OTP BANK PLC

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

***FOR THE YEAR ENDED
31 DECEMBER 2024***

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

	Note	31/12/2024	31/12/2023
Cash, amounts due from banks and balances with the National Banks	5.	6,079,012	7,125,049
Placements with other banks	6.	1,891,901	1,566,998
Repo receivables	7.	331,837	223,884
Financial assets at fair value through profit or loss	8.	743,400	288,885
Securities at fair value through other comprehensive income	9.	1,705,553	1,601,461
Securities at amortized cost	10.	7,447,177	5,249,272
Loans at amortized cost	11.	20,290,381	17,676,533
Loans mandatorily at fair value through profit or loss	11.	1,559,781	1,400,485
Finance lease receivables	36.	1,511,477	1,289,712
Associates and other investments	12.	124,523	96,110
Property and equipment	13.	581,240	523,124
Intangible assets and goodwill	13.	356,564	291,358
Right-of-use assets	36.	79,830	74,698
Investment properties	14.	88,240	53,381
Derivative financial assets designated as hedge accounting	15.	50,381	41,967
Deferred tax assets	35.	56,583	55,691
Current income tax receivables	35.	7,060	7,773
Other assets	16.	514,188	509,430
Assets classified as held for sale	50.	-	1,533,333
TOTAL ASSETS		**43,419,128**	**39,609,144**
Amounts due to banks, the National Governments, deposits from the National Banks and other banks	17.	2,022,191	1,940,862
Repo liabilities	18.	132,137	126,237
Financial liabilities designated at fair value through profit or loss	19.	72,490	70,707
Deposits from customers	20.	31,658,189	28,332,271
Fair value changes of the hedged items in portfolio hedge of interest rate risk	20.	8,209	160
Liabilities from issued securities	21.	2,593,124	2,095,548
Derivative financial liabilities held for trading	22.	114,089	140,488
Derivative financial liabilities designated as hedge accounting	23.	14,605	63,899
Leasing liabilities	36.	82,109	76,313
Deferred tax liabilities	35.	32,637	28,663
Current income tax payable	35.	76,787	69,948
Provisions	24.	131,637	121,119
Other liabilities	24.	991,552	745,820
Subordinated bonds and loans	25.	369,359	562,396
Liabilities directly associated with assets classified as held for sale	50.	-	1,139,920
TOTAL LIABILITIES		**38,299,115**	**35,514,351**
Share capital	26.	28,000	28,000
Retained earnings and reserves	27.	5,327,652	4,179,322
Treasury shares	28.	(245,319)	(120,489)
Total equity attributable to the parent		**5,110,333**	**4,086,833**
Total equity attributable to non-controlling interest	**29.**	**9,680**	**7,960**
TOTAL SHAREHOLDERS' EQUITY		**5,120,013**	**4,094,793**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**43,419,128**	**39,609,144**

Budapest, 19 March, 2025

Dr. Sándor Csányi
Chairman and Chief Executive Officer

László Wolf
Deputy Chief Executive Officer

OTP BANK PLC
CONSOLIDATED 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
CONTINUING OPERATIONS			
Interest income calculated using the effective interest method	30.	2,542,138	2,314,677
Income similar to interest income	30.	539,984	633,587
Interest income and income similar to interest income		**3,082,122**	**2,948,264**
Interest expense		**(1,336,782)**	**(1,561,558)**
NET INTEREST INCOME		**1,745,340**	**1,386,706**
Loss allowance on loans, placements, amounts due from banks and on repo receivables	31.	(72,385)	(109,223)
Change in the fair value attributable to changes in the credit risk of loans mandatorily measured at fair value through profit of loss	31.	5,504	(91)
(Loss allowance) / Release of loss allowance on securities at fair value through other comprehensive income and on securities at amortized cost	31.	(39,907)	8,831
(Provision) / Release of provision for commitments and guarantees given	31.	(2,371)	19,870
Release of impairment of assets subject to operating lease and of investment properties	31.	17	1,332
Risk cost total		**(109,142)**	**(79,281)**
NET INTEREST INCOME AFTER RISK COST		**1,636,198**	**1,307,425**
Loss from derecognition of financial assets at amortized cost	**33.**	**(14,409)**	**(17,182)**
Modification loss	**4.**	**(13,193)**	**(38,141)**
Income from fees and commissions	32.	1,045,987	861,309
Expense from fees and commissions	32.	(203,332)	(169,316)
Net profit from fees and commissions		**842,655**	**691,993**
Foreign exchange result, net	33.	(12,048)	13,827
Gain on securities, net	33.	10,326	7,283
Fair value adjustment on financial instruments measured at fair value through profit or loss	33.	27,374	94,613
Net results on derivative instruments and hedge relationships	33.	12,004	(12,760)
Profit from associates	8., 9.	12,970	14,766
Other operating income	34.	147,895	324,266
Other operating expenses	34.	(127,174)	(110,570)
Net operating income		**71,347**	**331,425**
Personnel expenses	34.	(550,175)	(478,696)
Depreciation and amortization	13.	(134,293)	(111,996)
Other general expenses	34.	(528,306)	(483,645)
Other administrative expenses		**(1,212,774)**	**(1,074,337)**
PROFIT BEFORE INCOME TAX		**1,309,824**	**1,201,183**
Income tax expense	35.	(253,440)	(189,478)
PROFIT AFTER INCOME TAX FOR THE PERIOD FROM CONTINUING OPERATIONS		**1,056,384**	**1,011,705**

OTP BANK PLC
CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2024 [continued]
(in HUF mn)

	Note	Year ended 31 December 2024	Year ended 31 December 2023
PROFIT AFTER INCOME TAX FOR THE PERIOD FROM CONTINUING OPERATIONS		**1,056,384**	**1,011,705**
DISCOUNTINUED OPERATIONS			
Net Gain / (Loss) from discontinued operations	50.	19,756	(21,246)
PROFIT AFTER INCOME TAX FROM CONTINUING AND DISCOUNTINUED OPERATION		**1,076,140**	**990,459**
From this, attributable to:			
Non-controlling interest	**29.**	**4,227**	**1,801**
Owners of the company		**1,071,913**	**988,658**
Earnings per share (in HUF)			
From continuing operations			
Basic	46.	3,977	3,774
Diluted	46.	3,976	3,772
From continuing and discontinued operations			
Basic	46.	4,052	3,695
Diluted	46.	4,050	3,693

OTP BANK PLC
CONSOLIDATED 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 FOR THE YEAR		**1,076,140**	**990,459**
Items that may be reclassified subsequently to profit or loss:			
Fair value adjustment of securities at fair value through other comprehensive income	27.	37,528	89,734
Deferred tax related to fair value adjustment of securities at fair value through other comprehensive income	27.	(4,181)	(12,779)
Net investment hedge in foreign operations	27.	(27,310)	(2,707)
Foreign currency translation difference	27.	195,152	(200,928)
Items that will not be reclassified subsequently to profit or loss:			
Fair value changes of equity instruments at fair value through other comprehensive income	27.	16,519	2,411
Deferred tax related to equity instruments at fair value through other comprehensive income	27.	(2,115)	(947)
Change of actuarial gain related to employee benefits	27.	(949)	(392)
Deferred tax related to change of actuarial gain related to employee benefits	27.	26	(8)
Other comprehensive income		**214,670**	**(125,616)**
TOTAL COMPREHENSIVE INCOME		**1,290,810**	**864,843**
From this, attributable to:			
Non-controlling interest		**4,713**	**1,129**
Owners of the company		**1,286,097**	**863,714**

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

	Note	Share capital	Capital reserve	Retained earnings and other reserves[1]	Treasury shares	Total equity attributable to shareholders	Non-controlling interest	Total equity
Balance as at 1 January 2024		**28,000**	**52**	**4,179,270**	**(120,489)**	**4,086,833**	**7,960**	**4,094,793**
Profit after income tax for the period		-	-	1,071,913	-	1,071,913	4,227	1,076,140
Other Comprehensive Income		-	-	214,184	-	214,184	486	214,670
Total comprehensive income		**-**	**-**	**1,286,097**	**-**	**1,286,097**	**4,713**	**1,290,810**
Purchasing of non-controlling interest		-	-	-	-	-	(350)	(350)
Dividend paid to non-controlling interest		-	-	-	-	-	(2,643)	(2,643)
Share-based payment	40.	-	-	4,411	-	4,411	-	4,411
Paid dividends for years 2023	27.	-	-	(150,000)	-	(150,000)	-	(150,000)
Adjustment related to share-based payment		-	-	6,928	-	6,928	-	6,928
Other transfer		-	-	177	-	177	-	177
Sale of Treasury shares	28.	-	-	-	28,275	28,275	-	28,275
Treasury shares - loss on sale	28.	-	-	717	-	717	-	717
Treasury shares - acquisition	28.	-	-	-	(153,105)	(153,105)	-	(153,105)
Balance as at 31 December 2024		**28,000**	**52**	**5,327,600**	**(245,319)**	**5,110,333**	**9,680**	**5,120,013**

	Note	Share capital	Capital reserve	Retained earnings and other reserves[1]	Treasury shares	Total equity attributable to shareholders	Non-controlling interest	Total equity
Balance as at 1 January 2023		**28,000**	**52**	**3,395,163**	**(106,862)**	**3,316,353**	**5,959**	**3,322,312**
Profit after income tax for the period		-	-	988,658	-	988,658	1,801	990,459
Other Comprehensive Income		-	-	(124,944)	-	(124,944)	(672)	(125,616)
Total comprehensive income		**-**	**-**	**863,714**	**-**	**863,714**	**1,129**	**864,843**
Purchasing of non-controlling interest		-	-	-	-	-	(159)	(159)
Increase due to business combination		-	-	-	-	-	3,149	3,149
Dividend paid to non-controlling interest	29.	-	-	-	-	-	(2,118)	(2,118)
Share-based payment	40.	-	-	3,292	-	3,292	-	3,292
Paid dividends for year 2022	27.	-	-	(84,000)	-	(84,000)	-	(84,000)
Adjustment related to share-based payment		-	-	3,836	-	3,836	-	3,836
Sale of Treasury shares	28.	-	-	-	26,191	26,191	-	26,191
Treasury shares - loss on sale	28.	-	-	(2,735)	-	(2,735)	-	(2,735)
Treasury shares - acquisition	28.	-	-	-	(39,818)	(39,818)	-	(39,818)
Balance as at 31 December 2023		**28,000**	**52**	**4,179,270**	**(120,489)**	**4,086,833**	**7,960**	**4,094,793**

[1] See details in Note 27.

OTP BANK PLC
CONSOLIDATED 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 after income tax for the period			
(attributable to the owners of the company)		**1,071,913**	**988,658**
Net accrued interest		(14,406)	4,360
Dividend income	27.	(12,970)	(14,787)
Depreciation and amortization	13.	140,720	123,327
Loss allowance / (Release of loss allowance) on securities	9.,10.	39,907	(9,066)
Loss allowance on loans and placements, amounts due from banks and on repo receivables	5-7., 11.	84,816	116,002
Loss allowance on investments	12.	957	22
Release of loss allowance on investment properties	14.	(23)	(1,362)
Impairment on tangible and intangible assets	13.	7,335	5,824
Loss allowance on other assets	16.	13,166	11,120
Provision / (Release of provision) on off-balance sheet commitments and contingent liabilities	24.	7,439	(10,052)
Share-based payment	40.	4,411	3,292
Unrealized gains on fair value change of financial instrument at fair value through profit or loss	33.	(34,047)	(89,577)
Non-realized foreign exchange (gain) / loss	33.	(59,696)	6,945
(Gain) / Loss from sale of tangible and intangible assets	13.	(2,757)	595
Unrealized gains on fair value change of derivative financial instruments	33.	(85,178)	(81,451)
Negative goodwill	42.	-	(198,361)
Gain on discontinued operations	50	(19,756)	-
Net changes in assets and liabilities in operating activities			
Net (increase) / decrease in securities at fair value through profit or loss	8.	(463,443)	120,890
Net increase in compulsory reserves at the National Banks	5.	(140,326)	(797,695)
Increase in placement with other banks, before loss allowance for placements	6.	(446,637)	(326,379)
Net increase in loans at amortized cost before loss allowance for loans and in loans at fair value	11.	(2,082,949)	(28,934)
Net (increase) / decrease in other assets before loss allowance	16.	(97,341)	95,512
Net increase / (decrease) in amounts due to banks, the National Governments, deposits from the National Banks and other banks and repo liabilities	17., 18.	147,032	(205,101)
Net increase in financial liabilities designated at fair value through profit or loss	19.	3,100	11,974
Net increase in deposits from customers	20.	2,459,297	846,428
Cash payments for the interest portion of the lease liability	36.	(3,557)	(3,099)
Net increase in other liabilities	24.	333,844	40,695
Income tax paid	35.	(94,574)	(152,201)
Net Cash Provided by Operating Activities		**756,277**	**457,579**

OTP BANK PLC
CONSOLIDATED 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 of securities at fair value through other comprehensive income	9.	(733,477)	(871,512)
Proceeds from sale of securities at fair value through other comprehensive income	9.	678,896	1,176,467
Purchase of investments	12.	(29,212)	(13,910)
Proceeds from sale of investments	12.	51	-
Dividends received	27.	13,016	15,642
Purchase of securities at amortized cost	10.	(141,884,521)	(1,037,889)
Redemption of securities at amortized cost	10.	139,854,176	1,329,137
Purchase of property, equipment and intangible assets	13.	(304,156)	(300,002)
Proceeds from disposals of property, equipment and intangible assets	13.	68,971	139,155
Purchase of investment properties	14.	(32,106)	(10,363)
Proceeds from sale of investment properties	14.	1,097	14,782
Net change in cash and cash equivalents from discontinued operation	50	(142,975)	-
Net cash paid for acquisition	42.	-	577,464
Net Cash (Used in) / Provided by Investing Activities		**(2,510,240)**	**1,018,971**
FINANCING ACTIVITIES			
Cash received from issuance of securities	21.	1,058,432	1,090,039
Cash used for redemption of issued securities	21.	(456,930)	(172,413)
Cash payments for the principal portion of the lease liability	36.	(12,462)	(32,567)
Cash received from issuance of subordinated bonds and loans	25.	-	290,159
Cash used for redemption of subordinated bonds and loans	25.	(148,502)	(49,445)
Sale of Treasury shares	28.	28,991	23,456
Purchase of Treasury shares	28.	(153,105)	(39,818)
Dividends paid	27.	(143,038)	(80,159)
Net Cash Provided by Financing Activities		**173,386**	**1,029,252**
TOTAL NET CASH (USED IN) / PROVIDED BY		**(1,580,577)**	**2,505,802**
Cash and cash equivalents at the beginning of the period	**5.**	**4,859,342**	**2,597,688**
Foreign currency translation		194,627	(200,253)
Net change in cash and cash equivalent		(1,580,577)	2,505,802
Adjustment due to discontinued operation		43,895	(43,895)
Cash and cash equivalents at the end of the period	**5.**	**3,517,287**	**4,859,342**

NOTE 1: ORGANIZATION AND BASIS OF CONSOLIDATED FINANCIAL STATEMENTS

1.1. General information

OTP Bank Plc (the "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, Nador Street, Budapest 1051, Hungary.

Due to Hungarian legislation audit services are a statutory requirement 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.

These Consolidated Financial Statements were approved by the Board of Directors and authorised for issue on 19 March 2025. The Bank's owners have the power to amend the Consolidated Financial Statements after issue if applicable.

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 on PORTAL in the USA.

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

	31/12/2024	**31/12/2023**
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 and its subsidiaries ("Entities of the Group", together the "Group" or "OTP Group") provide a full range of commercial banking services through a wide network of 1,251 branches in the following countries Hungary, Bulgaria, Serbia, Croatia, Russia, Ukraine, Albania, Montenegro, Moldova, Slovenia and Uzbekistan, as well as provides other services in the Netherlands and Malta.

The number of the active employees without long-term breaks, and with part-time employees taken into account proportionately, and the average number of active employees on monthly basis at the Group (with employed agents):

	31/12/2024	**31/12/2023**
The number of employees at the Group	40,317	41,547
The average number of employees at the Group	40,807	40,237

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

1.2. Basis of Accounting

These Consolidated Financial Statements were prepared based on the assumptions of the Management that the Bank will remain in business for the foreseeable future and that 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 Entities of the Group maintain their accounting records and prepare their statutory accounts in accordance with the commercial, banking and fiscal regulations prevailing in Hungary and in case of foreign subsidiaries in accordance with the commercial, banking and fiscal regulations of the country in which they are domiciled.

The Bank's functional currency is the Hungarian Forint ("HUF"). It is also presentation currency for the Group. The financial statements of the subsidiaries used during the preparation of Consolidated Financial Statements of the Group have the same reporting period – starting from 1 January ending as at 31 December – like the reporting period of the Group.

Due to the fact that the Bank is listed on international and national stock exchanges, the Bank is obliged to present its financial statements in accordance with International Accounting Standards ("IAS") as adopted by the European Union (the "EU").
Certain adjustments have been made to the Entities' statutory accounts in order to present the Consolidated Financial Statements of the Group in accordance with all standards and interpretations approved by the International Accounting Standards Board ("IASB").

These Consolidated Financial Statements have been prepared in accordance with IFRS as adopted by the EU.
The accompanying Notes to these Consolidated Financial Statements form an integral part of these Consolidated Financial Statements prepared in accordance with IAS as adopted by EU.

1.2.1. The effect of adopting new and revised International Financial Reporting 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:

- **Amendments to IAS 1 "Presentation of Financial Statements" - Classification of Liabilities as Current or Non-Current** 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 with within twelve months after the reporting period.
- **Amendments to IFRS 16 "Leases" – Lease Liability in a Sale and Leaseback** 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. In particular, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognize 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 recognizing, 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 the entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16.

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

1.2. Basis of Accounting [continued]

1.2.1. The effect of adopting new and revised International Financial Reporting Standards effective from 1 January 2024 [continued]

- **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 Consolidated Financial Statements.

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

- **Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" – Lack of Exchangeability** 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 International Accounting Standards Board (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 the date of publication of these Consolidated Financial Statements:

- **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.

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

1.2. Basis of Accounting [continued]

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

- **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.
- **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 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.

The Group anticipates that the adoption of these new standards, amendments to the existing Standards and new interpretations will have no significant impact on the Consolidated Financial Statements of the Group in the period of initial application.

NOTE 2: SUMMARY OF MATERIAL ACCOUNTING POLICIES

Material accounting policies applied in the preparation of the accompanying Consolidated Financial Statements are summarized below:

2.1. Basis of Presentation

These Consolidated 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 Group does not offset assets and liabilities or income and expenses unless it is required or permitted by an IFRS standard.

During the preparation of Consolidated 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 note 2.5.5. below).

The presentation of Consolidated Financial Statements in conformity with IFRS as adopted by the EU requires the Management of the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of 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 financial statements.

2.2. Foreign currency translation

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currencies are translated into functional currencies at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the exchange rates quoted by the National Bank of Hungary ("NBH"), or if there is no official rate, at exchange rates quoted by OTP Bank as at the date of the Consolidated Financial Statements.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.
Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see note 2.5.4. below for hedging accounting policies); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in Other Comprehensive Income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign operations are translated into HUF using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in Other Comprehensive Income and accumulated in equity (attributed to non-controlling interests as appropriate).

NOTE 2: SUMMARY OF MATERIAL ACCOUNTING POLICIES [continued]

2.2. Foreign currency translation [continued]

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in Other Comprehensive Income and accumulated in equity.

2.3. Principles of consolidation

As the ultimate parent, OTP Bank is preparing Consolidated Financial Statements of the Group.

These Consolidated Financial Statements combine the assets, liabilities, equity, income, expenses and cash flows of the Bank and of those subsidiaries of the Bank in which the Bank exercises control.
All intra-group transactions are consolidated fully on a line-by-line basis while under equity method other consolidation rules are applied. Determination of the entities which are involved into the consolidation procedures based on the determination of the Group's Control over another entity. Control exists when the Bank has power over the investee, is able to use this power and is exposed or has right to variable returns. Consolidation of a subsidiary should begin from the date when the Group obtains control and cease when the Group loses control. Therefore, income and expenses of a subsidiary should be included in the Consolidated Financial Statements from the date the Group gains control of the subsidiary until the date when the Group ceases to have control of the subsidiary.
The list of the major fully consolidated subsidiaries, the percentage of issued capital owned by the Bank and the description of their activities is provided in Note 43.

2.4. Accounting for acquisitions

Business combinations are accounted for using the acquisition method. Any goodwill arising on acquisition is recognized in the Consolidated Statement of Financial Position and accounted for as indicated below.
The acquisition date is the date on which the acquirer effectively obtains control over the acquiree. Before this date, it should be presented as Advance for investments within Other assets.
Goodwill, which represents the residual cost of the acquisition after obtaining the control over the acquiree in the fair value of the identifiable assets acquired and liabilities assumed is held as an intangible asset and recorded at cost less any accumulated impairment losses in the Consolidated Financial Statements. The Group tests goodwill for impairment by comparing its recoverable amount with its carrying amount, and recognising any excess of the carrying amount over the recoverable amount an impairment loss. The recoverable amount of goodwill is the higher of its fair value less costs of disposal and its value in use.

If the Group loses control of a subsidiary, derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost and recognizes any difference as a gain or loss on the sale attributable to the parent in the Consolidated Statement of Profit or Loss on Net income from discontinued operations.

Goodwill acquired in a business combination is tested for impairment annually or more frequently if events or changes in circumstances indicate. The goodwill is allocated to the cash-generating units that are expected to benefit from the synergies of the combinations.

2.4. Accounting for acquisition [continued]

The Group calculates the fair value of identified assets and liabilities assumed on discounted cash-flow model. The 3 year period explicit cash-flow model serves as a basis for the impairment test by which the Group defines the impairment need on goodwill based on the strategic factors and financial data of its cash-generating units.

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

Negative goodwill (gain from bargain purchase), when the interest of the acquirer in the net fair value of the acquired identifiable net assets exceeds the cost of the business combination, is recognized immediately in the Consolidated Statement of Profit or Loss as “Other income”.

The Group measures non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the subsidiaries’ net assets in the event of liquidation at cost and are disclosed among equity. In case of equity investments measured at fair value through profit or loss in line with IFRS 9, non-controlling interests are measured at fair value to avoid any accounting mismatch. These types of non-controlling interests are disclosed as financial liabilities designated at fair value through profit or loss.

2.5. Financial assets

2.5.1. Business model and SPPI test

A business model refers to how the Group 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 Group 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 Group assesses the nature, frequency and significance of any sales occurring. The Group 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 Group 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 Group only manages securities.
- Business model whose objective is to achieve gains in a short-term period. Within this business model the Group 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/Group assessed the business model, that does not give rise to a prior error in the Group’s financial statements nor does it change the classification of the remaining financial assets held in that business model.
When, and only when the Group changes its business model for managing financial assets it reclassifies all affected assets. Such changes are determined by the Group’s senior management as a result of external or internal changes and must be significant to the Group’s operations and demonstrable to external parties. The Group 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 Group 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.

NOTE 2: SUMMARY OF MATERIAL ACCOUNTING POLICIES [continued]

2.5. Financial assets [continued]

2.5.1. Business model and SPPI test [continued]

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 Group 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.

The 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 Group 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 amortized cost

The Group 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 Group initially recognizes these securities at fair value. Securities at amortized 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 recognized 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 and foreign Governments, corporate bonds, mortgage bonds, interest-bearing and discounted treasury bills.

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, so unrealized gains and losses on held for trading securities are recognized in profit or loss and included in the Consolidated Statement of Profit or Loss for the period. The Group holds held for trading securities within the business model to obtain short-term gains, consequently realized and unrealized gains and losses are recognized in the net operating income, while interest income is recognized in income similar to interest income.
Such securities consist of equity instruments, shares in investment funds, Hungarian and foreign government bonds, corporate bonds, discounted treasury bills, mortgage bonds and other securities.

2.5.3.2. Financial assets designated as fair value through profit or loss

The Group may - at initial recognition - irrevocably designate a financial asset as measured at fair value through profit or loss that would otherwise be measured at fair value through other comprehensive income or at amortized cost.
The Group uses fair value designation if the 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 use of the fair value designation is based only on direct decision of the management of the Group. The Group currently doesn't apply this method.

NOTE 2: SUMMARY OF MATERIAL ACCOUNTING POLICIES [continued]

2.5. Financial assets [continued]

2.5.3. Financial assets at fair value through profit or loss [continued]

2.5.3.3. Derivative financial instruments

In the normal course of business, the Group 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 Group 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. The Group adopts a 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 the Group has almost all of its 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 Consolidated 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 the risk management policy of the Group, 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 Consolidated 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 these forward contracts does not represent the actual market or credit risk associated with these contracts.
Foreign currency contracts are used by the Group for risk management and trading purposes. The risk management foreign currency contracts of the Group were used to hedge the exchange rate fluctuations of loans and deposits to credit institutions denominated in foreign currency.

Foreign exchange swaps and interest rate swaps

The Group enters into foreign exchange swap and interest rate swap ("IRS") transactions. The swap transaction is an agreement concerning the swap of certain financial instruments, which usually consists of spot and one or more forward contracts.
IRS transactions oblige 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 IRS transactions. Such notional principal amounts often are used to express the volume of these transactions but are not actually exchanged between the counterparties.
IRS transactions are used by the Group for risk management and trading purposes.

Cross-currency interest rate swaps

The Group 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. For these kind of transactions the parties – in accordance with the foreign exchange prices – revalue the notional amount during lifetime of the transaction.

NOTE 2: SUMMARY OF MATERIAL ACCOUNTING POLICIES [continued]

2.5. Financial assets [continued]

2.5.3. Financial assets at fair value through profit or loss [continued]

2.5.3.3. Derivative financial instruments [continued]

Equity and commodity swaps

Equity swaps obligate two parties to exchange more payments calculated with reference to 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 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 Group 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 counterparties. The Group’s forward rate agreements were transacted for management of interest rate exposures and have been accounted for at mark-to-market fair value.

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 Group implemented hedge accounting rules for micro hedge transactions prescribed by IFRS 9 in 2018.
The Group 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 48.3

2.5.4.1. Derivative financial instruments designated as fair value hedge

Micro hedge transactions

The Group 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 in fair value hedges and that prove to be highly effective in relation to the hedged risk, are recorded in the Consolidated 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 hedging instrument in fair value hedges is charged directly to the Consolidated Statement of Profit or Loss.
The conditions of hedge accounting applied by the Group are the following: formally designated as hedge 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 Group 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 Group starts the amortisation when the hedged item is no longer adjusted by the hedging gains or losses. If the hedged item is derecognised, the Group recognises the unamortised fair value in profit or loss immediately. For fair value hedges inefficiencies and the net revaluation of hedged and hedging item are recognized in the Net results on derivative instruments and hedge relationships.

NOTE 2: SUMMARY OF MATERIAL ACCOUNTING POLICIES [continued]

2.5. Financial assets [continued]

2.5.4. Hedge accounting [continued]

2.5.4.1. Derivative financial instruments designated as fair value hedge [continued]

Macro (portfolio) hedge transactions

The Group 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 Group 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 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 consolidated 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 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 Consolidated Statement of financial position.

2.5.4.2. Derivative financial instruments designated as cash-flow hedge

The Group elected to apply IFRS 9 for the micro hedge transactions.
Changes in the 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 the hedged risk are recognized in their effective portion as reserve in Other Comprehensive Income. The ineffective element of the changes in fair value of hedging instrument is charged directly to the Consolidated Statement of Profit or Loss.

The Group terminates the hedge relationship 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 by the Group as long as the underlying asset is derecognized or terminated. When the Group 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.

2.5.4.3. Net investment hedge in foreign operations

The Group elected to apply IFRS 9 for the net investment hedge transactions.
Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, shall be accounted for similarly to cash flow hedges.
On the disposal of a foreign operation, the cumulative value of any gains and losses recognized in Other Comprehensive Income is transferred to the Consolidated Statement of Profit or Loss.
For the purposes of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign operations are translated into HUF using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in Other Comprehensive Income and accumulated in equity. The Group does not intend to take foreign currency risks from open foreign currency position therefore the Group uses net investment hedge in foreign operations to hedge the foreign currency risk arising from the net assets of subsidiaries with EUR functional currency.

2.5. Financial assets [continued]

2.5.5. Offsetting

Financial assets and liabilities are offset and the net amount is reported in the Consolidated Statement of Financial Position when the Group has a legally enforceable right to set off the recognized amounts and the transactions are intended to be reported in the Consolidated Statement of Financial Position on a net basis. In case of the derivative financial instruments the Group applies offsetting and net presentation in the Consolidated Statement of Financial Position when the Group has the right and the ability to settle these 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 value or is measured at fair value but changes in fair value are recognized 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 Group is unable to measure the embedded derivative separately either at acquisition or at the end of a subsequent financial reporting period, the Group shall designate the entire hybrid contract as at fair value through profit or loss. The Group 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

Securities at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting of contractual cash flows and selling securities. Furthermore, the contractual terms of these 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. Unrealized gains and losses on securities at fair value through other comprehensive income are recognized directly in Other Comprehensive Income, except for interest and foreign exchange gains/losses on monetary items, unless such financial asset at fair value through other comprehensive income is part of an effective hedge. Such gains and losses are reported when realized in Consolidated Statement of Profit or Loss for the applicable period.

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.
Securities at fair value through other comprehensive income are remeasured at fair value based on quoted prices or amounts 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 future cash-flows and the fair value of any unquoted equity instruments are calculated using the EPS ratio.

Such securities consist of Hungarian and foreign government bonds, corporate bonds, mortgage bonds, interest-bearing Treasury bills, securities issued by the NBH and other securities.

2.5. Financial assets [continued]

2.5.7. Securities at fair value through other comprehensive income [continued]

Fair value through other comprehensive income option for equity instruments

The Group has elected to present in the Statement of Other Comprehensive Income changes of fair value of those equity instruments which are neither held for trading nor recognized as contingent consideration under IFRS 3.
In some cases, the Group made an irrevocable election at initial recognition for certain equity instruments to present subsequent changes in fair value of these securities in the consolidated other comprehensive income instead of in profit or loss.
The use of the "fair value through other comprehensive income" option is based only on direct decision of management of the Group.

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

The Group measures at amortized cost those Loans and placements with other banks and repo receivables, 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. These loans are recognized as Loans at amortized cost in the Consolidated Statement of Financial Position. The Group recognizes those financial assets which are not held for trading and do not give rise to 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. These loans are recognized as Loans mandatorily at fair value through profit or loss in the Consolidated Statement of Financial Position.
Those Loans and placements with other banks and repo receivables that are accounted at amortized cost, stated at the principal amounts outstanding (including accrued interest), net of allowance for loan or placement losses, respectively.

In 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 case of loans at fair value through profit or loss fees and charges are recognised when incurred in the Consolidated Statement of Profit or Loss.

Loans and placements with other banks and repo receivables are derecognized when the contractual rights to the cash-flows expire or they are transferred. When a financial asset is derecognized the difference of the carrying amount and the consideration received is recognized in the profit or loss in case of financial assets at amortised cost the gains or losses from derecognition are presented in "Gains/losses from derecognition of financial assets at amortised cost" line while in case of loans at fair value through profit or loss the gains or losses from derecognition are presented in "Net operating income".
Change in the fair value of loans at fair value through profit or loss is broken down into two components and presented in the Consolidated 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 "Fair value adjustment on financial instruments measured at fair value through profit or loss".

Initially financial assets shall be recognized at fair value which is usually equal to transaction value in 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 Group recognizes the initial fair value difference in the Consolidated 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 recognized in profit or loss when the instrument is derecognized or the inputs became observable.

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

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.

The Group recognizes 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 Group 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 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 Group under the contract and the cash flows that the Group 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 Group recalculates 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 recognized as a modification gain or loss in the profit or loss. Interest and amortized cost are accounted using 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 "Gain / (Loss) from derecognition of financial assets at amortized cost" in the Consolidated Statement of Profit or Loss.

The Group applies partial or full write-off for loans based on the definitions and prescriptions of financial instruments in accordance with IFRS 9. If the Group 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. Subsequent recoveries for loans previously written-off partially or fully, which may have been derecognized from the books with no reasonable expectations for the recovery will be booked in the Consolidated Statement of Profit or Loss on "Income from recoveries of written-off, but legally existing loan" line in Risk cost.

2.5.9. Modified assets

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 Consolidated Statement of Profit or Loss. Modification gain or loss is accounted in cases like restructuring – as defined in guidelines of the Group – 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 case of retail exposures. Each retail contract is restructured based on restructuring frameworks. The Group has to evaluate these frameworks (and not individual contracts). The changes of net present value should be calculated individually on contract level in case of corporate portfolio.

NOTE 2: **SUMMARY OF MATERIAL ACCOUNTING POLICIES [continued]**

2.5. Financial assets [continued]

2.5.9. Modified assets [continued]

Among the possible contract amendments, the Group 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 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 case of modification the Group 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 Group's books.

2.6. Loss allowance

A loss allowance for loans and placements with other banks and repo receivables is recognized by the Group based on the expected credit loss model in accordance with IFRS 9. Based on the three-stage model the recognized loss allowance equals to 12-month expected credit loss from the initial recognition. On financial assets with significantly increased credit risk or credit impaired financial assets (based on objective evidence) the recognized loss allowance is the lifetime expected credit loss.

In the case of purchased or originated credit impaired financial assets, a loss allowance is recognized in the amount of the lifetime expected credit loss since initial recognition. The impairment gain in the Consolidated Statement of Profit or Loss is recognized if lifetime expected credit loss for purchased or originated credit impaired financial assets at measurement date is less than the estimated credit loss at initial recognition.

A loss allowance for loans and placements with other banks and repo receivables represents the 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 Group' 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 Group. 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 case significant differences are observed in probability of default. Transition matrices should be determined for each portfolio segment separately. The Group 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 Group 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. For loans for which it is not possible to determine the amount of the individually identified credit loss in the absence of objective evidence, a collective impairment loss is recognized. With this, the Group reduces the carrying amount of financial asset portfolios with similar credit risk characteristics to the amount expected to be recovered based on historical loss experience.

At subsequent measurement the Group recognizes an impairment gain or loss through "Impairment gain on POCI loans" in the Consolidated Statement of Profit or Loss as part of "Risk cost" line as an amount of expected credit losses or reversal which is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized in accordance with IFRS 9. If the reason for the impairment no longer exist the impairment is released in the Consolidated Statement of Profit or Loss for the current period.

If a financial asset, for which previously there were no indicators of significant increase in credit risk (i.e. classified in Stage 1) is subsequently classified in Stage 2 or Stage 3 then loss allowance is adjusted to lifetime expected credit loss. If a financial asset, which was previously classified in Stage 2 or Stage 3 is subsequently classified in Stage 1 then the loss allowance is adjusted to the level of 12 month expected credit loss.

Classification into risk classes

According to the requirements of the IFRS9 the Group classifies the financial assets measured at amortized cost, at fair value through other comprehensive income and loan commitments and financial guarantees into the following stages:

- Stage 1 – performing financial instruments without significant increase in credit risk since initial recognition
- Stage 2 – performing financial instruments with significant increase in credit risk since initial recognition but not credit-impaired
- Stage 3 – non-performing, credit-impaired financial instruments
- POCI – purchased or originated credit impaired

In the case of trade receivables the Group applies the simplified approach and calculates only lifetime expected credit loss. The 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,
- historical losses are adjusted to reflect information about current conditions and reasonable forecasts of future economic conditions,
- the loss allowance ratio is the sum of the written-off amounts divided by the sum of the average balances,
- the loss allowance is multiplied by the end-of-year balance, it is the actual loss allowance on these receivables,
- loss allowance should be recalculated annually.

NOTE 2: SUMMARY OF MATERIAL ACCOUNTING POLICIES [continued]

2.6. Loss allowance [continued]

Classification into risk classes [continued]

The Group 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 Group considers sovereign exposures as 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 client or loan must be qualified as default if one or both the following two conditions occur:

- The client delays more than 90 days. This is considered a hard trigger.
- There is reasonable probability that the client will not pay all of its obligation. This condition is examined on the basis of probability criteria of default.

The subject of default qualification is that exposure (on-balance and off-balance) which originates credit risk (so originated from loan commitments, risk-taking contracts).

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.

NOTE 2: SUMMARY OF MATERIAL ACCOUNTING POLICIES [continued]

2.6. Loss allowance [continued]

Classification into risk classes [continued]

If the exposure is no longer considered as credit impaired, the Group 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.

For lifetime expected credit losses, an entity 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 the lifetime cash 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 a 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 or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

2.7. 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 Consolidated Statement of Financial Position and the consideration received is recorded on Repo liabilities. Conversely, debt or equity securities purchased under a commitment to resell are not recognized in the Consolidated Statement of Financial Position and the consideration paid is recorded either in Placements with other banks or Deposits from customers. Interest is accrued based on the effective interest method evenly over the life of the repurchase agreement.
In the case of security lending transactions, the Group does not recognize or derecognize the securities because believes 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.

2.8. Associates and other investments

The control is established when the Group has the right and exposure over the variable positive yield of the investee but the same time put up with the consequences of the negative returns and the Group by its decisions is able to influence the extent of the yields.
The Group primarily considering the following factors in the process of determining the existing of the control:
- investigation of the decision-making mechanism of the entity,
- authority of the Board of Directors, Supervisory Board and General meeting based on the deed of association,
- existence of investments with preferential voting rights.

If the control can't be obviously determined, then it should be supposed that the control does not exist.
Significant influence is presumed by the Group to exist – unless the contrary case is proven – when the Group holds 20% or more of the voting power of an investee but does not have a control.
The Group considers a subsidiary significant when it is a financial institution or when the subsidiary contributes to the Groups' total balance sheet with higher amount. The Bank considers the subsidiaries as cash generating units.
Companies where the Bank has the ability to exercise significant influence are accounted for using the equity method. Subsidiaries and associated companies that were not accounted for using the equity method and other investments where the Bank does not hold a significant interest are recorded according to IFRS 9. When an investment in an associate is held indirectly through an entity that is a venture capital fund, the Group elects to measure these investments in the associate at fair value through profit or loss in accordance with IFRS 9.

NOTE 2: SUMMARY OF MATERIAL ACCOUNTING POLICIES [continued]

2.8. Associates and other investments [continued]

Under the equity method, the investment is initially recognized at cost, and the carrying amount is adjusted subsequently for:
- the Group's share of the post-acquisition profits or losses of the investee, which are recognized in the Group's Consolidated Statement of Profit or Loss; and
- the distributions received from the investee, which reduce the carrying amount of the investment.

The Group's share of the profits or losses of the investee, or other changes in the investee's equity, is determined on the basis of its proportionate ownership interest. The Group recognizes its share of the investee's income and losses based on the percentage of the equity interest owned by the Group.

Gains and losses on the sale of investments are determined based on the specific identification of the cost of each investment.

2.9. Property and equipment, Intangible assets

Property and equipment and Intangible assets are measured at cost, less accumulated depreciation and amortization and impairment, if any.
Internally generated intangibles, excluding capitalized development costs, are not capitalized – the related expenditures are accounted as cost in the period in which they are incurred. Development costs are capitalized only when the technical and commercial feasibility of the asset has been clearly demonstrated, the Group has the intent and ability to complete the intangible asset and either use it or sell it and be able to demonstrate how the asset will generate future economic benefits. Amortization of these type of assets begins when development is completed, and the asset is available for use. During the period of development, the asset is tested for impairment annually.
The Group lists mainly self-developed software among internally generated intangible assets.
The depreciable amount (book value less residual value) of the non-current assets must be allocated over the useful lives.

Depreciation and amortization are computed usually by using the straight-line method over the estimated useful lives of the assets based on the following annual percentages:

	Annual percentages	Useful life period (years)
Intangible assets		
Software	8.3% - 100.0%	1 – 12
Property right	14.3% - 100.0%	1 – 7
Property	1.0% - 33.3%	3 – 100
Machinery and office equipment	2.0% - 100.0%	1 – 50
Vehicle	2.9% - 50.0%	2 – 34

Depreciation and amortization on Property and equipment and Intangible assets commence on the day such assets are ready to use.
At each balance sheet date, the Group reviews the carrying value of its Property and equipment and Intangible assets to determine if there is any indication that those assets have suffered an impairment loss. If any 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.
Where the carrying value of Property and equipment and Intangible assets is greater than the estimated recoverable amount, it is impaired immediately to the estimated recoverable amount.

The Group may conclude contracts for purchasing property, equipment and intangible assets, where the purchase price is settled in foreign currency. By entering into such agreements, firm commitment in foreign currency due on a specified future date arises at the Group.
Reducing the foreign currency risk caused by firm commitment, forward foreign currency contracts may be concluded to ensure the amount payable in foreign currency on a specified future date on one hand and to eliminate the foreign currency risk arising until settlement date of the contract on the other hand.
In the case of an effective hedge the realized profit or loss of the hedging instrument is stated as the part of the cost of the hedged asset as it has arisen until recognizing the asset.

NOTE 2: SUMMARY OF MATERIAL ACCOUNTING POLICIES [continued]

2.10. Inventories

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

2.11. Government grants and government assistance

The Group recognise government grants only when there is a reasonable assurance that the grant will be received, and all attached conditions will be complied with.
The Group presents grants relating to assets as deferred income in the Consolidated Statement of Financial Position, which is recognized in profit or loss on a systematic basis over the useful life of the asset.
Grants related to an expense item are recorded as another operating income in those periods when the related costs were recognized.

2.12. Financial liabilities

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

- Amount due to banks, the National Governments, 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 Group 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.

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 Group recognizes the initial fair value difference in the Consolidated 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 Group presents the amount of change in their fair value originated from the changes of market conditions and business environment.

The Group 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.

2.12. Financial liabilities [continued]

In the case of financial liabilities measured at amortized cost fees and commissions related to the origination of the financial liability are recognized through profit or loss during the maturity of the instrument using effective interest method. In certain cases, the Group 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 recognized in the net profit or loss for the period and included in other operating income.

2.13. Leases

The Group as a lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Lease classification is made at the inception date and is reassessed only if there is a lease modification.

Finance leases

At the commencement date, a lessor derecognizes the assets held under a finance lease in the Consolidated Statement of Financial Position and present them as a receivable at an amount equal to the net investment in the lease. The lessor shall use the interest rate implicit in the lease to measure the net investment in the lease. Direct costs such as commissions are included in the initial measurement of the finance lease receivables.
The Group as a lessor recognizes finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease (for more details, see Note 2.6.).

Operating leases

The Group as a lessor recognizes lease payments from operating leases as income on either a straight-line basis or another systematic basis. Costs, including depreciation, incurred in earning the lease income are recognized as an expense.
Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as an expense over the lease term on the same basis as the lease income.
The depreciation policy for depreciable underlying assets subject to operating leases is consistent with the Group's normal depreciation policy for similar assets. The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

The Group as a lessee

The Group recognizes a right-of-use asset and a lease liability at the commencement of the lease term except for short-term leases and leases, where the underlying asset is of low value (less than USD 5,000). For these leases, the Group recognizes the lease payments as an expense on either a straight-line basis over the lease term or another systematic basis if that basis is more representative of the pattern of the lessee's benefit.

Deferred tax implication if the Group is lessee: At the inception of the lease, there is no net lease asset or liability, no tax base and, therefore, no temporary difference. Subsequently, as depreciation on the right-of-use asset initially exceeds the rate at which the debt reduces, a net liability arises resulting in a deductible temporary difference on which a deferred tax asset should be recognized if recoverable. Assuming that the lease liability is not repaid in advance, the total discounted cash outflows should equal the total rental payments deductible for income tax purposes.

NOTE 2: SUMMARY OF MATERIAL ACCOUNTING POLICIES [continued]

2.13. Leases [continued]

Right-of-use asset

The right-of-use assets are presented separately in the Consolidated Statement of Financial Position and initially measured at cost, subsequently the Group applies the cost model and these assets are depreciated on a straight line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset are depreciated from the commencement date to the end of the useful life of the underlying asset.

Lease liability

At the commencement date, the lease liability is measured at the present value of the lease payments that are not paid at that date discounted by using the rate implicit in the lease, or if this cannot be determined, by using the incremental borrowing rate of the Group.Variable lease payments that do not depend on an index or a rate but e.g. on revenues or usage are recognized as an expense. The Group always separates the non-lease components of the lease contracts and accounts them as an expense. Lease payments must be included in the measurement of the lease liability without value added taxes. Non-deductible VAT is recognized as other expense.

The lease liability is remeasured in the event of a reassessment of the lease liability or lease modification

2.14. Investment properties

Investment properties of the Group are land, buildings, part of buildings which 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 Group 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. The depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets.
The Group discloses the fair value of the investment properties in Note 14 established mainly by external experts.

2.15. 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.

2.16. Treasury shares

Treasury shares are shares which are purchased on the stock exchange and the over-the-counter market by the Bank and its subsidiaries and are presented in the Consolidated Statement of Financial Position at cost as a deduction from Consolidated Shareholders' Equity.
Gains and losses on the sale of treasury shares are credited or charged directly to shareholder's equity.

NOTE 2: SUMMARY OF MATERIAL ACCOUNTING POLICIES [continued]

2.17. 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 Group classifies assets under IFRS 5 if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The Group does not account for an asset under IFRS 5 that has been temporarily taken out of use as if it had been abandoned.
The Group 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 Group 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 Group 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 Group has classified an asset under IFRS 5, but the criteria for that are no longer met, the Group ceases to classify the asset under IFRS 5. The Group 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 Group presents an asset classified as asset under IFRS 5 separately from other assets in the Consolidated Statement of Financial Position. The liabilities of the asset under IFRS 5 are presented separately from other liabilities in the Consolidated 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.
The Group 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.

2.18. Interest income and income similar to interest income and interest expense

Interest income and expense are recognized 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 is calculated without using the effective interest method and the positive fair value adjustment of interest rate swaps are included in income similar to interest income.

Interest income of loans at fair value through profit or loss 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 costs and the amortisation of any discount or 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 recognized are arising from loans, placements with other banks, repo receivables, securities at fair value through other comprehensive income, securities at amortized 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 Consolidated Financial Statements.

2.19. Revenue recognition

The Group recognizes revenue from the following major sources:
- fee and commission income from financial services
- other revenue from customers.

2.19.1. Fees and commissions

Fees and commissions that are not involved in the amortized cost model are recognized in the Consolidated Statement of Profit or Loss on an accrual basis according to IFRS 15 Revenue from contracts with customers. These fees are related to deposits, cash withdrawals, security trading, bank card etc.

The Group 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 Group 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 Group 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 Group 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 Consolidated Statement of Profit or Loss.

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 Group's performance as the Group performs.

The Group's fee and commission income from services where performance obligations are satisfied over time is as follows:

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

The Group 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 Group 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 Group 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 Group 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 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 Group 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 Group 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.

2.19. Revenue recognition [continued]

2.19.1. Fees and commissions [continued]

Fees and commissions related to security account management services

The Group 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.

Net insurance fee income

Due to the fact that the Group 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 Group 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.

2.19.2. Other revenue from customers

Other revenue from customers contains revenues from:

- sale of agricultural produce,
- tourism activity,
- gain on transactions related to property activities,
- rental income,
- income from computer programming.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with customers and excludes amount collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product or service to customers. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods and services before transferring them to the customer.

NOTE 2: SUMMARY OF MATERIAL ACCOUNTING POLICIES [continued]

2.19. Revenue recognition [continued]

2.19.2. Other revenue from customers [continued]

Typically, the Group's other revenue from customers is recognized at the point in time when control of the goods or services is transferred to the customer. Exceptions are revenues services provided to customers – for example rental income – where the customer simultaneously receives and consumes the benefits as the Group performs.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Group considers the effects of variable consideration, existence of a significant financing component, and a consideration payable to the customer, if any.

2.20. Profit from associates

Profit from associates refers to any distribution of an entity earnings to shareholders from stocks or mutual funds that is owned by the Group. The Group recognizes profit from associates in the Consolidated Financial Statements when its right to receive payment is established.

2.21. Income tax

The Group considers corporate income tax as current tax according to IAS 12. The Group also considers local business tax and the innovation contribution as income tax in Hungary.
The annual taxation charge is based on the tax payable under fiscal regulations prevailing in the country where the company is incorporated, 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 apply to the future period when the asset is expected to be realized or the liability is settled.

Current tax asset or current tax liability is presented related to income tax and innovation contribution separately in the Consolidated 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 are recognized by the Group for the amounts of income taxes that are recoverable in future periods in respect of deductible temporary differences as well as the carryforward of unused tax losses and the carryforward of unused tax credits.

The Group 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.

The Group 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 according to IAS 12.
The Group 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.

NOTE 2: SUMMARY OF MATERIAL ACCOUNTING POLICIES [continued]

2.21. Income tax [continued]

The Group 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.

2.22. Banking tax

The Bank and some of its subsidiaries are obliged to pay banking tax based on Act LIX of 2006 in Hungary. As the calculation is not based on the taxable profit but on the adjusted total assets as reported in the Separate Financial Statements of the Bank and its entities for the second period preceding the current tax year, therefore, the banking tax is considered as another 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. As for 2022, the base of the windfall tax is the net revenues based on the 2021 financial statements, calculated according to local tax law, whereas the tax rate is 10%. These taxes are classified as levies according to IFRS rules.

2.23. Off-balance sheet commitments and contingent liabilities

In the ordinary course of its business, the Group enters into off-balance sheet commitments such as guarantees, letters of credit, commitments to extend credit and transactions with financial instruments. The provision for off-balance sheet commitments and contingent liabilities is maintained at a level adequate to absorb future cash outflows which are probable and relate to present obligations.
In the case of commitments and contingent liabilities, the Management determines the adequacy of the loss allowance 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 Group recognizes 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. For financial guarantees and loan commitments given which are under IFRS 9 the expected credit loss model is applied when the provision is calculated (see more details in Note 2.6.). After initial recognition the Group 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.

2.24. Share-based payment

The Group applies the requirements of IFRS 2 Share-based Payment.
The Group issues equity-settled share-based payment to certain employees. Equity-settled share-based payment is measured at fair value at the grant date. The fair value determined at the grant date of the equity-settled share-based payment is expensed on a straight-line basis over the year, based on the Group's estimate of shares that will eventually vest. Share-based payment is recorded in Consolidated Statement of Profit or Loss as Personnel expenses.
Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on the Management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

2.25. Employee benefits

The Group has applied the requirement of IAS 19 Employee Benefits. These benefits are recognised as an expense and liability undiscounted in the Consolidated Financial Statements. Liabilities are regularly remeasured. Gains or losses due to the remeasurement are recognised in the Consolidated Other Comprehensive Income.

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.

Defined benefit plan is post-employment benefit plans other than defined contribution plan. The Group's net obligation is calculated by estimating the amount of employee's future benefit based on their services for the current and prior periods. The future value of benefit is being discounted to present value.

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.

2.26. Biological assets and agricultural produce

The Group recognises a biological asset or agricultural produce according to IAS 41 only when it controls the asset as a result of past events, it is probable that future economic benefits will flow and the fair value or the cost can be measured reliably.
Biological assets are measured on initial recognition and at subsequent periods at fair value less estimated costs to sell unless fair value cannot be reliably measured.
Agricultural produce is measured at fair value less estimated costs to sell at the point of harvest.
The gain on initial recognition of biological assets at fair value less costs to sell, and changes in fair value less costs to sell of biological assets during a period are included in profit or loss for the period in which it arises as other operating income.

2.27. Consolidated Statement of Cash-flows

Cash flows arising from the operating, investing or financing activities are reported in the Statement of Cash-Flows of the Group primarily on a gross basis. Net basis reporting are applied by the Group in the following cases:
- when the cash flows reflect the activities of the customer rather than those of the Group, and
- for items in which the turnover is quick, the amounts are large, and the maturities are short.

For the purposes of reporting Consolidated Statement of Cash-flows, cash and cash equivalents include cash, due from banks and balances with the National Banks, excluding the compulsory reserve established by the National Banks. This line item shows balances of HUF and foreign currency cash amounts, and sight deposit from NBH and from other banks, furthermore, balances of current accounts.
Consolidated cash-flows from hedging activities are classified in the same category as the item being hedged. The unrealized gains and losses from the translation of monetary items to the closing foreign exchange rates and unrealized gains and losses from derivative financial instruments are presented net as operating activity separately in the Consolidated Statement of Cash-flows for the monetary items which have been revalued.

2.28. Segment reporting

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.
Based on the above, the segments identified by the Group are the business and geographical segments.
The Group's operating segments under IFRS 8 are therefore as follows: OTP Core Hungary, Merkantil Group, Asset Management subsidiaries, Other subsidiaries, Bulgaria, Croatia, Slovenia, Romania, Serbia, Ukraine, Russia, Montenegro, Albania, Moldova, Uzbekistan. 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. In tables for 2024 the data for Romanian segment contains incomes and expenses until it was disposed in July 2024.

2.29. Comparative balances

These Consolidated Financial Statements are prepared in accordance with the same accounting policies in all respects as the Consolidated Financial Statements prepared in accordance with IFRS as adopted by the European Union for the year ended 31 December 2023. However, in accordance with internal management reports there were two changes comparing with the previous year.
One of them is the segmentation of loans that is changed in Note 37.1.1. where loans at amortized cost are presented by stages. Car loans and municipal loans are not presented separately from the fourth quarter of 2024, municipal loans are included in medium and large enterprise ("MLE") loans while car loans in consumer loans, micro and small enterprise ("MSE") or MLE loans depending on client segment. The other change is the segment reporting regarding the scope of "adjustment" items. For further details please see Note 49 Segment reporting. For comparative reasons these reports were presented according to the new methodology in these Consolidated Financial Statements for the previous year 2023 too.
Relating to Note 22, 24 and 31, these notes have been adjusted with respect to the previous year's disclosures to present more transparently material items. Substance of the adjustments is disclosed in the footnotes of the disclosures. With respect to Note 15, 48.3 macro hedge related disclosures indicated the changes.
In Note 43 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 financial statements in conformity with IFRS as adopted by EU requires the Management of the Group to make judgement 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 the expected loss and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period. Actual results could differ from those estimates. Significant areas of subjective judgement include:

3.1. Loss allowances on financial instruments exposed to credit risk

The Group regularly assesses its financial instruments portfolio for loss allowance. Management determines the adequacy of the loss 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 the three-stage model was implemented for IFRS 9 purposes. The impairment methodology is used to classify financial instruments in order to determine whether credit risk has significantly increased since initial recognition and to identify the credit-impaired assets. For instruments with credit-impairment or significant increase of credit risk lifetime expected losses are recognized (see more details in Note 37.1.)

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. 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 the 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 Group 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 recognized 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 recognized based on the credit conversion factor, which shows the proportion of the undrawn credit line that will probably be drawn.

Other provisions are recognized and measured based on IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The Group is involved in a number of ongoing legal disputes. Based upon historical experience and expert reports, the Group 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 includes provision for litigation, provision for retirement and expected liabilities and provision for confirmed letter of credit.

A provision is recognized by the Group 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.

3.4. Impairment on goodwill

Goodwill acquired in a business combination is tested for impairment annually or more frequently when there is an indication that the unit might be impaired, in accordance with IAS 36 "Impairment of assets".

The Group 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 Group defines the impairment need on goodwill based on the strategic factors and financial data of its cash-generating units. In the calculation of the goodwill impairment, also the expectations about possible variations in the amount or timing of those future cash-flows, the time value of money, represented by the current market risk-free rate of interest and other factors are reflected.

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

3.5. Contingent consideration

Contingent consideration generally arises where the acquirer agrees to transfer additional consideration to the former owners of the acquired business after the acquisition date if certain specified events occur or conditions are met in the future.
These future payments may be in cash or other assets and may be contingent upon the achievement of specified events, and/or may be linked to future financial performance over a specified period of time.
Some changes in the fair value of contingent consideration may be the result of additional information that the acquirer obtained after the acquisition date about fact and circumstances that existed at that date. Such changes are measurement period adjustments and have impact of goodwill/negative goodwill. Changes resulting from events after the acquisition date are not measurement period adjustments. Contingent considerations should be recorded on the date of acquisition in consolidated financial statement at fair value.
The Group so far settled the contingent considerations in cash. The fair value estimation is made by the "Merger & Acquisition" team based on the sale and purchase agreement ("SPA") and other available information.

Regarding the contingent consideration related to the acquisition of Ipoteka Bank, OTP concluded the contract including two instalments: first for 73.71% of the shares in 2023 (in December 2023 it increased to 79.58% after capital increase), then second for 24.57% (in December 2023 it decreased to 19.16% after capital increase) of the shares 3 years later. The price of 24.57% of the shares is variable, but within a predefined range and can be adjusted only with factors that have not direct connection with the profit of Ipoteka Bank. The purchase of the second stock cannot be avoided by the parties since the execution of the SPA. Considering the elements of the shares retained by Ministry of Finance of the Republic of Uzbekistan for the given period are treated as financial liability.
The recognized liability includes the estimate of the adjustments to the second purchase price and does not include the items that are considered as indemnity. Indemnification related expected cash-inflow is recognized as indemnification asset (measured consistently with the measurement of underlying assets).

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

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 GROUP [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.

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 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 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 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).

Larger one-off items

Special taxes on financial institutions:
In 2024 HUF (45.5) billion special taxes on financial institutions weighed on earnings (after tax) which incorporates both the old banking tax in Hungary (HUF (28.7) billion after tax) and the windfall tax on extra profits (HUF (6.2) billion after tax). Outside of Hungary, in Slovenia (HUF (9.2) billion after tax) and Romania (HUF (1.3) billion) arose banking tax payment obligations.

Interest rate cap in Hungary and Serbia:
In 2024 altogether HUF (9.4) billion (after tax) amount was recognized in relation to the expected negative impact of the rate cap scheme in Hungary. According to the effective regulation, in Hungary the interest rate cap on the affected Hungarian mortgage loans was extended until 30 June 2025. In the case of MSE loans the rate cap was terminated by 1 April 2024.

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

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

Larger one-off items [continued]

Interest rate cap in Hungary and Serbia [continued]:
On 21 November, the National Bank of Serbia approved the extension of the mortgage interest rate cap introduced in October 2023, a measure that would have expired at the end of 2024. The interest rate cap on variable-rate loans increased from 4.1% in 2024 to 5% between 1 January and 31 December 2025. In 4Q 2024 HUF (2.1) billion modification loss was booked as a result of the extension of the interest rate cap.

Provision on Russian bonds:
In Hungary and Bulgaria HUF (45) billion impairment was created on Russian bonds, of which HUF (37.6) billion was booked at OTP Bank (Hungary) and HUF (7.5) billion at DSK Bank (Bulgaria). Consequently, the coverage of Russian bonds increased from 36% in 2023 to 73% in 2024.

Revaluation result of CSOK subsidized housing loans and baby loans:
Based on the IFRS9 accounting standard, subsidized mortgage loans, such as CSOK (Housing Subsidy for Families) and CSOK Plus, as well as baby loans must be recorded in the bank's statement of financial position at fair value through profit or loss. The positive revaluation result of these loans amounted to HUF 23.5 billion (after tax) in 2024.

The principles used in the preparation of the Consolidated 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 NBH central fx rate for the end of 2024 HUF 103,578 billion). With this amount RUB 41.8 billion (with NBH central fx rate for the end of 2024 HUF 152,988 million) 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.

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

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

During the preparation of these Consolidated Financial Statements, the Group 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
   a) exposures of the Russian subsidiary bank
   b) exposures of other members of the group (parent company and subsidiaries)
2) Evaluation of Ukrainian sovereign exposures (government securities) and related reserves for expected credit losses
   a) exposures of the Ukrainian subsidiary bank
   b) exposures of other members of the group (parent company and subsidiaries)
3) evaluation of derivative transactions denominated in Russian rubles
4) evaluation of derivative transactions denominated in the Ukrainian hryvnia
5) claims against Russian and Ukrainian central banks, provisions for expected credit losses related to Russian and Ukrainian interbank claims and customer loans
   a) the impact of the deterioration of the Russian and Ukrainian macro-environment
   b) following direct exposure to the Russian and Ukrainian markets, non-Russian and Ukrainian bank exposures
   c) exposures of Russian and Ukrainian subsidiary banks
6) evaluation of goodwill
7) deferred tax assets

Significant estimates affected by the Russian-Ukrainian conflict during the preparation of these Consolidated Financial Statements [continued]

		Russia			Ukraine			Other countries	
	Reference	Gross value	Impairment / Depreciation	Reference	Gross value	Impairment / Depreciation	Reference	Gross value	Impairment / Depreciation
Cash, amounts due from banks and balances with the National Banks		87,222	-		72,907	(6)		765	-
Placements with other banks	5	1,086,808	-	5	59,855	(58)		-	-
Repo receivables		-	-		7,639	(301)		-	-
Financial assets at fair value through profit or loss - derivatives	3	685	-	4	88	-		-	-
Securities at fair value through other comprehensive income	1a	20,072	-	2a	155,135	-		77,352	(55,057)
Securities at amortized cost				2a	428,804	(118)		36,442	(26,299)
Loans at amortized cost	5	1,111,220	(113,633)	5	318,264	(34,352)	5	13,626	(7,034)
Finance lease receivables					122,633	(17,931)		-	-
Property and equipment		29,554	(18,747)		24,518	(9,109)		-	-
Intangible assets and goodwill		34,887	(15,199)		14,731	(8,697)	6	-	-
Right-of-use assets		12,161	(7,664)		5,969	(3,482)		-	-
Investment properties		-	-		231	-		-	-
Deferred tax assets	7	22,563	-	7	-	-		-	-
Current income tax receivables		21	-		364	--		-	-
Other assets		18,390	(6,711)		9,704	(1,344)		14,375	(12,493)
TOTAL ASSETS		**2,423,583**	**(161,954)**		**1,220,842**	**(75,398)**		**142,560**	**(100,883)**
Amounts due to banks, the National Governments, deposits from the National Banks and other banks		44,256	-		42,786	-		-	-
Deposits from customers		1,876,526	-		842,437	-		59,289	-
TOTAL LIABILITIES		**1,920,782**	**-**		**885,223**	**-**		**59,289**	**-**

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

Significant estimates affected by the Russian-Ukrainian conflict during the preparation of these Consolidated Financial Statements [continued]

During the evaluation of these assets, the Group 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
1a. Evaluation of Russian sovereign exposures and related reserves for expected credit losses - exposures of the Russian subsidiary bank

Within Russia, Russian government securities are marketable, and their repayment is expected to take place in accordance with the original conditions. The fair value calculation of securities is based on market prices available and observable on local trading platforms.

1b. 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.
During 2024, the Bank conservatively increased provisions on its Russian sovereign exposures. That applies for non-matured and overdue parts of the portfolio, as well.
For the non-matured bonds, the Bank uses a time band approach, the provision level is higher for the securities with longer maturity.
In the case of overdue receivables, the Group determines the impairment based on its expectations regarding the probability of recovery. Basically, a higher probability of return can be assigned to those items for which, as a result of the legal steps taken by the Group, the claim has been paid in RUB by the competent Russian clearing house (NSD) and access to the relevant amounts is subject to Hungarian authority approvals or modification of the legal background. It is taken into consideration in the provision levels, that the latter can mean a long lasting process.
On the other hand, a lower probability of return and a longer time period were determined for those items where the payment is expected in EUR or USD with the help of European clearing houses (Euroclear, Clearstream) requiring a complex legal process.
The claims from the overdue Russian government bonds are classified to Other financial asset line and in the above table presented within Other countries in the amount of HUF 9.4 billion with the impairment of HUF 8.5 billion.

2a. Valuation of Ukrainian sovereign exposures and related reserves for expected credit losses - exposures of the Ukrainian subsidiary bank

The marketability of local government securities and the liquidity of the market are limited in Ukraine.
Ukrainian government securities can only be found in the books of the Ukrainian subsidiary as these exposures were acquired after start of the war they are classified as Stage 1. In the case of a portfolio valued at fair value through other comprehensive results, the book value is determined based on the level 3 prices of IFRS13. 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).
In order to reflect the increased uncertainty about external support of Ukraine, decision was made on additional provision for the sovereign portfolio of the Ukrainian group-member on a conservative basis at Group level only reflecting a prudential overlay.

2b. 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.

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

Significant estimates affected by the Russian-Ukrainian conflict during the preparation of these Consolidated Financial Statements [continued]

References [continued]

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 cases where one of the partners is not Russian, the evaluation is done using yield curves available and observable on the local 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).

5. Claims against Russian and Ukrainian central banks, provisions for expected credit losses related to Russian and Ukrainian interbank claims and customer loans

As part of the continuous monitoring activity, OTP Group has explored and analyzed the secondary and tertiary negative effects of the war in the corporate segment for Group members outside of Russia and Ukraine, including the effects of the current sanctions policy. In the case of the affected customers, if the increased risk was substantiated, they were classified in the Stage 2 category, while in the case of non-performance, the Group classified the given exposures in the Stage 3 rating category.
In the case of Russian Group members, the impact of the current and forward-looking economic environment was taken into account when determining the expected loss, considering expected economic slowdown in Russia.
In the case of Ukrainian Group members, the portfolio quality remained stable or even improved in some segments in 2024 and the Bank neither expects significant deterioration in 2025. The impact of the current and forward-looking economic environment was taken into account when determining the expected loss, however, the Bank does not expect any further substantial deterioration of the economic environment. The identification of the increased risk – given the special situation – extends to regionally different war activity. In addition, the territorial distribution of exposures was also taken into account when evaluating the expected loss, in the areas directly and indirectly affected by the war, the Bank does not expect a significant return for non-performing customers, regardless of economic trends.

6. Evaluation of goodwill

In connection with the involvement in the Russian-Ukrainian conflict, as a result of the company value review, the Group considered it necessary to fully write off the existing goodwill in the case of the Russian subsidiary bank in the first quarter of 2022, the value of which as at 31 December 2021 was HUF 40.9 billion. The effect of goodwill write-off on the result was HUF 67.7 billion, and a HUF 26.8 billion loss was accounted for against equity. In the case of Ukraine, there was no goodwill write-off.
Based on current experience, the Group takes into account the macroeconomic effects of the current geopolitical situation in the mid- to long-term when determining the impairment of investments in the case of countries affected by the conflict. In the case of Russian and Ukrainian operations, we currently do not consider it likely that the estimated investment value before the conflict (2021) will be reached in the upcoming years as long the uncertainity due to the geopolitical conflict lasts.

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

Significant estimates affected by the Russian-Ukrainian conflict during the preparation of these Consolidated Financial Statements [continued]

References [continued]

7. Deferred tax

Due to the uncertainty of the expected return, the Group did not recognize deferred tax assets in Ukraine, while in Russia, the Group recognized HUF 22.56 billion and HUF 15.45 billion deferred tax assets in year 2024 and 2023, respectively. There is no limit to unused tax credits in Russia. In addition, if the bank's taxable loss were to increase (if the impairment calculated according to local rules approached the higher level of impairment according to IFRS), the difference between the settlement and the tax loss would decrease, thus reducing the deferred tax asset. As a result, the bank was able to utilize the temporary deferred tax asset both in the expected profitable operation and in a possible loss scenario.

Financial assets modified in the Group for the year ended 31 December 2024 (in HUF million)

Modification losses from changes other than Hungarian and Serbian interest rate cap resulted in HUF 325 million and HUF 1,631 million loss as at 31 December 2024 and 2023, respectively. In the following tables the modification gains and losses resulting from the prolongation of interest rate caps is presented. The newly granted loans have fixed interest throughout the lifetime and the voluntary interest rate cap does not affect the previously disbursed loans.

Financial assets modified during the period related to moratorium in the Group for the year ended 31 December 2024 (in HUF mn)

Please see details in this note above under “Larger one-off items” where Interest rate cap is described.

Modification due to prolongation of the existing interest rate cap till 31 December 2025

	Group
Gross carrying amount before modification	225,161
Loss allowance before modification	(1,540)
Net amortized cost before modification	**223,621**
Modification loss	(2,164)
Net amortized cost after modification	**221,457**

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

	Group
Gross carrying amount before modification	240,610
Loss allowance before modification	(3,716)
Net amortized cost before modification	**236,894**
Modification loss	(5,500)
Net amortized cost after modification	**231,394**

Financial assets modified during the period related to moratorium in the Group for the year ended 31 December 2024 (in HUF mn) [continued]

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

	Group
Gross carrying amount before modification	236,341
Loss allowance before modification	(2,970)
Net amortized cost before modification	**233,371**
Modification loss	(5,204)
Net amortized cost after modification	**228,167**

Financial assets modified during the period related to moratorium in the Group for the year ended 31 December 2023 (in HUF mn)

Modification due to prolongation of the existing interest rate cap till 30 June 2024

	Group
Gross carrying amount before modification	351,776
Loss allowance before modification	(12,702)
Net amortized cost before modification	**339,074**
Modification loss	(8,738)
Net amortized cost after modification	**330,336**

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

	Group
Gross carrying amount before modification	709,771
Loss allowance before modification	(18,640)
Net amortized cost before modification	**691,131**
Modification loss	(27,772)
Net amortized cost after modification	**663,359**

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

	31/12/2024	31/12/2023
Cash on hand		
In HUF	108,186	86,498
In foreign currency	558,501	519,333
	666,687	**605,831**

Amounts due from banks and balances with the National Banks

	31/12/2024	31/12/2023
Within one year		
In HUF	1,532,990	2,275,719
In foreign currency	3,880,608	4,244,007
	5,413,598	**6,519,726**
Over one year		
In HUF	-	-
In foreign currency	-	-
	-	**-**
Loss allowance on amounts due from bank and balances with the National Banks	(1,273)	(508)
Total	**6,079,012**	**7,125,049**
Compulsory reserve set by the National Banks	(2,561,725)	(2,265,707)
Cash and cash equivalents	**3,517,287**	**4,859,342**

Foreign subsidiary banks within the Group have to comply with country specific regulation of local National Banks. Each country within the Group has its own regulation for compulsory reserve calculation and maintenance. Based on those banks are obliged to place compulsory reserve at their National Bank in a specified percentage of their liabilities considered in compulsory reserve calculation.

An analysis of the change in the loss allowance on amounts from banks and balances with the National Banks is as follows:

	31/12/2024	31/12/2023
Balance as at 1 January	**508**	**1,703**
Loss allowance for the period	5,072	11,859
Release of loss allowance for the period	(4,332)	(12,919)
Use of loss allowance for the period	(2)	(3)
Foreign currency translation difference	27	(132)
Closing balance	**1,273**	**508**

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

	31/12/2024	31/12/2023
Within one year		
In HUF	101,743	343,022
In foreign currency	1,522,070	961,554
	1,623,813	**1,304,576**
Over one year		
In HUF	192,276	184,696
In foreign currency	77,279	79,973
	269,555	**264,669**
Loss allowance on placements	(1,467)	(2,247)
Total	**1,891,901**	**1,566,998**

An analysis of the change in the loss allowance on placements with other banks is as follows:

	31/12/2024	31/12/2023
Balance as at 1 January	**2,247**	**3,837**
Loss allowance for the period	7,207	3,425
Release of loss allowance for the period	(5,904)	(4,880)
Use of loss allowance for the period	(754)	-
Assets held for sale	-	(12)
Foreign currency translation difference	(1,329)	(123)
Closing balance	**1,467**	**2,247**

Interest conditions of placements with other banks:

	31/12/2024	31/12/2023
Interest rates on placements with other banks denominated in HUF	0.00% - 25.00%	0.00% - 25.00%
Interest rates on placements with other banks denominated in foreign currency	(0.20)% - 21.00%	0.00% - 22.00%

	31/12/2024	31/12/2023
Average interest rates on placements with other banks denominated in HUF (%)	6.67%	15.11%
Average interest rates on placements with other banks denominated in foreign currency (%)	16.91%	13.03%

NOTE 7: REPO RECEIVABLES (in HUF mn)

	31/12/2024	31/12/2023
Within one year		
In HUF	139,632	18,341
In foreign currency	192,717	206,077
	332,349	**224,418**
Over one year		
In HUF	-	37
In foreign currency	-	22
	-	**59**
Loss allowance on repo receivables	(512)	(593)
Total	**331,837**	**223,884**

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

	31/12/2024	31/12/2023
Balance as at 1 January	**593**	**241**
Loss allowance for the period	1,839	5,002
Release of loss allowance for the period	(1,914)	(4,631)
Use of loss allowance	-	-
Foreign currency translation difference	(6)	(19)
Closing balance	**512**	**593**

Interest conditions of repo receivables (%):

	31/12/2024	31/12/2023
Interest rates on repo receivables denominated in HUF	6.00% - 6.90%	0.00% - 11.00%
Interest rates on repo receivables denominated in foreign currency	3.30% - 14.50%	0.00% - 17.96%

	31/12/2024	31/12/2023
Average interest rates on repo receivables denominated in HUF (%)	8.01%	11.83%
Average interest rates on repo receivables denominated in foreign currency (%)	5.57%	6.92%

Securities as collaterals underlying repo receivable contracts:

Types of securities	**31/12/2024**	**31/12/2023**
Government bonds	155,864	31,333
Treasury bills	182,892	197,639
Total	**338,756**	**228,972**

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

	31/12/2024	31/12/2023
Trading securities at fair value through profit or loss		
Government bonds	86,050	58,232
Equity instruments and fund units	1,197	513
Corporate bonds	753	584
Discounted Treasury bills	3,918	3,959
Mortgage bonds	102	97
National Bank of Hungary bonds	412,402	-
Other interest-bearing securities	8,953	3,852
Other non-interest-bearing securities	982	331
	514,357	**67,568**
Non-trading instruments mandatorily at fair value through profit or loss		
Open-ended fund units	73,913	64,002
Shares	2,617	3,686
	76,530	**67,688**
Total	**590,887**	**135,256**

Positive fair value of derivative financial assets held for trading

	31/12/2024	31/12/2023
Foreign exchange swaps held for trading	47,685	36,068
Interest rate swaps held for trading	56,637	65,711
Commodity swaps	10,472	32,336
CCIRS and mark-to-market CCIRS held-for-trading [1]	16,443	8,644
Foreign exchange forward contracts held for trading	17,051	7,101
Held-for-trading option contracts	2,711	3,040
Held-for-trading forward security agreement	21	3
Other derivative transactions held for trading[2]	1,493	726
Total	**152,513**	**153,629**
Total	**743,400**	**288,885**

[1] CCIRS: Cross Currency Interest Rate Swaps (See Note 2.5.3.3.)
[2] Other category includes: fx spot, equity swaps, option and index futures.

An analysis of securities held for trading portfolio by currency (%):

	31/12/2024	31/12/2023
Denominated in HUF	89.65%	30.73%
Denominated in foreign currency	10.35%	69.27%
Total	**100.00%**	**100.00%**

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

An analysis of government bond portfolio by currency (%):

	31/12/2024	31/12/2023
Denominated in HUF	47.56%	22.71%
Denominated in foreign currency	52.44%	77.29%
Total	**100.00%**	**100.00%**

Interest conditions of held for trading securities (%):

	31/12/2024	31/12/2023
Interest rates on securities held for trading denominated in HUF	1.90% - 19.10%	1.90% - 16.66%
Interest rates on securities held for trading denominated in foreign currency	0.00% - 18.00%	0.00% - 18.00%

Interest conditions and the remaining maturities of **securities held for trading** can be analysed as follows:

	31/12/2024	31/12/2023
Within one year		
With variable interest	161	135
With fixed interest	443,168	40,689
	443,329	**40,824**
Over one year		
With variable interest	3,648	1,154
With fixed interest	65,201	24,746
	68,849	**25,900**
Non-interest-bearing securities	2,179	844
Total	**514,357**	**67,568**

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

	31/12/2024	31/12/2023
Within one year		
With variable interest	-	-
With fixed interest	-	-
	-	**-**
Over one year		
With variable interest	-	-
With fixed interest	-	57
	-	**57**
Non-interest-bearing securities	76,530	67,631
Total	**76,530**	**67,688**

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

	31/12/2024	31/12/2023
Profit from associates from shares measured at fair value through profit or loss	10,246	14,297

An analysis of **non-trading securities** mandatorily at fair value through profit or loss portfolio by currency (%):

	31/12/2024	31/12/2023
Denominated in HUF	64.74%	60.76%
Denominated in foreign currency	35.26%	39.24%
Total	**100.00%**	**100.00%**

Interest conditions of non-trading instruments mandatorily at fair value through profit or loss (%):

	31/12/2024	31/12/2023
Interest rates on non-trading instruments mandatorily at fair value through profit or loss denominated in foreign currency (%)	-	2.00% - 3.00%

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

	31/12/2024	31/12/2023
Securities at fair value through other comprehensive income		
Government bonds	1,312,063	1,288,230
Corporate bonds	27,043	34,996
Listed securities:		
In HUF	-	-
In foreign currency	*12,774*	*16,989*
	12,774	**16,989**
Non-listed securities:		
In HUF	*10,140*	*12,115*
In foreign currency	*4,129*	*5,892*
	14,269	**18,007**
Mortgage bonds	34,233	30,344
Interest bearing treasury bills	86	235
Securities issued by the National Bank of Hungary	205,050	114,746
Other securities	44,349	72,429
Total	**1,622,824**	**1,540,980**

	31/12/2024	31/12/2023
Non-interest-bearing instruments at fair value through other comprehensive income		
Listed securities:		
In HUF	-	-
In foreign currency	*11,931*	*9,472*
	11,931	**9,472**
Non-listed securities:		
In HUF	*403*	*403*
In foreign currency	*70,395*	*50,606*
	70,798	**51,009**
	82,729	**60,481**
Total	**1,705,553**	**1,601,461**

Movement table of loss allowance of securities at fair value through other comprehensive income is presented in Note 27.

An analysis of securities at fair value through other comprehensive income by currency (%):

	31/12/2024	31/12/2023
Denominated in HUF	35.30%	33.85%
Denominated in foreign currency	64.70%	66.15%
Total	**100.00%**	**100.00%**

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

Detailed information of the non-interest-bearing instruments at fair value through other comprehensive income:

	31/12/2024	31/12/2023
Strategic investments closely related to banking activity		
Fair value	81,031	51,131
Dividend income from instruments held at the reporting date	1,036	369
Derecognition		
Fair value of disposed, reclassified equity instrument, fund units	-	2,277
Cumulative gain / loss on disposal, reclassification transferred to retained earnings	-	3,978
Other strategic investments		
Fair value	1,698	9,350
Dividend income from instruments held at the reporting date	46	61
Total		
Total fair values	**82,729**	**60,481**
Dividend income from instruments held at the reporting date	**1,082**	**430**
Fair value of derecognized equity instrument, fund units	**-**	**2,277**
Cumulative gain / loss on disposal transferred to retained earnings	**-**	**3,978**

Since the joining of OTP Banka d.d. (Slovenia) (previously: NKBM) into OTP Group on the 6 February 2023, investment in Bankart d.o.o. became an associated company and the Group reclassified the investment in Bankart from Securities at fair value through other comprehensive income to Associates and other investments. The amount of this reclassification transferred to retained earnings was HUF 1,301 million and the fair value of the investment was HUF 2,277 million as at the reclassification.
During the year ended 31 December 2022 HUF 2,677 million equity instruments measured at fair value through other comprehensive income was sold but the realized income only in 2023 was transferred to retained earnings, while in 2024 there were no sale transactions.

An analysis of government bonds by currency (%):

	31/12/2024	31/12/2023
Denominated in HUF	27.85%	29.83%
Denominated in foreign currency	72.15%	70.17%
Total	**100.00%**	**100.00%**

Interest conditions of the security portfolio at fair value through other comprehensive income are as follows (%):

	31/12/2024	31/12/2023
Interest rates on securities at fair value through other comprehensive income denominated in HUF	2.00% - 9.75%	2.00% - 13.80%
Interest rates on securities at fair value through other comprehensive income denominated in foreign currency	0.01% - 19.75%	0.01% - 19.75%

	31/12/2024	31/12/2023
Average interest rates on securities at fair value through other comprehensive income denominated in HUF (%)	3.40%	3.51%
Average interest rates on securities at fair value through other comprehensive income denominated in foreign currency (%)	4.49%	3.60%

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

Interest conditions and the remaining maturities of securities at fair value through other comprehensive income can be analysed as follows:

	31/12/2024	31/12/2023
Within one year		
With variable interest	6,062	456
With fixed interest	577,372	373,618
	583,434	**374,074**
Over one year		
With variable interest	10,457	18,136
With fixed interest	1,028,933	1,148,770
	1,039,390	**1,166,906**
Non-interest-bearing securities	82,729	60,481
Total	**1,705,553**	**1,601,461**

Certain securities are hedged against interest rate risk. See Note 37.4.

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

	31/12/2024	31/12/2023
Government bonds	6,428,625	4,468,813
Corporate bonds	346,770	310,514
Discounted Treasury bills	137,317	67,653
Mortgage bonds	32,006	24,738
Interest bearing Treasury bills	1,663	6,480
Other securities	545,301	403,722
	7,491,682	**5,281,920**
Loss allowance on securities at amortized cost	(44,505)	(32,648)
Total	**7,447,177**	**5,249,272**

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

	31/12/2024	31/12/2023
Within one year		
With variable interest	-	-
With fixed interest	1,708,475	700,735
	1,708,475	**700,735**
Over one year		
With variable interest	25,325	6,005
With fixed interest	5,757,882	4,575,180
	5,783,207	**4,581,185**
Total	**7,491,682**	**5,281,920**

An analysis of securities at amortized cost by currency (%):

	31/12/2024	31/12/2023
Denominated in HUF	39.47%	46.81%
Denominated in foreign currency	60.53%	53.19%
Total	**100.00%**	**100.00%**

Interest conditions of securities at amortized cost (%):

	31/12/2024	31/12/2023
Interest rates of securities at amortized cost with variable interest	2.16% - 9.00%	0.75% - 2.91%
Interest rates of securities at amortized cost with fixed interest	0.00% - 17.14%	0.00% - 26.00%

	31/12/2024	31/12/2023
Average interest rates on securities at amortized cost denominated in HUF (%)	5.43%	4.23%
Average interest rates on securities at amortized cost denominated in foreign currency (%)	4.01%	4.71%

NOTE 10: SECURITIES AT AMORTIZED COST (in HUF mn) [continued]

An analysis of the change in the loss allowance on securities at amortized cost is as follows:

	31/12/2024	31/12/2023
Balance as at 1 January	**32,648**	**43,049**
Loss allowance for the period	25,766	10,875
Release of loss allowance	(15,707)	(20,060)
Use of loss allowance	(634)	-
Assets held for sale	-	(637)
Foreign currency translation difference	2,432	(579)
Closing balance	**44,505**	**32,648**

NOTE 11: LOANS AT AMORTIZED COST AND AT FAIR VALUE (in HUF mn)

Loans at amortized cost

	31/12/2024	31/12/2023
Within one year		
In HUF	1,657,482	1,340,659
In foreign currency	4,172,610	3,714,471
	5,830,092	**5,055,130**
Over one year		
In HUF	2,501,910	2,516,270
In foreign currency	12,876,113	10,999,164
	15,378,023	**13,515,434**
	21,208,115	**18,570,564**
Loss allowance on loans	(917,734)	(894,031)
Total	**20,290,381**	**17,676,533**

An analysis of the gross loan portfolio at amortized cost by currency (%):

	31/12/2024	31/12/2023
In HUF	19.61%	20.77%
In foreign currency	80.39%	79.23%
Total	**100.00%**	**100.00%**

Interest rates of the loan portfolio at amortized cost are as follows:

	31/12/2024	31/12/2023
Loans at amortized cost denominated in HUF[1]	0.00% - 56.58%	0.00% - 59.99%
Loans at amortized cost denominated in foreign currency[2]	0.00% - 90.00%	(0.50)% - 90.00%

[1] The highest interest rate relates to HUF loan is car loan.
[2] The highest interest rate relates to loan in foreign currency is personal loan, card loan and POS services in Russia.

	31/12/2024	31/12/2023
Average interest rates on loans at amortized cost denominated in HUF (%)	10.26%	11.36%
Average interest rates on loans at amortized cost denominated in foreign currency (%)	7.34%	6.12%

The amount of those loans which were written-off in the current year but they are still subject to enforcement activity to be collected is still going on were HUF 51,657 million and HUF 64,487 million as at 31 December 2024 and 2023, respectively.

NOTE 11: LOANS AT AMORTIZED COST AND AT FAIR VALUE (in HUF mn) [continued]

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

	31/12/2024	31/12/2023
Balance as at 1 January	**894,031**	**966,360**
Loss allowance for the period	*723,674*	*714,784*
Release of loss allowance	*(580,673)*	*(551,477)*
Loss allowance in the current period	143,001	163,307
from this: effect of change in parameters used for loss allowance calculation	*(37,558)*	*(22,784)*
Use of loss allowance	(119,999)	(61,078)
Partial write-off [1]	(25,455)	(37,169)
Assets held for sale	-	(61,355)
Unwinding	56	-
Foreign currency translation difference	26,100	(76,034)
Closing balance	**917,734**	**894,031**

[1] See details in Note 2.5.8.

Movement in loss allowance on loans and placements is summarized as below:

	31/12/2024	31/12/2023
Release of loss allowance on placements and loss from derecognition of placements	1,303	(1,455)
Loss allowance on loans and gain from derecognition of loans	76,173	111,771
Total [2]	**77,476**	**110,316**

[2] See details in Note 31.

Loans mandatorily at fair value through profit or loss

	31/12/2024	31/12/2023
Within one year		
In HUF	79,661	77,886
In foreign currency	1,134	131
	80,795	**78,017**
Over one year		
In HUF	1,477,561	1,320,889
In foreign currency	1,425	1,579
	1,478,986	**1,322,468**
Total	**1,559,781**	**1,400,485**

NOTE 11: LOANS AT AMORTIZED COST AND AT FAIR VALUE (in HUF mn) [continued]

An analysis of the loan portfolio mandatorily at fair value through profit or loss by currency (%):

	31/12/2024	31/12/2023
In HUF	99.84%	99.88%
In foreign currency	0.16%	0.12%
Total	**100.00%**	**100.00%**

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

	31/12/2024	31/12/2023
Interest rates on loans denominated in HUF	1.31% - 28.32%	1.31% - 25.36%
Interest rates on loans denominated in foreign currency	2.10% - 8.00%	5.00% - 30.00%

	31/12/2024	31/12/2023
Average interest rates on loan portfolio at fair value through profit or loss denominated in HUF (%)	6.71%	6.96%
Average interest rates on loan portfolio at fair value through profit or loss denominated in foreign currency (%)	16.78%	4.68%

NOTE 12: ASSOCIATES AND OTHER INVESTMENTS (in HUF mn)

	31/12/2024	31/12/2023
Investments		
Investments in associates (non-listed)	77,258	66,805
Other investments (non-listed)	57,470	39,019
	134,728	**105,824**
Impairment on investments	(10,205)	(9,714)
Total	**124,523**	**96,110**

An analysis of the change in the impairment on investments is as follows:

	31/12/2024	31/12/2023
Balance as at 1 January	**9,714**	**12,080**
Impairment for the period	1,175	44
Release of impairment for the period	(218)	(65)
Modification due to merge	673	(2,344)
Foreign currency translation difference	(1,139)	(1)
Closing balance	**10,205**	**9,714**

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

There are different kinds of tangible and intangible assets held by the Group. The next section covers the explanation for the changes from opening values to closing ones in the gross values, the accumulated depreciation and amortization and in the impairment of the tangible and intangible assets in the Group. Relevant information about the fair values of the tangible assets and gross amounts of those assets which were fully depreciated but which are still in use is specified below.

The carrying amount of the temporarily idle properties was HUF 3,103 million and HUF 3,334 million as at 31 December 2024 and 2023, respectively.
There was no restrictions on title and properties, plants or equipment pledged as security for liabilities as at 31 December 2024 but HUF 330 million restrictions was identified as at 31 December 2023.
As at 31 December 2024 and 31 December 2023 the amount of contractual commitments for the acquisition of tangible and intangible assets was HUF 21,748 million and HUF 29,980 million, respectively. For research and development purposes HUF 1,672 million expenses was accounted as at 31 December 2024.

Impairment for the properties in the current period was necessary as a result of the valuation performed by using the comparative value method (market analogy method) with direct comparison to the market price of other similar properties. Actual market transactions were used based on the 6-month period prior to the valuation date where the market price of the analogous property is adjusted by an expert coefficient for market adaptation ("ECMA"). Usually this range is from -25% to +25% and reflects the availability of sufficient market information for similar items. In case of properties ECMA exceeded this range where the circumstances were exceptional although by decision of the appraiser it was used only for unique properties with characteristics similar to the appraised ones, for which no sufficient market analogues are available. The price was adjusted by coefficients reflecting the area, location, size and structure of the property, as well as a weighing factor reflecting the weight of the selected market analogies in the determined fair value.
The Bank decided that the recoverable amount of goodwill is determined based on fair value less cost of disposal. When the Bank prepares goodwill impairment tests of the subsidiaries, the two methods which are used based on discounted cash-flow calculation that shows the same result; however, they represent different economical logics. Based on the internal regulation of the Bank as at 31 December 2024 impairment test was prepared where a three-year cash-flow model was applied with an explicit period between 2025-2027. The basis for the estimation was the actual data of November 2024 and based on the prepared medium-term (2025-2027) forecasts. When the Bank prepared the calculations for the period 2025-2027, it considered the actual worldwide economic situations, the expected economic growth for the following years, their possible effects on the financial sector, the expected growth trajectory and the expected changes of the mentioned factors.

Present value calculation with the Free Cash-Flow method

The Bank calculated the expected cash-flow for the given period based on the expected after-tax profit of the companies. The calculation is highly sensitive to the level of discount rate and growth rate used. As discount factor the Bank uses a zero coupon yield curve derived by the Headquarter Asset-Liability Management department. This zero coupon curve is estimated for each related country, based on the countries' issued bonds and segmented by the issuances' currencies. In case of the subsidiaries where the yield curves were not available (Ukraine) the daily Overnight deposit yield was used as a benchmark, provided by National Bank of Ukraine as currently the only available proxy for the hryvnia rate.
The Bank calculated risk premiums on the basis of information from the country risk premiums that are published by Aswath Damodaran – New York STERN University, according to the Bank's assumption the risk-free interest rate includes the country-dependent risks in an implicit way.
When the subsidiary has subordinated debt, the discount rate is calculated as a weighted average of the expected return on equity presented previously and the subordinated debt's interest rate. At the end of the calculation, the value of subordinated debt is subtracted from the valuations' result.
The growth rate in the explicit period is the growth rate of the profit after tax adjusted by the interest rate of the cash and subordinated loans. The assumed growth rates for the periods of residual values reflect the long-term economic expectations in case of every country.
The values of the subsidiaries in the FCF method were then calculated as the sum of the discounted cash-flows of the explicit period, the present value of the terminal values and the initial free capital assuming an effective capital structure.

Summary of the impairment test for the year ended 31 December 2024 and 2023

Based on the valuations of the subsidiaries for the year ended 31 December 2024 and 2023 no goodwill impairment was necessary to be recorded by the Group.

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

For the year ended 31 December 2024

Cost	**Intangible assets**	**Goodwill**	**Property**	**Machinery and office equipment**	**Vehicle**	**Construction in progress**	**Tangible assets subject to operating lease**	**Total**
Balance as at 1 January	**542,735**	**66,932**	**421,607**	**276,542**	**41,931**	**45,897**	**36,624**	**1,432,268**
Additions	177,293	1,671	35,487	62,257	4,507	70,260	19,618	371,093
Foreign currency translation differences	12,813	2,705	14,279	7,357	250	2,222	2,056	41,682
Disposals	(69,527)	-	(13,045)	(15,443)	(1,790)	(66,937)	(16,778)	(183,520)
Closing balance	**663,314**	**71,308**	**458,328**	**330,713**	**44,898**	**51,442**	**41,520**	**1,661,523**

Depreciation and amortization	**Intangible assets**	**Property**	**Machinery and office equipment**	**Vehicle**	**Tangible assets subject to operating lease**	**Total**
Balance as at 1 January	**312,085**	**91,690**	**187,224**	**8,147**	**7,851**	**606,997**
Charge for the period	64,283	13,349	35,899	2,574	5,380	121,485
Foreign currency translation differences	7,340	3,208	5,357	137	668	16,710
Disposals	(13,957)	(3,226)	(12,822)	(489)	(4,202)	(34,696)
Closing balance	**369,751**	**105,021**	**215,658**	**10,369**	**9,697**	**710,496**

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

For the year ended 31 December 2024 [continued]

Impairment	Intangible assets	Property	Machinery and office equipment	Tangible assets subject to operating lease	Total
Balance as at 1 January	**6,224**	**4,476**	**46**	**43**	**10,789**
Impairment for the period	4,930	509	250	105	5,794
Release of impairment for the period	-	(193)	-	(99)	(292)
Foreign currency translation differences	278	298	2	3	581
Use of impairment	(3,125)	(273)	(251)	-	(3,649)
Closing balance	**8,307**	**4,817**	**47**	**52**	**13,223**

	Intangible assets	Goodwill	Property	Machinery and office equipment	Vehicle	Construction in progress	Tangible assets subject to operating lease	Total
Carrying value								
Balance as at 1 January	**224,426**	**66,932**	**325,441**	**89,272**	**33,784**	**45,897**	**28,730**	**814,482**
Closing balance	**285,256**	**71,308**	**348,490**	**115,008**	**34,529**	**51,442**	**31,771**	**937,804**
Fair values	**-**	**-**	**383,507**	**112,665**	**34,569**	**-**	**31,754**	**562,495**
Gross amount of the fully depreciated assets that are still in use	**66,341**	**-**	**6,717**	**96,990**	**1,310**	**-**	**-**	**171,358**

An analysis of the intangible assets for the year ended 31 December 2024 is as follows:

Intangible assets	Self-developed	Purchased	Total
Gross values	22,771	640,543	663,314
Accumulated amortization	(9,225)	(360,526)	(369,751)
Impairment	-	(8,307)	(8,307)
Carrying value	**13,546**	**271,710**	**285,256**

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

For the year ended 31 December 2024 [continued]

Carrying value of the investment and goodwill allocated to the appropriate cash generating units

Subsidiaries	Carrying amounts of the subsidiary in HUF million	Goodwill values in HUF million	Goodwill values in million functional currency	Type of functional currency	Consolidated ownership interest	With ownership adjusted company value in HUF million	Applied long term grow rate	Applied long term discount rate
DSK Bank EAD	280,722	44,764	28,541	HUF	99.92%	1,313,300	3.00%	11.70%
(Bulgaria)			77	BGN				
OTP banka d.d.								
(Croatia)	205,349	23,806	58	EUR	100.00%	584,207	3.00%	9.90%
POK-DSK Rodina a.d.								
(Bulgaria)	1,680	11	11	HUF	99.85%	23,645	3.00%	11.70%
George Consult								
(Croatia)	225	227	1	EUR	76.00%	171	3.00%	9.90%
OTP Home Solutions Llc.								
(Hungary)	4,810	478	478	HUF	100.00%	8,377	3.00%	14.42%
OTP Invest Drustvo AD								
(Serbia)	1,087	352	100	RSD	100.00%	1,087	3.00%	12.60%
Hello Pay Ltd.	1,640	508	508	HUF	100.00%	1,738	3.00%	14.60%
(Hungary)								
Aranykalász Group	15,012	342	342	HUF	75.00%	15,012	2.00%	12.50%
(Hungary)								
Szekszárd Group	12,259	820	820	HUF	100.00%	12,259	2.00%	12.50%
(Hungary)								
	522,784	**71,308**						

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

For the year ended 31 December 2023

Cost	**Intangible assets**	**Goodwill**	**Property**	**Machinery and office equipment**	**Vehicle**	**Construction in progress**	**Tangible assets subject to operating lease**	**Total**
Balance as at 1 January	**471,420**	**109,185**	**375,765**	**271,879**	**43,288**	**53,544**	**31,206**	**1,356,287**
Increase due to acquisition	18,484	-	41,770	9,085	207	339	272	70,157
Additions	131,153	328	34,384	42,538	1,744	71,211	18,644	300,002
Foreign currency translation differences	(16,618)	(1,715)	(11,158)	(10,447)	(419)	110	(1,482)	(41,729)
Disposals	(45,342)	(40,866)	(8,075)	(22,041)	(1,460)	(78,421)	(12,016)	(208,221)
Assets held for sale	(16,362)	-	(11,079)	(14,472)	(1,429)	(886)	-	(44,228)
Closing balance	**542,735**	**66,932**	**421,607**	**276,542**	**41,931**	**45,897**	**36,624**	**1,432,268**

Depreciation and amortization	**Intangible assets**	**Property**	**Machinery and office equipment**	**Vehicle**	**Tangible assets subject to operating lease**	**Total**
Balance as at 1 January	**299,912**	**93,288**	**195,614**	**9,140**	**8,855**	**606,809**
Charge for the period	53,259	11,599	28,516	2,302	4,447	100,123
Foreign currency translation differences	(9,862)	(3,455)	(8,392)	(265)	(447)	(22,421)
Disposals	(19,459)	(4,067)	(19,375)	(2,131)	(5,004)	(50,036)
Assets held for sale	(11,765)	(5,675)	(9,139)	(899)	-	(27,478)
Closing balance	**312,085**	**91,690**	**187,224**	**8,147**	**7,851**	**606,997**

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

For the year ended 31 December 2023 [continued]

Impairment	**Intangible assets**	**Goodwill**	**Property**	**Machinery and office equipment**	**Tangible assets subject to operating lease**	**Total**
Balance as at 1 January	**2,796**	**40,866**	**4,251**	**46**	**19**	**47,978**
Impairment for the period	4,361	-	441	820	30	5,652
Release of impairment for the period	-	-	-	(2)	-	(2)
Foreign currency translation differences	37	-	(215)	2	(1)	(177)
Use of impairment	(970)	(40,866)	(1)	(820)	(5)	(42,662)
Closing balance	**6,224**	**-**	**4,476**	**46**	**43**	**10,789**

	Intangible assets	**Goodwill**	**Property**	**Machinery and office equipment**	**Vehicle**	**Construction in progress**	**Tangible assets subject to operating lease**	**Total**
Carrying value								
Balance as at 1 January	**168,712**	**68,319**	**278,226**	**76,219**	**34,148**	**53,544**	**22,332**	**701,500**
Closing balance	**224,426**	**66,932**	**325,441**	**89,272**	**33,784**	**45,897**	**28,730**	**814,482**
Fair values	**-**	**-**	**350,867**	**89,318**	**33,779**	**-**	**28,730**	**502,694**
Gross amount of the fully depreciated assets that are still in use	**164,201**	**-**	**27,950**	**136,683**	**1,612**	**-**	**582**	**331,028**

An analysis of the intangible assets for the year ended 31 December 2023 is as follows:

Intangible assets	**Self-developed**	**Purchased**	**Total**
Gross values	22,230	520,505	542,735
Accumulated amortization	(10,220)	(301,865)	(312,085)
Impairment	-	(6,224)	(6,224)
Carrying value	**12,010**	**212,416**	**224,426**

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

For the year ended 31 December 2023 [continued]

Carrying value of the investment and goodwill allocated to the appropriate cash generating units

Subsidiaries	Carrying amounts of the subsidiary in HUF million	Goodwill values in HUF million	Goodwill values in million functional currency	Type of functional currency	Consolidated ownership interest	With ownership adjusted company value in HUF million	Applied long term grow rate	Applied long term discount rate
DSK Bank EAD	280,722	43,684	28,541	HUF	99.92%	1,072,672	3.00%	12.28%
(Bulgaria)			77	BGN				
OTP banka d.d.								
(Croatia)	205,349	22,221	58	EUR	100.00%	465,038	3.00%	10.75%
POK-DSK Rodina a.d.								
(Bulgaria)	1,680	11	11	HUF	99.85%	18,880	3.00%	12.28%
George Consult								
(Croatia)	225	212	4	HRK	76.00%	171	3.00%	10.75%
OTP Home Solutions Llc.								
(Hungary)	3,870	478	478	HUF	100.00%	3,870	3.00%	14.25%
OTP Invest Drustvo AD								
(Serbia)	304	326	100	RSD	100.00%	304	3.00%	12.69%
	492,150	**66,932**						

NOTE 14: INVESTMENT PROPERTIES (in HUF mn)

An analysis of the change in gross values of investment properties is as follows:

Gross values	**31/12/2024**	**31/12/2023**
Balance as at 1 January	**63,552**	**61,346**
Increase due to transfer from inventories or owner-occupied properties	3,788	-
Increase from purchase	32,106	10,363
Increase from acquisition	-	9,910
Transfer to held-for-sale properties	(231)	(34)
Transfer to inventories or owner-occupied properties	(983)	(4,985)
Disposal due to sale	(2,217)	(10,652)
Assets held for sale	-	(182)
Foreign currency translation difference	3,548	(2,214)
Closing balance	**99,563**	**63,552**

The applied depreciation and amortization rates were as follows:

	31/12/2024	**31/12/2023**
Depreciation and amortization rates	1.49% - 50.00%	2.00% - 15.00%

An analysis of the movement in the depreciation and amortization on investment properties is as follows:

Depreciation and amortization	**31/12/2024**	**31/12/2023**
Balance as at 1 January	**9,008**	**11,273**
Additions due to transfer from inventories or owner-occupied properties	1,491	-
Charge for the period	1,047	866
Assets held for sale	-	(86)
Transfer to inventories or owner-occupied properties	(158)	(2,178)
Disposal due to sale	(699)	(420)
Transfer to held-for-sale properties	(13)	(5)
Foreign currency translation difference	608	(442)
Closing balance	**11,284**	**9,008**

An analysis of the movement in the impairment on investment properties is as follows:

Impairment	**31/12/2024**	**31/12/2023**
Balance as at 1 January	**1,163**	**2,621**
Impairment for the period	7	32
Release of impairment for the period	(30)	(1,394)
Disposal due to sale	(1,179)	-
Assets held for sale	-	(34)
Decrease due to transfer to inventories or owner-occupied properties	(3)	(11)
Foreign currency translation difference	81	(51)
Closing balance	**39**	**1,163**

NOTE 14: INVESTMENT PROPERTIES (in HUF mn) [continued]

Carrying values	31/12/2024	31/12/2023
Balance as at 1 January	53,381	47,452
Closing balance	88,240	53,381
Fair values	10,188	72,647

The amount of restrictions on the realisability of investment property was HUF 839 million as at 31 December 2024 and HUF 781 million as at 31 December 2023.

The Group chose the cost model for measuring investment properties but estimates and reviews the fair value of the investment properties by external experts, these investment properties would have been presented on level 3 in the fair value hierarchy if the Group didn't apply cost method for this recognition.

Income and expenses	31/12/2024	31/12/2023
Rental income	4,027	3,029
Direct operating expenses of investment properties – income generating	486	451
Direct operating expenses of investment properties – non income generating	241	307

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

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

	31/12/2024	31/12/2023
CCIRS and mark-to-market CCIRS designated as fair value hedge	18,190	24,750
Interest rate swaps designated as fair value hedge	21,902	17,217
Interest rate swap designated as macro fair value hedge	10,289	-
Total	**50,381**	**41,967**

NOTE 16: OTHER ASSETS (in HUF mn)

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

Other financial assets	31/12/2024	31/12/2023
Receivables from card operations	39,740	71,385
Prepayments and accrued income on other financial assets	31,042	34,369
Trade receivables	49,978	53,010
Receivables from investment services	51,401	56,855
Other advances	56,729	24,612
Stock exchange deals	27,524	20,451
Giro clearing accounts	48,354	31,022
Receivables due from pension funds and investment funds	7,064	8,507
Receivables from leasing activities	1,651	1,634
Advances for securities and investments	556	82
Other financial assets	24,458	15,075
Loss allowance on other financial assets	(46,177)	(34,602)
Total	**292,320**	**282,400**

Other financial assets contain claims from overdue Russian government bonds, for further information please see details in Note 4. 1b.

Other non-financial assets	31/12/2024	31/12/2023
Prepayments and accrued income on other non-financial assets	73,159	59,311
Receivables, subsidies from the State, Government	16,319	21,085
Settlement and suspense accounts	27,894	26,409
Biological assets and agricultural produce	11,297	10,672
Other non-financial assets	42,621	45,294
Impairment on other non-financial assets	(5,176)	(4,437)
Total	**166,114**	**158,334**

Other assets (under IAS 2)	31/12/2024	31/12/2023
Inventories	42,232	56,552
Repossessed real estate	17,763	14,832
Repossessed other non-financial assets	2,887	2,289
Write-down of the assets measured under IAS 2	(7,128)	(4,977)
Total	**55,754**	**68,696**
Total other assets	**514,188**	**509,430**

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

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

	31/12/2024	31/12/2023
Balance as at 1 January	**34,602**	**31,833**
Loss allowance for the period	19,253	16,278
Release of allowance for the period	(8,847)	(7,016)
Use of loss allowance	(2,020)	(3,505)
Assets held for sale	-	(371)
Foreign currency translation difference	3,189	(2,617)
Closing balance	**46,177**	**34,602**

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

	31/12/2024	31/12/2023
Balance as at 1 January	**4,437**	**7,041**
Impairment for the period	1,316	778
Release of impairment for the period	(546)	(1,161)
Use of impairment	(41)	(583)
Assets held for sale	-	(1,576)
Foreign currency translation difference	10	(62)
Closing balance	**5,176**	**4,437**

NOTE 17: AMOUNTS DUE TO BANKS, THE NATIONAL GOVERNMENTS, DEPOSITS FROM THE NATIONAL BANKS AND OTHER BANKS (in HUF mn)

	31/12/2024	31/12/2023
Within one year		
In HUF	520,301	179,321
In foreign currency	377,892	244,011
	898,193	**423,332**
Over one year		
In HUF	312,107	737,892
In foreign currency	811,891	779,638
	1,123,998	**1,517,530**
Total	**2,022,191**	**1,940,862**

Interest rates on amounts due to banks, the National Governments, deposits from the National Banks and other banks are as follows:

	31/12/2024	31/12/2023
Within one year		
In HUF	(1.51)% - 9.23%	(2.40)% - 8.75%
In foreign currency	(2.12)% - 18.00%	(2.31)% - 18.00%
Over one year		
In HUF	(1.41)% - 3.50%	(1.70)% - 11.40%
In foreign currency	(2.02)% - 13.50%	(2.12)% - 16.81%

	31/12/2024	31/12/2023
Average interest rates on amounts due to banks, the National Governments, deposits from the National Banks and other banks denominated in HUF	3.10%	3.25%
Average interest rates on amounts due to banks, the National Governments, deposits from the National Banks and other banks denominated in in foreign currency	7.82%	5.65%

NOTE 18: REPO LIABILITIES (in HUF mn)

	31/12/2024	31/12/2023
Within one year		
In HUF	23,736	24,572
In foreign currency	108,401	101,665
	132,137	**126,237**
Over one year		
In HUF	-	-
In foreign currency	-	-
	-	-
Total	**132,137**	**126,237**

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

	31/12/2024	31/12/2023
Interest rates on repo liabilities denominated in HUF	(4.50)% - 6.30%	0.00% - 0.00%
Interest rates on repo liabilities denominated in foreign currency	1.46% - 2.70%	0.00% - 3.65%

	31/12/2024	31/12/2023
Average interest rates on repo liabilities denominated in HUF	7.70%	12.85%
Average interest rates on repo liabilities denominated in foreign currency	2.04%	4.22%

NOTE 19: FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (in HUF mn)

	31/12/2024	31/12/2023
Within one year		
In HUF	1,709	1,816
In foreign currency	-	-
	1,709	**1,816**
Over one year		
In HUF	70,781	68,891
In foreign currency	-	-
	70,781	**68,891**
Total	**72,490**	**70,707**
Contractual amount outstanding	17,000	17,747
Result from associated entity's measured at fair value attributable to the Group	55,466	50,921

Interest conditions of financial liabilities designated at fair value through profit or loss can be analysed as follows:

	31/12/2024	31/12/2023
Interest rates on financial liabilities designated at fair value denominated in HUF within one year	4.33% - 8.24%	4.97% - 9,97%
Interest rates on financial liabilities designated at fair value denominated in HUF over one year	3.14%	4.83%

Certain MFB (“Hungarian Development Bank”) 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.

The Group controls capital funds where it does not hold the 100% of the owner rights. The related non-controlling interest is treated as financial liability designated at fair value through profit or loss as it is not considered equity under IAS 32.

NOTE 20: DEPOSITS FROM CUSTOMERS (in HUF mn)

	31/12/2024	31/12/2023
Within one year		
In HUF	8,452,289	7,584,728
In foreign currency	22,752,752	20,332,288
	31,205,041	**27,917,016**
Over one year		
In HUF	224,878	244,965
In foreign currency	228,270	170,290
	453,148	**415,255**
Deposits from customers total	**31,658,189**	**28,332,271**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	**8,209**	**160**
Total	**31,666,398**	**28,332,431**

Interest rates on deposits from customers are as follows:

	31/12/2024	31/12/2023
Within one year		
In HUF	0.00% - 17.50%	0.00% - 15.40%
In foreign currency	(0.85)% - 5.00%	0.00% - 23.00%
Over one year		
In HUF	0.00% - 6.03%	(0.36)% - 17.50%
In foreign currency	0.00% - 23.00%	0.00% - 22.10%

	31/12/2024	31/12/2023
Average interest rates on deposits from customers denominated in HUF	1.94%	3.69%
Average interest rates on deposits from customers denominated in foreign currency	1.43%	0.98%

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

	31/12/2024		31/12/2023	
Retail deposits	17,967,496	56.75%	16,093,200	56.80%
Corporate deposits	12,538,696	39.61%	10,965,159	38.70%
Municipality deposits	1,151,997	3.64%	1,273,912	4.50%
Total	**31,658,189**	**100.00%**	**28,332,271**	**100.00%**

NOTE 21: LIABILITIES FROM ISSUED SECURITIES (in HUF mn)

	31/12/2024	31/12/2023
With original maturity		
Within one year		
In HUF	103,595	399,897
In foreign currency	163,970	153,264
	267,565	**553,161**
Over one year		
In HUF	302,741	283,165
In foreign currency	2,022,818	1,259,222
	2,325,559	**1,542,387**
Total	**2,593,124**	**2,095,548**

Interest rates on liabilities from issued securities are as follows:

	31/12/2024	31/12/2023
Issued securities denominated in HUF	1.25% - 12.00%	0.60% - 15.00%
Issued securities denominated in foreign currency	1.63% - 20.50%	1.63% - 16.00%

	31/12/2024	31/12/2023
Average interest rates on issued securities denominated in HUF	6.05%	8.83%
Average interest rates on issued securities denominated in foreign currency	6.89%	7.14%

Issued securities denominated in HUF as at 31 December 2024 (in HUF mn)

	Name	Date of issue	Maturity	Nominal value (in HUF mn)	Amortized cost (in HUF mn)	Interest conditions (actual interest rate in % p.a.)		Hedged
1	OTP_HUF_2025/3	12/01/2024	12/01/2025	1,919	2,060	fix	7.50	
2	OTP_HUF_2025/4	18/11/2022	18/11/2025	2,155	2,289	fix	6.75	
3	OTP_HUF_2025/5	30/06/2023	30/06/2025	5,957	6,284	fix	6.50	
4	OTP_HUF_2025/6	28/03/2024	28/03/2025	5,559	5,837	fix	6.50	
5	OTP_HUF_2025/7	26/04/2024	26/04/2025	8,190	8,528	fix	6.00	
6	OTP_HUF_2025/8	24/05/2024	24/05/2025	5,860	6,075	fix	6.00	
7	OTP_HUF_2025/9	07/06/2024	07/06/2025	5,756	5,955	fix	6.00	
8	OTP_HUF_2025/10	05/07/2024	05/07/2025	11,675	12,024	fix	6.00	
9	OTP_HUF_2025/11	02/08/2024	02/08/2025	6,698	6,868	fix	6.00	
10	OTP_HUF_2025/12	30/08/2024	30/08/2025	4,532	4,618	fix	5.50	
11	OTP_HUF_2025/13	27/09/2024	27/09/2025	5,162	5,239	fix	5.50	
	Subtotal			**63,463**	**65,777**			

NOTE 21: LIABILITIES FROM ISSUED SECURITIES (in HUF mn) [continued]

Issued securities denominated in HUF as at 31 December 2024 (in HUF mn) [continued]

	Name	Date of issue	Maturity	Nominal value (in HUF mn)	Amortized cost (in HUF mn)	Interest conditions (actual interest rate in % p.a.)		Hedged
12	OTP_HUF_2025/14	31/10/2024	31/10/2025	5,826	5,883	fix	5.50	
13	OTP_HUF_2025/15	29/11/2024	29/11/2025	3,243	3,260	fix	5.50	
14	OTP_HUF_2025/16	18/12/2024	18/12/2025	7,324	7,343	fix	6.00	
15	OTP_HUF_26/1	22/12/2022	05/01/2026	10,228	12,674	fix	12.00	hedged
16	OTP_HUF_2026/2	15/12/2023	15/12/2026	620	622	fix	7.40	
17	OTP_TBSZ_HUF_2028/1	13/10/2023	15/12/2028	155	156	fix	6.88	
18	OJB2025/II	03/02/2020	26/11/2025	22,550	21,315	fix	1.50	partly hedged
19	OJB2027/I	23/07/2020	27/10/2027	76,850	67,875	fix	1.25	
20	OJB2029/A	25/07/2022	24/05/2029	72,303	72,349	floating	6.75	
21	OJB2029_B	10/04/2024	20/06/2029	60,037	60,170	floating	6.75	
22	OJB2031/I	18/08/2021	22/10/2031	82,000	63,713	fix	2.50	
23	OJB2032/A	20/09/2023	24/11/2032	25,000	24,995	floating	6.75	
24	Other			204	204			
	Total issued securities in HUF			**429,803**	**406,336**			

Issued securities denominated in foreign currency as at 31 December 2024

	Name	Date of issue	Maturity	Type of FX	Nominal value		Amortized cost		Interest conditions	
					(FX mn)	(HUF mn)	(FX mn)	(HUF mn)	(actual interest rate in % p.a.)	
1	XS2871018136	31/07/2024	31/07/2027	CNY	300	16,176	300	16,443	fix	4.10
2	XS2560693181	01/12/2022	04/03/2026	EUR	648	265,938	649	282,387	fix	7.35
3	XS2642536671	27/06/2023	27/06/2026	EUR	110	45,110	110	46,871	fix	7.50
4	XS2698603326	05/10/2023	05/10/2027	EUR	649	266,321	664	276,203	fix	6.13
5	XS2737630314	22/12/2023	22/06/2026	EUR	75	30,757	75	31,845	fix	6.10
6	XS2754491640	31/01/2024	31/01/2029	EUR	598	245,420	607	260,169	fix	5.00
7	XS2838495542	12/06/2024	12/06/2028	EUR	698	286,058	710	298,861	fix	4.75
8	XS2917468618	16/10/2024	16/10/2030	EUR	499	204,680	500	206,807	fix	4.25
9	XS2703264635	13/10/2023	13/10/2026	RON	170	14,011	170	14,279	floating	8.10
10	XS2536446649	29/09/2022	29/09/2026	USD	60	23,616	60	24,063	fix	7.25
11	XS2626773381	25/05/2023	25/05/2027	USD	500	196,689	497	197,046	fix	7.50
12	AL0022100187	26/12/2023	26/12/2030	EUR	7	3,059	7	3,067	fix	4.50
13	AL0022100302	20/11/2024	20/11/2031	EUR	3	1,386	3	1,385	fix	4.50
14	SI0022104176	25/05/2021	25/05/2027	EUR	176	72,053	170	69,557	fix	1.63
15	XS2639027346	29/06/2023	29/06/2026	EUR	400	164,036	416	170,702	fix	7.38
16	XS2793675534	03/04/2024	03/04/2028	EUR	300	123,027	314	128,570	fix	4.75
17	XS2260457754	19/11/2020	19/11/2025	USD	300	118,080	294	115,787	fix	5.50
18	XS2808393370	22/04/2024	27/04/2027	UZS	1,370,220	41,792	1,401,497	42,746	fix	20.50
	Total issued securities in FX					**2,118,209**		**2,186,788**		
	Total issued securities							**2,593,124**		

NOTE 21: LIABILITIES FROM ISSUED SECURITIES (in HUF mn) [continued]

Issued securities denominated in HUF as at 31 December 2023 (in HUF mn)

	Name	Date of issue	Maturity	Nominal value (in HUF mn)	Amortized cost (in HUF mn)	Interest conditions (actual interest rate in % p.a.)		Hedged
1	OTPX2024A	18/06/2014	21/06/2024	241	283	indexed	1.30	hedged
2	OTPX2024B	10/10/2014	16/10/2024	295	339	indexed	0.70	hedged
3	OTPX2024C	15/12/2014	20/12/2024	242	275	indexed	0.60	hedged
4	OTP_HUF_24/1	17/02/2023	17/02/2024	26,079	28,593	fix	11.00	
5	OTP_HUF_24/2	10/03/2023	10/03/2024	22,977	25,048	fix	11.00	
6	OTP_HUF_24/3	31/03/2023	31/03/2024	17,015	18,441	fix	11.00	
7	OTP_HUF_24/4	21/04/2023	21/04/2024	14,698	15,837	fix	11.00	
8	OTP_HUF_24/5	12/05/2023	12/05/2024	13,946	14,937	fix	11.00	
9	OTP_HUF_24/6	02/06/2023	02/06/2024	16,722	17,806	fix	11.00	
10	OTP_HUF_24/7	23/06/2023	23/06/2024	11,232	11,859	fix	10.50	
11	OTP_HUF_24/8	30/06/2023	30/06/2024	3,730	3,931	fix	10.50	
12	OTP_HUF_24/9	28/07/2023	28/07/2024	4,173	4,364	fix	10.50	
13	OTP_HUF_24/10	07/08/2023	07/08/2024	1,431	1,490	fix	10.00	
14	OTP_HUF_24/11	01/09/2023	01/09/2024	2,655	2,743	fix	9.75	
15	OTP_HUF_24/12	25/09/2023	25/09/2024	2,777	2,845	fix	9.00	
16	OTP_HUF_24/13	20/10/2023	20/10/2024	3,494	3,557	fix	8.75	
17	OTP_HUF_24/14	17/11/2023	17/11/2024	3,509	3,547	fix	8.50	
18	OTP_HUF_24/15	20/12/2023	20/12/2024	2,994	3,004	fix	8.00	
19	OTP_HUF_25/1	18/11/2022	18/11/2025	25,563	27,042	fix	15.00	hedged
20	OTP_HUF_25/2	30/06/2023	30/06/2025	5,116	5,431	fix	12.00	
21	OTP_HUF_26/1	22/12/2022	05/01/2026	10,228	11,856	fix	12.00	hedged
22	OTP_HUF_26/2	15/12/2023	15/12/2026	647	649	fix	7.40	
23	OTP_TBSZ_HUF_2028/1	13/10/2023	15/12/2028	155	159	fix	12.00	
24	OJB2024_A	17/09/2018	20/05/2024	59,999	59,999	floating	11.32	
25	OJB2024_C	24/02/2020	24/10/2024	80,000	79,818	floating	10.90	
26	OJB2024_II	10/10/2018	24/10/2024	96,800	92,101	fix	2.50	
27	OJB2025_II	03/02/2020	26/11/2025	22,550	21,140	fix	1.50	hedged
28	OJB2027_I	23/07/2020	27/10/2027	76,850	67,619	fix	1.25	
29	OJB2029_A	25/07/2022	24/05/2029	66,520	66,360	floating	10.85	
30	OJB2031_I	18/08/2021	22/10/2031	82,000	66,867	fix	2.50	
31	OJB2032_A	20/09/2023	24/11/2032	25,000	24,916	floating	10.85	
32	Other			206	206			
	Total issued securities in HUF			**699,844**	**683,062**			

NOTE 21: LIABILITIES FROM ISSUED SECURITIES (in HUF mn) [continued]

Issued securities denominated in foreign currency as at 31 December 2023

	Name	Date of issue	Maturity	Type of FX	Nominal value		Amortized cost		Interest conditions	
					(FX mn)	(HUF mn)	(FX mn)	(HUF mn)	(actual interest rate in % p.a.)	
1	XS2560693181	01/12/2022	04/03/2026	EUR	649	248,497	689	263,732	fix	7.35
2	XS2626773381	25/05/2023	25/05/2027	USD	500	173,152	499	173,011	fix	7.50
3	XS2499691330	13/07/2022	13/07/2025	EUR	400	153,111	410	157,095	fix	5.50
4	XS2642536671	27/06/2023	27/06/2026	EUR	110	42,106	114	43,745	fix	7.50
5	XS2536446649	29/09/2022	29/09/2026	USD	60	20,786	61	21,180	fix	7.25
6	XS2698603326	05/10/2023	05/10/2027	EUR	650	248,725	674	258,006	fix	6.13
7	XS2737630314	22/12/2023	22/06/2026	EUR	75	28,709	75	28,778	fix	6.10
8	XS2703264635	13/10/2023	13/10/2026	RON	170	13,082	173	13,320	floating	8.10
9	SI0022104176	25/05/2021	25/05/2027	EUR	176	67,254	156	59,728	fix	1.63
10	XS2430442868	27/01/2022	27/01/2024	EUR	300	114,834	304	116,407	fix	1.88
11	XS2639027346	29/06/2023	29/06/2026	EUR	400	153,112	416	159,266	fix	7.38
12	XS2260457754	19/11/2020	19/11/2025	USD	300	103,932	285	98,589	fix	5.50
13	XS2331929963	16/04/2021	16/04/2024	UZS	685,065	19,250	698,553	19,629	fix	16.00
	Total issued securities in FX					**1,386,550**		**1,412,486**		
	Total issued securities							**2,095,548**		

Hedge accounting of issued bonds

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.

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. On 7 August 2023, the National Bank of Hungary approved the prospectus of Term Note Program. The prospectus is valid for 12 months following the disclosure.
The Issuer can initiate to introduce the bonds issued under the program to the Hungarian and to other stock exchanges without any obligations.

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.

Issuance of Senior Preferred Notes in the aggregate nominal amount of USD 500 million

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

Issuance of Senior Non-Preferred Notes in the aggregate nominal amount of EUR 110 million

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

Issuance of Senior Preferred Notes in the aggregate nominal amount of EUR 650 million

OTP Bank Plc has issued the notes (ISIN: XS2698603326) on 5 October 2023 as value date in the aggregate nominal amount of EUR 650 million. The notes are rated 'Baa3' by Moody's Investor Services Cyprus Ltd. and 'BBB+' by Scope Ratings GmbH. The notes are listed on the Luxembourg Stock Exchange.

Issuance of Senior Preferred Notes in the aggregate nominal amount of RON 170 million

OTP Bank Plc has issued the notes (ISIN: XS2703264635) on 13 October 2023 as value date in the aggregate nominal amount of RON 170 million. The notes are rated 'BBB+' by Scope Ratings GmbH. The notes are listed on the Luxembourg Stock Exchange.

Issuance of Senior Non-Preferred Notes in the aggregate nominal amount of EUR 75 million

OTP Bank Plc has issued the notes (ISIN: XS2737630314) on 22 December 2023 as value date in the aggregate nominal amount of EUR 75 million. The notes are listed on the Luxembourg Stock Exchange.

Issuance of Senior Preferred Notes in the aggregate nominal amount of EUR 600 million

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

Issuance of Green Senior Preferred Notes in the aggregate nominal amount of EUR 700 million

The Bank has 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 Senior Preferred Notes due 2025 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.

NOTE 21: LIABILITIES FROM ISSUED SECURITIES (in HUF mn) [continued]

Issuance of Senior Preferred Notes in the aggregate nominal amount of CNY 300 million

The Bank has 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.

Issuance of Senior Preferred Notes in the aggregate nominal amount of EUR 500 million

The Bank has 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.

Issuance of Senior Non-Preferred bonds by Banka OTP Albania SHA

On 26 December 2023, Banka OTP Albania issued senior non-preferred bonds in the nominal amount of EUR 7.46 million with maturity on 26 December 2030. On 20 November 2024, Banka OTP Albania issued senior non-preferred bonds in the nominal amount of EUR 3.38 million with maturity on 20 November 2031. Both are with fixed rate 4.5%. They are not listed on the stock exchange.

Issuance of Senior Preferred bonds by OTP banka d.d. (Slovenia)

On 29 June 2023, OTP banka d.d. issued senior preferred bonds NOVAKR 7 06/29/26 in the total nominal amount of EUR 400 million with maturity 29 June 2026. The bonds are rated Baa2 by Moody's. The bonds are listed on the Luxembourg Stock Exchange.
On 3 April 2024, OTP banka d.d. issued senior preferred bonds NOVAKR 4 3/4 04/03/28 in the total nominal amount of EUR 300 million with maturity 3 April 2028 (and call option on 3 April 2027). The bonds are rated Baa2 by Moody's. The bonds were listed on the Luxembourg Stock Exchange.

Issuance of Senior Non-Preferred bonds by Ipoteka

On 22 April 2024, Ipoteka Bank issued senior non-preferred bonds in the total nominal amount of UZS 1,370,220 million with maturity on 27 April 2027. The bonds were rated BB- by Fitch and BB- by S&P. The bonds were listed on the Vienna Stock Exchange.

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

Negative fair value of derivative financial liabilities held for trading by type of contracts

	31/12/2024	31/12/2023
Foreign exchange swaps held for trading	54,715	51,928
Commodity swaps	10,477	31,661
Interest rate swaps held for trading	24,406	29,179
Foreign exchange forward contracts held-for-trading	8,595	11,061
CCIRS and mark-to-market CCIRS held for trading	11,627	8,945
Held for trading option contracts	2,106	2,904
Other derivative transactions held for trading[1]	2,163	4,810
Total	**114,089**	**140,488**

[1] Other category includes: fx spot, equity swaps, forward rate and forward security agreement, options and index futures.
The table was changed compared to prior year since for year 2023 HUF 214 million related to held-for-trading forward rate agreement and HUF 1 million held-for-trading forward security agreement were reclassified to other category.

NOTE 23: DERIVATIVE FINANCIAL LIABILITIES DESIGNATED AS HEDGE ACCOUNTING (in HUF mn)

Negative fair value of derivative financial liabilities designated as hedge accounting by type of contracts

	31/12/2024	31/12/2023
CCIRS and mark-to-market CCIRS designated as fair value hedge	4,280	10,009
Interest rate swaps designated as fair value hedge	10,325	53,939
Interest rate swap designated as macro fair value hedge	-	(49)
Total	**14,605**	**63,899**

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

Other liabilities are expected to be recovered or settled no more than twelve months after the reporting period. Besides the total other liabilities mentioned above, which are expected to be recovered or settled more than twelve months after the reporting period are the following: accrued contractual liabilities, compulsory pension reserve, loans from government and liabilities from preferential dividend shares.

Other financial liabilities	**31/12/2024**	**31/12/2023**
Liabilities connected to Cafeteria benefits	103,883	92,409
Liabilities from investment services	149,317	47,647
Accrued expenses on other financial liabilities	63,792	66,816
Liabilities from card transactions	56,949	119,984
Accounts payable	99,594	73,350
Liabilities due to short positions	47,157	19,107
Giro clearing accounts	70,773	42,172
Advances received from customers	11,809	15,061
Liabilities from wages and other salary related payments	48,270	40,631
Loans from government	5,511	7,473
Dividend payable	1,518	570
Other financial liabilities	109,356	85,507
Subtotal	**767,929**	**610,727**

Other non-financial liabilities	**31/12/2024**	**31/12/2023**
Clearing, settlement and pending accounts	84,731	31,143
Liabilities from social security contributions	17,240	16,204
Accrued expenses on other non-financial liabilities	33,173	17,577
Clearing account for advances on housing subsidies	12,333	10,824
Other non-financial liabilities	76,146	59,345
Subtotal	**223,623**	**135,093**
Total	**991,552**	**745,820**

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

The provisions are detailed as follows:

	31/12/2024	31/12/2023
Commitments and guarantees given	50,477	46,137
Total provision according to IFRS 9	**50,477**	**46,137**
Pending legal issues and tax litigation	39,867	39,351
Pensions and other retirement benefit obligations	10,659	9,336
Other long-term employee benefits	3,126	2,510
Restructuring	10,371	6,206
Other provision[1]	17,137	17,579
Total provision according to IAS 37	**81,160**	**74,982**
Total	**131,637**	**121,119**

[1]The table was changed compared to prior year since for year 2023 HUF 363 million related to CHF loan provision was reclassified to other provision category.

The movements of provisions according to IFRS 9 can be summarized as follows:

	31/12/2024	31/12/2023
Balance as at 1 January	**46,137**	**63,372**
Provision for the period	106,372	104,871
Release of provision for the period	(104,001)	(124,741)
Use of provision	(30)	(59)
Change due to acquisition	-	11,439
Liabilities held for sale	-	(4,728)
Foreign currency translation differences	1,999	(4,017)
Closing balance	**50,477**	**46,137**

The movements of provisions according to IAS 37 can be summarized as follows:

	31/12/2024	31/12/2023
Balance as at 1 January	**74,982**	**68,249**
Provision for the period	21,871	30,927
Release of provision for the period	(16,803)	(17,433)
Use of provision	(6,001)	(7,354)
Change due to actuarial gains or losses related to employee benefits	1,012	350
Change due to acquisition	1,209	11,626
Unwinding of the discounted amount	24	88
Liabilities held for sale	-	(8,430)
Foreign currency translation differences	4,866	(3,041)
Closing balance	**81,160**	**74,982**

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

	31/12/2024	31/12/2023
Within one year		
In HUF	-	-
In foreign currency	13,360	19,727
	13,360	**19,727**
Over one year		
In HUF	-	-
In foreign currency	355,999	542,669
	355,999	**542,669**
Total	**369,359**	**562,396**

Types of subordinated bonds and loans are as follows:

	31/12/2024	31/12/2023
Debt securities issued	22,243	19,727
Loan received	347,116	542,669
Total	**369,359**	**562,396**

Interest rates on subordinated bonds and loans are as follows:

	31/12/2024	31/12/2023
Denominated in HUF	-	-
Denominated in foreign currency	0.00% - 8.75%	2.90% - 8.75%

	31/12/2024	31/12/2023
Average interest rates on subordinated bonds and loans denominated in foreign currency	7.28%	6.17%

Subordinated bonds and loans can be detailed as follows:

Type	Nominal value	Date of issuance	Date of maturity	Issue price	Interest conditions	Interest rate as at 31 December 2024
Subordinated bond	EUR 229 million	07/11/2006	Perpetual	99.375%	Three-month EURIBOR + 3%, variable after year 10 (payable quarterly)	6.03%
Subordinated bond	USD 645 million	15/02/2023	15/05/2033	99.417%	Fix 8.75%, annually	8.75%
Subordinated loan	USD 17 million	05/06/2018	30/06/2025	100.00%	Bullet repayment, once at the end of the loan agreement	5.00%
Subordinated loan	UZS 179,948.4 million	30/04/2019	10/11/2028	100.00%	Fix 3.00%, quarterly	3.00%
Subordinated loan	UZS 42,693.5 million	30/04/2019	10/11/2029	100.00%	Fix 3.00%, quarterly	3.00%
Subordinated loan	UZS 201,450.1 million	30/04/2019	10/11/2030	100.00%	Fix 3.00%, quarterly	3.00%
Subordinated loan	USD 25 million	30/03/2023	31/03/2030	100.00%	Fix 0.00%, quarterly	0.00%

NOTE 26: SHARE CAPITAL (in HUF mn)

	31/12/2024	31/12/2023
Authorized, issued and fully paid:		
Ordinary shares	28,000	28,000

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.

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)

In 2024 dividend of HUF 150,000 million was paid out 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.

The retained earnings and reserves according to IFRS contains the retained earnings (HUF 639,228 million and HUF 459,037 million) and reserves (HUF 4,688,424 million and HUF 3,720,285 million) as at 31 December 2024 and 2023, respectively. The reserves include mainly the option reserve, other reserves, the fair value adjustment of financial instruments at fair value through other comprehensive income, share-based payment reserve, fair value of hedge transactions, changes in equity accumulated in the previous years at the subsidiaries and due to consolidation as well as translation of foreign exchange differences.
In the Consolidated Financial Statements, the Group recognizes the non-monetary items at historical cost. The difference between the historical cost of the non-monetary items in HUF amount and the translated foreign currencies into the presentation currency using the exchange rate at the balance sheet date, is presented in the shareholders' equity as a translation difference. The accumulated amounts of exchange differences were HUF 232,227 million and HUF 37,600 million as at 31 December 2024 and 2023, respectively.

Retained earnings

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

Other reserves

The other reserves contain separated reserves due to statutory provisions.

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.
Option reserve represents the written put option over OTP ordinary shares that are deducted from equity at the date of OTP-MOL share swap transaction.

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 (see details in Note 40).

Other comprehensive income

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

Net investment hedge in foreign operations

Reserve presented as net investment hedge in foreign operations in the shareholders' equity is related to OTP Luxembourg S.à r.l., OTP banka d.d. (Croatia) and Crnogorska komercijalna banka a.d.

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

Changes in equity accumulated in the previous year at the subsidiaries and due to consolidation

The accumulated changes at the subsidiaries contain the accumulated gains and losses of the subsidiaries from the first day when they were included in the consolidation process. The changes due to consolidation contain the effect on the result of the eliminations in the consolidation process of the previous years.

	31/12/2024	31/12/2023
Retained earnings	639,228	459,037
Capital reserve	52	52
Option reserve	(55,468)	(55,468)
Other reserves	273,280	197,294
Actuarial loss related to employee defined benefits	(779)	144
Fair value of financial instruments measured at fair value through other comprehensive income	14,559	(33,229)
Share-based payment reserve	56,813	52,402
Net investment hedge in foreign operations	(57,423)	(30,113)
Profit after income tax	1,071,913	988,658
Changes in equity accumulated in the previous year at the subsidiaries and due to consolidation	3,153,250	2,562,945
Foreign currency translation differences	232,227	37,600
Retained earnings and other reserves [1]	**5,327,652**	**4,179,322**

[1]See more details in the Consolidated Statement of Comprehensive Income and in the Consolidated statement of Changes in equity on page 8 and 9.

Fair value adjustment of securities at fair value through other comprehensive income	**31/12/2024**	**31/12/2023**
Balance as at 1 January	**(86,397)**	**(164,432)**
Change of fair value	5,237	89,047
Deferred tax related to change of fair value	2,921	(12,725)
Transfer to profit or loss due to derecognition	342	368
Deferred tax related to transfer to proft or loss	58	(54)
Disposal due to asset held-for-sale	817	-
Foreign currency translation difference	(2,308)	1,399
Closing balance	**(79,330)**	**(86,397)**

Expected credit loss on securities at fair value through other comprehensive income	**31/12/2024**	**31/12/2023**
Balance as at 1 January	**34,573**	**39,625**
Increase of loss allowance	31,706	8,491
Release of loss allowance	(1,858)	(8,137)
Decrease due to sale, derecognition	-	(2,527)
Deferred tax effect	(7,160)	-
Disposal due to asset held-for-sale	(139)	-
Foreign currency translation difference	3,768	(2,879)
Closing balance	**60,890**	**34,573**

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

Fair value changes of equity instruments at fair value through other comprehensive income	**31/12/2024**	**31/12/2023**
Balance as at 1 January	**18,595**	**17,131**
Change of fair value	16,736	6,672
Deferred tax related to change of fair value	(2,115)	(947)
Transfer to retained earnings due to derecognition	-	(3,978)
Disposal due to asset held-for-sale	(740)	-
Foreign currency translation difference	523	(283)
Closing balance	**32,999**	**18,595**

Net investment hedge in foreign operations	**31/12/2024**	**31/12/2023**
Balance as at 1 January	**(30,113)**	**(27,405)**
Change of fair value on hedging item	(27,310)	(2,708)
Closing balance	**(57,423)**	**(30,113)**

Actuarial loss related to defined employee benefits	**31/12/2024**	**31/12/2023**
Balance as at 1 January	**144**	**544**
Change of actuarial loss related to employee benefits	(1,012)	(350)
Deferred tax related to change of actuarial loss related to employee benefits	26	(8)
Foreign currency translation difference	63	(42)
Closing balance	**(779)**	**144**

Foreign currency translation difference	**31/12/2024**	**31/12/2023**
Balance as at 1 January	**37,600**	**237,853**
Change of foreign currency translation	194,627	(200,253)
Closing balance	**232,227**	**37,600**

NOTE 28: TREASURY SHARES (in HUF mn)

	31/12/2024	31/12/2023
Nominal value (Ordinary shares)	1,901	1,267
Carrying value at acquisition cost	245,319	120,489

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:

	31/12/2024	31/12/2023
Number of shares as at 1 January	**12,666,770**	**11,318,096**
Additions	8,775,919	3,948,338
Disposals	(2,431,370)	(2,599,664)
Closing number of shares	**19,011,319**	**12,666,770**

Change in carrying value:

	31/12/2024	31/12/2023
Balance as at 1 January	**120,489**	**106,862**
Additions	153,105	39,818
Disposals	(28,275)	(26,191)
Closing balance	**245,319**	**120,489**

NOTE 29: NON-CONTROLLING INTEREST (in HUF mn)

	31/12/2024	31/12/2023
Balance as at 1 January	**7,960**	**5,959**
Increase due to business combination	-	3,149
Non-controlling interest included in net profit for the period	4,227	1,801
Dividend paid to non-controlling interest	(2,643)	(2,118)
Purchase of non-controlling interest	(350)	(159)
Foreign currency translation difference	486	(672)
Closing balance	**9,680**	**7,960**

The non-controlling interest is not significant in respect of the whole OTP Group.

NOTE 30: INTEREST INCOME, INCOME SIMILAR TO INTEREST INCOME AND EXPENSE (in HUF mn)

	Year ended 31 December 2024	Year ended 31 December 2023
Interest income calculated using the effective interest method from / on		
loans	1,584,771	1,348,528
securities at amortized cost	352,733	242,256
finance lease receivables	110,830	100,749
securities at fair value through other comprehensive income	60,806	55,320
banks and balances with the National Banks	171,238	354,208
placements with other banks	240,932	195,921
liabilities (negative interest expense)	492	684
repo receivables	20,336	17,011
Subtotal	**2,542,138**	**2,314,677**
Income similar to interest income from		
swap deals related to credit institutions	385,122	390,648
loans mandatorily at fair value through profit or loss	99,559	92,117
swap deals related to clients	40,359	138,567
rental income	13,479	12,255
non-trading instruments mandatorily at fair value through profit or loss	1,465	-
Subtotal	**539,984**	**633,587**
Total interest income and incomes similar to interest income	**3,082,122**	**2,948,264**

	Year ended 31 December 2024	Year ended 31 December 2023
Interest expense due to / from / on		
swaps related to banks, National Governments and to deposits from the National Banks	412,274	512,481
deposits from customers	460,991	481,807
swaps related to deposits from customers	120,223	278,907
banks, National Governments and on deposits from the National Banks	123,373	76,465
issued securities	157,008	116,628
subordinated and supplementary bonds and loans	35,471	32,565
financial assets (negative interest income)	4,719	11,443
depreciation of assets subject to operating lease and investment properties	6,427	5,313
leases	3,557	2,970
repo liabilities	11,049	40,398
other	1,690	2,581
Total interest expense	**1,336,782**	**1,561,558**

NOTE 31: LOSS ALLOWANCES / IMPAIRMENT / PROVISIONS (in HUF mn)

	Year ended 31 December 2024	Year ended 31 December 2023
Loss allowance on loans		
Loss allowance for the period	723,674	714,784
Release of loss allowance	(589,629)	(561,813)
from this: impairment gain	8,956	10,336
Income from loan recoveries	(57,110)	(39,948)
Income from recoveries exceeding the gross loans	*(8,956)*	*(11,015)*
Impairment gain	*(33,939)*	*(20,022)*
Income from provisions on loans before OTP acquisition	*(978)*	*(816)*
Income from recoveries of written-off, but legally existing loans	*(13,237)*	*(8,095)*
Change in the fair value attributable to changes in the credit risk of loans mandatorily measured at fair value through profit of loss	(5,504)	91
Loss allowance on finance lease	30,347	35,494
Release of loss allowance on finance lease	(36,865)	(37,150)
	64,913	**111,458**
Loss allowance / (Release of loss allowance) on due from banks, balances with National Banks		
Loss allowance for the period	5,072	11,859
Release of loss allowance	(4,332)	(12,919)
	740	**(1,060)**
placements		
Loss allowance for the period	7,207	3,425
Release of loss allowance	(5,904)	(4,880)
	1,303	**(1,455)**
repo receivables		
Loss allowance for the period	1,839	5,002
Release of loss allowance	(1,914)	(4,631)
	(75)	**371**
Subtotal[1]	**1,968**	**(2,144)**
Total	**66,881**	**109,314**

[1]The tables for allowances on due from banks, balances with National Banks, placements and repo receivables were changed compared to prior year when they were presented altogether. In the current year they are separated, figures for year 2023 remained the same.

NOTE 31: **LOSS ALLOWANCES / IMPAIRMENT / PROVISIONS (in HUF mn) [continued]**

	Year ended 31 December 2024	Year ended 31 December 2023
Loss allowance / (Release of loss allowance) on		
securities at fair value through other comprehensive income		
Loss allowance for the period	31,706	8,491
Release of loss allowance	(1,858)	(8,137)
	29,848	**354**
securities at amortized cost		
Loss allowance for the period	25,766	10,875
Release of loss allowance	(15,707)	(20,060)
	10,059	**(9,185)**
Subtotal	**39,907**	**(8,831)**
Impairment / (Release of impairment) on		
intangible, tangible assets subject to operating lease		
Impairment for the period	105	30
Release of impairment	(99)	-
	6	**30**
investment properties		
Impairment for the period	7	32
Release of impairment	(30)	(1,394)
	(23)	**(1,362)**
Subtotal	**(17)**	**(1,332)**
Provision on / (Release of provision)		
commitments and guarantees given		
Provision for the period	106,372	104,871
Release of provision	(104,001)	(124,741)
Subtotal	**2,371**	**(19,870)**
Total loss allowances, impairment and provisions	**109,142**	**79,281**

NOTE 32: 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[1]	**54,057**	**45,741**
Deposit and account maintenance fees and commissions	354,823	291,530
Fees and commissions related to the issued bank cards	198,040	164,161
Currency exchange gains and losses	177,228	120,693
Fees related to cash withdrawal	72,890	68,826
Fees and commissions related to security trading	46,227	35,545
Fees and commissions related to fund management	59,251	47,445
Insurance fee income	25,701	21,727
Other	57,770	65,641
Fees and commissions from contracts with customers	**991,930**	**815,568**
Total	**1,045,987**	**861,309**

[1] Fees and commissions related to lending aren't included in the effective interest rate calculation due to their nature..

Expense from fees and commissions	Year ended 31 December 2024	Year ended 31 December 2023
Fees and commissions related to issued bank cards	84,357	66,747
Interchange fees	44,349	36,386
Fees and commissions paid on loans	12,477	9,638
Fees and commissions related to deposits	11,644	10,501
Cash withdrawal transaction fees	8,607	7,824
Fees and commissions related to security trading	7,344	7,004
Insurance fees	2,117	1,737
Fees and commissions related to collection of loans	665	705
Postal fees	4,706	4,965
Money market transaction fees and commissions	1,128	739
Other agent fee	2,014	1,684
Other	23,924	21,386
Total	**203,332**	**169,316**
Net profit from fees and commissions	**842,655**	**691,993**

NOTE 33: GAINS AND LOSSES BY TRANSACTIONS (in HUF mn)

Gains and losses by transactions	Year ended 31 December 2024	Year ended 31 December 2023
Gain by transactions	6,473	4,972
Loss by transactions	(11,215)	(3,629)
(Loss) / Gain from derecognition of loans, placements, finance lease	**(4,742)**	**1,343**
Gain by transactions	826	1,110
Loss by transactions	(10,493)	(19,635)
Loss from derecognition of securities and other receivables at amortized cost	**(9,667)**	**(18,525)**
Loss from derecognition of financial assets at amortized cost	**(14,409)**	**(17,182)**

Derecognition of financial assets is mainly related to sale transactions both in case of securities and loans due to better investment options related to short-term opportunities on the market.

Foreign exchange result consists of revaluation difference from converting assets and liabilities in foreign currencies into the presentation currency of the consolidation financial statements.

Gains and losses by transactions	Year ended 31 December 2024	Year ended 31 December 2023
Gain by transactions	17,879	18,497
Loss by transactions	(5,761)	(10,784)
Fx gain on securities at fair value through profit or loss	**12,118**	**7,713**
Gain by transactions	10	1,478
Loss by transactions	(325)	(687)
Fx (loss) / gain on derecognition of investment in subsidiaries, associates	**(315)**	**791**
Gain by transactions	97	1,175
Loss by transactions	(1,574)	(2,396)
Fx loss on securities at fair value through other comprehensive income	**(1,477)**	**(1,221)**
Gain on securities, net	**10,326**	**7,283**

Gains and losses by transactions	Year ended 31 December 2024	Year ended 31 December 2023
Gain by transactions	8,607	8,875
Loss by transactions	(2,564)	(635)
Gain on non-trading securities mandatorily at fair value through profit or loss	**6,043**	**8,240**
Gain by transactions	75,057	115,152
Loss by transactions	(51,726)	(21,571)
Gain on loans mandatorily at fair value through profit or loss (adjustment resulting from change in market factors)	**23,331**	**93,581**
Gain by transactions	2,236	766
Loss by transactions	(4,236)	(7,974)
Loss on financial assets and liabilities designated at fair value through profit or loss	**(2,000)**	**(7,208)**
Fair value adjustment on financial instruments measured at fair value through profit or loss	**27,374**	**94,613**

NOTE 33: GAINS AND LOSSES BY TRANSACTIONS (in HUF mn) [continued]

Gains and losses by transactions	Year ended 31 December 2024	Year ended 31 December 2023
Gain by transactions	90,509	85,387
Loss by transactions	(79,333)	(104,061)
Gain / (Loss) from fx swap, swap and option deals	**11,176**	**(18,674)**
Gain by transactions	5,593	6,569
Loss by transactions	(5,373)	(6,554)
Gain from option deals	**220**	**15**
Gain by transactions	382,306	501,377
Loss by transactions	(381,537)	(497,715)
Gain from commodities deals	**769**	**3,662**
Gain by transactions	473	2,633
Loss by transactions	(634)	(396)
(Loss) / Gain from futures deals	**(161)**	**2,237**
Net results on derivative instruments and hedge relationships	**12,004**	**(12,760)**

Gains and losses attributable to the hedged risk on the hedged item and on the hedging instruments and ineffectiveness in case of fair value hedge on amortised cost line items are as follows:

Fair value hedge	Year ended 31 December 2024	Year ended 31 December 2023
Hedged items	(28,937)	(15,433)
Hedging instrument	38,549	2,855
Hedge ineffectiveness	9,612	(12,578)

NOTE 34: 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**
Income from agricultural activity	86,486	72,323
Income from tourism activity	4,042	3,911
Gains on transactions related to property activities	15,918	7,194
Rental income	2,607	2,780
Income from computer programming	1,962	1,563
Fair value adjustment of biological assets and agricultural produce	(2,343)	(4,874)
Income from written-of receivable	4,996	4,163
Income from air passenger transport	2,151	1,958
Gains on transactions related to insurance activity	2,696	1,915
Non-repayable assets received	1,039	531
Negative goodwill due to acquisition	-	198,361
Other income from non-financial activities	28,341	34,441
Total	**147,895**	**324,266**

Other operating expenses	**Year ended 31 December 2024**	**Year ended 31 December 2023**
Expense related to agricultural activity	65,461	47,780
Provision for off-balance sheet commitments and contingent liabilities	5,068	13,494
Financial support for sport association and organization of public utility	14,492	14,475
Loss allowance and loan losses on other financial assets	9,948	8,919
Impairment / (Release of impairment) on investments[1]	957	(21)
Non-repayable assets contributed	2,204	885
Impairment of right-of-use assets	1,833	-
Impairment on tangible and intangible assets	5,496	5,620
Impairment and loan losses on other non-financial assets and assets measured under IAS 2	3,218	1,312
Operating expenses of assets subject to operating lease and investment property	1,114	1,252
Other	17,383	16,854
Other expenses from non-financial activities	*7,177*	*6,711*
Other costs	*10,206*	*10,143*
Total	**127,174**	**110,570**

[1] See details in Note 12.

NOTE 34: OTHER OPERATING INCOME AND EXPENSES AND OTHER ADMINISTRATIVE EXPENSES (in HUF mn) [continued]

Other administrative expenses	Year ended 31 December 2024	Year ended 31 December 2023
Personnel expenses		
Wages	426,083	367,910
Taxes related to personnel expenses	69,612	58,267
Other personnel expenses	54,480	52,519
Subtotal	**550,175**	**478,696**
Depreciation, amortization of tangible, intangible assets, right-of-use assets [2]	**134,293**	**111,996**
Other administrative expenses		
Taxes, other than income tax [3]	171,961	165,632
Services	202,510	182,393
Professional fees	34,131	27,935
Fees payable to authorities and other fees	57,542	58,949
Advertising	38,835	26,067
Administration expenses	16,792	16,685
Rental fees	6,535	5,984
Subtotal	**528,306**	**483,645**
Total	**1,212,774**	**1,074,337**

[2] See details in Note 13 and Note 36.
[3] Special tax of financial institutions was paid by the Group in the amount of HUF 39,711 million for the year ended 31 December 2024 and HUF 56,572 million for the year ended 31 December 2023, recognized as an expense thus decreased the corporate tax base. For the year ended 31 December 2024 financial transaction duty was paid by the Bank in the amount of HUF 122,434 million while for the year ended 31 December 2023 the same duty was HUF 97,704 million.

Ernst & Young Audit Ltd.	Year ended 31 December 2024	Year ended 31 December 2023
	In thousand EUR	
OTP – annual audit – separate financial statements	600	573
OTP – annual audit – consolidated financial statements	967	923
Other audit services based on statutory provisions to OTP Group members	1,477	1,184
Other services providing assurance	3,231	1,088
Other non-audit services	662	550
Total	**6,937**	**4,318**

Ernst & Young Network	Year ended 31 December 2024	Year ended 31 December 2023
	In thousand EUR	
Audit based on statutory provisions	3,214	3,648
Other services providing assurance	-	-
Tax consulting services	205	88
Other non-audit services	196	945
Total	**3,615**	**4,681**

NOTE 35: INCOME TAXES (in HUF mn)

The Group is presently liable for income tax at rates between 9% and 35% of taxable income.

Deferred tax is calculated at the income tax rate of 9% in Hungary and Montenegro, 10% in Bulgaria, 12% in Moldova, 12.5% in Cyprus, 15% in Serbia and Albania, 18% in Croatia and Ukraine, 20% in Russia and Uzbekistan, 22% in Slovenia, 25.8% in the Netherlands and 35% in Malta.

The breakdown of the income tax expense is:

	31/12/2024	31/12/2023
Current tax expense	259,188	185,055
Deferred tax expense	(5,748)	4,423
Total	**253,440**	**189,478**

A reconciliation of the net deferred tax asset/liability is as follows:

	31/12/2024	31/12/2023
Balance as at 1 January	**27,028**	**35,327**
Deferred tax income / (expense) in profit or loss	5,748	(4,423)
Deferred tax liability related to items recognized directly in equity and in Comprehensive Income	(8,673)	(10,072)
Due to acquisition of subsidiary	(80)	12,034
Assets held for sale	-	(394)
Foreign currency translation difference	(77)	(5,444)
Closing balance	**23,946**	**27,028**

A breakdown of the deferred tax assets are as follows:

	31/12/2024	31/12/2023
Loss allowance on granted loans	27,657	46,155
Provision for off-balance sheet commitments and contingent liabilities, derivative financial instruments	6,226	5,145
Securities at amortized cost	949	589
Difference in depreciation of tangible assets, tangible assets subject to operating lease	1,679	1,377
Fair value adjustment of non-trading instruments mandatorily at fair value though profit or loss	1,064	92
Fair value adjustment of derivative financial instruments	9,036	6,904
Provision on other financial, non-financial liabilities	1,195	1,574
Difference in accounting for leases	-	12
Fair value adjustment of securities at fair value through other comprehensive income	2,856	2,824
Loss allowance / impairment on other financial, non-financial assets	9,558	2,457
Tax accrual caused by negative taxable income	30,189	24,511
Difference in depreciation of right-of-use assets	244	189
Loss allowance on investment	113	74
Repurchase agreement and security lending	1	-
Cash, amounts due from banks, balances with the National Banks interbank placements and receivables	192	90
Fair value adjustment of securities at fair value through profit or loss	-	2,630
Difference in accounting for investment properties	155	7
Issued securities	1,140	38
Amounts unenforceable by tax law	-	43
Other	7,421	1,204
Deferred tax asset	**99,675**	**95,915**

NOTE 35: INCOME TAXES (in HUF mn) [continued]

A breakdown of the deferred tax liabilities are as follows:

	31/12/2024	31/12/2023
Difference in depreciation of tangible assets	(16,042)	(10,873)
Fair value adjustment of securities at fair value through other comprehensive income	(15,089)	(5,189)
Fair value adjustment of securities at fair value through profit or loss	(2,376)	(2)
Loss allowance on investment	(1,751)	(1,673)
Fair value adjustment of non-trading instruments mandatorily at fair value though profit or loss	(1,374)	(312)
Securities at amortized cost	(3,742)	(3,580)
Provision for off-balance sheet commitments and contingent liabilities, derivative financial instruments	(531)	(649)
Loss allowance on granted loans	(2,462)	(1,487)
Cash, amounts due from banks, balances with the National Banks interbank placements and receivables	(1,478)	(1,196)
Unused tax allowance	-	(1)
Loss allowance / impairment on other financial, non-financial assets	(1,883)	(11,011)
Repurchase agreement and security lending	(13)	(36)
Provision on other financial, non-financial liabilities	(2,225)	(917)
Difference in accounting for investment properties	(2,442)	(748)
Issued securities	-	(298)
Difference in accounting for leases	-	(1,330)
Difference in depreciation of right-of-use assets	(374)	(5)
Other	(23,947)	(29,580)
Deferred tax liabilities	**(75,729)**	**(68,887)**

	31/12/2024	31/12/2023
Net deferred tax asset (amount presented in the consolidated statement of financial position)	**23,946**	**27,028**
Deferred tax assets	**56,583**	**55,691**
Deferred tax liabilities	**(32,637)**	**(28,663)**

Among deferred tax assets the tax accruals are included the following accruals by entities:

Tax accrual caused by negative taxable income	**31/12/2024**	**31/12/2023**	**Date until it can be used**
Merkantil Lease Ltd.	25	-	31 December 2026
Merkantil Lease Ltd.	78	-	31 December 2027
Merkantil Rental Ltd.	94	-	31 December 2028
OTP Real Estate Leasing Ltd.	14	102	31 December 2025
OTP Real Estate Leasing Ltd.	14	-	31 December 2026
OTP Real Estate Leasing Ltd.	15	-	31 December 2027
OTP Real Estate Leasing Ltd.	15	-	31 December 2028
OTP Real Estate Leasing Ltd.	15	-	31 December 2029
OTP Real Estate Leasing Ltd.	15	-	31 December 2030
OTP Real Estate Leasing Ltd.	15	-	31 December 2031
OTP Real Estate Leasing Ltd.	15	-	31 December 2032
Nagisz Ltd.	9	56	31 December 2030
OTP banka d.d. (Slovenia)	29,865	24,353	31 December 2029
	30,189	**24,511**	

NOTE 35: INCOME TAXES (in HUF mn) [continued]

Residual tax loss for which the OTB banka d.d. Slovenia has not recorded deferred tax assets amounts to HUF 334,621 million and HUF 409,628 million, so the unrecognized deferred tax assets amount to HUF 73,617 million and HUF 90,118 million as at 31 December 2024 and 2023, respectively. Tax losses could be carried forward indefinitely until 2024 and can be carried forward for five years from 2024 in accordance with the Slovenian Corporate Income Tax Act.

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

	31/12/2024	31/12/2023
Profit before income tax	**1,309,824**	**1,201,183**
Income tax expense at statutory tax rates	**218,249**	**174,872**
Income tax adjustments due to permanent differences are as follows:		
Deferred use of tax allowance	(26)	-
Share-based payment and its tax effect of transaction costs recognized directly in shareholders' equity	408	312
Goodwill / negative goodwill correction by local law	307	-
Reversal of statutory general provision	(7)	(9)
Tax effect on discontinued operation	1,778	-
Business tax and innovation contribution	30,944	27,418
Foreign withholding tax	21,040	7,218
Global minimum tax	11,076	-
Utilization of tax loss	(14,357)	(9,073)
Amounts unenforceable by tax law	173	55
Use of tax allowance in the current year	(1,276)	989
Other	(14,869)	(12,304)
Total income tax expense	**253,440**	**189,478**
Effective tax rate	**19.35%**	**15.77%**

	31/12/2024	31/12/2023
Net current tax liability (amount presented in the consolidated statement of financial position)	**(69,727)**	**(62,175)**
Current income tax receivables	**7,060**	**7,773**
Current income tax payable	**(76,787)**	**(69,948)**

Global minimum tax

The global minimum tax legislation has been enacted in certain jurisdictions the Group operates in, mainly in the EU Member States. The Group is in scope of the 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%.

From an accounting perspective, it is unclear if the global minimum tax rules create additional temporary differences, whether to remeasure deferred taxes for the global minimum tax rules and which tax rate to use to measure deferred taxes. In response to this uncertainty, IAS 12 'Income taxes' has been amended to introduce a mandatory temporary exception to the requirements of IAS 12. Under the mandatory temporary exception, a company does not recognize or disclose information about deferred tax assets and liabilities related to the global minimum tax rules. The Group applied the temporary exception for the year-ended 31 December 2024.

The global minimum tax legislation had been subject to several significant changes since its 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 is HUF 11,075.6 million in 2024, the overwhelming majority of which relates to profits earned in Bulgaria. The amount of taxes under the global minimum tax legislation is included in the income tax expense recognized in the Consolidated statement of profit or loss in 2024.

NOTE 36: LEASES (in HUF mn)

The Group as a lessee:

Right-of-use assets by class of underlying assets as at 31 December 2024:

31/12/2024	Property	Office equipment and vehicles	Total
Depreciation expense of right-of-use assets	16,432	1,756	**18,188**
Additions to right-of-use assets	15,992	558	**16,550**
Carrying amount of right-of-use assets at the end of the reporting period	75,744	4,086	**79,830**

Right-of-use assets by class of underlying assets as at 31 December 2023:

31/12/2023	Property	Office equipment and vehicles	Total
Depreciation expense of right-of-use assets	15,094	1,226	**16,320**
Additions to right-of-use assets	33,091	2,656	**35,747**
Carrying amount of right-of-use assets at the end of the reporting period	69,603	5,095	**74,698**

The total cash outflow for leases was HUF 21,512 million as at 31 December 2024 and HUF 40,746 million as at 31 December 2023.

The Group mainly leases real estates, a significant part of its right-of-use assets are related to office buildings and office space, a smaller part to branch offices.

Leasing liabilities by maturities:

	31/12/2024	31/12/2023
Within one year	15,171	12,425
Over one year	66,938	63,888
Total	**82,109**	**76,313**

Lease liabilities by payments:

	31/12/2024	31/12/2023
Arising from fixed lease payments	36,587	32,119
Arising from variable lease payments	45,522	44,194
Total	**82,109**	**76,313**

On 31 December 2024 and 2023 HUF 1,025 million and HUF 335 million is the lease payment respectively to be paid in the future due to leases not yet commenced to which the Group is committed. The future lease payment not taken into account would be HUF 4,862 million as at 31 December 2024 and would have been HUF 2,868 million as at 31 December 2023 arising from extension options if they had been taken into account.
The most typical indexes/rates on which the variable lease payments depend are: Consumer Price Index, Inflation Rate, EURIBOR.

NOTE 36: LEASES (in HUF mn) [continued]

The Group as a lessee [continued]:

Amounts recognized in profit and loss	**31/12/2024**	**31/12/2023**
Interest expense on lease liabilities	3,557	2,970
Expense relating to short-term leases	3,539	3,753
Expense relating to leases of low value assets	1,949	1,323
Expense relating to variable lease payments not included in the measurement of lease liabilities	5	4
Income from subleasing right-of-use assets	3	-
Gains or losses arising from sale and leaseback transactions	-	-

The Group as a lessor:

The Group's leasing activities are most significant in Hungary, Bulgaria, Croatia and Slovenia. The main activity of the leasing companies is finance leasing. More than half of the underlying assets are passenger cars, besides this the Group leases mainly agricultural machinery, commercial vehicles, vessels and construction machinery.

The Group manages the risk associated with the rights held in the underlying assets by, inter alia, buy-back agreements, determining the residual values on level lower than future market values and registering pledge on the underlying asset.

The Group as a lessor, finance lease:

Amounts receivable under finance leases	**31/12/2024**	**31/12/2023**
In less than 1 year	601,731	527,875
Between 1 and 2 years	435,784	379,355
Between 2 and 3 years	324,401	280,865
Between 3 and 4 years	216,742	186,890
Between 4 and 5 years	122,533	117,878
More than 5 years	75,526	65,018
Total receivables from undiscounted lease payments	**1,776,717**	**1,557,881**
Unguaranteed residual values	-	68
Gross investment in the lease	**1,776,717**	**1,557,949**
Less: unearned finance income	(225,383)	(223,217)
Present value of minimum lease payments receivable	**1,551,334**	**1,334,732**
Loss allowance	(39,857)	(45,020)
Net investment in the lease	**1,511,477**	**1,289,712**

An analysis of the change in the gross values on finance receivables is as follows:

	31/12/2024	**31/12/2023**
Balance as at 1 January	**1,334,732**	**1,351,883**
Additions due to new contracts	839,584	678,107
Additions due to interest income and amortized fees	110,054	103,223
Decrease due to write-off	(505)	(115)
Decrease due to repossession of the asset	(3,040)	(11,259)
Decrease due to sale	(5,455)	(2,456)
Assets held for sale	-	(66,511)
Decrease due to early repayment	(94,348)	(78,856)
Decrease due to regular lease payment	(691,799)	(589,498)
Foreign currency translation difference	62,111	(49,786)
Closing balance	**1,551,334**	**1,334,732**

NOTE 36: **LEASES (in HUF mn) [continued]**

The Group as a lessor [continued]:

The Group as a lessor, finance lease [continued]:

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

	31/12/2024	31/12/2023
Balance as at 1 January	**45,020**	**53,131**
Loss allowance for the period	30,347	35,494
Release of loss allowance	(36,865)	(37,150)
Use of loss allowance	(1,279)	(98)
Partial write-off	(128)	(7)
Decrease due to sale	(5)	(545)
Assets held for sale	-	(2,906)
Foreign currency translation difference	2,767	(2,899)
Closing balance	**39,857**	**45,020**

Result from finance leases	**31/12/2024**	**31/12/2023**
Selling profit or loss	-	-
Finance income on the net investment in the lease	110,830	100,749
Income relating to variable lease payments not included in the measurement of the net investment in the lease	-	-

The Group as a lessor, operating lease:

Amounts receivable under operating leases	**31/12/2024**	**31/12/2023**
In less than 1 year	16,361	13,464
Between 1 and 2 years	11,607	8,540
Between 2 and 3 years	9,126	7,500
Between 3 and 4 years	6,059	6,187
Between 4 and 5 years	2,732	3,703
More than 5 years	2,428	1,786
Total receivables from undiscounted lease payments	**48,313**	**41,180**

Result from operating leases	**31/12/2024**	**31/12/2023**
Lease income	16,086	15,035
Therein lease income relating to variable lease payments that do not depend on an index or a rate	-	-

NOTE 37: 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 Group. The most significant risks the Group faces include:

37.1. Credit risk

The Group 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 Group 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 are subject to an annual or more frequent review. The exposure to any borrower including banks and brokers is further restricted by sub-limits 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 principal repayment obligations and by changing these lending limits when appropriate. Exposure to credit risk is managed by obtaining collateral, corporate and personal guarantees.

Defining the expected credit loss on individual and collective basis

On individual basis:

Individually assessed are the non-retail or non- 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 (amortized 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 items' 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. It should be at least one scenario in which the entity anticipates that realized 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.

37.1. Credit risk [continued]

Defining the expected credit loss on individual and collective basis [continued]

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.

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 Headquarter 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 are responsible for parameter estimations / updates, macroeconomic scenarios are calculated by OTP Bank Headquarter for each subsidiary and each parameter. Based on the consensus proposal of Local Risk Management and OTP Bank Headquarter, the Group Reserve Committee decides on the modification of parameters (all parameters for impairment calculation).

At least on a yearly basis the impairment parameters should be back tested as well.

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.

During 2024 in line with the rollout plan DSK Bank and OTP banka Srbija implemented the advanced, lifetime-based methodology for some portfolios to identify the significant increase in credit risk, this methodological change resulted in HUF 3 billion provision creation in the second quarter (DSK Bank) and HUF 1.5 billion in the fourth quarter. DSK bank identified “novel risks” in the fourth quarter, the provision increase was EUR 10 million. In the fourth quarter of year 2024 a new forward-looking methodology was implemented in Ipoteka Bank regarding the PD parameter estimation in line with the Group IFRS9 methodology. The refinement in the methodology resulted immaterial effect on the total ECL level.

During 2023 there were ECL SICR methodological changes in Hungary. The previously used methodology – which was based on rating category changes – was replaced by the advanced, lifetime-based methodology to identify the significant increase in credit risk. The changes resulted HUF 2.8 billion more impairment in 2023. The impact of the SICR methodology changes and parameter updates are presented under Note 11 as part of effect of change in parameters used for loss allowance calculation line item.

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.1. Credit risk [continued]

37.1.1. Gross values and loss allowance / provision of financial instruments by stages

Gross carrying amount and accumulated loss allowance of financial assets at amortized cost and of interest-bearing securities at fair value through other comprehensive income and financial commitments and provision on them by stages as at 31 December 2024:

		Gross carrying amount / Notional value					Accumulated loss allowance / Provision				
31/12/2024	**Carrying amount / Exposure**	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Placements with other banks	**1,891,901**	1,890,786	1,013	1,569	-	**1,893,368**	505	958	4	-	**1,467**
Repo receivables	**331,837**	332,349	-	-	-	**332,349**	512	-	-	-	**512**
Mortgage loans	**5,947,341**	5,431,298	472,986	98,928	62,342	**6,065,554**	13,685	37,630	44,604	22,294	**118,213**
Loans to medium and large corporates	**8,430,951**	7,032,611	1,396,700	268,335	65,329	**8,762,975**	58,069	113,232	140,769	19,954	**332,024**
Consumer loans	**4,995,814**	4,346,073	719,392	281,199	38,405	**5,385,069**	59,143	118,967	207,025	4,120	**389,255**
Loans to micro and small enterprises	**916,275**	655,090	256,690	72,173	10,564	**994,517**	6,606	19,342	50,005	2,289	**78,242**
Loans at amortized cost	**20,290,381**	**17,465,072**	**2,845,768**	**720,635**	**176,640**	**21,208,115**	**137,503**	**289,171**	**442,403**	**48,657**	**917,734**
Finance lease receivable	**1,511,477**	1,327,216	169,791	54,290	37	**1,551,334**	6,522	6,168	27,167	-	**39,857**
Interest-bearing securities at fair value through other comprehensive income[1]	**1,622,824**	1,593,287	1,739	27,798	-	**1,622,824**	12,906	87	55,057	-	**68,050**
Securities at amortized cost	**7,447,177**	7,441,670	12,521	37,491	-	**7,491,682**	16,301	855	27,349	-	**44,505**
Financial assets total	**33,095,597**	**30,050,380**	**3,030,832**	**841,783**	**176,677**	**34,099,672**	**174,249**	**297,239**	**551,980**	**48,657**	**1,072,125**
Loan commitments given	**5,660,885**	5,347,629	332,965	12,610	599	**5,693,803**	19,520	12,046	1,255	97	**32,918**
Financial guarantees given	**1,535,734**	1,440,075	95,405	11,832	67	**1,547,379**	4,450	2,357	4,773	65	**11,645**
Other commitments given	**1,033,567**	980,085	51,765	6,015	1,616	**1,039,481**	2,134	1,785	549	1,446	**5,914**
Financial liabilities total	**8,230,186**	**7,767,789**	**480,135**	**30,457**	**2,282**	**8,280,663**	**26,104**	**16,188**	**6,577**	**1,608**	**50,477**

[1] Interest bearing securities at fair value through other comprehensive income are recognized in the Consolidated statement of financial position as at fair value (see in Note 9). Loss allowances for securities at fair value through other comprehensive income that are in Stage 1 and / or in Stage 2 is recognized in the Other comprehensive income. It is included in the accumulated loss allowance of this table showed above.

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.1. Credit risk [continued]

37.1.1. Gross values and loss allowance / provision of financial instruments by stages [continued]

Gross carrying amount and accumulated loss allowance of financial assets at amortized cost and of interest-bearing securities at fair value through other comprehensive income and financial commitments and provision on them by stages as at 31 December 2023:

		Gross carrying amount / Notional value					Accumulated loss allowance / Provision				
31/12/2023	**Carrying amount / Exposure**	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Placements with other banks	**1,566,998**	1,569,167	63	15	-	**1,569,245**	2,182	55	10	-	**2,247**
Repo receivables	**223,884**	224,477	-	-	-	**224,477**	593	-	-	-	**593**
Mortgage loans	**5,034,890**	4,562,463	438,501	96,334	53,399	**5,150,697**	12,870	28,369	50,155	24,413	**115,807**
Loans to medium and large corporates	**7,904,890**	6,675,761	1,221,137	245,491	40,515	**8,182,904**	32,632	87,746	147,793	9,843	**278,014**
Consumer loans	**3,770,593**	3,312,352	558,058	281,209	11,894	**4,163,513**	77,799	92,583	216,265	6,273	**392,920**
Loans to micro and small enterprises	**966,160**	713,352	237,948	84,887	37,263	**1,073,450**	14,491	29,446	51,855	11,498	**107,290**
Loans at amortized cost[1]	**17,676,533**	**15,263,928**	**2,455,644**	**707,921**	**143,071**	**18,570,564**	**137,792**	**238,144**	**466,068**	**52,027**	**894,031**
Finance lease receivable	**1,289,712**	1,095,039	176,856	62,799	38	**1,334,732**	5,331	8,342	31,309	38	**45,020**
Interest-bearing securities at fair value through other comprehensive income[2]	**1,540,980**	1,423,021	87,085	30,874	-	**1,540,980**	11,395	258	22,920	-	**34,573**
Securities at amortized cost	**5,249,272**	5,228,599	12,224	41,097	-	**5,281,920**	17,141	755	14,752	-	**32,648**
Financial assets total	**27,547,379**	**24,804,231**	**2,731,872**	**842,706**	**143,109**	**28,521,918**	**174,434**	**247,554**	**535,059**	**52,065**	**1,009,112**
Loan commitments given	**4,755,009**	4,495,101	277,346	11,673	823	**4,784,943**	19,890	7,772	2,007	265	**29,934**
Financial guarantees given	**1,474,285**	1,381,657	92,012	10,222	64	**1,483,955**	6,392	2,012	1,206	60	**9,670**
Other commitments given	**864,718**	829,611	34,112	5,909	1,619	**871,251**	1,860	1,388	2,354	931	**6,533**
Financial liabilities total	**7,094,012**	**6,706,369**	**403,470**	**27,804**	**2,506**	**7,140,149**	**28,142**	**11,172**	**5,567**	**1,256**	**46,137**

[1] Please see details in Note 2.29.
[2] Interest bearing securities at fair value through other comprehensive income are recognized in the Consolidated statement of financial position as at fair value (see in Note 9). Loss allowances for securities at fair value through other comprehensive income that are in Stage 1 and / or in Stage 2 is recognized in the Other comprehensive income. It is included in the accumulated loss allowance of this table showed above.

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.1. Credit risk [continued]

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

31/12/2024	Without delay	< 30 days	31 - 60 days	61 - 90 days	> 91 days	Closing balance
Expected credit loss rate	**3.67%**	**6.03%**	**2.79%**	**18.66%**	**65.02%**	
Gross value	145,429	34,947	2,544	5,718	53,582	**242,220**
Loss allowance	(5,333)	(2,108)	(71)	(1,067)	(34,839)	**(43,418)**
Net carrying amount	**140,096**	**32,839**	**2,473**	**4,651**	**18,743**	**198,802**

31/12/2023	Without delay	< 30 days	31 - 60 days	61 - 90 days	> 91 days	Closing balance
Expected credit loss rate	**2.69%**	**2.69%**	**3.80%**	**6.03%**	**44.49%**	
Gross value	114,764	26,136	2,340	1,029	67,177	**211,446**
Loss allowance	(3,082)	(703)	(89)	(62)	(29,890)	**(33,826)**
Net carrying amount	**111,682**	**25,433**	**2,251**	**967**	**37,287**	**177,620**

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.1. Credit risk [continued]

37.1.3. Movement table of gross values on financial instruments

Movement of gross values of financial assets at amortized cost and on interest bearing securities at fair value through other comprehensive income and of financial commitments as at 31 December 2024:

31/12/2024	Opening balance	Increases due to origination and acquisition	Increase on opening balance	Decreases due to payments and derecognition	Transfers between stages (net)	Changes due to modifications without derecognition (net)	Decrease due to write-offs	Foreign exchange and other adjustment	Closing balance
Stage 1	**24,804,231**	**49,571,066**	**3,265,291**	**(47,671,939)**	**(557,933)**	**(385,833)**	**(77,702)**	**1,103,199**	**30,050,380**
Placements with other banks	1,569,167	12,121,835	34,344	(11,915,052)	(2,878)	70,700	-	12,670	**1,890,786**
Repo receivables	224,477	25,909,255	829,891	(26,642,511)	-	-	-	11,237	**332,349**
Loans at amortized cost	15,263,928	8,021,531	1,277,288	(6,771,271)	(610,914)	(455,022)	(77,702)	817,234	**17,465,072**
Finance lease receivables	1,095,039	653,498	41,095	(484,115)	(25,069)	(1,690)	-	48,458	**1,327,216**
Interest-bearing securities at fair value through other comprehensive income	1,423,021	936,826	48,326	(965,565)	85,223	-	-	65,456	**1,593,287**
Securities at amortized cost	5,228,599	1,928,121	1,034,347	(893,425)	(4,295)	179	-	148,144	**7,441,670**
Stage 2	**2,731,872**	**557,587**	**221,602**	**(1,005,159)**	**368,756**	**51,024**	**(4,568)**	**109,718**	**3,030,832**
Placements with other banks	63	-	2,006	(1,994)	887	-	-	51	**1,013**
Repo receivables	-	-	-	-	-	-	-	-	**-**
Loans at amortized cost	2,455,644	495,632	213,584	(898,194)	434,478	51,024	(4,568)	98,168	**2,845,768**
Finance lease receivables	176,856	61,955	5,711	(97,828)	14,319	-	-	8,778	**169,791**
Interest-bearing securities at fair value through other comprehensive income	87,085	-	-	(2,397)	(85,223)	-	-	2,274	**1,739**
Securities at amortized cost	12,224	-	301	(4,746)	4,295	-	-	447	**12,521**
Stage 3	**842,706**	**127,120**	**38,712**	**(316,752)**	**189,177**	**60,452**	**(123,558)**	**23,926**	**841,783**
Placements with other banks	15	8,575	5	(9,087)	1,991	-	(7)	77	**1,569**
Repo receivables	-	-	-	-	-	-	-	-	**-**
Loans at amortized cost	707,921	112,880	34,359	(268,866)	176,437	60,454	(123,037)	20,487	**720,635**
Finance lease receivables	62,799	4,616	1,561	(27,832)	10,749	(2)	(514)	2,913	**54,290**
Interest-bearing securities at fair value through other comprehensive income	30,874	-	27	(3,103)	-	-	-	-	**27,798**
Securities at amortized cost	41,097	1,049	2,760	(7,864)	-	-	-	449	**37,491**
Financial assets subtotal	**28,378,809**	**50,255,773**	**3,525,605**	**(48,993,850)**	**-**	**(274,357)**	**(205,828)**	**1,236,843**	**33,922,995**

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.1. Credit risk [continued]

37.1.3. Movement table of gross values on financial instruments [continued]

Movement of gross values of financial assets at amortized cost and on interest-bearing securities at fair value through other comprehensive income and of financial commitments as at 31 December 2024 [continued]:

31/12/2024	Opening balance	Increases due to origination and acquisition	Increase on opening balance	Decreases due to payments and derecognition	Transfers between stages (net)	Changes due to modifications without derecognition (net)	Decrease due to write-offs	Foreign exchange and other adjustment	Closing balance
POCI	**143,109**	**57,247**	**9,563**	**(33,303)**	**-**	**(4,826)**	**(4,076)**	**8,963**	**176,677**
Placements with other banks	-	-	-	-	-	-	-	-	-
Repo receivables	-	-	-	-	-	-	-	-	-
Loans at amortized cost	143,071	57,247	9,563	(33,300)	-	(4,826)	(4,076)	8,961	**176,640**
Finance lease receivables	38	-	-	(3)	-	-	-	2	**37**
Interest-bearing securities at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-
Securities at amortized cost	-	-	-	-	-	-	-	-	-
Financial assets total	**28,521,918**	**50,313,020**	**3,535,168**	**(49,027,153)**	**-**	**(279,183)**	**(209,904)**	**1,245,806**	**34,099,672**
Loan commitments and financial guarantees given - stage 1	6,706,369	4,352,876	1,242,666	(4,682,200)	(71,095)	(23,984)	-	243,157	**7,767,789**
Loan commitments and financial guarantees given - stage 2	403,470	220,286	66,676	(277,203)	58,042	(3,896)	-	12,760	**480,135**
Loan commitments and financial guarantees given - stage 3	27,804	7,868	888	(19,335)	13,053	(326)	-	505	**30,457**
Loan commitments and financial guarantees given - poci	2,506	2,190	528	(3,118)	-	(3)	-	179	**2,282**
Financial liabilities total	**7,140,149**	**4,583,220**	**1,310,758**	**(4,981,856)**	**-**	**(28,209)**	**-**	**256,601**	**8,280,663**

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.1. Credit risk [continued]

37.1.3. Movement table of gross values on financial instruments [continued]

Movement of gross values of financial assets at amortized cost and on interest-bearing securities at fair value through other comprehensive income and of financial commitments as at 31 December 2023:

31/12/2023	Opening balance	Increases due to origination and acquisition	Increase on opening balance	Decreases due to payments and derecognition	Transfers between stages (net)	Changes due to modifications without derecognition (net)	Decrease due to write-offs	Assets held for sale	Foreign exchange and other adjustment	Closing balance
Stage 1	**23,127,980**	**23,356,461**	**3,416,632**	**(22,203,492)**	**(508,278)**	**(306,140)**	**(245)**	**(1,320,012)**	**(758,675)**	**24,804,231**
Placements with other banks	1,354,832	7,416,490	381,963	(7,453,395)	-	-	-	(4,529)	(126,194)	**1,569,167**
Repo receivables	41,250	4,458,449	53,911	(4,337,597)	-	-	-	-	8,464	**224,477**
Loans at amortized cost	14,176,668	8,774,565	2,081,887	(7,499,976)	(496,301)	(306,192)	(245)	(938,176)	(528,302)	**15,263,928**
Finance lease receivables	1,045,688	527,738	214,240	(597,894)	(10,997)	-	-	(52,206)	(31,530)	**1,095,039**
Interest-bearing securities at fair value through other comprehensive income	1,642,481	798,838	55,751	(1,006,842)	-	52	-	(39,100)	(28,159)	**1,423,021**
Securities at amortized cost	4,867,061	1,380,381	628,880	(1,307,788)	(980)	-	-	(286,001)	(52,954)	**5,228,599**
Stage 2	**2,228,626**	**714,891**	**212,807**	**(638,272)**	**441,295**	**34,021**	**(2,212)**	**(172,079)**	**(87,205)**	**2,731,872**
Placements with other banks	63	-	-	-	-	-	-	-	-	**63**
Repo receivables	-	-	-	-	-	-	-	-	-	**-**
Loans at amortized cost	1,949,320	554,572	176,241	(459,903)	436,755	34,021	(2,212)	(161,009)	(72,141)	**2,455,644**
Finance lease receivables	235,817	72,482	36,313	(148,456)	3,560	-	-	(11,070)	(11,790)	**176,856**
Interest-bearing securities at fair value through other comprehensive income	28,285	83,167	-	(21,461)	-	-	-	-	(2,906)	**87,085**
Securities at amortized cost	15,141	4,670	253	(8,452)	980	-	-	-	(368)	**12,224**
Stage 3	**989,503**	**190,604**	**27,942**	**(252,740)**	**66,975**	**16,888**	**(73,726)**	**(63,427)**	**(59,313)**	**842,706**
Placements with other banks	24	-	75	(84)	-	-	-	-	-	**15**
Repo receivables	-	-	-	-	-	-	-	-	-	**-**
Loans at amortized cost	837,964	171,781	24,518	(214,793)	59,541	16,888	(73,594)	(60,193)	(54,191)	**707,921**
Finance lease receivables	70,050	15,286	3,349	(25,520)	7,434	-	(132)	(3,234)	(4,434)	**62,799**
Interest-bearing securities at fair value through other comprehensive income	28,680	3,480	-	(1,231)	-	-	-	-	(55)	**30,874**
Securities at amortized cost	52,785	57	-	(11,112)	-	-	-	-	(633)	**41,097**
Financial assets subtotal	**26,346,109**	**24,261,956**	**3,657,381**	**(23,094,504)**	**(8)**	**(255,231)**	**(76,183)**	**(1,555,518)**	**(905,193)**	**28,378,809**

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.1. Credit risk [continued]

37.1.3. Movement table of gross values on financial instruments [continued]

Movement of gross values of financial assets at amortized cost and on interest-bearing securities at fair value through other comprehensive income and of financial commitments as at 31 December 2023 [continued]:

31/12/2023	**Opening balance**	**Increases due to origination and acquisition**	**Increase on opening balance**	**Decreases due to payments and derecognition**	**Transfers between stages (net)**	**Changes due to modifications without derecognition (net)**	**Decrease due to write-offs**	**Assets held for sale**	**Foreign exchange and other adjustment**	**Closing balance**
POCI	**97,194**	**19,386**	**41,718**	**(2,872)**	**8**	**-**	**(6,616)**	**(4,185)**	**(1,524)**	**143,109**
Placements with other banks	-	-	-	-	-	-	-	-	-	-
Repo receivables	-	-	-	-	-	-	-	-	-	-
Loans at amortized cost	96,866	19,386	41,366	(2,302)	5	-	(6,553)	(4,185)	(1,512)	**143,071**
Finance lease receivables	328	-	352	(570)	3	-	(63)		(12)	**38**
Interest-bearing securities at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Securities at amortized cost	-	-	-	-	-	-	-	-	-	-
Financial assets total	**26,443,303**	**24,281,342**	**3,699,099**	**(23,097,376)**	**-**	**(255,231)**	**(82,799)**	**(1,559,703)**	**(906,717)**	**28,521,918**
Loan commitments and financial guarantees given - stage 1	5,842,958	3,472,892	53,896,979	(56,158,534)	(152,848)	3,465	-	-	(198,543)	**6,706,369**
Loan commitments and financial guarantees given - stage 2	359,236	178,252	127,132	(382,733)	138,545	1,149	-	-	(18,111)	**403,470**
Loan commitments and financial guarantees given - stage 3	58,980	4,908	910	(48,833)	14,304	14	-	-	(2,479)	**27,804**
Loan commitments and financial guarantees given - poci	202	2,719	566	(972)	(1)	-	-	-	(8)	**2,506**
Financial liabilities total	**6,261,376**	**3,658,771**	**54,025,587**	**(56,591,072)**	**-**	**4,628**	**-**	**-**	**(219,141)**	**7,140,149**

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.1. Credit risk [continued]

37.1.4. Movement table of loss allowance / provision on financial instruments

Movement of loss allowance on financial assets at amortized cost and on interest-bearing securities at fair value through other comprehensive income and of provision of financial commitments as at 31 December 2024:

31/12/2024	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Transfers between stages (net)	Changes due to change in credit risk (net)	Changes due to modifications without derecognition (net)	Decrease in loss allowance account due to write-offs	Foreign exchange and other adjustment	Closing balance
Stage 1	**174,434**	**97,184**	**(92,071)**	**(21,893)**	**14,001**	**(3,066)**	**(1,030)**	**6,690**	**174,249**
Placements with other banks	2,182	2,077	(3,709)	-	(209)	-	-	164	505
Repo receivables	593	7,730	(8,052)	-	249	-	-	(8)	512
Loans at amortized cost	137,792	77,157	(68,211)	(25,665)	14,422	(2,853)	(1,030)	5,891	137,503
Finance lease receivables	5,331	2,591	(5,159)	3,821	(318)	(73)	-	329	6,522
Interest-bearing securities at fair value through other comprehensive income	11,395	4,150	(2,964)	(2,150)	2,354	46	-	75	12,906
Securities at amortized cost	17,141	3,479	(3,976)	2,101	(2,497)	(186)	-	239	16,301
Stage 2	**247,554**	**30,326**	**(64,795)**	**(11,643)**	**54,067**	**33,705**	**(1,311)**	**9,336**	**297,239**
Placements with other banks	55	-	(41)	-	938	-	-	6	958
Repo receivables	-	-	-	-	-	-	-	-	-
Loans at amortized cost	238,144	28,554	(60,447)	(10,722)	52,253	33,705	(1,311)	8,995	289,171
Finance lease receivables	8,342	1,772	(3,761)	(970)	498	-	-	287	6,168
Interest-bearing securities at fair value through other comprehensive income	258	-	(125)	-	(59)	-	-	13	87
Securities at amortized cost	755	-	(421)	49	437	-	-	35	855
Stage 3	**535,059**	**29,447**	**(85,603)**	**33,536**	**102,133**	**19,342**	**(96,122)**	**14,188**	**551,980**
Placements with other banks	10	-	(224)	-	148	-	(7)	77	4
Repo receivables	-	-	-	-	-	-	-	-	-
Loans at amortized cost	466,068	26,150	(75,990)	36,389	53,089	19,342	(95,603)	12,958	442,403
Finance lease receivables	31,309	2,247	(8,082)	(2,853)	4,058	-	(512)	1,000	27,167
Interest-bearing securities at fair value through other comprehensive income	22,920	-	-	2,150	29,987	-	-	-	55,057
Securities at amortized cost	14,752	1,050	(1,307)	(2,150)	14,851	-	-	153	**27,349**
Loss allowance on financial assets	**957,047**	**156,957**	**(242,469)**	**-**	**170,201**	**49,981**	**(98,463)**	**30,214**	**1,023,468**

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.1. Credit risk [continued]

37.1.4. Movement table of loss allowance / provision on financial instruments [continued]

Movement of loss allowance on financial assets at amortized cost and on interest-bearing securities at fair value through other comprehensive income and of provision of financial commitments as at 31 December 2024 [continued]:

31/12/2024	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Transfers between stages (net)	Changes due to change in credit risk (net)	Changes due to modifications without derecognition (net)	Decrease in loss allowance account due to write-offs	Foreign exchange and other adjustment	Closing balance
POCI	**52,065**	**137**	**(11,443)**	**-**	**8,484**	**1,005**	**(3,859)**	**2,268**	**48,657**
Placements with other banks	-	-	-	-	-	-	-	-	-
Repo receivables	-	-	-	-	-	-	-	-	-
Loans at amortized cost	52,027	137	(11,440)	-	8,484	1,005	(3,859)	2,303	48,657
Finance lease receivables	38	-	(3)	-	-	-	-	(35)	-
Interest-bearing securities at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-
Securities at amortized cost	-	-	-	-	-	-	-	-	-
Loss allowance on financial assets total	**1,009,112**	**157,094**	**(253,912)**	**-**	**178,685**	**50,986**	**(102,322)**	**32,482**	**1,072,125**
Loan commitments and financial guarantees given - stage 1	28,142	14,476	(10,645)	(4,365)	(3,420)	850	-	1,066	26,104
Loan commitments and financial guarantees given - stage 2	11,172	3,746	(5,965)	2,752	4,098	52	-	333	16,188
Loan commitments and financial guarantees given - stage 3	5,567	1,505	(3,187)	1,613	1,149	(169)	-	99	6,577
Loan commitments and financial guarantees given - poci	1,256	-	(562)	-	824	-	-	90	**1,608**
Provision on financial liabilities total	**46,137**	**19,727**	**(20,359)**	**-**	**2,651**	**733**	**-**	**1,588**	**50,477**

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.1. Credit risk [continued]

37.1.4. Movement table of loss allowance / provision on financial instruments [continued]

Movement of loss allowance on financial assets at amortized cost and on interest-bearing securities at fair value through other comprehensive income and of provision of financial commitments as at 31 December 2023:

31/12/2023	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Transfers between stages (net)	Changes due to change in credit risk (net)	Changes due to modifications without derecognition (net)	Decrease in loss allowance account due to write-offs	Assets held for sale	Foreign exchange and other adjustment	Closing balance
Stage 1	**198,457**	**182,142**	**(50,688)**	**(120,176)**	**(7,185)**	**(3,832)**	**(137)**	**(11,421)**	**(12,726)**	**174,434**
Placements with other banks	3,801	21,893	(10,716)	-	(13,863)	-	-	(12)	1,079	2,182
Repo receivables	241	28,013	(12,536)	-	(15,120)	-	-	-	(5)	593
Loans at amortized cost	152,189	120,934	(24,021)	(118,838)	34,649	(3,832)	(137)	(10,089)	(13,063)	137,792
Finance lease receivables	4,797	2,665	(760)	(1,255)	838	-	-	(683)	(271)	5,331
Interest-bearing securities at fair value through other comprehensive income	13,754	5,346	(2,384)	-	(5,302)	-	-	-	(19)	11,395
Securities at amortized cost	23,675	3,291	(271)	(83)	(8,387)	-	-	(637)	(447)	17,141
Stage 2	**240,869**	**63,850**	**(26,201)**	**59,380**	**(65,542)**	**6,335**	**(1,131)**	**(16,538)**	**(13,468)**	**247,554**
Placements with other banks	12	-	-	-	147	-	-	-	(104)	55
Repo receivables	-	-	-	-	-	-	-	-	-	-
Loans at amortized cost	223,965	56,062	(20,246)	59,297	(57,563)	6,335	(1,131)	(15,806)	(12,769)	238,144
Finance lease receivables	15,241	2,774	(404)	-	(8,052)	-	-	(732)	(485)	8,342
Interest-bearing securities at fair value through other comprehensive income	1,040	4,603	(5,266)	-	(19)	-	-	-	(100)	258
Securities at amortized cost	611	411	(285)	83	(55)	-	-	-	(10)	755
Stage 3	**632,966**	**62,579**	**(65,642)**	**60,796**	**5,297**	**2,207**	**(67,994)**	**(35,475)**	**(59,675)**	**535,059**
Placements with other banks	24	1	-	-	50	-	-	-	(65)	10
Repo receivables	-	-	-	-	-	-	-	-	-	-
Loans at amortized cost	556,473	52,104	(61,111)	59,541	13,856	2,207	(67,862)	(33,984)	(55,156)	466,068
Finance lease receivables	32,875	10,474	(1,507)	1,255	(8,268)	-	(132)	(1,491)	(1,897)	31,309
Interest-bearing securities at fair value through other comprehensive income	24,831	-	(413)	-	(1)	-	-	-	(1,497)	22,920
Securities at amortized cost	18,763	-	(2,611)	-	(340)	-	-	-	(1,060)	**14,752**
Loss allowance on financial assets	**1,072,292**	**308,571**	**(142,531)**	**-**	**(67,430)**	**4,710**	**(69,262)**	**(63,434)**	**(85,869)**	**957,047**

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.1. Credit risk [continued]

37.1.4. Movement table of loss allowance / provision on financial instruments [continued]

Movement of loss allowance on financial assets at amortized cost and on interest-bearing securities at fair value through other comprehensive income and of provision of financial commitments as at 31 December 2023 [continued]:

31/12/2023	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Transfers between stages (net)	Changes due to change in credit risk (net)	Changes due to modifications without derecognition (net)	Decrease in loss allowance account due to write-offs	Assets held for sale	Foreign exchange and other adjustment	Closing balance
POCI	**33,951**	**-**	**(2,603)**	**-**	**17,029**	**-**	**(3,702)**	**(1,476)**	**8,866**	**52,065**
Placements with other banks	-	-	-	-	-	-	-	-	-	-
Repo receivables	-	-	-	-	-	-	-	-	-	-
Loans at amortized cost	33,733	-	(2,302)	-	16,825	-	(3,639)	(1,476)	8,886	52,027
Finance lease receivables	218	-	(301)	-	204	-	(63)	-	(20)	38
Interest-bearing securities at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Securities at amortized cost	-	-	-	-	-	-	-	-	-	-
Loss allowance on financial assets total	**1,106,243**	**308,571**	**(145,134)**	**-**	**(50,401)**	**4,710**	**(72,964)**	**(64,910)**	**(77,003)**	**1,009,112**
Loan commitments and financial guarantees given - stage 1	41,557	16,878	(8,107)	(12,482)	(4,418)	4	-	-	(5,290)	28,142
Loan commitments and financial guarantees given - stage 2	15,121	2,686	(4,336)	9,186	(11,278)	307	-	-	(514)	11,172
Loan commitments and financial guarantees given - stage 3	6,665	852	(1,499)	3,296	(3,388)	9	-	-	(368)	5,567
Loan commitments and financial guarantees given - poci	29	832	(34)	-	430	-	-	-	(1)	1,256
Provision on financial liabilities total	**63,372**	**21,248**	**(13,976)**	**-**	**(18,654)**	**320**	**-**	**-**	**(6,173)**	**46,137**

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.1. Credit risk [continued]

37.1.5. Loan portfolio by internal ratings

31/12/2024	Gross carrying amount				
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Low risk grade (1-4)	12,329,875	987,132	-	6,655	**13,323,662**
Medium risk grade (5-7)	6,170,989	1,499,654	-	78,012	**7,748,655**
High risk grade (8-9)	291,424	528,773	-	8,907	**829,104**
Non-performing	-	-	774,925	83,103	**858,028**
Total loans at amortized cost and finance lease receivable	**18,792,288**	**3,015,559**	**774,925**	**176,677**	**22,759,449**

31/12/2024	Accumulated loss allowance				
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Low risk grade (1-4)	69,858	86,080	-	185	**156,123**
Medium risk grade (5-7)	67,302	152,411	-	12,292	**232,005**
High risk grade (8-9)	6,865	56,848	-	231	**63,944**
Non-performing	-	-	469,570	35,949	**505,519**
Total loans at amortized cost and finance lease receivable	**144,025**	**295,339**	**469,570**	**48,657**	**957,591**

31/12/2023	Gross carrying amount				
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Low risk grade (1-4)	10,537,131	886,493	-	4,209	**11,427,833**
Medium risk grade (5-7)	5,633,057	1,283,637	-	53,680	**6,970,374**
High risk grade (8-9)	172,435	466,658	-	5,247	**644,340**
Non-performing	-	-	805,560	57,189	**862,749**
Total loans at amortized cost and finance lease receivable	**16,342,623**	**2,636,788**	**805,560**	**120,325**	**19,905,296**

31/12/2023	Accumulated loss allowance				
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Low risk grade (1-4)	57,516	67,598	-	257	**125,371**
Medium risk grade (5-7)	58,691	128,311	-	9,585	**196,587**
High risk grade (8-9)	7,074	54,521	-	396	**61,991**
Non-performing	-	-	516,126	38,976	**555,102**
Total loans at amortized cost and finance lease receivable	**123,281**	**250,430**	**516,126**	**49,214**	**939,051**

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.1. Credit risk [continued]

37.1.6. Geographical analysis of the loan portfolio

The geographical analysis of the non-qualified and qualified gross loan portfolio at amortized cost, finance lease receivables, placements with other banks and repo receivables and their loss allowances is as follows:

	31/12/2024		31/12/2023	
Country	**Gross amount of exposure**	**Loss allowance**	**Gross amount of exposure**	**Loss allowance**
Hungary	6,031,853	247,357	5,626,438	242,888
Bulgaria	4,751,756	142,822	3,816,273	121,488
Croatia	2,802,968	88,648	2,345,342	97,746
Slovenia	2,657,708	45,290	2,774,813	30,370
Serbia	2,656,365	84,911	2,324,130	70,973
Russia	2,209,676	121,391	1,435,654	137,714
Uzbekistan	1,300,549	121,084	995,010	97,557
Montenegro	547,509	14,351	446,091	17,541
Albania	506,958	20,809	392,333	18,059
Ukraine	450,007	52,645	408,142	85,631
Moldova	185,111	7,266	153,566	7,171
Germany	127,030	4,250	128,158	2,849
The Netherlands	120,264	2,211	153,202	2,787
United States of America	117,556	382	146,703	485
Romania	92,050	177	65,234	1,168
France	98,937	326	167,441	543
Belgium	52,880	130	64,906	240
Austria	40,781	220	34,095	104
Slovakia	69,786	409	40,899	930
Spain	15,312	517	20,137	338
Switzerland	11,705	183	5,668	76
United Kingdom	28,745	265	29,879	1,794
Luxembourg	28,654	266	33,109	1,210
Poland	24,322	513	27,022	857
Italy	18,116	670	32,403	587
Ireland	12,129	56	4,155	30
Cyprus	142	13	36	15
Denmark	128	2	127	2
Subtotal	**24,958,997**	**957,164**	**21,670,966**	**941,153**

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.1. Credit risk [continued]

37.1.6. Geographical analysis of the loan portfolio [continued]

	31/12/2024		31/12/2023	
Country	**Gross amount of exposure**	**Loss allowance**	**Gross amount of exposure**	**Loss allowance**
Czech Republic	3,002	7	1,153	14
Portugalia	3,086	182	302	3
Canada	86	2	164	3
Australia	96	-	76	-
Greece	1,961	192	1,440	123
Turkey	340	7	1,953	51
Israel	1,389	10	1,080	13
Bosnia and Herzegovina	1,915	318	1,401	155
Sweden	784	13	374	25
Norway	111	1	4,808	54
United Arab Emirates	3,049	1,051	28	12
Egypt	100	4	693	11
Kazakhstan	345	7	218	8
Latvia	132	4	44	33
Gibraltar	-	-	9,384	57
Other[1]	9,773	608	4,934	176
Subtotal	**26,169**	**2,406**	**28,052**	**738**
Total	**24,985,166**	**959,570**	**21,699,018**	**941,891**

[1]Other category as at 31 December 2024 mainly includes e.g.: Tunisia, Algeria, Kosovo, Armenia, Republic of South-Africa, Japan, Brazil, North-Macedonia, India, Finland, China, Iceland, Georgia and other countries.

The geographical analysis of the non-qualified and qualified loan portfolio mandatorily at fair value through profit or loss is as follows**:**

Country	**31/12/2024**	**31/12/2023**
Hungary	1,559,631	1,399,463
Switzerland	127	-
Germany	10	-
United Kingdom	-	998
Slovakia	1	11
Romania	2	2
Others	10	11
Total loans at fair value	**1,559,781**	**1,400,485**

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.1. Credit risk [continued]

37.1.7. Loan portfolio classification by economic activities

Gross loan at amortized cost and finance lease receivable portfolio by economic activities	**31/12/2024**	**31/12/2023**
Retail	10,717,244	7,735,508
Agriculture, forestry and fishing	766,924	796,687
Manufacturing, mining and quarrying and other industry	3,330,225	2,963,753
Construction	923,426	882,237
Wholesale and retail trade, transportation, storage and hospitality	3,617,724	3,641,475
Information and communication	279,907	276,945
Financial and insurance activities	432,383	825,663
Real estate activities	999,529	1,006,429
Professional, scientific, technical, administration and support service activities	877,282	810,498
Public administration, defence, education, human health and social work activities	578,553	550,186
Other services	236,252	415,915
Total gross loans and finance lease receivable	**22,759,449**	**19,905,296**

Loss allowance on loans at amortized cost and finance lease receivable by economic activities	**31/12/2024**	**31/12/2023**
Retail	415,191	427,342
Agriculture, forestry and fishing	42,137	41,221
Manufacturing, mining and quarrying and other industry	183,900	110,915
Construction	47,242	42,661
Wholesale and retail trade, transportation, storage and hospitality	170,773	217,283
Information and communication	12,998	8,628
Financial and insurance activities	7,429	10,523
Real estate activities	35,331	36,600
Professional, scientific, technical, administration and support service activities	27,885	26,433
Public administration, defence, education, human health and social work activities	10,803	8,810
Other services	3,902	8,635
Total loss allowance on loans and finance lease receivable	**957,591**	**939,051**

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.1. Credit risk [continued]

37.1.8. Collateral

The values of collateral received and held by the Group by types are as follows (**total value of the collaterals**). The collateral covers loans as well as off-balance sheet exposures.

Held collaterals at book value by type of collateral

	31/12/2024	31/12/2023
Mortgages	23,642,106	21,549,776
Guarantees and warranties	1,745,316	1,436,170
Guarantees of state or state-owned organizations	1,934,251	1,786,112
Assignments (revenue or other receivables)	222,085	263,292
Securities	270,824	235,213
Cash deposits	299,769	285,722
Other	3,077,755	2,973,138
Total	**31,192,106**	**28,529,423**

Held collaterals at fair value by type of collateral

	31/12/2024	31/12/2023
Mortgages	28,502,087	25,222,164
Guarantees and warranties	1,754,520	1,411,444
Guarantees of state or state-owned organizations	1,945,681	1,659,146
Assignments (revenue or other receivables)	374,866	410,643
Securities	308,090	394,575
Cash deposits	284,637	359,261
Other	3,703,979	3,471,916
Total	**36,873,860**	**32,929,149**

The values of collateral received and held by the Group by types are as follows (**to the extent of the exposures**). The collaterals cover loans as well as off-balance sheet exposures.

Held collaterals at book value by type of collateral

	31/12/2024	31/12/2023
Mortgages	10,372,684	9,155,801
Guarantees of state or state-owned organizations	1,614,324	1,466,444
Guarantees and warranties	1,360,597	996,758
Assignments (revenue or other receivables)	97,793	148,043
Securities	94,680	79,742
Cash deposits	162,142	103,650
Other	1,014,932	1,286,908
Total	**14,717,152**	**13,237,346**

The coverage level of the loan portfolio to the total collateral at book value decreased from 115.14% to 109.64% and the coverage level to the extent of the exposures at book value decreased from 53.42% to 51.73% as at 31 December 2024 comparing with the previous period.

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.1. Credit risk [continued]

37.1.8. Collateral [continued]

The values of collateral received and held by the Group by the positions of the related exposures are as follows:

31/12/2024	Maximum exposure to credit risk, book value	Fair value of collaterals	Surplus collateral	Net exposure	Associated expected credit loss
On balance items					
Cash, due from banks and balances with the National Banks	6,079,012	-	-	6,079,012	(1,273)
Placements with other banks	1,891,901	136,366	(369)	1,755,904	(1,467)
Repo receivables	331,837	35,435	14,058	282,344	(512)
Securities at amortized cost	7,447,177	20,944	(449)	7,426,682	(44,505)
Loans and undrawn line of credit	27,930,682	31,644,423	(10,653,035)	6,939,294	(990,509)
Total financial assets at amortized cost	**43,680,609**	**31,837,168**	**(10,639,795)**	**22,483,236**	**(1,038,266)**
Financial assets at fair value through profit or loss	512,178	3,331,055	(1,830,051)	(988,826)	-
Financial assets at fair value through other comprehensive income	1,622,824	7,405	(315)	1,615,734	(60,890)
Derivative financial instruments	202,894	129,509	-	73,385	-
Total financial assets at fair value	**2,337,896**	**3,467,969**	**(1,830,366)**	**700,293**	**(60,890)**
Total on balance sheet items	**46,018,505**	**35,305,137**	**(12,470,161)**	**23,183,529**	**(1,099,156)**
Off-balance items					
Financial guarantees	1,535,734	1,295,042	(253,697)	494,389	(11,645)
Other off-balance sheet commitments	565,628	273,681	(80,899)	372,846	(5,914)
Total off-balance sheet items	**2,101,362**	**1,568,723**	**(334,596)**	**867,235**	**(17,559)**

31/12/2023	Maximum exposure to credit risk, book value	Fair value of collaterals	Surplus collateral	Net exposure	Associated expected credit loss
On balance items					
Cash, due from banks and balances with the National Banks	7,125,049	1,528	-	7,123,521	(508)
Placements with other banks	1,566,998	10,801	(1,090)	1,557,287	(2,247)
Repo receivables	223,884	17,711	-	206,173	(593)
Securities at amortized cost	5,249,272	45,954	(844)	5,204,162	(32,648)
Loans and undrawn line of credit	24,181,710	30,948,896	(9,314,169)	2,546,983	(968,985)
Total financial assets at amortized cost	**38,346,913**	**31,024,890**	**(9,316,103)**	**16,638,126**	**(1,004,981)**
Financial assets at fair value through profit or loss	66,724	918,520	(44,555)	(807,241)	-
Financial assets at fair value through other comprehensive income	1,540,980	13,646	(597)	1,527,931	(34,573)
Derivative financial instruments	195,596	-	-	195,596	-
Total financial assets at fair value	**1,803,300**	**932,166**	**(45,152)**	**916,286**	**(34,573)**
Total on balance sheet items	**40,150,213**	**31,957,056**	**(9,361,255)**	**17,554,412**	**(1,039,554)**
Off-balance items					
Financial guarantees	1,412,288	809,462	(253,697)	856,523	(9,670)
Other off-balance sheet commitments	466,260	162,631	(80,899)	384,528	(6,533)
Total off-balance sheet items	**1,878,548**	**972,093**	**(334,596)**	**1,241,051**	**(16,203)**

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.1. Credit risk [continued]

37.1.8. Collateral [continued]

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

Types of collateral	31/12/2024	31/12/2023
Real estate	15,796	13,944
from this: real estate taken into possession by OTP group member	5,470	2,597
Guarantee	47,292	28,062
Bail	31	407
Movable property	5,807	3,576
Other	3,399	1,138
Proceeds from enforcement of collaterals	**72,325**	**47,127**

37.1.9. Restructured loans

	31/12/2024		31/12/2023	
	Gross portfolio	Loss allowance	Gross portfolio	Loss allowance
Retail mortgage loans	16,542	(1,102)	31,828	(2,570)
Loans to medium and large corporations	209,001	(28,987)	212,158	(24,634)
Retail consumer loans	54,239	(18,861)	45,587	(17,525)
Loans to micro and small enterprises	23,580	(2,247)	33,102	(2,991)
Municipal	1,433	(48)	1,134	(52)
Other loans	4,345	(1,130)	1,752	(791)
Total	**309,140**	**(52,375)**	**325,561**	**(48,563)**

The forborne definition used by the Group 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.

There is no significant change in the forborne exposures compared to the end of previous year 2023.

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.1. Credit risk [continued]

37.1.10. Financial instruments by Moody's rating categories

Trading securities as at fair value through profit or loss

31/12/2024	Aaa	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B2	Not rated	Total
Government bonds	8,738	-	9,910	-	2,499	1,138	10,287	46,394	3,499	-	1,648	1,707	230	-	**86,050**
Equity instruments and fund units	-	12	11	17	42	52	22	56	54	145	-	5	-	781	**1,197**
Corporate bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	753	**753**
Discounted Treasury bills	-	-	-	-	-	20	-	3,844	-	-	-	-	-	54	**3,918**
Mortgage bonds	-	-	-	93	-	-	-	-	-	-	-	-	-	9	**102**
National Bank of Hungary bonds	-	-	-	-	-	-	-	8,878	-	-	-	-	-	403,524	**412,402**
Other interest bearing securities	-	-	-	-	-	173	-	4,287	472	1,183	-	-	-	2,838	**8,953**
Other non-interest bearing securities	-	-	-	-	-	-	-	-	-	-	-	-	-	982	**982**
Total	**8,738**	**12**	**9,921**	**110**	**2,541**	**1,383**	**10,309**	**63,459**	**4,025**	**1,328**	**1,648**	**1,712**	**230**	**408,941**	**514,357**

31/12/2023	Aaa	Aa2	Aa3	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	Not rated	Total
Government bonds	2,122	14,925	-	532	-	9,531	28,869	910	-	718	-	625	-	**58,232**
Equity instruments and fund units	-	23	52	56	33	17	20	2	39	-	4	-	267	**513**
Corporate bonds	-	-	-	-	-	-	-	40	-	-	-	-	544	**584**
Discounted Treasury bills	-	-	-	-	8	-	3,918	-	-	-	-	-	33	**3,959**
Mortgage bonds	-	-	-	-	-	-	-	-	-	-	-	-	97	**97**
Other interest bearing securities	-	-	-	-	-	-	2,211	-	-	-	-	-	1,641	**3,852**
Other non-interest bearing securities	-	-	-	-	-	-	-	-	-	-	-	-	331	**331**
Total	**2,122**	**14,948**	**52**	**588**	**41**	**9,548**	**35,018**	**952**	**39**	**718**	**4**	**625**	**2,913**	**67,568**

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.1. Credit risk [continued]

37.1.10. Financial instruments by Moody's rating categories [continued]

Non-trading instruments mandatorily at fair value through profit or loss

31/12/2024	Aaa	Aa3	A3	Baa2	Not rated	Total
Non-trading equity instruments mandatorily at fair value through profit or loss	6,096	-	575	28,513	38,729	**73,913**
Non-trading debt instruments mandatorily at fair value through profit or loss	-	839	-	-	1,778	**2,617**
Total	**6,096**	**839**	**575**	**28,513**	**40,507**	**76,530**

31/12/2023	Aaa	Aa2	Aa3	A3	Baa2	Not rated	Total
Non-trading equity instruments mandatorily at fair value through profit or loss	11,196	-	-	471	-	52,335	**64,002**
Non-trading debt instruments mandatorily at fair value through profit or loss	1,166	655	6	-	45	1,814	**3,686**
Total	**12,362**	**655**	**6**	**471**	**45**	**54,149**	**67,688**

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.1. Credit risk [continued]

37.1.10. Financial instruments by Moody's rating categories [continued]

Securities at fair value through other comprehensive income

31/12/2024	Aaa	Aa1	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	B1	Ca	Not rated	N/A	Total
Government bonds	40,673	2,275	10,356	8,665	19,924	207,629	115,964	245,858	81,623	-	296,786	102,780	155,135	-	24,395	**1,312,063**
Corporate bonds	-	833	822	-	-	2,056	-	-	-	7,326	5,866	-	-	10,140	-	**27,043**
Mortgage bonds	13,169	-	390	11,751	-	-	-	-	-	-	-	-	-	8,923	-	**34,233**
National Bank of Hungary bonds	-	-	-	-	-	-	-	205,050	-	-	-	-	-	-	-	**205,050**
Interest bearing treasury bills	-	-	-	-	-	-	-	86	-	-	-	-	-	-	-	**86**
Other securities	2,409	-	-	615	812	8,361	-	-	-	-	26,606	-	-	5,546	-	**44,349**
Non-trading equity instruments	-	-	10,143	-	-	27,003	-	-	-	-	-	-	-	45,583	-	**82,729**
Total	**56,251**	**3,108**	**21,711**	**21,031**	**20,736**	**245,049**	**115,964**	**450,994**	**81,623**	**7,326**	**329,258**	**102,780**	**155,135**	**70,192**	**24,395**	**1,705,553**

31/12/2023	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	B2	Ca	Not rated	N/A	Total
Government bonds	17,862	2,480	9,863	1,852	15,740	18,033	96,741	107,428	572,598	72,542	-	135,873	95,481	85,428	25,436	30,873	**1,288,230**
Corporate bonds	-	1,526	751	-	-	-	4,336	-	-	-	3,840	5,504	6,924	-	12,115	-	**34,996**
Mortgage bonds	-	-	-	-	21,463	-	-	-	-	-	-	-	-	-	8,881	-	**30,344**
National Bank of Hungary bonds	-	-	-	-	-	-	-	-	114,746	-	-	-	-	-	-	-	**114,746**
Interest bearing treasury bills	-	-	-	-	-	-	-	-	235	-	-	-	-	-	-	-	**235**
Other securities	28,404	-	1,541	734	553	2,632	9,171	-	-	-	-	24,424	-	-	4,970	-	**72,429**
Non-trading equity instruments	8,984	-	-	160	-	-	19,056	3,219	278	-	-	-	-	-	28,784	-	**60,481**
Total	**55,250**	**4,006**	**12,155**	**2,746**	**37,756**	**20,665**	**129,304**	**110,647**	**687,857**	**72,542**	**3,840**	**165,801**	**102,405**	**85,428**	**80,186**	**30,873**	**1,601,461**

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.1. Credit risk [continued]

37.1.10. Financial instruments by Moody's rating categories [continued]

Securities at amortized cost

31/12/2024	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	B1	B3	Caa1	Ca	C	Not rated	N/A	Total
Government bonds	630,724	101,890	8,160	215,094	1,224	213,019	816,635	645,168	2,892,326	383,412	-	23,728	87,987	51,204	-	308,362	2,510	-	7,211	**6,388,654**
Corporate bonds	1,980	1,549	6,944	12,634	4,093	4,422	14,500	15,729	15,942	774	581	-	-	-	-	-	-	264,506	-	**343,654**
Discounted Treasury bills	-	-	-	-	-	-	-	22	92,894	-	-	-	-	43,535	-	-	-	-	-	**136,451**
Mortgage bonds	2,077	-	-	-	18,057	-	-	-	-	-	-	-	-	-	-	-	-	11,847	-	**31,981**
Interest bearing Treasury bills	-	-	-	-	-	-	-	-	-	-	-	-	1,658	-	-	-	-		-	**1,658**
Other securities	87,011	-	27,855	56,856	119,230	53,358	65,109	48,363	16,259	14,507	2,517	-	-	-	1,628	-	-	52,086	-	**544,779**
Total	**721,792**	**103,439**	**42,959**	**284,584**	**142,604**	**270,799**	**896,244**	**709,282**	**3,017,421**	**398,693**	**3,098**	**23,728**	**89,645**	**94,739**	**1,628**	**308,362**	**2,510**	**328,439**	**7,211**	**7,447,177**

31/12/2023	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Ca	Not rated	N/A	Total
Government bonds	464,270	75,313	54,311	38,405	11,767	149,424	219,773	295,442	2,558,935	72,024	-	19,625	68,071	35,377	29,321	57,801	-	268,207	-	22,174	**4,440,240**
Corporate bonds	1,802	1,414	13,396	4,471	2,991	5,182	16,084	14,592	17,371	16,064	-	-	-	-	6,427	-	-	-	207,836	-	**307,630**
Discounted Treasury bills	6,454	7,234	12,497	10,245	-	-	1,120	-	-	-	-	-	-	-	-	29,407	-	-	54	-	**67,011**
Mortgage bonds					13,019														11,689		**24,708**
Interest bearing Treasury bills	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,462	-	-	-	-	-	**6,462**
Other securities	26,494	-	14,868	61,393	66,831	35,813	50,775	50,481	24,007	17,747	4,244	-	-	-	-	-	1,491	-	49,077	-	**403,221**
Total	**499,020**	**83,961**	**95,072**	**114,514**	**94,608**	**190,419**	**287,752**	**360,515**	**2,600,313**	**105,835**	**4,244**	**19,625**	**68,071**	**35,377**	**42,210**	**87,208**	**1,491**	**268,207**	**268,656**	**22,174**	**5,249,272**

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.2. Maturity analysis of financial assets and liabilities

Liquidity risk is a measure of the extent to which the Group may be required to raise funds to meet its commitments associated with financial instruments. The Group maintains its liquidity position in accordance with regulations prescribed 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 Group 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 Group'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 Group must keep high quality liquidity reserves which means it can fulfill all liabilities when they fall due without material additional costs.

The liquidity reserves can be divided in two parts. There are separate decentralized liquid asset portfolios at subsidiary level and a centralized flexible liquidity pool at a 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 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 Group increased significantly while the liquidity risk exposure has decreased considerably. Currently the (over)coverage of potential liquidity risk exposure by high quality liquid assets is high. There were no material changes in the liquidity risk management process for the year ended 31 December 2024.

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 Consolidated 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.

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.

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.2. Maturity analysis of financial assets and liabilities [continued]

31/12/2024	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 Banks	6,081,452	149	-	-	-	6,081,601
Placements with other banks	1,573,903	55,598	167,564	105,797	1,811	1,904,673
Repo receivables	332,369	-	-	-	-	332,369
Trading securities at fair value through profit or loss	435,363	10,204	44,540	25,888	377	516,372
Non-trading instruments mandatorily at fair value through profit or loss	6,671	-	-	-	57,543	64,214
Securities at fair value through other comprehensive income	308,098	204,069	980,059	262,531	158,247	1,913,004
Securities at amortized cost	710,483	1,055,389	3,288,055	2,898,233	-	7,952,160
Loans at amortized cost	2,547,329	4,315,757	8,552,986	8,516,428	-	23,932,500
Finance lease receivable	148,644	356,068	1,063,186	105,855	-	1,673,753
Loans mandatorily at fair value through profit or loss	36,245	44,927	256,515	1,132,775	-	1,470,462
Associates and other investments	-	-	-	-	134,728	134,728
Other financial assets[1]	316,678	7,435	13,558	283	1,273	339,227
TOTAL ASSETS	**12,497,235**	**6,049,596**	**14,366,463**	**13,047,790**	**353,979**	**46,315,063**
Amounts due to banks, the National Governments, deposits from the National Banks and other banks	407,594	506,520	629,096	627,990	-	2,171,200
Repo liabilities	132,122	15	-	-	-	132,137
Financial liabilities designated at fair value through profit or loss	650	1,059	5,130	65,627	-	72,466
Deposits from customers[2]	29,551,220	1,723,312	430,297	53,913	-	31,758,742
Liabilities from issued securities	65,947	224,388	2,034,050	316,132	-	2,640,517
Leasing liabilities	4,177	11,022	38,641	32,261	-	86,101
Other financial liabilities[1]	717,826	40,698	26,643	60	2,181	787,408
Subordinated bonds and loans	76	9,597	7,360	361,046	-	378,079
TOTAL LIABILITIES	**30,879,612**	**2,516,611**	**3,171,217**	**1,457,029**	**2,181**	**38,026,650**
NET POSITION[3]	**(18,382,377)**	**3,532,985**	**11,195,246**	**11,590,761**	**351,798**	**8,288,413**

[1] Without derivative financial instruments.
[2] Deposit from customers includes the fair value changes on hedged deposits involved in portfolio hedge of interest rate risk.
[3] 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 Group could be required to pay. On-demand deposits are presented in the earliest (within 3 month) period category, however based on the Management's discretion the Group has appropriate liquidity reserves as maintenance and management of liquidity risk.

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.2. Maturity analysis of financial assets and liabilities [continued]

31/12/2024	Within 3 months	Within one year and over 3 months	Within 5 years and over one year	Over 5 years	Without maturity	Total
Receivables from derivative financial instruments held for trading	5,850,423	1,437,108	672,271	59,398	-	8,019,200
Liabilities from derivative financial instruments held for trading	(5,875,018)	(1,461,135)	(678,939)	(63,456)	-	(8,078,548)
Net position of financial instruments held for trading	**(24,595)**	**(24,027)**	**(6,668)**	**(4,058)**	**-**	**(59,348)**
Receivables from derivative financial instruments designated as hedge accounting	39,945	242,697	873,658	25,923	-	1,182,223
Liabilities from derivative financial instruments designated as hedge accounting	(30,267)	(242,235)	(819,664)	(18,919)	-	(1,111,085)
Net position of financial instruments designated as hedge accounting	**9,678**	**462**	**53,994**	**7,004**	**-**	**71,138**
Net position of derivative financial instruments total	**(14,917)**	**(23,565)**	**47,326**	**2,946**	**-**	**11,790**
Commitments to extend credit	4,703,379	650,088	255,927	84,409	-	5,693,803
Bank guarantees	687,488	333,929	380,441	145,521	-	1,547,379
Confirmed letters of credit	26,331	6,973	7,816	-	-	41,120
Factoring loan commitment	466,323	1,616	-	-	-	467,939
Other commitments	122,059	170,113	173,083	65,167	-	530,422
Off-balance sheet commitments	**6,005,580**	**1,162,719**	**817,267**	**295,097**	**-**	**8,280,663**

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.2. Maturity analysis of financial assets and liabilities [continued]

31/12/2023	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 Banks	7,125,535	120	-	-	-	7,125,655
Placements with other banks	1,293,027	14,893	173,595	91,787	1,098	1,574,400
Repo receivables	224,555	-	65	-	-	224,620
Trading securities at fair value through profit or loss	39,807	2,531	17,808	6,673	52	66,871
Non-trading instruments mandatorily at fair value through profit or loss	4,752	-	58	21	49,216	54,047
Securities at fair value through other comprehensive income	216,151	163,292	1,030,583	244,023	117,626	1,771,675
Securities at amortized cost	506,405	281,883	3,028,531	1,622,705	-	5,439,524
Loans at amortized cost	2,184,372	3,423,492	7,381,337	7,325,898	40,988	20,356,087
Finance lease receivable	138,144	326,395	878,914	112,276	-	1,455,729
Loans mandatorily at fair value through profit or loss	38,389	40,227	238,792	1,026,918	-	1,344,326
Associates and other investments	-	-	-	-	105,824	105,824
Other financial assets[1]	273,035	25,755	3,513	10,521	4,179	317,003
TOTAL ASSETS	**12,044,172**	**4,278,588**	**12,753,196**	**10,440,822**	**318,983**	**39,835,761**
Amounts due to banks, the National Governments, deposits from the National Banks and other banks	276,875	164,640	1,133,668	518,712	-	2,093,895
Repo liabilities	126,237	-	-	-	-	126,237
Financial liabilities designated at fair value through profit or loss	739	1,077	5,387	62,240	-	69,443
Deposits from customers[2]	26,566,638	1,362,729	391,470	26,550	-	28,347,387
Liabilities from issued securities	143,613	424,469	1,253,504	330,306	-	2,151,892
Leasing liabilities	3,100	10,046	50,179	18,270	-	81,595
Other financial liabilities[1]	562,576	34,753	28,200	2	5,555	631,086
Subordinated bonds and loans	7,273	1,844	14,234	546,893	-	570,244
TOTAL LIABILITIES	**27,687,051**	**1,999,558**	**2,876,642**	**1,502,973**	**5,555**	**34,071,779**
NET POSITION[3]	**(15,642,879)**	**2,279,030**	**9,876,554**	**8,937,849**	**313,428**	**5,763,982**

[1] Without derivative financial instruments
[2] Deposit from customers includes the fair value changes on hedged deposits involved in portfolio hedge of interest rate risk.
[3] 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 Group could be required to pay. On-demand deposits are presented in the earliest (within 3 month) period category, however based on the Management's discretion the Group has appropriate liquidity reserves as maintenance and management of liquidity risk.

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.2. Maturity analysis of financial assets and liabilities [continued]

31/12/2023	Within 3 months	Within one year and over 3 months	Within 5 years and over one year	Over 5 years	Without maturity	Total
Receivables from derivative financial instruments held for trading	7,408,699	1,198,261	827,516	21,685	-	9,456,161
Liabilities from derivative financial instruments held for trading	(7,308,301)	(1,210,824)	(886,862)	(24,149)	-	(9,430,136)
Net position of financial instruments held for trading	**100,398**	**(12,563)**	**(59,346)**	**(2,464)**	**-**	**26,025**
Receivables from derivative financial instruments designated as hedge accounting	86,989	283,147	765,793	211,390	-	1,347,319
Liabilities from derivative financial instruments designated as hedge accounting	(84,445)	(296,781)	(1,810,723)	(204,952)	-	(2,396,901)
Net position of financial instruments designated as hedge accounting	**2,544**	**(13,634)**	**(1,044,930)**	**6,438**	**-**	**(1,049,582)**
Net position of derivative financial instruments total	**102,942**	**(26,197)**	**(1,104,276)**	**3,974**	**-**	**(1,023,557)**
Commitments to extend credit	4,148,938	461,161	156,921	39,707	-	4,806,727
Bank guarantees	644,440	313,978	305,642	157,898	-	1,421,958
Confirmed letters of credit	42,990	11,403	7,604	-	-	61,997
Factoring loan commitment	456,411	4,044	-	-	-	460,455
Other commitments	89,821	152,175	128,559	40,241	-	410,796
Off-balance sheet commitments	**5,382,600**	**942,761**	**598,726**	**237,846**	**-**	**7,161,933**

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.3. Net foreign currency position and foreign currency risk

31/12/2024	USD	EUR	CHF	Other	Total
Assets	1,530,210	17,126,367	80,020	11,582,268	30,318,865
Liabilities	(2,036,244)	(15,307,447)	(166,380)	(9,749,648)	(27,259,719)
Derivative financial instruments	426,671	(118,045)	85,845	(47,804)	346,667
Net position	**(79,363)**	**1,700,875**	**(515)**	**1,784,816**	**3,405,813**

31/12/2023	USD	EUR	CHF	Other	Total
Assets	1,425,785	15,568,497	67,915	10,112,894	27,175,091
Liabilities	(1,958,951)	(14,622,216)	(170,709)	(8,299,337)	(25,051,213)
Derivative financial instruments	691,178	1,038,718	156,360	5,047	1,891,303
Net position	**158,012**	**1,984,999**	**53,566**	**1,818,604**	**4,015,181**

The table above provides an analysis of the main foreign currency exposures of the Group that arise in the non-functional currency of the entities constituting the Group. The remaining foreign currencies are shown within ‘Others’. ‘Others’ category contains mainly foreign currencies in RON, RSD, HRK, UAH, RUB, BGN, ALL, MDL and UZS. The Group monitors its foreign exchange position for compliance with the regulatory requirements of the National Banks and its own limit system established in respect of limits on open positions. The measurement of the open foreign currency position of the Group involves monitoring the “VaR” limit on the foreign exchange exposure of the Group. The derivative financial instruments detailed in the table above are presented at fair value.

37.4. 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 interest-bearing assets and liabilities of the Group 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 Group 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 periods of the assets and liabilities. 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 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.4. Interest rate risk management [continued]

As at 31 December 2024

ASSETS	Within 1 month		Over 1 month and Within 3 months		Over 3 months and Within 12 months		Over 1 year and Within 2 years		Over 2 years		Non-interest-bearing		Total		Total
	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	
Cash, amounts due from banks and balances with the National Banks	**1,409,105**	**2,745,110**	**10**	**534**	**-**	**689**	**-**	**-**	**-**	**1**	**232,060**	**1,691,503**	**1,641,175**	**4,437,837**	**6,079,012**
fixed rate	1,402,976	2,509,429	2	534	-	689	-	-	-	1	-	-	1,402,978	2,510,653	**3,913,631**
variable rate	6,129	235,681	8	-	-	-	-	-	-	-	-	-	6,137	235,681	**241,818**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	232,060	1,691,503	232,060	1,691,503	**1,923,563**
Placements with other banks	**203,611**	**1,168,594**	**32,057**	**83,994**	**1**	**54,955**	**-**	**4,183**	**1,344**	**64,992**	**55,057**	**223,113**	**292,070**	**1,599,831**	**1,891,901**
fixed rate	15,176	1,032,986	-	83,825	1	54,955	-	4,183	1,344	63,298	-	-	16,521	1,239,247	**1,255,768**
variable rate	188,435	135,608	32,057	169	-	-	-	-	-	1,694	-	-	220,492	137,471	**357,963**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	55,057	223,113	55,057	223,113	**278,170**
Repo receivables	**139,427**	**192,276**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**134**	**139,427**	**192,410**	**331,837**
fixed rate	139,427	192,276	-	-	-	-	-	-	-	-	-	-	139,427	192,276	**331,703**
variable rate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	134	-	134	**134**
Trading instruments at fair value through profit or loss	**417,158**	**4,811**	**1,149**	**9,462**	**5,236**	**9,679**	**525**	**9,183**	**36,602**	**18,373**	**450**	**1,729**	**461,120**	**53,237**	**514,357**
fixed rate	415,465	4,757	214	9,462	4,109	9,679	525	9,183	36,602	18,373	-	-	456,915	51,454	**508,369**
variable rate	1,693	54	935	-	1,127	-	-	-	-	-	-	-	3,755	54	**3,809**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	450	1,729	450	1,729	**2,179**
Non-trading instruments mandatorily at fair value through profit or loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**49,547**	**26,983**	**49,547**	**26,983**	**76,530**
fixed rate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
variable rate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	49,547	26,983	49,547	26,983	**76,530**

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.4. Interest rate risk management [continued]

As at 31 December 2024 [continued]

ASSETS [continued]	Within 1 month		Over 1 month and Within 3 months		Over 3 months and Within 12 months		Over 1 year and Within 2 years		Over 2 years		Non-interest-bearing		Total		Total
	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	
Securities at fair value through other comprehensive income	**312,048**	**12,489**	**281**	**59,022**	**91,839**	**171,975**	**127**	**211,180**	**197,315**	**566,548**	**403**	**82,326**	**602,013**	**1,103,540**	**1,705,553**
fixed rate	301,641	12,489	36	59,022	91,839	167,846	127	209,442	197,315	566,548	-	-	590,958	1,015,347	**1,606,305**
variable rate	10,407	-	245	-	-	4,129	-	1,738	-	-	-	-	10,652	5,867	**16,519**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	403	82,326	403	82,326	**82,729**
Securities at amortized cost	**10,795**	**497,298**	**10,042**	**159,923**	**690,404**	**426,360**	**755,037**	**557,349**	**1,473,057**	**2,844,974**	**-**	**21,938**	**2,939,335**	**4,507,842**	**7,447,177**
fixed rate	751	497,298	-	155,801	690,404	426,360	755,037	557,349	1,472,558	2,844,974	-	-	2,918,750	4,481,782	**7,400,532**
variable rate	10,044	-	10,042	4,122	-	-	-	-	499	-	-	-	20,585	4,122	**24,707**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	21,938	-	21,938	**21,938**
Loans at amortized cost, net of allowance for loan losses	**1,042,915**	**8,293,966**	**423,550**	**2,216,029**	**144,037**	**1,753,825**	**167,504**	**762,093**	**2,033,163**	**3,190,139**	**131,337**	**131,823**	**3,942,506**	**16,347,875**	**20,290,381**
fixed rate	44,776	2,012,784	58,830	267,791	73,472	918,694	134,008	745,751	1,529,058	3,133,887	-	-	1,840,144	7,078,907	**8,919,051**
variable rate	998,139	6,281,182	364,720	1,948,238	70,565	835,131	33,496	16,342	504,105	56,252	-	-	1,971,025	9,137,145	**11,108,170**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	131,337	131,823	131,337	131,823	**263,160**
Finance lease receivables	**29,187**	**117,006**	**11,948**	**182,729**	**19,684**	**218,323**	**49,854**	**165,108**	**298,129**	**412,867**	**92**	**6,550**	**408,894**	**1,102,583**	**1,511,477**
fixed rate	8,234	3,853	2,553	22,739	19,478	77,985	49,334	82,644	282,166	258,657	-	-	361,765	445,878	**807,643**
variable rate	20,953	113,153	9,395	159,990	206	140,338	520	82,464	15,963	154,210	-	-	47,037	650,155	**697,192**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	92	6,550	92	6,550	**6,642**
Loans mandatorily at fair value through profit or loss	**52,930**	**-**	**73,479**	**-**	**444,796**	**2,558**	**291,153**	**-**	**694,865**	**-**	**-**	**-**	**1,557,223**	**2,558**	**1,559,781**
fixed rate	-	-	-	-	-	2,558	-	-	-	-	-	-	-	2,558	**2,558**
variable rate	52,930	-	73,479	-	444,796	-	291,153	-	694,865	-	-	-	1,557,223	-	**1,557,223**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Fair value adjustment of derivative financial instruments	**1,135,228**	**1,050,184**	**1,082,978**	**1,051,630**	**1,000,250**	**614,282**	**188,848**	**36,176**	**326,300**	**317,311**	**837,606**	**327,441**	**4,571,210**	**3,397,024**	**7,968,234**
fixed rate	1,067,092	986,576	854,189	542,623	651,699	448,091	188,848	36,137	329,605	316,781	-	-	3,091,433	2,330,208	**5,421,641**
variable rate	68,136	63,608	228,789	509,007	348,551	166,191	-	39	(3,305)	530	-	-	642,171	739,375	**1,381,546**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	837,606	327,441	837,606	327,441	**1,165,047**
Other financial assets	**617**	**38,521**	**805**	**17**	**216**	**1,790**	**-**	**-**	**-**	**186**	**99,212**	**150,956**	**100,850**	**191,470**	**292,320**
fixed rate	313	33,966	132	3	216	1,790	-	-	-	181	-	-	661	35,940	**36,601**
variable rate	304	4,555	673	14	-	-	-	-	-	5	-	-	977	4,574	**5,551**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	99,212	150,956	99,212	150,956	**250,168**

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.4. Interest rate risk management [continued]

As at 31 December 2024 [continued]

LIABILITIES	Within 1 month		Over 1 month and Within 3 months		Over 3 months and Within 12 months		Over 1 year and Within 2 years		Over 2 years		Non-interest-bearing		Total		Total
	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	
Amounts due to banks, the Hungarian Government, deposits from the National Bank of Hungary and other banks	**56,243**	**107,988**	**176,224**	**313,462**	**295,501**	**124,345**	**89,956**	**110,324**	**160,824**	**448,283**	**53,660**	**85,381**	**832,408**	**1,189,783**	**2,022,191**
fixed rate	15,565	23,373	98,839	68,997	281,384	61,808	89,956	100,447	160,824	418,827	-	-	646,568	673,452	**1,320,020**
variable rate	40,678	84,615	77,385	244,465	14,117	62,537	-	9,877	-	29,456	-	-	132,180	430,950	**563,130**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	53,660	85,381	53,660	85,381	**139,041**
Repo liabilities	**23,736**	**108,401**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**23,736**	**108,401**	**132,137**
fixed rate	23,736	108,401	-	-	-	-	-	-	-	-	-	-	23,736	108,401	**132,137**
variable rate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Financial liabilities designated at fair value through profit or loss	**17,008**	**-**	**-**	**-**	**-**	**-**	**16**	**-**	**1,456**	**-**	**54,010**	**-**	**72,490**	**-**	**72,490**
fixed rate	-	-	-	-	-	-	16	-	-	-	-	-	16	-	**16**
variable rate	17,008	-	-	-	-	-	-	-	1,456	-	-	-	18,464	-	**18,464**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	54,010	-	54,010	-	**54,010**
Deposits from customers[1]	**8,226,803**	**20,445,413**	**117,347**	**745,736**	**77,747**	**1,184,609**	**60,318**	**185,142**	**141,261**	**145,784**	**53,691**	**282,547**	**8,677,167**	**22,989,231**	**31,666,398**
fixed rate	1,080,245	9,229,742	117,347	744,055	77,652	1,182,192	60,318	181,916	141,261	143,141	-	-	1,476,823	11,481,046	**12,957,869**
variable rate	7,146,558	11,215,671	-	1,681	95	2,417	-	3,226	-	2,643	-	-	7,146,653	11,225,638	**18,372,291**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	53,691	282,547	53,691	282,547	**336,238**
Liabilities from issued securities	**181,102**	**2,501**	**14,410**	**-**	**87,099**	**131,816**	**8,298**	**586,584**	**115,427**	**1,455,408**	**-**	**10,479**	**406,336**	**2,186,788**	**2,593,124**
fixed rate	2,262	2,501	14,410	-	87,099	117,537	8,298	586,584	115,427	1,455,408	-	-	227,496	2,162,030	**2,389,526**
variable rate	178,840	-	-	-	-	14,279	-	-	-	-	-	-	178,840	14,279	**193,119**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	10,479	-	10,479	**10,479**

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

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.4. Interest rate risk management [continued]

As at 31 December 2024 [continued]

LIABILITIES [continued]	Within 1 month		Over 1 month and Within 3 months		Over 3 months and Within 12 months		Over 1 year and Within 2 years		Over 2 years		Non-interest-bearing		Total		Total
	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	
Fair value adjustment of derivative financial instruments	**905,752**	**1,553,774**	**1,422,318**	**639,273**	**1,237,309**	**523,519**	**149,761**	**42,400**	**291,452**	**215,645**	**696,524**	**216,307**	**4,703,116**	**3,190,918**	**7,894,034**
fixed rate	781,932	1,508,386	878,673	490,085	769,354	332,117	149,585	42,394	291,452	215,645	-	-	2,870,996	2,588,627	**5,459,623**
variable rate	123,820	45,388	543,645	149,188	467,955	191,402	176	6	-	-	-	-	1,135,596	385,984	**1,521,580**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	696,524	216,307	696,524	216,307	**912,831**
Leasing liabilities	**291**	**1,207**	**1,566**	**2,610**	**156**	**13,023**	**129**	**11,438**	**875**	**46,043**	**1,043**	**3,728**	**4,060**	**78,049**	**82,109**
fixed rate	182	707	2	1,583	9	7,390	3	5,331	389	15,527	-	-	585	30,538	**31,123**
variable rate	109	500	1,564	1,027	147	5,633	126	6,107	486	30,516	-	-	2,432	43,783	**46,215**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	1,043	3,728	1,043	3,728	**4,771**
Other financial liabilities	**1,144**	**45,638**	**1**	**249**	**826**	**1,942**	**-**	**158**	**-**	**252**	**476,830**	**291,366**	**478,801**	**339,605**	**818,406**
fixed rate	451	45,580	1	83	826	1,801	-	138	-	248	-	-	1,278	47,850	**49,128**
variable rate	693	58	-	166	-	141	-	20	-	4	-	-	693	389	**1,082**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	476,830	291,366	476,830	291,366	**768,196**
Subordinated bonds and loans	**-**	**42**	**-**	**94,656**	**-**	**9,646**	**-**	**2,874**	**-**	**262,135**	**-**	**6**	**-**	**369,359**	**369,359**
fixed rate	-	42	-	43	-	9,646	-	2,874	-	262,135	-	-	-	274,740	**274,740**
variable rate	-	-	-	94,613	-	-	-	-	-	-	-	-	-	94,613	**94,613**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	6	-	6	**6**
Net position	**(4,659,058)**	**(8,144,709)**	**(95,567)**	**1,967,354**	**697,825**	**1,265,536**	**1,144,570**	**806,352**	**4,349,480**	**4,841,841**	**70,006**	**1,774,682**	**1,507,256**	**2,511,056**	**4,018,312**

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.4. Interest rate risk management [continued]

As at 31 December 2023

ASSETS	Within 1 month		Over 1 month and Within 3 months		Over 3 months and Within 12 months		Over 1 year and Within 2 years		Over 2 years		Non-interest-bearing		Total		Total
	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	
Cash, amounts due from banks and balances with the National Banks	**2,183,603**	**3,080,965**	**-**	**19,565**	**-**	**20,837**	**-**	**8,464**	**-**	**13,708**	**178,600**	**1,619,307**	**2,362,203**	**4,762,846**	**7,125,049**
fixed rate	15,209	2,935,907	-	-	-	86	-	-	-	2	-	-	15,209	2,935,995	**2,951,204**
variable rate	2,168,394	145,058	-	19,565	-	20,751	-	8,464	-	13,706	-	-	2,168,394	207,544	**2,375,938**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	178,600	1,619,307	178,600	1,619,307	**1,797,907**
Placements with other banks	**349,710**	**746,451**	**94,487**	**46,167**	**14,115**	**31,926**	**-**	**26,306**	**-**	**77,964**	**68,900**	**110,972**	**527,212**	**1,039,786**	**1,566,998**
fixed rate	12,841	728,857	34,723	21,302	-	28,799	-	26,306	-	75,866	-	-	47,564	881,130	**928,694**
variable rate	336,869	17,594	59,764	24,865	14,115	3,127	-	-	-	2,098	-	-	410,748	47,684	**458,432**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	68,900	110,972	68,900	110,972	**179,872**
Repo receivables	**18,263**	**202,272**	**-**	**3,248**	**-**	**-**	**37**	**-**	**-**	**6**	**-**	**58**	**18,300**	**205,584**	**223,884**
fixed rate	18,263	202,272	-	3,248	-	-	37	-	-	6	-	-	18,300	205,526	**223,826**
variable rate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	58	-	58	**58**
Trading instruments at fair value through profit or loss	**11,732**	**5,548**	**625**	**10,605**	**1,240**	**13,334**	**2,293**	**7,454**	**4,653**	**9,240**	**217**	**627**	**20,760**	**46,808**	**67,568**
fixed rate	11,507	5,515	71	10,605	948	13,155	2,287	7,454	4,653	9,240	-	-	19,466	45,969	**65,435**
variable rate	225	33	554	-	292	179	6	-	-	-	-	-	1,077	212	**1,289**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	217	627	217	627	**844**
Non-trading instruments mandatorily at fair value through profit or loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**41,130**	**26,558**	**41,130**	**26,558**	**67,688**
fixed rate	-	-	-	-	-	-	-	-	-	-	57	-	57	-	**57**
variable rate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	41,073	26,558	41,073	26,558	**67,631**

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.4. Interest rate risk management [continued]

As at 31 December 2023 [continued]

ASSETS [continued]	Within 1 month		Over 1 month and Within 3 months		Over 3 months and Within 12 months		Over 1 year and Within 2 years		Over 2 years		Non-interest-bearing		Total		Total
	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	
Securities at fair value through other comprehensive income	**222,862**	**711**	**46**	**50,498**	**13,145**	**151,935**	**96,740**	**153,331**	**208,914**	**642,798**	**403**	**60,078**	**542,110**	**1,059,351**	**1,601,461**
fixed rate	210,231	709	44	50,498	13,145	151,481	96,740	149,484	208,914	641,142	-	-	529,074	993,314	**1,522,388**
variable rate	12,631	2	2	-	-	454	-	3,847	-	1,656	-	-	12,633	5,959	**18,592**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	403	60,078	403	60,078	**60,481**
Securities at amortized cost	**1,268**	**329,278**	**-**	**119,709**	**129,361**	**199,108**	**636,997**	**326,501**	**1,689,717**	**1,817,333**	**-**	**-**	**2,457,343**	**2,791,929**	**5,249,272**
fixed rate	1,268	329,278	-	114,865	129,361	197,947	636,997	326,501	1,689,717	1,817,333	-	-	2,457,343	2,785,924	**5,243,267**
variable rate	-	-	-	4,844	-	1,161	-	-	-	-	-	-	-	6,005	**6,005**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Loans at amortized cost, net of allowance for loan losses	**886,690**	**7,262,799**	**427,155**	**1,870,582**	**127,122**	**1,776,768**	**153,043**	**594,725**	**1,929,709**	**2,418,583**	**116,419**	**112,938**	**3,640,138**	**14,036,395**	**17,676,533**
fixed rate	43,777	1,077,919	16,415	220,298	68,967	732,988	123,176	557,721	1,316,067	2,354,992	-	-	1,568,402	4,943,918	**6,512,320**
variable rate	842,913	6,184,880	410,740	1,650,284	58,155	1,043,780	29,867	37,004	613,642	63,591	-	-	1,955,317	8,979,539	**10,934,856**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	116,419	112,938	116,419	112,938	**229,357**
Finance lease receivables	**41,807**	**293,789**	**5,628**	**136,318**	**24,443**	**151,241**	**43,716**	**109,584**	**260,094**	**218,359**	**231**	**4,502**	**375,919**	**913,793**	**1,289,712**
fixed rate	6,926	175,117	3,360	7,847	24,172	32,945	43,396	40,115	242,904	97,957	-	-	320,758	353,981	**674,739**
variable rate	34,881	118,672	2,268	128,471	271	118,296	320	69,469	17,190	120,402	-	-	54,930	555,310	**610,240**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	231	4,502	231	4,502	**4,733**
Loans mandatorily at fair value through profit or loss	**28,046**	**-**	**9,571**	**-**	**264,085**	**1,711**	**304,546**	**-**	**792,526**	**-**	**-**	**-**	**1,398,774**	**1,711**	**1,400,485**
fixed rate	-	-	-	-	-	1,711	-	-	-	-	-	-	-	1,711	**1,711**
variable rate	28,046	-	9,571	-	264,085	-	304,546	-	792,526	-	-	-	1,398,774	-	**1,398,774**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Fair value adjustment of derivative financial instruments	**718,070**	**2,088,017**	**961,287**	**1,413,898**	**487,263**	**725,487**	**54,251**	**111,275**	**297,986**	**233,911**	**580,115**	**148,516**	**3,098,972**	**4,721,104**	**7,820,076**
fixed rate	610,190	2,025,881	364,434	1,025,262	323,861	444,688	54,251	111,035	297,986	231,517	-	-	1,650,722	3,838,383	**5,489,105**
variable rate	107,880	62,136	596,853	388,636	163,402	280,799	-	240	-	2,394	-	-	868,135	734,205	**1,602,340**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	580,115	148,516	580,115	148,516	**728,631**
Other financial assets	**300**	**22,255**	**2,464**	**7,820**	**38**	**13**	**-**	**683**	**-**	**9,551**	**95,864**	**143,412**	**98,666**	**183,734**	**282,400**
fixed rate	19	19,301	973	7,508	38	5	-	683	-	9,530	-	-	1,030	37,027	**38,057**
variable rate	281	2,954	1,491	312	-	8	-	-	-	21	-	-	1,772	3,295	**5,067**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	95,864	143,412	95,864	143,412	**239,276**

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.4. Interest rate risk management [continued]

As at 31 December 2023 [continued]

LIABILITIES	Within 1 month		Over 1 month and Within 3 months		Over 3 months and Within 12 months		Over 1 year and Within 2 years		Over 2 years		Non-interest-bearing		Total		Total
	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	
Amounts due to banks, the Hungarian Government, deposits from the National Bank of Hungary and other banks	**76,208**	**156,143**	**25,234**	**132,265**	**147,542**	**151,010**	**371,329**	**88,629**	**241,628**	**434,069**	**55,272**	**61,533**	**917,213**	**1,023,649**	**1,940,862**
fixed rate	18,526	50,694	25,233	28,872	118,910	66,941	371,329	73,820	241,628	395,989	-	-	775,626	616,316	**1,391,942**
variable rate	57,682	105,449	1	103,393	28,632	84,069	-	14,809	-	38,080	-	-	86,315	345,800	**432,115**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	55,272	61,533	55,272	61,533	**116,805**
Repo liabilities	**24,572**	**101,665**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**24,572**	**101,665**	**126,237**
fixed rate	24,572	101,665	-	-	-	-	-	-	-	-	-	-	24,572	101,665	**126,237**
variable rate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Financial liabilities designated at fair value through profit or loss	**19,761**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,481**	**-**	**49,465**	**-**	**70,707**	**-**	**70,707**
fixed rate	-	-	-	-	-	-	-	-	25	-	-	-	25	-	**25**
variable rate	19,761	-	-	-	-	-	-	-	1,456	-	-	-	21,217	-	**21,217**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	49,465	-	49,465	-	**49,465**
Deposits from customers[1]	**7,317,642**	**17,837,998**	**163,141**	**553,995**	**107,810**	**1,023,858**	**31,774**	**173,344**	**189,371**	**258,705**	**19,955**	**654,838**	**7,829,693**	**20,502,738**	**28,332,431**
fixed rate	1,109,775	9,060,538	163,141	552,607	107,810	1,015,265	31,774	172,913	189,371	258,705	-	-	1,601,871	11,060,028	**12,661,899**
variable rate	6,207,867	8,777,460	-	1,388	-	8,593	-	431	-	-	-	-	6,207,867	8,787,872	**14,995,739**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	19,955	654,838	19,955	654,838	**674,793**
Liabilities from issued securities	**249,008**	**-**	**72,641**	**19,182**	**178,027**	**112,356**	**32,371**	**268,667**	**151,014**	**1,004,515**	**1**	**7,766**	**683,062**	**1,412,486**	**2,095,548**
fixed rate	206	-	72,083	19,182	178,027	99,036	32,371	268,667	151,014	1,004,515	-	-	433,701	1,391,400	**1,825,101**
variable rate	248,802	-	558	-	-	13,320	-	-	-	-	-	-	249,360	13,320	**262,680**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	1	7,766	1	7,766	**7,767**

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

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.4. Interest rate risk management [continued]

As at 31 December 2023 [continued]

LIABILITIES [continued]	Within 1 month		Over 1 month and Within 3 months		Over 3 months and Within 12 months		Over 1 year and Within 2 years		Over 2 years		Non-interest-bearing		Total		Total
	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	HUF	Fx	
Fair value adjustment of derivative financial instruments	**1,822,128**	**1,016,999**	**524,302**	**1,865,964**	**445,921**	**874,989**	**59,172**	**111,700**	**197,826**	**173,012**	**693,221**	**43,633**	**3,742,570**	**4,086,297**	**7,828,867**
fixed rate	1,772,814	881,895	373,167	1,019,236	280,907	500,307	59,172	111,700	197,826	173,012	-	-	2,683,886	2,686,150	**5,370,036**
variable rate	49,314	135,104	151,135	846,728	165,014	374,682	-	-	-	-	-	-	365,463	1,356,514	**1,721,977**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	693,221	43,633	693,221	43,633	**736,854**
Leasing liabilities	**368**	**596**	**1,733**	**3,030**	**523**	**6,284**	**1,208**	**16,417**	**1,758**	**36,875**	**-**	**7,521**	**5,590**	**70,723**	**76,313**
fixed rate	359	465	60	2,074	163	2,226	12	8,345	1,290	8,503	-	-	1,884	21,613	**23,497**
variable rate	9	131	1,673	956	360	4,058	1,196	8,072	468	28,372	-	-	3,706	41,589	**45,295**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	7,521	-	7,521	**7,521**
Other financial liabilities	**2,442**	**61,562**	**678**	**292**	**51**	**1,078**	**-**	**179**	**4**	**46**	**349,062**	**241,470**	**352,237**	**304,627**	**656,864**
fixed rate	2,170	61,551	-	272	51	744	-	86	4	46	-	-	2,225	62,699	**64,924**
variable rate	272	11	678	20	-	334	-	93	-	-	-	-	950	458	**1,408**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	349,062	241,470	349,062	241,470	**590,532**
Subordinated bonds and loans	**-**	**30**	**-**	**89,415**	**-**	**192,337**	**-**	**10,019**	**-**	**270,280**	**-**	**315**	**-**	**562,396**	**562,396**
fixed rate	-	30	-	-	-	443	-	10,019	-	270,280	-	-	-	280,772	**280,772**
variable rate	-	-	-	89,415	-	191,894	-	-	-	-	-	-	-	281,309	**281,309**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	315	-	315	**315**
Net position	**(5,049,778)**	**(5,142,908)**	**713,534**	**1,014,267**	**180,938**	**710,448**	**795,769**	**669,368**	**4,400,517**	**3,263,951**	**(85,097)**	**1,209,892**	**955,883**	**1,725,018**	**2,680,901**

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.5. Market risk

The Group 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 Group 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 37.2., 37.3. and 37.4., respectively.)

37.5.1. 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 VaR**	
	31/12/2024	**31/12/2023**
Foreign exchange	6,936	10,391
Interest rate	263	406
Equity instruments	11	18
Diversification	-	-
Total VaR exposure	**7,209**	**10,815**

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 Group'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 Group to assess its market risk exposures. Details of sensitivity analysis for foreign currency risk are set out in Note 37.5.2., for interest rate risk in Note 37.5.3., and for equity price sensitivity analysis in Note 37.5.4.

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.5. Market risk [continued]

37.5.2. Foreign currency sensitivity analysis

The Bank changed its methodology of foreign currency sensitivity analysis and has been using a historical VaR calculation since 31 March 2021. The former Monte Carlo simulation represented the Group's sensitivity to the rise and fall in the HUF exchange rate against EUR, over a 3-month period. The sensitivity analysis included only outstanding foreign currency denominated monetary items as strategic open positions related to foreign activities. In line with the Management's intention, the former EUR (310) million strategic open position was fully closed as at 31 March 2021.
Since the closing of the strategic open position, the Group has been using a historical VaR calculation with a one-day holding period. The analysis includes the same net open foreign exchange position as used under the internal capital adequacy assessment process (ICAAP). 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.
Additionally, the Bank determines the foreign currency risk of assets evaluated through the Other Comprehensive Income, which includes securities valuated on fair value through other comprehensive income and the foreign currency translation reserves.

The following table shows the result of the foreign currency sensitivity analysis.
The numbers below indicate the expected daily profit or loss of the portfolio beside the given confidence level.

Probability	**Effects to the Consolidated Statement of Profit or Loss In HUF million**		**Effects to the Consolidated Statement of Other Comprehensive Income In HUF million**	
	31/12/2024	**31/12/2023**	**31/12/2024**	**31/12/2023**
1%	(4,017)	(9,947)	(6,716)	(4,201)
5%	(2,463)	(4,586)	(3,322)	(3,150)
25%	(988)	(1,041)	(1,155)	(1,264)
50%	(94)	157	(7)	(211)
25%	862	1,488	930	928
5%	2,202	4,740	2,634	2,480
1%	2,890	7,333	4,961	4,116

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

37.5. Market risk [continued]

37.5.3. 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) BUBOR decreases gradually by 35 bps over the next year (probable scenario)
(2) 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 be decreased by HUF 664 million (probable scenario) and increased by HUF 1,850 million (alternative scenario) as a result of these simulation. A similar simulation indicated HUF (2,800) million decrease (probable scenario) and HUF 296 million (alternative scenario) increase in the Net interest income in a one-year period after 1 January 2024.
This effect is further enhanced by capital results HUF 960 million (for probable scenario) and HUF (1,596) million (for alternative scenario) as at 31 December 2024, the comparative results were (HUF 429 million for probable scenario, HUF (104) million for alternative scenario as at 31 December 2023) 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 at fair value through other comprehensive income portfolio booked against capital was analysed. The results of unfavorable shocks can be summarized as follows (in HUF million):

	31/12/2024		31/12/2023	
Description	**Effects to the net interest income**	**Effects to capital**	**Effects to the net interest income**	**Effects to capital**
HUF (0.1%) parallel shift	(491)	273	(298)	14
HUF 0.1% parallel shift	488	(273)	298	(14)
EUR (0.1%) parallel shift	(3,868)	-	(4,409)	-
EUR 0.1% parallel shift	4,175	-	3,933	-
USD (0.1%) parallel shift	(82)	-	(102)	-
USD 0.1% parallel shift	65	-	112	-

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.5. Market risk [continued]

37.5.4. Equity price sensitivity analysis

The following table shows the effect of the equity price sensitivity. 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.
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	31/12/2024	31/12/2023
VaR (99%, one day, HUF million)	9	10
Stress test (HUF million)	(52)	(103)

37.6. Capital management

Capital management

The primary objective of the capital management of the Group 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 Group members includes the management and evaluation of the shareholders` equity and other types of funds available for hedging risks, to be recorded in the equity and all material risks to be covered by the capital.
The basis of the capital management of the Group members in the short run is the continuous monitoring of their capital position, in the long run the strategic and the business planning, which includes the monitoring and forecast of the capital position.
The Group members maintain the capital adequacy required by the regulatory bodies and the planned risk taking mainly by means of ensuring and developing their profitability. In the event that the planned risk level of a Group member exceeded its Core and the previously raised Supplementary capital, it 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 on the basis of CRR consolidation

The Capital Requirements Directive package (CRDIV/CRR) transposes the new global standards on banking regulation (known as the Basel III agreement) into the EU legal framework. The new rules are applied from 1 January 2014. They set stronger prudential requirements for institutions, requiring them to keep sufficient capital reserves and liquidity. This new 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 capital adequacy of the Group is supervised based on the financial statements data prepared in accordance with IFRS applying the current directives, rulings and indicators from 1 January 2014.

For regulatory compliance the capital adequacy ratios according to regulatory scope of consolidation are relevant. The Pillar3 Disclosure of OTP Group contains the capital adequacy ratios calculated under regulatory scope of consolidation.
The Group has entirely complied with the regulatory capital requirements both in the year ended 31 December 2024 and 2023.

The Group uses the standard method for determining the regulatory capital requirements of the credit risk and market risk, and parallel to that, the base indicator method, and the advanced method ("AMA") in case of the operational risk.

For international comparison purposes, the Group calculated the Regulatory capital based on CRR data as adopted by the EU, and the consolidated Capital adequacy ratio based on this in accordance with the regulations of Basel III. The Capital adequacy ratio of the Group (CRR) was 20.3%, the Regulatory capital was HUF 5,200,375 million and the Total regulatory capital requirement was HUF 2,046,142 million as at 31 December 2024. The same ratios calculated as at 31 December 2023 were the following: 18.9%, HUF 4,475,381 million and HUF 1,896,022 million.

NOTE 37: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

37.6. Capital management [continued]

Capital adequacy [continued]

Calculation on CRR basis (in HUF million)	**31/12/2024**	**31/12/2023**
Core capital (Tier 1) = Common Equity Tier 1 (CET 1)	**4,842,978**	**3,945,571**
Issued capital	28,000	28,000
Reserves[1]	4,808,726	3,992,843
Fair value adjustments	(43,555)	(64,033)
Other capital components	287,847	92,443
Non-controlling interests	33,741	28,542
Treasury shares	(139,315)	(13,226)
Goodwill and other intangible assets	(220,998)	(188,894)
Other adjustments	88,532	69,896
Additional Tier 1 (AT1)	-	-
Supplementary capital (Tier 2)	**357,397**	**529,810**
Subordinated bonds and loans	345,063	500,555
Other issued capital components	-	-
Components recognized in T2 capital issued by subsidiaries	12,334	29,255
Regulatory capital	**5,200,375**	**4,475,381**
Credit risk capital requirement	1,839,095	1,702,000
Market risk capital requirement	30,461	29,346
Operational risk capital requirement	176,586	164,676
Total requirement regulatory capital	**2,046,142**	**1,896,022**
Surplus capital	**3,154,233**	**2,579,359**
CET 1 ratio	18.90%	16.60%
Tier 1 ratio	18.90%	16.60%
Capital adequacy ratio	**20.30%**	**18.90%**

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

Basel III

The components of the Common Equity Tier 1 capital (CET 1) are the following: Issued capital, Reserves (Retained earnings, Other reserves, Changes in the equity of subsidiaries, Net Profit for the year, Changes due to consolidation) Fair value adjustments, Other capital components, (Revaluation reserves, Share based payments, Cash-flow hedges, Net investment hedge in foreign operations), Non-controlling interest, Treasury shares, Goodwill and other Intangible assets, other adjustments (due to prudential filters, due to deferred tax receivables, due to temporary regulations).
Supplementary capital (Tier 2): Subordinated loan capital, Supplementary loan capital, Other issued capital components, Components recognized in T2 capital issued by subsidiaries.

37.6. Capital management [continued]

Resolution strategy of OTP Group

The National Bank of Hungary as the group-level resolution authority of OTP Group draw up the group resolution plan for OTP in close cooperation with the national resolution authorities of the EU and the equivalent third country subsidiaries in line with Section 7 of the Resolution Act (XXXVII of 2014 on the further development of the system of institutions strengthening the security of the individual players of the financial intermediary system) implementing Article 12 of BRRD (2014/59/EU Directive). According to the plan the resolution strategy for OTP Group is the Multiple Point of Entry Approach (MPE) which determines two intervention points in the Group in case of resolution: OTP Bank (Hungary) and OTP banka d.d. (Slovenia).

OTP Bank’s Resolution Group covers entities included in the prudential scope of consolidation of OTP Bank without OTP banka d.d. (Slovenia) and its subsidiaries, while OTP banka d.d.’s Resolution Group covers OTP banka d.d. and its subsidiaries which is equivalent to the prudential scope of consolidation. For both resolution groups the preferred resolution tool is the application of open-bank bail-in at the level of each of the resolution entities – OTP Bank Plc. and OTP banka d.d. (Slovenia).

Having regard to the acquisition of the Slovenian Nova KBM d.d. (renamed as OTP banka d.d after the merger with former OTP subsidiary SKB Bank in August 2024), the SPE strategy formerly determined for OTP Group as the preferred resolution strategy has been altered as a result of the update of the resolution plan in October 2023. NKBM Group was considered by the resolution authorities financially and operationally independent from the rest of the OTP Group, therefore the MPE approach has been selected as the most suitable resolution strategy in respect of OTP Group. Nevertheless, the MPE resolution strategy will be reviewed in the next update of the group-level resolution plan and for this reason the resolution authorities monitor the degree of integration of OTP banka d.d. (Slovenia) into the OTP Group as a result of the integration project.

MREL requirement of OTP Group

Pursuant to Section 62 (1) of the Resolution Act OTP Bank shall meet the minimum requirement for own funds and eligible liabilities (MREL) on a consolidated basis at the level of the resolution group. The MNB establishes and updates annually the MREL requirement on the basis of the Joint Decision of the Resolution College, which is operated jointly with the resolution authorities of OTP Bank’s subsidiaries.

The consolidated MREL requirement of OTP Bank applicable in 2024 was 18.94% of the total risk exposure amount/risk weighted assets (TREA/RWA) and 5.78% of the total exposure measure (TEM) of OTP Bank’s Resolution Group. From 13 January 2025, OTP Bank's consolidated MREL requirement is 18.6% of the TREA/RWA and 6.02% of the TEM of OTP Bank’s Resolution Group. Subordination requirements are applicable to OTP Bank from 16 December 2024 that are set at 13.5% of TREA/RWA, 5% of TEM and 8% of TLOF (total liabilities and own funds) of OTP Bank’s Resolution Group which shall be met with own funds and subordinated eligible instruments. OTP Bank shall meet the combined buffer requirement in addition to the consolidated MREL RWA requirement / MREL RWA subordination requirement.

NOTE 38: TRANSFER OF FINANCIAL INSTRUMENTS (in HUF mn)

Financial assets transferred but not derecognized

	Transferred assets	Associated liabilities	Transferred assets	Associated liabilities
	Carrying amount 31/12/2024		Carrying amount 31/12/2023	
Financial assets at amortized cost				
Debt securities	205,726	132,137	221,951	126,237
Total	**205,726**	**132,137**	**221,951**	**126,237**

As at 31 December 2024 and 2023, respectively, the Group had an obligation from repurchase agreements (repo liability) of HUF 132,137 million and HUF 126,237 million respectively. Securities sold temporarily under repurchase agreements will continue to be recognized in the Consolidated Statement of Financial Position of the Group in the appropriate securities category. The related liability is measured at amortized cost in the Consolidated Statement of Financial Position as “Repo liabilities”.

Financial assets transferred, derecognized with continuing involvement

Financial assets which would have been derecognized but would be represented the continuing involvement are not recognized in the Consolidated Statement of Financial Position as at 31 December 2024 or as at 31 December 2023.

NOTE 39: OFF-BALANCE SHEET ITEMS AND DERIVATIVE FINANCIAL INSTRUMENTS (in HUF mn)

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

Contingent liabilities	**31/12/2024**	**31/12/2023**
Commitments to extend credit	5,693,803	4,784,943
Guarantees arising from banking activities	1,547,379	1,421,958
Factoring loan commitment	467,939	460,455
Confirmed letters of credit	41,120	61,997
Other	530,422	410,796
Contingent liabilities and commitments total in accordance with IFRS 9	**8,280,663**	**7,140,149**
Legal disputes (disputed value)	115,918	88,750
Underwriting guarantees	8,768	29,915
Other	56,677	2,990
Contingent liabilities and commitments total in accordance with IAS 37	**181,363**	**121,655**
Total	**8,462,026**	**7,261,804**

Legal disputes

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

The Group 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. Provisions due to legal disputes were HUF 39,867 million as at 31 December 2024 and HUF 39,351 million as at 31 December 2023, respectively. (See Note 24.)

Commitments to extend credit, guarantees and letters 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 Group 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 Group on behalf of a customer authorising a third party to draw drafts on the Group 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 Group 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 Group 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 Group to assume responsibility for the debt obligation of a borrower if that borrower defaults until a determined amount, until a determined date, in case of fulfilling conditions, without checking the underlying transactions. The guarantee's liability is joint and primary with the principal, in case of payment undertaking, while the Group assumes the obligation derived from guarantee independently by the conditions established by the Group. A guarantee is most typically required when the ability of the primary obligor 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.

A contract of guarantee is subject to the statute of frauds (or its equivalent local laws) which has maturity and is only enforceable if recorded in writing and signed by the surety and the principal. This means that if the beneficiary has not exercised his rights against the surety or guarantor by the deadline indicated, he automatically forfeits all his claims against the guarantor or surety.
In the case of a simple surety, the beneficiary is obliged to seek recovery of the debt from the debtor, because as long as the debt is recoverable from the debtor, the guarantor can refuse to pay, whereas in the case of a cash surety, the beneficiary can also go to the guarantor immediately, there being no objection to enforcement.

Derivatives

The Group maintains strict control limits on net open derivative positions, that is the difference between purchase and sale contracts, regarding both the amount and the term. At any time the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Group (i.e. assets), which in relation to derivatives is only a small fraction of the contract or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except for trading with clients, where the Group in most of the cases requires margin deposits.

NOTE 40: SHARE-BASED PAYMENTS AND EMPLOYEE BENEFITS (in HUF mn)

The previously approved option program required a modification due 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.
The Bank ensures the share-based payment part for the management personnel of the Group members.
During implementation of the Remuneration Policy of the Group appeared that in 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 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 (until the end of 2014 by Board of Directors).
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.

The parameters for the share-based payment relating to ongoing years 2018-2020 by the Supervisory Board 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		Exercise price	Maximum earnings		Exercise price	Maximum earnings	
					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

NOTE 40: SHARE-BASED PAYMENTS AND EMPLOYEE BENEFITS (in HUF mn) [continued]

The parameters for the share-based payment relating to ongoing years 2021-2023 by the Supervisory Board 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		Exercise price	Maximum earnings		Exercise price	Maximum earnings	
	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

[1]Parameters of benefits for year after 2023 due in 2030 only is applicable to foreign companies and for virtual benefits.

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)						
			1-year	2-year	3-year	4-year	5-year	6-year	7-year
2017	9,200	21.30%	0.10%	0.50%	0.70%	1.00%	1.30%	1.30%	1.30%
2018	10,064	26.00%	0.20%	0.60%	1.00%	1.30%	1.60%	1.90%	2.10%
2019	12,413	19.20%	0.20%	0.70%	0.90%	1.10%	1.30%	1.40%	1.60%
2020	11,553	33.60%	0.60%	0.40%	0.50%	0.60%	0.80%	0.90%	1.00%
2021	16,644	28.60%	1.00%	1.60%	1.80%	1.90%	2.00%	2.10%	2.10%
2022	8,912	42.60%	7.10%	7.90%	7.60%	7.30%	7.10%	7.00%	6.90%
2023	10,773	33.30%	13.20%	9.20%	8.20%	7.70%	7.30%	7.10%	6.90%
2024	17,485	22.10%	6.20%	5.80%	5.80%	5.90%	5.90%	6.00%	6.00%

Year	Expected dividends (HUF/Share)							Pricing model
	1 -year	2-year	3-year	4-year	5-year	6-year	7-year	
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

NOTE 40: SHARE-BASED PAYMENTS AND EMPLOYEE BENEFITS (in HUF mn) [continued]

Based on parameters accepted by Supervisory Board relating to the year **2018** effective pieces are as 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 as 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 started in 2020	150,230	150,230	14,294	-	-
Remuneration exchanged to share provided in 2020	33,024	33,024	11,897	-	-
Share purchasing period started in 2021	73,799	73,799	16,314	-	-
Remuneration exchanged to share provided in 2021	14,618	14,618	16,468	-	-
Share purchasing period started in 2022	86,456	77,425	14,605	9,031	-
Remuneration exchanged to share provided in 2022	13,858	13,858	8,529	-	-
Share purchasing period started in 2023	45,155	45,155	14,736	-	-
Remuneration exchanged to share provided in 2023	3,217	3,217	11,820	-	-
Remuneration exchanged to share provided 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 as 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 as 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 started in 2021	201,273	201,273	16,298	-	-
Remuneration exchanged to share provided in 2021	30,834	30,834	17,618	-	-
Share purchasing period started in 2022	107,760	101,897	13,771	5,863	-
Remuneration exchanged to share provided in 2022	10,564	10,564	8,529	-	-
Share purchasing period started in 2023	126,749	123,676	14,336	3,073	-
Remuneration exchanged to share provided in 2023	13,427	13,427	11,674	-	-
Share purchasing period started in 2024	31,262	31,262	17,618	-	-
Remuneration exchanged to share provided 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 40: SHARE-BASED PAYMENTS AND EMPLOYEE BENEFITS (in HUF mn) [continued]

Based on parameters accepted by Supervisory Board relating to the year **2020** effective pieces are as 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 as 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 started in 2022	83,688	76,928	17,629	6,760	-
Remuneration exchanged to share provided in 2022	15,232	15,111	8,529	121	-
Share purchasing period started in 2023	47,275	45,755	19,805	1,520	-
Remuneration exchanged to share provided 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 as 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 as 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 started in 2023	117,276	117,276	13,672	-	-
Remuneration exchanged to share provided in 2023	10,824	10,824	11,534	-	-
Share purchasing period started in 2024	50,402	49,201	17,848	-	1,201
Remuneration exchanged to share provided 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 40: SHARE-BASED PAYMENTS AND EMPLOYEE BENEFITS (in HUF mn) [continued]

Based on parameters accepted by Supervisory Board relating to the year **2022** effective pieces are as 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 as 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 started in 2024	103,159	102,651	17,684	-	508
Remuneration exchanged to share provided 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 as 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 as at 31 December 2024
Share purchasing period started in 2024	164,371	96,566	20,731	1,124	66,681
Remuneration exchanged to share provided 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

NOTE 40: SHARE-BASED PAYMENTS AND EMPLOYEE BENEFITS (in HUF mn) [continued]

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 and HUF 3,292 million was recognized as expense for the year ended 31 December 2024 and 2023, respectively.

Defined benefit plan

Defined benefit plan is post-employment benefit plans other than defined contribution plan. The Group's net obligation is calculated by estimating the amount of employee's future benefit based on their servicies for the current and prior periods. The future value of benefit is being discounted to present value.

The Group has small number of plans and mainly in Bulgaria, Serbia, Montenegro, Croatia and Slovenia. These plans are providing retirement benefits upon pension age as lump-sum payment based either on fixed amounts or certain months of salary.
These plans are unfunded consequently there are no significant plan assets associated with these plans.

The movements of defined benefit obligation can be summarized as follows:

	31/12/2024	31/12/2023
Balance as at 1 January	**6,584**	**4,728**
Increase due to acquisition	-	1,621
Current service cost	498	369
Interest cost	343	322
Actuarial losses / (gains) from changes in demographic assumptions	5	(497)
Actuarial losses from changes in financial assumptions	471	844
Benefits paid	(619)	(279)
Past service cost	15	-
Other increase / (decrease)	180	(322)
Revaluation difference	463	(202)
Closing balance	**7,940**	**6,584**

Amounts recognized in profit and loss	31/12/2024	31/12/2023
Current service cost	498	369
Net interest expense	343	322
Past service cost	15	-
Actuarial loss	326	11
Other income	(487)	(340)
Total	**695**	**362**

Maturity analysis of the present value of defined benefit obligations	31/12/2024	31/12/2023
Within one year	127	609
Within 5 years and over one year	1,237	2,015
Within 10 years and over 5 years	2,210	2,107
Over 10 years	1,688	1,853
Total present value	**5,262**	**6,584**

NOTE 40: SHARE-BASED PAYMENTS AND EMPLOYEE BENEFITS (in HUF mn) [continued]

Defined benefit plan [continued]

Actuarial assumptions	**31/12/2024**	**31/12/2023**
Discount rate	2.75% - 8.00%	2.88% - 6.25%
Future salary increases	1.48% - 8.65%	1.28% - 8.50%

Inflation rate is also included into actuarial assumptions which ranges between 2.20% and 12.00%.
Since plan asset is not recognized in the Consolidated Financial Statements, the effect of the asset ceiling, the effect of changes in foreign exchange rates and the return on plan assets, excluding amounts included in interest accounts are also not recognized and therefore not presented.

OTP Group made an insignificant amount of contribution to the defined benefit plans during the year ended 31 December 2024 and 2023, respectively.

NOTE 41: RELATED PARTY TRANSACTIONS (in HUF mn)

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

Compensations	**31/12/2024**	**31/12/2023**
Short-term employee benefits	12,688	9,974
Share-based payment	4,350	2,173
Other long-term employee benefits	1,042	556
Termination benefits	178	126
Total	**18,258**	**12,829**

Share based compensations to the members of the Board of Directors, Supervisory Board or key employees of the Bank and its major subsidiaries are detailed in Note 40 Share-based payments.

An analysis of payment to executives of the Group related to their activity in Board of Directors and Supervisory Board is as follows:

	31/12/2024	**31/12/2023**
Members of Board of Directors	4,773	3,225
Members of Supervisory Board	551	432
Total	**5,324**	**3,657**

NOTE 41: RELATED PARTY TRANSACTIONS (in HUF mn) [continued]

Connections with related party (key management personnel and their close family member and companies) by which line of the consolidated statement of financial position and off-balance sheet is presented:

	31/12/2024				31/12/2023			
Assets	**Other related parties**	**Associated companies**	**Other companies**	**Total**	**Other related parties**	**Associated companies**	**Other companies**	**Total**
Securities (net value)	614	18	-	**632**	608	52	-	**660**
Fair value adjustment of derivative financial instruments	-	253	-	**253**	-	164	-	**164**
Loans at amortized cost (net value)	67,671	22,689	2,111	**92,471**	70,091	22,048	2,459	**94,598**
Finance lease receivable (net value)	-	23	-	**23**	-	47	-	**47**
Loans mandatorily at fair value through profit or loss	182	408	2,150	**2,740**	200	1,711	-	**1,911**
Total assets	**68,467**	**23,391**	**4,261**	**96,119**	**70,899**	**24,022**	**2,459**	**97,380**
Liabilities								
Deposits from customers and loan liabilities	33,445	12,626	8,128	**54,199**	87,857	22,042	1,373	**111,272**
Total liabilities	**33,445**	**12,626**	**8,128**	**54,199**	**87,857**	**22,042**	**1,373**	**111,272**

NOTE 41: RELATED PARTY TRANSACTIONS (in HUF mn) [continued]

Connections with related party (key management personnel and their close family member and companies) by which line of the consolidated statement of financial position and off-balance sheet is presented [continued]:

Off-balance sheet items	31/12/2024 Other related parties	Associated companies	Other companies	Total	31/12/2023 Other related parties	Associated companies	Other companies	Total
Undrawn line of credit	54,572	50	1,850	**56,472**	64,900	50	1,910	**66,860**
Bank Guarantee	7,472	2,050	1,228	**10,750**	11,080	1,914	2,491	**15,485**
Commitments and guarantees given	34	-	-	**34**	40	-	-	**40**
Total off-balance sheet items	**62,078**	**2,100**	**3,078**	**67,256**	**76,020**	**1,964**	**4,401**	**82,385**

Statement of profit or loss (turnover during the current period)	31/12/2024	31/12/2023
Interest income	2,654	2,448
Fees and commissions	352	164
Interest expense	(781)	(514)
Fees and commission expenses	(1,510)	(2,094)
Loss allowance / Provision on loans, placements, for commitments and guarantees given	(270)	(86)
Operational costs	(4,989)	(4,093)
Net income from sale of assets	-	-

In the normal course of business, the Bank enters into other transactions with its unconsolidated subsidiaries of the Group, the amounts and volumes of which are not significant to these Consolidated Financial Statements taken as a whole. Related party transactions were made on terms equivalent to those that prevail in arm's length transactions and such terms can be substantiated.

NOTE 42: ACQUISITION (in HUF mn)

Acquisition and consolidation of subsidiaries

In line with the sale and purchase agreement (two-step structure of purchase agreement) concluded on 12 December 2022 between OTP Bank and the Ministry of Economy and Finance of the Republic of Uzbekistan, the first step of the Ipoteka Bank acquisition was completed on 13 June 2023. Consequently, OTP Bank became the majority shareholder of Ipoteka Bank by acquiring a 73.71% stake and became indirect shareholder of Ipoteka Bank's wholly-owned subsidiaries. In the second step of the transaction, the shares that remained in the ownership of the Ministry will be bought three years after the first step by purchasing further 25% (calculated at acquisition) of the shares owned by the seller. On the basis of contractual conditions, different purchase price modifying factors can modify the second instalment of the purchase price. In this regard, the amount of HUF 20,454 million in year 2024 and HUF 15,757 million in year 2023 compensation assets were presented in the consolidated financial statement, which comes from the fact that the former owners of the acquired company are contractually indemnifying the acquiring OTP Bank due to the acquired uncertainties.
As a result of the acquisition, OTP Group entered the Central Asian region, and is the first foreign bank to participate in the privatization of the Uzbek banking sector.

On 31 May 2021, OTP Bank signed a share sale and purchase agreement on purchasing 100% shareholding of OTP Luxembourg S.a.r.l. and its subsidiaries - Nova KBM d.d. and Aleja Finance d.o.o., (hereinafter "NKBM group") which are 80% owned by funds managed by affiliates of Apollo Global Management, Inc. and 20% by EBRD. The financial closing of the transaction took place on 6 February 2023, after obtaining all the necessary regulatory approvals. The acquisition of the bank is the most significant acquisition in the history of OTP Group.

The integration process of the two Slovenian subsidiaries, SKB banka purchased in 2019 and Nova KBM was completed in October 2024.

On 27 September, 2023, Aranykalász Group became with 100% ownership the member of OTP Group through Portfolion Zöld Magántőkealap. Aranykalász Group contains Aranykalász 1955. Mezőgazdasági Ltd., Aranymező 2001. Mezőgazdasági Ltd., Agromag-Plusz Mezőgazdasági Ltd.
On 7 November 2023, Szekszárd Group engaged in agricultural activities became 100% owned by OTP Group through Portfolion Zöld Magántőkealap. Szekszárd Group contains Szekszárdi Mezőgazdasági Plc. and Szajki Mezőgazdasági Plc.
In the case of Aranykalász Group and Szekszárd Group, the Bank reestimated the purchase price allocation within 12 months and this resulted in a small change in these tables below. The changes are presented in a separate column as "Adjustment".

On 10 October 2022 OTP Fund Management Company and OTP banka Srbija a.d. signed a share sale and purchase agreement on purchasing 100% shareholding of Ilirika DZU AD Beograd, a Serbian asset management company, with the Slovenian companies Ilirika Fintrade d.o.o., Ilirika svetovanje d.o.o. and Ilirika d.d. The ownership proportion is 75 – 25%, de total consideration for the purchase of the shares was 93,8 million RSD. The financial closing of the transaction took place on 11 July 2023.
In October 2023 the Subsidiary changed its name to OTP Invest AD Beograd. Through this acquisition OTP Group entered the Serbian asset management market with only a few market competitors.

NOTE 42: ACQUISITION (in HUF mn) [continued]

The fair value of the assets and liabilities acquired is as follows:

	JSCMB 'Ipoteka Bank' (June 2023)	NKBM group (February 2023)	Aranykalász group (August 2023)	Adjust-ment	Remeasured Aranykalász group (August 2023)	Szekszárd group (November 2023)	Adjust-ment	Remeasured Szekszárd group (November 2023)	OTP Invest (July 2023)	Total
Cash amounts and due from banks and balances with the National Banks	(98,886)	(887,441)	(925)	(21)	(946)	(585)	-	(585)	(57)	**(987,915)**
Placements with other banks, repo receivables	(50,298)	(11,605)	-	-	-	-	-	-	-	**(61,903)**
Financial assets at fair value through profit or loss	-	(11,167)	-	-	-	-	-	-	-	**(11,167)**
Securities at fair value through other comprehensive income	(154)	(136,612)	-	-	-	-	-	-	-	**(136,766)**
Loans at amortized cost	(875,037)	(2,037,656)	-	-	-	-	-	-	-	**(2,912,693)**
Associates and other investments	(981)	(4,891)	(12)	-	(12)	(2,279)	-	(2,279)	-	**(8,163)**
Securities at amortized cost	(136,267)	(788,383)	-	-	-	-	-	-	-	**(924,650)**
Property and equipment	(27,187)	(20,199)	(2,852)	25	(2,827)	(1,434)	(2,764)	(4,198)	(1)	**(54,412)**
Intangible assets	(1,200)	(17,171)	-	-	-	(3)	-	(3)	(110)	**(18,484)**
Right-of-use assets	(1,920)	(1,941)	-	(743)	(743)	-	(1,116)	(1,116)	-	**(5,720)**
Investment properties	-	(9,910)	-	-	-	-	-	-	-	**(9,910)**
Derivative financial assets designated as hedge accounting	-	(1,842)	-	-	-	-	-	-	-	**(1,842)**
Other assets	(31,533)	(50,941)	(11,294)	(783)	(12,077)	(10,502)	3,118	(7,384)	(6)	**(101,941)**
Total assets	**(1,223,463)**	**(3,979,759)**	**(15,083)**	**(1,522)**	**(16,605)**	**(14,803)**	**(762)**	**(15,565)**	**(174)**	**(5,235,566)**

NOTE 42: ACQUISITION (in HUF mn) [continued]

The fair value of the assets and liabilities acquired is as follows [continued]:

	JSCMB 'Ipoteka Bank' (June 2023)	NKBM group (February 2023)	Aranykalász group (August 2023)	Adjust-ment	Remeasured Aranykalász group (August 2023)	Szekszárd group (November 2023)	Adjust -ment	Remeasured Szekszárd group (November 2023)	OTP Invest (July 2023)	Total
Amounts due to the banks, the National Governments, deposits from the National Banks and other banks and repo liabilities	571,792	69,398	300	-	300	990	-	990	-	**642,480**
Deposits from customers	309,898	3,250,141	-	-	-	-	-	-	188	**3,560,227**
Liabilities from issued securities	118,897	169,071	-	-	-	-	-	-	-	**287,968**
Derivative financial liabilities designated as hedge accounting	-	2,982	-	-	-	-	-	-	-	**2,982**
Leasing liabilities	-	1,967	-	743	743	-	1,116	1,116	-	**3,826**
Other liabilities	27,681	51,157	1,415	(165)	1,250	768	1,252	2,020	7	**82,115**
Subordinated bonds and loans	12,098	32,916	-	-	-	-	-	-	-	**45,014**
Total liabilities	**1,040,366**	**3,577,632**	**1,715**	**578**	**2,293**	**1,758**	**2,368**	**4,126**	**195**	**4,624,612**
Net assets	**(183,097)**	**(402,127)**	**(13,368)**	**(944)**	**(14,312)**	**(13,045)**	**1,606**	**(11,439)**	**21**	**(610,954)**

	JSCMB 'Ipoteka Bank' (June 2023)	NKBM group (February 2023)	Aranykalász group (August 2023)	Adjust-ment	Remeasured Aranykalász group (August 2023)	Szekszárd group (November 2023)	Adjust-ment	Remeasured Szekszárd group (November 2023)	OTP Invest (July 2023)	Total
Net assets total	**(183,097)**	**(402,127)**	**(13,368)**	**-**	**(13,368)**	**(13,045)**	**1,606**	**(11,439)**	**21**	**(610,010)**
Non-controlling interest[1]	3,149	-	-		-	-	-	-	-	**3,149**
Negative goodwill / (Goodwill)	93,891	104,470	-		-	-	(821)	(821)	(324)	**197,216**
Net cash	**(86,057)**	**(297,657)**	**(13,368)**	**-**	**(13,368)**	**(13,045)**	**785**	**(12,260)**	**(303)**	**(409,645)**
Cash acquired on purchase	98,886	887,441	925	-	925	585	-	585	57	**987,894**
Net cash paid for acquisition	**12,829**	**589,784**	**(12,443)**	**-**	**(12,443)**	**(12,460)**	**785**	**(11,675)**	**(246)**	**578,249**

Purchase price - part one	(83,347)
Purchase price - part two	(2,710)
Total	**(86,057)**

[1]Non-controlling interest was measured at its proportionate share of net assets of the acquiree.

NOTE 42: ACQUISITION (in HUF mn) [continued]

The fair value of the assets and liabilities acquired is as follows [continued]:

Breakdown of the acquired entity's income, profit / loss in 2023 from the date of the acquisition:

	Interest income	Net result	One-off expense[2]
JSCMB 'Ipoteka Bank'	96,490	(52,760)	(40,060)
NKBM group	156,314	77,804	(10,010)
Aranykalász group	-	-	-
Szekszárd group	-	-	-
OTP Invest	1	(37)	-
Total	**252,805**	**25,007**	**(50,070)**

[2]The net result was decreased by the loss allowance on loans in accordance with IFRS 9 after the first day of the acquisition (Day 1).

Breakdown of the acquired entity's income, profit / loss in 2023 if the Group would have acquired from the beginning of year 2023:

	Interest income	Net result	One-off expense[2]
JSCMB 'Ipoteka Bank'	175,815	(70,215)	(40,060)
NKBM group	166,772	79,338	(10,010)
Aranykalász group	-	1,607	-
Szekszárd group	-	2,904	-
OTP Invest	2	(89)	-
Total	**342,589**	**13,545**	**(50,070)**

[2]The net result was decreased by the loss allowance on loans in accordance with IFRS 9 after the first day of the acquisition (Day 1).

With the acquisition the following shares were purchased:

	Number of shares	Type	Voting rights
JSCMB 'Ipoteka Bank'	2,203,591,374,374	Common stock	73.7090%
JSCMB 'Ipoteka Bank'	59,197,658	Preferred dividend	0.0020%
Ipoteka Leasing LLC	60,000,000,000	Common stock	100.00%
IMKON Sugurta JSC	45,000,000,000	Business share	100.00%
Mortgage refinancing Company of Uzbekistan	20,000,000	Common stock	20.00%
OTP Luxembourg s.á.r.l.	2,771,440	Business share	100.00%
Nova Kreditna Banka Maribor d.d.	10,000,000	Common stock	100.00%
Telekom Slovenije, d.d.	11,938	Common stock	0.18%
Elektro Maribor d.d.	76,715	Common stock	0.23%
Pivka Perutninarstvo d.d.	486	Common stock	0.04%
Skupina Prva, Zavarovalniški Holding, d.d.	4,764	Preferred dividend	2.35%
Sava d.d.	496,851	Common stock	1.71%
VISA Inc. C	3,688	Preferred dividend	0.00%
VISA Inc. A	369	Preferred dividend	0.00%
Bodočnost Maribor d.o.o.	1	Business share	1.00%
Sklad Za Reševanje Bank	50,003,264	Business share	26.17%
SWIFT SCRL La Hulpe, Belgija	32	Business share	0.03%
Bankart d.o.o.	584,424	Business share	29.22%
Aleja Finance d.o.o.	500,000	Business share	100.00%

NOTE 42: ACQUISITION (in HUF mn) [continued]

With the acquisition the following shares were purchased [continued]:

	Number of shares	Type	Voting rights
Aranykalász 1955. Mezőgazdasági Ltd.	41,670,000	Business share	100.00%
Dél-borsodi Gazdák Ltd.	3,703,260	Business share	40.82%
"Egertej" Ltd.	4,274,600	Business share	28.12%
Aranymező 2001. Mezőgazdasági Ltd.	2,250,000	Business share	100.00%
Agromag-Plusz Mezőgazdasági Ltd.	28,650,000	Business share	98.34%
Szekszárdi Mezőgazdasági Plc.	52	Common stock	100.00%
Szajki Mezőgazdasági Plc.	659,859	Common stock	100.00%
Újberek Ltd.	4,800,000	Business share	100.00%
Sióvölgye Ltd.	156,580,000	Business share	100.00%
Orbánhegyi Szőlőbirtok Limited partnership	25,000	Business share	76.92%
Szekszárdi Liszt Pincészet Ltd.	30,000,000	Business share	100.00%
Iphygénia Ltd.	51,000,000	Business share	100.00%
ZA-Gamma Agro Ltd.	2,250,000	Business share	99.00%
GM Agrár Ltd.	3,000,000	Business share	100.00%
Szajkmenti Gazda Limited partnership	95,000	Business share	100.00%
Sióparti Gazda Limited partnership	5,000	Business share	87.50%
OTP invest AD Beograd	177,032	Common stock	100.00%

NOTE 43: SIGNIFICANT SUBSIDIARIES AND ASSOCIATES (in HUF mn)

Investments in companies in which the Bank has a controlling interest are detailed below. They are fully consolidated companies and incorporated in Hungary unless otherwise stated.

Significant subsidiaries

Name	Ownership (Direct and Indirect) 31/12/2024	Ownership (Direct and Indirect) 31/12/2023	Activity
DSK Bank AD (Bulgaria)	99.92%	99.92%	commercial banking services
OTP Bank JSC (Ukraine)	100.00%	100.00%	commercial banking services
JSC “OTP Bank” (Russia)	97.92%	97.92%	commercial banking services
OTP banka d.d. (Croatia)	100.00%	100.00%	commercial banking services
OTP Bank Romania S.A. (Romania)	-	100.00%	commercial banking services
OTP banka Srbija a.d. Novi Sad (Serbia)	100.00%	100.00%	commercial banking services
Crnogorska komercijalna banka a.d. (Montenegro)	100.00%	100.00%	commercial banking services
Banka OTP Albania SHA (Albania)	100.00%	100.00%	commercial banking services
OTP Bank S.A. (Moldova)	98.26%	98.26%	commercial banking services
SKB Banka d.d. Ljubljana (Slovenia)	-	100.00%	commercial banking services
OTP banka d.d. (previously: Nova Kreditna Banka Maribor d.d.) (Slovenia)	100.00%	100.00%	commercial banking services
JSCMB 'Ipoteka Bank' (Uzbekistan)	79.82%	79.58%	commercial banking services
OTP Financing Malta Company Ltd. (Malta)	100.00%	100.00%	refinancing activities
OTP Holding Ltd. (Cyprus)	100.00%	100.00%	refinancing activities
OTP Factoring Ltd.	100.00%	100.00%	work-out
OTP Mortgage Bank Ltd.	100.00%	100.00%	mortgage lending
OTP Real Estate Ltd.	100.00%	100.00%	real estate management and development
Merkantil Bank Ltd.	100.00%	100.00%	finance lease
OTP Building Society Ltd.	100.00%	100.00%	housing savings and loan
OTP Fund Management Ltd.	100.00%	100.00%	fund management
Bank Center No. 1. Ltd.	100.00%	100.00%	real estate lease
OTP Funds Servicing and Consulting Ltd.	100.00%	100.00%	fund services
OTP Real Estate Leasing Ltd.	100.00%	100.00%	real estate leasing

NOTE 43: SIGNIFICANT SUBSIDIARIES AND ASSOCIATES (in HUF mn) [continued]

Significant associates and joint ventures

The associated entities 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 consolidated financial statements.
Summarized financial and non-financial information of associates which are accounted according to IAS 28 and in line with IFRS 9 as at 31 December 2024 is as follows:

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.

NOTE 43: SIGNIFICANT SUBSIDIARIES AND ASSOCIATES (in HUF mn) [continued]

Significant associates and joint ventures [continued]

Summarized financial and non-financial information of associates which are accounted according to IAS 28 and in line with IFRS 9 as at 31 December 2023 is as follows:

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.

NOTE 44: 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 Group, they have been excluded from the accompanying Consolidated Statement of Financial Position.

	31/12/2024	31/12/2023
The amount of loans managed by the Group as a trustee	37,412	37,402

NOTE 45: CONCENTRATION OF ASSETS AND LIABILITIES

	31/12/2024	31/12/2023
In the percentage of the total assets		
Receivables from, or securities issued by the Hungarian Government or the NBH	12.92%	13.32%

There were no other significant concentrations of the assets or liabilities of the Group either as at 31 December 2024 or as at 31 December 2023.

The Group continuously provides the NBH with reports on the extent of dependency on large depositors as well as the exposure of the biggest 50 depositors towards the Group.

Further to this obligatory reporting to the NBH, the Group 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 the Bank in charge of partner-risk management analyses the biggest partners on a constant basis and sets limits on the 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 related to exposures of clients. The 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 provision system used by the Bank to control risk exposures. This regulation has to be used by the Bank for its business (lending) risk-taking activity both in retail and corporate sector.

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

NOTE 46: EARNINGS PER SHARE

Consolidated Earnings per share attributable to the ordinary shares of the Group are determined by dividing consolidated 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.

Earnings per share from continuing and discontinued operations	**31/12/2024**	**31/12/2023**
Consolidated profit after income tax for the period attributable to ordinary shareholders (in HUF mn)	1,071,913	988,658
Weighted average number of ordinary shares outstanding during the year for calculating basic EPS (number of share)	264,542,718	267,591,265
Basic Earnings per share (in HUF)	**4,052**	**3,695**
Consolidated profit after income tax for the period attributable to ordinary shareholders (in HUF mn)	1,071,913	988,658
Modified weighted average number of ordinary shares outstanding during the year for calculating diluted EPS (number of share)	264,652,623	267,737,358
Diluted Earnings per share (in HUF)	**4,050**	**3,693**

Earnings per share from continuing operations	**31/12/2024**	**31/12/2023**
Consolidated profit after income tax for the period attributable to ordinary shareholders (in HUF mn)	1,052,157	1,009,904
Weighted average number of ordinary shares outstanding during the year for calculating basic EPS (number of share)	264,542,718	267,591,265
Basic Earnings per share (in HUF)	**3,977**	**3,774**
Consolidated profit after income tax for the period attributable to ordinary shareholders (in HUF mn)	1,052,157	1,009,904
Modified weighted average number of ordinary shares outstanding during the year for calculating diluted EPS (number of share)	264,652,623	267,737,358
Diluted Earnings per share (in HUF)	**3,976**	**3,772**

Earnings per share from discontinued operations	**31/12/2024**	**31/12/2023**
Consolidated profit after income tax for the period attributable to ordinary shareholders (in HUF mn)	19,756	(21,246)
Weighted average number of ordinary shares outstanding during the year for calculating basic EPS (number of share)	264,542,718	267,591,265
Basic Earnings per share (in HUF)	**75**	**(79)**
Consolidated profit after income tax for the period attributable to ordinary shareholders (in HUF mn)	19,756	(21,246)
Modified weighted average number of ordinary shares outstanding during the year for calculating diluted EPS (number of share)	264,652,623	267,737,358
Diluted Earnings per share (in HUF)	**75**	**(79)**

NOTE 46: EARNINGS PER SHARE [continued]

	31/12/2024	31/12/2023
Weighted average number of ordinary shares	280,000,010	280,000,010
Average number of Treasury shares	15,457,292	12,408,745
Weighted average number of ordinary shares outstanding during the year for calculating basic EPS	**264,542,718**	**267,591,265**
Dilutive effects of options issued in accordance with the remuneration policy and convertible into ordinary shares[1]	109,905	146,093
The modified weighted average number of ordinary shares outstanding during the year for calculating diluted EPS	**264,652,623**	**267,737,358**

[1] Both for the year 2024 and for the year 2023 the dilutive effect is in connection with the Remuneration Policy and the Management Option Program.

NOTE 47: NET GAIN OR LOSS REALIZED ON FINANCIAL INSTRUMENTS (in HUF mn)

31/12/2024	Net interest / similar to interest gain and loss	Net non-interest gain and loss	Loss allowance	Other Comprehensive Income
Cash, amounts due from banks and balances with the National Banks	171,238	-	(740)	-
Placements with other banks	238,235	-	(1,303)	-
Repo receivables	20,336	-	75	-
Securities at amortized cost	352,733	(9,495)	(10,059)	-
Loans at amortized cost	1,582,749	39,569	(94,870)	-
Finance lease receivables	110,830	-	6,518	-
Other financial assets[1]	7,052	-	17	-
Financial assets at amortized cost total	**2,483,173**	**30,074**	**(100,362)**	**-**
Trading securities at fair value through profit or loss	-	12,118	-	-
Non-trading instruments mandatorily at fair value through profit or loss	1,465	6,043	-	-
Interest-bearing securities at fair value through other comprehensive income	60,806	(1,477)	(29,848)	33,347
Non-interest-bearing instruments at fair value through other comprehensive income	-	1,082	-	14,404
Loans mandatorily at fair value through profit or loss	99,559	25,746	5,504	-
Financial assets at fair value total	**161,830**	**43,512**	**(24,344)**	**47,751**
Total result on financial assets	**2,645,003**	**73,586**	**(124,706)**	**47,751**
Amounts due to banks, the National Governments, deposits from the National Banks and other banks	(121,536)	-	-	-
Repo liabilities	(11,049)	-	-	-
Deposits from customers	(462,682)	477,930	-	-
Liabilities from issued securities	(157,008)	-	-	-
Leasing liabilities	(3,557)	-	-	-
Subordinated bonds and loans	(35,471)	-	-	-
Financial liabilities at amortized cost total	**(791,303)**	**477,930**	**-**	**-**
Financial liabilities designated at fair value through profit or loss	**(1,344)**	**(1,240)**	**-**	**-**
Total result on financial liabilities	**(792,647)**	**476,690**	**-**	**-**
Derivative financial instruments[1]	**(107,016)**	**12,004**	**-**	**-**
Total result on financial instruments	**1,745,340**	**562,280**	**(124,706)**	**47,751**

[1] Gains from other financial assets and derivative financial instruments recognized in net interest income as Income similar to interest income.

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

31/12/2024	Held-for-trading	Hedge accounting
Balance as at 1 January	**13,141**	**(21,932)**
Change in current period through p/l	**712**	**75,875**
on interest income/interest expense	34,595	(10,189)
on net results on derivative instruments	(122,489)	51,705
on revaluation difference	88,606	34,359
Realized result on closed deals /matured deals	24,077	(18,960)
Foreign currency translation difference	494	793
Closing balance	**38,424**	**35,776**

NOTE 47: NET GAIN OR LOSS REALIZED ON FINANCIAL INSTRUMENTS (in HUF mn) [continued]

31/12/2023	Net interest / similar to interest gain and loss	Net non-interest gain and loss	Loss allowance	Other Comprehensive Income
Cash, amounts due from banks and balances with the National Banks	354,208	-	1,060	-
Placements with other banks	187,436	-	1,455	-
Repo receivables	17,011	-	(371)	-
Securities at amortized cost	242,256	(18,716)	9,185	-
Loans at amortized cost	1,345,570	34,335	(149,822)	-
Finance lease receivables	100,749	-	1,656	-
Other financial assets[1]	6,942	-	1,333	-
Financial assets at amortized cost total	**2,254,172**	**15,619**	**(135,504)**	**-**
Trading securities at fair value through profit or loss	-	7,713	-	-
Non-trading instruments mandatorily at fair value through profit or loss	-	8,240	-	-
Interest-bearing securities at fair value through other comprehensive income	55,320	(1,221)	(354)	76,954
Non-interest-bearing instruments at fair value through other comprehensive income	-	430	-	1,465
Loans mandatorily at fair value through profit or loss	92,117	96,082	(91)	-
Financial assets at fair value total	**147,437**	**111,244**	**(445)**	**78,419**
Total result on financial assets	**2,401,609**	**126,863**	**(135,949)**	**78,419**
Amounts due to banks, the National Governments, deposits from the National Banks and other banks	(74,338)	-	-	-
Repo liabilities	(40,398)	-	-	-
Deposits from customers	(484,398)	386,823	-	-
Liabilities from issued securities	(116,628)	-	-	-
Leasing liabilities	(2,970)	-	-	-
Subordinated bonds and loans	(32,565)	-	-	-
Financial liabilities at amortized cost total	**(751,297)**	**386,823**	**-**	**-**
Financial liabilities designated at fair value through profit or loss	**(1,433)**	**(4,542)**	**-**	**-**
Total result on financial liabilities	**(752,730)**	**382,281**	**-**	**-**
Derivative financial instruments[1]	**(262,173)**	**(12,760)**	**-**	**-**
Total result on financial instruments	**1,386,706**	**496,384**	**(135,949)**	**78,419**

[1] Gains from other financial assets and derivative financial instruments recognized in net interest income as Income similar to interest income.

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

31/12/2023	Held-for-trading	Hedge accounting
Balance as at 1 January	**(109,265)**	**20,298**
Change in current period through p/l	**106,994**	**(44,576)**
on interest income/interest expense	(27,506)	86,915
on net results on derivative instruments	66,774	(26,714)
on revaluation difference	67,726	(104,777)
Realized result on closed deals /matured deals	13,088	494
Increase due to acquisition	104	1,842
Assets held for sale	1,216	-
Foreign currency translation difference	1,004	10
Closing balance	**13,141**	**(21,932)**

NOTE 48: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn)

In determining the fair value of a financial asset or liability the Group uses the market price in the case of instruments that are quoted on an active market. In most cases market price is not publicly available, so the Group has to make assumptions or use valuation techniques to determine the fair value of a financial instrument. See Note 48.4. 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 instruments that are originally measured at amortized cost, the Group used the discounted cash-flow analyses (loans, placements with other banks, repo receivables, amounts due to banks, repo liabilities, 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 Banks 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 amortized 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.

Classes of assets and liabilities not measured at fair value in the Consolidated 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 the fair value of other classes not measured at fair value of the Consolidated Statement of Financial Position is measured at discounted cash-flow method. Fair value of loans, net of loss allowance for loans measured at 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 levels 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).

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.

Use of modified yield curve

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

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

NOTE 48: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

48.1. Fair value of financial assets and liabilities at amortized cost by level of the fair value hierarchy and their carrying amount

31/12/2024	Carrying amount	Fair value	Level 1	Level 2	Level 3
Cash, amounts due from banks and balances with the National Banks	6,079,012	6,080,255	4,964,693	1,115,562	-
Placements with other banks	1,891,901	1,907,253	220,867	1,461,918	224,468
Repo receivables	331,837	332,039	3,768	328,271	-
Securities at amortized cost	7,447,177	7,254,449	6,356,814	870,803	26,832
Loans at amortized cost	20,290,381	20,507,024	-	8,315	20,498,709
Finance lease receivables	1,511,477	1,564,724	-	365,783	1,198,941
Other financial assets	292,320	291,485	-	-	291,485
Total financial assets at amortized cost	**37,844,105**	**37,937,229**	**11,546,142**	**4,150,652**	**22,240,435**
Amounts due to the National Governments, to the National Banks and other banks	2,022,191	1,999,976	508,358	926,517	565,101
Repo liabilities	132,137	135,771	-	135,771	-
Deposits from customers[1]	31,666,398	31,616,807	-	16,752,706	14,864,101
Liabilities from issued securities	2,593,124	2,613,242	2,207,606	-	405,636
Leasing liabilities	82,109	83,601	-	259	83,342
Other financial liabilities	818,406	793,524	-	-	793,524
Subordinated bonds and loans	369,359	372,137	349,895	8,879	13,363
Total financial liabilities at amortized cost	**37,683,724**	**37,615,058**	**3,065,859**	**17,824,132**	**16,725,067**

31/12/2023	Carrying amount	Fair value	Level 1	Level 2	Level 3
Cash, amounts due from banks and balances with the National Banks	7,125,049	7,125,049	6,005,164	1,119,885	-
Placements with other banks	1,566,998	1,448,684	1,059,696	375,266	13,722
Repo receivables	223,884	223,884	-	223,884	-
Securities at amortized cost	5,249,272	5,184,729	4,478,411	640,591	65,727
Loans at amortized cost	17,676,533	17,723,130	-	1,219	17,721,911
Finance lease receivables	1,289,712	1,504,439	189,830	91,948	1,222,661
Other financial assets	282,400	282,400	-	-	282,400
Assets classified as held for sale	1,533,333	1,533,333	-	-	1,533,333
Total financial assets at amortized cost	**34,947,181**	**35,025,648**	**11,733,101**	**2,452,793**	**20,839,754**
Amounts due to the National Governments, to the National Banks and other banks	1,940,862	1,974,503	458,700	690,452	825,351
Repo liabilities	126,237	126,237	-	126,237	-
Deposits from customers[1]	28,332,431	28,295,214	-	10,459,658	17,835,556
Liabilities from issued securities	2,095,548	2,118,233	1,770,138	19,629	328,466
Leasing liabilities	76,313	76,313	-	-	76,313
Other financial liabilities	656,864	656,864	-	-	656,864
Subordinated bonds and loans	562,396	452,595	410,495	-	42,100
Liabilities directly associated with assets classified as held for sale	1,139,920	1,139,920	-	-	1,139,920
Total financial liabilities at amortized cost	**34,930,571**	**34,839,879**	**2,639,333**	**11,295,976**	**20,904,570**

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

NOTE 48: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

48.2. Fair value of derivative instruments

The Group regularly enters into hedging transactions in order to decrease its financial risks. However some economically hedging transaction do not meet the criteria to qualify as hedge accounting, therefore these transactions were accounted for as derivatives held for trading.
The assessment of the hedge effectiveness (both for fair value hedges and cash flow hedges) to determine the economic relationship between the hedged item and the hedging instrument is accomplished with prospective scenario analysis via different rate shift scenarios of the relevant risk factor(s) of the hedged risk component(s). The fair value change of the hedged item and the hedging instrument is compared in the different scenarios. Economic relationship is justified if the change of the fair value of the hedged item and the hedging instrument are in the opposite direction and the absolute changes are similar amounts. The hedge ratio is determined as the ratio of the notional of the hedged item and the notional of the hedging instrument. The sources of hedge ineffectiveness are the not hedged risk components (e.g. change of cross currency basis spreads in case of interest rate risk hedges), slight differences in maturity dates and interest payment dates in case of fair value hedges, and differences between the carrying amount of the hedged item and the carrying amount of the hedging instrument in case of FX hedges (e.g. caused by interest rate risk components in the fair value of the hedging instrument).

The summary of the derivatives held for trading and derivatives designated as hedge accounting of the Group are as follows:

NOTE 48: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

48.2. Fair value of derivative instruments [continued]

	31/12/2024					31/12/2023				
	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	144,530	(123,151)	99,513	45,017	(23,638)	134,599	(117,778)	110,939	23,660	(6,839)
Cross currency interest rate swaps	10,472	(10,558)	-	10,472	(10,558)	8,644	(6,544)	-	8,644	(6,544)
OTC options	1,278	(1,281)	-	1,278	(1,281)	2,024	(2,033)	-	2,024	(2,033)
Forward rate agreement	219	(172)	219	-	47	-	(214)	-	-	(214)
Total interest rate derivatives (OTC derivatives)	**156,499**	**(135,162)**	**99,732**	**56,767**	**(35,430)**	**145,267**	**(126,569)**	**110,939**	**34,328**	**(15,630)**
Foreign exchange derivatives										
Foreign exchange swaps	38,573	(49,720)	-	38,573	(49,720)	31,397	(32,382)	-	31,397	(32,382)
Foreign exchange forward contracts	17,051	(8,595)	-	17,051	(8,595)	7,101	(11,061)	-	7,101	(11,061)
OTC options	1,433	(825)	-	1,433	(825)	1,016	(871)	-	1,016	(871)
Foreign exchange spot conversion	180	(288)	-	180	(288)	170	(319)	-	170	(319)
Total foreign exchange derivatives (OTC derivatives)	**57,237**	**(59,428)**	**-**	**57,237**	**(59,428)**	**39,684**	**(44,633)**	**-**	**39,684**	**(44,633)**
Equity stock and index derivatives										
Commodity Swaps	10,472	(10,477)	-	10,472	(10,477)	32,336	(31,661)	-	32,336	(31,661)
Equity swaps	-	(1,194)	-	-	(1,194)	126	(3,826)	-	126	(3,826)
OTC derivatives total	**10,472**	**(11,671)**	**-**	**10,472**	**(11,671)**	**32,462**	**(35,487)**	**-**	**32,462**	**(35,487)**
Exchange traded futures and options	1,334	(728)	-	1,334	(728)	433	(451)	-	433	(451)
Total equity stock and index derivatives	**11,806**	**(12,399)**	**-**	**11,806**	**(12,399)**	**32,895**	**(35,938)**	**-**	**32,895**	**(35,938)**
Derivatives held for risk management not designated in hedge										
Interest rate swaps	49,053	(38,201)	37,433	11,620	(768)	64,288	(44,577)	22,237	42,051	(22,340)
Foreign exchange swaps	9,112	(4,995)	-	9,112	(4,995)	4,671	(19,546)	-	4,671	(19,546)
Cross currency interest rate swaps	5,971	(1,069)	-	5,971	(1,069)	-	(2,401)	-	-	(2,401)
Total derivatives held for risk management not designated in hedge	**64,136**	**(44,265)**	**37,433**	**26,703**	**(6,832)**	**68,959**	**(66,524)**	**22,237**	**46,722**	**(44,287)**
Total held for trading derivative financial instruments	**289,678**	**(251,254)**	**137,165**	**152,513**	**(114,089)**	**286,805**	**(273,664)**	**133,176**	**153,629**	**(140,488)**

NOTE 48: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

48.2. Fair value of derivative instruments [continued]

Micro hedge	31/12/2024 Before netting Assets	Liabilities	Netting	After netting Assets	Liabilities	31/12/2023 Before netting Assets	Liabilities	Netting	After netting Assets	Liabilities
Derivative financial instruments designated as hedge accounting										
Derivatives designated in cash flow hedges										
Interest rate swaps	-	-	-	-	-	1,066	(1,066)	1,066	-	-
Total derivatives designated in cash flow hedges	**-**	**-**	**-**	**-**	**-**	**1,066**	**(1,066)**	**1,066**	**-**	**-**
Derivatives designated in fair value hedges										
Interest rate swaps	41,859	(30,282)	19,957	21,902	(10,325)	42,347	(79,069)	25,130	17,217	(53,939)
Cross currency interest rate swaps	18,190	(4,280)	-	18,190	(4,280)	24,750	(10,009)	-	24,750	(10,009)
Total derivatives designated in fair value hedges	**60,049**	**(34,562)**	**19,957**	**40,092**	**(14,605)**	**67,097**	**(89,078)**	**25,130**	**41,967**	**(63,948)**
Total derivatives held for risk management (OTC derivatives) micro portfolio	**60,049**	**(34,562)**	**19,957**	**40,092**	**(14,605)**	**68,163**	**(90,144)**	**26,196**	**41,967**	**(63,948)**

Macro hedge	31/12/2024 Before netting Assets	Liabilities	Netting	After netting Assets	Liabilities	31/12/2023 Before netting Assets	Liabilities	Netting	After netting Assets	Liabilities
Derivative financial instruments designated as hedge accounting										
Derivatives designated in fair value hedges										
Interest rate swaps	10,289	-	-	10,289	-	168	(119)	168	-	49
Total derivatives designated in macro fair value hedges	**10,289**	**-**	**-**	**10,289**	**-**	**168**	**(119)**	**168**	**-**	**49**

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

31/12/2024	Offsetting recognised on the balance sheet: Gross assets before offset	Offsetting with gross liabilities	Net assets recognized on the statement of financial position	Netting potential not recognized on the balance sheet: Financial liabilities	Collateral received	Assets after consideration of netting potential	Assets not subject to netting arrangements: Assets recognized on the statement of financial position	Total assets: Recognized in the statement of financial position	Maximum exposure to risk: After consideration of netting potential
Derivative financial instruments	235,661	(157,122)	78,539	(39,854)	(77,022)	(38,337)	124,355	202,894	86,018

NOTE 48: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

48.2. Fair value of derivative instruments [continued]

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

31/12/2024	Offsetting recognized on the balance sheet			Netting potential not recognized on the balance sheet			Liabilities not subject to netting arrangements	Total liabilities	Maximum exposure to risk
	Gross liabilities before offset	Offsetting with gross assets	Net liabilities recognized on the statement of financial position	Financial assets	Collateral pledged	Liabilities after consideration of netting potential	Liabilities recognized on the statement of financial position	Recognized in the statement of financial position	After consideration of netting potential
Derivative financial instruments	191,806	(157,122)	34,684	(39,854)	(41,981)	(47,151)	94,010	128,694	46,859

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

31/12/2023	Offsetting recognized on the balance sheet			Netting potential not recognized 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 recognized on the statement of financial position	Financial liabilities	Collateral received	Assets after consideration of netting potential	Assets recognized on the statement of financial position	Recognized 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	29,994	195,596	58,022

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

31/12/2023	Offsetting recognized on the balance sheet			Netting potential not recognized on the balance sheet			Liabilities not subject to netting arrangements	Total liabilities	Maximum exposure to risk
	Gross liabilities before offset	Offsetting with gross assets	Net liabilities recognized on the statement of financial position	Financial assets	Collateral pledged	Liabilities after consideration of netting potential	Liabilities recognized on the statement of financial position	Recognized 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	15,817	204,387	40,103

NOTE 48: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

48.3. Types of hedge accounting

Interest rate risk management is centralized at the Group. Interest rate risk exposures in major currencies are managed at OTP Headquarter on a consolidated level. Although risk exposures in local currencies are managed at subsidiary level, the respective decisions are subject to Headquarter ALCO 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 indices (BUBOR, EURIBOR, LIBOR, etc.) of the respective currency.

The ineffective part of fair value hedge accounting is presented on Interest income / Interest expense in the Consolidated Statement of Profit or Loss.

NOTE 48: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

48.3. Types of hedge accounting [continued]

Amount, timing and uncertainty of future cash flows – hedging instruments as at 31 December 2024 (in fx million)

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
Micro hedge								
Fair value hedge	**Interest rate risk**	**Interest rate swap**						
		HUF						
		Notional	(10,000)	(3,000)	(193,376)	221,893	(41,000)	**(25,483)**
		Average Interest Rate (%)	12.20%	1.20%	(5.24%)	5.26%	4.20%	
		EUR						
		Notional	-	-	(439)	(2,657)	452	**(2,644)**
		Average Interest Rate (%)	-	-	3.89%	3.17%	-	
		USD						
		Notional	-	-	-	(1,013)	47	**(966)**
		Average Interest Rate (%)	-	-	-	3.77%	4.18%	
		JPY						
		Notional	-	-	4,500	-	-	**4,500**
		Average Interest Rate (%)	-	-	0.22%	-	-	
Fair value hedge	**Foreign exchange & Interest rate risk**	**Cross currency interest rate swap**						
		EUR/HUF						
		Notional	-	1	2	6	9	**18**
		Average Interest Rate (%)	(1.63%)	(1.69%)	(1.69%)	(1.76%)	(1.82%)	
		Average FX Rate	310.53	310.04	310.04	308.93	307.71	

NOTE 48: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

48.3. Types of hedge accounting [continued]

Amount, timing and uncertainty of future cash flows – hedging instruments as at 31 December 2024 (in fx million) [continued]

Type of hedge	Type of risk	Type of instrument	Within one month	Within three months and over one month	Within one year and over three months	Within five years and over one year	More than five years	Total
Micro hedge								
Fair value hedge	**Foreign exchange 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	-	
		RUB/HUF						
		Notional	-	-	-	2,700	-	**2,700**
		Average FX Rate	-	-	-	3.74	-	
		JPY/HUF						
		Notional	-	-	4,500	-	-	**4,500**
		Average FX Rate	-	-	2.43	-	-	

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
Macro hedge								
Fair value hedge	**Interest rate risk**	**Interest rate swap**						
		EUR						
		Notional	-	-	(345)	(1,205)	(170)	**(1,720)**
		Average Interest Rate (%)	-	-	3.16%	2.75%	2.51%	

NOTE 48: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

48.3. Types of hedge accounting [continued]

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

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
Micro hedge								
Fair value hedge	**Interest rate risk**	**Interest rate swap**						
		HUF						
		Notional	-	-	(121,675)	(218,683)	(51,700)	**(392,058)**
		Average Interest Rate (%)	-	-	5.10%	(3.24%)	4.72%	
		EUR						
		Notional	-	-	65	(461)	180	**(216)**
		Average Interest Rate (%)	-	-	2.64%	4.80%	-	
		USD						
		Notional	30	45	-	(1,013)	47	**(891)**
		Average Interest Rate (%)	2.10%	2.13%	-	3.77%	4.18%	
		JPY						
		Notional	-	-	-	4,500	-	**4,500**
		Average Interest Rate (%)	-	-	-	0.22%	-	
Fair value hedge	**Foreign exchange & Interest rate risk**	**Cross currency interest rate swap**						
		EUR/HUF						
		Notional	-	1	2	8	10	**21**
		Average Interest Rate (%)	(1.65%)	(1.69%)	(1.68%)	(1.73%)	(1.82%)	
		Average FX Rate	310.23	310.02	310.10	309.36	307.71	

NOTE 48: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

48.3. Types of hedge accounting [continued]

Amount, timing and uncertainty of future cash flows – hedging instruments as at 31 December 2023 (in fx million) [continued]

Type of hedge	Type of risk	Type of instrument	Within one month	Within three months and over one month	Within one year and over three months	Within five years and over one year	More than five years	Total
Micro hedge								
Fair value hedge	**Foreign exchange risk**	**Cross currency interest rate swap**						
		EUR/HUF						
		Notional	-	175	250	1,167	500	**2,092**
		Average FX Rate	363.88	356.12	359.11	383.36	381.11	
		RON/HUF						
		Notional	-	-	575	1,950	-	**2,525**
		Average FX Rate	-	-	73.75	73.98	-	
		RUB/HUF						
		Notional	-	-	4,000	7,870	-	**11,870**
		Average FX Rate	-	-	3.65	3.73	-	
		JPY/HUF						
		Notional	-	-	-	4,500	-	**4,500**
		Average FX Rate	-	-	-	2.43	-	
		USD/HUF						
		Notional	-	-	143	-	-	**143**
		Average FX Rate	-	357.16	357.16	-	-	
	Other	**Interest rate swap**						
		HUF						
		Notional	-	-	778	-	-	**778**

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
Macro hedge								
Fair value hedge	**Interest rate risk**	**Interest rate swap**						
		EUR						
		Notional	-	-	(60)	(240)	(120)	**(420)**
		Average Interest Rate (%)	-	-	3.54%	2.61%	2.42%	

NOTE 48: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

48.3. Types of hedge accounting [continued]

As at 31 December 2024 is as follows:

Type of hedge	Type of instrument	Type of risk	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument as at 31 December 2024					Line item in the consolidated statement of financial position where the hedging instrument is located	Changes in fair value used for calculating hedge ineffectiveness for the year ended as at 31 December 2024
				Before netting		Netting	After netting			
Micro hedge				Assets	Liabilities		Assets	Liabilities		
Fair value hedge	IRS	Interest rate risk	3,297,470	41,859	(30,282)	19,957	21,902	(10,325)	Derivative financial instruments designated as hedge accounting	7,801
	CCIRS	FX & IR risk	5,265	-	(1,764)	-	-	(1,764)	Derivative financial instruments designated as hedge accounting	(859)
	CCIRS	FX risk	600,883	18,190	(2,516)	-	18,190	(2,516)	Derivative financial instruments designated as hedge accounting	11,104
Micro fair value hedges total			**3,903,618**	**60,049**	**(34,562)**	**19,957**	**40,092**	**(14,605)**		**18,046**

Type of hedge	Type of instrument	Type of risk	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument as at 31 December 2024					Line item in the consolidated statement of financial position where the hedging instrument is located	Changes in fair value used for calculating hedge ineffectiveness for the year ended as at 31 December 2024
				Before netting		Netting	After netting			
Macro hedge				Assets	Liabilities		Assets	Liabilities		
Fair value hedge	IRS	Interest rate risk	705,355	10,289	-	-	10,289	-	Derivative financial instruments designated as hedge accounting	3,875
Macro fair value hedges total			**705,355**	**10,289**	**-**	**-**	**10,289**	**-**		**3,875**

NOTE 48: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

48.3. Types of hedge accounting [continued]

As at 31 December 2023 is as follows:

Type of hedge	Type of instrument	Type of risk	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument as at 31 December 2023					Line item in the consolidated statement of financial position where the hedging instrument is located	Changes in fair value used for calculating hedge ineffectiveness for the year ended as at 31 December 2023
Micro hedge				Before netting		Netting	After netting			
				Assets	Liabilities		Assets	Liabilities		
Fair value hedge	IRS	Interest rate risk	2,448,226	43,305	(79,238)	26,196	17,109	(53,042)	Derivative financial instruments designated as hedge accounting	10,642
	CCIRS	FX & IR risk	6,394	-	(1,418)	-	-	(1,418)	Derivative financial instruments designated as hedge accounting	(668)
	CCIRS	FX risk	1,009,180	24,750	(9,488)	-	24,750	(9,488)	Derivative financial instruments designated as hedge accounting	38,146
	IRS	Other	778	108	-	-	108	-	Derivative financial instruments designated as hedge accounting	1
Micro fair value hedges total			**3,464,578**	**68,163**	**(90,144)**	**26,196**	**41,967**	**(63,948)**		**48,121**

Type of hedge	Type of instrument	Type of risk	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument as at 31 December 2023					Line item in the consolidated statement of financial position where the hedging instrument is located	Changes in fair value used for calculating hedge ineffectiveness for the year ended as at 31 December 2023
Macro hedge				Before netting		Netting	After netting			
				Assets	Liabilities		Assets	Liabilities		
Fair value hedge	IRS	Interest rate risk	160,768	168	(119)	168	-	49	Derivative financial instruments designated as hedge accounting	32
Macro fair value hedges total			**160,768**	**168**	**(119)**	**168**	**-**	**49**		**32**

NOTE 48: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

48.3. Types of hedge accounting [continued]

As at 31 December 2024 is as follows:

Type of hedge	Type of risk	Carrying amount of the hedged item as at 31 December 2024		Amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item for the year ended 31 December 2024		Line item in the consolidated statement of financial position in which the hedged item is included
		Assets	Liabilities	Assets	Liabilities	
Micro hedge						
Fair value hedge						
Loans	Interest rate risk	180,000	-	1,024	-	Loans at amortized cost
Loans	Interest rate risk	-	144,441	-	(3,618)	Amounts due to banks, the National Governments, deposits from the National Banks and other banks
Government bonds	Interest rate risk	481,715	-	1,376	-	Securities at amortized cost
Government bonds	Interest rate risk	290,270	-	(20,342)	-	Securities at fair value through other comprehensive income
Other bonds	Interest rate risk	4,101	-	(99)	-	Securities at fair value through other comprehensive income
Other bonds	Interest rate risk	-	1,796,848	-	43,723	Liabilities from issued securities
Other bonds	Interest rate risk	-	249,936	-	(3,474)	Subordinated bonds and loans
Loans	Foreign exchange & Interest rate risk	3,499	-	36	-	Loans at amortized cost
Loans	Foreign exchange risk	678,845	-	-	-	Loans at amortized cost
Refinanced loans	Interest rate risk	-	224,979	-	4,948	Amounts due to banks, the National Governments, deposits from the National Banks and other banks
Government bonds	Foreign exchange risk	11,307	-	-	-	Securities at fair value through other comprehensive income
Government bonds	Foreign exchange risk	86,541	-	-	-	Securities at amortized cost
Other securities	Foreign exchange risk	-	14,053	-	-	Liabilities from issued securities
Micro fair value hedges total		**1,736,278**	**2,430,257**	**(18,005)**	**41,579**	

NOTE 48: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

48.3. Types of hedge accounting [continued]

As at 31 December 2024 is as follows [continued]:

Type of hedge	Type of risk	Carrying amount of the hedged item as at 31 December 2024		Amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item for the year ended 31 December 2024		Line item in the consolidated statement of financial position in which the hedged item is included
Macro hedge						
Fair value hedge		**Assets**	**Liabilities**	**Assets**	**Liabilities**	
Customer deposits	Portfolio risk	-	719,517	-	8,209	Fair value changes of the hedged items in portfolio hedge of interest rate risk
Macro fair value hedges total		**-**	**719,517**	**-**	**8,209**	

NOTE 48: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

48.3. Types of hedge accounting [continued]

As at 31 December 2023 is as follows:

Type of hedge	Type of risk	Carrying amount of the hedged item as at 31 December 2023		Amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item for the year ended 31 December 2023		Line item in the consolidated statement of financial position in which the hedged item is included
		Assets	**Liabilities**	**Assets**	**Liabilities**	
Micro hedge						
Fair value hedge						
Loans	Interest rate risk	26,839	-	(3,178)	-	Loans at amortized cost
Loans	Interest rate risk	-	143,857	-	(11,249)	Amounts due to banks, the National Governments, deposits from the National Banks and other banks
Government bonds	Interest rate risk	164,229	-	7,808	-	Securities at amortized cost
Government bonds	Interest rate risk	806,018	-	28,001	-	Securities at fair value through other comprehensive income
Other bonds	Interest rate risk	3,828	-	203	-	Securities at fair value through other comprehensive income
Other bonds	Interest rate risk	-	730,971	-	31,398	Liabilities from issued securities
Other bonds	Interest rate risk	-	219,989	-	(157)	Subordinated bonds and loans
Loans	Foreign exchange & Interest rate risk	3,266	-	(96)	-	Loans at amortized cost
Loans	Foreign exchange risk	949,447	-	-	-	Loans at amortized cost
Refinanced loans	Interest rate risk	-	213,864	-	13,460	Amounts due to banks, the National Governments, deposits from the National Banks and other banks
Government bonds	Foreign exchange risk	10,986	-	-	-	Securities at fair value through other comprehensive income
Government bonds	Foreign exchange risk	49,378	-	-	-	Securities at amortized cost
Other securities	Other risk	-	897	-	(39)	Liabilities from issued securities
Micro fair value hedges total		**2,013,991**	**1,309,578**	**32,738**	**33,413**	

NOTE 48: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

48.3. Types of hedge accounting [continued]

As at 31 December 2023 is as follows [continued]:

Type of hedge	Type of risk	Carrying amount of the hedged item as at 31 December 2023		Amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item for the year ended 31 December 2023		Line item in the consolidated statement of financial position in which the hedged item is included
Macro hedge						
Fair value hedge		**Assets**	**Liabilities**	**Assets**	**Liabilities**	
Customer deposits	Portfolio risk	-	157,543	-	160	Fair value changes of the hedged items in portfolio hedge of interest rate risk
Macro fair value hedges total		**-**	**157,543**	**-**	**160**	

Change in basis swap spread recognised in the consolidated other comprehensive income related fair value hedges as follows:

Type of risk	Carrying amount of the hedged item		Items recognized in the consolidated other comprehensive income for the year 2024	Change in the items recognized in other comprehensive income for the year 2024	Line item in the consolidated 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	Securities at fair value through other comprehensive income
FX risk	86,541	-	549	549	Securities at amortized cost
FX risk	-	14,053	16	16	Liabilities from issued securities
Total	**776,695**	**14,053**	**525**	**358**	

Type of risk	Carrying amount of the hedged item		Items recognised in the consolidated other comprehensive income for the year 2023	Change in the items recognized in other comprehensive income for the year 2023	Line item in the consolidated 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)	-	Securities at fair value through other comprehensive income
Total	**960,433**	**-**	**98**	**530**	

On Group level there weren't any cash-flow hedges for the year ended 31 December 2024 and 2023, respectively.

NOTE 48: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

48.3. Types of hedge accounting [continued]

Details of the Group's activities in relation to hedges of its net investment in EUR against foreign exchange movements are, as follows:

31/12/2024	Change in fair value of hedged item for ineffectiveness assessment	Translation difference	Balances remaining in the Translation difference for hedge accounting is no longer applied
Net assets of subsidiaries where the investment is in EUR	-	168,230	63,997

Details of the EUR issued bonds used as hedging instruments and hedge effectiveness is as follows:

31/12/2024	Carrying amount		Changes in fair value of hedging instruments used for measuring hedge ineffectiveness			
	Notional amount	Liabilities	Total	Effective part recognized in other comprehensive income	Hedge ineffectiveness recognized in statement of profit or loss	Reclassification into statement of profit or loss
Eur issued bonds	410,090	410,090	(27,310)	(27,310)	-	-

The following table shows maturity of the hedging instruments:

31/12/2024	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Eur issued bonds	-	-	-	410,090	-	**410,090**

NOTE 48: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

48.3. Types of hedge accounting [continued]

Details of the Group's activities in relation to hedges of its net investment in EUR against foreign exchange movements are, as follows:

31/12/2023	Change in fair value of hedged item for ineffectiveness assessment	Translation difference	Balances remaining in the Translation difference for hedge accounting is no longer applied
Net assets of subsidiaries where the investment is in EUR	-	69,188	(31,588)

Details of the EUR issued bonds used as hedging instruments and hedge effectiveness is as follows:

31/12/2023	Carrying amount		Changes in fair value of hedging instruments used for measuring hedge ineffectiveness			
	Notional amount	Liabilities	Total	Effective part recognized in other comprehensive income	Hedge ineffectiveness recognized in statement of profit or loss	Reclassification into statement of profit or loss
Eur issued bonds	382,780	382,780	(2,707)	(2,707)	-	-

The following table shows maturity of the hedging instruments:

31/12/2023	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Eur issued bonds	-	-	-	382,780	-	**382,780**

NOTE 48: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

48.4. Fair value levels

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

31/12/2024	Total	Level 1
Financial assets at fair value through profit or loss	**743,400**	**184,743**
Trading securities at fair value through profit or loss	*514,357*	*123,379*
Positive fair value of derivative financial assets held for trading	*152,513*	*1,336*
Non-trading instruments mandatorily at fair value through profit or loss[1]	*76,530*	*60,028*
Interest-bearing securities at fair value through other comprehensive income[2]	1,622,824	1,156,908
Non-interest bearing instruments at fair value through other comprehensive income[3]	82,729	37,569
Loans mandatorily at fair value through profit or loss	1,559,781	-
Equity instruments measured at fair value[4]	68,311	
Positive fair value of derivative financial assets designated as fair value hedge	50,381	-
Financial assets measured at fair value total	**4,127,426**	**1,379,220**
Financial liabilities designated at fair value through profit or loss	72,490	-
Negative fair value of held-for-trading derivative financial liabilities	114,089	728
Negative fair value of derivative financial liabilities designated as fair value hedge	14,605	-
Financial liabilities measured at fair value total	**201,184**	**728**

[1] The portfolio in level 3 mainly includes Visa C shares, East West Venture Capital Fund and TCE Fund.
[2] The portfolio in level 3 includes HUF 144,138 million Ukrainian and HUF 24,019 million Russian government bonds.
[3] The portfolio in level 3 includes mainly Visa A preferred stock (in the book of OTP banka d.d. Croatia) and Borika AD (in the book of DSK Bank).
[4] The detailed list of equity investments measured at fair value categorized in level 3 is presented in Note 43.

The fair value of investment properties is presented in Note 14 and they are categorized in level 3.

NOTE 48: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

48.4. Fair value levels [continued]

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

31/12/2023	Total	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss	**288,885**	**96,816**	**179,786**	**12,283**
Trading securities at fair value through profit or loss	*67,568*	*48,016*	*19,552*	-
Positive fair value of derivative financial assets held for trading	*153,629*	*433*	*153,196*	-
Non-trading instruments mandatorily at fair value through profit or loss[1]	*67,688*	*48,367*	*7,038*	*12,283*
Interest-bearing securities at fair value through other comprehensive income[2]	1,540,980	800,168	634,396	106,416
Non-interest bearing instruments at fair value through other comprehensive income	60,481	23,809	30,029	6,643
Loans mandatorily at fair value through profit or loss	1,400,485	-	-	1,400,485
Equity instruments measured at fair value[3]	44,162	-	-	44,162
Positive fair value of derivative financial assets designated as fair value hedge	41,967	-	41,967	-
Financial assets measured at fair value total	**3,376,960**	**920,793**	**886,178**	**1,569,989**
Financial liabilities designated at fair value through profit or loss	70,707	-	-	70,707
Negative fair value of held-for-trading derivative financial liabilities	140,488	517	136,263	3,708
Negative fair value of derivative financial liabilities designated as fair value hedge	63,899	-	63,899	-
Financial liabilities measured at fair value total	**275,094**	**517**	**200,162**	**74,415**

[1] The portfolio in level 3 mainly includes Visa C shares, East West Venture Capital Fund and TCE Fund.
[2] The portfolio in level 3 includes HUF 78,355 million Ukrainian and HUF 22,452 million Russian government bonds.
[3] The detailed list of equity investments measured at fair value categorized in level 3 is presented in Note 43.

The fair value of investment properties is presented in Note 14 and they are categorized in level 3.
Asset classified as 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.

NOTE 48: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

48.4. Fair value levels [continued]

Movements in Level 3 financial instruments measured at fair value

The following table shows a reconciliation of the opening and closing amount of Level 3 financial assets and liabilities which are recorded at fair value:

31/12/2024	Opening balance	Purchase / Issuance / Disbursement (+)	Settlement / Close / Sale (-)	FVA (+/-)	Transfer (+/-)	Fx effect / Revaluation	Other	Closing balance
Non-trading instruments mandatorily at fair value through profit or loss	12,283	-	-	(1,794)	-	(209)	(461)	**9,819**
Interest-bearing securities at fair value through other comprehensive income	106,416	90,917	(27,726)	(9,350)	-	1,978	5,922	**168,157**
Non-interest-bearing instruments at fair value through other comprehensive income	6,643	1,763	(22)	-	989	1,919	1,981	**13,273**
Loans mandatorily at fair value through profit or loss[1]	1,400,485	235,187	(104,638)	28,833	-	2	(88)	**1,559,781**
Equity instruments measured at fair value	44,162	18,976	(57)	2,797	-	2,433	-	**68,311**
Financial assets measured at fair value total	**1,569,989**	**346,843**	**(132,443)**	**20,486**	**989**	**6,123**	**7,354**	**1,819,341**
Financial liabilities designated at fair value through profit or loss	70,707	-	(1,522)	2,000	-	-	1,305	**72,490**
Negative fair value of held-for-trading derivative financial liabilities	3,708	-	-	(2,506)	-	(3)	-	**1,199**
Financial liabilities designated at fair value total	**74,415**	**-**	**(1,522)**	**(506)**	**-**	**(3)**	**1,305**	**73,689**

[1] HUF 5,504 million fair value adjustment resulting from risk factors and HUF 23,331 million adjustment resulting from market factors are included into FVA change for the current period at loans mandatorily measured at fair value through profit or loss.

NOTE 48: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

48.4. Fair value levels [continued]

Movements in Level 3 financial instruments measured at fair value [continued]

The following table shows a reconciliation of the opening and closing amount of Level 3 financial assets and liabilities which are recorded at fair value:

31/12/2023	Opening balance	Purchase / Issuance / Disbursement (+)	Settlement / Close / Sale (-)	FVA (+/-)	Transfer (+/-)	Fx effect / Revaluation	Other	Closing balance
Non-trading instruments mandatorily at fair value through profit or loss	11,988	-	(3)	(359)	39	(116)	734	**12,283**
Interest-bearing securities at fair value through other comprehensive income	64,695	78,411	(21,594)	3,458	(2,143)	(2,838)	(13,573)	**106,416**
Non-interest-bearing instruments at fair value through other comprehensive income	9,745	-	(2)	-	(2,704)	(541)	145	**6,643**
Loans mandatorily at fair value through profit or loss[1]	1,247,414	154,902	(96,390)	91,575	394	11	2,579	**1,400,485**
Equity instruments measured at fair value	42,558	5,782	(4,769)	498	-	93	-	**44,162**
Financial assets measured at fair value total	**1,376,400**	**239,095**	**(122,758)**	**95,172**	**(4,414)**	**(3,391)**	**(10,115)**	**1,569,989**
Financial liabilities designated at fair value through profit or loss	54,191	-	(1,332)	4,543	-	-	13,305	**70,707**
Negative fair value of held-for-trading derivative financial liabilities	650	-	-	3,050	-	-	8	**3,708**
Financial liabilities designated fair value total	**54,841**	**-**	**(1,332)**	**7,593**	**-**	**-**	**13,313**	**74,415**

[1] HUF (91) million fair value adjustment resulting from risk factors and HUF 93,581 million adjustment resulting from market factors are included into FVA change for the current period at loans mandatorily measured at fair value through profit or loss.

NOTE 48: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

48.4. Fair value levels [continued]

Valuation techniques 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 a 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.

Unobservable inputs used in measuring fair value

Type of financial instrument	Presentation in the Statement of Financial Position	Valuation technique	Significant unobservable input	Range of estimates for unobservable input
VISA C shares	Financial assets at fair value through profit or loss	Market approach combined with expert judgement.	Illiquidity	+ 12% / (12%)
MFB refinanced loans	Loans mandatorily at fair value through profit or loss	Discounted cash flow model	Probability of default	+ 20% / (20)%
Subsidized personal loans	Loans mandatorily at fair value through profit or loss	Discounted cash flow model	Probability of default	+ 20% / (20)%
Subsidized personal loans	Loans mandatorily at fair value through profit or loss	Discounted cash flow model	Operational costs	+20% / (20)%
Subsidized personal loans	Loans mandatorily at fair value through profit or loss	Discounted cash flow model	Demography	Change in the cash flow estimation + 5% /(5)%
Ministry of Finance of Russia	Securities at fair value through other comprehensive income	Discounted cash flow model	Credit risk	+15% / (15)%
Ministry of Finance of Ukraine	Securities at fair value through other comprehensive income	Discounted cash flow model	Credit risk	+1% / (1)%
Subsidized mortgage loan for families "CSOK"	Loans mandatorily at fair value through profit or loss	Discounted cash flow model	Probability of default	+20% / (20)%
Subsidized mortgage loan for families "CSOK"	Loans mandatorily at fair value through profit or loss	Discounted cash flow model	Operational costs	+20% / (20)%
Subsidized mortgage loan for families "CSOK"	Loans mandatorily at fair value through profit or loss	Discounted cash flow model	Demography	Change in the cash flow estimation + 5% /(5)%

NOTE 48: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

48.4. Fair value levels [continued]

The effect of unobservable inputs on fair value measurement

Although the Group 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.

31/12/2024	Presentation in the Statement of Financial Position	Unobservable inputs	Book value	Fair values		Effect on profit and loss	
				Favourable	Unfavourable	Favourable	Unfavourable
VISA C shares	Financial assets at fair value through profit or loss	Illiquidity	3,304	3,700	2,908	396	(396)
MFB refinanced 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	Credit risk	24,019	34,777	13,261	10,758	(10,758)
Ukrainian government bonds	Securities at fair value through other comprehensive income	Credit risk	144,138	146,217	142,104	2,079	(2,034)
Subsidized mortgage loan for families "CSOK"	Loans mandatorily at fair value through profit or loss	Probability of default	558,812	559,071	558,553	259	(259)
Subsidized mortgage loan for families "CSOK"	Loans mandatorily at fair value through profit or loss	Operational costs	558,812	565,807	552,001	6,995	(6,811)
Subsidized mortgage loan for families "CSOK"	Loans mandatorily at fair value through profit or loss	Demography	110,042	110,236	109,663	194	(379)
Total			**4,355,355**	**4,384,963**	**4,326,053**	**29,608**	**(29,302)**

NOTE 48: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

48.4. Fair value levels [continued]

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

31/12/2023	Presentation in the Statement of Financial Position	Unobservable	Book value	Fair values		Effect on profit and loss	
				Favourable	Unfavourable	Favourable	Unfavourable
VISA C shares	Financial assets at fair value through profit or loss	Illiquidity	10,301	11,538	9,065	1,237	(1,236)
MFB refinanced 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	Credit risk	22,452	27,909	16,995	5,457	(5,457)
Ukrainian government bonds	Securities at fair value through other comprehensive income	Credit risk	78,355	79,138	77,572	783	(783)
Subsidized mortgage loan for families "CSOK"	Loans mandatorily at fair value through profit or loss	Probability of default	463,926	464,170	463,682	244	(244)
Subsidized mortgage loan for families "CSOK"	Loans mandatorily at fair value through profit or loss	Operational costs	463,926	470,864	457,215	6,938	(6,711)
Total			**3,791,684**	**3,815,061**	**3,768,740**	**23,377**	**(22,944)**

NOTE 48: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

48.4. Fair value levels [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 Hungarian Development Bank ("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 inputs.
In case of subsidised personal loans operational cost and factors related to demography are considered as unobservable inputs to the applied fair value calculation model in addition to credit risk.
The Bank calculated the favourable and unfavourable effects of using reasonably possible alternative assumptions by modifying the rates of operational costs by +/- 20% as one of the most significant unobservable inputs.

In case of subsidised personal loans cash flow estimation are based on assumption related to the future number of childbirths performed by the debtors both in the current and the comparative period. According to the assumptions used in comparative period 15% of the debtors will not fulfill the conditions of the subsidy determined by the government after 5 years ("breach of conditions"), thereby debtors will be obliged to pay back the 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 the most significant unobservable input in the cash flow estimation.

Since 2022 the Bank has used a new and more detailed 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 (child births after signatory and breach of conditions) and also the event of divorce. The model uses public statistical information for these events to estimate. 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 inputs in the cash flow estimation.

The favourable and unfavourable effects of using reasonably possible alternative assumptions for the valuation of FVOCI securities have been calculated by modifying the discount rate used for the valuation by +/-15% and +/-1% as being the best estimates of the management as at 31 December 2024 and 31 December 2023, respectively.

NOTE 49: SEGMENT REPORTING BY BUSINESS AND GEOGRAPHICAL SEGMENTS (in HUF mn)

The Group distinguishes business and geographical segments. The report on the base of the business and geographical segments is reported below.

The reportable segments of the Group on the base of IFRS 8 are as the follows:
OTP Core Hungary, Merkantil Group, Asset Management subsidiaries, Other subsidiaries, Bulgaria, Croatia, Slovenia, Romania, Serbia, Ukraine, Russia, Montenegro, Albania, Moldova, Uzbekistan. Although Romanian segment was classified as discontinued operation from 2023 in these consolidated financial statements, segment reporting contained it as a separate segment because – in line with the structure of the financial statements monitored by the management (Stock Exchange Report) – the Romanian operation was presented in a way as if it was classified as continuing operation. The Romanian segment was deconsolidated in July 2024.

OTP Core is an economic unit for measuring the result of core business activity of the Group in Hungary. Financials for OTP Core are calculated from the partially Consolidated Financial Statements of the companies engaged in the Group's underlying banking operation in Hungary. These companies include OTP Bank Hungary Plc, OTP Mortgage Bank Ltd., OTP Building Society Ltd., OTP Factoring Ltd., OTP Financial Point Ltd., and companies providing intragroup financing: OTP Bank Employee Stock Ownership Plan Organization was included from the fourth quarter of 2016; OTP Card Factory Ltd., OTP Facility Management Llc., Monicomp Ltd. and OTP Real Estate Lease Ltd. were included from the first quarter of 2017 (from the first quarter of 2019 OTP Real Estate Lease Ltd. was eliminated from OTP Core); OTP Mobile Service Llc., OTP Ingatlanpont Llc. were included from the first quarter of 2019, OTP Ecosystem Ltd. (previous name: OTP eBIZ Ltd. it was eliminated from the first quarter of 2023) from the first quarter of 2020; OTP Home Solutions Ltd. was included from the second quarter of 2021; Bajor-Polár Center, Real Estate Management Ltd., CIL Babér Ltd., Bank Center No. 1. Ltd. and MFM Project Investment and Development Ltd. were included from the first quarter of 2024. In the fourth quarter of 2024, MFM Project Investment and Development Ltd and Bajor-Polár Center Real Estate Management Ltd merged into Bank Center No. 1. Investment and Development Ltd. At the same time OTP Facility Management Ltd., which was already part of OTP Core before 2024, merged into CIL Babér Ltd.

The statement of financial position of Ipoteka Bank in Uzbekistan was consolidated from June 2023. The profit contribution of Ipoteka Bank was recognized in the consolidated profit or loss from the third quarter of 2023.

The results of foreign factoring companies (OTP Factoring Ukraine LLC, OTP Factoring Bulgaria LLC (it was merged into DSK Bank EAD in the second quarter of 2023), OTP Factoring Serbia d.o.o., and OTP Debt Collection d.o.o., as well as the foreign leasing companies are included into the relevant foreign bank's segment.

The Other subsidiaries include, among others: OTP Real Estate Ltd., OTP Life Annuity Ltd, OTP Funds Servicing and Consulting Ltd.

The reportable business and geographical segments of the Group are those components where:

- separated income and expenses, assets and liabilities can be identified and assignable to the segments,
- transactions between the different segments were eliminated,
- the main decisive board of the Group regularly controls the operating results,
- separated financial information is available.

In accordance with the management's decision, the scope of adjustment items presented in the stock exchange report on consolidated level changed from the first quarter of 2024.
According to the methodology applied until the end of 2023 (hereinafter: old methodology), in 2023 the following adjustment items were carved out of the regular profit or loss accounts of individual segments, with after tax amount: dividends and net cash transfers, goodwill/investment impairment charges, special tax on financial institutions, expected one-off effect of the interest rate cap for certain loans in Hungary and Serbia, effect of the winding up of Sberbank Hungary, effect of acquisitions, result of the treasury share swap agreement, and impairments on Russian government bonds at OTP Core and DSK Bank.

According to the methodology applied from 2024 onwards (hereinafter: new methodology), only the following adjustment items are carved out and presented on consolidated level, with after tax amount: goodwill impairment, and the direct effect of acquisitions. Starting from 2024, the direct effect of acquisitions includes only three items: badwill and initial risk cost related to acquisitions, and the gain or loss on the sale of a subsidiary. Under the old methodology, the effect of acquisitions line included further acquisition-related items, such as integration costs, and customer base value amortization.

NOTE 49: SEGMENT REPORTING BY BUSINESS AND GEOGRAPHICAL SEGMENTS (in HUF mn) [continued]

From the third quarter of 2024, a materiality threshold was introduced: the relevant items are presented amongst adjustments only if the given item exceeds 10% of the quarterly consolidated profit after tax.

Under the new methodology, items previously presented as adjustments are now presented in the relevant geographical or business segment where they occurred (e.g. the special banking taxes in Hungary are presented partly within OTP Core and partly within Merkantil Group segment).

For the sake of comparability, in the report the relevant consolidated tables are presented in accordance with both the old and the new methodologies for the comparative year 2024.

This change in methodology does not affect the consolidated and separate statements of financial position, as, according to both the old and the new methodologies, the adjustment items affect only the profit and loss statement and the relevant performance indicators calculated from the profit and loss lines concerned, but not the statement of financial position.

Explanation to the segments in the following table below:

3; 4; 6: The segments distinguished on geographical basis contain banks in given country and sometimes other financial institutions (like leasing or factoring companies) or other companies. The income generated in the given segments arise mainly from providing financial services like: collecting deposits, granting loans, leasing and treasury activities, payment and investment services and other financial services.
7: Merkantil Group conducts leasing activities in Hungary, with its source of income being provided leasing services (financing cars and production equipment).
8: Incomes arising in this segment is mainly fee income of fund management companies in Hungary, Bulgaria, Serbia, Ukraine (and in Romania until its sale in October 2024) based on their assets in investment funds or other managed assets.
9: The activities of other Hungarian and foreign subsidiaries are very divergent, so their income also originates from different sources. The main part of the income in the Other subsidiaries segment comes from the activities of OTP Funds Servicing and Consulting, OTP Real Estate, OTP Real Estate Investment Fund Management and PortfoLion Funds.

NOTE 49: SEGMENT REPORTING BY BUSINESS AND GEOGRAPHICAL SEGMENTS (in HUF mn) [continued]

Information regarding the Group's reportable segments is presented below:

As at 31 December 2024

Main components of the consolidated statement of profit or loss in HUF million	**OTP Group - in the consolidated statement of profit or loss - structure of accounting reports**	Adjustments on the accounting in Recognized Income	**OTP Group - in the consolidated statement of profit or loss - structure of management reports**
	a	b	**1=a+b**
Profit after income tax for the year from continued and discontinued operations	**1,076,140**		**1,076,140**
Profit after income tax for the year from discontinued operations	19,756	(19,756)	-
Profit after income tax for the year from continued operations	**1,056,384**	**(19,756)**	**1,076,140**

NOTE 49: SEGMENT REPORTING BY BUSINESS AND GEOGRAPHICAL SEGMENTS (in HUF mn) [continued]

Information regarding the Group's reportable segments is presented below [continued]:

As at 31 December 2024 [continued]

Main components of the consolidated statement of profit or loss in HUF million	**OTP Group - in the consolidated statement of profit or loss - structure of accounting reports**	Adjustments on the accounting in Recognized Income	**OTP Group - in the consolidated statement of profit or loss - structure of management reports**	Hungarian segment and other foreign subsidiaries not reported in "Foreign bank segment" subtotal (without adjustments)	Foreign banks in EU subtotal (without adjustments)	Foreign banks not in EU subtotal (without adjustments)	Eliminations and adjustments
	a	b	**1=a+b; 1=2+3+4+5**	2	3	4	5
Consolidated adjusted profit after income tax for the year	**1,056,384**	**19,756**	**1,076,140**	**329,404**	**377,840**	**352,890**	**16,006**
Profit before income tax	**1,309,824**	**77,059**	**1,386,883**	**444,289**	**451,825**	**474,758**	**16,011**
Adjusted operating profit	**1,473,088**	**81,958**	**1,555,046**	**506,499**	**484,669**	**556,876**	**7,002**
Adjusted total income	**2,685,862**	**(42,287)**	**2,643,575**	**1,011,558**	**800,524**	**836,445**	**(4,952)**
Adjusted net interest income	1,745,340	37,264	1,782,604	606,919	590,060	586,644	(1,019)
Adjusted net profit from fees and commissions	842,655	(297,024)	545,631	266,889	169,474	110,547	(1,279)
Adjusted other net non-interest income	97,867	217,473	315,340	137,750	40,990	139,254	(2,654)
Adjusted other administrative expenses	**(1,212,774)**	**124,245**	**(1,088,529)**	**(505,059)**	**(315,855)**	**(279,569)**	**11,954**
Personnel expenses	(550,175)	(14,199)	(564,374)	(239,952)	(164,036)	(161,276)	890
Depreciation and amortization	(134,293)	15,665	(118,628)	(65,943)	(25,781)	(26,480)	(424)
Other general expenses	(528,306)	122,779	(405,527)	(199,164)	(126,038)	(91,813)	11,488
Gains from derecognition of financial assets at amortized cost	**(14,409)**	**84**	**(14,325)**	**(10,717)**	**2,982**	**(6,586)**	**(4)**
Modification loss	**(13,193)**	**-**	**(13,193)**	**(10,891)**	**(7)**	**(2,294)**	**(1)**
Total risk costs	**(135,662)**	**(4,983)**	**(140,645)**	**(40,602)**	**(35,819)**	**(73,238)**	**9,014**
Adjusted loss allowance on financial assets and liabilities (without the effect of revaluation of FX)	(109,142)	37,128	(72,014)	13,439	(24,332)	(61,700)	579
Goodwill impairment	-	-	-	-	-	-	-
Other impairment (adjustment)	(26,520)	(42,111)	(68,631)	(54,041)	(11,487)	(11,538)	8,435
from this: Adjusted impairment under IAS 36	(9,056)	1,745	(7,311)	(7,013)	159	(8)	(449)
Income tax	**(253,440)**	**(57,303)**	**(310,743)**	**(114,885)**	**(73,985)**	**(121,868)**	**(5)**
				-	-	-	
Total Assets	**43,419,128**	**-**	**43,419,128**	**21,069,530**	**17,566,160**	**10,574,190**	**(5,790,752)**
Total Liabilities	**38,299,115**	**-**	**38,299,115**	**17,428,696**	**15,253,492**	**9,113,844**	**(3,496,917)**

NOTE 49: SEGMENT REPORTING BY BUSINESS AND GEOGRAPHICAL SEGMENTS (in HUF mn) [continued]

Information regarding the Group's reportable segments is presented below [continued]:

As at 31 December 2024 [continued]

Main components of the consolidated statement of profit or loss in HUF million [continued]	**Hungarian segment and other foreign subsidiaries not reported in "Foreign bank segment" subtotal (without adjustments)**	OTP CORE (Hungary)	Merkantil Group (Hungary)	Asset Management subsidiaries	Other subsidiaries
	2=6+…+9	6	7	8	9
Consolidated adjusted profit after income tax for the year	**329,404**	**270,386**	**10,841**	**24,747**	**23,430**
Profit before income tax	**444,289**	**374,636**	**14,569**	**27,361**	**27,723**
Adjusted operating profit	**506,499**	**434,843**	**11,794**	**27,296**	**32,566**
Adjusted total income	**1,011,558**	**877,922**	**27,237**	**34,103**	**72,296**
Adjusted net interest income	606,919	578,001	24,052	82	4,784
Adjusted net profit from fees and commissions	266,889	219,505	669	31,491	15,224
Adjusted other net non-interest income	137,750	80,416	2,516	2,530	52,288
Adjusted other administrative expenses	**(505,059)**	**(443,079)**	**(15,443)**	**(6,807)**	**(39,730)**
Personnel expenses	(239,952)	(212,184)	(7,883)	(4,373)	(15,512)
Depreciation and amortization	(65,943)	(58,437)	(2,199)	(157)	(5,150)
Other general expenses	(199,164)	(172,458)	(5,361)	(2,277)	(19,068)
Gains from derecognition of financial assets at amortized cost	**(10,717)**	**(10,972)**	**255**	**-**	**-**
Modification loss	**(10,891)**	**(10,367)**	**(524)**	**-**	**-**
Total risk costs	**(40,602)**	**(38,868)**	**3,044**	**65**	**(4,843)**
Adjusted loss allowance on financial assets and liabilities (without the effect of revaluation of FX)	13,439	10,805	3,067	13	(446)
Goodwill impairment	-	-	-	-	-
Other impairment (adjustment)	(54,041)	(49,673)	(23)	52	(4,397)
from this: Adjusted impairment under IAS 36	(7,013)	(5,161)	-	(7)	(1,845)
Income tax	**(114,885)**	**(104,250)**	**(3,728)**	**(2,614)**	**(4,293)**
Total Assets	**21,069,530**	**19,288,046**	**1,009,625**	**46,117**	**725,742**
Total Liabilities	**17,428,696**	**16,234,215**	**943,022**	**15,261**	**236,198**

NOTE 49: SEGMENT REPORTING BY BUSINESS AND GEOGRAPHICAL SEGMENTS (in HUF mn) [continued]

Information regarding the Group's reportable segments is presented below [continued]:

As at 31 December 2024 [continued]

Main components of the consolidated statement of profit or loss in HUF million [continued]	**Foreign banks in EU subtotal (without adjustments) 3=10+…+13**	DSK Bank AD (Bulgaria) 10	OTP banka d.d. (Croatia) 11	OTP banka d.d. (Slovenia) 12	OTP Bank Romania S.A. (Romania) 13
Consolidated adjusted profit after income tax for the year	**377,840**	**200,764**	**61,743**	**113,283**	**2,050**
Profit before income tax	**451,825**	**234,156**	**75,418**	**137,571**	**4,680**
Adjusted operating profit	**484,669**	**255,204**	**73,593**	**146,283**	**9,589**
Adjusted total income	**800,524**	**375,365**	**138,875**	**252,418**	**33,866**
Adjusted net interest income	590,060	267,411	105,300	190,303	27,046
Adjusted net profit from fees and commissions	169,474	83,724	28,923	53,756	3,071
Adjusted other net non-interest income	40,990	24,230	4,652	8,359	3,749
Adjusted other administrative expenses	**(315,855)**	**(120,161)**	**(65,282)**	**(106,135)**	**(24,277)**
Personnel expenses	(164,036)	(58,893)	(34,888)	(56,259)	(13,996)
Depreciation and amortization	(25,781)	(10,672)	(5,845)	(7,580)	(1,684)
Other general expenses	(126,038)	(50,596)	(24,549)	(42,296)	(8,597)
Gains from derecognition of financial assets at amortized cost	**2,982**	**585**	**3,642**	**(1,329)**	**84**
Modification loss	**(7)**	**-**	**-**	**(7)**	**-**
Total risk costs	**(35,819)**	**(21,633)**	**(1,817)**	**(7,376)**	**(4,993)**
Adjusted loss allowance on financial assets and liabilities (without the effect of revaluation of FX)	(24,332)	(18,600)	6,793	(7,728)	(4,797)
Goodwill impairment	-	-	-	-	-
Other impairment (adjustment)	(11,487)	(3,033)	(8,610)	352	(196)
from this: Adjusted impairment under IAS 36	159	165	(6)	-	-
Income tax	**(73,985)**	**(33,392)**	**(13,675)**	**(24,288)**	**(2,630)**
Total Assets	**17,566,160**	**7,674,660**	**3,784,532**	**6,106,968**	**-**
Total Liabilities	**15,253,492**	**6,623,233**	**3,300,816**	**5,329,443**	**-**

NOTE 49: SEGMENT REPORTING BY BUSINESS AND GEOGRAPHICAL SEGMENTS (in HUF mn) [continued]

Information regarding the Group's reportable segments is presented below [continued]:

As at 31 December 2024 [continued]

Main components of the consolidated statement of profit or loss in HUF million [continued]	**Foreign banks not in EU subtotal (without adjustments)** 4=14+…+20	OTP banka Srbija a.d. (Serbia) 14	OTP Bank JSC (Ukraine) 15	JSC "OTP Bank" (Russia) and Touch Bank 16	Crnogorska komercijalna banka a.d. (Montenegro) 17	Banka OTP Albania SHA (Albania) 18	OTP Bank S.A. (Moldova) 19	JSCMB Ipoteka Bank (Uzbekistan) 20
Consolidated adjusted profit after income tax for the year	**352,890**	**66,496**	**41,179**	**136,946**	**24,195**	**19,687**	**11,493**	**52,894**
Profit before income tax	**474,758**	**77,469**	**72,842**	**195,535**	**28,580**	**23,450**	**13,039**	**63,843**
Adjusted operating profit	**556,876**	**95,477**	**68,415**	**252,216**	**27,170**	**23,146**	**12,414**	**78,038**
Adjusted total income	**836,445**	**153,565**	**101,605**	**343,619**	**45,661**	**40,048**	**26,179**	**125,768**
Adjusted net interest income	586,644	116,621	89,894	187,070	35,460	33,531	15,353	108,715
Adjusted net profit from fees and commissions	110,547	21,726	7,769	55,095	9,729	4,243	2,483	9,502
Adjusted other net non-interest income	139,254	15,218	3,942	101,454	472	2,274	8,343	7,551
Adjusted other administrative expenses	**(279,569)**	**(58,088)**	**(33,190)**	**(91,403)**	**(18,491)**	**(16,902)**	**(13,765)**	**(47,730)**
Personnel expenses	(161,276)	(29,216)	(19,960)	(55,292)	(8,668)	(6,962)	(8,007)	(33,171)
Depreciation and amortization	(26,480)	(4,941)	(2,808)	(8,505)	(2,193)	(2,152)	(1,417)	(4,464)
Other general expenses	(91,813)	(23,931)	(10,422)	(27,606)	(7,630)	(7,788)	(4,341)	(10,095)
Gains from derecognition of financial assets at amortized cost	**(6,586)**	**(84)**	**204**	**283**	**(29)**	**(1,328)**	**(228)**	**(5,404)**
Modification loss	**(2,294)**	**(2,164)**	**(134)**	**-**	**4**	**-**	**-**	**-**
Total risk costs	**(73,238)**	**(15,760)**	**4,357**	**(56,964)**	**1,435**	**1,632**	**853**	**(8,791)**
Adjusted loss allowance on financial assets and liabilities (without the effect of revaluation of FX)	(61,700)	(13,615)	9,052	(55,172)	1,973	1,328	802	(6,068)
Goodwill impairment	-	-	-	-	-	-	-	-
Other impairment (adjustment)	(11,538)	(2,145)	(4,695)	(1,792)	(538)	304	51	(2,723)
from this: Adjusted impairment under IAS 36	(8)	(36)	-	-	-	-	28	-
Income tax	**(121,868)**	**(10,973)**	**(31,663)**	**(58,589)**	**(4,385)**	**(3,763)**	**(1,546)**	**(10,949)**
Total Assets	**10,574,190**	**3,483,775**	**1,186,801**	**2,370,967**	**776,370**	**791,495**	**455,246**	**1,509,536**
Total Liabilities	**9,113,844**	**3,047,166**	**981,096**	**2,072,180**	**654,980**	**676,846**	**386,192**	**1,295,384**

NOTE 49: SEGMENT REPORTING BY BUSINESS AND GEOGRAPHICAL SEGMENTS (in HUF mn) [continued]

Information regarding the Group's reportable segments is presented below according to the NEW methodology [continued]:

As at 31 December 2023

Main components of the consolidated statement of profit or loss in HUF million	**OTP Group - in the consolidated statement of profit or loss - structure of accounting reports** **a**	Adjustments on the accounting in Recognized Income b	**OTP Group - in the consolidated statement of profit or loss - structure of management reports** **1=a+b**
Profit after income tax for the year from continued and discontinued operations	**990,459**		**990,459**
Profit after income tax for the year from discontinued operations	(21,246)	21,246	-
Profit after income tax for the year from continued operations	**1,011,705**	**21,246**	**990,459**
Adjustments (total)		**85,507**	**85,507**
Effect of acquisition (after income tax)		85,507	85,507

NOTE 49: SEGMENT REPORTING BY BUSINESS AND GEOGRAPHICAL SEGMENTS (in HUF mn) [continued]

Information regarding the Group's reportable segments is presented below according to the NEW methodology [continued]:

As at 31 December 2023 [continued]

Main components of the consolidated statement of profit or loss in HUF million	**OTP Group - in the consolidated statement of profit or loss - structure of accounting reports**	Adjustments on the accounting in Recognized Income	**OTP Group - in the consolidated statement of profit or loss - structure of management reports**	Hungarian segment and other foreign subsidiaries not reported in "Foreign bank segment" subtotal (without adjustments)	Foreign banks in EU subtotal (without adjustments)	Foreign banks not in EU subtotal (without adjustments)	Eliminations and adjustments
	a	b	**1=a+b; 1=2+3+4+5**	2	3	4	5
Consolidated adjusted profit after income tax for the year	**1,011,705**	**(106,753)**	**904,952**	**297,338**	**383,980**	**230,959**	**(7,325)**
Profit before income tax	**1,201,183**	**(21,959)**	**1,179,224**	**434,423**	**427,854**	**323,542**	**(6,595)**
Adjusted operating profit	**1,365,111**	**(80,678)**	**1,284,433**	**457,799**	**434,851**	**398,769**	**(6,986)**
Adjusted total income	**2,439,448**	**(175,218)**	**2,264,230**	**931,929**	**726,750**	**627,569**	**(22,018)**
Adjusted net interest income	1,386,706	75,144	1,461,850	474,616	538,796	446,302	2,136
Adjusted net profit from fees and commissions	691,993	(213,875)	478,118	241,178	149,074	88,999	(1,133)
Adjusted other net non-interest income	360,749	(36,487)	324,262	216,135	38,880	92,268	(23,021)
Adjusted other administrative expenses	**(1,074,337)**	**94,540**	**(979,797)**	**(474,130)**	**(291,899)**	**(228,800)**	**15,032**
Personnel expenses	(478,696)	(27,769)	(506,465)	(229,991)	(150,979)	(126,364)	869
Depreciation and amortization	(111,996)	11,538	(100,458)	(52,018)	(26,088)	(21,817)	(535)
Other general expenses	(483,645)	110,771	(372,874)	(192,121)	(114,832)	(80,619)	14,698
Gains from derecognition of financial assets at amortized cost	**(17,182)**	**6,624**	**(10,558)**	**(20,137)**	**8,010**	**1,572**	**(3)**
Modification loss	**(38,141)**	**36,909**	**(1,232)**	**(27)**	**4**	**(1,209)**	**-**
Total risk costs	**(108,605)**	**15,186**	**(93,419)**	**(3,212)**	**(15,011)**	**(75,590)**	**394**
Adjusted loss allowance on financial assets and liabilities (without the effect of revaluation of FX)	(79,281)	857	(78,424)	(12,149)	(4,235)	(62,230)	190
Goodwill impairment	-	-	-	-	-	-	-
Other impairment (adjustment)	(29,324)	14,329	(14,995)	8,937	(10,776)	(13,360)	204
from this: adjusted impairment under IAS 36	(5,216)	3,566	(1,650)	(439)	(1,046)	(130)	(35)
Income tax	**(189,478)**	**(84,794)**	**(274,272)**	**(137,085)**	**(43,874)**	**(92,583)**	**(730)**
Total Assets	**38,075,811**	**1,533,333**	**39,609,144**	**20,253,197**	**17,227,907**	**8,331,503**	**(6,203,463)**
Total Liabilities	**34,374,431**	**1,139,920**	**35,514,351**	**17,276,859**	**15,071,974**	**7,128,153**	**(3,962,635)**

NOTE 49: SEGMENT REPORTING BY BUSINESS AND GEOGRAPHICAL SEGMENTS (in HUF mn) [continued]

Information regarding the Group's reportable segments is presented below according to the NEW methodology [continued]:

As at 31 December 2023 [continued]

Main components of the consolidated statement of profit or loss in HUF million [continued]	**Hungarian segment and other foreign subsidiaries not reported in "Foreign bank segment" subtotal (without adjustments)**	OTP CORE (Hungary)	Merkantil Group (Hungary)	Asset Management subsidiaries	Other subsidiaries
	2=6+…+9	6	7	8	9
Consolidated adjusted profit after income tax for the year	**297,338**	**233,871**	**6,647**	**19,860**	**36,960**
Profit before income tax	**434,423**	**359,862**	**10,507**	**22,376**	**41,678**
Adjusted operating profit	**457,799**	**380,027**	**14,396**	**22,425**	**40,951**
Adjusted total income	**931,929**	**793,953**	**27,442**	**29,051**	**81,483**
Adjusted net interest income	474,616	432,651	26,257	52	15,656
Adjusted net profit from fees and commissions	241,178	197,341	759	27,056	16,022
Adjusted other net non-interest income	216,135	163,961	426	1,943	49,805
Adjusted other administrative expenses	**(474,130)**	**(413,926)**	**(13,046)**	**(6,626)**	**(40,532)**
Personnel expenses	(229,991)	(205,223)	(6,658)	(4,437)	(13,673)
Depreciation and amortization	(52,018)	(44,745)	(1,648)	(195)	(5,430)
Other general expenses	(192,121)	(163,958)	(4,740)	(1,994)	(21,429)
Gains from derecognition of financial assets at amortized cost	**(20,137)**	**(20,690)**	**553**	**-**	**-**
Modification loss	**(27)**	**-**	**(27)**	**-**	**-**
Total risk costs	**(3,212)**	**525**	**(4,415)**	**(49)**	**727**
Adjusted loss allowance on financial assets and liabilities (without the effect of revaluation of FX)	(12,149)	(9,558)	(4,393)	(39)	1,841
Goodwill impairment	-	-	-	-	-
Other impairment (adjustment)	8,937	10,083	(22)	(10)	(1,114)
from this: adjusted impairment under IAS 36	(439)	(1,816)	(4)	-	1,381
Income tax	**(137,085)**	**(125,991)**	**(3,860)**	**(2,516)**	**(4,718)**
Total Assets	**20,253,197**	**18,459,423**	**930,761**	**42,031**	**820,982**
Total Liabilities	**17,276,859**	**16,087,459**	**869,524**	**11,609**	**308,267**

NOTE 49: SEGMENT REPORTING BY BUSINESS AND GEOGRAPHICAL SEGMENTS (in HUF mn) [continued]

Information regarding the Group's reportable segments is presented below according to the NEW methodology [continued]:

As at 31 December 2023 [continued]

Main components of the consolidated statement of profit or loss in HUF million [continued]	**Foreign banks in EU subtotal (without adjustments)**	DSK Bank AD (Bulgaria)	OTP banka d.d. (Croatia)	SKB Banka and Nova KBM d.d. (Slovenia)	OTP Bank Romania S.A. (Romania)
	3=10+…+13	10	11	12	13
Consolidated adjusted profit after income tax for the year	**383,980**	**198,182**	**53,334**	**112,343**	**20,121**
Profit before income tax	**427,854**	**219,485**	**65,120**	**119,569**	**23,680**
Adjusted operating profit	**434,851**	**216,102**	**66,117**	**131,637**	**20,995**
Adjusted total income	**726,750**	**316,105**	**123,133**	**218,877**	**68,635**
Adjusted net interest income	538,796	226,693	91,117	167,121	53,865
Adjusted net profit from fees and commissions	149,074	72,366	25,661	46,028	5,019
Adjusted other net non-interest income	38,880	17,046	6,355	5,728	9,751
Adjusted other administrative expenses	**(291,899)**	**(100,003)**	**(57,016)**	**(87,240)**	**(47,640)**
Personnel expenses	(150,979)	(47,720)	(29,235)	(47,716)	(26,308)
Depreciation and amortization	(26,088)	(9,116)	(5,592)	(7,351)	(4,029)
Other general expenses	(114,832)	(43,167)	(22,189)	(32,173)	(17,303)
Gains from derecognition of financial assets at amortized cost	**8,010**	**1,638**	**-**	**(251)**	**6,623**
Modification loss	**4**	**-**	**-**	**4**	**-**
Total risk costs	**(15,011)**	**1,745**	**(997)**	**(11,821)**	**(3,938)**
Adjusted loss allowance on financial assets and liabilities (without the effect of revaluation of FX)	(4,235)	1,141	721	(2,245)	(3,852)
Goodwill impairment	-	-	-	-	-
Other impairment (adjustment)	(10,776)	604	(1,718)	(9,576)	(86)
from this: adjusted impairment under IAS 36	(1,046)	(838)	(25)	(9)	(174)
Income tax	**(43,874)**	**(21,303)**	**(11,786)**	**(7,226)**	**(3,559)**
Total Assets	**17,227,907**	**6,456,668**	**3,278,199**	**5,892,803**	**1,600,237**
Total Liabilities	**15,071,974**	**5,566,481**	**2,874,712**	**5,223,180**	**1,407,601**

NOTE 49: SEGMENT REPORTING BY BUSINESS AND GEOGRAPHICAL SEGMENTS (in HUF mn) [continued]

Information regarding the Group's reportable segments is presented below according to the NEW methodology [continued]:

As at 31 December 2023 [continued]

Main components of the consolidated statement of profit or loss in HUF million [continued]	**Foreign banks not in EU subtotal (without adjustments) 4=14+…+20**	OTP banka Srbija a.d. (Serbia) 14	OTP Bank JSC (Ukraine) 15	JSC "OTP Bank" (Russia) and Touch Bank 16	Crnogorska komercijalna banka a.d. (Montenegro) 17	Banka OTP Albania SHA (Albania) 18	OTP Bank S.A. (Moldova) 19	JSCMB Ipoteka Bank (Uzbekistan) 20
Consolidated adjusted profit after income tax for the year	**230,959**	**58,211**	**44,909**	**95,675**	**21,359**	**11,603**	**14,624**	**(15,422)**
Profit before income tax	**323,542**	**67,354**	**82,083**	**130,181**	**25,220**	**14,074**	**16,671**	**(12,041)**
Adjusted operating profit	**398,769**	**81,179**	**78,019**	**149,307**	**23,019**	**13,750**	**13,352**	**40,143**
Adjusted total income	**627,569**	**132,149**	**108,854**	**223,654**	**38,425**	**33,123**	**25,275**	**66,089**
Adjusted net interest income	446,302	103,730	93,450	122,084	29,771	27,912	16,349	53,006
Adjusted net profit from fees and commissions	88,999	18,419	10,837	40,831	7,797	3,465	2,389	5,261
Adjusted other net non-interest income	92,268	10,000	4,567	60,739	857	1,746	6,537	7,822
Adjusted other administrative expenses	**(228,800)**	**(50,970)**	**(30,835)**	**(74,347)**	**(15,406)**	**(19,373)**	**(11,923)**	**(25,946)**
Personnel expenses	(126,364)	(25,710)	(18,046)	(45,063)	(7,299)	(6,610)	(7,013)	(16,623)
Depreciation and amortization	(21,817)	(4,547)	(2,472)	(8,660)	(1,838)	(1,494)	(1,234)	(1,572)
Other general expenses	(80,619)	(20,713)	(10,317)	(20,624)	(6,269)	(11,269)	(3,676)	(7,751)
Gains from derecognition of financial assets at amortized cost	**1,572**	**53**	**328**	**1,487**	**932**	**(219)**	**(1,009)**	**-**
Modification loss	**(1,209)**	**-**	**(1,239)**	**-**	**30**	**-**	**-**	**-**
Total risk costs	**(75,590)**	**(13,878)**	**4,975**	**(20,613)**	**1,239**	**543**	**4,328**	**(52,184)**
Adjusted loss allowance on financial assets and liabilities (without the effect of revaluation of FX)	(62,230)	(11,085)	11,565	(17,765)	1,967	327	4,115	(51,354)
Goodwill impairment	-	-	-	-	-	-	-	-
Other impairment (adjustment)	(13,360)	(2,793)	(6,590)	(2,848)	(728)	216	213	(830)
from this: adjusted impairment under IAS 36	(130)	(93)	-	-	-	-	(37)	-
Income tax	**(92,583)**	**(9,143)**	**(37,174)**	**(34,506)**	**(3,861)**	**(2,471)**	**(2,047)**	**(3,381)**
Total Assets	**8,331,503**	**2,874,794**	**1,036,912**	**1,470,796**	**663,676**	**669,765**	**428,192**	**1,187,368**
Total Liabilities	**7,128,153**	**2,506,449**	**879,824**	**1,196,279**	**550,672**	**588,663**	**364,839**	**1,041,427**

NOTE 49: SEGMENT REPORTING BY BUSINESS AND GEOGRAPHICAL SEGMENTS (in HUF mn) [continued]

Information regarding the Group's reportable segments is presented below according to the OLD methodology [continued]:

As at 31 December 2023 [continued]

Main components of the consolidated statement of profit or loss in HUF million	**OTP Group - in the consolidated statement of profit or loss - structure of accounting reports** **a**	Adjustments on the accounting in Recognized Income b	**OTP Group - in the consolidated statement of profit or loss - structure of management reports** **1=a+b**
Profit after income tax for the year from continued and discontinued operations	**990,459**		**990,459**
Profit after income tax for the year from discontinued operations	(21,246)	21,246	-
Profit after income tax for the year from continued operations	**1,011,705**	**21,246**	**990,459**
Adjustments (total)		**(18,123)**	**(18,123)**
Dividends and net cash transfers (after income tax)		(1,911)	(1,911)
Goodwill /investment impairment (after income tax)		(3,919)	(3,919)
Special tax on financial institutions (after income tax)		(62,551)	(62,551)
Effect of acquisition (after income tax)		64,887	64,887
Result of the treasury share swap agreement at OTP Core (after income tax)		10,680	10,680
Loss allowance on Russian government bonds at OTP Core and DSK Bank (after income tax)		(2,799)	(2,799)
Effect of the winding up of Sberbank Hungary (after income tax)		10,388	10,388
Expected one-off effect of the extension of the interest rate cap for certain retail loans in Hungary (after income tax)		(32,898)	(32,898)

NOTE 49: SEGMENT REPORTING BY BUSINESS AND GEOGRAPHICAL SEGMENTS (in HUF mn) [continued]

Information regarding the Group's reportable segments is presented below according to the OLD methodology [continued]:

As at 31 December 2023 [continued]

Main components of the consolidated statement of profit or loss in HUF million	**OTP Group - in the consolidated statement of profit or loss - structure of accounting reports**	Adjustments on the accounting in Recognized Income	**OTP Group - in the consolidated statement of profit or loss - structure of management reports**	Hungarian segment and other foreign subsidiaries not reported in "Foreign bank segment" subtotal (without adjustments)	Foreign banks in EU subtotal (without adjustments)	Foreign banks not in EU subtotal (without adjustments)	Eliminations and adjustments
	a	b	**1=a+b; 1=2+3+4+5**	2	3	4	5
Consolidated adjusted profit after income tax for the year	**1,011,705**	**(3,123)**	**1,008,582**	**364,621**	**404,779**	**238,565**	**617**
Profit before income tax	**1,201,183**	**21,145**	**1,222,328**	**437,074**	**450,536**	**333,369**	**1,349**
Adjusted operating profit	**1,365,111**	**(85,737)**	**1,279,374**	**432,460**	**445,671**	**400,279**	**964**
Adjusted total income	**2,439,448**	**(196,339)**	**2,243,109**	**903,559**	**730,860**	**622,761**	**(14,071)**
Adjusted net interest income	1,386,706	72,988	1,459,694	474,616	543,257	439,685	2,136
Adjusted net profit from fees and commissions	691,993	(213,847)	478,146	240,942	149,074	89,263	(1,133)
Adjusted other net non-interest income	360,749	(55,480)	305,269	188,001	38,529	93,813	(15,074)
Adjusted other administrative expenses	**(1,074,337)**	**110,602**	**(963,735)**	**(471,099)**	**(285,189)**	**(222,482)**	**15,035**
Personnel expenses	(478,696)	(25,263)	(503,959)	(229,992)	(149,674)	(125,163)	870
Depreciation and amortization	(111,996)	16,435	(95,561)	(52,017)	(22,271)	(20,738)	(535)
Other general expenses	(483,645)	119,430	(364,215)	(189,090)	(113,244)	(76,581)	14,700
Gains from derecognition of financial assets at amortized cost	**(17,182)**	**6,624**	**(10,558)**	**(20,137)**	**8,261**	**1,572**	**(254)**
Modification loss	**(38,141)**	**36,909**	**(1,232)**	**(27)**	**-**	**(1,209)**	**4**
Total risk costs	**(108,605)**	**63,349**	**(45,256)**	**24,778**	**(3,396)**	**(67,273)**	**635**
Adjusted loss allowance on financial assets and liabilities (without the effect of revaluation of FX)	(79,281)	37,766	(41,515)	16,023	(4,475)	(53,493)	430
Goodwill impairment	-	-	-	-	-	-	-
Other impairment (adjustment)	(29,324)	25,583	(3,741)	8,755	1,079	(13,780)	205
from this: adjusted impairment under IAS 36	(5,216)	3,566	(1,650)	(452)	(1,037)	(130)	(31)
Income tax	**(189,478)**	**(24,268)**	**(213,746)**	**(72,453)**	**(45,757)**	**(94,804)**	**(732)**
Total Assets	**38,075,811**	**1,533,333**	**39,609,144**	**20,253,197**	**17,227,907**	**8,331,503**	**(6,203,463)**
Total Liabilities	**34,374,431**	**1,139,920**	**35,514,351**	**17,276,859**	**15,071,959**	**7,128,153**	**(3,962,620)**

NOTE 49: SEGMENT REPORTING BY BUSINESS AND GEOGRAPHICAL SEGMENTS (in HUF mn) [continued]

Information regarding the Group's reportable segments is presented below according to the OLD methodology [continued]:

As at 31 December 2023 [continued]

Main components of the consolidated statement of profit or loss in HUF million [continued]	Hungarian segment and other foreign subsidiaries not reported in "Foreign bank segment" subtotal (without adjustments)	OTP CORE (Hungary)	Merkantil Group (Hungary)	Asset Management subsidiaries	Other subsidiaries
	2=6+…+9	6	7	8	9
Consolidated adjusted profit after income tax for the year	**364,621**	**302,936**	**10,266**	**19,860**	**31,559**
Profit before income tax	**437,074**	**366,502**	**11,949**	**22,376**	**36,247**
Adjusted operating profit	**432,460**	**360,132**	**14,382**	**22,425**	**35,521**
Adjusted total income	**903,559**	**771,037**	**27,428**	**29,051**	**76,043**
Adjusted net interest income	474,616	432,651	26,257	52	15,656
Adjusted net profit from fees and commissions	240,942	197,104	759	27,056	16,023
Adjusted other net non-interest income	188,001	141,282	412	1,943	44,364
Adjusted other administrative expenses	**(471,099)**	**(410,905)**	**(13,046)**	**(6,626)**	**(40,522)**
Personnel expenses	(229,992)	(205,223)	(6,658)	(4,437)	(13,674)
Depreciation and amortization	(52,017)	(44,745)	(1,648)	(195)	(5,429)
Other general expenses	(189,090)	(160,937)	(4,740)	(1,994)	(21,419)
Gains from derecognition of financial assets at amortized cost	**(20,137)**	**(20,690)**	**553**	**-**	**-**
Modification loss	**(27)**	**-**	**(27)**	**-**	**-**
Total risk costs	**24,778**	**27,060**	**(2,959)**	**(49)**	**726**
Adjusted loss allowance on financial assets and liabilities (without the effect of revaluation of FX)	16,023	16,977	(2,756)	(39)	1,841
Goodwill impairment	-	-	-	-	-
Other impairment (adjustment)	8,755	10,083	(203)	(10)	(1,115)
from this: adjusted impairment under IAS 36	(452)	(1,816)	(4)	-	1,368
Income tax	**(72,453)**	**(63,566)**	**(1,683)**	**(2,516)**	**(4,688)**
Total Assets	**20,253,197**	**18,459,423**	**930,761**	**42,031**	**820,982**
Total Liabilities	**17,276,859**	**16,087,459**	**869,524**	**11,609**	**308,267**

NOTE 49: SEGMENT REPORTING BY BUSINESS AND GEOGRAPHICAL SEGMENTS (in HUF mn) [continued]

Information regarding the Group's reportable segments is presented below according to the OLD methodology [continued]:

As at 31 December 2023 [continued]

Main components of the consolidated statement of profit or loss in HUF million [continued]	**Foreign banks in EU subtotal (without adjustments)**	DSK Bank AD (Bulgaria)	OTP banka d.d. (Croatia)	SKB Banka and Nova KBM d.d. (Slovenia)	OTP Bank Romania S.A. (Romania)
	3=10+…+13	10	11	12	13
Consolidated adjusted profit after income tax for the year	**404,779**	**201,991**	**53,960**	**128,729**	**20,099**
Profit before income tax	**450,536**	**223,731**	**65,746**	**137,401**	**23,658**
Adjusted operating profit	**445,671**	**217,238**	**66,743**	**140,717**	**20,973**
Adjusted total income	**730,860**	**315,980**	**122,952**	**223,315**	**68,613**
Adjusted net interest income	543,257	226,693	90,996	171,703	53,865
Adjusted net profit from fees and commissions	149,074	72,366	25,661	46,028	5,019
Adjusted other net non-interest income	38,529	16,921	6,295	5,584	9,729
Adjusted other administrative expenses	**(285,189)**	**(98,742)**	**(56,209)**	**(82,598)**	**(47,640)**
Personnel expenses	(149,674)	(47,720)	(29,235)	(46,411)	(26,308)
Depreciation and amortization	(22,271)	(7,855)	(4,785)	(5,602)	(4,029)
Other general expenses	(113,244)	(43,167)	(22,189)	(30,585)	(17,303)
Gains from derecognition of financial assets at amortized cost	**8,261**	**1,638**	**-**	**-**	**6,623**
Modification loss	**-**	**-**	**-**	**-**	**-**
Total risk costs	**(3,396)**	**4,855**	**(997)**	**(3,316)**	**(3,938)**
Adjusted loss allowance on financial assets and liabilities (without the effect of revaluation of FX)	(4,475)	1,141	721	(2,485)	(3,852)
Goodwill impairment	-	-	-	-	-
Other impairment (adjustment)	1,079	3,714	(1,718)	(831)	(86)
from this: adjusted impairment under IAS 36	(1,037)	(838)	(25)	-	(174)
Income tax	**(45,757)**	**(21,740)**	**(11,786)**	**(8,672)**	**(3,559)**
Total Assets	**17,227,907**	**6,456,668**	**3,278,199**	**5,892,803**	**1,600,237**
Total Liabilities	**15,071,959**	**5,566,481**	**2,874,712**	**5,223,180**	**1,407,586**

NOTE 49: SEGMENT REPORTING BY BUSINESS AND GEOGRAPHICAL SEGMENTS (in HUF mn) [continued]

Information regarding the Group's reportable segments is presented below according to the OLD methodology [continued]:

As at 31 December 2023 [continued]

Main components of the consolidated statement of profit or loss in HUF million [continued]	**Foreign banks not in EU subtotal (without adjustments) 4=14+…+20**	OTP banka Srbija a.d. (Serbia) 14	OTP Bank JSC (Ukraine) 15	JSC "OTP Bank" (Russia) and Touch Bank 16	Crnogorska komercijalna banka a.d. (Montenegro) 17	Banka OTP Albania SHA (Albania) 18	OTP Bank S.A. (Moldova) 19	JSCMB Ipoteka Bank (Uzbekistan) 20
Consolidated adjusted profit after income tax for the year	**238,565**	**68,025**	**45,184**	**95,666**	**21,814**	**15,033**	**14,700**	**(21,857)**
Profit before income tax	**333,369**	**78,646**	**82,358**	**130,172**	**25,737**	**18,173**	**16,759**	**(18,476)**
Adjusted operating profit	**400,279**	**83,734**	**78,294**	**149,298**	**23,536**	**18,269**	**13,440**	**33,708**
Adjusted total income	**622,761**	**133,591**	**108,854**	**223,645**	**38,362**	**33,387**	**25,268**	**59,654**
Adjusted net interest income	439,685	104,050	93,450	122,084	29,717	27,912	16,349	46,123
Adjusted net profit from fees and commissions	89,263	18,419	10,837	40,831	7,797	3,729	2,389	5,261
Adjusted other net non-interest income	93,813	11,122	4,567	60,730	848	1,746	6,530	8,270
Adjusted other administrative expenses	**(222,482)**	**(49,857)**	**(30,560)**	**(74,347)**	**(14,826)**	**(15,118)**	**(11,828)**	**(25,946)**
Personnel expenses	(125,163)	(25,710)	(18,046)	(45,063)	(6,910)	(5,798)	(7,013)	(16,623)
Depreciation and amortization	(20,738)	(3,661)	(2,472)	(8,660)	(1,645)	(1,494)	(1,234)	(1,572)
Other general expenses	(76,581)	(20,486)	(10,042)	(20,624)	(6,271)	(7,826)	(3,581)	(7,751)
Gains from derecognition of financial assets at amortized cost	**1,572**	**53**	**328**	**1,487**	**932**	**(219)**	**(1,009)**	**-**
Modification loss	**(1,209)**	**-**	**(1,239)**	**-**	**30**	**-**	**-**	**-**
Total risk costs	**(67,273)**	**(5,141)**	**4,975**	**(20,613)**	**1,239**	**123**	**4,328**	**(52,184)**
Adjusted loss allowance on financial assets and liabilities (without the effect of revaluation of FX)	(53,493)	(2,348)	11,565	(17,765)	1,967	327	4,115	(51,354)
Goodwill impairment	-	-	-	-	-	-	-	-
Other impairment (adjustment)	(13,780)	(2,793)	(6,590)	(2,848)	(728)	(204)	213	(830)
from this: adjusted impairment under IAS 36	(130)	(93)	-	-	-	-	(37)	-
Income tax	**(94,804)**	**(10,621)**	**(37,174)**	**(34,506)**	**(3,923)**	**(3,140)**	**(2,059)**	**(3,381)**
Total Assets	**8,331,503**	**2,874,794**	**1,036,912**	**1,470,796**	**663,676**	**669,765**	**428,192**	**1,187,368**
Total Liabilities	**7,128,153**	**2,506,449**	**879,824**	**1,196,279**	**550,672**	**588,663**	**364,839**	**1,041,427**

NOTE 50: DISCONTINUED OPERATIONS (in HUF mn)

On 9 February 2024 OTP Bank announced the signing of the share sale and purchase agreement to sell its Romanian operation. As a result of this, according to IFRS 5, until the final closure of the sale and as comparative period for the end of 2023 the Romanian operation was presented on a separate line as assets /liabilities held for sale in the consolidated statement of financial position and as discontinued operation in the consolidated profit or loss.

As for the consolidated profit or loss, the Romanian contribution for the end of year 2023 was shown separately from the result of continuing operation, on the "Net gain / (loss) from discontinued operations" line, that is the particular profit or loss lines in the 'continuing operations' section don't incorporate the contribution from the Romanian subsidiaries.

The result from discontinued operations for the year 2024 was HUF 19,756 million, which was allocated in the consolidated profit or loss under the same line as previous year "Net gain / (loss) from discontinued operations" and consisted of:

- The contribution of the Romanian subsidiaries to the Group's result amounted to HUF 8,871 million.
- The combined effect of the gain on sale, the reclassification of exchange differences to profit or loss and other income items recognized in the Group's books amounted to HUF 10,885 million.

The negative impact of the translation difference removed from the consolidated statement of comprehensive income was HUF 18,166 million.

The selling price is EUR 347.5 million which is smaller than the net asset value of the to be sold subsidiaries recognized in the consolidated accounts, accordingly the transaction resulted in a negative profit or loss impact of HUF 55.9 billion (before tax) on consolidated level, which has already been booked in the fourth quarter of 2023. The Romanian segment of the Group which was classified as discontinued operation includes the following companies: OTP Bank Romania S.A., OTP Asset Management SAI S.A., OTP Leasing Romania IFN S.A., OTP Factoring SRL, SC Favo Consultanta SRL, SC Aloha Buzz SRL, SC Tezaur Cont SRL.

The major classes of assets and liabilities comprising the assets classified as held for sale and liabilities directly associated with assets classified as held for sale are as follows:

	31/12/2023
Cash, amounts due from banks and balances with the National Banks	199,587
Placements with other banks	8,147
Financial assets at fair value through profit or loss	2,090
Securities at fair value through other comprehensive income	39,430
Securities at amortized cost	226,427
Loans at amortized cost	1,013,582
Finance lease receivables	67,068
Associates and other investments	236
Property and equipment	10,313
Intangible assets and goodwill	3,848
Right-of-use assets	4,299
Investment properties	40
Deferred tax assets	224
Current income tax receivables	55
Other assets	13,927
TOTAL ASSETS	**1,589,273**
Amounts due to banks, the National Governments, deposits from the National Banks and other banks	1,764
Deposits from customers	1,095,853
Derivative financial liabilities held for trading	311
Leasing liabilities	4,348
Deferred tax liabilities	912
Current income tax payable	1,865
Provisions	9,006
Other liabilities	25,861
TOTAL LIABILITIES	**1,139,920**

NOTE 50: DISCONTINUED OPERATIONS (in HUF mn) [continued]

The results of discontinued operations, which have been separated on line "Net Gain / (Loss) from discontinued operations" in the consolidated statement of profit or loss, were as follows:

	Year ended 31 December 2024	Year ended 31 December 2023
Interest income calculated using the effective interest method	54,388	103,321
Income similar to interest income	4,055	15,252
Interest income and income similar to interest income	**58,443**	**118,573**
Interest expense	**(24,810)**	**(50,513)**
NET INTEREST INCOME	**33,633**	**68,060**
Loss allowance on loans, placements, amounts due from banks and on repo receivables	(3,789)	(6,779)
Release of loss allowance on securities at fair value through other comprehensive income and on securities at amortized cost	72	235
(Provision) / Release of provision for commitments and guarantees given	(1,012)	2,931
Risk cost total	**(4,729)**	**(3,613)**
NET INTEREST INCOME AFTER RISK COST	**28,904**	**64,447**
Gain from derecognition of financial assets at amortized cost	**85**	**6,624**
Income from fees and commissions	9,800	22,351
Expense from fees and commissions	(2,977)	(7,036)
Net profit from fees and commissions	**6,823**	**15,315**
Foreign exchange result, net	(1,705)	(11,397)
(Loss) / Gain on securities, net	(12)	37
Fair value adjustment on financial instruments measured at fair value through profit or loss	36	157
Net results on derivative instruments and hedge relationships	1,811	11,526
Profit from associates	124	22
Other operating income	370	409
Other operating expenses	(570)	(1,105)
Net operating income / (expense)	**54**	**(351)**
Personnel expenses	(14,133)	(26,571)
Depreciation and amortization	(2,676)	(5,998)
Other general expenses	(8,867)	(15,197)
Other administrative expenses	**(25,676)**	**(47,766)**
PROFIT BEFORE INCOME TAX	**10,190**	**38,269**
Income tax expense	(1,319)	(3,575)
PROFIT AFTER INCOME TAX FOR THE PERIOD	**8,871**	**34,694**

NOTE 51: SIGNIFICANT EVENTS DURING THE YEAR ENDED 31 DECEMBER 2024

1) Term Note Program

See details in Note 21.

2) OTP Bank is selling its Romanian operations

On 30 July 2024, the financial closing of the sale and purchase transaction with Banca Transilvania S.A. took place, as a result of which Banca Transilvania S.A. acquired 100% of the direct and indirect shares in OTP Bank Romania S.A., the Romanian subsidiary bank of OTP Group. As part of the transaction, OTP Group also sold OTP Leasing Romania IFN S.A. to Banca Transilvania Group. The closing of the sale of OTP Asset Management S.A.I. S.A. took place in October 2024 after the relevant regulatory approvals had arrived. Consequently, starting from the third quarter in 2024 the consolidated financial statements no longer include the contribution from the Romanian segment.
See details in Note 50 Assets classified as held for sale and discontinued operations.

3) Merger of the two Slovenian banks

On 22 August, 2024 the two members of the banking group in Slovenia, Nova KBM d.d. and SKB banka d.d - after all the necessary regulatory approvals - successfully completed the legal merger, and continues to operate under one brand name, OTP banka d.d.. Following this, the operational merger was also successfully completed.

4) Significant regulatory changes in Hungary

About the prolongation of deadline of interest rate cap, voluntary interest rate cap on newly granted loans, amending the previously laid down methodology of windfall tax calculation, family support schemes and economic stimulation measures, capital regulation please see details in Note 4.

5) 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 52: POST BALANCE SHEET EVENTS

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.
- About the consolidated MREL requirement amount and rules of OTP Group please see Note 37.6 in more details.
- On 30 January 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 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 OTP Bank announced the redemption of its EUR 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, 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 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 labor- 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.
    - 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 installment) 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.

NOTE 52: POST BALANCE SHEET EVENTS [continued]

Summary of economic policy measures made and other relevant regulatory changes as post-balance sheet events [continued]

- 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 favorable 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.

Moldova

- On 10 January 2025, the National bank of Moldova raised the base interest rate by 200 basis points, from 3.6% to 5.6%.
- On 5 February 2025, the National Bank of Moldova further raised the base rate by 90 basis points to 6.5%.

Ukraine

- According to the announcement on 6 January 2025, the European Bank for Reconstruction and Development (EBRD) will be supporting the lending activities of OTP's subsidiary bank in Ukraine through a scheme that facilitates the sharing of portfolio risk. The risk-sharing instrument will enable the Ukrainian subsidiary to provide new financing to the local private business sector, amounting to EUR 200 million. The credit risks of these enterprises will be covered by the scheme, with the coverage amounting to 50 percent of the outstanding debt.
- On 23 January 2025, the National Bank of Ukraine raised the policy rate by 100 basis points to 14.5%.

Slovenia

- On 30 January 2025, ECB cut the policy rate by 25 basis points from 3.00% to 2.75%.

An event, that occurred in January 2025 regarding an item reported in the Group's books as a receivable from lending activities, was identified by the Group as a post-balance sheet event. The Group believes that the event has no retrospective effect for 2024 concerning stage classification, therefore the Group did not change the stage 2 classification of the affected receivable as of 31 December 2024. However, given that the Group obtained additional information regarding the circumstances that previously justified the stage 2 classification, the Group recognized an additional HUF 13.9 billion impairment loss for the receivable in the stage 2 category for 2024.