OTP BANK PLC.

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

FOR THE YEAR
ENDED 31 DECEMBER 2011

CONTENTS

Unconsolidated Condensed Financial Statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union

Unconsolidated Statement of Financial Position as at 31 December 2011 (unaudited)	2
Unconsolidated Condensed Statement of Recognised Income and Statement of Comprehensive Income for the year ended 31 December 2011 (unaudited)	3
Unconsolidated Condensed Statement of Cash Flows for the year ended 31 December 2011 (unaudited)	4
Unconsolidated Statement of Changes in Shareholders' Equity for the year ended 31 December 2011 (unaudited)	5
Selected Explanatory Notes	6-15

	Note	2011	2010
Cash, amounts due from banks and balances with the National Bank of Hungary		226,976	171,677
Placements with other banks, net of allowance for placement losses		897,980	794,686
Financial assets at fair value through profit or loss	*5.*	272,577	248,790
Securities available-for-sale	*6.*	1,711,418	1,477,930
Loans, net of allowance for loan losses	*7.*	2,741,827	2,723,784
Investments in subsidiaries	*8.*	651,709	637,819
Securities held-to-maturity	*9.*	120,467	154,003
Property and equipment		73,161	70,004
Intangible assets		31,171	35,145
Other assets		57,404	44,512
TOTAL ASSETS		**6,784,690**	**6,358,350**
Amounts due to banks and Hungarian Government, deposits from the National Bank of Hungary and other banks		871,770	741,845
Deposits from customers	*10.*	3,416,221	3,279,573
Liabilities from issued securities	*11.*	453,423	512,466
Financial liabilities at fair value through profit or loss		345,955	257,328
Other liabilities		267,184	231,288
Subordinated bonds and loans		325,997	297,638
TOTAL LIABILITIES		**5,680,550**	**5,320,138**
Share capital		28,000	28,000
Retained earnings and reserves		1,081,659	1,013,941
Treasury shares		(5,519)	(3,729)
TOTAL SHAREHOLDERS' EQUITY		**1,104,140**	**1,038,212**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**6,784,690**	**6,358,350**

	Note	2011	2010
Interest Income	*13.*	633,355	654,457
Interest Expense	*13.*	387,537	411,625
NET INTEREST INCOME	*13.*	**245,818**	**242,832**
Provision for impairment on loan and placement losses	*7.*	76,439	97,540
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN AND PLACEMENT LOSSES		**169,379**	**145,292**
Net profit from fees and commissions		95,356	125,388
Net operating income		41,048	54,222
Other administrative expenses		180,040	190,268
PROFIT BEFORE INCOME TAX		**125,743**	**134,634**
Income tax		14,995	9,970
NET PROFIT FOR THE YEAR		**110,748**	**124,664**
Earnings per share (in HUF)			
Basic		399	449
Diluted		399	444

The comprehensive income items are as follows:

	2011	2010
NET PROFIT FOR THE YEAR	**110,748**	**124,664**
Fair value adjustment of securities available-for-sale	(22,606)	(19,667)
NET COMPREHENSIVE INCOME	**88,142**	**104,997**

	2011	2010
Profit before income tax	125,743	134,634
Income tax paid	(11,557)	(7,404)
Depreciation and amortization	23,767	24,141
Provisions for impairment	155,915	99,134
Share-based payment	6,188	(11,821)
Unrealised gains on fair value adjustment of securities available-for-sale and held for trading	1,757	9,031
Unrealised (losses) / gains on fair value adjustment of derivative financial instruments	(5,570)	1,737
Net changing in assets and liabilities in operating activities	55,058	(191,974)
Net cash provided by operating activities	**351,301**	**57,478**
Net cash (used in)/ provided by investing activities	**(378,209)**	**431,111**
Net cash provided by/ (used in) financing activities	**84,919**	**(506,071)**
Net increase / (decrease) in cash and cash equivalents	**58,011**	**(17,482)**
Cash and cash equivalents at the beginning of the period	88,197	105,679
Cash and cash equivalents at the end of the period	**146,208**	**88,197**
Cash, amounts due from banks and balances with the National Bank of Hungary	171,677	178,217
Compulsory reserve established by the National Bank of Hungary	(83,480)	(72,538)
Cash and cash equivalents at the beginning of the period	**88,197**	**105,679**
Cash, amounts due from banks and balances with the National Bank of Hungary	226,976	171,677
Compulsory reserve established by the National Bank of Hungary	(80,768)	(83,480)
Cash and cash equivalents at the end of the period	**146,208**	**88,197**

	Share Capital	Capital reserve	Share-based payment reserve	Retained earnings and reserves	Put option reserve	Treasury Shares	Total
Balance as at 1 January 2010	**28,000**	**52**	**6,830**	**976,204**	**(55,468)**	**(3,774)**	**951,844**
Net profit for the year	-	-	-	124,664	-	-	124,664
Net comprehensive income for the year	-	-	-	(19,667)	-	-	(19,667)
Share-based payment	-	-	(6,802)	(5,019)	-	-	(11,821)
Payments to ICES holders	-	-	-	(6,828)	-	-	(6,828)
Sale of treasury shares	-	-	-	-	-	460	460
Loss on sale of treasury shares	-	-	-	(25)	-	-	(25)
Acquisition of treasury shares	-	-	-	-	-	(415)	(415)
Balance as at 31 December 2010	**28,000**	**52**	**28**	**1,069,329**	**(55,468)**	**(3,729)**	**1,038,212**
Net profit for the year	-	-	-	110,748	-	-	110,748
Net comprehensive income for the year	-	-	-	(22,606)	-	-	(22,606)
Share-based payment	-	-	(6,188)	-	-	-	(6,188)
Payments to ICES holders	-	-	-	(6,427)	-	-	(6,427)
Sale of treasury shares	-	-	-	-	-	2,963	2,963
Loss on sale of treasury shares	-	-	-	(25)	-	-	(25)
Acquisition of treasury shares	-	-	-	-	-	(4,753)	(4,753)
Dividend for the year 2010	-	-	-	(20,160)	-	-	(20,160)
Balance as at 31 December 2011	**28,000**	**52**	**6,216**	**1,130,859**	**(55,468)**	**(5,519)**	**1,104,140**

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 functional 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 unconsolidated statutory accounts in order to present the unconsolidated 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 unconsolidated 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 unconsolidated financial statements, had it been approved by the EU at the balance sheet date.

NOTE 2: SIGNIFICANT EVENTS DURING THE YEAR ENDED 31 DECEMBER 2011

Term Loan Facility

On 19 May 2011 the Bank signed a EUR 300 million Term Loan Facility The originally planned amount was EUR 200 million, but the transaction was very well received and heavily oversubscribed, all together 21 banks took part in the deal. The facility has a 2 years tenor, carries a margin of 2.2% above Euribor and the proceeds will be used for general funding purposes.

Partial cancellation of EUR 125 million subordinated notes

On 26 August 2011 the Bank purchased on the secondary market Notes from the EUR 125 million subordinated Notes series maturing 04/03/2015, in the total notional amount of EUR 1.15 million. On 7 September 2011, and on 8 September 2011 the Bank purchased additional EUR 1 and 1 million notional amount from the same Note series. The Bank initiated the cancellation of the Notes on 26 August 2011, on 7 September 2011 and on 8 September 2011. On 21 October 2011 the Bank purchased EUR 1.85 million from the EUR 125 million subordinated Notes series. After the cancellation of these bonds the outstanding amount of the notes decreased to EUR 120 million.

NOTE 3: POST BALANCE SHEET EVENTS

Partial cancellation of EUR 125 million subordinated notes

On 27 January 2012 the Bank purchased on the secondary market Notes from the EUR 125 million subordinated Notes series maturing 04/03/2015, in the total notional amount of EUR 12 million. On 1 February 2012 the Bank purchased additional EUR 2.05 from the same Note series. After the cancellation of these bonds the outstanding amount of the notes decreased to EUR 105,950,000.

NOTE 4: EVENTS IN ACCORDANCE WITH EARLY REPAYMENT AT FIXED EXCHANGE RATES

The Hungarian Government announced the Country Protection Action Plan on 12 September 2011. The most significant arrangement, which directly affected OTP Bank, was *the opportunity of early repayment at fixed exchange rates.*

If certain conditions completed by the borrowers FX based mortgage loans can be repaid in one amount at fixed conversion rate (so called early repayment) determined in the Law on Credit Institutions (Swiss Franc 180 HUF/CHF, Euro 250 HUF/EUR, Japanese Yen 200 HUF/JPY). Act CXXI of 2011 on early repayment entered into force on 29 September 2011. Under the law the bank may not charge any fees or other commissions for early repayment. Furthermore banks shall carry the loss derived from the difference between the book value recorded on market price and the paid amount calculated at fixed exchange rate as an early repayment. If the borrower meets the conditions determined by the law, the lender is not allowed to refuse the early repayment, and shall prepare the settlement of the contract in 60 days.
The final closing date of the opportunity of early repayment is 28 February 2012.

On 10 October 2011 OTP Bank and OTP Mortgage Bank have made a guarantee contract about a facility in the amount of HUF 200 billion. Based on this agreement the OTP Bank must compensate the loss of OTP Mortgage Bank on early repayment of FX based mortgage loans.
On 26 October 2011 OTP Bank and OTP Flat Lease have made a guarantee contract about a facility in the amount of HUF 2 billion. Based on this agreement the OTP Bank must compensate the loss of OTP Flat Lease on early repayment of FX based mortgage loans.
Investments in subsidiaries have been raised with HUF 47,027 million – with the amount paid as compensation for OTP Mortgage Bank and OTP Flat Lease within the frames of guarantee contracts – as at 31 December 2011 and parallel with that provision for impairment are recognised on investments at the same amount.

Regarding to Act LIX of 2006 the financial institution can reduce the amount of the payable special income tax as a tax refund with 30% of the paid FX based mortgage loans. According to paragraph 11 if the tax refund exceeds the special income tax determined for the year 2011 (based on paragraph 6), the difference can be claimed at tax determination by the related parties (one or more financial institution or insurance company) (hereinafter called: tax refund beneficiary) of the financial institution at 1 December 2011. In accordance with the guarantee contract OTP Bank refunds loss of OTP Mortgage Bank and OTP Flat Lease in the amount arising from early repayment.

Up to 31 December 2011 – together at OTP Bank, OTP Mortgage Bank and OTP Flat Lease – 21,146 customers paid back their FX mortgage loans. Therefore provision for impairment on loan losses in the amount of HUF 32,152 million was recognised at OTP Group. Provision for impairment on loan losses in the amount of HUF 2,962 million was recognised at OTP Bank relating to early repayment of OTP Bank's own customers.

According to OTP Bank's accounting policy the balance sheet date considering the events of the early repayment is 30 January 2012. Consequently OTP Bank recognises as provision for impairment the calculated effect of the early repayment claimed and paid till 30 January 2012. Whole amount of the expected loss relating to the transactions claimed but not yet paid up to 30 January 2012 is impaired by OTP Bank as the customers could have presented the collateral or the collateral certificate relating to the repayment till this date – according to Act CXII of 1996 on Credit Institutions Section 200/B paragraph 2 to take effect on 29 December 2011.

As at 31 December 2011 during balance sheet compilation period – together at OTP Bank, OTP Mortgage Bank and OTP Flat Lease – 14,854 customers paid back their FX mortgage loans and presented collateral certificate relating to early repayment on mortgage loan that in connection with provision in the amount of HUF 34,489 million was recognised in OTP Group. Provision in the amount of HUF 2,163 million was recognised at OTP Bank relating to early repayment of OTP Bank's own customers.

Based on the arising losses at OTP Bank, OTP Mortgage Bank and OTP Flat Lease total HUF 20,606 million special tax refund was carried out at the Group's level from the special bank tax paid and recognised in 2011. The Bank recognised HUF 10,467 million as tax refund in the unconsolidated financial statements. The difference will be asserted as tax refund by the other subsidiaries of the Group.

NOTE 5: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (in HUF mn)

	2011	2010
Held for trading securities:		
Corporate shares	87,871	105,832
Government bonds	22,846	13,784
Mortgage bonds	5,776	4,201
Hungarian government discounted Treasury Bills	4,146	3,635
Securities issued by the NBH	1,715	19,984
Hungarian government interest bearing Treasury Bills	115	26
Other securities	2,407	153
	124,876	**147,615**
Accrued interest	1,083	244
Total	**125,959**	**147,859**
Derivative financial instruments designated as held for trading:		
CCIRS[1] and mark-to-market CCIRS swaps designated as held for trading	66,281	42,807
Interest rate swaps designated as held for trading	39,442	34,414
Foreign currency swaps designated as held for trading	24,329	18,084
Other derivative transactions	16,566	5,626
	146,618	**100,931**
Total	**272,577**	**248,790**

[1] CCIRS: Cross Currency Interest Rate Swap

NOTE 6: SECURITIES AVAILABLE-FOR-SALE (in HUF mn)

	2011	2010
Mortgage bonds	863,422	778,553
Government bonds	497,198	300,648
Bonds issued by NBH	260,681	318,637
Other securities	49,623	40,639
-listed securities	*27,414*	*19,851*
in HUF	-	-
in foreign currency	*27,414*	*19,851*
-non-listed securities	*22,209*	*20,788*
in HUF	*20,387*	*18,398*
in foreign currency	*1,822*	*2,390*
Subtotal	**1,670,924**	**1,438,477**
Accrued interest	40,494	39,453
Total	**1,711,418**	**1,477,930**

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

	2011	2010
Balance as at 1 January	-	**5,220**
Release of provision	-	(523)
Use of provision	-	(4,697)
Balance as at 31 December	-	-

NOTE 7: LOANS, NET OF ALLOWANCE FOR LOAN LOSSES (in HUF mn)

	2011	2010
Short-term loans and trade bills (within one year)	995,053	664,197
Long-term loans and trade bills (over one year)	1,891,447	2,177,421
	2,886,500	**2,841,618**
Accrued interest	15,651	16,787
Provision of impairment on loan losses	(160,324)	(134,621)
Total	**2,741,827**	**2,723,784**

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

	2011		2010	
Corporate loans	2,044,081	71%	1,944,825	68%
Consumer loans	350,256	12%	365,648	13%
Municipality loans	308,334	11%	322,120	11%
Housing loans	115,044	4%	131,609	5%
Mortgage backed loans	68,785	2%	77,416	3%
Total	**2,886,500**	**100%**	**2,841,618**	**100%**

NOTE 7: LOANS, NET OF ALLOWANCE FOR LOAN LOSSES (in HUF mn) [continued]

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

	2011	2010
In HUF	32%	34%
In foreign currency	68%	66%
Total	**100%**	**100%**

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

	2011	2010
Balance as at 1 January	**134,621**	**89,587**
Provision for the period	129,912	184,955
Release of provision	(104,209)	(139,921)
Balance as at 31 December	**160,324**	**134,621**

NOTE 8: INVESTMENTS IN SUBSIDIARIES (in HUF mn)

	2011	2010
Investments in subsidiaries:		
Controlling interest	880,136	784,041
Other	1,021	1,006
	881,157	**785,047**
Provision for impairment	(229,448)	(147,228)
Total	**651,709**	**637,819**

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

	2011	2010
Balance as at 1 January	**147,228**	**126,545**
Provision for the period	83,531	20,683
Release of provision	(1,311)	-
Balance as at 31 December	**229,448**	**147,228**

Capital Increase in OTP Life Annuity Ltd.
On 10 August 2011 the Court of Budapest Municipality acting as a Court of Registration registered a capital increase in OTP Life Annuity Ltd., a subsidiary 100% owned by OTP Bank Plc. As a result, the registered capital of OTP Life Annuity Ltd. Has increased to HUF 2 billion.

Capital increase in Crnogorska Komercijalna Banka A.D.
On 14 September 2011 the Bank increased the capital of its Montenegrin subsidiary that has been registered by the Montenegrin Court of Registration. Accordingly the statutory capital of Crnogorska Komercijalna Banka A.D. Podgorica has been increased from EUR 96,876,521.4606 to EUR 106,876,368.4408.

Capital Increase at OTP Flat Lease Ltd.
On 5 December 2011 the Court of Budapest Municipality acting as a Court of Registration registered a capital increase in OTP Flat Lease Ltd., subsidiary 100% owned by OTP Bank Plc.
As a result, the registered capital of OTP Flat Lease Ltd. has increased from HUF 194 million to HUF 500 million.

NOTE 8: INVESTMENTS IN SUBSIDIARIES (in HUF mn) [continued]

Capital Increase at OTP banka Srbija

Following the resolution of the Annual Meeting at OTP banka Srbija a.d. on 29 September 2011 OTP Bank Plc. completed a capital increase. As a result, the subsidiary's registered capital was increased from 6,600,560,980 RSD by 547,813,320 RSD through issuing 11,058 ordinary shares with a face value of 49.54 RSD/share.

On 12 December 2011 OTP Bank Plc. completed a capital increase. As a result, the registered capital of the Serbian subsidiary was increased by 495,400,000 RSD through issuing 10,000 ordinary shares with a face value of 49.540 RSD/share. Following the capital increase, the registered capital of the Serbian subsidiary grew from 7,148,374,300 RSD to 7,643,774,300 RSD, at the same time the ownership ratio of OTP Bank Plc. grew from 91.43% to 92.60%.

Capital Increase at OTP Real Estate Ltd.

On 21 December 2011 the Court of Budapest Municipality acting as a Court of Registration registered a capital increase at OTP Real Estate Ltd. implemented by OTP Bank Plc.

The registered capital of OTP Real Estate Ltd. has increased to HUF 2,136 million. Accordingly, the ownership ratios have been modified as follows: OTP Bank Plc. 21.82%, Bank Center Ltd. 20.69% and OTP Holding Ltd. 57.49%.

Capital Increase at OTP Banka Slovensko

On 18 January 2012 the Slovakian Court of Registration registered a capital increase at the Slovakian subsidiary of OTP Bank. The registered capital of OTP Banka Slovensko a.s. was increased by EUR 10,019,496 from EUR 68,488,401.84 to EUR 78,507,897.84 based on the share subscription closed on 16 December 2011. Accordingly, the ownership ratio of OTP Bank Plc. grew from 98.82% to 98.94%.

NOTE 9: SECURITIES HELD-TO-MATURITY (in HUF mn)

	2011	2010
Mortgage bonds	59,887	60,140
Government bonds	55,260	87,878
Hungarian government discounted Treasury bills	346	395
	115,493	**148,413**
Accrued interest	4,974	5,590
Total	**120,467**	**154,003**

An analysis of the change in the provision for impairment on securities held-to-maturity is as follows:

	2011	2010
Balance as at 1 January	**-**	**4,164**
Release of provision	-	(1,566)
Use of provision	-	(2,598)
Balance as at 31 December	-	-

NOTE 10: DEPOSITS FROM CUSTOMERS (in HUF mn)

	2011	2010
Within one year:		
In HUF	2,711,206	2,595,048
In foreign currency	572,838	646,053
	3,284,044	**3,241,101**
Over one year:		
In HUF	106,082	26,185
In foreign currency	14,137	2,421
	120,219	**28,606**
Subtotal	**3,404,263**	**3,269,707**
Accrued interest	11,958	9,866
Total	**3,416,221**	**3,279,573**

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

	2011		2010	
Retail deposits	1,978,914	58%	2,043,644	63%
Corporate deposits	1,260,824	37%	1,056,183	32%
Municipality deposits	164,525	5%	169,880	5%
Total	**3,404,263**	**100%**	**3,269,707**	**100%**

NOTE 11: LIABILITIES FROM ISSUED SECURITIES (in HUF mn)

	2011	2010
Within one year:		
In HUF	312,155	282,049
In foreign currency	54,820	140,094
	366,975	**422,143**
Over one year:		
In HUF	74,279	45,964
In foreign currency	2,245	36,196
	76,524	**82,160**
Subtotal	**443,499**	**504,303**
Accrued interest	9,924	8,163
Total	**453,423**	**512,466**

NOTE 12: OFF BALANCE SHEET ITEMS AND DERIVATIVE FINANCIAL INSTRUMENTS (in HUF mn)

(a) Contingent liabilities and commitments

	2011	2010
Legal disputes (disputed value)	11,066,974	9,595,780
Commitments to extend credit	697,144	699,332
Guarantees arising from banking activities	642,165	693,526
Confirmed letters of credit	189	1,640
Contingent liabilities related to OTP Mortgage Bank Ltd.	-	2,532
Other	1,081	2,689
Total	**12,407,553**	**10,995,499**

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 Victims of Hungarian Holocaust initiated a class action against, amongst others, OTP Bank Plc. before the United States District Court Northern District of Illinois. OTP Bank Plc. emphasises that „Országos Takarékpénztár Nemzeti Vállalat' was established on 1 March 1949 with no predecessor. OTP Bank Plc. considers the claim against it entirely unfounded.

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 408 million and HUF 1,476 million as at 31 December 2011 and 2010 respectively.

NOTE 12: OFF BALANCE SHEET ITEMS AND DERIVATIVE FINANCIAL INSTRUMENTS (in HUF mn) [continued]

(b) Fair value of derivative instruments

	Fair value		Notional value, net	
	2011	**2010**	**2011**	**2010**
Interest rate swaps designated as held for trading				
Positive fair value of interest rate swaps designated as held for trading	39,442	34,414	34,064	44,613
Negative fair value of interest rate swaps designated as held for trading	(40,577)	(40,064)	(37,496)	(59,736)
Foreign exchange swaps designated as held for trading				
Positive fair value of foreign exchange swaps designated as held for trading	24,329	18,084	11,415	22,973
Negative fair value of foreign exchange swaps designated as held for trading	(52,810)	(5,426)	(15,793)	(5,100)
Interest rate swaps designated as fair value hedge				
Positive fair value of interest rate swaps designated in fair value hedge	2,329	8,477	3,526	13,412
Negative fair value of interest rate swaps designated in fair value hedge	(12,563)	(7,143)	(10,980)	(11,479)
CCIRS designated as held for trading				
Positive fair value of CCIRS designated as held for trading	56,312	35,408	48,222	21,434
Negative fair value of CCIRS designated as held for trading	(232,564)	(197,450)	(205,669)	(177,976)
Mark-to-market CCIRS designated as held for trading				
Positive fair value of mark-to-market CCIRS designated as held for trading	9,969	7,399	13,895	40,124
Negative fair value of mark-to-market CCIRS designated as held for trading	(5,577)	(9,437)	(861)	1,852
Other derivative contracts designated as held for trading				
Positive fair value of other derivative contracts designated as held for trading	16,566	5,626	14,742	2,161
Negative fair value of other derivative contracts designated as held for trading	(14,428)	(4,951)	(12,670)	(1,700)
Derivative financial assets total	**148,947**	**109,408**	**125,864**	**144,717**
Derivative financial liabilities total	**(358,519)**	**(264,471)**	**(283,469)**	**(254,139)**
Derivative financial instruments total	**(209,572)**	**(155,063)**	**(157,605)**	**(109,422)**

As at 31 December 2011 the Bank has derivative instruments with positive fair values of HUF 148,947 million and negative fair values of HUF 358,519 million. Corresponding figures as at 31 December 2010 are HUF 109,408 million and HUF 264,471 million.

Positive fair values of derivative instruments designated as hedge accounting relationships are included in other assets, while positive fair values of derivative instruments designated 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 designated as held for trading line.

NOTE 13: NET INTEREST INCOME (in HUF mn)

	2011	2010
Interest Income:		
Loans	230,529	228,847
Placements with other banks, net of allowance for placement losses	268,998	297,539
Securities available-for-sale	115,841	107,113
Securities held-to-maturity	9,637	13,752
Amounts due from banks and balances with National Bank of Hungary	6,274	4,807
Securities held for trading	2,076	2,399
Total Interest Income	**633,355**	**654,457**
Interest Expense:		
Amounts due to banks and deposits from the National Bank of Hungary, other banks and the Hungarian Government	214,376	232,605
Deposits from customers	128,253	128,885
Liabilities from issued securities	28,370	33,892
Subordinated bonds and loans	16,538	16,243
Total Interest Expense	**387,537**	**411,625**
NET INTEREST INCOME	**245,818**	**242,832**

NOTE 14: 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.:

	2011	2010
Loans sold to OTP Mortgage Bank Ltd. with recourse (including interest)	5,381	9,893
The gross book value of the loans sold	5,379	9,888
Fees and commissions received from OTP Mortgage Bank Ltd. relating to the loans	7,323	35,313
Provision for the repurchase obligation of non-performing loans originated by OTP Mortgage Bank Ltd.	-	177

Transactions related to OTP Factoring Ltd.:

	2011	2010
Loans sold to OTP Factoring Ltd. without recourse (including interest)	31,552	35,315
The gross book value of the loans	73,214	85,023
Provision for loan losses on the loans sold	31,141	39,985
Loss of these transaction (recorded in the unconsolidated financial statements as loan and placement loss)	10,521	9,723

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