



OTP BANK PLC.

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

**FOR THE YEAR
ENDED 31 DECEMBER 2022**

OTP BANK PLC.

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OTP BANK PLC.
SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (UNAUDITED)
(in HUF mn)

	Note	2022	2021
Cash, amounts due from banks and balances with the National Bank of Hungary		1,092,198	474,945
Placements with other banks, net of allowance for placement losses		2,899,829	2,567,212
Repo receivables		246,529	33,638
Financial assets at fair value through profit or loss	4.	410,012	246,462
Financial assets at fair value through other comprehensive income	5.	797,175	641,939
Securities at amortised cost	6.	3,282,373	3,071,038
Loans at amortised cost	7.	4,825,040	4,032,465
Loans mandatorily measured at fair value through profit or loss	7.	793,242	662,012
Investments in subsidiaries	8.	1,596,717	1,573,008
Property and equipment		94,564	81,817
Intangible assets		69,480	62,161
Right of use assets		39,882	17,231
Investment properties		4,207	4,328
Deferred tax assets		35,742	-
Current tax assets		1,569	-
Derivative financial assets designated as hedge accounting relationships		47,220	17,727
Other assets		<u>329,752</u>	<u>224,488</u>
TOTAL ASSETS		<u>16,565,531</u>	<u>13,710,471</u>
Amounts due to banks and deposits from the National Bank of Hungary and other banks		1,736,128	1,051,203
Repo liabilities		408,366	86,580
Deposits from customers	9.	11,119,158	9,948,532
Leasing liabilities		41,464	17,932
Liabilities from issued securities	10.	498,709	22,153
Financial liabilities at fair value through profit or loss		16,576	20,133
Derivative financial liabilities designated as held for trading		373,401	192,261
Derivative financial liabilities designated as hedge accounting relationships		50,623	18,690
Deferred tax liabilities		-	1,507
Current tax liabilities		3,199	4,776
Provisions		29,656	21,527
Other liabilities		313,188	238,437
Subordinated bonds and loans		<u>294,186</u>	<u>271,776</u>
TOTAL LIABILITIES		<u>14,884,654</u>	<u>11,895,507</u>
Share capital		28,000	28,000
Retained earnings and reserves		1,655,601	1,845,836
Treasury shares		<u>(2,724)</u>	<u>(58,872)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>1,680,877</u>	<u>1,814,964</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>16,565,531</u>	<u>13,710,471</u>

OTP BANK PLC.
SEPARATE CONDENSED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31
DECEMBER 2022 (UNAUDITED)
(in HUF mn)

	Note	Year ended 31 December 2022	Year ended 31 December 2021
Interest income and similar to interest income total	13.	1,098,910	408,036
Interest expenses total	13.	<u>(802,020)</u>	<u>(155,491)</u>
NET INTEREST INCOME	13.	<u>296,890</u>	<u>252,545</u>
Risk cost total		(94,594)	(56,710)
NET INTEREST INCOME AFTER RISK COST		<u>202,296</u>	<u>195,835</u>
		-	
Gains / (Losses) arising from derecognition of financial assets measured at amortised cost		(56,195)	(2,700)
Modification loss		(14,856)	(7,017)
Net profit from fees and commissions		296,357	248,527
Net operating income		57,422	62,074
Other administrative expenses		<u>(492,030)</u>	<u>(355,429)</u>
PROFIT BEFORE INCOME TAX		(7,006)	141,290
Income tax		<u>13,638</u>	<u>(15,951)</u>
PROFIT AFTER INCOME TAX		<u>6,632</u>	<u>125,339</u>
Earnings per share (in HUF)			
Basic		<u>24</u>	<u>455</u>
Diluted		<u>24</u>	<u>455</u>

OTP BANK PLC.
SEPARATE CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 DECEMBER 2022 (UNAUDITED)
(in HUF mn)

The comprehensive income items are as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
PROFIT AFTER INCOME TAX	<u>6,632</u>	<u>125,339</u>
Items that may be reclassified subsequently to profit or loss:		
Fair value adjustment of debt instruments at fair value through other comprehensive income	(55,804)	(37,163)
Deferred tax (9%) related to fair value adjustment of debt instruments at fair value through other comprehensive income	5,186	3,410
Gains / (Losses) on separated currency spread of financial instruments designated as hedging instrument	(4,887)	1,681
Deferred tax (9%) related to (losses) / gains on separated currency spread of financial instruments designated as hedging instrument	440	(151)
(Losses) / Gains on derivative financial instruments designated as cash flow hedge	(5,641)	(6,307)
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	61	1,407
Deferred tax (9%) related to equity instruments at fair value through other comprehensive income	(41)	(281)
Total	<u>(58,011)</u>	<u>(37,404)</u>
TOTAL COMPREHENSIVE INCOME	<u>(51,379)</u>	<u>87,935</u>

OTP BANK PLC.
SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
31 DECEMBER 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	-	-	1,034	-	1,034
Balance as at 1 January 2021	28,000	52	1,698,115	(46,799)	1,679,368
Net profit for the period	-	-	125,339	-	125,339
Other comprehensive income	=	=	<u>(37,404)</u>	=	<u>(37,404)</u>
Total comprehensive income	=	=	<u>87,935</u>	=	<u>87,935</u>
Share-based payment	-	-	3,589	-	3,589
Payments to ICES holders	-	-	(3,734)	-	(3,734)
Decrease due to termination of ICES bonds	-	-	75,422	-	75,422
Sale of treasury shares	-	-	-	264,360	264,360
Acquisition of treasury shares	-	-	-	(276,433)	(276,433)
Loss on treasury shares	-	-	(15,543)	-	(15,543)
Other transaction with owners	=	=	<u>59,734</u>	<u>(12,073)</u>	<u>47,661</u>
Balance as at 1 January 2022	<u>28,000</u>	<u>52</u>	<u>1,845,784</u>	<u>(58,872)</u>	<u>1,814,964</u>
Net profit for the period	-	-	6,632	-	6,632
Other movement	-	-	2	-	2
Other comprehensive income	=	=	<u>(58,011)</u>	=	<u>(58,011)</u>
Total comprehensive income	=	=	<u>(51,377)</u>	=	<u>(51,377)</u>
Share-based payment	-	-	2,948	-	2,948
Sale of treasury shares	-	-	-	72,416	72,416
Acquisition of treasury shares	-	-	-	(16,268)	(16,268)
Loss on sale of treasury shares	-	-	(21,558)	-	(21,558)
Dividend for the year 2021	=	=	<u>(120,248)</u>	=	<u>(120,248)</u>
Other transaction with owners	=	=	<u>(138,858)</u>	<u>56,148</u>	<u>(82,710)</u>
Balance as at 31 December 2022	<u>28,000</u>	<u>52</u>	<u>1,655,549</u>	<u>(2,724)</u>	<u>1,680,877</u>

OTP BANK PLC.
SEPARATE CONDENSED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31
DECEMBER 2022 (UNAUDITED)
(in HUF mn)

	Year ended 31 December 2022	Year ended 31 December 2021
Profit before income tax	<u>(7,006)</u>	<u>141,290</u>
Net accrued interest	(11,196)	(2,205)
Income tax paid	(19,953)	(15,259)
Depreciation and amortization	46,873	40,784
Loss allowance / (Release of loss allowance)	221,212	68,257
Share-based payment	2,948	3,589
Unrealised (gains) / losses on fair value adjustment of financial instruments at fair value through profit or loss	391	23,051
Unrealised losses / (gains) on fair value adjustment of derivative financial instruments	52,840	30,962
Gains on securities	62,354	6,212
Interest expense from leasing liabilities	(1,181)	(214)
Foreign exchange loss	9,359	35,136
Proceeds from sale of tangible and intangible assets	(267)	82
Net change in assets and liabilities in operating activities	<u>(346,236)</u>	<u>421,748</u>
Net cash provided by operating activities	<u>10,138</u>	<u>753,433</u>
Net cash used in investing activities	<u>(425,810)</u>	<u>(807,585)</u>
Net cash provided by / (used in) financing activities	<u>391,800</u>	<u>(73,293)</u>
Net increase / (decrease) in cash and cash equivalents	<u>(23,872)</u>	<u>(127,445)</u>
Cash and cash equivalents at the beginning of the year	<u>375,642</u>	<u>503,087</u>
Cash and cash equivalents at the end of the year	<u>351,770</u>	<u>375,642</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 YEAR ENDED 31 DECEMBER 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) Contract modification 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 30 June 2023. Conditions are unchanged, which means reference rate cannot be higher than the relevant reference rate as at 27 October 2021.

The Government has introduced an interest rate cap for micro, small and medium-sized enterprises for both loan and financial leasing contracts. According to this regulation, between 15 November 2022 and 30 June 2023, the reference interest rate of these contracts cannot be higher than the interest rate valid on 28 June 2022.

In 2022, in connection with the extraordinary weather, the Government decreed a payment moratorium on credit and loan agreements and financial lease agreements of agricultural farmers between 1 September 2022 and 31 December 2023.

NOTE 2: SIGNIFICANT EVENTS DURING THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2022 [continued]

6) 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.

7) The financial closure of the Albanian acquisition

See details about the event in Note 8.

8) Green Senior Preferred Notes issued in amount of USD 60 million

The Bank has issued "green" notes on 29 September 2022 in the aggregate nominal amount of USD 60 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.

9) Acquisition in Uzbekistan

See details about the event in Note 8.

NOTE 3: SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

1) Capital increase at OTP Mortgage Bank Ltd.

See details about the event in Note 8.

2) Acquisition in Slovenia

See details about the event in Note 8.

3) Issuance of USD 650 million Bonds

On 15 February 2023 as a value date the Bank issued Notes in the aggregate nominal amount of USD 650 million. The original maturity of the Tier 2 Notes is 10.25 years, redeemable at par any time during the 3-month period prior to the Reset Date at 5.25 years. The notes are rated 'Ba2' by Moody's Investor Services Cyprus Ltd., 'BB' by S&P Ratings Europe Limited and 'BB+' by Scope Ratings GmbH. The notes are listed on the Luxembourg Stock Exchange.

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

	2022	2021
Held for trading securities:		
Government bonds	67,521	30,827
Other non-interest-bearing securities	274	1,134
Hungarian government discounted Treasury Bills	4,785	869
Corporate shares and investments	385	599
Mortgage bonds	82	116
Other securities	<u>1,748</u>	<u>2,088</u>
Subtotal	<u>74,795</u>	<u>35,633</u>
Securities mandatorily measured at fair value through profit or loss		
Shares in investment funds	29,029	25,126
Shares	<u>1,469</u>	<u>2,935</u>
Subtotal	<u>30,498</u>	<u>28,061</u>
Held for trading derivative financial instruments:		
Foreign currency swaps	121,854	38,811
Interest rate swaps	121,506	59,097
CCIRS and mark-to-market CCIRS swaps	14,847	11,649
Other derivative transactions	<u>46,512</u>	<u>73,211</u>
Subtotal	<u>304,719</u>	<u>182,768</u>
Total	<u>410,012</u>	<u>246,462</u>

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

	2022	2021
Securities at fair value through other comprehensive income		
Government bonds	177,393	278,876
Mortgage bonds	356,540	217,941
Interest bearing treasury bills	182,726	63,115
Other securities	62,594	64,870
-listed securities	<u>7,290</u>	<u>43,759</u>
in HUF	-	2,896
in foreign currency	7,290	40,863
-non-listed securities	<u>55,304</u>	<u>21,111</u>
in HUF	14,304	15,487
in foreign currency	41,000	5,624
Subtotal	<u>779,253</u>	<u>624,802</u>
Non-trading equity instruments		
-non-listed securities	<u>17,922</u>	<u>17,137</u>
in HUF	528	528
in foreign currency	17,394	16,609
	<u>17,922</u>	<u>17,137</u>
Securities at fair value through other comprehensive income total	<u>797,175</u>	<u>641,939</u>

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

	2022	2021
Government bonds	2,979,400	2,863,259
Other bonds	314,237	190,155
Mortgage bonds	<u>24,586</u>	<u>24,309</u>
Subtotal	<u>3,318,223</u>	<u>3,077,723</u>
Loss allowance	<u>(35,850)</u>	<u>(6,685)</u>
Total	<u>3,282,373</u>	<u>3,071,038</u>

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

	2022	2021
Balance as at 1 January	6,685	3,288
Reclassification	-	1,281
Balance as at 1 January	6,685	4,569
Loss allowance	31,696	4,404
Release of loss allowance	(4,073)	(2,370)
FX movement	<u>1,542</u>	<u>82</u>
Closing balance	<u>35,850</u>	<u>6,685</u>

NOTE 7: LOANS (in HUF mn)

Loans mandatorily measured at fair value through profit or loss

	2022	2021
Within one year	39,694	32,091
Over one year	<u>753,548</u>	<u>629,921</u>
Loans measured at fair value through profit or loss total	<u>793,242</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

	2022	2021
Within one year	2,481,249	2,125,908
Over one year	<u>2,518,671</u>	<u>2,062,114</u>
Loans at amortised cost gross total	<u>4,999,920</u>	<u>4,188,022</u>
Loss allowance on loan losses	<u>(174,880)</u>	<u>(155,557)</u>
Loans at amortised cost total	<u>4,825,040</u>	<u>4,032,465</u>

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

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

	2022	2021
In HUF	58%	62%
In foreign currency	<u>42%</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:

	2022	2021
Balance as at 1 January	155,557	123,670
Reclassification	-	(1,281)
Balance as at 1 January	155,557	122,389
Loss allowance	248,996	221,084
Release of loss allowance	(210,342)	(180,291)
Use of loss allowance	(21,274)	(6,951)
Partial write-off	(4,342)	(1,733)
FX movement	<u>6,285</u>	<u>1,059</u>
Closing balance	<u>174,880</u>	<u>155,557</u>

NOTE 8: INVESTMENTS IN SUBSIDIARIES (in HUF mn)

	2022	2021
Investments in subsidiaries:		
Controlling interest	2,116,059	2,006,178
Other	<u>23,427</u>	<u>16,086</u>
Subtotal	<u>2,139,486</u>	<u>2,022,264</u>
 Impairment loss	 <u>(542,769)</u>	 <u>(449,256)</u>
 Total	 <u>1,596,717</u>	 <u>1,573,008</u>

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

	2022	2021
Balance as at 1 January	449,256	425,163
Impairment loss for the period	147,712	59,132
Reversal of impairment loss	(54,199)	(31,712)
Use of impairment loss	=	<u>(3,327)</u>
Closing balance	<u>542,769</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.

The Metropolitan Court of Registration has registered a capital increase at OTP Mortgage Bank Ltd. The registered capital of OTP Mortgage Bank Ltd. was increased to HUF 57,000,000,000 from HUF 37,000,000,000.

The Bank signed a purchase and sale contract for the purchase of the majority stake of Ipoteka Bank and its subsidiaries with the Ministry of Finance of the Republic of Uzbekistan.

OTP Bank will purchase 100% of the shares held by the Ministry of Finance of the Republic of Uzbekistan (nearly 97% total shareholding) in two steps: 75% of the shares now and the remaining 25% three years after the financial closing of the first transaction.

Ipoteka Bank is the fifth largest bank in Uzbekistan, with a market share of 8.5% based on total assets on 1 October 2022, with more than 1.6 million retail customers and a significant corporate clientele.

The financial closure of the first transaction is expected in 1H 2023 subject to obtaining all the necessary regulatory approvals.

The financial completion of the transaction to purchase 100% shareholding of Nova KBM d.d. and its subsidiary – after obtaining all necessary regulatory approvals – has been completed on 6 February 2023, based on the share sale and purchase agreement concluded between OTP Bank, funds managed by affiliates of Apollo Global Management, Inc. and EBRD, on 31 May 2021. The acquisition of the bank is the most significant acquisition in the history of OTP Group.

With a market share of 20.7% in terms of total assets as of September 2022 and more than 1,500 employees as of the end of 2022, Nova KBM d.d. is the 2nd largest bank in the Slovenian banking market. As a universal bank, it has been active in the retail and corporate segments as well. With the transaction closing of Nova KBM, OTP Group has around 30% share in the Slovenian banking market on a pro-forma basis.

NOTE 9: DEPOSITS FROM CUSTOMERS (in HUF mn)

	2022	2021
Within one year:		
In HUF	7,982,882	7,823,118
In foreign currency	<u>3,112,937</u>	<u>2,079,643</u>
	<u>11,095,819</u>	<u>9,902,761</u>
Over one year:		
In HUF	23,339	45,771
	<u>23,339</u>	<u>45,771</u>
Subtotal	<u>11,119,158</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:

	2022		2021	
Retail deposits	4,756,881	43%	4,475,933	45%
Household deposits	4,756,881	43%	4,475,933	45%
Corporate deposits	6,362,277	57%	5,472,599	55%
Deposits to medium and large corporates	5,570,866	50%	4,639,198	47%
Municipality deposits	<u>791,411</u>	<u>7%</u>	<u>833,401</u>	<u>8%</u>
Total	<u>11,119,158</u>	<u>100%</u>	<u>9,948,532</u>	<u>100%</u>

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

	2022	2021
Within one year:		
In HUF	4,311	12,048
In foreign currency	<u>6,351</u>	-
	<u>10,662</u>	<u>12,048</u>
Over one year:		
In HUF	46,192	10,105
In foreign currency	<u>441,855</u>	-
	<u>488,047</u>	<u>10,105</u>
Total	<u>498,709</u>	<u>22,153</u>

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

Contingent liabilities and commitments

	2022	2021
Loan commitments	1,852,164	1,677,030
Guarantees arising from banking activities	1,873,824	1,507,917
<i>from this: Payment undertaking liabilities (related to issue of mortgage bonds) of OTP Mortgage Bank</i>	<i>955,480</i>	<i>746,476</i>
Factoring loan commitments	373,417	423,673
Confirmed letters of credit	12,376	30,381
Contingent liabilities and commitments total in accordance with IFRS 9	<u>4,111,781</u>	<u>3,639,001</u>
Legal disputes (disputed value)	3,678	3,204
Contingent liabilities related to payments from shares in venture capital fund	28,614	47,550
Other	7	408
Contingent liabilities and commitments total in accordance with IAS 37	<u>32,299</u>	<u>51,162</u>
Total	<u>4,144,080</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 1.917 million and HUF 259 million as at 31 December 2022 and 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:

	2022			2021						
	Before netting Assets	Liabilities	Netting	Before netting Assets	Liabilities	Netting	Before netting Assets	Liabilities	Netting	
Held for trading derivative financial instruments										
Interest rate derivatives										
Interest rate swaps	162,519	(170,144)	155,468	7,051	(14,676)	54,251	(53,720)	40,783	13,468	(12,937)
Cross currency interest rate swaps	11,332	(12,139)	-	11,332	(12,139)	7,207	(7,618)	-	7,207	(7,618)
OTC options	1,000	(1,000)	-	1,000	(1,000)	479	(479)	-	479	(479)
FRA	505	(3)	505	-	502	-	-	-	-	-
Total interest rate derivatives (OTC derivatives)	175,356	(183,286)	155,973	19,383	(27,313)	61,937	(61,817)	40,783	21,154	(21,034)
<i>From this: Interest rate derivatives cleared by NBH</i>	2,702	-	-	2,702	-	1,276	-	-	1,276	-
Foreign exchange derivatives										
Foreign exchange swaps	109,167	(76,037)	-	109,167	(76,037)	36,896	(40,639)	-	36,896	(40,639)
Foreign exchange forward	9,909	(11,936)	-	9,909	(11,936)	8,854	(6,819)	-	8,854	(6,819)
OTC options	1,048	(822)	-	1,048	(822)	804	(180)	-	804	(180)
Foreign exchange spot conversion	162	(162)	-	162	(162)	175	(246)	-	175	(246)
Total foreign exchange derivatives (OTC derivatives)	120,286	(88,957)	-	120,286	(88,957)	46,729	(47,884)	-	46,729	(47,884)
<i>From this: Foreign exchange derivatives cleared by NBH</i>	22,214	-	-	22,214	-	3,447	(1,480)	-	3,447	(1,480)

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:

	2022			2021							
	Before netting Assets	Liabilities	Netting	After netting Assets	Liabilities	Netting	Before netting Assets	Liabilities	Netting	After netting Assets	Liabilities
Equity stock and index derivatives											
Commodity Swaps	34,058	(32,048)	-	34,058	(32,048)	-	52,197	(52,166)	-	52,197	(52,166)
Equity swaps	54	(702)	-	54	(702)	-	10,538	(357)	-	10,538	(357)
OTC derivatives	34,112	(32,750)	-	34,112	(32,750)	-	62,735	(52,523)	-	62,735	(52,523)
Exchange traded futures and options	214	(1,887)	-	214	(1,887)	-	164	(278)	-	164	(278)
Total equity stock and index derivatives	34,326	(34,637)	-	34,326	(34,637)	-	62,899	(52,801)	-	62,899	(52,801)
Derivatives held for risk management not designated in hedges											
Interest rate swaps	133,399	(225,915)	18,944	114,455	(206,971)	51,311	(70,811)	5,682	45,629	(65,129)	
Foreign exchange swaps	12,687	(11,908)	-	12,687	(11,908)	1,915	(5,245)	-	1,915	(5,245)	
Foreign exchange spot conversion	-	(43)	-	-	(43)	-	-	-	-	-	
Forward	67	-	-	67	-	-	-	-	-	-	
Cross currency interest rate swaps	3,515	(3,572)	-	3,515	(3,572)	4,442	(168)	-	4,442	(168)	
Total derivatives held for risk management not designated in hedges	149,668	(241,438)	18,944	130,724	(222,494)	57,668	(76,224)	5,682	51,986	(70,542)	
<i>From this: Total derivatives cleared by NBH held for risk management</i>	78,916	(1,879)	-	78,916	(1,879)	35,226	(497)	-	35,226	(497)	
Total Held for trading derivative financial instruments	479,636	(548,318)	174,917	304,719	(373,401)	229,233	(238,726)	46,465	182,768	(192,261)	
Derivative financial instruments designated as hedge accounting relationships											
Derivatives designated in cash flow hedges											
Interest rate swaps	=	(25,325)	2,651	(2,651)	(22,674)	=	(8,638)	1,020	(1,020)	(7,618)	
Total derivatives designated in cash flow hedges	=	(25,325)	2,651	(2,651)	(22,674)	=	(8,638)	1,020	(1,020)	(7,618)	
Derivatives designated in fair value hedges											
Interest rate swaps	58,381	(37,290)	30,938	27,443	(6,352)	25,407	(17,878)	12,131	13,276	(5,747)	
Cross currency interest rate swaps	20,732	(5,398)	-	20,732	(5,398)	5,471	(5,325)	-	5,471	(5,325)	
Foreign exchange swaps	1,696	(16,199)	-	1,696	(16,199)	-	-	-	-	-	
Total derivatives designated in fair value hedges	80,809	(58,887)	30,938	49,871	(27,949)	30,878	(23,203)	12,131	18,747	(11,072)	
<i>From this: Total derivatives cleared by NBH held for hedging</i>	-	(5,485)	-	-	(5,485)	-	(2,249)	-	-	(2,249)	
Total derivatives held for risk management (OTC derivatives)	80,809	(84,212)	33,589	47,220	(50,623)	30,878	(31,841)	13,151	17,727	(18,690)	

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

	2022	2021
Interest income accounted for using the effective interest rate method from / on		
Loans at amortised cost	297,727	168,388
Placements with other banks	204,479	33,544
Securities at amortised cost	92,948	61,085
FVOCI securities	39,988	21,456
Financial liabilities	20,098	3,337
Amounts due from banks and balances with National Bank of Hungary	56,204	14,245
Repo receivables	<u>10,235</u>	<u>318</u>
Subtotal	<u>721,679</u>	<u>302,373</u>
Income similar to interest income		
Loans mandatorily measured at fair value through profit or loss	35,927	26,045
Swap and forward deals related to Placements with other banks	273,322	68,975
Swap and forward deals related to Loans at amortised cost	60,744	11,487
Swap and forward deals related to FVOCI securities	7,230	(850)
Investment properties	<u>8</u>	<u>6</u>
Subtotal	<u>377,231</u>	<u>105,663</u>
Interest income total	<u>1,098,910</u>	<u>408,036</u>
Interest expense due to / from / on		
Amounts due to banks and deposits from the National Bank of Hungary and other banks	408,865	107,928
Deposits from customers	301,657	33,403
Leasing liabilities	1,186	214
Liabilities from issued securities	7,742	377
Subordinated bonds and loans	8,646	7,890
Investment properties (depreciation)	135	92
Financial assets	6,369	2,193
Repo liabilities	66,049	3,394
Swap transaction related to acquisitions	<u>1,371</u>	-
Subtotal	<u>802,020</u>	<u>155,491</u>