

# **OTP MORTGAGE BANK LTD.**

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

FOR THE SIX MONTH PERIOD ENDED  
30 JUNE 2019



# OTP MORTGAGE BANK LTD.

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**OTP MORTGAGE BANK LTD.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019 (UNAUDITED) (in HUF million)**

<i>Note</i>	<b>30 June 2019</b>	<b>31 December 2018</b>	<b>30 June 2018</b>
Cash, amounts due from banks and balances with the National Bank of Hungary	5,184	3,369	3,236
Placements with other banks, net of allowance for placement losses	133,053	127,635	121,899
Securities at fair value through other comprehensive income	18,153	10,647	10,582
Loans	1,100,675	1,063,229	1,011,303
Investments in subsidiaries, associates and other investments	-	45	45
Intangible assets	158	174	138
Property and equipment	482	86	84
Derivative financial assets designated as hedge accounting relationships	829	1,837	2,821
Other assets	<u>2,598</u>	<u>1,773</u>	<u>2,584</u>
<b>TOTAL ASSETS</b>	<b><u>1,261,132</u></b>	<b><u>1,208,795</u></b>	<b><u>1,152,692</u></b>
Amounts due to banks and Hungarian Government, deposits from the National Bank of Hungary and other banks	611,972	508,910	619,290
Leasing liabilities	388	-	-
Liabilities from issued securities	581,242	611,923	460,839
Derivative financial liabilities designated as hedge accounting relationship	344	74	-
Deferred tax liabilities	58	274	278
Other liabilities	10,474	12,964	13,907
<b>TOTAL LIABILITIES</b>	<b><u>1,204,478</u></b>	<b><u>1,134,145</u></b>	<b><u>1,094,314</u></b>
Share capital	27,000	27,000	27,000
Retained earnings and reserves	<u>29,654</u>	<u>47,650</u>	<u>31,378</u>
<b>TOTAL SHAREHOLDER'S EQUITY</b>	<b><u>56,654</u></b>	<b><u>74,650</u></b>	<b><u>58,378</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b><u>1,261,132</u></b>	<b><u>1,208,795</u></b>	<b><u>1,152,692</u></b>

Budapest, 9 August 2019

  
 .....  
 Csaba Nagy  
 Deputy Chief Executive Officer

  
 .....  
 Petra Szudárovicsné Csonka  
 Chief Financial Officer

OTP JELZÁLOGBANK Zrt.  
2.

The accompanying notes to consolidated condensed financial statements on pages 6 to 14 form an integral part of these consolidated condensed financial statements.

**OTP MORTGAGE BANK LTD.**  
**CONSOLIDATED CONDENSED STATEMENT OF PROFIT OR LOSS AND**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2019**  
**(UNAUDITED) (in HUF million)**

	Note	Six month period ended 30 June 2019	Six month period ended 30 June 2018	Year ended 31 December 2018
Interest Income	11.	31,939	26,708	65,295
Interest Expense	11.	(17,454)	(12,151)	(34,352)
<b>NET INTEREST INCOME</b>	11.	<b><u>14,485</u></b>	<b><u>14,557</u></b>	<b><u>30,943</u></b>
Release of Provision for impairment on loan and placement losses		(136)	180	5,139
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN AND PLACEMENT LOSSES</b>		<b>14,349</b>	<b>14,737</b>	<b>36,082</b>
Net fees and commissions		<u>(717)</u>	<u>(530)</u>	<u>(1,280)</u>
Net operating income		<u>(459)</u>	<u>(734)</u>	<u>(777)</u>
Other administrative expenses		<u>(2,909)</u>	<u>(3,679)</u>	<u>(5,542)</u>
<b>PROFIT BEFORE INCOME TAX</b>		<b>10,264</b>	<b>9,794</b>	<b>28,483</b>
Income tax		<u>(29)</u>	<u>(912)</u>	<u>(1,178)</u>
<b>NET PROFIT FOR THE PERIOD</b>		<b><u>10,235</u></b>	<b><u>8,882</u></b>	<b><u>27,305</u></b>
Earnings per share (in HUF) Basic and diluted		<u>37,907</u>	<u>32,896</u>	<u>101,130</u>

	Note	Six month period ended 30 June 2019	Six month period ended 30 June 2018	Year ended 31 December 2018
<b>NET PROFIT FOR THE PERIOD</b>		<b><u>27,305</u></b>	<b><u>8,882</u></b>	<b><u>27,305</u></b>
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Fair value adjustment of securities at fair value through other comprehensive income		540	(167)	(214)
Deferred tax related to securities at fair value through other comprehensive income		(49)	15	19
Fair value adjustment of derivative financial instruments		(1,175)	1,141	(967)
<b>Other comprehensive income, net of income tax</b>		<b><u>(684)</u></b>	<b><u>989</u></b>	<b><u>(1,162)</u></b>
<b>NET COMPREHENSIVE INCOME</b>		<b><u>9,551</u></b>	<b><u>9,871</u></b>	<b><u>26,143</u></b>

**OTP MORTGAGE BANK LTD.**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2019**  
**(UNAUDITED) (in HUF million)**

	Share capital	Capital reserve	Share-based payments earnings	Retained earnings	Other comprehensive income	General reserve	Tied-up reserve	Total
<b>Balance as at 1 January 2018</b>	<u>27,000</u>	<u>476</u>	=	<u>33,330</u>	<u>276</u>	<u>12,645</u>	<u>960</u>	<u>74,687</u>
Effect of transition to application of IFRS 9	=	=	=	<u>(7,944)</u>	<u>14</u>	=	=	<u>(7,930)</u>
<b>Balance as at 1 January 2018 in accordance with IFRS 9</b>	<u>27,000</u>	<u>476</u>	=	<u>25,386</u>	<u>290</u>	<u>12,645</u>	<u>960</u>	<u>66,757</u>
Net profit for the period	-	-	-	8,882	-	-	-	8,882
Other comprehensive income	-	-	-	-	989	-	-	989
Total comprehensive income	<u>27,000</u>	<u>476</u>	=	<u>34,268</u>	<u>1,279</u>	<u>12,645</u>	<u>960</u>	<u>76,628</u>
Dividend for the year 2017	-	-	-	(18,250)	-	-	-	(18,250)
<b>Balance as at 30 June 2018</b>	<u>27,000</u>	<u>476</u>	=	<u>16,018</u>	<u>1,279</u>	<u>12,645</u>	<u>960</u>	<u>58,378</u>
<b>Balance as at 1 January 2019</b>	<u>27,000</u>	<u>476</u>	=	<u>31,694</u>	<u>(872)</u>	<u>15,392</u>	<u>960</u>	<u>74,650</u>
Net profit for the period	-	-	-	10,235	-	-	-	10,235
Other comprehensive income	-	-	-	-	(684)	-	-	(684)
Total comprehensive income	<u>27,000</u>	<u>476</u>	=	<u>41,929</u>	<u>(1,556)</u>	<u>15,392</u>	<u>960</u>	<u>84,201</u>
Dividend for the year 2018	-	-	-	(27,500)	-	-	-	(27,500)
Share-based payments	-	-	20	(4)	-	-	-	16
Consolidation difference on acquisition of OTP Pénzügypont Ltd.	-	-	-	(64)	-	-	-	(64)
<b>Balance as at 30 June 2019</b>	<u>27,000</u>	<u>476</u>	<u>20</u>	<u>14,361</u>	<u>(1,556)</u>	<u>15,392</u>	<u>960</u>	<u>56,654</u>

The accompanying notes to consolidated condensed financial statements on pages 6 to 14 form an integral part of these consolidated condensed financial statements.

**OTP MORTGAGE BANK LTD.**  
**CONSOLIDATED CONDENSED STATEMENT OF CASH FLOW**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2019**  
**(UNAUDITED) (in HUF million)**

	Six month period ended 30 June 2019	Six month period ended 30 June 2018	Year ended 31 December 2018
<b>Profit before income tax</b>	<b>10,264</b>	<b>9,794</b>	<b>28,483</b>
Net accrued interest	66	(195)	111
Depreciation and amortization	74	54	112
Release of provision for impairment on loan and placement losses	(5,139)	(8,768)	(5,139)
Provision for impairment on other assets	-	789	-
Unrealised gains or (losses) on fair value adjustment of derivative financial instruments	103	(1,680)	(2,730)
Increase in loans, net of allowances for loan losses	(37,648)	(25,432)	(81,293)
(Increase) in other assets before provisions for losses	(825)	388	1,988
Increase in leasing liabilities	388	-	-
Increase in other liabilities	(2,490)	(65)	(1,008)
Share-based payments	16	-	-
Income tax paid	(293)	(1,176)	(1,442)
<b>Net cash used in operating activities</b>	<b><u>(30,209)</u></b>	<b><u>(26,291)</u></b>	<b><u>(60,918)</u></b>
<b>Net cash used in investing activities</b>	<b><u>(12,793)</u></b>	<b><u>(46,140)</u></b>	<b><u>(52,084)</u></b>
<b>Net cash provided by financing activities</b>	<b><u>44,817</u></b>	<b><u>71,581</u></b>	<b><u>112,285</u></b>
<b>Net increase/(decrease)increase in cash and cash equivalents</b>	<b>1,815</b>	<b>(850)</b>	<b>(717)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b><u>3,369</u></b>	<b><u>4,086</u></b>	<b><u>4,086</u></b>
<b>Cash and cash equivalents at the end of the year</b>	<b><u>5,184</u></b>	<b><u>3,236</u></b>	<b><u>3,369</u></b>

**OTP MORTGAGE BANK LTD.**  
**NOTES TO UNAUDITED, CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2019**

**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.

OTP Mortgage Bank's ("Bank") functional currency is the Hungarian Forint ("HUF").

The accounting policies followed by the Bank in the preparation of these financial statements conform with International Financial Reporting Standards ("IFRS"). The Bank followed the same accounting policies and methods of computation in the interim financial statements as compared with the most recent annual financial statements.

**NOTE 2: SIGNIFICANT EVENTS DURING THE SIX MONTH PERIOD ENDED 30 JUNE 2019**

- 1) Capital increase at OTP Ingatlanpont Ltd.
- 2) OTP Pénzügypont Ltd. acquired

**NOTE 3: POST BALANCE SHEET EVENTS**

There was no significant post balance sheet event.



**OTP MORTGAGE BANK LTD.**  
**NOTES TO UNAUDITED, CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2019**

<b><u>NOTE 4:</u></b>	<b>PLACEMENTS WITH OTHER BANKS, NET OF ALLOWANCE FOR PLACEMENT LOSSES (in HUF million)</b>	
	<b>30 June 2019</b>	<b>31 December 2018</b>
Within one year in HUF	47,138	47,725
Over one year in HUF	86,033	80,025
<b>Subtotal</b>	<b><u>133,171</u></b>	<b><u>127,750</u></b>
Loss allowance	(128)	<u>(115)</u>
<b>Total</b>	<b><u>133,053</u></b>	<b><u>127,635</u></b>
From this: amounts due from OTP Bank	41,002	42,001
	<b>30 June 2019</b>	<b>31 December 2018</b>
Interest conditions on placements with other banks		
Within one year in HUF	0.12%-0.35%	0.04%-0.08%
Over one year in HUF	1.20% 1.64%	-
in foreign currency	-	1.04%-1.43%
Average interest of placements with other banks in HUF	0.09%	0.09%

<b><u>NOTE 5:</u></b>	<b>SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (in HUF million)</b>	
	<b>30 June 2019</b>	<b>31 December 2018</b>
Hungarian Government bonds	<u>18.153</u>	<u>10.647</u>
<b>Total</b>	<b><u>18,153</u></b>	<b><u>10,647</u></b>

The whole portfolio was denominated in HUF as at 30 June 2019.

Interest conditions and the remaining maturity of securities at fair value through other comprehensive income can be analysed as follows:

	<b>30 June 2019</b>	<b>31 December 2018</b>
Over one year, fixed interest	18,135	10,303
Interest conditions of securities at fair value through other comprehensive income	5.5%	6.5%

**NOTE 5:** **SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE  
INCOME (in HUF million) [continued]**

The valuation of the securities at fair value through other comprehensive income was as follows as at 30 June 2019:

**OTP MORTGAGE BANK LTD.**  
**NOTES TO UNAUDITED, CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2019**

	<b>30 June 2019</b>	
	<b>Cost</b>	<b>Fair value</b>
Hungarian Government bonds	<u>17,511</u>	<u>18,134</u>
<b>Total</b>	<b><u>17,511</u></b>	<b><u>18,134</u></b>

The valuation of the securities at fair value through other comprehensive income was as follows as at 30 June 2018:

	<b>30 June 2018</b>	
	<b>Cost</b>	<b>Fair value</b>
Hungarian Government bonds	<u>10,431</u>	<u>10,566</u>
<b>Total</b>	<b><u>10,431</u></b>	<b><u>10,566</u></b>

**OTP MORTGAGE BANK LTD.**  
**NOTES TO UNAUDITED, CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2019**

**NOTE 6: LOANS (in HUF million)**

	<b>30 June 2019</b>	<b>31 December 2018</b>
Within one year in HUF	88,052	87,523
in CHF	-	2
in EUR	-	7
in JPY	-	36
in foreign currency total	<u>-</u>	<u>45</u>
	<b><u>88,052</u></b>	<b><u>87,568</u></b>
Over one year in HUF	1,021,598	984,785
in CHF	10	9
in EUR	14	11
in JPY	359	333
in foreign currency total	<u>383</u>	<u>353</u>
	<b><u>1,021,981</u></b>	<b><u>985,138</u></b>
<b>Loans Gross Total</b>	<b><u>1,110,033</u></b>	<b><u>1,072,706</u></b>
Loss allowance	(9,358)	(9,477)
<b>Total</b>	<b><u>1,100,675</u></b>	<b><u>1,063,229</u></b>

A significant part of the loans above are mortgage loans for purchasing real estate or for any purpose. The loans have collateral notified in the public property register in favour of OTP Mortgage Bank. Such loans and their collateral are included in the Group's register and mortgage bonds can be issued up to this registered amount. The remaining parts of the loans are real estate development loans given to individual farmers that work in the agro-industry. Real estate and arable land can be accepted as collateral of these loans.

Interest conditions on loans, net of allowance for loan losses:

	<b>30 June 2019</b>	<b>31 December 2018</b>
Loans denominated in HUF with the maturity over one year	0.23%-14.43%	0.32%-16.84%
Average interest rate of mortgage loans denominated in foreign currency for purchasing real estate		
CHF	5.68%	6.24%
EUR	6.64%	7.54%
JPY	4.58%	4.66%
Average interest rate of mortgage loans denominated in foreign currency for any purposes		
CHF	8.11%	6.99%
EUR	8.21%	7.92%
JPY	5.24%	4.70%
Average interest rate of real estate development loans		
HUF	5.02%	6.04%
EUR	6.16%	6.19%

OTP Mortgage Bank Ltd. only provides loans with the original maturity over one year.

**OTP MORTGAGE BANK LTD.**  
**NOTES TO UNAUDITED, CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2019**

**NOTE 6: LOANS (in HUF million) [continued]**

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

	30 June 2019		31 December 2018	
Mortgage loans	1,105,406	99.58%	1,067,525	99.52%
Loans to corporates	4,627	0.42%	5,181	0.48%
<b>Total</b>	<u>1,110,033</u>	<u>100.00%</u>	<u>1,072,706</u>	<u>100.00%</u>

An analysis of the change in the loss allowance on loan losses is as follows:

	30 June 2019	31 December 2018
<b>Balance as at 1 January</b>	<b>9,477</b>	<b>8,888</b>
Change as a result of applying IFRS 9	-	7,387
Loss allowance for the year	7,642	11,581
Release of loss allowance	(7,762)	(18,382)
Reclassification	<u>1</u>	<u>3</u>
<b>Balance as at 30 June</b>	<b><u>9,358</u></b>	<b><u>9,477</u></b>

The Group sells non-performing non subsidised loans without recourse at estimated fair value to an OTP Group member, OTP Faktoring Ltd, in addition the Group sells non-performing subsidised loans without resource at estimated fair value to OTP Bank Plc.

**NOTE 7: AMOUNTS DUE TO BANKS AND HUNGARIAN GOVERNMENT, DEPOSITS FROM THE NATIONAL BANK OF HUNGARY AND OTHER BANKS (in HUF million)**

	30 June 2019	31 December 2018
Within one year		
In HUF	583,846	468,302
In EUR	11	11
In JPY	356	362
In CHF	9	14
Total in foreign currency	<u>376</u>	<u>387</u>
	<b><u>584,222</u></b>	<b><u>468,689</u></b>
Over one year		
in HUF	<u>27,750</u>	<u>40,221</u>
<b>Total</b>	<b><u>611,972</u></b>	<b><u>508,910</u></b>
From this: amounts due to OTP Bank	611,972	508,910

**NOTE 7: AMOUNTS DUE TO BANKS AND HUNGARIAN GOVERNMENT, DEPOSITS FROM THE NATIONAL BANK OF HUNGARY AND OTHER BANKS (in HUF million)**  
**[continued]**

Interest conditions on amounts due to OTP Bank and other banks

**OTP MORTGAGE BANK LTD.**  
**NOTES TO UNAUDITED, CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2019**

	<b>30 June 2019</b>	<b>31 December 2018</b>
Within one year		
In HUF	0.16%-0.25%	0.13%-2.04%
In foreign currency	(0.725%)-0.083%	(0.55%)-0.24%
Over one year		
In HUF	0.52%-0.55%	0.17%-0.6%

**NOTE 12: LIABILITIES FROM ISSUED SECURITIES (in HUF million)**

	<b>30 June 2019</b>	<b>31 December 2018</b>
Within one year:		
In HUF	<u>19,627</u>	<u>50,339</u>
	<b><u>19,627</u></b>	<b><u>50,339</u></b>
Over one year		
In HUF	<u>561,615</u>	<u>561,584</u>
	<b><u>561,615</u></b>	<b><u>561,584</u></b>
<b>Total</b>	<b><u>581,242</u></b>	<b><u>611,923</u></b>
Issued mortgage bonds during the period (nominal value)	-	276,000
Mortgage bonds became due or repurchased during the period (nominal value)	39,250	70,000
Interest conditions on issued securities:		
In HUF	0.84%-11.00%	0.68%-11.00%

A reconciliation of the face value and the amortized cost is as follows:

	<b>30 June 2019</b>	<b>31 December 2018</b>
Nominal value of the issued securities	558,100	597,350
Unamortized premiums	<u>3,515</u>	<u>3,499</u>
<b>Amortized cost</b>	<b><u>561,615</u></b>	<b><u>600,849</u></b>

Face value and interest of mortgage bonds issued by OTP Mortgage Bank shall not exceed registered normal and additional collaterals (face value and interest). The Mortgage Bank keeps record of loans, normal and additional collateral values which are shown separately. Independent property inspector monitors the availability of mortgage bond's collateral values in accordance with regulations, the registration of loans, and its pledges as collaterals as the normal collateral of the mortgage bonds, those property register data and the normal and additional collateral in the coverage register.

There was a maturing mortgage bond in amount of HUF 39,25 billion; mortgage bonds were not issued.

**NOTE 9: OFF-BALANCE SHEET ITEMS (in HUF million)**

	<b>30 June 2019</b>	<b>31 December 2018</b>
Commitments to extend credit	52,028	35,944
<b><i>Contingent liabilities and commitments total in accordance with IFRS 9</i></b>	<b>52,028</b>	<b>35,944</b>
Collateral	3,402	1,059

**OTP MORTGAGE BANK LTD.**  
**NOTES TO UNAUDITED, CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2019**

Current litigations	1,494	1,642
Other	<u>1,600</u>	<u>1,511</u>
<i>Contingent liabilities and commitments total in accordance with IAS 37</i>	<u><b>6,496</b></u>	<u><b>4,212</b></u>
<b>Total</b>	<u><b>58,524</b></u>	<u><b>40,156</b></u>

**NOTE 10: DERIVATIVE FINANCIAL INSTRUMENTS (in HUF million)**

**Fair value of derivative instruments**

	30 June 2019		31 December 2018	
	Assets	Liabilities	Assets	Liabilities
<b>Derivative financial instruments designated as hedge accounting</b>				
<b>Derivatives designated in cash flow hedges</b>				
Interest rate swaps	829	(344)	1,837	(74)
<b>Total derivatives designated in cash flow hedges</b>	<u><b>829</b></u>	<u><b>(344)</b></u>	<u><b>1,837</b></u>	<u><b>(74)</b></u>

**NOTE 11: NET INTEREST INCOME (in HUF million)**

	Six month period ended 30 June 2019	Six month period ended 30 June 2018	Year ended 31 December 2018
<b>Interest income</b>			
Loans	25,625	19,176	48,209
Placements with other banks, net of allowance for placement losses	396	357	3,493
Amount due from banks and balances with the National Bank of Hungary	3	12	11
Interest subsidy on housing loans financed by mortgage bonds	5,623	7,054	13,364
Securities fair value through other comprehensive income	<u>292</u>	<u>109</u>	<u>218</u>
<b>Total Interest Income</b>	<u><b>31,939</b></u>	<u><b>26,708</b></u>	<u><b>65,295</b></u>
<b>Interest expense</b>			
Amounts due to banks and Hungarian Government, deposits from the National Bank of Hungary and other banks	(4,708)	(273)	(9,556)
Liabilities from issued securities	(12,742)	(11,878)	(24,796)
Liabilities from leasing	<u>(4)</u>	<u>-</u>	<u>-</u>
<b>Total Interest Expense</b>	<u><b>(17,454)</b></u>	<u><b>(12,151)</b></u>	<u><b>(34,352)</b></u>
<b>NET INTEREST INCOME</b>	<u><b>14,485</b></u>	<u><b>14,557</b></u>	<u><b>30,943</b></u>

**OTP MORTGAGE BANK LTD.**  
**NOTES TO UNAUDITED, CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2019**

**NOTE 12: RELATED PARTY TRANSACTIONS (in HUF million)**

**12.1. Outstanding balances/Transactions due from or due to OTP Bank**

**12.1.1. Outstanding balances in the consolidated Statement of Financial Position related to OTP Bank**

The Bank had the following assets and liabilities due from or due to the OTP Bank:

<b>Assets</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Cash, amounts due from OTP Bank	4,075	3,368
Placements with OTP Bank	41,002	42,001
Accrued receivables	107	60
<b>Liabilities</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Amounts due to OTP Bank and other banks	(611,748)	(508,617)
Face value of issued mortgage bonds held by OTP Bank	(111,615)	(125,137)
Accrued interest expense due to OTP Bank	(6,726)	(3,423)
Other liabilities due to OTP Bank	(4,757)	(6,998)

**12.1.2. Transactions in the consolidated Statement of Profit or Loss related to OTP Bank**

	<b>Six month period ended 30 June 2019</b>	<b>Six month period ended 30 June 2018</b>	<b>Year ended 31 December 2018</b>
Interest income	700	4,423	1,502
Interest expense	(15,023)	(223)	(14,922)
Account handling fees paid to OTP Bank	3,874	4,424	8,417
Other fees and commissions relating to lending received from OTP Bank	(2)	270	(4)
Other fees and commissions relating to lending paid to OTP Bank	13	(32)	(158)
Revenue from the value appraisal activity from OTP Bank	205	264	597

**12.1.3. Transactions of the Mortgage Bank's loan portfolio related to OTP Bank**

	<b>Six month period ended 30 June 2019</b>	<b>Six month period ended 30 June 2018</b>	<b>Year ended 31 December 2018</b>
Performing loans purchased from OTP Bank	-	355	398
Book value of performing loans purchased from OTP Bank	-	358	402

**12.2. Outstanding balances related to key management personnel**

The management, the members of the Board of Directors and the Supervisory Board and their close relatives have loans of HUF 1,396 million as at 30 June 2019. These loans were covered by HUF 2,808 million mortgages and loanlines, which loans finance on a market basisé.

**OTP MORTGAGE BANK LTD.**  
**NOTES TO UNAUDITED, CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2019**

**NOTE 12: RELATED PARTY TRANSACTIONS (in HUF million) [continued]**

**12.3. Outstanding balances/Transactions related to other related parties**

**12.3.1. Outstanding balances related to OTP Building Society Ltd.**

	<b>30 June 2019</b>	<b>31 December 2018</b>
Face value of issued mortgage bonds held by OTP Building Society Ltd.	52,742	53,281
Accrued nominal interest payable related to mortgage bonds held by OTP Building Society Ltd.	(4,307)	(2,046)

**12.3.2. Transactions of the Mortgage Bank's loan portfolio related to OTP Factoring Ltd.**

	<b>Six month period ended 30 June 2019</b>	<b>Six month period ended 30 June 2018</b>	<b>Year ended 31 December 2018</b>
Book value of non-performing loans sold to OTP Factoring Ltd.	778	1,515	2,238
Selling price of the non-performing loans related to OTP Factoring Ltd.	396	1,327	1,985

**12.3.3. Further Outstanding balances/Transactions related to Merkantil Bank Ltd.**

	<b>30 June 2019</b>	<b>31 December 2018</b>
Face value of issued mortgage bonds held by Merkantil Bank Ltd.	45,000	45,000
Accrued interest expense due from Merkantil Bank Ltd.	(4,530)	(2,075)

**12.3.4. Further Transactions related to other related party**

	<b>Six month period ended 30 June 2019</b>	<b>Six month period ended 30 June 2018</b>	<b>Year ended 31 December 2018</b>
<b>Further Transactions related to other related party</b>	(220)	3	21
Other liabilities due to other related party	(352)	0	(17)
Other operating income from other related party	248	106	545

In the normal course of the business the Bank enters into other transactions with the entities within the OTP Group, the amounts and volumes of which are not significant to these financial statements taken as a whole. Only relevant transactions were highlighted.