OTP Bank Plc.

Interim Management Report
First nine months 2010 result

(English translation of the original report submitted

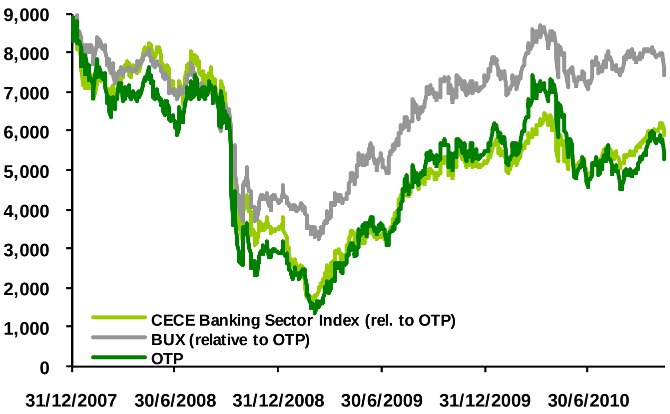
to the Budapest Stock Exchange)

Budapest, 19 November 2010

CONSOLIDATED FINANCIAL HIGHLIGHTS[1] AND SHARE DATA

Main components of the Statement of recognised income in HUF mn	9M 2009	9M 2010	Y-o-Y	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
Consolidated after tax profit	**129,922**	**100,700**	**-22%**	**45,899**	**27,402**	**30,941**	**13%**	**-33%**
Consolidated after tax profit without the result of strategic open FX position, consolidated dividend and net cash transfers, goodwill impairment charges and special financial institution taxes	**130,939**	**130,048**	**-1%**	**45,870**	**42,310**	**45,359**	**7%**	**-1%**
Pre-tax profit	147,419	155,836	6%	40,907	54,295	47,342	-13%	16%
Operating profit	330,180	359,923	9%	109,947	149,849	100,763	-33%	-8%
Total income	584,655	618,495	6%	191,943	237,938	187,920	-21%	-2%
Net interest income (adj.)	437,001	465,224	6%	137,754	172,332	150,260	-13%	9%
Net interest income without the revaluation result of FX swaps	*437,001*	*446,493*	*2%*	*137,754*	*149,743*	*154,118*	*3%*	*12%*
Net fees and commissions	98,458	99,121	1%	33,123	33,983	33,997	0%	3%
Total other non-interest income (adj.)	49,196	54,150	10%	21,066	31,624	3,663	-88%	-83%
Operating expenses (adj.)	-254,476	-258,571	2%	-81,996	-88,089	-87,157	-1%	6%
Provision for loan losses (adj.)	-167,529	-203,291	21%	-66,635	-96,105	-52,697	-45%	-21%
Other cost of risk	-15,231	-796	-95%	-2,405	551	-724	-231%	-70%
Main components of balance sheet closing balances in HUF mn	2009	3Q 2010	YTD	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
Total assets	9,755,132	9,975,685	2%	9,697,729	10,184,544	9,975,685	-2%	3%
Total customer loans and advances (gross)	**6,907,094**	**7,321,728**	**6%**	**6,874,374**	**7,573,082**	**7,321,728**	**-3%**	**7%**
Allowances for loan losses	-494,378	-700,758	42%	-420,918	-686,320	-700,758	2%	66%
Total customer deposits	**5,688,887**	**5,955,439**	**5%**	**5,517,376**	**5,981,036**	**5,955,439**	**0%**	**8%**
Issued securities	1,410,348	1,085,245	-23%	1,359,160	1,226,902	1,085,245	-12%	-20%
Subordinated loans	280,834	292,963	4%	276,604	301,281	292,963	-3%	6%
Total shareholders' equity	1,191,606	1,323,163	11%	1,171,348	1,322,650	1,323,163	0%	13%
Indicators %	9M 2009	9M 2010	Y-o-Y	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
ROA	1.8%	1.8%	-0.1%	1.9%	1.7%	1.8%	0.1%	-0.1%
ROE	15.6%	13.8%	-1.8%	15.9%	13.2%	13.6%	0.4%	-2.3%
Operating profit margin (adj.)	4.63%	4.88%	0.25%	4.54%	6.10%	3.97%	-2.13%	-0.58%
Total income margin (adj.)	8.20%	8.38%	0.18%	7.93%	9.68%	7.40%	-2.29%	-0.54%
Net interest margin (adj.)	6.13%	6.30%	0.18%	5.69%	7.01%	5.91%	-1.10%	0.22%
Net interest margin without the revaluation result of FX swaps	*6.13%*	*6.05%*	*-0.08%*	*5.69%*	*6.09%*	*6.07%*	*-0.03%*	*0.37%*
Cost-to-asset ratio	3.57%	3.50%	-0.06%	3.39%	3.58%	3.43%	-0.15%	0.04%
Cost/income ratio (adj.)	43.5%	41.8%	-1.7%	42.7%	37.0%	46.4%	9.4%	3.7%
Risk cost to average gross loans (adj.)	3.23%	3.86%	0.63%	3.81%	5.38%	2.84%	-2.54%	-0.98%
Total risk cost-to-asset ratio	2.56%	2.77%	0.20%	2.85%	3.89%	2.10%	-1.79%	-0.75%
Net loan/(deposit+retail bond) ratio	112%	106%	-6%	112%	110%	106%	-4%	-6%
Capital adequacy ratio (consolidated, IFRS)	16.9%	18.0%	1.1%	16.9%	17.3%	18.0%	0.7%	1.1%
Tier1 ratio (consolidated, IFRS)	13.2%	14.1%	0.9%	13.2%	13.0%	14.1%	1.1%	0.9%
Core Tier1 ratio (consolidated, IFRS)	11.5%	12.6%	1.1%	11.5%	11.4%	12.6%	1.1%	1.1%
Leverage (Shareholder's Equity/Total Assets)	12.1%	13.3%	1.2%	12.1%	13.0%	13.3%	0.3%	1.2%
Share Data	9M 2009	9M 2010	Y-o-Y	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
EPS diluted (HUF) (from unadjusted net earnings)	497	373	-25%	171	102	114	12%	-33%
Closing price (HUF)	5,252	5,320	1%	5,252	4,765	5,320	12%	1%
High (HUF)	5,465	7,400	35%	5,465	7,320	5,640	-23%	3%
Low (HUF)	1,355	4,500	232%	3,086	4,560	4,500	-1%	46%
Market Capitalization (EUR billion)	5.4	5.4	-1%	5.4	4.7	5.4	15%	-1%
P/BV	1.2	1.1	-9%	1.3	1.0	1.1	12%	-10%
P/E (trailing, from adjusted net earnings)	8.4	9.9	18%	8.4	8.8	9.9	12%	18%
Average daily turnover (EUR million)	51	59	15%	65	73	42	-42%	-35%
Average daily turnover (million share)	4.6	2.8	-39%	4.0	3.4	2.4	-31%	-41%

SHARE PRICE PERFORMANCE (INDEXED)



MOODY'S RATINGS

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

STANDARD & POOR'S RATING

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

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

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

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

Methodological note: calculation of the financials of OTP Core (Hungarian core business) and Corporate Centre has changed from 3Q 2010 on. According to the refined methodology, neither the aggregated net profit of the two entities, nor the consolidated financials for OTP Group is changed, only the profit allocation between the two entities, particular items of the balance sheet and some indices are modified. The note describing the methodological change is available in the 'Supplementary Data' section of OTP Bank's Half-year Financial Report published on 12 August 2010. The data set under the old methodology is published in the 'Supplementary Data' section of this report too and also available on the website of the Bank (www.otpbank.hu / Investor Relations / Reports / BSE Reports, interim management reports). Tables and analysis in the main text of the report only contain financials calculated according to the refined methodology.

SUMMARY OF THE FIRST NINE MONTHS 2010

Hungary: accelerating growth, government commitment to a disciplined budget, appreciating HUF by the end of the period, stable debt refinancing

In 3Q 2010 economic growth accelerated: GDP grew by 1.6% y-o-y (the annualized q-o-q growth was 3.2%). Other positive momentums were the moderating unemployment, a 50K surge in employment and a strong surplus of the trade balance. The key engine behind the growth was the net export, however both the household consumption and investments have already bottomed out and the retail turnover even increased. Lower tax rates from 2011 will probably result in an average 5% growth in households' disposable income and they may induce a higher local consumption by an appr. 2%. Those factors coupled with the improving employment and the fairly positive economic outlook for Hungary's key trade partners may result in a 2011 GDP growth close to 3%.

It was also positive that the government communication became straightforward as to its strong commitment towards 2010 and 2011 deficit targets. In other words, due to measures taken already in 2010 the deficit is forecast to be 3.8% and less than 3% in 2011 and onward even without structural reforms.

Furthermore, on 15 November the Prime Minister and the Ministry of National Economy announced that they will initiate structural changes in the pension, health care and education systems and will address the public bureaucracy and transportation, as well. As a result, not only the 2011 budget deficit target seems to be achievable without risk, but in longer-term horizon the Hungarian economy will be set for an improving fiscal and rapidly declining public debt track.

In the previous quarters there was a significant volatility of HUF experienced; it was mainly the case against CHF and USD, whereas the EUR/HUF rate remained relatively stable. The HUF rates to a great extend followed the moves of EUR against the major currencies. Given the growing investors' concern about the Eurozone, the common currency was under pressure for most of the time. The HUF rates reflected those cross currency moves. In 3Q the average CHF/HUF rate depreciated by 9% and by 3% against the EUR respectively. However, on the back of the improving macro indicators and the straightforward government communication the HUF regained strength by the end of September, while in October it even pierced the CHF/HUF 200 levels and since then have been hovering there.

From the financial stability perspective of Hungary the safe and stable refinancing of its public debt was crucial, too. Despite the temporary widening of sovereign risk premium, the Government Debt Management Agency (GDMA) succeeded to sell government bonds well above the planned volumes. Local auctions were well-bid and at average 2.6 times oversubscribed. Benchmark yields moved higher on the short end by 0-25 bps, but tightened on the long-end by 70-90 bps.

The Central Bank left the policy rate unchanged: the base rate stands at 5.25% since April 2010.

Improving operating environment in the Ukraine, worsening outlook for Romania, stabilizing conditions in Montenegro

There were no major changes in local economies within OTP Group; trends remained the same observed in the previous quarters. The 2010

Russian GDP growth is expected to be around 3.5%. Markets remained very bullish on the country which strengthened the RUB, unemployment dropped to pre-crisis levels and retail sales started showing some revitalization. In the Ukraine the president managed to further strengthen his position, the stable internal political climate supports investor sentiment, the sovereign returned to international capital markets after 3 years of silence, the foreign direct investment (FDI) flows keep growing and in August-September the corporate lending showed signs of recovery. Bulgaria is still facing the negative impact of the crisis, the recovery seems to be slow and GDP growth will remain in the negative territory this year, but slightly growing in 2011. With the loan demand being dull delinquency is still on a rising path. As expected, the Romanian macroeconomic situation remained bleak, the budget deficit is going to exceed the originally targeted 6.8% level piercing 7% in 2010. The political situation is fairly unstable, the Government is under constant pressure from the Parliament and the public because of the restrictive measures. The bad loan ratio is growing all across the banking sector; one can hardly expect any turnaround before 2H 2011. The International Monetary Fund (IMF) agreement in place, however secures the debt refinancing of the country.

Slovakia is back on the growth path again, the industry benefits a lot from the strong German recovery. However, the ballooning fiscal deficit requires tough measures from the government which will put a temporary break on retail demand.

Developments in Croatia, Serbia and Montenegro were pretty much in line with earlier expectations: the tourism season turned to be highly successful in Croatia, and after economic contraction in previous quarters stabilization is pronounced in Serbia and Montenegro. Serbia has an IMF agreement, and so far the country has utilized half of the EUR 3 billion facility; Montenegro successfully tested the international bond markets in July with a debut issue.

Consolidated P&L trends

Incorporating the negative impact of the banking tax OTP Group posted HUF 31 billion after tax profit in 3Q, the adjusted net earnings would be HUF 45.4 billion, one of the best quarterly results since the beginning of the crisis. Apart from the absolute level of earnings the significant profit contribution of foreign subsidiaries was another positive development. It represented 38% of the total and non-Hungarian operations successfully offset the negative impact of the Hungarian banking tax and the decline in OTP Core results.

According to the management expectation and forecasts 2010 overall performance to a large extent will depend on risk cost developments. Following an average provisioning in 1Q, all-time high risk costs were required in 2Q, however in 3Q DPD90+ formation moderated a lot putting downward pressure on risk costs. Another important factor to be considered is that in 2009 portfolio deterioration was mainly the consequence of worsening macroeconomic conditions and growing unemployment. In 2010, however, those were the FX-rates having the largest impact on portfolio quality development and risk cost volumes. That can be observed in case of the Hungarian mortgage loan book, where the current quality worsening is closely linked to the extreme volatility of HUF against CHF, and also in case of Romania, where both the dismal macro and the weakening RON took their toll.

Q-o-q growing again, y-o-y stagnating loan portfolio, further improving net loan-to-deposit ratio

Significant FX-moves had a great impact on volume developments. The end of September closing HUF rates against EUR, CHF and USD were as follows: 277.33; 208.24 and 203.43 reflecting a 3%, 4% and 13% HUF strengthening y-o-y. That would explain to a large extent the 3% quarterly decline of the loan book. The y-o-y growth was 7%. Simultaneously deposit volumes remained flat q-o-q (as a result of changing pricing policy), but expanded by 8% y-o-y. FX-adjusted volumes will provide a more realistic picture on balance sheet developments: loan volumes were flat y-o-y but started to increase again q-o-q (+1%). Deposits grew by 5% and 2% respectively in the corresponding periods.

The consolidated net loan-to-deposit ratio (106%) improved both on yearly and quarterly bases by 12% and 2% respectively (adjusted for technical factors). The most significant improvement was captured in the Ukraine (-112%-points), Romania (-54%-points) and Montenegro (-52%-points). Parallel with the improving liquidity positions, several subsidiaries paid back interbank facilities to OTP Core boosting liquidity reserves on one hand and at the same time improving their interest income through investing the excess liquidity into high-yield assets.

Given that the liquidity reserves were well above the optimal level and funding conditions were quite volatile, the international wholesale activity of OTP Bank remained fairly subdued. YTD there were only two market transactions demonstrating rather the Bank's presence than its actual funding needs. In February OTP printed CHF 100 million senior bonds and in July the Bank successfully tapped the syndicated loan market with a EUR 250 million deal. During the year OTP did not refinance any of its maturing obligations, but paid them back using its liquidity reserves. In Hungary OTP Bank continued its well-received retail targeted HUF short term bond programme; the underlying volumes reached HUF 276 billion (approx. EUR 1 billion) by the end of September.

Important to note, that the Bank's maturity profile is very healthy: for the rest of the year total repayments due (bonds and loans) represent about EUR 600 million. That can be easily covered from the robust liquidity reserves of OTP Bank.

Strong operating performance, stable net interest income and net interest margins, declining risk costs

For the first nine months OTP Group achieved an improving operating result, being by 9% higher than in the base period of 2009. The quarterly decline of 33% is related to the drop of one-offs. The adjusted[2] 3Q operating result of HUF 110 billion is in line with the previous quarters. The net interest income (NII) performance (adjusted by the revaluation results of FX swaps) was strong, improving y-o-y and q-o-q (+2% and +3% respectively). Net fees and commission income came out flat. The adjusted 3Q net interest margin (NIM) (6.07%) was the practically the same as in 2Q, while the 9M net interest margin (6.05%) declined by 8 bps. The resilient net interest income was supported by the weaker HUF, but improving deposit margins and the further increasing Russian NIMs also played important roles. Other non-interest revenues fell short of 2Q results and demonstrated a 90% q-o-q decline due to the absence of significant one-offs, however advanced by 10% y-o-y. As a result of a stringent cost control operating expenses in nominal terms grew only slightly despite high underlying CPIs across the Group, but moderated by 1% q-o-q. Thus, the efficiency further improved, 9M cost income ratio (CIR) stood at 41.8% (-1.7%-points y-o-y)

As expected, in 2010 out of all factors, that is the risk costs development having the greatest impact on after tax profit. Despite the improving macro conditions in all countries, but Romania, the weakening HUF led to portfolio quality deterioration which resulted in HUF 204 billion 9M risk provisions (+12% y-o-y), though 3Q risk cost volumes dropped sharply, by 44%. Still, the Bank managed to keep DPD 90+ coverage at a safe level of 73.4%.

The nine months after tax results of the Group amounted to HUF 101 billion (-22% y-o-y), already incorporating the negative impact of the imposed banking tax (HUF 14.7 billion net). The net earnings in 3Q were HUF 31 billion (+13% q-o-q).

The consolidated loan book development on one hand was influenced by sluggish borrowing demand, and by significant FX-moves on the other. The FX-adjusted loan portfolio stagnated y-o-y, with the exception of the steady growth in Russia, where FX-adjusted lending volumes advanced by a remarkable 20% y-o-y. In other markets retail demand shows sporadic growth. In 3Q consolidated loan volumes grew again.

DPD90+ ratio further increased (2Q: 12.4%; 3Q: 13.2%), however the speed of deterioration moderated (3Q FX-adjusted DPD90+ formation was HUF 77 billion versus HUF 123 billion in 2Q). Despite the significant drop in risk cost, the DPD90+ coverage remained stable (73.4%).

As for the overall risk costs for 2010, their volumes will depend on the relative strength of HUF against CHF. In that respect it is crucial that rates should stabilize around 200 CHF/HUF levels observed since late October.

Outstanding consolidated and stand alone capital adequacy ratio

OTP Group's IFRS capital adequacy ratio (CAR) improved by 1.1%-points y-o-y reaching 18,0% by the end of September 2010. Its Tier1 ratio grew to 14.1% (+0.9%-points y-o-y). Both levels exceed significantly those of for the competitors.

The unconsolidated HAS-based stand-alone CAR of the Bank reached 17.8%, showing an increase on a quarterly and a yearly basis as well (+1.4%-points q-o-q, +0.6%-points y-o-y).

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

With a 3Q net results of HUF 28.6 billion OTP Core realized HUF 111.5 billion in 1-9 months of 2010, by 24% less than a year ago.

The strong income stream (+4%) being also supported by several one-offs and coupled with heavily controlled operating costs (-2%) resulted in an outstanding HUF 226.8 billion operating profit. That made possible the creation of a huge, HUF 96.2 billion provisioning buffer elevating the DPD90+ coverage to 78.2% (+6.1%-points y-o-y and +0.5%-points q-o-q).

The 9M net earnings decline is mainly linked to the 92%-point increase in risk costs, whereas the 3Q drop (-32% q-o-q) was related to three factors: the Core earnings missed HUF 33 billion one-off gain realized in 2Q, though risk costs also declined by HUF 23 billion. Furthermore, due to the tax shield effect, there was a significant q-o-q reduction in corporate income tax. Due to the significant appreciation of the HUF in 3Q, HUF 31.3 billion loss was made on subsidiary investments, which resulted in a HUF 6.0 billion tax savings for OTP Bank under the Hungarian Accounting Standards. Under IFRS however, only the tax effect is accounted, but not the

[2] Operating income adjusted by one-off items (in HUF billion) 1Q 2010: 109, 2Q: 110, 3Q: 111. One-off items: fair value adjustment result on FX swaps (2Q: +22 3Q: -4), foreign exchange gain on FX hedging transactions related to the FX-loans provisions at OTP Bank Ukraine (2Q: +9), FX result from revaluation of the open position, which is held by OTP Core for hedging purposes to offset the revaluation results of FX provisions related to its FX loan portfolio (2Q: +8, 3Q: -6).

revaluation loss (subsidiary investments are recorded in the books at entry cost).

Within income, net interest income advanced by 6% y-o-y, due to the positive effect of FVA gains on FX swaps. Adjusted 9M NII would show a 1% decline y-o-y. The adjusted NIMs slightly dropped q-o-q (2010 3Q: 4.93%, -4 bps q-o-q).

Net fee and commission dropped by 6% both on yearly and quarterly base. Other non-interest income grew by 4% supported by gains on the trading Government securities portfolio; FX-gains were fine, too. This line, however showed a fairly big drop q-o-q (2010 2Q: HUF 23 billion, 2010 3Q: HUF 0.2 billion) due to the change in one-offs. Those items in 2Q represented HUF 18.5 billion gain, but turned into HUF 4.7 billion loss in 3Q (HUF 5.9 billion loss from the revaluation of open position held to hedge revaluation results of FX provisions at OTP Core and HUF 1.2 billion securities gain).

Stringent cost management underpinned by operating expenses dropping by 2% y-o-y despite the average 5.1% underlying CPI; costs diminished by further 2% in 3Q.

The loan volumes adjusted for technical effects advanced by 2% y-o-y and by 1% q-o-q respectively. The adjusted SME and corporate book grew by 8% and 4% respectively. Despite increasing new origination and improving market shares, personal loan volumes still declined. The same trend is valid for mortgage volumes: there was a 2% y-o-y decline and a q-o-q stagnation. However, it was highly positive that OTP's market share kept gradually growing within new flows and by the end of September it reached 32.7%. Another positive factor is that lending volumes are steadily growing: 9M origination amounted to HUF 72 billion representing a 49% y-o-y growth. In 3Q alone, the Bank originated HUF 30 billion mortgages. Since OTP Bank suspended the FX lending from 1 July 2010, 3Q origination was practically 100% in HUF.

The loan book quality further deteriorated: FX-adjusted new DPD90+ volumes represented HUF 35 billion versus HUF 37 billion in 2Q. DPD90+ ratio increased from 9.1% to 10.0% (+0.9% q-o-q), the worsening hit first of all the retail portfolio. By the end of 3Q 5.9% of the retail book has been restructured under the Debtor Protection Scheme launched in 2H 2009, but the speed of restructuring moderated (+0.1%-point q-o-q versus +0.7%-points in 2Q 2010).

FX-adjusted deposit volumes advanced y-o-y and q-o-q (+4% and +3% respectively). Especially the corporate sector excelled itself (+15% and 10% respectively) mitigating the negative impact of expiring retail promotional deposit volumes and the reduction in deposit rates. Also, parallel with the declining interest rate environment alternative saving forms are gaining further ground.

Amongst the Hungarian subsidiaries Merkantil Group posted a tiny positive 3Q result of HUF 63 million, thus the 9M loss moderated to HUF 0.9 billion. The decline of the income on a yearly basis was driven by the decrease of net interest income. The loan portfolio further deteriorated, DPD90+ reached 15.5%, and its coverage was 84.3%.

OTP Fund Management improved its 9M net earnings substantially (HUF 5.9 billion; +60% y-o-y), retail asset management fees advanced by a remarkable 50%. Total assets under management increased sharply (+20% y-o-y) and reached HUF 2,185 billion. The Company's market position improved again (3Q 2010: 34.1%; +1.3%-points q-o-q).

Positive profit contribution again from foreign subsidiaries: profit in Russia and in the Ukraine well exceeded any expectation, stable Bulgarian and Croatian performance, stabilizing results in Slovakia, Serbia and Montenegro, increasing losses in Romania as the economy further deteriorated

In Russia, POS lending has been growing for more than a year, due to record origination in August and September (origination was up by 61% q-o-q) POS volumes advanced. Parallel with it credit card loans origination and utilization as well as personal loans distribution grew further. The corporate book is still declining, though September showed a weak recovery on a monthly basis. Due to the outstanding profitability of POS and credit card loans the Russian NIM improved and reached 14.1% in 3Q.

Deposit volumes also grew nicely, but as a result of the management's pricing measures their volume growth fell short of the loan portfolio, thus the net loan-to-deposit ratio started increasing again (went up from 96% to 109% q-o-q). It is also remarkable, that out of the big markets, Russia is the first one where DPD 90+ ratio has started declining (9M: 16.1%; -0.6%-points q-o-q), all major retail portfolio elements improved. The coverage remained ample (83.1%) and commensurate with the portfolio's risk profile. As a result of improving operating profit and declining risk costs in 3Q OTP Russia realized record high HUF 8.7 billion after tax profit (+141% q-o-q), bringing 9M net results to HUF 13.5 billion, almost a ten-fold increase y-o-y. In line with growing business activity operating expenses increased, as well, but were kept under strict control, thus efficiency improved significantly both on yearly and quarterly levels.

OTP Bank Ukraine captured a net result of HUF 5.0 billion, five times higher than in 2Q and 9M results exceeded HUF 6 billion. While the portfolio quality further deteriorated (9M DPD90+: 28.8%), its speed slowed down a lot (+1.5%-points q-o-q). The rate of loan volume decline moderated due to the increase of the corporate volumes in August and September.

The negative impact of NIM and NII decrease was offset by improving net fees and commissions (NF&C) and other non interest income, thus the operating profit could also improve q-o-q. The CIR declined by 3.4% q-o-q and stood at 40.5% representing one of the most efficient operations within the Group. FX-adjusted loan volumes dropped by 11% y-o-y (-1% q-o-q), but corporate volumes advanced for the first time since the crisis (+4% q-o-q). Due to the successful deposit collection FX-adjusted volumes advanced by 11% y-o-y and the FX-adjusted net loan-to-deposit ratio improved by 112%-points. The ratio of restructured loans within the retail book reached 41.3% by the end of 3Q 2010 (+0.8%-point q-o-q).

DSK Bank posted again a balanced 9M net result. While first nine months after tax profit of HUF 14.5 billion fell short of 2009 corresponding period by 17%, that was the mixed effect of the stronger forint and higher risk costs. At the same time DSK managed to retain its strong income generating capability coupled with stringent cost control. In 3Q after tax profit increased by 14%, within that net interest income advanced nicely (+9%), the quarterly net interest margin grew by 36 bps. DSK's operating efficiency is still outstanding, its 9M CIR stood at 36%. The FX-adjusted loan portfolio stagnated, while deposit base increased by 1%; the net loan-to-deposit ratio of 116% further improved. Portfolio quality deteriorated, DPD90+ grew by 1.2% q-o-q and reached 10.7%. The provision coverage of problem loans was 75.2%, still above the Group average.

The Croatian subsidiary realized a 9M after tax profit of HUF 1.7 billion. The significant y-o-y 33% decrease was mainly the result of the substantial increase in risk costs. The loan portfolio further deteriorated (DPD90+: 13.7%). The bank has got a very stable liquidity position; its net loan-to-deposit ratio (3Q 2010: 84%) – together with CKB, Montenegro – was the lowest in the Group.

In Romania the 9M cumulative loss amounted to HUF 4.2 billion as risk costs almost trebled. Such a negative development could not be offset by the excellent operating profit (+36% y-o-y). Despite the significant deterioration of the loan portfolio – in 2Q mainly caused by the corporate exposures while in 3Q by mortgage loans – the DPD90+ 9.6% level is still better than the Group average. As a result of the rapid deposit growth the net loan-to-deposit ratio dropped by 32%-points y-o-y and reached 287%. The bleak macroeconomic environment increases the risk of higher impairments in the coming quarters, but the management keeps trying to mitigate that with stringent cost control and further staff rationalization.

Since the beginning of the crisis the Slovakian operation achieved its first profitable quarter (HUF 0.2 billion), still 9M results remained in red (-HUF 0.8 billion). Operating profit advanced nicely (+26% y-o-y and 25% q-o-q), within that NII grew steadily (+11% and 10% respectively). The DPD90+ loan volumes dropped and the DPD90+ ratio improved q-o-q (DPD90+ ratio: 10.1%); risk costs already declined q-o-q. The Bank managed to improve its NIM (+40 bps q-o-q) and CIR (3Q: 70.1%). The net loan-to-deposit ratio slightly increased on a quarterly basis (3Q: 103%).

The Serbian operation remained in red: 9M losses amounted to HUF 3.4 billion. The decline in revenues was mitigated by severe cost cutting measures, as a result 9M operating profit improved. The overall loss was the result of more than trebling risk costs. At the end of September DPD90+ ratio reached 42.6%, the highest across the Group.

In Montenegro, there are signs of stabilization: after several consecutive loss making quarters since 2H 2009, in 3Q CKB realized HUF 1 billion profits. Thus, 1-9M losses in 2010 moderated to HUF 12 billion. The core banking revenues increased q-o-q, net interest margin improved by 25 bps q-o-q. DPD90+ loan volumes dropped, as well as risk costs. Still, the overall coverage of DPD90+ grew remarkably (2010 9M: 81.4%, +10.9%-points q-o-q) and the cost efficiency also improved by 17.4%-points.

Overall, in 3Q the profit contribution of foreign subsidiaries represented 38% of total net earnings and reached HUF 17.4 billion (1Q: -HUF1.6 billion; 2Q: -HUF1.2 billion), thus their 9M contribution amounted to HUF 14.5 billion (11%).

OTP Group's branch network comprised 1,495 units by the end of September 2010. (-43 branches y-o-y, -12 q-o-q). The largest scale rationalization y-o-y took place in Ukraine (-28), but other subsidiaries also went through a meaningful rationalization. By the end of September the number of employees exceeded 30 thousands. In 2010 substantial staff reduction was completed in Russia, Ukraine, Montenegro and at several smaller Hungarian subsidiaries.

Credit ratings, ownership structure

The current credit ratings of the Bank (Moody's: "Baa1", negative outlook; S&P: "BB+", stable outlook). After the Hungarian Government suspended its talks with the IMF, Moody's put the sovereign rating on Negative Credit Watch in July hinting at a potential downgrade. Simultaneously, OTP Bank's and OTP Mortgage Bank debt rating, as well as OTP Mortgage Bank's covered bond rating were all put on Negative Credit Watch. There was no rating change at other group members.

There was no major change within the ownership structure of the Bank. There are still three investors with a stake above 5%, namely: the Rahimkulov family (9.02%), MOL (8.57%) and Groupama (8.31%).

POST BALANCE SHEET EVENTS

Hungary

- On 25 October, the Parliament approved Fidesz's proposals on modifying certain financial laws in order to support distressed housing loan borrowers. Only housing loan and flat lease contracts of private individuals are subject to the new regulation. The Parliament asked for urgent annunciation of the law from the President, as a result some measures may take effect in late November, while others may come into force in the middle of December. The approved propositions are as follows:

  Obligatory use of mid-exchange rates

  With respect to foreign currency denominated housing loans, when the outstanding principal of the loan, the instalments or any other fees and commissions are converted into domestic currency, the financial institutions are obliged to use the mid exchange rate of the local currency. The used mid rate can be either theirs or that of the National Bank of Hungary.

  Restriction of unilateral amendment of contracts

  Unilateral amendment of housing loan contracts to the detriment of the clients is forbidden. All such modifications are called off except for interest rate changes in special cases regulated by a government decree. Such cases include: change in the base rate, the refinancing interest rates, money market indexes, term deposit interest rates or changes in the regulatory environment or credit risk.

  Restriction on charging extra fees

  In case a housing loan contract is terminated due to delinquency, financial institutions are prohibited from charging any late or penalty interests, -fees or – charges after the 90th day past termination of the contract. The regulation still allows financial institutions to claim the remaining amount of the debt and to charge any preconcerted interests, fees and costs laid down in the client contract.

  Limiting prepayment fees

  Prepayment fees must not exceed 1% of the prepaid amount (1.5% for mortgage bond funded loans) except when the prepayment is financed with a loan from another financial institution (loan refinancing).

  Permission on free pre– and repayment in certain cases

  Free prepayment and final repayment is permitted in two cases. On the one hand: if the outstanding debt does not exceed one million forints, and there were no prepayments in the previous 12 months. Furthermore, if 24 months have already elapsed since origination and the client initiates repayment or prepayment for the first time, except when the prepayment is financed by another financial institution (loan refinancing), or the prepaid amount exceeds 50% of the total loan amount as stipulated in the loan contract.

  Free of charge prolongation in certain cases

  Banks are prohibited from charging any fees, commissions or costs for lengthening the maturity of a housing loan contract, in case no prolongation took place in the previous five years.
- On 25 October 2010, the Parliament approved two laws governing the pension scheme. Until end 2011, contributions of the employees to the private pension funds will be suspended. Paralelly the contribution to the first pillar of the pension system (operating on a pay as you go basis) is raised from 1.5% to 9.5% of gross wages. Furthermore the right will be granted to private pension fund clients to return to the first pillar.
- On 22 October 2010 the Board of Directors of OTP Bank decided on setting up a Property, Agriculture and SME Financing Division within the Bank. Mr. Dániel Gyuris as a new deputy CEO of the Bank was appointed to run the new division from 1 November 2010. Mr. Gyuris is an agricultural engineer, certificated economist who started his professional career as an agricultural engineer and joined the financial sector in 1989 running lending activities in top positions. From 1999 he became the CEO of FHB Land Credit and Mortgage Bank Plc. and later of the whole banking group. Simultaneously Mr. Dániel Gyuris will resume his duties as Chairman and CEO of OTP Mortgage Bank Ltd. as well as of OTP Building Society Ltd.
- On 3 November, Standard & Poor's Ratings Services affirmed Hungary's "BBB-/A-3" sovereign credit ratings, maintaining a negative outlook.
- On 16 November the Parliament amended the banking tax, however its calculated impact won't be material for OTP Bank.

Bulgaria

- The economy expanded 0.2% from a year earlier in the third quarter, this was the first annual increase after six quarters of decline. The IMF forecasts the Bulgarian GDP to grow by 0.4% in 2010 and 2.5% in 2011.
- On 11 November the Parliament approved in a preliminary vote the 2011 budget plan. The targeted deficit of 2.5% is below the 3% threshold set by the European Commission.

Ukraine

- On 11 October Moody's raised the outlook on Ukraine's "B2" sovereign credit rating from negative to stable.
- In between 3-15 November 2010 IMF delegation hold discussions with the authorities on the first review under the Stand-By Arrangement. The SDR 10 billion (approx. USD 15.8 billion) Stand-By Arrangement has been concluded on 29 July 2010 to support the economic adjustment measures and reform programme of the government.
- The International Monetary Fund said in a statement on 16 November that the endorsement by the IMF mission cleared the way for releasing the next payment to the country. The IMF board will make a final decision on the loan payment by the end of the year. Ukraine has pledged to cut its budget deficit to 3.5% of GDP in 2011 from 5.5% in 2010.

Romania

- On 27 October the Romanian Prime Minister survived a no-confidence vote in parliament for the second time in four months as his coalition government maintained unity.
- On 1 November 2010 on the 6th review under the Stand-By Arrangement provided by IMF a staff level agreement has been reached about the availability of the seventh disbursement, EUR 0.9 billion (SDR 769 million).
- On 10 November Romania's Senate approved a pension law critical for future disbursements from the IMF loan. The IMF said on 1 November that this law must be approved by the end of the year in order to release the next tranche. The parliament where the government has a majority will vote on the law again. If the lower house approves it, the president must subsequently sign the law.
- The Bank received a capital injection of RON 80 million, which was registered by the Romanian Court of Registration on 16 November 2010. Accordingly the statutory capital of OTP Bank Romania increased from RON 462,909,120 to RON 542,909,040.

Serbia

- Between 21 October 2010 and 4 November 2010 IMF hold discussions with the Serbian authorities on the sixth review under the IMF Stand-By Arrangement. Parties agreed that further discussions will be held to conclude the negotiations with a staff level agreement at the earliest possible. Ytd EUR 1.45 billion is the total amount of disbursements from the EUR 2.9 billion stand-by facility.
- On 11 November 2010 Fitch Ratings has revised Serbia's outlooks to stable from negative. Its ratings have been affirmed at "BB-".

Slovakia

- On 6 October the government approved a 2011 budget draft which sets the limit for the deficit at 4.9% of GDP, compared with an expected shortfall of 7.8% in 2010.

Croatia

- European Commission President Jose Barroso told on 25 October that Croatia has a chance to bring to a conclusion its European Union entry negotiations in 2011, but many challenges remain and a precise entry date cannot be set. At the same time, Croatian Prime Minister reiterated the countries' commitment and determination to join the bloc.
- The government submitted the budget proposal with a budget deficit of 4.3%. The cabinet expects economy to expand by 1.5% in 2011.

CONSOLIDATED AFTER TAX PROFIT BREAKDOWN BY SUBSIDIARIES (IFRS)[3]

in HUF million	9M 2009	9M 2010	Y-o-Y	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
Consolidated after tax profit	**129,922**	**100,700**	**-22%**	**45,899**	**27,402**	**30,941**	**13%**	**-33%**
Profit of the strategic short position[1] (after tax)	-1,912	0	-100%	0	0	0		
Dividend and total net cash transfers (consolidated)	894	374	-58%	29	92	303	229%	935%
Goodwill impairment charges (after tax)[2]	0	-15,001		0	-15,001	0	-100%	
Special tax on financial institutions (after corporate income tax)	0	-14,722	0%	0	0	-14,722	0%	0%
Consolidated after tax profit without the result of strategic open FX position, consolidated dividend and net cash transfers, goodwill impairment charges and special financial institution taxes	**130,939**	**130,048**	**-1%**	**45,870**	**42,310**	**45,359**	**7%**	**-1%**
Banks total without one-off items[3]	127,102	123,593	-3%	46,851	41,577	41,904	1%	-11%
OTP CORE (Hungary)	145,983	111,458	-24%	63,140	42,016	28,581	-32%	-55%
Corporate Centre[4] (after tax)	-11,222	-3,187	-72%	-4,269	-181	-3,271		-23%
OTP Bank Russia	1,354	13,510	898%	1,136	3,613	8,696	141%	666%
OTP Bank JSC (Ukraine)	-29,227	6,066	-121%	-19,161	963	4,959	415%	-126%
DSK Bank (Bulgaria)[5]	17,519	14,511	-17%	5,571	4,661	5,292	14%	-5%
OBR adj. (Romania)	752	-4,197	-658%	191	-2,055	-2,142	4%	
OTP banka Srbija (Serbia)	-1,070	-3,355	213%	-946	-824	-1,935	135%	104%
OBH (Croatia)	2,552	1,716	-33%	632	662	547	-17%	-14%
OBS (Slovakia)	-1,019	-826	-19%	-488	-817	172	-121%	-135%
OBS, adj.	-776	-826	6%	-495	-817	172	-121%	-135%
OBS one-off items[6]	-243	-	-100%	7	-	-		-100%
CKB (Montenegro)	1,237	-12,103		1,053	-6,462	1,005	-116%	-4%
Leasing	9	-1,727		-356	-2,147	744	-135%	-309%
Merkantil Bank + Car, adj. (Hungary)[7]	-3	-907		-356	-1,257	63	-105%	-118%
Merkantil Bank + Car one-off items[8]	12	0	-100%	0	0	0		
Foreign leasing companies (Slovakia, Croatia, Bulgaria, Romania)[9]	0	-820		0	-891	681	-176%	
Asset Management	3,662	5,897	61%	1,308	2,572	1,589	-38%	21%
OTP Asset Management (Hungary)	3,681	5,890	60%	1,294	2,573	1,585	-38%	23%
Foreign Asset Management Companies (Ukraine, Romania)[10]	-19	7	-138%	14	-2	4	-353%	-71%
Other Hungarian Subsidiaries	-683	647	-195%	-1,614	98	103	6%	-106%
Other Foreign Subsidiaries (Slovakia, United Kingdom, Cyprus, Romania, Belize)[11]	560	-31	-106%	139	-79	49	-163%	-65%
Eliminations	533	1,643	209%	-465	288	943	228%	-303%
Total after tax profit of HUNGARIAN subsidiaries[12]	138,301	115,544	-16%	57,730	43,538	28,004	-36%	-51%
Total after tax profit of FOREIGN subsidiaries[13]	-7,361	14,505	-297%	-11,859	-1,230	17,356	-1511%	-246%
Share of foreign profit contribution, %	*-6%*	*11%*	*17%*	*-26%*	*-3%*	*38%*	*41%*	*64%*

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

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

CONSOLIDATE STATEMENT OF RECOGNIZED INCOME[4]

Main components of the Statement of recognized income in HUF million	9M 2009	9M 2010	Y-o-Y	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
Consolidated after tax profit	**129,922**	**100,700**	**-22%**	**45,899**	**27,402**	**30,941**	**13%**	**-33%**
Dividends and net cash transfers (after tax)	894	374	-58%	29	92	303	228%	954%
Profit of the strategic open FX position (after tax)	-1,912	0	-100%	0	0	0		
Goodwill impairment charges (after tax)	0	-15,001		0	-15,001	0	-100%	
Special tax on financial institutions (after corporate income tax)	0	-14,722		0	0	-14,722		
Consolidated after tax profit without the result of strategic open FX position, consolidated dividend and net cash transfers, goodwill impairment charges and special financial institution taxes	**130,939**	**130,048**	**-1%**	**45,870**	**42,310**	**45,359**	**7%**	**-1%**
Before tax profit	**147,419**	**155,836**	**6%**	**40,907**	**54,295**	**47,342**	**-13%**	**16%**
Operating profit	**330,180**	**359,923**	**9%**	**109,947**	**149,849**	**100,763**	**-33%**	**-8%**
Total income	**584,655**	**618,495**	**6%**	**191,943**	**237,938**	**187,920**	**-21%**	**-2%**
Net interest income (adj.)	**437,001**	**465,224**	**6%**	**137,754**	**172,332**	**150,260**	**-13%**	**9%**
Net interest income without the revaluation result of FX swaps	***437,001***	***446,493***	***2%***	***137,754***	***149,743***	***154,118***	***3%***	***12%***
Net fees and commissions	**98,458**	**99,121**	**1%**	**33,123**	**33,983**	**33,997**	**0%**	**3%**
Other net non-interest income (adj.)	**49,196**	**54,150**	**10%**	**21,066**	**31,624**	**3,663**	**-88%**	**-83%**
Foreign exchange result, net (adj.)	-9,648	24,502	-354%	4,548	22,881	-2,827	-112%	-162%
Gain/loss on securities, net (adj.)	7,284	14,731	102%	7,450	3,088	1,949	-37%	-74%
Net other non-interest result (adj.)	51,561	14,917	-71%	9,068	5,655	4,542	-20%	-50%
Operating expenses	**-254,476**	**-258,571**	**2%**	**-81,996**	**-88,089**	**-87,157**	**-1%**	**6%**
Personnel expenses	-114,724	-117,917	3%	-37,005	-39,070	-40,541	4%	10%
Depreciation (adj.)	-31,469	-36,103	15%	-10,694	-12,059	-12,621	5%	18%
Other expenses (adj.)	-108,283	-104,551	-3%	-34,297	-36,960	-33,995	-8%	-1%
Total risk costs	**-182,761**	**-204,088**	**12%**	**-69,040**	**-95,554**	**-53,422**	**-44%**	**-23%**
Provision for loan losses (adj.)	-167,529	-203,291	21%	-66,635	-96,105	-52,697	-45%	-21%
Other provision	-15,231	-796	-95%	-2,405	551	-724	-231%	-70%
Corporate taxes	**-16,480**	**-25,787**	**56%**	**4,963**	**-11,985**	**-1,982**	**-83%**	**-140%**
INDICATORS (%)	9M 2009	9M 2010	Y-o-Y	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
ROA	1.8%	1.8%	-0.1%	1.9%	1.7%	1.8%	0.1%	-0.1%
ROE	15.6%	13.8%	-1.8%	15.9%	13.2%	13.6%	0.4%	-2.3%
Operating profit margin (adj.)	4.63%	4.88%	0.25%	4.54%	6.10%	3.97%	-2.13%	-0.58%
Total income margin (adj.)	8.20%	8.38%	0.18%	7.93%	9.68%	7.40%	-2.29%	-0.54%
Net interest margin (adj.)	6.13%	6.30%	0.18%	5.69%	7.01%	5.91%	-1.10%	0.22%
Net interest margin without the revaluation result of FX swaps	*6.13%*	*6.05%*	*-0.08%*	*5.69%*	*6.09%*	*6.07%*	*-0.03%*	*0.37%*
Net fee and commission margin (adj.)	1.38%	1.34%	-0.04%	1.37%	1.38%	1.34%	-0.04%	-0.03%
Net other non-interest income margin (adj.)	0.69%	0.73%	0.04%	0.87%	1.29%	0.14%	-1.14%	-0.73%
Cost-to-asset ratio	3.57%	3.50%	-0.06%	3.39%	3.58%	3.43%	-0.15%	0.04%
Cost/income ratio (adj.)	43.5%	41.8%	-1.7%	42.7%	37.0%	46.4%	9.4%	3.7%
Risk cost for loan losses-to-average gross loans (adj.)	3.23%	3.86%	0.63%	3.81%	5.38%	2.84%	-2.54%	-0.98%
Total risk cost-to-asset ratio	2.56%	2.77%	0.20%	2.85%	3.89%	2.10%	-1.79%	-0.75%
Effective tax rate	11.2%	16.5%	5.4%	-12.1%	22.1%	4.2%	-17.9%	16.3%
Non-interest income/total income	25%	25%	0%	28%	28%	20%	-8%	-8%
Comprehensive Income Statement	9M 2009	9M 2010	Y-o-Y	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
Net comprehensive income	**131,431**	**134,713**	**2%**	**39,797**	**70,416**	**821**	**-99%**	**-98%**
Net profit attributable to equity holders	**130,004**	**100,435**	**-23%**	**45,942**	**27,335**	**30,737**	**12%**	**-33%**
Consolidated after tax profit	129,922	100,700	-22%	45,899	27,402	30,941	13%	-33%
(-) Net profit attributable to non-controlling interest	-82	265	-424%	-43	66	204	207%	-574%
Fair value adjustment of securities available-for-sale (recognised directly through equity)	**13,920**	**5,672**	**-59%**	**10,185**	**-15,241**	**11,432**	**-175%**	**12%**
Fair value adjustment of derivative financial instruments designated as cash-flow hedge	**318**	**322**	**1%**	**107**	**107**	**109**	**2%**	**2%**
Fair value adjustment of strategic open FX position hedging net investment in foreign operations	**-1,458**	**-1,890**	**30%**	**304**	**-5,196**	**2,262**	**-144%**	**644%**
Foreign currency translation difference	**-11,353**	**30,174**	**-366%**	**-16,741**	**63,411**	**-43,719**	**-169%**	**161%**

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

- ***HUF 31 billion 3Q after tax results (+13% q-o-q) including the banking tax***
- ***9M operating result of HUF 330 billion adjusted for one-off items matched that in the base period; stable 3Q operating results: HUF 110.6 billion***
- ***Improving net interest income, stable NIM (3Q: 6.07%), excellent Russian, increasing Hungarian, Bulgarian, Romanian and Croatian NII***
- ***Strong cost control, improving CIR (2010 9M CIR: 41.8%)***
- ***Significant decline in risk costs (-44% q-o-q)***

OTP Group realized HUF 130 billion adjusted after tax profit in the first nine months which almost matches (-1%) the performance of the base period. Together with the quarterly part of the banking tax (HUF 14.7 billion net) as well as with the goodwill impairment (HUF 15 billion net) the 1-9M results would be HUF 101 billion, by 22% less than in the corresponding period of 2009. The Group achieved HUF 45.4 billion adjusted net results in 3Q (+7% q-o-q), whereas the accounting bottom line figure would be HUF 31 billion (+13% q-o-q).

The headline operating results were at HUF 360 billion (+9%), adjusted for the one-offs the HUF 330 billion equals to that of in the base period. The adjusted quarterly operating results were fairly stable (1Q 2010: HUF 109.3 billion, 2Q: HUF 110.4 billion, 3Q: 110.6 billion). The main one-off items were as follows: in 2Q 2010 there were three significant items influencing the operating income in a meaningful way, namely HUF 22.6 billion FVA gain of FX swaps (booked within NII), furthermore HUF 8.9 and 8.0 billion FX gains. The first item was connected with hedging transaction on FX-loans provisions at OTP Bank Ukraine; the latter is a revaluation gain on the open position, which is held by OTP Core for hedging purposes to offset the revaluation results of FX provisions related to its FX-loan portfolio. That gain was offset on the risk cost line with the similar amount, i.e. having an impact only on the structure of operating income, but being neutral for pre-tax earnings. As for 3Q one-offs, the NII line was negatively affected by HUF 3.9 billion FX-swaps FVA loss, also, there was a HUF 5.9 billion negative FX-result from the revaluation loss suffered on the open position, which is held by OTP Core to offset the revaluation results of the FX provisions. Similarly to 2Q, this item was neutral for pre-tax earnings.

OTP Group realized HUF 588.8 billion total income (adjusted for one-off revenue items) in 1-9M period (+1% y-o-y); the quarterly income showed stability (2Q: HUF 198.4 billion; 3Q: HUF 197.7 billion).

Within the main income items NII grew by 2% y-o-y and by 3% q-o-q respectively. NIM remained basically unchanged (3Q: 6.07%)

The quarterly improvement in NII was supported by the excellent Russian performance (+19% q-o-q), but the nicely shaping Hungarian Core (+3%), the Bulgarian (+9%), the Romanian (+21%) and Croatian (+12%) results also played an important role. As for the outstanding Russian NIIs, the steady growth of the POS and credit card business were the key factors, while for the rest the higher deposit margins and the weaker HUF were the major determinants.

Net fees and commissions improved marginally y-o-y (+1%) and stagnated q-o-q. Net F&C grew, however in Russia, Ukraine, Serbia, Croatia and Montenegro due to seasonal factors (tourism) and stronger lending activity (in Russia).

Other non-interest income for 1-9M amounted to HUF 54.1 billion, adjusted with the one-offs it would be HUF 43.2 billion. While the 3Q result of this line (HUF 3.7 billion) seems to be weak, to a great extent it is due to the significant decline of the one-offs. The adjusted decrease would be less so dramatic (2Q: HUF 14.7 billion, 3Q: HUF 9.6 billion). The key factor behind the apparently huge drop in 9M net other non interest results is due to the base effect: 2009 9M results included the hefty gain on the repurchase of Upper Tier2 capital elements (HUF 27.7 billion), whereas in 2010 the Bank did not implement any buy backs.

The 9M 2010 nominal volume of operating costs was HUF 259 billion (+2% y-o-y); bearing in mind that the headline consumer price index within the Group was around 5% or even higher, this is quite an achievement. In 3Q operating costs decreased by a moderate 1% q-o-q.

As a reflection of a stringent cost control and rationalization measures, efficiency further improved: the 9M 2010 cost/income ratio (CIR) dropped to 41.8% (-1.7%-points y-o-y). The adjusted CIR remained basically flat (9M 2010: 43.9%).

Given the portfolio quality deterioration in 2010 the Group level risk costs grew steadily. Their 9M volume of HUF 204 billion was by 12% higher than in 2009. However, after the all-time high 2Q risk costs (HUF 95.6 billion, or being adjusted: HUF 87.5 billion), risk related provisions dropped significantly in 3Q. HUF 53.4 billion (adjusted: HUF 59.4 billion) earmarks a meaningful 44% decrease.

As a result, OTP Group achieved HUF 47.3 billion pre-tax profit. In 3Q the corporate tax was only HUF 2 billion since OTP Bank had a tax shield of HUF 6 billion on the revaluation of its subsidiary investments (detailed comments please see in Section "OTP Bank's Hungarian Core Business").

CONSOLIDATED BALANCE SHEET

Main components of balance sheet in HUF million	3Q 2009	4Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y	YTD
TOTAL ASSETS	**9,697,729**	**9,755,132**	**10,184,544**	**9,975,685**	**-2%**	**3%**	**2%**
Cash and amount due from banks	466,715	505,650	642,625	558,709	-13%	20%	10%
Placements with other banks	338,566	440,850	495,596	568,654	15%	68%	29%
Financial assets at fair value	548,487	256,100	213,523	243,166	14%	-56%	-5%
Securities available-for-sale	466,062	1,354,285	1,101,180	1,165,820	6%	150%	-14%
Gross customer loans	**6,874,374**	**6,907,094**	**7,573,082**	**7,321,728**	**-3%**	**7%**	**6%**
o/w Retail loans	4,270,774	4,291,847	4,707,594	4,569,202	-3%	7%	6%
Retail mortgage loans (incl. home equity)	2,692,593	2,703,433	2,968,383	2,858,871	-4%	6%	6%
Retail consumer loans	1,130,896	1,149,231	1,271,409	1,272,540	0%	13%	11%
SME loans	447,286	439,183	467,802	437,790	-6%	-2%	0%
Corporate loans	2,236,838	2,161,903	2,365,966	2,301,345	-3%	3%	6%
Loans to medium and large corporates	2,013,041	1,933,848	2,021,080	1,956,878	-3%	-3%	1%
Municipal loans	223,797	228,055	344,886	344,467	0%	54%	51%
Car financing loans	364,296	387,431	422,861	382,009	-10%	5%	-1%
Bills and accrued interest receivables related to loans	2,466	65,968	76,661	69,172	-10%		5%
Allowances for loan losses	-420,918	-494,378	-686,320	-700,758	2%	66%	42%
Accrued interest receivables	93,895	0	0	0		-100%	
Equity investments	10,265	18,834	16,692	16,608	-1%	62%	-12%
Securities held-to-maturity	760,220	188,853	222,849	205,474	-8%	-73%	9%
Intangible assets	456,943	476,358	489,927	460,689	-6%	1%	-3%
Other assets	103,120	101,486	115,390	135,595	18%	31%	34%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**9,697,729**	**9,755,132**	**10,184,544**	**9,975,685**	**-2%**	**3%**	**2%**
Liabilities to credit institutions and governments	881,199	802,749	652,500	727,112	11%	-17%	-9%
Customer deposits	**5,517,376**	**5,688,887**	**5,981,036**	**5,955,439**	**0%**	**8%**	**5%**
o/w Retail deposits	4,013,022	4,165,398	4,313,984	4,222,423	-2%	5%	1%
Household deposits	3,605,406	3,746,263	3,887,096	3,789,291	-3%	5%	1%
SME deposits	407,616	419,135	426,888	433,133	1%	6%	3%
Corporate deposits	1,504,354	1,480,496	1,630,590	1,694,657	4%	13%	14%
Deposits to medium and large corporates	1,129,622	1,169,837	1,377,979	1,399,391	2%	24%	20%
Municipal deposits	374,732	310,659	252,611	295,266	17%	-21%	-5%
Accrued interest payable related to customer deposits	0	42,997	36,200	38,350	6%		-11%
Issued securities	1,359,160	1,410,348	1,226,902	1,085,245	-12%	-20%	-23%
Accrued interest payable	108,775	0	0	0		-100%	
Other liabilities	383,267	380,708	700,175	591,763	-15%	54%	55%
Subordinated bonds and loans	276,604	280,834	301,281	292,963	-3%	6%	4%
Total shareholders' equity	**1,171,348**	**1,191,606**	**1,322,650**	**1,323,163**	**0%**	**13%**	**11%**
Indicators	2009 3Q	2009 4Q	2010 2Q	2010 3Q	Q-o-Q	Y-o-Y	YTD
Loan/deposit ratio	125%	121%	126%	123%	-4%	-2%	1.4%
Net loan/(deposit + retail bond) ratio	112%	108%	110%	106%	-4%	-6%	-2.1%
Net loans	6,450,990	6,346,748	6,810,101	6,551,798	-4%	2%	3%
Customer deposits	5,517,376	5,645,890	5,944,836	5,917,089	0%	7%	5%
Retail bonds	229,749	236,733	254,225	275,553	8%	20%	16%
90+ days past due loan volume	614,222	671,625	927,870	954,341	3%	55%	42%
90+ days past due loans/gross customer loans	8.9%	9.8%	12.4%	13.2%	0.8%	4.2%	3.3%
Total provisions/90+ days past due loans	68.5%	73.6%	74.0%	73.4%	-0.5%	4.9%	-0.2%
Consolidated capital adequacy	2009 3Q	2009 4Q	2010 2Q	2010 3Q	Q-o-Q	Y-o-Y	YTD
Capital adequacy ratio (consolidated, IFRS)	16.9%	17.2%	17.3%	18.0%	0.7%	1.1%	0.8%
Tier1 ratio	13.2%	13.7%	13.0%	14.1%	1.1%	0.9%	0.4%
Core Tier1 ratio	11.5%	12.0%	11.4%	12.6%	1.1%	1.1%	0.5%
Leverage (Total Assets/Shareholder's Equity)	8.3x	8.2x	7.7x	7.5x			
Regulatory capital (consolidated)	1,176,336	1,194,508	1,312,225	1,337,265	2%	14%	12%
o/w Tier1 Capital	916,738	952,416	984,634	1,047,573	6%	14%	10%
o/w Hybrid Tier1 Capital	119,483	118,278	115,508	114,134	-1%	-4%	-4%
Tier2 Capital	260,143	242,521	328,049	290,150	-12%	12%	20%
Deductions from the regulatory capital	-546	-428	-458	-458	0%	-16%	7%
Consolidated risk weighted assets (RWA) (Credit&Market&Operational risk)	6,958,830	6,942,437	7,590,478	7,429,710	-2%	7%	7%
Closing exchange rate of the HUF (in forint)	2009 3Q	2009 4Q	2010 2Q	2010 3Q	Q-o-Q	Y-o-Y	YTD
EURHUF	270	271	286	277	-3%	3%	2%
CHFHUF	179	182	217	208	-4%	16%	14%
USDHUF	185	188	235	203	-13%	10%	8%
JPYHUF	206	204	265	244	-8%	18%	20%

- ***FX-adjusted loan volumes stagnated y-o-y, but grew by 1% q-o-q***
- ***Outstanding Russian lending activity (+20% y-o-y, +11% q-o-q), growing 3Q corporate volumes in Ukraine***
- ***FX-adjusted deposits kept growing (+5% y-o-y, +2% q-o-q)***
- ***Further improvement in net loan-to deposit ratio (106%)***
- ***Moderating portfolio deterioration; DPD90+ reached 13.2%***
- ***Stable DPD90+ coverage (73.4%)***

The consolidated loan portfolio grew by 7% y-o-y, but declined by 3% q-o-q. FX-adjusted volumes showed different dynamics: there was a y-o-y stagnation whereas volumes started to grow again q-o-q (+1%). The most significant FX-adjusted volume growth was captured in Russia: the portfolio expanded by 20% y-o-y and by 11% q-o-q. Especially the retail consumer book grew very fast (+57% y-o-y and 23% q-o-q respectively). Within that loan category the personal loan book advanced by and astonishing 75%, but both the POS volumes (+65%) and credit card loans (61%) had a great rally in the previous 12 months. Apart from the Russian portfolio other markets witnessed either stagnation or a benign growth. The most significant volume decline hit the Ukraine (-11%) and Montenegro (-31%). However, in 3Q there was a positive turnaround in the Ukraine where the corporate sector already showed kind of recovery (+4%) and some pick up on loan demand could be witnessed in case of the Serbian retail book and the Slovakian mortgage segment. The Hungarian corporate book increased by 4%.

FX adjusted deposits grew both on a yearly and quarterly bases (+5% and 2% respectively). The 3Q decline in growth is to be explained by several factors: deposits with promotional rates expired and also, the management cut deposit rates deliberately.

On the Group level the most significant y-o-y deposit growth was achieved in Russia (+34% y-o-y), within that corporate deposits grew by 49%. Given their importance within the total deposit book, the yearly growth was significant both in Hungary, Bulgaria and the Ukraine (4%, 5% and 11% respectively), whereas in Croatia and Romania the volume growth was strong, too (+9% and 12% respectively). In 3Q only the Hungarian (+3%), Croatian (+9%) and the Serbian (+5%) deposits grew in a meaningful way.

As a result of the loan and deposit volume developments at the end of 3Q the consolidated net loan-to-deposit ratio dropped to 106% (-2%-points adjusted for FX-effect). On the Group level OTP Core (82%), CKB Montenegro (82%) and Croatia (84%) had the lowest net loan-to-deposit ratio, whereas the highest levels were observed in the Ukraine (285%), Romania (287%) and Serbia (239%)

The portfolio of issued securities declined by 20% y-o-y and by 12% q-o-q. The y-o-y development of volumes was significantly influenced by the following redemptions. EUR 1 billion mortgage bond matured and was repaid on 4th March 2010 and EUR 500 million senior note was repaid on 1st July 2010. These two negative effects were partially off-set by the HUF 46 billion yearly increase in the outstanding retail bonds portfolio. Furthermore, there were two capital market transactions in the last twelve months: in December 2009 and in April 2010 OTP Mortgage Bank issued EUR 1.35 billion mortgage bond, with 2 years of maturity, under its EUR 3 billion EMTN programme. However only about EUR 90 million out of the total issue was purchased by investors from outside the Group. In February the bank returned to the market and issued a CHF 100 million senior note with 2 years of maturity.

Subordinated debt remained stable both y-o-y and q-o-q in EUR terms. Upper Tier2 Capital elements were repurchased mainly in 1H 2009 (1Q: EUR 90 million; 2Q: EUR 39 million; 3Q: EUR 26 million; 4Q: EUR 2 million). In 9M 2010 there were no further capital repurchase transactions.

CONSOLIDATED CAPITAL ADEQUACY RATIO (IN ACCORDANCE WITH BASEL II)

At the end of September 2010 regulatory capital of OTP Group represented HUF 1,337 billion, while the preliminary estimated RWA, taking into account the capital needs for market risk and operational risk too, stood at HUF 7,430 billion. CAR stood at 18.0% with Tier1 (after deducting goodwill and intangible assets) at 14.1% and Core Tier1 (further deducting hybrid instruments) at 12.6% respectively.

The outstandingly high and safe capital position of the Bank is reflected by the 16.2% Tier1 ratio of OTP Group forecasted for 2011, which is the second best among the tested 91 banks based on the European CEBS stress-test completed in July 2010.

OTP BANK'S HUNGARIAN CORE BUSINESS[5]

OTP Core Statement of recognized income:

Main components of the Statement of recognized income in HUF mn	2009 9M	2010 9M	Y/Y	2009 3Q	2010 2Q	2010 3Q	Q-o-Q	Y-o-Y
OTP CORE after-tax profit w/o dividends and net cash transfer	145,983	111,458	-24%	63,140	42,016	28,581	-32%	-55%
OTP CORE pre-tax profit	160,460	130,547	-19%	57,937	51,916	27,925	-46%	-52%
Operating profit	210,622	226,757	8%	68,515	102,852	56,111	-45%	-18%
Total income	343,549	357,003	4%	112,628	147,185	99,453	-32%	-12%
Net interest income	242,970	258,739	6%	78,802	102,886	79,190	-23%	0%
Net interest income without the revaluation result of FX swaps	*242,970*	*240,007*	*-1%*	*78,802*	*80,297*	*83,047*	*3%*	*5%*
Net fees and commissions	65,964	62,225	-6%	21,800	21,347	20,095	-6%	-8%
Other net non-interest income	34,615	36,039	4%	12,026	22,952	168	-99%	-99%
Operating expenses	-132,927	-130,245	-2%	-44,114	-44,333	-43,343	-2%	-2%
Total provisions	-50,162	-96,210	92%	-10,577	-50,936	-28,186	-45%	166%
Provisions for loan losses	-49,106	-93,444	90%	-10,619	-50,815	-25,867	-49%	144%
Other provisions	-1,056	-2,766	162%	41	-121	-2,319		
Revenues by Business Lines								
RETAIL								
Total income	268,955	244,744	-9%	81,333	82,001	82,464	1%	1%
Net interest income	206,150	184,468	-11%	60,524	61,051	62,582	3%	3%
Net fees and commissions	58,926	56,514	-4%	19,582	19,419	18,669	-4%	-5%
Other net non-interest income	3,878	3,761	-3%	1,227	1,531	1,213	-21%	-1%
CORPORATE								
Total income	28,153	27,658	-2%	8,546	9,247	9,034	-2%	6%
Net interest income	19,967	19,473	-2%	5,723	6,205	6,964	12%	22%
Net fees and commissions	7,052	7,085	0%	2,464	2,595	1,716	-34%	-30%
Other net non-interest income	1,134	1,099	-3%	359	448	355	-21%	-1%
Treasury ALM								
Total income	42,554	85,027	100%	20,443	55,959	8,212	-85%	-60%
Net interest income	16,852	54,797	225%	12,555	35,630	9,644	-73%	-23%
Net fees and commissions	1,079	1,075	0%	664	488	420	-14%	-37%
Other net non-interest income	24,623	29,155	18%	7,224	19,842	-1,852	-109%	-126%
Indicators (%)	2009 9M	2010 9M	Y/Y	2009 3Q	2010 2Q	2010 3Q	Q-o-Q	Y-o-Y
ROA	3.2%	2.3%	-0.9%	3.9%	2.6%	1.7%	-0.9%	-2.2%
ROE	20.3%	14.0%	-6.3%	26.9%	15.8%	10.3%	-5.6%	-16.6%
Total income margin	7.42%	7.21%	-0.21%	6.96%	9.10%	5.90%	-3.20%	-1.06%
Net interest margin	5.25%	5.23%	-0.02%	4.87%	6.36%	4.70%	-1.66%	-0.17%
Net interest margin without the revaluation result of FX swaps	*5.25%*	*4.85%*	*-0.40%*	*4.87%*	*4.96%*	*4.93%*	*-0.04%*	*0.06%*
Cost of risk/average gross loans	2.03%	3.83%	1.80%	1.28%	6.04%	3.17%	-2.87%	1.88%
Cost/income ratio	38.7%	36.5%	-2.2%	39.2%	30.1%	43.6%	13.5%	4.4%
Effective tax rate	9.0%	14.6%	5.6%	-9.0%	19.1%	-2.3%	-21.4%	6.6%

[5] The Bank's IFRS **unconsolidated** condensed financial statements are available on the website of the Budapest Stock Exchange (www.bse.com), on the website of HFSA (www.kozzetetelek.hu) and on the website of OTP Bank (www.otpbank.hu).

- ***Q-o-q decreasing net profit as a result of the declining profit after tax (PAT) effect of the one-off items***
- ***Moderating risk costs q-o-q***
- ***The pace of portfolio deterioration remained unchanged q-o-q, provision coverage of DPD90+ loans stable at 78.2% (+0.5%-points q-o-q)***
- ***Stringent cost control (cost base of the first nine months decreased by 2% y-o-y)***
- ***Adjusted for FX effect, loan and deposit portfolios grew by 1% and 3% q-o-q respectively***
- ***Continuous market leadership in new disbursements of mortgages and personal loans in 2010***

Methodological note: calculation of the financials of OTP Core (Hungarian core business) and Corporate Centre has changed from 2Q 2010 on. According to the refined methodology, neither the aggregated net profit of OTP Core and the Corporate Centre, nor the consolidated financials for OTP Group is changed, only the profit allocation between the two entities, particular items of the balance sheet and some indices are modified. The note describing the methodological change is available in the 'Supplementary Data' section of OTP Bank's Half-year Financial Report published on 12 August 2010. The data set under the old methodology is published in the 'Supplementary Data' section of this report too. Tables and analysis in the main text of the report only contain financials calculated according to the refined methodology.

P&L developments

OTP Core's net profit for the nine month at HUF 111.5 billion represents a decline of 24% y-o-y. Income, rising by 4% due to one-offs, and the declining operating expenses (-2% y-o-y) resulted in a record high operating profit, amounting to HUF 226.8 billion. The portfolio quality deterioration as well as the management's intention to increase the provision coverage of the non-performing book, however, required a likewise exceptional, HUF 96.2 billion amount of risk cost, as a result, the coverage of non-performing loans grew to 78.2% (+0.5%-points q-o-q, +6.1%-points y-o-y).

The net profit for the first nine months of 2010 was enhanced by significant one-off elements[6]: HUF 18.7 billion fair value adjustment gain was generated on the revaluation of FX-swaps (booked within net interest income in 2Q: HUF 22.6 billion gain, in 3Q: 3.9 billion loss), further HUF 8.9 billion before tax FX-gain (within other non-interest income in 2Q) was realized on FX hedging transactions related to the FX-loans provisions at OTP Bank Ukraine, finally HUF 9.3 billion gain on securities was generated (again within other non interest income: in 1Q HUF 6.5 billion, in 2Q HUF 1.6 billion, in 3Q HUF 1.2 billion). The q-o-q fall of the effective tax rate in 3Q 2010 (from +19% to -2%) can also be considered as a one-off element. The decrease of tax burden is related to the tax shield of the subsidiary investments of OTP Bank: due to the significant appreciation of the HUF in 2Q, HUF 31.3 billion loss was made on subsidiary investments, which resulted in a HUF 6.0 billion tax savings for OTP Bank under the Hungarian Accounting Standards. Under IFRS however, only the tax effect is accounted, but not the revaluation loss (subsidiary investments are recorded in the books at entry cost).

Without having any impact on the bottom line profitability, another one-off item had an impact on the structure of earnings. HUF 2.1 billion revaluation gain, related to the balance sheet positions held to hedge the revaluation result of FX provisions of FX loans at OTP Core, was booked as other non-interest income for the first nine months 2010 (in 2Q HUF 8.0 billion gain, in 3Q HUF 5.9 billion loss). This profit was fully offset amongst the risk cost, the latter being by HUF 2.1 billion higher in 9M 2010 (growing by HUF 8.0 billion in 2Q, whereas decreasing by HUF 5.9 billion in 3Q).

The HUF 13.4 billion decrease in the quarterly after tax profit of OTP Core was mostly driven by the decreasing results of the one off items (3Q 2010 PAT: HUF 28.6 billion). The one-off items' total effect on before tax profit amounted to HUF 33.0 billion in 2Q (+HUF 22.6 billion revaluation gain of FX swaps +HUF 8.9 billion FX-gain realized on FX hedging transactions related to the FX-loans provisions at OTP Bank Ukraine +HUF 1.6 billion gain on securities), while in 3Q the total impact was a loss of HUF 2.7 billion (HUF 3.9 billion revaluation loss of FX swaps +HUF 1.2 billion gain on securities). This decline in the before tax profit was mitigated to some extent by the lower level of risk costs: after adjusting for the revaluation of FX

[6] Reminder: profit for 9M 2009 contained the following one-off elements. In 1Q 2009 HUF 19.6 billion, in 2Q HUF 5.5 billion, in 3Q HUF 2.6 billion pre-tax profit was realized (accounted within other net non-interest income line) on the repurchase of own Upper Tier2 Capital elements. On the open FX-positions above the strategic FX-positions HUF 11.3 billion pre-tax loss was realized in 1Q 2009 (accounted within net foreign exchange gains), however the Bank closed these positions during 2Q with some profits, so the P&L impact for the first nine months is close to neutral. In 9M 2009 the tax-shield of subsidiary investments has a neutral cumulative effect on OTP Core's net profit; however, the quarterly profit development was affected by the extra HUF 9.5 billion tax-burden generated on the tax-shield in 1Q 2009, while in 2Q HUF 9.4 billion tax saving was achieved. Furthermore in 3Q 2009, the positive tax burden constituted a significant one-timer item. It was the implication of a legal change: a significant portion of the goodwill write-off in 2008 could not be accounted as part of the 2008 corporate tax base, but the legal change allowed the Bank to account that in a single amount in 3Q 2009 under IFRS. That amendment trimmed the IFRS tax burden of OTP Core by HUF 11.7 billion in 3Q.

provisions risk costs decreased by HUF 8.9 billion q-o-q (2Q 2010: -HUF 42.9 billion, 3Q 2010: -HUF 34.1 billion), furthermore the decline in the after tax profit of OTP Core was even smaller because of the aforementioned tax shield effect (+HUF 6.0 billion effect q-o-q).

The increasing level of risk costs caused the ytd net profit falling y-o-y. The HUF 96.2 billion risk cost level means a 92% increase y-o-y. While the technical effect of the revaluation of FX provisions had only a relatively insignificant impact (by HUF 2.1 billion more risk costs in 9M 2010), the sizeable growth is mostly explained by the increasing level of the provision coverage during 9M 2010 (the coverage increased by 3.3%-points ytd in 9M 2010 as opposed to the decrease of 10.0%-points in 9M 2009), furthermore the slight acceleration on the portfolio quality deterioration had its negative impact too (the ytd FX adjusted growth in the DPD90+ volumes was HUF 86 billion in 9M 2009 and HUF 91 billion in 9M 2010).

After adjusting for the revaluation of provisions for FX-loans, quarterly risk costs came down from HUF 42.9 billion to HUF 34.1 billion in 2Q (adjusted risk cost rate decreased from 5.09% to 3,90%). The fact that the 2Q 2010 provisioning contained a precautionary element to increase coverage had also contributed to this decrease (in 3Q the coverage remained stable).

The speed of the portfolio quality deterioration only slightly decelerated q-o-q: the FX-adjusted quarterly growth in DPD90+ volumes stood at (in HUF billion) 19 in 1Q 2010, 37 in 2Q and 35 in 3Q. The DPD90+ ratio continued to rise from 9.1% to 10.0%.

In 3Q the composition of new non-performing loan volume has changed somewhat, new non-performing loans were mostly emerging from the household segment: in case of mortgages and consumer loans the DPD90+ rate rose from 6.3% to 7.4% and from 17.8% to 19.1% respectively. To ease the increasing burden of retail FX-debtors, in June 2010 the Bank lowered the CHF and JPY mortgage rates by 75 bps and 50 bps respectively. Furthermore, due to the lower funding costs, the Bank implemented another 25 bps cut on average in CHF mortgage rates in June 2010, and 30-72 bps cut in mortgage rates of selective product segments (mostly EUR denominated) was carried through in September. Altogether, from the point of view of CHF mortgage debtors, interest rate cuts equal to approx. HUF 13 appreciation of the CHF/HUF exchange rate.[7] Interest rates of personal loans were lowered too: by 50-75 bps in June for CHF denominated ones and by 37-73 bps in September for HUF denominated ones.

The quality of corporate loans developed much more favourably q-o-q: DPD90+ ratio increased from 12.6% to 12,7% for SME loans, while in case of loans to medium and large enterprises deterioration decelerated a lot: DPD90+ ratio went from 12.0% to 12.6% only, after an increase of 1.2%-points in 2Q).

The 6% y-o-y increase in ytd net interest income is mainly related to a one-off item: following a significant widening of HUF/FX basis swap spreads in 2Q 2010, a small correction happened in 3Q[8], resulting in a HUF 18.7 billion total fair value adjustment gain on FX swaps booked as interest income in 2Q-3Q 2010 (HUF 22.6 billion gain in 2Q, HUF 3.9 billion loss in 3Q). In order to mitigate the interest sensitivity of the HUF/FX swap portfolio, the Bank entered into derivative contracts during 2Q-3Q 2010; hence in case of a possible future change in basis swap spreads the effect on interest income will be significantly smaller.

The ytd net interest income adjusted for the swap-revaluation (9M 2010: HUF 240 billion) declined by 1% y-o-y, primarily due to the significantly lower interest-differential result of FX swaps, because of the y-o-y lower HUF interest rate environment. This negative effect has been only partially offset by the fact that due to its strong liquidity position, the moderating deposit market competition and the decreasing HUF interest rate environment the Bank managed to cut its deposit rates.

The quarterly net interest income (adjusted NII grew by 3% q-o-q) was favourably influenced by the depreciating HUF. HUF denominated profit of FX lending was enhanced by the weakening average rate of the HUF (q-o-q depreciation was 9%, 3% and 9% against CHF, EUR and JPY, respectively). The previously mentioned deposit pricing measures had also a positive effect: because of the time-need of the repricing, these decisions still had a significant effect even in 2Q and 3Q. The adjusted quarterly net interest margin slightly increased q-o-q (3Q 2010: 4.93%, -0.04%-point q-o-q and +0.06%-point y-o-y).

Both the first nine months and the quarterly level of net fees and commissions decreased by 6%. The reason for the latter is that HUF 1.3 billion fee expense (participation, arrangement and agency fees of the EUR 250 million syndicated loan signed in July) was fully booked into 3Q results in a lump sum, leading to a HUF 1.3 billion decline in net fees and commissions.

But the other net non-interest income improved 4% y-o-y, despite the significant base effect of the one off items[9] (9M 2010 HUF 36.0 billion, +HUF 1.4 billion y-o-y). The strong result is supported by

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

[8] In 2Q 2010, EUR/HUF basis swap spreads of 2 years of maturity increased from 100 bps to 180 bps, by the end of September they descended to close to 150 bps. The fair value adjustment of swaps is recognised only under IFRS; there is no impact at all on HAR-based stand-alone P&L.

several factors: due to the remarkable decline of HUF yields in 2010 HUF 9.3 billion gain was realised on the government securities of the trading portfolio (in HUF billion in 1Q: 6.5, in 2Q: 1.6, in 3Q: 1.2). Within 2Q 2010 net foreign exchange profit of HUF 8.9 billion was realized on FX hedging transactions related to the FX-loan provisions at OTP Bank Ukraine. Identical amount of loss stemming from the revaluation result of the FX provisions was booked amongst the consolidated capital reserves during the accounting consolidation[10]. Given that from June 2010 the methodology of accounting for the revaluation results of both the provisions and the hedging position was changed, no further results related to the hedging activity was recognised among the FX results of OTP Core in 3Q 2010. Also marked as a one-off item, HUF 2.1 billion FX-gain was posted in 9M 2010 (in 2Q: HUF 8.0 billion gain, in 3Q HUF 5.9 billion loss).This result was realized on a balance sheet position, which is held by OTP Core for hedging purposes to offset the revaluation results of FX provisions related to its FX loan portfolio. According to these the total HUF 2.1 billion foreign exchange gain was offset on the risk cost line in 9M 2010. In 2010 no gain was generated from the repurchase of Upper Tier2 Capital elements.

As a result of the above mentioned factors, the significant decrease in other non-interest income (from HUF 23.0 billion in 2Q to HUF 0.2 billion in 3Q) was stemming from the change in the result of the one-offs. While the one-off items' total effect on other non-interest income amounted to HUF 18.5 billion in 2Q (+HUF 8.9 billion FX-gain realized on FX hedging transactions related to the FX-loans provisions at OTP Bank Ukraine +HUF 8.0 billion FX gains from the positions held to hedge the revaluation results of FX provisions +HUF 1.6 billion gain on securities), in 3Q the total impact was a negative HUF 4.7 billion (HUF 5.9 billion revaluation loss on the positions held to hedge the revaluation results of FX provisions +HUF 1.2 billion gain on securities).

The HUF 2.7 billion decrease (-2%) of the 9M operational costs reflects the efficiency of cost control. This is especially remarkable in light of the 5.1% average yearly increase of CPI in Hungary in 9M 2010. Major part of the decline was realized on personnel expenses which decreased by 4% y-o-y (9M 2010: HUF 57.1 billion). The significant adjustment is the result of the 6% headcount reduction implemented in 2009: following the lay-off of 477 persons last year, during 9M 2010 there was no meaningful change (3Q 2010 closing number of the headcount is: 7,843 persons, +23 person ytd). Further reduction in personnel expenses stemmed from the 5%-point decrease in the level of social contributions paid by the employer, effective from the beginning of 2010. Within the 9M cost base, the depreciation (HUF 18.1 billion) shows an 8% y-o-y increase due to the fact that, compared to the previous years, in 4Q 2009 significant investments were activated. Despite that the HUF 0.5 billion aid transferred to the Hungarian Red Cross to help people suffering flood damages was registered as an other expense item in 2Q 2010, other expenses shrank by 3% y-o-y. Y-o-y savings were achieved on telecommunication-, IT maintenance- and cash carrier-services due to the renegotiation of supplier contracts.

The HUF 1 billion q-o-q decrease in operating expenses was a result of lowering local taxes (-HUF 2.2 billion effect q-o-q, booked among other expenses). The reason for their decrease was the diminishing tax base in 3Q 2010 as a result of revaluation losses on OTP Bank's investments in subsidiaries. Otherwise personnel expenses increased by HUF 1.4 billion and depreciation grew by HUF 0.3 billion q-o-q.

Number of branches has not changed meaningfully (3Q 2010: 380, -2 branches q-o-q, 0 branch y-o-y).

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

Main components of balance sheet (closing balances, in HUF mn)	3Q 2009	4Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y	YTD
Total Assets	6,543,971	6,535,059	6,670,488	6,702,333	0%	2%	3%
Gross customer loans	3,260,396	3,208,909	3,543,992	3,511,458	-1%	8%	9%
Retail loans	2,191,641	2,186,021	2,364,479	2,316,868	-2%	6%	6%
Corporate loans	1,068,755	1,022,888	1,179,513	1,194,590	1%	12%	17%
Allowances for loan losses	-164,785	-188,502	-249,190	-275,397	11%	67%	46%

[9] The following one-off items are shown on this line. In 9M 2009 HUF 27.7 billion pre-tax gain was realized on the repurchase of own Upper Tier 2 Capital elements. On the open FX-positions above the strategic FX-positions HUF 11.3 billion pre-tax loss was realized in 1Q 2009, however the Bank closed these positions during 2Q with some profits, so the P&L impact for the first nine months was close to neutral.

[10] A detailed description of this item is available on page 20 of the Half-year Financial Report of OTP Bank Plc. for 1H 2010.

[11] From 1 January 2010, the total rate for health insurance- and labor market contribution as well as the former employpers' contribution payable till end-09 (all paid by the employer) decreased from 8% to 3%.

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

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

Main components of balance sheet (closing balances, in HUF mn)	3Q 2009	4Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y	YTD
Deposits from customers	3,454,950	3,484,896	3,546,918	3,615,560	2%	5%	4%
Deposits from customers + retail bonds	*3,684,699*	*3,721,628*	*3,801,143*	*3,891,113*	*2%*	*6%*	5%
Retail deposits	2,425,556	2,470,161	2,442,463	2,416,523	-1%	0%	-2%
Retail deposits + retail bonds	*2,655,305*	*2,706,894*	*2,696,688*	*2,692,076*	*0%*	*1%*	-1%
Corporate deposits	1,029,394	1,014,734	1,104,455	1,199,037	9%	16%	18%
Liabilities to credit institutions and governments	727,166	643,281	544,058	618,036	14%	-15%	-4%
Issued securities	967,248	953,433	759,626	772,647	2%	-20%	-19%
o/w retail bonds	*229,749*	*236,733*	*254,225*	*275,553*	*8%*	*20%*	16%
Total shareholders' equity	967,184	1,001,181	1,082,243	1,120,526	4%	16%	12%
Loan Quality (%)	**3Q 2009**	**4Q 2009**	**2Q 2010**	**3Q 2010**	**Q-o-Q**	**Y-o-Y**	**YTD**
90+ days past due loan volume	228,669	251,594	320,861	352,261	10%	54%	40%
90+ days past due loans/gross customer loans	7.0%	7.8%	9.1%	10.0%	1.0%	3.0%	2.2%
Total provisions/90+ days past due loans	72.1%	74.9%	77.7%	78.2%	0.5%	6.1%	3.3%
Market Share (%)	**3Q 2009**	**4Q 2009**	**2Q 2010**	**3Q 2010**	**Q-o-Q**	**Y-o-Y**	**YTD**
Loans	17.8%	17.8%	18.0%	18.3%	0.2%	0.5%	0.4%
Deposits	24.3%	24.2%	24.1%	24.7%	0.6%	0.4%	0.5%
Total Assets	24.4%	26.3%	24.9%	24.9%	0.0%	0.5%	-1.4%
Indicators (%)	**3Q 2009**	**4Q 2009**	**2Q 2010**	**3Q 2010**	**Q-o-Q**	**Y-o-Y**	**YTD**
Gross loans to deposits	94%	92%	100%	97%	-3%	3%	5%
Net loans to (deposits + retail bonds)	84%	81%	87%	83%	-4%	-1%	2%
Leverage (Shareholder's Equity/Total Assets)	14.8%	15.3%	16.2%	16.7%	0.5%	1.9%	1.4%
Capital adequacy ratio (OTP Bank, non-consolidated, HAS)	17.2%	16.2%	16.4%	17.8%	1.4%	0.6%	1.5%
Tier1 ratio (OTP Bank, non-consolidated, HAS)	13.8%	13.1%	13.9%	15.0%	1.1%	1.2%	1.9%

Balance sheet trends

Adjusted for technical effects in 2Q 2010 practically both the loan and the deposit book showed a slight increase at OTP Core (loan portfolio: +1% q-o-q, +2% y-o-y, deposit book: +3% q-o-q, +4% y-o-y). Without the technical effects the net loans to (deposits + retail bonds) ratio decreased by 2%-points q-o-q and by 7%-points y-o-y. The two technical effects were as follows: on one hand the strengthening of the HUF in 3Q (4% against CHF, 3% against EUR while 8% against JPY appreciation of the closing rate q-o-q) and the reclassification of around HUF 100 billion municipality bonds[8] to loans within the assets of OTP Core in 2Q 2010.

It is an encouraging tendency that in mortgage loan disbursements since January 2010 the market share in new disbursements increased significantly. In 2Q 2010 OTP Core reached a 28.3% market share out of the total disbursements, and 29.5%[9] from the disbursements without CHF which means a market leader position again. In 3Q the performance improved even further and reached 32.7%. Quarterly disbursements further strengthened q-o-q (in HUF billion 1Q: 14, 2Q 28, 3Q: 30) and on a nine months' base the value of disbursements exceeded by 49% that of 2009 (9M 2010: HUF 72 billion). Regarding the FX-composition of new origination: in 3Q 2010 the ratio of HUF denomination grew to 100% practically, since from 1 July 2010 OTP Bank suspended the admission of FX-loan applications. The decision of the Bank's management was a reaction to the 29-points action plan of the new government which contained the intention to stop retail FX-lending. As a result, on 22 July 2010 the parliament enacted an amendment according to which no mortgage is allowed to be established in order to secure FX-denominated retail mortgage loans for private individuals. Despite favourable developments in origination, FX adjusted mortgage volumes only slightly changed (-0.1% q-o-q).

Without exchange rate effect only SME and corporate lending produced some increase (+2% and +5% q-o-q respectively). All the other loan segments (consumer and municipality[14] lending) practically stagnated q-o-q. Notwithstanding its outstanding disbursement results compared to the market, portfolio of personal loans, representing the biggest part of the consumer loan portfolio, further diminished (-3% q-o-q, thus -8% y-o-y). The relative good performance in 9M 2010 is reflected by the 49% market share of the Bank in the personal loan disbursements, while in case of the outstanding portfolio the market share is significantly lower: 33%.

Deposit base of OTP Core, taking into consideration the portfolio of proxy-deposit retail bonds, increased by 6% y-o-y, in 2Q 2010 the growth was 2% q-o-q. The slow-down of deposit growth (during 9M 2010 +5% year-to-date, while in 2009 13% yearly growth) is primarily caused by the slowing-down of the deposit-type savings of retail customers.

Combined amount of retail deposits and bonds practically remained stable y-o-y, while showed some decrease ytd (-1%). Slowing-down of the strong growth in this segment in 2009 (9% y-o-y) is caused by the following: due to its strong liquidity position and the decreasing HUF interest rate environment, the Bank gradually moderated its promotional rates which caused a slight decline in

[14] In compliance with the auditor, the portfolio of municipality bonds underwritten by OTP Bank was reclassified from securities-available-for-sale into customer loans in 2Q 2010. The base periods has not been adjusted accordingly. For information purposes: the size of the relevant bond portfolio (in HUF billion): 3Q 2009: 86; 4Q 2009: 87; 2Q 2010: 99).

the portfolio of promotional term deposits in 1H 2010. Simultaneously, during 9M 2010 significant development of alternative saving forms (primarily the investment funds and retail bonds) was experienced.

Thus the deposit growth was fuelled by the increasing amount of corporate deposits: medium and large corporate deposits grew by 6% q-o-q and by 26% year-to-date, partly due to increasing large corporate deposits and deposit takings of investment funds. The usual seasonality of municipality deposits led to increasing volumes in this segment in 3Q (+20% q-o-q). The growth was mainly driven by the collection of local taxes in September. However, as a result of lower collected tax amounts due to the crisis, the closing amount of municipal deposits in 3Q 2010 is lagging behind the HUF 300 billion level, usually witnessed in previous years (-20% y-o-y).

The amount of issued securities (3Q 2010: HUF 773 billion, -20% y-o-y and +2% q-o-q) was mostly influenced by the maturing mortgage bonds. Most sizeable among these was the EUR 1 billion mortgage bond redemption on 4 March 2010 (at the 3Q closing rate HUF 277 billion). This effect was partly offset by several factors: the above mentioned retail bond issuance resulted in a HUF 46 billion portfolio growth y-o-y. Furthermore, in the last twelve months there was one significant wholesale issue affecting OTP Core's balance sheet: in December 2009 and in April 2010 OTP Mortgage Bank issued EUR 1.35 billion mortgage bonds, with 2 years of maturity under its EUR 3 billion EMTN programme. However, out of the total EUR 1.35 billion only EUR 90 million was purchased by investors from outside the Group, rest of the bonds were bought by OTP Bank and partly utilised as collateral behind repo transactions.

The HUF 13 billion q-o-q increase in the volume of issued securities is coming from the continuous retail bond issuances. After growing by HUF 21 billion q-o-q, the outstanding volume of retail bonds reached HUF 276 billion (cca. EUR 1 billion) by the end of September.

OTP FUND MANAGEMENT

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

Main components of P&L account in HUF mn	9M 2009	9M 2010	Y-o-Y	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfer and banking tax	3,681	5,890	60%	1,294	2,573	1,585	-38%	23%
Pre-tax profit	4,578	7,066	54%	1,591	2,989	1,957	-35%	23%
Total income	5,501	7,327	33%	1,935	2,487	2,404	-3%	24%
Fund management fee	6,631	9,793	48%	2,308	3,402	3,301	-3%	43%
Fund management fee (%)	1.34%	1.31%	*0.0%*	1.29%	1.34%	1.24%	*-0.1%*	*-0.1%*
Wealth management fee	2,372	2,580	9%	837	893	836	-6%	0%
Wealth management fee (%)	0.41%	0.34%	*-0.1%*	0.38%	0.35%	0.32%	*-0.1%*	*0.0%*
Other income	250	165	-34%	105	15	5	-70%	-96%
Dealer commission	-3,752	-5,211	39%	-1,315	-1,823	-1,737	-5%	32%
Operating expenses	-922	-1,147	24%	-344	-383	-447	17%	30%
Personnel expenses	-355	-419	18%	-153	-160	-135	-15%	-12%
Operating expenses	-550	-714	30%	-186	-219	-307	40%	65%
Depreciation	-17	-14	-22%	-5	-5	-5	-3%	-4%
Main components of balance sheet closing balances in HUF mn	2009	3Q 2010	YTD	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
Total assets	10,933	12,800	17%	9,494	9,730	12,800	32%	35%
Total shareholders' equity	9,059	11,287	25%	7,530	8,252	11,287	37%	50%
Main components of P&L account in HUF mn	2009	3Q 2010	YTD	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
OTP Funds	862.7	1,111.1	29%	759.3	1,013.4	1,111.1	10%	46%
money market	299.2	349.3	17%	264.7	354.0	349.3	-1%	32%
bond	105.9	133.1	26%	61.0	149.3	133.1	-11%	118%
mixed	14.8	15.3	4%	14.9	14.9	15.3	3%	3%
security	306.8	462.1	51%	276.8	344.8	462.1	34%	67%
guaranteed	117.6	124.7	6%	123.6	126.8	124.7	-2%	1%
other	18.5	26.6	44%	18.4	23.7	26.6	12%	45%
Pension Funds	758.2	857.4	13%	742.9	806.6	857.4	6%	15%
o/w OTP Funds	737.5	834.8	13%	720.9	785.2	834.8	6%	16%
Other pension funds	20.7	22.6	9%	21.9	21.4	22.6	5%	3%
Other Institutional Investors	198.1	216.6	9%	195.3	207.1	216.6	5%	11%
Assets under management, total	**1,819.0**	**2,185.1**	**20%**	**1,697.5**	**2,027.1**	**2,185.1**	**8%**	**29%**

OTP Fund Management posted HUF 5.9 billion net profit for 9M 2010 o/w HUF 1.6 billion was realized in the third quarter.

Due to the favourable trend experienced in the last three quarters investors' confidence is slowly returning and the volume of asset under management is increasing which has a positive impact on income generation. The fund management fee of the Company realized in 9M 2010 increased by almost 50% y-o-y, which represents a 1.31% fee charge on the average portfolio. The wealth management fee reached a more moderate increment (+9% y-o-y) due to the lower increase of assets managed in pension and other funds. Operating expenses showed a 24% growth y-o-y.

Regarding the total assets under management in the domestic market securities and equity funds were in the focus of investors' interest and there was a significant capital inflow in 3Q 2010 (approx. HUF 208 billion). However bond funds suffered a capital withdrawal (approx. HUF 19 billion). From the total market capital-flow more than 60% flew into the funds managed by OTP Fund Management. In case of equity funds the capital inflow reached HUF 93 billion, while the asset under management of OTP Optima (bond fund) decreased by HUF 20 billion.

The volume of assets under management in the pension funds increased further in quarterly and yearly comparison (+6% q-o-q, +13% y-o-y). At the end of September 2010 the volume of asset under management exceeded HUF 850 billion.

The trust of investors and the outstanding performance of OTP Fund Management was reflected in the 130 bps growth of market share (adjusted for estimated duplications) in 3Q (stood at 34.1%), while most of the competitors reported a loss of market share. The client base of the Company reached 208 thousand as at the end of September 2010.

By the two consolidated fund management company (Ukraine and Romania) HUF 7 million profit was realized in 9M 2010.

MERKANTIL GROUP

Performance of Merkantil Bank and Car:

Main components of P&L account [1] in HUF mn	9M 2009	9M 2010	Y-o-Y	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	-3	-907		-356	-1,257	63	-105%	-118%
Pre-tax profit	125	-907	-823%	-318	-1,364	63	-105%	-120%
Operating profit	9,017	7,746	-14%	3,041	2,910	1,927	-34%	-37%
Total income	12,705	11,382	-10%	4,096	4,224	3,075	-27%	-25%
Net interest income	14,990	13,231	-12%	4,610	4,405	4,340	-1%	-6%
Net fees and commissions	-3,673	-3,122	-15%	-1,158	-1,059	-1,013	-4%	-13%
Other net non-interest income	1,388	1,273	-8%	644	878	-251	-129%	-139%
Operating expenses	-3,688	-3,635	-1%	-1,055	-1,314	-1,148	-13%	9%
Provision for possible loan losses	-8,642	-8,494	-2%	-3,267	-4,216	-1,829	-57%	-44%
Other provision	-250	-159	-36%	-91	-57	-36	-38%	-61%
Main components of balance sheet [1] closing balances in HUF mn	2009	9M 2010	YTD	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
Total assets	308,706	311,924	1%	312,549	332,032	311,924	-6%	0%
Gross customer loans	312,698	326,848	5%	320,694	347,927	326,848	-6%	2%
Retail loans	80	238	199%	290	127	238	88%	-18%
Corporate loans	37,850	51,214	35%	40,375	50,244	51,214	2%	27%
Car financing loans	274,768	275,396	0%	280,029	297,557	275,396	-7%	-2%
Allowances for possible loan losses	-34,393	-42,645	24%	-31,690	-40,893	-42,645	4%	35%
Deposits from customers	5,467	4,477	-18%	4,930	4,544	4,477	-1%	-9%
Retail deposits	1,496	1,591	6%	1,373	1,889	1,591	-16%	16%
Corporate deposits	3,971	2,886	-27%	3,557	2,655	2,886	9%	-19%
Liabilities to credit institutions	235,553	249,398	6%	237,365	267,156	249,398	-7%	5%
Total shareholders' equity	31,444	29,132	-7%	33,272	29,666	29,132	-2%	-12%
Loan Quality	9M 2009	9M 2010	Y-o-Y	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	41,041	50,565	23.20%	41,041	46,679	50,565	8.33%	23.20%
90+ days past due loans/gross customer loans (%)	12.8%	15.5%	2.67%	12.8%	13.4%	15.5%	2.05%	2.67%
Cost of risk/average gross loans (%)	3.59%	3.55%	-0.04%	3.97%	5.09%	2.15%	-2.94%	-1.82%
Total provisions/90+ days past due loans (%)	77.2%	84.3%	7.12%	77.2%	87.6%	84.3%	-3.27%	7.12%
Performance Indicators (%)	9M 2009	9M 2010	Y-o-Y	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
ROA	0.0%	-0.4%	-0.4%	-0.4%	-1.6%	0.1%	1.7%	0.5%
ROE	0.0%	-4.0%	-4.0%	-4.2%	-16.6%	0.8%	17.5%	5.1%
Net interest margin	6.01%	5.70%	-0.31%	5.72%	5.54%	5.35%	-0.19%	-0.38%
Cost/income ratio	29.0%	31.9%	2.9%	25.8%	31.1%	37.3%	6.2%	11.6%

[1] Effective from 2Q 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 907 million loss in the first nine months***
- ***The y-o-y operating result setback is due to the declining net interest income; in 3Q 2010 core banking revenues remained stable q-o-q***
- ***Car financing loans dropped further (FX-adjusted decrease was 4% q-o-q and 13% y-o-y)***
- ***Loan portfolio quality deteriorated further, however coverage ratio remained stable (84.3%)***

In the first nine months of 2010, Merkantil Bank and Car's aggregated profit after tax totalled to a loss of HUF 907 million, excluding the special tax levied on financial institutions (the bank tax is shown on a Group level only). Beside of the declining total revenues, the net loss is the consequence of significantly increasing provision for loan losses.

The realized total income for the first nine months of 2010 was 10% lower compared to the previous year's result, mainly because the net interest income declined by 12%. The net interest income is lower because, since 2H 2009 intragroup funding spreads became wider and the amount of suspended interest grew further. However, the decrease was somewhat offset by the increase of net interest income calculated in HUF nominal terms, caused by the change of HUF/CHF average exchange rate (HUF was roughly 5% weaker in the first nine months of 2010). The 15% lower net fee and commission expense reflects moderate business activity, the accruals for broker fees that were made in previous years characterized by higher sales volumes are gradually running out.

The 9M other net non-interest income is slightly lower y-o-y; the high volatility seen in the first three quarters of 2010 is mainly due to the non realized result of the open FX position.

Strict cost control continued during the year, the level of operating costs in the first nine months was flat y-o-y compared to the base period. The 13% q-o-q drop in 3Q is caused basically by base effect (a one-off personnel expense was booked in the second quarter).

The 9M risk costs are roughly the same as one year earlier (-2% y-o-y). The explanation of the 57% q-o-q drop seen in the third quarter is as follows: while the increment of risk cost in the second quarter was practically related to the revaluation of provisions due to HUF weakening, the strengthening of the HUF caused inverse effect in the third quarter.

The DPD90+ ratio increased to 15.5% (+2%-points q-o-q). The higher ratio is due to the increase in DPD90+ loan volumes and the contraction in gross loan volume. However, coverage is still high (84.3%, +7.7%-points y-o-y) thanks to cautious provisioning.

The FX-adjusted car financing loan book continued shrinking. Till the end of September 2010, the FX-adjusted decline was 13% y-o-y and 4% q-o-q. The declining volume is the consequence of the fact that from January to September 2010 both the number of sold cars, and the value of new disbursement contracted by more than 40% y-o-y. The average amount of newly disbursed loans also decreased, as the ratio of less expensive second-hand cars picked up within new sales and higher downpayments were required. The latter was induced by the new government decree on prudent retail lending and creditworthiness in force since March 2010.

In spite of the declining business volumes, the gross loans increased by 2% y-o-y, as a result of 27% y-o-y growth in corporate loan volumes. The increment is the result of corporate loan transfers among Merkantil group members shown as aggregated, not consolidated.

IFRS REPORTS OF THE MAIN SUBSIDIARIES

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

DSK GROUP[15] (BULGARIA)

Performance of DSK Group:

Main components of P&L account in HUF mn	9M 2009	9M 2010	Y-o-Y	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	17,519	14,511	-17%	5,571	4,661	5,292	14%	-5%
Pre-tax profit	19,468	16,125	-17%	6,205	5,178	5,882	14%	-5%
Operating profit	41,856	40,806	-3%	13,946	13,719	15,046	10%	8%
Total income	64,521	63,971	-1%	21,056	21,492	23,050	7%	9%
Net interest income	51,741	51,377	-1%	16,733	17,058	18,545	9%	11%
Net fees and commissions	11,637	11,395	-2%	3,851	4,000	4,073	2%	6%
Other net non-interest income	1,142	1,198	5%	472	435	431	-1%	-9%
Operating expenses	-22,665	-23,165	2%	-7,110	-7,774	-8,004	3%	13%
Provision for possible loan losses	-22,213	-24,662	11%	-7,592	-8,523	-9,172	8%	21%
Other provision	-175	-19	-89%	-149	-17	8	-148%	-105%
Main components of balance sheet closing balances in HUF mn	2009	9M 2010	YTD	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
Total assets	1,207,328	1,205,428	0%	1,198,537	1,238,027	1,205,428	-3%	1%
Gross customer loans	1,027,820	1,062,335	3%	1,029,904	1,096,535	1,062,335	-3%	3%
Retail loans	831,729	856,578	3%	835,173	885,309	856,578	-3%	3%
Corporate loans	196,091	205,758	5%	194,731	211,226	205,758	-3%	6%
Allowances for possible loan losses	-61,810	-85,576	38%	-61,121	-81,688	-85,576	5%	40%
Deposits from customers	801,112	842,458	5%	781,741	862,423	842,458	-2%	8%
Retail deposits	688,399	711,211	3%	653,765	736,290	711,211	-3%	9%
Corporate deposits	112,713	131,247	16%	127,975	126,133	131,247	4%	3%
Liabilities to credit institutions	100,739	31,006	-69%	119,970	43,354	31,006	-28%	-74%
Subordinated debt	95,049	97,609	3%	94,624	100,499	97,609	-3%	3%
Total shareholders' equity	193,214	213,015	10%	185,013	214,220	213,015	-1%	15%
Loan Quality	9M 2009	9M 2010	Y-o-Y	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	81,422	113,806	39.8%	81,422	104,198	113,806	9.2%	39.8%
90+ days past due loans/gross customer loans (%)	7.9%	10.7%	2.8%	7.9%	9.5%	10.7%	1.2%	2.8%
Cost of risk/average gross loans (%)	2.90%	3.16%	0.25%	2.92%	3.24%	3.37%	0.13%	0.45%
Total provisions/90+ days past due loans (%)	75.1%	75.2%	0.1%	75.1%	78.4%	75.2%	-3.2%	0.1%
Performance Indicators (%)	9M 2009	9M 2010	Y-o-Y	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
ROA	2.0%	1.6%	-0.4%	1.9%	1.5%	1.7%	0.2%	-0.1%
ROE	13.4%	9.6%	-3.8%	12.1%	9.1%	9.8%	0.7%	-2.3%
Total income margin	7.28%	7.09%	-0.19%	7.00%	7.13%	7.49%	0.36%	0.48%
Net interest margin	5.84%	5.69%	-0.14%	5.57%	5.66%	6.02%	0.36%	0.46%
Cost/income ratio	35.1%	36.2%	1.1%	33.8%	36.2%	34.7%	-1.4%	1.0%
Net loans to deposit	124%	116%	-8%	124%	118%	116%	-2%	-8%

[15] 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.

- ***Stable operating results, rising risk costs for loan losses and stronger HUF resulted in a 17% decline of 9M after tax profit y-o-y***
- ***Q-o-q higher risk costs were balanced by total revenue improvement, net profit grew by 14%***
- ***Net interest margin increased by 0.36%-point q-o-q***
- ***Due to high 3Q risk costs DPD90+ coverage is 75%***
- ***Stable loan and deposit portfolio q-o-q in BGN***
- ***Steadily outstanding cost efficiency (cost/income ratio in 9M 2010: 36%)***

The HUF denominated financials of DSK Group were highly influenced by the development of the BGN-HUF exchange rate: in 3Q 2010 the closing rate of the HUF weakened by 3% y-o-y, but appreciated by 3% q-o-q against BGN, while the 9M 2010 average rate appreciated by 3% y-o-y.

The DSK Group after tax profit in 9M 2010 was HUF 14.5 billion, by 17% less compared to the level of the previous year. The drop is partly due to the appreciation of the average HUF rate, in BGN terms the profit drop was 15% y-o-y. Nevertheless, 9M 2010 performance of the Bulgarian bank proved its henceforward robust income generating capability and efficient cost control. The Bank's operating profit (before tax and provisioning for loan losses) in 9M was similar to the base period in BGN terms (0% y-o-y); the 3% y-o-y decrease in HUF terms was due to the stronger average HUF rate.) The nine months income in BGN terms grew by 2% y-o-y, due to 2% increase of net interest income. Income dynamics remained stable in the last quarter (+4% in BGN), net interest income rose further.

It was a favourable improvement that in 2010 net interest margin grew quarter-by-quarter (1Q 2010: 5.36%, 2Q: 5.66%, 3Q: 6.02%), mainly as a result of pricing and liquidity management measures on the liability side. The previously mentioned stringent cost control is reflected in the continuously low cost/income ratio (9M 2010: 36%, +1%-points y-o-y), and in the only 5% y-o-y increase of operating expenses in BGN terms (2% increase observed in HUF). Due to the aforementioned, the higher risk costs were the main reason for the decrease in net profit for the period: the 9M HUF 24.7 billion risk cost volume represents a yearly growth of 11% and 14% in HUF and BGN terms, respectively.

The deterioration of loan portfolio in 3Q was still significant, however lower than in the previous quarter: proportion of 90+ days past due loans rose from 9.5% to 10.7% q-o-q (+2.8%-points y-o-y). The pace of deterioration shows decline even if the figures are adjusted for the effect of the sale[16] of consumer loans in 3Q 2010 (without the sale the ratio would have grown to 10.9%). With regards to the components: deterioration of mortgage and SME loans accelerated (from 8.3% to 9.9% while DPD90+ ratio grew from 25.4% to 28.7% q-o-q). However the deterioration of consumer loans even without the sale transaction lost momentum (the sale adjusted ratio increased from 9.2% to 9.6%) and a further remarkable slow-down was experienced at corporate loans where the q-o-q growth in the ratio from the 2Q 3.1%-points level dropped to 1.4%.points (the ratio in 3Q 2010: 7.5%). As a result of the significant provisioning the coverage of non-performing loans is 75.2%, which is still above the group average.

As for the development of total revenues it is favourable that during the nine month period the Bank lowered its interest rates on deposits as its liquidity position improved. Also it did not renew its expiring deposit campaigns. Consequently, net interest margin improved gradually (1Q 2010 +12 bps q-o-q, in 2Q +30 bps, in 3Q 2010 +36 bps). What is more favourable, despite the interest rates cuts, the Bank's market share in the retail deposit market only slightly eroded and in the corporate deposit market it even improved q-o-q. Fee and commission income reflects stable performance both on annual and quarterly base.

Regarding the loan volumes new disbursements could only keep the portfolio at the level of the previous quarter. In the last quarter the total portfolio as well as the main segments remained at the 2Q level. The only new improvement is that the previously dynamic decline of SME loans stopped (q-o-q 0%, y-o-y -13% in BGN). On a yearly base mortgage and corporate loans represented a slight increase (+4% and +3% y-o-y respectively), consumer loan portfolio stagnated. The Bank kept its stable market share in the loan market (in 3Q 2010 14.4%).

Despite the previously mentioned pricing measures, deposit base of the Bank remained stable (it grew by 1% q-o-q and by 6% y-o-y in BGN). The net loan-to-deposit ratio shrank a bit further (3Q 2010: 116%, -2%-points q-o-q, -8%-points y-o-y).

The subordinated capital base remained flat in BGN on a yearly as well as on a quarterly basis. At the same time the inter-bank funding decreased significantly (-28% q-o-q;-74% y-o-y). There were two main reasons for the decrease: on one hand as a result of the repayments the portfolio of mother bank funding diminished significantly (approx. -HUF 66 billion y-o-y), on the other hand a syndicated loan of EUR 140 million (about HUF 40

[16] In 3Q 2010 DSK Bank sold BGN 19 million (almost HUF 3 billion) non-performing consumer loan portfolio to a non-gorup member company.

billion) was paid back on 8 April 2010. The continuous improvement of the Bank's liquidity position allowed it to pay back these liabilities.

Capital position of DSK is still very strong, the capital adequacy ratio is more than double of the regulatory minimum (3Q 2010: 25.4% vs. 12% of the regulatory minimum; Tier1 ratio: 17.1% vs. 6% regulatory minimum). In 9M 2010 the ratio improved significantly due to changes in the Bulgarian regulations. Among the changes the one that modified the risk weight of some asset classes had the major impact, leading to a ytd decline of 14% in the RWA.

In August Moody's Investors Service affirmed the „Baa3" local and foreign currency deposit rating of DSK Bank (outlook is negative).

OTP BANK RUSSIA[17]

Performance of OTP Bank Russia:

Main components of P&L account in HUF mn	9M 2009	9M 2010	Y-o-Y	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	1,354	13,510	898%	1,136	3,613	8,696	141%	666%
Pre-tax profit	1,782	17,847	902%	1,495	4,743	11,525	143%	671%
Operating profit	19,012	35,940	89%	6,831	11,868	14,967	26%	119%
Total income	49,575	71,553	44%	16,402	23,779	27,325	15%	67%
Net interest income	44,240	63,858	44%	14,848	20,592	24,415	19%	64%
Net fees and commissions	3,503	6,361	82%	969	2,246	2,825	26%	191%
Other net non-interest income	1,832	1,334	-27%	585	941	86	-91%	-85%
Operating expenses	-30,563	-35,613	17%	-9,571	-11,911	-12,359	4%	29%
Provision for possible loan losses	-16,627	-18,403	11%	-4,982	-7,737	-3,208	-59%	-36%
Other provision	-603	309	-151%	-354	612	-234	-138%	-34%
Main components of balance sheet closing balances in HUF mn	2009	9M 2010	YTD	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
Total assets	579,941	653,779	13%	498,795	717,512	653,779	-9%	31%
Gross customer loans	369,877	444,152	20%	340,454	449,826	444,152	-1%	30%
Retail loans	250,463	342,034	37%	223,823	320,834	342,034	7%	53%
Corporate loans	103,719	86,112	-17%	99,744	110,838	86,112	-22%	-14%
Allowances for possible loan losses	-38,493	-59,284	54%	-38,709	-63,497	-59,284	-7%	53%
Deposits from customers	306,646	354,455	16%	246,030	401,493	354,455	-12%	44%
Retail deposits	196,744	232,730	18%	170,366	251,503	232,730	-7%	37%
Corporate deposits	109,902	121,725	11%	75,664	149,990	121,725	-19%	61%
Liabilities to credit institutions	163,592	158,513	-3%	152,823	184,842	158,513	-14%	4%
Issued securities	15,955	20,111	26%	6,841	11,626	20,111	73%	194%
Subordinated debt	13,607	14,862	9%	13,376	16,651	14,862	-11%	11%
Total shareholders' equity	71,459	89,720	26%	69,020	90,506	89,720	-1%	30%
Loan Quality	9M 2009	9M 2010	Y-o-Y	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	46,917	71,321	52.0%	46,917	75,144	71,321	-5.1%	52.0%
90+ days past due loans/gross customer loans (%)	13.8%	16.1%	2.3%	13.8%	16.7%	16.1%	-0.6%	2.3%
Cost of risk/average gross loans (%)	6.14%	6.05%	-0.10%	5.74%	7.34%	2.85%	-4.49%	-2.89%
Total provisions/90+ days past due loans (%)	82.5%	83.1%	0.6%	82.5%	84.5%	83.1%	-1.4%	0.6%
Performance Indicators (%)	9M 2009	9M 2010	Y-o-Y	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
ROA	0.4%	2.9%	2.6%	0.9%	2.2%	5.0%	2.9%	4.1%
ROE	2.8%	22.4%	19.6%	6.8%	16.8%	38.3%	21.5%	31.5%
Total income margin	12.90%	15.51%	2.61%	13.35%	14.22%	15.81%	1.59%	2.47%
Net interest margin	11.51%	13.84%	2.33%	12.08%	12.31%	14.13%	1.81%	2.05%
Cost/income ratio	61.6%	49.8%	-11.9%	58.4%	50.1%	45.2%	-4.9%	-13.1%
Net loans to deposits	123%	109%	-14%	123%	96%	109%	12%	-14%

[17] 2009 figures are based on the aggregated financial statements of OAO OTP Bank and Donskoy Narodny Bank, since the merger of the Banks in 1Q 2010, figures are based on the financial statements of OAO OTP Bank..

- ***HUF 13.5 billion profit for 9M 2010 is four times higher than the full year net profit for 2009***
- ***Operating income increased by 89% y-o-y, robust interest and fee income***
- ***Strong consumer loan disbursement, extremely successful cross-selling of credit card products, further increasing personal loan portfolio***
- ***Improving cost efficiency due to higher income and controlled cost base (9M 2010 CIR at 50%, -12%-points y-o-y)***

The HUF denominated financials of OTP Bank Russia were highly influenced by the development of the RUBHUF exchange rate: in 3Q 2010 the closing rate of the HUF weakened by 8% y-o-y, but appreciated by 11% q-o-q against RUB, while the 9M 2010 average rate depreciated by 8% y-o-y.

After tax profit of OTP Bank Russia for 9M 2010 amounted to HUF 13.5 billion which is an outstanding result taking into consideration that during 1H 2010 the Bank had to set aside almost HUF 7.3 billion provisions (1Q 2010: HUF 4.6 billion, 2Q: HUF 2.7 billion) as a one-off item for a corporate exposure defaulting in February.

The operating income of the Bank clearly reflects the results of the Bank's serving out the consumer loan demand which is getting stronger for more than a year now. 9M 2010 net interest income grew by 44% y-o-y as a combined effect of increasing consumer loan portfolio and strong interest margin, net fee and commission income increased by 82%. All of these coupled with a cost base growing by less than loan portfolio (operating costs +17% y-o-y) resulted in outstanding operating profit dynamics (+89% y-o-y). The 11% y-o-y increase of risk costs was caused by a HUF 7.3 billion provisioning (40% of total risk cost for 9M) for a loan of one corporate customer during 1H 2010. Due to the growth of loan book, however, risk cost rate (9M 2010: 6.05%) is by 10 bps lower compared to 9M 2009, the improvement is clearly due to the still favourable quality of consumer loans portfolio, representing 62% of loan book total.

The good financial performance of the Bank is mainly due to the robust increment of the income side, which is owing to a large extent to the successful sale of consumer loans. New consumer loan origination in 9M 2010 more than doubled y-o-y (+58% in RUB terms). In case of the flagship product POS loans the sales performance has improved in line with the significantly increasing demand since summer 2009. Sales were supported with the extension of internal and external agent network. The dynamics of origination remained outstandingly strong in 9M 2010 moreover it also exceeded the December 2009 record sales level in August and September 2010, so the market share remained above 20% (2010 YTD: 20.8%). Due to the outstanding 3Q origination POS loan portfolio grew dynamically (3Q 2010: +27% q-o-q, +68% y-o-y in RUB), the Bank kept its second position in the league table both in terms of new origination and outstanding volumes. As for credit card loans, the success was due to the re-design of the product proposition in August 2009 and the intensive sales campaigns afterwards.

The number of newly issued cards as well as the achieved utilization rate significantly exceeded the results of previous campaigns. As a consequence the portfolio of credit card loans increased dynamically: +9% q-o-q in 1Q 2010, +19% in 2Q and +18% in 3Q; altogether the yearly growth reached 61% (adjusted for 2009 write-offs the portfolio would have increased by 71% y-o-y). With respect to performing credit card loans the bank is currently the 5th largest player on the Russian market (3Q 2010 market share: 6%, +0.5%-points q-o-q). Another favourable improvement was, that personal loans sold in the branch network demonstrated a strong increment in the course of 2010 (although from a relatively low base the portfolio increased by 27% q-o-q and 76% y-o-y). 23% ytd growth of mortgage loans is mainly due to portfolio purchase.

Total income- and net interest margin of OTP Bank Russia were significantly boosted by the strong dynamics of consumer lending: the former increased to 15.5% and the latter to 13.8% in 9M 2010, which is a remarkable improvement compared to the previous year's levels. (+2.61%-points and +2.33%-points y-o-y respectively). Besides the strong consumer lending activity the margin improvement was generated by two other factors as well: on one hand the liquidity surplus cumulated as a result of the successful deposit collection in 2009 was invested into interbank loans and higher-yielding instruments after the amendment of the regulations around mid-2009. On the other hand, since the current level of the liquidity buffer covers the liquidity need of the planned loan portfolio growth in 2010, the offered deposit rates were decreased in several steps from 4Q 2009 onward, furthermore the active selling campaigns were stopped. These changes are reflected in the slowing dynamics of deposit base growth in 9M 2010: in RUB terms the deposit base increased by 9% ytd after the outstanding 41% y-o-y growth in 2009, in 3Q it stagnated on a quarterly basis (the 9% q-o-q growth of retail deposits was offset by the decline of corporate deposits, predominantly term deposits). As the combined effect of these changes the rapid decline of the net loan-to-deposit ratio experienced in 2009 was replaced by growth in 3Q 2010 (3Q 2010: 125%, +13%-points q-o-q, -13%-point y-o-y).

The 9M 82% y-o-y increment and the significant q-o-q and y-o-y improvement of quarterly net fee and commission income (+26% and +191% respectively) was also boosted by the previously detailed consumer loan and deposit trends. Growth is mainly owing to credit card and POS loans related fee income increase.

The significant increase of risk costs for loan losses in 9M 2010 (HUF 18.4 billion, +11% y-o-y) was related mainly to a HUF 7.3 billion one-off provisioning requirement for a corporate loan after the default of Technosila Group. The company was a retail merchant of electronic and home appliances, with a wide distribution network. The biggest lender of Technosila, the Russian MDM Bank pro forma took over the company in 2010, and refused to repay its obligations to the previous lenders. The coverage of the exposure with provisions and collaterals did not necessitate further provisioning in 3Q 2010. Due to the growth of the consumer loans portfolio risk cost to average loans ratio became low in 3Q 2010 (2.85%), which is by even 1.9%-points lower than the 2Q risk cost rate adjusted by the risk cost of Technosila. Ratio of DPD90+ loans decreased to 16.1% (-0.6%-points q-o-q, +2.3%-points y-o-y). The improvement was seen in all retail segments (DPD90+ portfolio without the Technosila exposure decreased by 4% q-o-q to HUF 62 billion). The coverage ratio of non-performing loans is stably high (3Q 2010: 83.1%, -1.4%-points q-o-q, +0.6%-points y-o-y).

Due to stringent operating cost control operating expenses increased by only 8% y-o-y in RUB terms (in HUF +17%) it is practically in line with the Russian CPI (3Q 2010 yearly inflation: 7%). As a result of branch network rationalization the headcount of the bank decreased to 4.565 people (-8% q-o-q, -10% y-o-y); while number of branches decreased to 153 (-11 y-o-y, -2 q-o-q). The POS loans agent network has been expanding since 2Q 2009: in 3Q 2010 it increased by 5.9% q-o-q to 11,967 persons, thus the yearly growth of the network is 38%: Cost to income ratio decreased below 50% in the first three months of 2010 due to the above detailed developments (3Q 2010: 49.8%, -11.9%-points y-o-y).

OTP BANK JSC (UKRAINE)[18]

Performance of OTP Bank JSC:

Main components of P&L account in HUF mn	9M 2009	9M 2010	Y-o-Y	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	-29,227	6,066	-121%	-19,161	963	4,959	415%	-126%
Pre-tax profit	-29,137	6,059	-121%	-19,156	898	4,959	452%	-126%
Operating profit	39,416	26,590	-33%	14,856	8,286	9,468	14%	-36%
Total income	57,222	44,791	-22%	20,263	14,766	15,910	8%	-21%
Net interest income	46,855	38,640	-18%	14,344	13,657	12,335	-10%	-14%
Net fees and commissions	5,954	5,657	-5%	2,688	1,866	2,175	17%	-19%
Other net non-interest income	4,413	494	-89%	3,230	-757	1,400	-285%	-57%
Operating expenses	-17,807	-18,201	2%	-5,407	-6,480	-6,442	-1%	19%
Provision for possible loan losses	-68,340	-20,095	-71%	-34,021	-6,985	-4,673	-33%	-86%
Other provision	-212	-435	105%	9	-404	164	-141%	
Main components of balance sheet closing balances in HUF mn	**2009**	**9M 2010**	**Y-o-Y**	**3Q 2009**	**2Q 2010**	**3Q 2010**	**Q-o-Q**	**Y-o-Y**
Total assets	711,155	725,526	2%	686,349	839,990	725,526	-14%	6%
Gross customer loans	670,758	660,940	-1%	673,281	762,850	660,940	-13%	-2%
Retail loans	311,158	317,552	2%	311,862	375,482	317,552	-15%	2%
Corporate loans	300,795	293,351	-2%	299,400	324,477	293,351	-10%	-2%
Car financing loans	58,806	50,037	-15%	62,019	62,891	50,037	-20%	-19%
Allowances for possible loan losses	-110,583	-141,068	28%	-81,129	-157,685	-141,068	-11%	74%
Deposits from customers	165,764	182,207	10%	149,504	206,818	182,207	-12%	22%
Retail deposits	98,164	106,848	9%	82,863	122,334	106,848	-13%	29%
Corporate deposits	67,600	75,358	11%	66,641	84,483	75,358	-11%	13%
Liabilities to credit institutions	403,803	378,403	-6%	424,879	455,634	378,403	-17%	-11%
Subordinated debt	40,331	43,380	8%	34,169	50,430	43,380	-14%	27%
Total shareholders' equity	90,711	113,076	25%	65,460	115,393	113,076	-2%	73%
Loan Quality	**9M 2009**	**9M 2010**	**Y-o-Y**	**3Q 2009**	**2Q 2010**	**3Q 2010**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	130,506	190,523	45.99%	130,506	208,401	190,523	-8.58%	45.99%
90+ days past due loans/gross customer loans (%)	19.4%	28.8%	9.44%	19.4%	27.3%	28.8%	1.51%	9.44%
Cost of risk/average gross loans (%)	12.72%	4.04%	-8.68%	19.30%	3.86%	2.60%	-1.25%	-16.69%
Total provisions/90+ days past due loans (%)	62.2%	74.0%	11.88%	62.2%	75.7%	74.0%	-1.62%	11.88%

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

Performance Indicators (%)	9M 2009	9M 2010	Y-o-Y	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
ROA	-5.1%	1.1%	6.2%	-10.4%	0.5%	2.5%	2.0%	12.9%
ROE	-53.7%	8.0%	61.7%	-95.7%	3.6%	17.2%	13.6%	112.9%
Total income margin	9.98%	8.34%	-1.64%	11.03%	7.54%	8.06%	0.52%	-2.97%
Net interest margin	8.17%	7.19%	-0.98%	7.81%	6.98%	6.25%	-0.72%	-1.56%
Cost/income ratio	31.1%	40.6%	9.5%	26.7%	43.9%	40.5%	-3.4%	13.8%
Net loans to deposit	396%	285%	-111%	396%	293%	285%	-7%	-111%

- ***Net profit for the period exceeded HUF 6 billion, o/w in 3Q 2010 HUF 5 billion was realized mainly as a consequence of lower level of provisioning***
- ***The decline of corporate portfolio stopped and showing a 4% FX-adjusted improvement in 3Q***
- ***Coverage ratio of non-performing loans is still stable, as at the end of September reached 74%***
- ***The portfolio deterioration moderated as a result of decreasing DPD volumes and the slightly increasing loan portfolio***
- ***Efficient cost management (operating expenses remained flat y-o-y), in ytd comparison staff level decreased further***
- ***Despite of interest rate cuts total deposit base increased by 10% y-o-y, thus net loan-to-deposit ratio improved by 111%-points***

The net profit for 9M 2010 of OTP Bank Ukraine exceeded HUF 6 billion, in contrast to the significant loss made in the base period 2009. The quarterly after-tax result was HUF 5 billion, the profit-contribution to the consolidated result improved significantly. Operating profit of the Bank (without risk cost) decreased by 33% y-o-y comparison, driven by the decline of net interest and net non-interest income, at the same time the operating expenses remained flat in a yearly comparison. It should be emphasized that the performance of the Bank was mainly driven by the level of provisioning in 9M 2010. Although the periodic risk cost for loan losses was significantly lower than in the same period a year earlier, it was in line with the moderated portfolio deterioration, thus the coverage ratio remained stable at a high level (9M 2010: 74%).

The development of net interest income was determined partly by the shrinking loan portfolios in the period (-13% y-o-y in LCY terms), and by the sale of loan portfolios to OTP Factoring Ukraine (no interest income booked on transferred portfolios). Nevertheless the accrual of non-performing loans related interest income was stopped in cases satisfying specified conditions. The net interest margin for 9M 2010 stood at 7.19%, showing a 98 bps decrease on a yearly basis.

During the first nine months of 2010 there were several interest rate cuts on the deposit side, however the favorubale impact of lower interest level on the liability side will be visible in the forthcoming quarters. Despite the repricing measures the Bank managed to preserve its market position in the retail deposit segment, as at the end of September stood at 1.45%.

Net fee and commission income showed a moderate decrease on a yearly base (-9% y-o-y in LCY terms). The net deposit and transaction related fee income, which gives about 40% of the total grew by 22% y-o-y, while net loan related commission income increased by more than 70% in LCY terms. The development of other net non-interest income of the period was mainly driven by the UAH foreign exchange rate fluctuation related revaluation loss of provision, while about HUF 50 million (UAH 1.9 million) loss was realized as securities valuation result in the period despite the favourable result of 3Q 2010.

In the first nine months 2010 operating cost was under strict control and the operating result remained flat y-o-y. The yearly development of personnel expenses was determined by the moderate business activity, the headcount of the Bank declines by 430 since the end of last year (3Q 2010 closing staff number: 3,390).

Still a moderate loan demand characterised the Ukrainian market, as a consequence of the measures taken by National Bank of Ukraine. Regarding the portfolio dynamics the HUF denominated portfolios of OTP Bank Ukraine were highly influenced by the development of the UAH/HUF exchange rate: in 3Q 2010 the closing HUF rate weakened by 13% y-o-y against UAH, while in a quarterly comparison it appreciated by 14%. With regards to the retail segment, foreign currency lending was temporarily suspended and due to the unfavourable interest rates of UAH denominated loans the retail loan portfolio decreased gradually (-24% ytd in LCY terms). On the corporate side, there were signs of recovery (the corporate loan portfolio increased by 3.8% q-o-q in LCY terms), however in a yearly comparison downward trend prevailed.

The pace of loan portfolio deterioration moderated compared to 2Q 2010 driven by the lower growth rate of non-performing loan volumes, while total gross loan portfolio remained stable in LCY terms. The ratio of 90+ days past due loans grew to 28.8% (+1.5%-points q-o-q). The coverage ratio of non-performing loans stabilized at 74%, is still significantly higher than in the base period of 2009.

The Bank provides a debtor protection program to its retail customers; within this framework it allows its customers to change their originally USD denominated mortgage and car loans into UAH loans, and is also open to agree to lower temporary instalments. The ratio of restructured loans in the retail segment reached 41.3% by the end of September, it is favourable, however, that the volume of retail restructured loans in LCY showing a downward trend.

Supported by its safe funding position the Bank several times lowered its interest on deposits in 9M 2010. Still, the development of deposit base was favourable in the period, it increased by 0.9% ytd in LCY. Consequently, the Bank's net loan-to-deposit ratio improved further both on yearly (-111 bps) as well as quarterly (-7 bps) basis.

By the end of September 2010 the Bank's CAR calculated in compliance with local regulations, stood at 20%, which is twofold the regulatory minimum (10%).

OTP BANK ROMANIA

Performance of OTP Bank Romania:

Main components of P&L account in HUF mn	9M 2009	9M 2010	Y-o-Y	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs[1]	752	-4,197	-658%	191	-2,055	-2,142	4%	
Pre-tax profit	1,067	-4,195	-493%	178	-2,054	-2,141	4%	
Operating profit	4,839	6,596	36%	1,893	2,544	2,230	-12%	18%
Total income	14,719	16,338	11%	4,831	5,998	5,411	-10%	12%
Net interest income	11,650	13,043	12%	4,017	4,052	4,887	21%	22%
Net fees and commissions	1,474	1,832	24%	467	723	578	-20%	24%
Other net non-interest income	1,595	1,463	-8%	346	1,223	-53	-104%	-115%
Operating expenses	-9,879	-9,742	-1%	-2,938	-3,453	-3,182	-8%	8%
Provision for possible loan losses	-3,705	-10,752	190%	-1,720	-4,550	-4,385	-4%	155%
Other provision	-67	-38	-43%	5	-48	14	-129%	177%
Main components of balance sheet[2] closing balances in HUF mn	**2009**	**9M 2010**	**YTD**	**3Q 2009**	**2Q 2010**	**3Q 2010**	**Q-o-Q**	**Y-o-Y**
Total assets	365,743	393,855	8%	369,601	408,883	393,855	-4%	7%
Gross customer loans	293,116	313,695	7%	295,421	321,517	313,695	-2%	6%
Retail loans	200,738	225,428	12%	199,356	230,509	225,428	-2%	13%
Corporate loans	92,379	88,267	-4%	96,065	91,008	88,267	-3%	-8%
Allowances for possible loan losses	-8,725	-19,935	128%	-7,141	-15,821	-19,935	26%	179%
Deposits from customers	96,364	102,521	6%	90,617	107,170	102,521	-4%	13%
Retail deposits	81,998	73,286	-11%	72,404	82,216	73,286	-11%	1%
Corporate deposits	14,366	29,235	104%	18,213	24,954	29,235	17%	61%
Liabilities to credit institutions	227,298	247,208	9%	238,700	252,925	247,208	-2%	4%
Total shareholders' equity	25,513	22,126	-13%	23,548	24,323	22,126	-9%	-6%
Loan Quality	**9M 2009**	**9M 2010**	**Y-o-Y**	**3Q 2009**	**2Q 2010**	**3Q 2010**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	6,863	30,167	339.5%	6,863	27,026	30,167	11.6%	339.5%
90+ days past due loans/gross customer loans (%)	2.3%	9.6%	7.3%	2.3%	8.4%	9.6%	1.2%	7.3%
Cost of risk/average gross loans (%)	1.62%	4.74%	3.12%	2.28%	6.00%	5.48%	-0.53%	3.20%
Total provisions/90+ days past due loans (%)	104.0%	66.1%	-38.0%	104.0%	58.5%	66.1%	7.5%	-38.0%
Performance Indicators (%)	**9M 2009**	**9M 2010**	**Y-o-Y**	**3Q 2009**	**2Q 2010**	**3Q 2010**	**Q-o-Q**	**Y-o-Y**
ROA	0.3%	-1.5%	-1.8%	0.2%	-2.1%	-2.1%	0.0%	-2.3%
ROE	4.3%	-23.6%	-27.9%	3.2%	-33.8%	-36.6%	-2.8%	-39.8%
Total income margin	5.34%	5.75%	0.41%	5.14%	6.17%	5.35%	-0.82%	0.21%
Net interest margin	4.23%	4.59%	0.37%	4.27%	4.17%	4.83%	0.66%	0.56%
Cost/income ratio	67.1%	59.6%	-7.5%	60.8%	57.6%	58.8%	1.2%	-2.0%
Net loans to deposit ratio	318%	287%	-32%	318%	285%	287%	1%	-32%

[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.

- ***Both higher revenues and cost control contributed to the excellent development of 9M operating result (+36% y-o-y)***
- ***The loan quality deterioration went on in 3Q, but with significantly slower pace. The elevated risk cost level in 3Q resulted in improving coverage ratio***
- ***The lending activity was focused on retail mortgage- and SME lending; the FX-adjusted quarterly loan growth reached 1% in 2Q and 3Q 2010***

In 9M 2010 OBR realized HUF 4.2 billion loss compared to HUF 0.75 billion after tax profit in the base period. The loss is definitely caused by portfolio deterioration and high risk cost in 2Q and 3Q 2010, which could not be offset neither by outstanding total revenues nor by strict cost control.

The operating profit in the first nine months showed a 36% yearly improvement. (Since in 9M the average exchange rate of HUF appreciated against RON by 2% y-o-y, dynamics of P&L items are stronger in RON.) Regarding total income the favourable trends continued, total income increased by 11% y-o-y in HUF terms. The 12% yearly growth of net interest income was supported primarily by the following factors: after the successful deposit collection in the previous quarters, the Bank shifted to a less aggressive deposit pricing policy in 2010 (as a consequence, interest expenses on deposits showed a decline). Beyond this the interest income on securities grew because of the significant increase of securities portfolio since 2H 2009. Furthermore, net interest income was underpinned by the positive revaluation result of swaps made for liquidity management purposes (part of this revaluation is booked on net interest income line). This revaluation result reached -HUF 70 million in 2Q and exceeded HUF 300 million in 3Q 2010; consequently, 17% of yearly increment of net interest income is explained by the swap revaluation result. Even if we deduct the positive contribution of swap revaluation result booked on the net interest income line, the net interest margin would widen by 27 bps in 9M 2010 y-o-y, reflecting purely the underlying business trends.

The net fee and commission income development remained good in the first nine months (+24% y-o-y), fuelled by higher fee income on loans and the one-off fee revenue booked in 2Q. Compared to the base period, 8% decline was registered on other net non-interest income line.

Strong 9M operating profit was supported by not only dynamic income generation but stringent cost control as well. Operating costs in 9M 2010 decreased by 1% y-o-y. Despite of the 4% average headcount growth in January-September 2010 y-o-y, personnel expenses remained basically flat. Although both marketing costs and contractor charges increased, some cost saving could be observed in case of operational expenses.

The pace of portfolio quality deterioration seen in 2Q decelerated significantly in 3Q. Given the management's intention to improve the coverage ratio, the risk cost remained practically unchanged compared to the previous quarter. The 9M risk cost was HUF10.8 billion, almost three times higher than in the base period.

Regarding P&L developments in 3Q, the comparability of the results to previous quarters is limited. 45% of quarterly net interest income improvement is attributable to the above mentioned swap revaluation result. Additionally, the net interest income was supported by the less aggressive pricing of customer deposits. The reason for the 20% drop of net fee and commission income is the base effect (a one-off fee income was realized in 2Q). As for the other net non-interest income, the significant quarterly change can be explained mainly by the volatile FX result. Since provisioning rules are different under IFRS and local standards, the Bank has a long open FX position under IFRS and the revaluation result of this position goes to the FX result line (the RON exchange rate movements resulted in a gain in 2Q and a loss in 3Q). The spike in 2Q of other net non-interest income line was partly caused by realised gain on securities.

3Q total revenues dropped by 10%, but the negative effect on operating income was smoothed by the declining operating costs (-8% q-o-q), as high 2Q marketing costs returned to the normal level. High risk cost weighed on 3Q results: after the record high risk cost in 2Q, the quarterly decline is only 4%.

Deterioration of loan portfolio quality continued in 3Q 2010. While the strong pace of portfolio deterioration in 2Q was in connection with several corporate exposures, the ratio of DPD90+ corporate loans remained flat in the third quarter. Bulk of portfolio quality deterioration was related to the mortgage loans. Ratio of DPD90+ loans amounted to 9.6% (+1.2%-points q-o-q). The coverage ratio of DPD90+ loans improved by 8%-points q-o-q, at the end of September 2010 it reached 66.1%. Coverage of mortgage loans declined somewhat but this was offset by the higher ratio in case of corporate loans.

The debtor protection program (with particular focus on mortgage loans) went on in 2Q 2010 as well. At the end of 3Q 2010 12% of the households' loan portfolio was involved in the program, while by the end of June this ratio was 8%.

Gross loan portfolio shrank by 2% q-o-q in HUF terms, while showed a slight 1% growth adjusted for the currency exchange rate movements. Gross loans expanded by 6% y-o-y in HUF terms, reflecting basically the weaker RON against CHF; adjusted for the FX-effect, the yearly decline reached 3%. The Bank launched lending campaigns with extensive marketing support in 2Q in certain market segments (mainly focusing on mortgage and SME lending). Adjusted for the FX-effect, the volume expansion is above average both in case of mortgage loans (+2% q-o-q, +3% y-o-y) and SME loans (+4% q-o-q, +16% y-o-y).

After the Bank performed outstandingly in deposit collection in previous quarters, its less aggressive deposit pricing policy and more competitive offered deposit rates by several market players led to declining deposit base in 3Q. The yearly deposit growth (adjusted for currency exchange rate changes) exceeded 12%, even after a 1% slide in 3Q q-o-q. The strong y-o-y dynamics is owing to the corporate deposits (+55% y-o-y and +22% q-o-q), while retail deposits showed a 3% drop, due to the setback registered in 3Q (-11% q-o-q).

The capital adequacy ratio of OBR reached 11.8%. The Bank received a capital injection of RON 80 million, which was registered by the Romanian Court of Registration on 16 November 2010.

Number of branches did not change in 3Q (106 units) while the number of employees grew by 14 persons to 1,123 q-o-q (+42 persons y-o-y).

OTP BANKA HRVATSKA

Performance of OTP banka Hrvatska:

Main components of P&L account in HUF mn	9M 2009	9M 2010	Y-o-Y	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	2,552	1,716	-33%	632	662	547	-17%	-14%
Pre-tax profit	3,184	2,159	-32%	796	832	688	-17%	-14%
Operating profit	4,789	4,824	1%	1,629	1,712	2,074	21%	27%
Total income	15,006	14,841	-1%	4,855	5,012	5,475	9%	13%
Net interest income	10,279	10,311	0%	3,151	3,408	3,802	12%	21%
Net fees and commissions	2,922	2,947	1%	1,029	952	1,142	20%	11%
Other net non-interest income	1,805	1,583	-12%	674	652	531	-19%	-21%
Operating expenses	-10,218	-10,017	-2%	-3,225	-3,300	-3,400	3%	5%
Provision for possible loan losses	-1,563	-2,454	57%	-817	-854	-1,212	42%	48%
Other provision	-41	-212	411%	-16	-25	-175	592%	
Main components of balance sheet closing balances in HUF mn	**2009**	**9M 2010**	**YTD**	**3Q 2009**	**2Q 2010**	**3Q 2010**	**Q-o-Q**	**Y-o-Y**
Total assets	469,304	505,486	8%	473,293	506,975	505,486	0%	7%
Gross customer loans	318,477	330,993	4%	316,043	343,929	330,993	-4%	5%
Retail loans	194,021	203,468	5%	192,806	212,333	203,468	-4%	6%
Corporate loans	122,183	125,474	3%	120,844	129,366	125,474	-3%	4%
Car financing loans	2,273	2,051	-10%	2,394	2,231	2,051	-8%	-14%
Allowances for possible loan losses	-9,195	-12,475	36%	-8,459	-11,798	-12,475	6%	47%
Deposits from customers	337,935	379,625	12%	338,020	365,832	379,625	4%	12%
Retail deposits	294,348	329,502	12%	288,441	320,478	329,502	3%	14%
Corporate deposits	43,588	50,123	15%	49,579	45,354	50,123	11%	1%
Liabilities to credit institutions	60,377	56,629	-6%	65,245	63,455	56,629	-11%	-13%
Total shareholders' equity	60,626	56,794	-6%	59,845	66,559	56,794	-15%	-5%
Loan Quality	**9M 2009**	**9M 2010**	**Y-o-Y**	**3Q 2009**	**2Q 2010**	**3Q 2010**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	25,703	45,408	76.7%	25,703	40,946	45,408	10.9%	76.7%
90+ days past due loans/gross customer loans (%)	8.1%	13.7%	5.6%	8.1%	11.9%	13.7%	1.8%	5.6%
Cost of risk/average gross loans (%)	0.67%	1.01%	0.34%	1.01%	1.04%	1.42%	0.39%	0.41%
Total provisions/90+ days past due loans (%)	32.9%	27.5%	-5.4%	32.9%	28.8%	27.5%	-1.3%	-5.4%
Performance Indicators (%)	**9M 2009**	**9M 2010**	**Y-o-Y**	**3Q 2009**	**2Q 2010**	**3Q 2010**	**Q-o-Q**	**Y-o-Y**
ROA	0.7%	0.5%	-0.3%	0.5%	0.6%	0.4%	-0.1%	-0.1%
ROE	5.9%	3.9%	-2.0%	4.2%	4.2%	3.5%	-0.7%	-0.7%
Total income margin	4.29%	4.07%	-0.22%	4.09%	4.17%	4.29%	0.12%	0.20%
Net interest margin	2.94%	2.83%	-0.11%	2.65%	2.84%	2.98%	0.14%	0.33%
Cost/income ratio	68.1%	67.5%	-0.6%	66.4%	65.8%	62.1%	-3.7%	-4.3%
Net loans to deposits	91%	84%	-7%	91%	91%	84%	-7%	-7%

- ***Continuously strong operating profit (+21% q-o-q), significant risk costs resulted 33% decline of 9M net profit y-o-y***
- ***Portfolio quality deterioration in 3Q 2010 is essentially due to DPD90+ of certain corporate loans (DPD90+ rate: 13.7%, q-o-q +1.8%-points)***
- ***Continuously decreasing net loan-to-deposit ratio (3Q 2010: 84%; -7%-points y-o-y) due to successful summertime deposit campaign***
- ***Q-o-q improving profitability indicators: increasing NIM (+0.14%-points), cost/income ratio -3,7%-points;***
- ***Following dividend payment capital adequacy ratio is still above the regulatory minimum (14.2% vs. 12%)***

In the first nine months of 2010 OBH Group posted about HUF 1.7 billion net profit (-33% y-o-y), on a quarterly basis its net profit (HUF 0.5 billion) is less by 17%. Analysing net profit dynamics one should note the y-o-y 2% strengthening of the average HUF/HRK rate in 9M 2010 and the 3% weakening of the quarterly average rate compared to the second quarter of the year.

9M 2010 performance of the Croatian subsidiary shows stability both on income and operating cost sides (-1% and -2% y-o-y respectively). While both net interest income (+12% q-o-q) and net F&C income (+20% q-o-q) improved significantly in 3Q 2010, the operating profit was higher by only 1% y-o-y.

The development of net interest income in the first nine months was significantly influenced by the change of the balance sheet structure in 3Q. On the liability side the funding surplus was boosted further by the June-September deposit campaign (customer deposits grew by +12% ytd), which enabled the Bank to reduce interbank funding (-19% y-o-y in HRK) and intra-group financing (-12% y-o-y in HRK). In lack of renewed lending activity OBH placed its liquidity surpluses on the interbank market (+27% ytd; +19% q-o-q) and invested into securities (+29% ytd; +1% q-o-q) which were favourable from provisioning point of view. The lower interest income on these assets was partially set off by the cut back of average interest rate on retail deposits (-41 basis point ytd). The driver of the 12% quarterly increase of net interest income was the interest on the increased interbank loan portfolio.

Net F&C income for 9M 2010 resembles the 9M 2009 figure, due to the strong seasonal effect of the tourist season q-o-q 17% growth was experienced in HRK. It is to be noted, that as a result of new card products and SMS account control service introduced in 2Q, the net fee income growth related to card turnover was 40% in HRK in 3Q.

With regards to operating expenses, strong cost control prevailed; FX-adjusted level of 9M 2010 operating expenses is lower by 2% y-o-y. After the significant drop in 2Q (-10.3%-points q-o-q), cost/income ratio of the Bank in 3Q improved further by 3.7%-points.

The shrinking net profit for 9M 2010 was mainly due to the meaningful rise of allowance for loan losses (+56% y-o-y and +38% q-o-q in HRK). This rise is reasoned by the deteriorating portfolio quality and the change of regulations[19] effective since 31 March as well.

By the end of September DPD90+ratio increased to 13.7% y-o-y (+1.8%-points q-o-q). The portfolio quality deterioration trend experienced in all segments in 1H seems to reach a turnaround in 3Q, except corporate loans. The ratio of DPD90+ retail loans decreased from 11.1% to 10.8% on a quarterly basis while in case of corporate loans the ratio grew from 15.4% to 21.4% due to some one-off items. With regards to retail loans both in case of mortgage (DPD90+ rate: 9.3%, -0.5%-points q-o-q) and consumer loan (DPD90+ rate: 11.7%, -0.1%-points q-o-q) a slight improvement is experienced. Reason for the growth of non-performing corporate loan portfolio is on one hand the ailing construction industry, on the other hand, the recovery of the Croatian economy is still to come. In connection with the 27.5% coverage ratio of DPD90+ loans (-1.3%-points q-o-q) it is to be noted, that significant part of the DPD90+ portfolio are covered by high quality real estate collaterals above 100%.

Moderate lending activity characterized the whole Croatian market. Analysing portfolio dynamics, one should note that the closing HUF/HRK rate weakened 2% y-o-y, while strengthened 5% q-o-q. End of September retail loan portfolios remained flat on a yearly basis in HRK, demand for personal loans showed a moderate pick-up (+4%).

In the corporate segment demand showed up primarily for interest-rate subsidised loans and project loans available from the economic growth programme of HBOR (Croatian Bank for Reconstruction and Development). However in 3Q some growth of demand for working capital loan was experienced (+8% q-o-q in HRK), slightly above the level of the same period in 2009 (+1% y-o-y in HRK).

On deposit side notwithstanding the previously mentioned lower deposit rates, due to the deposit campaign the Bank's portfolio grew by 12% ytd (in HRK +11% y-o-y and by 9% q-o-q). Both in retail and in corporate segment term deposits could increase significantly (13% and 8% y-o-y

[19] According to the previous regulation, retail loans became non-performing after 180 days of delay. From 31 March 2010 on, 90 days past due loans are qualified non-performing, related interest income shall be accrued and at the same time, provision for loan losses shall also be made.

respectively). Altogether, the Bank's net loan-to-deposit ratio moderated to 84% (-7%-points q-o-q). Despite the general deposit withdrawal, which characterized the whole Croatian market, OBH improved further its positions, its market share reached 4.33% as at the end of September 2010 (+0.17%-point y-o-y).

As a result of its favourable funding position in September OBH prepaid CHF 10 million senior loan, and paid HRK 200 million interim dividend to the mother bank.

Though due to the interim dividend payment q-o-q the capital adequacy ratio of the Bank declined (from 17% to 14.2%), at the end of 3Q it was well above the 12% regulatory minimum level.

The number of employees at OBH Group stood at 1,017 as at the end of September 2010. Regarding the sales capacity and branch network, the primary goal is the modernization of the existing branch network (105 branches).

OTP BANKA SLOVENSKO[20]

Performance OTP Banka Slovensko:

Main components of P&L account in HUF mn	9M 2009	9M 2010	Y-o-Y	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	-1,019	-826	-19%	-488	-817	172	-121%	-135%
One-off items, after-tax[1]	-243	0	-100%	7	0	0		-100%
After tax profit w/o dividends, net cash transfers and one-offs	-776	-826	6%	-495	-817	172	-121%	-135%
Pre-tax profit	-929	-703	-24%	-543	-680	170	-125%	-131%
Operating profit	2,288	2,888	26%	943	871	1,092	25%	16%
Total income	9,935	10,381	4%	3,302	3,329	3,648	10%	10%
Net interest income	7,546	8,398	11%	2,625	2,657	2,930	10%	12%
Net fees and commissions	2,059	1,797	-13%	598	608	669	10%	12%
Other net non-interest income	330	186	-44%	79	65	49	-24%	-38%
Operating expenses	-7,647	-7,494	-2%	-2,359	-2,458	-2,556	4%	8%
Provision for possible loan losses	-3,104	-3,861	24%	-1,393	-1,603	-1,108	-31%	-20%
Other provision	-112	270	-341%	-93	53	186	252%	-299%
Main components of balance sheet closing balances in HUF mn	**2009**	**9M 2010**	**YTD**	**3Q 2009**	**2Q 2010**	**3Q 2010**	**Q-o-Q**	**Y-o-Y**
Total assets	375,208	352,726	-6%	373,679	372,245	352,726	-5%	-6%
Gross customer loans	273,269	277,551	2%	281,886	282,624	277,551	-2%	-2%
Retail loans	163,779	173,215	6%	164,084	175,711	173,215	-1%	6%
Corporate loans	109,490	104,336	-5%	117,801	106,913	104,336	-2%	-11%
Allowances for possible loan losses	-13,633	-15,577	14%	-8,267	-15,258	-15,577	2%	88%
Deposits from customers	253,462	254,289	0%	253,576	262,633	254,289	-3%	0%
Retail deposits	219,597	229,485	5%	212,916	234,106	229,485	-2%	8%
Corporate deposits	33,865	24,804	-27%	40,660	28,527	24,804	-13%	-39%
Liabilities to credit institutions	28,707	9,930	-65%	13,816	13,417	9,930	-26%	-28%
Issued securities	55,457	49,481	-11%	61,605	55,308	49,481	-11%	-20%
Subordinated debt	7,876	8,066	2%	7,840	8,329	8,066	-3%	3%
Total shareholders' equity	24,767	24,694	0%	30,404	25,362	24,694	-3%	-19%
Loan Quality (%)	**9M 2009**	**9M 2010**	**Y-o-Y**	**3Q 2009**	**2Q 2010**	**3Q 2010**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	20,728	27,961	34.9%	20,728	29,195	27,961	-4.2%	34.9%
90+ days past due loans/gross customer loans (%)	7.4%	10.1%	2.7%	7.4%	10.3%	10.1%	-0.3%	2.7%
Cost of risk/average gross loans (%)	1.39%	1.87%	0.48%	1.93%	2.35%	1.57%	-0.78%	-0.36%
Total provisions/90+ days past due loans (%)	39.9%	55.7%	15.8%	39.9%	52.3%	55.7%	3.4%	15.8%
Performance Indicators (%)	**9M 2009**	**9M 2010**	**Y-o-Y**	**3Q 2009**	**2Q 2010**	**3Q 2010**	**Q-o-Q**	**Y-o-Y**
ROA	-0.3%	-0.3%	0.0%	-0.5%	-0.9%	0.2%	1.1%	0.7%
ROE	-3.4%	-4.5%	-1.1%	-6.4%	-13.2%	2.7%	15.9%	9.1%
Total income margin	3.31%	3.81%	0.50%	3.45%	3.52%	3.99%	0.47%	0.54%
Net interest margin	2.51%	3.08%	0.57%	2.74%	2.81%	3.21%	0.40%	0.46%
Cost/income ratio	77.0%	72.2%	-4.8%	71.4%	73.8%	70.1%	-3.8%	-1.4%
Net loans to deposits	108%	103%	-5%	108%	102%	103%	1%	-5%

[1] In 9M 2009 one-off loss booked in relation to loan transfers; in 3Q 2009 exchange rate correction in relation to the loan transfers.

[20] In 3Q 2010 OBS sold loans to Group members. The balance sheet of OBS in 3Q 2010 reflects the standing before the transfer of loans to OTP Bank Plc and OTP Factoring Ltd. Accordingly, gross loans contain the gross value of sold loans less recoveries since the sale. Furthermore, provisions for loan losses contain the provisions related to these sold loans. P&L effect of the loan sale was not significant, so the P&L was not adjusted.

- ***OBS posted its first quarterly profit since the bottom of the crisis***
- ***Operating profit of 9M 2010 shaped well, mainly due to the strong NII and efficient cost control***
- ***DPD90+ ratio slightly improved q-o-q, coverage increased, risk cost dropped***
- ***Home equity loan volumes are still expanding***

In 9M 2010 the Bank posted a before tax loss of HUF 703 million, compared to HUF 929 million loss for the same period in 2009. The main reasons for the lower loss were the increasing income and cost savings, however the rise of risk cost softened this favourable development.

Operating profit in 9M 2010 was by 26% higher in HUF terms y-o-y, and grew by even more in EUR terms, since in 3Q 2010 the average exchange rate of HUF versus EUR was by 3% stronger compared to the average of 9M 2009. Analysing the P&L developments in EUR terms, the improvement of operating profit was mainly due to the good total income (+8% y-o-y), while operating expenses were flat, as a result of the stringent cost control. Cost/Income ratio shrank by 4.8%-points y-o-y to 72.2%.

In 9M 2010, within total income, net interest income improved by 14% y-o-y in EUR terms. Interest income decreased due to the shrinking loan portfolio in LCY and the lower reference rates. This was partly offset by the gradual repricing of corporate loans in the preceding quarters. The lower reference rates as well as the expiry of term deposits with attractive deposit rates from early 2009 lowered interest expenses on deposits. All in all, net interest margin increased to 3.08% in 9M 2010 (+57 bps y-o-y), and the q-o-q improvement was also significant (+40 bps).

The 9M 2010 drop of net fees and commissions (in EUR -10% y-o-y) is mainly due to the weak business activity in the corporate segment. Other net non-interest income, which represents a tiny proportion of total income, almost halved in 9M y-o-y, as a result of the lower net foreign exchange gain.

In 9M 2010 OBS set aside HUF 3.9 billion provision for possible loan losses, which is by 24% higher y-o-y. Other risk cost lowered the loss in 9M 2010 by about HUF 270 million, mainly due to methodology changes suggested by the auditor and the national bank (part of the provisions related to off-balance-sheet items were released). However, in 2Q 2010 corporate tax payable weighed on earnings, which lessened 9M earnings as well (but in FY 2010 the expected amount of corporate tax is zero).

In 3Q 2010 the Bank posted a net profit of HUF 172 million after a series of quarters with net loss. Operating profit grew by 25% to HUF 1.1 billion q-o-q, mainly due to the core banking income increasing by 10% q-o-q. Operating expenses grew by 4% in HUF terms, only 1% in LCY, the growth of personnel costs was counterbalanced by the lower material expenses. Due to the improving portfolio quality risk cost decreased significantly q-o-q (-31%), while coverage even improved.

By the end of September 2010, the DPD90+ ratio decreased to 10.1% (-0.2%-point q-o-q, +1.2%-points compared to YE2009). In case of mortgage loans the portfolio quality started to improve in 3Q, contrary to the quality of SME loans, which further deteriorated. The coverage of DPD90+ loans improved q-o-q, by 3.4%-points to 55.7%, mainly owing to improvement of coverage of mortgage loans and corporate loans as both segments experienced a drop in DPD90+ portfolio. It is to be noted that share of restructured retail loans did not change q-o-q (under 2% by the end of September).

The development of deposit and loan volumes was in line with the intention to strengthen the retail focus of the Bank. Analysing the dynamics in EUR terms, total deposits decreased by 2% y-o-y, mainly because corporate deposits dropped by about 40% in the period, while retail deposits rose by 4% y-o-y, and SME deposits increased by 9% on a yearly basis. On a quarterly base deposits remained flat (i.e. retail deposits stagnated, corporate and municipal deposits decreased, which was offset by the increase in SME deposits).

Considering the sold loan portfolio in 3Q 2010 (EUR 30 million of gross value) as part of the gross loans portfolio, it dropped in EUR terms by 4% compared to 3Q 2009, while q-o-q it increased by 1%. The volume of corporate loans decreased by 16% y-o-y, stagnated q-o-q. Contrary to that, lending to households is picking up (in EUR +6% y-o-y, +3% q-o-q). The home equity loan portfolio grew q-o-q by 4% in EUR terms, and almost by 50% y-o-y. This reflects the initiative that from 2H 2009 on, mortgage backed consumer loans were put into the focus of sales activity.

Net loan-to-deposit ratio decreased to 103% by the end of September (-5%-points y-o-y).

After the significant rationalisation in 2009 the number of branches decreased by only 1 branch to 76 branches in 9M 2010, the headcount decreased by 15 persons to 578.

OTP BANKA SRBIJA

Performance of OTP banka Srbija:

Main components of P&L account in HUF mn	9M 2009	9M 2010	Y-o-Y	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	-1,070	-3,355	214%	-946	-824	-1,935	135%	104%
Pre-tax profit	-1,070	-3,355	214%	-946	-824	-1,935	135%	104%
Operating profit	225	804	258%	-68	426	137	-68%	-302%
Total income	7,139	5,376	-25%	2,060	1,902	1,602	-16%	-22%
Net interest income	4,501	2,148	-52%	1,225	796	600	-25%	-51%
Net fees and commissions	1,484	1,251	-16%	473	350	461	31%	-3%
Other net non-interest income	1,154	1,976	71%	362	755	541	-28%	49%
Operating expenses	-6,914	-4,572	-34%	-2,128	-1,476	-1,465	-1%	-31%
Provision for possible loan losses	-1,160	-4,064	250%	-767	-1,154	-2,150	86%	180%
Other provision	-134	-94	-30%	-111	-95	78	-182%	-170%
Main components of balance sheet [1] closing balances in HUF mn	**2009**	**9M 2010**	**YTD**	**3Q 2009**	**2Q 2010**	**3Q 2010**	**Q-o-Q**	**Y-o-Y**
Total assets	127,025	116,189	-9%	134,409	123,787	116,189	-6%	-14%
Gross customer loans	89,878	91,567	2%	90,021	95,154	91,567	-4%	2%
Retail loans	33,607	36,000	7%	32,841	36,514	36,000	-1%	10%
Corporate loans	56,271	55,566	-1%	57,179	58,640	55,566	-5%	-3%
Allowances for possible loan losses	-12,189	-15,204	25%	-7,261	-13,686	-15,204	11%	109%
Deposits from customers	32,395	31,930	-1%	33,637	31,607	31,930	1%	-5%
Retail deposits	23,546	23,953	2%	24,328	24,225	23,953	-1%	-2%
Corporate deposits	8,848	7,977	-10%	9,310	7,382	7,977	8%	-14%
Liabilities to credit institutions	25,952	19,262	-26%	23,764	22,709	19,262	-15%	-19%
Subordinated debt	38,910	40,485	4%	38,433	41,665	40,485	-3%	5%
Total shareholders' equity	27,690	22,293	-19%	36,400	25,283	22,293	-12%	-39%
Loan Quality	**9M 2009**	**9M 2010**	**Y-o-Y**	**3Q 2009**	**2Q 2010**	**3Q 2010**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	17,674	38,968	120.5%	17,674	36,645	38,968	6.3%	120.5%
90+ days past due loans/gross customer loans (%)	19.6%	42.6%	22.9%	19.6%	38.5%	42.6%	4.0%	22.9%
Cost of risk/average gross loans (%)	1.68%	5.99%	4.31%	3.35%	5.03%	9.14%	4.11%	5.79%
Total provisions/90+ days past due loans (%)	41.1%	39.0%	-2.1%	41.1%	37.3%	39.0%	1.7%	-2.1%
Performance Indicators (%)	**9M 2009**	**9M 2010**	**Y-o-Y**	**3Q 2009**	**2Q 2010**	**3Q 2010**	**Q-o-Q**	**Y-o-Y**
ROA	-1.0%	-3.7%	-2.7%	-2.8%	-2.7%	-6.4%	-3.7%	-3.6%
ROE	-3.8%	-17.9%	-14.1%	-10.2%	-13.0%	-32.3%	-19.3%	-22.1%
Total income margin	6.89%	5.91%	-0.98%	6.10%	6.25%	5.30%	-0.96%	-0.80%
Net interest margin	4.34%	2.36%	-1.98%	3.62%	2.62%	1.98%	-0.63%	-1.64%
Cost/income ratio	96.8%	85.0%	-11.8%	103.3%	77.6%	91.5%	13.8%	-11.8%
Net loans to deposits	246%	239%	-7%	246%	258%	239%	-19%	-7%

[1] Balance sheet lines are corrected with loans sold to OTP Factoring Serbia d.o.o in 3Q 2010

- ***The 9M operating profit showed a significant improvement: although total revenues declined, this was counterbalanced by the cost saving effect of rationalization measures***
- ***In the first nine months the Bank posted a loss of HUF 3.4 billion, mainly due to the significant increase in risk costs***
- ***Ratio of more than 90 days past due loans increased further, as well as the coverage***
- ***FX-adjusted loan book stagnated q-o-q; as for consumer loans, the loan demand strengthened measurably. Quarterly deposit expansion reached 5% q-o-q adjusted for FX-effect***

The Bank realized HUF 3.4 billion loss in 9M 2010, more than two times higher than in the base period. The declining total revenue compared to the base period was offset by the cost cutting measures; as a result the operating income showed a remarkable improvement. The soaring risk costs were the main reason for significantly higher loss in the first nine months of 2010.

The ratio of DPD90+loans grew further, reaching 42.6% at end-September (+4.0%-points q-o-q). The quarterly deterioration was overwhelmingly attributable to the corporate segment, while in case of households' loans favourable trends could be seen: in the mortgage loan segment the bad loan ratio went up only slightly, and in the consumer loan segment the DPD90+ ratio showed a turnaround (the decline was basically the consequence of the volume growth). The coverage ratio of DPD90+ loans improved to 39.0% by September 2010 (+1.7%-points q-o-q).

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

When analysing the y-o-y dynamics of 9M profit and loss lines, it has to be considered that in 9M 2010 the average exchange rate of HUF versus RSD appreciated by more than 10% y-o-y. This in itself influences negatively the yearly momentum of P&L lines calculated in HUF.

In the first nine months of 2010 total revenues decreased by 25% y-o-y in HUF and the structure of the total income changed adversely. The 9M net interest income decreased by more than 50% y-o-y. The main reason is that on the top of the FX effect, the loan portfolio on which interest income is booked is significantly lower.

Net fee and commission income dropped by 16% y-o-y in HUF terms (only -6% in RSD), the decline was driven by lower fee income on loans. Net card commissions performed well (+29% y-o-y in RSD) which reflects the results of the successful credit card campaign launched at the end of 2009 and continued through 2010 as well. Some fee rates were raised, exerting a positive effect on 3Q net fee and commission income (+31% q-o-q), but the key reason for the strong quarterly dynamics was the base effect (re-booking of an item in the amount of almost HUF 90 million from net fee and commission income to net interest income line in 2Q 2010).

The development of other net non-interest income was highly influenced on the one hand by the previously suspended but in the current period collected interest income which was booked on this line, and on the other hand (as a consequence of the RSD depreciation) the offset of increment of risk costs as a result of the revaluation of provisions due to FX-rate changes was booked on this income line. The yearly growth of other net non-interest income experienced in 9M 2010 and the quarterly setback are basically due to these two items.

In 9M 2010 altogether 34% operating cost saving was realized y-o-y. The development of the operating expenses reflects mainly the results of significant rationalization measures taken in 2009, and partially – with adverse sign – the effect of the above mentioned interest accounting methodology. Within operating expenses in 9M 2010 almost HUF 55 million was attached to the correction of interest income on loans reclassified in 9M 2010 (in connection with interest income booked earlier than 2010).

The provisions for possible loan losses grew nearly 3.5-fold y-o-y in January-September 2010, primarily due to the significant portfolio deterioration. The revaluation of provisions (because of weaker RSD) played a role as well in the increase of risk costs (in 1H 2010 it totalled to HUF 550 million, while in 3Q 2010 this effect was negligible).

The Bank concentrated its lending activity on the personal loans and the newly introduced RSD general purpose mortgage loans, which resulted in remarkable FX-adjusted volume growth in these segments both in q-o-q and y-o-y comparison. The 30% q-o-q expansion of personal loans is partly due to the low base. After the strong performance in previous quarters, SME loans declined somewhat q-o-q. The Bank sold corporate loans to the newly founded Factoring company in 3Q (in the amount of HUF 3.8 billion); even after adjusting for this transaction, the volume of corporate loans registered a 2% q-o-q decrement (adjusted for the FX-effect).

The net loan to deposit ratio followed a downtrend in 3Q: it diminished by 19%-points to 239%. The deposit volumes grew by only 1% q-o-q, but the FX-adjusted change exceeded 5%. The good performance came from a single big deposited RSD amount by one corporate client: corporate deposits expanded by 12% q-o-q (adjusted for FX-effect). Since the additional RSD liquidity need of the reviving lending activity was not covered/satisfied by the new RSD deposit flows, the mother company deposited approximately RSD 400 million in 3Q at OTP banka Srbija.

The headcount declined to 737 persons (-3 persons q-o-q, -181 persons y-o-y); the number of branches (55 units) did not changed q-o-q and y-o-y.

CRNOGORSKA KOMERCIJALNA BANKA (MONTENEGRO)

Performance of CKB:

Main components of P&L account in HUF mn	9M 2009	9M 2010	Y-o-Y	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	1,237	-12,103		1,053	-6,462	1,005	-116%	-4%
Pre-tax profit	1,267	-12,103		1,057	-6,462	1,005	-116%	-5%
Operating profit	5,330	3,214	-40%	2,020	1,039	1,556	50%	-23%
Total income	10,041	7,549	-25%	3,573	2,552	2,676	5%	-25%
Net interest income	7,542	5,481	-27%	2,755	1,840	2,010	9%	-27%
Net fees and commissions	2,284	2,221	-3%	767	731	829	13%	8%
Other net non-interest income	215	-153	-171%	51	-20	-163	729%	-417%

Main components of P&L account in HUF mn	9M 2009	9M 2010	Y-o-Y	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
Operating expenses	-4,711	-4,335	-8%	-1,553	-1,513	-1,120	-26%	-28%
Provision for possible loan losses	-4,265	-15,467	263%	-951	-7,563	-534	-93%	-44%
Other provision	201	150	-26%	-13	62	-17	-127%	33%
Main components of balance sheet closing balances in HUF mn	**2009**	**9M 2010**	**YTD**	**3Q 2009**	**2Q 2010**	**3Q 2010**	**Q-o-Q**	**Y-o-Y**
Total assets	234,804	208,722	-11%	254,871	216,301	208,722	-4%	-18%
Gross customer loans	181,137	156,224	-14%	219,505	169,261	156,224	-8%	-29%
Retail loans	112,606	96,867	-14%	118,898	105,455	96,867	-8%	-19%
Corporate loans	68,531	59,357	-13%	100,608	63,806	59,357	-7%	-41%
Allowances for possible loan losses	-10,362	-26,107	152%	-8,821	-26,423	-26,107	-1%	196%
Deposits from customers	164,317	158,081	-4%	156,869	164,801	158,081	-4%	1%
Retail deposits	90,943	97,293	7%	81,010	98,479	97,293	-1%	20%
Corporate deposits	73,374	60,788	-17%	75,858	66,322	60,788	-8%	-20%
Liabilities to credit institutions	30,662	13,638	-56%	56,403	14,447	13,638	-6%	-76%
Subordinated debt	7,317	7,521	3%	7,300	7,740	7,521	-3%	3%
Total shareholders' equity	23,049	20,899	-9%	23,816	20,564	20,899	2%	-12%
Loan Quality	**9M 2009**	**9M 2010**	**Y-o-Y**	**3Q 2009**	**2Q 2010**	**3Q 2010**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	13,815	32,063	132.1%	13,815	37,480	32,063	-14.5%	132.1%
90+ days past due loans/gross customer loans (%)	6.3%	20.5%	14.2%	6.3%	22.1%	20.5%	-1.6%	14.2%
Cost of risk/average gross loans (%)	2.40%	12.26%	9.86%	1.68%	18.00%	1.30%	-16.70%	-0.38%
Total provisions/90+ days past due loans (%)	63.9%	81.4%	17.6%	63.9%	70.5%	81.4%	10.9%	17.6%
Performance Indicators (%)	**9M 2009**	**9M 2010**	**Y-o-Y**	**3Q 2009**	**2Q 2010**	**3Q 2010**	**Q-o-Q**	**Y-o-Y**
ROA	0.6%	-7.3%	-7.9%	1.5%	-12.3%	1.9%	14.2%	0.3%
ROE	7.9%	-73.6%	-81.5%	19.6%	-141.5%	19.2%	160.7%	-0.3%
Total income margin	4.77%	4.55%	-0.22%	5.25%	4.86%	5.00%	0.14%	-0.26%
Net interest margin	3.58%	3.30%	-0.28%	4.05%	3.50%	3.75%	0.25%	-0.30%
Cost/income ratio	46.9%	57.4%	10.5%	43.5%	59.3%	41.9%	-17.4%	-1.6%
Net loan to deposits	134%	82%	-52%	134%	87%	82%	-4%	-52%

- ***CKB's net loss for the period 9M 2010 was HUF 12.1 billion due to the higher risk costs***
- ***The quarterly after-tax result was HUF 1 billion, driven by decreasing loan loss provisioning and improving operating result***
- ***Net interest income grew by 9% q-o-q, net interest margin improved by 0.25%-points***
- ***EUR 35 million capital injection in June 2010***

In 9M 2010 net loss for the period was HUF 12.1 billion at CKB (Montenegro) after a HUF 1.2 billion net profit in 9M 2009. At the same time the Bank realized HUF 1.0 after-tax profit in 3Q 2010, which is only slightly below (-4%) the result of 3Q 2009, furthermore it is showing a significant improvement compared to the loss realized in 1H 2010 (1Q: HUF 6.6 billion, 2Q: HUF 6.5 billion). The main drivers of the accumulated ytd loss were the higher provisioning due to the portfolio deterioration and decreasing revenues. However, the positive result of 3Q 2010 was driven by the following factors: on a quarterly basis decreasing loan loss provisioning, increasing net interest income due to improving net interest margin and diminishing operating costs (-26% q-o-q).

The net interest income realized in 9M 2010 declined by 27% y-o-y, primarily due to the shrinking loan portfolios (-31% y-o-y in EUR terms). The development of loan portfolio was impacted by the moderate lending activity since the outbreak of the financial crisis and the sale of loan portfolio to OTP Core Hungary in the amount of HUF 29 billion during 4Q 2009 and 1Q 2010. However, regarding net interest income positive trend has been reflected since 2010: net interest income has been increasing steadily (in 2Q: +13%, in 3Q: +9% q-o-q). This favourable trend is due to the improving interest margins (in 1Q: 3.01%, in 2Q: 3.50%, in 3Q: 3.75%), mostly as a result of a gradual decrease in the deposit rates.

The net fee and commission income is showing an increase on a quarterly and a yearly basis as well. The net income in 3Q 2010 was HUF 829 million, supported by improving business activity and seasonal effects of the third quarter (especially by the increasing turnover of POS terminals).

Operating expenses decreased by 8% in a yearly comparison, one-off expenses occurred in 1H 2010 as a result of headcount rationalisation (the headcount of the Bank dropped by 57 person ytd). Material expenses were under strict cost control and decreased by 9% q-o-q and by 29% y-o-y, mainly driven by the cut back on marketing expenditures.

The accumulated net loss in the period 9M 2010 was mainly due to the high level of risk costs, amounting to HUF 15 billion in the first half of the year. On a quarterly basis the non-performing loan volume decreased by 14%), consequently provisioning was curbed in the third quarter. Q-o-Q risk costs decreased by 93%, and still the coverage of non-performing portfolio increased further by 11%-points.

The first half of 2010 was characterized by loan portfolio deterioration, however in 3Q 2010 DPD90+

ratio improved by 1.6%-points. The DPD90+ ratio improved both in the retail mortgage (DPD90+: 11.8%, -3.4%-points q-o-q) and in the consumer loan segment (DPD90+ ratio: 13.9%, -3.7%-points q-o-q), in case of corporate loans it fell to 19.8% (-2.7%-points q-o-q). At the same time the SME portfolio deteriorated further and DPD90+ ratio reached 33.6% (+2.4%-points q-o-q). The provision coverage of the non-performing portfolio grew to 81.4% in 3Q 2010 (+17.6%-points y-o-y).

In each segment, the gross loan portfolio diminished further in EUR terms. The volume of the total book decreased by 31% (o/w 13% explained by the sold portfolio to OTP Core). There was a significant decrease in the corporate segment (-42% y-o-y), while the retail loan volumes were showing a smaller decrease (-21% y-o-y). The improving business activity could only slow down the erosion of the loan book, so the recovery is still to come. The total deposit base remained almost flat in EUR (-2% y-o-y), though there was a significant rearrangement in its structure: the corporate part shrank by 22%, while retail deposits increased by 17% y-o-y. Net loan-to-deposits ratio decreased to 82% (-4%-points q-o-q).

Despite the shrinking business volumes, the Bank is still keeping its market leader position in all product segments. As at the end of August 2010, its market share in the loan and in the deposit market was 26% and 32 % respectively.

STAFF LEVEL AND OTHER INFORMATION

The closing staff number of OTP Group was 30,044 as at 30 September 2010, showing a decrease of 771 people over the year-end 2009. The most significant lay-off was carried through at the Ukrainian, the Russian and some Hungarian subsidiaries, mainly as a consequence of the moderated lending activity and some network rationalisation in Russia.

The Group's branch network included 1,495 branches at the end of September 2010 (-12 branches q-o-q, -43 branches y-o-y). In the year 2010 the modernization and development of branch and sale network have high priority even in Hungary and in case of countries of foreign subsidiaries.

	30/09/2009	30/06/2010	30/09/2010	Q-o-Q	Y-o-Y
OTP BANK					
Closing staff (persons)	7,946	7,802	7,843	1%	-1%
Per capita total assets (HUF mn)	802.9	879.9	859.1	-2%	7%
Per capita profit after tax quarterly (HUF mn)	2.2	0.3	2.0	582%	-7%
GROUP					
Closing staff (persons)	29,599	30,047	30,044	0%	2%
Per capita consolidated total assets (HUF mn)	322.2	339.0	332.0	-2%	3%
Per capita consolidated profit after tax quarterly (HUF mn)	1.5	0.9	1.0	12%	-33%

	30 September 2010						Change YTD					
	Bank branches	ATMs	POSs	Bank cards (th)	Number of banking clients (th)	Staff (closing)	Bank branches	ATMs	POSs	Bank cards (th)	Number of clients (th)	Staff (closing)
OTP Bank	**380**	**1,978**	**38,490**	**3,839**	**4,584**	**7,843**	***-2***	***-9***	***2,931***	***27***	***-41***	***23***
DSK Bank	386	856	4,716	1,187	2,916	4,348	*0*	*-14*	*171*	*-17*	*-58*	*11*
OTP Banka Slovensko	76	115	667	119	193	578	*-1*	*-1*	*23*	*0*	*5*	*-29*
OTP banka Hrvatska	105	215	1,102	382	387	1,017	*0*	*15*	*-79*	*12*	*-68*	*3*
OTP Bank Romania	106	138	1,000	163	217	1,123	*0*	*2*	*-76*	*17*	*11*	*29*
OTP Bank JSC (Ukraine)	199	217	403	107	322	3,390	*-7*	*2*	*0*	*22*	*40*	*-443*
OTP Bank (Russia)*	155	249	2,218	7,061	3,351	4,565	*-7*	*-2*	*-39*	*3,595*	*513*	*-186*
OTP banka Srbija	55	184	3,991	122	344	737	*5*	*-11*	*396*	*-32*	*-13*	*-47*
CKB	33	105	3,806	171	285	450	*-7*	*0*	*271*	*-8*	*-35*	*-57*
Foreign banks total	**1,115**	**2,079**	**17,903**	**9,312**	**8,014**	**16,208**	***-17***	***-9***	***667***	***3,588***	***394***	***-719***
Agents employed by OTP Bank Russia						**4,795**						***245***
Other Hungarian and foreign subsidiaries						**1,198**						***-320***
Group total (aggregated)	**1,495**	**4,507**	**56,393**	**13,152**	**12,598**	**30,044**	***-19***	***-18***	***3,598***	***3,615***	***353***	***-771***
Group total (without selling agents)						***25,249***						***-1,016***
OTP Russia (contracted 3rd party agents)						7,172						1,045
OTP Russia (total agents)						**11,967**						**1,285-**

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

PERSONAL AND ORGANIZATIONAL CHANGES

On 22 October 2010 the Board of Directors of OTP Bank decided on setting up a Property, Agriculture and SME Financing Division within the Bank. Mr. Dániel Gyuris as a new deputy CEO of the Bank was appointed to run the new division from 1 November 2010. Simultaneously Mr. Dániel Gyuris will resume his duties as Chairman and CEO of OTP Mortgage Bank Ltd. as well as of OTP Building Society Ltd.

In the first nine months of the year 2010 there was neither change in the composition of the Supervisory Board, nor in the Auditor of the Bank.

FINANCIAL DATA

UNCONSOLIDATED AND CONSOLIDATED IFRS STATEMENT OF FINANCIAL POSITION

In HUF million	OTP Bank			Consolidated		
	30/09/2010	31/12/2009	change	30/09/2010	31/12/2009	change
Cash, due from banks and balances with the National Bank of Hungary	252,833	178,217	42%	558,709	505,650	10%
Placements with other banks, net of allowance for possible placement losses	907,187	962,063	-6%	568,654	440,850	29%
Financial assets at fair value through profit and loss	256,871	273,652	-6%	243,166	256,100	-5%
Securities available-for-sale	1,645,205	1,652,747	0%	1,165,820	1,354,285	-14%
Loans, net of allowance for loan losses	2,704,240	2,622,895	3%	6,620,970	6,412,716	3%
Investments in subsidiaries	640,987	643,907	0%	16,608	18,834	-12%
Securities held-to-maturity	171,555	216,563	-21%	205,474	188,853	9%
Premises, equipment and intangible assets, net	103,053	108,563	-5%	460,689	476,358	-3%
Other assets	55,661	92,085	-40%	135,595	101,486	34%
TOTAL ASSETS	**6,737,592**	**6,750,692**	**0%**	**9,975,685**	**9,755,132**	**2%**
Due to banks and deposits from the National Bank of Hungary and other banks	824,956	1,152,131	-28%	727,112	802,749	-9%
Deposits from customers	3,475,273	3,368,752	3%	5,955,439	5,688,887	5%
Liabilities from issued securities	563,791	618,303	-9%	1,085,245	1,410,348	-23%
Financial liabilities at fair value through profit or loss	232,214	119,353	95%	222,661	118,468	88%
Other liabilities	295,082	252,988	17%	591,763	380,708	55%
Subordinated bonds and loans	301,632	287,321	5%	292,963	280,834	4%
TOTAL LIABILITIES	**5,692,948**	**5,798,848**	**-2%**	**8,652,522**	**8,563,526**	**1%**
SHARE CAPITAL	28,000	28,000	0%	28,000	28,000	0%
RETAINED EARNINGS AND RESERVES	1,020,367	927,618	10%	1,341,878	1,210,132	11%
TREASURY SHARES	-3,723	-3,774	-1%	-52,627	-52,678	0%
MINORITY INTEREST				5,912	6,152	-4%
TOTAL SHAREHOLDERS' EQUITY	1,044,644	951,844	10%	1,323,163	1,191,606	11%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**6,737,592**	**6,750,692**	**0%**	**9,975,685**	**9,755,132**	**2%**

UNCONSOLIDATED AND CONSOLIDATED IFRS STATEMENT OF RECOGNIZED INCOME

in HUF million	OTP Bank			Consolidated		
	9M 2010	9M 2009	change	9M 2010	9M 2009	change
Loans	168,507	195,191	-14%	554,589	598,117	-7%
Interest income without swap	161,471	185,164	-13%	547,520	588,090	-7%
Results of swaps	7,036	10,027	-30%	7,069	10,027	-29%
Placements with other banks	243,399	277,482	-12%	247,833	271,037	-9%
Interest income without swap	15,773	22,514	-30%	4,914	8,773	-44%
Results of swaps	227,626	254,968	-11%	242,920	262,264	-7%
Due from banks and balances with the National Bank of Hungary	3,619	5,641	-36%	3,911	6,120	-36%
Securities held-for-trading	1,983	1,843	8%	1,643	2,342	-30%
Securities available-for-sale	79,511	36,033	121%	53,205	20,317	162%
Securities held-to-maturity	11,064	42,097	-74%	9,603	35,785	-73%
Total Interest Income	508,083	558,287	-9%	870,785	933,717	-7%
Due to banks and deposits from the National Bank of Hungary and other banks	195,339	216,479	-10%	181,587	197,960	-8%
Interest expenses without swap	14,454	25,163	-43%	11,421	29,602	-61%
Losses of swaps	180,885	191,316	-5%	170,166	168,358	1%
Deposits from customers	92,952	150,999	-38%	166,748	218,717	-24%
Interest expenses without swap	87,807	140,804	-38%	161,711	208,522	-22%
Losses of swaps	5,145	10,195	-50%	5,037	10,195	-51%
Liabilities from issued securities	26,072	23,273	12%	47,192	59,582	-21%
Subordinated bonds and loans	12,311	13,419	-8%	9,875	12,957	-24%
Other entrepreneurs				158	59	167%
Total Interest Expense	326,674	404,170	-19%	405,560	489,275	-17%
NET INTEREST INCOME	**181,409**	**154,117**	18%	**465,224**	**444,442**	5%
Provision for possible loan losses	84,463	63,632	33%	204,753	166,521	23%
Provision for possible placement losses	-734	27		-1,404	2,893	-149%
Provision for possible loan and placement losses	83,729	63,659	32%	203,349	169,414	20%
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN AND PLACEMENT LOSSES	97,680	90,458	8%	261,876	275,028	-5%
Fees and commissions	108,735	119,542	-9%	129,835	124,736	4%
Foreign exchange gains and losses, net	7,857	-20,315	-139%	24,502	-12,038	-304%
Gains and losses on securities, net	4,112	578	611%	5,347	7,284	-27%
Gains and losses on real estate transactions, net	-11	-4		733	890	-18%
Dividend income and gains and losses of associated companies	57,378	32,985	74%	397	907	-56%
Other	1,583	40,840	-96%	16,758	53,838	-69%
Total Non-Interest Income	179,654	173,626	3%	177,571	175,617	1%
Fees and commissions	16,123	16,092	0%	30,715	26,278	17%
Personnel expenses	55,608	57,849	-4%	117,917	114,724	3%
Depreciation and amortization	17,869	16,530	8%	54,622	31,469	74%
Other	82,022	54,010	52%	116,537	132,250	-12%
Total Non-Interest Expense	171,622	144,481	19%	319,792	304,721	5%
INCOME BEFORE INCOME TAXES	**105,712**	**119,603**	-12%	**119,655**	**145,924**	-18%
Income taxes	5,964	3,101	92%	18,955	16,002	18%
INCOME AFTER INCOME TAXES	**99,748**	**116,502**	-14%	**100,700**	**129,922**	-22%
Minority interest	0	0		-265	82	-424%
NET INCOME	**99,748**	**116,502**	**-14%**	**100,435**	**130,004**	**-23%**

UNCONSOLIDATED AND CONSOLIDATED IFRS STATEMENT OF CASH FLOWS

in HUF million	OTP Bank			Consolidated		
	30/09/2010	30/09/2009	change	30/09/2010	30/09/2009	change
OPERATING ACTIVITIES						
Income before income taxes	105,712	119,603	-12%	119,655	145,924	-18%
Adjustments to reconcile income before income taxes to net cash provided by operating activities						
Income tax paid	-4,333	-7,703	-44%	-12,376	-19,677	-37%
Goodwill impairment				18,519	-	
Depreciation, amortization	17,869	16,530	8%	36,103	31,468	15%
Provision for loan and placement losses	89,142	67,374	32%	194,762	192,089	1%
Share-based compensation	4,716	5,101	-8%	4,716	5,101	-8%
Unrealised losses on fair value adjustment of securities held of trading	7,912	-1,455	-644%	2,313	3,242	-29%
Unrealised losses / (gains) on fair value adjustment of derivative financial instruments	13,879	15,914	-13%	62,189	-14,890	-518%
Changes in operating assets and liabilities	100,545	-472,656	-121%	27,601	-278,231	-110%
Net cash provided by operating activities	**335,445**	**-257,292**	**-230%**	**453,482**	**65,026**	597%
INVESTING ACTIVITIES						
Net cash used in investing activities	**-2,769**	**-107,567**	**-97%**	**-332,193**	**-258,630**	28%
FINANCING ACTIVITIES						
Net cash provided by financing activities	**-268,470**	**372,532**	**-172%**	**-71,659**	**132,756**	-154%
Net (decrease) / increase in cash and cash equivalents	**64,206**	**7,673**	**737%**	**49,630**	**-60,848**	-182%
Cash and cash equivalents at the beginning of the period	105,679	93,651	13%	243,541	278,934	-13%
Cash and cash equivalents at the end of the period	**169,885**	**101,324**	**68%**	**293,171**	**218,086**	34%
DETAILS OF CASH AND CASH EQUIVALENTS						
Cash, due from banks and balances with the National Bank of Hungary	178,217	158,022	13%	505,649	530,007	-5%
Mandatory reserve established by the National Bank of Hungary	-72,538	-64,371	13%	-262,108	-251,073	4%
Cash and equivalents at the beginning of the period	**105,679**	**93,651**	**13%**	**243,541**	**278,934**	-13%
Cash, due from banks and balances with the National Bank of Hungary	252,833	170,581	48%	558,709	466,715	20%
Compulsory reserve established by the National Bank of Hungary	-82,948	-69,257	20%	-265,538	-248,629	7%
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**169,885**	**101,324**	**68%**	**293,171**	**218,086**	34%

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY (IFRS)

in HUF million	Share capital	Capital reserve	Share-based payment reserve	Retained earnings and reserves	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
	0	0	0	0	0	0	0	0
Comprehensive income for the period	--	--	--	134,713	0	--	--	134,713
Share-based payment	--	--	4,716	--	0	--	--	4,716
Share-based payments (closed)	0	0	0	0	0	0	0	0
Treasury share transactions	0	0	0	0	0	0	0	0
Dividend of the year 2009	--	--	--	--	0	--	--	0
Change in the volume of treasury shares due to put option	0	0	0	0	0	0	0	0
Treasury shares	0	0	0	0	0	0	0	0
– loss on sale of Treasury shares	0	0	0	-30	0	0	0	-30
– change in the volume of Treasury shares	0	0	0	0	0	51	0	51
ICES - payment to owners	0	0	0	-7,653	0	0	0	-7,653
Non-controlling interest	--	--	--	--	--	--	-240	-240
	0	0	0	0	0	0	0	0
Balance as at 30 September 2010	28,000	52	11,546	1,385,748	-55,468	-52,627	5,912	1,323,163

Ownership structure of OTP Bank Plc.

Description of owner	Total equity					
	1 January 2010			30 June 2010		
	%[1]	%[2]	Qty	%[1]	%[2]	Qty
Domestic institution/company	15.3%	15.5%	42,830,149	17.3%	17.6%	48,472,506
Foreign institution/company	70.2%	71.3%	196,510,128	63.6%	64.5%	177,966,465
Domestic individual	7.3%	7.4%	20,345,597	11.7%	11.9%	32,693,087
Foreign individual	1.3%	1.3%	3,526,188	1.7%	1.7%	4,699,579
Employees, senior officers	1.9%	2.0%	5,381,732	1.7%	1.8%	4,885,825
Treasury shares	1.5%	0.0%	4,284,020	1.5%	0.0%	4,251,172
Government held owner[3]	0.5%	0.5%	1,336,637	0.4%	0.5%	1,245,817
International Development Institutions[4]	2.1%	2.1%	5,785,559	2.1%	2.1%	5,785,559
Other	0.0%	0.0%	0	0.0%	0.0%	0
TOTAL	**100.0%**	**100.0%**	**280,000,010**	**100.0%**	**100.0%**	**280,000,010**

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

Number of treasury shares held in the year under review

	1 January	31 March	30 June	30 September	31 December
Company	2,185,460	2,185,004	2,154,155	2,152,612	
Subsidiaries	2,098,560	2,098,560	2,098,560	2,098,560	
TOTAL	4,284,020	4,283,564	4,252,715	4,251,172	

Shareholders with over/around 5% stake

Name	Number of shares	Voting rights	Beneficial ownership
Megdet, Timur and Ruszlan Rahimkulov	25,256,495	9.02%	9.16%
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

	End of reference period	Current period opening	Current period closing
Bank	7,946	7,820	7,843
Consolidated	29,599	30,815	30,044

Senior officers, strategic employees and their shareholding of OTP shares

Type[1]	Name	Position	No. of shares held
IT	Dr. Sándor Csányi [2]	Chairman and CEO	200,000
IT	Mihály Baumstark	member	0
IT	Dr. Tibor Bíró	member	40,681
IT	Péter Braun	member	527,905
IT	Dr. István Kocsis	member	81,600
IT	Dr. Antal Pongrácz	Deputy Chairman, Deputy CEO	200,000
IT	Dr. György Szapáry	member	0
IT	Dr. László Utassy	member	260,000
IT	Dr. József Vörös	member	117,200
FB	Tibor Tolnay	Chairman	0
FB	Dr. Gábor Horváth	member	10,000
FB	Antal Kovács	member, Deputy CEO	23,000
FB	Jean-Francois Lemoux	member	0
FB	András Michnai	member	15,600
SP	László Bencsik	CFO, Deputy CEO	0
SP	Dr. István Gresa	Deputy CEO	63,758
SP	Ákos Takáts	Deputy CEO	153,347
SP	László Wolf	Deputy CEO	654,640
TOTAL No. of shares held by management:			**2,347,731**

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

01.01.2007-10.01.2008: EUR 570 million short position

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

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

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

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

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

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

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

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

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

(2) In 2Q 2010, majority of the goodwill related to CKB (Montenegro) was written off, having a HUF 18.5 billion pre tax and a HUF 15.0 billion after tax impact on the consolidated P&L. After the successful performance through several years, from last fall 2009 the deteriorating macro environment induced a significant portfolio worsening and CKB's results turned into red for the last three consecutive quarters. In June 2010 OTP also had to inject capital into its Montenegrin operation. Those were the key reasons behind the goodwill impairment.

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

(4) 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.

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

(6) One-off losses booked in relation to loan transfers.

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

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

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

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

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

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

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

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

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

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

ADJUSTMENTS OF CONSOLIDATED IFRS P&L LINES

in HUF million	1Q 09	2Q 09	3Q 09	9M 09	4Q 09 Audited	2009 Audited	1Q 10	2Q 10	3Q 10	9M 10
Net interest income	**156,385**	**147,479**	**140,577**	**444,442**	**145,338**	**589,780**	**142,633**	**172,332**	**150,260**	**465,224**
(+) Foreign exchange result of swap transactions	3,841	-3,841	0	0	0	0	0	0	0	0
(+) Other provisioning for the interest income of non performing loans at OTP Bank Russia	-2,100	-2,518	-2,823	-7,441	7,441	0	0	0	0	0
Net interest income (adj)	**158,126**	**141,120**	**137,754**	**437,001**	**152,780**	**589,780**	**142,633**	**172,332**	**150,260**	**465,224**
Foreign exchange result on Consolidated IFRS P&L	**-11,806**	**-4,780**	**4,548**	**-12,038**	**3,730**	**-8,308**	**4,448**	**22,881**	**-2,827**	**24,502**
(-) Foreign exchange result of swap transactions	3,841	-3,841	0	0	0	0	0	0	0	0
(-) Result of strategic open FX position	-2,390	0	0	-2,390	0	-2,390	0	0	0	0
Foreign exchange result (adj.)	**-13,257**	**-939**	**4,548**	**-9,648**	**3,730**	**-5,919**	**4,448**	**22,881**	**-2,827**	**24,502**
Gain/loss on securities, net	**-4,723**	**4,556**	**7,450**	**7,284**	**175**	**7,459**	**311**	**3,088**	**1,949**	**5,347**
(+) Release of other provisions for securities							9,384	0	0	9,384
Gain/loss on securities, net (adj.)	**-4,723**	**4,556**	**7,450**	**7,284**	**175**	**7,459**	**9,695**	**3,088**	**1,949**	**14,731**
Gains and losses on real estate transactions	**269**	**226**	**395**	**890**	**40**	**931**	**198**	**341**	**194**	**733**
(+) Other non-interest income	**30,273**	**15,267**	**8,298**	**53,838**	**12,470**	**66,309**	**5,202**	**6,084**	**5,472**	**16,758**
(-) Received cash transfers	4	5	7	16	-12	4	1	21	36	58
(-) Non-interest income from the release of pre-acquisition provisions	646	623	616	1,885	459	2,344	334	300	-576	57
(+) Other non-interest expenses	-1,194	-1,070	998	-1,267	-1,774	-3,041	-346	-448	-1,664	-2,458
Net other non-interest result (adj)	**28,698**	**13,795**	**9,068**	**51,561**	**10,290**	**61,851**	**4,719**	**5,655**	**4,542**	**14,917**
Provision for possible loan losses	**-46,047**	**-56,116**	**-67,251**	**-169,414**	**-79,864**	**-249,279**	**-54,822**	**-96,406**	**-52,121**	**-203,349**
(+) Non-interest income from the release of pre-acquisition provisions	646	623	616	1,885	459	2,344	334	300	-576	57
Provision for possible loan losses (adj)	**-45,401**	**-55,493**	**-66,635**	**-167,529**	**-79,406**	**-246,935**	**-54,488**	**-96,105**	**-52,697**	**-203,291**
Other expenses	**-45,384**	**-48,336**	**-38,530**	**-132,250**	**-37,308**	**-169,558**	**-25,234**	**-36,844**	**-54,460**	**-116,537**
(-) Other provisions	-8,293	-9,152	-5,228	-22,673	4,628	-18,044	8,761	551	-724	8,588
(-) Paid cash transfers	-95	-88	-301	-484	-793	-1,277	-350	-213	-79	-642
(+) Film subsidies paid as cash transfer	-65	-93	-298	-456	-715	-1,170	-298	-227	-38	-562
(-) Other non-interest expenses	-1,194	-1,070	998	-1,267	-1,774	-3,041	-346	-448	-1,664	-2,458
(-) Special tax on financial institutions									-18,035	-18,035
Other expenses (adj)	**-35,867**	**-38,119**	**-34,297**	**-108,283**	**-40,084**	**-148,367**	**-33,596**	**-36,960**	**-33,995**	**-104,551**
Other risk costs	**-8,293**	**-9,152**	**-5,228**	**-22,673**	**4,628**	**-18,044**	**8,761**	**551**	**-724**	**8,588**
(-) Other provisioning for the interest income of non performing loans at OTP Bank Russia	-2,100	-2,518	-2,823	-7,441	7,441	0	0	0	0	0
(-) Release of other provisions for securities							9,384	0	0	9,384
Other risk costs (adj)	**-6,193**	**-6,633**	**-2,405**	**-15,231**	**-2,813**	**-18,044**	**-624**	**551**	**-724**	**-796**
After tax dividends and net cash transfers	**315**	**393**	**-269**	**439**	**-817**	**-378**	**-319**	**-134**	**266**	**-187**
(-) Film subsidies paid as cash transfer	-65	-93	-298	-456	-715	-1,170	-298	-227	-38	-562
After tax dividends and net cash transfers	**380**	**486**	**29**	**894**	**-102**	**792**	**-21**	**92**	**303**	**374**
Depreciation	**-10,291**	**-10,483**	**-10,694**	**-31,469**	**-13,673**	**-45,141**	**-11,423**	**-30,578**	**-12,621**	**-54,622**
(-) Goodwill impairment charges (OTP banka Srbija (Serbia), OTP Bank JSC (Ukraine))	0	0	0	0	0	0	0	-18,519	0	-18,519
Depreciation (adj)	**-10,291**	**-10,483**	**-10,694**	**-31,469**	**-13,673**	**-45,141**	**-11,423**	**-12,059**	**-12,621**	**-36,103**

TIME SERIES UNDER THE OLD METHOD FOR THE FINANCIALS AFFECTED BY THE UPDATE OF THE CALCULATION METHODOLOGY OF OTP CORE

Consolidated after tax profit breakdown by subsidiaries (IFRS) – UNDER THE OLD METHODOLOGY [21]

in HUF million	9M 2009	9M 2010	Y-o-Y	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
Consolidated after tax profit	**129,922**	**100,700**	**-22%**	**45,899**	**27,402**	**30,941**	**13%**	**-33%**
Profit of the strategic short position (after tax)	-1,912	0	-100%	0	0	0		
Dividend and total net cash transfers (consolidated)	894	374	-58%	29	92	303	229%	935%
Goodwill impairment charges (after tax)	0	-15,001		0	-15,001	0	-100%	
Special tax on financial institutions (after corporate income tax)	0	-14,722	0%	0	0	-14,722	0%	0%
Consolidated after tax profit without the result of strategic open FX position, consolidated dividend and net cash transfers, goodwill impairment charges and special financial institution taxes	**130,939**	**130,048**	**-1%**	**45,870**	**42,310**	**45,359**	**7%**	**-1%**
Banks total without one-off items	127,102	123,593	-3%	46,851	41,577	41,905	1%	-11%
OTP CORE (Hungary)	139,071	104,820	-25%	61,983	39,542	24,961	-37%	-60%
Corporate Centre (after tax)	-4,310	3,451	-180%	-3,112	2,293	350	-85%	-111%
o/w After tax result of subsidiary financing	6,665	13,259	99%	752	5,575	3,625	-35%	382%
Interest expense of Tier2 Capital	-10,735	-9,808	-9%	-3,680	-3,282	-3,275	0%	-11%
OTP Bank Russia	1,354	13,510	898%	1,136	3,613	8,696	141%	666%
OTP Bank JSC (Ukraine)	-29,227	6,066	-121%	-19,161	963	4,959	415%	-126%
DSK Bank (Bulgaria)	17,519	14,511	-17%	5,571	4,661	5,292	14%	-5%
OBR adj. (Romania)	752	-4,197	-658%	191	-2,055	-2,142	4%	
OTP banka Srbija (Serbia)	-1,070	-3,355	213%	-946	-824	-1,935	135%	104%
OBH (Croatia)	2,552	1,716	-33%	632	662	547	-17%	-14%
OBS (Slovakia)	-1,019	-826	-19%	-488	-817	172	-121%	-135%
OBS, adj.	-776	-826	6%	-495	-817	172	-121%	-135%
OBS one-off items	-243	-	-100%	7	-	-		-100%
CKB (Montenegro)	1,237	-12,103		1,053	-6,462	1,005	-116%	-4%
Leasing	9	-1,727		-356	-2,147	744	-135%	-309%
Merkantil Bank + Car, adj. (Hungary)	-3	-907		-356	-1,257	63	-105%	-118%
Merkantil Bank + Car one-off items	12	0	-100%	0	0	0		
Foreign leasing companies (Slovakia, Croatia, Bulgaria, Romania)	0	-820		0	-891	681	-176%	
Asset Management	3,662	5,897	61%	1,308	2,572	1,589	-38%	21%
OTP Asset Management (Hungary)	3,681	5,890	60%	1,294	2,573	1,585	-38%	23%
Foreign Asset Management Companies (Ukraine, Romania)	-19	7	-138%	14	-2	4	-353%	-71%
Other Hungarian Subsidiaries	-683	647	-195%	-1,614	98	103	6%	-106%
Other Foreign Subsidiaries (Slovakia, United Kingdom, Cyprus, Romania, Belize)	560	-31	-106%	139	-79	49	-163%	-65%
Eliminations	533	1,643	209%	-465	288	943	228%	-303%
Total after tax profit of HUNGARIAN subsidiaries	138,301	115,544	-16%	57,730	43,538	28,004	-36%	-51%
Total after tax profit of FOREIGN subsidiaries	-7,361	14,505	-297%	-11,859	-1,230	17,356	-1511%	-246%
Share of foreign profit contribution, %	*-6%*	*11%*	*17%*	*-26%*	*-3%*	*38%*	*41%*	*64%*

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

OTP Core Statement of recognized income – UNDER THE OLD METHODOLOGY

Main components of the Statement of recognized income in HUF mn	9M 2009	9M 2010	Y-o-Y	3Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y
OTP CORE after-tax profit w/o dividends and net cash transfer	139,071	104,820	-25%	61,983	39,542	24,961	-37%	-60%
OTP CORE pre-tax profit	152,799	122,352	-20%	56,731	48,862	23,455	-52%	-59%
Operating profit	202,961	218,561	8%	67,309	99,798	51,641	-48%	-23%
Total income	335,888	348,807	4%	111,422	144,131	94,984	-34%	-15%
Net interest income	235,309	250,543	6%	77,596	99,832	74,720	-25%	-4%
Net interest income without the revaluation result of FX swaps	*235,309*	*231,812*	*-1%*	*77,596*	*77,243*	*78,578*	*2%*	*1%*
Net fees and commissions	65,964	62,225	-6%	21,800	21,347	20,095	-6%	-8%
Other net non-interest income	34,615	36,039	4%	12,026	22,952	168	-99%	-99%
Operating expenses	-132,927	-130,246	-2.0%	-44,114	-44,333	-43,342	-2%	-2%
Total provisions	-50,162	-96,210	92%	-10,577	-50,936	-28,186	-45%	166%
Provisions for loan losses	-49,106	-93,444	90%	-10,619	-50,815	-25,867	-49%	144%
Other provisions	-1,056	-2,766	162%	41	-121	-2,319		
Revenues by Business Lines								
RETAIL								
Total income	248,146	244,744	-1%	81,333	82,001	82,464	1%	1%
Net interest income	185,342	184,468	0%	60,524	61,051	62,582	3%	3%
Net fees and commissions	58,926	56,514	-4%	19,582	19,419	18,669	-4%	-5%
Other net non-interest income	3,878	3,761	-3%	1,227	1,531	1,213	-21%	-1%
CORPORATE								
Total income	22,440	26,407	18%	8,111	8,973	8,401	-6%	4%
Net interest income	14,254	18,223	28%	5,288	5,930	6,330	7%	20%
Net fees and commissions	7,052	7,085	0%	2,464	2,595	1,716	-34%	-30%
Other net non-interest income	1,134	1,099	-3%	359	448	355	-21%	-1%
Treasury ALM								
Total income	61,415	78,082	27%	19,672	53,179	4,376	-92%	-78%
Net interest income	35,713	47,852	34%	11,783	32,850	5,808	-82%	-51%
Net fees and commissions	1,079	1,075	0%	664	488	420	-14%	-37%
Other net non-interest income	24,623	29,155	18%	7,224	19,842	-1,852	-109%	-126%
Indicators (%)	9M 2009	9M 2010	Y/Y	3Q 2009	2Q 2010	3Q 2010	Q/Q	Y/Y
ROA	3.5%	2.4%	-1.1%	4.5%	2.7%	1.7%	-1.1%	-2.8%
ROE	21.0%	13.6%	-7.4%	26.9%	15.0%	9.3%	-5.8%	-17.6%
Total income margin	8.43%	7.94%	-0.49%	8.01%	10.01%	6.34%	-3.67%	-1.67%
Net interest margin	5.91%	5.70%	-0.20%	5.58%	6.93%	4.99%	-1.94%	-0.59%
Net interest margin without the revaluation result of FX swaps	*5.91%*	*5.28%*	*-0.63%*	*5.58%*	*5.37%*	*5.25%*	*-0.12%*	*-0.33%*
Cost of risk/average gross loans	1.95%	3.52%	1.57%	1.24%	5.68%	2.75%	-2.93%	1.50%
Cost/income ratio	39.6%	37.3%	-2.2%	39.6%	30.8%	45.6%	14.9%	6.0%
Effective tax rate	9.0%	14.3%	5.3%	-9.3%	19.1%	-6.4%	-25.5%	2.8%

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

Main components of balance sheet (closing balances, in HUF mn)	3Q 2009	4Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y	YTD
Total Assets	5,689,256	5,805,466	5,942,018	5,939,893	0%	4%	2%
Gross customer loans	3,378,180	3,396,769	3,762,918	3,704,949	-2%	10%	9%
Retail loans	2,191,642	2,186,022	2,364,480	2,316,868	-2%	6%	6%
Corporate loans	1,186,539	1,210,747	1,398,439	1,388,081	-1%	17%	15%
Allowances for loan losses	-164,785	-188,502	-249,190	-275,397	11%	67%	46%
Deposits from customers	3,474,662	3,496,796	3,557,132	3,625,505	2%	4%	4%
Deposits from customers + retail bonds	*3,704,411*	*3,733,529*	*3,811,356*	*3,901,058*	*2%*	*5%*	*4%*
Retail deposits	2,425,556	2,470,161	2,442,463	2,416,523	-1%	0%	-2%
Retail deposits + retail bonds	*2,655,305*	*2,706,894*	*2,696,688*	*2,692,076*	*0%*	*1%*	*-1%*
Corporate deposits	1,049,106	1,026,635	1,114,669	1,208,982	8%	15%	18%
Liabilities to credit institutions and governments	839,086	823,211	760,496	798,667	5%	-5%	-3%
Issued securities	1,318,716	1,305,525	1,153,691	1,015,335	-12%	-23%	-22%
o/w retail bonds	*229,749*	*236,733*	*254,225*	*275,553*	*8%*	*20%*	*16%*
Total shareholders' equity	938,689	990,236	1,062,748	1,072,503	1%	14%	8%
Loan Quality (%)	3Q 2009	4Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y	YTD
90+ days past due loan volume	228,669	251,594	320,861	352,261	10%	54%	40%
90+ days past due loans/gross customer loans	6.8%	7.4%	8.5%	9.5%	1.0%	2.7%	2.1%
Total provisions/90+ days past due loans	72.1%	74.9%	77.7%	78.2%	0.5%	6.1%	3.3%
Market Share (%)	3Q 2009	4Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y	YTD
Loans	17.8%	17.8%	18.0%	18.3%	0.2%	0.5%	0.4%
Deposits	24.3%	24.2%	24.1%	24.7%	0.6%	0.4%	0.5%
Total Assets	24.4%	26.3%	24.9%	24.9%	0.0%	0.5%	-1.4%
Indicators (%)	3Q 2009	4Q 2009	2Q 2010	3Q 2010	Q-o-Q	Y-o-Y	YTD
Gross loans to deposits	97%	97%	106%	102%	-4%	5%	5%
Net loans to (deposits + retail bonds)	87%	86%	92%	88%	-4%	1%	2%
Leverage (Shareholder's Equity/Total Assets)	16.5%	17.1%	17.9%	18.1%	0.2%	1.6%	1.0%
Capital adequacy ratio (OTP Bank, unconsolidated, HAS)	17.2%	16.2%	16.4%	17.8%	1.4%	0.6%	1.5%
Tier1 ratio (OTP Bank, unconsolidated, HAS)	13.8%	13.1%	13.9%	15.0%	1.1%	1.2%	1.9%

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