



**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 2014

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	Note	31 March 2014	31 December 2013	31 March 2013
Cash, amounts due from banks and balances with the National Bank of Hungary		171,275	140,521	171,210
Placements with other banks, net of allowance for placement losses		679,743	632,899	756,439
Financial assets at fair value through profit or loss	4.	344,404	396,565	259,411
Securities available-for-sale	5.	1,872,086	1,997,491	2,106,059
Loans, net of allowance for loan losses	6.	2,079,574	2,144,701	2,363,715
Investments in subsidiaries, associates and other investments	7.	677,575	669,322	662,966
Securities held-to-maturity	8.	614,993	525,049	374,825
Property and equipment		80,070	85,447	77,361
Intangible assets		35,040	31,554	31,582
Other assets		<u>86,067</u>	<u>49,486</u>	<u>53,860</u>
<b>TOTAL ASSETS</b>		<b><u>6,640,827</u></b>	<b><u>6,673,035</u></b>	<b><u>6,857,428</u></b>
Amounts due to banks and Hungarian Government, deposits from the National Bank of Hungary and other banks		725,354	902,744	915,601
Deposits from customers	9.	3,753,542	3,677,450	3,647,691
Liabilities from issued securities	10.	165,585	170,779	271,615
Financial liabilities at fair value through profit or loss		216,849	204,517	248,971
Other liabilities		273,385	242,444	269,322
Subordinated bonds and loans		<u>292,435</u>	<u>278,241</u>	<u>322,092</u>
<b>TOTAL LIABILITIES</b>		<b><u>5,427,150</u></b>	<b><u>5,476,175</u></b>	<b><u>5,675,292</u></b>
Share capital		28,000	28,000	28,000
Retained earnings and reserves		1,193,891	1,175,591	1,158,701
Treasury shares		<u>(8,214)</u>	<u>(6,731)</u>	<u>(4,565)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b><u>1,213,677</u></b>	<b><u>1,196,860</u></b>	<b><u>1,182,136</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b><u>6,640,827</u></b>	<b><u>6,673,035</u></b>	<b><u>6,857,428</u></b>

	Note	Three month period ended 31 March 2014	Three month period ended 31 March 2013	Year ended 31 December 2013
Interest Income	12.	115,663	177,966	572,164
Interest Expense	12.	<u>62,078</u>	<u>135,288</u>	<u>366,346</u>
<b>NET INTEREST INCOME</b>	12.	<b><u>53,585</u></b>	<b><u>42,678</u></b>	<b><u>205,818</u></b>
Provision for impairment on loan and placement losses	6.	5,907	7,035	30,533
<b>NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN AND PLACEMENT LOSSES</b>		<b><u>47,678</u></b>	<b><u>35,643</u></b>	<b><u>175,285</u></b>
Net profit from fees and commissions		35,621	27,022	133,941
Net operating income		43,571	45,929	(9,084)
Other administrative expenses		<u>77,229</u>	<u>72,286</u>	<u>245,809</u>
<b>PROFIT BEFORE INCOME TAX</b>		<b><u>49,641</u></b>	<b><u>36,308</u></b>	<b><u>54,333</u></b>
Income tax		<u>(641)</u>	<u>3,939</u>	<u>6,442</u>
<b>NET PROFIT FOR THE YEAR</b>		<b><u>50,282</u></b>	<b><u>32,369</u></b>	<b><u>47,891</u></b>
Earnings per share (in HUF)				
Basic		<u>181</u>	<u>116</u>	<u>172</u>
Diluted		<u>181</u>	<u>116</u>	<u>172</u>

*The comprehensive income items are as follows:*

	Three month period ended 31 March 2014	Three month period ended 31 March 2013	Year ended 31 December 2013
<b>NET PROFIT FOR THE YEAR</b>	<b><u>50,282</u></b>	<b><u>32,369</u></b>	<b><u>47,891</u></b>
Fair value adjustment of securities available-for-sale	<u>8,737</u>	<u>2,228</u>	<u>1,024</u>
<b>NET COMPREHENSIVE INCOME</b>	<b><u>59,019</u></b>	<b><u>34,597</u></b>	<b><u>48,915</u></b>

SEPARATE CONDENSED STATEMENT OF CASH FLOWS FOR THE THREE MONTH  
PERIOD ENDED 31 MARCH 2014  
(UNAUDITED) (in HUF mn)

	Three month period ended 31 March 2014	Three month period ended 31 March 2013	Year ended 31 December 2013
Profit before income tax	49,641	36,308	54,333
Income tax paid	-	(996)	(5,370)
Depreciation and amortization	5,348	4,978	21,657
Provisions for impairment	5,606	8,134	86,385
Share-based payment	1,279	1,415	5,704
Unrealised (losses) / gains on fair value adjustment of securities available-for-sale and held for trading	(150)	224	863
Unrealised gains on fair value adjustment of derivative financial instruments	3,532	7,789	12,629
Net changing in assets and liabilities in operating activities	<u>149,894</u>	<u>45,122</u>	<u>90,075</u>
<b>Net cash provided by operating activities</b>	<b><u>215,150</u></b>	<b><u>102,974</u></b>	<b><u>266,276</u></b>
<b>Net cash provided by / (used in) investing activities</b>	<b><u>26,778</u></b>	<b><u>(214,728)</u></b>	<b><u>(207,106)</u></b>
<b>Net cash (used in) / provided by financing activities</b>	<b><u>(212,211)</u></b>	<b><u>39,013</u></b>	<b><u>(160,720)</u></b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b><u>29,717</u></b>	<b><u>(72,741)</u></b>	<b><u>(101,550)</u></b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b><u>62,835</u></b>	<b><u>164,385</u></b>	<b><u>164,385</u></b>
<b>Cash and cash equivalents at the end of the period</b>	<b><u>92,552</u></b>	<b><u>91,644</u></b>	<b><u>62,835</u></b>
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>
<b>Cash and cash equivalents at the beginning of the period</b>	<b><u>62,835</u></b>	<b><u>164,385</u></b>	<b><u>164,385</u></b>
Cash, amounts due from banks and balances with the National Bank of Hungary	171,275	171,210	140,521
Compulsory reserve established by the National Bank of Hungary	<u>(78,723)</u>	<u>(79,566)</u>	<u>(77,686)</u>
<b>Cash and cash equivalents at the end of the period</b>	<b><u>92,552</u></b>	<b><u>91,644</u></b>	<b><u>62,835</u></b>

SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE MONTH PERIOD  
ENDED 31 MARCH 2014 (UNAUDITED) (in HUF mn)

	Share Capital	Capital reserve	Share-based payment reserve	Retained earnings and reserves	Put option reserve	Treasury Shares	Total
<b>Balance as at 1 January 2013</b>	<b><u>28,000</u></b>	<b><u>52</u></b>	<b><u>10,800</u></b>	<b><u>1,202,132</u></b>	<b><u>(55,468)</u></b>	<b><u>(4,934)</u></b>	<b><u>1,180,582</u></b>
Net profit for the year	-	-	-	32,369	-	-	32,369
Other comprehensive income	-	-	-	2,228	-	-	2,228
Share-based payment	-	-	1,415	-	-	-	1,415
Payments to ICES holders	-	-	-	(1,369)	-	-	(1,369)
Sale of treasury shares	-	-	-	-	-	3,517	3,517
Loss on sale of treasury shares	-	-	-	142	-	-	142
Acquisition of treasury shares	-	-	-	-	-	(3,148)	(3,148)
Dividend for the year 2012	-	-	-	(33,600)	-	-	(33,600)
<b>Balance as at 31 March 2013</b>	<b><u>28,000</u></b>	<b><u>52</u></b>	<b><u>12,215</u></b>	<b><u>1,201,902</u></b>	<b><u>(55,468)</u></b>	<b><u>(4,565)</u></b>	<b><u>1,182,136</u></b>
<b>Balance as at 1 January 2014</b>	<b><u>28,000</u></b>	<b><u>52</u></b>	<b><u>16,504</u></b>	<b><u>1,214,503</u></b>	<b><u>(55,468)</u></b>	<b><u>(6,731)</u></b>	<b><u>1,196,860</u></b>
Net profit for the year	-	-	-	50,282	-	-	50,282
Other comprehensive income	-	-	-	8,737	-	-	8,737
Share-based payment	-	-	1,279	-	-	-	1,279
Payments to ICES holders	-	-	-	(1,386)	-	-	(1,386)
Sale of treasury shares	-	-	-	-	-	6,749	6,749
Loss on sale of treasury shares	-	-	-	(12)	-	-	(12)
Acquisition of treasury shares	-	-	-	-	-	(8,232)	(8,232)
Dividend for the year 2013	-	-	-	(40,600)	-	-	(40,600)
<b>Balance as at 31 March 2014</b>	<b><u>28,000</u></b>	<b><u>52</u></b>	<b><u>17,783</u></b>	<b><u>1,231,524</u></b>	<b><u>(55,468)</u></b>	<b><u>(8,214)</u></b>	<b><u>1,213,677</u></b>

**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 are 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 THREE MONTH PERIOD ENDED 31 MARCH 2014**

There was no significant event.

**NOTE 3: POST BALANCE SHEET EVENTS****1) OTP Group accomplished its Croatian acquisition**

See details in Note 7.

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

	<b>31 March 2014</b>	<b>31 December 2013</b>
<i>Held for trading securities:</i>		
Securities issued by the NBH	144,811	209,347
Shares	63,674	73,256
Government bonds	13,303	4,090
Hungarian government discounted Treasury Bills	12,882	2,159
Hungarian government interest bearing Treasury Bills	6,963	6,466
Mortgage bonds	265	237
Securities issued by credit institutions	71	1,162
Other securities	<u>22</u>	<u>26</u>
	<b><u>241,991</u></b>	<b><u>296,743</u></b>
Accrued interest	<u>299</u>	<u>105</u>
<b>Total</b>	<b><u>242,290</u></b>	<b><u>296,848</u></b>
<i>Derivative financial instruments designated as held for trading:</i>		
Interest rate swaps designated as held for trading	47,370	53,728
CCIRS1 and mark-to-market CCIRS swaps designated as held for trading	39,226	32,763
Foreign currency swaps designated as held for trading	7,575	6,637
Other derivative transactions <sup>2</sup>	<u>7,943</u>	<u>6,589</u>
	<b><u>102,114</u></b>	<b><u>99,717</u></b>
<b>Total</b>	<b><u>344,404</u></b>	<b><u>396,565</u></b>

<sup>1</sup> CCIRS: Cross Currency Interest Rate Swap

<sup>2</sup> incl.: FX, equity and index futures; FX forward; commodity swap; equity swap; FRA; FX option



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

	<b>31 March 2014</b>	<b>31 December 2013</b>
Bonds issued by NBH	861,020	1,021,825
Mortgage bonds	805,957	789,419
Government bonds	118,599	90,177
Other securities	62,245	67,264
<i>-listed securities</i>	<u>31,320</u>	<u>36,883</u>
<i>in HUF</i>	-	-
<i>in foreign currency</i>	31,320	36,883
<i>-non-listed securities</i>	<u>30,925</u>	<u>30,381</u>
<i>in HUF</i>	26,836	26,589
<i>in foreign currency</i>	4,089	3,792
<b>Subtotal</b>	<b><u>1,847,821</u></b>	<b><u>1,968,685</u></b>
Accrued interest	<u>24,265</u>	<u>28,806</u>
<b>Total</b>	<b><u>1,872,086</u></b>	<b><u>1,997,491</u></b>

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

	<b>31 March 2014</b>	<b>31 December 2013</b>
Short-term loans and trade bills (within one year)	819,353	941,428
Long-term loans and trade bills (over one year)	<u>1,399,769</u>	<u>1,343,444</u>
<b>Loans gross total</b>	<b><u>2,219,122</u></b>	<b><u>2,284,872</u></b>
Accrued interest	<u>11,470</u>	<u>10,342</u>
Provision of impairment on loan losses	<u>(151,018)</u>	<u>(150,513)</u>
<b>Total</b>	<b><u>2,079,574</u></b>	<b><u>2,144,701</u></b>

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

	<b>31 March 2014</b>		<b>31 December 2013</b>	
<b>Retail loans</b>	<b>538,741</b>	<b>25%</b>	<b>539,340</b>	<b>24%</b>
Retail consumer loans	308,929	14%	309,476	14%
Retail mortgage backed loans	123,028	6%	123,592	5%
SME loans	106,784	5%	106,272	5%
<b>Corporate loans</b>	<b>1,680,381</b>	<b>75%</b>	<b>1,745,532</b>	<b>76%</b>
Loans to medium and large corporates	1,538,006	69%	1,537,655	67%
Municipality loans	23,932	1%	105,725	5%
Municipality loans completed by the State	<u>118,443</u>	<u>5%</u>	<u>102,152</u>	<u>4%</u>
<b>Total</b>	<b><u>2,219,122</u></b>	<b><u>100%</u></b>	<b><u>2,284,872</u></b>	<b><u>100%</u></b>

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

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

	<b>31 March 2014</b>	<b>31 December 2013</b>
In HUF	38%	40%
In foreign currency	<u>62%</u>	<u>60%</u>
<b>Total</b>	<b><u>100%</u></b>	<b><u>100%</u></b>

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

	<b>31 March 2014</b>	<b>31 December 2013</b>
<b>Balance as at 1 January</b>	<b>150,513</b>	<b>153,370</b>
Provision for the period	13,944	83,796
Release of provision	(13,439)	(82,134)
Structural difference relating to provision for previous years	<u>-</u>	<u>(4,519)</u>
<b>Closing balance</b>	<b><u>151,018</u></b>	<b><u>150,513</u></b>

**NOTE 7: INVESTMENTS IN SUBSIDIARIES (in HUF mn)**

	<b>31 March 2014</b>	<b>31 December 2013</b>
Investments in subsidiaries:		
Controlling interest	994,321	985,892
Other	<u>1,011</u>	<u>1,011</u>
	<b><u>995,332</u></b>	<b><u>986,903</u></b>
Provision for impairment	<u>(317,757)</u>	<u>(317,581)</u>
<b>Total</b>	<b><u>677,575</u></b>	<b><u>669,322</u></b>

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

	<b>31 March 2014</b>	<b>31 December 2013</b>
<b>Balance as at 1 January</b>	<b>317,581</b>	<b>265,031</b>
Provision for the year	<u>176</u>	<u>52,550</u>
<b>Closing balance</b>	<b><u>317,757</u></b>	<b><u>317,581</u></b>

On 24 April 2014 OTP Group accomplished its Croatian acquisition by paying the purchase price. OTP banka Hrvatsk d.d. ("OBH") signed a purchase agreement with the Croatian Banco Popolare d.d. on 31 January 2014 on acquiring a 98.37% stake in the bank. Following the submission of all the relevant documents the Croatian Central Bank approved the purchase of the majority stake at its meeting on 18 April 2014. As a result OTP Bank got all the necessary approvals for completing the transaction.

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

	31 March 2014	31 December 2013
Government bonds	593,760	506,808
Mortgage bonds	4,766	4,770
Hungarian government discounted Treasury bills	<u>344</u>	<u>341</u>
	<b><u>598,870</u></b>	<b><u>511,919</u></b>
Accrued interest	<u>16,123</u>	<u>13,130</u>
<b>Total</b>	<b><u>614,993</u></b>	<b><u>525,049</u></b>

**NOTE 9: DEPOSITS FROM CUSTOMERS (in HUF mn)**

	31 March 2014	31 December 2013
Within one year:		
In HUF	3,030,755	2,985,237
In foreign currency	<u>689,631</u>	<u>660,166</u>
	<b><u>3,720,386</u></b>	<b><u>3,645,403</u></b>
Over one year:		
In HUF	26,546	25,646
In foreign currency	<u>623</u>	<u>-</u>
	<b><u>27,169</u></b>	<b><u>25,646</u></b>
<b>Subtotal</b>	<b><u>3,747,555</u></b>	<b><u>3,671,049</u></b>
Accrued interest	<u>5,987</u>	<u>6,401</u>
<b>Total</b>	<b><u>3,753,542</u></b>	<b><u>3,677,450</u></b>

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

	31 March 2014		31 December 2013	
<b>Retail deposits</b>	<b>2,037,141</b>	<b>54%</b>	<b>2,069,291</b>	<b>57%</b>
Household deposits	1,708,347	45%	1,748,210	48%
SME deposits	328,794	9%	321,081	9%
<b>Corporate deposits</b>	<b>1,710,414</b>	<b>46%</b>	<b>1,601,758</b>	<b>43%</b>
Deposits to medium and large corporates	1,309,692	35%	1,329,032	36%
Municipality deposits	<u>400,722</u>	<u>11%</u>	<u>272,726</u>	<u>7%</u>
<b>Total</b>	<b><u>3,747,555</u></b>	<b><u>100%</u></b>	<b><u>3,671,049</u></b>	<b><u>100%</u></b>

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

	31 March 2014	31 December 2013
Within one year:		
In HUF	34,558	35,322
In foreign currency	<u>41,314</u>	<u>33,034</u>
	<b><u>75,872</u></b>	<b><u>68,356</u></b>
Over one year:		
In HUF	82,658	93,713
In foreign currency	<u>7,227</u>	<u>8,200</u>
	<b><u>89,885</u></b>	<b><u>101,913</u></b>
<b>Subtotal</b>	<b><u>165,757</u></b>	<b><u>170,269</u></b>
Accrued interest	<u>(172)</u>	<u>510</u>
<b>Total</b>	<b><u>165,585</u></b>	<b><u>170,779</u></b>

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

*(a) Contingent liabilities and commitments*

	31 March 2014	31 December 2013
Commitments to extend credit	749,698	650,300
Guarantees arising from banking activities	421,578	420,166
<i>from this: Payment undertaking liabilities (related to issue of mortgage bonds) of OTP Mortgage Bank</i>	86,719	115,328
Promissory obligation to OTP Financing Solutions B.V.	126,365	124,517
Legal disputes (disputed value)	53,019	49,944
Confirmed letters of credit	131	470
Other	<u>28,609</u>	<u>26,995</u>
<b>Total</b>	<b><u>1,379,400</u></b>	<b><u>1,272,392</u></b>

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 were HUF 1,102 million and HUF 554 million as at 31 March 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	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
<b>Interest rate swaps classified as held for trading</b>				
Positive fair value of interest rate swaps classified as held for trading	47,370	53,728	59,570	59,680
Negative fair value of interest rate swaps classified as held for trading	(65,035)	(67,854)	(77,733)	(74,699)
<b>Foreign exchange swaps classified as held for trading</b>				
Positive fair value of foreign exchange swaps classified as held for trading	7,575	6,637	8,516	6,876
Negative fair value of foreign exchange swaps classified as held for trading	(8,498)	(5,744)	(7,369)	(5,917)
<b>Interest rate swaps designated as fair value hedge</b>				
Positive fair value of interest rate swaps designated in fair value hedge	9,724	9,722	6,000	4,491
Negative fair value of interest rate swaps designated in fair value hedge	(2,539)	(2,639)	632	682
<b>CCIRS classified as held for trading</b>				
Positive fair value of CCIRS classified as held for trading	38,073	30,914	36,317	33,067
Negative fair value of CCIRS classified as held for trading	(133,648)	(121,786)	(123,666)	(117,113)
<b>Mark-to-market CCIRS classified as held for trading</b>				
Positive fair value of mark-to-market CCIRS classified as held for trading	1,153	1,849	1,212	1,466
Negative fair value of mark-to-market CCIRS classified as held for trading	(1,742)	(2,770)	(1,776)	(3,339)
<b>Other derivative contracts classified as held for trading</b>				
Positive fair value of other derivative contracts classified as held for trading	7,943	6,589	63,895	2,849
Negative fair value of other derivative contracts classified as held for trading	(7,926)	(6,363)	119,344	(13,575)
<b>Other derivative contracts designated as fair value hedge</b>				
Positive fair value of other derivative contracts designated in fair value hedge	439	12	(40)	(37)
Negative fair value of other derivative contracts designated in fair value hedge	-	-	-	-
<b>Derivative financial assets total</b>	<b><u>112,277</u></b>	<b><u>109,451</u></b>	<b><u>175,470</u></b>	<b><u>108,392</u></b>
<b>Derivative financial liabilities total</b>	<b><u>(219,388)</u></b>	<b><u>(207,156)</u></b>	<b><u>(90,568)</u></b>	<b><u>(213,961)</u></b>
<b>Derivative financial instruments total</b>	<b><u>(107,111)</u></b>	<b><u>(97,705)</u></b>	<b><u>84,902</u></b>	<b><u>(105,569)</u></b>

As at 31 March 2014 the Bank has derivative instruments with positive fair values of HUF 112,277 million and negative fair values of HUF 219,388 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)**

	Three month period ended 31 March 2014	Three month period ended 31 March 2013	Year ended 31 December 2013
<i>Interest Income:</i>			
Loans	43,276	50,095	189,073
Placements with other banks, net of allowance for placement losses	43,179	90,654	246,968
Securities available-for-sale	20,460	30,106	102,376
Securities held-to-maturity	8,192	5,989	30,027
Amounts due from banks and balances with National Bank of Hungary	<u>556</u>	<u>1,122</u>	<u>3,720</u>
<b>Total Interest Income</b>	<b><u>115,663</u></b>	<b><u>177,966</u></b>	<b><u>572,164</u></b>
<i>Interest Expense:</i>			
Amounts due to banks and deposits from the National Bank of Hungary, other banks and the Hungarian Government	42,593	93,802	237,984
Deposits from customers	14,070	32,314	96,199
Liabilities from issued securities	1,375	4,929	15,241
Subordinated bonds and loans	<u>4,040</u>	<u>4,243</u>	<u>16,922</u>
<b>Total Interest Expense</b>	<b><u>62,078</u></b>	<b><u>135,288</u></b>	<b><u>366,346</u></b>
<b>NET INTEREST INCOME</b>	<b><u>53,585</u></b>	<b><u>42,678</u></b>	<b><u>205,818</u></b>

**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.:**

	31 March 2014	31 March 2013
Fees and commissions received from OTP Mortgage Bank Ltd. relating to the loans	1,286	1,303
Loans sold to OTP Mortgage Bank Ltd. with recourse (including interest)	284	408
The gross book value of the loans sold	284	408

**Transactions related to OTP Factoring Ltd.:**

	31 March 2014	31 March 2013
The gross book value of the loans	7,091	9,927
Provision for loan losses on the loans sold	3,621	5,069
Loans sold to OTP Factoring Ltd. without recourse (including interest)	2,259	3,527
Loss on these transaction (recorded in the separate financial statements as loan and placement loss)	1,211	1,331

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