OTP Bank Plc.

Half-year Financial Report
First half 2011 result

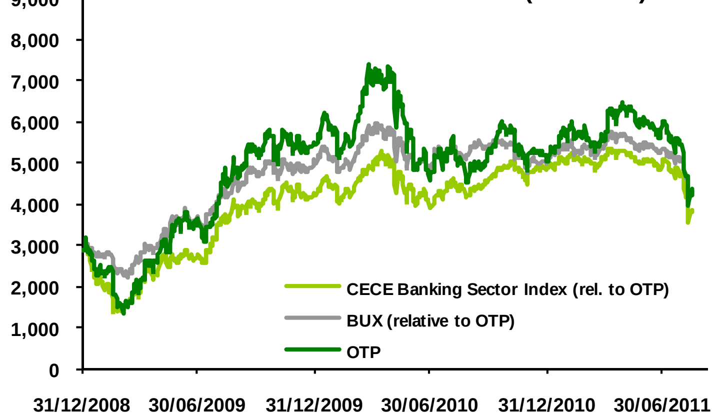
(English translation of the original report submitted to the Budapest Stock Exchange)

Budapest, 19 August 2011

CONSOLIDATED FINANCIAL HIGHLIGHTS[1] AND SHARE DATA

Main components of the Statement of recognised income in HUF million	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
Consolidated after tax profit	**69,759**	**74,476**	**7%**	**27,402**	**37,188**	**37,288**	**0%**	**36%**
Consolidated after tax profit without received dividends, net cash transfers, goodwill impairment charges and special financial institution taxes	**84,689**	**88,680**	**5%**	**42,310**	**44,098**	**44,582**	**1%**	**5%**
Pre-tax profit	108,494	108,566	0%	54,295	51,281	57,286	12%	6%
Operating profit without one-offs	216,329	215,732	0%	106,025	108,434	107,298	-1%	1%
Total income without one-offs	387,743	388,743	0%	194,114	194,077	194,666	0%	0%
Net interest income without one-offs	292,375	302,701	4%	149,743	151,724	150,977	0%	1%
Net fees and commissions	65,124	68,106	5%	33,983	32,731	35,374	8%	4%
Other net non-interest income (adj.) without one-offs and the revaluation of FX provisions	30,244	17,936	-41%	10,389	9,622	8,314	-14%	-20%
Operating expenses (adj.)	-171,414	-173,011	1%	-88,089	-85,643	-87,368	2%	-1%
One off items	31,478	0	-100%	31,478	0	0	0%	-100%
Total risk costs without the revaluation of FX provisions	-139,313	-107,165	-23%	-83,209	-57,153	-50,012	-12%	-40%
Corporate taxes	-23,805	-19,886	-16%	-11,985	-7,183	-12,704	77%	6%
Main components of balance sheet closing balances in HUF million	2010	1H 2011	YTD	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
Total assets	9,780,946	9,712,339	-1%	10,184,544	9,672,446	9,712,339	0%	-5%
Total customer loans and advances (gross)	**7,502,331**	**7,133,174**	**-5%**	**7,573,082**	**7,065,664**	**7,133,174**	**1%**	**-6%**
Allowances for possible loan losses	-761,272	-800,417	5%	-686,320	-762,527	-800,417	5%	17%
Total customer deposits	**5,821,489**	**5,898,200**	**1%**	**5,981,036**	**5,854,156**	**5,898,200**	**1%**	**-1%**
Issued securities	1,035,153	934,346	-10%	1,226,902	1,028,984	934,346	-9%	-24%
Subordinated loans	290,630	281,736	-3%	301,281	279,694	281,736	1%	-6%
Total shareholders' equity	1,308,929	1,338,717	2%	1,322,650	1,298,968	1,338,717	3%	1%
Indicators based on one-off adjusted earnings %	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
ROA	1.7%	1.8%	0.1%	1.7%	1.8%	1.8%	0.0%	0.1%
ROE	13.6%	13.5%	-0.1%	13.2%	13.7%	13.6%	-0.2%	0.4%
Operating profit margin without the revaluation of FX provisions	4.38%	4.46%	0.09%	4.31%	4.52%	4.44%	-0.08%	0.13%
Total income margin without the revaluation of FX provisions	7.84%	8.04%	0.20%	7.90%	8.09%	8.06%	-0.04%	0.16%
Net interest margin without one-offs	*5.91%*	*6.26%*	*0.35%*	*6.09%*	*6.33%*	*6.25%*	*-0.08%*	*0.15%*
Cost-to-asset ratio	3.47%	3.58%	0.11%	3.58%	3.57%	3.62%	0.04%	0.03%
Cost/income ratio (adj.) without one-offs	44.2%	44.5%	0.3%	45.4%	44.1%	44.9%	0.8%	-0.5%
Risk cost to average gross loans (adj.)	3.92%	3.01%	-0.91%	4.69%	3.22%	2.89%	-0.33%	-1.79%
Total risk cost-to-asset ratio	2.82%	2.22%	-0.60%	3.39%	2.38%	2.07%	-0.31%	-1.32%
Net loan/(deposit+retail bond) ratio (%)	110%	102%	-8%	110%	102%	102%	-1%	-8%
Capital adequacy ratio (consolidated, IFRS)	17.3%	18.0%	0.7%	17.3%	17.6%	18.0%	0.4%	0.7%
Tier1 ratio	13.0%	15.1%	2.1%	13.0%	14.7%	15.1%	0.4%	2.1%
Core Tier1 ratio	11.4%	13.6%	2.1%	11.4%	13.2%	13.6%	0.4%	2.1%
Share Data	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
EPS diluted (HUF) (from unadjusted net earnings)	259	278	7%	102	139	139	0%	37%
EPS diluted (HUF) (from adjusted net earnings)	314	333	6%	157	165	167	1%	6%
Closing price (HUF)	4,765	5,965	25%	4,765	5,551	5,965	7%	25%
High (HUF)	7,400	6,450	-13%	7,320	5,990	6,450	8%	-12%
Low (HUF)	4,560	5,020	10%	4,560	5,020	5,620	12%	23%
Market Capitalization (EUR billion)	4.7	6.3	35%	4.7	5.8	6.3	8%	35%
Price/Book Value	1.0	1.2	22%	1.0	1.2	1.2	4%	24%
Price/Tangible Book Value	1.3	1.5	18%	1.3	1.5	1.5	4%	20%
P/E (trailing, from accounting net earnings)	9.8	13.6	39%	9.8	13.8	13.6	-1%	39%
P/E (trailing, from adjusted net earnings)	8.8	10.1	14%	8.8	9.5	10.1	6%	14%
Average daily turnover (EUR million)	67	34	-50%	73	34	33	-2%	-54%
Average daily turnover (million share)	3.1	1.6	-49%	3.4	1.7	1.5	-11%	-57%

SHARE PRICE PERFORMANCE (INDEXED)



MOODY'S RATINGS

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

STANDARD & POOR'S RATING

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

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

HALF-YEAR FINANCIAL REPORT – OTP BANK'S RESULTS FOR FIRST HALF 2011

Half-year Financial Report for the first half 2011 results of OTP Bank Plc. has been prepared according to the 24/2008. (VIII.15.) PM resolution on the basis of its unconsolidated and consolidated condensed IFRS financial statements for 30 June 2011 or derived from that. At presentation of first half 2011 report of OTP Bank we applied International Financial Reporting Standards adopted by the European Union.

SUMMARY OF THE FIRST HALF AND SECOND QUARTER OF THE YEAR 2011

Deteriorating global investor sentiment, over performing CEE region

While the CEE region – according to macroeconomic indicators – was one of the best performing regions globally in first half 2011, markets were rather focusing on issues as the growing public debt of periphery countries within the Eurozone, the political mud wrestling about the deficit ceiling in the US and fears around the sustainability of the Chinese economic growth. Those concerns made markets gloomy. Risk-averse investors looked for safe harbours strengthening the Swiss franc against dollars and the Euro to unprecedented levels.

In this context, it was remarkable that the Hungarian Government successfully managed to fulfil its annual external borrowing plan by early May, while local auctions attracted strong demand and the HUF refinancing was smooth. The massive trade and current account surplus, as well as the Government strong commitment towards steady public debt reduction and the announced measures earned good reputations amongst market participants. By the end of June the stock of HUF-denominated Hungarian government debt held by foreigners exceeded the pre-crisis levels. Still, in parallel with the worsening global investor sentiment local government yields started widening at the long ends, the sovereign CDS-level increased and q-o-q the Forint lost 8% of its value against CHF. With the aim of temporary smoothening the monthly instalment burden of FX-borrowers, on 30 May the Government Announced a comprehensive Home Protection Scheme.

The increased volatility of the local currency had a negative impact on household loan demand: despite some positive momentums in employment (rate of unemployment dropped to 10.8% in June) clients were using their access cash rather for savings or deleveraging than for consumption; retail consumption still had a negative trend. Thus the FX-adjusted Hungarian loan portfolio shrank a bit. In case of the foreign subsidiaries there was a moderate loan growth: the Russian consumer lending got stronger and slightly improving loan demand was experienced in Bulgaria, Romania and Slovakia. In the Ukraine the POS-lending started in March, more material results are expected only by the end of the year. The gradually stabilizing macroeconomic situation in the region enabled rating agencies to show their better face: Bulgaria was upgraded by Moody's to "Baa2", Fitch lifted Romania's rating to investment grade (BBB–) and changed the Ukrainian rating outlook into positive. Furthermore, Moody's improved the standalone BFSR rating of OTP Bank Russia to "D–".

Consolidated earnings: HUF 44.6 billion adjusted 2Q net results, stable interest income, improving fees and commissions, increasing profit contribution by foreign subsidiaries, outstanding capital strength and stable liquidity

Methodological note: as opposed to the previous reporting structure, from 2Q the revaluation impact of provisions made in currency for FX loans has been eliminated from two P&L lines (other non interest income and risk costs). The correction has no impact on the consolidated or on the individual bottom line earnings; however it changes the structure of theirs. For detailed explanation, please see Section "Supplementary Data".

In 1H 2011 OTP Group posted HUF 74.5 billion after tax accounting profit, including the negative effect of the Hungarian banking tax. Excluding this item, the adjusted net earnings reached HUF 88.7 billion, underpinning a 5% y-o-y growth. The 2Q adjusted profit represented HUF 44.6 billion (+1% q-o-q). The size of the banking tax remained the same (HUF 7.2 billion) and similar quarterly levy is expected for the rest of the year. The effective tax burden grew by HUF 5.5 billion q-o-q since there was no positive tax shield effect in 2Q as opposed to 1Q.

It was a positive momentum that similar to previous quarter, in 2Q the profit contribution of foreign subsidiaries kept further growing. Due to the improving Russian performance, as well as the decent Ukrainian, Bulgarian, Romanian and Croatian operation, out of the total 2Q profit HUF 15.7 billion was made outside Hungary (+HUF 4.5 billion q-o-q). Thus in 1H 2011 foreign subsidiaries made up 30% of the adjusted consolidated profit (HUF 26.8 billion which was 36% of the non-adjusted one) versus a HUF 3 billion loss in the base period. Within the same period OTP Core (basic activity in Hungary) suffered a 24% decline in net earnings from HUF 83 billion to HUF 63 billion, which demonstrates that the improving performance of the Group was entirely due to the better results of the non-Hungarian business.

In 2Q the Group posted HUF 107.3 billion adjusted operating profit (-1% q-o-q), whereas the 1H figures remained basically flat y-o-y. In the previous several quarters the Bank realized fairly stable adjusted operating profit (in HUF billion, 2Q 2010: 106, 3Q: 111, 4Q: 102, 1Q 2011: 108). Core banking earnings shaped favourably: in 2Q the net interest income remained flat, while net fee and commission advanced by 8%. The 1H adjusted net interest income grew by 4% y-o-y, fees and commissions by 5% respectively. Both the quarterly and 6 months net interest margin remained fairly stable (at 6.25% and 6.26% respectively) That was a result of two opposite trends: at OTP Core margins dropped by 20 bps q-o-q (slightly increasing y-o-y), whereas they advanced a lot in Russia and Bulgaria y-o-y. In line with the management's earlier expectations operating expenses grew by 2% q-o-q, the 2Q cost-to-income ratio adjusted for one-offs stood at 44.9% (+0.8%-point q-o-q), the 1H ratio almost remained flat y-o-y.

The FX-adjusted loan volumes somewhat declined q-o-q (-1%) with deposits posting a 1% q-o-q growth. As a result, the net loan/(deposits + retail bonds) ratio (102%) further improved (-7%-points y-o-y and -2%-points q-o-q).

In the past 12 months the fastest portfolio growth was achieved in Russia: the FX-adjusted loan book advanced by 31% y-o-y, within that the retail consumer book grew by 68%. Romania captured a y-o-y growth of 5%, while in Bulgaria and Slovakia the portfolio grew by 1%. Other markets witnessed a smaller yearly decline. Bigger scale contraction was registered in Serbia (-9%) and Montenegro (-9%), as well as in the Hungarian car financing (-13% y-o-y).

In 2Q the Russian loan portfolio grew by 5%, followed by a 3% growth in Romania and 1-1% increase in Bulgaria and Slovakia. Other markets declined. In Hungary lending still misses momentum: the overall book slightly contracted with stagnating mortgages, by 5% declining loans to large enterprises (due to a bigger scale repayment); SME volumes grew by 7% q-o-q and the municipality exposure by 3%.

As for the deposits, it was the Serbian subsidiary that captured the biggest y-o-y volume increase (+14%), but other markets having the most significant impact on the overall volumes were strong, too: in Hungary deposits grew by 3%, in Bulgaria by 6% in Russia by 5% and in the Ukraine by 6%.

Following the consolidated net loan-to-deposit ratio drop, on a standalone base the most significant yearly improvement was realized in Serbia (-79%-points), Ukraine (-39%-points) and Montenegro (-17%-points).

Given the stable liquidity position of the group, the Bank did not contemplate any international bond transaction year to date, on the contrary: it paid back EUR 500 million senior bonds in May at the expense of its liquid reserves. At the same time the Bank successfully raised EUR 300 million syndicated loan in May and continued its retail targeted local bond issuance programme. By the end of 1H 2011 the outstanding volume reached HUF 308 billion (app. EUR 1.15 billion).

As a result of further portfolio deterioration risk costs in 2Q reached HUF 50 billion (-13% q-o-q), whereas the six months risk costs amounted to HUF 107 billion (-23% y-o-y). The DPD90+ ratio kept growing and reached 15.4% by the end of June (+0.5%-point q-o-q), however the quarterly pace of deterioration moderated as expected by the management. FX-adjusted DPD90+ formation also showed a declining trend (2Q: HUF 55 billion). Despite the q-o-q lower risk costs, the DPD90+ coverage improved from 72.7% to 73.3%.

The consolidated IFRS capital adequacy ratio ("CAR") reached 18.0% by June 2011. The Tier1 ratio (15.1%) grew by 2.1%-points in the past twelve months. Also, the second European stress test results published by EBA on 15 July 2011 underpinned the outstanding capital strength of OTP Group. Under the adverse scenario OTP's Core Tier1 still would be at 13.6%, the third highest amongst the European banks.

The standalone CAR of OTP Bank under the local regulation stood at 20.0% by end-June (+2%-points q-o-q). During 2Q the Bulgarian and Ukrainian subsidiaries paid dividends towards OTP Bank (in the amount of HUF 23.2 billion and HUF 11.6 billion respectively). In 1H there was only one capital increase at foreign subsidiaries: CKB Montenegro received EUR 10 million capital injection in March 2011.

Beginning from July investors' concerns about the payment ability of the Eurozone periphery countries, but also Italy and even the US grew to new extremes. Thus, it is important to note that OTP Group has no material public debt exposure either to any of those Eurozone countries or to the US. Consequently unlike many of its regional peers, OTP had no write-offs or any extra provisions in 2Q and no such moves are expected in the future.

OTP Core: declining after tax profit, moderate income drop, slower portfolio deterioration, decreasing risk costs, efficient cost control

Within the Group 2011 2Q the adjusted after tax profit of ***OTP Core*** (core activity in Hungary) reached HUF 29.9 billion (-7% q-o-q) and 1H profit grew to HUF 62.7 billion underpinning a 24% y-o-y decline. The lower profit was mainly related to one-off items heavily influencing the base period. The weaker 2Q net earnings (-9% q-o-q) are mainly due to significantly higher effective tax burdens. Core banking revenues grew: the adjusted net interest income basically remained flat, whereas net fees and commissions advanced by 7% q-o-q. Other income also kept growing. In the previous three months the portfolio deterioration was slower compared to earlier quarters, risk costs declined only by 2%. As a result, the DPD90+ coverage improved to 77.3%.

1H 2011 total income adjusted for one-offs dropped by 5%, mainly as a result of significantly weaker other non interest income. At the same time net interest income grew by 2% y-o-y supported by higher net interest margin (1H 2011: 4.87%, +0.08%-point y-o-y). The 20 bps margin decline in 2Q was due the stringent regulatory environment ruling the pricing policy of the Bank.

The operating income was supported by stringent cost management in place, in 1H 2011 total operating expenses dropped by almost HUF 4.4 billion (-5%).

In 1H risk costs contracted by 20% y-o-y. New DPD90+ formation somewhat moderated. (new FX-adjusted non performing loans in HUF billion 1H 2010: 56, 1H 2011: 43, of which 1Q: 28, 2Q: 15). The DPD90+ ratio grew only by 0.3%-point in 2Q (from 11.2% to 11.5%). Within the loan portfolio mortgages showed the worst performance: DPD90+ in 4Q 2010 was at 8.2%, in 1Q 2011 at 9.1% and in 2Q at 9.9%. During the same time period the consumer loan book and the corporate portfolio worsened at a slower pace.

Loan volumes adjusted for FX- effects remained flat y-o-y and dropped by negligible 1% q-o-q. Adjusted SME and corporate books grew by 19% and 1% respectively y-o-y; the consumer loan portfolio and the mortgage book contracted by 2% each. Despite the improving new origination trends, in 2Q mortgages still remained flat and the consumer book could advance only by 1%. Out of mortgage loan sales OTP Bank managed to keep its dominant market share, end of 2Q it was at 32% (2010 full year market share: 29%). While 1H mortgage sales volumes grew by 10% y-o-y, it is still falling short of the pre-crisis performance. As for consumer loans, the Bank kept its dominant market position with above 50% market share, but the overall market is still weak and OTP's new origination could not grow (1H 2010: 26 billion, 1H 2011: 25 billion).

Despite its strong efforts, the bank's corporate book advanced only by 1% y-o-y and dropped by 3% in 2Q as a result of a significant repayment.

The volume of FX-adjusted deposits and retail bonds on a yearly base grew by 5% (+0.4% q-o-q). Retail deposits (plus retail bonds) expanded by 2% y-o-y and declined by 1% q-o-q. During the same period corporate deposits increased by 11% and 5% respectively. The "net loan-to-deposit+retail bond" ratio adjusted for exchange rate movements stood at 81% (-6%-points y-o-y and -1%-point q-o-q).

Merkantil Group (the Hungarian car financing business) posted only a moderate profit in 2Q due to weaker net interest income and higher risk costs. Thus 1H profit – without the banking levy – represented HUF 1.2 billion. New loan origination in 2Q already showed signs of slight recovery, the DPD90+ ratio stagnated at 19.0%.

OTP Fund Management posted HUF 2 billion net profit in 1H 2011 (without the effect of the banking tax). In 2Q the company reached HUF 900 million net results. Fee income dropped by almost 50% y-o-y as a result of a government decree setting lower average funds management fees. The volume of total assets under management reached HUF 1,006 billion (-39% y-o-y). The company's market position further strengthened and its estimated share – without duplication – reached 33.4%.

Improving profit contribution by foreign subsidiaries: significant profit increase in Russia, the Ukraine and Romania, declining, but still significant profit from Bulgaria, profitable operation in Croatia and Slovakia, with Serbia and Montenegro still making losses

Against the 1H 2010 cumulative loss of HUF 3 billion, in 1H 2011 foreign operations of the Group contributed HUF 26.8 billion to the consolidated results. Within that Russia, Bulgaria and Ukraine, i.e. the three core players, who are predicted to contribute a growing share of total earnings in medium run, also performed nicely. While in the base period they generated only HUF 15.1 billion, in 1H 2011 the three banks together made HUF 28.5 billion.

OTP Bank Russia continued its superior performance. After posting HUF 7.7 billion net profit in 1Q 2011, the bank managed to further boost its earnings and pocketed HUF 9.3 billion. Thus the 1H results (HUF 17 billion) was more than three times higher than in the corresponding period in 2010. Core earnings performed nicely: both interest income and net fee and commission income grew y-o-y. Net interest margin improved further and approached 18% in 1H 2011. Despite the high underlying inflation operating expenses dropped by 5% q-o-q. Given the significant increase of operating income in 2Q (+11%), the cost-to-income ratio improved further and dropped below 45%.

Improving earnings were heavily supported by strong balance sheet dynamics. The FX-adjusted loan portfolio grew by 31% y-o-y, the retail consumer book advanced by 68%. After a seasonally weaker 1Q performance, POS-lending started catching up and the underlying book already remained flat. At the same time cross-selling remained intense with credit card loans expanding by 17% q-o-q and cash loans by 48% respectively. As a result, the bank managed to keep its excellent market position: in case of POS-lending the bank is the second biggest, whereas in credit card issuance it came off to no.4.

The robust loan growth was supported by the strong retail deposit growth (+19% y-o-y and 2% q-o-q). Furthermore, the bank continued its successful local bond issuance: in July it printed the second series of bonds through which the liabilities grew by RUB 5 billion.

By the end of 2Q the loan quality improved: the DPD90+ ratio dropped to 13.3%, being supported by steady loan growth, as well as by the sale of the Technosila exposure. Despite lower risk costs in 2Q the coverage level remained flat (84.1%).

DSK Group posted a quarterly net result of HUF 2 billion lagging behind the previous quarter, thus 1H profit reached HUF 5.5 billion (-40% y-o-y). Since the operating profit performed strongly (+15% y-o-y), net earnings were mainly influenced by rising risk costs. It is remarkable, that similarly the half year operating margin improved, while the 2Q net interest margin (6.19%) despite the slight decline in 2Q on a yearly base is still outstanding (+0.78%-point). The bank's cost efficiency remained outstanding and the cost-to-income ratio came out better, too (1H 2011: 34.3%).

FX-adjusted loan portfolio grew by 1% q-o-q and y-o-y, whereas deposits expanded by 6% and 3% respectively in the same period. As a result the net loan-to-deposit ratio improved further (108%). Portfolio quality deterioration continued in 2Q, and the DPD90+ ratio grew to 14.1%. The coverage ratio (79.2%) decreased a bit. The weaker portfolio required higher risk costs: they grew by 11% q-o-q and by 53% y-o-y.

OTP Bank Ukraine posted HUF 5.1 billion after tax profit in 2Q and HUF 6 billion in 1H 2011, which almost six folds higher than in 1H 2010.

While the loan portfolio further deteriorated, its pace slowed down (+1%-point q-o-q) and the DPD90+ ratio reached 32.5% at the end of June with the corporate portfolio being fairly stable. The significant quarterly improvement in net results was related to the partial provisioning release, since operating income showed weaker performance in 2Q. Despite significantly lower risk costs (down by 92% q-o-q), the DPD90+ coverage somewhat improved and reached 75.5%.

FX-adjusted loan volumes dropped by 3% y-o-y and q-o-q. Within that the corporate segment already showed sign of recovery and grew by 7% y-o-y, however declined by 3% in 2Q. The retail lending activity remained weak. POS loan business was launched in March, but material volumes are expected only by year end. FX-adjusted deposit volumes showed a better performance: they grew by 7% y-o-y and 8% q-o-q, accordingly the net loan-to-deposit ratio improved further and dropped to 249% (-44%-points y-o-y). Amid underlying inflation above 10%, operational expenses remained flat both y-o-y and q-o-q, still, as a reflection of weaker total income, the cost-to-income ratio increased to 45.8% (+7.7%-points y-o-y).

OTP Bank Romania (OBR) posted HUF 1.5 billion after tax profit versus HUF 2 billion loss in 1H 2010. After a small positive results in 1Q, 2Q earning grew by almost ten folds q-o-q. While such a rapid improvement in profitability was mainly related to heavily declining risk costs, the net interest incomes improved both y-o-y and q-o-q. Operating expenses remained under strict control and 1H cost-to-income ratio improved by 3.2% y-o-y (61.3%). By the end of June the DPD90+ ratio reached 12%, the coverage dropped to 66.8% (-7.8%-points q-o-q).

Despite the worsening macroeconomic conditions, ***OTP banka Hrvatska (Croatia)*** managed to improve its profitability in 2Q (HUF 711 million) and reached HUF 1 billion in 1H (-19% y-o-y). With the DPD90+ ratio declining (10.3%) and risk costs remaining flat q-o-q (doubled y-o-y), the coverage ratio grew in a meaningful way to 46%.

The ***Slovakian subsidiary*** realized another positive quarter and 1H net profit reached HUF 130 million after of loss of HUF 1 billion made in the base period. Lending activity started growing slowly, within that the retail segment got special focus (+11% y-o-y, +4% q-o-q, adjusted for FX). The DPD90+ ratio grew to 12.1%, mainly due to deteriorating corporate exposure. Due to the lower risk costs the DPD90+ coverage dropped to 52.5%.

The ***Serbian subsidiary*** remained in red, the bank failed to achieve a turning point in its operation. Its portfolio quality is the worst within the Group, the DPD90+ ratio is high by any standard (61.6%). Such a dire picture is also due to the decline of the overall portfolio, despite personal loans showing strong pick up (+61% y-o-y). Given the high risk costs and the negative operating income the bank remained loss-maker already through several quarters. In 2011 1H it posted a negative result of HUF 3 billion, twice as high as in 1H 2010.

CKB Montenegro posted a loss of HUF 1.7 in 1H. The q-o-q higher 2Q loss is due to an increase in risk costs. It was positive, however, that the bank realized better net interest and fee income in 2Q with operating expenses remaining flat q-o-q. All major portfolio segments deteriorated a lot in the past three months and the DPD90+ ratio grew to 39.1%. The coverage was 66.6%. The FX-adjusted loan book still contracted q-o-q (-2%), deposits stagnated (+1%).

By the end of June 2011 OTP Group had 1,473 branches (-34 branches y-o-y, -11 branches q/q). The most sizeable decline in the past 3 months was realized in Bulgaria (-6) and Ukraine (-5), whereas in Russia 2 new branches were opened. By the end of

1H 2011 the group had 30,684 employees. Those were mainly the Russian and Ukrainian operations hiring new people for extending the agent-network.

Credit ratings, shareholder structure

In 2Q 2011 there was no change in the credit rating of OTP Bank. It has got a “BBB–“rating from Standard&Poor’s and “Baa3” from Moody’s. Both being equal to that of the Hungarian sovereign.

As for the ownership structure, in 2Q no meaningful change happened, thus currently three investors hold more than 5% stake in the Company, namely the Rahimkulov family (8.88%), MOL (Hungarian Oil and Gas Company) (8.57%) and Groupama Group (8.31%).

POST BALANCE SHEET EVENTS

Hungary

- On 11 July 2011, OTP Mortgage Bank paid back a EUR 750 million covered bond issued in 2006.
- OTP Bank Plc. was subject to the 2011 EU-wide stress test conducted by the European Banking Authority (EBA), in cooperation with the Hungarian Financial Supervisory Authority, the European Central Bank, the European Commission and the European Systemic Risk Board. The estimated consolidated Core Tier 1 capital ratio of OTP Bank Plc. would change to 17.2% under the baseline scenario and to 13.6% under the adverse scenario in 2012 compared to 12.3% as of end of 2010. OTP Bank Plc. reached the third best result within the banks that participated in the stress tests.
- In its decree signed on 16 July 2011, the Hungarian Financial Supervisory Authority gave its approval to OTP Bank Ltd. to repurchase its lower tier two bond (OTP HB 03/04/15, ISIN code: XS0214084252) in the maximum notional amount of EUR 100 million. The original issue size of the bond was EUR 125 million; the issue date was March 2005.

Russia

- On 1 July 2011 Moody’s upgraded the BFSR of OJSC OTP Bank (Russia) to “D-“ with stable outlook. The rationale behind the step included the improved market positions and diversification of business supported by good access to funding, the improved and more sustainable risk-adjusted profitability due to a decline in risk costs and improved cost efficiency, and the improvement in the bank's asset quality.
- On 27 July 2011 OJSC OTP Bank (Russia) issued the 2nd series of RUB bonds with a face value of RUB 5 billion. The issue pays 7.95% coupon and has a maturity of 3 years.

Bulgaria

- On 22 July 2011 Moody's Investors Service upgraded Bulgaria's government debt ratings by one notch to “’Baa2”’ from ’Baa3’, reflecting its ongoing fiscal discipline and improving institutional strength as well as the financial system's relative resilience in a volatile regional environment. The rating outlook is stable.

Ukraine

- On 21 July 2011 Fitch Ratings raised its outlook for Ukraine’s sovereign credit rating to positive from stable, while the rating itself was affirmed at “B”. The rating agency cited the government progress in reducing the budget deficit.

Romania

- On 4 July 2011 Romania was raised to investment grade by Fitch: the rating was upgraded from “BB+” to “BBB–“, the outlook is stable.

Croatia

- On 6 July 2011 Fitch stated (after the conclusion of negotiations to join the EU) that Croatia remains at risk of a credit-rating downgrade, although EU accession expected in 2013 will provide significant benefits to Croatia.
- On 8 July 2011 Standard & Poor’s affirmed the “’BBB–“’ rating on Croatia, while the outlook remained negative.
- On 25 July 2011 the central bank confirmed a currency intervention (EUR 238.9 million was sold).

Slovakia

- On 2 August 2011 the rating of OTP Banka Slovensko was downgraded from “Baa3“ to “Ba1“ by Moody’s, the outlook remained negative.

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

in HUF million	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
Consolidated after tax profit	**69,759**	**74,476**	**7%**	**27,402**	**37,188**	**37,288**	**0%**	**36%**
Dividend and total net cash transfers (consolidated)	71	279	294%	92	331	-52	-116%	-156%
Goodwill impairment charges (after tax)	-15,001	0	-100%	-15,001	0	0		-100%
Special tax on financial institutions (after corporate income tax)	0	-14,483		0	-7,241	-7,242	0%	
Consolidated after tax profit without consolidated received dividends and net cash transfers, goodwill impairment charges and special financial institution taxes	**84,689**	**88,680**	**5%**	**42,310**	**44,098**	**44,582**	**1%**	**5%**
Banks total without one-off items[1]	81,689	84,869	4%	41,577	41,311	43,558	5%	5%
OTP CORE (Hungary)[2]	82,877	62,730	-24%	42,016	32,865	29,865	-9%	-29%
Corporate Centre (after tax)[3]	83	-4,181		-181	-2,467	-1,714	-30%	849%
OTP Bank Russia	4,814	16,996	253%	3,613	7,745	9,251	19%	156%
OTP Bank Ukraine[4]	1,107	5,963	439%	963	862	5,100	491%	430%
DSK Bank (Bulgaria)5	9,219	5,499	-40%	4,661	3,484	2,015	-42%	-57%
OBR adj. (Romania)	-2,055	1,473	-172%	-2,055	148	1,326	798%	-165%
OTP Banka Srbija (Serbia)[6]	-1,419	-2,973	109%	-824	-1,458	-1,514	4%	84%
OBH (Croatia)	1,169	951	-19%	662	241	711	195%	7%
OBS (Slovakia)	-998	129	-113%	-817	105	24	-77%	-103%
CKB (Montenegro)	-13,109	-1,718	-87%	-6,462	-214	-1,505	605%	-77%
Leasing	-2,471	1,529	-162%	-2,147	1,272	257	-80%	-112%
Merkantil Bank + Car, adj. (Hungary)[7]	-969	1,183	-222%	-1,257	1,147	36	-97%	-103%
Foreign leasing companies (Slovakia, Croatia, Bulgaria, Romania)[8]	-1,501	346	-123%	-891	125	221	77%	-125%
Asset Management	4,308	1,948	-55%	2,572	1,074	874	-19%	-66%
OTP Asset Management (Hungary)	4,305	1,971	-54%	2,573	1,062	910	-14%	-65%
Foreign Asset Management Companies (Ukraine, Romania)[9]	3	-23	-864%	-2	13	-36	-379%	
Other Hungarian Subsidiaries	543	255	-53%	98	102	153	50%	56%
Other Foreign Subsidiaries (Slovakia, United Kingdom, Cyprus, Romania, Belize)[10]	-81	185	-328%	-79	100	85	-15%	-207%
Eliminations	700	-107	-115%	288	239	-346	-245%	-220%
Total after tax profit of HUNGARIAN subsidiaries[11]	87,540	61,852	-29%	43,538	32,948	28,903	-12%	-34%
Total after tax profit of FOREIGN subsidiaries[12]	-2,851	26,828		-1,230	11,150	15,678	41%	
Share of foreign profit contribution, %	*-3%*	*30%*	*34%*	*-3%*	*25%*	*35%*	*10%*	*38%*

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

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

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME

Main components of the Statement of recognized income in HUF million	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
Consolidated after tax profit	**69,759**	**74,476**	**7%**	**27,402**	**37,188**	**37,288**	**0%**	**36%**
Dividends and net cash transfers (after tax)	71	279	292%	92	331	-52	-116%	-156%
Goodwill impairment charges (after tax)	-15,001	0	-100%	-15,001	0	0		-100%
Special tax on financial institutions (after corporate income tax)	0	-14,483		0	-7,241	-7,242	0%	
Consolidated after tax profit without consolidated dividend and net cash transfers, goodwill impairment charges and special financial institution taxes	**84,689**	**88,680**	**5%**	**42,310**	**44,098**	**44,582**	**1%**	**5%**
Before tax profit	**108,494**	**108,566**	**0%**	**54,295**	**51,281**	**57,286**	**12%**	**6%**
Operating profit	**247,807**	**215,732**	**-13%**	**137,504**	**108,434**	**107,298**	**-1%**	**-22%**
Operating profit without one-offs	**216,329**	**215,732**	**0%**	**106,025**	**108,434**	**107,298**	**-1%**	**1%**
Total income	**419,221**	**388,743**	**-7%**	**225,592**	**194,077**	**194,666**	**0%**	**-14%**
Total income without one-offs	**387,743**	**388,743**	**0%**	**194,114**	**194,077**	**194,666**	**0%**	**0%**
Net interest income (adj.)	**314,964**	**302,701**	**-4%**	**172,332**	**151,724**	**150,977**	**0%**	**-12%**
Net interest income without one-offs	**292,375**	**302,701**	**4%**	**149,743**	**151,724**	**150,977**	**0%**	**1%**
Net fees and commissions	**65,124**	**68,106**	**5%**	**33,983**	**32,731**	**35,374**	**8%**	**4%**
Other net non-interest income (adj.)	**39,133**	**17,936**	**-54%**	**19,278**	**9,622**	**8,314**	**-14%**	**-57%**
Other net non-interest income (adj.) without one-offs	**30,244**	**17,936**	**-41%**	**10,389**	**9,622**	**8,314**	**-14%**	**-20%**
Foreign exchange result, net (adj.) (without the effect of revaluation of FX provisions)	15,976	9,405	-41%	10,535	7,444	1,961	-74%	-81%
Foreign exchange result, net (adj.) without one-offs and the effect of revaluation of FX provisions	7,087	9,405	33%	1,646	7,444	1,961	-74%	19%
Gain/loss on securities, net (adj.)	12,783	2,830	-78%	3,088	516	2,314	349%	-25%
Net other non-interest result (adj.)	10,375	5,702	-45%	5,655	1,662	4,040	143%	-29%
Operating expenses	**-171,414**	**-173,011**	**1%**	**-88,089**	**-85,643**	**-87,368**	**2%**	**-1%**
Personnel expenses	-77,376	-77,969	1%	-39,070	-39,308	-38,660	-2%	-1%
Depreciation (adj.)	-23,482	-23,905	2%	-12,059	-11,740	-12,165	4%	1%
Other expenses (adj.)	-70,557	-71,137	1%	-36,960	-34,595	-36,542	6%	-1%
Total risk costs	**-139,313**	**-107,165**	**-23%**	**-83,209**	**-57,153**	**-50,012**	**-12%**	**-40%**
Provision for loan losses (adj.) (without the effect of revaluation of FX provisions)	-139,241	-108,159	-22%	-83,760	-57,390	-50,768	-12%	-39%
Other provision	-72	993		551	237	756	219%	37%
Corporate taxes	**-23,805**	**-19,886**	**-16%**	**-11,985**	**-7,183**	**-12,704**	**77%**	**6%**
INDICATORS (%)	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
ROA (adj.)	1.7%	1.8%	0.1%	1.7%	1.8%	1.8%	0.0%	0.1%
ROE (adj.)	13.6%	13.5%	-0.1%	13.2%	13.7%	13.6%	-0.2%	0.4%
Operating profit margin	5.01%	4.46%	-0.55%	5.60%	4.52%	4.44%	-0.08%	-1.16%
Operating profit margin without one-offs	4.38%	4.46%	0.09%	4.31%	4.52%	4.44%	-0.08%	0.13%
Total income margin	8.48%	8.04%	-0.44%	9.18%	8.09%	8.06%	-0.04%	-1.13%
Total income margin without one-offs	7.84%	8.04%	0.20%	7.90%	8.09%	8.06%	-0.04%	0.16%
Net interest margin (adj.)	6.37%	6.26%	-0.11%	7.01%	6.33%	6.25%	-0.08%	-0.77%
Net interest margin without one-offs	5.91%	6.26%	0.35%	6.09%	6.33%	6.25%	-0.08%	0.15%
Net fee and commission margin	1.32%	1.41%	0.09%	1.38%	1.36%	1.46%	0.10%	0.08%
Net other non-interest income margin	0.79%	0.37%	-0.42%	0.78%	0.40%	0.34%	-0.06%	-0.44%
Net other non-interest income margin without one-offs	0.61%	0.37%	-0.24%	0.42%	0.40%	0.34%	-0.06%	-0.08%
Cost-to-asset ratio	3.47%	3.58%	0.11%	3.58%	3.57%	3.62%	0.04%	0.03%
Cost/income ratio (adj.)	40.9%	44.5%	3.6%	39.0%	44.1%	44.9%	0.8%	5.8%
Cost/income ratio (adj.) without one-offs	44.2%	44.5%	0.3%	45.4%	44.1%	44.9%	0.8%	-0.5%
Risk cost for loan losses-to-average gross loans (adj.)	3.92%	3.01%	-0.91%	4.69%	3.22%	2.89%	-0.33%	-1.79%
Total risk cost-to-asset ratio	2.82%	2.22%	-0.60%	3.39%	2.38%	2.07%	-0.31%	-1.32%
Effective tax rate	21.9%	18.3%	-3.6%	22.1%	14.0%	22.2%	8.17%	0.10%
Non-interest income/total income	25%	22%	-3%	24%	22%	22%	1%	-1%
Non-interest income/total income without one-offs	25%	22%	-2%	23%	22%	22%	1%	0%
EPS base (HUF) (from unadjusted net earnings)	262	278	6%	103	139	139	0%	35%
EPS diluted (HUF) (from unadjusted net earnings)	259	278	7%	102	139	139	0%	37%
EPS base (HUF) (from adjusted net earnings)	318	333	5%	159	165	167	1%	5%
EPS diluted (HUF) (from adjusted net earnings)	314	333	6%	157	165	167	1%	6%

Comprehensive Income Statement	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
Net comprehensive income	**133,892**	**46,174**	**-66%**	**70,416**	**10,812**	**35,362**	**227%**	**-50%**
Net profit attributable to equity holders	**69,698**	**74,014**	**6%**	**27,335**	**36,982**	**37,032**	**0%**	**35%**
Consolidated after tax profit	69,759	74,476	7%	27,402	37,188	37,288	0%	36%
(-) Net profit attributable to non-controlling interest	61	461	658%	66	205	256	25%	287%
Fair value adjustment of securities available-for-sale (recognised directly through equity)	**-5,760**	**13,277**	**-331%**	**-15,241**	**11,064**	**2,213**	**-80%**	**-115%**
Fair value adjustment of derivative financial instruments designated as cash-flow hedge	**213**	**237**	**11%**	**107**	**118**	**119**	**1%**	**11%**
Fair value adjustment of strategic open FX position hedging net investment in foreign operations	**-4,152**	**3,316**	**-180%**	**-5,196**	**3,660**	**-344**	**-109%**	**-93%**
Foreign currency translation difference	**73,893**	**-44,670**	**-160%**	**63,411**	**-41,012**	**-3,658**	**-91%**	**-106%**
One off items								
Total one-off items	**31,478**	**0**	**-100%**	**31,478**	**0**	**0**		**-100%**
Revaluation result of FX swaps at OTP Core (booked within net interest income)	22,589	0	-100%	22,589	0	0		-100%
FX-gain at OTP Core on hedging transactions related to the FX-loans' provisions at OTP Bank Ukraine (booked within foreign exchange gains, net)	8,889	0	-100%	8,889	0	0		-100%

- ***HUF 89 billion 1H after tax profit without special banking tax (+5% y-o-y) and flat 2Q profit at HUF 44.6 billion***
- ***Stable operating income without one-off items both y-o-y and q-o-q***
- ***Improving 6 months net interest margin (1H 2011: 6.26%, +35 bps y-o-y) supported by the Russian and Bulgarian performance***
- ***Decelerating 2Q portfolio deterioration (DPD90+ ratio grew from 15.0% to 15.4%), declining risk costs, improving DPD90+ coverage (2Q 2011: 73.3%)***
- ***Stringent cost control (cost-to-income ratio in 1H 2011 at 44.5%)***

Methodological note: in 1H 2011 report the consolidated statement of recognized income of OTP Group will be presented as being adjusted for the effect of the revaluation of FX provisions. As a result of the adjustment, two items with opposite profit impact were eliminated from the Group's accounting statement of income, namely: the revaluation result on FX-provisions of OTP Group (accounted as Provisions for possible loan losses within the accounting P&L), and the revaluation result on the open FX-position held for hedging the revaluation of FX-provisions of OTP Group (booked as Net foreign exchange results within Other net non-interest results). By modifying only the structure of the income statement, this correction does not have any impact on the bottom line net profits. In 1Q 2011 the Company has already presented those adjusted P&L lines, however, with limited scope only: revaluation result on FX-provisions for OTP Bank (from 2Q 2010) and OTP Mortgage Bank (from 1Q2011) was eliminated from the P&L. In the current report those revaluation results have been eliminated for the whole Group through 2010 and 2011.Thus there will be some difference in the data for the base periods published earlier. For the more detailed summary on the methodological change, as well as the P&L lines calculated under the old method, please see in Section "Supplementary Data"

In 1H 2011 OTP Group posted HUF 88.7 billion adjusted after tax profit without the special banking levy, by 5% higher than in the corresponding period of 2010. The accounting net result including the special banking tax (net HUF 14.5 billion) was at HUF 74.5 billion (+7% y-o-y). Note, that 1H 2010 accounting result included the negative impact of HUF 15 billion goodwill write-off. Adjusted for one-off items, the 1H operating income (representing HUF 216 billion) remained stable y-o-y. The negative impact of the missing one-off items[3] posted in the base period was offset by a y-o-y 23% decline in risk costs. Thus the 1H pre-tax profit (at HUF 109 billion) was basically flat to that of in 1H 2010. The higher adjusted after tax profit for 1H 2011 was supported by lower effective tax burden y-o-y. (Effective tax rate in 1H 2010: 22%, in 1H 2011: 18%). The lower tax burden was the result of the tax shield effect of the subsidiary investments of OTP Bank (Hungary). (In 1H 2010 the tax shield had a negative impact in forms of higher taxes by HUF 8.7 billion, whereas in 1H 2011 the positive impact was HUF 4.4 billion.)

In 2Q both the adjusted after tax profit (at HUF 44.6 billion) and the accounting profit (at HUF 37.3 billion) remained flat q-o-q. Core banking earnings were stable and the seasonally higher operating costs resulted a slight decline in operating profit (-1% q-o-q). Slower portfolio deterioration required q-o-q lower risk costs (down by HUF 7.1 billion). This positive impact however was mitigated by the higher tax burden (up by HUF 5.7 billion q-o-q) as a result

[3] One-off items in 2Q 2010: the significant increase of FX-HUF basis-swap spreads – from 100 basis points to 180 basis points – resulted cca. HUF 22.6 billion revaluation profit on the FX swaps of the Bank, accounted as interest income. Furthermore HUF 8.9 billion before tax profit (on the other net non-interest income line) was realised in relation with hedging the FX-risks of the provisions of some FX-loans of OTP Ukraine.

of the diminishing tax shield effect of subsidiary investments. (In 1Q 2011 the Group posted HUF 3.7 billion positive tax shield effect, in 2Q only HUF 0.4 billion, thus the effective tax burden increased by 3.3 billion q-o-q). Furthermore, the improving Russian profit pushed up the consolidated corporate tax by HUF 0.5 billion q-o-q.

The 1H 2011 operating profit (at HUF 216 billion without one-offs) showed a very resilient performance: cost control remained stringent (costs up by only 1% y-o-y), while net interest and fee income advanced by 4% and 5% y-o-y respectively. At the same time other net non-interest income (excluding one-off items) dropped considerably, by 41% y-o-y as a result of a base effect: in 1H 2010 there was a significant, HUF 8.1 billion gain on the Hungarian government bond portfolio.

Within the main income categories net interest income for the half year grew by 4% y-o-y. Net interest margin improved to 6.26% (up by 35 bps y-o-y). The improvement of net interest margin was highly supported by the gradual increase of deposit margins: deposit rates have been decreased y-o-y almost in all markets in parallel with the increasing liquidity reserves. Russian interest income grew at a spectacular pace (by HUF +17 billion or +43% y-o-y), as a consequence of outstanding dynamics of consumer lending. Out of larger subsidiaries both DSK and OTP Core managed to increase their interest income (+11% and +2% y-o-y). These factors offset the y-o-y declining net interest income in Ukraine, Montenegro, Serbia and at Merkantil Group (-25%, -28%, -64% and -9% y-o-y, respectively) partially due to declining business activity and to increasing share of non-performing loans.

Consolidated quarterly net interest income diminished by HUF 0.7 billion q-o-q. This was highly influenced by the following items: net interest income of OTP Core dropped by HUF 0.8 billion q-o-q (in line with the management expectations due to declining interest margin, as a result of the strict regulatory environment ruling the pricing policy of the bank). Also, in 2Q the average rate of Hungarian forint appreciated 8% against the Ukrainian hryvnia, 3% against the Russian rouble and 2% against the Bulgarian leva and the Croatian kuna having a negative impact on the foreign subsidiaries' net interest income in HUF terms. As a result, at other subsidiaries the net interest income either stagnated or declined, but in Romania and Croatia where the q-o-q improvement was due to technical effects.

Net fee and commission income improved by 5% on a yearly base (by HUF 3.0 billion) which was also mostly attributable to the growth in the Russian contribution (a growth of HUF 4.0 billion y-o-y), within that card and deposit commissions grew mainly (by +101% and +54% y-o-y). Simultaneously the commission dynamics was negatively influenced by the HUF 2.1 billion lower commissions of OTP Fund Management (as a consequence of amended regulation, asset- and fund management fees payable by pension funds decreased since January 2011: in case of private pension funds from 0.8% to 0.2%, in case of voluntary pension funds from 0.8% to 0.7% respectively). It was also negative that net commissions at OTP Core eroded as well by 1% y-o-y (primarily due to the lower card commissions as a result of increased utilisation of promotional retail current account packages).

Consolidated 2Q net fees advanced by 8% q-o-q (up by +HUF 2.6 billion). Due to seasonality most of the Group members posted improving fee income. OTP Core (+HUF 1.4 billion) and OTP Bank Russia (+HUF 0.6 billion) were the main contributors to that result on the back of improving card commissions.

The adjusted other net non-interest income decreased by 41% y-o-y as a result of the securities gain in the base period (securities gain of OTP Core in HUF billion in 1H 2010: 8.1, in 1H 2011: 1.5). As for 2Q other non-interest income, FX margin result (adjusted for one-off items) dropped by HUF 5.7 billion q-o-q. The reasons were partially technical, but also related to base effect: in 1Q 2011 significant one-off gain was realized on an Ukrainian open position, which was closed already in the meantime. Furthermore, the FX result at OTP Romania was volatile (in 1Q 2011: +HUF 1.2 billion, in 2Q 2011: -HUF 1.1 billion). The lower quarterly FX-results were partially offset by improving securities gains (mainly at OTP Core) and other non-interest income. The latter is related to the consolidation of new subsidiaries[4] into the Group (impact of +HUF 0.9 billion).

Operating costs for the half year grew by only 1% y-o-y, which – considering the inflation rate close to or above 5% in several countries across the group (but in Slovakia and Montenegro) – reflects stringent cost control. Significant y-o-y cost increase was registered only in Russia, where the dynamics is justified on one hand by the significant pick up in business activity and beyond this; higher social security contribution had to be paid after the employees from January 2011. Such growth was mainly offset by OTP Core reaching significant y-o-y cost savings (costs decreased by HUF 4.4 billion or by 5%). Personnel expenses dropped rather due to technical reasons, however lower other expenses already reflected the positive impact of renegotiated supplier contracts, lower marketing expenses and local taxes.

[4]The following subsidiaries were for first time consolidated into OTP Group in 2Q 2011: OTP Buildings (Slovakian company engaged in the management of the properties of OTP Banka Slovensko), OTP Real Slovensko (Slovakian real estate developer), OTP Fedezetkezelő (Hungarian real estate agency), SPLC-C Ltd (Hungarian project company engaged in real estate development).

The quarterly growth in operating expenses was due to two reasons: on one hand OTP Core had higher other expenses by HUF 2.0 billion q-o-q (seasonally higher marketing and advisory costs as well as tax paid after the dividends received from OTP Bank Ukraine). On the other hand the newly consolidated subsidiaries brought in an additional HUF 0.6 billion cost. Given the strengthening average exchange rate of the HUF in 2Q against most of the subsidiaries' currencies, their nominal seasonal cost increase was mainly offset by the favourable translation effect. Thus quarterly operating expenses either stagnated or slightly declined.

In 2Q 2011 the deterioration of loan portfolios somewhat decelerated and provisioning for loan losses moderated. (In 2Q 2011 without the revaluation of FX provisions: HUF 50.0 billion, -12% q-o-q, -40% y-o-y). Share of 90 days past due loans ("DPD90+ loans") increased from 15.0% to 15.4% q-o-q (+3.1% y-o-y). The coverage ratio (73.3%) improved by 0.6%-point q-o-q.

As for overall DPD90+ ratio developments, significant deceleration was experienced at OTP Core (mainly as a result better corporate book) and in Ukraine (the 100 bps growth in the DPD90+ rate was entirely related to the contraction in total loan book). In Russia the bank sold its entire exposure to Technosila (a retailer company) and the transaction had a significant impact on DPD90+ ratio (pushing it down from 14.1% to 13.3%); new DPD90+ formation otherwise was flat q-o-q. In Croatia the DPD90+ ratio also declined significantly q-o-q (from 12.4% to 10.3%) due to methodological changes in the order of collecting the different components of the monthly instalment (more detailed explanation see at OTP Croatia). DSK suffered further portfolio deterioration: the Bulgarian DPD90+ ratio climbed up from 12.6% to 14.1% due to worsening mortgage and SME book. In Serbia and Montenegro the DPD90+ rate reached new heights at 61.1% and 39.1% respectively. In both cases the corporate book caused most of the headaches. The deterioration accelerated somewhat in Romania (2Q 2011 DPD90+ rate at 12%, up by +0.8%-points q-o-q, mostly driven by the mortgages and loans to large cap companies) and Slovakia (2Q DPD90+ rate: 12.1%, up by +2.1%-points q-o-q, driven by the corporate segment).

ASSET-LIABILITY MANAGEMENT

In 1H 2011 asset-liability management of OTP Group focused on maintaining the safe liquidity reserves of the OTP Group…

The primary objective of the OTP Group in terms of asset-liability management has been to ensure that the Group's liquidity is maintained at a safe level. Though high level of liquidity reserves of the Banking Group could provide safely without the renewal of its capital market funding, to enhance its market presence, OTP Bank funded itself from the markets, too: an EUR 300 million syndicated loan transaction with 2 years tenor was arranged in June 2011. Beyond this transaction the ECB refinancing sources are also available for the Bank, thus the renewal risk of maturing mortgage bonds is low. The realized liability side spread levels confirmed that in several smaller tranches with a suitable timing capital market funding is available even at a spread level below that of the Hungarian sovereign.

Liquidity buffer of OTP Group in spite of the maturing debts in 2011 (EUR 500 million senior unsecured note in May, EUR 750 million mortgage bond in July) remained steadily above the safety level. As of 12 August, the gross liquidity buffer was above EUR 5.2 billion equivalent which is significantly higher than the amount of maturing debt within one year and the reserves required to protect against possible liquidity shocks (approximately EUR 3 billion). CHF and USD liquidity demand of the Group deriving from its FX lending activity was shrinking due to the FX generation of the business lines. To cover the required FX funding – primarily through long term FX-swaps – did not cause any problem for the Bank.

… and keeping interest-rate risk exposures low.

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

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

Market Risk Exposure of OTP Group

At the end of June 2011 the consolidated capital requirement of the trading book positions, the counterparty risk and the FX risk exposure represented HUF 33.8 billion, primarily due to the capital requirement of the FX risk exposure (HUF 29.2 billion).

OTP Group is active participant of the international FX and derivative market. Exposure of the various Group members' open FX positions are restricted to individual and global net open position limits (overnight and intraday), and to stop-loss limits. The open positions of Group members outside Hungary were negligible measured against either the balance sheet total or regulatory capital and because of that the FX exposure at Group level was concentrated at OTP Bank. The main part of the FX exposure booked at OTP Bank derived from the strategic open FX position kept to hedge the currency risk of FX-denominated net earnings of the main foreign subsidiaries. The size of the strategic open short EUR position amounted to EUR 310 million and was equal to 2 years' expected net profits of the subsidiaries. Apart from this strategic short position, the average net open position held by the dealing room of central Treasury Department was negligible (at HUF 2.3 billion).

CONSOLIDATED BALANCE SHEET

Main components of balance sheet in HUF million	2Q 2010	4Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y	YTD
TOTAL ASSETS	**10,184,544**	**9,780,946**	**9,672,446**	**9,712,339**	**0%**	**-5%**	**-1%**
Cash and amount due from banks	642,625	513,038	458,061	441,575	-4%	-31%	-14%
Placements with other banks	495,596	511,244	435,513	527,955	21%	7%	3%
Financial assets at fair value	213,523	233,667	302,963	273,078	-10%	28%	17%
Securities available-for-sale	1,101,180	1,008,097	1,422,411	1,387,995	-2%	26%	38%
Net customer loans	6,886,762	6,741,059	6,303,137	6,332,757	0%	-8%	-6%
Gross customer loans	**7,573,082**	**7,502,331**	**7,065,664**	**7,133,174**	**1%**	**-6%**	**-5%**
o/w Retail loans	4,707,594	4,769,793	4,502,905	4,621,618	3%	-2%	-3%
Retail mortgage loans (incl. home equity)	2,968,383	2,983,235	2,792,491	2,864,325	3%	-4%	-4%
Retail consumer loans	1,271,409	1,335,119	1,279,689	1,334,696	4%	5%	0%
SME loans	467,802	451,439	430,724	422,597	-2%	-10%	-6%
Corporate loans	2,365,966	2,286,415	2,166,461	2,110,274	-3%	-11%	-8%
Loans to medium and large corporates	2,021,080	1,921,660	1,819,401	1,747,553	-4%	-14%	-9%
Municipal loans	344,886	364,755	347,060	362,721	5%	5%	-1%
Car financing loans	422,861	385,587	338,988	340,669	0%	-19%	-12%
Bills and accrued interest receivables related to loans	76,661	60,535	57,309	60,612	6%	-21%	0%
Allowances for loan losses	-686,320	-761,272	-762,527	-800,417	5%	17%	5%
Equity investments	16,692	11,554	9,541	8,529	-11%	-49%	-26%
Securities held-to-maturity	222,849	172,302	152,005	147,621	-3%	-34%	-14%
Premises, equipment and intangible assets, net	489,927	480,828	461,442	460,866	0%	-6%	-4%
o/w Goodwill, net	223,059	209,320	198,357	197,284	-1%	-12%	-6%
Premises, equipment and other intangible assets, net	266,868	271,508	263,085	263,582	0%	-1%	-3%
Other assets	115,390	109,157	127,373	131,963	4%	14%	21%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**10,184,544**	**9,780,946**	**9,672,446**	**9,712,339**	**0%**	**-5%**	**-1%**
Liabilities to credit institutions and governments	652,500	681,949	644,100	698,421	8%	7%	2%
Customer deposits	**5,981,036**	**5,821,489**	**5,854,156**	**5,898,200**	**1%**	**-1%**	**1%**
o/w Retail deposits	4,313,984	4,368,021	4,250,060	4,216,911	-1%	-2%	-3%
Household deposits	3,887,096	3,924,525	3,822,242	3,771,862	-1%	-3%	-4%
SME deposits	426,888	443,496	427,818	445,048	4%	4%	0%
Corporate deposits	1,630,590	1,424,631	1,567,715	1,645,692	5%	1%	16%
Deposits to medium and large corporates	1,377,979	1,191,319	1,247,311	1,418,783	14%	3%	19%
Municipal deposits	252,611	233,312	320,404	226,909	-29%	-10%	-3%
Accrued interest payable related to customer deposits	36,200	28,836	36,381	35,596	-2%	-2%	23%
Issued securities	1,226,902	1,035,153	1,028,984	934,346	-9%	-24%	-10%
Other liabilities	700,175	642,796	566,544	560,919	-1%	-20%	-13%
Subordinated bonds and loans	301,281	290,630	279,694	281,736	1%	-6%	-3%
Total shareholders' equity	**1,322,650**	**1,308,929**	**1,298,968**	**1,338,717**	**3%**	**1%**	**2%**
Indicators	2Q 2010	4Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y	YTD
Loan/deposit ratio	126%	128%	120%	121%	0%	-5%	-7.8%
Net loan/(deposit + retail bond) ratio	110%	110%	102%	102%	-1%	-8%	-8.3%
Net loans	6,810,101	6,680,524	6,245,828	6,272,145	0%	-8%	-6%
Customer deposits	5,944,836	5,792,653	5,817,775	5,862,604	1%	-1%	1%
Retail bonds	254,225	283,646	293,347	308,466	5%	21%	9%
90+ days past due loan volume	927,870	1,022,944	1,049,520	1,092,425	4%	18%	7%
90+ days past due loans/gross customer loans	12.4%	13.7%	15.0%	15.4%	0.5%	3.1%	1.7%
Total provisions/90+ days past due loans	74.0%	74.4%	72.7%	73.3%	0.6%	-0.7%	-1.2%
Consolidated capital adequacy	2Q 2010	4Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y	YTD
Capital adequacy ratio (consolidated, IFRS)	17.3%	17.5%	17.6%	18.0%	0.4%	0.7%	0.5%
Tier1 ratio	13.0%	14.0%	14.7%	15.1%	0.4%	2.1%	1.1%
Core Tier1 ratio	11.4%	12.5%	13.2%	13.6%	0.4%	2.1%	1.1%
Leverage (Total Assets/Shareholder's Equity)	7.7x	7.5x	7.4x	7.3x			
Regulatory capital (consolidated)	1,312,225	1,304,476	1,297,858	1,326,490	2%	1%	2%
o/w Tier1 Capital	984,634	1,046,308	1,085,734	1,112,287	2%	13%	6%
o/w Hybrid Tier1 Capital	115,508	112,812	111,513	111,051	0%	-4%	-2%
Tier2 Capital	328,049	258,632	212,529	214,622	1%	-35%	-17%
Deductions from the regulatory capital	-458	-464	-405	-418	3%	-9%	-10%
Consolidated risk weighted assets (RWA) (Credit&Market&Operational risk)	7,590,478	7,464,481	7,368,161	7,363,990	0%	-3%	-1%

Closing exchange rate of the HUF (in forint)	2Q 2010	4Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y	YTD
EURHUF	286	279	266	266	0%	-7%	-5%
CHFHUF	217	223	204	220	8%	1%	-1%
USDHUF	235	209	187	183	-2%	-22%	-12%
JPYHUF	265	257	226	228	1%	-14%	-11%

- ***Y-o-y stagnating FX-adjusted loan book, 1% q-o-q decline***
- ***Steady growth of consumer loan portfolio (y-o-y +11% FX-adjusted increase) supported by robust Russian lending activity (+68%)***
- ***Material mortgage volume growth in Bulgaria, Slovakia and Romania***
- ***Increase in FX-adjusted deposit volumes (+4% y-o-y, +1% q-o-q)***
- ***Y-o-y 7%-points decline in net loan-to-deposit ratio adjusted for technical effects (2Q 2011: 102%)***

The consolidated loan portfolio further stagnated (flat y-o-y, -1% q-o-q). On a Group level only Russia (+31% y-o-y, +5% q-o-q) and Romania (+5% y-o-y, +3% q-o-q) posted meaningful volume increase. The FX-adjusted Russian consumer portfolio expanded by 68% y-o-y and by 13% q-o-q. Given the strong seasonality of POS-lending, the overall q-o-q retail growth was mainly induced by the steady increase in cash loans and cross-sold credit cards (+48% and +17% q-o-q respectively). In Romania EUR-based mortgage product turned to be fairly popular and mortgages advanced by 6% y-o-y and 2% q-o-q. The SME and corporate lending was active too in 2Q capturing a 12% and 5% q-o-q growth respectively.

The single biggest individual market, the Hungarian one, was still suffering from weak loan demand: retail volumes continued eroding. The mortgage portfolio dropped by 2% y-o-y (-0.2% q-o-q) and the consumer book shrank by 2% y-o-y (+1% q-o-q). Due to a significant repayment, the corporate book also dropped by 5% q-o-q, on a yearly base however it remained almost flat. The SME segment and loans to local governments gained further grounds (+7% and +3% q-o-q respectively).

Out of other bigger markets, in Bulgaria the mortgage sector and the corporate exposure advanced (+3% and +7% y-o-y), whereas in Ukraine on a yearly base only the corporate portfolio could increase (+7% y-o-y), though given the seasonality of the agrarian sector, 2Q was somewhat weak (-3% q-o-q).

In smaller markets the Slovakian mortgage portfolio had a strong rally (+12% y-o-y and +5% q-o-q) supported by a highly successful selling campaign in spring 2011. The overall decline in car financing continued in all markets (-16% y-o-y, -4% q-o-q on the group level).

FX-adjusted deposit volumes grew by 4% on a yearly base and by 1% q-o-q. The latter is the result of a 14% growth in corporate deposits backed by a significant increase at OTP Core, fuelled by deposit placements of financial institutions. All big markets showed decent volume growth y-o-y and q-o-q. The Hungarian deposits grew by 3% and 0%, the Bulgarian by 6% and 3%, the Russian by 5% and 4%, the Croatian by 5% and 0% respectively. In Hungary the household targeted retail bond sale advanced further, the closing volume of the bond portfolio reached HUF 308 billion by the end of June 2011 (up by 21% y-o-y and 5% q-o-q).

As a result, the 'net loan/(deposit + retail bonds)" ratio stood at 102% (the y-o-y change was -7%-points, and -2% q-o-q after adjusted for technical effects). The lowest ratio was achieved at CKB (70%), OTP Core (81%) and OBH (87%), whereas Romania (319%), Ukraine (249%) and Serbia (181%) were the countries with the highest net loan-to-deposit ratios.

The overall volume of issued securities decreased by 24% y-o-y and by 9% q-o-q. The volume drop was mainly related to repayments of senior unsecured notes: EUR 500 million was repaid in July 2010, EUR 300 million in December and another EUR 500 million in May 2011. All bonds were issued by OTP Bank and were reported as liabilities of the Corporate Centre within the reporting structure. The impact of those repayments were partially offset by the volume increase of the Hungarian retail bonds (+54 billion y-o-y and 15 billion q-o-q), the rouble bond issuance by the Russian subsidiary in March 2011 (RUB 2.5 billion, app. HUF 16 billion) and the institutionally sold HUF bonds (their volumes reached HUF 72 billion by end-2Q 2011 representing an increase of HUF 35 billion y-o-y and 10 billion q-o-q). There were two important post balance sheet transactions: in early July the bank paid back an EUR 750 million mortgage bond maturity and the Russian subsidiary completed its second rouble offering with 5 billion face value (app.HUF 32 billion).

The Lower and Upper Tier2 volumes remained flat y-o-y (in EUR terms); there was no buyback of any outstanding OTP issues through 2010-11.

The Group has accumulated a sizable amount of liquidity reserves since the beginning of the crisis: the total liquidity buffer amounted to EUR 5.2 billion equivalent on 12 August 2011[5]. This level of the reserves is more than enough to cover all outstanding maturities of the Group. Excluding the repayment obligation of mortgage bonds (given the low refinancing risk of those liabilities) the net liquidity position of the Group amounts to EUR 3.65 billion equivalent (including the FX mortgage bond redemptions the net liquidity equals to EUR 3.35 billion equivalent). That level exceeds the potential requirement stemming from any potential liquidity shock. The source of this buffer is two-fold: the on-going growth of consolidated deposits since the beginning of the crisis and the internal FX liquidity generation of the business lines, related to the fact that retail FX lending had been stopped both in Hungary and Ukraine, therefore the continuous repayments of the clients are increasing the Group's FX liquidity. Internal FX liquidity generation enabled the Group to repay its redemptions throughout 2009-2011 without issuing new instruments in the market on a significant scale. Repayments represented EUR 1.5 billion equivalent in 2009, EUR 2.3 billion in 2010 and another EUR 1.25 billion by July 2011 respectively (in the form of maturing senior notes, mortgage bonds and syndicated or bilateral loans). On the opposite, new issuances in 2010 amounted to only EUR 420 million equivalent (of which bonds amounted to EUR 170 million, syndicated loans to EUR 250 million) and app. EUR 500 million in the first seven months of 2011 (the already mentioned RUB bond issues and an EUR 300 million syndicated loan in May).

CONSOLIDATED CAPITAL ADEQUACY RATIO (IN ACCORDANCE WITH BASEL II)

At the end of June 2011 regulatory capital of OTP Group represented HUF 1,326 billion, while the preliminary estimated risk-weighted-assets, taking into account the capital needs for credit-, market- and operational risks too, stood at HUF 7,361 billion. CAR stood at 18.0% with Tier1 ratio (after deducting goodwill and intangible assets) at 15.1% and Core Tier1 ratio (further deducting hybrid instruments) at 13.6% respectively.

The second European stress test results published by EBA on 15 July 2011 demonstrated the outstanding capital strength of OTP Group. After reaching second position in 2010 in the first round, in the second stress test under the adverse scenario OTP Group's Core Tier1 ratio still would be at 13.6%, the third highest amongst the European banks.

[5] The liquidity buffer of OTP Group includes the following assets: bonds issued by the National Bank of Hungary, government bonds, liquid asset surplus within 1 month and repoable mortgage bonds and municipal bonds.

OTP BANK'S HUNGARIAN CORE BUSINESS[6]

OTP Core Statement of recognized income:

Main components of the Statement of recognized income in HUF million	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
OTP CORE after-tax profit without the banking levy, dividends and net cash transfer	82,877	62,730	-24%	42,016	32,865	29,865	-9%	-29%
OTP CORE pre-tax profit	102,623	76,392	-26%	51,916	37,362	39,030	4%	-25%
Operating profit	160,703	122,908	-24%	93,312	60,868	62,040	2%	-34%
Operating profit without one-offs	129,225	122,908	-5%	61,833	60,868	62,040	2%	0%
Total income	247,606	205,388	-17%	137,645	101,120	104,268	3%	-24%
Total income without one-offs	216,128	205,388	-5%	106,166	101,120	104,268	3%	-2%
Net interest income	179,549	160,200	-11%	102,886	80,475	79,724	-1%	-23%
Net interest income without one-offs	156,960	160,200	2%	80,297	80,475	79,724	-1%	-1%
Net fees and commissions	42,130	41,861	-1%	21,347	20,220	21,640	7%	1%
Other net non-interest income (without the effect of revaluation of FX provisions)	25,927	3,328	-87%	13,412	424	2,904	585%	-78%
Other net non-interest income (adj.) without one-offs and without the effect of revaluation of FX provisions	17,038	3,328	-80%	4,523	424	2,904	585%	-36%
Operating expenses	-86,903	-82,480	-5%	-44,333	-40,252	-42,229	5%	-5%
Total risk costs	-58,081	-46,516	-20%	-41,395	-23,506	-23,009	-2%	-44%
Provisions for possible loan losses (without the effect of revaluation of FX provisions)	-57,634	-49,538	-14%	-41,275	-24,325	-25,213	4%	-39%
Other provisions	-447	3,022	-777%	-121	819	2,204	169%	
Corporate income tax	-19,745	-13,662	-31%	-9,900	-4,497	-9,165	104%	-7%
Revenues by Business Lines								
RETAIL								
Total income	162,280	158,816	-2%	82,001	78,176	80,640	3%	-2%
Net interest income	121,887	120,672	-1%	61,051	59,747	60,926	2%	0%
Net fees and commissions	37,845	36,528	-3%	19,419	17,638	18,890	7%	-3%
Other net non-interest income	2,548	1,616	-37%	1,531	792	824	4%	-46%
CORPORATE								
Total income	18,624	19,048	2%	9,247	9,074	9,974	10%	8%
Net interest income	12,510	13,707	10%	6,205	6,542	7,165	10%	15%
Net fees and commissions	5,370	4,869	-9%	2,595	2,300	2,569	12%	-1%
Other net non-interest income	745	472	-37%	448	231	241	4%	-46%
Treasury ALM								
Total income	66,871	28,796	-57%	46,419	14,892	13,904	-7%	-70%
Total income without one-offs	35,393	28,796	-19%	14,940	14,892	13,904	-7%	-7%
Net interest income	45,153	25,820	-43%	35,630	14,187	11,634	-18%	-67%
Net interest income without one-offs	22,564	25,820	14%	13,041	14,187	11,634	-18%	-11%
Net fees and commissions	655	453	-31%	488	77	376	385%	-23%
Other net non-interest income	21,064	2,522	-88%	10,301	627	1,895	202%	-82%
Other net non-interest income without one-offs	12,175	2,522	-79%	1,412	627	1,895	202%	34%
Indicators (%)	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
ROA	2.5%	1.9%	-0.6%	2.6%	2.0%	1.8%	-0.2%	-0.8%
ROE	16.0%	10.5%	-5.5%	15.8%	11.5%	9.7%	-1.8%	-6.1%
Total income margin	7.56%	6.25%	-1.32%	8.51%	6.26%	6.25%	-0.01%	-2.25%
Total income margin without one-offs	6.60%	6.25%	-0.36%	6.56%	6.26%	6.25%	-0.01%	-0.31%
Net interest margin	5.48%	4.87%	-0.61%	6.36%	4.98%	4.78%	-0.20%	-1.58%
Net interest margin without one-offs	4.79%	4.87%	0.08%	4.96%	4.98%	4.78%	-0.20%	-0.18%
Cost of risk/average gross loans	3.44%	2.84%	-0.60%	4.89%	2.82%	2.95%	0.12%	-1.95%
Cost/income ratio	35.1%	40.2%	5.1%	32.2%	39.8%	40.5%	0.7%	8.3%
Cost/income ratio without one-offs	40.2%	40.2%	-0.1%	41.8%	39.8%	40.5%	0.7%	-1.3%
Operating costs to total assets ratio	2.7%	2.5%	-0.1%	2.7%	2.5%	2.5%	0.0%	-0.2%
Effective tax rate	19.2%	17.9%	-1.4%	19.1%	12.0%	23.5%	11.4%	4.4%
One-off items								
Total one-off items	**31,478**	**0**	**-100%**	**31,478**	**0**	**0**		**-100%**
Revaluation result of FX swaps at OTP Core (booked within net interest income)	22,589	0	-100%	22,589	0	0		-100%
FX-gain at OTP Core on hedging transactions related to the FX-loans' provisions at OTP Bank Ukraine (booked within foreign exchange gains, net)	8,889	0	-100%	8,889	0	0		-100%

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

- ***By 24% decreasing after tax profit due to significant basis effect of one-off items in the previous year***
- ***Q-o-q 9% net profit decline is mainly the result of increasing corporate tax***
- ***Q-o-q improving total income (+3%), with decreasing interest income and seasonally stronger fee and other income***
- ***Moderating portfolio deterioration, the mostly deteriorating segment in 2Q 2011 is the mortgage segment***
- ***Growing SME and municipal lending, declining retail mortgage and corporate loan book q-o-q***
- ***Continuous market leader position in disbursement of retail mortgage and cash loans***

Methodological note: within the Half Year Financial Report for 2011, OTP Core's statement of income is adjusted for the revaluation effect of FX provisions – simultaneously for the reporting and the base periods. During the adjustment two items with opposite effect on the profit are eliminated without any impact on the after tax profit of OTP Core. The two items are as follows: on one hand the revaluation result of the FX provisions at OTP Core (booked within line "Provisions for possible loan losses"), on the other hand the revaluation result of the hedging open FX position (within line "Foreign exchange result" accounted as "Other net non-interest income"). The 1Q 2011 Interim Management Report already contained P&L lines adjusted for the effect of the revaluation of provisions. However, regarding 2010 data that statement contained only the revaluation result of provisions of OTP Bank without that of OTP Mortgage Bank. Because of this, the relevant figures for the 2010 base period differ from the previously published ones. Detailed explanation of change of methodology and financials calculated under the previous methodology are available in the "Supplementary data" section of this report.

P&L developments

Excluding the effect of the banking tax, in the first half-year of 2011 OTP Core posted HUF 62.7 billion net profit, by 24% lower than in 2010 corresponding period. The declining profit is mainly the result of significant one-off items[7] in the base period. Without one-off items operating income diminished only moderately (-5% y-o-y). It was mainly influenced by the favourable cost formation (-5% y-o-y), while total income – even without one-offs – decreased by 5% y-o-y. The latter development is primarily due to smaller gains on securities in 1H 2011 than in 1H 2010 (in 1H 2010 a significant gain was realised on the Hungarian government paper portfolio – accounted as other non-interest income: in HUF billion: 1Q 2010: 6.5, 2Q: 1.6, 1H 2010: 8.1). In the first half the deterioration of the portfolio quality moderated, risk costs dropped by 20%, effective tax rate decreased slightly (from 19% to 18%).

Q-o-q 9% decline of quarterly after tax profit to a large extent was induced by increasing effective corporate tax burden (effective tax rate in 1Q 2011: 12%, 2Q 23%), mainly due to the diminishing tax shield effect stemming from the revaluation of subsidiary investments of OTP Bank. In 1Q 2011 the strong appreciation of closing HUF rate against the currencies of subsidiaries resulted a HUF 20 billion FX-loss on subsidiary investments – under the local accounting standards, but not under IFRS – and HUF 3.7 billion tax savings were realized (both under the local standards and under IFRS). In 2Q 2011, however, subsidiary investments had a marginal tax effect only (HUF 0.4 billion tax savings). Quarterly pre-tax profit of OTP Core increased by 4% q-o-q, while the operating profit (profit before provisions for loan losses and taxes) grew by 2%. Main drivers of the latter were the seasonally stronger fees and strengthening other income. Risk costs diminished by only 2% q-o-q, which coupled with the q-o-q significant moderation of portfolio quality deterioration resulted higher coverage ratio (2Q 2011: 77.3%).

Regarding income formation without one-off elements: the main reason behind the 5% y-o-y decrease of 1H income is the HUF 8.1 billion gain on government securities, realised in the base period while in 1H 2011 only HUF 1.5 billion gain was reached on the portfolio. Q-o-q improvement of quarterly income is on one hand due to seasonal growth of fee income and on the other hand to increasing other non-interest income.

1H 2011 net interest income grew by 2% y-o-y in line with the 8 basis points increase of the interest margin (1H 2011: 4.87%), significantly influenced by the deposit pricing measures of the Bank in 2010. However, quarterly interest margin declined in accordance with the expectations of the management, basically as a result of stringent regulatory pricing conditions. 1H net fees diminished by 1% y-o-y – primarily due to eroding card commissions (1H 2011: net card commission is at HUF 14.3 billion, y-o-y -8%), which is the result of the wider utilisation of promotional retail current account product packages: customers opting for the new current account products could use banking services in several case at promotional rates (free of charge cash withdrawals, cancelling annual fees for

[7] One-off items in 2Q 2010: the significant increase of FX-HUF basis-swap spreads – from 100 basis points to 180 basis points – resulted cca. HUF 22.6 billion revaluation profit on the FX swaps of the Bank, accounted as interest income. Furthermore HUF 8.9 billion before tax profit (on the other net non-interest income line) was realised in relation with hedging the FX-risks of the provisions of some FX-loans of OTP Ukraine.

cards). Quarterly dynamics reflects mainly seasonal effects (q-o-q up by 7%).

Other net non-interest income without one-off items (1H 2011: HUF 3.3 billion) declined significantly y-o-y. This is the result of the following: due to the remarkable drop of HUF yields in 1H 2010 HUF 8.1 billion gain was realised on the government securities of the trading portfolio (in 1Q: HUF 6.5 billion, in 2Q: HUF 1.6 billion). However in 1H 2011 the securities gain was significantly lower (HUF 1.5 billion). Furthermore, FX-result within other non-interest income was influenced unfavourably by the following measures: since July 2010 OTP Bank stopped FX lending and in accordance with the amended legislation – passed by the Parliament in October 2010 – since December 2010 the repayment of outstanding FX housing loan portfolio is exchanged into HUF at the Bank's mid-rate instead of the ask rate.

Operating expenses for the first half year decreased of HUF 4.4 billion (5%) y-o-y. The savings were realised mainly on personnel costs (1H 2011: HUF 33.5 billion, y-o-y -9%), primarily due to technical reasons. In accordance with the resolution of the 2011 Annual General Meeting of the company as well as in compliance with the changing EU regulation, the group-level remuneration policy of OTP has been changed, which had an impact on the timing of the payable remuneration. At the same time the change has an effect on the timing of the personnel expenses in the P&L, causing a temporary reduction in the cost base when shifting to the new policy. Rise in depreciation costs in the first half year is close to the inflation level (y-o-y +3%, in 1H 2011: HUF 12.2 billion). Effectiveness of operating cost control is underpinned by decreasing other expenses (y-o-y down by 3 %, in 1H 2011 at HUF 36.7 billion). This is even more remarkable if one takes into consideration that in 1H 2011 average annualised inflation in Hungary was at 4.1%. The contraction was influenced by the 13% y-o-y moderation of tax burden accounted for as other expenses. This was generated – similarly to the corporate tax – basically by the tax base reducing effect of loss on the revaluation of subsidiary investments in 1Q 2011. On the top of that marketing costs dropped by 15% y-o-y. Results of disciplined cost-management and continuous cost rationalising measures are obvious too: due to the re-negotiation of supplier contracts, the telecommunication expenses diminished by 15% and savings were realised on utility expenses as well (-14% y-o-y).

Q-o-q 5% growth of operating costs is due to 12% q-o-q increase in other expenses (personnel costs and depreciation remained practically unchanged q-o-q). Other expenses grew as a result of the following: in 2Q 2011 marketing and advisory costs increased seasonally and taxes accounted on this cost line increased too, mainly as a result of HUF 579 million tax paid after HUF 12 billion dividend received from the Ukrainian subsidiary in 2Q 2011[8].

Half yearly risk costs shrank by 20% y-o-y, the quarterly cost declined by 2% q-o-q. In 1H 2011 formation of non-performing loans moderated somewhat compared to the base period (FX-adjusted non-performing loan formation in HUF billion 1H 2010: 56, 1H 2011: 43, within that 1Q: 28, 2Q: 15). Ratio of loans with more than 90 days past due payments (so called "DPD90+ ratio") increased from 11.2% to 11.5%. Regarding the composition of portfolio deterioration: in 1H 2011 retail mortgage loans suffered the most intensive deterioration (DPD 90+ ratio 4Q 2010: 8.2%, 1Q 2011: 9.1%, 2Q: 9.9%). Within the same period consumer and corporate loan portfolio reflected a significantly slower deterioration. (Consumer loans DPD90+: 4Q 2010: 20.4%, 1Q 2011: 21.5%, 2Q: 20.7%, corporate loans: 4Q 2010: 13.7%, 1Q 2011: 13.4%, 2Q: 13.6% respectively). Coverage ratio of DPD90+ loan portfolio decreased in 1Q 2011 (from 78.2% to 75.5%). But this was mainly the result of technical effects (older than 5 years exposures at OTP Factoring with 100% provision coverage were written off, and a corporate loan defaulted in 1Q 2011, for which provisioning had been made previously). However in 2Q 2011 coverage ratio grew again (2Q 2011: 77.3%, +1.9%-points q-o-q) due to the sizeable provisioning in spite of the significantly moderating portfolio quality deterioration.

[8] The dividend received from DSK Bank (Bulgaria) was tax free.

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

Main components of the balance sheet (closing balances, in HUF million)	2Q 2010	4Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y	YTD
Total Assets	6,670,488	6,495,965	6,604,772	6,767,920	2%	1%	4%
Gross customer loans	**3,543,992**	**3,584,077**	**3,407,620**	**3,457,506**	**1%**	**-2%**	**-4%**
Retail loans	2,364,479	2,376,884	2,248,428	2,321,547	3%	-2%	-2%
Retail mortgage loans (incl. home equity)	1,830,954	1,839,058	1,724,811	1,779,735	3%	-3%	-3%
Retail consumer loans	442,361	443,461	422,995	433,359	2%	-2%	-2%
SME loans	91,164	94,365	100,622	108,453	8%	19%	15%
Corporate loans	1,179,513	1,207,194	1,159,192	1,135,960	-2%	-4%	-6%
Loans to medium and large corporates	871,793	877,067	844,667	804,813	-5%	-8%	-8%
Municipal loans	307,720	330,127	314,525	331,147	5%	8%	0%
Provisions	-249,190	-298,096	-288,423	-306,240	6%	23%	3%
Deposits from customers + retail bonds	**3,801,143**	**3,711,491**	**3,893,065**	**3,908,912**	**0%**	**3%**	**5%**
Retail deposits + retail bonds	2,696,688	2,771,712	2,748,760	2,707,496	-2%	0%	-2%
Household deposits + retail bonds	2,425,785	2,485,790	2,469,018	2,425,335	-2%	0%	-2%
SME deposits	270,903	285,922	279,742	282,161	1%	4%	-1%
Corporate deposits	1,104,455	939,779	1,144,305	1,201,416	5%	9%	28%
Deposits to medium and large corporates	895,384	743,570	864,634	1,012,237	17%	13%	36%
Municipal deposits	209,071	196,209	279,671	189,179	-32%	-10%	-4%
Liabilities to credit institutions	544,058	559,506	552,643	611,169	11%	12%	9%
Issued securities without retail bonds	505,401	514,103	484,511	492,476	2%	-3%	-4%
Total shareholders' equity	1,082,243	1,131,311	1,186,144	1,272,663	7%	18%	12%
Loan Quality (%)	2Q 2010	4Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y	YTD
90+ days past due loan volume	320,861	381,262	382,189	396,026	4%	23%	4%
90+ days past due loans/gross customer loans	9.1%	10.6%	11.2%	11.5%	0.2%	2.4%	0.8%
Total provisions/90+ days past due loans	77.7%	78.2%	75.5%	77.3%	1.9%	-0.3%	-0.9%
Market Share (%)	2Q 2010	4Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y	YTD
Loans	18.0%	18.4%	18.5%	18.6%	0.0%	0.6%	0.2%
Deposits	24.1%	24.0%	24.9%	24.7%	-0.2%	0.6%	0.7%
Total Assets	24.9%	24.8%	24.9%	25.2%	0.3%	0.3%	0.4%
Indicators (%)	2Q 2010	4Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y	YTD
Gross loans to deposits	100%	105%	95%	96%	1%	-4%	-9%
Net loans to (deposits + retail bonds)	87%	89%	80%	81%	0%	-6%	-8%
Leverage (Shareholder's Equity/Total Assets)	16.2%	17.4%	18.0%	18.8%	0.8%	2.6%	1.4%
Leverage (Total Assets/Shareholder's Equity)	6.2x	5.7x	5.6x	5.3x			
Capital adequacy ratio (OTP Bank, non-consolidated, HAS)	16.4%	18.1%	18.0%	20.0%	2.0%	3.6%	1.9%
Tier1 ratio (OTP Bank, non-consolidated, HAS)	13.9%	15.4%	15.6%	17.6%	2.0%	3.7%	2.2%

Balance sheet trends

FX-adjusted loan portfolio of OTP Core decreased by 1% q-o-q in 2Q 2011 – as a result of stable retail and slightly decreasing corporate loan portfolio – while deposit book together with retail bond portfolio grew with a mere amount (+0.4% q-o-q), primarily due to higher deposits of corporate customers in the financial services sector. FX-adjusted "net loan /(deposit + retail bond)" ratio dropped further (2Q 2011: 81%, on FX-adjusted base by 6%-point y-o-y and by 1%-point q-o-q).

Significant recovery of demand for retail loans is still to come. In mortgage loan disbursement OTP Core kept its high market share reached in the second half of 2010 (market share in disbursements without CHF in 2010: 3Q: 33%, 4Q 35%; in 1Q 2011: 33%, 2Q 32%). The newly originated volumes in 1H 2011 were higher by 10% on a yearly base but fell short of the before crisis levels (in HUF billion: 1H 2008: 207, 1H 2009: 29, 1H 2010: 41, 1H 2011: 45). In spite of the slightly improving loan disbursement the FX-adjusted mortgage loan portfolio declined further (3Q 2010: -0,1%, 4Q: -0,3%, 1Q 2011: -1,5%, 2Q: -0,2% q-o-q).

Recovery of consumer lending is also in delay. Notwithstanding that the Bank's market share in cash loan sales is at record high levels (1Q 2011: 54%, 2Q 2011: 53%, 2010: 49%), because of weak demand the amount disbursed by OTP remained practically at the level of the base period (disbursement in HUF 1H 2010: 26, 1H 2011: 25), the FX-adjusted outstanding cash loan portfolio diminished by 2% q-o-q and by 11% y-o-y.

OTP Bank supports actively the operation of Hungarian corporate sector. As opposed to the declining retail portfolio, FX-adjusted corporate loan book grew by 1% y-o-y, but dropped by 3% q-o-q due to a significant repayment of a corporate client. Dynamic increase of SME loan book, started in 1Q 2011, continued (y-o-y +19%, q-o-q +7%), but the increase of the segment is partially due to technical reclassification.

Deposit base of OTP Core (together with retail bonds) reflected a minimal increase q-o-q (+0.4%), y-o-y the growth is 5%. Higher level of corporate deposits – within that mainly deposits of large and medium size enterprises – compensated the 1% drop of retail deposits. Increase of corporate deposit book is due to deposits of financial institutional customers in 2Q 2011. Municipal deposits, as a result of seasonality in local tax collection, dropped by 32% q-o-q (this type of seasonality has a negative effect in the second and fourth quarter). The retail deposit book remained stable – with retail bonds – on FX-adjusted base increasing by 2% y-o-y and remaining almost flat q-o-q. Within that the portfolio of retail bonds reflected continuous increase (2Q 2011 closing amount: HUF 308 billion, +21% y-o-y, +5% q-o-q).

During 1H 2011, the portfolio of outstanding notes (without retail bonds) was stable too (2Q 2011: HUF 492 billion, -3% y-o-y, +2% q-o-q). In the past 12 months there was no mortgage bond transaction on the international capital market – neither issuance nor repayment.[9] Some HUF denominated mortgage bonds matured in 3Q 2010 and in 1Q 2011 (altogether in the amount of HUF 19 billion). Those redemptions were well balanced by the increasing amount of HUF denominated senior notes bought by Hungarian institutional investors (2Q 2011 closing amount: HUF 72 billion, HUF +35 billion y-o-y, HUF +10 billion q-o-q). As a post balance sheet event on July 11 OTP Mortgage Bank, being part of OTP Core, paid back its EUR 750 million mortgage note (approximately HUF 199 billion), issued in 2006.

The stand alone capital adequacy ratio of OTP Bank Hungary was at 20.0% in 2Q 2011 – up by 2.0%-points q-o-q. The improvement was stemming from the strong 2Q net profits of the mother company under the local accounting standards, supported by dividend revenues from the subsidiaries (total amount of accrued dividend was at HUF 52.2 billion in 2Q, of which HUF 40.7 billion is attributable to DSK Bank (Bulgaria) and HUF 11.6 billion was from OTP Bank Ukraine). As for the dividend payment of DSK Bank, in line with the management decision the financial settlement is to be delivered in two instalments: the first one (in the amount of cca. HUF 23.2 billion) was realised in 2Q already, the second tranche (cca. HUF 17.5 billion) is due in 3Q 2011.

Summary of the „Home Protection Action Plan" filed by the Prime Minister and the Minister for National Economy to the Parliament on May 30, 2011

The Government and the Hungarian Banking Association announced their „Mortgage Relief Programme", containing several measures to help mortgage loan debtors with payment difficulties, to address social and economic problems stemming from FX-lending and to develop a schedule of foreclosures.

[9] Under the applied reporting methodology, senior unsecured notes issued by OTP Bank in foreign currency are accounted among the liabilities of the Corporate Centre.

1. Fixing of the exchange rate for calculating the monthly instalments and government guarantee

On 28 July 2011, Act LXXV 2011 on fixing the exchange rate for calculating the monthly instalments of retail FX mortgage loans and on the foreclosure order of residential real estates has been announced. Accordingly, the natural person FX mortgage debtor can initiate between 12 August and 31 December 2011 the fixing of the exchange rate used to specify his monthly instalments for 36 months or until 31 December 2014 the latest. The fixed exchange rates are set at 180 HUF/CHF, 250 HUF/EUR and 2 HUF/JPY. For the difference between the fixed and the exceeding actual spot exchange rate, banks provide a special purpose HUF denominated mortgage loan (so called „escrow account loan"), granting of which is not regulated by the rules of prudent lending. During the time of fixing, the Bank is entitled to charge the 3-months BUBOR interest rate on the HUF obligations on the escrow account. Accumulating interest on the account could be capitalised in every three months. From January 2015, instalments of both the original mortgage and the escrow account loans have to be paid. From that time the interest rate charged on the escrow account must not surpass the market rate applicable for HUF denominated mortgages provided for the same purpose as the original FX mortgage loan. The Government backs the escrow account in full through a State Guarantee during the fixed exchange rate period, the guarantee applies to 25% of the escrow account after 1 January 2015.

2. Implementation of a quota system for foreclosures

In accordance with the above mentioned Act, by introducing a quota system for foreclosures, a schedule of foreclosure of residential real estates serving as collateral for mortgage loans has been implemented for the following three years. For the period in between 1 July and 1 October 2011 the Act maintains the auction and foreclosure moratorium, but with further restricted scope – it is not eligible for high value real estates (above HUF 30 million market value and covering at least HUF 20 million loan amount) – and from 1 October 2011 the so called „quota system for foreclosures" will be effective. The quota determines how many real estates – as a ratio of the creditors' DPD90+ loan portfolio – are allowed to be offered for foreclosure on a quarterly base by the lenders. The quarterly quotas for 2011, 2012, 2013 and 2014 are set at 2%, 3%, 4% and 5% respectively. From 2015 onwards, the quota system as well as any foreclosure moratorium will cease to exist and the system of foreclosures returns to its normal operation in accordance with the rules of civil law and the legislation for lending.

3. Interest subsidy scheme

Mortgage loan debtors with more than 90 days past due instalments can apply for subsidized loan if the debtor concerned is willing to sell his/her home and moves to cheaper accommodation. Interest rate subsidy – depending on the fulfilment of personal eligibility criteria – is provided up to 5 years, and it can be a maximum of 3.5% in the first year, decreased by 0.5 percentage points each year thereafter. The yearly budgetary impact of the program cannot exceed HUF 1.5 billion.

4. National Asset Management Company (NAMC) and social family-house building program

The Government proposes to establish a National Asset Management Company. The lender and the debtor can jointly offer the collateral for purchase to NAMC at a selling price fixed by the regulation. NAMC buys the real estate if it is eligible and rent it to the original owner. The National Asset Management Company will also build new homes for households in need in the scope of public work programmes. These homes will be offered for rental to the families in need.

5. Enabling EUR-denominated mortgage lending

With strict conditions EUR denominated mortgage lending is available again for retail customers. The borrower has to have an income in EUR and of at least 15 times the minimum wage to apply for an EUR-denominated mortgage-backed loan.

OTP FUND MANAGEMENT (HUNGARY)

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

Main components of P&L account in HUF mn	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfer and banking tax	4,305	1,971	-54%	2,573	1,062	910	-14%	-65%
Pre-tax profit	5,109	2,433	-52%	2,989	1,311	1,123	-14%	-62%
Total income	4,923	3,072	-38%	2,487	1,593	1,479	-7%	-41%
Net interest income	169	66	-61%	19	35	31	-13%	62%
Net fee and commission income	4,637	2,504	-46%	2,414	1,267	1,236	-2%	-49%
Other net non-interest income	117	503	331%	54	291	212	-27%	294%
Operating expenses	-700	-639	-9%	-383	-282	-356	26%	-7%
Personnel expenses	-284	-210	-26%	-160	-121	-89	-27%	-44%
Operating expenses	-407	-423	4%	-219	-158	-265	68%	21%
Depreciation	-9	-7	-26%	-5	-4	-3	-17%	-35%
Main components of balance sheet closing balances in HUF mn	**1H 2010**	**1H 2011**	**Y-o-Y**	**2Q 2010**	**1Q 2011**	**2Q 2011**	**Q-o-Q**	**Y-o-Y**
Total assets	12,963	7,302	-44%	9,730	10,759	7,302	-32%	-25%
Total shareholders' equity	11,389	5,420	-52%	8,252	4,890	5,420	11%	-34%
Asset under management in HUF billion	**1H 2010**	**1H 2011**	**Y-o-Y**	**2Q 2010**	**1Q 2011**	**2Q 2011**	**Q-o-Q**	**Y-o-Y**
Assets under management, total (w/o duplicates)	**1,640**	**1,006**	**-39%**	**1,640**	**1,682**	**1,006**	**-40%**	**-39%**
Retail investment funds (closing, w/o duplicates)	626	601	-4%	626	587	601	2%	-4%
Volume of managed assets (closing, w/o duplicates)	1,014	405	-60%	1,014	1,095	405	-63%	-60%
Volume of investment funds (with duplicates)	**1,013**	**1,108**	**9%**	**1,013**	**1,114**	**1,108**	**-1%**	**9%**
money market	354	340	-4%	354	326	340	4%	-4%
bond	149	166	12%	149	166	166	0%	12%
mixed	15	14	-7%	15	14	14	-3%	-7%
security	345	468	36%	345	485	468	-3%	36%
guaranteed	127	97	-23%	127	99	97	-2%	-23%
other	24	23	-4%	24	24	23	-5%	-4%

OTP Fund Management posted nearly HUF 2 billion net profit for 1H 2011 (excluding the special tax on financial institutions), while 2Q result (at HUF 910 million) was by 14% below the level realized a quarter earlier. The income generation of the Company was substantially influenced by the decline in fund and wealth management fee, as a consequence of the approved regulatory measures coming in force since January 2011. (Accordingly, the maximum rates for the management of private pension and voluntary pension fund assets were lowered from 0.8% to 0.2% (private funds) and to 0.7% (voluntary funds). Operating expenses for the six months were lower by 9% y-o-y, the quarterly increase in 2Q 2011 was partially driven by the marketing costs related to saving campaigns in Spring 2011.

Regarding the domestic market for investment funds following the favourable first quarter, the negative impact of recent international events on global capital markets intensified. The unfolding events of the debt crisis in relation with the South European eurozone member states, as well as the increasing risk of debt crisis spreading shaped the sentiment of the international capital markets, resulting net capital-outflow from investment funds. In Hungary, however the transfer of private pension fund assets also increased the redemptions of institutional investors, while the stock market uncertainties induced increasing retail redemptions. Thus the asset of investment funds decreased further in 2Q following the moderate net capital outflow in 1Q.

The volume of investment funds' asset managed by OTP Fund Management was primarily influenced by the institutional redemptions in line with the transfer of private pension funds assets, mainly equity and stock funds suffered a capital withdrawal. However in case of money market funds there was a capital-inflow (HUF 10 billion) during the second quarter, thus the net asset value of these funds increased by 4% q-o-q. During 1H 2011 the Company launched 8 guaranteed-, 1 absolute return fund, 1 institutional bond and 7 institutional equity funds.

In case of OTP Fund Management, the volume of asset under management (w/o duplicates) represented HUF 1,006 billion, the q-o-q decline (63%) is the consequence of the transfer of private pension assets. *The volume of transferred assets to the state amounted to HUF 685 billion at a closing price as of 31 May 2011.* The volume of investment fund units held earlier in the portfolios of private pension funds and transferred to the state, are still being reported in the asset under management statistics of OTP Fund management (on line "volume of investment funds with duplicates"). Their volume is expected to shrink substantially in coming quarters, as the government starts the redemption of them. The y-o-y decrease in the fee income for fund- and wealth management was the consequence of the measures mentioned previously, however the quarterly fee and commission income remained stable on a quarterly basis.

Despite the decline of managed assets in investment funds, OTP Fund Management maintained its market leadership position, as at the end of June 2011 market share stood at 33.4% (adjusted for estimated duplications) representing a 17 basis points increase q-o-q. The client base of the Company exceeded 204 thousand.

The other two consolidated fund management companies within OTP Group (in Ukraine and in Romania) realized HUF a loss of HUF 23 million in 1H 2011.

MERKANTIL GROUP (HUNGARY)

Performance of Merkantil Bank and Car:

Main components of P&L account in HUF mn[1]	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	-969	1,183	-222%	-1,257	1,147	36	-97%	-103%
Pre-tax profit	-969	1,183	-222%	-1,364	1,147	36	-97%	-103%
Operating profit	4,071	5,558	37%	1,168	3,111	2,448	-21%	110%
Total income	6,558	8,646	32%	2,482	4,623	4,023	-13%	62%
Net interest income	8,891	8,059	-9%	4,405	4,175	3,884	-7%	-12%
Net fees and commissions	-2,109	-1,728	-18%	-1,059	-863	-865	0%	-18%
Other net non-interest income without the effect of revaluation of FX provisions	-224	2,315		-864	1,310	1,005	-23%	-216%
Operating expenses	-2,487	-3,087	24%	-1,314	-1,512	-1,575	4%	20%
Total risk costs	-5,040	-4,375	-13%	-2,532	-1,963	-2,412	23%	-5%
Provision for possible loan losses without the effect of revaluation of FX provisions	-4,917	-4,241	-14%	-2,474	-1,901	-2,340	23%	-5%
Other provision	-123	-133	8%	-57	-62	-71	14%	24%
Main components of balance sheet closing balances in HUF mn[1]	**1H 2010**	**1H 2011**	**Y-o-Y**	**2Q 2010**	**1Q 2011**	**2Q 2011**	**Q-o-Q**	**Y-o-Y**
Total assets	311,149	249,049	-20%	311,149	249,482	249,049	0%	-20%
Gross customer loans	327,044	287,882	-12%	327,044	278,063	287,882	4%	-12%
Retail loans	127	985	678%	127	622	985	58%	678%
Corporate loans	29,361	29,638	1%	29,361	26,592	29,638	11%	1%
Car financing loans	297,557	257,259	-14%	297,557	250,848	257,259	3%	-14%
Allowances for possible loan losses	-40,893	-50,802	24%	-40,893	-48,256	-50,802	5%	24%
Deposits from customers	4,544	4,886	8%	4,544	4,608	4,886	6%	8%
Retail deposits	1,889	2,144	14%	1,889	2,007	2,144	7%	14%
Corporate deposits	2,655	2,742	3%	2,655	2,601	2,742	5%	3%
Liabilities to credit institutions	246,273	194,574	-21%	246,273	194,820	194,574	0%	-21%
Total shareholders' equity	29,666	23,463	-21%	29,666	23,743	23,463	-1%	-21%
Loan Quality	**1H 2010**	**1H 2011**	**Y-o-Y**	**2Q 2010**	**1Q 2011**	**2Q 2011**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	46,679	54,582	16.93%	46,679	52,503	54,582	4.0%	16.9%
90+ days past due loans/gross customer loans (%)	14.3%	19.0%	4.7%	14.3%	18.9%	19.0%	0.1%	4.7%
Cost of risk/average gross loans	3.12%	2.87%	-0.25%	3.16%	2.63%	3.32%	0.69%	0.16%
Total provisions/90+ days past due loans (%)	87.6%	93.1%	5.5%	87.6%	91.9%	93.1%	1.2%	5.5%

Performance Indicators (%)	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
ROA	-0.6%	0.9%	1.5%	-1.7%	1.7%	0.1%	-1.7%	1.7%
ROE	-6.4%	10.5%	16.9%	-16.6%	20.3%	0.6%	-19.7%	17.3%
Net interest margin	5.82%	6.08%	0.26%	5.87%	6.33%	6.25%	-0.08%	0.38%
Cost/income ratio	37.9%	35.7%	-2.2%	52.9%	32.7%	39.2%	6.4%	-13.8%

[1] Effective from Q2 2009, Car financing loans comprise Car leasing volume and Corporate loans include Big ticket leasing volume. The P&L structure is affected as well because provisioning in relation to leasing exposures has been removed from Other provisions to Provision for possible loan losses line in the P&L.

- ***HUF 1.2 billion net result in 1H 2011 with risk cost decreasing by 13% y-o-y***
- ***DPD90+ rate remained stable q-o-q at 19.0%, provision coverage advanced to 93.1%***
- ***Further decline in car financing loans (the FX-adjusted decrease was 14% y-o-y and 3% q-o-q)***

In the first half of 2011, Merkantil Bank and Car's aggregated after tax result totalled to HUF 1.2 billion, excluding the special tax levied on financial institutions. The bank tax amounted to HUF 632 million in 1H 2011 and is shown on the group level only. The main factor behind the result was the y-o-y 32% higher total income driven by increasing other net non interest income and declining risk cost (-13% y-o-y).

In 1H 2011 net interest income was 9% lower y-o-y. Factors behind were as follows: intragroup lending spreads became wider, and interest income declined since the gross loan portfolio decreased gradually and non-realized interest income (as a consequence of deteriorating loan portfolio) grew further. However, the decrease was somewhat offset by the weakening average exchange rate of HUF versus CHF (+12% y-o-y), which exerted a positive effect on the interest income from CHF denominated loans in HUF terms. Net interest income decreased 7% q-o-q due to higher intragroup lending spreads.

The lower 1H net fee and commission expenses (-18% y-o-y) reflect moderate business activity, the accruals for dealer fee expenses are getting smaller on the back of declining sales performance.

The increase of other net non-interest income influenced 1H 2011 results significantly; y-o-y an increase of HUF 2.5 billion can be seen on aforementioned P&L line. The explanation is as follows: In 1H 2010, the loss caused by open FX-positions in Merkantil Group was presented on the other net non-interest income line, which reduced the basis substantially. In the meantime, these open FX positions had been closed; therefore, practically no FX-loss caused by open FX-position influenced the other net non-interest income in 1H 2011.

Operating expenditures in 1H 2011 were 24% higher y-o-y; the growth was driven by an increase in personnel expenses and other deductible taxes.

In 1H 2011, provisions for possible loan losses developed favourably compared to previous year, risk costs decreased by 14% y-o-y. The DPD90+ ratio (19.0%) increased by 4.7%-points y-o-y, but stagnated q-o-q. Thanks to prudent provisioning, provisioning coverage increased to 93.1% (+1.2%-points q-o-q +5.5%-points y-o-y).

The FX-adjusted car financing loan book continued shrinking in 1H 2011. The FX-adjusted decline was 14% y-o-y and 3% q-o-q. In the course of the first half of 2011 demand for loans developed favourably, new disbursements' level was more than 16% higher y-o-y both in terms of number of transactions and in terms of disbursed volumes. While in 1H 2010 the value of newly disbursed loans was around HUF 5.2 billion, in 1H 2011 it exceeded HUF 6.1 billion. Among new sales, the share of HUF denominated loans grew significantly: from around 48% in 1H 2010 to 95% in 1H 2011. Moreover, sales of less expensive second-hand cars picked up (in the first half of 2011, 72% of the total newly disbursed loan volume was requested for second-hand car purchases compared to 1H 2010 when the aforementioned ratio was 65%).

IFRS REPORTS OF THE MAIN SUBSIDIARIES

In the following parts of the 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 recognized income as well as description of calculation methods of performance indices are to be found in supplementary data annex.

OTP BANK RUSSIA

Performance of OTP Bank Russia:

Main components of P&L account in HUF mn	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	4,813	16,996	253%	3,613	7,745	9,251	19%	156%
Pre-tax profit	6,322	22,411	254%	4,743	10,232	12,179	19%	157%
Operating profit	20,596	34,046	65%	11,312	16,165	17,882	11%	58%
Total income	43,850	63,813	46%	23,223	31,438	32,375	3%	39%
Net interest income	39,443	56,450	43%	20,592	28,302	28,148	-1%	37%
Net fees and commissions	3,536	7,566	114%	2,246	3,469	4,097	18%	82%
Other net non-interest income without the effect of revaluation of FX provisions	871	-203	-123%	386	-333	130	-139%	-66%
Operating expenses	-23,254	-29,767	28%	-11,911	-15,273	-14,494	-5%	22%
Total risk costs	-14,274	-11,635	-18%	-6,569	-5,933	-5,702	-4%	-13%
Provision for possible loan losses without the effect of revaluation of FX provisions	-14,817	-11,372	-23%	-7,181	-5,793	-5,579	-4%	-22%
Other provision	543	-264	-149%	612	-140	-124	-11%	-120%
Main components of balance sheet closing balances in HUF mn	**2010**	**1H 2011**	**YTD**	**2Q 2010**	**1Q 2011**	**2Q 2011**	**Q-o-Q**	**Y-o-Y**
Total assets	664,403	608,635	-8%	717,512	637,561	608,635	-5%	-15%
Gross customer loans	508,139	509,943	0%	449,826	484,182	509,943	5%	13%
Retail loans	405,562	431,646	6%	320,834	391,594	431,646	10%	35%
Corporate loans	86,657	64,660	-25%	110,838	78,418	64,660	-18%	-42%
Allowances for possible loan losses	-54,718	-57,007	4%	-63,497	-57,520	-57,007	-1%	-10%
Deposits from customers	396,788	367,611	-7%	401,493	354,153	367,611	4%	-8%
Retail deposits	263,136	260,242	-1%	251,503	254,880	260,242	2%	3%
Corporate deposits	133,652	107,369	-20%	149,990	99,273	107,369	8%	-28%
Liabilities to credit institutions	117,474	62,084	-47%	184,842	102,672	62,084	-40%	-66%
Issued securities	22,814	34,613	52%	11,626	40,697	34,613	-15%	198%
Subordinated debt	15,421	14,437	-6%	16,651	14,179	14,437	2%	-13%
Total shareholders' equity	97,778	113,177	16%	90,506	106,469	113,177	6%	25%
Loan Quality	**1H 2010**	**1H 2011**	**Y-o-Y**	**2Q 2010**	**1Q 2011**	**2Q 2011**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	75,144	67,748	-10%	75,144	68,414	67,748	-1%	-10%
90+ days past due loans/gross customer loans (%)	16.7%	13.3%	-3.4%	16.7%	14.1%	13.3%	-0.8%	-3.4%
Cost of risk/average gross loans (%)	7.29%	4.50%	-2.79%	6.81%	4.74%	4.50%	-0.23%	-2.31%
Total provisions/90+ days past due loans (%)	84.5%	84.1%	-0.4%	84.5%	84.1%	84.1%	0.1%	-0.4%
Performance Indicators (%)	**1H 2010**	**1H 2011**	**Y-o-Y**	**2Q 2010**	**1Q 2011**	**2Q 2011**	**Q-o-Q**	**Y-o-Y**
ROA	1.5%	5.4%	3.9%	2.2%	4.8%	6.0%	1.1%	3.8%
ROE	12.0%	32.5%	20.5%	16.8%	30.8%	33.8%	3.0%	17.0%
Total income margin	13.63%	20.22%	6.59%	13.89%	19.59%	20.84%	1.26%	6.95%
Net interest margin	12.26%	17.88%	5.62%	12.31%	17.63%	18.12%	0.49%	5.80%
Cost/income ratio	53.0%	46.6%	-6.4%	51.3%	48.6%	44.8%	-3.8%	-6.5%
Net loans to deposits	96%	123%	27%	96%	120%	123%	3%	27%

- ***HUF 17 billion profit for 1H 2011 underpins a 3.5 times y-o-y increase, 2Q net results higher by about 20% compared to the previous quarter***
- ***Operating profit surged by 65% y-o-y supported by robust net interest and fee income***
- ***Strong consumer loan disbursement, extremely successful cross-selling of credit card products, further increasing cash loan disbursement***
- ***Cost efficiency is still improving (2Q 2011 CIR at 48.8%, -6.5%-points y-o-y)***

The HUF denominated financials of OTP Bank Russia were highly influenced by the development of the RUBHUF exchange rate: in 2Q 2011 the closing rate of the HUF strengthened by 12% y-o-y, while the average rate strengthened by 7% y-o-y against RUB. Concerning the closing rate of RUBHUF in 2Q there was no q-o-q change, while the average rate in 2Q showed about 3% HUF appreciation q-o-q.

After tax profit of OTP Bank Russia for 1H 2011 amounted to HUF 17.0 billion, which is more than 3.5 times the net profit of the base period; the HUF 9.3 billion 2Q profit means a 19% q-o-q growth. In 1Q 2010 the Russian subsidiary had to set aside almost HUF 7.8 billion provisions as a one-off item for a corporate exposure defaulting in February (a retailer company called Technosila Group was the debtor). The defaulted exposure was sold in 1H 2011 with a net profit of HUF 1 billion, since the sale price exceeded 10 percent of the exposure, which was not covered by provisions. Adjusting to the above mentioned one-off items, the 1H 2011 profit would have exceeded the yearly base by 54%.

Total income in 1H 2011 showed dynamic increase, net interest income grew by 43%, net fees and commissions jumped by 114% y-o-y. Besides swelling loan volumes higher interest margin (1H 2011: 17.9%, +5.6%-points y-o-y) also fuelled the increase of net interest income. Net fees and commissions growth was mainly driven by the still outstandingly strong dynamics of consumer lending. Net fees and commissions income grew by 114% y-o-y, which is due to the expanding credit card sales. In line with the stronger business activity operating costs increased (+28% y-o-y), however due to the strong income dynamics operating profit grew even faster, by 65% compared to 1H 2010.

Risk cost decreased by 18% y-o-y in 1H 2011, which is partly due to the base effect. In 1H 2010 the previously mentioned one-off element pushed up provisions for possible loan losses by HUF 7.8 billion. The risk cost to average gross loans ratio, adjusted by provisions made in 1H 2010 and the realised profit on sales of the exposure in 1H 2011, would have increased by 130 basis points y-o-y (1H 2011: 5.01%, 1H 2010: 3.69%). In 1Q ratio of DPD90+ loans fell y-o-y by 3.4%-points to 13.3% (adjusting to the positive effects of the Technosila debt sale, it would have grown by 0.65%-points y-o-y). The slight portfolio quality deterioration is mainly due to the seasonally high retail disbursements at the end of 2010. The provision coverage of problem loans is stably high (1H 2011: 84.1%).

2Q 2011 also showed robust profit accumulation: profit after tax after the previously mentioned adjustments grew by 7% q-o-q and 46% y-o-y. The income from core banking activities shaped well, in local currency both net interest income (+3% q-o-q, +47% y-o-y) and net fees and commissions income (+22% q-o-q, +96% y-o-y) improved. Net interest margin further strengthened and exceeded 18% in 2Q (+0.5%-points q-o-q). Despite the high inflation operating expenses decreased by 2% q-o-q in RUB. Owing to the extremely strong operating profit accumulation in the last 3 months, cost/income ratio improved significantly in 2Q, dropping below 45% (2Q 2011: 44.8%, -3.8%-points q-o-q).

The good financial performance of the Bank is mainly due to the robust increment of the income side, due to a large extent to the successful sale of consumer loans. Latter is proved by the fact, that the FX-adjusted consumer loan portfolio in 2Q 2011 is more than half as much as in 2Q 2010 (+68% y-o-y). The outstanding growth is fuelled by the POS loan, credit card loan and cash loan disbursements.

In case of the flagship POS-loan product the quarterly disbursements always outpaced the disbursements of the same quarter of the preceding year since summer of 2009, thanks to the continuous extension of internal and external agent network. The dynamics of origination remained outstandingly strong in 1H 2011 as well; the average monthly disbursement was by 31% higher than the 1H 2010 average. The growth was supported by the more efficient risk management techniques. The portfolio grew by 50% y-o-y by the end of 2Q 2011, the Bank managed to keep its No. 2 position on the market.

The other success story of the Bank, the credit card business continued its massive expansion, in 2Q 2011 the portfolio grew by 69% y-o-y, 17% q-o-q. Besides the outstanding dynamics of card issues (in 2Q almost 750 thousand card were sent out), utilization rate also kept its 4Q 2010 level, so with respect to credit card loans the bank remained the 4th largest player on the Russian market. Further improvements are possible with co-branded cards, and alternative sales channels.

It is also favourable that cash loans sold in the branch network demonstrated a strong increment in the course of 2010 and kept growing in 2Q 2011 as well, although from a relatively low base (+182% y-o-y and +48% q-o-q). The sale of cash loans was supported with a new risk based pricing method and advertising campaign. After changing some conditions of the product, the average loan size grew q-o-q by 22% in 2Q.

Due to the low margins the management deliberately cut back the corporate loan portfolio, in 2Q 2011 the portfolio shrank both on the yearly as well as on quarterly basis (-31% y-o-y and -18% q-o-q), of course the sale of the defaulted Technosila debt also took its toll in these changes.

The growth of deposit base slowed down in the course of 2010 as deposit rates were decreased in several steps from 4Q 2009 on, furthermore, active selling campaigns were stopped. In 2Q 2011 the FX-adjusted total deposit growth was 5% y-o-y, while on a quarterly base the portfolio increased by 4%. The corporate deposit base dropped by 18% y-o-y, mainly as a result of some maturing high interest corporate deposits. The retail deposit base, however, grew by 19% on the yearly basis; the highest growth was achieved in the sight deposits segment (+38%), true, from a lower base.

As the combined effect of these changes the FX-adjusted net loans to deposits ratio further increased (2Q 2011: 123%, +28%-points y-o-y, +2%-points q-o-q). The interbank funding of the Bank dropped significantly (mainly the mother bank acting as counterparty), which also caused shrinking total liabilities. In order to diversify its funding base, the Bank concluded its first, highly successful RUB bond transaction in March 2011. The RUB 2.5 billion paper with 3 years maturity attracted great demand (more than six fold oversubscribed), issued with only 170 basis points premium over the sovereign benchmark. After balance sheet close, in July 2011 the Bank concluded another successful bond issue with RUB 5 billion notional amount and 3 years maturity. Amid the turbulent market environment it managed to print the new bond with 30 basis points lower coupon compared to the first issue. In the beginning of July 2011 Moody's upgraded the Bank's Bank Financial Strength Rating (BFSR) from E+ to D- with stable outlook.

Parallel with the growing business operations the number of employees grew q-o-q by 102 to 4,960 by the end of 2Q, at the same time the number of branches decreased from 159 to 158. The POS loans agent network has been expanding since 2Q 2009: in 2Q 2011 the number of agents increased by 19% q-o-q and 53% y-o-y reaching 17,342.

DSK GROUP (BULGARIA)[10]

Performance of DSK Group:

Main components of P&L account in HUF mn	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	9,219	5,499	-40%	4,661	3,484	2,015	-42%	-57%
Pre-tax profit	10,243	6,113	-40%	5,178	3,874	2,240	-42%	-57%
Operating profit	25,760	29,726	15%	13,719	15,107	14,619	-3%	7%
Total income	40,921	45,265	11%	21,492	22,965	22,301	-3%	4%
Net interest income	32,833	36,352	11%	17,058	18,410	17,942	-3%	5%
Net fees and commissions	7,322	7,368	1%	4,000	3,519	3,849	9%	-4%
Other net non-interest income	767	1,545	101%	435	1,035	510	-51%	17%
Operating expenses	-15,161	-15,539	2%	-7,774	-7,858	-7,681	-2%	-1%
Total provisions	-15,517	-23,613	52%	-8,540	-11,233	-12,380	10%	45%
Provision for possible loan losses	-15,490	-23,697	53%	-8,523	-11,242	-12,455	11%	46%
Other provision	-27	84	-410%	-17	8	75	789%	-540%
Main components of balance sheet closing balances in HUF mn	**2010**	**1H 2011**	**YTD**	**2Q 2010**	**1Q 2011**	**2Q 2011**	**Q-o-Q**	**Y-o-Y**
Total assets	1,218,627	1,149,230	-6%	1,238,027	1,148,858	1,149,230	0%	-7%
Gross customer loans	1,072,128	1,030,118	-4%	1,096,535	1,022,938	1,030,118	1%	-6%
Retail loans	861,281	821,266	-5%	885,309	819,340	821,266	0%	-7%
Corporate loans	210,847	208,853	-1%	211,226	203,598	208,853	3%	-1%
Allowances for possible loan losses	-96,706	-115,352	19%	-81,688	-103,128	-115,352	12%	41%
Deposits from customers	847,807	843,881	0%	862,423	822,027	843,881	3%	-2%
Retail deposits	733,511	718,678	-2%	736,290	704,569	718,678	2%	-2%
Corporate deposits	114,296	125,203	10%	126,133	117,457	125,203	7%	-1%
Liabilities to credit institutions	37,541	6,796	-82%	43,354	6,237	6,796	9%	-84%
Subordinated debt	97,866	93,270	-5%	100,499	93,553	93,270	0%	-7%
Total shareholders' equity	217,992	189,704	-13%	214,220	211,005	189,704	-10%	-11%
Loan Quality	**1H 2010**	**1H 2011**	**Y-o-Y**	**2Q 2010**	**1Q 2011**	**2Q 2011**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	104,198	145,579	39.7%	104,198	129,065	145,579	12.8%	39.7%
90+ days past due loans/gross customer loans (%)	9.5%	14.1%	4.6%	9.5%	12.6%	14.1%	1.5%	4.6%
Cost of risk/average gross loans (%)	2.94%	4.55%	1.61%	3.24%	4.35%	4.87%	0.51%	1.63%
Total provisions/90+ days past due loans	78.4%	79.2%	0.8%	78.4%	79.9%	79.2%	-0.7%	0.8%

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

Performance Indicators (%)	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
ROA	1.5%	0.9%	-0.6%	1.5%	1.2%	0.7%	-0.5%	-0.8%
ROE	9.1%	5.4%	-3.7%	9.1%	6.6%	4.0%	-2.6%	-5.1%
Total income margin	6.75%	7.71%	0.96%	7.13%	7.87%	7.78%	-0.08%	0.66%
Net interest margin	5.42%	6.19%	0.78%	5.66%	6.31%	6.26%	-0.04%	0.61%
Cost/income ratio	37.0%	34.3%	-2.7%	36.2%	34.2%	34.4%	0.2%	-1.7%
Net loan to deposit ratio	118%	108%	-9%	118%	112%	108%	-3%	-9%

- ***Increasing operating income (+15% y-o-y) coupled with decreasing after tax profit (-40% y-o-y) due to higher credit risk costs (+53% y-o-y)***
- ***Net loan-to-deposit rate dropped to 108%, slightly increasing loan and deposit portfolio***
- ***Y-o-y strong increase in net interest margin (6.19%)***
- ***Continuously outstanding cost efficiency (cost/income ratio 1H 2011: 34.3%)***
- ***Further deteriorating portfolio, stable DPD90+ coverage***

HUF denominated financials of DSK Group were highly influenced by the development of the BGN-HUF exchange rate: in 2Q 2011 the closing rate of the HUF strengthened by 7% y-o-y, q-o-q remained stable against BGN, while the half-year average rate appreciated by 1% y-o-y.

1H 2011 the DSK Group posted HUF 5.5 billion after tax profit, by 40% less than a year ago. Despite the robust 15% growth of operating income the drop is primarily due to the y-o-y +53% higher provisioning for loan losses. 1H 2011 total income was higher by 11% y-o-y as a result of higher net interest income and net fee and commission income (+11% and +1% respectively). It was a positive improvement that on a yearly base 1H 2011 net interest margin increased by 78 basis points to 6.19%, mainly as a result of pricing and liquidity management measures taken on the liability side. Due to the stringent cost control the continuously low cost/income ratio improved by 2.7%-points y-o-y (1H 2011: 34.3%, 1H 2010: 37.0%), and operating expenses increased by only 2% y-o-y (in BGN terms +3%). Thus, increased risk costs were the main reason for the declining net profit for the period: the 1H 2011 HUF 23.7 billion risk cost volume represents a yearly growth of 53%. As a result of +11% q-o-q loan provisioning in 2Q 2011 the coverage ratio of DPD90+ loan portfolio remained stable with 79.2% (y-o-y +0.8%-point, q-o-q -0.7%-point).

The deterioration of loan portfolio, although with a slightly moderate pace in 2Q, hit all product segments. Still, without write-offs it hasn't reached the level of the Bulgarian banking sector. Ratio of DPD90+ loans rose from 12.6% to 14.1% q-o-q. In case of mortgage loans the DPD90+ rate increased from 13% to 14.8%, in case of consumer loans from 11.3% to 12.3%. DPD90+ rate of corporate loans increased from 7.5% to 8.6% due to delayed loans of four corporate borrowers, while in the most problematic micro- and SME segment the ratio rose from 32% to 36.6%.

Development of total revenues and net interest margin was significantly influenced by two factors. On one hand the asset side price competition generated by the crisis resulted in 2Q lower interest rates in all segments, but corporate loans. On the other hand, due to its outstanding liquidity position the Bank managed to keep its deposit rates at below market since 2010, however as a result of continuous deposit rate cuts by the end of 2Q DSK's market share in the retail segment decreased to 17.8% (-128 basis point y-o-y) and to 5.8% in the corporate segment (-78 basis points y-o-y). Still, its market share in customer deposits remained stable at 12.1% in 2Q 2011.

As for 1H balance sheet developments, despite the prolonged mortgage and consumer loan campaigns and the declining 2Q interest rates, new disbursements could only keep the portfolio at the 2010 year-end level (y-o-y +1%, FX-adjusted). Within the stagnating retail portfolio, the mortgage book y-o-y grew by 3%, while consumer loans declined by 1%. The bank managed to keep its loan book almost y-o-y unchanged thanks to the 7% FX-adjusted increase of corporate loan book. Corporate loan demand aimed at working capital and refinancing loans, but since 2Q demand also picked up for investment loans, mainly for EU co-financed projects. The SME loan portfolio decreased by 5% y-o-y, loan demand also focused on EU-co-financed plans. DSK kept its 14.1% market share in customer loans. Within that the Bank has a stable 30% market share in retail and 6% in corporate loans.

Despite the previously mentioned pricing measures in 1H 2011, the Bank kept its 12.1% market share on the deposit market and its deposit book grew by 6% y-o-y. The retail deposits had similar expansion, despite the average deposit rates for new and old deposits being below the market average. In the same period the corporate deposit book grew by 8% (FX-adjusted, y-o-y) at average interest rate also below the average market level. As a result of stagnating lending activity and slightly increasing deposit base, the net loan-to-deposit rate shrank to 108% (q-o-q -3%-points, y-o-y -9%-points). The amount of interbank funding, which was diminished in 1Q 2011 due to outstandingly strong liquidity position of the Bank, increased moderately in 2Q (q-o-q +9%, y-o-y -84%, due to the basis effect). There was no major capital market transaction in the first half of 2011, the subordinated capital base remained flat in BGN q-o-q (y-o-y -7%, exchange rate effect).

Capital position of DSK is still very strong, the capital adequacy ratio is almost twice as high as the regulatory minimum (1H 2011: 23.5% vs. 12%; Tier 1 ratio: 17% vs. 6%). The 10% decrease q-o-q of shareholders equity in June is caused by BGN 170.6 million (in HUF 23.2 billion) dividend payment to the mother bank debiting the retained earnings for 2009. This move, however had no negative impact either on the size of the regulatory capital or capital adequacy ratio.

OTP BANK UKRAINE[11]

Performance of OTP Bank Ukraine:

Main components of P&L account in HUF mn	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	1,107	5,963	439%	963	862	5,100	491%	430%
Pre-tax profit	1,099	5,975	443%	898	862	5,113	493%	469%
Operating profit	19,138	13,876	-27%	8,931	8,388	5,488	-35%	-39%
Total income	30,898	25,593	-17%	15,411	14,254	11,339	-20%	-26%
Net interest income	26,305	19,800	-25%	13,657	10,550	9,249	-12%	-32%
Net fees and commissions	3,482	3,773	8%	1,866	1,852	1,921	4%	3%
Other net non-interest income without the effect of revaluation of FX provisions	1,111	2,020	82%	-112	1,851	169	-91%	-251%
Operating expenses	-11,760	-11,717	0%	-6,480	-5,866	-5,851	0%	-10%
Total risk costs	-18,039	-7,901	-56%	-8,033	-7,526	-375	-95%	-95%
Provision for possible loan losses without the effect of revaluation of FX provisions	-17,440	-7,859	-55%	-7,629	-7,389	-470	-94%	-94%
Other provision	-599	-42	-93%	-404	-137	95	-169%	-124%
Main components of balance sheet closing balances in HUF mn	**2010**	**1H 2011**	**YTD**	**2Q 2010**	**1Q 2011**	**2Q 2011**	**Q-o-Q**	**Y-o-Y**
Total assets	715,760	597,302	-17%	839,990	642,235	597,302	-7%	-29%
Gross customer loans	692,878	585,434	-16%	762,850	613,709	585,434	-5%	-23%
Retail loans	323,568	272,893	-16%	375,482	284,425	272,893	-4%	-27%
Corporate loans	316,956	273,038	-14%	324,477	287,166	273,038	-5%	-16%
Car financing loans	52,354	39,504	-25%	62,891	42,119	39,504	-6%	-37%
Allowances for possible loan losses	-154,126	-143,849	-7%	-157,685	-145,916	-143,849	-1%	-9%
Deposits from customers	190,061	177,491	-7%	206,818	166,473	177,491	7%	-14%
Retail deposits	113,056	106,473	-6%	122,334	103,636	106,473	3%	-13%
Corporate deposits	77,005	71,018	-8%	84,483	62,837	71,018	13%	-16%
Liabilities to credit institutions	366,979	285,557	-22%	455,634	325,357	285,557	-12%	-37%
Subordinated debt	43,895	37,888	-14%	51,211	39,515	37,888	-4%	-26%
Total shareholders' equity	109,469	81,483	-26%	115,393	102,102	81,483	-20%	-29%
Loan Quality	**1H 2010**	**1H 2011**	**Y-o-Y**	**2Q 2010**	**1Q 2011**	**2Q 2011**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	208,401	190,536	-8.57%	208,401	193,453	190,536	-1.5%	-8.6%
90+ days past due loans/gross customer loans (%)	27.3%	32.5%	5.23%	27.3%	31.5%	32.5%	1.02%	5.23%
Cost of risk/average gross loans (%)	4.91%	2.48%	-2.43%	4.21%	4.59%	0.31%	-4.27%	-3.90%
Total provisions/90+ days past due loans (%)	75.7%	75.5%	-0.17%	75.7%	75.4%	75.5%	0.1%	-0.2%
Performance Indicators (%)	**1H 2010**	**1H 2011**	**Y-o-Y**	**2Q 2010**	**1Q 2011**	**2Q 2011**	**Q-o-Q**	**Y-o-Y**
ROA	0.3%	1.8%	1.5%	0.5%	0.5%	3.3%	2.8%	2.8%
ROE	2.2%	12.6%	10.4%	3.6%	3.3%	22.3%	19.0%	18.6%
Total income margin	8.03%	7.86%	-0.17%	7.87%	8.51%	7.34%	-1.18%	-0.53%
Net interest margin	6.84%	6.08%	-0.76%	6.98%	6.30%	5.99%	-0.32%	-0.99%
Cost/income ratio	38.1%	45.8%	7.7%	42.0%	41.2%	51.6%	10.5%	9.6%
Net loans to deposits	293%	249%	-44%	293%	281%	249%	-32%	-44%

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

- ***HUF 6 billion net profit for 1H 2011, o/w 2Q net result represented HUF 5.1 billion***
- ***The unfavourable trend of operating profitability (y-o-y -27%) was mainly driven by declining net interest income***
- ***The loan portfolio deterioration moderated in 2Q 2011, despite the 50% y-o-y decrease of 1H 2011 risk costs, the DPD90+ coverage remained stable and is still above 75%***
- ***On a yearly basis corporate loan book increased slightly (+7% on FX-adjusted base), however retail lending still misses momentum***
- ***Retail and corporate deposit base increased further on a yearly basis (+7%, +6% on FX-adjusted base)***

Regarding the HUF denominated balance sheet items of OTP Bank Ukraine it should be considered that 2Q 2011 closing rate of the HUF against UAH strengthened by 23% y-o-y, and by 2% q-o-q. However, the HUF denominated financials were influenced by the appreciation of HUF average rate vs. UAH (7% y-o-y). At the same time the UAH exchange rate against the USD remained relatively stable during the period under review.

In 1H 2011 OTP Bank Ukraine realized almost HUF 6 billion after-tax profit, which is more than six fold higher than a year earlier. The favourable profit trend was mainly driven by the decrease of risk cost (-54% y-o-y), operating income decreased on a yearly basis by 27%. The main reason for the decline was the decreasing net interest income, whereas operating expenses remained stable. The y-o-y increase of 1H 2011 other net non-interest income was influenced by a result of a one-off FX-gain on an open position booked in 1Q 2011 (in the meantime the position has been closed).

Total income for the first half year dropped y-o-y mainly as a result of lower net interest income. Reasons were as follows: On one hand the overall FX-adjusted decline of loan volumes: the FX-adjusted retail loan portfolio shrank by 5% ytd, while the FX-adjusted corporate loan decreased by 2% ytd respectively. Also, the transfer of the delinquent portfolio to OTP Factoring (Ukraine) had unfavourable impact on interest income generation as well, since the Bank does not book any interest income on transferred portfolio; however their volumes are kept in OTP Bank Ukraine's balance sheet. Furthermore, under the Debtor Protection Scheme provided by the Bank periodic decrease in interest rate burden could be offered for retail and corporate clients, as well. Taking into consideration the combined effect of these factors, 1H 2011 net interest margin shrank by 76 bps y-o-y and stood at 6.08%.

Net fee and commission income was showing a favourable trend in 1H 2011 (+16% in UAH terms). It was mainly influenced by the increasing deposit and payment related fee, as well as the dynamic growth of card and transaction related fees, as the number of transactions in ATMs and POS-terminals grew significantly due to the increasing number of sales points accepting the bankcards.

Despite the additional costs related to the launch of POS-lending activity, the level of periodic operating expenses reflected stringent cost control. Personnel expenses were higher by 8% in UAH terms over 2010 corresponding period, while the recruitment of selling agents also started. The number of employees remained stable (1H 2011: 3,453 people) during the last 6 months; the ytd increase (378 people) is explained by the consolidation of other Ukrainian subsidiaries (OTP Leasing, OTP Factoring and OTP Credit). Including the additional costs of the payroll increase, the cost-to-income ratio climbed to 45.8% (+7.7%-points y-o-y).

The amount of risk costs for the first half year (at HUF 7.9 billion) decreased by more than 50% over the same period a year earlier. Despite the risk cost rate dropping by 243 bps y-o-y, DPD90+ coverage remained stable and it is still above 75%.

As at the end of June 2011 DPD90+ ratio stood at 32.5% (+5.23%-points y-o-y; +1.0%-point q-o-q), FX-adjusted DPD90+ formation was showing a decelerating trend (their volumes grew by HUF 11 billion in 1Q and by HUF 0.2 billion in 2Q).

The portfolio deterioration experienced in 1H 2011 was primarily due to the unfavourable performance of the retail mortgage portfolio, where the DPD90+ increased by 4.6%-points y-o-y reaching 41.7%. The DPD90+ ratio of the corporate book grew by only 1.2%-points to 19.4%. The ratio of restructured loans in the retail segment reached 43.0% (1Q 2011: 41.3%) by the end of June, o/w the re-default ratio remained stable, stood a 25.3% by the end of 1H 2011.

The FX-adjusted loan portfolio declined on a quarterly and a yearly basis as well (-3% y-o-y and q-o-q). While in case of the corporate segment, the signs of slow recovery could be observed, the revival of retail lending is still to come. There may be room for expanding in retail consumer lending and through that product OTP Bank Ukraine could deploy its excess UAH liquidity at more attractive margins. In order to launch such a project, the OTP Bank Russia and OTP Bank Ukraine established a joint venture, called *OTP Credit,* and the new entity has already originated the first POS loans in March 2011. The bank is currently recruiting its regional agency network and partnering up with retail chains.

Apart from POS-lending, the corporate business serves as another engine of growth. Although, FX-adjusted corporate loan book decreased by 3%

q-o-q, its current level is still higher by 7% then a year earlier. The quarterly decrease could be explained by seasonal effect, primarily reflecting the lending patterns for agricultural sector.

The FX-adjusted deposit base of OTP Bank Ukraine expanded by 7% y-o-y, however, the Bank – unlike its main competitors – did not launch deposit campaigns in 1H 2011. The growth of deposit base was mainly fuelled by the increase of sight deposits reflecting the growing confidence of people towards the banking sector. Simultaneously, the FX-adjusted corporate deposit base increased by 6% y-o-y.

Since retail lending is still missing momentum, the Bank invested its access UAH liquidity into government securities. The Bank's net loan-to-deposit ratio improved further both on a yearly and quarterly basis (-44%-points and -32%-points respectively).

The Bank retained its stable capital position, the capital adequacy ratio calculated under local regulations decreased by 2%-points q-o-q, reaching 19.7% as at the end of June, which highly exceeds the regulatory minimum (10%). The quarterly decline of the regulatory capital stemmed from the HUF 12 billion (UAH 500 million) dividend payment to OTP Bank (Hungary), which was charged against retained earnings.

OTP BANK ROMANIA

Performance of OTP Bank Romania:

Main components of P&L account in HUF mn	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs[1]	-2,055	1,473	-172%	-2,055	148	1,326	798%	-165%
Pre-tax profit	-2,054	1,484	-172%	-2,054	157	1,327	745%	-165%
Operating profit	3,615	4,111	14%	1,701	2,552	1,559	-39%	-8%
Total income	10,175	10,622	4%	5,154	5,835	4,787	-18%	-7%
Net interest income	8,156	8,824	8%	4,052	3,792	5,032	33%	24%
Net fees and commissions	1,254	1,202	-4%	723	560	642	15%	-11%
Other net non-interest income without the effect of revaluation of FX provisions	764	596	-22%	379	1,482	-887	-160%	-334%
Operating expenses	-6,561	-6,511	-1%	-3,453	-3,283	-3,228	-2%	-7%
Total risk costs	-5,668	-2,627	-54%	-3,754	-2,395	-232	-90%	-94%
Provision for possible loan losses without the effect of revaluation of FX provisions	-5,616	-2,597	-54%	-3,706	-2,408	-189	-92%	-95%
Other provision	-52	-31	-41%	-48	13	-44	-437%	-9%
Main components of balance sheet[2] closing balances in HUF mn	**2010**	**1H 2011**	**YTD**	**2Q 2010**	**1Q 2011**	**2Q 2011**	**Q-o-Q**	**Y-o-Y**
Total assets	424,464	401,883	-5%	408,883	384,978	401,883	4%	-2%
Gross customer loans	329,005	332,483	1%	321,517	309,774	332,483	7%	3%
Retail loans	239,846	241,856	1%	230,509	223,771	241,856	8%	5%
Corporate loans	89,158	90,627	2%	91,008	86,003	90,627	5%	0%
Allowances for possible loan losses	-24,702	-26,593	8%	-15,821	-25,853	-26,593	3%	68%
Deposits from customers	112,619	95,839	-15%	107,170	102,911	95,839	-7%	-11%
Retail deposits	73,838	73,945	0%	82,216	72,459	73,945	2%	-10%
Corporate deposits	38,781	21,894	-44%	24,954	30,452	21,894	-28%	-12%
Liabilities to credit institutions	266,155	254,104	-5%	252,925	235,486	254,104	8%	0%
Total shareholders' equity	25,144	25,392	1%	24,323	24,969	25,392	2%	4%
Loan Quality	**1H 2010**	**1H 2011**	**Y-o-Y**	**2Q 2010**	**1Q 2011**	**2Q 2011**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	27,026	39,802	47%	27,026	34,639	39,802	15%	47%
90+ days past due loans/gross customer loans (%)	8.4%	12.0%	3.6%	8.4%	11.2%	12.0%	0.8%	3.6%
Cost of risk/average gross loans (%)	3.69%	1.58%	-2.10%	4.89%	3.06%	0.24%	-2.82%	-4.66%
Total provisions/90+ days past due loans (%)	58.5%	66.8%	8.3%	58.5%	74.6%	66.8%	-7.8%	8.3%
Performance Indicators (%)	**1H 2010**	**1H 2011**	**Y-o-Y**	**2Q 2010**	**1Q 2011**	**2Q 2011**	**Q-o-Q**	**Y-o-Y**
ROA	-1.1%	0.7%	1.8%	-2.1%	0.1%	1.4%	1.2%	3.5%
ROE	-16.6%	11.8%	28.4%	-33.8%	2.4%	21.1%	18.7%	54.9%
Total income margin	5.30%	5.18%	-0.11%	5.30%	5.85%	4.88%	-0.97%	-0.42%
Net interest margin	4.25%	4.31%	0.06%	4.17%	3.80%	5.13%	1.33%	0.96%
Cost/income ratio	64.5%	61.3%	-3.2%	67.0%	56.3%	67.4%	11.2%	0.4%
Net loans to deposits	285%	319%	34%	285%	276%	319%	43%	34%

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

- ***HUF 1.5 billion after tax profit in 1H 2011 against the loss of HUF 2.1 billion in the base period***
- ***The operating profit improved by 14% y-o-y supported by strong net interest income and good cost containment***
- ***The loan quality deterioration continued but the coverage ratio improved y-o-y***
- ***In 1H the lending activity was focused on retail mortgage- and SME lending, but from 2Q a pick-up was observed in case of corporate lending as well***
- ***FX adjusted retail deposits kept growing with a significant contraction in corporate deposits***

The following FX rate changes must be taken into account when assessing the financial performance: the closing exchange rate of RON versus EUR appreciated by 3% y-o-y and weakened by 3% q-o-q. The lei weakened by 11% q-o-q and by 6% y-o-y against CHF. The closing exchange rate of HUF versus RON strengthened by 3% q-o-q, while the appreciation of the average exchange rate in 1H 2011 was less than 2%.

The Bank realized HUF 1.5 million after tax profit in 1H 2011 versus the loss of HUF 2.1 billion in the base period. The spectacular turnaround was due to the strong operating profit (+14% y-o-y) and the declining risk cost.

In 1H 2011 the net interest income advanced by 8% y-o-y. The main reason for that was that part of the revaluation result of swaps made for liquidity management purposes is booked on net interest income line. This revaluation result reached +HUF 520 million in 1H 2011 (-HUF 320 million in 1Q and +HUF 840 million in 2Q) while the yearly rise of net interest income reached HUF 660 million. Excluding the swap revaluation result the net interest income grew by 1% y-o-y. The 1H net interest income was positively influenced by the y-o-y decreasing deposit interest expenses and the increasing proportion of assets with higher margin content. The weakening RON had a positive effect on the RON and HUF equivalent of EUR and CHF denominated interest income.

The 1H net fee and commission income lagged behind the 1H 2010 level by 4% because of the base effect (without the non-recurring type fee income booked in 2Q 2010 the net fee income would have increased by 3% y-o-y). In 2Q 2011 net fees grew by 15% q-o-q (explained by the seasonally weak base period), while the yearly dynamics reached 2% (adjusting for the above mentioned one-off fee item). The quarterly development was underpinned by the other fee revenues as the commission income for issuing comfort letters in relation to the EU projects was booked on this line.

In 1H 2011 the other net non-interest income declined by 22% y-o-y. The significant drop in 2Q 2011 was the consequence of the volatile FX result.

The operating costs came out 1% below the 1H 2010 level, thanks to the lower depreciation; personnel expenses and other costs were stable. Latter reflects an effective cost control, taking into consideration the inflationary environment (above 5%). The 2% q-o-q cost saving in 2Q 2011 was the consequence of lower rental costs and marketing expenses, while the lower contractor charges played a role in the 7% y-o-y improvement as well.

The development of the half-yearly after tax result was determined by the significantly decreasing risk cost (-54% y-o-y). Although the portfolio quality deterioration continued, its pace showed a significant slow-down compared to 1H 2010.

The portfolio quality worsened in 1H 2010 significantly, which led to sinking coverage ratio even with record high risk cost. In 1H 2010 the FX-adjusted new DPD90+ formation amounted to HUF 15 billion (of which HUF 12 billion in 2Q 2010), compared with HUF 6 billion in 1H 2011 (of which HUF 5 billion in 2Q). Latter means that the new DPD90+ formation returned to the level seen in the previous two quarters (after the significant slowing down in 1Q 2011).

The portfolio quality deteriorated in every segments, but the trend that from 3Q 2010 on this deterioration comes mainly from the mortgage loan segment remained intact. The DPD90+ ratio reached 12.0% at end-June (+0.8%-point q-o-q).

The 2Q 2011 risk cost dropped by 90%, mainly due to IFRS methodological change. Accordingly, the provision coverage of loans with more than 90 days of delay declined q-o-q by 7.8%-points to 66.8%.

At the end of 2Q 2010 11% of the households' loan portfolio was involved in the debtor protection program without the re-defaulted volumes (-1%-point q-o-q), while a year ago this ratio was 7%.

The FX-adjusted gross loan portfolio expanded by a remarkable 3% q-o-q and 5% y-o-y. After the lending campaigns with extensive marketing support launched in 2010 the volume of mortgage and SME loans expanded further: regarding the mortgage portfolio the growth reached 6% y-o-y and 2% q-o-q, while SME loans expanded by 21% and 12% respectively. In 2Q 2011 the speed-up of corporate lending was supported by new campaigns. After the 8% FX-adjusted setback seen in 2010 the corporate volumes showed signs of revival in 1Q 2011 (+1%), followed by a 5% q-o-q growth in 2Q. The personal loan volumes kept declining (-2% q-o-q).

The FX-adjusted deposits dropped by 5% in 2Q 2011 q-o-q, since the corporate deposit base that grew by 31% q-o-q in 4Q and than declined by 19% in 1Q, went down by further 27% in 2Q. The households' deposits remained stable and SME deposits advanced by 11% q-o-q.

During the first half of the year, the branch number decreased by 5 units to 101 while the number of employees was 981 on 30 June 2011.

OTP BANKA HRVATSKA (CROATIA)

Performance of OTP banka Hrvatska:

Main components of P&L account in HUF mn	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	1,169	951	-19%	662	241	711	195%	7%
Pre-tax profit	1,471	1,189	-19%	832	301	887	195%	7%
Operating profit	2,765	3,612	31%	1,720	1,494	2,119	42%	23%
Total income	9,382	10,205	9%	5,020	4,851	5,354	10%	7%
Net interest income	6,510	7,554	16%	3,408	3,513	4,041	15%	19%
Net fees and commissions	1,805	1,850	2%	952	907	943	4%	-1%
Other net non-interest income without the effect of revaluation of FX provisions	1,068	801	-25%	660	431	370	-14%	-44%
Operating expenses	-6,617	-6,593	0%	-3,300	-3,358	-3,235	-4%	-2%
Total risk costs	-1,294	-2,424	87%	-888	-1,192	-1,231	3%	39%
Provision for possible loan losses without the effect of revaluation of FX provisions	-1,258	-2,557	103%	-863	-1,277	-1,280	0%	48%
Other provision	-37	133	-462%	-25	85	49	-43%	-292%
Main components of balance sheet closing balances in HUF mn	**2010**	**1H 2011**	**YTD**	**2Q 2010**	**1Q 2011**	**2Q 2011**	**Q-o-Q**	**Y-o-Y**
Total assets	484,923	453,364	-7%	506,975	456,485	453,364	-1%	-11%
Gross customer loans	335,828	317,646	-5%	343,929	316,612	317,646	0%	-8%
Retail loans	208,515	200,314	-4%	212,333	198,169	200,314	1%	-6%
Corporate loans	125,395	115,809	-8%	129,366	116,798	115,809	-1%	-10%
Car financing loans	1,918	1,523	-21%	2,231	1,644	1,523	-7%	-32%
Allowances for possible loan losses	-13,083	-15,122	16%	-11,798	-13,737	-15,122	10%	28%
Deposits from customers	373,813	347,734	-7%	365,832	348,148	347,734	0%	-5%
Retail deposits	331,255	308,195	-7%	320,478	309,463	308,195	0%	-4%
Corporate deposits	42,558	39,538	-7%	45,354	38,686	39,538	2%	-13%
Liabilities to credit institutions	40,271	35,373	-12%	63,455	34,075	35,373	4%	-44%
Subordinated debt	1,425	1,355	-5%	0	1,360	1,355	0%	
Total shareholders' equity	57,262	56,639	-1%	66,559	55,860	56,639	1%	-15%
Loan Quality	**1H 2010**	**1H 2011**	**Y-o-Y**	**2Q 2010**	**1Q 2011**	**2Q 2011**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	40,946	32,846	-19.8%	40,946	39,249	32,846	-16.3%	-19.8%
90+ days past due loans/gross customer loans (%)	11.9%	10.3%	-1.56%	11.9%	12.4%	10.3%	-2.1%	-1.6%
Cost of risk/average gross loans (%)	0.77%	1.58%	0.81%	1.05%	1.59%	1.62%	0.03%	0.57%
Total provisions/90+ days past due loans (%)	28.8%	46.0%	17.2%	28.8%	35.0%	46.0%	11.0%	17.2%
Performance Indicators (%)	**1H 2010**	**1H 2011**	**Y-o-Y**	**2Q 2010**	**1Q 2011**	**2Q 2011**	**Q-o-Q**	**Y-o-Y**
ROA	0.5%	0.4%	-0.1%	0.6%	0.2%	0.6%	0.4%	0.1%
ROE	3.7%	3.4%	-0.3%	4.2%	1.7%	5.1%	3.3%	0.9%
Total income margin	3.9%	4.4%	0.5%	4.2%	4.2%	4.7%	0.5%	0.5%
Net interest margin	2.69%	3.25%	0.56%	2.84%	3.03%	3.56%	0.54%	0.73%
Cost/income ratio	70.5%	64.6%	-5.9%	65.7%	69.2%	60.4%	-8.8%	-5.3%
Net loans to deposits	91%	87%	-4%	91%	87%	87%	0%	-4%

- ***Favourable quarterly operating profit (+31% y-o-y) decreasing after tax profit (y-o-y -19%) due to higher risk cost (y-o-y +87%)***
- ***Outstanding 2Q after tax profit (q-o-q +195%) and significantly improving coverage ratio (46%, y-o-y +17.2%) in 2Q 2011 due to technical effect***
- ***Increasing deposit and decreasing loan portfolio, moderating net loan-to-deposit ratio (1H 2011: 87%, -6%-points y-o-y on FX-adjusted base)***
- ***Improving profitability indicators: net interest margin 3.25% (y-o-y +56 basis point), cost/income ratio: 64.6% (y-o-y -5.9%-points)***

HUF denominated financials of OBH Group were highly influenced by the development of the HRK-HUF exchange rate: in 2Q 2011 the closing rate of the HUF strengthened by 10% y-o-y, q-o-q remained stable against HRK, while the half-year average rate appreciated by 3% y-o-y.

In the first half-year 2011 OBH Group posted HUF 951 million net profit (-19% y-o-y), however, on a quarterly basis it tripled.

1H 2011 performance of the Croatian subsidiary in HRK on the income side shows a 12% increase y-o-y (+15% q-o-q), on the cost side, however, stringent cost control prevailed. The 1H operating profit was by 37% (in HRK) higher mainly as a result of the outstanding net interest income (+19% y-o-y, +18% q-o-q in HRK) due to the new accounting methodology[12] of monthly instalments introduced in case of retail borrowers in May 2011 and in case of corporate borrowers in June 2011. Net interest margin improved by 56 basis points y-o-y in the same period to 3.25%.

In case of net fee income (+5% y-o-y in HRK) the stagnation in 1Q 2011 was followed by an improvement in 2Q (+6% q-o-q).

With regards to operating expenses stringent cost control prevailed, FX-adjusted level of 1H 2011 operating expenses matched that of the previous year. Cost/income ratio of the Bank in 1H 2011 64.6%, denotes a further improvement (-5.9%-points y-o-y).

The shrinking net profit for 1H 2011 was mainly due to the meaningful rise of provisioning for possible loan losses (+116% y-o-y and +10% q-o-q in HRK). Such a high provisioning is reasoned on one hand by the new provisioning rules applying higher rates on the mortgage portfolio effective since January 2011, and on the other hand by the change of accounting methodology of loan instalments introduced since May 2011.

As a result of the previously mentioned change of accounting methodology the portfolio quality which was basically stagnating until May, improved significantly by the end of the period. DPD90+ ratio in 1H 2011 was 10.3% (y-o-y -1.6%-points, q-o-q 2.1%-points). Within the retail segment in case of mortgage loans y-o-y -2.4%-point, q-o-q -3.4%-point (DPD90+ ratio: 7.4%), in case of consumption loans y-o-y -0.9%-point, q-o-q -0.5%-point improvement (DPD90+: 10.9%) was experienced, while the SME portfolio reflected a y-o-y 2.9%-point, q-o-q 1.9%-point (DPD90+: +21.2%) deterioration. In the LME portfolio the q-o-q 2.6%-point improvement (y-o-y -1.7%-points) is the result of the restructuring of a corporate loan and repayment. Simultaneously to the improvement of DPD90+ rates the coverage ratio also grew due to the change of accounting methodology. At the end of 1H coverage ratio stood at 46% (y-o-y +17.2%-points, q-o-q +11%-points).

In 1H 2011 on the Croatian market the demand for retail customer loans remained flat, the FX-adjusted loan book declined y-o-y by 1%. Due to the weak real estate market the mortgage loan portfolio grew by only 1%, while consumer loans increased by 3%. In spite of the continuously decreasing interest rate environment generated by fierce competition, due to the general excess liquidity and the crisis driven low level of business activity, demand for corporate loans dropped significantly. The sluggish real estate market influenced negatively the corporate loan market too; the demand for investment loans is yet to pick up. The SME loan portfolio y-o-y dropped by 10% in 1H 2011, while the LME portfolio decreased by 3% due to some individual loan repayment. Based on those trends the market share of OBH decreased to 3.1% (-0.3%-point y-o-y).

In spite of the general deposit withdrawal on the Croatian market OBH managed to boost its FX-adjusted deposit book by 5% y-o-y. The retail and the SME deposit book reflected y-o-y 6% and 11% growth respectively, while the LME portfolio shrank by 4%. Against the market trend of deposit erosion by the end of 1H 2011 OBH's market share improved by 10 basis points to 4.3%. As a result of slightly declining lending and increasing deposit base the net loan-to-deposit ratio moderated to 87% (y-o-y -6%-points on FX-adjusted base).

Capital adequacy ratio of the Bank (15.9%) was well above the 12% regulatory minimum level at the end of 1H 2011.

The number of employees at OBH Group stood at 976 as at the end of June 2011, operating in 104 branches.

[12] The priority order of accounting of paid instalments among penalty interest, fees, interest and principal has been changed in accordance with the general practice of the Croatian market. After crediting the total amount of penalty interest, the related fees, interest and principal amount is accounted starting with the oldest ones. Due to the new accounting order some part of the loan portfolio re-qualified as performing and the related interest claims are taken into the P&L statement as interest income.

OTP BANKA SLOVENSKO (SLOVAKIA)[10]

Performance OTP Banka Slovensko:

Main components of P&L account in HUF mn	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	-998	129		-817	105	24	-77%	
Pre-tax profit	-872	166		-680	137	29	-79%	
Operating profit	1,796	1,771	-1%	871	893	879	-2%	1%
Total income	6,734	6,657	-1%	3,329	3,355	3,302	-2%	-1%
Net interest income	5,468	5,325	-3%	2,657	2,682	2,643	-1%	-1%
Net fees and commissions	1,129	1,238	10%	608	625	612	-2%	1%
Other net non-interest income	136	95	-30%	65	48	47	-2%	-28%
Operating expenses	-4,938	-4,886	-1%	-2,458	-2,463	-2,423	-2%	-1%
Total risk costs	-2,668	-1,605	-40%	-1,551	-755	-850	13%	-45%
Provision for possible loan losses	-2,752	-1,602	-42%	-1,603	-728	-874	20%	-46%
Other provision	84	-4		53	-28	24		-55%
Main components of balance sheet closing balances in HUF mn	**2010**	**1H 2011**	**YTD**	**2Q 2010**	**1Q 2011**	**2Q 2011**	**Q-o-Q**	**Y-o-Y**
Total assets	349,448	335,731	-4%	372,245	333,779	335,731	1%	-10%
Gross customer loans	273,641	262,735	-4%	282,624	260,935	262,735	1%	-7%
Retail loans	179,440	181,297	1%	175,711	174,191	181,297	4%	3%
Corporate loans	94,202	80,981	-14%	106,913	86,327	80,981	-6%	-24%
Car financing loans	0	457		0	417	457	10%	
Allowances for possible loan losses	-15,677	-16,649	6%	-15,258	-15,637	-16,649	6%	9%
Deposits from customers	256,751	243,108	-5%	262,633	247,152	243,108	-2%	-7%
Retail deposits	234,543	224,681	-4%	234,106	225,548	224,681	0%	-4%
Corporate deposits	22,209	18,427	-17%	28,527	21,605	18,427	-15%	-35%
Liabilities to credit institutions	11,825	16,872	43%	13,417	13,174	16,872	28%	26%
Issued securities	43,655	37,399	-14%	55,308	36,902	37,399	1%	-32%
Subordinated debt	8,109	7,729	-5%	8,329	7,731	7,729	0%	-7%
Total shareholders' equity	24,551	23,910	-3%	25,362	23,907	23,910	0%	-6%
Loan Quality	**1H 2010**	**1H 2011**	**Y-o-Y**	**2Q 2010**	**1Q 2011**	**2Q 2011**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	29,195	31,698	8.6%	29,195	26,120	31,698	21.4%	8.6%
90+ days past due loans/gross customer loans (%)	10.3%	12.1%	1.7%	10.3%	10.0%	12.1%	2.1%	1.7%
Cost of risk/average gross loans (%)	2.00%	1.20%	-0.79%	2.35%	1.10%	1.34%	0.23%	-1.01%
Total provisions/90+ days past due loans (%)	52.3%	52.5%	0.3%	52.3%	59.9%	52.5%	-7.3%	0.3%
Performance Indicators (%)	**1H 2010**	**1H 2011**	**Y-o-Y**	**2Q 2010**	**1Q 2011**	**2Q 2011**	**Q-o-Q**	**Y-o-Y**
ROA	-0.5%	0.1%	0.6%	-0.9%	0.1%	0.0%	-0.1%	0.9%
ROE	-8.0%	1.1%	9.1%	-13.2%	1.8%	0.4%	-1.4%	13.6%
Total income margin	3.63%	3.92%	0.29%	3.52%	3.98%	3.96%	-0.03%	0.43%
Net interest margin	2.95%	3.13%	0.18%	2.81%	3.18%	3.17%	-0.02%	0.36%
Cost/income ratio	73.3%	73.4%	0.1%	73.8%	73.4%	73.4%	0.0%	-0.4%
Net loans to deposits	102%	101%	-1%	102%	99%	101%	2%	-1%

- ***HUF 129 million after tax profit in 1H 2011***
- ***Decreasing risk cost on yearly basis; deteriorating portfolio quality***
- ***Stable operating profit on yearly and quarterly basis, with flat operating costs***
- ***FX adjusted volumes of home equity and consumer loans further expanded***

In 1H 2011 the Bank posted HUF 166 million profit before tax, as against the series of losses in previous two years. The moderate profit is mainly the result of lower risk cost (-42% y-o-y), while income and operating expenses hardly changed. The stability of the operating income is underpinned by the fact, that 1H 2011 operating income decreased by 1% y-o-y, which corresponds to the average HUF appreciation against EUR in the period. As a result cost/income ratio shrank marginally to 73.4%.

In 1H 2011 net interest margin grew to 3.13% (+18 basis points y-o-y), net interest income slightly decreased (-2% y-o-y in EUR terms), mainly due to lower average portfolio size. Net fees and commissions income improved by 11% compared to 1H 2010, owing mainly to the deposit and transaction related fees; net F&C income margin grew by 18 basis points to 0.73% y-o-y.

In 1H 2011 OBS set aside HUF 1.6 billion provision for possible loan losses (-42% y-o-y), while 2Q risk

[13] From 3Q 2010 on OBS sold loans to Group members. The balance sheet of OBS in 4Q 2010, 1Q 2011 and 2Q 2011 reflects the standing before the transfer of loans. Accordingly, 1Q 2011 and 2Q 2011 Balance Sheet contains consolidated data of OBS and OTP Faktor Slovensko s.r.o., adjusted to loans sold to OTP Bank Plc and OTP Factoring Ltd., and the related interbank financing in the net amount of the sold loans. The recoveries of sold loans to OTP Faktoring are recognised in the P&L accounts as risk cost decreasing elements in the 2011 figures.

cost was HUF 0.9 billion (+20% q-o-q). By the end of 2Q 2011 the DPD90+ ratio worsened by 1.7%-points to 12.1% y-o-y, mainly as a result of the growth of DPD90+ portfolio (+8.6% y-o-y), the total loan book hardly changed in EUR terms during the period. Taking the DPD90+ ratio as the measure of portfolio quality, the quality of mortgage loans remained fairly stable in the period and it was rather the corporate portfolio which deteriorated. Provision coverage of DPD90+ loans improved by 0.3% to 52.5% y-o-y. It is to be noted, that the ratio of retail loans in the debtor protection program is still negligible within total, and even decreasing.

In 2Q 2011 operating performance was stable, the 2% slippage of total income and operating expenses is virtually equal to the 2% HUF strengthening, in EUR terms the operating profit slightly improved q-o-q. The main income lines hardly changed compared to 1Q 2011, cost/income ratio was also unchanged on the quarterly basis. As risk cost grew by 20% q-o-q in 2Q, the pre-tax profit shrank compared to 1Q, but resides still in the positive territory.

The development of loan and deposit volumes was in line with the intention to strengthen the retail focus of the Bank. The FX adjusted loan portfolio grew by 1% both y-o-y and q-o-q. While the medium and large corporate exposure dropped by 18% y-o-y and 6% q-o-q, retail lending gained momentum advancing by 11% y-o-y and by 4% q-o-q. New mortgages even grew faster than the market average supported also by promotion campaign in spring 2011; their volume grew by 5% q-o-q.

Deposits stagnated y-o-y, which is a composition of the 4% growth of retail deposits and 30% drop of corporate deposits. Deposit base decreased by 2% q-o-q, which is due to the q-o-q still shrinking corporate deposits. Although retail deposits stagnated q-o-q, it is to be noted that retail term deposits, which grew by 28% on the yearly basis, slightly decreased on the quarterly basis (-2%). Latter is the result of the aggressive actions of competitors in order to grab market share.

Net loans to deposits is stable, in 2Q 2011 it stood at 101% (-1%-points y-o-y, +2%-points q-o-q). In 2Q OBS issued about EUR 2 million mortgage bonds for retail investors. After balance sheet close, on 1 August 2011 Moody's downgraded the Bank's long term issuer rating to 'Ba1' from 'Baa3'.

Since the branch network rationalization at the beginning of the crisis the number of branches hardly changed: in 2Q 2011 there was no change q-o-q (76 branches), and one branch was closed on the yearly basis. The number of employees has grown by 10 to 600 since 1Q 2010 (out of the total 6 is due to the consolidation of OTP Faktor Slovensko).

OTP BANKA SRBIJA (SERBIA)

Performance of OTP banka Srbija:

Main components of P&L account[1] in HUF mn	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	-1,419	-2,973	109%	-824	-1,458	-1,514	4%	84%
Pre-tax profit	-1,419	-2,973	109%	-824	-1,458	-1,514	4%	84%
Operating profit	102	-311	-406%	109	44	-355	-906%	-426%
Total income	3,209	2,492	-22%	1,585	1,453	1,039	-29%	-34%
Net interest income	1,548	552	-64%	796	255	297	17%	-63%
Net fees and commissions	791	915	16%	350	455	460	1%	31%
Other net non-interest income without the effect of revaluation of FX provisions	870	1,025	18%	439	743	282	-62%	-36%
Operating expenses	-3,107	-2,803	-10%	-1,476	-1,409	-1,394	-1%	-6%
Total risk costs	-1,521	-2,662	75%	-933	-1,502	-1,159	-23%	24%
Provision for possible loan losses without the effect of revaluation of FX provisions	-1,349	-2,751	104%	-838	-1,551	-1,200	-23%	43%
Other provision	-173	90	-152%	-95	49	41	-16%	-143%
Main components of balance sheet[1] closing balances in HUF mn	**2010**	**1H 2011**	**YTD**	**2Q 2010**	**1Q 2011**	**2Q 2011**	**Q-o-Q**	**Y-o-Y**
Total assets	114,796	101,011	-12%	123,787	103,765	101,011	-3%	-18%
Gross customer loans	88,753	81,705	-8%	95,154	82,127	81,705	-1%	-14%
Retail loans	35,826	34,820	-3%	36,514	34,112	34,820	2%	-5%
Corporate loans	52,928	46,885	-11%	58,640	48,015	46,885	-2%	-20%
Allowances for possible loan losses	-18,560	-20,782	12%	-13,686	-19,243	-20,782	8%	52%
Deposits from customers	37,180	33,703	-9%	31,607	34,657	33,703	-3%	7%
Retail deposits	27,304	26,457	-3%	24,225	26,716	26,457	-1%	9%
Corporate deposits	9,875	7,245	-27%	7,382	7,941	7,245	-9%	-2%
Liabilities to credit institutions	15,922	9,278	-42%	22,709	11,145	9,278	-17%	-59%
Subordinated debt	40,846	40,249	-1%	41,665	39,066	40,249	3%	-3%
Total shareholders' equity	17,987	15,157	-16%	25,283	16,218	15,157	-7%	-40%

Loan Quality	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	36,645	49,947	36.3%	36,645	46,429	49,947	7.6%	36.3%
90+ days past due loans/gross customer loans (%)	38.5%	61.1%	22.6%	38.5%	56.5%	61.1%	4.6%	22.6%
Cost of risk/average gross loans	2.94%	6.51%	3.57%	3.65%	7.36%	5.88%	-1.49%	2.23%
Total provisions/90+ days past due loans (%)	37.3%	41.6%	4.3%	37.3%	41.4%	41.6%	0.2%	4.3%
Performance Indicators (%)	**1H 2010**	**1H 2011**	**Y-o-Y**	**2Q 2010**	**1Q 2011**	**2Q 2011**	**Q-o-Q**	**Y-o-Y**
ROA	-2.3%	-5.6%	-3.3%	-2.7%	-5.4%	-5.9%	-0.5%	-3.2%
ROE	-10.8%	-36.2%	-25.4%	-13.0%	-34.6%	-38.7%	-4.1%	-25.7%
Total income margin	5.16%	4.66%	-0.50%	5.21%	5.39%	4.07%	-1.32%	-1.14%
Net interest margin	2.49%	1.03%	-1.46%	2.62%	0.95%	1.16%	0.22%	-1.45%
Cost/income ratio	96.8%	112.5%	15.7%	93.1%	97.0%	134.2%	37.2%	41.1%
Net loans to deposits	258%	181%	-77%	258%	181%	181%	-1%	-77%

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

- ***The HUF 3 billion loss in 1H 2011 is the consequence of negative operating result and high risk cost***
- ***The portfolio quality further deteriorated, the coverage ratio remained stable q-o-q***
- ***The gross loan portfolio declined further as the lending to household showed signs of revival but the corporate lending activity remained subdued***
- ***Households' deposits stagnated, while corporate deposits continued to shrink***

The 1H 2011 financial performance (HUF 3 billion loss) of OTP banka Srbija was influenced by the gradually deteriorating loan portfolio quality and consequently, the diminishing net interest income and high risk cost.

The ratio of DPD90+ loans grew further, reaching 61.1% at the end of June 2011 (+22.6%-points y-o-y and +4.6%-points q-o-q). Both the contracting total gross loans and the further growing loan volumes with more than 90 days delay played key role in the ongoing rise of the ratio. The loan quality deterioration is experienced in every portfolio segment but consumer loans. The FX-adjusted volume of loans falling into the DPD90+ category in 2Q 2010 reached HUF 4 billion, the same as the average of the previous 4 quarters. The coverage ratio of DPD90+ loans reached 41.6% at the end of 2Q 2011 (+4.3%-points y-o-y, +0.2%-point q-o-q).

Risk cost rose by 75% in 1H y-o-y as the FX-adjusted new DPD90+ loan volume formation was HUF 6 billion in 1H 2010 but reached HUF 10 billion in 1H 2011.

In 1H 2011 total revenues dropped by 22%. The net interest income decreased by two-third. The primary reason for such significant decline is that the loan portfolio on which interest income is booked is gradually declining as the loan quality keeps deteriorating. The decline is further explained by the elevated interest expense in relation to deposits.

The net fee and commission income in the first half showed a 16% improvement y-o-y. The dynamics was supported by the base effect (in 2Q 2010 HUF 90 million was rebooked from net fees to net interest income line).

The 1H other net non-interest income climbed by 18% y-o-y while in 2Q 2011 it declined by 62% q-o-q. This line was primarily influenced by the previously suspended but in the current period collected interest income that appears on this line and shows significant volatility.

In 1H 2011 10% operating cost saving was realized y-o-y. This reflects further significant cost cutting efforts even taking into account that almost one-third of this cost saving was of technical nature: the reversal of booked but not collected interest income through the increase of other expenses was much higher in the base period. The operating costs did not change in 2Q q-o-q.

The deposit volumes grew by 14% y-o-y adjusted for the FX-effect, mainly reflecting the results of the deposit collection campaigns launched in 4Q 2010. Deposits dropped by 3% q-o-q both in 1Q and 2Q 2011 (adjusted for the FX-effect). Households' deposits performed better (+22% y-o-y and stagnating q-o-q). Corporate deposits went on declining (-9% q-o-q).

The Bank concentrated its lending activity on the RSD personal loans, which resulted in remarkable FX-adjusted volume growth in the consumer loan segment (+61% y-o-y). In order to improve the RSD liquidity situation, the Bank's the willingness to lend in LCY in the SME and corporate segments remained weak. The FX-adjusted volume of SME loans contracted by 19% y-o-y and the corporate loans by 14% respectively. At the same time, the Bank strengthened the collection activity in these segments.

The net loan to deposit ratio stagnated at 181% in 2Q 2011 but improved by 77%-points y-o-y.

The capital adequacy ratio reached 13.5% in June, compared to 16% a quarter month ago and the 12% regulatory minimum.

The number of employees reached 676 on 30 June. The branch number (55) did not change q-o-q but 1 new unit was opened in the past twelve months.

CRNOGORSKA KOMERCIJALNA BANKA (MONTENEGRO)[14]

Performance of CKB:

Main components of P&L account in HUF mn	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	-13,109	-1,718	-87%	-6,462	-214	-1,505	605%	-77%
Pre-tax profit	-13,109	-1,718	-87%	-6,462	-214	-1,505	605%	-77%
Operating profit	1,658	745	-55%	1,039	275	470	71%	-55%
Total income	4,873	3,649	-25%	2,552	1,730	1,919	11%	-25%
Net interest income	3,470	2,500	-28%	1,840	1,227	1,273	4%	-31%
Net fees and commissions	1,393	1,188	-15%	731	536	652	22%	-11%
Other net non-interest income	10	-39	-478%	-20	-33	-6	-83%	-71%
Operating expenses	-3,215	-2,903	-10%	-1,513	-1,454	-1,449	0%	-4%
Total risk costs	-14,767	-2,464	-83%	-7,501	-489	-1,975	304%	-74%
Provision for possible loan losses	-14,933	-2,380	-84%	-7,563	-558	-1,821	226%	-76%
Other provision	167	-84	-150%	62	70	-154	-321%	-346%
Main components of balance sheet closing balances in HUF mn	**1H 2010**	**1H 2011**	**Y-o-Y**	**2Q 2010**	**1Q 2011**	**2Q 2011**	**Q-o-Q**	**Y-o-Y**
Total assets	216,301	202,510	-6%	216,301	202,497	202,510	0%	-6%
Gross customer loans	169,261	142,968	-16%	169,261	145,402	142,968	-2%	-16%
Retail loans	105,455	77,360	-27%	105,455	92,877	77,360	-17%	-27%
Corporate loans	63,806	65,608	3%	63,806	52,525	65,608	25%	3%
Allowances for possible loan losses	-26,423	-37,191	41%	-26,423	-35,469	-37,191	5%	41%
Deposits from customers	164,801	150,188	-9%	164,801	148,157	150,188	1%	-9%
Retail deposits	98,479	97,072	-1%	98,479	95,371	97,072	2%	-1%
Corporate deposits	66,322	53,116	-20%	66,322	52,786	53,116	1%	-20%
Liabilities to credit institutions	14,447	20,304	41%	14,447	21,082	20,304	-4%	41%
Subordinated debt	7,740	7,178	-7%	7,740	7,210	7,178	0%	-7%
Total shareholders' equity	20,564	16,404	-20%	20,564	17,917	16,404	-8%	-20%
Loan Quality	**1H 2010**	**1H 2011**	**Y-o-Y**	**2Q 2010**	**1Q 2011**	**2Q 2011**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	23,731	55,847	135.3%	37,480	49,114	55,847	13.7%	49.0%
90+ days past due loans/gross customer loans (%)	22.1%	39.1%	16.9%	22.1%	33.8%	39.1%	5.3%	16.9%
Cost of risk/average gross loans	17.19%	3.19%	-14.0%	18.00%	1.49%	5.07%	3.58%	-12.93%
Total provisions/90+ days past due loans (%)	70.5%	66.6%	-3.9%	70.5%	72.2%	66.6%	-5.6%	-3.9%
Performance Indicators (%)	**1H 2010**	**1H 2011**	**Y-o-Y**	**2Q 2010**	**1Q 2011**	**2Q 2011**	**Q-o-Q**	**Y-o-Y**
ROA	-11.7%	-1.7%	10.0%	-12.3%	-0.4%	-3.0%	-2.6%	9.3%
ROE	-121.2%	-21.2%	100.0%	-141.5%	-5.1%	-35.2%	-30.1%	106.3%
Total income margin	4.36%	3.55%	-0.81%	4.86%	3.38%	3.80%	0.42%	-1.06%
Net interest margin	3.10%	2.43%	-0.67%	3.50%	2.40%	2.52%	0.12%	-0.98%
Cost/income ratio	66.0%	79.6%	13.6%	59.3%	84.1%	75.5%	-8.6%	16.2%
Net loans/deposit	87%	70%	-16%	87%	74%	70%	-4%	-16%

- ***Net loss decreased significantly y-o-y due to lower risk costs***
- ***Operating income decreased 55% y-o-y on diminishing total income***
- ***Further portfolio quality deterioration q-o-q, coverage decreased to 67% (-5.6%-points q-o-q)***
- ***Shrinking loan and deposit volumes, net loan-to-deposit ratio went down to 70%***

In the first half of 2011 CKB posted a net loss of HUF 1.7 billion against a more significant loss a year ago (HUF 13.1 billion). The material y-o-y improvement was due to lower risk costs as the pace of loan portfolio deterioration moderated. At the same time, total income decreased by 25% y-o-y.

The y-o-y 28% decline of net interest income was primarily due to the moderate lending activity caused by the weak demand for loans. As a consequence of loan portfolio deterioration, up until recently, on a consolidated level, the Bank has transferred loans in the amount of roughly HUF 19.3 billion to its Montenegrin collection company (through two major transfers: HUF 17.6 billion in 4Q 2010 and HUF 1.7 million in 1Q 2011 respectively). Transferred portfolio is still included in the balance sheet of CKB Group in gross value; however no interest income is recognized after it. The q-o-q 4% increase in net interest income is mainly due to further cuts on deposit interest rates.

The y-o-y 15% decline in net fees and commissions realized in 1H 2011 is a consequence of the shrinking loan portfolio. The 22% increase over the quarter is due to seasonal effects, the performance

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

in 2Q 2011 was influenced by the beginning of the tourism season.

Due to strict cost control operating expenses were 10% below last year's cost level, while q-o-q operating expenses basically stayed flat.

During the first half of 2011 risk cost declined significantly (-84% y-o-y). In order to keep non performing loan's coverage on an adequate level, following the moderate provisioning in 1Q 2011, risk costs were high again in the second quarter of 2011. The DPD90+ ratio increased by 5.3%-points q-o-q to 39.1%. The deterioration was experienced in every portfolio segment. However, the retail loans' quality remained above average and bulk of the deterioration came from the corporate portfolio. In case of retail mortgage loans DPD90+ rate reached 17.9% (+2.0%-points q-o-q), in case of consumer loans it reached 24.1% (+1.1%-points q-o-q). DPD90+ rate of SME[15] loans increased to 63.9% (+13.3%-points q-o-q), while in case of corporates it reached 47.4% (+9.4%-points q-o-q). Coverage of non-performing loans decreased to 66.6% (-5.6%-points q-o-q) by the end of the period.

During the first half of 2011 demand for loans remained moderate, the FX-adjusted decrease of the loan portfolio was 9% y-o-y, and 2% q-o-q. The effect of the new customer segmentation method does not allow the comparison of total retail and corporate portfolio with previously reported data. However, it is worth highlighting that due to a successful personal loan promotion campaign, the FX-adjusted growth of retail consumer loans was 4% q-o-q, while the aggregated FX-adjusted SME and corporate portfolio declined by 3% q-o-q and 10% y-o-y.

Deposit base decreased by 1% y-o-y, mainly driven by the significant withdrawal of corporate deposits (-13% y-o-y). The negative move was partially offset by the increase of the retail deposit base (+7% y-o-y). The Bank launched a successful deposit collection campaign in 2Q 2011. As a result both FX-adjusted corporate and retail deposits increased q-o-q (by 1% and 2% respectively).

The net loan-to-deposit ratio decreased to 70% (-4%-points q-o-q, -16%-points y-o-y).

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

STAFF LEVEL AND OTHER INFORMATION

The closing staff number of OTP Group was 30,684 as at 30 June 2011, there was no significant y-o-y change regarding the staff number. At the same time, in case of the Russian and Ukrainian subsidiary the scaling up of agent network is in focus parallel with the POS-lending pick-up.

OTP Bank has an extensive distribution network in Hungary, which includes 379 branches and more than 2,000 ATM terminals. At the same time, OTP Group provides its services through 1,500 branches in 9 countries of the region and more than 4,000 ATMs are available for clients.

	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
OTP Bank					
Closing headcount (person)	7,802	7,787	7,799	0%	0%
Per capita total asset (HUF million)	880	832	833	0%	-5%
Per capita quarterly after-tax profit (HUF million)	0.3	4.6	9.6	109%	
OTP GROUP					
Closing headcount (person)	30,047	30,154	30,684	2%	2%
Per capita total asset (HUF million)	339	321	317	-1%	-7%
Per capita quarterly after-tax profit (HUF million)	0.9	1.2	1.2	-2%	33%

[15] In 2Q 2011 CKB Bank introduced a new costumer segmentation method and as a result, HUF 13 billion worth of SME loan portfolio had been reclassified to corporate loans. Therefore, DPD90+ rates of SME and corporate loans are not comparable with previously reported data.

	30 June 2011						31 December 2010					
	Bank branches	ATM	POS	Bank cards (th)	Number of banking clients (th)	Staff (closing)	Bank branches	ATM	POS	Bank cards (th)	Number of banking clients (th)	Staff (closing)
OTP Core*	379	2,004	39,782	3,867	4,552	8,081	380	1,995	39,231	3,841	4,592	8,034
OTP Bank Russia	158	249	2,218	7,622	3,782	4,960	155	249	2,218	7,394	3,715	4,768
DSK Group	383	863	4,242	1,218	2,931	4,400	387	880	5,049	1,196	2,978	4,321
OTP Bank Ukraine	184	199	400	134	244	3,453	189	216	400	124	337	3,075
OTP Bank Romania	101	132	1,262	185	232	981	106	138	1,106	171	219	1,104
OTP banka Hrvatska	104	214	1,159	355	27	976	105	217	1,102	385	382	1,016
OTP Banka Slovensko	76	115	656	118	196	600	76	117	671	119	193	573
OTP Banka Srbija	55	185	3,231	103	344	676	55	190	4,054	100	349	708
CKB	33	105	4,003	161	291	443	33	105	3,819	167	290	451
Foreign banks total	1,094	2,062	17,171	9,896	8,047	16,488	1,106	2,112	18,419	9,656	8,464	16,016
Other Hungarian and foreign subsidiaries						671						8,985
Group total (aggregated)	**1,473**	**4,066**	**56,953**	**13,763**	**12,600**	**30,684**	**1,486**	**4,107**	**57,650**	**13,497**	**13,056**	**30,367**
Group total (aggregated w/o contractual agents)						**25,240**						**25,009**

OTP Bank Russia	30 June 2011	31 December 2010
Total number of agents	***17,342***	***13,845***
employed agents	5,444	5,358
contractual agents	11,898	8,487
Other employees	4,960	4,768

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

PERSONAL AND ORGANIZATIONAL CHANGES

The Annual General Meeting of OTP Bank held on 29 April 2011 elected Dr. Sándor Csányi, Dr. Antal Pongrácz, Mihály Baumstark, Dr. Tibor Bíró, Péter Braun, Zsolt Hernádi, Dr. István Kocsis, Dr. László Utassy and Dr. József Vörös to the member of the Bank's Board of Directors until the closing AGM of the fiscal year 2015 but latest until 30 April 2016. The Board elected Dr. Sándor Csányi as its Chairman and Dr. Antal Pongrácz as its Deputy Chairman. The Annual General Meeting elected Mr. Tibor Tolnay, Dr. Gábor Horváth, Antal Kovács, Pierre Lefèvre, András Michnai and Dr. Márton Gellért Vági to the member of the Bank's Supervisory Board until the closing AGM of the fiscal year 2013 but the latest until 30 April 2014.

In the first half of the year 2011 the Auditor of the Bank did not changed.

STATEMENT ON CORPORATE GOVERNANCE POLICY

Corporate governance policy

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

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

Internal control system

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

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

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

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

General Meeting

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

Committees

Members of the Board of Directors

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

Members of the Supervisory Board

Tibor Tolnay – Chairman
Dr. Gábor Horváth – Vice Chairman
Antal Kovács
Pierre Lefévre
András Michnai
Dr. Márton Vági

The résumés of the committee and board members are available on the website of OTP Bank and in the Corporate Governance Report/Annual Report (in latter case with the exception of the résumés of Zsolt Hernádi, Pierre Lefévre and Dr. Márton Vági)

Operation of the executive boards

OTP Bank Plc. has a dual governance structure, in which the Board of Directors is the Company's executive body, while the Supervisory Board performs oversight tasks. To assist it in the performance of its governance functions, the Board of Directors has created, as permanent committees, the Management Committee and the Management Coordination Committee. Besides, with the participation of three non-executive members of the Board of Directors it also operates the Remuneration Committee. To ensure effective operation the Bank also has a number of permanent and special committees (e.g. the Communication Co-ordination Committee was established in the current year).

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

The Board of Directors and the Supervisory Board held 5 meetings each, while the Audit Committee cancelled on 29th April 2011 held 1 meeting in the first half of 2011.

ENVIRONMENT PROTECTION POLICY, ENVIRONMENT PROTECTION MEASURES

'With trust and responsibility for each other'

Responsibility for environment protection

Environment protection is a top priority for OTP Group thus it is part of the Bank's Corporate Social Responsibility strategy. Though the per capita and per branch effects of OTP Group is not so meaningful, because of the size of the bank group the cumulated environmental effects are measurable and have to be managed. The Bank regularly measures positive and negative effects of its operation on the environment and emphasises for sparing and economic usage of available resources.

OTP Group has a daily contact with more than 10 million people through its colleagues and customers, and because of that unintentionally became a frontrunner. Providing the conditions of environment-cautious behaviour, with its own operation the Bank aims to live up this responsibility and opportunity.

Base of responsible environment protecting operation

We defined our responsibility for environment protection in a **Corporate Social Responsibility strategy**, fixed our ideas and defined our related goals. In order to improve cautiously the idea and practice of social responsibility in 2011 OTP Bank was among those first implementing the **ISO 26000 standard**. Through the implementation process the current practice of the Bank was analysed.

Environment cautious operation and the compliance with the relevant legislation is governed by the **Environment Protection Regulation** of the Bank, effective from 2009, and other internal regulations. Our environment friendly measures are focusing on environment friendly usage of materials, savings and environment cautious management of waste materials.

Measures taken to minimise consumption of energy and waste management

In the last 6 months according to **energy-saving** initiatives the Bank focused primarily on the main energy consumers, the headquarter buildings. Effectiveness of heat regaining system was enhanced; waste heat generated by computers is channelled into the heating system of the building. Our good experiences are applied at our subsidiaries, too. In the building with the highest energy consumption the lightening system is controlled through timing program. Traditional gas boilers as part of the heating system has been changed for more efficient and environment friendly ones in the central office building and the recreation centre at Békásmegyer. As another energy saving improvement LED lamps have been installed at several places with high energy consumption in the Bank.

Usage of renewable energy sources has not been widened in the first half of 2011, currently about 600 m^2 solar system is operating and our central archives uses geothermic energy.

Utilisation of video-conference system as the alternative of business travelling is growing within the Group promoting lower level of carbon-dioxid emission. As a result of our energy management measures energy consumption declined at the most members of OTP Group.

In **waste management** OTP Bank applies the following priority order: "to prevent production of waste material – re-usage – re-cycling – storage". Within the Bank Group selective collection of paper and PET bottles is the broadest applied practice, in line with the infrastructural opportunities of the relevant country. Selective collection of dangerous waste material is continuous in compliance with the relevant regulations.

Environmental education

CSR-education of the Bank – significant part of which is about environment protection – is compulsory for every newly recruited employee. In 2010 new, **creative campaign was launched** to enhance cautious consumption, energy saving and participation in voluntary programmes. As a result of the campaign employees of the Bank took part in waste material collecting actions, in park building, and in park renovation of schools and nursery schools.

All efforts of OTP Bank to minimise environment burden demonstrates that OTP Group is committed to give a positive example in environment protection for its tighter and broader environment as well.

More detailed information about the environment maintenance measures of OTP Bank is available on the official web-site of the Bank and in its Social Responsibility Report.

FINANCIAL DATA

UNCONSOLIDATED AND CONSOLIDATED IFRS STATEMENT OF FINANCIAL POSITION

In HUF million	OTP Bank			Consolidated		
	30/06/2011	31/12/2010	change	30/06/2011	31/12/2010	change
Cash, due from banks and balances with the National Bank of Hungary	171,999	171,677	0%	441,575	513,038	-14%
Placements with other banks, net of allowance for possible placement losses	690,376	794,686	-13%	527,955	511,244	3%
Financial assets at fair value through profit and loss	296,033	248,790	19%	273,078	233,667	17%
Securities available-for-sale	1,889,995	1,477,930	28%	1,387,995	1,008,097	38%
Loans, net of allowance for loan losses	2,498,907	2,723,784	-8%	6,332,757	6,741,059	-6%
Investments in subsidiaries	640,213	637,819	0%	8,529	11,554	-26%
Securities held-to-maturity	134,912	154,003	-12%	147,621	172,302	-14%
Premises, equipment and intangible assets, net	103,096	105,149	-2%	460,866	480,828	-4%
Other assets	70,604	44,512	59%	131,963	109,157	21%
TOTAL ASSETS	**6,496,135**	**6,358,350**	2%	**9,712,339**	**9,780,946**	-1%
Due to banks and deposits from the National Bank of Hungary and other banks	789,805	741,845	6%	698,421	681,949	2%
Deposits from customers	3,439,855	3,279,573	5%	5,898,200	5,821,489	1%
Liabilities from issued securities	427,383	512,466	-17%	934,346	1,035,153	-10%
Financial liabilities at fair value through profit or loss	142,462	257,328	-45%	141,593	257,052	-45%
Other liabilities	245,139	231,288	6%	419,326	385,744	9%
Subordinated bonds and loans	290,949	297,638	-2%	281,736	290,630	-3%
TOTAL LIABILITIES	**5,335,593**	**5,320,138**	0%	**8,373,622**	**8,472,017**	-1%
SHARE CAPITAL	28,000	28,000	0%	28,000	28,000	0%
RETAINED EARNINGS AND RESERVES	1,136,199	1,013,941	12%	1,283,002	1,209,708	6%
TREASURY SHARES	-3,657	-3,729	-2%	-52,525	-52,597	0%
MINORITY INTEREST				6,226	5,888	6%
TOTAL SHAREHOLDERS' EQUITY	1,160,542	1,038,212	12%	1,338,717	1,308,929	2%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**6,496,135**	**6,358,350**	2%	**9,712,339**	**9,780,946**	-1%

UNCONSOLIDATED AND CONSOLIDATED IFRS STATEMENT OF RECOGNIZED INCOME

in HUF million	OTP Bank			Consolidated		
	1H 2011	1H 2010	change	1H 2011	1H 2010	change
Loans	108,483	112,586	-4%	362,119	367,079	-1%
Interest income without swap	103,741	107,512	-4%	357,377	361,972	-1%
Results of swaps	4,742	5,074	-7%	4,742	5,107	-7%
Placements with other banks	124,994	197,110	-37%	145,562	198,900	-27%
Interest income without swap	8,011	10,923	-27%	3,917	3,285	19%
Results of swaps	116,983	186,187	-37%	141,645	195,615	-28%
Due from banks and balances with the National Bank of Hungary	3,256	2,488	31%	3,415	2,651	29%
Securities held-for-trading	1,023	1,624	-37%	705	1,289	-45%
Securities available-for-sale	55,623	52,941	5%	38,161	35,569	7%
Securities held-to-maturity	5,083	7,976	-36%	4,377	6,693	-35%
Total Interest Income	298,462	374,725	-20%	554,339	612,181	-9%
Due to banks and deposits from the National Bank of Hungary and other banks	97,727	149,693	-35%	112,758	144,151	-22%
Interest expenses without swap	8,497	10,215	-17%	8,204	7,869	4%
Losses of swaps	89,230	139,478	-36%	104,554	136,282	-23%
Deposits from customers	65,233	64,735	1%	104,112	115,148	-10%
Interest expenses without swap	59,867	60,301	-1%	98,746	110,822	-11%
Losses of swaps	5,366	4,434	21%	5,366	4,326	24%
Liabilities from issued securities	15,245	17,745	-14%	28,852	31,573	-9%
Subordinated bonds and loans	7,830	8,066	-3%	5,819	6,271	-7%
Other entrepreneurs	0	0		1,787	73	
Total Interest Expense	186,035	240,239	-23%	253,328	297,216	-15%
NET INTEREST INCOME	**112,427**	**134,486**	**-16%**	**301,011**	**314,965**	**-4%**
Provision for possible loan losses	25,482	69,870	-64%	105,566	152,123	-31%
Provision for possible placement losses	-714	-173	313%	-537	-894	-40%
Provision for possible loan and placement losses	24,768	69,697	-64%	105,029	151,228	-31%
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN AND PLACEMENT LOSSES	87,659	64,789	35%	195,982	163,736	20%
Fees and commissions	62,888	73,361	-14%	88,058	83,983	5%
Foreign exchange gains and losses, net	-1,672	13,754	-112%	5,427	27,329	-80%
Gains and losses on securities, net	1,600	3,021	-47%	2,830	3,398	-17%
Gains and losses on real estate transactions, net	-17	-11		606	539	12%
Dividend income and gains and losses of associated companies	72,912	49,416	48%	464	88	427%
Other	1,333	717	86%	10,183	11,286	-10%
Total Non-Interest Income	137,044	140,258	-2%	107,568	126,623	-15%
Fees and commissions	10,265	9,747	5%	18,262	18,859	-3%
Personnel expenses	32,303	36,034	-10%	77,968	77,376	1%
Depreciation and amortization	12,040	11,651	3%	23,905	42,001	-43%
Other	52,047	53,265	-2%	92,302	62,078	49%
Total Non-Interest Expense	106,655	110,697	-4%	212,438	200,314	6%
INCOME BEFORE INCOME TAXES	**118,048**	**94,350**	**25%**	**91,113**	**90,045**	**1%**
Income taxes	**7,454**	**10,303**	**-28%**	**16,638**	**20,286**	**-18%**
INCOME AFTER INCOME TAXES	**110,594**	**84,047**	**32%**	**74,475**	**69,759**	**7%**
Minority interest	0	0		-461	-61	
NET INCOME	**110,594**	**84,047**	**32%**	**74,014**	**69,698**	**6%**

UNCONSOLIDATED AND CONSOLIDATED IFRS STATEMENT OF CASH FLOWS

in HUF million	OTP Bank			Consolidated		
	30/06/2011	**30/06/2010**	**change**	**30/06/2011**	**30/06/2010**	**change**
OPERATING ACTIVITIES						
Income before income taxes	118,048	94,349	25%	91,113	90,045	1%
Adjustments to reconcile income before income taxes to net cash provided by operating activities						
Income tax paid	-2,029	-2,302	-12%	-14,824	-8,995	65%
Goodwill impairment	0	0		0	18,519	
Depreciation, amortization	12,040	11,651	3%	23,905	23,482	2%
Provision for loan and placement losses	32,074	74,314	-57%	104,037	141,917	-27%
Share-based compensation	4,666	3,144	48%	4,666	3,144	48%
Unrealised losses on fair value adjustment of securities held of trading	1,552	8,093	-81%	1,534	2,529	-39%
Unrealised losses / (gains) on fair value adjustment of derivative financial instruments	6,367	9,979	-36%	4,438	95,259	-95%
Changes in operating assets and liabilities	93,975	-37,524	-350%	246,106	-139,931	-276%
Net cash provided by operating activities	**266,693**	**161,704**	65%	**460,975**	**225,969**	104%
INVESTING ACTIVITIES						
Net cash used in investing activities	**-206,184**	**213,378**	-197%	**-350,464**	**108,796**	-422%
FINANCING ACTIVITIES						
Net cash provided by financing activities	**-59,497**	**-234,728**	-75%	**-146,744**	**-207,675**	-29%
Net (decrease) / increase in cash and cash equivalents	**1,012**	**140,354**	-99%	**-36,233**	**127,090**	-129%
Cash and cash equivalents at the beginning of the period	88,197	105,679	-17%	255,045	243,541	5%
Cash and cash equivalents at the end of the period	**89,209**	**246,033**	-64%	**218,812**	**370,631**	-41%
DETAILS OF CASH AND CASH EQUIVALENTS						
Cash, due from banks and balances with the National Bank of Hungary	171,677	178,217	-4%	513,038	505,649	1%
Mandatory reserve established by the National Bank of Hungary	-83,480	-72,538	15%	-257,993	-262,108	-2%
Cash and equivalents at the beginning of the period	**88,197**	**105,679**	-17%	**255,045**	**243,541**	5%
Cash, due from banks and balances with the National Bank of Hungary	171,999	326,698	-47%	441,575	642,625	-31%
Compulsory reserve established by the National Bank of Hungary	-82,790	-80,665	3%	-222,763	-271,994	-18%
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**89,209**	**246,033**	-64%	**218,812**	**370,631**	-41%

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY (IFRS)

in HUF million	Share capital	Capital reserve	Share-based payment reserve	Retained earnings and reserved	Put option reserve	Treasury shares	Non-controlling interest	Total
Balance as at 1 January 2011	***28,000***	***52***	***28***	***1,383,026***	***-55,468***	***-52,597***	***5,888***	***1,308,929***
Comprehensive income for the period								46,174
Share-based payment			4,666					4,666
Dividend payment of the year 2009				-20,160				-20,160
Repurchased treasury shares								
- sale of Treasury shares			0	0	0	2,651	0	2,651
- loss on sale of Treasury shares			0	-16	0	0	0	-16
- change in the volume of Treasury shares			0	0	0	-2,579	0	-2,579
ICES (convertible bond) - payments to owners			0	-1,286	0	0	0	-1,286
Minority interest							338	338
Balance as at 30 June 2011	***28,000***	***52***	***4,694***	***1,407,738***	***-55,468***	***-52,525***	***6,226***	***1,338,717***

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

Ownership structure of OTP Bank Plc.

Description of owner	Total equity					
	1 January 2011			30 June 2011		
	%[1]	%[2]	Qty	%[1]	%[2]	Qty
Domestic institution/company	16.8%	17.0%	46,993,728	13.3%	13.6%	37,373,845
Foreign institution/company	69.9%	71.0%	195,839,614	73.0%	74.1%	204,317,092
Domestic individual	7.4%	7.5%	20,639,194	8.1%	8.2%	22,707,242
Foreign individual	0.1%	0.1%	409,291	1.5%	1.5%	4,128,755
Employees, senior officers	1.7%	1.8%	4,875,825	1.7%	1.8%	4,875,825
Treasury shares	1.5%	0.0%	4,226,432	1.5%	0.0%	4,181,653
Government held owner[3]	0.4%	0.4%	1,230,367	0.5%	0.5%	1,285,807
International Development Institutions[4]	2.1%	2.1%	5,785,559	0.4%	0.4%	1,129,791
Other	0.0%	0.0%	0	0.0%	0.0%	0
TOTAL	**100.0%**	**100.0%**	**280,000,010**	**100.0%**	**100.0%**	**280,000,010**

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

Number of treasury shares held in the year under review

	1 January	31 March	30 June	30 September	31 December
Company	2,152,872	2,107,981	2,108,093		
Subsidiaries	2,073,560	2,073,560	2,073,560		
TOTAL	4,226,432	4,181,541	4,181,653		

Shareholders with over/around 5% stake

Name	Number of shares	Voting rights	Beneficial ownership
Megdet, Timur and Ruszlan Rahimkulov	24,851,495	8.88%	9.01%
MOL (Hungarian Oil and Gas Company Plc.)	24,000,000	8.57%	8.70%
Groupama Group	23,257,160	8.31%	8.43%

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

	End of reference period	Current period opening	Current period closing
Bank	7,802	7,800	7,799
Consolidated	30,047	30,367	30,684

Senior officers, strategic employees and their shareholding of OTP shares

Type[1]	Name	Position	No. of shares held
IT	Dr. Sándor Csányi [2]	Chairman and CEO	200,000
IT	Mihály Baumstark	member	0
IT	Dr. Tibor Bíró	member	30,681
IT	Péter Braun	member	527,905
IT	Zsolt Hernádi	member	0
IT	Dr. István Kocsis	member	81,600
IT	Dr. Antal Pongrácz	Deputy Chairman, Deputy CEO	200,000
IT	Dr. László Utassy	member	260,000
IT	Dr. József Vörös	member	117,200
FB	Tibor Tolnay	Chairman	0
FB	Dr. Gábor Horváth	member	10,000
FB	Antal Kovács	member, Deputy CEO	23,000
FB	András Michnai	member	15,600
FB	Pierre Lefévre	member	0
FB	Dr. Márton Gellért Vági	member	0
SP	László Bencsik	CFO, Deputy CEO	0
SP	Dr. István Gresa	Deputy CEO	63,758
SP	Daniel Gyuris	Deputy CEO	0
SP	Ákos Takáts	Deputy CEO	153,347
SP	László Wolf	Deputy CEO	654,640
TOTAL No. of shares held by management:			**2,337,731**

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

SUPPLEMENTARY DATA

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

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

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

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

(3) Within OTP Group, the Corporate Centre acts as a virtual entity established by the equity investment of OTP Core for managing the wholesale financing activity for all the subsidiaries within OTP Group but outside OTP Core. Therefore the balance sheet of the Corporate Centre is funded by the equity and intragroup lending received from OTP Core plus the subordinated debt and senior notes arranged by OTP Bank under its running EMTN program. From this funding pool, the Corporate Centre is to provide intragroup lending to, and hold equity stakes in OTP subsidiaries outside OTP Core. Within OTP Group, the full range of financing and investments into non-OTP Core subsidiaries is allocated to the Corporate Centre. Main subsidiaries financed by Corporate Centre are as follows: Hungarians: Merkantil Bank Ltd, Merkantil Car Ltd, Merkantil Leasing Ltd, OTP Real Estate Leasing Ltd, OTP Fund Management Ltd, OTP Real Estate Fund Management Ltd, OTP Life Annuity Ltd; foreigners: leasing companies, factoring companies.

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

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

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

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

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

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

(10) HIF Ltd. (United Kingdom), OTP Faktoring Slovensko (Slovakia) (until 1Q 2011), OTP Buildings (Slovakia), OTP Real Slovensko (Slovakia), OTP Holding Limited (Cyprus), Velvin Ventures Ltd. (Belize), OTP Faktoring SRL (Romania).

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

(12) 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, goodwill write-offs and special tax on financial institutions are shown separately and after-tax on the adjusted Statement of Recognised Income.
- Other non-interest income elements stemming from provisioning release in connection with loans originated before the acquisitions of the subsidiaries have been reclassified to and deducted from the volume of provisions for possible loan losses in the income statement.
- Other non-interest income is shown together with gains/losses on real estate transactions, but without the above mentioned income from the release of pre-acquisition provisions and without received cash transfers. However other non-interest expenses stemming from non-financial activities are added to the adjusted net other non-interest income line, therefore the latter incorporates the net amount of other non-interest income from non-financial activities.
- Out of other expenses, other provisions are deducted and shown separately as other risk costs in the adjusted income statement. Other provisions contain provisioning on off-balance sheet liabilities and on legal contests, provisioning on securities, shares and other investments as well as provisioning on other assets.
- Other administrative expenses have been adjusted in the following way in order to create a category comprising material cost items exclusively. Other costs and expenses and other non-interest expenses were included into the adjusted Other non-interest expenses. At the same time, the following cost items were excluded from adjusted other non-interest expenses: paid cash transfers – except for movie subsidies and cash transfers to public benefit organisations, which are quasi marketing expenses but kept as paid cash transfer on the P&L –, Other non-interest expenses and Special tax on financial institutions.
- In 1Q 2010, parallel losses on sale of securities and release of other provisions for these securities were netted and are shown together on line "Gain/loss on securities, net" both at OTP Group consolidated and at OTP Core stand alone level. The negative P&L effect stemming from the deteriorated value of these securities was suffered in previous quarters – at the time of emerging of the above mentioned other provisions.
- From 4Q 2010 onwards, the fee expenses paid by Merkantil Group to car dealers ('dealer fees') were registered as interest expense on the accounting income statement. Earlier this item had been booked as fee expense. In order to create a comparable time series, since 4Q 2010 dealer fees have been reclassified from net interest income to net fees and commissions – both on the consolidated and on a standalone level.
- Within the aggregated income statement of Merkantil Bank and Car, other risk cost related to leasing companies – as investments of the Merkantil Group – is eliminated. The reason behind is that this provisioning is eliminated in the consolidated income statement of OTP Group, and only the net result of the leasing companies is making part of OTP Group's consolidated net earnings.
- Cost/income ratio, net interest margin, risk cost to average gross loans as well as ROA and ROE ratios are calculated on the basis of the adjusted profit and loss statement, excluding one timers such as received dividends and net cash transfers, the after tax effect of the goodwill write-downs and the effect of special banking tax. Cost/income ratio is calculated from operating costs, excluding other risk costs.
- OTP Group is hedging the revaluation result of the FX provisions on its FX loans by keeping hedging open FX positions. In its accounting statement of income, the revaluation of FX provisions is part of the risk costs (within line "Provision for loan losses"), whereas the revaluation of the hedging open FX positions is made through other non-interest income (within line "Foreign exchange result, net"). The two items have the same absolute amount but an opposite sign. As an adjustment to the accounting statement of income, these items are eliminated from the adjusted P&L, By modifying only the structure of the income statement, this correction does not have any impact on the bottom line net profits.

ADJUSTMENTS OF CONSOLIDATED IFRS P&L LINES

in HUF million	1Q 10	2Q 10	1H 10	3Q 10	4Q 10 Audited	2010 Audited	1Q 11	2Q 11	1H 11
Net interest income	**142,633**	**172,332**	**314,964**	**150,260**	**151,200**	**616,425**	**150,868**	**150,143**	**301,011**
(-) Agent fees paid to car dealers by Merkantil Group					-3,929	-3,929	-856	-834	-1,690
Net interest income (adj.)	**142,633**	**172,332**	**314,964**	**150,260**	**155,130**	**620,354**	**151,724**	**150,977**	**302,701**
Net fees and commissions	**31,141**	**33,983**	**65,124**	**33,997**	**41,510**	**140,631**	**33,587**	**36,208**	**69,796**
(+) Agent fees paid to car dealers by Merkantil Group					-3,929	-3,929	-856	-834	-1,690
Net fees and commissions (adj.)	**31,141**	**33,983**	**65,124**	**33,997**	**37,581**	**136,702**	**32,731**	**35,374**	**68,106**
Foreign exchange result on Consolidated IFRS P&L	**4,448**	**22,881**	**27,329**	**-2,827**	**7,310**	**31,811**	**-3,651**	**9,078**	**5,427**
(-) Revaluation result of FX positions hedging the revaluation of FX provisions	-992	12,345	11,353	-6,804	5,058	9,607	-11,095	7,117	-3,977
Foreign exchange result (adj.)	**5,441**	**10,535**	**15,976**	**3,977**	**2,252**	**22,204**	**7,444**	**1,961**	**9,405**
Gain/loss on securities, net	**311**	**3,088**	**3,398**	**1,949**	**98**	**5,445**	**516**	**2,314**	**2,830**
(+) Release of other provisions for securities	9,384	0	9,384	0	0	9,384	0	0	0
Gain/loss on securities, net (adj.)	**9,695**	**3,088**	**12,783**	**1,949**	**98**	**14,829**	**516**	**2,314**	**2,830**
Gains and losses on real estate transactions	**198**	**341**	**539**	**194**	**112**	**845**	**255**	**351**	**606**
Result of discontinued operation (adj.)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(-) Received cash transfers	1	21	22	36	-26	32	0	5	5
(-) Non-interest income from the release of pre-acquisition provisions	334	300	634	-576	108	165	775	72	847
(+) Other non-interest expenses	-346	-448	-794	-1,664	-1,653	-4,112	-2,625	-1,611	-4,236
Net other non-interest result (adj.)	**4,719**	**5,655**	**10,375**	**4,542**	**2,510**	**17,426**	**1,662**	**4,040**	**5,702**
Provision for possible loan losses	**-54,822**	**-96,406**	**-151,228**	**-52,121**	**-69,675**	**-273,024**	**-47,070**	**-57,958**	**-105,028**
(+) Non-interest income from the release of pre-acquisition provisions	334	300	634	-576	108	165	775	72	847
(-) Revaluation result of FX provisions	992	-12,345	-11,353	6,804	-5,058	-9,607	11,095	-7,117	3,977
Provision for possible loan losses (adj.)	**-55,481**	**-83,760**	**-139,241**	**-59,501**	**-64,510**	**-263,252**	**-57,390**	**-50,768**	**-108,159**
Other expenses	**-25,234**	**-36,844**	**-62,078**	**-54,460**	**-59,204**	**-175,742**	**-45,878**	**-46,424**	**-92,301**
(-) Other provisions	8,761	551	9,312	-724	910	9,498	237	756	993
(-) Paid cash transfers	-350	-213	-563	-79	-1,556	-2,199	-205	-438	-643
(+) Film subsidies and cash transfers to public benefit organisations	-298	-227	-524	-38	-1,142	-1,704	-176	-277	-453
(-) Other non-interest expenses	-346	-448	-794	-1,664	-1,653	-4,112	-2,625	-1,611	-4,236
(-) Special tax on financial institutions				-18,038	-18,060	-36,098	-8,866	-8,866	-17,731
Other expenses (adj.)	**-33,596**	**-36,960**	**-70,557**	**-33,992**	**-39,986**	**-144,535**	**-34,595**	**-36,542**	**-71,137**
Other risk costs	**8,761**	**551**	**9,312**	**-724**	**910**	**9,498**	**237**	**756**	**993**
(-) Release of other provisions for securities	9,384	0	9,384	0	0	9,384	0	0	0
Other risk costs (adj.)	**-624**	**551**	**-72**	**-724**	**910**	**113**	**237**	**756**	**993**
After tax dividends and net cash transfers	**-319**	**-134**	**-453**	**266**	**-1,028**	**-1,215**	**155**	**-329**	**-174**
(-) Film subsidies and cash transfers to public benefit organisations	-298	-227	-524	-38	-1,142	-1,704	-176	-277	-453
After tax dividends and net cash transfers	**-21**	**92**	**71**	**303**	**114**	**488**	**331**	**-52**	**279**
Depreciation	**-11,423**	**-30,578**	**-42,001**	**-12,621**	**-12,702**	**-67,324**	**-11,740**	**-12,165**	**-23,905**
(-) Goodwill impairment charges (OTP banka Srbija (Serbia), OTP Bank Ukraine)	0	-18,519	-18,519	0	0	-18,519	0	0	0
Depreciation (adj.)	**-11,423**	**-12,059**	**-23,482**	**-12,621**	**-12,702**	**-48,805**	**-11,740**	**-12,165**	**-23,905**

METHODOLOGICAL NOTE ON THE DISCLOSURE OF THE REVALUATION OF FX PROVISIONS AND THE REVALUATION RESULT REALISED ON HEDGING OPEN FX PROVISONS WITHIN THE HALF YEAR FINANCIAL REPORT

Representing a methodological change compared to the previous reporting structure, the following adjustment is implemented on the financials shown in the tables of this Half Year Financial Report.

OTP Group is hedging the revaluation result of the FX provisions on its FX loans by keeping hedging open FX positions. In its accounting statement of income, the revaluation of FX provisions is part of the risk costs (within line "Provision for loan losses"), whereas the revaluation of the hedging open FX positions is made through other non-interest income (within line "Foreign exchange result, net"). The two items have the same absolute amount but an opposite sign. As an adjustment to the accounting statement of income, these items are eliminated from the adjusted P&L. By modifying only the structure of the income statement, this correction does not have any impact on the bottom line net profits.

In order to prepare and present comparable time series, this adjustment was implemented retrospectively back to the first quarter of 2010. Therefore statistics for the base periods in the affected P&L lines of this report are differing from previous disclosure. As a result of the adjustment the sum of the affected lines did not change (ie. the sum of „Provision for loan losses" and „Other net non interest income"), the modification is only influencing the profit split between these lines. Financial indicators calculated from these lines changed as well.

At OTP Core, 2010 statistics for the effect of the revaluation of FX provisions has been disclosed in previous reports. However, these statistics comprised the effect of FX provisions at OTP Bank only, but not that of the FX provisions at OTP Mortgage Bank. Within this report, adjustments made on the P&L of OTP Core do take into consideration the revaluation impact at OTP Mortgage Bank and at OTP Factoring (the Hungarian collection subsidiary) as well.

The FX result reached on the hedging open FX positions is included in the table following this paragraph. Similarly, those P&L lines and financial indicators of the Group and the group members, which are influenced by the methodological change, are disclosed under the old methodology as well in the following tables.

FX RESULT FROM THE REVALUATION OF OPEN FX POSITION HEGDING THE REVALUATION OF FX PROVISIONS (THIS ITEM IS COMPENSATED BY THE REVALUATION OF FX PROVISIONS THROUGH THE RISK COST LINE OF THE ACCOUNTING INCOME STATEMENT)

in HUF million	1Q 2010	2Q 2010	3Q 2010	4Q 2010	2010	1Q 2011	2Q 2011	1H 2011
OTP Group Total	**-992**	**12,345**	**-6,804**	**5,058**	**9,607**	**-11,095**	**7,117**	**-3,977**
of which OTP Core (Hungary)	403	9,541	-6,686	3,274	6,531	-8,188	5,035	-3,153
of which OTP Bank	403	8,016	-5,935	1,721	4,206	-6,374	1,334	-5,040
OTP Mortgage Bank	0	1,525	-752	1,552	2,325	-1,814	1,341	-473
OTP Factoring							2,360	2,360
OTP Bank Russia	-178	556	-241	117	253	-839	76	-763
OTP Bank Ukraine	-1,372	-645	676	499	-842	306	355	661
OBR adj. (Romania)	-92	844	-307	454	898	-1,117	1,342	225
OBH (Croatia)	-7	-8	25	68	78	-21	66	45
OTP banka Srbija (Serbia)	249	317	-9	34	590	-231	-183	-414
Merkantil Bank + Car (Hungary)	6	1,742	-262	612	2,098	-1,005	426	-579

FINANCIALS UNDER THE METHODOLOGY APPLIED UNTIL 1Q 2011

CONSOLIDATED STATEMENT OF INCOME (UNDER THE METHODOLOGY APPLIED UNTIL 1Q 2011)

Main components of the Statement of recognized income in HUF million	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
Consolidated after tax profit	**69,759**	**74,476**	**7%**	**27,402**	**37,188**	**37,288**	**0%**	**36%**
Dividends and net cash transfers (after tax)	71	279	292%	92	331	-52	-116%	-156%
Goodwill impairment charges (after tax)	-15,001	0	-100%	-15,001	0	0		-100%
Special tax on financial institutions (after corporate income tax)	0	-14,483		0	-7,241	-7,242	0%	
Consolidated after tax profit without received dividends, net cash transfers, goodwill impairment charges and special financial institution taxes	**84,689**	**88,680**	**5%**	**42,310**	**44,098**	**44,582**	**1%**	**5%**
Before tax profit	**108,494**	**108,566**	**0%**	**54,295**	**51,281**	**57,286**	**12%**	**6%**
Operating profit	**259,160**	**211,754**	**-18%**	**149,849**	**97,339**	**114,415**	**18%**	**-24%**
Operating profit without one-offs	**219,666**	**214,907**	**-2%**	**110,355**	**105,527**	**109,380**	**4%**	**-1%**
Total income	**430,574**	**384,765**	**-11%**	**237,938**	**182,982**	**201,783**	**10%**	**-15%**
Total income without one-offs	**391,080**	**387,918**	**-1%**	**198,444**	**191,170**	**196,748**	**3%**	**-1%**
Net interest income (adj.)	**314,964**	**302,701**	**-4%**	**172,332**	**151,724**	**150,977**	**0%**	**-12%**
Net interest income without the revaluation result of FX swaps	**292,375**	**302,701**	**4%**	**149,743**	**151,724**	**150,977**	**0%**	**1%**
Net fees and commissions	**65,124**	**68,106**	**5%**	**33,983**	**32,731**	**35,374**	**8%**	**4%**
Other net non-interest income (adj.)	**50,486**	**13,959**	**-72%**	**31,624**	**-1,473**	**15,432**	**-1148%**	**-51%**
Other net non-interest income (adj.) without one-offs	**33,581**	**17,111**	**-49%**	**14,719**	**6,715**	**10,397**	**55%**	**-29%**
Foreign exchange result, net (adj.) including the effect of the revaluation of FX provisions	27,329	5,427	-80%	22,881	-3,651	9,078	-349%	-60%
Foreign exchange result, net (adj.) without one-offs	10,424	8,580	-18%	5,976	4,537	4,043	-11%	-32%
Gain/loss on securities, net (adj.)	12,783	2,830	-78%	3,088	516	2,314	349%	-25%
Net other non-interest result (adj.)	10,375	5,702	-45%	5,655	1,662	4,040	143%	-29%
Operating expenses	**-171,414**	**-173,011**	**1%**	**-88,089**	**-85,643**	**-87,368**	**2%**	**-1%**
Personnel expenses	-77,376	-77,969	1%	-39,070	-39,308	-38,660	-2%	-1%
Depreciation (adj.)	-23,482	-23,905	2%	-12,059	-11,740	-12,165	4%	1%
Other expenses (adj.)	-70,557	-71,137	1%	-36,960	-34,595	-36,542	6%	-1%
Total risk costs	**-150,666**	**-103,188**	**-32%**	**-95,554**	**-46,058**	**-57,130**	**24%**	**-40%**
Total risk costs without one-offs	**-142,650**	**-106,341**	**-25%**	**-87,538**	**-54,246**	**-52,095**	**-4%**	**-40%**
Provision for loan losses (adj.) including the effect of the revaluation of FX provisions	-150,594	-104,181	-31%	-96,105	-46,295	-57,886	25%	-40%
Provision for loan losses (adj.) without one-offs	-142,578	-107,334	-25%	-88,090	-54,483	-52,851	-3%	-40%
Other provision	-72	993		551	237	756	219%	37%
Corporate taxes	**-23,805**	**-19,886**	**-16%**	**-11,985**	**-7,183**	**-12,704**	**77%**	**6%**
INDICATORS (%)	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
ROA (adj.)	1.7%	1.8%	0.1%	1.7%	1.8%	1.8%	0.0%	0.1%
ROE (adj.)	13.6%	13.5%	-0.1%	13.2%	13.7%	13.6%	-0.2%	0.4%
Operating profit margin	5.24%	4.38%	-0.86%	6.10%	4.06%	4.73%	0.68%	-1.36%
Operating profit margin without one-offs	4.44%	4.45%	0.00%	4.49%	4.40%	4.53%	0.13%	0.04%
Total income margin	8.71%	7.96%	-0.75%	9.68%	7.63%	8.35%	0.72%	-1.33%
Total income margin without one-offs	7.91%	8.03%	0.12%	8.08%	7.97%	8.14%	0.17%	0.07%
Net interest margin (adj.)	6.37%	6.26%	-0.11%	7.01%	6.33%	6.25%	-0.08%	-0.77%
Net fee and commission margin	1.32%	1.41%	0.09%	1.38%	1.36%	1.46%	0.10%	0.08%

INDICATORS (%)	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
Net other non-interest income margin	1.02%	0.29%	-0.73%	1.29%	-0.06%	0.64%	0.70%	-0.65%
Net other non-interest income margin without one-offs	0.68%	0.35%	-0.33%	0.60%	0.28%	0.43%	0.15%	-0.17%
Cost-to-asset ratio	3.47%	3.58%	0.11%	3.58%	3.57%	3.62%	0.04%	0.03%
Cost/income ratio (adj.)	39.8%	45.0%	5.2%	37.0%	46.8%	43.3%	-3.5%	6.3%
Cost/income ratio (adj.) without one-offs	43.8%	44.6%	0.8%	44.4%	44.8%	44.4%	-0.4%	0.0%
Risk cost for loan losses-to-average gross loans (adj.)	4.24%	2.89%	-1.34%	5.38%	2.60%	3.30%	0.70%	-2.08%
Risk cost for loan losses-to-average gross loans (adj.) without one-offs	4.01%	2.98%	-1.03%	4.93%	3.06%	3.01%	-0.05%	-1.92%
Total risk cost-to-asset ratio	3.05%	2.13%	-0.91%	3.89%	1.92%	2.36%	0.44%	-1.52%
Total risk cost-to-asset ratio without one-offs	2.89%	2.20%	-0.69%	3.56%	2.26%	2.16%	-0.11%	-1.41%
Effective tax rate	21.9%	18.3%	-3.6%	22.1%	14.0%	22.2%	8.17%	0.10%
Non-interest income/total income	27%	21%	-6%	28%	17%	25%	8%	-2%
Non-interest income/total income without one-offs	25%	22%	-3%	25%	21%	23%	3%	-1%
EPS base (HUF) (from unadjusted net earnings)	262	278	6%	103	139	139	0%	35%
EPS diluted (HUF) (from unadjusted net earnings)	259	278	7%	102	139	139	0%	37%
EPS base (HUF) (from adjusted net earnings)	318	333	5%	159	165	167	1%	5%
EPS diluted (HUF) (from adjusted net earnings)	314	333	6%	157	165	167	1%	6%
Comprehensive Income Statement	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
Net comprehensive income	**133,892**	**46,174**	**-66%**	**70,416**	**10,812**	**35,362**	**227%**	**-50%**
Net profit attributable to equity holders	**69,698**	**74,014**	**6%**	**27,335**	**36,982**	**37,032**	**0%**	**35%**
Consolidated after tax profit	69,759	74,476	7%	27,402	37,188	37,288	0%	36%
(-) Net profit attributable to non-controlling interest	61	461	658%	66	205	256	25%	287%
Fair value adjustment of securities available-for-sale (recognised directly through equity)	**-5,760**	**13,277**	**-331%**	**-15,241**	**11,064**	**2,213**	**-80%**	**-115%**
Fair value adjustment of derivative financial instruments designated as cash-flow hedge	**213**	**237**	**11%**	**107**	**118**	**119**	**1%**	**11%**
Fair value adjustment of strategic open FX position hedging net investment in foreign operations	**-4,152**	**3,316**	**-180%**	**-5,196**	**3,660**	**-344**	**-109%**	**-93%**
Foreign currency translation difference	**73,893**	**-44,670**	**-160%**	**63,411**	**-41,012**	**-3,658**	**-91%**	**-106%**
One off items	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
Revaluation of FX provisions for FX loans at OTP Core (booked within Provision for loan losses)	-8,016	3,153	-139%	-8,016	8,188	-5,035	-161%	-37%
Revaluation result of open FX position hedging the revaluation of FX provisions at OTP Core (booked within Foreign exchange result, net)	8,016	-3,153	-139%	8,016	-8,188	5,035	-161%	-37%
Revaluation result of FX swaps at OTP Core (booked within net interest income)	22,589	0	-100%	22,589	0	0		-100%
FX-gain at OTP Core on hedging transactions related to the FX-loans' provisions at OTP Bank Ukraine (booked within foreign exchange gains, net)	8,889	0	-100%	8,889	0	0		-100%

OTP CORE – STATEMENT OF INCOME AND FINANCIAL INDICATORS (UNDER THE METHODOLOGY APPLIED UNTIL 1Q 2011)

Main components of the Statement of recognised income in HUF million	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
OTP CORE after-tax profit without the banking levy, dividends and net cash transfer	82,877	62,730	-24%	42,016	32,865	29,865	-9%	-29%
OTP CORE pre-tax profit	102,623	76,392	-26%	51,916	37,362	39,030	4%	-25%
Operating profit	170,647	119,755	-30%	102,852	52,681	67,075	27%	-35%
Operating profit without one-offs	131,153	122,908	-6%	63,358	60,868	62,040	2%	-2%
Total income	257,550	202,236	-21%	147,185	92,932	109,303	18%	-26%
Total income without one-offs	218,055	205,388	-6%	107,691	101,120	104,268	3%	-3%
Net interest income	179,549	160,200	-11%	102,886	80,475	79,724	-1%	-23%
Net interest income without one-offs	156,960	160,200	2%	80,297	80,475	79,724	-1%	-1%
Net fees and commissions	42,130	41,861	-1%	21,347	20,220	21,640	7%	1%
Other net non-interest income including the effect of the revaluation of FX provisions	35,870	175	-100%	22,952	-7,764	7,939	-202%	-65%
Other net non-interest income (adj.) without one-offs	18,965	3,328	-82%	6,048	424	2,904	585%	-52%
Operating expenses	-86,903	-82,480	-5%	-44,333	-40,252	-42,229	5%	-5%
Total risk costs	-68,024	-43,363	-36%	-50,936	-15,319	-28,044	83%	-45%
Total risk costs without one-offs	-60,008	-46,516	-22%	-42,920	-23,506	-23,009	-2%	-46%
Provisions for possible loan losses including the effect of the revaluation of FX provisions	-67,577	-46,385	-31%	-50,815	-16,137	-30,248	87%	-40%
Provision for loan losses without one-offs	-59,562	-49,538	-17%	-42,799	-24,325	-25,213	4%	-41%
Other provisions	-447	3,022	-777%	-121	819	2,204	169%	
Corporate income tax	-19,745	-13,662	-31%	-9,900	-4,497	-9,165	104%	-7%

Revenues by Business Lines								
RETAIL								
Total income	162,280	158,816	-2%	82,001	78,176	80,640	3%	-2%
Net interest income	121,887	120,672	-1%	61,051	59,747	60,926	2%	0%
Net fees and commissions	37,845	36,528	-3%	19,419	17,638	18,890	7%	-3%
Other net non-interest income	2,548	1,616	-37%	1,531	792	824	4%	-46%
CORPORATE								
Total income	18,624	19,048	2%	9,247	9,074	9,974	10%	8%
Net interest income	12,510	13,707	10%	6,205	6,542	7,165	10%	15%
Net fees and commissions	5,370	4,869	-9%	2,595	2,300	2,569	12%	-1%
Other net non-interest income	745	472	-37%	448	231	241	4%	-46%
Treasury ALM								
Total income	76,815	25,643	-67%	55,959	6,704	18,939	183%	-66%
Total income without one-offs	37,321	28,796	-23%	16,465	14,892	13,904	-7%	-16%
Net interest income	45,153	25,820	-43%	35,630	14,187	11,634	-18%	-67%
Net interest income without one-offs	22,564	25,820	14%	13,041	14,187	11,634	-18%	-11%
Net fees and commissions	655	453	-31%	488	77	376	385%	-23%
Other net non-interest income including the effect of the revaluation of FX provisions	31,007	-630	-102%	19,842	-7,561	6,930	-192%	-65%
Other net non-interest income without one-offs	14,102	2,522	-82%	2,937	627	1,895	202%	-35%
Indicators (%)	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
ROA	2.5%	1.9%	-0.6%	2.6%	2.0%	1.8%	-0.2%	-0.8%
ROE	16.0%	10.5%	-5.5%	15.8%	11.5%	9.7%	-1.8%	-6.1%
Total income margin	7.87%	6.15%	-1.72%	9.10%	5.75%	6.56%	0.80%	-2.54%
Total income margin without one-offs	6.66%	6.25%	-0.41%	6.66%	6.26%	6.25%	-0.01%	-0.40%
Net interest margin	5.48%	4.87%	-0.61%	6.36%	4.98%	4.78%	-0.20%	-1.58%
Net interest margin without one-offs	4.79%	4.87%	0.08%	4.96%	4.98%	4.78%	-0.20%	-0.18%
Cost of risk/average gross loans	4.04%	2.66%	-1.38%	6.02%	1.87%	3.53%	1.66%	-2.49%
Cost of risk/average gross loans without one-offs	3.56%	2.84%	-0.72%	5.07%	2.82%	2.95%	0.12%	-2.13%
Cost/income ratio	33.7%	40.8%	7.0%	30.1%	43.3%	38.6%	-4.7%	8.5%
Cost/income ratio without one-offs	39.9%	40.2%	0.3%	41.2%	39.8%	40.5%	0.7%	-0.7%
Effective tax rate	19.2%	17.9%	-1.4%	19.1%	12.0%	23.5%	11.4%	4.4%
One-off items								
Revaluation of FX provisions for FX loans at OTP Core (booked within Provision for possible loan losses)	-8,016	3,153	-139%	-8,016	8,188	-5,035	-161%	-37%
Revaluation result of open FX position hedging the revaluation of FX provisions at OTP Core (booked as Foreign exchange result within Other net non-interest income)	8,016	-3,153	-139%	8,016	-8,188	5,035	-161%	-37%
Revaluation result of FX swaps at OTP Core (booked within net interest income)	22,589	0	-100%	22,589	0	0		-100%
FX-gain at OTP Core on hedging transactions related to the FX-loans' provisions at OTP Bank Ukraine (booked within foreign exchange gains, net)	8,889	0	-100%	8,889	0	0		-100%

MERKANTIL GROUP (UNDER THE METHODOLOGY APPLIED UNTIL 1Q 2011):

Main components of P&L account in HUF mn	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
Operating profit	5,819	4,979	-14%	2,910	2,105	2,874	36%	-1%
Total income	8,306	8,067	-3%	4,224	3,618	4,449	23%	5%
Other net non-interest income	1,524	1,736	14%	878	305	1,431	369%	63%
Total risk costs	-6,788	-3,796	-44%	-4,274	-958	-2,838	196%	-34%
Provision for possible loan losses	-6,665	-3,662	-45%	-4,216	-896	-2,767	209%	-34%
Performance Indicators (%)	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
Total income margin	5.44%	6.09%	0.65%	5.63%	5.49%	7.16%	1.67%	1.53%
Net other income margin	1.00%	1.31%	0.31%	1.17%	0.46%	2.30%	1.84%	1.13%
Cost of risk/average gross loans	4.23%	2.48%	-1.75%	5.38%	1.24%	3.92%	2.68%	-1.46%
Cost/income ratio	29.9%	38.3%	8.3%	31.1%	41.8%	35.4%	-6.4%	4.3%

OTP BANK RUSSIA (UNDER THE METHODOLOGY APPLIED UNTIL 1Q 2011):

Main components of P&L account in HUF mn	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
Operating profit	20,973	33,283	59%	11,868	15,325	17,958	17%	51%
Total income	44,228	63,050	43%	23,779	30,598	32,452	6%	36%
Other net non-interest income	1,249	-966	-177%	941	-1,172	206	-118%	-78%
Total risk costs	-14,651	-10,872	-26%	-7,125	-5,094	-5,779	13%	-19%
Provision for possible loan losses	-15,194	-10,609	-30%	-7,737	-4,954	-5,655	14%	-27%

Performance Indicators (%)	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
Total income margin	13.75%	19.97%	6.23%	14.22%	19.06%	20.89%	1.83%	6.67%
Net other income margin	0.39%	-0.31%	-0.69%	0.56%	-0.73%	0.13%	0.86%	-0.43%
Cost of risk/average gross loans	7.48%	4.20%	-3.27%	7.34%	4.05%	4.56%	0.51%	-2.78%
Cost/income ratio	52.6%	47.2%	-5.4%	50.1%	49.9%	44.7%	-5.3%	-5.4%

OTP BANK UKRAINE (UNDER THE METHODOLOGY APPLIED UNTIL 1Q 2011):

Main components of P&L account in HUF mn	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
Operating profit	17,121	14,537	-15%	8,286	8,694	5,843	-33%	-29%
Total income	28,881	26,254	-9%	14,766	14,560	11,694	-20%	-21%
Other net non-interest income	-906	2,681	-396%	-757	2,157	524	-76%	-169%
Total risk costs	-16,022	-8,562	-47%	-7,388	-7,832	-730	-91%	-90%
Provision for possible loan losses	-15,423	-8,520	-45%	-6,985	-7695	-825	-89%	-88%
Performance Indicators (%)	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
Total income margin	7.51%	8.06%	0.55%	7.54%	8.70%	7.57%	-1.13%	0.03%
Net other income margin	-0.24%	0.82%	1.16%	-0.39%	1.29%	0.34%	-0.95%	0.73%
Cost of risk/average gross loans	4.34%	2.69%	-1.65%	3.86%	4.78%	0.55%	-4.23%	-3.31%
Cost/income ratio	40.7%	44.6%	3.9%	43.9%	40.3%	50.0%	9.8%	6.2%

OTP BANK ROMANIA (UNDER THE METHODOLOGY APPLIED UNTIL 1Q 2011):

Main components of P&L account in HUF mn	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
Operating profit	4,366	4,336	-1%	2,544	1,435	2,901	102%	14%
Total income	10,926	10,847	-1%	5,998	4,718	6,129	30%	2%
Other net non-interest income	1,516	821	-46%	1,223	365	455	25%	-63%
Total risk costs	-6,419	-2,852	-56%	-4,598	-1,278	-1,574	23%	-66%
Provision for possible loan losses	-6,367	-2,822	-56%	-4,550	-1,291	-1,531	19%	-66%
Performance Indicators (%)	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
Total income margin	5.69%	5.29%	-0.39%	6.17%	4.73%	6.25%	1.52%	0.08%
Net other income margin	0.79%	0.40%	-0.39%	1.26%	0.37%	0.46%	0.10%	-0.79%
Cost of risk/average gross loans	4.18%	1.72%	-2.46%	6.00%	1.64%	1.91%	0.27%	-4.09%
Cost/income ratio	60.0%	60.0%	0.0%	57.6%	69.6%	52.7%	-16.9%	-4.9%

OTP BANKA HRVATSKA (CROATIA) (UNDER THE METHODOLOGY APPLIED UNTIL 1Q 2011):

Main components of P&L account in HUF mn	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
Operating profit	2,750	3,657	33%	1,712	1,473	2,184	48%	28%
Total income	9,367	10,250	9%	5,012	4,830	5,420	12%	8%
Other net non-interest income	1,052	846	-20%	652	410	436	6%	-33%
Total risk costs	-1,279	-2,469	93%	-880	-1,171	-1,297	11%	47%
Provision for possible loan losses	-1,242	-2,602	109%	-854	-1,256	-1,346	7%	58%
Performance Indicators (%)	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
Total income margin	3.87%	4.41%	0.54%	4.17%	4.16%	4.78%	0.62%	0.61%
Net other income margin	0.43%	0.36%	-0.07%	0.54%	0.35%	0.38%	0.03%	-0.16%
Cost of risk/average gross loans	0.76%	1.61%	0.85%	1.04%	1.56%	1.70%	0.14%	0.66%
Cost/income ratio	70.6%	64.3%	-6.3%	65.8%	69.5%	59.7%	-9.8%	-6.2%

OTP BANKA SRBIJA (SERBIA) (UNDER THE METHODOLOGY APPLIED UNTIL 1Q 2011):

Main components of P&L account[1] in HUF mn	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
Operating profit	667	-725	-209%	426	-186	-538	189%	-226%
Total income	3,775	2,078	-45%	1,902	1,223	856	-30%	-55%
Other net non-interest income	1,435	611	-57%	755	513	99	-81%	-87%
Total risk costs	-2,086	-2,248	8%	-1,249	-1,272	-976	-23%	-22%
Provision for possible loan losses	-1,914	-2,338	22%	-1,154	-1,320	-1,017	-23%	-12%
Performance Indicators (%)	1H 2010	1H 2011	Y-o-Y	2Q 2010	1Q 2011	2Q 2011	Q-o-Q	Y-o-Y
Total income margin	6.07%	3.88%	-2.19%	6.25%	4.54%	3.35%	-1.19%	-2.90%
Net other income margin	2.31%	1.14%	-1.17%	2.48%	1.90%	0.39%	-1.52%	-2.10%
Cost of risk/average gross loans	4.17%	5.53%	1.36%	5.03%	6.27%	4.98%	-1.29%	-0.05%
Cost/income ratio	82.3%	134.9%	52.5%	77.6%	115.2%	162.9%	47.6%	85.3%

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