NATIONAL SAVINGS AND COMMERCIAL BANK LTD.

CONSOLIDATED FINANCIAL STATEMENTS
IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2005

Budapest, October 2005

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.

CONTENTS

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
CONSOLIDATED BALANCE SHEETS
AS AT JUNE 30, 2005 (UNAUDITED), DECEMBER 31, 2004 (AUDITED) AND JUNE 30, 2004 (UNAUDITED)
(in HUF mn)

	Note	*June 30, 2005*	*Restated December 31, 2004*	*Restated June 30, 2004*
Cash, due from banks and balances with the National Bank of Hungary	3	469,349	465,887	311,011
Placements with other banks, net of allowance for placement losses	4	289,117	286,200	184,786
Financial assets at fair value through statements of operations	5	57,391	70,580	76,048
Securities available-for-sale	6	382,620	295,835	275,257
Loans, net of allowance for loan losses	7	2,889,124	2,506,795	2,227,127
Accrued interest receivable		29,218	31,400	27,842
Equity investments	8	10,747	9,389	5,968
Securities held-to-maturity	9	238,925	247,259	270,624
Premises, equipment and intangible assets, net	10	224,313	174,775	163,695
Other assets	11	102,188	74,239	66,882
TOTAL ASSETS		**4,692,992**	**4,162,359**	**3,609,240**
Due to banks and deposits from the National Bank of Hungary and other banks	12	406,884	254,125	178,899
Deposits from customers	13	3,146,585	2,902,190	2,585,648
Liabilities from issued securities	14	325,706	317,222	238,633
Accrued interest payable		33,490	27,015	30,065
Other liabilities	15	256,745	213,798	198,297
Subordinated bonds and loans	16	47,267	14,324	15,295
TOTAL LIABILITIES		**4,216,677**	**3,728,674**	**3,246,837**
Share capital	17	28,000	28,000	28,000
Retained earnings and reserves	18	479,143	431,127	358,917
Treasury shares	19	(31,704)	(25,867)	(24,959)
Minority interest	20	876	425	445
TOTAL SHAREHOLDERS' EQUITY		**476,315**	**433,685**	**362,403**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4,692,992**	**4,162,359**	**3,609,240**

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2005 AND 2004 (UNAUDITED) AND FOR THE YEAR ENDED DECEMBER 31, 2004 (AUDITED)
(in HUF mn)

	Note	*Six month period ended June 30, 2005*	*Restated Six month period ended June 30,2004*	*Restated Year ended December 31, 2004*
Interest Income:				
Loans		130,899	114,355	241,233
Placements with other banks		21,431	20,733	42,431
Due from banks and balances with the National Bank of Hungary		16,932	16,968	33,818
Securities held for trading		1,558	3,480	6,648
Securities available-for-sale		46,711	40,094	82,553
Securities held-to-maturity		10,562	13,834	26,995
Total Interest Income		*228,093*	*209,464*	*433,678*
Interest Expense:				
Due to banks and deposits from the National Bank of Hungary and other banks		15,430	8,323	20,640
Deposits from customers		57,163	67,636	131,824
Liabilities from issued securities		12,381	7,596	19,382
Subordinated bonds and loans		759	437	943
Total Interest Expense		*85,733*	*83,992*	*172,789*
NET INTEREST INCOME		**142,360**	**125,472**	**260,889**
Provision for loan and placement losses	4, 7	12,926	8,472	16,048
NET INTEREST INCOME AFTER PROVISION FOR LOAN AND PLACEMENT LOSSES		**129.434**	**117,000**	**244,841**
Non-Interest Income:				
Fees and commissions		54,746	42,748	91,625
Foreign exchange (losses)/gains, net		(1,221)	338	1,250
Gains and losses on securities, net		3,260	929	6,466
Gains on real estate transactions, net		441	526	1,818
Dividend income and gains and losses of associated companies		645	331	593
Insurance premiums		32,481	25,172	49,337
Other		5,979	6,302	10,680
Total Non-Interest Income		*96,331*	*76,346*	*161,769*
Non-Interest Expenses:				
Fees and commissions		8,527	10,030	20,588
Personnel expenses		42,996	35,742	79,538
Depreciation and amortization	10	10,313	14,210	29,150
Insurance expenses		27,806	20,220	40,264
Other	21	43,650	35,269	81,046
Total Non-Interest Expense		*133,292*	*115,471*	*250,586*
INCOME BEFORE INCOME TAXES		**92,473**	**77,875**	**156,024**
Income taxes	22	(16,042)	(12,326)	(24,506)
INCOME AFTER INCOME TAXES		**76,431**	**65,549**	**131,518**
Minority interest		(28)	(15)	(12)
NET INCOME		**76,403**	**65,534**	**131,506**
Consolidated earnings per share (in HUF)				
Basic	35	**291**	**252**	**501**
Diluted	35	**290**	**252**	**499**

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

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2005 AND 2004 (UNAUDITED)
AND FOR THE YEAR ENDED DECEMBER 31, 2004 (AUDITED)
(in HUF mn)

	Note	*Six month period ended June 30, 2005*	*Restated Six month period ended June 30,2004*	*Restated Year ended December 31, 2004*
OPERATING ACTIVITIES				
Income before income taxes		**92,473**	**77,875**	**156,024**
Adjustments to reconcile income before income taxes to net cash provided by operating activities				
Income tax paid		(11,816)	(7,394)	(26,871)
Depreciation and amortization	10	10,313	14,210	29,150
Provision for loan and placement losses	4,7	12,926	8,472	16,048
(Credit)/provision for permanent diminution in value of equity investments	8	(103)	32	426
(Credit)/provision for losses on other assets	11	(261)	292	(569)
(Credit)/provision for losses on off-balance sheet commitments and contingent liabilities, net	15	(2,697)	529	(924)
Net income from accounting for associates under the equity method of accounting		--	--	--
Net increase in insurance reserves		14,844	7,407	14,390
Share-based payment		2,853	1,174	2,348
Unrealised (gains)/losses on fair value adjustment of securities held for trading		(554)	202	547
Unrealised losses/(gains) on fair value adjustment of derivative financial instruments		1,315	(666)	(631)
Changes in operating assets and liabilities				
Net decrease in accrued interest receivables		3,825	4,590	1,257
Net (increase)/decrease in other assets, excluding advances for investments and before allowance for losses		(24,327)	731	(3,593)
Net increase in accrued interest payable		4,909	13,670	10,244
Net increase in other liabilities		9,085	9,408	24,082
Net Cash Provided by Operating Activities		**112,785**	**130,532**	**221,928**
INVESTING ACTIVITIES				
Net decrease/(increase) in placement with other bank before provision for placement losses		70,481	67,556	(19,638)
Unrealised losses/(gains) on fair value adjustment of securities available-for-sale		22,340	(6,182)	(845)
Net (increase)/decrease in securities available-for-sale		(38,831)	32,164	18,079
Net (increase) in equity investments, before provision for permanent diminution in value		(586)	(122)	(3,902)
Purchase of investment in subsidiary, net		(56,541)	--	(9,441)
Net decrease in debt securities held-to-maturity		9,502	29,148	52,888
Net (increase)/decrease in advances for investments, included in other assets		(2)	34	56
Net (increase) in loans, before provision for loan losses		(274,793)	(253,019)	(522,581)
Net additions to premises, equipment and intangible assets		(14,384)	(10,568)	(29,957)
Net Cash Used in Investing Activities		**(282,814)**	**(140,989)**	**(515,341)**

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2005 AND 2004 (UNAUDITED) AND FOR THE YEAR ENDED DECEMBER 31, 2004 (AUDITED)
(in HUF mn)
[continued]

	Note	*Six month period ended June 30, 2005*	*Restated Six month period ended June 30,2004*	*Restated Year ended December 31, 2004*
FINANCING ACTIVITIES				
Net increase in due to banks and deposits from the National Bank of Hungary and other banks		143,558	52,497	122,254
Net increase/(decrease) in deposits from customers		31,554	(104,185)	187,356
Net increase in liabilities from issued securities		8,484	113,746	192,335
Increase/(decrease) in subordinated bonds and loans		31,710	(118)	(1,089)
Increase/(decrease)of minority interest		57	13	(7)
Foreign currency translation gains/(losses)		3,309	(1,429)	(2,740)
Net change in treasury shares		(4,064)	1,205	1,513
Net (decrease)/increase in compulsory reserves at National Bank of Hungary	3	(9,104)	212	1,627
Dividends paid		(41,117)	(16,762)	(16,823)
Net Cash Provided by Financing Activities		**164,387**	**45,179**	**484,426**
Net (Increase)/Decrease in Cash and Cash Equivalents		**(5,642)**	**34,722**	**191,013**
Cash and cash equivalents as at January 1		355,673	164,660	164,660
Cash and Cash Equivalents as at end of period		**350,031**	**199,382**	**355,673**

Analysis of cash and cash equivalents opening and closing balance

	Note			
Cash, due from banks and balances with the National Bank of Hungary	3	465,887	276,501	276,501
Compulsory reserve established by the National Bank of Hungary	3	(110,214)	(111,841)	(111,841)
Cash and cash equivalents as at January 1		**355,673**	**164,660**	**164,660**
Cash, due from banks and balances with the National Bank of Hungary	3	469,349	311,011	465,887
Compulsory reserve established by the National Bank of Hungary	3	(119,318)	(111,629)	(110,214)
Cash and cash equivalents as at end of period		**350,031**	**199,382**	**355,673**

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004 (UNAUDITED)
(in HUF mn)

	Share Capital	Retained Earnings and Reserves	Treasury Shares	Minority interest	Total
Balance as at January 1, 2004 (Restated)	**28,000**	**309,220**	**(25,420)**	**432**	**312,232**
Net income	--	65,534	--	--	65,534
Fair value adjustment of securities available-for-sale recognised directly through equity	--	473	--	--	473
Share-based payment	--	1,174	--	--	1,174
Dividend for the year 2003	--	(16,800)	--	--	(16,800)
Gain on sale of treasury shares	--	744	--	--	744
Change in carrying value of treasury shares	--	--	461	--	461
Minority interest	--	--	--	13	13
Foreign currency translation gain	--	(1,428)	--	--	(1,428)
Balance as at June 30, 2004 (Restated)	**28,000**	**358,917**	**(24,959)**	**445**	**362,403**
Balance as at January 1, 2005 (Restated)	**28,000**	**431,127**	**(25,867)**	**425**	**433,685**
Net income	--	76,403	--		76,403
Fair value adjustment of securities available-for-sale recognised directly through equity	--	5,709	--	--	5,709
Share-based payment	--	2,853	--	--	2,853
Derecognition of opening balance of negative goodwill	--	3,034	--	--	3,034
Changes deriving from different classifications	--	(1,627)	--	--	(1,627)
Dividend for the year 2004	--	(41,206)	--	--	(41,206)
Gain on sale of treasury shares	--	1,773	--	--	1,773
Change in carrying value of treasury shares	--	--	(5,837)	--	(5,837)
Derivative financial instruments designated as cash-flow hedge		(2,232)			(2,232)
Foreign currency translation gain	--	3.309	--	--	3.309
Minority interest	--	--	--	451	451
Balance as at June 30, 2005	**28,000**	**479,143**	**(31,704)**	**876**	**476,315**

NOTE 1: ORGANIZATION AND BASIS OF CONSOLIDATED FINANCIAL STATEMENTS

1.1. General

National Savings and Commercial Bank Ltd. (the “Bank” or “OTP”) was established on December 31, 1990, when the predecessor State-owned company was transformed into a limited liability company.

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

As at December 31, 1994, 79% of the Bank's shares were held directly or indirectly by the Hungarian Government and the remaining 21% were held by domestic investors or represented as own shares (less than 3%). In spring 1995, 20% of the shares were transferred by the Hungarian Government to the Hungarian Social Security Funds. Subsequent to the successful privatization of the Bank by a public offering in summer 1995, the Bank's shares were introduced to the Budapest and the Luxembourg stock exchanges and were also listed on SEAQ London and PORTAL (USA).

At an extraordinary General Assembly, on September 3, 1997, the Bank issued a preferential voting share with a nominal value of HUF 1 thousand (the "Special Share") to the State Privatization and Holding Company. The Special Share gives the power to the State Privatization and Holding Company to control the outcome of certain shareholder votes in accordance with the Bank's Articles of Association and the right to delegate one member to the Bank’s Board of Directors and one member to the Supervisory Board of the Bank.

By public offerings in fall 1997 and fall 1999, the State Privatization and Holding Company sold the remaining common shares.

The Annual General Meeting on April 25, 2001 approved the conversion of HUF 1,150 million nominal value preference shares issued by the Bank to common shares.

In the first quarter of the year of 2002 the nominal value of the common shares of the Bank has decreased from HUF 1,000 to HUF 100 per share.

As at June 30, 2005 approximately 91.1% of the Bank’s shares were held by domestic and foreign private and institutional investors. The remaining shares are owned by employees (2.7%) and the Bank (6.2%).

The Bank provides a full range of commercial banking services through a wide network of 891 branches. 375 branches are in Hungary, 342 branches are in Bulgaria, 71 branches are in Slovakia, 14 branches are in Romania and 89 branches are in Croatia.

As at June 30, 2005 the number of employees at the Bank and its subsidiary companies (together the “Group”) was 18,071. The average number of employees for the six month period ended June 30, 2005 was 17,589.

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

1.2. Accounting

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

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

Some of the accounting principles prescribed for statutory purposes are different from those generally recognized in international financial markets. Certain adjustments have been made to the Bank's Hungarian consolidated statutory accounts, in order to present the consolidated financial position and results of operations of the Bank in accordance with all standards and interpretations approved by the International Accounting Standards Board (IASB), which are referred to as International Financial Reporting Standards (IFRS). These standards and interpretations were previously called International Accounting Standards (IAS).

1.2.1. The effect of adopting revised International Financial Reporting Standards effective from January 1, 2005 on the 2004 financial statements

Effective from January 1, 2005 the Group adopted revised IAS 39 ("Financial Instruments: Recognition and Measurement"), IFRS 2 ("Share-based payment") and IFRS 3 ("Business combinations"). Revisions to a number of other IAS also took effect in the consolidated condensed financial statements of the Group, but those revisions concerned matters of detailed application which have no significant effect on amounts reported.

IAS 39 Financial Instruments: Recognition and Measurement (in HUF mn)

IAS 39 Revised, which is effective after January 1, 2005 changes the category held for trading instruments by introducing a new category „a financial asset at fair value through statements of operations". In this category is classified the previously held for trading assets and other instruments which upon initial recognition are designated by the entity as to be held at fair value through statements of operations.

Due to the retrospective application of IAS 39 Revised, an opening adjustment of HUF 1,313 million loss has been presented in retained earnings and reserves as of January 1, 2004. Due to restatement of prior periods, income after income tax decreased by HUF 6,978 million and increased by HUF 473 million for the year ended December 31, 2004, and the six month period ended June 30, 2004, respectively, from what was previoiusly reported.

IFRS 2 Share based payments (in HUF mn)

For equity settled share based compensation, under IFRS 2 the Group is required to measure the fair value of services received, based on the fair value of the equity instrument granted, and to recognise such expense in the consolidated financial statements. IFRS 2 has been adopted retrospectively from January 1, 2005 in respect of options which have a grant date later than November 7, 2002.

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

1.2.1. The effect of adopting revised International Financial Reporting Standards effective from January 1, 2005 on the 2004 financial statements [continued]

The Annual General Meeting for the year 2000 approved a five year share option and bonus program for the years 2000 to 2004 granting options and bonus shares on an annual basis. For the options for the years 2003 and 2004, the grant date is December 31, 2002.

Due to the retrospective application of IFRS 2, an opening adjustment of HUF 2,085 million is presented separetly in retained earnings and reserves as of January 1, 2004. Due to restatement of prior periods, income after income tax was decreased by HUF 2,348 million and HUF 1,174 million for the year ended December 31, 2004, and for the six month period ended June 30, 2004, respectively.

A summary of the effects of introduction of IAS 39 Revised and IFRS 2 for the year ended December 31, 2004 is as follows:

	Original reported for the year ended December 31, 2004	Restated for the year ended December 31, 2004
Fair value adjustment of available-for-sale securities recognized in profit and loss	8,303	--
Deferred tax effect	(1,325)	--
Contribution to net income	6,978	--
Share based compensation	--	(2,348)
Net income after income taxes	**140,832**	**131,506**
Fair value adjustment of available-for-sale securities recognized directly through equity	--	8,303
Deferred tax effect	--	(1,325)
Effect to equity	--	6,978
Share based compensation directly through equity	--	2,348
Shareholders' equity without minority interest	433,260	433,260
Minority interest	--	425
Total shareholders' equity	**433,260**	**433,685**

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

1.2.1. The effect of adopting revised International Financial Reporting Standards effective from January 1, 2005 on the 2004 financial statements [continued]

A summary of the effects of introduction of IAS 39 Revised and IFRS 2 for the six months period ended June 30, 2004 is as follows:

	Original reported for the six month period ended June 30, 2004	Restated for the six month period ended June 30, 2004
Fair value adjustment of available-for-sale securities recognized in profit and loss	582	--
Deferred tax effect	(109)	--
Contribution to net income	473	--
Share based compensation	--	(1,174)
Net income after income taxes	**67,196**	**65,549**
Fair value adjustment of available-for-sale securities recognized directly through equity	--	582
Deferred tax effect	--	(109)
Effect to equity	--	473
Share based compensation directly through equity	--	1,174
Shareholders' equity without minority interest	**361,958**	**361,958**
Minority interest	--	445
Total shareholders' equity	**361,958**	**362,403**

IFRS 3 Business Combinations (in HUF mn)

The Group has applied IFRS 3 Business Combinations from March 31, 2004 for new acquisitions. Effective from January 1, 2005 the Group will for all subsidiaries:

- discontinue amortising goodwill and the amount of goodwill net of accumulated amortization will become the carrying amount;
- test the goodwill for impairment in accordance with IAS 36 Impairment of Assets;
- negative goodwill shall be derecognised with a corresponding adjustment to the opening balance of retained earnings

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

1.2.1. The effect of adopting revised International Financial Reporting Standards effective from January 1, 2005 on the 2004 financial statements [continued]

The most significant item is the goodwill acquired through the acquisition of DSK Bank EAD, the related balances as at December 31, 2004 are the following:

Cost	38,076
Accumulated amortization	(9,535)
Net book value	28,541
Amortization for the year 2004	7,615

Negative goodwill was acquired through the acquisition of OTP Banka Slovensko, a.s. the related balances as at June 30, 2005 are the following:

Cost	4,204
Accumulated amortization	(1,170)
Net book value	3,034
Amortization for the year 2004	130

As of January 1, 2005 derecognition of negative goodwill will increase the opening balance of retained earnings and reserves by HUF 3,034 million.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1. Basis of Presentation

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

2.2. Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into HUF at exchange rates quoted by the National Bank of Hungary ("NBH"), or if there is no official rate, at exchange rate quoted by OTP Bank as of the date of the consolidated financial statements. Income and expenses arising in foreign currencies are converted at the rate of exchange on the transaction date. Resulting foreign exchange gains or losses are recorded in the Consolidated Statement of Operations.

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

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

2.3. Principles of consolidation

Included in these consolidated financial statements are the accounts of those subsidiaries in which the Bank holds a controlling interest. The list of the major fully consolidated subsidiaries, the percentage of issued capital owned by the Bank and the description of their activities is provided in Note 29. However, certain subsidiaries in which the Bank holds a controlling interest have not been consolidated in accordance with IFRS because it is either intended that the shares shall be disposed of in the near future or the effect of consolidating such companies is immaterial to the consolidated financial statements as a whole (see Note 2.10.).

2.4. Accounting for acquisitions

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

2.4. Accounting for acquisitions [continued]

Acquisition before March 31, 2004
Goodwill, which represents the residual cost of the acquisition after recognizing the acquirer's interest in the fair value of the identifiable assets and liabilities acquired, is held as an intangible asset and recorded as Depreciation and amortization in the Consolidated Statement of Operations, in anticipation of future economic benefits, on a straight-line basis over a period of five years. The value of any goodwill held in the Consolidated Balance Sheet is reassessed on an annual basis, determined on the basis of specific identification of the investment. If it is no longer probable that the goodwill will be recovered from future economic benefits, it is recognized immediately as an expense.

The excess, as at the date of the exchange transaction, of the Bank's interest in the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition, is recognised as negative goodwill among intangible assets.

The extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Bank's plan for the acquisition and can be measured reliably, but which do not represent identifiable liabilities at the date of acquisition, that portion of negative goodwill is recognised as Other income in the Consolidated Statement of Operations when the future losses and expenses are recognised.

To the extent that negative goodwill does not relate to identifiable expected future losses and expenses that can be measured reliably at the date of acquisition, negative goodwill is recognised as other income on a systematic basis over the remaining weighted average useful life of the identifiable acquired depreciable/amortisable assets.

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

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

2.5. Securities held-to-maturity

Investments in securities are accounted on a settlement (value) date basis and are initially measured at cost. At subsequent reporting dates, securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity securities) are measured at amortised cost, less any impairment losses recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the investment so that the revenue recognised in each period represents a constant yield on the investment.

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

2.6. Financial assets at fair value through statements of operations

2.6.1. Securities held for trading

Investments in securities are accounted on a settlement (value) date basis and are initially measured at cost. Held for trading investments are measured at subsequent reporting dates at fair value and unrealised gains and losses are included in the Consolidated Statement of Operations for the period. Such securities consist of Hungarian and foreign discounted and interest bearing Treasury bills and government bonds and other securities. Other securities include shares in commercial companies, shares in investment funds, bonds issued by companies and mortgage bonds issued by other financial institutions.

2.6.2. Derivative financial instruments

In the normal course of business, the Group is a party to contracts for derivative financial instruments, which represent a very low initial investment compared to the notional value of the contract. The derivative financial instruments used include interest rate forward or swap agreements and currency swaps. These financial instruments are used by the Group to hedge interest rate risk and currency exposures associated with its transactions in the financial markets.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

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 profit Consolidated Statement of Operations along with the corresponding change in fair value of the hedged asset or liability that is attributable to the specific hedged risk. The ineffective element of the hedge is charged directly to the Consolidated Statement of Operations.

Changes in fair value of derivatives that are designated and qualify as cash flow hedges and that prove to be highly effective in relation to hedged risk are recognised in the reserve among consolidated shareholders' equity. Amounts deferred in equity are transferred to the Consolidated Statement of Operations and classified as revenue or expense in the periods during which the hedged assets and liabilities affect the result for the period. The ineffective element of the hedge is charged directly to the Consolidated Statement of Operations.

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

2.7. Securities available-for-sale

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

Available-for-sale securities are remeasured at fair value based on quoted prices or amounts derived from cash flow models. In circumstances where the quoted market prices are not readily available, the fair value of debt securities is estimated using the present value of future cash flows and the fair value of unquoted equity instruments is estimated using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the user.

Those available-for-sale financial assets that do not have a quoted market price and whose fair value cannot be reliably measured by other models mentioned above, are measured at cost, less allowance for permanent diminution in value, when appropriate.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

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

Loans and placements with other banks are stated at the principal amounts outstanding, net of allowance for loan or placements losses, respectively. Interest is accrued and credited to income based on the principal amount outstanding. When a borrower is unable to meet payments as they become due or, in the opinion of the management, there is an indication that a borrower may be unable to meet payments as they become due, all unpaid interests are reversed. Loan origination fees and costs are recognized in the Consolidated Statement of Operations in full at the time of the loan origination.

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

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

2.9. Sale and repurchase agreements

Where debt or equity securities are sold under a commitment to repurchase them at a pre-determined price, they remain on the balance sheet and the consideration received is recorded in Other liabilities. 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 Other assets. Interest is accrued over the life of the repurchase agreement.

2.10. Equity investments

Companies where the Bank has a significant interest are accounted for using the equity method. However, certain associated companies in which the Bank holds a significant interest have not been accounted for in accordance with the equity method because the effect of using the equity method to account for such companies is immaterial to the consolidated financial statements as a whole. Shares which are intended to be disposed of are included among securities available-for-sale.

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

2.11. Premises, equipment and intangible assets

Premises, equipment and intangible assets are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets based on the following annual percentages:

Buildings	1 – 20%
Machinery and equipment	2.5 – 50%
Vehicles	8.4 – 50%
Leased assets	14.5 – 33.3%
Software	12.5 – 50%
Property rights	10 – 50%

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

At each balance sheet date, the Group reviews the carrying value of its tangible and intangible assets to determine if there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent (if any) of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

2.12. Leases

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

The Group as lessor

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

2.12. Leases [continued]

The Group as lessee

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised at their fair value and depreciated over the useful lives of assets. The capital element of each future lease obligation is recorded as a liability, while the interest elements are charged to the Consolidated Statement of Operations over the period of the leases to produce a constant rate of charge on the balance of capital payments outstanding.

Payments made under operating leases are charged to the Consolidated Statement of Operations on a straight-line basis over the term of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.13. Properties held for resale

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

2.14. Insurance reserves

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

2.15. Treasury shares

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

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

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]**

2.16. Income taxes

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

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

2.17. Off-balance sheet commitments and contingent liabilities

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

The Group recognises an allowance when it has a present obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the obligation.

2.18. Share-based payments

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

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

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

2.19. Consolidated Statement of Cash Flow

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

2.20. Segment reporting

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

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

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

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

2.21. Comparative figures

Certain amounts in the 2004 consolidated financial statements have been reclassified to conform to the current year presentation.

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

	June 30, 2005	*December 31, 2004*
Cash on hand:		
In HUF	50,761	53,364
In foreign currency	21,928	19,298
	72,689	72,662
Due from banks and balances with the National Bank of Hungary:		
Within one year:		
In HUF	392,475	390,267
In foreign currency	4,185	2,958
	396,660	393,225
Total	469,349	465,887

Based on the requirements for compulsory reserve set by the National Bank of Hungary, the balance of compulsory reserves maintained by the Group amounted to HUF 119,318 million and HUF 110,214 million as at June 30, 2005 and December 31, 2004, respectively.

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

	June 30, 2005	*December 31, 2004*
Within one year:		
In HUF	36,538	126,866
In foreign currency	239,493	149,206
	276,031	276,072
Over one year:		
In HUF	3,000	--
In foreign currency	10,119	10,129
	13,119	10,129
	289,150	286,201
Allowance for placement losses	(33)	(1)
Total	289,117	286,200

Placements of foreign subsidiaries with their respective National Banks amounted to HUF 89,250 million and HUF 71,420 million as at June 30, 2005 and December 31, 2004, respectively.

Placements with other banks in foreign currency as at June 30, 2005 and December 31, 2004 bear interest rates in the range from 0.1% to 5.6% and from 0.4% to 7.0%, respectively.

Placements with other banks in HUF as at June 30, 2005 and December 31, 2004 bear interest rates in the range from 5% to 8.2% and from 8.5% to 12.5%, respectively.

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

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

	June 30, 2005	*December 31, 2004*
Balance as at January 1	1	182
Provision/(Release of provision) for placement losses	32	(181)
Closing balance	33	1

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

	June 30, 2005	*Restated December 31, 2004*
Securities held for trading:		
Discounted Treasury bills	3,102	40,225
Hungarian Government interest bearing Treasury bills	2,198	2,756
Government bonds	38,386	22,478
Mortgage bonds	900	680
Other securities	886	1,119
	45,472	67,258
Derivative financial instruments designated as held for trading	11,919	3,322
Total	57,391	70,580

Approximately 35.7% and 46% of the government bonds were denominated in foreign currency as at June 30, 2005 and December 31, 2004, respectively. Approximately 16.9%, 25.8%, 25.4%, and 31.9% of this portfolio was denominated in USD, EUR, SKK and BGN as at June 30, 2005, respectively, and 22.1%, 33.7%, and 44.2% of this portfolio was denominated in USD, EUR and BGN as at December 31, December 31, 2004, respectively.

Interest rates on securities held for trading are ranged from 3% to 12.3% and from 1.4% to 13.4% as at June 30, 2005 and December 31, 2004, respectively.

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

	June 30, 2005	*Restated December 31, 2004*
Within five years		
with variable interest	1,213	1,358
with fixed interest	25,831	55,795
	27,044	57,153

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

	June 30, 2005	*Restated December 31, 2004*
Over five years		
with variable interest	3,822	3,594
with fixed interest	14,474	6,356
	18,296	9,950
Non-interest bearing securities	132	155
Total	45,472	67,258

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

	June 30, 2005	*Restated December 31, 2004*
Available-for-sale securities:		
Government bonds	270,131	204,436
Discounted Treasury bills	50,853	49,949
Mortgage bonds	330	1,493
Other securities	61,306	39,957
	382,620	295,835

Approximately 76.1% and 77.3% of the available-for-sale securities portfolio was denominated in HUF as at June 30, 2005 and December 31, 2004, respectively.

Approximately 22.1% and 22.9% of the government bonds were denominated in foreign currency as at June 30, 2005 and December 31, 2004, respectively. Approximately 4.4%, 53.3%, 21.8%, and 20.5% of this portfolio was denominated in USD, EUR, HRK and BGN as at June 30, 2005, respectively, and 5%, 28.7%, 37.8%, and 28.5% of this portfolio was denominated in USD, EUR, SKK and BGN as at December 31, December 31, 2004, respectively.

Interest rates on securities available-for-sale are ranged from 1.6% to 12% and from 1.6% to 12.5% as at June 30, 2005 and December 31, 2004, respectively.

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

	June 30, 2005	*Restated December 31, 2004*
Within five years		
with variable interest	69,751	60,677
with fixed interest	224,311	179,957
	294,062	240,634

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

	June 30, 2005	*Restated December 31, 2004*
Over five years		
with variable interest	2,208	3,866
with fixed interest	64,279	32,175
	66,487	36,041
Non-interest bearing securities	22,071	19,160
Total	382,620	295,835

NOTE 7: LOANS, NET OF ALLOWANCE FOR LOAN LOSSES (in HUF mn)

	June 30, 2005	*December 31, 2004*
Loans and trade bills within one year	788,543	689,286
Loans and trade bills over one year	2,192,368	1,896,824
	2,980,911	2,586,110
Allowance for loan losses	(91,787)	(79,315)
Total	2,889,124	2,506,795

Foreign currency loans represent approximately 41.3% and 33.8% of the total loan portfolio, before allowance for losses, as June 30, 2005 and December 31, 2004, respectively.

Loans denominated in HUF, with maturity within one year as at June 30, 2005 and December 31, 2004, bear interest rates in the range from 3% to 29% and from 6% to 32%, respectively.

Loans denominated in HUF, with maturity over one year as at June 30, 2005 and December 31, 2004, bear interest rates in the range from 3% to 20.9% and from 4% to 22.8%, respectively.

Foreign currency loans as at June 30, 2005 and December 31, 2004, bear interest rates in the range from 2.1% to 35% and from 1% to 31%, respectively.

Approximately 4.5% and 3.9% of the gross loan portfolio represented loans on which interest is not being accrued as at June 30, 2005 and December 31, 2004, respectively.

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

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

	June 30, 2005		*December 31, 2004*	
Commercial loans	1,063,130	36%	920,606	36%
Municipality loans	117,342	4%	118,115	5%
Housing loans	1,120,089	37%	1,015,491	39%
Consumer loans	680,350	23%	531,898	20%
Total	2,980,911	100%	2,586,110	100%

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

	June 30, 2005	*December 31, 2004*
Balance as at January 1	79,315	64,156
Provision for loan losses	12,883	16,229
Write-offs	(570)	(835)
Foreign currency translation loss	159	(235)
Closing balance	91,787	79,315

NOTE 8: EQUITY INVESTMENTS (in HUF mn)

	June 30, 2005	*December 31, 2004*
Equity investments:		
Unconsolidated subsidiaries	8,431	8,389
Associated companies	718	141
Other	3,494	2,837
	12,643	11,367
Allowance for permanent diminution in value	(1,896)	(1,978)
Total	10,747	9,389
Total assets of unconsolidated subsidiaries	24,561	34,145

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

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

	June 30, 2005	*December 31, 2004*
Balance as at January 1	1,978	1,552
(Release of provision)/provision for permanent diminution in value	(103)	426
Foreign currency translation gain	21	--
Closing balance	1,896	1,978

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

	June 30, 2005	*December 31, 2004*
Government securities	218,484	226,355
Hungarian Government discounted Treasury Bills	2,972	6,125
Mortgage bonds	10,865	9,526
Other debt securities	6,604	5,283
	238,925	247,289
Allowance for permanent diminution in value	--	(30)
Total	238,925	247,259

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

	June 30, 2005	*December 31, 2004*
Within five years		
with variable interest	69,811	68,536
with fixed interest	88,366	106,492
	158,177	175,028
Over five years		
with variable interest	51,473	42,870
with fixed interest	29,275	29,391
	80,748	72,261
Total	238,925	247,289

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

Approximately 80.5% and 88.4% of the debt securities portfolio was denominated in HUF as at June 30, 2005 and December 31, 2004, respectively. In most cases, interests on variable rate bonds are based on the interest rates of 90-day Hungarian Government Treasury bills and are adjusted semi-annually.

Interest rates on fixed interest securities denominated in HUF are ranged from 2.1% to 13.8% and from 6.3% to 10% as at June 30, 2005 and December 31, 2004, respectively. Interest on fixed rate and variable rate securities is, in most cases, paid semi-annually.

The fair value of held-to-maturity investments was HUF 241,576 million and HUF 247,477 million as at June 30, 2005 and December 31, 2004, respectively.

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

	June 30, 2005	*December 31, 2004*
Balance as at January 1	30	30
Release of provision	(30)	--
Foreign currency translation loss	--	--
Closing balance	--	30

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

For the six month period ended June 30, 2005:

Cost	Intangible assets	Land and buildings	Machinery and equipment	Construction in progress	Total
Balance as at January 1, 2005	82,328	94,626	83,970	12,227	273,151
Acquisition of subsidiary	139	4,745	852	255	5,991
Net additions	38,533	2,305	6,187	--	47,025
Foreign currency translation differences	87	723	284	37	1,131
Net disposals	(119)	(1,266)	(5,526)	(1,062)	(7,973)
Balance as at June 30, 2005	120,968	101,133	85,767	11,457	319,325
Depreciation and Amortization					
Balance as at January 1, 2005	30,381	15,673	52,322	--	98,376
Net charge	3,416	1,236	5,636	--	10,288
Foreign currency translation differences	44	107	166	--	317
Net disposals	(9,541)	(200)	(4,254)	--	(13,969)
Balance as at June 30, 2005	24,300	16,816	53,870	--	95,012
Net book value					
Balance as at January 1, 2005	51,947	78,953	31,648	12,227	174,775
Balance as at June 30, 2005	96,668	84,317	31,897	11,457	224,313

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

An analysis of the changes in the goodwill and negative goodwill for the year ended June 30, 2005 is as follows:

Cost	Goodwill	Negative goodwill
Balance as at January 1, 2005	44,177	4,204
Additions	37,074	--
Foreign currency translation differences	532	--
Disposals from the effect of adopting revised IFRS	--	(4,204)
Balance as at June 30, 2005	81,783	--
Amortization		
Balance as at January 1, 2005	10,632	1,170
Charge	--	--
Disposals from the effect of adopting revised IFRS	--	(1,170)
Balance as at June 30, 2005	10,632	--
Net book value		
Balance as at January 1, 2005	33,545	3,034
Balance as at June 30, 2005	71,151	--

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

For the year ended December 31, 2004:

Cost	Intangible assets	Land and buildings	Machinery and equipment	Construction in progress	Total
Balance as at January 1, 2004	68,374	89,997	90,695	6,516	255,582
Acquisition of subsidiary	430	903	339	33	1,705
Net additions	17,421	5,508	22,637	5,724	51,290
Foreign currency translation differences	(93)	(882)	(198)	(46)	(1,219)
Net disposals	(3,804)	(900)	(29,503)	--	(34,207)
Balance as at December 31, 2004	82,328	94,626	83,970	12,227	273,151
Depreciation and Amortization					
Balance as at January 1, 2004	18,524	13,392	56,329	--	88,245
Net charge	13,602	2,482	13,066	--	29,150
Foreign currency translation differences	(36)	(31)	(91)	--	(158)
Net disposals	(1,709)	(170)	(16,982)	--	(18,861)
Balance as at December 31, 2004	30,381	15,673	52,322	--	98,376
Net book value					
Balance as at January 1, 2004	49,850	76,605	34,366	6,516	167,337
Balance as at December 31, 2004	51,947	78,953	31,648	12,227	174,775

An analysis of the changes in the goodwill and negative goodwill for the year ended December 31, 2004 is as follows:

Cost	Goodwill	Negative goodwill
Balance as at January 1, 2004	39,288	4,216
Additions	4,928	--
Foreign currency translation differences	(39)	--
Disposals	--	(12)
Balance as at December 31, 2004	44,177	4,204
Amortization		
Balance as at January 1, 2004	2,964	1,040
Charge	7,668	130
Balance as at December 31, 2004	10,632	1,170
Net book value		
Balance as at January 1, 2004	36,324	3,176
Balance as at December 31, 2004	33,545	3,034

NOTE 11: OTHER ASSETS (in HUF mn)

	June 30, 2005	*Restated December 31, 2004*
Property held for sale	12,622	13,289
Due from Hungarian Government for interest subsidies	38,325	19,964
Trade receivables	311	3,734
Advances for securities and investments	499	497
Taxes recoverable	2,157	1,438
Inventories	1,424	1,899
Other advances	5,880	3,250
Receivables from leasing activities	12,545	13,391
Receivables due from insurance bond holders	2,028	1,667
Receivables due from pension funds and fund management	1,696	1,283
Prepayments and accrued income	11,183	6,793
Receivables from investing services	150	203
Fair value of derivative financial instruments	245	812
Other	16,238	9,391
	105,303	77,611
Allowance for losses on other assets	(3,115)	(3,372)
Total	102,188	74,239

Allowance for losses on other assets mainly consists of allowances for property held for sale, trade receivables, receivables from leasing activities and reinsurance receivables.

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

	June 30, 2005	*December 31, 2004*
Balance as at January 1	3,372	3,939
(Release of provision) for losses on other assets	(231)	(569)
(Credit)	(45)	--
Foreign currency translation loss	19	2
Closing balance	3,115	3,372

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

	June 30, 2005	*December 31, 2004*
Within one year:		
In HUF	59,868	18,366
In foreign currency	170,646	119,574
	230,514	137,940
Over one year:		
In HUF	9,513	8,609
In foreign currency	166,857	107,576
	176,370	116,185
Total	406,884	254,125

Due to banks and deposits from the National Bank of Hungary and other banks payable in HUF within one year as at June 30, 2005 and December 31, 2004, bear interest rates in the range from 6% to 9.5% and from 8.9% to 12%, respectively.

Due to banks and deposits from the National Bank of Hungary and other banks payable in HUF over one year as at June 30, 2005 and December 31, 2004, bear interest rates in the range from 3% to 5.3% and from 3% to 9.5%, respectively.

Due to banks and deposits from the National Bank of Hungary and other banks payable in foreign currency within one year as at June 30, 2005 and December 31, 2004, bear interest rates in the range from 0.1% to 7.6% and from 0.5% to 17.4%, respectively.

Due to banks and deposits from the National Bank of Hungary and other banks payable in foreign currency over one year as at June 30, 2005 and December 31, 2004, bear interest rates in the range from 0.5% to 6.5% and from 0.5% to 6%, respectively.

NOTE 13: DEPOSITS FROM CUSTOMERS (in HUF mn)

	June 30, 2005	*December 31, 2004*
Within one year:		
In HUF	2,006,586	2,071,188
In foreign currency	1,046,133	769,103
	3,052,719	2,840,291
Over one year:		
In HUF	89,538	60,654
In foreign currency	4,328	1,245
	93,866	61,899
Total	3,146,585	2,902,190

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

Deposits from customers payable in HUF within one year as at June 30, 2005 and December 31, 2004, bear interest rates in the range from 0.3% to 7% and from 0.5% to 9.9%, respectively.

Deposits from customers payable in HUF over one year as at June 30, 2005 and December 31, 2004, bear interest rates in the range from 2% to 4.3% and from 3% to 6.5%, respectively.

Deposits from customers payable in foreign currency within one year as at June 30, 2005 and December 31, 2004, bear interest rates in the range from 0.1% to 20% and from 0.1% to 21%, respectively.

Deposits from customers payable in foreign currency over one year as at June 30, 2005 and December 31, 2004, bear interest rates in the range from 2.3% to 19% and from 2% to 19%, respectively.

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

	June 30, 2005		*December 31, 2004*	
Commercial deposits	564,848	18%	549,830	19%
Municipality deposits	160,590	5%	196,515	7%
Consumer deposits	2,421,147	77%	2,155,845	74%
Total	3,146,585	100%	2,902,190	100%

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

	June 30, 2005	*December 31, 2004*
With original maturity:		
Within one year	57,613	66,949
Over one year	268,093	250,273
Total	325,706	317,222

76.4% and 78.1% of issued securities are denominated in HUF as at June 30, 2005 and December 31, 2004, and bear interest rates in the range from 1.4% to 12% and from 1.2% to 12%, respectively.

NOTE 15: OTHER LIABILITIES (in HUF mn)

	June 30, 2005	*Restated December 31, 2004*
Deferred tax liabilities	459	2,175
Taxes payable	18,128	7,224
Giro clearing accounts	26,870	10,250
Accounts payable	6,317	14,199
Insurance reserves	113,435	98,591
Salaries and social security payable	9,405	12,140
Liability from security trading	16,014	17,041
Allowance for losses on off-balance sheet commitments and contingent liabilities	5,580	7,378
Dividends payable	691	566
Advances received from customers	9,301	2,400
Accrued expenses	16,374	14,565
Loan for collection	1,999	2,005
Suspense accounts	2,719	829
Fair value of derivative financial instruments designated as hedge accounting relationship	5,964	1,987
Fair value of derivative financial instruments designated as held for trading	8,800	1,200
Liabilities from trading activities (repurchase agreement)	--	12,523
Other	14,689	8,725
Total	256,745	213,798

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

	June 30, 2005	*December 31, 2004*
Allowance for litigation	1,671	1,430
Allowance for losses on off-balance sheet commitments and contingent liabilities	3,384	4,460
Other allowances (for expected liabilities)	218	1,126
Allowance for housing warranties	307	362
Total	5,580	7,378

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

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

As part of its operations, until 1991, the Bank financed and constructed residential accommodations for resale on which it was required to provide a ten year guarantee against defective workmanship. The Bank has recourse against the constructors for any claims. The recovery of such claims is, however, dependent upon the financial status of the constructors, which is impaired in certain cases. An allowance has been recorded to account for the estimated possible future losses due to housing warranties. The allowance for housing warranties for pre 1991 construction was reversed by June 30, 2005 in line with the expenses related to housing warranties. The remaining allowance for housing warranties relates to warranties from OTP Real Estate Ltd.

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

	June 30, 2005	*December 31, 2004*
Balance as at January 1	7,378	8,357
(Release of provision) for possible off-balance sheet commitments and contingent liabilities	(2,673)	(924)
(Release of allowance) for housing warranties		(76)
Additions through business combinations	883	21
Closing balance	5,580	7,378

Movements in insurance reserves can be summarized as follows:

	June 30, 2005	*December 31, 2004*
Balance as at January 1	98,591	84,201
Net increase in insurance reserves	14,844	14,390
Closing balance	113,435	98,591

NOTE 16: SUBORDINATED BONDS AND LOANS

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

NOTE 16: SUBORDINATED BONDS AND LOANS [continued]

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

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

Other subordinated bond consists of a EUR 5 million subordinated loan from DEG (Deutsche Investitions und Entwicklungsgesellschaft mbH, Koln, Germany), with an original maturity of November 15, 2009. The loan is unsecured and has a twelve-year maturity, with interest payable at six-month EURIBOR + 4.5%.

NOTE 17: SHARE CAPITAL (in HUF mn)

	June 30, 2005	*December 31, 2004*
Authorized, issued and fully paid:		
Common shares	28,000	28,000
	28,000	28,000

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

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

	June 30, 2005	*December 31, 2004*
Balance as at January 1	431,127	309,220
Fair value adjustment of available-for-sale securities recognised through equity	5,709	6,966
Share-based payment	2,853	2,348
Net income after income taxes	76,403	131,506
Gain on sale of treasury shares	1,773	1,960
Foreign currency translation gain/(loss)	3,309	(2,740)
Derivative financial instruments designated as cash-flow hedge	(2,232)	(1,333)
Derecognition of opening balance of negative goodwill	3,034	--

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

	June 30, 2005	*December 31, 2004*
Changes deriving from different classifications	(1,627)	--
Dividends	(41,206)	(16,800)
Closing balance	479,143	431,127

The Bank's unconsolidated reserves under Hungarian Accounting Standards were HUF 303,985 million and HUF 243,848 million as at June 30, 2005 and December 31, 2004, respectively.

Of these amounts, legal reserves represent HUF 79,288 million and HUF 66,395 million as at June 30, 2005 and December 31, 2004, respectively. The legal reserves are not available for distribution.

The Annual General Meeting on April 29, 2004 decided that the Bank distributes HUF 16,800 million dividend for the year ended December 31, 2003.

The Annual General Meeting on April 29, 2005 decided that the Bank would pay HUF 41,206 million dividend for the year ended December 31, 2004.

NOTE 19: TREASURY SHARES (in HUF mn)

	June 30, 2005	*December 31, 2004*
Nominal value (Common Shares)	1,736	1,801
Carrying value at acquisition cost	31,704	25,867

NOTE 20: MINORITY INTEREST (in HUF mn)

	June 30, 2005	*December 31, 2004*
Balance as at January 1	425	432
Minority interest purchased	398	(18)
Foreign currency translation gain/(loss)	25	(1)
Minority interest included in net income	28	12
Closing balance	876	425

NOTE 21: OTHER EXPENSES (in HUF mn)

	Six month period ended June 30, 2005	*Six month period ended June 30, 2004*
(Release of provision) for securities held-to-maturity	(30)	--
(Release of provision)/provision for permanent diminution in value of equity investments	(103)	32
(Release of provision)/provision for other assets	(231)	292
(Release of provision)/provision for off-balance sheet commitments and contingent liabilities	(2,697)	529
Administration expenses, including rent	13,926	12,262
Advertising	2,900	2,332
Taxes, other than income taxes	7,964	6,895
Special tax for banks	4,784	--
Services	10,426	9,745
Professional fees	2,432	2,050
Other	4,279	1,132
Total	43,650	35,269

NOTE 22: INCOME TAXES (in HUF mn)

The Group is presently liable for income tax at rates of 15%, 16%, 19%, 20% and 30% of taxable income. The 15% rate relates to the Bank's subsidiaries incorporated in Bulgaria. The 16% rate relates to the Bank and its subsidiaries incorporated in Hungary and Romania. The 19% rate relates to the Bank's subsidiaries incorporated in Slovakia. The 20% rate relates to the Bank's subsidiaries incorporated in Croatia and the 30% rate relates to the Bank's United Kingdom subsidiary.

Deferred tax is calculated at the income tax rate of 16% in Hungary and Romania and 15% in Bulgaria, as these are the income tax rates effective from January 1, 2005.

A reconciliation of the income tax charges is as follows:

	Six month period ended June 30, 2005	*Six month period ended June 30, 2004*
Current tax	16,497	13,187
Deferred tax	(455)	(861)
Total	16,042	12,326

NOTE 22: INCOME TAXES (in HUF mn) [continued]

A reconciliation of the deferred tax liability is as follows:

	Six month period ended June 30, 2005	*Six month period ended June 30, 2004*
Balance as at January 1	(2,175)	(2,579)
Tax effect of purchase of subsidiary undertakings	2,165	--
Foreign currency translation (loss)/gain	(43)	51
Deferred tax income	455	861
Recognised in retained earnings and reserves	(861)	(109)
Closing balance	(459)	(1,776)

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

	Six month period ended June 30, 2005	*Six month period ended June 30, 2004*
Premium and discount amortization on investment securities	106	87
Provision for losses on off-balance sheet commitments and contingent liabilities, on derivative financial instruments	9	5
Difference in accounting for finance leases	154	27
Fair value adjustment of held for trading and available-for-sale financial assets	--	678
Fair value adjustment of derivative financial instruments	1,117	--
Repurchase aggreement	2	--
Other	2,242	116
Deferred tax asset	3,630	913
Fair value adjustment of held for trading and available-for-sale financial assets	(1,816)	--
Fair value adjustment of derivative financial instruments	--	(113)
Repurchase aggreement	--	--
Fixed assets	(1,972)	(2,144)
Temporary differences arising on consolidation	(301)	(432)
Deferred tax liability	(4,089)	(2,689)
Deferred tax liability, net	(459)	(1,776)

NOTE 23: FINANCIAL INSTRUMENTS

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

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

Credit risk

The Group takes on exposure to credit risk which is the risk that a counter-party will be unable to pay amounts in full when due. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or Banks of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review. The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on and off-balance sheet exposures and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

Market risk

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

Foreign currency risk

See Note 32.

Liquidity risk

See Note 33.

Interest rate risk

See Note 34.

NOTE 24: OFF-BALANCE SHEET ITEMS AND DERIVATIVE FINANCIAL INSTRUMENTS (in HUF mn)

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

(a) Contingent liabilities

	June 30, 2005	*December 31, 2004*
Commitments to extend credit	568,026	464,843
Guarantees arising from banking activities	197,402	98,514
Confirmed letters of credit	5,005	3,094
Legal disputes	2,607	2,567
Others	123	113
Total	773,163	569,131

Commitments to extend credit, from guarantees and letters of credit

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct borrowing.

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

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

NOTE 24: OFF-BALANCE SHEET ITEMS AND DERIVATIVE FINANCIAL INSTRUMENTS (in HUF mn) [continued]

(a) Contingent liabilities [continued]

Legal disputes

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

The Group believes that the various asserted claims and litigations in which it is involved will not materially affect its financial position, future operating results or cash flows, although no assurance can be given with respect to the ultimate outcome of any such claim or litigation.

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

	June 30, 2005	*Restated December 31, 2004*
Foreign currency contracts		
Assets	33,454	35,946
Liabilities	(35,043)	(38,672)
Net	(1,589)	(2,726)
Net fair value	(3,063)	(3,636)
Foreign exchange swaps and interest rate swaps designated as held for trading		
Assets	462,637	278,077
Liabilities	(490,830)	(288,168)
Net	(28,193)	(10,091)
Net fair value	(30,507)	11,775
Foreign exchange swaps and interest rate swaps designated as hedge accounting relationships		
Assets	35,346	27,873
Liabilities	(32,394)	(21,672)
Net	2,952	6,201
Net fair value	4,134	6,612
Option contracts		
Assets	2,205	2,205
Liabilities	(341)	--
Net	1,864	2,205
Net fair value	1,864	2,205
Other options		
Assets	--	6,834
Liabilities	--	(704)
Net	--	6,130
Net fair value	--	6,130

NOTE 24: OFF-BALANCE SHEET ITEMS AND DERIVATIVE FINANCIAL INSTRUMENTS (in HUF mn) [continued]

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

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

As June 30, 2005, the Group has derivative instruments with positive fair values of HUF 12,164 million and negative fair values of HUF 14,764 million. Positive fair values of derivative instruments designated as hedge accounting relationships are included in other assets, while positive fair values of derivative instruments designated as held for trading are included in financial assets at fair value through statements of operations. Negative fair values of derivative instruments are included in other liabilities. Corresponding figures as at December 31, 2004 are HUF 4,134 million and HUF 3,187 million.

Foreign currency contracts

Foreign currency contracts are agreements to exchange specific amounts of currencies at a specified rate of exchange, at a spot date (settlement occurs two days after the trade date) or at a forward date (settlement occurs more than two days after the trade date). The notional amount of these contracts does not represent the actual market or credit risk associated with these contracts.

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

Foreign exchange swaps and interest rate swaps

The Group enters into foreign-exchange swap and interest rate swap transactions. The swap transaction is a complex agreement concerning to the swap of certain financial instruments, which usually consist of a prompt and one or more futures contracts.

Interest rate swaps obligate two parties to exchange one or more payments calculated with reference to fixed or periodically reset rates of interest applied to a specific notional principal amount. Notional principal is the amount upon which interest rates are applied to determine the payment streams under interest rate swaps. Such notional principal amounts often are used to express the volume of these transactions but are not actually exchanged between the counter-parties.

NOTE 24: OFF-BALANCE SHEET ITEMS AND DERIVATIVE FINANCIAL INSTRUMENTS (in HUF mn) [continued]

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

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

Forward rate agreements

A forward rate agreement is an agreement to settle amounts at a specified future date based on the difference between an interest rate index and an agreed upon fixed rate. Market risk arises from changes in the market value of contractual positions caused by movements in interest rates.

The Group limits its exposure to market risk by entering into generally matching or offsetting positions and by establishing and monitoring limits on unmatched positions. Credit risk is managed through approval procedures that establish specific limits for individual counterparties. The Group's forward rate agreements were transacted for management of interest rate exposures and have been accounted for at mark-to-market fair value.

For an analysis of the allowance for losses on off balance sheet commitments and contingent liabilities, see Note 15.

NOTE 25: SHARE-BASED PAYMENTS

The 2001 Annual General Meeting approved a five year share option and bonus program for the years 2000 to 2004 granting options and bonus shares on an annual basis. Such options are subject to IFRS 2 for the years 2003 and 2004, the grant date is December 31, 2002.

The exercise price of the share options related to the years 2003 and 2004 is equal to half of the average market price of the month before the Annual General Meeting.

The 2005 Annual General Meeting approved a five year share option program for the years 2005 to 2009 under which options are granted annually. Such options are subject to IFRS 2 and have a grant date of April 29, 2005. The maximum number of shares which are available is 2.92 million in a year.

The exercise prices of the options for each year for the years 2005 to 2009 is equal to the average market price of OTP shares in the two month period ending on the last day of the month of the Annual General Meeting.

NOTE 25: SHARE-BASED PAYMENTS [continued]

The exercise period of the share options granted for the years of 2003 and 2004 is one year and of the five year share option program for the years 2005 to 2009 is two years. The exercise period of the option program for the years 2005 to 2009 must be opened after the actual year but not later than August 31. If the options remain unexercised before the end of the exercise period, such options expire. Additionally, options are forfeited if the employee leaves the Bank before the options vest.

	For the six month period ended June 30, 2004		*For the six month period ended June 30, 2005*	
	Options (piece of shares)	Weighted average exercise price (in HUF)	Options (piece of shares)	Weighted average exercise price (in HUF)
Outstanding at beginning of period	3,599,930	2,548	3,575,930	2,552
Granted during the period	-	-	3,350,000	6,075
Forfeited during the period	-	-	-	-
Exercised during the period	24,000	1,980	1,767,930	1,984
Expired during the period	-	-	-	-
Outstanding at the end of the period	3,575,930	2,552	5,158,000	5,035
Exercisable at the end of the period	1,761,930	1,980	2,258,000	3,107

The weighted average share price at the date of exercise for share options of the year of 2003 exercised during the six month period ended June 30, 2005 was HUF 6,116. The options outstanding at 30 June 2005 had a weighted average exercise price of HUF 5,035 with a weighted average remaining contractual life of 26 months.

The inputs into the Binominal model are as follows:

	2003	*2004*	*2005*
Weighted average share price (HUF)	2,210	2,210	6,060
Weighted average exercise price (HUF)	1,211	1,264	6,536
Expected volatility (%)	25	30	35
Expected life (average year)	2,42	3,42	3,34
Risk free rate (%)	7,30	7,17	7,46
Expected dividends (%)	1,24	1,24	2,41

Expected volatility was determined by calculating the historical volatility of the Bank's share price over the previous three months. 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 2,853 million and HUF 1,174 million has been recognised as an expense for the six month periods ended June 30, 2005 and 2004, respectively.

NOTE 26: RELATED PARTY TRANSACTIONS

The members of the Board of Directors and the Supervisory Board had credit lines of HUF 225 million and HUF 194 million as at June 30, 2005 and December 31, 2004. Such credit is made available at normal market conditions.

In the normal course of business, the Bank gives loans and provides services to other related parties at normal market conditions. The amount of these loans was HUF 296 million and HUF 294 million, with commitments to extend credit and guarantees of HUF 115 million and HUF 126 million as at June 30, 2005 and December 31, 2004, respectively.

The amount of loans extended to unconsolidated subsidiaries was HUF 11,533 million and HUF 16,991 million as at June 30, 2005 and December 31, 2004, respectively.

NOTE 27: CASH AND CASH EQUIVALENTS (in HUF mn)

	June 30, 2005	*December 31, 2004*
Cash, due from banks and balances with the National Bank of Hungary	469,349	465,887
Compulsory reserve established by the National Bank of Hungary	(119,318)	(110,214)
	350,031	355,673

NOTE 28: CASH-FLOW STATEMENT (in HUF mn)

a. Purchase and consolidation of subsidiary undertakings

On March 10, 2005 the Group completed the acquisition of 93.6% of the shares of Nova banka d.d., a Croatian bank. The purchase price of Nova banka d.d. of EUR 236 million was provided in cash.

On July 30, 2004 the Group completed the acquisition of 100% of the shares of RoBank S.A., a Romanian bank. The purchase price of RoBank S.A. of USD 47.5 million was provided in cash.

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

	Six month period ended June 30, 2005 Nova banka d.d.	*Year ended December 31, 2004 RoBank S.A.*
Cash, due from banks, and balances with the National Bank	(2,270)	(326)
Placements with other banks, net of allowance for placement losses	(73,431)	(14,046)
Financial assets at fair value through statements of operations	--	--
Securities available-for-sale	(40,929)	(214)
Loans, net of allowance for loan losses	(122,056)	(17,856)
Accrued interest receivable	(1,643)	(225)
Equity investment	(669)	(35)
Debt securities held-to-maturity	(1,168)	(375)
Premises, equipment and intangible assets	(5,359)	(1,705)
Other assets	(3,956)	(1,011)
Due to banks and deposits from the National Bank and other banks	9,201	5,469
Deposits from customers	212,841	25,001
Accrued interest payable	1,566	376
Other liabilities	4,509	106
Subordinated loans	1,233	--
Minority interest	394	--
	(21,737)	(4,841)
Goodwill	(37,074)	(4,926)
Cash consideration	(58,811)	(9,767)

NOTE 28: CASH-FLOW STATEMENT (in HUF mn) [continued]

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

	Six month period ended June 30, 2005	*Year ended December 31, 2004*
Cash consideration	(58,811)	(9,767)
Cash acquired	2,270	326
Net cash outflow	(56,541)	(9,441)

NOTE 29: MAJOR SUBSIDIARIES

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

Name	Ownership (Direct and Indirect)		Activity
	June 30, 2005	*December 31, 2004*	
OTP Garancia Insurance Ltd.	100.00%	100.00%	insurance
OTP Real Estate Ltd.	100.00%	100.00%	real estate management and development
OTP Real Estate Management Ltd.	--	100.00%	real estate management
HIF Ltd. (United Kingdom)	100.00%	100.00%	forfeiting
Merkantil Bank Ltd.	100.00%	100.00%	financing car purchases
Merkantil Car Ltd.	100.00%	100.00%	financing car purchases, leasing
OTP Building Society Ltd.	100.00%	100.00%	financing flat purchase and reconstruction
Bank Center No. 1. LLC	100.00%	100.00%	letting real estates
OTP Factoring Ltd.	100.00%	100.00%	work-out
Inga Companies	100.00%	100.00%	property management
OTP Fund Management Ltd.	100.00%	100.00%	fund management
OTP Mortgage Bank Company Ltd.	100.00%	100.00%	mortgage lending
OTP Funds Servicing and Consulting Ltd.	100.00%	100.00%	fund services
OTP Banka Slovensko, a. s. (Slovakia)	97.23%	97.23%	commercial banking services
DSK Bank EAD (Bulgaria)	100.00%	100.00%	commercial banking services
RoBank S.A. (Romania)	100.00%	100.00%	commercial banking services
Nova banka d.d. (Croatia)	98.26%	--	commercial banking services

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 Consolidated Balance Sheet. The total amount of such loans managed by the Bank as a trustee amounted to HUF 46,435 million and HUF 47,301 million as at June 30, 2005 and December 31, 2004, respectively.

NOTE 31: CONCENTRATION OF ASSETS AND LIABILITIES

Approximately 20.2% and 22.5% of the Group's total assets consist of receivables from, or securities issued by, the Hungarian Government or the National Bank of Hungary as at June 30, 2005 and December 31, 2004, respectively.

NOTE 32: NET FOREIGN CURRENCY POSITION AND FOREIGN CURRENCY RISK (in HUF mn)

As at June 30, 2005

	USD	EUR	Others	Total
Assets	157,990	654,453	866,484	1.678,927
Liabilities	(159,500)	(636,450)	(756,711)	(1.552,661)
Off-balance sheet assets and liabilities, net	(7,702)	(38,285)	(81,687)	(127,674)
Net position	**(9,212)**	**(20,282)**	**28,086**	**(1,408)**

As at December 31, 2004

	USD	EUR	Others	Total
Assets	121,154	421,323	623,386	1,165,863
Liabilities	(115,360)	(417,814)	(567,746)	(1,100,920)
Off-balance sheet assets and liabilities, net	(16,449)	286	(30,990)	(47,153)
Net position	**(10,655)**	**3,795**	**24,650**	**17,790**

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

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

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

As at June 30, 2005	Within 3 months	Within one year and over 3 months	Within 5 years and over one year	Over 5 years	Total
Cash, due from banks and balances with the National Bank of Hungary	469,349	--	--	--	469,349
Placements with other banks, net of allowance for placement losses	251,775	20,100	17,474	(232)	289,117
Financial assets at fair value through statements of operations	5,895	4,655	27,720	19,121	57,391
Securities available-for-sale	29,516	98,078	159,263	95,763	382,620
Loans, net of allowance for loan losses	269,417	454,119	1,071,442	1,094,146	2,889,124
Accrued interest receivable	25,037	3,129	556	496	29,218
Equity investments	--	--	--	10,747	10,747
Debt securities held-to-maturity	33,625	56,849	78,024	70,427	238,925
Premises, equipment and intangible assets, net	7,970	639	64,982	150,722	224,313
Other assets	70,204	17,900	10,148	3,936	102,188
TOTAL ASSETS	**1,162,788**	**655,469**	**1,429,609**	**1,445,126**	**4,692,992**
Due to banks and deposits from the National Bank of Hungary and other banks	139,231	90,951	119,764	56,938	406,884
Deposits from customers	2,823,660	251,787	59,097	12,041	3,146,585
Liabilities from issued securities	16,184	47,061	49,608	212,853	325,706
Accrued interest payable	23,024	7,463	2,841	162	33,490
Other liabilities	117,798	12,339	36,157	90,451	256,745
Subordinated bonds and loans	--	--	9,482	37,785	47,267
TOTAL LIABILITIES	**3,119,897**	**409,601**	**276,949**	**410,230**	**4,216,677**
Share capital	--	--	--	28,000	28,000
Retained earnings and reserves	--	--	--	479,143	479,143
Treasury shares	(100)	(15,321)	(16,282)	(1)	(31,704)
Minority interests	--	--	--	876	876
TOTAL SHAREHOLDERS' EQUITY	**(100)**	**(15,321)**	**(16,282)**	**508,018**	**476,315**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,119,797**	**394,280**	**260,667**	**918,248**	**4,692,992**
LIQUIDITY (DEFICIENCY)/EXCESS	**(1,957,009)**	**261,189**	**1,168,942**	**526,878**	**--**

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

As at December 31, 2004 (Restated)	Within 3 months	Within one year and over 3 months	Within 5 years and over one year	Over 5 years	Total
Cash, due from banks and balances with the National Bank of Hungary	465,887	--	--	--	465,887
Placements with other banks, net of allowance for placement losses	258,986	17,147	9,755	312	286,200
Financial assets at fair value through statements of operations	27,930	25,458	7,103	10,089	70,580
Securities available-for-sale	33,535	46,717	161,313	54,270	295,835
Loans, net of allowance for loan losses	221,991	406,757	1,022,698	855,349	2,506,795
Accrued interest receivable	27,677	2,738	622	363	31,400
Equity investments	--	--	--	9,389	9,389
Debt securities held-to-maturity	1,577	63,378	113,186	69,118	247,259
Premises, equipment and intangible assets, net	(2,719)	1,056	45,670	130,768	174,775
Other assets	41,503	17,706	14,311	719	74,239
TOTAL ASSETS	**1,076,367**	**580,957**	**1,374,658**	**1,130,377**	**4,162,359**
Due to banks and deposits from the National Bank of Hungary and other banks	76,319	61,340	98,175	18,291	254,125
Deposits from customers	2,619,350	220,945	55,693	6,202	2,902,190
Liabilities from issued securities	24,780	42,159	42,222	208,061	317,222
Accrued interest payable	15,451	8,574	2,891	99	27,015
Other liabilities	104,237	10,131	30,624	68,806	213,798
Subordinated bonds and loans	--	--	9,324	5,000	14,324
TOTAL LIABILITIES	**2,840,137**	**343,149**	**238,929**	**306,459**	**3,728,674**
Share capital	--	--	--	28,000	28,000
Retained earnings and reserves	--	--	--	431,127	431,127
Treasury shares	(327)	(14,659)	(1,300)	(9,581)	(25,867)
Minority interests	--	--	--	425	425
TOTAL SHAREHOLDERS' EQUITY	**(327)**	**(14,659)**	**(1,300)**	**449,971**	**433,685**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,839,810**	**328,490**	**237,629**	**756,430**	**4,162,359**
LIQUIDITY (DEFICIENCY)/EXCESS	**(1,763,443)**	**252,467**	**1,137,029**	**373,947**	**--**

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

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

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

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

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

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2005

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

As at June 30, 2005

NOTE 33: INTEREST RATE RISK MANAGEMENT (in HUF mn) [continued]

As at June 30, 2005

	Within 1 month		Over 1 month and Within 3 months		Over 3 months and Within 12 months		Over 1 year and Within 2 years		Over 2 years		Non-interest-bearing		Total		Total
	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	
ASSETS															
Cash, due from banks and balances with the National Bank of Hungary	**392.114**	**2.992**	**539**	**70**	--	**61**	--	--	--	--	**50.582**	**22.991**	**443.235**	**26.114**	**469.349**
fixed rate	*391.223*	*2.371*	--	*70*	--	*61*	--	--	--	--	--	--	*391.223*	*2.502*	*393.725*
variable rate	*891*	*621*	*539*	--	--	--	--	--	--	--	--	--	*1.430*	*621*	*2.051*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	*50.582*	*22.991*	*50.582*	*22.991*	*73.573*
Placements with other banks, net of allowance for possible placement losses	**30.770**	**127.669**	**6.180**	**15.818**	--	**9.254**	**3.300**	**84**	**24**	**40.854**	--	**55.164**	**40.274**	**248.843**	**289.117**
fixed rate	*30.770*	*112.095*	*6.180*	*12.377*	--	*9.254*	*3.300*	*84*	*24*	*40.477*	--	--	*40.274*	*174.287*	*214.561*
variable rate	--	*15.574*	--	*3.441*	--	--	--	--	--	*377*	--	--	--	*19.392*	*19.392*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	--	*55.164*	--	*55.164*	*55.164*
Securities held for trading	**138**	**3.702**	**3.566**	**516**	**4.127**	**25**	**2.121**	**1.560**	**20.592**	**8.993**	**111**	**21**	**30.655**	**14.817**	**45.472**
fixed rate	*138*	--	*2.830*	--	*4.038*	*25*	*2.121*	*1.560*	*20.592*	*8.993*	--	--	*29.719*	*10.578*	*40.297*
variable rate	--	*3.702*	*736*	*516*	*89*	--	--	--	--	--	--	--	*825*	*4.218*	*5.043*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	*111*	*21*	*111*	*21*	*132*
Securities available-for-sale	**6.831**	**5.059**	**67.810**	**12.034**	**60.417**	**18.464**	**13.335**	**5.855**	**118.451**	**49.813**	**23.622**	**929**	**290.466**	**92.154**	**382.620**
fixed rate	*4.995*	*128*	*22.953*	*1.678*	*60.248*	*10.009*	*13.335*	*5.855*	*118.451*	*49.813*	--	--	*219.982*	*67.483*	*287.465*
variable rate	*1.836*	*4.931*	*44.857*	*10.356*	*169*	*8.455*	--	--	--	--	--	--	*46.862*	*23.742*	*70.604*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	*23.622*	*929*	*23.622*	*929*	*24.551*
Loans	**754.828**	**656.725**	**15.935**	**77.660**	**217.229**	**343.914**	**31.537**	**28.721**	**652.677**	**95.728**	**6.476**	**7.694**	**1.678.682**	**1.210.442**	**2.889.124**
fixed rate	*2.139*	*10.173*	*7.805*	*5.918*	*8.910*	*14.840*	*6.222*	*10.162*	*14.036*	*35.837*	--	--	*39.112*	*76.930*	*116.042*
variable rate	*752.689*	*646.552*	*8.130*	*71.742*	*208.319*	*329.074*	*25.315*	*18.559*	*638.641*	*59.891*	--	--	*1.633.094*	*1.125.818*	*2.758.912*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	*6.476*	*7.694*	*6.476*	*7.694*	*14.170*
Debt securities held-to-maturity	**991**	**12.433**	**29.640**	**1.202**	**116.782**	**5.104**	**9.884**	**7.455**	**34.881**	**20.015**	--	**538**	**192.178**	**46.747**	**238.925**
fixed rate	--	*11.487*	*11.672*	*513*	*27.124*	*5.104*	*9.884*	*7.455*	*34.881*	*20.015*	--	--	*83.561*	*44.574*	*128.135*
variable rate	*991*	*946*	*17.968*	*689*	*89.658*	--	--	--	--	--	--	--	*108.617*	*1.635*	*110.252*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	--	*538*	--	*538*	*538*
Fair value of derivative financial instruments	**118.268**	**91.643**	**40.247**	**52.635**	**93.187**	**2.236**	**5.131**	--	**15.174**	**3.972**	--	--	**272.007**	**150.486**	**422.493**
fixed rate	*116.400*	*82.489*	*25.247*	*9.359*	*64.169*	*2.005*	*5.131*	--	*15.174*	*3.972*	--	--	*226.121*	*97.825*	*323.946*
variable rate	*1.868*	*9.154*	*15.000*	*43.276*	*29.018*	*231*	--	--	--	--	--	--	*45.886*	*52.661*	*98.547*

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

As at June 30, 2005

NOTE 33: INTEREST RATE RISK MANAGEMENT (in HUF mn) [continued]

As at June 30, 2005

	Within 1 month		Over 1 month and Within 3 months		Over 3 months and Within 12 months		Over 1 year and Within 2 years		Over 2 years		Non-interest-bearing		Total		Total
	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	
LIABILITIES															
Due to banks and deposits from the National Bank of Hungary and other banks	**68.291**	**73.084**	--	**78.114**	**804**	**46.736**	**1**	**23.505**	**3**	**112.447**	--	**3.899**	**69.099**	**337.785**	**406.884**
fixed rate	*54.802*	*63.071*	--	*60.697*	*54*	*35.444*	*1*	*22.832*	*3*	*110.547*	--	--	*54.860*	*292.591*	*347.451*
variable rate	*13.489*	*10.013*	--	*17.417*	*750*	*11.292*	--	*673*	--	*1.900*	--	--	*14.239*	*41.295*	*55.534*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	--	*3.899*	--	*3.899*	*3.899*
Deposits from customers	**1.796.745**	**749.076**	**225.498**	**183.907**	**32.838**	**81.137**	**7.309**	**677**	**36.574**	**1.607**	**2.204**	**29.013**	**2.101.168**	**1.045.417**	**3.146.585**
fixed rate	*649.866*	*254.845*	*224.683*	*84.463*	*32.577*	*58.396*	*7.309*	*299*	*36.574*	*297*	--	--	*951.009*	*398.300*	*1.349.309*
variable rate	*1.146.879*	*494.231*	*815*	*99.444*	*261*	*22.741*	--	*378*	--	*1.310*	--	--	*1.147.955*	*618.104*	*1.766.059*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	*2.204*	*29.013*	*2.204*	*29.013*	*31.217*
Liabilities from issued securities	**15.079**	**1.188**	**30.212**	**173**	**42.304**	**6.565**	**5.444**	**3.243**	**155.887**	**65.597**	**3**	**11**	**248.929**	**76.777**	**325.706**
fixed rate	*3.291*	*1.188*	*8.915*	*173*	*42.304*	*6.565*	*5.444*	*3.243*	*155.887*	*65.597*	--	--	*215.841*	*76.766*	*292.607*
variable rate	*11.788*	--	*21.297*	--	--	--	--	--	--	--	--	--	*33.085*	--	*33.085*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	*3*	*11*	*3*	*11*	*14*
Fair value of derivative financial instruments in other liabilities	**27.871**	**177.272**	**32.482**	**59.204**	**31.983**	**37.540**	**4.994**	--	**45.747**	**4.149**	--	--	**143.077**	**278.165**	**421.242**
fixed rate	*26.724*	*171.246*	*21.803*	*12.869*	*26.121*	*37.540*	*4.994*	--	*45.747*	*4.149*	--	--	*125.389*	*225.804*	*351.193*
variable rate	*1.147*	*6.026*	*10.679*	*46.335*	*5.862*	--	--	--	--	--	--	--	*17.688*	*52.361*	*70.049*
Subordinated bonds and loans	--	--	--	**30.920**	**5.000**	**10.082**	--	--	--	**1.265**	--	--	**5.000**	**42.267**	**47.267**
variable rate	--	--	--	*30.920*	*5.000*	*10.082*	--	--	--	*1.265*	--	--	*5.000*	*42.267*	*47.267*
Net position	**(610.877)**	**(105.456)**	**(192.085)**	**(204.417)**	**318.396**	**178.534**	**34.225**	**10.395**	**485.137**	**(15.503)**	**54.962**	**53.485**	**89.758**	**(82.962)**	**6.796**

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

As at December 31, 2004

NOTE 33: INTEREST RATE RISK MANAGEMENT (in HUF mn) [continued]

As at December 31, 2004

	Within 1 month		Over 1 month and Within 3 months		Over 3 months and Within 12 months		Over 1 year and Within 2 years		Over 2 years		Non-interest-bearing		Total		Total
	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	
ASSETS															
Cash, due from banks and balances with the National Bank of Hungary	**390.087**	**1.021**	**353**	-	-	-	-	-	-	-	**53.191**	**21.235**	**443.631**	**22.256**	**465.887**
fixed rate	*383.007*	*944*	-	-	-	-	-	-	-	-	-	-	*383.007*	*944*	*383.951*
variable rate	*7.080*	*77*	*353*	-	-	-	-	-	-	-	-	-	*7.433*	*77*	*7.510*
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	*53.191*	*21.235*	*53.191*	*21.235*	*74.426*
Placements with other banks, net of allowance for possible placement losses	**121.879**	**101.553**	**800**	**16.873**	**200**	**10.035**	-	**7**	**24**	-	**3.962**	**30.867**	**126.865**	**159.335**	**286.200**
fixed rate	*119.108*	*97.140*	*500*	*5.066*	*200*	*4.802*	-	*7*	*24*	-	-	-	*119.832*	*107.015*	*226.847*
variable rate	*2.771*	*4.413*	*300*	*11.807*	-	*5.233*	-	-	-	-	-	-	*3.071*	*21.453*	*24.524*
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	*3.962*	*30.867*	*3.962*	*30.867*	*34.829*
Securities held for trading	**5.710**	**2.677**	**19.572**	**4.027**	**17.114**	**2.311**	**73**	**313**	**5.490**	**9.815**	**155**	**1**	**48.114**	**19.144**	**67.258**
fixed rate	*5.624*	-	*18.734*	*202*	*17.040*	*635*	*73*	*313*	*5.490*	*9.815*	-	-	*46.961*	*10.965*	*57.926*
variable rate	*86*	*2.677*	*838*	*3.825*	*74*	*1.676*	-	-	-	-	-	-	*998*	*8.178*	*9.176*
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	*155*	*1*	*155*	*1*	*156*
Securities available-for-sale	**24.680**	**14.688**	**44.570**	**7.446**	**51.082**	**2.851**	**27.964**	**3.557**	**70.636**	**29.202**	**17.921**	**1.238**	**236.853**	**58.982**	**295.835**
fixed rate	*1.847*	-	*29.008*	*1.570*	*50.752*	*1.823*	*27.964*	*3.557*	*70.636*	*29.202*	-	-	*180.207*	*36.152*	*216.359*
variable rate	*22.833*	*14.688*	*15.562*	*5.876*	*330*	*1.028*	-	-	-	-	-	-	*38.725*	*21.592*	*60.317*
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	*17.921*	*1.238*	*17.921*	*1.238*	*19.159*
Loans	**552.944**	**495.624**	**394.328**	**305.704**	**32.782**	**37.767**	**33.079**	**7.686**	**628.101**	**12.382**	**1.640**	**4.758**	**1.642.874**	**863.921**	**2.506.795**
fixed rate	*7.653*	*8.972*	*17.508*	*6.356*	*4.713*	*13.455*	*4.962*	*4.069*	*12.165*	*10.286*	-	-	*47.001*	*43.138*	*90.139*
variable rate	*545.291*	*486.652*	*376.820*	*299.348*	*28.069*	*24.312*	*28.117*	*3.617*	*615.936*	*2.096*	-	-	*1.594.233*	*816.025*	*2.410.258*
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	*1.640*	*4.758*	*1.640*	*4.758*	*6.398*
Debt securities held-to-maturity	**24.187**	**811**	**75.795**	**190**	**53.130**	**1.832**	**26.167**	**3.718**	**39.490**	**21.939**	-	-	**218.769**	**28.490**	**247.259**
fixed rate	*499*	*53*	-	*190*	*42.340*	*1.519*	*26.167*	*3.718*	*39.490*	*21.907*	-	-	*108.496*	*27.387*	*135.883*
variable rate	*23.688*	*758*	*75.795*	-	*10.790*	*313*	-	-	-	*32*	-	-	*110.273*	*1.103*	*111.376*
Fair value of derivative financial instruments	**74.029**	**26.963**	**70.431**	**17.475**	**53.073**	**19.693**	**24.000**	**3.935**	**29.261**	**6.099**	-	-	**250.794**	**74.165**	**324.959**
fixed rate	*53.729*	*26.963*	*255*	*17.475*	*14.312*	*18.709*	*24.000*	*3.935*	*29.261*	*6.099*	-	-	*121.557*	*73.181*	*194.738*
variable rate	*20.300*	-	*70.176*	-	*38.761*	*984*	-	-	-	-	-	-	*129.237*	*984*	*130.221*

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

As at December 31, 2004

NOTE 33: INTEREST RATE RISK MANAGEMENT (in HUF mn) [continued]

As at December 31, 2004

	Within 1 month		Over 1 month and Within 3 months		Over 3 months and Within 12 months		Over 1 year and Within 2 years		Over 2 years		Non-interest-bearing		Total		Total
	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	HUF	Currency	
LIABILITIES															
Due to banks and deposits from the National Bank of Hungary and other banks	**16.356**	**151.394**	**3.460**	**62.873**	**6.679**	**6.944**	--	**3.351**	--	**2.024**	**480**	**564**	**26.975**	**227.150**	**254.125**
fixed rate	*14.486*	*51.530*	--	*9.198*	*72*	*3.339*	--	*337*	--	*2.024*	--	--	*14.558*	*66.428*	*80.986*
variable rate	*1.870*	*99.864*	*3.460*	*53.675*	*6.607*	*3.605*	--	*3.014*	--	--	--	--	*11.937*	*160.158*	*172.095*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	*480*	*564*	*480*	*564*	*1.044*
Deposits from customers	**1.735.862**	**680.874**	**345.501**	**41.204**	**12.552**	**42.108**	**11.533**	**518**	**26.098**	**126**	**296**	**5.518**	**2.131.842**	**770.348**	**2.902.190**
fixed rate	*538.670*	*213.563*	*345.501*	*41.204*	*12.552*	*42.108*	*11.533*	*518*	*26.098*	*126*	--	--	*934.354*	*297.519*	*1.231.873*
variable rate	*1.197.192*	*467.311*	--	--	--	--	--	--	--	--	--	--	*1.197.192*	*467.311*	*1.664.503*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	*296*	*5.518*	*296*	*5.518*	*5.814*
Liabilities from issued securities	**13.030**	**1.205**	**42.435**	**127**	**38.295**	**210**	--	**52**	**153.987**	**67.708**	**95**	**78**	**247.842**	**69.380**	**317.222**
fixed rate	*263*	*1.205*	*20.627*	*127*	*38.193*	*210*	--	*52*	*153.987*	*67.708*	--	--	*213.070*	*69.302*	*282.372*
variable rate	*12.767*	--	*21.808*	--	*102*	--	--	--	--	--	--	--	*34.677*	--	*34.677*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	*95*	*78*	*95*	*78*	*173*
Fair value of derivative financial instruments in other liabilities	**13.087**	**87.629**	**29.353**	**67.794**	**58.173**	**18.559**	**5.000**	**3.935**	**31.761**	**7.133**	--	**1**	**137.374**	**185.051**	**322.425**
fixed rate	*1.587*	*79.662*	*3.353*	*17.430*	*28.412*	*18.559*	*5.000*	*3.935*	*31.761*	*7.133*	--	--	*70.113*	*126.719*	*196.832*
variable rate	*11.500*	*7.967*	*26.000*	*50.364*	*29.761*	--	--	--	--	--	--	--	*67.261*	*58.331*	*125.592*
non-interest-bearing	--	--	--	--	--	--	--	--	--	--	--	*1*	--	*1*	*1*
Subordinated bonds and loans	--	--	--	--	**5.000**	**9.324**	--	--	--	--	--	--	**5.000**	**9.324**	**14.324**
variable rate	--	--	--	--	*5.000*	*9.324*	--	--	--	--	--	--	*5.000*	*9.324*	*14.324*
Net position	**(609.499)**	**(292.453)**	**140.530**	**172.271**	**35.600**	**(5.507)**	**66.786**	**7.803**	**490.520**	**(26.756)**	**58.077**	**50.700**	**182.014**	**(93.942)**	**88.072**

NOTE 35: EARNINGS PER SHARE

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

	Six month period ended June 30, 2005	*Restated Six month period ended June 30, 2004*
Consolidated net income (in HUF mn)	76,403	65,534
Weighted average number of common shares outstanding during the year for calculating basic EPS (piece)	262,465,923	259,581,509
Consolidated Basic Earnings per share (in HUF)	291	252
Weighted average number of common shares outstanding during the year for calculating diluted EPS (piece)	263,304,459	260,078,735
Consolidated Diluted Earnings per share (in HUF)	290	252

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

Diluted Earnings per share are determined after additionally taking into consideration the optional rights granted to Senior Management of OTP Bank.

NOTE 36: SEGMENT REPORTING (in HUF mn)

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

36.1. Primary reporting format by geographical segments

	Hungary	Other European Union	Other countries	Elimination	Consolidated
Interest income					
External	*195,722*	*5,523*	*26,848*	--	*228,093*
Inter-segment	*142*	--	--	*(142)*	--
Total	195,864	5,523	26,848	(142)	228,093
Interest income and non-interest income					
External	*281,898*	*9,162*	*33,364*	--	*324,424*
Inter-segment	*142*	--	--	*(142)*	--
Total	282,040	9,162	33,364	(142)	324,424
Segment income before income taxes	84,162	399	9,804	(1,892)	92,473
Income taxes	--	--	--	--	(16,042)
Net income after income taxes	--	--	--	--	76,431
Segment assets	3,586,046	272,230	894,844	(62,285)	4,690,835
Unallocated corporate assets	--	--	--	--	2,157
Consolidated total assets	--	--	--	--	4,692,992
Segment liabilities	3,272,344	254,324	731,814	(60,394)	4,198,088
Unallocated corporate liabilities	--	--	--	--	18,588
Consolidated total liabilities	--	--	--	--	4,216,676

NOTE 36: SEGMENT REPORTING (in HUF mn) [continued]

36.1. Primary reporting format by geographical segments [continued]

	Hungary	Other European Union	Other countries	Consolidated
Capital expenditure	8,949	367	2,244	11,560
Depreciation	8,130	511	1,672	10,313
Provision for loan and placement losses	8,596	776	3,543	12,915

36.2. Secondary segment information by business segments

	Banking segment	Insurance segment
External segment income	280,749	38,143
Segment net income before income taxes	90,188	2,423
Segment assets	4,584,125	136,989
Capital expenditure	10,878	60

NOTE 37: POST BALANCE SHEET EVENTS

On June 29 the Bank entered into a EUR 1,000 billion Euro Medium Term Note Programme (The “Programme”), under which the Bank may from time to time issue notes denominated in any currency agreed between the Bank and the relevant Dealer. The maximum aggregate nominal amount of all notes from time to time outstanding under the Programme will not exceed EUR 1 billion. Under the Programm the Bank issued EUR 500 million variable-rate bonds at three month EURIBOR + 0,16% quarterly, due July 2010 on July 1, 2005.

The fiancial statements for the six months period ended June 30, 2005 do not include any adjustments for these matters.