OTP BANK PLC.

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

FOR THE SIX MONTH PERIOD
ENDED 30 JUNE 2009

CONTENTS

OTP BANK PLC.
UNCONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2009 (in HUF mn)

	Note	30 June 2009	31 December 2008	30 June 2008
Cash, amounts due from banks and balances with the National Bank of Hungary	*4*	166,281	157,437	205,298
Placements with other banks, net of allowance for placement losses	*5*	855,061	920,455	850,195
Financial assets at fair value through profit or loss	*6*	200,539	151,716	195,792
Securities available-for-sale	*7*	614,302	549,911	300,594
Loans, net of allowance for loan losses	*8*	2,686,310	2,715,382	2,294,330
Accrued interest		50,356	60,360	44,347
Investments in subsidiaries	*9*	617,632	596,244	650,516
Securities held-to-maturity	*10*	686,014	437,535	515,928
Property and equipment	*10*	70,380	72,844	74,353
Intangible assets	*11*	39,407	39,539	36,262
Other assets	*12*	98,248	70,892	57,334
TOTAL ASSETS		**6,084,530**	**5,772,315**	**5,224,949**
Amounts due to banks and deposits from the National Bank of Hungary and other banks	*13*	877,776	705,565	467,906
Deposits from customers	*14*	3,161,284	3,090,762	3,022,529
Liabilities from issued securities	*15*	519,423	601,791	484,996
Accrued interest payable		57,742	36,428	36,094
Fair value of derivative financial instruments designated as held for trading	*16*	114,513	127,061	35,640
Other liabilities	*17*	230,231	136,284	133,380
Subordinated bonds and loans	*18*	281,421	301,951	279,628
TOTAL LIABILITIES		**5,242,390**	**4,999,842**	**4,460,173**
Share capital	*19*	28,000	28,000	28,000
Retained earnings and reserves	*20*	875,947	842,318	821,849
Treasury shares	*21*	(61,807)	(97,845)	(85,073)
TOTAL SHAREHOLDERS' EQUITY		**842,140**	**772,473**	**764,776**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**6,084,530**	**5,772,315**	**5,224,949**

OTP BANK PLC.
UNCONSOLIDATED STATEMENT OF RECOGNISED INCOME FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2009 (in HUF mn)

	Note	Six month period ended 30 June 2009	Six month period ended 30 June 2008	Year ended 31 December 2008
Interest Income:				
Loans		133,308	110,340	243,170
Placements with other banks		198,576	123,902	203,352
Amounts due from banks and balances with the National Bank of Hungary		3,868	6,671	14,147
Securities held for trading		1,433	2,367	4,979
Securities available-for sale		22,485	9,750	23,959
Securities held-to-maturity		22,225	23,207	42,695
Total Interest Income		381,895	276,237	532,302
Interest Expense:				
Amounts due to banks and deposits from the National Bank of Hungary and other banks		151,976	52,240	206,208
Deposits from customers		100,797	67,238	150,729
Liabilities from issued securities		14,745	10,609	25,079
Subordinated bonds and loans		8,819	8,354	16,444
Total Interest Expense		276,337	138,441	398,460
NET INTEREST INCOME		**105,558**	**137,796**	**133,842**
Provision for impairment on loan and placement losses	*5, 8*	34,972	7,871	29,211
NET INTEREST INCOME AFTER PROVISION FOR LOAN AND PLACEMENT LOSSES		**70,586**	**129,925**	**104,631**
Non-Interest Income:				
Fees and commissions	*22*	80,090	76,114	157,575
Foreign exchange (losses)/gains, net		(19,475)	(30,216)	58,228
(Losses)/gains on securities, net		(6,309)	(561)	118
Dividend income	*40*	32,992	15,964	138,264
Other		36,770	1,305	21,497
Total Non-Interest Income		*124,068*	*62,606*	*375,682*
Non-Interest Expenses:				
Fees and commissions	*23*	10,752	11,746	24,535
Personnel expenses		38,506	36,723	77,354
Depreciation and amortization		10,811	11,285	21,032
Other	*24*	40,317	35,203	215,850
-from this: provision for impairment on investments in subsidiaries		*184*	*409*	*124,880*
Total Non-Interest Expenses		*100,386*	*94,957*	*338,771*
PROFIT BEFORE INCOME TAX		**94,268**	**97,574**	**141,542**
Income tax	*25*	11,707	9,287	7,587
NET PROFIT FOR THE YEAR		**82,561**	**88,287**	**133,955**
Earnings per share (in HUF)				
Basic	*35*	310	326	495
Diluted	*35*	306	325	493

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2009 (in HUF mn) [continued]

Statement of Comprtehensive Income	Note	Six month period ended 30 June 2009	Six month period ended 30 June 2008	Year ended 31 December 2008
NET PROFIT FOR THE PERIOD		82,561	88,287	133,955
Fair value adjustment of securities available-for-sale		1,564	(7,767)	(17,393)
Fair value adjustment of derivative financial instruments recognised through equity		-	-	387
NET COMPREHENSIVE INCOME		84,125	80,520	116,949

OTP BANK PLC.
UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2009 (in HUF mn)

	Note	Six month period ended 30 June 2009	Six month period ended 30 June 2008	Year ended 31 December 2008
OPERATING ACTIVITIES				
Profit before income tax		94,268	97,574	141,542
Income tax paid		(9,008)	(6,100)	(14,566)
Depreciation and amortization		10,811	11,285	21,032
Provision for impairment on securities available-for-sale		6,350	-	2,769
Provision for impairment on loan and placement losses		34,972	7,871	29,211
Provision for impairment on investments in subsidiaries	*9*	184	409	124,880
Provision/ (release of provision) for impairment on other assets	*12*	505	41	(731)
(Release of provision)/ provision for impairment on off-balance sheet commitments and contingent liabilities	*17*	(776)	(3,221)	14,012
Share-based payment	*28*	3,401	2,856	28
Unrealised (gains)/ losses on fair value adjustment of securities held for trading		(5,376)	1,164	(7,673)
Unrealised losses/ (gains) on fair value adjustment of derivative financial instruments		35,123	(45,040)	(8,676)
Changes in financial assets at fair value through profit or loss		(39,641)	(16,408)	6,238
Increase in accrued interest		8,060	2,074	(11,915)
(Increase)/ decrease in other assets, excluding advances for investments and before provisions for losses		(172,611)	(10,016)	11,528
Increase in accrued interest payable		21,314	17,683	18,017
Increase/ (decrease) in other liabilities		98,219	17,687	(15,362)
Net cash provided by operating activities		**85,795**	**77,859**	**310,334**
INVESTING ACTIVITIES				
Net increase/ (decrease) in placements with other banks, before provision for placement losses		193,287	4,232	(66,389)
Net (increase)/ decrease in securities available-for-sale		(62,102)	10,312	(249,769)
Net increase in investments in subsidiaries, before provision		(21,572)	(20,222)	(90,421)
Net (increase)/ decrease in securities held-to-maturity		(248,002)	43,000	121,451
Net (increase)/ decrease in advances for investments included in other assets		(16)	33	(23)
Net increase in loans, net of allowance for loan losses		(53,026)	(113,568)	(501,171)
Net disposal/ (additions) to property, equipment and intangible assets		(9,107)	(11,701)	9,524
Net cash used in investing activities		**(200,538)**	**(87,914)**	**(776,798)**

OTP BANK PLC.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2008
(in HUF mn) [continued]

	Note	Six month period ended 30 June 2009	Six month period ended 30 June 2008	Year ended 31 December 2008
FINANCING ACTIVITIES				
Net increase/ (decrease) in amounts due to banks and deposits from the National Bank of Hungary and other banks		172,211	(122,842)	114,817
Net increase in deposits from customers		71,967	67,494	136,302
Net (decrease)/ increase in liabilities from issued securities		(81,409)	94,248	199,921
(Decrease)/ increase in subordinated bonds and loans		(20,530)	(19,286)	3,037
Effect on ICES - exchangeable bond transaction recognised through equity		(2,995)	(2,478)	(5,203)
Effect of treasury share transaction		(44,095)	(12)	(7,499)
Net change in Treasury shares		29,230	(31,369)	(47,061)
Net (increase)/ decrease in the compulsory reserve established by the National Bank of Hungary		(4,521)	(11,480)	91,832
Dividends paid		(792)	(46)	(57)
Net cash provided by/ (used in) financing activities		**119,066**	**(25,771)**	**486,089**
Net increase/ (decrease) in cash and cash equivalents		**4,323**	**(35,826)**	**19,625**
Cash and cash equivalents at the beginning of the period		93,066	73,441	73,441
Cash and cash equivalents at the end of the period		**97,389**	**37,615**	**93,066**

Analysis of cash and cash equivalents

	Note	Six month period ended 30 June 2009	Six month period ended 30 June 2008	Year ended 31 December 2008
Cash, amounts due from banks and balances with the National Bank of Hungary		157,437	229,644	229,644
Compulsory reserve established by the National Bank of Hungary		(64,371)	(156,203)	(156,203)
Cash and cash equivalents at the beginning of the year		**93,066**	**73,441**	**73,441**
Cash, amounts due from banks and balances with the National Bank of Hungary	*4*	166,281	205,298	157,437
Compulsory reserve established by the National Bank of Hungary	*4*	(68,892)	(167,683)	(64,371)
Cash and cash equivalents at the end of the year		**97,389**	**37,615**	**93,066**

OTP BANK PLC.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2009
(in HUF mn)

	Note	Share capital	Capital reserve	Share-based compensation	Retained earnings	Treasury shares	Total
Balance as at 1 January 2008		**28,000**	**52**	**19,153**	**722,262**	**(54,208)**	**715,259**
Net comprehensive income		-	-	-	80,520	-	80,520
Share-based compensation		-	-	2,856	-	-	2,856
ICES - exchangeable bond transaction recognised through equity		-	-	-	(2,478)	-	(2,478)
Effect of treasury share transaction		-	-	-	(12)		(12)
Loss on sale of treasury shares		-			(504)	-	(504)
Acquisition of treasury shares		-	-	-	-	(30,865)	(30,865)
Balance as at 30 June 2008		**28,000**	**52**	**22,009**	**799,788**	**(85,073)**	**764,776**
Balance as at 1 January 2009		**28,000**	**52**	**19,181**	**823,085**	**(97,845)**	**772,473**
Net comprehensive income		-	-	-	84,125	-	84,125
Share-based compensation	*28*	-	-	3,401	-	-	3,401
ICES - exchangeable bond transaction recognised		-	-	-	(2,994)	-	(2,994)

(in HUF mn)

through equity						
Effect of treasury share transaction	-	-	-	(44,095)	-	(44,095)
Loss on sale of treasury shares	-	-	-	(6,808)	-	(6,808)
Acquisition of treasury shares	-	-	-	-	36,038	36,038
Balance as at 30 June 2009	**28,000**	**52**	**22,582**	**853,313**	**(61,807)**	**842,140**

NOTE 1: ORGANIZATION AND BASIS OF FINANCIAL STATEMENTS

1.1. General information

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

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

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

	30 June 2009	**31 December 2008**
Domestic and foreign private and institutional investors	96%	91%
Employees	2%	2%
Held by the Bank	2%	7%
Total	**100%**	**100%**

The Bank provides a full range of commercial banking services through a nationwide network of 382 branches in Hungary.

Number of the employees of the Bank:

	30 June 2009	**31 December 2008**
Number of employees	7,993	8,297
Aaverage number of employees	8,134	8,333

1.2. Accounting

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

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

Some of the accounting principles prescribed for statutory purposes are different from those generally recognized in international financial markets. Due to the fact that the Bank is listed on international and national stock exchanges, the Bank is obliged to present its financial position in accordance with the International Financial Reporting Standards ("IFRS"). Certain adjustments have been made to the Bank's Hungarian unconsolidated statutory accounts (see Note 38), 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 .

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

1.2. Accounting [continued]

The unconsolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union (the "EU") except for the matters discussed in Note 2.3. IFRS as adopted by the EU do not currently differ from IFRS as issued by the IASB, except for portfolio hedge accounting under IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") which has not been approved by the EU. As the Bank does not apply portfolio hedge accounting under IAS 39, there would be no impact on these unconsolidated financial statements, had it been approved by the EU at the balance sheet date.

1.2.1. The effect of adopting new and revised International Financial Reporting Standards effective from 1 January 2009

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

- IAS 1 (Revised) Presentation of Financial Statements (effective for accounting periods beginning on or after 1 January 2009)
- IAS 23 (Revised) Borrowing Costs (effective for accounting periods beginning on or after 1 January 2009)
- IAS 27 (Amendment) Consolidated and Separate Financial Statements (effective from 1 July 2009)
- IAS 32 (Amendment) Financial Instruments: Presentation (effective for accounting periods beginning on or after 1 January 2009)
- IFRS 2 (Amendment) Share-based Payment (effective for accounting periods beginning on or after 1 January 2009)
- IFRS 7 (Amendment) Financial Instruments: Disclosures (effective for accounting periods beginning on or after 1 January 2009)*
- IFRS 8 Operating Segments (effective for accounting periods beginning on or after 1 January 2009)
- IFRIC 15 Agreements for the Construction of Real Estate (effective for accounting periods beginning on or after 1 January 2009)*
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective for accounting periods beginning on or after 1 October 2008)*
- IFRIC 18 Transfers of Assets from Customers (effective from 1 January 2009)*
- Improvements to International Financial Reporting Standards 2008 (effective for accounting periods beginning on or after 1 January 2009)

*Not yet endorsed by the EU.

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

1.2.2. Amendments to IFRSs effective from 1 January 2009, not yet adopted [continued]

- IAS 39 (Amendment) Financial Instruments: Recognition and Measurement (effective for accounting periods on or after 1 July 2009)
- IFRS 3 (Revised) Business Combinations (effective from 1 July 2009)*
- IFRS 5 (Amendment) Non-current Assets Held for Sale and Discontinued Operations (and Consequental Amendment to IFRS 1: First-Time Adoption) (effective from 1 July 2009)*

*Not yet endorsed by the EU.

The adoption of the above presented Amendments and Interpretations would have no significant impact on the unconsolidated financial statements of the Bank.

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 at 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 the management of the Bank to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and their reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Future changes in economic conditions, business strategies, regulatory requirements, accounting rules and other factors could result in a change in estimates that could have a material impact on future 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 at 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 to the unconsolidated statements of operations.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

2.3. Consolidated financial statements

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

2.4. Investments in subsidiaries

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

If the Bank loses control of a subsidiary, derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost and recognises any difference as a gain or loss on the sale attributable to the parent in Statement of Operation.

Investments in subsidiaries are recorded at the cost of acquisition, less allowance for permanent diminution in value, when appropriate.
Allowance is determined based on the future economic benefits of the subsidiary and macroeconomic factors.

OTP calculates the fair value of the investment in subsidiaries using a discounted cash-flow model. The 5 year period explicit cash-flow model serves as a basis for the impairment test by which the Bank defines the impairment need on investment in subsidiaries based on the strategic factors and financial data of its cash generating units.
OTP in its strategic plan, has taken into consideration the effects of the present global economic crisis, the probable economic decline and their possible influence on the financial sector as well as the limited external refinancing funds, the lower possibility of the expansion and the prospective effects of all these above mentioned factors.

2.5. Securities held-to-maturity

Investments in securities are accounted for on a settlement date basis and are initially measured at fair value. At subsequent reporting dates, securities that the Bank has the express intention and ability to hold to maturity (securities held-to-maturity) 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.

Securities held-to-maturity include securities, which the Bank has the ability and intention to hold to maturity. Such securities comprise mainly securities issued by the Hungarian Government and NBH and mortgage bonds.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

2.6. Financial assets at fair value through profit or loss

2.6.1 Securities held for trading

Investments in securities are accounted for on a settlement date basis and are initially measured at fair value. 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 statements 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.

2.6.2. 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 and options. These financial instruments are used by the Bank to hedge interest rate risk and currency exposures associated with its transactions in the financial markets.

Derivative financial instruments are initially measured at fair value and at subsequent reporting dates also at fair value. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit/loss and included in the unconsolidated statements of operations for the period. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

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

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that prove to be highly effective in relation to the hedged risk, are recorded in the unconsolidated statements 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 statements 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 statements 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 statements of operations.

Certain derivative transactions, while providing effective economic hedges under risk management positions of the Bank, do not qualify for hedge accounting under the specific rules of IAS 39 and are therefore treated as derivatives held for trading with fair value gains and losses charged directly to the unconsolidated statements of operations.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

2.7. Securities available-for-sale

Investments in securities are accounted for on a settlement date basis and are initially measured at fair value. Available-for-sale 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 NBH, companies or municipalities 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 of the future cash flows and the fair value of any unquoted equity instruments are calculated using the EPS ratio 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 provision for impairment when appropriate.

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

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

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

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

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

2.9. Sale and repurchase agreements, security lending

Where debt or equity securities are sold under a commitment to repurchase them at a pre-determined price, they remain on the balance sheet and the consideration received is recorded in Other liabilities or Amounts due to banks and deposits from the NBH and other 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. Property, equipment and intangible assets

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

Intangible assets	
Software	20-33.3%
Property rights	16.7%
Property	1-2%
Vehicles and office equipments	8-33.3%

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

2.11. Financial liabilities

The financial liabilities are disclosed within financial liabilities at fair value through profit or loss or financial liabilities measured at amortized costs. In connection to the financial liabilities at fair value through profit or loss, the Bank discloses the amount of change in their fair value originated from the changes of market conditions and business environment.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

2.12. Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised at their fair value and depreciated over the useful lives of assets. The capital element of each future lease obligation is recorded as a liability, while the interest elements are charged to the unconsolidated statements 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 statements of operations on a straight-line basis over the life of the lease terms. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.13. Treasury shares

Treasury shares are shares which are purchased on the stock exchange and the over-the-counter market by the Bank and are presented in the 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. Derecognition of Treasury shares is based on the FIFO method.

2.14 Interest income and interest expense

The interest income and expense are recognised on the accrual basis and based on the IAS 18 Revenue, referring to IAS 39.

2.15. Fees and Commissions

Fees and commissions are recognised in the unconsolidated statements of operations on an accrual basis based on IAS 18, fees and commissions are recognised using the effective interest method referring to IAS 39.

2.16. 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. Deferred tax assets are recognized by the Bank for the amounts of income taxes that are recoverable in future periods in respect of deductible temporary differences as well as the carryforward of unused tax losses and the carryforward of unused tax credits.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

2.17. Off-balance sheet commitments and contingent liabilities

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

The Bank 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.

2.18. Share-based payment

The Bank has applied the requirements of IFRS 2 Share-based Payment.
The Bank issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the 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.

2.19. 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 NBH. Cash flows from hedging activities are classified in the same category as the item being hedged. The unrealized gains and losses from the translation of monetary items to the closing foreign exchange rates and the unrealized gains and losses from derivative financial instruments are presented net in the statement of cash-flows for the items being hedged.

2.20. Comparative figures

Certain amounts in the unconsolidated financial statements for the year ended 31 December 2008 have been reclassified to conform with the current year presentation. These reclassifications were not material.

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

The presentation of financial statements in conformity with IFRS requires the management of the 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.

3.1. Impairment on loans and advances

The Bank regularly assesses its loan portfolio for impairment. Management determines the adequacy of the allowances based upon reviews of individual loans and placements, recent loss experience, current economic conditions, the risk characteristics of the various categories of loans and other pertinent factors.

3.2. Valuation of instruments without direct quotations

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

3.3. Provisions

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

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

	30 June 2009	31 December 2008
Cash on hand:		
In HUF	50,598	66,542
In foreign currency	4,851	8,120
	55,449	**74,662**
Amounts due from banks and balances with NBH:		
Within one year:		
In HUF	62,261	71,857
In foreign currency	48,571	10,918
	110,832	**82,775**
Total	**166,281**	**157,437**
Compulsory reserves set by the NBH	68,892	64,371
Interest rate on the compulsory reserve (%)	2%	2%

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

	30 June 2009	31 December 2008
Within one year:		
In HUF	44,605	157,903
In foreign currency	390,158	389,055
	434,763	**546,958**
Over one year:		
In HUF	2,300	2,300
In foreign currency	420,394	371,559
	422,694	**373,859**
Total placements	**857,457**	**920,817**
Provision for impairment on placement losses	(2,396)	(362)
Total	**855,061**	**920,455**

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

	30 June 2009	31 December 2008
Balance as at 1 January	362	-
Provision for the period	1,077	362
Release of provision	(957)	-
Closing balance	**2,396**	**362**

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

Interest conditions of placements with other banks:

	30 June 2009	31 December 2008
Placements with other banks in HUF	7.55%-11.23%	8.94%-12.67%
Placements with other banks in foreign currency	0.2%-14.3%	1%-10.7%

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

	30 June 2009	31 December 2008
Government bonds	16,550	43,031
Mortgage bonds	12,150	5,057
-from this: mortgage bonds issued by OTP Mortgage Bank Ltd.	*11,758*	*4,635*
Hungarian government interest bearing Treasury bills	1,439	2,608
Hungarian government discounted Treasury Bills	1,296	1,373
Shares held for trading	62,720	2,298
Other securities	463	452
Held for trading securities	**94,618**	**54,819**
CCIRS and mark-to-market swaps designated as held for trading	62,039	25,600
Interest rate swaps designated as held for trading	24,152	41,004
Foreign exchange swaps designated as held for trading	18,673	26,527
Other	1,057	3,766
Derivative financial instruments designated as held for trading	**105,921**	**96,897**
Total	**200,539**	**151,716**

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

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

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

	30 June 2009	31 December 2008
Within five years:		
variable interest	229	228
fixed interest	22,843	34,779
	23,072	**35,007**
Over five years:		
variable interest	-	-
fixed interest	8,817	17,514
	8,817	**17,514**
Non-interest bearing securities	62,729	2,298
Total	**94,618**	**54,819**

	30 June 2009	31 December 2008
Held for trading securities denominated in HUF (%)	89%	94%
Held for trading securities denominated in Foreign currency (%)	11%	6%
Held for trading securities total	**100%**	**100%**
Government securities denominated in HUF (%)	98%	98%
Government securities denominated in foreign currency (%)	2%	2%
Government securities total	**100%**	**100%**
Interest rates on securities held for trading (%)	3.9%-12.2%	3.7%-12.2%

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

	30 June 2009	31 December 2008
Mortgage bonds	389,595	290,820
Government bonds	98,914	126,177
Other securities	127,625	135,683
Total	**616,134**	**552,680**
Provision for impairment on securities available-for-sale	(1,832)	(2,769)
Total	**614,302**	**549,911**

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

An analysis of the other securities is as follows:

	30 June 2009	31 December 2008
Other securities		
Listed securities		
in HUF	-	-
in Foreign currency	15,682	22,756
	15,682	**22,756**
Non-listed securities		
in HUF	14,155	16,719
in Foreign currency	97,788	96,208
	111,943	**112,927**
Total	**127,625**	**135,683**

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

	30 June 2009	31 December 2008
Balance as at 1 January	2,769	-
Provision for the period	80	2,769
Release of provision	(1,017)	-
Closing balance	**1,832**	**2,769**

Securities available-for-sale are measured at fair value in the financial statements of the Bank which approximates book value, except when there is objective evidence that the asset is impaired, the cumulative loss that had been recognized directly in equity were reclassified from equity to Statement of Operation.

	30 June 2009	31 December 2008
Securities available-for-sale denominated in HUF (%)	79%	78%
Securities available-for-sale denominated in foreign currency (%)	21%	22%
Securities available-for-sale total	**100%**	**100%**
Interest rates on securities available-for-sale (%)	1% - 12%	1% - 11%

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

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

	30 June 2009	31 December 2008
Within five years:		
variable interest	30,122	360,460
fixed interest	202,953	90,213
	233,075	**450,673**
Over five years:		
variable interest	73,868	79,758
fixed interest	301,087	8,666
	374,955	**88,424**
Non-interest bearing securities	8,104	10,814
Total	**616,134**	**549,911**

Certain fixed-rate mortgage bonds and other securities mainly denominated in foreign currency are hedged by derivative financial instruments – interest rate swap – to reduce the exposure to interest rate risk or the changes in fair value of these assets. Where the hedging relationships are designated the FVA of the hedged items are recognised through the statement of operation.

	30 June 2009	31 December 2008
Net loss reclassified from equity to statement of operation	376	934
Fair value of the hedged securities		
Mortgage bonds	-	16,841
Other securities	12,174	20,335
Total	**12,174**	**37,176**

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

	30 June 2009	31 December 2008
Short-term loans and trade bills (within one year)	618,049	650,160
Long-term loans and trade bills (over one year)	2,131,908	2,110,541
	2,749,957	**2,760,701**
Provision of impairment on loan losses	(63,647)	(45,319)
Total	**2,686,310**	**2,715,382**

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

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

	30 June 2009	31 December 2008
Loans denominated in HUF	32%	30%
Loans denominated in Foreign currency	68%	70%
Total	**100%**	**100%**

Interest rates of the loan portfolio are as follows:

	30 June 2009	31 December 2008
Loans denominated in HUF, with a maturity within one year	13.2-30%	14%-30%
Loans denominated in HUF, with a maturity over one year	3%-24.8%	3%-24.8%
Loans denominated in Foreign currency	1.8%-22%	1.8%-22%

	30 June 2009	31 December 2008
Gross loan portfolio on which interest is not being accrued	4.6%	3%

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

	30 June 2009		31 December 2008	
Commercial loans	1,860,965	68%	1,862,963	67%
Consumer loans	371,778	14%	361,148	13%
Housing loans	226,093	8%	235,375	9%
Municipality loans	174,273	6%	180,670	7%
Mortgage backed loans	116,848	4%	120,545	4%
Total	**2,749,957**	**100%**	**2,760,701**	**100%**

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

	30 June 2009	31 December 2008
Balance as at 1 January	45,319	28,820
Provision for the year	33,895	28,849
Release	(15,567)	(12,350)
Closing balance	**63,647**	**45,319**

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

NOTE 9: INVESTMENTS IN SUBSIDIARIES (in HUF mn)

	30 June 2009	31 December 2008
Investments in subsidiaries:		
Controlling interest	742,833	721,180
Significant interest	-	72
Other	978	987
	743,811	**722,239**
Provision for impairment	(126,179)	(125,995)
Total	**617,632**	**596,244**

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

	30 June 2009	31 December 2008
Balance as at 1 January	125,995	1,115
Provision for the period	184	124,880
Closing balance	**126,179**	**125,995**

The provision for impairment on CJSC OTP Bank (Ukraine) was HUF 97,526, for OTP banka Srbija a.d. was HUF 25,284 million as at 31 December 2008.

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

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

	30 June 2009		31 December 2008	
	% Held (direct and indirect)	Cost	% Held (direct and indirect)	Cost
OTP Bank JSC (Ukraine)	100.00%	233,545	100.00%	210,673
DSK Bank EAD (Bulgaria)	100.00%	86,832	100.00%	86,831
OTP banka Hrvatska d.d. (Croatia)	100.00%	72,940	100.00%	72,940
OAO OTP Bank (Russia) (former OAO Investsberbank)	95.51%	66,729	95.51%	66,723
OTP banka Srbija a.d. (Serbia)	91.43%	55,997	91.43%	55,997
OTP Bank Romania S.A. (Romania)	100.00%	38,117	100.00%	38,117
Crnogorska komerčijalna banka a.d. (Montenegro)	100.00%	32,988	100.00%	32,988
OTP Holding Ltd. (Cyprus)	100.00%	29,000	100.00%	29,000
OTP Mortgage Bank Ltd.	100.00%	27,000	100.00%	27,000
OOO Invest Oil (Russia)	100.00%	21,224	100.00%	21,224
OOO Megaform Inter (Russia)	100.00%	17,704	100.00%	17,704
OOO AlyansReserv (Russia)	100.00%	11,147	100.00%	11,147
OTP Banka Slovensko a.s. (Slovakia)	97.23%	10,038	97.23%	10,038
Air-Invest Ltd.	100.00%	7,948	100.00%	7,948
Bank Center No. 1. Ltd.	100.00%	7,330	100.00%	7,330
OOO Donskoy Narodny Bank (Russia)	100.00%	6,687	100.00%	6,687
Inga Two Ltd.	100.00%	5,892	100.00%	5,892
OTP Funds Servicing and Consulting Ltd.	100.00%	2,469	100.00%	2,469
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 Life Annuity Ltd.	100.00%	1,250	100.00%	1,250
S.C. OTP Fond de Pensii (Romania)	100.00%	885	100.00%	885
OTP Financing Netherlands B.V. (Netherlands)	100.00%	481	100.00%	481
OTP Card Factory Ltd.	100.00%	450	100.00%	450
OTP Real Estate Leasing Ltd.	100.00%	410	100.00%	410
OTP Factoring Ltd.	100.00%	225	100.00%	225
TradeNova Commercial Ltd. (former OTP Trade Ltd.)	100.00%	30	100.00%	1,258
Other	-	312	-	310
Total		**742,833**		**721,180**

On 21 February 2008 the Bank, 100% owner of OTP banka Hrvatska d.d. has increased the registered capital of its subsidiary by HRK 217 million.

On 9 February 2009 the Bank, 100% owner of CJSC OTP Bank has increased the registered capital of its subsidiary by UAH 800 million (USD 100 million).

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

	30 June 2009	31 December 2008
Securities held-to-maturity		
Bonds issued by NBH	424,520	109,684
Mortgage bonds	140,433	172,988
Government securities	118,468	150,573
Other	9,141	-
Hungarian government discounted Treasury bills	740	4,290
	693,302	**437,535**
Provision for impairment	(7,288)	-
Total	**686,014**	**437,535**

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

	30 June 2009	31 December 2008
Balance as at 1 January	-	-
Provision for the period	7,288	-
Closing balance	**7,288**	**-**

Provision relates to foreign currency denominated bonds issued in Kazakhstan and included in other securities. The amount of the provision is based on objective evidences that the securities are impaired and reflects the best estimate for the possible loss of the management.

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

	30 June 2009	31 December 2008
Within five years:		
variable interest	37,239	29,118
fixed interest	623,934	369,624
	661,173	**398,742**
Over five years:		
variable interest	8,331	15,023
fixed interest	23,798	23,770
	32,129	**38,793**
Total	**693,302**	**437,535**

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

	30 June 2009	31 December 2008
Securities held-to-maturity denominated in HUF (%)	99%	100%
Securities held-to-maturity denominated in Foreign currency (%)	1%	-
Securities held-to-maturity total	**100%**	**100%**
Interest rates on securities held-to-maturity (%)	5.5% - 19.2%	5.5% - 19.2%
The fair value of securities held-to-maturity	667,307	428,571

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

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

For the six month period ended 30 June 2009:

Cost	Intangible assets	Land and buildings	Office equipments and vehicles	Construction in progress	Total
Opening balance	74,686	58,354	72,441	4,869	210,350
Additions	6,877	2,150	3,809	-	12,836
Disposals	(521)	(1,010)	(6,027)	(1,366)	(8,924)
Closing balance	**81,042**	**59,494**	**70,223**	**3,503**	**214,262**
Depreciation and Amortization					
Opening balance	35,147	10,585	52,235	-	97,967
Charge for the year	6,532	729	3,550	591	10,811
Disposals	(44)	(387)	(3,872)	-	(4,303)
Closing balance	**41,635**	**10,927**	**51,913**	**-**	**104,475**
Net book value					
Opening balance	39,539	47,769	20,206	4,869	112,383
Closing balance	**39,407**	**48,567**	**18,310**	**3,503**	**109,787**

For the year ended 31 December 2008:

Cost	Intangible assets	Land and buildings	Office equipments and vehicles	Construction in progress	Total
Opening balance	80,272	55,301	69,115	6,173	210,861
Additions	9,329	3,902	6,408	-	19,639
Disposals	(14,915)	(849)	(3,082)	(1,304)	(20,150)
Closing balance	**74,686**	**58,354**	**72,441**	**4,869**	**210,350**
Depreciation and Amortization					
Opening balance	44,006	9,411	47,171	-	100,588
Charge for the year	11,609	1,813	8,172	-	21,594
Disposals	(20,468)	(639)	(3,108)	-	(24,215)
Closing balance	**35,147**	**10,585**	**52,235**	**-**	**97,967**
Net book value					
Opening balance	36,266	45,890	21,944	6,173	110,273
Closing balance	**39,539**	**47,769**	**20,206**	**4,869**	**112,383**

NOTE 12: OTHER ASSETS (in HUF mn)

	30 June 2009	31 December 2008
Receivables from OTP Mortgage Bank Company Ltd.*	32,896	17,012
Current income tax receivable	17,601	23,882
Trade receivables	11,514	5,791
Fair value of derivative financial instruments designated as hedge accounting relationships	7,506	8,871
Prepayments and accrued income	6,999	5,645
Deferred tax assets	4,290	-
Receivables from investment services	3,585	929
Due from Hungarian Givernment from interest subsidies	2,920	3,128
Credits sold under deferred payment scheme	986	420
Inventories	613	602
Other advances	570	162
Advances for securities and investments	549	533
Other	9,334	4,527
	99,363	**71,502**
Provision for impairment on other assets	(1,115)	(610)
Total	**98,248**	**70,892**

Positive fair value of derivative financial instruments designated as hedged relationship:

	30 June 2009	31 December 2008
Interest rate swaps designated as hedged relationship	7,460	8,692
Other	46	179
Total	**7,506**	**8,871**

* The Bank, under a syndication agreement administrated mortgage loans with recourse to OTP Mortgage Bank Ltd.

Provision for impairment on other assets mainly consists of provision for trade receivables, advances and inventories.

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

	30 June 2009	31 December 2008
Balance as at 1 January	610	1,375
Charge/(release) for the period	505	(731)
Write-offs	-	(34)
Closing balance	**1,115**	**610**

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

	30 June 2009	31 December 2008
Within one year:		
In HUF	92,405	207,354
In foreign currency	272,986	353,971
	365,391	**561,325**
Over one year:		
In HUF	89,424	88,577
In foreign currency	422,961	55,663
	512,385	**144,240**
Total	**877,776**	**705,565**

The Bank has no assets encumbered relating to amounts due to banks.

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

	30 June 2009	31 December 2008
Within one year:		
In HUF	8%-9.8%	9.4%-10.8%
In foreign currency	0.05%-6.3%	0.5%-13.75%
Over one year:		
In HUF	1.3%-10.73%	3%-9.18%
In foreign currency	0.35%-4.18%	1.4%-6.3%

No assets are pledged as collaterals against the amounts due to banks.

NOTE 14: DEPOSITS FROM CUSTOMERS (in HUF mn)

	30 June 2009	31 December 2008
Within one year:		
In HUF	2,552,873	2,508,553
In foreign currency	570,187	556,332
	3,123,060	**3,064,885**
Over one year:		
In HUF	31,352	24,553
In foreign currency	6,872	1,324
	38,224	**25,877**
Total	**3,161,284**	**3,090,762**

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

Interest rates on deposits from customers are as follows:

	30 June 2009	31 December 2008
Within one year in HUF	0.2%-13%	0.2%-13.8%
Over one year in HUF	0.2%-10%	0.2%-11%
In foreign currency	0.1%-11%	0.1%-21.5%

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

	30 June 2009		31 December 2008	
Retail deposits	2,006,033	63%	2,027,357	66%
Corporate deposits	963,702	31%	836,781	27%
Municipality deposits	191,549	6%	226,624	7%
Total	**3,161,284**	**100%**	**3,090,762**	**100%**

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

	30 June 2009	31 December 2008
Within one year:		
In HUF	134,292	57,548
In foreign currency	158,463	198,585
	292,755	**256,133**
Over one year:		
In HUF	26,604	1,863
In foreign currency	200,064	343,795
	226,668	**345,658**
Total	**519,423**	**601,791**

Interest rates on liabilities from issued securities are as follows:

	30 June 2009	31 December 2008
Issued securities denominated in HUF	0.3%-15.3%	0.3%-9%
Issued securities denominated in fogeign currency	1.3%-5.8%	3.1%-5.8%

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

Information concerning issued securities:

Issued securities denominated in HUF as at 30 June 2009 (in HUF mn):

Name	Date of issuance	Maturity	Nominal value	Book value	Interest conditions	
OTP 2009/II	31/10/2008-31/12/2008	31/10/2009	50,984	49,638	10	fix
OTP 2010/I	10/01/2009-13/02/2009	22/01/2010	22,784	22,182	10	fix
OTP 2010/II	20/02/2009-28/03/2009	20/02/2010	31,219	30,394	8	fix
OTP 2010/III	03/04/2009-24/04/2009	03/04/2010	21,664	21,092	9	fix
OTP 2010/IV	30/04/2009-08/05/2009	30/04/2010	8,558	8,332	9.5	fix
OTP 2010/V	15/05/2009-22/05/2009	15/05/2010	7,023	6,837	9.5	fix
OTP 2010/VI	29/05/2009-05/06/2009	29/05/2010	5,570	5,423	9.5	fix
OTP 2010/VII	12/06/2009-19/06/2009	12/06/2010	6,688	6,511	9.5	fix
OTP 2010/VIII	26/06/2009	26/06/2010	3,972	3,867	9.5	fix
OTPX 2010A	21/12/2007	21/12/2010	1,393	1,393	indexed	variable
OTPX 2011A	29/02/2008	01/03/2011	318	318	indexed	variable
OTPX 2011B	30/05/2008	30/05/2011	605	605	indexed	variable
OTPX 2014A	25/06/2009	30/06/2014	347	347	indexed	variable
OTPX 2019A	25/06/2009	01/07/2019	3,720	3,720	indexed	variable
Other	-	-	240	240		
Subtotal			**165,085**	**160,896**		

Issued securities denominated in foreign currency as at 30 June 2009 (in HUF mn):

Name	Date of issuance	Maturity	Nominal value in EUR	Nominal value in HUF	Book value	Interest conditions	
OTP HBFIXED 160511	16/05/2008	16/05/2011	500	136,215	142,793	5.75	fix
OTP HBFLOAT 010710	01/07/2005	01/07/2010	500	136,215	134,832	3 month Euribor + 0.16	quarterly
OTP HBFLOAT 201210	20/12/2005	20/12/2010	300	81,729	80,899	3 month Euribor + 0.15	quarterly
Subtotal				**354,159**	**358,524**		
Total				**519,244**	**519,423**		

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

The Bank has launched a bond issue program of HUF 300,000 million. The Committee for Product Development, Marketing and Pricing of the Bank adopted the resolution no. 456/2008 about the bond issue program on 31 July 2008. The information memorandum related to the program were approved by the Hungarian Financial Supervisory Authority. 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.

NOTE 16: FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HELD FOR TRADING (in HUF mn)

Negative fair value of derivative financial instruments designated as held for trading:

	30 June 2009	**31 December 2008**
CCIRS swaps and mark-to-market swaps designated as held for trading	59,342	64,598
Interest rate swaps designated as held for trading	42,794	32,564
Foreign currency swaps designated as held for trading	9,698	24,060
Other	2,679	5,839
Total	**114,513**	**127,061**

NOTE 17: OTHER LIABILITIES (in HUF mn)

	30 June 2009	31 December 2008
Other financial liabilities measured at fair value	61,343	-
Accrued expenses	40,022	36,052
Giro clearing accounts	35,130	20,129
Provision for losses on off-balance sheet commitments, contingent liabilities	27,457	28,233
Salaries and social security payable	25,746	19,789
Current income tax payable	7,719	4,493
Suspense accounts	6,440	2,088
Accounts payable	4,049	6,616
Fair value of derivative financial instruments designated as hedge accounting relationships	2,569	1,268
Liabilities from investment services	2,285	2,828
Loans for collection	1,284	1,340
Advances for housing loans	843	1,698
Dividends payable	196	735
Deferred tax liabilities	-	759
Other	15,148	10,256
Total	**230,231**	**136,284**

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

	30 June 2009	31 December 2008
Provision for losses on other off-balance sheet commitments and contingent liabilities	23,575	23,924
- From this:provision for the repurchase guarantee to OTP Mortgage Bank Ltd.	*12,001*	*6,834*
Provision for litigation	3,161	3,038
Other provision (for expected liabilities)	721	1,271
Total	**27,457**	**28,233**

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

Negative fair value of derivative financial instruments designated as a hedged accounting relationship:

	30 June 2009	31 December 2008
Interest-rate swap transactions designated as a hedged accounting relationship	2,569	1,268

NOTE 17: OTHER LIABILITIES (in HUF mn) [continued]

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

	30 June 2009	31 December 2008
Balance as at 1 January	28,233	14,221
Provision for the period	-	21,292
Release of provision for the period	(776)	(7,280)
Closing balance	**27,457**	**28,233**

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

	30 June 2009	31 December 2008
Over one year:		
In HUF	5,000	5,000
In foreign currency	276,421	296,951
	281,421	**301,951**

Interest rates on deposits from customerts are as follows:

Subordinated bonds and loans denominated in HUF	4.88%	4.75%
Subordinated bonds and loans denominated in fogeign currency	1.9% - 5.9%	4.3% - 5.9%

Subordinated loans and bonds can be detailed as follows:

Type	Subordinated bond
Nominal value	5 billion HUF
Date of issuance	20 December 1993
Date of maturity	20 December 2013
Rate of issuance	100%
Interest conditions	frequency of payment is based on the condition of interest of 2013/C credit consolidated government bonds
Actuel interest	4.88%

NOTE 18: SUBORDINATED BONDS AND LOANS [continued]

Type	Subordinated loan from the European Bank for Reconstruction and Development (the loan has already been repaid in 2008)
Nominal value	USD 30 million and DEM 31.14 million
Date of issuance	December 1996
Date of maturity	27 August 2008
Interest conditions	six-month LIBOR + 1.35%

Type	Subordinated bond
Nominal value	EUR 125 million
Date of issuance	4 March 2005
Date of maturity	4 March 2015
Rate of issuance	100%
Interest conditions	three-month EURIBOR + 0.55% quarterly

Type	Subordinated bond
Nominal value	EUR 500 million
Date of issuance	7 November 2006
Date of maturity	Perpetual, and callable after 10 years
Rate of issuance	99.375 %
Interest conditions	Fix 5.875 annually in the first 10 years (payable annually), 3 months EURIBOR + 3% after 10 years (payable quarterly)

Type	Subordinated bond (under EMTN programme)
Nominal value	EUR 300 million
Date of issuance	19 September 2006
Date of maturity	19 September 2016
Rate of issuance	100%
Interest conditions	Fix 5.27 annually

Type	Subordinated bond (under EMTN programme)
Nominal value	EUR 200 million
Date of issuance	26 February 2007
Date of maturity	19 September 2016
Rate of issuance	100%
Interest conditions	Fix 5.27 annually

NOTE 19: SHARE CAPITAL (in HUF mn)

	30 June 2009	31 December 2008
Authorized, issued and fully paid:		
Ordinary shares	28,000	28,000

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

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

The reserves of the Bank under Hungarian Accounting Standards:

	30 June 2009	31 December 2008
Capital reserve	52	52
General reserve	111,680	101,670
Retained earnings	592,882	495,270
Tied-up reserve	7,396	55,305
Total	**712,010**	**652,297**

The legal reserves (general reserve and tied-up reserve) are not available for distribution.

According to the decision made at the Annual General Meeting on 25 April 2008, the Bank did not pay dividends for the year 2007.

According to the decision made at the Annual General Meeting on 24 April 2009 the Bank did not pay any dividend from the profit of 2008.

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

On 19 October 2006 the Bank sold 14.5 million Treasury shares owned by OTP Group through an issue of Income Certificates Exchangeable for Shares („ICES”). Within the transaction 10 million shares owned by OTP Bank, and 4.5 million shares owned by OTP Fund Management Ltd were sold during the underwriting period of ICES on the weighted average market price (HUF 7,080) of the Budapest Stock Exchange. The shares have been purchased by Opus Securities S.A., which issued an exchangeable bond with a total face value of EUR 514,274,000 backed by those shares. The exchangeable bonds have been sold at a 32% premium over the selling price of the shares. The EUR denominated exchangeable bonds are without final maturity and the investors can exercise the conversion right between year 6 and 10. The bonds carry a fixed coupon of 3.95% during the first 10 years thereafter the Issuer has the right to buy back the bonds at face value. Following the year 10, the bonds carry a coupon of 3 month EURIBOR +3%.

Under a subordinated swap contract, the Bank pays the interest of ICES payable to Opus and if the Bank pays dividend for the ordinary shares, receives the same amount of money from Opus than the dividend that is payable for the shares held by Opus.

NOTE 21: TREASURY SHARES (in HUF mn)

	30 June 2009	31 December 2008
Nominal value (ordinary shares)	2,777	1,742
Carrying value at aquisition cost	61,807	97,845

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

The Annual General Meeting authorised the management of the Bank to buy and sell treasury shares on the stock exchange.

	30 June 2009	31 December 2008
Balance as at 1 January (piece)	17,418,636	6,100,768
Additions (+)/Disposals (-) (piece)	10,353,556	11,317,868
Closing balance (piece)	**27,772,192**	**17,418,636**
Balance as at 1 January (in HUF mn)	97,845	54,208
Closing balance (in HUF mn)	**61,807**	**97,845**

NOTE 22: FEE AND COMMISSION INCOME (in HUF mn)

	30 June 2009	31 December 2008
Fees and commissions paid by OTP Mortgage Bank Ltd.	27,003	43,253
Deposit and account maintenance fees and commissions	21,291	43,273
Other card fees and commissions	11,166	23,127
Money withdrawal fees	10,604	23,299
Fees and commissions raleting to security trading	5,254	11,708
Fees and commissions relating to loans	2,168	3,994
Other	2,604	8,921
Összesen	**80,090**	**157,575**

NOTE 23: FEE AND COMMISSION EXPENSE (in HUF mn)

	30 June 2009	31 December 2008
Interchange fee	2,472	5,927
Other card fees and commissions	1,976	4,069
Money withdrawal transaction fees	813	1,989
Money market transaction fees and commissions	762	1,284
Insurance fees	631	1,068
Fees and commissions paid on loans	573	1,617
Fees and commissions relating to deposits	372	946
Security fees and commissions	324	723
Postal fees and commissions	273	667
Other	2,556	6,245
Total	**10,752**	**24,535**

NOTE 24: OTHER EXPENSES (in HUF mn)

	30 June 2009	31 December 2008
Administration expenses, including rental fees	11,274	24,534
Taxes, other than income tax	9,195	15,707
Services	8,981	21,188
Provision for losses on securities available for sale	6,350	2,769
Advertising	1,992	5,670
Professional fees	1,305	2,216
Provision/ (release of provision) for impairment on other assets	505	(731)
Provision for impairment on investments in subsidiaries	184	124,880
(Release of provision)/Provision for impairment on off-balance sheet commitments and contingent liabilities	(776)	14,012
Other	1,307	5,605
Total	**40,317**	**215,850**

NOTE 25: INCOME TAXES (in HUF mn)

The Bank is presently liable for income tax at a rate of 16% of taxable income.
In Hungary, an additional 4% of special tax is to be paid.
In the calculation of deferred tax the 20% tax rate was taken into account.

A breakdown of the income tax expense is:

	30 June 2009	31 December 2008
Current tax	17,173	4,749
Deferred tax	(5,466)	2,838
	11,707	**7,587**

A reconciliation of the deferred tax liability is as follows:

	30 June 2009	31 December 2008
Balance as at 1 January	(759)	(2,969)
Deferred tax charge	5,466	(2,838)
Tax effect of fair value adjustment of available-for-sale securities and ICES recognised through equity	(417)	5,048
Closing balance	**4,290**	**(759)**

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

A breakdown of the deferred tax liability is as follows:

	30 June 2009	31 December 2008
Fair value adjustment of derivative financial instruments	4,349	-
Provision for impairment on investments in subsidiaries	3,183	3,183
Repurchase agreements	2,659	-
Fair value adjustment of held for trading and available-for-sale securities	2,151	2,347
Premium and discount amortization on bonds	323	-
Difference in accounting for finance leases	745	669
Deferred tax asset	**13,410**	**6,199**
Premium and discount amortization on bonds	-	(365)
Repurchase agreements	-	(2,498)
Fair value adjustment of derivative financial instruments	-	(555)
Valuation of equity instrument (ICES)	(1,989)	(1,964)
Effect of bonds repurchased	(5,555)	
Difference in depreciation and amortization	(1,576)	(1,576)
Deferred tax liabilities	**(9,120)**	**(6,958)**
Net deferred tax asset/(liabilities)	**4,290**	**(759)**

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

A reconciliation of the income tax charge is as follows:

	30 June 2009	31 December 2008
Profit before income tax	94,268	141,542
Income tax at statutory tax rate (16%)	15,083	22,647
Special tax (4%)	2,457	3,366
Income tax adjustments are as follows:		
Reversal of statutory general provision	328	(15)
Provision for impairment on loan losses	-	(268)
Change in statutory goodwill and negative goodwill	(99)	4,608
Revaluation of investments denominated in foreign currency to historical cost	142	(2,828)
Fair value of share-based payment	680	6
Permanent differences related to issued equity instruments (ICES)	(618)	(404)
Treasury share transaction	-	(10,319)
Dividend income	(5,279)	(22,122)
Other	(987)	12,916
Income tax	**11,707**	**7,587**
Effective tax rate	12.4%	5.4%

NOTE 26: FINANCIAL RISK MANAGEMENT

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

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 borrower including banks and brokers is further restricted by sublimits covering on- and off-balance sheet exposures and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits 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.

26.1. Market rist sensitivity analisys

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

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

NOTE 26: FINANCIAL RISK MANAGEMENT [continued]

26.1. Market rist sensitivity analisys [continued]

The VaR of the trading portfolio can be summarized as follows:

Historical VaR (99%, one-day) by risk type	Average **2009 H1**	 **2008 H1**
Foreign exchange	619	19
Interest rate	369	452
Equity instruments	6	83
Diversification	(224)	(94)
Total VaR exposure	**770**	**460**

While VaR captures the Bank's daily exposure to currency and interest rate risk, sensitivity analysis evaluates the impact of a reasonably possible change in interest or foreign currency rates over a year. The longer time frame of sensitivity analysis complements VaR and helps the Bank to assess its market risk exposures. Details of sensitivity analysis for foreign currency risk are set out in 26.2 below and, for interest rate risk, in 26.3 below.

26.2. Foreign currency sensitivity analysis

The following table details the OTP's sensitivity to a increase and decrease in the HUF exchange rate against the EUR, over a 3 months period. Monte Carlo simulation is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as strategic open positions related to foreign activities. The strategic open position related to the foreign operations were EUR -310 million as of 30 June 2009. High portion of strategic positions are considered as effective hedge of future profit inflows of foreign subsidiaries, and so fx risk alteres the banks capital and not its earnings. A positive number below indicates an increase in profit where the HUF strengthens against the EUR. For a weakening of the HUF against the EUR, there would be an equal and opposite impact on the profit, and the balances below would be negative.

Probability	Effects to the P&L in 3 months period **30 June 2009** In HUF billion	 **30 June 2009** In HUF billion
1%	(10.2)	(14.4)
5%	(6.8)	(10.0)
25%	(2.4)	(4.8)
50%	0.3	1.4
25%	3.0	1.5
5%	6.6	5.1
1%	9.2	7.3

NOTE 26: FINANCIAL RISK MANAGEMENT [continued]

26.2. Foreign currency sensitivity analysis

Notes:
(1) The short term loss on the strategic open position is compensated by the long-term exchange rate gain on the foreign operations.
(2) Considerable decrease in estimated VaR is due to the decrease of foreign exchange exposure.
(3) Monte Carlo simulation is based on the empirical distribution of the exchange rate movements. Free floating currency regime introduced in 2008 coupled with recent market turmoil has resulted in a more symmetric probability of profits and losses at the current levels.

26.3. Interest rate sensitivity analysis

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

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

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

The net interest income in a one year period after June 30, 2009 would be decreased by HUF 274 million (probable scenario) and HUF 788 million (alternative scenario) as a result of these simulation.

The effects of the parallel shifts of the yield-curves to the net interest income on a one-year period can be summarized as follows:

Description	Effects to the net interest income in one year period	
	2009 H1	**2008 H1**
	In HUF million	In HUF million
HUF (0.1%) parallel shift	67	(24)
EUR (0.1%) parallel shift	(137)	(38)
USD 0.1% parallel shift	(59)	(75)
Total	**(129)**	**(137)**

NOTE 26: FINANCIAL RISK MANAGEMENT [continued]

26.4. Equity price sensitivity analysis

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

Description	**2009 H1**	**2008 H1**
VaR (99%, one day, million HUF)	6	83
Stress test (million HUF)	(16)	(170)

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

In the normal course of business, the Bank becomes a party to various financial transactions that are not reflected on the 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 2009	31 December 2008
Commitments to extend credit	530,241	604,348
Guarantees arising from banking activities	186,872	222,554
Contingent liabilities related to OTP Mortgage Bank Ltd.	120,006	68,336
Confirmed letters of credit	8,822	9,267
Legal disputes	6,886	6,332
Other	680	669
Total	**853,507**	**911,506**

Commitments to extend credit

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

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

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

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

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

Contingent liabilities related to OTP Mortgage Bank Ltd.

Under a syndication agreement with its wholly 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 granting and monitoring policies similar to those used by the Bank.

Legal disputes

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

The 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 3,161 million and HUF 3,038 million as at 30 June 2009 and as at 31 December 2008 respectively. (See Note 17)

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

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

	30 June 2009	31 December 2008
Foreign currency contracts designated as held for trading		
Off-balance sheet assets	76,498	150,461
Off-balance sheet liabilities	77,365	153,867
Net	**(867)**	**(3,406)**
Net fair value	(419)	(2,158)
Foreign exchange swaps and interest rate swaps designated as held for trading		
Off-balance sheet assets	3,377,484	3,701,859
Off-balance sheet liabilities	3,158,822	3,540,780
Net	**218,662**	**161,079**
Net fair value	(6,970)	(28,091)
Interest rate swaps designated in hedge accounting relationships		
Off-balance sheet assets	42,540	35,077
Off-balance sheet liabilities	31,586	29,441
Net	**10,954**	**5,636**
Net fair value	4,891	7,424
Option contracts		
Off-balance sheet assets	321,413	10,927
Off-balance sheet liabilities	345,722	10,792
Net	**(24,309)**	**135**
Net fair value	(1,177)	180
Forward security agreements designated as held for trading		
Off-balance sheet assets	1,651	2,101
Off-balance sheet liabilities	1,651	2,101
Net	**-**	**-**
Net fair value	8	52
Forward rate agreements designated as held for trading		
Off-balance sheet assets	75	37
Off-balance sheet liabilities	2	-
Net	**73**	**37**
Net fair value	12	33

NOTE 27: 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 for trading with clients, where the Bank in most of the cases requires margin deposits.

As at 30 June 2009 the Bank has derivative instruments with positive fair values of HUF 113,427 million and negative fair values of HUF 117,082 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 profit or loss. Negative fair values of hedging derivative instruments are included in other liabilities. Corresponding figures as at 31 December 2008 are HUF 105,768 million and HUF 128,328 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 the swap of certain financial instruments, which usually consist of a prompt and one or more futures contracts.

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

Such notional principal amounts are often used to express the volume of these transactions but are not actually exchanged between the counterparties. The Bank's interest rate swaps were used for management of interest rate exposures and have been accounted for at mark-to-market fair value.

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

Cross-currency interest rate swap

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

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.

NOTE 28: SHARE-BASED PAYMENT

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.

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 and the date of the Annual General Meeting of 2007 (27 April 2007) for the amount increased under the modified program.

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

The exercise prices of the options relating to the years of 2006 to 2010 are 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.

NOTE 28: SHARE-BASED PAYMENT [continued]

The 2007 Annual General Meeting approved a few changes in the program:
The exercise prices of the options relating to the years of 2006 to 2010 is calculated as the average of the market price of OTP shares quoted by the BSE daily during the three month period ended 31 March in the actual year and decreased by HUF 2,000. In that case if the average price of the shares exceeds by more than HUF 4,000 the exercise price one day before the date of exercise the exercise price would be increased by the amount above the HUF 4,000.

To be able to practice the option program, two of following conditions should be fulfilled:

- The growth of the net income obtains 10%
- The ROA indicator for the actual year ended 31 December should be at least 2.1%
- The ROE indicator for the actual year ended 31 December should be at least 20%

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, the period can be prolongated by two years. 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.

	30 June 2009		**31 December 2008**	
	Options (number of shares)	Weighted average exercise price (in HUF)	Options (number of shares)	Weighted average exercise price (in HUF)
Outstanding at beginning of period	2,534,950	6,484	6,678,130	7,957
Granted during the period	-	-	-	-
Forfeited during the period	-	-	965,050	6,484
Exercised during the period	-	-	257,500	6,536
Outstanding at the end of the period	2,534,950	6,484	2,534,950	6,484
Exercisable at the end of the period	2,154,709	8,424	1,774,466	8,424

For the year ended 31 December 2008 the key accomplishment factors -which are preconditions of the option program - are not fulfilled, in accordance of the option program the Bank did not recognise any personnel expense.

	30 June 2009	**31 December 2008**
weighted average exercise price of options outstanding	6,484	6,484
weighted average remaining contractual life (month)	18	18

The inputs into the Binominal model are as follows:

	30 June 2009	**31 December 2008**
Weighted average share price (HUF)	7,828	7,663
Weighted average exercise price (HUF)	7,941	7,594
Expected volatility (%)	29	29
Expected life (average year)	3.56	3.56

Risk free rate (%)	6.84	6.84
Expected dividends (%)	2.31	2.31

NOTE 28: SHARE-BASED PAYMENT [continued]

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 payment programs approved by the Bank and applying IFRS 2, HUF 3,401 million and HUF 28 million has been recognised as an expense as at 30 June 2009 and as at 31 December 2008 respectively.

NOTE 29: RELATED PARTY TRANSACTIONS

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

Main information of loans sold to OTP Mortgage Bank Ltd. with recourse

	30 June 2009	30 June 2008
Loans sold to OTP Mortgage Bank Ltd. with recourse (including interest)	29,712	27,810
The gross book value of the loans	29,675	27,781

Fees and commissions received from OTP Mortgage Bank Ltd. relating to the loans

	30 June 2009	30 June 2008
Fees and commissions received from OTP Mortgage Bank Ltd. relating to the loans	26,372	17,958
Provision for the repurchase guarantee of non-performing loans	6,247	5,272
Provision for the purchase obligation of the non-performing loans originated by OTP Mortgage Bank Ltd.	5,754	-

The main figures of loans sold to OTP Factoring Ltd. without recourse

	30 June 2009	30 June 2008
Loans sold to OTP Factoring Ltd. without recourse (including interest)	8,265	4,829
The gross book value of the loans	20,080	9,348
Provision for loan losses	11,002	3,834
Loss of these transaction (recorded in the unconsolidated financial statements as loan and placement loss)	813	685

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

NOTE 29: RELATED PARTY TRANSACTIONS [continued]

Commissions received by the Bank from related parties and commissions paid by the Bank to related parties are summarized below:

(a) *Commissions received by the Bank*

	30 June 2009	30 June 2008
Commissions received by the Bank from OTP Building Society Ltd in relation to finalised customer contracts	2,447	3,162
Commissions received by the Bank from OTP Fund Management Ltd in relation to trading activity	977	1,291
Commissions received by the Bank from OTP Fund Management Ltd in relation to custody activity	170	212
Total	**3,594**	**4,665**

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 financial statements taken as a whole. The Bank provides loans to subsidiaries, and collects deposits.

(b) *Loans provided to subsidiaries*

	30 June 2009	30 June 2008
OTP Financing Cyprus Co. Ltd. (Cyprus)	467,972	349,157
OTP Financing Netherlands B. V. (Netherlands)	279,701	115,620
Merkantil Bank Ltd.	209,473	182,671
OAO OTP Bank (Russia) (former OAO Investsberbank)	157,221	103,246
DSK Bank EAD (Bulgaria)	73,835	109,216
Crnogorska komerčijalna banka a.d. (Montenegro)	44,810	9,777
Merkantil Car Ltd.	34,879	36,223
OTP Banka Hrvatska Group (Croatia)	29,481	32,406
OTP Real Estate Leasing Ltd.	29,635	19,423
OTP banka Srbija a.d. (Serbia)	17,873	12,439
Trade Nova Commercial Ltd.	-	18,076
OTP Bank Romania S.A. (Romania)	1,696	39,241
CJSC OTP Bank (Ukraine)	-	100,339
Total	**1,346,576**	**1,127,834**

NOTE 29: RELATED PARTY TRANSACTIONS [continued]

(c) Deposits from subsidiaries

	30 June 2009	30 June 2008
OTP Building Society Ltd.	30,361	24,275
DSK Bank EAD (Bulgaria)	19,706	2,088
OTP Banka Slovensko a.s. (Slovakia)	16,099	125
Crnogorska komerčijalna banka a.d. (Montenegro)	3,865	-
OTP banka Hrvatska d.d. (Croatia)	3,762	664
OTP Bank JSC (Ukraine)	1,243	-
OTP Financing Netherlands B.V. (Netherlands)	409	-
Total	**75,445**	**27,152**

	30 June 2009	31 December 2008
Credit lines of the members of Bord of Directors and the Supervisory Board (at normal market conditions)	215	121
Loans provided to companies owned by the management	32,731	27,366
Commitments to extend credit and guarantees	88	121

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 Related Party Disclosures, is summarised below:

Compensations	30 June 2009	31 December 2008
Short-term employee benefits	4,727	8,153
Redundancy payments	-	-
Share-based compensations	1,117	16
	5,844	**8,169**

NOTE 30: TRUST ACTIVITIES

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

	30 june 2009	31 December 2008
Loans managed by the Bank as a trustee	44,860	45,081

NOTE 31: CONCENTRATION OF ASSETS AND LIABILITIES

	30 june 2009	31 December 2008
In the percentage of the total assets		
Receivables from, or securities issued by the Hungarian Government or the National Bank of Hungary	12%	9%
Securities issued by the OTP Mortgage Bank Ltd.	8.9%	8%

There were no other significant concentrations of the assets or liabilities of the Bank as at 30 June 2009 and as at 31 December 2008 respectively.

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

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

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

As at 30 June 2009	Within 3 months	Within one year and over 3 months	Within 5 years and over one year	Over 5 years	Total
Cash, amounts due from banks and balances with the National Bank of Hungary	166,281	-	-	-	166,281
Placements with other banks, net of allowance for placement losses	355,513	79,242	413,082	7,224	855,061
Financial assets at fair value through profit or loss	22,286	25,105	68,294	84,854	200,539
Securities available-for-sale	3,941	22,149	205,153	383,059	614,302
Loans, net of allowance for loan losses	168,521	445,793	1,204,029	867,967	2,686,310
Accrued interest	50,342	14	-	-	50,356
Investments in subsidiaries	-	-	-	617,632	617,632
Securities held-to-maturity	475,772	41,753	136,359	32,130	686,014
Property and equipment	-	-	36,954	33,425	70,379
Intangible assets	-	-	39,408	-	39,408
Other assets	33,715	52,847	11,198	488	98,248
TOTAL ASSETS	**1,276,371**	**666,903**	**2,114,477**	**2,026,779**	**6,084,530**
Amounts due to banks and deposits from the National Bank of Hungary and other banks	180,251	185,140	419,916	92,469	877,776
Deposits from customers	2,628,786	494,274	36,143	2,081	3,161,284
Liabilities from issued securities	240	292,515	222,947	3,721	519,423
Accrued interest payable	57,742	-	-	-	57,742
Fair value of derivative financial instruments designated as held for trading	14,956	27,166	66,180	6,211	114,513
Other liabilities	225,171	2,617	2,327	116	230,231
Subordinated bonds and loans	-	-	4,352	277,069	281,421
TOTAL LIABILITIES	**3,107,146**	**1,001,712**	**751,865**	**381,667**	**5,242,390**
Share capital	-	-	-	28,000	28,000
Retained earnings and reserves	-	-	-	875,947	875,947
Treasury shares	-	-	(61,807)	-	(61,807)
TOTAL SHAREHOLDERS' EQUITY	**-**	**-**	**(61,807)**	**903,947**	**842,140**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,107,146**	**1,001,712**	**690,058**	**1,285,614**	**6,084,530**
LIQUIDITY (DEFICIENCY)/EXCESS	**(1,830,775)**	**(334,809)**	**1,424,419**	**741,165**	**-**

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

As at 31 December 2008	Within 3 months	Within one year and over 3 months	Within 5 years and over one year	Over 5 years	Total
Cash, amounts due from banks and balances with the National Bank of Hungary	157,437	-	-	-	157,437
Placements with other banks, net of allowance for placement losses	431,339	115,510	359,000	14,606	920,455
Financial assets at fair value through profit or loss	32,809	16,795	75,822	26,290	151,716
Securities available-for-sale	123	34,351	416,199	99,238	549,911
Loans, net of allowance for loan losses	178,823	446,352	1,251,158	839,049	2,715,382
Accrued interest	60,340	16	3	1	60,360
Investments in subsidiaries	-	-	-	596,244	596,244
Securities held-to-maturity	131,418	98,504	168,820	38,793	437,535
Property and equipment	-	-	38,766	34,078	72,844
Intangible assets	-	-	39,539	-	39,539
Other assets	17,668	44,600	7,945	679	70,892
TOTAL ASSETS	**1,009,957**	**756,128**	**2,357,252**	**1,648,978**	**5,772,315**
Amounts due to banks and deposits from the National Bank of Hungary and other banks	253,561	307,764	80,380	63,860	705,565
Deposits from customers	2,459,062	605,823	24,256	1,621	3,090,762
Liabilities from issued securities	256,133	-	345,658	-	601,791
Accrued interest payable	36,428	-	-	-	36,428
Fair value of derivative financial instruments designated as held for trading	30,885	10,989	78,476	6,711	127,061
Other liabilities	132,757	2,815	712	-	136,284
Subordinated bonds and loans	-	-	5,000	296,951	301,951
TOTAL LIABILITIES	**3,168,826**	**927,391**	**534,482**	**369,143**	**4,999,842**
Share capital	-	-	-	28,000	28,000
Retained earnings and reserves	-	-	-	842,318	842,318
Treasury shares	-	-	(67,407)	(30,438)	(97,845)
TOTAL SHAREHOLDERS' EQUITY	**-**	**-**	**(67,407)**	**839,880**	**772,473**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,168,826**	**927,391**	**467,075**	**1,209,023**	**5,772,315**
LIQUIDITY (DEFICIENCY)/EXCESS	**(2,158,869)**	**(171,263)**	**1,890,177**	**439,955**	**-**

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

As at 30 June 2009

	USD	EUR	CHF	Others	Total
Assets*	743,683	1,151,797	962,991	603,923	3,462,394
Investments in subsidiaries	-	(61,988)	-	(478,270)	(540,258)
Liabilities	(297,911)	(1,492,928)	(79,435)	(110,966)	(1,981,240)
Off-balance sheet assets and liabilities, net	(454,778)	266,465	(905,611)	(37,703)	(1,131,627)
Net position	**(9,006)**	**(136,654)**	**(22,055)**	**(23,016)**	**(190,731)**

As at 31 December 2008

	USD	EUR	CHF	Others	Total
Assets	813,638	1,083,198	931,192	580,837	3,408,865
Investments in subsidiaries	-	(61,988)	-	(476,524)	(538,512)
Liabilities	(110,033)	(1,583,773)	(134,322)	(24,319)	(1,852,447)
Off-balance sheet assets and liabilities, net	(789,408)	442,961	(859,969)	(144,318)	(1,350,734)
Net position	**(85,803)**	**(119,602)**	**(63,099)**	**(64,324)**	**(332,828)**

*The assets category contains foreign currency investments in subsidiaries that are measured at cost, and are deducted from the net position calculation.
The table above provides an analysis of the Bank's main foreign currency exposures. The remaining foreing 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' ("VaR") limit on the foreign exchange exposure of the Bank.

NOTE 34: INTEREST RATE RISK MANAGEMENT

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

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

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

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

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

As at 30 June 2009	within 1 month		within 3 months over 1 month		within 1 year over 3 months		within 2 years over 1 year		over 2 years		Non-interest - bearing		Total		
ASSETS	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**Total**
Cash, amounts due from banks and balances with the National Bank of Hungary	**62,261**	**48,571**	**0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**50,598**	**4,851**	**112,859**	**53,422**	**166,281**
fixed interest	62,261	48,571	-	-	-	-	-	-	-	-	-	-	62,261	48,571	**110,832**
variable interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	50,598	4,851	50,598	4,851	**55,449**
Placements with other banks	**46,905**	**287,371**	**-**	**345,403**	**-**	**81,698**	**-**	**86,604**	**-**	**7,080**	**-**	**-**	**46,905**	**808,156**	**855,061**
fixed interest	46,491	174,804	-	29	-	-	-	86,604	-	7,080	-	-	46,491	268,517	**315,008**
variable interest	414	112,567	-	345,374	-	81,698	-	-	-	-	-	-	414	539,639	**540,053**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Securities held for trading	**955**	**-**	**3,667**	**-**	**4,476**	**417**	**177**	**306**	**12,378**	**9,513**	**62,722**	**6**	**84,375**	**10,242**	**94,617**
fixed interest	955	-	3,528	-	4,386	417	177	306	12,378	9,513	-	-	21,424	10,236	**31,660**
variable interest	-	-	139	-	90	-	-	-	-	-	-	-	229	-	**229**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	62,722	6	62,722	6	**62,728**
Securities available-for-sale	**-**	**-**	**7,399**	**98,490**	**2,267**	**11,800**	**55,341**	**1,158**	**414,287**	**15,457**	**8,104**	**-**	**487,398**	**126,905**	**614,303**
fixed interest	-	-	3,731	-	2,267	11,800	55,341	1,158	414,287	15,457	-	-	475,626	28,415	**504,041**
variable interest	-	-	3,668	98,490	-	-	-	-	-	-	-	-	3,668	98,490	**102,158**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	8,104	-	8,104	-	**8,104**
Loans, net of allowance for loan losses	**711,158**	**804,918**	**123,736**	**979,974**	**11,242**	**47,562**	**560**	**187**	**6,879**	**94**	**-**	**-**	**853,575**	**1,832,735**	**2,686,310**
fixed interest	71	-	27	94	359	94	560	187	6,879	94	-	-	7,896	469	**8,365**
variable interest	711,087	804,918	123,709	979,880	10,883	47,468	-	-	-	-	-	-	845,679	1,832,266	**2,677,945**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Securities held-to-maturity	**449,904**	**-**	**57,286**	**-**	**49,372**	**620**	**30,288**	**606**	**97,311**	**627**	**-**	**-**	**684,161**	**1,853**	**686,014**
fixed interest	424,890	-	50,020	-	39,249	-	30,288	606	97,311	627	-	-	641,758	1,233	**642,991**
variable interest	25,014	-	7,266	-	10,123	620	-	-	-	-	-	-	42,403	620	**43,023**
Fair value of derivative financial instruments	**365,652**	**724,738**	**851,960**	**447,454**	**134,390**	**98,693**	**4,341**	**21,259**	**2,813**	**1,474**	**-**	**-**	**1,359,156**	**1,293,618**	**2,652,774**
fixed interest	62,067	387,009	37,283	4,744	76,007	98,511	216	21,137	42	149	-	-	175,615	511,550	**687,165**
variable interest	303,585	337,729	814,677	442,710	58,383	182	4,125	122	2,771	1,325	-	-	1,183,541	782,068	**1,965,609**

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

As at 30 June 2009	within 1 month		within 3 months over 1 month		within 1 year over 3 months		within 2 years over 1 year		over 2 years		Non-interest - bearing		Total	
LIABILITIES	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**ASSETS**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**
Amounts due to banks and deposits with the National Bank of Hungary	121,053	164,294	49,360	515,722	5,337	10,642	-	975	781	4,314	5,298	-	181,829	695,947	877,776
fixed interest	48,718	127,713	29,284	597	5,337	3,768	-	975	781	4,314	-	-	84,120	137,367	221,487
variable interest	72,335	36,581	20,076	515,125	-	6,874	-	-	-	-	-	-	92,411	558,580	650,991
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	5,298	-	5,298	-	5,298
Deposits from customers	**1,603,290**	**388,258**	**452,988**	**62,592**	**23,077**	**22,648**	**1**	**44**	**504,869**	**103,517**	**-**	**-**	**2,584,225**	**577,059**	**3,161,284**
fixed interest	441,000	132,039	442,095	62,592	23,077	22,648	1	44	733	58,594	-	-	906,906	275,917	**1,182,823**
variable interest	1,162,290	256,219	10,893	-	-	-	-	-	504,136	44,923	-	-	1,677,319	301,142	**1,978,461**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities from issued securities	**-**	**135,522**	**-**	**81,313**	**160,896**	**-**	**-**	**141,692**	**-**	**-**	**-**	**-**	**160,896**	**358,527**	**519,423**
fixed interest	-	-	-	-	160,896	-	-	141,692	-	-	-	-	160,896	141,692	**302,588**
variable interest	-	135,522	-	81,313	-	-	-	-	-	-	-	-	-	216,835	**216,835**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair value of derivative financial instruments	**280,987**	**797,316**	**8,751**	**1,286,742**	**24,044**	**224,627**	**10,205**	**15,878**	**6,015**	**1,864**	**-**	**-**	**330,002**	**2,326,427**	**2,656,429**
fixed interest	280,696	174,698	7,813	33,102	19,894	153,930	268	15,755	-	149	-	-	308,671	377,634	**686,305**
variable interest	291	622,618	938	1,253,640	4,150	70,697	9,937	123	6,015	1,715	-	-	21,331	1,948,793	**1,970,124**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated bonds and loans	**-**	**-**	**5,000**	**26,269**	**-**	**-**	**-**	**-**	**-**	**250,152**	**-**	**-**	**5,000**	**276,421**	**281,421**
fixed interest	-	-	-	-	-	-	-	-	-	250,152	-	-	-	250,152	**250,152**
variable interest	-	-	5,000	26,269	-	-	-	-	-	-	-	-	5,000	26,269	**31,269**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET POSITION	**(368,495)**	**380,208**	**527,949**	**(101,317)**	**(11,607)**	**(17,127)**	**80,501**	**(48,469)**	**22,003**	**(325,602)**	**116,126**	**4,857**	**366,477**	**(107,450)**	**259,027**

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

As at 31 December 2008	within 1 month		within 3 months over 1 month		within 1 year over 3 months		within 2 years over 1 year		over 2 years		Non-interest -bearing		Total		
ASSETS	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**Total**
Cash, amounts due from banks and balances with the National Bank of Hungary	**71,857**	**10,919**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**66,542**	**8,119**	**138,399**	**19,038**	**157,437**
fixed interest	71,857	10,919	-	-	-	-	-	-	-	-	-	-	71,857	10,919	**82,776**
variable interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	66,542	8,119	66,542	8,119	**74,661**
Placements with other banks	**157,697**	**310,556**	**2,506**	**139,481**	**-**	**136,232**	**-**	**47,894**	**-**	**126,089**	**-**	**-**	**160,203**	**760,252**	**920,455**
fixed interest	157,009	167,699	2,506	9,694	-	37,867	-	47,894	-	126,089	-	-	159,515	389,243	**548,758**
variable interest	688	142,857	-	129,787	-	98,365	-	-	-	-	-	-	688	371,009	**371,697**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Securities held for trading	**1,454**	**-**	**1,496**	**-**	**8,850**	**1**	**10,564**	**875**	**27,071**	**2,210**	**2,298**	**-**	**51,733**	**3,086**	**54,819**
fixed interest	1,454	-	1,340	-	8,778	1	10,564	875	27,071	2,210	-	-	49,207	3,086	**52,293**
variable interest	-	-	156	-	72	-	-	-	-	-	-	-	228	-	**228**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	2,298	-	2,298	-	**2,298**
Securities available-for-sale	**-**	**-**	**217,002**	**97,039**	**27,707**	**5,852**	**22,078**	**3,311**	**156,387**	**9,720**	**10,543**	**272**	**433,717**	**116,194**	**549,911**
fixed interest	-	-	-	-	27,707	5,852	22,078	3,311	156,387	9,720	-	-	206,172	18,883	**225,055**
variable interest	-	-	217,002	97,039	-	-	-	-	-	-	-	-	217,002	97,039	**314,041**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	10,543	272	10,543	272	**10,815**
Loans, net of allowance for loan losses	**651,042**	**1,097,469**	**40,190**	**304,205**	**97,416**	**514,201**	**487**	**196**	**9,980**	**196**	**-**	**-**	**799,115**	**1,916,267**	**2,715,382**
fixed interest	6,419	-	26	98	326	98	487	196	9,980	196	-	-	17,238	588	**17,826**
variable interest	644,623	1,097,469	40,164	304,107	97,090	514,103	-	-	-	-	-	-	781,877	1,915,679	**2,697,556**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Securities held-to-maturity	**119,263**	**-**	**19,935**	**-**	**132,772**	**-**	**38,930**	**-**	**126,635**	**-**	**-**	**-**	**437,535**	**-**	**437,535**
fixed interest	117,914	-	12,670	-	95,971	-	38,930	-	126,635	-	-	-	392,120	-	**392,120**
variable interest	1,349	-	7,265	-	36,801	-	-	-	-	-	-	-	45,415	-	**45,415**
Fair value of derivative financial instruments	**10,266**	**827,730**	**15,811**	**524,591**	**97,434**	**131,770**	**94,099**	**178,698**	**712,125**	**170,052**	**-**	**-**	**929,735**	**1,832,841**	**2,762,576**
fixed interest	10,266	826,457	15,811	524,591	95,523	129,863	93,805	176,600	708,625	168,978	-	-	924,030	1,826,489	**2,750,519**
variable interest	-	1,273	-	-	1,911	1,907	294	2,098	3,500	1,074	-	-	5,705	6,352	**12,057**

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

As at 31 December 2008	within 1 month		within 3 months over 1 month		within 1 year over 3 months		within 2 years over 1 year		over 2 years		Non-interest - bearing		Total		
LIABILITIES	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**ASSETS**	**HUF**	**Foreign currency**	**HUF**	**Foreign currency**	**HUF**	**Total**
Amounts due to banks and deposits with the National Bank of Hungary	**77,435**	**252,583**	**7,287**	**151,120**	**211,209**	**1,492**	**-**	**-**	**-**	**4,439**	**-**	**-**	**295,931**	**409,634**	**705,565**
fixed interest	77,062	128,125	1,746	15,051	118,618	1,404	-	-	-	4,439	-	-	197,426	149,019	**346,445**
variable interest	373	124,458	5,541	136,069	92,591	88	-	-	-	-	-	-	98,505	260,615	**359,120**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Deposits from customers	**1,173,542**	**269,453**	**457,665**	**161,007**	**348,569**	**83,475**	**-**	**153**	**553,330**	**43,568**	**-**	**-**	**2,533,106**	**557,656**	**3,090,762**
fixed interest	472,460	220,469	428,956	160,997	345,646	83,475	-	153	2	15,753	-	-	1,247,064	480,847	**1,727,911**
variable interest	701,082	48,984	28,709	10	2,923	-	-	-	553,328	27,815	-	-	1,286,042	76,809	**1,362,851**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Liabilities from issued securities	**-**	**-**	**-**	**409,652**	**59,410**	**-**	**-**	**-**	**-**	**132,729**	**-**	**-**	**59,410**	**542,381**	**601,791**
fixed interest	-	-	-	-	59,410	-	-	-	-	132,729	-	-	59,410	132,729	**192,139**
variable interest	-	-	-	409,652	-	-	-	-	-	-	-	-	-	409,652	**409,652**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Fair value of derivative financial instruments	**433,865**	**412,929**	**344,277**	**193,970**	**63,840**	**163,285**	**9,894**	**263,533**	**8,956**	**898,303**	**-**	**-**	**860,832**	**1,932,020**	**2,792,852**
fixed interest	433,865	411,662	344,277	193,970	62,589	161,395	8,656	261,452	6,364	896,870	-	-	855,751	1,925,349	**2,781,100**
variable interest	-	1,267	-	-	1,251	1,890	1,238	2,081	2,592	1,433	-	-	5,081	6,671	**11,752**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Subordinated bonds and loans	**-**	**-**	**5,000**	**28,550**	**-**	**-**	**-**	**-**	**-**	**268,401**	**-**	**-**	**5,000**	**296,951**	**301,951**
fixed interest	-	-	-	-	-	-	-	-	-	268,401	-	-	-	268,401	**268,401**
variable interest	-	-	5,000	28,550	-	-	-	-	-	-	-	-	5,000	28,550	**33,550**
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
NET POSITION	**(673,263)**	**1,311,709**	**(517,289)**	**121,017**	**(318,849)**	**539,804**	**156,264**	**(32,712)**	**469,912**	**(1,039,173)**	**79,383**	**8,391**	**(803,842)**	**909,036**	**105,194**

NOTE 35: EARNINGS PER SHARE

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

	30 June 2009	31 December 2008
Net profit for the year (in HUF mn)	82,561	133,955
Weighted average number of ordinary shares outstanding during the year for calculating basic EPS (number of share)	265,987,333	270,758,317
Basic Earnings per share (in HUF)	**310**	**495**
Weighted average number of ordinary shares outstanding during the year for calculating diluted EPS (number of share)	270,206,799	271,558,263
Diluted Earnings per share (in HUF)	**306**	**493**

The weighted average number of ordinary 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 36: NET GAIN OR LOSS REALIZED ON FINANCIAL INSTRUMENTS (in HUF mn)

As at 30 June 2009

	Net interest income and expense	Net non-interest gain and loss	Provision	Equity
Cash, amounts due from banks and balances with the National Bank of Hungary	3,868	-	-	-
Placements with other banks, net of allowance for placement losses	17,824	-	(2,034)	-
Securities held for trading	1,432	(346)	-	-
Securities available-for-sale	22,485	(5,883)	1,017	1,956
Loans, net of allowance for loan losses	126,322	28,597	(33,895)	-
Securities held-to-maturity	22,225	210	(7,368)	-
Derivative financial instruments	46,982	(11,916)	-	-
Amounts due to banks and deposits from the National Bank of Hungary and other banks	(17,737)	-	-	-
Deposits from customers	(94,280)	(37,428)	-	-
Liabilities from issued securities	(14,745)	-	-	-
Subordinated bonds and loans	(8,819)	-	-	-
	105,557	**48,090**	**(42,280)**	**1,956**

As at 31 December 2008

	Net interest income and expense	Net non-interest gain and loss	Provision	Equity
Cash, amounts due from banks and balances with the National Bank of Hungary	14,147	-	-	-
Placements with other banks, net of allowance for placement losses	43,622	-	(362)	-
Securities held for trading	4,978	(4,668)	-	-
Securities available-for-sale	23,960	(1,958)	-	(21,742)
Loans, net of allowance for loan losses	233,388	45,630	(28,849)	-
Securities held-to-maturity	42,695	2,513	-	-
Derivative financial instruments	(6,609)	(7,438)	-	-
Amounts due to banks and deposits from the National Bank of Hungary and other banks	(35,802)	-	-	-
Deposits from customers	(145,014)	55,402	-	-
Liabilities from issued securities	(25,079)	-	-	-
Subordinated bonds and loans	(16,444)	-	-	-
	133,842	**89,481**	**(29,211)**	**(21,742)**

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

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

- 1th level: fair value is based on quoted prices or valuation techniques,
- 2nd level: fair value is based on a valuation technique that includes assumptions not supported by market prices or rates,
- 3rd level: a reasonably possible alternative assumptions used in a valuation technique.

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

As at 30 June 2009	Total	1st level	2nd level	3rd level
Financial assets at fair value through profit or loss	200,539	94,686	105,853	-
from this: securities held for trading	94,618	94,618	-	-
from this: positive FVA of derivative financial instruments designated as held for trading	105,921	68	105,853	-
Securities available-for-sale	614,302	498,953	115,349	-
Positive FVA of derivative financial instruments designated in hedge accounting relationships	7,506	-	447	7,059
Financial assets measured at fair value total	**822,347**	**593,639**	**221,649**	**7,059**
Negative FVA of derivative financial instruments designated as held for trading	114,513	37	114,476	-
Negative FVA of derivative financial instruments designated in hedge accounting relationships	2,569	-	252	2,317
Financial liabilities measured at fair value total	**117,082**	**37**	**114,728**	**2,317**

As at 31 December 2008	Total	1st level	2nd level	3rd level
Financial assets at fair value through profit or loss	151,716	55,029	96,687	-
from this: securities held for trading	54,819	54,819	-	-
from this: positive FVA of derivative financial instruments designated as held for trading	96,897	210	96,687	-
Securities available-for-sale	549,911	436,983	112,928	-
Positive FVA of derivative financial instruments designated in hedge accounting relationships	8,871	-	783	8,088

Financial assets measured at fair value total	**710,498**	**492,012**	**210,398**	**8,088**
Negative FVA of derivative financial instruments designated as held for trading	127,061	10	127,051	-
Negative FVA of derivative financial instruments designated in hedge accounting relationships	1,268	-	459	809
Financial liabilities measured at fair value total	**128,329**	**10**	**127,510**	**809**

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

Movements in level 3 financial instruments measured at fair value

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

As at 30 June 2009

	Opening balance	Total gain/ (loss) Recognised through P&L	Total gain/ (loss) Recognised through comprehensive income	Additions	Issuances	Disposals	Closing balance	*Total profit or loss as at 30 June 2009*
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-
from this: securities held for trading	-	-	-	-	-	-	-	-
from this: positive FVA of derivative financial instruments designated as held for trading	-	-	-	-	-	-	-	-
Securities available-for-sale	-	-	-	-	-	-	-	-
Positive FVA of derivative financial instruments designated in hedge accounting relationships	8,088	(1,024)	-	91	-	(96)	**7,059**	(1,029)
Financial assets measured at fair value total	**8,088**	**(1,024)**	**-**	**91**	**-**	**(96)**	**7,059**	**(1,029)**
Negative FVA of derivative financial instruments designated as held for trading	-	-	-	-	-	-	-	-
Negative FVA of derivative financial instruments designated in hedge accounting relationships	809	(167)	-	2 095	-	(420)	**2,317**	(1,508)
Financial liabilities measured at fair value total	**809**	**(167)**	**-**	**2 095**	**-**	**(420)**	**2,317**	**(1,508)**

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

	Retained Earnings and Reserves 1 January 2009	Net profit for the six month period ended 30 June 2009	Direct Movements on Reserves	Retained Earnings and Reserves as at 30 June 2009
Financial Statements according to HAS	**701,087**	**100,104**	**913**	**802,104**
Reversal of statutory general provision	43,344	(1,642)	-	41,702
Premium and discount amortization of financial instruments measured at amortised cost	1,828	(3,442)	-	(1,614)
Effect of redemption of issued securities	-	27,774	-	27,774
Differences in carrying value of subsidiaries	2,026	-	(1,227)	799
Difference in accounting for finance leases	(3,346)	(380)	-	(3,726)
Fair value adjustment of held for trading and available-for-sale financial assets	(11,735)	(974)	1,956	(10,753)
Fair value adjustment of derivative financial instruments	2,776	(24,522)	-	(21,746)
Loss on sale of Treasury shares	-	6,808	(6,808)	-
Reversal of statutory goodwill	10,585	489	-	11,074
Revaluation of investments denominated in foreign currency to historical cost	30,108	(712)	-	29,396
Difference in accounting of security lending	12,488	(25,785)	-	(13,297)
Treasury share transaction	44,095	-	(44,095)	-
Reclassification of direct charges	-	(314)	314	-
Share-based payment	-	(3,401)	3,401	-
Effect on ICES - exchangeabled bond transaction recognised through equity	9,821	3,092	(2,969)	9,944
Deferred taxation	(759)	5,466	(417)	4,290
Financial Statements according to IFRS	**842,318**	**82,561**	**(48,932)**	**875,947**

NOTE 39: SIGNIFICANT EVENTS DURING THE SIX MONTH PERIOD ENDED 30 JUNE 2009

On 16 April 2009 MOL Hungarian Oil and GAS Plc obtained 24,000,000 pieces of Bank's ordinary shares. With this transactions the voting rights of MOL Plc. become 8.57%.

In accordance with the agreement between the Bank and the Hungarian State dated 26 March 2009, the State granted a EUR 1.4 billion loan to OTP for the enhancement of domestic corporate lending the draw down of which was accomplished at 30 June. The repayment of the total amount – after the moratorium which lasts till November 2010 – is due in equal instalments during eight quarters.

NOTE 40: POST BALANCE SHEET EVENTS

On 9 July 2009 Bank signed an agreement with EBRD according to which the London-based financial institution is providing EUR 200 million subordinated loan to OTP Bank and a further EUR 20 million is being used to acquire Bank's treasury shares. The subordinated loan facility carries commercial terms and will be available for draw-down for a period of six months. The EBRD subordinated loan will further strengthen Bank's current robust capitalization and will facilitate boosting the Bank's domestic banking operations as well as its activities in other eastern European countries. Through the share purchase EBRD will increase its existing 1.5% stake in Bank to around 2%. Details of the transaction will be reported to markets once the deal has been completed.

On 10 August 2009 the Bank launched a bond issue programme of HUF 500,000 million. According to the decision of the issuer bonds issued under this programme can be introduced to the Budapest Stock Exchange (BÉT), to the Slovak Stock Exchange (BSSE), to the Bulgarian Stock Exchange (BSE) and to the Bucarest Stock Exchange (BVB).

NOTE 41: SALE OF THE INSURANCE BUSINESS LINE (in HUF mn)

On 11 February 2008, Groupama S.A. has signed a contractual agreement to buy 100 % of the shares in OTP Garancia Insurance Ltd as well as to acquire the minority shares held by the local subsidiaries of OTP Bank Plc. in the Romanian, Slovakian and Bulgarian subsidiaries of OTP Garancia Insurance Ltd. The purchase price was paid and the transaction settled on 17 September 2008.
The net result of the transaction is recognized as other income.

The main figures of the transaction the follows:

	31 December 2008
Apport to OTP Holding Ltd.	
Book value	(7,472)
Purchase price	23,009
	15,537
Purchase to Groupama SA	
Dividend income from OTP Holding Ltd. (result of the transaction)	120,000
Transaction costs	(2,103)
Net gain	**133,434**

NOTE 42: THE EFFECT OF THE FINANCIAL SITUATION ON THE BANK

The lack of trust and liquidity problems pursuant to the bankruptcy of Lehman Brothers on 15 September 2008 seriously hit Hungary in October 2008, having a high level of external debt and a banking system with a considerable debt denominated in foreign currencies, but the situation was mitigated and turned better after a 25.1 billion USD financial aid in form of a stand-by loan agreement with International Monetary Fund. The lack of trust caused the course of the forint to fall, accompanied by the fall of the other currencies in the region. The government bond yields raised sharply by hunderds of basis points. To stabilise the situation, the National Bank of Hungary raised the interest rates by 300 basis points, moreover – similarly to other central banks in the region – took various measures to resolve the lack of liquidity and to increase the stability of the banking sector.

The operations and profitability of the Bank have been influenced by the following factors, generated by the financial crisis:

- The Bank met a HUF 4.7 billion revaluation loss on the strategic open foreign currency position held for hedging the net profit of the foreign subsidiaries, due to the fall of the forint exchange rate. The management has reduced the hedged position in the last quarter of 2008, as the contribution of the subsidiaries to the consolidated net profit of OTP Group is expected to be lower than previously planned.
- The management, based on the deteriorating economic and financial sector outlook, decided for a HUF 122,810 million of goodwill impairment for the Ukranian (CJSC OTP Bank) and Serbian (OTP banka Srbija a.d.) subsidaries, which has considerably reduced the net profit of the Bank in 2008.
- The deteriorating macroeconomic situation in the region and the devaluation of most of the regional currencies made necessary an even more conservative provisionning for the loans. Besides the constantly raising loan risk costs, the Bank took a wide range of measures to minimise the risk in its clients because of the devaluating currencies in the region.

  The measures taken - affecting the risk costs in Hungary - are the following:

  - Based on the agreement of the Hungarian Bank Association and the Ministry of Finance, the transformation of loans from foreign currencies and other types of transactions for the customers having foreign currency loans were free of any commission or charge until 28 February 2009,
  - In March 2009, a law came into force about the state guarantee for the retail customers having lost their employment in consequence of the crisis.
- The worsening economic situation led to the deterioration of the loan portfolio: the ratio of the non-performing loans reached 3.23%.

NOTE 42: THE EFFECT OF THE FINANCIAL SITUATION ON THE BANK [continued]

- The global lack of liquidity caused the market to appreciate those having stable liquidity and sufficient own funds. As a consequence, the management put considerable emphasis on deposit collection or other types of activities generating own funds (i.e. issuing retail securities) and set up stricter conditions in loan origination. The Bank made higher deposit interest-rate offers for the customers and introduced some innovative products based on the customer demands (i.e. multicurrency deposits). The increasing refinancing costs were partially devolved to customers, and stricter conditions in loan origination were introduced:
  - decrease in the available contract limits
  - suspension of the purely collateral based mortgage loans
  - suspension of the disbursements in some segments

  As a consequence of the above measures, the volume of the loans disbursed reduced significantly in the fourth quarter.
- The possibility of receiving new funds from the capital markets have decreased considerably, and no other external fund has been received by the Bank. However, the Bank could preserve its stable liquidity position. The Bank has a stable liquid asset surplus beyond its liquid funds, furthermore the National Bank of Hungary took several new measures to enhance the liquidity and stability of the banking sector parallel to the similar measures of the central banks in the region.
- The swap markets potential to provide the necessary liqudity for the lending activity in foreign currencies, have shrinked significantly in 2008, mainly in the last quarter. Despite this, the renewal of the swap transactions were continous, although accompanied by decreasing spreads. The increasing loss on the swap deals is partially compensated by the devolution of the costs to customers in the form of higher interest rates on loans.

In line with the efforts of the management within new disbursement the weight of HUF denomination increased. Simultaneously the Bank put an increased emphasized on deposit collection with continuous retail bond issuance.