

OTP MORTGAGE BANK LTD.

CONSOLIDATED 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

OTP MORTGAGE BANK LTD.

CONTENTS

	<u>Page</u>
Interim Financial Report containing	
Consolidated Condensed Financial Statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union	
Consolidated Statement of Financial Position as at 30 June 2020 (unaudited)	2
Consolidated Condensed Statement of Profit or Loss and Consolidated Statement of Comprehensive Income for the six month period ended 30 June 2020 (unaudited)	3
Consolidated Condensed Statement of Changes in Shareholders' Equity for the six month period ended 30 June 2020 (unaudited)	4
Consolidated Condensed Statement of Cash Flows for the six month period ended 30 June 2020 (unaudited)	5
Selected Explanatory Notes	6-15

OTP MORTGAGE BANK LTD.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020 (UNAUDITED) (in HUF million)

	<i>Note</i>	30 June 2020	31 December 2019	30 June 2019
Cash, amounts due from banks and balances with the National Bank of Hungary		13,046	2,584	5,184
Placements with other banks, net of allowance for placement losses	4.	141,449	135,963	133,053
Securities at fair value through other comprehensive income	5.	18,036	18,922	18,153
Loans at amortised cost	6.	1,245,674	1,179,175	1,100,675
Securities at amortised cost	7.	75,912	-	-
Intangible assets		137	184	158
Property and equipment		83	90	482
Right of use assets		365	405	-
Derivative financial assets designated as hedge accounting	11.	553	229	829
Other assets		<u>4,911</u>	<u>2,670</u>	<u>2,598</u>
TOTAL ASSETS		<u>1,500,166</u>	<u>1,340,222</u>	<u>1,261,132</u>
Amounts due to banks and Hungarian Government, deposits from the National Bank of Hungary and other banks	8.	692,188	676,962	611,972
Liabilities from issued securities	9.	710,848	569,344	581,242
Derivative financial liabilities designated as hedge accounting	11.	1,190	822	344
Deferred tax liabilities		15	77	58
Leasing liabilities		384	414	388
Other liabilities		16,007	10,249	10,474
TOTAL LIABILITIES		<u>1,420,632</u>	<u>1,257,868</u>	<u>1,204,478</u>
Share capital		37,000	37,000	27,000
Retained earnings and reserves		42,534	45,354	29,654
TOTAL SHAREHOLDER'S EQUITY		<u>79,534</u>	<u>82,354</u>	<u>56,654</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		<u>1,500,166</u>	<u>1,340,222</u>	<u>1,261,132</u>

Budapest, 7 August 2020



 András Becsei
 Chief Executive Officer



 Petra Szudárovicsné Csonka
 Chief Financial Officer

OTP MORTGAGE BANK LTD.
CONSOLIDATED CONDENSED STATEMENT OF PROFIT OR LOSS AND
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020
(UNAUDITED) (in HUF million)

	Note	Six month period ended 30 June 2020	Six month period ended 30 June 2019	Year ended 31 December 2019
Interest Income	12.	33,463	31,939	62,826
Interest Expense	12.	(16,435)	(17,454)	(33,625)
NET INTEREST INCOME	12.	<u>17,028</u>	<u>14,485</u>	<u>29,201</u>
Release of Provision for impairment on loan and placement losses		(5,915)	(48)	3,523
NET INTEREST INCOME AFTER PROVISION FOR LOAN AND PLACEMENT LOSSES		11,113	14,437	32,724
Net fees and commissions		(1,117)	(717)	(1,850)
Net operating income		(7,750)	(547)	1,252
Other administrative expenses		(4,454)	(2,909)	(5,373)
PROFIT BEFORE INCOME TAX		(2,208)	10,264	26,753
Income tax		(37)	(29)	(393)
NET PROFIT FOR THE PERIOD		<u>(2,171)</u>	<u>10,235</u>	<u>26,360</u>
Earnings per share (in HUF) Basic and diluted		(5.87)	37.907	71.243
	Note	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>(2,171)</u>	<u>10,235</u>	<u>26,360</u>
Items that may be reclassified subsequently to profit or loss:				
Fair value adjustment of securities at fair value through other comprehensive income		(278)	540	1,094
Deferred tax related to securities at fair value through other comprehensive income		25	(49)	(98)
Fair value adjustment of derivative financial instruments		(415)	(1,175)	(2,124)
Other comprehensive income, net of income tax		<u>(668)</u>	<u>(684)</u>	<u>(1,128)</u>
NET COMPREHENSIVE INCOME		<u>(2,839)</u>	<u>9,551</u>	<u>25,232</u>

OTP MORTGAGE BANK LTD.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020
(UNAUDITED) (in HUF million)

	Share capital	Capital reserve	Share-based payments earnings	Retained earnings	Other comprehensive income	General reserve	Tied-up reserve	Total
Balance as at 1 January 2019	<u>27,000</u>	<u>476</u>	≡	<u>31,694</u>	<u>(872)</u>	<u>15,392</u>	<u>960</u>	<u>74,650</u>
Net profit for the period	-	-	-	10,235	-	-	-	10,235
Other comprehensive income	-	-	-	-	(684)	-	-	(684)
Total comprehensive income	<u>27,000</u>	<u>476</u>	≡	<u>41,929</u>	<u>(1,556)</u>	<u>15,392</u>	<u>960</u>	<u>84,201</u>
Dividend for the year 2018	-	-	-	(27,500)	-	-	-	(27,500)
Share-based payments	-	-	20	(4)	-	-	-	16
Consolidation difference on acquisition of OTP Pénzügypont Ltd.	-	-	-	(64)	-	-	-	(64)
Other transactions with owners	<u>27,000</u>	<u>476</u>	<u>20</u>	<u>14,361</u>	<u>(1,556)</u>	<u>15,392</u>	<u>960</u>	<u>56,654</u>
Balance as at 30 June 2019	<u>27,000</u>	<u>476</u>	<u>20</u>	<u>14,361</u>	<u>(1,556)</u>	<u>15,392</u>	<u>960</u>	<u>56,654</u>
Balance as at 1 January 2020	<u>37,000</u>	<u>476</u>	<u>38</u>	<u>27,771</u>	<u>(2,000)</u>	<u>18,109</u>	<u>960</u>	<u>82,354</u>
Net profit for the period	-	-	-	(2,171)	-	-	-	(2,171)
Other comprehensive income	-	-	-	-	(668)	-	-	(668)
Total comprehensive income	<u>37,000</u>	<u>476</u>	<u>38</u>	<u>25,600</u>	<u>(2,668)</u>	<u>18,109</u>	<u>960</u>	<u>79,515</u>
Share-based payments	-	-	19	-	-	-	-	19
Other transactions with owners	<u>37,000</u>	<u>476</u>	<u>57</u>	<u>25,600</u>	<u>(2,668)</u>	<u>18,109</u>	<u>960</u>	<u>79,534</u>
Balance as at 30 June 2020	<u>37,000</u>	<u>476</u>	<u>57</u>	<u>25,600</u>	<u>(2,668)</u>	<u>18,109</u>	<u>960</u>	<u>79,534</u>

The accompanying notes to consolidated condensed financial statements on pages 6 to 15 form an integral part of these consolidated condensed financial statements.

OTP MORTGAGE BANK LTD.
CONSOLIDATED CONDENSED STATEMENT OF CASH FLOW
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020
(UNAUDITED) (in HUF million)

	Six month period ended 30 June 2020	Six month period ended 30 June 2019	Year ended 31 December 2019
Profit before income tax	(2,208)	10,264	26,753
Net accrued interest	7,836	66	54
Depreciation and amortization	119	74	199
Risk cost	5,912	(5,139)	(3,523)
Unrealised (losses) or gains on fair value adjustment of derivative financial instruments	(371)	103	232
Increase in loans, net of allowances for loan losses	(80,250)	(37,648)	(112,477)
Interest expense from leasing liabilities	(4)	(4)	(8)
(Increase) in other assets before provisions for losses	(2,241)	(825)	(897)
Decrease in other liabilities	5,758	(2,490)	(2,715)
Share-based payments	19	16	36
Income tax paid	—	(293)	(688)
Net cash used in operating activities	<u>(65,427)</u>	<u>(30,601)</u>	<u>(93,034)</u>
Net cash used in investing activities	<u>(80,855)</u>	<u>(12,793)</u>	<u>(15,677)</u>
Net cash provided by financing activities	<u>156,744</u>	<u>45,209</u>	<u>107,926</u>
Net increase/(decrease)increase in cash and cash equivalents	10,462	1,815	(785)
Cash and cash equivalents at the beginning of the year	<u>2,584</u>	<u>3,369</u>	<u>3,369</u>
Cash and cash equivalents at the end of the year	<u>13,046</u>	<u>5,184</u>	<u>2,584</u>

OTP MORTGAGE BANK LTD.
NOTES TO UNAUDITED, CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

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.

OTP Mortgage Bank's ("Bank") functional currency is the Hungarian Forint ("HUF").

The accounting policies followed by the Bank in the preparation of these financial statements conform with International Financial Reporting Standards ("IFRS"). 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) Capital increase at OTP Ingatlanpont Ltd.
- 2) Capital increase at OTP Pénzügyi Pont Ltd.

3) 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,
- 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,

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
- 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. The Mortgage Bank is affected in amount of HUF 1,926 billion from this new special banking tax.

NOTE 3: SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There was no significant post balance sheet event.

OTP MORTGAGE BANK LTD.
NOTES TO UNAUDITED, CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

<u>NOTE 4:</u>	PLACEMENTS WITH OTHER BANKS, NET OF ALLOWANCE FOR PLACEMENT LOSSES (in HUF million)	
	30 June 2020	31 December 2019
Within one year in HUF	29,058	39,018
Over one year in HUF	112,555	97,084
Subtotal	<u>141,613</u>	<u>136,102</u>
Loss allowance	<u>(164)</u>	<u>(139)</u>
Total	<u>141,449</u>	<u>135,963</u>
From this: amounts due from OTP Bank	22,012	31,781
	30 June 2020	31 December 2019
Interest conditions on placements with other banks		
Within one year in HUF	0.34%-0.75%	0.1%-0.12%
Over one year in HUF	1.5%-1.85%	1.08%-1.12%
Average interest of placements with other banks in HUF	0.33%	0.13%

<u>NOTE 5:</u>	SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (in HUF million)	
	30 June 2020	31 December 2019
Hungarian Government bonds	<u>18,036</u>	<u>18,922</u>
Total	<u>18,036</u>	<u>18,922</u>

The whole portfolio was denominated in HUF as at 30 June 2020.

Interest conditions and the remaining maturity of securities at fair value through other comprehensive income can be analysed as follows:

	30 June 2020	31 December 2019
Within one year, fixed interest	18,036	-
Over one year, fixed interest	-	18,847
Interest conditions of securities at fair value through other comprehensive income	5.5%	5.5%

OTP MORTGAGE BANK LTD.
NOTES TO UNAUDITED, CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

NOTE 5: **SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (in HUF million) [continued]**

The valuation of the securities at fair value through other comprehensive income was as follows as at 30 June 2020:

	30 June 2020	
	Amortised cost	Fair value
Hungarian Government bonds	<u>17,115</u>	<u>18,018</u>
Total	<u>17,115</u>	<u>18,018</u>

The valuation of the securities at fair value through other comprehensive income was as follows as at 30 June 2019:

	30 June 2019	
	Amortised cost	Fair value
Hungarian Government bonds	<u>17,511</u>	<u>18,134</u>
Total	<u>17,511</u>	<u>18,134</u>

NOTE 6: **LOANS AT AMORTISED COST (in HUF million)**

	30 June 2020	31 December 2019
Within one year		
in HUF	101,047	91,210
in foreign currency total	<u>37</u>	<u>38</u>
	<u>101,084</u>	<u>91,248</u>
Over one year		
in HUF	1,155,274	1,093,268
in foreign currency total	<u>310</u>	<u>310</u>
	<u>1,155,584</u>	<u>1,093,578</u>
Loans Gross Total	<u>1,256,668</u>	<u>1,184,826</u>
Loss allowance	(10,994)	(5,651)
Total	<u>1,245,674</u>	<u>1,179,175</u>

A significant part of the loans above are mortgage loans for purchasing real estate or for any purpose. The loans have collateral notified in the public property register in favour of OTP Mortgage Bank. Such loans and their collateral are included in the Group's register and mortgage bonds can be issued up to this registered amount. The remaining parts of the loans are real estate development loans given to individual farmers that work in the agro-industry. Real estate and arable land can be accepted as collateral of these loans.
Interest conditions on loans, net of allowance for loan losses:

OTP MORTGAGE BANK LTD.
NOTES TO UNAUDITED, CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

NOTE 6: **LOANS AT AMORTISED COST (in HUF million) [continued]**

	30 June 2020	31 December 2019
Loans denominated in HUF with the maturity over one year	0.49%-16.84%	0.21%-16.84%
Average interest rate of mortgage loans denominated in foreign currency for purchasing real estate		
CHF	5.22%	5.47%
EUR	6.83%	7.01%
JPY	4.36%	4.45%
Average interest rate of mortgage loans denominated in foreign currency for any purposes		
CHF	7.90%	7.90%
EUR	8.41%	7.42%
JPY	5.05%	5.14%
Average interest rate of real estate development loans		
HUF	5.82%	5.59%
EUR	6.10%	6.10%

OTP Mortgage Bank Ltd. only provides loans with the original maturity over one year.

An analysis of the loan portfolio by type, before allowances for loan losses, is as follows:

	30 June 2020	31 December 2019
Mortgage loans	1,253,125 99.69%	1,176,919 99.65%
Loans to corporates	<u>3,883</u> <u>0.31%</u>	<u>4,111</u> <u>0.35%</u>
Total	<u>1,257,008</u> <u>100.00%</u>	<u>1,184,826</u> <u>100.00%</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	5,651	9,477
Loss allowance for the year	7,628	12,288
Release of loss allowance	(2,223)	(15,940)
Partial write-off	<u>(62)</u>	<u>(174)</u>
Balance as at 30 June	<u>10,994</u>	<u>5,651</u>

The Group sells non-performing non subsidised loans without recourse at estimated fair value to an OTP Group member, OTP Faktoring Ltd, in addition the Group sells non-performing subsidised loans without resource at estimated fair value to OTP Bank Plc.

OTP MORTGAGE BANK LTD.
NOTES TO UNAUDITED, CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

NOTE 7: **SECURITIES AT AMORTISED COST (in HUF million)**

	30 June 2020	31 December 2019
Government bonds	75,975	-
Subtotal	<u>75,975</u>	=
Loss allowance	<u>(63)</u>	=
Total	<u>75,912</u>	=

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

	30 June 2020	31 December 2019
Balance as at 1 January	-	-
Loss allowance	151	-
Release of loss allowance	<u>(88)</u>	=
Closing balance	<u>63</u>	=

The distribution of the securities at amortised cost by currency (%):

	30 June 2020	31 December 2019
Interest rates on securities at amortised cost	1.04%-3%	-
Average interest on securities at amortised cost denominated in HUF	2.44%	-

Interest conditions and the remaining maturities of securities at amortised cost can be analysed as follows:

	30 June 2020	31 December 2019
Over one year:		
variable interest	=	=
fixed interest	<u>75,542</u>	=
Total	<u>75,542</u>	=

OTP MORTGAGE BANK LTD.
NOTES TO UNAUDITED, CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

NOTE 8: AMOUNTS DUE TO BANKS AND HUNGARIAN GOVERNMENT, DEPOSITS FROM THE NATIONAL BANK OF HUNGARY AND OTHER BANKS (in HUF million)

	30 June 2020	31 December 2019
Within one year		
In HUF	575,501	636,396
Total in foreign currency	<u>375</u> <u>584,876</u>	<u>345</u> <u>636,741</u>
Over one year		
in HUF	<u>116,312</u>	<u>40,221</u>
Total	<u>692,188</u>	<u>676,962</u>
From this: amounts due to OTP Bank	<u>615,596</u>	<u>676,761</u>

Interest conditions on amounts due to OTP Bank and other banks

	30 June 2020	31 December 2019
Within one year		
In HUF	0.75%-0.9%	0.16%-0.21%
In foreign currency	(-0.74%)-0.03%	(0.7%)-0.05%
Over one year		
In HUF	0.79%-1.15%	0.46%-0.5%

NOTE 9: LIABILITIES FROM ISSUED SECURITIES (in HUF million)

	30 June 2020	31 December 2019
Within one year:		
In HUF	<u>30,040</u> <u>30,040</u>	<u>18,070</u> <u>18,070</u>
Over one year		
In HUF	<u>680,808</u> <u>608,808</u>	<u>551,274</u> <u>551,274</u>
Total	<u>710,848</u>	<u>569,344</u>

Issued mortgage bonds during the period (nominal value)	190,000	-
Mortgage bonds became due or repurchased during the period (nominal value)	60,000	39,250

Interest conditions on issued securities:

	30 June 2020	31 December 2019
In HUF	1.22% - 11.00%	0.72% - 11.00%

OTP MORTGAGE BANK LTD.
NOTES TO UNAUDITED, CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

NOTE 9: LIABILITIES FROM ISSUED SECURITIES (in HUF million) [continued]

Face value and interest of mortgage bonds issued by OTP Mortgage Bank shall not exceed registered normal and additional collaterals (face value and interest). The Mortgage Bank keeps record of loans, normal and additional collateral values which are shown separately. Independent property inspector monitors the availability of mortgage bond's collateral values in accordance with regulations, the registration of loans, and its pledges as collaterals as the normal collateral of the mortgage bonds, those property register data and the normal and additional collateral in the coverage register.

There were a maturing mortgage bonds in amount of HUF 60 billion; mortgage bonds were issued in amount of HUF 190 billion.

NOTE 10: OFF-BALANCE SHEET ITEMS (in HUF million)

	30 June 2020	31 December 2019
Commitments to extend credit	52,848	48,527
<i>Contingent liabilities and commitments total in accordance with IFRS 9</i>	52,848	48,527
Collateral	80,389	3,550
Current litigations	1,200	1,465
Other	—	180
<i>Contingent liabilities and commitments total in accordance with IAS 37</i>	<u>81,589</u>	<u>5,195</u>
Total	<u>134,437</u>	<u>53,722</u>

NOTE 11: DERIVATIVE FINANCIAL INSTRUMENTS (in HUF million)

Fair value of derivative instruments

	30 June 2020		31 December 2019	
	Assets	Liabilities	Assets	Liabilities
Derivative financial instruments designated as hedge accounting				
Derivatives designated in fair value hedges				
Interest rate swap	530	-	-	-
Derivatives designated in cash flow hedges				
Interest rate swaps	23	(1,190)	229	(822)
Total derivatives designated in cash flow hedges	<u>553</u>	<u>(1,190)</u>	<u>229</u>	<u>(822)</u>

OTP MORTGAGE BANK LTD.
NOTES TO UNAUDITED, CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

NOTE 12: **NET INTEREST INCOME (in HUF million)**

	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	27,317	25,625	50,431
FVOCI securities	214	292	507
Placements with other banks	893	499	1.138
Securities at amortized cost	153	-	-
Amounts due from banks and balances with National Bank of Hungary	28	3	17
Interest subsidy on housing loans financed by mortgage bonds	<u>5,096</u>	<u>5,623</u>	<u>10,965</u>
Subtotal	<u>33,701</u>	<u>32,042</u>	<u>63,058</u>
Income similar to interest income			
Swap and forward deals related to Placements with other banks	(238)	(103)	(232)
Subtotal	<u>(238)</u>	<u>(103)</u>	<u>(232)</u>
Interest income total	<u>33,463</u>	<u>31,939</u>	<u>62,826</u>
Interest expense due to / from / on			
Amounts due to banks and deposits from the National Bank of Hungary and other banks	3,544	4,708	8,968
Leasing liabilities	4	4	9
Liabilities from issued securities	12,887	12,742	24,648
Subtotal	<u>16,435</u>	<u>17,454</u>	<u>33,625</u>

OTP MORTGAGE BANK LTD.
NOTES TO UNAUDITED, CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

NOTE 13: RELATED PARTY TRANSACTIONS (in HUF million)

13.1. Outstanding balances/Transactions due from or due to OTP Bank

13.1.1. Outstanding balances in the consolidated Statement of Financial Position related to OTP Bank

The Bank had the following assets and liabilities due from or due to the OTP Bank:

	30 June 2020	31 December 2019
Assets		
Cash, amounts due from OTP Bank	10,452	481
Placements with OTP Bank	22,012	31,781
Accrued receivables	177	35
Liabilities		
	30 June 2020	31 December 2019
Amounts due to OTP Bank and other banks	(615,596)	(676,761)
Face value of issued mortgage bonds held by OTP Bank	(208,851)	(99,465)
Accrued interest expense due to OTP Bank	(7,163)	(3,053)
Other liabilities due to OTP Bank	(2,067)	(5,899)

13.1.2. Transactions in the consolidated Statement of Profit or Loss related to OTP Bank

	Six month period ended 30 June 2020	Six month period ended 30 June 2019	Year ended 31 December 2019
Interest income	874	700	1,498
Interest expense	(12,534)	(15,023)	(21,774)
Account handling fees paid to OTP Bank	1,466	3,874	7,101
Other fees and commissions relating to lending received from OTP Bank	(378)	(2)	(507)
Other fees and commissions relating to lending paid to OTP Bank	1,463	13	(2,743)
Revenue from the value appraisal activity from OTP Bank	377	205	561

13.2. Outstanding balances related to key management personnel

The management, the members of the Board of Directors and the Supervisory Board and their close relatives have loans of HUF 1,665 million as at 30 June 2019. These loans were covered by HUF 3,429 million mortgages and loanlines, which loans finance on a market basis.

OTP MORTGAGE BANK LTD.
NOTES TO UNAUDITED, CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

NOTE 13: RELATED PARTY TRANSACTIONS (in HUF million) [continued]

13.3. Outstanding balances/Transactions related to other related parties

13.3.1. Outstanding balances related to OTP Building Society Ltd.

	30 June 2020	31 December 2019
Face value of issued mortgage bonds held by OTP Building Society Ltd.	63,522	52,742
Accrued nominal interest payable related to mortgage bonds held by OTP Building Society Ltd.	4,322	1,889

13.3.2. Transactions of the Mortgage Bank's loan portfolio related to OTP Factoring Ltd.

	Six month period ended 30 June 2020	Six month period ended 30 June 2019	Year ended 31 December 2019
Book value of non-performing loans sold to OTP Factoring Ltd.	331	778	1,049
Selling price of the non-performing loans related to OTP Factoring Ltd.	256	396	930

13.3.3. Further Outstanding balances/Transactions related to Merkantil Bank Ltd.

	30 June 2020	31 December 2019
Face value of issued mortgage bonds held by Merkantil Bank Ltd.	45,000	45,000
Accrued interest expense due from Merkantil Bank Ltd.	4,531	2,069

13.3.4. Further Transactions related to other related party

	Six month period ended 30 June 2020	Six month period ended 30 June 2019	Year ended 31 December 2019
Further Transactions related to other related party	35	220	80
Other liabilities due to other related party	127	352	75
Other operating income from other related party	212	248	504

In the normal course of the business the Bank enters into other transactions with the entities within the OTP Group, the amounts and volumes of which are not significant to these financial statements taken as a whole. Only relevant transactions were highlighted.