



OTP BANK PLC.

**SEPARATE CONDENSED
FINANCIAL STATEMENTS IN ACCORDANCE
WITH INTERNATIONAL FINANCIAL
REPORTING STANDARDS AS ADOPTED
BY THE EUROPEAN UNION**

**FOR THE SIX MONTH PERIOD
ENDED 30 JUNE 2014**

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	Note	30 June 2014	31 December 2013	30 June 2013
Cash, amounts due from banks and balances with the National Bank of Hungary		151,753	140,521	158,625
Placements with other banks, net of allowance for placement losses		614,635	632,899	797,608
Financial assets at fair value through profit or loss	4.	287,200	396,565	235,894
Securities available-for-sale	5.	1,882,293	1,997,491	1,754,300
Loans, net of allowance for loan losses	6.	2,084,416	2,144,701	2,262,522
Investments in subsidiaries, associates and other investments	7.	607,112	669,322	659,651
Securities held-to-maturity	8.	664,046	525,049	518,472
Property and equipment		80,071	85,447	77,461
Intangible assets		26,010	31,554	31,780
Other assets		<u>107,601</u>	<u>49,486</u>	<u>39,827</u>
TOTAL ASSETS		<u>6,505,137</u>	<u>6,673,035</u>	<u>6,536,140</u>
Amounts due to banks and Hungarian Government, deposits from the National Bank of Hungary and other banks		655,697	902,744	843,772
Deposits from customers	9.	3,745,917	3,677,450	3,508,543
Liabilities from issued securities	10.	165,195	170,779	233,484
Financial liabilities at fair value through profit or loss		206,962	204,517	198,453
Other liabilities		401,896	242,444	254,471
Subordinated bonds and loans		<u>300,395</u>	<u>278,241</u>	<u>317,403</u>
TOTAL LIABILITIES		<u>5,476,062</u>	<u>5,476,175</u>	<u>5,356,126</u>
Share capital		28,000	28,000	28,000
Retained earnings and reserves		1,008,612	1,175,591	1,159,390
Treasury shares		<u>(7,537)</u>	<u>(6,731)</u>	<u>(7,376)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>1,029,075</u>	<u>1,196,860</u>	<u>1,180,014</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>6,505,137</u>	<u>6,673,035</u>	<u>6,536,140</u>

	Note	Six month period ended 30 June 2014	Six month period ended 30 June 2013	Year ended 31 December 2013
Interest Income	12.	223,546	323,500	572,164
Interest Expense	12.	<u>115,466</u>	<u>232,459</u>	<u>366,346</u>
NET INTEREST INCOME	12.	<u>108,080</u>	<u>91,041</u>	<u>205,818</u>
Provision for impairment on loan and placement losses	6.	11,227	9,659	30,533
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN AND PLACEMENT LOSSES		<u>96,853</u>	<u>81,382</u>	<u>175,285</u>
Net profit from fees and commissions		72,410	58,278	133,941
Net operating income		(232,498)	39,642	(9,084)
Other administrative expenses		<u>132,246</u>	<u>139,389</u>	<u>245,809</u>
PROFIT BEFORE INCOME TAX		<u>(195,481)</u>	<u>39,913</u>	<u>54,333</u>
Income tax		<u>(45,186)</u>	<u>(1,144)</u>	<u>6,442</u>
NET PROFIT FOR THE YEAR		<u>(150,295)</u>	<u>41,057</u>	<u>47,891</u>
Earnings per share (in HUF)				
Basic		<u>(540)</u>	<u>148</u>	<u>172</u>
Diluted		<u>(540)</u>	<u>148</u>	<u>172</u>

The comprehensive income items are as follows:

	Six month period ended 30 June 2014	Six month period ended 30 June 2013	Year ended 31 December 2013
NET PROFIT FOR THE YEAR	<u>(150,295)</u>	<u>41,057</u>	<u>47,891</u>
Fair value adjustment of securities available-for-sale	<u>25,971</u>	<u>(8,094)</u>	<u>1,024</u>
NET COMPREHENSIVE INCOME	<u>(124,324)</u>	<u>32,963</u>	<u>48,915</u>

	Six month period ended 30 June 2014	Six month period ended 30 June 2013	Year ended 31 December 2013
Profit before income tax	(195,481)	39,913	54,333
Income tax paid	-	(1,992)	(5,370)
Depreciation and amortization	10,903	10,490	21,657
Provisions for impairment	292,331	20,285	86,385
Share-based payment	2,059	2,881	5,704
Unrealised (losses) / gains on fair value adjustment of securities available-for-sale and held for trading	(325)	(21)	863
Unrealised gains on fair value adjustment of derivative financial instruments	7,924	17,630	12,629
Net changing in assets and liabilities in operating activities	<u>92,549</u>	<u>5,513</u>	<u>90,075</u>
Net cash provided by operating activities	<u>209,960</u>	<u>94,699</u>	<u>266,276</u>
Net cash provided by / (used in) investing activities	<u>39,702</u>	<u>(70,830)</u>	<u>(207,106)</u>
Net cash (used in) / provided by financing activities	<u>(281,316)</u>	<u>(108,920)</u>	<u>(160,720)</u>
Net increase / (decrease) in cash and cash equivalents	<u>(31,654)</u>	<u>(85,051)</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 period	<u>31,181</u>	<u>79,334</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	151,753	158,625	140,521
Compulsory reserve established by the National Bank of Hungary	<u>(120,572)</u>	<u>(79,291)</u>	<u>(77,686)</u>
Cash and cash equivalents at the end of the period	<u>31,181</u>	<u>79,334</u>	<u>62,835</u>

SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTH PERIOD
ENDED 30 JUNE 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 year	-	-	-	41,057	-	-	41,057
Other comprehensive income	-	-	-	(8,094)	-	-	(8,094)
Share-based payment	-	-	2,881	-	-	-	2,881
Payments to ICES holders	-	-	-	(1,001)	-	-	(1,001)
Sale of treasury shares	-	-	-	-	-	7,786	7,786
Loss on sale of treasury shares	-	-	-	631	-	-	631
Acquisition of treasury shares	-	-	-	-	-	(10,228)	(10,228)
Dividend for the year 2012	-	-	-	(33,600)	-	-	(33,600)
Balance as at 30 June 2013	<u>28,000</u>	<u>52</u>	<u>13,681</u>	<u>1,201,125</u>	<u>(55,468)</u>	<u>(7,376)</u>	<u>1,180,014</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 profit for the year	-	-	-	(150,295)	-	-	(150,295)
Other comprehensive income	-	-	-	25,971	-	-	25,971
Share-based payment	-	-	2,059	-	-	-	2,059
Payments to ICES holders	-	-	-	(954)	-	-	(954)
Sale of treasury shares	-	-	-	-	-	17,472	17,472
Loss on sale of treasury shares	-	-	-	(3,160)	-	-	(3,160)
Acquisition of treasury shares	-	-	-	-	-	(18,278)	(18,278)
Dividend for the year 2013	-	-	-	(40,600)	-	-	(40,600)
Balance as at 30 June 2014	<u>28,000</u>	<u>52</u>	<u>18,563</u>	<u>1,045,465</u>	<u>(55,468)</u>	<u>(7,537)</u>	<u>1,029,075</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 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 SIX MONTH PERIOD ENDED 30 JUNE 2014**1) OTP Group accomplished its Croatian acquisition**

See details in Note 7.

2) 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 June 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 13.5 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 13.2 billion as of 30 June 2014.

In relation to the obligation investments in subsidiaries have been raised by HUF 7 billion – with the expected amount caused by bid-ask exchange spread that would be paid as a compensation for the subsidiaries – as at 30 June 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 75.9 billion regarding the legal proceedings, therefore provision for impairment on loan losses was recognised as of 30 June 2014.

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

NOTE 2: SIGNIFICANT EVENTS DURING THE SIX MONTH PERIOD ENDED 30 JUNE 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 expected losses was recognised in separate financial statements of OTP Bank with the amount of 177 billion as at 30 June 2014.

NOTE 3: POST BALANCE SHEET EVENTS

1) OTP Group acquisition in Romania

See details in Note 7.

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

	30 June 2014	31 December 2013
<i>Held for trading securities:</i>		
Securities issued by the NBH	99,715	209,347
Shares	61,104	73,256
Government bonds	11,174	4,090
Hungarian government discounted Treasury Bills	3,010	2,159
Hungarian government interest bearing Treasury Bills	7,054	6,466
Mortgage bonds	224	237
Securities issued by credit institutions	147	1,162
Other securities	<u>170</u>	<u>26</u>
	<u>182,598</u>	<u>296,743</u>
Accrued interest	<u>437</u>	<u>105</u>
Total	<u>183,035</u>	<u>296,848</u>
<i>Derivative financial instruments designated as held for trading:</i>		
Interest rate swaps designated as held for trading	42,805	53,728
CCIRS ¹ and mark-to-market CCIRS swaps designated as held for trading	42,040	32,763
Foreign currency swaps designated as held for trading	11,325	6,637
Other derivative transactions ²	<u>7,995</u>	<u>6,589</u>
	<u>104,165</u>	<u>99,717</u>
Total	<u>287,200</u>	<u>396,565</u>

¹ CCIRS: Cross Currency Interest Rate Swap

² 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 June 2014	31 December 2013
Mortgage bonds	827,365	789,419
Bonds issued by NBH	795,119	1,021,825
Government bonds	169,485	90,177
Other securities	63,353	67,264
<i>-listed securities</i>	<u>31,657</u>	<u>36,883</u>
<i>in HUF</i>	-	-
<i>in foreign currency</i>	31,657	36,883
<i>-non-listed securities</i>	<u>31,696</u>	<u>30,381</u>
<i>in HUF</i>	27,091	26,589
<i>in foreign currency</i>	4,605	3,792
Subtotal	<u>1,855,322</u>	<u>1,968,685</u>
Accrued interest	<u>26,971</u>	<u>28,806</u>
Total	<u>1,882,293</u>	<u>1,997,491</u>

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

	30 June 2014	31 December 2013
Short-term loans and trade bills (within one year)	791,066	941,428
Long-term loans and trade bills (over one year)	<u>1,429,902</u>	<u>1,343,444</u>
Loans gross total	<u>2,220,968</u>	<u>2,284,872</u>
Accrued interest	<u>11,929</u>	<u>10,342</u>
Provision of impairment on loan losses	<u>(148,481)</u>	<u>(150,513)</u>
Total	<u>2,084,416</u>	<u>2,144,701</u>

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

	30 June 2014		31 December 2013	
Retail loans	536,460	25%	539,340	24%
Retail consumer loans	306,176	14%	309,476	14%
Retail mortgage backed loans	118,345	6%	123,592	5%
SME loans	111,939	5%	106,272	5%
Corporate loans	1,684,508	75%	1,745,532	76%
Loans to medium and large corporates	1,540,266	69%	1,537,655	67%
Municipality loans	29,964	1%	105,725	5%
Municipality loans completed by the State	<u>114,278</u>	<u>5%</u>	<u>102,152</u>	<u>4%</u>
Total	<u>2,220,968</u>	<u>100%</u>	<u>2,284,872</u>	<u>100%</u>

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

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

	31 June 2014	31 December 2013
In HUF	38%	40%
In foreign currency	<u>62%</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 June 2014	31 December 2013
Balance as at 1 January	150,513	153,370
Provision for the period	26,840	83,796
Release of provision	(28,872)	(82,134)
Structural difference relating to provision for previous years	<u>-</u>	<u>(4,519)</u>
Closing balance	<u>148,481</u>	<u>150,513</u>

NOTE 7: INVESTMENTS IN SUBSIDIARIES (in HUF mn)

	30 June 2014	31 December 2013
Investments in subsidiaries:		
Controlling interest	1,014,065	985,892
Other	<u>718</u>	<u>1,011</u>
	<u>1,014,783</u>	<u>986,903</u>
Provision for impairment	<u>(407,671)</u>	<u>(317,581)</u>
Total	<u>607,112</u>	<u>669,322</u>

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

	30 June 2014	31 December 2013
Balance as at 1 January	317,581	265,031
Provision for the year	<u>90,090</u>	<u>52,550</u>
Closing balance	<u>407,671</u>	<u>317,581</u>

On 24 April 2014 OTP Group accomplished its Croatian acquisition by paying the purchase price. OTP banka Hrvatska 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.

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.

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

	30 June 2014	31 December 2013
Government bonds	644,994	506,808
Mortgage bonds	4,763	4,770
Hungarian government discounted Treasury bills	<u>347</u>	<u>341</u>
	<u>650,104</u>	<u>511,919</u>
Accrued interest	<u>13,942</u>	<u>13,130</u>
Total	<u>664,046</u>	<u>525,049</u>

NOTE 9: DEPOSITS FROM CUSTOMERS (in HUF mn)

	30 June 2014	31 December 2013
Within one year:		
In HUF	2,940,508	2,985,237
In foreign currency	<u>773,959</u>	<u>660,166</u>
	<u>3,714,467</u>	<u>3,645,403</u>
Over one year:		
In HUF	25,502	25,646
In foreign currency	<u>-</u>	<u>-</u>
	<u>25,502</u>	<u>25,646</u>
Subtotal	<u>3,739,969</u>	<u>3,671,049</u>
Accrued interest	<u>5,948</u>	<u>6,401</u>
Total	<u>3,745,917</u>	<u>3,677,450</u>

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

	30 June 2014		31 December 2013	
Retail deposits	2,056,589	55%	2,069,291	57%
Household deposits	1,727,563	46%	1,748,210	48%
SME deposits	329,026	9%	321,081	9%
Corporate deposits	1,683,380	45%	1,601,758	43%
Deposits to medium and large corporates	1,394,781	37%	1,329,032	36%
Municipality deposits	<u>288,599</u>	<u>8%</u>	<u>272,726</u>	<u>7%</u>
Total	<u>3,739,969</u>	<u>100%</u>	<u>3,671,049</u>	<u>100%</u>

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

	30 June 2014	31 December 2013
Within one year:		
In HUF	25,379	35,322
In foreign currency	<u>39,334</u>	<u>33,034</u>
	<u>64,713</u>	<u>68,356</u>
Over one year:		
In HUF	91,915	93,713
In foreign currency	<u>9,381</u>	<u>8,200</u>
	<u>101,296</u>	<u>101,913</u>
Subtotal	<u>166,009</u>	<u>170,269</u>
Accrued interest	<u>(814)</u>	<u>510</u>
Total	<u>165,195</u>	<u>170,779</u>

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

(a) Contingent liabilities and commitments

	30 June 2014	31 December 2013
Commitments to extend credit	755,768	650,300
Guarantees arising from banking activities	452,981	420,166
Contingent liabilities ordered by law related to consumer loans	245,870	-
<i>from this: Payment undertaking liabilities (related to issue of mortgage bonds) of OTP Mortgage Bank</i>	<i>171,563</i>	<i>115,328</i>
Promissory obligation to OTP Financing Solutions B.V.	124,870	124,517
Legal disputes (disputed value)	53,627	49,944
Confirmed letters of credit	83	470
Other	<u>33,190</u>	<u>26,995</u>
Total	<u>1,630,934</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 1,252 million and HUF 554 million as at 30 June 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 June 2014	31 December 2013	31 June 2014	31 December 2013
Interest rate swaps classified as held for trading				
Positive fair value of interest rate swaps classified as held for trading	42,805	53,728	44,676	59,680
Negative fair value of interest rate swaps classified as held for trading	(66,019)	(67,854)	(68,699)	(74,699)
Foreign exchange swaps classified as held for trading				
Positive fair value of foreign exchange swaps classified as held for trading	11,325	6,637	13,453	6,876
Negative fair value of foreign exchange swaps classified as held for trading	(10,450)	(5,744)	(11,830)	(5,917)
Interest rate swaps designated as fair value hedge				
Positive fair value of interest rate swaps designated in fair value hedge	13,759	9,722	7,796	4,491
Negative fair value of interest rate swaps designated in fair value hedge	(1,766)	(2,639)	(1,035)	682
CCIRS classified as held for trading				
Positive fair value of CCIRS classified as held for trading	41,940	30,914	38,826	33,067
Negative fair value of CCIRS classified as held for trading	(118,037)	(121,786)	(112,988)	(117,113)
Mark-to-market CCIRS classified as held for trading				
Positive fair value of mark-to-market CCIRS classified as held for trading	100	1,849	(186)	1,466
Negative fair value of mark-to-market CCIRS classified as held for trading	(6,138)	(2,770)	(6,710)	(3,339)
Other derivative contracts classified as held for trading				
Positive fair value of other derivative contracts classified as held for trading	7,995	6,589	6,362	2,849
Negative fair value of other derivative contracts classified as held for trading	(6,318)	(6,363)	(5,171)	(13,575)
Other derivative contracts designated as fair value hedge				
Positive fair value of other derivative contracts designated in fair value hedge	11	12	(38)	(37)
Negative fair value of other derivative contracts designated in fair value hedge	-	-	-	-
Derivative financial assets total	<u>117,935</u>	<u>109,451</u>	<u>110,889</u>	<u>108,392</u>
Derivative financial liabilities total	<u>(208,728)</u>	<u>(207,156)</u>	<u>(206,433)</u>	<u>(213,961)</u>
Derivative financial instruments total	<u>(90,793)</u>	<u>(97,705)</u>	<u>(95,544)</u>	<u>(105,569)</u>

As at 30 June 2014 the Bank has derivative instruments with positive fair values of HUF 117,935 million and negative fair values of HUF 208,728 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)

	Six month period ended 30 June 2014	Six month period ended 30 June 2013	Year ended 31 December 2013
<i>Interest Income:</i>			
Loans	83,501	97,872	189,073
Placements with other banks, net of allowance for placement losses	81,243	153,624	246,968
Securities available-for-sale	40,103	56,262	102,376
Securities held-to-maturity	17,442	13,617	30,027
Amounts due from banks and balances with National Bank of Hungary	<u>1,257</u>	<u>2,125</u>	<u>3,720</u>
Total Interest Income	<u>223,546</u>	<u>323,500</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	78,382	157,786	237,984
Deposits from customers	26,215	57,523	96,199
Liabilities from issued securities	2,551	8,731	15,241
Subordinated bonds and loans	<u>8,318</u>	<u>8,419</u>	<u>16,922</u>
Total Interest Expense	<u>115,466</u>	<u>232,459</u>	<u>366,346</u>
NET INTEREST INCOME	<u>108,080</u>	<u>91,041</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.:

	Six month period ended 30 June 2014	Six month period ended 30 June 2013
Fees and commissions received from OTP Mortgage Bank Ltd. relating to the loans	3,022	2,605
Loans sold to OTP Mortgage Bank Ltd. with recourse (including interest)	675	860
The gross book value of the loans sold	675	859

Transactions related to OTP Factoring Ltd.:

	Six month period ended 30 June 2014	Six month period ended 30 June 2013
The gross book value of the loans	17,040	21,055
Provision for loan losses on the loans sold	8,823	9,806
Loans sold to OTP Factoring Ltd. without recourse (including interest)	4,894	7,307
Loss on these transaction (recorded in the separate financial statements as loan and placement loss)	3,323	3,942

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