



OTP BANK PLC.

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

**FOR THE SIX MONTH PERIOD
ENDED 30 JUNE 2011**



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in accordance with International Financial Reporting Standards as
adopted by the European Union

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	Note	30 June 2011	31 December 2010	30 June 2010
Cash, amounts due from banks and balances with the National Bank of Hungary		171,999	171,677	326,698
Placements with other banks, net of allowance for placement losses		690,376	794,686	903,270
Financial assets at fair value through profit or loss	3.	296,033	248,790	252,986
Securities available-for-sale	4.	1,889,995	1,477,930	1,581,813
Loans, net of allowance for loan losses	5.	2,498,907	2,723,784	2,825,641
Investments in subsidiaries	6.	640,213	637,819	647,179
Securities held-to-maturity	7.	134,912	154,003	170,051
Property and equipment		71,518	70,004	67,987
Intangible assets		31,578	35,145	35,393
Other assets		<u>70,604</u>	<u>44,512</u>	<u>54,165</u>
TOTAL ASSETS		<u>6,496,135</u>	<u>6,358,350</u>	<u>6,865,183</u>
Amounts due to banks and Hungarian Government, deposits from the National Bank of Hungary and other banks		789,805	741,845	814,514
Deposits from customers	8.	3,439,855	3,279,573	3,407,263
Liabilities from issued securities	9.	427,383	512,466	696,760
Financial liabilities at fair value through profit or loss		142,462	257,328	332,708
Other liabilities		245,139	231,288	294,816
Subordinated bonds and loans		<u>290,949</u>	<u>297,638</u>	<u>308,759</u>
TOTAL LIABILITIES		<u>5,335,593</u>	<u>5,320,138</u>	<u>5,854,820</u>
Share capital		28,000	28,000	28,000
Retained earnings and reserves		1,136,199	1,013,941	986,144
Treasury shares		<u>(3,657)</u>	<u>(3,729)</u>	<u>(3,781)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>1,160,542</u>	<u>1,038,212</u>	<u>1,010,363</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>6,496,135</u>	<u>6,358,350</u>	<u>6,865,183</u>



OTP BANK PLC.
UNCONSOLIDATED CONDENSED STATEMENT OF RECOGNISED INCOME AND
COMPREHENSIVE INCOME FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2011
(in HUF mn)

	Note	Six month period ended 30 June 2011	Six month period ended 30 June 2010	Year ended 31 December 2010
Interest Income	11.	298,462	374,725	654,457
Interest Expense	11.	<u>186,035</u>	<u>240,240</u>	<u>411,625</u>
NET INTEREST INCOME	11.	<u>112,427</u>	<u>134,485</u>	<u>242,832</u>
Provision for impairment on loan and placement losses	5.	24,768	69,697	97,540
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN AND PLACEMENT LOSSES		<u>87,659</u>	<u>64,788</u>	<u>145,292</u>
Net profit from fees and commissions		52,623	63,614	125,388
Net operating income		66,012	45,453	54,222
Other administrative expenses		<u>88,246</u>	<u>79,506</u>	<u>190,268</u>
PROFIT BEFORE INCOME TAX		<u>118,048</u>	<u>94,349</u>	<u>134,634</u>
Income tax		<u>7,454</u>	<u>10,303</u>	<u>9,970</u>
NET PROFIT FOR THE YEAR		<u>110,594</u>	<u>84,046</u>	<u>124,664</u>
Earnings per share (in HUF)				
Basic		<u>398</u>	<u>303</u>	<u>449</u>
Diluted		<u>398</u>	<u>299</u>	<u>444</u>

The comprehensive income items are as follows:

	Six month period ended 30 June 2011	Six month period ended 30 June 2010	Year ended 31 December 2010
NET PROFIT FOR THE YEAR	<u>110,594</u>	<u>84,046</u>	<u>124,664</u>
Fair value adjustment of securities available-for-sale	<u>28,577</u>	<u>(22,570)</u>	<u>(19,667)</u>
NET COMPREHENSIVE INCOME	<u>139,171</u>	<u>61,476</u>	<u>104,997</u>



OTP BANK PLC.
UNCONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS FOR THE
SIX MONTH PERIOD ENDED 30 JUNE 2011
(UNAUDITED) (in HUF mn)

	Six month period ended 30 June 2011	Six month period ended 30 June 2010	Year ended 31 December 2010
Profit before income tax	118,048	94,349	134,634
Income tax paid	(2,029)	(2,302)	(7,404)
Depreciation and amortization	12,040	11,651	24,141
Provisions for impairment	32,074	74,314	99,134
Share-based payment	4,666	3,144	(11,821)
Unrealised gains on fair value adjustment of securities available-for-sale and held for trading	1,552	8,093	9,031
Unrealised gains on fair value adjustment of derivative financial instruments	6,367	9,979	1,737
Net changing in assets and liabilities in operating activities	<u>93,975</u>	<u>(37,524)</u>	<u>(191,974)</u>
Net cash provided by operating activities	<u>266,693</u>	<u>161,704</u>	<u>57,478</u>
Net cash (used in)/ provided by investing activities	<u>(206,184)</u>	<u>213,378</u>	<u>431,111</u>
Net cash used in financing activities	<u>(59,497)</u>	<u>(234,728)</u>	<u>(506,071)</u>
Net increase/ (decrease) in cash and cash equivalents	<u>1,012</u>	<u>140,354</u>	<u>(17,482)</u>
Cash and cash equivalents at the beginning of the period	<u>88,197</u>	<u>105,679</u>	<u>105,679</u>
Cash and cash equivalents at the end of the period	<u>89,209</u>	<u>246,033</u>	<u>88,197</u>
<i>Analysis of cash and cash equivalents:</i>			
Cash, amounts due from banks and balances with the National Bank of Hungary	171,677	178,217	178,217
Compulsory reserve established by the National Bank of Hungary	<u>(83,480)</u>	<u>(72,538)</u>	<u>(72,538)</u>
Cash and cash equivalents at the beginning of the period	<u>88,197</u>	<u>105,679</u>	<u>105,679</u>
Cash, amounts due from banks and balances with the National Bank of Hungary	171,999	326,698	171,677
Compulsory reserve established by the National Bank of Hungary	<u>(82,790)</u>	<u>(80,665)</u>	<u>(83,480)</u>
Cash and cash equivalents at the end of the period	<u>89,209</u>	<u>246,033</u>	<u>88,197</u>



OTP BANK PLC.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTH PERIOD
ENDED 30 JUNE 2011 (UNAUDITED) (in HUF mn)

	Share Capital	Capital reserve	Share-based payment	Retained earnings and reserves	Put option reserve	Treasury Shares	Total
Balance as at 1 January 2010	<u>28,000</u>	<u>52</u>	<u>6,830</u>	<u>976,204</u>	<u>(55,468)</u>	<u>(3,774)</u>	<u>951,844</u>
Net comprehensive income for the year	-	-	-	61,476	-	-	61,476
Share-based payment	-	-	3,144	-	-	-	3,144
Payments to ICES holders	-	-	-	(6,090)	-	-	(6,090)
Loss on sale of treasury shares	-	-	-	(4)	-	-	(4)
Acquisition of treasury shares	-	-	-	-	-	(7)	(7)
Balance as at 30 June 2010	<u>28,000</u>	<u>52</u>	<u>9,974</u>	<u>1,031,586</u>	<u>(55,468)</u>	<u>(3,781)</u>	<u>1,010,363</u>
Balance as at 1 January 2011	<u>28,000</u>	<u>52</u>	<u>28</u>	<u>1,069,329</u>	<u>(55,468)</u>	<u>(3,729)</u>	<u>1,038,212</u>
Net comprehensive income for the year	-	-	-	139,171	-	-	139,171
Share-based payment	-	-	4,666	-	-	-	4,666
Payments to ICES holders	-	-	-	(1,403)	-	-	(1,403)
Sale of treasury shares	-	-	-	-	-	2,651	2,651
Loss on sale of treasury shares	-	-	-	(16)	-	-	(16)
Acquisition of treasury shares	-	-	-	-	-	(2,579)	(2,579)
Dividend payable for 2010	-	-	-	(20,160)	-	-	(20,160)
Balance as at 30 June 2011	<u>28,000</u>	<u>52</u>	<u>4,694</u>	<u>1,186,921</u>	<u>(55,468)</u>	<u>(3,657)</u>	<u>1,160,542</u>

NOTE 1: ORGANIZATION AND BASIS OF FINANCIAL STATEMENTS**1.1. General information**

These interim condensed financial statements had been prepared in accordance with the prescriptions of IAS 34.

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 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 IFRS.

The unconsolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union (the "EU"). 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.

NOTE 2: SIGNIFICANT EVENTS DURING THE SIX MONTH PERIOD ENDED 30 JUNE 2011, AND POST BALANCE SHEET EVENTS**Term Loan Facility**

On 19 May 2011 the Bank signed a EUR 300 million Term Loan Facility. The originally planned amount was EUR 200 million, but the transaction was very well received and heavily oversubscribed, all together 21 banks took part in the deal. The facility has a 2 years tenor, carries a margin of 1,5% above Euribor and the proceeds will be used for general funding purposes.

EU Wide Stress Test Result

OTP Bank Plc. Was subject to the 2011 EU-wide stress test conducted by the European Banking Authority (EBA), in cooperation with the Hungarian Financial Supervisory Authority, the European Central Bank (ECB), the European Commission (EC) and the European Systemic Risk Board (ESRB).

The EU-wide stress test, carried out across 91 banks covering over 65% of the EU banking system total assets, seeks to assess the resilience of European banks to severe shocks and their specific solvency to hypothetical stress events under certain restrictive conditions.

The assumptions and methodology were established to assess banks' capital adequacy against a 5% Core Tier1 capital benchmark and are intended to restore confidence in the resilience of the banks tested. The adverse stress test scenario was set by ECB and covers a two-year time horizon (2011-2012). The stress test has been carried out using a static balance sheet assumption as at December 2010. The stress test does not take into account future business strategies and management actions and is not a forecast of OTP Bank Plc. profits.

The estimated consolidated Core Tier 1 capital ratio of OTP Bank Plc. would change to 17.2% under the baseline scenario and to 13.6% under the adverse scenario in 2012 compared to 12.3% as of end of 2010.

Following completion of the EU-wide stress test, the results determine that OTP Bank Plc. meets the capital benchmark set out for the purpose of the stress test. The bank will continue to ensure that appropriate capital level must be maintained.

NOTE 2: SIGNIFICANT EVENTS DURING THE SIX MONTH PERIOD ENDED 30 JUNE 2011, AND POST BALANCE SHEET EVENTS [continued]**Home Protection Action Plan to help mortgage loan debtors with payment difficulties****1. Fixing of the exchange rate for calculating the monthly instalments and government guarantee**

On 28 July 2011, Act LXXV 2011 on fixing the exchange rate for calculating the monthly instalments of retail FX mortgage loans and on the foreclosure order of residential real estates has been announced. Accordingly, the natural person FX mortgage debtor can initiate between 12 August and 31 December 2011 the fixing of the exchange rate used to specify his monthly instalments for 36 months or until 31 December 2014 the latest. The fixed exchange rates are set at 180 HUF/CHF, 250 HUF/EUR and 2 HUF/JPY. For the difference between the fixed and the exceeding actual spot exchange rate, banks provide a special purpose HUF denominated mortgage loan (so called „escrow account loan”), granting of which is not regulated by the rules of prudent lending. During the time of fixing, the Bank is entitled to charge the 3-months BUBOR interest rate on the HUF obligations on the escrow account. Accumulating interest on the account could be capitalised in every three months. From January 2015, instalments of both the original mortgage and the escrow account loans have to be paid. From that time the interest rate charged on the escrow account must not surpass the market rate applicable for HUF denominated mortgages provided for the same purpose as the original FX mortgage loan. The Government backs the escrow account in full through a State Guarantee during the fixed exchange rate period, the guarantee applies to 25% of the escrow account after 1 January 2015.

2. Implementation of a quota system for foreclosures

In accordance with the above mentioned Act, by introducing a quota system for foreclosures, a schedule of foreclosure of residential real estates serving as collateral for mortgage loans has been implemented for the following three years. For the period in between 1 July and 1 October 2011 the Act maintains the auction and foreclosure moratorium, but with further restricted scope – it is not eligible for high value real estates (above HUF 30 million market value and covering at least HUF 20 million loan amount) – and from October 1, 2011 the so called „quota system for foreclosures” will be effective. The quota determines how many real estates – as a ratio of the creditors’ DPD90+ loan portfolio – are allowed to be offered for foreclosure on a quarterly base by the lenders. The quarterly quotas for 2011, 2012, 2013 and 2014 are set at 2%, 3%, 4% and 5% respectively. From 2015 onwards, the quota system as well as any foreclosure moratorium will cease to exist and the system of foreclosures returns to its normal operation in accordance with the rules of civil law and the legislation for lending.

3. Interest subsidy scheme

Mortgage loan debtors with more than 90 days past due instalments can apply for subsidized loan if the debtor concerned is willing to sell his/her home and moves to cheaper accommodation. Interest rate subsidy – depending on the fulfilment of personal eligibility criteria – is provided up to 5 years, and it can be a maximum of 3.5% in the first year, decreased by 0.5 percentage points each year thereafter. The yearly budgetary impact of the program cannot exceed HUF 1.5 billion.

4. National Asset Management Company (NAMC) and social family-house building program

The Government proposes to establish a National Asset Management Company. The lender and the debtor can jointly offer the collateral for purchase to NAMC at a selling price fixed by the regulation. NAMC buys the real estate if it is eligible and rent it to the original owner. The National Asset Management Company will also build new homes for households in need in the scope of public work programmes. These homes will be offered for rental to the families in need.

5. Enabling EUR-denominated mortgage lending

With strict conditions EUR denominated mortgage lending is available again for retail customers. The borrower has to have an income in EUR and of at least 15 times the minimum wage to apply for an EUR-denominated mortgage-backed loan.

NOTE 3: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (in HUF mn)

	30 June 2011	31 December 2010
<i>Held for trading securities:</i>		
Shares	106,279	105,832
Securities issued by the NBH	36,363	19,984
Government bonds	17,769	13,784
Mortgage bonds	12,764	4,201
Hungarian government discounted Treasury Bills	1,209	3,635
Hungarian government interest bearing Treasury Bills	22	26
Other securities	<u>554</u>	<u>153</u>
	<u>174,960</u>	<u>147,615</u>
Accrued interest	<u>724</u>	<u>244</u>
Total	<u>175,684</u>	<u>147,859</u>
<i>Derivative financial instruments designated as held for trading:</i>		
CCIRS and mark-to-market CCIRS swaps designated as held for trading	64,115	42,807
Interest rate swaps designated as held for trading	32,075	34,414
Foreign currency swaps designated as held for trading	19,048	18,084
Other derivative transactions	<u>5,111</u>	<u>5,626</u>
	<u>120,349</u>	<u>100,931</u>
Total	<u>296,033</u>	<u>248,790</u>

NOTE 4: SECURITIES AVAILABLE-FOR-SALE (in HUF mn)

	30 June 2011	31 December 2010
Mortgage bonds	781,315	778,553
Bonds issued by NBH	701,913	300,648
Government bonds	318,206	318,637
Other securities	48,232	40,639
-listed securities	<u>24,595</u>	<u>19,851</u>
<i>in HUF</i>	-	-
<i>in foreign currency</i>	24,595	19,851
-non-listed securities	23,637	20,788
<i>in HUF</i>	20,463	18,398
<i>in foreign currency</i>	3,174	2,390
Total	<u>1,849,666</u>	<u>1,438,477</u>
Accrued interest	<u>40,329</u>	<u>39,453</u>
Securities available-for-sale total	<u>1,889,995</u>	<u>1,477,930</u>

NOTE 4: SECURITIES AVAILABLE-FOR-SALE (in HUF mn) [continued]

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

	30 June 2011	31 December 2010
Opening balance	-	5,220
Provision for the period	-	(523)
Release of provision	-	(4,697)
Closing balance	≡	≡

NOTE 5: LOANS, NET OF ALLOWANCE FOR LOAN LOSSES (in HUF mn)

	30 June 2011	31 December 2010
Short-term loans and trade bills (within one year)	638,621	664,197
Long-term loans and trade bills (over one year)	<u>1,973,734</u>	<u>2,177,421</u>
	<u>2,612,355</u>	<u>2,841,618</u>
Accrued interest	<u>17,229</u>	<u>16,787</u>
Provision of impairment on loan losses	<u>(130,677)</u>	<u>(134,621)</u>
Total	<u>2,498,907</u>	<u>2,723,784</u>

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

	30 June 2011		31 December 2010	
Corporate loans	1,741,315	66%	1,944,825	68%
Consumer loans	356,288	14%	365,648	13%
Municipality loans	324,280	12%	322,120	11%
Housing loans	121,149	5%	131,609	5%
Mortgage backed loans	<u>69,323</u>	<u>3%</u>	<u>77,416</u>	<u>3%</u>
Total	<u>2,612,355</u>	<u>100%</u>	<u>2,841,618</u>	<u>100%</u>

An analysis of the loan portfolio by currency is as follows:

	30 June 2011	31 December 2010
In HUF	36%	34%
In foreign currency	<u>64%</u>	<u>66%</u>
Total	<u>100%</u>	<u>100%</u>

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

	30 June 2011	31 December 2010
Opening balance	134,621	89,587
Provision for the period	25,482	98,320
Write offs	<u>(29,426)</u>	<u>(53,286)</u>
Closing balance	<u>130,677</u>	<u>134,621</u>

NOTE 6: INVESTMENTS IN SUBSIDIARIES (in HUF mn)

	30 June 2011	31 December 2010
Investments in subsidiaries:		
Controlling interest	794,514	784,041
Other	<u>1,806</u>	<u>1,006</u>
	<u>796,320</u>	<u>785,047</u>
Provision for impairment	(156,107)	(147,228)
Total	<u>640,213</u>	<u>637,819</u>

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

	30 June 2011	31 December 2010
Opening balance	147,228	126,545
Provision for the period	10,190	20,683
Release of provision	<u>(1,311)</u>	<u>-</u>
Closing balance	<u>156,107</u>	<u>147,228</u>

NOTE 7: SECURITIES HELD-TO-MATURITY (in HUF mn)

	30 June 2011	31 December 2010
Government bonds	72,296	87,878
Mortgage bonds	60,014	60,140
Hungarian government discounted Treasury bills	<u>336</u>	<u>395</u>
	<u>132,646</u>	<u>148,413</u>
Accrued interest	<u>2,266</u>	<u>5,590</u>
Total	<u>134,912</u>	<u>154,003</u>

An analysis of the change in the provision for impairment on securities held-to-maturity is as follows:

	30 June 2011	31 December 2010
Opening balance	-	4,164
Provision for the period	-	(1,566)
Release of provision	=	<u>(2,598)</u>
Closing balance	=	<u>==</u>

NOTE 8: DEPOSITS FROM CUSTOMERS (in HUF mn)

	30 June 2011	31 December 2010
Within one year:		
In HUF	2,746,682	2,595,048
In foreign currency	<u>651,372</u>	<u>646,053</u>
	<u>3,398,054</u>	<u>3,241,101</u>
Over one year:		
In HUF	24,638	26,185
In foreign currency	<u>2,988</u>	<u>2,421</u>
	<u>27,626</u>	<u>28,606</u>
Total	<u>3,425,680</u>	<u>3,269,707</u>
Accrued interest	<u>14,175</u>	<u>9,866</u>
Deposits from customers total	<u>3,439,855</u>	<u>3,279,573</u>

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

	30 June 2011		31 December 2010	
Retail deposits	1,948,344	57%	2,043,644	63%
Corporate deposits	1,306,592	38%	1,056,183	32%
Municipality deposits	<u>170,744</u>	<u>5%</u>	<u>169,880</u>	<u>5%</u>
Total	<u>3,425,680</u>	<u>100%</u>	<u>3,269,707</u>	<u>100%</u>

NOTE 9: ISSUED SECURITIES (in HUF mn)

	30 June 2011	31 December 2010
Within one year:		
In HUF	331,263	282,049
In foreign currency	<u>11,993</u>	<u>140,094</u>
	<u>343,256</u>	<u>422,143</u>
Over one year:		
In HUF	50,938	45,964
In foreign currency	<u>23,705</u>	<u>36,196</u>
	<u>74,643</u>	<u>82,160</u>
Total	<u>417,899</u>	<u>504,303</u>
Accrued interest	<u>9,484</u>	<u>8,163</u>
Issued securities total	<u>427,383</u>	<u>512,466</u>

**NOTE 10: OFF BALANCE SHEET ITEMS AND DERIVATIVE FINANCIAL INSTRUMENTS
(in HUF mn)***(a) Contingent liabilities and commitments*

	30 June 2011	31 December 2010
Legal disputes	8,437,364	9,595,780
Commitments to extend credit	697,412	699,332
Guarantees arising from banking activities	652,784	693,526
Contingent liabilities related to OTP Mortgage Bank Ltd.	3,293	2,532
Confirmed letters of credit	74	1,640
Other	<u>2,765</u>	<u>2,689</u>
Total	<u>9,793,692</u>	<u>10,995,499</u>

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

The Victims of Hungarian Holocaust initiated a class action against, amongst others, OTP Bank Plc. before the United States District Court Northern District of Illinois. OTP Bank Plc. emphasises that „Országos Takarékpénztár Nemzeti Vállalat” was established on 1 March 1949 with no predecessor. OTP Bank Plc. considers the claim against it entirely unfounded.

The 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 417 million and HUF 1,476 million as at 30 June 2011 and 31 December 2010 respectively.

NOTE 10: OFF BALANCE SHEET ITEMS AND DERIVATIVE FINANCIAL INSTRUMENTS
(in HUF mn) [continued]

(b) *Fair value of derivative instruments*

	Fair value		Notional value, net	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
Interest rate swaps designated as held for trading				
Positive fair value of interest rate swaps designated as held for trading	32,075	34,414	42,151	44,613
Negative fair value of interest rate swaps designated as held for trading	(42,560)	(40,064)	(55,988)	(59,736)
Foreign exchange swaps designated as held for trading				
Positive fair value of foreign exchange swaps designated as held for trading	19,048	18,084	23,165	22,973
Negative fair value of foreign exchange swaps designated as held for trading	(11,187)	(5,426)	(11,736)	(5,100)
Interest rate swaps designated as hedge accounting relationship				
Positive fair value of interest rate swaps designated in fair value hedge accounting relationships	1,649	8,477	(3,671)	13,412
Negative fair value of interest rate swaps designated in fair value hedge accounting relationships	(5,729)	(7,143)	(74,730)	(11,479)
CCIRS designated as held for trading				
Positive fair value of CCIRS designated as held for trading	47,507	35,408	67,158	21,434
Negative fair value of CCIRS designated as held for trading	(80,869)	(197,450)	(55,880)	(177,976)
Mark-to-market CCIRS designated as held for trading				
Positive fair value of mark-to-market CCIRS designated as held for trading	16,608	7,399	58,181	40,124
Negative fair value of mark-to-market CCIRS designated as held for trading	(2,106)	(9,437)	(1,105)	1,852
Other derivative contracts designated as held for trading				
Positive fair value of other derivative contracts designated as held for trading	5,111	5,626	2,245	2,161
Negative fair value of other derivative contracts designated as held for trading	(5,740)	(4,951)	(2,734)	(1,700)
Derivative financial assets total	<u>121,998</u>	<u>109,408</u>	<u>189,229</u>	<u>144,717</u>
Derivative financial liabilities total	<u>(148,191)</u>	<u>(264,471)</u>	<u>(202,173)</u>	<u>(254,139)</u>
Derivative financial instruments total	<u>(26,193)</u>	<u>(155,063)</u>	<u>(12,944)</u>	<u>(109,422)</u>

As at 30 June 2011 the Bank has derivative instruments with positive fair values of HUF 121,998 million and negative fair values of HUF 148,191 million. Corresponding figures as at 31 December 2010 are HUF 109,408 million and HUF 264,471 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, negative fair values of derivatives held for trading are included in the negative fair value of derivative financial instruments designated as held for trading line.

NOTE 11: NET INTEREST INCOME (in HUF mn)

	Six month period ended 30 June 2011	Six month period ended 30 June 2010	Year ended 31 December 2010
<i>Interest Income:</i>			
Loans	108,483	112,586	228,847
Placements with other banks, net of allowance for placement losses	124,994	197,110	297,539
Securities available-for-sale	55,623	52,941	107,113
Securities held-to-maturity	5,083	7,976	13,752
Amounts due from banks and balances with National Bank of Hungary	3,256	2,488	4,807
Securities held for trading	<u>1,023</u>	<u>1,624</u>	<u>2,399</u>
Total Interest Income	<u>298,462</u>	<u>374,725</u>	<u>654,457</u>
<i>Interest Expense:</i>			
Amounts due to banks and deposits from the National Bank of Hungary, other banks and the Hungarian Government	97,727	149,694	232,605
Deposits from customers	65,233	64,735	128,885
Liabilities from issued securities	15,245	17,745	33,892
Subordinated bonds and loans	<u>7,830</u>	<u>8,066</u>	<u>16,243</u>
Total Interest Expense	<u>186,035</u>	<u>240,240</u>	<u>411,625</u>
NET INTEREST INCOME	<u>112,427</u>	<u>134,485</u>	<u>242,832</u>

NOTE 12: RELATED PARTY TRANSACTIONS (in HUF mn)

The Bank enters into transactions for services with a number of subsidiaries. Such transactions are conducted at rates which approximate market conditions.

Related party transactions can be detailed as follows:

Transactions with OTP Mortgage Bank Ltd.:

	Six month period ended 30 June 2011	Six month period ended 30 June 2010
Loans sold to OTP Mortgage Bank Ltd. with recourse (including interest)	2,994	6,687
The gross book value of the loans sold	2,993	6,683
Fees and commissions received from OTP Mortgage Bank Ltd. relating to the loans	9,195	19,969
Provision for the repurchase obligation of non-performing loans originated by OTP Mortgage Bank Ltd.	217	284

Transactions related to OTP Factoring Ltd.:

	Six month period ended 30 June 2011	Six month period ended 30 June 2010
Loans sold to OTP Factoring Ltd. without recourse (including interest)	22,781	17,633
The gross book value of the loans	45,410	40,892
Provision for loan losses on the loans sold	16,797	20,215
Loss of these transaction (recorded in the unconsolidated financial statements as loan and placement loss)	5,832	3,044

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