OTP BANK PLC.

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

***FOR SIX MONTH PERIOD ENDED
30 JUNE, 2007***

OTP BANK PLC.

CONTENTS

OTP BANK PLC.
CONSOLIDATED BALANCE SHEETS
AS AT 30 JUNE 2007 (UNAUDITED), 31 DECEMBER 2006 (AUDITED) AND 30 JUNE 2006 (UNAUDITED)
(in HUF mn)

	Note	*30 June 2007*	*31 December 2006*	*30 June 2006*
Cash, due from banks and balances with the National Bank of Hungary	4	292,495	532,625	480,341
Placements with other banks, net of allowance for placement losses	5	654,212	602,615	456,567
Financial assets at fair value through statements of operations	6	201,112	110,576	67,092
Securities available-for-sale	7	462,459	489,250	403,586
Loans, net of allowance for loan losses	8	4,834,832	4,347,091	3,575,435
Accrued interest receivable		64,352	54,223	39,502
Equity investments	9	8,659	70,939	9,123
Securities held-to-maturity	10	399,989	268,280	289,535
Premises, equipment and intangible assets, net	11	509,606	464,716	266,365
Other assets	12	164,394	157,111	147,717
TOTAL ASSETS		**7,592,110**	**7,097,426**	**5,735,263**
Due to banks and deposits from the National Bank of Hungary and other banks	13	684,414	660,417	449,774
Deposits from customers	14	4,364,756	4,232,153	3,715,398
Liabilities from issued securities	15	940,008	781,315	569,222
Accrued interest payable		78,790	46,011	32,377
Other liabilities	16	388,283	338,591	318,360
Subordinated bonds and loans	17	293,481	250,726	51,383
TOTAL LIABILITIES		**6,749,732**	**6,309,213**	**5,136,514**
Share capital	18	28,000	28,000	28,000
Retained earnings and reserves	19	870,790	820,819	629,514
Treasury shares	20	(61,537)	(63,716)	(59,739)
Minority interest	21	5,125	3,110	974
TOTAL SHAREHOLDERS' EQUITY		**842,378**	**788,213**	**598,749**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**7,592,110**	**7,097,426**	**5,735,263**

The accompanying notes to consolidated financial statements on pages 7 to 58 form an integral part of these consolidated financial statements.

OTP BANK PLC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2007 AND 2006 (UNAUDITED) AND FOR THE YEAR ENDED 31 DECEMBER 2006 (AUDITED)
(in HUF mn)

	Note	*Six month period ended 30 June 2007*	*Six month period ended 30 June 2006*	*Year ended 31 December 2006*
Interest Income:				
Loans		268,236	179,696	387,653
Placements with other banks		43,009	31,014	79,409
Due from banks and balances with the National Bank of Hungary		6,439	13,653	25,937
Securities held for trading		4,014	1,103	2,593
Securities available-for-sale		16,119	12,070	28,746
Securities held-to-maturity		16,366	9,052	18,479
Total Interest Income		*354,183*	*246,588*	*542,817*
Interest Expense:				
Due to banks and deposits from the National Bank of Hungary and other banks		37,696	41,330	41,028
Deposits from customers		84,359	46,037	107,060
Liabilities from issued securities		23,774	13,817	34,321
Subordinated bonds and loans		7,831	951	4,464
Total Interest Expense		*153,660*	*102,135*	*186,873*
NET INTEREST INCOME		**200,523**	**144,453**	**355,944**
Provision for loan and placement losses	5,8	28,113	9,289	28,559
NET INTEREST INCOME AFTER PROVISION FOR LOAN AND PLACEMENT LOSSES		**172,410**	**135,164**	**327,385**
Non-Interest Income				
Fees and commissions		88,737	69,309	145,015
Foreign exchange gains, net		8,421	19,060	(11,884)
Gains and losses on securities, net		6,839	435	6,900
Gains on real estate transactions, net		847	688	1,292
Dividend income and gains and losses of associated companies		605	508	901
Insurance premiums		37,807	37,844	75,554
Other		20,915	8,148	24,940
Total Non-Interest Income		*164,171*	*135,992*	*242,718*
Non-Interest Expenses:				
Fees and commissions		18,155	14,351	32,116
Personnel expenses		71,316	49,125	106,804
Depreciation and amortization	11	17,529	12,925	26,464
Insurance expenses		32,094	29,534	60,866
Other	22	74,534	54,103	125,251
Total Non-Interest Expense		*213,628*	*160,038*	*351,501*
INCOME BEFORE INCOME TAXES		**122,953**	**111,118**	**218,602**
Income taxes	23	(21,755)	(18,197)	(31,506)
INCOME AFTER INCOME TAXES		**101,198**	**92,921**	**187,096**
Minority interest		(181)	75	(45)
NET INCOME		**101,017**	**92,996**	**187,051**
Consolidated earnings per share (in HUF)				
Basic	36	**385**	**359**	**722**
Diluted	36	**364**	**358**	**714**

OTP BANK PLC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2007 AND 2006 (UNAUDITED) AND FOR THE YEAR ENDED 31 DECEMBER 2006 (AUDITED)
(in HUF mn)

	Note	*Six month period ended 30 June 2007*	*Six month period ended 30 June 2006*	*Year ended 31 December 2006*
OPERATING ACTIVITIES				
Income before income taxes		**122,953**	**111,118**	**218,602**
Adjustments to reconcile income before income taxes to net cash provided by operating activities				
Income tax paid		(19,614)	(15,465)	(47,072)
Depreciation and amortization	11	17,529	12,925	26,464
Provision for loan and placement losses	5,8	28,113	9,289	28,559
Provision for permanent diminution in value of equity investments	9	(44)	(1,963)	(1,892)
Provision/(Release of allowance) for losses on other assets	12	941	193	814
Release of allowance for losses on off-balance sheet commitments and contingent liabilities, net	16	3,549	100	6,982
Net increase in insurance reserves		8,306	17,357	32,253
Share-based compensation	2,26	2,562	2,765	5,927
Unrealised losses on fair value adjustment of securities held for trading		62	(3,192)	1,465
Unrealised losses/(gains) on fair value adjustment of derivative financial instruments		908	16,222	(17,137)
Changes in operating assets and liabilities				
Net changes in financial assets through statements of operations		(90,161)	(15,006)	(6,297)
Net (increase)/decrease in accrued interest receivables		(9,231)	(1,602)	(10,059)
Net (increase)/decrease in other assets, excluding advances for investments and before allowance for losses		(4,863)	(73,642)	(80,271)
Net decrease/(increase) in accrued interest payable		32,658	7,468	16,801
Net increase in other liabilities		11,405	15,771	43,969
Net Cash Provided by Operating Activities		**105,073**	**82,338**	**219,108**
INVESTING ACTIVITIES				
Net (increase) in placement with other bank before provision for placement losses		16,841	(14,637)	(80,699)
Net decrease/(increase) in securities available-for-sale		32,398	1,144	(78,636)
Net (increase) in equity investments, before provision for permanent diminution in value		62,541	5,197	(56,678)
Net cash outflow from acquisition of subsidiaries		(58,303)	(3,361)	(243,703)
Net decrease in debt securities held-to-maturity		(130,422)	268	21,526
Net (increase)/decrease in advances for investments, included in other assets		(339)	(58)	(255)
Net (increase) in loans, before provision for loan losses		(401,904)	(391,394)	(601,625)
Net additions to premises, equipment and intangible assets		(16,343)	(42,572)	(38,050)
Net Cash Used in Investing Activities		**(495,531)**	**(445,413)**	**(1,078,120)**

NATIONAL SAVINGS AND COMMERCIAL BANK PLC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2007 AND 2006 (UNAUDITED) AND FOR THE YEAR ENDED 31 DECEMBER 2006 (AUDITED)
(in HUF mn)
[continued]

	Note	*Six month period ended June 30, 2007*	*Six month period ended June 30, 2006*	*Year ended December 31, 2006*
FINANCING ACTIVITIES				
Net increase in due to banks and deposits from the National Bank of Hungary and other banks		4,729	84,725	86,294
Net increase in deposits from customers		(2,345)	283,651	359,754
Net increase in liabilities from issued securities		158,693	25,762	220,626
Increase/(decrease) in subordinated bonds and loans		42,755	4,360	192,476
Increase/(decrease)of minority interest		(101)	54	(414)
Foreign currency translation gains/(losses)		(12,232)	21,950	(8,478)
Issue of equity instrument (ICES)		(1,765)	--	120,305
Net change in treasury shares		497	(5,198)	(6,998)
Net (decrease)/increase in compulsory reserves at National Bank of Hungary	4,28	(905)	(10,251)	(14,772)
Dividends paid		(39,903)	(55,079)	(55,119)
Net Cash Provided by Financing Activities		**149,423**	**349,974**	**893,674**
Net Increase in Cash and Cash Equivalents		**(241,035)**	**(13,101)**	**34,662**
Cash and cash equivalents as at January 1		396,658	361,996	361,996
Cash and Cash Equivalents as at end of period		**155,623**	**348,895**	**396,658**

Analysis of cash and cash equivalents opening and closing balance

	Note			
Cash, due from banks and balances with the National Bank of Hungary	4,28	532,625	483,191	483,191
Compulsory reserve established by the National Bank of Hungary	4,28	(135,967)	(121,195)	(121,195)
Cash and cash equivalents as at January 1		**396,658**	**361,996**	**361,996**
Cash, due from banks and balances with the National Bank of Hungary	4,28	292,495	480,341	532,625
Compulsory reserve established by the National Bank of Hungary	4,28	(136,872)	(131,446)	(135,967)
Cash and cash equivalents as at end of period		**155,623**	**348,895**	**396,658**

OTP BANK PLC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2007 AND 2006 (UNAUDITED)
(in HUF mn)

	Note	Share Capital	Retained Earnings and Reserves	Treasury Shares	Minority interest	Total
Balance as at 1 January 2006		28,000	572,567	(53,586)	491	547,472
Net income		--	92,996	--	--	92,996
Fair value adjustment of securities available-for-sale recognised directly through equity		--	(6,753)	--	--	(6,753)
Share-based payment	26	--	2,765	--	--	2,765
Dividend for the year 2005		--	(55,160)	--	--	(55,160)
Gain on sale of treasury shares		--	955	--	--	955
Change in carrying value of treasury shares		--	--	(6,153)	--	(6,153)
Derivative financial instruments designated as cash-flow hedge		--	194	--	--	194
Foreign currency translation gain		--	21,950	--	--	21,950
Minority interest		--	--	--	483	483
Balance as at June 30, 2006		28,000	629,514	(59,739)	974	598,749
Balance as at 1 January 2007		28,000	820,819	(63,716)	3,110	788,213
Net income		--	101,017	--	--	101,017
Fair value adjustment of securities available-for-sale recognised directly through equity		--	4,669	--	--	4,669
Share-based compensation	26	--	2,562	--	--	2,562
Dividend for the year 2006		--	(40,320)	--	--	(40,320)
Profit on sale of treasury shares		--	(1,682)	--	--	(1,682)
Sale and purchase of treasury shares		--	--	2,179	--	2,179
Derivative financial instruments designated as cash-flow hedge		--	(2,557)	--	--	(2,557)
Issue of equity instrument (ICES)	19		(1,765)			(1,765)
Foreign currency translation gain		--	(12,233)	--	--	(12,233)
Deferred tax		--	280	--	--	280
Minority interest		--	--	--	2,015	2,.015
Balance as at 30 June 2007		28,000	870,790	(61,537)	5,125	842,378

NOTE 1: ORGANIZATION AND BASIS OF CONSOLIDATED FINANCIAL STATEMENTS

1.1. General information

OTP Bank Plc. (the “Bank” or “OTP”) was established on 31 December 1990, when the predecessor State-owned company was transformed into a public liability company.

The Bank’s registered office address is 16 Nador Street, Budapest 1051.

In 1995, the Bank's shares were introduced to the Budapest and the Luxembourg stock exchanges and were also listed on SEAQ London and PORTAL (USA).

As at 30 June 2007 approximately 97.2% of the Bank’s shares were held by domestic and foreign private and institutional investors. The remaining shares are owned by employees (2%) and the Bank (0.8%).

The Bank and its subsidiaries (together the “Group”) provide a full range of commercial banking services through a wide network of 1,284 branches. The group has operations in Hungary, Bulgaria, Croatia, Slovakia, Romania, Ukraine, Serbia, and Russia.

As at 30 June 2007 the number of employees at the Group was 29,035. The average number of employees for the one year period ended 30 June 2007 was 28,802.

1.2. Accounting

The Group maintains its accounting records and prepares its statutory accounts in accordance with the commercial, banking and fiscal regulations prevailing in Hungary and in case of foreign subsidiaries in accordance with the local commercial, banking and fiscal regulations.

The Group’s functional currency is the Hungarian Forint ("HUF").

Due to the fact that the Bank is listed on international and national stock exchanges, the Bank is obliged to present its financial position according to the International Financial Reporting Standards in order to present the consolidated 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 International Financial Reporting Standards (IFRS). These standards and interpretations were previously called International Accounting Standards (IAS).

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (the “EU”). IFRS as adopted by the EU do not currently differ from IFRS as issued by the International Accounting Standards Board (IASB), except for portfolio hedge accounting under IAS 39 which has not been approved by the EU. As the Group does not apply portfolio hedge accounting under IAS 39, there is no impact on these consolidated financial statements, had it been approved by the EU at the balance sheet date.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1. Basis of Presentation

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

The presentation of consolidated financial statements in conformity with IFRS requires 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 of 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 financial statements.

2.2. Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into HUF at exchange rates quoted by the National Bank of Hungary (“NBH”), or if there is no official rate, at exchange rate quoted by OTP Bank as of the date of the consolidated 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 in the Consolidated Statement of Operations.

Net differences resulting from translating foreign currency financial statements of consolidated subsidiaries are presented as an element of retained earnings and reserves in the Consolidated Balance Sheet.

Effective for acquisitions after 31 March 2004 goodwill arising on acquisition is expressed in the functional currency of the foreign operation and translated at the closing rate in the consolidated balance sheet. The resulting exchange difference is presented as an element of retained earnings and reserves in the Consolidated Balance Sheet.

2.3. Principles of consolidation

Included in these consolidated financial statements are the accounts of those subsidiaries in which the Bank holds a controlling interest. The list of the major fully consolidated subsidiaries, the percentage of issued capital owned by the Bank and the description of their activities is provided in Note 30. However, certain subsidiaries in which the Bank holds a controlling interest have not been consolidated in accordance with IFRS because the effect of consolidating such companies is not material to the consolidated financial statements as a whole (see Note 2.10.).

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

2.4. Accounting for acquisitions

Upon acquisition, subsidiaries are accounted for under the purchase method of accounting. Any goodwill or negative goodwill arising on acquisition is recognized in the consolidated balance sheet and accounted for as indicated below.

The Group has applied IFRS 3 Business Combinations since 31 March 2004 for acquisitions after that date. Goodwill, which represents the residual cost of the acquisition after recognizing the acquirer's interest in the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is held as an intangible asset and recorded at cost less any accumulated impairment losses in the Consolidated Financial Statements.

Goodwill acquired in a business combination is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

Negative goodwill, when the acquirer's interest in the net fair value of the acquired identifiable net assets exceeds the cost of the business combination, is recognized immediately in the Consolidated Statement of Operations as other income.

2.5. Securities held-to-maturity

Investments in securities are accounted on a settlement date basis and are initially measured at fair value. At subsequent reporting dates, securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity securities) are measured at amortised cost, less any impairment losses recognised 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 recognised in each period represents a constant yield on the investment.

Held-to-maturity investments include securities, which the Group has the ability and intent to hold to maturity. Such securities comprise mainly securities issued by the Hungarian Government and mortgage bonds.

2.6. Financial assets at fair value through statements of operations

2.6.1. Securities held for trading

Investments in securities are accounted on a settlement date basis and are initially measured at fair value. Held for trading investments are measured at subsequent reporting dates at fair value. Unrealised gains and losses on held for trading securities are recognised in profit/loss and included in the Consolidated Statement of Operations for the period. Such securities consist of Hungarian and foreign discounted and interest bearing Treasury bills and government bonds and other securities. Other securities include shares in commercial companies, shares in investment funds.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

2.6.2. Derivative financial instruments

In the normal course of business, the Group is a party to contracts 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 and swap agreements. These financial instruments are used by the Group to hedge interest rate risk and currency exposures associated with its transactions in the financial markets.

Derivative financial instruments are initially measured at fair value and at subsequent reporting dates at their fair value. Fair values are obtained from quoted market prices, discounted cash flow models and options pricing models as appropriate. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit/loss and included in the Consolidated Statement of Operations 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 Consolidated Statement of Operations 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 Consolidated Statement of Operations.

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 recognised in the reserve among consolidated shareholders' equity. Amounts deferred in equity are transferred to the Consolidated Statement of Operations and classified as revenue or expense in the periods during which the hedged assets and liabilities affect the result for the period. The ineffective element of the hedge is charged directly to the Consolidated Statement of Operations.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management policy, 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 Consolidated Statement of Operations.

2.7. Securities available-for-sale

Investments in securities are accounted on a settlement date basis and are initially measured at fair value. Available-for-sale investments are measured at subsequent reporting dates at fair value. Unrealised gains and losses on available-for-sale financial instruments are recognised 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. Such securities consist of Hungarian and foreign discounted and interest bearing Treasury bills and government bonds and other securities. Other securities include shares in commercial companies, shares in investment funds, bonds issued by companies and mortgage bonds issued by other financial institutions.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

2.7. Securities available-for-sale [continued]

Available-for-sale securities are remeasured at fair value based on quoted prices or amounts 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 future cash flows and the unquoted equity instruments is measured at cost.

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 allowance for permanent diminution in value, when appropriate.

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, net of allowance for loan or placements losses, respectively. Interest is accrued and credited to income based on the principal amount outstanding. When a borrower is unable to meet payments as they come due or, in the opinion of the management, there is an indication that a borrower may be unable to meet payments as they come due, all unpaid interest is reversed and accruals are stopped.

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 assesment 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 loan and placement losses” in the profit and loss account. If the reason for provisioning is no longer deemed appropriate, the redundant provisioning charge is released into income.

2.9. Sale and repurchase agreements

Where debt or equity securities are sold under a commitment to repurchase them at a pre-determined price, they remain on the balance sheet and the consideration received is recorded in liabilities Due to Banks. Conversely, debt or equity securities purchased under a commitment to resell are not recognised in the balance sheet and the consideration paid is recorded in Placement with other Banks. Interest is accrued evenly over the life of the repurchase agreement.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

2.10. Associates and other investments

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. Shares which are intended to be disposed of are included among securities available-for-sale and measured at fair value.

Unconsolidated subsidiaries and associated companies that were not accounted for using the equity method and other investments where the Bank does not hold a controlling or significant interest are recorded at the cost of acquisition, less allowance for permanent diminution in value, when appropriate.

Gains and losses on the sale of equity investments are determined on the basis of the specific identification of the cost of each investment.

2.11. Premises, equipment and intangible assets

Premises, 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 them useful life. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets based on the following annual percentages:

Buildings	1 – 19.7%
Machinery and equipment	2.5 – 100%
Vehicles	3 – 100%
Leased assets	14 – 100%
Software	5 – 100%
Property rights	14.5 – 50%

Depreciation and amortization on premises, equipment and intangible assets commences on the day such assets are placed into service.

At each balance sheet date, the Group 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 any 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where the carrying value of premises, equipment and other tangible fixed assets is greater than the estimated recoverable amount, it is written down immediately to the estimated recoverable amount.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

2.12. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classifies as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the lease. Finance lease income in allocated to accounting periods so as to reflect a constant rate of return on the Group's net investment outstanding in respect of the leases. Direct costs such as commissions are included in the initial measurement of the finance lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

The Group as lessee

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 Consolidated Statement of Operations 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 Consolidated Statement of Operations on a straight-line basis over the term of the lease. 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 recognised as an expense in the period in which termination takes place.

2.13. Properties held for resale

Properties held for resale are accounted for at historical cost less allowance for permanent diminution in value and are included in Other assets in the Consolidated Balance Sheet. Properties held for resale include property held for sale in the normal course of business as a result of construction or development, real estate held due to work out of loans and property acquired exclusively with a view to subsequent disposal in the near future.

2.14. Insurance reserves

Insurance reserves are accrued for liabilities from life and non-life insurance contracts and are included in Other liabilities. The level of such reserves reflects the amount of future liabilities expected as at the date of the consolidated financial statements. The provision for outstanding claims and claim settlement expenses for non-life policies are based upon estimates of the expected losses for all classes of business. The reserve includes reported claims, claims incurred but not reported and claim adjustment expenses. This provision takes into account mortality factors within Hungary and other countries where insurance operations are conducted and is based upon mortality tables approved by regulatory authorities.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

2.15. Treasury shares

Treasury shares are purchased on the stock exchange and the over-the-counter market by the Bank and its subsidiaries and are presented in the Consolidated Balance Sheet at acquisiton cost as a deduction from consolidated shareholders' equity.

Gains and losses on the sale of treasury shares are credited or charged directly to consolidated retained earnings and reserves.

2.16. Interest Income and Interest Expense

Interest income and expense are recognised in the Consolidated Statement of Operations on an accrual basis. Revenue is recognised as the interest accrues using the effective interest method that is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

2.17. Fees and Commissions

Fees and commissions are recognised in the consolidated statement of operations on an accrual basis.

2.18. Income taxes

The annual taxation charge is based on the tax payable under fiscal regulations prevailing in the country where the company is incorporated, adjusted for deferred taxation.

Deferred taxation is accounted for, using the balance sheet liability method in respect of temporary differences in the tax bases of assets and liabilities and their carrying value for financial reporting purposes, measured at the tax rates that apply to the future period when the asset is expected to be realised or the liability is settled.

2.19. Off-balance sheet commitments and contingent liabilities

In the ordinary course of its business, the Group has entered into off-balance sheet commitments such as guarantees, commitments to extend credit and letters of credit and transactions with financial instruments. The provision for losses on commitments and contingent liabilities is maintained at a level adequate to absorb probable future losses. Management determines the adequacy of the allowance 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 Group recognises an allowance 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

2.20. Share-based compensation

The Bank has applied the requirements of IFRS 2 Share-based Payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002.

The Bank issues equity-settled share-based compensations to certain employees. Equity-settled share-based compensations are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based compensations 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.

2.21. Consolidated Statement of Cash Flows

For the purposes of reporting consolidated cash flows, cash and cash equivalents include cash, due from banks and balances with the National Bank of Hungary, excluding compulsory reserve established by the National Bank of Hungary. Consolidated cash flows from hedging activities are classified in the same category as the item being hedged.

2.22. Segment reporting

Segment information is based on two segments formats. The primary format represents the Group's geographical markets. The secondary format represents two business segments – banking (finance) and insurance.

Segment results include revenue and expenses directly attributable to a segment and the revelant portion of revenue and expenses that can be allocated to a segment, whether from external transactions or from transactions with other segments of the Group.

Unallocated items mainly comprise administrative expenses. Segment results are determined before any adjustments for minority interest.

Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment on a resonable basis. Segment assets are determined after deducting related adjustments that are reported as direct offsets in the Group's balance sheet.

2.23. Comparative figures

Certain amounts in the 2006 consolidated financial statements have been reclassified to conform to the current year presentation.

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

The presentation of 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. Actual results could differ from those estimates. Significant areas of subjective judgement include:

3.1. Impairment of Loans and Advances

The Group regularly assesses its loan portfolio for possible 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 market value of the relevant financial instruments.

3.3. Provisions

The Group is involved in a number of ongoing legal disputes. Based upon historical experience and expert reports, the Group assesses the developments in these cases, and the likelihood and the amount of potential financial losses which are appropriately provided for (see Note 16.).

3.4. Insurance liabilities

Insurance liabilities for life and non-life insurance contracts reflect the amount of future liabilities expected at the date of the consolidated financial statements. Such reserves are based on past experience, mortality tables and management estimates. Changes in these assumptions may affect the level of such liabilities.

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

	30 June 2007	*31 December 2006*
Cash on hand:		
In HUF	56,192	46,286
In foreign currency	58,087	52,471
	114,279	98,757
Due from banks and balances with the National Bank of Hungary:		
Within one year:		
In HUF	156,118	389,684
In foreign currency	22,098	44,184
	178,216	433,868
Total	292,495	532,625

Based on the requirements for compulsory reserve set by the National Bank of Hungary, the balance of compulsory reserves maintained by the Group amounted to HUF 145,031 million and HUF 135,967 million as at 30 June 2007 and 31 December 2006, respectively.

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

	30 June 2007	*31 December 2006*
Within one year:		
In HUF	49,119	37,808
In foreign currency	557,102	526,024
	606,221	563,832
Over one year:		
In HUF	3,000	3,000
In foreign currency	45,082	35,783
	654,303	38,783
Allowance for placement losses	91	--
Total	654,212	602,615

Placements of foreign subsidiaries with their respective National Banks amounted to HUF 221,632 million and HUF 184,799 million as at June 30, 2006 and December 31, 2005, respectively.

Placements with other banks in foreign currency as at 30 June 2007 and 31 December 2006 bear interest rates in the range from 0.75% to 11.93% and from 0.43% to 16.5%, respectively.

Placements with other banks in HUF as at 30 June 2007 and 31 December 2006 bear interest rates in the range from 2.3% to 9.31% and from 4.24% to 9.55%, respectively.

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

Allowance for placement losses HUF 91 million as at 30 June 2007 and there was no allowance for placement losses as at 31 December 2007.

NOTE 6: FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENTS OF OPERATIONS (in HUF mn)

	30 June 2007	*31 December 2006*
Securities held for trading:		
Discounted Treasury bills	17,902	1,562
Hungarian Government interest bearing Treasury bills	3,215	5,709
Government bonds	62,228	41,421
Corporate bonds	61,273	21,432
Mortgage bonds	700	574
Other securities	24,653	14,169
	169,971	84,867
Derivative financial instruments designated as held for trading	31,141	25,709
Total	201,112	110,576

Securities held for trading are measured at fair value in the financial statements of the Bank that is their book value.

Approximately 34% and 38% of the government bonds were denominated in foreign currency as at 30 June 2007 and 31 December 2006, respectively. Approximately 8%, 44%, 37% and 11% of this portfolio was denominated in USD, EUR, RUR and BGN as at 30 June 2007 and 19%, 21%, 48%, and 19% of this portfolio was denominated in USD, EUR, RUR and BGN as at 31 December 2006. Interest rates on securities held for trading are ranged from 2% to 11.2% and from 2.16% to 12.5% as at 30 June 2007 and 31 December 2006, respectively.

Interest conditions and the remaining maturities of held for trading securities can be analyzed as follows:

	30 June 2007	*31 December 2006*
Within five years		
with variable interest	13,181	1,136
with fixed interest	115,236	68,683
	128,417	69,819
Over five years		
with variable interest	2,971	3,249
with fixed interest	37,051	10,802
	40,022	14,051
Non-interest bearing securities	1,532	997
Total	169,971	84,867

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

	30 June 2007	*31 December 2006*
Available-for-sale securities:		
Government bonds	272,788	267,455
Discounted Treasury bills	45,234	112,143
Mortgage bonds	383	392
Other securities	144,083	109,289
	462,488	489,279
Provisions for securities available for sale	(29)	(29)
Total	462,459	489,250

Securities available-for-sale are measured at fair value in the financial statements of the Bank that is their book value.

Approximately 76.6% and 79% of the available-for-sale securities portfolio was denominated in HUF as at 30 June 2007 and 31 December 2006, respectively.

Approximately 17.3% and 20% of the government bonds were denominated in foreign currency as at 30 June 2007 and 31 December 2006, respectively. Approximately 7%, 46%, 30%, 16% and 1% of this portfolio was denominated in USD, EUR, HRK, BGN and SKK as at June 30, 2007, and 4%, 50%, 26%, 19% and 1% of this portfolio was denominated in USD, EUR, HRK, BGN and SKK as at 31 December 2006, respectively.

Interest rates on securities available-for-sale are ranged from 2% to 16.5% and from 2% to 28.8% as at 30 June 2007 and 31 December 2006, respectively.

Interest conditions and the remaining maturities of available-for-sale financial assets can be analyzed as follows:

	30 June 2007	*31 December 2006*
Within five years		
with variable interest	35,325	41,934
with fixed interest	283,017	315,660
	318,342	357,594
Over five years		
with variable interest	12,024	7,262
with fixed interest	99,557	91,384
	111,581	98,646
Non-interest bearing securities	32,565	33,039
Total	462,488	489,279

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

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

	30 June 2007	*31 December 2006*
Balance as at January 1	29	--
Provision for loan losses	--	29
Closing balance	29	29

Certain fixed-rate bonds mainly denominated in foreign currency are hedged by derivative financial instruments to reduce the exposure to interest rate risk or the changes in fair value of these assets. In the case of these transactions the hedging relationships is designated and HUF 684 million and HUF 1,527 million net loss that had been recognised directly in equity was removed from equity and recognised in the net profit and loss as at 30 June 2007 and as at 31 December 2006, respectively in line with IAS 39.
The fair value of these bonds hedged was HUF 20,944 and HUF 21,615 as at 30 June 2007 and as at 31 December 2006, respectively.

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

	30 June 2007	*31 December 2006*
Loans and trade bills within one year	1,427,545	1,338,653
Loans and trade bills over one year	3,559,053	3,136,049
	4,986,598	4,474,702
Allowance for loan losses	(151,767)	(127,611)
Total	4,834,831	4,347,091

Foreign currency loans represent approximately 63% and 59% of the total loan portfolio, before allowance for losses, as at 30 June 2007 and 31 December 2006, respectively.

Loans denominated in HUF, with maturity within one year as at 30 June 2007 and 31 December 2006, bear interest rates in the range from 6% to 30% and from 6% to 30%, respectively.

Loans denominated in HUF, with maturity over one year as at 30 June 2007 and 31 December 2006, bear interest rates in the range from 4% to 22.8% and from 4% to 22.8%, respectively.

Foreign currency loans as at 30 June 2007 and 31 December 2006, bear interest rates in the range from 1.5% to 39.5% and from 1.5% to 42%, respectively.

Approximately 4% and 4% of the gross loan portfolio represented loans on which interest is not being accrued as at 30 June 2007 and 31 December 2006, respectively.

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

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

	30 June 2007		*31 December 2006*	
Commercial loans	1,852,511	37%	1,609,989	36%
Municipality loans	247,905	5%	218,299	5%
Housing loans	1,619,182	33%	1,520,053	34%
Consumer loans	1,267,000	25%	1,126,361	25%
Total	4,986,598	100%	4,474,702	100%

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

	30 June 2007	*31 December 2006*
Balance as at January 1	127,611	105,920
Provision for loan losses	28,023	28,559
Write-offs	(2,761)	(6,718)
Foreign currency translation gain/(loss)	(1,106)	(150)
Closing balance	151,767	127,611

The Group issued fixed rate mortgage bonds with the face value of EUR 750 million to finance its mortgaging activity. Since the Group grants most of its mortgage loans in CHF, the Group entered into a cross currency interest rate swap (CCIRS) contract to hedge its exchange rate risk exposure. All conditions of the designated hedging relationship as described in IAS39 were met, hence HUF 328 million and HUF 568 million fair value adjustment was recognised in the Consolidated Statement of Operation for the six month period ended 30 June 2007 and the year ended 31 December 2006, respectively. The theoretical value of loans as designated hedged items is CHF 1,174 million.

NOTE 9: EQUITY INVESTMENTS (in HUF mn)

	30 June 2007	*31 December 2006*
Equity investments:		
Unconsolidated subsidiaries	5,590	2,975
Associated companies	823	632
Other	2,418	67,539
	8,831	71,146
Allowance for permanent diminution in value	(172)	(207)
Total	8,659	70,939
Total assets of unconsolidated subsidiaries	38,933	31,876

NOTE 9: EQUITY INVESTMENTS (in HUF mn) [continued]

An analysis of the change in the allowance for permanent diminution in value is as follows:

	30 June 2007	*31 December 2006*
Balance as at January 1	207	2,144
Write-offs	(44)	(1,978)
Provision for loan losses	--	(70)
Foreign currency translation gain/(loss)	9	25
Closing balance	172	207

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

	30 June 2007	*31 December 2006*
Government securities	203,716	218,688
Hungarian Government discounted Treasury Bills	16,684	28,452
Bonds issued by the National Bank of Hungary	161,315	--
Mortgage bonds	12,576	12,631
Other debt securities	5,777	8,509
	400,068	268,280

Interest conditions and the remaining maturities of investments in debt securities can be analysed as follows:

	30 June 2007	*31 December 2006*
Within five years		
with variable interest	30,125	30,773
with fixed interest	311,979	176,092
	342,104	206,865
Over five years		
with variable interest	34,516	37,246
with fixed interest	23,448	24,169
	57,964	61,415
Total	400,068	268,280

Approximately 87.3% and 81% of the debt securities portfolio was denominated in HUF as at 30 June 2007 and 31 December 2006, respectively. In most cases, interests on variable rate bonds are based on the interest rates of 90-day Hungarian Government Treasury bills and are adjusted semi-annually.

NOTE 10: HELD-TO-MATURITY INVESTMENTS (in HUF mn) [continued]

Interest rates on fixed interest securities denominated in HUF are ranged from 0.1% to 34.5% and from 2.2% to 10% as at 30 June 2007 and 31 December 2006, respectively. Interest on fixed rate and variable rate securities is, in most cases, paid semi-annually.

The fair value of held-to-maturity investments was HUF 401,441 million and HUF 267,589 million as at 30 June 2007 and 31 December 2006, respectively.

An analysis of the change in the allowance for permanent diminution in value is as follows:

	June 30 2007	*31 December 2006*
Balance as at January 1	--	--
Allowance on held-to-maturity investments	102	--
Release of allowance	(23)	(30)
Closing balance	79	--

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

For the six month period ended 30 June 2007:

Cost	Intangible assets	Land and buildings	Machinery and equipment	Construction in progress	Total
Balance as at January 1, 2007	346,370	110,186	111,398	13,537	581,491
Acquisition of subsidiary	--	--	--	--	--
Net additions	44,460	12,823	13,024	13,351	83,658
Foreign currency translation differences	(6,998)	(688)	(399)	(57)	(8,142)
Net disposals	67	(3,297)	(1,536)	(9,582)	(14,348)
Balance as at June 30, 2007	383,899	119,024	112,487	17,249	642,659
Depreciation and Amortization					
Balance as at January 1, 2007	40,410	15,404	61,261	--	116,775
Net charge	7,916	1,757	7,854	--	17,527
Foreign currency translation differences	(55)	(41)	(170)	--	(266)
Net disposals	102	(1,231)	146	--	(983)
Balance as at June 30, 2007	48,073	15,889	69,091	--	133,053
Net book value					
Balance as at January 1, 2007	306,260	94,781	50,137	13,537	464,715
Balance as at 30 June 2007	335,826	103,135	53,396	17,249	509,606

NOTE 11: PREMISES, EQUIPMENT AND INTANGIBLE ASSETS, NET (in HUF mn) [continued]

An analysis of the changes in the goodwill for the six month period ended 30 June 2007 is as follows:

	Goodwill
Cost	
Balance as at January 1, 2007	256,685
Additions	37,080
Foreign currency translation differences	(6,572)
Balance as at 30 June 2007	287,193
Net book value	
Balance as at January 1, 2007	256,685
Balance as at 30 June 2007	287,193

For the year ended 31 December 2006:

Cost	Intangible assets	Land and buildings	Machinery and equipment	Construction in progress	Total
Balance as at January 1, 2006	130,604	97,524	91,426	12,430	331,984
Acquisition of subsidiary	12,382	10,395	5,471	763	29,011
Net additions	211,853	17,464	26,635	19,020	274,972
Foreign currency translation differences	(5,725)	512	845	265	(4,103)
Net disposals	(2,744)	(15,709)	(12,979)	(18,941)	(50,373)
Balance as at 31 December 2006	346,370	110,186	111,398	13,537	581,491
Depreciation and Amortization					
Balance as at January 1, 2006	28,737	13,367	56,635	--	98,739
Net charge	13,534	4,078	10,191	--	27,803
Foreign currency translation differences	97	134	551	--	782
Net disposals	(2,258)	(2,175)	(6,116)	--	(10,549)
Balance as at 31 December 2006	40,110	15,404	61,261	--	116,775
Net book value					
Balance as at January 1, 2006	101,867	84,157	34,791	12,430	233,245
Balance as at 31 December 2006	306,260	94,782	50,137	13,537	464,716

NOTE 11: PREMISES, EQUIPMENT AND INTANGIBLE ASSETS, NET (in HUF mn) [continued]

An analysis of the changes in the goodwill for the year ended 31 December 2006 is as follows:

	Goodwill
Cost	
Balance as at January 1, 2006	70,765
Additions	191,827
Foreign currency translation differences	(5,907)
Balance as at 31 December 2006	(256,685)
Net book value	
Balance as at January 1, 2006	70,765
Balance as at 31 December 2006	256,685

NOTE 12: OTHER ASSETS (in HUF mn)

	June 30 2007	*December 31 2006*
Property held for sale	10,907	12,097
Due from Hungarian Government for interest subsidies	9,441	4,188
Trade receivables	21,944	10,752
Advances for securities and investments	1,105	766
Taxes recoverable	8,775	6,721
Inventories	8,541	4,724
Receivables from inventories	27,046	44,420
Other advances	9,512	8,835
Receivables from leasing activities	70,881	34,145
Receivables due from insurance bond holders	3,360	2,529
Receivables due from pension funds and fund management	1,707	1,614
Prepayments and accrued income	22,042	6,684
Receivables from investment services	1,682	889
Sundry clearing account recievables	41	32
Fair value of derivative financial instruments	2,743	2,107
Other	28,815	20,684
	228,582	161,187
Allowance for losses on other assets	(4,530)	(4,076)
Total	224,012	157,111

Allowance for losses on other assets mainly consists of allowances for receivables from leasing activities and inventories.

NOTE 12: OTHER ASSETS (in HUF mn) [continued]

An analysis of the change in the allowance for losses on other assets is as follows:

	June 30 2007	*December 31 2006*
Balance as at January 1	4,046	3,427
Charge/(Release) of allowance for losses on other assets	858	777
(Write-offs)/Credit	(56)	(59)
Foreign currency translation loss	(348)	(69)
Closing balance	4,530	4,076

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

	June 30 2007	*December 31 2006*
Within one year:		
In HUF	35,728	25,369
In foreign currency	313,355	318,880
	349,083	344,249
Over one year:		
In HUF	60,505	50,572
In foreign currency	274,826	265,596
	335,331	316,168
Total	684,414	660,417

Due to banks and deposits from the National Bank of Hungary and other banks payable in HUF within one year as at 30 June 2007 and 31 December 2006, bear interest rates in the range from 3.9% to 8.6% and from 4.38% to 12.27%, respectively.

Due to banks and deposits from the National Bank of Hungary and other banks payable in HUF over one year as at 30 June 2007 and 31 December 2006, bear interest rates in the range from 1.5% to 9.4% and from 3% to 12.27%, respectively.

Due to banks and deposits from the National Bank of Hungary and other banks payable in foreign currency within one year as at 30 June 2007 and 31 December 2006, bear interest rates in the range from 0.48% to 8.5% and from 0.43% to 12.68%, respectively.

Due to banks and deposits from the National Bank of Hungary and other banks payable in foreign currency over one year as at 30 June 2007 and 31 December 2006, bear interest rates in the range from 1.8% to 8.1% and from 0.5% to 10.5%, respectively.

NOTE 14: DEPOSITS FROM CUSTOMERS (in HUF mn)

	June 30 2007	*December 31 2006*
Within one year:		
In HUF	2,132,619	2,273,960
In foreign currency	1,996,096	1,825,429
	4,128,715	4,099,389
Over one year:		
In HUF	129,667	113,708
In foreign currency	106,374	19,056
	236,041	132,764
Total	4,364,756	4,232,153

Deposits from customers payable in HUF within one year as at 30 June 2007 and 31 December 2006, bear interest rates in the range from 0.2% to 12% and from 0.2% to 9%, respectively.

Deposits from customers payable in HUF over one year as 30 June 2007 and 31 December 2006, bear interest rates in the range from 1.5% to 6.5% and from 0.2% to 8.3%, respectively.

Deposits from customers payable in foreign currency within one year as at 30 June 2007 and 31 December 2006, bear interest rates in the range from 0.01% to 20.5% and from 0.05% to 18%, respectively.

Deposits from customers payable in foreign currency over one year as at 30 June 2007 and 31 December 2006, bear interest rates in the range from 0.05% to 19.6% and from 0.1% to 14.8%, respectively.

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

	June 30 2007		*31 December 2006*	
Commercial deposits	1,143,588	26%	1,098,083	26%
Municipality deposits	208,588	5%	221,315	5%
Consumer deposits	3,012,580	69%	2,912,755	69%
Total	4,364,756	100%	4,232,153	100%

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

	30 June 2007	*31 December 2006*
With original maturity:		
Within one year	31,444	56,377
Over one year	908,564	724,938
Total	940,008	781,315

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

27.52% and 58.35% of issued securities are denominated in HUF as at 30 June 2007 and 31 December 2006, and bear interest rates in the range from 0.3% to 10.5% and from 0.3% to 9.5%, respectively.

The Bank issued variable-rate bonds with the face value of EUR 500 million at 1 July 2005 due at 1 July 2010. Interest on these bonds is three months EURIBOR+0.16% quarterly.

The Bank issued variable-rate bonds with the face value of EUR 300 million at 20 December 2005 due to 20 December 2010 at 99.81%. Interest on these bonds is three months EURIBOR+0.15% quarterly.

On 26 February 2007 the Bank issued EUR 750 million floating rate note due 27 February 2009 at 99.87% under the EMTN program (European Medium Term Program). Interest on these bonds is three month EURIBOR + 0.125% that is payable quarterly.

An analysis of significant issued securities is as follows:

	30 June 2007	*31 December 2006*
Variable-rate Euro Bonds	380,973	201,713
Mortgage bonds	504,300	520,498
Other securities	54,735	59,103
Total	940,008	781,315

The Group issued fixed rate mortgage bonds with the face value of EUR 200 million. The Group entered into a cash-flow hedging cross currency interest rate swap (CCIRS) contract to hedge its exchange rate risk exposure. All conditions of the designated hedging relationship as described in IAS39 were met, hence HUF 2,258 million and HUF 1,153 million negative fair value adjustment was recognised in the Consolidated Shareholders' Equity as at 30 June 2007 and 31 December 2006, respectively.

NOTE 16: OTHER LIABILITIES (in HUF mn)

	30 June 2007	*31 December 2006*
Deferred tax liabilities	8,257	8,337
Taxes payable	14,263	9,003
Giro clearing accounts	28,683	29,873
Accounts payable	8,962	14,940
Insurance liabilities	170,913	162,607
Salaries and social security payable	15,475	14,060
Liability from security trading	22,173	9,467
Provision for losses on off-balance sheet commitments and contingent liabilities	19,285	15,156
Dividends payable	1,187	712
Advances received from customers	3,717	5,772
Accrued expenses	20,082	14,708
Loan for collection	1,613	1,674
Advancement of Government grants for housing purposes	1,689	5,355
Fair value of derivative financial instruments designated as hedge accounting relationship	10,366	3,715
Fair value of derivative financial instruments designated as held for trading	10,873	7,991
Liabilities from trading activities (repurchase agreement)	8,038	5,785
Other	42,716	33,954
Total	388,283	338,591

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

	30 June 2007	*31 December 2006*
Provision for litigation	4,764	4,413
Provision for losses on off-balance sheet commitments and contingent liabilities	9,612	6,663
Other provision for expected liabilities	4,758	3,929
Provision for housing warranties	151	151
Total	19,285	15,156

The provision for losses on other off-balance sheet commitments and contingent liabilities primarily relates to commitments stemming from guarantees and credit lines issued by the Bank and other Group companies.

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

NOTE 16: OTHER LIABILITIES (in HUF mn) [continued]

	30 June 2007	*31 December 2006*
Balance as at January 1	15,156	7,376
Changes of allowance for possible off-balance sheet commitments and contingent liabilities	3,549	6,982
Release of allowance for housing warranties	--	(509)
Additions through business combinations	659	1,357
Foreign currency translation differences	(79)	(50)
Closing balance	19,258	15,156

Movements in insurance liabilities can be summarized as follows:

	30 June 2007	*31 December 2006*
Balance as at January 1	162,607	130,354
Net increase in insurance liabilities	8,256	31,379
Increase because of acquisition	--	830
Foreign currency translation differences	50	44
Closing balance	170,913	162,607

NOTE 17: SUBORDINATED BONDS AND LOANS

In 1993, the Bank issued HUF 5 billion in bonds, which are subordinated to the other liabilities of the Bank and subscribed by the Hungarian Ministry of Finance. Interest on subordinated bonds and the frequency of payment of interests are based on condition of interest of 2013/C credit consolidated government bonds, which is a variable-rate bond, the interest payable and the rate of interest are fixed twice a year. The semi-annual interest payable was 4.36% as at 20 December 2002, 3.25% as at 20 June 2003, 4.8% as at 20 December 2003, 4.88% as at June 20, 2004 and 6.05% as at 20 December 2004, 5.46% as at 20 June 2005, 3.08% as at 20 December 2005. The original maturity was 20 years. The proceeds of the subordinated bonds were invested in Hungarian Government bonds with similar interest conditions and maturity.

In December 1996, the Bank obtained a USD 30 million and DEM 31.14 million (15.92 million in EUR) subordinated loan from the European Bank for Reconstruction and Development with the original maturity of December 27, 2006. The maturity date was modified to 27 August 2008 on 22 August 2003. The loan is unsecured, subordinate to the other liabilities and has a twelve-year maturity, with interest payable at six-month LIBOR + 1.4% from 27 December 1996 until 29 December 1997, at six-month LIBOR + 1.0% from 29 December 1997 until 28 June 1999, at six-month LIBOR + 1.7% from 28 June 1999 until 27 December 2003 and at six-month LIBOR + 1.35% from 28 December 2003 until 27 August 2008.

NOTE 17: SUBORDINATED BONDS AND LOANS [continued]

On 4 March 2005, the Bank issued EUR 125 million in bonds, which are subordinated to the other liabilities of the Bank. Interest on subordinated bonds is variable and payable at three-month EURIBOR + 0.55% quarterly. The original maturity of the bonds is 10 years.

On 31 October 2006 the Bank issued perpetual subordinated (UT2) bonds to finance acquisitions. The 500 EUR million nominal value bonds were issued at 99.375% of the face value with 7 November 2006 as payment date. The re-offer spread is 200 basis points over 10 year mid-swap. The bonds are perpetual and callable after year 10. The bonds bear a fixed coupon of 5.875%, with annual interest payments in the first 10 years, and a floating (variable) coupon of 3 months EURIBOR + 300 basis points per annum, quarterly thereafter. The bonds will be introduced to the Luxembourg Stock Exchange.

On 30 August 2006 the Bank updated EMTN Program (European Medium Term Note Program) and increased the Program amount from EUR 1 billion to EUR 3 billion.

Under the EMTN Program on 12 September 2006 the Bank issued fixed rate subordinated bonds in a total nominal value of EUR 300 million to finance acquisitions. The EUR 300 million nominal value bonds were issued at 100% of the face value with 19 September 2006 as payment date, and 19 September 2016 as maturity date. The bonds bear a coupon of 5.27%.

On 26 February 2007 the Bank also issued EUR 200 million 5.27% subordinated notes due 19 September 2016 under the same program.

In December 1999, the CJSC OTP Bank obtained a USD 10 million subordinated loan from the European Bank for Reconstruction and Development with the maturity date of 23 December 2009. The interest on subordinated loan is 8.08%. The repayment of the loan will be completed semi-annually, in five equal instalments, the first repayment date is 23 December 2007.

In 3 July 2003, the CJSC OTP Bank obtained an USD 5 million subordinated loan from the European Bank for Reconstruction and Development with the maturity date of 23 June 2010. The interest on subordinated loan is 8.13%. The repayment of the loan will be completed semi-annually in four equal instalments, the first repayment date is 3 January 2009.

NOTE 18: SHARE CAPITAL (in HUF mn)

	30 June 2007	*31 December 2006*
Authorized, issued and fully paid:		
Common shares	28,000	28,000
	28,000	28,000

From 3 September 1997, the Bank has one preferential voting share (the "Special Share") outstanding with a nominal value of HUF 1 thousand.

NOTE 19: RETAINED EARNINGS AND RESERVES (in HUF mn)

	30 June 2007	*31 December 2006*
Balance as at January 1	820,819	572,567
Fair value adjustment of available-for-sale securities recognised through equity	4,669	(3,430)
Share-based compensation	2,562	5,927
Net income after income taxes	101,017	187,051
Gain on sale of treasury shares	(1,682)	3,132
Foreign currency translation gain/(loss)	(12,233)	(8,478)
Derivative financial instruments designated as cash-flow hedge	(2,557)	(1,131)
Issue of equity instrument (ICES)	(1,765)	120,305
Deferred tax	280	36
Dividends	(40,320)	(55,160)
Closing balance	870,790	820,819

The Bank's unconsolidated reserves under Hungarian Accounting Standards were HUF 532,074 million and HUF 397,904 million as at 30 June 2007 and 31 December 2006, respectively.

Of these amounts, legal reserves represent HUF 92,989 million and HUF 87,675 million as at 30 June 2007 and 31 December 2006, respectively. The legal reserves are not available for distribution.

The Annual General Meeting on 29 April 2006 decided that the Bank distributes HUF 55,160 million dividend for the year ended 31 December 2005.

Dividends for the year ended 31 December 2006 will be approved by the Annual General Meeting in April, 2007. The proposed dividend is HUF 40,320 million.

On October 19, 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 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., 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 32% premium over the selling price of the shares. The EUR denominated exchangeable bonds are without final maturity and the investors can exercise the converson 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 buy back the bonds at face value. Following the year 10, the bonds carry a coupon of 3 month Euribor+3%.

NOTE 20: TREASURY SHARES (in HUF mn)

	30 June 2007	*31 December 2006*
Nominal value (Common Shares)	1,730	1,751
Carrying value at acquisition cost	61,537	63,716

NOTE 21: MINORITY INTEREST (in HUF mn)

	30 June 2007	*31 December 2006*
Balance as at January 1	3,110	491
Minority interest purchased	2,116	2,660
Foreign currency translation gain/(loss)	43	(54)
Purchase of minority interest	(325)	(45)
Minority interest included in net income	181	58
Closing balance	5,125	3,110

NOTE 22: OTHER EXPENSES (in HUF mn)

	30 June 2007	*30 June 2006*
Release of allowance for securities held-to-maturity	(80)	--
Provision for permanent diminution in value of equity investments	(44)	(1,963)
Provision/(release of allowance) for other assets	861	193
Provision/(release of allowance) for off-balance sheet commitments and contingent liabilities	3,549	100
Administration expenses, including rent	22,621	15,983
Advertising	5,531	3,510
Taxes, other than income taxes	11,630	9,194
Special tax for banks	3,323	5,443
Services	16,066	13,275
Professional fees	4,654	3,186
Other	6,264	5,182
Total	74,535	54,103

NOTE 23: INCOME TAXES (in HUF mn)

The Group is presently liable for income tax at rates between 9% and 30% of taxable income.

Deferred tax is calculated at the income tax rate of 9% in Montenegro, 10% in Serbia and Bulgaria, 16% in Hungary and Romania, 19% in Slovakia, 20% in Croatia and 25% in Ukraine as these are the income tax rates effective from January 1, 2006.

A reconciliation of the income tax charges is as follows:

	30 June 2007	*30 June 2006*
Current tax	21,258	16,898
Additional tax	--	--
Deferred tax	497	1,299
Total	21,755	16,042

A reconciliation of the deferred tax liability is as follows:

	30 June 2007	*30 June 2006*
Balance as at January 1	(8,337)	(2,761)
Acquisition of subsidiaries	(168)	(94)
Foreign currency translation (loss)/gain	88	(151)
Deferred tax (charge)/credit	(504)	(1,299)
Recognised in retained earnings and reserves	664	1,048
Closing balance	(8,257)	(3,257)

A reconciliation of the income tax charges is as follows:

	30 June 2007	*30 June 2006*
Net income before income taxes	122,953	111,118
Income tax with statutory tax rate	23,980	17,759
Additional tax	--	--

NOTE 23: INCOME TAXES (in HUF mn) [continued]

Income tax adjustments are as follows:

	30 June 2007	*30 June 2006*
Reversal of statutory general provision	(77)	(749)
Reversal of statutory goodwill and negative goodwill	(854)	(648)
Revaluation of investments denominated in foreign currency to historical cost	(1,801)	1,834
Profit on sale of Treasury Shares	(336)	153
Fair value of share-based compensations	512	442
Deferred tax effect of changing of income tax rate (+4%)	--	606
Other	331	(1,200)
Income tax	21,755	18,197
Effective tax rate	17.7%	16.4%

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

	30 June 2007	*30 June 2006*
Difference in accounting for finance leases	278	312
Fair value adjustment of securities held-for-trading, securities available-for-sale and equity investments	--	138
Fair value adjustment of derivative financial instruments	615	--
Repurchase agreements	176	--
Losses available for carry forward	--	1,023
Temporary differences arising on consolidation	648	98
Other	1,406	--
Deferred tax asset	3,123	1,571

NOTE 23: INCOME TAXES (in HUF mn) [continued]

	30 June 2007	*30 June 2006*
Fair value adjustment of held for trading and available-for-sale financial assets	(296)	(42)
Allowance for losses on off-balance sheet commitments and contingent liabilities on derivative financial instruments	(144)	(104)
Fair value adjustment of securities held-for-trading, securitie available-for-sale and equity investments.	(2,010)	--
Fair value adjustment of derivative financial instruments	--	(776)
Repurchase agreements	--	(71)
Reclassification of ICES-transaction into Shareholders' equity	(2,278)	
Fixed assets	(3,082)	(3,830)
Losses available for carry forward	(3,570)	
Other	--	(5)
Deferred tax liabilities	(11,380)	(4,828)
Net deferred tax liabilities	(8,257)	(3,257)

NOTE 24: FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to the right to receive cash or another financial asset from another party (financial asset) or the obligation to deliver cash or another financial asset to another party (financial liability).

Financial instruments may result in certain risks to the Group. The most significant risks the Group faces include:

Credit risk

The Group 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 Group 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 and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review. The exposure to any one borrower including banks and brokers is further restricted by sub-limits 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 where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

NOTE 24: FINANCIAL INSTRUMENTS [continued]

Market risk

The Group 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 Group 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.

Liquidity risk

See Note 33.

Foreign currency risk

See Note 34.

Interest rate risk

See Note 35.

NOTE 25: OFF-BALANCE SHEET ITEMS AND DERIVATIVE FINANCIAL INSTRUMENTS (in HUF mn)

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

(a) Contingent liabilities

	30 June 2007	*31 December 2006*
Commitments to extend credit	936,308	854,193
Guarantees arising from banking activities	206,853	183,256
Confirmed letters of credit	17,778	23,800
Legal disputes	6,371	6,311
Others	68,563	41,084
Total	1,235,873	1,108,644

NOTE 25: OFF-BALANCE SHEET ITEMS AND DERIVATIVE FINANCIAL INSTRUMENTS (in HUF mn) [continued]

Commitments to extend credit, from guarantees and letters 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 Group 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 Group on behalf of a customer authorising a third party to draw drafts on the Group 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 Group 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 Group believes the market risk associated with guarantees, irrevocable letters of credit and undrawn loans commitments to be minimal.

Legal disputes

At the balance sheet date the Group was involved in various claims and legal proceedings of a nature considered normal to its business. The level of these claims and legal proceedings correspond to the level of claims and legal proceedings in previous years.

The Group 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. Provisions due to legal disputes were HUF 4,764 million and HUF 4,413 million as at 30 June 2007 and 31 December 2006, respectively. (See Note 16)

NOTE 25: OFF-BALANCE SHEET ITEMS AND DERIVATIVE FINANCIAL INSTRUMENTS (in HUF mn) [continued]

(b) Derivatives and other options (nominal amount, unless otherwise stated)

	30 June 2007	*31 December 2006*
Foreign currency contracts		
Assets	121,859	70,818
Liabilities	123,249	51,571
Net	(1,435)	(1,685)
Net fair value	(1,048)	(1,509)
Foreign currency contracts designated as hedge accounting relationships		
Assets	16,566	474
Liabilities	16,566	474
Net	--	--
Net fair value	--	--
Foreign exchange swaps and interest rate swaps designated as held for trading		
Assets	1,057,024	831,045
Liabilities	1,003,260	789,209
Net	53,764	41,836
Net fair value	12,092	14,531
Foreign exchange swaps and interest rate swaps designated as hedge accounting relationships		
Assets	252,763	263,391
Liabilities	240,635	251,894
Net	12,128	11,497
Net fair value	(8,131)	(2,171)
Option contracts		
Assets	8,470	9,436
Liabilities	9,619	10,477
Net	(1,149)	(1,041)
Net fair value	427	423
Forward Rate Agreements		
Assets	1,167	--
Liabilities	43,000	--
Net	(43,000)	--
Net fair value	12	--
Forward security agreements designated as held for trading		
Assets	458	149
Liabilities	458	149
Net	226	--
Net fair value	(5)	3

NOTE 25: OFF-BALANCE SHEET ITEMS AND DERIVATIVE FINANCIAL INSTRUMENTS (in HUF mn) [continued]

The Group 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 one time the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Group (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 of trading with clients, where the Group in most of the cases requires margin deposits.

As at 30 June 2007, the Group has derivative instruments with positive fair values of HUF 33,884 million and negative fair values of HUF 21,239 million. Positive fair values of derivative instruments designated as hedge accounting relationships are included in other assets, while positive fair values of derivative instruments designated as held for trading are included in financial assets at fair value through statements of operations. Negative fair values of derivative instruments are included in other liabilities. Corresponding figures as at 31 December 2006 are HUF 27,816 million and HUF 11,706 million.

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 Group for risk management and trading purposes. The Group's risk management foreign currency contracts were used to hedge against exchange rate fluctuations on loans and advances to credit institutions denominated in foreign currency.

Foreign exchange swaps and interest rate swaps

The Group enters into foreign-exchange swap and interest rate swap transactions. The swap transaction is a complex agreement concerning to 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. Notional principal is the amount upon which interest rates are applied to determine the payment streams under interest rate swaps. Such notional principal amounts often are used to express the volume of these transactions but are not actually exchanged between the counter-parties.

The Group's interest rate swaps were used for management of interest rate exposures and have been accounted for at mark-to-market fair value.

NOTE 25: OFF-BALANCE SHEET ITEMS AND DERIVATIVE FINANCIAL INSTRUMENTS (in HUF mn) [continued]

Forward rate agreements

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 Group 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 counterparties. The Group's forward rate agreements were transacted for management of interest rate exposures and have been accounted for at mark-to-market fair value.

For an analysis of the allowance for losses on off balance sheet commitments and contingent liabilities, see Note 16.

NOTE 26: SHARE-BASED COMPENSATION

The terms of the options relating to the years of 2005 to 2009 were approved by the Annual General Meeting of 2005. The grant date of these options is 29 April 2005. The maximum number of shares which are available is 2.92 million pieces.

The 2006 Annual General Meeting approved a five year share option program for the years of 2006 to 2010 under which options are granted annually. These options are subject to IFRS 2 and have a grant date of 18 April 2006.

The exercise price of the options of 2005 is calculated as the average of the market price of OTP shares quoted by the BSE daily during the two month period ending on the last day of the month of the Annual General Meeting.

The exercise prices of the options relating to the years of 2006 to 2010 is calculated as the average of the market price of OTP shares quoted by the BSE daily during the period between 30 April and 30 May in the actual year and decreased by HUF 1,000. In that case if the average price of the shares exceeds by more than HUF 3,000 the exercise price one day before the date of exercise the exercise price would be increased by the amount above the HUF 3,000.

The exercise period of the options granted for the years of 2003 and 2004 is one year, for the year of 2005 is two years and for the years of 2006 to 2010 is 19 months. The exercise period of the option program for the years of 2006 to 2010 must be opened at June 1, in the actual year. If the options remain unexercised before the end of the exercise period the options expire. Additionally, options are forfeited if the employee leaves the Bank before the options vest.

NOTE 26: SHARE-BASED COMPENSATION [continued]

	For the six month period ended 30 June 2007		For the year ended 31 December 2006	
	Options (piece of shares)	Weighted average exercise price (in HUF)	Options (piece of shares)	Weighted average exercise price (in HUF)
Outstanding at beginning of period	4,799,825	7,231	3,346,200	6,079
Granted during the period	3,510,000	8,419	3,832,000	7,038
Forfeited during the period	187,250	7,648	218,430	6,536
Exercised during the period	595,125	6,676	2,159,945	5,174
Outstanding at the end of the period	7,527,450	7,818	4,799,825	7,231
Exercisable at the end of the period	2,761,711	7,129	1,799,825	6,536

The weighted average share price for share options of 2005 and 2006 exercised during the six month period ended 30 June 2007 was HUF 9,348 at the date of exercise. The options outstanding at 30 June 2007 and as at 31 December 2006 had a weighted average exercise price of HUF 7,818 and HUF 7,231 with a weighted average remaining contractual life of 23 and 22 months, respectively.

The inputs into the Binominal model are as follows:

	Six month period ended 30 June 2007	**Year ended 31 December 2006**
Weighted average share price (HUF)	7,663	5,969
Weighted average exercise price (HUF)	7,594	4,882
Expected volatility (%)	29	36
Expected life (average year)	3.18	0.52
Risk free rate (%)	7.01	6.71
Expected dividends (%)	2.45	3.35

Expected volatility was determined by calculating the historical volatility of the Bank's share price three months prior to the grant date. 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.

In connection with the share-based compensation programs approved by the Bank and applying IFRS 2, HUF 2,562 million and HUF 5,927 million has been recognised as an expense for the six month period ended 30 June 2007 and 31 December 2006, respectively.

NOTE 27: RELATED PARTY TRANSACTIONS

The members of the Board of Directors and the Supervisory Board had credit lines of HUF 162 million and HUF 190 million as at 30 June 2007 and 31 December 2006. Such credit is made available at normal market conditions.

In the normal course of business, the Bank gives loans and provides services to other related parties at normal market conditions. The amount of these loans was HUF 2,213 million and HUF 438 million, with commitments to extend credit and guarantees of HUF 7,908 million and HUF 108 million as at 30 June 2007 and 31 December 2006, respectively.

The amount of loans extended to unconsolidated subsidiaries was HUF 20,892 million and HUF 39,440 million as at 30 June 2007 and 31 December 2006, respectively.

The compensation of key management personnel, such as the members of the Board of Directors, members of the Supervisory Board, key employees of the Bank and its major subsidiaries involved in the decision-making process according to the compensation categories defined in IAS 24, is summarised below:

	30 June 2007	*31 December 2006*
Short-term employee benefits	3,627	6,530
Other long-term employee benefits	31	3,063
Termination benefits	21	127
Share-based compensation	1,189	2,744
Total	4,868	12,464

NOTE 28: CASH AND CASH EQUIVALENTS (in HUF mn)

	30 June 2007	*31 December 2006*
Cash, due from banks and balances with the National Bank of Hungary	292,495	532,625
Compulsory reserve established by the National Bank of Hungary	(145,031)	(135,967)
	147,464	396,658

NOTE 29: ACQUISITIONS (in HUF mn)

a. Purchase and consolidation of subsidiary undertakings

On 7 March 2006 the Group completed the acquisition of 89.39% of the shares of Niška banka a.d. The total purchase price of Niška banka was EUR 14,21 million. OTP Bank holds 99.95% of Niška banka a.d. as at 31 December 2006.

On 13 October 2006 the Group completed the acquisition of 75.10% of shares of Serbian Zepter banka a.d. The total purchase price was USD 41,3 million.

NOTE 29: ACQUISITIONS (in HUF mn) [continued]

On 30 October 2006 the Bank signed the purchase agreement on acquiring the majority interest in Russian Investsberbank OAO. Since then, they signed the sales and purchase agreement. The total purchase price was EUR 477 million.

On 1 June 2006 the Bank signed the sale and purchase agreement for the acquisition of a 100% stake in Raiffeisenbank Ukraine (RBUA) - renamed as CJSC OTP Bank (Ukraine).
OTP transferred the purchase price of EUR 650 million on 20 November 2006, upon receipt of the necessary approvals.

On 7 July 2006 the Group completed the acqusition of 67% of these shares of Kulska banka a.d. Novi Sad (Kulska banka). The total price was EUR 118,6 million. On 29 August 2006 the Group completed the acqusition of 67% of these shares of Crnogorska komercijalna banka. The total price was EUR 104 million. The control over these companies is exercised from 1 Januray 2007.

On 18 May 2007 the Niska banka a.d. and the Zepter banka a.d. merged into the Kulska banka a.d.. The new bank renamed to **OTP Banka Sbirja a.d.**. The OTP Bank holds 96,43% of OTP banka Sbirja a.d. as at 30 June 2007.

The fair value of the assets and liabilities acquired, and related goodwill is as follows:

	At acquisition date CKB, Kulska banka a.d.	*At acquisition date Niska banka a.d., Zepter banka a.d., Investsberbank OAO, CJSC OTP Bank*
Cash, due from banks, and balances with the National Bank	(11,095)	(36,881)
Placements with other banks, net of allowance for placement losses	(68,528)	(83,148)
Securities held-for-trading	(119)	(44,324)
Securities available-for-sale	(585)	(5,463)
Loans, net of allowance for loan losses	(113,860)	(582,727)
Accrued interest receivable	(898)	(6,294)
Equity investment	(217)	(12)
Debt securities held-to-maturity	(1,287)	(3)
Premises, equipment and intangible assets	(9,378)	(28,611)
Other assets	(2,303)	(4,336)
Due to banks and deposits from the National Bank and other banks	19,268	209,999
Deposits from customers	134,948	44,206
Accrued interest payable	--	17,229
Other liabilities	19,117	12,487
Subordinated loans	--	11,227
Minority Interest	2,116	3,033
Net assets	(32,700)	(89,310)
Goodwill	(36,698)	(191,274)
Cash consideration	(69,398)	(280,584)

NOTE 29: ACQUISITIONS (in HUF mn) [continued]

b. Analysis of net outflow of cash in respect of purchase of subsidiaries

	30 June 2007	*31 December 2006*
Cash consideration	(69,398)	(280,584)
Cash acquired	11,095	36,811
Net cash outflow	(58,303)	(243,703)

NOTE 30: MAJOR SUBSIDIARIES

Equity investments in companies in which the Bank has a controlling interest are detailed below. They are fully consolidated companies and incorporated in Hungary unless indicated otherwise.

Name	Ownership (Direct and Indirect)		Activity
	30 June 2007	*31 December 2006*	
OTP Garancia Insurance Ltd.	100.00%	100.00%	insurance
OTP Real Estate Ltd.	100.00%	100.00%	real estate management and development
HIF Ltd. (United Kingdom)	100.00%	100.00%	forfaiting
Merkantil Bank Ltd.	100.00%	100.00%	finance lease
Merkantil Car Ltd.	100.00%	100.00%	finance lease
OTP Building Society Ltd.	100.00%	100.00%	flat finanace and reconstruction
Bank Center No. 1. Ltd.	100.00%	100.00%	real estate lease
OTP Factoring Ltd.	100.00%	100.00%	work-out
Inga Two Commercial Llc.	100.00%	100.00%	property management
OTP Fund Management Ltd.	100.00%	100.00%	fund management
OTP Mortgage Bank Ltd.	100.00%	100.00%	mortgage lending
OTP Funds Servicing and Consulting Ltd.	100.00%	100.00%	fund services

NOTE 30: MAJOR SUBSIDIARIES [continued]

Name	Ownership (Direct and Indirect) 30 June 2007	31 December 2006	Activity
OTP Trade Commercial Llc.	100.00%	100.00%	trade finance
OTP Real Estate Leasing Ltd.	100.00%	100.00%	real estate leasing
OTP Life Annuity Real Estate Investment Ltd.	100.00%	100.00%	life annuity services
OTP Banka Slovensko, a. s. (Slovakia)	97.23%	97.23%	commercial banking services
DSK Bank EAD (Bulgaria)	100.00%	100.00%	commercial banking services
OTP Bank Romania S.A. (Romania)	100.00%	100.00%	commercial banking services
OTP banka Hrvatska d.d. (Croatia)	100.00%	100.00%	commercial banking services
OTP banka Srbija a.d. (Serbia)	91.43%	--	commercial banking services
Crnogorska komerčijalna banka a.d. (Montenegro)	100.00%	100.00%	commercial banking services
CJSC OTP Bank. (Ukraine)	100.00%	100.00%	commercial banking services
Investsberbank OAO (Russia)	97.02%	96.41%	commercial banking services
Niška banka a.d. (Serbia)	--	99.95%	commercial banking services
Zepter banka a.d. (Serbia)	--	75.10%	commercial banking services

NOTE 31: 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 Unconsolidated Balance Sheet. The total amount of such loans managed by the Bank as a trustee amounted to HUF 45,301 million and HUF 46,212 million as at 30 June 2007 and as at 31 December 2006, respectively.

NOTE 32: CONCENTRATION OF ASSETS AND LIABILITIES

Approximately 12% and 13% of the Group's total assets consist of receivables from, or securities issued by, the Hungarian Government or the National Bank of Hungary as at 30 June 2006 and 31 December 2005, respectively.

NOTE 33: MATURITY ANALYSIS OF ASSETS AND LIABILITIES AND LIQUIDITY RISK (in HUF mn)

Liquidity risk is a measure of the extent to which the Group may be required to raise funds to meet its commitments associated with financial instruments. The Group maintains its liquidity profiles in accordance with regulations laid down by the National Bank of Hungary. 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 33: MATURITY ANALYSIS OF ASSETS AND LIABILITIES AND LIQUIDITY RISK (in HUF mn) [continued]

As at 30 June 2007	Within 3 months	Within one year and over 3 months	Within 5 years and over one year	Over 5 years	Total
Cash, due from banks and balances with the National Bank of Hungary	288,799	3,696	--	--	292,495
Placements with other banks, net of Allowance for placement losses	512,873	77,491	62,701	1,147	654,212
Financial assets at fair value through statements of operations	24,869	46,136	85,216	44,891	201,112
Securities available-for-sale	76,641	82,691	167,538	135,589	462,459
Loans, net of allowance for loan losses	540,857	940,228	1,462,641	1,891,106	4,834,832
Accrued interest receivable	58,534	3,898	829	1,091	64,352
Equity investments	--	--	3	8,656	8,659
Securities held-to-maturity	178,129	24,535	139,361	57,964	399,989
Premises, equipment and intangible assets, net	4,367	4,268	394,909	106,062	509,606
Other assets	81,325	39,913	19,620	23,536	164,394
TOTAL ASSETS	**1,766,394**	**1,222,856**	**2,332,818**	**2,270,042**	**7,592,110**
Due to banks and deposits from the National Bank of Hungary and other banks	320,498	42,721	233,411	87,784	684,414
Deposits from customers	3,546,503	618,871	184,247	15,135	4,364,756
Liabilities from issued securities	13,919	26,115	751,357	148,617	940,008
Accrued interest payable	64,887	10,766	2,901	236	78,790
Other liabilities	160,820	34,267	80,789	112,407	388,283
Subordinated bonds and loans	--	737	11,440	281,304	293,481
TOTAL LIABILITIES	**4,106,627**	**733,477**	**1,264,145**	**645,483**	**6,749,732**
Share capital	--	--	--	28,000	28,000
Retained earnings and reserves	--	--	--	870,790	870,790
Treasury shares	--	--	--	(61,537)	(61,537)
Minority interest	--	--	--	5,125	5,125
TOTAL SHAREHOLDERS' EQUITY	**--**	**--**	**--**	**842,378**	**842,378**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**4,106,627**	**733,477**	**1,264,145**	**1,487,861**	**7,592,110**
LIQUIDITY (DEFICIENCY)/EXCESS	**(2,340,233)**	**489,379**	**1,068,673**	**782,181**	**--**

NOTE 33: MATURITY ANALYSIS OF ASSETS AND LIABILITIES AND LIQUIDITY RISK (in HUF mn) [continued]

As at 31 December 2006	Within 3 months	Within one year and over 3 months	Within 5 years and over one year	Over 5 years	Total
Cash, due from banks and balances with the National Bank of Hungary	527,708	4,917	--	--	532,625
Placements with other banks, net of Allowance for placement losses	449,506	114,327	38,741	41	602,615
Financial assets at fair value through statements of operations	15,360	29,475	49,648	16,093	110,576
Securities available-for-sale	103,294	115,178	154,208	116,570	489,250
Loans, net of allowance for loan losses	469,733	817,115	1,372,814	1,687,429	4,347,091
Accrued interest receivable	48,943	3,757	802	721	54,223
Equity investments	--	--	--	70,939	70,939
Securities held-to-maturity	29,297	22,181	155,339	61,463	268,280
Premises, equipment and intangible assets, net	2,312	2,470	362,623	97,311	464,716
Other assets	83,118	33,467	19,968	20,558	157,111
TOTAL ASSETS	**1,729,271**	**1,142,887**	**2,154,143**	**2,071,125**	**7,097,426**
Due to banks and deposits from the National Bank of Hungary and other banks	224,041	112,581	237,269	86,526	660,417
Deposits from customers	3,531,007	598,147	91,735	11,264	4,232,153
Liabilities from issued securities	23,069	23,395	547,810	187,041	781,315
Accrued interest payable	34,150	8,650	2,991	220	46,011
Other liabilities	132,654	20,798	78,107	107,032	338,591
Subordinated bonds and loans	107	382	11,229	239,008	250,726
TOTAL LIABILITIES	**3,945,028**	**763,953**	**969,141**	**631,091**	**6,309,213**
Share capital	--	--	--	28,000	28,000
Retained earnings and reserves	--	--	--	820,819	820,819
Treasury shares	(1,746)	--	--	(61,970)	(63,716)
Minority interest	--	--	--	3,110	3,110
TOTAL SHAREHOLDERS' EQUITY	**(1,746)**	**--**	**--**	**789,959**	**788,213**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,943,282**	**763,953**	**969,141**	**1,421,050**	**7,097,426**
LIQUIDITY (DEFICIENCY)/EXCESS	**(2,214,011)**	**378,934**	**1,185,002**	**650,075**	**--**

NOTE 34: NET FOREIGN CURRENCY POSITION AND FOREIGN CURRENCY RISK (in HUF mn)

As at 30 June 2007

	USD	EUR	Others	Total
Assets	484,499	1,485,704	2,160,334	4,130,537
Liabilities	(228,228)	(2,001,508)	(890,886)	(3,120,622)
Off-balance sheet assets and liabilities, net	(261,551)	651,133	(676,492)	(286,910)
Net position	**(5,280)**	**(135,329)**	**592,956**	**723,005**

As at 31 December 2006

	USD	EUR	Others	Total
Assets	627,445	1,030,482	1,953,843	3,611,770
Liabilities	(435,419)	(1,608,449)	(1,218,645)	(3,262,513)
Off-balance sheet assets and liabilities, net	(199,146)	297,188	(383,499)	(285,457)
Net position	**(7,120)**	**(280,779)**	**351,699**	**(63,800)**

The table above provides an analysis of the Group's main currency exposures. The remaining currencies are shown within 'Others'. Whilst the Group monitors its foreign exchange position for compliance with the regulatory requirements of the National Bank of Hungary and own limit system established in respect of limits on open positions. The measurment of the Group's open foreign currency position involves monitoring the 'value at risk' limit on the foreign exchange exposure of the Group.

NOTE 35: INTEREST RATE RISK MANAGEMENT (in HUF mn)

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 Group '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 Group 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 Group. Variable yield assets and liabilities have been reported according to their next repricing date. Fixed income assets and liabilities have been reported according to their maturity.

NOTE 35: INTEREST RATE RISK MANAGEMENT (in HUF mn) [continued]

As at 30 June 2007

NOTE 35: INTEREST RATE RISK MANAGEMENT (in HUF mn) [continued]

	Within 1 month		Over 1 month and Within 3 months		Over 3 months and Within 12 months		Over 1 year and Within 2 years		Over 2 years		Non-interest-bearing		Total		Total
	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	
ASSETS															
Cash, due from banks and balances with the National Bank of Hungary	**145,418**	**8,602**	**857**	**2,214**	**1**	**3,696**	--	--	--	--	**66,034**	**65,673**	**212,310**	**80,185**	**292,495**
fixed rate	*142,822*	*2,793*	*857*	*64*	--	--	--	--	--	--	--	--	*143,679*	*2,857*	*146,536*
variable rate	*2,596*	*5,809*	--	*2,150*	*1*	*3,696*	--	--	--	--	--	--	*2,597*	*11,655*	*14,252*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	*66,034*	*65,673*	*66,034*	*65,673*	*131,707*
Placements with other banks, net of allowance for possible placement losses	**42,811**	**393,694**	**8,461**	**46,029**	**847**	**33,944**	--	**111**	--	**4,853**	--	**123,462**	**52,119**	**602,093**	**654,212**
fixed rate	*39,377*	*370,397*	*2,270*	*27,358*	*847*	*28,953*	--	*111*	--	*4,822*	--	--	*42,494*	*431,641*	*474,135*
variable rate	*3,434*	*23,297*	*6,191*	*18,671*	--	*4,991*	--	--	--	*31*	--	--	*9,625*	*46,990*	*56,615*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	--	*123,462*	--	*123,462*	*123,462*
Securities held for trading	**16,467**	**3,795**	**14,366**	**1,215**	**25,157**	**9,014**	**5,229**	**8,011**	**24,667**	**60,518**	**622**	**910**	**86,508**	**83,463**	**169,971**
fixed rate	*15,968*	*895*	*1,973*	*1,215*	*24,945*	*9,014*	*5,229*	*8,011*	*24,667*	*60,370*	--	--	*72,782*	*79,505*	*152,287*
variable rate	*499*	*2,900*	*12,393*	--	*212*	--	--	--	--	*148*	--	--	*13,104*	*3,048*	*16,152*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	*622*	*910*	*622*	*910*	*1,532*
Securities available-for-sale	**34,311**	**19,250**	**42,300**	**5,400**	**64,597**	**16,454**	**49,993**	**6,164**	**133,465**	**57,989**	**27,613**	**4,923**	**352,279**	**110,180**	**462,459**
fixed rate	*33,791*	--	*28,107*	*1,653*	*64,470*	*12,367*	*49,993*	*5,216*	*133,454*	*53,523*	--	--	*309,815*	*72,759*	*382,574*
variable rate	*520*	*19,250*	*14,193*	*3,747*	*127*	*4,087*	--	*948*	*11*	*4,466*	--	--	*14,851*	*32,498*	*47,349*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	*27,613*	*4,923*	*27,613*	*4,923*	*32,536*
Loans	**970,789**	**1,709,169**	**227,248**	**388,992**	**157,216**	**343,611**	**235,570**	**109,420**	**161,284**	**491,568**	**13,629**	**26,336**	**1,765,736**	**3,069,096**	**4,834,832**
fixed rate	*7,088*	*97,074*	*8,903*	*85,574*	*8,735*	*167,254*	*1,662*	*95,657*	*15,569*	*208,134*	--	--	*41,957*	*653,693*	*695,650*
variable rate	*963,701*	*1,612,095*	*218,345*	*303,418*	*148,481*	*176,357*	*233,908*	*13,763*	*145,715*	*283,434*	--	--	*1,710,150*	*2,389,067*	*4,099,217*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	*13,629*	*26,336*	*13,629*	*26,336*	*39,965*
Debt securities held-to-maturity	**205,810**	**14,205**	**8,055**	**2,430**	**16,113**	**8,157**	**45,192**	**9,443**	**74,268**	**16,316**	--	--	**349,438**	**50,551**	**399,989**
fixed rate	*173,305*	*1,919*	--	*2,067*	*5,323*	*8,101*	*45,192*	*9,404*	*74,268*	*15,769*	--	--	*298,088*	*37,260*	*335,348*
variable rate	*32,505*	*12,286*	*8,055*	*363*	*10,790*	*56*	--	*39*	--	*547*	--	--	*51,350*	*13,291*	*64,641*
Fair value of derivative financial instruments	**82,517**	**304,007**	**54,648**	**396,549**	**8,297**	**14,797**	**71,082**	**4,626**	**121,687**	**239,340**	--	--	**338,231**	**959,319**	**1,297,550**
fixed rate	*75,356*	*201,436*	*47,219*	*236,172*	*8,157*	*13,573*	*71,082*	*4,626*	*121,687*	*239,340*	--	--	*323,501*	*695,147*	*1,018,648*
variable rate	*7,161*	*102,571*	*7,429*	*160,377*	*140*	*1,224*	--	--	--	--	--	--	*14,730*	*264,172*	*278,902*

NOTE 35: INTEREST RATE RISK MANAGEMENT (in HUF mn) [continued]

As at 30 June 2007

NOTE 35: INTEREST RATE RISK MANAGEMENT (in HUF mn) [continued]

	Within 1 month		Over 1 month and Within 3 months		Over 3 months and Within 12 months		Over 1 year and Within 2 years		Over 2 years		Non-interest-bearing		Total		Total
	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	
LIABILITIES															
Due to banks and deposits from the National Bank of Hungary and other banks	**31,760**	**258,143**	**4,307**	**187,397**	**60,035**	**48,144**	**124**	**64,888**	**7**	**25,430**	--	**4,179**	**96,233**	**588,181**	**684,414**
fixed rate	*31,004*	*149,632*	*3,168*	*17,407*	*28*	*21,056*	*124*	*551*	*7*	*6,561*	--	--	*34,331*	*195,207*	*229,538*
variable rate	*756*	*108,511*	*1,139*	*169,990*	*60,007*	*27,088*	--	*64,337*	--	*18,869*	--	--	*61,902*	*388,795*	*450,697*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	--	*4,179*	--	*4,179*	*4,179*
Deposits from customers	**1,818,006**	**1,434,472**	**329,394**	**234,686**	**27,450**	**242,991**	**18,473**	**31,180**	**66,140**	**67,848**	**2,823**	**91,293**	**2,262,286**	**2,102,470**	**4,364,756**
fixed rate	*696,631*	*584,098*	*326,411*	*174,955*	*27,450*	*190,895*	*18,473*	*30,576*	*66,140*	*67,010*	--	--	*1,135,105*	*1,047,534*	*2,182,639*
variable rate	*1,121,375*	*850,374*	*2,983*	*59,731*	--	*52,096*	--	*604*	--	*838*	--	--	*1,124,358*	*963,643*	*2,088,001*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	*2,823*	*91,293*	*2,823*	*91,293*	*94,116*
Liabilities from issued securities	**10,447**	**134,083**	**21,110**	**288,969**	**11,412**	**14,663**	**34,705**	**4,765**	**180,705**	**238,233**	**3**	**913**	**258,382**	**681,626**	**940,008**
fixed rate	*3*	*7,548*	*10*	*3,779*	*11,412*	*7,383*	*34,705*	*4,765*	*180,705*	*238,233*	--	--	*226,835*	*261,708*	*488,543*
variable rate	*10,444*	*126,535*	*21,100*	*285,190*	--	*7,280*	--	--	--	--	--	--	*31,544*	*419,005*	*450,549*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	*3*	*913*	*3*	*913*	*916*
Fair value of derivative financial instruments in other liabilities	**264,054**	**293,693**	**280,046**	**169,625**	**7,120**	**15,075**	**70,324**	--	**174,350**	**35**	--	--	**795,894**	**478,428**	**1,274,322**
fixed rate	*256,905*	*17,647*	*272,835*	*9,612*	*7,053*	*15,075*	*70,324*	--	*174,350*	*35*	--	--	*781,467*	*42,369*	*823,836*
variable rate	*7,149*	*276,046*	*7,211*	*160,013*	*67*	--	--	--	--	--	--	--	*14,427*	*436,059*	*450,486*
Subordinated bonds and loans	--	--	**5,000**	**30,702**	--	**10,121**	--	**1,197**	--	**246,461**	--	--	**5,000**	**288,481**	**293,481**
fixed rate	--	--	--	--	--	--	--	--	--	*245,614*	--	--	--	*245,614*	*245,614*
variable rate	--	--	*5,000*	*30,702*	--	*10,121*	--	*1,197*	--	*847*	--	--	*5,000*	*42,867*	*47,867*
Net position	**-626,144**	**332,331**	**-283,922**	**-68,550**	**166,211**	**98,679**	**283,440**	**35,745**	**94,169**	**292,577**	**105,072**	**124,919**	**-261,174**	**815,701**	**554,527**

NOTE 35: INTEREST RATE RISK MANAGEMENT (in HUF mn) [continued]

As at 31 December 2006

NOTE 35: INTEREST RATE RISK MANAGEMENT (in HUF mn) [continued]

	Within 1 month		Over 1 month and Within 3 months		Over 3 months and Within 12 months		Over 1 year and Within 2 years		Over 2 years		Non-interest-bearing		Total		Total
	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	
ASSETS															
Cash, due from banks and balances with the National Bank of Hungary	**385,782**	**23,280**	**3,872**	**1,210**	**5**	**4,917**	--	--	--	--	**46,312**	**67,247**	**435,971**	**96,654**	**532,625**
fixed rate	*385,683*	*11,117*	*3,842*	*3*	--	--	--	--	--	--	--	--	*389,525*	*11,120*	*400,645*
variable rate	*99*	*12,163*	*30*	*1,207*	*5*	*4,917*	--	--	--	--	--	--	*134*	*18,287*	*18,421*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	*46,312*	*67,247*	*46,312*	*67,247*	*113,559*
Placements with other banks, net of allowance for possible placement losses	**31,221**	**388,297**	**9,587**	**10,943**	--	**73,317**	--	**113**	--	**291**	--	**88,846**	**40,808**	**561,807**	**602,615**
fixed rate	*27,882*	*326,559*	*68*	*9,608*	--	*50,360*	--	*111*	--	*260*	--	--	*27,950*	*386,898*	*414,848*
variable rate	*3,339*	*61,738*	*9,519*	*1,335*	--	*22,957*	--	*2*	--	*31*	--	--	*12,858*	*86,063*	*98,921*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	--	*88,846*	--	*88,846*	*88,846*
Securities held for trading	**1,226**	**3,287**	**2,681**	**1,083**	**14,059**	**13,108**	**2,274**	**5,253**	**13,356**	**27,543**	**316**	**681**	**33,912**	**50,955**	**84,867**
fixed rate	*1,226*	--	*2,343*	*567*	*13,989*	*13,108*	*2,274*	*5,135*	*13,356*	*27,487*	--	--	*33,188*	*46,297*	*79,485*
variable rate	--	*3,287*	*338*	*516*	*70*	--	--	*118*	--	*56*	--	--	*408*	*3,977*	*4,385*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	*316*	*681*	*316*	*681*	*997*
Securities available-for-sale	**45,372**	**74**	**76,937**	**23,645**	**37,311**	**10,719**	**95,533**	**9,206**	**103,695**	**53,748**	**29,735**	**3,275**	**388,583**	**100,667**	**489,250**
fixed rate	*44,352*	*74*	*54,962*	*1,955*	*37,071*	*9,879*	*95,533*	*8,619*	*103,684*	*50,915*	--	--	*335,602*	*71,442*	*407,044*
variable rate	*1,020*	--	*21,975*	*21,690*	*240*	*840*	--	*587*	*11*	*2,833*	--	--	*23,246*	*25,950*	*49,196*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	*29,735*	*3,275*	*29,735*	*3,275*	*33,010*
Loans	**1,063,590**	**1,401,583**	**196,139**	**347,837**	**103,215**	**232,017**	**133,969**	**231,663**	**233,275**	**357,252**	**29,427**	**17,124**	**1,759,615**	**2,587,476**	**4,347,091**
fixed rate	*9,392*	*93,472*	*7,135*	*74,324*	*8,468*	*170,078*	*2,382*	*70,534*	*28,364*	*138,046*	--	--	*55,741*	*546,454*	*602,195*
variable rate	*1,054,198*	*1,308,111*	*189,004*	*273,513*	*94,747*	*61,939*	*131,587*	*161,129*	*204,911*	*219,206*	--	--	*1,674,447*	*2,023,898*	*3,698,345*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	*29,427*	*17,124*	*29,427*	*17,124*	*46,551*
Debt securities held-to-maturity	**7,332**	**14,217**	**56,102**	**5,740**	**28,179**	**3,456**	**19,881**	**2,862**	**105,046**	**25,465**	--	--	**216,540**	**51,740**	**268,280**
fixed rate	*7,332*	*1,422*	*14,713*	*5,182*	*16,476*	*2,442*	*19,881*	*2,862*	*105,046*	*24,905*	--	--	*163,448*	*36,813*	*200,261*
variable rate	--	*12,795*	*41,389*	*558*	*11,703*	*1,014*	--	--	--	*560*	--	--	*53,092*	*14,927*	*68,019*
Fair value of derivative financial instruments	**103,737**	**184,270**	**172,407**	**280,194**	**37,099**	**23,355**	**27,339**	**119**	**91,273**	**248,441**	--	**843**	**431,855**	**737,222**	**1,169,077**
fixed rate	*97,665*	*82,557*	*144,143*	*108,473*	*16,748*	*19,490*	*27,339*	*119*	*91,273*	*248,441*	--	--	*377,168*	*459,080*	*836,248*
variable rate	*6,072*	*101,713*	*28,264*	*171,721*	*20,351*	*3,865*	--	--	--	--	--	--	*54,687*	*277,299*	*331,986*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	--	*843*	--	*843*	*843*

NOTE 35: INTEREST RATE RISK MANAGEMENT (in HUF mn) [continued]

As at 31 December 2006

NOTE 35: INTEREST RATE RISK MANAGEMENT (in HUF mn) [continued]

	Within 1 month		Over 1 month and Within 3 months		Over 3 months and Within 12 months		Over 1 year and Within 2 years		Over 2 years		Non-interest-bearing		Total		Total
	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	
LIABILITIES															
Due to banks and deposits from the National Bank of Hungary and other banks	**12,744**	**172,261**	**1**	**285,681**	**59,600**	**33,360**	**1,213**	**11,518**	**1,154**	**53,985**	**1,229**	**27,671**	**75,941**	**584,476**	**660,417**
fixed rate	*12,546*	*51,134*	*1*	*92,251*	*116*	*10,624*	*278*	*648*	*1,092*	*23,582*	--	--	*14,033*	*178,239*	*192,272*
variable rate	*198*	*121,127*	--	*193,430*	*59,484*	*22,736*	*935*	*10,870*	*62*	*30,403*	--	--	*60,679*	*378,566*	*439,245*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	*1,229*	*27,671*	*1,229*	*27,671*	*28,900*
Deposits from customers	**1,932,959**	**1,353,337**	**222,056**	**158,190**	**158,382**	**243,902**	**19,887**	**12,508**	**52,576**	**2,938**	**1,808**	**73,610**	**2,387,668**	**1,844,485**	**4,232,153**
fixed rate	*1,264,729*	*433,500*	*20,615*	*67,080*	*15,658*	*108,352*	*19,879*	*11,502*	*52,576*	*2,278*	--	--	*1,373,457*	*622,712*	*1,996,169*
variable rate	*668,230*	*919,837*	*201,441*	*91,110*	*142,724*	*135,550*	*8*	*1,006*	--	*660*	--	--	*1,012,403*	*1,148,163*	*2,160,566*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	*1,808*	*73,610*	*1,808*	*73,610*	*75,418*
Liabilities from issued securities	**8,842**	**138,280**	**27,622**	**99,803**	**7,405**	**19,576**	**33,394**	**1,614**	**189,334**	**253,429**	**624**	**1,392**	**267,221**	**514,094**	**781,315**
fixed rate	*16*	*8,681*	*5,900*	*4,121*	*7,405*	*12,266*	*33,394*	*1,614*	*189,334*	*253,429*	--	--	*236,049*	*280,111*	*516,160*
variable rate	*8,826*	*129,599*	*21,722*	*95,682*	--	*7,310*	--	--	--	--	--	--	*30,548*	*232,591*	*263,139*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	*624*	*1,392*	*624*	*1,392*	*2,016*
Fair value of derivative financial instruments in other liabilities	**14,495**	**451,947**	**24,974**	**409,861**	**23,425**	**26,819**	**847**	**24,142**	**101,703**	**69,142**	--	**134**	**165,444**	**982,045**	**1,147,489**
fixed rate	*12,385*	*165,734*	*3,982*	*241,936*	*9,007*	*26,819*	*847*	*24,142*	*101,703*	*69,142*	--	--	*127,924*	*527,773*	*655,697*
variable rate	*2,110*	*286,213*	*20,992*	*167,925*	*14,418*	--	--	--	--	--	--	--	*37,520*	*454,138*	*491,658*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	--	*134*	--	*134*	*134*
Subordinated bonds and loans	--	--	--	**31,677**	**5,000**	**211,677**	--	**1,003**	--	**1,369**	--	--	**5,000**	**245,726**	**250,726**
variable rate	--	--	--	*31,677*	*5,000*	*211,677*	--	*1,003*	--	*1,369*	--	--	*5,000*	*245,726*	*250,726*
Net position	**-330,780**	**-100,817**	**243,072**	**-314,560**	**-33,944**	**-174,445**	**223,655**	**198,431**	**201,878**	**331,877**	**102,129**	**75,209**	**406,010**	**15,695**	**421,705**

NOTE 36: EARNINGS PER SHARE

Consolidated Earnings per share attributable to the Group's common shares are determined based on dividing consolidated net income for the year attributable to common shareholders, by the weighted average number of common shares outstanding during the period.

	30 June 2007	*31 December 2006*
Consolidated net income (in HUF mn)	101,107	92,996
Weighted average number of common shares outstanding during the year for calculating basic EPS (piece)	262,648,824	258,476,792
Consolidated Basic Earnings per share (in HUF)	385	359
Weighted average number of common shares outstanding during the year for calculating diluted EPS (piece)	277,783,867	260,094,375
Consolidated Diluted Earnings per share (in HUF)	364	358

The weighted average number of common shares outstanding during the period does not include treasury shares.

Diluted Earnings per share are determined after additionally taking into consideration the option rights granted.

NOTE 37: NET GAIN OR LOSS REALIZED ON FINANCIAL INSTRUMENTS (in HUF mn)

As at 30 June 2007

	Net nterest gain and loss	**Net non-interest gain and loss**	**Provision**	**Equity**
Cash, due from banks and balances with the National Bank of Hungary	6,439	--	--	--
Placements with other banks, net of allowance for placement losses	11,094	--	(91)	--
Securities held for trading	4,014	(62)	--	--
Securities available-for-sale	16,119	(1,096)	--	5,836
Loans	265,750	13,567	(28,023)	--
Securities held-to-maturity	16,366	35	--	--
Derivative financial instruments	7,320	24,902	--	--
Due to banks and deposits from the National Bank of Hungary and other banks	(12,896)	--	--	--
Deposits from customers	(82,078)	48,688	--	--
Issued securities	(23,774)	--	--	--
Subordinated bonds and loans	(7,831)	54	--	--
	200,523	**86,088**	**(28,114)**	**5,836**

NOTE 38: SEGMENT REPORTING (in HUF mn)

Geographical segments provide products or services within a particular economic environment that is subject to different risks and rewards that are different to those of components operating in other economic environments. Geographical segments are the primary reporting segments.

Business segments are distinguishable components of the Group that provide products or services that are subject to risks and reward that are different to those of other business segments. Business segments are the secondary reporting segments.

38.1. Primary reporting format by geographical segments

	Hungary	United Kingdom	Slovakia	Montenegro	Bulgaria	Romania	Croatia	Serbia	Russia	Ukraine	Elimination	Consolidated
Interest income												
External	235,352	31	10,013	4,671	28,801	5,224	10,135	4,906	29,358	25,692	--	354,183
Inter-segment	13,226	--	--	-	1,810	15	--	--	15	--	(15,066)	--
Total	248,578	31	10,013	4,671	30,611	5,239	10,135	4,906	29,373	25,692	(15,066)	354,183
Non-interest income												
External	118,565	40	2,695	2,280	8,329	2,912	3,480	5,866	15,787	4,156	--	164,171
Inter-segment	2,939	--	--	--	375	49	--	--	--	--	(3,302)	--
Total	121,504	40	2,695	2,280	8,704	2,961	3,480	5,866	15,787	4,156	(3,302)	164,171
Segment income before income taxes	95,140	27	376	1,189	13,734	(2,229)	2,065	868	4,238	9,928	(2,383)	122,953
Income taxes	--	--	--	--	--	--	--	--	--	--	--	(21,755)
Net income after income taxes	--	--	--	--	--	--	--	--	--	--	--	101,198
Segment assets	5,032,739	1,472	370,085	186,031	906,276	210,747	408,783	104,590	426,449	609,263	(664,325)	7,592,110
Segment liabilities	4,769,526	32	346,571	176,819	779,101	180,379	338,098	61,312	329,552	433,113	(664,771)	6,749,732
Capital expenditure	6,604	--	653	--	3,924	1,441	603	126	--	--	--	13,351
Depreciation	11,392	--	496	191	1,425	611	416	335	2,012	651	--	17,529
Allowance for loan and placement losses	6,913	(1)	998	486	3,483	152	827	3,211	11,144	900	--	28,113

NOTE 38: SEGMENT REPORTING (in HUF mn) [continued]

38.2. Secondary segment information by business segments

	Banking segment	Insurance segment
Total segment income	458,773	48,662
Segment net income before income taxes	113,482	3,444
Segment assets	7,368,396	199,071
Capital expenditure	9,837	2,213

NOTE 39: SIGNIFICANT EVENTS DURING THE SIX MONTH PERIOD ENDED 30 JUNE 2007

On 26 February 2007 the Bank issued EUR 750 million floating rate note due 2009 under the EUR 3 billion EUR Medium Term Program.

On 26 February 2007 the Bank also issued EUR 200 million 5.27% subordinated notes due 19 September 2016 under the same program.

OTP Bank Plc. has increased its shareholding in Serbian Kulska banka a.d. Novi Sad (Kulska Banka) as result of several share purchases at the Belgrade Stock Exchange during the last few months and the recently finished public offer of treasury shares. As of 20 March 2007 OTP Bank owned 92,552 of Kulska banka registered capital.

OTP Bank Plc.'s Serbian subsidiaries, Niška banka a.d. Niš, Zepter banka a.d. Beograd and Kulska banka a.d. Novi Sad held an extraordinary general meeting on 23 March 2007. Based on Board draft proposals, a resulotion of the merger of the three banks was approved at the shareholders' forum. In possession of the requisite Hungarian and Serbian licences, as May of 21, 2007 (also the first day of business) the mergered credit institution operates under the name of OTP Banka Sbirja a.d. Novi Sad in the territory of the Republic of Serbia, with its headquarters located in Novi Sad.
The Government of the Repuplic of Serbia granted its special permit for the use of the word 'Srbija' in the name of the credit institution.

OTP Bank Plc. hereby announces, that it closed a contract with BNP Paribas Hungaria Bank, according to that OTP Bank Plc. has bought BNP Pariba Hungaria Bank's share of 0.8013% in Giro Elszámolásforgalmi Ltd. Thus, OTP Bank Plc. increased its ownership in the company from 14.42% to 15.22%.

According to the legal requirements in place, OTP Bank Plc. announces that its direct and indirect stake in MOL Hungarian Oil and Gas Plc. grew to 9.098% (9,752,158 shares) as of 21 June 2007. Out of its current stake 8,757,362 shares were obtained in a framework of a securities lending agreement with the aim of developing this new activity at OTP Bank Plc.

NOTE 40: POST BALANCE SHEET EVENTS

On 2 August 2007 OTP Bank Plc. has launched a bond issue program of HUF 100,000,000,000 (one hundred thousand million).

The Committee for Product Development, Marketing and Pricing of OTP Bank Plc. adopted the resolution no. 71/2007 about the bond issue program on 13 March 2007. The Information Memorandum related to the program and this announcement were approved by the Hungarian Financial Supervisory Authority with resolution no. E-III/10.350/2007 dd. 1 August 2007. The Information Memorandum has a validity of 12 months from the date of the announcement.

Data of individual bond issues within the program will be included in the relevant announcement and Final Terms of that particular issue. In the course of bond issues under the program the issuer, OTP Bank Plc. will not make arrangements to introduce the bonds in regulated markets.