OTP BANK PLC.

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

FOR THE SIX MONTH PERIOD
ENDED 30 JUNE 2012

CONTENTS

OTP BANK PLC.
SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012
(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	*4.*	235,841	226,976	171,999
Placements with other banks, net of allowance for placement losses	*5.*	974,497	897,980	690,376
Financial assets at fair value through profit or loss	*6.*	249,093	272,577	296,033
Securities available-for-sale	*7.*	1,952,413	1,711,418	1,889,995
Loans, net of allowance for loan losses	*8.*	2,504,706	2,741,827	2,498,907
Investments in subsidiaries	*9.*	643,735	651,709	640,213
Securities held-to-maturity	*10.*	69,925	120,467	134,912
Property and equipment	*11.*	72,506	73,161	71,518
Intangible assets	*11.*	31,109	31,171	31,578
Other assets	*12.*	48,994	57,404	70,604
TOTAL ASSETS		**6,782,819**	**6,784,690**	**6,496,135**
Amounts due to banks and Hungarian Government, deposits from the National Bank of Hungary and other banks	*13.*	1,175,337	871,770	789,805
Deposits from customers	*14.*	3,289,546	3,416,221	3,439,855
Liabilities from issued securities	*15.*	400,181	453,423	427,383
Financial liabilities at fair value through profit or loss	*16.*	233,707	345,955	142,462
Other liabilities	*17.*	261,824	267,184	245,139
Subordinated bonds and loans	*18.*	307,438	325,997	290,949
TOTAL LIABILITIES		**5,668,033**	**5,680,550**	**5,335,593**
Share capital	*19.*	28,000	28,000	28,000
Retained earnings and reserves	*20.*	1,091,948	1,081,659	1,136,199
Treasury shares	*21.*	(5,162)	(5,519)	(3,657)
TOTAL SHAREHOLDERS' EQUITY		**1,114,786**	**1,104,140**	**1,160,542**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**6,782,819**	**6,784,690**	**6,496,135**

OTP BANK PLC.
SEPARATE STATEMENT OF RECOGNIZED INCOME FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012 (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:				
Loans		110,241	108,483	230,529
Placements with other banks, net of allowance for placement losses		180,309	124,994	268,998
Securities available-for-sale		61,345	55,623	115,841
Securities held-to-maturity		4,166	5,083	9,637
Amounts due from banks and balances with National Bank of Hungary		3,589	3,256	6,274
Securities held for trading		784	1,023	2,076
Total Interest Income		**360,434**	**298,462**	**633,355**
Interest Expense:				
Amounts due to banks and deposits from the National Bank of Hungary, other banks and the Hungarian Government		167,850	97,727	214,376
Deposits from customers		70,557	65,233	128,253
Liabilities from issued securities		13,612	15,245	28,370
Subordinated bonds and loans		8,643	7,830	16,538
Total Interest Expense		**260,662**	**186,035**	**387,537**
NET INTEREST INCOME		**99,772**	**112,427**	**245,818**
Provision for impairment on loan and placement losses	*5.,8.,22.*	20,529	24,768	71,327
(Gain) / loss on loans related to early repayment	*22.*	(85)	-	5,112
NET INTEREST INCOME AFTER PROVISION FOR IMPAIRMENT ON LOAN AND PLACEMENT LOSSES		**79,243**	**87,659**	**169,379**
Income from fees and commissions	*23.*	55,926	62,888	116,969
Expenses from fees and commissions	*23.*	10,250	10,265	21,613
Net profit from fees and commissions		**45,676**	**52,623**	**95,356**
Foreign exchange (losses) / gains		(5,409)	(1,672)	36,668
(Losses) / gains on securities, net		(9,944)	1,600	5,331
Dividend income		43,567	72,912	78,831
Other operating income	*24.*	2,635	1,316	4,941
Net other operating expenses	*24.*	(33,106)	(8,144)	(84,723)
-from this: provision for impairment on investments in subsidiaries		(32,012)	(10,190)	(83,531)
Net operating income		**(2,257)**	**66,012**	**41,048**
Personnel expenses	*24.*	39,329	32,303	73,555
Depreciation and amortization	*24.*	10,376	12,040	23,767
Other administrative expenses	*24.*	56,720	43,903	82,718
Other administrative expenses		**106,425**	**88,246**	**180,040**
PROFIT BEFORE INCOME TAX		**16,237**	**118,048**	**125,743**
Income tax	*25.*	(6,690)	7,454	14,995
NET PROFIT FOR THE YEAR		**22,927**	**110,594**	**110,748**
Earnings per share (in HUF)				
Basic	*35.*	83	398	399
Diluted	*35.*	83	398	399

The accompanying notes to separate financial statements on pages 8 to 79 form an integral part of these separate financial statements.

OTP BANK PLC.
SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012 (in HUF mn)

	Six month period ended 30 June 2012	Six month period ended 30 June 2011	Year ended 31 December 2011
NET PROFIT FOR THE YEAR	**22,927**	**110,594**	**110,748**
Fair value adjustment of securities available-for-sale	13,779	28,577	(22,606)
NET COMPREHENSIVE INCOME	**36,706**	**139,171**	**88,142**

OTP BANK PLC.
SEPARATE STATEMENT OF CASH FLOWS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012 (in HUF mn)

	Note	Six month period ended 30 June 2012	Six month period ended 30 June 2011	Year ended 31 December 2011
OPERATING ACTIVITIES				
Profit before income tax		16,237	118,048	125,743
Depreciation and amortization		10,376	12,040	23,767
Provision for impairment on loan and placement losses	*5.,8.,22.*	20,529	24,768	76,439
Provision for impairment on investments in subsidiaries	*9.*	32,012	10,190	83,531
Provision /(release of provision) for impairment on other assets	*12.*	75	234	(472)
Release of provision on off-balance sheet commitments and contingent liabilities	*17.*	(812)	(3,118)	(3,583)
Share-based payment	*28.*	2,540	4,666	6,188
Unrealised (losses) / gains on fair value adjustment of securities available-for-sale and held for trading		(1,844)	1,552	1,757
Unrealised gains / (losses) on fair value adjustment of derivative financial instruments		16,337	6,367	(5,570)
Net changes in assets and liabilities in operating activities				
Changes in financial assets at fair value through profit or loss		22,416	(28,729)	19,536
Changes in financial liabilities at fair value through profit or loss		(323)	42	(431)
Net decrease / (increase) in loans, net of allowance for loan losses		91,312	58,384	(47,435)
Decrease / (increase) in other assets, excluding advances for investments and before provisions for losses		8,397	(37,528)	(22,164)
Net (decrease) / increase in deposits from customers		(126,998)	159,971	136,517
Increase in other liabilities		7,429	14,057	45,154
Net (increase) / decrease in the compulsory reserve established by the National Bank of Hungary		(656)	690	2,712
Dividend income		(43,567)	(72,912)	(78,831)
Income tax paid		(2,400)	(2,029)	(11,557)
Net cash provided by operating activities		**51,060**	**266,693**	**351,301**
INVESTING ACTIVITIES				
Net (increase) / decrease in placements with other banks before allowance for placement losses		(76,379)	107,855	(99,807)
Net increase in securities available-for-sale		(223,297)	(380,548)	(261,740)
Net increase in investments in subsidiaries before provision for impairment		(24,038)	(12,584)	(97,421)
Dividend income		43,567	72,912	78,831
Net decrease in securities held-to-maturity		49,818	19,321	33,766
Additions to property, equipment and intangible assets		(10,331)	(13,166)	(44,662)
Disposals to property, equipment and intangible assets		-	-	12,890
Net decrease / (increase) in advances for investments included in other assets		46	26	(66)
Net cash used in investing activities		**(240,614)**	**(206,184)**	**(378,209)**

30 JUNE 2012 (in HUF mn) [continued]

	Note	Six month period ended 30 June 2012	Six month period ended 30 June 2011	Year ended 31 December 2011
FINANCING ACTIVITIES				
Net increase / (decrease) in amounts due to banks and Hungarian Government, deposits from the National Bank of Hungary and other banks		303,567	47,960	129,925
Cash received from issuance of securities		165,947	213,160	480,103
Cash used for redemption of issued securities		(223,782)	(291,950)	(526,817)
Increase in subordinated bonds and loans		(18,559)	(6,689)	28,359
Payments to ICES holders		(1,530)	(1,878)	(4,632)
Net change in Treasury shares		249	56	(1,815)
Dividend paid		(28,129)	(20,156)	(20,204)
Net cash provided by / (used in) financing activities		**197,763**	**(59,497)**	**84,919**
Net increase in cash and cash equivalents		**8,209**	**1,012**	**58,011**
Cash and cash equivalents at the beginning of the period		146,208	88,197	88,197
Cash and cash equivalents at the end of the period		**154,417**	**89,209**	**146,208**
Analysis of cash and cash equivalents:				
Cash, amounts due from banks and balances with the National Bank of Hungary		226,976	171,677	171,677
Compulsory reserve established by the National Bank of Hungary		(80,768)	(83,480)	(83,480)
Cash and cash equivalents at the beginning of the period		**146,208**	**88,197**	**88,197**
Cash, amounts due from banks and balances with the National Bank of Hungary	*4.*	235,841	171,999	226,976
Compulsory reserve established by the National Bank of Hungary	*4.*	(81,424)	(82,790)	(80,768)
Cash and cash equivalents at the end of the period		**154,417**	**89,209**	**146,208**

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

	Note	Share Capital	Capital reserve	Share-based payment reserve	Retained earnings and reserves	Option reserve	Treasury Shares	Total
Balance as at 1 January 2011		28,000	52	28	1,069,329	(55,468)	(3,729)	1,038,212
Net profit for the year		-	-	-	110,594	-	-	110,594
Other comprehensive income		-	-	-	28,577	-	-	28,577
Share-based payment	*28.*	-	-	4,666	-	-	-	4,666
Payments to ICES holders		-	-	-	(1,403)	-	-	(1,403)
Sale of treasury shares		-	-	-	-	-	2,651	2,651
Loss on sale of treasury shares		-	-	-	(16)	-	-	(16)
Acquisition of treasury shares		-	-	-	-	-	(2,579)	(2,579)
Dividend for the year 2010		-	-	-	(20,160)	-	-	(20,160)
Balance as at 30 June 2011		28,000	52	4,694	1,186,921	(55,468)	(3,657)	1,160,542
Balance as at 1 January 2012		28,000	52	6,216	1,130,859	(55,468)	(5,519)	1,104,140
Net profit for the year		-	-	-	22,927	-	-	22,927
Other comprehensive income		-	-	-	13,779	-	-	13,779
Share-based payment	*28.*	-	-	2,540	-	-	-	2,540
Payments to ICES holders		-	-	-	(849)	-	-	(849)
Sale of treasury shares		-	-	-	-	-	1,835	1,835
Loss on sale of treasury shares		-	-	-	(108)	-	-	(108)
Acquisition of treasury shares		-	-	-	-	-	(1,478)	(1,478)
Dividend for the year 2011		-	-	-	(28,000)	-	-	(28,000)
Balance as at 30 June 2012		28,000	52	8,756	1,138,608	(55,468)	(5,162)	1,114,786

NOTE 1: ORGANIZATION AND BASIS OF FINANCIAL STATEMENTS

1.1. General information

OTP Bank Plc. (the "Bank" or "OTP") was established on 31 December 1990, when the previously State-owned company was transformed into a limited liability company. The Bank's registered office address is 16, Nador Street, Budapest 1051.

In 1995, the shares of the Bank were listed on the Budapest and the Luxembourg Stock Exchanges and were also listed on the SEAQ board on the London Stock Exchange and PORTAL in the USA.

The structure of the Share capital by shareholders (%):

	30 June 2012	31 December 2011
Domestic and foreign private and institutional investors	96%	96%
Employees	2%	2%
Treasury shares	2%	2%
Total	**100%**	**100%**

The Bank provides a full range of commercial banking services through a nationwide network of 379 branches in Hungary.

Number of the employees of the Bank:

	30 June 2012	31 December 2011
Number of employees	8,039	7,957
Average number of employees	7,962	7,857

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 separate statutory accounts (see Note 38), in order to present the separate financial position and results of operations of the Bank in accordance with all standards and interpretations approved by the International Accounting Standards Board ("IASB"), which are referred to as IFRS.

The separate financial statements have been prepared in accordance with IFRS as adopted by the European Union (the "EU") taken the related regulations of the separate financial statements into consideration presented in the IAS 27 Consolidated and Separate Financial Statements ("IAS 27"). IFRS as adopted by the EU do not currently differ from IFRS as issued by the IASB, except for portfolio hedge accounting under IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") which has not been approved by the EU. As the Bank does not apply portfolio hedge accounting under IAS 39, there would be no impact on these separate financial statements, had it been approved by the EU at the balance sheet date.

NOTE 1: ORGANIZATION AND BASIS OF FINANCIAL STATEMENTS [continued]

1.2.1. The effect of adopting new and revised International Financial Reporting Standards effective from 1 January 2011

The following amendments to the existing standards issued by the International Accounting Standards Board and adopted by the EU are effective for the current period:

- IAS 24 (Amendment) "Related Party Disclosures" – Simplifying the disclosure requirements for government-related entities and clarifying the definition of a related party, adopted by the EU on 19 July 2010 (effective for annual periods beginning on or after 1 January 2011),
- IAS 32 (Amendment) "Financial Instruments: Presentation" – Accounting for rights issues, adopted by the EU on 23 December 2009 (effective for annual periods beginning on or after 1 February 2010),
- IFRS 1 (Amendment) "First-time Adoption of IFRS"– Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters, adopted by the EU on 30 June 2010 (effective for annual periods beginning on or after 1 July 2010),
- Various standards and interpretations (Amendment) "Improvements to IFRSs (2010)" resulting from the annual improvement project of IFRS published on 6 May 2010 (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13) primarily with a view to removing inconsistencies and clarifying wording, adopted by the EU on 18 February 2011 (amendments are to be applied for annual periods beginning on or after 1 July 2010 or 1 January 2011 depending on standard/interpretation),
- IFRIC 14 (Amendment) "IAS 19 – The Limit on a defined benefit Asset, Minimum Funding Requirements and their Interaction" – Prepayments of a Minimum Funding Requirement, adopted by the EU on 19 July 2010 (effective for annual periods beginning on or after 1 January 2011),
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments", adopted by the EU on 23 July 2010 (effective for annual periods beginning on or after 1 July 2010).

The adoption of the above presented Amendments and new Standards and Interpretations had no significant impact on the separate financial statements of the Bank.

1.2.2. Amendments to IFRSs effective on or after 1 January 2012, which are not yet endorsed by EU, not yet adopted

At the balance sheet date of these financial statements, the following Standards and Interpretations were issued but not yet effective:

- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2015),
- IFRS 10 "Consolidated Financial Statements" (effective for annual periods beginning on or after 1 January 2013),
- IFRS 11 "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2013),
- IFRS 12 "Disclosures of Involvement with Other Entities" (effective for annual periods beginning on or after 1 January 2013),
- IFRS 13 "Fair Value Measurement" (effective for annual periods beginning on or after 1 January 2013),
- IAS 27 (revised in 2011) "Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2013),
- IAS 28 (revised in 2011) "Investments in Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2013),
- IFRS 1 (Amendment) "First-time Adoption of IFRS" – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (effective for annual periods beginning on or after 1 July 2011),
- IFRS 7 (Amendment) "Financial Instruments: Disclosures"– Transfers of Financial Assets (effective for annual periods beginning on or after 1 July 2011),
- IAS 1 (Amendment) "Presentation of financial statements" – Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012),
- IAS 12 (Amendment) "Income Taxes" - Deferred Tax: Recovery of Underlying Assets (effective for annual periods beginning on or after 1 January 2012),
- IAS 19 (Amendment) "Employee Benefits" – Improvements to the Accounting for Post-employment Benefits (effective for annual periods beginning on or after 1 January 2013),
- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" (effective for annual periods beginning on or after 1 January 2013).

The adoption of the above presented Amendments and new Standards and Interpretations would have no significant impact on the separate financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of the accompanying separate financial statements are summarized below:

2.1. Basis of presentation

These separate financial statements have been prepared under the historical cost convention with the exception of certain financial instruments, which are recorded at fair value. Revenues and expenses are recorded in the period in which they are earned or incurred.

The presentation of separate financial statements in conformity with IFRS requires the management of the Bank to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and their reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Future changes in economic conditions, business strategies, regulatory requirements, accounting rules and other factors could result in a change in estimates that could have a material impact on future separate financial statements.

2.2. Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into HUF, that is the functional and presentation currency, at exchange rates quoted by the National Bank of Hungary ("NBH") as at the date of the separate financial statements. Income and expenses arising in foreign currencies are converted at the rate of exchange on the transaction date. Resulting foreign exchange gains or losses are recorded to the separate statement of recognized income.

2.3. Consolidated and Separate financial statements

These financial statements present the separate financial position and results of operations of the Bank. Consolidated financial statements are currently being prepared by the Bank and consolidated net profit for the year and shareholders' equity differs significantly from that presented in these separate financial statements. See Note 2.4 for the description of the method of accounting for investments in subsidiaries and associated companies in these separate financial statements. The consolidated financial statements and the separate financial statements will be published on the same date. As the ultimate parent, OTP is preparing consolidated financial statement of OTP Group.

2.4. Investments in subsidiaries

Investments in subsidiaries comprise those investments where the OTP Bank, through direct and indirect ownership interest, controls the financial and operating policies of the investee.

Investments in subsidiaries are recorded at the cost of acquisition, less impairment for permanent diminution in value, when appropriate. After initial measurement investments in subsidiaries are measured at cost, in the case of foreign currency denominated investments for the measurement the Bank uses the exchange rate at the date of transaction.
Impairment is determined based on the future economic benefits of the subsidiary and macroeconomic factors.

OTP Bank calculates the value in use a discounted cash-flow model. The 5 year period explicit cash-flow model serves as a basis for the impairment test by which the Bank defines the impairment need on investment in subsidiaries based on the strategic factors and financial data of its cash-generating units.

OTP Bank in its strategic plan has taken into consideration the cautious recovery of global economic situation and outlook, the associated risks and their possible effect on the financial sector as well as the current and expected availability of wholesale funding.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

2.5. Securities held-to-maturity

Investments in securities are accounted for on a settlement date basis and are initially measured at fair value. At subsequent reporting dates, securities that the Bank has the expressed intention and ability to hold to maturity (securities held-to-maturity) are measured at amortised cost, less any impairment losses recognized to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the investment so that the revenue recognized in each period represents a constant yield on the investment.
Such securities comprise mainly securities issued by the Hungarian Government, mortgage bonds and Hungarian Government discounted Treasury Bills.

2.6. Financial assets at fair value through profit or loss

2.6.1 Securities held for trading

Investments in securities are accounted for on a settlement date basis and are initially measured at fair value. Securities held for trading are measured at subsequent reporting dates at fair value. Unrealised gains and losses on held for trading securities are recognized in profit or loss and are included in the separate statement of recognized income for the period. Such securities consist of discounted and interest bearing Treasury bills, Hungarian Government bonds, mortgage bonds, securities issued by NBH, shares in non-financial commercial companies and shares in investment funds.

2.6.2. Derivative financial instruments

In the normal course of business, the Bank is a party to contract for derivative financial instruments, which represent a very low initial investment compared to the notional value of the contract. The derivative financial instruments used include interest rate forward or swap agreements and currency forward or swap agreements and options. These financial instruments are used by the Bank to hedge interest rate risk and currency exposures associated with its transactions in the financial markets.
Derivative financial instruments are accounted for on a trade date basis and are initially measured at fair value and at subsequent reporting dates also at fair value. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in profit or loss and are included in the separate statement of recognized income for the period. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

2.6.3. Derivative financial instruments designated as a fair-value or cash-flow hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that prove to be highly effective in relation to the hedged risk, are recorded in the separate statement of recognized income along with the corresponding change in fair value of the hedged asset or liability that is attributable to the specific hedged risk. The ineffective element of the hedge is charged directly to the separate statement of recognized income.
The conditions of hedge accounting applied by the Bank are the following formally designed as hedge, proper hedge documentation is prepared, effectiveness test is performed and based on it the hedge is qualified as effective.
Changes in fair value of derivatives that are designated and qualify as cash flow hedges and that prove to be highly effective in relation to hedged risk are recognized as reserve in the shareholders' equity. Amounts deferred in equity are transferred to the separate statement of recognized income and classified as revenue or expense in the periods during which the hedged assets and liabilities effect the separate statement of recognized and comprehensive income for the period. The ineffective element of the hedge is charged directly to the separate statement of recognized income.
Certain derivative transactions, while providing effective economic hedges under risk management positions of the Bank, do not qualify for hedge accounting under the specific rules of IAS 39 and are therefore treated as derivatives held for trading with fair value gains and losses charged directly to the separate statement of recognized income.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

2.7. Securities available-for-sale

Investments in securities are accounted for on a settlement date basis and are initially measured at fair value. Available-for-sale securities are measured at subsequent reporting dates at fair value. Unrealised gains and losses on available-for-sale financial instruments are recognized directly in equity, unless such available-for-sale security is part of an effective fair value hedge. Such gains and losses will be reported when realised in profit and loss for the applicable period. Securities available-for-sale consist of Hungarian Government bonds, mortgage bonds and other securities. Other securities include shares in investment funds, corporate bonds, bonds issued by NBH and foreign government bonds.
The provision for impairment is calculated based on discounted cash flow methodology, using the expected future cash flow and original effective interest rate.

Available-for-sale securities are remeasured at fair value based on quoted prices or values derived from cash flow models. In circumstances where the quoted market prices are not readily available, the fair value of debt securities is estimated using the present value of the future cash flows and the fair value of any unquoted equity instruments are calculated using the EPS ratio.

Those available-for-sale financial assets that do not have a quoted market price and whose fair value cannot be reliably measured by other models mentioned above, are measured at cost, less provision for impairment when appropriate. This exception is related only to equity instruments. Impairment on equity AFS securities is accounted only if there is a significant or prolonged decrease in the market value.

2.8. Loans, placements with other banks and allowance for loan and placement losses

Loans and placements with other banks are stated at the principal amounts outstanding including accrued interest, net of allowance for loan or placement losses, respectively. Interest is accrued and credited to income based on the principal amounts outstanding. When a borrower is unable to meet payments as they fall due or, in the opinion of the management, there is an indication that a borrower may be unable to meet payments as they fall due, all unpaid interest is impaired.

The amount of allowance is the difference between the carrying amount and the recoverable amount, being the present value of the expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate.

Allowance for losses on loans and placements with other banks represent management assessment for potential losses in relation to these activities.

The allowances for loan and placement losses are maintained to cover losses that have been specifically identified and for potential losses which may be present based on portfolio performance.

Write-offs are generally recorded after all reasonable restructuring or collection activities have taken place and the possibility of further recovery is considered to be remote. The loan is written off against the related account "Provisions for impairment on loan and placement losses" in the statement of recognized income. If the reason for provisioning is no longer deemed appropriate, the redundant provisioning charge is released into income.

The Bank classifies the previously performing loans that have been renegotiated automatically to the to-be-monitored risk class for a certain period and records at least 1 per cent provision for impairment on them.

2.9. Sale and repurchase agreements, security lending

Where debt or equity securities are sold under a commitment to repurchase them at a pre-determined price, they remain on the statement of financial position and the consideration received is recorded in Other liabilities or Amounts due to banks and Hungarian Government, deposits from the National Bank of Hungary and other banks, or Deposits from customers. Conversely, debt or equity securities purchased under a commitment to resell are not recognized in the statement of financial position and the consideration paid is recorded either in Placements with other banks or Deposits from customers. Interest is accrued evenly over the life of the repurchase agreement.
In the case of security lending transactions the Bank do not recognize or derecognize the securities because believes that the transferor retains substantially all the risks and rewards of the ownership of the securities. Only a financial liability or financial receivable is recognized for the consideration amount.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

2.10. Property, equipment and intangible assets

Property, equipment and intangible assets are stated at cost, less accumulated depreciation and amortization and impairment, if any. The depreciable amount (book value less residual value) of the non-current assets must be allocated over their useful lives. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets based on the following annual percentages:

Intangible assets	
Software	20-33.3%
Property rights	16.7%
Property	1-2%
Office equipments and vehicles	8-33.3%

Depreciation and amortization on properties, equipments and intangible assets starts on the day when such assets are placed into service. At each balance sheet date, the Bank reviews the carrying value of its tangible and intangible assets to determine if there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated to determine the extent (if any) of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Bank estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where the carrying value of property, equipment, other tangible fixed assets and intangible assets is greater than the estimated recoverable amount, it is written down immediately to the estimated recoverable amount.

2.11. Financial liabilities

The financial liabilities are presented within financial liabilities at fair value through profit or loss or financial liabilities measured at amortized costs. In connection to the financial liabilities at fair value through profit or loss, the Bank presents the amount of change in their fair value originated from the changes of market conditions and business environment. Financial liabilities at fair value through profit or loss are either financial liabilities held for trading or they are designated upon initial recognition as at fair value through profit or loss. In the case of financial liabilities measured at amortized cost fees and commissions related to the origination of the financial liability are recognized through profit or loss during the maturity of the instrument. In certain cases the Bank repurchases a part of financial liabilities (mainly issued securities or subordinated bonds) and the difference between the carrying amount of the financial liability and the amount paid for it is recognized in the net profit or loss for the period and included in other operating income.

2.12. Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised at their fair value and depreciated over the useful lives of assets. The capital element of each future lease obligation is recorded as a liability, while the interest elements are charged to the separate statement of recognized income over the period of the leases to produce a constant rate of charge on the balance of capital payments outstanding.

Payments made under operating leases are charged to the separate statement of recognized income on a straight-line basis over the life of the lease terms. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

2.13. Treasury shares

Treasury shares are shares which are purchased on the stock exchange and the over-the-counter market by the Bank and are presented in the separate statement of financial position at acquisition cost as a deduction from shareholders' equity. Gains and losses on the sale of Treasury shares are credited or charged directly to shareholder's equity in the treasury shares. Derecognition of Treasury shares is based on the FIFO method.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

2.14 Interest income and interest expense

The interest income and expense are recognized on the accrual basis and based on the IAS 18 Revenue Standard, referring to provisions of IAS 39. The Bank recognizes interest income when assumes that the interest associated with the transaction will flow to the Bank and the amount of the revenue can reasonably be measured. All interest income and expense arising from loans, placements with other banks, securities held for trading, securities available-for-sale, securities held to maturity and amounts due to banks, deposits from customers, liabilities from issued securities, subordinated bond and loans are presented under these lines of financial statement.

2.15. Fees and Commissions

Fees and commissions are recognized in the separate statement of recognized income on an accrual basis based on IAS 18 Revenue Standard, fees and commissions are recognized using the effective interest method referring to provisions IAS 39.

2.16. Dividend income

The Bank recognizes dividend income in the separate financial statements when its right to receive the payment is established.

2.17. Income tax

The annual taxation charge is based on the tax payable under Hungarian fiscal law, adjusted for deferred taxation. Deferred taxation is accounted for using the balance sheet liability method in respect of temporary differences between the tax bases of assets and liabilities and their carrying value for financial reporting purposes, measured at the tax rates that are expected to apply when the asset is realised or the liability is settled. Deferred tax assets are recognized by the Bank for the amounts of income tax that are recoverable in future periods in respect of deductible temporary differences as well as the carryforward of unused tax losses and the carryforward of unused tax credits.

2.18. Off-balance sheet commitments and contingent liabilities

In the ordinary course of its business, the Bank has entered into off-balance sheet commitments such as guarantees, commitments to extend credit, letters of credit and transactions with financial instruments. The provision on off-balance sheet commitments and contingent liabilities is maintained at a level adequate to absorb probable future losses. Management determines the adequacy of the provision based upon reviews of individual items, recent loss experience, current economic conditions, the risk characteristics of the various categories of transactions and other pertinent factors.

The Bank recognizes a provision when it has a present obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the obligation.

2.19. Share-based payment

The Bank has applied the requirements of IFRS 2 Share-based Payment.
The Bank issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the year, based on the Bank's estimate of shares that will eventually vest. Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

2.20. Separate statement of cash flows

For the purposes of reporting cash flows, cash and cash equivalents include cash, due from banks and balances with the NBH. Cash flows from hedging activities are classified in the same category as the item being hedged. The unrealized gains and losses from the translation of monetary items to the closing foreign exchange rates and the unrealized gains and losses from derivative financial instruments are presented net in the statement of cash-flows for the monetary items which were being revaluated.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

2.21. Segment reporting

The Bank has adopted IFRS 8 Operating Segments with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Bank that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.
At separate level, the Management does not separate and makes decisions based on different segments, the segments are identified by the Bank only at consolidated level in line with IFRS 8 paragraph 4. At Group level the segments identified by the Bank are the business and geographical segments.
The Group's reportable segments under IFRS 8 are therefore as follows: OTP Core Hungary, Russia, Ukraine, Bulgaria, Romania, Serbia, Croatia, Slovakia, Montenegro, Leasing subsidiaries, Asset Management subsidiaries, Other subsidiaries, Corporate Center.

2.22. Comparative figures

Certain amounts in the separate financial statements for the year ended 31 December 2011 have been restructured to conform with the current year presentation.

NOTE 3: SIGNIFICANT ACCOUNTING ESTIMATES AND DECISIONS IN THE APPLICATION OF ACCOUNTING POLICIES

The presentation of separate financial statements in conformity with IFRS requires the management of the Group to make judgement about estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the financial statements and their reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognized in the period. Actual results could differ from those estimates. Significant areas of subjective judgement include:

3.1. Impairment on loans and placements

The Bank regularly assesses its loan portfolio for impairment. Management determines the adequacy of the allowances based upon reviews of individual loans and placements, recent loss experience, current economic conditions, the risk characteristics of the various categories of loans and other pertinent factors. Provisioning involves many uncertainties about the outcome of those risks and requires the management of the Group to make many subjective judgements in estimating the loss amounts.

3.2. Valuation of instruments without direct quotations

Financial instruments without direct quotations in an active market are valued using the valuation model technique. The models are regularly reviewed and each model is calibrated for the most recent available market data. While the models are built only on available data, their use is subject to certain assumptions and estimates (eg. for correlations, volatilities, etc). Changes in the model assumptions may affect the reported fair value of the relevant financial instruments.

3.3. Provisions

Provision is recognized and measured based on IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The Bank is involved in a number of ongoing legal disputes. Based upon historical experience and expert reports, the Bank assesses the developments in these cases, and the likelihood and the amount of potential financial losses which are appropriately provided for. (See Note 17.)
A provision is recognized by the Bank when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provision for off-balance sheet items includes provision for litigation, provision for retirement and expected liabilities, for commitments to extend credit, provision for warranties arising from banking activities and provision for Confirmed letter of credit.

NOTE 4: CASH, AMOUNTS DUE FROM BANKS AND BALANCES WITH THE NATIONAL BANK OF HUNGARY (in HUF mn)

	30 June 2012	31 December 2011
Cash on hand:		
In HUF	69,302	52,527
In foreign currency	7,185	11,569
	76,487	**64,096**
Amounts due from banks and balances with National Bank of Hungary:		
Within one year:		
In HUF	131,139	137,412
In foreign currency	27,708	24,982
	158,847	**162,394**
Accrued interest	507	486
Total	**235,841**	**226,976**
Compulsory reserve	81,424	80,768
Rate of the compulsory reserve	2%	2%

NOTE 5: PLACEMENTS WITH OTHER BANKS, NET OF ALLOWANCE FOR PLACEMENT LOSSES (in HUF mn)

	30 June 2012	31 December 2011
Within one year:		
In HUF	121,336	17,230
In foreign currency	644,362	640,438
	765,698	**657,668**
Over one year		
In HUF	300	300
In foreign currency	205,684	238,004
	205,984	**238,304**
Total placements	**971,682**	**895,972**
Accrued interest	2,815	2,146
Provision for impairment on placement losses	-	(138)
Total	**974,497**	**897,980**

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

	30 June 2012	31 December 2011
Opening balance	**138**	**950**
Provision for the period	-	132
Release of provision	(130)	(944)
Reversal of provision	(8)	-
Closing balance	**-**	**138**

NOTE 5: PLACEMENTS WITH OTHER BANKS, NET OF ALLOWANCE FOR PLACEMENT LOSSES (in HUF mn)

Interest conditions of placements with other banks:

	30 June 2012	31 December 2011
Placements with other banks in HUF	7.62%-11.69%	7.56%-15.23%
Placements with other banks in foreign currency	0.97%-11.9%	0.73%-11.9%

NOTE 6: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (in HUF mn)

	30 June 2012	31 December 2011
Securities held for trading:		
Corporate shares	82,397	87,871
Hungarian government discounted Treasury Bills	11,702	4,146
Government bonds	8,161	22,846
Mortgage bonds	690	5,776
Securities issued by the NBH	658	1,715
Hungarian government interest bearing Treasury Bills	331	115
Securities issued by credit institutions	27	2,093
Other securities	52	314
	104,018	**124,876**
Accrued interest	640	1,083
Subtotal	**104,658**	**125,959**
Derivative financial instruments designated as held for trading:		
CCIRS[1] and mark-to-market CCIRS swaps designated as held for trading	71,573	66,281
Interest rate swaps designated as held for trading	39,727	39,442
Foreign currency swaps designated as held for trading	26,909	24,329
Other derivative transactions	6,226	16,566
Subtotal	**144,435**	**146,618**
Total	**249,093**	**272,577**

Interest conditions and the remaining maturities of securities held for trading are as follows:

	30 June 2012	31 December 2011
Within five years:		
variable interest	1,475	1,042
fixed interest	19,286	23,845
	20,761	**24,887**
Over five years:		
fixed interest	837	12,104
	837	**12,104**
Non-interest bearing securities	82,420	87,885
Total	**104,018**	**124,876**

[1] CCIRS: Cross Currency Interest Rate Swap

NOTE 6: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (in HUF mn) [continued]

	30 June 2012	31 December 2011
Securities held for trading denominated in HUF (%)	99%	95%
Securities held for trading denominated in Foreign currency (%)	1%	5%
Securities held for trading total	**100%**	**100%**
Government securities denominated in HUF (%)	92%	84%
Government securities denominated in foreign currency (%)	8%	16%
Government securities total	**100%**	**100%**
Interest rates on securities held for trading (%)	3.6%-13%	1.6%-11.9%

NOTE 7: SECURITIES AVAILABLE-FOR-SALE (in HUF mn)

	30 June 2012	31 December 2011
Mortgage bonds	786,875	863,422
Bonds issued by NBH	751,849	497,198
Government bonds	317,248	260,681
Other securities	60,714	49,623
- *listed securities*	*37,646*	*27,414*
in HUF	-	-
in foreign currency	*37,646*	*27,414*
- *non-listed securities*	*23,068*	*22,209*
in HUF	*21,204*	*20,387*
in foreign currency	*1,864*	*1,822*
	1,916,686	**1,670,924**
Accrued interest	35,727	40,494
Securities available-for-sale total	**1,952,413**	**1,711,418**

	30 June 2012	31 December 2011
Securities available-for-sale denominated in HUF	83%	70%
Securities available-for-sale denominated in foreign currency	17%	30%
Securities available-for-sale total	100%	100%
Interest rates on securities available-for-sale denominated in HUF	5.5%-12%	5.5%-12%
Interest rates on securities available-for-sale denominated in foreign currency	3.5%-10.5%	3.9%-10.5%

NOTE 7: SECURITIES AVAILABLE-FOR-SALE (in HUF mn) [continued]

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

	30 June 2012	31 December 2011
Within five years:		
variable interest	273,658	460,285
fixed interest	1,289,515	894,934
	1,563,173	**1,355,219**
Over five years:		
variable interest	1,864	-
fixed interest	324,340	288,769
	326,204	**288,769**
Non-interest bearing securities	27,309	26,936
Total	**1,916,686**	**1,670,924**

Certain fixed-rate mortgage bonds and other securities are hedged against interest rate risk. (See Note 37.)

	30 June 2012	31 December 2011
Net gain reclassified from equity to statement of recognized income	497	585
Fair value of the hedged securities		
Corporate bonds	18,154	16,383
Total	**18,154**	**16,383**

NOTE 8: LOANS, NET OF ALLOWANCE FOR LOAN LOSSES (in HUF mn)

	30 June 2012	31 December 2011
Short-term loans and trade bills (within one year)	798,573	995,053
Long-term loans and trade bills (over one year)	1,838,737	1,891,447
Loans gross total	**2,637,310**	**2,886,500**
Accrued interest	15,599	15,651
Provision of impairment on loan losses	(148,203)	(160,324)
Total	**2,504,706**	**2,741,827**

An analisys of the loan portfolio by currency (%):

	30 June 2012	31 December 2011
In HUF	36%	32%
In foreign currency	64%	68%
Total	**100%**	**100%**

NOTE 8: LOANS, NET OF ALLOWANCE FOR LOAN LOSSES (in HUF mn) [continued]

Interest rates of the loan portfolio are as follows:

	30 June 2012	31 December 2011
Loans denominated in HUF, with a maturity within one year	8.2%-29%	8.2%-29%
Loans denominated in HUF, with a maturity over one year	3%-24.8%	3%-24.8%
Loans denominated in Foreign currency	1.8%-23.2%	1.8%-28%

	30 June 2012	31 December 2011
Gross loan portfolio on which interest to customers is not being accrued	9.17%	9.35%

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

	30 June 2012		31 December 2011	
Corporate loans	1,846,865	71%	2,044,081	71%
Consumer loans	345,179	13%	350,256	12%
Municipality loans	293,786	11%	308,334	11%
Housing loans	90,944	3%	115,044	4%
Mortgage backed loans	60,536	2%	68,785	2%
Total	**2,637,310**	**100%**	**2,886,500**	**100%**

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

	30 June 2012	31 December 2011
Opening balance	**160,324**	**134,621**
Provision for the period	33,804	129,912
Release of provision	(45,925)	(104,209)
Closing balance	**148,203**	**160,324**

Provision for impairment on loan and placement losses is summarized as below:

	30 June 2012	31 December 2011
Release of provision for impairment on placement losses	(138)	(656)
Provision for impairment on loan losses	20,667	77,095
Total	**20,529**	**76,439**

The Bank sells non-performing loans without recourse at estimated fair value to a wholly owned subsidiary, OTP Factoring Ltd. (See Note 29.)

NOTE 9: MAJOR SUBSIDIARIES AND ASSOCIATES (in HUF mn)

	30 June 2012	31 December 2011
Investments in subsidiaries:		
Major subsidiaries	904,174	880,136
Other	1,021	1,021
	905,195	**881,157**
Provision for impairment	(261,460)	(229,448)
Total	**643,735**	**651,709**

NOTE 9: MAJOR SUBSIDIARIES AND ASSOCIATES (in HUF mn) [continued]

Major subsidiaries

Investments in companies in which the Bank has a controlling interest are detailed below. All companies are incorporated in Hungary unless indicated otherwise:

	30 June 2012		31 December 2011	
	% Held (direct and indirect)	Gross book value	% Held (direct and indirect)	Gross book value
OTP Bank JSC (Ukraine)	100%	266,513	100%	266,513
DSK Bank EAD (Bulgaria)	100%	86,832	100%	86,832
OAO OTP Bank (Russia)	97.75%	74,280	97.75%	74,263
OTP banka Hrvatska d.d. (Croatia)	100%	72,940	100%	72,940
OTP banka Srbija a.d. (Serbia)	94.90%	72,762	92.60%	66,984
OTP Mortgage Bank Ltd.	100%	70,257	100%	73,440
OTP Bank Romania S.A. (Romania)	100%	54,527	100%	45,204
Crnogorska komerčijalna banka a.d. (Montenegro)	100%	53,181	100%	49,657
OOO AlyansReserv (Russia)	100%	50,074	100%	50,074
OTP Factoring Ltd.	100%	21,675	100%	14,775
OTP Life Annuity Ltd.	100%	15,300	100%	15,300
OTP Banka Slovensko a.s. (Slovakia)	98.82%	13,611	98.94%	13,611
Bank Center No. 1. Ltd.	100%	10,063	100%	7,330
Monicomp Ltd.	100%	9,234	100%	9,234
Air-Invest Ltd.	100%	8,898	100%	8,898
Inga Two Ltd.	100%	5,892	100%	5,892
OTP Real Estate Leasing Ltd.	100%	3,178	100%	2,499
OTP Funds Servicing and Consulting Ltd.	100%	2,469	100%	2,469
OTP Holding Ltd. (Cyprus)	100%	2,000	100%	2,000
OTP Building Society Ltd.	100%	1,950	100%	1,950
OTP Fund Management Ltd.	100%	1,653	100%	1,653
Merkantil Bank Ltd.	100%	1,600	100%	1,600
OTP Real Estate Ltd.	100%	1,420	100%	1,420
OTP Real Estate Investment Fund Management Ltd.	100%	1,352	100%	1,352
CIL Babér Ltd.	100%	1,225	100%	1,025
OTP Financing Netherlands B.V. (Netherlands)	100%	481	100%	481
OTP Card Factory Ltd.	100%	450	100%	450
Portfolion Ltd.	100%	150	100%	150
HIF Ltd.	100%	81	100%	81
OTP Hungaro-Projekt Ltd.	100%	81	100%	81
Bajor-Polár Center Ltd.		-	100%	1,933
Other		45		45
Total		**904,174**		**880,136**

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

	30 June 2012	31 December 2011
Opening balance	**229,448**	**147,228**
Provision for the period	32,012	83,531
Release of provision	-	(1,311)
Closing balance	**261,460**	**229,448**

NOTE 9: MAJOR SUBSIDIARIES AND ASSOCIATES (in HUF mn) [continued]

The provision for impairment on OTP Bank JSC (Ukraine) was HUF 97,526 million, for OTP banka Srbija a.d. was HUF 56,803 million, for Crnogorska komerčijalna banka a.d. was HUF 26,714 million as at 30 June 2012. OTP Bank recognized provision for impairment in amount of HUF 8,195 million for Crnogorska komerčijalna banka a.d. and HUF 19,836 million for OTP banka Srbija a.d. as at 30 June 2012.

Major associates

Companies where the Bank has the ability to exercise significant influence are accounted for using the equity method. However, certain associated companies in which the Bank holds a significant interest have not been accounted for in accordance with the equity method because the effect of using the equity method to account for such companies is not material to the consolidated financial statements as a whole.
Unconsolidated subsidiaries and associated companies that were not accounted for using the equity method and other investments where the Bank does not hold a significant interest are recorded according to IAS 39, when appropriate.

The main figures of the Bank's indirectly owned associates, that are not consolidated using equity-method:

As at 30 June 2012

	Moneta a.d.	Company for Cash Services LLC	Agóra-Kapos Ltd.	Suzuki Pénzügyi Szolgáltató Ltd.	Total
Assets	377	1,955	74	617	**3,023**
Liabilities	276	162	55	1	**494**
Shareholders' equity	101	1,793	19	616	**2,529**
Retained earnings and reserves	(45)	-	18	552	**525**
Total income	55	412	-	23	**490**
Profit before tax	(4)	10	-	13	**19**
Net profit	(4)	10	-	13	**19**

As at 31 December 2011

	Moneta a.d.	Company for Cash Services LLC	Agóra-Kapos Ltd.	Suzuki Pénzügyi Szolgáltató Ltd.	Total
Assets	436	2,132	157	611	**3,336**
Liabilities	336	204	108	9	**657**
Shareholders' equity	100	1,928	49	602	**2,679**
Retained earnings and reserves	(58)	-	17	544	**503**
Total income	304	892	934	44	**2,174**
Profit before tax	59	27	36	16	**138**
Net (loss)/ profit	59	27	32	14	**132**

Capital increase at Crnogorska komerčijalna banka
The Montenegrin Court of Registration registered a capital increase at the Montenegrin subsidiary of OTP Bank. The extraordinary general meeting at Crnogorska komerčijalna banka a.d. on 17 January 2012 passed a resolution about a EUR 11,999,509.6 capital increase by converting the subordinated debt provided by OTP Bank into ordinary shares. The registered capital of the Montenegrin subsidiary grew to EUR 118,875,878.0419 after the capital increase.

Capital increase at OTP Bank Romania
The Romanian Court of Registration registered a capital increase at the Romanian subsidiary of OTP Bank. According the the resolution passed by the general meeting of OTP Bank Romania S.A. held on 29 February 2012, the capital of OTP Bank Romania was increased by its majority shareholder, OTP Bank. The registered capital was raised from RON 542,909,040 by RON 139,999,920 to RON 682,908,960.

NOTE 9: MAJOR SUBSIDIARIES AND ASSOCIATES (in HUF mn) [continued]

Capital increase at OTP banka Srbija

The registered capital of OTP banka Srbija a.d. was increased by RSD 2,219,986,480 through conversion of the subordinated debt to ordinary shares. As a result, the registered capital of the Serbian subsidiary grew from RSD 7,643,774,300 to RSD 9,863,760,780. Following the capital increase, the ownership ratio of OTP Bank reached 94.8%. The Serbian Court of Registration registered the capital increase on 22 June 2012.

NOTE 10: SECURITIES HELD-TO-MATURITY (in HUF mn)

	30 June 2012	31 December 2011
Government bonds	63,504	55,260
Mortgage bonds	4,790	59,887
Hungarian government discounted Treasury bills	337	346
	68,631	**115,493**
Accrued interest	1,294	4,974
Total	**69,925**	**120,467**

Interest conditions and the remaining maturities of held-to-maturity investments can be analysed as follows:

	30 June 2012	31 December 2011
Within five years:		
variable interest	31,852	34,092
fixed interest	23,275	69,543
	55,127	**103,635**
Over five years:		
variable interest	1,668	-
fixed interest	11,836	11,858
	13,504	**11,858**
Total	**68,631**	**115,493**

The distribution of the held-to-maturity securities by currency:

	30 June 2012	31 December 2011
Securities held-to-maturity denominated in HUF (%)	100%	100%
Securities held-to-maturity denominated in foreign currency (%)	0%	0%
Securities held-to-maturity total	**100%**	**100%**
Interest rates on securities held-to-maturity (%)	5.5% - 9.5%	5.5% - 10%

In most cases, interest on variable rate securities is based on the interest rates of 90 day Hungarian government Treasury bills and is adjusted semi-annually.
Interest on fixed rate and variable rate securities is, in most cases, paid semi-annually.

NOTE 11: PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS (in HUF mn)

As at 30 June 2012

Cost	**Intangible assets**	**Property**	**Office equipments and vehicles**	**Construction in progress**	**Total**
Opening balance	**110,219**	**64,804**	**72,566**	**7,304**	**254,893**
Additions	10,860	968	1,871	2,951	16,650
Disposals	(4,021)	(326)	(2,513)	(2,812)	(9,672)
Closing balance	**117,058**	**65,446**	**71,924**	**7,443**	**261,871**
Depreciation and Amortization					
Opening balance	**79,048**	**14,290**	**57,223**	**-**	**150,561**
Charge for the year	6,888	829	2,659	-	10,376
Disposals	13	(198)	(2,496)	-	(2,681)
Closing balance	**85,949**	**14,921**	**57,386**	**-**	**158,256**
Net book value					
Opening balance	**31,171**	**50,514**	**15,343**	**7,304**	**104,332**
Closing balance	**31,109**	**50,525**	**14,538**	**7,443**	**103,615**

As at 31 December 2011

Cost	**Intangible assets**	**Property**	**Office equipments and vehicles**	**Construction in progress**	**Total**
Balance as at 1 January	**98,415**	**62,011**	**73,266**	**4,968**	**238,660**
Additions	24,493	3,333	5,678	11,424	44,928
Disposals	(12,689)	(540)	(6,378)	(9,088)	(28,695)
Balance as at 31 December	**110,219**	**64,804**	**72,566**	**7,304**	**254,893**
Depreciation and Amortization					
Balance as at 1 January	**63,270**	**12,834**	**57,407**	**-**	**133,511**
Charge for the year	16,121	1,598	6,048	-	23,767
Disposals	(343)	(142)	(6,232)	-	(6,717)
Balance as at 31 December	**79,048**	**14,290**	**57,223**	**-**	**150,561**
Net book value					
Balance as at 1 January	**35,145**	**49,177**	**15,859**	**4,968**	**105,149**
Balance as at 31 December	**31,171**	**50,514**	**15,343**	**7,304**	**104,332**

NOTE 12: OTHER ASSETS (in HUF mn)

	30 June 2012	31 December 2011
Prepayments and accrued income	24,670	3,980
Receivables from investment services	8,030	2,690
Trade receivables	4,146	8,659
Current income tax receivable	3,191	18,345
Fair value of derivative financial instruments designated as fair value hedge	1,604	2,329
Due from Hungarian Government from interest subsidies	1,523	1,943
Deferred tax assets	906	-
Inventories	904	840
Other advances	903	398
Advances for securities and investments	581	627
Receivables from OTP Mortgage Bank Ltd.	178	775
Loans sold under deferred payment scheme	96	2,092
Amounts due from guarantee contract related to early repayment	-	8,875
Receivables from decreasing share capital of OTP Holding Ltd.	-	1,800
Other	3,994	5,849
	50,726	**59,202**
Accrued interest	11	9
Provision for impairment on other assets[1]	(1,743)	(1,807)
Total	**48,994**	**57,404**

Positive fair value of derivative financial instruments designated as fair value hedge:

	30 June 2012	31 December 2011
Interest rate swaps designated as fair value hedge	1,604	2,329
Total	**1,604**	**2,329**

An analysis of the movement in the provision for impairment on other assets is as follows:

	30 June 2012	31 December 2011
Opening balance	**1,807**	**2,407**
Charge for the period	126	415
Release of provision	(188)	(954)
Use of provision	(2)	(61)
Closing balance	**1,743**	**1,807**

[1] Provision for impairment on other assets mainly consists of provision for trade receivables and inventories.

NOTE 13: AMOUNTS DUE TO BANKS AND HUNGARIAN GOVERNMENT, DEPOSITS FROM THE NATIONAL BANK OF HUNGARY AND OTHER BANKS (in HUF mn)

	30 June 2012	31 December 2011
Within one year:		
In HUF	109,995	112,067
In foreign currency	792,274	460,654
	902,269	**572,721**
Over one year:		
In HUF	118,297	124,786
In foreign currency	152,008	171,584
	270,305	**296,370**
Subtotal	**1,172,574**	**869,091**
Accrued interest	2,763	2,679
Total	**1,175,337**	**871,770**

The Bank has used mortgage bonds as collateral in relation to collateralised borrowing (EUR 350 million) as at 30 June 2012.

Interest rates on amounts due to banks and Hungarian Government, deposits from the NBH and other banks are as follows:

	30 June 2012	31 December 2011
Within one year:		
In HUF	1.65%-8.19%	2.54%-7.1%
In foreign currency	0.45%-3.13%	0.25%-4%
Over one year:		
In HUF	0.48%-5.25%	2.54%-7.6%
In foreign currency	0.05%-5.27%	1.75%-5.88%

NOTE 14: DEPOSITS FROM CUSTOMERS (in HUF mn)

	30 June 2012	31 December 2011
Within one year:		
In HUF	2,696,089	2,791,891
In foreign currency	544,949	582,330
	3,241,038	**3,374,221**
Over one year:		
In HUF	23,908	25,397
In foreign currency	3,137	4,645
	27,045	**30,042**
Subtotal	**3,268,083**	**3,404,263**
Accrued interest	21,463	11,958
Total	**3,289,546**	**3,416,221**

Interest rates on deposits from customers are as follows:

	30 June 2012	31 December 2011
Within one year in HUF	0.1%-11%	0.1%-11%
Over one year in HUF	0.2%-9%	0.2%-9%
In foreign currency	0.01%-6.5%	0.01%-8.1%

NOTE 14: DEPOSITS FROM CUSTOMERS (in HUF mn) [continued]

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

	30 June 2012		31 December 2011	
Retail deposits	1,869,009	57%	1,978,914	58%
Corporate deposits	1,261,757	39%	1,260,824	37%
Municipality deposits	137,317	4%	164,525	5%
Total	**3,268,083**	**100%**	**3,404,263**	**100%**

NOTE 15: LIABILITIES FROM ISSUED SECURITIES (in HUF mn)

	30 June 2012	31 December 2011
Within one year:		
In HUF	269,873	312,155
In foreign currency	31,378	54,820
	301,251	**366,975**
Over one year:		
In HUF	82,675	74,279
In foreign currency	5,046	2,245
	87,721	**76,524**
Subtotal	**388,972**	**443,499**
Accrued interest	11,209	9,924
Total	**400,181**	**453,423**

Interest rates on liabilities from issued securities are as follows:

	30 June 2012	31 December 2011
Issued securities denominated in HUF	0.25%-7%	0.25%-6.75%
Issued securities denominated in foreign currency	2.75%-5%	1.5%-8%

Term Note Program in the value of HUF 500 billion for the year of 2011/2012

During 2011, Hungarian Financial Supervisory Authority approved the six additions of the prospectus of Term Note Program in a total nominal value of HUF 500 billion. On 27 January, 24 March, 11 and 25 May and 13 June 2012, the Authority approved the 7th, 8th, 9th, 10th and 11th addition of the prospectus of the program. The Issuer can initiate to introduce the bonds issued under the program to the Budapest, Slovakian, Romanian and Bulgarian Stock Exchange.

Term Note Program in the value of HUF 500 billion for the year of 2012/2013

On 5 July 2012 OTP Bank initiated term note program in the value of HUF 500 billion with the intention of issuing registered dematerialized bonds in public. The Hungarian Financial Supervisory Authority approved the prospectus of Term Note Program and the disclosure on 1 August 2012. The Issuer can initiate to introduce the bonds issued under the program to the Budapest, Slovakian, Romanian and Bulgarian Stock Exchange.

Certain structured bonds are hedged by interest rate swaps which may transfer to a transferee a fixed interest rate and enter into an interest rate swap with the transferee to receive a fixed interest rate and pay a variable interest rate based on a notional amount which is equal to the notional amount of the hedged bond. The hedge is highly effective if changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated are within a range of 80-125 per cent.

The cash-flows of the fixed rate securities issued by the Bank are exposed to the change in the HUF/EUR foreign exchange rate and the risk of change in the quoted interest rates of EUR. The interest rate risk and foreign exchange risk related to these securities are hedged with EUR and HUF IRS transactions, where the fixed interests were swapped to payments linked to 3 month HUF BUBOR and EURIBOR, resulting a decrease in the interest rate and foreign exchange exposure of issued securities.

NOTE 15: LIABILITIES FROM ISSUED SECURITIES (in HUF mn) [continued]

Issued securities denominated in foreign currency as at 30 June 2012 (in HUF mn):

	Name	Date of issuance	Maturity	Currency	Nominal value in FX million	Nominal value in HUF million	Interest conditions (in % p.a.)		Hedged
1	OTP DC EUR 120801 5%	27/04/2012	01/08/2012	EUR	15.89	4,581	5	fixed	
2	OTP EUR 2012/IV	09/09/2011	08/09/2012	EUR	11.51	3,317	2.75	fixed	
3	OTP EUR 2012/IX	18/11/2011	17/11/2012	EUR	8.10	2,334	2.75	fixed	
4	OTP DC USD 120801 5%	27/04/2012	01/08/2012	USD	9.93	2,276	5	fixed	
5	OTP EUR 2012/VI	07/10/2011	06/10/2012	EUR	7.87	2,267	2.75	fixed	
6	OTP EUR 2012/III	26/08/2011	25/08/2012	EUR	7.44	2,145	2.75	fixed	
7	OTP EUR 2012/VII	21/10/2011	20/10/2012	EUR	5.73	1,652	2.75	fixed	
8	OTP EUR 2012/II	12/08/2011	11/08/2012	EUR	4.45	1,281	2.75	fixed	
9	OTP EUR 2012/X	25/11/2011	24/11/2012	EUR	4.14	1,192	2.75	fixed	
10	OTP EUR 2012/XI	02/12/2011	01/12/2012	EUR	3.89	1,121	3	fixed	
11	OTP EUR 2012/V	23/09/2011	22/09/2012	EUR	3.74	1,078	2.75	fixed	
12	OTP EUR 2012/VIII	07/11/2011	06/11/2012	EUR	3.67	1,056	2.75	fixed	
13	OTP EUR 2012/I	05/08/2011	04/08/2012	EUR	2.99	861	2.75	fixed	
14	OTP EUR 1 2013/IX	04/05/2012	04/05/2013	EUR	2.95	850	3.75	fixed	
15	OTP EUR 2012/XII	16/12/2011	15/12/2012	EUR	2.86	824	3	fixed	
16	OTP EUR 1 2013/VIII	20/04/2012	20/04/2013	EUR	2.36	679	4	fixed	
17	OTP EUR 1 2013/XIII	22/06/2012	22/06/2013	EUR	2.34	674	3.5	fixed	
18	OTP EUR 1 2013/II	27/01/2012	26/01/2013	EUR	1.86	536	3.75	fixed	
19	OTPX 2016/C	22/04/2011	22/04/2016	EUR	1.56	449	indexed	floating	hedged
20	OTPX 2016/D	22/12/2011	29/12/2016	EUR	1.25	359	indexed	floating	hedged
21	OTP EUR 1 2013/VII	06/04/2012	06/04/2013	EUR	1.17	337	3.75	fixed	
22	OTP EUR 1 2013/XII	08/06/2012	08/06/2013	EUR	1.12	322	3.5	fixed	
23	OTP EUR 1 2013/I	13/01/2012	12/01/2013	EUR	1.11	320	3.5	fixed	
24	OTP EUR 1 2013/IV	24/02/2012	23/02/2013	EUR	1.08	313	3.75	fixed	
25	OTP EUR 1 2013/III	10/02/2012	09/02/2013	EUR	1.02	294	3.75	fixed	
26	OTP EUR 2012/XIII	29/12/2011	28/12/2012	EUR	1.00	290	3.25	fixed	
27	OTPX 2015/C	22/12/2010	29/12/2015	EUR	0.97	280	indexed	floating	hedged
28	OTP EUR 2013/III	26/08/2011	26/08/2013	EUR	0.92	264	3	fixed	
29	OTP EUR 1 2013/XI	25/05/2012	25/05/2013	EUR	0.87	252	3.5	fixed	
30	OTP EUR 1 2013/V	09/03/2012	09/03/2013	EUR	0.84	241	3.75	fixed	
31	OTPX 2017/F	14/06/2012	16/06/2017	EUR	0.78	224	indexed	floating	hedged
32	OTP EUR 2013/IV	09/09/2011	09/09/2013	EUR	0.77	221	3	fixed	
33	OTP EUR 1 2013/VI	23/03/2012	23/03/2013	EUR	0.76	219	3.75	fixed	
34	OTP EUR 2013/VII	21/10/2011	21/10/2013	EUR	0.59	169	3	fixed	
35	OTP EUR 2013/VI	07/10/2011	07/10/2013	EUR	0.55	159	3	fixed	
36	OTP EUR 1 2013/X	11/05/2012	11/05/2013	EUR	0.52	151	3.5	fixed	
37	OTP EUR 2013/V	23/09/2011	23/09/2013	EUR	0.50	143	3	fixed	
38	OTP EUR 2013/I	05/08/2011	05/08/2013	EUR	0.45	130	3	fixed	
39	OTP EUR 2 2014/IV	24/02/2012	24/02/2014	EUR	0.45	128	4	fixed	
40	OTP EUR 2013/II	12/08/2011	12/08/2013	EUR	0.44	126	3	fixed	
41	OTP EUR 2013/IX	18/11/2011	18/11/2013	EUR	0.42	121	3	fixed	
42	OTP EUR 2 2014/IX	04/05/2012	04/05/2014	EUR	0.34	98	4	fixed	
43	OTP EUR 2013/VIII	07/11/2011	07/11/2013	EUR	0.27	78	3	fixed	
44	OTP EUR 2 2014/VIII	20/04/2012	20/04/2014	EUR	0.27	77	4	fixed	
45	OTP EUR 2 2014/III	10/02/2012	10/02/2014	EUR	0.24	70	4	fixed	
46	OTP EUR 2 2014/XIII	22/06/2012	22/06/2014	EUR	0.20	58	3.75	fixed	
47	OTP EUR 2 2014/II	27/01/2012	27/01/2014	EUR	0.19	56	4	fixed	
48	OTP EUR 2013/XI	02/12/2011	02/12/2013	EUR	0.18	53	3.5	fixed	
49	OTP EUR 2013/XIII	29/12/2011	29/12/2013	EUR	0.15	43	4	fixed	
50	OTP EUR 2 2014/VII	06/04/2012	06/04/2014	EUR	0.15	43	4	fixed	
51	OTP EUR 2013/X	25/11/2011	25/11/2013	EUR	0.14	41	3	fixed	
52	OTP EUR 2 2014/XII	08/06/2012	08/06/2014	EUR	0.13	38	3.75	fixed	
53	OTP EUR 2013/XII	16/12/2011	16/12/2013	EUR	0.10	30	3.5	fixed	
54	OTP EUR 2 2014/VI	23/03/2012	23/03/2014	EUR	0.10	30	4	fixed	
55	OTP EUR 2 2014/XI	25/05/2012	25/05/2014	EUR	0.10	29	3.75	fixed	
56	OTP EUR 2 2014/V	09/03/2012	09/03/2014	EUR	0.10	27	4	fixed	
57	OTP EUR 2 2014/I	13/01/2012	13/01/2014	EUR	0.06	17	4	fixed	
58	OTP EUR 2 2014/X	11/05/2012	11/05/2014	EUR	0.05	14	3.75	fixed	
	Subtotal issued securities in FX					**35,038**			
	Unamortized premium					47			
	Fair value hedge adjustment					1,339			
	Total					**36,424**			

NOTE 15: LIABILITIES FROM ISSUED SECURITIES (in HUF mn) [continued]

Issued securities denominated in HUF as at 30 Juner 2012 (in HUF mn)

	Name	Date of issuance		Maturity	Nominal value in HUF million	Interest conditions		Hedged
1	OTP 2013/II	20/01/2012	27/01/2012	19/01/2013	21,789	7	fixed	
2	OTP 2012/XXV	16/12/2011	29/12/2011	15/12/2012	18,727	5.5	fixed	
3	OTP 2012/XXII	07/11/2011	11/11/2011	06/11/2012	18,308	5.5	fixed	
4	OTP 2013/IV	17/02/2012	24/02/2012	16/02/2013	17,335	7	fixed	
5	OTP 2012/XXIII	18/11/2011	25/11/2011	17/11/2012	14,255	5.5	fixed	
6	OTP 2012/XVI	12/08/2011	19/08/2011	11/08/2012	13,805	5	fixed	
7	OTP 2012/XVIII	09/09/2011	16/09/2011	08/09/2012	13,132	5	fixed	
8	OTP 2013/III	03/02/2012	10/02/2012	02/02/2013	12,778	7	fixed	
9	OTP 2013/IX	11/05/2012	18/05/2012	11/05/2013	10,846	7	fixed	
10	OTP 2013/VIII	21/04/2012	27/04/2012	21/04/2013	10,786	7	fixed	
11	OTP 2013/VII	06/04/2012	13/04/2012	06/04/2013	10,297	7	fixed	
12	OTP 2012/XV	29/07/2011	05/08/2011	28/07/2012	9,490	5	fixed	
13	OTP 2012/XIX	23/09/2011	30/09/2011	22/09/2012	9,353	5	fixed	
14	OTP 2013/V	02/03/2012	09/03/2012	02/03/2013	9,179	7	fixed	
15	OTP 2013/I	06/01/2012	13/01/2012	05/01/2013	8,883	6.5	fixed	
16	OTP 2012/XXIV	02/12/2011	09/12/2011	01/12/2012	8,814	5.5	fixed	
17	OTP 2012/XIV	15/07/2011	22/07/2011	14/07/2012	8,637	5	fixed	
18	OTP 2013/VI	23/03/2012	30/03/2012	23/03/2013	8,349	7	fixed	
19	OTP 2012/XXI	21/10/2011	28/10/2011	20/10/2012	7,993	5.5	fixed	
20	OTP 2012/XX	07/10/2011	14/10/2011	06/10/2012	7,316	5	fixed	
21	OTP 2012/XVII	26/08/2011	02/09/2011	25/08/2012	6,369	5	fixed	
22	OTP TBSZ2013/I	26/02/2010	28/12/2010	30/12/2013	6,091	5.5	fixed	
23	OTP TBSZ2015/I	26/02/2010	17/12/2010	30/12/2015	5,657	5.5	fixed	
24	OTP 2013/XI	08/06/2012	15/06/2012	08/06/2013	5,635	7	fixed	
25	OTP DNT HUF 2012B	27/04/2012		31/10/2012	5,486	5	fixed	
26	OTPX 2015/A	25/03/2010		30/03/2015	5,074	indexed	floating	hedged
27	OTP 2013/X	25/05/2012	01/06/2012	11/05/2013	5,058	7	fixed	
28	OTPX 2017/A	01/04/2011		31/03/2017	5,005	indexed	floating	hedged
29	OTPX 2017/B	17/06/2011		20/06/2017	4,730	indexed	floating	hedged
30	OTPX 2018/B	22/03/2012		22/03/2018	4,680	indexed	floating	hedged
31	OTPX 2015/B	28/06/2010		09/07/2015	4,560	indexed	floating	hedged
32	OTP 2013/XII	22/06/2012	29/06/2012	22/06/2013	4,542	7	fixed	
33	OTPX 2016/A	11/11/2010		03/11/2016	4,251	indexed	floating	hedged
34	OTPX 2017/E	21/12/2011		28/12/2017	4,000	indexed	floating	hedged
35	OTPX 2014/C	14/12/2009		19/12/2014	3,780	indexed	floating	hedged
36	OTPX 2014/B	05/10/2010		13/10/2014	3,771	indexed	floating	hedged
37	OTPX 2017/C	19/09/2011		25/09/2017	3,750	indexed	floating	hedged
38	OTPX 2013/RA/B	26/11/2010		03/12/2013	3,194	indexed	floating	hedged
39	OTPX 2016/B	16/12/2010		19/12/2016	3,183	indexed	floating	hedged
40	OTPX 2014/A	25/06/2009		30/06/2014	2,861	indexed	floating	hedged
41	OTP 3Y EURHUF	25/06/2010		25/06/2013	2,087	indexed	floating	hedged
42	OTP TBSZ2014/I	14/01/2011	05/08/2011	15/12/2014	1,963	5.5	fixed	
43	OTPX 2012/A	11/09/2009	25/09/2009	11/09/2012	1,663	indexed	floating	hedged
44	OTP OVK 2013/I	26/08/2011	28/12/2011	26/08/2013	1,284	5.75	fixed	
45	OTP TBSZ2016/I	14/01/2011	05/08/2011	15/12/2016	1,226	5.5	fixed	
46	OTPX 2014/E	17/06/2011		20/06/2014	1,203	indexed	floating	hedged
47	OTPX 2018/A	03/01/2012		09/01/2018	1,200	indexed	floating	hedged
48	OTPX 2014/RA/B	16/09/2011	23/09/2011	15/09/2014	1,121	indexed	floating	hedged
49	OTP RA 2014A	25/03/2011		24/03/2014	951	indexed	floating	hedged
50	OTP 2020/RF/C	11/11/2010		05/11/2020	867	indexed	floating	hedged
51	OTP 2020/RF/A	12/07/2010		20/07/2020	843	indexed	floating	hedged
52	OTP 2020/RF/B	12/07/2010		20/07/2020	832	indexed	floating	hedged
53	OTPX 2013/B	26/11/2010		06/11/2013	805	indexed	floating	hedged
54	OTP TBSZ2014/II	26/08/2011	29/12/2011	15/12/2014	744	5.5	fixed	
55	OTPX 2021/B	17/06/2011		21/06/2021	690	indexed	floating	hedged
56	OTP TBSZ2016/II	26/08/2011	29/12/2011	15/12/2016	655	5.5	fixed	
57	OTPX 2017/D	21/10/2011		19/10/2017	540	indexed	floating	hedged
58	OTPX 2014/D	01/04/2011		03/04/2014	527	indexed	floating	hedged
59	OTPX 2015/D	19/03/2012		23/03/2015	520	indexed	floating	hedged
60	OTP TBSZ 4 2015/I	13/01/2012	22/06/2012	15/12/2015	484	6.5	fixed	
61	OTPX 2020/B	28/06/2010		09/07/2020	450	indexed	floating	hedged
62	OTPX 2019/B	05/10/2009	05/02/2010	14/10/2019	442	indexed	floating	hedged
63	OTPX 2013/C	16/12/2010		19/12/2013	440	indexed	floating	hedged
64	OTPX 2013/A	28/06/2010		08/07/2013	428	indexed	floating	hedged
65	OTPX 2021/D	21/12/2011		27/12/2021	425	indexed	floating	hedged
66	OTPX 2020/A	25/03/2010		30/03/2020	395	indexed	floating	hedged
	Subtotal				**354,534**			

NOTE 15: LIABILITIES FROM ISSUED SECURITIES (in HUF mn) [continued]

	Name	Date of issuance		Maturity	Nominal value in HUF million	Interest conditions		Hedged
67	OTPX 2019/C	14/12/2009		20/12/2019	394	indexed	floating	hedged
68	OTPX 2014/F	20/10/2011		21/10/2014	391	indexed	floating	hedged
69	OTPX 2021/A	01/04/2011		01/04/2021	335	indexed	floating	hedged
70	OTPX 2014/G	21/12/2011		30/12/2014	320	indexed	floating	hedged
71	OTPX 2022/A	22/03/2012		23/03/2022	310	indexed	floating	hedged
72	OTPX 2019/A	25/06/2009		01/07/2019	299	indexed	floating	hedged
73	OTP OJK 2016/I	26/08/2011	21/12/2011	26/08/2016	260	5.75	fixed	
74	OTPX 2020/C	11/11/2010		05/11/2020	259	indexed	floating	hedged
75	OTPX 2020/D	16/12/2010		18/12/2020	245	indexed	floating	hedged
76	OTP TBSZ6 2017/I	13/01/2012	22/06/2012	15/12/2017	242	6.5	fixed	
77	OTP OVK 2014/I	31/01/2012	24/04/2012	27/01/2014	215	6.75	fixed	
78	OTP 2021/RF/B	20/10/2011		25/10/2021	204	indexed	floating	hedged
79	OTP 2021/RF/A	05/07/2011		13/07/2021	190	indexed	floating	hedged
80	OTP 2022/RF/D	28/06/2012		28/06/2022	86	indexed	floating	hedged
81	OTP 2022/RF/C	28/06/2012		28/06/2022	68	indexed	floating	hedged
82	OTP 2022/RF/A	22/03/2012		23/03/2022	45	indexed	floating	hedged
83	OTP OJK 2017/I	27/01/2012	22/06/2012	27/01/2017	43	7	fixed	
84	OTP 2021/RF/D	21/12/2011		30/12/2021	18	indexed	floating	hedged
85	OTP 2022/RF/B	22/03/2012		23/03/2022	15	indexed	floating	hedged
86	OTP 2021/RF/C	21/12/2011		30/12/2021	15	indexed	floating	hedged
87	OTP 2021/RF/E	21/12/2011		30/12/2021	15	indexed	floating	hedged
88	Egyéb				236			
	Subtotal issued securities in HUF				**358,739**			
	Unamortized premium				(1,202)			
	Fair value hedge adjustment				(4,989)			
	Total issued securities in HUF				**352,548**			
	Accrued interest				11,209			
	Total issued securities				**400,181**			

NOTE 16: FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (in HUF mn)

Negative fair value of financial liabilities at fair value through profit or loss designated as held for trading by deal types:

	30 June 2012	31 December 2011
CCIRS and mark-to-market CCIRS	162,572	238,141
Interest rate swaps	52,398	40,577
Foreign currency swaps	10,578	52,810
Other derivative contracts	8,159	14,427
Total	**233,707**	**345,955**

NOTE 17: OTHER LIABILITIES (in HUF mn)

	30 June 2012	31 December 2011
Financial liabilities from OTP-MOL share swap transaction[1]	82,271	82,347
Accrued expenses	26,924	24,236
Salaries and social security payable	22,723	19,586
Liabilities from investment services	22,447	12,056
Giro clearing accounts	21,952	28,005
Current income tax payable	17,571	4,065
Fair value of derivative financial instruments designated as fair value hedge	7,952	12,563
Provision on off-balance sheet commitments, contingent liabilities	4,066	4,878
Accounts payable	1,943	9,335
Short term liabilities due to repurchase agreement transactions	1,671	321
Liabilities connected to loans for collection	1,141	1,117
Liabilities related to housing loans	156	390
Dividend payable	21	149
Amounts due from guarantee contract related to early repayment	-	45,279
Deferred tax liabilities	-	3,355
Other	50,986	19,502
Total	**261,824**	**267,184**

Negative fair value of derivative financial instruments designated as fair value hedge:

	30 June 2012	31 December 2011
Interest-rate swap transactions designated as fair value hedge	7,952	12,563

The provision on off-balance sheet commitments and contingent liabilities are detailed as follows:

	30 June 2012	31 December 2011
Provision for losses on off-balance sheet commitments and contingent liabilities related to lending	2,991	3,908
Provision for litigation	422	408
Provision on other liabilities	653	562
Total	**4,066**	**4,878**

Movements in the provision for losses on commitments and contingent liabilities can be summarized as follows:

	30 June 2012	31 December 2011
Opening balance	**4,878**	**8,461**
Provision for the period	3,538	12,637
Release of provision	(2,570)	(16,220)
Use of provision	(1,780)	-
Closing balance	**4,066**	**4,878**

[1] On 16 April 2009, OTP Bank Plc. and MOL Hungarian Oil and Gas Plc. entered into a 3 years share swap transaction. MOL obtained 24 million pieces of Bank's ordinary shares (8.57% of the ordinary shares) and OTP obtained approximately 5 million pieces of MOL shares. Both parties were granted by an american style call and put option to initiate the gross physical settlement of shares back to the issuer until 11 July 2012. On 11 July 2012 the parties amended the final maturity of the share swap agreement for 11 July 2017 until which any party can initiate cash or physical settlement of the transaction. There is no compulsory settlement of shares at the maturity of the swap agreement. The agreement contains additional settlement provisions in case of certain movement of relative share prices of the parties subject to net cash or net share settlement. Due to the lost of control over the Treasury shares, the Treasury shares were derecognized and MOL shares were recognized as held for trading securities. The written put option over OTP ordinary shares were accounted as a deduction from equity and a recognition of a corresponding liability. As at 30 June 2012 HUF 82,271 million and as at 31 December 2011 HUF 82,347 million liability was presented in other liabilities. The measurement is based on the fair value of MOL shares to be delivered at the potential exercise of the call and put options adjusted with the expected present value of the net cash or net share settlement due to certain movement of relative share prices.

NOTE 18: SUBORDINATED BONDS AND LOANS (in HUF mn)

	30 June 2012	31 December 2011
Over one year:		
In HUF	5,000	5,000
In foreign currency	291,262	317,172
	296,262	**322,172**
Accrued interest	11,176	3,825
Total	**307,438**	**325,997**

Interest rates on subordinates bonds and loans are as follows:

	30 June 2012	31 December 2011
Subordinated bonds and loans denominated in HUF	3.7%	3%
Subordinated bonds and loans denominated in foreign currency	1.2%-5.9%	2%-5.9%

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 following partial cancellations during 2011 in a total amount of HUF 5 million. On 1 February 2012 the Bank purchased additional EUR 2.05 million from the same Note series. After the cancellation of these bonds the outstanding amount of the notes decreased to EUR 105,950,000.

NOTE 18: SUBORDINATED BONDS AND LOANS (in HUF mn) [continued]

Subordinated loans and bonds are detailed as follows:

Type	Nominal value	Date of issuance	Date of maturity	Issue price	Interest conditions	Interest rate as of 30 June 2012
Subordinated bond	HUF 5 billion	20/12/1993	20/12/2013	100%	frequency of payment is based on the condition of interest of 2013/C credit consolidation government bonds	3.8%
Subordinated bond	EUR 105.95 million	04/03/2005	04/03/2015	100%	three-month EURIBOR + 0.55% quarterly	-
Subordinated bond	EUR 475.6 million	07/11/2006	Perpetual bond callable after 10 years	99.375%	Fixed 5.875% annual in the first 10 years (payable annually), three-month EURIBOR + 3%, variable after year 10 (payable quarterly)	-
Subordinated bond (under EMTN[1] program)	EUR 300 million	19/09/2006	19/09/2016	100%	Fixed 5.27% annual	5.27%
Subordinated bond (under EMTN[1] program)	EUR 200 million	26/02/2007	19/09/2016	100%	Fixed 5.27% annual	5.27%

[1] European Medium Term Note Program

NOTE 19: SHARE CAPITAL (in HUF mn)

	30 June 2012	31 December 2011
Authorized, issued and fully paid:		
Ordinary shares	28,000	28,000

On 21 April 2007, the law on abolishment of "aranyrészvény" (special share assigning voting rights to the Hungarian State) came into force (Act XXVI of 2007). As a result of this, this special voting share was transformed into 10 ordinary shares with a face value of HUF 100. Therefore, the registered capital of the Bank consists of 280,000,010 ordinary shares with a face value of HUF 100.

NOTE 20: RETAINED EARNINGS AND RESERVES (in HUF mn)

The reserves of the Bank under Hungarian Accounting Standards:

	30 June 2012	31 December 2011
Capital reserve	52	52
General reserve	139,492	136,460
Retained earnings	848,881	760,785
Tied-up reserve	7,661	8,018
Total	**996,086**	**905,315**

The legal reserves (general reserve and tied-up reserve) are not available for distribution. Dividend was calculated on the bases of the separate annual net profit according to the Hungarian Accounting Standards.

In 2012 dividend of HUF 28,000 million are proposed by the management from the profit of the year 2011, which means 100 HUF payable dividend by share to the shareholders.

On 19 October 2006 the Bank sold 14.5 million Treasury shares owned by OTP Group through an issue of Income Certificates Exchangeable for Shares ("ICES"). Within the transaction 10 million shares owned by OTP Bank and 4.5 million OTP shares owned by OTP Fund Management Ltd. were sold during the underwriting period of ICES on the weighted average market price (HUF 7,080) of the Budapest Stock Exchange. The shares have been purchased by Opus Securities S.A. ("OPUS"), which issued an exchangeable bond with a total face value of EUR 514,274,000 backed by those shares. The exchangeable bonds have been sold at a 32% premium over the selling price of the shares. The EUR denominated exchangeable bonds are perpetual and the investors can exercise the conversion right between year 6 and 10. The bonds carry a fixed coupon of 3.95% during the first 10 years thereafter the Issuer has the right to redeem the bonds at face value. Following the year 10, the bonds carry a coupon of 3 month EURIBOR +3%. OTP Bank has discretional right to cancel the payments. The interest payable is non-cumulative.

Due to the conditions described above, ICES was accounted as an equity instrument and therefore any payment was accounted as equity distribution paid to ICES holders.

NOTE 21: TREASURY SHARES (in HUF mn)

	30 June 2012	31 December 2011
Nominal value (ordinary shares)	242	264
Carrying value at aquisition cost	5,162	5,519

The changes in the carrying value of Treasury shares are due to repurchase and sale transactions on market authorised by the General Assembly.

NOTE 21: TREASURY SHARES (in HUF mn) [continued]

Change in number of shares:

	30 June 2012	31 December 2011
Opening number of shares	**2,644,784**	**2,157,671**
Additions	402,975	1,085,521
Disposals	(629,920)	(598,408)
Closing number of shares	**2,417,839**	**2,644,784**

Change in carrying value:

	30 June 2012	31 December 2011
Opening balance	**5,519**	**3,729**
Additions	1,478	4,753
Disposals	(1,835)	(2,963)
Closing balance	**5,162**	**5,519**

NOTE 22: PROVISION FOR IMPAIRMENT ON LOAN AND PLACEMENT LOSSES (in HUF mn)

	30 June 2012	31 December 2011
Provision for impairment on loan losses		
Provision for the period	33,815	129,912
-from this: provision for impairment on loan losses related to early repayment	-	*2,164*
Release of provision	(45,925)	(104,209)
Provision on loan losses	32,777	51,392
-from this: provision on loan losses related to early repayment	*2,079*	*2,948*
Total	**20,667**	**77,095**
Provision for impairment on placement losses		
Provision for the period	-	132
Release of provision	(130)	(944)
Reversal of provision	(8)	-
Provision on placement losses	-	156
Total	**(138)**	**(656)**
Provision for impairment on loan and placement losses	**20,529**	**76,439**
Loss on loans related to early repayment	2,079	5,112
Release of provision related to early repayment	(2,164)	-
Losses from early repayment recognizing in interest income from loans	23	14
Total (gain) / loss on loans related to the early repayment	**(62)**	**5,126**

NOTE 23: **NET PROFIT FROM FEES AND COMMISSIONS (in HUF mn)**

	30 June 2012	30 June 2011
Income from fees and commissions:		
Deposit and account maintenance fees and commissions	21,259	20,897
Fees and commission related to the issued bank cards	10,505	10,776
Fees related to the cash withdrawal	8,751	9,282
Fees and commissions related to security trading	6,252	6,035
Fees and commissions received from OTP Mortgage Bank Ltd.	2,619	10,755
Fees and commissions related to lending	2,572	1,555
Net fee income related to card insurance services and loan agreements	899	890
Other	3,069	2,698
Total	**55,926**	**62,888**

	30 June 2012	30 June 2011
Expenses from fees and commissions:		
Interchange fee	2,556	2,807
Fees and commissions related to issued bank cards	2,503	2,187
Fees and commissions related to lending	1,232	587
Insurance fees	761	1,006
Cash withdrawal transaction fees	753	772
Fees and commissions relating to deposits	383	378
Money market transaction fees and commissions	305	629
Postal fees	278	277
Fees and commissions related to security trading	275	302
Other	1,204	1,320
Total	**10,250**	**10,265**
Net profit from fees and commissions	**45,676**	**52,623**

NOTE 24: **OTHER OPERATING INCOME AND EXPENSES AND OTHER ADMINISTRATIVE EXPENSES (in HUF mn)**

	30 June 2012	31 December 2011
Other operating income:		
Loss on transactions related to property activities	-	(21)
Other	2,635	4,962
Total	**2,635**	**4,941**

	30 June 2012	31 December 2011
Net other operating expenses:		
Provision for impairment on investments in subsidiaries	32,012	83,531
Provision / (release of provision) for impairment on other assets	75	(472)
Release of provision for off-balance sheet commitments and contingent liabilities	(812)	(3,583)
Other	1,831	5,247
Total	**33,106**	**84,723**

NOTE 24: OTHER OPERATING INCOME AND EXPENSES AND OTHER ADMINISTRATIVE EXPENSES (in HUF mn) [continued]

Other administrative expenses:

	30 June 2012	31 December 2011
Personnel expenses:		
Wages	27,395	51,063
Taxes related to personnel expenses	8,397	15,416
Other personnel expenses	3,537	7,076
Subtotal	**39,329**	**73,555**
Depreciation and amortization:	**10,376**	**23,767**
Other administrative expenses:		
Taxes, other than income tax[1]	32,963	29,641
Administration expenses, including rental fees	10,103	20,328
Services	9,615	22,156
Advertising	2,152	6,811
Professional fees	1,887	3,782
Subtotal	**56,720**	**82,718**
Total	**106,425**	**180,040**

NOTE 25: INCOME TAX (in HUF mn)

The Bank is presently liable for income tax at a rate of 19% of taxable income. The deferred tax was calculated at 19% as at 30 June 2012 and 31 December 2011.

A breakdown of the income tax expense is:

	30 June 2012	31 December 2011
Current tax expense	122	5,646
Deferred tax (income) /expense	(6,812)	9,349
	(6,690)	**14,995**

A reconciliation of the deferred tax liability/asset is as follows:

	30 June 2012	31 December 2011
Opening balance	**(3,355)**	**1,887**
Deferred tax income / (expense)	6,812	(9,349)
Tax effect of fair value adjustment of available-for-sale securities recognized in other comprehensive income and ICES	(2,551)	4,107
Closing balance	**906**	**(3,355)**

[1] Based on the amendment of the act on the special tax of financial institutions approved on 22 July 2010, a new special financial institution tax was paid by OTP Bank Plc. The total tax amount for the six month period ended 30 June 2012 was HUF 12 billion, for the year 2011 and 2010 was HUF 24 billion and HUF 26 billion recognized as an expense thus decreased the corporate tax base. Based on the approved regulation, financial institutions are obliged to pay this special tax until the end of 2012. The IFRS Interpretation Committee ('IFRIC') published a draft on the accounting method of the special tax on financial institutions on 12 March. Accordingly, in Hungary the full year banking tax should be booked on 1 January. Thus in case of the Hungarian members of OTP Group the previous accounting method according to IFRS, which booked the yearly burden on a quarterly base, has changed. As a result the whole amount of the banking tax for 2012 has been recognised in the financial statements for the three month period ended 31 March 2012. Accordingly, no further amount will be recognised for the rest of the year. Under Hungarian Accounting Standards the special tax of financial institutions is continued to recognise on a quarterly basis.

NOTE 25: INCOME TAX (in HUF mn) [continued]

A breakdown of the deferred tax asset/liability is as follows:

	30 June 2012	31 December 2011
Negative tax base	4,765	-
Repurchase agreements and security lending	4,212	3,336
Fair value adjustment of held for trading and available-for-sale securities	3,916	7,499
Banking tax	2,313	-
Provision for impairment on investments in subsidiaries	2,189	4,407
Difference in accounting for finance leases	443	483
Escrow account loan	18	-
Deferred tax assets	**17,856**	**15,725**
Fair value adjustment of derivative financial instruments	(6,621)	(7,565)
Effect of redemption of issued securities	(4,109)	(4,706)
Valuation of equity instrument (ICES)	(3,295)	(3,977)
Difference in depreciation and amortization	(1,848)	(1,847)
Effect of using effective interest rate method	(1,077)	(985)
Deferred tax liabilities	**(16,950)**	**(19,080)**
Net deferred tax asset / (liability)	**906**	**(3,355)**

A reconciliation of the income tax expense is as follows:

	30 June 2012	31 December 2011
Profit before income tax	16,237	125,743
Income tax at statutory tax rate (19%)	3,085	23,891
Income tax adjustments due to permanent differencies are as follows:		
Differences in carrying value of subsidiaries	1,492	2,765
OTP-MOL share swap transaction	871	(871)
Share-based payment	483	1,176
Reversal of statutory general provision	423	(206)
Accounting of equity instrument (ICES)	391	(711)
Effect of change of income tax rate	-	912
Tax effect of amortisation of statutory goodwill and negative goodwill	-	(5,327)
Treasury share transaction	(25)	-
Reclassification of direct charges to reserves (self-revision)	(143)	(1,639)
Revaluation of investments denominated in foreign currency to historical cost	(5,084)	11,443
Dividend income	(8,278)	(14,978)
Other	95	(1,460)
Income tax	**(6,690)**	**14,995**
Effective tax rate	(41.2%)	11.9%

NOTE 26: FINANCIAL RISK MANAGEMENT (in HUF mn)

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
Financial instruments may result in certain risks to the Bank. The most significant risks the Bank faces include:

26.1. Credit risk

The Bank takes on exposure to credit risk which is the risk that a counter-party will be unable to pay amounts in full when due. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or banks of borrowers, and to geographical areas and loan types. Such risks are monitored on a periodical basis and subject to an annual or more frequent review. The exposure to any borrower including banks and brokers is further restricted by sublimits covering on- and off-balance sheet exposures and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits when appropriate. Exposure to credit risk is partly managed obtaining collateral, corporate and personal guarantees.

Analysis by loan types and risk classes

An analysis of the gross loan portfolio by loan types and financial risk classes is as follows:

As at 30 June 2012

Loan type	Performing	To-be-monitored	Below average	Doubtful	Bad	Total carrying amount /allowance
Corporate loans	1,200,073	365,326	31,877	94,178	51,951	**1,743,405**
Allowance	-	*(16,192)*	*(8,486)*	*(53,974)*	*(42,669)*	***(121,321)***
Placements with other banks	971,682	-	-	-	-	**971,682**
Allowance	-	-	-	-	-	**-**
Retail loans	403,506	55,337	16,192	21,099	525	**496,659**
Allowance	-	*(2,704)*	*(3,977)*	*(10,254)*	*(598)*	***(17,533)***
Municipal loans	205,824	67,032	9,895	10,086	949	**293,786**
Allowance	-	*(811)*	*(1,332)*	*(3,116)*	*(869)*	***(6,128)***
SME loans	91,030	7,379	907	2,994	1,150	**103,460**
Allowance	-	*(90)*	*(121)*	*(1,877)*	*(1,133)*	***(3,221)***
Gross loan portfolio total	**2,872,115**	**495,074**	**58,871**	**128,357**	**54,575**	**3,608,992**
Allowance Total	**-**	***(19,797)***	***(13,916)***	***(69,221)***	***(45,269)***	***(148,203)***
Net loan portfolio total	**2,872,115**	**475,277**	**44,955**	**59,136**	**9,306**	**3,460,789**

Accrued interest	
placements with other banks	2,815
loans	15,599
Total accrued interest	**18,414**
Total placements with other banks	**974,497**
Total loans	**2,504,706**
Total	**3,479,203**

NOTE 26: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

26.1. Credit risk [continued]

Analysis by loan types and risk classes [continued]

As at 31 December 2011

Loan type	Performing	To-be-monitored	Below average	Doubtful	Bad	Total carrying amount /allowance
Corporate loans	1,359,492	387,153	33,785	116,590	49,787	**1,946,807**
Allowance	-	*(13,696)*	*(8,640)*	*(67,851)*	*(39,939)*	***(130,126)***
Placements with other banks	893,205	2,767	-	-	-	**895,972**
Allowance	-	*(138)*	-	-	-	***(138)***
Retail loans	427,518	63,316	23,283	19,628	340	**534,085**
Allowance	-	*(2,939)*	*(7,339)*	*(10,275)*	*(351)*	***(20,904)***
Municipal loans	222,460	64,291	8,904	11,919	760	**308,334**
Allowance	-	*(773)*	*(899)*	*(4,029)*	*(683)*	***(6,384)***
SME loans	85,148	7,310	985	2,987	844	**97,274**
Allowance	-	*(81)*	*(131)*	*(1,865)*	*(833)*	***(2,910)***
Gross loan portfolio total	**2,987,823**	**524,837**	**66,957**	**151,124**	**51,731**	**3,782,472**
Allowance Total	-	***(17,627)***	***(17,009)***	***(84,020)***	***(41,806)***	***(160,462)***
Net loan portfolio total	**2,987,823**	**507,210**	**49,948**	**67,104**	**9,925**	**3,622,010**

Accrued interest	
placements with other banks	2,146
loans	15,651
Total accrued interest	**17,797**
Total placements with other banks	**897,980**
Total loans	**2,741,827**
Total	**3,639,807**

The total off-balance sheet liabilities connected to the lending activity by risk classes are as follows:

As at 30 June 2012

Loan type	Performing	To-be-monitored	Below average	Doubtful	Bad	Total off balance sheet items
Corporate loans	754,780	18,105	5,822	1,856	234	780,797
Placements with other banks	25,700	-	-	-	-	25,700
Retail loans	231,587	540	143	97	7	232,374
Municipal loans	85,284	3,596	1,069	297	-	90,246
SME loans	26,215	237	11	-	1	26,464
Total	**1,123,566**	**22,478**	**7,045**	**2,250**	**242**	**1,155,581**

NOTE 26: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

26.1. Credit risk [continued]

The total off-balance sheet liabilities connected to the lending activity by risk classes are as follows [continued]:

As at 31 December 2011

Loan type	Performing	To-be-monitored	Below average	Doubtful	Bad	Total off balance sheet items
Corporate loans	755,674	19,294	4,175	3,065	433	782,641
Placements with other banks	25,701	-	-	-	-	25,701
Retail loans	228,149	1,202	186,444[1]	66	5	415,866
Municipal loans	81,619	5,175	1,230	598	-	88,622
SME loans	26,489	273	-	-	1	26,763
Total	**1,117,632**	**25,944**	**191,849**	**3,729**	**439**	**1,339,593**

The Bank's loan portfolio decreased by 4.59% in six month period ended 30 June 2012. Analysing the contribution of loan types to the loan portfolio, the share of the corporate, retail and municipal loans business line decreased while the share of other business lines increased. The qualification of the loan portfolio improved somewhat, the ratio of the non-performing (doubtful and bad) loans compared to the gross loan portfolio decreased from 5.36% to 5.07%.

The Bank has a prudent provisioning policy, the coverage of loans by provision for impairment on loans classified as doubtful or bad is high, the coverage was 79.1% as at 30 June 2012.

The off-balance sheet liabilities connected to the lending activity decreased by 13.74%, while the qualified gross loan portfolio decreased by 14.42% in the six month period ended 30 June 2012.

Classification into risk classes

Exposures with small amounts (retail and SME sector) are subject to collective valuation method which is a simplified assessment.

As of 31 December 2011, the classification and impairment methodology of the retail exposures – which are assessed using the collective valuation method – has changed. According to the new methodology, the expected loss of the different homogenous populations is determined using historical loss experience models instead of the old method which was using expert keys. The new expected loss percentages were determined based on these new models.

Instead of the earlier used risk classes, five valuation groups have been formed based on past due days (A: 0-30 days past due - DPD, B: 31-60 DPD, C: 61-90 DPD, D: 91-365 DPD, E: over 365 days past due). The five new groups do not match one by one to the earlier used risk classes, the composition of the classes has changed due to the different criteria.

Further regrouping is caused in provision for impairment that according to the new methodology the Bank takes into account the collateral at the collective valuation as well.
The consequence of the methodology change is that the loans, which has higher collateral value behind the loans are provided less than by using the previous methodology, and the loans with less collateral have in general more provision than in the previous model. The allocation of the impairment of the loans is more appropriate, the new model gives a more accurate impairment amount.
Every exposure with small amounts are subject to collective valuation method according to general rules. Exposures are classified into five risk classes (performing, to-be-monitored, below average, doubtful, bad).
A certain % degree belongs to these valuation groups based on past due days and based on this degree, provision for impairment is recognised on exposures classified into above risk classes.

[1] From this HUF 186,352 million is related to the early repayment.

NOTE 26: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

26.1. Credit risk [continued]

When applying the individual evaluation method, the incurred loss of each item is determined based on the consideration of all of the following criteria:

- the credit rating of the customer or the partner: the financial position, stability and income-generating capacity affected by the financial or investment service and issuer of the security, and any changes thereto;
- compliance with the rules of repayment (delay): delays in the repayment of the loan principal and its interests;
- the country risk relating to the customer (both political and transfer risks) and any changes thereto;
- the value of collaterals, their liquidity and accessibility, and any changes therein;
- the transferability and liquidity of the exposures (the market conditions of supply and demand, the available market prices and participation in the shareholders` equity of the issuer in proportion to the investment);
- the future payment obligation recognized as a loss arising from the exposure.

Loan portfolio by countries

An analysis of the qualified gross loan portfolio in a country breakdown is as follows:

	30 June 2012		31 December 2011	
Country	**Carrying amount of the qualified gross loan portfolio**	**Allowance**	**Carrying amount of the qualified gross loan portfolio**	**Allowance**
Hungary	440,203	83,253	445,537[1]	81,702[2]
Netherlands	141,709	7,213	157,788	5,831
Cyprus	57,795	12,800	65,331	13,931
Montenegro	56,960	33,468	63,093	37,303
Romania	20,540	5,072	37,628	14,990
Slovakia	7,394	161	8,245	180
Seychelles	4,868	733	5,268	806
Croatia	3,620	2,333	3,909	2,567
Russia	3,119	2,825	937	623
Egypt	624	313	640	327
Ukraine	3	1	4,030	2,059
Kazahstan	-	-	2,170	111
Bulgaria	-	-	4	-
Other	42[3]	31	69[4]	32
Total	**736,877**	**148,203**	**794,649**	**160,462**

The non-performing loans connected to the OTP Financing Solutions B.V. (The Netherlands) are related to the refinancing of retail loans at the subsidiaries, the actual exposure of non-performing loans is HUF 19.3 billion as at 30 June 2012, from that HUF 4.44 billion is related to non-performing corporate loans and HUF 14.84 billion to retail ones.

[1] From this HUF 5,131 million is related to the early repayment.
[2] From this HUF 2,164 million is related to the early repayment.
[3] Serbia, United States of America, Germany, Austria, Switzerland, China, Canada, United Kingdom, Libia, Israel
[4] Italy, United Kingdom, Germany, United States of America, Austria, Switzerland, Sweden, China, Libia, Canada, Israel, Australia

NOTE 26: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

26.1. Credit risk [continued]

Collaterals

The collateral value held by the Bank by collateral types is as follows (**total collateral value**). The collaterals cover loans as well as off-balance sheet exposures.

Types of collateral	30 June 2012	31 December 2011
Mortgages	808,300	868,102
Guarantees and warranties	192,165	222,971
Deposit	48,493	53,512
from this: Securities	*5,481*	*6,433*
Cash	*43,012*	*47,079*
Assignment	2,283	1,958
Other	130,560	140,329
Total	**1,181,801**	**1,286,872**

The collateral value held by the Bank by collateral types is as follows (**to the extent of the exposures**). The collaterals cover loans as well as off-balance sheet exposures.

Types of collateral	30 June 2012	31 December 2011
Mortgage	349,780	399,906
Guarantees and warranties	124,150	180,082
Deposit	25,765	40,833
from this: Securities	*1,898*	*4,468*
Cash	*23,867*	*36,365*
Assignment	834	1,134
Other	9,606	15,057
Total	**510,135**	**637,012**

The coverage level of loan portfolio to the extent of the exposures decreased from 26.17% to 24.8% as at 30 June 2012, while coverage to the extent of the receivables decreased from 13.23% to 10.71%.

Loans, neither past due, nor impaired

An analysis of the credit quality of the gross value of the loans that are neither past due nor impaired is as follows:

Loan type	30 June 2012	31 December 2011
Corporate loans	1,169,379	1,329,982
Placements with other banks	971,682	893,205
Retail loans	330,833	338,605
Municipal loans	140,391	140,051
SME loans	74,665	73,265
Total	**2,686,950**	**2,775,108**

These loans are classified by the Bank as performing loans.

The ratio of the gross value of the loans neither past due nor impaired compared to the whole portfolio increased from 73.37% to 74.45 % as at 30 June 2012 compared to prior year. The ratio of corporate and retail loans business lines compared to the portfolio decreased as at 30 June 2012, while one of the other lines increased.

NOTE 26: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

26.1. Credit risk [continued]

Renegotiated loans

An analysis of the gross value of the loans that would otherwise be past due or impaired and whose terms have been renegotiated as at 30 June 2012 and 31 December 2011 is as follows:

Loan type	30 June 2012	31 December 2011
Corporate loans	102,473	124,888
Retail loans	70,891	76,058
Municipal loans	9,317	7,499
SME loans	6,051	1,326
Total	**188,732**	**209,771**

The gross amount of renegotiated loans decreased by 10.03% as at 30 June 2012 compared to prior year. The gross amount of SME and municipal loans increased while the ratio of corporate and retail loans business lines decreased compared to the renegotiated portfolio.

Past due, but not impaired loans

The aging of gross loans that are past due but not impaired as at 30 June 2012 and 31 December 2011 is as follows:

As at 30 June 2012

Loan type	Up to 90 days	91-180 days	181-365 days	Above 365 days	Total
Retail loans	66,934	600	1,110	4,029	72,673
Corporate loans	30,371	201	-	122	30,694
SME loans	16,348	8	8	1	16,365
Municipal loans	65,433	-	-	-	65,433
Total	**179,086**	**809**	**1,118**	**4,152**	**185,165**

As at 31 December 2011

Loan type	Up to 90 days	91-180 days	181-365 days	Above 365 days	Total
Retail loans	79,171	1,306	1,175	7,261	88,913
Corporate loans	29,279	53	40	138	29,510
SME loans	11,877	5	1	-	11,883
Municipal loans	82,409	-	-	-	82,409
Total	**202,736**	**1,364**	**1,216**	**7,399**	**212,715**

The loans that are past due but not impaired are concentrated in the retail business line. During collective valuation method the Bank recognizes provision for impairment on loans over a 30 day delay. Loans past due over 30 days are considerably state guaranteed housing loans which are not impaired due to the guarantee.
The level of corporate loans past due but not impaired is possible because of endorsing collaterals considering during the individual evaluation. In the other loan types the low level of loans past due but not impaired is a consequence of the prudent provisioning policy of the Bank.

The fair value of collaterals related to past due, but not impaired loans

An analysis of the fair value of collaterals related to past due, but not impaired loans to total collateral value and to the extent of the exposures as at 30 June 2012 and 31 December 2011 is as follows:

Types of collateral (total collateral value)	30 June 2012	31 December 2011
Retail loans	22,385	44,232
Corporate loans	11,222	13,501
SME loans	21,401	20,381
Municipal loans	500	1,019
Total	**55,508**	**79,133**

NOTE 26: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

26.1. Credit risk [continued]

The fair value of collaterals related to past due, but not impaired loans [continued]

Types of collateral (to the extent of the exposures)	30 June 2012	31 December 2011
Retail loans	10,235	19,114
Corporate loans	6,781	9,188
SME loans	8,704	7,656
Municipal loans	436	794
Total	**26,156**	**36,752**

The above collaterals are only related to on balance sheet exposures.

Loans individually assessed for provision

An analysis of financial assets that are individually determined to be impaired, the factors taken into consideration at the assessment, the provision for impairment for them and the collaterals considered as at 30 June 2012 and 31 December 2011 is as follows. The individually rated exposures contain both the loans and the off-balance sheet commitments. The rating has been performed based on the factors used at determining the provision for impairment for them.

As at 30 June 2012

Considered factors	Carrying value	Allowance for impairment	Collateral value	Off-balance sheet commitments	Provision for losses on off-balance sheet contingent liabilities
Delay of repayment	90,627	55,707	3,980	-	-
Regularity of payment	3,663	1,455	1,069	-	-
Renegotiation	23,193	2,209	1,418	365	58
Legal proceedings	13,070	9,429	2,623	81	80
Decrease of client classification	134,628	23,633	1,358	5,856	194
Loan characteristics	39,197	2,753	-	-	-
Business lines risks	45,789	4,620	205	5,041	787
Country risk	-	-	-	-	-
Refinancing of subsidiaries portfolio	141,481	7,178	-	-	-
Cross default	15,152	7,515	318	6,415	155
Other	19,578	1,833	732	8,246	849
Corporate total	**526,378**	**116,332**	**11,703**	**26,004**	**2,123**
Delay of repayment	110	98	12	-	-
Regularity of payment	-	-	-	-	-
Renegotiation	8,203	476	-	103	50
Legal proceedings	274	274	-	-	-
Decrease of client classification	19,627	1,691	-	540	78
Cross default	24,984	2,741	-	4,268	269
Other	91	61	-	10	-
Municipal total	**53,289**	**5,341**	**12**	**4,921**	**397**
Placements with other banks	**4,035**	**403**	**-**	**-**	**-**
Total	**583,702**	**122,076**	**11,715**	**30,925**	**2,520**

NOTE 26: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

26.1. Credit risk [continued]

Loans determined individually to be impaired [continued]

As at 31 December 2011

Considered factors	Carrying value	Allowance for impairment	Collateral value	Off-balance sheet commitments	Provision for losses on off-balance sheet contingent liabilities
Delay of repayment	74,887	48,732	3,238	-	-
Regularity of payment	1,711	158	739	-	-
Renegotiation	43,410	4,132	2,307	2,183	19
Legal proceedings	11,998	8,816	2,841	81	76
Decrease of client classification	124,215	26,717	1,977	9,544	1,270
Loan characteristics	41,895	2,993	-	-	-
Business lines risks	65,928	7,952	1,127	8,681	610
Country risk	-	-	-	-	-
Refinancing of subsidiaries portfolio	157,484	5,694	-	-	-
Cross default	29,332	18,638	332	392	120
Other	17,937	1,625	405	6,831	815
Corporate total	**568,797**	**125,457**	**12,966**	**27,712**	**2,910**
Delay of repayment	559	278	-	-	-
Regularity of payment	-	-	-	-	-
Renegotiation	7,324	540	-	113	53
Legal proceedings	327	287	40	-	-
Decrease of client classification	20,216	1,911	-	260	91
Cross default	552	201	2	109	35
Other	26,383	2,496	19	6,473	404
Municipal total	**55,361**	**5,713**	**61**	**6,955**	**583**
Placements with other banks	**4,035**	**403**	**-**	**-**	**-**
Total	**628,193**	**131,573**	**13,027**	**34,667**	**3,493**

Regarding corporate business line in the individually rated portfolio the ratio of the carrying value of loans classified due to “delay of repayment” increased significantly from 13.17% to 17.22% as at 30 June 2012.

Refinancing of retail loans at the subsidiaries:
The gross value was HUF 141.5 billion as at 30 June 2012, the actual exposure of non-performing, past due loans is HUF 19.3 billion.

Transactions with high level of risk:
Loans to customers are classified by using this category name if the clients are performing according to the contracts but the risks of the transactions are higher than usual (balloon payment, using loan to finance the monetary expenditures in the phase of investment).

Business lines risks:
Transactions are classified by using this category name, if the client works in the branch which had been grievously accused by the financial crisis (vehicle industry, building industry, real estate services, metal processing and financial services).

Balance of individually qualified transactions has been significantly increased in the municipal sector due to the serious liquidity problems and the high rate of debt of the municipalities. In many cases standalone supervising and using of customized handling methods were needed.

NOTE 26: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

26.1. Credit risk [continued]

Non-qualified gross loan portfolio by countries

An analysis of the non-qualified gross loan portfolio in a country breakdown is as follows:

Country	30 June 2012	31 December 2011
Hungary	1,868,972	1,783,858
Cyprus	304,963	397,541
Netherlands	254,754	291,419
Russia	102,173	131,826
United Kingdom	92,823	94,732
Bulgaria	57,192	64,854
France	37,691	57,217
Romania	37,176	45,557
Croatia	33,855	26,806
Germany	18,734	36,084
Luxembourg	15,320	-
Serbia	10,409	6,031
Slovakia	10,003	11,498
Belgium	8,087	11,823
Switzerland	5,438	7,947
Ukraine	4,367	4,710
Norway	3,652	3,929
United States of America	1,916	4,468
Japan	1,565	-
Turkey	1,170	-
Italy	902	-
Sweden	247	1,541
Poland	151	607
Montenegro	-	3,734
Azerbaijan	-	602
Other	555[1]	1,039[2]
Total	**2,872,115**	**2,987,823**

Financial instruments by rating categories[3]

Held-for-trading securities as at 30 June 2012

	Ba1		Baa3		Not rated		Total
Corporate shares	-	0.00%	-	0.00%	82,397[4]	86.35%	82,397
Securities issued by the NBH	-	0.00%	-	0.00%	658	0.69%	658
Government bonds	8,161	98.16%	-	0.00%	-	0.00%	8,161
Mortgage bonds	133	1.60%	284	100.00%	273	0.29%	690
Hungarian government discounted Treasury Bills	-	0.00%	-	0.00%	11,702	12.26%	11,702
Hungarian government interest bearing Treasury Bills	-	0.00%	-	0.00%	331	0.35%	331
Other securities	20	0.24%	-	0.00%	59	0.06%	79
Total	**8,314**	**100.00%**	**284**	**100.00%**	**95,420**	**100.00%**	**104,018**
Accrued interest							640
Total							**104,658**

[1] Dania, Canada, Australia, Austria, Czech Republic
[2] Austria, Turkey, Ireland, Czech Republic, Canada, Israel, Australia, Estonia, Mongolia, Denmark, China, Chile, Egypt
[3] Moody's ratings
[4] Corporate shares listed on Budapest Stock Exchange

NOTE 26: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

26.1. Credit risk [continued]

Financial instruments by rating categories [continued]

Available-for-sale securities as at 30 June 2012

	Ba1		Baa3		Not rated		Total
Mortgage bonds	-	0.00%	259,227	100.00%	527,648	39.37%	786,875[1]
Government bonds	317,248	100.00%	-	0.00%	-	0.00%	317,248
Bonds issued by NBH	-	0.00%	-	0.00%	751,849	56.10%	751,849
Hungarian government discounted Treasury Bills	-	0.00%	-	0.00%	-	0.00%	-
Other securities	-	0.00%	-	0.00%	60,714	4.53%	60,714
Total	**317,248**	**100.00%**	**259,227**	**100.00%**	**1,340,211**	**100.00%**	**1,916,686**
Accrued interest							35,727
Total							**1,952,413**

Held-to-maturity securities as at 30 June 2012

	Ba1		Not rated		Total
Government bonds	47,652	100.00%	15,852	75.56%	63,504
Mortgage bonds	-	0.00%	4,790	22.83%	4,790
Hungarian government discounted Treasury bills	-	0.00%	337	1.61%	337
Bonds issued by NBH	-	0.00%	-	0.00%	-
Other securities	-	0.00%	-	0.00%	-
Total	**47,652**	**100.00%**	**20,979**	**100.00%**	**68,631**
Accrued interest					1,294
Total					**69,925**

26.2. Market risk

The Bank takes on exposure to market risks. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The Bank applies a 'Value-at-Risk' methodology to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The Management Board sets limits on the value of risk that may be accepted, which is monitored on a daily basis.

26.2.1 Market risk sensitivity analysis

The VaR risk measure estimates the potential loss in pre-taxation profit over a given holding period for a specified confidence level. The VaR methodology is a statistically defined, probability-based approach that takes into account market volatilities as well as risk diversification by recognizing offsetting positions and correlations between products and markets. Risks can be measured consistently across all markets and products, and risk measures can be aggregated to arrive at a single risk number. The one-day 99% VaR number used by the Bank reflects the 99% probability that the daily loss will not exceed the reported VaR.

VaR methodologies are applied to calculate daily risk numbers include the historical and variance-covariance approaches. In addition to these two methodologies, Monte Carlo simulations are applied to the various portfolios on a monthly basis to determine potential future exposure.

[1] From this HUF 772,444 million represents mortgage bonds issued by OTP Mortgage Bank Ltd.

NOTE 26: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

26.2. Market risk [continued]

26.2.1 Market risk sensitivity analysis [continued]

The VaR of the trading portfolio can be summarized as follows (in HUF mn):

Historical VaR (99%, one-day) by risk type	Average	
	30 June 2012	30 June 2011
Foreign exchange	406	290
Interest rate	351	374
Equity instruments	9	18
Diversification	(203)	(248)
Total VaR exposure	**563**	**434**

While VaR captures the Bank's daily exposure to currency and interest rate risk, sensitivity analysis evaluates the impact of a reasonably possible change in interest or foreign currency rates over a year. The longer time frame of sensitivity analysis complements VaR and helps the Bank to assess its market risk exposures. Details of sensitivity analysis for foreign currency risk are set out in Note 26.2.2 below and, for interest rate risk, in Note 26.2.3 below.

26.2.2. Foreign currency sensitivity analysis

The following table details the Bank's sensitivity to an increase and decrease in the HUF exchange rate against EUR, over a 3 months period. Monte Carlo simulation is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as strategic open positions related to foreign activities. The strategic open position related to the foreign operations were EUR (310) million as of 30 June 2012. High portion of strategic positions are considered as effective hedge of the net investment in foreign subsidiaries, and so FX risk affects the Bank's other comprehensive income and not its income. A positive number below indicates an increase in profit where the HUF strengthens against the EUR. For a weakening of the HUF against the EUR, there would be an equal and opposite impact on the profit, and the balances below would be negative.

Probability	Effects to the P&L in 3 months period	
	30 June 2012 In HUF billion	30 June 2011 In HUF billion
1%	(12.7)	(9.7)
5%	(8.8)	(6.5)
25%	(3.6)	(2.4)
50%	(0.3)	0.3
25%	2.9	2.8
5%	7.2	6.4
1%	10.2	8.8

Notes:
(1) The short term loss on the strategic open position is compensated by the long-term exchange rate gain on the foreign operations.
(2) The EUR/HUF volatility increased slightly, so the probability of losses increased and the probability of further gains decreased.
(3) Monte Carlo simulation is based on the empirical distribution of the historical exchange rate movements between 2002 and 2012.

NOTE 26: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

26.2. Market risk [continued]

26.2.3. Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. The analysis is prepared assuming the amount of assets and liabilities outstanding at the balance sheet date were outstanding for the whole year. The analysis were prepared by assuming only the adversing interest rate changes. The main assumptions were as follows:

- Floating-rate assets and liabilities were repriced to the modelled benchmark yields at the repricing dates assuming the unchanged margin compared to the last repricing.
- Fixed-rate assets and liabilities were repriced at the contractual maturity date.
- As for liabilities with discretionary repricing feature by the Bank were assumed to be repriced with two-weeks delay, assuming no change in the margin compared to the last repricing date.
- The assets and liabilities with interest rate lower than 0.3% assumed to be unchanged during the whole period.

The simulation was prepared by assuming two scenarios:
1. 0.50%-0.75% decrease in average HUF yields (probable scenario)
2. 1 % - 1.50% decrease in average HUF yields (alternative scenario)

The net interest income in a one year period after 30 June 2012 would be decreased by HUF 1,264 million (probable scenario) and HUF 5,990 million (alternative scenario) as a result of these simulations. This effect is counterbalanced by capital gains (HUF 5,676 million for probable scenario, HUF 8,929 million for alternative scenario) on the government bond portfolio held for hedging.

The effects of the parallel shifts of the yield-curves to the net interest income on a one-year period and to the market value of the hedge government bond portfolio booked against capital can be summarized as follows (HUF million):

	30 June 2012		30 June 2011	
Description	Effects to the net interest income (one-year period)	Effects to equity (Price change of AFS government bonds)	Effects to the net interest income (one-year period)	Effects to equity (Price change of AFS government bonds)
HUF (0.1%) parallel shift	(387)	1,256	(336)	1,295
EUR (0.1%) parallel shift	(471)	-	(139)	-
USD 0.1% parallel shift	(15)	-	89	-
Total	(873)	1,256	(386)	1,295

26.2.4. Equity price sensitivity analysis

The following table shows the effect of the equity price sensitivity. The Bank uses VaR calculation with 1 day holding period and 99% confidence level. The VaR methodology is a statistically defined, probability-based approach that takes into account market volatilities as well as risk diversification by recognizing offsetting positions and correlations between products and markets. The daily loss will not exceed the reported VaR number with 99% of probability.
The stress test assumes the largest price movement of the last year and calculates with it as the adverse direction. This scenario shows the loss of the portfolio when all prices change with the maximum amount of the last year.

Description	30 June 2012	30 June 2011
VaR (99%, one day, million HUF)	9	18
Stress test (million HUF)	(23)	(5)

NOTE 26: FINANCIAL RISK MANAGEMENT (in HUF mn) [continued]

26.2. Market risk [continued]

26.2.5. Capital management

Capital management

The primary objective of the capital management of the Bank is to ensure the prudent operation, the entire compliance with the prescriptions of the regulator for a persistent business operation and maximising the shareholder value, accompanied by an optimal financing structure.
The capital management of the Bank includes the management and evaluation of the shareholders` equity available for hedging risks, other types of funds to be recorded in the equity and all material risks to be covered by the capital.
The basis of the capital management of the Bank in the short run is the continous monitoring of its capital position, in the long run the strategic and the business planning, which includes the monitoring and forecast of the capital position of the Bank.
The Bank maintains the capital adequacy required by the regulatory bodies and the planned risk taking mainly by means of ensuring and developing its profitability. In case the planned risk level of the Bank exceeded its Core and Supplementary capital, the Bank ensures the prudent operation by occasional measures. A further tool in the capital management of the Bank is the dividend policy, and the transactions performed with the treasury shares.

Capital adequacy

The capital adequacy of the Bank is supervised based on the financial statements data prepared in accordance with the Hungarian Accounting Standards ("HAS") applying the directives, rulings and indicators defined by the Basel Committee, that has been adopted in Hungary in 2008.
The Bank has entirely complied with the regulatory capital requirements in six month period ended 30 June 2012 as well.
The capital adequacy calculations of the Bank are prepared based on the data of the financial statements prepared in accordance with HAS. The Bank uses the standard method for determining the regulatory capital requirements of the credit risk, market risk as well as in case of the operational risk.

The calculation of the Capital Adequacy ratio as at 30 June 2012 and 31 December 2011 is as follows:

	30 June 2012	**31 December 2011**
Core capital	944,389	937,057
Supplementary capital	304,014	338,111
Deductions	(447,743)	(485,834)
Deductions due to PIBB[1] investments	*(405,840)*	*(442,385)*
Deductions due to limit breaches	*(41,903)*	*(43,449)*
Regulatory capital	**800,660**	**789,334**
Credit risk capital requirement	249,690	263,919
Market risk capital requirement	36,159	42,080
Operational risk capital requirement	58,679	46,319
Total requirement regulatory capital	**344,528**	**352,318**
Surplus capital	**456,132**	**437,016**
Tier 1 ratio	16.7%	15.8%
Capital adequacy ratio	**18.6%**	**17.92%**

The positive components of the Core capital are: Issued capital, Capital reserve, Tied-up reserve, General reserve, Profit reserve, Profit for the year, General risk reserve.
The negative components of the Core capital are: Treasury shares, Intangible assets.
The positive components of the Supplementary capital are: Subsidiary loan capital, Subordinated loan capital.
Deductions: PIBB investments, limit breaches

[1] PIBB: Financial Institutions, Investing Entreprises, Insurance Companies

NOTE 27: OFF-BALANCE SHEET ITEMS AND DERIVATIVE FINANCIAL INSTRUMENTS (in HUF mn)

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.

Contingent liabilities and commitments

	30 June 2012	31 December 2011
Legal disputes (disputed value)	10,511,934	11,066,974
Commitments to extend credit	736,792	697,144
Guarantees arising from banking activities	418,558	642,165
from this: Payment undertaking liabilities (related to issue of mortgage bonds) of OTP Mortgage Bank	*108,886*	*163,294*
Confirmed letters of credit	268	189
Other	1,703	1,081
Total	**11,669,255**	**12,407,553**

Legal disputes

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 value of legal disputes has increased considerably because of changes in FX rates.

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 422 million and HUF 408 million as at 30 June 2012 and 31 December 2011 respectively. (See Note 17.)
On 23 August OTP Bank announced that the United States Court of Appeals granted the petition for writs of mandamus submitted by OTP Bank and ordered the district court to dismiss the plaintiffs'claims aginst OTP Bank for lack of personal jurisdiction in the class action. OTP Bank maintains that plaintiffs' claim aginst it has been unfounded in its enterity.

Commitments to extend credit, guarantees and letter of credit

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans.

Documentary and commercial letters of credit, which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards.

Guarantees, irrevocable letters of credit and undrawn loan commitments are subject to similar credit risk monitoring and credit policies as utilised in the extension of loans. The management of the Bank believes the market risk associated with guarantees, irrevocable letters of credit and undrawn loan commitments are minimal.

NOTE 27: OFF-BALANCE SHEET ITEMS AND DERIVATIVE FINANCIAL INSTRUMENTS (in HUF mn) [continued]

Guarantees, payment undertakings arising from banking activities

Payment undertaking is a promise by the Bank to assume responsibility for the debt obligation of a borrower if that borrower defaults until a determined amount and until a determined date, in case of fulfilling conditions, without checking the undermined transactions. The guarantee's liability is joint and primary with the principal, in case of payment undertaking, while the Bank assumes the obligation derived from guarantee independently by the conditions established by the Bank. A guarantee is most typically required when the ability of the primary obligor or principal to perform its obligations under a contract is in question, or when there is some public or private interest which requires protection from the consequences of the principal's default or delinquency. A contract of guarantee is subject to the statute of frauds (or its equivalent local laws) and is only enforceable if recorded in writing and signed by the surety and the principal.

If the surety is required to pay or perform due to the principal's failure to do so, the law will usually give the surety a right of subrogation, allowing the surety to use the surety's contractual rights to recover the cost of making payment or performing on the principal's behalf, even in the absence of an express agreement to that effect between the surety and the principal.

The repurchase guarantee contract of non-performing loans between OTP Mortgage Bank Ltd. and OTP Bank was modified in 2010. According to the new arrangement the repurchase guarantee was cancelled and the OTP Bank has issued unconditional and irrevocable payment undertaking for the Unsubordinated Debt Instruments of OTP Mortgage Bank from 7 July 2010.

Derivatives

The Bank maintains strict control limits on net open derivative positions, i.e. the difference between purchase and sale contracts, by both amount and term. At any time the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Bank (i.e. assets), which in relation to derivatives is only a small fraction of the contract or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except for trading with clients, where the Bank in most of the cases requires margin deposits.

Foreign currency contracts

Foreign currency contracts are agreements to exchange specific amounts of currencies at a specified rate of exchange, at a spot date (settlement occurs two days after the trade date) or at a forward date (settlement occurs more than two days after the trade date). The notional amount of these contracts does not represent the actual market or credit risk associated with these contracts.

Foreign currency contracts are used by the Bank for risk management and trading purposes. The Bank's risk management foreign currency contracts were used to hedge the exchange rate fluctuations of loans and deposits denominated in foreign currency.

Foreign exchange swaps and interest rate swaps

The Bank enters into foreign-exchange swap and interest rate swap transactions. The swap transaction is a complex agreement concerning the swap of certain financial instruments, which usually consist of a prompt and one or more futures contracts.

Interest rate swaps obligate two parties to exchange one or more payments calculated with reference to fixed or periodically reset rates of interest applied to a specific notional principal amount (the base of the interest calculation). Notional principal is the amount upon which interest rates are applied to determine the payment streams under interest rate swaps.

Such notional principal amounts are often used to express the volume of these transactions but are not actually exchanged between the counterparties. The Bank's interest rate swap contracts can be hedging or held for trading contracts.

NOTE 27: OFF-BALANCE SHEET ITEMS AND DERIVATIVE FINANCIAL INSTRUMENTS (in HUF mn) [continued]

Derivatives [continued]

Cross-currency interest rate swaps

The Bank enters into cross-currency interest rate swap (CCIRS) transactions which have special attributes, i.e. the parties exchange the notional amount at the beginning and also at the maturity of the transaction. A special type of these deals are the mark-to-market CCIRS agreements. At this kind of deals the parties – in accordance with the foreign exchange prices – revalue the notional amount during lifetime of the transaction.

Forward rate agreements (FRA)

A forward rate agreement is an agreement to settle amounts at a specified future date based on the difference between an interest rate index and an agreed upon fixed rate. Market risk arises from changes in the market value of contractual positions caused by movements in interest rates.

The Bank limits its exposure to market risk by entering into generally matching or offsetting positions and by establishing and monitoring limits on unmatched positions. Credit risk is managed through approval procedures that establish specific limits for individual counter-parties. The Bank's forward rate agreements were transacted for management of interest rate exposures.

NOTE 28: SHARE-BASED PAYMENT

Previously approved option program required a modification thanks to the introduction of the Bank Group Policy on Payments accepted on 2011 Annual General Meeting regarding to the amendment of CRD III. directives and Act on Credit Institutions and Financial Enterprises.
Key management personnel affected by the Bank Group Policy receive compensation based on performance assessment generally in the form of cash bonus and equity shares in a ratio of 50-50%. Assignment is based on OTP shares, furthermore performance based payments are deferred in accordance with the rules of Credit Institutions Act.
OTP Bank ensures the share-based payment part for the management personnel of OTP group members.
The value of the discounted share-based payment at the performance assessment is determined by the OTP Bank's Directorate based on the average of the three previous trade day's middle rate of OTP Bank's equity shares fixed on the Budapest Stock Exchange.
Discounted share-based payment shall contain maximum HUF 2,000 discount at the assessment date, and earnings for the shares at the payment date is determined by the OTP Bank's Directorate, maximum HUF 4,000.

OTP Bank Directorate determined the parameters for the share-based payment relating to the year 2010 as follows:

Year	exercise price per share	maximum earnings per share
2011	3,946	2,500
2012	3,946	3,000
2013	4,446	3,500
2014	4,946	3,500

During implementation of the Remuneration Policy of the Group appeared that in case of certain foreign subsidiaries it is not possible to ensure the originally determined share-based payment because of legal reasons – incompatible with concerning EU-directives –, therefore the Board of Directors made a decison to cancel the share-based payment in refferred countries.

Based on parameters accepted by Directorate cancellation, risk evaluation and personal changes effective pieces are follows as at 30 June 2012:

2012	735,722[1]
2013	421,734
2014	512,095

[1] There was no exercise until 30 June 2012, maturity of exercise period was settled in 31 December 2013 by the Bank's Directorate.

NOTE 28: SHARE-BASED PAYMENT [continued]

OTP Bank Directorate determined the parameters for the share-based payment relating to the year 2011 as follows:

Year	exercise price per share	maximum earnings per share
2012	1,370	3,000
2013	1,870	3,000
2014	1,870	4,000
2015	1,870	4,000

Based on cancellation, effective performance assessment and exercise during the year effective pieces are follows as at 30 June 2012:

2012	297,637[1]
2013	1,284,731
2014	654,064
2015	724,886

In connection with programs accounted as equity-settled share based transactions, HUF 2,540 million was recognized as an expense during the six month period ended 30 June 2012.

[1] The approved pieces of shares are 471,240 from which 173,603 have been exercised until 30 June 2012.

NOTE 29: RELATED PARTY TRANSACTIONS

The Bank provides loans to subsidiaries, and collects deposits.

Transactions with related parties, other than increases in share capital, are summarized below:

a) Loans provided to subsidiaries

	30 June 2012	31 December 2011
OTP Mortgage Bank Ltd.	494,024	339,849
OTP Holding Ltd./ OTP Financing Cyprus Co. Ltd. (Cyprus)	303,827	388,492
OTP Financing Netherlands B.V. (The Netherlands)	248,852	281,148
Merkantil Bank Ltd.	179,115	202,087
OTP Financing Solutions B.V. (The Netherlands)	146,849	163,136
OTP Factoring Ltd.	131,016	118,996
OAO OTP Bank (Russia)	73,268	98,450
OTP Real Estate Leasing Ltd.	35,259	39,664
OTP Leasing d.d. (Croatia)	23,008	24,366
Merkantil Lease Ltd.	19,008	18,790
DSK Leasing AD (Bulgaria)	15,506	18,106
Merkantil Car Ltd.	9,376	10,105
OTP Real Estate Ltd.	3,614	3,181
Project 3 Commercial Real Estate Ltd.	1,714	2,469
OTP Ingatlanpont Ltd. (previously OTP Factoring Trustee Ltd.)	1,307	723
OTP banka Srbija a.d. (Serbia)	1,258	18
OTP Banka Slovensko a.s. (Slovakia)	60	55
Crnogorska komerčijalna banka a.d (Montenegro)	-	3,734
OTP Factoring Asset Management Ltd.	-	266
Total	**1,687,061**	**1,713,635**

b) Deposits from subsidiaries

	30 June 2012	31 December 2011
OTP Mortgage Bank Ltd.	161,575	621
DSK Bank EAD (Bulgaria)	140,849	67,671
OAO OTP Bank (Russia)	91,186	13,509
Crnogorska komerčijalna banka a.d (Montenegro)	62,974	69,454
OTP Building Society Ltd.	20,782	30,247
OTP Funds Servicing and Consulting Ltd.	29,430	3,493
OTP Bank Romania S.A. (Romania)	14,363	3,531
OTP Banka Slovensko a.s. (Slovakia)	12,045	12,710
Merkantil Bank Ltd.	10,354	9,131
OTP banka Srbija a.d. (Serbia)	8,600	143
OTP banka Hrvatska d.d. (Croatia)	8,162	7,559
OTP Holding Ltd./ OTP Financing Cyprus Co. Ltd. (Cyprus)	3,980	3,335
OTP Real Estate Leasing Ltd.	3,925	3,422
OTP Factoring Ltd.	2,024	3,061
OTP Financing Netherlands B. V. (The Netherlands)	626	1,247
OTP Real Estate Ltd.	273	588
OTP Bank JSC (Ukraine)	62	-
Air Invest Ltd.	-	302
Merkantil Lease Ltd.	112	50
Total	**571,322**	**230,074**

NOTE 29: RELATED PARTY TRANSACTIONS [continued]

c) Interests received by the Bank[1]

	30 June 2012	30 June 2011
OTP Mortgage Bank Ltd.	42,831	32,148
OTP Holding Ltd. (Cyprus)	5,340	3,883
OTP Financing Netherlands B.V. (The Netherlands)	4,887	4,527
OTP Financing Solutions B.V. (The Netherlands)	3,559	3,327
OTP Factoring Ltd.	3,551	2,716
Merkantil Bank Ltd.	2,836	2,451
OAO OTP Bank (Russia)	2,088	2,220
Merkantil Lease Ltd.	758	799
OTP Leasing d.d. (Croatia)	328	247
OTP Banka Slovensko a.s. (Slovakia)	281	262
DSK Leasing AD (Bulgaria)	270	236
OTP Real Estate Leasing Ltd.	298	236
Merkantil Car Ltd.	229	190
OTP Bank JSC (Ukraine)	-	261
DSK Bank EAD (Bulgaria)	-	3
Other	367	392
Total	**67,623**	**53,898**

d) Interests paid by the Bank[1]

	30 June 2012	30 June 2011
OAO OTP Bank (Russia)	2,046	703
DSK Bank EAD (Bulgaria)	1,962	241
Crnogorska komerčijalna banka a.d (Montenegro)	1,789	532
OTP Mortgage Bank Ltd.	1,600	2,518
Merkantil Lease Ltd.	1,027	1,266
OTP Banka Slovensko a.s. (Slovakia)	262	166
Merkantil Bank Ltd.	248	532
OTP Bank Romania S.A. (Romania)	166	23
OTP banka Srbija a.d. (Serbia)	109	50
Other	836	89
Total	**10,045**	**6,120**

e) Commissions received by the Bank

	30 June 2012	30 June 2011
From OTP Fund Management Ltd. in relation to trading activity	2,933	3,154
From OTP Building Society Ltd. (agency fee in relation to finalised customer contracts)	1,093	1,154
From OTP Fund Management Ltd. in relation to custody activity	184	291
Other	197	148
Total	**4,407**	**4,747**

f) Commissions paid by the Bank

	30 June 2012	30 June 2011
OTP Bank Romania S.A. (Romania) related to loan portfolio handling	204	283
Crnogorska komerčijalna banka a.d (Montenegro) related to loan portfolio handling	96	155
Total	**300**	**438**

[1] Derivatives are not included.

NOTE 29: RELATED PARTY TRANSACTIONS [continued]

g) Transactions related to OTP Mortgage Bank Ltd.:

	30 June 2012	30 June 2011
Fees and commissions received from OTP Mortgage Bank Ltd. relating to the loans	1,725	9,195
Loans sold to OTP Mortgage Bank Ltd. with recourse (including interest)	1,393	2,994
The gross book value of the loans sold	1,392	2,993
Provision for the purchase obligation of the non-performing loans originated by OTP Mortgage Bank Ltd.	-	217

h) Transactions related to OTP Factoring Ltd.:

	30 June 2012	30 June 2011
The gross book value of the loans	35,983	45,410
Provision for loan losses on the loans sold	18,854	16,797
Loans sold to OTP Factoring Ltd. without recourse (including interest)	12,278	22,781
Loss on these transaction (recorded in the separate financial statements as loan and placement loss)	4,851	5,832

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

i) Transactions related to Crnogorska komerčijalna banka a.d (Montenegro)

	30 June 2012	30 June 2011
The gross book value of the loans sold to Crnogorska komerčijalna banka a.d.	1,980	5,865
The gross book value of the loans bought from Crnogorska komerčijalna banka a.d.	1,430	2,254

j) Transactions related OTP Banka Slovensko a.s. (Slovakia)

	30 June 2012	30 June 2011
Securities issued by OTP Banka Slovensko a.s. (Slovakia) ("OBS") held by OTP Bank (nominal value in HUF million)	14,411	13,281

k) Related party transactions with key management

The compensation of key management, such as the members of the Board of Directors, the members of the Supervisory Board and the employees involved in the decision-making process in accordance with the compensation categories defined in IAS 24 Related Party Disclosures, is summarised below:

Compensations	30 June 2012	31 December 2011
Short-term employee benefits	1,342	2,782
Share-based payment	1,584	2,343
Long-term employee benefits	418	653
Total	**3,344**	**5,778**

	30 June 2012	31 December 2011
Loans provided to companies owned by the management (in the normal course of business)	35,193	42,806
Credit lines of the members of Board of Directors and the Supervisory Board and their close family members (at market conditions)	112	117
Commitments to extend credit and bank guarantees	364	6

In the normal course of business, the OTP Bank enters into other transactions with its subsidiaries, the amounts and volumes of which are not significant to these financial statements taken as a whole.

NOTE 30: TRUST ACTIVITIES

The Bank acts as a trustee for certain loans granted by companies or employers to their employees, mainly for housing purposes. The ultimate risk for these loans rests with the party advancing the funds. As these loans and related funds are not considered to be assets or liabilities of the Bank, they have been excluded from the accompanying separate statement of financial position.

	30 June 2012	31 December 2011
Loans managed by the Bank as a trustee	42,820	43,009

NOTE 31: CONCENTRATION OF ASSETS AND LIABILITIES

	30 June 2012	31 December 2011
In the percentage of the total assets		
Receivables from, or securities issued by the Hungarian Government or the NBH	19%	14%
Securities issued by the OTP Mortgage Bank Ltd.	11.47%	13.46%

There were no other significant concentrations of the assets or liabilities of the Bank as at 30 June 2012 or 31 December 2011.

The OTP Bank continuously provides the Supervisory Authority with reports on the extent of dependency on large depositors as well as the exposure of the biggest 50 depositors towards the OTP Bank.
Further to this obligatory reporting to the authority, the OTP Bank pays particular attention on the exposure of its largest partners and cares for maintaining a closer relationship with these partners in order to secure the stability of the level of deposits.

The organisational unit of the OTP Bank in charge of partner-risk management analyses the biggest partners on a constant basis and sets limits on the OTP Bank's and the Group's exposure separately partner-by-partner. If necessary, it modifies partner-limits in due course thereby reducing the room for manoeuvring of the Treasury and other business areas.

NOTE 32: MATURITY ANALYSIS OF ASSETS AND LIABILITIES AND LIQUIDITY RISK (in HUF mn)

Liquidity risk is a measure of the extent to which the Bank may be required to raise funds to meet its commitments associated with financial instruments. The Bank maintains its liquidity profiles in accordance with regulations laid down by the NBH. The following tables provide an analysis of assets, liabilities and shareholders' equity into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. It is presented under the most prudent consideration of maturity dates where options or repayment schedules allow for early repayment possibilities.

NOTE 32: MATURITY ANALYSIS OF ASSETS AND LIABILITIES AND LIQUIDITY RISK (in HUF mn) [continued]

As at 30 June 2012	Within 3 months	Within one year and over 3 months	Within 5 years and over one year	Over 5 years	Without maturity	Total
Cash, amounts due from banks and balances with the National Bank of Hungary	235,841	-	-	-	-	235,841
Placements with other banks, net of allowance for placement losses	740,254	28,260	205,983	-	-	974,497
Financial assets at fair value through profit or loss	22,181	45,906	86,932	94,074	-	249,093
Securities available-for-sale	796,126	90,711	712,063	353,513	-	1,952,413
Loans, net of allowance for loan losses	116,096	630,312	919,668	838,630	-	2,504,706
Investments in subsidiaries	-	-	-	-	643,735	643,735
Securities held-to-maturity	2,257	20,972	33,192	13,504	-	69,925
Property and equipment	-	-	-	-	72,506	72,506
Intangible assets	-	-	-	-	31,109	31,109
Other assets	36,505	10,505	1,777	207	-	48,994
TOTAL ASSETS	**1,949,260**	**826,666**	**1,959,615**	**1,299,928**	**747,350**	**6,782,819**
Amounts due to banks and Hungarian Government, deposits from the National Bank of Hungary and other banks	808,212	96,819	202,367	67,939	-	1,175,337
Deposits from customers	2,544,842	717,659	17,473	9,572	-	3,289,546
Liabilities from issued securities	88,671	223,789	55,474	32,247	-	400,181
Financial liabilities at fair value through profit or loss	26,089	98,543	98,796	10,279	-	233,707
Other liabilities	253,299	874	3,151	4,500	-	261,824
Subordinated bonds and loans	11,176	-	176,522	-	119,740	307,438
TOTAL LIABILITIES	**3,732,289**	**1,137,684**	**553,783**	**124,537**	**119,740**	**5,668,033**
Share capital	-	-	-	-	28,000	28,000
Retained earnings and reserves	-	-	-	-	1,091,948	1,091,948
Treasury shares	-	-	-	-	(5,162)	(5,162)
TOTAL SHAREHOLDERS' EQUITY	**-**	**-**	**-**	**-**	**1,114,786**	**1,114,786**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,732,289**	**1,137,684**	**553,783**	**124,537**	**1,234,526**	**6,782,819**
LIQUIDITY (DEFICIENCY)/EXCESS	**(1,783,029)**	**(311,018)**	**1,405,832**	**1,175,391**	**(487,176)**	**-**

NOTE 32: MATURITY ANALYSIS OF ASSETS AND LIABILITIES AND LIQUIDITY RISK (in HUF mn) [continued]

As at 31 December 2011	Within 3 months	Within one year and over 3 months	Within 5 years and over one year	Over 5 years	Without maturity	Total
Cash, amounts due from banks and balances with the National Bank of Hungary	226,976	-	-	-	-	226,976
Placements with other banks, net of allowance for placement losses	640,797	18,879	234,465	3,839	-	897,980
Financial assets at fair value through profit or loss	33,191	42,110	86,319	23,072	87,885	272,577
Securities available-for-sale	537,693	15,261	842,759	315,705	-	1,711,418
Loans, net of allowance for loan losses	138,685	797,739	836,916	968,487	-	2,741,827
Investments in subsidiaries	-	-	-	-	651,709	651,709
Securities held-to-maturity	6,155	57,594	44,860	11,858	-	120,467
Property and equipment	-	-	-	-	73,161	73,161
Intangible assets	-	-	-	-	31,171	31,171
Other assets	26,049	30,545	548	262	-	57,404
TOTAL ASSETS	**1,609,546**	**962,128**	**2,045,867**	**1,323,223**	**843,926**	**6,784,690**
Amounts due to banks and Hungarian Government, deposits from the National Bank of Hungary and other banks	424,626	150,774	162,411	133,959	-	871,770
Deposits from customers	2,679,261	705,493	23,673	7,794	-	3,416,221
Liabilities from issued securities	130,345	246,546	17,617	58,915	-	453,423
Financial liabilities at fair value through profit or loss	34,679	90,609	212,311	8,356	-	345,955
Other liabilities	250,512	818	8,706	7,148	-	267,184
Subordinated bonds and loans	3,825	-	194,096	-	128,076	325,997
TOTAL LIABILITIES	**3,523,248**	**1,194,240**	**618,814**	**216,172**	**128,076**	**5,680,550**
Share capital	-	-	-	-	28,000	28,000
Retained earnings and reserves	-	-	-	-	1,081,659	1,081,659
Treasury shares	-	-	-	-	(5,519)	(5,519)
TOTAL SHAREHOLDERS' EQUITY	**-**	**-**	**-**	**-**	**1,104,140**	**1,104,140**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,523,248**	**1,194,240**	**618,814**	**216,172**	**1,232,216**	**6,784,690**
LIQUIDITY (DEFICIENCY)/EXCESS	**(1,913,702)**	**(232,112)**	**1,427,053**	**1,107,051**	**(388,290)**	**-**

NOTE 33: NET FOREIGN CURRENCY POSITION AND FOREIGN CURRENCY RISK (in HUF mn)

As at 30 June 2012

	USD	EUR	CHF	Others	Total
Assets[1]	419,659	1,365,908	898,829	151,493	2,835,889
Liabilities	(237,073)	(1,477,754)	(131,160)	(39,952)	(1,885,939)
Off-balance sheet assets and liabilities, net	(121,564)	(16,195)	(773,582)	(114,389)	(1,025,730)
Net position	**61,022**	**(128,041)**	**(5,913)**	**(2,848)**	**(75,780)**

As at 31 December 2011

	USD	EUR	CHF	Others	Total
Assets[1]	520,016	1,516,208	1,084,663	193,196	3,314,083
Liabilities	(174,191)	(1,285,574)	(165,393)	(38,523)	(1,663,681)
Off-balance sheet assets and liabilities, net	(278,802)	(255,527)	(941,448)	(153,691)	(1,629,468)
Net position	**67,023**	**(24,893)**	**(22,178)**	**982**	**20,934**

The table above provides an analysis of the Bank’s main foreign currency exposures. The remaining foreign currencies are shown within ‘Others’. Whilst the Bank monitors its foreign exchange position for compliance with the regulatory requirements of the NBH and own limit system established in respect of limits on open positions. The measurement of the Bank’s open foreign currency position involves monitoring the ‘Value-at-Risk’ limit on the foreign exchange exposure of the Bank.

NOTE 34: INTEREST RATE RISK MANAGEMENT

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The length of time for which the rate of interest is fixed on a financial instrument, therefore, indicates to what extent it is exposed to interest rate risk.

The majority of the Bank's interest bearing assets and liabilities are structured to match either short-term assets and short-term liabilities, or long-term assets and liabilities with repricing opportunities within one year, or long-term assets and corresponding liabilities where repricing is performed simultaneously.

In addition, the significant spread existing between the different types of interest bearing assets and liabilities enables the Bank to benefit from a high level of flexibility in adjusting for its interest rate matching and interest rate risk exposure.

The following table presents the interest repricing dates of the Bank. Variable yield assets and liabilities have been reported in accordance with their next repricing date. Fixed income assets and liabilities have been reported in accordance with their maturity.

[1] The assets category contains foreign currency investments in subsidiaries that are measured at cost, and are deducted from the net position calculation.

NOTE 34: INTEREST RATE RISK MANAGEMENT (in HUF mn) [continued]

As at 30 June 2012	within 1 month		within 3 months over 1 month		within 1 year over 3 months		within 2 years over 1 year		over 2 years		Non-interest - bearing		Total		
ASSETS	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**Total**
Cash, amounts due from banks and balances with the National Bank of Hungary	**131,139**	**27,708**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**69,809**	**7,185**	**200,948**	**34,893**	**235,841**
fixed interest	131,139	27,708	-	-	-	-	-	-	-	-	-	-	131,139	27,708	**158,847**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	69,809	7,185	69,809	7,185	**76,994**
Placements with other banks	**17,002**	**415,338**	**1,467**	**338,895**	**94,483**	**65,130**	**2,657**	**22,367**	**6,027**	**8,316**	**1,009**	**1,806**	**122,645**	**851,852**	**974,497**
fixed interest	16,707	217,077	1,467	162,208	94,483	65,130	2,657	22,367	6,027	8,316	-	-	121,341	475,098	**596,439**
variable interest	295	198,261	-	176,687	-	-	-	-	-	-	-	-	295	374,948	**375,243**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	1,009	1,806	1,009	1,806	**2,815**
Securities held for trading	**679**	**-**	**3,625**	**260**	**9,686**	**237**	**1,787**	**197**	**4,825**	**302**	**82,943**	**117**	**103,545**	**1,113**	**104,658**
fixed interest	679	-	3,625	-	8,471	237	1,787	197	4,825	302	-	-	19,387	736	**20,123**
variable interest	-	-	-	260	1,215	-	-	-	-	-	-	-	1,215	260	**1,475**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	82,943	117	82,943	117	**83,060**
Securities available-for-sale	**751,849**	**-**	**4,515**	**273,658**	**94,746**	**-**	**50,942**	**-**	**671,053**	**42,614**	**53,665**	**9,371**	**1,626,770**	**325,643**	**1,952,413**
fixed interest	751,849	-	4,515	-	94,746	-	50,942	-	671,053	42,614	-	-	1,573,105	42,614	**1,615,719**
variable interest	-	-	-	273,658	-	-	-	-	-	-	-	-	-	273,658	**273,658**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	53,665	9,371	53,665	9,371	**63,036**
Loans, net of allowance for loan losses	**742,016**	**523,339**	**135,870**	**876,891**	**8,203**	**85,552**	**1,630**	**87,005**	**11,161**	**17,440**	**5,807**	**9,792**	**904,687**	**1,600,019**	**2,504,706**
fixed interest	9,400	734	43	445	790	2,435	1,630	87,005	11,161	17,440	-	-	23,024	108,059	**131,083**
variable interest	732,616	522,605	135,827	876,446	7,413	83,117	-	-	-	-	-	-	875,856	1,482,168	**2,358,024**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	5,807	9,792	5,807	9,792	**15,599**
Securities held-to-maturity	**-**	**-**	**23,060**	**-**	**21,512**	**-**	**-**	**-**	**24,059**	**-**	**1,294**	**-**	**69,925**	**-**	**69,925**
fixed interest	-	-	-	-	11,389	-	-	-	24,059	-	-	-	35,448	-	**35,448**
variable interest	-	-	23,060	-	10,123	-	-	-	-	-	-	-	33,183	-	**33,183**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	1,294	-	1,294	-	**1,294**
Derivative financial instruments	**143,349**	**984,212**	**140,565**	**127,223**	**670,740**	**239,895**	**378,947**	**1,071,964**	**484,580**	**617,911**	**-**	**88**	**1,818,181**	**3,041,293**	**4,859,474**
fixed interest	143,349	984,212	140,565	127,223	645,080	239,895	358,382	1,071,572	484,580	617,911	-	-	1,771,956	3,040,813	**4,812,769**
variable interest	-	-	-	-	25,660	-	20,565	392	-	-	-	-	46,225	392	**46,617**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	88	-	88	**88**

NOTE 34: INTEREST RATE RISK MANAGEMENT (in HUF mn) [continued]

As at 30 June 2012	within 1 month		within 3 months over 1 month		within 1 year over 3 months		within 2 years over 1 year		over 2 years		Non-interest -bearing		Total		
LIABILITIES	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**Total**
Amounts due to banks and Hungarian Government, deposits from the National Bank of Hungary and other banks	**92,008**	**538,082**	**10,041**	**231,157**	**126,065**	**3,512**	**13**	**6,834**	**165**	**164,697**	**934**	**1,829**	**229,226**	**946,111**	**1,175,337**
fixed interest	90,959	445,238	2,815	18,466	13	3,256	13	6,834	165	164,697	-	-	93,965	638,491	**732,456**
variable interest	1,049	92,844	7,226	212,691	126,052	256	-	-	-	-	-	-	134,327	305,791	**440,118**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	934	1,829	934	1,829	**2,763**
Deposits from customers	**1,282,844**	**192,688**	**529,089**	**171,483**	**298,714**	**75,385**	**3,235**	**483**	**606,115**	**108,047**	**19,337**	**2,126**	**2,739,334**	**550,212**	**3,289,546**
fixed interest	913,985	179,715	523,503	171,483	298,714	75,385	3,235	483	5,180	-	-	-	1,744,617	427,066	**2,171,683**
variable interest	368,859	12,973	5,586	-	-	-	-	-	600,935	108,047	-	-	975,380	121,020	**1,096,400**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	19,337	2,126	19,337	2,126	**21,463**
Liabilities from issued securities	**18,258**	**-**	**44,818**	**16,154**	**204,868**	**16,554**	**16,215**	**2,353**	**68,389**	**1,363**	**10,631**	**578**	**363,179**	**37,002**	**400,181**
fixed interest	18,047	-	43,557	16,154	204,868	16,554	16,215	2,353	68,389	1,363	-	-	351,076	36,424	**387,500**
variable interest	211	-	1,261	-	-	-	-	-	-	-	-	-	1,472	-	**1,472**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	10,631	578	10,631	578	**11,209**
Derivative financial instruments	**68,296**	**31,984**	**24,042**	**22,238**	**623,903**	**1,244,495**	**72,928**	**1,050,291**	**132,966**	**1,683,278**	**673**	**-**	**922,808**	**4,032,286**	**4,955,094**
fixed interest	68,296	31,984	24,042	22,238	602,025	1,244,495	46,311	1,049,903	132,966	1,683,278	-	-	873,640	4,031,898	**4,905,538**
variable interest	-	-	-	-	21,878	-	26,617	388	-	-	-	-	48,495	388	**48,883**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	673	-	673	-	**673**
Subordinated bonds and loans	**-**	**-**	**5,000**	**30,034**	**-**	**-**	**-**	**-**	**-**	**261,228**	**-**	**11,176**	**5,000**	**302,438**	**307,438**
fixed interest	-	-	-	-	-	-	-	-	-	261,228	-	-	-	261,228	**261,228**
variable interest	-	-	5,000	30,034	-	-	-	-	-	-	-	-	5,000	30,034	**35,034**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	11,176	-	11,176	**11,176**
NET POSITION	**324,628**	**1,187,843**	**(303,888)**	**1,145,861**	**(354,180)**	**(949,132)**	**343,572**	**121,572**	**394,070**	**(1,532,030)**	**182,952**	**12,650**	**587,154**	**(13,236)**	**573,918**

NOTE 34: INTEREST RATE RISK MANAGEMENT (in HUF mn) [continued]

As at 31 December 2011	within 1 month		within 3 months over 1 month		within 1 year over 3 months		within 2 years over 1 year		over 2 years		Non-interest - bearing		Total		
ASSETS	HUF	Foreign currency	HUF	Foreign currency	HUF	Foreign currency	HUF	Foreign currency	HUF	Foreign currency	HUF	Foreign currency	HUF	Foreign currency	Total
Cash, amounts due from banks and balances with the National Bank of Hungary	**137,412**	**24,982**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**53,013**	**11,569**	**190,425**	**36,551**	**226,976**
fixed interest	137,412	24,982	-	-	-	-	-	-	-	-	-	-	137,412	24,982	**162,394**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	53,013	11,569	53,013	11,569	**64,582**
Placements with other banks	**16,067**	**602,880**	**-**	**204,508**	**1,463**	**40,221**	**-**	**14,322**	**-**	**16,373**	**33**	**2,113**	**17,563**	**880,417**	**897,980**
fixed interest	15,773	562,859	-	24,793	1,463	235	-	14,322	-	16,373	-	-	17,236	618,582	**635,818**
variable interest	294	40,021	-	179,715	-	39,986	-	-	-	-	-	-	294	259,722	**260,016**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	33	2,113	33	2,113	**2,146**
Securities held for trading	**1,872**	**-**	**439**	**485**	**9,665**	**303**	**2,842**	**225**	**15,675**	**5,485**	**88,756**	**212**	**119,249**	**6,710**	**125,959**
fixed interest	1,872	-	430	-	9,118	303	2,842	225	15,675	5,485	-	-	29,937	6,013	**35,950**
variable interest	-	-	9	485	547	-	-	-	-	-	-	-	556	485	**1,041**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	88,756	212	88,756	212	**88,968**
Securities available-for-sale	**497,197**	**-**	**-**	**460,285**	**15,261**	**-**	**140,105**	**-**	**499,210**	**31,930**	**56,948**	**10,482**	**1,208,721**	**502,697**	**1,711,418**
fixed interest	497,197	-	-	-	15,261	-	140,105	-	499,210	31,930	-	-	1,151,773	31,930	**1,183,703**
variable interest	-	-	-	460,285	-	-	-	-	-	-	-	-	-	460,285	**460,285**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	56,948	10,482	56,948	10,482	**67,430**
Loans, net of allowance for loan losses	**725,735**	**621,334**	**23,232**	**334,454**	**115,621**	**782,138**	**1,377**	**4,043**	**11,914**	**106,328**	**4,955**	**10,696**	**882,834**	**1,858,993**	**2,741,827**
fixed interest	8,636	782	40	30	729	615	1,377	4,043	11,914	106,328	-	-	22,696	111,798	**134,494**
variable interest	717,099	620,552	23,192	334,424	114,892	781,523	-	-	-	-	-	-	855,183	1,736,499	**2,591,682**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	4,955	10,696	4,955	10,696	**15,651**
Securities held-to-maturity	**-**	**-**	**17,030**	**-**	**72,497**	**-**	**1,949**	**-**	**24,017**	**-**	**4,974**	**-**	**120,467**	**-**	**120,467**
fixed interest	-	-	346	-	55,090	-	1,949	-	24,017	-	-	-	81,402	-	**81,402**
variable interest	-	-	16,684	-	17,407	-	-	-	-	-	-	-	34,091	-	**34,091**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	4,974	-	4,974	-	**4,974**
Derivative financial instruments	**624,957**	**1,298,127**	**971,534**	**1,546,567**	**442,972**	**171,006**	**44,653**	**9,724**	**20,735**	**6,805**	**-**	**-**	**2,104,851**	**3,032,229**	**5,137,080**
fixed interest	221,998	662,890	165,240	247,387	365,126	96,381	22,655	7,676	20,735	5,298	-	-	795,754	1,019,632	**1,815,386**
variable interest	402,959	635,237	806,294	1,299,180	77,846	74,625	21,998	2,048	-	1,507	-	-	1,309,097	2,012,597	**3,321,694**

NOTE 34: INTEREST RATE RISK MANAGEMENT (in HUF mn) [continued]

As at 31 December 2011	within 1 month		within 3 months over 1 month		within 1 year over 3 months		within 2 years over 1 year		over 2 years		Non-interest -bearing		Total		Total
LIABILITIES	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	
Amounts due to banks and Hungarian Government, deposits from the National Bank of Hungary and other banks	**100,198**	**461,309**	**8,293**	**153,036**	**127,388**	**13,055**	**711**	**1,446**	**263**	**3,392**	**1,090**	**1,589**	**237,943**	**633,827**	**871,770**
fixed interest	99,534	304,198	3,033	3,971	3	12,650	711	1,446	263	3,392	-	-	103,544	325,657	**429,201**
variable interest	664	157,111	5,260	149,065	127,385	405	-	-	-	-	-	-	133,309	306,581	**439,890**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	1,090	1,589	1,090	1,589	**2,679**
Deposits from customers	**1,197,991**	**176,795**	**411,095**	**158,842**	**550,626**	**143,282**	**6,554**	**4,749**	**651,022**	**103,307**	**10,617**	**1,341**	**2,827,905**	**588,316**	**3,416,221**
fixed interest	759,856	163,110	402,537	158,842	550,626	143,282	6,554	4,749	5,080	-	-	-	1,724,653	469,983	**2,194,636**
variable interest	438,135	13,685	8,558	-	-	-	-	-	645,942	103,307	-	-	1,092,635	116,992	**1,209,627**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	10,617	1,341	10,617	1,341	**11,958**
Liabilities from issued securities	**21,455**	**5,205**	**58,313**	**20,673**	**200,604**	**28,450**	**12,399**	**1,666**	**93,663**	**1,071**	**9,816**	**108**	**396,250**	**57,173**	**453,423**
fixed interest	21,455	5,205	57,132	20,673	200,604	28,450	12,399	1,666	93,663	1,071	-	-	385,253	57,065	**442,318**
variable interest	-	-	1,181	-	-	-	-	-	-	-	-	-	1,181	-	**1,181**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	9,816	108	9,816	108	**9,924**
Derivative financial instruments	**422,162**	**1,570,353**	**78,128**	**2,548,062**	**141,246**	**492,575**	**51,593**	**8,953**	**14,138**	**19,441**	**-**	**-**	**707,267**	**4,639,384**	**5,346,651**
fixed interest	416,852	465,133	63,663	359,821	59,854	417,951	20,740	6,943	14,138	18,309	-	-	575,247	1,268,157	**1,843,404**
variable interest	5,310	1,105,220	14,465	2,188,241	81,392	74,624	30,853	2,010	-	1,132	-	-	132,020	3,371,227	**3,503,247**
Subordinated bonds and loans	**-**	**-**	**5,000**	**29,518**	**-**	**-**	**-**	**-**	**-**	**287,654**	**-**	**3,825**	**5,000**	**320,997**	**325,997**
fixed interest	-	-	-	-	-	-	-	-	-	287,654	-	-	-	287,654	**287,654**
variable interest	-	-	5,000	29,158	-	-	-	-	-	-	-	-	5,000	29,518	**34,518**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	3,825	-	3,825	**3,825**
NET POSITION	**261,434**	**333,661**	**451,406**	**(363,832)**	**(362,385)**	**316,306**	**119,669**	**11,500**	**(187,535)**	**(247,944)**	**187,156**	**28,209**	**469,745**	**77,900**	**547,645**

NOTE 35: EARNINGS PER SHARE

Earnings per share attributable to the Bank's ordinary shares are determined by dividing Net profit for the year attributable to ordinary shareholders, after the deduction of declared preference dividends, by the weighted average number of ordinary shares outstanding during the year. Delutive potential ordinary shares are deemed to have been converted into ordinary shares.

	30 June 2012	**31 December 2011**
Net profit for the year attributable to ordinary shareholders (in HUF mn)	22,927	110,748
Weighted average number of ordinary shares outstanding during the year for calculating basic EPS (number of share)	277,379,057	277,696,699
Basic Earnings per share (in HUF)	**83**	**399**
Separate net profit for the year attributable to ordinary shareholders (in HUF mn)	22,927	110,748
Modified weighted average number of ordinary shares outstanding during the year for calculating diluted EPS (number of share)	277,410,433	277,762,519
Diluted Earnings per share (in HUF)	**83**	**399**

	30 June 2012	**31 December 2011**
	number of share	
Weighted average number of ordinary shares	280,000,010	280,000,010
Average number of Treasury shares	(2,620,953)	(2,303,311)
Weighted average number of ordinary shares outstanding during the year for calculating basic EPS	**277,379,057**	**277,696,699**
Dilutive effect of options issued in accordance with the Remuneration Policy / Management Option Program and convertible into ordinary shares[1]	31,376	65,820
The modified weighted average number of ordinary shares outstanding during the year for calculating diluted EPS	**277,410,433**	**277,762,519**

[1] In 2011 dilutive effect is in connection with the Remuneration Policy.

NOTE 36: NET GAIN OR LOSS REALIZED ON FINANCIAL INSTRUMENTS (in HUF mn)

As at 30 June 2012	**Net interest income and expense**	**Net non-interest gain and loss**	**Provision for impairment**	**Other comprehensive income**
Cash, amounts due from banks and balances with the National Bank of Hungary	3,589	-	-	-
Placements with other banks, net of allowance for placement losses	13,884	-	138	-
Securities held for trading	784	(4,583)	-	-
Securities available-for-sale	61,345	(5,185)	-	2,625
Loans, net of allowance for loan losses	105,833	3,966	12,108	-
from this: Corporate loans	*46,914*			
Consumer loans	*43,164*			
Housing loans	*4,476*			
Municipality loans	*8,297*			
Mortgage backed loans	*2,982*			
Securities held-to-maturity	4,166	(87)	-	-
Derivative financial instruments	15,161	43	-	-
Amounts due to banks and Hungarian Government, deposits from the National Bank of Hungary and other banks	(16,222)	-	-	-
Deposits from customers	(66,513)	34,319	-	-
Liabilities from issued securities	(13,612)	-	-	-
Subordinated bonds and loans	(8,643)	-	-	-
Total	**99,772**	**28,473**	**12,246**	**2,625**

As at 31 December 2011	**Net interest income and expense**	**Net non-interest gain and loss**	**Provision for impairment**	**Other comprehensive income**
Cash, amounts due from banks and balances with the National Bank of Hungary	6,274	-	-	-
Placements with other banks, net of allowance for placement losses	19,054	-	812	-
Securities held for trading	2,076	5,224	-	-
Securities available-for-sale	115,841	574	-	23,834
Loans, net of allowance for loan losses	213,455	12,581	(25,715)	-
from this: Corporate loans	*96,151*			
Consumer loans	*85,813*			
Housing loans	*7,722*			
Municipality loans	*17,024*			
Mortgage backed loans	*6,745*			
Securities held-to-maturity	9,637	67	-	-
Derivative financial instruments	63,296	72	-	-
Amounts due to banks and Hungarian Government, deposits from the National Bank of Hungary and other banks	(22,376)	-	-	-
Deposits from customers	(116,531)	70,147	-	-
Liabilities from issued securities	(28,370)	-	-	-
Subordinated bonds and loans	(16,538)	-	-	-
Total	**245,818**	**88,665**	**(24,903)**	**23,834**

NOTE 37: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn)

In determining the fair value of a financial asset or liability the Bank in the case of instruments that are quoted on an active market uses the market price. In most cases market price is not publicly available so the Bank has to make assumptions or use valuation techniques to determine the fair value of a financial instrument. See Note 37. e) for more information about fair value classes applied for financial assets and liabilities measured at fair value in these financial statements.

To provide a reliable estimate of the fair value of those financial instrument that are originally measured at amortised cost, the Bank used the discounted cash-flow analysis (loans, placements with other banks, amounts due to banks, deposits from customers). The fair value of issued securities and subordinated bonds is based on quoted prices (e.g. Reuters). Cash and amounts due from banks and balances with the National Bank of Hungary represent amounts available immediately thus the fair value equals to the cost.

The assumptions used when calculating the fair value of financial assets and liabilities when using valuation technique are the following:

- the discount rates are the risk free rates related to the denomination currency adjusted by the appropriate risk premium as of the end of the reporting period,
- the contractual cash-flows are considered for the performing loans and for the non-performing loans, the amorised cost less impairment is considered as fair value,
- the future cash-flows for floating interest rate instruments are estimated from the yield curves as of the end of the reporting period,
- the fair value of the deposit which can be due in demand cannot be lower than the amount payable on demand.

*a) **Fair value of financial assets and liabilities***

	30 June 2012		31 December 2011	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Cash, amounts due from banks and balances with the National Bank of Hungary	235,841	235,841	226,976	226,976
Placements with other banks, net of allowance for placement losses	974,497	982,320	897,980	902,630
Financial assets at fair value through profit or loss	249,093	249,093	272,577	272,577
Held for trading securities	*104,658*	*104,658*	*125,959*	*125,959*
Derivative financial instruments designated as held for trading	*144,435*	*144,435*	*146,618*	*146,618*
Securities available-for-sale	1,952,413	1,952,413	1,711,418	1,711,418
Loans, net of allowance for loan losses	2,504,706	2,769,233	2,741,827	3,020,257
Securities held-to-maturity	69,925	67,734	120,467	112,463
Derivative financial instruments designated as hedging instruments	1,604	1,604	2,329	2,329
FINANCIAL ASSETS TOTAL	**5,988,079**	**6,258,238**	**5,973,574**	**6,248,650**
Amounts due to banks and Hungarian Government, deposits from the National Bank of Hungary and other banks	1,175,337	1,102,741	871,770	853,596
Deposits from customers	3,289,546	3,265,551	3,416,221	3,390,649
Liabilities from issued securities	400,181	389,715	453,423	420,585
Derivative financial instruments designated as hedging instruments	7,952	7,952	12,563	12,563
Financial liabilities at fair value through profit or loss	233,707	233,707	345,955	345,955
Financial liabilities from OTP-MOL transaction	82,271	82,271	82,347	82,347
Subordinated bonds and loans	307,438	225,311	325,997	206,699
FINANCIAL LIABILITIES TOTAL	**5,496,432**	**5,307,248**	**5,508,276**	**5,312,394**

NOTE 37: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

b) Fair value of derivative instruments

	Fair value		Notional value, net	
	30 June 2012	**31 December 2011**	**30 June 2012**	**31 December 2011**
Interest rate swaps designated as held for trading				
Positive fair value of interest rate swaps designated as held for trading	39,727	39,442	31,878	34,064
Negative fair value of interest rate swaps designated as held for trading	(52,398)	(40,577)	(49,119)	(37,496)
Foreign exchange swaps designated as held for trading				
Positive fair value of foreign exchange swaps designated as held for trading	26,909	24,329	30,093	28,486
Negative fair value of foreign exchange swaps designated as held for trading	(10,578)	(52,810)	(10,847)	(48,163)
Interest rate swaps designated as fair value hedge				
Positive fair value of interest rate swaps designated in fair value hedge	1,604	2,329	(1,227)	3,526
Negative fair value of interest rate swaps designated in fair value hedge	(7,952)	(12,563)	(5,747)	(10,980)
CCIRS designated as held for trading				
Positive fair value of CCIRS designated as held for trading	48,559	56,312	46,609	57,825
Negative fair value of CCIRS designated as held for trading	(162,104)	(232,564)	(176,485)	(257,590)
Mark-to-market CCIRS designated as held for trading				
Positive fair value of mark-to-market CCIRS designated as held for trading	23,014	9,969	8,203	(7,925)
Negative fair value of mark-to-market CCIRS designated as held for trading	(468)	(5,577)	(488)	(10,950)
Other derivative contracts designated as held for trading				
Positive fair value of other derivative contracts designated as held for trading	6,226	16,566	3,937	14,742
Negative fair value of other derivative contracts designated as held for trading	(8,159)	(14,428)	(6,354)	(12,670)
Derivative financial assets total	**146,039**	**148,947**	**119,493**	**130,718**
Derivative financial liabilities total	**(241,659)**	**(358,519)**	**(249,040)**	**(377,849)**
Derivative financial instruments total	**(95,620)**	**(209,572)**	**(129,547)**	**(247,131)**

NOTE 37: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

c) Hedge accounting

The OTP Bank regularly enters into hedging transactions in order to decrease its financial risks. However some economically hedging transaction do not meet the criteria to account for hedge accounting, therefore these transactions were accounted as derivatives held for trading.

The summary of the hedging transactions of the Bank are as follows:

As at 30 June 2012

Types of the hedges	Description of the hedging instrument	Fair value of the hedging instrument	The nature of the risk being hedged
1) Cash flow hedges	-	-	-
2) Fair value hedges	IRS	HUF (6,348) million	Interest rate
3) Net investment hedge in foreign operations	-	-	-

As at 31 December 2011

Types of the hedges	Description of the hedging instrument	Fair value of the hedging instrument	The nature of the risk being hedged
1) Cash flow hedges	-	-	-
2) Fair value hedges	IRS	HUF (10,234) million	Interest rate
3) Net investment hedge in foreign operations	-	-	-

d) Fair value hedges

1. Deposits from customers

The interest payment cash-flows of some structured deposits of the OTP Bank denominated in HUF and EUR are exposed to the change of equity prices, equity indices or the change of EUR/HUF exchange rate. In order to hedge the interest rate risk of the interest payments the OTP Bank entered into interest rate swap transactions, where the risk of the cash-flow's from the structured deposits were swapped to payments linked to 3 month BUBOR or EURIBOR, resulting in a decrease in the fair value exposure of the deposits from customers.

	30 June 2012	31 December 2011
Fair value of the hedging instruments	393	70

2. Securities available-for-sale

The OTP Bank holds fixed interest rate securities denominated in foreign currencies within the available-for-sale portfolio. These fixed interest rate securities are exposed to the fair value risk driven by the changes in the risk-free interest rates. In order to hedge the interest rate risk of the cash-flows the OTP Bank entered into pay fixed-receive floater interest rate swap transactions, where the risk from the cash-flows of the securities are swapped to payments linked to 3 or 12 month EURIBOR, resulting in a decrease in the fair value exposure of the securities available-for-sale.

	30 June 2012	31 December 2011
Fair value of the hedging instruments	(1,212)	(715)

NOTE 37: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

d) Fair value hedges [continued]

3. Loans to customers

The OTP Bank has fixed interest rate loans denominated in various currencies. These fixed interest rate loans are exposed to fair value risk of changes of risk-free interest rates. In order to hedge the interest rate risk of the cash-flows the OTP Bank entered into pay-fixed, receive-floater interest rate swap transactions, where the risk of the payments from the loans are swapped to payments linked to 3 month EURIBOR or BUBOR resulting in a decrease in the interest-rate fair value exposure of the loans to customers.

	30 June 2012	31 December 2011
Fair value of the hedging instruments	(554)	(21)

4. Issued securities

The cash-flows of the structured securities issued by the OTP Bank are exposed to the change in the EUR/HUF foreign exchange rate and the risk of change in the risk-free interest rates of EUR and HUF. The interest rate risk and foreign exchange risk related to these securities are hedged with EUR and HUF IRS transactions, where the indexed rate cash-flows were swapped to payments linked to 3 month EURIBOR or BUBOR, resulting a decrease in the interest rate and foreign exchange exposure of issued securities.

	30 June 2012	31 December 2011
Fair value of the hedging instruments	(4,975)	(9,568)

NOTE 37: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

d) Fair value hedges [continued]

As at 30 June 2012

Types of hedged items	Types of hedging instruments	Fair value of the hedged items	Fair value of the hedging instruments	Gains/losses attributable to the hedged risk	
				on the hedged items	on the hedging instruments
Securities available-for-sale	IRS	HUF 19,455 million	HUF (1,212) million	HUF 497 million	HUF (497) million
Loans to customers	IRS	HUF 16,121 million	HUF (554) million	HUF 533 million	HUF (533) million
Deposits from customers	IRS	HUF 18,476 million	HUF 393 million	HUF (323) million	HUF 323 million
Liabilities from issued securities	IRS	HUF 78,548 million	HUF (4,975) million	HUF (4,593) million	HUF 4,593 million

As at 31 December 2011

Types of hedged items	Types of hedging instruments	Fair value of the hedged items	Fair value of the hedging instruments	Gains/losses attributable to the hedged risk	
				on the hedged items	on the hedging instruments
Securities available-for-sale	IRS	HUF 17,694 million	HUF (715) million	HUF 587 million	HUF (587) million
Loans to customers	IRS	HUF 23,495 million	HUF (21) million	HUF (1,217) million	HUF 1,217 million
Deposits from customers	IRS	HUF 26,935 million	HUF 70 million	HUF (131) million	HUF 131 million
Liabilities from issued securities	IRS	HUF 130,429 million	HUF (9,568) million	HUF 12,329 million	HUF (12,329) million

NOTE 37: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

e) Fair value classes

Methods and significant assumptions used to determine fair value of the different classes of financial instruments:

- 1st Level: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2nd Level: inputs other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly;
- 3rd Level: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

As at 30 June 2012	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value through profit or loss	248,453	103,055	145,398	-
from this: securities held for trading	*104,018*	*103,050*	*968*	-
from this: positive FVA of derivative financial instruments designated as held for trading	*144,435*	*5*	*144,430*	-
Securities available-for-sale	1,916,686	1,060,333	856,353	-
Positive FVA of derivative financial instruments designated as hedge accounting relationship	1,604	-	1,604	-
Financial assets measured at fair value total	**2,166,743**	**1,163,388**	**1,003,355**	**-**
Negative FVA of derivative financial instruments designated as held for trading	233,707	29	233,678	-
Negative FVA of derivative financial instruments designated as hedge accounting relationship	7,952	-	7,952	-
Financial liabilities measured at fair value total	**241,659**	**29**	**241,630**	**-**

As at 31 December 2011	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value through profit or loss	271,494	121,245	138,493	11,756
from this: securities held for trading	*124,876*	*121,192*	*3,684*	-
from this: positive FVA of derivative financial instruments designated as held for trading	*146,618*	*53*	*134,809*	*11,756*
Securities available-for-sale	1,670,924	749,151	921,773	-
Positive FVA of derivative financial instruments designated as hedge accounting relationship	2,329	-	2,329	-
Financial assets measured at fair value total	**1,944,747**	**870,396**	**1,062,595**	**11,756**
Negative FVA of derivative financial instruments designated as held for trading	345,955	4	290,727	55,224
Negative FVA of derivative financial instruments designated as hedge accounting relationship	12,563	-	12,563	-
Financial liabilities measured at fair value total	**358,518**	**4**	**303,290**	**55,224**

NOTE 37: FAIR VALUE OF FINANCIAL INSTRUMENTS (in HUF mn) [continued]

e) *Fair value classes [continued]*

Movements in level 3 financial instruments measured at fair value

EUR/CHF cross currency swap (CCIRS) portfolio

According to the risk management policies the Bank holds EUR/CHF cross currency swap portfolio with a notional totaling CHF 2,756 million (HUF 705,673 million equivalent), in order to hedge its foreign currency denominated mortgage loan portfolio's fx risk. These deals do not fulfill the IFRS requirements of hedge accounting, and so they are classified as held for trading.

In the second half of the year 2011 the EUR/CHF cross currency swap spreads speculation has previously unexpected volatility, which significantly differed from spreads on which the Bank could execute deals and therefore market quotations cannot be used for estimating the fair value of the Bank's CCIRS portfolio.

For the above mentioned reasons, the Bank has classified these deals to 3rd level in the valuation of financial instruments in IFRS in the last quarter of 2011, and applied non-market observable inputs, which resulted a more reliable valuation. In the first half of 2012 due to decrease of volatility of market spreads, the reliable market observable quotations allowed the Bank to transfer these deals back to 2nd level in the valuation of financial instruments in IFRS

The following table shows a reconciliation of the opening and closing amount of Level 3 financial assets and liabilities which are recorded at fair value:

Movements for the six month period ended 30 June 2012	Opening balance as at 31 December 2011	Transfer as at 30 June 2012	Closing balance as at 30 June 2012	Total profit or loss as at 30 June 2012
Positive FVA of derivative financial instruments designated as held for trading	11,756	9,712	-	(2,044)
Financial assets measured at fair value total	**11,756**	**9,712**	**-**	**(2,044)**
Negative FVA of derivative financial instruments designated as held for trading	(55,224)	(33,244)	-	21,980
Financial liabilities measured at fair value total	**(55,224)**	**(33,244)**	**-**	**21,980**

NOTE 38: RECONCILIATION OF FINANCIAL STATEMENTS PREPARED UNDER HAS AND FINANCIAL STATEMENTS PREPARED UNDER IFRS (in HUF mn)

	Retained Earnings and Reserves 1 January 2012	Net profit for the six month period ended 30 June 2012	Dividend	Direct Movements on Reserves	Retained Earnings and Reserves as at 30 June 2012
Financial Statements in accordance with HAS	**1,000,261**	**30,316**	**(16,800)**	**(7,207)**	**1,006,570**
Reversal of statutory general provision	41,238	(2,227)	-	-	39,011
Premium and discount amortization of financial instruments measured at amortised cost	(419)	592	-	-	173
Effect of redemption of issued securities	24,770	(3,146)	-	-	21,624
Differences in carrying value of subsidiaries	34,115	(7,855)	-	7,855	34,115
Difference in accounting for finance leases	(2,542)	209	-	-	(2,333)
Effects of using effective interest rate method	5,606	(110)	-	-	5,496
Fair value adjustment of held for trading and available-for-sale financial assets	(39,470)	1,845	-	17,011	(20,614)
Fair value adjustment of derivative financial instruments	39,814	(4,963)	-	-	34,851
Reversal of statutory goodwill	40,596	-	-	-	40,596
Revaluation of investments denominated in foreign currency to historical cost	(39,442)	26,757	-	-	(12,685)
Difference in accounting of security lending	(17,559)	(4,607)	-	-	(22,166)
Treasury share transaction	-	108	-	(108)	-
Reclassification of direct charges to reserves (self-revision)	-	648	-	(648)	-
Share-based payment	-	(2,540)	-	2,540	-
Payments to ICES holders	20,929	(2,056)	-	(1,530)	17,343
OTP-MOL share swap transaction	(50,883)	(4,585)	-	-	(55,468)
Escrow account loan	-	(96)	-	-	(96)
Banking tax	-	(12,175)	-	-	(12,175)
Deferred taxation	(3,355)	6,812	-	(2,551)	906
Dividend paid for 2011	28,000	-	(28,000)	-	-
Dividend payable in 2012	-	-	16,800	-	16,800
Financial Statements in accordance with IFRS	**1,081,659**	**22,927**	**(28,000)**	**15,362**	**1,091,948**

NOTE 39: SIGNIFICANT EVENTS DURING THE SIX MONTH PERIOD ENDED 30 JUNE 2012

1) Term Loan Facility

See details in Note 15.

2) Partial cancellation of EUR 125 million subordinated notes

See details in Note 18.

3) Escrow account loan

Escrow account loan is an appropriation established by the Hungarian Government to help FX mortgage debtors during the repayment of FX mortgage loans to finance the instalment-proportion non-paid by debtors arising from the difference between the fixed and the exceeding actual spot exchange rate. Escrow account loan is paid in HUF backing joint and several state guarantee during the fixed exchange rate period. During the fixed exchange rate period the Hungarian Government is refunding credit institutions the full proportion of monthly instalments of retail FX mortgage loans above the fixed exchange rate. However credit institutions are obliged to off-set 50% of the refunded amount – exempted receivable – for the year of 2012 by paying it back to the central budget as credit institutions' contribution. In the financial statements according to Hungarian accounting standards supplies are recognised as realised loss.

In the financial statements according to IFRS the credit institutions' contribution must be increased by expected loss (50% of receivable) from loans reported until 30 June 2012 regarding the fact that the Hungarian Government refunds the 100% of exempted receivable. Furthermore provision for impairment on expected losses from reported contracts following 30 June 2012, was recognised in IFRS.

NOTE 40: POST BALANCE SHEET EVENTS

1) Term Loan Facility

See details in Note 15.

2) Class action against OTP Bank initiated by "The Victims of Hungarian Holocaust"

See details in Note 27.

NOTE 41: STATEMENT OF THE GLOBAL, THE EUROPEAN AND THE HUNGARIAN ECONOMIC SITUATION AND IMPLICATIONS ON THE BANK'S FINANCIALS (in HUF mn)

In the first half of 2012 operating environment remained weak, although the risk assessment of Hungary improved.

In the first half of 2012 the Hungarian economy contracted by 1% compared to the same period of 2011. On the production side, the export-driven manufacturing industry could not contribute positively to the economic growth, as opposed to the previous periods. On the consumption side, both households' consumption and investments declined, and dynamics of export moderated significantly. The change of net export remained positive, owing mainly to the drop of import demand. The key measures of the revised convergence plan called "Széll Kálmán 2.0", as well as the major targets of the draft 2013 budget are focusing on maintaining a balanced budget and increasing employment rate.
In the first half of 2012 the Hungarian forint was one of the best performing currencies. Against the EUR HUF strengthened 7%, against the CHF it appreciated by 6% since the beginning of the year. HUF showed a strengthening against currencies of the foreign subsidiaries, too. Both against the Russian rouble and the Bulgarian leva it strengthened by 7%, against the Ukrainian hrivna by 5%, against the Romanian ley by 10%. Compared to 31 December 2011 Hungarian government securities benchmark yields came down significantly. In case of short maturities yields declined by 50-70 basispoints ("bps), in case of maturities beyond 1 year by 150-190 bps. The sovereign CDS spread narrowed noticeably during the first half of 2012 and declined to close to 500 bps. Improving market sentiment to a great extent was induced by positive expectations about the renewed dialogue with International Monetary Fund ("IMF").

OTP Bank continued to focus its activity on stable operation by maintaining robust capital position and significant liquidity reserves as well as implementing prudent risk management and monitoring practices in line with the deteriorating loan portfolio.

- One of the direct consequences of the crisis started late 2008 was the generally weak loan demand in OTP Bank's Hungarian markets. The Hungarian market was still suffering from weak loan demand. The gross loan volumes of OTP Core[1] continued eroding gradually by 4% from 31 December 2011 to 30 June 2012 (adjusted for the FX-effect). The decline of the mortgage loan book was 6% from 31 December 2011 to 30 June 2012 to a great extent and this decline reflects the negative impact of the Hungarian FX mortgage repayment.

  The Hungarian FX mortgage book dropped by HUF 217 billion as a result of the early repayment (in 2011 by HUF 110 billion, in the first quarter of 2012 by HUF 107 billion). The volume decline of FX mortgages was counterbalanced to some extent by newly sold forint refinancing loans. By 28 February 2012, their total amount reached HUF 64 billion, out of which HUF 41 billion was disbursed to own clients; the remaining part was sold to clients of other banks.

  In the first half of 2012 loans to corporate and municipal clients eroded by 2%. The only part of the portfolio which showed remarkable growth was the SME segment, where 7% expansion was reached from the end of 2011 to 30 June of 2012.

- Based on the Country Protection Action Plan of the Hungarian Government announced on 12 September 2011, FX mortgage loans of Hungarian households could get repaid at off-market rates in the period between 29 September 2011 and 28 February 2012, provided that certain eligibility criteria were met. The early repayment program had a total negative impact on consolidated net earnings of HUF 33.4 billion. In accordance with accounting standards, out of the total impact HUF 31.6 billion was recognised in 2011 and HUF 1.8 billon in the first quarter of 2012.

  The total prepayment-related HUF 33.4 billion loss consisted of four items. On one hand HUF 65.1 billion credit loss was stemming from the difference between the book value and the fixed exchange rate implied value of prepaid loans. The corporate income tax effect of that loss was a tax saving of HUF 12.4 billion. Furthermore, a HUF 3.3 billion after tax revaluation gain was realised on the FX position purchased from the NBH for hedging purposes. Finally, the OTP Bank also realised a prepayment related 30% banking tax refund of HUF 16.0 billion (after corporate tax).

[1] OTP Group reports its Hungarian core banking business activity under the brand „OTP Core". Financials for OTP Core are calculated from the consolidated financial statements of the companies engaged in OTP Group's underlying banking operation in Hungary. These companies include OTP Bank Hungary Plc, OTP Mortgage Bank Ltd, OTP Buildig Society Ltd, OTP Factoring Ltd, OTP Financing Netherlands B.V. and OTP Holding Ltd. The consolidated accounting result of these companies are segmented into OTP Core and Corporate Centre, the latter being a virtual entity responsible for rendering debt and capital market related services to the subsidiaries across OTP Group.

NOTE 41: STATEMENT OF THE GLOBAL, THE EUROPEAN AND THE HUNGARIAN ECONOMIC SITUATION AND IMPLICATIONS ON THE BANK'S FINANCIALS (in HUF mn) [continued]

By the end-February 2012 deadline around 36 thousands clients of OTP Core and OTP Real Estate Leasing Ltd.made use of the prepayment option, which represents 19.7% of the total 184 thousand FX loan contracts outstanding at the beginning of the programme. The total prepaid loan book amounted to HUF 217 billion representing 19.9% of the FX mortgage books of the two companies (at FX rates of 30 September 2011).

- Since the beginning of the crisis OTP Bank accumulated a significant liquidity buffer. By 30 June 2012, the volume of operating liquidity (measured by the liquid asset surplus within one month plus the repo value of government bonds, covered bonds and municipal bonds) reached EUR 5 billion – a size that would be more than enough to pay back all external FX obligations of the OTP Bank.

- The worsening of the loan quality continued and was coupled with elevated risk cost. In the first half of 2012 the ratio of loans in more than 90 days of delinquency ("DPD90+ ratio") increased further to 15.8% from 13.6% as at 31 December 2011. The pace of deterioration accelerated again as the favourable tendency of slowing portfolio deterioration, which characterised the year of 2011, broke. This negative development partly reflects the delayed effect of HUF weakening in the end of 2011 and of deteriorating corporate loans in the Hungarian book. Despite the high semi-annual risk costs, in the first half of 2012 the provision coverage of the DPD90+ loan book declined by 0.8% and reached 78.3%.

- Keeping strong capital position remained among top priorities for OTP Bank in the first half of 2012. The capital adequacy ratio of OTP Bank under hungarian accounting standards stood at 18.6% as at 30 June 2012, compared to 17.9% as at 31 December 2011. The Tier 1 ratio improved from 15.8% to 16.7% in the first half of 2012. The improvement is explained by the decreasing risk weighted assets as well as the higher regulatory capital. During the first six month period ended 30 June 2012 dividend income from subsidiaries contributed in the amount of HUF 43 billion to the improving capital position of OTP Bank. In the six month period ended 30 June 2012 OTP Bank Romania received a capital injection of HUF 9 billion equivalent, while the capital of the Serbian and Montenegrin subsidiary was increased through converting subordinated debt provided by OTP Bank into ordinary shares by HUF 6 and 3 billion, respectively.

- In the first half of 2012 a one-off positive tax shield impact emerged in relation to the impairment of the investments into the Serbian and Montenegrin subsidiaries recognised on the separate balance sheet of OTP Bank. The impairments under hungarian accounting standards amounted to HUF 15 billion and HUF 5.9 billion, respectively. Though on the consolidated level these impairments had no direct effect either on the balance sheet or in the profit and loss, there was a positive tax shield of HUF 4 billion that added to the Group's accounting profit according to IFRS.

- Concerning OTP Bank and OTP Mortgage Bank, in the six month period ended 30 June 2012 there were no rating changes. There was a single rating action taken by Fitch Ratings: on 12 January 2012 OTP Bank's Support Rating '3' was affirmed.