



OTP BANK PLC.

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

**FOR THE THREE MONTH PERIOD
ENDED 31 MARCH 2020**

CONTENTS

	<u>Page</u>
Separate Condensed Financial Statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union	
Separate Statement of Financial Position as at 31 March 2020 (unaudited)	2
Separate Condensed Statement of Profit or Loss and Statement of Comprehensive Income for the three month period ended 31 March 2020 (unaudited)	3
Separate Statement of Changes in Equity for the three month period ended 31 March 2020 (unaudited)	4
Separate Condensed Statement of Cash Flows for the three month period ended 31 March 2020 (unaudited)	5
Selected Explanatory Notes	6-15

	Note	31 March 2020	31 December 2019	31 March 2019
Cash, amounts due from banks and balances with the National Bank of Hungary		552,917	289,686	416,812
Placements with other banks, net of allowance for placement losses		1,337,003	1,560,142	1,144,037
Repo receivables		17,258	45,539	75,719
Financial assets at fair value through profit or loss	4.	306,046	172,229	134,360
Financial assets at fair value through other comprehensive income	5.	1,355,895	1,485,977	1,510,679
Loans at amortised cost	6.	3,568,484	3,285,338	2,718,032
Loans mandatorily at fair value through profit or loss	6.	28,718	29,731	31,897
Investments in subsidiaries, associates and other investments	7.	1,556,331	1,542,538	1,188,526
Securities at amortised cost	8.	1,630,446	1,447,224	1,496,852
Property and equipment		75,904	77,754	70,325
Intangible assets		52,818	53,282	38,581
Right-of-use assets		15,734	13,607	15,870
Investment properties		2,369	2,381	2,322
Derivative financial assets designated as fair value hedge		26,638	16,677	14,461
Other assets		<u>185,591</u>	<u>116,699</u>	<u>148,594</u>
TOTAL ASSETS		<u>10,712,152</u>	<u>10,138,804</u>	<u>9,007,067</u>
Amounts due to banks and Hungarian Government, deposits from the National Bank of Hungary and other banks		1,129,147	738,054	540,672
Repo liabilities		224,686	462,621	429,528
Deposits from customers	9.	6,801,717	6,573,550	5,881,226
Leasing liabilities		16,351	13,660	15,877
Liabilities from issued securities	10.	43,034	43,284	41,972
Financial liabilities at fair value through profit or loss		27,730	28,861	31,413
Derivative financial liabilities designated as held for trading		262,509	83,088	73,211
Derivative financial liabilities designated as hedge accounting relationships		12,506	10,023	8,560
Deferred tax liabilities		136	5,875	1,827
Other liabilities		253,141	246,676	328,559
Subordinated bonds and loans		<u>303,862</u>	<u>279,394</u>	<u>109,985</u>
TOTAL LIABILITIES		<u>9,074,819</u>	<u>8,485,086</u>	<u>7,462,830</u>
Share capital		28,000	28,000	28,000
Retained earnings and reserves		1,626,242	1,628,354	1,518,052
Treasury shares		<u>(16,909)</u>	<u>(2,636)</u>	<u>(1,815)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>1,637,333</u>	<u>1,653,718</u>	<u>1,544,237</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>10,712,152</u>	<u>10,138,804</u>	<u>9,007,067</u>

SEPARATE CONDENSED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTH
PERIOD ENDED 31 MARCH 2020
(UNAUDITED) (in HUF mn)

	Note	Three month period ended 31 March 2020	Three month period ended 31 March 2019	Year ended 31 December 2019
Interest Income	12.	74,764	79,005	322,506
Interest Expense	12.	<u>(23,659)</u>	<u>(28,537)</u>	<u>(119,384)</u>
NET INTEREST INCOME	12.	<u>51,105</u>	<u>50,468</u>	<u>203,122</u>
Risk cost	6.	(41,697)	(7,710)	(39,121)
NET INTEREST INCOME AFTER RISK COST		<u>9,408</u>	<u>42,758</u>	<u>164,001</u>
Net profit from fees and commissions		52,459	46,065	203,404
Net operating income		44,290	70,564	140,947
Other administrative expenses		(88,317)	(78,402)	(305,158)
PROFIT BEFORE INCOME TAX		<u>17,840</u>	<u>80,985</u>	<u>203,194</u>
Income tax expense		<u>3,325</u>	<u>(1,860)</u>	<u>(9,840)</u>
NET PROFIT FOR THE PERIOD		<u>21,165</u>	<u>79,125</u>	<u>193,354</u>
Earnings per share (in HUF)				
Basic		<u>76</u>	<u>283</u>	<u>691</u>
Diluted		<u>76</u>	<u>283</u>	<u>691</u>

The comprehensive income items are as follows:

	Three month period ended 31 March 2020	Three month period ended 31 March 2019	Year ended 31 December 2019
NET PROFIT FOR THE PERIOD	<u>21,165</u>	<u>79,125</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	(25,668)	13,163	16,732
Gains on separated currency spread of financial instruments designated as hedging instrument	15	635	367
(Losses) / Gains on derivative financial instruments designated as cash flow hedge	(86)	875	2,086
Deferred tax (9%) related to items that may be reclassified subsequently to profit or loss	2,311	(1,246)	(1,553)
Items that will not be reclassified to profit or loss:			
Fair value adjustment of equity instruments through other comprehensive income	107	2,435	3,867
Deferred tax (9%) related to equity instruments at fair value through other comprehensive income	(10)	(219)	(348)
Total	<u>(23,331)</u>	<u>15,643</u>	<u>21,151</u>
NET COMPREHENSIVE INCOME	<u>(2,166)</u>	<u>94,768</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	-	-	-	79,125	-	-	-	-	79,125
Other comprehensive income	-	-	-	-	15,643	-	-	-	15,643
Total comprehensive income	-	-	-	79,125	15,643	-	-	-	94,768
Transfer to general reserve	-	-	-	(7,912)	-	7,912	-	-	-
Share-based payment	-	-	820	-	-	-	-	-	820
Payments to ICES holders	-	-	-	(1,074)	-	-	-	-	(1,074)
Sale of treasury shares	-	-	-	-	-	-	-	149	149
Loss on sale of treasury shares	-	-	-	(48)	-	-	-	-	(48)
Dividend for the year 2018	-	-	-	(61,320)	-	-	-	-	(61,320)
Other transactions with owners	-	-	820	(70,354)	-	7,912	-	149	(61,473)
Balance as at 31 March 2019	28,000	52	36,452	1,391,814	60,502	84,700	(55,468)	(1,815)	1,544,237
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
Net profit for the year	-	-	-	21,165	-	-	-	-	21,165
Other comprehensive income	-	-	-	-	(23,331)	-	-	-	(23,331)
Total comprehensive income	-	-	-	21,165	(23,331)	-	-	-	(2,166)
Transfer to general reserve	-	-	-	(2,124)	-	2,124	-	-	-
Share-based payment	-	-	872	-	-	-	-	-	872
Payments to ICES holders	-	-	-	(1,166)	-	-	-	-	(1,166)
Sale of treasury shares	-	-	-	-	-	-	-	2,606	2,606
Sale of treasury shares	-	-	-	-	-	-	-	(16,879)	(16,879)
Loss on sale of treasury shares	-	-	-	348	-	-	-	-	348
Dividend for the year 2019	-	-	-	-	-	-	-	-	-
Other transactions with owners	-	-	872	(2,942)	-	2,124	-	(14,273)	(14,219)
Balance as at 31 March 2020	28,000	52	40,051	1,500,689	42,679	98,239	(55,468)	(16,909)	1,637,333

**SEPARATE CONDENSED STATEMENT OF CASH FLOWS
FOR THREE MONTH PERIOD ENDED 31 MARCH 2020
(UNAUDITED) (in HUF mn)**

	Three month period ended 31 March 2020	Three month period ended 31 March 2019	Year ended 31 December 2019
Profit before income tax	17,840	80,985	203,194
Net accrued interest	(22,097)	(17,807)	6,760
Income tax paid	(628)	54	(628)
Depreciation and amortization	8,276	6,621	29,925
Loss allowance / (Release of loss allowance)	54,991	6,953	(255)
Share-based payment	872	820	3,547
Unrealised losses / (gains) on fair value adjustment of securities at fair value through profit or loss and held for trading	29	3,356	(1,379)
Unrealised losses / (gains) on fair value adjustment of derivative financial instruments	26,662	(25,113)	6,777
Interest expense from leasing liabilities	(67)	(63)	(244)
Net change in assets and liabilities in operating activities	<u>(221,439)</u>	<u>(16,852)</u>	<u>(21,975)</u>
Net cash (used in) / provided by operating activities	<u>(135,561)</u>	<u>38,954</u>	<u>225,722</u>
Net cash provided by / (used in) investing activities	<u>233,458</u>	<u>(209,039)</u>	<u>(847,023)</u>
Net cash provided by financing activities	<u>160,730</u>	<u>224,851</u>	<u>542,574</u>
Net increase / (decrease) in cash and cash equivalents	<u>258,627</u>	<u>54,766</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>483,258</u>	<u>358,124</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 THREE MONTH PERIOD ENDED 31 MARCH 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

NOTE 3: SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

1) Economic measure related to coronavirus disease (COVID-19)

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.

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

	31 March 2020	31 December 2019
<i>Securities held for trading:</i>		
Government bonds	20,448	18,269
Other non-interest bearing securities	4,044	7,516
Hungarian government discounted Treasury Bills	5,293	12
Corporate shares and investments	441	369
Other bonds	<u>3,469</u>	<u>20,089</u>
Subtotal	<u>33,695</u>	<u>46,255</u>
<i>Securities mandatorily measured at fair value through profit or loss:</i>		
Shares in investment funds	17,333	17,100
Bonds	<u>5,225</u>	<u>5,180</u>
Subtotal	<u>22,558</u>	<u>22,280</u>
<i>Held for trading derivative financial instruments:</i>		
Interest rate swaps	58,573	52,516
Foreign currency swaps	101,575	38,213
CCIRS and mark-to-market CCIRS ¹ swaps	17,915	1,216
Other derivative transactions ²	<u>71,730</u>	<u>11,749</u>
Subtotal	<u>249,793</u>	<u>103,694</u>
Total	<u>306,046</u>	<u>172,229</u>

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

	31 March 2020	31 December 2019
Government bonds	724,869	826,054
Mortgage bonds	323,645	220,004
Interest bearing treasury bills	204,120	339,397
Other securities	80,756	78,202
- <i>listed securities</i>	<u>5,219</u>	<u>39,601</u>
<i>in HUF</i>	-	2,999
<i>in foreign currency</i>	5,219	36,602
- <i>non-listed securities</i>	<u>75,537</u>	<u>38,601</u>
<i>in HUF</i>	20,500	18,516
<i>in foreign currency</i>	55,037	20,085
Subtotal	<u>1,333,390</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>22,505</u>	<u>22,320</u>
<i>in HUF</i>	528	528
<i>in foreign currency</i>	21,977	21,792
⊠ Subtotal	<u>22,505</u>	<u>22,320</u>
Securities at fair value through other comprehensive income total	<u>1,355,895</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

	31 March 2020	31 December 2019
Gross loans	29,666	30,858
Fair value adjustment	<u>(948)</u>	<u>(1,127)</u>
Loans mandatorily measured at fair value through profit or loss total	<u>28,718</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

	31 March 2020	31 December 2018
Within one year	1,754,796	1,632,245
Over one year	<u>1,925,446</u>	<u>1,733,010</u>
Loans gross total	<u>3,680,242</u>	<u>3,365,255</u>
Loss allowance	<u>(111,758)</u>	<u>(79,917)</u>
Loans measured at amortised cost, net of allowance for loan losses total	<u>3,568,484</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:

	31 March 2020		31 December 2019	
Retail loans	923,883	25%	843,585	25%
Retail consumer loans	806,285	22%	720,471	21%
Retail mortgage backed loans ¹	117,598	3%	123,114	4%
Corporate loans	2,756,359	74%	2,521,670	74%
Loans to corporates	2,665,354	72%	2,433,080	71%
Municipality loans	<u>91,005</u>	<u>2%</u>	<u>88,590</u>	<u>3%</u>
Loans at amortised cost total	3,680,242	99%	3,365,255	99%
Loans at fair value total	<u>28,718</u>	<u>1%</u>	<u>29,731</u>	<u>1%</u>
Gross loans total	<u>3,708,960</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:

	31 March 2020	31 December 2019
In HUF	56%	57%
In foreign currency	<u>44%</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:

	31 March 2020	31 December 2019
Balance as at 1 January	79,917	66,241
Movements related to forced loans	-	1,621
Loss allowance	63,120	134,583
Release of loss allowance	(30,737)	(117,001)
Partial write-off	<u>(542)</u>	<u>(5,527)</u>
Closing balance	<u>111,758</u>	<u>79,917</u>

NOTE 7: INVESTMENTS IN SUBSIDIARIES (in HUF mn)

	31 March 2020	31 December 2019
Investments in subsidiaries:		
Controlling interest	1,974,875	1,962,010
Other investments	<u>9,298</u>	<u>8,298</u>
	<u>1,984,173</u>	<u>1,970,308</u>
Impairment loss	<u>(427,842)</u>	<u>(427,770)</u>
Total	<u>1,556,331</u>	<u>1,542,538</u>

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

	31 March 2020	31 December 2019
Balance as at 1 January	427,770	536,075
Impairment loss	72	12,503
Reversal of impairment loss	-	(51,310)
Use of impairment loss	<u>-</u>	<u>(69,498)</u>
Closing balance	<u>427,842</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]

	31 March 2020	31 December 2019
Government bonds	1,618,287	1,436,455
Mortgage bonds	13,688	12,212
Subtotal	<u>1,631,975</u>	<u>1,448,667</u>
Loss allowance	<u>(1,529)</u>	<u>(1,443)</u>
Total	<u>1,630,446</u>	<u>1,447,224</u>

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

	31 March 2020	31 December 2019
Balance as at 1 January	1,443	1,668
Loss allowance	228	338
Release of loss allowance	<u>(142)</u>	<u>(563)</u>
Closing balance	<u>1,529</u>	<u>1,443</u>

NOTE 9: DEPOSITS FROM CUSTOMERS (in HUF mn)

	31 March 2020	31 December 2019
Within one year:		
In HUF	5,551,774	5,437,453
In foreign currency	<u>1,205,776</u>	<u>1,092,329</u>
	<u>6,757,550</u>	<u>6,529,782</u>
Over one year:		
In HUF	<u>44,167</u>	<u>43,768</u>
	<u>44,167</u>	<u>43,768</u>
Total	<u>6,801,717</u>	<u>6,573,550</u>

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

	31 March 2020		31 December 2019	
Retail deposits	3,361,266	49%	3,204,450	49%
Household deposits	3,361,266	49%	3,204,450	49%
Corporate deposits	3,440,451	51%	3,369,100	51%
Deposits to corporates	2,746,637	41%	2,729,209	42%
Municipality deposits	<u>693,814</u>	<u>10%</u>	<u>639,891</u>	<u>10%</u>
Total	<u>6,801,717</u>	<u>100%</u>	<u>6,573,550</u>	<u>100%</u>

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

	31 March 2020	31 December 2019
Within one year:		
In HUF	18,074	18,340
In foreign currency	<u>4,076</u>	<u>3,753</u>
	<u>22,150</u>	<u>22,093</u>
Over one year:		
In HUF	<u>20,884</u>	<u>21,191</u>
	<u>20,884</u>	<u>21,191</u>
Total	<u>43,034</u>	<u>43,284</u>

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

Contingent liabilities and commitments

	31 March 2020	31 December 2019
Commitments to extend credit	1,444,614	1,494,508
Guarantees arising from banking activities	1,095,095	1,087,300
<i>from this: Payment undertaking liabilities (related to issue of mortgage bonds) of OTP Mortgage Bank</i>	479,011	558,100
Factoring loan commitments	267,465	228,145
Confirmed letters of credit	<u>11,644</u>	<u>749</u>
Contingent liabilities and commitments total in accordance with IFRS 9	<u>2,818,818</u>	<u>2,810,702</u>
Legal disputes (disputed value)	4,836	5,233
Other	<u>19,338</u>	<u>19,807</u>
Contingent liabilities and commitments total in accordance with IAS 37	<u>24,174</u>	<u>25,040</u>
Total	<u>2,842,992</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 645 million and HUF 663 million as at 31 March 2020 and 31 December 2019, respectively.

NOTE 12: DERIVATIVE FINANCIAL INSTRUMENTS (in HUF mn)

Fair value of derivative instruments

	31 March 2020		31 December 2019	
	Assets	Liabilities	Assets	Liabilities
Held for trading derivative financial instruments				
Interest rate derivatives				
Interest rate swaps	30,567	(29,197)	29,008	(26,622)
Cross currency interest rate swaps	9,638	(9,552)	1,141	(1,037)
OTC options	367	(367)	298	(298)
Forward rate agreement	<u>8</u>	<u>(135)</u>	<u>13</u>	<u>(32)</u>
Total interest rate derivatives (OTC derivatives)	<u>40,580</u>	<u>(39,251)</u>	<u>30,460</u>	<u>(27,989)</u>
<i>From this: Interest rate derivatives cleared by central counterparty</i>	-	(46)	-	(61)
Foreign exchange derivatives				
Foreign exchange swaps	101,575	(116,317)	31,666	(24,607)
Foreign exchange forward	23,866	(13,458)	2,538	(4,839)
OTC options	38,321	(37,811)	3,126	(3,129)
Foreign exchange spot conversion	<u>579</u>	<u>(490)</u>	<u>18</u>	<u>(50)</u>
Total foreign exchange derivatives (OTC derivatives)	<u>164,341</u>	<u>(168,076)</u>	<u>37,348</u>	<u>(32,625)</u>
<i>From this: Foreign exchange derivatives cleared by central counterparty</i>	22,693	-	4,166	(259)
Equity stock and index derivatives				
Commodity Swaps	1,902	(2,103)	1,213	(960)
Equity swaps	<u>6,048</u>	<u>(1,171)</u>	<u>4,530</u>	<u>(558)</u>
OTC derivatives total	<u>7,950</u>	<u>(3,274)</u>	<u>5,743</u>	<u>(1,518)</u>
Exchange traded futures and options	565	(499)	5	(248)
Total equity stock and index derivatives	<u>8,515</u>	<u>(3,773)</u>	<u>5,748</u>	<u>(1,766)</u>
Derivatives held for risk management not designated in hedge				
Interest rate swaps	28,006	(23,838)	23,508	(16,219)
Foreign exchange swaps	-	(26,758)	6,547	(4,477)
Foreign exchange spot conversion	-	-	-	-
Forward	74	(11)	8	(12)
Cross currency interest rate swaps	<u>8,277</u>	<u>(802)</u>	<u>75</u>	<u>-</u>
Total derivatives held for risk management not designated in hedge	<u>36,357</u>	<u>(51,409)</u>	<u>30,138</u>	<u>(20,708)</u>
<i>From this: Total derivatives cleared by central counterparty held for risk management</i>	1,276	(6,487)	1,305	(6,689)
Total Held for trading derivative financial instruments	<u>249,793</u>	<u>(262,509)</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	8,935	(6)	9,214	-
Total derivatives designated in cash flow hedges	<u>8,935</u>	<u>(6)</u>	<u>9,214</u>	<u>-</u>
Derivatives designated in fair value hedges				
Interest rate swaps	3,119	(9,056)	3,758	(8,265)
Cross currency interest rate swaps	14,584	(3,444)	3,705	(1,758)
Foreign exchange swaps	-	-	-	-
Total derivatives designated in fair value hedges	<u>17,703</u>	<u>(12,506)</u>	<u>7,463</u>	<u>(10,023)</u>
<i>From this: Total derivatives cleared by NBH held for hedging</i>	-	(2,706)	-	(2,886)
Total derivatives held for risk management (OTC derivatives)	<u>26,638</u>	<u>(12,506)</u>	<u>16,677</u>	<u>(10,023)</u>

As at 31 March 2019 the Bank has derivative instruments with positive fair values of HUF 276,431 million and negative fair values of HUF 275,015 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)

	Three month period ended 31 March 2019	Three month period ended 31 March 2018	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	38,290	32,696	140,899
FVOCI securities	9,619	9,682	40,332
Securities at amortised cost	11,300	12,048	47,119
Placements with other banks	2,206	1,726	8,034
Financial liabilities	513	309	1,720
Amounts due from banks and balances with National Bank of Hungary	354	330	1,196
Repo receivables	<u>9</u>	<u>58</u>	<u>95</u>
Subtotal	<u>62,291</u>	<u>56,849</u>	<u>239,395</u>
Income similar to interest income			
Swap and forward deals related to Placements with other banks	10,833	18,424	65,090
Swap and forward deals related to Loans at amortised cost	2,947	5,245	24,114
Swap and forward deals related to FVOCI securities	(1,309)	(1,515)	(6,099)
Investment properties	<u>2</u>	<u>2</u>	<u>6</u>
Subtotal	<u>12,473</u>	<u>22,156</u>	<u>83,111</u>
Interest income total	<u>74,764</u>	<u>79,005</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	16,390	20,843	78,644
Lease liabilities	3,809	5,560	28,146
Deposits from customers	67	63	244
Liabilities from issued securities	111	42	224
Subordinated bonds and loans	1,970	756	5,323
Investment properties (depreciation)	12	11	48
Financial assets	508	619	2,278
Repo liabilities	<u>792</u>	<u>643</u>	<u>4,477</u>
Interest expenses total	<u>23,659</u>	<u>28,537</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.:

	31 March 2020	31 March 2019
Fees and commissions received from OTP Mortgage Bank Ltd. relating to the loans	2,151	1,657

Transactions related to OTP Factoring Ltd.:

	31 March 2020	31 March 2019
The gross book value of the loans	3,060	2,768
Loss allowance on the loans sold	1,921	1,680
Loans sold to OTP Factoring Ltd. without recourse (including interest)	773	820
Loss on these transaction (recorded in the separate financial statements as loan and placement loss)	366	268

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