OTP BANK PLC.

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

FOR THE NINE MONTH PERIOD
ENDED 30 SEPTEMBER 2020

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	Note	30 September 2020	31 December 2019	30 September 2019
Cash, amounts due from banks and balances with the National Bank of Hungary		477,168	289,686	338,127
Placements with other banks, net of allowance for placement losses		1,353,930	1,560,142	1,488,851
Repo receivables		9,198	45,539	77,761
Financial assets at fair value through profit or loss	*4.*	219,047	172,229	191,260
Financial assets at fair value through other comprehensive income	*5.*	995,592	1,485,977	1,629,038
Loans at amortised cost	*6.*	3,730,706	3,285,338	3,211,604
Loans mandatorily at fair value through profit or loss	*6.*	26,987	29,731	29,950
Investments in subsidiaries, associates and other investments	*7.*	1,552,023	1,542,538	1,385,368
Securities at amortised cost	*8.*	1,901,336	1,447,224	1,452,073
Property and equipment		72,908	77,754	72,269
Intangible assets		54,823	53,282	42,344
Right-of-use assets		14,054	13,607	14,442
Investment properties		2,322	2,381	2,387
Derivative financial assets designated as fair value hedge		23,653	16,677	17,361
Other assets		162,569	116,699	138,685
TOTAL ASSETS		**10,596,316**	**10,138,804**	**10,091,520**
Amounts due to banks and deposits from the National Bank of Hungary and other banks		806,584	738,054	612,537
Repo liabilities		184,324	462,621	996,685
Deposits from customers	*9.*	7,178,945	6,573,550	6,177,879
Leasing liabilities		14,690	13,660	14,523
Liabilities from issued securities	*10.*	37,127	43,284	44,426
Financial liabilities at fair value through profit or loss		25,651	28,861	29,545
Derivative financial liabilities designated as held for trading		154,808	83,088	125,937
Derivative financial liabilities designated as hedge accounting relationships		18,009	10,023	12,856
Deferred tax liabilities		3,450	5,875	5,472
Other liabilities		220,494	246,676	198,177
Subordinated bonds and loans		305,742	279,394	281,758
TOTAL LIABILITIES		**8,949,824**	**8,485,086**	**8,499,795**
Share capital		28,000	28,000	28,000
Retained earnings and reserves		1,665,714	1,628,354	1,566,588
Treasury shares		(47,222)	(2,636)	(2,863)
TOTAL SHAREHOLDERS' EQUITY		**1,646,492**	**1,653,718**	**1,591,725**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**10,596,316**	**10,138,804**	**10,091,520**

	Note	Nine month period ended 30 September 2020	Nine month period ended 30 September 2019	Year ended 31 December 2019
Interest Income	*13.*	236,027	238,724	322,506
Interest Expense	*13.*	(73,281)	(87,917)	(119,384)
NET INTEREST INCOME	*13.*	**162,746**	**150,807**	**203,122**
Risk cost		(57,628)	(23,282)	(39,121)
NET INTEREST INCOME AFTER RISK COST		**105,118**	**127,525**	**164,001**
Net profit from fees and commissions		158,302	156,388	213,363
Net operating income		46,179	75,671	130,988
Other administrative expenses		(237,741)	(221,948)	(305,158)
PROFIT BEFORE INCOME TAX		**71,858**	**137,636**	**203,194**
Income tax expense		(1,423)	(7,430)	(9,840)
NET PROFIT FOR THE PERIOD		**70,435**	**130,206**	**193,354**
Earnings per share (in HUF)				
Basic		253	466	691
Diluted		253	465	691

The comprehensive income items are as follows:

	Nine month period ended 30 September 2020	Nine month period ended 30 September 2019	Year ended 31 December 2019
NET PROFIT FOR THE PERIOD	**70,435**	**130,206**	**193,354**
Items that may be reclassified subsequently to profit or loss:			
Fair value adjustment of debt instruments through other comprehensive income	(24,228)	17,240	16,732
Gains on separated currency spread of financial instruments designated as hedging instrument	(2,388)	213	367
Gains on derivative financial instruments designated as cash flow hedge	(1,073)	2,850	2,086
Deferred tax (9%) related to items that may be reclassified subsequently to profit or loss	2,413	(1,563)	(1,553)
Items that will not be reclassified to profit or loss:			
Fair value adjustment of equity instruments through other comprehensive income	(2,934)	4,273	3,867
Deferred tax (9%) related to equity instruments at fair value through other comprehensive income	339	(385)	(348)
Total	**(27,871)**	**22,628**	**21,151**
NET COMPREHENSIVE INCOME	**42,564**	**152,834**	**214,505**

	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	-	-	-	130,206	-	-	-	-	130,206
Other comprehensive income	-	-	-	-	22,628	-	-	-	22,628
Total comprehensive income	**-**	**-**	**-**	**130,206**	**22,628**	**-**	**-**	**-**	**152,834**
Transfer to general reserve	-	-	-	(13,020)	-	13,020	-	-	-
Share-based payment	-	-	2,389	-	-	-	-	-	2,389
Payments to ICES holders	-	-	-	(197)	-	-	-	-	(197)
Sale of treasury shares	-	-	-	-	-	-	-	32,901	32,901
Acquisition of treasury shares	-	-	-	-	-	-	-	(33,800)	(33,800)
Loss on sale of treasury shares	-	-	-	(12,024)	-	-	-	-	(12,024)
Dividend for the year 2018	-	-	-	(61,320)	-	-	-	-	(61,320)
Other transactions with owners	**-**	**-**	**2,389**	**(86,561)**	**-**	**13,020**	**-**	**(899)**	**(72,051)**
Balance as at 30 September 2019	**28,000**	**52**	**38,021**	**1,426,688**	**67,487**	**89,808**	**(55,468)**	**(2,863)**	**1,591,725**
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	-	-	-	769	(769)	-	-	-	-
Balance as at 1 January 2020	**28,000**	**52**	**39,179**	**1,483,235**	**65,241**	**96,115**	**(55,468)**	**(2,636)**	**1,653,718**
Net profit for the year	-	-	-	70,435	-	-	-	-	70,435
Other comprehensive income	-	-	-	-	(27,871)	-	-	-	(27,871)
Total comprehensive income	**-**	**-**	**-**	**70,435**	**(27,871)**	**-**	**-**	**-**	**42,564**
Transfer to general reserve	-	-	-	(3,956)	-	3,956	-	-	-
Share-based payment	-	-	2,385	-	-	-	-	-	2,385
Payments to ICES holders	-	-	-	(3,655)	-	-	-	-	(3,655)
Sale of treasury shares	-	-	-	-	-	-	-	38,871	38,871
Acquisition of treasury shares	-	-	-	-	-	-	-	(83,457)	(83,457)
Loss on sale of treasury shares	-	-	-	(3,934)	-	-	-	-	(3,934)
Dividend for the year 2019	-	-	-	-	-	-	-	-	-
Other transactions with owners	**-**	**-**	**2,385**	**(11,545)**	**-**	**3,956**	**-**	**(44,586)**	**(49,790)**
Balance as at 30 September 2020	**28,000**	**52**	**41,564**	**1,542,125**	**37,370**	**100,071**	**(55,468)**	**(47,222)**	**1,646,492**

	Nine month period ended 30 September 2020	Nine month period ended 30 September 2019	Year ended 31 December 2019
Profit before income tax	**71,858**	**137,636**	**203,194**
Net accrued interest	(50,638)	(16,362)	6,760
Income tax paid	(724)	(422)	(628)
Depreciation and amortization	27,297	21,796	29,925
Loss allowance / (Release of loss allowance)	68,512	32,263	(255)
Share-based payment	2,385	2,389	3,547
Unrealised (gains) / losses on fair value adjustment of securities at fair value through profit or loss	(1,038)	(169)	(1,379)
Unrealised losses on fair value adjustment of derivative financial instruments	1,126	15,688	6,777
Interest expense form leasing liabilities	(195)	-	(244)
Net change in assets and liabilities in operating activities	11,503	(322,639)	(21,975)
Net cash provided by / (used in) operating activities	**130,086**	**(129,820)**	**225,722**
Net cash provided by / (used in) investing activities	**294,057**	**(859,346)**	**(847,023)**
Net cash (used in) / provided by financing activities	**(243,840)**	**962,501**	**542,574**
Net increase / (decrease) in cash and cash equivalents	**180,303**	**(26,665)**	**(78,727)**
Cash and cash equivalents at the beginning of the year	**224,631**	**303,358**	**303,358**
Cash and cash equivalents at the end of the period	**404,934**	**276,693**	**224,631**

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 NINE MONTH PERIOD ENDED 30 SEPTEMBER 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.

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 3: SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

15 October 2020 the government has submitted a new proposal to extend the earlier accepted payment moratorium till 30 June 2021 for certain highlighted social groups and corporates struggling with financial difficulties.

Based on the proposal highlighted social groups are jobseekers, families raising children, pensioners and those participating in public work schemes.

The government will define later in a separate act which companies are eligible for the extension.

Effects of the payment moratorium extension could not be estimated reliably by the Bank at the end of the reporting period.

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

	30 September 2020	31 December 2019
Securities held for trading:		
Government bonds	13,494	18,269
Other non-interest bearing securities	1,861	7,516
Hungarian government discounted Treasury Bills	2,717	12
Corporate shares and investments	1,302	369
Mortgage bonds	115	-
Other bonds	2,509	20,089
Subtotal	**21,998**	**46,255**
Securities mandatorily measured at fair value through profit or loss:		
Shares in investment funds	17,720	17,100
Bonds	5,242	5,180
Corporate shares and investments	2,631	-
Subtotal	**25,593**	**22,280**
Held for trading derivative financial instruments:		
Foreign currency swaps	71,875	38,213
Interest rate swaps	57,254	52,516
CCIRS and mark-to-market CCIRS[1] swaps	8,659	1,216
Other derivative transactions[2]	33,668	11,749
Subtotal	**171,456**	**103,694**
Total	**219,047**	**172,229**

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

	30 September 2020	31 December 2019
Government bonds	547,970	826,054
Mortgage bonds	334,230	220,004
Interest bearing treasury bills	12,116	339,397
Other securities	81,174	78,202
- *listed securities*	42,172	39,601
in HUF	2,936	2,999
in foreign currency	39,236	36,602
- *non-listed securities*	39,002	38,601
in HUF	17,183	18,516
in foreign currency	21,819	20,085
Subtotal	**975,490**	**1,463,657**
Non-trading equity instruments designated to measure at fair value through other comprehensive income		
- *non-listed securities*	20,102	22,320
in HUF	528	528
in foreign currency	19,574	21,792
Subtotal	**20,102**	**22,320**
Securities at fair value through other comprehensive income total	**995,592**	**1,485,977**

NOTE 6: LOANS (in HUF mn)

Loans mandatorily measured at fair value through profit or loss

	30 September 2020	31 December 2019
Gross loans	27,397	30,858
Fair value adjustment	(410)	(1,127)
Loans mandatorily measured at fair value through profit or loss total	**26,987**	**29,731**

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 September 2020	31 December 2019
Within one year	1,750,420	1,632,245
Over one year	2,102,093	1,733,010
Loans gross total	**3,852,513**	**3,365,255**
Loss allowance	(121,807)	(79,917)
Loans measured at amortised cost, net of allowance for loan losses total	**3,730,706**	**3,285,338**

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 September 2020		31 December 2019	
Retail loans	**1,068,912**	**28%**	**843,585**	**25%**
Retail consumer loans	957,713	25%	720,471	21%
Retail mortgage backed loans[1]	111,199	3%	123,114	4%
Corporate loans	**2,783,601**	**71%**	**2,521,670**	**74%**
Loans to corporates	2,685,370	68%	2,433,080	71%
Municipality loans	98,231	3%	88,590	3%
Loans at amortised cost total	**3,852,513**	**99%**	**3,365,255**	**99%**
Loans at fair value total	**26,987**	**1%**	**29,731**	**1%**
Gross loans total	**3,879,500**	**100%**	**3,394,986**	**100%**

[1] incl. housing loans

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

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

	30 September 2020	31 December 2019
In HUF	60%	57%
In foreign currency	40%	43%
Total	**100%**	**100%**

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

	30 September 2020	31 December 2019
Balance as at 1 January	**79,917**	**66,241**
Movements related to forced loans	-	1,621
Loss allowance	165,842	134,583
Release of loss allowance	(116,184)	(117,001)
Use of loss allowance	(5,302)	-
Partial write-off	(2,466)	(5,527)
Closing balance	**121,807**	**79,917**

NOTE 7: INVESTMENTS IN SUBSIDIARIES (in HUF mn)

	30 September 2020	31 December 2019
Investments in subsidiaries:		
Controlling interest	1,980,169	1,962,010
Other investments	9,537	8,298
	1,989,706	**1,970,308**
Impairment loss	(437,683)	(427,770)
Total	**1,552,023**	**1,542,538**

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

	30 September 2020	31 December 2019
Balance as at 1 January	**427,770**	**536,075**
Impairment loss	10,114	12,503
Reversal of impairment loss	(201)	(51,310)
Use of impairment loss	-	(69,498)
Closing balance	**437,683**	**427,770**

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 September 2020	31 December 2019
Government bonds	1,865,372	1,436,455
Mortgage bonds	38,911	12,212
Subtotal	**1,904,283**	**1,448,667**
Loss allowance	(2,947)	(1,443)
Total	**1,901,336**	**1,447,224**

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

	30 September 2020	31 December 2019
Balance as at 1 January	**1,443**	**1,668**
Loss allowance	3,699	338
Release of loss allowance	(2,195)	(563)
Closing balance	**2,947**	**1,443**

NOTE 9: DEPOSITS FROM CUSTOMERS (in HUF mn)

	30 September 2020	31 December 2019
Within one year:		
In HUF	5,832,715	5,437,453
In foreign currency	1,301,502	1,092,329
	7,134,217	**6,529,782**
Over one year:		
In HUF	44,728	43,768
	44,728	**43,768**
Total	**7,178,945**	**6,573,550**

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

	30 September 2020		31 December 2019	
Retail deposits	**3,640,498**	**51%**	**3,204,450**	**49%**
Household deposits	3,640,498	51%	3,204,450	49%
Corporate deposits	**3,538,447**	**49%**	**3,369,100**	**51%**
Deposits to corporates	2,872,764	40%	2,729,209	42%
Municipality deposits	665,683	9%	639,891	10%
Total	**7,178,945**	**100%**	**6,573,550**	**100%**

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

	30 September 2020	31 December 2019
Within one year:		
In HUF	14,939	18,340
In foreign currency	2,404	3,753
	17,343	**22,093**
Over one year:		
In HUF	19,784	21,191
	19,784	**21,191**
Total	**37,127**	**43,284**

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

Contingent liabilities and commitments

	30 September 2020	31 December 2019
Commitments to extend credit	1,553,190	1,494,508
Guarantees arising from banking activities	1,300,807	1,087,300
from this: Payment undertaking liabilities (related to issue of mortgage bonds) of OTP Mortgage Bank	614,737	*558,100*
Factoring loan commitments	294,673	228,145
Confirmed letters of credit	8,361	749
Contingent liabilities and commitments total in accordance with IFRS 9	**3,157,031**	**2,810,702**
Legal disputes (disputed value)	4,754	5,233
Other	47,318	19,807
Contingent liabilities and commitments total in accordance with IAS 37	**52,072**	**25,040**
Total	**3,209,103**	**2,835,742**

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 548 million and HUF 663 million as at 30 September 2020 and 31 December 2019, respectively.

NOTE 12: DERIVATIVE FINANCIAL INSTRUMENTS (in HUF mn)

Fair value of derivative instruments

	30 September 2020		31 December 2019	
	Assets	Liabilities	Assets	Liabilities
Held for trading derivative financial instruments				
Interest rate derivatives				
Interest rate swaps	31,509	(29,232)	29,008	(26,622)
Cross currency interest rate swaps	8,639	(10,313)	1,141	(1,037)
OTC options	388	(388)	298	(298)
Forward rate agreement	27	(25)	13	(32)
Total interest rate derivatives (OTC derivatives)	**40,563**	**(39,958)**	**30,460**	**(27,989)**
From this: Interest rate derivatives cleared by central counterparty	*153*	-	-	*(61)*
Foreign exchange derivatives				
Foreign exchange swaps	68,352	(63,805)	31,666	(24,607)
Foreign exchange forward	10,448	(11,468)	2,538	(4,839)
OTC options	9,867	(9,381)	3,126	(3,129)
Foreign exchange spot conversion	215	(150)	18	(50)
Total foreign exchange derivatives (OTC derivatives)	**88,882**	**(84,804)**	**37,348**	**(32,625)**
From this: Foreign exchange derivatives cleared by central counterparty	*11,400*	-	*4,166*	*(259)*
Equity stock and index derivatives				
Commodity Swaps	5,274	(6,430)	1,213	(960)
Equity swaps	5,904	(118)	4,530	(558)
OTC derivatives total	**11,178**	**(6,548)**	**5,743**	**(1,518)**
Exchange traded futures and options	1,440	(331)	5	(248)
Total equity stock and index derivatives	**12,618**	**(6,879)**	**5,748**	**(1,766)**
Derivatives held for risk management not designated in hedge				
Interest rate swaps	25,745	(20,148)	23,508	(16,219)
Foreign exchange swaps	3,523	(2,586)	6,547	(4,477)
Foreign exchange spot conversion	-	-	-	-
Forward	105	(184)	8	(12)
Cross currency interest rate swaps	20	(249)	75	-
Total derivatives held for risk management not designated in hedge	**29,393**	**(23,167)**	**30,138**	**(20,708)**
From this: Total derivatives cleared by central counterparty held for risk management	*3,379*	*(3,301)*	*1,305*	*(6,689)*
Total Held for trading derivative financial instruments	**171,456**	**(154,808)**	**103,694**	**(83,088)**
Derivative financial instruments designated as hedge accounting				
Derivatives designated in cash flow hedges				
Interest rate swaps	5,861	-	9,214	-
Total derivatives designated in cash flow hedges	**5,861**	**-**	**9,214**	**-**
Derivatives designated in fair value hedges				
Interest rate swaps	4,914	(7,833)	3,758	(8,265)
Cross currency interest rate swaps	12,878	(10,176)	3,705	(1,758)
Foreign exchange swaps	-	-	-	-
Total derivatives designated in fair value hedges	**17,792**	**(18,009)**	**7,463**	**(10,023)**
From this: Total derivatives cleared by NBH held for hedging	-	*(1,791)*	-	*(2,886)*
Total derivatives held for risk management (OTC derivatives)	**23,653**	**(18,009)**	**16,677**	**(10,023)**

As at 30 September 2020 the Bank has derivative instruments with positive fair values of HUF 195,109 million and negative fair values of HUF 172,817 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)

	Nine month period ended 30 September 2020	Nine month period ended 30 September 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	117,403	102,888	140,899
FVOCI securities	23,388	30,182	40,332
Securities at amortised cost	35,415	35,768	47,119
Placements with other banks	8,660	5,805	8,034
Financial liabilities	1,066	1,177	1,720
Amounts due from banks and balances with National Bank of Hungary	1,841	866	1,196
Repo receivables	31	57	95
Subtotal	**187,804**	**176,743**	**239,395**
Income similar to interest income			
Swap and forward deals related to Placements with other banks	41,338	51,146	65,090
Swap and forward deals related to Loans at amortised cost	10,089	15,424	24,114
Swap and forward deals related to FVOCI securities	(3,209)	(4,594)	(6,099)
Investment properties	5	5	6
Subtotal	**48,223**	**61,981**	**83,111**
Interest income total	**236,027**	**238,724**	**322,506**
Interest expense due to / from / on			
Amounts due to banks and deposits from the National Bank of Hungary and other banks	50,465	63,160	78,644
Lease liabilities	13,712	16,367	28,146
Deposits from customers	67	63	244
Liabilities from issued securities	326	143	224
Subordinated bonds and loans	6,162	3,319	5,323
Investment properties (deprecation)	38	35	48
Financial assets	1,215	1,639	2,278
Repo liabilities	1,296	3,191	4,477
Interest expenses total	**73,281**	**87,917**	**119,384**

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.:

	Nine month period ended 30 September 2020	Nine month period ended 30 September 2019
Fees and commissions received from OTP Mortgage Bank Ltd. relating to the loans	6,380	8,663

Transactions related to OTP Factoring Ltd.:

	Nine month period ended 30 September 2020	Nine month period ended 30 September 2019
The gross book value of the loans	5,775	12,280
Loss allowance on the loans sold	3,938	8,042
Loans sold to OTP Factoring Ltd. without recourse (including interest)	1,102	2,438
Loss on these transaction (recorded in the separate financial statements as loan and placement loss)	735	1,800

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