OTP Bank Plc.

Interim Management Report
First quarter 2010 result

(English translation of the original report submitted

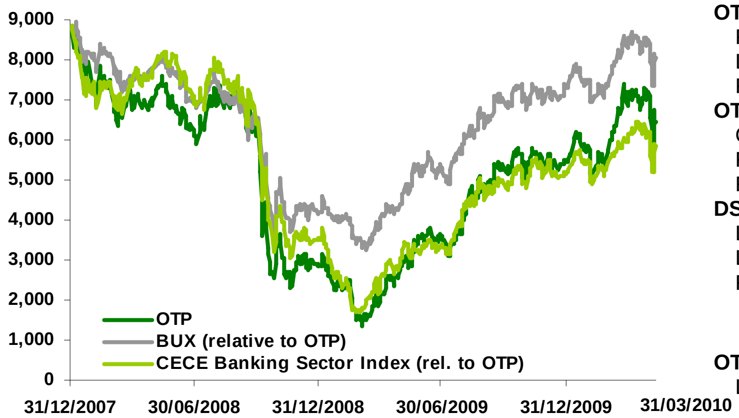
to the Budapest Stock Exchange)

Budapest, 19 May 2010

CONSOLIDATED FINANCIAL HIGHLIGHTS[1] AND SHARE DATA

Main components of the Statement of recognised income in HUF mn	1Q 2009	4Q 2009	1Q 2010	Q-o-Q	Y-o-Y
Consolidated after tax profit	**41,809**	**20,284**	**42,358**	**109%**	**1%**
Consolidated after tax profit without the result of strategic open FX position and consolidated dividend and net cash transfers	**43,341**	**20,386**	**42,379**	**108%**	**-2%**
Pre-tax profit	63,497	24,661	54,199	120%	-15%
Operating profit	115,090	106,879	109,311	2%	-5%
Total income	200,722	201,428	192,637	-4%	-4%
Net interest income (adj.)	158,126	152,780	142,633	-7%	-10%
Net fees and commissions	31,877	34,454	31,141	-10%	-2%
Total other non-interest income (adj.)	10,718	14,194	18,863	33%	76%
Operating expenses (adj.)	-85,631	-94,549	-83,326	-12%	-3%
Provision for loan losses (adj.)	-45,401	-79,406	-54,488	-31%	20%
Other cost of risk	-6,193	-2,813	-624	-78%	-90%
Main components of balance sheet closing balances in HUF mn	1Q 2009	4Q 2009	1Q 2010	Q-o-Q	Y-o-Y
Total assets	10,098,840	9,755,132	9,526,706	-2%	-6%
Placements with other banks and securities	425,380	440,850	430,325	-2%	1%
Total customer loans and advances (gross)	**7,719,371**	**6,907,094**	**6,916,353**	**0%**	**-10%**
Allowances for loan losses	-334,706	-494,378	-553,409	12%	65%
Liabilities due to banks and governments	965,256	802,749	600,475	-25%	-38%
Total customer deposits	**5,551,469**	**5,688,887**	**5,744,609**	**1%**	**3%**
Issued securities	1,498,349	1,410,348	1,184,848	-16%	-21%
Subordinated loans	336,316	280,834	278,419	-1%	-17%
Total shareholders' equity	1,151,087	1,191,606	1,255,524	5%	9%
Indicators %	1Q 2009	4Q 2009	1Q 2010	Q-o-Q	Y-o-Y
ROA	1.7%	0.8%	1.8%	1.0%	0.0%
ROE	15.4%	6.8%	14.0%	7.2%	-1.4%
Operating profit margin (adj.)	4.80%	4.36%	4.60%	0.24%	-0.20%
Total income margin (adj.)	8.36%	8.22%	8.10%	-0.11%	-0.26%
Net interest margin (adj.)	6.59%	6.23%	6.00%	-0.23%	-0.59%
Risk cost to average gross loans (adj.)	2.50%	4.59%	3.23%	-1.37%	0.73%
Cost/income ratio (adj.)	42.7%	46.9%	43.3%	-3.7%	0.6%
Net loan/(deposit+retail bond) ratio	130%	108%	106%	-2%	-24%
Capital adequacy ratio (consolidated, IFRS)	15.2%	17.2%	17.5%	0.3%	2.3%
Tier1 ratio (consolidated, IFRS)	10.2%	13.7%	13.8%	0.1%	3.6%
Core Tier1 ratio (consolidated, IFRS)	8.6%	12.0%	12.1%	0.1%	3.5%
Share Data	1Q 2009	4Q 2009	1Q 2010	Q-o-Q	Y-o-Y
EPS diluted (HUF)	167	78	157	101%	-6%
Closing price (HUF)	1,945	5,456	6,871	26%	253%
High (HUF)	3,170	5,790	7,400	28%	133%
Low (HUF)	1,355	5,000	5,130	3%	279%
Market Capitalization (EUR billion)	1.8	5.6	7.2	28%	310%
P/BV	0.5	1.3	1.5	20%	224%
P/E (trailing, from adjusted net earnings)	2.6	10.1	12.8	27%	383%
Average daily turnover (EUR million)	31	50	61	21%	94%

SHARE PRICE PERFORMANCE (INDEXED)



MOODY'S RATINGS

OTP Bank	
Foreign currency long term deposits	Baa1
Local currency long term deposits	Baa1
Financial strength	D+
OTP Mortgage Bank	
Covered mortgage bond	A2
Foreign currency long term deposits	Baa1
Financial strength	D+
DSK Bank	
Long term deposits	Baa3
Local currency long term deposits	Baa3
Financial strength	D+

STANDARD & POOR'S RATINGS

OTP Bank and OTP Mortgage Bank	
Long term credit rating	BB+

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

INTERIM MANAGEMENT REPORT – OTP BANK'S RESULTS FOR FIRST QUARTER 2010

Interim Management Report for the first quarter 2010 results of OTP Bank Plc. has been prepared according to the 21/2010. (V. 12.) PM resolution on the basis of its unconsolidated and consolidated condensed IFRS financial statements for 31 March 2010 or derived from that. At presentation of first quarter 2010 report of OTP Bank we applied International Financial Reporting Standards adopted by the European Union.

SUMMARY OF THE FIRST QUARTER 2010

Improving macroeconomic indicators, benign loan demand except in Russia

A particular dualism has prevailed in 1Q. On one hand positive trends already started from 4Q 2009 gained further momentum, almost all countries across the OTP universe have bottomed out: industrial production and GDP slowly grew, local currencies stabilized and even strengthened, sovereign credit spreads tightened significantly hence improving access to debt capital markets. On the other hand loan demand remained weak both in retail and corporate segments.

In Hungary the central bank continued its monetary loosening, by the end of April the policy rate dropped to 5.25%. At the same time HUF remained stable, even a moderate appreciation took place. That was also supported by the continuous current account and trade surplus and the generally positive expectations towards the new government and its majority surpassing two third of the seats in the Parliament. Yields declined by 100-130 bps across the whole curve in the past three months. However, March unemployment rate hit 17-year record, a strong proof for the cautious borrowing of the households.

As for the rest of the Group, in Russia positive trends gained further momentum, the sovereign successfully returned back to international bond markets after 12 years of absence, lending activity has been gradually growing in the whole banking sector and OTP Bank Russia made use of it. In the Ukraine the outcome of presidential elections had a strong stabilizing effect on the political landscape. As a result of the recent agreement with Russia the manoeuvring room of the new government has widened a lot, market sentiment improved and the local currency kept firmly below USD/UAH 8 level. In 2010 OTP Ukraine will still focus on the management of restructured loan portfolio and the improvement of its collection activity; however from 2011 a steady loan growth is expected.

In Bulgaria the government revised the original 2009 deficit figures upward and it somewhat harmed the market sentiment. Also, the country temporarily postponed its ERM II application. Still, the general stability indicators are good, though as a result of the fixed exchange rate mechanism and the relatively narrow path of the fiscal policy growth prospects may suffer in the coming years. In Romania, the government managed to revise the original deficit targets with the IMF, but in exchange it was obliged to implement structural adjustments and a rigorous fiscal policy which will, in turn, bring about a slower economic recovery.

Among the smaller markets Slovakia has already enjoyed a faster growth this year and Serbia seems to be out of the woods. As for Croatia and Montenegro, one should note that global recession hit them only moderately in 2009 due to the successful tourism season last year. In 2010, however, there are lots of uncertainties, especially Montenegro may face substantial economic contraction, thus the loan portfolio will definitely deteriorate.

As a result of the improving macroeconomic conditions and the successful crisis management rating agencies also became more optimistic. Out of their recent rating moves the most important ones are the outlook change from negative to stable by S&P for OTP Bank and by Fitch for the Ukrainian sovereign respectively.

While the outstandingly strong liquidity reserves of OTP Group wouldn't require any additional external funds, for the sake of strategic financing OTP Bank issued an inaugural 2 year, CHF 100 million senior bond in February, whereas OTP Mortgage Bank printed EUR 300 million covered bonds in March. On the top of that OTP Bank prepaid the remaining EUR 700 million part of the State loan in March well ahead of the original due date.

Stable liquidity, improving loan-to-deposit ratio

Compared to previous quarters deposit collection continued with lower intensity, whereas loan volumes basically stagnated. Amongst Group members the Ukrainian and Romanian subsidiaries had the most significant improvement in their loan-to-deposit ("LTD") ratios (-145%-points y-o-y and -141%-points respectively). As a result the consolidated LTD ratio dropped to 120% (-19%-points y-o-y), the net loan/(deposit + retail bond) ratio moderated to 106% (-24%-points y-o-y). As a result of their favourable liquidity positions, several foreign subsidiaries managed to pay back their interbank liabilities to OTP Bank which beefed up reserves and will have a positive effect on those banks' interest expenditures.

Strong operating income, better than expected consolidated net earnings

Due to the highly unpredictable operating environment and risk cost developments, the management refrained from providing any particular P&L guidance for 2010. The post-balance sheet extreme market reactions, the hectic currency and credit spread moves related mainly to Greece and other peripheral Eurozone countries well illustrated how fragile the market recovery is and how rapidly market sentiment can shift. In 1Q the Group realized HUF 42.4 billion after tax results more than double posted in 4Q 2009 and being even higher than a year ago. In future we will use the accounting results, given that starting from 2Q 2009 there has been no meaningful difference between them and the adjusted consolidated earnings. The before tax quarterly earnings improved by 120% q-o-q. Such results were achieved despite significant risk costs and declining net interest income. In the last three months the Group realized a one-off gain of HUF 6.5 billion within the net gains on securities line from the revaluation of Hungarian government bonds. On the opposite side, with the aim of boosting the coverage ratio the Company made pre-cautionary provisionings of HUF 16.8 billion (at OTP Russia: HUF 4.6 billion, at OTP Ukraine: HUF 7.5 billion, whereas at CKB in Montenegro: HUF 4.7 billion). No Upper Tier2 capital buyback occurred in 1Q and the effective tax rate was 21.8%. For the rest of the year that will be risk cost developments and the business activity having major impact on net earnings. While the ratio of problem loans – yet at slower speed – still grew, the formation of new DPD90+ shows a declining trend since 2Q 2009.

Key drivers of the P&L: moderate decline in NII, increasing risk costs, stringent cost control

In 1Q 2010 OTP Group posted HUF 142.6 billion net interest results against HUF 158.1 billion a year ago and HUF 152.8 billion realized in 4Q 2009. As expected, the lower interest rate environment and the stronger HUF, as well as suspending accrual of DPD30+ interest income and other risk costs from January 2010 in Ukraine resulted in weaker net interest income ("NII") and lower net interest margin ("NIM") (6.00%). Higher NIMs in Russia and Bulgaria could only partly mitigate that trend.

Net F&C income declined by 2% y-o-y and 10% q-o-q reflecting weaker business volumes and transaction revenues.

Other non interest revenue grew by 76% y-o-y and 33% q-o-q respectively. Within that the single most important turnaround was realized on net FX gain and loss line: against a loss of HUF 13.3 billion a year ago, the Group posted HUF 4.5 billion positive results. OTP Group realized a HUF 9.7 billion gain on securities mainly due to the steady decline in Hungarian yields.

There was no buyback of outstanding debts (ie. UT2) in 1Q, and no one-offs supported the quarterly result of other net non interest income.

Operating expenses dropped to HUF 83.3 billion marking a substantial decline both y-o-y and q-o-q (-3% and -12%). Such a stringent cost management is especially remarkable given that several Group members witnessed high single- or even double digit consumer price inflation in past 12 months. In the last 12 months material expenses dropped by 6%, while personal expenses moderated by 3% due to staff reduction, halt in network extension or closure of branches (in Serbia, Slovakia and the Ukraine). The cost-to-income ratio (43.3%) increased by 0.6%-points y-o-y (as revenues dropped by 4%), but improved by 3.7% q-o-q.

Better macroeconomic indicators had little impact on loan demand so far: gross loan volumes stagnated q-o-q and delined by -10% y-o-y, the FX-adjusted portfolio change was -1% q-o-q and -2% y-o-y respectively. Share of DPD90+ portfolio increased from 9.8% to 10.7%. The amount of total risk costs (HUF 55.1 billion) exceeded that of a year ago (HUF 51.6 billion), but fall significantly short of 4Q 2009 (HUF 82.2 billion). As a result the DPD90+ coverage further improved (75.8%, +2.2%-points q-o-q).

Outstanding consolidated and stand-alone capital adequacy ratio

OTP Group's IFRS capital adequacy ratio ("CAR") improved by 2.3%-points y-o-y reaching 17.5% by the end of March 2010. Its Tier1 ratio grew to 13.8% (+3.6%-points y-o-y). Both levels exceed significantly those of for the competitors.

The unconsolidated HAS-based stand-alone CAR of the Bank reached 17.6%, being by 5.3%-points higher than a year ago. As a result of the outstandingly strong capital position of OTP Bank, on 29 April 2010 the Company initiated the termination of its agreement with EBRD on a EUR 200 million Lower Tier 2 subordinated loan.

Under the current nervousness of markets it is important to note that the Bank's exposure to the Southern Euro zone countries is very limited: all-in it holds EUR 1.9 million Greek government bonds due in 2011. Its total exposure to the Greek, Portuguese, Italian and Spanish markets (govies, swaps, repo, interbank facilities) in total represents EUR 10 million.

In Hungary: forward looking provisioning supported by stable local earning base, pick up in mortgage lending, successful liability management

OTP Core realized HUF 40.3 billion 1Q net results being flat y-o-y and showing improvements q-o-q.

The stable income base and the moderating operational expenses made it possible to create HUF 17 billion provisions, as a result the DPD90+ coverage (74.8%) basically remained unchanged.

The FX adjusted gross loan portfolio grew by 1% y-o-y and and stagnated in q-o-q. The yearly increase is manily related to the steady corporate lending activity through 2009-2010; FX adjusted volumes grew by 6% q-o-q and 1% y-o-y and q-o-q respectively. As for other sectors, in 1Q on an FX adjusted base portfolio volumes of consumer financing and micro- and small enterprise sector showed some vitality, while in new loan origination personal loans and mortgages advanced. As for the latter, in March OTP already captured 22% of the market and took back its No.1 position in new disbursements, the growing number of loan application is promising too. The currency structure of the loan origination shows a clear sign of HUF dominating against FX-loans (appr. 60% out of total new lending vs 55% in 2009). The increasing HUF ratio is also the consequence of the Bank's self-imposed policy: contrary to its competitors' practice OTP stopped originating CHF loans.

Loan quality weakened in a steady way: DPD90+ reached 8% by end-March. Within that the retail book was relatively stable q-o-q; a more substantial deterioration was realized on the corporate exposure in 1Q. Under the debtor protection scheme launched from 2H 2009 about 5.1% of the total household book has been involved, but the speed of restructuring shows moderation.

Within total revenues net interest income dropped by 8% y-o-y and 11% q-o-q as a result of declining NIM (5.40% in 1Q 2010). Net fees & commissions shrank by 4% y-o-y and 7% q-o-q. Other non interest revenues grew sharply mainly as a result of the strong performance of the securities portfolio reflecting a significant Government bond yield decline. There was no buyback of own obligations in the past three months. The effective tax rate (19.4% in 1Q) was around the normal run rate.

The deposit book including the volumes of retail bonds increased by 9% y-o-y (+2% q-o-q), Parallel with the declining interest environment and the redemption of promotional term deposits, alternative saving forms (bonds, mutual funds) will gain further ground. In the last three months the deposit growth was mainly supported by stronger corporate and municipality flows (+10% and +17% volume growth respectively).

The net loan/(deposit + bond) ratio reached 84% (-15% y-o-y).

As the excellent liquidity position provided a safety cushion, in March 2010 OTP prepaid the remaining EUR 700 million part of the State loan originally rendered in March 2009. In the future the Bank will meet the loan demand of its local corporate clients at the expense of its own liquidity sources.

The volume of issued securities shrank by 21% y-o-y and by 15% q-o-q as a result of mortgage bond redemptions. There were two issuances in 1Q: OTP Bank printed CHF 100 million and OTP Mortgage Bank EUR 300 million respectively.

Amongst the Hungarian subsidiaries Merkantil Group posted almost HUF 300 million net results versus HUF 1.8 billion in 4Q 2009. Risk costs shrank both on a yearly and quarterly base (-3% and -14% respectively), whereas the portfolio quality only slightly weakened (DPD90+ ratio is at 12.6%). OTP Fund Management improved its net earnings substantially (+39% y-o-y and +20% q-o-q) benefiting from the capital market recovery. Total assest under management sharply increased (+53% y-o-y), and the Company further strengthened its dominant market position (1Q 2010: 33.7%).

As for foreign subsidiaries: stable Bulgarian and Croatian, improving Russian (adjusted by the one-off item), stabilizing Ukrainian and flat Romanian results; loss-making quarters in Serbia, Slovakia and Montenegro

Most of the countries in OTP universe were relatively successful in weathering the storm. Against many developed economies struggling with structural issues, East Europe has already implemented significant fiscal adjustments and those economies are facing less so sustainability problems. At the same time the macroeconomic stabilization so far has little impact on loan demand, except for Russia. The profitability of the regional banking sector is heavily dependent on risk cost developments.

Among foreign group members it was DSK Bank realizing the strongest net result of HUF 4.6 billion (-38% y-o-y and -37% q-o-q). Despite the stable operating results significantly increasing risk costs took their toll. The Bank's cost efficiency remained outstanding (cost-to-income ratio: 38%). As a result of successful deposit collection loan-to-deposit ratio further improved (126%). Loan quality further deteriorated (-0.9%) and DPD90+ reached 7.9%. The debtor protection program has been continued and 8.1% of total retail exposure was rescheduled. The non-performing loan coverage remained stable at 84.4%.

In Russia the dynamism of consumer lending (POS loans) picking up from 2H 2009 remained unbroken; furthermore the cross-sale of credit cards also gained very strong momentum. In new POS-disbursements OTP Russia maintained its No. 2 position, whereas by the number of issued credit cards it captured No. 7 position. Mainly as a result of those two products the NIM in Russia improved significantly (+1.86%-points y-o-y and +0.88%-points q-o-q). Despite deposit collection efforts somewhat eased due to the management's deliberate pricing policy, loan-to-deposit ratio improved further (-2%-points q-o-q, thus -50%-points y-o-y). The significant one-off increase in risk cost was related to a corporate default, POS-loans still show a favourable risk profile. DPD90+ ratio stood at 13.0% (+0.6% q-o-q), but the coverage further improved (96.2%) as a result of the significant provisioning. Due to the one-off provisioning for a corporate exposure, the Russian subsidiary reached HUF 1.2 billion net results (+283% y-o-y, -31% q-o-q), adjusted by the effect of the additional risk costs the bottom line earnings would have reached almost HUF 4.7 billion.

Against the loss of HUF 14.4 billion in 4Q 2009, OTP Ukraine captured a minimal positive results (HUF 169 million). While risk costs remained fairly high (HUF 8.4 billion), they fell short of both 1Q in 2009 (HUF 19.8 billion) and 4Q 2009 volumes, too (HUF 26.6 billion). Furthermore, a significant portion of risk costs (HUF 7.5 billion) were made as precautionary provisions aimed at further increasing the coverage ratio. The stabilizing macroeconomic environment had a positive impact on the portfolio quality: while DPD90+ ratio still kept growing (+1.1%-points q-o-q) and reached 23.5%, there is an obvious sign of slow down. At the same time the coverage ratio further improved (+25.3%-points y-o-y and +4.8%-points q-o-q) and stood at 78.6%. Within operating revenues NII dropped by 20% both on a yearly and quarterly base – as a result of suspending the accrual of interest income as well as the accrual of interest-related risk costs after DPD30+ loans from January 2010 –, however net F&C increased by 6% y-o-y and 9% q-o-q respectively. Cost-to-income ratio of 37.4% reflects a highly efficient cost management. Loan volumes dropped by 20% y-o-y, whereas deposits increased by 10%, as a result loan-to-deposit ratio further improved. By the end of March 39.8% of the retail portfolio has been rescheduled.

Amongst the smaller markets, in Croatia OBH posted HUF 0.5 billion net earnings, its NII grew (+5% q-o-q) as well the NIM (+22 bps q-o-q). Costs remained basically unchanged and the loan portfolio quality only slightly weakened (DPD90+: 9.0%).

In Romania, OBR had zero earnings, risk costs grew by 12% q-o-q. Despite the portfolio deterioration the Romanian operation still has the best quality within the Group (DPD90+: 4.4%). As a result of the dynamic deposit growth (+20% y-o-y, +4% q-o-q), the loan-to-deposit ratio came down nicely, by 141%-points y-o-y and by 18%-points q-o-q.

While at the Slovakian and Serbian subsidiaries provisioning grew substantially y-o-y, their level in 1Q 2010 was significantly below the 4Q 2009 risk costs. Still, both subsidiaries remained loss makers in the past three months (-HUF 181 million and -HUF 595 million respectively).

In Montenegro negative trends already experienced in last fall 2009 continued. There was a meaningful portfolio quality deterioration (DPD90+: 14.1%) and risk costs tripled. However, similarly to Ukraine, a significant portion of risk costs (appr. HUF 4.7 billion) was set aside in a precautionary manner with the aim of boosting the coverage ratio. At the same time all important income elements dropped a lot q-o-q; as a result CKB realized HUF 6.6 billion loss.

OTP Group's branch network comprised 1,504 units by the end of March 2010. (-67 branches y-o-y and -10 q-o-q respectively). The largest scale rationalization y-o-y took place in Serbia (-41) and Ukraine (-25), whereas in 1Q 2010 apart from Ukraine (-4 branches q-o-q) and Russia (-5) there was no meaningful branch closure. In the last three months substantial staff reduction was completed in Ukraine, Russia, Montenegro and Serbia.

Credit ratings, ownership structure

The current credit ratings of the Bank (Moody's: "Baa1", negative outlook; S&P: "BB+", stable outlook) reflect less so the stable and even improving fundamentals, but rather the previous reservations towards the region and its banking sector. The most recent economic data are the convincing evidence of the resilience of the region against the global financial crisis. Yet slowly, but it is reflected in the recent rating moves sent towards the sovereigns (Hungary, Ukraine, Romania, and Bulgaria), and also, to OTP Bank: on 19 March 2010 S&P changed the rating outlook from negative to stable.

There has been no change in the ownership structure of OTP Bank in the previous quarter: there are still three owners with 5%+ stake in the Company, namely Groupama (the French insurer is at 8.81%), the Rahimkulov family (8.74%) and MOL (the Hungarian oil company stands at 8.57%).

POST BALANCE SHEET EVENTS

Hungary

- In the second round of parliamentary elections (on 25 April 2010) Fidesz-KDNP reached two-thirds parliamentary majority. The Hungarian President asked Viktor Orban, Chairman of Fidesz party to form the country's next government.

- On 29 April 2010, OTP Bank decided on terminating its subordinated loan agreement with EBRD. The agreement was originally signed between the parties in July 2009 and was extended later by an additional six months in December 2009. No subordinated loan was drawn down under the facility in 2009 or in 2010.

Bulgaria

- The Bulgarian Prime Minister announced in early April that Bulgaria postpones its application to the pre-euro exchange-rate mechanism (ERM-II) after revising upward the 2009 budget deficit.
- On 21 April, Moody's announced that it still keeps the upgrade of the Bulgarian sovereign rating (currently „Baa3") on its agenda, after changing the outlook of the rating from stable to positive in January 2010.

Russia

- Fitch Ratings affirmed the Russian subsidiary's "BB" rating with negative outlook on 26 April 2010 and simultaneously upgraded its Individual Rating from "D/E" to "D".

Ukraine

- A bilateral agreement was concluded with Russia in April 2010. As part of this agreement, Russia will cut the natural gas prices by 30% toward Ukraine and Russia will invest USD 40 billion in Ukraine through 2020.
- On 27 April 2010 the Ukrainian parliament approved the 2010 budget with 5.3% deficit (in percent of the GDP). In mid-May an IMF delegation will visit Ukraine, before the decision on the disbursement of the IMF loan's next tranche (due in June) will be made.
- On 17 May S&P lifted the foreign currency sovereign credit ratings on Ukraine to "B" from "B-" and raised the local currency ratings to "B+" from "B". The outlook is stable.

Romania

- In May the Romanian government agreed with IMF to raise the 2010 budget deficit target to 6.8% from the originally approved 5.9%. In order to reach the modified target, significant expenditure cuts are needed: the cutback of public-sector wages by 25% and pensions by 15%.
- On 10 May the head of the IMF mission announced that the IMF will release the next loan instalment to Romania only after the government carries out the planned cuts in the budget shortfall.

Serbia

- On 1 April 2010 IMF announced that after the review of the Serbian economic program, the executive board approved the release of the actual loan tranche to Serbia.
- On 11 May the central bank lowered the policy rate by 50 basis points to a record low level (8.0%).
- In mid-May an IMF delegation will arrive in Serbia to hold talks on the disbursement of the next loan instalment.

Slovakia

- From April 30 2010 Mrs. Zita Zemkova resumed her duties as CEO of OTP Banka Slovensko.

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

in HUF million	1Q 2009	4Q 2009	1Q 2010	Q-o-Q	Y-o-Y
Consolidated after tax profit	**41,809**	**20,284**	**42,358**	**109%**	**1%**
Profit of the strategic short position[1] (after tax)	-1,912	0	0		-100%
Dividend and total net cash transfers (consolidated)	380	-102	-21	-79%	-106%
Consolidated after tax profit without the result of strategic open FX position, consolidated dividend and net cash transfers	**43,341**	**20,386**	**42,379**	**108%**	**-2%**
Banks total without one-off items[2]	41,811	18,742	40,112	114%	-4%
OTP CORE (Hungary)[3]	40,850	39,218	40,316	3%	-1%
Corporate Centre[4] (after tax)	1,548	-1,757	809	-146%	-48%
o/w After tax result of subsidiary financing[5]	5,180	1,623	4,060	150%	-22%
Interest expense of Tier2 Capital	-3,618	-3,380	-3,251	-4%	-10%
OTP Bank Russia	313	1,732	1,200	-31%	283%
OTP Bank Jsc (Ukraine)	-9,120	-14,423	143	-101%	-102%
DSK+SPV (Bulgaria)	7,388	7,278	4,559	-37%	-38%
OBR adj. (Romania)[6]	-725	384	0	-100%	-100%
OTP banka Srbija (Serbia)	141	-7,920	-595	-92%	-522%
OTP banka Srbija, adj.	141	-7,920	-595	-92%	-522%
OTP banka Srbija one-off items[7]	-0	-	-		-100%
OBH (Croatia)	815	693	507	-27%	-38%
OBS (Slovakia)	7	-5,654	-181	-97%	
OBS, adj.	7	-5,653	-181	-97%	
OBS one-off items[8]	-	-1	-	-100%	
CKB (Montenegro)	594	-809	-6,647	722%	
Leasing	130	-3,018	-323	-89%	-349%
Merkantil Bank + Car, adj. (Hungary)[9]	118	-1,827	288	-116%	144%
Merkantil Bank + Car one-off items[10]	12	0	0		-100%
Foreign leasing companies (Slovakia, Croatia, Bulgaria, Romania)[11]	0	-1,191	-611	-49%	
Asset Management	1,217	1,443	1,736	20%	43%
OTP Asset Management (Hungary)	1,243	1,443	1,731	20%	39%
Value creation of OTP Asset Management (after-tax)[12]	2,279	2,786	3,148	13%	38%
Foreign Asset Management Companies (Ukraine, Romania)[13]	-26	-1	5	-702%	-118%
Other Hungarian Subsidiaries	330	-1,465	446	-130%	35%
Other Foreign Subsidiaries (Slovakia, United Kingdom, Cyprus, Romania, Belize)[14]	67	2,844	-2	-100%	-103%
Eliminations	-214	1,841	412	-78%	-293%
Total after tax profit of HUNGARIAN subsidiaries[15]	43,887	37,454	44,002	17%	0%
Total after tax profit of FOREIGN subsidiaries[16]	-545	-17,067	-1,621	-90%	197%
Share of foreign profit contribution, %	-1%	-84%	-4%	80%	-3%

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

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

CONSOLIDATE STATEMENT OF RECOGNISED INCOME[3]

Statement of recognized income (HUF million)	1Q 2009	4Q 2009	1Q 2010	Q-o-Q	Y-o-Y
Consolidated after tax profit	**41,809**	**20,284**	**42,358**	**109%**	**1%**
Dividends and net cash transfers (after tax)	380	-102	-21	-79%	-106%
Profit of the strategic open FX position (after tax)	-1,912	0	0		-100%
Pre tax result of strategic open FX position	-2,390	0	0		-100%
Income taxes	478	0	0		-100%
Consolidated after tax profit without the result of strategic open FX position, consolidated dividend and net cash transfers	**43,341**	**20,386**	**42,379**	**108%**	**-2%**
Before tax profit	**63,497**	**24,661**	**54,199**	**120%**	**-15%**
Operating profit	**115,090**	**106,879**	**109,311**	**2%**	**-5%**
Total income	**200,722**	**201,428**	**192,637**	**-4%**	**-4%**
Net interest income (adj.)	**158,126**	**152,780**	**142,633**	**-7%**	**-10%**
Net fees and commissions	**31,877**	**34,454**	**31,141**	**-10%**	**-2%**
Other net non-interest income (with net insurance result and net other, other non-interest result) (adj.)	**10,718**	**14,194**	**18,863**	**33%**	**76%**
Foreign exchange result, net (adj.)	-13,257	3,730	4,448	19%	-134%
Gain/loss on securities, net (adj.)	-4,723	175	9,695		-305%
Net other non-interest result (adj.)	28,698	10,290	4,719	-54%	-84%
Operating expenses	**-85,631**	**-94,549**	**-83,326**	**-12%**	**-3%**
Personnel expenses	-39,473	-40,793	-38,307	-6%	-3%
Depreciation (adj.)	-10,291	-13,673	-11,423	-16%	11%
Other expenses (adj.)	-35,867	-40,084	-33,596	-16%	-6%
Provision for loan losses (adj.)	**-45,401**	**-79,406**	**-54,488**	**-31%**	**20%**
Other provision	**-6,193**	**-2,813**	**-624**	**-78%**	**-90%**
Corporate taxes	-20,156	-4,274	-11,820	177%	-41%
INDICATORS (%)	1Q 2009	4Q 2009	1Q 2010	Q-o-Q	Y-o-Y
ROA	1.7%	0.8%	1.8%	1.0%	0.0%
ROE	15.4%	6.8%	14.0%	7.2%	-1.4%
Operating profit margin (adj.)	4.80%	4.36%	4.60%	0.24%	-0.20%
Total income margin (adj.)	8.36%	8.22%	8.10%	-0.11%	-0.26%
Net interest margin (adj.)	6.59%	6.23%	6.00%	-0.23%	-0.59%
Net fee and commission margin (adj.)	1.33%	1.41%	1.31%	-0.10%	-0.02%
Net other non-interest income margin (adj.)	0.45%	0.58%	0.79%	0.21%	0.35%
Risk cost to average gross loans (adj.)	2.50%	4.59%	3.23%	-1.37%	0.73%
Cost/income ratio (adj.)	42.7%	46.9%	43.3%	-3.7%	0.6%
Effective tax rate	31.7%	17.3%	21.8%	4.5%	-9.9%
Comprehensive Income Statement	1Q 2009	4Q 2009	1Q 2010	Q-o-Q	Y-o-Y
Net comprehensive income	**120,226**	**20,230**	**63,476**	**214%**	**-47%**
Net profit attributable to equity holders	**41,806**	**21,041**	**42,363**	**101%**	**1%**
Consolidated after tax profit	41,809	20,284	42,358	109%	1%
(-) Net profit attributable to non-controlling interest	4	-757	-5	-99%	-236%
Fair value adjustment of securities available-for-sale (recognised directly through equity)	**-6,477**	**-3,979**	**9,481**	**-338%**	**-246%**
Fair value adjustment of derivative financial instruments designated as cash-flow hedge	**106**	**113**	**106**	**-6%**	**0%**
Fair value adjustment of strategic open FX position hedging net investment in foreign operations	**-11,042**	**-85**	**1,044**		**-109%**
Foreign currency translation difference	**95,833**	**3,140**	**10,482**	**234%**	**-89%**

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

- ***Profit-after-tax of HUF 42.2 billion grew by 1% y-o-y, more than doubled q-o-q, coupled with strong operating profit***
- ***Moderating interest income dynamics (-10% y-o-y), stable NIM at 6% (-59 bps y-o-y), net F&C declined by 2%***
- ***More stringent cost control, outstanding efficiency (1Q 2010 CIR: 43.3%)***
- ***Risk cost still increasing on the yearly basis (+7%), but significantly dropped q-o-q (-33%), 1Q 2010 risk cost rate: 3.23% (-1.37%-points q-o-q)***
- ***Improving ROE (14%) and ROA (1.8%)***

The 1Q 2010 adjusted consolidated IFRS after tax profit of OTP Group reached HUF 42.4 billion which is a 1% growth on a yearly basis, at the same time more than double of the previous period's profit after tax (“PAT”) (HUF 20.4 billion). Profit before tax stood at HUF 54.2 billion being by 120% above the 3Q level. Similarly to the previous quarter there was no substantial tax shield effect, accordingly the effective tax rate in 1Q was 21.8%.

Adjusted net interest income reached HUF 142.6 billion, by 10% lower than in the base period, the 6.00% NIM is lower by 59 bps than that of the base period. NIM shrank by 23 bps in the last three months. The margin shrank primarily at OTP Core and OBU (by 0.49%-points and 1.91%-points respectively), which could be only partially offset by the improving interest income of the Russian subsidiary (+17% q-o-q). In case of OTP Core the margin is explained by the decreasing base rate and the strengthening HUF, while in Ukraine the declining portfolio and the change in the method of booking accrued interest for DPD30+ loans are to be blamed for the contraction.

Within non-interest income Net F&C dropped by 2% y-o-y (-10% q-o-q), which was in line with preliminary expectations and reflected the decrease of business activity and the transactional income. Other adjusted non-interest income increased remarkably both on yearly as well as quarterly comparison (76% y-o-y and 33% q-o-q respectively). The biggest profit change was on net FX gain and loss line: after the HUF 13.2 billion loss in 1Q 2009 the Bank realised HUF 4.5 billion profit in 1Q 2010. This is because the other open FX-positions above the strategic position caused significant loss in 1Q 2009 (appr. HUF 11.3 billion) due to HUF depreciation. After these positions had been closed, the results started improving on this line. The HUF 9.7 billion profit realised on the securities portfolio in 1Q is owed to the significantly decreasing HUF-yields in the last quarter. Unlike the previous quarters there was no Upper Tier 2 Capital repurchase in 2010. As the previously earned profits were put on the other net non-interest income line, the basis-effect is remarkable. The absence of these transactions caused a yearly drop of 84% and 54% on a quarterly basis in 1Q 2010 in other net non interes revenues. Within total income non-interest income revenues represented 26%, which is a 5%-points growth y-o-y and +2%-points q-o-q.

The Bank's cost control has remained very strict. Within operational costs other expenses lagged behind the base period by 6% y-o-y, whereas personal expenses dropped by 3% y-o-y and 6% q-o-q, mainly as a result of staff reduction, suspending branch network expansion and even closing down branches in Serbia, Slovakia and in the Ukraine, and rationalization of operation. On a quarterly base operating expenses decreased by 12%: personal expenses dropped by 6%, other expenses by 16% and amortisation costs decreased by 16% as well which is primarily due to the basis effect. That is related to the consolidation effect of foreign leasing companies at end 2009. Their full year amortization cost of HUF 2.9 billion was entirely booked in 4Q 2009. The adjusted consolidated amortization costs (2010 1Q: HUF 10.6 billion) shrank only moderately on a quarterly basis (-1% q-o-q) and increased on a yearly basis (+3% y-o-y). The Cost/Income Ratio (43.3%) improved by 3.7%-points in the last three months, and slightly increased (+0.6%-points) y-o-y.

All in all operating results shaped well (+2% q-o-q) which enabled the Group to continue its cautious provisioning policy, which fully takes into account future risks.

As the positive turnaround in the economy evolves only slowly, the quality of loan portfolios deteriorated further, though at a slower rate than in the previous quarters. Provisioning is still significant, but decreased by 31% q-o-q. Provisions for loan losses and other provisions added up to HUF 55.1 billion in 1Q 2010 (+7% y-o-y). Consolidated risk cost rate moderated from 4.59% in the previous quarter to 3.23% (-1.37%-points q-o-q).

Consolidated ROA (1.8%) practically stagnated, while ROE (14%) shrank by 1.4%-points in the previous 12 months. 1Q diluted EPS was HUF 157, it is doubled over the result of 4Q 2009 (HUF 78). Consolidated profitability indicators significantly improved on a quarterly base: ROA increased by 1.0%-point, while ROE by 7.2%-points.

The Net Comprehensive Income of the Group was HUF 63.5 billion, almost three times higher than in 4Q 2009. This income category includes all fair value adjustments, which are directly booked through the equity rather than through the statement of recognised income.

CONSOLIDATED BALANCE SHEET

Main components of balance sheet in HUF million	1Q 2009	4Q 2009	1Q 2010	Q-o-Q	Y-o-Y
TOTAL ASSETS	**10,098,840**	**9,755,132**	**9,526,706**	**-2%**	**-6%**
Cash and amount due from banks	496,846	505,650	535,194	6%	8%
Placements with other banks	425,380	440,850	430,325	-2%	1%
Financial assets at fair value	155,336	256,100	262,586	3%	69%
Securities available-for-sale	510,125	1,354,285	1,124,714	-17%	120%
Gross customer loans	**7,719,371**	**6,907,094**	**6,916,353**	**0%**	**-10%**
o/w Retail loans	4,762,969	4,291,847	4,308,885	0%	-10%
Retail mortgage loans (incl. home equity)	3,014,026	2,703,433	2,699,845	0%	-10%
Retail consumer loans	1,232,944	1,149,231	1,175,197	2%	-5%
SME loans	515,999	439,183	433,843	-1%	-16%
Corporate loans	2,524,657	2,161,903	2,153,747	0%	-15%
Loans to medium and large corporates	2,291,448	1,933,848	1,924,297	0%	-16%
Municipal loans	233,208	228,055	229,450	1%	-2%
Car financing loans	425,666	387,431	380,941	-2%	-11%
Bills and accrued interest receivables related to loans	5,433	65,968	72,780	10%	1240%
Allowances for loan losses	-334,706	-494,378	-553,409	12%	65%
Accrued interest receivables	99,563	0	0		-100%
Equity investments	10,334	18,834	17,605	-7%	70%
Securities held-to-maturity	294,555	188,853	180,927	-4%	-39%
Intangible assets	508,996	476,358	480,522	1%	-6%
Other assets	213,040	101,486	131,889	30%	-38%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**10,098,840**	**9,755,132**	**9,526,706**	**-2%**	**-6%**
Liabilities to credit institutions and governments	965,256	802,749	600,475	-25%	-38%
Customer deposits	**5,551,469**	**5,688,887**	**5,744,609**	**1%**	**3%**
o/w Retail deposits	4,167,388	4,165,398	4,123,157	-1%	-1%
Household deposits	3,754,737	3,746,263	3,714,015	-1%	-1%
SME deposits	412,652	419,135	409,142	-2%	-1%
Corporate deposits	1,384,079	1,480,496	1,585,302	7%	15%
Deposits to medium and large corporates	1,009,643	1,169,837	1,238,695	6%	23%
Municipal deposits	374,436	310,659	346,607	12%	-7%
Accrued interest payable related to customer deposits	0	42,997	36,150	-16%	
Issued securities	1,498,349	1,410,348	1,184,848	-16%	-21%
Accrued interest payable	114,447	0	0		-100%
Other liabilities	481,916	380,708	462,831	22%	-4%
Subordinated bonds and loans	336,316	280,834	278,419	-1%	-17%
Total shareholders' equity	**1,151,087**	**1,191,606**	**1,255,524**	**5%**	**9%**
Indicators	1Q 2009	4Q 2009	1Q 2010	Q-o-Q	Y-o-Y
Loan/deposit ratio	139%	121%	120%	-1%	-19%
Net loan/(deposit + retail bond) ratio	130%	108%	106%	-2%	-24%
Net loans	7,384,665	6,412,716	6,362,944	-1%	-14%
Customer deposits	5,551,469	5,688,887	5,744,609	1%	3%
Retail bonds	112,957	236,733	257,321	9%	128%
90+ days past due loan volume	440,336	671,625	730,070	9%	66%
90+ days past due loans/gross customer loans	5.7%	9.8%	10.7%	0.9%	5.0%
Total provisions/90+ days past due loans	76.0%	73.6%	75.8%	2.2%	-0.2%
Consolidated capital adequacy	1Q 2009	4Q 2009	1Q 2010	Q-o-Q	Y-o-Y
Capital adequacy ratio (consolidated, IFRS)	15.2%	17.2%	17.5%	0.3%	2.3%
Tier1 ratio	10.2%	13.7%	13.8%	0.1%	3.6%
Core Tier1 ratio	8.6%	12.0%	12.1%	0.1%	3.5%
Leverage (Shareholder's Equity/Total Assets)	11.4%	12.2%	13.2%	1.0%	1.8%
Regulatory capital (consolidated)	1,179,560	1,194,508	1,235,183	3%	5%
o/w Tier1 Capital	789,457	952,416	974,010	2%	23%
o/w Hybrid Tier1 Capital	122,108	118,278	116,979	-1%	-4%
Tier2 Capital	390,683	242,521	261,592	8%	-33%
Deductions from the regulatory capital	-580	-428	-419	-2%	-28%
Consolidated risk weighted assets (RWA) (Credit&Market&Operational risk)	7,763,399	6,942,437	7,070,991	2%	-9%

- ***Moderately decreasing FX adjusted loan volumes (-2 y-o-y, -1% q-o-q)***
- ***Deposit volumes grew both on yearly and quarterly base (+3% y-o-y, but +10% FX-adjusted growth and +1% q-o-q) improving loan-to-deposit ratio (120%, -19%-points y-o-y, -1%-points q-o-q)***
- ***Significant moderation in loan quality deterioration, DPD 90+ ratio at 10.7% (+0.9%-points q-o-q)***
- ***Stable, further improving capital position, consolidated IFRS CAR stood at 17.5% with Tier1 at 13.8%***

IFRS consolidated total assets decreased by 6% in the last year (-2% q-o-q) and amounted to HUF 9,527 billion. The Group's consolidated shareholder equity grew to HUF 1,256 billion (+9% y-o-y and +5% q-o-q), representing 13.2% of balance sheet total.

Due to the more conservative lending policy and the moderate loan demand the volume of gross consolidated loans decreased by 10% y-o-y (the FX-adjusted decline was 2%), however in 1Q practically stagnated. Closing amount of the portfolio was HUF 6,916 billion. Within the gross loan portfolio the single most important part was still the retail segment (62%), whereas the corporate book represented a smaller portion (31%), while car financing only 6% respectively.

In the last twelve months FX adjusted loan volumes shrank at all banks, but OTP Core, DSK and OTP Russia (OTP Core and DSK: +1%, OTP Russia: +2% y-o-y). The most significant drop hit Montenegro (-28%), Slovakia. (-15%) and Romania (-10%). Ukraine shrank by 6%, whereas in Croatia and Serbia the loan book declined by less than 5% respectively. The main reason for the high decrease in Montenegro was the loan portfolio sale to the mother company.

In 1Q 2010 the consolidated loan portfolio stagnated q-o-q, the FX-adjusted volume decreased by 1% q-o-q. Core markets (OTP Core, Russia and Bulgaria) had flat volume growth, the Ukrainian portfolio shrank by 2%. Beside of the stagnating or slightly decreasing portfolio volumes of smaller foreign subsidiaries CKB suffered a 7% drop in the last three months (the FX-adjusted decline was -6%).

In the previous 12 months, parallel with the moderate lending activity the portfolio quality deteriorated in all markets; the share of DPD90+ loans grew to 10.7% at consolidated level. Within the Group the Ukrainian and Serbian subsidiaries have still the worst portfolio quality, the share of DPD90+ loans stood at 23.5% and 37.6% respectively, though the pace of deterioration eased. At the same time in case of Montenegro the development was the opposite, by end of March DPD90+ ratio increased to 14.1% (+12.7%-points y-o-y and +3.3%-points q-o-q).

It was a positive development, that in case of OTP Core, mainly due to the HUF appreciation and the actively applied debtor protection program, the pace of the Hungarian loan portfolio deterioration is stable, share of DPD90+ loans grew from 7.4% only to 8.0% q-o-q.

Consolidated loan loss provisions were around HUF 553 billion at the end of March 2010 (+65% y-o-y and +12% q-o-q). DPD90+ loans reached HUF 730 billion, accordingly the coverage ratio improved to 75.8% (+2.2%-points q-o-q).

Consolidated deposits grew by 3% on a yearly base; on a quarterly base the portfolio increased by 1%. The FX-adjusted base would show a 1% increase q-o-q and a significant y-o-y dynamics of 10%.

In the past 12 months FX-adjusted volumes grew the fastest in Russia (+45%), in Romania (+37%) and in Ukraine (+28%) and the deposit growth at OTP Core was outstanding as well (+8%). Only the Slovakian subsidiary suffered an FX adjusted deposit outflow (-8%).

In 1Q 2010 the deposit collection was rather moderate, as the loan demand was still weak. FX adjusted deposit growth was witnessed at the Russian (+2% q-o-q), Bulgarian (+2%) and Romanian (+4%) subsidiaries and at OTP Core (+2%). The largest decline hit Serbia (-7%).

As a result of the modest loan demand, the consolidated loan-to-deposit ratio (120%) improved both on a quarterly and yearly base (-19 and -1%-points respectively). The net loan/(deposit+retail bond) liquidity ratio was 106%. On a stand-alone base the most significant improvement was realized at subsidiaries with the highest LTD ratios in the last 3 months: it declined in Romania by 18%-points, in Ukraine by 5%-points, while in Russia by 2%-points respectively. It is worth mentioning that in case of Ukraine the net loan-to-deposit ratio adjusted by the significant provisioning would be 326% (the formal ratio stood at 400%).

In Hungary OTP Bank successfully continued its strategy started in 2007: collection of deposits was combined with different forms of savings (mutual funds, retail distributed bonds). Due to the improving capital market environment assets under management at OTP Fund Management expanded continuously, acceleration on a yearly base was 53%, and 11% in the last 3 months. The retail bond volume also increased nicely, from HUF 237 billion at end 2009 it grew to HUF 257 billion (+128% y-o-y and +9% q-o-q).

Issued securities volume dropped by 21% y-o-y, and by 16% in 1Q 2010. The volume of issued securities was highly influenced in 1Q 2010 by the mortgage bonds redemptions. The most significant of those (with EUR 1 billion face value, approx. HUF 266 billion) was repaid at maturity, March 4 2010. This outflow was partially offset by several factors: retail bond issues grew by HUF 21 billion q-o-q and HUF 144 billion on a yearly basis. Furthermore, there were two capital market transactions in 1Q 2010: in February the bank returned to the market with a CHF 100 million senior bond with 2 years maturity, and OTP Mortgage Bank issued EUR 300 million mortgage bonds, with 1.7 years to maturity out of its EUR 3 billion EMTN programme. About one third of the latter issue was purchased by investors from outside the Group.

Due to the purchase of own Upper Tier 2 Capital (UT2) bonds during 2009 the volume of subordinated bonds decreased by 17% y-o-y. Out of the initially issued EUR 500 million UT2 bonds the Bank purchased EUR 157 million of face value in 2009. In the last three quarters of 2009 the total sum of purchase amounted to EUR 67 million (1Q 2009: EUR 90 million, 2Q: EUR 39 million, 3Q: EUR 26 million, 4Q: EUR 2 million). In 1Q 2010 there was no more repurchase, consequently the q-o-q 1% decrease is due to the moderately strengthening HUF.

Consolidated Capital Adequacy Ratio (in accordance with Basel II)

At the end of March 2010 regulatory capital of OTP Group represented HUF 1,235 billion, while the preliminary estimated RWA, taking into account the capital needs for market risk and operational risk too, stood at HUF 7 701 billion. CAR stood at 17.5% with Tier1 (after deducting goodwill and intangible assets) at 13.8% and Core Tier1 (further deducting hybrid instruments) at 12.1% respectively.

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

OTP BANK HUNGARIAN CORE BUSINESS[4]

OTP Core Statement of recognised income

Main components of the Statement of recognised income in HUF mn	1Q 2009	4Q 2009	1Q 2010	Q-o-Q	Y-o-Y
OTP CORE after-tax profit w/o dividends and net cash transfer	40,850	39,218	40,316	3%	-1%
OTP CORE pre-tax profit	59,439	41,354	50,033	21%	-16%
Operating profit	71,793	63,009	67,121	7%	-7%
Total income	115,428	109,686	109,692	0%	-5%
Net interest income	82,606	85,270	75,990	-11%	-8%
Net fees and commissions	21,672	22,415	20,784	-7%	-4%
Other net non-interest income	11,150	2,001	12,918	546%	16%
Operating expenses	-43,635	-46,677	-42,570	-9%	-2%
Total provisions	-12,354	-21,655	-17,088	-21%	38%
Provisions for loan losses	-19,157	-23,424	-16,762	-28%	-12%
Other provisions	6,802	1,768	-326	-118%	-105%
Revenues by Busines Lines					
RETAIL					
Total income	83,281	77,527	80,609	4%	-3%
Net interest income	63,326	56,432	60,858	8%	-4%
Net fees and commissions	18,670	19,879	18,735	-6%	0%
Other net non-interest income	1,285	1,216	1,017	-16%	-21%
CORPORATE					
Total income	6,861	9,895	8,818	-11%	29%
Net interest income	4,289	5,840	6,054	4%	41%
Net fees and commissions	2,196	3,699	2,467	-33%	12%
Other net non-interest income	376	355	297	-16%	-21%
Treasury ALM					
Total income	24,055	23,486	20,412	-13%	-15%
Net interest income	14,991	22,998	9,079	-61%	-39%
Net fees and commissions	145	195	167	-14%	16%
Other net non-interest income	8,919	294	11,166	3701%	25%
Indicators (%)	1Q 2009	4Q 2009	1Q 2010	Q-o-Q	Y-o-Y
ROA	3.3%	2.7%	2.9%	0.2%	-0.4%
ROE	19.0%	16.1%	16.1%	-0.1%	-3.0%
Total income margin	9.24%	7.57%	7.79%	0.22%	-1.45%
Net interest margin	6.61%	5.89%	5.40%	-0.49%	-1.22%
Cost of risk/average gross loans	2.24%	2.74%	2.00%	-0.75%	-0.25%
Cost/income ratio	37.8%	42.6%	38.8%	-3.7%	1.0%
Effective tax rate	31.3%	5.2%	19.4%	14.3%	-11.9%

- ***Stable income and decreasing operating costs (-9% q-o-q) allowed a cautious provisioning***
- ***Coverage ratio of DPD90+ portfolio remained stable (1Q 2010: 74.8%, -0.1%-point q-o-q)***
- ***Successful corporate deposit collection and retail bond issuance: net loan/(deposit + retail bond) ratio is at 84% (-2%-point q-o-q, -15%-point y-o-y)***
- ***Revitalizing mortgage lending, market leading disbursement results in March***

P&L developments

1Q 2010 PAT of OTP Core (HUF 40.3 billion) indicates y-o-y a stable, q-o-q a moderately increasing profitability. The stable income base (+0% q-o-q) and the declining operating costs (-9% q-o-q) allowed a high, almost HUF 17 billion provisioning due to which the coverage ratio of the overdue portfolio remained stable (1Q 2010: 74.8%, -0.1%-points q-o-q). In 1Q 2010 results – apart from an appr. HUF 6.5 billion gain on the securities portfolio – there weren't any significant one-off items5: there were no subordinated bond (UT2) buy-backs and the average tax burden shaped around the corporate tax rate level (1Q 2010: 19%).

The continuously high risk cost level (HUF 17.1 billion) is explained by the portfolio quality deteriorating since 3Q 2009 by an even pace (2Q 2009 DPD90+ ratio: 6.2%, 3Q: 6.8%, 4Q: 7.4%, 1Q 2010: 8.0%). Such provisioning kept the level of coverage basically unchanged. Regarding the

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

composition of quality deterioration, similarly to 4Q 2009 the quality of retail exposure was more stable, while corporate loans suffered a stronger deterioration. DPD90+ ratio of mortgage loans grew from 5.1% to 5.5% q-o-q, in case of consumer loans the ratio increased from 15.9% to 16.5%. The quality of retail loan portfolio was influenced by the significant appreciation of HUF exchange rate in 2Q 2009 and its relative stability since then. Also important the positive effect of the debtor protection program on portfolio-quality and on risk costs. At the end of March 2010 the amount of retail loans taking part in the program represented about 5.2% of the retail portfolio (3Q 2009: 3%, 4Q: 4.4%). The share of rescheduled loans shows a gradual moderation since the mid-2009 launch of the debtor protection program. However the quality deterioration of corporate loans was slightly stronger in the last quarter: DPD90+ ratio grew from 7.9% to 8.8% q-o-q.

Net interest income (NII) declined by 11% q-o-q and by 8% y-o-y. Net interest margin shrank to 5.40% (-0.49%-point q-o-q; -1.22%-point y-o-y). The adverse dynamics partially due to basis effects. In 1Q 2009 the weak HUF exchange rate supported NII through the profit on FX-lending. In the last quarter of 2009 the revaluation profit of derivative transactions raised NII which was offset by almost the similar amount of loss realized on securities. The most important factor influencing the interest income on core banking activity is the interest rate margin on FX-swaps. Continuous decline of this margin has been experienced since 3Q 2009 due to the gradual tightening of HUF-CHF and HUF-USD interest rate difference. This negative effect has been partially offset by the gradual decreasing of promotional deposit rates due to the strong liquidity position of the Bank and the decline in the HUF interest rate environment. However the latter is not an immediate positive effect, but it will have its impact gradually through the repricing of deposits (average 2-3 months).

Net fees and commission income dropped by 7% q-o-q and by 4% y-o-y. However the other net non-interest income showed a strong quarterly pick up (1Q 2010: HUF12.9 billion, +HUF 10.9 billion q-o-q), stemming from profits realized on government bond portfolio (in the amount of appr. HUF 6.5 billion) due to the significant HUF yield drop. During the quarter there was no profit realized on repurchase of Upper Tier 2 capital elements.

Operating cost control remained strict, the q-o-q 9% and y-o-y 2% decline of quarterly cost amount is remarkable especially if we are taking into consideration that the average Hungarian consumer price inflation in 1Q 2010 was around 6%. Main part of the savings was realized on personnel costs which diminished by 7% y-o-y and by 10% q-o-q. This strong adjustment is the result of the cutback of the headcount in the previous year: the lay-off of 477 employees in 2009 was followed by stagnation of the headcount in 1Q 2010 (the closing headcount number in 1Q 2010 was 7,845 persons, -4% y-o-y). Number of branches has not changed materially (1Q 2010: 381 branches, -1 branch q-o-q and y-o-y as well).

Main components of OTP Core balance sheet:

Main components of balance sheet (closing balances, in HUF million)	1Q 2009	4Q 2009	1Q 2010	Q-o-Q	Y-o-Y
Total Assets	5,113,274	5,805,466	5,605,574	-3%	10%
Gross customer loans	3,582,210	3,396,769	3,412,854	0%	-5%
Retail loans	2,334,232	2,186,022	2,201,403	1%	-6%
Corporate loans	1,247,978	1,210,747	1,211,451	0%	-3%
Allowances for loan losses	-135,406	-188,502	-203,142	8%	50%
Deposits from customers	3,373,389	3,496,796	3,549,839	2%	5%
Deposits from customers + retail bonds	*3,486,346*	*3,733,529*	*3,807,160*	*2%*	*9%*
Retail deposits	2,446,598	2,470,161	2,406,391	-3%	-2%
Retail deposits + retail bonds	*2,559,555*	*2,706,894*	*2,663,713*	*-2%*	*4%*
Corporate deposits	926,791	1,026,635	1,143,447	11%	23%
Liabilities to credit institutions and governments	704,606	823,211	653,972	-21%	-7%
Issued securities	1,405,320	1,305,525	1,103,523	-15%	-21%
o/w retail bonds	*112,957*	*236,733*	*257,321*	*9%*	*128%*
Total shareholders' equity	849,070	990,236	1,046,772	6%	23%
Loan Quality (%)	1Q 2009	4Q 2009	1Q 2010	Q-o-Q	Y-o-Y
90+ days past due loan volume	165,757	251,594	271,516	8%	64%
90+ days past due loans/gross customer loans	4.6%	7.4%	8.0%	0.5%	3.3%
Total provisions/90+ days past due loans	81.7%	74.9%	74.8%	-0.1%	-6.9%

[5] Reminder: the base periods were influenced by the following one-off items: in 1Q 2009 the structure of P&L was significantly influenced by three items, cumulative effects of those on tha after tax profit of OTP Core was neutral. On one hand the Bank realized almost HUF 19.6 billion profit on the repurchase of Upper Tier 2 capital elements. On the open FX-positions above the strategic FX-positions HUF 11.3 billion loss was realized. Both entries were accounted within the other non-interest income. The extra HUF 9.5 billion tax-burden generated on the tax-shield of subsidiary investments caused the increase of the effective tax rate (1Q 2009: 31%) which was significantly higher than the corporate tax rate (19%). In 4Q 2009 the single positive one-off effect was the low, 5% effective tax burden due to the provisions made in relation to Ukrainian exposures. At that time there was no profit realized on repurchase of UT2 capital elements.

Market Share (%)	1Q 2009	4Q 2009	1Q 2010	Q-o-Q	Y-o-Y
Loans	17.0%	17.8%	18.0%	0.2%	1.1%
Deposits	24.3%	24.2%	24.7%	0.5%	0.4%
Total Assets	23.0%	26.3%	24.6%	-1.6%	1.7%
Indicators (%)	**1Q 2009**	**4Q 2009**	**1Q 2010**	**Q-o-Q**	**Y-o-Y**
Gross loans to deposits	106%	97%	96%	-1%	-10%
Net loans to (deposits + retail bonds)	99%	86%	84%	-2%	-15%

Balance sheet trends

The strong adjustment in the balance sheet of OTP Core induced partially by the economic recession and by the fiscal measures in Hungary, had started in 2009 and continued during 1Q 2010. The „net loan/(deposit+retail bond) ratio" which takes into consideration the proxy-deposit retail savings has been on a declining track since 1Q 2009 (1Q 2010: 84% ,-2%-points q-o-q, -15%-point y-o-y)

The FX-adjusted customer loan portfolio stagnated in 1Q 2010 (+0% q-o-q and +1% y-o-y), material FX-adjusted growth has been witnessed only in the consumer and the SME loan book (+2% and 3% q-o-q respectively) – the former primarily due to the increase of overdraft portfolio. At the same time the personal loan portfolio which represents the biggest part of the consumer loan portfolio decreased further despite the fact that disbursement activity of OTP Bank exceeded that of the market. Market share of the Bank in new personal loan disbursement was about 52% in 1Q 2010, while in the outstanding loan portfolio it represents a significantly lower (33%) market share.

Mortgage loan portfolio eroded further in 1Q 2010 (-1% q-o-q and -3% y-o-y FX-adjusted). Although the quarterly disbursement of mortgage loans lags behind 4Q 2009 performance (1Q 2010 disbursement: HUF 13.6 billion, -15% q-o-q), it was encouraging that its level was higher by 15% than in 1Q 2009 representing the bottom. The market share of new disbursement had been improving month by month during the quarter. In March 2010 the Bank's market share in newly originated loans was 22%, a market leader position for the Bank again. Regarding the FX composition of disbursements: the HUF ratio was near to 60% (average ratio in 2009 was 55%). The increment of HUF ratio was induced by the two following factors: strengthening disbursement of non-subsidised HUF housing loans and more importantly, for the first time ever the disbursement of HUF denominated home equity loans exceeded the amount of FX denominated ones (HUF 4.7 billion vs. HUF 2.6 billion).

Deposit book of OTP Core, taking into consideration the proxy-deposit retail bond portfolio of the Bank as well, increased by 9% y-o-y and was able to grow in 1Q 2010 as well (+2% q-o-q). The main cause of the experienced weak q-o-q performance of retail deposits was that the Bank – due to its strong liquidity position and the decline of HUF interest environment – has gradually moderated its promotional interest rates which resulted in the erosion of promotional term deposit volumes. Simultaneously alternative saving forms (primarily investment funds) gained significant ground. Retail bonds remained popular: the outstanding portfolio increased from HUF 237 billion at YE 2009 to HUF 257 billion (+9% q-o-q, +128% y-o-y).

Main driver of the deposit book growth was the increment of corporate deposits: deposit portfolio of medium and large corporates increase by 10% q-o-q and 34% y-o-y and municipal deposits grew by +17% q-o-q and +1% y-o-y. Good performance of municipal deposits was influenced by seasonality as well: collection of local taxes picks up at the end of 1Q and 3Q, hence the deposit book of municipalities is usually increasing in these quarters, but declining in the following quarters.

During the quarter the outstanding amount of bond portfolio (in 1Q 2010: HUF 1.104 billion, -15% q-o-q, thus -21% y-o-y) was significantly influenced by mortgage bonds redemption. Most significant of these was the note with EUR 1 billion face value due and repayed at 4 March 2010 (appr. HUF 266 billion). This effect has been partially counterbalanced by several factors. The above mentioned retail bond issuance resulted a HUF 21 billion portfolio growth q-o-q (HUF 144 billion growth y-o-y). In 1Q 2010 two bond series were issued by the OTP Core for institutional investors. In February OTP Bank returned to the international capital market with a CHF 100 million senior unsecured note with a 2 years tenor. This issue was the first ever CHF denominated bond issue in OTP Group's history. In March OTP Mortgage Bank issued an EUR 300 million mortgage bond series with 1.7 years tenor under its EMTN Mortgage Bond Program with EUR 3 billion nominal value. (Almost one third of this latter issue has been subscribed by non OTP Group-member investors).

Amount of inter-bank and government related liabilities was driven by the transactions related to the state loan (1Q 2010 closing volume: HUF 654 billion, -21% q-o-q, -7% y-o-y). The loan facility based on the agreement between OTP Bank and The Hungarian State as of 26 March 2009 was drawn down in two tranches (in April and June 2009 respectively). The EUR 1.4 billion total loan amount was prepaid in two equal instalments in November 2009 and in March 2010. The reason of the prepayment was the following: with the interest rate level and maturity of the state loan facility the Bank could satisfy the demand of only a handful number of entrepreneurs, thus in the future OTP Bank is willing to serve a wider range of its potential clients at the expense of its own liquidity reserve.

There was no drawn down of the subordinated loan facility (LT2) agreed between ERRD and OTP Bank in 3Q 2009. As a Post Balance Sheet event, on 29 April 2010 the Bank initiated the termination of the agreement. The decision was based on two facts: on one hand the capital position of the Bank and the Group does not require the utilization of the subordinated loan. On the other hand positive expectations regarding the stand-alone credit rating of OTP Bank and the sovereign rating of the Hungarian Republic project more favourable market funding opportunities than the one provided by EBRD. Latter is underpinned by the news that in March 2010 S&P has changed the "BB+" rating outlook of OTP Bank from negative to stable.

OTP FUND MANAGEMENT

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

Main components of P&L account in HUF mn	1Q 2009	4Q 2009	1Q 2010	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	1,243	1,443	1,731	20%	39%
Pre-tax profit	1,553	1,822	2,119	16%	36%
Total income	1,844	2,562	2,436	-5%	32%
Fund management fee	2,149	3,395	3,091	-9%	44%
Fund management fee (%)	*1.37%*	*1.67%*	*1.35%*	*0.0%*	*-0.3%*
Wealth management fee	788	933	851	-9%	8%
Wealth management fee (%)	*0.46%*	*0.39%*	*0.35%*	*-0.1%*	*0.0%*
Dealer commission	-1.214	-1.557	-1.651	6%	36%
Operating expenses	-291	-597	-317	-47%	9%
Personnel expenses	-122	-279	-124	-55%	2%
Operating expenses	-162	-313	-188	-40%	16%
Depreciation	-6	-5	-4	-11%	-31%
Value creation (after-tax)	2,279	2,786	3,148	13%	38%
Main components of balance sheet closing balances in HUF mn	1Q 2009	4Q 2009	1Q 2010	Q-o-Q	Y-o-Y
Total assets	8,717	10,933	10,881	0%	25%
Total shareholders' equity	4,375	9,059	5,792	-36%	32%
Main components of P&L account in HUF mn	1Q 2009	4Q 2009	1Q 2010	Q-o-Q	Y-o-Y
OTP Funds	621.5	862.7	1,004.8	16%	62%
money market	241.0	299.2	340.1	14%	41%
bond	48.4	105.9	142.0	34%	194%
mixed	12.3	14.8	15.4	4%	26%
security	182.4	306.8	360.7	18%	98%
guaranteed	122.0	117.6	126.3	7%	4%
other	15.5	18.5	20.3	10%	31%
Pension Funds	531.3	758.2	804.5	6%	51%
o/w OTP Funds	516.0	737.5	781.9	6%	52%
Other pension funds	15.3	20.7	22.6	9%	48%
Other Institutional Investors	162.7	198.1	208.7	5%	28%
Assets under management, total	**1,315.5**	**1,819.0**	**2,018.0**	**11%**	**53%**

In 1Q 2010 OTP Fund Management realised HUF 1.7 billion after tax profit which is by 20% higher than the 4Q 2009 figure. The Company's after tax value creation was HUF 3.1 billion in 1Q, while operating expenses decreased by 47% q-o-q.

In the last three months the total assets under management in the domestic funds grew by 12%, mainly due to the higher activity of retail investors. The outstanding growth of assets under management is fuelled on one hand by the improving market conditions, on the other hand by the significant capital inflow in 1Q (approx. HUF 235 billion). About 51% of the whole market inflow to securities funds were captured by OTP Fund Management. In 1Q retail investors preferred mainly the money market, short term bond, real estate and guaranteed funds. Within funds managed by OTP Fund Management the portfolio of OTP Optima grew by HUF 31 billion q-o-q, while the portfolio of OTP Capital Guaranteed Fund by HUF 18 billion.

Nevertheless, the realised fund management fee in the period fell by 9% q-o-q, but increased by 44% compared to the first quarter of 2009. The fund management fee represents a 1.35% fee charge on the average portfolio. The wealth management fee amounted to HUF 0.8 billion, representing a 0.35% fee charge.

The assets under management in the pension funds grew by 6% q-o-q in 1Q and exceeded HUF 800 billion (+51% y-o-y), while other institutional investors portfolio grew moderately (+5% q-o-q) due to lower activity of institutional investors.

The trust of investors and the outstanding performance of OTP Fund Management was reflected in the 150 bps growth of market share (adjusted for estimated duplications) in 1Q (33.74% at end March), while most of the competitors lost 10-30 bps of their market shares. The client base of the Company increased by 12 thousand clients in 1Q (+6% q-o-q), the growth is mainly due to the popularity of OTP Optima and OTP Capital Guaranteed Funds.

The 1Q 2010 after-tax result of the two consolidated foreign fund management operations (Ukraine, Romania) amounted to HUF 5 million profit.

MERKANTIL GROUP

Performance of Merkantil Bank and Car:

Main components of P&L account in HUF mn	1Q 2009	4Q 2009	1Q 2010	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs[1]	118	-1,827	288	-116%	144%
Pre-tax profit	182	-1,940	395	-120%	117%
Operating profit	3,058	2,796	2,909	4%	-5%
Total income	4,492	4,195	4,113	-2%	-8%
Net interest income	5,431	4,641	4,486	-3%	-17%
Net fees and commissions	-1,197	-1,195	-1,050	-12%	-12%
Other net non-interest income	259	749	677	-10%	162%
Operating expenses	-1,435	-1,400	-1,205	-14%	-16%
Provision for possible loan losses	-2,516	-2,862	-2,449	-14%	-3%
Other provision	-360	-1,874	-66	-97%	-82%
Main components of balance sheet closing balances in HUF mn	**1Q 2009**	**4Q 2009**	**1Q 2010**	**Q-o-Q**	**Y-o-Y**
Total assets	382,910	308,706	305,818	-1%	-20%
Gross customer loans	349,927	312,698	316,147	1%	-10%
Retail loans	307	80	103	29%	-67%
Corporate loans	40,144	37,850	43,933	16%	9%
Car financing loans	309,476	274,768	272,112	-1%	-12%
Allowances for possible loan losses	-23,183	-34,393	-36,777	7%	59%
Deposits from customers	8,130	5,467	4,672	-15%	-43%
Retail deposits	2,101	1,496	1,774	19%	-16%
Corporate deposits	6,028	3,971	2,914	-27%	-52%
Liabilities to credit institutions	295,856	235,553	237,722	1%	-20%
Total shareholders' equity	33,350	31,444	30,908	-2%	-7%
Loan Quality	**1Q 2009**	**4Q 2009**	**1Q 2010**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	27,348	38,469	39,716	3%	45%
90+ days past due loans/gross customer loans (%)	7.8%	12.3%	12.6%	0.3%	4.7%
Cost of risk/average gross loans (%)	3.03%	3.59%	3.16%	-0.43%	0.13%
Total provisions/90+ days past due loans (%)	84.8%	89.4%	92.6%	3.2%	7.8%
Performance Indicators (%)	**1Q 2009**	**4Q 2009**	**1Q 2010**	**Q-o-Q**	**Y-o-Y**
ROA	0.1%	-2.3%	0.4%	2.7%	0.2%
ROE	1.41%	-22.40%	3.74%	26.14%	2.33%
Net interest margin	5.97%	5.93%	5.92%	-0.01%	-0.05%
Cost of risk/average gross loans	3.0%	3.6%	0.0%	-3.6%	-3.0%
Cost/income ratio	31.9%	33.4%	29.3%	-4.1%	-2.7%

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

- ***Merkantil Bank and Car posted a HUF 288 million PAT in 1Q 2010***
- ***Q-o-q stable core banking incomes, other net non-interest income dropped, operating profit improved due to stringent cost control***
- ***Car financing loans further decreased (FX-adjusted decrease was -3% q-o-q, -5% y-o-y)***
- ***Portfolio quality deterioration slowed down significantly***

In 1Q 2010 the aggregated after tax result of Merkantil Bank and Car totalled to HUF 288 billion profit compared to the loss of HUF 1.8 billion in the previous quarter and the profit of HUF 130 million in 1Q 2009.

Total income decreased by 2% on a quarterly basis due to q-o-q shrinking average loan portfolio. Other net non-interest income declined by 10% q-o-q mainly because of the basis effect. Favourable though that net F&C expenses dropped by 12% q-o-q.

Yearly income dynamics was decreasing (-8%) because net interest income dropped by 17% due to lower volumes and higher funding costs of the mother company. The latter was counterbalanced by the higher margin on new disbursements. Contrarily, net F&C expenses decreased by 12% y-o-y (the decline of fee income was due to lower business activity and followed with some delay by the fee expenses, which occurs more or less independently from business activity). Other net non-interest income almost trebled y-o-y due to strong net FX results.

Operating expenses dropped significantly (-14% q-o-q, -16% y-o-y) as a result of the strong cost control effecting both personnel and material expenses.

Since the beginning of the crisis car financing loan book has been shrinking gradually calculated on a fixed exchange rate (in 1Q 2010 FX-adjusted decline was 3% q-o-q and 5% y-o-y). The reason of the gradual decrease of the portfolio is on one hand the smaller number of new deals connected to the decreasing number of Hungarian car sales in 1Q 2010 (-55% y-o-y). On the other hand the average volume of new disbursements is also decreasing as the ratio of less expensive cars within new sales was increasing and higher downpayments were required.. The latter was induced by the new government decree on prudent retail lending and creditworthiness in force since 1 March 2010: maximum length of car financing loans decreased from 96 months to 84 months and the maximum of own resources increased (in case of HUF loan to 25%, in case of EUR loan to 40%, in any other currencies to 55% respectively). The m-o-m increase of new car financing loan disbursements of Merkantil Group in March 2010 gives grounds for a bit of optimism. The decline of car financing was somewhat offset by the growing corporate loans (+16% q-o-q), which was due to intra-group loan transactions of Merkantil Group. Adjusting for intra-group transactions corporate loans would have declined q-o-q (in the table above aggregated, not consolidated data are presented).

The deterioration of portfolio quality slowed down, DPD90+ ratio grew from 12.3% by only 0.3%-points to 12.6%. With the forthwith As a result of cautious provisioning the coverage of non-performing loans improved from 89.4% to 92.6% (+3.2%-points q-o-q), whereas risk cost rate (3.16%) dropped by 43 bps.

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.

DSK GROUP (BULGARIA)

Performance of DSK Group:

Main components of P&L account in HUF mn	1Q 2009	4Q 2009	1Q 2010	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	7,388	7,278	4,559	-37%	-38%
Pre-tax profit	8,201	8,225	5,065	-38%	-38%
Operating profit	13,742	12,344	12,042	-2%	-12%
Total income	21,484	20,236	19,429	-4%	-10%
Net interest income	17,568	15,873	15,775	-1%	-10%
Net fees and commissions	3,650	3,918	3,322	-15%	-9%
Other net non-interest income	266	445	332	-25%	25%
Operating expenses	-7,742	-7,892	-7,387	-6%	-5%
Provision for possible loan losses	-5,519	-3,642	-6,967	91%	26%
Other provision	-21	-477	-10	-98%	-54%
Main components of balance sheet closing balances in HUF mn	**1Q 2009**	**4Q 2009**	**1Q 2010**	**Q-o-Q**	**Y-o-Y**
Total assets	1,343,257	1,207,328	1,180,708	-2%	-12%
Gross customer loans	1,165,839	1,027,820	1,015,715	-1%	-13%
Retail loans	944,956	831,729	818,890	-2%	-13%
Corporate loans	220,883	196,091	196,826	0%	-11%
Allowances for possible loan losses	-51,441	-61,810	-67,701	10%	32%
Deposits from customers	838,068	801,112	804,266	0%	-4%
Retail deposits	725,319	688,399	690,255	0%	-5%
Corporate deposits	112,749	112,713	114,011	1%	1%
Liabilities to credit institutions	180,908	100,739	71,791	-29%	-60%
Subordinated debt	108,233	95,049	93,741	-1%	-13%
Total shareholders' equity	199,044	193,214	195,037	1%	-2%
Loan Quality	**1Q 2009**	**4Q 2009**	**1Q 2010**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	44,329	72,080	80,182	11%	81%
90+ days past due loans/gross customer loans (%)	3.8%	7.0%	7.9%	0.9%	4.1%
Cost of risk/average gross loans (%)	2.05%	1.40%	2.77%	1.36%	0.71%
Total provisions/90+ days past due loans (%)	116.0%	85.8%	84.4%	-1.3%	-31.6%
Performance Indicators (%)	**1Q 2009**	**4Q 2009**	**1Q 2010**	**Q-o-Q**	**Y-o-Y**
ROA	2.4%	2.4%	1.5%	-0.9%	-0.8%
ROE	16.46%	15.27%	9.52%	-5.74%	-6.93%
Total income margin	6.93%	6.67%	6.60%	-0.07%	-0.33%
Net interest margin	5.67%	5.24%	5.36%	0.12%	-0.31%
Cost/income ratio	36.0%	39.0%	38.0%	-1.0%	2.0%
Gross loans to deposits	139%	128%	126%	-2%	-13%

- ***Stable operating results, after tax profit declined mainly due to rising risk cost***
- ***Further dropping loan-to-deposit ratio (1Q 2010: 126%, -2%-points q-o-q) due to successful deposit collection (+2% q-o-q, +11% y-o-y in local currency) and stagnating loan portfolio (+0% q-o-q, +1% y-o-y)***
- ***NIM improved by 0.12%-points q-o-q***
- ***Cost efficiency still outstanding (CIR stood at 38% in 1Q 2010)***

The HUF denominated financials of DSK Group were highly influenced by the development of the BGN-HUF exchange rate especially from 1Q 2009 to 1Q 2010: the closing HUF rate strengthened by 14% y-o-y, 2% q-o-q against BGN, while the quarterly average rate appreciated by 9% y-o-y and 1% q-o-q.

In 1Q 2010 DSK Group proved its henceforward robust income generating capability and efficient cost control. The Bank's operating profit (before tax and provisioning) was similar to the previous period's level in BGN terms (-4% y-o-y. -2% q-o-q, in HUF terms the yearly drop of 12% was due to the above mentioned HUF appreciation.) It was a favourable improvement that net interest margin (1Q 2010: 5.36%) grew by 12 bps q-o-q thus allowing net interest income to keep its level. So the slight quarterly erosion of total revenues reflected the seasonally lower F&C incomes in 1Q.

Consequently higher risk costs were behind the decline of after tax profit: the amount of HUF 7.0 billion represents a growth of 93% q-o-q and 38% y-o-y in local currency. The rise of risk cost was caused by corporate loans related provisioning, however all product segments suffered from portfolio quality deterioration. As a result, PAT totalled to HUF 4.6 billion (-37% q-o-q, -38% y-o-y) – virtually resembling 2Q 2009 levels.

The rise of provisions for loan losses, which is still the main driver of profit development, was in line with the deterioration of the loan portfolio quality. The proportion of DPD90+ loans was rising in all product segments (the total DPD90+ ratio grew to 7.9% from 7.0% q-o-q): in the mortgage loans segment from 6.6% to 7%, in consumer lending from 7.3% to 8.2% whereas in the corporate loans segment it grew from 2.3% to 3.0%. In the SME segment the trend was still the most unfavourable: DPD90+ ratio grew from 18.2% to 22.4% q-o-q. The retail debtor protection program continued, the share of restructuerd loans within household exposures grew from 6.2% to 8.1%. The provision coverage of non-performing loans remained flat due to the massive provisioning (1Q 2010: 84%, -1%-points q-o-q).

As for the development of total revenues, the Bank lowered its interest rates on deposits as its liquidity position improved in 1Q.I Also it did not renew its expiring deposit campaigns, which together had a favourable impact on the results. Namely, a slight improvement of interest margin is to be observed (1Q 2010: 5.36%, +12bps q-o-q). Considering however, that the reduction of interests was a gradual process in the first quarter, greater positive effects of the lower deposit interest are to come in the following quarters. Despite the interest rate cuts, the retail deposit market share of the Bank remained stable, while the market position in the corporate segment has even improved q-o-q.

Operating costs remained under stringent control in 1Q 2010 which was underpinned by the continuous low level of cost/income ratio (1Q 2010: 38%, -1%-points q-o-q). In local currency costs changed by only +4% y-o-y and -6% q-o-q.

Other provisions were negligible in 1Q 2010. The significant quarterly improvement is reasoned by the high base: in 4Q 2009 the Bank made HUF 0.4 billion provisions for its available-for-sale securities portfolio, but no further provisioning was necessary in 2010.

Regarding the loan volumes it is to be noted that lending conditions on the Bulgarian market have been softening during the first quarter, which denotes an increasing willingness of lending of the banking sector. In line with that DSK Bank launched retail campaigns, and the demand was also picking up in the second half of the quarter. The new disbursements however could only maintain the level of consumer loan book (in BGN terms +1% y-o-y, 0% q-o-q). Mortgage lending (+5% y-o-y, +1% q-o-q) and corporate lending (+3% y-o-y and +2% q-o-q) showed somewhat more vitality. The SME portfolio however still follows a downward trend (-5% q-o-q, -16% y-o-y). The Bank’s market share on the lending side was practically flat in the quarter.

Despite the previously mentioned pricing steps, deposit base of the Bank grew by 2% q-o-q (reaching a yearly growth of 11%). So after the decline in 4Q 2008 and 1Q 2009 deposits have been growing continuously. In 1Q 2010 mainly retail term deposits and corporate deposits were driving the portfolio growth. Thus the shrinkage of the loan-to-deposit ratio, which started in 1Q 2009, continued through 1Q 2010 as well (126%, -2%-points q-o-q, -13%-points y-o-y).

On the liability side there was no major capital market transaction in 1Q: the subordinated capital base remained flat in BGN on a yearly as well as on a quarterly basis. At the same time the inter-bank funding decreased (-27% q-o-q in BGN, -54% y-o-y) as DSK Bank paid back approx. HUF 27 billion loan at its expiration in February 2010 to its mother bank in line with the improvement of its liquidity position.

Capital position of DSK is still very strong, the capital adequacy ratio is more than double of the regulatory minimum (1Q 2010: 25.1% vs. 12% of the regulatory minimum). In 1Q the ratio improved significantly due to changes in the Bulgarian regulations. Among the changes the one that modified the risk weight of some asset classes had the major impact, leading to a decline of 12% in the RWA q-o-q).

OTP BANK RUSSIA[6]

Performance of OTP Bank Russia:

Main components of P&L account in HUF mn	1Q 2009	4Q 2009	1Q 2010	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	313	1,732	1,200	-31%	283%
Pre-tax profit	412	2,619	1,579	-40%	283%
Operating profit	6,325	6,964	9,106	31%	44%
Total income	17,206	18,235	20,449	12%	19%
Net interest income	14,750	16,076	18,852	17%	28%
Net fees and commissions	1,203	1,198	1,290	8%	7%
Other net non-interest income	1,253	962	307	-68%	-75%
Operating expenses	-10,881	-11,272	-11,343	1%	4%
Provision for possible loan losses	-5,948	-4,413	-7,458	69%	25%
Other provision	35	68	-69	-202%	-298%
Main components of balance sheet closing balances in HUF mn	**1Q 2009**	**4Q 2009**	**1Q 2010**	**Q-o-Q**	**Y-o-Y**
Total assets	574,914	579,941	623,851	8%	9%
Gross customer loans	412,918	369,877	395,640	7%	-4%
Retail loans	254,064	250,463	271,024	8%	7%
Corporate loans	136,076	103,719	109,128	5%	-20%
Car financing loans	22,778	15,695	15,488	-1%	-32%
Allowances for possible loan losses	-39,067	-38,493	-49,516	29%	27%
Deposits from customers	243,929	306,646	333,036	9%	37%
Retail deposits	165,410	196,744	219,180	11%	33%
Corporate deposits	78,519	109,902	113,856	4%	45%
Liabilities to credit institutions	228,870	163,592	160,270	-2%	-30%
Issued securities	8,627	15,955	16,974	6%	97%
Subordinated debt	16,036	13,607	14,363	6%	-10%
Total shareholders' equity	65,792	71,459	82,105	15%	25%
Loan Quality	**1Q 2009**	**4Q 2009**	**1Q 2010**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	45,709	46,028	51,483	12%	13%
90+ days past due loans/gross customer loans (%)	11.1%	12.4%	13.0%	0.6%	1.9%
Cost of risk/average gross loans (%)	6.06%	4.93%	7.90%	2.97%	1.84%
Total provisions/90+ days past due loans (%)	85.5%	83.6%	96.2%	12.5%	10.7%
Performance Indicators (%)	**1Q 2009**	**4Q 2009**	**1Q 2010**	**Q-o-Q**	**Y-o-Y**
ROA	0.2%	1.3%	0.8%	-0.5%	0.6%
ROE	2.0%	9.8%	6.3%	-3.4%	4.3%
Total income margin	12.64%	13.41%	13.78%	0.37%	1.14%
Net interest margin	10.84%	11.82%	12.70%	0.88%	1.86%
Cost/income ratio	63%	62%	55%	-6%	-8%
Gross loans to deposits	169%	121%	119%	-2%	-50%

- ***Due to the increase of risk costs related to a one-off corporate exposure PAT declined q-o-q(but grew by 293% y-o-y)***
- ***Adjusted by one-off provision 1Q PAT was HUF 4.7 billion***
- ***Extraordinarily strong operating income increasing by 31% q-o-q and by 44% y-o-y***
- ***Robust consumer loan disbursements, q-o-q stagnating POS loan portfolio, volume of credit card loans increased by 9%***
- ***Improving cost effectiveness due to strong income and controlled costs (1Q 2010 CIR: 55%)***

OTP Russia would post an after tax profit of HUF 4.7 billion – representing an outstandingly good performance both on a yearly (+HUF 4,4 billion) as well as on a quarterly base (+HUF 2,4 billion) – should we adjust its statement of income for a one-timer provisioning after a corporate loan exposure. Though the reported profit of HUF 1.2 billion indicates a 31% decrease q-o-q, the operating profit of the bank clearly shows the results of increasing demand for consumer loans experienced since 2H 2009 and the sales boosting efforts of the Russian subsidiary. NII increased by 17% q-o-q and 28% y-o-y due to the increasing consumer loan portfolio and the strong interest margin. All of these supplemented by a strict cost control (operating costs +1% q-o-q, +4 y-o-y altogether) resulted in an outstanding operating income dynamics (+31% q-o-q and +44% y-o-y). Despite of this the q-o-q experienced decline of PAT was generated by a one-off risk cost increase related to a corporate loan resulting a significantly higher risk cost rate (1Q: 7.90%) than in the previous year (2009: 5.59%). Should we adjust this ratio for the one off effect, it would stand at 3,02% as of 1Q 2010, reflecting the

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

positive effect of the still favourable portfolio quality development of the consumer loan book.

The robust increase of total revenues driven by the successful consumer loans sales was the decisive factor for the good financial results of the Russian subsidiary. In case of POS loans, after the contraction of winter 2008 / spring 2009 period, the sales performance has improved due to the significantly increasing demand. Since 2H 2009 the agent network has been extended and new selling agreements has been concluded with country-wide retail chains. As a result, in 4Q 2009 disbursements reached a record level and the Bank's market share in new disbursements improved continuously last year. The dynamics of origination remained outstandingly strong even in 1Q 2010 compared to the same periods of previous years (1Q 2010/1Q 2009: +103%, 1Q 2010/ 1Q 2008: +23%), moreover the market share remained at the front run, as well (1Q 2010: 23%; for comparison purposes 2Q 2009: 15%, 3Q: 23%, 4Q: 24%). Due to strong disbursements the POS loan portfolio stabilized at a high level (closing portfolio in RUB q-o-q +1%, y-o-y +43%, whereas adjusted for the 2009 write-offs y-o-y +54% (!)). 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 afterwords. 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 products increased by 9% q-o-q in 1Q 2010, y-o-y it represents a 19% growth and adjusted for 2009 write-offs the portfolio increased by 30%. With respect to number of issued credit cards the bank is currently the 7th largest player in the Russian market.

Total income margin and NIM of OTP Russia were significantly boosted by the strong dynamics of consumer lending: the former increased to 13.8% and the latter to 12.7%, which is a remarkable improvement compared to the previous year's levels. (+1.14% and +1.86% y-o-y respectively). Besides the strong consumer lending activity the margin improvement was generated by two other factors as well: on one hand the liquidity surplus cumulated as a result of the successful deposit collection in 2009 was invested into interbank loans and high-yield securities after the amendment of the regulations around mid-2009. On the other hand since the current level of the liquidity buffer covers the liquidity need of the planned loan portfolio growth in 2010, the offered deposit rates were decreased in several steps in 4Q 2009 and 1Q 2010. Furthermore the active selling campaigns were cancelled. These changes are reflected in the slowing dynamics of deposit base growth in 1Q 2010: in RUB the deposit base remained stable (+0% q-o-q) after the outstanding 41% y-o-y growth in 2009 (retail deposits increased by +3% q-o-q, corporate deposits decreased by 4%). As a result of the above mentioned developments, the rapid improvement of loan-to-deposit ratio experienced in 2009 moderated a lot (1Q 2010: 119%, -2%-points q-o-q, -50%-points y-o-y).

The remarkable increase of risk costs (1Q 2010: HUF 7.5 billion, +69% q-o-q, +25% y-o-y) was induced primarily by a significant one-off provisioning requirement of a corporate loan in the amount of HUF 4.6 billion, after the default of the borrower. This one-timer provisioning was made for the loan of Technosila Group. The latter company is engaged in retail trade of electronic and home appliances, having a wide distribution network. As of end-March 2010, the total outstanding exposure of OTP Bank Russia to Technosila Group amounted to USD 46.6 million, majority of which was overdue, though has not reached DPD90+. Under IFRS the Bank set aside provisions in the amount of USD 29,4 million (cca. HUF 5,4 billion). From that HUF 0.8 billion was made already in 4Q 2009, while the remaining HUF 4.6 billion was booked in 1Q 2010, bringing the total provision coverage of the exposure to 64%. Though unsuccessfully so far, OTP Russia has taken several legal steps to enforce its claims. In 2Q 2010 the management intends to raise the provision coverage of the exposure to 100%, at the same time it will do its best to mitigate any further losses.

Besides the negative one-off effect of the above corporate loan, risk cost of the consumer loan portfolio remained favourable: risk cost rate of the Bank declined to 3,02% after adjusting it for the one off effect. This represents a remarkable improvement compared to the 5.59% level in 2009. DPD90+ ratio increased to 13,0% (+0.6%-point q-o-q, +1.9%-point y-o-y) however at the same time the coverage ratio of problem loans improved a lot due to the heavy provisioning both q-o-q and y-o-y (1Q 2010: 96.2%). It is to be noted that the loan to Technosila is not yet 90+ days overdue, however the provisioning for it already contributed to the coverage ratio increase.

The q-o-q 68% and y-o-y 75% decline of other net non-interest income was generated primarily by the lower FX-marge profit, decrease of which was a result on one hand of the declining transactional activity of clients and on the other hand of the appreciation of the rubel.

Stringent control of operating costs was reflected in their stable levels:,+4% y-o-y and +1% q-o-q. Furthermore the quarterly increase came from exchange rate movements, in RUB terms the cost base decreased by 4% q-o-q. As a result of branch network rationalization the headcount of the bank w/o selling agents decreased by 3% q-o-q (by 171 persons) to 5,053 employees. Number of branches decreased to 157 from 162 q-o-q (thus -4 branches y-o-y): one brach in Moscow and four branches of the former Donskoy Narodny Bank in Rostov were closed during 1Q 2010. The agent network expanded by 5% in 1Q 2010 (1Q 2010 headcount: 11,242, +41% increase y-o-y).

Despite the positive trends in consumer lending and in credit card products the sales performance of other retail and corporate product segments remained low. In RUB terms the retail loan portfolio increased by 1% q-o-q, but the corporate and car loan portfolio shrank by 4% and 9% respectively. Within deposits the slow amortisation in the share of FX denominated deposits continued (share of FX deposits: 1Q 2009: 37%; 4Q 2009: 30%; 1Q 2010: 29%). Since the beginning of 2009 in line with the improvement of the Bank's liquidity position the interbank funding portfolio (within that primarily the intra-group funding) has been cut back gradually (in RUB the interbank portfolio decreased by 10% q-o-q and 29% y-o-y). There were neither capital market transactions, nor,capital injection or subordinated loan transaction occuring in 1Q 2010.

OTP BANK JSC (UKRAINE)[7]

Performance of OTP Bank JSC:

Main components of P&L account in HUF mn	1Q 2009	4Q 2009	1Q 2010	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	-9,120	-14,423	143	-101%	-102%
Pre-tax profit	-9,034	-15,509	202	-101%	-102%
Operating profit	11,594	11,617	8,835	-24%	-24%
Total income	17,878	17,726	14,114	-20%	-21%
Net interest income	15,795	15,904	12,648	-20%	-20%
Net fees and commissions	1,527	1,488	1,616	9%	6%
Other net non-interest income	555	334	-149	-145%	-127%
Operating expenses	-6,284	-6,109	-5,280	-14%	-16%
Provision for possible loan losses	-19,783	-26,634	-8,438	-68%	-57%
Other provision	-845	-491	-195	-60%	-77%
Main components of balance sheet closing balances in HUF mn	**1Q 2009**	**4Q 2009**	**1Q 2010**	**Q-o-Q**	**Y-o-Y**
Total assets	916,086	711,155	730,494	3%	-20%
Gross customer loans	859,199	670,758	689,357	3%	-20%
Retail loans	401,297	311,158	321,612	3%	-20%
Corporate loans	370,226	300,795	309,984	3%	-16%
Car financing loans	87,676	58,806	57,761	-2%	-34%
Allowances for possible loan losses	-47,684	-110,583	-127,103	15%	167%
Deposits from customers	157,579	165,764	172,332	4%	9%
Retail deposits	78,323	98,164	101,216	3%	29%
Corporate deposits	79,256	67,600	71,117	5%	-10%
Liabilities to credit institutions	603,661	403,803	410,828	2%	-32%
Subordinated debt	42,667	40,331	42,584	6%	0%
Total shareholders' equity	85,381	90,711	96,587	6%	13%
Loan Quality	**1Q 2009**	**4Q 2009**	**1Q 2010**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	89,382	149,827	161,695	7.9%	80.9%
90+ days past due loans/gross customer loans (%)	10.4%	22.3%	23.5%	1.1%	13.1%
Cost of risk/average gross loans (%)	9.89%	15.72%	5.03%	-10.69%	-4.85%
Total provisions/90+ days past due loans (%)	53.3%	73.8%	78.6%	4.8%	25.3%
Performance Indicators (%)	**1Q 2009**	**4Q 2009**	**1Q 2010**	**Q-o-Q**	**Y-o-Y**
ROA	-4.2%	-8.2%	0.1%	8.3%	4.3%
ROE	-44.70%	-73.28%	0.62%	73.90%	45.32%
Total income margin	8.22%	10.06%	7.94%	-2.12%	-0.28%
Net interest margin	7.27%	9.03%	7.12%	-1.91%	-0.15%
Cost/income ratio	35.1%	34.5%	37.4%	2.9%	2.3%
Gross loans to deposits	545%	405%	400%	-5%	-145%
Net loans to deposits	515%	338%	326%	-12%	-189%

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

- ***1Q 2010 results were still driven by significant provisioning***
- ***Efficient cost management, significant savings realised on operating expenses (-14% q-o-q)***
- ***Portfolio quality deterioration slowed down (DPD90+ ratio: 23.5%) with coverage further improving (1Q 2010: 78.6%)***
- ***Shrinking loan and deposit portfolios, loan-to-deposit ratio decreased by 5%-points***
- ***The Bank's capital adequacy ratio is well above the regulatory minimum, stood at 18.1% at end of March 2010***

1Q 2010 results of OTP Bank Ukraine was still dominated by the significant provisioning, though a significant portion of that was related to precautionary provisioning. It should be noted that if the periodic risk cost were kept on level necessary to maintain the coverage ratio of the year 2009 (73.8%), after-tax profit of the Bank would have been higher than HUF 5 billion. On the income side, the 20% q-o-q drop of net interest income was partially offset by the 9% growth of net F&C income, while operating costs were under strict control (-14% q-o-q). When analysing the income and portfolio dynamics, one should note that both the closing rate and average exchange rate of UAH strengthened q-o-q vs. HUF (by about 7%). The strengthening of UAH vs. USD also had an impact on the balance sheet items due to the high ratio of FX exposure (ratio of FX loans: 84%, ratio of FX deposits: 62%).

The development of the net interest income for the period was driven by two factors: firstly, loan portfolios further shrank in all major segments in 1Q (-6%) while the bank continued offering term and sight deposits with favourable rates for customers. Secondly, the technical corrections initiated in November 2009 affect NIM development. I.e. the accrual of non-performing loans related interest stopped in case of DPD30+. The overdue debt related interest income totalled to 12.8% of the total gross interest income (compared to the 13.1% in 4Q 2009). Consequently, NIM decreased by 1.91%-points q-o-q to 7.12% in 1Q 2009, while adjusted NIM showed moderate decline (1Q 2010: 5.7%, -0.9%-points q-o-q).

Net F&C income improved by 9% q-o-q, yet in LCY it remained flat compared to the previous quarter. The deposit and transaction related fee income, which gives a significant portion (33%) of total F&C income at the Ukrainian subsidiary fell by 13% (in LCY terms), while loan related commission income, which represents a smaller portion, significantly increased. These changes reflect the impact of stronger HUF in 4Q 2009, and in case of loan related commissions the base effect also played a role. The significant q-o-q decrease of other net non-interest income is due to the revaluation loss of provisions as a result of the strengthening UAH/USD rate. Since the beginning of 2010 UAH strengthened against USD basically as a result of the stabilisation of the political environment.

The preceding quarters alike operating costs remained under stringent control in 1Q 2010 as well: though cost/income ratio rose q-o-q by 2.9%-points (1Q 2010: 37.4%), at the same time operating costs shrank by 20% q-o-q in LCY. Development of personnel expenses was driven by moderate business activity, and headcount also decreased by 211 in 1Q 2010 (closing number of employees in 1Q 2010: 3,622; -471 person y-o-y).

With respect to the development of results provisioning is still the key driver. Risk cost for the first quarter exceeded HUF 8 billion, which together with the stabilisation of portfolio deterioration enabled a significant improvement of coverage (+4.8%-points q-o-q), thus provision coverage of NPL portfolio reached 78.6% at the end of March. Ratio of DPD90+ loans slightly increased to 23.5%, which ratio was affected by the shrinking total gross loans in UAH terms. Ratio of overdue retail debt continued to grow, which affected also the mortgage loan portfolio. At the same time corporate loan book quality improved (DPD90+ ratio decreased from 21.2% to 18.3%). The proportion of restructured retail loans reached 39.8% by the end of March (4Q 2009: 38.5%).

The administrative measures of the National Bank of Ukraine together with the stabilising UAH boosted local currency savings. Due to the deposit campaign launched last year, portfolio of LCY deposits (which give 40% of portfolio total) increased by 27%. The retail deposit campaign offered favourable interest rates mainly on term deposits, which intended to support client retention and enhance the Bank's liquidity. In case of the Ukrainian subsidiary LCY savings grew by 20% in the retail segment and 31% in the corporate segment q-o-q. Nevertheless, the retail deposit market share of the Bank slightly fell (1.5%-points q-o-q), basically due to the shrinkage of FX deposits, still the share of FX denominated deposits (mainly USD) was significant, about 62% at the end of March.

As a result of the retail deposit campaigns, the loan-to-deposit ratio of the Bank declined by 5%-points, and because the provision coverage of total loans was 18.4%, net loans/deposits ratios was much lower (1Q 2010: 326%, -12%-points q-o-q).

In case of large corporate clients the deposit portfolio stagnated in 1Q, as for retail deposits both term and sight deposits decreased.

By the end of March 2010 the Bank's CAR stood at 18.1% (regulatory minimum is 10%). It is to be noted that the strengthening local currency in 1Q contributed to the moderation of portfolio deterioration, this, together with prudent risk management helped to keep the current level of regulatory capital.

OTP BANK ROMANIA

Performance of OTP Bank Romania:

Main components of P&L account in HUF mn	1Q 2009	4Q 2009	1Q 2010	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs[1]	-725	384	0	-100%	-100%
Pre-tax profit	-538	422	0	-100%	-100%
Operating profit	1,562	2,107	1,822	-14%	17%
Total income	4,933	5,518	4,929	-11%	0%
Net interest income	3,850	4,226	4,104	-3%	7%
Net fees and commissions	476	539	532	-1%	12%
Other net non-interest income	607	753	293	-61%	-52%
Operating expenses	-3,370	-3,411	-3,107	-9%	-8%
Provision for possible loan losses	-2,014	-1,627	-1,817	12%	-10%
Other provision	-87	-58	-4	-93%	-95%
Main components of balance sheet[2] closing balances in HUF mn	**1Q 2009**	**4Q 2009**	**1Q 2010**	**Q-o-Q**	**Y-o-Y**
Total assets	416,541	365,743	371,203	1%	-11%
Gross customer loans	356,316	293,116	286,331	-2%	-20%
Retail loans	235,305	200,738	203,127	1%	-14%
Corporate loans	121,012	92,379	83,204	-10%	-31%
Allowances for possible loan losses	-7,501	-8,725	-10,179	17%	36%
Deposits from customers	83,538	96,364	100,173	4%	20%
Retail deposits	66,007	81,998	81,735	0%	24%
Corporate deposits	17,531	14,366	18,438	28%	5%
Liabilities to credit institutions	287,219	227,298	229,383	1%	-20%
Total shareholders' equity	25,007	25,513	24,407	-4%	-2%
Loan Quality	**1Q 2009**	**4Q 2009**	**1Q 2010**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	8,039	9,942	12,604	27%	57%
90+ days past due loans/gross customer loans (%)	2.3%	3.4%	4.4%	1.0%	2.1%
Cost of risk/average gross loans (%)	2.43%	2.19%	2.54%	0.35%	0.12%
Total provisions/90+ days past due loans (%)	93.3%	87.8%	80.8%	-7.0%	-12.5%
Performance Indicators (%)	**1Q 2009**	**4Q 2009**	**1Q 2010**	**Q-o-Q**	**Y-o-Y**
ROA	-0.8%	0.4%	0.0%	-0.4%	0.8%
ROE	-12.19%	6.21%	0.00%	-6.20%	12.19%
Total income margin	5.10%	5.95%	5.42%	-0.53%	0.32%
Net interest margin	3.98%	4.56%	4.52%	-0.04%	0.53%
Cost/income ratio	68.3%	61.8%	63.0%	1.2%	-5.3%
Gross loans to deposits	427%	304%	286%	-18%	-141%

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

- ***After a profitable previous quarter declining other non interest income and the q-o-q slightly increasing risk costs resulted zero profit***
- ***Deposit book increased further on, loan portfolio decreased, accordingly LTD ratio improved q-o-q***
- ***Portfolio quality deteriorated slight, but at a Group level still remained the best***
- ***Quality of the rescheduled loan portfolio remained stable***

In 1Q 2010 OBR reached zero profit compared to HUF 0.4 billion profit in the previous quarter and HUF 0.7 billion loss in 1Q 2009. The strong operating result was supported by stable core banking revenue generating capability and strict cost control.

Albeit in a quarterly comparison total income decreased by 11% this was mainly caused by the 61% drop of other net non-interest income while the core banking revenue components remained relatively stable. On a yearly base total income remained flat (the dynamics is positive in RON because the average FX rate of HUF appreciated against RON by 5% y-o-y). The net interest income grew by 7% y-o-y (+13% in RON terms), the net fee and commission income increased by 12% y-o-y (+18% in RON terms).

Within interest income the weight of interest income on securities increased, since in 1Q 2010 the proportion of available-for-sale and held-to-maturity securities grew further in the Balance Sheet, almost reaching 10% (in 1Q 2009 this ratio was only 1%). Due to the continuous base rate cuts the reference rates were declining as well, simultaneously the interest expenses on deposits were decreasing too.

Other net non-interest income declined significantly both on quarterly and on yearly base, due to the lower foreign exchange gain and the lack of gain on securities realized in 4Q 2009 (base effect).

Operating costs shaped well, due to the effective cost control the cost savings in LCY reached 3%

y-o-y and 11% q-o-q, stemming mainly from lower other costs. The cost to income ratio improved by 6%-points y-o-y to 63%.

Portfolio quality – although it is the best within the Group – deteriorated further in 1Q 2010. Ratio of DPD90+ loans increased to 4.4% (+1.0%-point q-o-q). However the coverage ratio is above the group average reaching 80.8% (-7.0%-points q-o-q).

Risk costs grew by 12% in the quarter due to portfolio deterioration. In 1Q 2010 nearly HUF 1.6 billion gross amount of loans were sold to OTP Faktoring SRL, the transaction's net effect on earnings represented a loss of HUF 70 million.

OBR launched a successful retail debtor protection program in 2Q 2009. The loan protection program focusing on mortgage loans involved 8% of the loan portfolio at the end of 4Q 2009, by the end of March 2010 this ratio grew to 9%. Quality of restructured loan portfolio is stable: at year-end 2009 20%, while at the end of March 2010 23% of these rescheduled loans were at least one day overdue (DPD 60+ ratio was only 2%). About 49% of the rescheduled portfolio has been restructured more than once.

Loan demand remained benign, but the Bank's intention to strengthen the lending activity – mainly mortgage lending – is on schedule; the Bank intended to focus the sales force on loan disbursement which is also supported by the liquidity reserves in the balance sheet (in 4Q some measures have already been taken to boost lending activity in case of SME loans and mortgage loans). During the quarter gross loan portfolio decreased by 4% q-o-q and by 10% y-o-y in RON. The mortgage loan portfolio, which makes more than half of the total loan book remained flat q-o-q in RON, while SME loans grew by 1%. The MLE loan book dropped by 12% q-o-q in RON terms which was influenced negatively by the previously mentioned sale of loans.

Due to the outstanding results in deposit collection the loan to deposit ratio continued to decline sharply. Beside increasing market share, the deposit book grew in RON by 2% q-o-q and by 35% y-o-y. While the strong yearly dynamics was supported by the successful retail deposit collection (in RON retail deposits increased by 46%), the quarterly increment was due to large corporate segment which increased by 26% q-o-q in LCY.

Capital adequacy ratio of the Bank was 13.7% at the end of March against 14.3% at the end of December and the 10% regulatory minimum level.

In 1Q 2010 the headcount of the Bank increased by 15 persons to 1,109 q-o-q while the number of branches did not change.

OTP BANKA HRVATSKA

Performance of OTP banka Hrvatska:

Main components of P&L account in HUF mn	1Q 2009	4Q 2009	1Q 2010	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	815	693	507	-27%	-38%
Pre-tax profit	995	884	639	-28%	-36%
Operating profit	1,410	1,279	1,038	-19%	-26%
Total income	4,854	4,534	4,354	-4%	-10%
Net interest income	3,480	2,959	3,101	5%	-11%
Net fees and commissions	901	1,013	853	-16%	-5%
Other net non-interest income	473	562	400	-29%	-15%
Operating expenses	-3,444	-3,254	-3,317	2%	-4%
Provision for possible loan losses	-398	-384	-388	1%	-3%
Other provision	-16	-11	-12	6%	-28%
Main components of balance sheet closing balances in HUF mn	**1Q 2009**	**4Q 2009**	**1Q 2010**	**Q-o-Q**	**Y-o-Y**
Total assets	533,424	469,304	456,837	-3%	-14%
Gross customer loans	370,931	318,477	316,966	0%	-15%
Retail loans	223,716	194,021	193,600	0%	-13%
Corporate loans	144,283	122,183	121,225	-1%	-16%
Car financing loans	2,933	2,273	2,141	-6%	-27%
Allowances for possible loan losses	-7,557	-9,195	-9,786	6%	29%
Deposits from customers	359,348	337,935	328,032	-3%	-9%
Retail deposits	312,242	294,348	289,928	-2%	-7%
Corporate deposits	47,106	43,588	38,104	-13%	-19%
Liabilities to credit institutions	97,513	60,377	57,341	-5%	-41%
Subordinated debt	0	4	0	-100%	
Total shareholders' equity	63,836	60,626	60,864	0%	-5%
Loan Quality	**1Q 2009**	**4Q 2009**	**1Q 2010**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	22,810	28,417	28,678	1%	26%
90+ days past due loans/gross customer loans (%)	6.1%	8.9%	9.0%	0.1%	2.9%
Cost of risk/average gross loans (%)	0.47%	0.48%	0.49%	0.01%	0.02%
Total provisions/90+ days past due loans (%)	33.1%	32.4%	34.1%	1.8%	1.0%
Performance Indicators (%)	**1Q 2009**	**4Q 2009**	**1Q 2010**	**Q-o-Q**	**Y-o-Y**
ROA	0.7%	0.6%	0.4%	-0.1%	-0.2%

ROE	5.56%	4.56%	3.39%	-1.18%	-2.17%
Total income margin	3.95%	3.82%	3.81%	0.00%	-0.14%
Net interest margin	2.83%	2.49%	2.72%	0.22%	-0.12%
Cost/income ratio	71.0%	71.8%	76.2%	4.4%	5.2%
Gross loans to deposits	103%	94%	97%	2%	-7%

- ***Stable operating income due to favourable NII (+5% q-o-q) and operating cost control (+2% q-o-q)***
- ***Quarterly NIM shows a 22 bps improvement***
- ***Stagnating deposit portfolio q-o-q, increasing demand for loan rescheduling and for overdrafts on the asset side***
- ***Coverage ratio improved by 1.8%-points q-o-q, portfolio quality slightly deteriorated (DPD90+ ratio stood at: 9.0%)***
- ***CAR is significantly higher than the regulatory minimum (17.11% vs. 12%)***

Though more than HUF 500 million 1Q 2010 PAT of OBH shows a significant drop on a quarterly base (-27% q-o-q), its operating profit is below the level realized in 4Q 2009. In respect of revenues it has to be emphasized that the continuous improvement of NII in 1Q (+5% q-o-q) could offset the seasonally weaker NF&C income formation (-16% q-o-q). Lending activity in 1Q was moderate reflected also in the revenues, but at the same time significant provisioning in parallel with the portfolio quality deterioration boosted the coverage ratio of DPD90+ loans by 1.8%-points.

According to the resolution of National Bank of Croatia several changes has been introduced in the accounting and provisioning methods of problem loans. The most important amendments were in relation with the retail portfolio: the minimum amount of overdue loan (HRK 1,750) was fixed, also the amount of accountable provision was specified in time ranges after 90+ days delay. In order to comply with the regulatory requirements OBH accumulated additional provisioning for the retail loan portfolio collateralized by mortgages. The methodology of provisioning for securities available-for-sale has been changed as well, which resulted about HUF 312 million (HRK 8.5 million) release of provisions. At the same time about HUF 321 (HRK 8.7 million) provision accumulated for loans before acquisition was released, as well. Altogether the risk cost remained flat q-o-q, however the coverage ratio reflected a moderate improvement (+1.8%-points q-o-q), at the end of March it stood at 34.1%.

Portfolio quality has been deteriorating in a moderate pace in all major product segments. By the end of March the ratio of DPD90+ loans reached 9.0%. In case of mortgage loans the ratio of problem loans increased from 7.9% to 8.3% and from 10.0% to 10.5% in case of consumer loans. Regarding future formation, both DPD30+ and DPD60+ ratio increased which projects further portfolio quality deterioration. In the corporate segment the problem portfolio shows a decline q-o-q.

During 1Q the deposit base of the bank shrank by 3% which is explained by pricing policy changed in the first quarter and by seasonal effects. Stable liquidity position of the Bank provided opportunity to decrease deposit rates twice in 1Q, positive effects of which has already been reflected in the slight improvement of NII in 1Q (1Q 2010: 2.72%; +22 bps). Beside of this the loan portfolio has been declining in 1Q further (-5% q-o-q) and CHF 11.5 million funding has been repaid to OTP Bank.

It should be emphasized that the CAR of the Bank was well above the regulatory minimum (12%) stood at 17.11% as at the end of March 2010.

On the asset side 1Q was featured by flattish customer portfolio. Mortgage loan demand remained depressed, the real estate market recovery is not on card yet. Both in retail and corporate segment some pick up was experienced regarding loan restructuring and overdrafts. Consequently the LTD ratio of the Bank remained favourable; by the end of March with a 2%-points increase it has reached 97%.

The quarterly NF&C income performance was governed mainly by the sluggish ATM, POS and card revenues. The 29% q-o-q decline of other net non-interest income was driven by the lower FX margin which was realised below the previous year's average due to depreciation of HRK and seasonal effects.

Operating costs were under strict control in 1Q as well (+2% q-o-q). The amount of personnel costs was influenced by a frontloaded bonus payment, but together with this the cost/income ratio remained below the level of the previous quarter (1Q 2010: 76.2%). The increase of sales capacity and modernization of current branch network (at the end of March 2010: 105 branches) will be a top priority in 2010.

OTP BANKA SLOVENSKO

Performance OTP Banka Slovensko:

Main components of P&L account in HUF mn	1Q 2009	4Q 2009	1Q 2010	Q-o-Q	Y-o-Y

After tax profit w/o dividends and net cash transfer	7	-5,654	-181	-97%	
One-off items, after-tax[1]	0	-1	0	-100%	
After tax profit w/o dividends, net cash transfers and one-offs	7	-5,653	-181	-97%	
Pre-tax profit	27	-5,705	-193	-97%	-824%
Operating profit	602	1,001	925	-8%	54%
Total income	3,266	3,796	3,404	-10%	4%
Net interest income	2,329	2,939	2,812	-4%	21%
Net fees and commissions	806	646	521	-19%	-35%
Other net non-interest income	130	211	71	-66%	-45%
Operating expenses	-2,664	-2,795	-2,479	-11%	-7%
Provision for possible loan losses	-561	-5,925	-1,149	-81%	105%
Other provision	-15	-782	31	-104%	-317%
Main components of balance sheet closing balances in HUF mn	**1Q 2009**	**4Q 2009**	**1Q 2010**	**Q-o-Q**	**Y-o-Y**
Total assets	485,825	375,208	386,083	3%	-21%
Gross customer loans	359,773	273,269	264,830	-3%	-26%
Retail loans	181,769	163,779	161,912	-1%	-11%
Corporate loans	178,004	109,490	102,918	-6%	-42%
Allowances for possible loan losses	-6,636	-13,633	-13,787	1%	108%
Deposits from customers	310,707	253,462	245,184	-3%	-21%
Retail deposits	252,065	219,597	217,689	-1%	-14%
Corporate deposits	58,642	33,865	27,495	-19%	-53%
Liabilities to credit institutions	32,630	28,707	48,559	69%	49%
Issued securities	87,694	55,457	55,402	0%	-37%
Subordinated debt	8,967	7,876	7,745	-2%	-14%
Total shareholders' equity	35,856	24,767	24,336	-2%	-32%
Loan Quality	**1Q 2009**	**4Q 2009**	**1Q 2010**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	17,396	24,286	25,844	6%	44%
90+ days past due loans/gross customer loans (%)	5.0%	8.9%	9.8%	0.9%	4.8%
Cost of risk/average gross loans (%)	0.67%	8.47%	1.73%	-6.74%	1.06%
Total provisions/90+ days past due loans (%)	37.0%	56.1%	53.3%	-2.8%	16.3%
Performance Indicators (%)	**1Q 2009**	**4Q 2009**	**1Q 2010**	**Q-o-Q**	**Y-o-Y**
ROA	0.0%	-6.0%	-0.2%	5.8%	-0.2%
ROE	0.08%	-81.30%	-3.00%	78.31%	-3.08%
Total income margin	2.89%	4.02%	3.63%	-0.40%	0.73%
Net interest margin	2.06%	3.11%	3.00%	-0.12%	0.93%
Cost/income ratio	81.6%	73.6%	72.8%	-0.8%	-8.7%
Gross loans to deposits	116%	108%	108%	0%	-8%

[1] In 4Q 2009 exchange rate correction in relation to the one-off loss booked in relation to loan transfers

- ***The HUF 181 million loss was caused by the q-o-q decrease of all revenue components and 11% cost reduction***
- ***With portfolio quality further deteriorating and coverage slightly decreasing cost of risk to average gross loans was 1.73%***
- ***Both loans and deposits shrank by 3% in the first quarter, thus loan to deposit ratio remained flat at 108%***
- ***Home equity loans and SME loans showed significant increase q-o-q (+9% and +2% respectively q-o-q in EUR terms)***

In the first quarter of 2010 the Bank posted an after tax loss of HUF 181 million.

Operating profit was by 8% lower compared to the previous quarter, yet grew by more than 50% on a yearly basis.

Compared to the previous quarter revenues shrank by 10%. All revenue components fell on a quarterly basis, particularly high decrease was seen on the other net non-interest income line (-66% due to weaker net foreign exchange gain and due to the base effect: in 4Q 2009 EUR 0.5 million profit was booked on a repurchase of mortgage bonds issued by the Bank). The net fee and commission income fell by 19% mainly due to lower level of business activity in the corporate segment. The 4% quarterly decrease of net interest income is on one hand attributable to the smaller loan portfolio, on the other hand to the calendar effect; in addition to this higher interest expenses were paid because the increment of retail deposits was almost fully linked to the term deposits.

The lower revenues were partially offset by the cost cuts: regarding operating costs the Bank managed to save 11% q-o-q, all of which was other costs (mainly contractor charges and marketing expenses). Personnel costs remained on the seasonally high 4Q level.

At the same time the yearly dynamics of total income is favourable, it grew by 4% in HUF and by 14% in EUR terms. The primary source of the good performance is the excellent y-o-y development of net interest income (+32% in EUR), which was favourably affected by the repricing of corporate loans (this process went on in 1Q 2010 as well), and the expiry of deposits with attractive interest rates. All in all the Bank managed to expand the net interest margin by nearly 50% (1Q 2010: 3.00%, +0.93%-point y-o-y). The 35% yearly drop (29% in EUR terms) of net fee and commission income is mainly due to the previously mentioned subdued business activity in the corporate segment.

Portfolio quality deterioration continued in 1Q 2010, ratio of DPD90+ loans grew from 8.9% to 9.8% on a quarterly basis. Ratio of non-performing loans increased in all segments but SME, the biggest increase was observed in the corporate segment (it is to be noted that in 1Q SME loans in the amount of EUR 2.8 million were written off, exerting a favourable effect on the DPD90+ ratio). Ratio of restructured retail loans to total retail loans is minimal, totalled to only 1% at the end of the period. Provision coverage of DPD90+ portfolio slightly decreased to 53.4% from 56.1% at year-end 2009.

In 1Q HUF 1,149 million provision for loan losses were set aside, which is almost one fifth of the previous quarter's amount, yet means a doubling on a yearly basis.

The Bank's intention to focus on the retail business can be already seen in the dynamics of business volumes. In EUR terms households' deposits grew by 4% q-o-q thanks to the growth of term deposits, but corporate deposits shrank by 17% q-o-q, by nearly 50% y-o-y. The households' loan portfolio stagnated in EUR terms q-o-q, but consumer loans with mortgage collateral grew by 9% q-o-q, almost grew to half as big again on a yearly basis, in line with the shift of focus to this segment from 2H 2009 on. At the same time, the housing loan portfolio shrank both on quarterly as well as yearly basis (by 6% and 16% respectively in EUR terms), mostly eliminating the volume expansion of consumer loans with mortgage collateral. SME loans grew by 2% q-o-q in EUR terms, thanks to the increase in working capital loans (+5% q-o-q). Corporate loans dropped by 4% q-o-q and 33% y-o-y in LCY, which is due to stable municipal loans but plummeting large corporate investment and working capital loans.

Due to the shrinkage of risk weighted assets IFRS CAR stood at 11.1% at end of 1Q which is a 0.4%-point increase q-o-q (the regulatory minimum is 8%). After the significant rationalisation in 2009 the number of branches did not change in 1Q 2010, the headcount decreased by 3 persons to 604.

OTP BANKA SRBIJA

Performance of OTP banka Srbija:

Main components of P&L account in HUF mn	1Q 2009	4Q 2009	1Q 2010	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	141	-7,920	-595	-92%	-522%
Pre-tax profit	141	-7,954	-595	-93%	-522%
Operating profit	311	-2,502	241	-110%	-22%
Total income	2,608	871	1,873	115%	-28%
Net interest income	1,553	-450	752	-267%	-52%
Net fees and commissions	520	471	440	-6%	-15%
Other net non-interest income	535	850	680	-20%	27%
Operating expenses	-2,296	-3,373	-1,632	-52%	-29%
Provision for possible loan losses	-157	-5,116	-759	-85%	384%
Other provision	-13	-336	-77	-77%	479%
Main components of balance sheet closing balances in HUF mn	**1Q 2009**	**4Q 2009**	**1Q 2010**	**Q-o-Q**	**Y-o-Y**
Total assets	153,599	127,025	120,189	-5%	-22%
Gross customer loans	108,400	89,878	88,904	-1%	-18%
Retail loans	38,689	33,607	33,787	1%	-13%
Corporate loans	69,711	56,271	55,117	-2%	-21%
Allowances for possible loan losses	-7,097	-12,189	-12,245	0%	73%
Deposits from customers	33,766	32,395	29,304	-10%	-13%
Retail deposits	25,130	23,546	22,477	-5%	-11%
Corporate deposits	8,636	8,848	6,827	-23%	-21%
Liabilities to credit institutions	31,128	25,952	24,817	-4%	-20%
Issued securities	0	0	0		
Subordinated debt	43,997	38,910	38,434	-1%	-13%
Total shareholders' equity	42,203	27,690	25,545	-8%	-39%
Loan Quality	**1Q 2009**	**4Q 2009**	**1Q 2010**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	13,450	30,321	33,406	10%	148%
90+ days past due loans/gross customer loans (%)	12.4%	33.7%	37.6%	3.8%	25.2%
Cost of risk/average gross loans (%)	0.63%	22.57%	3.45%	-19.12%	2.82%
Total provisions/90+ days past due loans (%)	52.8%	40.2%	36.7%	-3.5%	-16.1%
Performance Indicators (%)	**1Q 2009**	**4Q 2009**	**1Q 2010**	**Q-o-Q**	**Y-o-Y**
ROA	0.4%	-24.0%	-2.0%	22.1%	-2.3%
ROE	1.43%	-98.06%	-9.07%	88.99%	-10.50%
Total income margin	7.14%	2.64%	6.15%	3.50%	-0.99%
Net interest margin	4.25%	-1.36%	2.47%	3.83%	-1.78%
Cost of risk/average gross loans	0.6%	22.6%	3.4%	-19.1%	2.8%

Cost/income ratio	88.1%	387.4%	87.1%	-300.3%	-0.9%
Gross loans to deposits	321%	277%	303%	26%	-18%

- ***In 1Q 2010 the bank posted a loss of HUF 0.6 billion, operating income was HUF 241 million***
- ***DPD90+ ratio increased further, coverage ratio slightly declined q-o-q***
- ***Rationalization of operation continued in 1Q (headcount decreased by 3% q-o-q)***
- ***LTD ratio increased q-o-q due to reviving lending activity in some segments and declining corporate deposits***

In 1Q 2010 HUF 595 loss was realized compared to HUF 141 million PAT in 1Q 2009. Total income and operating income declined by 28% and 29% respectively y-o-y, while risk costs rose to nearly five fold level.

The ratio of DPD90+ loans in 4Q 2009 jumped to 33.7%, while in 1Q 2010 the ratio reached 37.6%. Main reason of the q-o-q increase was the deterioration of corporate loan portfolio, the quality of retail loans remained q-o-q practically unchanged. Coverage ratio of DPD90+ loans reached 36.7% which indicates a 3.5%-point decrease q-o-q.

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

Loan volume developments had a marginal positive effect on q-o-q dynamics of interest income on loans: total gross loans increased by 5% in RSD, but the main part of the increment came from the depreciation of RSD against EUR and CHF. Interest expenses on deposits in 1Q 2010 were lower by about 20% compared to 1Q-3Q 2009 average. But in RSD interest expenses on deposits slightly exceeded the 4Q 2009 level despite the declining reference rates during the quarter and the 4% q-o-q decrease of deposit book in RSD (in HUF it declined by 10% due to the 6% HUF appreciation against RSD q-o-q).

The net fee and commission income declined by 6% q-o-q and by 15% y-o-y. Due to the appreciation of the average HUF exchange rate against RSD, a minor increase was registered in LCY in both comparisons. The yearly drop of net net fee and commission income reached 2% in RSD terms, the main driver was the setback of net commissions on loans which was offset by the higher net card fees (+20% y-o-y in RSD), reflecting the results of the successful credit card campaign launched in 2009 and continued in 1Q 2010 (number and value of card transactions increased).

The development of other net non interest income was highly influenced by the previously released but in 1Q collected interest income which was booked on this line. The increment of risk costs because of the revaluation of provisions due to FX rate changes was offset on the other net non interest income line.

In 1Q 2010 total income more than doubled q-o-q, however the fallback reached 28% y-o-y in HUF while 17% in RSD (but, as detailed above, because of the accounting methodology of interest income and the significant portfolio deterioration in 4Q 2009 the comparability of 1Q 2010 revenue components with previous quarters' is limited).

Operating expenses already reflect the results of significant rationalization measures taken in 2009. Within 1Q 2010 operating costs almost HUF 70 million were attached to the correction of interest income on loans reclassified in 1Q 2010 (in connection with interest income booked earlier than 2010). Altogether with this in 1Q 2010 29% operating cost saving was realized y-o-y (adjusted with the previously mentioned correction the decrease was 32%). On a quarterly base, 52% decline is experienced, bulk of this is due to the base effect of the one-off cost increment in 4Q 2009, but beyond that, strong cost control prevailed (-45% q-o-q adjusted with the above mentioned item).

Risk cost for possible loan losses amounted to HUF 759 million in 1Q 2010 which was well behind the outstandingly high amount in 4Q 2009, but y-o-y it has increased to a five fold level.

Since 3Q 2009 the limited lending activity showed some revival but it is still low. Trends which were already apparent in 4Q continued, the mortgage loan and credit card loan book increased (due to the credit card campaign) q-o-q in RSD, while working capital loans of small and medium enterprises and large corporates showed a strong quarterly dynamics. SME loans increased q-o-q by 10% and y-o-y by 55% in RSD terms. Total gross loans stagnated y-o-y in RSD, since HUF appreciated by 18% against RSD y-o-y; on a quarterly base 5% growth is experienced in RSD, the bulk of this derives from the depreciation of RSD against EUR.

Customer deposit book decreased by 4% in RSD q-o-q. The drop is explained by the decrease of SME and corporate deposits, while households' deposits grew in RSD.

At the end of the quarter CAR of the Bank stood at 23.7% compared to the 12% regulatory minimum. In March the Serbian central lowered the reserve requirement ratios: from 10% to 5% in case of RSD deposits, and from 40 and/or 45% to 25% in case of foreign currencies. The new reserve requirement ratio on foreign currency deposits will be gradually introduced in 2010.

The rationalization process of operation continued in 1Q, the headcount decreased by 25 persons (-3%) q-o-q. Number of branches was cut back to 50 from 91 y-o-y but it did not change in 1Q 2010.

CRNOGORSKA KOMERCIJALNA BANKA (MONTENEGRO)

Performance of CKB:

Main components of P&L account in HUF mn	1Q 2009	4Q 2009	1Q 2010	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	594	-809	-6,647	722%	
Pre-tax profit	608	-837	-6,647	694%	
Operating profit	1,575	1,897	619	-67%	-61%
Total income	3,054	3,359	2,321	-31%	-24%
Net interest income	2,265	2,594	1,630	-37%	-28%
Net fees and commissions	780	662	661	0%	-15%
Other net non-interest income	10	103	30	-71%	207%
Operating expenses	-1,479	-1,462	-1,702	16%	15%
Provision for possible loan losses	-921	-2,465	-7,370	199%	700%
Other provision	-47	-269	104	-139%	-322%
Main components of balance sheet closing balances in HUF mn	**1Q 2009**	**4Q 2009**	**1Q 2010**	**Q-o-Q**	**Y-o-Y**
Total assets	327,371	234,804	204,966	-13%	-37%
Gross customer loans	270,062	181,137	167,812	-7%	-38%
Retail loans	148,634	112,606	102,666	-9%	-31%
Corporate loans	121,428	68,531	65,146	-5%	-46%
Allowances for possible loan losses	-6,110	-10,362	-17,235	66%	182%
Deposits from customers	185,104	164,317	158,927	-3%	-14%
Retail deposits	94,194	90,943	92,537	2%	-2%
Corporate deposits	90,911	73,374	66,390	-10%	-27%
Liabilities to credit institutions	99,913	30,662	13,848	-55%	-86%
Total shareholders' equity	21,839	23,049	16,081	-30%	-26%
Loan Quality	**1Q 2009**	**4Q 2009**	**1Q 2010**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	4,542	19,673	23,731	21%	422%
90+ days past due loans/gross customer loans (%)	1.7%	10.9%	14.1%	3.3%	12.5%
Cost of risk/average gross loans (%)	1.42%	4.88%	17.13%	12.25%	15.71%
Total provisions/90+ days past due loans (%)	134.5%	52.7%	72.6%	20.0%	-61.9%
Performance Indicators (%)	**1Q 2009**	**4Q 2009**	**1Q 2010**	**Q-o-Q**	**Y-o-Y**
ROA	0.8%	-1.3%	-12.3%	-10.9%	-13.0%
ROE	12.1%	-13.7%	-137.8%	-124.1%	-149.8%
Total income margin	3.90%	5.44%	4.28%	-1.16%	0.38%
Net interest margin	2.89%	4.20%	3.01%	-1.20%	0.12%
Cost/income ratio	48.4%	43.5%	73.3%	29.8%	24.9%
Gross loans to deposits	146%	110%	106%	-5%	-40%

- ***After tax loss of CKB was HUF 6.6 billion due to rising risk cost***
- ***Significantly increasing coverage ratio (1Q 2010: 72.6%, +20% q-o-q)***
- ***NII fell due to shrinking loan portfolio (-24% q-o-q)***
- ***Successful retail deposit collection; stable market leader position***
- ***Loan-to-deposit ratio close to 100%***

1Q 2010 after tax result of CKB was HUF 6.6 billion after the HUF 809 million loss of the previous quarter. The difference is related to the high risk cost (+199% q-o-q) and weak revenues (-31% q-o-q) as well as the higher personnel expenses due to severance pays.

The main driver of the decreasing net income was the fall of the net interest income (-37% q-o-q, -28% y-o-y), as a result of low loan disbursement last year, and the loan portfolio reduction due to technical reasons. The technical reason was that OTP Bank bought HUF 26 billion loan portfolio in 4Q 2009 from CKB, therefore the loan portfolio decreased significantly. The net interest income didn't reached HUF 2 billion, and it represents 37% drop (q-o-q) versus the HUF 2.6 billion in 4Q 2009. The net interest margin was 3.01% in the first quarter, which is higher than in 1Q 2009, but compaired to the last quarter of 2009 it is a 1.20%-points fall back (q-o-q).

Net F&C income stagnated on the quarterly basis, dropped however by 7% in EUR terms compared to the same period in 2009. In line with the drop of deposit volumes and transaction numbers, commissions related to deposits and card business continued to decrease (-8% and -5% respectively in EUR terms). Loan transactions related F&C income however increased significantly (+40% q-o-q).

The decrease of other net non-interest income is explained by the basis effect. The one-off items in 4Q 2009, like tax refund and gains on investments and securities, provided a high basis. The 71% quarterly drop from that basis was still enough to reach more than triple of the 1Q 2009 level (+207% y-o-y).

Higher personnel expenses caused the growth of operating costs (+17% q-o-q), mainly due to the severance paid to dismissed employees. Number of employees decreased from 507 to 435 in the last quarter, and more cost rationalisation is to come during the year. Material expenses were reduced by 19% compared to the previous quarter and by 21% on the yearly basis, mainly by cutting marketing costs. Depreciation grew by 8% on quarterly and yearly basis too, but this is immaterial given that depreciation is only 10% of operating costs.

In 1Q 2010 provisions for loan losses totalled to HUF 7.4 billion, exceeding the total amount for 2009 and trebling q-o-q. On one hand the significant increase is the consequence of the economic recession in Montenegro and the portfolio quality deterioration in the whole domestic market. Furthermore the 1Q 2009 provisioning of CKB contained a pre-cautionary provisioning in the amount of HUF 4.7 billion aimed at raising the provision coverage of the non-performing book.

Loan portfolio quality further deteriorated and the ratio of DPD90+ loans reached 14.1% (+3.3%-points q-o-q). Portfolio deterioration was a general characteristic of the Montenegrin market, affected mostly the SME and corporate segments. In case of SME loans DPD90+ ratio grew to 20.3% (+4.1%-points q-o-q, +18.7%-points y-o-y), in case of corporate loans it increased to 16.1% (+6.0%-points q-o-q , +15.8%-points y-o-y), while in case of the retail portfolio the deterioration was smaller: the ratio increased to 10% (+0.8%-points q-o-q and +7.1%-points y-o-y).

With the intensive provisioning the coverage of DPD90+ loans could be improved to 72.6% by end of March (+20.0% q-o-q).

The gross loan portfolio in HUF terms shrank significantly in the last year, however due to the weak HUF in 1Q 2009 yearly changes (38% decrease) are somewhat upward distorted. Gross loans in LCY terms decreased by 28% y-o-y and 6% q-o-q. In the yearly comparison the highest drops were observed in the SME (-23% y-o-y) and corporate (-42% y-o-y) segments. The main reasons of this were that on one hand lending virtually stopped in the scarce liquidity times of 2009, consequently the portfolio gradually shrank. The other reason is rather technical: in 4Q 2009 OTP Bank purchased HUF 26 billion and in 1Q 2010 HUF 2.9 billion more of corporate loans (latter was virtually equivalent to the quarterly decrease of corporate loan portfolio). The retail loan portfolio decrease kept its pace observed in the previous quarters (in EUR -5% q-o-q and -17% y-o-y).

After the 21% drop in the previous year, total deposits decreased by only 2% in 1Q 2010 (in EUR). A positive development was the slight increase of retail deposits (+3% q-o-q), as a result of the active market presence, deposit campaigns and successful new products. With this, retail deposit market share increased to 40.4% by January. Due to the shrinkage of corporate sight deposits, total corporate deposits decreased by 6% q-o-q.

Owing to the above mentioned development of loan and deposit portfolios, loan-to-deposit ratio improved by 5%-points to 106% q-o-q.

Despite the lean performance of the Bank in 1Q it still managed to keep its market leading position in all product segments. In January its market share on the loan market was 27.5% while share of CKB deposits was 35.0% of the market total.

STAFF LEVEL AND OTHER INFORMATION

The closing staff number of OTP Group was 30,528 as at 31 March 2010, showing a decrease of 287 person over the year-end 2009. The most significant lay-off was carried through at the Ukrainian, the Russian, the Montenegrin and the Serbian subsidiary (-211 people, -171 people, -72 person and -25 people respectively), mainly as a consequence of the moderated lending activity and some network rationalisation in Russia.

The Group's branch network included 1,504 branches at the end of March 2010 (-10 branches q-o-q, -67 branches y-o-y). In the year 2010 the modernization and development of branch and sale network have high priority even in Hungary and in case of countries of foreign subsidiaries.

	31/03/2009	31/12/2009	31/03/2010	Q-o-Q	Y-o-Y
OTP BANK					
Closing staff (persons)	8,134	7,820	7,845	0.3%	-3.6%
Per capita total assets (HUF mn)	743.7	863.3	843.0	-2.3%	13.3%
Per capita profit after tax quarterly (HUF mn)	6.8	5.2	10.4	100.1%	54.3%
GROUP					

	31/03/2009	31/12/2009	31/03/2010	Q-o-Q	Y-o-Y
Closing staff (persons)	30,244	30,815	30,528	-0,9%	0.9%
Per capita consolidated total assets (HUF mn)	333.9	311.3	312.1	0.2%	-6.5%
Per capita consolidated profit after tax quarterly (HUF mn)	1.4	0.7	1.4	101.1%	-1.0%

	31 March 2010						Change YTD					
	Bank branches	ATMs	POSs	Bank cards (th)	Number of banking clients (th)	Staff (closing)	Bank branches	ATMs	POSs	Bank cards	Number of clients	Staff (closing)
OTP Bank	**381**	**1,990**	**32,882**	**3,816**	**4,594**	**7,845**	***-1***	***-5***	***-1.388***	***4***	***-31***	***25***
DSK Bank	386	860	4,648	1,198	2,917	4,354	*0*	*-10*	*103*	*-6*	*-58*	*17*
OTP Banka Slovensko	77	116	654	120	187	604	*0*	*0*	*10*	*0*	*-1*	*-3*
OTP banka Hrvatska	105	205	1,147	374	452	1,010	*0*	*5*	*-34*	*4*	*-2*	*-4*
OTP Bank Romania	106	132	1,061	152	199	1,109	*0*	*-4*	*-15*	*5*	*-7*	*15*
OTP Bank JSC (Ukraine)	202	213	403	92	264	3,622	*-4*	*-2*	*0*	*6*	*-18*	*-211*
OTP Bank (Russia)*	157	249	2,218	3,522	2,565	5,053	*-5*	*-2*	*-39*	*56*	*-274*	*-171*
OTP banka Srbija	50	193	3,854	150	350	759	*0*	*-2*	*259*	*-4*	*-7*	*-25*
CKB	40	105	3,605	175	308	435	*0*	*0*	*70*	*-4*	*-12*	*-72*
Foreign banks total	**1,123**	**2,073**	**17,590**	**5,782**	**7,242**	**16,946**	***-9***	***-15***	***354***	***58***	***-378***	***-454***
Agents employed by OTP Bank Russia						**4,518**						***-32***
Other Hunga-rian and foreign subsidiaries						**1.219**						***174***
Group total (aggregated)	**1,504**	**4,063**	**50,472**	**9,598**	**11,836**	**30,528**	***-10***	***-20***	***-1.034***	***62***	***-408***	***-287***
Group total (without selling agents)						***26,010***						***-255***
OTP Russia (contracted 3rd party agents)						6,724						597
OTP Russia (total agents)						**11,242**						**656**

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

PERSONAL AND ORGANIZATIONAL CHANGES

There was neither change in the composition of the Supervisory Board and Board of Directors, nor in the Auditor of OTP Bank.

Budapest, 18 May 2010

FINANCIAL DATA

UNCONSOLIDATED AND CONSOLIDATED IFRS BALANCE SHEET

In HUF million	OTP Bank			Consolidated		
	31/03/2010	31/12/2009	Change	31/03/2010	31/12/2009	change
Cash, due from banks and balances with the National Bank of Hungary	244,285	178,217	37%	535,194	505,650	6%
Placements with other banks, net of allowance for possible placement losses	833,145	962,063	-13%	430,325	440,850	-2%
Financial assets at fair value through profit and loss	278,287	273,652	2%	262,586	256,100	3%
Securities available-for-sale	1,656,601	1,652,747	0%	1,124,714	1,354,285	-17%
Loans, net of allowance for loan losses	2,589,507	2,622,895	-1%	6,362,944	6,412,716	-1%
Investments in subsidiaries	648,690	643,907	1%	17,605	18,834	-7%
Securities held-to-maturity	173,913	216,563	-20%	180,927	188,853	-4%
Premises, equipment and intangible assets, net	106,116	108,563	-2%	480,522	476,358	1%
Other assets	82,619	92,085	-10%	131,889	101,486	30%
TOTAL ASSETS	**6,613,163**	**6,750,692**	**-2%**	**9,526,706**	**9,755,132**	**-2%**
Due to banks and deposits from the National Bank of Hungary and other banks	722,407	1,152,131	-37%	600,475	802,749	-25%
Deposits from customers	3,415,909	3,368,752	1%	5,744,609	5,688,887	1%
Liabilities from issued securities	666,482	618,303	8%	1,184,848	1,410,348	-16%
Financial liabilities at fair value through profit or loss	159,375	119,353	34%			
Other liabilities	297,526	252,988	18%	462,831	380,708	22%
Subordinated bonds and loans	285,019	287,321	-1%	278,419	280,834	-1%
TOTAL LIABILITIES	**5,546,718**	**5,798,848**	**-4%**	**8,271,182**	**8,563,526**	**-3%**
SHARE CAPITAL	28,000	28,000	0%	28,000	28,000	0%
RETAINED EARNINGS AND RESERVES	1,042,224	927,618	12%	1,273,937	1,210,132	5%
TREASURY SHARES	-3,779	-3,774	0%	-52,684	-52,678	0%
MINORITY INTEREST				6,271	6,152	2%
TOTAL SHAREHOLDERS' EQUITY	1,066,445	951,844	12%	1,255,524	1,191,606	5%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**6,613,163**	**6,750,692**	**-2%**	**9,526,706**	**9,755,132**	**-2%**

UNCONSOLIDATED AND CONSOLIDATED IFRS STATEMENT OF RECOGNIZED INCOME

in HUF million	OTP Bank			Consolidated		
	1Q 2010	1Q 2009	change	1Q 2010	1Q 2009	change
Loans	57,074	72,769	-22%	186,196	215,591	-14%
Interest income without swap	54,541	66,480	-18%	183,735	209,301	-12%
Results of swaps	2,533	6,289	-60%	2,461	6,290	-61%
Placements with other banks	94,892	96,020	-1%	92,340	93,588	-1%
Interest income without swap	6,217	10,773	-42%	1,572	4,852	-68%
Results of swaps	88,675	85,247	4%	90,768	88,736	2%
Due from banks and balances with the National Bank of Hungary	1,306	1,840	-29%	1,396	2,060	-32%
Securities held-for-trading	972	912	7%	776	973	-20%
Securities available-for-sale	25,645	11,026	133%	18,297	7,301	151%
Securities held-to-maturity	4,052	8,709	-53%	3,013	5,976	-50%
Total Interest Income	183,941	191,276	-4%	302,018	325,489	-7%
Due to banks and deposits from the National Bank of Hungary and other banks	81,961	70,353	16%	77,820	71,591	9%
Interest expenses without swap	6,306	9,307	-32%	7,747	12,767	-39%
Losses of swaps	75,655	61,046	24%	70,073	58,824	19%
Deposits from customers	35,942	49,746	-28%	61,272	72,302	-15%
Interest expenses without swap	32,471	46,712	-30%	58,025	69,268	-16%
Losses of swaps	3,471	3,034	14%	3,247	3,034	7%
Liabilities from issued securities	8,953	7,350	22%	17,020	20,405	-17%
Subordinated bonds and loans	4,014	4,523	-11%	3,225	4,768	-32%
Other entrepreneurs				48	37	30%
Total Interest Expense	130,870	131,972	-1%	159,385	169,103	-6%
NET INTEREST INCOME	**53,071**	**59,304**	-11%	**142,633**	**156,386**	-9%
Provision for possible loan losses	18,722	16,787	12%	56,324	44,120	28%
Provision for possible placement losses	-404	872	-146%	-1,502	1,928	-178%
Provision for possible loan and placement losses	18,318	17,659	4%	54,822	46,048	19%
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN AND PLACEMENT LOSSES	34,753	41,645	-17%	87,811	110,338	-20%
Fees and commissions	38,359	37,987	1%	39,826	40,136	-1%
Foreign exchange gains and losses, net	3,866	-13,191	-129%	4,448	-11,806	-138%
Gains and losses on securities, net	1,005	-12,083	-108%	310	-4,723	-107%
Gains and losses on real estate transactions, net				198	269	-26%
Dividend income and gains and losses of associated companies	48,089	31,791	51%	30	405	-93%
Other	257	25,810	-99%	5,203	30,273	-83%
Total Non-Interest Income	91,576	70,314	30%	50,015	54,554	-8%
Fees and commissions	4,462	5,103	-13%	8,687	8,257	5%
Personnel expenses	17,874	19,219	-7%	38,306	39,473	-3%
Depreciation and amortization	5,758	5,452	6%	11,421	10,291	11%
Other	8,048	12,854	-37%	25,234	45,384	-44%
Total Non-Interest Expense	36,142	42,628	-15%	83,648	103,405	-19%
INCOME BEFORE INCOME TAXES	**90,187**	**69,331**	30%	**54,178**	**61,487**	-12%
Income taxes	8,429	14,165	-40%	**11,820**	**19,677**	-40%
INCOME AFTER INCOME TAXES	**81,758**	**55,166**	48%	42,358	41,810	1%
Minority interest				5	-4	-225%
NET INCOME	**81,758**	**55,166**	**48%**	**42,363**	**41,806**	**1%**

UNCONSOLIDATED AND CONSOLIDATED IFRS CASH-FLOW STATEMENT

in HUF million	OTP Bank			Consolidated		
	31/03/2010	31/03/2009	change	31/03/2010	31/03/2009	change
OPERATING ACTIVITIES						
Income before income taxes	**90,187**	**69,331**	**30%**	**54,178**	**61,487**	**-12%**
Adjustments to reconcile income before income taxes to net cash provided by operating activities						
Income tax paid	-1,505	-4,296	65%	-6,236	-9,957	37%
Depreciation and amortization	5,758	5,452	6%	11,421	10,291	11%
Goodwill impairment	10,099	14,217	-29%	46,331	54,341	-15%
Provision for loan and placement losses	0	0	0%	0	0	0%
Share-based compensation	1,572	1,700	-8%	1,572	1,700	-8%
Unrealised losses on fair value adjustment of securities held of trading	5,642	5,442	4%	878	4,954	-82%
Unrealised losses / (gains) on fair value adjustment of derivative financial instruments	-650	2,681	-124%	-3,755	-16,209	77%
Changes in operating assets and liabilities	-13,727	-141,321	90%	23,619	-18,313	229%
Net cash provided by operating activities	**97,376**	**-46,794**	**308%**	**128,008**	**88,294**	**45%**
INVESTING ACTIVITIES						
Net cash used in investing activities	**311,125**	**-99,764**	**412%**	**282,210**	**-681,081**	**141%**
FINANCING ACTIVITIES						
Net cash provided by financing activities	**-351,441**	**116,989**	**-400%**	**-383,653**	**544,673**	**-170%**
Net (decrease) / increase in cash and cash equivalents	**57,060**	**-29,569**	**293%**	**26,565**	**-48,114**	**155%**
Cash and cash equivalents at the beginning of the period	105,679	93,651	13%	243,541	278,934	-13%
Cash and cash equivalents at the end of the period	**162,739**	**64,082**	**154%**	**270,106**	**230,820**	**17%**
DETAILS OF CASH AND CASH EQUIVALENTS						
Cash, due from banks and balances with the National Bank of Hungary	178,217	158,022	13%	505,649	530,007	-5%
Mandatory reserve established by the National Bank of Hungary	-72,538	-64,371	-13%	-262,108	-251,073	-4%
Cash and equivalents at the beginning of the period	**105,679**	**93,651**	**13%**	**243,541**	**278,934**	**-13%**
Cash, due from banks and balances with the National Bank of Hungary	244,285	133,795	83%	535,194	496,846	8%
Compulsory reserve established by the National Bank of Hungary	-81,546	-69,713	-17%	-265,087	-266,026	0%
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**162,739**	**64,082**	**154%**	**207,107**	**230,820**	**-10%**

Ownership structure of OTP Bank Plc.

Description of owner	Total equity					
	1 January 2010			31 March 2010		
	%[1]	%[2]	Qty	%[1]	%[2]	Qty
Domestic institution/company	15.3%	15.5%	42,830,149	15.0%	15.2%	42,028,963
Foreign institution/company	70.2%	71.3%	196,510,128	71.9%	73.0%	201,253,776
Domestic individual	7.3%	7.4%	20,345,597	6.0%	6.1%	16,828,524
Foreign individual	1.3%	1.3%	3,526,188	1.3%	1.3%	3,500,102
Employees, senior officers	1.9%	2.0%	5,381,732	1.8%	1.8%	5,002,675
Treasury shares	1.5%	0.0%	4,284,020	1.5%	0.0%	4,283,564
Government held owner[3]	0.5%	0.5%	1,336,637	0.5%	0.5%	1,316,847
International Development Institutions[4]	2.1%	2.1%	5,785,559	2.1%	2.1%	5,785,559
Other	0.0%	0.0%	0	0.0%	0.0%	0
TOTAL	100.0%	100.0%	280,000,010	100.0%	100.0%	280,000,010

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

Number of treasury shares held in the year under review

	1 January	31 March	30 June	30 September	31 December
Company	2,185,460	2,185,004			
Subsidiaries	2,098,560	2,098,560			
TOTAL	4,284,020	4,283,564			

Shareholders with over/around 5% stake

Name	Number of shares	Voting rights	Beneficial ownership
Groupama Group	24,677,160	8.81%	8.95%
Megdet, Timur and Ruszlan Rahimkulov	24,459,744	8.74%	8.87%
MOL (Hungarian Oil and Gas Company Plc.)	24,000,000	8.57%	8.70%

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

	End of reference period	Current period opening	Current period closing
Bank	8,134	7,820	7,845
Consolidated	30,244	30,815	30,528

Senior officers, strategic employees and their shareholding of OTP shares

Type[1]	Name	Position	No. of shares held
IT	Dr. Sándor Csányi [2]	Chairman and CEO	200,000
IT	Mihály Baumstark	member	0
IT	Dr. Tibor Bíró	member	40,681
IT	Péter Braun	member	527,905
IT	Dr. István Kocsis	member	81,600
IT	Dr. Sándor Pintér	member	101,350
IT	Dr. Antal Pongrácz	Deputy Chairman, Deputy CEO	200,000
IT	Dr. György Szapáry	member	0
IT	Dr. László Utassy	member	250,000
IT	Dr. József Vörös	member	117,200
FB	Tibor Tolnay	Chairman	0
FB	Dr. Gábor Horváth	member	10,000
FB	Antal Kovács	member, Deputy CEO	23,000
FB	Jean-Francois Lemoux	member	0
FB	András Michnai	member	15,600
SP	László Bencsik	CFO, Deputy CEO	0
SP	Dr. István Gresa	Deputy CEO	63,758
SP	Ákos Takáts	Deputy CEO	153,347
SP	László Wolf	Deputy CEO	677,640
TOTAL No. of shares held by management:			**2,462,081**

[1] Employee in strategic position (SP), Board Member (IT), Supervisory Board Member (FB)
[2] Number of OTP shares owned by Mr. Csányi directly or indirectly: 2,700,000

SUPPLEMENTARY DATA

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

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

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

01.01.2007-10.01.2008: EUR 570 million short position

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Received dividends, received and paid cash transfers, together with the after tax profit of strategic open FX position is shown separately and after-tax on the adjusted Statement of Recognised Income.
- Out of net Foreign exchange results, fair value adjustment (FVA) of the spot leg of FX swaps has been reclassified to Net Interest Income.
- Other non-interest income elements stemming from provisioning release in connection with loans originated before the acquisitions of the subsidiaries have been reclassified to and deducted from the volume of provisions for possible loan losses in the income statement.
- Other non-interest income is shown together with gains/losses on real estate transactions, but without the above mentioned income from the release of pre-acquisition provisions and without received cash transfers. However other non-interest expenses stemming from non-financial activities are added to the adjusted net other non-interest income line, therefore the latter incorporates net other non-interest income from non-financial activities.
- Out of other expenses, other provisions are deducted and shown separately as other risk costs on the adjusted income statement. Other provisions contain provisioning on off-balance sheet liabilities and on legal contests, provisioning on securities, shares and other investments as well as provisioning on other assets. Paid cash transfers – excluding movie subsidies, which are quasi marketing expenses but kept as paid cash transfer on the P&L – are also deducted from other expenses, together with the above mentioned other non-interest expenses stemming from non-financial activities.
- Provisioning for the interest income of non-performing loans at OTP Bank (Russia) is reclassified from other risk costs to net interest income from 4Q 2007. The reclassification is carried out on both consolidated and non-consolidated level.
- In 1Q 2010, parallel losses on sale of securities and release of other provisions for these securities were netted and are shown together on line "Gain/loss on securities, net" both at OTP Group consolidated and at OTP Core stand alone level. The negative P&L effect stemming from the deteriorated value of these securities was suffered in previous quarters - at the time of emerging of the above mentioned other provisions.
- Cost/income ratio, net interest margin, risk cost to average gross loans as well as ROA and ROE ratios are calculated on the basis of the adjusted profit and loss statement, excluding one timers such as received dividends and net cash transfers, the after tax result of strategic open FX position, the net profit of the sale of OTP Garancia and the after tax effect of the goodwill write-downs. Cost/income ratio is calculated from operating costs, excluding other risk costs.
- Regarding consolidated ROA and ROE indicators, until the end of 2008 they are calculated from the adjusted profit after tax of the Group, therefore they are excluding the effect of one-off items. However since the beginning of 2009, they are calculated from the accounting (unadjusted) net profit figures, because in 2009 the profit was not affected significantly by one-off items.

ADJUSTMENTS OF CONSOLIDATED IFRS P&L LINES

in HUF million	1Q 09	4Q 09 Audited	1Q 10
Net interest income	**156,385**	**145,338**	**142,633**
(+) Foreign exchange result of swap transactions	3,841	0	0
(+) Other provisioning for the interest income of non performing loans at OTP Russia	-2,100	7,441	0
Net interest income (adj)	**158,126**	**152,780**	**142,633**
Foreign exchange result on Consolidated IFRS P&L	**-11,806**	**3,730**	**4,448**
(-) Foreign exchange result of swap transactions	3,841	0	0
(-) Result of strategic open FX position	-2,390	0	0
Foreign exchange result (adj.)	**-13,257**	**3,730**	**4,448**
Gain/loss on securities, net	**-4,723**	**175**	**311**
(+) Release of other provisions for securities			9,384
Gain/loss on securities, net (adj.)	**-4,723**	**175**	**9,695**
Gains and losses on real estate transactions	**269**	**40**	**198**
(+) Other non-interest income	**30,273**	**12,470**	**5,202**
(-) Received cash transfers	4	-12	1
(-) Non-interest income from the release of pre-acquisition provisions	646	459	334
(+) Other other non-interest expenses	-1,194	-1,774	-346
Net other non-interest result (adj)	**28,698**	**10,290**	**4,719**
Provision for possible loan losses	**-46,047**	**-79,864**	**-54,822**
(+) Non-interest income from the release of pre-acquisition provisions	646	459	334
Provision for possible loan losses (adj)	**-45,401**	**-79,406**	**-54,488**
Other expenses	**-45,384**	**-37,308**	**-25,234**
(-) Other provisions	-8,293	4,628	8,761
(-) Paid cash transfers	-95	-793	-350
(+) Film subsidies paid as cash transfer	-65	-715	-298
(-) Other non-interest expenses	-1,194	-1,774	-346
Other expenses (adj)	**-35,867**	**-40,084**	**-33,596**
Other risk costs	**-8,293**	**4,628**	**8,761**
(-) Other provisioning for the interest income of non performing loans at OTP Russia	-2,100	7,441	0
(-) Release of other provisions for securities			9,384
Other risk costs (adj)	**-6,193**	**-2,813**	**-624**
After tax dividends and net cash transfers	**315**	**-817**	**-319**
(-) Film subsidies paid as cash transfer	-65	-715	-298
After tax dividends and net cash transfers	**380**	**-102**	**-21**

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