



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 2014**

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	Note	30 September 2014	31 December 2013	30 September 2013
Cash, amounts due from banks and balances with the National Bank of Hungary		1,788,378	140,521	166,554
Placements with other banks, net of allowance for placement losses		744,049	632,899	700,222
Financial assets at fair value through profit or loss	4.	180,456	396,565	217,280
Securities available-for-sale	5.	1,124,476	1,997,491	1,767,759
Loans, net of allowance for loan losses	6.	2,023,302	2,144,701	2,204,405
Investments in subsidiaries, associates and other investments	7.	606,902	669,322	634,988
Securities held-to-maturity	8.	672,596	525,049	569,534
Property and equipment		68,296	85,447	78,941
Intangible assets		35,690	31,554	31,444
Other assets		<u>89,554</u>	<u>49,486</u>	<u>42,367</u>
TOTAL ASSETS		<u>7,333,699</u>	<u>6,673,035</u>	<u>6,413,494</u>
Amounts due to banks and Hungarian Government, deposits from the National Bank of Hungary and other banks		1,096,379	902,744	819,657
Deposits from customers	9.	4,122,346	3,677,450	3,454,678
Liabilities from issued securities	10.	154,077	170,779	207,130
Financial liabilities at fair value through profit or loss		209,634	204,517	205,273
Other liabilities		354,928	242,444	224,967
Subordinated bonds and loans		<u>297,183</u>	<u>278,241</u>	<u>302,584</u>
TOTAL LIABILITIES		<u>6,234,547</u>	<u>5,476,175</u>	<u>5,214,289</u>
Share capital		28,000	28,000	28,000
Retained earnings and reserves		1,078,690	1,175,591	1,178,282
Treasury shares		<u>(7,538)</u>	<u>(6,731)</u>	<u>(7,077)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>1,099,152</u>	<u>1,196,860</u>	<u>1,199,205</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>7,333,699</u>	<u>6,673,035</u>	<u>6,413,494</u>

	Note	Nine month period ended 30 September 2014	Nine month period ended 30 September 2013	Year ended 31 December 2013
Interest Income	12.	319,007	454,573	572,164
Interest Expense	12.	<u>157,026</u>	<u>305,357</u>	<u>366,346</u>
NET INTEREST INCOME	12.	<u>161,981</u>	<u>149,216</u>	<u>205,818</u>
Provision for impairment on loan and placement losses	6.	18,520	17,563	30,533
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN AND PLACEMENT LOSSES		<u>143,461</u>	<u>131,653</u>	<u>175,285</u>
Net profit from fees and commissions		108,889	92,802	133,941
Net operating (expense) / income		(183,660)	22,101	(9,084)
Other administrative expenses		<u>185,743</u>	<u>191,773</u>	<u>245,809</u>
(LOSS) / PROFIT BEFORE INCOME TAX		<u>(117,053)</u>	<u>54,783</u>	<u>54,333</u>
Income tax		<u>(32,914)</u>	<u>5,842</u>	<u>6,442</u>
NET (LOSS) / PROFIT FOR THE PERIOD		<u>(84,139)</u>	<u>48,941</u>	<u>47,891</u>
Earnings per share (in HUF)				
Basic		<u>(302)</u>	<u>176</u>	<u>172</u>
Diluted		<u>(302)</u>	<u>176</u>	<u>172</u>

The comprehensive income items are as follows:

	Nine month period ended 30 September 2014	Nine month period ended 30 September 2013	Year ended 31 December 2013
NET (LOSS) / PROFIT FOR THE PERIOD	<u>(84,139)</u>	<u>48,941</u>	<u>47,891</u>
Fair value adjustment of securities available-for-sale	<u>30,383</u>	<u>3,076</u>	<u>1,024</u>
NET COMPREHENSIVE INCOME	<u>(53,756)</u>	<u>52,017</u>	<u>48,915</u>

	Six month period ended 30 June 2014	Six month period ended 30 June 2013	Year ended 31 December 2013
(Loss) / Profit before income tax	(117,053)	54,783	54,333
Income tax paid	(1,217)	(1,992)	(5,370)
Depreciation and amortization	16,495	16,044	21,657
Provisions for impairment	260,821	61,035	86,385
Share-based payment	3,182	4,262	5,704
Unrealised (losses) / gains on fair value adjustment of securities available-for-sale and held for trading	(633)	(416)	863
Unrealised gains on fair value adjustment of derivative financial instruments	7,138	18,928	12,629
Net changing in assets and liabilities in operating activities	<u>626,997</u>	<u>(20,479)</u>	<u>90,075</u>
Net cash provided by operating activities	<u>795,730</u>	<u>132,165</u>	<u>266,276</u>
Net cash provided by / (used in) investing activities	<u>661,594</u>	<u>(28,734)</u>	<u>(207,106)</u>
Net cash provided by / (used in) financing activities	<u>143,969</u>	<u>(179,841)</u>	<u>(160,720)</u>
Net increase / (decrease) in cash and cash equivalents	<u>1,601,293</u>	<u>(76,410)</u>	<u>(101,550)</u>
Cash and cash equivalents at the beginning of the period	<u>62,835</u>	<u>164,385</u>	<u>164,385</u>
Cash and cash equivalents at the end of the period¹	<u>1,664,128</u>	<u>87,975</u>	<u>62,835</u>
Cash, amounts due from banks and balances with the National Bank of Hungary	140,521	245,548	245,548
Compulsory reserve established by the National Bank of Hungary	<u>(77,686)</u>	<u>(81,163)</u>	<u>(81,163)</u>
Cash and cash equivalents at the beginning of the period	<u>62,835</u>	<u>164,385</u>	<u>164,385</u>
Cash, amounts due from banks and balances with the National Bank of Hungary	1,788,378	166,554	140,521
Compulsory reserve established by the National Bank of Hungary	<u>(124,250)</u>	<u>(78,579)</u>	<u>(77,686)</u>
Cash and cash equivalents at the end of the period	<u>1,664,128</u>	<u>87,975</u>	<u>62,835</u>

¹ See Note 4 and 5.

SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE MONTH PERIOD
ENDED 30 SEPTEMBER 2014 (UNAUDITED) (in HUF mn)

	Share Capital	Capital reserve	Share-based payment reserve	Retained earnings and reserves	Put option reserve	Treasury Shares	Total
Balance as at 1 January 2013	<u>28,000</u>	<u>52</u>	<u>10,800</u>	<u>1,202,132</u>	<u>(55,468)</u>	<u>(4,934)</u>	<u>1,180,582</u>
Net profit for the period	-	-	-	48,941	-	-	48,941
Other comprehensive income	-	-	-	3,076	-	-	3,076
Share-based payment	-	-	4,262	-	-	-	4,262
Payments to ICES holders	-	-	-	(2,284)	-	-	(2,284)
Sale of treasury shares	-	-	-	-	-	13,821	13,821
Loss on sale of treasury shares	-	-	-	371	-	-	371
Acquisition of treasury shares	-	-	-	-	-	(15,964)	(15,964)
Dividend for the year 2012	-	-	-	(33,600)	-	-	(33,600)
Balance as at 30 September 2013	<u>28,000</u>	<u>52</u>	<u>15,062</u>	<u>1,218,636</u>	<u>(55,468)</u>	<u>(7,077)</u>	<u>1,199,205</u>
Balance as at 1 January 2014	<u>28,000</u>	<u>52</u>	<u>16,504</u>	<u>1,214,503</u>	<u>(55,468)</u>	<u>(6,731)</u>	<u>1,196,860</u>
Net loss for the period	-	-	-	(84,139)	-	-	(84,139)
Other comprehensive income	-	-	-	30,383	-	-	30,383
Share-based payment	-	-	3,182	-	-	-	3,182
Payments to ICES holders	-	-	-	(2,279)	-	-	(2,279)
Sale of treasury shares	-	-	-	-	-	22,149	22,149
Loss on sale of treasury shares	-	-	-	(3,448)	-	-	(3,448)
Acquisition of treasury shares	-	-	-	-	-	(22,956)	(22,956)
Dividend for the year 2013	-	-	-	(40,600)	-	-	(40,600)
Balance as at 30 September 2014	<u>28,000</u>	<u>52</u>	<u>19,686</u>	<u>1,114,420</u>	<u>(55,468)</u>	<u>(7,538)</u>	<u>1,099,152</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 currency of the Bank is the Hungarian Forint ("HUF").

Some of the accounting principles prescribed for statutory purposes is different from those generally recognized in international financial markets. Due to the fact that the Bank is listed on international and national stock exchanges, the Bank is obliged to present its financial position in accordance with the International Financial Reporting Standards ("IFRS"). Certain adjustments have been made to the Bank's Hungarian separate statutory accounts in order to present the separate financial position and results of operations of the Bank in accordance with all standards and interpretations approved by the International Accounting Standards Board ("IASB"), which are referred to as IFRS.

The separate financial statements have been prepared in accordance with IFRS as adopted by the European Union (the "EU"). IFRS as adopted by the EU do not currently differ from IFRS as issued by the IASB, except for portfolio hedge accounting under IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") which has not been approved by the EU. As the Bank does not apply portfolio hedge accounting under IAS 39, there would be no impact on these separate financial statements, had it been approved by the EU before the preparation of these financial statements.

NOTE 2: SIGNIFICANT EVENTS DURING THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2014**1) OTP Group acquisition in Romania**

See details in Note 7.

1) Government measures related to consumer loan contracts

Act XXXVIII 2014 on „Certain issues related to uniformity decision which made by the Curia of Hungary on consumer loan contracts granted by financial institutions” was published on 18 July 2014. Based on the available information about the expected losses the following items were recorded in the separate financial statements.

OTP Bank took absolute and irrevocable obligation in a maximum amount of HUF 121 billion, to eliminate negative effects on its subsidiaries' financial situation arises from the published regulation in order to ensure continuous and unchanged operation and legal correspondence. Based on the commitment contingent receivables from OTP Bank was recorded as of 30 September 2014.

Based on the published regulation OTP Bank's reimbursement obligation related to invalidity of the bid-ask exchange rate spread will be prospectively in amount of HUF 7.5 billion. Considering provision for impairment on loan losses in the amount of HUF 332 million for the year 2013 further impairment was recognised in amount of HUF 7.2 billion as of 30 September 2014.

In relation to the obligation investments in subsidiaries have been raised by HUF 7.5 billion – with the expected amount caused by bid-ask exchange spread that would be paid as a compensation for the subsidiaries – as at 30 September 2014 and parallel with that provision for impairment are recognised on investments at the same amount.

Based on the unfairness of contractual clauses enabling unilateral amendment OTP Bank estimates that losses will be in amount of HUF 47.9 billion regarding the legal proceedings that amount as contingent liability was recognised as of 30 September 2014.

OTP Group still maintains the point of view that the group members keep completely the effective regulations during its loan activity practice. OTP Bank has claimed through legal proceeding that contractual clauses enabling unilateral amendment of the contracts were fair.

NOTE 2: SIGNIFICANT EVENTS DURING THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2014 [continued]

2) Government measures related to consumer loan contracts [continued]

Considering open questions related to contractual clauses enabling unilateral amendment and OTP Bank's commitment, based on the OTP Group's decision provision for impairment on probable losses was recognised in separate financial statements of OTP Bank.

NOTE 3: POST BALANCE SHEET EVENTS

1) OTP Financing Malta Company Limited established in Malta

See details in Note 7.

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

	30 September 2014	31 December 2013
<i>Held for trading securities:</i>		
Shares	60,814	73,256
Government bonds	3,358	4,090
Hungarian government interest bearing Treasury Bills	2,773	6,466
Hungarian government discounted Treasury Bills	305	2,159
Mortgage bonds	258	237
Securities issued by credit institutions	72	1,162
Securities issued by the NBH ¹	-	209,347
Other securities	<u>222</u>	<u>26</u>
	<u>67,802</u>	<u>296,743</u>
Accrued interest	<u>(179)</u>	<u>105</u>
Total	<u>67,623</u>	<u>296,848</u>
<i>Derivative financial instruments designated as held for trading:</i>		
Interest rate swaps designated as held for trading	43,257	53,728
CCIRS ² and mark-to-market CCIRS swaps designated as held for trading	39,717	32,763
Foreign currency swaps designated as held for trading	19,608	6,637
Other derivative transactions ³	<u>10,251</u>	<u>6,589</u>
	<u>112,833</u>	<u>99,717</u>
Total	<u>180,456</u>	<u>396,565</u>

¹ Securities issued by the NBH were changed into two-weeks NBH deposit in the nine month period ended 30 September 2014.

² CCIRS: Cross Currency Interest Rate Swap

³ incl.: FX, equity and index futures; FX forward; commodity swap; equity swap; FRA; FX option

NOTE 5: SECURITIES AVAILABLE-FOR-SALE (in HUF mn)

	30 September 2014	31 December 2013
Mortgage bonds	762,555	789,419
Government bonds	277,043	90,177
Bonds issued by NBH ¹	-	1,021,825
Other securities	63,443	67,264
<i>-listed securities</i>	<u>31,343</u>	<u>36,883</u>
<i>in HUF</i>	-	-
<i>in foreign currency</i>	31,343	36,883
<i>-non-listed securities</i>	<u>32,099</u>	<u>30,381</u>
<i>in HUF</i>	27,250	26,589
<i>in foreign currency</i>	4,849	3,792
Subtotal	<u>1,103,041</u>	<u>1,968,685</u>
Accrued interest	<u>21,435</u>	<u>28,806</u>
Total	<u>1,124,476</u>	<u>1,997,491</u>

NOTE 6: LOANS, NET OF ALLOWANCE FOR LOAN LOSSES (in HUF mn)

	30 September 2014	31 December 2013
Short-term loans and trade bills (within one year)	804,816	941,428
Long-term loans and trade bills (over one year)	<u>1,313,697</u>	<u>1,343,444</u>
Loans gross total	<u>2,118,513</u>	<u>2,284,872</u>
Accrued interest	<u>7,618</u>	<u>10,342</u>
Provision of impairment on loan losses	<u>(102,829)</u>	<u>(150,513)</u>
Total	<u>2,023,302</u>	<u>2,144,701</u>

Partial write-off

OTP Bank applies partial write-off for loans based on the definitions and prescriptions of financial instruments in accordance with IAS 39 and 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.

Loan receivables have been partially written off at the amount of HUF 50,605 billion in the nine month period ended of 30 September 2014.

¹ Securities issued by the NBH were changed into two-weeks NBH deposit in the nine month period ended 30 September 2014.

NOTE 6: LOANS, NET OF ALLOWANCE FOR LOAN LOSSES (in HUF mn) [continued]

An analysis of the gross loan portfolio by type, before provision for impairment on loan losses, is as follows:

	30 September 2014		31 December 2013	
Retail loans	540,030	25%	539,340	24%
Retail consumer loans	115,881	5%	309,476	14%
Retail mortgage backed loans	308,998	15%	123,592	5%
SME loans	115,151	5%	106,272	5%
Corporate loans	1,578,483	75%	1,745,532	76%
Loans to medium and large corporates	1,504,444	72%	1,537,655	67%
Municipality loans	25,980	1%	105,725	5%
Municipality loans completed by the State	48,059	2%	102,152	4%
Total	<u>2,118,513</u>	<u>100%</u>	<u>2,284,872</u>	<u>100%</u>

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

	30 September 2014	31 December 2013
In HUF	41%	40%
In foreign currency	<u>59%</u>	<u>60%</u>
Total	<u>100%</u>	<u>100%</u>

An analysis of the change in the provision for impairment on loan losses is as follows:

	30 September 2014	31 December 2013
Balance as at 1 January	150,513	153,370
Provision for the period	40,993	83,796
Release of provision	(38,072)	(82,134)
Partial write-off	(50,605)	-
Structural difference relating to provision for previous years	-	<u>(4,519)</u>
Closing balance	<u>102,829</u>	<u>150,513</u>

NOTE 7: INVESTMENTS IN SUBSIDIARIES (in HUF mn)

	30 September 2014	31 December 2013
Investments in subsidiaries:		
Controlling interest	994,876	985,892
Other	<u>20,315</u>	<u>1,011</u>
	<u>1,015,191</u>	<u>986,903</u>
Provision for impairment	<u>(408,289)</u>	<u>(317,581)</u>
Total	<u>606,902</u>	<u>669,322</u>

An analysis of the change in the provision for impairment is as follows:

	30 September 2014	31 December 2013
Balance as at 1 January	317,581	265,031
Provision for the period	<u>90,708</u>	<u>52,550</u>
Closing balance	<u>408,289</u>	<u>317,581</u>

NOTE 7: INVESTMENTS IN SUBSIDIARIES (in HUF mn) [continued]

On 30 July 2014 OTP Bank Romania signed an agreement in Bucharest with Banco Comercial Português on the purchase of its 100.0% ownership in its Romanian subsidiary. The purchase price was EUR 39 million. As a result of the acquisition the market share of OTP Bank Romania will rise to 2.1% elevating the bank into the 11th place amongst the Romanian banks.

OTP Financing Malta Company Limited was incorporated on 29 October 2014 in Malta in compliance with resolution of the NBH. The company has a share capital of EUR 105 million and is under 100% ownership (direct and indirect) of OTP Bank. The company was established to optimize the financing transactions within OTP Group.

NOTE 8: SECURITIES HELD-TO-MATURITY (in HUF mn)

	30 September 2014	31 December 2013
Government bonds	643,319	506,808
Mortgage bonds	4,760	4,770
Hungarian government discounted Treasury bills	<u>350</u>	<u>341</u>
	<u>648,429</u>	<u>511,919</u>
Accrued interest	<u>24,167</u>	<u>13,130</u>
Total	<u>672,596</u>	<u>525,049</u>

NOTE 9: DEPOSITS FROM CUSTOMERS (in HUF mn)

	30 September 2014	31 December 2013
Within one year:		
In HUF	3,364,305	2,985,237
In foreign currency	<u>724,770</u>	<u>660,166</u>
	<u>4,089,075</u>	<u>3,645,403</u>
Over one year:		
In HUF	27,878	25,646
In foreign currency	<u>-</u>	<u>-</u>
	<u>27,878</u>	<u>25,646</u>
Subtotal	<u>4,116,953</u>	<u>3,671,049</u>
Accrued interest	<u>5,393</u>	<u>6,401</u>
Total	<u>4,122,346</u>	<u>3,677,450</u>

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

	30 September 2014		31 December 2013	
Retail deposits	2,086,864	51%	2,069,291	57%
Household deposits	1,733,849	42%	1,748,210	48%
SME deposits	353,015	9%	321,081	9%
Corporate deposits	2,030,089	49%	1,601,758	43%
Deposits to medium and large corporates	1,682,230	41%	1,329,032	36%
Municipality deposits	<u>347,859</u>	<u>8%</u>	<u>272,726</u>	<u>7%</u>
Total	<u>4,116,953</u>	<u>100%</u>	<u>3,671,049</u>	<u>100%</u>

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

	30 September 2014	31 December 2013
Within one year:		
In HUF	28,486	35,322
In foreign currency	<u>32,780</u>	<u>33,034</u>
	<u>61,266</u>	<u>68,356</u>
Over one year:		
In HUF	85,039	93,713
In foreign currency	<u>9,188</u>	<u>8,200</u>
	<u>94,227</u>	<u>101,913</u>
Subtotal	<u>155,493</u>	<u>170,269</u>
Accrued interest	<u>(1,416)</u>	<u>510</u>
Total	<u>154,077</u>	<u>170,779</u>

NOTE 11: OFF BALANCE SHEET ITEMS AND DERIVATIVE FINANCIAL INSTRUMENTS (in HUF mn)

(a) *Contingent liabilities and commitments*

	30 September 2014	31 December 2013
Commitments to extend credit	775,223	650,300
Guarantees arising from banking activities	456,442	420,166
<i>from this: Payment undertaking liabilities (related to issue of mortgage bonds) of OTP Mortgage Bank</i>	<i>163,671</i>	<i>115,328</i>
Contingent liabilities ordered by law related to consumer loans	176,392	-
<i>from this: promissory obligation</i>	<i>121,000</i>	<i>-</i>
<i>from this: obligation related to application of the bid-ask exchange rate spread</i>	<i>7,537</i>	<i>-</i>
<i>from this: obligation related to unilateral amendment of contractual clauses</i>	<i>47,855</i>	<i>-</i>
Promissory obligation to OTP Financing Solutions B.V.	122,110	124,517
Legal disputes (disputed value)	53,518	49,944
Confirmed letters of credit	180	470
Other	<u>33,232</u>	<u>26,995</u>
Total	<u>1,617,097</u>	<u>1,272,392</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 1,182 million and HUF 554 million as at 30 September 2014 and 31 December 2013, respectively.

NOTE 11: OFF BALANCE SHEET ITEMS AND DERIVATIVE FINANCIAL INSTRUMENTS
(in HUF mn) [continued]

(b) *Fair value of derivative instruments*

	Fair value		Notional value, net	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Interest rate swaps classified as held for trading				
Positive fair value of interest rate swaps classified as held for trading	43,257	53,728	45,581	59,680
Negative fair value of interest rate swaps classified as held for trading	(65,015)	(67,854)	(71,224)	(74,699)
Foreign exchange swaps classified as held for trading				
Positive fair value of foreign exchange swaps classified as held for trading	19,608	6,637	16,225	6,876
Negative fair value of foreign exchange swaps classified as held for trading	(23,320)	(5,744)	(20,148)	(5,917)
Interest rate swaps designated as fair value hedge				
Positive fair value of interest rate swaps designated in fair value hedge	13,283	9,722	8,947	4,491
Negative fair value of interest rate swaps designated in fair value hedge	(2,455)	(2,639)	(1,228)	682
CCIRS classified as held for trading				
Positive fair value of CCIRS classified as held for trading	38,726	30,914	44,024	33,067
Negative fair value of CCIRS classified as held for trading	(111,957)	(121,786)	(112,380)	(117,113)
Mark-to-market CCIRS classified as held for trading				
Positive fair value of mark-to-market CCIRS classified as held for trading	991	1,849	741	1,466
Negative fair value of mark-to-market CCIRS classified as held for trading	(618)	(2,770)	(691)	(3,339)
Other derivative contracts classified as held for trading				
Positive fair value of other derivative contracts classified as held for trading	10,251	6,589	8,774	2,849
Negative fair value of other derivative contracts classified as held for trading	(8,724)	(6,363)	(6,713)	(13,575)
Other derivative contracts designated as fair value hedge				
Positive fair value of other derivative contracts designated in fair value hedge	7	12	(42)	(37)
Negative fair value of other derivative contracts designated in fair value hedge	-	-	-	-
Derivative financial assets total	<u>126,123</u>	<u>109,451</u>	<u>124,250</u>	<u>108,392</u>
Derivative financial liabilities total	<u>(212,089)</u>	<u>(207,156)</u>	<u>(212,384)</u>	<u>(213,961)</u>
Derivative financial instruments total	<u>(85,966)</u>	<u>(97,705)</u>	<u>(88,134)</u>	<u>(105,569)</u>

As at 30 September 2014 the Bank has derivative instruments with positive fair values of HUF 126,123 million and negative fair values of HUF 212,089 million. Corresponding figures as at 31 December 2013 are HUF 109,451 million and HUF 207,156 million.

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 12: NET INTEREST INCOME (in HUF mn)

	Nine month period ended 30 September 2014	Nine month period ended 30 September 2013	Year ended 31 December 2013
<i>Interest Income:</i>			
Loans	121,832	144,264	189,073
Placements with other banks, net of allowance for placement losses	106,517	205,267	246,968
Securities available-for-sale	56,903	80,171	102,376
Securities held-to-maturity	27,088	21,889	30,027
Amounts due from banks and balances with National Bank of Hungary	<u>6,667</u>	<u>2,982</u>	<u>3,720</u>
Total Interest Income	<u>319,007</u>	<u>454,573</u>	<u>572,164</u>
<i>Interest Expense:</i>			
Amounts due to banks and deposits from the National Bank of Hungary, other banks and the Hungarian Government	103,731	202,591	237,984
Deposits from customers	37,305	78,018	96,199
Liabilities from issued securities	3,431	12,067	15,241
Subordinated bonds and loans	<u>12,559</u>	<u>12,681</u>	<u>16,922</u>
Total Interest Expense	<u>157,026</u>	<u>305,357</u>	<u>366,346</u>
NET INTEREST INCOME	<u>161,981</u>	<u>149,216</u>	<u>205,818</u>

NOTE 13: 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 2014	Nine month period ended 30 September 2013
Fees and commissions received from OTP Mortgage Bank Ltd. relating to the loans	4,500	3,821
Loans sold to OTP Mortgage Bank Ltd. with recourse (including interest)	809	1,096
The gross book value of the loans sold	809	1,095

Transactions related to OTP Factoring Ltd.:

	Nine month period ended 30 September 2014	Nine month period ended 30 September 2013
The gross book value of the loans	19,714	33,100
Provision for loan losses on the loans sold	10,260	17,080
Loans sold to OTP Factoring Ltd. without recourse (including interest)	5,569	11,101
Loss on these transaction (recorded in the separate financial statements as loan and placement loss)	3,885	4,919

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