# OTP Bank Plc.

## Interim management report
## First quarter 2009 result

(English translation of the original report submitted

to the Budapest Stock Exchange)

Budapest, 19 May 2009

# *CONSOLIDATED FINANCIAL[1] HIGHLIGHTS AND SHARE DATA*

| Main components of P&L account in HUF mn | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
|---|---|---|---|---|---|
| **Consolidated after tax profit** | **55,335** | **-60,677** | **41,809** | **-169%** | **-24%** |
| **Consolidated after tax profit without the result of strategic open FX position, consolidated dividend and net cash transfers, the result of the sale of OTP Garancia Group and goodwill impairment charges** | **56,322** | **44,871** | **43,341** | **-3%** | **-23%** |
| Pre-tax profit | 67,790 | 45,329 | 63,497 | 40% | -6% |
| Total income | 166,901 | 211,129 | 200,672 | -5% | 20% |
| Net interest income (adj.) | 117,488 | 145,752 | 158,076 | 8% | 35% |
| Net fees and commissions | 34,202 | 37,008 | 31,877 | -14% | -7% |
| Total other non-interest income (adj.) | 15,210 | 28,368 | 10,718 | -62% | -30% |
| Provision for possible loan losses (adj.) | -12,279 | -62,682 | -45,401 | -28% | 270% |
| Other provisions | 528 | -8,724 | -6,143 | -30% | |
| Operating expenses (adj.) | -87,359 | -94,394 | -85,631 | -9% | -2% |

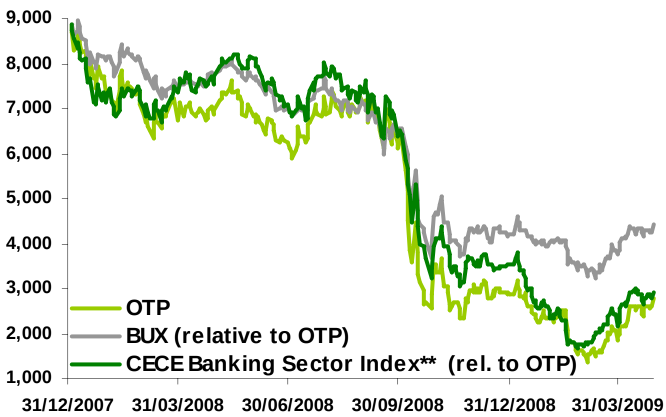
| Main components of balance sheet closing balances in HUF mn | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
|---|---|---|---|---|---|
| Total assets | 9,050,971 | 9,379,436 | 10,098,840 | 8% | 12% |
| Placements with other banks and securities | 640,212 | 593,542 | 617,952 | 4% | -3% |
| **Total customer loans and advances (gross)** | **6,193,767** | **7,000,850** | **7,719,371** | **10%** | **25%** |
| Liabilities to credit institutions | 699,482 | 842,867 | 965,256 | 15% | 38% |
| **Total customer deposits** | **5,331,152** | **5,219,226** | **5,551,469** | **6%** | **4%** |
| Issued securities | 1,300,244 | 1,526,639 | 1,498,349 | -2% | 15% |
| Subordinated loans | 307,708 | 316,148 | 336,316 | 6% | 9% |
| Total shareholders' equity | 918,543 | 1,048,971 | 1,151,087 | 10% | 25% |

| Indicators % | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
|---|---|---|---|---|---|
| Gross loan/deposit ratio (%) | 116.2% | 134.1% | 139.1% | 4.9% | 22.9% |
| Net interest margin (adj.) | 5.40% | 6.19% | 6.58% | 0.40% | 1.19% |
| Cost/income ratio (adj.) | 52.3% | 44.7% | 42.7% | -2.0% | -9.7% |
| Risk cost to average gross loans (adj.) | 0.83% | 3.65% | 2.50% | -1.15% | 1.68% |
| ROA (adj.) | 2.6% | 1.9% | 1.8% | -0.1% | -0.8% |
| ROE (adj.) | 25.0% | 16.3% | 16.0% | -0.4% | -9.0% |

| Share Data | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
|---|---|---|---|---|---|
| EPS diluted (HUF) | 215 | -239 | 167 | -170% | -22% |
| Closing price (HUF) | 6,750 | 2,875 | 1,945 | -32% | -71% |
| High (HUF) | 8,874 | 6,405 | 3,170 | -51% | -64% |
| Low (HUF) | 6,329 | 2,320 | 1,355 | -42% | -79% |
| Market Capitalization (HUF billion) | 1,890 | 805 | 545 | -32% | -71% |

- ***Proportionally better than planned HUF 43.3 billion adjusted 1Q result, the cumulated effect of one-off items is almost neutral***
- ***Improving quarterly NIM (6.58%), the CIR is still below 50% (1Q 2009: 42.7%)***
- ***Significant growth of risk costs y-o-y, deteriorating loan quality (DPD90+ days overdue loans ratio 5.7%), favourable coverage ratio (76.1%)***
- ***Stable strong capital position, CAR of OTP Bank according to HAR stood at 12.3, adjusted by the effect of share-swap with MOL reached 13.9%***

**SHARE PERFORMANCE (INDEXED)**




**MOODY'S RATINGS**

| | |
|---|---|
| **OTP Bank** | |
| Foreign currency long term deposits | Baa1 |
| Local currency long term deposits | Aa3 |
| Financial strength | C+ |
| **OTP Mortgage Bank** | |
| Covered mortgage bond | Aa1 |
| Foreign currency long term deposits | Baa1 |
| Financial strength | C+ |
| **DSK Bank** | |
| Long term deposits | Baa3 |
| Local currency long term deposits | Baa1 |
| Financial strength | D+ |

**STANDARD & POOR'S RATINGS**

| | |
|---|---|
| **OTP Bank and OTP Mortgage Bank** | |
| Long term credit rating | BB+ |

[1] Structural adjustments made on consolidated IFRS profit and loss statement together with the calculation methodology of adjusted indicators are detailed in the Supplementary data section of the Report.

# INTERIM MANAGEMENT REPORT – OTP BANK'S RESULTS FOR FIRST QUARTER 2009

*Interim Management Report for the first quarter 2009 results of OTP Bank Plc. has been prepared according to the 24/2008. (VIII. 15.) PM resolution on the basis of its non-consolidated and consolidated condensed IFRS financial statements for 31 March 2009 or derived from that. At presentation of first quarter 2009 report of OTP Bank we applied International Financial Reporting Standards adopted by the European Union.*

## SUMMARY OF THE FIRST QUARTER 2009

Processes and result of 1Q 2009 could be crucial for the remaining part of the year but at least it could give an indication about the sustainability of yearly goals of the management.

In this year the safe operation, within this the stable capital and liquidity position, and the prudent risk management and provisioning commensurate with the deterioration of loan portfolio quality are in the focus of the activity.

From B/S and P&L perspectives the results of the last three months' were in line with the expectations of the management, as to market expectations these were exceeded significantly.

All these results were achieved despite the significantly deteriorating macro-economic conditions in almost all countries; forecasts had to be revised several times.

### Deteriorating operating conditions

Following the temporary stabilisation in 4Q 2008 the fear from state insolvency mounted around Hungary and it was further boosted by the resignation of the Prime Minister in March and the uncertainty of internal affairs. After a continuous weakening on 6 March the Hungarian currency plummeted to its historical low of HUF 316 against EUR, the sovereign risk premiums widened dramatically, the 5 year Hungarian CDS spread rose above 600 bps. Q-o-q 17% depreciation of HUF against EUR (15% against CHF and 24% against USD respectively) indicated a significant portfolio deterioration and a steep increase of future provisions. The domestic currency was hardly supported by the unexpected 50 bps rate cut of the Central Bank on 20 January and its communication emphasising the export stimulating effect of the weaker HUF was harmful, too. In the meantime, however there were important shifts in emphasis, NBH made it clear that the stable currency is its priority.

In Ukraine, on the other hand, which is regarded as the riskiest group-member, the political tension stressed further on by the Ukrainian-Russian gas debate in January eased somewhat, instead of expected further weakening of the UAH, the market has stabilised below UAH 8 level against USD as a result of one-off measures by the Central Bank and the IMF contract.

In case of other group members the operating environment shaped in correspondence with the expectations: in accordance with the region as a whole the local currencies weakened in general, the loan portfolio adjusted by the FX-effect was flattish or dropped, at the same time with the support of campaigns the deposit book has increased successfully (except for Montenegro and Ukraine) compared to the 2008 year-end figure.

### Amendments of the methodology

In advance to the presentation of the results of current period the Company brings two methodological amendments to the analysts' attention:

- For the sake of better comparability with the competitors and in accordance with the international practice in the future the Bank will compare the portfolio of loans with more than 90 days overdue payment to the gross loan portfolio and at the calculation of coverage ratio the total amount of provisions will be divided by the loan portfolio with more than 90 days overdue payment.
- From 1Q 2009 in accordance with the Auditor the Bank re-qualified the strategic open FX-position as a hedge transaction and the exchange rate effect of EUR 310 million short position (83% of the whole strategic position) equal to expected 2009 and 2010 yearly result of 4 subsidiaries (DSK, CKB, OTP banka Hrvatska and OTP Banka Slovensko) was booked against equity. Accordingly in 1Q from the HUF 16.2 billion exchange rate loss generated on the appr. EUR 350 million strategic open position HUF 13.8 billion was booked against equity and only HUF 2.4 billion as pre tax profit (loss).

### Proportionally better than planned, HUF 43.3 billion adjusted 1Q result

HUF 63.5 billion pre-tax profit of OTP Group dropped by 6% y-o-y, but q-o-q it increased by 40%. Consolidated profit after tax was HUF 41.8 billion in the first 3 months 2009, which is lower by 24% y-o-y. At the same time the profit adjusted by the effects of strategic open position and group level dividends

(HUF 43.3 billion) almost equals to the profit of the previous quarter, y-o-y it means a 23% decline.

In 1Q 2009 the profit of the Group was influenced by significant one-off items the cumulated effect of which is however almost neutral, so the profit without one-off items equals to the adjusted PAT of the Group.

- In the reported period OTP Bank bought back EUR 90 million in nominal value from its subordinated debt (Upper Tier 2 Capital) from the secondary market. The pre-tax profit realised on the transaction was HUF 19.6 billion (accounted on the net non-interest results line). In accordance with the relevant regulations of the Offering Circular these securities were not cancelled.
- The profit of the previous transaction is mitigated by two significant items: on one hand the exchange rate loss realised on the strategic and other open FX-positions (accounted on the FX results line). Because of the quickly and significantly weakening HUF during January-March the Bank did not consider effective the closure of EUR USD short positions on the illiquid FX-markets and because of that the revaluation of these positions resulted a HUF 11.3 billion pre-tax loss. In the meantime taking advantage of the strengthening HUF the above positions have been closed partially and against further weakening of HUF beyond EUR/HUF 300 the Bank bought put options. Further losses are not expected from these items.
- Furthermore, as a result of the significant depreciation of HUF on its subsidiary investments the Bank realized a gain and it increased the tax burden in the first three months of the year by an extra HUF 9.5 billion. The reason is that, according to HAR, the subsidiary investments of the Bank in parallel with the FX-exchange movements were re-valued which resulted in a significant pre-tax exchange result and higher tax burden in Hungarian books. According to IFRS, however the subsidiary investments are recorded in the books at original cost so the revaluation results not, but only the tax impact is taken into consideration in the profit. At the same time according to HAR the realised exchange rate profit increases the non-consolidated regulatory capital of the Bank and this effect alone set off the growth of capital requirement as a consequence of re-valuation of risk weighted B/S total.

### *Stable capital position, adjusted non-consolidated CAR increased to 12.3%*

In line with the year's most important objectives, the management laid significant emphasis on safeguarding the stable capital position. On 31 March non-consolidated HAR based CAR, taking into account the quarterly profit, stood at 12.3%, which is by 0.3 pp higher than the 12% at YE2008. Taking into account the treasury share transaction between OTP and MOL in April, it would increase 1Q CAR to 13.9%. Also the most important subsidiaries have stable indicators – in case of the Bulgaria and Russia they were well above the regulatory minimum threshold, capital adequacy ratios of DSK Bank stood at 23.1%, OTP Bank Russia 17.5%, CJSC Ukraine stood at 11.1% respectively.

In the first three months two subsidiaries received capital injection in the form of subordinated loan: CKB EUR got 15 million, while CJSC OTP Bank USD 50 million respectively.

At the end of the period the Group level IFRS based consolidated CAR stood at 15.2%, with Tier1 at 10.2%, both being well above the levels of the Bank's peer group members.

### *Drivers of the consolidated results: extremely robust net interest income, risk costs indicating portfolio quality deterioration, control of operating costs*

NII increased by 35% in the current period, and by 8% in the last 3 months. The strong interest income was significantly supported by positive interest income effects (carry cost) of other non-strategic open positions. Nevertheless, as a result of the Group's significant FX lending ratio, HUF denominated net interest income earned in FX was positively affected by the weakening HUF Net interest margin (6.58%) improved remarkably (+119 bps y-o-y).

The decline in net F&C was 7% y-o-y (-14% q-o-q). Operating expenses were successfully adjusted to the more moderate business activity, as a result of strict cost control the CIR improved a lot, the 42.7% level is lower by almost 10% than in the basis period.

As a consequence of deteriorating macro-economic environment and significant weakening of several currencies the quality of the consolidated loan portfolio deteriorated remarkably: in 1 year the ratio of loans with more than 90 days overdue payment increased from 3.6% to 5.7%. Cost of risk almost tripled on a yearly basis (+270%).

Quarterly weakening of HUF against EUR was 17% which is almost double than the historically experienced greatest 3 months depreciation. Q-o-q HUF weakening against USD was 24% whereas 15% against CHF. These effects substantially influenced also the portfolio indicators. At the end of the quarter consolidated B/S total exceeded HUF 10,000 billion (+8% q-o-q and 12% y-o-y), y-o-y the loan portfolio grew by 25%, in the last 3 months the increase was 10%, while the deposit base broadened by 4% and 6%, respectively. The Loan/Deposit ratio grew to 139% from 134% q-o-q.

### *Drop in domestic lending activity, declining Core loan portfolio after FX-adjustment, successful funding*

Within the banking group the yearly PAT of OTP Core (basic activity in Hungary) grew by 20%, the loan portfolio increased by 12% y-o-y and 7% in the last 3 months. In the last quarter the growth of loan portfolio was negative (-1% q-o-q) adjusted with the effects of HUF-weakening, mortgage and SME portfolios virtually stagnated, consumer loans slightly increased, corporate loans declined (+3% and -3% q-o-q, respectively). In mortgage loan disbursements for the first time since years, the amount of FX-loans was lower (1Q 2009: 23%) than that of HUF denominated loans.

For the sake of safe liquidity position the Bank put an increased emphasize on deposit collection (+4.2% q-o-q), with continuous and successful retail bond issuance HUF 55 billion funds were raised in 1Q (1Q 2009 closing value: HUF 113 billion). Because of the unfavourable market conditions the Bank was absent from international capital markets, but still paid back EUR 750 million bonds maturing at the end of February and appr. EUR 365 million loans due at the very beginning of April.

In accordance with the agreement between the Bank and the Hungarian State dated 26 March 2009 the State granted a EUR 1.4 billion loan to OTP for the enhancement of domestic corporate lending. OTP Bank obliged itself that up to the end of 2010 at least 50% of the loan amount would be lent to the domestic corporate and SME customers.

Out of domestic Group members PAT of Merkantil Group (HUF 130 million) dropped by magnitudes reflecting the difficult environment hitting the sector as a whole. Albeit the HUF 1.2 billion profit of Fund Management is smaller than in the basis period, it is significantly higher than that of the previous 3 months, shrinkage of the assets slowed down.

Market positions of OTP Bank have been eroded in almost all loan segments in the last 3 months. The shrinkage is the result of the more vigorous cutback of landing compared to competitors. Loan market share diminished by 0.6 percentage points to 17% q-o-q, within this the retail sector by 0.8%-points (consumer loans: -0.3%-points, housing loans: -1.5%-points) the ratio of corporate disbursements dropped by 0.4%-points and the municipal loans by 2.3%-points respectively. On the deposit side however, market share improved by 0.3%-points to 24.3%. Retail deposits portfolio decreased by 0.2 pp (30.2%) while the book of corporate and municipal deposits grew by 1.0 pp to 16.8%.

### *Performance of foreign subsidiaries*

The impacts of the crisis is to be felt in every country where the Group operates: growth expectations had to be amendment continuously, several countries have talks with IMF on bailout packages, all banking systems but the Slovak have to cope with liquidity squeeze and portfolio qualities are deteriorating. Loan volume dynamics are heavily affected by FX changes in the period.

Under these circumstances DSK Group performed outstandingly: compared to last year gross loans increased by 40% (+15% q-o-q), deposits by 22% (16% q-o-q), however after tax profit of HUF 7.4 billion is less by 3% than previous year, mainly due to significant growth of risk costs. Dynamics of net interest income is still favourable (+13% q-o-q), NIM improved (5.67%), the cost/income ratio of 36% stands for an efficient cost control.

The more than HUF 9 billion loss of the Ukrainian subsidiary is mainly due to significant provisioning, which could not be counterbalanced neither by the stable, y-o-y 74% increase in net interest income nor the stringent cost control. The remarkable loan growth (+46%) compared to base period is mainly due to the weakening of the local currency. The erosion of deposits lost momentum, retail volume even expanded compared to YE2008. For the time being no positive impact of stabilising UAH – as a result of the central bank measures – is felt, portfolio quality significantly deteriorated, however rate of overdue loan growth eased down in March.

At the Russian subsidiary loan portfolio expanded 33% y-o-y, however the previous dynamics of POS-lending slowed down in 1Q due to moderating demand. Net interest income shrank basically because of this, and the higher interest expenses paid on deposits owing to otherwise successful deposit campaigns. The increase of risk cost was partially offset by strict cost control; the rate of 90+ days overdue loans rose in every product category.

Out of smaller group members CKB Montenegro's 1Q PAT grew by 34% q-o-q, gross loans by 33% y-o-y and NIM significantly improved.

More than HUF 800 million profit was realised by the Croatian OBH, despite increasing risk costs and falling net F&C income. The double digit growth of both loan and deposit base is due to FX changes. The profit of Serbian and Slovak subsidiaries was moderate (HUF 126 million and 7 million respectively), in both cases NIM shrank and CIR grew. The loss of the Romanian subsidiary in the first 3 months reached HUF 725 million.

The good performance of DSK, OBH and CKB could only compensate for the significant Ukrainian loss and the moderate profit of some Group members; all in all on Group level the 30% profit contribution of foreign subsidiaries in FY2008 eased to zero; their share in gross loans increased to 51% and to 40% in deposits. Even though portfolio quality deterioration characterised the whole group, 78% of total risk provisions was related to foreign Group members.

The Group's branch network shrank by 23 branches in 1Q, mainly as a result of closed branches in Slovakia (12), Russia (8) and Serbia (4) as well as Ukraine (2). New branches (3) were opened, all at DSK Bank.

### *Credit Ratings, shareholder structure*

On 31 March 2009 both Moody's and Standard & Poor's downgraded OTP Bank and OTP Mortgage Bank credit ratings. Moody's rating changed to 'Baa1' from 'A3', S&P rating changed to 'BB+' from BBB; both rating agencies assigned a negative outlook and their rating action was necessitated by the downgrade of the Hungarian sovereign.

On 17 March share of Artio Global Management LLC decreased below 10% in OTP Bank Plc, herewith no shareholder or group of shareholders have more than 10% share in the Bank.

## *POST BALANCE SHEET EVENTS*

### *Hungary*

- On April 16th OTP Bank Plc. and MOL Plc. concluded a share-exchange and share swap agreement. According to these OTP has changed 24,000,000 OTP ordinary shares for 5,010,501 „A series" MOL shares. As a result of the transaction, the HAR-based non-consolidated capital adequacy ratio of OTP increased by 125 bps and MOL became a shareholder in OTP with more than 5% of total outstanding stocks.
- On April 24th AGM of OTP Bank Plc. approved the Group's IFRS consolidated financial statements for FY2008, which instead of the preliminary announced HUF 35 billion goodwill write-down published in "Summary of the full-year 2008 results" of the Company on February 13th 2009 contained HUF 92.6 billion goodwill impairment. As a result the net goodwill in relation to the Serbian investment stands at zero, whereas the net goodwill in relation to the Ukrainian bank amounts to HUF 56 billion in the consolidated IFRS balance sheet of OTP Group.

### *Bulgaria*

- On April 30th Fitch Ratings downgraded Bulgaria's rating outlook on local and foreign currency debt ratings to negative.

### *Ukraine*

- On April 2nd Moody's Investor Service placed the Bank Financial Strength Ratings (BFSRs) of 5 Ukrainian banks on review for possible downgrade. The possible downgrade may also affect the Ukrainian subsidiary of OTP Group, which has currently a BFSR of 'D'.
- On May 8th IMF approved the drawdown of the second tranche of the USD 16.5 billion loan facility. As a result Ukraine received USD 2.8 billion – some 3 months later than the original plan, the first tranche (USD 4.5 billion) was drawn down in November 2008.
- On May 12th Moody's Investor Service downgraded Ukraine's foreign and local currency government bond ratings to 'B2' from 'B1', the outlook is negative. At the same time the rating agency downgraded 19 Ukrainian bank's (also CJSC OTP Bank's) foreign currency deposit ratings to 'B3' from 'B2', the outlook is negative.

### *Romania*

- On March 20th Moody's Investor Service affirmed Romania's rating (Baa3), the outlook is stable.
- The EU and IMF agreed on a EUR 20 billion (USD 26.4 billion) rescue loan for Romania. As the IMF has approved the loan on May 4th the drawdown of the first USD 6.6 billion tranche became feasible.
- The National Bank of Romania lowered the base rate by 25 bps in February and 50 bps in May, thus the actual base rate is 9.5%.

### *Croatia*

- On April 17th Moody's Investor Service downgraded the government bond ratings to 'Baa3' from 'Baa2'.

### *Slovakia*

- As of January 1st 2009 Slovakia became an EMU member.

- On March 27th Moody's Investor Service affirmed Slovakia's rating of 'A1', the outlook has been changed to stable from positive.
- On May 7th Fitch Ratings affirmed Slovakia's rating of 'A+', the outlook is stable.

### *Serbia*

- On March 16th IMF and Serbia agreed on a EUR 3 billion (USD 4.1 billion) loan facility with a duration of 2 years. In November 2008 IMF and Serbia agreed on EUR 402.5 million loan; the credit line was extended after Serbia committed itself to spending cuts.
- National Bank of Serbia lowered the base rate in 3 steps to 14% from 17.75% at end 2008 – in January 75 bps, in April 100-100 bps lowering were made in two steps.

### *Montenegro*

- On April 30th Moody's Investor Service downgraded the government foreign currency deposit ratings to 'Ba3' from 'Ba2'.

# *CONSOLIDATED AFTER TAX PROFIT BREAKDOWN BY SUBSIDIARIES (IFRS)*[2]

| in HUF mn | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
|---|---|---|---|---|---|
| **Consolidated after tax profit** | **55,335** | **-60,677** | **41,809** | **-169%** | **-24%** |
| Profit of the strategic short position[1] (after tax) | -1,785 | -9,457 | -1,912 | -80% | 7% |
| Dividend and total net cash transfers (consolidated) | 798 | 638 | 380 | -41% | -52% |
| Profit of the sale of OTP Garancia Group (after tax) | 0 | -4,101 | 0 | -100% | |
| Goodwill impairment charges (after tax)[2] | 0 | -92,629 | 0 | -100% | |
| **Consolidated after tax profit without the result of strategic open FX position. consolidated dividend and net cash transfers. the result of the sale of OTP Garancia Group and goodwill impairment charges** | **56,323** | **44,871** | **43,341** | **-3%** | **-23%** |
| Banks total without one-off items[3] | 48,123 | 45,068 | 41,811 | -7% | -13% |
| OTP CORE (Hungary)[4] | 34,085 | 20,869 | 40,856 | 96% | 20% |
| Corporate Centre[5] (after tax) | -1,972 | 4,625 | 1,542 | -67% | -178% |
| o/w After tax result of subsidiary financing[6] | 1,446 | 8,005 | 5,174 | -35% | 258% |
| Interest expense of Tier2 Capital | -3,418 | -3,380 | -3,618 | 7% | 6% |
| OAO OTP Bank Russia | 1,691 | 3,942 | 313 | -92% | -81% |
| OTP Bank Russia adj, | 1,691 | 3,942 | 313 | -92% | -81% |
| OTP Bank Russia one-off items[7] | - | - | - | | |
| CJSC OTP Bank (Ukraine) | 3,894 | 5,369 | -9,120 | -270% | -334% |
| DSK+SPV (Bulgaria) | 7,641 | 8,486 | 7,388 | -13% | -3% |
| OBR adj, (Romania)[8] | -109 | 437 | -725 | -266% | 567% |
| OTP banka Srbija (Serbia) | 2,276 | -474 | 141 | -130% | -94% |
| OTP banka Srbija. adj, | 502 | -54 | 141 | -362% | -72% |
| OTP banka Srbija one-off items[9] | 1,774 | -420 | -0 | -100% | -100% |
| OBH (Croatia) | 1,068 | 1,329 | 815 | -39% | -24% |
| OBS (Slovakia) | 686 | -489 | 7 | -101% | -99% |
| OBS adj, | 686 | -382 | 7 | -102% | -99% |
| OBS one-off items[10] | - | -108 | - | -100% | |
| CKB (Montenegro) | 636 | 445 | 594 | 34% | -6% |
| Leasing | 1,887 | -2,606 | 130 | -105% | -93% |
| Merkantil Bank + Car adj, (Hungary)[11] | 1,861 | -2,164 | 130 | -106% | -93% |
| Merkantil Bank + Car one-off items[12] | 0 | -448 | 0 | -100% | |
| Foreign leasing companies (Slovakia)[13] | 27 | 6 | 0 | -100% | -100% |
| Insurance companies | 1,507 | -7 | 0 | -100% | -100% |
| OTP Garancia (Hungary) | 2,225 | 0 | 0 | | -100% |
| OTP Garancia. adj, | 2,295 | 0 | 0 | | -100% |
| OTP Garancia one-off items[14] | -70 | 0 | 0 | | -100% |
| Foreign insurance companies (Bulgaria. Slovakia. Romania)[15] | -717 | -6 | 0 | -100% | -100% |
| Asset Management | 1,621 | 223 | 1,217 | 445% | -25% |
| OTP Asset Management (Hungary) | 1,621 | 468 | 1,243 | 166% | -23% |
| *Value creation of OTP Asset Management (after-tax)[16]* | 2,975 | 1,670 | 2,279 | 36% | -23% |
| Foreign Asset Management Companies[17] | 0 | -244 | -26 | -89% | |
| Other Hungarian Subsidiaries | 301 | 447 | 330 | -26% | 10% |
| Other Foreign Subsidiaries (Slovakia, United Kingdom, Cyprus)[18] | 51 | -51 | 67 | -232% | 33% |
| Eliminations | 1,060 | 2,325 | -213 | -109% | -120% |
| | | | | | |
| *Total after tax profit of HUNGARIAN subsidiaries[19]* | *39,179* | *26,122* | *43,887* | *68%* | *12%* |
| *Total after tax profit of FOREIGN subsidiaries[20]* | *17,144* | *18,749* | *-545* | *-103%* | *-103%* |
| *Share of foreign profit contribution, %* | *30%* | *42%* | *-1%* | *-43%* | *-32%* |

[2] Belonging footnotes are in the Supplementary data section of the Report.

## *CONSOLIDATED AND UNCONSOLIDATED, UNAUDITED IFRS REPORTS OF OTP BANK PLC. FOR THE PERIOD ENDED 31 MARCH, 2009*

### *CONSOLIDATE PROFIT & LOSS ACCOUNT*

| Main components of P&L account in HUF million | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
|---|---|---|---|---|---|
| **Consolidated after tax profit** | **55,335** | **-60,677** | **41,809** | **-169%** | **-24%** |
| Dividends and net cash transfers (after tax) | 798 | 638 | 380 | -41% | -52% |
| Profit of the strategic open FX position (after tax) | -1,785 | -9,457 | -1,912 | -80% | 7% |
| Pre tax result of strategic open FX position | -2,232 | -11,821 | -2,390 | -80% | 7% |
| Income taxes | 446 | 2,364 | 478 | -80% | 7% |
| Profit of the sale of OTP Garancia Group (after tax) | 0 | -4,101 | 0 | -100% | |
| Goodwill impairment charges (after tax) | 0 | -92,629 | 0 | -100% | |
| **Consolidated after tax profit without the result of strategic open FX position, consolidated dividend and net cash transfers, the result of the sale of OTP Garancia Group and goodwill impairment charges** | **56,322** | **44,871** | **43,341** | **-3%** | **-23%** |
| **Before tax profit** | **67,790** | **45,329** | **63,497** | **40%** | **-6%** |
| **Total income** | **166,901** | **211,129** | **200,672** | **-5%** | **20%** |
| **Net interest income (adj.)** | **117,488** | **145,752** | **158,076** | **8%** | **35%** |
| **Net fees and commissions** | **34,202** | **37,008** | **31,877** | **-14%** | **-7%** |
| **Other net non-interest income (with net insurance result and net other, other non-interest result) (adj.)** | **15,210** | **28,368** | **10,718** | **-62%** | **-30%** |
| Foreign exchange result, net (adj.) | 7,560 | 23,658 | -13,257 | -156% | -275% |
| Gain/loss on securities, net (adj.) | -3,348 | -235 | -4,723 | 1907% | 41% |
| Net insurance result | 6,361 | -2 | 0 | -89% | -100% |
| Insurance premiums | 24,749 | -1 | 0 | -100% | -100% |
| Insurance expenses | -18,389 | -1 | 0 | -78% | -100% |
| Net other non-interest result (adj.) | 4,638 | 4,947 | 28,698 | 480% | 519% |
| **Provision for possible loan losses (adj.)** | **-12,279** | **-62,682** | **-45,401** | **-28%** | **270%** |
| **Other provisions** | **528** | **-8,724** | **-6,143** | **-30%** | |
| **Operating cost** | **-87,359** | **-94,394** | **-85,631** | **-9%** | **-2%** |
| Personnel expenses | -39,676 | -44,022 | -39,473 | -10% | -1% |
| Depreciation (adj.) | -9,406 | -8,198 | -10,291 | 26% | 9% |
| Other expenses (adj.) | -38,278 | -42,173 | -35,867 | -15% | -6% |
| from this: contribution tax/special banking tax | -1,473 | -1,428 | -1,378 | -3% | -6% |
| **Income taxes** | -11,468 | -458 | -20,156 | | 76% |
| from this: contribution tax/special banking tax | -111 | 107 | -11 | -111% | -90% |
| INDICATORS (%) | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
| Net interest margin (adj.) | 5.40% | 6.19% | 6.58% | 0.40% | 1.19% |
| Cost/income ratio (adj.) | 52.3% | 44.7% | 42.7% | -2.0% | -9.7% |
| Risk cost to average gross loans (adj.) | 0.83% | 3.65% | 2.50% | -1.15% | 1.68% |
| ROA (adj.) | 2.6% | 1.9% | 1.8% | -0.1% | -0.8% |
| ROE (adj.) | 25.0% | 16.3% | 16.0% | -0.4% | -9.0% |

- ***1Q PAT is proportionally above the planned level (-24% y-o-y), almost HUF 42 billion***
- ***Continuously good NII dynamics (+35% y-o-y), improving interest margin (6.58%),***
- ***Decreasing F&C income reflects moderating lending/transaction activity***
- ***Strict cost control, outstanding efficiency (CIR: 42.7%)***
- ***Stable ROE (16%) despite the deteriorating operating environment***

1Q 2009 consolidated IFRS PAT of the Banking Group was HUF 41.8 billion which is a 24% drop on a yearly base.

Due to the significant weakening of HUF the after-tax loss realised on the strategic open position was cca. HUF 13 billion, in contrast with loss of HUF 9.5 billion of the previous quarter. At the same time major part of the loss is booked against capital, only the remaining HUF 1.9 billion is accounted in P&L. In the last 3 months HUF depreciated against EUR by HUF44.4 (17%), against USD by HUF 45 (24%), the depreciation against CHF was 15%.

The operating income adjusted by the HUF 1.9 billion negative effect of the strategic open FX-position debited against P&L, the dividend received and cash transfers (HUF 380 million) was HUF 43.3 billion which was lower than the similar data of base period by 23% (-3% q-o-q).

Despite of that, HUF 63.5 billion pre-tax profit is lower only by 6% y-o-y. It is explained by the significantly growing tax burden both y-o-y and q-o-q. As it has been detailed in the Summary section, as a result of significant HUF depreciation HUF 9.5 billion payable tax amount, coming from the revaluation of subsidiary investments, both in HAR and IFRS remarkably increased the effective tax rate, it was above 30%.

HUF 158.1 billion adjusted NII of the period significantly exceeded the previous year's 35% (+8% q-o-q). Level of NIM is 6.58%, higher by 119 bps than in the base period. During the quarter NIM improved by 40 bps. The two main reasoning factors were the following: significant revaluation of FX denominated NII because of HUF weakening (estimated effect: HUF +4.1 billion q-o-q) and the positive effect of carry cost on non-strategic other open FX positions (HUF +1.5 billion q-o-q). Latter one derives from that up to the amount of the above mentioned position the Bank funded itself by cheaper FX sources instead of HUF sources. Because of the interest rate difference among the HUF and the foreign currencies this funding solution improved NII by HUF 1.5 billion in 1Q 2009.

The continuously deteriorating macro-economic perspectives and the significant depreciation of several local currencies justified the prudent, forward looking provisioning. Adjusted amount of this was HUF 45.4 billion which is almost 4 times higher than in the previous year.

Group level of provisioning (2.50%) grew by 1.68% within one year.

According to the expectations within non-interest type income net F&C dropped by 7%. Main reasons of this were the moderate lending activity, the lack of related commission income and in several countries FX-lending was stopped and consequently the related conversion fee lagged behind.

Other adjusted non-interest type income moderated by 62% overwhelmingly as a result of high base deriving from the revaluation results of the Ukrainian provisions (in 4Q 2008 this result was booked at net FX-results). Due to the significant HUF weakening the net FX loss grew to HUF 13.3 billion which reflects losses on non-strategic open FX-positions mentioned in the Summary. HUF 4.7 billion negative income realised on securities transaction is the result of a significant HUF yield increase. HUF 19.6 billion profit realised on buy-back transactions of own upper Tier2 securities is shown amongst net other non-interest income, generated almost a 6 fold increase on this line.

In total income the ratio of non-interest type income was 21%, it means a 8%-points decrease y-o-y. As a result of declining portfolio dynamics net F&C decreased by 14%.

On a yearly base material expenses dropped by 6%, and due to a strict cost control personnel expenses lagged behind the basic period level by 1% (staff cut-back, stop of branch network expansion). On a quarterly base material expenses dropped significantly by 15%, personnel expenses moderated by 10%. The quarterly CIR (42.7%) improved by 2.0%-points, on a yearly base the correction was 9.7%.

Albeit cost of risk decreased q-o-q by HUF 17.3 billion, reason of this is that in previous quarter a significant provisioning was made which could not be explained by the portfolio deterioration, in 1Q, however the provisions were corresponding to the plans.

Consolidated ROA (1.8%) decreased by 0.8%-points while ROE (16%) shrank by 9%-points in the last year. The quarterly EPS was HUF 167 (-22% y-o-y). Profitability indicators deteriorated on a quarterly base as well: ROA decreased by 0.1%-points while ROE (16%) by 0.4%-points.

## *CONSOLIDATED BALANCE SHEET*

| Main components of balance sheet in HUF million | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
|---|---|---|---|---|---|
| **TOTAL ASSETS** | **9,050,971** | **9,379,436** | **10,098,840** | **8%** | **12%** |
| Cash and bank | 315,760 | 348,849 | 304,274 | -13% | -4% |
| Placements with other banks | 640,212 | 593,542 | 617,952 | 4% | -3% |
| Financial assets at fair value | 284,751 | 129,332 | 155,336 | 20% | -45% |
| Securities available-for-sale | 480,071 | 481,257 | 510,125 | 6% | 6% |
| **Gross customer loans** | **6,193,767** | **7,000,850** | **7,719,371** | **10%** | **25%** |
| o/w Retail loans | 3,604,547 | 4,353,189 | 4,762,969 | 9% | 32% |
| Corporate loans | 2,221,613 | 2,258,579 | 2,524,657 | 12% | 14% |
| Car financing loans | 364,262 | 389,767 | 425,666 | 9% | 17% |
| Provisions on loans | -191,063 | -270,680 | -334,706 | 24% | 75% |
| Equity investments | 13,071 | 10,467 | 10,334 | -1% | -21% |
| Securities held-to-maturity | 513,131 | 321,733 | 294,555 | -8% | -43% |
| Intangible assets | 546,361 | 469,701 | 508,996 | 8% | -7% |
| Other assets | 254,910 | 294,385 | 312,603 | 6% | 23% |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **9,050,971** | **9,379,436** | **10,098,840** | **8%** | **12%** |
| Liabilities to credit institutions | 699,482 | 842,867 | 965,256 | 15% | 38% |
| **Customer deposits** | **5,331,152** | **5,219,226** | **5,551,469** | **6%** | **4%** |
| o/w Retail | 3,620,978 | 3,914,944 | 4,167,388 | 6% | 15% |
| Corporate | 1,710,174 | 1,299,904 | 1,384,079 | 6% | -19% |
| Issued securities | 1,300,244 | 1,526,639 | 1,498,349 | -2% | 15% |
| Other liabilities | 417,722 | 326,444 | 481,916 | 48% | 15% |

| Main components of balance sheet in HUF million | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
|---|---|---|---|---|---|
| Subordinated bonds and loans | 307,708 | 316,148 | 336,316 | 6% | 9% |
| **Total Shareholders' Equity** | **918,543** | **1,048,971** | **1,151,087** | **10%** | **25%** |
| | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
| Loan/deposit ratio | 116.2% | 134.1% | 139.1% | 4.9% | 22.9% |
| 90+ days past due loans/gross customer loans | 3.6% | 4.5% | 5.7% | 1.2% | 2.1% |
| Total provisions/90+ days past due loans | 85.0% | 86.0% | 76.1% | -9.9% | -9.0% |

- ***Strong loan dynamics (+25%), mainly due to FX rate changes***
- ***Stabilizing, even growing deposit base (+4% y-o-y, +6% q-o-q)***
- ***Deteriorating loan portfolio quality, share of 90+ overdue: 5.7% (+2,1% y-o-y)***
- ***Stable capital position, CAR stood at 15.2%, with Tier1 at 10.2%***

IFRS consolidated total assets increased by 12% in the last year and almost reached HUF 10,100 billion. The Group's consolidated shareholders equity grew to HUF 1,151 billion (+25% y-o-y), representing 11.4% of total assets.

Volume of gross consolidated loans grew dynamically beyond HUF 7,719 billion (+25% y-o-y, +10% q-o-q), thus giving 76.4% of total assets at end of the quarter. It is to be noted that the dynamism was fuelled by the depreciation of several local currencies (HUF, UAH, RON, RUB) against USD, EUR and CHF.

Out of gross loans retail loans represented the biggest portion (HUF 4,763 billion, 62%), while the corporate portfolio (HUF 2,525 billion) meant a smaller portion (33%). Car financing portfolio represented HUF 426 billion (6%). Within retail loans mortgages stood at HUF 3,014 billion and consumer loans at HUF 1,233 billion, respectively.

In the past 12 months the expansion of gross loan portfolio was the most remarkable at the Ukrainian (45%), Romanian (45%) and Serbian (44%) subsidiaries, yet all foreign subsidiaries posted a loan portfolio growth over 30%. In the last quarter the greatest growth of loan portfolio were experienced in Croatia (20%), Bulgaria (15%), Slovakia (14%) and Serbia (14%).

In the last year, parallel with the dynamic lending activity the portfolio quality deteriorated virtually in all markets; the share of 90+ DPD loans grew to 5.7% at consolidated level (+2.1% y-o-y). The most significant deterioration struck Ukraine, the portfolio of 90+ DPD loans doubled. Within the Group the Serbian portfolio has the worst quality, ratio of 90+ DPD loans is 12.4%.

Consolidated loan loss provisions reached HUF 335 billion (+75% y-o-y and +24% q-o-q) at end March. 90+ DPD loans reached HUF 440 billion, coverage changed accordingly to 76.1% (-9.0% y-o-y).

Consolidated deposits grew less dynamically than loans, only by 4% on a yearly base; on a quarterly base however, due to significant efforts made by all subsidiaries to stabilise deposit base, the customer deposits grew by 6%. As a result of the loan portfolio boosting FX-effect, consolidated loan-to-deposit ratio (139.1%) increased (+4.9% q-o-q), but the rate of increase is moderating. In the last year deposit growth was biggest in Slovakia (25%) and Bulgaria (22%), at some subsidiaries (Ukraine, Russia, Montenegro) deposit base was shrinking y-o-y.

In Hungary OTP Bank continued its strategy started in 2007: it focused on capturing savings in forms of deposits often combined with other products (mutual funds and retail bonds). OTP Core managed to increase its deposits by 1% y-o-y, however in 1Q the growth was 4%. In case of retail and corporate deposits quarterly changes were each others opposite: former increased 11% y-o-y, but only 1% q-o-q, while corporate deposits dropped by 19% y-o-y, but increased 12% in the last quarter. Assets under management at OTP Fund Management dropped on yearly (-16%) as well as quarterly (-4%) base as a result of global capital market's turmoil. Overall the situation looks better taking into consideration that OTP Bank continuously sold significant amount of bonds targeted at households; in the last quarter volumes sold almost doubled and reached HUF 113 billion.

Issued securities grew by 15% y-o-y but dropped by 2% q-o-q. Due to drastically deteriorating market conditions there has not been any international bond issue since May 2008.

## *CONSOLIDATED CAPITAL ADEQUACY RATIO (IN ACCORDANCE WITH BASEL II)*

At the end of 1Q 2009 regulatory capital represented HUF 1,180 billion, while the preliminary estimated adjusted RWA stood at HUF 6,767 billion. Taking into account the capital needs for market risk and operational risk CAR stood at 15.2% with Tier1 (after deducting goodwill and intangible assets) at 10.2% respectively. The significant y-o-y improvement (+187 bps and +202 bps q-o-q) is due to the continuously profitable quarters and the one-off net revenue from the sale of Garancia Insurance.

# OTP BANK HUNGARIAN CORE BUSINESS[3]

**OTP Core P&L account**

| Main components of P&L account in HUF mn | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
|---|---|---|---|---|---|
| OTP CORE after-tax profit w/o dividends and net cash transfer | 34,085 | 20,869 | 40,856 | 96% | 20% |
| OTP CORE pre-tax profit | 41,883 | 16,443 | 59,446 | 262% | 42% |
| Total income | 88,037 | 94,753 | 115,435 | 22% | 31% |
| Net interest income | 65,586 | 71,057 | 82,613 | 16% | 26% |
| Net fees and commissions | 22,107 | 22,516 | 21,672 | -4% | -2% |
| Other net non-interest income | 344 | 1,181 | 11,150 | 844% | |
| Provisions for possible loan losses | -1,787 | -13,947 | -19,157 | 37% | 972% |
| Other provisions | 462 | -19,089 | 6,802 | -136% | |
| Operating expenses | -44,829 | -45,274 | -43,635 | -4% | -3% |
| Revenues by Busines Lines | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
| RETAIL | | | | | |
| Total income | 75,428 | 89,092 | 83,596 | -6% | 11% |
| Net interest income | 54,478 | 65,897 | 63,326 | -4% | 16% |
| Net fees and commissions | 20,250 | 21,662 | 18,793 | -13% | -7% |
| Other net non-interest income | 700 | 1,533 | 1,477 | -4% | 111% |
| CORPORATE | | | | | |
| Total income | 9,565 | 13,781 | 6,869 | -50% | -28% |
| Net interest income | 7,227 | 11,065 | 4,282 | -61% | -41% |
| Net fees and commissions | 2,134 | 2,268 | 2,155 | -5% | 1% |
| Other net non-interest income | 205 | 448 | 432 | -4% | 111% |
| Treasury ALM | | | | | |
| Total income | 2,705 | -7,140 | 23,769 | -433% | 779% |
| Net interest income | 3,880 | -5,905 | 15,006 | -354% | 287% |
| Net fees and commissions | 173 | -554 | 91 | -117% | -47% |
| Other net non-interest income | -1,349 | -680 | 8,671 | -1374% | -743% |
| Indicators (%) | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
| Cost/income ratio | 50.9% | 47.8% | 37.8% | -10.0% | -13.1% |
| Net interest margin | 5.57% | 5.62% | 6.61% | 0.99% | 1.04% |
| ROA | 2.9% | 1.6% | 3.3% | 1.6% | 0.4% |
| ROE | 18.4% | 9.3% | 19.0% | 9.8% | 0.6% |

- ***Increasing PAT is primarily the result of increasing NII (+16% q-o-q, +26% y-o-y)***
- ***Provisioning is in line with portfolio quality deterioration (1Q 2009 HUF 12.4 billion)***
- ***CIR below 38% as a result of strict cost control and outstandingly strong income dynamics (+22% q-o-q)***
- ***Significantly moderated lending, successful term-deposit campaigns and retail debt security issuance***

### *P&L developments*

1Q PAT of OTP Core was HUF 40.9 billion, y-o-y increased by 20%, q-o-q it almost doubled. The significant one-off items detailed in the Summary Section of this Report have been accounted in OTP Core's P&L, aggregated movement of which had an almost neutral effect on the after tax profit of OTP Core. HUF 19.6 billion pre-tax profit realised on sub-debt (Upper Tier 2 Capital) buy-back transactions and HUF 11.3 billion pre-tax net loss on open FX positions on the top of the strategic open positions influenced the other non-interest income. As a consequence of HUF 9.5 billion extra tax burden related to the tax shield of subsidiary investments of the Bank the effective tax rate (1Q 2009: 31%) significantly exceeded the rate of 1Q 2008 (19%).

As a result, the effect of one-off items was almost neutral, but in total still negative to PAT (in total HUF -2.9 billion after-tax effect), PAT without these one-off items (HUF 43.7 billion) shows an even higher improvement compared to the base periods (+28% y-o-y, +109% q-o-q).

Good performance is overwhelmingly due to the outstanding net interest income. (HUF 82.6 billion, +16% q-o-q, +26% y-o-y). The quarterly improvement of NII partially derives from the positive

[3] In this section the results of OTP Bank, OTP Mortgage Bank, OTP Building Society and OTP Faktoring are aggregated. The consolidated after tax results were adjusted by the after tax result on open FX-position, by dividends and by one-off cash transfers, as well as by the net interest income of subsidiary financing and by the interest expenses of Lower and Upper Tier2 funding. Those two items are shown as part of the Corporate Centre. Also, the net result of interest swaps concluded with OBR as part of its financing were booked within the adjusted profit after tax of OBR. The Bank's IFRS unconsolidated condensed financial statements are available on the website of the Budapest Stock Exchange (www.bse.com), on the website of HFSA (www.kozzetetelek.hu) and on the website of OTP Bank (www.otpbank.hu).

effect of the carry costs of the previously mentioned other–than-strategic open FX to the interest income. This positive effect originates from the fact that in 1Q up to the size of the mentioned position the Bank funded itself by cheaper FX funding instead of more expensive HUF sources. This funding due to the interest rate difference among the currencies improved NII by almost HUF 1.5 billion in 1Q 2009.

In addition significant part of NII of OTP Core (almost 50%) arises in FX due to extensive FX lending activity (56% of the loan-book is FX denominated!). This FX denominated NII expressed in HUF terms along with 12% weaker average HUF/EUR exchange rate and 13% weaker average HUF/USD exchange rate increased remarkably. The positive FX effect on NII is estimated at HUF 4.1 billion in 1Q 2009. Consequently the FX lending practically operates as a natural hedge regarding the HUF exchange rate exposure of OTP Core income. Negative effects of HUF weakening experienced in higher provisioning are counterbalanced by higher interest income. Due to the good interest income dynamics NIM rose to 6.61% (+0.99%-points q-o-q, +1.04%-points y-o-y). At the same time in concert with the expected future strengthening of HUF NII and NIM will diminish.

Risk costs of OTP Core were HUF 12.4 billion in 1Q. Cost of risk was calculated together with other cost of risk taken into consideration that the majority part of latter were made as loan risk related provisioning both in 4Q 2008 and in 1Q 2009. 1Q provisioning reflects the portfolio deterioration in the examined period. Compared to the previous quarter the decline of risk cost are significant (HUF 20.7 billion decline q-o-q) because in the base period – as it was mentioned by the management earlier – a significant provisioning was executed for expected future losses which was not justified by that period's portfolio quality deterioration.

The ratio of +90 days overdue loans increased to 4.6% (+0.4%-points q-o-q). Simultaneously as a result of the above mentioned provisioning the coverage ratio of +90 days overdue loans basically remained stable at 81.7% (q-o-q -0.8%-points).

Strict control of operating costs resulted a 4% q-o-q and 3% y-o-y decline in the cost base of OTP Core. Personnel expenses (1Q 2009 HUF 19.7 billion) with a practically flat branch and employee numbers decreased by 9% q-o-q and the y-o-y increase was only 7%. Material expenses in the same comparison diminished by 9% and 12% respectively. As a consequence of strict cost control and the outstandingly high income dynamics of OTP Core (+22% q-o-q) CIR plummeted below 38% (-10% q-o-q, -13% y-o-y).

**Main components of OTP Core balance sheet:**

| Main components of balance sheet closing balances in HUF mn | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
|---|---|---|---|---|---|
| Total Assets | 4,861,783 | 4,964,333 | 5,121,670 | 3% | 5% |
| Gross customer loans | 3,199,165 | 3,348,950 | 3,582,218 | 7% | 12% |
| Retail loans | 1,860,801 | 2,189,534 | 2,334,232 | 7% | 25% |
| Corporate loans | 1,338,364 | 1,159,416 | 1,247,986 | 8% | -7% |
| Provisions | -96,615 | -117,635 | -135,406 | 15% | 40% |
| Deposits from customers | 3,343,261 | 3,244,482 | 3,373,389 | 4% | 1% |
| Retail deposits | 2,204,038 | 2,420,480 | 2,446,598 | 1% | 11% |
| Corporate deposits | 1,139,223 | 824,002 | 926,791 | 12% | -19% |
| Liabilities to credit institutions | 457,299 | 598,386 | 704,606 | 18% | 54% |
| Issued securities | 1,202,539 | 1,412,929 | 1,405,320 | -1% | 17% |
| Total shareholders' equity | 744,851 | 832,333 | 849,070 | 2% | 14% |
| Loan Quality (%) | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
| 90+ days past due loans/gross customer loans | 3.3% | 4.3% | 4.6% | 0.4% | 1.3% |
| Cost of risk/average gross loans | 0.23% | 1.69% | 2.24% | 0.55% | 2.01% |
| Total provisions/90+ days past due loans | 90.8% | 82.5% | 81.7% | -0.8% | -9.1% |
| Market Share (%) | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
| Loans | 18.6% | 17.6% | 17.0% | -0.6% | -1.7% |
| Deposits | 25.5% | 24.1% | 24.3% | 0.3% | -1.2% |
| Total Assets | 25.4% | 23.8% | 23.0% | -0.8% | -2.4% |
| Indicators (%) | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
| Gross loans to deposits | 95.7% | 103.2% | 106.2% | 3.0% | 10.5% |

### *Balance sheet trends*

Core loan-to-deposit ratio (1Q 2009: 106%) increased according to the trend started in 4Q (+3% q-o-q). This was substantially due to the fact that in 1Q the forint significantly weakened against the major currencies: against CHF 15%, EUR 17% (all-time record q-o-q) and JPY 14% q-o-q. Taking into consideration that within the loan portfolio the share of the FX-denominated part is much higher than within the deposits (1Q 2009: 56% vs. 19%), this fact influenced the ratio adversely.

Following the introduction of stricter lending rules in mid-November and the adverse effect of financial crisis on loan demand, the disbursement of retail loans dropped significantly. The 1Q disbursement of

HUF 11.8 billion mortgage loans earmarked a 86% drop compared to the same period of 2008, the decrease in new personal loans – the biggest component within consumer loans – was 59% (1Q 2009 disbursement: HUF 12 billion). In line with management intentions share of HUF denomination in new loan origination increased in both loan products: in case of mortgage loans from 10% to 77%, in case of personal loans from 25% to 93% respectively (1Q 2009 vs. 1Q 2008). Parallel to this within FX loan disbursements EUR became dominant (within new mortgage loans 14%, as for new personal loans 7% was denominated in EUR in 1Q 2009).

As a result of these trends share of mortgage loans shrank by 1% in original currency terms q-o-q, share of retail loans grew by approx. 2%; while in HUF terms the depreciation of the currency caused a 7% and 8% q-o-q portfolio growth respectively. Corporate loans increased also only due to FX-changes (8% q-o-q), adjusted for the FX-effect, the change in portfolio would be a decrease of 3%.

The HUF 136 billion, 4% q-o-q increase of deposits was mainly fuelled by corporate deposits (HUF +110 billion q-o-q) out of which municipal deposits performed well (HUF +58 billion q-o-q), however this is caused by seasonal effects. Due to the campaigns started in November the remarkable growth of retail deposits went on in 1Q: q-o-q retail deposits expanded by 1% (HUF +26 billion). Especially retail term deposit campaigns were successful: the product volume growth (HUF +45 billion q-o-q) basically offset the decline in sight deposits (HUF -36 billion q-o-q). Further positive development regarding the retail savings is that the momentum in sale of own bonds is still undiminished: in 1Q 2009 outstanding volume grew by HUF 55 billion q-o-q to HUF 113 billion. As a consequence of the financial crisis within retail savings the higher weight of risk-free type of savings became typical, which trend still persists.

The funding structure of OTP Core was influenced by the repayment of a EUR 750 million notional value senior bond matured on 27 February 2009. Thus the amount of issued securities at OTP Core declined by 1% q-o-q to HUF 1,405 billion. Considering that no new wholesale issue has been made this year the smaller erosion of outstanding amount compared to the repaid amount, is a parallel result of HUF weakening and the previously mentioned growth in retail bond issues.

Important post balance sheet event from the OTP Core's liquidity management's point of view is the EUR 1.4 billion state loan granted to OTP Bank with a favourable spread of 250%-points over benchmark. The source of the facility is the IMF Loan Programme. The bigger, EUR 1 billion tranche was drawn down on 1 April 2009, the disbursement of the other part is due on 30 June 2009. The loan agreement aims at providing access liquidity for Hungarian corporates, as well as mitigating the negative effect of the current crises and stabilizing the local financial sector. The loan enables OTP Core to operate in the near future with higher than planned loan-to-deposit ratio. However, without external funding the management still believes that the objective of keeping the currently safe liquidity level necessitates a group level activity that lowers loan-to-deposit ratio.

## *OTP FUND MANAGEMENT*

**Changes in assets under management and financial performance of OTP Fund Management:**

| in HUF billion | 31/03/2008 | 31/12/2008 | 31/03/2009 | Q-o-Q | Y-o-Y |
|---|---|---|---|---|---|
| OTP Investment Funds | 793.7 | 641.1 | 621.5 | -3.0% | -21.7% |
| Pension Funds | 597.1 | 549.0 | 531.3 | -3.2% | -11.0% |
| OTP Funds | 585.8 | 534.0 | 516.0 | -3.4% | -11.9% |
| Other funds | 11.3 | 15.0 | 15.3 | 2.1% | 34.9% |
| Other Institutional Investors | 168.1 | 184.5 | 162.7 | -11.8% | -3.2% |
| **Assets under management, total** | **1,558.9** | **1,374.5** | **1,315.5** | **-4.3%** | **-15.6%** |

| in HUF million | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
|---|---|---|---|---|---|
| Result of Asset Management | 1,621 | 468 | 1,243 | 165.8% | -23.3% |
| Value Creation (after tax) | 2,975 | 1,670 | 2,279 | 36.4% | -23.4% |

In 1Q 2009 OTP Fund Management realised HUF 1.2 billion after tax profit, after tax value creation exceeded HUF 2.3 billion, due to the favourable increase in commission income and the significantly deteriorating operating costs (more than 50% decrease on a quarterly base).

On the domestic fund management markets the volume of assets managed decreased by 1.4%, within this the total assets of the securities funds grew by 25 billion HUF (+1% q-o-q), while in the property funds segment the cash-outflows continued (approximately HUF 60 billion, -16% q-o-q).

Among the securities funds, money market funds and equity funds were popular, the total assets managed in these types of funds significantly grew in the first quarter (around HUF 50 billion and 36 billion respectively). The mixed and bond funds experienced cash-outflow of more than HUF 27 billion, while the derivative funds suffered HUF 5 billion cash-outflow.

From the funds managed by OTP Fund Management OTP Optima and OTP Maxima were characterised by further capital withdrawal (assets managed shrank by 25% and 23% respectively on a quarterly basis).

The net asset value of Pension Funds reached HUF 531 billion at the end of the first quarter of 2009 after a slight decrease (-3.2% q-o-q), while the total asset of other institutional funds decreased by 12% on a quarterly basis.

OTP Fund Management realised more than HUF 2 billion management fee in 1Q 2009, this was 1.37% compared to the average assets of funds.

The market share of OTP Funds Management changed to 29.1% at the end of March 2009 (-140 bp q-o-q).

The loss of the two consolidated foreign fund management companies amounted to HUF 26 million.

## *MERKANTIL GROUP*

**Performance of Merkantil Bank and Car:**

| Main components of P&L account in HUF mn | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
|---|---|---|---|---|---|
| After tax profit w/o dividends and net cash transfer | 1,861 | -2,612 | 130 | -105% | -93% |
| One-off items, after-tax[1] | 0 | -448 | 0 | -100% | |
| After tax profit w/o dividends, net cash transfers and one-offs | 1,861 | -2,164 | 130 | -106% | -93% |
| Pre-tax profit | 2,428 | -2,500 | 196 | -108% | -92% |
| Total income | 4,787 | 3,609 | 4,471 | 24% | -7% |
| Net interest income | 5,330 | 5,033 | 5,431 | 8% | 2% |
| Net fees and commissions | -864 | -1,252 | -1,197 | -4% | 39% |
| Other net non-interest income | 321 | -172 | 237 | -238% | -26% |
| Cost of loan risk | -766 | -3,519 | -2,516 | -28% | 228% |
| Other cost of risk | -123 | -995 | -324 | -67% | 164% |
| Operating expenses | -1,470 | -1,595 | -1,435 | -10% | -2% |
| **Main components of balance sheet closing balances in HUF mn** | **1Q 2008** | **4Q 2008** | **1Q 2009** | **Q-o-Q** | **Y-o-Y** |
| Total Assets | 323,469 | 354,672 | 382,910 | 8% | 18% |
| Gross customer loans | 300,111 | 322,870 | 349,927 | 8% | 17% |
| Retail loans | 587 | 204 | 307 | 51% | -48% |
| Corporate loans | 39,319 | 40,485 | 40,144 | -1% | 2% |
| Car financing loans | 260,205 | 282,514 | 309,476 | 10% | 19% |
| Loan loss provisions | -20,277 | -20,751 | -23,183 | 12% | 14% |
| Car leasing | 14,327 | 19,552 | 22,134 | 13% | 54% |
| Big ticket leasing | 7,802 | 7,465 | 7,350 | -2% | -6% |
| Deposits from customers | 7,369 | 8,118 | 8,130 | 0% | 10% |
| Retail deposits | 2,052 | 2,245 | 2,101 | -6% | 2% |
| Corporate deposits | 5,317 | 6,194 | 6,028 | -3% | 13% |
| Liabilities to credit institutions | 239,395 | 269,856 | 295,856 | 10% | 24% |
| Issued securities | 32,132 | 30,383 | 28,538 | -6% | -11% |
| Subordinated debt | 1,700 | 1,700 | 1,700 | 0% | 0% |
| Total shareholders' equity | 32,944 | 34,572 | 33,350 | -4% | 1% |
| **Loan Quality (%)** | **1Q 2008** | **4Q 2008** | **1Q 2009** | **Q-o-Q** | **Y-o-Y** |
| 90+ days past due loans/gross customer loans | 7.6% | 7.7% | 7.8% | 0.1% | 0.2% |
| Cost of risk/average gross loans | 1.08% | 4.52% | 3.03% | -1.49% | 1.96% |
| Total provisions/90+ days past due loans | 88.8% | 83.5% | 84.8% | 1.3% | -4.0% |
| **Indicators (%)** | **1Q 2008** | **4Q 2008** | **1Q 2009** | **Q-o-Q** | **Y-o-Y** |
| Cost/income ratio | 30.7% | 44.2% | 32.1% | -12.1% | 1.4% |
| Net interest margin | 6.90% | 5.89% | 5.97% | 0.08% | -0.92% |
| ROA | 2.4% | -2.5% | 0.1% | 2.7% | -2.3% |
| ROE | 22.3% | -24.0% | 1.6% | 25.5% | -20.8% |

[1] Sum of other provisioning, other non interest income and other non-interest expense booked in relation to the sale of OTP Leasing a.s.
[2] Net interest income comprises effect of fair value adjustment of swap transactions with OTP Bank

- ***Merkantil Bank and Car reached HUF 130 million PAT in 1Q 2009***
- ***Total income increased (+24% q-o-q), however operating expenditures dropped by 10% compared to 4Q 2008***
- ***Notwithstanding the lower level of disbursements, because of the FX-effect the gross loan portfolio increased by 8% q-o-q, 17% y-o-y***
- ***Portfolio quality deteriorated, HUF 2.5 billion cost of loan risk emerged in 1Q***

In 1Q 2009 the aggregated, non-consolidated PAT of Merkantil Bank and Car was HUF 130 million following the HUF 2.2 billion loss in the previous quarter.

The total income shaped well: NII increased by 2% y-o-y, 8% q-o-q. Net F&C expenditures improved (-4% q-o-q, +39% y-o-y), on one hand the commission incomes decreased as a result of the lower disbursement and prepayment levels but the fee and commission expenditures diminished as well. The other net non-interest type income showed a HUF 237 million profit after the 4Q 2008 loss (the high FX loss experienced in 4Q 2008 did not occur).

The loan risk costs accumulated during the quarter was HUF 2.5 billion. Loan risk costs decreased by 28% q-o-q, (in 4Q 2008 as a precaution the risk costs were increased by HUF 2 billion at a portfolio level), but grew by 228% y-o-y. In 1Q because of the significantly weakening HUF the loss on revaluation of FX denominated assets pushed up cost of risk (revaluation of provisions for mainly CHF denominated exposures appears as provision for possible loan losses).

Operating expenses decreased by 2% y-o-y and 10% q-o-q nonetheless the local tax burden was above the plan. Personnel costs stagnated q-o-q, however a significant cost saving was reached within material expenditures on marketing expenditures and payments to entrepreneurs.

Car loans increased by 10% q-o-q, 19% y-o-y, adjusted by the FX effects the portfolios declined in 1Q. The growth of the car leasing portfolio was 13% q-o-q, 54% y-o-y.

The volume of new disbursements did not reach even the third of the level of the previous year which was caused amongst others by the higher level of average down-payment according to the stricter lending rules. Denominations of new disbursements shifted from CHF to EUR and HUF products, ratio of which became dominant in new disbursements. The interest margin has been effected positively by the higher than planned ratio of CHF financing. NIM shrank by 92 bps y-o-y, q-o-q increased by 8 bps.

The quality of the portfolio remained stable in 1Q, as shown by the 90+ days past due loans to gross customer loans ratio's quarterly rise of only 0.1%-point. This indicator does not reflect the portfolio quality deterioration due to the settlement of additional payment obligations in January emerged from quarterly interest- and exchange rate differences. The indicator of total provisions to 90+ days past due loans is comfortably high (slightly below 85%, which means a quarterly improvement of 1.3%-point).

Non-car-financing Group Members had an aggregated total assets of HUF 66.8 billion (3% increase q-o-q, +8% y-o-y).

# IFRS REPORTS OF THE MAIN SUBSIDIARIES

*Note: in the following parts the after tax profit w/o dividends and net cash transfer of subsidiaries are presented. The structural adjustments on P&L statement lines of subsidiaries as well as description of calculation methods of performance indices are to be found in supplementary data annex.*

## DSK GROUP[4]

**Performance of DSK Group:**

| Main components of P&L account in HUF mn | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
|---|---|---|---|---|---|
| After tax profit w/o dividends and net cash transfer | 7,641 | 8,485 | 7,388 | -13% | -3% |
| Pre-tax profit | 8,501 | 9,422 | 8,201 | -13% | -4% |
| Total income | 16,204 | 20,187 | 21,484 | 6% | 33% |
| Net interest income | 12,007 | 15,565 | 17,568 | 13% | 46% |
| Net fees and commissions | 3,885 | 4,368 | 3,650 | -16% | -6% |
| Other net non-interest income | 311 | 253 | 266 | 5% | -15% |
| Cost of loan risk | -1,676 | -2,035 | -5,519 | 171% | 229% |
| Other cost of risk | -16 | -930 | -21 | -98% | 34% |
| Operating expenses | -6,011 | -7,800 | -7,742 | -1% | 29% |
| **Main components of balance sheet closing balances in HUF mn** | **1Q 2008** | **4Q 2008** | **1Q 2009** | **Q-o-Q** | **Y-o-Y** |
| Total Assets | 1,019,472 | 1,171,645 | 1,343,257 | 15% | 32% |
| Gross customer loans | 835,512 | 1,014,893 | 1,165,839 | 15% | 40% |
| Retail loans | 675,810 | 816,257 | 944,956 | 16% | 40% |
| Corporate loans | 159,702 | 198,636 | 220,883 | 11% | 38% |
| Loan loss provisions | -30,256 | -39,074 | -51,441 | 32% | 70% |
| Deposits from customers | 685,749 | 722,880 | 838,068 | 16% | 22% |
| Retail deposits | 552,688 | 626,576 | 725,319 | 16% | 31% |
| Corporate deposits | 133,060 | 96,304 | 112,749 | 17% | -15% |
| Liabilities to credit institutions | 127,268 | 175,126 | 180,908 | 3% | 42% |
| Subordinated debt | 51,857 | 92,680 | 108,233 | 17% | 109% |
| Total shareholders' equity | 134,569 | 165,045 | 199,044 | 21% | 48% |
| **Loan Quality (%)** | **1Q 2008** | **4Q 2008** | **1Q 2009** | **Q-o-Q** | **Y-o-Y** |
| 90+ days past due loans/gross customer loans | 2.5% | 3.0% | 3.8% | 0.8% | 1.3% |
| Cost of risk/average gross loans | 0.83% | 0.84% | 2.05% | 1.21% | 1.22% |
| Total provisions/90+ days past due loans | 142.8% | 127.9% | 116.0% | -11.8% | -26.8% |
| **Indicators (%)** | **1Q 2008** | **4Q 2008** | **1Q 2009** | **Q-o-Q** | **Y-o-Y** |
| Gross loans to deposits | 121.8% | 140.4% | 139.1% | -1.3% | 17.3% |
| Cost/income ratio | 37.1% | 38.6% | 36.0% | -2.6% | -1.1% |
| Net interest margin | 4.71% | 5.48% | 5.67% | 0.19% | 0.95% |
| ROA | 3.0% | 3.0% | 2.4% | -0.6% | -0.6% |
| ROE | 23.8% | 21.8% | 16.5% | -5.4% | -7.3% |

- ***HUF 7.4 billion profit after tax along with deteriorating portfolio quality and significant increase in provisioning***
- ***Stable net interest income in local currency (+13% in HUF), improving NIM (1Q 2009: 5.7%)***
- ***Efficient operation, consistently low level of cost/income ratio (36%)***
- ***Due to successful promotional campaigns the deposit base was flat (-1% q-o-q on a quarterly basis in BGN), stable liquidity position was also kept***

DSK group realised HUF 7.4 billion profit after tax in 1Q 2009, a 13% decline q-o-q, 3% decline y-o-y. The profit and balance sheet dynamics were strongly affected by the weakening of HUF against the local currency: the average exchange rate (used for profit translation) weakened by 12% on a quarterly as well as on yearly basis, the closing exchange rate weakening (used for the translation of the balance sheet) was more significant: 17% q-o-q, 19% y-o-y. Latter means that assuming an unchanged balance sheet in local currency, solely due to weakening of HUF significant increase in loan and deposit base would be seen.

[4] As for 2007, financials are based on DSK Bank, POK DSK-Rodina, DSK Trans Security and DSK Tours consolidated figures aggregated with Asset Management (SPV) and adjusted with controlling calculations. In 2008, after SPV stopped its operation figures are reflecting the performance of consolidated DSK Group without SPV. Regarding 2007 year end, data are in line with the disclosure of the preliminary stock exchange report (non-audited).

Along with the deepening financial crisis and the scarce global liquidity at the end of 2008, underwriting policies of new loans were significantly restricted. Due to this fact and the moderating demand, new disbursements in 1Q 2009 were well below the previous year's base. Accordingly, the total loans in BGN slightly decreased (2% q-o-q), explained by the stagnation of retail mortgage and consumer loans and a decrease of SME and corporate loans of 3% and 5% respectively.

The success of the retail term deposit campaign launched in 4Q has an important role in the continuously stable liquidity position of DSK Bank. In BGN the 1% q-o-q increase of the retail deposits and the 23% growth of municipal deposits – though with essentially lower weight – could practically counterbalance the decreasing trends of the SME and corporate deposits (-23% q-o-q and -6% q-o-q respectively). As a result of these factors the total amount of deposits in LCY practically stagnated (-1% q-o-q); the loan-to-deposit ratio of the Bank (139%) decreased slightly (-1% q-o-q). There wasn't any important capital market transaction in 1Q 2009 on the liability side; in LCY the subordinated loan capital remained unchanged and the interbank funding decreased mainly as a result of the diminishing intra-group funding. (-12% q-o-q in BGN, +3% in HUF).

With regard to net profits, it is a favourable factor that the net interest income in BGN is 1% above the level of the previous quarter (q-o-q dynamics in HUF +13%). 1Q NIM 5.7% is increased by 19bps q-o-q and by 95bps y-o-y.

The decrease of net F&C (-16% q-o-q, -6% y-o-y) is the consequence of the shrinking loan commissions due to loan disbursements significantly lagging behind the previous year's level (-34% q-o-q and y-o-y) and the decreasing card (-10% q-o-q) and deposit (+3% q-o-q, in BGN -8%) commissions as the result of moderate liability side transaction activity of the customers.

The other main factor of decreasing profitability is the high loan provisioning (HUF -5.5 billion) as a result of deteriorating portfolio quality. The share of loans 90+ days overdue in the total loan portfolio increased from 3.0% to 3.8% q-o-q. Simultaneously the risk provisioning was influenced by the relaxing of the portfolio qualification regulation[5], still the Bank increased the provisions for its performing portfolio from 1% to 1.95% to make prudentially transparent the deteriorating outlooks as to future portfolio quality. The Cost of Risk/Average loans ratio increased from the base period level of 0.83% to 2.05%, at the same time the coverage ratio of loans 90+ days overdue (116%) is henceforward well above 100%.

Given that the number of bank employees and branches practically remained unchanged (in line with the plans), the cost control was strict (1Q 2009 CIR: 36%). Personnel expenditures in BGN decreased by 10% q-o-q (in HUF +1%), while savings on material expenditure was due to cut down of marketing costs (in BGN -15% q-o-q, in HUF -5% q-o-q). All of these factors resulted the 11% q-o-q decrease in total costs in BGN terms (-1% in HUF terms).

## *OTP BANK RUSSIA* [6]

**Performance of OTP Bank Russia:**

| Main components of P&L account in HUF mn | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
|---|---|---|---|---|---|
| After tax profit w/o dividends and net cash transfer | 1,691 | 3,942 | 313 | -92% | -81% |
| Pre-tax profit | 2,382 | 4,757 | 412 | -91% | -83% |
| Total income | 17,901 | 22,409 | 17,156 | -23% | -4% |
| Net interest income | 15,064 | 17,633 | 14,700 | -17% | -2% |
| Net fees and commissions | 2,734 | 2,229 | 1,203 | -46% | -56% |
| Other net non-interest income | 103 | 2,547 | 1,253 | -51% | |
| Cost of loan risk | -4,978 | -4,719 | -5,948 | 26% | 19% |
| Other cost of risk | -124 | 190 | 85 | -55% | -169% |
| Operating expenses | -10,418 | -13,123 | -10,881 | -17% | 4% |
| **Main components of balance sheet closing balances in HUF mn** | **1Q 2008** | **4Q 2008** | **1Q 2009** | **Q-o-Q** | **Y-o-Y** |
| Total Assets | 402,784 | 529,019 | 574,914 | 9% | 43% |
| Gross customer loans | 311,192 | 383,118 | 412,918 | 8% | 33% |
| Retail loans | 192,818 | 247,927 | 254,064 | 2% | 32% |
| Corporate loans | 105,855 | 113,378 | 136,076 | 20% | 29% |
| Car financing loans | 12,519 | 21,813 | 22,778 | 4% | 82% |
| Loan loss provisions | -23,039 | -30,389 | -39,067 | 29% | 70% |

[5] Since 1st March 2009 the range of due days related to the worst loan qualification category increased from 60-90 days to 90-180 days, i.e. form 90+ to 180+.
[6] From 2Q 2008, figures are based on the aggregated financial statements of OAO OTP Bank and the newly acquired Donskoy Narodny Bank.

| Main components of balance sheet closing balances in HUF mn | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
|---|---|---|---|---|---|
| Deposits from customers | 255,283 | 224,152 | 243,929 | 9% | -4% |
| Retail deposits | 149,312 | 137,252 | 165,410 | 21% | 11% |
| Corporate deposits | 105,971 | 86,901 | 78,519 | -10% | -26% |
| Liabilities to credit institutions | 76,086 | 214,001 | 228,870 | 7% | 201% |
| Issued securities | 8,328 | 8,189 | 8,627 | 5% | 4% |
| Subordinated debt | 12,654 | 13,657 | 16,036 | 17% | 27% |
| Total shareholders' equity | 42,835 | 60,665 | 65,792 | 8% | 54% |
| Loan Quality (%) | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
| 90+ days past due loans/gross customer loans | 7.0% | 8.4% | 11.1% | 2.6% | 4.0% |
| Cost of risk/average gross loans | 6.50% | 4.81% | 6.06% | 1.25% | -0.44% |
| Total provisions/90+ days past due loans | 105.2% | 94.0% | 85.5% | -8.6% | -19.8% |
| Indicators (%) | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
| Gross loans to deposits | 121.9% | 170.9% | 169.3% | -1.6% | 47.4% |
| Cost/income ratio | 58.2% | 58.6% | 63.4% | 4.9% | 5.2% |
| Net interest margin | 14.52% | 13.94% | 10.80% | -3.14% | -3.72% |
| ROA | 1.6% | 3.1% | 0.2% | -2.9% | -1.4% |
| ROE | 16.1% | 25.7% | 2.0% | -23.6% | -14.1% |

- ***1Q PAT at HUF 0.3 billion as a result of decreasing total income and increasing provisions***
- ***Due to successful retail deposit campaigns the retail deposit base is again above the pre-crisis level (+21% q-o-q)***
- ***Stable loan-to-deposit ratio (1Q 2009: 169%) according to weaker lending activity and successful deposit collection***

1Q 2009 PAT of OTP Bank Russia came in at HUF 0.3 billion. Even the significant cost saving (-17 q-o-q) was not able to compensate the effect of decreasing total income (-23% q-o-q) and increasing provisioning (+26%) due to deteriorating portfolio quality. Consequently the cost/income ratio of the subsidiary deteriorated a bit, too (1Q 2009: 63.4%).

Behind of the 17% q-o-q decrease of net interest income stands partially the q-o-q drop of the outstanding amount of POS loans – the most profitable part of the portfolio – as a consequence of lower sales results; and partially the interest expense increasing effect of the retail deposit campaigns at the year end. Customer interest rates raised in 1Q on the asset side were not able to compensate the above mentioned effects. Even NIM tightened: the 1Q 10.8% figure is below the previous year level. It is important to emphasize however, that profitability indices were adversely influenced by the volatility of HUF/RUB exchange rate in 1Q. Quarterly average exchange rate of HUF appreciated by 9% (value of the HUF denominated numerators of these ratios decreased) while the closing exchange rate depreciated by 8% during this period (it increases the HUF denominated denominator of these ratios). Consequently the net interest income decreased by 8% only in LCY q-o-q (the other is the result of HUF strengthening) and even the erosion of NIM would have been smaller in LCY terms.

46% q-o-q drop of net F&C's is caused by several factors: commissions received from merchants decreased because of the lower level of sales-activity, commissions related to ATM transactions dropped as well and the work-out activity – more successful than in the previous months – induced a higher commission expense.

The q-o-q deterioration of other non-interest income was caused by the stop of conversion of RUB denominated customer deposits into USD (share of FX deposits in the total deposit base increased to 37% by the end of 1Q from the 11% pre-crisis level) consequently the FX-trading results originated from these transactions decreased simultaneously. Further on the other non-interest income in the previous quarter was improved by a one-off item: in 4Q 2008 because of the new IFRS regulation series of bonds had been re-classified from tradable to available-for-sale category, thus the almost HUF 0.9 billion losses on securities in the first nine months was written back, and since then the mark-to-market results of these securities had been accounted through the equity.

Provisions increased 26% q-o-q simultaneously with the deterioration of portfolio quality. The increase was primarily a result of provisions cumulated for card and consumer loans. The ratio of loans with more than 90 days overdue payments increased both in the retail and the corporate segment, altogether it reached 11.1% by the end of 1Q (+2.6% q-o-q).

Operating expenses decreased (-17% q-o-q) as a result of the reduction of staff by 600 people in 4Q 2008, the cutback of the marketing and administrative costs. The headcount was basically stable in 1Q (1Q 2009: 8.462; +13 employees q-o-q), and in the remaining part of the year even an increase of sales staff is expected in order to boost new loan origination.

Due to successful promotional campaigns as well as customer demand driven product developments, retail deposits expanded by 21% q-o-q (+12% in RUB). Thus the volume of the portfolio is again above the pre-crisis level. The erosion of corporate deposits is henceforward the consequence of negative effects of the crisis hitting the corporate sector.

On lending side due to the significant drop in the demand for retail loans, the stricter lending rules and higher customer interest rates charged the volume of new sales significantly lagged behind the level of 1Q 2008. The volume of newly disbursed POS loans reached 60% of 1Q 2008 level, but the drop was even higher at other retail loan products. Consequently the retail loan portfolio started to shrink in RUB terms (-5% q-o-q; +2% in HUF terms). To boost its retail lending activity the Bank has concluded agreements with federal retailers with countrywide operation. According to the plans 700 new agents start to sell consumer loan products in 2Q at these new selling points.

Growth of corporate loan portfolio (q-o-q in HUF +20% and in RUB +12%) was not caused by significant new disbursements but rather by the take-over of project-financing loans previously financed in co-operation with OTP Bank Hungary. In this way OTP Russia could utilize its increasing access liquidity, emerging from the successful deposit collection and the decreasing level of the retail loan book.

## CJSC *OTP BANK*

**Performance of CJSC OTP Bank:**

| Main components of P&L account in HUF mn | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
|---|---|---|---|---|---|
| After tax profit w/o dividends and net cash transfer | 3,894 | 5,369 | -9,120 | -270% | -334% |
| Pre-tax profit | 4,306 | 7,898 | -9,034 | -214% | -310% |
| Total income | 10,973 | 37,443 | 17,878 | -52% | 63% |
| Net interest income | 9,076 | 15,454 | 15,795 | 2% | 74% |
| Net fees and commissions | 1,069 | 2,041 | 1,527 | -25% | 43% |
| Other net non-interest income | 829 | 19,948 | 555 | -97% | -33% |
| Cost of loan risk | -1,339 | -20,803 | -19,783 | -5% | |
| Other cost of risk | 18 | -89 | -845 | 850% | |
| Operating expenses | -5,346 | -8,653 | -6,284 | -27% | 18% |
| **Main components of balance sheet closing balances in HUF mn** | **1Q 2008** | **4Q 2008** | **1Q 2009** | **Q-o-Q** | **Y-o-Y** |
| Total Assets | 690,663 | 847,008 | 916,086 | 8% | 33% |
| Gross customer loans | 588,116 | 763,758 | 859,199 | 12% | 46% |
| Retail loans | 253,007 | 351,838 | 401,297 | 14% | 59% |
| Corporate loans | 272,798 | 331,880 | 370,226 | 12% | 36% |
| Car financing loans | 62,312 | 80,040 | 87,676 | 10% | 41% |
| Loan loss provisions | -4,577 | -22,882 | -47,684 | 108% | 942% |
| Deposits from customers | 180,783 | 169,888 | 157,579 | -7% | -13% |
| Retail deposits | 95,105 | 77,745 | 78,323 | 1% | -18% |
| Corporate deposits | 85,678 | 89,486 | 79,256 | -11% | -7% |
| Liabilities to credit institutions | 424,016 | 551,030 | 603,661 | 10% | 42% |
| Subordinated debt | 5,294 | 26,900 | 42,667 | 59% | 706% |
| Total shareholders' equity | 66,589 | 80,098 | 85,381 | 7% | 28% |
| **Loan Quality (%)** | **1Q 2008** | **4Q 2008** | **1Q 2009** | **Q-o-Q** | **Y-o-Y** |
| 90+ days past due loans/gross customer loans | 2.1% | 4.7% | 10.4% | 5.7% | 8.3% |
| Cost of risk/average gross loans | 0.96% | 11.09% | 9.89% | -1.20% | 8.92% |
| Total provisions/90+ days past due loans | 36.9% | 63.2% | 53.3% | -9.8% | 16.4% |
| **Indicators (%)** | **1Q 2008** | **4Q 2008** | **1Q 2009** | **Q-o-Q** | **Y-o-Y** |
| Gross loans to deposits | 325.3% | 449.6% | 545.2% | 95.7% | 219.9% |
| Cost/income ratio | 48.7% | 23.1% | 35.1% | 12.0% | -13.6% |
| Net interest margin | 5.55% | 7.31% | 7.27% | -0.04% | 1.72% |
| ROA | 2.4% | 2.5% | -4.2% | -6.7% | -6.6% |
| ROE | 23.7% | 23.3% | -44.7% | -68.0% | -68.4% |

- ***HUF 9 billion loss in 1Q 2009, favourable net interest income, at the same time high risk cost***
- ***Still stable high net interest margin (NIM: 7.27%)***
- ***Stringent cost control; decreasing personnel expenses as well as other expenses on a quarterly basis (CIR: 35.1%)***
- ***Successful measures to stop the erosion of deposit base, drop of retail deposits stopped in March***

CJSC OTP Bank realised HUF 9.1 billion loss in 1Q 2009. The development of results was adversely affected by the drop of earnings, and the cost saving of about 30% could only partially offset the significant increase of risk costs.

The drop of earnings was influenced by several factors. While in 4Q 2008 the reason for the increase of risk costs was the significant depreciation of UAH which was balanced by the income on liquid assets hedging the open position. Thus other non-interest income increased in the last quarter, but in 1Q 2009 the volume of risk cost was affected by the deteriorating portfolio and it has no income effect.

The quarterly net interest income growth was 2%, however 15% more in LCY than in the previous quarter. Although the loan portfolio shrank in all major segments, due to the higher interest on loans the interest margin is flat to the previous quarter's level (1Q 2009: 7.27%), which is favourable on Group level as well.

Nevertheless total commission income dropped by 16% in LCY (-25% q-o-q in HUF), which is partially due to falling commission income related to deposits and cash transfers (-40%, but -28% in LCY) as a result of stagnating deposit base; card commissions also decreased by 44% q-o-q in LCY.

1Q was featured by high volume of risk costs in line with the ratio of loans with more than 90+ days overdue payments. The volume of other risk cost (UAH 28 million) is related to an off-balance-sheet item (provision for guarantees on letter of credits). During the quarter the ratio of loans with more than 90 days overdue payments increased from 4.7% to 10.4%, the ratio of non-payers is the highest in the SME segment, while the corporate sector is relatively stable. The default risk of these customers is increasing gradually which is affirmed by the deterioration of their rating as well, while in case of retail customers the Bank endeavours to minimise the risk of default by proactive restructuring of loans. Nevertheless at the end of March the coverage of loans with more than 90 days overdue payment was 53.3%.

As a result of strict cost control during the first quarter the operating expenses decreased by 27% (-18% q-o-q in LCY). Due to the 300 people cutback of headcount in 1Q the personnel expenses decreased by 16% while in case of tangible costs the realised savings was UAH 28 million. Consequently in 1Q the cost/income ratio of the Bank reached 35.1%, it is outstanding in the Group.

Customer loan portfolio of the Bank shows a 12% growth but it must be noted that the closing HUF/UAH exchange rate used in case of balance sheet items weakened by 18% in 1Q. The loan portfolio in LCY shows a modified decrease (-5% q-o-q), but the customer portfolio dropped all the main segments (mortgage loans: -5% q-o-q, corporate loans: -6% q-o-q in LCY).

In order to strengthen the capital position of the Bank an USD 50 million subordinated loan was provided by OTP Bank.

In 1Q the management of the Bank made significant efforts to stop the portfolio erosion of deposits. In case of retail customers the marketing campaigns proved successful, during February and March the portfolio of term deposits increased by UAH 243 million. Shrinkage of retail deposits stopped for a while, but even so the size of the portfolio in LCY is lower than it was at the end of December by 15%. The decline of corporate deposits had a higher degree, in LCY it was 25%.

With 25%-points decrease the market share of the Bank in deposits changed to 1.65% mainly as a result of the decrease of corporate deposits. The deposit withdrawal of the retail segment was in line with the market, general deposit withdrawal trend could be observed. This trend was induced by the spread of the global money market crisis and the economic and political uncertainty in Ukraine.

## *OTP BANK ROMANIA*

**Performance of OTP Bank Romania:**

| Main components of P&L account in HUF mn | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
|---|---|---|---|---|---|
| After tax profit w/o dividends, net cash transfers and one-offs | -109 | 437 | -725 | -266% | 567% |
| Pre-tax profit | -70 | 409 | -538 | -231% | 674% |
| Total income | 3,333 | 5,588 | 4,933 | -12% | 48% |
| Net interest income | 1,666 | 1,553 | 3,850 | 148% | 131% |
| Net fees and commissions | 343 | 1,952 | 476 | -76% | 39% |
| Other net non-interest income | 1,325 | 2,083 | 607 | -71% | -54% |
| Cost of loan risk | -238 | -2,065 | -2,014 | -3% | 748% |
| Other cost of risk | -149 | 9 | -87 | | -42% |
| Operating expenses | -3,017 | -3,122 | -3,370 | 8% | 12% |
| **Main components of balance sheet closing balances in HUF mn** | **1Q 2008** | **4Q 2008** | **1Q 2009** | **Q-o-Q** | **Y-o-Y** |
| Total Assets | 334,605 | 367,521 | 416,541 | 13% | 24% |
| Gross customer loans | 246,316 | 316,809 | 356,316 | 12% | 45% |
| Retail loans | 153,421 | 207,933 | 235,305 | 13% | 53% |
| Corporate loans | 92,894 | 108,876 | 121,012 | 11% | 30% |
| Loan loss provisions | -2,168 | -4,365 | -7,501 | 72% | 246% |
| Deposits from customers | 77,488 | 72,206 | 83,538 | 16% | 8% |
| Retail deposits | 57,393 | 52,582 | 66,007 | 26% | 15% |
| Corporate deposits | 20,095 | 19,624 | 17,531 | -11% | -13% |
| Liabilities to credit institutions | 167,701 | 107,504 | 287,219 | 167% | 71% |
| Total shareholders' equity | 24,679 | 23,245 | 25,007 | 8% | 1% |

| Loan Quality (%) | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
|---|---|---|---|---|---|
| 90+ days past due loans/gross customer loans | 0.6% | 1.3% | 2.3% | 0.9% | 1.7% |
| Cost of risk/average gross loans | 0.42% | 2.73% | 1.03% | -1.70% | 0.62% |
| Total provisions/90+ days past due loans | 151.2% | 103.6% | 93.3% | -10.3% | -57.9% |
| **Indicators (%)** | **1Q 2008** | **4Q 2008** | **1Q 2009** | **Q-o-Q** | **Y-o-Y** |
| Gross loans to deposits | 317.9% | 438.8% | 426.5% | -12.2% | 108.7% |
| Cost/income ratio | 90.5% | 55.9% | 68.3% | 12.4% | -22.2% |
| Net interest margin | 2.12% | 1.70% | 3.98% | 2.28% | 1.86% |
| ROA | -0.1% | 0.5% | -0.8% | -1.2% | -0.6% |
| ROE | -1.8% | 7.6% | -12.2% | -19.8% | -10.4% |

[1] From 2Q 2008 adjusted with result of swap transactions executed with OTP Bank in relation with interbank financing.
[2] Rows of total assets and gross customer loans include both corporate and retail loans that have been transferred. Liabilities to credit institutions and total shareholders' equity reflect balance sheet numbers after loan transfers until 4Q 2008, but from 1Q 2009 balance sheet figures before loan transfers are displayed.

- ***In 1Q 2009 mainly due to drop in net non-interest income HUF 725 million loss was generated***
- ***The loan portfolio grew by 12% q-o-q and 45% y-o-y, while retail deposits increased by 26%***
- ***The quality of the portfolio deteriorated, risk cost was flat compared to previous quarter***

*In 2008 the result of OBR was presented based on the P&L statement of the subsidiary, however significant amount of loans had been previously transferred to OTP Bank Hungary, but the profit realised on loans was overwhelmingly paid back to OBR (as commission income).*

*Nevertheless, from 2009, previously transferred loans are expected to be put into an SPV for financing reasons, and so, the P&L statement of OBR will no longer represent the whole net profit realised on these Romanian assets. That's why the presented P&L and balance sheet has been changed. The modified statements have been prepared as if the balance sheet of OBR contained the transferred loans and the OBR's P&L statement contained the earnings on the whole Romanian portfolio in a correct structure. As a result, the structure of total income has been changed, time series of net interest income and net F&C income can not be compared to the previously communicated figures.*

In 1Q 2009 the Bank posted a loss of HUF 725 million, compared to the HUF 437 million profit in the previous quarter. It is to be noted that operating cost increased by 8% q-o-q, which is mainly due to the base effect, and earnings dropped by 12% q-o-q (on a yearly basis however, 48% of growth is to be seen.)

The reason behind the q-o-q decrease of income is the lack of outstanding FX profit experienced in 4Q: as a result, the other net non-interest income decreased by 71%, about HUF 1.4 billion on a quarterly basis. Due to the above detailed reasons the structure of total income has been changed, the profit realised on loans transferred to Hungary could be found in the net F&C line in the previous quarters. From 1Q 2009 on the specific income items are presented in line with accounting standards (that is why time series of net interest income and net F&C income can't be compared to previously communicated figures).

The performance of NIM was influenced by the continuous repricing of the loans in the SME and corporate segment, but since 2009 the repricing process had become difficult because of the following central bank regulation: the interest rate of loans cannot be increased without the consent of the customer. Interest income was negatively affected by the decreasing reference rates and the increased deposit interest expenses. Drop of F&C income derives from beside of the ceased commission income on transferred loans mainly to the low volume of new loan disbursement.

On the field of operating expenses the cost control remained strict: in a yearly comparison there was a 12% cost increase (while total income grew by 1.5 fold), 8% cost increase compared to 4Q 2008 was resulted by the personnel cost related release of the non-utilized part of provisions in the basis period. Because of this the personnel expenses increased by 21% q-o-q while a 3% cost saving was reached on material expenses.

In 1Q the risk cost, similarly to that in the previous quarter, was more than HUF 2 billion. Beside the deteriorating portfolio quality it meant that simultaneously with a 12% q-o-q loan portfolio increase the coverage ratio of 90+ days past due loan portfolio with provisions changed to 93.3%. Loan portfolio deterioration was shown by the increment of 90+ days past due loans to gross customer loans ratio (from 1.3% in 4Q 2008 to 2.3% in 1Q 2009).

The loan portfolio expanded by 45% y-o-y and 12% q-o-q but the latter is explained by the FX movements, since end of 2008 the Bank had significantly restricted its lending activity. In a quarterly comparison the portfolio diminished in LCY (mostly the retail consumer loans). On a yearly basis the dynamics is continuously outstanding: the amount of retail mortgage loans (housing and mortgage loans together) giving almost half of the gross loan portfolio increased by 85% (76% in RON).

On the deposit side there was an 8% increase y-o-y, and following the significant deposit withdrawal wave in 4Q 2008, in 1Q 2009 the portfolio grew by 16% q-o-q. While retail deposits (w/o SME) grew by 27% in 1Q (even in RON by 15%) as a result of higher deposit rates supported by marketing campaigns, the portfolio of corporate deposits shrank by 11% whereas the market share in this market segment remained unchanged.

Number of the Bank's employees decreased by 44 to 1,052 in 1Q, while the number of branches was unchanged.

## OTP BANKA HRVATSKA

**Performance of OTP banka Hrvatska:**

| Main components of P&L account in HUF mn | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
|---|---|---|---|---|---|
| After tax profit w/o dividends, net cash transfers | 1,068 | 1,329 | 815 | -39% | -24% |
| Pre-tax profit | 1,336 | 1,688 | 995 | -41% | -25% |
| Total income | 4,416 | 5,232 | 4,917 | -6% | 11% |
| Net interest income | 3,286 | 3,766 | 3,543 | -6% | 8% |
| Net fees and commissions | 867 | 1,006 | 901 | -10% | 4% |
| Other net non-interest income | 263 | 459 | 473 | 3% | 80% |
| Provisions for possible loan losses | -137 | -307 | -398 | 30% | 192% |
| Other provisions | 100 | -112 | -80 | -29% | -180% |
| Operating expenses | -3,044 | -3,125 | -3,444 | 10% | 13% |
| **Main components of balance sheet closing balances in HUF mn** | **1Q 2008** | **4Q 2008** | **1Q 2009** | **Q-o-Q** | **Y-o-Y** |
| Total Assets | 440,384 | 462,576 | 533,424 | 15% | 21% |
| Gross customer loans | 265,442 | 309,564 | 370,931 | 20% | 40% |
| Retail loans | 171,624 | 191,496 | 223,716 | 17% | 30% |
| Corporate loans | 91,472 | 115,474 | 144,283 | 25% | 58% |
| Car financing loans | 2,345 | 2,598 | 2,933 | 13% | 25% |
| Provisions | -4,571 | -6,045 | -7,557 | 25% | 65% |
| Deposits from customers | 304,584 | 315,253 | 359,348 | 14% | 18% |
| Retail deposits | 252,381 | 268,837 | 312,242 | 16% | 24% |
| Corporate deposits | 52,203 | 46,416 | 47,106 | 1% | -10% |
| Liabilities to credit institutions | 74,502 | 81,098 | 97,513 | 20% | 31% |
| Total shareholders' equity | 50,583 | 55,095 | 63,836 | 16% | 26% |
| **Loan Quality (%)** | **1Q 2008** | **4Q 2008** | **1Q 2009** | **Q-o-Q** | **Y-o-Y** |
| 90+ days past due loans/gross customer loans | 6.7% | 6.2% | 6.1% | -0.1% | -0.5% |
| Cost of risk/average gross loans | 0.21% | 0.41% | 0.47% | 0.06% | 0.26% |
| Total provisions/90+ days past due loans | 25.5% | 31.3% | 33.1% | 1.8% | 7.6% |
| **Indicators (%)** | **1Q 2008** | **4Q 2008** | **1Q 2009** | **Q-o-Q** | **Y-o-Y** |
| Gross loans to deposits | 87.1% | 98.2% | 103.2% | 5.0% | 16.1% |
| Cost/income ratio | 68.9% | 59.7% | 70.0% | 10.3% | 1.1% |
| Net interest margin | 3.06% | 3.29% | 2.89% | -0.40% | -0.18% |
| ROA | 1.0% | 1.2% | 0.7% | -0.5% | -0.3% |
| ROE | 9.4% | 9.9% | 5.6% | -4.3% | -3.9% |

- ***PAT in 1Q 2009 totalled to HUF 815 million, partially due to slightly increasing operating costs and a one-off tax correction***
- ***Growth of risk costs corresponds to the increase in loan portfolio***
- ***FX liquidity improves as a result of changes in regulation***
- ***Successful retail deposit campaigns, loan to deposit ratio still stable (1Q 2009: 103.2%)***

In 1Q 2009 after tax profit of OBH group totalled to HUF 815 million, a decrease of almost 40% q-o-q. In the first quarter decreasing income (-6% q-o-q) and slightly increasing operating expenses (+10% q-o-q) characterised the quarterly results.

Besides that a tax correction (HRK 644 thousand) concerning FY2008 was accounted in March, which is considered as a one-off item. All in all cost/income ratio of the Bank worsened, stood at 70.0% at end March.

The drop in 1Q earnings is mainly due to the approx 6% decrease of net interest income. In local currency the decline is more significant (-13% q-o-q) taking into consideration the average q-o-q 8% weakening of HRK vis-à-vis HUF. The reason behind the lower NII is on one hand the higher interest on customer deposits, on the other hand the higher interest expenditures due to more expensive domestic funding. Net interest margin continued shrinking in the first quarter (2.89%), it is underperforming on yearly as well as on quarterly basis.

Decline of net F&C income (-10% q-o-q) was determined by the falling off of commission income due to shrinking loan and deposit portfolios, and card commission also dropped (-26% in local currency) in the quarter.

Total amount of customer loans stagnated in LCY compared to end of December (+4% q-o-q). In case of retail loans the portfolio of housing loans grew by HRK 47 million, among the consumer loan products the current account loan became popular (HRK +43 million portfolio growth) in the quarter. The total amount of municipal loans doubled in the last three months as the Bank granted a lump-sum EUR 31 million syndicated loan to the Croatian state.

Accumulation of loan loss provisions for the period (+30% q-o-q) is in line with the development of the loan portfolio, it could be explained primarily by the change of amount of consumer loans with a higher risk profile. The ratio of loans with more than 90 days overdue payment diminished in 1Q, at the end of March it stood at 6.1% (-0.1%-points q-o-q, -0.5%-points y-o-y).

According to the reserve regulation amended in 1Q 2009 (the currently effective regulatory reserve ratio is 14%), the compulsory HRK reserve rate was raised from 50% to 75%. At the same time National Bank of Croatia decreased the compulsory minimum level of the FX-liquidity from 28.5% to 20%. As a result of these amendments the FX-liquidity of the Bank slightly improved, the amount of interbank sources decreased by EUR 38 million and because of the higher LCY reserve obligation a HRK 386 million interbank loan had to be taken.

Total deposit base of the Bank widened by 14%, in LCY it equals to the amount at the end of December (-1% q-o-q). Within the retail deposit base the amount of sight deposits dropped but in case of term deposits a HRK 16 million increase was experienced primarily as a result of the higher FX deposit interest rates. The movements of the deposit and loan portfolio of the Bank correspond to the market trends, its market share remained practically unchanged in 1Q (in case of deposits 4.1%, in case of loans 3.5%). At the same time the loan/deposit ratio of the Bank shows a shift from the previous equilibrium, at the end of March it stood at 103.2%.

## OTP BANKA SLOVENSKO

**Performance OTP Banka Slovensko:**

| Main components of P&L account in HUF mn | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
|---|---|---|---|---|---|
| After tax profit w/o dividends and net cash transfer | 686 | -489 | 7 | -101% | -99% |
| One-off items, after-tax[1] | 0 | -108 | 0 | -100% | |
| After tax profit w/o dividends, net cash transfers and one-offs | 686 | -382 | 7 | -102% | -99% |
| Pre-tax profit | 800 | -405 | 27 | -107% | -97% |
| Total income | 3,350 | 3,926 | 3,266 | -17% | -3% |
| Net interest income | 2,367 | 2,780 | 2,329 | -16% | -2% |
| Net fees and commissions | 651 | 878 | 806 | -8% | 24% |
| Other net non-interest income | 332 | 267 | 130 | -51% | -61% |
| Cost of loan risk | -301 | -1,368 | -561 | -59% | 86% |
| Other cost of risk | -33 | 52 | -15 | -128% | -56% |
| Operating expenses | -2,216 | -3,015 | -2,664 | -12% | 20% |
| **Main components of balance sheet closing balances in HUF mn** | **1Q 2008** | **4Q 2008** | **1Q 2009** | **Q-o-Q** | **Y-o-Y** |
| Total Assets | 372,812 | 429,122 | 485,825 | 13% | 30% |
| Gross customer loans | 257,647 | 314,422 | 359,773 | 14% | 40% |
| Retail loans | 137,980 | 158,234 | 181,769 | 15% | 32% |
| Corporate loans | 119,668 | 156,187 | 178,004 | 14% | 49% |
| Loan loss provisions | -3,389 | -5,186 | -6,636 | 28% | 96% |
| Deposits from customers | 248,517 | 262,787 | 310,707 | 18% | 25% |
| Retail deposits | 168,602 | 212,412 | 252,065 | 19% | 50% |
| Corporate deposits | 79,914 | 50,375 | 58,642 | 16% | -27% |
| Liabilities to credit institutions | 17,422 | 45,411 | 32,630 | -28% | 87% |
| Issued securities | 70,167 | 75,137 | 87,694 | 17% | 25% |
| Subordinated debt | 2,852 | 7,679 | 8,967 | 17% | 214% |
| Total shareholders' equity | 25,569 | 30,595 | 35,856 | 17% | 40% |
| **Loan Quality (%)** | **1Q 2008** | **4Q 2008** | **1Q 2009** | **Q-o-Q** | **Y-o-Y** |
| 90+ days past due loans/gross customer loans | 3.6% | 3.6% | 5.0% | 1.4% | 1.4% |
| Cost of risk/average gross loans | 0.49% | 1.76% | 0.67% | -1.09% | 0.18% |
| Total provisions/90+ days past due loans | 36.9% | 46.3% | 37.0% | -9.3% | 0.1% |

| Indicators (%) | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
|---|---|---|---|---|---|
| Gross loans to deposits | 103.7% | 119.6% | 115.8% | -3.9% | 12.1% |
| Cost/income ratio | 66.2% | 76.8% | 81.6% | 4.8% | 15.4% |
| Net interest margin | 2.57% | 2.64% | 2.06% | -0.58% | -0.51% |
| ROA | 0.7% | -0.4% | 0.0% | 0.4% | -0.7% |
| ROE | 11.2% | -5.2% | 0.1% | 5.2% | -11.1% |

[1] Sum of other provisioning, other non interest income and other non-interest expense booked in relation to the sale of OTP Leasing a.s.

- ***After the loss of 4Q 2008, 1Q 2009 was profitable***
- ***Incomes as well as operating expenses declined on a quarterly basis***
- ***Loan portfolio shrank by 2% q-o-q in EUR, while retail term deposits increased by 12%***
- ***The quality of loan portfolio deteriorated, provisions decreased q-o-q partially due to release***

In 1Q 2009 OBS realised HUF 7 million profit, while PAT totalled to HUF 686 million in 1Q 2008, and HUF -382 million in 4Q 2008.

The profit was negatively affected by the total income which declined by 17% q-o-q and 3% y-o-y. This is reasoned by simultaneous factors: loan portfolio shrinkage, narrowing deposit interest margin and decline of fee and commission and other non interest incomes.

In 1Q lending activity was limited, although in HUF the gross loan portfolio increased by 14%, this is the result of HUF weakening against EUR, in LCY the loan portfolio decreased by 2% q-o-q. On a yearly base the growth of the loan portfolio in HUF is 40%, while in EUR (calculated with the SKK exchange rate fixed at central parity) the growth is 8%. SME lending activity of the Bank has been increased Since March. The amount of deposits increased by 1% q-o-q, decreased by 3% y-o-y; as a result of successful retail deposit campaign the growth of the retail term deposit portfolio was dynamic. In contrast to this the portfolio of retail sight deposits, corporate and SME deposits decreased.

The decline of NIM is primarily the result of last year's deposit campaign (longer-term deposits with high interest rates) and declining yield environment. Parallel with the declining yield environment the interest rates decreased, the repricing of the portfolio is continuous. NIM shrunk to 2.06% in 1Q 2009 (-51bp y-o-y and -58bp q-o-q). In a yearly comparison NII remained stable, q-o-q dropped by 16%.

Declining F&C income is a result of contradictory movements. The number of card transactions grew significantly because of the EUR conversion but the decrease of loan disbursements and the lower amount of corporate and SME deposits had an adverse effect. The other net non-interest income dropped by 51% q-o-q, 61% y-o-y mainly as a result of the declining currency exchange gains due to the introduction of the EUR.

On the other hand the profit was assisted by the controlled costs in 1Q and the profit was burdened by significantly lower risk costs compared to the cost of risk in 4Q 2008.

In the first quarter operating costs shaped well, within this personnel expenditures decreased by 6% q-o-q, material expenditures declined by 25% (mainly as a result of the decreasing marketing costs). Judgement of the cost trend is improved further on while EUR 120,000 shrinkage cost emerged during the quarter because of closing of selling points. Operating costs grew by 20% y-o-y.

In 1Q cost of risk remained below the 4Q 2008 level (-59% q-o-q). Within that some provision release played a role. The quality of the loan portfolio slightly deteriorated in all segments (except municipality loans), 90+ days past due loans accounted for 5.0% of the total gross loan book (+1.4%-point both in quarterly and yearly comparison). Parallel with this, coverage ratio changed to 37%, flat to the level experienced in 1Q 2008.

In 1Q the number of employees decreased by 30 persons to 709 persons, while the number of branches decreased to 77 (12 selling points have been closed during the quarter).

## *OTP BANKA SRBIJA*

**Performance of OTP banka Srbija:**

| Main components of P&L account in HUF mn | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
|---|---|---|---|---|---|
| After tax profit w/o dividends and net cash transfer | 2,276 | -474 | 141 | -130% | -94% |
| One-off items, after-tax[1] | 1,774 | -420 | 0 | -100% | -100% |
| After tax profit w/o dividends, net cash transfers and one-offs | 502 | -54 | 141 | -362% | -72% |
| Pre-tax profit | 502 | 200 | 141 | -30% | -72% |
| Total income | 3,012 | 3,924 | 2,608 | -34% | -13% |
| Net interest income | 1,688 | 1,945 | 1,553 | -20% | -8% |

| Main components of P&L account in HUF mn | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
|---|---|---|---|---|---|
| Net fees and commissions | 541 | 449 | 520 | 16% | -4% |
| Other net non-interest income | 783 | 1,530 | 535 | -65% | -32% |
| Cost of loan risk | -83 | -760 | -157 | -79% | 89% |
| Other cost of risk | -171 | -40 | -13 | -67% | -92% |
| Operating expenses | -2,256 | -2,923 | -2,296 | -21% | 2% |
| **Main components of balance sheet closing balances in HUF mn** | **1Q 2008** | **4Q 2008** | **1Q 2009** | **Q-o-Q** | **Y-o-Y** |
| Total Assets | 119,552 | 142,647 | 153,599 | 8% | 28% |
| Gross customer loans | 75,182 | 94,721 | 108,400 | 14% | 44% |
| Retail loans | 24,985 | 34,336 | 38,689 | 13% | 55% |
| Corporate loans | 50,196 | 60,408 | 69,711 | 15% | 39% |
| Loan loss provisions | -4,310 | -5,989 | -7,097 | 18% | 65% |
| Deposits from customers | 35,771 | 33,906 | 33,766 | 0% | -6% |
| Retail deposits | 25,935 | 24,032 | 25,130 | 5% | -3% |
| Corporate deposits | 9,836 | 9,882 | 8,636 | -13% | -12% |
| Liabilities to credit institutions | 24,209 | 30,466 | 31,128 | 2% | 29% |
| Subordinated debt | 15,557 | 37,323 | 43,997 | 18% | 183% |
| Total shareholders' equity | 41,270 | 38,090 | 42,203 | 11% | 2% |
| **Loan Quality (%)** | **1Q 2008** | **4Q 2008** | **1Q 2009** | **Q-o-Q** | **Y-o-Y** |
| 90+ days past due loans/gross customer loans | 13.8% | 10.8% | 12.4% | 1.6% | -1.4% |
| Cost of risk/average gross loans | 0.48% | 3.21% | 0.63% | -2.58% | 0.14% |
| Total provisions/90+ days past due loans | 41.6% | 58.7% | 52.8% | -6.0% | 11.2% |
| **Indicators (%)** | **1Q 2008** | **4Q 2008** | **1Q 2009** | **Q-o-Q** | **Y-o-Y** |
| Gross loans to deposits | 210.2% | 279.4% | 321.0% | 41.7% | 110.9% |
| Cost/income ratio | 74.9% | 74.5% | 88.1% | 13.6% | 13.2% |
| Net interest margin | 5.86% | 5.27% | 4.25% | -1.02% | -1.61% |
| ROA | 1.7% | -0.1% | 0.4% | 0.5% | -1.4% |
| ROE | 4.9% | -0.5% | 1.4% | 2.0% | -3.5% |

[1] One-off gain on the sale of investments in 1Q 2008 and write-down due to liquidation of non-banking activity in 4Q 2008

- ***The Bank posted a profit of HUF 141 million in 1Q 2009***
- ***The decrease of total income was mainly due to the fallback of FX gains; operating costs shrank by 21% q-o-q***
- ***Gross loans grew by 44% y-o-y and 14% q-o-q***
- ***Corporate deposit base decreased, however retail deposits (w/o SME) increased on a quarterly as well as yearly basis***
- ***Portfolio quality as well as coverage improved y-o-y, but deteriorated q-o-q***

In 1Q 2009 OTP banka Srbija posted an after tax profit of HUF 141 million in comparison to the loss of HUF 54 million in 4Q 2008 (without one-offs).

In relation to the profit development the fallback of total income needs to be stressed: it decreased by 34% q-o-q and 13% y-o-y. The analysis of the incomes' structure reveals that the decrease is mainly due to the shrinkage of other net non-interest income, within that the fallback of FX gains which was extremely high in 4Q 2008.

Net interest income decreased by 8% y-o-y and 20% q-o-q. The shrinkage of interest income was to be seen on customer loans (-9% q-o-q, +30% y-o-y) as well as on interbank loans (-43% q-o-q, -34% y-o-y). The interest expenses decreased by 8% q-o-q (but increased by 74% y-o-y), the main reason for the quarterly fallback is the decrease in interest expenses of subordinated debt due to the reference rate drop; however the interest expenses on deposits grew as the proportion of term deposits became higher due to the deposit campaigns. Net interest margin fell more than 100 bps q-o-q.

Net F&C income grew by 16% q-o-q, but decreased by 4% on a yearly basis. The comparison of time series is complicated, as almost RSD 90 million fee and commission income was re-classified in 4Q 2008 to interest income in accordance with the provisions of the National Bank of Serbia.

The development of operating expenses was in line with the shrinkage of total income: costs decreased by 21% q-o-q, while remained stable on a yearly basis. Personnel expenses dropped by 2% as the cutback of headcount went on during the quarter. Significant savings (-22% y-o-y, -45% q-o-q) were made on the material expenditures line, mainly postal, marketing and other costs (the decrease of latter is due to some re-classifications to personnel costs line from 2009 on).

In 1Q 2009 risk cost turned out favourably, although there is a 90% increase y-o-y, the decrease on a quarterly basis was 79%. It has to be emphasized that in 3Q 2008 as well as 4Q provisioning was high in proportion to the loan portfolio.

Gross loans grew in HUF by 44% y-o-y, 14% q-o-q, while in RSD the same was only 39% and 4% respectively. On a quarterly basis customer loans increased by 1% in LCY, while growth in SME and MLE segments was slightly more than 4%.

Deposits stagnated in 1Q 2009, the yearly drop was 6% in HUF, in LCY 10% q-o-q and 9% y-o-y. Deposit withdrawal struck mainly the corporate (-21% q-o-q in LCY) and SME (-26% q-o-q) segments due to the worsening liquidity position of the corporations. At the same time retail term deposits grew by 14% in LCY, however that was due to the restructuring of retail deposits – total retail deposits in RSD grew by only 1%. (After a retrospective reclassification, SME loans and deposits are included in retail loans and deposits.)

Loan portfolio quality showed a deterioration in 1Q, 90+ days past due loans to gross customer loans reached 12.4% after a 1.6%-point jump in 1Q, while coverage of 90+ days past due loans with provisions dropped below 53% (-6%-point q-o-q), though representing an improvement of 11%-point y-o-y.

The Bank closed 4 branches during 1Q, headcount was cut by 36 employees.

## CRNOGORSKA KOMERCIJALNA BANKA

**Performance of CKB:**

| Main components of P&L account in HUF mn | 1Q 2008 | 4Q 2008 | 1Q 2009 | Q-o-Q | Y-o-Y |
|---|---|---|---|---|---|
| After tax profit w/o dividends and net cash transfer | 636 | 445 | 594 | 34% | -6% |
| Pre-tax profit | 674 | 503 | 608 | 21% | -10% |
| Total income | 2,519 | 3,380 | 3,181 | -6% | 26% |
| Net interest income | 1,330 | 1,961 | 2,391 | 22% | 80% |
| Net fees and commissions | 945 | 1,383 | 780 | -44% | -17% |
| Other net non-interest income | 244 | 36 | 10 | -73% | -96% |
| Cost of loan risk | -605 | -1,123 | -921 | -18% | 52% |
| Other cost of risk | -14 | -96 | -173 | 80% | |
| Operating expenses | -1,227 | -1,658 | -1,479 | -11% | 21% |
| **Main components of balance sheet closing balances in HUF mn** | **1Q 2008** | **4Q 2008** | **1Q 2009** | **Q-o-Q** | **Y-o-Y** |
| Total Assets | 270,289 | 308,140 | 327,371 | 6% | 21% |
| Gross customer loans | 203,528 | 255,021 | 270,062 | 6% | 33% |
| Retail loans | 133,513 | 155,430 | 148,634 | -4% | 11% |
| Corporate loans | 70,015 | 93,904 | 121,428 | 29% | 73% |
| Loan loss provisions | -2,114 | -4,350 | -6,110 | 40% | 189% |
| Deposits from customers | 219,861 | 205,410 | 185,104 | -10% | -16% |
| Retail deposits | 113,472 | 92,783 | 94,194 | 2% | -17% |
| Corporate deposits | 106,390 | 110,735 | 90,911 | -18% | -15% |
| Liabilities to credit institutions | 27,795 | 70,173 | 99,913 | 42% | 259% |
| Subordinated debt | 3,112 | 3,177 | 8,349 | 163% | 168% |
| Total shareholders' equity | 11,475 | 18,171 | 21,839 | 20% | 90% |
| **Loan Quality (%)** | **1Q 2008** | **4Q 2008** | **1Q 2009** | **Q-o-Q** | **Y-o-Y** |
| 90+ days past due loans/gross customer loans | 0.3% | 1.1% | 1.7% | 0.6% | 1.4% |
| Cost of risk/average gross loans | 1.26% | 1.85% | 1.42% | -0.43% | 0.16% |
| Total provisions/90+ days past due loans | 334.5% | 158.1% | 134.5% | -23.6% | -199.9% |
| **Indicators (%)** | **1Q 2008** | **4Q 2008** | **1Q 2009** | **Q-o-Q** | **Y-o-Y** |
| Gross loans to deposits | 92.6% | 124.2% | 145.9% | 21.7% | 53.3% |
| Cost/income ratio | 48.7% | 49.0% | 46.5% | -2.5% | -2.2% |
| Net interest margin | 2.02% | 2.58% | 3.05% | 0.48% | 1.04% |
| ROA | 1.0% | 0.6% | 0.8% | 0.2% | -0.2% |
| ROE | 23.2% | 10.3% | 12.1% | 1.8% | -11.1% |

- ***34% increase of profit q-o-q, improving efficiency (CIR: 46.5%)***
- ***Stable net interest income, improving NIM on a quarterly basis***
- ***Unfavourable development of net F&C income due to shrinkage of deposits and less transactions***
- ***The erosion of deposit base continued in the retail as well as corporate segments***
- ***Signs of portfolio quality deterioration, however coverage is still high (DPD 90+ coverage 134.5%)***

1Q 2009 after tax profit of CKB was HUF 594 million, a 34% increase q-o-q and 6% decrease on a yearly basis. The earnings dynamism in the first quarter was strongly affected by the weakening of HUF vis-à-vis the EUR (+12% q-o-q), the PAT in local currency showed somewhat more moderate increase (+20% q-o-q).

The profit development was determined by two factors: on one hand the significant drop in commissions (-44% q-o-q), on the other hand net interest income increased significantly (+22% q-o-q) which was offsetting the decrease of commission income.

Analysing the balance sheet growth, it should be noted that the closing exchange rate of local currency against HUF was 17% lower q-o-q, and 19% lower y-o-y. Customer loans in local currency shrank by 11% (EUR 68 million) compared to previous year end, disbursement of new loans fully stopped.

Retail deposit base of the Bank has been shrinking since September 2008, by 30% since the beginning of the year (EUR 46 million). In case of the corporate sector the decrease has been typical since November of last year, from the beginning of the year almost EUR 115 million has been withdrawn. As a result of these movements the loan to deposit ratio deteriorated to 145.9% (-21.7% point), it has significantly diverged from the 92.6% typical equilibrium level of 1Q 2008.

In 1Q 2009 the Bank received EUR 15 million subordinated loan form OTP Bank in order to improve the capital position of CKB.

It has to be emphasized that the whole Montenegrin bank market is hit by deposit withdrawal, as a result of this the market share of the Bank is still stable, the change of volumes is in line with market trends.

Now in profit respects the 44% decrease of net F&C is an unfavourable factor (-49% q-o-q decrease in LCY), mainly as a result of decreasing deposit portfolio and the dropping number of transactions due to the moderate customer activity.

The decrease of net F&C is partially counterbalanced by the favourable NII (+22%), assisted by the repricing of the customer portfolio since 4Q and the repricing of old corporate loans is in process, as well.

Quarterly cost of risk decreased by 11%, mainly as a result of the diminishing of the loan portfolio. Regarding the ratio of loans 90+ overdue the quality of the portfolio represents a deteriorating trend (DPD90+ ratio is 1.7%, +0.6%-points q-o-q), but the coverage of these loans henceforward high, at the end of March it was almost 135%.

In 1Q the operating cots were shaping well (-11% q-o-q). The realized savings were 28% in case of material expenditures and 19% in case of personnel expenditures, during which number of employees remained unchanged (483 persons). Quarterly CIR represents a 2.5% decrease compared to the last quarter of the previous year.

## *STAFF LEVEL AND OTHER INFORMATION*

The closing staff number of OTP group was 30,244 as at 31 March 2009 (-640 employees q-o-q). The main reason for the reduction of staff was basically the decreasing demand as a consequence of global liquidity crisis, thus it induced the decrease of staff at several subsidiaries. The closing number of staff of OTP Bank dropped by 163 people, while in case of the Ukrainian subsidiary the staff base decreased by 300 people. As for the closing number of Russian subsidiary it increased by 13 people and in the remaining part of the year even the increase of sales staff (+700 agent) is expected in order to boost new loan origination.

The Group's branch network included 1,550 branches at the end of March 2009. The branch network development was slowed down, new branches have been opened only in Bulgaria (+3 new units).

| | 31/03/2008 | 31/12/2008 | 31/03/2009 | Q-o-Q | Y-o-Y |
|---|---|---|---|---|---|
| OTP BANK | 8,405 | 8,297 | 8,134 | -2.0% | -3.2% |
| Closing staff (persons) | 8,305 | 8,333 | 8,149 | -2.2% | -1.9% |
| Average staff (persons) | 646.1 | 695.7 | 744.9 | 7.1% | 15.3% |
| Per capita total assets (HUF mn) | 5.2 | -13.6 | 6.8 | -149.9% | 31.0% |
| Per capita profit after tax quarterly (HUF mn) | | | | | |
| GROUP | 33,041 | 30,884 | 30,244 | -2.1% | -8.5% |
| Closing staff (persons) | 32,304 | 30,710 | 30,373 | -1.1% | -6.0% |
| Average staff (persons) | 273.9 | 303.7 | 333.9 | 9.9% | 21.9% |
| Per capita consolidated total assets (HUF mn) | 1.7 | -2.0 | 1.4 | -169.5% | -19.2% |
| Per capita consolidated profit after tax quarterly (HUF mn) | 8,405 | 8,297 | 8,134 | -2.0% | -3.2% |

| | 31 March 2009 | | | | | | Change YTD | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Bank branches | ATMs | POSs | Bank cards (th) | Number of banking clients (th) | Staff (closing) | Bank branches | ATMs | POSs | Bank cards | Number of clients | Staff (closing) |
| **OTP Bank** | **402** | **2,014** | **32,123** | **3,868** | **4,698** | **8,134** | ***-1*** | ***-1*** | ***-1,680*** | ***-99*** | ***-62*** | ***-55*** |
| DSK Bank | 382 | 846 | 3,569 | 1,385 | 2,956 | 4,257 | *3* | *-4* | *88* | *-218* | *17* | *-22* |
| OTP Banka Slovensko | 77 | 119 | 637 | 119 | 188 | 709 | *-12* | *0* | *35* | *-1* | *0* | *-130* |
| OTP banka Hrvatska | 106 | 178 | 1,188 | 354 | 444 | 1,041 | *1* | *15* | *16* | *-3* | *-3* | *-6* |
| OTP Bank Romania | 105 | 132 | 881 | 125 | 187 | 1,052 | *0* | *0* | *200* | *9* | *8* | *-44* |
| CJSC OTP Bank (Ukraine) | 227 | 217 | 385 | 105 | 244 | 4,093 | *-2* | *9* | *23* | *3* | *6* | *-299* |
| OAO OTP Bank (Russia) | 120 | 209 | 1,785 | 3,304 | 2,671 | 8,462 | *-8* | *17* | *-384* | *268* | *-149* | *13* |
| OTP banka Srbija | 91 | 208 | 3,565 | 96 | n,a, | 1,147 | *-4* | *4* | *209* | *1* | n,a, | *-36* |
| CKB | 40 | 105 | 3,151 | 188 | 309 | 483 | *0* | *-90* | *128* | *-1* | *6* | *0* |
| **Subsidiaries total** | **1,148** | **2,014** | **15,161** | **5,675** | **6,999** | **20,724** | ***-22*** | ***-49*** | ***315*** | ***59*** | ***-114*** | ***-457*** |
| **Group total (aggregated)** | **1,550** | **4,028** | **47,284** | **9,544** | **11,697** | **30,244** | ***-23*** | ***40*** | ***-473*** | ***-40*** | ***-176*** | ***-634*** |

## *PERSONAL AND ORGANIZATIONAL CHANGES*

There was neither change in the composition of the Board of Directors, nor in the Auditor of OTP Bank. Mr. Csaba Nagy is elected as a member of the Bank's Supervisory Board until the closing AGM of the fiscal year 2010 but the latest until 30 April 2011. Simultaneously, the AGM elected Mr. Csaba Nagy as a member of the Audit Committee in accordance with the By-laws of Bank.

Budapest, 19 May 2009

## *FINANCIAL DATA*

## UNCONSOLIDATED AND CONSOLIDATED IFRS BALANCE SHEET

| in HUF million | OTP Bank | | | Consolidated | | |
|---|---|---|---|---|---|---|
| | 31/03/2009 | 31/03/2008 | change | 31/03/2009 | 31/03/2008 | change |
| Cash, due from banks and balances with the National Bank of Hungary | 133,224 | 202,967 | -34% | 304,274 | 315,760 | -4% |
| Placements with other banks, net of allowance for possible placement losses | 996,533 | 846,825 | 18% | 617,952 | 640,212 | -3% |
| Financial assets at fair value through profit and loss | 165,981 | 152,735 | 9% | 155,336 | 284,751 | -45% |
| Securities held-for-trading | 51,023 | 69,382 | -26% | 61,034 | 202,737 | -70% |
| Fair value adjustment of derivative financial instruments | 114,958 | 83,353 | 38% | 94,302 | 82,014 | 15% |
| Securities available-for-sale | 531,874 | 313,821 | 69% | 510,125 | 480,071 | 6% |
| Loans, net of allowance for possible loan losses | 2,973,232 | 2,329,083 | 28% | 7,384,665 | 6,002,704 | 23% |
| Accrued interest receivable | 62,470 | 47,654 | 31% | 99,563 | 71,940 | 38% |
| Investments in subsidiaries | 595,955 | 639,045 | -7% | 10,334 | 13,071 | -21% |
| Securities held-to-maturity | 395,628 | 741,317 | -47% | 294,555 | 513,131 | -43% |
| Premises, equipment and intangible assets, net | 110,044 | 109,385 | 1% | 508,996 | 546,361 | -7% |
| Other assets | 94,375 | 47,578 | 98% | 213,040 | 182,970 | 16% |
| **TOTAL ASSETS** | **6,059,316** | **5,430,410** | **12%** | **10,098,840** | **9,050,971** | **12%** |
| Due to banks and deposits from the National Bank of Hungary and other banks | 778,657 | 633,045 | 23% | 965,256 | 699,482 | 38% |
| Deposits from customers | 3,222,145 | 3,205,383 | 1% | 5,551,469 | 5,331,152 | 4% |
| Liabilities from issued securities | 482,697 | 403,847 | 20% | 1,498,349 | 1,300,244 | 15% |
| Accrued interest payable | 57,958 | 29,112 | 99% | 114,447 | 76,120 | 50% |
| Other liabilities | 408,579 | 138,403 | 195% | 481,916 | 417,722 | 15% |
| Subordinated bonds and loans | 341,634 | 305,520 | 12% | 336,316 | 307,708 | 9% |
| **TOTAL LIABILITIES** | **5,291,670** | **4,715,310** | **12%** | **8,947,753** | **8,132,428** | **10%** |
| SHARE CAPITAL | 28,000 | 28,000 | 0% | 28,000 | 28,000 | 0% |
| RETAINED EARNINGS AND RESERVES | 854,049 | 773,995 | 10% | 1,278,914 | 1,028,346 | 24% |
| Retained earnings and reserves without earnings | 798,883 | 731,082 | 9% | 1,237,108 | 973,335 | 27% |
| Reserves | 836,254 | 716,882 | 17% | 1,126,315 | 832,660 | 35% |
| Fair value adjustment of securities available-for-sale and of derivative financial instruments recognised directly through equity | -44,451 | -6,381 | 597% | -18,395 | -8,149 | 126% |
| Fair value adjustment of share based payments | 20,882 | 20,581 | 1% | 20,882 | 20,581 | 1% |
| Fair value adjustment of cash-flow hedging transactions recognized in profit and loss account | 0 | | | 0 | | |
| Hedging transactions of net investments | -13,802 | | | -13,802 | | |
| Additional reserve (issued capital element) | | | | 122,108 | 128,243 | -5% |
| Retained earnings | 55,166 | 42,913 | 29% | 41,806 | 55,011 | -24% |
| TREASURY SHARES | -114,403 | -86,895 | 32% | -163,307 | -144,984 | 13% |
| MINORITY INTEREST | | | | 7,480 | 7,181 | 4% |
| **TOTAL SHAREHOLDERS' EQUITY** | **767,646** | **715,100** | **7%** | **1,151,087** | **918,543** | **25%** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **6,059,316** | **5,430,410** | **12%** | **10,098,840** | **9,050,971** | **12%** |

## UNCONSOLIDATED AND CONSOLIDATED IFRS PROFIT AND LOSS ACCOUNT

| in HUF million | OTP Bank | | | Consolidated | | |
|---|---|---|---|---|---|---|
| | 1Q 2009 | 1Q 2008 | change | 1Q 2009 | 1Q 2008 | change |
| Loans | 72,769 | 56,458 | 29% | 215,591 | 164,677 | 31% |
| Interest income without swap | 66,480 | 53,167 | 25% | 209,301 | 161,386 | 30% |
| Results of swaps | 6,289 | 3,291 | 91% | 6,290 | 3,291 | 91% |
| Placements with other banks | 96,020 | 41,577 | 131% | 93,588 | 24,849 | 277% |
| Interest income without swap | 10,773 | 10,163 | 6% | 4,852 | 4,914 | -1% |
| Results of swaps | 85,247 | 31,414 | 171% | 88,736 | 19,935 | 345% |
| Due from banks and balances with the National Bank of Hungary | 1,840 | 3,052 | -40% | 2,060 | 3,564 | -42% |
| Securities held-for-trading | 912 | 1,179 | -23% | 973 | 2,189 | -56% |
| Securities available-for-sale | 11,026 | 5,279 | 109% | 7,301 | 8,434 | -13% |
| Securities held-to-maturity | 8,709 | 11,188 | -22% | 5,976 | 6,060 | -1% |
| *Total Interest Income* | 191,276 | 118,733 | 61% | 325,489 | 209,773 | 55% |
| Due to banks and deposits from the National Bank of Hungary and other banks | 70,353 | 26,647 | 164% | 71,591 | 26,716 | 168% |
| Interest expenses without swap | 9,307 | 7,039 | 32% | 12,767 | 10,550 | 21% |
| Losses of swaps | 61,046 | 19,608 | 211% | 58,824 | 16,166 | 264% |
| Deposits from customers | 49,746 | 31,817 | 56% | 72,302 | 48,697 | 48% |
| Interest expenses without swap | 46,712 | 31,458 | 48% | 69,268 | 48,339 | 43% |
| Losses of swaps | 3,034 | 359 | 745% | 3,034 | 358 | 747% |
| Liabilities from issued securities | 7,350 | 4,936 | 49% | 20,405 | 15,256 | 34% |
| Subordinated bonds and loans | 4,523 | 4,273 | 6% | 4,768 | 4,444 | 7% |
| Other entrepreneurs | | | | 37 | 52 | -29% |
| *Total Interest Expense* | *131,972* | *67,673* | *95%* | *169,103* | *95,165* | *78%* |
| **NET INTEREST INCOME** | **59,304** | **51,060** | **16%** | **156,386** | **114,608** | **36%** |
| Provision for possible loan losses | 16,787 | 3,527 | 376% | 44,120 | 12,797 | 245% |
| Provision for possible placement losses | 872 | 0 | | 1,928 | 29 | |
| Provision for possible loan and placement losses | 17,659 | 3,527 | 401% | 46,048 | 12,826 | 259% |
| NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN AND PLACEMENT LOSSES | 41,645 | 47,533 | -12% | 110,338 | 101,782 | 8% |
| Fees and commissions | 37,987 | 38,841 | -2% | 40,136 | 43,030 | -7% |
| Foreign exchange gains and losses, net | -13,191 | -4,644 | 184% | -11,806 | 10,056 | -217% |
| Gains and losses on securities, net | -12,083 | -3,752 | 222% | -4,723 | -3,347 | 41% |
| Gains and losses on real estate transactions, net | 0 | 0 | | 269 | 172 | 56% |
| Dividend income and gains and losses of associated companies | 31,791 | 15,893 | 100% | 405 | 800 | -49% |
| Insurance premiums | | | | 0 | 24,749 | -100% |
| Other | 25,810 | 262 | | 30,273 | 5,446 | 456% |
| *Total Non-Interest Income* | *70,314* | *46,600* | *51%* | *54,554* | *80,906* | *-33%* |
| Fees and commissions | 5,103 | 4,347 | 17% | 8,257 | 8,829 | -6% |
| Personnel expenses | 19,219 | 18,058 | 6% | 39,473 | 39,675 | -1% |
| Depreciation and amortization | 5,452 | 3,954 | 38% | 10,291 | 9,406 | 9% |
| Insurance expenses | | | | 0 | 18,389 | -100% |
| Other | 12,854 | 19,056 | -33% | 45,384 | 40,032 | 13% |
| *Total Non-Interest Expense* | *42,628* | *45,415* | *-6%* | *103,405* | *116,331* | *-11%* |
| **INCOME BEFORE INCOME TAXES** | **69,331** | **48,718** | **42%** | **61,487** | **66,357** | **-7%** |
| Income taxes | 14,165 | 5,805 | 144% | 19,677 | 11,022 | 79% |
| **INCOME AFTER INCOME TAXES** | **55,166** | **42,913** | **29%** | **41,810** | **55,335** | **-24%** |
| Minority interest | | | | -4 | -324 | -99% |
| **NET INCOME** | **55,166** | **42,913** | **29%** | **41,806** | **55,011** | **-24%** |

## UNCONSOLIDATED AND CONSOLIDATED IFRS CASH-FLOW STATEMENT

| in HUF million | OTP Bank | | | Consolidated | | |
|---|---|---|---|---|---|---|
| | 1Q 2009 | 1Q 2008 | change | 1Q 2009 | 1Q 2008 | change |
| **OPERATING ACTIVITIES** | | | | | | |
| **Income before income taxes** | 69,331 | 48,718 | 42% | 61,487 | 66,357 | -7% |
| Adjustments to reconcile income before income taxes to net cash provided by operating activities | | | | | | |
| Income tax paid | -4,296 | -6,100 | 30% | -9,957 | -11,432 | 13% |
| Depreciation and amortization | 5,452 | 3,954 | 38% | 10,291 | 8,009 | 28% |
| Provision for loan and placement losses | 14,217 | 519 | | 54,341 | 12,075 | 350% |
| Net increase in insurance reserves | 0 | 0 | 0% | 0 | 4,926 | -100% |
| Share-based compensation | 1,700 | 1,427 | 19% | 1,700 | 1,427 | 19% |
| Unrealised losses on fair value adjustment of securities held of trading | 5,442 | 1,164 | 368% | 4,954 | 1,043 | 375% |
| Unrealised losses / (gains) on fair value adjustment of derivative financial instruments | 2,681 | -9,647 | 128% | -16,209 | 14,399 | -213% |
| Changes in operating assets and liabilities | -126,642 | -8,125 | | -15,041 | 34,294 | -144% |
| **Net cash provided by operating activities** | **-32,115** | **31,910** | **-201%** | **91,566** | **126,172** | **-27%** |
| **INVESTING ACTIVITIES** | | | | | | |
| **Net cash used in investing activities** | **-99,909** | **-332,286** | **70%** | **-695,767** | **-653,877** | **-6%** |
| **FINANCING ACTIVITIES** | | | | | | |
| **Net cash provided by financing activities** | **102,469** | **268,692** | **-62%** | **556,698** | **483,601** | **15%** |
| **Net (decrease) / increase in cash and cash equivalents** | **-29,555** | **-31,684** | **7%** | **-47,503** | **-44,104** | **-8%** |
| Cash and cash equivalents at the beginning of the period | 93,066 | 73,441 | 27% | 278,323 | 194,860 | 43% |
| **Cash and cash equivalents at the end of the period** | **63,511** | **41,757** | **52%** | **230,820** | **150,756** | **53%** |
| **DETAILS OF CASH AND CASH EQUIVALENTS** | | | | | | |
| Cash, due from banks and balances with the National Bank of Hungary | 157,437 | 229,644 | -31% | 348,849 | 353,243 | -1% |
| Mandatory reserve established by the National Bank of Hungary | -64,371 | -156,203 | 59% | -70,526 | -158,383 | 55% |
| **Cash and equivalents at the beginning of the period** | **93,066** | **73,441** | **27%** | **278,323** | **194,860** | **43%** |
| Cash, due from banks and balances with the National Bank of Hungary | 133,224 | 202,967 | -34% | 304,274 | 315,760 | -4% |
| Compulsory reserve established by the National Bank of Hungary | -69,713 | -161,210 | 57% | -73,454 | -165,004 | 55% |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD** | **63,511** | **41,757** | **52%** | **230,820** | **150,756** | **53%** |

### Ownership structure of OTP Bank Plc.

| Description of owner | Total equity | | | | | |
|---|---|---|---|---|---|---|
| | 1 January 2009 | | | 31 March 2009 | | |
| | %[1] | %[2] | Qty | %[1] | %[2] | Qty |
| Domestic institution/company | 5.7% | 6.1% | 15,917,385 | 6.1% | 6.9% | 17,147,160 |
| Foreign institution/company | 75.4% | 81.1% | 211,211,327 | 63.0% | 70.5% | 176,272,234 |
| Domestic individual | 7.9% | 8.5% | 22,232,810 | 16.1% | 18.0% | 45,070,748 |
| Foreign individual | 0.1% | 0.1% | 193,787 | 0.2% | 0.2% | 481,229 |
| Employees, senior officers | 2.1% | 2.3% | 5,881,388 | 2.0% | 2.3% | 5,688,251 |
| Treasury shares | 7.0% | 0.0% | 19,509,673 | 10.7% | 0.0% | 29,870,261 |
| Government held owner[3] | 0.3% | 0.3% | 853,640 | 0.5% | 0.5% | 1,270,127 |
| International Development Institutions[4] | 1.5% | 1.6% | 4,200,000 | 1.5% | 1.7% | 4,200,000 |
| Other | 0.0% | 0.0% | 0 | 0.0% | 0.0% | 0 |
| TOTAL | 100.0% | 100.0% | 280,000,010 | 100.0% | 100.0% | 280,000,010 |

[1] Voting rights
[2] Beneficial ownership
[3] E.g.: State Privatization Holding Co. Ltd., Social Security, Municipality, 100% state-owned companies etc.
[4] E.g.: EBRD, EIB, etc.

### Number of treasury shares held in the year under review

| | 1 January | 31 March | 30 June | 30 September | 31 December |
|---|---|---|---|---|---|
| Company | 17,411,113 | 27,771,701 | | | |
| Subsidiaries | 2,098,560 | 2,098,560 | | | |
| TOTAL | 19,509,673 | 29,870,261 | | | |

### Shareholders with over/around 5% stake

| Name | Number of shares | Voting rights | Beneficial ownership |
|---|---|---|---|
| Artio Global Management LLC[1] | 26,131,445 | 9.33% | 10.45% |
| Megdet, Timur and Ruszlan Rahimkulov | 23,615,619 | 8.43% | 9.44% |
| Groupama | 22,400,000 | 8.00% | 8.96% |

[1] On 15 June 2008 Julius Baer Investment Management LLC were Artio Global Management LLC, respectively.

### Changes in the headcount (number of persons) employed by the Bank and the subsidiaries

| | End of reference period | Current period opening | Current period closing |
|---|---|---|---|
| Bank | 8,405 | 8,297 | 8,134 |
| Consolidated | 33,041 | 30,884 | 30,244 |

### Senior officers, strategic employees and their shareholding of OTP shares

| Type[1] | Name | Position | No. of shares held |
|---|---|---|---|
| IT | Dr. Sándor Csányi [2] | Chairman and CEO | 200,000 |
| IT | Mihály Baumstark | member | 50,000 |
| IT | Dr. Tibor Bíró | member | 47,000 |
| IT | Péter Braun | member | 587,905 |
| IT | Dr. István Kocsis | member | 103,500 |
| IT | Dr. Sándor Pintér | member | 101,350 |
| IT | Dr. Antal Pongrácz | member, Deputy CEO | 230,000 |
| IT | Dr. György Szapáry | member | 0 |
| IT | Dr. László Urbán | member, Deputy CEO | 1,320 |
| IT | Dr. László Utassy | member | 250,000 |
| IT | Dr. József Vörös | member | 117,200 |
| FB | Tibor Tolnay | Chairman | 80,580 |
| FB | Dr. Gábor Horváth | member | 10,000 |
| FB | Antal Kovács | member, Deputy CEO | 33,000 |
| FB | Jean-Francois Lemoux | member | 0 |
| FB | András Michnai | member | 15,600 |
| SP | Dr. István Gresa | Deputy CEO | 63,758 |
| SP | Ákos Takáts | Deputy CEO | 153,347 |
| SP | László Wolf | Deputy CEO | 717,640 |
| **TOTAL No. of shares held by management:** | | | **2,762,200** |

[1] Employee in strategic position (SP), Board Member (IT), Supervisory Board Member (FB)
[2] Number of OTP shares owned by Mr. Csányi directly or indirectly: 3,302,000

# SUPPLEMENTARY DATA

## FOOTNOTES OF THE TABLE 'CONSOLIDATED AFTER TAX PROFIT BREAKDOWN BY SUBSIDIARIES (IFRS)

*General note: regarding OTP Core and other subsidiaries, profit after tax is calculated without received dividends and net cash transfers. Regarding dividends and net cash transfers received from non-group member companies, it is shown on a separate line in one sum in the table, regardless to the particular receiver or payer group member company.*

(1) Revaluation result of the strategic open FX position. Size and denomination of the short position developed as follows:

01.01.2007-10.01.2008: EUR 570 million short position

21.01.2008: EUR 525 million short position plus USD 65 million short position

22.01.2008-07.09.2008: EUR 515 million short position plus USD 80 million short position

08.09.2008: EUR 495 million short position plus USD 108 million short position

09.09.2008-10.09.2008: EUR 485 million short position plus USD 122 million short position

11.09.2008-12.09.2008: EUR 465 million short position plus USD 150 million short position

13.09.2008-28.12.2008: EUR 315 million short position plus USD 150 million short position

29.12.2008-05.01.2009: EUR 300 million short position plus USD 75 million short position

06.01.2009- : EUR 310 million short position plus USD 61.5 million short position

Since the beginning of 2007, OTP Group has been holding a strategic open FX position in order to hedge its net profit's exposure to the exchange rate movements of the Hungarian forint, stemming from the translation of the foreign subsidiaries' P&L's from local currencies to HUF. Since 1Q 2009, in accordance with the Auditor the Bank re-qualified the strategic open FX-position as a hedge transaction. Consequently, going forward, the exchange rate effect of EUR 310 million short position (83% of the whole strategic position) equal to 2009 and 2010 yearly result of 4 subsidiary (DSK, CKB, OTP banka Hrvatska and OTP Banka Slovensko) will be booked against equity. Accordingly in 1Q out of the total HUF 16.2 billion pre-tax revaluation loss generated on the whole strategic open position HUF 13.8 billion was booked against equity and only HUF 2.4 billion debited pre tax profit.

(2) Goodwill impairment charges booked in relation to OTP banka Srbija (Serbia) and CJSC OTP Bank (Ukraine) in 4Q 2008.

(3) OTP Core, Corporate Centre and foreign banks aggregated, excluding one-timers.

(4) After tax profit of OTP Core (consolidated result of OTP Bank Plc., OTP Mortgage Bank, OTP Building Society and OTP Faktoring) without the after tax result of strategic open FX position, dividend, net cash transfers, subsidiary financing and interest expense of Tier2 Capital. From 1Q 2008, adjusted after tax profit of OTP Core also excludes the net interest income result of swap transactions realised by OTP Bank Romania in relation to subsidiary financing.

(5) Corporate Centre: Interest expense of Tier2 Capital plus net interest and non-interest income of foreign subsidiary financing realised by OTP Bank and OTP Financing Cyprus, plus net interest income of swap transactions made in relation to subsidiary financing.

(6) Net interest and non interest income of subsidiary financing realised by OTP Bank and OTP Financing Cyprus, plus net interest income of swap transactions made in relation to subsidiary financing.

(7) Regarding OAO OTP Bank (Russia), accounting after tax profit of 1Q 2007 contains the performance of 2006 December. For the sake of quarterly data comparability, 25% of 1Q 2007 after tax profit is considered as one-timer.

(8) From 1Q 2008, adjusted after tax profit excludes the fair value adjustment result of swap transactions executed with OTP Bank in relation to interbank financing.

(9) One-off gains realised on the sale of investments in 1H 2008.

(10) One-off other provisioning, other non interest income and other non-interest expense booked in relation to the sale of OTP Leasing a.s. in 4Q 2008.

(11) Aggregated after tax profit of Merkantil Bank and Merkantil Car without dividends and net cash transfer.

(12) One-off other provisioning, other non interest income and other non-interest expense booked in relation to the sale of OTP Leasing a.s. in 4Q 2008.

(13) OTP Leasing a.s. (Slovakia)

(14) After-tax result of provisioning on losses of foreign insurance subsidiaries.

(15) OTP Garancia poistovna, a.s. (Slovakia), OTP Garancia zivotna poistovna (Slovakia), a.s., DSK Garancia Insurance AD (Bulgaria), DSK Garancia Insurance Life AD (Bulgaria), Asigurarea CECCAR-ROMAS SA (Romania) aggregated

(16) After-tax result of OTP Asset Management without fees and commissions paid to OTP Bank

(17) LLC AMC OTP Capitol (Ukraine) and OTP Asset Management SAI S.A. (Romania)

(18) HIF Ltd. (United Kingdom), OTP Faktoring Slovensko (Slovakia), OTP Holding Limited (Cyprus)

(19) Total Hungarian subsidiaries: sum of after tax results of Hungarian group members including (Corporate Centre) and related eliminations.

(20) Total Foreign subsidiaries: sum of profit after tax (without dividends and net cash transfers) of foreign subsidiaries.

## CALCULATION OF ADJUSTED LINES OF IFRS PROFIT AND LOSS STATEMENTS PRESENTED IN THE REPORT

*In order to present Group level trends in a comprehensive way in the Stock Exchange Report, the presented consolidated and non-consolidated profit and loss statements of the Report were adjusted in the following way, and the adjusted P&Ls are shown and analysed in the Report. Consolidated accounting figures together with unconsolidated accounting figures of OTP Bank are still disclosed in the Financial Data section of the Report.*

- Received dividends, received and paid cash transfers, together with the after tax profit of strategic open FX position is shown separately and after-tax on the adjusted P&L.
- Out of net Foreign exchange results, fair value adjustment (FVA) of the spot leg of FX swaps has been added to Net Interest Income.
- Any earnings within net gain/loss on securities related to FX swaps have been added to Net Interest Income.
- Insurance premiums and insurance expenses are netted and shown as part of other net non-interest income.
- Other non-interest income elements stemming from provisioning release in connection with loans originated before the acquisitions have been reclassified to and deducted from the volume of provisions for possible loan losses in the income statement.
- Other non-interest income is shown together with gains/losses on real estate transactions, but without the above mentioned income from the release of pre-acquisition provisions and without received cash transfers. However other non-interest expenses stemming from non-financial activities are added to the adjusted net other non-interest income line, therefore the latter incorporates net other non-interest income from non-financial activities.
- Out of other expenses, other provisions are deducted and shown separately as other risk costs on the adjusted P&L. Other provisions contain provisioning on off-balance sheet liabilities and on legal contests, provisioning on securities, shares and other investments as well as provisioning on other assets. Paid cash transfers – excluding movie subsidies, which are quasi marketing expenses but kept as paid cash transfer on the P&L - are also deducted from other expenses, together with the above mentioned other non-interest expenses stemming from non-financial activities.
- Provisioning accruals of NPLs' interest income at OAO OTP Bank (Russia) is reclassified from other risk costs to net interest income from 4Q 2007. The reclassification is carried out on both consolidated and non-consolidated level.
- In 1Q 2008, parallel cash transfer and provision release (having net 0 P&L effect) stemming from the closing of a legal case were netted both on OTP Group consolidated and OTP Core consolidated level.
- Cost/income ratio, net interest margin, risk cost to average gross loans as well as ROA and ROE ratios are calculated on the basis of the adjusted profit and loss statement, excluding received dividends and net cash transfers and the after tax result of strategic open FX position. Cost/income ratio is calculated from operating costs, excluding other risk costs.

## ADJUSTMENTS OF CONSOLIDATED IFRS P&L LINES

| in HUF million | 1Q 08 | 2Q 08 | 3Q 08 | 4Q 08 Audited | 2008 Audited | 1Q 09 |
|---|---|---|---|---|---|---|
| **Net interest income** | **114,608** | **169,408** | **42,356** | **110,905** | **437,277** | **156,385** |
| (+) Foreign exchange result of swap transactions | 4,728 | -43,998 | 88,916 | 42,387 | 92,033 | 3,841 |
| (+) Gain on securities due to swap transactions | 0 | 0 | 0 | 0 | 0 | 0 |
| (+) Other provisioning accruals (other risk costs) after NPLs' interest income (OTP Russia) | -1,848 | -1,953 | -2,069 | -2,147 | -8,017 | -2,150 |
| (-) Net interest accruals of agent fees (OTP Mortgage Bank) | | | | 5,393 | 5,393 | 0 |
| **Net interest income (adj)** | **117,488** | **123,456** | **129,203** | **145,752** | **515,900** | **158,076** |
| | | | | | | |
| **Net fees and commissions** | **34,202** | **34,562** | **34,851** | **31,615** | **135,230** | **31,877** |
| (+) Net interest accruals of agent fees (OTP Mortgage Bank) | 0 | 0 | 0 | 5,393 | 5,393 | 0 |
| **Net fees and commissions (adj.)** | **34,202** | **34,562** | **34,851** | **37,008** | **140,623** | **31,877** |
| | | | | | | |
| **Foreign exchange result on Consolidated IFRS P&L** | **10,056** | **-23,615** | **89,862** | **54,224** | **130,527** | **-11,806** |
| (-) Foreign exchange result of swap transactions | 4,728 | -43,998 | 88,916 | 42,387 | 92,033 | 3,841 |
| (-) Result of strategic open FX position | -2,232 | 12,625 | -4,472 | -11,821 | -5,899 | -2,390 |
| **Foreign exchange result (adj.)** | **7,560** | **7,758** | **5,418** | **23,658** | **44,393** | **-13,257** |
| | | | | | | |
| **Gain/loss on securities, net** | **-3,348** | **2,929** | **-442** | **-235** | **-1,096** | **-4,723** |
| (-) Gain/loss on securities due to swap transactions | 0 | 0 | 0 | 0 | 0 | 0 |
| **Gain/loss on securities, net (adj.)** | **-3,348** | **2,929** | **-442** | **-235** | **-1,096** | **-4,723** |
| | | | | | | |
| **Result of discontinued operation** | **0** | **0** | **125,287** | **-4,101** | **121,186** | **0** |
| (-) Profit of the sale of OTP Garancia Group (before tax) | | | 125,287 | -4,101 | 121,186 | 0 |
| **Result of discontinued operation (adj)** | **0** | **0** | **0** | **0** | **0** | **0** |
| | | | | | | |
| **Gains and losses on real estate transactions** | **172** | **588** | **779** | **267** | **1,806** | **269** |
| **Result of discontinued operation (adj)** | **0** | **0** | **0** | **0** | **0** | **0** |
| **(+) Other non-interest income** | **5,446** | **5,983** | **8,276** | **8,096** | **27,801** | **30,273** |
| (-) Received cash transfers | 1 | -8 | 28 | 12 | 32 | 4 |
| (-) Non-interest income from the release of pre-acquisition provisions | 547 | 1,023 | 610 | 1,224 | 3,405 | 646 |
| (+) Other non-interest expenses | -432 | -338 | -3,758 | -2,180 | -6,709 | -1,194 |
| **Net other non-interest result (adj)** | **4,638** | **5,218** | **4,659** | **4,947** | **19,462** | **28,698** |
| | | | | | | |
| **Provision for possible loan and placement losses** | **-12,826** | **-16,859** | **-17,857** | **-63,906** | **-111,448** | **-46,047** |
| (+) Non-interest income from the release of pre-acquisition provisions | 547 | 1,023 | 610 | 1,224 | 3,405 | 646 |
| **Provision for possible loan and placement losses (adj)** | **-12,279** | **-15,836** | **-17,247** | **-62,682** | **-108,043** | **-45,401** |
| | | | | | | |
| **Other expenses** | **-40,032** | **-41,929** | **-45,720** | **-55,295** | **-182,976** | **-45,384** |
| (-) Other provisions | 750 | -2,270 | -4,094 | -10,871 | -16,484 | -8,293 |
| (-) Paid cash transfers | -2,202 | -598 | -255 | -226 | -3,281 | -95 |
| (+) Film subsidies paid as cash transfer | -129 | -595 | -213 | -155 | -1,092 | -65 |
| (-) Other non-interest expenses | -432 | -338 | -3,758 | -2,180 | -6,709 | -1,194 |
| **Other expenses (adj)** | **-38,278** | **-39,318** | **-37,826** | **-42,173** | **-157,594** | **-35,867** |

| in HUF million | 1Q 08 | 2Q 08 | 3Q 08 | 4Q 08 Audited | 2008 Audited | 1Q 09 |
|---|---|---|---|---|---|---|
| **Other risk costs** | **750** | **-2,270** | **-4,094** | **-10,871** | **-16,484** | **-8,293** |
| (-) Other provisioning accruals (other risk costs) after interest income (OTP Russia) | -1,848 | -1,953 | -2,069 | -2,147 | -8,017 | -2,150 |
| (-) Other provisioning release of Bagat transaction | 2,070 | 0 | 0 | 0 | 2,070 | 0 |
| **Other risk costs (adj)** | **528** | **-317** | **-2,025** | **-8,724** | **-10,538** | **-6,143** |
| | | | | | | |
| **After tax dividends and net cash transfers** | **-1,402** | **-345** | **480** | **484** | **-783** | **315** |
| (-) Paid cash transfer due to Bagat transaction | -2,070 | 0 | 0 | 0 | -2,070 | 0 |
| (-) Film subsidies paid as cash transfer | -129 | -595 | -213 | -155 | -1,092 | -65 |
| **After tax dividends and net cash transfers** | **798** | **250** | **693** | **638** | **2,380** | **380** |
| | | | | | | |
| **Depreciation** | **-9,406** | **-10,244** | **-10,760** | **-101,790** | **-132,200** | **-10,291** |
| (-) Goodwill impairment charges (OTP banka Srbija (Serbia), CJSC OTP Bank (Ukraine)) (before tax) | 0 | 0 | 0 | -93,592 | -93,592 | 0 |
| **Depreciation (adj)** | **-9,406** | **-10,244** | **-10,760** | **-8,198** | **-38,609** | **-10,291** |

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