OTP Bank Plc.

Interim Management Report
First quarter 2011 result

(English translation of the original report submitted to the Budapest Stock Exchange)

Budapest, 19 May 2011

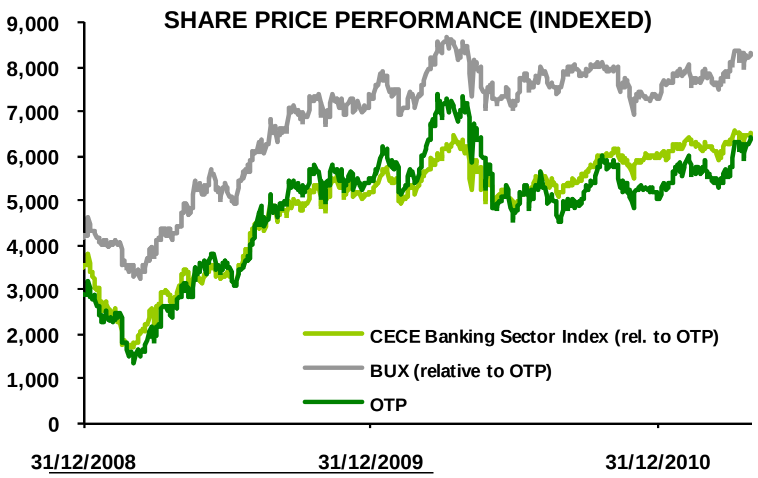
CONSOLIDATED FINANCIAL HIGHLIGHTS[1] AND SHARE DATA

Main components of the Statement of recognised income in HUF million	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
Consolidated after tax profit	**42,358**	**17,426**	**37,188**	**113%**	**-12%**
Consolidated after tax profit without received dividends, net cash transfers and special financial institution taxes	**42,379**	**32,058**	**44,098**	**38%**	**4%**
Pre-tax profit	54,199	38,474	51,281	33%	-5%
Operating profit without the revaluation of FX provisions	109,311	105,410	105,527	0%	-3%
Total income without the revaluation of FX provisions	192,637	200,907	191,170	-5%	-1%
Net interest income (adj.)	142,633	155,130	151,724	-2%	6%
Net fees and commissions	31,141	37,581	32,731	-13%	5%
Other net non-interest income (adj.) without the revaluation of FX provisions	18,863	8,196	6,715	-18%	-64%
Operating expenses (adj.)	-83,326	-95,496	-85,643	-10%	3%
Total risk costs without the revaluation of FX provisions	-55,112	-66,936	-54,246	-19%	-2%

Main components of balance sheet closing balances in HUF million	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
Total assets	9,526,706	9,780,946	9,672,446	-1%	2%
Total customer loans and advances (gross)	**6,916,353**	**7,502,331**	**7,065,664**	**-6%**	**2%**
Allowances for possible loan losses	-553,409	-761,272	-762,527	0%	38%
Total customer deposits	**5,744,609**	**5,821,489**	**5,854,156**	**1%**	**2%**
Issued securities	1,184,848	1,035,153	1,028,984	-1%	-13%
Subordinated loans	278,419	290,630	279,694	-4%	0%
Total shareholders' equity	1,255,524	1,308,929	1,298,968	-1%	3%

Indicators based on one-off adjusted earnings %	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
ROA	1.8%	1.3%	1.8%	0.6%	0.1%
ROE	14.0%	9.7%	13.7%	4.1%	-0.3%
Operating profit margin without the revaluation of FX provisions	4.60%	4.23%	4.40%	0.17%	-0.20%
Total income margin without the revaluation of FX provisions	8.10%	8.07%	7.97%	-0.10%	-0.13%
Net interest margin (adj.)	6.00%	6.23%	6.33%	0.10%	0.33%
Cost-to-asset ratio	3.51%	3.84%	3.57%	-0.26%	0.07%
Cost/income ratio (adj.) without the revaluation of FX provisions	43.3%	47.5%	44.8%	-2.7%	1.5%
Risk cost for loan losses-to-average gross loans (adj.) without the revaluation of FX provisions	3.23%	3.66%	3.06%	-0.61%	-0.17%
Total risk cost-to-asset ratio without the revaluation of FX provisions	2.32%	2.69%	2.26%	-0.43%	-0.06%
Net loan/(deposit+retail bond) ratio (%)	105%	110%	102%	-8%	-3%
Gross loan/deposit ratio (%)	120%	128%	120%	-8%	1%
Leverage (Shareholder's Equity/Total Assets)	13.2%	13.4%	13.4%	0.0%	0.3%
Leverage (Total Assets/Shareholder's Equity)	7,6x	7,5x	7,4x		
Capital adequacy ratio (consolidated, IFRS)	17.5%	17.5%	17.7%	0.2%	0.2%
Tier1 ratio	13.8%	14.0%	14.8%	0.8%	1.0%
Core Tier1 ratio	12.1%	12.5%	13.3%	0.8%	1.1%

Share Data	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
EPS diluted (HUF) (from unadjusted net earnings)	157	65	139	113%	-12%
EPS diluted (HUF) (from adjusted net earnings)	157	119	165	39%	5%
Closing price (HUF)	6,871	5,020	5,551	11%	-19%
High (HUF)	7,400	6,000	5,990	0%	-19%
Low (HUF)	5,130	4,815	5,020	4%	-2%
Market Capitalization (EUR billion)	7.2	5.0	5.8	16%	-19%
Price/Book Value	1.5	1.1	1.2	11%	-22%
Price/Tangible Book Value	2.0	1.3	1.5	10%	-25%
P/E (trailing, from accounting net earnings)	12.8	11.9	13.8	16%	8%
P/E (trailing, from adjusted net earnings)	12.8	8.7	9.5	9%	-26%
Average daily turnover (EUR million)	61	37	35	-5%	-43%
Average daily turnover (million share)	2.7	1.8	1.7	-9%	-37%



MOODY'S RATINGS

OTP Bank	
Foreign currency long term deposits	Baa3
Foreign currency senior unsecured deposits	Baa3
Financial strength	D+
OTP Mortgage Bank	
Foreign currency long term deposits	Baa3
Covered mortgage bond	Baa1
Financial strength	D+
DSK Bank	
Long term deposits	Baa3
Local currency long term deposits	Baa3
Financial strength	D+

STANDARD & POOR'S RATING

OTP Bank and OTP Mortgage Bank	
Long term credit rating	BBB-

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

INTERIM MANAGEMENT REPORT – OTP BANK'S RESULTS FOR FIRST QUARTER 2011

Interim Management Report for the first quarter 2011 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 31 March 2011 or derived from that. At presentation of first quarter 2011 report of OTP Bank we applied International Financial Reporting Standards adopted by the European Union.

SUMMARY OF 1Q 2011

Improving regional outlook – moderate loan dynamics

On the base of the continuing positive trends in 1Q 2011 it is obvious that national economies of the region have already left the worst behind: in most of the countries industrial production grew steadily and export performance was strongly supported by the robust German economy as well as with global demand for commodities. Simultaneously, there is a strong opinion amongst the investor community that the growth potential of the CEE region will significantly exceed that of in Western Europe for the simple reason of facing much less structural challenges. In the previous three months there was a significant capital flow into the region both in terms of foreign direct and portfolio investments, CDS-levels heavily contracted since January 2011.

In this context Hungary excelled itself: the proposed structural reforms in the framework of the Széll Kálmán Plan met positive response from markets. The Hungarian forint was one of the best performing emerging markets currencies year to date, local government bond yields dropped significantly, the stock of government papers hold by foreigners almost reached the pre-crisis levels and the Hungarian CDS spreads dropped by one third since the beginning of the year. The State successfully capitalized on those positive trends through printing heavily oversubscribed US dollar and euro bond issues in April and May. By early May Hungary has already fulfilled its full year borrowing plan by rising around EUR 4 billion in total.

Despite the improving macroeconomic conditions, OTP Group's banking activity still remained moderate: the overall loan demand is fairly weak and the DPD90+ ratio yet kept growing due to stagnating volumes. That was basically in line with the management's predictions; however, from 2H 2011 a positive turnaround is expected. Also, in the Ukraine the bank launched its POS-lending project in March which may revitalize the retail lending that was frozen during the crisis. Furthermore, the Russian consumer lending which always shows a low seasonality in the first months of the year is expected to pick up gradually.

Consolidated results: HUF 44 billion adjusted net earnings, y-o-y improving net interest income and net fee and commission income (+6% and +5%), increasing profit contribution from foreign subsidiaries, outstanding capital position and stable liquidity

In 1Q 2011 OTP Group posted HUF 37.2 billion after tax accounting profit, including the negative effect of the Hungarian banking tax. Excluding this one-off item, the adjusted net earnings reached HUF 44.1 billion, underpinning a 4% y-o-y growth and a 37% q-o-q improvement.

The smaller quarterly size of the banking tax is simply the result of the way banks have to pay it into the budget; its annual size in 2011 will be flat to that of in 2010. Note: in 2010 the financial sector had to pay the bank levy from 2H in two equal instalments, whereas in 2011 the levy is to be paid in four equal tranches.

Another positive momentum in 1Q was the significant turnaround in profit contribution of foreign subsidiaries. Against the loss of HUF 1.6 billion realized in 1Q 2010, they reached a profit of HUF 11.2 billion, mainly due to the good performance in Russia and Bulgaria.

Between January and March the Group posted HUF 105.5 billion adjusted operating profit being basically flat q-o-q (-3% y-o-y). In the previous several quarters the Bank realized fairly stable adjusted operating profit. (in HUF billion, 1Q 2010: 109, 2Q: 110, 3Q: 111, 4Q: 105, 1Q 2011: 106). The y-o-y decline of pre-provision profit was a result of the material drop of other non-interest income (-64% y-o-y) as a result of a significant securities gain posted on Hungarian government bonds in 1Q 2010. At the same time the net interest income grew by 6% y-o-y and net fee and commission grew, too (+5%). On a quarterly base both earning items dropped by 2% and 13% respectively. The 1Q net interest margin (6.33%) advanced by 33 bps y-o-y (+10 bps q-o-q). The yearly improvement of net interest margin was mainly induced by the steadily growing Russian margins. In line with the management's earlier expectations operating expenses grew by 3% y-o-y, the cost-to-income ratio adjusted by one-offs stood at 44.8% (+1.5%-points y-o-y).

The FX-adjusted loan volumes somewhat declined q-o-q (-0.8%) with deposits posting a 3% q-o-q growth. As a result, the net loan/(deposits + retail bonds) ratio (102%) further improved (-7%-points y-o-y and -5%-points q-o-q).

In the past 12 months it was only the Russian market that could achieve a significant volume expansion: the FX-adjusted loan portfolio advanced by 25% y-o-y, within that the retail consumer book grew by 60%. Other markets witnessed either stagnation or a smaller decline. Bigger scale contraction was registered in the Ukraine (-6%) and Montenegro (-13%).

In 1Q none of the markets grew, they either stagnated (Russia, Bulgaria and Romania) or declined. The Serbian and Montenegrin markets dropped by 3% and 4% respectively. Positive, though that in Hungary OTP Bank managed to maintain its leading position in new mortgage origination (34%), whereas SME volumes grew by 8% q-o-q with large corporate volumes basically remaining flat (+0.3% q-o-q).

As for the deposits, it was the Serbian subsidiary that captured the biggest y-o-y volume increase (+19%), followed by Russia (+9%) and Croatia (+7%). In 1Q 2011 the Hungarian and Bulgarian performance are worth mentioning (+6% and +2% q-o-q respectively).

Following the consolidated net loan-to-deposit ratio drop, on a standalone base the most significant yearly improvement was realized in Serbia (-81%-points), Ukraine (-45%-points) and Montenegro (-21%-points).

With regards to wholesale funding, in Hungary the Bank continued its retail targeted local bond issuance programme, by the end of 1Q 2011 the outstanding volume reached HUF 293 billion (app. EUR 1.1 billion). Furthermore, in Russia the bank successfully issued its debut rubel bond as part of its liability diversification efforts. The 3-year, RUB 2.5 billion transaction met very strong demand amongst local investors.

As a result of further portfolio deterioration adjusted risk costs in 1Q reached HUF 54 billion (-2% y-o-y, -19% q-o-q). The DPD90+ ratio kept growing and by the end of March it stood at 15.0%. While the pace of deterioration showed a q-o-q acceleration and new FX-adjusted DPD90+ formation also increased, to a great extend it was due to a one-off default of a syndicated loan exposure at OTP Core. Without that single item the new DPD90+ formation would remain flat q-o-q (around HUF 62 billion). With regard to that particular exposure, OTP's management sees good chances that the syndicate will reach an agreement with the client to resume normal payments. Thus for the rest of the year DPD90+ formation is expected to moderate.

As for the DPD90+ coverage, despite the significant quarterly risk costs, its level came down from 74.4% at end-2010 to 72.7%. Out of the 180 basis points decline, however around 120 basis points can be explained by two one-off factors (for detailed explanation see: Consolidated Statement of Recognized Income). Adjusted by those two elements the coverage ratio would have remained around 74%.

The consolidated IFRS capital adequacy ratio ('CAR') reached 17.7.% by March 2011. The Tier1 ratio (14.8%) grew by 1.0%-points in the past twelve months. Both levels are significantly higher than that of for OTP's main competitors in the region.

The stand alone CAR of OTP Bank under the local regulation stood at 18.6%, underpinning a y-o-y growth of 1.0%-points (+0.5%-points q-o-q).

OTP Core: moderate income decline, increasing risk costs, y-o-y and q-o-q lower adjusted profit, efficient cost control

Within the Group 2011 1Q the adjusted after tax profit of ***OTP Core*** (basic activity in Hungary) reached HUF 32.9 billion, underpinning a 20% y-o-y decrease (-7% q-o-q). The lower profit was mainly the result of growing risk costs (+38% y-o-y and +43% q-o-q). The adjusted operating profit improved on a quarterly base (+2%), but dropped by 10% y-o-y. Out of total income net interest income expanded by 5% y-o-y, though declined by the same extent q-o-q mainly as a result of moderating net interest margin (-11 bps q-o-q).

Net fee and commission income declined by 3% y-o-y and 10% q-o-q partly due to seasonality. Behind the drop in Other net non-interest income there were several factors: on one hand against the strong gains on securities (HUF 6.5 billion) in the base period, in 1Q the Bank posted a minimal loss on that line. Furthermore, due to the overall prohibition of FX-mortgage origination from July 2011, as well as to the mandatory use of mid-rate conversion level in case of outstanding FX-housing loans, the FX-results also dropped.

Operating profit was supported by the good results on cost side: operating costs decreased significantly both y-o-y and q-o-q, also due to seasonal effects (-5% and -17% respectively) underpinning an efficient cost control.

The effective tax burden (at 12% in 1Q 2011) dropped by 7%-points y-o-y and 6%-points q-o-q due to the tax shield effect of the revaluation of foreign subsidiary investments caused by currency moves.

Loan volumes adjusted for FX- and technical effects remained flat y-o-y and dropped by negligible 1% q-o-q. Adjusted SME and corporate books grew by 12% and 3% respectively y-o-y; the consumer loan portfolio contracted by 4%. The mortgage book declined by 2% y-o-y and 1% q-o-q, despite the improving new origination trends. Out of new flows OTP Bank managed to keep its dominant market share (34%) (2010 full year market share stood at 29%). Since FX mortgage origination has been banned from July 2010, new volumes were actually 100% HUF-based.

1Q portfolio quality development was to a large extent influenced by a single syndicated loan default of around HUF 10 billion. Adjusted by that one-off, the FX-adjusted new DPD90+ volumes grew only by HUF 18 billion q-o-q versus a HUF 27 billion growth in 4Q 2010. Consequently, the DPD90+ rate increased, too and reached 11.2%. The share of loans rescheduled under Debtor Protection Scheme of the Bank kept decreasing. By 1Q 2011 they represented 3.8% of the total retail book at OTP Core(without re-defaults).

The volume of FX-adjusted deposits and retail bonds on a yearly base grew by 2% (+6% q-o-q). Retail deposits (plus retail bonds) expanded by 2% y-o-y and remained flat q-o-q. The significant increase in corporate deposits (+23% q-o-q) was a result of positive flows from municipalities and financial intermediaries. Such trends were supported by seasonally higher local tax revenues of the municipalities. The “net loan-to-deposit+retail bond” ratio adjusted for technical effects stood at 80% (-4%-points y-o-y and -6%-points q-o-q).

Merkantil Group (the Hungarian car financing business) realized HUF 1.1 billion profit in 1Q supported by declining risk costs. Net interest margin improved by 69 bps q-o-q. In line with the weak lending activity the outstanding volumes declined further, as a result the DPD90+ ratio grew and reached 18.9% (q-o-q FX-adjusted DPD90+ formation stagnated) with provisioning coverage improving (92%).

OTP Fund Management posted HUF 1.1 billion net quarterly result. While the y-o-y and q-o-q drop seems to be significant, it reflects a lower average fund management fees set by a government decree. The volume of total assets under management reached HUF 1,682 billion (+3% y-o-y). The company’s market position further strengthened and its estimated share – without duplication – reached 33.2%.

Improving profit contribution by foreign subsidiaries: significant y-o-y profit increase in Russia and the Ukraine, stable Bulgarian performance, moderate earnings from Croatia and Slovakia, once again profitable quarter in Romania with Serbia and Montenegro still making losses

Against the 1Q 2010 cumulative loss of HUF 1.6 billion and the HUF 2.1 billion positive earnings in 4Q, in 1Q 2011 foreign operations of the Group contributed HUF 11.2 billion to the consolidated results. Within that Russia, Bulgaria and Ukraine, i.e. the three core players, who are predicted to contribute a growing share of total earnings in medium run, also performed nicely. While in the base period they generated only HUF 5.9 billion due to the seasonally weak profit in Russia and in the Ukraine, in 1Q 2011 the three banks together made HUF 12.1 billion.

OTP Bank Russia continued its superior performance. The 1Q net profit of HUF 7.7 billion was more than six times higher than in 1Q 2010 (+10% q-o-q). Total income grew dynamically (+50% y-o-y, +6% q-o-q) with core earnings growing nicely: net interest income advanced by 50% y-o-y, while net fee and commission income grew by 169%. Net interest margin improved further and reached 17.6% underpinning an almost 5%-points y-o-y and 2.5%-points q-o-q growth. Despite the fast growth of operating expenses (+35% y-o-y, +10% q-o-q) fuelled by high underlying inflation, operating profit grew even faster in the past 12 month (+68%), thus the cost-to-income ratio improved further and its 50% level is close to the group average.

As expected, the FX-adjusted loan volume growth was the strongest across the Group. The portfolio grew by 25% y-o-y, the retail consumer book advanced by 60% respectively. Given the weaker seasonality, POS-lending dropped by 5% q-o-q, however cross-selling remained intensive with credit card loans expanding by 9% q-o-q and personal loans by 21% respectively.

As a result, the bank managed to keep its excellent market position: in case of POS-lending the bank is the second biggest, whereas in credit card issuance it came off to no.4.

Parallel with the robust loan growth, the volume of retail deposits grew, too (+19% y-o-y and 2% q-o-q). Furthermore, the bank successfully started its liability side diversification with a debut rubel bond issue. The first transaction (3 year tenor, RUB 2.5 billion) met very strong investor demand and as a result of the heavy oversubscription its credit spread was appealing (+170 bps over the corresponding government yield).

With the fast loan book growth the DPD90+ ratio also increased (14.1%), however their coverage level remained comfortably high (84.1%) despite risk cost dropped both y-o-y and q-o-q (-34% and -17% respectively)

DSK Group posted a quarterly net result of HUF 3.5 billion (-24% y-o-y and -5% q-o-q). Since the operating profit was almost flat q-o-q (+25% y-o-y), net earnings were strongly influenced by risk costs developments. It is remarkable, that similarly to the previous quarters, both the operating margin (7.87%) and net interest margin (6.31%) improved further. Also, the bank’s cost efficiency is outstanding: operating expenses dropped by 8% q-o-q (+6% y-o-y), thus the cost-to-income ratio came out better, too (34.2%).

FX-adjusted loan portfolio grew by 1% y-o-y (flat q-o-q), whereas deposits expanded by 3% over the past twelve months (+2% q-o-q). As a result the net loan-to-deposit ratio further dropped (112%). Portfolio quality deterioration accelerated in 1Q, and the DPD90+ ratio grew to 12.6%. Out of the total loan book mortgages and SMEs worsened the most in 1Q (+2%-points and +4.5%-points). The coverage ratio (79.9%) decreased a bit, but remained well above the Group average. The weaker portfolio required higher risk costs: they grew by 6% q-o-q and by 61% y-o-y.

OTP Bank Ukraine posted HUF 862 million in 1Q versus HUF 143 million a year ago. Portfolio deterioration further continued (+2.2%-points q-o-q) and the DPD90+ ratio reached 31.5% at the end of March. The worsening was caused by corporate exposures, though other segments deteriorated, too. Risk cost decreased by 18% q-o-q and the DPD90+ coverage reached 75.4%.

FX-adjusted loan volumes dropped by 6% y-o-y and by 1% q-o-q. Within that the corporate segment already showed sign of recovery, whereas the retail book still declined: mortgages dropped 7% y-o-y and car loans by 23% respectively. In March the bank started selling POS-loans aimed at revitalizing the ailing retail lending and also deploying its access UAH liquidity into higher yielding assets. The POS-lending is managed by OTP Credit, a joint venture of the Russian and Ukrainian subsidiaries and builds on the underwriting and risk management know-how of OTP Russia. FX-adjusted deposit volumes grew by 2% y-o-y, accordingly the net loan-to-deposit ratio improved by a remarkable 45%-points and dropped to 281%. Operational expenses advanced by 10% y-o-y reflecting the high underlying inflation. Together with the total income growth of 3% y-o-y, cost-to-income ratio slightly increased to 40.3% (+2.9% y-o-y).

Besides the three big subsidiaries, ***OTP banka Hrvatska (Croatia)*** maintained its profitable operation, true its 1Q net profit of HUF 241 million underpinned a material y-o-y and q-o-q decline (-53% and -76% respectively). That was mainly the result of higher risk costs aimed at improving the DPD90+ coverage. Coupled with the moderate portfolio improvement (DPD90+ stood at 12.4%), the provision coverage reached 35% (+4.6%-points q-o-q).

After a significant loss of HUF 2.2 billion in the previous quarter, ***OTP Bank Romania (OBR)*** posted break-even results in 1Q. The HUF 148 million profit was mainly the result of heavily declining risk costs. Despite the DPD90+ ratio grew and reached 11.2% by March, 1Q 2011 showed the most moderate quarterly deterioration during the previous five quarters. At the same time the DPD90+ coverage improved and reached 74.6%. The growth of operating expenses was related to marketing efforts with the aim of boosting lending volumes, whereas in line with network rationalization 6 branches were closed.

The ***Slovakian subsidiary*** also realized a tiny quarterly profit of HUF 105 million after losses made in the base period and in 4Q 2010. The loan portfolio quality was stable; the DPD90+ ratio stood at 10% and even improved slightly q-o-q. Despite the lower risk costs the DPD90+ coverage further improved (+3.6%-points) and reached 60%. Net interest margins remained stable (3.18%). While the overall loan book stagnated, mortgages grew by 2% q-o-q and loans to SMEs by 3% respectively. Net loan-to-deposit ratio dropped below 100% (99%).

The ***Serbian subsidiary*** remained in red, in 1Q the bank posted HUF 1.5 billion losses as a result of negative operating profit and high risk costs. The otherwise high DPD90+ ratio grew sharply and reached 56.5%, while its coverage declined (41.4%).Balance sheet developments were weak, too, the FX-adjusted loan portfolio contracted both y-o-y and q-o-q, as a result, the bank's net loan-to-deposit ratio (181%) moderated by more than 80%-points over the past twelve months.

Following a meaningful loss of HUF 4.7 billion in 4Q 2010, ***CKB Montenegro*** posted a moderate quarterly loss in 1Q. The negative result of HUF 200 million reflects moderating total income and significantly declining risk costs. At the same time cost management remained stringent. Against the further deterioration of the loan book, the DPD90+ coverage remained high (72%). The worsening was partly related to the portfolio transfer between OTP Bank and CKB (for more detailed explanation see: CKB Quarterly results), without that transfer the DPD90+ ratio would grow only moderately. FX-adjusted loan book contracted both y-o-y and q-o-q, similar to deposits. The net loan-to-deposit ratio stood at 74%, the lowest across the Group.

In March 2011 OTP Bank completed a EUR 10 million capital increase at its Montenegrin subsidiary.

By the end of March 2011 OTP Group had 1,484 branches (-20 branches y-o-y, -2 branches q/q). The most sizeable decline in the past 3 months was realized in Romania (-6), whereas in other cases banks rather focused on network rationalizations. By the end of 1Q 2011 the number of employees was 30,154 people while the agent-network in Russia enlarged further.

Credit ratings, shareholder structure

In 2011 OTP Bank's credit rating changed at both major rating agencies. On 24 March Standard & Poor's raised OTP Bank's and OTP Mortgage Bank's rating from "BB+" to "BBB-" emphasizing the financial resilience of the Group during the crisis, as well as its stable profit generating capability. Later, on 5th April Moody's affirmed OTP Bank's BFSR rating at "D+", whereas the bank's deposit rating and currency debt rating were brought in line with the sovereign level at "Baa3".

There was no change in the rating of other group members.

As for the ownership structure, in 1Q the ownership of OTP shares at Lazard Asset Management dropped below 5% ownership, thus currently three investors hold more than 5% stake in the Company, namely the Rahimkulov family (8.88%), MOL (Hungarian Oil and Gas Company) (8.57%) and Groupama (8.31%).

POST BALANCE SHEET EVENTS

Hungary

- On 1 April 2011 the Central Statistics Office announced that the budget deficit reached 4.2% of GDP in 2010 (based on EDP methodology), compared to the deficit target of 3.8%.
- On 5 April 2011 Moody's affirmed OTP Bank's standalone BFSR at D+ with stable outlook. The Bank's foreign-currency deposit ratings were affirmed at Baa3. Simultaneously Moody's has lowered the Bank's local currency deposit ratings and foreign currency senior debt rating to Baa3 in line with the sovereign ratings. The outlook on BFSR is stable, while all other ratings carry negative outlook similarly to the sovereign.
- Following the successful sovereign bond issuances in March (altogether USD 4.25 billion), on 4 May 2011 Hungary issued EUR 1 billion notes maturing in 2019 with a 6% coupon. Consequently, after the completion of the 2011 international bond sale plan Hungary is now working on next year's financing plan.
- The Annual General Meeting of OTP Bank held on 29 April 2011 elected Dr. Sándor Csányi, Dr. Antal Pongrácz, Mihály Baumstark, Dr. Tibor Bíró, Péter Braun, Zsolt Hernádi, Dr. István Kocsis, Dr. László Utassy and Dr. József Vörös to the member of the Bank's Board of Directors until the closing AGM of the fiscal year 2015 but latest until 30 April 2016. The Board elected Dr. Sándor Csányi as its Chairman and Dr. Antal Pongrácz as its Deputy Chairman. The Annual General Meeting elected Mr. Tibor Tolnay, Dr. Gábor Horváth, Antal Kovács, Pierre Lefèvre, András Michnai and Dr. Márton Gellért Vági to the member of the Bank's Supervisory Board until the closing AGM of the fiscal year 2013 but latest until 30 April 2014.
- According to the preliminary data, released in May, the Hungarian yearly real GDP growth reached 2.4% in 1Q 2011 while the consumer prices increased by 4.7% y-o-y in April.
- On 16 May 2011 OTP Bank paid back a EUR 500 million senior note (issued in May 2008) from its own liquidity reserves.

Bulgaria

- On 13 April 2011 Bulgaria's government approved a three-year fiscal plan aiming at narrowing the budget deficit gradually to 0.5% of GDP by 2014.

Russia

- On 29 April 2011 the Russian central bank increased its benchmark interest rates by 25 bps to 8.25%.

Romania

- Effective from 24 April 2011, the central bank decided to lower reserve requirements on FX deposits with residual maturities of up to 2 years by 5%-points to 20%. The central bank governor declared many times that central bank is preparing a set of measures to discourage foreign currency borrowing by clients with only RON income.
- On 9 May 2011 Romania and the IMF reached a staff-level agreement to make available EUR 475 million in funds under its new 5 billion EUR precautionary loan. The government doesn't plan to draw down the funds.

Slovakia

- On 12 April 2011 the IMF said that Slovakia's plan to cut the budget deficit to 3% of GDP within three years is credible and appropriate. The government implemented both revenue- and expenditure-side measures to reduce the deficit from 7.8% in 2010 to 4.9 percent this year.

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

in HUF million	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
Consolidated after tax profit	**42,358**	**17,426**	**37,188**	**113%**	**-12%**
Dividend and total net cash transfers (consolidated)	-21	114	331	190%	
Special tax on financial institutions (after corporate income tax)	0	-14,746	-7,241	-51%	
Consolidated after tax profit without consolidated received dividends and net cash transfers and special financial institution taxes	**42,379**	**32,058**	**44,098**	**38%**	**4%**
Banks total without one-off items[1]	40,112	35,487	41,311	16%	3%
OTP CORE (Hungary)	40,861	35,462	32,865	-7%	-20%
Corporate Centre (after tax)[2]	264	-3,522	-2,467	-30%	
OTP Bank Russia	1,200	7,035	7,745	10%	545%
OTP Bank JSC (Ukraine)[3]	143	2,862	862	-70%	501%
DSK Bank (Bulgaria)[4]	4,559	3,679	3,484	-5%	-24%
OBR adj. (Romania)	0	-2,210	148	-107%	
OTP banka Srbija (Serbia)[5]	-595	-3,958	-1,458	-63%	145%
OBH (Croatia)	507	1,005	241	-76%	-53%
OBS (Slovakia)	-181	-125	105	-184%	-158%
CKB (Montenegro)	-6,647	-4,740	-214	-95%	-97%
Leasing	-323	-4,610	1,272	-128%	-494%
Merkantil Bank + Car, adj. (Hungary)[6]	288	-3,216	1,147	-136%	299%
Foreign leasing companies (Slovakia, Croatia, Bulgaria, Romania)[7]	-611	-1,394	125	-109%	-120%
Asset Management	1,736	1,551	1,074	-31%	-38%
OTP Asset Management (Hungary)	1,731	1,566	1,062	-32%	-39%
Value creation of OTP Asset Management (after-tax)	3,148	3,077	2,445	-21%	-22%
Foreign Asset Management Companies (Ukraine, Romania)[8]	5	-15	13	-185%	174%
Other Hungarian Subsidiaries	446	-1,641	102	-106%	-77%
Other Foreign Subsidiaries (Slovakia, United Kingdom, Cyprus, Romania, Belize)[9]	-2	25	100	298%	
Eliminations	412	1,272	239	-81%	-42%
Total after tax profit of HUNGARIAN subsidiaries[10]	44,002	29,921	32,948	10%	-25%
Total after tax profit of FOREIGN subsidiaries[11]	-1,621	2,137	11,150	422%	-788%
Share of foreign profit contribution, %	-4%	7%	25%	19%	29%

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

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

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME[3]

Main components of the Statement of recognized income in HUF million	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
Consolidated after tax profit	**42,358**	**17,426**	**37,188**	**113%**	**-12%**
Dividends and net cash transfers (after tax)	-21	114	331	190%	
Special tax on financial institutions (after corporate income tax)	0	-14,746	-7,241	-51%	
Consolidated after tax profit without received dividends, net cash transfers and special financial institution taxes	**42,379**	**32,058**	**44,098**	**38%**	**4%**
Before tax profit	**54,199**	**38,474**	**51,281**	**33%**	**-5%**
Operating profit	**109,311**	**107,132**	**97,339**	**-9%**	**-11%**
Operating profit without the revaluation of FX provisions	**109,311**	**105,410**	**105,527**	**0%**	**-3%**
Total income	**192,637**	**202,628**	**182,982**	**-10%**	**-5%**
Total income without the revaluation of FX provisions	**192,637**	**200,907**	**191,170**	**-5%**	**-1%**
Net interest income (adj.)	**142,633**	**155,130**	**151,724**	**-2%**	**6%**
Net fees and commissions	**31,141**	**37,581**	**32,731**	**-13%**	**5%**
Other net non-interest income (adj.)	**18,863**	**9,917**	**-1,473**	**-115%**	**-108%**
Other net non-interest income (adj.) without the revaluation of FX provisions	**18,863**	**8,196**	**6,715**	**-18%**	**-64%**
Foreign exchange result, net (adj.)	4,448	7,310	-3,651	-150%	-182%
Foreign exchange result, net (adj.) without the revaluation of FX provisions	4,448	5,588	4,537	-19%	2%
Gain/loss on securities, net (adj.)	9,695	98	516	427%	-95%
Net other non-interest result (adj.)	4,719	2,510	1,662	-34%	-65%
Operating expenses	**-83,326**	**-95,496**	**-85,643**	**-10%**	**3%**
Personnel expenses	-38,307	-42,808	-39,308	-8%	3%
Depreciation (adj.)	-11,423	-12,702	-11,740	-8%	3%
Other expenses (adj.)	-33,596	-39,986	-34,595	-13%	3%
Total risk costs	**-55,112**	**-68,658**	**-46,058**	**-33%**	**-16%**
Total risk costs without the revaluation of FX provisions	**-55,112**	**-66,936**	**-54,246**	**-19%**	**-2%**
Provision for loan losses (adj.)	-54,488	-69,567	-46,295	-33%	-15%
Provision for loan losses (adj.) without the revaluation of FX provisions	-54,488	-67,846	-54,483	-20%	0%
Other provision	-624	910	237	-74%	-138%
Corporate taxes	**-11,820**	**-6,416**	**-7,183**	**12%**	**-39%**
INDICATORS (%)	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
ROA (adj.)	1.8%	1.3%	1.8%	0.6%	0.1%
ROE (adj.)	14.0%	9.7%	13.7%	4.1%	-0.3%
Operating profit margin	4.60%	4.30%	4.06%	-0.24%	-0.54%
Operating profit margin without the revaluation of FX provisions	4.60%	4.23%	4.40%	0.17%	-0.20%
Total income margin	8.10%	8.14%	7.63%	-0.51%	-0.47%
Total income margin without the revaluation of FX provisions	8.10%	8.07%	7.97%	-0.10%	-0.13%
Net interest margin (adj.)	6.00%	6.23%	6.33%	0.10%	0.33%
Net fee and commission margin	1.31%	1.51%	1.36%	-0.14%	0.05%
Net other non-interest income margin	0.79%	0.40%	-0.06%	-0.46%	-0.85%
Net other non-interest income margin without the revaluation of FX provisions	0.79%	0.33%	0.28%	-0.05%	-0.51%
Cost-to-asset ratio	3.51%	3.84%	3.57%	-0.26%	0.07%
Cost/income ratio (adj.)	43.3%	47.1%	46.8%	-0.3%	3.5%
Cost/income ratio (adj.) without the revaluation of FX provisions	43.3%	47.5%	44.8%	-2.7%	1.5%
Risk cost for loan losses-to-average gross loans (adj.)	3.23%	3.76%	2.60%	-1.16%	-0.63%
Risk cost for loan losses-to-average gross loans (adj.) without the revaluation of FX provisions	3.23%	3.66%	3.06%	-0.61%	-0.17%
Total risk cost-to-asset ratio	2.32%	2.76%	1.92%	-0.84%	-0.40%
Total risk cost-to-asset ratio without the revaluation of FX provisions	2.32%	2.69%	2.26%	-0.43%	-0.06%
Effective tax rate	21.8%	16.7%	14.0%	-2.67%	-7.80%
Non-interest income/total income	26%	23%	17%	-6%	-9%
Non-interest income/total income without the revaluation of FX provisions	26%	23%	21%	-2%	-5%
Comprehensive Income Statement	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
Net comprehensive income	**63,476**	**1,223**	**10,812**	**784%**	**-83%**
Net profit attributable to equity holders	**42,363**	**17,495**	**36,982**	**111%**	**-13%**
Consolidated after tax profit	42,358	17,426	37,188	113%	-12%
(-) Net profit attributable to non-controlling interest	-5	-68	205	-401%	
Fair value adjustment of securities available-for-sale (recognised directly through equity)	**9,481**	**-16,443**	**11,064**	**-167%**	**17%**
Fair value adjustment of derivative financial instruments designated as cash-flow hedge	**106**	**13**	**118**	**808%**	**11%**
Fair value adjustment of strategic open FX position hedging net investment in foreign operations	**1,044**	**-342**	**3,660**		**251%**
Foreign currency translation difference	**10,482**	**500**	**-41,012**		**-491%**
One off items					
Revaluation of FX provisions for FX loans at OTP Core (booked within Provision for loan losses)	0	-1,721	8,188	-576%	
Revaluation result of open FX position hedging the revaluation of FX provisions at OTP Core (booked within Foreign exchange result, net)	0	1,721	-8,188	-576%	

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

- ***HUF 44 billion after tax profit w/o special banking tax, 4% y-o-y and 38% q-o-q growth***
- ***Stable operating income q-o-q at HUF 106 billion without one-off items***
- ***Stably high net interest margin (1Q 2011: 6.33%), with further increasing Russian (+13% q-o-q) and stable Bulgarian net interest income***
- ***Stringent cost control (cost-to-income ratio in 1Q 2011 at 44.8%)***
- ***Continuously considerable risk cost level, q-o-q significant Hungarian (due to a one-off corporate default) and Bulgarian portfolio quality deterioration***
- ***1.2%-points out of 1.7%-points q-o-q decline of provision coverage ratio (1Q 2011: 72.7%) is due to one-off items, the adjusted ratio would have remained close to 74%***

Methodological note: as a technical effect the structure of the consolidated statement of recognized income in the analysed periods was materially influenced by the following two items: on one hand the revaluation result on FX-provisions of OTP Core (accounted as Provisions for loan losses), and on the other hand the revaluation result on the open FX-position held for hedging the revaluation of FX-provisions of OTP Core (booked as FX-results within Other net non-interest results). The impact of these two items as for their size is the same but with adverse sign. Profit lines in the statement adjusted for one-off items show the profit development adjusted with these two items.

In 1Q 2011 OTP Group posted HUF 44.1 billion adjusted after tax profit without the special banking levy, higher by 4% and by 38% q-o-q and y-o-y respectively. The accounting net result including the special banking tax (net HUF 7.2 billion) was at HUF 37.2 billion, lower by 12% than in 1Q 2010.

Operating income (adjusted for one-off items) remained stable q-o-q, but declined by 3% y-o-y. Latter is mainly due to a significant gain on Hungarian government bonds posted in 1Q 2010 (reported in OTP Core as Other net non-interest income), while in 1Q 2011 practically there was no result on securities. Taking into consideration that the revenues (excluding one-off items) both on yearly and quarterly base declined (by 1% and by 5%, respectively), favourable operating income formation is mainly supported by stringent operating cost control (mere 3% increase y-o-y and 10% decrease q-o-q).

Beyond relative stability of operating income the y-o-y improvement of adjusted after tax profit is primarily due to declining tax burden (effective tax rate dropped from 22% to 14%), risk costs (without the revaluation of FX provisions) practically remained flat y-o-y). While q-o-q growth of adjusted after tax profit is primarily the result of moderating risk costs (-19% q-o-q).

Within the main income categories net interest income grew by 6% y-o-y and decreased by 2% q-o-q. Net interest margin improved (1Q 2011: 6.33%, +33 bps y-o-y, +10 bps q-o-q). On a yearly base the improvement of net interest margin was highly supported by the gradual increase of deposit margins: almost in all markets deposit rates have been decreased y-o-y parallel with the increasing liquidity reserves. Russian interest income grew at a spectacular pace (HUF +9.5 billion, +50% y-o-y), as a consequence of outstanding dynamics of consumer lending. Out of larger subsidiaries both DSK and OTP Core increased their interest income (+17% and +5% y-o-y). These factors offset the y-o-y declining net interest income in Ukraine, in Montenegro and in Serbia (-17%, -25% and -66% y-o-y respectively) partially due to declining business activity and to increasing share of non-performing loans.

Consolidated net interest income diminished by HUF 3.4 billion q-o-q. This was highly influenced by the following items: net interest income of OTP Core dropped by HUF 4.3 billion q-o-q (in line with the management expectations due to declining interest margin, as a result of the strict regulatory environment ruling the pricing policy of the bank), Rumanian interest income dropped by HUF 1.6 billion (revaluation result on swaps posted in interest income declined) and the Ukrainian net interest income moderated by HUF 1.5 billion also (due to decline in performing loan portfolio). This was only partially offset by the q-o-q HUF 3.2 billion improvement in the Russian interest income.

Net fee and commission income improved by 5% on a yearly base (by HUF 1.6 billion) which was also mainly boosted by the growth in the Russian contribution (a growth of HUF 2.2 billion y-o-y), within that card and deposit commissions grew mostly (by +135% and +74% y-o-y). Simultaneously the commission dynamics was negatively influenced by the HUF 1.3 billion lower commissions of OTP Fund Management (as a consequence of amended regulation, asset- and fund management fees payable by pension funds decreased since January 2011: in case of private pension funds from 0.8% to 0.2%, in case of voluntary pension funds from 0.8% to 0.7% respectively). It was also negative that net commissions at OTP Core declined as well by 3% y-o-y (primarily due to the erosion of card commissions as a result of increased sales dynamics of promotional retail current account packages).

Because of seasonal factors, net fees declined q-o-q at most of the subsidiaries. There was a significant drop at OTP Fund Management (HUF -1.3 billion as a result of the aforementioned regulatory changes) and at OTP Core, where on the top of the falling card commissions even a technical item influenced negatively the q-o-q dynamics (please see in the Section on OTP Core).

The adjusted other net non-interest income decreased by 64% y-o-y as a result of the securities gain in the base period (securities gain of OTP Core in HUF billion in 1Q 2010: 6.5, in 4Q:-2.3, in 1Q 2011: -0.2). FX margin result (adjusted for one-off items) was relatively stable.

Operating costs grew by 3% y-o-y, which considering the inflation rate close to or above 5% in several countries across the group (e.g. Hungary, Russia, Ukraine, Romania, and Serbia) reflects stringent cost control. Significant cost increase was registered only in Russia, where the dynamics is justified on one hand by the significant pick up in business activity and beyond this; higher social security contribution had to be paid after the employees since January 2011. On the other hand OTP Core y-o-y reached a significant cost savings (costs decreased by HUF 2.3 billion or by 5%) both on personnel and other expenses. Quarterly dynamics was significantly influenced by seasonality, thus costs in general declined across the group (except in Russia and in the Hungarian car financing business).

Continuous deterioration of loan portfolios resulted a significant provisioning for loan losses in 1Q 2011 (without the revaluation of FX provisions in 1Q 2011: HUF 54.2 billion, -2% y-o-y, -19% q-o-q). Ratio of 90 days past due portfolio ('DPD90+ loans') increased from 13.7% to 15.0% q-o-q. Despite the significant provisioning the coverage ratio declined by 1.8%-points q-o-q (1Q 2011: 72.7%), 1.2%-points of which is due to one-off items.

Those items were the following ones: firstly payment delay of one syndicated loan with HUF 10 billion principal amount at OTP Core reached the 90 days level in January 2011, but the related provision has been accounted already in 2010 (coverage ratio of the loan was at 90% already in 4Q 2010 and remained unchanged in 1Q 2011). Because of that, the default event in 1Q 2011 increased only the DPD90+ portfolio, whereas there was no new provisioning either in the P&L or on the balance sheet, which decreased the coverage ratio of the total DPD90+ portfolio. Negative effect of this item to the consolidated coverage ratio was -0.7% q-o-q. According to the expectations of OTP's management, the syndication will reach an agreement with the client, thus the loan will disappear from the non-performing portfolio.

The other factor diminishing the coverage was the write-off of those non-performing loans, which were purchased by OTP Factoring (work-out company in OTP Core) more than 5 years ago (almost HUF 18 billion loan portfolio with 100% provision coverage was written off). Through the composition effect, this write-off resulted an 0.5%-point decline in the consolidated coverage ratio. Analysing the portfolio adjusted by these effects one can say that 1Q 2011 portfolio deterioration (HUF 72 billion FX-adjusted DPD90+ formation in 1Q 2011, without the write-off effect of loans bought more than 5 years ago) and the posted HUF 54 billion risk cost without the revaluation of FX provisions would have left the consolidated coverage ratio at close to 74%.

Q-o-q decrease of consolidated risk cost is due to materially declining risk costs of foreign banks (risk costs dropped mainly at the Rumanian, Serbian, Montenegrin subsidiaries and at Merkantil, they moderately declined in Russia and Ukraine, while the Bulgarian provisioning remained flat). Based on this the consolidated risk cost dropped (-19% q-o-q) even with the increasing risk cost at OTP Core (+38%).

As for the development of portfolio quality at OTP Core, taking out the effect of the HUF 10 billion one-off syndicated loan default, the pace of deterioration would have slowed down (FX-adjusted DPD90+ formation in HUF billion: 4Q 2010: 27, 1Q 2011: 18). At larger subsidiaries: portfolio quality deteriorated in Bulgaria considerably (DPD90+ ratio increased from 11.0% to 12.6%), followed by a material provisioning. In Russia, growth in DPD90+ ratio was boosted in 1Q 2011 by the declining volume of loan portfolio in rubel terms. The portfolio quality deteriorated in all segments in Ukraine (DPD90+ ratio increased from 29.3% to 31.5%), but as a result of provisioning, coverage declined only slightly (by 0.6%-point q-o-q). However, one can say about all the three large foreign subsidiaries, that despite the erosion experienced in 1Q 2011, the coverage ratio of the delinquent portfolio is well above the consolidated level.

Amongst smaller subsidiaries the portfolio quality deteriorated slightly in Romania while in Slovakia and in Croatia some improvement was experienced. In the Hungarian Merkantil Group only the decline of loan portfolio elevated the DPD90+ ratio, the FX-adjusted volume of the DPD90+ portfolio remained unchanged q-o-q. In Romania, Croatia, Slovakia and at the Merkantil Group the coverage ratio improved significantly. Portfolio quality deteriorated materially only in Serbia (primarily due to corporate exposures), where the coverage ratio decreased, too (1Q 2011: 41.4%, -2.3%-points q-o-q). In Montenegro without the effect of a technical item the pace of portfolio deterioration would have slowed down materially q-o-q. But together with this technical item[4] DPD90+ ratio increased further by 6%-points q-o-q (1Q 2011: 33.8%). However the coverage ratio remained stable (1Q 2011: 72.2%) despite the low level of provisioning.

The amount of corporate income tax paid on the Group level (1Q 2011: HUF 7.2 billion, +12% q-o-q, -39% y-o-y) decreased y-o-y primarily due to the drop of taxes paid by OTP Core. This is the result of – beyond the drop of pre-tax profit – the revaluation of subsidiary investments of OTP Bank (for detailed explanation please see in Section on OTP Core). In 2010, this item raised the tax expense paid by OTP Core (in 1Q by HUF1.6 billion, in 4Q by HUF 0.9 billion), but decreased it in 1Q 2011 (by HUF 3.7 billion). Q-o-q 13% increase of consolidated tax burden is primarily due to higher tax expenses on improving Russian profit (HUF +0.5 billion effect q-o-q), and the result of the base effect of the deferred Ukrainian tax income posted in the last quarter of 2010 (HUF +3.2 billion effect q-o-q).

CONSOLIDATED BALANCE SHEET

Main components of balance sheet in HUF million	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
TOTAL ASSETS	**9,526,706**	**9,780,946**	**9,672,446**	**-1%**	**2%**
Cash and amount due from banks	535,194	513,038	458,061	-11%	-14%
Placements with other banks	430,325	511,244	435,513	-15%	1%
Financial assets at fair value	262,586	233,667	302,963	30%	15%
Securities available-for-sale	1,124,714	1,008,097	1,422,411	41%	26%
Gross customer loans	**6,916,353**	**7,502,331**	**7,065,664**	**-6%**	**2%**
o/w Retail loans	4,308,885	4,769,793	4,502,905	-6%	5%
Retail mortgage loans (incl. home equity)	2,699,845	2,983,235	2,792,491	-6%	3%
Retail consumer loans	1,175,197	1,335,119	1,279,689	-4%	9%
SME loans	433,843	451,439	430,724	-5%	-1%
Corporate loans	2,153,747	2,286,415	2,166,461	-5%	1%
Loans to medium and large corporates	1,924,297	1,921,660	1,819,401	-5%	-5%
Municipal loans	229,450	364,755	347,060	-5%	51%
Car financing loans	380,941	385,587	338,988	-12%	-11%
Bills and accrued interest receivables related to loans	72,780	60,535	57,309	-5%	-21%
Allowances for loan losses	-553,409	-761,272	-762,527	0%	38%
Equity investments	17,605	11,554	9,541	-17%	-46%
Securities held-to-maturity	180,927	172,302	152,005	-12%	-16%
Intangible assets	480,522	480,828	461,442	-4%	-4%
Other assets	131,889	109,157	127,373	17%	-3%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**9,526,706**	**9,780,946**	**9,672,446**	**-1%**	**2%**
Liabilities to credit institutions and governments	600,475	681,949	644,100	-6%	7%
Customer deposits	**5,744,609**	**5,821,489**	**5,854,156**	**1%**	**2%**
o/w Retail deposits	4,123,157	4,368,021	4,250,060	-3%	3%
Household deposits	3,714,015	3,924,525	3,822,242	-3%	3%
SME deposits	409,142	443,496	427,818	-4%	5%
Corporate deposits	1,585,302	1,424,631	1,567,715	10%	-1%
Deposits to medium and large corporates	1,238,695	1,191,319	1,247,311	5%	1%
Municipal deposits	346,607	233,312	320,404	37%	-8%
Accrued interest payable related to customer deposits	36,150	28,836	36,381	26%	1%
Issued securities	1,184,848	1,035,153	1,028,984	-1%	-13%
Other liabilities	462,831	642,796	566,544	-12%	22%
Subordinated bonds and loans	278,419	290,630	279,694	-4%	0%
Total shareholders' equity	**1,255,524**	**1,308,929**	**1,298,968**	**-1%**	**3%**
Indicators	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
Loan/deposit ratio	120%	128%	120%	-8%	1%
Net loan/(deposit + retail bond) ratio	105%	110%	102%	-8%	-3%
Net loans	6,290,164	6,680,524	6,245,828	-7%	-1%
Customer deposits	5,708,459	5,792,653	5,817,775	0%	2%
Retail bonds	257,321	283,646	293,347	3%	14%
Indicators	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
90+ days past due loan volume	730,070	1,022,944	1,049,520	3%	44%
90+ days past due loans/gross customer loans	10.7%	13.7%	15.0%	1.2%	4.3%
Total provisions/90+ days past due loans	75.8%	74.4%	72.7%	-1.8%	-3.1%

[4] In March 2011 corporate loan swap was arranged between CKB and OTP Bank. OTP Core gave back to CKB those lower quality loans with higher coverage which were taken over by OTP Core from CKB previously. Simultaneously almost similar volume of gross loans – with better quality and because of that with lower coverage ratio – was taken over by OTP Core from CKB. From legal aspects giving back of the previously swapped portfolio was necessary because of the enforceability of the collaterals. This transaction deteriorated the quality of the portfolio of CKB besides the improvement of its coverage.

Consolidated capital adequacy	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
Capital adequacy ratio (consolidated, IFRS)	17.5%	17.5%	17.7%	0.2%	0.2%
Tier1 ratio	13.8%	14.0%	14.8%	0.8%	1.0%
Core Tier1 ratio	12.1%	12.5%	13.3%	0.8%	1.1%
Leverage (Total Assets/Shareholder's Equity)	7.6x	7.5x	7.4x		
Regulatory capital (consolidated)	1,235,183	1,304,476	1,297,799	-1%	5%
o/w Tier1 Capital	974,010	1,046,308	1,085,734	4%	11%
o/w Hybrid Tier1 Capital	116,979	112,812	111,513	-1%	-5%
Tier2 Capital	261,592	258,632	212,529	-18%	-19%
Deductions from the regulatory capital	-419	-464	-464	0%	11%
Consolidated risk weighted assets (RWA) (Credit&Market&Operational risk)	7,058,802	7,464,481	7,337,123	-2%	4%
Closing exchange rate of the HUF (in forint)	**1Q 2010**	**4Q 2010**	**1Q 2011**	**Q-o-Q**	**Y-o-Y**
EURHUF	266	279	266	-5%	0%
CHFHUF	186	223	204	-8%	10%
USDHUF	198	209	187	-10%	-6%
JPYHUF	212	257	226	-12%	6%

- ***Y-o-y stagnating loan book, 1% q-o-q decline***
- ***Steady growth of consumer loan portfolio (y-o-y +9% FX-adjusted increase) supported by robust Russian lending activity (+60%)***
- ***Increase in deposit volumes (+2% y-o-y)***
- ***Y-o-y 7%-points decline in net loan-to-deposit ratio adjusted for technical effects (1Q 2011: 102%)***

Methodological note: starting from 4Q 2010 the loan book of OTP Flat Lease was reclassified from corporate exposures into mortgage and SME loans (the total reclassified volume represented HUF 32 billion and 6 billion respectively). Furthermore, the DPD90+ volumes of those loans started to be registered within consolidated statistics. Given the limited impact of those changes, we didn't adjust the figures of the base periods, thus both y-o-y consolidated volume dynamics for the before mentioned product categories and changes in risk indicators are affected by this technical effect.

The consolidated loan portfolio grew by 2% y-o-y in nominal terms. After adjusting for technical effects (ie. FX-movements, reclassification of municipality bonds from securities to loans in 2Q 2010), loan book remained flat y-o-y. The Russian market was the only one enjoying a significant volume growth: the FX-adjusted portfolio expanded by 25%, with the retail book expanding by 48%. Out of the retail, POS-volumes grew by 50%, whereas credit card loan volumes increased even faster, by 72% and personal loans advanced by a remarkable 142% y-o-y.

It was also positive, that out of significant markets the Hungarian corporate segment grew by 4%, of which the SME sector demonstrated a 12% yearly increase – partly due to technical reasons – with large corporate and municipal exposure growing by 3%. Furthermore, in Bulgaria both mortgages advanced by 3% and corporate exposure grew by 4% y-o-y, while in Ukraine the corporate lending started recovering from 2H 2010. After a nice 6% q-o-q growth in 4Q 2010, in 1Q volumes further grew by 1%. In Romania, the loan portfolio expanded by 3% with the fastest growth captured in the SME sector (+13%), though the 6% volume growth of mortgages were positive, too.

In smaller markets adjusted volumes mainly contracted or stagnated – with Montenegro suffering the most sizeable decline of 13% y-o-y –, though in particular segments some revival could be observed reflecting the efforts of the local managements and also the gradually reviving loan demand. Thus in Croatia personal loans expanded by 11%, in Serbia consumer credits grew by 20%, while in Slovakia mortgages advanced by 9% and personal loans by 31% respectively. In Montenegro, however all major loan categories dropped by two digits and even 1Q showed further contraction.

In the past three months the FX-adjusted loan portfolio declined by 1%. Material volume expansion was registered only in case of Hungarian SMEs (+8% q-o-q) and Russian consumer loans (+2%). Mortgages and corporate lending remained weak (-1% and 0% q-o-q).

FX-adjusted deposit volumes grew by 2% on a yearly base and by 3% q-o-q. The latter is the result of a 13% growth in corporate deposits backed by a significant 23% increase at OTP Core. The growth in corporate deposits at OTP Core was fuelled by returning deposits of financial intermediaries and the seasonal increase in the deposits of municipalities.

Across the group the biggest deposit increase was achieved in Serbia (+19% y-o-y), however in countries with significant deposit base the growth was substantial, too (in Russia +9%, at OTP Core +2%, at DSK +3% and in Ukraine +2%).

In 2011 1Q Hungarian and Bulgarian deposits grew by 6% and 2% respectively, the decline of Russian deposit volumes (-6% q-o-q) was related to the redemption of high interest rate corporate deposits (-22%).

As a result, the "net loan/(deposit + retail bonds)" ratio stood at 102% (the y-o-y change was -7%-points, after adjusted for technical effects) The lowest ratio was achieved at OTP Core (80%), CKB

(84%) and OBH (87%), whereas Ukraine (281%), Romania (276%) and Serbia (181%) were the countries with the highest net loan-to-deposit ratios.

The overall volume of issued securities decreased by mere 1% q-o-q, mainly due to the appreciation of HUF. In 1Q 2011 there was major bond redemption across the Group. However, the outstanding volume of retail bonds in Hungary grew further (+HUF 10 billion q-o-q) and OTP Russia completed its first bond issue with a face value of RUB 2.5 billion (appr. HUF 16 billion). The 3-year transaction carried an 8.25% coupon and the margin was 170 bps over the corresponding rubel government curve. It was the first step made into the direction of diversifying the funding base of OTP Russia, and the bank plans to execute further transactions in the local bond market going forward.

The volume of issued securities dropped by 13% y-o-y. There were two big redemptions in July and December (EUR 500 million and EUR 300 million senior bonds). Those maturities were paid back at from the liquidity reserves of the Group. Both issues were booked in the balance sheet of the Corporate Centre. The volume decline was somewhat mitigated by the y-o-y HUF 36 billion increase of HUF bonds sold to Hungarian retail clients, as well as by HUF 32 billion increase in HUF senior bonds sold to Hungarian institutional investors. Furthermore, a smaller scale international transaction was also completed in the past 12 months: in April OTP Mortgage Bank tapped the market with a 2 year, EUR 300 million mortgage bond transaction (of which app. EUR 90 million, cca. HUF 25 billion was sold to investors outside OTP Group).

The Lower and Upper Tier 2 volumes remained flat y-o-y (in EUR terms); there was no buyback of any outstanding OTP issues.

The Group has accumulated a sizable amount of liquidity reserves since the beginning of the crisis: the total liquidity buffer amounted to EUR 6 billion as of 13 May 2011. This level of the reserves is more than enough to cover all outstanding maturities of the Group. Excluding the repayment obligation of mortgage bonds (given the low refinancing risk of those liabilities), the net liquidity position of the Group amounts to EUR 4.7 billion. That level exceeds the potential requirement stemming from any potential liquidity shock. The source of this buffer is two-fold: the on-going growth of consolidated deposits since the beginning of the crisis and the internal FX liquidity generation of the business lines, related to the fact that retail FX lending had been stopped both in Hungary and Ukraine, therefore the continuous repayments of the clients are increasing the Group's FX liquidity. Internal FX liquidity generation enabled the Group to repay its redemptions throughout 2009-2010 without issuing new instruments in the market on a significant scale. Repayments reached EUR 1.5 billion and EUR 2.3 billion equivalent in 2009 and 2010 respectively (in the form of maturing senior notes, mortgage bonds and syndicated or bilateral loans), whereas new issuances in 2010 amounted to only EUR 420 million equivalent (of which bonds amounted to EUR 170 million, syndicated loans to EUR 250 million) and app. EUR 60 million in 2011 (this is the equivalent of the rubel bond issue).

CONSOLIDATED CAPITAL ADEQUACY RATIO (IN ACCORDANCE WITH BASEL II)

At the end of March 2011 regulatory capital of OTP Group represented HUF 1,298 billion, while the preliminary estimated risk-weighted-assets, taking into account the capital needs for credit-, market- and operational risks too, stood at HUF 7,163 billion. CAR stood at 17.7% with Tier1 ratio (after deducting goodwill and intangible assets) at 14.8% and Core Tier1 ratio (further deducting hybrid instruments) at 13.3% respectively.

OTP BANK'S HUNGARIAN CORE BUSINESS[5]

OTP Core Statement of recognized income:

Main components of the Statement of recognized income in HUF million	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
OTP CORE after-tax profit without the banking levy, dividends and net cash transfer	40,861	35,462	32,865	-7%	-20%
OTP CORE pre-tax profit	50,707	43,500	37,362	-14%	-26%
Operating profit	67,795	61,616	52,681	-15%	-22%
Operating profit without the revaluation of FX provisions	67,795	59,895	60,868	2%	-10%
Total income	110,365	109,944	92,932	-15%	-16%
Total income without the revaluation of FX provisions	110,365	108,223	101,120	-7%	-8%
Net interest income	76,663	84,770	80,475	-5%	5%
Net fees and commissions	20,784	22,581	20,220	-10%	-3%
Other net non-interest income	12,918	2,593	-7,764	-399%	-160%
Other net non-interest income (adj.) without the revaluation of FX provisions	12,918	872	424	-51%	-97%
Operating expenses	-42,570	-48,328	-40,252	-17%	-5%
Total risk costs	-17,088	-18,116	-15,319	-15%	-10%
Total risk costs without the revaluation of FX provisions	-17,088	-16,394	-23,506	43%	38%
Provisions for possible loan losses	-16,762	-21,594	-16,137	-25%	-4%
Provision for loan losses without the revaluation of FX provisions	-16,762	-19,873	-24,325	22%	45%
Other provisions	-326	3,478	819	-76%	-351%
Corporate income tax	-9,845	-8,038	-4,497	-44%	-54%
Revenues by Business Lines					
RETAIL					
Total income	80,279	78,393	78,176	0%	-3%
Net interest income	60,835	59,407	59,747	1%	-2%
Net fees and commissions	18,427	18,312	17,638	-4%	-4%
Other net non-interest income	1,017	673	792	18%	-22%
CORPORATE					
Total income	9,377	12,705	9,074	-29%	-3%
Net interest income	6,305	7,220	6,542	-9%	4%
Net fees and commissions	2,775	5,288	2,300	-57%	-17%
Other net non-interest income	297	197	231	18%	-22%
Treasury ALM					
Total income	20,856	21,168	6,704	-68%	-68%
Total income without the revaluation of FX provisions	20,856	19,447	14,892	-23%	-29%
Net interest income	9,523	18,142	14,187	-22%	49%
Net interest income without the revaluation of FX provisions	9,523	18,142	14,187	-22%	49%
Net fees and commissions	167	363	77	-79%	-54%
Other net non-interest income	11,166	2,662	-7,561	-384%	-168%
Other net non-interest income without the revaluation of FX provisions	11,166	941	627	-33%	-94%
Indicators (%)	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
ROA	2.6%	2.1%	2.0%	-0.1%	-0.5%
ROE	16.2%	12.5%	11.5%	-1.0%	-4.7%
Total income margin	6.97%	6.61%	5.75%	-0.86%	-1.22%
Total income margin without the revaluation of FX provisions	6.97%	6.51%	6.26%	-0.25%	-0.71%
Net interest margin	4.84%	5.10%	4.98%	-0.11%	0.14%
Cost of risk/average gross loans	2.11%	2.41%	1.87%	-0.54%	-0.24%
Cost of risk/average gross loans without the revaluation of FX provisions	2.11%	2.22%	2.82%	0.60%	0.71%
Cost/income ratio	38.6%	44.0%	43.3%	-0.6%	4.7%
Cost/income ratio without the revaluation of FX provisions	38.6%	44.7%	39.8%	-4.9%	1.2%
Effective tax rate	19.4%	18.5%	12.0%	-6.4%	-7.4%

One-off items					
Revaluation of FX provisions for FX loans at OTP Core (booked within Provision for possible loan losses)	0	-1,721	8,188	-576%	
Revaluation result of open FX position hedging the revaluation of FX provisions at OTP Core (booked as Foreign exchange result within Other net non-interest income)	0	1,721	-8,188	-576%	

[5] OTP Core is an economic unit for measuring the result of core business activity of OTP Group in Hungary. Financials for OTP Core are calculated from the consolidated financial statements of the companies engaged in OTP Group's underlying banking operation in Hungary. These companies include OTP Bank Hungary Plc, OTP Mortgage Bank Ltd, OTP Building Society Ltd, OTP Factoring Ltd, OTP Financing Netherlands Ltd and OTP Holding Ltd. The consolidated accounting result of these companies are segmented into OTP Core and Corporate Centre, the latter being a virtual entity responsible for rendering debt and capital market related services to the subsidiaries across OTP Group.

- ***Decreasing net profit as a result of increasing risk costs***
- ***Excluding the one-off effect of a syndicated loan default, portfolio quality deterioration further slowed down***
- ***As a result of significant provisioning, the coverage of the DPD90+ loan book would have remained stable, if the ratio is adjusted for technical effects (1Q 2011: 78.7%)***
- ***Growth in lending to micro- and small enterprises, further decreasing household loan volumes***
- ***Continuous market leadership in new disbursements of mortgages and personal loans***

Methodological note: in the reported periods the structure of OTP Core's statement of income was influenced by the following two items, as technical effects. The first was the revaluation of FX provisions at OTP Core (booked within the line of provisions for possible loan losses or risk costs), the second item was the revaluation result, related to the balance sheet positions held to hedge the revaluation result of OTP Core's FX provisions (booked as foreign exchange result within other non-interest income). In each period, the size of these two items were equal, however their influence on the bottom line profit was opposite, therefore their total impact on net profits was neutral. The P&L lines without one-off effects are showing the profitability development without the effect of these two items.

P&L developments

Excluding the effect of the special banking tax, OTP Core's net profit for first quarter of 2011 at HUF 32.9 billion represents a decline of 20% y-o-y and a 7% q-o-q. The decrease was caused by soaring risk costs up by 38% y-o-y and 43% q-o-q. The operating profit (without one-offs) remained relatively stable (+2% q-o-q, -10% y-o-y), supported by a substantial decrease in the level of operating expenses (-17% y-o-y, -5% q-o-q). Total income (without one-offs) decreased both y-o-y and q-o-q (by 8% and 7% respectively). As a result of the tax shield effect of the revaluation of OTP Bank's investments in its subsidiaries, corporate income tax moderated significantly compared to the base periods (effective tax rate: 2010 1Q: 19%, 4Q: 18%, 2011 1Q: 12%). In 1Q 2011 the appreciation of the Hungarian forint against the currencies, in which these investments are registered, resulted a HUF 20 billion loss on subsidiary investments (booked only under the Hungarian Accounting Standards ('HAS') but not under IFRS). This loss caused HUF 3.7 billion tax savings (booked under both HAS and IFRS). On the contrary, within the base periods the revaluation caused extra tax burden (in 1Q 2010: HUF 1.6 billion, in 4Q 2010: HUF 0.9 billion).

Regarding the driving factors behind profit development, the increasing level of risk costs caused the net profit falling. The HUF 23.5 billion risk cost level represents a 38% increase y-o-y and 43% q-o-q. The portfolio quality deterioration was still considerable in 1Q 2010, although a one-off syndicated loan default had its negative impact too. The exposure, amounting to HUF 10 billion, reached 90 days of delinquency in January 2011. After adjusting for this single one off default, the portfolio quality deterioration would have slowed down (the adjusted DPD90+ loan formation was at HUF 27 billion in 4Q 2010 and at HUF 18 billion in 1Q 2011, whereas the adjusted DPD90+ ratio would have been at 10.9% at and 1Q 2011). Important to note, however, that according to OTP's management expectation the syndication will reach an agreement with the defaulted client, as a result the loan is expected to disappear from the non-performing portfolio.

Despite the sizeable provisioning set aside in 1Q 2011, the provision coverage of DPD90+ loans decreased by 2.7%-points q-o-q (2011 1Q: 75.5%). However, out of the total decrease, a decline of 3.2%-points was the result of one-off effects.

These one-off effects were as follows. On one hand, the before mentioned syndicated deal defaulted in January 2011, however the provisioning for this exposure was set aside already in 2010 (the provision coverage of the deal – being at 90% already by end 2010 – did not change throughout 1Q 2011). As a result, in 1Q 2011 only the DPD90+ volumes grew because of the default but not the provision volumes on the balance sheet. Consequently, the provision coverage of the total bad book decreased. This item had a negative impact of 2.0%-points on the coverage of OTP Core's DPD90+ portfolio. On the other hand, OTP Factoring, the collection arm of OTP Core, wrote off exposures (in the total gross amount of HUF 18 billion), that were purchased more than five years ago. Given that the provision coverage of the written-off loans was at 100%, this again decreased the coverage ratio of OTP Core through a composition effect by 1.2%-points. If OTP Core's coverage ratio is adjusted for the above two technical effects, then it's reasonable to say that the DPD90+ loan formation of 1Q 2011 (at HUF 28 billion, adjusted also for FX effect and for the effect of the write-off) and the HUF 24 billion risk cost, booked in 1Q 2011 without the revaluation of FX provisions, would have resulted in a growing coverage ratio q-o-q (coverage ratio in 4Q 2010: 78.2%, one-off adjusted coverage ratio in 1Q 2011: 78.7%).

As for the decrease of total income, the y-o-y decline is mostly a result of a base effect: on its government bond portfolio OTP Core realised gains in the amount of HUF 6.5 billion in 1Q 2010. Whereas the q-o-q decrease is driven partly by the 5% erosion of the net interest income and partly by the 10%

decline in net fees. The latter change was caused both by seasonality and by a technical effect.

In parallel with an erosion of 11 basis points q-o-q in the net interest margin, the net interest income declined by 5% q-o-q. The decline was basically in line with the management's expectations, and was primarily the result of the rigorous regulatory framework ruling the pricing policy of the Bank. This framework made it difficult to offset increasing funding costs by higher interest rates on the asset side of the balance sheet. However, in a y-o-y comparison, the Bank increased its net interest income by 5% as the Bank managed to lower its deposit rates compared to 1Q 2010 levels.

Net fees were down q-o-q and y-o-y by 10% and 3% respectively. The q-o-q dynamics was partly due to seasonality and partly to technical effects. At the same time the wider use of retail promotional current account product-packages had a continuous negative impact on the development of net fees, because of the promotional transaction fees that are provided, when clients contract for such product packages (ie. free of charge cash withdrawals, cancelling annual fees for cards). Card related net fees at HUF 6.5 billion in 1Q 2010 were down by 5% q-o-q and 13% y-o-y.

The technical factor negatively influencing the q-o-q dynamics of net fees (-10%) was the following: net fees of the 4Q 2010 were boosted by HUF 1.1 billion due to the changes in the accounting for the fee expense of a syndicated loan signed in July 2010. Originally the total expense of HUF 1.3 billion was booked into the 3Q 2010 net fee result in a lump sum. However in 4Q 2010, the total amount had been reversed and only the time proportionate part of the expense (cca. 25% of the total charge) was accrued in the full year's income statement. After adjusting for this technical effect, net fees would have decreased by 6% q-o-q.

Other net non-interest income declined substantially y-o-y (2011 1Q: HUF 0.4 billion). The main reason for this is that due to the remarkable decline of HUF yields in 1Q 2010 HUF 6.5 billion gain was realised on the Hungarian government bond portfolio of OTP Core. Conversely, in 1Q 2011 the result on securities was negligible (a loss of HUF 287 million). Furthermore, there are two factors decreasing the FX margin result at OTP Core. The first factor is the suspension of retail FX lending in July 2010. The second is that, in compliance with the regulatory changes approved by the Hungarian Parliament in October 2010, monthly instalments of FX housing loans are translated from FX to HUF by using the mid exchange rate of OTP Bank as opposed to the previous practice when the ask rate was applied.

Operating expenses showed a remarkable decrease both in y-o-y and q-o-q terms (-5% and -17% respectively). Given the 4.2% average Hungarian consumer price inflation in 1Q 2011, this represents further material savings on costs in real terms. However, given that both seasonal and one-off factors played an important role in the decline, the management does not regard the 1Q 2010 level of costs at HUF 40.3 billion as sustainable going forward and expects an increase in costs for the full year of 2011. As for the seasonal components, both marketing expenses and costs for advisory services declined q-o-q. Whereas regarding one-offs, local tax payments of OTP Bank, registered among other expenses, were also positively influenced by the tax shield effect of the revaluation of subsidiary investments, similarly to paid corporate taxes.

Besides the one-offs and seasonal components, the saving on operating expenses is partly the result of continuous rigorous cost control and cost rationalisation efforts of the management. Y-o-y almost 20% savings were achieved on the costs of telecommunication services, and IT maintenance costs were lower too, due to the renegotiation of supplier contracts.

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

Main components of the balance sheet (closing balances, in HUF million)	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
Total Assets	6,306,826	6,495,965	6,604,772	2%	5%
Gross customer loans	**3,223,078**	**3,584,077**	**3,407,620**	**-5%**	**6%**
Retail loans	2,201,403	2,376,884	2,248,428	-5%	2%
Retail mortgage loans (incl. home equity)	1,682,098	1,839,058	1,724,811	-6%	3%
Retail consumer loans	429,874	443,461	422,995	-5%	-2%
SME loans	89,430	94,365	100,622	7%	13%
Corporate loans	1,021,676	1,207,194	1,159,192	-4%	13%
Loans to medium and large corporates	830,530	877,067	844,667	-4%	2%
Municipal loans	191,146	330,127	314,525	-5%	65%
Provisions	-203,142	-298,096	-288,423	-3%	42%

Main components of the balance sheet (closing balances, in HUF million)	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
Deposits from customers	3,538,671	3,427,845	3,599,718	5%	2%
Deposits from customers + retail bonds	***3,795,993***	***3,711,491***	***3,893,065***	***5%***	***3%***
Retail deposits	2,406,391	2,488,066	2,455,413	-1%	2%
Retail deposits + retail bonds	*2,663,713*	*2,771,712*	*2,748,760*	*-1%*	*3%*
Household deposits	*2,141,079*	*2,202,144*	*2,175,671*	*-1%*	*2%*
SME deposits	*265,312*	*285,922*	*279,742*	*-2%*	*5%*
Corporate deposits	1,132,280	939,779	1,144,305	22%	1%
Deposits to medium and large corporates	823,212	743,570	864,634	16%	5%
Municipal deposits	309,068	196,209	279,671	43%	-10%
Liabilities to credit institutions	463,261	559,506	552,643	-1%	19%
Issued securities	738,593	797,749	777,858	-2%	5%
o/w retail bonds	*257,321*	*283,646*	*293,347*	*3%*	*14%*
Total shareholders' equity	1,044,744	1,131,311	1,186,143	5%	14%
Loan Quality (%)	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
90+ days past due loan volume	271,516	381,262	382,189	0%	41%
90+ days past due loans/gross customer loans	8.4%	10.6%	11.2%	0.6%	2.8%
Total provisions/90+ days past due loans	74.8%	78.2%	75.5%	-2.7%	0.6%
Market Share (%)	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
Loans	18.0%	18.4%	18.5%	0.1%	0.5%
Deposits	24.7%	24.0%	24.9%	0.9%	0.2%
Total Assets	24.6%	24.8%	24.9%	0.2%	0.3%
Indicators (%)	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
Gross loans to deposits	91%	105%	95%	-10%	4%
Net loans to (deposits + retail bonds)	80%	89%	80%	-8%	1%
Leverage (Shareholder's Equity/Total Assets)	16.6%	17.4%	18.0%	0.5%	1.4%
Leverage (Total Assets/Shareholder's Equity)	6x	5.7x	5.6x		
Capital adequacy ratio (OTP Bank, non-consolidated, HAS)	17.6%	18.1%	18.0%	-0.1%	0.4%
Tier1 ratio (OTP Bank, non-consolidated, HAS)	14.9%	15.4%	15.6%	0.2%	0.7%

Balance sheet trends

Adjusted for FX and technical effects[6] in 1Q 2011 the loan book of OTP Core decreased by 1% – due to declining retail and slightly growing corporate business line. The deposit book – mainly as a result of re-deposited assets of financial intermediaries and the local tax income of municipalities – increased by 2% q-o-q. Hence the adjusted "net loans to (deposits + retail bonds) ratio" (1Q 2011: 80%) decreased further (adjusted for technical and FX effects by 4%-points y-o-y and by 3%-points q-o-q).

Revival of demand in retail lending is still to come. In mortgage loan disbursements OTP Core kept its high 2H 2010 market share (the market share from new disbursements without Swiss franc was in 2010 3Q: 33%, 4Q: 35%, 1Q 2011 34%). Though the amount of mortgage sales dropped by third in 1Q 2011 q-o-q, it was still higher by 53% y-o-y, which means a continuous market leader position (sales in HUF billion: 1Q 2010: 14, 4Q 2010: 31, 1Q 2011: 21). Despite the favourable disbursement results the FX-adjusted erosion of the portfolio continued (FX-adjusted portfolio changes: 3Q 2010: -0.1%, 4Q 2010: -0.3%, 1Q 2011: -1.4%).

Consumer lending is still missing momentum too. Although the Bank's market share in personal loan disbursement is record high (1Q 2011: 54% vs. 2010 full year: 49%), due to the weak demand the amount of the disbursed portfolio remained on the level of the base period (disbursement in HUF billion: 1Q 2010: 13, 4Q 2010: 12, 1Q 2011: 12). The FX-adjusted amount of the outstanding loan portfolio decreased by 3% q-o-q.

The operation of the Hungarian corporate sector is actively supported by OTP Bank. Against the diminishing retail portfolio the corporate book remained stable and the FX-adjusted SME loan portfolio grew by 8% q-o-q in 1Q 2011, true, the latter was also supported by technical reclassification, too.

The FX-adjusted deposit base of OTP Core increased significantly q-o-q (+6% FX-adjusted). This is primarily due to the assets of some financial intermediaries, which were shifted into government securities at the end of 2010, but in January these assets were re-deposited at OTP Bank. On the top of that in March 2011 local tax revenues of the municipalities appeared on their deposit accounts (local tax revenues result significant seasonality in municipality deposits, which has a portfolio increasing effect in the first and the third quarter of the year). As a combined effect of these two factors corporate deposits grew by 23% q-o-q, while they were slightly up on an annual base. The retail deposit base is stable. Together with the portfolio of proxy-deposit retail bonds it increased by 3% y-o-y and remained flat in 1Q 2011 on FX-adjusted base.

The amount of issued securities remained stable in 1Q 2011 (1Q 2011: HUF 778 billion, +5% y-o-y and -2% q-o-q). During the last year – except a mortgage bond issue with a smaller principal amount – there

[6] The two technical effects are the following: change of quarterly closing exchange rate of the HUF (during 1Q 2011 HUF appreciated against CHF by 8%, against EUR by 5%, while against JPY by 12% q-o-q) and a HUF 100 billion portfolio of municipality bonds was reclassified into customer loans in 2Q 2010. The latter one influenced significantly the y-o-y development of municipal loan portfolio.

was no international capital market activity (neither issuance nor redemption).

Outstanding amount of security portfolio was increased by the successful issues of retail securities (closing amount in 1Q 2011: HUF 293 billion, HUF +36 billion y-o-y, HUF +10 billion q-o-q). Furthermore, the outstanding amount of securities issued for Hungarian institutional investors grew as well (closing amount in 1Q 2011: HUF 62 billion, HUF +32 billion y-o-y, HUF +0 billion q-o-q).

OTP FUND MANAGEMENT (HUNGARY)

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

Main components of P&L account in HUF mn	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfer and banking tax	1,731	1,566	1,062	-32%	-39%
Pre-tax profit	2,119	1,847	1,311	-29%	-38%
Total income	2,436	2,489	1,593	-36%	-35%
Fund management fee	3,942	4,405	2,982	-32%	-24%
Fund management fee	3,091	3,638	2,197	-40%	-29%
Wealth management fee	851	766	765	0%	-10%
Other fee income	0	0	20		
Other income	145	-192	187	-197%	29%
Dealer commission	-1,651	-1,724	-1,576	-9%	-5%
Operating expenses	-317	-617	-282	-54%	-11%
Personnel expenses	-124	-267	-121	-55%	-3%
Operating expenses	-188	-344	-158	-54%	-16%
Depreciation	-4	-5	-4	-34%	-16%
Main components of balance sheet closing balances in HUF mn	**1Q 2010**	**4Q 2010**	**1Q 2011**	**Q-o-Q**	**Y-o-Y**
Total assets	10,881	12,963	10,759	-17%	-1%
Total shareholders' equity	5,792	11,389	4,890	-57%	-16%
Asset under management in HUF bn	**1Q 2010**	**4Q 2010**	**1Q 2011**	**Q-o-Q**	**Y-o-Y**
Assets under management, total (w/o duplicates)	**1,628**	**1,676**	**1,682**	**0%**	**3%**
Retail investment funds (closing, w/o duplicates)	615	589	587	0%	-4%
Volume of managed assets (closing)	1,013	1,087	1,095	1%	8%
Volume of investment funds (closing, with duplicates)	**1,005**	**1,111**	**1,114**	**0%**	**11%**
money market	340	334	326	-2%	-4%
bond	142	158	166	5%	17%
mixed	15	15	14	-6%	-8%
security	361	484	485	0%	34%
guaranteed	126	93	99	7%	-21%
other	20	27	24	-10%	19%

Methodological note: in case of periods represented in current report the retail funds of asset under management included the asset of institutional investors managed in retail investment funds, thus the total volume of asset under management duplicated the volume of these institutional funds. In order to resolve this methodological problem the volume of retail funds for institutional investors was deducted from retail investment funds. Former periods were adjusted according to the new methodology, so the current data could be differ from data published earlier. In respect to the fund and wealth management fee, the fee calculated on pension funds reclassified as wealth management fee in 2011, thus it is possible to do time series analysis on total fee basis (by aggregation of fund management fee and wealth management fee).

OTP Fund Management posted HUF 1.1 billion net profit for 2010 (adjusted by the special tax on financial institutions), representing a decrease of 32% q-o-q. The quarterly income generation of the Company was mainly influenced by the decline of fund and wealth management fee, while out of operating expenses marketing budget was tightened.

Favourable trend was experienced in the beginning of the year 2011; however by the end of March the investors' willingness to invest was decreased by the unfavourable events having significant influence on global capital markets (the question mark over the sustainability of the euro zone, or the uncertainties regarding the disaster-hit Japan). Regarding the domestic market there was an overall HUF 40 billion capital withdrawal, mainly as a consequence of redemptions by institutional investors, in case of retail investor the volume of redemptions moderated somewhat q-o-q.

Despite the overall market trends the investment funds managed by the Company enjoyed a capital-inflow, taking into consideration that 4 guaranteed, 1 institutional bond and 1 institutional equity fund were launched during 1Q 2011. The fund- and wealth management fee was HUF 3 billion, representing a 33% decrease on a quarterly basis. The decline could be explained by the approved regulatory measures being in force since January 2011.

Accordingly, the government introduced a cap on asset management fee on private pension and voluntary pension funds from the current 0.8% to 0.2% and 0.7% of proceeds from fund members.

In quarterly comparison operating expenses are showing a decrease, reflecting base effect driven by the paid bonuses in December last year.

The total volume of assets under management (adjusted for estimated duplications) was almost HUF 1,682 billion, which is in line with the level achieved last year; the wealth transfer process of pension funds had not significant influence in 1Q. The capital flow of funds managed by OTP Fund Management was mainly influenced by the activity of institutional investors, there was an almost HUF 7 billion capital-inflow of bond and equity funds, however money market funds suffered a capital withdrawal in the value of HUF 9 billion.

OTP Fund Management strengthened its outstanding market position, as at the end of March 2011 market share stood at 33.2% (adjusted for estimated duplications) representing a 49 basis point increase q-o-q. The client base of the Company exceeded 278 thousand.

At the two consolidated fund management companies (Ukraine and Romania) HUF 13 million profit after-tax was realized in 1Q 2011 against the HUF 15 million loss of 4Q 2010.

MERKANTIL GROUP (HUNGARY)

Performance of Merkantil Bank and Car:

Main components of P&L account [1] in HUF mn	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers, banking levy and one-offs	288	-3,217	1,147	-136%	299%
Pre-tax profit	395	-3,219	1,147	-136%	191%
Operating profit	2,909	2,038	2,105	3%	-28%
Total income	4,082	3,412	3,618	6%	-11%
Net interest income	4,486	4,099	4,175	2%	-7%
Net fees and commissions	-1,050	-955	-863	-10%	-18%
Other net non-interest income	646	268	305	14%	-53%
Operating expenses	-1,173	-1,374	-1,512	10%	29%
Provision for possible loan losses	-2,449	-5,180	-896	-83%	-63%
Other provision	-66	-77	-62	-19%	-5%
Main components of balance sheet [1] closing balances in HUF mn	**1Q 2010**	**4Q 2010**	**1Q 2011**	**Q-o-Q**	**Y-o-Y**
Total assets	291,213	285,360	249,482	-13%	-14%
Gross customer loans	301,542	308,200	278,063	-10%	-8%
Retail loans	103	396	622	57%	505%
Corporate loans	29,328	28,941	26,592	-8%	-9%
Car financing loans	272,112	278,863	250,848	-10%	-8%
Allowances for possible loan losses	-36,777	-47,550	-48,256	1%	31%
Deposits from customers	4,672	4,784	4,608	-4%	-1%
Retail deposits	1,774	2,017	2,007	0%	13%
Corporate deposits	2,898	2,767	2,601	-6%	-10%
Liabilities to credit institutions	223,117	228,908	194,820	-15%	-13%
Total shareholders' equity	30,908	22,180	23,743	7%	-23%
Loan Quality	**1Q 2010**	**4Q 2010**	**1Q 2011**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	39,716	54,161	52,503	-3.1%	32.2%
90+ days past due loans/gross customer loans (%)	13.2%	17.6%	18.9%	1.3%	5.7%
Cost of risk/average gross loans (%)	3.25%	6.69%	1.24%	-5.45%	-2.01%
Total provisions/90+ days past due loans (%)	92.6%	87.8%	91.9%	4.1%	-0.7%
Performance Indicators (%)	**1Q 2010**	**4Q 2010**	**1Q 2011**	**Q-o-Q**	**Y-o-Y**
ROA	0.4%	-4.4%	1.7%	6.2%	1.3%
ROE	3.7%	-49.7%	20.3%	70.0%	16.5%
Net interest margin	6.10%	5.64%	6.33%	0.69%	0.23%
Cost/income ratio	28.7%	40.3%	41.8%	1.5%	13.1%

[1] *Effective from Q2 2009, Car financing loans comprise Car leasing volume and Corporate loans include Big ticket leasing volume. 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.*

- ***Net result of 1Q 2011 was HUF 1.1 billion, mainly due to lower risk costs***
- ***The non-performing loan portfolio stagnated q-o-q (adjusted for the FX-effect), coverage increased to 92%***
- ***Car financing loans dropped further (the FX-adjusted decrease was 14% y-o-y and 4% q-o-q)***

In the first quarter of 2011, Merkantil Bank and Car's aggregated after tax result totalled to HUF 1.1 billion, excluding the special tax levied on financial institutions. The bank tax amounted to HUF 316 million in 1Q 2011, this tax burden is shown on a Group level only. The main factors behind the positive result were the moderate provisioning facilitated by FX-adjusted stagnation of non-performing loan portfolio and the q-o-q increase in total income.

In 1Q 2011 net interest income was 7% lower y-o-y. Factors behind the lower net interest income were as follows: intragroup lending spreads became wider, and interest income became lower since the gross loan portfolio decreased gradually and non-realized interest income (as a consequence of deteriorating loan portfolio) grew further. However, the decrease was somewhat offset by the weakening average exchange rate of HUF versus CHF (+15% y-o-y), which exerted a positive effect on the interest income from CHF denominated loans calculated in HUF. On a quarterly basis a modest growth is reported in net interest income (+2% q-o-q), caused by slightly decreasing interest expenses.

The lower net fee and commission expenses (-18% y-o-y, -10% q-o-q) reflects moderate business activity, the accruals for dealer fees that were made in previous years characterized by higher sales volumes are gradually phasing out.

Other net non interest income was lower by 53% y-o-y; the reason for the decrease is basically the change of FX result mainly due to the loss in 1Q 2011 suffered on the open FX position held to hedge the revaluation result of FX provisions.

The q-o-q 10% increase in operating expenses was caused by a raise in certain local tax expenditures calculated under the Hungarian Accounting Standards.

In the first quarter of 2011, risk costs decreased by 83% q-o-q. Besides, coverage of non-performing loans increased by 4.1% q-o-q, reaching comfortably high level at 91.9%, above the Group average.

Non-performing loan portfolio decreased by 3.1%, however the gross loan portfolio shrank in a faster pace, therefore DPD90+ ratio increased to 18.9% (+1.3%-points q-o-q).

The FX-adjusted car financing loan book continued shrinking in 1Q 2011. The FX-adjusted decline was 14% y-o-y and 4% q-o-q. The declining volume is the consequence of moderate lending activity; new disbursement's level is still 20% lower y-o-y both in terms of number of transactions and in terms of disbursed volumes. Among new sales, the share of HUF-denominated loans grew significantly: from around 30% in 1Q 2010 to 95% in 1Q 2011. Moreover, sales of less expensive second-hand cars picked up and higher down payments were required. The latter was induced by the new government decree on prudent retail lending and creditworthiness, that is in force since March 2010.

IFRS REPORTS OF THE MAIN SUBSIDIARIES

In the following parts of the Interim Management Report, the after tax profit 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.

OTP BANK RUSSIA

Performance of OTP Bank Russia:

Main components of P&L account in HUF mn	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	1,200	7,035	7,745	10%	545%
Pre-tax profit	1,579	9,069	10,232	13%	548%
Operating profit	9,106	15,082	15,325	2%	68%
Total income	20,449	28,998	30,598	6%	50%
Net interest income	18,852	25,133	28,302	13%	50%
Net fees and commissions	1,290	3,277	3,469	6%	169%
Other net non-interest income	307	587	-1,172	-300%	-481%
Operating expenses	-11,343	-13,916	-15,273	10%	35%
Provision for possible loan losses	-7,458	-5,986	-4,954	-17%	-34%
Other provision	-69	-27	-140	417%	102%
Main components of balance sheet closing balances in HUF mn	**1Q 2010**	**4Q 2010**	**1Q 2011**	**Q-o-Q**	**Y-o-Y**
Total assets	623,851	664,403	637,561	-4%	2%
Gross customer loans	395,640	508,139	484,182	-5%	22%
Retail loans	271,024	405,562	391,594	-3%	44%
Corporate loans	109,128	86,657	78,418	-10%	-28%
Allowances for possible loan losses	-49,516	-54,718	-57,520	5%	16%
Deposits from customers	333,036	396,788	354,153	-11%	6%
Retail deposits	219,180	263,136	254,880	-3%	16%
Corporate deposits	113,856	133,652	99,273	-26%	-13%
Liabilities to credit institutions	160,270	117,474	102,672	-13%	-36%
Issued securities	16,974	22,814	40,697	78%	140%
Subordinated debt	14,363	15,421	14,179	-8%	-1%
Total shareholders' equity	82,105	97,778	106,469	9%	30%
Loan Quality	**1Q 2010**	**4Q 2010**	**1Q 2011**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	51,483	62,573	68,414	9.3%	32.9%
90+ days past due loans/gross customer loans (%)	13.0%	12.3%	14.1%	1.8%	1.1%
Cost of risk/average gross loans (%)	7.90%	4.99%	4.05%	-0.94%	-3.85%
Total provisions/90+ days past due loans (%)	96.2%	87.4%	84.1%	-3.4%	-12.1%
Performance Indicators (%)	**1Q 2010**	**4Q 2010**	**1Q 2011**	**Q-o-Q**	**Y-o-Y**
ROA	0.8%	4.2%	4.8%	0.6%	4.0%
ROE	6.3%	29.8%	30.8%	1.0%	24.4%
Total income margin	13.78%	17.46%	19.06%	1.61%	5.28%
Net interest margin	12.70%	15.13%	17.63%	2.50%	4.93%
Cost/income ratio	55.5%	48.0%	49.9%	1.9%	-5.6%
Net loans to deposits	104%	114%	120%	6%	17%

- ***HUF 7.7 billion profit for 1Q 2011 is about six times higher than the net profit for 1Q 2010***
- ***Operating profit surged by 68% y-o-y, robust net interest and fee income***
- ***Strong consumer loan disbursement, extremely successful cross-selling of credit card products, further increasing personal loan portfolio***
- ***Successful RUB 2.5 billion bond issuance with favourable conditions (170 basis points over sovereign benchmark)***
- ***Operating costs increase in line with growing business activity, cost efficiency is still improving (1Q 2011 CIR at 50%, -5.6%-points y-o-y)***

The HUF denominated financials of OTP Bank Russia were highly influenced by the development of the RUBHUF exchange rate: in 1Q 2011 the closing rate of the HUF strengthened by 2% y-o-y, while the average rate depreciated by 5% y-o-y against RUB. Similarly, the closing rate of HUF in 1Q 2011 appreciated by 4% while the average rate weakened by 3% against the RUB, compared to the YE2010 rates. The appreciation of HUF closing rate vs. USD (y-o-y 10%, q-o-q 6%) should be considered when analysing BS items, given that 22% of the Bank's loans are denominated in USD.

After tax profit of OTP Bank Russia for 1Q 2010 exceeded HUF 7.7 billion, increased more than six fold compared to the base period, and grew by 10% on a quarterly basis. Beginning of the year is a seasonally weaker period with regards to the disbursement of the Bank's flagship products;

however seasonality is barely reflected in the profit development thanks to the stably growing loan volumes.

Total income in 1Q 2011 showed dynamic increase, net interest income grew by 50%, net fees and commissions jumped by 169% y-o-y (quarterly growths are 13% and 6%, respectively). Besides swelling loan volumes higher interest margin (1Q 2011: 17.6%, +5%-points y-o-y and +2.5%-points q-o-q) also fuelled the increase of NII. Net fees and commissions growth was mainly driven by the still outstandingly strong dynamics of consumer lending.

In line with the stronger business activity operating costs increased (+35% y-o-y), however due to the strong income dynamics operating profit grew even faster, by 68% on the yearly basis. In 1Q FX loss owing to RUB appreciation vs. USD (booked as other non-interest income) had a negative impact on the total income. Major part of this FX loss is related to hedging transactions entered into in order to prevent loss from revaluation of provisions of FX loans.

Provisions for possible loan losses decreased on a yearly as well as quarterly base (-34% and -17%, respectively), which is partially due to the base-effect: in 1Q 2010 a one-off HUF 4.6 billion provisioning was made in relation to a non-performing corporate loan (Technosila), that defaulted in February 2010. On the other hand, in 4Q non-performing loans were written-off, which induced extra provisioning up to HUF 2.2 billion. At the same time the strengthening of the RUB (by 5% against USD on the quarterly basis) contributed to the shrinkage of provisions, due to the revaluation of provisions of FX loans (HUF -922 million). Apart from the technical effects the higher efficiency of 1Q collection activities and the good quality of new disbursements also contributed to the lower risk cost rate (1Q 2011: 4.05%, -3.9%-points y-o-y, -0.9%-points q-o-q).

The DPD90+ ratio increased on yearly as well as quarterly base (1Q 2011: 14.1%, +1.1%-points y-o-y, +1.8%-points q-o-q). The provision coverage of DPD90+ loans is stably high (1Q 2011: 84.1%).

The good financial performance of the Bank is mainly due to the robust increment of the income side, due to a large extent to the successful sale of consumer loans. Latter is proved by the fact, that the consumer loan portfolio in 1Q 2011 is more than half as much as in 1Q 2010 (+60% y-o-y in RUB terms). The Bank also managed to increase the consumer loans portfolio by 2% q-o-q despite of the seasonally weaker period of the year, the growth was supported by card loans and personal loans.

In case of the flagship POS-loan product the quarterly disbursements always outpaced the disbursements of the same quarter of the preceding year since summer of 2009, thanks to the continuous extension of internal and external agent network. The dynamics of origination remained outstandingly strong in 1Q 2011, the quarterly disbursement was by 26% stronger y-o-y. Although the POS loan volumes dropped by 4% due to the regular seasonality, the Bank still keeps its No. 2 position on the market.

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 dynamically, and the growth continued also in 1Q 2011 (+72% y-o-y, +9% q-o-q). Besides the outstanding dynamics of card issues, utilization rate also kept its 4Q 2010 level, so with respect to credit card loans the bank remained the 4th largest player in the Russian market.

As a favourable improvement, personal loans sold in the branch network demonstrated a strong increment in the course of 2010 and kept growing in 1Q 2011 as well, although from a relatively low base (+142% y-o-y and +21% q-o-q). The sale of personal loans was supported with a new risk based pricing method and advertising campaign.

Due to the low margins the management deliberately cut back the corporate loan portfolio, in 1Q 2011 the FX adjusted portfolio shrank 27% y-o-y and 4% q-o-q.

The growth of deposit base slowed down in the course of 2010 as deposit rates were decreased in several steps from 4Q 2009 on, furthermore, active selling campaigns were stopped. In 1Q 2011 the FX-adjusted total deposit growth was 9% y-o-y, while on a quarterly base the portfolio shrank by 6%. The quarterly drop of deposit base was mainly the result of some maturing high interest corporate deposits.

As the combined effect of these changes the net loans to deposits ratio further increased in 1Q 2011 to 120% (+17%-points y-o-y, +6%-points q-o-q). In order to diversify its funding base, the Bank concluded its very first, highly successful RUB bond transaction. The RUB 2.5 billion paper with 3 years maturity attracted great demand (more than six fold oversubscribed), issued with only 170 basis points premium over the sovereign benchmark.

Operating costs grew by 28% y-o-y (35% in HUF terms), which represents a fairly strict cost control taking into consideration the yearly inflation of 9.5% and the steady growth of the operation. In 1Q 2011 the quarterly growth of personnel expenses is partially reasoned by the increase of pension and health care contributions in total from 26% to 34% since the beginning of 2011. Together with the growing business operations the number of employees grew by 90 to 4,858 by the end of 1Q, at the same time the number of branches increased from 155 to 159 q-o-q. The POS loans agent network has been expanding since 2Q 2009: in 1Q 2011 the number of agents increased by 5% q-o-q to

14,576. Cost/Income ratio decreased by 5.6% on a yearly basis and slightly grew q-o-q (+1.9%) due to the above detailed developments. In absolute terms its 50% level is close to the group average.

DSK GROUP (BULGARIA)[7]

Performance of DSK Group:

Main components of P&L account in HUF mn	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	4,559	3,679	3,484	-5%	-24%
Pre-tax profit	5,065	4,104	3,874	-6%	-24%
Operating profit	12,042	15,225	15,107	-1%	25%
Total income	19,429	23,739	22,965	-3%	18%
Net interest income	15,775	18,595	18,410	-1%	17%
Net fees and commissions	3,322	4,083	3,519	-14%	6%
Other net non-interest income	332	1,061	1,035	-2%	211%
Operating expenses	-7,387	-8,514	-7,858	-8%	6%
Provision for possible loan losses	-6,967	-10,570	-11,242	6%	61%
Other provision	-10	-550	8	-102%	-186%
Main components of balance sheet closing balances in HUF mn	**1Q 2010**	**4Q 2010**	**1Q 2011**	**Q-o-Q**	**Y-o-Y**
Total assets	1,180,708	1,218,627	1,148,858	-6%	-3%
Gross customer loans	1,015,715	1,072,128	1,022,938	-5%	1%
Retail loans	818,890	861,281	819,340	-5%	0%
Corporate loans	196,826	210,847	203,598	-3%	3%
Allowances for possible loan losses	-67,701	-96,706	-103,128	7%	52%
Deposits from customers	804,266	847,807	822,027	-3%	2%
Retail deposits	690,255	733,511	704,569	-4%	2%
Corporate deposits	114,011	114,296	117,457	3%	3%
Liabilities to credit institutions	71,791	37,541	6,237	-83%	-91%
Subordinated debt	93,741	97,866	93,553	-4%	0%
Total shareholders' equity	195,037	217,992	211,005	-3%	8%
Loan Quality	**1Q 2010**	**4Q 2010**	**1Q 2011**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	80,182	118,453	129,065	9.0%	61.0%
90+ days past due loans/gross customer loans (%)	7.9%	11.0%	12.6%	1.57%	4.72%
Cost of risk/average gross loans (%)	2.77%	3.93%	4.35%	0.42%	1.59%
Total provisions/90+ days past due loans (%)	84.4%	81.6%	79.9%	-1.7%	-4.5%
Performance Indicators (%)	**1Q 2010**	**4Q 2010**	**1Q 2011**	**Q-o-Q**	**Y-o-Y**
ROA	1.5%	1.2%	1.2%	0.0%	-0.4%
ROE	9.5%	6.8%	6.6%	-0.2%	-2.9%
Total income margin	6.60%	7.77%	7.87%	0.10%	1.27%
Net interest margin	5.36%	6.09%	6.31%	0.22%	0.95%
Cost/income ratio	38.0%	35.9%	34.2%	-1.6%	-3.8%
Net loans to deposits	118%	115%	112%	-3%	-6%

- ***Decreasing after tax profit in 1Q (q-o-q -5%) due to stable operating income and increasing risk cost***
- ***By 25% higher operating income y-o-y, continuously improving net interest margin (1Q 2011: 6.3%)***
- ***Slightly decreasing coverage (79.9%) as a result of credit risk provisioning (+6% q-o-q) and portfolio quality deterioration in all segments (DPD90+ 12.6%)***
- ***Stable loan and deposit portfolio (FX-adjusted q-o-q 0% and +1% respectively)***
- ***Outstanding cost efficiency (cost/income ratio in 1Q 2011: 34.2%)***

The DSK Group after tax profit in 1Q 2011 was HUF 3.5 billion, by 24% less compared to the base period (-5% q-o-q). Despite the seasonally weaker 1Q results the performance of the Bulgarian bank is stable. On a yearly base it underpins an increasing income generating capability and effective cost control.

The Bank's operating profit (before tax and provisioning for loan losses) is stable (q-o-q +1%, in BGN; in HUF terms -1% due to exchange rate effect), while on a yearly base it is higher by 25%. 3% decrease of total income in 1Q 2011 (+18% y-o-y) on one hand reflects stagnating net interest income (-1% q-o-q, +17% y-o-y), on the other lower net fee income (-14% q-o-q, +6% y-o-y) due to modest loan origination and seasonally lower retail

[7] Since 3Q 2010 based on the consolidated Profit and Loss Statement of DSK Group and the newly established Bulgarian factoring company, OTP Factoring Bulgaria LLC. Loan portfolio contains the assets sold to the factoring company at pre-sale gross value and with the related provisioning.

transactional fee income at the beginning of the year. Lower level of operating cost (-8% q-o-q, +6% y-o-y) due to the previously mentioned seasonally lower business activity and non-realized marketing expenses resulted a well balanced operating income. In 4Q 2010 there was a growth of other net non-interest income as a result of revaluation gain on the shares of the merging two Bulgarian settlement houses. In 1Q 2011 such item did not occur.

It was a favourable development that the quarter-by-quarter improving net interest margin formation trend of 2010 continued in 1Q 2011. With another 22 basis point increase in 1Q net interest margin reached 6.31% level, mainly as a result of consequent pricing policy and liquidity management measures. As a result of the previously mentioned stringent cost control the continuously low cost/income ratio could improve by another 1.6%-points (1Q 2011: 34.2%). Thus the higher risk costs (+6% q-o-q, +61% y-o-y) were the main reason for the decrease in net profit for the period.

In the first three month of the year the portfolio deterioration continued, the DPD90+ ratio increased from 11% to 12.6% (+1.6%-points q-o-q, +4.7%-points y-o-y). While the pace of deterioration decreased in 2H 2010 (3Q: +1.2%-points, 4Q: +0.5%-point), in 1Q 2011 it accelerated again (+1.6%-points). With regards to the components: in case of mortgage loans pace of decrease accelerated from 1.1%-points to 2%-points, in case of consumer loans stagnated at 0.8%-point. Following the moderation at year end 2010 the deterioration of SME and corporate loan portfolio picked up again, DPD90+ ratio increased to 32.0% (+4.5%-points q-o-q) and 7.5% (1.3%-points q-o-q) respectively. With HUF 11.2 billion loan loss provisioning in 1Q the coverage ratio stood at 79.9% (-1.7%-points q-o-q, -4.5%-points y-o-y).

Due to its robust liquidity position DSK was able to reduce its deposit rates significantly in 2010. As for the development of total revenues, it is more favourable that it could keep its deposit rates below the average market level even in 1Q 2011. Consequently in 1Q 2011 net interest margin improved further, however market share of DSK in retail deposit segment decreased to 18.1% (-34 basis-point q-o-q), while in corporate segment it dropped to 5.3% (-70 basis point q-o-q).

Regarding the loan volumes new disbursements could only keep the portfolio at the level of the previous quarter. Slight increase of mortgage loan portfolio (+1% q-o-q, on FX-adjusted base) supported to keep the volume of loan book. Despite the marketing campaign, the consumer loan portfolio stagnated in the same period due to diminishing effect of prepayments and refinancing on growth of loan portfolio. Corporate product-package campaign raised corporate loan portfolio by 1% q-o-q, while SME portfolio decreased by 3% q-o-q. The Bank kept its stable market share in the loan market (1Q 2011: 14.1%).

Despite the previously mentioned pricing measures FX-adjusted deposit base of the Bank reflected a slight increase (+2%q-o-q, +3% y-o-y) due to 1% increase of retail, 5% increase of SME and 8% increase of corporate deposits. DSK’s market share in deposits is stable, 12.1%. As a result of stagnating lending and the slightly increasing deposit base on one hand the net loan-to-deposit ratio decreased to 112% (-3%-points q-o-q, -6%-points y-o-y), on the other hand DSK on the basis of liquidity surplus diminished significantly the amount of its interbank funding (-83% q-o-q, -91% y-o-y).

The subordinated capital base remained flat in BGN on a yearly as well as on a quarterly basis.

Capital position of DSK is still very strong, the capital adequacy ratio is close to double of the regulatory minimum (1Q 2011: 23.6% vs. 12%; Tier1 ratio: 16.9% vs. 6%).

In 2010-2011 Moody’s Investors Service did not change the „Baa3” local and foreign currency deposit rating of DSK Bank (outlook is negative).

In 2010 in Bulgaria DSK won the following prizes: „Best Bank of 2010”, „Most Profitable Bank of 2010” and together with Groupama *DSK Opportunity* product became the „Best Combined Financial Product” of the year.

OTP BANK JSC (UKRAINE)[8]

Performance of OTP Bank JSC:

Main components of P&L account in HUF mn	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	143	2,862	862	-70%	501%
Pre-tax profit	202	-340	862	-354%	328%
Operating profit	8,835	8,690	8,694	0%	-2%
Total income	14,114	15,539	14,560	-6%	3%
Net interest income	12,648	12,050	10,550	-12%	-17%
Net fees and commissions	1,616	2,342	1,852	-21%	15%
Other net non-interest income	-149	1,146	2,157	88%	
Operating expenses	-5,280	-6,848	-5,866	-14%	11%
Provision for possible loan losses	-8,438	-9,344	-7,695	-18%	-9%
Other provision	-195	314	-137	-144%	-30%
Main components of balance sheet closing balances in HUF mn	**1Q 2010**	**4Q 2010**	**1Q 2011**	**Q-o-Q**	**Y-o-Y**
Total assets	730,494	715,760	642,235	-10%	-12%
Gross customer loans	689,357	692,878	613,709	-11%	-11%
Retail loans	321,612	323,568	284,425	-12%	-12%
Corporate loans	309,984	316,956	287,166	-9%	-7%
Car financing loans	57,761	52,354	42,119	-20%	-27%
Allowances for possible loan losses	-127,103	-154,126	-145,916	-5%	15%
Deposits from customers	172,332	190,061	166,473	-12%	-3%
Retail deposits	101,216	113,056	103,636	-8%	2%
Corporate deposits	71,117	77,005	62,837	-18%	-12%
Liabilities to credit institutions	410,828	366,979	325,357	-11%	-21%
Subordinated debt	42,584	43,514	38,986	-10%	-8%
Total shareholders' equity	96,587	109,469	102,102	-7%	6%
Loan Quality	**1Q 2010**	**4Q 2010**	**1Q 2011**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	161,695	202,859	193,453	-4.6%	19.6%
90+ days past due loans/gross customer loans (%)	23.5%	29.3%	31.5%	2.24%	8.07%
Cost of risk/average gross loans (%)	5.03%	5.48%	4.78%	-0.70%	-0.26%
Total provisions/90+ days past due loans (%)	78.6%	76.0%	75.4%	-0.5%	-3.2%
Performance Indicators (%)	**1Q 2010**	**4Q 2010**	**1Q 2011**	**Q-o-Q**	**Y-o-Y**
ROA	0.1%	1.6%	0.5%	-1.1%	0.4%
ROE	0.6%	10.2%	3.3%	-6.9%	2.7%
Net interest margin	7.12%	6.63%	6.30%	-0.33%	-0.81%
Cost of risk/average gross loans	5.03%	5.48%	4.78%	-0.70%	-0.26%
Net loans to deposits	326%	283%	281%	-2%	-45%

- ***HUF 0.9 billion quarterly net earning***
- ***Despite a drop in revenues operating income remained stable***
- ***Weak lending activity with a slight q-o-q increase in corporate book; launch of POS-lending in March***
- ***Q-o-q lower risk costs with DPD 90+ coverage still being stable (above 75%)***
- ***Accelerating deterioration of the loan portfolio due to some corporate exposures***

In 2010 OTP Bank JSC Ukraine realized HUF 862 million after-tax profit, which is more than six fold higher than a year earlier. The q-o-q decline is mainly due to a base effect: in 4Q 2010 earnings were supported with a positive effect of deferred tax income. Last fall 2010 there were changes in the local taxation as a response to the financial crisis. Accordingly, accrued but unpaid interest income became deductible from the tax base, thus generating a deferred tax income.

Interim operating income was supported by a stringent cost control in place. In line with the moderate lending activity and despite of the high inflation and additional costs related to the launch of POS-activity, operational expenses dropped q-o-q by 14% mainly due to seasonal effects. Personal expenses remained flat q-o-q, number of employees increased by 74 people (as at the end of March: 3,309 people) and the recruitment of selling agents also started.

Total income dropped by 5% in UAH terms, basically being flat y-o-y. The 3% increase in HUF terms is a reflection of the weakening of HUF against UAH. Within total income net interest income dropped by 19% y-o-y and 11% q-o-q. The key reasons behind were the overall FX-adjusted decline of loan volumes (-6% y-o-y and -1% q-o-q), as well as the ongoing portfolio deterioration. Part of the delinquent portfolio has been transferred to OTP Factoring after which the bank will not book any interest income, but

[8] From 4Q 2008 figures are based on the aggregated financial statements of OTP Bank JSC and LLC OTP Leasing Ukraine, from 4Q 2009 the result of LLC OTP Factoring Ukraine was also aggregated, while in 4Q 2010 the financial statement and balance sheet of LLV OTP Credit was also added.

their volumes will be kept in OTP Ukraine's balance sheet. Parallel with the decline of the problem-free portfolio and due to a single corporate restructuring, the net interest margin shrank by 33 bps q-o-q and stood at 6.30% in 1Q 2011.

Net fee and commission income dropped by 20% in UAH q-o-q due to a weaker seasonal activity. On a yearly base, however fee income advanced by 11% and the net fee and commission margin (1Q 2011: 1.11%) came above the quarterly average in 2010. Net fee and commission income was mainly influenced by the weaker deposit and transaction related fee income in 1Q (-13% q-o-q in LCY terms), though on a yearly base they increased dynamically (+40%). Card and transaction related income expanded nicely, too (+38% in LCY terms) as the number of transactions in ATMs and POS-terminals grew significantly due to the increasing number of sales points accepting the bankcards.

Other net non-interest income increased substantially q-o-q as a result of a one-off FX-gain on an open position (in the meantime the position has been closed).

As a result, the pre-provision operating income of OTP Ukraine showed a stable performance y-o-y and q-o-q. The cost-to-income ratio improved by 3.8%-points q-o-q and stood at 40.3%.

The volume of quarterly risk costs (HUF 8 billion) dropped both y-o-y and q-o-q (-9% and -18%), despite the deceleration of the portfolio deterioration q-o-q. Risk cost rate dropped by 70 bps, but DPD90+ coverage remained stable with above 75%.

Retail loan origination remained weak, only the corporate segment showed sign of modest recovery. The FX-adjusted portfolio declined by 6% y-o-y and 1% q-o-q. The mortgage loan demand is still moderated, the decreasing trend of loan volumes continued in the first quarter (-2% q-o-q, -7% y-o-y adjusted by FX-effect). On the other hand, there may be room for expanding in retail consumer lending. The local market offers significant growth potential in that regard and through that product OTP Ukraine could onlend its UAH liquidity at attractive margin levels. In order to launch such project, in the summer of 2010 the Russian and Ukrainian subsidiaries established a joint venture called *OTP Credit* and the new entity originated the first loans in March 2011. The bank is currently recruiting its regional agency network and negotiating with retail chains.

Apart from POS-lending the corporate business can serve as another engine of growth. Their volumes grew moderately q-o-q (+1% adjusted by FX-effect). The SME sector hardly shows any sign of recovery, FX-adjusted volumes dropped by 8% and 2% y-o-y and q-o-q respectively.

1Q 2011 witnessed a kind of revision of positive trends experienced earlier for new FX-adjusted DPD90+-formation. Their volumes grew by HUF 11 billion in 1Q (1Q 2010: 4 billion, 2Q: 14 billion, 3Q: 8 billion, 4Q: 7 billion). DPD90+ ratio increased from 29.3% at the end of 2010 to 31.5%. Part of the reasons was the overall loan portfolio decline, but in 1Q the corporate portfolio deteriorated again. The retail DPD90+ ratio grew by 3%-points q-o-q (40.1%), whereas the delinquent corporate book grew by 1.2% (DPD90+: 19.5%) versus the 2.4% improvement in 4Q 2010.

The Bank provides a debtor protection program to its retail and corporate customers. The ratio of restructured loans in the retail segment reached 41.3% by the end of March, w/o the re-defaulted volumes the ratio declined both q-o-q and y-o-y and dropped to 25.4% (-1.5%-points and -6.3%-points respectively).

Despite the bank lowered its interest on deposits several times in 2010, it still managed to preserve its deposit base. FX-adjusted retail deposits grew by 7% y-o-y, mainly fuelled by the increase of sight deposit base reflecting the growing trust of people in the banking sector. Simultaneously, corporate deposits dropped by 7% y-o-y (adjusted by FX-effect) as a result of a deposit withdrawal by some companies from the energy sector.

Because of the decline in lending and stagnating deposit volumes, the bank invested its access UAH liquidity into government securities; their FX-adjusted volumes advanced by 30% q-o-q. The Bank's net loan-to-deposit ratio improved further both on yearly (-45%-points) as well as quarterly (-2%-points) basis.

Capital position of the Bank is strong, the CAR calculated under local regulations stood at 22.1% by the end of March, which exceeds by twofold the regulatory minimum (10%).

OTP BANK ROMANIA

Performance of OTP Bank Romania:

Main components of P&L account in HUF mn	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs[1]	0	-2,210	148	-107%	
Pre-tax profit	0	-2,209	157	-107%	
Operating profit	1,822	3,180	1,435	-55%	-21%
Total income	4,929	6,323	4,718	-25%	-4%
Net interest income	4,104	5,376	3,792	-29%	-8%
Net fees and commissions	532	570	560	-2%	5%
Other net non-interest income	293	378	365	-3%	25%
Operating expenses	-3,107	-3,144	-3,283	4%	6%
Provision for possible loan losses	-1,817	-5,192	-1,291	-75%	-29%
Other provision	-4	-197	13	-107%	-409%
Main components of balance sheet[2] closing balances in HUF mn	**1Q 2010**	**4Q 2010**	**1Q 2011**	**Q-o-Q**	**Y-o-Y**
Total assets	371,203	424,464	384,978	-9%	4%
Gross customer loans	286,331	329,005	309,774	-6%	8%
Retail loans	203,127	239,846	223,771	-7%	10%
Corporate loans	83,204	89,158	86,003	-4%	3%
Allowances for possible loan losses	-10,179	-24,702	-25,853	5%	154%
Deposits from customers	100,173	112,619	102,911	-9%	3%
Retail deposits	81,735	73,838	72,459	-2%	-11%
Corporate deposits	18,438	38,781	30,452	-21%	65%
Liabilities to credit institutions	229,383	266,155	235,486	-12%	3%
Total shareholders' equity	24,407	25,144	24,969	-1%	2%
Loan Quality	**1Q 2010**	**4Q 2010**	**1Q 2011**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	12,604	34,852	34,639	-0.6%	174.8%
90+ days past due loans/gross customer loans (%)	4.4%	10.6%	11.2%	0.6%	6.8%
Cost of risk/average gross loans (%)	2.54%	6.41%	1.64%	-4.77%	-0.90%
Total provisions/90+ days past due loans (%)	80.8%	70.9%	74.6%	3.8%	-6.1%
Performance Indicators (%)	**1Q 2010**	**4Q 2010**	**1Q 2011**	**Q-o-Q**	**Y-o-Y**
ROA	0.0%	-2.1%	0.1%	2.3%	0.1%
ROE	0.0%	-37.1%	2.4%	39.5%	2.4%
Total income margin	5.42%	6.13%	4.73%	-1.40%	-0.70%
Net interest margin	4.52%	5.21%	3.80%	-1.41%	-0.72%
Cost/income ratio	63.0%	49.7%	69.6%	19.9%	6.5%
Net loans to deposits	276%	270%	276%	6%	0%

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

- ***The after tax result turned into positive in the first quarter***
- ***The net interest income (without the swap revaluation result) dropped by 7% q-o-q but grew by 1% y-o-y***
- ***The slowing loan quality deterioration and the 75% decline in risk costs resulted in further improving coverage ratio q-o-q***
- ***The lending activity was focused on retail mortgage- and SME lending in 1Q. The volatility of corporate deposits led to higher net loan to deposit ratio q-o-q***

The following FX rate changes must be taken into account when assessing the financial performance: the closing exchange rate of RON versus EUR appreciated by 4% q-o-q and stagnated y-o-y; the lei strengthened by 8% q-o-q but weakened by 10% y-o-y against CHF. The RONHUF closing and average exchange rates changed significantly neither q-o-q nor y-o-y.

The Bank realized HUF 148 million after tax result in the first quarter. Within total revenues every main components contracted q-o-q but in yearly comparison favourable developments can be identified.

The 29% q-o-q decline in net interest income can be explained by 3 factors. First, part of the revaluation result of swaps made for liquidity management purposes is booked on net interest income line. This revaluation result reached +HUF 950 million in 4Q 2010 and -HUF 320 million in 1Q 2011 and consequently, nearly HUF 1.3 billion out of the HUF 1.6 billion q-o-q decline of the net interest income line can be explained by the swap revaluation result. Excluding the swap result the net interest income declined by 7% q-o-q but grew by 1% y-o-y. On the other hand, net interest income was negatively influenced by the typically increasing deposit interest rates and typically decreasing loan interest rates. The third reason is rather technical: beside of the calendar effect, the strengthening RON had a negative effect on the RON equivalent of EUR and CHF denominated interest income.

The 1Q net fee and commission income lagged behind the seasonally strong 4Q performance only by 2%, while the yearly improvement reached 5% on this line. The other net non-interest income that has a small weight within total income was supported by realized gain on securities in 1Q, similarly to the previous quarter.

The reason for the q-o-q higher operating costs are the higher personnel and marketing expenses, while the yearly growth is attributable to marketing costs and contractor charges.

The development of after tax result was determined by the significantly decreasing risk cost: compared to the record high level in 4Q, the 1Q provisioning was by 75% lower (-29% y-o-y). Important to note that such huge quarterly decline in risk cost was partly caused by the revaluation of the stock of provisions (HUF 1.1 billion in 1Q 2011, this factor accounted for app. 40% of the quarterly decline of risk cost and was offset on other income line).

The volume of loans with more than 90 days delay stagnated q-o-q both in HUF and RON terms: the improvement in the corporate segment was counterbalanced by the ongoing deterioration of the mortgage portfolio. The underlying reasons behind the stagnating DPD90+ loan volumes were the FX rate changes and the slowing new FX-adjusted DPD90+ loan formation, i.e. the portfolio quality deterioration slowed down. The DPD90+ ratio reached 11.2% at end-March (+0.6%-point q-o-q), but that was the slowest pace of deterioration in the last 4 quarters. The major part of portfolio quality deterioration was related to the gradual deterioration of mortgage portfolio witnessed already from 3Q 2010. The coverage ratio of DPD90+ loans improved by 16.1%-points since the bottom hit in 2Q 2010, reaching 74.6% in 1Q 2011 (+3.8%-points q-o-q).

At the end of 1Q 2010 13% of the households' loan portfolio was involved in the debtor protection program without the re-defaulted volumes (-1%-point q-o-q), while a year ago this ratio was 9%.

The FX-adjusted gross loan portfolio stagnated q-o-q, but grew by 3% y-o-y. After the lending campaigns with extensive marketing support launched in 2010 the volume of mortgage and SME loans expanded further: +6% and +13% y-o-y respectively (adjusted for FX-effect). The corporate loan portfolio showed a mere 1% q-o-q growth – while in this segment the contraction was 8% in 2010. For the time being, the personal loan volumes did not show a turnaround (-9% q-o-q and -34% y-o-y, adjusted for the FX-effect).

The central bank plans to introduce a set of measures to discourage the lending in foreign currencies for those people who earn their wages in lei. The RON lending of OTP Bank Romania focuses mainly on working capital loans to SMEs and personal loans.

The FX-adjusted deposits dropped by 6% in 1Q 2011 q-o-q since the corporate deposit base went down by 19% in 1Q (after the 31% growth in 4Q). On the contrary, the households' deposits grew by 2% q-o-q.

During the first quarter, the branch number decreased by 6 to 100 units. The network rationalization planned for this year was already achieved with this step. The number of employees was 987 on 31 March 2011.

OTP BANKA HRVATSKA (CROATIA)

Performance of OTP banka Hrvatska:

Main components of P&L account in HUF mn	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	507	1,005	241	-76%	-53%
Pre-tax profit	639	1,283	301	-77%	-53%
Operating profit	1,038	2,193	1,473	-33%	42%
Total income	4,354	5,391	4,830	-10%	11%
Net interest income	3,101	3,653	3,513	-4%	13%
Net fees and commissions	853	1,040	907	-13%	6%
Other net non-interest income	400	699	410	-41%	2%
Operating expenses	-3,317	-3,199	-3,358	5%	1%
Provision for possible loan losses	-388	-666	-1,256	89%	224%
Other provision	-12	-244	85	-135%	-833%
Main components of balance sheet closing balances in HUF mn	**1Q 2010**	**4Q 2010**	**1Q 2011**	**Q-o-Q**	**Y-o-Y**
Total assets	456,837	484,923	456,485	-6%	0%
Gross customer loans	316,966	335,828	316,612	-6%	0%
Retail loans	193,600	208,515	198,169	-5%	2%
Corporate loans	121,225	125,395	116,798	-7%	-4%
Allowances for possible loan losses	-9,786	-13,083	-13,737	5%	40%
Deposits from customers	328,032	373,813	348,148	-7%	6%
Retail deposits	289,928	331,255	309,463	-7%	7%
Corporate deposits	38,104	42,558	38,686	-9%	2%
Liabilities to credit institutions	57,341	40,271	34,075	-15%	-41%
Total shareholders' equity	60,864	57,262	55,860	-2%	-8%

Loan Quality	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	28,678	42,991	39,249	-8.7%	36.9%
90+ days past due loans/gross customer loans (%)	9.0%	12.8%	12.4%	-0.40%	3.35%
Cost of risk/average gross loans (%)	0.49%	0.79%	1.56%	0.77%	1.07%
Total provisions/90+ days past due loans (%)	34.1%	30.4%	35.0%	4.6%	0.9%
Performance Indicators (%)	**1Q 2010**	**4Q 2010**	**1Q 2011**	**Q-o-Q**	**Y-o-Y**
ROA	0.4%	0.8%	0.2%	-0.6%	-0.2%
ROE	3.4%	7.0%	1.7%	-5.3%	-1.7%
Total income margin	3.81%	4.32%	4.16%	-0.16%	0.35%
Net interest margin	2.72%	2.93%	3.03%	0.10%	0.31%
Cost/income ratio	76.2%	59.3%	69.5%	10.2%	-6.7%
Net loans to deposits	94%	86%	87%	1%	-7%

- ***Operating income grew by 42% y-o-y***
- ***Seasonally weaker operating profit (-33% q-o-q) and rising risk costs for loan losses resulted a 76% decline in after tax profit q-o-q***
- ***Stagnating portfolio quality due to efficient collection activity***
- ***Improving liquidity and decreasing liabilities to credit institutions due to regulatory changes***
- ***Stable net loans-to-deposits (87%; +1%-point q-o-q) and net interest margin (+0.1%-point q-o-q); deteriorating cost/income ratio (-10.2%-point q-o-q) due to a one-off item***
- ***Capital adequacy ratio is still above the regulatory minimum (15.7% vs. 12%)***

In 1Q 2011 OBH Group realized HUF 241 million net profit, a drop of 76% q-o-q (-53% y-o-y).

Beside the seasonally weaker 1Q operating income (-33% q-o-q, +42% y-o-y), profit formation was influenced by significant provisioning (+89% q-o-q, +224%y-o-y) aimed at increasing the DPD 90+ coverage of the otherwise stagnating portfolio quality.

Net interest margin was 3.03% (+10 basis point q-o-q, +31 basis point y-o-y). In 1Q 2011 net interest income formation (-4% q-o-q, +13% y-o-y) was influenced by the following factors: on one hand interest expenditures decreased due to lower interbank financing and q-o-q by 20 basis point lower (-70 basis point y-o-y) average deposit rates. On the other hand interest revenue increased as a result of more efficient collection and stagnating average interest rate on total asset portfolio.

Quarterly -13% decrease of net fee and commission income reflects the moderate lending activity of OBH (+6 y-o-y).

As a result of the slightly increasing operating costs in 1Q 2011 and the 10% q-o-q decline (+11% y-o-y) of total income, the cost-to-income ratio of OBH deteriorated by 10.2% in the quarter (-6.7%-points y-o-y).

Drop of after tax profit is the result of increased risk provisioning (+89% q-o-q, +224% y-o-y). Beyond the stagnating portfolio quality this is mainly due to the new risk provisioning methodology with higher provisional rates on retail mortgage loan portfolio introduced in January 2011.

By the end of 1Q 2011 DPD90+ ratio improved q-o-q (12.4%, -0.4%-point q-o-q, +3.3%-point y-o-y) primarily due to efficient collection. In 1Q the portfolio quality mainly remained unchanged in all segments but car loans (DPD90+ ratio: 9.2%, +0.5%-point q-o-q). In case of corporate loan, mortgage loan and consumer loan portfolio the DPD90+ ratios are 16.3%, 10.8% and 11.4% respectively.

As a result of HUF 1.3 billion risk provisioning DPD90+ coverage ratio increased to 35% (+4.6%-points q-o-q, +0%-point y-o-y).

Moderate lending activity characterized the whole Croatian market. 1% quarterly decline of gross customer loan portfolio on FX-adjusted base reflects stagnating retail portfolio (0% q-o-q, +2% y-o-y), a slightly declining corporate portfolio (-2% q-o-q, -3% y-o-y) due to the repayment of a HRK 70.7 million corporate loan and a significant drop in car loan portfolio (-9% q-o-q, -25% y-o-y). The customer loan market share of OBH practically stagnated (3.25%).

The general deposit withdrawal, which characterized the whole Croatian market, affected OBH as well. FX-adjusted decrease of deposits (-2% q-o-q, +7% y-o-y) is the combined result of a mainly stagnating retail deposit portfolio (-1% q-o-q, +8% y-o-y) and a slightly eroding corporate portfolio (-4% q-o-q, +4% y-o-y). Deposit market share of OBH declined in all segments but its overall deposit position dropped only by mere 6 basis points (4.3%).

Net loan-to-deposit ratio of OBH increased to 87% (+1%-point q-o-q, -7%-points y-o-y).

Due to its stable deposit portfolio and the liquidity surplus as a result of changing regulatory measures[9], OBH diminished significantly its group and interbank funding (-15% q-o-q, -41% y-o-y).

[9] In 1Q 2011 the regulatory minimum of the ratio of short-term foreign currency claims and foreign currency obligations was decreased by the Regulator from 20% to 17%. Interest rate on regulatory reserves has been changed by NBC to 0.25% from 0.75% on 11 January 2011 and to 0% on 19 March 2011.

Capital adequacy ratio of the Bank improved on a quarterly basis (from 15% to 15.7%) and it was well above the 12% regulatory minimum level.

OTP BANKA SLOVENSKO (SLOVAKIA)[10]

Performance OTP Banka Slovensko:

Main components of P&L account in HUF mn	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	-181	-125	105	-184%	-158%
Pre-tax profit	-193	-130	137	-205%	-171%
Operating profit	925	839	893	6%	-3%
Total income	3,404	3,503	3,355	-4%	-1%
Net interest income	2,812	2,809	2,682	-5%	-5%
Net fees and commissions	521	582	625	7%	20%
Other net non-interest income	71	112	48	-57%	-33%
Operating expenses	-2,479	-2,664	-2,463	-8%	-1%
Provision for possible loan losses	-1,149	-854	-728	-15%	-37%
Other provision	31	-116	-28	-76%	-188%
Main components of balance sheet closing balances in HUF mn	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
Total assets	386,083	349,448	333,779	-4%	-14%
Gross customer loans	264,830	273,641	260,935	-5%	-1%
Retail loans	161,912	179,440	174,191	-3%	8%
Corporate loans	102,918	94,202	86,327	-8%	-16%
Car financing loans	0	0	417		
Allowances for possible loan losses	-13,787	-15,677	-15,637	0%	13%
Main components of balance sheet closing balances in HUF mn	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
Deposits from customers	245,184	256,751	247,152	-4%	1%
Retail deposits	217,689	234,543	225,548	-4%	4%
Corporate deposits	27,495	22,209	21,605	-3%	-21%
Liabilities to credit institutions	48,559	11,825	13,174	11%	-73%
Issued securities	55,402	43,655	36,902	-15%	-33%
Subordinated debt	7,745	8,109	7,731	-5%	0%
Total shareholders' equity	24,336	24,551	23,907	-3%	-2%
Loan Quality	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	25,844	27,965	26,120	-6.6%	1.1%
90+ days past due loans/gross customer loans (%)	9.8%	10.2%	10.0%	-0.2%	0.3%
Cost of risk/average gross loans (%)	1.73%	1.23%	1.10%	-0.12%	-0.63%
Total provisions/90+ days past due loans (%)	53.3%	56.1%	59.9%	3.8%	6.5%
Performance Indicators (%)	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
ROA	-0.2%	-0.1%	0.1%	0.3%	0.3%
ROE	-3.0%	-2.0%	1.8%	3.8%	4.8%
Total income margin	3.63%	3.96%	3.98%	0.02%	0.36%
Net interest margin	3.00%	3.17%	3.18%	0.01%	0.19%
Cost/income ratio	72.8%	76.0%	73.4%	-2.6%	0.6%
Net loans to deposits	102%	100%	99%	-1%	-3%

- ***HUF 105 million after tax profit in 1Q 2011***
- ***Decreasing risk cost on yearly and quarterly base together with increasing coverage***
- ***Improving operating profit q-o-q, mainly due to lower operating cost***
- ***FX adjusted volumes of home equity and consumer loans further expanded***

In 1Q 2011 the Bank posted HUF 137 million profit before tax, as against the series of losses in previous two years. The moderate profit is mainly the result of lower risk cost and operating cost savings.

Operating profit in 1Q 2011 was by 3% lower in HUF terms y-o-y, and grew by 6% compared to the previous quarter. The q-o-q improvement of operating profit was mainly due to the seasonally lower operating expenses (-8% q-o-q). Cost/Income ratio shrank by 2.6%-points q-o-q to 73.4%, and only grew by around 50 basis points on the yearly basis.

[10] From 3Q 2010 on OBS sold loans to Group members. The balance sheet of OBS in 4Q 2010 and 1Q 2011 reflects the standing before the transfer of loans. Accordingly, 1Q 2011 Balance Sheet contains consolidated data of OBS and OTP Faktor Slovensko s.r.o., adjusted to loans sold to OTP Bank Plc and OTP Factoring Ltd., and the related interbank financing in the gross amount of the sold loans. The recoveries of sold loans to OTP Faktoring are recognised in the P&L accounts as risk cost decreasing elements.

In 1Q 2011 net interest margin grew to 3.18% (+19 basis points y-o-y, +1 basis point q-o-q). Within total income, net interest income decreased by 3% q-o-q in EUR terms, in spite of the slight quarterly improvement of NIM.

The 9% increase of net fees and commissions in EUR terms compared to 4Q 2010 is partially inflated by the lower basis; the yearly growth was 18%. The yearly increment was fuelled by loans related F&C income.

In 1Q 2011 OBS set aside HUF 728 million provision for possible loan losses, which is by 37% lower than the 1Q 2010 figure and denotes a 15% drop on the quarterly base, as well. By the end of 1Q 2011 the DPD90+ ratio improved by 0.2%-points to 10%. In case of the mortgage loans, the portfolio quality slightly deteriorated in 1Q, however, consumer loan and corporate loan portfolios experienced quality improvement. The provision coverage of DPD90+ loans improved to 59.9% by 6.5%-points y-o-y, and by 3.8%-points q-o-q. It is to be noted, that the ratio of retail loans in the debtor protection program is still negligible within total.

When analysing balance sheet items it is to be noted that the closing EUR/HUF rate was by 5% lower q-o-q (i.e. HUF strengthened), while there was no significant change y-o-y. The development of deposit and loan volumes was in line with the intention to strengthen the retail focus of the Bank.

The FX adjusted volume of deposits grew by 1% y-o-y, which is a composition of the quarterly 4% growth of retail deposits and 4% drop of corporate deposits. Deposit base increased by 1% q-o-q and the quarterly development of the previously mentioned segments was similar to the yearly pattern. Term deposits grew the most within retail total, partly due to the December 2010 interest rate hike. The drop of corporate deposits is owing to the term deposits, while volume of sight deposits increased in 1Q 2010.

The FX-adjusted gross loan portfolio decreased by 1% y-o-y and did not change q-o-q. The yearly drop is mainly caused by the 8% decline of the middle- and large corporate segment (-1% q-o-q). Contrary to that the retail lending gained momentum, especially the mortgage lending (+9% y-o-y, +2% q-o-q).

Net loans to deposits ratio stood at 99% in 1Q 2011 (-2%-points y-o-y, -1%-point q-o-q). OBS paid back about EUR 17 billion mortgage bonds in March 2011 without renewal.

Since the branch network rationalization at the beginning of the crisis the number of branches hardly changed: in 1Q 2011 there was no change q-o-q, and one branch was closed on the yearly basis. The number of employees grew by 17 to 590 since YE2010 (out of the increase 6 is due to the consolidation of OTP Faktor Slovensko).

OTP BANKA SRBIJA (SERBIA)

Performance of OTP banka Srbija:

Main components of P&L account[1] in HUF mn	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	-595	-3,958	-1,458	-63%	145%
Pre-tax profit	-595	-3,970	-1,458	-63%	145%
Operating profit	241	-339	-186	-45%	-177%
Total income	1,873	1,558	1,223	-21%	-35%
Net interest income	752	419	255	-39%	-66%
Net fees and commissions	440	437	455	4%	3%
Other net non-interest income	680	701	513	-27%	-25%
Operating expenses	-1,632	-1,897	-1,409	-26%	-14%
Provision for possible loan losses	-759	-3,224	-1,320	-59%	74%
Other provision	-77	-407	49	-112%	-163%
Main components of balance sheet[1] closing balances in HUF mn	**1Q 2010**	**4Q 2010**	**1Q 2011**	**Q-o-Q**	**Y-o-Y**
Total assets	120,189	114,796	103,765	-10%	-14%
Gross customer loans	88,904	88,753	82,127	-7%	-8%
Retail loans	33,787	35,826	34,112	-5%	1%
Corporate loans	55,117	52,928	48,015	-9%	-13%
Allowances for possible loan losses	-12,245	-18,560	-19,243	4%	57%
Deposits from customers	29,304	37,180	34,657	-7%	18%
Retail deposits	22,477	27,304	26,716	-2%	19%
Corporate deposits	6,827	9,875	7,941	-20%	16%
Liabilities to credit institutions	24,817	15,922	11,145	-30%	-55%
Subordinated debt	38,434	40,846	39,066	-4%	2%
Total shareholders' equity	25,545	17,987	16,218	-10%	-37%
Loan Quality	**1Q 2010**	**4Q 2010**	**1Q 2011**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	33,406	42,443	46,429	9.4%	39.0%
90+ days past due loans/gross customer loans (%)	37.6%	47.8%	56.5%	8.7%	19.0%
Cost of risk/average gross loans (%)	3.45%	14.19%	6.27%	-7.92%	2.82%
Total provisions/90+ days past due loans (%)	36.7%	43.7%	41.4%	-2.3%	4.8%

Performance Indicators (%)	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
ROA	-2.0%	-13.6%	-5.4%	8.2%	-3.5%
ROE	-9.1%	-78.0%	-34.6%	43.4%	-25.5%
Total income margin	6.15%	5.35%	4.54%	-0.81%	-1.61%
Net interest margin	2.47%	1.44%	0.95%	-0.49%	-1.52%
Cost/income ratio	87.1%	121.8%	115.2%	-6.6%	28.1%
Net loans to deposits	262%	189%	181%	-7%	-80%

[1] *Balance sheet and P&L lines show the aggregated financial performance of OTP Banka Srbija and OTP Factoring Serbia d.o.o*

- ***The HUF 1.5 billion quarterly loss was caused by the negative operating result and high risk cost***
- ***The portfolio quality deterioration went on and the coverage ratio declined q-o-q***
- ***The gross loan portfolio shrank q-o-q further as the lending activity remained weak and the Bank put more emphasis on the collection activity. Despite the declining deposit base, the net loan to deposit ratio improved further***

The 1Q 2011 financial performance of OTP banka Srbija was determined by the gradually deteriorating loan portfolio quality and consequently, the diminishing net interest income and high risk cost. The main reasons for the HUF 1.5 billion loss in 1Q 2011 were the low level of total revenues that did not cover the operating expenses and also, the y-o-y 50% growth in total risk cost reaching HUF 1.3 billion.

The ratio of DPD90+ loans grew further, reaching 56.5% at the end of March 2011 (+19%-points y-o-y and +8.7%-points q-o-q). Both the contracting total gross loans and the further growing loan volumes with more than 90 days delay played a role in the q-o-q accelerating loan quality deterioration. The growth in DPD90+ volumes was almost entirely attributable to the SME and corporate segment, while in case of consumer and mortgage loans either stable or just slightly worsening loan quality could be observed. The coverage ratio of DPD90+ loans reached 41.4% at the end of 1Q 2011 (+4.8%-points y-o-y, -2.3%-points q-o-q).

An important driver of total revenues 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 is deducted from the interest income line. The interest income booked but not collected in relation to these loans earlier than 1Q 2011 is reflected not through the reduction of interest income, but through the increase of other expenses. Both items are booked at the date of reclassification in one sum.

In 1Q 2011 total revenues fall by 35% y-o-y and by 19% q-o-q in HUF terms (the average exchange rate of HUF against RSD weakened by 1% q-o-q and appreciated by 4% y-o-y). The net interest income decreased q-o-q further by 37% q-o-q compared to the very low base seen in 4Q 2010 and as a result, the Bank lost 2/3 of its net interest income y-o-y. The primary reason for such significant decline is that the loan portfolio on which interest income is booked is gradually declining as the loan quality keeps weakening. The decline is further explained by the elevated interest expense in relation to interbank and customer deposits.

The 1Q net fee and commission income showed a 4% improvement q-o-q, surpassing the average net fee income of the past 4 quarters by 8%. The development of other net non-interest revenues was to a great extent influenced on the one hand by the previously suspended but in the current period collected interest income which was booked on this line; on the other hand (as a consequence of the RSD appreciation) the offset of the decrease of risk costs as a result of the revaluation of provisions due to FX-rate changes was booked on this income line. The quarterly and yearly changes of other net non-interest income can be attributed primarily to these two factors.

In 1Q 2011 26% operating cost saving was realized q-o-q from the seasonally high 4Q level. Furthermore, even in y-o-y comparison a remarkable 14% decline could be observed. Latter reflects a strong cost containment even taking into account that 30% of the yearly decline was of technical nature: the offset of interest income (booked but not collected in the previous years in relation to loans slipping into non-performing category) was much higher in the base period.

The provision for possible loan losses lagged behind the extremely high 4Q 2010 level by nearly 60%. The decline was helped by the FX revaluation of the stock of provisions that reduced the risk cost due to the strengthening RSD (this accounts for 15% of the quarterly decrease of risk cost).

The net loan to deposit ratio continued to improve in 1Q 2011 (181%, -7%-points q-o-q and -80%-points y-o-y). The deposit volumes grew by 19% y-o-y adjusted for the FX-effect, mainly reflecting the results of the deposit collection campaigns launched in 4Q 2010. Deposits dropped by 3% q-o-q in 1Q 2011 (adjusted for the FX-effect). Households' deposits performed better (+24% y-o-y and +3% q-o-q). SME and corporate deposits showed an FX-adjusted decline of 10% q-o-q as the deposit campaign offering attractive interest rates in the previous quarter phased out.

The Bank concentrated its lending activity on the RSD personal loans, which resulted in remarkable

FX-adjusted volume growth in the consumer loan segment (+20% y-o-y). In order to improve the RSD liquidity situation, the Bank's the willingness to lend in LCY in the SME and corporate segments remained weak. The FX-adjusted volume of SME loans slid by 3% and the corporate loans went down q-o-q by 5%. At the same time, the Bank strengthened the collection activity in these segments.

The number of employees amounted to 671 on 31 March 2011. The branch number did not change q-o-q but y-o-y 5 new units were opened.

CRNOGORSKA KOMERCIJALNA BANKA (MONTENEGRO)[11]

Performance of CKB:

Main components of P&L account in HUF mn	1Q 2010	4Q 2010	1Q 2011	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	-6,647	-4,740	-214	-95%	-97%
Pre-tax profit	-6,647	-4,740	-214	-95%	-97%
Operating profit	619	611	275	-55%	-56%
Total income	2,321	2,244	1,730	-23%	-25%
Net interest income	1,630	1,651	1,227	-26%	-25%
Net fees and commissions	661	760	536	-30%	-19%
Other net non-interest income	30	-167	-33	-80%	-211%
Operating expenses	-1,702	-1,633	-1,454	-11%	-15%
Provision for possible loan losses	-7,370	-4,849	-558	-88%	-92%
Other provision	104	-503	70	-114%	-33%
Main components of balance sheet closing balances in HUF mn	**1Q 2010**	**4Q 2010**	**1Q 2011**	**Q-o-Q**	**Y-o-Y**
Total assets	204,966	212,228	202,497	-5%	-1%
Gross customer loans	167,812	158,321	145,402	-8%	-13%
Retail loans	102,666	100,069	92,877	-7%	-10%
Corporate loans	65,146	58,252	52,525	-10%	-19%
Allowances for possible loan losses	-17,235	-31,149	-35,469	14%	106%
Deposits from customers	158,927	158,021	148,157	-6%	-7%
Retail deposits	92,537	101,295	95,371	-6%	3%
Corporate deposits	66,390	56,726	52,786	-7%	-20%
Liabilities to credit institutions	13,848	21,860	21,082	-4%	52%
Subordinated debt	7,223	7,532	7,210	-4%	0%
Total shareholders' equity	16,081	16,222	17,917	10%	11%
Loan Quality	**1Q 2010**	**4Q 2010**	**1Q 2011**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	23,731	42,166	49,114	16.5%	107.0%
90+ days past due loans/gross customer loans (%)	14.1%	26.6%	33.8%	7.1%	19.6%
Cost of risk/average gross loans (%)	17.13%	12.23%	1.49%	-10.74%	-15.64%
Total provisions/90+ days past due loans (%)	72.6%	73.9%	72.2%	-1.7%	-0.4%
Performance Indicators (%)	**1Q 2010**	**4Q 2010**	**1Q 2011**	**Q-o-Q**	**Y-o-Y**
ROA	-12.3%	-8.9%	-0.4%	8.5%	11.8%
ROE	-137.8%	-101.3%	-5.1%	96.3%	132.7%
Total income margin	4.28%	4.23%	3.38%	-0.85%	-0.90%
Net interest margin	3.01%	3.11%	2.40%	-0.71%	-0.61%
Cost/income ratio	73.3%	72.8%	84.1%	11.3%	10.8%
Net loans/deposit	95%	80%	74%	-6%	-21%

- ***CKB's net loss for the period 1Q 2011 was HUF 0.2 billion due to moderate provisioning and declining interest revenues***
- ***Decreasing income from core banking activities as well as net interest margin both y-o-y and q-o-q***
- ***Portfolio quality deterioration continued with a slower pace (without the effect of the loan portfolio swap), DPD90+ coverage ratio is near group average (72.2%)***
- ***Shrinking loan and deposit base, net loan-to-deposit ratio at 74%***
- ***CKB received capital injection in the amount of EUR 10 million in March 2011***

In 1Q 2011 net loss for the period was HUF 0.2 billion compared to HUF 6.6 billion net loss a year earlier, and HUF 4.7 billion net loss realized in the previous quarter. The close to breakeven point performance was mainly driven by the significant decrease in provisioning (q-o-q -88%, y-o-y -92%), even so, the Bank could not be profitable due to the q-o-q -23% decline in total income.

The y-o-y 25% decline of net interest income was primarily due to the moderated lending activity – caused by the downturn in demand for loans – and the shrinkage of the gross loan portfolio. Since 1Q 2010, HUF 19.3 billion worth of portfolio was

[11] In 4Q 2010 OTP Groups' Montenegrin collection company (OTP Factoring Montenegro d.o.o.) started its operation, therefore from 4Q 2010 CKB Bank and its subsidiary's consolidated balance sheet and P&L statement are reported.

transferred to the Montenegrin collection company, (HUF 17.6 billion in 4Q 2010, HUF 1.7 million in 1Q 2011). Transferred portfolio is still included in the balance sheet of CKB Group in gross value; however no interest income is recognized after it. In the first quarter of 2011, though interest rates on deposits were cut back further, this could only partially offset the negative effect of declining interest income, thus net interest revenues dropped 26% q-o-q. Net fees and commissions declined by 19% y-o-y as an effect of the dwindling loan portfolio. The q-o-q 30% drop is mainly caused by seasonal effects.

In 1Q 2011 operating expenses showed improvement both on y-o-y and q-o-q basis. The 15% decrease y-o-y is due to the strict cost control, while the 11% decrease q-o-q is due to the high 4Q base caused by one-off other expenses. Personnel expenses remained flat q-o-q.

Provisions were cut back significantly (-88% q-o-q), since the pace of portfolio deterioration (DPD90+ ratio increased from 26.6% to 33.8%) slowed down if adjusted for the technical effect of a portfolio swap between OTP Core and CKB (adjusted DPD90+ rate changed from 26.6% to 29.0%). The technical transfer was as follows: in March 2011 corporate loan swap was arranged between CKB and OTP Bank. OTP Core gave back to CKB those lower quality loans with higher coverage which were taken over by OTP Core from CKB previously. Simultaneously almost similar volume of gross loans – with better quality and because of that with lower coverage ratio – was taken over by OTP Core from CKB. From legal aspects giving back of the previously swapped portfolio was necessary because of the enforceability of the collaterals. The transfer had a negative effect on the quality of CKB's loan portfolio; it caused an increase of more than 3%-points in the DPD90+ rate, whilst boosting the coverage ratio by more than 5%. Therefore favourable coverage level on non performing loans could be kept with moderate provisioning, the ratio declined slightly (-1.75% q-o-q) yet, it is still near group average. It stood at 72.2% at the end of 1Q 2011.

As an effect of the decrease of the total gross loan portfolio and the increase of non-performing loans, DPD90+ ratios grew in every segment, however the pace of growth decelerated q-o-q, partly due to the Bank's new soft collection strategy. In case of retail mortgage loans DPD90+ ratio reached 15.9% (+1.7%-points q-o-q), in case of consumer loans it reached 23.0% (+3.6%-points q-o-q); in case of corporate loans it reached 41.2% (+14.9%-points q-o-q boosted by the portfolio swap, without it the ratio increased +1.7%-points q-o-q to 28.1%), at the same time DPD90+ ratio of the SME sector increased by 4.2%-points q-o-q to 46.8%.

During 1Q 2011 demand for loans remained moderated, the FX-adjusted decrease of the loan portfolio continued in every segment. Corporate loan book diminished by 19% y-o-y, 5% q-o-q, while the retail loans decreased by 9% y-o-y and 3% q-o-q. Deposit base also decreased by 6% y-o-y, mainly driven by the significant withdrawal of corporate deposits (-20% y-o-y), while it was only partially offset by the increase of the retail deposit base (+3% y-o-y). On quarterly basis, corporate and retail deposits remained almost flat (-1% q-o-q, -2% q-o-q)

Given the change in the structure of business volumes, net loan-to-deposit ratio decreased to 74% (-6%-points q-o-q, -21%-points y-o-y).

CKB Bank received a capital injection in the amount of EUR 10 million from its parent company in March 2011.

STAFF LEVEL AND OTHER INFORMATION

Methodological note: The headcount reporting methodology was modified in 1Q 2011. Against the methodology used previously the sum of employees includes only active, full-time employees (daily 8, monthly 40 hours), the number of part-time employees was recalculated according to this methodology. The previous periods were not adjusted retroactively. The headcount number of subsidiaries contains the number of employees of leasing, factoring and other consolidated companies.

The closing staff number of OTP Group was 30,154 as at 31 March 2011, in case of the Russian and Ukrainian subsidiary the scaling up of agent network is in focus parallel with the POS-lending pick-up.

In 1Q 2011 the distribution network of OTP Group expanded further, more than 1,484 branches, 4,082 ATM and more than 57 thousand POS-terminals were available for clients. The number of issued bank cards was almost 14 million.

	31/03/2010	31/12/2010	31/03/2011	Q-o-Q	Y-o-Y
OTP Bank					
Closing headcount (person)	7,845	7,800	7,787	0%	-1%
Per capita total asset (HUF million)	843	815	832	2%	-1%
Per capita quarterly after-tax profit (HUF million)	10.4	3.2	4.6	44%	-56%
OTP GROUP					
Closing headcount (person)	30,528	30,367	30,154	-1%	-1%
Per capita total asset (HUF million)	312	322	321	0%	3%
Per capita quarterly after-tax profit (HUF million)	1.4	0.6	1.2	113%	-12%

	31 March 2011						31 December 2010					
	Bank branches	ATM	POS	Bank cards (th)	Number of banking clients (th)	Staff (closing)	Bank branches	ATM	POS	Bank cards (th)	Number of banking clients (th)	Staff (closing)
OTP Core*	**379**	**1,995**	**39,782**	**3,834**	**4,580**	**8,031**	**380**	**1,995**	**39,231**	**3,841**	**4,592**	**8,034**
OTP Bank Russia	159	249	2,218	7,622	3,782	4,858	155	249	2,218	7,394	3,715	4,768
DSK Group	389	873	4,522	1,203	2,933	4,359	387	880	5,049	1,196	2,978	4,321
OTP Bank Ukraine	189	207	400	130	352	3,309	189	216	400	124	337	3,075
OTP Bank Romania	100	132	1,217	177	225	987	106	138	1,106	171	219	1,104
OTP banka Hrvatska	104	217	1,036	389	383	972	105	217	1,102	385	382	1,016
OTP Banka Slovensko	76	115	676	118	195	590	76	117	671	119	193	573
OTP Banka Srbija	55	189	3,766	101	339	671	55	190	4,054	100	349	708
CKB	33	105	3,868	164	306	434	33	105	3,819	167	290	451
Foreign banks total	**1,105**	**2,087**	**17,703**	**9,903**	**8,515**	**16,179**	**1,106**	**2,112**	**18,419**	**9,656**	**8,464**	**16,016**
Other Hungarian and foreign subsidiaries						650						959
Group total (aggregated)	***1,484***	***4,082***	***57,485***	***13,737***	***13,095***	***30,154***	***1,486***	***4,107***	***57,650***	***13,497***	***13,056***	***30,367***
Group total (aggregated w/o contractual agents)						***24,210***						***25,009***

OTP Bank Russia	31 March 2011	31 December 2010
Total number of agents	***14,576***	***13,845***
employed agents	5,294	5,358
contractual agents	9,282	8,487
Other employees	4,858	4,768

** The headcount of OTP Core includes OTP Bank, OTP Mortgage Bank, OTP Flat Lease, OTP Faktoring*

PERSONAL AND ORGANIZATIONAL CHANGES

In the first quarter of the year 2011 there was neither change in the composition of the Supervisory Board, Board of Directors nor in the Auditor of the Bank.

FINANCIAL DATA

UNCONSOLIDATED AND CONSOLIDATED IFRS STATEMENT OF FINANCIAL POSITION

In HUF million	OTP Bank			Consolidated		
	31/03/2011	31/12/2010	change	31/03/2011	31/12/2010	change
Cash, due from banks and balances with the National Bank of Hungary	191,650	171,677	12%	458,061	513,038	-11%
Placements with other banks, net of allowance for possible placement losses	602,774	794,686	-24%	435,513	511,244	-15%
Financial assets at fair value through profit and loss	313,418	248,790	26%	302,963	233,667	30%
Securities available-for-sale	1,867,336	1,477,930	26%	1,422,411	1,008,097	41%
Loans, net of allowance for loan losses	2,563,334	2,723,784	-6%	6,303,137	6,741,059	-6%
Investments in subsidiaries	639,541	637,819	0%	9,541	11,554	-17%
Securities held-to-maturity	139,621	154,003	-9%	152,005	172,302	-12%
Premises, equipment and intangible assets, net	104,633	105,149	0%	461,442	480,828	-4%
Other assets	54,521	44,512	22%	127,373	109,157	17%
TOTAL ASSETS	**6,476,828**	**6,358,350**	2%	**9,672,446**	**9,780,946**	-1%
Due to banks and deposits from the National Bank of Hungary and other banks	722,126	741,845	-3%	644,100	681,949	-6%
Deposits from customers	3,444,417	3,279,573	5%	5,854,156	5,821,489	1%
Liabilities from issued securities	528,558	512,466	3%	1,028,984	1,035,153	-1%
Financial liabilities at fair value through profit or loss	151,655	257,328	-41%	148,873	257,052	-42%
Other liabilities	284,468	231,288	23%	417,671	385,744	8%
Subordinated bonds and loans	288,209	297,638	-3%	279,694	290,630	-4%
TOTAL LIABILITIES	**5,419,433**	**5,320,138**	2%	**8,373,478**	**8,472,017**	-1%
SHARE CAPITAL	28,000	28,000	0%	28,000	28,000	0%
RETAINED EARNINGS AND RESERVES	1,033,046	1,013,941	2%	1,317,437	1,327,638	-1%
TREASURY SHARES	-3,651	-3,729	-2%	-52,519	-52,597	0%
MINORITY INTEREST				6,050	5,888	3%
TOTAL SHAREHOLDERS' EQUITY	1,057,395	1,038,212	2%	1,298,968	1,308,929	-1%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**6,476,828**	**6,358,350**	2%	**9,672,446**	**9,780,946**	-1%

UNCONSOLIDATED AND CONSOLIDATED IFRS STATEMENT OF RECOGNIZED INCOME

in HUF million	OTP Bank			Consolidated		
	1Q 2011	1Q 2010	change	1Q 2011	1Q 2010	change
Loans	54,880	57,074	-4%	184,185	186,196	-1%
Interest income without swap	52,330	54,541	-4%	181,635	183,735	-1%
Results of swaps	2,550	2,533	1%	2,550	2,461	4%
Placements with other banks	60,560	94,892	-36%	77,679	92,340	-16%
Interest income without swap	4,108	6,217	-34%	1,947	1,572	24%
Results of swaps	56,452	88,675	-36%	75,732	90,768	-17%
Due from banks and balances with the National Bank of Hungary	1,360	1,306	4%	1,442	1,396	3%
Securities held-for-trading	474	972	-51%	319	776	-59%
Securities available-for-sale	26,248	25,645	2%	17,790	18,297	-3%
Securities held-to-maturity	2,527	4,052	-38%	2,076	3,013	-31%
Total Interest Income	146,049	183,941	-21%	283,491	302,018	-6%
Due to banks and deposits from the National Bank of Hungary and other banks	46,587	81,961	-43%	60,319	77,820	-22%
Interest expenses without swap	3,903	6,306	-38%	3,793	7,747	-51%
Losses of swaps	42,684	75,655	-44%	56,526	70,073	-19%
Deposits from customers	33,653	35,942	-6%	53,656	61,272	-12%
Interest expenses without swap	29,618	32,471	-9%	49,621	58,025	-14%
Losses of swaps	4,035	3,471	16%	4,035	3,247	24%
Liabilities from issued securities	7,875	8,953	-12%	14,478	17,020	-15%
Subordinated bonds and loans	3,978	4,014	-1%	3,290	3,225	2%
Other entrepreneurs	0	0		879	48	
Total Interest Expense	92,093	130,870	-30%	132,622	159,385	-17%
NET INTEREST INCOME	**53,956**	**53,071**	**2%**	**150,869**	**142,633**	**6%**
Provision for possible loan losses	7,907	18,722	-58%	47,198	56,324	-16%
Provision for possible placement losses	-517	-404	28%	-128	-1,502	-91%
Provision for possible loan and placement losses	7,390	18,318	-60%	47,070	54,822	-14%
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN AND PLACEMENT LOSSES	46,566	34,753	34%	103,799	87,811	18%
Fees and commissions	26,802	38,359	-30%	41,565	39,826	4%
Foreign exchange gains and losses, net	-3,187	3,866	-182%	-3,651	4,448	-182%
Gains and losses on securities, net	-220	1,005	-122%	515	310	66%
Gains and losses on real estate transactions, net	0	0		255	198	29%
Dividend income and gains and losses of associated companies	20,561	48,089	-57%	360	30	
Other	194	257	-25%	4,806	5,203	-8%
Total Non-Interest Income	44,150	91,576	-52%	43,850	50,015	-12%
Fees and commissions	4,894	4,462	10%	7,978	8,687	-8%
Personnel expenses	16,276	17,874	-9%	39,308	38,306	3%
Depreciation and amortization	5,954	5,758	3%	11,740	11,421	3%
Other	27,142	8,048	237%	45,878	25,234	82%
Total Non-Interest Expense	54,266	36,142	50%	104,904	83,648	25%
INCOME BEFORE INCOME TAXES	**36,450**	**90,187**	**-60%**	**42,745**	**54,178**	**-21%**
Income taxes	666	8,429	-92%	5,558	11,820	-53%
INCOME AFTER INCOME TAXES	**35,784**	**81,758**	**-56%**	**37,187**	**42,358**	**-12%**
Minority interest	0	0		-205	5	
NET INCOME	**35,784**	**81,758**	**-56%**	**36,982**	**42,363**	**-13%**

UNCONSOLIDATED AND CONSOLIDATED IFRS STATEMENT OF CASH FLOWS

in HUF million	OTP Bank			Consolidated		
	31/03/2011	31/03/2010	change	31/03/2011	31/03/2010	change
OPERATING ACTIVITIES						
Income before income taxes	36,450	90,187	-60%	42,745	54,178	-21%
Adjustments to reconcile income before income taxes to net cash provided by operating activities						
Income tax paid	-2,029	-7,404	73%	-6,954	-6,236	-12%
Goodwill impairment	0	0	0%	0	0	0%
Depreciation, amortization	5,954	5,758	3%	11,740	11,421	3%
Provision for loan and placement losses	13,372	10,099	32%	46,832	46,062	2%
Share-based compensation	0	1,572	-100%	0	1,572	-100%
Unrealised losses on fair value adjustment of securities held of trading	535	5,642	-91%	524	878	-40%
Unrealised losses / (gains) on fair value adjustment of derivative financial instruments	5,377	-650	927%	-40,429	-3,755	-977%
Changes in operating assets and liabilities	119,165	49,952	139%	350,108	88,874	294%
Net cash provided by operating activities	**178,824**	**155,156**	**15%**	**404,566**	**192,994**	**110%**
INVESTING ACTIVITIES						
Net cash used in investing activities	**-139,829**	**289,298**	**-148%**	**-297,117**	**269,966**	**-210%**
FINANCING ACTIVITIES						
Net cash provided by financing activities	**-16,138**	**-387,394**	**96%**	**-130,043**	**-436,394**	**70%**
Net (decrease) / increase in cash and cash equivalents	**22,857**	**57,060**	**-60%**	**-22,594**	**26,565**	**-185%**
Cash and cash equivalents at the beginning of the period	88,197	105,679	-17%	255,045	243,541	5%
Cash and cash equivalents at the end of the period	**111,054**	**162,739**	**-32%**	**232,451**	**270,107**	**-14%**
DETAILS OF CASH AND CASH EQUIVALENTS						
Cash, due from banks and balances with the National Bank of Hungary	171,677	178,217	-4%	513,038	505,649	1%
Mandatory reserve established by the National Bank of Hungary	-83,480	-72,538	-15%	-257,993	-262,108	2%
Cash and equivalents at the beginning of the period	**88,197**	**105,679**	**-17%**	**255,045**	**243,541**	**5%**
Cash, due from banks and balances with the National Bank of Hungary	191,650	244,285	-22%	458,061	535,194	-14%
Compulsory reserve established by the National Bank of Hungary	-80,596	-81,546	1%	-225,610	-265,087	15%
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**111,054**	**162,739**	**-32%**	**232,451**	**270,107**	**-14%**

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 2011	***28,000***	***52***	***28***	***1,383,026***	***-55,468***	***-52,597***	***5,888***	***1,308,929***
	0	0	0	0	0	0	0	0
Comprehensive income for the period	--	--	--	10,812		--	--	10,812
Share-based payment	--	--				--	--	0
Closed share-based payment								0
Treasury stock transactions								0
Dividend payment of the year 2009	--	--	--	-20,160		--	--	-20,160
Put options on treasury shares								0
Repurchased treasury shares								0
- sale of Treasury shares	0	0	0	0	0	2,477	0	2,477
- loss on sale of Treasury shares	0	0	0	-16	0	0	0	-16
- change in the volume of Treasury shares	0	0	0	0	0	-2,399	0	-2,399
ICES (convertible bond) - payments to owners	0	0	0	-837	0	0	0	-837
Minority interest	--	--	--	--	--	--	162	162
Balance as at 31 March 2011	***28,000***	***52***	***28***	***1,372,825***	***-55,468***	***-52,519***	***6,050***	***1,298,968***

Ownership structure of OTP Bank Plc.

Description of owner	Total equity					
	1 January 2010			31 December 2010		
	%[1]	%[2]	Qty	%[1]	%[2]	Qty
Domestic institution/company	16.8%	17.0%	46,993,728	17.8%	18.0%	49.737.898
Foreign institution/company	69.9%	71.0%	195,839,614	67.6%	68.6%	189.216.429
Domestic individual	7.4%	7.5%	20,639,194	7.6%	7.8%	21.398.556
Foreign individual	0.1%	0.1%	409,291	1.3%	1.3%	3.516.676
Employees, senior officers	1.7%	1.8%	4,875,825	1.7%	1.8%	4.875.825
Treasury shares	1.5%	0.0%	4,226,432	1.5%	0.0%	4.181.541
Government held owner[3]	0.4%	0.4%	1,230,367	0.5%	0.5%	1.287.526
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	2,152,872	2,107,981			
Subsidiaries	2,073,560	2,073,560			
TOTAL	4,226,432	4,181,541			

Shareholders with over/around 5% stake

Name	Number of shares	Voting rights	Beneficial ownership
Megdet, Timur and Ruszlan Rahimkulov	24,851,492	8.88%	9.01%
MOL (Hungarian Oil and Gas Company Plc.)	24,000,000	8.57%	8.70%
Groupama Group	23,257,160	8.31%	8.43%

Changes in the headcount (number of persons) employed by the Bank and the subsidiaries[1]

	End of reference period	Current period opening	Current period closing
Bank	7,845	7,800	7,787
Consolidated	30,528	30,367	30,154

[1] Because of methodological changes 1Q 2011 period is not comparable with former periods.

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	30,681
IT	Péter Braun	member	527,905
IT	Dr. István Kocsis	member	81,600
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	Daniel Gyuris	Deputy CEO	0
SP	Ákos Takáts	Deputy CEO	153,347
SP	László Wolf	Deputy CEO	654,640
TOTAL No. of shares held by management:			**2,337,731**

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

(2) Within OTP Group, 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. Within OTP Group, the full range of financing and investments into non-OTP Core subsidiaries is allocated to the Corporate Centre. Main subsidiaries financed by Corporate Centre are as follows: 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.

(3) From 4Q 2008 figures are based on the aggregated financial statements of OTP Bank JSC and LLC OTP Leasing Ukraine, from 4Q 2009 the result of LLC OTP Factoring Ukraine was also aggregated, while in 4Q 2010 the financial statement and balance sheet of LLV OTP Credit was also added.

(4) From 3Q 2010, statements are based on the aggregated financials of DSK Group and the newly established Bulgarian collection company - OTP Factoring Bulgaria LLC.

(5) Including the financial performance of OTP Factoring Serbia d.o.o from 4Q 2010.

(6) Aggregated after tax profit of Merkantil Bank and Merkantil Car without dividends, net cash transfer and provisioning for investments in subsidiaries.

(7) From 4Q 2009: OTP Leasing Romania IFN S.A. (Romania), Z plus d.o.o. (Croatia), OTP Leasing d.d. (Croatia), DSK Leasing AD (Bulgaria).

(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, after tax profit of strategic open FX position, goodwill write-offs and special tax on financial institutions are shown separately and after-tax on the adjusted Statement of Recognised 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 the net amount of other non-interest income from non-financial activities.
- Out of other expenses, other provisions are deducted and shown separately as other risk costs in 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.
- Other administrative expenses have been adjusted in the following way in order to create a category comprising material cost items exclusively. Other costs and expenses and other non-interest expenses were included into the adjusted Other non-interest expenses. At the same time, the following cost items were excluded from adjusted other non-interest expenses: paid cash transfers – except for movie subsidies and cash transfers to public benefit organisations, which are quasi marketing expenses but kept as paid cash transfer on the P&L –, Other non-interest expenses and Special tax on financial institutions.
- 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.
- In 2010, the fee expenses paid by Merkantil Group to car dealers (’dealer fees’) were registered as interest expense on the income statement. Earlier this item had been booked as fee expense. In order to create a comparable time series, dealer fees are reclassified from net interest income to net fees and commissions – both on the consolidated and on a standalone level.
- Within the aggregated income statement of Merkantil Bank and Car, other risk cost related to leasing companies – as investments of the Merkantil Group – is eliminated. The reason behind is that this provisioning is eliminated in the consolidated income statement of OTP Group, and only the net result of the leasing companies is making part of OTP Group’s consolidated net earnings.
- 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 after tax effect of the goodwill write-downs and the effect of special banking tax. Cost/income ratio is calculated from operating costs, excluding other risk costs.
- Regarding consolidated ROA and ROE indicators of the year 2010 are calculated from the adjusted profit after tax of the Group, however regarding 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 10	2Q 10	3Q 10	4Q 10 Audited	2010 Audited	1Q 11
Net interest income	**142,633**	**172,332**	**150,260**	**151,200**	**616,425**	**150,868**
(-) Agent fees paid to car dealers by Merkantil Group				-3,929	-3,929	-856
Net interest income (adj)	**142,633**	**172,332**	**150,260**	**155,130**	**620,354**	**151,724**
Net fees and commissions	**31,141**	**33,983**	**33,997**	**41,510**	**140,631**	**33,587**
(+) Agent fees paid to car dealers by Merkantil Group				-3,929	-3,929	-856
Net fees and commissions (adj.)	**31,141**	**33,983**	**33,997**	**37,581**	**136,702**	**32,731**
Gain/loss on securities, net	**311**	**3,088**	**1,949**	**98**	**5,445**	**516**
(+) Release of other provisions for securities	9,384	0	0	0	9,384	0
Gain/loss on securities, net (adj.)	**9,695**	**3,088**	**1,949**	**98**	**14,829**	**516**
Gains and losses on real estate transactions	**198**	**341**	**194**	**112**	**845**	**255**
(+) Other non-interest income	**5,202**	**6,084**	**5,472**	**4,133**	**20,891**	**4,807**
(-) Received cash transfers	1	21	36	-26	32	0
(-) Non-interest income from the release of pre-acquisition provisions	334	300	-576	108	165	775
(+) Other non-interest expenses	-346	-448	-1,664	-1,653	-4,112	-2,625
Net other non-interest result (adj)	**4,719**	**5,655**	**4,542**	**2,510**	**17,426**	**1,662**
Provision for possible loan losses	**-54,822**	**-96,406**	**-52,121**	**-69,675**	**-273,024**	**-47,070**
(+) Non-interest income from the release of pre-acquisition provisions	334	300	-576	108	165	775
Provision for possible loan losses (adj)	**-54,488**	**-96,105**	**-52,697**	**-69,567**	**-272,859**	**-46,295**
Other expenses	**-25,234**	**-36,844**	**-54,460**	**-59,204**	**-175,742**	**-45,878**
(-) Other provisions	8,761	551	-724	910	9,498	237
(-) Paid cash transfers	-350	-213	-79	-1,556	-2,199	-205
(+) Film subsidies and cash transfers to public benefit organisations	-298	-227	-38	-1,142	-1,704	-176
(-) Other non-interest expenses	-346	-448	-1,664	-1,653	-4,112	-2,625
(-) Special tax on financial institutions			-18,038	-18,060	-36,098	-8,866
Other expenses (adj)	**-33,596**	**-36,960**	**-33,992**	**-39,986**	**-144,535**	**-34,595**
Other risk costs	**8,761**	**551**	**-724**	**910**	**9,498**	**237**
(-) Release of other provisions for securities	9,384	0	0	0	9,384	0
Other risk costs (adj)	**-624**	**551**	**-724**	**910**	**113**	**237**
After tax dividends and net cash transfers	**-319**	**-134**	**266**	**-1,028**	**-1,215**	**155**
(-) Film subsidies and cash transfers to public benefit organisations	-298	-227	-38	-1,142	-1,704	-176
After tax dividends and net cash transfers	**-21**	**92**	**303**	**114**	**488**	**331**
Depreciation	**-11,423**	**-30,578**	**-12,621**	**-12,702**	**-67,324**	**-11,740**
(-) Goodwill impairment charges (OTP banka Srbija (Serbia), OTP Bank JSC (Ukraine))	0	-18,519	0	0	-18,519	0
Depreciation (adj)	**-11,423**	**-12,059**	**-12,621**	**-12,702**	**-48,805**	**-11,740**

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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