OTP Bank Plc.

Half-year Financial Report
First half 2009 result

(English translation of the original report submitted

to the Budapest Stock Exchange)

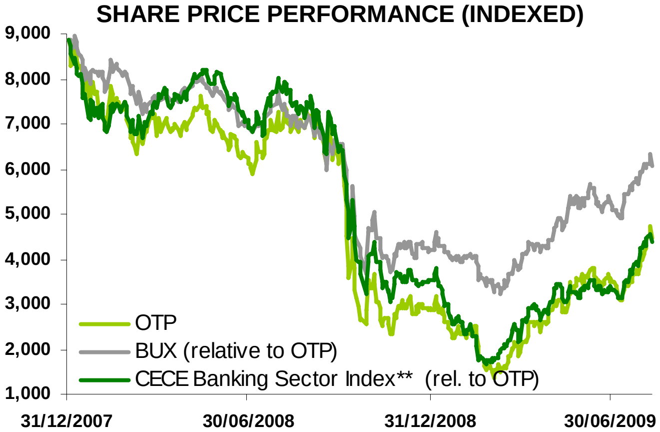
Budapest, 14 August 2009

CONSOLIDATED FINANCIAL[1] HIGHLIGHTS AND SHARE DATA

Main components of P&L account in HUF mn	1H 2008	1H 2009	Y-o-Y	2Q 2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y
Consolidated after tax profit	**129,618**	**84,023**	**-35%**	**74,283**	**41,809**	**42,214**	**1%**	**-43%**
Consolidated after tax profit without the result of strategic open FX position, consolidated dividend and net cash transfers	**120,255**	**85,069**	**-29%**	**63,933**	**43,341**	**41,728**	**-4%**	**-35%**
Pre-tax profit	139,933	106,512	-24%	72,143	63,497	43,015	-32%	-40%
Operating profit	167,837	220,232	31%	88,296	115,090	105,142	-9%	19%
Total income	346,272	392,712	13%	179,371	200,722	191,990	-4%	7%
Net interest income (adj.)	240,944	299,246	24%	123,456	158,126	141,120	-11%	14%
Net fees and commissions	68,764	65,336	-5%	34,562	31,877	33,458	5%	-3%
Total other non-interest income (adj.)	36,564	28,130	-23%	21,353	10,718	17,412	62%	-18%
Operating expenses (adj.)	-178,435	-172,480	-3%	-91,075	-85,631	-86,848	1%	-5%
Provision for possible loan losses (adj.)	-28,114	-100,894	259%	-15,836	-45,401	-55,493	22%	250%
Other provisions	211	-12,826		-317	-6,193	-6,633	7%	
Main components of balance sheet closing balances in HUF mn	2008	1H 2009	YTD	2Q 2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y
Total assets	9,379,436	9,504,062	1%	8,853,246	10,098,840	9,504,062	-6%	7%
Placements with other banks and securities	593,542	653,635	10%	685,007	617,952	653,635	6%	-5%
Gross customer loans	**7,000,850**	**6,998,231**	**0%**	**6,163,526**	**7,719,371**	**6,998,231**	**-9%**	**14%**
Allowances for possible loan losses	-270,680	-365,897	35%	-198,683	-334,706	-365,897	9%	84%
Liabilities to credit institutions and governments	842,867	947,598	12%	671,151	965,256	947,598	-2%	41%
Total customer deposits	**5,219,226**	**5,296,596**	**1%**	**5,069,415**	**5,551,469**	**5,296,596**	**-5%**	**4%**
Issued securities	1,526,639	1,351,719	-11%	1,340,561	1,498,349	1,351,719	-10%	1%
Subordinated bonds and loans	316,148	285,655	-10%	292,079	336,316	285,655	-15%	-2%
Total shareholders' equity	1,048,971	1,125,511	7%	945,575	1,151,087	1,125,511	-2%	19%
Indicators %	1H 2008	1H 2009	Y-o-Y	2Q 2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y
Gross loan/deposit ratio (%)	121.6%	132.1%	10.5%	121.6%	139.1%	132.1%	-6.9%	10.5%
Net interest margin (adj.)	5.60%	6.39%	0.79%	5.55%	6.58%	5.77%	-0.81%	0.23%
Cost/income ratio (adj.)	51.5%	43.9%	-7.6%	50.8%	42.7%	45.2%	2.6%	-5.5%
Risk cost to average gross loans (adj.)	0.95%	2.91%	1.96%	1.03%	2.50%	3.02%	0.52%	1.99%
ROA (adj.)	2.8%	1.8%	-1.0%	2.9%	1.8%	1.7%	-0.1%	-1.2%
ROE (adj.)	26.3%	15.8%	-10.5%	27.6%	16.0%	14.7%	-1.3%	-12.9%
Capital adequacy ratio (consolidated, IFRS)	12.5%	15.9%	3.4%	12.5%	15.2%	15.9%	0.7%	3.4%
Share Data	1H 2008	1H 2009	Y-o-Y	2Q 2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y
EPS diluted (HUF)	506	322	-36%	292	167	157	-6%	-46%
Closing price (HUF)	6,259	3,490	-44%	6,259	1,945	3,490	79%	-44%
High (HUF)	8,874	3,789	-57%	7,615	3,170	3,789	20%	-50%
Low (HUF)	6,250	1,355	-78%	6,250	1,355	1,960	45%	-69%
Market Capitalization (HUF billion)	1,753	977	-44%	1,753	545	977	79%	-44%

- ***Robust operating income growth (+31% y-o-y), proportionally better than planned HUF 85 billion adjusted 1H result, excellent 6 months NIM (6.39%)***
- ***Significantly increasing risk costs (1H: 2.9%), deteriorating loan quality (90+ days overdue loans ratio 7.4%), stable coverage ratio (71.1%)***
- ***Continuously strong capital position, (consolidated CAR: 15.9%), substantially improving loan-to-deposit ratio (132%, -7%-point q-o-q)***

SHARE PRICE PERFORMANCE (INDEXED)



MOODY'S RATINGS

OTP Bank	
Foreign currency long term deposits	Baa1
Local currency long term deposits	Baa1
Financial strength	D+
OTP Mortgage Bank	
Covered mortgage bond	A2
Foreign currency long term deposits	Baa1
Financial strength	D+
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.

HALF-YEAR FINANCIAL REPORT – OTP BANK'S RESULTS FOR FIRST HALF 2009

2009 Half-year Financial Report of OTP Bank Plc. has been prepared according to the 24/2008. (VIII. 15.) PM resolution on the basis of its unaudited, unconsolidated and consolidated condensed IFRS and HAR-based OTP Bank's financial statements for 30 June 2009 or derived from that. At presentation of first half 2009 report of OTP Bank we applied International Financial Reporting Standards adopted by the European Union.

SUMMARY OF THE FIRST HALF 2009

Following the better than expected results of 1Q, the April-June period as a whole supported the ongoing trends: the consolidated capital position of the Banking Group is stable and the capital adequacy ratio is outstandingly high even in international comparison. The liquidity position is well balanced, moreover improving, majority of the maturing debts has been already redeemed in the first half of the year. The prudent risk management and the conservative provisioning policy maximally takes into consideration the negative effects of the long-lasting economic crisis, and the solid operating income made possible a higher than planned provisioning.

Based on first six months results there is no reason to modify 2009 targets set by the management.

Stabilizing market sentiment

While the first three months of 2009 resulted a significantly worse than expected operating environment – the Hungarian CDS spreads widened in a dramatic way, forint weakened to a record low level and the yield curve shifted up with several hundreds of basis points – the measures taken by the new government inaugurated on 14 April stabilised the situation significantly. The sentiment of international investors improved remarkably and HUF became one of the best performing emerging markets currencies. At 30 June the closing EUR/HUF rate improved by 12% q-o-q, and the domestic currency also strengthened against Swiss franc by 12% and by 17%. against US dollar respectively. The Hungarian credit spreads tightened significantly, a strong yield decreasing trend started on the local government papers' market where Government Debt Management Agency managed to sell longer maturity bonds again. The base rate in 2Q 2009 remained at the same level (9.5%), but the positive developments supported the NBH to make a one-off 100 bps rate cut on 27 July.

Operating environment even at Group level became significantly more stable in 2Q: despite almost in all countries the official prognoses modified downward the growth outlook, majority of the domestic currencies appreciated, their volatility moderated a lot. Several countries concluded IMF agreements or drawn down further tranches within the existing frameworks which also calmed down the markets. The record-high CDS-spreads in March dropped significantly for all countries.

In Hungary the necessary fiscal corrections and restrictions had a significant effect on the income positions of the households and the corporates, loan demand of households' weakened and the supply stagnated at a low level. In other countries smaller scale fiscal measures and benign loan demand were the major reasons behind the decline in lending activity. FX-adjusted consolidated loan volumes remained flat q-o-q. On the other hand, all Group members made efforts to strengthen their deposit base fairly successfully, the FX-adjusted growth was 2% y-o-y. Balance sheet volumes were heavily effected by the significant appreciation of HUF, as well. As a result of those impacts the consolidated loan/deposit ratio improved notably (132%, -7%-point q-o-q).

Continuously strong operating income, better than expected HUF 85.1 billion adjusted first half result

Although the operating environment deteriorated substantially in case of all group members, OTP Group managed to demonstrate a good operating income dynamics, the 1H 2009 HUF 220.2 billion operating income exceeds the base period by 31%. The consolidated after tax result was HUF 85.1 billion in the first six months of 2009 which is lower by 29% than in the same period of 2008. HUF 41,7 billion 2Q result lagged behind the results of the previous three months by 4%.

Pre-tax profit figure of the Group shows different dynamics, HUF 43 billion lags behind the previous quarter by 32%. The low quarterly tax rate this time reflects the positive effect of the tax shield results, stemming from the subsidiary investments of OTP Bank. As a result of the significant HUF appreciation the mechanism shows the opposite direction of the processes experienced in 1Q.

In 2Q the repurchase of own securities, true, in smaller magnitude than in the previous quarter, continued, EUR 39 million subordinated debt capital (UT2) in total was redeemed, the pre-tax profit effect of which was HUF 5.5 billion.

IFRS consolidated CAR: 15.9%, unconsolidated HAR-based CAR: 15.5%

Both unconsolidated HAR based CAR of OTP Bank and consolidated CAR have improved during the quarter. Beside the balance sheet profit the improvement of the ratio was supported by the decreasing RWA (Risk Weighted Assets)-stock following the significant strengthening of the forint and the own share swap transaction concluded with MOL in April. HAR based unconsolidated CAR increased to 15.5%.

Following the subordinated loan allocation in 1Q to Montenegro and Ukraine, the Ukrainian subsidiary received a further USD 100 million capital increase in the second quarter and in August EUR 15 million capital increase was approved for Montenegro. With these capital injections the CAR of all subsidiaries exceeds considerably the mandatory requirements.

The IFRS based consolidated CAR of the Group is 15.9%, the Tier1 ratio is 12.0% which is significantly higher than that of for the main competitors.

The EUR 200 million subordinated loan agreement concluded with EBRD on 9 July might improve the non-consolidated CAR by 140 bps and the consolidated one by 80 bps – if it will be draw down within the six months stand-by period.

Main drivers of the consolidated result: stable NIM, increasing risk cost, strict cost control

In the first six months of 2009 NII increased by 24% y-o-y, whereas in the previous three months it decreased by 11%. The almost HUF 300 billion first half year net interest result is mainly the consequence of asset repricing measures of the last 12 months at a group level, but is was also supported by the higher HUF-equivalent of FX denominated loan portfolio. NIM (6.39%) of the period improved significantly (+79 bps y-o-y).

Net F&C declined by 5% in the last 12 months (+5% q-o-q). Operating costs were adjusted successfully in line with the moderating business activity, CIR improved significantly, 43.9% level is lower by 7.6% than in the base period.

As a result of the deteriorating macro-economic environment the quality of the consolidated loan portfolio deteriorated remarkably: within the last quarter the ratio of 90+ DPD loans increased from 5.7% to 7.4%. The coverage ratio slightly decreased, at the end of the period it was 71.1%.

Domestic lending activity lost momentum, successful funding

Within the banking group 1H PAT of OTP Core (basic activity in Hungary) on a yearly base practically stagnated, but in 2Q dropped by 11%. The loan portfolio expanded by 10% compared to the base period, within the last three months the decrease was 6% explained by significant HUF appreciation. The FX-adjusted loan book shows a more favourable picture: though the portfolio of mortgage loans diminished by HUF 8 billion q-o-q, the consumer loan portfolio increased slightly (+2%), and the portfolio of corporate loans expanded by 4%, the latter being driven by loans to middle- and large enterprises. In line with the efforts of the management within new disbursements the weight of HUF denomination increased: in case of mortgage loans it is 71%, at consumer loans the ratio is 91%.

The Bank put an increased emphasis on deposit collection, accordingly the deposit portfolio expanded by 5%. In the last 3 months a slight decline was experienced as a result of revaluation. The loan-to-deposit ratio came close to 100% again. The successful retail bond issuance activity continued, following the HUF 55 billion funding in 1Q further HUF 45 billion funds were raised in 2Q (1H 2009 closing amount is HUF 158 billion). In 2009 the bank was absent from the international capital markets, maturing debts were redeemed from own resources, and for the rest of the year the maturing debt is cca. EUR 350 million.

In accordance with the agreement between the Bank and the Hungarian State dated 26 March 2009, the State provided a EUR 1.4 billion loan to OTP for the enhancement of domestic corporate lending the draw down of which was accomplished at 30 June.

Out of domestic Group members Merkantil Group increased significantly its result on a quarterly base, but its H1 profit of HUF 365 million is less than one tenth of the same period in 2008, reflecting the difficult operating conditions of the sector. The HUF 2.4 billion first six months results of OTP Fund Management is 24% lower than in the base period, but the decrease in 2Q slowed down, it was only 8% q-o-q. In the last three months the asset portfolio started to grow again (+10% q-o-q).

Regarding the domestic market positions of OTP Group they eroded in all deposit segments in the last three months. The ratio of retail deposits diminished by 0.5%, the municipal and the corporate deposits dropped by 10.7% and 0.7%, respectively. The asset side was characterised by opposite movements, the ratio of retail loans grew by 0.1%, within that the ratio of housing loans increased by 0.4%. Consumer loans diminished by 0.2%, but municipality and corporate position improved (+0.7% and +0.8% respectively). As a combined result within the balance sheet of the sector the ratio of OTP Bank grew from 23% to 23.4%.

Foreign subsidiary results

In 2Q 2009 there was a further economic decline in all countries of subsidiaries, today no international or official domestic forecast expect GDP increase, the estimations of decline vary country by country in between 5-15%. In the Banking Group Ukraine, Serbia and Romania have effective IMF agreements, but in other countries there are negotiations about the active participation of international development banks aiming to counterbalance tight liquidity conditions. As a positive result of 2Q, following the non EMU member Czech Republic and Poland even Croatia managed to tap the international capital markets with a successful, EUR 750 million bond issue.

In case of all Group members the portfolio dynamics moderated significantly, which is partially the result of the restrained lending activity and also the cross currency-rate movements in the period.

Gross loan portfolio of DSK Group increased minimally, by 2% ytd (-12% q-o-q), its deposits expanded faster, by 5% y-o-y (-9% q-o-q). In contrast the FX-adjusted loan portfolio in 2Q q-o-q remained unchanged while deposits increased by 3%. HUF 12 billion net result shows a 21% decline y-o-y which is mainly the result of the significantly increasing risk costs. NII dynamics on a yearly base was outstandingly strong (40%), 2Q practically shows an unchanged result. NIM (5.99%) improved with more than 1% y-o-y, whereas the 35.5% CIR level proves an outstandingly effective cost control.

The Ukrainian subsidiary remained in red in 2Q too (HUF -946 million), but the loss is only one tenth that of the previous quarter. As a result of the 60% and 40% increase of NII and F&C, in 1H the operating profit more than doubled. Unfortunately the provisioning grew even faster to HUF 34.4 billion. The previously outstanding loan dynamics dropped (-5% YTD and -16% q-o-q), but the erosion of deposit portfolio slowed down significantly (-5% q-o-q), an the erosion of retail deposits even stopped. The FX-adjusted 2Q loan and deposit dynamics were +1% and +11% respectively. In the last six months hryvnia showed a relative strength, hovering in the range of 7.6-7.8 USD/UAH and as a result the deterioration of portfolio quality moderated, the ratio of 90+ DPD loans increased only to 11,2% from 10.4% q-o-q, while the coverage grew considerably, by 12%p q-o-q (1H 2009: 65.3%).

At the Russian subsidiary as a result of the sluggish loan demand the loan portfolio decreased by 9% ytd, the previously dynamic POS-lending shows signs of recovery only since June. Deposits practically stagnated compared year-end 2008. The FX-adjusted loan portfolio in 2Q decreased by 4%, while the deposit base widened by 5%. NII did not grow neither on a yearly nor on a quarterly base. Although the six months provisioning increased only by 16%, and strict cost control was in place, the after tax profit of the Bank in 1H is less than one tenth of the base period. The 11.17% and 11.79% quarterly and half year NIMs are the highest in the Bank Group.

Among the smaller subsidiaries OBH reached the best earnings in 1H (HUF 1.9 billion) and 2Q (HUF 1.1 billion), the result of the Romanian subsidiary is remarkable, as well. Following the first quarter loss in 2Q it produced HUF 1.3 billion positive result. OBR was also successful in deposit collection its deposit portfolio grew by 6% q-o-q.

Despite the strong NII, due to the increasing operating costs and the rocketing provisioning Montenegrin CKB closed the quarter with loss (HUF -410 billion), the FX-adjusted drop of the loan and deposit portfolio was 3% and 2% respectively.

After a minimal first quarter result the Slovakian subsidiary realized HUF 0.3 billion loss in 2Q, both the loan and the deposit portfolio declined and the quality of the portfolio slightly deteriorated. Second quarter result of the Serbian subsidiary (as well as its 1H results) was in red, loan volume declined by 4% q-o-q, however the deposits grew by 13% on an FX-adjusted base.

Due to the significantly moderating Ukrainian loss, and as a result of the good performance of DSK, OBH and OBR, the contribution of the subsidiaries to the Group total increased, form the practically zero level in 1Q 2009 to 12% in 2Q; their share in the total loan and deposit portfolio was 48% and 38% respectively.

By the end of 2Q 2009 OTP Group had 1,536 branches (-14 q-o-q). The most sizeable decline was realized in Serbia (-20 branches), whereas in Hungary, Bulgaria and Russia few new branches have been opened.

Credit Ratings, shareholder structure

On 19 May 2009 together with several other Hungarian banks Moody's downgraded to D+ from C- the financial strength rating (BFSR) of OTP Bank, the foreign currency debt rating was downgraded from Aa3 to Baa1 and the rating of its subordinated debt from A1 to Baa2 respectively. All the ratings have a negative outlook.

In 2Q 2009 within the framework of share-exchange and share swap agreement between OTP Bank Plc. and MOL Plc. OTP has sold 24,000,000 OTP ordinary shares. With this transaction MOL reached a 8.57% ownership ratio in the Bank. Also, Groupama Group increased its existing 8% ownership ratio to 8.8%. Beside of the two above mentioned companies Artio Global Management LLC and R. Rahimkulov and his interests had an ownership ratio above 5%.

POST BALANCE SHEET EVENTS

Hungary

- At 19 July 2009 an agreement was concluded between OTP and EBRD. The London based financial institution granted EUR 200 million subordinated debt capital to OTP Bank and indicated its intention to buy OTP own shares for EUR 20 billion. As a part of the agreement EBRD provided CHF 500 million CHF/HUF swap-line for OTP Bank.
- At 13 July 2009 the Hungarian mortgage debtor programme was approved by the European Committee. Accordingly the State will guarantee the bridge loans originated by banks to debtors up to 80% of principal and interest for unemployed debtors and 70% for employed debtors with deteriorating income position.
- The previously highest ownership ratio of Artio Global Management LLC decreased to 4.96% on 28 July 2009.

Bulgaria

- On 31 July the finance minister stated that Bulgaria will apply in November form ERM-2, the two-year currency stability test before the country can introduce the euro.

Ukraine

- At 29 July 2009 the IMF approved the third, USD 3.3 billion tranche from the credit facility opened last year.
- At 31 July 2009 Standard & Poor's changed the outlook of the sovereign debt rating of Ukraine from negative to positive.
- In August 2009 the European Committee announced that with a co-operation of three large European institutions Ukraine will receive a new credit facility of almost USD 1.7 billion. European Bank for Reconstruction and Development provides USD 300 million this year (next year USD 450 million), European Investment Bank grants USD 450 million and the World Bank offered a USD 500 million respectively.

Romania

- With its resolution at 4 August the Romanian central bank cut its base rate to 8.5%.
- At 10 August the government concluded with the IMF that the 2009 budget deficit goal could increase to 7.3% against to 4.6% presented in the previous agreement. 2010 budget deficit target was increased to maximum 6% from the previous 3.6%. The IMF reviewed its earlier 2009 GDP forecast for Romania: the contraction may reach 8.5%.

Croatia

- In July 2009 Ivo Sanader Croatian prime minister announced his resignation. Beside of his prime minister position he gave up his party leader position as well, with this the fate of the planned fiscal-economic reforms questioned.

Serbia

- At 10 July the Serbian central bank decreased its base rate to 12% with a 100bp rate cut.
- During August the government and the IMF will negotiate about the possible increase of the budget deficit goal under the credit facility agreement.

Montenegro

- On July 29 the finance minister noted that Montenegro will probably ask for IMF assistance in September to boost liquidity in its financial system and support the budget.
- On 23 July the Prime Minister announced that a European Union questionnaire with the goal of becoming a formal candidate for EU-membership was handed over to Montenegro's government.

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

in HUF million	1H 2008	1H 2009	Y-o-Y	2Q 2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y
Consolidated after tax profit	**129,618**	**84,023**	**-35%**	**74,283**	**41,809**	**42,214**	**1%**	**-43%**
Profit of the strategic short position[1] (after tax)	8,315	-1,912	-123%	10,100	-1,912	0	-100%	-100%
Dividend and total net cash transfers (consolidated)	1,048	866	-17%	250	380	486	28%	95%
Consolidated after tax profit without the result of strategic open FX position, consolidated dividend and net cash transfers	**120,256**	**85,069**	**-29%**	**63,933**	**43,341**	**41,728**	**-4%**	**-35%**
Banks total without one-off items[3]	105,397	80,257	-24%	57,274	41,811	38,446	-8%	-33%
OTP CORE (Hungary)[4]	77,229	77,088	0%	43,144	40,850	36,238	-11%	-16%
Corporate Centre[5] (after tax)	-1,616	-1,199	-26%	356	1,548	-2,746	-277%	-872%
o/w After tax result of subsidiary financing[6]	5,067	5,914	17%	3,620	5,180	734	-86%	-80%
Interest expense of Tier2 Capital	-6,683	-7,055	6%	-3,265	-3,618	-3,437	-5%	5%
OTP Bank Russia	3,229	218	-93%	1,538	313	-95	-130%	-106%
OTP Bank Russia adj.	3,229	218	-93%	1,538	313	-95	-130%	-106%
OTP Bank Russia one-off items[7]	-	-		-	-	-		
CJSC OTP Bank (Ukraine)	6,878	-10,066	-246%	2,984	-9,120	-946	-90%	-132%
DSK+SPV (Bulgaria)	15,159	11,948	-21%	7,518	7,388	4,560	-38%	-39%
OBR adj. (Romania)[8]	-1,204	586	-149%	-1,095	-725	1,311	-281%	-220%
OTP Banka Srbija (Serbia)	2,334	-124	-105%	58	141	-265	-288%	-553%
OTP Banka Srbija, adj.	505	-124	-124%	3	141	-265	-287%	
OTP Banka Srbija one-off items[9]	1,830	-0	-100%	56	-0	-	-100%	-100%
OBH (Croatia)	2,361	1,920	-19%	1,293	815	1,105	36%	-15%
OBS (Slovakia)	1,310	-531	-141%	624	7	-538	-7868%	-186%
OBS, adj.	1,310	-298	-123%	624	7	-305	-4508%	-149%
OBS one-off items[10]	-	-233		-	-	-233		
CKB (Montenegro)	1,546	184	-88%	910	594	-410	-169%	-145%
Leasing	4,190	365	-91%	2,303	130	235	81%	-90%
Merkantil Bank + Car, adj. (Hungary)[11]	4,032	353	-91%	2,171	118	235	99%	-89%
Merkantil Bank + Car one-off items[12]	74	12	-83%	74	12	1	-95%	-99%
Foreign leasing companies (Slovakia)[13]	84	0	-100%	57	0	0		-100%
Insurance companies	3,639	0	-100%	2,132	0	0		-100%
OTP Garancia (Hungary)	4,639	0	-100%	2,415	0	0		-100%
OTP Garancia, adj.	4,781	0	-100%	2,487	0	0		-100%
OTP Garancia one-off items[14]	-142	0	-100%	-72	0	0		-100%
Foreign insurance companies (Bulgaria, Slovakia, Romania)[15]	-1,001	0	-100%	-283	0	0		-100%
Asset Management	3,123	2,353	-25%	1,503	1,217	1,137	-7%	-24%
OTP Asset Management (Hungary)	3,123	2,387	-24%	1,503	1,243	1,144	-8%	-24%
Value creation of OTP Asset Management (after-tax)[16]	5,828	4,478	-23%	2,853	2,279	2,198	-4%	-23%
Foreign Asset Management Companies (Ukraine, Romania)[17]	0	-34		0	-26	-7	-72%	
Other Hungarian Subsidiaries	1,307	931	-29%	1,006	330	600	82%	-40%
Other Foreign Subsidiaries (Slovakia, United Kingdom, Cyprus)[18]	82	421	414%	31	67	353	424%	
Eliminations	689	974	41%	-372	-214	1,187	-656%	-420%
Total after tax profit of HUNGARIAN subsidiaries[19]	89,477	80,546	-10%	50,297	43,887	36,659	-16%	-27%
Total after tax profit of FOREIGN subsidiaries[20]	30,779	4,522	-85%	13,636	-545	5,068	-1029%	-63%
Share of foreign profit contribution, %	26%	5%	-20%	21%	-1%	12%	13%	-9%

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

CONSOLIDATED AND UNCONSOLIDATED, UNAUDITED IFRS REPORTS OF OTP BANK PLC.

CONSOLIDATE PROFIT & LOSS ACCOUNT

Main components of P&L account[1] in HUF million	1H 2008	1H 2009	Y-o-Y	2Q 2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y
Consolidated after tax profit	**129,618**	**84,023**	**-35%**	**74,283**	**41,809**	**42,214**	**1%**	**-43%**
Dividends and net cash transfers (after tax)	1,048	866	-17%	250	380	486	28%	94%
Profit of the strategic open FX position (after tax)	8,315	-1,912	-123%	10,100	-1,912	0	-100%	-100%
Pre tax result of strategic open FX position	10,393	-2,390	-123%	12,625	-2,390	0	-100%	-100%
Income taxes	-2,079	478	-123%	-2,525	478	0	-100%	-100%
Consolidated after tax profit without the result of strategic open FX position and consolidated dividend and net cash transfers	**120,255**	**85,069**	**-29%**	**63,933**	**43,341**	**41,728**	**-4%**	**-35%**
Before tax profit	**139,933**	**106,512**	**-24%**	**72,143**	**63,497**	**43,015**	**-32%**	**-40%**
Operating profit	**167,837**	**220,232**	**31%**	**88,296**	**115,090**	**105,142**	**-9%**	**19%**
Total income	**346,272**	**392,712**	**13%**	**179,371**	**200,722**	**191,990**	**-4%**	**7%**
Net interest income (adj.)	**240,944**	**299,246**	**24%**	**123,456**	**158,126**	**141,120**	**-11%**	**14%**
Net fees and commissions	**68,764**	**65,336**	**-5%**	**34,562**	**31,877**	**33,458**	**5%**	**-3%**
Other net non-interest income (with net insurance result and net other, other non-interest result) (adj.)	**36,564**	**28,130**	**-23%**	**21,353**	**10,718**	**17,412**	**62%**	**-18%**
Foreign exchange result, net (adj.)	15,318	-14,196	-193%	7,758	-13,257	-939	-93%	-112%
Gain/loss on securities, net (adj.)	-418	-167	-60%	2,929	-4,723	4,556	-196%	56%
Net insurance result	11,808	0	-100%	5,447	0	0	-36%	-100%
Insurance premiums	43,459	0	-100%	18,710	0	0		-100%
Insurance expenses	-31,651	0	-100%	-13,263	0	0	-36%	-100%
Net other non-interest result (adj.)	9,856	42,493	331%	5,218	28,698	13,795	-52%	164%
Operating expenses	**-178,435**	**-172,480**	**-3%**	**-91,075**	**-85,631**	**-86,848**	**1%**	**-5%**
Personnel expenses	-81,189	-77,719	-4%	-41,513	-39,473	-38,246	-3%	-8%
Depreciation (adj.)	-19,650	-20,774	6%	-10,244	-10,291	-10,483	2%	2%
Other expenses (adj.)	-77,595	-73,986	-5%	-39,318	-35,867	-38,119	6%	-3%
Provision for possible loan losses (adj.)	**-28,114**	**-100,894**	**259%**	**-15,836**	**-45,401**	**-55,493**	**22%**	**250%**
Other provision	**211**	**-12,826**		**-317**	**-6,193**	**-6,633**	**7%**	
Corporate taxes	-19,678	-21,443	9%	-8,210	-20,156	-1,288	-94%	-84%
INDICATORS (%)	1H 2008	1H 2009	Y-o-Y	2Q 2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y
Net interest margin (adj.)	5.60%	6.39%	0.79%	5.55%	6.58%	5.77%	-0.81%	0.23%
Effective tax rate	14.1%	20.1%	6.1%	11.4%	31.7%	3.0%	-28.7%	-8.4%
Cost/income ratio (adj.)	51.5%	43.9%	-7.6%	50.8%	42.7%	45.2%	2.6%	-5.5%
Risk cost to average gross loans (adj.)	0.95%	2.91%	1.96%	1.03%	2.50%	3.02%	0.52%	1.99%
ROA (adj.)	2.8%	1.8%	-1.0%	2.9%	1.8%	1.7%	-0.1%	-1.2%
ROE (adj.)	26.3%	15.8%	-10.5%	27.6%	16.0%	14.7%	-1.3%	-12.9%
Comprehensive Income Statement	1H 2008	1H 2009	Y-o-Y	2Q 2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y
Net comprehensive income	**80,434**	**91,634**	**14%**	**25,028**	**120,226**	**-28,592**	**-124%**	**-214%**
Net profit of the current year	**129,201**	**84,062**	**-35%**	**74,190**	**41,806**	**42,256**	**1%**	**-43%**
Consolidated after tax profit	129,618	84,023	-35%	74,283	41,809	42,214	1%	-43%
Minority interest	-417	39	-109%	-93	-4	43	-1165%	-146%
Fair value adjustment of securities available-for-sale (recognised directly through equity)	**-11,423**	**3,735**	**-133%**	**1,062**	**-6,477**	**10,212**	**-258%**	**862%**
Fair value adjustment of cash flow hedge transactions	**2,819**	**211**	**-93%**	**-1,559**	**106**	**105**	**-1%**	**-107%**
Fair value adjustment of strategic open FX position recognised directly through equity (after tax)	**0**	**-1,762**		**0**	**-11,042**	**9,280**	**-184%**	
Fair value adjustment of revaluation reserves	**-40,163**	**5,388**	**-113%**	**-48,665**	**95,833**	**-90,445**	**-194%**	**86%**

- ***Outstanding 1H operating result of HUF 220 billion, (+31% y-o-y), with after tax profit of HUF 85.1 billion (-29% y-o-y)***
- ***Strong net interest income (+24% y-o-y), stable NIM (6.39%)***
- ***Declining NF&C as a result of weaker lending and smaller transaction income (-5%)***
- ***Costs remained under control, good efficiency (CIR: 43.9%)***
- ***Despite worsening operating environment stable ROE (15.8%)***

In 1H the adjusted consolidated IFRS after tax profit of OTP group reached HUF 85.1 billion, a decline of 29% y-o-y.

In line with the earlier guidance of the management from 2Q the result on the open FX position will be booked against the equity, thus it won't have any impact on earnings. Accordingly, the adjusted profit after tax in 2Q was HUF 41.7 billion (-4% q-o-q).

Profit before tax stood at HUF 43 billion, substantially lower than in 1Q (-32%). Opposite to the previous quarter when HUF depreciated a lot and as a consequence, due to the revaluation gain on subsidiary investment tax obligation increased pushing the effective tax rate close to 31.7%, in 2Q HUF strengthened by 12% against EUR, thus the effective tax rate dropped to mere 3%. Still, in 1H the consolidated tax rate was around 20%, slightly above the original budget.

Adjusted net interest income reached almost HUF 300 billion, a 24% y-o-y increase, whereas net interest margin stood at 6.39%, by 79 bps exceeding 1H 2008 level. However, NIM dropped by 81 bps q-o-q, partly due to cross currency moves: interest income on FX lending showed a smaller amount as a result of revaluation. Weaker FX swap results also had a negative impact on NII. Furthermore, the quarterly decline is influenced by a technical factor: OTP Core is keeping interest rate swaps to hedge its trading security portfolio – comprising mostly Hungarian treasury bonds – against the revaluation caused by changes in the yield environment. Due to the significant decrease in the HUF yields in 2Q 2009, HUF 4.3 billion revaluation gain emerged on the trading portfolio (booked as other non-interest income), at the same time an offsetting HUF 4.4 billion loss was realized on the swap book, showing up in the net interest income of OTP Core. (In 1Q 2009, the increase in the HUF yield environment resulted changes in the value of the securities and the swap book, which were roughly the same in their size but opposite in their directions). After excluding the interest income of the hedging swap instruments from the consolidated NII, the decline in adjusted net interest income would have been smaller. Also, q-o-q change in NIMs would be much more balanced.

Within other non interest income Net F&C dropped by 5%, the move was in line with expectations. Lending activity was benign, transaction driven fee income became weaker.

Other adjusted non interest income decreased by 23% y-o-y. On net FX gain and loss line the Group pocketed a loss of HUF 14.2 billion mainly due to the negative result on non strategic open FX position in 1Q. In 2Q those positions were closed. After 1Q loss of HUF 4.7 billion on securities the Group captured similar gain thanks to the strong rally of fixed income instruments in its securities portfolio. Hence 1H result was basically zero.

In 2Q the Bank continued the repurchase of its upper Tier2 instruments, even though in smaller magnitudes and at higher price levels. It bough back a total of EUR 39 million on which the Bank realized HUF 5.5 billion before tax result booked on other net non-interest income line.

Within total income non interest revenues represented 24%, a decline of 6% y-o-y.

Adjusting itself to the rapidly changing market conditions, the Bank kept expenses under strong control. Material expenses lagged behind the basic period by 5%, whereas personal expenses dropped by 4% y-o-y (staff cut-back, suspending branch network expansion, rationalization). On a quarterly base operating expenses remained basically unchanged: personal expenses dropped by 3%, but material expenses grew by 6% q-o-q. 1H CIR improved by 7.6%p (43.9%); the quarterly correction was +2.6% (45.2%), but the level is still well below the 2009 management target.

The deteriorating macroeconomic outlook together with bleaker operating environment made necessary higher risk provisions. At the same time the robust HUF 220 billion operating result made it even possible. In 1H provisions for possible loan losses and other provisions added up to HUF 113.7 billion, a 4-fold y-o-y increase, o/w loan loss provisions amounted to HUF 101 billion, but other provisions were also mainly lending related. In 2Q total provisions reached HUF 62 billion o/w loan loss provisions represented HUF 55.5 billion (+22% q-o-q). Consolidated risk costs grew from 2.50% to 3.02% q-o-q. 1H risk costs were 2.91%.

Consolidated ROA (1.8%) decreased by 1%p, while ROE (15.8%) shrank by 10.5% in the previous 12 months. 2Q EPS was HUF 157, in 1H it stood at HUF 322. Profitability indicators deteriorated on a quarterly base, as well: ROA decreased by 0.1%-points, while ROE (14.7%) by 1.3% respectively.

The 1H Comprehensive Income of the Group amounted to HUF 91.6 billion (+14% y-o-y). This income category includes all the fair value adjustments, which are directly booked through equity rather than through the P&L.

ASSET-LIABILITY MANAGEMENT

The focal point in 1H 2009 was to keep the liquidity of OTP Group at a safe level…

The key priority of the Asset-Liability Management of OTP Group was to maintain the liquidity of the Bank Group at a safe level. While the funding sources were scarce even in the first half of 2009 in order to provide a safe liquidity level the business lines had to adjust themselves. With holding back the lending activity and through continuous deposit collection campaigns the liquidity reserves of the Bank have been held successfully above the safety level, providing an acceptable buffer even for unexpected shocks.

…and to minimise the risks taken by different business lines

During 2009 the volatility remained high at all instruments subject to main market risks. In order to avoid significant losses caused by increased risks the Bank limits risk taking of business lines further on at lower than pre-crisis levels. Reacting to the altering market environment during 1H the Bank has decreased further its strategic short position covering the expected results of subsidiaries (in 1H the position was EUR 310 million).

Continuously improving liquidity position of OTP Group

During the first half of 2009 the liquidity buffer of OTP Group increased further on despite in February a EUR 750 million senior debt and several other smaller syndicated loans (altogether EUR 400 million) were redeemed. The increase of the liquidity buffer was partially the result of the decrease of subsidiary financing by HUF 177 billion (FX-adjusted) since December 2008. Besides, in 2Q the Bank received EUR 1.4 billion loan from the Hungarian State in exchange for increasing its corporate loan portfolio by the end of 2010 with a minimum HUF 200 billion. At the end of 1H the liquidity buffer of the group covers comfortably the capital market maturities due within 1 year and for the possible market and liquidity shocks. The CHF and USD demand of the Bank's FX-lending was covered on the long-term basis-swap market.

Market risk exposure of OTP Group

At the end of 1H 2009 the consolidated capital requirement of the trading book positions, the counterparty and FX-risks amounted to HUF 32.1 billion, mainly as a result of the FX-position (HUF 30.2 billion).

OTP Group is an active player of the international FX and derivative markets. FX-exposure of Group members is limited by a solo and global net position (overnight and intraday) and by stop loss limits. Open position of foreign group members were negligible compared both to the balance sheet total and to the regulatory capital and because of that the FX exposure concentrated at OTP Bank. Major part of FX-exposure stemming from the long EUR position related to the expected two-year profit of the main foreign subsidiaries of cca. EUR 310 million was covered by an EUR short position for the same amount. Beside of this the average open position kept by the Treasury was negligible (HUF -1.3 billion).

In 1H 2009 the risk exposure of OTP Group was primarily determined by the positions of OTP Bank Plc., OTP Mortgage Bank Ltd., OTP Bank JSC and DSK Bank.

CONSOLIDATED BALANCE SHEET

Main components of balance sheet in HUF million	2Q 2008	2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y	YTD
TOTAL ASSETS	**8,853,246**	**9,379,436**	**10,098,840**	**9,504,062**	**-6%**	**7%**	**1%**
Cash and bank	324,528	348,849	304,274	303,291	0%	-7%	-13%
Placements with other banks	685,007	593,542	617,952	653,635	6%	-5%	10%
Financial assets at fair value	321,561	129,332	155,336	190,958	23%	-41%	48%
Securities available-for-sale	461,797	481,257	510,125	428,209	-16%	-7%	-11%
Gross customer loans	**6,163,526**	**7,000,850**	**7,719,371**	**6,998,231**	**-9%**	**14%**	**0%**
o/w Retail loans	3,680,897	4,353,189	4,762,969	4,293,258	-10%	17%	-1%
Corporate loans	2,128,453	2,258,579	2,524,657	2,316,229	-8%	9%	3%
Car financing loans	348,400	389,767	425,666	383,551	-10%	10%	-2%
Allowances for possible loan losses	-198,683	-270,680	-334,706	-365,897	9%	84%	35%
Accrued interest receivables	75,473	87,793	99,563	87,962	-12%	17%	0%
Equity investments	14,522	10,467	10,334	10,377	0%	-29%	-1%
Securities held-to-maturity	286,311	321,733	294,555	601,083	104%	110%	87%

Main components of balance sheet in HUF million	2Q 2008	2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y	YTD
Intangible assets	526,465	469,701	508,996	466,261	-8%	-11%	-1%
Other assets	192,739	206,592	213,040	129,952	-39%	-33%	-37%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**8,853,246**	**9,379,436**	**10,098,840**	**9,504,062**	**-6%**	**7%**	**1%**
Liabilities to credit institutions and governments	671,151	842,867	965,256	947,598	-2%	41%	12%
Customer deposits	**5,069,415**	**5,219,226**	**5,551,469**	**5,296,596**	**-5%**	**4%**	**1%**
o/w Retail	3,570,513	3,914,944	4,167,388	3,956,647	-5%	11%	1%
Corporate	1,498,901	1,299,904	1,384,079	1,339,950	-3%	-11%	3%
Issued securities	1,340,561	1,526,639	1,498,349	1,351,719	-10%	1%	-11%
Accrued interest payable	91,461	99,141	114,447	112,965	-1%	24%	14%
Other liabilities	443,004	326,444	481,916	384,018	-20%	-13%	18%
Subordinated bonds and loans	292,079	316,148	336,316	285,655	-15%	-2%	-10%
Total shareholders' equity	**945,575**	**1,048,971**	**1,151,087**	**1,125,511**	**-2%**	**19%**	**7%**
	2Q 2008	2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y	YTD
Loan/deposit ratio	121.6%	134.1%	139.1%	132.1%	-6.9%	10.5%	-2.0%
90+ days past due loans/gross customer loans	3.7%	4.5%	5.7%	7.4%	1.7%	3.6%	2.9%
Total provisions/90+ days past due loans	86.4%	86.0%	76.0%	71.1%	-4.9%	-15.4%	-14.9%
Capital adequacy ratio (consolidated, IFRS)	12.5%	15.4%	15.2%	15.9%	0.7%	3.4%	0.5%

- ***Moderating volume growth (+14% y-o-y) as a result of weakening lending activity***
- ***Benign deposit increase (+4% y-o-y, -5% q-o-q, +2% FX-adjusted) loan-to-deposit ratio improved by 7%-point and dropped to 132%***
- ***Further deteriorating portfolio quality, share of 90+ overdue loans: 7.4% (+1.7%p q-o-q)***
- ***Stable capital position, consolidated IFRS CAR stood at 15.9% with Tier1 at 12.0%***

When analyzing the balance sheet developments one should consider the significant effect of cross currency moves, so in case of separate summaries we usually showed how volumes changed on FX-adjusted base.

IFRS consolidated total assets increased by 7% in the last year (-6% q-o-q) and exceeded HUF 9,504 billion. The Group's consolidated shareholder equity grew to HUF 1,126 billion (+19% y-o-y and -2% q-o-q), representing 11.8% of total assets.

Volume of gross consolidated loans grew by 14% and was close to HUF 7,000 billion. Due to the significant HUF appreciation in past 3 months, loan volume dropped by 9% q-o-q, however FX-adjusted volumes remained flat (+1% q-o-q).

Out of gross loans retail loans still represented the biggest portion (HUF 4,293 billion, 61%), while the corporate portfolio of HUF 2,316 made 33% of total loan book. Car financing represented HUF 384 billion (5%). Within retail loans mortgages stood at HUF 2.713 billion and consumer loans at HUF 1,121 billion, respectively.

In the previous 12 months the expansion of gross loan portfolio was the most remarkable in Croatia (+27%), Bulgaria (+24%) and Romania (+22%), but all other subsidiaries managed to increase their loan book too. On the positive side, loan volumes grew by 10% at OTP Core, the expansion of retail lending was even more robust (+15% y-o-y).

In 2Q the consolidated loan portfolio dropped by 9% in HUF, however on an FX-adjusted base volumes basically remained flat (+1%). Again, in HUF terms most of the subsidiaries suffered significant volume decrease q-o-q, in few cases the decline was double digit: OBS: -19%, OTP Ukraine: and OTP Russia: -16-16%, OTP banka Srbija: -15%. The FX-adjusted loan book stagnated at OTP Core, DSK and OTP Ukraine, but decreased in Russia (-4%), Romania (-3%), Slovakia (-8%), Serbia (-4%) and Montenegro (-3%).

In the previous 12 months, parallel with the lending activity the portfolio quality deteriorated virtually in all markets; the share of 90+ DPD loans grew to 7.4% at consolidated level. Within the Group the Serbian subsidiary has got the worst loan quality, the share of 90+ DPD loans stood at 14.4%. In Russia the level was somewhat lower: 13.9%. A positive development, that in case of the fastest deteriorating Ukrainian portfolio the speed of worsening moderated, 90+ DPD loans grew to 11.2% from 10.4% only q-o-q.

Consolidated loan loss provisions reached HUF 366 billion at the end of June (+84% y-o-y and +9% q-o-q). 90+ DPD loans reached HUF 515 billion, accordingly the coverage ratio moved a bit downward to 71.1% (-4.9% q-o-q).

Consolidated deposits grew less dynamically than loans, only by 4% on a yearly base; on a quarterly base the nominal 6% decline on an FX-adjusted base would show a moderate increase of 2%.

In the last year deposit growth was the fastest Bulgaria (+18%),in Romania (+17%) and in Croatia (+16%). The most significant decline was witnessed in Montenegro (-25%) and Ukraine (-15%). Those two countries suffered a significant deposit run during last fall. Only Romania managed to capture a descent 6% growth in 2Q, Serbia remained flat, others lost 5-16% of their deposit base. Important to note, however, that the recent strength of HUF distorted a lot those developments: FX-adjusted deposit growth was almost 20% in Romania, 13% in Serbia, 11% in Ukraine and 5% in Russia respectively. All foreign subsidiaries managed to increase their deposits, only Slovakia and Montenegro suffered some erosion.

Due to the strong effect of FX-moves on lending volumes, as well the benign loan demand, the consolidated loan-to-deposit ratio dropped to 132% (-7%-point q-o-q). On a stand alone base the most significant quarterly improvement was captured at subsidiaries with the highest ratio: in Romania it shrinked by 82%-point, in the Ukraine by 61%p and by 49%-point in Serbia respectively.

In Hungary OTP Bank continued its strategy started in 2007: the bank focused on capturing savings in forms of deposits, mutual funds and retail distributed bonds. OTP Core managed to increase its deposits by 5% y-o-y, however in 2Q deposits decreased by 2%. In case of retail and corporate deposits volume movements differed: retail deposits grew by 9% y-o-y, but declined by 2% q-o-q, while corporate deposits dropped by 5% y-o-y, but remained flat q-o-q. Assets under management at OTP Fund Management dropped on a yearly base (-6%), however the last 3 months already resulted in a descent volume increase (+10%). Overall situation looks even better taking into consideration that OTP Bank sold significant amount of bonds on a continuous base to local households. In 2Q the issued volumes reached HUF 45 billion and the total outstanding amount sold to retail amounted to HUF 158 billion.

Issued securities grew by only a mere 1% y-o-y, and dropped by 11% YTD. The maturing debt (EUR 750 million senior bonds and HUF 57 billion mortgage bonds) exceeded the volume of locally sold bonds. Due to drastically deteriorating market conditions there were no international bond issuance since May 2008.

CONSOLIDATED CAPITAL ADEQUACY RATIO (IN ACCORDANCE WITH BASEL II)

At the end of June 2009 regulatory capital represented HUF 1,134 billion, while the preliminary estimated RWA stood at HUF 7,151 billion. Taking into account the capital needs for market risk and operational risk CAR stood at 15.9% with Tier1 (after deducting goodwill and intangible assets) at 12.0%. The significant y-o-y improvement (+3.3%-point) is due to the continuously profitable quarters and the one-off net revenue from the sale of Garancia Insurance.

On 9 July OTP Bank signed an agreement with EBRD on an EUR 200 million subordinated debt transaction and a potential sale of Treasury shares for EUR 20 million. Those two deals may further improve the CAR of OTP Bank.

OTP BANK HUNGARIAN CORE BUSINESS[3]

OTP Core P&L account

Main components of P&L account in HUF mn	1H 2008	1H 2009	Y-o-Y	2Q 2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y
OTP CORE after-tax profit w/o dividends and net cash transfer	77,229	77,088	0%	43,144	40,850	36,238	-11%	-16%
OTP CORE pre-tax profit	88,074	96,068	9%	46,191	59,439	36,629	-38%	-21%
Operating profit	92,838	135,652	46%	49,631	71,793	63,860	-11%	29%
Total income	182,287	224,466	23%	94,250	115,428	109,038	-6%	16%
Net interest income	130,087	157,713	21%	64,501	82,606	75,107	-9%	16%
Net fees and commissions	43,643	44,165	1%	21,537	21,672	22,493	4%	4%
Other net non-interest income	8,556	22,589	164%	8,212	11,150	11,439	3%	39%
Operating expenses	-89,448	-88,814	-1%	-44,619	-43,635	-45,179	4%	1%
Total provisions	-4,765	-39,584	731%	-3,439	-12,354	-27,230	120%	692%
Provisions for possible loan losses	-5,353	-38,487	619%	-3,566	-19,157	-19,331	1%	442%
Other provisions	588	-1,097	-287%	126	6,802	-7,900	-216%	
Revenues by Business Lines								
RETAIL								
Total income	153,407	166,305	8%	77,979	83,279	83,026	0%	6%
Net interest income	109,740	125,332	14%	55,262	63,326	62,006	-2%	12%
Net fees and commissions	42,150	38,322	-9%	21,899	18,668	19,653	5%	-10%
Other net non-interest income	1,517	2,651	75%	817	1,285	1,366	6%	67%
CORPORATE								
Total income	17,752	14,066	-21%	8,187	6,843	7,223	6%	-12%
Net interest income	13,143	8,991	-32%	5,916	4,281	4,709	10%	-20%
Net fees and commissions	4,166	4,301	3%	2,032	2,186	2,115	-3%	4%
Other net non-interest income	443	775	75%	239	376	399	6%	67%
Treasury ALM								
Total income	12,206	37,878	210%	9,501	24,074	13,805	-43%	45%
Net interest income	7,204	23,390	225%	3,323	14,999	8,391	-44%	153%
Net fees and commissions	98	425	335%	-75	156	269	72%	-457%
Other net non-interest income	4,905	14,063	187%	6,254	8,919	5,144	-42%	-18%
Performance indicators (%)	1H 2008	1H 2009	Y-o-Y	2Q 2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y
Cost/income ratio	49.1%	39.6%	-9.5%	47.3%	37.8%	41.4%	3.6%	-5.9%
Net interest margin	5.62%	6.14%	0.52%	5.43%	6.61%	5.77%	-0.84%	0.34%
Cost of risk/average gross loans	0.35%	2.31%	1.96%	0.46%	2.24%	2.23%	-0.01%	1.77%
ROA	3.3%	3.0%	-0.3%	3.6%	3.3%	2.8%	-0.5%	-0.8%
ROE	20.1%	17.5%	-2.7%	22.4%	19.0%	16.7%	-2.3%	-5.7%
Effective tax rate	12.3%	19.8%	7.4%	6.6%	31.3%	1.1%	-30.2%	-5.5%

- ***First half year profit came in at previous year's level, with risk costs increasing by HUF 35 billion***
- ***Stable commissions income (+1% y-o-y)***
- ***Strict cost control: operating costs below their 1H 2008 nominal level (-1% y-o-y)***
- ***Still successful deposit collection, reactivating lending in second quarter – loan-to-deposit ratio again close to 100% (1H 2009: 101.6%)***
- ***Post balance sheet event: agreement with EBRD on subordinated loan, and on a EUR-CHF stand-by swap facility***

P&L developments

1H PAT of OTP Core was HUF 77.1 billion, y-o-y remained unchanged. The performance is determined by the extremely strong net interest income (+21% y-o-y), stable commissions income (+1% y-o-y), the operating costs below their 1H 2008 nominal level (-1% y-o-y), effective tax burden close to its normalised level in the first half year (1H 2009: 20% effective tax rate), and the significant rise of risk cost (HUF +34.8 billion y-o-y). Latter was partially offset by the HUF 25 billion pre-tax profit realised on sub-debt (Upper Tier 2 Capital) buy-back transactions, which increased the other non-interest income. After the EUR 90 million in 1Q, in 2Q the Bank bought back additional EUR 38 million bonds

[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).

in nominal value, which resulted a HUF 5.5 billion pre-tax profit.

The HUF 36.2 billion profit in the second quarter means a 11% decline q-o-q (-16% y-o-y). While net interest income somewhat lowered q-o-q (-9%), in line with management forecast, it still exceeds the base period levels (+16% y-o-y). The quarterly decline is determined by a technical factor: OTP Core is keeping interest rate swaps to hedge its trading security portfolio – comprising mostly Hungarian treasury bonds – against the revaluation caused by changes in the yield environment. Due to the significant decrease in the HUF yield environment in 2Q 2009, HUF 4.3 billion revaluation gain emerged on the trading portfolio (booked as other non-interest income), at the same time an offsetting HUF 4.4 billion loss was suffered on the swap book, showing up in the net interest income of OTP Core. (In 1Q 2009, the increase in the HUF yield environment resulted changes in the value of the securities and the swap book, which were roughly the same in their size but opposite in their directions). After excluding the interest income of the hedging swap instruments from OTP Core's NII, the adjusted net interest income would have remained flat (1Q 2009: HUF 78.9 bn, 2Q 2009: HUF 79.5 bn). Furthermore, the drop in the net interest margin would have been less (-0.21pp instead of -0.84pp) (the adjusted net interest margin: 1Q 2009: HUF 6.32%, 2Q 2009: HUF 6.11%). Swap results were also weaker q-o-q. Positive sign in relation to the income generating capability of the Core business is the 4% increase q-o-q of net fees income.

Other non-interest income virtually stagnated on a quarterly basis (+3% q-o-q). However, regarding the components there have been significant changes: profit on sub-debt buy-back shrank to HUF 5.5 billion versus HUF 19.6 billion in 1Q. Two factors had counterbalancing effect: the Bank closed its other non-strategic open FX-position during the quarter with profit (in 1Q there has been a HUF 11.3 billion revaluation loss on the position), and profit was also gained on trading securities in the above mentioned amount of HUF 4.3 billion, as those are mainly Hungarian government bonds, which appreciated due to the significant q-o-q fall in HUF yields.

Control of operating costs is still stringent: the first half year costs were below their 1H 2008 nominal level (-1% y-o-y). The slight increase in 2Q (+4% q-o-q) is mainly due to the rise of marketing costs, which anyway have a strong seasonal characteristic, personnel costs remained unchanged q-o-q, depreciation even sank by 2%. Cost/income ratio is still outstanding: 41% (vs. 49% 2008).

The decrease of tax burden (effective tax rate fell q-o-q from 31% to 1%) is related to the tax shield of subsidiary investments of the Bank: due to the significant appreciation of HUF in 2Q, HUF 47 billion loss was made on subsidiary investments, which resulted a HUF 9.4 billion tax savings for OTP Bank according to Hungarian accounting standards. Under IFRS however, only the tax effect is accounted, but not the revaluation gain (subsidiary investments are recorded in the books at entry cost). On a semi-annual basis however – as HUF strengthened close to its year end closing value – both revaluation gain and tax shield effect were negligible, so effective tax rate became about 20%.

Provisions of OTP Core amounted to HUF 27.2 billion in the second quarter. This includes not just provisions for possible loan losses, but also other provisions as well, as majority of these is also credit risk related. Provisioning for 2Q (+120% q-o-q) reflects the deterioration of portfolio quality in the period. The portfolio quality and future provisioning can be remarkably influenced by the debt protection program launched by OTP Bank: from July several tools will help customers manage their temporary financial difficulties. Also, the mortgage loan debtor protection program adopted by the Hungarian Government has been approved by the European Commission, which can also have positive impacts. Within the framework of the program the Government guarantees the bridge loan provided by the banks in the proportion of 80% (in case of unemployed debtors) or 70% (in case of employed debtors with deteriorating wealth or income condition).

The ratio of 90+ DPD loans, which indicates the loan portfolio quality, grew by 1.6pp to 6.2% q-o-q. In case of housing loans this ratio increased to 6.5% (+1.6pp q-o-q), in case of consumer loans – together with home equity loans – grew to 6.4% (+1.6pp q-o-q) whereas in case of corporate loans – together with SME loans – grew to 6.8% (+1.8pp q-o-q). Coverage by provisions on the whole DPD90+ portfolio decreased by 9pp to 73.1%.

Main components of OTP Core balance sheet:

Main components of balance sheet closing balances in HUF mn	2Q 2008	2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y	YTD
Total Assets	4,698,831	4,964,333	5,113,274	5,333,543	4%	14%	7%
Gross customer loans	3,058,424	3,348,950	3,582,210	3,376,346	-6%	10%	1%
Retail loans	1,888,832	2,189,534	2,334,232	2,176,050	-7%	15%	-1%
Corporate loans	1,169,591	1,159,416	1,247,978	1,200,295	-4%	3%	4%
Provisions	-99,838	-117,635	-135,406	-154,170	14%	54%	31%
Deposits from customers	3,166,806	3,244,482	3,373,389	3,321,968	-2%	5%	2%
Retail deposits	2,202,612	2,420,480	2,446,598	2,407,104	-2%	9%	-1%
Corporate deposits	964,194	824,002	926,791	914,864	-1%	-5%	11%

Main components of balance sheet closing balances in HUF mn	2Q 2008	2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y	YTD
Liabilities to credit institutions and governments	389,615	598,386	704,606	800,746	14%	106%	34%
Issued securities	1,245,518	1,412,929	1,405,320	1,298,521	-8%	4%	-8%
Subordinated bonds and loans	279,925	302,878	319,213	281,421	-12%	1%	-7%
Total shareholders' equity	801,602	832,333	849,070	888,612	5%	11%	7%
Loan Quality (%)	2Q 2008	2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y	YTD
90+ days past due loans/gross customer loans	3.8%	4.3%	4.6%	6.2%	1.6%	2.5%	2.0%
Total provisions/90+ days past due loans	86.0%	82.5%	81.7%	73.1%	-8.6%	-12.9%	-9.4%
Market Share (%)	2Q 2008	2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y	YTD
Loans	18.6%	17.6%	17.0%	17.7%	0.7%	-0.9%	0.1%
Deposits	25.4%	24.1%	24.3%	23.1%	-1.2%	-2.3%	-1.0%
Total Assets	24.7%	23.8%	23.0%	23.4%	0.4%	-1.3%	-0.4%
Indicators (%)	2008 2Q	2008	2009 1Q	2009 2Q	Q-o-Q	Y-o-Y	YTD
Gross loans to deposits	96.6%	103.2%	106.2%	101.6%	-4.6%	5.1%	-1.6%

Balance sheet trends

During 2Q the loan-to-deposit ratio of OTP Core lowered again close to 100% (101.6%, -4.6pp q-o-q). Beside the adaptation of business lines the improvement was supported by the significant appreciation of HUF as well (the closing rate was stronger against CHF and EUR by 12%, against JPY by 15%). Taking into consideration that the share of FX is higher in the loan book than in the deposit base (at end of 1H 2009 51% vs. 17%), the appreciation influenced favourably the ratio.

In 1H 2009, the disbursement of retail loans dropped significantly because of the November tightening of lending conditions and the negative effect of the financial crisis on loan demand. In 1H 2009 a total HUF 29 billion mortgage loan amount was originated, by 86% less than in the same period of 2008, the disbursement of personal loans as major part of consumer loan segment fall back by 60% (1H 2009 disbursement: HUF 27 billion). In case of both loan types 2Q shows a pick up in disbursement (mortgage loan disbursement: 2Q 2009 HUF 16.8 billion, +42% q-o-q, personal loan disbursement: 2Q 2009 HUF 14.5 billion, +21% q-o-q). On top of that during May-June – for the first time in 2009 – a substantial improvement was experienced in mortgage loan application as well. Latter was influenced by the fact that the new government changed the previous housing loan subsidy scheme and from July 2009 the original conditions were suspended.

In compliance with the intention of the management, within disbursement of both mortgage and personal loans the ratio of HUF denominated loans increased significantly compared to the base period: in case of mortgage loans from 9% to 71%, in case of personal loans from 24% to 91%. Simultaneously among foreign currency disbursements the EUR became dominant (in case of mortgage loans 24%, in case of personal loans 6% of new disbursements in 1H 2009).

As a consequence of these processes the portfolio of mortgage loans diminished q-o-q further on (by HUF 8 billion, FX-adjusted) but the portfolio of retail consumer loans showed some increase (+2% q-o-q). Consequently in 1Q 2009 adjusted with FX-movements the mortgage loan portfolio decreased by 1% and the consumer loan portfolio grew by 5% (2Q 2009 vs. 4Q 2008). The q-o-q 4% portfolio decrease of corporate loans in HUF is reasoned by exchange rate strengthening, on the FX-adjusted base volume would have been +4%, driven by loans to medium- and large enterprises.

Deposit base of OTP Core was stable in 2Q (in HUF -2% q-o-q, but FX-adjusted +1% q-o-q). The portfolio of retail deposits was negatively affected by the revaluation of retail FX deposits: despite of the increasing portfolio amount calculated on an unchanged exchange rate q-o-q, the remarkable strengthening of the HUF caused almost HUF 45 billion portfolio decline on the portfolio calculated in HUF q-o-q (for sake of comparison: the decline of total deposit portfolio was HUF 39 billion q-o-q). The sight-deposit base remained stable (2Q 2009 HUF 356 billion), the retail term-deposit portfolio increased unbroken as a result of the continuous deposit campaigns since last November: the portfolio increase was q-o-q HUF +26 billion. Important change that since 4Q 2008 the retail bond portfolio has been increasing notably. These bonds are regarded by retail customers as an alternative savings form to term deposits. Since then the running up of sale of own bonds is unbroken: in 2Q 2009 – following the HUF 55 billion funding in 1Q – with further HUF 45 billion the total amount of issued bonds reached HUF 158 billion.

During the 1H 2009 the outstanding bond portfolio of OTP Core (2Q: HUF 1,299 billion) was remarkably influenced by the redemption of the maturing EUR 750 billion senior bond on 27 February 2009. Contrary to this the above mentioned retail bond issuance caused an almost HUF 100 billion portfolio increase during the first half year. On top of these, mortgage bonds matured in a smaller magnitude (HUF 57 billion), and the portfolio was influenced by the exchange rate movements, as well. New institutional issuance has not happened in 2009. As a consequence of these effects the outstanding amount of securities issued by OTP Core decreased by 8% compared to the year end and to the previous quarter as well.

The portfolio of subordinated debt capital as a result of repurchasing of Upper Tier2 Capital during the first half year diminished by 7% compared to the previous year end figure. Altogether almost EUR 129 million UT2 capital was repurchased during 1H 2009.

Both the funding structure and the liquidity position of OTP Core is influenced by the credit facility provided by the Hungarian State within the framework of the IFM loan agreement which has been drawn down in two tranches (EUR 1 billion at 1 April 2009, EUR 400 million at 30 June 2009). The purpose of the state funding is to provide credit facility to Hungarian entrepreneurs and through this to ease negative effects of the economic crisis and to enhance the stability of the financial system.

After balance sheet closing an agreement was concluded with EBRD: the international financial institution provides EUR 200 million subordinated debt capital as a stand-by facility in 2H 2009 and provides CHF 500 million CHF/HUF swap-line for OTP Bank. On one hand these facilities are further improving the otherwise stable capital position of OTP Group and on the other will support to lengthen the existing CHF swap book.

OTP FUND MANAGEMENT

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

Main components of P&L account in HUF mn	1H 2008	1H 2009	Y-o-Y	2Q 2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y
After-tax result of asset management	3,123	2,387	-24%	1,503	1,243	1,144	-8%	-24%
Added value (after tax)	5,828	4,478	-23%	2,853	2,279	2,198	-4%	-23%
Operating expenses	-804	-578	-28%	-396	-291	-287	-1%	-27%
Personnel expenses	-242	-201	-17%	-128	-122	-79	-36%	-39%
Material expenses	-550	-364	-34%	-261	-162	-202	25%	-23%
Fee income in a % of asset under management	1.46%	1.37%	*-0.1%*	1.44%	1.37%	1.38%	*0.0%*	*-0.1%*
Main components of P&L account in HUF mn	1H 2008	1H 2009	Y-o-Y	2Q 2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y
OTP Funds	759.1	645.1	-15%	759.1	621.5	645.1	4%	-15%
Pension Funds	604.5	618.2	2%	604.5	531.3	618.2	16%	2%
o/w OTP Funds	593.2	516.0	-13%	593.2	516.0	516.0	0%	-13%
Other pension funds	11.2	16.6	48%	11.2	15.3	16.6	9%	48%
Other Institutional Investors	174.5	178.6	2%	174.5	162.7	178.6	10%	2%
Assets under management, total	**1,538.1**	**1,441.9**	**-6%**	**1,538.1**	**1,315.5**	**1,441.9**	**10%**	**-6%**

In 1H 2009 OTP Fund Management realised HUF 2.4 billion after tax profit, after tax value creation exceeded HUF 4.5 billion.

On the domestic fund market no significant capital-outflow was experienced in the last quarter, the volume of assets managed decreased by HUF 26 billion (-1% q-o-q). The assets of securities funds and property funds diminished, while the asset volume of private funds grew by 6% q-o-q.

Among the securities funds, the capital-outflow of guaranteed funds was the most significant (- HUF 28 billion), while bond funds, securities funds and mixed funds suffered HUF 35 billion cash-outflow in total.

In 2Q 2009 funds managed by OTP Fund Management was characterized by HUF 21 billion capital-outflow. In case of guaranteed, bond and securities funds volumes decreased significantly. The volume of assets managed in OTP Optima decreased by HUF 5.6 billion, while the asset of OTP guaranteed funds shrank by HUF 14 billion.

The net asset value of Pension Funds reached HUF 618 billion at the end of June 2009, after a slight increase (+2% y-o-y, and +16% q-o-q), while the total asset of other institutional funds increased by 10% respectively on a quarterly basis.

OTP Fund Management realised more than HUF 4 billion management fee in 1H 2009, this was 1.38% compared to the average assets of funds.

The market share of OTP Funds Management changed to 29.8% (+70 bps q-o-q), and the number of clients showed a slight decrease (-363 person).

The loss of the two foreign fund management companies amounted to HUF 34 million.

MERKANTIL GROUP

Performance of Merkantil Bank and Car:

Main components of P&L account in HUF mn	1H 2008	1H 2009	Y-o-Y	2Q 2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	4.106	365	-91%	2.246	130	235	81%	-90%
One-off items, after-tax	74	12	-83%	74	12	1	-95%	-99%
After tax profit w/o dividends, net cash transfers and one-offs	4.032	353	-91%	2.171	118	235	99%	-89%
Pre-tax profit	5.103	443	-91%	2.676	182	261	44%	-90%
Operating profit	5.984	5.977	0%	2.668	3.058	2.919	-5%	9%
Total income	8.925	8.610	-4%	4.138	4.492	4.118	-8%	0%
Net interest income	10.267	10.380	1%	4.937	5.431	4.949	-9%	0%
Net fees and commissions	-1.918	-2.514	31%	-1.054	-1.197	-1.317	10%	25%
Other net non-interest income	575	744	29%	255	259	486	88%	91%
Operating expenses	-2.940	-2.633	-10%	-1.470	-1.435	-1.199	-16%	-18%
Provision for possible loan losses[1]	-959	-5.375	461%	-192	-2.516	-2.859	14%	
Other provision[1]	78	-158	-304%	200	-360	202	-156%	1%
Main components of balance sheet closing balances in HUF mn	**2008**	**1H 2009**	**YTD**	**2Q 2008**	**1Q 2009**	**2Q 2009**	**Q-o-Q**	**Y-o-Y**
Total assets	354.672	326.546	-8%	306.827	382.910	326.546	-15%	6%
Gross customer loans	322.870	332.441	3%	278.585	349.927	332.441	-5%	19%
Retail loans	204	553	172%	547	307	553	80%	1%
Corporate loans	40.485	43.344	7%	40.136	40.144	43.344	8%	8%
Car financing loans	282.514	288.545	2%	237.902	309.476	288.545	-7%	21%
Allowances for possible loan losses[1]	-20.751	-28.481	37%	-17.555	-23.183	-28.481	23%	62%
Car leasing[1]	19.552	-	-	14.626	22.134	-	-	-
Big ticket leasing[1]	7.465	-	-	7.194	7.350	-	-	-
Deposits from customers	8.118	6.227	-23%	7.898	8.130	6.227	-23%	-21%
Retail deposits	2.245	2.235	0%	2.169	2.101	2.235	6%	3%
Corporate deposits	6.194	3.992	-36%	5.729	6.028	3.992	-34%	-30%
Liabilities to credit institutions	269.856	246.687	-9%	221.893	295.856	246.687	-17%	11%
Issued securities	30.383	27.740	-9%	32.941	28.538	27.740	-3%	-16%
Subordinated debt	1.700	1.700	0%	1.700	1.700	1.700	0%	0%
Total shareholders' equity	34.572	33.627	-3%	35.232	33.350	33.627	1%	-5%
Loan Quality (%)	**1H 2008**	**1H 2009**	**Y-o-Y**	**2Q 2008**	**1Q 2009**	**2Q 2009**	**Q-o-Q**	**Y-o-Y**
90+ days past due loans/gross customer loans	7,5%	10,9%	3,4%	7,5%	7,8%	10,9%	3,1%	3,4%
Cost of risk/average gross loans	0,70%	3,31%	2,61%	0,27%	3,03%	3,36%	0,33%	3,09%
Total provisions/90+ days past due loans	84,4%	78,8%	-5,6%	84,4%	84,8%	78,8%	-6,0%	-5,6%
Indicators (%)	**1H 2008**	**1H 2009**	**Y-o-Y**	**2Q 2008**	**1Q 2009**	**2Q 2009**	**Q-o-Q**	**Y-o-Y**
Cost/income ratio	32,9%	30,6%	-2,4%	35,5%	31,9%	29,1%	-2,8%	-6,4%
Net interest margin	6,82%	6,15%	-0,68%	6,30%	5,97%	5,60%	-0,38%	-0,70%
ROA	2,7%	0,2%	-2,5%	2,8%	0,1%	0,3%	0,1%	-2,5%
ROE	23,4%	2,1%	-21,3%	25,6%	1,4%	2,8%	1,4%	-22,8%

[1] Effective from 2Q 2009, Car financing loans comprise Car leasing volume, Corporate loans include Big ticket leasing volume, and the allowances relating to leasing exposures are shown on the Allowances for possible loan losses balance sheet row. The P&L structure is affected as well because provisioning in relation to leasing exposures has been removed from Other provisions to Provision for possible loan losses row in the P&L.

- ***Merkantil Group posted an after tax profit of HUF 353 million in 1H 2009 due to stable operating profit and growing provisioning***
- ***Total income contracted (-4%) but this was offset by cost reductions (-10%)***
- ***The decrease of car financing loans adjusted for FX effect is continuous since 3Q 2008; the volume dropped by 5% q-o-q in 2Q 2009***
- ***Loan quality deteriorated, the otherwise sound coverage ratio declined somewhat***

In 1H 2009 the aggregated, non-consolidated PAT of Merkantil Bank and Car was HUF 353 million following the HUF 4.1 billion profit in the base period.

Operating profit remained stable in the first half of the year; the fallback of after tax profit is a consequence of the higher provisioning amounting to HUF 5.4 billion due to the deteriorating loan quality. Because of the weakening HUF in 1H the revaluation of FX denominated assets pushed up provisioning (revaluation of provisions for mainly CHF denominated exposures appears as provision for possible loan losses).

In 1H 2009, the Group could maintain the level of operating result. This achievement was supported by several favourable developments, for example by the slight increase in the net interest income in 1H.

In 2Q 2009, net interest margin narrowed by 40 bps as a result of increasing pending interests (due to extra payment obligations occurred in April induced by HUF weakening and interest rate changes in 1Q). As for the net interest margin, the higher than planned ratio of CHF financing is favourable. Other net non-interest income expanded by 29% y-o-y in 1H; the performance was particularly strong in 2Q.

Regarding operating profit, the 10% y-o-y decline of operating costs in 1H is positive, as well. However the local tax burden came out well above the plan, but significant cost savings were reached in case of personnel expenses.

Operating profit was affected adversely by declining net fee and commission income, since F&C income dropped by 67%, but F&C expenses showed only a 5% contraction in 1H y-o-y. The low level of business activity limits the F&C income, but significant part of F&C expenses emerge independently of business activity.

Loan quality deteriorated further, 90+ DPD loans grew to 10.9%. The coverage ratio remained high, close to 79% in 2Q (-5.6%-point y-o-y).

The previously introduced strict financing conditions were eased in 1H 2009 and the Group gained market share in the new loan disbursements during 2Q 2009. But the volume of new disbursements did not reach even the third of the level of the previous year. Denominations of new disbursements shifted from CHF to EUR and HUF products, ratio of which became dominant in new disbursements.

The y-o-y change of car financing loan volume reached 21% (it should be taken into consideration on the one hand that effective from 2Q 2009, car financing loans comprise car leasing volume and on the other hand, HUF depreciated versus CHF by 22%). Car financing loans shrank by 7% in a quarterly comparison, while in 2Q the HUF appreciated by 12% versus Swiss franc (nearly 90% of total volume is denominated in CHF). The reason for the quarterly increase of the car financing loans in original currency is that car leasing volume has been shown on that line from 2Q 2009. The sum of car financing loans and car leasing volume adjusted for the FX-effect has continuously decreased since September 2008.

Non-car-financing Group Members had an aggregated total assets of HUF 66.2 billion (-7% q-o-q, -6% 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

Performance of DSK Group:

Main components of P&L account in HUF mn	1H 2008	1H 2009	Y-o-Y	2Q 2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	15,159	11,948	-21%	7,518	7,388	4,560	-38%	-39%
Pre-tax profit	16,858	13,263	-21%	8,357	8,201	5,061	-38%	-39%
Operating profit	21,634	27,909	29%	11,440	13,742	14,167	3%	24%
Total income	33,790	43,465	29%	17,586	21,484	21,981	2%	25%
Net interest income	24,941	35,008	40%	12,934	17,568	17,440	-1%	35%
Net fees and commissions	8,235	7,786	-5%	4,349	3,650	4,136	13%	-5%
Other net non-interest income	614	671	9%	303	266	405	52%	34%
Operating expenses	-12,157	-15,556	28%	-6,146	-7,742	-7,814	1%	27%
Provision for possible loan losses	-4,756	-14,621	207%	-3,080	-5,519	-9,102	65%	196%
Other provision	-19	-25	32%	-3	-21	-4	-81%	25%
Main components of balance sheet closing balances in HUF mn	**2008**	**1H 2009**	**YTD**	**2Q 2008**	**1Q 2009**	**2Q 2009**	**Q-o-Q**	**Y-o-Y**
Total assets	1,171,645	1,187,103	1%	1,014,549	1,343,257	1,187,103	-12%	17%
Gross customer loans	1,014,893	1,030,687	2%	834,559	1,165,839	1,030,687	-12%	24%
Retail loans	816,257	836,539	2%	671,550	944,956	836,539	-11%	25%
Corporate loans	198,636	194,149	-2%	163,009	220,883	194,149	-12%	19%
Allowances for possible loan losses	-39,074	-53,990	38%	-30,586	-51,441	-53,990	5%	77%
Deposits from customers	722,880	758,575	5%	640,390	838,068	758,575	-9%	18%
Retail deposits	626,576	645,294	3%	529,001	725,319	645,294	-11%	22%
Corporate deposits	96,304	113,281	18%	111,388	112,749	113,281	0%	2%
Liabilities to credit institutions	175,126	137,878	-21%	183,072	180,908	137,878	-24%	-25%
Subordinated debt	92,680	95,350	3%	47,398	108,233	95,350	-12%	101%
Total shareholders' equity	165,045	180,055	9%	129,954	199,044	180,055	-10%	39%
Loan Quality (%)	**1H 2008**	**1H 2009**	**Y-o-Y**	**2Q 2008**	**1Q 2009**	**2Q 2009**	**Q-o-Q**	**Y-o-Y**
90+ days past due loans/gross customer loans	2.5%	5.7%	3.3%	2.5%	3.8%	5.7%	1.9%	3.3%
Cost of risk/average gross loans	1.2%	2.9%	1.7%	1.5%	2.1%	3.3%	1.3%	1.8%
Total provisions/90+ days past due loans	148.7%	91.2%	-57.5%	148.7%	116.0%	91.2%	-24.8%	-57.5%
Indicators (%)	**1H 2008**	**1H 2009**	**Y-o-Y**	**2Q 2008**	**1Q 2009**	**2Q 2009**	**Q-o-Q**	**Y-o-Y**
Gross loans to deposits	130.3%	135.9%	5.6%	130.3%	139.1%	135.9%	-3.2%	5.6%
Cost/income ratio	36.0%	35.8%	-0.2%	34.9%	36.0%	35.5%	-0.5%	0.6%
Net interest margin	4.91%	5.99%	1.08%	5.12%	5.67%	5.53%	-0.14%	0.41%
ROA	3.0%	2.0%	-0.9%	3.0%	2.4%	1.4%	-0.9%	-1.5%
ROE	24.0%	14.0%	-10.0%	22.9%	16.5%	9.6%	-6.8%	-13.2%

- ***Still robust operating profit before provisioning (+29% y-o-y, +3% q-o-q)***
- ***Primary reason for the q-o-q 38% PAT decrease is the portfolio quality deterioration (DPD90+ ratio: 5.7%)***
- ***Q-o-q by 13% higher commission income due to reviving customer activity and pricing measures***
- ***Q-o-q 3% growth of deposits (in LCY), further improving loan-to-deposit ratio (1H 2009: 136%, -3%-points q-o-q)***

The DSK Group's first half year profit after tax of HUF 11.9 billion means a 21% decline y-o-y. The diminishing profit is the result of the y-o-y trebling provisions due to portfolio quality deterioration, while the operating profit without risk cost grew by 29% compared to the base thanks to 40% growth of interest income, albeit commissions slightly decreased (-5%) and operating expenses grew by 28%. The q-o-q 38% decline of PAT (HUF 4.6 bn) is also due to portfolio quality deterioration: operating profit w/o risk cost even grew by 3% with stable net interest income and by 13% increasing commissions income due to reviving customer activity. The 2Q net interest margin (5.53%) and cost/income ratio (35.5%) are stable (q-o-q -0.14pp and -0.5pp respectively).

The profit development was driven by the increase of risk costs. The ratio of DPD90+ loans increased from 3.8% to 5.7%. Mostly retail loans increased the DPD90+ portfolio in volume, in relative terms the biggest deterioration was experienced in the micro and small enterprises segment (NPL ratio increased from 7.4% to 12.8%). Corporate loans has performed so far better (DPD90+ ratio is only 1.1%). The coverage of NPL portfolio decreased from 116% to 91% despite significant provisioning, however the ratio is still the highest across the Group. DSK Bank established its loan protection program, which can have a positive effect in the near future on the portfolio quality and development of risk cost. From July on, there are various tools available to manage the temporary financial difficulties of the customers.

Favourable development in connection with the short term profitability is that in 2Q net commissions income improved (+13% q-o-q) – partially due to reviving customer activity (q-o-q increasing retail loan origination and transactions), and pricing measures.

At the end of 2008, with the deepening of the financial crisis and scarce liquidity, the lending conditions became significantly stricter at DSK Bank as well. As a result, and due to lower demand new loan origination in the first half year was well below the previous year's levels in every product segment. However, in 2Q retail lending of DSK reactivated, so both mortgage and consumer loan portfolios grew q-o-q in BGN (1% each). Corporate portfolio stagnated q-o-q, while SME loans dropped by 3%. It is to be noted that HUF denominated portfolio statistics were highly influenced by the q-o-q 12% strengthening of HUF vs. BGN.

The stable retail deposit base plays important role in the Bank's still good liquidity position: due to the term deposit campaigns available since 4Q 2008, retail deposits showed a steady 1% quarterly growth in the first half year 2009. Furthermore, in 2Q – basically due to depositing of pension funds – corporate deposits grew by 14%. Altogether deposit base grew by 3% on a quarterly and yearly basis as well, the shrinkage of loan-to-deposit ratio, which started in 1Q 2009, continued (1H 2009: 136%, -3pp q-o-q). There weren't any significant capital market transactions on the liabilities side: subordinated debt stagnated in BGN and interbank liabilities decreased mainly because of the shrinkage of intra-group funding (-13% q-o-q, thus -34% y-o-y in BGN).

OTP BANK RUSSIA [5]

Performance of OTP Bank Russia:

Main components of P&L account in HUF mn	1H 2008	1H 2009	Y-o-Y	2Q 2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	3,229	218	-93%	1,538	313	-95	-130%	-106%
Pre-tax profit	4,548	287	-94%	2,166	412	-125	-130%	-106%
Operating profit	14,609	12,180	-17%	7,125	6,325	5,855	-7%	-18%
Total income	35,411	33,172	-6%	17,510	17,206	15,966	-7%	-9%
Net interest income	29,492	29,392	0%	14,428	14,750	14,642	-1%	1%
Net fees and commissions	5,169	2,534	-51%	2,435	1,203	1,331	11%	-45%
Other net non-interest income	750	1,247	66%	647	1,253	-7	-101%	-101%
Operating expenses	-20,803	-20,992	1%	-10,385	-10,881	-10,111	-7%	-3%
Provision for possible loan losses	-10,047	-11,645	16%	-5,069	-5,948	-5,697	-4%	12%
Other provision	-14	-249		110	35	-284	-913%	-359%
Main components of balance sheet closing balances in HUF mn	**2008**	**1H 2009**	**YTD**	**2Q 2008**	**1Q 2009**	**2Q 2009**	**Q-o-Q**	**Y-o-Y**
Total assets	529,019	476,413	-10%	425,496	574,914	476,413	-17%	12%
Gross customer loans	383,118	348,176	-9%	341,950	412,918	348,176	-16%	2%
Retail loans	247,927	220,674	-11%	206,504	254,064	220,674	-13%	7%
Corporate loans	113,378	108,769	-4%	121,377	136,076	108,769	-20%	-10%
Car financing loans	21,813	18,733	-14%	14,068	22,778	18,733	-18%	33%
Allowances for possible loan losses	-30,389	-39,029	28%	-24,139	-39,067	-39,029	0%	62%
Deposits from customers	224,152	226,149	1%	243,399	243,929	226,149	-7%	-7%
Retail deposits	137,252	158,136	15%	153,139	165,410	158,136	-4%	3%
Corporate deposits	86,901	68,013	-22%	90,261	78,519	68,013	-13%	-25%
Liabilities to credit institutions	214,001	156,652	-27%	115,744	228,870	156,652	-32%	35%
Issued securities	8,189	5,599	-32%	5,047	8,627	5,599	-35%	11%
Subordinated debt	13,657	13,800	1%	11,775	16,036	13,800	-14%	17%
Total shareholders' equity	60,665	64,191	6%	42,918	65,792	64,191	-2%	50%

[4] 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+.
[5] From 2Q 2008, figures are based on the aggregated financial statements of OAO OTP Bank and the newly acquired Donskoy Narodny Bank.

Loan Quality (%)	1H 2008	1H 2009	Y-o-Y	2Q 2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y
90+ days past due loans/gross customer loans	7.3%	13.9%	6.56%	7.3%	11.1%	13.9%	2.82%	6.56%
Cost of risk/average gross loans	6.2%	6.4%	0.18%	6.2%	6.1%	6.0%	-0.06%	-0.23%
Total provisions/90+ days past due loans	96.1%	80.7%	-15.41%	96.1%	85.5%	80.7%	-4.78%	-15.41%
Indicators (%)	1H 2008	1H 2009	Y-o-Y	2Q 2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y
Gross loans to deposits	140.5%	154.0%	13.5%	140.5%	169.3%	154.0%	-15.3%	13.5%
Cost/income ratio	58.7%	63.3%	4.5%	59.3%	63.2%	63.3%	0.1%	4.0%
Net interest margin	13.83%	11.79%	-2.04%	14.01%	10.84%	11.17%	0.34%	-2.84%
ROA	1.5%	0.1%	-1.4%	1.5%	0.2%	-0.1%	-0.3%	-1.6%
ROE	15.4%	0.7%	-14.7%	14.4%	2.0%	-0.6%	-2.6%	-15.0%

- ***HUF 0.2 billion PAT for the first half year, as a result of stagnating net interest income, decreasing commission income and increasing risk cost***
- ***Improving loan-to-deposit ratio (2Q 2009: 154%, -15pp q-o-q), due to successful retail deposit campaigns and diminishing loan portfolio***
- ***NIM lower than last year, but at about the same level as in 2Q (2Q 2009: 11.17%, +0.34pp q-o-q)***
- ***Stronger sales of POS loans due to higher sales staff in June***

Profit after tax of OTP Bank Russia in first half year of 2009 totalled to HUF 0.2 billion. The reason for the y-o-y HUF 3 billion decrease (-93%) in PAT is primarily the y-o-y 51% drop of commission income, and the 16% increase in risk costs. Both net interest income and operating expenses for the first half year 2008 were more or less repeated this year. In 2Q the trends of 1Q persisted, the net interest income almost unchanged on quarterly as well as on yearly basis due to stabilizing interest margin (11.17%, +0.34pp q-o-q) and decreasing loan portfolio. Net F&C income for the two quarters was still well below their respective values last year, the other non-interest income in 2Q 2009 was no longer supported by FX-margin income realised on deposit conversions in the last quarter of 2008 and 1Q 2009. There were some savings on operating and risk cost lines on a quarterly basis (-7% and -4% respectively).

The stagnation of net interest income is a result of several factors: the volumes of POS loans with high net-interest margin continuously dropped in the first half year due to decreasing sales performance, the deposit campaigns launched at the end of last year increased interest expenses, and the outplacement of the liquidity surplus obtained by successful deposit campaigns and sluggish lending activity returned only moderate interest income during the first half year. Good news is, that in 2Q NIM stabilized over its level in 1Q, thus NIM for the first half year (11.79%) is by 2pp lower compared to the base period.

The main reasons behind the y-o-y halving of net commissions income are the following: due to diminishing POS loan sales the turnover commissions from dealers dwindled, in case of new POS loan partners, as a result of the stronger competition, former commission levels were no longer achievable. Further on, due to less card transactions the related commissions also dropped (-45% y-o-y), and the more successful collection activity in relation to non-performing loans boosted the commission expenses y-o-y (however, latter were counterbalanced by higher income or release of provisions, because the collector agreements had been concluded with a success fee structure). All in all, net F&C income for the first half year decreased from HUF 5.2 billion to HUF 2.5 billion.

Risk cost for the first half year grew in line with the portfolio quality deterioration, by 16% y-o-y, basically risk cost of credit card and personal loans increased. The provisions of HUF -39 billion in the balance sheet did not change q-o-q due to the strengthening HUF, however this means a 11% increase on LCY terms. The ratio of DPD90+ loans increased both in the retail and corporate segments, the development of portfolio quality is still more favourable in the latter segment. The DPD90+ ratio on the whole reached 13.9% by the end of the period (+2.8pp q-o-q). Coverage of DPD90+ portfolio decreased by 5pp, but still considered high (81%).

Operating expenses are under strict control (half year expenses grew only by 1% y-o-y, 2Q expenses decreased by 7% q-o-q), that means the cut-back of the headcount by 600 in the last quarter of 2008 and the cut down on marketing spending and administrative expenses. In 2Q the number of employees after the stagnation in 1Q increased by 60 (2009 2Q: 8,522 people; -247 people y-o-y) in line with efforts to stimulate sales (increasing number of POS agents).

The deposit portfolio continued to grow in RUB, basically supported by the increase of retail deposits (q-o-q +3% in RUB, in HUF decreased (-7%) due to the q-o-q strengthening of the HUF). The retail deposit base grew q-o-q by 6% in RUB due to successful campaigns and product–developments according to customer demand. Corporate deposits on the other hand continued to shrink (q-o-q -4%, thus y-o-y -21%) as the negative effects of the crisis hit the sector. The RUB-USD conversion that used to characterize the last quarter of 2008 and first quarter of 2009 toned down, thus the share of FX in deposits stabilized in 2Q around 34% (2Q 2008: 11%; 1Q 2009: 37%).

The volume of retail loan sales was by about 50% y-o-y due to a significant drop of demand, stricter lending conditions and the rising interest rates on loans. However, the Bank has made significant efforts in 2Q to increase POS loan sales, several new sales points have been opened in more federal retail chains with countrywide presence. As a result, POS loan origination increased by 20% q-o-q. Although half year origination was by 31% less then in the previous year, at the same time June origination almost reached the 2008 June level (-8% y-o-y).

Notwithstanding the positive tendency in POS loans, other product segments still suffer from poor sales, thus the retail loan portfolio decreased in 2 consecutive quarters in RUB (in 2Q -5% q-o-q, in HUF -13%).

Corporate loan portfolio further diminished in 2Q (q-o-q -11% in RUB, -20% in HUF) after a growth in 1Q due to a loan transfer transaction within the Group. The corporate loan demand is still seriously suffering from the financial crisis.

Due to the successful deposit collection and low lending activity loan-to-deposit ratio of OTP Bank Russia decreased to 154% from 169% q-o-q. Along with the improvement of its liquidity position the Bank paid back in full the deposit that helped to manage its liquidity, received from the National Bank of Russia at the end of last year. Partially due to this, volume of interbank liabilities decreased by 32% q-o-q.

OTP BANK JSC (UKRAINE)[6]

Performance of OTP Bank JSC:

Main components of P&L account in HUF mn	1H 2008	1H 2009	Y-o-Y	2Q 2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y
After tax profit	6,858	-10,066	-247%	2,974	-9,120	-946	-90%	-132%
Received dividends and net cash transfer	-21	0	-100%	-10	0	0		-100%
After tax profit w/o dividends and net cash transfer	6,878	-10,066	-246%	2,984	-9,120	-946	-90%	-132%
Pre-tax profit	9,224	-9,981	-208%	4,918	-9,034	-946	-90%	-119%
Operating profit	11,987	24,560	105%	6,359	11,594	12,966	12%	104%
Total income	23,854	36,960	55%	12,880	17,878	19,082	7%	48%
Net interest income	20,410	32,511	59%	11,334	15,795	16,715	6%	47%
Net fees and commissions	2,336	3,266	40%	1,268	1,527	1,739	14%	37%
Other net non-interest income	1,107	1,183	7%	279	555	628	13%	126%
Operating expenses	-11,867	-12,400	4%	-6,521	-6,284	-6,116	-3%	-6%
Provision for possible loan losses	-2,768	-34,319		-1,429	-19,783	-14,536	-27%	917%
Other provision	5	-221		-13	-845	624	-174%	
Main components of balance sheet closing balances in HUF mn	**2008**	**1H 2009**	**YTD**	**2Q 2008**	**1Q 2009**	**2Q 2009**	**Q-o-Q**	**Y-o-Y**
Total assets	847,008	771,061	-9%	756,157	916,086	771,061	-16%	2%
Gross customer loans	763,758	725,558	-5%	643,474	859,199	725,558	-16%	13%
Retail loans	351,838	337,935	-4%	288,841	401,297	337,935	-16%	17%
Corporate loans	331,880	317,004	-4%	288,441	370,226	317,004	-14%	10%
Car financing loans	80,040	70,619	-12%	66,192	87,676	70,619	-19%	7%
Allowances for possible loan losses	-22,882	-53,307	133%	-5,996	-47,684	-53,307	12%	789%
Deposits from customers	169,888	149,937	-12%	176,174	157,579	149,937	-5%	-15%
Retail deposits	77,745	78,305	1%	93,547	78,323	78,305	0%	-16%
Corporate deposits	89,486	71,632	-20%	82,626	79,256	71,632	-10%	-13%
Liabilities to credit institutions	551,030	473,669	-14%	481,558	603,661	473,669	-22%	-2%
Subordinated debt	26,900	36,246	35%	15,030	42,667	36,246	-15%	141%
Total shareholders' equity	80,098	93,393	16.6%	69,148	85,381	93,393	9%	35%
Loan Quality (%)	**1H 2008**	**1H 2009**	**Y-o-Y**	**2Q 2008**	**1Q 2009**	**2Q 2009**	**Q-o-Q**	**Y-o-Y**
90+ days past due loans/gross customer loans	2.3%	11.2%	8.98%	2.3%	10.4%	11.2%	0.85%	8.98%
Cost of risk/average gross loans	0.9%	9.3%	8.35%	0.9%	9.9%	7.4%	-2.53%	6.42%
Total provisions/90+ days past due loans	41.1%	65.3%	24.24%	41.1%	53.3%	65.3%	11.97%	24.24%
Indicators (%)	**1H 2008**	**1H 2009**	**Y-o-Y**	**2Q 2008**	**1Q 2009**	**2Q 2009**	**Q-o-Q**	**Y-o-Y**
Gross loans to deposits	365.2%	483.9%	118.7%	365.2%	545.2%	483.9%	-61.3%	118.7%
Cost/income ratio	49.7%	33.6%	-16.2%	50.6%	35.1%	32.1%	-3.1%	-18.6%
Net interest margin	5.95%	8.10%	2.16%	6.30%	7.27%	7.95%	0.68%	1.65%
ROA	2.0%	-2.5%	-4.5%	1.7%	-4.2%	-0.4%	3.7%	-2.1%
ROE	20.5%	-23.4%	-43.9%	17.7%	-44.7%	-4.2%	40.5%	-21.9%

[6] The name of the Ukrainian subsidiary of OTP Bank has been changed from CJSC OTP Bank to OTP Bank JSC (effective from 30 June 2009).

- ***With remarkable provisioning the quarterly result is almost HUF 1 billion loss***
- ***Stabilizing portfolio quality, improving coverage with high cost of risk***
- ***Retail deposit base in LCY expanded by 19% q-o-q and because of the shrinking loan portfolio the L/D ratio improved significantly q-o-q***
- ***Effective operation, stable low CIR (1H 2009: 33.6%)***

In 1H 2009 OTP Bank JSC realised a loss of HUF 10 billion mainly as a result of the significant loan loss provisioning primarily for the non-performing loans. At the same time its 2Q result improved a lot, the loss was HUF 1 billion.

NII and the net F&C income in 1H was well above the level of the previous half year (y-o-y +59% and +40%), simultaneously during the half year the operating costs were under strict control (+4% y-o-y). Despite the stabilising portfolio quality the periodic result was burdened by heavy provisioning which, on the other hand improved the coverage of non-performing loans.

From the point of view of profit and balance sheet dynamics one should note that the forint continuously improved against hryvnia in the previous quarter: the average exchange rate increased by 3%, while the closing rate applied at the revaluation of Balance Sheet items increased by 13% (19% and 24% strengthening on a yearly base respectively). Further on in the last period hryvnia though minimally, but strengthened against dollar, which can be experienced in case of Balance Sheet items (in case of loans the FX-ratio is near 90%, in case of deposits it is lower, almost 60%).

The favourable improvement of the net interest income was mainly reasoned by the higher margin, and current conditions of the loan portfolio was revised less cases than expected. On the other hand the low lending activity has negative effect on net income, as well. During the last half year the Bank launched several deposit campaigns, offering higher interest levels than earlier, nevertheless its interest margin is continuously stable, at the end of the half year with a 216 bps increase NIM exceeded the 8% level.

Behind the improvement of net F&C income stands a combined effect of different factors: on one hand thanks to the growing deposit portfolio the periodical deposit and cash transfer commission income doubled in LCY y-o-y and a further UAH 37 million margin income was realised during the period. For the improvement of capital adequacy of the Bank it has received UAH 800 million (HUF 22 million) capital injection from the mother bank, part of which has been exchanged into UAH, and income was realised on the transaction because of the difference of the market rate and the exchange rate applied by the national bank. The CAR of the Ukrainian bank (according to local standards) reached 12.5%.

Operating costs of the Bank were under strict control during the last period, at the same time the quarterly cost volume lagged behind the previous quarter by 3%. Regarding material costs savings were realised on services, education and marketing costs. In case of personnel costs bonus payments were delayed and also diminished. During 1H more than 400 persons were dismissed from the headcount and some branches were closed, further, though smaller scale lay-offs are expected in 2H.

Loan portfolio decreased both q-o-q and y-o-y in all customer segments. Simultaneously with the deepening of the financial crisis and the political-economic uncertainty characterising the Ukrainian economy the Bank decided to suspend the disbursement of retail and SME loans and in case of the outstanding loan portfolio conditions were tightened. Besides, the Bank made several steps to minimise the effects of the crisis: on one hand according to the act passed by the Ukrainian Parliament at 23 June 2009 retail lending was practically suspended, while in case of the outstanding portfolio the bank tried to minimise further deterioration by proactive restructuring.

Regarding existing loans the above mentioned regulation provide a restructuring opportunity, contains recommendations for principal payment moratorium and maturity lengthening and allows the modification of interest rate conditions. The Bank took the opportunities provided by the act, and more than 30% of the loan portfolio has been restructured under these conditions.

Due to the loan protection programme in 2Q no significant deterioration was experienced regarding the whole portfolio, DPD90+ ratio stabilised at 11.2% (+0.85pp q-o-q). At the same time corporate loans represents a remarkable risk for the future.

2Q level of risk costs significantly lagged behind 1Q level (-40%), but the portfolio deterioration slowed down. Altogether the coverage of DPD90+ days past due loans increased significantly (+12pp q-o-q, +24pp y-o-y).

As a result of the deposit campaigns launched in the first half year volumes grew mainly boosted by retail deposits (in LCY +19% q-o-q). Through offering attractive rate the Bank managed to increase its term deposit base by almost UAH 378 million (+20% q-o-q), its market share reached 1.39% and regarding the scale of increase in absolute terms we ranked among the first six banks. SME and corporate deposits were stagnating, latter is the result of a deposit withdrawal by 4 corporate customers.

All in all as a result of successful deposit collection and diminishing lending activity the L/D ratio of the bank decreased by 61pp. The confidence of retail customers in banks improved in 2Q, and our Ukrainian subsidiary is regarded as one of the best measured by customers' satisfaction.

OTP BANK ROMANIA

Performance of OTP Bank Romania:

Main components of P&L account in HUF mn	1H 2008	1H 2009	Y-o-Y	2Q 2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs[1]	-1,204	586	-149%	-1,095	-725	1,311	-281%	-220%
Pre-tax profit	-1,151	914	-179%	-1,082	-538	1,451	-370%	-234%
Operating profit	296	2,971	905%	-21	1,562	1,409	-10%	
Total income	7,262	9,913	36%	3,928	4,933	4,980	1%	27%
Net interest income	3,697	7,632	106%	2,031	3,850	3,783	-2%	86%
Net fees and commissions	1,172	1,007	-14%	828	476	531	11%	-36%
Other net non-interest income	2,394	1,273	-47%	1,069	607	666	10%	-38%
Operating expenses	-6,966	-6,941	0%	-3,950	-3,370	-3,571	6%	-10%
Provision for possible loan losses	-1,293	-1,985	54%	-1,055	-2,014	28	-101%	-103%
Other provision	-154	-72	-53%	-5	-87	14	-116%	-386%
Main components of balance sheet [2] closing balances in HUF mn	2008	1H 2009	YTD	2Q 2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y
Total assets	367,521	376,779	2.5%	337,078	416,541	376,779	-10%	12%
Gross customer loans	316,809	303,460	-4.2%	249,703	356,316	303,460	-15%	22%
Retail loans	207,933	202,645	-2.5%	158,702	235,305	202,645	-14%	28%
Corporate loans	108,876	100,815	-7.4%	91,002	121,012	100,815	-17%	11%
Allowances for possible loan losses	-4,365	-5,440	24.6%	-2,911	-7,501	-5,440	-27%	87%
Deposits from customers	72,206	88,179	22.1%	75,132	83,538	88,179	6%	17%
Retail deposits	52,582	65,058	23.7%	56,362	66,007	65,058	-1%	15%
Corporate deposits	19,624	23,120	17.8%	18,770	17,531	23,120	32%	23%
Liabilities to credit institutions	107,504	247,069	129.8%	133,102	287,219	247,069	-14%	86%
Total shareholders' equity	23,245	23,351	0.5%	21,970	25,007	23,351	-7%	6%
Loan Quality (%)	1H 2008	1H 2009	Y-o-Y	2Q 2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y
90+ days past due loans/gross customer loans	0,6%	1,9%	1,3%	0,6%	2,3%	1,9%	-0,4%	1,3%
Cost of risk/average gross loans	1,1%	1,3%	0,2%	1,7%	2,4%	0,0%	-2,5%	-1,7%
Total provisions/90+ days past due loans	208,7%	95,1%	-113,5%	208,7%	93,3%	95,1%	1,8%	-113,5%
Indicators (%)	1H 2008	1H 2009	Y-o-Y	2Q 2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y
Gross loans to deposits	332.4%	344.1%	11.8%	332.4%	426.5%	344.1%	-82.4%	11.8%
Cost/income ratio	95.9%	70.0%	-25.9%	100.5%	68.3%	71.7%	3.4%	-28.8%
Net interest margin	2.34%	4.14%	1.79%	2.43%	3.98%	3.82%	-0.16%	1.39%
ROA	-0.8%	0.3%	1.1%	-1.3%	-0.7%	1.3%	2.1%	2.6%
ROE	-10.3%	5.1%	15.4%	-18.9%	-12.1%	21.6%	33.7%	40.5%

[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.

- ***Positive second quarter results, y-o-y tenfold growth in 6 month operating profit***
- ***Total income grew by 36% y-o-y***
- ***Effective cost control, CIR 70%***
- ***Successful deposit collection (+6% q-o-q, +17% y-o-y), improving loan to deposit ratio***
- ***Loan portfolio quality improvement due to successful collection campaign and effective debtor protection program***

In the first six months of 2009 the Bank posted a profit after tax of HUF 586 million, compared to the HUF 1.2 billion loss in the base period. The HUF 725 million loss in 1Q 2009 was followed by a HUF 1,311 million profit in 2Q 2009.

Total income in 1H increased by 36% y-o-y. (Net interest income and net F&C income is not comparable to the 2008 figures due to the changes in methodology described in 2009 1Q Interim Management Report.)

Net interest income decreased in the second quarter by 2% q-o-q. This is mainly due to the further decreasing reference rates, while interest expenses on deposits increased. This effect was partially offset by the persistent repricing of corporate and SME loans. Net fee and commission income grew in 2Q by 11% q-o-q, mainly due to higher fee income related to loans. Other net non-interest income grew by 10% in 2Q, because the lower FX gain was compensated by RON 3 million gain from selling of securities.

Operating expenses remained flat in 1H compared to the base period (personnel expenses decreased by 6% but depreciation grew), thus cost/income ratio decreased to 70%. In 2Q 2009 costs grew by 6% q-o-q, which is fully explained by the increase of marketing costs; other costs stood at the low levels experienced in 1Q, so the stringent cost control is still in place. However there have been write-backs of allowances for possible loan losses due to the successful restructuring and debt collection campaigns in 2Q, whereas the amount of loan loss provisions in the first 6 months increased by more than 50% y-o-y.

OBR took several measures to protect and enhance loan quality. Among these the debtor protection program supported by recovery campaign has to be emphasized. The amount of overdue loans decreased due to successful collection and restructuring (almost 6% of total retail loan book was affected by the debtor protection program). Originally the program focused on 60 days overdue mortgage backed loans and personal loans.

The quality of loan portfolio improved due to successful debt collection and debtor protection programs, on the top of that OBR sold more than RON 40 million bad loans. Proportion of 90+ days overdue loans decreased to 1.9% (-0.4%-point q-o-q, +1.3%-point y-o-y), the coverage increased by 1.8%-point to 95.1% q-o-q.

Loan portfolio increased by 22% y-o-y in HUF and in RON as well; however dropped by 15% q-o-q in HUF. This is because OBR keeps restricting its lending activity and RON depreciated by 11% q-o-q against HUF. The corporate loan portfolio showed the biggest decline.

After the significant deposit withdrawals in 4Q 2008, deposits grew by 25% in RON in the first 6 months. Retail deposit base showed a significant growth already in the first quarter, nevertheless this base was not just maintained but even increased as a result of attractive pricing adapting to market circumstances and product development (growth in RON in 1Q: 15%, 2Q: 18%). The shrinkage of corporate deposits turned around: in 1H it grew by 14% in LCY, thanks to the 41% jump in 2Q (since RON denominated term deposits expanded and a big client deposited a significant amount of fresh money).

The market share of OBR in total deposits grew by 16 basis points q-o-q, loans shrank by 4 basis points respectively Loan to deposit ratio decreased by 82 percentage points q-o-q.

The number of employees decreased by 37 to 1,059 in 1H, while number of branches remained unchanged.

OTP BANKA HRVATSKA

Performance of OTP banka Hrvatska:

Main components of P&L account in HUF mn	1H 2008	1H 2009	Y-o-Y	2Q 2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y
After tax profit	2,365	1,937	-18.1%	1,297	815	1,122	38%	-13%
Received dividends and net cash transfer	4	17	311.7%	4	0	17		308%
After tax profit w/o dividends and net cash transfer	2,361	1,920	-18.7%	1,293	815	1,105	36%	-15%
Pre-tax profit	2,978	2,388	-19.8%	1,642	995	1,392	40%	-15%
Operating profit	3,127	3,252	4.0%	1,755	1,473	1,778	21%	1%
Total income	9,083	10,244	12.8%	4,667	4,917	5,327	8%	14%
Net interest income	6,566	7,220	10.0%	3,280	3,543	3,677	4%	12%
Net fees and commissions	1,711	1,894	10.7%	844	901	992	10%	18%
Other net non-interest income	806	1,130	40.3%	543	473	658	39%	21%
Operating expenses	-5,956	-6,992	17.4%	-2,912	-3,444	-3,548	3%	22%
Provision for possible loan losses	-266	-746	180.4%	-129	-398	-348	-13%	169%
Other provision	117	-118	-201.3%	16	-80	-38	-52%	-334%
Main components of balance sheet closing balances in HUF mn	**2008**	**1H 2009**	**YTD**	**2Q 2008**	**1Q 2009**	**2Q 2009**	**Q-o-Q**	**Y-o-Y**
Total assets	462,576	468,807	1.3%	408,144	533,424	468,807	-12%	15%
Gross customer loans	309,564	325,025	5.0%	256,734	370,931	325,025	-12%	27%
Retail loans	191,496	197,298	3.0%	161,817	223,716	197,298	-12%	22%
Corporate loans	115,474	125,203	8.4%	92,728	144,283	125,203	-13%	35%
Car financing loans	2,598	2,524	-2.8%	2,189	2,933	2,524	-14%	15%
Allowances for possible loan losses	-6,045	-7,462	23.4%	-4,552	-7,557	-7,462	-1%	64%
Deposits from customers	315,253	325,128	3.1%	279,903	359,348	325,128	-10%	16%
Retail deposits	268,837	278,886	3.7%	235,490	312,242	278,886	-11%	18%
Corporate deposits	46,416	46,242	-0.4%	44,413	47,106	46,242	-2%	4%
Liabilities to credit institutions	81,098	73,493	-9.4%	69,770	97,513	73,493	-25%	5%
Total shareholders' equity	55,095	59,566	8.1%	48,436	63,836	59,566	-7%	23%
Loan Quality (%)	**1H 2008**	**1H 2009**	**Y-o-Y**	**2Q 2008**	**1Q 2009**	**2Q 2009**	**Q-o-Q**	**Y-o-Y**
90+ days past due loans/gross customer loans	5.4%	9.3%	3.92%	5.4%	6.1%	9.3%	3.16%	3.92%
Cost of risk/average gross loans	1.77%	2.30%	0.5%	1.77%	2.04%	2.30%	0.3%	0.5%
Total provisions/90+ days past due loans	32.9%	24.7%	-8.26%	32.9%	33.1%	24.7%	-8.46%	-8.26%

Indicators (%)	1H 2008	1H 2009	Y-o-Y	2Q 2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y
Gross loans to deposits	91.7%	100.0%	8.2%	91.7%	103.2%	100.0%	-3.3%	8.2%
Cost/income ratio	65.6%	68.3%	2.7%	62.4%	70.0%	66.6%	-3.4%	4.2%
Net interest margin	3.18%	3.13%	-0.05%	3.11%	2.89%	2.94%	0.06%	-0.17%
ROA	1.1%	0.8%	-0.3%	1.2%	0.7%	0.9%	0.2%	-0.3%
ROE	10.7%	6.8%	-3.9%	10.5%	5.6%	7.2%	1.6%	-3.3%

- ***HUF 1.9 billion profit after tax, due to stable interest income and slightly less provisioning compared to previous quarter***
- ***Favourable other non-interest income development (+40% q-o-q and y-o-y)***
- ***Savings on operating costs, improving CIR q-o-q (-3.4%-points)***
- ***Deteriorating loan portfolio quality (DPD90+: 9.3%), decreased provisions is due to technical default***
- ***Loan-to-deposit ratio returned back to its balanced level by the end of June***

The after tax profit of OBH Group for the first half year 2009 totalled HUF 1.9 billion, down from the HUF 2.4 billion in the same period last year, however reached a quarterly growth of 40% in 2Q.

The 10% growth of both net interest income and net F&C income and the more than 40% increase in other non-interest income are the positive components of profit development in 1H. Due to cut down on marketing costs and moderate network expansion the operating costs was managed (+17% y-o-y), nevertheless as a result of portfolio quality deterioration a higher provisioning put burden on the period's results (+180% y-o-y).

The 1Q trend of slightly dropping volumes both on deposit and loan sides continued in 2Q and determined the semi-annual interest results. The interbank lending shrank by HRK 385 million (-13%) compared to the end of December figure, and less then expected interest income was realized due to the unfavourable changes of reference rate (EURIBOR). However, as a result of the lower lending activity the liquidity position of OBH improved, amount of interbank liabilities decreased by HRK 300 million, which resulted in a significant interest expenditure savings. The first half year interest margin on the whole remained stable (1H 2009: 3.13%; -0.05pp), and remained almost flat q-o-q.

The reason behind the period's improving net F&C income is the better than expected result of card transactions (+31% y-o-y in LCY), and the stable commission income (+3% y-o-y in LCY) related to deposits and cash transfers.

Operating costs of the first half year exceeded the base by 17% (+5% y-o-y in LCY), basically because of the rise of material expenses. According to cost saving projects initiated by the management, the rental and insurance agreements have been reviewed, the agreements related to the management of the POS chain have been renegotiated and the development of the sales channels (primarily the development of the ATM network) have been restricted. Personnel expenses remained flat compared (+2% y-o-y in LCY), along with a HRK 1.6 million premium cost occurred in April.

No significant dismissal happened in the first half year (number of employees 1,032), the sales network currently consists of 105 branches, 185 ATMs and about 1,200 POS terminals.

Operating profit of OBH improved by 4% in 1H y-o-y, while grew by 40% q-o-q due to savings in operating costs. CIR improved 3.4pp q-o-q.

The growth of customer loans slowed down compared to the end of 2008, in LCY virtually flat to the YE2008 portfolio. The reason of the portfolio shrinkage is on the one hand the moderate demand for retail loans and stricter lending conditions, on the other hand 69% of the portfolio is FCY based, where the slight strengthening of HRK compared to the closing rate of end of December should be taken into consideration (EUR: -0.4%, CHF: -2.8%).

The provisions on possible loan losses corresponded to the portfolio quality deterioration, primarily occurring in the corporate sector, however the ratio of consumer loans with delayed payment has also increased in 1H. Despite the significant growth of provisions y-o-y the coverage of non-performing loans showed more than 8pp shrinkage. It should be considered regarding the portfolio deterioration, that the significant portion of the DPD90+ volumes could be explained by technical default. Practically it indicates clients with more 90 days overdue in the capital part of the monthly instalments, but all in all these clients has less than 3 months overdue regarding the total instalments. The volume of DPD90+ days overdue loans adjusted by the technical default in 2Q 2009 reached 6.2%, and at the end of the first quarter the rate stood at 4.5%. Majority of the non-performing portfolio is due to the above mentioned technical defaults, which explains the low coverage (2009 1H: 24.7%).

OBH, in the framework of its debtor protection program, enables the credit card and overdraft loan debtors to restructure their loans. In case of loans with delayed payments OBH made possible the extension of the maturity as well as the extension of the grace period for those clients, who had lost their job or unable to pay the instalments due to exchange rate volatility.

The deposit base of OBH shrank by 1.3% in LCY compared to end of December, which is mainly due to the approaching tourist season. The term deposit portfolio broadened by HRK 35 million in the last half year, however the shrinkage of sight deposits almost doubled in size.

All in all OBH's loan-to-deposit ratio returned back to its balanced level by the end of this half year with a decrease of 3.3pp.

OTP BANKA SLOVENSKO

Performance OTP Banka Slovensko:

Main components of P&L account in HUF mn	1H 2008	1H 2009	Y-o-Y	2Q 2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	1,310	-531	-141%	624	7	-538		-186%
One-off items, after-tax[1]	0	-233		0	0	-233		
After tax profit w/o dividends, net cash transfers and one-offs	1,310	-298	-123%	624	7	-305		-149%
Pre-tax profit	1,499	-403	-127%	699	27	-429		-161%
Operating profit	2,039	1,327	-35%	906	602	725	20%	-20%
Total income	6,947	6,615	-5%	3,598	3,266	3,349	3%	-7%
Net interest income	4,801	4,921	2%	2,433	2,329	2,592	11%	7%
Net fees and commissions	1,466	1,461	0%	815	806	655	-19%	-20%
Other net non-interest income	681	233	-66%	349	130	103	-21%	-71%
Operating expenses	-4,908	-5,288	8%	-2,692	-2,664	-2,624	-1%	-3%
Provision for possible loan losses	-519	-1,711	230%	-218	-561	-1,150	105%	427%
Other provision	-21	-19	-12%	11	-15	-4	-71%	-136%
Main components of balance sheet closing balances in HUF mn	**2008**	**1H 2009**	**YTD**	**2Q 2008**	**1Q 2009**	**2Q 2009**	**Q-o-Q**	**Y-o-Y**
Total assets	429,122	385,252	-10%	399,952	485,825	385,252	-21%	-4%
Gross customer loans	314,422	290,942	-7%	288,704	359,773	290,942	-19%	1%
Retail loans	158,234	163,112	3%	143,795	181,769	163,112	-10%	13%
Corporate loans	156,187	127,830	-18%	144,910	178,004	127,830	-28%	-12%
Allowances for possible loan losses	-5,186	-6,943	34%	-3,493	-6,636	-6,943	5%	99%
Deposits from customers	262,787	260,660	-1%	249,134	310,707	260,660	-16%	5%
Retail deposits	212,412	216,817	2%	166,760	252,065	216,817	-14%	30%
Corporate deposits	50,375	43,843	-13%	82,374	58,642	43,843	-25%	-47%
Liabilities to credit institutions	45,411	10,152	-78%	38,777	32,630	10,152	-69%	-74%
Issued securities	75,137	67,328	-10%	69,944	87,694	67,328	-23%	-4%
Subordinated debt	7,679	7,900	3%	6,892	8,967	7,900	-12%	15%
Total shareholders' equity	30,595	30,962	1%	25,845	35,856	30,962	-14%	20%
Loan Quality (%)	**1H 2008**	**1H 2009**	**Y-o-Y**	**2Q 2008**	**1Q 2009**	**2Q 2009**	**Q-o-Q**	**Y-o-Y**
90+ days past due loans/gross customer loans	2.9%	6.5%	3.6%	2.9%	5.0%	6.5%	1.5%	3.6%
Cost of risk/average gross loans	0.4%	1.3%	0.9%	0.3%	0.7%	1.7%	1.0%	1.4%
Total provisions/90+ days past due loans	42.1%	36.7%	-5.4%	42.1%	37.0%	36.7%	-0.3%	-5.4%
Indicators (%)	**1H 2008**	**1H 2009**	**Y-o-Y**	**2Q 2008**	**1Q 2009**	**2Q 2009**	**Q-o-Q**	**Y-o-Y**
Gross loans to deposits	115.9%	111.6%	-4.3%	115.9%	115.8%	111.6%	-4.2%	-4.3%
Cost/income ratio	70.6%	79.9%	9.3%	74.8%	81.6%	78.4%	-3.2%	3.5%
Net interest margin	2.51%	2.44%	-0.08%	2.53%	2.06%	2.39%	0.32%	-0.15%
ROA	0.7%	-0.1%	-0.8%	0.6%	0.0%	-0.3%	-0.3%	-0.9%
ROE	10.7%	-2.0%	-12.6%	9.8%	0.1%	-3.7%	-3.7%	-13.4%

[1] One-off loss booked in relation to loan transfers

- ***In 1H 2009 the Bank realised HUF 298 million loss***
- ***Core banking revenue base remained stable in HUF, but in EUR terms it declined; operating expenses under control***
- ***Loan loss provision increased parallel with the portfolio deterioration, coverage ratio remained flat q-o-q***
- ***In EUR terms loan and deposit base decreased by 12% and 9% respectively, while NIM narrowed by 8 bps***

In 1H 2009 OBS realised HUF 298 million loss without one-off items. The total income decreased by 5% y-o-y reasoned by the following factors: the net interest income increased slightly (+2% y-o-y), net fee and commission income remained stable in 1H, while net non-interest income, representing small weight in total income, decreased by two-third of the base period volume. In EUR terms net interest income decreased by 10%, and net fee and commission income dropped by 13%.

In the second quarter net interest income increased by 11% (in EUR term by 14%), reasoned by shrinkage of interest expenses paid on client deposits. Net interest margin improved by 30 bps on a quarterly base. During the first half of the year the amount of deposits collected over the last year's deposit campaign (longer-term deposits with attractive interest rates) decreased gradually, while the offered deposit rates were in line with declining yield environment. Moreover the repricing of the corporate portfolio continued in the second quarter.

Declining net fee and commission income is a result of decreasing fees on loans and deposits, because of the lower level of business activity. Besides in 2Q 2009 card related fee expenses increased on a quarterly base.

The other net non interest income decreased by 66% in 1H, while in 2Q the decrease was smaller (-21% q-o-q). The introduction of the EUR led to declining currency exchange gain in 1Q, the tendency continued in the 2Q, also.

In the first half of the year operating costs grew by 8% over the base period. On the other hand 6% cost saving was realized in EUR terms, stemming from the increase of depreciation expenses (+29%) on one hand and the decreasing level of personnel expenses (-14%) on the other. Material expenditures declined by 7% in EUR as a consequence of the cutback of the marketing costs, while rental fees and costs related to entrepreneurs grew significantly.

The operating profit of the Bank reached HUF 1.3 billion in 1H 2009 (-35% y-o-y), but in 2Q increased by 20% q-o-q assisted by the improving net interest income.

It is important to emphasize that the volume of balance sheet items was influenced by the HUF depreciation against the EUR (-15% y-o-y), while on a quarterly base 12% appreciation should be taken into consideration.

The total gross loan book decreased by 19% q-o-q (by 8% in EUR terms), but remained stable in yearly comparison (-12% in EUR terms). While in local currency the volume of mortgage and consumer loans increased y-o-y, in case of SME and corporate segment declining volumes could be observed (-9% and -24% y-o-y respectively).

The deposit base in EUR terms went down by 5% q-o-q and by 9% y-o-y. Within the total portfolio the volume of retail deposits increased by 25% in LCY, while the volume of sight deposits stagnated. The erosion of the deposit base was mainly due to the corporate and municipal segment,(-14% and -18% q-o-q, and -29% and -72% y-o-y).

Loan loss provision in 1H 2009 exceeded HUF 1.7 billion simultaneously with the deterioration of portfolio quality, while in 1H 2008 the volume of provision was much lower (HUF 500 million). In 2Q 2009 the volume of loan loss provision doubled influenced mainly by base effect (in 1Q 2009 there was a release of loan loss provision).

The quality of the loan portfolio deteriorated in the first half of the year, the ratio 90+ DPD loans accounted for 6.5% of the total gross loan book (+1.5%-points q-o-q, and +3.6%-points y-o-y). The coverage ratio reached 36.7%, flat to the level experienced in 1Q 2009, -5.4%-points y-o-y.

In 1H 2009 the number of employees decreased by 54 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	1H 2008	1H 2009	Y-o-Y	2Q 2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	2,334	-124	-105%	58	141	-265	-287%	-553%
One-off items, after-tax	1,830	0	-100%	56	0	0	-100%	-100%
After tax profit w/o dividends, net cash transfers and one-offs	505	-124	-124%	3	141	-265	-288%	
Pre-tax profit	507	-124	-124%	5	141	-265	-288%	
Operating profit	913	293	-68%	157	311	-19	-106%	-112%
Total income	5,797	5,079	-12%	2,784	2,608	2,471	-5%	-11%
Net interest income	3,225	3,276	2%	1,537	1,553	1,723	11%	12%
Net fees and commissions	1,211	1,011	-17%	670	520	491	-6%	-27%
Other net non-interest income	1,361	792	-42%	578	535	257	-52%	-56%
Operating expenses	-4,883	-4,786	-2%	-2,627	-2,296	-2,490	8%	-5%
Provision for possible loan losses	-260	-393	51%	-177	-157	-236	51%	34%
Other provision	-146	-23	-84%	25	-13	-10	-27%	-139%
Main components of balance sheet closing balances in HUF mn	**2008**	**1H 2009**	**YTD**	**2Q 2008**	**1Q 2009**	**2Q 2009**	**Q-o-Q**	**Y-o-Y**
Total assets	142,647	133,769	-6%	135,683	153,599	133,769	-13%	-1%
Gross customer loans	94,721	91,982	-3%	84,972	108,400	91,982	-15%	8%
Retail loans	34,336	32,988	-4%	27,964	38,689	32,988	-15%	18%
Corporate loans	60,408	58,994	-2%	57,007	69,711	58,994	-15%	3%
Allowances for possible loan losses	-5,989	-6,484	8%	-4,502	-7,097	-6,484	-9%	44%

Main components of balance sheet closing balances in HUF mn	2008	1H 2009	YTD	2Q 2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y
Deposits from customers	33,906	33,782	0%	38,363	33,766	33,782	0%	-12%
Retail deposits	24,032	25,128	5%	24,884	25,130	25,128	0%	1%
Corporate deposits	9,882	8,654	-12%	13,479	8,636	8,654	0%	-36%
Liabilities to credit institutions	30,466	21,566	-29%	22,965	31,128	21,566	-31%	-6%
Subordinated debt	37,323	38,687	4%	31,968	43,997	38,687	-12%	21%
Total shareholders' equity	38,090	37,450	-2%	39,368	42,203	37,450	-11%	-5%
Loan Quality (%)	1H 2008	1H 2009	Y-o-Y	2Q 2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y
90+ days past due loans/gross customer loans	9.2%	14.4%	5.23%	9.2%	12.4%	14.4%	1.98%	5.23%
Cost of risk/average gross loans	0.70%	0.85%	0.14%	0.89%	0.63%	0.95%	0.32%	0.06%
Total provisions/90+ days past due loans	57.8%	49.0%	-8.83%	57.8%	52.8%	49.0%	-3.78%	-8.83%
Indicators (%)	1H 2008	1H 2009	Y-o-Y	2Q 2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y
Gross loans to deposits	221.5%	272.3%	50.8%	221.5%	321.0%	272.3%	-48.8%	50.8%
Cost/income ratio	84.2%	94.2%	10.0%	94.4%	88.1%	100.8%	12.7%	6.4%
Net interest margin	5.23%	4.78%	-0.45%	4.84%	4.25%	4.81%	0.56%	-0.03%
ROA	0.8%	-0.2%	-1.0%	0.0%	0.4%	-0.7%	-1.1%	-0.7%
ROE	2.5%	-0.7%	-3.2%	0.0%	1.4%	-2.7%	-4.1%	-2.7%

- ***HUF 124 million loss in 1H 2009***
- ***Main reason behind the lower total income is the drop of net F&C income due to sluggish customer activity, and the weak FX income***
- ***Loan-to-deposit ratio improved by 49%-point q-o-q, as deposits increased by 12%, whereas loans decreased by 5% q-o-q in LCY***
- ***Portfolio quality deteriorated, coverage ratio slightly declined***

In 1H 2009 HUF 124 million loss without one-offs was generated, whereas profit of the base period was HUF 0.5 billion. Smaller part from the setback of results explained by the increase of provisions, but mainly the lower net F&C income and other net non-interest income compared to base period were the real issues.

Net commissions income in 1H decreased mainly as a result of moderation of the business activity, in particular the lending. This could be only partially offset by the higher commissions income related to card transactions. In 2Q both card business activity and value of transactions rose. Other net non-interest income in 1H decreased by 42% (due to setback of FX result).

Net interest income grew moderately on a yearly basis, by 2% in 1H, mainly because of the improving performance in 2Q (+11% q-o-q). In the second quarter the realised interest income on both loans and interbank lending decreased q-o-q (both the portfolio and the reference rates decreased), however this was counterbalanced by the lower interest expense of customer deposits and subordinated debt.

Due to the above mentioned reasons total income dropped by 12% y-o-y. (in 1H 2009 the average RSD/HUF exchange rate was practically unchanged y-o-y.)

Operating expenses sank by 2% y-o-y, the 25% decrease of material costs could offset the rise of depreciation and personnel expenses. In the case of latter composition effect also played a role, i.e. part of the material costs were moved to personnel costs line in 2009. In 2Q operating cost increased by 8% q-o-q, which can be reasoned by the one-off costs of lay-offs and higher marketing costs.

Gross loans grew by 8% y-o-y, while on a quarterly basis the portfolio shrank by 15%. HUF strengthened against RSD by 3% y-o-y, 11% q-o-q, so the drop of loan portfolio was close to 5% q-o-q in local currency. Consumer loan book dropped by 25% q-o-q in LCY, corporate and retail mortgage loan portfolios slightly shrank, but SME loans grew by 27% in LCY.

Customer deposits in HUF stagnated both on yearly and quarterly basis. The 11% 2009 YTD growth of retail deposits in LCY should be stressed (due to the term deposit campaigns, there have been a 54% increase in term deposit base (YTD in LCY). Contrary to this MSE, MLE as well as municipality deposits decreased in LCY year-to-date. It is favourable however, that after the significant deposit withdrawals in 1Q due to the poor liquidity positions of the corporations, in 2Q SME deposits grew by 23% q-o-q, while corporate deposit base rose by 13% q-o-q in LCY. Loan-to-deposit ratio decreased by 49%-point q-o-q.

Loan portfolio quality deteriorated, ratio of 90+ DPD loans rose by 2pp to 14.4% in 2Q q-o-q. Along with the portfolio quality deterioration coverage fell as well in 2Q: by 3.8pp q-o-q, by 8.8pp y-o-y. Provisioning for possible loan losses amounted to HUF 393 million in 1H 2009, which means a 51% rise y-o-y.

Due to changes of regulation capital adequacy of the Bank further improved in 2Q, exceeding 40%.

During 1H, as a result of the network rationalisation 24 branches have been closed, the number of employees has decreased by 180 to 1,003 persons.

CRNOGORSKA KOMERCIJALNA BANKA

Performance of CKB:

Main components of P&L account in HUF mn	1H 2008	1H 2009	Y-o-Y	2Q 2008	1Q 2009	2Q 2009	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	1,546	184	-88%	910	594	-410	-169%	-145%
Pre-tax profit	1,621	211	-87%	947	608	-397	-165%	-142%
Operating profit	2,772	3,565	29%	1,479	1,702	1,863	9%	26%
Total income	5,368	6,723	25%	2,849	3,181	3,542	11%	24%
Net interest income	2,901	5,041	74%	1,571	2,391	2,650	11%	69%
Net fees and commissions	2,194	1,518	-31%	1,249	780	738	-5%	-41%
Other net non-interest income	274	164	-40%	30	10	154		422%
Operating expenses	-2,597	-3,158	22%	-1,370	-1,479	-1,679	14%	23%
Provision for possible loan losses	-1,102	-3,314	201%	-497	-921	-2,393	160%	382%
Other provision	-49	-40	-18%	-35	-173	133	-177%	-478%
Main components of balance sheet closing balances in HUF mn	**2008**	**1H 2009**	**YTD**	**2Q 2008**	**1Q 2009**	**2Q 2009**	**Q-o-Q**	**Y-o-Y**
Total assets	308,140	284,680	-8%	277,414	327,371	284,680	-13%	3%
Gross customer loans	255,021	229,789	-10%	206,341	270,062	229,789	-15%	11%
Retail loans	155,430	125,464	-19%	132,345	148,634	125,464	-16%	-5%
Corporate loans	93,904	104,325	11%	73,996	121,428	104,325	-14%	41%
Allowances for possible loan losses	-4,350	-7,666	76%	-2,399	-6,110	-7,666	25%	220%
Deposits from customers	205,410	159,442	-22%	212,807	185,104	159,442	-14%	-25%
Retail deposits	92,783	79,685	-14%	106,549	94,194	79,685	-15%	-25%
Corporate deposits	110,735	79,758	-28%	106,258	90,911	79,758	-12%	-25%
Liabilities to credit institutions	70,173	90,465	29%	38,656	99,913	90,465	-9%	134%
Subordinated debt	3,177	7,356	132%	2,844	8,349	7,356	-12%	159%
Total shareholders' equity	18,171	18,854	4%	14,908	21,839	18,854	-14%	26%
Loan Quality (%)	**1H 2008**	**1H 2009**	**Y-o-Y**	**2Q 2008**	**1Q 2009**	**2Q 2009**	**Q-o-Q**	**Y-o-Y**
90+ days past due loans/gross customer loans	0.5%	4.2%	3.77%	0.5%	1.7%	4.2%	2.56%	3.77%
Cost of risk/average gross loans	1.1%	2.7%	1.61%	1.0%	1.4%	3.8%	2.39%	2.84%
Total provisions/90+ days past due loans	251.4%	67.4%		251.4%	134.5%	67.4%	-67.17%	
Indicators (%)	**1H 2008**	**1H 2009**	**Y-o-Y**	**2Q 2008**	**1Q 2009**	**2Q 2009**	**Q-o-Q**	**Y-o-Y**
Gross loans to deposits	97.0%	144.1%	47.2%	97.0%	145.9%	144.1%	-1.8%	47.2%
Cost/income ratio	48.4%	47.0%	-1.4%	48.1%	46.5%	47.4%	0.9%	-0.7%
Net interest margin	2.17%	3.43%	1.26%	2.31%	3.05%	3.47%	0.42%	1.17%
ROA	1.2%	0.1%	-1.0%	1.3%	0.8%	-0.5%	-1.3%	-1.9%
ROE	24.4%	2.0%	-22.4%	27.8%	12.1%	-8.1%	-20.1%	-35.8%

- ***HUF 0.2 billion half year profit, strong income dynamics: 1H NII increased by 74% y-o-y, but trebling risk cost***
- ***Decreasing Net F&C (-31% y-o-y) as a result of deposit base erosion and decline in transaction numbers***
- ***Erosion of deposit base stopped in May and retail deposits started to recover since June***
- ***Deteriorating portfolio quality, decreasing coverage***

1H 2009 profit after tax of CKB is HUF 0.2 billion (-88% y-o-y). Strong net interest income (+74% y-o-y) was supported by higher margins through bigger average loan portfolio. Profitability, however decreased significantly due to ballooning risk costs (+201% y-o-y) and the missing commission income (lower deposit portfolio, decline in the number of customer transactions and decreasing commission results due to the given fee-allowances).

In 2Q 2009 CKB realized a loss of HUF 410 million. Quarterly net interest income shows q-o-q 11% increase, whereas the yearly the interest income increased massively (74%) due to the favourable changes of interest rate – primarily as a result of the repricing of corporate loans in progress. NIM improved remarkably both in yearly and in quarterly comparison, the first six months level grew to 3.43% (+1.26pp y-o-y). The interbank portfolio expanded as a consequence of higher external funding mitigating the negative effect of deposit withdrawal.

The favourable dynamics of operating income was negatively effected by the relatively weak results of net F&C. At the same time in recent months commissions preformed much better: q-o-q the decline is only 5%, the deposit and cash transfer commissions stagnated q-o-q. (2Q 2009 HUF 538 million).

The quarterly risk cost (HUF -2.4 billion) increased by HUF 1.5 billion q-o-q due to the significant portfolio deterioration. Ratio of 90+ DPD loans increased to 4.2% (q-o-q 2.5pp), mainly as a result of the quality deterioration of SME and large-corporate loans. Despite of the significant provisioning the coverage of problematic loans decreased remarkably y-o-y (from 135% to 79%).

Corporate deposits declined significantly since November 2008, however the volume melt-down stopped by the end of June. (q-o-q in EUR the portfolio remained stable). Also, a positive turn around emerged in the retail deposit base which declined since September continuously: in June (in LCY) the portfolio already showed a slight increase (+1% m-o-m).

There is practically no new loan disbursement, but because of the sizeable deposit withdrawal loan-to-deposit ratio shows a significant deterioration y-o-y. In 2Q the indicator remained unchanged.

Loan portfolio decreased by 3% q-o-q (in LCY). On a yearly base retail loan portfolio declined by 18% (in LCY), q-o-q by 4%. Only overdraft and credit card segments could grow y-o-y. In 2Q 2009 the portfolio of corporate loans started to decline (q-o-q -4%, y-o-y +20% was the calculated dynamics).

In 1Q 2009 CKB received EUR 15 million subordinated capital from the mother bank and a capital increase is in progress with similar size.

STAFF LEVEL AND OTHER INFORMATION

The closing staff number of OTP group was 29,819 as at 30 June 2009 (-425 people 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 most significant lay-off was carried through at OTP Bank (378 people) and at the Ukrainian subsidiary (more than 400 people). As for the closing number of Russian subsidiary it increased by 60 people (POS-selling agents) in order to boost new loan origination, thus the closing number reached 8,522 people at the end of 2Q 2009.

The Group's branch network included 1,536 branches at the end of June 2009. (-14 branches q-o-q). The most sizeable decline was realized in Serbia (-20 branches), whereas in Hungary, Bulgaria and Russia few new branches have been opened. The network development was temporary suspended, Related expenses were heavily cut back both at OTP Core and subsidiaries levels.

	30/06/2008	31/03/2009	30/06/2009	Q-o-Q	Y-o-Y
OTP BANK					
Closing staff (persons)	8,424	8,134	7,919	-2.6%	-6.0%
Average staff (persons)	8,312	8,149	8,134	-0.2%	-2.1%
Per capita total assets (HUF mn)	620.2	744.9	768.3	3.1%	23.9%
Per capita profit after tax quarterly (HUF mn)	5.5	6.8	3.4	-50.2%	-38.3%
GROUP					
Closing staff (persons)	34,025	30,244	29,819	-1.4%	-12.4%
Average staff (persons)	33,456	30,373	30,053	-1.1%	-10.2%
Per capita consolidated total assets (HUF mn)	260.2	333.9	318.7	-4.5%	22.5%
Per capita consolidated profit after tax quarterly (HUF mn)	2.2	1.4	2.9	111.3%	31.1%

	30 June 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	**403**	**2,002**	**32,837**	**3,847**	**4,675**	**7,919**	***0***	***-13***	***-966***	***-120***	***-85***	***-378***
DSK Bank	385	849	3,618	1,229	2,938	4,238	*6*	*-1*	*137*	*-374*	*-1*	*-40*
OTP Banka Slovensko	77	118	638	118	1,868	685	*-12*	*-1*	*36*	*-1*	*1,680*	*-54*
OTP banka Hrvatska	105	185	1,199	358	448	1,032	*0*	*22*	*27*	*1*	*0*	*-15*
OTP Bank Romania	105	133	965	133	194	1,059	*0*	*1*	*284*	*17*	*16*	*-37*
OTP Bank JSC (Ukraine)	228	218	395	81	252	3,984	*-1*	*10*	*33*	*-20*	*14*	*-408*
OAO OTP Bank (Russia)	122	228	2,196	3,321	2,472	8,522	*-6*	*36*	*27*	*285*	*-348*	*73*
OTP banka Srbija	71	197	3,813	153	360	1,003	*-24*	*-7*	*457*	*59*	n,a,	*-180*
CKB	40	105	3,205	186	314	483	*0*	*-90*	*182*	*-3*	*11*	*0*
Subsidiaries total	**1,133**	**2,033**	**16,029**	**5,580**	**8,845**	**21,006**	***-37***	***-30***	***1,183***	***-36***	***1,372***	***-661***
Group total (aggregated)	**1,536**	**4,035**	**48,866**	**9,427**	**13,520**	**29,819**	***-37***	***47***	***1,109***	***-157***	***1,647***	***-1,065***

PERSONAL AND ORGANIZATIONAL CHANGES

The Auditor of OTP Bank has not been changed.

From 9 June 2009 – in accordance with the By-Laws of the Company referring to the section 9.4. – Dr. Antal Pongrácz, Deputy CEO was elected a Deputy Chairman of the Bank's Board of Directors until the closing AGM of the fiscal year 2010 but latest until 30 April 2011.

From 31 July 2009 – with a mutual agreement – the employment of Mr. László Urbán CFO was terminated and simultaneously he has resigned from all his positions at the Company. The Chairman and CEO of the Bank mandated Mr. László Bencsik to the Head of Strategic and Financial Division effective from 1 August.

STATEMENT ON CORPORATE GOVERNANCE PRACTICE

Corporate governance practice

OTP Bank Plc., as a Hungarian-registered company has a corporate governance that accords with the provisions of the Hungarian Act on Companies. Due to the nature of its banking operations, it also complies with the statutory regulations pertaining to credit institutions.

Beyond fulfilling the statutory requirements, as a company listed on the Budapest Stock Exchange (BSE), it makes an annual declaration on its compliance with the BSE's Corporate Governance Recommendations, which, following approval by the General Meeting, it publishes on the websites of both the Stock Exchange (www.bet.hu) and the Bank (www.otpbank.hu).

In the first half of 2009 several amendments were accepted which increased the compliance with the BSE Recommendations compared to the 2008 annual declaration. These amendments had been marked at the relevant places.

Internal control system

OTP Bank Plc., as a provider of financial and investment services, operates a closely regulated and state-supervised system of internal controls.

The Company has detailed risk management regulations applicable to all types of risks, which are in compliance with the legal regulations on prudent banking operations. Our risk management system extends to cover the identification of risks, the assessment and analysis of their impact, elaboration of the required action plans and the monitoring of their effectiveness and results.

To ensure effective internal auditing, the Company's internal control system is structured along both vertical and horizontal lines. The system of internal checks and balances comprises a combination of process-integrated, management and independent internal audit functions. The independent internal audit organisation promotes the use of safe, well-considered business procedures, efficient operation and the minimising of risks, besides monitoring compliance with the statutory provisions. It regularly prepares objective and impartial reports on risk management operations, internal control mechanisms and corporate governance functions, for the executive boards and management.

In keeping with the regulations of the European Union and the applicable Hungarian laws, the Bank has established an independent organisational unit with the task of identifying and managing compliance risks.

General Meeting

The General Meeting is OTP Bank Plc.'s supreme governing body. The regulations pertaining to its operation are set forth in the Company's Bylaws, and comply fully both with general and special statutory requirements. Information regarding the General Meeting is published in the Corporate Governance Report.

In the first half of 2009 in accordance with the BSE Recommendations the General Meeting accepted amendments to extend shareholders' rights. Such as e.g. the electronic document transmission upon written request of the shareholder or the separate or combined approval of the amendment proposals for the Company's Bylaws – according to the resolution of shareholders.

Committees

Members of the Board of Directors

Dr. Sándor Csányi – Chairman
Dr. Antal Pongrácz – Vice Chairman
Dr. László Urbán[7]
Dr. László Utassy
Mihály Baumstark
Dr. Tibor Bíró
Péter Braun
Dr. István Kocsis
Dr. Sándor Pintér
Dr. György Szapáry
Dr. József Vörös

Members of the Supervisory Board

Tibor Tolnay – Chairman
Dr. Gábor Horváth
Jean-Francois Lemoux
Antal Kovács
András Michnai

Members of the Audit Committee

Dr. Gábor Horváth – Chairman
Tibor Tolnay
Jean-Francois Lemoux
Csaba Nagy

The résumés of the committee and board members are available on the website of OTP Bank and in the Corporate Governance Report/Annual Report.

[7] Until 31 July 2009

Operation of executive boards

OTP Bank Plc. has a dual governance structure, in which the Board of Directors is the Company's executive body, while the Supervisory Board performs oversight tasks. Through their work, the Audit Committee and the Supervisory Board promote effective operation. To assist it in the performance of its governance functions the Board of Directors has created, as permanent committees, the Executive Committee and the Subsidiary Integration Committee. To ensure effective operation the Bank also has a number of permanent and special committees.

The Bank gives an account of the activities of the executive boards and the committees every year in its Corporate Governance Declaration.

In the first half of 2009 as a result of the amendments in accordance with the BSE Recommendations the Remuneration Committee was established, further on the remuneration guidelines of the executive officers and management of the Company – formed by the Board of Directors and opined by the Supervisory Board – was approved by the General Meeting.

Procedures of the Supervisory Board has been supplemented with among the others the independency criteria of the board members (about which each member of the board makes a declaration year by year) and with the regulation regarding the engagement of external professionals.

In accordance with the BSE recommendations the tether of the Audit Committee was extended (with internal audit function, in relation with the auditors).

The Board of Directors and the Supervisory Board held five meetings, the Audit Committee held one meeting in the first half of 2009. Since 24 April, 2009 – according to the resolution of the General Meeting – the number of the members of the Supervisory Board increased from 5 to 6, and of the Audit Committee from 3 to 4.

ENVIRONMENTAL POLICY, ENVIRONMENTAL PROJECTS

Our environment protection responsibility

As a socially responsible company, OTP Bank regards as important to play a role with its means in the development of the long term sustainable environment. Within the confines of this the Bank forms its operation to reduce its environmental footprint.

Through our activities we have a direct and indirect effect on our environment. In order to minimize the negative effects it is important to have the most complete knowledge of these effects. The recognition and measurement of effects originating from our operation and the mitigation of the environmental burden is part of our social responsibility strategy.

The Environmental Protection Guidelines of the Bank was effectuated in January 2009 which anchors the framework of our environmental protection activity. Beside of the exact definition of tasks and responsibilities it draws guidelines and viewpoints for the purpose of the environment-cautious "green" procurement.

When making procurements, during the supplier selection process particular emphasis is placed on enforcing environmental and ethical standards. Procurement is centralised further on at a Group level and as a result of that the aspects of selection are unified and controllable; the maintenance and the waste management of electronic devices is more effective. During the selection process of the products and the suppliers besides of the quality and cost the durability and maintenance is an important factor. New devices – regarding their energy consumption and material utilisation – are more environment protective, at the same time we make effort to maintain an optimal equilibrium in the frequency of their exchange. The aspects of "green" procurement are intensifying with the effectuation of the Environmental Protection Guidelines.

Material consumption and our measures to minimise it

In case of the Bank and the Bank Group the office work is typical and because of that the material needed to that means primarily the used material. The paper consumption is the largest material consumption of OTP Bank.

Nevertheless the Bank use recycled paper in a large quantity and we are continuously examining the application opportunities of these materials in a wider range. As a result of our measures definite circle of our central marketing materials (promotional bags, pens, dairies, note-pads etc.) are made henceforward from environment friendly materials. Since February 2009 all product promotional leaflets for the branches are printed on recycled paper. In all of our 403 branches the collection and transfer for recycling of marketing materials (product guides, prospectuses and posters) is provided. The selective collection, transportation, milling and recycling of paper waste in case of branches and office building is mainly solved. The increase of ratio of waste material for energy production purposes is a constant goal of the Bank.

Our goal is to minimize the paper consumption as a result of our activity, which is achieved among others with the more and more wider usage of electronic channels. With the extension of intranet functions and continuous development of the sale supporting IT systems we substitute paper based materials.

Energy consumption

The environmental burden resulted by the operation of the Group derives mainly from the maintenance of the central offices, the branch network and from business trips.

At several of our premises we have built up so called solar systems operation of which is based on the usage of solar energy as a renewing type of energy. The first and largest solar system had been implemented in 2003 on the central building of the recreation area of OTP Bank at Balatonszemes. Since then the utilization of renewable energy has been continuous. As a result of the expansion of the hot water providing systems based on solar energy until today the office buildings in Babér and Lajos street and our holiday home at Mátraszentimre have been equipped with solar cells (almost 460 sqm). Based on the results of the solar system operating at lake Balaton, with the implementation of the system we have saved more than 2000 GJ energy since 2003 and because of that the environment load deriving from the utilisation of natural gas decreased with a significant amount.

Our car park decreases continuously, currently the fleet of the Bank consists of 348 vehicles. Our company cars require a continuous maintenance for the safe and environment protecting operation.

Environmental Education

The environmental impacts of OTP Group are as various as the effects of its social and economic activities. The focus of our environmental education is on environmental friendly consumption of materials, thriftiness and environmental-aware handling of waste.

Integral part of OTP Bank's social responsibility efforts is to sponsor such long-term and sustainable programs that protect its environment and ensure the safekeeping of the nature. As a part of our campaign launched in spring, we introduced the so-called green bank accounts, so instead of receiving printed and posted bank account statements we let our customers receive those electronically. Within the program framework the Bank – together with WWF Hungary – called the attention of people to the importance of protecting trees and forests. Namely, switching to green bank account statements will result less tree lumber. As a result of the campaign between 1 May and 15 June sending of 36,888 account statement papers discontinued. With each and every discontinued account statement paper OTP Bank offered HUF 40 to participate in financing WWF's forest protection program.

OTP Bank promotes the importance of the protection of the environment not just towards its clients, but also tries to establish this approach in its internal operations. We urge our employees in various ways to save energy; internal guidelines regulate the reasonable use of printers, and we held trainings on energy saving and environmental awareness. Our training 'Social responsibility of companies' which was started at end 2008 and ended at the beginning of 2009 – which included responsibility towards our environment – got international acknowledgement in Berlin. The professional jury awarded the Comenius pendant to the Bank as the best in the category.

OTP Group is a dominant player in the region, therefore it is important for us to set positive example to all our stake holders. The readers of Reader's Digest magazine awarded 'The most trusted financial institution brand in Hungary' and 'The most trusted environmental brand' to OTP.

Budapest, 13 August 2009

FINANCIAL DATA

UNCONSOLIDATED AND CONSOLIDATED IFRS BALANCE SHEET

in HUF million	OTP Bank			Consolidated		
	30/06/2009	31/12/2008	change	30/06/2009	31/12/2008	change
Cash, due from banks and balances with the National Bank of Hungary	166,281	157,437	6%	303,291	348,849	-13%
Placements with other banks, net of allowance for possible placement losses	855,061	920,455	-7%	653,635	593,542	10%
Financial assets at fair value through profit and loss	200,539	151,716	32%	190,958	129,332	48%
Securities held-for-trading	94,618	54,819	73%	97,054	56,673	71%
Fair value adjustment of derivative financial instruments	105,921	96,897	9%	93,904	72,659	29%
Securities available-for-sale	614,302	549,911	12%	428,209	481,257	-11%
Loans, net of allowance for possible loan losses	2,686,310	2,715,382	-1%	6,632,334	6,730,170	-1%
Accrued interest receivable	50,356	60,360	-17%	87,962	87,793	0%
Investments in subsidiaries	617,632	596,244	4%	10,377	10,467	-1%
Securities held-to-maturity	686,014	437,535	57%	601,083	321,733	87%
Premises, equipment and intangible assets, net	109,787	112,383	-2%	466,261	469,701	-1%
Other assets	98,248	70,892	39%	129,952	206,592	-37%
TOTAL ASSETS	**6,084,530**	**5,772,315**	**5%**	**9,504,062**	**9,379,436**	**1%**
Due to banks and deposits from the National Bank of Hungary and other banks	877,776	705,565	24%	947,598	842,867	12%
Deposits from customers	3,161,284	3,090,762	2%	5,296,596	5,219,226	1%
Liabilities from issued securities	519,423	601,791	-14%	1,351,719	1,526,639	-11%
Accrued interest payable	57,742	36,428	59%	112,965	99,141	14%
Other liabilities	344,744	263,345	31%	384,018	326,444	18%
Subordinated bonds and loans	281,421	301,951	-7%	285,655	316,148	-10%
TOTAL LIABILITIES	**5,242,390**	**4,999,842**	**5%**	**8,378,551**	**8,330,465**	**1%**
SHARE CAPITAL	28,000	28,000	0%	28,000	28,000	0%
RETAINED EARNINGS AND RESERVES	875,947	842,318	4%	1,201,363	1,160,935	3%
Retained earnings and reserves without earnings	793,386	708,363	12%	1,117,301	920,463	21%
Reserves	782,737	703,613	11%	983,726	790,826	24%
Fair value adjustment of securities available-for-sale and of derivative financial instruments recognised directly through equity	-11,933	-14,431	-17%	-5,151	-14,028	-63%
Fair value adjustment of share based payments	22,582	19,181	18%	22,582	19,181	18%
Fair value adjustment of cash-flow hedging transactions recognized in profit and loss account				-2,899		
Hedging transactions of net investments				-1,762		
Additional reserve (issued capital element)				120,805	124,484	-3%
Retained earnings	82,561	133,955	-38%	84,062	240,472	-65%
TREASURY SHARES	-61,807	-97,845	-37%	-110,711	-146,749	-25%
MINORITY INTEREST				6,859	6,785	1%
TOTAL SHAREHOLDERS' EQUITY	**842,140**	**772,473**	**9%**	**1,125,511**	**1,048,971**	**7%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**6,084,530**	**5,772,315**	**5%**	**9,504,062**	**9,379,436**	**1%**

UNCONSOLIDATED AND CONSOLIDATED IFRS PROFIT AND LOSS ACCOUNT

in HUF million	OTP Bank			Consolidated		
	1H 2009	1H 2008	change	1H 2009	1H 2008	change
Loans	133,308	110,340	21%	409,028	330,714	24%
Interest income without swap	126,322	106,263	19%	402,042	326,637	23%
Results of swaps	6,986	4,077	71%	6,986	4,077	71%
Placements with other banks	198,576	123,902	60%	192,932	111,208	73%
Interest income without swap	17,824	19,445	-8%	7,182	9,841	-27%
Results of swaps	180,752	104,457	73%	185,750	101,367	83%
Due from banks and balances with the National Bank of Hungary	3,868	6,671	-42%	4,195	7,951	-47%
Securities held-for-trading	1,433	2,367	-39%	1,431	3,982	-64%
Securities available-for-sale	22,485	9,750	131%	13,882	17,112	-19%
Securities held-to-maturity	22,225	23,207	-4%	17,819	12,899	38%
Total Interest Income	*381,895*	*276,237*	*38%*	*639,287*	*483,866*	*32%*
Due to banks and deposits from the National Bank of Hungary and other banks	151,976	52,240	191%	140,522	56,281	150%
Interest expenses without swap	17,737	13,171	35%	22,280	18,366	21%
Losses of swaps	134,239	39,069	244%	118,242	37,915	212%
Deposits from customers	100,797	67,238	50%	145,457	101,367	43%
Interest expenses without swap	94,280	65,103	45%	138,940	99,232	40%
Losses of swaps	6,517	2,135	205%	6,517	2,135	205%
Liabilities from issued securities	14,745	10,609	39%	40,788	33,312	22%
Subordinated bonds and loans	8,819	8,354	6%	8,611	8,854	-3%
Other entrepreneurs				44	37	19%
Total Interest Expense	*276,337*	*138,441*	*100%*	*335,422*	*199,851*	*68%*
NET INTEREST INCOME	**105,558**	**137,796**	**-23%**	**303,865**	**284,015**	**7%**
Provision for possible loan losses	33,895	7,870	331%	100,097	29,654	238%
Provision for possible placement losses	1,077	1		2,066	30	
Provision for possible loan and placement losses	34,972	7,871	344%	102,163	29,684	244%
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN AND PLACEMENT LOSSES	70,586	129,925	-46%	201,702	254,331	-21%
Fees and commissions	80,090	76,114	5%	82,238	88,557	-7%
Foreign exchange gains and losses, net	-19,475	-30,216	-36%	-16,586	-13,559	22%
Gains and losses on securities, net	-6,309	-561		-167	-419	-60%
Gains and losses on real estate transactions, net	0	-2		495	760	-35%
Dividend income and gains and losses of associated companies	32,992	15,964	107%	881	1,061	-17%
Insurance premiums				0	43,459	-100%
Other	36,770	1,307		45540	11428	298%
Total Non-Interest Income	*124,068*	*62,606*	*98%*	*112,401*	*131,287*	*-14%*
Fees and commissions	10,752	11,746	-8%	16,901	19,793	-15%
Personnel expenses	38,506	36,723	5%	77,719	81,189	-4%
Depreciation and amortization	10,811	11,285	-4%	20,774	19,650	6%
Insurance expenses				0	31,651	-100%
Other	40,317	35,203	15%	93,721	81,961	14%
Total Non-Interest Expense	*100,386*	*94,957*	*6%*	*209,115*	*234,244*	*-11%*
INCOME BEFORE INCOME TAXES	**94,268**	**97,574**	**-3%**	**104,988**	**151,374**	**-31%**
Income taxes	11,707	9,287	26%	20,965	21,756	-4%
INCOME AFTER INCOME TAXES	**82,561**	**88,287**	**-6%**	**84,023**	**129,618**	**-35%**
Minority interest				39	-417	-109%
NET INCOME	**82,561**	**88,287**	**-6%**	**84,062**	**129,201**	**-35%**

UNCONSOLIDATED AND CONSOLIDATED IFRS CASH-FLOW STATEMENT

in HUF million	OTP Bank			Consolidated		
	1H 2009	1H 2008	change	1H 2009	1H 2008	change
OPERATING ACTIVITIES						
Income before income taxes	94,268	97,574	-3%	104,988	151,374	-31%
Adjustments to reconcile income before income taxes to net cash provided by operating activities						
Income tax paid	-9,008	-6,100	-48%	-15,580	-15,559	0%
Depreciation and amortization	10,811	11,285	-4%	20,774	19,650	6%
Provision for loan and placement losses	41,235	5,100	709%	119,608	31,204	283%
Net increase in insurance reserves	0	0	0%	0	5591	-100%
Share-based compensation	3,401	2,856	19%	3,401	2,856	19%
Unrealised losses on fair value adjustment of securities held of trading	-5,376	1,164	-562%	1,373	1,015	35%
Unrealised losses / (gains) on fair value adjustment of derivative financial instruments	35,123	-45,040	178%	-8,212	-27,405	70%
Changes in operating assets and liabilities	-84,659	11,020	-868%	106,351	55,389	92%
Net cash provided by operating activities	**85,795**	**77,589**	**11%**	**332,703**	**218,524**	**52%**
INVESTING ACTIVITIES						
Net cash used in investing activities	**-200,538**	**-87,914**	**-128%**	**-363,975**	**-403,322**	**10%**
FINANCING ACTIVITIES						
Net cash provided by financing activities	**119,066**	**-25,771**	**562%**	**-15,539**	**142,457**	**-111%**
Net (decrease) / increase in cash and cash equivalents	**4,323**	**-35,826**	**112%**	**-46,811**	**-42,341**	**-11%**
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	**97,389**	**37,615**	**159%**	**231,512**	**152,519**	**52%**
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	166,281	205,298	-19%	303,291	324,528	-7%
Compulsory reserve established by the National Bank of Hungary	-68,892	-167,683	59%	-71,779	-172,009	58%
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**97,389**	**37,615**	**159%**	**231,512**	**152,519**	**52%**

Registered capital, issued securities

The registered capital of the Company is HUF 28,000,001,000, that is HUF Twenty-Eight Thousand Million One Thousand split into 280,000,010 that is Two hundred and eighty million ten number of dematerialised ordinary shares having a nominal value of HUF 100 each, and a total nominal value of HUF 28,000,001,000, that is HUF Twenty eight billion one thousand.

The ordinary shares of the Company have the same nominal value and representing same rights at the Company.

Ownership structure of OTP Bank Plc.

Description of owner	Total equity					
	1 January 2009			30 June 2009		
	%[1]	%[2]	Qty	%[1]	%[2]	Qty
Domestic institution/company	5.7%	6.1%	15,917,385	16.6%	16.9%	46,363,724
Foreign institution/company	75.4%	81.1%	211,211,327	66.0%	67.4%	184,727,152
Domestic individual	7.9%	8.5%	22,232,810	11.2%	11.4%	31,328,482
Foreign individual	0.1%	0.1%	193,787	0.2%	0.2%	475,442
Employees, senior officers	2.1%	2.3%	5,881,388	2.0%	2.1%	5,688,251
Treasury shares	7.0%	0.0%	19,509,673	2.1%	0.0%	5,871,352
Government held owner[3]	0.3%	0.3%	853,640	0.5%	0.5%	1,345,607
International Development Institutions[4]	1.5%	1.6%	4,200,000	1.5%	1.5%	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	3,772,792		
Subsidiaries	2,098,560	2,098,560	2,098,560		
TOTAL	19,509,673	29,870,261	5,871,352		

Shareholders with over/around 5% stake

Name	Number of shares	Voting rights	Beneficial ownership
Artio Global Management LLC[1]	26,131,445	9.33%	9.53%
Groupama	22,400,000	8.86%	9.05%
MOL	24,800,000	8.57%	8.76%
Megdet, Timur and Ruszlan Rahimkulov	23,615,619	8.43%	8.61%

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

Extent of voting rights determined by the By-law of the Company

The extent of voting rights exercised directly or indirectly by any individual shareholder or group of shareholders may not exceed 25% (or in case the voting rights of another shareholder or group of shareholders exceed 10% it may not exceed 33%) of the total voting rights represented by the shares entailing voting rights at the General Meeting of the Company.

If the shareholder by oneself or together with other shareholders belonging to the same group of shareholders is holding directly or indirectly more than 2% of the voting rights represented by the shares entailing voting rights at the General Meeting of the Company, the shareholder is obliged to notify the Board of Directors without delay.

Treasury share issuance – the conditions of acquisitions of treasury shares

The AGM - referring to the resolution 11/2009 of the AGM - authorizes the Bank's Board of Directors to purchase treasury shares in order to create the necessary supply for the administration of the incentive programme of the management at OTP Bank Plc. and to prevent the price fluctuations of the shares, as well as to improve and support the client services.

The Board of Directors is authorized to purchase ordinary shares with a face value of HUF 100, but the number of treasury shares shall not be more than 56,000,000 in any moment during the period declared by this authorization.

In case of share purchase in exchange for consideration, the purchase price of the shares at each transaction shall not be lower than the face value of the share and not be higher than 150% of the highest price registered on the Budapest Stock Exchange on the day before the transaction, and in case of stock exchange transaction the purchase price of the share shall not be higher than 120% of the closing price registered on the Budapest Stock Exchange on the day before the transaction. The Board of Directors is entitled to the acquisition of treasury shares until 24 October 2010.

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	8,424	8,297	7,919
Consolidated	34,025	30,884	29,819

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	72,700
IT	Dr. Sándor Pintér	member	101,350
IT	Dr. Antal Pongrácz	Deputy Chairman, Deputy CEO	200,000
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
FB	Dr. Nagy Csaba	Member	2,500
SP	Dr. István Gresa	Deputy CEO	63,758
SP	Ákos Takáts	Deputy CEO	153,347
SP	László Wolf	Deputy CEO	697,640
TOTAL No. of shares held by management:			**2,683,900**

[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	1H 08	3Q 08	4Q 08 Audited	1Q 09	2Q 09	1H 09
Net interest income	**114,608**	**169,408**	**284,015**	**42,356**	**110,905**	**156,385**	**147,479**	**303,865**
(+) Foreign exchange result of swap transactions	4,728	-43,998	-39,270	88,916	42,387	3,841	-3,841	0
(+) Gain on securities due to swap transactions	0	0	0	0	0	0	0	0
(+) Other provisioning accruals (other risk costs) after NPLs' interest income (OTP Russia)	-1,848	-1,953	-3,801	-2,065	-2,105	-2,100	-2,518	-4,619
(-) Net interest accruals of agent fees (OTP Mortgage Bank)					5,393	0	0	0
Net interest income (adj)	**117,488**	**123,456**	**240,944**	**129,207**	**145,795**	**158,126**	**141,120**	**299,246**
Net fees and commissions	**34,202**	**34,562**	**68,764**	**34,851**	**31,615**	**31,877**	**33,458**	**65,336**
(+) Net interest accruals of agent fees (OTP Mortgage Bank)	0	0	0	0	5,393	0	0	0
Net fees and commissions (adj.)	**34,202**	**34,562**	**68,764**	**34,851**	**37,008**	**31,877**	**33,458**	**65,336**
Foreign exchange result on Consolidated IFRS P&L	**10,056**	**-23,615**	**-13,559**	**89,862**	**54,224**	**-11,806**	**-4,780**	**-16,586**
(-) Foreign exchange result of swap transactions	4,728	-43,998	-39,270	88,916	42,387	3,841	-3,841	0
(-) Result of strategic open FX position	-2,232	12,625	10,393	-4,472	-11,821	-2,390	0	-2,390
Foreign exchange result (adj.)	**7,560**	**7,758**	**15,318**	**5,418**	**23,658**	**-13,257**	**-939**	**-14,196**
Gain/loss on securities, net	**-3,348**	**2,929**	**-418**	**-442**	**-235**	**-4,723**	**4,556**	**-167**
(-) Gain/loss on securities due to swap transactions	0	0	0	0	0	0	0	0
Gain/loss on securities, net (adj.)	**-3,348**	**2,929**	**-418**	**-442**	**-235**	**-4,723**	**4,556**	**-167**
Result of discontinued operation	**0**	**0**	**0**	**125,287**	**-4,101**	**0**	**0**	**0**
(-) Profit of the sale of OTP Garancia Group (before tax)				125,287	-4,101	0	0	0
Result of discontinued operation (adj)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Gains and losses on real estate transactions	**172**	**588**	**760**	**779**	**267**	**269**	**226**	**495**
Result of discontinued operation (adj)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(+) Other non-interest income	**5,446**	**5,983**	**11,429**	**8,276**	**8,096**	**30,273**	**15,267**	**45,540**
(-) Received cash transfers	1	-8	-8	28	12	4	5	9
(-) Non-interest income from the release of pre-acquisition provisions	547	1,023	1,570	610	1,224	646	623	1,269
(+) Other non-interest expenses	-432	-338	-770	-3,758	-2,180	-1,194	-1,070	-2,264
Net other non-interest result (adj)	**4,638**	**5,218**	**9,856**	**4,659**	**4,947**	**28,698**	**13,795**	**42,493**
Provision for possible loan and placement losses	**-12,826**	**-16,859**	**-29,685**	**-17,857**	**-63,906**	**-46,047**	**-56,116**	**-102,163**
(+) Non-interest income from the release of pre-acquisition provisions	547	1,023	1,570	610	1,224	646	623	1,269
Provision for possible loan and placement losses (adj)	**-12,279**	**-15,836**	**-28,114**	**-17,247**	**-62,682**	**-45,401**	**-55,493**	**-100,894**
Other expenses	**-40,032**	**-41,929**	**-81,961**	**-45,720**	**-55,295**	**-45,384**	**-48,336**	**-93,720**
(-) Other provisions	750	-2,270	-1,520	-4,094	-10,871	-8,293	-9,152	-17,445
(-) Paid cash transfers	-2,202	-598	-2,800	-255	-226	-95	-88	-183
(+) Film subsidies paid as cash transfer	-129	-595	-725	-213	-155	-65	-93	-158
(-) Other non-interest expenses	-432	-338	-770	-3,758	-2,180	-1,194	-1,070	-2,264
Other expenses (adj)	**-38,278**	**-39,318**	**-77,595**	**-37,826**	**-42,173**	**-35,867**	**-38,119**	**-73,986**
Other risk costs	**750**	**-2,270**	**-1,520**	**-4,094**	**-10,871**	**-8,293**	**-9,152**	**-17,445**
(-) Other provisioning accruals (other risk costs) after interest income (OTP Russia)	-1,848	-1,953	-3,801	-2,065	-2,105	-2,100	-2,518	-4,619

in HUF million	1Q 08	2Q 08	1H 08	3Q 08	4Q 08 Audited	1Q 09	2Q 09	1H 09
(-) Other provisioning release of Bagat transaction	2,070	0	2,070	0	0	0	0	0
Other risk costs (adj)	**528**	**-317**	**211**	**-2,029**	**-8,766**	**-6,193**	**-6,633**	**-12,826**
After tax dividends and net cash transfers	**-1,402**	**-345**	**-1,747**	**480**	**484**	**315**	**393**	**708**
(-) Paid cash transfer due to Bagat transaction	-2,070	0	-2,070	0	0	0	0	0
(-) Film subsidies paid as cash transfer	-129	-595	-725	-213	-155	-65	-93	-158
After tax dividends and net cash transfers	**798**	**250**	**1,048**	**693**	**638**	**380**	**486**	**866**
Depreciation	**-9,406**	**-10,244**	**-19,650**	**-10,760**	**-101,790**	**-10,291**	**-10,483**	**-20,774**
(-) Goodwill impairment charges (OTP Banka Srbija (Serbia), CJSC OTP Bank (Ukraine)) (before tax)	0	0	0	0	-93,592	0	0	0
Depreciation (adj)	**-9,406**	**-10,244**	**-19,650**	**-10,760**	**-8,198**	**-10,291**	**-10,483**	**-20,774**

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