

OTP BANK PLC.

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

*FOR THE YEAR ENDED
DECEMBER 31, 2006*

OTP BANK PLC.

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Deloitte Auditing and Consulting Ltd.
H-1068 Budapest, Dózsa György út 84/C., Hungary
H-1438 Budapest, P.O.Box 471, Hungary

Tel: +36 (1) 428-6800
Fax: +36 (1) 428-6801
www.deloitte.com/Hungary

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors of OTP Bank Plc.

We have audited the accompanying unconsolidated financial statements of OTP Bank Plc., which comprise the unconsolidated balance sheet as at December 31, 2006, and the related unconsolidated income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these unconsolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these unconsolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the unconsolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the unconsolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the unconsolidated financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of OTP Bank Plc. as of December 31, 2006, and of its unconsolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw attention to Note 2.3 to the unconsolidated financial statements which states that the consolidated financial statements of OTP Group prepared in accordance with International Financial Reporting Standards have been issued separately. The consolidated financial statements of OTP Group as of and for the year ended December 31, 2006 were audited by us and our report dated March 21, 2007 expressed an unqualified opinion.

Budapest, March 21, 2007


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Deloitte Auditing and Consulting Ltd.

OTP BANK PLC.
UNCONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2006
(in HUF mn)

	Note	2006	2005
Cash, due from banks and balances with the National Bank of Hungary	3	429,325	379,249
Placements with other banks, net of allowance for placement losses	4	657,939	393,659
Financial assets at fair value through statement of operations	5	61,085	34,054
Securities available-for-sale	6	348,859	371,433
Loans, net of allowance for loan losses	7	1,751,678	1,475,508
Accrued interest receivable		44,398	41,276
Investments in subsidiaries	8	583,298	223,881
Securities held-to-maturity	9	504,111	521,797
Premises, equipment and intangible assets, net	10	100,721	105,569
Other assets	11	<u>25,283</u>	<u>46,447</u>
TOTAL ASSETS		<u>4,506,697</u>	<u>3,592,873</u>
Due to banks and deposits from the National Bank of Hungary and other banks	12	557,857	255,211
Deposits from customers	13	2,690,098	2,506,457
Liabilities from issued securities	14	202,050	202,267
Accrued interest payable		16,175	5,735
Other liabilities	15	122,398	102,881
Subordinated bonds and loans	16	<u>247,865</u>	<u>47,023</u>
TOTAL LIABILITIES		<u>3,836,443</u>	<u>3,119,574</u>
Share capital	17	28,000	28,000
Retained earnings and reserves	18	644,000	486,051
Treasury shares	19	<u>(1,746)</u>	<u>(40,752)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>670,254</u>	<u>473,299</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>4,506,697</u>	<u>3,592,873</u>

The accompanying notes to unconsolidated financial statements on pages 7 to 55
form an integral part of these unconsolidated financial statements

OTP BANK PLC.
UNCONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2006
(in HUF mn)

	Note	2006	2005
Interest Income:			
Loans		167,058	147,368
Placements with other banks		73,004	36,961
Due from banks and balances with the National Bank of Hungary		24,053	27,957
Securities held for trading		2,189	2,108
Securities available-for sale		25,485	27,742
Securities held-to-maturity		<u>40,128</u>	<u>39,266</u>
<i>Total Interest Income</i>		<u>331,917</u>	<u>281,402</u>
Interest Expense:			
Due to banks and deposits from the National Bank of Hungary and other banks		36,492	27,989
Deposits from customers		81,167	81,504
Liabilities from issued securities		6,722	1,677
Subordinated bonds and loans		<u>4,372</u>	<u>1,593</u>
<i>Total Interest Expense</i>		<u>128,753</u>	<u>112,763</u>
NET INTEREST INCOME		203,164	168,639
Provision for loan and placement losses	4, 7	<u>25,443</u>	<u>16,435</u>
NET INTEREST INCOME AFTER PROVISION FOR LOAN AND PLACEMENT LOSSES		177,721	152,204
Non-Interest Income:			
Fees and commissions		147,668	136,264
Foreign exchange (losses) gains, net		(14,465)	1,603
Gains on securities, net		870	3,103
Gains (losses) on real estate transactions, net		77	(28)
Dividend income		16,252	13,937
Other		<u>44,849</u>	<u>3,541</u>
<i>Total Non-Interest Income</i>		<u>195,251</u>	<u>158,420</u>
Non-Interest Expenses:			
Fees and commissions		21,163	13,840
Personnel expenses		65,405	62,437
Depreciation and amortization		17,391	15,244
Other	20	<u>81,527</u>	<u>63,301</u>
<i>Total Non-Interest Expenses</i>		<u>185,486</u>	<u>154,822</u>
INCOME BEFORE INCOME TAXES		187,486	155,802
Income taxes	21	<u>17,298</u>	<u>22,954</u>
NET INCOME AFTER INCOME TAXES		<u>170,188</u>	<u>132,848</u>
Earnings per share (in HUF)			
Basic	32	<u>635</u>	<u>492</u>
Diluted	32	<u>629</u>	<u>488</u>

The accompanying notes to unconsolidated financial statements on pages 7 to 55
form an integral part of these unconsolidated financial statements

OTP BANK PLC.
UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR
ENDED DECEMBER 31, 2006
(in HUF mn)

	Note	2006	2005
OPERATING ACTIVITIES			
Income before income taxes		187,486	155,802
<i>Adjustments to reconcile income before income taxes to net cash provided by operating activities:</i>			
Income tax paid		(25,913)	(21,071)
Depreciation and amortization		17,391	15,244
Provision for loan and placement losses		25,443	16,435
Provision/(release of provision) for permanent diminution in value of investments in subsidiaries	8	10	(1,909)
Allowance for losses of other assets	11	151	46
Allowance/(release of allowance) for losses on off-balance sheet commitments and contingent liabilities, net	15	5,827	(1,984)
Share-based compensation	24	5,927	7,497
Unrealised losses on fair value adjustment of securities held for trading		1,435	7
Unrealised (gains)/losses on fair value adjustment of derivative financial instruments		(13,676)	1,868
<i>Changes in operating assets and liabilities:</i>			
Net changes in financial assets through statements of operations		(11,700)	(5,192)
Net increase in accrued interest receivable		(3,122)	(96)
Net decrease/(increase) in other assets, excluding advances for investments and before provisions for losses		22,400	(14,231)
Net increase/(decrease) in accrued interest payable		10,440	(3,679)
Net increase/(decrease) in other liabilities		<u>20,392</u>	<u>(754)</u>
Net cash provided by operating activities		<u>242,491</u>	<u>147,983</u>
INVESTING ACTIVITIES			
Net increase in placements with other banks, before provision for placement losses		(264,280)	(193,558)
Net decrease/(increase) in securities available-for-sale		14,466	(41,795)
Net increase in investments in subsidiaries, before provision for permanent diminution in value		(359,427)	(67,674)
Net decrease/(increase) in securities held-to-maturity		17,686	(14,294)
Net decrease/(increase) in advances for investments included in other assets		1	(14)
Net increase in loans, before provision for possible loan losses		(301,613)	(215,703)
Net additions to premises, equipment and intangible assets		<u>(12,543)</u>	<u>(24,275)</u>
Net cash used in investing activities		<u>(905,710)</u>	<u>(557,313)</u>

The accompanying notes to unconsolidated financial statements on pages 7 to 55 form an integral part of these unconsolidated financial statements

OTP BANK PLC.
UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR
ENDED DECEMBER 31, 2006
(in HUF mn) [continued]

	Note	2006	2005
FINANCING ACTIVITIES			
Net increase in due to banks and deposits			
from the National Bank of Hungary and other banks		302,646	51,434
Net increase in deposits from customers		183,641	165,533
Net (decrease)/increase in liabilities from issued securities		(217)	200,270
Increase in subordinated bonds and loans		200,842	32,699
Issue of equity instrument (ICES)		39,364	-
Net change in treasury shares		42,138	(19,518)
Net increase in the compulsory reserve established by the National Bank of Hungary		(16,539)	(12,489)
Dividends paid		(55,119)	(41,240)
Net cash provided by financing activities		<u>696,756</u>	<u>376,689</u>
Net increase/(decrease) in cash and cash equivalents		33,537	(32,641)
Cash and cash equivalents at the beginning of the period		261,044	293,685
Cash and cash equivalents at the end of the period		<u>294,581</u>	<u>261,044</u>
<i>Analysis of cash and cash equivalents</i>			
Cash, due from banks and balances with the National Bank of Hungary		379,249	399,401
Compulsory reserve established by the National Bank of Hungary		(118,205)	(105,716)
Cash and cash equivalents at the beginning of the period		<u>261,044</u>	<u>293,685</u>
Cash, due from banks and balances with the National Bank of Hungary	3,26	429,325	379,249
Compulsory reserve established by the National Bank of Hungary	3,26	(134,744)	(118,205)
Cash and cash equivalents at the end of the period		<u>294,581</u>	<u>261,044</u>

OTP BANK PLC.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS'
EQUITY FOR THE YEAR ENDED DECEMBER 31, 2006
(in HUF mn)

	Share Capital	Retained Earnings and Reserves	Treasury Shares	Total
Balance as at January 1, 2005	28,000	374,860	(13,808)	389,052
Net income after income taxes	-	132,848	-	132,848
Fair value adjustment of securities available-for-sale recognised directly through equity, net	-	4,626	-	4,626
Share-based compensation	-	7,497	-	7,497
Dividend for the year 2004	-	(41,206)	-	(41,206)
Profit on sale of treasury shares	-	7,426	-	7,426
Change in carrying value of treasury shares	-	-	(26,944)	(26,944)
Balance as at December 31, 2005	<u>28,000</u>	<u>486,051</u>	<u>(40,752)</u>	<u>473,299</u>
Net income after income taxes	-	170,188	-	170,188
Fair value adjustment of securities available-for-sale recognised directly through equity, net	-	(5,502)	-	(5,502)
Share-based compensation	-	5,927	-	5,927
Issue of equity instrument (ICES)	-	39,364	-	39,364
Dividend for the year 2005	-	(55,160)	-	(55,160)
Profit on sale of treasury shares	-	3,132	-	3,132
Sale and purchase of treasury shares	-	-	39,006	39,006
Balance as at December 31, 2006	<u>28,000</u>	<u>644,000</u>	<u>(1,746)</u>	<u>670,254</u>

OTP BANK PLC.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 1: ORGANIZATION AND BASIS OF FINANCIAL STATEMENTS

1.1. General information

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

In 1995, the 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 December 31, 2006 approximately 96.2% of the Bank's shares were held by domestic and foreign private and institutional investors. The remaining shares are owned by employees (3%) and the Bank (0.8%).

The Bank provides a full range of commercial banking services through a nationwide network of 388 branches in Hungary.

As at December 31, 2006 the number of employees at the Bank was 8,257. The average number of employees as at December 31, 2006 was 8,017.

1.2. Accounting

The Bank maintains its accounting records and prepares its statutory accounts in accordance with the commercial, banking and fiscal regulations prevailing in Hungary.

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

Some of the accounting principles prescribed for statutory purposes are different from those generally recognized in international financial markets. Due to the fact that the Bank is listed on international and national stock exchanges the Bank is obliged to present its financial position according to the International Financial Reporting Standards. Certain adjustments have been made to the Bank's Hungarian unconsolidated statutory accounts (see Note 33), in order to present the unconsolidated 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 unconsolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (the "EU") except for the matters discussed in 2.3. 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 Bank does not apply portfolio hedge accounting under IAS 39, there is no impact on these unconsolidated financial statements, had it been approved by the EU at the balance sheet date.

OTP BANK PLC.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

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

1.2.1. The effect of adopting revised International Financial Reporting Standards effective from January 1, 2006 on the 2006 financial statements

Effective from January 1, 2005 the Bank has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on January 1, 2006, especially:

- Amendments to IAS 39 'Financial Instruments: Recognition and Measurement' in respect of cash flow hedge accounting and fair value option (effective 1 January 2006);
- Amendments to IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 4 'Insurance Contracts' for financial guarantee contracts (effective 1 January 2006);
- Amendments to IAS 1 'Presentation of Financial Statements' on capital disclosures (effective 1 January 2007).

The adoption of the above amendments had no significant impact on the 2006 unconsolidated financial statements.

Revisions to a number of other IAS also took effect in the unconsolidated condensed financial statements of the Bank, but those revisions concerned matters of detailed application which have no significant effect on amounts reported.

1.2.2. Changes in Accounting Policies arising from the Adoption of New IFRSs and Amendments to IASs effective 1 January 2007

At the date of authorisation of these financial statements, the following standards were in issue but not yet effective:

- IFRS 7 'Financial Instruments: Disclosures' (effective 1 January 2007);
- the introduction of new disclosures regarding capital in IAS 1 (effective 1 January 2007);
- new interpretations (IFRIC 7, 8, 9, and 10)

The adoption of these standards and interpretations in the future periods is not expected to have a significant impact on the unconsolidated profit or equity.

OTP BANK PLC.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1. Basis of presentation

These unconsolidated 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 unconsolidated 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

Monetary assets and liabilities denominated in foreign currencies are translated into HUF at exchange rates quoted by the National Bank of Hungary ("NBH") as of the date of the 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 Unconsolidated Statement of Operations.

2.3. Consolidated financial statements

These financial statements present the Bank's unconsolidated financial position and results of operations. Consolidated financial statements are currently being prepared by the Bank and consolidated net income and shareholders' equity differs significantly from that presented in these unconsolidated financial statements. See Note 2.8 for the description of the method of accounting for investments in subsidiaries and associated companies in these unconsolidated financial statements. The consolidated financial statements and the unconsolidated financial statements will be published on the same date.

2.4. 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 Bank 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 Bank has the ability and intent to hold to maturity. Such securities comprise mainly securities issued by the Hungarian Government and mortgage bonds.

OTP BANK PLC.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

2.5. Financial assets at fair value through statement of operations

2.5.1 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 Unconsolidated Statement of Operations for the period. Such securities consist of discounted and interest bearing Treasury bills, Hungarian Government bonds, mortgage bonds and other securities. Other securities include shares in commercial companies and shares in investment funds.

2.5.2. Derivative financial instruments

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

Derivative financial instruments are 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 Unconsolidated 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.

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

Certain derivative transactions, while providing effective economic hedges under the Bank's risk management positions, 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 Unconsolidated Statement of Operations.

OTP BANK PLC.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

2.6. Securities available-for-sale

Investments in securities are accounted for on a settlement date basis and are initially measured at fair value. Available-for-sale 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 discounted Treasury bills, Hungarian Government bonds, mortgage bonds and other securities. Other securities include shares in investment funds, bonds issued by companies and foreign government bonds.

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

2.7. 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 placement losses, respectively. Interest is accrued and credited to income based on the principal amounts outstanding. When a borrower is unable to meet payments as they 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 provision 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.

The allowances for loan and placement losses are maintained at levels adequate to absorb estimated future losses.

2.8. Investments in subsidiaries

Investments in subsidiaries comprise those investments where the Bank, through direct and indirect ownership interest, has the power to govern the financial and operating policies of the investee.

Investments in subsidiaries are recorded at the cost of acquisition, less allowance for permanent diminution in value, when appropriate.

OTP BANK PLC.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

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 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.

2.10. 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 their 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	1-2%
Machinery and equipment	8-33.3%
Leased assets	16.7-33.3%
Vehicles	15-20%
Software	20-33.3%
Property rights	16.7%

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 Bank reviews the carrying value of its tangible and intangible assets to determine if there is any indication that those assets have suffered an impairment loss. If 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 Bank 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.

2.11. Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised at their fair value and depreciated over the useful lives of assets. The capital element of each future lease obligation is recorded as a liability, while the interest elements are charged to the Unconsolidated 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 Unconsolidated 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.

OTP BANK PLC.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

2.12. Treasury shares

Treasury shares which are purchased on the stock exchange and the over-the-counter market by the Bank and are presented in the Unconsolidated Balance Sheet at acquisition cost as a deduction from shareholders' equity. Gains and losses on the sale of treasury shares are credited or charged directly to retained earnings and reserves.

2.13. Interest Income and Interest Expense

Interest income and expense are recognised in the Unconsolidated Statement of Operations on an accrual basis.

2.14. Income taxes

The annual taxation charge is based on the tax payable under Hungarian fiscal law, adjusted for deferred taxation. Deferred taxation is accounted for using the balance sheet liability method in respect of temporary differences between the tax bases of assets and liabilities and their carrying value for financial reporting purposes, measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates that have been enacted at the date of the Unconsolidated Balance Sheet.

2.15. Off-balance sheet commitments and contingent liabilities

In the ordinary course of its business, the Bank has entered into off-balance sheet commitments such as guarantees, commitments to extend credit 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 Bank recognises a provision when it has a present obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the obligation.

2.16. Share-based payments

The Bank has applied the requirements of IFRS 2 Share-based Payment. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after November 7, 2002 that were unvested as of January 1, 2005.

The Bank issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the year, based on the Bank's estimate of shares that will eventually vest.

Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

OTP BANK PLC.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

2.17. Unconsolidated statement of cash flows

For the purposes of reporting 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. Cash flows from hedging activities are classified in the same category as the item being hedged.

2.18. Comparative figures

Certain amounts in the 2005 unconsolidated financial statements have been reclassified to conform with the current year presentation.

2.19. 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 Bank 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:

(a) Impairment of Loans and Advances

The Bank 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.

(b) 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.

(c) Provisions

The Bank is involved in a number of ongoing legal disputes. Based upon historical experience and expert reports, the Bank assesses the developments in these cases, and the likelihood and the amount of potential financial losses which are appropriately provided for. (see Note 15)

OTP BANK PLC.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 3: CASH, DUE FROM BANKS AND BALANCES WITH THE NATIONAL BANK OF HUNGARY (in HUF mn)

	2006	2005
Cash on hand:		
In HUF	45,909	47,122
In foreign currency	<u>3,066</u>	<u>2,661</u>
	<u>48,975</u>	<u>49,783</u>
Due from banks and balances with NBH:		
Within one year:		
In HUF	369,617	327,299
In foreign currency	<u>10,733</u>	<u>2,167</u>
	<u>380,350</u>	<u>329,466</u>
Total	<u>429,325</u>	<u>379,249</u>

Based on the requirements for compulsory reserves set by the National Bank of Hungary, the balance of compulsory reserves amounted to approximately HUF 134,744 million and HUF 118,205 million as at December 31, 2006 and 2005, respectively.

NOTE 4: PLACEMENTS WITH OTHER BANKS AND ALLOWANCE FOR PLACEMENT LOSSES (in HUF mn)

	2006	2005
Within one year:		
In HUF	37,741	90,309
In foreign currency	<u>242,892</u>	<u>192,258</u>
	<u>280,633</u>	<u>282,567</u>
Over one year:		
In HUF	3,300	3,300
In foreign currency	<u>374,006</u>	<u>107,792</u>
	<u>377,306</u>	<u>111,092</u>
Total	<u>657,939</u>	<u>393,659</u>

OTP BANK PLC.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 4: PLACEMENTS WITH OTHER BANKS AND ALLOWANCE FOR PLACEMENT LOSSES (in HUF mn) [continued]

Placements with other banks in foreign currency as at December 31, 2006 and 2005 bear interest rates in the range from 0.43% to 11.76% and from 0.05% to 12%, respectively.

Placements with other banks in HUF as at December 31, 2006 and 2005 bear interest rates in the range from 7% to 9.55% and from 5% to 7.6%, respectively.

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

	2006	2005
Balance as at January 1	-	1
Release of allowance for placement losses	=	(1)
Balance as at December 31	=	=

NOTE 5: FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENT OF OPERATIONS (in HUF mn)

	2006	2005
Securities held for trading		
Hungarian Government discounted Treasury bills	1,562	160
Hungarian Government interest bearing Treasury bills	5,710	1,485
Government bonds	25,744	19,743
Mortgage bonds	2,741	2,356
Other securities	<u>318</u>	<u>199</u>
	<u>36,075</u>	<u>23,943</u>
Derivative financial instruments designated as held for trading	<u>25,010</u>	<u>10,111</u>
Total	<u>61,085</u>	<u>34,054</u>

Approximately 100% and 99% of the held for trading securities portfolio was denominated in HUF as at December 31, 2006 and 2005, respectively.

OTP BANK PLC.
 NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2006

**NOTE 5: FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENTS
 OF OPERATIONS (in HUF mn) [continued]**

The entire government portfolio was denominated in HUF as at December 31, 2006. As at December 31, 2005 approximately 1% of the government bonds were denominated in foreign currency. The government bonds denominated in foreign currency was denominated in USD as at December 31, 2005.

Interest rates on securities held for trading ranged from 5.5% to 12% and from 3% to 12% as at December 31, 2006 and 2005, respectively.

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

	2006	2005
Within five years:		
variable interest	391	953
fixed interest	<u>27,648</u>	<u>19,400</u>
	<u>28,039</u>	<u>20,353</u>
Over five years:		
variable interest	18	18
fixed interest	<u>7,700</u>	<u>3,373</u>
	<u>7,718</u>	<u>3,391</u>
Non interest-bearing securities	<u>318</u>	<u>199</u>
Total	<u>36,075</u>	<u>23,943</u>

NOTE 6: SECURITIES AVAILABLE-FOR-SALE (in HUF mn)

	2006	2005
Government bonds	17,317	67,567
Hungarian Government discounted Treasury bills	-	7,858
Mortgage bonds	212,419	253,365
Other securities	<u>119,123</u>	<u>42,643</u>
	<u>348,859</u>	<u>371,433</u>

Approximately 68% and 91% of the available-for-sale securities portfolio was denominated in HUF as at December 31, 2006 and 2005, respectively.

OTP BANK PLC.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 6: SECURITIES AVAILABLE-FOR-SALE (in HUF mn) [continued]

71.2% and 92.3% of the government bonds were denominated in HUF as at December 31, 2006 and 2005, respectively. The whole government bond portfolio denominated in foreign currency was denominated in EUR as at December 31, 2006 and 2005, respectively.

Interest rates on available-for-sale securities ranged from 2.5% to 12% and from 1.6% to 12% as at December 31, 2006 and 2005, respectively.

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

	2006	2005
Within five years:		
variable interest	96,378	94,121
fixed interest	<u>109,520</u>	<u>94,108</u>
	<u>205,898</u>	<u>188,229</u>
Over five years:		
variable interest	27,573	24,600
fixed interest	<u>104,740</u>	<u>148,649</u>
	<u>130,313</u>	<u>173,249</u>
Non interest-bearing securities	<u>10,648</u>	<u>9,955</u>
Total	<u>348,859</u>	<u>371,433</u>

NOTE 7: LOANS AND ALLOWANCE FOR LOAN LOSSES (in HUF mn)

	2006	2005
Short-term loans and trade bills (within one year)	585,537	605,390
Long-term loans and trade bills (over one year)	<u>1,197,162</u>	<u>892,280</u>
	<u>1,782,699</u>	<u>1,497,670</u>
Allowance for loan losses	<u>(31,021)</u>	<u>(22,162)</u>
	<u>1,751,678</u>	<u>1,475,508</u>

Loans denominated in foreign currency loans represent approximately 45% and 41% of the loan portfolio, before allowance for losses as at December 31, 2006 and 2005, respectively.

Loans denominated in HUF, with a maturity within one year as at December 31, 2006 and 2005 bear interest rates in the range from 10% to 30% and from 11.3% to 30%, respectively.

OTP BANK PLC.
 NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 7: LOANS AND ALLOWANCE FOR LOAN LOSSES (in HUF mn)
[continued]

Loans denominated in HUF, with a maturity over one year as at December 31, 2006 and 2005 bear interest rates in the range from 4% to 22.8%.

Foreign currency loans as at December 31, 2006 and 2005 bear interest rates in the range from 1.6% to 17% and from 1.1% to 16.5%, respectively.

Approximately 3% and 2% of the gross loan portfolio represented loans on which interest is not being accrued as at December 31, 2006 and 2005, respectively.

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

	2006		2005	
Commercial loans	1,004,605	56%	902,696	60%
Municipality loans	210,159	12%	131,107	9%
Housing loans	259,583	14%	210,150	14%
Consumer loans	241,479	14%	226,153	15%
Mortgage backed loans	<u>66.873</u>	<u>4%</u>	<u>27,564</u>	<u>2%</u>
	<u>1,782,699</u>	<u>100%</u>	<u>1,497,670</u>	<u>100%</u>

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

	2006	2005
Balance as at January 1	22,162	19,810
Provision for loan losses	25,443	16,436
Write-offs	<u>(16,584)</u>	<u>(14,084)</u>
Balance as at December 31	<u>31,021</u>	<u>22,162</u>

The Bank sells non-performing loans without recourse at estimated fair value to a wholly owned subsidiary, OTP Factoring Ltd. See Note 25.

OTP BANK PLC.
 NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 8: INVESTMENTS IN SUBSIDIARIES (in HUF mn)

	2006	2005
Investments in subsidiaries:		
Controlling interest	583,496	226,453
Significant interest	75	75
Other	<u>786</u>	<u>861</u>
	<u>584,357</u>	<u>227,389</u>
Allowance for permanent diminution in value	<u>(1,059)</u>	<u>(3,508)</u>
	<u>583,298</u>	<u>223,881</u>

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

	2006	2005
Balance as at January 1	3,508	5,417
Release of provision for permanent diminution in value	10	(1,909)
Write-offs	<u>(2,459)</u>	<u>-</u>
Balance as at December 31	<u>1,059</u>	<u>3,508</u>

OTP BANK PLC.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 8: INVESTMENTS IN SUBSIDIARIES (in HUF mn) [continued]

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

	2006		2005	
	% Held (direct and indirect)	Cost	% Held (direct and indirect)	Cost
CJSC OTP Bank (Ukraine)	100.00%	168,654	-	-
DSK Bank EAD (Bulgaria)	100.00%	79,163	100.00%	79,162
OTP banka Hrvatska d.d. (Croatia)	100.00%	59,941	100.00%	59,941
Investsberbank OAO (Russia)	96.41%	49,337	-	-
Kulska banka a.d. Novi Sad (Serbia)	83.19%	38,637	-	-
OTP Bank Romania S.A. (Romania)	100.00%	33,034	100.00%	19,746
Crnogorska komercijalna banka a.d. (Montenegro)	100.00%	26,580	-	-
Invest Oil OOO (Russia)	100.00%	21,220	-	-
OTP Mortgage Bank Company Ltd.	100.00%	20,000	100.00%	20,000
Megaform Inter OOO (Russia)	100.00%	17,700	-	-
AlyansReserv OOO (Russia)	100.00%	11,143	-	-
OTP Banka Slovensko a.s. (Slovakia)	97.23%	10,038	97.23%	10,037
Zepter banka a.d. Beograd (Serbia)	75.10%	8,911	-	-
OTP Garancia Insurance Ltd.	100.00%	7,472	100.00%	7,472
Bank Center No. 1. Ltd.	100.00%	7,330	100.00%	9,364
INGA Two Ltd.	100.00%	5,892	100.00%	5,892
Niska Banka a.d. (Serbia)	99.95%	4,107	-	-
Air-Invest Ltd.	100.00%	3,674	100.00%	3,674
OTP Building Society Ltd.	100.00%	1,950	100.00%	1,950
OTP Fund Management Ltd.	100.00%	1,653	100.00%	1,653
Merkantil Bank Ltd.	100.00%	1,600	100.00%	1,600
OTP Fund Servicing and Consulting Ltd.	100.00%	1,372	100.00%	1,372
OTP Real Estate Ltd.	100.00%	1,228	100.00%	1,228
HIF Ltd. (United Kingdom)	100.00%	1,132	100.00%	1,132
OTP Life Annuity Ltd.	100.00%	500	100.00%	500
OTP Card Factory Ltd.	100.00%	450	100.00%	450
OTP Flat Lease Ltd.	100.00%	410	75.00%	210
IOLO OWEN & Co. Limited	-	-	99.25%	400
INGA One Ltd.	-	-	100.00%	375
OTP Factoring Ltd.	100.00%	150	100.00%	150
Other	-	<u>218</u>	-	<u>145</u>
Total		<u>583,496</u>		<u>226,453</u>

OTP BANK PLC.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 9: HELD-TO-MATURITY INVESTMENTS (in HUF mn)

	2006	2005
Government securities	185,088	201,380
Hungarian Government discounted Treasury bills	28,095	29,962
Mortgage bonds	289,328	289,755
Other debt securities	<u>1,600</u>	<u>700</u>
	<u>504,111</u>	<u>521,797</u>

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

	2006	2005
Within five years:		
variable interest	16,792	50,037
fixed interest	<u>369,875</u>	<u>345,850</u>
	<u>386,667</u>	<u>395,887</u>
Over five years:		
variable interest	34,898	37,294
fixed interest	<u>82,546</u>	<u>88,616</u>
	<u>117,444</u>	<u>125,910</u>
Total	<u>504,111</u>	<u>521,797</u>

100% of the securities portfolio was denominated in HUF as at December 31, 2006 and 2005, respectively. In most cases, interest on variable rate securities is based on the interest rates of 90 day Hungarian Government Treasury bills and is adjusted semi-annually.

Interest rates on fixed interest securities denominated in HUF ranged from 6% to 10% and from 5.5% to 10% as at December 31, 2006 and 2005, 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 508,147 million and HUF 533,791 million as at December 31, 2006 and 2005, respectively.

OTP BANK PLC.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 10: PREMISES, EQUIPMENT AND INTANGIBLE ASSETS (in HUF mn)

For the year ended December 31, 2006:

<u>Cost</u>	Intangible assets	Land and buildings	Machinery and equipment	Construction in progress	Total
Balance as at					
January 1, 2006	53,565	57,675	60,471	6,414	178,125
Net additions	10,664	4,368	9,013	-	24,045
Net disposals	<u>(43)</u>	<u>(12,419)</u>	<u>(1,831)</u>	<u>(416)</u>	<u>(14,709)</u>
Balance as at					
December 31, 2006	<u>64,186</u>	<u>49,624</u>	<u>67,653</u>	<u>5,998</u>	<u>187,461</u>
 <u>Depreciation and Amortization</u>					
Balance as at					
January 1, 2006	25,168	8,556	38,832	-	72,556
Net additions	8,182	1,301	7,908	-	17,391
Net disposals	<u>(8)</u>	<u>(1,414)</u>	<u>(1,785)</u>	<u>-</u>	<u>(3,207)</u>
Balance as at					
December 31, 2006	<u>33,342</u>	<u>8,443</u>	<u>44,955</u>	<u>-</u>	<u>86,740</u>
 <u>Net book value</u>					
Balance as at					
January 1, 2006	28,397	49,119	21,639	6,414	105,569
Balance as at					
December 31, 2006	<u>30,844</u>	<u>41,181</u>	<u>22,698</u>	<u>5,998</u>	<u>100,721</u>

OTP BANK PLC.
 NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 10: PREMISES, EQUIPMENT AND INTANGIBLE ASSETS [continued]
 (in HUF mn)

For the year ended December 31, 2005:

<u>Cost</u>	Intangible assets	Land and buildings	Machinery and equipment	Construction in progress	Total
Balance as at January 1, 2005	38,501	52,778	56,574	10,127	157,980
Net additions	17,887	5,412	7,608	-	30,907
Net disposals	<u>(2,823)</u>	<u>(515)</u>	<u>(3,711)</u>	<u>(3,713)</u>	<u>(10,762)</u>
Balance as at December 31, 2005	<u>53,565</u>	<u>57,675</u>	<u>60,471</u>	<u>6,414</u>	<u>178,125</u>

Depreciation and Amortization

Balance as at January 1, 2005	18,534	7,501	35,407	-	61,442
Net additions	6,974	1,227	7,053	-	15,254
Net disposals	<u>(340)</u>	<u>(172)</u>	<u>(3,628)</u>	<u>-</u>	<u>(4,140)</u>
Balance as at December 31, 2005	<u>25,168</u>	<u>8,556</u>	<u>38,832</u>	<u>-</u>	<u>72,556</u>

Net book value

Balance as at January 1, 2005	19,967	45,277	21,167	10,127	96,538
Balance as at December 31, 2005	<u>28,397</u>	<u>49,119</u>	<u>21,639</u>	<u>6,414</u>	<u>105,569</u>

OTP BANK PLC.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 11: OTHER ASSETS (in HUF mn)

	2006	2005
Property held for sale	4	4
Due from Government for interest subsidies	4,009	3,736
Trade receivables	6,505	4,194
Advances for securities and investments	508	509
Taxes recoverable	114	37
Inventories	406	481
Other advances	1,313	2,289
Credits sold under deferred payment scheme	76	280
Receivables from OTP Mortgage Bank Company Ltd.	1,618	25,778
Receivables from investing services	889	1,231
Prepayments and accrued income	5,062	5,342
Fair value of derivative financial instruments designated as hedge accounting relationships	1,967	35
Other	<u>3,858</u>	<u>3,433</u>
	<u>26,329</u>	<u>47,349</u>
Allowance for losses on other assets	<u>(1,046)</u>	<u>(902)</u>
	<u>25,283</u>	<u>46,447</u>

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

	2006	2005
Balance as at January 1	902	899
Provision for possible losses	151	46
Write-offs	<u>(7)</u>	<u>(43)</u>
Balance as at December 31	<u>1,046</u>	<u>902</u>

OTP BANK PLC.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
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NOTE 12: DUE TO BANKS AND DEPOSITS FROM THE NATIONAL BANK OF HUNGARY AND OTHER BANKS (in HUF mn)

	2006	2005
Within one year:		
In HUF	26,905	11,138
In foreign currency	<u>247,234</u>	<u>86,198</u>
	<u>274,139</u>	<u>97,336</u>
Over one year:		
In HUF	50,447	20,350
In foreign currency	<u>233,271</u>	<u>137,525</u>
	<u>283,718</u>	<u>157,875</u>
Total	<u>557,857</u>	<u>255,211</u>

Due to banks and deposits from the National Bank of Hungary and other banks payable in HUF within one year as at December 31, 2006 and 2005, bear interest rates in the range from 7% to 8% and from 4.9% to 5.3%, respectively.

Due to banks and deposits from the National Bank of Hungary and other banks payable in HUF over one year as at December 31, 2006 and 2005, bear interest rates in the range from 3% to 6% and from 3.1% to 4.5%, respectively.

Due to banks and deposits from the National Bank of Hungary and other banks payable in foreign currency within one year as at December 31, 2006 and 2005, bear interest rates in the range from 0.48% to 5.4% and from 0.5% to 4.55%, respectively.

Due to banks and deposits from the National Bank of Hungary and other banks payable in foreign currency over one year as at December 31, 2006 and 2005, bear interest rates in the range from 1.78% to 6.72% and from 0.7% to 6.1%, respectively.

NOTE 13: DEPOSITS FROM CUSTOMERS (in HUF mn)

	2006	2005
Within one year:		
In HUF	2,280,834	2,190,095
In foreign currency	<u>397,523</u>	<u>298,767</u>
	<u>2,678,357</u>	<u>2,488,862</u>
Over one year:		
In HUF	<u>11,741</u>	<u>17,595</u>
	<u>11,741</u>	<u>17,595</u>
Total	<u>2,690,098</u>	<u>2,506,457</u>

OTP BANK PLC.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
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NOTE 13: DEPOSITS FROM CUSTOMERS (in HUF mn) [continued]

Deposits from customers payable in HUF within one year as at December 31, 2006 and 2005, bear interest rates in the range from 0.2% to 9% and from 0.2% to 6%, respectively.

Deposits from customers payable in HUF over one year as at December 31, 2006 and 2005, bear interest rates in the range from 0.2% to 8.3% and from 1% to 4.5%, respectively.

Deposits from customers payable in foreign currency as at December 31, 2006 and 2005, bear interest rates in the range from 0.1% to 5.6% and from 0.1% to 4.8%, respectively.

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

	2006		2005	
Commercial deposits	708,981	26%	474,052	19%
Municipality deposits	168,379	6%	161,993	6%
Consumer deposits	<u>1,812,738</u>	<u>68%</u>	<u>1,870,412</u>	<u>75%</u>
	<u>2,690,098</u>	<u>100%</u>	<u>2,506,457</u>	<u>100%</u>

NOTE 14: LIABILITIES FROM ISSUED SECURITIES (in HUF mn)

	2006	2005
With original maturity:		
Within one year	337	355
Over one year	<u>201,713</u>	<u>201,912</u>
	<u>202,050</u>	<u>202,267</u>

Liabilities from issued securities denominated in HUF bear interest rates in the range from 0.3% to 1% as at December 31, 2006 and 2005, respectively.

Liabilities from issued securities denominated in foreign currency bear interest rates in the range from 3.5% to 3.8% and from 0.3% to 2.6% as at December 31, 2006 and 2005, respectively.

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

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

OTP BANK PLC.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 15: OTHER LIABILITIES (in HUF mn)

	2006	2005
Taxes payable	4,696	6,221
Deferred tax liabilities	5,831	2,793
Giro clearing accounts	26,142	18,361
Accounts payable	7,197	8,268
Salaries and social security payable	9,343	8,092
Liabilities from security trading	9,459	9,307
Allowances for losses on off-balance sheet commitments, contingent liabilities	13,709	7,882
Dividends payable	623	581
Accrued expenses	8,904	6,444
Suspense accounts	2,028	1,998
Advancement of Government grants for housing purposes	5,245	5,427
Loans for collection	1,674	1,860
Fair value of derivative financial instruments designated as hedge accounting relationships	472	722
Fair value of derivative financial instruments designated as held for trading	11,618	8,757
Liabilities from trading activities (repurchase agreement)	1,267	5,785
Other	<u>14,190</u>	<u>10,383</u>
	<u>122,398</u>	<u>102,881</u>

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

	2006	2005
Allowance for litigation	2,481	1,453
Allowance for other off-balance sheet commitments, contingent liabilities	8,210	6,429
Other allowance (for expected liabilities)	<u>3,018</u>	<u>-</u>
	<u>13,709</u>	<u>7,882</u>

The allowance 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.

OTP BANK PLC.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 15: OTHER LIABILITIES (in HUF mn) [continued]

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

	2006	2005
Balance as at January 1	7,882	9,866
Allowance/(credit) for off-balance sheet commitments and contingent liabilities, net	<u>5,827</u>	<u>(1,984)</u>
Balance as at December 31	<u>13,709</u>	<u>7,882</u>

NOTE 16: 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 December 20, 2002, 3.25% as at June 20, 2003, 4.8% as at December 20, 2003, 4.88% as at June 20, 2004, 6.05% as at December 20, 2004, 5.46% as at June 20, 2005, and 3.08% as at December 20, 2005, 3.1% as at June 30, 2006 and 3.79% as at December 31, 2006. 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 August 27, 2008 on August 22, 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 December 27, 1996 until December 29, 1997, at six-month LIBOR + 1.0% from December 29, 1997 until June 28, 1999, at six-month LIBOR + 1.7% from June 28, 1999 until December 27, 2003 and at six-month LIBOR + 1.35% from December 28, 2003 until August 27, 2008.

On March 4, 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 October 31, 2006 the Bank issued perpetual subordinated (UT2) bonds to finance acquisitions. The 500 EUR million nominal value bonds were issued at 99.375 per cent of the face value with November 7, 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 per cent, with annual interest payments in the first 10 years, and a floater (variable) coupon of 3 months EURIBOR + 300 basis points per annum, quarterly thereafter. The bonds will be introduced to the Luxembourg Stock Exchange.

OTP BANK PLC.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
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NOTE 16: SUBORDINATED BONDS AND LOANS [continued]

On August 30, 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 EMNT Program on September 12, 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 September 19, 2006 as payment date, and September 19, 2016 as maturity date. The bonds bear a coupon of 5.27%, with annual interest payments.

NOTE 17: SHARE CAPITAL (in HUF mn)

	2006	2005
<u>Authorized, issued and fully paid:</u>		
Common shares	<u>28,000</u>	<u>28,000</u>
	<u>28,000</u>	<u>28,000</u>

From September 3, 1997, the Bank has one preferential voting share (the "Special Share") outstanding with a nominal value of HUF 1 thousand (see Note 1.1).

NOTE 18: RETAINED EARNINGS AND RESERVES (in HUF mn)

	2006	2005
Balance as at January 1	486,051	374,860
Net income after income taxes	170,188	132,848
Fair value adjustment of available-for-sale securities recognised through equity	(5,502)	4,626
Issue of equity instrument (ICES)	39,364	-
Share-based compensation	5,927	7,497
Profit on sale of Treasury Shares	3,132	7,426
Dividend	<u>(55,160)</u>	<u>(41,206)</u>
Balance as at December 31	<u>644,000</u>	<u>486,051</u>

The Bank's reserves under Hungarian Accounting Standards were HUF 397,904 million and HUF 310,215 million as at December 31, 2006 and 2005, respectively. Of these amounts, legal reserves represent HUF 87,675 million and HUF 107,619 million as at December 31, 2006 and 2005, respectively. The legal reserves are not available for distribution.

Dividends of HUF 55,160 million for the year 2005 were approved by the Annual General Meeting on April 29, 2006.

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

For conditions of the issue of equity instrument (ICES), see Note 34.

OTP BANK PLC.
 NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
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NOTE 19: TREASURY SHARES (in HUF mn)

	2006	2005
Nominal Value	<u>21</u>	<u>1,005</u>
Carrying Value at acquisition cost	<u>1,746</u>	<u>40,752</u>

NOTE 20: OTHER EXPENSES (in HUF mn)

	2006	2005
Provision/(release of provision) for permanent diminution in value of investments in subsidiaries	10	(1,909)
Provision for other assets	151	46
Provision/(release of provision) for possible losses on off-balance sheet commitments, contingent liabilities	5,827	(1,984)
Administration expenses, including rent	21,749	20,265
Advertising	5,053	4,028
Taxes, other than income tax	26,844	23,068
Services	16,952	15,811
Professional fees	2,497	2,686
Other	<u>2,444</u>	<u>1,290</u>
	<u>81,527</u>	<u>63,301</u>

OTP BANK PLC.
 NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
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NOTE 21: INCOME TAXES (in HUF mn)

The Bank is presently liable for income tax at a rate of 16% of taxable income. From September 1, 2006 an additional 4% special tax was introduced. In the calculation of deferred tax the 20% tax rate was taken into account.

A breakdown of the income tax expense is:

	2006	2005
Current tax	16,474	22,804
Deferred tax	<u>824</u>	<u>150</u>
	<u>17,298</u>	<u>22,954</u>

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

	2006	2005
Balance as at January 1	(2,793)	(1,761)
Deferred tax charge	(824)	(150)
Tax effect of fair value adjustment of available-for-sale securities recognised through equity	<u>(2,214)</u>	<u>(882)</u>
Balance as at December 31	<u>(5,831)</u>	<u>(2,793)</u>

OTP BANK PLC.
 NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
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NOTE 21: INCOME TAXES (in HUF mn) [continued]

A breakdown of the deferred tax liability is as follows:

	2006	2005
Premium and discount amortization on investment securities	-	68
Allowance for possible losses on off-balance sheet commitments and contingent liabilities	-	5
Difference in accounting for finance leases	287	158
Fair value adjustment of derivative financial instruments	-	90
Repurchase agreement	<u>94</u>	<u>-</u>
Deferred tax asset	<u>381</u>	<u>321</u>
Fair value adjustment of held for trading and available-for-sale financial assets	(1,663)	(2,629)
Premium and discount amortization on investment securities	(24)	-
Fair value adjustment of derivative financial instruments	(244)	-
Issue of equity instrument (ICES)	(2,952)	-
Repurchase agreement	-	(4)
Difference in depreciation and amortization	<u>(1,329)</u>	<u>(481)</u>
Deferred tax liabilities	<u>(6,212)</u>	<u>(3,114)</u>
Net deferred tax liabilities	<u>(5,831)</u>	<u>(2,793)</u>

OTP BANK PLC.
 NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 21: INCOME TAXES (in HUF mn) [continued]

A reconciliation of the income tax charge is as follows:

	2006	2005
Income before income taxes	187,486	155,802
Income tax with statutory tax rate (16%)	29,998	24,928
Special tax (4%)	2,139	-
 <u>Income tax adjustments are as follows:</u>		
Reversal of statutory general provision	(1,366)	(651)
Reversal of statutory goodwill and negative goodwill	(1,318)	(1,318)
Revaluation of investments denominated in foreign currency to historical cost	(842)	305
Fair value of share-based compensations	948	1,200
Dividend income	(2,600)	(2,230)
Permanent differences related to issued equity instruments	(2,832)	-
Assets granted without obligation of repayment from subsidiaries	(6,022)	-
Other	(972)	720
Deferred tax effect of expected changes of income tax rate (+4%)	<u>165</u>	<u>-</u>
Income tax	<u>17,298</u>	<u>22,954</u>
Effective tax rate	9.2%	14.7%

OTP BANK PLC.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
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NOTE 22: 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 Bank. The most significant risks the Bank faces include:

Credit risk

The Bank takes on exposure to credit risk which is the risk that a counter-party will be unable to pay amounts in full when due. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or Banks of borrowers, and to geographical 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.

Market risk

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

Liquidity risk

See Note 29.

Foreign currency risk

See Note 30.

Interest rate risk

See Note 31.

OTP BANK PLC.
 NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 23: OFF-BALANCE SHEET ITEMS AND DERIVATIVE FINANCIAL INSTRUMENTS (in HUF mn)

In the normal course of business, the Bank becomes a party to various financial transactions that are not reflected on the 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 and commitments

	2006	2005
Commitments to extend credit	689,963	566,647
Guarantees arising from banking activities	194,189	132,369
Confirmed letters of credit	16,560	10,540
Legal disputes	5,698	3,410
Contingent liabilities related to OTP Mortgage Bank Ltd.	30,363	49,452
Other	<u>3,242</u>	<u>164</u>
	<u>940,015</u>	<u>762,582</u>

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 Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans.

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

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

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

OTP BANK PLC.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 23: OFF BALANCE SHEET ITEMS AND DERIVATIVE FINANCIAL INSTRUMENTS (in HUF mn) [continued]

Legal disputes

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

The Bank believes that the various asserted claims and litigations in which it is involved will not materially affect its financial position, future operating results or cash flows, although no assurance can be given with respect to the ultimate outcome of any such claim or litigation. Provision due to legal disputes were HUF 2,481 million and HUF 1,453 million as at December 31, 2006 and 2005, respectively.

Contingent liabilities related to OTP Mortgage Bank Ltd.

Under a syndication agreement with its fully owned subsidiary, OTP Mortgage Bank Ltd., the Bank guarantees, in return for an annual fee, to purchase all mortgage loans held by OTP Mortgage Bank Ltd. that become non-performing. OTP Mortgage Bank Ltd. utilises credit risk monitoring and credit policies for the granting of loans similar to those used by the Bank. Provision due to recourse agreements were HUF 3,036 million and HUF 4,945 million as at December 31, 2006 and 2005, respectively.

OTP BANK PLC.
 NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 23: OFF BALANCE SHEET ITEMS AND DERIVATIVE FINANCIAL INSTRUMENTS (in HUF mn) [continued]

<i>(b) Derivatives (nominal amount, unless otherwise stated)</i>	2006	2005
Foreign currency contracts designated as held for trading		
Assets	37,825	39,329
Liabilities	<u>38,653</u>	<u>40,570</u>
Net	<u>(828)</u>	<u>(1,241)</u>
Net fair value	<u>(482)</u>	<u>(856)</u>
Foreign exchange swaps and interest rate swaps designated as held for trading		
Assets	951,605	612,543
Liabilities	<u>921,045</u>	<u>601,539</u>
Net	<u>30,560</u>	<u>11,004</u>
Net fair value	<u>13,871</u>	<u>2,210</u>
Interest rate swaps designated in hedge accounting relationships		
Assets	19,611	12,031
Liabilities	<u>18,286</u>	<u>14,023</u>
Net	<u>1,325</u>	<u>(1,992)</u>
Net fair value	<u>1,072</u>	<u>(687)</u>
Option contracts		
Assets	9,436	-
Liabilities	<u>10,477</u>	<u>-</u>
Net	<u>(1,041)</u>	<u>-</u>
Net fair value	<u>423</u>	<u>-</u>
Forward security agreements designated as held for trading		
Assets	149	-
Liabilities	<u>149</u>	<u>-</u>
Net	<u>-</u>	<u>-</u>
Net fair value	<u>3</u>	<u>-</u>

OTP BANK PLC.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
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NOTE 23: OFF BALANCE SHEET ITEMS AND DERIVATIVE FINANCIAL INSTRUMENTS (in HUF mn) [continued]

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

As at December 31, 2006, the Bank has derivative instruments with positive fair values of HUF 26,977 million and negative fair values of HUF 12,090 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 December 31, 2005 are HUF 10,146 million and HUF 9,479 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 Bank for risk management and trading purposes. The Bank'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 Bank 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 Bank's interest rate swaps were used for management of interest rate exposures and have been accounted for at mark-to-market fair value.

OTP BANK PLC.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 23: 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 Bank limits its exposure to market risk by entering into generally matching or offsetting positions and by establishing and monitoring limits on unmatched positions. Credit risk is managed through approval procedures that establish specific limits for individual counterparties. The Bank'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 possible losses on off balance sheet commitments and contingent liabilities, see Note 15.

NOTE 24: 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 April 29, 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. The grant date of these options is April 28, 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 2009 is calculated as the average of the market price of OTP shares quoted by the BSE daily during the period between April 30 and May 30 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.

OTP BANK PLC.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
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NOTE 24: SHARE-BASED COMPENSATION [continued]

	For the year ended December 31, 2006		For the year ended December 31, 2005	
	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	3,346,200	6,079	3,575,930	2,552
Granted during the period	3,832,000	7,038	4,251,500	5,446
Forfeited during the period	218,430	6,536	30,000	3,107
Exercised during the period	2,159,945	5,174	4,451,230	2,661
Outstanding at the end of the period	4,799,825	7,231	3,346,200	6,079
Exercisable at the end of the period	1,799,825	6,536	446,200	3,107

The weighted average share price for share options of 2004 exercised during the year ended December 31, 2006 was HUF 7,190 at the date of exercise. The options outstanding at December 31, 2006 and 2005 had a weighted average exercise price of HUF 7,231 and HUF 6,079 with a weighted average remaining contractual life of 22 and 18 months, respectively.

The inputs into the Binominal model are as follows:

	2006	2005	2004
Weighted average share price (HUF)	5,969	6,060	2,210
Weighted average exercise price (HUF)	4,882	6,536	1,264
Expected volatility (%)	36	35	30
Expected life (average year)	0.52	3.34	3.42
Risk free rate (%)	6.71	7.46	7.17
Expected dividends (%)	3.35	2.41	1.24

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 5,927 million and HUF 7,497 million has been recognised as an expense for the year ended December 31, 2006 and 2005, respectively.

OTP BANK PLC.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
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NOTE 25: RELATED PARTY TRANSACTIONS

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

During the years ended December 31, 2006 and 2005 the Bank sold, without recourse, non-performing loans and the related accrued interest receivable to OTP Factoring Ltd. for HUF 8,190 million and HUF 7,776 million, respectively. The gross book value of such credits were HUF 20,309 million and HUF 21,063 million, respectively, with a corresponding allowance for loan losses of HUF 7,762 million and HUF 5,196 million, respectively. The underlying mortgage rights were also transferred to OTP Factoring Ltd. Losses related to such transactions are recorded in the unconsolidated financial statements, among for loans and placement losses, which were HUF 4,357 million and HUF 8,091 million, respectively.

Commissions received by the Bank from OTP Building Society in relation to finalised customer contracts were HUF 1,743 million and HUF 1,349 million for the years ended December 31, 2006 and 2005, respectively.

Insurance premiums paid by the Bank to OTP Garancia Insurance were HUF 1,732 million and HUF 2,039 million for the years ended December 31, 2006 and 2005, respectively.

Commissions received by the Bank from OTP Fund Management in relation to custody activity were HUF 578 million and HUF 557 million, in relation to trading activity were HUF 4,842 million and HUF 4,996 million for years ended December 31, 2006 and 2005, respectively.

Commissions paid by the Bank to OTP Real Estate in relation to its activity were HUF 1,696 million and HUF 2,968 million for the years ended December 31, 2006 and 2005, respectively.

The Bank under a syndication agreement administrated mortgage loans with recourse to OTP Mortgage Bank Ltd. of HUF 157,617 million and 146,323 million during the years ended December 31, 2006 and 2005 (including interest). The book value of these receivables were HUF 157,504 million and HUF 146,118 million, respectively.

During the year ended December 31, 2006, the Bank received HUF 50,493 million in fees and commissions from OTP Mortgage Bank Ltd. For the year ended December 31, 2005 such fees and commissions were HUF 51,697 million. Such fees and commissions are related to services provided to OTP Mortgage Bank Ltd. under the syndication agreement.

In normal cours of business the Bank provide loans to subsidiaries, and collect deposits..

Loans provided to Merkantil Car Ltd. were HUF 65,389 million and HUF 101,751 million for the years ended December 31, 2006 and 2005, respectively.

Loans provided to OTP Trade Ltd. were HUF 34,372 million and HUF 23,019 million for the years ended December 31, 2006 and 2005, respectively.

Deposits collected from OTP Real Estate Ltd. were HUF 3,391 million and HUF 3,952 million for the years ended December 31, 2006 and 2005, respectively.

Deposits collected from Bank Center No. 1. Ltd.. were HUF 3,061 million and HUF 925 million for the years ended December 31, 2006 and 2005, respectively.

OTP BANK PLC.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
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NOTE 25: RELATED PARTY TRANSACTIONS [continued]

Deposits collected from INGA Two Ltd. were HUF 2,545 million and HUF 444 million for the years ended December 31, 2006 and 2005, respectively.

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

The members of the Board of Directors and the Supervisory Board have credit lines of HUF 190 million and HUF 188 million as at December 31, 2006 and 2005, respectively. 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 438 million and HUF 283 million, with commitments to extend credit and guarantees of HUF 108 million and HUF 112 million as at December 31, 2006 and 2005, respectively.

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

Compensations	2006	2005
Short-term employee benefits	3,189	4,956
Share-based compensations	<u>2,744</u>	<u>4,517</u>
	<u>5,933</u>	<u>9,473</u>

NOTE 26: CASH AND CASH EQUIVALENTS (in HUF mn)

	2006	2005
Cash, due from banks and balances with the NBH	429,325	379,249
Compulsory reserve established by the NBH	<u>(134,744)</u>	<u>(118,205)</u>
	<u>294,581</u>	<u>261,044</u>

NOTE 27: 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 46,212 million and HUF 46,825 million as at December 31, 2006 and 2005, respectively.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
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NOTE 28: CONCENTRATION OF ASSETS AND LIABILITIES

Approximately 14% and 18% of the Bank's total assets consisted of receivables from, or securities issued by, the Hungarian Government or the National Bank of Hungary as at December 31, 2006 and 2005, respectively. Approximately 11.2% and 15% of the Bank's total assets consisted of securities issued by the OTP Mortgage Bank Ltd. as at December 31, 2006 and 2005, respectively. There were no other significant concentrations of the Bank's assets or liabilities as at December 31, 2006 and 2005, respectively.

NOTE 29: MATURITY ANALYSIS OF ASSETS AND LIABILITIES AND LIQUIDITY RISK (in HUF mn)

Liquidity risk is a measure of the extent to which the Bank may be required to raise funds to meet its commitments associated with financial instruments. The Bank maintains its liquidity profiles in accordance with regulations laid down by the 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.

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NOTE 29: MATURITY ANALYSIS OF ASSETS AND LIABILITIES AND LIQUIDITY RISK (in HUF mn) [continued]

As at December 31, 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	429,325	-	-	-	429,325
Placements with other banks, net of allowance for placement losses	184,107	96,526	297,510	79,796	657,939
Financial assets at fair value through statement of operations	14,464	15,848	21,031	9,742	61,085
Securities available-for-sale	-	60,507	145,392	142,960	348,859
Loans, net of allowance for loan losses	132,812	436,207	588,502	594,157	1,751,678
Accrued interest receivable	44,362	36	-	-	44,398
Investments in subsidiaries	-	-	-	583,298	583,298
Securities held-to-maturity	22,523	19,009	345,135	117,444	504,111
Premises, equipment and intangible assets, net	-	-	83,143	17,578	100,721
Other assets	<u>17,720</u>	<u>5,823</u>	<u>245</u>	<u>1,495</u>	<u>25,283</u>
TOTAL ASSETS	<u>845,313</u>	<u>633,956</u>	<u>1,480,958</u>	<u>1,546,470</u>	<u>4,506,697</u>
Due to banks and deposits from the National Bank of Hungary and other banks	269,291	4,848	220,567	63,151	557,857
Deposits from customers	2,380,141	298,216	11,499	242	2,690,098
Liabilities from issued securities	337	-	201,713	-	202,050
Accrued interest payable	16,175	-	-	-	16,175
Other liabilities	92,258	15,128	13,025	1,987	122,398
Subordinated bonds and loans	-	-	9,766	238,099	247,865
TOTAL LIABILITIES	<u>2,758,202</u>	<u>318,192</u>	<u>456,570</u>	<u>303,479</u>	<u>3,836,443</u>
Share capital	-	-	-	28,000	28,000
Retained earnings and reserves	-	-	-	644,000	644,000
Treasury shares	<u>(1,746)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,746)</u>
TOTAL SHAREHOLDERS' EQUITY	<u>(1,746)</u>	<u>-</u>	<u>-</u>	<u>672,000</u>	<u>670,254</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>2,756,456</u>	<u>318,192</u>	<u>456,570</u>	<u>975,479</u>	<u>4,506,697</u>
LIQUIDITY (DEFICIENCY)/EXCESS	<u>(1,911,143)</u>	<u>315,764</u>	<u>1,024,388</u>	<u>570,991</u>	<u>-</u>

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NOTE 29: MATURITY ANALYSIS OF ASSETS AND LIABILITIES AND LIQUIDITY RISK (in HUF mn) [continued]

As at December 31, 2005	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	379,249	-	-	-	379,249
Placements with other banks, net of allowance for placement losses	261,575	20,992	111,092	-	393,659
Financial assets at fair value through statement of operations	2,354	4,861	21,932	4,907	34,054
Securities available-for-sale	28,883	37,380	121,966	183,204	371,433
Loans, net of allowance for loan losses	160,934	432,322	501,097	381,155	1,475,508
Accrued interest receivable	41,237	39	-	-	41,276
Investments in subsidiaries	-	-	-	223,881	223,881
Securities held-to-maturity	28,639	66,117	301,131	125,910	521,797
Premises, equipment and intangible assets, net	-	-	77,685	27,884	105,569
Other assets	40,321	6,086	22	18	46,447
TOTAL ASSETS	<u>943,192</u>	<u>567,797</u>	<u>1,134,925</u>	<u>946,959</u>	<u>3,592,873</u>
Due to banks and deposits from the National Bank of Hungary and other banks	95,058	2,278	128,963	28,912	255,211
Deposits from customers	2,373,083	115,779	17,595	-	2,506,457
Liabilities from issued securities	355	-	201,912	-	202,267
Accrued interest payable	5,735	-	-	-	5,735
Other liabilities	84,339	8,515	7,419	2,608	102,881
Subordinated bonds and loans	-	-	10,431	36,592	47,023
TOTAL LIABILITIES	<u>2,558,570</u>	<u>126,572</u>	<u>366,320</u>	<u>68,112</u>	<u>3,119,574</u>
Share capital	-	-	-	28,000	28,000
Retained earnings and reserves	-	-	-	486,051	486,051
Treasury shares	(200)	(2,597)	(37,955)	-	(40,752)
TOTAL SHAREHOLDERS' EQUITY	<u>(200)</u>	<u>(2,597)</u>	<u>(37,955)</u>	<u>514,051</u>	<u>473,299</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>2,558,370</u>	<u>123,975</u>	<u>328,365</u>	<u>582,163</u>	<u>3,592,873</u>
LIQUIDITY (DEFICIENCY)/EXCESS	<u>(1,615,178)</u>	<u>443,822</u>	<u>806,560</u>	<u>364,796</u>	<u>-</u>

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NOTE 30: NET FOREIGN CURRENCY POSITION AND FOREIGN CURRENCY RISK (in HUF mn)

As at December 31, 2006	USD	EUR	Others	Total
Assets	322,329	746,143	721,400	1,789,872
Liabilities	(139,415)	(937,742)	(259,411)	(1,336,568)
Off-balance sheet assets and liabilities, net	(174,865)	(5,664)	(198,690)	(379,219)
Net position	<u>8,049</u>	<u>(197,263)</u>	<u>263,299</u>	<u>74,085</u>
As at December 31, 2005	USD	EUR	Others	Total
Assets	121,070	558,961	366,403	1,046,434
Liabilities	(94,248)	(543,337)	(133,913)	(771,498)
Off-balance sheet assets and liabilities, net	(30,026)	(86,132)	(131,702)	(247,860)
Net position	<u>(3,204)</u>	<u>(70,508)</u>	<u>100,788</u>	<u>27,076</u>

The table above provides an analysis of the Bank's main currency exposures. The remaining currencies are shown within 'Others'. Whilst the Bank 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 measurement of the Bank's open foreign currency position involves monitoring the 'value at risk' limit on the foreign exchange exposure of the Bank.

NOTE 31: INTEREST RATE RISK MANAGEMENT

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

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

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

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

OTP BANK PLC.
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NOTE 3L: INTEREST RATE RISK MANAGEMENT (in HUF mn) [continued]

As at December 31, 2006

ASSETS	within 1 month		within 3 months over 1 month		within 1 year over 3 months		within 2 years over 1 year		over 2 years		Non-interest bearing		Total	
	HUF	In foreign currency	HUF	In foreign currency	HUF	In foreign currency	HUF	In foreign currency	HUF	In foreign currency	HUF	In foreign currency	HUF	In foreign currency
Cash due from banks and balances with the National Bank of Hungary	369,617	10,733	-	-	-	-	-	-	-	-	45,909	3,066	415,526	13,799
<i>fixed interest</i>	369,617	10,733	-	-	-	-	-	-	-	-	-	-	369,617	10,733
<i>variable interest</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>non-interest-bearing</i>	-	-	-	-	-	-	-	-	-	-	45,909	3,066	45,909	3,066
Placements with other banks	31,522	212,551	9,519	254,308	-	150,039	-	-	-	-	-	-	41,041	616,898
<i>fixed interest</i>	27,968	62,674	-	71,148	-	84,878	-	-	-	-	-	-	27,968	218,700
<i>variable interest</i>	3,554	149,877	9,519	183,160	-	65,161	-	-	-	-	-	-	13,073	398,198
<i>non-interest-bearing</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Securities held for trading	1,226	-	2,931	-	14,159	-	2,485	-	14,956	-	316	2	36,073	2
<i>fixed interest</i>	1,226	-	2,593	-	14,088	-	2,485	-	14,956	-	-	-	35,348	-
<i>variable interest</i>	-	-	338	-	71	-	-	-	-	-	-	-	409	-
<i>non-interest-bearing</i>	-	-	-	-	-	-	-	-	-	-	316	2	316	2
Securities available-for-sale	20,998	21,728	-	44,317	46,519	-	12,334	-	147,383	44,932	10,400	248	237,634	111,225
<i>fixed interest</i>	-	-	-	-	9,611	-	12,334	-	147,383	44,932	-	-	169,328	44,932
<i>variable interest</i>	20,998	21,728	-	44,317	36,908	-	-	-	-	-	10,400	248	57,906	66,045
<i>non-interest-bearing</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans	731,689	517,029	186,664	262,447	4,717	8,390	490	-	27,021	-	13,231	-	963,812	787,866
<i>fixed interest</i>	2,878	-	126	-	815	-	490	-	27,021	-	-	-	31,330	-
<i>variable interest</i>	728,811	517,029	186,538	262,447	3,902	8,390	-	-	-	-	13,231	-	919,251	787,866
<i>non-interest-bearing</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Securities held-to-maturity	6,977	-	55,367	-	27,511	-	139,531	-	274,725	-	-	-	504,111	-
<i>fixed interest</i>	6,977	-	14,712	-	16,476	-	139,531	-	274,725	-	-	-	452,421	-
<i>variable interest</i>	-	-	40,655	-	11,035	-	-	-	-	-	-	-	51,690	-
Fair value of derivative financial instruments	115,879	185,814	172,407	280,194	37,099	23,355	27,339	119	91,273	8,756	-	-	443,997	498,238
<i>fixed interest</i>	109,838	84,101	144,143	108,473	16,748	19,490	27,339	119	91,273	8,756	-	-	389,341	220,939
<i>variable interest</i>	6,041	101,713	28,264	171,721	20,351	3,865	-	-	-	-	-	-	54,656	277,299
<i>non-interest-bearing</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-

OTP BANK PLC.
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NOTE 31: INTEREST RATE RISK MANAGEMENT (in HUF mn) [continued]

As at December 31, 2006

LIABILITIES	within 1 month		within 3 months over 1 month		within 1 year over 3 months		within 2 years over 1 year		over 2 years		Non-interest bearing		Total		
	HUF	In foreign currency	HUF	In foreign currency	HUF	In foreign currency	HUF	In foreign currency	HUF	In foreign currency	HUF	In foreign currency	HUF	In foreign currency	
Due to banks and deposits with the National Bank of Hungary	13,736	228,510	-	219,018	60,531	2,768	271	-	1,093	21,360	1,721	8,849	77,352	480,505	
fixed interest	13,676	118,362	-	60,832	111	2,649	271	-	1,093	21,360	-	-	15,151	203,203	
variable interest	60	110,148	-	158,186	60,420	119	-	-	-	-	-	-	60,480	268,453	
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	1,721	8,849	1,721	8,849	
Deposits from customers	1,941,489	266,216	207,523	62,907	143,289	67,769	8	188	-	-	266	443	2,292,575	397,523	
fixed interest	1,267,104	96,231	6,082	15,441	-	-	-	-	-	-	-	-	1,273,186	111,672	
variable interest	674,385	169,985	201,441	47,466	143,289	67,769	8	188	-	-	-	-	1,019,123	285,408	
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	266	443	266	443	
Liabilities from issued securities	337	125,944	-	75,769	-	-	-	-	-	-	-	-	337	201,713	
fixed interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
variable interest	337	125,944	-	75,769	-	-	-	-	-	-	-	-	337	201,713	
Fair value of derivative financial instruments in other liabilities	6,815	289,026	24,974	409,861	23,425	26,819	847	24,076	52,363	69,142	-	-	108,424	818,924	
fixed interest	4,705	187,080	3,982	241,936	9,007	26,819	847	24,076	52,363	69,142	-	-	70,904	549,053	
variable interest	2,110	101,946	20,992	167,925	14,418	-	-	-	-	-	-	-	37,520	269,871	
Subordinated bonds and loans	-	-	-	31,570	5,000	211,295	-	-	-	-	-	-	-	5,000	242,865
variable interest	-	-	-	31,570	5,000	211,295	-	-	-	-	-	-	-	5,000	242,865
NET POSITION	(684,469)	38,159	194,391	42,141	(102,240)	(126,867)	181,053	(24,145)	501,902	(36,814)	67,869	(5,976)	158,506	(113,502)	45,004

OTP BANK PLC.
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NOTE 31: INTEREST RATE RISK MANAGEMENT (in HUF mn) [continued]

As at December 31, 2005

LIABILITIES	within 1 month		within 3 months over 1 month		within 1 year over 3 months		within 2 years over 1 year		over 2 years		Non-interest bearing		Total	
	HUF	In foreign currency	HUF	In foreign currency	HUF	In foreign currency	HUF	In foreign currency	HUF	In foreign currency	HUF	In foreign currency	HUF	In foreign currency
Due to banks and deposits with the National Bank of Hungary	31,488	82,126	-	140,214	-	1,383	-	-	-	-	31,488	223,723	255,211	
<i>fixed interest</i>	3,811	31,409	-	-	-	-	-	-	-	-	3,811	31,409	35,220	
<i>variable interest</i>	27,677	50,717	-	140,214	-	1,383	-	-	-	-	27,677	192,314	219,991	
Deposits from customers	2,058,315	240,986	145,912	30,726	3,463	27,055	-	-	-	-	2,207,690	298,767	2,506,457	
<i>fixed interest</i>	745,486	178,942	145,912	30,726	3,463	27,055	-	-	-	-	894,861	236,723	1,131,584	
<i>variable interest</i>	1,312,829	62,044	-	-	-	-	-	-	-	-	1,312,829	62,044	1,374,873	
Liabilities from issued securities	356	126,059	-	75,852	-	-	-	-	-	-	356	201,911	202,267	
<i>fixed interest</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>variable interest</i>	356	126,059	-	75,852	-	-	-	-	-	-	356	201,911	202,267	
Fair value of derivative financial instruments in other liabilities	46,581	118,558	52,582	228,793	18,614	41,790	18,591	18,591	202	63,512	199,880	396,409	596,289	
<i>fixed interest</i>	45,772	112,430	40,396	79,540	14,281	41,790	18,591	18,591	202	63,512	182,552	241,028	423,580	
<i>variable interest</i>	809	6,128	12,186	149,253	4,333	-	-	-	-	-	17,328	155,381	172,709	
Subordinated bonds and loans	5,000	-	-	31,591	-	10,432	-	-	-	-	5,000	42,023	47,023	
<i>variable interest</i>	5,000	-	-	31,591	-	10,432	-	-	-	-	5,000	42,023	47,023	
NET POSITION	(1,152,875)	(133,187)	403,499	199,508	182,689	(25,355)	28,211	(25)	586,879	6,026	105,414	49,884	155,298	

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 NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
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NOTE 32: EARNINGS PER SHARE

Earnings per share attributable to the Bank's common shares are determined based on dividing income after income taxes for the year attributable to common shareholders, after the deduction of declared preference dividends, by the weighted average number of common shares outstanding during the year.

	2006	2005
Income after income taxes (in HUF mn)	170,188	132,848
Weighted average number of common shares outstanding during the year for calculating basic EPS (piece)	267,934,682	270,109,683
Basic Earnings per share (in HUF)	<u>635</u>	<u>492</u>
Weighted average number of common shares outstanding during the year for calculating diluted EPS (piece)	270,711,487	272,234,330
Diluted Earnings per share (in HUF)	<u>629</u>	<u>488</u>

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.

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NOTE 33: RECONCILIATION OF FINANCIAL STATEMENTS PREPARED UNDER HUNGARIAN ACCOUNTING STANDARDS AND FINANCIAL STATEMENTS PREPARED UNDER IFRS (in HUF mn)

	Retained Earnings and Reserves January 1, 2006	Net income for the year ended December 31, 2006	Dividend	Direct Movements on Reserves	Retained Earnings and Reserves as at December 31, 2006
Hungarian financial statements	379,566	186,187	(40,320)	(281)	525,152
<i>Adjustments to Hungarian financial statements:</i>					
Reversal of statutory general provision	25,636	8,539	-	-	34,175
Premium and discount amortization of financial instruments measured at amortised cost	(418)	538	-	-	120
Allowance for possible loan losses	(1,340)	-	-	-	(1,340)
Differences in carrying value of subsidiaries	799	-	-	-	799
Difference in accounting for finance leases	(949)	(488)	-	-	(1,437)
Fair value adjustment of held for trading and available-for-sale financial assets	15,991	(1,435)	-	(6,241)	8,315
Fair value adjustment of derivative financial instruments	(345)	1,563	-	-	1,218
Gain on sale of Treasury Shares	-	(3,132)	-	3,132	-
Reversal of statutory goodwill and negative goodwill	16,585	8,237	-	-	24,822
Revaluation of investments denominated in foreign currency to historical cost	(1,868)	5,264	-	-	3,396
Difference in accounting of repo transactions	27	(498)	-	-	(471)
Reclassification of direct charges	-	(281)	-	281	-
Share-based compensation	-	(5,927)	-	5,927	-
Profit on ICES - exchangeable bond transaction recognised through equity	-	(27,555)	-	42,317	14,762
Deferred taxation	(2,793)	(824)	-	(2,214)	(5,831)
Dividend payable for the year 2005	55,160	-	(55,160)	-	-
Dividend payable for the year 2006 proposed at the Annual General Meeting	-	-	40,320	-	40,320
International financial statements	<u>486,051</u>	<u>170,188</u>	<u>(55,160)</u>	<u>42,921</u>	<u>644,000</u>

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
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NOTE 34: SIGNIFICANT EVENTS DURING THE YEAR ENDED DECEMBER 31, 2006

Based on the decision of the Annual General Meeting of 2005, the Bank repurchased 1,000,000 own shares between January 1 and 25, 2006 at an average price of HUF 7,405.

On October 24, 2005 the Bank made a binding bid for purchasing the 89,39% of the shares of Niska Banka a.d. registered in Serbia. The sale and purchase agreement was signed on December 23, 2005 at the price of EUR 14,21 million. The transaction was closed on March 7, 2006.

On March 31, 2006 the Bank made a sale and purchase agreement on buying the 75.1% of the shares of the privately owned Zepter banka a.d. Beograd registered in Serbia. The Bank transferred the purchase price of USD 41,305 million on October 13, 2006, upon receipt of the necessary regulatory approvals.

On June 1, 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 November 20, 2006, upon receipt of the necessary approvals.

On July 3, 2006 the Bank signed the sale and purchase agreement for the acquisition of a 96.4 % share package of the Investerbank Group in Moscow, the capital of the Russian Federation. OTP Bank transferred the 90% of the USD 477 million (EUR 373 million) purchase price upon receipt of the required Russian and Hungarian regulatory approvals on October 30, 2006, while 10% was deposited on an escrow account for a term of one year to cover any guarantee claims.

On July 7, 2006 the Bank signed the sale and purchase agreement on acquiring a majority interest in Kulska banka a.d. Novi Sad registered in Serbia. The Bank transferred a purchase price of EUR 118.6 million for the 67% share package, on December 28, 2006, upon receipt of the necessary regulatory approvals.

On August 29, 2006 the Bank signed the sale and purchase agreement on acquiring the 100% stake in Crnogorska komercijalna banka AD (CKB) registered in Montenegro. The purchase price of EUR 104 million was transferred on December 18, in possession of the necessary approvals.

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 conversion right between year 6 and 10. The bonds carry a fixed coupon of 3.95% during the first 10 years thereafter the Issuer has the right to buy back the bonds at face value. Following the year 10, the bonds carry a coupon of 3 month Euribor +3%.

If the Bank pays dividend on its ordinary shares, than under the subordinated swap agreement, the Bank has to pay the interest on ICES while receives an amount equals to the dividend on the shares owned by Opus.

OTP BANK PLC.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
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NOTE 35: POST BALANCE SHEET EVENTS

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

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