



**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 2016

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	Note	31 March 2016	31 December 2015	31 March 2015
Cash, amounts due from banks and balances with the National Bank of Hungary		1,332,705	1,326,197	1,947,490
Placements with other banks, net of allowance for placement losses		748,365	647,724	550,728
Financial assets at fair value through profit or loss	4.	256,836	252,140	337,395
Securities available-for-sale	5.	1,460,466	1,462,660	1,174,297
Loans, net of allowance for loan losses	6.	1,696,265	1,679,184	1,835,990
Investments in subsidiaries, associates and other investments	7.	666,317	657,531	618,632
Securities held-to-maturity	8.	818,546	824,801	607,181
Property and equipment		62,264	63,440	66,588
Intangible assets		30,692	32,438	34,292
Other assets		<u>181,928</u>	<u>150,261</u>	<u>166,486</u>
<b>TOTAL ASSETS</b>		<b><u>7,254,384</u></b>	<b><u>7,096,376</u></b>	<b><u>7,339,079</u></b>
Amounts due to banks and Hungarian Government, deposits from the National Bank of Hungary and other banks		859,955	829,122	1,033,913
Deposits from customers	9.	4,335,308	4,323,239	4,150,900
Liabilities from issued securities	10.	148,585	150,231	155,018
Financial liabilities at fair value through profit or loss		136,774	144,592	356,534
Other liabilities		344,080	300,027	281,450
Subordinated bonds and loans		<u>273,835</u>	<u>266,063</u>	<u>254,498</u>
<b>TOTAL LIABILITIES</b>		<b><u>6,098,537</u></b>	<b><u>6,013,274</u></b>	<b><u>6,232,313</u></b>
Share capital		28,000	28,000	28,000
Retained earnings and reserves		1,136,990	1,064,255	1,086,329
Treasury shares		<u>(9,143)</u>	<u>(9,153)</u>	<u>(7,563)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b><u>1,155,847</u></b>	<b><u>1,083,102</u></b>	<b><u>1,106,766</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b><u>7,254,384</u></b>	<b><u>7,096,376</u></b>	<b><u>7,339,079</u></b>

	Note	Three month period ended 31 March 2016	Three month period ended 31 March 2015	Year ended 31 December 2015
Interest Income	12.	76,106	133,715	398,775
Interest Expense	12.	<u>32,522</u>	<u>84,065</u>	<u>201,169</u>
<b>NET INTEREST INCOME</b>	12.	<b><u>43,584</u></b>	<b><u>49,650</u></b>	<b><u>197,606</u></b>
Provision for impairment on loan and placement losses	6.	3,681	8,077	39,548
<b>NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN AND PLACEMENT LOSSES</b>		<b><u>39,903</u></b>	<b><u>41,573</u></b>	<b><u>158,058</u></b>
Net profit from fees and commissions		36,366	34,228	161,726
Net operating income / (expense)		112,435	63,830	(24,250)
Other administrative expenses		<u>67,621</u>	<u>77,484</u>	<u>249,180</u>
<b>PROFIT BEFORE INCOME TAX</b>		<b><u>121,083</u></b>	<b><u>62,147</u></b>	<b><u>46,354</u></b>
Income tax expense / (benefit)		<u>9,194</u>	<u>(3,505)</u>	<u>(3,291)</u>
<b>NET PROFIT FOR THE PERIOD</b>		<b><u>111,889</u></b>	<b><u>65,652</u></b>	<b><u>49,645</u></b>
Earnings per share (in HUF)				
Basic		<u>402</u>	<u>236</u>	<u>182</u>
Diluted		<u>402</u>	<u>236</u>	<u>181</u>

*The comprehensive income items are as follows:*

	Three month period ended 31 March 2016	Three month period ended 31 March 2015	Year ended 31 December 2015
<b>NET PROFIT FOR THE PERIOD</b>	<b><u>111,889</u></b>	<b><u>65,652</u></b>	<b><u>49,645</u></b>
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Fair value adjustment of securities available-for-sale	9,143	(9,950)	(9,970)
Deferred tax related to securities available-for-sale	<u>(1,737)</u>	<u>1,890</u>	<u>1,894</u>
<b>Total</b>	<b><u>7,406</u></b>	<b><u>(8,060)</u></b>	<b><u>(8,076)</u></b>
<b>NET COMPREHENSIVE INCOME</b>	<b><u>119,295</u></b>	<b><u>57,592</u></b>	<b><u>41,569</u></b>

	Three month period ended 31 March 2016	Three month period ended 31 March 2015	Year ended 31 December 2015
Profit before income tax	121,083	62,147	46,354
Income tax paid	(264)	(1,647)	(3,823)
Depreciation and amortization	5,050	5,067	21,355
Provision / (release of provision) for impairment	3,067	(14,838)	84,974
Share-based payment	933	953	3,810
Unrealised losses on fair value adjustment of securities available- for-sale and held for trading	(13,237)	(6,788)	(12,096)
Unrealised gains / (losses) on fair value adjustment of derivative financial instruments	15,189	(13,047)	(13,701)
Net changing in assets and liabilities in operating activities	<u>(81,612)</u>	<u>(74,523)</u>	<u>161,938</u>
<b>Net cash provided by / (used in) operating activities</b>	<b><u>50,209</u></b>	<b><u>(42,676)</u></b>	<b><u>288,811</u></b>
<b>Net cash (used in) / provided by investing activities</b>	<b><u>(36,511)</u></b>	<b><u>286,594</u></b>	<b><u>(404,620)</u></b>
<b>Net cash used in financing activities</b>	<b><u>(13,212)</u></b>	<b><u>(201,133)</u></b>	<b><u>(408,060)</u></b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b><u>486</u></b>	<b><u>42,785</u></b>	<b><u>(523,869)</u></b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b><u>1,238,858</u></b>	<b><u>1,762,727</u></b>	<b><u>1,762,727</u></b>
<b>Cash and cash equivalents at the end of the period</b>	<b><u>1,239,344</u></b>	<b><u>1,805,512</u></b>	<b><u>1,238,858</u></b>
Cash, amounts due from banks and balances with the National Bank of Hungary	1,326,197	1,897,778	1,897,778
Compulsory reserve established by the National Bank of Hungary	<u>(87,339)</u>	<u>(135,051)</u>	<u>(135,051)</u>
<b>Cash and cash equivalents at the beginning of the year</b>	<b><u>1,238,858</u></b>	<b><u>1,762,727</u></b>	<b><u>1,762,727</u></b>
Cash, amounts due from banks and balances with the National Bank of Hungary	1,332,705	1,947,490	1,326,197
Compulsory reserve established by the National Bank of Hungary	<u>(93,361)</u>	<u>(141,978)</u>	<u>(87,339)</u>
<b>Cash and cash equivalents at the end of the period</b>	<b><u>1,239,344</u></b>	<b><u>1,805,512</u></b>	<b><u>1,238,858</u></b>

SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE MONTH PERIOD  
ENDED 31 MARCH 2016 (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 2015</b>	<b><u>28,000</u></b>	<b><u>52</u></b>	<b><u>20,897</u></b>	<b><u>1,104,723</u></b>	<b><u>(55,468)</u></b>	<b><u>(7,073)</u></b>	<b><u>1,091,131</u></b>
Net profit for the three month period	-	-	-	65,652	-	-	65,652
Other comprehensive income	-	-	-	(8,060)	-	-	(8,060)
Share-based payment	-	-	953	-	-	-	953
Payments to ICES holders	-	-	-	(1,198)	-	-	(1,198)
Sale of treasury shares	-	-	-	-	-	4,310	4,310
Loss on sale of treasury shares	-	-	-	(622)	-	-	(622)
Acquisition of treasury shares	-	-	-	-	-	(4,800)	(4,800)
Dividend for the year 2014	-	-	-	(40,600)	-	-	(40,600)
<b>Balance as at 31 March 2015</b>	<b><u>28,000</u></b>	<b><u>52</u></b>	<b><u>21,850</u></b>	<b><u>1,119,895</u></b>	<b><u>(55,468)</u></b>	<b><u>(7,563)</u></b>	<b><u>1,106,766</u></b>
<b>Balance as at 1 January 2016</b>	<b><u>28,000</u></b>	<b><u>52</u></b>	<b><u>24,707</u></b>	<b><u>1,094,964</u></b>	<b><u>(55,468)</u></b>	<b><u>(9,153)</u></b>	<b><u>1,083,102</u></b>
Net profit for the three month period	-	-	-	111,889	-	-	111,889
Other comprehensive income	-	-	-	7,406	-	-	7,406
Share-based payment	-	-	933	-	-	-	933
Payments to ICES holders	-	-	-	(1,278)	-	-	(1,278)
Sale of treasury shares	-	-	-	-	-	15	15
Loss on sale of treasury shares	-	-	-	(15)	-	-	(15)
Acquisition of treasury shares	-	-	-	-	-	(5)	(5)
Dividend for the year 2015	-	-	-	(46,200)	-	-	(46,200)
<b>Balance as at 31 March 2016</b>	<b><u>28,000</u></b>	<b><u>52</u></b>	<b><u>25,640</u></b>	<b><u>1,166,766</u></b>	<b><u>(55,468)</u></b>	<b><u>(9,143)</u></b>	<b><u>1,155,847</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 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 THREE MONTH PERIOD ENDED 31 MARCH 2016**

- 1) Capital increase at OTP Bank Romania (Romania)
- 2) Capital increase at OTP Bank JSC (Ukraine)
- 3) Agreement on purchasing unit of AXA Bank Hungary

See details about the events above in Note 7.

**NOTE 3: POST BALANCE SHEET EVENTS**

There was no significant post balance sheet event.

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

	31 March 2016	31 December 2015
<i>Held for trading securities:</i>		
Shares	83,555	71,779
Hungarian government interest bearing Treasury Bills	11,529	7,768
Government bonds	9,365	12,613
Hungarian government discounted Treasury Bills	7,980	366
Mortgage bonds	86	94
Securities issued by credit institutions	65	-
Other securities	<u>507</u>	<u>510</u>
	<b><u>113,087</u></b>	<b><u>93,130</u></b>
Accrued interest	<u>469</u>	<u>433</u>
<b>Total</b>	<b><u>113,556</u></b>	<b><u>93,563</u></b>
<i>Derivative financial instruments designated as held for trading:</i>		
CCIRS <sup>1</sup> and mark-to-market CCIRS swaps designated as held for trading	78,414	102,125
Interest rate swaps designated as held for trading	40,313	33,869
Foreign currency swaps designated as held for trading	15,027	14,352
Other derivative transactions <sup>2</sup>	<u>9,526</u>	<u>8,231</u>
	<b><u>143,280</u></b>	<b><u>158,577</u></b>
<b>Total</b>	<b><u>256,836</u></b>	<b><u>252,140</u></b>

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

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



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

	<b>31 March 2016</b>	<b>31 December 2015</b>
Government bonds	887,260	755,627
Mortgage bonds	461,910	597,226
Other securities	84,456	81,238
<i>-listed securities</i>	<u>10,653</u>	<u>10,326</u>
<i>in HUF</i>	-	-
<i>in foreign currency</i>	10,653	10,326
<i>-non-listed securities</i>	<u>73,803</u>	<u>70,912</u>
<i>in HUF</i>	51,873	58,800
<i>in foreign currency</i>	21,930	12,112
<b>Subtotal</b>	<b><u>1,433,626</u></b>	<b><u>1,434,091</u></b>
Accrued interest	<u>26,840</u>	<u>28,569</u>
<b>Total</b>	<b><u>1,460,466</u></b>	<b><u>1,462,660</u></b>

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

	<b>31 March 2016</b>	<b>31 December 2015</b>
Short-term loans and trade bills (within one year)	1,019,473	1,019,240
Long-term loans and trade bills (over one year)	<u>767,099</u>	<u>754,722</u>
<b>Loans gross total</b>	<b><u>1,786,572</u></b>	<b><u>1,773,962</u></b>
Accrued interest	<u>4,582</u>	<u>4,885</u>
Provision of impairment on loan losses	<u>(94,889)</u>	<u>(99,663)</u>
<b>Total</b>	<b><u>1,696,265</u></b>	<b><u>1,679,184</u></b>

**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. 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.

**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:

	31 March 2016		31 December 2015	
<b>Retail loans</b>	<b>481,669</b>	<b>27%</b>	<b>476,664</b>	<b>27%</b>
Retail consumer loans	272,716	15%	266,643	15%
Retail mortgage backed loans <sup>1</sup>	73,440	4%	77,960	4%
Micro and small enterprises loans	135,513	8%	132,061	8%
<b>Corporate loans</b>	<b>1,304,903</b>	<b>73%</b>	<b>1,297,298</b>	<b>73%</b>
Loans to medium and large corporates	1,282,691	72%	1,277,292	72%
Municipality loans	<u>22,212</u>	<u>1%</u>	<u>20,006</u>	<u>1%</u>
<b>Total</b>	<b><u>1,786,572</u></b>	<b><u>100%</u></b>	<b><u>1,773,962</u></b>	<b><u>100%</u></b>

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

	31 March 2016	31 December 2015
In HUF	59%	51%
In foreign currency	<u>41%</u>	<u>49%</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:

	31 March 2016	31 December 2015
<b>Balance as at 1 January</b>	<b>99,663</b>	<b>85,397</b>
Provision for the period	9,166	69,926
Release of provision	(13,940)	(52,185)
Partial write-off	-	<u>(3,475)</u>
<b>Closing balance</b>	<b><u>94,889</u></b>	<b><u>99,663</u></b>

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

	31 March 2016	31 December 2015
Investments in subsidiaries:		
Controlling interest	1,296,883	1,245,801
Other investments	<u>3,511</u>	<u>3,511</u>
	<b><u>1,300,394</u></b>	<b><u>1,249,312</u></b>
Provision for impairment	<u>(634,077)</u>	<u>(591,781)</u>
<b>Total</b>	<b><u>666,317</u></b>	<b><u>657,531</u></b>

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

	31 March 2016	31 December 2015
<b>Balance as at 1 January</b>	<b>591,781</b>	<b>544,311</b>
Provision for the period	<u>42,296</u>	<u>47,470</u>
<b>Closing balance</b>	<b><u>634,077</u></b>	<b><u>591,781</u></b>

<sup>1</sup> incl. housing loans

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

Capital transactions in subsidiaries are as follows:

	Date of transaction	Registered capital before transaction	Registered capital after transaction	Amount of transaction
OTP Bank Romania S.A. (Romania)	7/01/2016	RON 958,252,800	RON 1,254,252,720	RON 295,999,920
OTP Bank JSC (Ukraine)	25/01/2016	UAH 3,668,186,135	UAH 6,186,023,111	UAH 2,517,836,976

On 3 February 2016 OTP Bank announces that AXA Bank Europe SA and OTP Bank signed an agreement on purchasing the business unit of AXA Bank Hungary. The purchase agreement includes the take-over of the retail credits and savings, as well as the corporate portfolio and the employees of AXA Bank.

The retail-focused AXA Bank is present in Hungary since 2009. AXA Bank has been offering innovative online customer services, and the bank has strong positions in the local mortgage market. After the completion of the purchase OTP Bank's mortgage portfolio will increase with almost 25%. According to the plans the integration process can be closed at the end of 2016 after obtaining all the necessary supervisory approvals.

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

	31 March 2016	31 December 2015
Government bonds	788,993	803,802
Mortgage bonds	<u>4,754</u>	<u>4,758</u>
	<b><u>793,747</u></b>	<b><u>808,560</u></b>
Accrued interest	<u>24,799</u>	<u>16,241</u>
<b>Total</b>	<b><u>818,546</u></b>	<b><u>824,801</u></b>

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

	31 March 2016	31 December 2015
Within one year:		
In HUF	3,519,106	3,504,480
In foreign currency	<u>779,876</u>	<u>782,143</u>
	<b><u>4,298,982</u></b>	<b><u>4,286,623</u></b>
Over one year:		
In HUF	<u>33,899</u>	<u>34,373</u>
	<b><u>33,899</u></b>	<b><u>34,373</u></b>
<b>Subtotal</b>	<b><u>4,332,881</u></b>	<b><u>4,320,996</u></b>
Accrued interest	<u>2,427</u>	<u>2,243</u>
<b>Total</b>	<b><u>4,335,308</u></b>	<b><u>4,323,239</u></b>

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

	31 March 2016		31 December 2015	
<b>Retail deposits</b>	<b>2,520,510</b>	<b>58%</b>	<b>2,544,375</b>	<b>59%</b>
Household deposits	2,055,017	47%	2,074,581	48%
Deposits micro and small enterprises	465,493	11%	469,794	11%
<b>Corporate deposits</b>	<b>1,812,371</b>	<b>42%</b>	<b>1,776,621</b>	<b>41%</b>
Deposits to medium and large corporates	1,366,921	32%	1,468,427	34%
Municipality deposits	<u>445,450</u>	<u>10%</u>	<u>308,194</u>	<u>7%</u>
<b>Total</b>	<b><u>4,332,881</u></b>	<b><u>100%</u></b>	<b><u>4,320,996</u></b>	<b><u>100%</u></b>

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

	<b>31 March 2016</b>	<b>31 December 2015</b>
Within one year:		
In HUF	16,292	11,865
In foreign currency	<u>58,254</u>	<u>60,264</u>
	<b><u>74,546</u></b>	<b><u>72,129</u></b>
Over one year:		
In HUF	72,065	75,185
In foreign currency	<u>2,688</u>	<u>591</u>
	<b><u>74,753</u></b>	<b><u>75,776</u></b>
<b>Subtotal</b>	<b><u>149,299</u></b>	<b><u>147,905</u></b>
Accrued interest	<u>(714)</u>	<u>2,326</u>
<b>Total</b>	<b><u>148,585</u></b>	<b><u>150,231</u></b>

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

(a) *Contingent liabilities and commitments*

	<b>31 March 2016</b>	<b>31 December 2015</b>
Commitments to extend credit	947,322	948,917
Guarantees arising from banking activities	461,531	419,210
<i>from this: Payment undertaking liabilities (related to issue of mortgage bonds) of OTP Mortgage Bank</i>	<i>112,663</i>	<i>123,938</i>
Legal disputes (disputed value)	32,653	35,382
Contingent liabilities ordered by law related to customer loans	1,598	1,598
Confirmed letters of credit	748	171
Other	<u>120,477</u>	<u>92,558</u>
<b>Total</b>	<b><u>1,564,329</u></b>	<b><u>1,497,836</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 was HUF 945 million and HUF 1,112 million as at 31 March 2016 and 31 December 2015, 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 2016	31 December 2015	31 March 2016	31 December 2015
<b>Interest rate swaps classified as held for trading</b>				
Positive fair value of interest rate swaps classified as held for trading	40,313	33,869	39,829	40,702
Negative fair value of interest rate swaps classified as held for trading	(34,329)	(30,453)	(35,694)	(37,158)
<b>Foreign exchange swaps classified as held for trading</b>				
Positive fair value of foreign exchange swaps classified as held for trading	15,027	14,352	18,435	14,994
Negative fair value of foreign exchange swaps classified as held for trading	(20,673)	(9,265)	(21,225)	(7,615)
<b>Interest rate swaps designated as fair value hedge</b>				
Positive fair value of interest rate swaps designated in fair value hedge	15,840	15,393	9,880	7,932
Negative fair value of interest rate swaps designated in fair value hedge	(25,385)	(13,723)	(19,179)	(17,211)
<b>CCIRS classified as held for trading</b>				
Positive fair value of CCIRS classified as held for trading	78,153	102,125	78,417	103,253
Negative fair value of CCIRS classified as held for trading	(69,005)	(95,349)	(69,233)	(96,285)
<b>Mark-to-market CCIRS classified as held for trading</b>				
Positive fair value of mark-to-market CCIRS classified as held for trading	261	-	221	-
Negative fair value of mark-to-market CCIRS classified as held for trading	(3,328)	(2,370)	(3,130)	(2,143)
<b>CCIRS designated as fair value hedge</b>				
Positive fair value of CCIRS designated in fair value hedge	16,148	18,375	16,118	18,263
Negative fair value of CCIRS designated in fair value hedge	(21,333)	(21,978)	(20,982)	(21,872)
<b>Other derivative contracts classified as held for trading</b>				
Positive fair value of other derivative contracts classified as held for trading	9,526	8,231	6,262	5,342
Negative fair value of other derivative contracts classified as held for trading	(9,439)	(7,155)	(5,386)	(3,900)
<b>Derivative financial assets total</b>	<b><u>175,268</u></b>	<b><u>192,345</u></b>	<b><u>169,162</u></b>	<b><u>190,486</u></b>
<b>Derivative financial liabilities total</b>	<b><u>(183,492)</u></b>	<b><u>(180,293)</u></b>	<b><u>(174,829)</u></b>	<b><u>(186,184)</u></b>
<b>Derivative financial instruments total</b>	<b><u>(8,224)</u></b>	<b><u>12,052</u></b>	<b><u>(5,667)</u></b>	<b><u>4,302</u></b>

As at 31 March 2016 the Bank has derivative instruments with positive fair values of HUF 175,268 million and negative fair values of HUF 183,492 million. Corresponding figures as at 31 December 2015 are HUF 192,345 million and HUF 180,293 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 2016	Three month period ended 31 March 2015	Year ended 31 December 2015
<i>Interest Income:</i>			
Loans	30,097	36,517	129,575
Placements with other banks, net of allowance for placement losses	20,663	63,794	151,938
Securities available-for-sale	10,880	14,488	50,655
Securities held-to-maturity	10,322	9,308	39,973
Amounts due from banks and balances with National Bank of Hungary	4,129	9,608	26,574
Rental income from operation of investment properties	<u>15</u>	<u>-</u>	<u>60</u>
<b>Total Interest Income</b>	<b><u>76,106</u></b>	<b><u>133,715</u></b>	<b><u>398,775</u></b>
<i>Interest Expense:</i>			
Amounts due to banks and deposits from the National Bank of Hungary, other banks and the Hungarian Government	22,803	68,470	152,613
Deposits from customers	5,064	10,962	29,744
Liabilities from issued securities	411	465	2,091
Subordinated bonds and loans	4,235	4,168	16,686
Expenses from operation of investment properties	<u>9</u>	<u>-</u>	<u>35</u>
<b>Total Interest Expense</b>	<b><u>32,522</u></b>	<b><u>84,065</u></b>	<b><u>201,169</u></b>
<b>NET INTEREST INCOME</b>	<b><u>43,584</u></b>	<b><u>49,650</u></b>	<b><u>197,606</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 2016	31 March 2015
Fees and commissions received from OTP Mortgage Bank Ltd. relating to the loans	2,076	1,443
Loans sold to OTP Mortgage Bank Ltd. with recourse (including interest)	239	627
The gross book value of the loans sold	239	626

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

	31 March 2016	31 March 2015
The gross book value of the loans	6,957	1,931
Provision for loan losses on the loans sold	2,259	1,042
Loans sold to OTP Factoring Ltd. without recourse (including interest)	3,984	688
Loss on these transaction (recorded in the separate financial statements as loan and placement loss)	714	201

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