



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 2020**

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	Note	30 June 2020	31 December 2019	30 June 2019
Cash, amounts due from banks and balances with the National Bank of Hungary		469,992	289,686	420,324
Placements with other banks, net of allowance for placement losses		1,476,344	1,560,142	1,295,251
Repo receivables		11,922	45,539	35,474
Financial assets at fair value through profit or loss	4.	226,159	172,229	138,184
Financial assets at fair value through other comprehensive income	5.	983,207	1,485,977	1,548,907
Loans at amortised cost	6.	3,546,813	3,285,338	2,889,563
Loans mandatorily at fair value through profit or loss	6.	28,543	29,731	30,463
Investments in subsidiaries, associates and other investments	7.	1,547,443	1,542,538	1,201,535
Securities at amortised cost	8.	1,643,025	1,447,224	1,439,115
Property and equipment		75,395	77,754	71,870
Intangible assets		54,402	53,282	40,129
Right-of-use assets		14,888	13,607	14,691
Investment properties		2,356	2,381	2,400
Derivative financial assets designated as fair value hedge		22,529	16,677	12,630
Other assets		<u>168,179</u>	<u>116,699</u>	<u>129,725</u>
TOTAL ASSETS		<u>10,271,197</u>	<u>10,138,804</u>	<u>9,270,261</u>
Amounts due to banks and deposits from the National Bank of Hungary and other banks		732,436	738,054	576,345
Repo liabilities		131,672	462,621	745,706
Deposits from customers	9.	6,933,116	6,573,550	5,821,071
Leasing liabilities		15,401	13,660	14,468
Liabilities from issued securities	10.	41,723	43,284	44,055
Financial liabilities at fair value through profit or loss		27,192	28,861	29,924
Derivative financial liabilities designated as held for trading		154,832	83,088	71,134
Derivative financial liabilities designated as hedge accounting relationships		11,522	10,023	11,135
Deferred tax liabilities		3,206	5,875	2,771
Other liabilities		263,254	246,676	283,355
Subordinated bonds and loans		<u>302,991</u>	<u>279,394</u>	<u>110,605</u>
TOTAL LIABILITIES		<u>8,617,345</u>	<u>8,485,086</u>	<u>7,710,569</u>
Share capital		28,000	28,000	28,000
Retained earnings and reserves		1,647,635	1,628,354	1,535,512
Treasury shares		<u>(21,783)</u>	<u>(2,636)</u>	<u>(3,820)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>1,653,852</u>	<u>1,653,718</u>	<u>1,559,692</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>10,271,197</u>	<u>10,138,804</u>	<u>9,270,261</u>

SEPARATE CONDENSED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTH
PERIOD ENDED 30 JUNE 2020
(UNAUDITED) (in HUF mn)

	Note	Six month period ended 30 June 2020	Six month period ended 30 June 2019	Year ended 31 December 2019
Interest Income	12.	160,454	155,846	322,506
Interest Expense	12.	(54,505)	(54,565)	(119,384)
NET INTEREST INCOME	12.	<u>105,949</u>	<u>101,281</u>	<u>203,122</u>
Risk cost	6.	(50,164)	(10,900)	(39,121)
NET INTEREST INCOME AFTER RISK COST		<u>55,785</u>	<u>90,381</u>	<u>164,001</u>
Net profit from fees and commissions		100,085	99,338	213,363
Net operating income		44,107	73,106	130,988
Other administrative expenses		(160,892)	(150,277)	(305,158)
PROFIT BEFORE INCOME TAX		<u>39,085</u>	<u>112,548</u>	<u>203,194</u>
Income tax expense		396	(4,641)	(9,840)
NET PROFIT FOR THE PERIOD		<u>39,481</u>	<u>107,907</u>	<u>193,354</u>
Earnings per share (in HUF)				
Basic		<u>142</u>	<u>386</u>	<u>691</u>
Diluted		<u>142</u>	<u>386</u>	<u>691</u>

The comprehensive income items are as follows:

	Six month period ended 30 June 2020	Six month period ended 30 June 2019	Year ended 31 December 2019
NET PROFIT FOR THE PERIOD	<u>39,481</u>	<u>107,907</u>	<u>193,354</u>
Items that may be reclassified subsequently to profit or loss:			
Fair value adjustment of debt instruments through other comprehensive income	(15,134)	9,816	16,732
Gains on separated currency spread of financial instruments designated as hedging instrument	984	697	367
Gains on derivative financial instruments designated as cash flow hedge	418	1,153	2,086
Deferred tax (9%) related to items that may be reclassified subsequently to profit or loss	1,232	(950)	(1,553)
Items that will not be reclassified to profit or loss:			
Fair value adjustment of equity instruments through other comprehensive income	(3,366)	3,126	3,867
Deferred tax (9%) related to equity instruments at fair value through other comprehensive income	<u>372</u>	<u>(281)</u>	<u>(348)</u>
Total	<u>(15,494)</u>	<u>13,561</u>	<u>21,151</u>
NET COMPREHENSIVE INCOME	<u>23,987</u>	<u>121,468</u>	<u>214,505</u>

	Share Capital	Capital reserve	Share-based payment reserve	Retained earnings	Other comprehensive income	Other reserves	Put option reserve	Treasury Shares	Total
Balance as at 1 January 2019	28,000	52	35,632	1,383,043	44,859	76,788	(55,468)	(1,964)	1,510,942
Net profit for the year	-	-	-	107,907	-	-	-	-	107,907
Other comprehensive income	-	-	-	-	13,561	-	-	-	13,561
Total comprehensive income	-	-	-	107,907	13,561	-	-	-	121,468
Transfer to general reserve	-	-	-	(10,791)	-	10,791	-	-	-
Share-based payment	-	-	1,603	-	-	-	-	-	1,603
Payments to ICES holders	-	-	-	969	-	-	-	-	969
Sale of treasury shares	-	-	-	-	-	-	-	31,311	31,311
Acquisition of treasury shares	-	-	-	-	-	-	-	(33,167)	(33,167)
Loss on sale of treasury shares	-	-	-	(12,114)	-	-	-	-	(12,114)
Dividend for the year 2018	-	-	-	(61,320)	-	-	-	-	(61,320)
Other transactions with owners	-	-	1,603	(83,256)	-	10,791	-	(1,856)	(72,718)
Balance as at 30 June 2019	28,000	52	37,235	1,407,694	58,420	87,579	(55,468)	(3,820)	1,559,692
Balance as at 1 January 2020	28,000	52	39,179	1,482,466	66,010	96,115	(55,468)	(2,636)	1,653,718
Change due to revision in presentation of Visa shares	-	-	-	770	(770)	-	-	-	-
Balance as at 1 January 2020	28,000	52	39,179	1,483,236	65,240	96,115	(55,468)	(2,636)	1,653,718
Net profit for the year	-	-	-	39,481	-	-	-	-	39,481
Other comprehensive income	-	-	-	-	(15,494)	-	-	-	(15,494)
Total comprehensive income	-	-	-	39,481	(15,494)	-	-	-	23,987
Transfer to general reserve	-	-	-	(3,956)	-	3,956	-	-	-
Share-based payment	-	-	1,744	-	-	-	-	-	1,744
Payments to ICES holders	-	-	-	(2,438)	-	-	-	-	(2,438)
Sale of treasury shares	-	-	-	-	-	-	-	37,728	37,728
Acquisition of treasury shares	-	-	-	-	-	-	-	(56,875)	(56,875)
Loss on sale of treasury shares	-	-	-	(4,012)	-	-	-	-	(4,012)
Dividend for the year 2019	-	-	-	-	-	-	-	-	-
Other transactions with owners	-	-	1,744	(10,406)	-	3,956	-	(19,147)	(23,853)
Balance as at 30 June 2020	28,000	52	40,923	1,512,311	49,746	100,071	(55,468)	(21,783)	1,653,852

**SEPARATE CONDENSED STATEMENT OF CASH FLOWS
FOR SIX MONTH PERIOD ENDED 30 JUNE 2020
(UNAUDITED) (in HUF mn)**

	Six month period ended 30 June 2020	Six month period ended 30 June 2019	Year ended 31 December 2019
Profit before income tax	39,085	112,548	203,194
Net accrued interest	(22,916)	(4,089)	6,760
Income tax paid	-	(217)	(628)
Depreciation and amortization	17,701	1,393	29,925
Loss allowance / (Release of loss allowance)	71,854	12,081	(255)
Share-based payment	1,744	1,603	3,547
Unrealised (gains) / losses on fair value adjustment of securities at fair value through profit or loss	(953)	3,636	(1,379)
Unrealised losses / (gains) on fair value adjustment of derivative financial instruments	2,325	(32,979)	6,777
Interest expense form leasing liabilities	(67)	(123)	(244)
Net change in assets and liabilities in operating activities	<u>(34,332)</u>	<u>50,387</u>	<u>(21,975)</u>
Net cash provided by operating activities	<u>74,441</u>	<u>144,674</u>	<u>225,722</u>
Net cash provided by / (used in) investing activities	<u>445,951</u>	<u>(398,555)</u>	<u>(847,023)</u>
Net cash (used in) / provided by financing activities	<u>(344,814)</u>	<u>309,413</u>	<u>542,574</u>
Net increase / (decrease) in cash and cash equivalents	<u>175,578</u>	<u>55,532</u>	<u>(78,727)</u>
Cash and cash equivalents at the beginning of the year	<u>224,631</u>	<u>303,358</u>	<u>303,358</u>
Cash and cash equivalents at the end of the period	<u>400,209</u>	<u>358,890</u>	<u>224,631</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 2020**1) Sale of the Slovakian subsidiary**

See details about the event above in Note 7.

2) Situation of coronavirus disease (“COVID-19”)

11 March 2020 Government of Hungary (“government”) declared a state of emergency related to coronavirus disease, and still in March economic decisions were made to react to the economic effects of COVID-19. As a result the following measures were taken:

- the government ordered payment moratorium on corporate and retail loans, furthermore determined a cap on full credit rate (“THM”) of new personal loans disbursed during the state of emergency,
- National Bank of Hungary (“NBH”) proposed that dividend approval and payment should be suspended at the banking corporations till the end of September,
- NBH decided on the ease of capital adequacy requirements,
- NBH decided to expand liquidity related to lending of corporates

During April and at the beginning of May further economic recovery decisions were made by NBH:

- further ease of capital adequacy requirements,
- further measures related to expansion of liquidity (NBH one week deposit tender, expansion and new phase of Funding of Growth Schemes “NHP hajrá” and modification of the existing “NKP”)
- interest rate policy decisions

In April the government established Disease Control Fund related to the fundamental rearrangement of the budget, to which fund financial sector will contribute with an amount of HUF 55 billion as a special banking tax. Amount to be paid can be deducted in equal instalments from the normal banking tax in the next five years. OTP group is affected in amount of HUF 14.2 billion from this new special banking tax.

18 June 2020 the state of emergency was lifted in Hungary.

NOTE 3: SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

27 July 2020 NBH set minimum requirements for calculating impairments for potential loan losses, simultaneously formulated more flexible prudential criteria through modifying its circular on applying IFRS9 standards regarding macroeconomic information and credit risk standards. Credit institutions can use the modified criteria aimed at moderating the consequences of COVID-19 pandemic from 27 July 2020 until the end of 2021 the latest. One particular modification is that in case of restructuring beyond the payment moratorium deadline banks may dispense with classifying the restructuring as a significant credit risk factor provided such restructuring decision was made on an assumption that both the financial difficulties of the client and the restructuring aimed curing that are having a temporary nature.

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

	30 June 2020	31 December 2019
<i>Securities held for trading:</i>		
Government bonds	15,515	18,269
Other non-interest bearing securities	1,819	7,516
Hungarian government discounted Treasury Bills	8,288	12
Corporate shares and investments	739	369
Other bonds	<u>2,486</u>	<u>20,089</u>
Subtotal	<u>28,847</u>	<u>46,255</u>
<i>Securities mandatorily measured at fair value through profit or loss:</i>		
Shares in investment funds	17,473	17,100
Bonds	5,180	5,180
Corporate shares and investments	<u>5,188</u>	<u>-</u>
Subtotal	<u>27,841</u>	<u>22,280</u>
<i>Held for trading derivative financial instruments:</i>		
Interest rate swaps	65,787	52,516
Foreign currency swaps	63,006	38,213
CCIRS and mark-to-market CCIRS ¹ swaps	8,848	1,216
Other derivative transactions ²	<u>31,830</u>	<u>11,749</u>
Subtotal	<u>169,471</u>	<u>103,694</u>
Total	<u>226,159</u>	<u>172,229</u>

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

	30 June 2020	31 December 2019
Government bonds	519,151	826,054
Mortgage bonds	331,982	220,004
Interest bearing treasury bills	35,742	339,397
Other securities	79,619	78,202
- <i>listed securities</i>	<u>41,023</u>	<u>39,601</u>
<i>in HUF</i>	2,976	2,999
<i>in foreign currency</i>	38,047	36,602
- <i>non-listed securities</i>	<u>38,596</u>	<u>38,601</u>
<i>in HUF</i>	17,373	18,516
<i>in foreign currency</i>	21,223	20,085
Subtotal	<u>966,494</u>	<u>1,463,657</u>
<i>Non-trading equity instruments designated to measure at fair value through other comprehensive income</i>		
- <i>non-listed securities</i>	<u>16,713</u>	<u>22,320</u>
<i>in HUF</i>	528	528
<i>in foreign currency</i>	16,185	21,792
Subtotal	<u>16,713</u>	<u>22,320</u>
Securities at fair value through other comprehensive income total	<u>983,207</u>	<u>1,485,977</u>

¹ CCIRS: Cross Currency Interest Rate Swap

² incl.: FX, equity, commodity and index futures; FX forward; commodity and equity swap; FRA; FX option

NOTE 6: LOANS (in HUF mn)

Loans mandatorily measured at fair value through profit or loss

	30 June 2020	31 December 2019
Gross loans	29,133	30,858
Fair value adjustment	<u>(590)</u>	<u>(1,127)</u>
Loans mandatorily measured at fair value through profit or loss total	<u>28,543</u>	<u>29,731</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 2020	31 December 2019
Within one year	1,683,978	1,632,245
Over one year	<u>1,981,714</u>	<u>1,733,010</u>
Loans gross total	<u>3,665,692</u>	<u>3,365,255</u>
Loss allowance	<u>(118,879)</u>	<u>(79,917)</u>
Loans measured at amortised cost, net of allowance for loan losses total	<u>3,546,813</u>	<u>3,285,338</u>

Partial write-off

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

The gross amount and impairment loss of the loans shall be written off in the same amount to the estimated maximum recovery amount while the net carrying value is being unchanged. In these cases there is no reasonable expectation from the clients to complete contractual cash flows therefore OTP Bank does not accrue interest income in case of partial write-off. Whole amount of accrued interest being part of the amortized cost, recognized as income up to the partial write-off, will be written off.

Loan receivables legally demanded from clients are equal to the full amount of receivables before the partial write-off.

An analysis of the gross loan portfolio by type, before loss allowance on loan losses, is as follows:

	30 June 2020		31 December 2019	
Retail loans	985,743	27%	843,585	25%
Retail consumer loans	870,993	24%	720,471	21%
Retail mortgage backed loans ¹	114,750	3%	123,114	4%
Corporate loans	2,679,949	72%	2,521,670	74%
Loans to corporates	2,581,927	69%	2,433,080	71%
Municipality loans	<u>98,022</u>	<u>3%</u>	<u>88,590</u>	<u>3%</u>
Loans at amortised cost total	<u>3,665,692</u>	<u>99%</u>	<u>3,365,255</u>	<u>99%</u>
Loans at fair value total	<u>28,543</u>	<u>1%</u>	<u>29,731</u>	<u>1%</u>
Gross loans total	<u>3,694,235</u>	<u>100%</u>	<u>3,394,986</u>	<u>100%</u>

¹ incl. housing loans

NOTE 6: LOANS (in HUF mn) [continued]

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

	30 June 2020	31 December 2019
In HUF	58%	57%
In foreign currency	<u>42%</u>	<u>43%</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 2020	31 December 2019
Balance as at 1 January	79,917	66,241
Movements related to forced loans	-	1,621
Loss allowance	119,724	134,583
Release of loss allowance	(74,985)	(117,001)
Use of loss allowance	(3,867)	-
Partial write-off	<u>(1,910)</u>	<u>(5,527)</u>
Closing balance	<u>118,879</u>	<u>79,917</u>

NOTE 7: INVESTMENTS IN SUBSIDIARIES (in HUF mn)

	30 June 2020	31 December 2019
Investments in subsidiaries:		
Controlling interest	1,976,839	1,962,010
Other investments	<u>8,287</u>	<u>8,298</u>
	<u>1,985,126</u>	<u>1,970,308</u>
Impairment loss	<u>(437,683)</u>	<u>(427,770)</u>
Total	<u>1,547,443</u>	<u>1,542,538</u>

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

	30 June 2020	31 December 2019
Balance as at 1 January	427,770	536,075
Impairment loss	9,913	12,503
Reversal of impairment loss	-	(51,310)
Use of impairment loss	<u>-</u>	<u>(69,498)</u>
Closing balance	<u>437,683</u>	<u>427,770</u>

OTP Bank has signed with KBC Bank NV an agreement to sell its 99.44% stake in OTP Banka Slovensko a.s., the Slovakian subsidiary of OTP Bank.

NOTE 8: SECURITIES AT AMORTISED COST (in HUF mn) [continued]

	30 June 2020	31 December 2019
Government bonds	1,620,200	1,436,455
Mortgage bonds	<u>24,349</u>	<u>12,212</u>
Subtotal	<u>1,644,549</u>	<u>1,448,667</u>
Loss allowance	<u>(1,524)</u>	<u>(1,443)</u>
Total	<u>1,643,025</u>	<u>1,447,224</u>

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

	30 June 2020	31 December 2019
Balance as at 1 January	1,443	1,668
Loss allowance	2,009	338
Release of loss allowance	<u>(1,928)</u>	<u>(563)</u>
Closing balance	<u>1,524</u>	<u>1,443</u>

NOTE 9: DEPOSITS FROM CUSTOMERS (in HUF mn)

	30 June 2020	31 December 2019
Within one year:		
In HUF	5,703,963	5,437,453
In foreign currency	<u>1,184,700</u>	<u>1,092,329</u>
	<u>6,888,663</u>	<u>6,529,782</u>
Over one year:		
In HUF	<u>44,453</u>	<u>43,768</u>
	<u>44,453</u>	<u>43,768</u>
Total	<u>6,933,116</u>	<u>6,573,550</u>

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

	30 June 2020		31 December 2019	
Retail deposits	3,550,799	51%	3,204,450	49%
Household deposits	3,550,799	51%	3,204,450	49%
Corporate deposits	3,382,317	50%	3,369,100	51%
Deposits to corporates	2,847,964	42%	2,729,209	42%
Municipality deposits	<u>534,353</u>	<u>8%</u>	<u>639,891</u>	<u>10%</u>
Total	<u>6,933,116</u>	<u>100%</u>	<u>6,573,550</u>	<u>100%</u>

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

	30 June 2020	31 December 2019
Within one year:		
In HUF	15,888	18,340
In foreign currency	<u>3,364</u>	<u>3,753</u>
	<u>19,252</u>	<u>22,093</u>
Over one year:		
In HUF	<u>22,471</u>	<u>21,191</u>
	<u>22,471</u>	<u>21,191</u>
Total	<u>41,723</u>	<u>43,284</u>

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

Contingent liabilities and commitments

	30 June 2020	31 December 2019
Commitments to extend credit	1,508,855	1,494,508
Guarantees arising from banking activities	1,180,766	1,087,300
<i>from this: Payment undertaking liabilities (related to issue of mortgage bonds) of OTP Mortgage Bank</i>	555,340	558,100
Factoring loan commitments	293,837	228,145
Confirmed letters of credit	<u>11,293</u>	<u>749</u>
Contingent liabilities and commitments total in accordance with IFRS 9	<u>2,994,751</u>	<u>2,810,702</u>
Legal disputes (disputed value)	5,524	5,233
Other	<u>18,864</u>	<u>19,807</u>
Contingent liabilities and commitments total in accordance with IAS 37	<u>24,388</u>	<u>25,040</u>
Total	<u>3,019,139</u>	<u>2,835,742</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 583 million and HUF 663 million as at 30 June 2020 and 31 December 2019, respectively.

NOTE 12: DERIVATIVE FINANCIAL INSTRUMENTS (in HUF mn)

Fair value of derivative instruments

	30 June 2020		31 December 2019	
	Assets	Liabilities	Assets	Liabilities
Held for trading derivative financial instruments				
Interest rate derivatives				
Interest rate swaps	33,549	(31,253)	29,008	(26,622)
Cross currency interest rate swaps	5,422	(6,399)	1,141	(1,037)
OTC options	395	(395)	298	(298)
Forward rate agreement	<u>171</u>	<u>(204)</u>	<u>13</u>	<u>(32)</u>
Total interest rate derivatives (OTC derivatives)	<u>39,537</u>	<u>(38,251)</u>	<u>30,460</u>	<u>(27,989)</u>
<i>From this: Interest rate derivatives cleared by central counterparty</i>	-	(185)	-	(61)
Foreign exchange derivatives				
Foreign exchange swaps	65,787	(63,726)	31,666	(24,607)
Foreign exchange forward	10,814	(6,721)	2,538	(4,839)
OTC options	11,580	(11,466)	3,126	(3,129)
Foreign exchange spot conversion	<u>504</u>	<u>(476)</u>	<u>18</u>	<u>(50)</u>
Total foreign exchange derivatives (OTC derivatives)	<u>88,685</u>	<u>(82,389)</u>	<u>37,348</u>	<u>(32,625)</u>
<i>From this: Foreign exchange derivatives cleared by central counterparty</i>	12,604	(867)	4,166	(259)
Equity stock and index derivatives				
Commodity Swaps	1,531	(2,020)	1,213	(960)
Equity swaps	<u>6,019</u>	<u>(482)</u>	<u>4,530</u>	<u>(558)</u>
OTC derivatives total	<u>7,550</u>	<u>(2,502)</u>	<u>5,743</u>	<u>(1,518)</u>
Exchange traded futures and options	744	(290)	5	(248)
Total equity stock and index derivatives	<u>8,294</u>	<u>(2,792)</u>	<u>5,748</u>	<u>(1,766)</u>
Derivatives held for risk management not designated in hedge				
Interest rate swaps	29,457	(27,718)	23,508	(16,219)
Foreign exchange swaps	-	(3,348)	6,547	(4,477)
Foreign exchange spot conversion	-	-	-	-
Forward	72	(231)	8	(12)
Cross currency interest rate swaps	<u>3,426</u>	<u>(103)</u>	<u>75</u>	<u>-</u>
Total derivatives held for risk management not designated in hedge	<u>32,955</u>	<u>(31,400)</u>	<u>30,138</u>	<u>(20,708)</u>
<i>From this: Total derivatives cleared by central counterparty held for risk management</i>	134	(9,205)	1,305	(6,689)
Total Held for trading derivative financial instruments	<u>169,471</u>	<u>(154,832)</u>	<u>103,694</u>	<u>(83,088)</u>
Derivative financial instruments designated as hedge accounting				
Derivatives designated in cash flow hedges				
Interest rate swaps	10,156	-	9,214	-
Total derivatives designated in cash flow hedges	<u>10,156</u>	<u>-</u>	<u>9,214</u>	<u>-</u>
Derivatives designated in fair value hedges				
Interest rate swaps	1,400	(9,393)	3,758	(8,265)
Cross currency interest rate swaps	10,973	(2,129)	3,705	(1,758)
Foreign exchange swaps	-	-	-	-
Total derivatives designated in fair value hedges	<u>12,373</u>	<u>(11,522)</u>	<u>7,463</u>	<u>(10,023)</u>
<i>From this: Total derivatives cleared by NBH held for hedging</i>	-	(1,535)	-	(2,886)
Total derivatives held for risk management (OTC derivatives)	<u>22,529</u>	<u>(11,522)</u>	<u>16,677</u>	<u>(10,023)</u>

As at 30 June 2020 the Bank has derivative instruments with positive fair values of HUF 192,000 million and negative fair values of HUF 166,354 million. Corresponding figures as at 31 December 2019 are HUF 120,371 million and HUF 93,111 million.

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

Positive fair values of derivative instruments designated as hedge accounting relationships are included in other assets, 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 included in other liabilities, 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.

NOTE 13: NET INTEREST INCOME (in HUF mn)

	Six month period ended 30 June 2020	Six month period ended 30 June 2019	Year ended 31 December 2019
Interest income accounted for using the effective interest rate method from / on			
Loans at amortised cost and fair value through profit or loss	77,753	66,524	140,899
FVOCI securities	17,453	19,393	40,332
Securities at amortised cost	23,130	24,601	47,119
Placements with other banks	5,419	3,692	8,034
Financial liabilities	742	668	1,720
Amounts due from banks and balances with National Bank of Hungary	721	572	1,196
Repo receivables	<u>21</u>	<u>8</u>	<u>95</u>
Subtotal	<u>125,239</u>	<u>115,458</u>	<u>239,395</u>
Income similar to interest income			
Swap and forward deals related to Placements with other banks	30,710	33,079	65,090
Swap and forward deals related to Loans at amortised cost	7,242	10,516	24,114
Swap and forward deals related to FVOCI securities	(2,740)	(3,210)	(6,099)
Investment properties	<u>3</u>	<u>3</u>	<u>6</u>
Subtotal	<u>35,215</u>	<u>40,388</u>	<u>83,111</u>
Interest income total	<u>160,454</u>	<u>155,846</u>	<u>322,506</u>
Interest expense due to / from / on			
Amounts due to banks and deposits from the National Bank of Hungary and other banks	39,383	38,434	78,644
Lease liabilities	8,849	11,595	28,146
Deposits from customers	67	63	244
Liabilities from issued securities	214	110	224
Subordinated bonds and loans	4,057	1,516	5,323
Investment properties (depreciation)	25	23	48
Financial assets	847	1,083	2,278
Repo liabilities	<u>1,063</u>	<u>1,741</u>	<u>4,477</u>
Interest expenses total	<u>54,505</u>	<u>54,565</u>	<u>119,384</u>

NOTE 14: RELATED PARTY TRANSACTIONS (in HUF mn)

The Bank enters into transactions for services with a number of subsidiaries. Such transactions are conducted at rates which approximate market conditions.

Related party transactions can be detailed as follows:

Transactions related to OTP Mortgage Bank Ltd.:

	Six month period ended 30 June 2020	Six month period ended 30 June 2019
Fees and commissions received from OTP Mortgage Bank Ltd. relating to the loans	4,006	5,922

Transactions related to OTP Factoring Ltd.:

	Six month period ended 30 June 2020	Six month period ended 30 June 2019
The gross book value of the loans	4,595	6,940
Loss allowance on the loans sold	2,902	4,636
Loans sold to OTP Factoring Ltd. without recourse (including interest)	1,010	1,379
Loss on these transaction (recorded in the separate financial statements as loan and placement loss)	683	925

The underlying mortgage rights were also transferred to OTP Factoring Ltd.