

OTP MORTGAGE BANK LTD.

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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OTP MORTGAGE BANK LTD.
SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014 (UNAUDITED) (in HUF million)

	Note	30 June 2014	31 December 2013	30 June 2013
Cash, amounts due from banks and balances with the National Bank of Hungary		162	355	72,552
Placements with other banks	3.	71,165	62,040	78,358
Financial assets at fair value through profit or loss		-	-	1
Securities available-for-sale	4.	54,986	29,963	44,961
Loans, net of allowance for loan losses	5.	1,127,519	1,144,089	1,198,981
Property and equipment		30	124	121
Intangible assets		155	177	142
Other assets		<u>39,923</u>	<u>50,128</u>	<u>41,991</u>
TOTAL ASSETS		<u>1,293,940</u>	<u>1,286,876</u>	<u>1,437,107</u>
Amounts due to OTP Bank Plc. and other banks	6.	236,262	233,947	300,254
Liabilities from issued securities	7.	965,019	966,699	1,058,453
Financial liabilities at fair value through profit or loss		-	-	5
Other liabilities		26,429	10,428	13,080
Subordinated bonds and loans		<u>3,854</u>	<u>3,656</u>	<u>3,611</u>
TOTAL LIABILITIES		<u>1,231,564</u>	<u>1,214,730</u>	<u>1,375,403</u>
Share capital		27,000	27,000	27,000
Retained earnings and reserves	11.	<u>35,376</u>	<u>45,146</u>	<u>34,704</u>
TOTAL SHAREHOLDERS' EQUITY		<u>62,376</u>	<u>72,146</u>	<u>61,704</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>1,293,940</u>	<u>1,286,876</u>	<u>1,437,107</u>

Budapest, 15 August 2014



András Becsei
 Chief Executive Officer

OTP MORTGAGE BANK LTD.
SEPARATE CONDENSED STATEMENT OF RECOGNISED INCOME AND
SEPARATE STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014
(UNAUDITED) (in HUF million)

	Note	Six month period ended 30 June 2014	Six month period ended 30 June 2013	Year ended 31 December 2013
Interest Income	9.	60,455	71,635	133,113
Interest Expense	9.	34,535	46,794	87,120
NET INTEREST INCOME	9.	25,920	24,841	45,993
Provision for impairment on loan and placement losses		7,591	14,780	18,498
NET INTEREST INCOME AFTER PROVISION FOR LOAN AND PLACEMENT LOSSES		18,329	10,061	27,495
Net fees and commissions		<u>(472)</u>	<u>(327)</u>	<u>(824)</u>
Net operating income		<u>(9,677)</u>	<u>(1,009)</u>	<u>(3,142)</u>
Other administrative expenses		<u>14,219</u>	<u>13,789</u>	<u>16,591</u>
LOSS / PROFIT BEFORE INCOME TAX		(6,039)	(5,064)	6,938
Income tax		<u>(1,153)</u>	<u>(979)</u>	<u>806</u>
NET LOSS / PROFIT FOR THE PERIOD	11.	<u>(4,886)</u>	<u>(4,085)</u>	<u>6,132</u>
Earnings per share (in HUF) Basic and diluted		<u>(18,096)</u>	<u>(15,130)</u>	<u>22,711</u>

The comprehensive income items are as follows:

	Note	Six month period ended 30 June 2013	Six month period ended 30 June 2013	Year ended 31 December 2013
NET LOSS / PROFIT FOR THE PERIOD		<u>(4,886)</u>	<u>(4,085)</u>	<u>6,132</u>
Fair value adjustment of securities available-for-sale	4.	-	(35)	(27)
Net gain on cash-flow hedge		<u>213</u>	<u>213</u>	<u>430</u>
Other comprehensive income, net of income tax		<u>213</u>	<u>178</u>	<u>403</u>
NET COMPREHENSIVE INCOME		<u>(4,673)</u>	<u>(3,907)</u>	<u>6,535</u>

OTP MORTGAGE BANK LTD.
SEPARATE CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014
(UNAUDITED) (in HUF million)

	Six month period ended 30 June 2014	Six month period ended 30 June 2013	Year ended 31 December 2013
(Loss) / Profit before income tax	(6,039)	(5,064)	6,938
Depreciation and amortization	56	59	116
Provision for impairment on loan and placement losses (Release of provision)/provision for impairment on other assets	7,591 (3)	14,780 1	18,498 45
Unrealised losses on fair value adjustment of derivative financial instruments	3,399	2,475	4,388
<i>Net changes in assets and liabilities in operating activities:</i>			
Net changes in financial assets at fair value through profit or loss	-	(1)	-
Changes in financial liabilities at fair value through profit or loss	(848)	1	-
Decrease in loans, net of allowances for loan losses	8,979	60,158	111,332
Decrease /(Increase) in other assets before provisions for losses	10,208	(7,941)	(16,122)
Decrease /(Increase) in other liabilities	17,001	7,116	(5,218)
Income tax paid	<u>(937)</u>	<u>(1,664)</u>	<u>(697)</u>
Net cash provided by operating activities	<u>39,407</u>	<u>69,920</u>	<u>119,280</u>
Net cash used in investing activities	<u>(34,088)</u>	<u>(45,349)</u>	<u>(14,119)</u>
Net cash used in financing activities	<u>(5,512)</u>	<u>(27,083)</u>	<u>(179,870)</u>
Net decrease in cash and cash equivalents	<u>(193)</u>	<u>(2,512)</u>	<u>(74,709)</u>
Cash and cash equivalents at the beginning of the period	<u>355</u>	<u>75,064</u>	<u>75,064</u>
Cash and cash equivalents at the end of the period	<u>162</u>	<u>72,552</u>	<u>355</u>

OTP MORTGAGE BANK LTD.
SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014
(UNAUDITED) (in HUF million)

	Share Capital	Retained earnings and reserves	Total
Balance as at 1 January 2013	<u>27,000</u>	<u>48,611</u>	<u>75,611</u>
Dividend paid	-	(10,000)	(10,000)
Net loss for the period	-	(4,085)	(4,085)
Other comprehensive income for the period	- _____	178 _____	178 _____
Balance as at 30 June 2013	<u>27,000</u>	<u>34,704</u>	<u>61,704</u>
Balance as at 1 January 2014	<u>27,000</u>	<u>45,146</u>	<u>72,146</u>
Dividend paid	-	(5,097)	(5,097)
Net loss for the period	-	(4,886)	(4,886)
Other comprehensive income for the period	- _____	213 _____	213 _____
Balance as at 30 June 2014	<u>27,000</u>	<u>35,376</u>	<u>62,376</u>

OTP MORTGAGE BANK LTD.
NOTES TO UNAUDITED, SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014

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"). Some of the accounting principles prescribed for statutory purposes are different from those generally recognized in international financial markets. Certain adjustments have been made to OTP Mortgage Bank's Hungarian statutory accounts in order to present the financial position and results of operations of OTP Mortgage Bank in accordance with all standards and interpretations approved by the International Accounting Standards Board ("IASB"), which are referred to as IFRS.

The 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 financial statements, had it been approved by the EU at the balance sheet date.

Preparing these condensed financial statements the Bank followed the same accounting policies and methods as are applied in the annual financial statements of the year ended 31 December.

NOTE 2: SIGNIFICANT EVENTS DURING THE SIX MONTH PERIOD ENDED 30 JUNE 2014 AND POST BALANCE SHEET EVENTS

2.1. Relevant transactions related to issued securities

Issued securities became due in amount of HUF 14 billion in February.

2.2. Bank tax

In May 2013 the IASB issued IFRIC 21 Levies developed by the IFRS Interpretation Committee ("IFRIC"), in June 2014 EU has adopted it. Based on this interpretation the whole amount of the bank tax payable by financial institutions for the year shall be recorded. As the Hungarian Accounting Standards ("HAS") did not change, half of the bank tax will recorded as an IFRS correction.

The payable bank tax for the Bank in 2014 is HUF 8,759 million.

2.3. Relevant 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:

Based on the published regulation OTP Mortgage Bank's reimbursement obligation related to invalidity of the bid-ask exchange rate spread will be prospectively in amount of HUF 12.4 billion. Considering provision for impairment on loan losses for the year 2013 further impairment was recognised in amount of HUF 10.9 billion as of 30 June 2014.

Based on the unfairness of contractual clauses enabling unilateral amendment OTP Mortgage Bank estimates that losses will be in amount of HUF 75 billion regarding the legal proceedings, therefore provision for impairment on loan losses was recognised as of 30 June 2014.

OTP Bank Plc. took absolute and irrevocable obligation, in a maximum determined amount to eliminate negative effects on the OTP Mortgage Bank's 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 Plc. was recorded as of 30 June 2014.

OTP Mortgage Bank still maintains the point of view, that the Bank keeps 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.

Considering open questions related to contractual clauses enabling unilateral amendment and OTP Bank's commitment, expected losses were recognised in Separate Financial Statements of OTP Bank Plc.

OTP MORTGAGE BANK LTD.
NOTES TO UNAUDITED, SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014

NOTE 3: PLACEMENTS WITH OTHER BANKS (in HUF million)

	30 June 2014	31 December 2013
Within one year in HUF	30,000	20,000
in CHF	4,460	8,918
in EUR	35,977	31,232
in JPY	663	1,849
Total in foreign currency	<u>41,100</u>	<u>41,999</u>
Subtotal	<u>71,100</u>	<u>61,999</u>
Accrued interest	65	41
Total	<u>71,165</u>	<u>62,040</u>
From this: amounts due from OTP Bank	71,099	61,999

	30 June 2014	31 December 2013
Interest conditions on placements with other banks		
in HUF	2.40%-9.00%	3.00%-9.00%
in foreign currency	0.01%-4.30%	0.88%-4.24%

NOTE 4: SECURITIES AVAILABLE-FOR-SALE (in HUF million)

	30 June 2014	31 December 2013
Bonds issued by the NBH	54,949	29,963
Accrued interest	37	-
Total	<u>54,986</u>	<u>29,963</u>

The whole portfolio was denominated in HUF as at 30 June 2014 and 31 December 2013.

OTP MORTGAGE BANK LTD.
NOTES TO UNAUDITED, SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014

NOTE 4: SECURITIES AVAILABLE-FOR-SALE (in HUF million) [continued]

Interest conditions and the remaining maturity of securities available-for-sale can be analysed as follows:

	30 June 2014	31 December 2013
Within five years, fixed interest	54,949	29,963
Interest condition on interest-bearing securities available-for-sale	-	-

The valuation of the securities available-for-sale was as follows as at 30 June 2014:

	30 June 2014	
	Cost	Fair value
Bonds issued by the NBH	54,949	54,949
Total	<u>54,949</u>	<u>54,949</u>

The valuation of the securities available-for-sale was as follows as at 31 December 2013:

	31 December 2013	
	Cost	Fair value
Bonds issued by the NBH	29,963	29,963
Total	<u>29,963</u>	<u>29,963</u>

NOTE 5: LOANS, NET OF ALLOWANCES FOR LOAN LOSSES (in HUF million)

	30 June 2014	31 December 2013
Short-term loans (within one year)		
in HUF	42,624	44,578
in CHF	262	316
in EUR	19	38
in JPY	<u>57</u>	<u>-</u>
Total in foreign currency	<u>338</u>	<u>354</u>
	<u>42,962</u>	<u>44,932</u>
Long-term loans (over one year)		
in HUF	607,732	619,819
in CHF	391,752	398,184
in EUR	27,732	28,672
in JPY	<u>82,489</u>	<u>78,408</u>
Total in foreign currency	<u>501,973</u>	<u>505,264</u>
	<u>1,109,705</u>	<u>1,125,083</u>
Loans Gross Total	<u>1,152,667</u>	<u>1,170,01</u>
Provision for impairment	(32,183)	(32,977)
Accrued interest	7,035	7,051
Total	<u>1,127,519</u>	<u>1,144,089</u>

A significant part of the loans above are mortgage loans for housing. 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 Bank'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.

OTP MORTGAGE BANK LTD.
NOTES TO UNAUDITED, SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014

NOTE 5: LOANS, NET OF ALLOWANCES FOR LOAN LOSSES (in HUF million) [continued]

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

	30 June 2014	31 December 2013
Loans denominated in HUF with the maturity over one year	5%-19.67%	5%-21.12%
Mortgage loans denominated in foreign currency for housing purposes		
CHF	8.76%	8.76%
EUR	8.01%	8.01%
JPY	5.84%	5.84%
Mortgage loans denominated in foreign currency for free purposes		
CHF	10.00%	10.00%
EUR	8.95%	8.94%
JPY	5.72%	5.71%
Real estate development loans		
HUF	9.96%	10.28%
EUR	6.71%	6.69%

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

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

	30 June 2014		31 December 2013	
Mortgage loans	1,147,088	99.51%	1,164,007	99.49%
SME loans	3,408	0.30%	3,662	0.31%
Loans to medium and large corporates	<u>2,171</u>	<u>0.19%</u>	<u>2,346</u>	<u>0.20%</u>
Total	<u>1,152,667</u>	<u>100.00%</u>	<u>1,170,015</u>	<u>100.00%</u>

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

	30 June 2014	31 December 2013
Opening balance	32,977	44,384
Provision for the period	20,991	48,977
Provision released for the period	<u>(21,785)</u>	<u>(60,384)</u>
Closing balance	<u>32,183</u>	<u>32,977</u>

The Bank sells non-performing loans without recourse at estimated fair value to an OTP Group member, OTP Factoring Ltd.

OTP MORTGAGE BANK LTD.
NOTES TO UNAUDITED, SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014

NOTE 6: AMOUNTS DUE TO OTP BANK PLC. AND OTHER BANKS (in HUF million)

	30 June 2014	31 December 2013
Within one year		
In HUF	216,181	186,267
In EUR	-	-
In JPY	11,943	14,380
In CHF	<u>7,941</u>	<u>33,076</u>
Total in foreign currency	<u>19,884</u>	<u>47,456</u>
Subtotal	<u>236,065</u>	<u>233,723</u>
Accrued interest	197	224
Total	<u>236,262</u>	<u>233,947</u>
From this: amounts due to OTP Bank	236,065	233,723
Interest conditions on amounts due to OTP Bank Plc. and other banks		
	30 June 2014	31 December 2013
In HUF	1.38% - 2.40%	2.20% - 4.59%
In foreign currency	0.76% - 4.86%	0.82% - 4.86%

NOTE 7: LIABILITIES FROM ISSUED SECURITIES (in HUF million)

	30 June 2014	31 December 2013
Within one year:		
In HUF	116,720	13,790
In EUR	<u>297,990</u>	<u>133,610</u>
	<u>414,710</u>	<u>147,400</u>
Over one year		
In HUF	364,736	483,015
In EUR	<u>155,272</u>	<u>300,033</u>
	<u>520,008</u>	<u>783,048</u>
Subtotal	<u>934,718</u>	<u>930,448</u>
Accrued interest	<u>30,301</u>	<u>36,251</u>
Total	<u>965,019</u>	<u>966,699</u>
Issued mortgage bonds during the period (nominal value)	-	146,400
Mortgage bonds became due (nominal value)	13,665	105,825
Mortgage bonds repurchased during the period (nominal value)	-	222,698
Interest conditions on issued securities		
	30 June 2014	31 December 2013
In HUF	7.50% - 10.75%	7.50% - 11.00%
In foreign currency	2.23% - 4.30%	2.12% - 4.24%

OTP MORTGAGE BANK LTD.
NOTES TO UNAUDITED, SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014

NOTE 7: LIABILITIES FROM ISSUED SECURITIES (in HUF million) [continued]

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

	30 June 2014	31 December 2013
Face value of the issued securities	921,580	915,856
Unamortized premiums	10,002	10,735
Fair value hedge adjustment	<u>3,136</u>	<u>3,857</u>
Amortized cost	<u>934,718</u>	<u>930,448</u>

OTP Mortgage Bank can issue mortgage bonds up to the total amount of collateral in the form of property notified in the public property register in favour of OTP Mortgage Bank. A coverage register of the mortgage property constituting the ultimate coverage for the mortgage bonds and the value of the collateral is recorded. An independent coverage supervisor is appointed for monitoring and certifying the existence and valuation of eligible collateral and the registration of such collateral in the coverage register.

NOTE 8: OFF-BALANCE SHEET ITEMS AND DERIVATIVE FINANCIAL INSTRUMENTS
(in HUF million)

Fair value of derivative instruments

	Fair value		Notional value, net	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
CCIRS designated as fair value hedge				
Positive fair value of CCIRS designated as fair value hedge	33,242	43,672	29,697	35,308
Negative fair value of CCIRS designated as fair value hedge	<u>(1,887)</u>	<u>(848)</u>	<u>(1,891)</u>	<u>(810)</u>
Derivative financial assets total	<u>33,242</u>	<u>43,672</u>	<u>29,697</u>	<u>35,308</u>
Derivative financial liabilities total	<u>(1,887)</u>	<u>(848)</u>	<u>(1,891)</u>	<u>(810)</u>
Derivative financial instruments total	<u>31,355</u>	<u>42,824</u>	<u>27,806</u>	<u>34,498</u>

NOTE 9: NET INTEREST INCOME (in HUF million)

	Six month period ended 30 June 2014	Six month period ended 30 June 2013	Year ended 31 December 2013
Interest income			
Loans	41,231	47,545	88,154
Placements with other banks	3,963	4,291	7,977
Amounts due from banks and balances with the National Bank of Hungary	-	-	1
Interest subsidy on housing loans financed by mortgage bonds	14,827	18,005	34,360
Securities available-for-sale	<u>434</u>	<u>1,794</u>	<u>2,621</u>
Total Interest Income	<u>60,455</u>	<u>71,635</u>	<u>133,113</u>
Interest expense			
Amounts due to OTP Bank Plc. and other banks	3,652	6,847	12,058
Deposits from customers	68	86	175
Liabilities from issued securities	30,741	39,790	74,744
Subordinated loans	<u>74</u>	<u>71</u>	<u>143</u>
Total Interest Expense	<u>34,535</u>	<u>46,794</u>	<u>87,120</u>
NET INTEREST INCOME	<u>25,920</u>	<u>24,841</u>	<u>45,993</u>

OTP MORTGAGE BANK LTD.
NOTES TO UNAUDITED, SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014

NOTE 10: RELATED PARTY TRANSACTIONS (in HUF million)

10.1. Outstanding balances/Transactions due from or due to OTP Bank

10.1.1. Outstanding balances in the Separate Statement of Financial Position related to OTP Bank

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

Assets	30 June 2014	31 December 2013
Cash, amounts due from OTP Bank	145	336
Placements with OTP Bank	71,099	61,999
Accrued receivables	25	16
Fair value hedge derivatives – positive fair value	33,242	43,672
Liabilities	30 June 2014	31 December 2013
Amounts due to OTP Bank and other banks	236,065	233,947
Fair value hedge derivatives - negative fair value	1,887	848
Other liabilities due to OTP Bank	5,244	2,959
Issued mortgage bonds held by OTP Bank	847,178	840,057
Accrued interest payable related to mortgage bonds held by OTP Bank	24,510	31,616

10.1.2. Transactions in the Separate Statement of Recognized Income related to OTP Bank

	Six month period ended 30 June 2014	Six month period ended 30 June 2013	Year ended 31 December 2013
Interest income	3,963	14,709	7,978
Interest expense	31,786	55,122	85,721
Account handling fees paid to OTP Bank	5,687	1,754	5,808
Other fees and commissions relating to lending paid to OTP Bank	1,417	1,238	2,671
One-off payments fee (0.5%)	-	-	2
Revenue from the value appraisal activity from OTP Bank	72	89	145

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

	Six month period ended 30 June 2014	Six month period ended 30 June 2013	Year ended 31 December 2013
Performing loans purchased from OTP Bank	675	860	1,351
Book value of performing loans purchased from OTP Bank	673	859	1,350

10.2. 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 266.9 million as at 30 June 2014. These loans were covered by mortgages in amount of HUF 377.8 million.

10.3. Outstanding balances/Transactions related to other related party

10.3.1. Outstanding balances related to OTP Building Society Ltd.

	30 June 2014	31 December 2013
Issued mortgage bonds held by OTP Building Society Ltd.	5,408	5,424
Accrued interest payable related to mortgage bonds held by OTP Building Society Ltd.	239	185

OTP MORTGAGE BANK LTD.
NOTES TO UNAUDITED, SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014

NOTE 10: RELATED PARTY TRANSACTIONS (in HUF million) [continued]

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

	Six month period ended 30 June 2014	Six month period ended 30 June 2013	Year ended 31 December 2013
Book value of non-performing loans sold to OTP Factoring Ltd.	11,884	21,737	45,102
Selling price of the non-performing loans related to OTP Factoring Ltd.	9,371	17,508	36,560
Accrued receivables due from OTP Factoring Ltd.	631	1,361	-

10.3.3. Further Outstanding balances/Transactions related to other related party

Further Outstanding balances	30 June 2014	31 December 2013
Accrued receivables due from other related party	56	53
Other liabilities due to other related party	32	983
Issued mortgage bonds held by OTP Fund Management Ltd.	2,573	2,581
Accrued interest payable related to mortgage bonds held by OTP Fund Management Ltd.	111	93

Further Transactions related to other related party	Six month period ended 30 June 2014	Six month period ended 30 June 2013	Year ended 31 December 2013
Other operating income from other related party	-	11	13
Revenue from the value appraisal activity from OTP Factoring Ltd. and from other related party	43	122	63

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.

OTP MORTGAGE BANK LTD.
NOTES TO UNAUDITED, SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014

NOTE 11: RECONCILIATION OF FINANCIAL STATEMENTS PREPARED UNDER HAS AND FINANCIAL STATEMENTS PREPARED UNDER IFRS (in HUF million)

	Retained Earnings and Reserves as at 1 January 2014	Net profit for the six month period ended 30 June 2014	Direct Movements on Reserves	Dividend	Retained Earnings and Reserves as at 30 June 2014
Financial Statements in accordance with HAS	29,423	(608)	-	-	28,815
Application of effective interest rate on direct issuance costs of securities	164	(28)	-	-	136
Effect of using effective interest rate method for loan origination fees and cost	12,974	778	-	-	13,752
Fair value adjustment of derivative financial instruments	-	(263)	263	-	-
Correction on banking tax	-	(4,380)	-	-	(4,380)
Correction on escrow account loan	-	(1,539)	-	-	(1,539)
Deferred taxation	(2,512)	1,154	(50)	-	(1,408)
Dividend paid in 2013	<u>5,097</u>	<u>-</u>	<u>-</u>	<u>(5,097)</u>	<u>-</u>
Financial Statements in accordance with IFRS	<u>45,146</u>	<u>(4,886)</u>	<u>213</u>	<u>(5,097)</u>	<u>35,376</u>