OTP BANK PLC.

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

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

CONTENTS

OTP BANK PLC.
UNCONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2007
(in HUF mn)

	Note	30 June 2007	31 December 2006	30 June 2006
Cash, due from banks and balances with the National Bank of Hungary	*3*	206,220	429,325	430,981
Placements with other banks, net of allowance for placement losses	*4*	764,306	657,939	519,884
Financial assets at fair value through statement of operations	*5*	71,355	61,085	52,075
Securities available-for-sale	*6*	367,244	348,859	349,041
Loans, net of allowance for loan losses	*7*	1,843,789	1,751,678	1,634,571
Accrued interest receivable		44,964	44,398	36,761
Investments in subsidiaries	*8*	601,693	583,298	232,389
Securities held-to-maturity	*9*	637,201	504,111	528,360
Premises, equipment and intangible assets, net	*10*	100,430	100,721	106,576
Other assets	*11*	47,340	25,283	65,114
TOTAL ASSETS		**4,684,542**	**4,506,697**	**3,955,752**
Due to banks and deposits from the National Bank of Hungary and other banks	*12*	521,908	557,857	453,455
Deposits from customers	*13*	2,587,332	2,690,098	2,610,123
Liabilities from issued securities	*14*	381,308	202,050	225,638
Accrued interest payable		36,490	16,175	10,228
Other liabilities	*15*	149,094	122,398	125,595
Subordinated bonds and loans	*16*	290,697	247,865	51,383
TOTAL LIABILITIES		**3,966,829**	**3,836,443**	**3,476,422**
Share capital	*17*	28,000	28,000	28,000
Retained earnings and reserves	*18*	689,713	644,000	501,557
Treasury shares	*19*	-	(1,746)	(50,227)
TOTAL SHAREHOLDERS' EQUITY		**717,713**	**670,254**	**479,330**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4,684,542**	**4,506,697**	**3,955,752**

OTP BANK PLC.
UNCONSOLIDATED STATEMENT OF OPERATIONS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007
(in HUF mn)

	Note	Six month period ended 30 June 2007	Six month period ended 30 June 2006	Year ended 31 December 2006
Interest Income:				
Loans		96,821	76,508	167,058
Placements with other banks		45,130	29,611	73,004
Due from banks and balances with the National Bank of Hungary		5,947	12,946	24,053
Securities held for trading		1,689	821	2,189
Securities available-for sale		12,249	13,033	25,485
Securities held-to-maturity		26,941	20,057	40,128
Total Interest Income		*188,777*	*152,976*	*331,917*
Interest Expense:				
Due to banks and deposits from the National Bank of Hungary and other banks		31,735	38,658	36,492
Deposits from customers		53,467	35,229	81,167
Liabilities from issued securities		6,731	2,935	6,722
Subordinated bonds and loans		7,707	951	4,372
Total Interest Expense		*99,640*	*77,773*	*128,753*
NET INTEREST INCOME		**89,137**	**75,203**	**203,164**
Provision for loan and placement losses	*4, 7*	5,000	11,552	25,443
NET INTEREST INCOME AFTER PROVISION FOR LOAN AND PLACEMENT LOSSES		**84,137**	**63,651**	**177,721**
Non-Interest Income:				
Fees and commissions		75,495	71,337	147,668
Foreign exchange gains/(losses), net		7,015	17,843	(14,465)
(Losses)/gains on securities, net		(975)	(3,406)	870
(Losses)/gains on real estate transactions, net		(6)	82	77
Dividend income		18,578	15,081	16,252
Other		997	6,669	44,849
Total Non-Interest Income		*101,104*	*107,606*	*195,251*
Non-Interest Expenses:				
Fees and commissions		10,515	9,207	21,163
Personnel expenses		35,026	30,383	65,405
Depreciation and amortization		9,995	8,785	17,391
Other	*20*	35,518	35,432	81,527
Total Non-Interest Expenses		*91,054*	*83,807*	*185,486*
INCOME BEFORE INCOME TAXES		**94,187**	**87,450**	**187,486**
Income taxes	*21*	11,898	11,916	17,298
NET INCOME AFTER INCOME TAXES		**82,289**	**75,534**	**170,188**
Earnings per share (in HUF)				
Basic	*32*	294	284	635
Diluted	*32*	293	281	629

OTP BANK PLC.
UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007
(in HUF mn)

	Note	Six month period ended 30 June 2007	Six month period ended 30 June 2006	Year ended 31 December 2006
OPERATING ACTIVITIES				
Income before income taxes		94,187	87,450	187,486
Adjustments to reconcile income before income taxes to net cash provided by operating activities:				
Income tax paid		(12,006)	(11,675)	(25,913)
Depreciation and amortization		9,995	8,785	17,391
Provision for loan and placement losses		5,000	11,552	25,443
Provision/(release of provision) for permanent diminution in value of investments in subsidiaries	*8*	231	(60)	10
Allowance for losses of other assets	*11*	51	117	151
Allowance/(release of allowance) for losses on off-balance sheet commitments and contingent liabilities, net	*15*	2,310	566	5,827
Share-based compensation	*2, 24,33*	2,562	2,765	5,927
Unrealised losses on fair value adjustment of securities held for trading		61	3,206	1,435
Unrealised losses/gains) on fair value adjustment of derivative financial instruments		1,757	15,294	(13,676)
Changes in operating assets and liabilities:				
Net changes in financial assets through statements of operations		(4,927)	(18,133)	(11,700)
Net (increase)/decrease in accrued interest receivable		(566)	4,515	(3,122)
Net (increase)/decrease in other assets, excluding advances for investments and before provisions for losses		(21,539)	(16,412)	22,400
Net increase in accrued interest payable		20,315	4,493	10,440
Net increase in other liabilities		15,024	5,111	20,392
Net cash provided by operating activities		**112,455**	**97,574**	**242,491**
INVESTING ACTIVITIES				
Net increase in placements with other banks, before provision for placement losses		(106,367)	(126,225)	(264,280)
Net (increase)/ in securities available-for-sale		(13,674)	9,818	14,466
Net increase in investments in subsidiaries, before provision for permanent diminution in value		(18,626)	(8,448)	(359,427)
Net (increase)/decrease in securities held-to-maturity		(133,090)	(6,563)	17,686
Net decrease/(increase) in advances for investments included in other assets		13	(59)	1
Net increase in loans, before provision for possible loan losses		(97,111)	(170,615)	(301,613)
Net additions to premises, equipment and intangible assets		(9,704)	(9,792)	(12,543)
Net cash used in investing activities		**(378,559)**	**(311,884)**	**(905,710)**

OTP BANK PLC.
UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007
(in HUF mn) [continued]

	Note	Six month period ended 30 June 2007	Six month period ended 30 June 2006	Year ended 31 December 2006
FINANCING ACTIVITIES				
Net (decrease)/increase in due to banks and deposits from the National Bank of Hungary and other banks		(35,949)	198,244	302,646
Net (decrease)/increase in deposits from customers		(102,766)	103,666	183,641
Net increase/(decrease) in liabilities from issued securities		179,258	23,371	(217)
Increase in subordinated bonds and loans		42,832	4,360	200,842
Issue of equity instrument (ICES)		(538)	-	39,364
Net change in treasury shares		65	(8,520)	42,138
Net decrease/(increase) in the compulsory reserve established by the National Bank of Hungary		19	(12,990)	(16,539)
Dividends paid		(39,903)	(55,079)	(55,119)
Net cash provided by financing activities		**43,018**	**253,052**	**696,756**
Net (decrease)/increase in cash and cash equivalents		**(223,086)**	**38,742**	**33,537**
Cash and cash equivalents at the beginning of the period		294,581	261,044	261,044
Cash and cash equivalents at the end of the period		**71,495**	**299,786**	**294,581**
Analysis of cash and cash equivalents				
Cash, due from banks and balances with the National Bank of Hungary		429,325	379,249	379,249
Compulsory reserve established by the National Bank of Hungary		(134,744)	(118,205)	(118,205)
Cash and cash equivalents at the beginning of the period		**294,581**	**261,044**	**261,044**
Cash, due from banks and balances with the National Bank of Hungary	*3,26*	206,220	430,981	429,325
Compulsory reserve established by the National Bank of Hungary	*3,26*	(134,725)	(131,195)	(134,744)
Cash and cash equivalents at the end of the period		**71,495**	**299,786**	**294,581**

OTP BANK PLC.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007
(in HUF mn)

	Share Capital	Retained Earnings and Reserves	Treasury Shares	Total
Balance as at 1 January 2006	**28,000**	**486,051**	**(40,752)**	**473,299**
Net income after income taxes	-	75,534	-	75,534
Fair value adjustment of securities available-for-sale recognised directly through equity, net	-	(8,588)	-	(8,588)
Share-based compensation	-	2,765	-	2,765
Dividend for the year 2005	-	(55,160)	-	(55,160)
Profit on sale of treasury shares	-	955	-	955
Change in carrying value of treasury shares	-	-	(9,475)	(9,475)
Balance as at 30 June 2006	**28,000**	**501,557**	**(50,227)**	**479,330**
Balance as at 1 January 2007	**28,000**	**644,000**	**(1,746)**	**670,254**
Net income after income taxes	-	82,289	-	82,289
Fair value adjustment of securities available-for-sale recognised directly through equity, net	-	3,401	-	3,401
Share-based compensation	-	2,562	-	2,562
Issue of equity instrument (ICES)	-	(538)	-	(538)
Dividend for the year 2006	-	(40,320)	-	(40,320)
Loss on sale of treasury shares	-	(1,681)	-	(1,681)
Sale and purchase of treasury shares	-	-	1,746	1,746
Balance as at 30 June 2007	**28,000**	**689,713**	**-**	**717,713**

NOTE 1: ORGANIZATION AND BASIS OF FINANCIAL STATEMENTS

1.1. General information

OTP Bank Plc. (the "Bank" or "OTP") was established on 31 December 1990, when the 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 30 June 2007 approximately 97.2% of the Bank’s shares were held by domestic and foreign private and institutional investors. The remaining shares are owned by employees (2%) and the Bank (0.8%).

The Bank provides a full range of commercial banking services through a nationwide network of 390 branches in Hungary.

As at 30 June 2007 the number of employees at the Bank was 8,337. The average number of employees in the six month period ended 30 June 2007 was 8,198.

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.

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 finanacial statements and the unconsolitated financial statements will be publised 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.

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.

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.

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.

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 7 November 2002 that were unvested as of 1 January 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.

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 2006 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)

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

	30 June 2007	31 December 2006
Cash on hand:		
In HUF	55,527	45,909
In foreign currency	2,485	3,066
	58,012	48,975
Due from banks and balances with NBH:		
Within one year:		
In HUF	141,312	369,617
In foreign currency	6,896	10,733
	148,208	380,350
Total	206,220	429,325

Based on the requirements for compulsory reserves set by the National Bank of Hungary, the balance of compulsory reserves amounted to approximately HUF 134,725 million and HUF 134,744 million as at 30 June 2007 and as at 31 December 2006, respectively.

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

	30 June 2007	31 December 2006
Within one year:		
In HUF	42,736	37,741
In foreign currency	327,686	242,892
	370,422	280,633
Over one year:		
In HUF	3,300	3,300
In foreign currency	390,584	374,006
	393,884	377,306
Total	764,306	657,939

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

Placements with other banks in foreign currency as at 30 June 2007 and as at 31 December 2006 bear interest rates in the range from 0.71% to 11.93% and from 0.43% to 11.76%, respectively.

Placements with other banks in HUF as at 30 June 2007 and as at 31 December 2006 bear interest rates in the range from 7.6% to 9.31% and from 7% to 9.55%, respectively.

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

	30 June 2007	31 December 2006
Balance as at January 1	-	-
Release of allowance for placement losses	-	-
Closing balance	-	-

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

	30 June 2007	31 December 2006
Securities held for trading		
Hungarian Government discounted Treasury bills	2,358	1,562
Hungarian Government interest bearing Treasury bills	3,215	5,710
Government bonds	31,462	25,744
Mortgage bonds	2,996	2,741
Other securities	450	318
	40,481	36,075
Derivative financial instruments designated as held for trading	30,874	25,010
Total	71,355	61,085

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

Approximately 85% and 100% of the held for trading securities portfolio was denominated in HUF as at 30 June 2007 and as at 31 December 2006, respectively.

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

The 80% and 100% of the government bond portfolio was denominated in HUF as at 30 June 2007 and as at 31 December 2006, respectively. The government bonds denominated in foreign currency were denominated in EUR as at 30 June 2007.

Interest rates on securities held for trading ranged from 3.5% to 11,1% and from 5.5% to 12% as at 30 June 2007 and as at 31 December 2006, respectively.

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

	30 June 2007	31 December 2006
Within five years:		
variable interest	311	391
fixed interest	28,505	27,648
	28,816	28,039
Over five years:		
variable interest	70	18
fixed interest	11,145	7,700
	11,215	7,718
Non interest-bearing securities	450	318
Total	40,481	36,075

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

	30 June 2007	31 December 2006
Government bonds	39,503	17,317
Mortgage bonds	205,522	212,419
Other securities	122,219	119,123
	367,244	348,859

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

Approximately 69% and 68% of the available-for-sale securities portfolio was denominated in HUF as at 30 June 2007 and as at 31 December 2006, respectively.
The 87.7% and 71.2% of the government bonds were denominated in HUF as at 30 June 2007 and as at 31 December 2006, respectively. The whole government bond portfolio denominated in foreign currency was denominated in EUR as at 30 June 2007 and as at 31 December 2006, respectively.

Interest rates on avaible-for-sale securities ranged from 2.6% to 10% and from 2,5%-12% as at 30 June 2007 and as at 31 December 2006, respectively.

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

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

	30 June 2007	31 December 2006
Within five years:		
variable interest	116,601	96,378
fixed interest	201,341	109,520
	317,942	205,898
Over five years:		
variable interest	10,719	27,573
fixed interest	26,972	104,740
	37,691	132,313
Non interest-bearing securities	11,611	10,648
Total	367,244	348,859

Certain fixed-rate mortgage bonds and other securities mainly denominated in foreign currency are hedged by derivative financial instruments to reduce the exposure to interest rate risk or the changes in fair value of these assets. In the case of these transactions the hedging relationships is designated and HUF 461 million and HUF 1,867 million net loss that had been recognised directly in equity was removed from equity and recognised in the net profit and loss as at 30 June 2007 and as at 31 December 2006, respectively in line with IAS 39.

The fair value of the hedged mortgage bonds was HUF 21,154 million and HUF 20,805 as at 30 June 2007 and as at 31 December 2006, respectively. The fair value of the other bonds hedged was HUF 20,944 and HUF 21,615 as at 30 June 2007 and as at 31 December 2006, respectively.

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

	30 June 2007	31 December 2006
Short-term loans and trade bills (within one year)	590,164	585,537
Long-term loans and trade bills (over one year)	1,282,784	1,197,162
	1,872,948	1,782,699
Allowance for loan losses	(29,159)	(31,021)
	1,843,789	1,751,678

Loans denominated in foreign currency represent approximately 46% and 45% of the loan portfolio, before allowance for losses as at 30 June 2007 and as at 31 December 2006, respectively.
Loans denominated in HUF, with a maturity within one year as at 30 June 2007 and as at 31 December 2006 bear interest rates in the range from 10% to 30%, respectively.

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

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

Foreign currency loans as at 30 June 2007 and as at 31 December 2006 bear interest rates in the range from 1.8% to 18% and from 1.6% to 17%, respectively.

Approximately 2.3% and 3% of the gross loan portfolio represented loans on which interest is not being accrued as at 30 June 2007 and as at 31 December 2006, respectively.

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

	30 June 2007		31 December 2006	
Commercial loans	1,021,479	55%	1,004,605	56%
Municipality loans	232,623	12%	210,159	12%
Housing loans	273,710	14%	259,583	14%
Consumer loans	258,191	14%	241,479	14%
Mortgage backed loans	86,945	5%	66,873	4%
	1,872,948	100%	1,782,699	100%

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

	30 June 2007	31 December 2006
Balance as at 1 January	31,021	22,162
Provision for loan losses	5,000	25,443
Write-offs	(6,862)	(16,584)
Closing balance	29,159	31,021

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

NOTE 8: INVESTMENTS IN SUBSIDIARIES (in HUF mn)

	30 June 2007	31 December 2006
Investments in subsidiaries:		
Controlling interest	602,050	583,496
Significant interest	75	75
Other	858	786
	602,983	584,357
Allowance for permanent diminution in value	(1,290)	(1,059)
	601,693	583,298

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

	30 June 2007	31 December 2006
Balance as at 1 January	1,059	3,508
Provision for permanent diminution in value	231	10
Write-offs	-	(2,459)
Closing balance	1,290	1,059

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.

	30 June 2007		31 December 2006	
	% Held (direct and indirect)	Cost	% Held (direct and indirect)	Cost
CJSC OTP Bank (Ukraine)	100.00%	173,625	100.00%	168,654
DSK Bank EAD (Bulgaria)	100.00%	79,163	100.00%	79,163
OTP banka Hrvatska d.d. (Croatia)	100.00%	65,065	100.00%	59,941
Investsberbank OAO (Russia)	97.02%	49,872	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%	33,034
Crnogorska komercijalna banka a.d. (Montenegro)	100.00%	29,130	100.00%	26,580
Invest Oil OOO (Russia)	100.00%	21,224	100.00%	21,220
OTP Mortgage Bank Company Ltd.	100.00%	20,000	100.00%	20,000
Megaform Inter OOO (Russia)	100.00%	17,704	100.00%	17,700
AlyansReserv OOO (Russia)	100.00%	11,147	100.00%	11,143
OTP Banka Slovensko a.s. (Slovakia)	97.23%	10,038	97.23%	10,038
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%	7,330
INGA Two Ltd.	100.00%	5,892	100.00%	5,892
Niška banka a.d. (Serbia)	-	-	99.95%	4,107
OTP Bank Srbija a.d. Novi Sad	91.43%	55,997	-	-
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%	2,392	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	100.00%	410
OTP Factoring Ltd.	100.00%	150	100.00%	150
Other	-	218	-	218
Total		602,050		583,496

OTP Bank Plc.’s Serbian subsidiaries, Niška banka a.d. Niš, Zepter banka a.d. Beograd and Kulska banka a.d. Novi Sad held an extraordinary general meeting on 23 March 2007. Based on Board draft proposals, a resolution for the merger of the three banks was approved at the shareholders’ forum. The merged credit institution will operate under the name of OTP banka Srbija a.d. Novi Sad in the territory of the Republic of Serbia, with its headquarters located in Novi Sad.

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

	30 June 2007	31 December 2006
Government securities	174,402	185,088
Hungarian Government discounted Treasury bills	12,318	28,095
Bonds issued by NBH	161,315	-
Mortgage bonds	289,166	289,328
Other debt securities	-	1,600
	637,201	504,111

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

	30 June 2007	31 December 2006
Within five years:		
variable interest	17,628	16,792
fixed interest	561,697	369,875
	579,325	386,667
Over five years:		
variable interest	32,320	34,898
fixed interest	25,556	82,546
	57,876	117,444
Total	637,201	504,111

The 100% of the securities portfolio was denominated in HUF as at 30 June 2007 and as at 31 December 2006, 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 5.5% to 10% and from 6% to 10% as at 30 June 2007 and as at 31 December 2006, respectively. Interest on fixed rate and variable rate securities is, in most cases, paid semi-annually.

The fair value of held-to-maturity investments was HUF 646,819 million and HUF 508,147 million as at 30 June 2007 and as at 31 December 2006, respectively.

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

For the six month period ended 30 June 2007:

Cost	Intangible assets	Land and buildings	Machinery and equipment	Construction in progress	Total
Balance as at 1 January 2007	64,186	49,624	67,653	5,998	187,461
Net additions	3,379	2,502	2,710	1,327	9,918
Net disposals	(3)	(253)	(675)	-	(931)
Balance as at 30 June 2007	67,562	51,873	69,688	7,325	196,448
Depreciation and Amortization					
Balance as at 1 January 2007	33,342	8,443	44,955	-	86,740
Net additions	5,156	610	4,229	-	9,995
Net disposals	(3)	(82)	(632)	-	(717)
Balance as at 30 June 2007	38,495	8,971	48,552	-	96,018
Net book value					
Balance as at 1 January 2007	30,844	41,181	22,698	5,998	100,721
Balance as at 30 June 2007	29,067	42,902	21,136	7,325	100,430

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

For the year ended 31 December 2006:

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

NOTE 11: OTHER ASSETS (in HUF mn)

	30 June 2007	31 December 2006
Property held for sale	14	4
Due from Government for interest subsidies	3,394	4,009
Trade receivables	14,511	6,505
Advances for securities and investments	495	508
Taxes recoverable	2,121	114
Inventories	569	406
Other advances	1,986	1,313
Credits sold under deferred payment scheme	173	76
Receivables from OTP Mortgage Bank Company Ltd.	174	1,618
Receivables from investing services	1,682	889
Prepayments and accrued income	15,771	5,062
Fair value of derivative financial instruments designated as hedge accounting relationships	2,599	1,967
Other	4,927	3,858
	48,416	26,329
Allowance for losses on other assets	(1,076)	(1,046)
	(47,340)	25,283

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

	30 June 2007	31 December 2006
Balance as at 1 January	1,046	902
Provision for possible losses	51	151
Write-offs	(21)	(7)
Closing balance	1,076	1,046

NOTE 12: DUE TO BANKS AND DEPOSITS FROM THE NATIONAL BANK OF HUNGARY AND OTHER BANKS (in HUF mn)

	30 June 2007	31 December 2006
Within one year:		
In HUF	44,551	26,905
In foreign currency	198,354	247,234
	242,905	274,139
Over one year:		
In HUF	60,358	50,447
In foreign currency	218,645	233,271
	279,003	283,718
Total	521,908	557,857

Due to banks and deposits from the National Bank of Hungary and other banks payable in HUF within one year as at 30 June 2007 and as at 31 December 2006 bear interest rates in the range from 7.65% to 8.6% and from 7% to 8%, respectively.

Due to banks and deposits from the National Bank of Hungary and other banks payable in HUF over one year as at 30 June 2007 and as at 31 December 2006 bear interest rates in the range from 8.17% to 9.40% and from 3% to 6%, respectively.

Due to banks and deposits from the National Bank of Hungary and other banks payable in foreign currency within one year as at 30 June 2007 and as at 31 December 2006 bear interest rates in the range from 2.45% to 8% and from 0.48% to 5.4%, respectively.

Due to banks and deposits from the National Bank of Hungary and other banks payable in foreign currency over one year as at 30 June 2007 and as at 31 December 2006 bear interest rates in the range form 2.61% to 5.23% and from 1.78% to 6.72%, respectively.

NOTE 13: DEPOSITS FROM CUSTOMERS (in HUF mn)

	30 June 2007	31 December 2006
Within one year:		
In HUF	2,138,230	2,280,834
In foreign currency	438,619	397,523
	2,576,849	2,678,357
Over one year:		
In HUF	10,483	11,741
	10,483	11,741
Total	2,587,332	2,690,098

NOTE 13: DEPOSITS FROM CUSTOMERS (in HUF mn) [continued]

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

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

Deposits from customers payable in foreign currency as at 30 June 2007 and as at 31 December 2006 bear interest rates in the range from 0.1% to 6.3% and from 0.1% to 5.6%, respectively.

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

	30 June 2007		31 December 2006	
Commercial deposits	690,137	26%	708,981	26%
Municipality deposits	120,534	5%	168,379	6%
Consumer deposits	1,776,661	69%	1,812,738	68%
	2,587,332	100%	2,690,098	100%

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

	30 June 2007	31 December 2006
With original maturity:		
Within one year	334	337
Over one year	380,974	201,713
	381,308	202,050

Liabilities from issued securities denominated in HUF bear interest rates in the range from 0.3% to 1% as at 30 June 2007 and as at 31 December 2006, respectively.

Liabilities from issued securities denominated in foreign currency bear interest rates in the range from 4.1% to 4.3% and from 3.5% to 3.8% as at 30 June 2007 and as at 31 December 2006, respectively.

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

The Bank issued variable-rate bonds with the face value of EUR 300 million at 20 December 2005, due at 20 December 2010 at 99,81%. Interest on these bonds is three month EURIBOR + 0.15% that is payable quarterly.

On 26 February 2007 the Bank issued EUR 750 million floating rate note due 27 February 2009 at 99,87% under the EMTN program (European Medium Term Program). Interest on these bonds is three month EURIBOR + 0.125% that is payable quarterly.

NOTE 15: OTHER LIABILITIES (in HUF mn)

	30 June 2007	31 December 2006
Taxes payable	7,188	4,696
Deferred tax liabilities	5,627	5,831
Giro clearing accounts	23,019	26,142
Accounts payable	1,944	7,197
Salaries and social security payable	10,726	9,343
Liabilities from security trading	22,170	9,459
Allowances for losses on off-balance sheet commitments, contingent liabilities	16,019	13,709
Dividends payable	1,040	623
Accrued expenses	12,105	8,904
Suspense accounts	3,035	2,028
Advancement of Government grants for housing purposes	1,689	5,245
Loans for collection	1,613	1,674
Fair value of derivative financial instruments designated as hedge accounting relationships	467	472
Fair value of derivative financial instruments designated as held for trading	19,826	11,618
Liabilities from trading activities (repurchase agreement)	8,038	1,267
Other	14,588	14,190
	149,094	122,398

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

	30 June 2007	31 December 2006
Allowance for litigation	2,856	2,481
Allowance for other off-balance sheet commitments, contingent liabilities	9,196	8,210
Other allowance (for expected liabilities)	3,967	3,018
	16,019	13,709

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.

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:

	30 June 2007	31 December 2006
Balance as at 1 January	13,709	7,882
Allowance/(credit) for off-balance sheet commitments and contingent liabilities, net	2,310	5,827
Closing balance	16,019	13,709

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 20 December 2002, 3.25% as at 20 June 2003, 4.8% as at 20 December 2003, 4.88% as at 20 June 2004, 6.05% as at 20 December 2004, 5.46% as at 20 June 2005, and 3.08% as at 20 December 2005, 3.1% as at 20 June 2006 and 3.79% as at 31 December 2006 and 4.02% ast at 20 June 2007. 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 mauturity of 27 December 2006. The maturity date was modified to 27 August 2008 on 22 August 2003. The loan is unsecured, subordinate to the other liabilities and has a twelve-year maturity, with interest payable at six-month LIBOR + 1.4% from 27 December 1996 until 29 December 1997, at six-month LIBOR + 1.0% from 29 December 1997 until 28 June 1999, at six-month LIBOR + 1.7% from 28 June 1999 until 27 December 2003 and at six-month LIBOR + 1.35% from 28 December 2003 until 27 August 2008.

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

On 31 October 2006 the Bank issued perpetual subordinated (UT2) bonds to finance acquisitions. The 500 EUR million nominal value bonds were issued at 99.375 per cent of the face value with 7 November 2006 as payment date. The re-offer spread is 200 basis points over 10 year mid-swap. The bonds are perpetual and callable after year 10. The bonds bear a fixed coupon of 5.875 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, quaterly thereafter. The bonds were introduced to the Luxembourg Stock Exchange.

NOTE 16: SUBORDINATED BONDS AND LOANS [continued]

On 30 August 2006 the Bank updated EMTN Program (European Medium Term Note Program) and increased the Program amount from EUR 1 billion to EUR 3 billion.
Under the EMNT Program on 12 September 2006 the Bank issued fixed rate subordinated bonds in a total nominal value of EUR 300 million to finance acquisitions. The EUR 300 million nominal value bonds were issued at 100% of the face value with 19 September 2006 as payment date, and 19 September 2016 as maturity date. The bonds bear a coupon of 5.27%, with annual interest payments.

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

NOTE 17: SHARE CAPITAL (in HUF mn)

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

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

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

	30 June 2007	31 December 2006
Balance as at 1 January	644,000	486,051
Net income after income taxes	82,289	170,188
Fair value adjustment of available-for-sale securities recognised through equity	3,401	(5,502)
Issue of equity instrument (ICES)	(538)	39,364
Share-based compensation	2,562	5,927
Loss on sale of Treasury Shares	(1,681)	3,132
Dividend	(40,320)	(55,160)
Balance as at closing date	689,713	644,000

The Bank's reserves under Hungarian Accounting Standards were HUF 532,074 million and HUF 397,904 million as at 30 June 2007 and as at 31 December 2006, respectively. Of these amounts, legal reserves represent HUF 92.989 million and HUF 87,675 million as at 30 June 2007 and as at 31 December 2006, 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 2006 were approved by the Annual General Meeting in April 2007. The approved dividend was HUF 40,320 million.

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

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 tbe Budapest Stock Exchange. The shares have been purchased by Opus Securities S.A., which issued an exchangeable bond with a total face value of EUR 514,274,000 backed by those shares. The exchangeable bonds have been sold at 32% premium over the selling price of the shares. The EUR denominated exchangeable bonds are without final maturity and the investors can exercise the converson right between year 6 and 10. The bonds carry a fixed coupon of 3.95% during the first 10 years thereafter the Issuer has the right to buy back the bonds at face value. Following the year 10, the bonds carry a coupon of 3 month Euribor +3%.

NOTE 19: TREASURY SHARES (in HUF mn)

	30 June 2007	31 December 2006
Nominal Value	-	21
Carrying Value at aquisition cost	-	1,746

NOTE 20: OTHER EXPENSES (in HUF mn)

	30 June 2007	31 December 2006
Provision for permanent diminution in value of investments in subsidiaries	231	10
Provision for other assets	51	151
Provision for possible losses on off-balance sheet commitments and contingent liabilities	2,310	5,827
Administration expenses, including rent	11,345	21,749
Advertising	2,338	5,053
Taxes, other than income tax	8,088	26,844
Services	8,742	16,952
Professional fees	1,451	2,497
Other	962	2,444
	35,518	81,527

NOTE 21: INCOME TAXES (in HUF mn)

The Bank is presently liable for income tax at a rate of 16% of taxable income. From 1 September 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:

	30 June 2007	31 December 2006
Current tax	12,277	16,474
Deferred tax	(379)	824
	11,898	17,298

A reconciliation of the deferred tax liability is as follows:

	30 June 2007	31 December 2006
Balance as at 1 January	(5,831)	(2,793)
Deferred tax charge	379	(824)
Tax effect of fair value adjustment of available-for-sale securities recognised through equity	(175)	(2,214)
Closing balance	(5,627)	(5,831)

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

A breakdown of the deferred tax liability is as follows:

	30 June 2007	31 December 2006
Premium and discount amortization on investment securities	113	-
Difference in accounting for finance leases	390	287
Repurchase agreement	176	94
Deferred tax asset	679	381
Fair value adjustment of held for trading and available-for-sale financial assets	(2,408)	(1,663)
Premium and discount amortization on investment securities	-	(24)
Fair value adjustment of derivative financial instruments	(216)	(244)
Issue of equity instrument (ICES)	(2,278)	(2,952)
Difference in depreciation and amortization	(1,404)	(1,329)
Deferred tax liabilities	(6,306)	(6,212)
Net deferred tax liabilities	(5,627)	(5,831)

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

A reconciliation of the income tax charge is as follows:

	30 June 2007	31 December 2006
Income before income taxes	94,187	187,486
Income tax with statutory tax rate (16%)	15,070	29,998
Special tax (4%)	3,012	2,139
Income tax adjustments are as follows:		
Reversal of statutory general provision	(645)	(1,366)
Reversal of statutory goodwill and negative goodwill	(854)	(1,318)
Revaluation of investments denominated in foreign currency to historical cost	(1,800)	(842)
Profit on sale of treasury shares	(336)	-
Fair value of share-based compensations	512	948
Dividend income	(2,972)	(2,600)
Permanent differences related to issued equity instruments	432	(2,832)
Assets granted without obligation of repayment from subsidiaries	-	(6,022)
Other	(521)	(807)
Income tax	11,898	17,298
Effective tax rate	12.6%	9.2%

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.

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

	30 June 2007	31 December 2006
Commitments to extend credit	752,727	689,963
Guarantees arising from banking activities	206,293	194,189
Confirmed letters of credit	12,717	16,560
Legal disputes	5,755	5,698
Contingent liabilities related to OTP Mortgage Bank Ltd.	35,986	30,363
Other	4,244	3,242
	1,017,722	940,015

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.

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 2,856 million and HUF 2,481 million as at 30 June 2007 and as at 31 December 2006, 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 3,599 million and HUF 3,036 million as at 30 June 2007 and as at 31 December 2006, respectively.

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

(b) *Derivatives (nominal amount, unless otherwise stated)*

	30 June 2007	31 December 2006
Foreign currency contracts designated as held for trading		
Assets	44,978	37,825
Liabilities	46,211	38,653
Net	(1,233)	(828)
Net fair value	(751)	(482)
Foreign exchange swaps and interest rate swaps designated as held for trading		
Assets	1,193,343	951,605
Liabilities	1,153,911	921,045
Net	39,432	30,560
Net fair value	11,802	13,871
Interest rate swaps designated in hedge accounting relationships		
Assets	19,158	19,611
Liabilities	17,047	18,286
Net	2,111	1,325
Net fair value	1,706	1,072
Option contracts		
Assets	8,456	9,436
Liabilities	9,605	10,477
Net	(1,149)	(1,041)
Net fair value	427	423
Forward security agreements designated as held for trading		
Assets	458	149
Liabilities	458	149
Net	-	-
Net fair value	(5)	3
Forward rate agreements		
Assets	-	-
Liabilities	43,000	-
Net	(43,000)	-
Net fair value	1	-

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 30 June 2007 the Bank has derivative instruments with positive fair values of HUF 33,473 million and negative fair values of HUF 20,293 million. Positive fair values of derivative instruments designated as hedge accounting relationships are included in other assets, while positive fair values of derivative instruments designated as held for trading are included in financial assets at fair value through statements of operations. Negative fair values of derivative instruments are included in other liabilities. Corresponding figures as at 31 December 2006 are HUF 26,977 million and HUF 12,090 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.

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 counter-parties. 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 29 April 2005. The maximum number of shares which are available is 2.92 million pieces.

The 2006 Annual General Meeting approved a five year share option program for the years of 2006 to 2010 under which options are granted annually. The grant date of these options is 28 April 2006.

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

The exercise prices of the options relating to the years of 2006 to 2009 is calculated as the average of the market price of OTP shares quoted by the BSE daily during the period between 30 April and 30 May in the actual year and decreased by HUF 1,000. In that case if the average price of the shares exceeds by more than HUF 3,000 the exercise price one day before the date of exercise the exercise price would be increased by the amount above the HUF 3,000.

The exercise period of the options granted for the 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 1 June in the actual year. If the options remain unexercised before the end of the exercise period the options expire. Additionally, options are forfeited if the employee leaves the Bank before the options vest.

NOTE 24: SHARE-BASED COMPENSATION [continued]

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

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

The inputs into the Binominal model are as follows:

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

Expected volatility was determined by calculating the historical volatility of the Bank's share price three months prior to the grant date. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

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

NOTE 25: RELATED PARTY TRANSACTIONS

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

During the six month periods ended 30 June 2007 and 2006 the Bank sold, without recourse, non-performing loans and the related accrued interest receivable to OTP Factoring Ltd. for HUF 3,881 million and HUF 3,906 million, respectively. The gross book value of such credits were HUF 10,190 million and HUF 9,469 million, respectively, with a corresponding allowance for loan losses of HUF 4,783 million and HUF 3,482 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 1,526 million and HUF 2,081 million as at 30 June 2007 and 2006, respectively.

Commissions received by the Bank from OTP Building Society in relation to finalised customer contracts were HUF 859 million and HUF 888 million for the six month periods ended 30 June 2007 and 2006, respectively.

Insurance premiums paid by the Bank to OTP Garancia Insurance were HUF 1,215 million and HUF 836 million for the six month periods ended 30 June 2007 and 2006, respectively.

Commissions received by the Bank from OTP Fund Management in relation to custody activity were HUF 225 million and HUF 305 million, in relation to trading activity were HUF 2,146 million and HUF 2,542 million for the six month periods ended 30 June 2007 and 2006, respectively.

Commissions paid by the Bank to OTP Real Estate in relation to its activity were HUF 656 million and HUF 857 million for the six month periods ended 30 June 2007 and 2006, respectively.

The Bank under a syndication agreement administrated mortgage loans with recourse to OTP Mortgage Bank Ltd. of HUF 67,486 million and 81,616 million during the six month periods ended 30 June 2007 and 2006 (including interest). The book value of these receivables were HUF 66,919 million and HUF 81,568 million, respectively.

During the six month period ended 30 June 2007, the Bank received HUF 25,719 million in fees and commissions from OTP Mortgage Bank Ltd. For the six month period ended 30 June 2006 such fees and commissions were HUF 24,407 million. Such fees and commissions are related to services provided to OTP Mortgage Bank Ltd. under the syndication agreement.

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 Bank provide loans to subsidiaries, and collect deposits.

Loans provided to Merkantil Car Ltd. were HUF 50,913 million and HUF 65,389 million as at 30 June 2007 and as at 31 December 2006, respectively.

Loans provided to OTP Trade Ltd. were HUF 25,486 million and HUF 34,372 million as at 30 June 2007 and as at 31 December 2006, respectively.

NOTE 25: RELATED PARTY TRANSACTIONS [continued]

Deposits collected from OTP Real Estate Ltd. were HUF 2,639 million and HUF 3,391 million as at 30 June 2007 and as at 31 December 2006, respectively.

Deposits collected from Bank Center No. 1. Ltd. were HUF 3,147 million and HUF 3,061 million as at 30 June 2007 and as at 31 December 2006, respectively.

Deposits collected from INGA Two Ltd. were HUF 2,224 million and HUF 2,545 million as at 30 June 2007 and as at 31 December 2006, respectively.

The members of the Board of Directors and the Supervisory Board have credit lines of HUF 162 million and HUF 190 million as at 30 June 2007 and as at 31 December 2006, 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 2,213 million and HUF 438 million, with commitments to extend credit and guarantees of HUF 7,908 million and HUF 108 million as at 30 June 2007 and as at 31 December 2006, 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	**30 June 2007**	**31 December 2006**
Short-term employee benefits	1,292	3,189
Share-based compensations	1,189	2,744
	2,471	5,933

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

	30 June 2007	**31 December 2006**
Cash, due from banks and balances with the NBH	206,220	429,325
Compulsory reserve established by the NBH	(134,725)	(134,744)
	71,495	294,581

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 45,301 million and HUF 46,212 million as at 30 June 2007 and as at 31 December 2006, respectively.

NOTE 28: CONCENTRATION OF ASSETS AND LIABILITIES

Approximately 12% and 14% 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 30 June 2007 and as at 31 December 2006, respectively. Approximately 10.61% and 11.18% of the Bank's total assets consisted of securities issued by the OTP Mortgage Bank Ltd. as at 30 June 2007 and as at 31 December 2006, respectively. There were no other significant concentrations of the Bank's assets or liabilities as at 30 June 2007 and as at 31 December 2006, 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.

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

As at 30 June 2007	Within 3 months	Within one year and over 3 months	Within 5 years and over one year	Over 5 years	Total
Cash, due from banks and balances with the National Bank of Hungary	206,220	-	-	-	206,220
Placements with other banks, net of allowance for placement losses	153,901	205,944	389,879	14,582	764,306
Financial assets at fair value through statement of operations	2,800	23,149	29,460	15,946	71,355
Securities available-for-sale	33,141	29,713	255,088	49,302	367,244
Loans, net of allowance for loan losses	131,722	442,783	600,272	669,012	1,843,789
Accrued interest receivable	44,551	68	344	1	44,964
Investments in subsidiaries	-	-	-	601,693	601,693
Securities held-to-maturity	174,585	29,017	375,723	57,876	637,201
Premises, equipment and intangible assets, net	-	-	82,887	17,543	100,430
Other assets	38,039	7,033	193	2,075	47,340
TOTAL ASSETS	**784,959**	**737,707**	**1,733,846**	**1,428,030**	**4,684,542**
Due to banks and deposits from the National Bank of Hungary and other banks	237,782	5,123	217,449	61,554	521,908
Deposits from customers	2,268,795	308,054	9,973	510	2,587,332
Liabilities from issued securities	334	-	380,974	-	381,308
Accrued interest payable	36,490	-	-	-	36,490
Other liabilities	104,802	25,297	16,599	2,396	149,094
Subordinated bonds and loans	-	-	9,396	281,301	290,697
TOTAL LIABILITIES	**2,648,203**	**338,474**	**634,391**	**345,761**	**3,966,829**
Share capital	-	-	-	28,000	28,000
Retained earnings and reserves	-	-	-	689,713	689,713
Treasury shares	-	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY	**-**	**-**	**-**	**717,713**	**717,713**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,648,203**	**338,474**	**634,391**	**1,063,474**	**4,684,542**
LIQUIDITY (DEFICIENCY)/EXCESS	**(1,863,244)**	**399,233**	**1,099,455**	**364,556**	**-**

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

As at 31 December 2006	Within 3 months	Within one year and over 3 months	Within 5 years and over one year	Over 5 years	Total
Cash, due from banks and balances with the National Bank of Hungary	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	17,720	5,823	245	1,495	25,283
TOTAL ASSETS	**845,313**	**633,956**	**1,480,958**	**1,546,470**	**4,506,697**
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	**2,758,202**	**318,192**	**456,570**	**303,479**	**3,836,443**
Share capital	-	-	-	28,000	28,000
Retained earnings and reserves	-	-	-	644,000	644,000
Treasury shares	(1,746)	-	-	-	(1,746)
TOTAL SHAREHOLDERS' EQUITY	**(1,746)**	**-**	**-**	**672,000**	**670,254**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,756,456**	**318,192**	**456,570**	**975,479**	**4,506,697**
LIQUIDITY (DEFICIENCY)/EXCESS	**(1,911,143)**	**315,764**	**1,024,388**	**570,991**	**-**

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

As at 30 June 2007

	USD	EUR	Others	Total
Assets	362,750	777,480	824,178	1,964,408
Liabilities	(109,150)	(1,222,443)	(221,777)	(1,553,370)
Off-balance sheet assets and liabilities, net	(265,487)	272,565	(350,397)	(343,319)
Net position	**(11,887)**	**(172,398)**	**252,004**	**67,719**

As at 31 December 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	**8,049**	**(197,263)**	**263,299**	**74,085**

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.

NOTE 31: INTEREST RATE RISK MANAGEMENT (in HUF mn) [continued]

As at 30 June 2007

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		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	**141,312**	**6,896**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**55,527**	**2,485**	**196,839**	**9,381**	**206,220**
fixed interest	141,312	6,896	-	-	-	-	-	-	-	-	-	-	141,312	6,896	**148,208**
variable interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	55,527	2,485	55,527	2,485	**58,012**
Placements with other banks	**36,740**	**334,864**	**8,449**	**210,724**	**847**	**172,682**	**-**	**-**	**-**	**-**	**-**	**-**	**46,036**	**718,270**	**764,306**
fixed interest	33,014	126,030	2,258	21,820	847	20,200	-	-	-	-	-	-	36,119	168,050	**204,169**
variable interest	3,726	208,834	6,191	188,904	-	152,482	-	-	-	-	-	-	9,917	550,220	**560,137**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Securities held for trading	**487**	**-**	**2,263**	**15**	**14,338**	**-**	**3,997**	**-**	**12,656**	**6,276**	**449**	**-**	**34,190**	**6,291**	**40,481**
fixed interest	487	-	1,970	15	14,249	-	3,997	-	12,656	6,276	-	-	33,359	6,291	**39,650**
variable interest	-	-	293	-	89	-	-	-	-	-	-	-	382	-	**382**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	449	1	449	-	**44+**
Securities available-for-sale	**36,924**	**18,172**	**22,120**	**47,363**	**12,453**	**2,740**	**-**	**25,146**	**172,287**	**18,428**	**10,872**	**739**	**254,656**	**112,588**	**367,244**
fixed interest	-	-	-	-	12,453	-	-	25,146	172,287	18,428	-	-	184,740	43,574	**228,314**
variable interest	36,924	18,172	22,120	47,363	-	2,740	-	-	-	-	-	-	59,044	68,275	**127,319**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	10,872	739	10,872	739	**11,611**
Loans	**777,535**	**533,288**	**202,744**	**284,683**	**3,484**	**26,868**	**473**	**-**	**14,714**	**-**	**-**	**-**	**998,950**	**844,839**	**1,843,789**
fixed interest	3,651	-	395	-	403	-	473	-	14,714	-	-	-	19,636	-	**19,636**
variable interest	773,884	533,288	202,349	284,683	3,081	26,868	-	-	-	-	-	-	979,314	844,839	**1,824,153**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Securities held-to-maturity	**205,810**	**-**	**7,320**	**-**	**36,217**	**-**	**172,171**	**-**	**215,683**	**-**	**-**	**-**	**637,201**	**-**	**637,201**
fixed interest	173,305	-	-	-	26,095	-	172,171	-	215,683	-	-	-	587,254	-	**587,254**
variable interest	32,505	-	7,320	-	10,122	-	-	-	-	-	-	-	49,947	-	**49,947**
Fair value of derivative financial instruments	**76,148**	**301,808**	**54,648**	**396,549**	**8,297**	**14,797**	**71,082**	**4,626**	**121,687**	**5,735**	**-**	**-**	**331,862**	**723,515**	**1,055,377**
fixed interest	68,987	199,237	47,219	236,172	8,157	13,573	71,082	4,626	121,687	5,735	-	-	317,132	459,343	**776,475**
variable interest	7,161	102,571	7,429	160,377	140	1,224	-	-	-	-	-	-	14,730	264,172	**278,902**

<u>NOTE 31:</u> INTEREST RATE RISK MANAGEMENT (in HUF mn) [continued]

As at 30 June 2007

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		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	**42,618**	**198,003**	**4,307**	**213,325**	**57,858**	**768**	**119**	**50**	**7**	**4,853**	**-**	**-**	**104,909**	**416,999**	**521,908**
fixed interest	41,967	105,168	3,167	41,580	63	667	119	50	7	4,853	-	-	45,323	152,318	**197,641**
variable interest	651	92,835	1,140	171,745	57,795	101	-	-	-	-	-	-	59,586	264,681	**324,267**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits from customers	**1,825,583**	**309,372**	**313,913**	**89,423**	**9,201**	**39,730**	**16**	**94**	**-**	**-**	**-**	**-**	**2,148,713**	**438,619**	**2,587,332**
fixed interest	700,918	226,727	310,930	89,423	9,201	39,730	16	94	-	-	-	-	1,021,065	355,974	**1,377,039**
variable interest	1,124,665	82,645	2,983	-	-	-	-	-	-	-	-	-	1,127,648	82,645	**1,210,293**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities from issued securities	**334**	**122,895**	**-**	**258,079**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**334**	**380,974**	**381,308**
fixed interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
variable interest	334	122,895	-	258,079	-	-	-	-	-	-	-	-	334	380,974	**381,308**
Fair value of derivative financial instruments in other liabilities	**263,299**	**111,663**	**280,046**	**169,625**	**7,120**	**15,075**	**70,324**	**-**	**125,010**	**35**	**-**	**-**	**745,799**	**296,398**	**1,042,197**
fixed interest	256,150	9,860	272,835	9,612	7,053	15,075	70,324	-	125,010	35	-	-	731,372	34,582	**765,954**
variable interest	7,149	101,803	7,211	160,013	67	-	-	-	-	-	-	-	14,427	261,816	**276,243**
Subordinated bonds and loans	**-**	**-**	**5,000**	**30,702**	**-**	**9,384**	**-**	**-**	**-**	**245,611**	**-**	**-**	**5,000**	**285,697**	**290,697**
fixed interest	-	-	-	-	-	-	-	-	-	245,611	-	-	-	245,611	**245,611**
variable interest	-	-	5,000	30,702	-	9,384	-	-	-	-	-	-	5,000	40,086	**45,086**
NET POSITION	**(856,878)**	**453,095**	**(305,722)**	**178,180**	**1,457**	**152,130**	**177,264**	**29,628**	**412,010**	**(220,060)**	**66,848**	**3,224**	**(505,021)**	**596,197**	**91,176**

NOTE 31: INTEREST RATE RISK MANAGEMENT (in HUF mn) [continued]

As at 31 December 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		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**	**429,325**
fixed interest	369,617	10,733	-	-	-	-	-	-	-	-	-	-	369,617	10,733	**380,350**
variable interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	45,909	3,066	45,909	3,066	**48,975**
Placements with other banks	**31,522**	**212,551**	**9,519**	**254,308**	-	**150,039**	-	-	-	-	-	-	**41,041**	**616,898**	**657,939**
fixed interest	27,968	62,674	-	71,148	-	84,878	-	-	-	-	-	-	27,968	218,700	**246,668**
variable interest	3,554	149,877	9,519	183,160	-	65,161	-	-	-	-	-	-	13,073	398,198	**411,271**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Securities held for trading	**1,226**	-	**2,931**	-	**14,159**	-	**2,485**	-	**14,956**	-	**316**	**2**	**36,073**	**2**	**36,075**
fixed interest	1,226	-	2,593	-	14,088	-	2,485	-	14,956	-	-	-	35,348	-	**35,348**
variable interest	-	-	338	-	71	-	-	-	-	-	-	-	409	-	**409**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	316	2	316	2	**318**
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**	**348,859**
fixed interest	-	-	-	-	9,611	-	12,334	-	147,383	44,932	-	-	169,328	44,932	**214,260**
variable interest	20,998	21,728	-	44,317	36,908	-	-	-	-	-	-	-	57,906	66,045	**123,951**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	10,400	248	10,400	248	**10,648**
Loans	**731,689**	**517,029**	**186,664**	**262,447**	**4,717**	**8,390**	**490**	-	**27,021**	-	**13,231**	-	**963,812**	**787,866**	**1,751,678**
fixed interest	2,878	-	126	-	815	-	490	-	27,021	-	-	-	31,330	-	**31,330**
variable interest	728,811	517,029	186,538	262,447	3,902	8,390	-	-	-	-	-	-	919,251	787,866	**1,707,117**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	13,231	-	13,231	-	**13,231**
Securities held-to-maturity	**6,977**	-	**55,367**	-	**27,511**	-	**139,531**	-	**274,725**	-	-	-	**504,111**	-	**504,111**
fixed interest	6,977	-	14,712	-	16,476	-	139,531	-	274,725	-	-	-	452,421	-	**452,421**
variable interest	-	-	40,655	-	11,035	-	-	-	-	-	-	-	51,690	-	**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**	**942,235**
fixed interest	109,838	84,101	144,143	108,473	16,748	19,490	27,339	119	91,273	8,756	-	-	389,341	220,939	**610,280**
variable interest	6,041	101,713	28,264	171,721	20,351	3,865	-	-	-	-	-	-	54,656	277,299	**331,955**

NOTE 31: INTEREST RATE RISK MANAGEMENT (in HUF mn) [continued]

As at 31 December 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		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**	**557,857**
fixed interest	13,676	118,362	-	60,832	111	2,649	271	-	1,093	21,360	-	-	15,151	203,203	**218,354**
variable interest	60	110,148	-	158,186	60,420	119	-	-	-	-	-	-	60,480	268,453	**328,933**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	1,721	8,849	1,721	8,849	**10,570**
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**	**2,690,098**
fixed interest	1,267,104	96,231	6,082	15,441	-	-	-	-	-	-	-	-	1,273,186	111,672	**1,384,858**
variable interest	674,385	169,985	201,441	47,466	143,289	67,769	8	188	-	-	-	-	1,019,123	285,408	**1,304,531**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	266	443	266	443	**709**
Liabilities from issued securities	**337**	**125,944**	**-**	**75,769**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**337**	**201,713**	**202,050**
fixed interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
variable interest	337	125,944	-	75,769	-	-	-	-	-	-	-	-	337	201,713	**202,050**
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**	**927,348**
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	**619,957**
variable interest	2,110	101,946	20,992	167,925	14,418	-	-	-	-	-	-	-	37,520	269,871	**307,391**
Subordinated bonds and loans	**-**	**-**	**-**	**31,570**	**5,000**	**211,295**	**-**	**-**	**-**	**-**	**-**	**-**	**5,000**	**242,865**	**247,865**
variable interest	-	-	-	31,570	5,000	211,295	-	-	-	-	-	-	5,000	242,865	**247,865**
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**

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.

	30 June 2007	30 June 2006
Income after income taxes (in HUF mn)	82,289	75,534
Weighted average number of common shares outstanding during the year for calculating basic EPS (piece)	279,947,844	265,995,352
Basic Earnings per share (in HUF)	294	284
Weighted average number of common shares outstanding during the year for calculating diluted EPS (piece)	280,582,887	268,797,776
Diluted Earnings per share (in HUF)	293	281

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

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

NOTE 33: NET GAIN OR LOSS REALIZED ON FINANCIAL INSTRUMENTS (in HUF mn)

As at 30 June 2007

	Net nterest gain and loss	Net non-interest gain and loss	Provision	Equity
Cash, due from banks and balances with the National Bank of Hungary	5,947	-	-	-
Placements with other banks, net of allowance for placement losses	18,832	-	-	-
Securities held for trading	1,689	(62)	-	-
Securities available-for-sale	12,249	(1,096)	-	4,251
Loans	94,337	26,642	(5,000)	-
Securities held-to-maturity	26,941	-	-	-
Derivative financial instruments	4,718	(24,902)	-	-
Due to banks and deposits from the National Bank of Hungary and other banks	(9,937)	-	-	-
Deposits from customersIssued securities	(51,201)	35,092	-	-
Subordinated bonds and loans	(7,707)	-	-	-
	89,137	**85,532**	**(5,000)**	**4,251**

NOTE 34: RECONCILIATION OF FINANCIAL STATEMENTS PREPARED UNDER HUNGARIAN ACCOUNTING STANDARDS AND FINANCIAL STATEMENTS PREPARED UNDER IFRS (in HUF mn)

	Retained Earnings and Reserves 1 January 2007	Net income for the year ended 31 December 2007	Dividend	Direct Movements on Reserves	Retained Earnings and Reserves as at 31 December 2007
Hungarian financial statements	**525,152**	**70,883**	**(17,780)**	**(165)**	**578,090**
Adjustments to Hungarian financial statements:					
Reversal of statutory general provision	34,175	3,226	-	-	37,401
Premium and discount amortization of financial instruments measured at amortised cost	120	(686)	-	-	(566)
Allowance for possible loan losses	(1,340)	-	-	-	(1,340)
Differences in carrying value of subsidiaries	799	-	-	-	799
Difference in accounting for finance leases	(1,437)	(515)	-	-	(1,952)
Fair value adjustment of held for trading and available-for-sale financial assets	8,315	(521)	-	4,251	12,045
Fair value adjustment of derivative financial instruments	1,218	(136)	-	-	1,082
Profit on sale of Treasury Shares	-	1,681	-	(1,681)	-
Reversal of statutory goodwill and negative goodwill	24,822	4,272	-	-	29,094
Revaluation of investments denominated in foreign currency to historical cost	3,396	9,001	-	-	12,397
Difference in accounting of repo transactions	(471)	(407)	-	-	(878)
Reclassification of direct charges	-	(165)	-	165	-
Share-based compensation	-	(2,562)	-	2,562	-
Profit on ICES - exchangeabled bond transaction recognised through equity	14,762	(2,161)	-	(1,213)	11,388
Deferred taxation	(5,831)	379	-	(175)	(5,627)
Dividend payable for the year ended 30 June 2007.	40,320	-	(40,320)	-	-
Dividend recognised as a liability in the financial statements for the six month period ended 30 June 2007 according to the hungarian law on accounting	-	-	(17,780)	-	17,780
International financial statements	**644,000**	**82,289**	**(40,320)**	**3,744**	**689,713**

NOTE 35: SIGNIFICANT EVENTS DURING THE SIX MONTH PERIOD ENDED 30 JUNE 2007

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

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

OTP Bank Plc. has increased its shareholding in Serbian Kulska banka a.d. Novi Sad (Kulska banka) as a result of several share purchases at the Belgrade Stock Exchange during the last few months and the recently finished public offer of treasury shares. As of 20 March 2007 OTP Bank owned 92.552% of Kulska banka's registered capital.

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

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

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

NOTE 36: POST BALANCE SHEET EVENTS

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

The Committee for Product Development, Marketing and Pricing of OTP Bank Plc. adopted the resolution no. 71/2007 about the bond issue program on 13 March 2007. The Information Memorandum related to the program and this announcement were approved by the Hungarian Financial Supervisory Authority with resolution no. E-III/10.350/2007 dd. 1 August 2007. The Information Memorandum has a validity of 12 months from the date of the announcement.
Data of individual bond issues within the program will be included in the relevant announcement and Final Terms of that particular issue. In the course of bond issues under the program the issuer, OTP Bank Plc. will not make arrangements to introduce the bonds in regulated markets.