



OTP BANK PLC.

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

**FOR THE SIX MONTH PERIOD
ENDED 30 JUNE 2022**

OTP BANK PLC.

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OTP BANK PLC.
SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022 (UNAUDITED)
(in HUF mn)

	Note	30 June 2022	31 December 2021	30 June 2021
Cash, amounts due from banks and balances with the National Bank of Hungary		445,285	474,945	392,632
Placements with other banks, net of allowance for placement losses		3,148,794	2,567,212	2,272,209
Repo receivables		27,646	33,638	47,144
Financial assets at fair value through profit or loss	4.	463,282	246,462	181,675
Financial assets at fair value through other comprehensive income	5.	740,995	641,939	857,351
Securities at amortised cost	6.	3,695,491	3,071,038	2,588,668
Loans at amortised cost	7.	4,441,803	4,032,465	3,561,904
Loans mandatorily measured at fair value through profit or loss	7.	752,196	662,012	582,204
Investments in subsidiaries	8.	1,473,089	1,573,008	1,586,180
Property and equipment		83,065	81,817	79,205
Intangible assets		60,815	62,161	54,410
Right of use assets		36,976	17,231	11,521
Investment properties		4,262	4,328	1,912
Deferred tax assets		21,578	-	-
Current tax assets		448	-	-
Derivative financial assets designated as hedge accounting relationships		34,269	17,727	12,883
Other assets		<u>331,418</u>	<u>224,488</u>	<u>225,560</u>
TOTAL ASSETS		<u>15,761,412</u>	<u>13,710,471</u>	<u>12,455,458</u>
Amounts due to banks and deposits from the National Bank of Hungary and other banks		1,495,427	1,051,203	1,223,842
Repo liabilities		460,281	86,580	315,260
Deposits from customers	9.	10,959,373	9,948,532	8,379,970
Leasing liabilities		38,586	17,932	12,002
Liabilities from issued securities	10.	16,394	22,153	31,003
Financial liabilities at fair value through profit or loss		17,810	20,133	23,529
Derivative financial liabilities designated as held for trading		375,606	192,261	83,259
Derivative financial liabilities designated as hedge accounting relationships		61,677	18,690	144
Deferred tax liabilities		-	1,507	3,653
Current tax liabilities		2,003	4,776	2,588
Provisions		22,128	21,527	25,530
Other liabilities		305,693	238,437	230,562
Subordinated bonds and loans		<u>294,683</u>	<u>271,776</u>	<u>295,592</u>
TOTAL LIABILITIES		<u>14,049,661</u>	<u>11,895,507</u>	<u>10,626,934</u>
Share capital		28,000	28,000	28,000
Retained earnings and reserves		1,687,499	1,845,836	1,808,794
Treasury shares		<u>(3,748)</u>	<u>(58,872)</u>	<u>(8,270)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>1,711,751</u>	<u>1,814,964</u>	<u>1,828,524</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>15,761,412</u>	<u>13,710,471</u>	<u>12,455,458</u>

OTP BANK PLC.
SEPARATE CONDENSED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTH PERIOD
ENDED 30 JUNE 2022 (UNAUDITED)
(in HUF mn)

	Note	Six month period ended 30 June 2022	Year ended 31 December 2021	Six month period ended 30 June 2021
Interest income and similar to interest income total	13.	393,014	408,036	180,676
Interest expenses total	13.	<u>(254,475)</u>	<u>(155,491)</u>	<u>(47,812)</u>
NET INTEREST INCOME	13.	<u>138,539</u>	<u>252,545</u>	<u>132,864</u>
Risk cost		(41,577)	(56,710)	(22,184)
NET INTEREST INCOME AFTER RISK COST		<u>96,962</u>	<u>195,835</u>	<u>110,680</u>
(Losses) / Gains arising from derecognition of financial assets measured at amortised cost		(7,680)	(2,700)	382
Modification loss		(2,705)	(7,017)	-
Net profit from fees and commissions		138,595	248,527	115,689
Net operating income		43,173	62,074	83,487
Other administrative expenses		<u>(261,922)</u>	<u>(355,429)</u>	<u>(170,898)</u>
PROFIT BEFORE INCOME TAX		6,423	141,290	139,340
Income tax		<u>11,252</u>	<u>(15,951)</u>	<u>(12,007)</u>
PROFIT AFTER INCOME TAX		<u>17,675</u>	<u>125,339</u>	<u>127,333</u>
Earnings per share (in HUF)				
Basic		<u>64</u>	<u>455</u>	<u>461</u>
Diluted		<u>64</u>	<u>455</u>	<u>461</u>

OTP BANK PLC.
SEPARATE CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTH
PERIOD ENDED 30 JUNE 2022 (UNAUDITED)
(in HUF mn)

The comprehensive income items are as follows:

	Six month period ended 30 June 2022	Year ended 31 December 2021	Six month period ended 30 June 2021
PROFIT AFTER INCOME TAX	<u>17,675</u>	<u>125,339</u>	<u>127,333</u>
Fair value adjustment of debt instruments at fair value through other comprehensive income	(69,589)	(37,163)	(11,159)
Deferred tax related to fair value adjustment of debt instruments at fair value through other comprehensive income	6,423	3,410	870
Gains / (Losses) on separated currency spread of financial instruments designated as hedging instrument	31,878	1,681	411
Deferred tax related to (losses) / gains on separated currency spread of financial instruments designated as hedging instrument	(2,869)	(151)	(37)
(Losses) / Gains on derivative financial instruments designated as cash flow hedge	(3,965)	(6,307)	(2,829)
Items that will not be reclassified to profit or loss:			
Gains on equity instruments at fair value through other comprehensive income	2,675	-	-
Fair value adjustment of equity instruments at fair value through other comprehensive income	(571)	1,407	94
Deferred tax related to equity instruments at fair value through other comprehensive income	<u>172</u>	<u>(281)</u>	<u>(141)</u>
Total	<u>(35,846)</u>	<u>(37,404)</u>	<u>(12,791)</u>
TOTAL COMPREHENSIVE INCOME	<u>(18,171)</u>	<u>87,935</u>	<u>114,542</u>

OTP BANK PLC.
SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH PERIOD 30 JUNE 2022
(UNAUDITED)
(in HUF mn)

	Share Capital	Capital reserve	Retained earnings and other reserves	Treasury Shares	Total
Balance as at 1 January 2021	28,000	52	1,697,081	(46,799)	1,678,334
Modification due to accounting error	-	-	458	-	458
Balance as at 1 January 2021	28,000	52	1,697,539	(46,799)	1,678,792
Net profit for the period	-	-	127,333	-	127,333
Other comprehensive income	-	-	<u>(12,791)</u>	-	<u>(12,791)</u>
Total comprehensive income	-	-	<u>114,542</u>	-	<u>114,542</u>
Share-based payment	-	-	1,691	-	1,691
Payments to ICES holders	-	-	(2,233)	-	(2,233)
Sale of treasury shares	-	-	-	49,018	49,018
Acquisition of treasury shares	-	-	-	(10,489)	(10,489)
Loss on treasury shares	-	-	(2,797)	-	(2,797)
Other transaction with owners	-	-	<u>(3,339)</u>	<u>38,529</u>	<u>35,190</u>
Balance as at 30 June 2021	<u>28,000</u>	<u>52</u>	<u>1,808,742</u>	<u>(8,270)</u>	<u>1,828,524</u>
Balance as at 1 January 2022	28,000	52	1,845,784	(58,872)	1,814,964
Net profit for the period	-	-	17,675	-	17,675
Reclassification	-	-	2	-	2
Other comprehensive income	-	-	<u>(35,846)</u>	-	<u>(35,846)</u>
Total comprehensive income	-	-	<u>(18,169)</u>	-	<u>(18,169)</u>
Share-based payment	-	-	1,474	-	1,474
Payments to ICES holders	-	-	-	-	-
Sale of treasury shares	-	-	-	70,048	70,048
Acquisition of treasury shares	-	-	-	(14,924)	(14,924)
Loss on sale of treasury shares	-	-	(21,394)	-	(21,394)
Dividend for the year 2021	-	-	<u>(120,248)</u>	-	<u>(120,248)</u>
Other transaction with owners	-	-	<u>(140,168)</u>	<u>55,124</u>	<u>(85,044)</u>
Balance as at 30 June 2022	<u>28,000</u>	<u>52</u>	<u>1,687,447</u>	<u>(3,748)</u>	<u>1,711,751</u>

OTP BANK PLC.
SEPARATE CONDENSED STATEMENT OF CASH FLOWS FOR SIX MONTH PERIOD ENDED 30
JUNE 2022 (UNAUDITED)
(in HUF mn)

	Six month period ended 30 June 2022	Year ended 31 December 2021	Six month period ended 30 June 2021
Profit before income tax	6,423	141,290	139,340
Net accrued interest	(6,038)	(2,205)	(30,803)
Income tax paid	(11,115)	(15,259)	(1,207)
Depreciation and amortization	22,152	40,784	20,048
Loss allowance / (Release of loss allowance)	185,935	68,257	9,474
Share-based payment	1,474	3,589	1,691
Unrealised (gains) / losses on fair value adjustment of financial instruments at fair value through profit or loss	(14,262)	23,051	7,978
Unrealised losses / (gains) on fair value adjustment of derivative financial instruments	18,825	30,962	(11,882)
Gains on securities	8,167	6,212	-
Interest expense from leasing liabilities	(393)	(214)	(111)
Foreign exchange loss	29,673	35,136	12,143
Proceeds from sale of tangible and intangible assets	(90)	82	(5)
Net change in assets and liabilities in operating activities	<u>384,881</u>	<u>421,748</u>	<u>134,922</u>
Net cash provided by operating activities	<u>625,632</u>	<u>753,433</u>	<u>281,588</u>
Net cash used in investing activities	<u>(576,342)</u>	<u>(807,585)</u>	<u>(509,119)</u>
Net cash (used in) / provided by financing activities	<u>(92,696)</u>	<u>(73,293)</u>	<u>30,559</u>
Net decrease in cash and cash equivalents	<u>(43,406)</u>	<u>(127,445)</u>	<u>(196,972)</u>
Cash and cash equivalents at the beginning of the year	<u>375,642</u>	<u>503,087</u>	<u>503,087</u>
Cash and cash equivalents at the end of the year	<u>332,236</u>	<u>375,642</u>	<u>306,115</u>

NOTE 1: ORGANIZATION AND BASIS OF FINANCIAL STATEMENTS

1.1. General information

These interim condensed financial statements had been prepared in accordance with the prescriptions of IAS 34.

1.2. Accounting

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

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

The Bank followed the same accounting policies and methods of computation in the interim financial statements as compared with the most recent annual financial statements.

NOTE 2: SIGNIFICANT EVENTS DURING THE SIX MONTH PERIOD ENDED 30 JUNE 2022**1) Capital increase in OTP Bank Romania**

See details about the event in Note 8.

2) Joint venture company in China

On 2 June 2022 OTP Bank Plc. executed transaction agreements with its partners to establish a consumer finance joint venture company as a greenfield investment in China, with a 15% shareholding.

3) Windfall 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, i.e. 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%. Consequently, in 2022 the windfall tax burden payable by the Hungarian members of OTP Group amounts to HUF 74.5 billion. This item is recognised in a lump sum in 2Q 2022, and it is presented amongst Other administrative expenses.

4) Maturity of OTP MOL Swap

The amended final maturity of the share swap agreement concluded with MOL Plc. (“MOL”) on 16 April 2009 – whereby OTP has exchanged 24.000.000 OTP ordinary shares for 5.010.501 (from 28 September 2017 for 40.084.008) „A” series MOL ordinary shares – is 11 July 2027, until which each party can initiate cash or physical settlement of the transaction.

5) Prolongation of deadline of loan moratorium and interest rate cap

On 17 June 2022 the government has prolonged the deadline for loan moratorium until 31 December 2022. Debtors affected by the moratorium could have declared about using further the payment moratorium until 31 July 2022.

Deadline for interest rate cap on retail loan products is prolonged also until 31 December 2022. Conditions are unchanged, which means reference rate cannot be higher than the relevant reference rate as at 27 October 2021.

NOTE 3: SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**1) Green Senior Preferred Notes issued**

Green Senior Preferred Notes have been issued on 13 July 2022 as value date in the aggregate nominal amount of EUR 400 million. The non-call 2 years senior preferred notes have a three years term and carry an annually paid fixed coupon of 5.5% in the first two years. With respect to the third year, the quarterly coupon is calculated as the sum of the initial margin (of 426.5 basis points) and the 3 month EURIBOR rate. 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.

2) The financial closure of the Albanian acquisition

See details about the event in Note 8.

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

	30 June 2022	31 December 2021
Held for trading securities:		
Government bonds	77,865	30,827
Other non-interest bearing securities	258	1,134
Hungarian government discounted Treasury Bills	2,979	869
Corporate shares and investments	413	599
Mortgage bonds	90	116
Other securities	<u>3,012</u>	<u>2,088</u>
Subtotal	<u>84,617</u>	<u>35,633</u>
Securities mandatorily measured at fair value through profit or loss		
Shares in investment funds	26,826	25,126
Shares	<u>2,823</u>	<u>2,935</u>
Subtotal	<u>29,649</u>	<u>28,061</u>
Held for trading derivative financial instruments:		
Foreign currency swaps	121,928	38,811
Interest rate swaps	97,225	59,097
CCIRS and mark-to-market CCIRS swaps	29,111	11,649
Other derivative transactions	<u>100,752</u>	<u>73,211</u>
Subtotal	<u>349,016</u>	<u>182,768</u>
Total	<u>463,282</u>	<u>246,462</u>

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

	30 June 2022	31 December 2021
Securities at fair value through other comprehensive income		
Government bonds	200,074	278,876
Mortgage bonds	187,634	217,941
Interest bearing treasury bills	275,642	63,115
Other securities	63,151	64,870
listed securities	<u>8,324</u>	<u>43,759</u>
in HUF	888	2,896
in foreign currency	7,436	40,863
-non-listed securities	<u>54,827</u>	<u>21,111</u>
in HUF	14,734	15,487
in foreign currency	40,093	5,624
Subtotal	<u>726,501</u>	<u>624,802</u>
Non-trading equity instruments		
-non-listed securities	<u>14,494</u>	<u>17,137</u>
in HUF	528	528
in foreign currency	13,966	16,609
	<u>14,494</u>	<u>17,137</u>
Securities at fair value through other comprehensive income total	<u>740,995</u>	<u>641,939</u>

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

	30 June 2022	31 December 2021
Government bonds	3,382,398	2,863,259
Other bonds	313,722	190,155
Mortgage bonds	<u>24,560</u>	<u>24,309</u>
Subtotal	<u>3,720,680</u>	<u>3,077,723</u>
Loss allowance	<u>(25,189)</u>	<u>(6,685)</u>
Total	<u>3,695,491</u>	<u>3,071,038</u>

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

	30 June 2022	31 December 2021
Balance as at 1 January	6,685	3,288
Reclassification	-	1,281
Balance as at 1 January	6,685	4,569
Loss allowance	17,967	4,404
Release of loss allowance	(1,087)	(2,370)
FX movement	1,624	<u>82</u>
Closing balance	<u>25,189</u>	<u>6,685</u>

NOTE 7: LOANS (in HUF mn)

Loans mandatorily measured at fair value through profit or loss

	30 June 2022	31 December 2021
Within one year	35,436	32,091
Over one year	<u>716,760</u>	<u>629,921</u>
Loans measured at fair value through profit or loss total	<u>752,196</u>	<u>662,012</u>

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

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

	30 June 2022	31 December 2021
Within one year	2,357,565	2,125,908
Over one year	<u>2,251,591</u>	<u>2,062,114</u>
Loans at amortised cost gross total	<u>4,609,156</u>	<u>4,188,022</u>
Loss allowance on loan losses	<u>(167,353)</u>	<u>(155,557)</u>
Loans at amortised cost total	<u>4,441,803</u>	<u>4,032,465</u>

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

An analysis of the loan portfolio by currency is as follows:

	30 June 2022	31 December 2021
In HUF	60%	62%
In foreign currency	<u>40%</u>	<u>38%</u>
Total	<u>100%</u>	<u>100%</u>

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

	30 June 2022	31 December 2021
Balance as at 1 January	155,557	123,670
Reclassification	-	(1,281)
Balance as at 1 January	155,557	122,389
Loss allowance	110,384	221,084
Release of loss allowance	(93,666)	(180,291)
Use of loss allowance	(7,526)	(6,951)
Partial write-off	(4,186)	(1,733)
FX movement	<u>6,790</u>	<u>1,059</u>
Closing balance	<u>167,353</u>	<u>155,557</u>

NOTE 8: INVESTMENTS IN SUBSIDIARIES (in HUF mn)

	30 June 2022	31 December 2021
Investments in subsidiaries:		
Controlling interest	2,028,848	2,006,178
Other	<u>19,607</u>	<u>16,086</u>
Subtotal	<u>2,048,455</u>	<u>2,022,264</u>
 Impairment loss	 <u>(575,366)</u>	 <u>(449,256)</u>
 Total	 <u>1,473,089</u>	 <u>1,573,008</u>

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

	30 June 2022	31 December 2021
Balance as at 1 January	449,256	425,163
Impairment loss for the period	126,931	59,132
Reversal of impairment loss	(821)	(31,712)
Use of impairment loss	=	<u>(3,327)</u>
Closing balance	<u>575,366</u>	<u>449,256</u>

The registered capital of the Romanian subsidiary of OTP Bank was increased to RON 2,279,253,360 from RON 2,079,253,200

The financial closure of the transaction to purchase 100% shareholding of Alpha Bank Albania SH.A., the Albanian subsidiary of the Alpha Bank Group has been completed on 18 July 2022, based on the share sale and purchase agreement concluded between OTP Bank and Alpha Bank Group's member, Alpha International Holdings Single Member S.A., on 6 December 2021. The integration of OTP Bank Albania and Alpha Bank Albania is expected to be completed in 2023.

NOTE 9: DEPOSITS FROM CUSTOMERS (in HUF mn)

	30 June 2022	31 December 2021
Within one year:		
In HUF	8,480,014	7,823,118
In foreign currency	<u>2,457,593</u>	<u>2,079,643</u>
	<u>10,937,607</u>	<u>9,902,761</u>
Over one year:		
In HUF	21,766	45,771
	<u>21,766</u>	<u>45,771</u>
 Subtotal	 <u>10,959,373</u>	 <u>9,948,532</u>

NOTE 9: DEPOSITS FROM CUSTOMERS (in HUF mn) [continued]

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

	30 June 2022		31 December 2021	
Retail deposits	4,787,722	44%	4,475,933	45%
Household deposits	4,787,722	44%	4,475,933	45%
Corporate deposits	6,171,651	56%	5,472,599	55%
Deposits to medium and large corporates	5,278,734	48%	4,639,198	47%
Municipality deposits	<u>892,917</u>	<u>8%</u>	<u>833,401</u>	<u>8%</u>
Total	<u>10,959,373</u>	<u>100%</u>	<u>9,948,532</u>	<u>100%</u>

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

	30 June 2022	31 December 2021
Within one year:		
In HUF	<u>6,657</u>	<u>12,048</u>
	<u>6,657</u>	<u>12,048</u>
Over one year:		
In HUF	<u>9,737</u>	<u>10,105</u>
	<u>9,737</u>	<u>10,105</u>
Total	<u>16,394</u>	<u>22,153</u>

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

Contingent liabilities and commitments

	30 June 2022	31 December 2021
Loan commitments	1,990,572	1,677,030
Guarantees arising from banking activities	1,584,270	1,507,917
<i>from this: Payment undertaking liabilities (related to issue of mortgage bonds) of OTP Mortgage Bank</i>	808,276	746,476
Factoring loan commitments	444,917	423,673
Confirmed letters of credit	<u>32,597</u>	<u>30,381</u>
Contingent liabilities and commitments total in accordance with IFRS 9	<u>4,052,356</u>	<u>3,639,001</u>
Legal disputes (disputed value)	3,824	3,204
Contingent liabilities related to payments from shares in venture capital fund	44,582	47,550
Guarantee related to quote	22,050	=
Other	<u>411</u>	<u>408</u>
Contingent liabilities and commitments total in accordance with IAS 37	<u>70,867</u>	<u>51,162</u>
Total	<u>4,123,223</u>	<u>3,690,163</u>

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

The Bank believes that the various asserted claims and litigations in which it is involved will not materially affect its financial position, future operating results or cash flows, although no assurance can be given with respect to the ultimate outcome of any such claim or litigation. Provision due to legal disputes was HUF 1 925 million and HUF 259 million as at 30 June 2022 and 31 December 2021, respectively.

NOTE 12: DERIVATIVE FINANCIAL INSTRUMENTS (in HUF mn)

Fair value of derivative instruments

Positive fair values of derivative instruments designated as hedge accounting relationships are presented separately in the statement of financial position, while positive fair values of derivative instruments classified as held for trading are included in financial assets at fair value through profit or loss. Negative fair values of hedging derivative instruments are presented separately in the statement of financial position, negative fair values of derivatives held for trading are included in the negative fair value of derivative financial instruments classified as held for trading line.

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

	30 June 2022					31 December 2021				
	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	129,912	(125,654)	110,069	19,843	(15,585)	54,251	(53,720)	40,783	13,468	(12,937)
Cross currency interest rate swaps	26,585	(15,615)	-	26,585	(15,615)	7,207	(7,618)	-	7,207	(7,618)
OTC options	598	(574)	-	598	(574)	479	(479)	-	479	(479)
Forward rate agreement	=	=	=	=	=	=	=	=	=	=
Total interest rate derivatives (OTC derivatives)	157,095	(141,843)	110,069	47,026	(31,774)	61,937	(61,817)	40,783	21,154	(21,034)
<i>From this: Interest rate derivatives cleared by NBH</i>	<i>2,186</i>	<i>-</i>	<i>-</i>	<i>2,186</i>	<i>-</i>	<i>1,276</i>	<i>-</i>	<i>-</i>	<i>1,276</i>	<i>-</i>
Foreign exchange derivatives										
Foreign exchange swaps	114,203	(100,585)	-	114,203	(100,585)	36,896	(40,639)	-	36,896	(40,639)
Foreign exchange forward	21,351	(11,109)	-	21,351	(11,109)	8,854	(6,819)	-	8,854	(6,819)
OTC options	1,745	(1,230)	-	1,745	(1,230)	804	(180)	-	804	(180)
Foreign exchange spot conversion	491	(303)	=	491	(303)	175	(246)	=	175	(246)
Total foreign exchange derivatives (OTC derivatives)	137,790	(113,227)	=	137,790	(113,227)	46,729	(47,884)	=	46,729	(47,884)
<i>From this: Foreign exchange derivatives cleared by NBH</i>	<i>1,298</i>	<i>(289)</i>	<i>-</i>	<i>1,298</i>	<i>(289)</i>	<i>3,447</i>	<i>(1,480)</i>	<i>-</i>	<i>3,447</i>	<i>(1,480)</i>

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

Fair value of derivative instruments

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

	30 June 2022			31 December 2021						
	Before netting Assets	Liabilities	Netting	After netting Assets	Liabilities	Before netting Assets	Liabilities	Netting	After netting Assets	Liabilities
Equity stock and index derivatives										
Commodity Swaps	74,816	(74,198)	-	74,816	(74,198)	52,197	(52,166)	-	52,197	(52,166)
Equity swaps	<u>1,183</u>	<u>(381)</u>	-	<u>1,183</u>	<u>(381)</u>	<u>10,538</u>	<u>(357)</u>	-	<u>10,538</u>	<u>(357)</u>
OTC derivatives	<u>75,999</u>	<u>(74,579)</u>	-	<u>75,999</u>	<u>(74,579)</u>	<u>62,735</u>	<u>(52,523)</u>	-	<u>62,735</u>	<u>(52,523)</u>
Exchange traded futures and options	547	(736)	-	547	(736)	164	(278)	-	164	(278)
Total equity stock and index derivatives	<u>76,546</u>	<u>(75,315)</u>	-	<u>76,546</u>	<u>(75,315)</u>	<u>62,899</u>	<u>(52,801)</u>	-	<u>62,899</u>	<u>(52,801)</u>
Derivatives held for risk management not designated in hedges										
Interest rate swaps	89,677	(164,715)	12,295	77,382	(152,420)	51,311	(70,811)	5,682	45,629	(65,129)
Foreign exchange swaps	7,725	(2,522)	-	7,725	(2,522)	1,915	(5,245)	-	1,915	(5,245)
Foreign exchange spot conversion	-	-	-	-	-	-	-	-	-	-
Forward	21	(31)	-	21	(31)	-	-	-	-	-
Cross currency interest rate swaps	<u>2,526</u>	<u>(317)</u>	-	<u>2,526</u>	<u>(317)</u>	<u>4,442</u>	<u>(168)</u>	-	<u>4,442</u>	<u>(168)</u>
Total derivatives held for risk management not designated in hedges	<u>99,949</u>	<u>(167,585)</u>	<u>12,295</u>	<u>87,654</u>	<u>(155,290)</u>	<u>57,668</u>	<u>(76,224)</u>	<u>5,682</u>	<u>51,986</u>	<u>(70,542)</u>
<i>From this: Total derivatives cleared by NBH held for risk management</i>	63,526	-	-	63,526	-	35,226	(497)	-	35,226	(497)
Total Held for trading derivative financial instruments	<u>471,380</u>	<u>(497,970)</u>	<u>122,364</u>	<u>349,016</u>	<u>(375,606)</u>	<u>229,233</u>	<u>(238,726)</u>	<u>46,465</u>	<u>182,768</u>	<u>(192,261)</u>
Derivative financial instruments designated as hedge accounting relationships										
Derivatives designated in cash flow hedges										
Interest rate swaps	-	(6,868)	2,102	(2,102)	(4,766)	-	(8,638)	1,020	(1,020)	(7,618)
Total derivatives designated in cash flow hedges	-	<u>(6,868)</u>	<u>2,102</u>	<u>(2,102)</u>	<u>(4,766)</u>	-	<u>(8,638)</u>	<u>1,020</u>	<u>(1,020)</u>	<u>(7,618)</u>
Derivatives designated in fair value hedges										
Interest rate swaps	46,725	(42,605)	24,076	22,649	(18,529)	25,407	(17,878)	12,131	13,276	(5,747)
Cross currency interest rate swaps	13,722	(17,219)	-	13,722	(17,219)	5,471	(5,325)	-	5,471	(5,325)
Foreign exchange swaps	-	(21,163)	-	-	(21,163)	-	-	-	-	-
Total derivatives designated in fair value hedges	<u>60,447</u>	<u>(80,987)</u>	<u>24,076</u>	<u>36,371</u>	<u>(56,911)</u>	<u>30,878</u>	<u>(23,203)</u>	<u>12,131</u>	<u>18,747</u>	<u>(11,072)</u>
<i>From this: Total derivatives cleared by NBH held for hedging</i>	-	(2,812)	-	-	(2,812)	-	(2,249)	-	-	(2,249)
Total derivatives held for risk management (OTC derivatives)	<u>60,447</u>	<u>(87,855)</u>	<u>26,178</u>	<u>34,269</u>	<u>(61,677)</u>	<u>30,878</u>	<u>(31,841)</u>	<u>13,151</u>	<u>17,727</u>	<u>(18,690)</u>

NOTE 13: NET INTEREST INCOME (in HUF mn)

	Six month period ended 30 June 2022	Year ended 31 December 2021	Six month period ended 30 June 2021
Interest income accounted for using the effective interest rate method from / on			
Loans at amortised cost	118,302	168,388	80,453
Placements with other banks	80,559	33,544	8,681
FVOCI securities	12,335	21,456	11,063
Securities at amortised cost	44,459	61,085	27,499
Financial liabilities	5,516	3,337	1,201
Amounts due from banks and balances with National Bank of Hungary	3,189	14,245	8,002
Repo receivables	<u>753</u>	<u>318</u>	<u>92</u>
Subtotal	<u>265,113</u>	<u>302,373</u>	<u>136,991</u>
Income similar to interest income			
Loans mandatorily measured at fair value through profit or loss	15,853	26,045	10,897
Swap and forward deals related to Placements with other banks	94,677	68,975	28,634
Swap and forward deals related to Loans at amortised cost	15,520	11,487	4,997
Swap and forward deals related to FVOCI securities	1,847	(850)	(846)
Investment properties	<u>4</u>	<u>6</u>	<u>3</u>
Subtotal	<u>127,901</u>	<u>105,663</u>	<u>43,685</u>
Interest income total	<u>393,014</u>	<u>408,036</u>	<u>180,676</u>
Interest expense due to / from / on			
Amounts due to banks and deposits from the National Bank of Hungary and other banks	154,898	107,928	30,800
Deposits from customers	77,772	33,403	10,563
Leasing liabilities	393	214	111
Liabilities from issued securities	298	377	163
Subordinated bonds and loans	3,888	7,890	4,006
Investment properties (depreciation)	67	92	22
Financial assets	1,912	2,193	1,094
Repo liabilities	15,058	3,394	1,053
Swap transaction related to acquisitions	<u>189</u>	<u>-</u>	<u>-</u>
Subtotal	<u>254,475</u>	<u>155,491</u>	<u>47,812</u>