



**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 2015

## CONTENTS

	<u>Page</u>
Separate Condensed Financial Statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union	
Separate Statement of Financial Position as at 30 September 2015 (unaudited)	2
Separate Condensed Statement of Recognised Income and Statement of Comprehensive Income for the nine month period ended 30 September 2015 (unaudited)	3
Separate Condensed Statement of Cash Flows for the nine month period ended 30 September 2015 (unaudited)	4
Separate Statement of Changes in Shareholders' Equity for the nine month period ended 30 September 2015 (unaudited)	5
Selected Explanatory Notes	6-13

	Note	30 September 2015	31 December 2014	30 September 2014
Cash, amounts due from banks and balances with the National Bank of Hungary		1,477,834	1,897,778	1,788,378
Placements with other banks, net of allowance for placement losses		626,423	712,112	744,049
Financial assets at fair value through profit or loss	4.	269,928	351,753	180,456
Securities available-for-sale	5.	1,324,937	1,215,907	1,124,476
Loans, net of allowance for loan losses	6.	1,777,668	1,908,631	2,023,302
Investments in subsidiaries, associates and other investments	7.	620,886	604,209	606,902
Securities held-to-maturity	8.	836,526	662,947	672,596
Property and equipment		64,265	68,114	68,296
Intangible assets		30,779	36,091	35,690
Other assets		<u>128,502</u>	<u>97,930</u>	<u>89,554</u>
<b>TOTAL ASSETS</b>		<b><u>7,157,748</u></b>	<b><u>7,555,472</u></b>	<b><u>7,333,699</u></b>
Amounts due to banks and Hungarian Government, deposits from the National Bank of Hungary and other banks		921,027	1,142,491	1,096,379
Deposits from customers	9.	4,215,896	4,235,256	4,122,346
Liabilities from issued securities	10.	148,106	162,667	154,077
Financial liabilities at fair value through profit or loss		224,024	375,363	209,634
Other liabilities		251,495	253,952	354,928
Subordinated bonds and loans		<u>272,141</u>	<u>294,612</u>	<u>297,183</u>
<b>TOTAL LIABILITIES</b>		<b><u>6,032,689</u></b>	<b><u>6,464,341</u></b>	<b><u>6,234,547</u></b>
Share capital		28,000	28,000	28,000
Retained earnings and reserves		1,106,386	1,070,204	1,078,690
Treasury shares		<u>(9,327)</u>	<u>(7,073)</u>	<u>(7,538)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b><u>1,125,059</u></b>	<b><u>1,091,131</u></b>	<b><u>1,099,152</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b><u>7,157,748</u></b>	<b><u>7,555,472</u></b>	<b><u>7,333,699</u></b>

	Note	Nine month period ended 30 September 2015	Nine month period ended 30 September 2014	Year ended 31 December 2014
Interest Income	12.	314,928	319,007	415,107
Interest Expense	12.	<u>164,514</u>	<u>157,026</u>	<u>201,384</u>
<b>NET INTEREST INCOME</b>	12.	<b><u>150,414</u></b>	<b><u>161,981</u></b>	<b><u>213,723</u></b>
Provision for impairment on loan and placement losses	6.	20,488	18,520	23,213
<b>NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN AND PLACEMENT LOSSES</b>		<b><u>129,926</u></b>	<b><u>143,461</u></b>	<b><u>190,510</u></b>
Net profit from fees and commissions		120,734	108,889	146,546
Net operating income / (expense)		19,762	(183,660)	(210,461)
Other administrative expenses		<u>189,256</u>	<u>185,743</u>	<u>244,428</u>
<b>PROFIT / (LOSS) BEFORE INCOME TAX</b>		<b><u>81,166</u></b>	<b><u>(117,053)</u></b>	<b><u>(117,833)</u></b>
Income tax benefit		<u>(2,328)</u>	<u>(32,914)</u>	<u>(43,364)</u>
<b>NET PROFIT / (LOSS) FOR THE PERIOD</b>		<b><u>83,494</u></b>	<b><u>(84,139)</u></b>	<b><u>(74,469)</u></b>
Earnings per share (in HUF)				
Basic		<u>304</u>	<u>(302)</u>	<u>(268)</u>
Diluted		<u>304</u>	<u>(302)</u>	<u>(267)</u>

*The comprehensive income items are as follows:*

	Nine month period ended 30 September 2015	Nine month period ended 30 September 2014	Year ended 31 December 2014
<b>NET PROFIT / (LOSS) FOR THE PERIOD</b>	<b><u>83,494</u></b>	<b><u>(84,139)</u></b>	<b><u>(74,469)</u></b>
Fair value adjustment of securities available-for-sale	<u>(505)</u>	<u>30,383</u>	<u>12,777</u>
<b>NET COMPREHENSIVE INCOME</b>	<b><u>82,989</u></b>	<b><u>(53,756)</u></b>	<b><u>(61,692)</u></b>

	Nine month period ended 30 September 2015	Nine month period ended 30 September 2014	Year ended 31 December 2014
Profit / (loss) before income tax	81,166	(117,053)	(117,833)
Income tax paid	(3,559)	(1,217)	(2,864)
Depreciation and amortization	15,621	16,495	22,177
Provision for impairment	36,817	260,821	295,389
Share-based payment	2,858	3,182	4,393
Unrealised losses on fair value adjustment of securities available- for-sale and held for trading	(11,414)	(633)	(2,903)
Unrealised (losses) / gains on fair value adjustment of derivative financial instruments	(12,832)	7,138	5,401
Net changing in assets and liabilities in operating activities	<u>(32,826)</u>	<u>626,997</u>	<u>849,099</u>
<b>Net cash provided by operating activities</b>	<b><u>75,831</u></b>	<b><u>795,730</u></b>	<b><u>1,052,859</u></b>
<b>Net cash (used in) / provided by investing activities</b>	<b><u>(178,978)</u></b>	<b><u>661,594</u></b>	<b><u>453,140</u></b>
<b>Net cash (used in) / provided by financing activities</b>	<b><u>(310,569)</u></b>	<b><u>143,969</u></b>	<b><u>193,893</u></b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b><u>(413,716)</u></b>	<b><u>1,601,293</u></b>	<b><u>1,699,892</u></b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b><u>1,762,727</u></b>	<b><u>62,835</u></b>	<b><u>62,835</u></b>
<b>Cash and cash equivalents at the end of the period</b>	<b><u>1,349,011</u></b>	<b><u>1,664,128</u></b>	<b><u>1,762,727</u></b>
Cash, amounts due from banks and balances with the National Bank of Hungary	1,897,778	140,521	140,521
Compulsory reserve established by the National Bank of Hungary	<u>(135,051)</u>	<u>(77,686)</u>	<u>(77,686)</u>
<b>Cash and cash equivalents at the beginning of the year</b>	<b><u>1,762,727</u></b>	<b><u>62,835</u></b>	<b><u>62,835</u></b>
Cash, amounts due from banks and balances with the National Bank of Hungary	1,477,834	1,788,378	1,897,778
Compulsory reserve established by the National Bank of Hungary	<u>(128,823)</u>	<u>(124,250)</u>	<u>(135,051)</u>
<b>Cash and cash equivalents at the end of the period</b>	<b><u>1,349,011</u></b>	<b><u>1,664,128</u></b>	<b><u>1,762,727</u></b>

SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE MONTH PERIOD  
ENDED 30 SEPTEMBER 2015 (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 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 three month 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)
<b>Balance as at 30 September 2014</b>	<b><u>28,000</u></b>	<b><u>52</u></b>	<b><u>19,686</u></b>	<b><u>1,114,420</u></b>	<b><u>(55,468)</u></b>	<b><u>(7,538)</u></b>	<b><u>1,099,152</u></b>
<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	-	-	-	83,494	-	-	83,494
Other comprehensive income	-	-	-	(505)	-	-	(505)
Share-based payment	-	-	2,858	-	-	-	2,858
Payments to ICES holders	-	-	-	(2,146)	-	-	(2,146)
Sale of treasury shares	-	-	-	-	-	21,937	21,937
Loss on sale of treasury shares	-	-	-	(6,919)	-	-	(6,919)
Acquisition of treasury shares	-	-	-	-	-	(24,191)	(24,191)
Dividend for the year 2014	-	-	-	(40,600)	-	-	(40,600)
<b>Balance as at 30 September 2015</b>	<b><u>28,000</u></b>	<b><u>52</u></b>	<b><u>23,755</u></b>	<b><u>1,138,047</u></b>	<b><u>(55,468)</u></b>	<b><u>(9,327)</u></b>	<b><u>1,125,059</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 NINE MONTH PERIOD ENDED 30 SEPTEMBER 2015****Government measures related to consumer loan contracts****a) Act on Settlement**

In accordance with the Act XL of 2014 (Act on Settlement) in case of HUF mortgage loans, amounts, assumed unfair charged, have been settled with clients during the third quarter of 2015 in relation to that, expense in a total amount of HUF 6 billion was recognized. In relation to recognition, provision for impairment recognised as at 31 December 2014 was released in the amount of HUF 6 billion as at 30 September 2015.

**b) Conversion of foreign currency denominated car and consumer loans into HUF**

On 19 August 2015 the Hungarian government and the Hungarian Banking Association reached an agreement on the conversion of foreign currency denominated car loans and consumer loans into HUF. Accordingly, the applicable exchange rates will be the spot market rates on 19 August 2015 (CHF: 287.2; EUR: 309.2). However, based on the agreement a subsidy will be given to clients: the difference between the FX rates used for the conversion of FX mortgage loans (CHF: 256.5; EUR: 309) and the 19 August 2015 FX rates will be borne equally by the banks and the state. From the clients' point of view the conversion is not mandatory. OTP Group has purchased the necessary CHF amount for the conversion at 287.2 CHF/HUF exchange rate.

**NOTE 3: POST BALANCE SHEET EVENTS**

**Conversion of Romanian foreign exchange loans**

In November 2015 OTP Bank approved a conversion programme to be offered by the Romanian subsidiary for its retail CHF mortgage borrowers.

According to the terms clients will be offered partial debt forgiveness (discount) from their actual obligation and then the remaining part will be converted into RON or EUR at the actual cross currency rates of the National Bank of Romania.

Assuming that all eligible clients will participate, the expected one-off negative impact of the programme is around HUF 30 billion (before tax), which includes the negative impact of the partial debt cancellation and the positive impact of the release of the unamortized commissions. Other provisions were created in the third quarter of 2015 for the expected one-off negative impact.

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

	30 September 2015	31 December 2014
<i>Held for trading securities:</i>		
Shares	61,639	58,559
Government bonds	9,346	13,777
Hungarian government interest bearing Treasury Bills	3,865	4,175
Hungarian government discounted Treasury Bills	653	288
Mortgage bonds	61	71
Securities issued by credit institutions	-	67
Other securities	584	216
	<b><u>76,148</u></b>	<b><u>77,153</u></b>
Accrued interest	237	434
<b>Total</b>	<b><u>76,385</u></b>	<b><u>77,587</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	127,773	152,540
Interest rate swaps designated as held for trading	36,049	43,538
Foreign currency swaps designated as held for trading	18,025	60,833
Other derivative transactions <sup>2</sup>	11,696	17,255
	<b><u>193,543</u></b>	<b><u>274,166</u></b>
<b>Total</b>	<b><u>269,928</u></b>	<b><u>351,753</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)**

	30 September 2015	31 December 2014
Mortgage bonds	596,110	741,567
Government bonds	631,478	375,040
Other securities	80,892	64,593
<i>-listed securities</i>	<u>31,280</u>	<u>31,535</u>
<i>in HUF</i>	-	-
<i>in foreign currency</i>	31,280	31,535
<i>-non-listed securities</i>	<u>49,612</u>	<u>33,058</u>
<i>in HUF</i>	43,340	27,397
<i>in foreign currency</i>	6,272	5,661
<b>Subtotal</b>	<b><u>1,308,480</u></b>	<b><u>1,181,200</u></b>
Accrued interest	<u>16,457</u>	<u>34,707</u>
<b>Total</b>	<b><u>1,324,937</u></b>	<b><u>1,215,907</u></b>

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

	30 September 2015	31 December 2014
Short-term loans and trade bills (within one year)	991,605	1,014,363
Long-term loans and trade bills (over one year)	<u>875,549</u>	<u>972,626</u>
<b>Loans gross total</b>	<b><u>1,867,154</u></b>	<b><u>1,986,989</u></b>
Accrued interest	<u>6,044</u>	<u>7,039</u>
Provision of impairment on loan losses	<u>(95,530)</u>	<u>(85,397)</u>
<b>Total</b>	<b><u>1,777,668</u></b>	<b><u>1,908,631</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 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 1,004 million as at 30 September 2015.

**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 2015		31 December 2014	
<b>Retail loans</b>	<b>506,485</b>	<b>27%</b>	<b>518,058</b>	<b>26%</b>
Retail mortgage backed loans	90,377	5%	112,358	5%
Retail consumer loans	281,644	15%	291,497	15%
SME loans	134,464	7%	114,203	6%
<b>Corporate loans</b>	<b>1,360,669</b>	<b>73%</b>	<b>1,468,931</b>	<b>74%</b>
Loans to medium and large corporates	1,343,198	72%	1,420,631	71%
Municipality loans	17,471	1%	28,471	2%
Municipality loans completed by the State	-	-	19,829	1%
<b>Total</b>	<b><u>1,867,154</u></b>	<b><u>100%</u></b>	<b><u>1,986,989</u></b>	<b><u>100%</u></b>

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

	30 September 2015	31 December 2014
In HUF	49%	43%
In foreign currency	<u>51%</u>	<u>57%</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:

	30 September 2015	31 December 2014
<b>Balance as at 1 January</b>	<b>85,397</b>	<b>150,513</b>
Provision for the period	40,966	52,096
Release of provision	(32,354)	(54,793)
Partial write-off	<u>1,521</u>	<u>(62,419)</u>
<b>Closing balance</b>	<b><u>95,530</u></b>	<b><u>85,397</u></b>

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

	30 September 2015	31 December 2014
Investments in subsidiaries:		
Controlling interest	1,191,003	1,147,839
Other	<u>1,964</u>	<u>681</u>
	<b><u>1,192,967</u></b>	<b><u>1,148,520</u></b>
Provision for impairment	<u>(572,081)</u>	<u>(544,311)</u>
<b>Total</b>	<b><u>620,886</u></b>	<b><u>604,209</u></b>

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

	30 September 2015	31 December 2014
<b>Balance as at 1 January</b>	<b>544,311</b>	<b>317,581</b>
Provision for the period	<u>27,770</u>	226,730
<b>Closing balance</b>	<b><u>572,081</u></b>	<b><u>544,311</u></b>

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

	30 September 2015	31 December 2014
Government bonds	805,627	641,645
Mortgage bonds	4,763	4,756
Hungarian government discounted Treasury bills	<u>-</u>	<u>346</u>
	<b><u>810,390</u></b>	<b><u>646,747</u></b>
Accrued interest	<u>26,136</u>	<u>16,200</u>
<b>Total</b>	<b><u>836,526</u></b>	<b><u>662,947</u></b>

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

	30 September 2015	31 December 2014
Within one year:		
In HUF	3,399,972	3,600,806
In foreign currency	<u>781,197</u>	<u>599,127</u>
	<b><u>4,181,169</u></b>	<b><u>4,199,933</u></b>
Over one year:		
In HUF	<u>31,736</u>	<u>31,419</u>
	<b><u>31,736</u></b>	<b><u>31,419</u></b>
<b>Subtotal</b>	<b><u>4,212,905</u></b>	<b><u>4,231,352</u></b>
Accrued interest	<u>2,991</u>	<u>3,904</u>
<b>Total</b>	<b><u>4,215,896</u></b>	<b><u>4,235,256</u></b>

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

	30 September 2015		31 December 2014	
<b>Retail deposits</b>	<b>2,364,562</b>	<b>56%</b>	<b>2,242,240</b>	<b>53%</b>
Household deposits	1,941,851	46%	1,860,109	44%
SME deposits	422,711	10%	382,131	9%
<b>Corporate deposits</b>	<b>1,848,343</b>	<b>44%</b>	<b>1,989,112</b>	<b>47%</b>
Deposits to medium and large corporates	1,468,658	35%	1,659,484	39%
Municipality deposits	<u>379,685</u>	<u>9%</u>	<u>329,628</u>	<u>8%</u>
<b>Total</b>	<b><u>4,212,905</u></b>	<b><u>100%</u></b>	<b><u>4,231,352</u></b>	<b><u>100%</u></b>

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

	30 September 2015	31 December 2014
Within one year:		
In HUF	8,862	24,280
In foreign currency	<u>40,062</u>	<u>39,024</u>
	<b><u>48,924</u></b>	<b><u>63,304</u></b>
Over one year:		
In HUF	84,497	86,781
In foreign currency	<u>16,001</u>	<u>10,061</u>
	<b><u>100,498</u></b>	<b><u>96,842</u></b>
<b>Subtotal</b>	<b><u>149,422</u></b>	<b><u>160,146</u></b>
Accrued interest	<u>(1,316)</u>	<u>2,521</u>
<b>Total</b>	<b><u>148,106</u></b>	<b><u>162,667</u></b>

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

*(a) Contingent liabilities and commitments*

	30 September 2015	31 December 2014
Commitments to extend credit	900,388	753,152
Guarantees arising from banking activities	422,657	366,756
<i>from this: Payment undertaking liabilities (related to issue of mortgage bonds) of OTP Mortgage Bank</i>	<i>123,969</i>	<i>102,133</i>
Promissory obligation to OTP Financing Solutions B.V.	121,036	120,664
Legal disputes (disputed value)	32,702	53,729
Contingent liabilities ordered by law related to consumer loans	15,582	44,127
Confirmed letters of credit	181	108
Other	<u>81,429</u>	<u>33,428</u>
<b>Total</b>	<b><u>1,573,975</u></b>	<b><u>1,371,964</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 1,374 million and HUF 998 million as at 30 September 2015 and 31 December 2014, 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 2015	31 December 2014	30 September 2015	31 December 2014
<b>Interest rate swaps classified as held for trading</b>				
Positive fair value of interest rate swaps classified as held for trading	36,050	43,538	40,804	46,128
Negative fair value of interest rate swaps classified as held for trading	(34,745)	(63,670)	(39,597)	(66,510)
<b>Foreign exchange swaps classified as held for trading</b>				
Positive fair value of foreign exchange swaps classified as held for trading	18,025	60,833	19,383	57,280
Negative fair value of foreign exchange swaps classified as held for trading	(8,668)	(60,110)	(9,244)	(55,697)
<b>Interest rate swaps designated as fair value hedge</b>				
Positive fair value of interest rate swaps designated in fair value hedge	14,540	14,032	8,468	8,539
Negative fair value of interest rate swaps designated in fair value hedge	(11,734)	(3,463)	(12,851)	(4,602)
<b>CCIRS classified as held for trading</b>				
Positive fair value of CCIRS classified as held for trading	127,640	152,540	131,108	144,886
Negative fair value of CCIRS classified as held for trading	(170,302)	(227,167)	(173,802)	(222,373)
<b>Mark-to-market CCIRS classified as held for trading</b>				
Positive fair value of mark-to-market CCIRS classified as held for trading	133	-	79	-
Negative fair value of mark-to-market CCIRS classified as held for trading	(717)	(9,576)	(733)	(9,856)
<b>Other derivative contracts classified as held for trading</b>				
Positive fair value of other derivative contracts classified as held for trading	11,696	17,255	7,016	14,088
Negative fair value of other derivative contracts classified as held for trading	(9,592)	(14,840)	(5,103)	(11,526)
<b>Other derivative contracts designated as fair value hedge</b>				
Positive fair value of other derivative contracts designated in fair value hedge	13	9	8	4
Negative fair value of other derivative contracts designated in fair value hedge	-	-	-	-
<b>Derivative financial assets total</b>	<b><u>208,097</u></b>	<b><u>288,207</u></b>	<b><u>206,866</u></b>	<b><u>270,925</u></b>
<b>Derivative financial liabilities total</b>	<b><u>(235,758)</u></b>	<b><u>(378,826)</u></b>	<b><u>(241,330)</u></b>	<b><u>(370,564)</u></b>
<b>Derivative financial instruments total</b>	<b><u>(27,661)</u></b>	<b><u>(90,619)</u></b>	<b><u>(34,464)</u></b>	<b><u>(99,639)</u></b>

As at 30 September 2015 the Bank has derivative instruments with positive fair values of HUF 208,096 million and negative fair values of HUF 235,758 million. Corresponding figures as at 31 December 2014 are HUF 288,207 million and HUF 378,826 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 2015	Nine month period ended 30 September 2014	Year ended 31 December 2014
<i>Interest Income:</i>			
Loans	98,490	121,832	162,533
Placements with other banks, net of allowance for placement losses	126,702	106,517	128,444
Securities available-for-sale	37,817	56,903	72,056
Securities held-to-maturity	29,175	27,088	36,518
Amounts due from banks and balances with National Bank of Hungary	<u>22,744</u>	<u>6,667</u>	<u>15,556</u>
<b>Total Interest Income</b>	<b><u>314,928</u></b>	<b><u>319,007</u></b>	<b><u>415,107</u></b>
<i>Interest Expense:</i>			
Amounts due to banks and deposits from the National Bank of Hungary, other banks and the Hungarian Government	126,672	103,731	127,809
Deposits from customers	23,888	37,305	52,544
Liabilities from issued securities	1,521	3,431	4,206
Subordinated bonds and loans	<u>12,433</u>	<u>12,559</u>	<u>16,825</u>
<b>Total Interest Expense</b>	<b><u>164,514</u></b>	<b><u>157,026</u></b>	<b><u>201,384</u></b>
<b>NET INTEREST INCOME</b>	<b><u>150,414</u></b>	<b><u>161,981</u></b>	<b><u>213,723</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.:**

	Nine month period ended 30 September 2015	Nine month period ended 30 September 2014
Fees and commissions received from OTP Mortgage Bank Ltd. relating to the loans	14,707	4,500
Loans sold to OTP Mortgage Bank Ltd. with recourse (including interest)	1,059	809
The gross book value of the loans sold	1,059	809

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

	Nine month period ended 30 September 2015	Nine month period ended 30 September 2014
The gross book value of the loans	10,114	19,714
Provision for loan losses on the loans sold	3,868	10,260
Loans sold to OTP Factoring Ltd. without recourse (including interest)	2,915	5,569
Loss on these transaction (recorded in the separate financial statements as loan and placement loss)	3,331	3,885

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