INDIVIDUAL MANAGEMENT REPORT
of Crnogorska Komercijalna Banka a.d. Podgorica
for the period 1 January – 30 September 2019

Contents

INTRODUCTION

Crnogorska Komercijalna Banka AD, Podgorica (hereinafter: the Bank) prepares financial statements in accordance with the Law on Accounting ("Official Gazette of Montenegro" No. 52/16) and decisions of the Central Bank of Montenegro which regulate financial reporting of banks.

Financial statements were prepared in accordance with the Decision on the content, deadlines and manner of compiling and submitting bank's financial statements ("Official Gazette of Montenegro", No. 15/12, 18/13 and 24/18).

For the preparation of this report, the reviews and information for all items of the financial report of the current period with an overview and information from the previous period were used. The information was made on the basis of the same principles and for the same period of time.

I. Description of business activities

The Bank received a license from the Central Bank of Montenegro, by Decision No. 0101-72/1-2002 of 18 February 2002.

In addition, the Securities Commission registered it in the Register of Issuers of Securities under No. 51 (Decision No. 02/3-47/2-01 of 12 July 2001).

In accordance with the Banking Law, the Decision on Incorporation and the Articles of Association, the Bank performs the tasks of receiving deposits and other funds of private individuals and legal entities and approval of loans and other placements from these funds, in whole or in part, for its own account.
In addition to these, the Bank may also perform the following activities:

- Issue guarantees and take on other off-balance sheet obligations,
- Buy, sell and collect receivables,
- Issue, process and record payment instruments,
- Domestic and international payment operations,
- Financial leasing,
- Trade, in its name and for its own account or for the account of its clients, with foreign currencies and financial derivatives,
- Prepares analyses and provides information and advice on creditworthiness of business organizations and entrepreneurs,
- Depot activities,
- Offering safekeeping services in safe-deposit boxes,
- Other activities in accordance with the approval of the Central Bank of Montenegro.

The Bank's seat is in Moskovska bb, Podgorica.

As of 30 September 2019, the Bank had 456 employees (31 December 2018: 452 employees).
The Bank performs its business operations in the entire territory of Montenegro, through its widespread network of business units.

As of 30 September 2019, the Bank was comprised of the head office in Podgorica, 24 branches and 5 counters in the territory of Montenegro.

Important events that marked the period 1 January – 30 September 2019:

On 27 February 2019, the Bank concluded the Agreement on purchase of 90.56% of the share capital of Societe Generale Bank Montenegro AD, Podgorica, a Montenegrin subsidiary of Societe Generale Bank.

In April 2019, the Competition Agency of Montenegro, issued a decision approving the concentration regarding the Bank and Societe Generale Bank Montenegro AD, Podgorica. The decision was submitted to the Central Bank of Montenegro for further consideration in the transaction approval process.

On 16 May, the Central Bank of Montenegro issued a decision authorizing the Bank to acquire qualifying holding in the share capital of Societe Generale Montenegro AD, Podgorica.

In June 2019, pursuant to the GSM Decision no. 128/2019 the shareholder carried out a capital increase of EUR 44,999,822.70, consisting of 88,012 shares of nominal value of 511.2919 each.

The renowned global magazine Global Finance has published a list of winners of the Best Bank Annual Awards for 2019 in Central and Eastern European. Based on extensive, months-long research, Global Finance editors have awarded Crnogorska Komercijalna Banka as the Best Bank in Montenegro for 2019. The Best Bank of Hungary award went to OTP Bank, the Bank's owner.

The Montenegrin Chamber of Economy Award for 2018, was received by Crnogorska Komercijalna Banka for innovation.

The laureate for innovation, Crnogorska Komercijalna Banka, on 1 February 2018 launched CKB GO, a new generation of mobile and internet banking that was developed with Finastra company, the third in the world in finance and technology.

In 2019, the Bank did not repurchase its own shares.

In the forthcoming period, Crnogorska Komercijalna Banka AD Podgorica will offer all minority shareholders to repurchase their shares in accordance with the law and enabling regulations.

II. Banking business operations

In the mentioned period, the Bank endeavored to keep the leading position in the banking sector of Montenegro.

By trust, dedicated approach which is primarily based on the quality of products and services, the Bank made efforts to be a reliable, long-term partner to its clients. Adequate response of the Bank to the clients' and market's needs is a result of a wide range of credit, deposit and other products and services from the area of modern electronic channels, payment operations, custody business, private banking, etc.

During the third quarter 2019, the Bank also continued to operate on socially responsible principles. The projects of support in the field of culture, education, sport, health, environment protection, as well as numerous projects that contribute to the preservation of tradition and culture at the local community level were continued.

As in the past period, the strategic goal of the Bank is to develop as a universal bank, i.e. a bank that provides products and services to retail and corporate clients.

II.1. Retail banking

Main business lines in retail lending segment are still cash, housing and mortgage loans, while in deposit segment, current accounts and classic savings are still dominant. Lending and deposit interest rates were adjusted during the third quarter of 2019, in line with the Bank's Pricing Policy and market trends.

Gross exposure of principal of retail credit receivables, as of 30 September 2019 amounted to EUR 193,632 thousand, accounting for 43.80% of the total portfolio. At the same time, retail deposits participated in the total deposits of the Bank with 54.72%, and amounted to EUR 336,295 thousand.

Credit and deposit portfolios of the Bank include mainly resident clients.

II.2. Corporate banking and transactions with the Government of Montenegro and other budgetary beneficiaries

Main business lines in corporate lending segment are still investment loans and working capital loans, while in the segment of deposits of legal entities, current accounts and classic savings are still dominant.

In the third quarter of 2019 as well, business cooperation with large and medium-sized legal entities continued. The emphasis was placed on improving the quality and product development through adequate selection of credit worthy clients, with appropriate security instruments. Also, the Bank continued the cooperation with the Government of Montenegro and other budgetary beneficiaries through credit arrangements and transaction services. By that, the Bank continued to build partnership relationship with state institutions in Montenegro.

Gross exposure of principal of credit receivables of legal entities, the Government of Montenegro and other budgetary beneficiaries participated as at 30 September 2019 amounted to EUR 248,421 thousand, and in the total portfolio they participated with 56.20%. Other loan receivables amounted to EUR 4,920 thousand.
Total deposits of legal entities, the Government of Montenegro and other budgetary beneficiaries amounted to EUR 278,260 thousand, i.e. 45.28%. The funds in the escrow account amounted to EUR 15 thousand.

Lending and deposit interest rates on these products were adjusted during the third quarter of 2019, in line with the Bank 's pricing policy and market trends.

II.3. Analysis of the financial position and results

At the end of the third quarter of 2019, the following financial instruments were crucial for assessing the financial position of the Bank:
- Cash and deposit accounts with central banks
- Loans and receivables from banks, at amortized value
- Loans and receivables from clients, at amortized value
- Investments in securities held to maturity
- Deposits from banks
- Client deposits
- Capital

UNAUDITED STATEMENT OF FINANCIAL POSITION
as of 30 September 2019
(in EUR thousand)

	30. septembar 2019.	31.decembar 2018.
ASSETS		
Cash and balances with the Central Bank	149.248	135.251
Loans and advances to banks at amortized cost	81.777	56.481
Loans and advances to customers at amortized cost	429.713	393.172
Securities at amortized cost	79.593	79.278
Other financial assets at amortized cost	1.314	1.219
Securities at fair value through other comprehensive income	9.731	6.992
Investments in associates, subsidiaries and joint ventures using the equity method	35.965	335
Property, plant and equipment	13.112	13.279
Intangible assets	3.487	3.563
Current tax assets	76	26
Deferred tax assets	21	53
Other assets	6.170	1.714
TOTAL ASSETS	**810.208**	**691.363**
LIABILITIES		
Deposits from banks and central banks at amortized cost	1.477	353
Deposits of clients at amortized cost	613.066	552.351
Banks' and central banks' loans at amortized cost	3.914	-
Customer loans (excluding banks) at amortized cost		2.732
Reserves	4.760	4.399
Current tax liabilities	858	1.019
Deferred tax liabilities	816	568
Other liabilities	13.805	14.644
TOTAL LIABILITIES	**638.696**	**576.066**
EQUITY		
Share capital	181.875	136.876
Retained earnings	(41.840)	(51.920)
Profit / loss for the year	8.788	10.079
Other reserves	22.688	20.262
Total equity	**171.512**	**115.297**
TOTAL LIABILITIES AND EQUITY	**810.208**	**691.363**

Total assets as at 30 September 2019 amounted to EUR 810,208 thousand, which represents an increase of 14.66 % compared to 31 December 2018.

As of 30 September 2019, net loans and clients' receivables amounted to EUR 429.713 thousand with an achieved growth of 8.48% compared to 31 December 2018, which was the result of both, new disbursements and improved quality of the portfolio.
The increase in securities at fair value through other comprehensive income has been conditioned by the increase in the market value of the shares of VISA and MasterCard.

Clients' deposits recorded a significant increase of 9.90% compared to 31 December 2018.

UNAUDITED STATEMENT OF PROFIT OR LOSS
In the period from 1 January to 30 September 2019
(in EUR thousand)

	30 September 2019	**30.septembar 2018**
Interest and similar income	18.883	18.172
Interest income on impaired placements	481	-
Interest expense and similar charges	(133)	(223)
Net interest income	**19.230**	**17.949**
Fee and commission income	14.020	11.783
Fee and commission expense	(7.710)	(5.957)
Net fee and commission income	**6.311**	**5.826**
Net gains / losses due to derecognition of financial instruments that are not valued at fair value value through profit or loss	-	-
Net gains / losses based on financial instruments held for trading	-	-
Net gains / losses from foreign exchange differences	654	641
Net gains / losses based on derecognition of other assets	(1)	44
Other income	2.185	2.590
Employee expenses	(9.727)	(9.130)
Depreciation costs	(1.991)	(1.904)
General and administrative costs	(5.899)	(5.154)
Net income / expense on impairment financial instruments that are not valued at fair value value through profit or loss	(1.076)	12
Provisionng cost	(47)	(43)
Other expenditures	(93)	(115)
OPERATIONAL PROFIT	**9.587**	**10.693**
Income tax	(799)	(920)
NET PROFIT	**8.788**	**9.773**

The increase in interest income and similar income was conditioned by an increase in the loan portfolio. The decrease in interest and similar expenses was mainly the result of decrease in term deposits, as well as decrease in interest rates on those deposits.

General costs, consisting of staff costs, general and administrative costs and depreciation costs during the year of 2019, generally maintained the same trend as in the same period last year.

At the end of the third quarter of 2019, the Bank operated with a positive result in the amount of EUR 8,788 thousand.

The achieved performance indicators are shown in the table below:

	Achieved performance indicators as of	
	30 September 2019	**31 December 2018**
Solvency ratio (min 10%)	24.23%	22,55%
Largest exposure of the Bank to one person or group of related persons (min 25%)	16.61%	13,02%
Sum of large exposures (min 800%)	35.35%	39,65%
Total exposure to the persons that have qualified participation in the Bank (max 20%)	8.90%	9,42%
Total exposure to Bank related persons (max 200%)	8.12%	9,67%
Total Exposure to persons employed in the Bank (max 1%)	0.13%	0,16%
Real Estate Investment and Fixed Assets Coefficient (max 50%)	16.21%	20,31%
Bank's liquidity coefficient (min 1%)	1.25%	1,15%

III. Capital analysis

As at 30 September 2019, the Bank's share capital was made of 355,717 ordinary shares of individual nominal value of EUR 511,2919. All issued shares have been fully paid.

As at 30 September 2019, the only shareholder of the Bank was OTP Bank Plc Budapest with 100% equity share.

In accordance with the regulations of the Central Bank of Montenegro, as at 30 June 2019, the Bank was obliged to maintain a minimum capital solvency ratio of 10%. The Bank 's solvency ratio as at 30 September 2019 was 24.23%.

The Bank is obliged to harmonize the volume of its business with the prescribed indicators, i.e. to align the volume and structure of its risk placements with the Banking Law and the regulations of the Central Bank of Montenegro. As of 30 September 2019, the Bank does not deviate from the prescribed limits.

III.1. Own funds

According to the Banking Law ("Official Gazette of Montenegro" No. 17/08, 44/10 and 40/11), the amount of the founding capital may not be less than EUR 5,000 thousand. As prescribed by the Decision on Capital Adequacy ("Official Gazette of Montenegro" No. 38/11, 55/12 and 82/17), the Bank is obliged to determine the capital adequacy on the basis of own funds, as an absolute and a solvency ratio, as a relative indicator. The Bank's own funds represent the sum of paid-in share capital and other basic and supplementary elements of own funds less deductible items.

The amount of own funds must always be at a level equal to or higher than:
• the amount of the minimum monetary share of the founding capital;
• the total amount of required capital for all risks.

Bank's own funds as at 30 September 2019 consist of:
In thousands EUR

Basic elements of own funds	**30 September 2019**	**31 December 2018**
Share capital	181.876	136.876
Provisions established against profit after taxation	921	921
LLP according to regulatory requirement, allocated in accordance with the Decision prescribing minimum standards for credit risk management in banks	(777)	(777)
The amount that mitigates the negative effects on own funds due to first application of IFRS 9	660	738
Total: Basic elements of own funds	**182.680**	**137.758**
Deductible items in calculation of core capital		
Loss from previous years	(41.064)	(51.142)
Intangible assets	(3.487)	(3.563)
Unrealized loss on fair value adjustment of financial assets available for sale, at fair value		-
Total: Deductible items of the Bank's own funds	**(44.551)**	**(54.705)**
Core capital	**138.128**	**83.053**
Direct or indirect investments in another bank or another credit or financial institution in the amount exceeding 10% of capital of those institutions	(35.773)	(143)
Own capital decreased by 50% of deductible items of own funds	120.242	82.981
Additional capital decreased by 50% of deductible items of own funds	(17.887)	(72)
Core capital, decreased as needed	120.242	82.909
OWN FUNDS	**102.355**	**82.909**

Pursuant to the provisions of the Decision on the Capital Adequacy of Banks ("Official Gazette of Montenegro" No. 38/11, 55/12 and 82/17), the Bank has made the calculation of the required capital for the risks to which it is exposed in its operations, as well as the solvency coefficient. Solvency coefficient must not be less than 10%.

The solvency ratio represents the percentage relation of the Bank's own funds to the sum of:
• the total amount of the risk weighted assets for credit risk;
• the amount of risk weighted assets for market risks;
• the amount of risk weighted assets for operational risk;
• the amount of risk weighted assets for other risks.

		In EUR thousand
	30 September 2019	**31 December 2018**
Core capital	120.242	82.909
Supplementary capital	(17.887)	(72)
Risk-weighted balance sheet assets	331.046	287,575
Risk-weighted off- balance sheet items	28.989	18.726
The amount that mitigates the negative effects on own funds due to first application of IFRS 9	660	738
Total risk-weighted balance sheet assets	360.695	307.039
Capital requirement for operational risk	5.724	5,694
Capital requirement for country risk	4.274	3.615
Bank’s solvency ratio	**24.23%**	**22.55%**

IV. Risk management

In the Risk Management Strategy, the Bank identified the following risks as materially significant risks to which it is exposed in its operations:

• Credit risk - represents the risk of loss as a result of the client's failure to fulfill the obligations towards the Bank.
• Operational risk - is defined as the risk of losses in the Bank 's operations due to inadequate internal processes, human factor and systems or external events. This definition includes legal risk, but excludes strategic and reputational risk.
• Market risk – represents the likelihood of loss on balance sheet and off balance sheet items, as a result of changes in interest rates, foreign exchange rates, securities prices, market index values or other factors of importance for the value of financial instruments, as well as the risk of marketability of financial instruments.
• Country risk - is the probability of losses for the bank because of the impossibility of collecting claims from persons outside Montenegro, for reasons related to the political, social and economic environment of the country in which the head office or residence of the debtor is located (hereinafter: the country of the debtor) .
• Liquidity risk - is defined as probability that the Bank will not be able to provide sufficient funds to settle its obligations at the time of their maturity, or the probability that the Bank will have to get funds with significant costs for settling its due liabilities.
• Reputational risk - represents a potential loss of bank's reputation as a result of real or perceived loss of confidence in the Bank.

The Bank has organized a risk management process as an integral part of its management structure that is embedded in all key processes from product development to the collection of non-performing receivables.

Regarding risk management, the Bank defined the following strategic goals:

• Balancing risk and return
• Maintaining potential losses within capacity and appetite for risk taking
• Measurement, assessment and ensuring adequate coverage of all relevant risks
• supporting business lines to achieve their strategic goals

In order to achieve these objectives, the risk management function uses the following tools:

• identification of major risks inherent in its value creation processes
• assessment of the level of risk based on historical data and the assessment of future trends
• risk control
• risk mitigation techniques such as defining of the exposure limit, collateral requirements, hedging, establishing a controlled environment, etc.

IV.1. Credit risk and valuation of balance sheet asset items and off-balance sheet items

The main sources of credit risk are loans approved to Retail, SME and Corporate segments.

The Bank s loan portfolio increased as a result of efforts to increase placements with minimum increase of risk tolerance in certain segments.

In 2019, the Bank continued lending activity in Retail segment. Retail segment recorded the extensive approval of new loans, as defined in the general strategy of OTP Bank that puts accent on this segment. At the same time, the portfolio quality was maintained at the last year level with relatively low share of NPLs for which adequate loan loss provisions were set aside.

Pursuant to the Decision on Minimum Standards for Credit Risk Management in Banks (Official Gazette of Montenegro, No. 22/12, 55/12, 57/13, 44/17 and 82/17) since 1 January 2013 the Bank has been applying its own methodology for assessment of the impairment of balance sheet assets and probable loss under off-balance sheet items which is harmonized with IAS requirements. The Bank did not change the methodology for calculating the impairment of the balance sheet assets and probable loss on off-balance sheet items, compared to 31 December 2018.

Besides the valuation of balance and off-balance sheet items according to the International Accounting Standards, the Bank shall classify balance sheet asset items into one of the following classification categories depending on their loss incurring probability:

1. group A - "pass"; Loans and other receivables with solid documentary evidence that they will be fully collected in accordance with the contractual terms are classified into the classification category A
2. group B - "special mention", with subcategories „B1“and „B2“; Loans with a small probability of incurring losses are classified into the classification category B (subcategories B1 and B2). However, such loans must be subject to special attention of the bank since their potential risk, if inadequately monitored, may result in poor perspective for its repayment.
3. group C - "substandard", with subcategories „C1“ and „C2“; Loans with high probability of incurring losses due to clearly disclosed weaknesses jeopardizing their repayment are classified into the classification category C.
4. group D - "doubtful"; Loans with a low probability of full collection taking into consideration the debtor’s credit capacity, value and possibility of collateral enforcement are classified into classification category D.
5. group E - "loss"; Loans which are fully uncollectible or which will be collected in an insignificant amount are classified into classification category E.

The Bank has developed a comprehensive strategy for dealing with non-performing loans for a period of three years and has defined the annual operational objectives related to the reduction of the level of non-performing loans. The main goal in managing non-performing placements is to improve the quality of the portfolio, which reduces the risk costs and improves the overall financial position and liquidity position of the bank.

The amount of loan loss provisions is not envisaged for the Bank's placement classified in A category. Assessed amount of the loan loss provisions is calculated by the application of 2% to 7% to the placements classified in B category, from 20% to 40% to the placements classified in C category, 70% to the placements classified in D category and 100% for the placements classified in E category.

The Central Bank of Montenegro has adopted the Decision on Minimum Standards for Credit Risk Management to be applied as of 01/07/2019 and Category A was allocated a percentage of 0.5% for calculation of provisions for potential losses for impairment of balance sheet assets and off-balance sheet items.

IV.2. Country and counterparty risk management

The Bank has developed its own regulatory framework for risk management based on national legislation as well as parent bank standards, defining the approach, methods and responsibilities in country risk management.

Counterparty risk is managed by a system of exposure limits to parties residing in foreign countries to which the Bank is exposed. The exposure limit system is based on country risk rating and the Bank's capital position in line with the parent bank methodology and statutory requirements.

The Bank did not have exposures to foreign central governments. Apart from the exposure towards Hungary as the medium risk country which entirely consisted of exposure towards the parent bank, the Bank placed majority of its assets in risk-free countries.

Counterparty risk is managed by a system of exposure limits to various counterparties the Bank has cooperation with. The exposure limit system is based on counterparty risk rating and the Bank's capital position and in line with the parent bank methodology and statutory requirements.

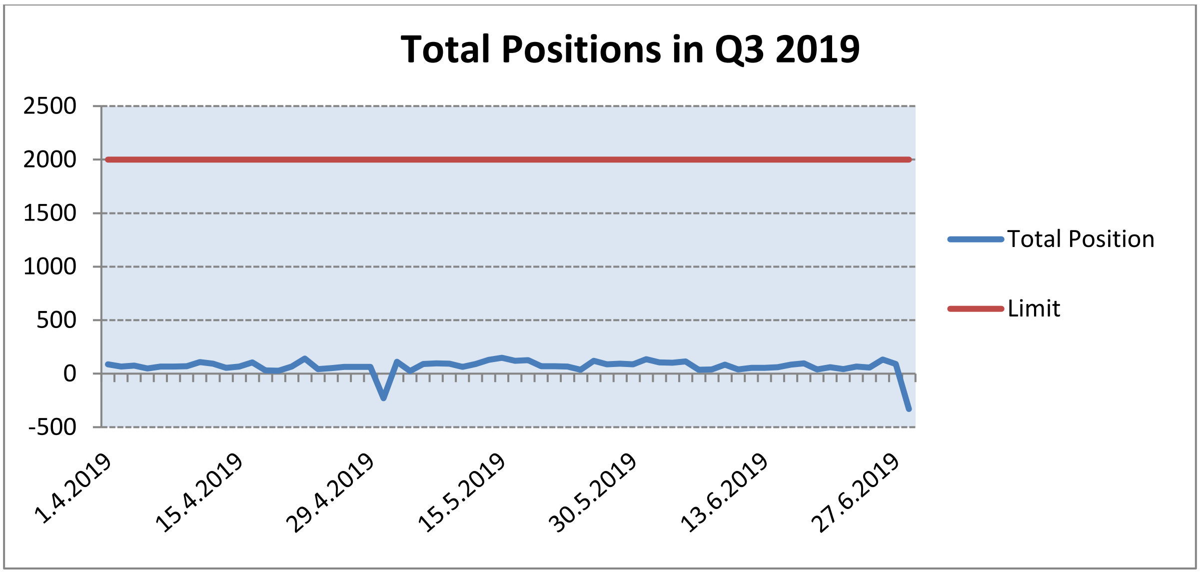
IV.3. Market risk

The Bank is exposed to the market risks. Market risk is defined as a potential loss arising from unfavorable changes on the market such as interest rate, foreign exchange positions, prices, indices and/or other factors impacting the value of financial instruments. Most often, the main sources of the market risk are foreign exchange positions and interest rate risk.

Considering its business model, size and complexity of operations, with respect to market risk, the Bank is mainly exposed to foreign exchange risk (FX). FX or currency risk is the risk that the Bank may incur losses in its operations due to the changes of foreign exchange rates. FX risk is primarily defined as a potential loss at unsecured and unprotected open FX position (assets, receivables, capital and liabilities in foreign currency). Exposure to FX risk is regularly monitored through the harmonization with the limits stipulated by the Central Bank of Montenegro. In order to limit and mitigate FX risk, the Bank set a system of FX risk internal limits in accordance with the Bank's balance structure, business activities and market conditions, as well as limits defined by the Central Bank of Montenegro and OTP Bank.

The Bank set position limits (intraday and overnight) and VaR (Value-at-Risk) limit which are continuously monitored.
Limits are monitored daily while the reports are submitted to the Bank's management quarterly.

VaR trends in the quarter of 2019 are presented below.



IV.4. Liquidity risk

Liquidity risk represents likelihood that the Bank will not be able to provide for sufficient monetary assets to settle the obligations at their due date or likelihood that the Bank will have to obtain monetary assets for settlement of due obligations at significant costs.

The Bank manages liquidity risk by introducing the system of controls, risk mitigating measures and contingency plans. The main objective of liquidity risk management is establishment of a liquidity monitoring system of the Bank, its quality, composition and maturity in order to achieve optimal liquidity structure to support its primary business activities.

In order to monitor the liquidity position, the Bank prepares: Report on available liquid assets (RLS), Report on deposits of natural and legal persons (deposits of FL / PL) and Average Ten-day Liquidity Indicator (DPL) in accordance with the regulations of the Central Bank of Montenegro.

By the decision of the Central Bank of Montenegro on minimum standards for liquidity risk management in banks, the Bank is obliged to maintain the liquidity level so that the liquidity ratio is at least:

- 0.9% - when calculated for one working day

- 1.0% when calculated as the average of the liquidity ratios for all working days in a ten-day period

In 2019 the Bank maintained strong liquidity position with the liquidity coefficient above the determined statutory minimum. As of 30 June 2019, liquidity coefficient was 1.25%.

Daily Liquidity Report, DPL:
In thousands of EUR

	30 septembar 2019	30 June 2019
Cash	41.791	40.878
Gyro account	62.466	46.024
Funds kept with payment transaction agents	316	14
Funds kept on correspondent banks accounts (sight deposits	81.777	89.886
Mandatory reserves kept with the Central Bank (50%)	22.212	19.895
Liquid assets/receivables	208.562	196.697
Due obligations for credits	4	41
Due liabilities for interests and fees	10	9
Due liabilities for term deposits	316	147
30% sight deposit	161.703	141.821
10% approved but unused, irrevocable loan obligations (credit lines)	4.435	3.875
Other matured liabilities	102	92
Matured liabilities for loans and borrowings	166.571	145.985
Surplus/Deficit	41.991	50.711
Liquidity indicators	**1.25%**	**1.35%**

IV.5. Operational risk

The centralized function of operational risk management is placed within the Credit Approval and Risk Management Division and is in charge of monitoring and coordinating management of operational risk at the level of the entire organization through development of policies, methodologies and tools used by all the other organizational units of the Bank. Operational risk is managed in a decentralized way in a sense that potential incidents are managed by organizational units where such incidents occur. Considering the importance of operational risk management for the successful operation of the entire organization, an effective system of reporting to the Bank's management on the exposure to operational risk and pertaining activities has been put in place.

Using the operational risk management system in place, the level of the Bank’s exposure to this type of risk was assessed as moderate. The operational risk management system is being constantly improved in order to be able to respond to changes and challenges in external and internal environment.

The Bank adopted the Disaster Recovery Plan which enables business continuity i.e. timely restoration of critical business activities of the Bank in the cases of disrupted or interrupted operations. The Plan is updated and tested on a regular basis.

Pursuant to Article 242 of the Decision on Capital Adequacy in Banks (Official Gazette of Montenegro, No. 38/11 and 55/12), the Bank uses a simple method for calculating the capital requirements for the operational risk.

IV.6. Reputational risk

Reputational risk is the risk of current and future income and capital arising from the negative public opinion about the Bank's operations. Reputation is rather a complex issue and basically represents the clients' perspective of the Bank's operations, management and services rendering. Marketing and advertisements can have short-term effect on the reputational risk of the Bank.

V. Related party transactions

Summary of related party receivables and payables as at 30 June 2019 is given in the following table:

In EUR thousand

	30 septembar 2019	31 Decembar 2018
Loans and advances to banks		
- OTP Bank Plc. Budapest	45.410	39.029
- OTP Bank Hrvatska	28	28
- Vojvođanska banka dd	3	-
Loans and receivables from clients		
- Bank's employees	8.482	8.176
Investments in subsidiaries		
- OTP Debt Collection doo Podgorica	335	335
- Podgorička Banka, AD Podgorica	35.630	-
Total receivables	**89.888**	**47.547**
Clients' deposits		
- Bank's employees	3.042	3.807
- OTP Debt Collection doo Podgorica	1.474	4.055
- Debt Management Project Montenegro d.o.o. Podgorica	437	1.126
Total liabilities	**4.953**	**8.988**
Receivables, net	**84.935**	**38.559**
Off-balance-sheet items		
Received guaranties :		
- OTP Bank Plc., Budapest	84.935	1.693
Total off-balance-sheet items	**1.773**	**1.693**

Income and expenses arising from transactions with related legal entities in the period 1 January - 30 September 2019 and for the same period in 2018 are as follows:

		In EUR thousand
	30 September 2019	**31 Decembar 2018**
Interest and similar income:		
- OTP Bank Plc. Budapest	276	175
- Bank's employees	334	213
	611	388
Fee and commission income:		
- OTP Bank Plc. Budapest	3	7
OTP Debt Collection doo Podgorica	1	2
- Debt Management Project Montenegro d.o.o. Podgorica	5	4
Other income		
- OTP Bank Plc. Budapest	-	3
Total income	**620**	**404**
Interest expense and similar expenses:		
- Bank's employees	(5)	(1)
- OTP Bank Plc., Budapest	(125)	-
	(130)	(1)
Fee and commission expense:		
- OTP Bank Plc. Budapest	(10)	-
	(10)	-
General and administrative expenses:		
- OTP Bank Plc. Budapest	(6)	-
Total expenses	**(147)**	**(1)**
Income, net	**473**	**403**