OTP Bank Plc.

Half-year Financial Report
First half 2010 result

(English translation of the original report submitted

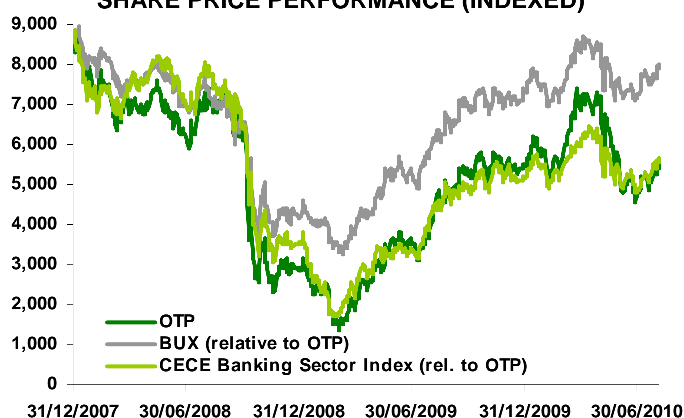
to the Budapest Stock Exchange)

Budapest, 12 August 2010

CONSOLIDATED FINANCIAL HIGHLIGHTS[1] AND SHARE DATA

Main components of the Statement of recognized income in HUF mn	1H 2009	1H 2010	Y-o-Y	2Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
Consolidated after tax profit	**84,023**	**69,759**	**-17%**	**42,214**	**42,358**	**27,402**	**-35%**	**-35%**
Consolidated after tax profit without the result of strategic open FX position, consolidated dividend and net cash transfers and goodwill impairment charges	**85,069**	**84,689**	**0%**	**41,728**	**42,379**	**42,310**	**0%**	**1%**
Pre-tax profit	106,512	108,494	2%	43,015	54,199	54,295	0%	26%
Operating profit	220,232	259,160	18%	105,142	109,311	149,849	37%	43%
Total income	392,712	430,574	10%	191,990	192,637	237,938	24%	24%
Net interest income (adj.)	299,246	314,964	5%	141,120	142,633	172,332	21%	22%
Net interest income without the revaluation result of FX swaps	*299,246*	*292,319*	*-2%*	*141,120*	*142,633*	*149,686*	*5%*	*6%*
Net fees and commissions	65,336	65,124	0%	33,458	31,141	33,983	9%	2%
Total other non-interest income (adj.)	28,130	50,486	79%	17,412	18,863	31,624	68%	82%
Operating expenses (adj.)	-172,480	-171,414	-1%	-86,848	-83,326	-88,089	6%	1%
Provision for loan losses (adj.)	-100,894	-150,594	49%	-55,493	-54,488	-96,105	76%	73%
Other cost of risk	-12,826	-72	-99%	-6,633	-624	551	-188%	-108%
Main components of balance sheet closing balances in HUF mn	2009	1H 2010	YTD	2Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
Total assets	9,755,132	10,184,544	4%	9,504,062	9,526,706	10,184,544	7%	7%
Placements with other banks and securities	440,850	495,596	12%	474,436	430,325	495,596	15%	4%
Total customer loans and advances (gross)	**6,907,094**	**7,573,082**	**10%**	**6,998,231**	**6,916,353**	**7,573,082**	**9%**	**8%**
Allowances for loan losses	-494,378	-686,320	39%	-365,897	-553,409	-686,320	24%	88%
Liabilities due to banks and governments	802,749	652,500	-19%	947,598	600,475	652,500	9%	-31%
Total customer deposits	**5,688,887**	**5,981,036**	**5%**	**5,296,596**	**5,744,609**	**5,981,036**	**4%**	**13%**
Issued securities	1,410,348	1,226,902	-13%	1,351,719	1,184,848	1,226,902	4%	-9%
Subordinated loans	280,834	301,281	7%	285,655	278,419	301,281	8%	5%
Total shareholders' equity	1,191,606	1,322,650	11%	1,125,511	1,255,524	1,322,650	5%	18%
Indicators %	1H 2009	1H 2010	Y-o-Y	2Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
ROA	1.8%	1.7%	-0.1%	1.7%	1.8%	1.7%	-0.1%	0.0%
ROE	15.6%	13.6%	-2.0%	14.9%	14.0%	13.2%	-0.9%	-1.7%
Operating profit margin (adj.)	4.71%	5.24%	0.54%	4.30%	4.60%	6.10%	1.50%	1.80%
Total income margin (adj.)	8.39%	8.71%	0.32%	7.86%	8.10%	9.68%	1.58%	1.83%
Net interest margin (adj.)	6.40%	6.37%	-0.02%	5.77%	6.00%	7.01%	1.01%	1.24%
Net interest margin without the revaluation result of FX swaps	*6.40%*	*5.91%*	*-0.48%*	*5.77%*	*6.00%*	*6.09%*	*0.09%*	*0.32%*
Risk cost to average gross loans (adj.)	2.91%	4.24%	1.33%	3.03%	3.23%	5.38%	2.15%	2.35%
Cost/income ratio (adj.)	43.9%	39.8%	-4.1%	45.2%	43.3%	37.0%	-6.2%	-8.2%
Net loan/(deposit+retail bond) ratio	108%	110%	2%	122%	106%	110%	4%	-11%
Capital adequacy ratio (consolidated, IFRS)	15.9%	17.3%	1.4%	15.9%	17.5%	17.3%	-0.2%	1.4%
Tier1 ratio (consolidated, IFRS)	12.0%	13.0%	0.9%	12.0%	13.8%	13.0%	-0.8%	0.9%
Core Tier1 ratio (consolidated, IFRS)	10.3%	11.4%	1.1%	10.3%	12.1%	11.4%	-0.7%	1.1%
Share Data	1H 2009	1H 2010	Y-o-Y	2Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
EPS diluted (HUF)	327	258	-21%	160	157	101	-36%	-37%
Closing price (HUF)	3,490	4,765	37%	3,490	6,871	4,765	-31%	37%
High (HUF)	3,789	7,400	95%	3,789	7,400	7,320	-1%	93%
Low (HUF)	1,355	4,560	237%	1,960	5,130	4,560	-11%	133%
Market Capitalization (EUR billion)	3.6	4.7	30%	3.6	7.2	4.7	-36%	30%
P/BV	0.8	1.0	23%	0.9	1.5	1.0	-34%	16%
P/E (trailing, from adjusted net earnings)	5.3	8.8	66%	5.3	12.8	8.8	-31%	66%
Average daily turnover (EUR million)	43.6	67.1	54%	56	61	73	20%	31%
Average daily turnover (million share)	4.95	3.07	-38%	5.3	2.7	3.4	28%	-35%

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	Baa3
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 2010

Half-year Financial Report for the first half 2010 results of OTP Bank Plc. has been prepared according to the 24/2008. (VIII.15.) PM resolution on the basis of its unconsolidated and consolidated condensed IFRS financial statements for 30 June 2010 or derived from that. At presentation of first Half 2010 report of OTP Bank we applied International Financial Reporting Standards adopted by the European Union.

Methodological note: calculation of the financials of OTP Core (Hungarian core business) and Corporate Centre has changed from 2Q 2010 on. According to the refined methodology, neither the aggregated net profit of the two entities, nor the consolidated financials for OTP Group is changed, only the profit allocation between the two entities, particular items of the balance sheet and some indices are modified. The note describing the methodological change as well as data set under the old methodology is published in the 'Sulppementary Data' section of the report and also available on the wbsite of the Bank (www.otpbank.hu / Investor Relations / Reports / BSE Reports, interim management reports). Tables and analysis in the main text of this report only contain financials calculated according to the new methodology.

SUMMARY OF THE FIRST HALF 2010

Improving Hungarian macroeconomic indicators, temporary weakening local currency

While there have been more and more signs of the global economy recovering from its deep recession – better indices, upward corrected growth indicators, stronger employment data – investor sentiment has remained fragile, occasional news were often overreacted.

The optimism characterizing debt and equity markets in the past twelve months temporary disappeared in April/May 2010. Risk appetite of investors suddenly turned into a search for safe-heaven assets (US Govies, CHF and gold); as a result equity and debt markets suffered a significant correction. The key reason for such a shift was the growing concern of investors about the ability of several Eurozone countries, first of all Greece, servicing their public debt. Within days the Greek, Spanish, Portuguese and Irish CDS spreads went through the roof. The risk aversion and market pessimism were further fuelled by the late, though massive downgrade moves of rating agencies. The coordinated efforts of EU, the record large stabilization fund, the announced fiscal adjustment measures of several European governments, as well as the successful bond auctions improved a lot the general sentiment around EU and the Eurozone. The better than expected results of the European bank stress in late July also strengthened market confidence.

In April Hungary had its Parliamentary elections where FIDESZ won $^{2}/_{3}$ of votes. As a result, it formed a new government that enjoyed the support of markets. Most of the macroeconomic indicators showed favourable trends: against the expected contraction 1Q GDP has already shown a 0.9% seasonally adjusted growth q-o-q, industrial production has started accelerating, the trade balance, and also the current account have been in surplus for several consecutive quarters, unemployment in June dropped to 11.1% and the net funding capability of Hungary improved a lot. Due to seasonal reasons the budget deficit has already exceeded the whole year target of 3.8% in June, however, in the meantime the Government implemented measures aimed at improving the fiscal balance, thus the original deficit target of 3.8% to GDP seems to be reasonable.

On 8 June the new Prime Minister submitted a 29 points action plan to the Parliament. The main focus, on one hand was a short term target of meeting the original deficit. However the plan also earmarked measures for improving the long term competitiveness of the Hungarian economy through a streamlined public sector and abolishing bureaucratic hurdles. While most of the contemplated steps are going to have longer term effect, there were two particular measures having already an immediate impact on OTP's business: from 1st July mortgages can't be pledged against FX-linked loans. Also, in 2010 the Government intends to collect approximately HUF 200 billion from the local financial sector together with the existing banking tax (paid after subsidized mortgage loans). The new tax will increase OTP's Hungarian operation cost base by an additional HUF 36 billion, whereas the net impact is estimated to be around HUF 29 billion. The tax is due in 3Q and 4Q in equal amounts.

Despite the fairly good economic performance of Hungary which compares favourably even in international comparison, the recent growing concern around the Eurozone, the temporary sell-off of riskier asset classes, and also the Hungarian government's communication put the local currency under pressure. Against the end-March level of 266, the EURHUF rate rose to 286. More pronounced was the fall against USD, JPY and CHF. As the latter is the major currency in FX lending, the exchange rate moves hit retail borrowers quite heavily (2010 1Q: CHF/HUF 186, 2010 2Q:

CHF/HUF 217). Moreover, the HUF not just hit historic lows against CHF on 30 June (217) the level last seen on 6 March 2009 (216), but hovers above the 200 level since early June. True, in early August it came close to that level. The HUF depreciation will have its primary effect through the worsening of FX denominated loan portfolio. Parallel with the weak performance of HUF, local reference yields kept growing: the short end moved up by 20-25 bps, the long end 85-105 bps respectively. Keeping close eye on market uncertainty as well as on risk-averse sentiment of investors, the Central Bank also took a more cautious stance. The monetary easing cycle stopped in April by a 25 bps rate cut, and the recent communication of the NHB even hinted that rate hike maybe within the cards, too. The current the base rate is 5.25%, by 625 bps lower compared to October 2008 when the crisis hit Hungary and NHB hiked rates temporarily to 11.5%. It is to be noted, however, that in June-July 2010 the local government debt market functioned normally, the Debt Management Agency sold papers over the plan, and the refinancing of maturing obligation is very safe.

Positive trends in Ukraine, worse than expected operational environment in Romania and Montenegro

As for the major subsidiaries, economic conditions shaped as expected. In Russia there is a gradual improvement in economic performance, the banking sector lending activity keeps accelerating, the retail loan demand is strong. In order to curb the budget deficit the Russian Government announced large scale privatization planes in the banking and energy sector.

In Ukraine the first six months turned to be better than expected: the stable political situation, the stronger demand for the major export goods, the recently signed agreements with Russia and the IMF widened a lot the manoeuvring room of the Government. Also, CDS spreads kept tightening, the UAH is stable, as a result there few rating upgrades for the sovereign. The shrinking loan portfolio hit the bottom; in 2H a moderate corporate loan demand is forecasted. Risk costs are expected to decline for the rest of the year.

In Bulgaria economic recovery will take longer time: 1Q GDP dropped by 3.6%, whereas the Government expects to capture a moderate 1% growth in 2010. The budget deficit of 3.6% agreed with EU will probably be somewhat higher.

As for other economies, in Romania the Government managed to sign an agreement with the IMF on a 6.8% deficit for 2010. That made available the new tranche to be drawn down. However, temporary uncertainties around the IMF deal put pressure on RON. In order to achieve the deficit targets, restrictive budgetary measure were implemented (VAT increase, wage cut, introduction of new taxes) which can have a negative impact on economic growth. Against OTP's originally optimistic forecast for this year a 2% contraction is expected and quite questionable if 2011 can witness any growth at all.

Slovakia and Serbia is going to have a moderate growth this year, while Croatia and Montenegro should still struggle with recession. In Croatia a good tourism season can be a triggering point, so far the occupancy rate is promising though revenues yet fell short of last year levels. In Montenegro the recovery will take longer times, the loan book is expected to further deteriorate.

Suspended talks with the IMF, excellent CEBS stress test results

According to our practice, all major events occurring after 30 June are addressed in the *Post balance sheet events* section, there were events worth mentioning right here:

Firstly, on 17 July talks between the Hungarian Government and the IMF/EU were temporary suspended and the first reactions of markets were overly negative: the Forint weakened, local yields widened, as well as the Hungarian CDS spreads. However, by early August, the HUF managed to gain back its strength, yields moderated. The Hungarian Prime Minister made it very clear that his Government was committed to meet the original 3.8% deficit target. However, he also stressed that it was beyond the means of IMF as to what measures the Government takes to achieve that target. Furthermore, with the Parliamentary approval of the 29 points Government program, Hungary's financial position is safe, stable and predictable, its debt refinancing can be covered from market sources, thus the country is not in a need of any IMF funds, neither she will seek a new safety standby facility.

As a reaction to this, on 23 July first Moody's announced that Hungary's "Baa1" rating was put on negative Credit Watch; later Standard & Poor's changed the country's rating outlook into negative. On 27 July FitchRating claimed that it was not contemplating any change in its outstanding rating (BBB) before having better visibility on the Government's further steps.

While markets in general reacted negatively to that news due to their fears on the sustainability of Hungary's debt financing, according to OTP's calculation the refinancing profile of the country is safe and her needs can be covered by local savings and fiscal reserves without turning to external market until 2011. From 2012 and onwards one can expect a normal functioning of debt capital markets, what Hungary can also use as an alternative source of funding.

The other important event was the European banking stress test arranged by CEBS. According to

the results published on 23 July 2010, OTP Bank excelled amongst 91 banks being examined and came out as the second best with a Tier1 ratio of 16.2% under the most adverse economic scenario.

Stable liquidity, improving loan-to-deposit ratio y-o-y

Opposite to 1H 2009, in 2010 most of the banks across the Group put a break on deposit collecting activity due to weak loan demand. Instead of further improving the liquidity ratio, banks rather focused on increasing their deposit margin. Still, the consolidated loan-to-deposit ratio improved by 6%-points y-o-y, the net loan-to-(deposit+retail bonds) ratio dropped by 11%-points to new lows (110%). The quarterly increase of the ratio is mainly the result of the weaker Forint (though higher notional loan volumes), but reclassification of Hungarian municipality bonds into loans also took its toll. The most significant yearly improvement was realized at the Ukrainian (-156%), Romanian (-53%) and Russian (-40%) subsidiaries. Parallel with the positive turnaround in liquidity several banks managed to prepay their interbank liabilities to OTP Bank which on one hand strengthened the liquidity reserves, and on the other improved their net interest results through investing into higher yielding assets. In the first six months OTP Bank completed two smaller scale market transactions: in February it issued CHF 100 million plain vanilla bonds with 2 year tenor, whereas in June it organized a EUR 250 million syndicated loan facility with similar maturity.

In Hungary the Bank managed to continue its successful retail bond issuance, by the end of 1H the outstanding volumes reached HUF 254 million (approx. EUR 900 million). Important to note, that the Bank's maturity profile is very healthy: following the redemption of EUR 500 million bonds on 1 July 2010, for the rest of the year the due total repayments (bond and loans) represent about EUR 625 million. That can be easily covered from the robust liquidity reserves of OTP Bank.

Strong operating income, goodwill impairment in case of Montenegro, record high risk costs

In 1H 2010 the Group realized excellent operating income: it grew by 18% y-o-y and advanced by a remarkable 37% q-o-q. While the excellent operating results were supported by one-off elements, even the one-off-adjusted net interest income and net fee and commission results remained stable in the period of 1H 2010.

As a result of the strict cost control, operating expenses even declined in nominal terms despite high headline inflation in many markets.

The single most important challenge for bottom line net profit has been stemming from risk cost developments. While the general macroeconomic conditions showed signs of improvement in many countries across the Group, the portfolio quality deterioration accelerated, as a result all-time high provisions had to be made. With HUF 151 billion risk costs being put aside, the DPD90+ portfolio coverage was kept stable at a comfortably high (74%) level.

A HUF 15 billion of goodwill impairment in case of CKB, Montenegro had a negative impact on the first 6 months consolidated after tax profit. After the successful performance through several years, from last fall 2009 the deteriorating macro environment induced a significant portfolio worsening and CKB's results turned into red for the last three consecutive quarters. In June 2010 OTP also had to inject capital into its Montenegrin operation. Those were the key reasons behind the goodwill impairment. According to the management' opinion, the loan book has already shown stabilization and no major portfolio deterioration is expected going forward.

The adjusted HUF 69.8 billion net profit for the period represents a 17% y-o-y decrease, whereas the 2Q after tax profit falls short of 1Q earnings by 35%. Excluding the effect of goodwill impairment both the 1H and 2Q results remained practically flat. The pre tax profit for 1H 2010 grew by 2% y-o-y.

Key drivers of the consolidated results: improving net interest income, significant pick up in other non interest income and risk costs, strict cost management

In 1H 2010 OTP group realized HUF 315 billion net interest income (+5% y-o-y) and HUF 172 billion (+21% q-o-q) in 2Q respectively. The good performance of this line is mainly related to a one-off item: in 2Q 2010 the HUF/FX basis swap spreads widened a lot – from 100 bps to app. 180 bps – resulting in a HUF 22.6 billion fair value adjustment gain on FX swaps booked as interest income. In order to mitigate the interest sensitivity of the HUF/FX swap portfolio, the Bank has started concluding derivative deals since 2Q 2010; hence in case of a possible future decrease in basis swap spreads the negative effect on interest income will be smaller. The FVA of swaps is booked only under IFRS only; there is no impact at all on HAR-based stand-alone P&L. Furthermore, while the lower interest rate environment had a pressure on margins, the weaker HUF against CHF, as well as the improving deposit margins in some markets and the strong Russian POS loan-margins had a mitigating effect. The adjusted 1H net interest margin (5.91%) dropped 48 bps y-o-y, whereas the 2Q NIM remained stable (6.09%).

The other non interest results accelerated sharply both y-o-y and q-o-q (79% and 68% respectively). The most significant turn-around was realized on the

net FX results line: against a loss HUF 14.2 billion in 1H 2009, OTP captured HUF 26.2 billion gains. Within 2Q 2010 net foreign exchange profit HUF 8.9 billion was realized on FX hedging transactions related to the FX-loans provisions at OTP Bank Ukraine. Identical amount of loss was booked amongst the consolidated capital reserves during the accounting consolidation. Also, 2Q net FX results includes a one-off revaluation gain of HUF 8.0 billion being offset amongst the risk cost. This profit was realized on the balance sheet position held by OTP Core for hedging purposes offsetting the revaluation results of FX-provisions related to its FX-loan portfolio. While the revaluation effect of the provisions is reported amongst risk costs, the result of the hedge is shown on FX gains line, thus the latter (HUF 8 billion gain) is fully set-off by a similar amount of risk cost.

Securities gains amounted to HUF 12.8 billion in the first six months as a result of a significant tightening of HUF yields. The net other non-interest results (2010 1H: HUF 10.4 billion) showed a substantial moderation of 76% y-o-y. The main reason behind was the absence of any gains from buyback deals. (In 1H 2009 OTP bought back a significant amount of its own Upper Tier2 bonds making a pre-tax profit of HUF 25.1 billion.)

The six months volume of operating expenses (HUF 171.4 billion) practically remained flat, which is quite an accomplishment given the relatively high level of inflation in most of the countries within the Group and the high proportion of FX-linked rental and other fees. Operating expenses grew by 6% q-o-q. The network rationalization started in 2009, as well as the reduction in employment had its positive impact on the consolidated cost-to-income ratio. The 1H CIR of 40% improved by 4% y-o-y, whereas the quarterly CIR dropped by 6%. Adjusted by one-off revenue items 1H CIR (44%) would have been the same y-o-y, whereas the quarterly ratio (44%) would have grown by 1%-point.

The macroeconomic recovery had only a limited impact on lending activity. The only unambiguous exception was Russia, where the FX adjusted loan portfolio advanced by 7%. Also, in few countries the retail segment showed a moderate improvement. The FX adjusted loan book corrected by the impact of municipality bonds being classified as loans from 2Q decreased by 4% y-o-y and by 1% q-o-q respectively. The pro forma loan portfolio advanced by 8% y-o-y and by 9% q-o-q as a result of HUF weakening.

DPD90+ ratio grew from 10.7% in 1Q to 12.4%. The deterioration was significant, but not without precedent. As risk costs grew sharply, too (+32% y-o-y and +75% q-o-q respectively), the loan loss coverage remained at adequate level (74%, +3.1%-point y-o-y, -1.8% point q-o-q). In case the HUF will stabilize at the around 200 CHF/HUF levels or even appreciates, there is a likelihood that 2010 risk costs may end up being lower than in 2009.

Outstanding consolidated and stand alone capital adequacy ratio

OTP Group's IFRS capital adequacy ratio ("CAR") improved by 1.4%-points y-o-y reaching 17.3% by the end of June 2010. Its Tier1 ratio grew to 13.0% (+0.9%-points y-o-y). Both levels exceed significantly those of for the competitors.

The unconsolidated HAS-based stand-alone CAR of the Bank reached 16.4%, being by 0.9%-points higher than a year ago.

Under the current nervousness of markets it is important to note that the Group's exposure to the Southern Euro zone countries is very limited. Its total exposure to the Greek, Portuguese, Italian and Spanish markets (govies, swaps, repo, interbank facilities) in total represents EUR 40 thousand.

In Hungary: revenue generation, forward looking provisioning, pick up in mortgage lending, successful liability management

In 1H 2010 OTP Core realized HUF 82.9 billion net results being flat y-o-y. The strong income base (+12%) and the moderating operational expenses (-2%) made it possible to create HUF 68.0 billion provisions. As the HUF weakened sharply in June and can have a future negative impact on portfolio quality, in 2Q risk costs increased to HUF 50.9 billion, as a result the provisioning coverage of DPD90+ loans improved by 3%-points reaching 78%.

The loan book stagnated q-o-q (adjusted for FX-effect and bond reclassification). Apart from the depreciation effect of HUF, there was another technical factor distorting loan volumes: approximately HUF 100 billion municipality bonds were reclassified into loans in 2Q. Consumer loans grew by 2% y-o-y, whereas corporate loans increased by 2% y-o-y (0% q-o-q) – thanks to the very active sales approach OTP Bank followed in this segment during 2009 and 2010. There was a positive development in volume trends: due to the stronger origination activity the mortgage book stopped falling. Within new flows OTP market share keeps improving since January 2010: in 2Q its market position in new loan origination showed 28.3% and the bank regained its No. 1 position in new disbursements. Another positive development that volumes are growing steadily: in 1H OTP sold HUF 41 billion (+44% y-o-y), whereas the 2Q origination (HUF 28 billion) was twice as big as in 1Q. As a reflection of general market trends and the business policy of the Bank, the currency structure of lending showed a clear sign of HUF dominance against FX. In 2Q approximately 83% of new mortgages were disbursed in HUF.

Portfolio deterioration continued and even accelerated: DPD90+ reached 9.1% by the end of June. 5.9% of the retail book has been restructured under the Debtor Protection Scheme, the speed of restructuring moderated.

Within total income the net interest results showed a remarkable increase of 9% y-o-y and 34% q-o-q being effected to a great extent by the one-off positive impact of swap FVA. The adjusted net interest margin in 1H was 4.79% (-0.64%-points y-o-y), whereas the quarterly NIM (4.96%) improved by 12 bps.

Net fee and commission dropped by 5% y-o-y, but grew by 3% q-o-q. The significant improvement in other non-interest income was due to a good result on the security portfolio, though FX results had a great performance, too. In 1H OTP has not bought back any of its outstanding obligation.

The FX adjusted deposits increased by 7% y-o-y (thanks to the development of corporate deposits) and remained flat q-o-q (-1%). Parallel with the declining interest environment and the redemption of promotional term deposits, alternative saving forms (bonds, mutual funds) is gaining further ground. In the last three months FX adjusted corporate deposits decreased, retail volumes stagnated, while municipality deposits suffered a decline due to seasonality effect.

Amongst the Hungarian subsidiaries Merkantil Group posted almost HUF 1 billion net loss. Operating earnings dropped by 3% y-o-y as a result of sharply increasing risk costs (+24%). The loan portfolio further deteriorated, DPD90+ reached 13.4%, and its coverage was close to 88%.

OTP Fund Management improved its net earnings substantially (+80% y-o-y), management fees advanced by a remarkable 50%. Total assets under management sharply increased (+41% y-o-y) and exceeded HUF 2 trillion. The Company's market position remained strong (2Q 2010: 32.8%).

Performance of foreign subsidiaries: dynamically improving Russian, stabilizing Ukrainian, Slovakian and Serbian operations; stable Bulgarian and Croatian business, loss making in Romania and Montenegro as a result of deteriorating macro environment

As for the performance of the major subsidiaries, in Russia POS-lending continued at a very strong pace: 2010 1H new disbursements grew by 85% y-o-y, furthermore the cross sale of credit cards gained momentum. The pick up in that business segment was not just the result of strengthening customer demand, but also to the sales and distribution efforts of the bank. In new POS-disbursements OTP Russia maintained its No. 2 position, whereas by volume of performing credit card loans it captured No. 6 position. Mainly as a result of those two products the 1H NIM (12.3%) in Russia improved significantly (+0.5%-points y-o-y). Even though the loan portfolio advanced by 29% y-o-y, the deposit growth far exceeded that pace expanding by 78%. As a result, the net loan-to-deposit ratio (96%) dropped by 40% y-o-y. On the back of the strong volumes net fees and commissions also grew nicely (+40%). The increase in risk costs was mainly induced by a one-off corporate exposure being delinquent since February; the risk cost rate of POS-loans is still favourable. The higher DPD90+ ratio (16.7%) is basically the result of the above mentioned corporate exposure. The coverage ratio of problem loans remained stable (84.5%), whereas the provisioning coverage of the one-off corporate exposure was 89% in RUB. Despite of the significant risk costs OTP Russia posted a remarkable HUF 4.8 billion after tax profit in 1H 2010 versus a tiny HUF 218 million result a year ago.

OTP Bank Ukraine posted a HUF 1.1 billion net result in the first six months versus a loss of HUF 10 billion forint in the corresponding period last year. Despite risk costs remained high (HIF 15.4 billion), they were much below the level a year ago (HUF 34.3 billion). While the macro environment stabilized, the loan portfolio further deteriorated and DPD90+ ratio climbed to 27.3% (+4%-points q-o-q), however roughly half of the q-o-q increase in the ratio is attributable to the decreasing total loan book. At the same time the provision coverage decreased a bit q-o-q, however its current level of 76% is commensurate with the Bank's risk profile. Within the revenues 1H net interest income dropped by 19%, but net fees and commissions managed to grow by 7% y-o-y. Despite the cost-to-income ratio (40.7%) grew by 7.2%, it is still one of the lowest across the group. The 22% decline of total income was only partially mitigated by a 5% decrease in operating costs. The FX-adjusted loan portfolio decreased by 13% y-o-y (-6% q-o-q), deposits, on the opposite advanced by 18% bringing down the net loan-to-deposit ratio to 293%. The ratio of restructured loans within the retail book reached 40.5% by the end of 2Q 2010.

DSK Bank posted again a balanced net result. While 1H after profit of HUF 9.2 billion fell short of 2009 corresponding period by 23%, that was the mixed effect of the stronger forint and higher risk costs. DSK managed to retain its strong income generating capability which was coupled with stringent cost control. In 2Q after tax profit increased by 2%, within that core earnings (net interest income and net fee results) advanced nicely (+8% and +20% respectively), the quarterly net interest margin grew by 30 bps. In the previous three months loan and deposit book grew by similar dynamism, as a result, the net loan-to-deposit ratio of 118% remained flat (but dropped by 11% y-o-y). Portfolio quality deteriorated, DPD90+ grew by 1.6% q-o-q and reached 9.5%. The provision coverage of problem

loans somewhat decreased (78%), but is still above the Group average.

In 1H 2010 the Croatian subsidiary realized an after tax profit of HUF 1.2 billion. The significant y-o-y 39% decrease was mainly the result of a substantial increase in risk costs. The loan portfolio further deteriorated (DPD90+: 11.9%). The bank has got a very stable liquidity position; its net loan-to-deposit ratio was the 91%, the lowest in the Group.

In Romania, risk costs more than trebled, that was the main reason turning OBR's operation into red. In 1H the bank posted a loss of HUF 2.1 billion. At the same time operating income grew steadily, by 48% y-o-y and 40% q-o-q. Despite the significant deterioration of the loan portfolio, which was caused by few corporate exposures, the DPD90+ 8.4% level is still better than the Group average. As a result of the rapid deposit growth (+22% y-o-y, +7% q-o-q), the net loan-to-deposit ratio dropped by 53%-points y-o-y and reached, 285%. The bleak macroeconomic environment increases the risk of higher impairments in the coming quarters.

The Slovakian operation remained a loss maker in 2Q and posted a total 1H negative net profit of HUF 1 billion, twice as big as a year ago. At the same time the loan portfolio shows evidence of stabilization. OBS managed to improve its 1H net interest margin (2.95%) by 51 bps, the net loan-to-deposit ratio remained stable at 102%.

OTP Serbia continued its rigorous cost control (1H CIR: 82.3%, -11.9% y-o-y). Despite operating income almost doubled the bank still remained in red and posted a HUF 1.4 billion loss in 1H (2Q: -HUF 824 million) as risk costs remained high. While the Serbian subsidiary has the worst-quality loan book across the Group, the pace of deterioration moderated a lot and provision coverage somewhat improved.

In Montenegro negative tendencies continued, even accelerated. The loan book weakened a lot; DPD90+ grew by 8.0%-points q-o-q and reached 22.1%. Apparently it will take a while, before the economy starts recovering. The high level of risk costs, as well as the decline in revenues caused massive losses at CKB. 1H total negative net results amounted to HUF 13.1 billion. That explains the management decision on a HUF 18.5 billion goodwill impairment (pre-tax). As a result, altogether HUF 2.7 billion CKB related goodwill remains in the consolidated balance sheet. The management does not expect any further significant portfolio deterioration, the loan book started showing signs of stabilisation. In order to secure the safe operation of the bank, at the end of June OTP Bank injected EUR 35 million capital into its Montenegrin subsidiary.

OTP Group's branch network comprised 1,507 units by the end of June 2010. (-49 branches y-o-y, +3 q-o-q). The largest scale rationalization y-o-y took place in Ukraine (-26) and Serbia (-17) whereas in 2Q 2010 there was no meaningful branch closure. In Serbia, the bank even opened 4 new branches. In the last three months substantial staff reduction was completed in Russia, Ukraine and at several smaller Hungarian subsidiaries

Credit ratings, ownership structure

The current credit ratings of the Bank (Moody's: "Baa1", negative outlook; S&P: "BB+", stable outlook). After the Hungarian Government suspended its talks with the IMF, Moody's put the rating on Negative Credit Watch hinting a potential downgrade. S&P made no change and affirmed its rating. The highly positive outcome of the CEBS banking stress test so far has no impact on the Bank's rating. As for other Group members, their agreements with the IMF generated positive rating moves: Ukraine was upgraded by all major agencies in the last six months.

There was no major change within the ownership structure of the Bank. There are still three investors with a stake above 5%, namely: the Rahimkulov family (8.97%), Groupama (8.81%) and MOL (8.57%).

POST BALANCE SHEET EVENTS

Hungary

- On 2 July 2010 OTP Bank signed an EUR 250 million Term Loan Facility. The originally planned amount of EUR 200 million was heavily oversubscribed due to strong interest. All together 16 banks took part in the deal. The facility has a 2 years tenor, carries a margin of 1.30% above Euribor and the proceeds will be used for general funding purposes.
- Based on the amendment of the Act on the special tax of financial institutions approved by the Hungarian Parliament on 22 July 2010, from the second half of 2010 the special tax will consist of two parts. OTP Group still keeps paying the already existing special banking tax, which came into effect by 1 January 2007. The due amount for this tax for the full year of 2010 is forecasted at HUF 5 billion. In addition, a new special financial institution tax will be introduced. The amount payable by OTP Group for 2010 is estimated at HUF 36 billion and it is deductible from the corporate tax base. Therefore the total negative impact on OTP Group's 2010 after-tax profit is expected at HUF 29 billion. Based on the approved regulation the new special tax is to be paid in two equal instalments, which are due on 30

September 2010 and on 10 December 2010. Accordingly, the total special tax amount payable by OTP Group for the full year of 2010 is estimated at HUF 41 billion.

- Also, as part of the Government action plan, mortgage pledge can't be registered against FX-denominated loans. Effective from 1 July, OTP Bank stopped originating FX mortgages.
- OTP Group's results were sound and well above the expected threshold in the EU-wide stress testing exercise of financial institutions, coordinated by the Committee of European Banking Supervisors (CEBS). Based on the received parameters under the most adverse scenario OTP Group's Tier1 ratio would stand at 16.2% by the end of 2011, which is more than four times the mandatory minimum level of 4%. The detailed results in the unified format designed by CEBS are available on the website of OTP Bank.
- On 23 July 2010, after the temporary suspension of Hungary's talks with the IMF and EU, Moody's Investors Service placed Hungary's Baa1 local and foreign currency government bond ratings together with the debt and deposit ratings of seven Hungarian banks – including OTP Bank Plc. and OTP Mortgage Bank Ltd. – on review for possible downgrade. In case of OTP Bank, the following ratings were placed on review: the local and foreign currency long- and short-term deposit and debt ratings (Baa1/Prime-2) and foreign currency subordinated debt rating (Baa2). Standard & Poor's Ratings Services also revised its outlook on the Republic of Hungary to negative from stable. At the same time, it affirmed the long- and short-term "BBB-/A-3" foreign and local currency sovereign credit ratings. OTP Bank's existing rating by S&P was not effected.

Bulgaria

- On 27 July Bulgaria's government approved a three-year budget plan aimed at narrowing the deficit to 1% of gross domestic product in 2013. The budget gap is seen at 2.5% of GDP next year and 1.5% in 2012. The European Commission has given leeway until the end of next year to bring the shortfall below 3% of GDP.

Russia

- The International Monetary Fund's executive board said Russian authorities took a "forceful response" to the recession last year and forecast a "moderate recovery" of 4.3% economic growth for this year.

Ukraine

- On 3 July 2010 the IMF mission has reached an agreement with the authorities of Ukraine on an economic policy programme that can be supported by a 2.5 year stand-by arrangement up to the amount of USD 15 billion. On 29 July the IMF's Board of Directors approved the program. Ukraine, agreed to trim the budget deficit and push through further structural reforms.
- On 6 July 2010 Fitch Ratings upgraded Ukraine's sovereign long-term foreign and local currency issuer default ratings by one notch from "B-" to "B" with stable outlook.
- On 29 July 2010 S&P upgraded the Ukrainian sovereign debt rating. The long-term foreign currency rating on Ukraine was raised by one notch to "B+" from "B" and the long-term local currency rating to "BB-" from "B+".

Romania

- The fourth review on Romania's economic performance by the IMF on 2 July 2010 enabled the country to immediately disburse approximately EUR 913.2 million (UDS 1.1 billion). So far, the total drawdowns from the stand-by facility of Romania have amounted to almost EUR 10.7 billion.

Serbia

- On 28 June 2010 the Executive Board of the IMF completed the fourth review of Serbia's economic performance and agreed to the disbursement of approximately EUR 383 million (USD 473 million). The drawdown of the full amount would bring total disbursements under the facility to about EUR 1.8 billion.
- On 28 July 2010 the Parliament approved Dejan Soskic as the governor of the central bank. The central bank kept on intervening on the foreign currency market to mitigate the volatility of the national currency.

Slovakia

- On 9 July 2010 Slovakian President Ivan Gasparovic appointed Iveta Radicova to Prime Minister and the members of the new cabinet. The coalition holds 79 of the Parliament's 150 seats.

- On 28 July 2010 the Slovakian government approved a plan that the budget deficit cut shall be a priority for the four- year term of Iveta Radicova's administration. The government pledged to push the shortfall below 3% of GDP by 2013.

Croatia

- In July 2010 Croatia completed negotiations with EU in further two areas. The country has finished accession talks in 22 of the EU's 35 policy areas and aims at joining the European Union in 2012.

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

in HUF million	1H 2009	1H 2010	Y/Y	2Q 2009	1Q 2010	2Q 2010	Q/Q	Y/Y
Consolidated after tax profit	**84,023**	**69,759**	**-17%**	**42,214**	**42,358**	**27,402**	**-35%**	**-35%**
Profit of the strategic short position[1] (after tax)	-1,912	0	-100%	0	0	0		
Dividend and total net cash transfers (consolidated)	866	71	-92%	486	-21	92	-536%	-81%
Consolidated after tax profit without the result of strategic open FX position, consolidated dividend and net cash transfers	**85,069**	**84,689**	**0%**	**41,727**	**42,379**	**42,310**	**0%**	**1%**
Banks total without one-off items[2]	80,250	81,691	2%	38,439	40,112	41,580	4%	8%
OTP CORE (Hungary)	82,842	82,880	0%	37,334	40,861	42,018	3%	13%
Corporate Centre (after tax)	-6,953	83	-101%	-3,842	264	-181	-168%	-95%
OTP Bank Russia	218	4,814		-95	1,200	3,613	201%	
OTP Bank JSC (Ukraine)	-10,066	1,107	-111%	-946	143	963	571%	-202%
DSK+SPV (Bulgaria)	11,948	9,219	-23%	4,560	4,559	4,661	2%	2%
OBR adj. (Romania)	561	-2,055	-466%	1,287	0	-2,055		-260%
OTP banka Srbija (Serbia)	-124	-1,419		-265	-595	-824	38%	211%
OBH (Croatia)	1,920	1,169	-39%	1,105	507	662	31%	-40%
OBS (Slovakia)	-531	-998	88%	-538	-181	-816	350%	52%
OBS, adj.	-281	-998	256%	-288	-181	-816	350%	184%
OBS one-off items[3]	-250	-	-100%	-250	-	-		-100%
CKB (Montenegro)	184	-13,109		-410	-6,647	-6,462	-3%	
Leasing	365	-2,471	-777%	235	-323	-2,147	565%	
Merkantil Bank + Car, adj. (Hungary)[4]	353	-969	-375%	235	288	-1,257	-537%	-636%
Merkantil Bank + Car one-off items[5]	12	0	-100%	1	0	0		-100%
Foreign leasing companies (Slovakia, Croatia, Bulgaria, Romania)[6]	0	-1,501		0	-611	-891	46%	
Asset Management	2,353	4,308	83%	1,137	1,736	2,572	48%	126%
OTP Asset Management (Hungary)	2,387	4,305	80%	1,144	1,731	2,573	49%	125%
Value creation of OTP Asset Management (after-tax)[7]	4,478	7,282	63%	2,198	3,148	4,134	31%	88%
Foreign Asset Management Companies (Ukraine, Romania)[8]	-34	3	-109%	-7	5	-2	-136%	-77%
Other Hungarian Subsidiaries	931	543	-42%	600	446	98	-78%	-84%
Other Foreign Subsidiaries (Slovakia, United Kingdom, Cyprus, Belize)[9]	421	-81	-119%	353	-2	-79	4250%	-122%
Eliminations	998	698	-30%	1,212	412	286	-31%	-76%
Total after tax profit of HUNGARIAN subsidiaries[10]	80,570	87,540	9%	36,683	44,002	43,538	-1%	19%
Total after tax profit of FOREIGN subsidiaries[11]	4,498	-2,851	-163%	5,043	-1,621	-1,229	-24%	-124%
Share of foreign profit contribution, %	5%	-3%	-9%	12%	-4%	-3%	1%	-15%

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

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

CONSOLIDATE STATEMENT OF RECOGNIZED INCOME[3]

Main components of the Statement of recognized income in HUF million	1H 2009	1H 2010	Y-o-Y	2Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
Consolidated after tax profit	**84,023**	**69,759**	**-17%**	**42,214**	**42,358**	**27,402**	**-35%**	**-35%**
Dividends and net cash transfers (after tax)	866	71	-92%	486	-21	92	-531%	-81%
Profit of the strategic open FX position (after tax)	-1,912	0	-100%	0	0	0		
Pre tax result of strategic open FX position	-2,390	0	-100%	0	0	0		
Income taxes	478	0	-100%	0	0	0		
Goodwill impairment charges (after tax)	0	-15,001		0	0	-15,001		
Consolidated after tax profit without the result of strategic open FX position, consolidated dividend and net cash transfers and goodwill impairment charges	**85,069**	**84,689**	**0%**	**41,728**	**42,379**	**42,310**	**0%**	**1%**
Before tax profit	**106,512**	**108,494**	**2%**	**43,015**	**54,199**	**54,295**	**0%**	**26%**
Operating profit	**220,232**	**259,160**	**18%**	**105,142**	**109,311**	**149,849**	**37%**	**43%**
Total income	**392,712**	**430,574**	**10%**	**191,990**	**192,637**	**237,938**	**24%**	**24%**
Net interest income (adj.)	**299,246**	**314,964**	**5%**	**141,120**	**142,633**	**172,332**	**21%**	**22%**
Net interest income without the revaluation result of FX swaps	***299,246***	***292,319***	***-2%***	***141,120***	***142,633***	***149,686***	***5%***	***6%***
Net fees and commissions	**65,336**	**65,124**	**0%**	**33,458**	**31,141**	**33,983**	**9%**	**2%**
Other net non-interest income (adj.)	**28,130**	**50,486**	**79%**	**17,412**	**18,863**	**31,624**	**68%**	**82%**
Foreign exchange result, net (adj.)	-14,196	27,329	-293%	-939	4,448	22,881	414%	
Gain/loss on securities, net (adj.)	-167	12,783		4,556	9,695	3,088	-68%	-32%
Net other non-interest result (adj.)	42,493	10,375	-76%	13,795	4,719	5,655	20%	-59%
Operating expenses	**-172,480**	**-171,414**	**-1%**	**-86,848**	**-83,326**	**-88,089**	**6%**	**1%**
Personnel expenses	-77,719	-77,376	0%	-38,246	-38,307	-39,070	2%	2%
Depreciation (adj.)	-20,774	-23,482	13%	-10,483	-11,423	-12,059	6%	15%
Other expenses (adj.)	-73,986	-70,557	-5%	-38,119	-33,596	-36,960	10%	-3%
Provision for loan losses (adj.)	**-100,894**	**-150,594**	**49%**	**-55,493**	**-54,488**	**-96,105**	**76%**	**73%**
Other provision	**-12,826**	**-72**	**-99%**	**-6,633**	**-624**	**551**	**-188%**	**-108%**
Corporate taxes	-21,443	-23,805	11%	-1,288	-11,820	-11,985	1%	831%
INDICATORS (%)	1H 2009	1H 2010	Y-o-Y	2Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
ROA	1.8%	1.7%	-0.1%	1.7%	1.8%	1.7%	-0.1%	0.0%
ROE	15.6%	13.6%	-2.0%	14.9%	14.0%	13.2%	-0.9%	-1.7%
Operating profit margin (adj.)	4.71%	5.24%	0.54%	4.30%	4.60%	6.10%	1.50%	1.80%
Total income margin (adj.)	8.39%	8.71%	0.32%	7.86%	8.10%	9.68%	1.58%	1.83%
Net interest margin (adj.)	6.40%	6.37%	-0.02%	5.77%	6.00%	7.01%	1.01%	1.24%
Net interest margin without the revaluation result of FX swaps	6.40%	5.91%	-0.48%	5.77%	6.00%	6.09%	0.09%	0.32%
Net fee and commission margin (adj.)	1.40%	1.32%	-0.08%	1.37%	1.31%	1.38%	0.07%	0.01%
Net other non-interest income margin (adj.)	0.60%	1.02%	0.42%	0.71%	0.79%	1.29%	0.49%	0.57%
Risk cost to average gross loans (adj.)	2.91%	4.24%	1.33%	3.03%	3.23%	5.38%	2.15%	2.35%
Cost/income ratio (adj.)	43.9%	39.8%	-4.1%	45.2%	43.3%	37.0%	-6.2%	-8.2%
Effective tax rate	20.1%	21.9%	1.8%	3.0%	21.8%	22.1%	0.3%	19.1%
Non-interest income/total income	24%	27%	3%	26%	26%	28%	2%	1%
Comprehensive Income Statement	1H 2009	1H 2010	Y-o-Y	2Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
Net comprehensive income	**91,634**	**133,892**	**46%**	**-28,592**	**63,476**	**70,416**	**11%**	**-346%**
Net profit attributable to equity holders	**84,062**	**69,698**	**-17%**	**42,256**	**42,363**	**27,335**	**-35%**	**-35%**
Consolidated after tax profit	84,023	69,759	-17%	42,214	42,358	27,402	-35%	-35%
(-) Net profit attributable to non-controlling interest	-39	61	-258%	-43	-5	66	-1320%	-256%
Fair value adjustment of securities available-for-sale (recognised directly through equity)	**3,735**	**-5,760**	**-254%**	**10,212**	**9,481**	**-15,241**	**-261%**	**-249%**
Fair value adjustment of derivative financial instruments designated as cash-flow hedge	**211**	**213**	**1%**	**105**	**106**	**107**	**1%**	**2%**
Fair value adjustment of strategic open FX position hedging net investment in foreign operations	**-1,762**	**-4,152**	**136%**	**9,280**	**1,044**	**-5,196**	**-598%**	**-156%**
Foreign currency translation difference	**5,388**	**73,893**	**1271%**	**-90,445**	**10,482**	**63,411**	**505%**	**-170%**

[3] Adjustments on the consolidated Statement of recognized income are summarised in the Supplementary data section of this report.

- ***Higher operating income: +18% y-o-y and +37% q-o-q increase***
- ***1H net interest income adjusted by swap revaluation decreased by 2%, improving, 6.1% 2Q interest margin (1H 2010 NIM: 5.9%), y-o-y unchanged, q-o-q improving net fee and commission income***
- ***6 months net profit (including goodwill impairment) is HUF 69.8 billion (-17% y-o-y), while 2Q PAT is HUF 27.4 billion (-35%)***
- ***Y-o-y declining operating costs, outstanding efficiency (1H 2010 CIR: 39.8%)***
- ***Significantly increasing risk cost (+32% y-o-y, +76% q-o-q)***
- ***Decreasing ROE (13.6%) and ROA (1.7%)***

1H 2010 consolidated adjusted net profit of the Bank Group reached HUF 84.7 billion, practically equal to the net profit of the base period. Taking into account HUF 15 billion after tax effect of CKB goodwill impairment 1H net profit represented HUF 69.8 billion profit, whereas 2Q reached HUF 27.4 billion respectively (-35% q-o-q).

In 1H 2010 the company posted an outstanding operating profit: HUF 259 billion level means a 18% increase y-o-y. 2Q operating income proved to be even more dynamic, it has improved by 36%. The good performance of this line (+21% q-o-q) is mainly related to a one-off item: in 2Q 2010 the HUF/FX basis swap spreads widened a lot – from 100 bps to approx. 180 bps – resulting in a HUF 22.6 billion fair value adjustment gain on FX swaps booked as interest income. In order to mitigate the interest sensitivity of the HUF/FX swap portfolio, the Bank has started concluding derivative deals since 2Q 2010; hence in case of a possible future decrease in basis swap spreads the negative effect on interest income will be smaller. Despite the significantly lower interest rate environment net interest income even without swap revaluation results could increase (+5%), supported primarily by improving deposit margins, the high margins of the dynamically broadening Russian POS-lending and the weaker HUF exchange rate. 1H 2010 the adjusted net interest margin (5.91%) is lower by 48 bps than in 1H 2009, but q-o-q it remained stable, moreover it has improved slightly.

Within non-interest type income net fee and commission income stagnated y-o-y, but in 2Q it grew comfortably by 9% reflecting the significant increment of Russian card-commissions and the seasonal strengthening of transaction income.

Beyond net interest income the operating income dynamics was supported by the remarkable growth of other net non-interest income. Both on yearly and on quarterly base the dynamics was outstanding (79% y-o-y and 68% q-o-q respectively). The largest profit change occurred on the net foreign exchange line. Contrary to HUF 14.2 billion loss of the base period in 1H 2010 HUF 26.2 billion net FX-gain was realized. Within 2Q 2010 net foreign exchange profit HUF 8.9 billion was realized on FX hedging transactions related to the FX-loans provisions at OTP Bank Ukraine. Identical amount of loss was booked amongst the consolidated capital reserves during the accounting consolidation. Also, 2Q net FX results includes a one-off revaluation gain of HUF 8.0 billion being offset amongst the risk cost. This profit was realized on the balance sheet position held by OTP Core for hedging purposes offsetting the revaluation results of FX-provisions related to its FX-loan portfolio. While the revaluation effect of the provisions is reported amongst risk costs, the result of the hedge is shown on FX gains line, thus the latter (HUF 8 billion gain) is fully set-off by a similar amount of risk cost.

The HUF 12.8 billion net profit on securities is primarily the consequence of a significant decrease of HUF yields in the last 12 months. However 2Q resulted only a third of net profit compared to 1Q due to higher yields (2Q: HUF 3.1 billion). The significant six months fallback of other net non-interest income is explained by the following: in contrast with 1H 2009, up to now in 2010 there has not been any repurchase of Upper Tier2 Capital element. While the previous gains (in 1H 2009 HUF 25.1 billion pre-tax) were posted on this line, the base effect is significant. Within total income the share of non-interest income was 27%, which is a 3%-point increase y-o-y.

Cost management of the Bank remained outstandingly stringent. Operating costs decreased by 1% y-o-y, within that material costs moderated by 5%, while personnel expenses remained unchanged. Q-o-q operating costs grew by 6%, explained primarily by the weaker exchange rates. It is worth to mention that the 2% increase in personnel expenses was well behind the level of inflation, strict wage-management prevails further on. Cost/income ratio (39.8%) improved by 4%-point in the last 12 moths while q-o-q it dropped by more than 6%-point (37.0%) primarily due to the one timer income items. Without one-off items 1H 2010 and 2Q 2010 CIR would have been 43.8% and 44.4% respectively (y-o-y unchanged, q-o-q +1.1%-points respectively).

Stable operating income enabled the Group to continue its prudent provisioning policy taking into consideration future risks maximally. Although the quality of the portfolio further deteriorated, the coverage of delinquent loans remained safe due to the significant provisioning (74%). The provision for loan losses jumped to HUF 151 billion in the last six months (+49% y-o-y), the provisioning was especially high in 2Q (HUF 96 billion). From the latter HUF 8 billion was realized on the revaluation of FX-provisions on Hungarian FX-loan portfolio, due

to weakening of HUF, which was completely offset by the higher foreign exchange gain. Without the revaluation 2Q consolidated cost of risk and the risk cost rate would have been HUF 87.5 billion and 4.93% respectively (1H 2010 adjusted rate: 4.01%). Since the record-high 1H risk cost is related partially to the weakening of HUF and partially to one-off items (see the bankruptcy of Russian Technosila), the yearly amount of risk costs – with a HUF exchange rate stabilizing around the current level – is still expected to be below the 2009 level.

In 1H 2010 Net Comprehensive Income (containing the net profit of the Group and the profit on items recognized through equity) mounted HUF 133.9 billion (+47% y-o-y). The significant improvement is due to the weakening of the HUF. The 1H 2010 Comprehensive Income for the Group was enhanced by almost HUF 74 billion foreign currency translation difference, which is comprising revaluation of the shareholder equity elements of subsidiaries, as well as the revaluation of consolidated goodwill.

ASSET-LIABILITY MANAGEMENT

In 1H 2010 asset-liability management of OTP Group focused on maintaining the safe liquidity reserves of the OTP Group…

The primary objective of the OTP Group in terms of asset-liability management has been to ensure that the Group's liquidity reserves are maintained at a suitably safe level. From December 2009 the opportunity of small-amount external funding reopened which enhanced further the liquidity management potential of the Group. To strengthen its capital market activity the Bank funded itself several times from the capital markets. An EUR 200 million syndicated loan was arranged in December 2009 and another facility with EUR 250 million in 2Q 2010. Beyond these transactions in February 2010 the Bank issued a CHF 100 million senior unsecured note and the refinancing sources of ECB became available for the Bank too, easing the renewal risk of maturing mortgage bonds. The achieved spread levels demonstrated that with smaller tranches and with good timing funding was available even at lower spread levels than that for the Hungarian State. Despite the repayment of a significant amount of maturing debt (EUR 1.7 billion) in 1H 2010 the liquidity reserves of OTP Group remained permanently above the safety level. Hence the liquidity reserves of the Group are sufficient to provide coverage not just for the redemptions within one year and for potential liquidity shocks, but it has reserves above that level as well. Beside of the above mentioned CHF note issue, the CHF and USD liquidity demand of the Group deriving from its FX lending operation was covered by long term FX-swaps.

… and keeping interest-rate risk exposures low.

Interest-rate risk exposure of the Bank Group is determined primarily by the positions of OTP Bank Plc. and OTP Mortgage Bank Ltd. Due to the HUF liabilities on OTP Bank's balance sheet, which respond to yield changes only to a moderate extent, the Bank has an interest-rate risk exposure resulting from its business operations. The Bank treats the reduction and closing of this exposure as a strategic matter and reduced its interest-rate risk exposure through the purchase of fixed-rate government securities in order to offset the negative impact of falling yields on net interest income.

The Bank has a closed interest-rate position in EUR and CHF, consequently the yield volatility of the previous period did not cause significant changes in the FX interest income.

Market Risk Exposure of OTP Group

At the end of 1H 2010 the consolidated capital requirement of the trading book positions, the counterparty risk and the FX risk exposure represented HUF 32.2 billion, primarily due to the capital requirement of the FX risk exposure (HUF 28.7 billion).

OTP Group is active participant of the international FX and derivative market. Exposure of the various Group members' FX positions is restricted to individual and global net open position limits (overnight and intraday), and to stop-loss limits. The open positions of Group members outside Hungary were negligible measured against either the balance sheet total or regulatory capital and because of that the FX exposure at Group level was concentrated at OTP Bank.

The main part of the FX exposure booked at OTP Bank derived from the strategic open FX position kept to hedge the currency risk of FX-denominated net earnings of the main foreign subsidiaries. The size of the strategic open short EUR position amounted to EUR 310 million and was equal to 2 years' expected net profits of the subsidiaries. Apart from this strategic short position, the average net open position held by the dealing room of central Treasury Department was negligible (HUF 1 billion).

CONSOLIDATED BALANCE SHEET

Main components of balance sheet in HUF million	2Q 2009	4Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
TOTAL ASSETS	**9,504,062**	**9,755,132**	**9,526,706**	**10,184,544**	**7%**	**7%**
Cash and amount due from banks	482,490	505,650	535,194	642,625	20%	33%
Placements with other banks	474,436	440,850	430,325	495,596	15%	4%
Financial assets at fair value	190,958	256,100	262,586	213,523	-19%	12%
Securities available-for-sale	428,209	1,354,285	1,124,714	1,101,180	-2%	157%
Gross customer loans	**6,998,231**	**6,907,094**	**6,916,353**	**7,573,082**	**9%**	**8%**
o/w Retail loans	4,293,258	4,291,847	4,308,885	4,707,594	9%	10%
Retail mortgage loans (incl. home equity)	2,713,961	2,703,433	2,699,845	2,968,383	10%	9%
Retail consumer loans	1,120,882	1,149,231	1,175,197	1,271,409	8%	13%
SME loans	458,414	439,183	433,843	467,802	8%	2%
Corporate loans	2,316,229	2,161,903	2,153,747	2,365,966	10%	2%
Loans to medium and large corporates	2,089,669	1,933,848	1,924,297	2,021,080	5%	-3%
Municipal loans	226,560	228,055	229,450	344,886	50%	52%
Car financing loans	383,551	387,431	380,941	422,861	11%	10%
Bills and accrued interest receivables related to loans	5,192	65,968	72,780	76,661	5%	
Allowances for loan losses	-365,897	-494,378	-553,409	-686,320	24%	88%
Accrued interest receivables	87,962	0	0	0		-100%
Equity investments	10,377	18,834	17,605	16,692	-5%	61%
Securities held-to-maturity	601,083	188,853	180,927	222,849	23%	-63%
Intangible assets	466,261	476,358	480,522	489,927	2%	5%
Other assets	129,952	101,486	131,889	115,390	-13%	-11%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**9,504,062**	**9,755,132**	**9,526,706**	**10,184,544**	**7%**	**7%**
Liabilities to credit institutions and governments	947,598	802,749	600,475	652,500	9%	-31%
Customer deposits	**5,296,596**	**5,688,887**	**5,744,609**	**5,981,036**	**4%**	**13%**
o/w Retail deposits	3,956,647	4,165,398	4,123,157	4,313,984	5%	9%
Household deposits	3,565,724	3,746,263	3,714,015	3,887,096	5%	9%
SME deposits	390,923	419,135	409,142	426,888	4%	9%
Corporate deposits	1,339,950	1,480,496	1,585,302	1,630,590	3%	22%
Deposits to medium and large corporates	1,070,995	1,169,837	1,238,695	1,377,979	11%	29%
Municipal deposits	268,955	310,659	346,607	252,611	-27%	-6%
Accrued interest payable related to customer deposits	0	42,997	36,150	36,200	0%	
Issued securities	1,351,719	1,410,348	1,184,848	1,226,902	4%	-9%
Accrued interest payable	112,965	0	0	0		-100%
Other liabilities	384,018	380,708	462,831	700,175	51%	82%
Subordinated bonds and loans	285,655	280,834	278,419	301,281	8%	5%
Total shareholders' equity	**1,125,511**	**1,191,606**	**1,255,524**	**1,322,650**	**5%**	**18%**
Indicators	2Q 2009	4Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
Loan/deposit ratio	132%	121%	120%	126%	6%	-6%
Net loan/(deposit + retail bond) ratio	122%	108%	106%	110%	4%	-11%
Net loans	6,632,334	6,412,716	6,362,944	6,886,762	8%	4%
Customer deposits	5,296,596	5,688,887	5,744,609	5,981,036	4%	13%
Retail bonds	158,447	236,733	257,321	254,225	-1%	60%
90+ days past due loan volume	516,204	671,625	730,070	927,870	27%	80%
90+ days past due loans/gross customer loans	7.4%	9.8%	10.7%	12.4%	1.7%	5.0%
Total provisions/90+ days past due loans	70.9%	73.6%	75.8%	74.0%	-1.8%	3.1%
Consolidated capital adequacy	2Q 2009	4Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
Capital adequacy ratio (consolidated, IFRS)	15.9%	17.2%	17.5%	17.3%	-0.2%	1.4%
Tier1 ratio	12.0%	13.7%	13.8%	13.0%	-0.8%	0.9%
Core Tier1 ratio	10.3%	12.0%	12.1%	11.4%	-0.7%	1.1%
Leverage (Shareholder's Equity/Total Assets)	11.8%	12.2%	13.2%	13.0%	-0.2%	1.1%
Regulatory capital (consolidated)	1,134,127	1,194,508	1,235,183	1,312,225	6%	16%
o/w Tier1 Capital	861,024	952,416	974,010	984,634	1%	14%
o/w Hybrid Tier1 Capital	120,805	118,278	116,979	115,508	-1%	-4%
Tier2 Capital	273,662	242,521	261,592	328,049	25%	20%
Deductions from the regulatory capital	-559	-428	-419	-458	9%	-18%
Consolidated risk weighted assets (RWA) (Credit&Market&Operational risk)	7,151,441	6,942,437	7,058,802	7,590,044	8%	6%

- ***FX-adjusted loan portfolio decreased by 2% y-o-y (-1% q-o-q)***
- ***The quarterly increase of net loan-to-deposit ratio (to 110%) is due to exchange rate effects and changes of methodology***
- ***Deteriorating loan portfolio quality, DPD90+ ratio is 12.4% (+1.7%-point q-o-q)***
- ***Stable capital position 17.3% consolidated CAR, 13.0% Tier1 ratio, excellent CEBS stress-test result***

Note: Balance sheet figures of OTP Group in HUF have been significantly influenced in the examined period by the closing FX-rates. Comparing June 2010 and June 2009 HUF depreciated against EUR by 5%, against CHF and USD by 21%, against JPY by 31%, during the last quarter the relevant depreciation was 8%, 16%, 18% and 25% respectively. In 2Q 2010 another technical item was the reclassification of almost HUF 100 billion municipality bonds[4] into loans amongst the consolidated assets of OTP Core and OTP Group. Real events are reflected by the FX-adjusted and the bond reclassification adjusted figures and because of that in the following section regarding the portfolio dynamics we are using these figures.

Furthermore since 2Q 2010 the calculation methodology of OTP Core and the Corporate Centre has been changed: from the gross loans and deposits of OTP Core items related to the intra-group financing of subsidiaries – published as customer loans and deposits of OTP Core under the old method – is now presented at the Corporate Centre. This results a decline on the relevant balance sheet lines of OTP Core compared to the previously published data.

It is still true that with the exception of some segments loan demand is moderate. The Russian retail market – being hit by the crisis the least and supported by significant fiscal stimulus – produced a remarkable revitalization, in other countries consumer lending (Hungary, Croatia, Slovakia) and the restarting mortgage lending (Bulgaria, Slovakia) shows a moderate expansion

Except OTP Core, DSK and the Russian and Serbian unit y-o-y the FX-adjusted loan portfolio declined all over the Group (OTP Core and DSK was flat, OTP Bank Russia: +7%, OBSr: +1%). The largest fallback was experienced in Montenegro (-30%), Ukraine (-13%) and Slovakia (-8%). The significant decline in Montenegro is explained by the selling of the loan portfolio to the mother bank. In 4Q 2009 OTP Bank bought EUR 95 million (approx. HUF 26 billion), in 1Q 2010 further EUR 11 million (approx. HUF 2.9 billion) loan portfolio from CKB.

In 1Q 2010 the FX-adjusted loan portfolio of OTP Core stagnated, the Russian and the Bulgarian subsidiaries practically stagnated, while the Ukraine portfolio declined by 6%. Besides the stagnating or slightly declining portfolio of smaller subsidiaries, CKB suffered a 6% fallback in the last quarter.

Beyond the loan book expansion, the quality of the portfolio deteriorated in the last 12 months all over the Group. Consolidated portfolio of DPD90+ loans increased to 12.4%. Within the Group the quality of the Serbian portfolio is the worst, the ratio of DPD90+ loans is 38.5%, followed by the Ukrainian (27.3%) and the Montenegrin portfolio (22.1%). Regarding the pace of deterioration the increase of DPD90+ ratio has practically stopped in Serbia in the last three months (+0.9%) but significantly accelerated in Montenegro (+8%) and in Romania (+4%). In both cases the worsening macroeconomic environment, plus in case of Romania a corporate exposure were the key reasons for deterioration.

At OTP Bank Ukraine, which is a determining subsidiary at Group level, DPD90+ ratio grew by 3.9%, while in case of the Bulgarian and the Russian subsidiaries it increased by 1.6% and 3.7% respectively q-o-q; in latter case the deterioration is explained by the default of a corporate loan, without this one-off item the quality of the portfolio was stable (DPD 90+ ratio at 14.3%). Deterioration in the rate of the Hungarian portfolio was similar to the previous quarters (+0.6% q-o-q). However we would like to remark that because of the calculation method of the FX-loan monthly instalments, the effect of significant HUF depreciation against CHF will be experienced only in the forthcoming quarters. This made prudent provisioning by all means reasonable.

The provision for impairment on loan and placement losses mounted to HUF 686 billion at the end of June 2010 (+88% y-o-y and +24% q-o-q). Portfolio of DPD90+ loans reached HUF 928 billion and according to this the coverage ratio (+74%) decreased a bit in the last quarter, but y-o-y it is even higher by 3.1%.

The FX-adjusted consolidated deposit book grew by 8% y-o-y and remained unchanged on a quarterly base.

In parallel with the continuous improvement of the liquidity position and the lack of substantive loan demand on Group level the deposit collection continued with a lower intensity compared to the previous quarters.

In the last year the FX-adjusted deposit book expanded most dynamically in Russia (+49%), in the Ukraine (+18%) and in Bulgaria (+8%). Even OTP Core had an outstanding deposit growth (+7%).

[4] According to the negotiation with the auditor the portfolio of municipality bonds bought by OTP Bank since 2Q 2010 from the category securities-available-for-sale are reclassified into customer loans. The base periods has not been adjusted according to this. For information purposes: the size of the relevant bond portfolio (in HUF billion: 2Q 2009: 86; 1Q 2010: 89; 2Q 2010:99).

Decline has been experienced in Serbia and in Montenegro (-8% and -2% respectively).

In 2Q 2010 FX-adjusted increase has been registered in Russia (+8% q-o-q), in the Ukraine (+3%), in Croatia (+2%) and in Serbia (+1%), more significant fallback was experienced in Montenegro (-4%).

Due to the moderate loan demand the consolidated "net loan/(deposit+retail bond)" rate (110%) improved by 11% y-o-y. However as a consequence of the previously mentioned FX-rate change and the reclassification of the Hungarian municipal bonds to loans, q-o-q it worsened by 4%. Adjusted by these factors practically the ratio would have improved further. On unconsolidated base within the last 12 months the largest improvement was experienced at subsidiaries with the highest net loan-to-deposit rate. The ratio decreased by 156%-point (-34%-point q-o-q) in the Ukraine, by 53%-point in Romania and by 40%-point in Russia.

In Hungary OTP bank successfully continued its strategy started in 2007: deposit collection was combined with different form of savings (funds, retail bonds). Due to improving market environment the asset portfolio managed by OTP Fund Management broadened continuously, the yearly increment reached 41%, while q-o-q the increase was around 0%. The retail bond portfolio grew from HUF 158 billion to HUF 254 billion y-o-y (+60%), outstanding volumes remained flat q-o-q.

The portfolio of issued securities declined by 9% y-o-y but increased by 4% q-o-q. The y-o-y development of volumes was significantly influenced by the maturating mortgage bonds. Most important from these, EUR 1 billion mortgage bond matured and was repaid on 4th March 2010. This effect was softened by the HUF 96 billion yearly increase of the outstanding retail bonds portfolio. Furthermore, there were two capital market transactions in 1Q 2010: in February the bank returned to the market and issued a CHF 100 million senior note with 2 years maturity, and OTP Mortgage Bank issued out of its EUR 3 billion EMTN programme EUR 300 million mortgage bond, with 1.7 years tenor. About one third of the latter issue was purchased by investors from outside the Group.

Portfolio of UT2 and LT2 capital elements both y-o-y and q-o-q remained stable. Upper Tier2 Capital elements were repurchased mainly in 1H 2009 (1Q: EUR 90 million; 2Q: EUR 39 million; 3Q: EUR 26 million; 4Q: EUR 2 million). In 1H 2010 there were no further capital purchase transaction.

CONSOLIDATED CAPITAL ADEQUACY RATIO (IN ACCORDANCE WITH BASEL II)

At the end of June 2010 regulatory capital of OTP Group represented HUF 1,312 billion, while the preliminary estimated RWA, taking into account the capital needs for market risk and operational risk too, stood at HUF 7,590 billion. CAR stood at 17.3% with Tier1 (after deducting goodwill and intangible assets) at 13.0% and Core Tier1 (further deducting hybrid instruments) at 11.4% respectively.

Due to the outstandingly strong consolidated and stand-alone capitalization of the Company, on 29 April 2010 OTP Bank initiated the termination of the EUR 200 million subordinated loan facility provided by EBRD. Until that date there has been no drawdown from the facility.

The outstandingly high and safe capital position of the Bank is reflected by the 16.2% Tier1 ratio of OTP Group forecasted for 2011, which is the second best among the tested 91 banks based on the European CEBS stress-test.

OTP BANK HUNGARIAN CORE BUSINESS[5]

OTP Core Statement of recognized income:

Main components of the Statement of recognized income in HUF mn	1H 2009	1H 2010	Y-o-Y	2Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
OTP CORE after-tax profit w/o dividends and net cash transfer	82,842	82,880	0%	37,334	40,861	42,018	3%	13%
OTP CORE pre-tax profit	102,523	102,625	0%	37,687	50,707	51,918	2%	38%
Operating profit	142,107	170,649	20%	64,917	67,795	102,854	52%	58%
Total income	230,921	257,552	12%	110,096	110,365	147,187	33%	34%
Net interest income	164,168	179,549	9%	76,164	76,663	102,886	34%	35%
Net interest income without the revaluation result of FX swaps	*164,168*	*156,904*	*-4%*	*76,164*	*76,663*	*80,241*	*5%*	*5%*
Net fees and commissions	44,165	42,130	-5%	22,493	20,784	21,347	3%	-5%
Other net non-interest income	22,589	35,873	59%	11,439	12,918	22,955	78%	101%
Operating expenses	-88,814	-86,903	-2%	-45,179	-42,570	-44,333	4%	-2%
Total provisions	-39,584	-68,024	72%	-27,230	-17,088	-50,936	198%	87%
Provisions for loan losses	-38,487	-67,577	76%	-19,331	-16,762	-50,815	203%	163%
Other provisions	-1,097	-447	-59%	-7,900	-326	-121	-63%	-98%
Revenues by Business Lines								
RETAIL								
Total income	166,813	162,280	-3%	83,532	80,279	82,001	2%	-2%
Net interest income	124,817	121,887	-2%	61,491	60,835	61,051	0%	-1%
Net fees and commissions	39,344	37,845	-4%	20,675	18,427	19,419	5%	-6%
Other net non-interest income	2,651	2,548	-4%	1,366	1,017	1,531	51%	12%
CORPORATE								
Total income	16,784	18,624	11%	8,433	9,377	9,247	-1%	10%
Net interest income	11,422	12,510	10%	5,642	6,305	6,205	-2%	10%
Net fees and commissions	4,588	5,370	17%	2,392	2,775	2,595	-6%	8%
Other net non-interest income	775	745	-4%	399	297	448	51%	12%
Treasury ALM								
Total income	45,743	76,817	68%	17,780	20,856	55,961	168%	215%
Net interest income	27,929	45,153	62%	9,030	9,523	35,630	274%	295%
Net fees and commissions	415	655	58%	270	167	488	191%	80%
Other net non-interest income	17,399	31,009	78%	8,480	11,166	19,844	78%	134%
Indicators (%)	1H 2009	1H 2010	Y-o-Y	2Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
ROA	2.7%	2.5%	-0.2%	2.4%	2.6%	2.6%	0.0%	0.2%
ROE	18.0%	16.0%	-2.0%	17.1%	16.2%	15.8%	-0.4%	-1.2%
Total income margin	7.64%	7.87%	0.23%	6.99%	6.97%	9.10%	2.13%	2.11%
Net interest margin	5.43%	5.48%	0.05%	4.83%	4.84%	6.36%	1.52%	1.53%
Net interest margin without the revaluation result of FX swaps	*5.43%*	*4.79%*	*-0.64%*	*4.83%*	*4.84%*	*4.96%*	*0.12%*	*0.13%*
Cost of risk/average gross loans	2.41%	4.06%	1.65%	3.25%	2.15%	6.04%	3.88%	2.78%
Cost/income ratio	38.5%	33.7%	-4.7%	41.0%	38.6%	30.1%	-8.5%	-10.9%
Effective tax rate	19.2%	19.2%	0.0%	0.9%	19.4%	19.1%	-0.3%	18.1%

- ***Total income for the period, containing significant one-off elements, enabled record high, partly precautionary provisioning***
- ***Accelerating portfolio deterioration in 2Q, though coverage of DPD90+ portfolio improved remarkably (2Q 2010: 78%, +3%-points q-o-q)***
- ***Extremely stringent cost control (half-yearly cost volume decreased y-o-y by 2%)***
- ***Adjusted to technical changes, loan and deposit portfolios were stable q-o-q***
- ***Shrinkage of FX-adjusted mortgage portfolio stopped, regained market leadership with new disbursements volume in 1H***

Methodological note: calculation of the financials of OTP Core (Hungarian core business) and Corporate Centre has changed from 2Q 2010 on. According to the refined methodology, neither the aggregated net profit of OTP Core and the Corporate Centre, nor the consolidated financials for OTP Group is changed, only the profit allocation between the two entities, particular items of the balance sheet and some indices are modified. The note describing the methodological change as well as data set under the old methodology is published in the 'Supplementary Data' section of this report. Tables and analysis in the main text of the report only contain financials calculated according to the refined methodology.

[5] 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).

P&L developments

With regards to net profit for the first half-year, OTP Core repeated its 2009 performance in 2010 (HUF 82.9 billion). Income, rising by 13% partly due to one-offs, and the declining operating expenses (-2% y-o-y) resulted record high operating profit, amounting to HUF 170.6 billion. The accelerating portfolio quality deterioration, however, required a likewise exceptional, HUF 68,0 billion amount of risk cost, owing to which coverage of non-performing loans grew to 77.7% (+2.8%-points q-o-q, +4.9%-points y-o-y). The net profit for 1H 2010 was enhanced by significant one-off elements[6]: HUF 22.6 billion fair value adjustment gain was generated on the revaluation of FX-swaps (in 2Q), further HUF 8.9 billion before tax FX-gain was realized on FX hedging transactions related to the FX-loans provisions at OTP Bank Ukraine. Identical amount of loss was booked amongst the consolidated capital reserves during the accounting consolidation. Another one-off element within total income was the HUF 8.1 billion gain on securities (in 1Q HUF 6.5 billion, in 2Q HUF 1.6 billion). However, OTP Bank has not accounted any costs in 1H 2010 in connection with the new special tax on financial institutions.

The high HUF 68 billion risk cost level (in 1Q: HUF 17 billion, in 2Q: HUF 51 billion) means a 72% increase y-o-y. The significant quarterly growth partially explained by a technical effect: the revaluation of provisions for FX-loans in 2Q resulted a HUF 8 billion loss which was accounted as risk cost. The revaluation result of FX denominated-provisions (in 2Q a loss) is accounted as risk cost. At the same time the Bank holds a long FX-position to hedge the FX-risk arising from this item, revaluation of which (in 2Q HUF 8 billion profit) is reported as FX gain.) Without revaluation the 2Q risk cost would have been HUF 42.9 billion and risk cost rate would have reached 5.09% (in 1H 2010 the adjusted rate was 3.58%). Taking into consideration the expected future effects on portfolio quality of the HUF depreciation in June, the provisioning in 2Q 2010 contained a precautionary element to increase coverage. Should the Bank have retained the coverage ratio at the 1Q 2010 level (75%), that alone would have meant a HUF 9.1 billion lower risk cost level in 2Q. At the same time, the pace of portfolio deterioration accelerated significantly: quarterly change of FX-adjusted volume of DPD90+ loans doubled q-o-q (1Q 2010: HUF 19 billion, 2Q: HUF 37 billion).

DPD90+ ratio grew from 8.4% to 9.1% q-o-q. The acceleration of portfolio deterioration was experienced practically in all product segments: DPD90+ rate of mortgage loans increased from 5.5% to 6.5% q-o-q, the ratio at consumer loans grew from 16.5% to 17.8%, at SME loans from 11.1% to 12.6%. To ease the burden of retail FX-debtors, in June 2010 the Bank lowered the interest rate on the CHF denominated mortgage loans by 75 bps, and by 50 bps in case of JPY mortgage loans. Furthermore, due to the lower funding costs, the Bank effectuated in June 2010 another 25 bps cut in average, on the interest rates of CHF mortgage loans, and 50-75 bps on the CHF denominated consumer loans. Altogether, from the point of view of the clients with CHF mortgage loans these interest rate cuts equal to approx. HUF 13 appreciation of CHFHUF exchange rate.[7]

At the end of June, 5.8% of the total retail loan portfolio took part in the debtor protection program of the Bank (3Q 2009: 3.0%, 4Q: 4.4%, 1Q 2010: 5.1%). The amount of newly involved loans in the program decreased further in 2Q.

Deterioration of corporate loans continued during the quarter: DPD90+ ratio grew from 10.8% to 11.9% q-o-q.

The good performance of net interest income (half-yearly net interest income increased by 9% y-o-y, quarterly income grew by 34%) is mainly related to a one-off item: in 2Q 2010 the HUF/FX basis swap spreads widened a lot – from 100 bps to approx. 180 bps – resulting in a HUF 22.6 billion fair value adjustment gain on FX swaps booked as interest income. In order to mitigate the interest sensitivity of the HUF/FX swap portfolio, the Bank has started concluding derivative deals since 2Q 2010; hence in case of a possible future decrease in basis swap spreads the negative effect on interest income will be smaller. The FVA of swaps is booked only under IFRS only; there is no impact at all on HAR-based stand-alone P&L.

The half-yearly net interest income adjusted for the swap-revaluation (1H 2010: HUF 157 billion) declined by 4% y-o-y, primarily due to the significantly lower interest-differential result of FX swaps, because of the y-o-y lower HUF interest rate environment. This negative effect has been only partially offset by the fact that due to its strong liquidity position, the moderating deposit market competition and the decreasing HUF interest rate environment the Bank was able to decrease its deposit rates.

[6] Reminder: profit for 1H 2009 contained the following one-off elements. In 1Q 2009 HUF 19.6 billion, in 2Q HUF 5.5 billion pre-tax profit was realized (accounted within other net non-interest income line) on the repurchase of Upper Tier 2 Capital elements. On the open FX-positions above the strategic FX-positions HUF 11.3 billion pre-tax loss was realized in 1Q 2009 (accounted within net foreign exchange gains). In 1H 2009 the tax-shield of subsidiary investments has a neutral cumulative effect on OTP Core's net profit; however, the quarterly profit development was affected by the extra HUF 9.5 billion tax-burden generated on the tax-shield in 1Q 2009, while in 2Q HUF 9.4 billion tax saving was achieved.

[7] Assuming HUF 10 million equivalent CHF mortgage loan with 20 years maturity.

The quarterly net interest income (adjusted NII grew by 5% q-o-q) was advantageously influenced by the depreciating HUF: HUF denominated profit of FX lending was enhanced by the weakening HUF (q-o-q depreciation was 6%, 2% and 10% against CHF, EUR and JPY, respectively). The previously mentioned deposit pricing measures had also a positive effect: because of the time-need of the repricing (2-3 months in general), these decisions had a significant effect even in 2Q. The adjusted quarterly net interest margin slightly increased q-o-q (2Q 2010: 4.96%, +0.12%-point q-o-q and y-o-y as well).

Quarterly level of net fee and commission income increased by 3% q-o-q, however, on a half-yearly base the decline was 5%. But the other net non-interest income improved significantly (1H 2010 HUF 38.9 billion, HUF +16.3 billion or +72% y-o-y). The strong result is supported by several factors: due to the remarkable decline of HUF yields in 1H 2010 HUF 8.1 billion gain was realised on the government securities of the trading portfolio (in 1Q: HUF 6.5 billion, in 2Q: HUF 1.6 billion).

Within 2Q 2010 net foreign exchange profit HUF 8.9 billion was realized on FX hedging transactions related to the FX-loans provisions at OTP Bank Ukraine. Identical amount of loss stemming from the revaluation result of the FX provisions was booked amongst the consolidated capital reserves during the accounting consolidation. Generally, the FX-risk of provisions related to FX-exposure is hedged by OTP Bank Ukraine itself. As presented in the 2009 interim report, due to the Ukrainian regulations, OTP Bank guaranteed part of the USD denominated exposure of the Ukrainian subsidiary. According to IFRS, this transaction was accounted as capital injection. OTP Bank made provisions for this guarantee at the end of 2009, which appeared at the Ukrainian subsidiary in the IFRS based non-consolidated statements. According to Hungarian Accounting Standards, the transaction resulted in a USDHUF open position for OTP Bank. Due to the higher probability of USD strengthening and the Ukrainian restrictions related to FX transactions, in order to close the open position OTP Bank built a hedging position in 2Q. The Bank gained HUF 8.9 billion on the position, as USDHUF changed, while the capital reserves of the Group declined to the same extent, through OTP Bank Ukraine's contribution. (Simultaneously, due to the HUF weakening, the revaluation of OTP Ukraine's equity and the goodwill related to the investment increased revaluation reserves, i.e. the Group's capital reserves, by HUF 29 billion in 2Q.) From beginning of June 2010, due to the decision, which permitted the linking of the provisions and the hedging transaction, the revaluation results of both the provisions and the hedging open FX position are recognized in the statements of recognized income, where they are booked on the same line, therefore offsetting each other.

Also marked as a one-off item, HUF 8 billion FX-gain was posted in 2Q. Latter was realized on a balance sheet position, which is held by OTP Core for hedging purposes to offset revaluation results of FX provisions related to its FX loan portfolio. According to these the total HUF 8 billion foreign exchange gain was offset on the risk cost line in 2Q. In the period no gain derived from the repurchase of Upper Tier2 Capital elements.

The HUF 2 billion decrease (-2%) of the half-yearly cost amount reflects the efficiency of cost control. This is remarkable, taking into consideration that in 1H 2010 the average yearly increase of CPI was 5.7% in Hungary. Major part of the decline was realized on personnel expenses which decreased by 6% y-o-y. The significant adjustment is the result of the 6% headcount reduction at the end of 2009: following the 477 persons cut-back of the headcount last year, in 1H 2010 there was no meaningful change (2Q 2010 closing number of the headcount is: 7,802 persons, 0% ytd). Within the half-yearly cost amount only depreciation shows an 8% y-o-y increase due to the fact that, compared to the previous years, in 4Q 2009 significant investments were activated. Other expenses are mainly in line with the basis (-1% y-o-y), so in real terms these declined significantly. Latter also included in 2Q 2010, as a one off item, the HUF 0.5 billion aid transferred to the Hungarian Red Cross to help people suffering flood damages.

Q-o-q 4% increase of operating expenses was caused primarily by the seasonally higher marketing costs in 2Q, the above mentioned one-off aid and the increase of local taxes. Latter is primarily due to the increased tax-base deriving from the revaluation of foreign investments because of the FX-volatility.

Number of branches has not changed meaningfully (2Q 2010: 382, +1 branch q-o-q, 0 branch y-o-y).

Main components of OTP Core's Statement of financial position:

Main components of balance sheet (closing balances, in HUF mn)	2Q 2009	4Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y	YTD
Total Assets	6,296,744	6,535,059	6,306,826	6,670,488	6%	6%	2%
Gross customer loans	3,271,417	3,208,909	3,223,078	3,543,992	10%	8%	10%
Retail loans	2,176,050	2,186,021	2,201,403	2,364,479	7%	9%	8%
Corporate loans	1,095,367	1,022,888	1,021,676	1,179,513	15%	8%	15%
Allowances for loan losses	-154,170	-188,502	-203,142	-249,190	23%	62%	32%
Deposits from customers	3,284,266	3,484,896	3,538,671	3,546,918	0%	8%	2%
Deposits from customers + retail bonds	*3,442,713*	*3,721,628*	*3,795,993*	*3,801,143*	*0%*	*10%*	*2%*
Retail deposits	2,407,104	2,470,161	2,406,391	2,442,463	1%	1%	-1%
Retail deposits + retail bonds	*2,565,551*	*2,706,894*	*2,663,713*	*2,696,688*	*1%*	*5%*	*0%*
Corporate deposits	877,162	1,014,734	1,132,280	1,104,455	-2%	26%	9%
Liabilities to credit institutions and governments	736,121	643,281	463,261	544,058	17%	-26%	-15%
Issued securities	944,362	953,433	738,593	759,626	3%	-20%	-20%
o/w retail bonds	*158,447*	*236,733*	*257,321*	*254,225*	*-1%*	*60%*	*7%*
Total shareholders' equity	898,714	1,001,181	1,044,744	1,082,245	4%	20%	8%
Loan Quality (%)	2Q 2009	4Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y	YTD
90+ days past due loan volume	212,003	251,594	271,516	320,861	18%	51%	28%
90+ days past due loans/gross customer loans	6.5%	7.8%	8.4%	9.1%	0.6%	2.6%	1.2%
Total provisions/90+ days past due loans	72.7%	74.9%	74.8%	77.7%	2.8%	4.9%	2.7%
Market Share (%)	2Q 2009	4Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y	YTD
Loans	17.7%	17.8%	18.0%	18.0%	0.0%	0.3%	0.2%
Deposits	23.1%	24.2%	24.7%	24.1%	-0.6%	1.0%	-0.1%
Total Assets	23.3%	26.3%	24.6%	24.9%	0.2%	1.5%	-1.4%
Indicators (%)	2Q 2009	4Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y	YTD
Gross loans to deposits	100%	92%	91%	100%	9%	0%	8%
Leverage (Shareholder's Equity/Total Assets)	14.3%	15.3%	16.6%	16.2%	-0.3%	2.0%	0.9%

Balance sheet trends

Adjusted with technical effects in 2Q 2010 practically both the loan and the deposit book remained stable q-o-q in the balance sheet of OTP Core (loan portfolio: 0% q-o-q, 0% y-o-y, deposit book: -1% q-o-q, +7% y-o-y). The two technical effects were: on one hand the significant weakening of HUF in 2Q (16% against CHF, 7% against EUR while 25% against JPY depreciation of the closing rate q-o-q), which negatively influenced the loan-to-deposit ratios as well, because within the assets of Core the FX-ratio is much higher than on the liability side (2Q 2010: 55% vs. 19%, respectively). Another technical effect was the reclassification of around HUF 100 billion municipality bonds[8] to loans within the assets of OTP Core in 2Q 2010. These two effects are responsible for the unfavourable change of the loan-to-deposit ratio of OTP Core (2Q 2010: 100%, +9%-points q-o-q). Without reclassified bonds and exchange rate effects the gross LTD ratio would have stagnated q-o-q.

Positive improvement on the loan side that the FX-adjusted decrease of the mortgage loan portfolio practically stopped due to the strengthening loan origination (FX-adjusted: 0% q-o-q, -2% y-o-y). Especially good tendency in the loan disbursements that since January 2010 the market share in new disbursements increased significantly. In 2Q 2010 OTP Core reached a 28.3% market share from the total disbursements, and 29.5%[9] from the disbursements without CHF which means a market leader position again. Quarterly disbursement more than doubled q-o-q (2Q 2010: HUF 28 billion, +103% q-o-q, +64% y-o-y) and with this on a half-yearly base the value of disbursements exceeded by 44% that of 2009 (1H 2010: HUF 41 billion). Regarding the FX-composition of the disbursements: ratio of HUF denomination grew to 75% (average yearly value in 2009 was 55%, 1Q 2010: 59%, 2Q: 83%). Also a significant fact regarding the FX-ratio that since 1 July 2010 OTP Bank suspended the admission of FX-loan applications, so since 3Q 2010 the HUF-ratio is expected to converge towards 100%. The decision of the Bank's management was a reaction to the 29 point economic action plan of the new government which contained the intention to stop retail FX-lending. As a result, on 22 July 2010 the parliament enacted an amendment according to which no mortgage is allowed to be established in order to secure FX-denominated retail mortgage loans.

Without exchange rate and bond reclassification effect only municipality lending produced a relatively small increase (+4% q-o-q). All the other loan segments (small and large corporates, consumer lending) practically stagnated q-o-q. Notwithstanding its outstanding disbursement results compared to the market, portfolio of personal loans, representing the biggest part of the consumer loan portfolio,

[8] In compliance with the auditor, the portfolio of municipality bonds underwritten by OTP Bank was reclassified from securities-available-for-sale into customer loans in 2Q 2010. The base periods has not been adjusted according to this. For information purposes: the size of the relevant bond portfolio (in HUF billion): 2Q 2009: 86; 1Q 2010: 89; 2Q 2010:99).

[9] The ratio was calculated with new HUF and EUR disbursements, because the Bank did not provide any CHF loans in 1H 2010.

further diminished (-2% q-o-q, -7% y-o-y). Relative good performance in 1H 2010 is reflected in the 49% market share of the Bank in the personal loan disbursement, while in case of the outstanding portfolio the market share is significantly lower: 33%.

Deposit base of OTP Core, taking into consideration the portfolio of proxy-deposit retail bond portfolio, increased by 10% y-o-y, in 2Q 2010 stagnated (+0% q-o-q). The slow-down of deposit growth (during 2010 +2% year-to-date, while in 2009 13% yearly growth) is primarily caused by the slowing-down of the deposit-type savings of retail customers.

Combined amount of retail deposits and bonds practically remained stable in 1H 2010. Slowing-down of the strong growth in this segment in 2009 (9% y-o-y) is caused by the following: due to its strong liquidity position and the decreasing HUF interest rate environment, the Bank gradually moderated its promotional rates which caused a slight decline of the portfolio of promotional term deposits in 1H 2010. Simultaneously, during 1H 2010 significant break-through of alternative saving forms (primarily the investment funds) was experienced.

In 1H 2010, the deposit growth was fuelled by the increasing amount of corporate deposits: medium and large corporate deposits grew by 9% q-o-q, by 19% year-to-date. However municipal deposits dropped significantly both q-o-q (-32%) and year-to-date (-21%). This was also influenced by seasonality effect: driven by the collection of local taxes the amount of municipal deposits usually increases at the end of 1Q and 3Q, but decreases in the following quarters.

The amount of issued securities (2Q 2010: HUF 760 billion, -20% y-o-y and year-to-date as well) was highly influenced by the maturing mortgage bonds. Most sizeable among these was the EUR 1 billion mortgage bond matured and repaid on 4 March 2010 (at the 2Q closing rate HUF 286 billion). This effect was offset by several factors: the above mentioned retail bond issuance resulted a HUF 96 billion portfolio growth y-o-y (and HUF 17 billion ytd). Furthermore, during 1H 2010 there was a significant issue affecting the OTP Core's balance sheet: OTP Mortgage Bank issued EUR 300 million mortgage bonds, with 1.7 years to maturity out of its EUR 3 billion EMTN programme. About one third of the issue was purchased by investors from outside the Group.

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 2009	1H 2010	Y-o-Y	2Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	2,387	4,305	80%	1,144	1,731	2,573	49%	125%
Pre-tax profit	2,987	5,109	71%	1,434	2,119	2,989	41%	108%
Total income	3,565	4,923	38%	1,722	2,436	2,487	2%	44%
Fund management fee	4,323	6,493	50%	2,174	3,091	3,402	10%	56%
Fund management fee (%)	1.37%	1.34%	*0.0%*	1.37%	1.35%	1.34%	*0.0%*	*0.0%*
Wealth management fee	1,535	1,744	14%	747	851	893	5%	19%
Wealth management fee (%)	0.42%	0.35%	*-0.1%*	0.39%	0.35%	0.35%	*0.0%*	*0.0%*
Other income	145	160	11%	24	145	15	-90%	-36%
Dealer commission	-2,437	-3,474	43%	-1,223	-1,651	-1,823	10%	49%
Operating expenses	-578	-700	21%	-287	-317	-383	21%	33%
Personnel expenses	-201	-284	41%	-79	-124	-160	28%	103%
Operating expenses	-364	-407	12%	-202	-188	-219	16%	8%
Depreciation	-13	-9	-29%	-6	-4	-5	8%	-27%
Value creation (after-tax)	**4,478**	**7,282**	**63%**	**2,198**	**3,148**	**4,134**	**31%**	**88%**
Main components of balance sheet closing balances in HUF mn	2009	2Q 2010	YTD	2Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
Total assets	10,933	9,730	-11%	7,859	10,881	9,730	-11%	24%
Total shareholders' equity	9,059	8,252	-9%	5,613	5,792	8,252	42%	47%
Main components of P&L account in HUF mn	2009	2Q 2010	YTD	2Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
OTP Funds	862.7	1,013.4	17%	645.1	1,004.8	1,013.4	1%	57%
money market	299.2	354.0	18%	249.0	340.1	354.0	4%	42%
bond	105.9	149.3	41%	47.8	142.0	149.3	5%	213%
mixed	14.8	14.9	1%	13.3	15.4	14.9	-4%	12%
security	306.8	344.8	12%	204.3	360.7	344.8	-4%	69%
guaranteed	117.6	126.8	8%	113.3	126.3	126.8	0%	12%
other	18.5	23.7	28%	17.5	20.3	23.7	17%	36%
Pension Funds	758.2	806.6	6%	618.1	804.5	806.6	0%	31%
o/w OTP Funds	737.5	785.2	6%	601.4	781.9	785.2	0%	31%
Other pension funds	20.7	21.4	3%	16.6	22.6	21.4	-5%	29%
Other Institutional Investors	198.1	207.1	5%	178.6	208.7	207.1	-1%	16%
Assets under management, total	**1,819.0**	**2,027.1**	**11%**	**1,441.7**	**2,018.0**	**2,027.1**	**0%**	**41%**

OTP Fund Management posted HUF 4.3 billion net profit for 1H 2010 o/w HUF 2.6 billion was realized in the second quarter. The Company's after-tax value creation for the period was HUF 7.3 billion. However both its value creation (more than HUF 4 billion) and the net profit in 2Q significantly exceeded its performance in 1Q 2010 which was partially due to a one-off item (related to the closing of a court proceeding).

Similarly to 1Q 2010, the capital inflow to the investment funds' market continued in 2Q. Amount of total assets under management increased continuously with a gradually decreasing pace which favourably influenced the income generation. Half-yearly fund management fee of the Company reflects a 50% y-o-y growth which represents a 1.34% fee charge on the average portfolio. The wealth management fee reached a more moderate increment (+14% y-o-y) due to the lower increase of wealth of pension and other funds. Operating expenses showed a 21% growth y-o-y, within that the 41% increase of personnel costs reflects the changes of accounting methodology of bonuses. The headcount of the Company has not changed (35 persons at the end of June 2010).

Despite of the volatile sentiment of the capital markets in 2Q the increase of wealth managed in investment funds continued. In 2Q security funds attracted HUF 132 billion capital, retail investors preferred further the money market and short term bond funds, whereas institutional investors, expecting a potential market boom, favoured equity funds. From the total market inflow 13.3% (almost HUF 18 billion) flew into the funds managed by OTP Fund Management. OTP Optima grew by HUF 8 billion, while the portfolio of OTP Capital Guaranteed Money Market Fund increased by HUF 13 billion.

The growth rate of the assets under management in the pension fund segment moderated in 2Q, however with its 6% y-o-y portfolio increment it has exceeded HUF 800 billion.

The end of June 32.8% market share (adjusted by estimated duplications) of OTP Fund Management reflects its steadily excellent performance and the trust of investors. In 2Q the number of Company's customers grew by 8 thousand individuals due to the popularity of OTP Optima and OTP Capital Guaranteed Money Market Fund

Fund management companies in Ukraine and Romania realized HUF 3 million profit in 1H 2010.

MERKANTIL GROUP

Performance of Merkantil Bank and Car:

Main components of P&L account in HUF mn	1H 2009	1H 2010	Y-o-Y	2Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	353	-969	-375%	235	288	-1,257	-537%	-636%
Pre-tax profit	443	-969	-319%	261	395	-1,364	-446%	-622%
Operating profit	5,977	5,819	-3%	2,919	2,909	2,910	0%	0%
Total income	8,610	8,306	-4%	4,118	4,082	4,224	3%	3%
Net interest income	10,380	8,891	-14%	4,949	4,486	4,405	-2%	-11%
Net fees and commissions	-2,514	-2,109	-16%	-1,317	-1,050	-1,059	1%	-20%
Other net non-interest income	744	1,524	105%	486	646	878	36%	81%
Operating expenses	-2,633	-2,487	-6%	-1,199	-1,173	-1,314	12%	10%
Provision for possible loan losses	-5,375	-6,665	24%	-2,859	-2,449	-4,216	72%	47%
Other provision	-158	-123	-22%	202	-66	-57	-12%	-129%
Main components of balance sheet closing balances in HUF mn	**2009**	**1H 2010**	**YTD**	**2Q 2009**	**1Q 2010**	**2Q 2010**	**Q-o-Q**	**Y-o-Y**
Total assets	308,706	332,032	8%	326,546	305,818	332,032	9%	2%
Gross customer loans	312,698	347,927	11%	332,441	316,147	347,927	10%	5%
Retail loans	80	127	59%	553	103	127	23%	-77%
Corporate loans	37,850	50,244	33%	43,344	43,933	50,244	14%	16%
Car financing loans	274,768	297,557	8%	288,545	272,112	297,557	9%	3%
Allowances for possible loan losses	-34,393	-40,893	19%	-28,481	-36,777	-40,893	11%	44%
Deposits from customers	5,467	4,544	-17%	6,227	4,672	4,544	-3%	-27%
Retail deposits	1,496	1,889	26%	2,235	1,774	1,889	6%	-15%
Corporate deposits	3,971	2,655	-33%	3,992	2,898	2,655	-8%	-33%
Liabilities to credit institutions	235,553	267,156	13%	246,687	237,722	267,156	12%	8%
Total shareholders' equity	31,444	29,666	-6%	33,627	30,908	29,666	-4%	-12%
Loan Quality	**1H 2009**	**1H 2010**	**Y-o-Y**	**2Q 2009**	**1Q 2010**	**2Q 2010**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	36,158	46,679	29.10%	36,158	39,716	46,679	17.53%	29.10%
90+ days past due loans/gross customer loans (%)	10.9%	13.4%	2.54%	10.9%	12.6%	13.4%	0.85%	2.54%
Cost of risk/average gross loans (%)	3.31%	4.07%	0.76%	3.36%	3.16%	5.09%	1.93%	1.73%
Total provisions/90+ days past due loans (%)	78.8%	87.6%	8.84%	78.8%	92.6%	87.6%	-5.00%	8.84%

Performance Indicators (%)	1H 2009	1H 2010	Y-o-Y	2Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
ROA	0.2%	-0.6%	-0.8%	0.3%	0.4%	-1.6%	-2.0%	-1.8%
ROE	2.1%	-6.4%	-8.5%	2.8%	3.7%	-16.6%	-20.4%	-19.5%
Net interest margin	6.15%	5.60%	-0.55%	5.60%	5.92%	5.54%	-0.38%	-0.06%
Cost/income ratio	30.6%	29.9%	-0.6%	29.1%	28.7%	31.1%	2.4%	2.0%

[1] Effective from Q2 2009, Car financing loans comprise Car leasing volume and 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 line. 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 line in the P&L.

- ***Almost HUF 1 billion loss in 1H 2010***
- ***FX-adjusted car financing loans decreased further (-3% q-o-q, -12% y-o-y)***
- ***Higher 2Q operating costs (+12% q-o-q, +10% y-o-y) due to unplanned growth of personnel expenses***
- ***The portfolio quality deterioration continued while the coverage ratio remained at ample level (87.6%)***
- ***Quarterly volume of newly rescheduled loans was declining gradually and significantly since 4Q 2009***

In 1H 2010 Merkantil Bank and Car realized HUF 969 loss compared to HUF 353 million after tax profit in 1H 2009. Beside of the slight setback of total income, the weak net result is the consequence of significantly increasing provision for loan losses. However the growth of risk cost is not accounted for the quality deterioration of the portfolio but for the revaluation of the provisions due to HUF weakening.

Total income in 1H 2010 came out slightly below the base period (-4% y-o-y). Net interest income in 1H dropped by 14% compared to 1H 2009, because of higher intragroup funding spreads and growing amount of suspended interest. Net fee and commission expenses in 1H declined by 16% y-o-y, thanks to the base effect and the fact that the fee expenditures in relation to loans are gradually declining as a natural adjustment to sluggish business activity. The other net non-interest income showed an outstanding performance, fuelled by the net foreign exchange gain.

In 1H 2010 operating costs dropped by 2% y-o-y. On a quarterly base they increased by 12%. The main reason behind was the mounting personnel costs.

Provision for possible loan losses grew significantly both in yearly and in quarterly comparison (1H 2010 +24% y-o-y, 2Q 2010 +72% q-o-q).The total q-o-q increment of risk cost is practically related to the revaluation of the provisions due to HUF weakening.

The portfolio quality deteriorated slightly: the ratio of DPD90+ loans increased from 12.6% to 13.4% during the second quarter. In 2Q the volume of newly rescheduled loans dropped by nearly 75% compared to the peak seen in 4Q 2009. At the end of 1H 2010 6.7% of total loan portfolio was involved in the debtor protection program (+0.3%-point q-o-q). The coverage ratio of DPD90+ loans decreased (-5%-points q-o-q), but in absolute terms remained stable and acceptable (87.6%).

Since the beginning of the crisis car financing loan book has been shrinking gradually calculated on a fixed exchange rate, in 1H 2010 FX-adjusted decline was -7% ytd, in 2Q 2010 -3% q-o-q and -12% y-o-y respectively. (The growth of the portfolio in HUF terms is the result of the significant exchange effect.) The reason for the gradual decrease of the portfolio is on one hand the smaller number of new disbursements (in 1H 2010 -40% y-o-y) reflecting the decreasing number of car sales. On the other hand the average volume of new disbursements also decreased as the ratio of less expensive second-hand cars within new sales picked up and higher downpayments were required. The latter was induced by the new government decree on prudent retail lending and creditworthiness in force since March 2010.

IFRS REPORTS OF THE MAIN SUBSIDIARIES

In the following parts of the Report, the net profit for the period of the subsidiaries are presented without any received dividends and net cash transfers. The structural adjustments on the lines of subsidiaries' Statements of recognised income as well as description of calculation methods of performance indices are to be found in supplementary data annex.

DSK GROUP (BULGARIA)

Performance of DSK Group:

Main components of P&L account in HUF mn	1H 2009	1H 2010	Y-o-Y	2Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	11,948	9,219	-23%	4,560	4,559	4,661	2%	2%
Pre-tax profit	13,263	10,243	-23%	5,061	5,065	5,178	2%	2%
Operating profit	27,909	25,760	-8%	14,167	12,042	13,719	14%	-3%
Total income	43,465	40,921	-6%	21,981	19,429	21,492	11%	-2%
Net interest income	35,008	32,833	-6%	17,440	15,775	17,058	8%	-2%
Net fees and commissions	7,786	7,322	-6%	4,136	3,322	4,000	20%	-3%
Other net non-interest income	671	767	14%	405	332	435	31%	7%
Operating expenses	-15,556	-15,161	-3%	-7,814	-7,387	-7,774	5%	-1%
Provision for possible loan losses	-14,621	-15,490	6%	-9,102	-6,967	-8,523	22%	-6%
Other provision	-25	-27	6%	-4	-10	-17	73%	310%
Main components of balance sheet closing balances in HUF mn	**2009**	**1H 2010**	**YTD**	**2Q 2009**	**1Q 2010**	**2Q 2010**	**Q-o-Q**	**Y-o-Y**
Total assets	1,207,328	1,238,027	3%	1,187,103	1,180,708	1,238,027	5%	4%
Gross customer loans	1,027,820	1,096,535	7%	1,030,687	1,015,715	1,096,535	8%	6%
Retail loans	831,729	885,309	6%	836,539	818,890	885,309	8%	6%
Corporate loans	196,091	211,226	8%	194,149	196,826	211,226	7%	9%
Allowances for possible loan losses	-61,810	-81,688	32%	-53,990	-67,701	-81,688	21%	51%
Deposits from customers	801,112	862,423	8%	758,575	804,266	862,423	7%	14%
Retail deposits	688,399	736,290	7%	645,294	690,255	736,290	7%	14%
Corporate deposits	112,713	126,133	12%	113,281	114,011	126,133	11%	11%
Liabilities to credit institutions	100,739	43,354	-57%	137,878	71,791	43,354	-40%	-69%
Subordinated debt	95,049	100,499	6%	95,350	93,741	100,499	7%	5%
Total shareholders' equity	193,214	214,220	11%	180,055	195,037	214,220	10%	19%
Loan Quality	**1H 2009**	**1H 2010**	**Y-o-Y**	**2Q 2009**	**1Q 2010**	**2Q 2010**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	59,170	104,198	76%	59,170	80,182	104,198	30%	76%
90+ days past due loans/gross customer loans (%)	5.7%	9.5%	3.8%	5.7%	7.9%	9.5%	1.6%	3.8%
Cost of risk/average gross loans (%)	2.88%	2.94%	0.06%	3.32%	2.77%	3.24%	0.47%	-0.09%
Total provisions/90+ days past due loans (%)	91.2%	78.4%	-12.8%	91.2%	84.4%	78.4%	-6.0%	-12.8%
Performance Indicators (%)	**1H 2009**	**1H 2010**	**Y-o-Y**	**2Q 2009**	**1Q 2010**	**2Q 2010**	**Q-o-Q**	**Y-o-Y**
ROA	2.0%	1.5%	-0.5%	1.4%	1.5%	1.5%	0.0%	0.1%
ROE	14.0%	9.1%	-4.8%	9.6%	9.5%	9.1%	-0.4%	-0.5%
Total income margin	7.43%	6.75%	-0.68%	6.97%	6.60%	7.13%	0.53%	0.16%
Net interest margin	5.99%	5.42%	-0.57%	5.53%	5.36%	5.66%	0.30%	0.13%
Cost/income ratio	35.8%	37.0%	1.3%	35.5%	38.0%	36.2%	-1.9%	0.6%
Net loans to deposits	129%	118%	-11%	129%	118%	118%	0%	-11%

- ***Stable operating results, y-o-y drop of after tax profit is mainly due to FX-effect and rising risk costs for loan losses***
- ***Net loan-to-deposit ratio stabilised at 118% (no change q-o-q, -11%-points y-o-y) with flat loan and deposit volumes***
- ***Net interest margin improved by 0.30%-points q-o-q***
- ***Cost efficiency still outstanding (1H 2010 Cost/income ratio stood at 37%)***

The HUF denominated financials of DSK Group were highly influenced by the development of the BGN-HUF exchange rate: in 2Q 2010 the closing rate of the HUF weakened by 5% y-o-y, 8% q-o-q against BGN, while the half-year average rate appreciated by 6% y-o-y.

The DSK Group after tax profit in 1H 2010 was HUF 9.2 billion, by 23% less compared to the level of the previous year. The drop is partly due to the appreciation of the average HUF rate, in BGN terms the profit drop was 17% y-o-y. Nevertheless, 1H 2010 performance of the Bulgarian bank proved its henceforward robust income generating

capability and efficient cost control. The Bank's operating profit (before tax and provisioning for loan losses) in 1H was similar to the base period in BGN terms (-2% y-o-y); the 8% y-o-y decrease in HUF terms was due to the stronger average HUF rate.) The half-year income in BGN terms remained flat y-o-y, as both net interest and net F&C income could repeat the performance of the base period. It was a favourable improvement that 2Q 2010 net interest margin grew by 30 basis points q-o-q (1Q 2010: 5.36%, 2Q: 5.66%), mainly as a result of pricing and liquidity management measures taken on the liability side. The previously mentioned stringent cost control is reflected in the continuously low cost/income ratio (1H 2010: 37%, +1%-points y-o-y), and in the only 4% y-o-y increase of operating expenses in BGN terms (3% decrease observed in HUF). Due to the aforementioned, the higher risk costs were the main reason for the decrease in net profit for the period: the 1H HUF 15.5 billion risk cost volume represents a yearly growth of 6% and 13% in HUF and BGN terms, respectively.

The deterioration of loan portfolio hit all product segments. As a result, proportion of 90+ days past due loans rose from 7.9% to 9.5% q-o-q. The DPD90+ rate increased from 7.0% to 8.3% in case consumer loans, from 3.0% to 6.1% in case of corporate loans whereas in the most problematic micro- and SME segment it rose form 22.4% to 25.4% q-o-q. For the small acceleration of deterioration in 2Q 2010 (the q-o-q change of the overall DPD90+ rate was +0.9%-points in 1Q 2010 while in 2Q it was +1.6%-points) mainly the large corporate and housing loan segments are to blame. On the other hand, the volume of new non-performing loans in the consumer loans segment was at about the previous quarter's level, and the portfolio quality deterioration seemed to have lost momentum in the SME segment. The retail debtor protection program continued: the affected portfolio grew from 8.1% to 9.2%. Despite higher provisioning the coverage of non-performing loans decreased by 6%-points q-o-q (2Q 2010: 78%), but remained still above the group average.

As for the development of total revenues it is favourable that the Bank lowered its interest rates on deposits as its liquidity position improved: Also it did not renew its expiring deposit campaigns. Consequently, net interest margin improved (1Q 2010 +12 bps q-o-q, in 2Q +30 bps q-o-q). What is more favourable, despite the interest rates cuts, the Bank's market share in the retail deposit market only slightly eroded and even improved q-o-q in the corporate deposit market. The strong performance of F&C income in 2Q contributed to the good income development (net profit from fees and commissions grew by 20% q-o-q, almost reaching 2Q 2009 level). The q-o-q improvement is partially due to seasonal effects, but also the stronger retail loan sales explains the enhancement of incomes.

Regarding the loan volumes it is to be noted that lending conditions in the Bulgarian market have been softening during 1H, which marks an increasing lending willingness of the banking sector. In line with that DSK Bank launched retail campaigns, and the demand was picking up in the second quarter. Nevertheless, the order of magnitude of new disbursements has not changed, new disbursements could only keep the portfolio at the level of the previous quarter both in the consumer loans segment (portfolio growth of +1% y-o-y, +1% q-o-q in BGN) as well as in the large corporate segment (+3% y-o-y, 0% q-o-q). The SME segment, however, still follows a downward trend (-15% y-o-y, -3% q-o-q). The Bank kept its stable market share in the loan market in 2Q 2010.

Despite the previously mentioned pricing measures, deposit base of the Bank stagnated q-o-q (still, in BGN terms it grew by 9% y-o-y). The stagnation is mainly due to the decrease of retail term deposits, while corporate deposits showed growth even in 2Q 2010 – mainly due to new municipal deposits. Thus the shrinkage of the net loan-to-deposit ratio, which started in 1Q 2009, stopped (2Q 2010: 118%, no change q-o-q, -11%-points y-o-y).

On the liability side there was no major capital market transaction in 1H 2010: the subordinated capital base remained flat in BGN on a yearly as well as on a quarterly basis. At the same time the inter-bank funding decreased significantly (-44% q-o-q in BGN, -70% y-o-y); there were two reasons for the decrease: DSK Bank paid back approx. HUF 27 billion loan in February 2010 to its mother bank and a syndicated loan of EUR 140 million (about HUF 40 billion) was paid back on 8 April 2010. The continuous improvement of the Bank's liquidity position allowed it to pay back these liabilities.

Capital position of DSK is still very strong, the capital adequacy ratio is more than double of the regulatory minimum (2Q 2010: 25.3% vs. 12% of the regulatory minimum; Tier 1 ratio: 17.0%). In 1H the ratio improved significantly due to changes in the Bulgarian regulations. Among the changes the one that modified the risk weight of some asset classes had the major impact, leading to a YTD decline of 13% in the RWA.

OTP BANK RUSSIA[10]

Performance of OTP Bank Russia:

Main components of P&L account in HUF mn	1H 2009	1H 2010	Y-o-Y	2Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	218	4,813		-95	1,200	3,613	201%	
Pre-tax profit	287	6,322		-125	1,579	4,743	200%	
Operating profit	12,180	20,973	72%	5,855	9,106	11,868	30%	103%
Total income	33,172	44,228	33%	15,966	20,449	23,779	16%	49%
Net interest income	29,392	39,443	34%	14,642	18,852	20,592	9%	41%
Net fees and commissions	2,534	3,536	40%	1,331	1,290	2,246	74%	69%
Other net non-interest income	1,247	1,249	0%	-7	307	941	206%	
Operating expenses	-20,992	-23,254	11%	-10,111	-11,343	-11,911	5%	18%
Provision for possible loan losses	-11,645	-15,194	30%	-5,697	-7,458	-7,737	4%	36%
Other provision	-249	543	-318%	-284	-69	612	-985%	-316%
Main components of balance sheet closing balances in HUF mn	**2009**	**1H 2010**	**YTD**	**2Q 2009**	**1Q 2010**	**2Q 2010**	**Q-o-Q**	**Y-o-Y**
Total assets	579,941	717,512	24%	476,413	623,851	717,512	15%	51%
Gross customer loans	369,877	449,826	22%	348,176	395,640	449,826	14%	29%
Retail loans	250,463	320,834	28%	220,674	271,024	320,834	18%	45%
Corporate loans	103,719	110,838	7%	108,769	109,128	110,838	2%	2%
Allowances for possible loan losses	-38,493	-63,497	65%	-39,029	-49,516	-63,497	28%	63%
Deposits from customers	306,646	401,493	31%	226,149	333,036	401,493	21%	78%
Retail deposits	196,744	251,503	28%	158,136	219,180	251,503	15%	59%
Corporate deposits	109,902	149,990	36%	68,013	113,856	149,990	32%	121%
Liabilities to credit institutions	163,592	184,842	13%	156,652	160,270	184,842	15%	18%
Issued securities	15,955	11,626	-27%	5,599	16,974	11,626	-32%	108%
Subordinated debt	13,607	16,651	22%	13,800	14,363	16,651	16%	21%
Total shareholders' equity	71,459	90,506	27%	64,191	82,105	90,506	10%	41%
Loan Quality	**1H 2009**	**1H 2010**	**Y-o-Y**	**2Q 2009**	**1Q 2010**	**2Q 2010**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	48,369	75,144	55%	48,369	51,483	75,144	46%	55%
90+ days past due loans/gross customer loans (%)	13.9%	16.7%	2.8%	13.9%	13.0%	16.7%	3.7%	2.8%
Cost of risk/average gross loans (%)	6.42%	7.48%	1.05%	6.00%	7.90%	7.34%	-0.56%	1.34%
Total provisions/90+ days past due loans (%)	80.7%	84.5%	3.8%	80.7%	96.2%	84.5%	-11.7%	3.8%
Performance Indicators (%)	**1H 2009**	**1H 2010**	**Y-o-Y**	**2Q 2009**	**1Q 2010**	**2Q 2010**	**Q-o-Q**	**Y-o-Y**
ROA	0.1%	1.5%	1.4%	-0.1%	0.8%	2.2%	1.4%	2.2%
ROE	0.7%	12.0%	11.3%	-0.6%	6.3%	16.8%	10.5%	17.4%
Total income margin	13.31%	13.75%	0.44%	12.18%	13.78%	14.22%	0.44%	2.04%
Net interest margin	11.79%	12.26%	0.47%	11.17%	12.70%	12.31%	-0.39%	1.14%
Cost/income ratio	63.3%	52.6%	-10.7%	63.3%	55.5%	50.1%	-5.4%	-13.2%
Net loans to deposits	137%	96%	-40%	137%	104%	96%	-8%	-40%

- ***HUF 4.8 billion net profit for 1H 2010 is 1.5 times higher than the full year net profit for 2009***
- ***Operating income increased by 72% y-o-y, robust interest and fee income***
- ***Strong consumer loan disbursement, exceptionally successful cross-selling of credit cards; increasing personal loan portfolio***
- ***Improving cost efficiency due to increasing income and controlled cost base (1H 2010 CIR at 53%, -11%-point y-o-y)***

After tax profit of OTP Bank Russia for 1H 2010 amounted to HUF 4.8 billion which is an outstanding result taking into consideration that during 1H 2010 the Bank had to set aside almost HUF 7.8 billion provisions (1Q 2010: HUF 4.6 billion, 2Q: HUF 2.7 billion) as a one-off item for a corporate exposure defaulting in February.

Since mid-2009 the operating income of the Bank clearly reflects the signs of intensifying consumer loan demand and the efforts of the Russian subsidiary to boost its sales performance. Half-yearly net interest income grew by 34% y-o-y as a combined effect of increasing consumer loan portfolio and strong interest margin, net fee and commission income increased by 40%. All of these coupled with a stringent cost control (operating costs +11% y-o-y altogether) resulted in outstanding operating profit dynamics (+72% y-o-y). The 44% y-o-y increase of risk costs was caused by a HUF 7.3 billion provisioning for a loan of one corporate customer during the period. With this item the risk cost rate (7.48%) in 1H 2010 exceeded significantly last year level (1H 2009: 6.42%). Had we adjusted the effect of the previous one-off item the ratio would have been only 3.88%. The significant improvement

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

(-2.55%-point y-o-y) is explained by the good quality of consumer loans representing 56% of the total loan portfolio.

The robust increment of the income side to a large extent is linked to the successful sale of consumer loans. New consumer loan origination in 1H 2010 more than doubled y-o-y.

In case of the flagship product POS loans, after the contraction of winter 2008 / spring 2009 period, the sales performance has improved due to the significantly increasing demand. Since 2H 2009 the agent network has been extended and new selling agreements were concluded with country-wide retail chains. As a result, in 4Q 2009 disbursements reached a record level and the Bank's market share in new disbursements improved continuously. The dynamics of origination remained outstandingly strong even in 1H 2010 compared to the same periods of previous years (2Q 2010/1Q 2010: +0%, 1H 2010/1H 2009: +85%; 1H 2010/1H 2008: +26%), moreover since 2H 2009 the market share remained above 20% (1H 2010: 21,4%).

Due to strong disbursements, the POS loan portfolio stabilized at a high level (2Q 2010 closing portfolio in RUB q-o-q +0%, y-o-y +51%, whereas adjusted for the 2009 write-offs y-o-y +59%(!)). As for credit card loans, the success was due to the re-design of the product proposal in August 2009 and the intensive sales campaigns afterwards. The number of newly issued cards as well as the achieved utilization rate significantly exceeded the results of previous campaigns. As a consequence the portfolio of credit card loans increased by a growing pace: +9% q-o-q in 1Q 2010, +19% in 2Q, altogether the yearly growth reached 37% (adjusted for 2009 write-offs the portfolio would have increased by 48% (!) y-o-y). With respect to performing credit card loans the bank is currently the 6th largest player in the Russian market. As the favourable improvement of the recent period, personal loans sold in the branch network demonstrated a strong increment (although from a relatively low base but the portfolio increased by 28% q-o-q and 39% y-o-y).

Total income- and net interest margin of OTP Bank Russia were significantly boosted by the strong dynamics of consumer lending: the former increased to 13.8% and the latter to 12.3% in 1H 2010, which is a remarkable improvement compared to the previous year's levels. (+0.44%-point and +0.47% y-o-y respectively). Besides the strong consumer lending activity the margin improvement was generated by two other factors as well: on one hand the liquidity surplus cumulated as a result of the successful deposit collection in 2009 was invested into interbank loans and higher-yielding instruments after the amendment of the regulations around mid-2009. On the other hand since the current level of the liquidity buffer covers the liquidity need of the planned loan portfolio growth in 2010, the offered deposit rates were decreased in several steps through 4Q 2009 and 1H 2010. Furthermore the active selling campaigns were stopped. These changes are reflected in the slowing dynamics of deposit base growth in 1H 2010: in RUB terms the deposit base increased by 8% ytd after the outstanding 41% y-o-y growth in 2009. Furthermore the 13% ytd growth of corporate deposits is the result of a technical effect: during 2Q 2010 one large corporate customer placed its debt repayment as a deposit, since then in 3Q it was used for loan repayment. Retail deposits increased with a lower pace: +6% ytd. As the combined effect of these changes the rapid adjustment of the net loan-to-deposit ratio experienced in 2009 continued (2Q 2010: 96%, -8%-point q-o-q, -40%-point y-o-y).

The half-yearly 40% y-o-y increment and the significant q-o-q and y-o-y improvement of quarterly net fee and commission income (74% and 69% respectively) is also boosted by the previously detailed consumer loan and deposit trends.

The significant increase of risk costs for loan losses (1H 2010: HUF 15.2 billion, +30% y-o-y) was induced primarily by a HUF 7.3 billion one-off provisioning requirement for a corporate loan after the default of the borrower. This one-off provisioning was made for the loan of Technosila Group. The company is a retail trader of electronic and home appliances, having a wide distribution network. The total outstanding exposure of OTP Bank Russia to Technosila Group amounted to USD 46.6 million (at 2Q closing rate almost HUF 11 billion), which became more than 90 days overdue by the end of June. During the last three quarters the Russian bank made altogether HUF 8.2 billion provision for this loan (in 4Q 2009: HUF 0.8 billion; in 1Q 2010 HUF 4.6 billion; in 2Q 2010 a further HUF 2.7 billion). Thus, by the end of June the coverage of Technosila exposure reached 89% in RUB terms, further increase of the coverage, taking into consideration other collaterals behind the exposure, is not expected. The biggest lender of Technosila is the Russian MDM Bank which in 2010 pro forma took over the company, however it refused to repay its obligations to the previous lenders. OTP Bank Russia initiated several legal proceedings to prefer its claims, up to now unsuccessfully, but OTP Russia takes all the necessary steps to minimize its potential losses.

Beside of the negative effect of the above mentioned corporate loan the risk cost need for consumer loan losses remained favourable: the risk cost rate adjusted by one-off item (1H 2010: 3.88%) shows a significant decrease compared to 6.42% level in 1H 2009. Ratio of DPD90+ loans increased to 16.7% (+3.7%-point q-o-q, + 2.8%-point y-o-y). The robust quarterly growth has primarily been induced by the deterioration of Technosila-loan in 2Q (without that at the end of June the ratio would have stood at 14.3%). The coverage ratio of non-performing loans,

due to the significant provisioning – is steadily high (2Q 2010: 85%).

Due to stringent operating cost control operating expenses increased by only 7% y-o-y in RUB terms (in HUF +11%) it is practically in line with the Russian CPI (1H 2010 inflation: 6%). As a result of branch network rationalization the headcount of the bank w/o selling agents decreased to 4.944 people (-2% q-o-q, -4% y-o-y). Number of branches decreased to 155 (-2 branch q-o-q, -8 branches y-o-y) The agent network has been expanding since 2Q 2009: in 2Q 2010 it has increased by 1% to 11.303 peoples, thus the yearly growth of the network is 38%:

OTP BANK JSC (UKRAINE)[11]

Performance of OTP Bank JSC:

Main components of P&L account in HUF mn	1H 2009	1H 2010	Y-o-Y	2Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	-10,066	1,107	-111%	-946	143	963	571%	-202%
Pre-tax profit	-9,981	1,099	-111%	-946	202	898	346%	-195%
Operating profit	24,560	17,121	-30%	12,966	8,835	8,286	-6%	-36%
Total income	36,960	28,881	-22%	19,082	14,114	14,766	5%	-23%
Net interest income	32,511	26,305	-19%	16,715	12,648	13,657	8%	-18%
Net fees and commissions	3,266	3,482	7%	1,739	1,616	1,866	15%	7%
Other net non-interest income	1,183	-906	-177%	628	-149	-757	407%	-220%
Operating expenses	-12,400	-11,760	-5%	-6,116	-5,280	-6,480	23%	6%
Provision for possible loan losses	-34,319	-15,423	-55%	-14,536	-8,438	-6,985	-17%	-52%
Other provision	-221	-599	171%	624	-195	-404	107%	-165%
Main components of balance sheet closing balances in HUF mn	**2009**	**1H 2010**	**YTD**	**2Q 2009**	**1Q 2010**	**2Q 2010**	**Q-o-Q**	**Y-o-Y**
Total assets	711,155	839,990	18%	771,061	730,494	839,990	15%	9%
Gross customer loans	670,758	762,850	14%	725,558	689,357	762,850	11%	5%
Retail loans	311,158	375,482	21%	337,935	321,612	375,482	17%	11%
Corporate loans	300,795	324,477	8%	317,004	309,984	324,477	5%	2%
Car financing loans	58,806	62,891	7%	70,619	57,761	62,891	9%	-11%
Allowances for possible loan losses	-110,583	-157,685	43%	-53,307	-127,103	-157,685	24%	196%
Deposits from customers	165,764	206,818	25%	149,937	172,332	206,818	20%	38%
Retail deposits	98,164	122,334	25%	78,305	101,216	122,334	21%	56%
Corporate deposits	67,600	84,483	25%	71,632	71,117	84,483	19%	18%
Liabilities to credit institutions	403,803	455,634	13%	473,669	410,828	455,634	11%	-4%
Total shareholders' equity	90,711	115,393	27%	93,393	96,587	115,393	19%	24%
Loan Quality	**1H 2009**	**1H 2010**	**Y-o-Y**	**2Q 2009**	**1Q 2010**	**2Q 2010**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	81,615	208,401	155.35%	81,615	161,695	208,401	28.89%	155.35%
90+ days past due loans/gross customer loans (%)	11.2%	27.3%	16.07%	11.2%	23.5%	27.3%	3.86%	16.07%
Cost of risk/average gross loans (%)	9.29%	4.34%	-4.95%	7.36%	5.03%	3.86%	-1.17%	-3.50%
Total provisions/90+ days past due loans (%)	65.3%	75.7%	10.35%	65.3%	78.6%	75.7%	-2.94%	10.35%
Performance Indicators (%)	**1H 2009**	**1H 2010**	**Y-o-Y**	**2Q 2009**	**1Q 2010**	**2Q 2010**	**Q-o-Q**	**Y-o-Y**
ROA	-2.5%	0.3%	2.8%	-0.4%	0.1%	0.5%	0.4%	0.9%
ROE	-23.4%	2.2%	25.6%	-4.2%	0.6%	3.6%	3.0%	7.9%
Total income margin	9.21%	7.51%	-1.70%	9.07%	7.94%	7.54%	-0.40%	-1.53%
Net interest margin	8.10%	6.84%	-1.26%	7.95%	7.12%	6.98%	-0.14%	-0.97%
Cost/income ratio	33.6%	40.7%	7.2%	32.1%	37.4%	43.9%	6.5%	11.8%
Net loans to deposits	448%	293%	-156%	448%	326%	293%	-34%	-156%

[11] From 4Q 2008 figures are based on the aggregated financial statements of OTP Bank JSC and LLC OTP Leasing Ukraine, while from 4Q 2009 the result of LLC OTP Faktoring Ukraine was also aggregated.

- ***In spite of the significant provisioning net profit for the period exceeded HUF 1 billion in 1H 2010 vs. the more than HUF 10 billion loss for 1H 2009***
- ***Coverage of non-performing loans stabilized above 75%***
- ***The DPD90+ ratio deteriorated further q-o-q, however half of the quarterly increase of the ratio was attributable to the decreasing loan portfolio***
- ***On a yearly basis deposit base increased by 18%; thus net loan-to-deposit ratio improved by 156%-points***
- ***Efficient cost management, operating expenses remained flat y-o-y in local currency***

OTP Bank Ukraine's financial data in HUF terms were highly influenced by the foreign exchange movements in the analysed period. The average rate of HUF vs. UAH in 1H appreciated 6% y-o-y, while the average rate in 2Q decreased 13% q-o-q. With regards to the balance sheet items, the applied closing rates decreased significantly (more than 18%) both on yearly as well as quarterly basis, portfolio dynamics in UAH terms showed a moderate increase.

The net profit for 1H 2010 of OTP Bank Ukraine exceeded HUF 1 billion, in contrast to the significant loss made in 1H 2009. Both the half-yearly and the quarterly performance of the Bank was driven by the portfolio deterioration and the significant provisioning in order to keep coverage ratio stable. Operating profit of the Bank (without risk cost) decreased by 26% (in local currency), which is due to the effective cost control and the moderate business activity.

The 22% y-o-y decrease of the half-yearly income is a result of the foreign exchange effect (-17% y-o-y in LCY), and the decline of net F&C income and other net non-interest income. The development of net interest income was determined partly by the shrinking loan portfolios in the period (in LCY all major segments affected), and by the sale of loan portfolios to OTP Faktoring Ukraine (there is no interest income recognition on transferred portfolios). Nevertheless, according to the practice in place since November last year, the accrual of non-performing loans related interest stopped in case of those customers, who satisfy 3 criteria at once (significant delay of interest payment, loan classified as doubtful of bad, claims are in judicial collection process). The net interest margin for the first half-year stood at 6.84% after 126 basis points drop y-o-y. The yearly decline is mainly due to the moderate business activity, which was partly offset by the repricing measures taken on the liability side. The remarkable decline, however, was also formed by the foreign exchange development (in LCY, NIM decline for 1H was only 30 bps). The stronger average FX-rate resulted in lower NII, while the significantly stronger closing rate of HUF vs. UAH (and USD as well) contributed to the rising average balance sheet total.

Net fees and commission income reached a higher level compared to 1H 2009, (+13% y-o-y in local currency). The net deposit and transaction related fee income, which gives one third of total rose by 19% y-o-y, while net loan related commission income doubled y-o-y in local currency. Other net non-interest income in the period dropped due to the UAH foreign exchange rate fluctuation related revaluation loss of provisions, on the other hand, 318 million (UAH 12 million) loss was realized on securities valuation result.

In the first half-year stringent cost control determined the development of operating expenses: cost/income ratio of the bank increased by 7.2% y-o-y, mainly as a result of the dropping income. The half-yearly operating result remained flat in local currency compared to the same period last year. The development of personnel expenses was determined by the moderate business activity, number of employees declined by 373 since end of December (2Q 2010 closing number: 3,460, +13% y-o-y).

Still a moderate loan demand characterised the Ukrainian market, though signs of recovery have shown up. Gross loans show a small increase of 5% in HUF terms, which is mainly due to foreign exchange rate changes. Loan portfolio in local currency, however, dropped by 10% compared to year-end, the decline was present in all segments. With regards to the retail segment, the plummeting loan demand (in LCY loan portfolio shrank by 22% year-to-date) is partly due to the harsh lending conditions, and due to the unfavourable interest rates of UAH denominated loans. On the corporate side, the number of those customers increased in 2Q, who took advantage of the improving economic conditions by pre-paying existing loans.

The pace of loan portfolio deteriorations accelerated compared to 1H 2010, to which lower loan portfolio contributed, due to moderate demand, and also the tendency of prepayment got stronger in 1H. Nevertheless, the growth portfolio of non-performing loans continued. The ratio of 90+ days past due loans grew to 27.3% (+4%-points q-o-q), however roughly half of the q-o-q increase in the ratio is attributable to the decreasing total loan book. Provision coverage of non-performing loans improved significantly on a yearly basis (+103 bps), stabilized above 75% in 1H.

The Bank provides a debtor protection program to its retail customers; within this framework it lets customers change their originally USD denominated mortgage and car loans to UAH loans, and also open to agree in lower instalments temporarily. The ratio of restructured loans in the retail segment

reached 40.5% by the end of June, it is favourable, however, that the volume of retail restructured loans in LCY showed a 2% decrease q-o-q.

The fair funding position of the Bank let it several times lower its interest on deposits in 1H 2010. Still, the development of deposit base was favourable in the period, it increased by 18% q-o-q in LCY. Consequently, the bank's net loan-to-deposit ratio improved both on yearly (-156 bps) as well as quarterly (-34 bps) basis.

By the end of June 2010 the Bank's CAR calculated in compliance with local regulations, stood at 20.53%, which is about twofold the regulatory minimum (10%). The development of the half-yearly ratio was determined by the 14% decrease of risk weighted assets in LCY, which is due to the prepayments and the sale of loan portfolio to OTP Faktoring Ukraine (when calculating capital adequacy, these elements are not reconsolidated) .

OTP BANK ROMANIA

Performance of OTP Bank Romania:

Main components of P&L account in HUF mn	1H 2009	1H 2010	Y-o-Y	2Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs[1]	561	-2,055	-466%	1,287	0	-2,055		-260%
Pre-tax profit	889	-2,054	-331%	1,427	0	-2,054		-244%
Operating profit	2,947	4,366	48%	1,384	1,822	2,544	40%	84%
Total income	9,888	10,926	11%	4,955	4,929	5,998	22%	21%
Net interest income	7,632	8,156	7%	3,783	4,104	4,052	-1%	7%
Net fees and commissions	1,007	1,254	25%	531	532	723	36%	36%
Other net non-interest income	1,248	1,516	21%	641	293	1,223	318%	91%
Operating expenses	-6,941	-6,561	-5%	-3,571	-3,107	-3,453	11%	-3%
Provision for possible loan losses	-1,985	-6,367	221%	28	-1,817	-4,550	150%	
Other provision	-72	-52	-28%	14	-4	-48		-436%
Main components of balance sheet[2] closing balances in HUF mn	**2009**	**1H 2010**	**YTD**	**2Q 2009**	**1Q 2010**	**2Q 2010**	**Q-o-Q**	**Y-o-Y**
Total assets	365,743	408,883	12%	376,779	371,203	408,883	10%	9%
Gross customer loans	293,116	321,517	10%	303,460	286,331	321,517	12%	6%
Retail loans	200,738	230,509	15%	202,645	203,127	230,509	13%	14%
Corporate loans	92,379	91,008	-1%	100,815	83,204	91,008	9%	-10%
Allowances for possible loan losses	-8,725	-15,821	81%	-5,440	-10,179	-15,821	55%	191%
Deposits from customers	96,364	107,170	11%	88,179	100,173	107,170	7%	22%
Retail deposits	81,998	82,216	0%	65,058	81,735	82,216	1%	26%
Corporate deposits	14,366	24,954	74%	23,120	18,438	24,954	35%	8%
Liabilities to credit institutions	227,298	252,925	11%	247,069	229,383	252,925	10%	2%
Total shareholders' equity	25,513	24,323	-5%	23,351	24,407	24,323	0%	4%
Loan Quality	**1H 2009**	**1H 2010**	**Y-o-Y**	**2Q 2009**	**1Q 2010**	**2Q 2010**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	5,915	27,026	356.9%	5,915	12,604	27,026	114.4%	356.9%
90+ days past due loans/gross customer loans (%)	1.9%	8.4%	6.5%	1.9%	4.4%	8.4%	4.0%	6.5%
Cost of risk/average gross loans (%)	1.29%	4.18%	2.89%	-0.03%	2.54%	6.00%	3.46%	6.04%
Total provisions/90+ days past due loans (%)	92.0%	58.5%	-33.4%	92.0%	80.8%	58.5%	-22.2%	-33.4%
Performance Indicators (%)	**1H 2009**	**1H 2010**	**Y-o-Y**	**2Q 2009**	**1Q 2010**	**2Q 2010**	**Q-o-Q**	**Y-o-Y**
ROA	0.3%	-1.1%	-1.4%	1.3%	0.0%	-2.1%	-2.1%	-3.4%
ROE	4.9%	-16.6%	-21.5%	21.3%	0.0%	-33.8%	-33.8%	-55.2%
Total income margin	5.36%	5.69%	0.33%	5.01%	5.42%	6.17%	0.74%	1.16%
Net interest margin	4.14%	4.25%	0.11%	3.83%	4.52%	4.17%	-0.35%	0.34%
Cost/income ratio	70.2%	60.0%	-10.2%	72.1%	63.0%	57.6%	-5.5%	-14.5%
Net loans to deposit	338%	285%	-53%	338%	276%	285%	10%	-53%

[1] Adjusted with result of swap transactions executed with OTP Bank in relation to interbank financing.
[2] Before transfer balance sheet numbers are displayed.

- ***Development of total income contributes to the outstanding operating profit performance***
- ***Accelerated portfolio deterioration in 2Q induced significant provisioning. This resulted in a HUF 2.1 billion loss in 1H***
- ***Lending activity of the Bank shows some improvement: in 2Q the FX-adjusted loan portfolio grew by 1% q-o-q, beside this in 2Q deposit book increased too***
- ***4% of the rescheduled households' loan portfolio is in the DPD90+ category***

In case of OBR a methodology change has been introduced. Since May 2010 the balance sheet and the statement of recognized income shows the status before the loan sales to OTP Factoring SRL in 2009 and 2010. According to this, since 2Q in the balance sheet the gross loans and the provisions for impairment on loan and placement losses lines contains the loans sold to OTP Factoring SRL and the related allowances as well (therefore these data are not comparable to that of the previous periods).The effect of these loan sales in 2010 has been reversed in the statements of recognized income, including the previously booked loan losses and the recoveries since the selling date. In May 2010 total shareholders' equity has been corrected by the loan losses related to loans sold in 2009 (2009 data did not change retrospectively).

In 1H 2010 OBR realized HUF 2.1 billion loss compared to HUF 0.6 billion after tax profit in the base period. The half-yearly loss is unequivocally caused by portfolio deterioration and high provisioning in 2Q.

In the meantime the Bank produced an outstanding half-yearly operating income (+48% y-o-y). While in 1H the average exchange rate of HUF appreciated against RON by almost 5% y-o-y, dynamics of P&L items are stronger in RON. Regarding total income the favourable trends continued, total income in RON increased by 16% y-o-y. Half-yearly net interest income grew by 12% y-o-y mainly due to the less aggressive pricing of deposits. Beyond this the interest income on securities grew because of the significant increase of securities portfolio since 2H 2009. Net interest margin improved by 11 bps to 4.25% y-o-y. Due to the outstandingly good performance in 2Q 2010 net fee and commission income improved by 25% y-o-y. In 1H 2010 other net non-interest income increased by 21% on a yearly base as a result of the outstandingly good net foreign exchange gain (in 2Q 2010).

Strong operating profit was supported by not only dynamic income generation but stringent cost control as well. Operating costs in 1H 2010 decreased by 5% y-o-y (-1% in LCY). Increment of personnel expenses in LCY lagged behind the pace of the headcount growth, while in case of material costs the savings reached 2% y-o-y in RON terms.

In line with the accelerating pace of portfolio deterioration in 1H 2010 profit before income tax was hit by HUF 6.4 billion provisioning which is three times higher than that of the base period. Provisions for possible loan losses concentrated in 2Q 2010 (+150% q-o-q in 2Q).

Regarding quarterly P&L developments the outstandingly good operating profit should be emphasized. Main reason of the 40% q-o-q growth of operating income is the outstanding net fee and commission income in 2Q due to one-off fee income and high other net non-interest income. Out of the q-o-q increment of other net non-interest income in 2Q 2010, more than HUF 180 million is explained by gain on securities and almost HUF 750 million is related to the higher net FX-rate gain (related mainly to revaluation effects due to weakening of RON). Good income performance is partially counterbalanced by the higher marketing costs of lending campaigns.

Deterioration of loan portfolio quality accelerated in 2Q 2010. Bulk of portfolio deterioration was related to corporate loans. Ratio of DPD90+ loans mounted to 8.4% (+4%-points q-o-q). DPD90+ ratio was negatively influenced by the above mentioned change of methodology while DPD90+ loans sold to OTP Factoring SRL appear amongst DPD90+ loans only since 2Q 2010. Due to amended methodology the volume of DPD90+ loans increased by around HUF 3.4 billion, without that DPD90+ ratio would have grown to 7.4% in 2Q. As a consequence of the above detailed facts, q-o-q the coverage ratio of DPD90+ loans dropped, at the end of 2Q 2010 it reached 58.5%.

The debtor protection program launched by the Bank in 2Q 2009 continued in 2Q 2010. At the end of 1Q 2010 9% of the households' loan portfolio was involved in the program focusing primarily on mortgage loans, by the end of June this ratio dropped to 8%. Only 4% of the rescheduled households' loan portfolio is in the DPD90+ category.

In 2Q the amount of gross loan portfolio of the Bank was primarily influenced by the exchange rate changes and on the other hand by the change of methodology (ceteris paribus the gross loan portfolio increased by HUF 3.5 billion in 2Q due to latter). Gross loan portfolio expanded by 12% in HUF terms q-o-q, while stagnated q-o-q adjusted by FX effect and methodology change.

Loan demand on the Romanian market remained low in general. In certain loan market segments the Bank launched campaigns with extensive marketing support in 2Q (mainly focusing on mortgage and SME lending). Due to that the FX adjusted mortgage loan portfolio grew by 1% q-o-q. SME loans proved

strong quarterly dynamics (FX-adjusted +3% q-o-q). In case of corporate lending the accent is on shorter term loans.

The Bank has been performing outstandingly in deposit collection: during the quarter deposits grew by 6% in RON terms, while the Bank can take pride on the 20% yearly dynamics. Market share in deposits improved further on both q-o-q and y-o-y. While the strong y-o-y increase was boosted by the successful retail deposit collection (deposits of households grew by 21% y-o-y and SME deposits by 34% in RON terms), the quarterly deposit growth was related to large corporate segment which expanded by 34% q-o-q in LCY.

Number of branches (106 unit) and employees (1.109 persons) did not change in 2Q 2010 q-o-q.

OTP BANKA HRVATSKA

Performance of OTP banka Hrvatska:

Main components of P&L account in HUF mn	1H 2009	1H 2010	Y-o-Y	2Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	1,920	1,169	-39%	1,105	507	662	31%	-40%
Pre-tax profit	2,388	1,471	-38%	1,392	639	832	30%	-40%
Operating profit	3,159	2,750	-13%	1,750	1,038	1,712	65%	-2%
Total income	10,152	9,367	-8%	5,298	4,354	5,012	15%	-5%
Net interest income	7,128	6,510	-9%	3,648	3,101	3,408	10%	-7%
Net fees and commissions	1,894	1,805	-5%	992	853	952	12%	-4%
Other net non-interest income	1,130	1,052	-7%	658	400	652	63%	-1%
Operating expenses	-6,992	-6,617	-5%	-3,548	-3,317	-3,300	0%	-7%
Provision for possible loan losses	-746	-1,242	66%	-348	-388	-854	120%	146%
Other provision	-26	-37	43%	-10	-12	-25	119%	162%
Main components of balance sheet closing balances in HUF mn	**2009**	**1H 2010**	**Y-o-Y**	**2Q 2009**	**1Q 2010**	**2Q 2010**	**Q-o-Q**	**Y-o-Y**
Total assets	469,304	506,975	8%	468,807	456,837	506,975	11%	8%
Gross customer loans	318,477	343,929	8%	325,025	316,966	343,929	9%	6%
Retail loans	194,021	212,333	9%	197,298	193,600	212,333	10%	8%
Corporate loans	122,183	129,366	6%	125,203	121,225	129,366	7%	3%
Car financing loans	2,273	2,231	-2%	2,524	2,141	2,231	4%	-12%
Allowances for possible loan losses	-9,195	-11,798	28%	-7,462	-9,786	-11,798	21%	58%
Deposits from customers	337,935	365,832	8%	325,128	328,032	365,832	12%	13%
Retail deposits	294,348	320,478	9%	278,886	289,928	320,478	11%	15%
Corporate deposits	43,588	45,354	4%	46,242	38,104	45,354	19%	-2%
Liabilities to credit institutions	60,377	63,455	5%	73,493	57,341	63,455	11%	-14%
Subordinated debt	4	0	-100%	0	0	0		
Total shareholders' equity	60,626	66,559	10%	59,566	60,864	66,559	9%	12%
Loan Quality	**1H 2009**	**1H 2010**	**Y-o-Y**	**2Q 2009**	**1Q 2010**	**2Q 2010**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	30,255	40,946	35%	30,255	28,678	40,946	43%	35%
90+ days past due loans/gross customer loans (%)	9.3%	11.9%	2.6%	9.3%	9.0%	11.9%	2.9%	2.6%
Cost of risk/average gross loans (%)	0.47%	0.76%	0.28%	0.40%	0.49%	1.04%	0.54%	0.64%
Total provisions/90+ days past due loans (%)	24.7%	28.8%	4.1%	24.7%	34.1%	28.8%	-5.3%	4.1%
Performance Indicators (%)	**1H 2009**	**1H 2010**	**Y-o-Y**	**2Q 2009**	**1Q 2010**	**2Q 2010**	**Q-o-Q**	**Y-o-Y**
ROA	0.8%	0.5%	-0.3%	0.9%	0.4%	0.6%	0.1%	-0.3%
ROE	6.75%	3.71%	-3.04%	7.18%	3.39%	4.17%	0.78%	-3.01%
Total income margin	4.40%	3.87%	-0.53%	4.24%	3.81%	4.17%	0.36%	-0.07%
Net interest margin	3.09%	2.69%	-0.40%	2.92%	2.72%	2.84%	0.12%	-0.08%
Cost/income ratio	68.9%	70.6%	1.8%	67.0%	76.2%	65.8%	-10.3%	-1.1%
Net loans to deposits	98%	91%	-7%	98%	94%	91%	-3%	-7%

- ***Favourable quarterly operating profit (+65% q-o-q); yet net profit for the first half-year declined by 39% y-o-y, due to higher risk cost***
- ***Partially regulatory changes and stagnating loan volumes (in LCY) contributed to the slipping portfolio quality deterioration in 2Q 2010***
- ***Loan-to-deposit ratio is still fairly good (2Q 2010: 94%, -7%-points y-o-y), the q-o-q growth of corporate deposits is rather due to seasonal effects***
- ***Q-o-q improving profitability indicators and NII; cost/income ratio decreased by 10.3%-points***
- ***Capital adequacy ratio well above the regulatory minimum (17% vs. 12%)***

In the first half-year 2010 OBH Group posted about HUF 1.2 billion net profit (-39% y-o-y), however, on a quarterly basis its net profit grew by 31%. When analysing net profit dynamics, one should note the y-o-y 5% strengthening of the average HUF/HRK rate in 1H 2010, and the 3% weakening of the quarterly average rate compared to the first quarter of the year.

1H 2010 performance of the Croatian subsidiary on the income side shows a 4% drop (in LCY), on the cost side, however, stringent cost control prevailed. The 1H operating profit was less by 9% (in LCY) as compared to the same period of the previous year, notwithstanding the fact that both net interest income (+7% q-o-q in LCY) and net F&C income (+9% q-o-q in LCY) solidly improved in 2Q 2010.

The development of net interest income for the first half-year was driven by several factors. Firstly, the Bank managed to boost its funding surplus, which enabled it to reduce interbank funding (-29% y-o-y in local currency) and intra-group financing (-4% y-o-y in LCY). Regarding portfolios, however, the FX-adjusted deposit base grew by 5%, while FX-adjusted gross loans declined by 1%. With regards to balance sheet structure development, proportion of customer deposits showed 3.5%-points increase y-o-y. Its effect on net interest income is enhanced by the shrinkage of loan portfolios (-1.5%-points). The q-o-q favourable development of quarterly NII (+7% q-o-q in LCY) reflects on one hand the FX-rate changes, on the other hand, it also includes the results of lower interest paid on retail deposits. Net F&C income for the first half-year 2010 resembles the 1H 2009 figure (the 5% decline in HUF terms is related to the average FX rate movement). It is to be noted, that in 2Q new card products and SMS account control service were introduced; their effect on profit is supposed to be seen in the second part of the year.

With regards to operating expenses, strong cost control prevailed, FX-adjusted level of 1H 2010 operating expenses resembled that of the previous year. Cost/income ratio of the Bank in 2Q denotes a significant improvement (-10.3%-points q-o-q).

The shrinking net profit for 1H 2010 was mainly due to the remarkable rise of allowance for loan losses (+52% y-o-y in LCY). This rise is reasoned on one hand by the deteriorating portfolio quality and change of regulations as well.

The deterioration of portfolio quality could be observed in all segments. The ratio of 90+ days past due loans increased form 9.3% to 11.9% y-o-y. It is to be noted, however, that the increase of DPD60+ loans moderated on a quarterly basis (1%-point q-o-q vs. 2.5%-points in the previous quarter), which suggests a moderation of increase rate of DPD90+ loans in the future. With regards to retail loans, on a quarterly basis, both mortgage (DPD90+ rate: 9.8%, +1.5%-points) and consumer loan (DPD90+ rate: 11.8%, +1.3%-points) portfolios deteriorated. In case of the corporate segment, the rise of non-performing loan portfolio is mainly due to discrete cases (DPD90+ rate: 15.4%, +6.0%-points q-o-q). Reason for the growth of non-performing corporate loan portfolio is on one hand the suffering construction industry, on the other hand, the recovery of the Croatian economy is still to come.

Moderate lending activity characterized the whole Croatian market. When analysing portfolio dynamics, one should note that the closing HUF/HRK rate weakened 6.2% y-o-y and 9% q-o-q. Retail loan portfolios remained flat on a yearly basis, demand for general purpose mortgage loans showed a moderate pick-up. In the corporate segment, demand showed up primarily for interest-rate subsidised loans and project loans available from the economic growth programme of HBOR (Croatian Bank for Reconstruction and Development). Notwithstanding the inclusion of these, the portfolio of large corporate loans is lower compared to end of December levels; the recovery of the real estate market is still to come.

On the deposit side, the Bank's portfolio grew in LCY by 6% y-o-y and by 3% q-o-q, notwithstanding the lower deposit rates, which followed the decline of the reference rates. Within the retail segment, term deposits could increase, while corporate deposits also shaped well. Altogether, the Bank's loan-to-deposit ratio further improved to 94% (-3%-points q-o-q). Despite the general deposit withdrawal, which characterized the whole Croatian market, OBH kept, what is more, further improved its positions, its market share was 4.19% as at the end of May 2010.

The Bank's capital adequacy ratio was well above the regulatory minimum in 2Q (17% vs. 12% of the regulatory minimum).

The number of employees at OBH Group stood at 1,009 as at the end of June 2010. Regarding the

sales capacity and branch network, the primary goal is the modernization of the existing branch network (105 branches).

OTP BANKA SLOVENSKO

Performance OTP Banka Slovensko:

Main components of P&L account in HUF mn	1H 2009	1H 2010	Y-o-Y	2Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	-531	-998	88%	-538	-181	-817	350%	52%
One-off items, after-tax[1]	-250	0	-100%	-250	0	0		-100%
After tax profit w/o dividends, net cash transfers and one-offs	-281	-998	256%	-288	-181	-817	350%	184%
Pre-tax profit	-385	-872	127%	-412	-193	-680	252%	65%
Operating profit	1,345	1,796	34%	743	925	871	-6%	17%
Total income	6,633	6,734	2%	3,367	3,404	3,329	-2%	-1%
Net interest income	4,921	5,468	11%	2,592	2,812	2,657	-6%	3%
Net fees and commissions	1,461	1,129	-23%	655	521	608	17%	-7%
Other net non-interest income	251	136	-46%	120	71	65	-9%	-46%
Operating expenses	-5,288	-4,938	-7%	-2,624	-2,479	-2,458	-1%	-6%
Provision for possible loan losses	-1,711	-2,752	61%	-1,150	-1,149	-1,603	40%	39%
Other provision	-19	84	-551%	-4	31	53	68%	
Main components of balance sheet closing balances in HUF mn	**2009**	**1H 2010**	**YTD**	**2Q 2009**	**1Q 2010**	**2Q 2010**	**Q-o-Q**	**Y-o-Y**
Total assets	375,208	372,245	-1%	385,252	386,083	372,245	-4%	-3%
Gross customer loans	273,269	282,624	3%	290,942	264,830	282,624	7%	-3%
Retail loans	163,779	175,711	7%	163,112	161,912	175,711	9%	8%
Corporate loans	109,490	106,913	-2%	127,830	102,918	106,913	4%	-16%
Allowances for possible loan losses	-13,633	-15,258	12%	-6,943	-13,787	-15,258	11%	120%
Deposits from customers	253,462	262,633	4%	260,660	245,184	262,633	7%	1%
Retail deposits	219,597	234,106	7%	216,817	217,689	234,106	8%	8%
Corporate deposits	33,865	28,527	-16%	43,843	27,495	28,527	4%	-35%
Liabilities to credit institutions	28,707	13,417	-53%	10,152	48,559	13,417	-72%	32%
Issued securities	55,457	55,308	0%	67,328	55,402	55,308	0%	-18%
Subordinated debt	7,876	8,329	6%	7,900	7,745	8,329	8%	5%
Total shareholders' equity	24,767	25,362	2%	30,962	24,336	25,362	4%	-18%
Loan Quality	**1H 2009**	**1H 2010**	**Y-o-Y**	**2Q 2009**	**1Q 2010**	**2Q 2010**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	18,901	29,195	54.5%	18,901	25,844	29,195	13.0%	54.5%
90+ days past due loans/gross customer loans (%)	6.5%	10.3%	3.8%	6.5%	9.8%	10.3%	0.6%	3.8%
Cost of risk/average gross loans (%)	1.14%	2.00%	0.86%	1.42%	1.73%	2.35%	0.62%	0.93%
Total provisions/90+ days past due loans (%)	36.7%	52.3%	15.5%	36.7%	53.3%	52.3%	-1.1%	15.5%
Performance Indicators (%)	**1H 2009**	**1H 2010**	**Y-o-Y**	**2Q 2009**	**1Q 2010**	**2Q 2010**	**Q-o-Q**	**Y-o-Y**
ROA	-0.1%	-0.5%	-0.4%	-0.3%	-0.2%	-0.9%	-0.7%	-0.6%
ROE	-1.8%	-8.0%	-6.2%	-3.5%	-3.0%	-13.2%	-10.2%	-9.7%
Total income margin	3.28%	3.63%	0.35%	3.10%	3.63%	3.52%	-0.10%	0.42%
Net interest margin	2.44%	2.95%	0.51%	2.39%	3.00%	2.81%	-0.19%	0.42%
Cost/income ratio	79.7%	73.3%	-6.4%	77.9%	72.8%	73.8%	1.0%	-4.1%
Net loans to deposits	109%	102%	-7%	109%	102%	102%	-1%	-7%

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

- ***Outstanding operating profit in 1H 2010 mainly due to strong net interest income and efficient cost control***
- ***The HUF 1 billion after tax loss in the first half of 2010 is to the result of the high provision for loan losses***
- ***DPD90+ ratio climbed further q-o-q, while the ratio of restructured households' loans remained at low level***
- ***Home equity loan volumes are still expanding at a great pace***

In the first half-year of 2010 the Bank posted a net loss of HUF 1 billion, compared to HUF 0.3 billion net loss for the same period in 2009 (without one-off items). The main reasons for the higher loss were the higher risk costs and higher corporate tax costs.

Operating profit in 1H 2010 was by 34% higher in HUF terms y-o-y, and grew by even more in EUR terms, since in 1H 2010 the average exchange rate of HUF versus EUR was by 6% weaker compared to the average of 1H 2009. Analysing the P&L developments in EUR terms, the improvement of operating profit was mainly due to the good total income (+9% y-o-y), but operating costs also shaped well, as small cost saving was achieved on other

expenses line as a result of the stringent cost control.

In 1H 2010, within total income, net interest income improved by 19% y-o-y in EUR terms. Interest income decreased due to the shrinking loan portfolio in LCY and the lower reference rates. This was partly offset by the gradual repricing of corporate loans in the preceding quarters. The lower reference rates as well as the expiry of term deposits with attractive deposit rates from early 2009 lowered interest expenses on deposits. All in all, net interest margin increased to 2.95% in 1H 2010 (+51 bps y-o-y).

The 1H 2010 drop of net fees and commissions (in EUR -18% y-o-y) is mainly due to the weak business activity in the corporate segment. Other net non-interest income, which represents a tiny proportion of total income, almost halved in 1H y-o-y, as a result of the lower net foreign exchange gain.

In 1H 2010 OBS set aside HUF 2.8 billion provision for possible loan losses, which is more than 60% higher y-o-y. In 1H 2010 corporate tax payable weighed on earnings (but in FY 2010 the expected amount of corporate tax is zero).

In 2Q 2010 the Bank posted a net loss of HUF 0.8 billion. The income tax put a further burden on the company in the amount of HUF 137 million. Total income diminished by 2% q-o-q, mainly because of the 6% drop of net interest income (caused mainly by the reverse of interest income on corporate loans in the amount of HUF 170 million in 2Q in one sum). Net fee and commission income grew by 17% q-o-q, after the low base in 1Q due to seasonal effects. The q-o-q development of operating costs reflects the persistently strong cost control. Provisions for possible loan losses grew by 40% on a quarterly base.

In 2Q 2010, the DPD90+ ratio rose to 10.3% (+0.6%-point q-o-q, +1.4%-points y-o-y). In case of mortgage loans the portfolio quality did not deteriorate further in 2Q, contrary to the quality of SME loans. The DPD90+ ratio was favourably affected by the fact that loans in the total amount of more than EUR 10 million were sold or written off. The ratio of restructured retail loans to total retail loans is still minimal, only 2% at the end of June. The coverage of DPD90+ loans slightly diminished q-o-q, by 1.1%-points to 52.3%.

The development of deposit and loan volumes was in line with the intention to strengthen the retail focus of the Bank. Analysing the dynamics in EUR terms, total deposits decreased by 4% y-o-y, mainly because large corporate deposits halved in the period, while retail deposits rose by 4% y-o-y. On a quarterly base deposits remained flat (i.e. retail deposits stagnated, municipal deposits decreased, which was offset by the increase in corporate deposits).

Gross loans portfolio in EUR terms dropped by 8% compared to June 2009, while q-o-q it stagnated. The volume of corporate loans has been decreasing gradually (in EUR -23% y-o-y, -4% q-o-q). Contrary to that, lending to households is picking up (in EUR +4% y-o-y, +2% q-o-q). The home equity loan portfolio grew q-o-q by 16% in EUR terms, and almost by 70% y-o-y. This reflects the initiative that from 2H 2009 on, mortgage backed consumer loans were put into the focus of sales activity.

Net loan-to-deposit ratio decreased to 102% by the end of June (-7%-points y-o-y).

After the significant rationalisation in 2009 the number of branches did not change in 1H 2010, the headcount decreased by 14 persons to 593.

OTP BANKA SRBIJA

Performance of OTP banka Srbija:

Main components of P&L account in HUF mn	1H 2009	1H 2010	Y-o-Y	2Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	-124	-1,419		-265	-595	-824	38%	211%
Pre-tax profit	-124	-1,419		-265	-595	-824	38%	211%
Operating profit	293	667	128%	-19	241	426	76%	
Total income	5,079	3,775	-26%	2,471	1,873	1,902	2%	-23%
Net interest income	3,276	1,548	-53%	1,723	752	796	6%	-54%
Net fees and commissions	1,011	791	-22%	491	440	350	-20%	-29%
Other net non-interest income	792	1,435	81%	257	680	755	11%	194%
Operating expenses	-4,786	-3,107	-35%	-2,490	-1,632	-1,476	-10%	-41%
Provision for possible loan losses	-393	-1,914	387%	-236	-759	-1,154	52%	389%
Other provision	-23	-173	647%	-10	-77	-95	23%	879%

Main components of balance sheet closing balances in HUF mn	2009	1H 2010	YTD	2Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
Total assets	127,025	123,787	-3%	133,769	120,189	123,787	3%	-7%
Gross customer loans	89,878	95,154	6%	91,982	88,904	95,154	7%	3%
Retail loans	33,607	36,514	9%	32,988	33,787	36,514	8%	11%
Corporate loans	56,271	58,640	4%	58,994	55,117	58,640	6%	-1%
Allowances for possible loan losses	-12,189	-13,686	12%	-6,484	-12,245	-13,686	12%	111%
Deposits from customers	32,395	31,607	-2%	33,782	29,304	31,607	8%	-6%
Retail deposits	23,546	24,225	3%	25,128	22,477	24,225	8%	-4%
Corporate deposits	8,848	7,382	-17%	8,654	6,827	7,382	8%	-15%
Liabilities to credit institutions	25,952	22,709	-12%	21,566	24,817	22,709	-8%	5%
Subordinated debt	38,910	41,665	7%	38,687	38,434	41,665	8%	8%
Total shareholders' equity	27,690	25,283	-9%	37,450	25,545	25,283	-1%	-32%
Loan Quality	1H 2009	1H 2010	Y-o-Y	2Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	13,238	36,645	176.8%	13,238	33,406	36,645	9.7%	176.8%
90+ days past due loans/gross customer loans (%)	14.4%	38.5%	24.1%	14.4%	37.6%	38.5%	0.9%	24.1%
Cost of risk/average gross loans (%)	0.85%	4.17%	3.32%	0.95%	3.45%	5.03%	1.59%	4.09%
Total provisions/90+ days past due loans (%)	49.0%	37.3%	-11.6%	49.0%	36.7%	37.3%	0.7%	-11.6%
Performance Indicators (%)	1H 2009	1H 2010	Y-o-Y	2Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
ROA	-0.2%	-2.3%	-2.1%	-0.7%	-2.0%	-2.7%	-0.8%	-2.0%
ROE	-0.7%	-10.8%	-10.1%	-2.7%	-9.1%	-13.0%	-3.9%	-10.3%
Total income margin	7.41%	6.07%	-1.34%	6.90%	6.15%	6.25%	0.11%	-0.65%
Net interest margin	4.78%	2.49%	-2.29%	4.81%	2.47%	2.62%	0.15%	-2.19%
Cost/income ratio	94.2%	82.3%	-11.9%	100.8%	87.1%	77.6%	-9.5%	-23.1%
Net loans to deposits	253%	258%	5%	253%	262%	258%	-4%	5%

- ***In 1H 2010 the operating profit more than doubled: although total income decreased, thanks to the rationalization measures this was offset by cost savings***
- ***In 1H 2010 the bank posted a loss of HUF 1.4 billion due to the significant increase of risk costs***
- ***DPD90+ ratio increased further with a declining pace; slight coverage improvement q-o-q***
- ***FX-adjusted loan portfolio stagnated q-o-q; sales performance is supported by several new products. FX-adjusted households' deposits expanded by 2% q-o-q***

The Bank realized HUF 1.4 billion loss in 1H 2010. The effect of declining total income compared to the base period was offset by the cost cutting measures. As a result the operating income more than doubled. Hence the mounting risk costs were the main reason for significantly higher negative P&L y-o-y.

Since the end of 2009 the growth of DPD90+ ratio has significantly slowed down (DPD90+ ratio 4Q 2009: 33.7%, 1Q 2010: 37.6%, 2Q 2010: 38.5%). In 2Q favourable NPL trends could be seen in several segments: in case of mortgage loans the deterioration of the portfolio practically stopped while in case of corporate loans representing the biggest portfolio segment the ratio of DPD30+ loans q-o-q reflected some improvement. Coverage ratio of DPD90+ loans improved to 37.3% by June 2010 (+0.7%-point q-o-q).

An important driver of total income and operating costs is the portfolio quality development. The interest income booked but not collected in the given fiscal year on loans reclassified into bad categories are deducted from interest income. The interest income booked but not collected in relation to these loans earlier than 2010 was reflected not through the reduction of interest income, but through the increase of other operational expenses. Both items were booked at the date of reclassification in one sum.

When analysing the y-o-y dynamics of 1H P&L lines, it has to be considered that in 1H the average exchange rate of HUF versus RSD appreciated by more than 10% y-o-y. This in itself influences negatively the yearly momentum of P&L lines calculated in HUF.

In 1H 2010 total income decreased by 26% y-o-y in HUF and the structure of the total income changed adversely. The 1H net interest income halved. The main reason is that on the top of the currency effect, the loan portfolio on which interest income is booked is significantly lower.

Net fee and commission income dropped by 22% y-o-y (only -11% in RSD). Net card commissions performed well (+24% in RSD y-o-y) which reflects the results of the successful credit card campaign launched at the end of 2009 and continued through 2010 as well. The dynamics of net interest income and net fee and commission income was influenced by the re-booking of an item in the amount of almost HUF 90 million from net fee and commission income to net interest income line in 2Q 2010.

The development of other net non-interest income was highly influenced on the one hand by the previously released but in the current period collected interest income which was booked on this line, and on the other hand (as a consequence of

the RSD depreciation) the offset of increment of risk costs as a result of the revaluation of provisions due to FX-rate changes was booked on this income line. The y-o-y growth experienced in 1H is due to these two items. However the q-o-q improvement is related to the higher net foreign exchange gain.

In 1H 2010 altogether 35% operating cost saving was realized y-o-y. The development of the operating expenses reflects mainly the results of significant rationalization measures taken in 2009, and partially – with adverse sign – the effect of the above mentioned interest accounting methodology. Within operating expenses in 1H 2010 almost HUF 95 million (in 1Q: HUF 70 million; in 2Q: approx. HUF 25 million) were attached to the correction of interest income on loans reclassified in 1H 2010 (in connection with interest income booked earlier than 2010).

In 2Q operating expenses decreased by 10% q-o-q. Beside of lower depreciation and taxes this was also influenced by the fact that in 2Q q-o-q lower amount of interest income correction was booked on reclassified loans (in connection with interest income booked but not realized in the previous years).

In 1H 2010 the provisions for possible loan losses grew nearly five-fold y-o-y due to the significant portfolio deterioration. The FX revaluation of provisions played a role as well in the increase of risk costs (in 1H it totalled to HUF 550 million from which more than HUF 300 million was booked in 2Q).

Since 3Q 2009 willingness to lend has been showing a gradual revival but its absolute level remained low. In 2Q the Bank concentrated its lending activity on the personal loans and the newly introduced RSD general purpose mortgage loans. The FX-adjusted gross loan portfolio remained flat q-o-q. Personal loans and corporate and SME working capital loans showed a strong quarterly dynamics. However the latter one was offset by the decrease of investment loans.

The FX-adjusted deposit volumes grew by mere 1% q-o-q. Households' deposits adjusted for the FX-effect grew by 2% q-o-q, while corporate deposits expanded by 3%. The net loans to deposits ratio declined by 4%-points q-o-q. As a result of product development the Bank introduced several new products during the quarter, from which the mobile-banking service and the credit card with a 30 days interest-free overdraft are pioneers on the Serbian market.

Following the rationalization process of the operation in the previous quarters, the headcount declined to 740 persons (-3% q-o-q, -26% y-o-y). and the number of branches changed to 54 (+8% q-o-q and -24% y-o-y) at the end of June.

CRNOGORSKA KOMERCIJALNA BANKA (MONTENEGRO)

Performance of CKB:

Main components of P&L account in HUF mn	1H 2009	1H 2010	Y-o-Y	2Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	184	-13,109		-410	-6,647	-6,462	-3%	
Pre-tax profit	211	-13,109		-397	-6,647	-6,462	-3%	
Operating profit	3,311	1,658	-50%	1,735	619	1,039	68%	-40%
Total income	6,469	4,873	-25%	3,414	2,321	2,552	10%	-25%
Net interest income	4,787	3,470	-28%	2,523	1,630	1,840	13%	-27%
Net fees and commissions	1,518	1,393	-8%	738	661	731	11%	-1%
Other net non-interest income	164	10	-94%	154	30	-20	-166%	-113%
Operating expenses	-3,158	-3,215	2%	-1,679	-1,702	-1,513	-11%	-10%
Provision for possible loan losses	-3,314	-14,933	351%	-2,393	-7,370	-7,563	3%	216%
Other provision	214	167	-22%	261	104	62	-40%	-76%
Main components of balance sheet closing balances in HUF mn	**2009**	**1H 2010**	**YTD**	**2Q 2009**	**1Q 2010**	**2Q 2010**	**Q-o-Q**	**Y-o-Y**
Total assets	234,804	216,301	-8%	284,680	204,966	216,301	6%	-24%
Gross customer loans	181,137	169,261	-7%	229,789	167,812	169,261	1%	-26%
Retail loans	112,606	105,455	-6%	125,464	102,666	105,455	3%	-16%
Corporate loans	68,531	63,806	-7%	104,325	65,146	63,806	-2%	-39%
Allowances for possible loan losses	-10,362	-26,423	155%	-7,666	-17,235	-26,423	53%	245%
Deposits from customers	164,317	164,801	0%	159,442	158,927	164,801	4%	3%
Retail deposits	90,943	98,479	8%	79,685	92,537	98,479	6%	24%
Corporate deposits	73,374	66,322	-10%	79,758	66,390	66,322	0%	-17%
Liabilities to credit institutions	30,662	14,447	-53%	90,465	13,848	14,447	4%	-84%
Total shareholders' equity	23,049	20,564	-11%	18,854	16,081	20,564	28%	9%
Loan Quality	**1H 2009**	**1H 2010**	**Y-o-Y**	**2Q 2009**	**1Q 2010**	**2Q 2010**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	9,718	37,480	285.68%	9,718	23,731	37,480	57.94%	285.68%
90+ days past due loans/gross customer loans (%)	4.2%	22.1%	17.91%	4.2%	14.1%	22.1%	8.00%	17.91%
Cost of risk/average gross loans (%)	2.76%	17.19%	14.43%	3.84%	17.13%	18.00%	0.87%	14.16%
Total provisions/90+ days past due loans (%)	78.9%	70.5%	-8.38%	78.9%	72.6%	70.5%	-2.13%	-8.38%

Performance Indicators (%)	1H 2009	1H 2010	Y-o-Y	2Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
ROA	0.1%	-11.7%	-11.8%	-0.5%	-12.3%	-12.3%	0.0%	-11.8%
ROE	2.0%	-121.2%	-123.2%	-8.1%	-137.8%	-141.5%	-3.7%	-133.4%
Total income margin	4.40%	4.36%	-0.04%	4.48%	4.28%	4.86%	0.58%	0.38%
Net interest margin	3.26%	3.10%	-0.15%	3.31%	3.01%	3.50%	0.50%	0.20%
Cost/income ratio	48.8%	66.0%	17.2%	49.2%	73.3%	59.3%	-14.0%	10.1%
Net loans to deposits	104%	87%	-17%	139%	95%	87%	-8%	-53%

- ***CKB's net loss for the period in 1H 2010 was HUF 13.1 billion due to higher provisions for possible loan losses***
- ***Net interest income grew by 13% q-o-q, NIM improved by 0.50%-points***
- ***Successful retail deposit collection, stagnating loan volumes***
- ***Gross loans-to-deposits ratio decreased close to 100%, net loans-to-deposits ratio was 87%***
- ***EUR 35 million capital injection in June 2010***

In 1H 2010 net loss for the period was HUF 13.1 billion at CKB (Montenegro) after a tiny HUF 184 million net profit in 1H 2009. The difference is related to weaker revenues compared to 1H 2009, and mounting risk costs.

The main driver of the decreasing revenues was the fall of the net interest income (1H 2010: -28% y-o-y), as a result of the virtually stopped loan disbursement last year, and the loan portfolio reduction due to technical reasons. In quarterly comparison, however, improvement is to be noted: net interest income grew by 13% in 2Q, mainly because of the higher interest on loans (primarily in the consumer and corporate loan segments) and lower interest on corporate and retail deposits. As a result, net interest margin improved from 3.01% to 3.50% in the second quarter, which is slightly above the 2Q 2009 level. Net profit from fees and commissions also increased in 2Q 2010 (+11% q-o-q) due to business activity picking up.

Operating expenses slightly exceeded the 1H 2009 level (+2% y-o-y), mainly because of the 24% y-o-y rise of personnel expenses, due to one-off expenses occurred in 1Q 2010 as a result of headcount rationalisation; in 2Q 2010 a significant q-o-q drop of 23% was seen. With number of branches unchanged, number of employees decreased to 446 from 507 in 1H 2010 (-12% year-to-date). Material expenses decreased by 30% y-o-y reflecting a strict cost control.

The net loss for the period 1H 2010 was mainly due to the high provisions for impairment; during the period about HUF 15 billion provisions were made, almost four times the 1H 2009 level. Risk cost remained flat compared to the first quarter, within that HUF 2 billion less were allocated on corporate, HUF 1.8 billion more on retail loan respectively. In case of retail loans, allowance for loan losses related to housing and mortgage loan portfolios as well as to consumer loans increased significantly. The growth of provisions for loan losses is a result of the continuous deterioration of portfolio quality.

The proportion of 90+ days past due date loans within the total portfolio rose to 22.1%. DPD90+ ratio grew by 17.9%-points compared to 1H 2009, and by 8.0%-points compared to 1Q 2010. Portfolio quality deterioration effected both the retail and the corporate segments. On a quarterly basis, the ratio of non-performing loans grew by 5.9%-points in case of retail mortgage loans, 6.4%-points in case of consumer loans, 10.9%-points in case of SME loans and 6.3%-points in the corporate segment. Due to the intensive provisioning, coverage of DPD90+ loans decreased only to a small extent (2Q 2010: 70.5%, -2.1%-points q-o-q). Due to the high provisions required by local regulations, capital adequacy ratio dropped significantly in 1H 2010, so a capital increase was needed in the amount of EUR 35 million. As the Hungarian mother bank injected the necessary capital, the CAR of CKB grew to 14.3% (regulatory minimum is 10%).

In local currency, both loan and deposit volumes continued to decrease in 2Q 2010 (former by -6% q-o-q and -30% y-o-y, latter by -3% q-o-q and -1% y-o-y). The development of both loan and deposit volumes was impacted by the EUR/HUF exchange rate. As a result a small growth was seen in HUF terms q-o-q. On a yearly basis, decrease of the loan portfolio was mainly caused by the drastic drop of corporate loans (-41% y-o-y). The sale of loan portfolios to OTP Bank Hungary (in the amount of EUR 95 million, about HUF 26 billion in 4Q 2009; and EUR 11 million, about HUF 2.9 billion in 1Q 2010), as well as the departure of some relatively large customers had significant impact on the portfolio. In addition to that, the retail portfolio also shrank: in case of housing and mortgage loans the yearly decrease was 11%, in case of consumer loans the yearly decrease was 24%.

Total deposit base remained flat in local currency (-1% y-o-y), though its composition has changed. While corporate deposit portfolio dropped by EUR 57 million y-o-y, retail deposits grew by EUR 51 million, thus accounting for 59% of total (in 2Q 2009: 50%). Within retail deposits, retail term deposit volume grew by 10% in 2Q 2010.

Despite the shrinking portfolios, the Bank is still keeping its market leader position in all product segments. In April 2010, its market share in the loan market was 25.9%, on the deposit market its share was 34.5% respectively.

Due to the above mentioned development, gross loans-to-deposits ratio improved to 103% (41%-points y-o-y and 3%-points q-o-q). Net loans-to deposits ratio decreased to 87%.

Since 2Q 2010 a new CEO is in charge at CKB.

STAFF LEVEL AND OTHER INFORMATION

The closing staff number of OTP Group was 30,047 as at 30 June 2010, showing a decrease of 768 people over the year-end 2009. The most significant lay-off was carried through at the Ukrainian, the Russian and some Hungarian subsidiaries, mainly as a consequence of the moderated lending activity and some network rationalisation in Russia.

The Group's branch network included 1,507 branches at the end of June 2010 (+3 branches q-o-q, -49 branches y-o-y). In the year 2010 the modernization and development of branch and sale network have high priority even in Hungary and in case of countries of foreign subsidiaries.

	30/06/2009	31/03/2010	30/06/2010	Q-o-Q	Y-o-Y
OTP BANK					
Closing staff (persons)	7,919	7,845	7,802	-0.5%	-1.5%
Per capita total assets (HUF mn)	866.9	843.0	779.6	-7.5%	-10.1%
Per capita profit after tax quarterly (HUF mn)	3.4	10.4	0.3	-97.2%	-91.3%
GROUP					
Closing staff (persons)	29,819	30,528	30,047	-1.6%	0.8%
Per capita consolidated total assets (HUF mn)	341.5	312.1	316.3	1.3%	-7.4%
Per capita consolidated profit after tax quarterly (HUF mn)	1.4	1.4	0.9	-33.9%	-35.8%

	30 June 2010						Change YTD					
	Bank branches	ATMs	POSs	Bank cards (th)	Number of banking clients (th)	Staff (closing)	Bank branches	ATMs	POSs	Bank cards (th)	Number of clients (th)	Staff (closing)
OTP Bank	**382**	**2,017**	**33,740**	**3,806**	**4,576**	**7,802**	***0***	***22***	***-530***	***-6***	***-49***	**-18**
DSK Bank	386	856	4,798	1,207	2,958	4,333	*0*	*-14*	*253*	*3*	*-17*	-4
OTP Banka Slovensko	77	115	657	121	191	740	*0*	*-1*	*13*	*2*	*3*	-44
OTP banka Hrvatska	105	213	1,127	378	384	593	*0*	*13*	*-54*	*8*	*-71*	-14
OTP Bank Romania	106	136	1,040	157	213	1,009	*0*	*0*	*-36*	*10*	*8*	-5
OTP Bank JSC (Ukraine)	202	212	403	104	307	3,460	*-4*	*-3*	*0*	*18*	*24*	-373
OTP Bank (Russia)*	155	249	2,218	6,257	2,963	4,944	*-7*	*-2*	*-39*	*2,791*	*125*	-280
OTP banka Srbija	54	190	3,986	151	338	446	*4*	*-5*	*391*	*-4*	*-19*	-61
CKB	40	105	3,736	172	280	886	*0*	*0*	*201*	*-7*	*-40*	4
Foreign banks total	**1,125**	**2,076**	**17,965**	**8,545**	**7,633**	**16,411**	***-7***	***-12***	***729***	***2,820***	***14***	**-777**
Agents employed by OTP Bank Russia						**4,403**						***-147***
Other Hungarian and foreign subsidiaries						**1,431**						***174***
Group total (aggregated)	**1,507**	**4,093**	**51,705**	**12,351**	**12,209**	**30,047**	***-7***	***10***	***199***	***2,814***	***-35***	**-768**
Group total (without selling agents)						***25,644***						***-621***
OTP Russia (contracted 3rd party agents)						6,900						773
OTP Russia (total agents)						**11,303**						**626**

*The headcount of OTP Bank Russia excludes the number of employed agents.

PERSONAL AND ORGANIZATIONAL CHANGES

Effective from 29 May 2010 Dr. Sándor Pintér resigned from his title as member of the Board of Directors. In the first half of the year 2010 there was neither change in the composition of the Supervisory Board, nor in the Auditor of OTP Bank.

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 is, following approval by the General Meeting, published on the websites of the Stock Exchange (www.bet.hu), the Bank (www.otpbank.hu) and on the website operated by the Hungarian Financial Services Authority (www.kozzetetelek.hu).

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.

Committees

Members of the Board of Directors

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

*Since 29 May 2010 the number of the members of the Board of Directors – due to resignation of Dr. Sándor Pintér – declined from 10 to 9.

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

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

Operation of the 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 its work, the Audit Committee promotes the effective operation of the Supervisory Board. To assist it in the performance of its governance functions the Board of Directors has created, as permanent committees, the Executive Committee, the Subsidiary Integration Committee, and beside of these the Remuneration 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. The Board of Directors and the Supervisory Board held 4 while the Audit Committee held 2 meetings in the first half of 2010.

ENVIRONMENTAL POLICY, ENVIRONMENTAL PROJECTS

Responsibility for environment protection

In 2009 OTP Bank steadily continued to achieve the targets set in the Bank's corporate social responsibility strategy (CSR strategy), among these targets particular attention was paid to the development and maintenance of the sustainable environment.

Through its activities the Bank has a direct and indirect effect on its environment, that is why the recognition and measurement of effects originating from the Bank's operation and the mitigation of the environmental burden is part of the social responsibility strategy.

General measures

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

Measures taken to minimise the consumption of material and energy

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

To improve efficiency of energy utilization, the Bank installed the so-called WakeUp function to about 8,600 computers, which ensures all working stations both in the central offices and in the network to be switched off after working time. Among further IT developments it is worth mentioning that instead of high-powered servers, the Bank started to use virtual servers as well which led to lower energy consumption and consequently, lower CO_2 emission.

Business trips put a significant burden on the environment, nevertheless the car park of the Bank consists of only 347 vehicles (compared to the number of employees close to 8,000 persons) which number decreased compared to the previous years. Our company cars require a continuous maintenance for the safe and environment friendly operation. The number and utilization of video conference rooms grew further. Currently 21 tools are in operation to make the active communication with foreign subsidiaries easier, thus contributing to push down the number of business flights, being a substitute for them. By using video conference tools, the Bank has cut back its CO_2 emission by approximately 350-400 tons in the previous year.

At several of our premises we have built up so called solar systems operation which is based on the usage of solar energy as a renewable 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).

In case of the Bank and the Bank Group the office work is typical and so the material needed to office work constitutes the material usage of the Group. The selective collection, transportation, milling and recycling of paper waste in case of branches and office building is mainly solved. The weight of selectively collected PET bottles reached 1,370 kilograms only in the Babér street office building in 2009. The increase of the recycling of waste material is a constant goal of the Bank. The range of environmentally friendly paper's use was extended in 2009. As a result, besides all promotional leaflets for the branches, the calendars, agendas and memo-pads are printed exclusively on recycled paper. Nearly 45 tons of leaflet was printed on recycled paper in 2009. The excess of such marketing materials are collected and transferred from every branches for recycling. The gradual centralization of printing and less paint on corporate envelopes and corporate letters all serve the aim of less paint consumption. In 2010 the Bank plans to test the introduction of refilled toners, which will further decrease the Bank's environmental burden.

Environmental education

In the months gone by we have made several initiatives in order to raise our employees' and customers' environmental awareness.

In order to lessen paper consumption, the Bank introduced the so-called green bank accounts, and automated processes; latter is being gradually introduced in the whole retail and SME segment. In 1H 2010 in the Babér street office building bicycle lots, dressing rooms and showers have been built, which was supported by the employees' mindset, this proves that the environmental education is a two-way course. It also represents the Bank's openness to its employees ideas, initiatives, which will be put even more emphasis in the future.

In the last year OTP Bank made a major step towards the decrease of emission of electronic waste. The computers and CRTs to be discarded are sold to third party, and the re-usable or refurbished pieces are sold to users with lower demands. Our partner guarantees the safe data management and erasure. In the last year the Bank has sold 1,000 computers this way, and having gained positive experience, it also plans to extend the practice to the subsidiaries and other IT equipments.

In 2010 the Banks has started to work out replacement models for all kinds of IT equipments (computer, printer, etc.): it plans the optimal timing of replacement considering functionality, costs as well as environmental effects.

FINANCIAL DATA

UNCONSOLIDATED AND CONSOLIDATED IFRS STATEMENT OF FINANCIAL POSITION

In HUF million	OTP Bank			Consolidated		
	30/06/2010	31/12/2009	change	30/06/2010	31/12/2009	change
Cash, due from banks and balances with the National Bank of Hungary	326,698	178,217	83%	642,625	505,650	27%
Placements with other banks, net of allowance for possible placement losses	903,270	962,063	-6%	495,596	440,850	12%
Financial assets at fair value through profit and loss	252,986	273,652	-8%	213,523	256,100	-17%
Securities available-for-sale	1,581,813	1,652,747	-4%	1,101,180	1,354,285	-19%
Loans, net of allowance for loan losses	2,825,641	2,622,895	8%	6,886,762	6,412,716	7%
Investments in subsidiaries	647,179	643,907	1%	16,692	18,834	-11%
Securities held-to-maturity	170,051	216,563	-21%	222,849	188,853	18%
Premises, equipment and intangible assets, net	103,380	108,563	-5%	489,927	476,358	3%
Other assets	54,165	92,085	-41%	115,390	101,486	14%
TOTAL ASSETS	**6,865,183**	**6,750,692**	**2%**	**10,184,544**	**9,755,132**	**4%**
Due to banks and deposits from the National Bank of Hungary and other banks	814,514	1,152,131	-29%	652,500	802,749	-19%
Deposits from customers	3,407,263	3,368,752	1%	5,981,036	5,688,887	5%
Liabilities from issued securities	696,760	618,303	13%	1,226,902	1,410,348	-13%
Financial liabilities at fair value through profit or loss	332,708	119,353	179%	0	118,468	-100%
Other liabilities	294,816	252,988	17%	700,175	380,708	84%
Subordinated bonds and loans	308,759	287,321	7%	301,281	280,834	7%
TOTAL LIABILITIES	**5,854,820**	**5,798,848**	**1%**	**8,861,894**	**8,563,526**	**3%**
SHARE CAPITAL	28,000	28,000	0%	28,000	28,000	0%
RETAINED EARNINGS AND RESERVES	986,144	927,618	6%	1,341,126	1,210,132	11%
TREASURY SHARES	-3,781	-3,774	0%	-52,685	-52,678	0%
MINORITY INTEREST				6,209	6,152	1%
TOTAL SHAREHOLDERS' EQUITY	1,010,363	951,844	6%	1,322,650	1,191,606	11%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**6,865,183**	**6,750,692**	**2%**	**10,184,544**	**9,755,132**	**4%**

UNCONSOLIDATED AND CONSOLIDATED IFRS STATEMENT OF RECOGNIZED INCOME

in HUF million	OTP Bank			Consolidated		
	1H 2010	1H 2009	change	1H 2010	1H 2009	change
Loans	112,586	133,308	-16%	367,079	409,028	-10%
Interest income without swap	107,512	126,322	-15%	361,972	402,042	-10%
Results of swaps	5,074	6,986	-27%	5,107	6,986	-27%
Placements with other banks	197,110	198,576	-1%	198,900	192,932	3%
Interest income without swap	10,923	17,824	-39%	3,285	7,182	-54%
Results of swaps	186,187	180,752	3%	195,615	185,750	5%
Due from banks and balances with the National Bank of Hungary	2,488	3,868	-36%	2,651	4,195	-37%
Securities held-for-trading	1,624	1,433	13%	1,289	1,431	-10%
Securities available-for-sale	52,941	22,485	135%	35,569	13,882	156%
Securities held-to-maturity	7,976	22,225	-64%	6,693	17,819	-62%
Total Interest Income	374,725	381,895	-2%	612,181	639,287	-4%
Due to banks and deposits from the National Bank of Hungary and other banks	149,693	151,976	-2%	144,151	140,522	3%
Interest expenses without swap	10,215	17,737	-42%	7,869	22,280	-65%
Losses of swaps	139,478	134,239	4%	136,282	118,242	15%
Deposits from customers	64,735	100,797	-36%	115,148	145,457	-21%
Interest expenses without swap	60,301	94,280	-36%	110,822	138,940	-20%
Losses of swaps	4,434	6,517	-32%	4,326	6,517	-34%
Liabilities from issued securities	17,745	14,745	20%	31,573	40,788	-23%
Subordinated bonds and loans	8,066	8,819	-9%	6,271	8,611	-27%
Other entrepreneurs	0	0		73	44	66%
Total Interest Expense	240,239	276,337	-13%	297,216	335,422	-11%
NET INTEREST INCOME	**134,486**	**105,558**	**27%**	**314,965**	**303,865**	**4%**
Provision for possible loan losses	69,870	33,895	106%	152,123	100,097	52%
Provision for possible placement losses	-173	1,077	-116%	-894	2,066	-143%
Provision for possible loan and placement losses	69,697	34,972	99%	151,229	102,163	48%
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN AND PLACEMENT LOSSES	64,789	70,586	-8%	163,736	201,702	-19%
Fees and commissions	73,361	80,090	-8%	83,980	82,238	2%
Foreign exchange gains and losses, net	13,754	-19,475	-171%	27,329	-16,586	-265%
Gains and losses on securities, net	3,021	-6,309	-148%	3,398	-167	
Gains and losses on real estate transactions, net	-11	0		539	495	9%
Dividend income and gains and losses of associated companies	49,416	32,992	50%	88	881	-90%
Other	717	36,770	-98%	11,287	45,540	-75%
Total Non-Interest Income	140,258	124,068	13%	126,621	112,401	13%
Fees and commissions	9,747	10,752	-9%	18,858	16,901	12%
Personnel expenses	36,034	38,506	-6%	77,375	77,719	0%
Depreciation and amortization	11,651	10,811	8%	42,001	20,774	102%
Other	53,265	40,317	32%	62,078	93,721	-34%
Total Non-Interest Expense	110,697	100,386	10%	200,312	209,115	-4%
INCOME BEFORE INCOME TAXES	**94,350**	**94,268**	**0%**	**90,045**	**104,988**	**-14%**
Income taxes	10,303	11,707	-12%	20,286	20,965	-3%
INCOME AFTER INCOME TAXES	**84,047**	**82,561**	**2%**	**69,759**	**84,023**	**-17%**
Minority interest	0	0		-61	39	-256%
NET INCOME	**84,047**	**82,561**	**2%**	**69,698**	**84,062**	**-17%**

UNCONSOLIDATED AND CONSOLIDATED IFRS STATEMENT OF CASH FLOWS

in HUF million	OTP Bank			Consolidated		
	30/06/2010	30/06/2009	change	30/06/2010	30/06/2009	change
OPERATING ACTIVITIES						
Income before income taxes	94,349	94,268	0%	90,045	104,988	-14%
Adjustments to reconcile income before income taxes to net cash provided by operating activities						
Income tax paid	-2,302	-9,008	-74%	-8,995	-15,580	-42%
Depreciation and amortization				18,519	0	
Goodwill impairment	11,651	10,811	8%	23,482	20,774	13%
Provision for loan and placement losses	74,314	41,235	80%	141,917	119,608	19%
Share-based compensation	3,144	3,401	-8%	3,144	3,401	-8%
Unrealised losses on fair value adjustment of securities held of trading	8,093	-5,376	-251%	2,529	1,373	84%
Unrealised losses / (gains) on fair value adjustment of derivative financial instruments	9,979	35,123	-72%	95,259	-8,212	
Changes in operating assets and liabilities	73,142	-109,827	-167%	16,610	103,079	-84%
Net cash provided by operating activities	**272,370**	**60,627**	**349%**	**382,510**	**329,431**	**16%**
INVESTING ACTIVITIES						
Net cash used in investing activities	**69,943**	**-196,501**	**-136%**	**-330,008**	**-362,662**	**-9%**
FINANCING ACTIVITIES						
Net cash provided by financing activities	**-201,959**	**140,157**	**-244%**	**74,588**	**-14,191**	**-626%**
Net (decrease) / increase in cash and cash equivalents	**140,354**	**4,283**	**3177%**	**127,090**	**-47,422**	**-368%**
Cash and cash equivalents at the beginning of the period	105,679	93,651	13%	243,541	278,934	-13%
Cash and cash equivalents at the end of the period	**246,033**	**97,934**	**151%**	**370,631**	**231,512**	**60%**
DETAILS OF CASH AND CASH EQUIVALENTS						
Cash, due from banks and balances with the National Bank of Hungary	178,217	158,022	13%	505,649	530,007	-5%
Mandatory reserve established by the National Bank of Hungary	-72,538	-64,371	13%	-262,108	-251,073	4%
Cash and equivalents at the beginning of the period	**105,679**	**93,651**	**13%**	**243,541**	**278,934**	**-13%**
Cash, due from banks and balances with the National Bank of Hungary	326,698	166,826	96%	642,625	482,490	33%
Compulsory reserve established by the National Bank of Hungary	-80,665	-68,892	17%	-271,994	-250,978	8%
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**246,033**	**97,934**	**151%**	**370,631**	**231,512**	**60%**

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY (IFRS)

in HUF million	Share capital	Capital reserve	Share-based payment reserve	Retained earnings and reserved	Put option reserve	Treasury shares	Non-controlling interest	Total
Balance as at 1 January 2010	***28,000***	***52***	***6,830***	***1,258,718***	***-55,468***	***-52,678***	***6,152***	***1,191,606***
Comprehensive income for the period				133,892				***133,892***
Share-based payment			3,144					***3,144***
Treasury shares								***0***
- loss on sale of Treasury shares				-4				***-4***
- change in the volume of Treasury shares						-6		***-6***
ICES (convertible bond) - payments to owners				-6,038				***-6,038***
Minority interest							56	***56***
Balance at at 30 June 2010	***28,000***	***52***	***9,974***	***1,386,568***	***-55,468***	***-52,684***	***6,208***	***1,322,650***

Ownership structure of OTP Bank Plc.

Description of owner	Total equity					
	1 January 2010			30 June 2010		
	%[1]	%[2]	Qty	%[1]	%[2]	Qty
Domestic institution/company	15.3%	15.5%	42,830,149	15.8%	16.0%	44,101,075
Foreign institution/company	70.2%	71.3%	196,510,128	67.0%	68.1%	187,688,053
Domestic individual	7.3%	7.4%	20,345,597	10.1%	10.3%	28,309,345
Foreign individual	1.3%	1.3%	3,526,188	1.3%	1.3%	3,562,741
Employees, senior officers	1.9%	2.0%	5,381,732	1.8%	1.8%	4,989,675
Treasury shares	1.5%	0.0%	4,284,020	1.5%	0.0%	4,252,715
Government held owner[3]	0.5%	0.5%	1,336,637	0.5%	0.5%	1,310,847
International Development Institutions[4]	2.1%	2.1%	5,785,559	2.1%	2.1%	5,785,559
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	2,185,460	2,185,004	2,154,155		
Subsidiaries	2,098,560	2,098,560	2,098,560		
TOTAL	4,284,020	4,283,564	4,252,715		

Shareholders with over/around 5% stake

Name	Number of shares	Voting rights	Beneficial ownership
Megdet, Timur and Ruszlan Rahimkulov	25,121,495	8.97%	9.11%
Groupama Group	24,677,160	8.81%	8.95%
MOL (Hungarian Oil and Gas Company Plc.)	24,000,000	8.57%	8.70%

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	7,919	7,820	7,802
Consolidated	29,819	30,815	30,047

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	0
IT	Dr. Tibor Bíró	member	40,681
IT	Péter Braun	member	527,905
IT	Dr. István Kocsis	member	81,600
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 Utassy	member	260,000
IT	Dr. József Vörös	member	117,200
FB	Tibor Tolnay	Chairman	0
FB	Dr. Gábor Horváth	member	10,000
FB	Antal Kovács	member, Deputy CEO	23,000
FB	Jean-Francois Lemoux	member	0
FB	András Michnai	member	15,600
SP	László Bencsik	CFO, Deputy CEO	0
SP	Dr. István Gresa	Deputy CEO	63,758
SP	Ákos Takáts	Deputy CEO	153,347
SP	László Wolf	Deputy CEO	654,640
TOTAL No. of shares held by management:			**2,449,081**

[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: 2,700,000

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, 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 subsidiaries (DSK, CKB, OTP banka Hrvatska and OTP Banka Slovensko) is to 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) OTP Core, Corporate Centre and foreign banks aggregated, excluding one-timers.

(3) One-off other provisions, other non interest income and other non-interest expense booked in relation to the sale of OTP Leasing a.s. in 4Q 2008. In 2009, one-off losses booked in relation to loan transfers.

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

(5) Correction booked in 1Q 2009 in relation to the sale of OTP Leasing a.s.

(6) Until 4Q 2008: OTP Leasing a.s. (Slovakia), since 4Q 2009: OTP Leasing Romania IFN S.A. (Romania), Z plus d.o.o. (Croatia), OTP Leasing d.d. (Croatia), DSK Leasing AD (Bulgaria).

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

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

(9) HIF Ltd. (United Kingdom), OTP Faktoring Slovensko (Slovakia), OTP Holding Limited (Cyprus), Velvin Ventures Ltd. (Belize), OTP Faktoring SRL (Romania)

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

(11) 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 Interim Management Report, the presented consolidated and unconsolidated 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 Statement of Recognised Income.
- Out of net Foreign exchange results, fair value adjustment (FVA) of the spot leg of FX swaps has been reclassified to Net Interest Income.
- Other non-interest income elements stemming from provisioning release in connection with loans originated before the acquisitions of the subsidiaries 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 income statement. 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 for the interest income of non-performing loans at 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 2010, parallel losses on sale of securities and release of other provisions for these securities were netted and are shown together on line "Gain/loss on securities, net" both at OTP Group consolidated and at OTP Core stand alone level. The negative P&L effect stemming from the deteriorated value of these securities was suffered in previous quarters - at the time of emerging of the above mentioned other provisions.
- 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 one timers such as received dividends and net cash transfers, the after tax result of strategic open FX position, the net profit of the sale of OTP Garancia and the after tax effect of the goodwill write-downs. Cost/income ratio is calculated from operating costs, excluding other risk costs.
- Regarding consolidated ROA and ROE indicators, until the end of 2008 they are calculated from the adjusted profit after tax of the Group, therefore they are excluding the effect of one-off items. However since the beginning of 2009, they are calculated from the accounting (unadjusted) net profit figures, because in 2009 the profit was not affected significantly by one-off items.

ADJUSTMENTS OF CONSOLIDATED IFRS P&L LINES

in HUF million	1Q 09	2Q 09	1H 09	3Q 09	9M 09	4Q 09	2009	1Q 10	2Q 10	1H 10
Net interest income	**156,385**	**147,479**	**303,865**	**140,577**	**444,442**	**145,338**	**589,780**	**142,633**	**172,332**	**314,964**
(+) Foreign exchange result of swap transactions	3,841	-3,841	0	0	0	0	0	0	0	0
(+) Other provisioning for the interest income of non performing loans at OTP Russia	-2,100	-2,518	-4,619	-2,823	-7,441	7,441	0	0	0	0
(-) Net interest accruals related to agent fees at OTP Mortgage Bank	0	0	0	0	0	0	0	0	0	0
Net interest income (adj)	**158,126**	**141,120**	**299,246**	**137,754**	**437,001**	**152,780**	**589,780**	**142,633**	**172,332**	**314,964**
Foreign exchange result on Consolidated IFRS P&L	**-11,806**	**-4,780**	**-16,586**	**4,548**	**-12,038**	**3,730**	**-8,308**	**4,448**	**22,881**	**27,329**
(-) Foreign exchange result of swap transactions	3,841	-3,841	0	0	0	0	0	0	0	0
(-) Result of strategic open FX position	-2,390	0	-2,390	0	-2,390	0	-2,390	0	0	0
Foreign exchange result (adj.)	**-13,257**	**-939**	**-14,196**	**4,548**	**-9,648**	**3,730**	**-5,919**	**4,448**	**22,881**	**27,329**
Gain/loss on securities, net	**-4,723**	**4,556**	**-167**	**7,450**	**7,284**	**175**	**7,459**	**311**	**3,088**	**3,398**
(+) Release of other provisions for securities								9,384	0	9,384
Gain/loss on securities, net (adj.)	**-4,723**	**4,556**	**-167**	**7,450**	**7,284**	**175**	**7,459**	**9,695**	**3,088**	**12,783**
Gains and losses on real estate transactions	**269**	**226**	**495**	**395**	**890**	**40**	**931**	**198**	**341**	**539**
(+) Other non-interest income	**30,273**	**15,267**	**45,540**	**8,298**	**53,838**	**12,470**	**66,309**	**5,202**	**6,084**	**11,286**
(-) Received cash transfers	4	5	9	7	16	-12	4	1	21	22
(-) Non-interest income from the release of pre-acquisition provisions	646	623	1,269	616	1,885	459	2,344	334	300	634
(+) Other other non-interest expenses	-1,194	-1,070	-2,264	998	-1,267	-1,774	-3,041	-346	-448	-794
Net other non-interest result (adj)	**28,698**	**13,795**	**42,493**	**9,068**	**51,561**	**10,290**	**61,851**	**4,719**	**5,655**	**10,375**
Provision for possible loan losses	**-46,047**	**-56,116**	**-102,163**	**-67,251**	**-169,414**	**-79,864**	**-249,279**	**-54,822**	**-96,406**	**-151,228**
(+) Non-interest income from the release of pre-acquisition provisions	646	623	1,269	616	1,885	459	2,344	334	300	634
Provision for possible loan losses (adj)	**-45,401**	**-55,493**	**-100,894**	**-66,635**	**-167,529**	**-79,406**	**-246,935**	**-54,488**	**-96,105**	**-150,594**
Other expenses	**-45,384**	**-48,336**	**-93,720**	**-38,530**	**-132,250**	**-37,308**	**-169,558**	**-25,234**	**-36,844**	**-62,078**
(-) Other provisions	-8,293	-9,152	-17,445	-5,228	-22,673	4,628	-18,044	8,761	551	9,312
(-) Paid cash transfers	-95	-88	-183	-301	-484	-793	-1,277	-350	-213	-563
(+) Film subsidies paid as cash transfer	-65	-93	-158	-298	-456	-715	-1,170	-298	-227	-524
(-) Other non-interest expenses	-1,194	-1,070	-2,264	998	-1,267	-1,774	-3,041	-346	-448	-794
Other expenses (adj)	**-35,867**	**-38,119**	**-73,986**	**-34,297**	**-108,283**	**-40,084**	**-148,367**	**-33,596**	**-36,960**	**-70,557**
Other risk costs	**-8,293**	**-9,152**	**-17,445**	**-5,228**	**-22,673**	**4,628**	**-18,044**	**8,761**	**551**	**9,312**
(-) Other provisioning for the interest income of non performing loans at OTP Russia	-2,100	-2,518	-4,619	-2,823	-7,441	7,441	0	0	0	0
(-) Release of other provisions for securities								9,384	0	9,384
Other risk costs (adj)	**-6,193**	**-6,633**	**-12,826**	**-2,405**	**-15,231**	**-2,813**	**-18,044**	**-624**	**551**	**-72**
After tax dividends and net cash transfers	**315**	**393**	**708**	**-269**	**439**	**-817**	**-378**	**-319**	**-134**	**-453**
(-) Film subsidies paid as cash transfer	-65	-93	-158	-298	-456	-715	-1,170	-298	-227	-524
After tax dividends and net cash transfers	**380**	**486**	**866**	**29**	**894**	**-102**	**792**	**-21**	**92**	**71**
Depreciation	**-10,291**	**-10,483**	**-20,774**	**-10,694**	**-31,469**	**-13,673**	**-45,141**	**-11,423**	**-30,578**	**-42,001**
(-) Goodwill impairment charges (CKB (Montenegro))	0	0	0	0	0	0	0	0	-18,519	-18,519
Depreciation (adj)	**-10,291**	**-10,483**	**-20,774**	**-10,694**	**-31,469**	**-13,673**	**-45,141**	**-11,423**	**-12,059**	**-23,482**

METHODOLOGICAL NOTE ON THE CALCULATION OF THE FINANCIALS OF OTP CORE AND CORPORATE CENTRE WITHIN OTP GROUP

According to its stock exchange reporting framework established since 1Q 2008, OTP Group reports its Hungarian core banking business activity under the brand „OTP Core", whereas Corporate Centre is the virtual entity responsible for rendering debt and capital market related services to the subsidiaries across the Group. Based on experiences gained since the introduction of this concept, the Management of OTP Bank decided to refine the methodology for the calculation of OTP Core and Corporate Centre results. This refinement aimed at enhancing the accuracy and transparency of the financials describing the performance of OTP Core and the Corporate Centre. The changes are first reflected in the 2Q 2010 stock exchange reporting of OTP Group, whereas the data set under the old methodology continues to be published to the end of 2010 in the "Supplementary Data" section of the report.

Please note that compared to the old method, neither the aggregated after tax profit of OTP Core and Corporate Centre, nor the consolidated financials for OTP Group is changed, only the profit allocation between the two entities is modified.

Summary of the newly introduced methodology

- **Under the refined methodology the Corporate Centre acts as a virtual entity established by the equity investment of OTP Core** for managing the wholesale financing activity for all the subsidiaries within OTP Group but outside OTP Core. Therefore the balance sheet of the Corporate Centre is funded by the equity and intragroup lending received from OTP Core plus the subordinated debt and senior notes arranged by OTP Bank under its running EMTN program. From this funding pool, the Corporate Centre is to provide intragroup lending to, and hold equity stakes in OTP subsidiaries outside OTP Core.
- Under the refined methodology the **full range of financing and investments into non-OTP Core subsidiaries is allocated to the Corporate Centre** as opposed to the old methodology, under which the Corporate Centre's scope of activity covered the management of the funding activity of the 8 foreign banks within OTP Group.

  Under the refined method main subsidiaries financed by Corporate Centre are as follow:

  Hungarians: Merkantil Bank Ltd, Merkantil Car Ltd, Merkantil Leasing Ltd, OTP Real Estate Leasing Ltd, OTP Fund Management Ltd, OTP Real Estate Fund Management Ltd, OTP Life Annuity Ltd

  Foreigners: leasing companies, factoring companies
- The **funding price calculation of the Corporate Centre is changed from „marginal-funding-price-based" one to „average-funding-cost-based" method** in order to reach a more accurate and fair revenue split between OTP Core and Corporate Centre.

Refining the definition aims at more clear OTP Core and Corporate Centre definitions

Refined definition OTP Core and OTP Corporate Center

The consolidated accounting results of entities* representing the existing Hungarian underlining banking operation is segmented into OTP Core and Corporate Centre

Corporate Centre Definitions

Major modifications

HUF billion, 2009

Old methodology

Financials to be split: Revenue = 438; Assets = 7224

$TRM = \frac{Rev}{Av.assets} = \frac{438}{6947} = 6.3\%$

OTP Core: Revenue = 446; Assets = 5805; TRM = 8.3%

Corp. Cent.: Revenue = -8; Assets = 1405

Cons. diff.: Revenue = 0; Assets = 14

Assets: intragroup financing provided to 8 foreign banking subsidiaries (880) and investments into them (525).

Liabilities: virtual financing at marginal cost of funding (1,121) allocated directly from OTP Core balance sheet, as well as all subordinated debt (284) issued by OTP Bank Hungary

Refined methodology

Financials to be split: Revenue = 438; Assets = 7224

$TRM = \frac{Rev}{Av.assets} = \frac{438}{6947} = 6.3\%$

OTP Core: Revenue = 450; Assets = 6535; TRM = 7.2%

Corp. Cent.: Revenue = -13; Assets = 2094

Cons. diff.: Revenue = 0; Assets = -1405

Assets: intragroup financing provided to all the subsidiaries outside OTP Core (1,462) and equity investments into them (615)

Liabilities: Directly allocated senior notes (EMTN, 352), all subordinated debt (284), intragroup liabilities received either from OTP Core (621) or other subsidiaries (222) – all priced at real average cost of funding

Equity: equity received from OTP Core to cover investments into OTP subsidiaries (615).

Major modifications:

Financing of Corp. Centre extended to all subsidiaries

Applying of real average funding cost instead of virtual marginal funding cost

OTP Core virtually owns Corp. Centre

* OTP Bank Hungary Plc, OTP Mortgage Bank Ltd, OTP Buildig Society Ltd, OTP Factoring Ltd, OTP Financing Netherlands Ltd, OTP Holding Ltd.

3

TIME SERIES ACCORDING TO THE OLD METHOD FOR THE FINANCIALS AFFECTED BY THE METHODOLOGY UPDATE

Consolidated after tax profit breakdown by subsidiaries (IFRS) – UNDER THE OLD METHODOLOGY [12]

in HUF million	1H 2009	1H 2010	Y-o-Y	2Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
Consolidated after tax profit	**84,023**	**69,759**	**-17%**	**42,214**	**42,358**	**27,402**	**-35%**	**-35%**
Profit of the strategic short position[1] (after tax)	-1,912	0	-100%	0	0	0		
Dividend and total net cash transfers (consolidated)	866	71	-92%	486	-21	92	-536%	-81%
Consolidated after tax profit without the result of strategic open FX position, consolidated dividend and net cash transfers	**85,069**	**84,689**	**0%**	**41,727**	**42,379**	**42,310**	**0%**	**1%**
Banks total without one-off items[2]	80,250	81,691	2%	38,439	40,112	41,579	4%	8%
OTP CORE (Hungary)	77,088	79,861	4%	36,239	40,317	39,544	-2%	9%
Corporate Centre (after tax)	-1,199	3,102	-359%	-2,746	808	2,293	184%	-183%
OTP Bank Russia	218	4,814		-95	1,200	3,613	201%	
OTP Bank JSC (Ukraine)	-10,066	1,107	-111%	-946	143	963	571%	-202%
DSK+SPV (Bulgaria)	11,948	9,219	-23%	4,560	4,559	4,661	2%	2%
OBR adj. (Romania)	561	-2,055	-466%	1,287	0	-2,055		-260%
OTP banka Srbija (Serbia)	-124	-1,419		-265	-595	-824	38%	211%
OBH (Croatia)	1,920	1,169	-39%	1,105	507	662	31%	-40%
OBS (Slovakia)	-531	-998	88%	-538	-181	-816	350%	52%
OBS, adj.	-281	-998	256%	-288	-181	-816	350%	184%
OBS one-off items[3]	-250	-	-100%	-250	-	-		-100%
CKB (Montenegro)	184	-13,109		-410	-6,647	-6,462	-3%	
Leasing	365	-2,471	-777%	235	-323	-2,147	565%	
Merkantil Bank + Car, adj. (Hungary)[4]	353	-969	-375%	235	288	-1,257	-537%	-636%
Merkantil Bank + Car one-off items[5]	12	0	-100%	1	0	0		-100%
Foreign leasing companies (Slovakia, Croatia, Bulgaria, Romania)[6]	0	-1,501		0	-611	-891	46%	
Asset Management	2,353	4,308	83%	1,137	1,736	2,572	48%	126%
OTP Asset Management (Hungary)	2,387	4,305	80%	1,144	1,731	2,573	49%	125%
Value creation of OTP Asset Management (after-tax)[7]	4,478	7,282	63%	2,198	3,148	4,134	31%	88%
Foreign Asset Management Companies (Ukraine, Romania)[8]	-34	3	-109%	-7	5	-2	-136%	-77%
Other Hungarian Subsidiaries	931	543	-42%	600	446	98	-78%	-84%
Other Foreign Subsidiaries (Slovakia, United Kingdom, Cyprus)[9]	421	-81	-119%	353	-2	-79	4250%	-122%
Eliminations	998	698	-30%	1,212	412	286	-31%	-76%
Total after tax profit of HUNGARIAN subsidiaries[10]	80,570	87,540	9%	36,683	44,002	43,538	-1%	19%
Total after tax profit of FOREIGN subsidiaries[11]	4,498	-2,851	-163%	5,043	-1,621	-1,229	-24%	-124%
Share of foreign profit contribution, %	5%	-3%	-9%	12%	-4%	-3%	1%	-15%

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

OTP Core Statement of recognized income – UNDER THE OLD METHODOLOGY

Main components of the Statement of recognized income in HUF mn	1H 2009	1H 2010	Y-o-Y	2Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
OTP CORE after-tax profit w/o dividends and net cash transfer	77,088	79,861	4%	36,239	40,317	39,544	-2%	9%
OTP CORE pre-tax profit	96,068	98,898	3%	36,630	50,034	48,864	-2%	33%
Operating profit	135,653	166,922	23%	63,860	67,122	99,800	49%	56%
Total income	224,466	253,825	13%	109,038	109,692	144,133	31%	32%
Net interest income	157,713	175,823	11%	75,107	75,991	99,832	31%	33%
Net interest income without the revaluation result of FX swaps	*157,713*	*153,177*	*-3%*	*75,107*	*75,991*	*77,187*	*2%*	*3%*
Net fees and commissions	44,165	42,130	-5%	22,493	20,784	21,347	3%	-5%
Other net non-interest income	22,589	35,873	59%	11,439	12,918	22,955	78%	101%
Operating expenses	-88,814	-86,903	-2.2%	-45,179	-42,570	-44,333	4%	-2%
Total provisions	-39,584	-68,024	72%	-27,230	-17,088	-50,936	198%	87%
Provisions for loan losses	-38,487	-67,577	76%	-19,331	-16,762	-50,815	203%	163%
Other provisions	-1,097	-447	-59%	-7,900	-326	-121	-63%	-98%
Revenues by Business Lines								
RETAIL								
Total income	166,813	162,280	-3%	83,532	80,279	82,001	2%	-2%
Net interest income	124,817	121,887	-2%	61,491	60,835	61,051	0%	-1%
Net fees and commissions	39,344	37,845	-4%	20,675	18,427	19,419	5%	-6%
Other net non-interest income	2,651	2,548	-4%	1,366	1,017	1,531	51%	12%
CORPORATE								
Total income	14,329	18,007	26%	7,468	9,034	8,973	-1%	20%
Net interest income	8,966	11,892	33%	4,677	5,962	5,930	-1%	27%
Net fees and commissions	4,588	5,370	17%	2,392	2,775	2,595	-6%	8%
Other net non-interest income	775	745	-4%	399	297	448	51%	12%
Treasury ALM								
Total income	41,744	73,708	77%	17,689	20,527	53,182	159%	201%
Net interest income	23,930	42,044	76%	8,939	9,194	32,850	257%	268%
Net fees and commissions	415	655	58%	270	167	488	191%	80%
Other net non-interest income	17,399	31,009	78%	8,480	11,166	19,844	78%	134%
Indicators (%)	1H 2009	1H 2010	Y-o-Y	2Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y
ROA	3.0%	2.7%	-0.3%	2.8%	2.9%	2.7%	-0.1%	0.0%
ROE	17.5%	15.7%	-1.8%	16.7%	16.1%	15.0%	-1.0%	-1.7%
Total income margin	8.73%	8.71%	-0.01%	8.36%	7.79%	10.01%	2.22%	1.65%
Net interest margin	6.13%	6.05%	-0.08%	5.76%	5.42%	6.94%	1.53%	1.18%
Net interest margin without the revaluation result of FX swaps	*6.13%*	*5.27%*	*-0.86%*	*5.76%*	*5.42%*	*5.37%*	*-0.05%*	*-0.39%*
Cost of risk/average gross loans	2.30%	3.81%	1.50%	2.22%	2.00%	5.68%	3.68%	3.46%
Cost/income ratio	39.6%	34.2%	-5.3%	41.4%	38.8%	30.8%	-8.0%	-10.7%
Effective tax rate	19.8%	19.2%	-0.5%	1.1%	19.4%	19.1%	-0.3%	18.0%

Main components of OTP Core balance sheet – UNDER THE OLD METHODOLOGY:

Main components of balance sheet (closing balances, in HUF mn)	2Q 2009	4Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y	YTD
Total Assets	5,350,383	5,805,466	5,606,287	5,942,018	6%	11%	2%
Gross customer loans	3,393,185	3,396,769	3,412,855	3,762,918	10%	11%	11%
Retail loans	2,176,050	2,186,022	2,201,403	2,364,480	7%	9%	8%
Corporate loans	1,217,135	1,210,747	1,211,451	1,398,439	15%	15%	16%
Allowances for loan losses	-154,170	-188,502	-203,142	-249,190	23%	62%	32%
Deposits from customers	3,321,968	3,496,796	3,549,839	3,557,132	0%	7%	2%
Deposits from customers + retail bonds	*3,480,416*	*3,733,529*	*3,807,160*	*3,811,356*	*0%*	*10%*	*2%*
Retail deposits	2,407,104	2,470,161	2,406,391	2,442,463	1%	1%	-1%
Retail deposits + retail bonds	*2,565,551*	*2,706,894*	*2,663,713*	*2,696,688*	*1%*	*5%*	*0%*
Corporate deposits	914,864	1,026,635	1,143,447	1,114,669	-3%	22%	9%
Liabilities to credit institutions and governments	800,746	823,211	653,972	760,496	16%	-5%	-8%
Issued securities	1,298,521	1,305,525	1,103,523	1,153,691	5%	-11%	-12%
o/w retail bonds	*158,447*	*236,733*	*257,321*	*254,225*	*-1%*	*60%*	*7%*
Total shareholders' equity	888,612	990,236	1,046,772	1,062,748	2%	20%	7%
Loan Quality (%)	2Q 2009	4Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y	YTD
90+ days past due loan volume	212,003	251,594	271,516	320,861	18%	51%	28%
90+ days past due loans/gross customer loans	6.2%	7.4%	8.0%	8.5%	0.6%	2.3%	1.1%
Total provisions/90+ days past due loans	72.7%	74.9%	74.8%	77.7%	2.8%	4.9%	2.7%
Market Share (%)	2Q 2009	4Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y	YTD
Loans	17.7%	17.8%	18.0%	18.0%	0.0%	0.3%	0.2%
Deposits	23.1%	24.2%	24.7%	24.1%	-0.6%	1.0%	-0.1%
Total Assets	23.3%	26.3%	24.6%	24.9%	0.2%	1.5%	-1.4%
Indicators (%)	2Q 2009	4Q 2009	1Q 2010	2Q 2010	Q-o-Q	Y-o-Y	YTD
Gross loans to deposits	102%	97%	96%	106%	10%	4%	9%
Net loans to (deposits + retail bonds)	93%	86%	84%	92%	8%	-1%	6%

TABLE OF CONTENTS

CONSOLIDATED FINANCIAL HIGHLIGHTS AND SHARE DATA ... 2
HALF-YEAR FINANCIAL REPORT – OTP BANK'S RESULTS FOR FIRST HALF 2010 ... 3
SUMMARY OF THE FIRST HALF 2010 ... 3
POST BALANCE SHEET EVENTS ... 8
CONSOLIDATED AFTER TAX PROFIT BREAKDOWN BY SUBSIDIARIES (IFRS) ... 11
CONSOLIDATED AND UNCONSOLIDATED, UNAUDITED IFRS REPORTS OF OTP BANK PLC. ... 12
CONSOLIDATE STATEMENT OF RECOGNISED INCOME ... 12
ASSET-LIABILITY MANAGEMENT ... 14
CONSOLIDATED BALANCE SHEET ... 15
OTP BANK HUNGARIAN CORE BUSINESS ... 18
OTP FUND MANAGEMENT ... 22
MERKANTIL GROUP ... 23
IFRS REPORTS OF THE MAIN SUBSIDIARIES ... 25
DSK GROUP (BULGARIA) ... 25
OTP BANK RUSSIA ... 27
OTP BANK JSC (UKRAINE) ... 29
OTP BANK ROMANIA ... 31
OTP BANKA HRVATSKA ... 33
OTP BANKA SLOVENSKO ... 35
OTP BANKA SRBIJA ... 36
CRNOGORSKA KOMERCIJALNA BANKA (MONTENEGRO) ... 38
STAFF LEVEL AND OTHER INFORMATION ... 40
PERSONAL AND ORGANIZATIONAL CHANGES ... 40
STATEMENT ON CORPORATE GOVERNANCE PRACTICE ... 41
ENVIRONMENTAL POLICY, ENVIRONMENTAL PROJECTS ... 42
FINANCIAL DATA ... 43
STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY (IFRS) ... 47
SUPPLEMENTARY DATA ... 49
METHODOLOGICAL NOTE ON THE CALCULATION OF THE FINANCIALS OF OTP CORE AND CORPORATE CENTRE WITHIN OTP GROUP ... 53
TIME SERIES ACCORDING TO THE OLD METHOD FOR THE FINANCIALS AFFECTED BY THE METHODOLOGY UPDATE ... 54

OTP Bank Plc.

Postal address: P.O.Box: 501 Budapest H-1876 Hungary

Phone: +36 1 473 5460

Fax: +36 1 473 5951

E-mail: investor.relations@otpbank.hu

Internet: www.otpbank.hu