

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 2012

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OTP MORTGAGE BANK LTD.
SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012 (UNAUDITED) (in HUF mn)

	Note	30 June 2012	31 December 2011	30 June 2011
Cash, amounts due from banks and balances with the National Bank of Hungary		161,711	1,729	95
Placements with other banks	3.	59,573	80,652	123,517
Financial assets at fair value through profit or loss	4.	21	2,028	-
Securities available-for-sale	5.	10,631	1,845	1,829
Loans, net of allowance for loan losses	6.	1,335,011	1,482,103	1,505,962
Property and equipment		115	126	109
Intangible assets		154	183	190
Other assets		<u>15,936</u>	<u>90,733</u>	<u>9,971</u>
TOTAL ASSETS		<u>1,583,152</u>	<u>1,659,399</u>	<u>1,641,673</u>
Amounts due to OTP Bank Plc. and other banks	7.	491,831	336,250	121,868
Liabilities from issued securities	8.	999,964	1,202,215	1,310,853
Financial liabilities at fair value through profit or loss		18	7,122	163
Deferred tax liabilities		1,399	2,631	1,614
Other liabilities		20,327	21,035	116,479
Subordinated bonds and loans		<u>3,623</u>	<u>3,865</u>	<u>3,322</u>
TOTAL LIABILITIES		<u>1,517,162</u>	<u>1,573,118</u>	<u>1,554,299</u>
Share capital		27,000	27,000	27,000
Retained earnings and reserves	13.	<u>38,990</u>	<u>59,281</u>	<u>60,374</u>
TOTAL SHAREHOLDERS' EQUITY		<u>65,990</u>	<u>86,281</u>	<u>87,374</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>1,583,152</u>	<u>1,659,399</u>	<u>1,641,673</u>

Budapest, 17 August 2012



Dániel Gyuris
Chief Executive Officer

OTP MORTGAGE BANK LTD.
SEPARATE CONDENSED STATEMENT OF RECOGNISED INCOME AND
SEPARATE STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD 30 JUNE 2012
(UNAUDITED) (in HUF mn)

	Note	Six month period ended 30 June 2012	Six month period ended 30 June 2011	Year ended 31 December 2011
Interest Income	10.	94,813	96,493	178,570
Interest Expense	10.	68,381	65,868	110,375
NET INTEREST INCOME	10.	26,432	30,625	68,195
Provision for impairment on loan and placement losses	11.	20,461	(10,674)	(40,448)
Losses on loans relating to early repayment	11.	(1,505)	-	(60,694)
NET INTEREST INCOME AFTER PROVISION FOR LOAN AND PLACEMENT LOSSES		7,476	19,951	(32,947)
Net fees and commissions		<u>(743)</u>	<u>(1,045)</u>	<u>(1,812)</u>
Net operating income		<u>3,131</u>	<u>25</u>	<u>5,572</u>
Other administrative expenses		<u>12,297</u>	<u>7,901</u>	<u>7,253</u>
LOSS/PROFIT BEFORE INCOME TAX		(2,433)	11,030	(36,440)
Income tax		<u>(1,107)</u>	<u>1,955</u>	<u>(6,702)</u>
NET LOSS/PROFIT FOR THE PERIOD	13.	<u>(1,326)</u>	<u>9,075</u>	<u>(29,738)</u>
Earnings per share (in HUF) Basic and diluted		(4,911)	33,611	(110,141)

The comprehensive income items are as follows:

	Note	Six month period ended 30 June 2012	Six month period ended 30 June 2011	Year ended 31 December 2011
NET LOSS/PROFIT FOR THE PERIOD		<u>(1,326)</u>	<u>9,075</u>	<u>(29,738)</u>
Fair value adjustment of securities available-for-sale	5.	3	34	(3)
Net gain on cash-flow hedge		<u>215</u>	<u>237</u>	<u>377</u>
Other comprehensive income, net of income tax		<u>218</u>	<u>271</u>	<u>374</u>
NET COMPREHENSIVE INCOME		<u>(1,108)</u>	<u>9,346</u>	<u>(29,364)</u>

OTP MORTGAGE BANK LTD.
SEPARATE CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD 30 JUNE 2012 (UNAUDITED) (in HUF mn)

	Six month period ended 30 June 2012	Six month period ended 30 June 2011	Year ended 31 December 2011
Profit before income tax	(2,433)	11,030	(36,440)
Income tax paid	(955)	(2,920)	(1,062)
Depreciation and amortization	66	79	157
Provision for impairment on loan and placement losses	20,461	10,674	101,142
Unrealised (gains)/ losses on fair value adjustment of derivative financial instruments	(8,835)	(2,834)	4,148
Changes in financial assets at fair value through profit or loss	2,007	87	-
Changes in financial liabilities at fair value through profit or loss	(17)	(164)	-
Decrease/(Increase) in loans, net of allowances for loan losses	126,649	45,929	(20,843)
Decrease/(Increase) in other assets before provisions for losses	74,797	663	(80,099)
(Increase)/Decrease in other liabilities	<u>(3,897)</u>	<u>2,647</u>	<u>20,334</u>
Net cash provided by/(used in) operating activities	<u>207,843</u>	<u>65,190</u>	<u>(12,663)</u>
Net cash provided by/(used in) investing activities	<u>12,271</u>	<u>(18,390)</u>	<u>24,327</u>
Net cash used in financing activities	<u>(60,132)</u>	<u>(46,731)</u>	<u>(9,961)</u>
Net increase in cash and cash equivalents	<u>159,982</u>	<u>69</u>	<u>1,703</u>
Cash and cash equivalents at the beginning of the Period	<u>1,729</u>	<u>26</u>	<u>26</u>
Cash and cash equivalents at the end of the period	<u>161,711</u>	<u>95</u>	<u>1,729</u>

OTP MORTGAGE BANK LTD.
SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012 (UNAUDITED) (in HUF mn)

	Share Capital	Retained earnings and reserves	Total
Balance as at 1 January 2011	27,000	52,028	79,028
Dividend paid	-	(1,000)	(1,000)
Net profit for the period	-	9,075	9,075
Other comprehensive income	<u>-</u>	<u>271</u>	<u>271</u>
Balance as at 30 June 2011	<u>27,000</u>	<u>60,374</u>	<u>87,374</u>
Net profit for the period	-	(38,813)	(38,813)
Guarantee for early repayment	-	37,617	37,617
Other comprehensive income	<u>-</u>	<u>103</u>	<u>103</u>
Balance as at 31 December 2011	<u>27,000</u>	<u>59,281</u>	<u>86,281</u>
Dividend paid	-	(16,000)	(16,000)
Net profit for the period	-	(1,326)	(1,326)
Guarantee for early repayment	-	(3,183)	(3,183)
Other comprehensive income	<u>-</u>	<u>218</u>	<u>218</u>
Balance as at 30 June 2012	<u>27,000</u>	<u>38,990</u>	<u>65,990</u>

OTP MORTGAGE BANK LTD.
NOTES TO UNAUDITED, SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012

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 2012 AND POST BALANCE SHEET EVENTS

2.1. Relevant transactions related to issued securities

Issued securities became due in amount of HUF 5.5 billion in January, HUF 13.9 billion in March and HUF 95.1 billion in May. Mortgage bond with 3 year maturity was issued in amount of HUF 110 billion in May. In June mortgage bond was repurchased before maturity in amount of EUR 500 million.

2.2. Bank tax

12 March 2012 the IFRS Interpretation Committee ("IFRIC") developed an exposure draft on the bank tax payable by financial institutions; therefore the whole current bank tax for the year shall be recorded. As the Hungarian Accounting Standards ("HAS") did not change, half of the bank tax will be recorded as an IFRS correction.

The payable bank tax for the Bank in 2012 is HUF 8,759 million.

2.3. 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 the Bank, was the opportunity of early repayment at fixed exchange rates.

If certain conditions are completed by the borrowers, FX based mortgage loans can be repaid in one amount at fixed conversion rate ("early repayment") determined in the Law on Credit Institutions (Swiss Franc 180 HUF/CHF, Euro 250 HUF/EUR, Japanese Yen 2 HUF/JPY). Act CXXI of 2011 ("On the amendment of the acts in connection with the protection of homes") 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 was 28 February 2012.

OTP MORTGAGE BANK LTD.
NOTES TO UNAUDITED, SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012

NOTE 2: SIGNIFICANT EVENTS DURING THE SIX MONTH PERIOD ENDED 30 JUNE 2012
AND POST BALANCE SHEET EVENTS [continued]

2.3. Events in accordance with early repayment at fixed exchange rates [continued]

According to the Bank's accounting policy the balance sheet date considering the events of the early repayment was 30 January 2012 for the financial statements for the year ended 31 December 2011. Consequently the Mortgage Bank recognised 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 was impaired by the 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 that entered into force on 29 December 2011. In the first two month of 2012 this provision was released based on the realised fixed exchange rates of early repayment.

2.4. The agreement on 15 December 2011 between the Hungarian Government and the Hungarian Banking Association ("Agreement"), regulation of buffer account overdraft credit

The Agreement of the Hungarian Government ("Government") and the Hungarian Banking Association ("HBA") on 15 December 2011 was partially enacted in 2011. In the first half of 2012 Act LXXV of 2011 on early repayment of FX mortgage loans was modified, and Decree on refunds relating to early repayment entered into force in accordance with the above mentioned agreement.

1. Measures regarding performing FX mortgage debtors with up to 90 days of delinquency:

1. FX mortgage debtors rated performing of up to 90 days of delinquency will be entitled to opt for the program of fixed exchange rate scheme. During the program in the FX range CHF/HUF 180-270, EUR/HUF 250-340 and JPY/HUF 2.5-3.3 FX mortgage debtors are obliged to pay monthly instalments calculated using FX rates only at the lower bound of the range, so their monthly instalments will be lower in forint. The difference between the market and the fixed rate on the principal of the monthly instalments will be accumulated in a special buffer account over a certain period. This amount is to be fully paid later by the client. FX mortgage debtors can lay their claims to special buffer account at latest 31 December 2012. Applicable interval counted to 60 month or maturity date of the FX mortgage loan, but at latest 30 June 2017.
2. The opportunity of special buffer account is entitled by the following debtors:
 - From 1 April 2012 by the employees of the public sector, who have FX mortgage housing loans
 - From 1 June 2012 by the employees of the private sector, who have FX mortgage housing loans
 - From 1 September 2012 by the employees of the private sector, who have other type of FX mortgage loans
3. Interest charged on the special buffer account shall not be higher than 3-months BUBOR interest rate. 100% of the interest above a cap defined (upper bound of the ranges above) shall be borne by the Government. The financial institutions shall pay special tax on the exempted receivables to the degree of 50%. Settlements between the banks and the state shall take place on a quarterly basis. Consequently provision is recorded on the expected loss derived from early repayment claimed till 30 June 2012.

2. Measures on behalf of FX mortgage debtors with more than 90 days of delinquency:

1. Members of HBA have undertaken to convert the FX mortgage loans, reaching the sum of the compulsory minimum wage on 30 September 2011, to HUF loans in the case of debtors with more than 90 days of delinquency and they cancel 25% such debts by 15 May 2012, provided that the total market value of real estate serving as collateral did not exceed HUF 20 million when the FX mortgage loan contract was concluded. The financial institutions shall convert the FX mortgage loans at latest 31 August 2012.
The conversion is to take place at the average of the mid rates of the respective currencies published by NBH for the period between 15 May and 15 June 2012.
Credit institutions are entitled to deduct 30% of their cancelled claims from their special tax due in 2012.
2. In order to help the payment of the reduced debt after the conversion at preferential rates, the Government provides a gradually decreasing interest rate subsidy to eligible clients. Creditors may reschedule the loans of debtors entering the interest rate subsidy scheme so that within 5 years from the start of the scheme debtors shall only pay interest on the loans.

Relating to the early repayment of FX mortgage debtors with more than 90 days of delinquency no item was recorded at the Mortgage Bank.

OTP MORTGAGE BANK LTD.
NOTES TO UNAUDITED, SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012

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

	30 June 2012	31 December 2011
Within one year		
in HUF	18,650	19,800
in CHF	10,656	30,642
in EUR	26,372	25,202
in JPY	<u>3,804</u>	<u>4,922</u>
Total in foreign currency	<u>40,832</u>	<u>60,766</u>
Subtotal	59,482	80,566
Accrued interest	91	86
Total	<u>59,573</u>	<u>80,652</u>
From this: amounts due from OTP Bank	59,573	80,652

	30 June 2012	31 December 2011
Interest conditions on placements with other banks		
in HUF	6.00-7.50%	4.75-7.50%
in foreign currency	0.80-3.20%	0.10-4.22%

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

	30 June 2012	31 December 2011
Foreign currency swaps designated as held for trading	<u>21</u>	<u>2,028</u>
Total	<u>21</u>	<u>2,028</u>

NOTE 5: **SECURITIES AVAILABLE-FOR-SALE (in HUF million)**

	30 June 2012	31 December 2011
Hungarian Government bonds	<u>10,236</u>	<u>1,740</u>
Accrued interest	395	105
Total	<u>10,631</u>	<u>1,845</u>

The whole portfolio was denominated in HUF as at 30 June 2012 and 31 December 2011. Hungarian Government bonds portfolio increased relating to the tax refund receivable in respect of early repayment. Hungarian Government paid the tax refund in the form of government bond series of 2012/C, and this securities shall be held by the Bank to maturity.

OTP MORTGAGE BANK LTD.
NOTES TO UNAUDITED, SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012

NOTE 5: 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 2012	31 December 2011
Within five years, fixed interest	10,236	1,740
Interest condition on interest-bearing securities available-for-sale	6%-6.75%	6.75%

The valuation of the securities available-for-sale was as follows as at 30 June 2012:

	30 June 2012	
	Cost	Fair value
Hungarian Government bonds	<u>10,253</u>	<u>10,236</u>
Total	<u>10,253</u>	<u>10,236</u>

The valuation of the securities available-for-sale was as follows as at 31 December 2011:

	31 December 2011	
	Cost	Fair value
Hungarian Government bonds	<u>1,761</u>	<u>1,740</u>
Total	<u>1,761</u>	<u>1,740</u>

NOTE 6: LOANS, NET OF ALLOWANCES FOR LOAN LOSSES (in HUF million)

	30 June 2012	31 December 2011
Short-term loans (within one year)		
in HUF	48,169	51,367
in foreign currency	<u>126</u>	<u>175</u>
	<u>48,295</u>	<u>51,542</u>
Long-term loans (over one year)		
in HUF	662,662	644,830
in CHF	501,094	643,080
in JPY	33,113	168,728
in EUR	<u>128,616</u>	<u>37,436</u>
Total in foreign currency	<u>662,823</u>	<u>849,244</u>
	<u>1,325,485</u>	<u>1,494,074</u>
Loans Total	<u>1,373,780</u>	<u>1,545,616</u>
Provision for impairment	<u>(48,054)</u>	<u>(72,913)</u>
Accrued interest	<u>9,285</u>	<u>9,400</u>
Total	<u>1,335,011</u>	<u>1,482,103</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 2012

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

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

	30 June 2012	31 December 2011
Loans denominated in HUF with the maturity over one year	5%-22.21%	5%-22.21%
Mortgage loans denominated in foreign currency for housing purposes		
CHF	8.76%	8.74%
EUR	8.01%	8.01%
JPY	5.86%	5.83%
Mortgage loans denominated in foreign currency for free purposes		
CHF	10.00%	10.00%
EUR	8.95%	8.95%
JPY	5.75%	5.72%
Real estate development loans		
HUF	10.86%	10.73%
EUR	7.15%	7.89%

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 2012	31 December 2011
Housing loans	986,133 71.78%	1,108,794 71.74%
Free purpose mortgage loans	380,195 27.68%	428,867 27.75%
Commercial loans	<u>7,452</u> 0.54%	<u>7,955</u> 0.51%
Total	<u>1,373,780</u> <u>100.00%</u>	<u>1,545,616</u> <u>100.00%</u>

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

	30 June 2012	31 December 2011
Opening balance	72,913	20,683
Provision for the period	36,138	99,176
Provision released for the period	<u>(60,997)</u>	<u>(46,946)</u>
Closing balance	<u>48,054</u>	<u>72,913</u>

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

In spite of the worsen loan portfolio provision for impairment on loans decreased because release of provision on early repayment claimed and paid till 30 January 2012. (See note 2.3.)

OTP MORTGAGE BANK LTD.
NOTES TO UNAUDITED, SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012

NOTE 7: **AMOUNTS DUE TO OTP BANK PLC. AND OTHER BANKS (in HUF million)**

	30 June 2012	31 December 2011
Within one year		
In HUF	98,181	328
In EUR	178,783	-
In CHF	174,825	258,239
In JPY	38,616	76,975
Total in foreign currency	<u>392,224</u>	<u>335,214</u>
Subtotal	490,405	335,542
Accrued interest	1,426	708
Total	<u>491,831</u>	<u>336,250</u>
From this: amounts due to OTP Bank	392,061	336,250
Interest conditions on amounts due to OTP Bank Plc. and other banks		
	30 June 2012	31 December 2011
In HUF	7.00 - 7.50%	5.45 - 7.00%
In foreign currency	3.05 - 3.12%	1.67 - 2.57%

NOTE 8: **LIABILITIES FROM ISSUED SECURITIES (in HUF million)**

	30 June 2012	31 December 2011
Within one year:		
In HUF	91,972	134,725
In EUR	-	-
Over one year		
In HUF	529,942	490,988
In EUR	343,690	530,666
Subtotal	965,604	1,156,379
Accrued interest	<u>34,360</u>	<u>45,836</u>
Total	<u>999,964</u>	<u>1,202,215</u>
Issued mortgage bonds during the period (nominal value)	110,000	560,943
Mortgage bonds became due (nominal value)	114,580	216,502
Mortgage bonds repurchased during the period (nominal value)	144,800	510,517
Until 30 June 2012 OTP Mortgage Bank repurchased EUR 500 million of OMB 2014 II mortgage bond and realised HUF 5,683 million profits.		
Interest conditions on issued securities		
	30 June 2012	31 December 2011
In HUF	7.77 - 11.00%	6.53 - 13.41%
In foreign currency	4.00 - 6.70%	4.00 - 6.70%

OTP MORTGAGE BANK LTD.
NOTES TO UNAUDITED, SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012

NOTE 8: LIABILITIES FROM ISSUED SECURITIES (in HUF million) [continued]

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

	30 June 2012	31 December 2011
Face value of the issued securities	954,203	1,141,840
Unamortized premiums	13,397	12,567
Fair value hedge adjustment	<u>(1,996)</u>	<u>1,972</u>
Amortized cost	<u>965,604</u>	<u>1,156,379</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 9: OFF-BALANCE SHEET ITEMS AND DERIVATIVE FINANCIAL INSTRUMENTS
(in HUF million)

In the normal course of business, the Bank becomes a party to various financial transactions that are not reflected on the statement of financial position and are referred to as off-balance sheet financial instruments. The following represents notional amounts of these off-balance sheet financial instruments, unless stated otherwise.

The Bank's off-balance sheet assets and liabilities as at 30 June 2012 and 31 December 2011, with respect to financial instruments are as follows (in HUF million):

	30 June 2012	31 December 2011
Future portion of swap transactions	377,528	605,263
Other	139	5
Contingent and future liabilities	<u>377,667</u>	<u>605,268</u>
Future portion of swap transactions	376,197	619,666
Contingent and future receivables	<u>376,197</u>	<u>619,666</u>
Total notional amounts presented among off-balance sheet liabilities/assets	<u>(1,470)</u>	<u>14,398</u>

OTP MORTGAGE BANK LTD.
NOTES TO UNAUDITED, SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012

NOTE 9: OFF-BALANCE SHEET ITEMS AND DERIVATIVE FINANCIAL INSTRUMENTS
(in HUF million) [continued]

Fair value of derivative instruments

	Fair value		Notional value, net	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Foreign exchange swaps designated as held for trading				
Positive fair value of foreign exchange swaps designated as held for trading	21	1,872	2,185	150,689
Negative fair value of foreign exchange swaps designated as held for trading	-	(7,122)	(2,154)	(155,841)
CCIRS designated as fair value hedge				
Positive fair value of CCIRS designated as fair value hedge	7,099	27,211	373,600	19,377
Negative fair value of CCIRS designated as fair value hedge	(9,310)	(4,385)	(374,946)	-
Other derivative contracts designated as fair value hedge				
Positive fair value of other derivative contracts designated as fair value hedge	-	-	-	-
Negative fair value of other derivative contracts designated as fair value hedge	-	-	-	-
Other derivative contracts designated as held for trading				
Positive fair value of other derivative contracts designated as held for trading	-	156	412	2,282
Negative fair value of other derivative contracts designated as held for trading	<u>(18)</u>	<u>-</u>	<u>(428)</u>	<u>(2,104)</u>
Derivative financial assets total	<u>7,120</u>	<u>29,239</u>	<u>376,197</u>	<u>172,348</u>
Derivative financial liabilities total	<u>(9,328)</u>	<u>(11,507)</u>	<u>(377,528)</u>	<u>(157,945)</u>
Derivative financial instruments total	<u>(2,208)</u>	<u>17,732</u>	<u>(1,331)</u>	<u>14,403</u>

NOTE 10: NET INTEREST INCOME (in HUF million)

	Six month period ended 30 June 2012	Six month period ended 30 June 2011	Year ended 31 December 2011
Interest income			
Loans	52,721	47,780	106,817
Placements with other banks	21,847	27,293	28,192
Amounts due from banks and balances with the National Bank of Hungary	48	1	48
Interest subsidy on housing loans financed by mortgage bonds	20,055	21,360	42,719
Securities available-for-sale	<u>142</u>	<u>59</u>	<u>794</u>
Total Interest Income	<u>94,813</u>	<u>96,493</u>	<u>178,570</u>
Interest expense			
Amounts due to OTP Bank Plc. and other banks	25,040	21,085	19,898
Deposits from customers	153	88	375
Liabilities from issued securities	43,114	44,630	89,963
Subordinated loans	<u>74</u>	<u>65</u>	<u>139</u>
Total Interest Expense	<u>68,381</u>	<u>65,868</u>	<u>110,375</u>
NET INTEREST INCOME	<u>26,432</u>	<u>30,625</u>	<u>68,195</u>

NOTE 11: PROVISION FOR IMPAIRMENT ON LOAN AND PLACEMENT LOSSES
(in HUF million)

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OTP MORTGAGE BANK LTD.
NOTES TO UNAUDITED, SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012

NOTE 12: RELATED PARTY TRANSACTIONS (in HUF million)

The Bank disbursed housing loans of 1,393 HUF million and 2,994 HUF million from OTP Bank during the six month period for the year 2012 and 2011 respectively. The gross book value of these receivables was HUF 1,392 million and HUF 2,993 million as at 30 June 2012 and 2011 respectively.

(a) Assets/Liabilities

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

Assets	30 June 2012	31 December 2011
Cash, amounts due from banks and balances with the National Bank of Hungary	161,575	621
Placements with other banks	59,573	80,656
Accrued receivables	31	33
Other receivables - early repayment during balance sheet compilation period	-	31,937
Other receivables – early repayment until 31 December 2011	-	4,064
Liabilities	30 June 2012	31 December 2011
Amounts due to OTP Bank Plc. and other banks	392,061	335,542
Other liabilities due to OTP Bank	10,798	17,412
Issued mortgage bonds held by OTP Group	859,247	1,040,042
Accrued interest payable related to mortgage bonds held by OTP Group	27,392	41,004
Early repayment – liabilities to OTP Bank relating to tax refund	-	8,759

(b) Income/expense

	Six month period ended 30 June 2012	Six month period ended 30 June 2011	Year ended 31 December 2011
Interest expense	49,232	38,271	87,029
Fees and commissions paid to OTP Bank relating to the loans	-	51	92
Account handling fees paid to OTP Bank	1,723	9,162	7,282
Other operating income	5,686	(67)	42
One-off payments fee (0.5%)	1	3	6
Revenue from the value appraisal activity for OTP Group	136	100	234

(c) Transactions related to OTP Bank Plc., OTP Faktoring Ltd and OTP Bank Romania:

	Six month period ended 30 June 2012	Six month period ended 30 June 2011	Year ended 31 December 2011
Loans purchased from OTP Bank Romania	202	-	46
Loans purchased from OTP Bank Plc.	1,393	2,994	5,381
Book value of non-performing loans sold to OTP Bank Plc.	1,392	2,993	5,379
Book value of non-performing loans sold to OTP Faktoring Ltd.	15,685	9,630	26,233
Selling price of the non-performing loans to OTP Bank Plc. and OTP Faktoring Ltd.	10,865	8,903	23,538

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.

NOTE 13: RECONCILIATION OF FINANCIAL STATEMENTS PREPARED UNDER HAS AND FINANCIAL STATEMENTS PREPARED UNDER IFRS (in HUF million)

OTP MORTGAGE BANK LTD.
NOTES TO UNAUDITED, SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012

	Retained Earnings and Reserves as at 1 January 2012	Net profit for the six month period ended 30 June 2012	FVA of securities available-for- sale and FVA of cash-flow hedge	Dividend and Direct Movements on Reserves	Retained Earnings and Reserves as at 30 June 2012
HAS financial statements	32,162	955	-	-	33,117
Fair value adjustment of available- for-sale financial assets	(21)	-	4	-	(17)
Application of effective interest rate on direct issuance costs of securities	1,045	(584)	-	-	461
Effect of using effective interest rate method for loan origination fees and cost	12,160	(676)	-	-	11,484
Fair value adjustment of derivative financial instruments	566	(256)	265	-	575
Effect of capital contribution received from OTP Bank Plc. related to early repayment at fixed rates	-	3,183	(3,183)	-	-
Correction on banking tax	-	(4,379)	-	-	(4,379)
Correction on buffer account overdraft credit	-	(852)	-	-	(852)
Deferred taxation	(2,631)	1,283	(51)	-	(1,399)
Dividend paid in 2012	16,000	-	-	(16,000)	-
IFRS financial statements	<u>59,281</u>	<u>(1,326)</u>	<u>(2,965)</u>	<u>(16,000)</u>	<u>38,990</u>