days	> 91 days	Closing balance
Expected credit loss rate	**0.62%**	**2.17%**	**14.39%**	**20.10%**	**18.30%**	**2.18%**
Gross value	195,603	3,133	278	5,195	12,981	217,190
Loss allowance	(1,215)	(68)	(40)	(1,044)	(2,376)	(4,743)
Net carrying value	**194,388**	**3,065**	**238**	**4,151**	**10,605**	**212,447**

As at 31 December 2023

	Without delay	< 30 days	31 - 60 days	61 - 90 days	> 91 days	Closing balance
Expected credit loss rate	**0.72%**	**0.69%**	**5.17%**	**9.39%**	**21.06%**	**2.02%**
Gross value	161,963	8,459	968	309	11,307	183,006
Loss allowance	(1,173)	(58)	(50)	(29)	(2,381)	(3,691)
Net carrying value	**160,790**	**8,401**	**918**	**280**	**8,926**	**179,315**

NOTE 36: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

36.1. Credit risk [continued]

36.1.3. Changes in the Gross carrying amount and in the Loss allowance of financial assets at amortised cost and fair value through other comprehensive income by IFRS 9 stages

Movement of gross carrying amount of loans at amortised cost

	Stage 1	Stage 2	Stage 3	POCI	Total
Gross amount as at 1 January 2023	**4,176,383**	**664,187**	**146,353**	**12,997**	**4,999,920**
Transfer to Stage 1	125,054	(105,061)	(19,993)	-	-
Transfer to Stage 2	(448,120)	461,067	(12,947)	-	-
Transfer to Stage 3	(24,935)	(29,379)	54,314	-	-
New financial assets originated or purchased	2,227,406	200,034	28,678	1,163	2,457,281
Financial assets derecognised (other than write-offs)	(2,203,558)	(306,780)	(100,045)	(2,970)	(2,613,353)
Write-offs	(61)	(578)	(5,338)	(80)	(6,057)
Modification loss	(6,459)	(1,604)	(954)	-	(9,017)
Gross amount as at 31 December 2023	**3,845,710**	**881,886**	**90,068**	**11,110**	**4,828,774**
Transfer to Stage 1	207,208	(206,065)	(1,143)	-	-
Transfer to Stage 2	(298,847)	304,330	(5,483)	-	-
Transfer to Stage 3	(19,401)	(50,105)	69,506	-	-
New financial assets originated or purchased	2,055,367	211,096	23,084	887	2,290,434
Financial assets derecognised (other than write-offs)	(1,964,151)	(266,323)	(59,192)	(1,411)	(2,291,077)
Write-offs	(59)	(748)	(9,348)	(436)	(10,591)
Modification loss	(1,607)	(246)	(146)	-	(1,999)
Gross amount as at 31 December 2024	**3,824,220**	**873,825**	**107,346**	**10,150**	**4,815,541**

Movement of loss allowance of loans at amortised cost

	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1 January 2023	**38,364**	**57,051**	**77,773**	**1,692**	**174,880**
Transfer to Stage 1	21,673	(9,755)	(11,918)	-	-
Transfer to Stage 2	(5,037)	12,425	(7,388)	-	-
Transfer to Stage 3	(497)	(3,906)	4,403	-	-
Net remeasurement of loss allowance	(21,553)	13,435	1,920	(701)	(6,899)
New financial assets originated or purchased	14,620	8,468	4,717	14	27,819
Financial assets derecognised (other than write-offs)	(13,800)	(7,317)	(26,425)	(47)	(47,589)
Unwind of discount	-	-	5,181	80	5,261
Write-offs	(61)	(578)	(5,338)	(80)	(6,057)
Loss allowance as at 31 December 2023	**33,709**	**69,823**	**42,925**	**958**	**147,415**
Transfer to Stage 1	13,671	(13,257)	(414)	-	-
Transfer to Stage 2	(5,585)	8,191	(2,606)	-	-
Transfer to Stage 3	(679)	(4,925)	5,604	-	-
Net remeasurement of loss allowance	(18,250)	16,198	14,550	(4)	12,494
New financial assets originated or purchased	12,785	8,225	3,944	-	24,954
Financial assets derecognised (other than write-offs)	(10,013)	(10,244)	(12,744)	(38)	(33,039)
Unwind of discount	-	-	3,494	19	3,513
Write-offs	(59)	(748)	(9,348)	(436)	(10,591)
Loss allowance as at 31 December 2024	**25,579**	**73,263**	**45,405**	**499**	**144,746**

NOTE 36: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

36.1. Credit risk [continued]

36.1.3. Changes in the Gross carrying amount and in the Loss allowance of financial assets at amortised cost and fair value through other comprehensive income by IFRS 9 stages [continued]

Movement of gross carrying amount of loan commitments and financial guarantees

	Stage 1	Stage 2	Stage 3	Total
Gross amount as at 1 January 2023	**3,933,817**	**141,464**	**36,499**	**4,111,780**
Transfer to Stage 1	60,083	(58,858)	(1,225)	-
Transfer to Stage 2	(158,404)	159,071	(667)	-
Transfer to Stage 3	(9,460)	(2,028)	11,488	-
New financial assets originated or purchased	1,195,950	64,940	1,451	1,262,341
Financial assets derecognised (other than write-offs)	(863,217)	(114,347)	(34,464)	(1,012,028)
Gross amount as at 31 December 2023	**4,158,769**	**190,242**	**13,082**	**4,362,093**
Transfer to Stage 1	77,066	(76,623)	(443)	-
Transfer to Stage 2	(126,264)	126,793	(529)	-
Transfer to Stage 3	(4,040)	(8,337)	12,377	-
New financial assets originated or purchased	1,450,771	86,641	2,874	1,540,286
Financial assets derecognised (other than write-offs)	(991,890)	(74,045)	(8,544)	(1,074,479)
Gross amount as at 31 December 2024	**4,564,412**	**244,671**	**18,817**	**4,827,900**

Movement of loss allowance of loan commitments and financial guarantees

	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2023	**16,642**	**4,473**	**2,517**	**23,632**
Transfer to Stage 1	2,410	(1,888)	(522)	-
Transfer to Stage 2	(787)	1,022	(235)	-
Transfer to Stage 3	(26)	(242)	268	-
Net remeasurement of loss allowance	(10,123)	1,584	1,663	(6,876)
New financial assets originated or purchased	2,985	514	212	3,711
Decrease	(2,406)	(792)	(1,178)	(4,376)
Loss allowance as at 31 December 2023	**8,695**	**4,671**	**2,725**	**16,091**
Transfer to Stage 1	2,223	(2,156)	(67)	-
Transfer to Stage 2	(565)	641	(76)	-
Transfer to Stage 3	(12)	(167)	179	-
Net remeasurement of loss allowance	(3,935)	1,864	240	(1,831)
New financial assets originated or purchased	6,100	1,244	456	7,800
Decrease	(1,960)	(399)	(647)	(3,006)
Loss allowance as at 31 December 2024	**10,546**	**5,698**	**2,810**	**19,054**

NOTE 36: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

36.1. Credit risk [continued]

36.1.3. Changes in the Gross carrying amount and in the Loss allowance of financial assets at amortised cost and fair value through other comprehensive income by IFRS 9 stages [continued]

Movement of gross carrying amount of cash, amounts due from banks and balances with the National Bank of Hungary

	Stage 1	Stage 2	Total
Gross amount as at 1 January 2023	**1,062,246**	**31,305**	**1,093,551**
New financial assets originated or purchased	14,858,652	137	14,858,789
Financial assets derecognised (other than write-offs)	**(13,219,223)**	**(24,490)**	**(13,243,713)**
Gross amount as at 31 December 2023	**2,701,675**	**6,952**	**2,708,627**
New financial assets originated or purchased	1,991,832	26,196	2,018,028
Financial assets derecognised (other than write-offs)	(2,648,879)	(484)	(2,649,363)
Gross amount as at 31 December 2024	**2,044,628**	**32,664**	**2,077,292**

Movement of loss allowance of cash, amounts due from banks and balances with the National Bank of Hungary

	Stage 1	Stage 2	Total
Loss allowance as at 1 January 2023	**481**	**872**	**1,353**
Net remeasurement of loss allowance	46	(744)	(698)
New financial assets originated or purchased	30	-	30
Financial assets derecognised (other than write-offs)	(290)	-	(290)
Loss allowance as at 31 December 2023	**267**	**128**	**395**
Net remeasurement of loss allowance	(197)	134	(63)
New financial assets originated or purchased	1,808	-	1,808
Financial assets derecognised (other than write-offs)	(27)	-	(27)
Loss allowance as at 31 December 2024	**1,851**	**262**	**2,113**

Movement of gross carrying amount of placements with other banks

	Stage 1	Stage 2	Stage 3	Total
Gross amount as at 1 January 2023	**2,906,852**	**10,247**	**1,512**	**2,918,611**
New financial assets originated or purchased	1,441,924	9,987	887	1,452,798
Financial assets derecognised (other than write-offs)	(1,651,204)	(10,813)	(84)	(1,662,101)
Gross amount as at 31 December 2023	**2,697,572**	**9,421**	**2,315**	**2,709,308**
Transfer to Stage 2	-	887	(887)	-
New financial assets originated or purchased	1,165,384	1,990	-	1,167,374
Financial assets derecognised (other than write-offs)	(921,989)	(645)	(293)	(922,927)
Gross amount as at 31 December 2024	**2,940,967**	**11,653**	**1,135**	**2,953,755**

NOTE 36: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

36.1. Credit risk [continued]

36.1.3. Changes in the Gross carrying amount and in the Loss allowance of financial assets at amortised cost and fair value through other comprehensive income by IFRS 9 stages [continued]

Movement of loss allowance of placements with other banks

	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2023	**16,037**	**1,233**	**1,512**	**18,782**
Net remeasurement of loss allowance	(9,159)	3	(84)	(9,240)
New financial assets originated or purchased	1,418	1,091	887	3,396
Financial assets derecognised (other than write-offs)	(4,831)	(1,232)	-	(6,063)
Loss allowance as at 31 December 2023	**3,465**	**1,095**	**2,315**	**6,875**
Transfer to Stage 2	-	887	(887)	-
Net remeasurement of loss allowance	(725)	(649)	(293)	(1,667)
New financial assets originated or purchased	864	-	-	864
Financial assets derecognised (other than write-offs)	(853)	-	-	(853)
Loss allowance as at 31 December 2024	**2,751**	**1,333**	**1,135**	**5,219**

Movement of gross carrying amount of repo receivables

	Stage 1
Gross amount as at 1 January 2023	**248,696**
New financial assets originated or purchased	1,808,640
Financial assets derecognised (other than write-offs)	(1,855,311)
Gross amount as at 31 December 2023	**202,025**
New financial assets originated or purchased	1,065,205
Financial assets derecognised (other than write-offs)	(1,028,797)
Gross amount as at 31 December 2024	**238,433**

Movement of loss allowance of repo receivables

	Stage 1
Loss allowance as at 1 January 2023	**2,167**
New financial assets originated or purchased	367
Financial assets derecognised (other than write-offs)	(2,167)
Loss allowance as at 31 December 2023	**367**
New financial assets originated or purchased	2,255
Financial assets derecognised (other than write-offs)	(2,268)
Loss allowance as at 31 December 2024	**354**

Movement of gross carrying amount of securities at amortised cost

	Stage 1	Stage 2	Stage 3	Total
Gross amount as at 1 January 2023	**3,273,240**	**6,713**	**38,270**	**3,318,223**
Transfer to Stage 1	1,403	-1,403	-	-
Transfer to Stage 2	-1,203	1,203	-	-
New financial assets originated or purchased	199,101	2	-	199,103
Financial assets derecognised (other than write-offs)	-776,231	-554	-3,468	-780,253
Gross amount as at 31 December 2023	**2,696,310**	**5,961**	**34,802**	**2,737,073**
New financial assets originated or purchased	925,394	-	3,809	929,203
Financial assets derecognised (other than write-offs)	-291,655	-445	-1,120	-293,220
Gross amount as at 31 December 2024	3,330,049	5,516	37,491	3,373,056

NOTE 36: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

36.1. Credit risk [continued]

36.1.3. Changes in the Gross carrying amount and in the Loss allowance of financial assets at amortised cost and fair value through other comprehensive income by IFRS 9 stages [continued]

Movement of loss allowance of securities at amortised cost

	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2023	**21,746**	**300**	**13,804**	**35,850**
Net remeasurement of loss allowance	(5,424)	(27)	(1,202)	(6,653)
New financial assets originated or purchased	163	-	-	163
Financial assets derecognised (other than write-offs)	(3,135)	-	-	(3,135)
Loss allowance as at 31 December 2023	**13,350**	**273**	**12,602**	**26,225**
Net remeasurement of loss allowance	(3,307)	232	14,792	11,717
New financial assets originated or purchased	1,420	-	1,050	2,470
Financial assets derecognised (other than write-offs)	(406)	-	(1,095)	(1,501)
Loss allowance as at 31 December 2024	**11,057**	**505**	**27,349**	**38,911**

Movement of gross carrying amount of FVOCI debt instruments

	Stage 1	Stage 3	Total
Gross amount as at 1 January 2023	**751,838**	**27,415**	**779,253**
New financial assets originated or purchased	164,182	3,479	167,661
Financial assets derecognised (other than write-offs)	(408,543)	(21)	(408,564)
Gross amount as at 31 December 2023	**507,477**	**30,873**	**538,350**
New financial assets originated or purchased	151,534	27	151,561
Financial assets derecognised (other than write-offs)	(121,866)	-9,377	(131,243)
Gross amount as at 31 December 2024	**537,145**	**21,523**	**558,668**

Movement of loss allowance of FVOCI debt instruments

	Stage 1	Stage 3	Total
Loss allowance as at 1 January 2023	**4,762**	**24,399**	**29,161**
Net remeasurement of loss allowance	(1,741)	(1,479)	(3,220)
New financial assets originated or purchased	172	-	172
Financial assets derecognised (other than write-offs)	(1,768)	-	(1,768)
Loss allowance as at 31 December 2023	**1,425**	**22,920**	**24,345**
Net remeasurement of loss allowance	(404)	28,373	27,969
New financial assets originated or purchased	98	-	98
Financial assets derecognised (other than write-offs)	(116)	-	(116)
Loss allowance as at 31 December 2024	**1,003**	**51,293**	**52,296**

NOTE 36: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

36.1. Credit risk [continued]

36.1.4. Loan portfolio by internal ratings

As at 31 December 2024

	Gross carrying amount				
Internal rating grade	**Stage1**	**Stage2**	**Stage3**	**POCI**	**Total**
High grade (1-4)	2,178,673	149,572	-	300	2,328,545
Medium grade (5-7)	1,593,671	535,102	-	8,894	2,137,667
Low grade (8-9)	51,876	189,151	-	275	241,302
Non performing	-	-	107,346	681	108,027
Total	**3,824,220**	**873,825**	**107,346**	**10,150**	**4,815,541**

	Accumulated loss allowance				
Internal rating grade	**Stage1**	**Stage2**	**Stage3**	**POCI**	**Total**
High grade (1-4)	7,914	7,804	-	1	15,719
Medium grade (5-7)	15,382	42,146	-	382	57,910
Low grade (8-9)	2,283	23,313	-	3	25,599
Non performing	-	-	45,405	113	45,518
Total	**25,579**	**73,263**	**45,405**	**499**	**144,746**

As at 31 December 2023

	Gross carrying amount				
Internal rating grade	**Stage1**	**Stage2**	**Stage3**	**POCI**	**Total**
High grade (1-4)	1,748,019	155,527	-	275	1,903,821
Medium grade (5-7)	2,030,681	572,339	-	9,136	2,612,156
Low grade (8-9)	67,010	154,020	-	195	221,225
Non performing	-	-	90,068	1,504	91,572
Total	**3,845,710**	**881,886**	**90,068**	**11,110**	**4,828,774**
	-	-	-	-	

	Accumulated loss allowance				
Internal rating grade	**Stage1**	**Stage2**	**Stage3**	**POCI**	**Total**
High grade (1-4)	9,485	8,791	-	3	18,279
Medium grade (5-7)	19,488	39,153	-	462	59,103
Low grade (8-9)	4,736	21,879	-	6	26,621
Non performing	-	-	42,925	487	43,412
Total	**33,709**	**69,823**	**42,925**	**958**	**147,415**

NOTE 36: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

36.1. Credit risk [continued]

36.1.5. Loan portfolio by countries

An analysis of carrying amount of the non-qualified and qualified gross loan portfolio by country is as follows:

	31 December 2024		31 December 2023	
Country	**Gross loan and placements with other banks portfolio**	**Loss allowance**	**Gross loan and placements with other banks portfolio**	**Loss allowance**
Hungary	5,918,775	(123,772)	5,406,144	(126,770)
Malta	488,110	(260)	647,521	(1,220)
Bulgaria	470,979	(5,192)	351,368	(3,123)
Serbia	295,129	(8,132)	243,010	(3,697)
Croatia	257,233	(432)	195,198	(433)
Romania	86,305	(1,572)	149,356	(3,206)
Slovakia	69,201	(406)	38,922	(891)
France	66,514	(59)	123,582	(84)
Ukraine	54,760	(401)	83,328	(1,579)
Germany	53,597	(220)	53,926	(152)
Other	247,126	(9,873)	447,752	(13,502)
Loans, placements with other banks and repo receivables at amortised cost total	**8,007,729**	**(150,319)**	**7,740,107**	**(154,657)**
Hungary	998,388	-	934,824	-
Other	22	-	24	-
Loans at fair value total	**998,410**	**-**	**934,848**	**-**
Loans, placements with other banks and repo receivables total	**9,006,139**	**(150,319)**	**8,674,955**	**(154,657)**

36.1.6. Loan portfolio classification by economic activities

Loans at amortised cost by economic activities	**31 December 2024**		**31 December 2023**	
	Gross amount	**Loss allowance**	**Gross amount**	**Loss allowance**
Retail	751,980	50,950	758,426	66,372
Agriculture, forestry and fishing	227,377	5,330	215,325	5,649
Manufacturing, mining and quarrying and other industry	543,565	20,407	492,620	14,746
Construction	238,030	10,016	202,542	8,896
Wholesale and retail trade, transportation and storage accommodation and food service activities	737,154	17,837	733,631	17,259
Information and communication	49,521	1,127	24,086	618
Financial and insurance activities	938,462	4,703	1,215,215	7,965
Real estate activities	522,669	16,852	503,510	17,113
Professional, scientific, technical, administration	264,107	5,020	242,818	4,106
Public administration, defence, education, human health and social work activities	124,419	2,112	119,196	1,704
Other services	418,257	10,392	321,405	2,987
Total	**4,815,541**	**144,746**	**4,828,774**	**147,415**

NOTE 36: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

36.1. Credit risk [continued]

36.1.7. 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	31 December 2024	31 December 2023
Mortgages	2,186,450	1,977,401
Guarantees and warranties	2,078,055	1,961,382
Deposit	281,685	214,085
from this: Cash	*96,455*	*94,486*
Securities	*185,230*	*119,599*
Other	91	147
Total	**4,546,281**	**4,153,015**

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	31 December 2024	31 December 2023
Mortgage	1,587,521	1,523,976
Guarantees and warranties	1,847,223	1,662,645
Deposit	134,425	145,591
from this: Cash	*80,359*	*89,211*
Securities	*54,066*	*56,380*
Other	91	90
Total	**3,569,260**	**3,332,302**

The coverage level of loan portfolio to the extent of the exposures increased from 44,21% to 45,94% as at 31 December 2024, while the coverage to the total collateral value decreased from 55,09% to 58,52%.

The collateral value (**total collateral value**) held by the Bank related to impaired loan portfolio (Stage 3 and POCI loans) is as follows:

For the year ended 31 December 2024	Gross carrying amount	Loss allowance	Carrying amount	Collateral value
Retail consumer loans	18,904	(12,058)	6,846	4,655
Mortgage loans	5,480	(641)	4,839	24,668
Corporate loans	93,112	(33,205)	59,907	122,681
Total	**117,496**	**(45,904)**	**71,592**	**152,004**

For the year ended 31 December 2023	Gross carrying amount	Loss allowance	Carrying amount	Collateral value
Retail consumer loans	19,812	(14,569)	5,243	644
Mortgage loans	6,811	(992)	5,819	33,515
Corporate loans	74,555	(28,322)	46,233	82,595
Total	**101,178**	**(43,883)**	**57,295**	**116,754**

NOTE 36: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

36.1. Credit risk [continued]

36.1.7. Collaterals [continued]

Maximum exposure to credit risk as at 31 December 2024

	Maximum exposure to credit risk	**Fair value of collateral**										
		Cash	**Securities**	**Guarantees**	**Property**	**Other**	**Offsetting arrangements**	**Surplus**	**Collateral total**	**Net exposure**	**Coverage**	**ECL**
Cash, amounts due from banks and balances with the National Bank of Hungary	2,075,179	-	-	-	-	-	-	-	-	2,075,179	0%	2,113
Placements with other banks	2,948,536	-	-	106,264	-	-	-	(3,386)	102,878	2,845,658	3%	5,219
Repo receivables	238,079	-	250,481	-	-	-	-	(14,172)	236,309	1,770	99%	354
Retail consumer loans	*659,121*	*2*	*459*	*969*	*11,848*	-	-	*(8,677)*	*4,601*	*654,520*	*1%*	*50,893*
Mortgage loans	*45,849*	-	-	*2,179*	*357,694*	-	-	*(314,082)*	*45,791*	*58*	*100%*	*752*
Municipal loans	*102,852*	*3*	-	*8,170*	*10,295*	-	-	*(6,412)*	*12,056*	*90,796*	*12%*	*1,765*
Corporate loans	*6,769,406*	*38,644*	*215,778*	*953,328*	*3,034,451*	*14*	-	*(2,056,891)*	*2,185,324*	*4,584,082*	*32%*	*103,904*
Loans at amortised cost	7,577,228	38,649	216,237	964,646	3,414,288	14	-	(2,386,062)	2,247,772	5,329,456	30%	157,314
Securities at amortised cost	3,334,145	-	-	-	-	-	-	-	-	3,334,145	0%	38,911
Financial assets at amortised cost total	**16,173,167**	**38,649**	**466,718**	**1,070,910**	**3,414,288**	**14**	**-**	**(2,403,620)**	**2,586,959**	**13,586,208**	**16%**	**203,911**
Derivative financial assets	214,191	74,570	-	-	-	-	54,939	-	129,509	84,682	60%	-
Held-for-trading financial assets[1]	446,012	-	-	-	-	-	-	-	-	446,012	0%	-
Loans mandatorily measured at fair value through profit or loss	998,410	-	-	897,781	-	-	-	(38,979)	*858,802*	139,608	86%	-
Financial assets at fair value through profit or loss total	**1,659,397**	**74,570**	**-**	**897,781**	**-**	**-**	**54,939**	**(38,979)**	**988,311**	**671,086**	**60%**	**-**
FVOCI debt instruments	558,668	-	-	-	-	-	-	-	-	558,668	0%	52,296
FVOCI debt instruments total	**558,668**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**558,668**	**0%**	**52,296**
Financial assets total	**18,391,232**	**113,219**	**466,718**	**1,968,691**	**3,414,288**	**14**	**54,939**	**(2,442,599)**	**3,575,270**	**14,815,962**	**19%**	**256,207**
Financial guarantees	1,897,269	43,147	1,534	42,925	184,743	-	-	(61,814)	*210,535*	1,686,734	11%	6,449
Accreditive	5,144	-	-	-	395	-	-	-	*395*	4,749	8%	37
Off-balance sheet items total	**1,902,413**	**43,147**	**1,534**	**42,925**	**185,138**	**-**	**-**	**(61,814)**	**210,930**	**1,691,483**	**11%**	**6,486**
Total	**20,293,645**	**156,366**	**468,252**	**2,011,616**	**3,599,426**	**14**	**54,939**	**(2,504,413)**	**3,786,200**	**16,507,445**	**19%**	**262,693**

[1] Excluding held-for-trading equity instruments

NOTE 36: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

36.1. Credit risk [continued]

36.1.7. Collaterals [continued]

Maximum exposure to credit risk as at 31 December 2023

	Maximum exposure to credit risk	Fair value of collateral										
		Cash	Securities	Guarantees	Property	Other	Offsetting arrangements	Surplus	Collateral total	Net exposure	Coverage	ECL
Cash, amounts due from banks and balances with the National Bank of Hungary	2,708,232	-	-	-	-	-	-	-	-	2,708,232	0%	395
Placements with other banks	2,702,433	-	-	-	-	-	-	-	-	2,702,433	0%	6,875
Repo receivables	201,658	-	220,654	-	-	-	-	(21,868)	198,786	2,872	99%	367
Retail consumer loans	*572,912*	*1,621*	*204*	*1,941*	*16,620*	-	-	*(7,128)*	*13,258*	*559,654*	*2%*	*63,232*
Mortgage loans	*53,996*	-	-	*2,515*	*386,730*	-	-	*(335,249)*	*53,996*	-	*100%*	*1,219*
Municipal loans	*102,003*	*1*	-	*9,191*	*11,913*	-	-	*(5,990)*	*15,115*	*86,888*	*15%*	*1,469*
Corporate loans	*6,294,364*	*42,390*	*255,404*	*903,666*	*2,599,109*	*242*	-	*(1,704,294)*	*2,096,517*	*4,197,847*	*33%*	*93,299*
Loans at amortised cost	7,023,275	44,012	255,608	917,313	3,014,372	242	-	(2,052,661)	2,178,886	4,844,389	31%	159,219
Securities at amortised cost	2,710,848	-	-	-	-	-	-	-	-	2,710,848	0%	26,225
Financial assets at amortised cost total	**15,346,446**	**44,012**	**476,262**	**917,313**	**3,014,372**	**242**	**-**	**(2,074,529)**	**2,377,672**	**12,968,774**	**15%**	**193,081**
Derivative financial assets	218,427	60,721	-	-	-	-	76,853	-	137,574	80,853	63%	-
Held-for-trading financial assets[1]	25,996	-	-	-	-	-	-	-	-	25,996	0%	-
Loans mandatorily measured at fair value through profit or loss	934,848	-	-	865,054	-	-	-	(44,555)	*820,499*	114,349	88%	-
Financial assets at fair value through profit or loss total	**1,180,566**	**60,721**	**-**	**865,054**	**-**	**-**	**76,853**	**(44,555)**	**958,073**	**222,493**	**81%**	**-**
FVOCI debt instruments	538,350	-	-	-	-	-	-	-	-	538,350	0%	24,345
FVOCI debt instruments total	**538,350**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**538,350**	**0%**	**24,345**
Financial assets total	**17,065,362**	**104,733**	**476,262**	**1,782,367**	**3,014,372**	**242**	**76,853**	**(2,119,084)**	**3,335,745**	**13,729,617**	**20%**	**217,426**
Financial guarantees	1,995,500	47,241	1,801	19,442	157,085	-	-	(44,554)	*181,015*	1,814,485	9%	4,247
Accreditive	8,586	-	-	-	-	-	-	-	-	8,586	0%	40
Off-balance sheet items total	**2,004,086**	**47,241**	**1,801**	**19,442**	**157,085**	**-**	**-**	**(44,554)**	**181,015**	**1,823,071**	**9%**	**4,287**
Total	**19,069,448**	**151,974**	**478,063**	**1,801,809**	**3,171,457**	**242**	**76,853**	**(2,163,638)**	**3,516,760**	**15,552,688**	**18%**	**221,713**

[1] Excluding held-for-trading equity instruments

NOTE 36: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

36.1. Credit risk [continued]

36.1.7. Collaterals

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

Types of collateral	31 December 2024	31 December 2023
Real estate	128	178
Guarantee	33,402	25,509
Bail	31	-
Other	140	80
Proceeds from enforcement of collaterals	**33,701**	**25,767**

36.1.8. Restructured loans

	31 December 2024		31 December 2023	
	Gross portfolio	Loss allowance	Gross portfolio	Loss allowance
Consumer loans	17,632	(8,727)	12,757	(7,064)
Mortgage loans	1,528	(25)	1,829	(65)
Corporate loans	64,551	(4,857)	103,897	(5,312)
SME loans	13,605	(892)	21,555	(1,508)
Municipal loans	81	(2)	75	(1)
Total	**97,398**	**(14,503)**	**140,114**	**(13,949)**

Restructured portfolio definition

The forborne 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 forborne. An exposure is considered performing forborne 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 forborne.

NOTE 36: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

36.1. Credit risk [continued]

36.1.9. Financial instruments by rating categories[1]

Held-for-trading securities as at As at 31 December 2024

	A1	A2	A3	Aa2	Aa3	Aaa	Ba1	Ba2	Ba3	Baa1	Baa2	Baa3	N/A	Total
Government bonds	-	2,499	950	-	3,025	2,327	-	1,648	1,707	-	41,843	3,499	-	57,498
Other bonds	-	-	173	-	-	-	1,183	-	-	-	4,287	472	382,482	388,597
Investment fund units	-	-	-	-	-	-	-	-	-	-	-	-	377	377
Hungarian government discounted Treasury Bills	-	-	-	-	-	-	-	-	-	-	207	-	-	207
Shares	17	42	52	12	11	-	145	-	5	22	56	54	781	1,197
Mortgage bonds	93	-	-	-	-	-	-	-	-	-	-	15	9	117
Total	**110**	**2,541**	**1,175**	**12**	**3,036**	**2,327**	**1,328**	**1,648**	**1,712**	**22**	**46,393**	**4,040**	**383,649**	**447,993**

Held-for-trading securities as at 31 December 2023

	A1	A2	A3	Aa2	Aa3	Aaa	B1	Ba1	Ba2	Ba3	Baa1	Baa2	Baa3	N/A	Total
Government bonds	-	532	-	23	-	27	625	-	540	-	-	19,695	910	-	22,352
Other bonds	-	-	-	-	-	-	-	-	-	-	-	2,212	40	2,185	4,437
Investment fund units	-	-	-	-	-	-	-	-	-	-	-	-	-	320	320
Hungarian government discounted Treasury Bills	-	-	-	-	-	-	-	-	-	-	-	71	-	-	71
Shares	-	56	33	23	52	-	-	39	-	4	17	20	2	267	513
Mortgage bonds	-	-	-	-	-	-	-	-	-	-	-	-	16	95	111
Total	**-**	**588**	**33**	**46**	**52**	**27**	**625**	**39**	**540**	**4**	**17**	**21,998**	**968**	**2,867**	**27,804**

Securities mandatorily measured at fair value through profit or loss as at As at 31 December 2024

	N/A
Investment fund units	30,878
Mortgage bonds	1,304
Total	**32,182**

[1] Moody's ratings

NOTE 36: **FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]**

36.1. Credit risk [continued]

36.1.9. Financial instruments by rating categories[1]

Securities mandatorily measured at fair value through profit or loss as at 31 December 2023

	N/A
Investment fund units	31,124
Shares	1,808
Total	**32,932**

FVOCI securities as at 31 December 2024

	A1	A3	Ba1	Ba2	Baa1	Baa2	Baa3	N/A	WR	Total
Government bonds	-	14,385	-	7,020	5,156	134,199	2,888	-	21,523	185,171
Mortgage bonds	11,751	-	-	-	-	-	306,276	8,923	-	326,950
Other bonds	-	-	4,170	26,605	-	-	-	15,686	-	46,461
Hungarian Treasury Bills	-	-	-	-	-	86	-	-	-	86
Non-treading equity instruments	-	-	-	-	-	-	-	33,934	-	33,934
Total	**11,751**	**14,385**	**4,170**	**33,625**	**5,156**	**134,285**	**309,164**	**58,543**	**21,523**	**592,602**

FVOCI securities as at 31 December 2023

	A1	Ba1	Ba2	Baa1	Baa2	Baa3	N/A	WR	Total
Government bonds									
Mortgage bonds	660	-	6,259	4,082	144,857	2,654	-	30,873	189,385
Other bonds	59,793	3,840	-	-	-	231,895	8,881	-	300,569
Hungarian Treasury Bills	-	-	24,424	-	-	-	19,896	-	48,160
Non-treading equity instruments	-	-	-	-	235	-	1	-	236
Total	-	-	-	-	-	-	21,177	-	21,177
Government bonds	**60,453**	**3,840**	**30,683**	**4,082**	**145,092**	**234,549**	**49,955**	**30,873**	**559,527**

[1] Moody's ratings

NOTE 36: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

36.1. Credit risk [continued]

36.1.9. Financial instruments by rating categories[1]

Securities at amortised cost as at 31 December 2024

	A1	A2	A3	Aaa	Ba1	Ba2	Baa1	Baa2	Baa3	N/A	WR	Total
Treasury bills	-	-	-	-	-	-	-	92,894	-	-	-	92,894
Government bonds	-	35,427	46,825	295,652	-	21,021	54,874	2,274,318	130,361	-	10,143	2,868,621
Corporate bonds	1,998	10,090	8,620	-	-	-	12,285	4,099	9,385	296,249	-	342,726
Mortgage bonds	18,057	-	-	-	-	-	-	-	-	11,847	-	29,904
Total	**20,055**	**45,517**	**55,445**	**295,652**	**-**	**21,021**	**67,159**	**2,371,311**	**139,746**	**308,096**	**10,143**	**3,334,145**

Securities at amortised cost as at 31 December 2023

	A1	A2	A3	Aaa	Ba1	Ba2	Baa1	Baa2	Baa3	N/A	WR	Total
Government bonds	1,196	33,032	36,307	260,116	-	19,695	50,205	1,911,133	39,052	1	22,175	2,372,912
Corporate bonds	1,847	8,983	8,039	-	1,912	-	11,444	3,822	28,324	248,857	-	313,228
Mortgage bonds	13,020	-	-	-	-	-	-	-	-	11,688	-	24,708
Total	**16,063**	**42,015**	**44,346**	**260,116**	**1,912**	**19,695**	**61,649**	**1,914,955**	**67,376**	**260,546**	**22,175**	**2,710,848**

[1] Moody's ratings

NOTE 36: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

36.1. Credit risk [continued]

36.1.10. Securities (held for trading, mandatorily FVTPL, FVOCI and amortised cost) in a country breakdown

Country	31 December 2024		31 December 2023	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Hungary	2,447,818	(11,107)	1,975,451	(12,904)
United States of America	419,981	(491)	370,997	(672)
Luxembourg	281,855	(7,572)	265,082	(3,968)
Spain	57,143	(53)	53,209	(82)
Russia	27,199	(19,367)	24,978	(8,533)
Portugal	17,497	(10)	16,284	(21)
Poland	8,624	(4)	-	-
Other	112,939	(307)	31,072	(45)
Securities at amortised cost total	**3,373,056**	**(38,911)**	**2,737,073**	**(26,225)**
Hungary	460,282	-	395,183	-
Luxembourg	56,504	-	93,077	-
Other	41,882	-	50,090	-
FVOCI debt instruments total	**558,668**	**-**	**538,350**	**-**
United States of America	16,781	-	6,332	-
Austria	16,625	-	14,317	-
Other	528	-	528	-
Non-trading equity instruments designated to measure at fair value through other comprehensive income	**33,934**	**-**	**21,177**	**-**
Hungary	420,179	-	8,849	-
Luxembourg	17,159	-	10,167	-
United States of America	3,305	-	7,633	-
Other	7,350	-	1,155	-
Held for trading securities total	**447,993**	**-**	**27,804**	**-**
Hungary	24,961	-	23,916	-
Luxembourg	4,629	-	6,058	-
United States of America	1,304	-	1,808	-
Portugal	1,288	-	1,150	-
Securities mandatorily measured at fair value through profit or loss	**32,182**	**-**	**32,932**	**-**
Securities total	**4,445,833**	**(38,911)**	**3,357,336**	**(26,225)**

36.2. Maturity analysis of assets and liabilities and liquidity risk

Liquidity risk is a measure of the extent to which the Bank may be required to raise funds to meet its commitments associated with financial instruments. The Bank maintains its liquidity profiles in accordance with regulations laid down by the NBH.

The essential aspect of the liquidity risk management strategy is to identify all relevant systemic and idiosyncratic sources of liquidity risk and to measure the probability and severity of such events. During liquidity risk management the Bank considers the effect of liquidity risk events caused by reasons arising in the bank business line (deposit withdrawal), the national economy (exchange rate shock, yield curve shock) and the global financial system (capital market shock).

In line with the Bank's risk management policy liquidity risks are measured and managed on multiply hierarchy levels and applying integrated unified VaR based methodology. The basic requirement is that the Bank must keep high quality liquidity reserves by means it can fulfil all liabilities when they fall due without material additional costs.

The liquidity reserves can be divided into two parts. There are separate decentralized liquid asset portfolios at subsidiary level and a centralized flexible liquidity pool at Group level. The reserves at subsidiary levels are held to cover the relevant shocks of the subsidiaries which may arise in local currencies (deposit withdrawal, local capital market shock, unexpected business expansion), while the centralized liquidity pool is held to cover the OTP Bank's separate shocks (deposit-, yield curve- and exchange rate shocks) and all group member's potential shocks that may arise in foreign currencies (deposit withdrawal, capital market shock).

The recalculation of shocks is made at least quarterly while the recalibration of shock measurement models and review of the risk management methodology is an annual process. The monitoring of liquidity reserves for both centralized and decentralized liquid asset portfolio has been built into the daily reporting process.

Due to the balance sheet adjustment process (deleveraging) experienced in the last few years, the liquidity reserves of the Bank increased significantly while the liquidity risk exposure has decreased considerably. Currently the (over)coverage of risk liquidity risk exposure by high quality liquid assets is at all-time record highs. There were no material changes in the liquidity risk management process for the year ended 31 December 2024.

The following tables provide an analysis of assets and liabilities about the non-discounted cash flow into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. It is presented under the most prudent consideration of maturity dates where options or repayment schedules allow for early repayment possibilities.

The contractual amounts disclosed in the maturity analyses are the contractual undiscounted cash flows like gross finance lease obligations (before deducting finance charges); prices specified in forward agreements to purchase financial assets for cash; net amounts for pay-floating/receive-fixed interest rate swaps for which net cash flows are exchanged; contractual amounts to be exchanged in a derivative financial instrument for which gross cash flows are exchanged; gross loan commitments.

Such undiscounted cash flows differ from the amount included in the statement of financial position because the amount in that statement is based on discounted cash flows. When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. For example, when the amount payable varies with changes in an index, the amount disclosed may be based on the level of the index at the end of the period.

NOTE 36: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

36.2. Maturity analysis of assets and liabilities and liquidity risk [continued]

As at 31 December 2024	Within 3 months	Within one year and over 3 months	Within 5 years and over one year	Over 5 years	Without maturity	Total
Cash, amounts due from banks and balances with the National Bank of Hungary	2,077,292	-	-	-	-	2,077,292
Placements with other banks	332,486	221,323	1,634,750	765,327	-	2,953,886
Repo receivables	238,433	-	-	-	-	238,433
Financial assets at fair value through profit or loss	385,377	2,569	40,290	21,158	20,242	469,636
Securities at fair value through other comprehensive income	5,868	93,245	454,446	74,995	136,399	764,953
Securities at amortised cost	59,149	493,039	1,644,569	1,307,052	-	3,503,809
Loans at amortised cost	1,183,589	1,262,281	1,571,525	915,146	-	4,932,541
Loans mandatorily measured at fair value through profit or loss	21,066	24,296	146,723	734,780	-	926,865
Investment properties	-	-	-	-	4,227	4,227
Investments in subsidiaries, associates and other investments	-	-	-	-	2,593,722	2,593,722
Other financial assets	291,864	1,235	-	-	-	293,099
TOTAL ASSETS	**4,595,124**	**2,097,988**	**5,492,303**	**3,818,458**	**2,754,590**	**18,758,463**
Amounts due to banks and deposits from the National Bank of Hungary and other banks	585,712	435,876	525,485	87,541	-	1,634,614
Deposits from customers	10,761,785	106,036	20,732	3,371	-	10,891,924
Repo liabilities	132,122	59,692	35,818	-	-	227,632
Liabilities from issued securities	65,947	64,267	1,401,099	204,680	-	1,735,993
Subordinated bonds and loans	3,856	1,912	10,586	354,468	-	370,822
Financial liabilities at fair value through profit or loss	650	1,059	5,130	10,160	-	16,999
Leasing liabilities	2,114	6,932	25,351	29,983	-	64,380
Other financial liabilities	331,151	22,240	3,705	-	-	357,096
TOTAL LIABILITIES	**11,883,337**	**698,014**	**2,027,906**	**690,203**	**-**	**15,299,460**
NET POSITION	**(7,288,213)**	**1,399,974**	**3,464,397**	**3,128,255**	**2,754,590**	**3,459,003**
Receivables from derivative financial instruments classified as held for trading	6,463,067	1,621,571	823,267	287,608	-	9,195,513
Liabilities from derivative financial instruments classified as held for trading	(6,433,805)	(1,627,283)	(806,626)	(286,507)	-	(9,154,221)
Net position of derivative financial instruments classified as held for trading	**29,262**	**(5,712)**	**16,641**	**1,101**	**-**	**41,292**
Receivables from derivative financial instruments designated as hedge accounting	38,609	236,429	855,933	15,508	-	1,146,479
Liabilities from derivative financial instruments designated as hedge accounting	(30,267)	(240,753)	(813,727)	(9,922)	-	(1,094,669)
Net position of derivative financial instruments designated as hedging accounting	**8,342**	**(4,324)**	**42,206**	**5,586**	**-**	**51,810**
Net position of derivative financial instruments total	**37,604**	**(10,036)**	**58,847**	**6,687**	**-**	**93,102**
Commitments to extend credit	2,536,990	-	-	-	-	2,536,990
Confirmed letters of credit	5,181	-	-	-	-	5,181
Factoring loan commitment	382,011	-	-	-	-	382,011
Bank guarantees	122,813	253,973	502,016	1,024,916	-	1,903,718
Off-balance sheet commitments	**3,046,995**	**253,973**	**502,016**	**1,024,916**	**-**	**4,827,900**

Analysis for net position of assets and liabilities are calculated in accordance with IFRS 7, therefore certain financial instruments are presented in the earliest period in which the Bank could be required to pay. On-demand deposits are presented in the earliest (within 3 month) period category, however based on Management's discretion the Bank has appropriate liquidity reserves as maintenance and management of liquidity risk.

NOTE 36: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

36.2. Maturity analysis of assets and liabilities and liquidity risk [continued]

As at 31 December 2023	Within 3 months	Within one year and over 3 months	Within 5 years and over one year	Over 5 years	Without maturity	Total
Cash, amounts due from banks and balances with the National Bank of Hungary	2,708,628	-	-	-	-	2,708,628
Placements with other banks	577,692	120,424	1,294,775	716,538	-	2,709,429
Repo receivables	202,024	-	-	-	-	202,024
Financial assets at fair value through profit or loss	12,055	1,142	10,053	3,754	19,341	46,345
Securities at fair value through other comprehensive income	5,891	43,109	310,370	231,586	111,159	702,115
Securities at amortised cost	31,807	61,118	1,730,399	974,048	-	2,797,372
Loans at amortised cost	1,187,849	1,084,559	1,632,019	1,049,524	-	4,953,951
Loans mandatorily measured at fair value through profit or loss	22,541	23,591	144,052	706,726	-	896,910
Investment properties	-	-	-	-	4,203	4,203
Investments in subsidiaries, associates and other investments	-	-	-	-	2,001,951	2,001,951
Other financial assets	304,197	2,517	-	-	-	306,714
TOTAL ASSETS	**5,052,684**	**1,336,460**	**5,121,668**	**3,682,176**	**2,136,654**	**17,329,642**
Amounts due to banks and deposits from the National Bank of Hungary and other banks	517,908	147,923	846,764	283,882	-	1,796,477
Deposits from customers	10,578,532	131,343	15,091	9,274	-	10,734,240
Repo liabilities	196,811	5,347	241,536	-	-	443,694
Liabilities from issued securities	105,747	82,140	969,875	-	-	1,157,762
Subordinated bonds and loans	6,174	1,901	8,956	509,277	-	526,308
Financial liabilities at fair value through profit or loss	740	1,077	5,387	11,318	-	18,522
Leasing liabilities	1,794	5,716	41,884	18,888	-	68,282
Other financial liabilities	239,293	22,807	1,578	-	-	263,678
TOTAL LIABILITIES	**11,646,999**	**398,254**	**2,131,071**	**832,639**	**-**	**15,008,963**
NET POSITION	**(6,594,315)**	**938,206**	**2,990,597**	**2,849,537**	**2,136,654**	**2,320,679**
Receivables from derivative financial instruments classified as held for trading	8,329,035	1,398,729	972,506	250,098	-	10,950,368
Liabilities from derivative financial instruments classified as held for trading	(8,172,061)	(1,388,901)	(1,008,090)	(247,029)	-	(10,816,081)
Net position of derivative financial instruments classified as held for trading	**156,974**	**9,828**	**(35,584)**	**3,069**	**-**	**134,287**
Receivables from derivative financial instruments designated as hedge accounting	86,989	283,374	759,903	211,105	-	1,341,371
Liabilities from derivative financial instruments designated as hedge accounting	(84,445)	(297,109)	(1,810,394)	(204,953)	-	(2,396,901)
Net position of derivative financial instruments designated as hedging accounting	**2,544**	**(13,735)**	**(1,050,491)**	**6,152**	**-**	**(1,055,530)**
Net position of derivative financial instruments total	**159,518**	**(3,907)**	**(1,086,075)**	**9,221**	**-**	**(921,243)**
Commitments to extend credit	1,987,539	-	-	-	-	1,987,539
Confirmed letters of credit	8,626	-	-	-	-	8,626
Factoring loan commitment	366,181	-	-	-	-	366,181
Bank guarantees	268,861	210,113	265,867	1,254,906	-	1,999,747
Off-balance sheet commitments	**2,631,207**	**210,113**	**265,867**	**1,254,906**	**-**	**4,362,093**

Analysis for net position of assets and liabilities are calculated in accordance with IFRS 7, therefore certain financial instruments are presented in the earliest period in which the Bank could be required to pay. On-demand deposits are presented in the earliest (within 3 month) period category, however based on Management's discretion the Bank has appropriate liquidity reserves as maintenance and management of liquidity risk.

NOTE 36: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

36.3. Net foreign currency position and foreign currency risk

As at 31 December 2024

	USD	EUR	CHF	Others	Total
Assets	615,111	3,860,200	9,286	154,291	4,638,888
Liabilities	(926,271)	(4,157,697)	(56,168)	(107,943)	(5,248,079)
Derivative financial instruments	299,572	(144,966)	45,953	(20,521)	180,038
Net position	**(11,588)**	**(442,463)**	**(929)**	**25,827**	**(429,153)**

As at 31 December 2023

	USD	EUR	CHF	Others	Total
Assets	648,226	3,613,710	7,769	232,728	4,502,433
Liabilities	(956,648)	(4,373,571)	(62,142)	(92,143)	(5,484,504)
Derivative financial instruments	299,135	433,387	54,576	(137,542)	649,556
Net position	**(9,287)**	**(326,474)**	**203**	**3,043**	**(332,515)**

The table above provides an analysis of the Bank’s main foreign currency exposures. The remaining foreign currencies are shown within ‘Others’. The Bank monitors its foreign exchange position for compliance with the regulatory requirements of the NBH and its own limit system established in respect of limits on open positions. The measurement of the Bank’s open its currency position involves monitoring the VaR limit on the foreign exchange exposure of the Bank.

In the table Derivative financial instruments are stated at fair value.

36.4. Interest rate risk management

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The length of time for which the rate of interest is fixed on a financial instrument, therefore, indicates to what extent it is exposed to interest rate risk.

The majority of the Bank's interest bearing assets and liabilities are structured to match either short-term assets and short-term liabilities, or long-term assets and liabilities with repricing opportunities within one year, or long-term assets and corresponding liabilities where repricing is performed simultaneously.

In addition, the significant spread existing between the different types of interest bearing assets and liabilities enables the Bank to benefit from a high level of flexibility in adjusting for its interest rate matching and interest rate risk exposure.

The following table presents the interest repricing dates of the Bank. Variable yield assets and liabilities have been reported in accordance with their next repricing date. Fixed income assets and liabilities have been reported in accordance with their maturity.

NOTE 36: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

36.4. Interest rate risk management [continued]

31 December 2024 ASSETS	within 1 month		within 3 months over 1 month		within 1 year over 3 months		within 2 years over 1 year		over 2 years		Non-interest -bearing		Total		Total
	HUF	foreign currency	HUF	foreign currency	HUF	foreign currency	HUF	foreign currency	HUF	foreign currency	HUF	foreign currency	HUF	foreign currency	
Cash, amounts due from banks and balances with the National Bank of Hungary	**1,407,734**	**416,395**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**230,897**	**20,153**	**1,638,631**	**436,548**	**2,075,179**
fixed interest	1,405,635	416,395	-	-	-	-	-	-	-	-	-	-	1,405,635	416,395	1,822,030
variable interest	2,099	-	-	-	-	-	-	-	-	-	-	-	2,099	-	2,099
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	230,897	20,153	230,897	20,153	251,050
Placements with other banks	**89,742**	**104,551**	**158,341**	**609,588**	**169,387**	**198,935**	**245,624**	**9,029**	**1,225,033**	**80,234**	**55,054**	**3,018**	**1,943,181**	**1,005,355**	**2,948,536**
fixed interest	200	36,666	38,098	24,981	155,282	22,569	245,624	9,029	1,225,033	80,234	-	-	1,664,237	173,479	1,837,716
variable interest	89,542	67,885	120,243	584,607	14,105	176,366	-	-	-	-	-	-	223,890	828,858	1,052,748
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	55,054	3,018	55,054	3,018	58,072
Repo receivables	**234,309**	**3,771**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**234,309**	**3,771**	**238,080**
fixed interest	234,309	3,771	-	-	-	-	-	-	-	-	-	-	234,309	3,771	238,080
Securities held for trading	**380,609**	**3,456**	**1,149**	**1,009**	**1,618**	**2,089**	**525**	**7,158**	**35,045**	**13,761**	**451**	**1,123**	**419,397**	**28,596**	**447,993**
fixed interest	378,916	3,456	214	1,009	491	2,089	525	7,158	35,045	13,761	-	-	415,191	27,473	442,664
variable interest	1,693	-	935	-	1,127	-	-	-	-	-	-	-	3,755	-	3,755
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	451	1,123	451	1,123	1,574
Securities mandatorily measured at fair value through profit or loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**24,961**	**7,221**	**24,961**	**7,221**	**32,182**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	24,961	7,221	24,961	7,221	32,182
Securities at fair value through other comprehensive income	**122,439**	**-**	**281**	**-**	**76,093**	**15,376**	**79,629**	**8,298**	**181,840**	**74,712**	**528**	**33,406**	**460,810**	**131,792**	**592,602**
fixed interest	15	-	36	-	76,093	15,376	79,629	8,298	181,840	74,712	-	-	337,613	98,386	435,999
variable interest	122,424	-	245	-	-	-	-	-	-	-	-	-	122,669	-	122,669
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	528	33,406	528	33,406	33,934

NOTE 36: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

36.4. Interest rate risk management [continued]

31 December 2024	within 1 month		within 3 months over 1 month		within 1 year over 3 months		within 2 years over 1 year		over 2 years		Non-interest -bearing		Total		Total
ASSETS [continued]	**HUF**	**foreign currency**	**HUF**	**foreign currency**	**HUF**	**foreign currency**	**HUF**	**foreign currency**	**HUF**	**foreign currency**	**HUF**	**foreign currency**	**HUF**	**foreign currency**	
Loans measured at amortised cost	**878,480**	**380,102**	**418,368**	**1,323,434**	**86,376**	**144,892**	**129,410**	**49,920**	**965,842**	**114,664**	**131,572**	**47,735**	**2,610,048**	**2,060,747**	**4,670,795**
fixed interest	32,282	4,609	56,265	15,038	65,824	12,080	128,772	49,920	960,350	114,664	-	-	1,243,493	196,311	1,439,804
variable interest	846,198	375,493	362,103	1,308,396	20,552	132,812	638	-	5,492	-	-	-	1,234,983	1,816,701	3,051,684
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	131,572	47,735	131,572	47,735	179,307
Loans mandatorily measured at fair value through profit or loss	**38,722**	**-**	**56,500**	**-**	**240,663**	**-**	**206,321**	**-**	**456,204**	**-**	**-**	**-**	**998,410**	**-**	**998,410**
variable interest	38,722	-	56,500	-	240,663	-	206,321	-	456,204	-	-	-	998,410	-	998,410
Securities at amortised cost	**10,044**	**-**	**10,042**	**24,453**	**447,692**	**42,579**	**716,262**	**173,664**	**1,233,518**	**675,891**	**-**	**-**	**2,417,558**	**916,587**	**3,334,145**
fixed interest	-	-	-	20,330	447,692	42,579	716,262	173,664	1,233,518	675,891	-	-	2,397,472	912,464	3,309,936
variable interest	10,044	-	10,042	4,123	-	-	-	-	-	-	-	-	20,086	4,123	24,209
Other financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**236,098**	**45,477**	**236,098**	**45,477**	**281,575**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	236,098	45,477	236,098	45,477	281,575
Derivative financial instruments	**1,085,665**	**1,135,028**	**1,081,525**	**1,050,642**	**997,364**	**609,274**	**188,848**	**32,356**	**330,884**	**309,251**	**947,223**	**209,523**	**4,631,509**	**3,346,074**	**7,977,583**
fixed interest	1,024,077	1,072,109	854,189	542,593	650,215	443,101	188,848	32,356	328,417	309,251	-	-	3,045,746	2,399,410	5,445,156
variable interest	61,588	62,919	227,336	508,049	347,149	166,173	-	-	2,467	-	-	-	638,540	737,141	1,375,681
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	947,223	209,523	947,223	209,523	1,156,746

NOTE 36: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

36.4. Interest rate risk management [continued]

31 December 2024	within 1 month		within 3 months over 1 month		within 1 year over 3 months		within 2 years over 1 year		over 2 years		Non-interest - bearing Total		Total		Total
LIABILITIES	**HUF**	**foreign currency**	**HUF**	**foreign currency**	**HUF**	**foreign currency**	**HUF**	**foreign currency**	**HUF**	**foreign currency**	**HUF**	**foreign currency**	**HUF**	**foreign currency**	
Amounts due to banks and deposits with the National Bank of Hungary and other banks	**196,884**	**262,803**	**60,667**	**66,242**	**165,524**	**229,647**	**62,030**	**115,666**	**361,509**	**53,701**	**30,012**	**2,284**	**876,626**	**730,343**	**1,606,969**
fixed interest	153,679	38,185	60,667	15,023	165,524	229,647	62,030	115,666	361,509	53,701	-	-	803,409	452,222	1,255,631
variable interest	43,205	224,618	-	51,219	-	-	-	-	-	-	-	-	43,205	275,837	319,042
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	30,012	2,284	30,012	2,284	32,296
Financial liabilities designated to measure at fair value through profit or loss	**17,008**	**-**	**-**	**-**	**-**	**-**	**16**	**-**	**-**	**-**	**-**	**-**	**17,024**	**-**	**17,024**
fixed interest	-	-	-	-	-	-	16	-	-	-	-	-	16	-	16
variable interest	17,008	-	-	-	-	-	-	-	-	-	-	-	17,008	-	17,008
Repo liabilities	**23,721**	**108,402**	**-**	**-**	**38,102**	**21,446**	**-**	**20,135**	**-**	**15,825**	**-**	**-**	**61,823**	**165,808**	**227,631**
fixed interest	23,721	108,402	-	-	38,102	21,446	-	20,135	-	15,825	-	-	61,823	165,808	227,631
Deposits from customers[10]	**8,382,934**	**2,168,862**	**138,060**	**45,305**	**59,802**	**32,275**	**2**	**-**	**275**	**-**	**51,129**	**17,583**	**8,632,202**	**2,264,025**	**10,896,227**
fixed interest	1,085,763	276,631	138,060	45,305	59,802	32,275	2	-	275	-	-	-	1,283,902	354,211	1,638,113
variable interest	7,297,171	1,892,231	-	-	-	-	-	-	-	-	-	-	7,297,171	1,892,231	9,189,402
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	51,129	17,583	51,129	17,583	68,712
Liabilities from issued securities	**2,262**	**-**	**14,410**	**-**	**65,794**	**14,279**	**13,297**	**385,166**	**156**	**1,255,529**	**-**	**-**	**95,919**	**1,654,974**	**1,750,893**
fixed interest	2,262	-	14,410	-	65,794	-	13,297	385,166	156	1,255,529	-	-	95,919	1,640,695	1,736,614
variable interest	-	-	-	-	-	14,279	-	-	-	-	-	-	-	14,279	14,279
Subordinated bonds and loans	**-**	**-**	**-**	**94,613**	**1,898**	**-**	**1,786**	**-**	**11,470**	**252,504**	**-**	**-**	**15,154**	**347,117**	**362,271**
fixed interest	-	-	-	-	1,898	-	1,786	-	11,470	252,504	-	-	15,154	252,504	267,658
variable interest	-	-	-	94,613	-	-	-	-	-	-	-	-	-	94,613	94,613
Leasing liabilities	**327**	**462**	**655**	**926**	**2,624**	**4,051**	**4,921**	**5,219**	**17,597**	**27,597**	**-**	**-**	**26,124**	**38,255**	**64,379**
fixed interest	197	71	395	144	1,732	695	3,783	1,721	11,361	5,355	-	-	17,468	7,986	25,454
variable interest	130	391	260	782	892	3,356	1,138	3,498	6,236	22,242	-	-	8,656	30,269	38,925
Other financial liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**162,741**	**174,875**	**162,741**	**174,875**	**337,616**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	162,741	174,875	162,741	174,875	337,616
Derivative financial instruments	**724,563**	**1,541,554**	**1,474,763**	**635,972**	**1,239,772**	**520,771**	**149,761**	**42,129**	**234,831**	**213,649**	**573,389**	**576,175**	**4,397,079**	**3,530,250**	**7,927,329**
fixed interest	601,606	1,497,513	878,673	490,054	771,817	329,905	149,585	42,129	234,831	213,649	-	-	2,636,512	2,573,250	5,209,762
variable interest	122,957	44,041	596,090	145,918	467,955	190,866	176	-	-	-	-	-	1,187,178	380,825	1,568,003
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	573,389	576,175	573,389	576,175	1,149,564
NET POSITION	**(5,099,955)**	**(2,038,780)**	**37,651**	**2,166,068**	**445,677**	**190,676**	**1,334,806**	**(287,890)**	**3,802,528**	**(550,292)**	**809,513**	**(403,261)**	**1,330,220**	**(923,479)**	**406,741**

[10] Deposit from customers includes the fair value changes on hedged deposits involved in portfolio hedge of interest rate risk.

NOTE 36: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

36.4. Interest rate risk management [continued]

31 December 2023	within 1 month		within 3 months over 1 month		within 1 year over 3 months		within 2 years over 1 year		over 2 years		Non-interest -bearing		Total		Total
ASSETS	HUF	foreign currency	HUF	foreign currency	HUF	foreign currency	HUF	foreign currency	HUF	foreign currency	HUF	foreign currency	HUF	foreign currency	
Cash, amounts due from banks and balances with the National Bank of Hungary	**2,180,950**	**332,909**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**178,193**	**16,180**	**2,359,143**	**349,089**	**2,708,232**
fixed interest	13,951	332,909	-	-	-	-	-	-	-	-	-	-	13,951	332,909	346,860
variable interest	2,166,999	-	-	-	-	-	-	-	-	-	-	-	2,166,999	-	2,166,999
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	178,193	16,180	178,193	16,180	194,373
Placements with other banks	**338,152**	**78,034**	**123,031**	**624,268**	**43,151**	**143,091**	**147,777**	**9,564**	**1,036,999**	**73,162**	**68,897**	**16,306**	**1,758,007**	**944,425**	**2,702,432**
fixed interest	11,436	4,556	63,267	1,928	29,036	15,785	147,777	9,564	1,036,999	73,162	-	-	1,288,515	104,995	1,393,510
variable interest	326,716	73,478	59,764	622,340	14,115	127,306	-	-	-	-	-	-	400,595	823,124	1,223,719
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	68,897	16,306	68,897	16,306	85,203
Repo receivables	**201,658**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**201,658**	**-**	**201,658**
fixed interest	129,541	-	-	-	-	-	-	-	-	-	-	-	129,541	-	129,541
variable interest	72,117	-	-	-	-	-	-	-	-	-	-	-	72,117	-	72,117
Securities held for trading	**225**	**5,515**	**625**	**6,253**	**1,240**	**95**	**2,293**	**844**	**3,112**	**6,769**	**217**	**616**	**7,712**	**20,092**	**27,804**
fixed interest	-	5,515	71	6,253	948	95	2,287	844	3,112	6,769	-	-	6,418	19,476	25,894
variable interest	225	-	554	-	292	-	6	-	-	-	-	-	1,077	-	1,077
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	217	616	217	616	833
Securities mandatorily measured at fair value through profit or loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**23,917**	**9,015**	**23,917**	**9,015**	**32,932**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	23,917	9,015	23,917	9,015	32,932
Securities at fair value through other comprehensive income	**150,415**	**-**	**46**	**351**	**9,781**	**3,040**	**78,451**	**16,710**	**156,490**	**123,066**	**528**	**20,649**	**395,711**	**163,816**	**559,527**
fixed interest	19	-	44	351	9,781	3,040	78,451	16,710	156,490	123,066	-	-	244,785	143,167	387,952
variable interest	150,396	-	2	-	-	-	-	-	-	-	-	-	150,398	-	150,398
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	528	20,649	528	20,649	21,177

NOTE 36: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

36.4. Interest rate risk management [continued]

31 December 2023	within 1 month		within 3 months over 1 month		within 1 year over 3 months		within 2 years over 1 year		over 2 years		Non-interest -bearing		Total		Total
ASSETS [continued]	HUF	foreign currency	HUF	foreign currency	HUF	foreign currency	HUF	foreign currency	HUF	foreign currency	HUF	foreign currency	HUF	foreign currency	
Loans measured at amortised cost	**768,234**	**493,557**	**327,609**	**1,390,931**	**71,453**	**110,398**	**216,734**	**23,518**	**988,290**	**132,552**	**116,716**	**41,367**	**2,489,036**	**2,192,323**	**4,681,359**
fixed interest	26,634	1,520	14,684	304	62,798	4,198	215,943	23,518	981,880	132,552	-	-	1,301,939	162,092	1,464,031
variable interest	741,600	492,037	312,925	1,390,627	8,655	106,200	791	-	6,410	-	-	-	1,070,381	1,988,864	3,059,245
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	116,716	41,367	116,716	41,367	158,083
Loans mandatorily measured at fair value through profit or loss	**21,569**	**-**	**19**	**-**	**181,484**	**-**	**221,779**	**-**	**509,997**	**-**	**-**	**-**	**934,848**	**-**	**934,848**
variable interest	21,569	-	19	-	181,484	-	221,779	-	509,997	-	-	-	934,848	-	934,848
Securities at amortised cost	**517**	**2,137**	**-**	**4,623**	**60,738**	**-**	**415,720**	**31,462**	**1,478,085**	**717,567**	**-**	**-**	**1,955,060**	**755,789**	**2,710,849**
fixed interest	517	2,137	-	-	60,738	-	415,720	31,462	1,478,085	717,567	-	-	1,955,060	751,166	2,706,226
variable interest	-	-	-	4,623	-	-	-	-	-	-	-	-	-	4,623	4,623
Other financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**233,545**	**64,940**	**233,545**	**64,940**	**298,485**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	233,545	64,940	233,545	64,940	298,485
Derivative financial instruments	**751,222**	**2,070,427**	**961,287**	**1,413,811**	**481,235**	**724,587**	**54,251**	**107,615**	**297,986**	**230,493**	**581,836**	**165,708**	**3,127,817**	**4,712,641**	**7,840,458**
fixed interest	643,342	2,008,291	364,434	1,025,182	321,153	444,680	54,251	107,375	297,986	228,099	-	-	1,681,166	3,813,627	5,494,793
variable interest	107,880	62,136	596,853	388,629	160,082	279,907	-	240	-	2,394	-	-	864,815	733,306	1,598,121
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	581,836	165,708	581,836	165,708	747,544

NOTE 36: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

36.4. Interest rate risk management [continued]

31 December 2023	within 1 month		within 3 months over 1 month		within 1 year over 3 months		within 2 years over 1 year		over 2 years		Non-interest -bearing		Total		Total
LIABILITIES	**HUF**	**foreign currency**	**HUF**	**foreign currency**	**HUF**	**foreign currency**	**HUF**	**foreign currency**	**HUF**	**foreign currency**	**HUF**	**foreign currency**	**HUF**	**foreign currency**	
Amounts due to banks and deposits with the National Bank of Hungary and other banks	**211,121**	**241,637**	**15,233**	**125,710**	**30,529**	**78,404**	**223,700**	**301,093**	**431,599**	**60,060**	**31,626**	**10,867**	**943,808**	**817,771**	**1,761,579**
fixed interest	170,042	11,432	15,232	268	30,481	78,399	223,700	301,093	431,599	60,060	-	-	871,054	451,252	1,322,306
variable interest	41,079	230,205	1	125,442	48	5	-	-	-	-	-	-	41,128	355,652	396,780
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	31,626	10,867	31,626	10,867	42,493
Financial liabilities designated to measure at fair value through profit or loss	**19,761**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**25**	**-**	**-**	**-**	**19,786**	**-**	**19,786**
fixed interest	-	-	-	-	-	-	-	-	25	-	-	-	25	-	25
variable interest	19,761	-	-	-	-	-	-	-	-	-	-	-	19,761	-	19,761
Repo liabilities	**95,146**	**101,665**	**-**	**-**	**-**	**-**	**195,405**	**19,825**	**-**	**31,653**	**-**	**-**	**290,551**	**153,143**	**443,694**
fixed interest	24,572	101,665	-	-	-	-	195,405	19,825	-	31,653	-	-	219,977	153,143	373,120
variable interest	70,574	-	-	-	-	-	-	-	-	-	-	-	70,574	-	70,574
Deposits from customers[11]	**7,520,231**	**2,875,160**	**156,216**	**34,561**	**75,793**	**37,149**	**-**	**-**	**7**	**-**	**19,872**	**15,336**	**7,772,119**	**2,962,206**	**10,734,325**
fixed interest	1,068,482	935,571	156,216	34,561	75,793	37,149	-	-	7	-	-	-	1,300,498	1,007,281	2,307,779
variable interest	6,451,749	1,939,589	-	-	-	-	-	-	-	-	-	-	6,451,749	1,939,589	8,391,338
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	19,872	15,336	19,872	15,336	35,208
Liabilities from issued securities	**545**	**-**	**72,641**	**-**	**85,919**	**13,320**	**32,473**	**157,095**	**12,664**	**788,452**	**-**	**-**	**204,242**	**958,867**	**1,163,109**
fixed interest	206	-	72,083	-	85,919	-	32,473	157,095	12,664	788,452	-	-	203,345	945,547	1,148,892
variable interest	339	-	558	-	-	13,320	-	-	-	-	-	-	897	13,320	14,217
Subordinated bonds and loans	**-**	**-**	**-**	**89,381**	**1,886**	**191,894**	**1,863**	**-**	**9,270**	**226,002**	**-**	**-**	**13,019**	**507,277**	**520,296**
fixed interest	-	-	-	-	1,886	-	1,863	-	9,270	226,002	-	-	13,019	226,002	239,021
variable interest	-	-	-	89,381	-	191,894	-	-	-	-	-	-	-	281,275	281,275
Leasing liabilities	**240**	**275**	**545**	**704**	**2,477**	**3,484**	**6,579**	**8,424**	**21,198**	**24,356**	**-**	**-**	**31,039**	**37,243**	**68,282**
fixed interest	186	108	378	219	1,725	1,001	4,695	2,410	12,574	863	-	-	19,558	4,601	24,159
variable interest	54	167	167	485	752	2,483	1,884	6,014	8,624	23,493	-	-	11,481	32,642	44,123
Other financial liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**71,790**	**170,431**	**71,790**	**170,431**	**242,221**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	71,790	170,431	71,790	170,431	242,221
Derivative financial instruments	**1,858,423**	**981,110**	**524,302**	**1,863,222**	**442,891**	**872,793**	**59,172**	**111,527**	**197,826**	**167,354**	**491,972**	**262,427**	**3,574,586**	**4,258,433**	**7,833,019**
fixed interest	1,809,109	846,948	373,167	1,019,044	226,755	499,824	59,172	111,527	197,826	167,354	-	-	2,666,029	2,644,697	5,310,726
variable interest	49,314	134,162	151,135	844,178	216,136	372,969	-	-	-	-	-	-	416,585	1,351,309	1,767,894
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	491,972	262,427	491,972	262,427	754,399
NET POSITION	**(5,292,525)**	**(1,217,268)**	**643,680**	**1,326,659**	**209,587**	**(215,833)**	**617,813**	**(408,251)**	**3,798,370**	**(14,268)**	**588,589**	**(124,280)**	**565,514**	**(653,241)**	**(87,727)**

[11] Deposit from customers includes the fair value changes on hedged deposits involved in portfolio hedge of interest rate risk.

NOTE 36: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

36.5. Market risk

The Bank takes on exposure to market risks. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The Bank applies a Value-at-Risk ("VaR") methodology to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The Management Board sets limits on the value of risk that may be accepted, which is monitored on a daily basis. (Analysis of liquidity risk, foreign currency risk and interest rate risk is detailed in Notes 36.2, 36.3 and 36.4 respectively.)

36.5.1. Market risk sensitivity analysis

The VaR risk measure estimates the potential loss in pre-tax profit over a given holding period for a specified confidence level. The VaR methodology is a statistically defined, probability-based approach that takes into account market volatilities as well as risk diversification by recognizing offsetting positions and correlations between products and markets. Risks can be measured consistently across all markets and products, and risk measures can be aggregated to arrive at a single risk number. The one-day 99% VaR number used by the Group reflects the 99% probability that the daily loss will not exceed the reported VaR.

VaR methodologies are employed to calculate daily risk numbers include the historical and variance-covariance approach. The diversification effect has not been validated among the various market risk types when capital calculation happens. In addition to these two methodologies, Monte Carlo simulations are applied to the various portfolios on a monthly basis to determine potential future exposure.

The VaR of the trading portfolio can be summarized as follows (in HUF mn):

Historical VaR (99%, one-day) by risk type	**Average**	
	2024	**2023**
Foreign exchange	7,650	11,181
Interest rate	298	489
Equity instruments	11	18
Total VaR exposure	**7,960**	**11,688**

The table above shows the VaR figures by asset classes. Since processes driving the value of the major asset classes are not independent (for example the depreciation of HUF against the EUR mostly coincide with the increase of the yields of Hungarian Government Bonds), a diversification impact emerges, so the overall VaR is less than the sum of the VaR of each individual asset class.

While VaR captures the OTP's daily exposure to currency and interest rate risk, sensitivity analysis evaluates the impact of a reasonably possible change in interest or foreign currency rates over a year. The longer time frame of sensitivity analysis complements VaR and helps the OTP to assess its market risk exposures. Details of sensitivity analysis for foreign currency risk are set out in Note 36.5.2., for interest rate risk in Note 36.5.3., and for equity price sensitivity analysis in Note 36.5.4.

NOTE 36: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

36.5. Market risk [continued]

36.5.2. Foreign currency sensitivity analysis

The following table shows the result of the foreign currency sensitivity analysis. The Group uses VaR calculation with 1 day holding period and a 99% confidence level. The VaR methodology is a statistically defined, probability-based approach that takes into account market volatilities as well as risk diversification by recognizing offsetting positions and correlations between products and markets. The daily loss will not exceed the reported VaR number with 99% of probability.

Probability	**Effects to the P&L in 3 months period**	
	2024	**2023**
	In HUF million	**In HUF million**
1%	(3,981)	(8,943)
5%	(2,442)	(4,784)
25%	(977)	(1,332)
50%	(93)	360
25%	850	1,790
5%	2,211	4,527
1%	2,920	6,321

Notes:
(1) Historical VaR simulation is based on the empirical distribution of the historical exchange rate movements between 30 December 2023 and 31 December 2024.

NOTE 36: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

36.5. Market risk [continued]

36.5.3. Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. The analysis is prepared assuming the amount of assets and liabilities outstanding at the balance sheet date was outstanding for the whole year. The analysis was prepared by assuming only adverse interest rate changes. The main assumptions were as follows:

- ● Floating rate assets and liabilities were repriced to the modelled benchmark yields at the repricing dates assuming the unchanged margin compared to the last repricing.
- ● Fixed rate assets and liabilities were repriced at the contractual maturity date.
- ● As for liabilities with discretionary repricing feature by the Bank were assumed to be repriced with two-weeks delay, assuming no change in the margin compared to the last repricing date.
- ● Deposits with an interest rate lower than 0.3% even at high market rates were assumed to be unchanged for the whole period.

The sensitivity of interest income to changes in BUBOR was analysed by assuming two interest rate path scenarios:

(1) (1) HUF base rate and BUBOR increases gradually by 35 bps over the next year (probable scenario)
(2) (2) HUF base rate and BUBOR increases gradually by 100 bps over the next year (alternative scenario)

The net interest income in a one year period after 1 January 2025 would change by HUF -467 million (probable scenario) and HUF +1321million (alternative scenario) as a result of these simulation. Besides this effect there would be capital gains/losses of HUF +26 million (for probable scenario) and HUF -55 million (for alternative scenario) on the government bond portfolio held for hedging (economic).
The net interest income in a one year period after 1 January 2024 would be decreased by HUF 6.355 million (probable scenario) and increased by HUF 999 million (alternative scenario) as a result of these simulation. Besides the effect is further increased by capital gains HUF +429 million (for probable scenario), HUF -104 million (for alternative scenario) as at 31 December 2024 on the government bond portfolio held for hedging (economic).
Furthermore, the effects of an instant 10bps parallel shift of the HUF, EUR and USD yield-curves on net interest income over a one-year period and on the market value of the hedge government bond portfolio booked against capital was analysed. The results can be summarized as follows (in HUF million):

Description	2024		2023	
	Effects to the net interest income (one-year period)	Effects to shareholder's equity (Price change of FVOCI government bonds)	Effects to the net interest income (one-year period)	Effects to shareholder's equity (Price change of FVOCI government bonds)
HUF (0.1%) parallel shift	(327)	7	(426)	14
HUF 0.1% parallel shift	323	(7)	425	(14)
EUR (0.1%) parallel shift	928	-	1,065	-
EUR 0.1% parallel shift	(1,347)	-	(1,564)	-
USD (0.1%) parallel shift	446	-	500	-
USD 0.1% parallel shift	(453)	-	(517)	-
Total	**(430)**	**-**	**(517)**	**-**

36.5.4. Equity price sensitivity analysis

The following table shows the effect of the equity price sensitivity. The Bank uses VaR calculation with 1 day holding period and a 99% confidence level. The VaR methodology is a statistically defined, probability-based approach that takes into account market volatilities as well as risk diversification by recognizing offsetting positions and correlations between products and markets. The daily loss will not exceed the reported VaR number with 99% of probability.
The stress test assumes the largest price movement of the last year and calculates with it as the adverse direction. These scenarios show the loss of the portfolio when all prices change with the maximum amount of the last year.

Description	2024	2023
VaR (99%, one day, million HUF)	9	10
Stress test (million HUF)	(53)	(103)

36.6 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 the 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 adequacy[12]

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 31 December 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 the case of the operational risk the Advanced Measurement Approach (AMA).

[12] The dividend amount planned to pay out / paid out is deducted from reserves.

NOTE 36: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

36.6 Capital management

Capital adequacy ratio for the year ended 31 December 2024 and 31 December 2023 is as follows:

	31 December 2024 Basel III	**31 December 2023 Basel III**
Core capital (Tier 1)	2,519,969	2,186,422
Primary core capital (CET1)	2,519,969	*2,186,422*
Supplementary capital (Tier 2)	345,063	500,555
Regulatory capital	**2,865,032**	**2,686,977**
Credit risk capital requirement	724,495	719,575
Market risk capital requirement	28,374	27,799
Operational risk capital requirement	29,872	30,324
Total eligible regulatory capital	**782,741**	**777,698**
Surplus capital	**2,082,291**	**1,909,279**
CET 1 ratio	25.76%	22.49%
Capital adequacy ratio	**29.28%**	**27.64%**

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 37: TRANSFER OF FINANCIAL INSTRUMENTS (in HUF mn)

Financial assets transferred but not derecognised

Carrying amount	31 December 2024 Transferred assets	31 December 2024 Associated liabilities	31 December 2023 Transferred assets	31 December 2023 Associated liabilities
Financial assets at fair value through other comprehensive income				
Debt securities	7,020	5,754	77,030	75,812
Total	**7,020**	**5,754**	**77,030**	**75,812**
Financial assets at amortised cost				
Debt securities	241,037	221,877	408,632	367,883
Total	**241,037**	**221,877**	**408,632**	**367,883**
Total	**248,057**	**227,631**	**485,662**	**443,695**

As at 31 December 2024 and 31 December 2023, the Bank had obligation from repurchase agreements about HUF 228 billion and HUF 444 billion respectively. Securities sold temporarily under repurchase agreements will continue to be recognized in the Statement of Financial Position of the Bank in the appropriate securities category. The related liability is measured at amortized cost in the Statement of Financial Position as "Repo liabilities'. Under these repurchase agreements only Hungarian and foreign government bonds were transferred.

NOTE 38: 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

	31 December 2024	31 December 2023
Loan commitments	2,536,990	1,987,539
Guarantees arising from banking activities	1,903,718	1,999,747
from this: Payment undertaking liabilities (related to issue of mortgage bonds) of OTP Mortgage Bank	*1,004,209*	*1,177,213*
Factoring loan commitments	382,011	366,181
Confirmed letters of credit	5,181	8,626
Contingent liabilities and commitments total in accordance with IFRS 9	**4,827,900**	**4,362,093**
Legal disputes (disputed value)	4,825	4,586
Contingent liabilities related to payments from shares in venture capital fund	18,006	20,803
Indemnity related to sale of OTP Bank Romania	54,255	-
Other	91	19
Contingent liabilities and commitments total in accordance with IAS 37	**77,177**	**25,408**
Total	**4,905,077**	**4,387,501**

NOTE 38: **OFF-BALANCE SHEET ITEMS (in HUF mn) [continued]**

Legal disputes

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

The Bank believes that the various asserted claims and litigations in which it is involved will not materially affect its financial position, future operating results or cash flows, although no assurance can be given with respect to the ultimate outcome of any such claim or litigation.

Provision due to legal disputes was HUF 283 million and HUF 1931 million as at 31 December 2024 and 31 December 2023, respectively. (See Note 24.)

Commitments to extend credit, guarantees and letter of credit

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans.

Documentary and commercial letters of credit, which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards.

Guarantees, irrevocable letters of credit and undrawn loan commitments are subject to similar credit risk monitoring and credit policies as utilised in the extension of loans. The Management of the Bank believes the market risk associated with guarantees, irrevocable letters of credit and undrawn loan commitments are minimal.

Guarantees, payment undertakings arising from banking activities

Payment undertaking is a promise by the Bank to assume responsibility for the debt obligation of a borrower if that borrower defaults until a determined amount and until a determined date, in the case of fulfilling conditions, without checking the underlying transactions. The guarantee’s liability is joint and primary with the principal, in the case of payment undertaking, while the Bank assumes the obligation derived from guarantee independently by the conditions established by the Bank. A guarantee is most typically required when the ability of the primary obligor or principal to perform its obligations under a contract is in question, or when there is some public or private interest which requires protection from the consequences of the principal's default or delinquency.

Contingent liabilities related to OTP Mortgage Bank Ltd.

Under a syndication agreement with its wholly owned subsidiary, OTP Mortgage Bank Ltd., the Bank had guaranteed, in return for an annual fee, to purchase all mortgage loans held by OTP Mortgage Bank Ltd. that become non-performing. According to the arrangement the repurchase guarantee was cancelled and OTP Bank Plc. gives bail to the loans originated or purchased by the Bank.

NOTE 39: SHARE-BASED PAYMENT AND EMPLOYEE BENEFIT (in HUF mn)

Previously approved option program required a modification thanks to the introduction of the Bank Group Policy on Payments accepted in resolution of Annual General Meeting regarding to the amendment of CRD III. Directives and Act on Credit Institutions and Financial Enterprises.

Key management personnel affected by the Bank Group Policy receive compensation based on performance assessment generally in the form of cash bonus and equity shares in a ratio of 50-50%. Assignment is based on OTP shares, furthermore performance based payments are deferred in accordance with the rules of Credit Institutions Act.

OTP Bank ensures the share-based payment part for the management personnel of OTP Group members.

During implementation of the Remuneration Policy of the Group it became apparent that in the case of certain foreign subsidiaries it is not possible to ensure the originally determined share-based payment because of legal reasons – incompatible with relevant EU-directives –, therefore a decision was made to cancel the share-based payment in affected countries, and virtual share based payment – cash payment fixed to share price - was made from 2017. In the case of foreign subsidiaries virtual share based payment was made uniformly from 2021 (in the case of payments related to 2021).

The quantity of usable shares for individuals calculated for settlement of share-based payment shall be determined as the ratio of the amount of share-based payment and share price determined by Supervisory Board.

The value of the share-based payment at the performance assessment is determined within 10 days by Supervisory Board based on the average of the three previous trade day's middle rate of OTP Bank's equity shares fixed on the Budapest Stock Exchange.

At the same time the conditions of discounted share-based payment are determined, and share-based payment shall contain maximum HUF 6,000 discount at the assessment date, and earnings for the shares at the payment date is maximum HUF 12,000.

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment. IAS 19 Employee Benefits shall be applied in accounting for all employee benefits, except those to which IFRS 2 Share-based Payment applies.

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Post-employment benefits are employee benefits (other than termination and short-term employee benefits) that are payable after the completion of employment. Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees. Post-employment benefit plans are classified as either defined contribution plans or defined benefit plans, depending on the economic substance of the plan as derived from its principal terms and conditions.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either: an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment. Other long-term employee benefits are all employee benefits other than short-term employee benefits, postemployment benefits and termination benefits.

NOTE 39: SHARE-BASED PAYMENT AND EMPLOYEE BENEFIT (in HUF mn) [continued]

The parameters for the share-based payment relating to ongoing years 2018-2023 for periods of each year as follows:

Year	Share purchasing at a discounted price		Price of remuneration exchanged to share	Share purchasing at a discounted price		Price of remuneration exchanged to share	Share purchasing at a discounted price		Price of remuneration exchanged to share
	Exercise price	Maximum earnings per share		Exercise price	Maximum earnings per share		Exercise price	Maximum earnings per share	
	HUF per share								
	for the year 2018			for the year 2019			for the year 2020		
2019	10,413	4,000	12,413	-	-	-	-	-	-
2020	10,413	4,000	12,413	9,553	4,000	11,553	-	-	-
2021	10,413	4,000	12,413	9,553	4,000	11,553	12,644	9,000	16,644
2022	10,913	4,000	12,413	9,553	4,000	11,553	12,644	8,000	16,644
2023	10,913	4,000	12,413	9,553	4,000	11,553	13,644	8,000	16,644
2024	10,913	4,000	12,413	9,553	4,000	11,553	13,644	8,000	16,644
2025	10,913	4,000	12,413	9,553	4,000	11,553	13,644	8,000	16,644
2026	-	-	-	9,553	4,000	11,553	13,644	8,000	16,644
2027	-	-	-	-	-	-	13,644	8,000	16,644

Year	Share purchasing at a discounted price		Price of remuneration exchanged to share	Share purchasing at a discounted price		Price of remuneration exchanged to share	Share purchasing at a discounted price		Price of remuneration exchanged to share
	Exercise price	Maximum earnings per share		Exercise price	Maximum earnings per share		Exercise price	Maximum earnings per share	
	HUF per share								
	for the year 2021			for the year 2022			for the year 2023		
2022	5,912	6,000	8,912	-	-	-	-	-	-
2023	6,912	7,000	8,912	7,773	6,000	10,773	-	-	-
2024	6,912	8,000	8,912	8,773	7,000	10,773	14,486	12,000	17,486
2025	6,912	9,000	8,912	8,773	8,000	10,773	15,486	12,000	17,486
2026	6,912	10,000	8,912	8,773	9,000	10,773	16,486	12,000	17,486
2027	6,912	10,000	8,912	8,773	10,000	10,773	16,486	12,000	17,486
2028	6,912	10,000	8,912	8,773	10,000	10,773	16,486	12,000	17,486
2029	-	-	-	8,773	10,000	10,773	16,486	12,000	17,486
2030	-	-	-	-	-	-	16,486	12,000	17,486

Relevant factors considered during measurement of fair value related to share-based payment as follows:

Year	Reference price	Assumed volatility	Risk-free interest rate (HUF)						
			1Y	2Y	3Y	4Y	5Y	6Y	7Y
2017	9,200	21.3%	0.1%	0.5%	0.7%	1.0%	1.3%	1.3%	1.3%
2018	10,064	26.0%	0.2%	0.6%	1.0%	1.3%	1.6%	1.9%	2.1%
2019	12,413	19.2%	0.2%	0.7%	0.9%	1.1%	1.3%	1.4%	1.6%
2020	11,553	33.6%	0.6%	0.4%	0.5%	0.6%	0.8%	0.9%	1.0%
2021	16,644	28.6%	1.0%	1.6%	1.8%	1.9%	2.0%	2.1%	2.1%
2022	8,912	42.6%	7.1%	7.9%	7.6%	7.3%	7.1%	7.0%	6.9%
2023	10,773	33.3%	13.2%	9.2%	8.2%	7.7%	7.3%	7.1%	6.9%
2024	17,486	22.1%	6.2%	5.8%	5.8%	5.9%	5.9%	6.0%	6.0%

NOTE 39: SHARE-BASED PAYMENT AND EMPLOYEE BENEFIT (in HUF mn) [continued]

Relevant factors considered during measurement of fair value related to share-based payment as follows: [continued]

Year	Expected dividends (HUF/Share)							Pricing model
	1Y	2Y	3Y	4Y	5Y	6Y	7Y	
2017	219	219	252	290	334	384	442	Binomial
2018	219	219	219	219	219	219	219	Binomial
2019	252	290	333	383	440	507	583	Binomial
2020	219	252	290	333	383	440	507	Binomial
2021	371	321	357	393	432	475	523	Binomial
2022	452	497	547	601	661	728	800	Binomial
2023	300	330	363	399	439	483	531	Binomial
2024	714	786	864	951	1,046	1,150	1,265	Binomial

Based on parameters accepted by Supervisory Board, relating to the year 2018 effective pieces are follows As at 31 December 2024:

	Approved pieces of shares	Exercised until 31 December 2024	Weighted average share price at the date of exercise (in HUF)	Expired pieces	Exercisable at 31 December 2024
Share-purchasing period started in 2019	82,854	82,854	13,843	-	-
Remuneration exchanged to share provided in 2019	17,017	17,017	11,829	-	-
Share-purchasing period starting in 2020	150,230	150,230	14,294	-	-
Remuneration exchanged to share applying in 2020	33,024	33,024	11,897	-	-
Share-purchasing period starting in 2021	73,799	73,799	16,314	-	-
Remuneration exchanged to share applying in 2021	14,618	14,618	16,468	-	-
Share-purchasing period starting in 2022	86,456	77,425	14,605	9,031	-
Remuneration exchanged to share applying in 2022	13,858	13,858	8,529	-	-
Share-purchasing period starting in 2023	45,155	45,155	14,736	-	-
Remuneration exchanged to share applying in 2023	3,217	3,217	11,820	-	-
Remuneration exchanged to share applying in 2024	864	864	17,888	-	-
Remuneration exchanged to share applying in 2025	-	-	-	-	432

Based on parameters accepted by Supervisory Board, relating to the year 2019 effective pieces are follows As at 31 December 2024:

	Approved pieces of shares	Exercised until 31 December 2024	Weighted average share price at the date of exercise (in HUF)	Expired pieces	Exercisable at 31 December 2024
Share-purchasing period started in 2020	91,403	91,403	12,218	-	-
Remuneration exchanged to share provided in 2020	22,806	22,806	11,897	-	-
Share-purchasing period starting in 2021	201,273	201,273	16,298	-	-
Remuneration exchanged to share applying in 2021	30,834	30,834	17,618	-	-
Share-purchasing period starting in 2022	107,760	101,897	13,771	5,863	-
Remuneration exchanged to share applying in 2022	10,564	10,564	8,529	-	-
Share-purchasing period starting in 2023	126,749	123,676	14,336	3,073	-
Remuneration exchanged to share applying in 2023	13,427	13,427	11,674	-	-
Share-purchasing period starting in 2024	31,262	31,262	17,618	-	-
Remuneration exchanged to share applying in 2024	6,183	6,183	17,540	-	-
Remuneration exchanged to share applying in 2025	-	-	-	-	1,000
Remuneration exchanged to share applying in 2026	-	-	-	-	500

NOTE 39: SHARE-BASED PAYMENT AND EMPLOYEE BENEFIT (in HUF mn) [continued]

Based on parameters accepted by Supervisory Board, relating to the year 2020 effective pieces are follows As at 31 December 2024:

	Approved pieces of shares	Exercised until 31 December 2024	Weighted average share price at the date of exercise (in HUF)	Expired pieces	Exercisable at 31 December 2024
Share-purchasing period started in 2021	41,098	14,142	17,997	26,956	-
Remuneration exchanged to share provided in 2021	17,881	17,881	17,498	-	-
Share-purchasing period starting in 2022	83,688	76,928	17,629	6,760	-
Remuneration exchanged to share applying in 2022	15,232	15,111	8,529	121	-
Share-purchasing period starting in 2023	47,275	45,755	19,805	1,520	-
Remuneration exchanged to share applying in 2023	8,562	8,562	11,659	-	-
Share-purchasing period starting in 2024	49,974	38,371	20,867	-	11,603
Remuneration exchanged to share applying in 2024	11,837	11,837	17,613	-	-
Share-purchasing period starting in 2025	-	-	-	-	13,080
Remuneration exchanged to share applying in 2025	-	-	-	-	3,443
Remuneration exchanged to share applying in 2026	-	-	-	-	680
Remuneration exchanged to share applying in 2027	-	-	-	-	680

Based on parameters accepted by Supervisory Board, relating to the year 2021 effective pieces are follows As at 31 December 2024:

	Approved pieces of shares	Exercised until 31 December 2024	Weighted average share price at the date of exercise (in HUF)	Expired pieces	Exercisable at 31 December 2024
Share-purchasing period started in 2022	60,018	59,776	10,122	242	-
Remuneration exchanged to share provided in 2022	11,028	11,028	8,691	-	-
Share-purchasing period starting in 2023	117,276	117,276	13,672	-	-
Remuneration exchanged to share applying in 2023	10,824	10,824	11,534	-	-
Share-purchasing period starting in 2024	50,402	49,201	17,848	-	1,201
Remuneration exchanged to share applying in 2024	4,807	4,807	17,399	-	-
Share-purchasing period starting in 2025	-	-	-	-	54,262
Remuneration exchanged to share applying in 2025	-	-	-	-	4,942
Share-purchasing period starting in 2026	-	-	-	-	58,155
Remuneration exchanged to share applying in 2026	-	-	-	-	4,942
Share-purchasing period starting in 2027	-	-	-	-	25,305
Remuneration exchanged to share applying in 2027	-	-	-	-	631

NOTE 39: SHARE-BASED PAYMENT AND EMPLOYEE BENEFIT (in HUF mn) [continued]

Based on parameters accepted by Supervisory Board, relating to the year 2022 effective pieces are follows As at 31 December 2024:

	Approved pieces of shares	Exercised until 31 December 2024	Weighted average share price at the date of exercise (in HUF)	Expired pieces	Exercisable at 31 December 2024
Share-purchasing period started in 2023	57,412	57,364	13,484	48	-
Remuneration exchanged to share provided in 2023	8,726	8,590	11,629	136	-
Share-purchasing period starting in 2024	103,159	102,651	17,684	-	508
Remuneration exchanged to share applying in 2024	3,769	3,769	17,399	-	-
Share-purchasing period starting in 2025	-	-	-	-	42,814
Remuneration exchanged to share applying in 2025	-	-	-	-	3,993
Share-purchasing period starting in 2026	-	-	-	-	43,714
Remuneration exchanged to share applying in 2026	-	-	-	-	3,993
Share-purchasing period starting in 2027	-	-	-	-	44,701
Remuneration exchanged to share applying in 2027	-	-	-	-	3,993
Share-purchasing period starting in 2028	-	-	-	-	19,756

Based on parameters accepted by Supervisory Board, relating to the year 2023 effective pieces are follows As at 31 December 2024:

	Approved pieces of shares	Exercised until 31 December 2024	Weighted average share price at the date of exercise (in HUF)	Expired pieces	Exercisable at 31 December 2024
Share-purchasing period starting in 2024	164,371	96,566	20,731	1,124	66,681
Remuneration exchanged to share applying in 2024	6,745	6,745	17,402	-	-
Share-purchasing period starting in 2025	-	-	-	-	166,280
Remuneration exchanged to share applying in 2025	-	-	-	-	6,091
Share-purchasing period starting in 2026	-	-	-	-	71,160
Remuneration exchanged to share applying in 2026	-	-	-	-	2,960
Share-purchasing period starting in 2027	-	-	-	-	81,415
Remuneration exchanged to share applying in 2027	-	-	-	-	2,960
Share-purchasing period starting in 2028	-	-	-	-	87,315
Remuneration exchanged to share applying in 2028	-	-	-	-	2,960
Share-purchasing period starting in 2029	-	-	-	-	39,324

Effective pieces relating to the periods starting in 2025-2029 settled during valuation of performance of year 2020-2023, can be modified based on risk assessment and personal changes.

In connection with the share-based compensation for Board of Directors and connecting compensation, shares given as a part of payments detailed above and for the year 2024 based on performance assessment accounted as equity-settled share based transactions HUF 4,411 million was recognized as expense for the year ended 31 December 2024.

NOTE 40: RELATED PARTY TRANSACTIONS (in HUF mn)

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

Statement of financial position

	31 December 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	38,696	-	11,568	-
Placements with other banks	2,696,016	-	2,202,179	-
Repo receivables	98,652	-	183,394	-
Held for trading securities	33	-	16	-
Held for trading derivative financial instruments:	39,210	-	43,808	-
Financial assets at fair value through other comprehensive income	306,412	-	273,400	-
Securities at amortised cost	-	614	-	609
Loans at amortised cost	779,287	52,607	979,319	56,353
Loans mandatorily measured at fair value through profit or loss	-	36	-	42
Right of use assets	23,159	-	25,972	-
Derivative financial assets designated as hedge accounting relationships	1,695	-	1,345	-
Other assets	167,927	155	173,687	280
Total Assets	**4,151,087**	**53,412**	**3,894,688**	**57,284**
Amounts due to banks and deposits from the National Bank of Hungary and other banks	(892,432)	-	(998,512)	-
Repo liabilities	(95,509)	-	(317,457)	-
Deposits from customers	(296,116)	(24,271)	(300,557)	(78,840)
Leasing liabilities	(24,590)	-	(26,948)	-
Liabilities from issued securities	(15,154)	-	(13,019)	-
Derivative financial liabilities designated as held for trading	(26,420)	-	(24,137)	-
Derivative financial liabilities designated as hedge accounting relationships	(15,141)	-	(898)	-
Other liabilities	(13,154)	(27)	(14,681)	-
Total Liabilities	**(1,378,516)**	**(24,298)**	**(1,696,209)**	**(78,840)**
Off balance sheet items				
Guarantees	(1,168,778)	(6,965)	(1,324,353)	(10,209)
Loan commitments	(53,202)	(47,627)	(59,569)	(49,294)
Factoring loan commitments	(960)	(6,045)	(1,094)	(2,977)
Letter of credit	(86)	-	-	-
Total	**(1,223,026)**	**(60,637)**	**(1,385,016)**	**(62,480)**

NOTE 40: 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

	Year ended 31 December 2024	Year ended 31 December 2023
Interest Income	351,675	419,368
Interest Expense	(225,063)	(291,054)
Risk cost	2,665	20,067
(Losses)/Gains arising from derecognition of financial assets measured at amortised cost	45	968
Income from fees and commissions	53,296	35,577
Expenses from fees and commissions	(1,954)	(3,599)
Other administrative expenses	(12,461)	(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:

	31 December 2024	31 December 2023
Short-term employee benefits	4,123	3,379
Share-based payment	3,351	1,732
Long-term employee benefits (on the basis of IAS 19)	355	320
Total	**7,829**	**5,431**

	31 December 2024	31 December 2023
oans provided to companies owned by the Management (in the normal course of business)	52,607	56,353
ommitments to extend credit and bank guarantees	60,637	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):

	31 December 2024	31 December 2023
Members of Board of Directors	2,107	1,283
Members of Supervisory Board	253	225
Total	**2,360**	**1,508**

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 41: TRUST ACTIVITIES (in HUF mn)

The Bank acts as a trustee for certain loans granted by companies or employers to their employees, mainly for housing purposes. The ultimate risk for these loans rests with the party advancing the funds. As these loans and related funds are not considered to be assets or liabilities of the Bank, they have been excluded from the accompanying separate statement of financial position.

	31 December 2024	31 December 2023
Loans managed by the Bank as a trustee	25,691	26,851

NOTE 42: CONCENTRATION OF ASSETS AND LIABILITIES

	31 December 2024	31 December 2023
In the percentage of the total assets		
Receivables from, or securities issued by the Hungarian Government or the NBH	25.61%	27.39%
Securities issued by the OTP Mortgage Bank Ltd.	1.67%	1.54%
Loans at amortised cost	6.55%	5.29%

There were no other significant concentrations of the assets or liabilities of the Bank as at 31 December 2023 or 31 December 2022.

OTP Bank continuously provides the Authority with reports on the extent of dependency on large depositors as well as the exposure of the largest 50 depositors towards OTP Bank. Further to this obligatory reporting to the Authority. OTP Bank pays particular attention on the exposure of its largest partners and cares for maintaining a closer relationship with these partners in order to secure the stability of the level of deposits.

The organisational unit of OTP Bank in charge of partner-risk management analyses the largest partners on a constant basis and sets limits on OTP Bank's and the Group's exposure separately partner-by-partner. If necessary, it modifies partner-limits in due course thereby reducing the room for manoeuvring of the Treasury and other business areas.

The Bank's internal regulation (Limit-management regulation) controls risk management which related to exposures of clients. Bank makes a difference between clients or clients who are economically connected with each other, partners, partners operating in the same geographical region or in the same economic sector, exposures from customers. Limit-management regulation includes a specific range provisions system used by Bank to control risk exposures. This regulation has to be used by the Bank for its business (lending) risk-taking activity in both the retail and corporate sector.

To specify credit risk limits, the Bank strives their clients get an acceptable margin of risk based on their financial situation. In the Bank limit system a lower level decision-making delegation has to be provided.

If an OTP group member takes risk against a client or group of clients (either inside the local economy or outside), the client will be qualified as a group level risk and these limits will be specified at group level.

The validity period of this policy is 12 months. The limit shall be reviewed prior to the expiry date but at least once a year based on the relevant information required to limit calculations.

The maximum credit exposure to any client or counterparty among Loans at amortised cost was HUF 1,205 billion and HUF 813 billion as at 31 December 2024 and 31 December 2023 respectively, before taking into account collateral or other credit enhancements.

NOTE 43: 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.

	31 December 2024	31 December 2023
Net profit for the year attributable to ordinary shareholders (in HUF	744,999	654,988
Weighted average number of ordinary shares outstanding during the for calculating basic EPS (number of share)	276,764,525	279,485,921
Basic Earnings per share (in HUF)	**2,692**	**2,344**
Separate net profit for the year attributable to ordinary shareholder HUF mn)	744,999	654,988
Modified weighted average number of ordinary shares outstan during the year for calculating diluted EPS (number of share)	276,769,730	279,490,541
Diluted Earnings per share (in HUF)	**2,692**	**2,344**

	31 December 2024	31 December 2023
Weighted average number of ordinary shares	280,000,010	280,000,010
Average number of Treasury shares	(3,235,485)	(514,089)
Weighted average number of ordinary shares outstanding du the year for calculating basic EPS	**276,764,525**	**279,485,921**
Dilutive effect of options issued in accordance with the Remunera Policy / Management Option Program and convertible into ordi shares	5,205	4,620
The modified weighted average number of ordinary sh outstanding during the year for calculating diluted EPS	**276,769,730**	**279,490,541**

NOTE 44: NET GAIN OR LOSS REALISED ON FINANCIAL INSTRUMENTS (in HUF mn)

Year ended 31 December 2024	Net interest income and expense	Net non-interest gain and loss	Loss allowance	Other comprehensive income
Financial assets measured at amortised cost				
Cash, amounts due from banks and balances with the National Bank of Hungary	159,459	-	-	-
Placements with other banks	179,241	-	(233)	-
Repo receivables	14,663	-	(13)	-
Loans	437,745	16,730	20,201	-
Securities at amortised cost	216,762	(7,871)	10,568	-
Financial assets measured at amortised cost total	**1,007,870**	**8,859**	**30,523**	**-**
Financial assets measured at fair value				
Securities held for trading	3,183	3,585	-	-
Securities at fair value through other comprehensive income	30,311	855	24,560	9,751
Equity instruments at fair value through other comprehensive income	-	344	-	11,547
Loans mandatorily measured at fair value through profit or loss	62,663	28,685	(4,193)	-
Financial assets measured at fair value total	**96,157**	**33,469**	**20,367**	**21,298**
Financial liabilities measured at amortised cost				
Amounts due to banks and deposits from the National Bank of Hungary and other banks	(100,605)	-	-	-
Repo liabilities	(70,496)	-	-	-
Deposits from customers	(205,751)	262,477	-	-
Leasing liabilities	(3,147)	-	-	-
Liabilities from issued securities	(94,253)	-	-	-
Subordinated bonds and loans	(30,163)	-	-	-
Financial liabilities measured at amortised cost total	**(504,415)**	**262,477**	**-**	**-**
Financial liabilities designated to measure at fair value through profit or loss	**(1,344)**	**1,240**	**-**	**-**
Derivative financial instruments	**(76,343)**	**(6,063)**	**-**	**-**
Total	**521,925**	**299,982**	**50,890**	**21,298**

Current year change of derivative financial assets and liabilities held-for-trading and designated as hedge accounting by types of results in the profit or loss for the year ended 31 December 2024

	Held-for-trading	Hedge accounting
Balance as at 1 January	**13,234**	**(5,795)**
Change in current period		
on interest income/interest expense	16,505	10,138
on net results on derivative instruments and hedge relationships	(98,566)	44,666
on revaluation difference	71,775	-
Realized result on closed deals /matured deals	23,614	(25,317)
Closing balance	**26,562**	**23,692**

NOTE 44: NET GAIN OR LOSS REALISED ON FINANCIAL INSTRUMENTS (in HUF mn) [continued]

Year ended 31 December 2023	Net interest income and expense	Net non-interest gain and loss	Loss allowance	Other comprehensive income
Financial assets measured at amortised cost				
Cash, amounts due from banks and balances with the National Bank of Hungary	338,840	-	-	-
Placements with other banks	206,280	-	(12,358)	-
Repo receivables	37,435	-	(1,800)	-
Loans	457,471	12,668	5,542	-
Securities at amortised cost	129,054	(19,400)	(8,576)	-
Financial assets measured at amortised cost total	**1,169,080**	**(6,732)**	**(17,192)**	**-**
Financial assets measured at fair value				
Securities held for trading	1,168	10,511	-	-
Securities at fair value through other comprehensive income	50,838	510	(3,303)	37,917
Equity instruments at fair value through other comprehensive income	-	254	-	3,308
Loans mandatorily measured at fair value through profit or loss	51,132	95,711	980	-
Financial assets measured at fair value total	**103,138**	**106,986**	**(2,323)**	**41,225**
Financial liabilities measured at amortised cost				
Amounts due to banks and deposits from the National Bank of Hungary and other banks	(94,942)	-	-	-
Repo liabilities	(202,137)	-	-	-
Deposits from customers	(336,118)	233,243	-	-
Leasing liabilities	(2,314)	-	-	-
Liabilities from issued securities	(58,495)	-	-	-
Subordinated bonds and loans	(29,893)	-	-	-
Financial liabilities measured at amortised cost total	**(723,899)**	**233,243**	**-**	**-**
Financial liabilities designated to measure at fair value through profit or loss	**(1,433)**	**(4,542)**	**-**	**-**
Derivative financial instruments	**(78,871)**	**13,055**	**-**	**-**
Total	**468,015**	**342,010**	**(19,515)**	**41,225**

Current year change of derivative financial assets and liabilities held-for-trading and designated as hedge accounting by types of results in the profit or loss for the year ended 31 December 2023

	Held-for-trading	Hedge accounting
Balance as at 1 January	**(68,682)**	**(3,403)**
Change in current period		
on interest income/interest expense	88,973	(1,161)
on net results on derivative instruments and hedge relationships	4,524	(27,167)
on revaluation difference	(4,263)	15,273
Realized result on closed deals /matured deals	(7,318)	10,663
Closing balance	**13,234**	**(5,795)**

NOTE 45: 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 45. 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

During the year ended 31 December 2024 and 2023 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.

For the year ended 31 December 2024 and 2023 modified yield curve was used for calculating fair value in the case of subsidised personal loans represented in "Loans mandatorily measured at fair value through profit or loss" line.

NOTE 45: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

45.1. Fair value of financial assets and liabilities at amortised cost

	31 December 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	2,075,179	2,075,179	2,075,179	-	-	2,708,232	2,708,232	2,708,232	-	-
Placements with other banks	2,948,536	3,134,255	1,288,299	1,845,956	-	2,702,433	2,933,781	1,509,113	1,424,668	-
Repo receivables	238,079	238,425	-	238,425	-	201,658	201,742	-	201,742	-
Securities at amortised cost	3,334,145	3,150,646	2,886,069	254,595	9,982	2,710,848	2,494,227	2,236,994	238,837	18,396
Loans at amortised cost	4,670,795	4,790,988	-	-	4,790,988	4,681,359	4,824,169	-	-	4,824,169
Other financial assets	281,575	281,575	-	-	281,575	298,838	298,838	-	-	298,838
Total assets measured at amortised cost	**13,548,309**	**13,671,068**	**6,249,547**	**2,338,976**	**5,082,545**	**13,303,368**	**13,460,989**	**6,454,339**	**1,865,247**	**5,141,403**
Amounts due to banks, deposits from the National Bank of Hungary and other banks	1,606,969	1,569,047	599,597	969,450	-	1,761,579	1,709,710	609,288	1,100,422	-
Repo liabilities	227,632	233,891	-	233,891	-	443,694	457,508	-	457,508	-
Deposits from customers	10,896,227	10,897,287	-	10,897,287	-	10,734,325	10,741,597	-	10,741,597	-
Leasing liabilities	64,380	66,790	-	-	66,790	68,282	68,328	-	-	68,328
Liabilities from issued securities	1,750,893	1,788,620	1,788,620	-	-	1,163,109	1,201,901	1,201,901	-	-
Subordinated bonds and loans	362,271	365,170	365,170	-	-	520,296	421,030	421,030	-	-
Other financial liabilities	337,616	337,616	-	-	337,616	243,319	243,319	-	-	243,319
Total liabilities measured at amortised cost	**15,245,988**	**15,258,421**	**2,753,387**	**12,100,628**	**404,406**	**14,934,604**	**14,843,393**	**2,232,219**	**12,299,527**	**311,647**

Deposit from customers includes the fair value changes on hedged deposits involved in portfolio hedge of interest rate risk.

45.2. 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 45: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

45.2. 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 the case of interest rate risk hedges), slight differences in maturity dates and interest payment dates in the case of fair value hedges, and differences between the carrying amount of the hedged item and the carrying amount of the hedging instrument in the 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 instruments[1]

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

	31 December 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	104,130	(88,266)	89,523	14,607	1,257	130,230	(113,742)	110,939	19,291	(2,803)
Cross currency interest rate swaps	10,472	(10,558)	-	10,472	(10,558)	8,644	(6,532)	-	8,644	(6,532)
OTC options	462	(462)	-	462	(462)	818	(818)	-	818	(818)
Forward rate agreement	219	(172)	219	-	47	-	(214)	-	-	(214)
Total interest rate derivatives (OTC derivatives)	**115,283**	**(99,458)**	**89,742**	**25,541**	**(9,716)**	**139,692**	**(121,306)**	**110,939**	**28,753**	**(10,367)**
From this: Interest rate derivatives cleared by NBH	906	-	-	906	-	1,132	-	-	1,132	-
Foreign exchange derivatives										
Foreign exchange swaps	53,620	(48,969)	-	53,620	(48,969)	54,528	(32,818)	-	54,528	(32,818)
Foreign exchange forward	15,736	(8,440)	-	15,736	(8,440)	6,551	(10,129)	-	6,551	(10,129)
OTC options	1,433	(825)	-	1,433	(825)	1,016	(871)	-	1,016	(871)
Foreign exchange spot conversion	179	(266)	-	179	(266)	347	(303)	-	347	(303)
Total foreign exchange derivatives (OTC derivatives)	**70,968**	**(58,500)**	**-**	**70,968**	**(58,500)**	**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 45: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

45.2. Derivative financial instruments [continued][1]

Fair value of derivative financial instruments [continued]

	31 December 2024					31 December 2023				
	Before netting		Netting	After netting		Before netting		Netting	After netting	
	Assets	Liabilities		Assets	Liabilities	Assets	Liabilities		Assets	Liabilities
Equity stock and index derivatives										
Commodity Swaps	10,475	(10,616)	-	10,475	(10,616)	32,402	(32,490)	-	32,402	(32,490)
Equity swaps	-	(1,194)	-	-	(1,194)	126	(3,826)	-	126	(3,826)
OTC derivatives	**10,475**	**(11,810)**	**-**	**10,475**	**(11,810)**	**32,528**	**(36,316)**	**-**	**32,528**	**(36,316)**
Exchange traded futures and options	1,331	(728)	-	1,331	(728)	433	(451)	-	433	(451)
Total equity stock and index derivatives	**11,806**	**(12,538)**	**-**	**11,806**	**(12,538)**	**32,961**	**(36,767)**	**-**	**32,961**	**(36,767)**
Derivatives held for risk management not designated in hedges										
Interest rate swaps	71,779	(82,909)	28,980	42,799	(53,929)	68,380	(91,634)	22,237	46,143	(69,397)
Foreign exchange swaps	9,689	(8,675)	-	9,689	(8,675)	11,796	(20,284)	-	11,796	(20,284)
Forward	-	(72)	-	-	(72)	127	-	-	127	-
Cross currency interest rate swaps	10,258	(1,069)	-	10,258	(1,069)	14,577	(2,629)	-	14,577	(2,629)
Total derivatives held for risk management not designated in hedges	**91,726**	**(92,725)**	**28,980**	**62,746**	**(63,745)**	**94,880**	**(114,547)**	**22,237**	**72,643**	**(92,310)**
From this: Total derivatives cleared by NBH held for risk management	28,788	-	-	28,788	-	33,042	-	-	33,042	-
Total Held for trading derivative financial instruments	**289,783**	**(263,221)**	**118,722**	**171,061**	**(144,499)**	**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	1	(8,453)	8,453	(8,452)	-	-	(9,935)	1,066	(1,066)	(8,869)
Total derivatives designated in cash flow hedges	**1**	**(8,453)**	**8,453**	**(8,452)**	**-**	**-**	**(9,935)**	**1,066**	**(1,066)**	**(8,869)**
Derivatives designated in fair value hedges										
Interest rate swaps	53,401	(19,975)	19,957	33,444	(18)	37,651	(33,054)	25,130	12,521	(7,924)
Cross currency interest rate swaps	13,903	(19,420)	-	13,903	(19,420)	10,173	(10,679)	-	10,173	(10,679)
Total derivatives designated in fair value microhedges	**67,304**	**(39,395)**	**19,957**	**47,347**	**(19,438)**	**47,824**	**(43,733)**	**25,130**	**22,694**	**(18,603)**
Interest rate swaps	4,235	-	-	4,235	-	168	(119)	168	-	49
Total derivatives designated in fair value macrohedges	**4,235**	**-**	**-**	**4,235**	**-**	**168**	**(119)**	**168**	**-**	**49**
From this: Total derivatives cleared by NBH held for hedging	-	(1,764)	-	-	(1,764)	-	(5,485)	-	-	(5,485)
Total derivatives held for risk management (OTC derivatives)	**71,540**	**(47,848)**	**28,410**	**43,130**	**(19,438)**	**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 45: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

45.2. Derivative financial instruments [continued][1]

Fair value of derivative financial instruments [continued]

Financial assets subject to offsetting, netting arrangement as at 31 December 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	315,026	(147,132)	167,894	(54,939)	(74,570)	38,385	46,297	214,191	84,682

Financial liabilities subject to offsetting, netting arrangement as at 31 December 2024

	Offsetting recognised on the balance sheet			Netting potential not recognised on the balance sheet			Assets 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	297,744	(147,132)	150,612	(54,939)	(60,586)	35,087	13,325	163,937	48,412

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

45.2. 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			Assets 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 45: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

45.3. 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.

NOTE 45: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

45.3. Hedge accounting [continued]

Amount, timing and uncertainty of future cash flows - hedging instruments as at 31 December 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	(10,000)	(3,000)	22,342	283,607	26,800	**319,749**
		Average Interest Rate (%)	12.20%	1.20%	71.37%	4.21%	1.39%	
		EUR						
		Notional	-	-	(75)	(2,390)	-	**(2,465)**
		Average Interest Rate (%)	-	-	3.26%	3.05%	-	
		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	6	9	**18**
		Average Interest Rate (%)	-	(1.69%)	(1.69%)	(1.76%)	(1.82%)	
		Average FX Rate	-	310.04	310.04	308.93	307.71	
Fair Value Hedge	**FX risk**	**Cross currency interest rate swap**						
		EUR/HUF						
		Notional	-	-	191	1,474	-	**1,665**
		Average FX Rate	-	426.83	379.97	383.10	-	
		RON/HUF						
		Notional	-	175	450	425	-	**1,050**
		Average FX Rate	-	79.76	80.30	75.17	-	
		JPY/HUF						
		Notional	-	-	4,500	-	-	**4,500**
		Average FX Rate	-	-	2.43	-	-	
Cash flow Hedge	**Interest rate risk**	**Interest rate swap**						
		HUF						
		Notional	-	-	-	28,027	-	**28,027**
		Average Interest Rate	-	-	-	2.46	-	
Fair Value Hedge - Macro	**Interest rate risk**	**Interest rate swap**						
		EUR						
		Notional	-	-	(170)	(680)	(170)	**(1,020)**
		Average Interest Rate	-	-	2.93	2.57	2.51	

NOTE 45: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

45.3. 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	
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						
		Notional	-	-	778	-	-	**778**
Cash flow Hedge	**Interest rate risk**	**Interest rate swap**						
		HUF						
		Notional	-	-	-	28,027	-	**28,027**
		Average Interest Rate	-	-	-	2.46	-	
Fair Value Hedge - Macro	**Interest rate risk**	**Interest rate swap**						
		EUR						
		Notional	-	-	(60)	(240)	(120)	**(420)**
		Average Interest Rate	-	-	3.54	2.61	2.42	

NOTE 45: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

45.3. 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 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 year ended 31 December 2024
			Before netting		Netting	After netting			
			Assets	Liabilities		Assets	Liabilities		
Fair value hedge - micro									
Interest rate swap	Interest rate risk	2,177,310	53,401	(19,974)	19,957	33,444	(17)	Derivative assets (liabilities) held for risk management	(1,193)
Cross-currency swap	FX & IR risk	5,265	-	(1,764)	-	-	(1,764)	Derivative assets (liabilities) held for risk management	(859)
Cross-currency swap	FX risk	776,876	13,903	(17,657)	-	13,903	(17,657)	Derivative assets (liabilities) held for risk management	11,104
Cash flow hedge									
Interest rate swap	Interest rate risk	66,899	1	(8,453)	8,453	(8,452)	-	Derivative assets (liabilities) held for risk management	(40)
Fair value hedge - macro									
Interest rate swap	Interest rate risk	418,292	4,235	-	-	4,235	-	Derivative assets (liabilities) held for risk management	(30)

31 December 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 hedge - micro						
- Loans	***Interest rate risk***	29,439	-	(3,049)	-	Loans
- Loans	***Interest rate risk***	-	144,441	-	(3,618)	Amounts due to banks and deposits from the National Bank of Hungary and other banks
- Government bonds	***Interest rate risk***	354,572	-	(1,428)	-	Securities at amortised cost
- Government bonds	***Interest rate risk***	150,531	-	(17,620)	-	Securities at fair value through other comprehensive income
- Other securities	***Interest rate risk***	4,101	-	(99)	-	Securities at fair value through other comprehensive income
- Other securities	***Interest rate risk***	-	1,242,277	-	17,930	Liabilities from issued securities
- Other securities	***Interest rate risk***	-	249,936	-	(3,474)	Subordinated debts
- Loans	***FX & IR risk***	3,499	-	36	-	Loans
- Loans	***FX risk***	678,845	-	-	-	Loans
- Government bonds	***FX risk***	11,307	-	-	-	Securities at fair value through other comprehensive income
- Government bonds	***FX risk***	86,541	-	-	-	Securities at amortised cost
- Other securities	***FX risk***	-	14,053	-	-	Liabilities from issued securities
Fair value hedge - micro total		**1,318,835**	**1,650,707**	**(22,160)**	**10,838**	
Fair value hedge - macro						
- Customer deposits		**-**	**414,492**	**-**	**4,303**	Customer deposits

NOTE 45: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

45.3. 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		Netting	After netting			
			Assets	Liabilities		Assets	Liabilities		
Fair value hedge									
Interest rate swap	Interest rate risk	1,167,195	37,543	(33,055)	25,130	12,413	(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)

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	***Interest rate risk***	26,839	-	(3,178)	-	Loans
- Loans	***Interest rate risk***	-	143,857	-	(11,249)	Amounts due to banks and deposits from the National Bank of Hungary and other banks
- Government bonds	***Interest rate risk***	164,229	-	7,808	-	Securities at amortised cost
- Government bonds	***Interest rate risk***	148,843	-	20,391	-	Securities at fair value through other comprehensive income
- Other securities	***Interest rate risk***	3,828	-	203	-	Securities at fair value through other comprehensive income
- Other securities	***Interest rate risk***	-	457,027	-	6,539	Liabilities from issued securities
- Other securities	***Interest rate risk***	-	219,989	-	(157)	Subordinated debts
- Loans	***FX & IR risk***	3,266	-	(96)	-	Loans
- Loans	***FX risk***	949,447	-	-	-	Loans
- Government bonds	***FX risk***	10,986	-	-	-	Securities at amortised cost
- Government bonds	***FX risk***	49,378	-	-	-	Securities at fair value through other comprehensive income
- Other securities	***Other risk***	-	897	-	(39)	Liabilities from issued securities
Fair value hedges - micro total		**1,356,816**	**821,770**	**25,128**	**(4,906)**	
Fair value hedges - macro						
- Customer deposits	***Other risk***	-	**157,543**	-	**84**	Customer deposits

NOTE 45: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

45.3. Hedge accounting [continued]

For the year ended 31 December 2024 OCI related to cash flow hedges as follows:

Type of risk	Carrying amount of the hedged item		Cash flow hedge reserve for the year ended 31 December 2024	Line item in the statement of financial position in which the hedged item is included
	Assets	Liabilities		
Interest rate risk	28,027	-	3,374	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 for the year ended 31 December 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 year ended 31 December 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 other comprehensive income 2024	Change in the items recognized in other comprehensive income 2024	Line item in the statement of financial position in which the hedged item is included
	Assets	Liabilities			
FX risk	678,846	-	11	(217)	Loans at amortised cost
FX risk	11,308	-	(51)	10	FVOCI debt securities
FX risk	86,541	-	549	549	Securities at amortised cost
FX risk	-	14,053	16	16	Liabilities from issued securities
	776,695	**14,053**	**525**	**358**	

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 other comprehensive income 2023	Change in the items recognized in other comprehensive income 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	10,986	-	(69)	-	FVOCI debt securities
	960,433	**-**	**98**	**530**	

Change in the fair value of the hedging instrument related to cash flow hedge

31 December 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	(135)	(40)	Interest Income from Placements with other banks, net of allowance for placement losses

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 and 2024 there were no reclassification from cash flow hedge reserve to profit or loss due to termination of hedging relationship.

NOTE 45: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

45.4. 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:

31 December 2024	**Total**	**Level 1**	**Level 2**	**Level 3**
Loans mandatorily at fair value through profit or loss	998,410	-	-	998,410
Financial assets at fair value through profit or loss	651,236	87,226	556,789	7,221
from this: securities held for trading	*447,993*	*60,934*	*387,059*	-
from this: positive FVA of derivative financial instruments designated as held for trading	*171,061*	*1,331*	*169,730*	-
from this: securities mandatorily measured at fair value through profit or loss	*32,182*	*24,961*	-	*7,221*
Equity instruments at fair value through other comprehensive income	33,934	33,934	-	-
Securities at fair value through other comprehensive income	558,668	199,323	337,822	21,523
Positive fair value of derivative financial instruments designated as hedge accounting	43,130	-	43,130	-
Financial assets measured at fair value total	**2,285,378**	**320,483**	**937,741**	**1,027,154**
Financial liabilities at fair value through profit or loss	17,024	-	-	17,024
Negative fair value of derivative financial instruments classified as held for trading	144,499	728	142,577	1,194
Short position	47,157	47,157	-	-
Negative fair value of derivative financial instruments designated as hedge accounting	19,438	-	19,438	-
Financial liabilities measured at fair value total	**228,118**	**47,885**	**162,015**	**18,218**

NOTE 45: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

45.4. 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
from this: securities held for trading	*27,804*	*19,756*	*8,048*	-
from this: positive FVA of derivative financial instruments designated as held for trading	*196,799*	*433*	*196,366*	-
from this: securities mandatorily measured at fair value through profit or loss	*32,932*	*23,917*	-	*9,015*
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	21,628	-	21,628	-
Financial assets measured at fair value total	**1,773,538**	**294,614**	**504,188**	**974,736**
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	27,423	-	27,423	-
Financial liabilities measured at fair value total	**249,881**	**19,558**	**206,837**	**23,486**

The fair value of investment properties is presented in Note 14 and they are categorized in level 3.
The fair value of investment in subsidiaries is presented in Note 12 and they are categorized in level 3.
Asset held for sale is valued at fair value less cost to sell, that is in this case equal to the sales price and would be classified as Level 3 fair value.

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 date 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 45: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

45.4 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 45: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

45.4 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.

31 December 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	1,304	1,460	1,147	156	(156)
MFB refinancing loans	Loans mandatorily at fair value through profit or loss	Probability of default	15,094	15,663	14,525	569	(569)
Subsidised personal loans	Loans mandatorily at fair value through profit or loss	Probability of default	980,378	980,991	979,766	613	(612)
Subsidised personal loans	Loans mandatorily at fair value through profit or loss	Operational costs	980,378	987,263	973,579	6,885	(6,799)
Subsidised personal loans	Loans mandatorily at fair value through profit or loss	Demography	980,378	981,238	979,693	860	(685)
Russian government bonds	Securities at fair value through other comprehensive income	Probability of default	21,523	31,903	11,143	10,380	(10,380)

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)

45.4 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 31 December 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 the 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 the 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 fulfil 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.

Since 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 31 December 2024 and 31 December 2023 respectively.

NOTE 45: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

45.4 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 year ended 31 December 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	4,193	26,449	100,081	(67,161)	998,410
Securities mandatorily measured at fair value through profit or loss	9,015	-	(1,794)	-	-	7,221
Derivative financial instruments designated as held for trading	(3,700)	-	2,506	-	-	(1,194)
Securities at fair value through other comprehensive income	30,873	2,568	(11,918)	-	-	21,523
Financial liabilities at fair value through profit or loss	(19,786)	-	1,240	-	1,522	(17,024)
Total	**951,250**	**6,761**	**16,483**	**100,081**	**(65,639)**	**1,008,936**

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	(16,576)	-	(4,542)	-	1,332	(19,786)
Total	**812,805**	**443**	**87,341**	**103,725**	**(53,064)**	**951,250**

NOTE 46: **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.

On 30 July 2024 the financial closure of the sale of the Romanian bank was completed.

NOTE 47: **SIGNIFICANT EVENTS DURING THE YEAR ENDED 31 DECEMBER 2024**

1) Capital increase at Monicomp Ltd.

See details about the event in Note 12.

2) Capital increase at JSCMB 'IPOTEKA BANK'

See details about the event in Note 12.

3) Capital increase at OTP Real Estate Ltd.

See details about the event in Note 12.

4) OTP Bank is selling its Romanian operations

See details about the event in Note 12.

5) Capital increase at OTP Real Estate Ltd.

See details about the event in Note 12.

6) Significant regulatory changes in Hungary

About the prolongation of deadline of interest rate cap, amending the previously laid down methodology of windfall tax calculation, family support schemes and economic stimulus measures and capital regulation please see details in Note 4.

7) Merger of the Slovenian entities

See details about the event in Note 12.

8) EUR 600 million bond issuance

See details about the event in Note 20.

9) EUR 700 million Green Senior Preferred bond issuance

See details about the event in Note 20.

10) EUR 400 million Green bond recall

See details about the event in Note 20.

11) EUR 500 million Subordinated bond recall

See details about the event in Note 25.

12) CNY 300 million bond issuance

See details about the event in Note 20.

13) EUR 500 million bond issuance

See details about the event in Note 20.

14) Risk relating to the Russian-Ukrainian armed conflict

In 2022 Russia launched a still ongoing war against Ukraine. Many countries, as well as the European Union imposed sanctions due to the armed conflict on Russia and Russian businesses and citizens. Russia responded to these sanctions with similar measures.

The war and the international sanctions influence the business and economic activities significantly all around the world. There are a number of factors associated with the Russian-Ukrainian war and the international sanctions as well as their impact on global economies that could have a material adverse effect on (among other things) the profitability, capital and liquidity of financial institutions such as the OTP Group.

The war and the international sanctions cause significant economic damage to the affected parties and in addition they cause disruptions in the global economic processes, and they have negative impact – inter alia – on energy and grain markets, the global transport routes and international trade as well as on tourism.

OTP Group continues to monitor the situation closely. The OTP Group's ability to conduct business may be adversely affected by disruptions and restrictions to its infrastructure, business processes and technology services. This may cause significant customer detriment, costs to reimburse losses incurred by the OTP Group’s customers, and reputational damage.

Furthermore, the OTP Group relies on models to support a broad range of business and risk management activities, including informing business decisions and strategies, measuring and limiting risk, valuing exposures, conducting stress testing and assessing capital adequacy. Models are, by their nature, imperfect and incomplete representations of reality because they rely on assumptions and inputs, and as such assumptions may later potentially prove to be incorrect, this can affect the accuracy of their outputs. This may be exacerbated when dealing with unprecedented scenarios, such as the Russian-Ukrainian war and the international sanctions, due to the lack of reliable historical reference points and data.

Any and all such events mentioned above could have a material adverse effect on the OTP Group’s business, financial condition, results of operations, prospects, liquidity, capital position and credit ratings, as well as on the OTP Group’s customers, employees and suppliers.

NOTE 48: SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Summary of economic policy measures made and other relevant regulatory changes as post-balance sheet events

Hungary

- On 13 January 2025 OTP Bank's share buyback program approved by the central bank on 22 August 2024 reached its maximum available amount of HUF 60 billion.
- On 24 January 2025 the Bank got another approval from the Hungarian National Bank to repurchase own shares in the amount of HUF 60 billion. The available amount was exhausted on 10 February 2025.
- From 13 January 2025 the consolidated MREL requirement is determined at 18.60% of the total risk exposure amount (RWA) and 6.02% of the total exposure measure (TEM) of the Resolution Group. The consolidated MREL requirement of OTP Bank applicable until this date was 18.94% and 5.78%. OTP Bank's Resolution Group consists of entities included in the prudential scope of consolidation of OTP Bank without the Slovenian OTP banka d.d. and its subsidiaries. Pursuant to the CRD OTP Bank has to meet the combined buffer requirement in addition to its MREL TREA requirement as institutions shall not use CET1 capital that is maintained to meet the combined buffer requirement to meet the risk-based component of the MREL requirement. This principle is applicable to the MREL TREA subordination requirement as well.
- On 30 January 2025 Tier 2 notes have been issued in the aggregate nominal amount of USD 750 million. The notes carry an annual coupon of 7.3% due semi-annually. The tenor was 10.5NC5.5, i.e. in the period between five and five and a half years the bonds can be redeemed on any day. The notes were listed on the Luxembourg Stock Exchange.
- On 7 February 2025 the EUR 500 million Fixed to Floating Rate Perpetual Subordinated Notes have been redeemed and the principal amount, together with accrued and unpaid interest was paid to the holders of the Notes.
- On 17 February 2025 OTP Bank announced the redemption of its €650,000,000 7.350 per cent. Senior Preferred Fixed-to-Floating Callable Notes due 2026 with the optional redemption date of 4 March 2025.
- As of end of February 2025, the banking sector related key initiatives of the 'New Economic Policy Action Plan' launched by government decree 1311/2024 (X. 21.), are as follows (based on the communication of the Government and submitted bills):
  - From 1 January 2025, minimum wage increased by 9%. For 2026 and 2027 further 13% and 14% hikes have been agreed as part of the three-year wage agreement, assuming that economic growth and inflation will be in line with the expectations.
  - From 2 January 2025 the Workers' Loan Program is available at Hungarian banks. The loan is designed for young people aged 17-25 who are not eligible for student loans and who are employed in Hungary for at least 20 hours a week, or entrepreneurs who have an average income and undertake to work or run a business in Hungary for a minimum of five years. The maximum amount of the interest-free, free use, state-guaranteed loan facility is HUF 4 million, with a term of 10 years. The scheme also provides support for childbearing, with repayments suspended for two years following the birth of the first and second child, and half of the current debt waived for the second child and the full debt waived after the third one.
  - From 1 January 2025, in the case of green loans the loan-to-value limit was increased to 90%, furthermore the payment-to-income limit was increased to 60% regardless of the income.
  - On 1 January 2025, the home renovation program was reintroduced to support families in towns with less than 5,000 residents, covering up to 50% of labour- and material costs with a cap of HUF 3 million. Those who have already availed themselves of the 2021-2022 home renovation subsidy are only eligible to utilize the new subsidy up to the amount of the HUF 3 million that remains unused at that time. From 1 February 2025, a state subsidized home renovation mortgage loan with a client interest rate of 3% and with up to HUF 6 million loan amount is available to finance investment costs.
  - In 2025, voluntary pension fund savings can be used free of tax for housing loan repayments, repayment of secured loans, and modernization or renovation of existing homes. The total amount of voluntary pension savings could be utilized, but only up to the balance available as of 30 September 2024.

NOTE 48: SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD [continued]

- From 1 January 2025, monthly HUF 150,000 fringe benefit can be paid to the employees under the age of 35 in order to support housing expenses (home rental or loan instalment) above the current preferential upper limit of HUF 450,000 per year.
- Half of the accumulated amount on SZÉP Cards can be used for home renovation in 2025.
- Between 1 April and 31 October 2025, based on the individual decision of the participating banks, 5% interest rate cap will be available for under 35 years old, first-time home buyers for newly granted green housing loans, with properties under 60 square meter and price lower than HUF 1.2 million per square meter. The rate cap will be applied in the first 5 years of the loan, the product has neither disbursement nor credit assessment fees.
- From 6 January 2025, as part of the Demján Sándor program, export stimulating loan and leasing structures are available in the total sum of HUF 400 billion, partly refinanced by EXIM Hungary. Some of the products are also available for enterprises planning to start export activities in the future.
- The interest rate of certain products under the Széchenyi Card Program MAX+ scheme was significantly reduced for contracts concluded after 1 March 2025: the interest rate on investment loans (Agricultural Investment Loan, Investment Loan) and the leasing scheme was reduced to 3%, while the interest rate on the Széchenyi Card Overdraft MAX+ (including the Tourism Card) and the Liquidity Loan was reduced to 4.5%. The uniform 0.5 pp reduction in client interest rates was facilitated by the burden sharing of KAVOSZ Ltd. (0.1 pp) and the banking sector (0.4 pp). The investment loans with the exceptionally favourable interest rate of the "GREEN" sub-structure are an exception to this, which are still available to businesses with a rate of 1.5%.

- Changes in the economic policy leadership:
  - As of 31 December 2024, pursuant to Act LXXXVI of 2024, the Ministry of Finance ceased to exist by merging into the Ministry of National Economy. Minister Márton Nagy remained in office unchanged as head of the Ministry of National Economy.
  - As of 4 March 2025, the President of the Republic appointed Mihály Varga, the former Minister of Finance, to head the National Bank of Hungary.

- Based on preliminary data published by the Central Statistical Office on 30 January 2025, the performance of the Hungarian economy increased by 0.5% q-o-q and 0.4% y-o-y in the fourth quarter. With this, the annual growth in 2024 was 0.6%. The average inflation in 2024 was 3.7%.

- The Financial Stability Council of the Hungarian National Bank announced an extension to the central bank's green capital requirement relief programs for credit institutions. The deadline for these programs was extended by one year, until the end of December 2026. The decision on whether to grant further annual extensions will be made based on a professional indicator system. Additionally, from 31 January 2025, the range of exposures that can be included in the discount program was further expanded.

On 19 March 2024 the Management of OTP Bank has decided to purchase SZÉP card branch – the whole stock of contracts and the related cash - from OTP Funds Servicing and Consulting Ltd. from 1 January 2025, which was approved by NBH by decision H-EN-I-444/2024. The price of the transferred contracts was in amount of HUF 23.1 billion, and the transfer was completed on 1 of January 2025. The purchase price was transferred on 31 January 2025.

An event, that occurred in January 2025 regarding an item reported in the Bank's books as a receivable from lending activities, was identified by the Bank as a post-balance sheet event. The Bank believes that the event has no retrospective effect for 2024 concerning stage classification, therefore the Bank did not change the stage 2 classification of the affected receivable as of 31 December 2024. However, given that the Bank obtained additional information regarding the circumstances that previously justified the stage 2 classification, the Bank recognized an additional HUF 4.8 billion impairment loss for the receivable in the stage 2 category for 2024.