OTP Bank Plc.

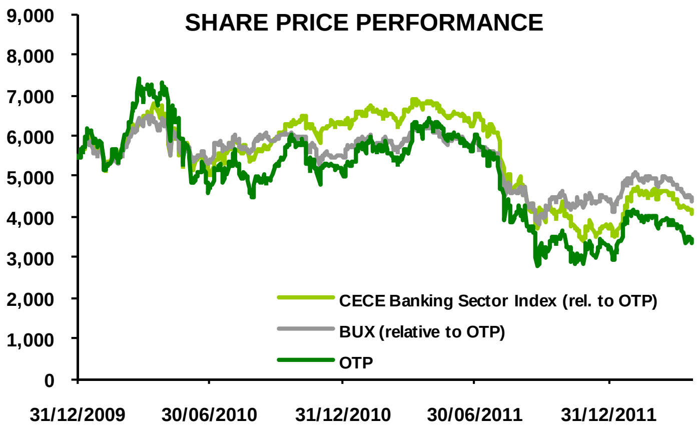
Interim Management Report
First quarter 2012 result

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

Budapest, 15 May 2012

CONSOLIDATED FINANCIAL HIGHLIGHTS[1] AND SHARE DATA

Main components of the Statement of recognised income in HUF million	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
Consolidated after tax profit	**37,188**	**-25,840**	**12,828**	**-150%**	**-66%**
Adjustments (total)	**-6,910**	**-56,031**	**-30,937**	**-45%**	**348%**
Consolidated adjusted after tax profit without the effect of adjustments	**44,098**	**30,191**	**43,765**	**45%**	**-1%**
Pre-tax profit	51,281	50,268	51,228	2%	0%
Operating profit without one-offs	108,434	107,859	112,546	4%	4%
Total income without one-offs	194,077	218,299	209,253	-4%	8%
Net interest income without one-offs	151,724	168,961	164,147	-3%	8%
Net fees and commissions	32,731	38,597	34,078	-12%	4%
Other net non-interest income (adj.) without one-offs and the revaluation of FX provisions	9,622	10,741	11,028	3%	15%
Operating expenses (adj.)	-85,643	-110,440	-96,707	-12%	13%
Total risk costs without the revaluation of FX provisions	-57,153	-67,534	-58,741	-13%	3%
One off items	0	9,944	-2,577	-126%	0%
Corporate taxes	-7,183	-20,077	-7,464	-63%	4%
Main components of balance sheet closing balances in HUF million	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
Total assets	9,672,446	10,200,527	10,004,926	-2%	3%
Total customer loans (net, FX adjusted)	**7,003,448**	**6,791,184**	**6,671,887**	**-2%**	**-5%**
Total customer loans (gross, FX adjusted)	**7,856,360**	**7,808,072**	**7,717,234**	**-1%**	**-2%**
Allowances for possible loan losses (FX adjusted)	-852,913	-1,016,887	-1,045,347	3%	23%
Total customer deposits (FX adjusted)	**6,202,663**	**6,240,244**	**6,218,219**	**0%**	**0%**
Issued securities	1,028,984	812,863	810,135	0%	-21%
Subordinated loans	279,694	316,447	299,494	-5%	7%
Total shareholders' equity	1,298,968	1,418,310	1,380,561	-3%	6%
Indicators based on one-off adjusted earnings %	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
ROE	13.7%	8.5%	12.6%	4.1%	-1.1%
ROA	1.8%	1.2%	1.7%	0.6%	-0.1%
Operating profit margin without one-offs	4.52%	4.26%	4.48%	0.22%	-0.04%
Total income margin without one-offs	8.09%	8.62%	8.33%	-0.29%	0.24%
Net interest margin without one-offs	6.33%	6.67%	6.53%	-0.13%	0.21%
Cost-to-asset ratio	3.57%	4.36%	3.85%	-0.51%	0.28%
Cost/income ratio (adj.) without one-offs	44.1%	50.6%	46.2%	-4.4%	2.1%
Risk cost to average gross loans (adj.)	3.22%	3.12%	2.95%	-0.17%	-0.27%
Total risk cost-to-asset ratio	2.38%	2.67%	2.34%	-0.33%	-0.04%
Effective tax rate	14.0%	39.9%	14.6%	-25.4%	0.6%
Net loan/(deposit+retail bond) ratio (FX adjusted)	108%	103%	101%	-1%	-6%
Capital adequacy ratio (consolidated, IFRS) - Basel2	17.6%	17.3%	17.2%	-0.1%	-0.4%
Core Tier1 ratio - Basel2	13.2%	12.0%	12.4%	0.4%	-0.8%
Share Data	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
EPS diluted (HUF) (from unadjusted net earnings)	139	-98	47	-148%	-66%
EPS diluted (HUF) (from adjusted net earnings)	165	114	165	45%	-1%
Closing price (HUF)	5,551	3,218	3,829	19%	-31%
Highest closing price (HUF)	5,990	3,650	4,160	14%	-31%
Lowest closing price (HUF)	5,020	2,835	2,960	4%	-41%
Market Capitalization (EUR billion)	5.8	2.9	3.6	25%	-38%
Book Value Per Share (HUF)	4,639	5,065	4,931	-3%	6%
Tangible Book Value Per Share (HUF)	3,749	4,173	4,061	-3%	8%
Price/Book Value	1.2	0.6	0.8	22%	-35%
Price/Tangible Book Value	1.5	0.8	0.9	22%	-36%
P/E (trailing, from accounting net earnings)	13.8	10.8	18.0	68%	31%
P/E (trailing, from adjusted net earnings)	9.5	5.6	6.7	19%	-30%
Average daily turnover (EUR million)	34	30	30	1%	-11%
Average daily turnover (million share)	1.7	2.9	2.4	-15%	48%



MOODY'S RATINGS

OTP Bank	
Foreign currency long term deposits	Ba2
Financial strength	D+
OTP Mortgage Bank	
Covered mortgage bond	Baa3
DSK Bank	
Foreign currency long term deposits	Baa3
Financial strength	D+
OTP Bank Russia	
Foreign currency long term deposits	Ba2
Financial strength	D-
Long term national rating	Aa2.ru
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 QUARTER 2012

Interim Management Report for the first quarter 2012 results of OTP Bank Plc. has been prepared according to the 21/2010. (V. 12.) PM resolution on the basis of its separate and consolidated condensed IFRS financial statements for 31 March 2012 or derived from that. At presentation of first quarter 2012 report of OTP Bank we applied International Financial Reporting Standards adopted by the European Union.

SUMMARY OF 1Q 2012

Improving market sentiment as a result of a potential agreement with IMF/EU

Due to the shift in the Hungarian Government's communication in favour of resuming official talks with IMF/EU, the local currency rebounded fairly quickly from its early January lows, the Hungarian risk premium started tightening again and the government yield curve dropped below 9% by the end of 1Q 2012.

In April the Government submitted a revised Convergence Plan to Brussels called Széll Kálmán 2.0 which contains series of measures aimed at containing the budget deficit below 3% in 2012 and 2013 with a declining trajectory. The Convergence Plan, however is focusing mainly on maintaining a balanced budget, whereby economic growth will remain modest. According to the recently published forecasts Romanian and Bulgarian short term macroeconomic indicators also suggest weaker performance in both countries.

Consolidated results: adjusted net earnings were practically flat y-o-y, improving DPD90+ coverage amid declining risk costs, outstanding capital and liquidity position

In 1Q 2012 OTP Group posted HUF 43.8 billion adjusted net earnings being practically equal to the profit in the base period and by 45% higher than in 4Q 2011. Major adjustment items remained the same, i.e. the negative impact of early FX mortgage repayment and the bank levy. The only difference was that according to the auditor's recommendation and in line with IFRS Interpretation Committee („IFRIC") statement issued in March 2012, the total amount of the banking levy for 2012 should be recognized in 1Q.

The significant q-o-q improvement in net profit was due to the drop in corporate tax, since the 1Q pre-tax profit grew by only 2% and remained the same y-o-y. As for the before tax profit without one-off items, the HUF 53.8 billion result underpinned an increase of 33% q-o-q and 5% y-o-y.

The consolidated accounting profit represented HUF 12.8 billion versus the loss of HUF 26 billion in 4Q 2011 and a positive result of HUF 37.2 billion in 1Q 2011. Out of the total adjustment of HUF 31 billion in 1Q the single biggest item was the whole-year banking levy and HUF 1.8 billion was booked as a loss of the early repayment scheme. This programme was completed in February and its total negative impact represented HUF 33.4 billion, marginally lower than the anticipated loss of 33.6 billion calculated in March 2012.

Within the consolidated adjusted earnings the profit contribution from foreign subsidiaries kept growing further: against 32% of net profit in 4Q 2011, in 1Q they beefed up their share to 42%. Big junk of the quarterly foreign profit of HUF 18.5 billion was produced in Russia (HUF 11.3 billion) and Bulgaria (HUF 9.9 billion).

Key components of the adjusted profit were as follows: total revenues without one-offs advanced by 8% y-o-y, but dropped by 4% q-o-q. Within revenues the net interest and fee income grew by 8% and 4% y-o-y respectively, though decreased by 3% and 12% q-o-q. Net interest income in 1Q represented HUF 164 billion; its q-o-q moderation was the consequence of FX mortgage loan prepayments, as well as the stronger quarterly exchange rate of the forint. Other non-interest income remained flat q-o-q, whereas operating expenses dropped by 12% partly as a result of seasonality and also due to the base effect of certain one-off items. Thus, the operating profit without one-offs improved by 4% q-o-q. The income margin (8.33%) moderated by 29 bps, while the net interest margin (6.53%) by 13 bps during that period.

The FX-adjusted gross loan volumes declined by 1% q-o-q and by 2% y-o-y. The deposit book remained flat y-o-y and contracted marginally q-o-q. The net loan/(deposit + retail bonds) ratio dropped to 101% (6 ppts FX-adjusted y-o-y improvement).

The Group continued to maintain a stable liquidity position with insignificant maturities for the rest of the year 2012.

The total outstanding FX swap notional book of around EUR 5 billion is expected to decline by approx. EUR 1 billion in 2012 as a result of the FX liquidity produced by on-going business activity. The Bank did not participate in any LTRO auctions of the European Central Bank. In 1Q 2012 there were two capital markets transactions: in February OTP Bank Hungary paid back maturing senior bonds with face value of CHF 100 million, while in March OTP Bank

Russia issued its 4th consecutive senior bond with RUB 6 billion face value.

The loan portfolio further deteriorated and the consolidated risk costs amounted to HUF 58.7 billion in 1Q. The DPD90+ coverage grew by 1.9 ppts and reached 78.6% by the end of March. The DPD90+ ratio increased from 16.6% to 17.4%, the deterioration q-o-q somewhat accelerated. The declining trend in FX-adjusted DPD90+ formation apparently stopped, 1Q new DPD90+ volumes advanced to HUF 51 billion versus HUF 44 billion in 4Q 2011. The most visible growth was reported in Hungary and Bulgaria, but the Russian, Ukrainian and Romanian new DPD90+ volumes grew, too. Based on the quarterly data so far there was little evidence for a meaningful deceleration in consolidated portfolio deterioration. Due to the unfavourable turnaround in DPD90+ formation witnessed in 1Q, the management sees growing uncertainties with respect to the forecast y-o-y decline in 2012 risk costs.

The consolidated IFRS capital adequacy ratio ('CAR') reached 17.2%, the Tier1 ratio advanced to 13.7% (+0.4 ppts q-o-q). The stand alone CAR of OTP Bank under the local regulation stood at 18.9% by end-March, up by 1.0 ppt q-o-q. In 1Q 2012 OTP Bank injected capital into its Montenegrin and Romanian subsidiaries in the amount of EUR 11 million and RON 140 million respectively.

OTP Core: adjusted after tax profit dropped by 26% y-o-y as a result of higher operating and risk costs, q-o-q decreasing tax burden, lower net interest income on the back of FX mortgage loan prepayments and accelerating portfolio deterioration, but improving DPD90+ coverage

The adjusted after tax profit of ***OTP Core*** (basic activity in Hungary) in 1Q reached HUF 24.3 billion underpinning a q-o-q improvement of 7%, but falling short of the base period earnings by 26%. The adjusting items were as follows: banking levy and the loss from early FX mortgage repayments. The quarterly improvement was due to several factors: the effective tax burden moderated a lot as the strengthening forint created a positive tax shield on the subsidiaries investment. Furthermore, the operating result advanced by 10% q-o-q as operating expenses dropped due to seasonality. At the same time the net interest income decreased partly as a result of FX mortgage loan prepayments, but also due to the stronger HUF. Fee and commission income was weaker seasonally.

Total risk costs excluding the impact of FX mortgage prepayments grew by 2% q-o-q and by 13% y-o-y. The FX-adjusted DPD90+ loan formation somewhat accelerated in 1Q, the worsening was observed mainly at FX mortgage loans. The DPD90+ coverage however further improved and reached 79.7%.

The FX-adjusted loan portfolio dropped by 9% y-o-y and by 3% q-o-q. The only product segments showing a growth in 1Q were the micro and small enterprise segment and the consumer loans (+3% and +1%, respectively). The mortgage book decreased by 5% q-o-q – mainly as a result of FX prepayments –, whereas the corporate book and the local government portfolio moderated by 1% and 5%, respectively.

The FX-adjusted deposit and retail bond volumes declined by 3% q-o-q. The "net loan to (deposit+retail bond)" ratio stood at 79%.

Merkantil Group (the Hungarian car financing business) posted a profit (without the banking levy) of HUF 1.0 billion in 1Q, more than double being realized in the previous quarter. The improvement is due to the 25% decline in risk costs as the operating profit practically stagnated. The FX-adjusted car financing loan book declined by 9% y-o-y and by 2% q-o-q, however new loan origination already showed significant y-o-y recovery. The DPD90+ ratio climbed to 20.5% the coverage remained favourably high at 92.7%.

OTP Fund Management posted HUF 0.5 billion net profit in 1Q (without the banking tax) which was half of the earnings realized in 1Q 2011 (-14% q-o-q). Net fee and commission income dropped by 32% on a quarterly base. The volume of total assets under management (HUF 950 billion) further declined (-4% q-o-q). The company's market position weakened and stood at 26.7%.

Significant q-o-q improvement in the non-Hungarian profit contribution: strong Russian, materially better Bulgarian, Croatian, Slovakian and Montenegrin results, loss-making operation in the Ukraine, Romania and Serbia

Foreign subsidiaries managed to further improve their profit contribution. Out of the 1Q adjusted consolidated net results 42% (HUF 18.5 billion) was produced outside of Hungary. A year before the profit volume represented only HUF 11.2 billion. The Russian and Bulgarian subsidiaries excelled themselves y-o-y, but the Croatian, Montenegrin and Slovakian banks also posted good results.

OTP Bank Russia posted HUF 11.3 billion in 1Q, that is falling short of the record earnings of HUF 15 billion in the previous quarter, but bearing in mind the strong seasonality of POS-lending, it is an outstanding achievement. The FX-adjusted loan volumes marginally declined q-o-q, but advanced by 30% y-o-y. During the same periods consumer lending grew by 1% and 60%, respectively. While POS-loan volumes stagnated in 1Q, credit card loans grew by 12% q-o-q. The net interest income improved by 12% q-o-q, despite the interest burden of the RUB bond issuance in March. Risk costs jumped by 68% in 1Q, simultaneously the DPD90+ coverage (94.0%) grew further by 4.4 ppts. The loan quality worsened by 1.4 ppts q-o-q, as a result the DPD90+ ratio stood at 12.5%.

During 1Q deposits decreased by 4%, however funding further improved by a new bond issuance in March: with the RUB 6 billion transaction the bank has already issued RUB 17.5 billion in total from March 2011 towards local institutional clients.

DSK Group more than doubled its quarterly earnings q-o-q by posting HUF 9.9 billion net profit in 1Q. While the operating profit remained stable both on a yearly and quarterly base, the strong result was to a large extent due to moderating risk costs (-58% q-o-q). With somewhat declining net interest margin the net interest income also came out marginally weaker in 1Q, whereas cost efficiency remained superior (2012 1Q cost-to-income ratio: 35.6%). The FX-adjusted loan book stagnated q-o-q, but grew by 2% y-o-y. Deposits performed better and grew by 3% and 8% during the same periods. Portfolio deterioration continued in all product segments and the DPD90+ ratio reached 17.4% (+1.1% q-o-q). The NPL coverage (76.3%) decreased by 2.9% in 1Q.

OTP Bank Ukraine posted HUF 2.6 billion loss in 1Q being almost equal to the 4Q 2011 loss. The key difference however was that while in the previous quarter the negative after-tax result was stemming from a one-off tax burden, in 1Q the loss is attributable to climbing risk costs. The operating profit declined by 15% q-o-q with total income moderating by 13%. Weaker net interest and fee income (-14% in both cases) was only partially off-set by lower operating expenses. The FX-adjusted loan book marginally declined, but the dynamism in POS lending remained strong (+56% q-o-q) and the other high margin-content business, the cash loans grew nicely, too. The network of selling agents advanced smoothly and got close to 2,000 people (employed and contractual agents total).

Parallel with a decline in loan book, the DPD90+ ratio grew again and reached 31.3%. As a result of significant provisioning in 1Q, the DPD90+ coverage further increased and reached 81.8%. Deposit volumes advanced the most across the Group (+40% y-o-y and +17% q-o-q), the net loan to deposit ratio further improved (199%) underpinning a q-o-q 41% drop.

OTP Bank Romania posted a loss of HUF 1.2 billion against a gain of HUF 150 million a year ago and a loss of HUF 0.7 billion in 4Q 2011. Key factors behind the negative results were the weaker operating profit and the higher risk costs. The FX-adjusted loan book advanced by 2% q-o-q, within that the consumer lending grew by 12%. Deposits increased nicely, by 8% y-o-y and by 6% q-o-q. The portfolio deteriorated further: the DPD90+ ratio grew to 13.6% (+1.5 ppts q-o-q), but the coverage (71.6%) also improved (+1.7 ppts q-o-q).

OTP banka Hrvatska (Croatia) realized HUF 0.8 billion net profit despite operating results dropped by 16% q-o-q. The key driver behind the strong earnings was the significant moderation of risk costs. FX-adjusted loan volumes stagnated, but the portfolio quality improved and the DPD90+ ratio stood at 10.0% at the end of March. The DPD90+ coverage further improved and exceeded 60%.

The ***Slovakian subsidiary*** posted HUF 239 million net profit as the operating result grew by 35% q-o-q with risk costs being halved. The FX-adjusted loan book increased by 3% and the portfolio quality improved due to the better SME book. The DPD90+ ratio dropped from 11.5% to 10.9%, whereas the coverage increased by 2.8 ppts q-o-q.

While the ***Serbian subsidiary*** still remained in red posting a loss of HUF 0.5 billion, this was one of the smallest quarterly losses the bank realized in recent years. Total income advanced by 34% q-o-q with both the operating expenses and risk costs declining substantially (by 31% and 60%, respectively). The FX adjusted loan portfolio shrinkage has stopped, deposits grew by 11%. Despite having the highest DPD90+ ratio within the Group, the level (57.7%) dropped by 2.9% q-o-q and the coverage improved by 3.2 ppts.

CKB Montenegro posted profit again (HUF 0.3 billion) due to improving operating results and moderating risk costs. The FX-adjusted loan book q-o-q stagnated with a steady cash loan origination. The DPD90+ ratio remained practically unchanged (36.7%) similar to the coverage level (77.1%).

Shareholder structure

As of 31 March 2012 there were four investors with an influence in the Company over 5%, namely the Rahimkulov family (9.13%), MOL (Hungarian Oil and Gas Company) (8.72%), Groupama (8.45%) and Lazard Group (6.05%).

POST BALANCE SHEET EVENTS

Hungary

- On 23 April 2012 Hungary's government published the Convergence Programme called Széll Kálmán Plan 2.0. The new fiscal programme's objective is to put an end to the Excessive Deficit Procedure against Hungary. The new fiscal adjustment heavily relies on boosting revenues with the introduction of several new taxes, for example on financial transactions.
- On 25 April 2012 the European Commission announced that all the obstacles that blocked starting the formal negotiations on a precautionary loan between Hungary and the EU/IMF have been removed.
- The Annual General Meeting of OTP Bank held on 27 April 2012 elected Mr. Tamás Erdei and Dr. István Gresa into the Bank's Board of Directors until the closing AGM of the fiscal year 2015, but the latest until April 30, 2016.
- On 9 May 2012 the government approved the levy on financial transactions. The government aims to raise HUF 130 billion annually in revenue from this new tax to be introduced in 2013. Financial institutions that carry out a transaction are subject to the levy. The tax rate will be 0.1 percent of the value of the transaction. The cap on the levy was not approved by the government, but certain transactions will be exempt of the levy. The Minister for the National Economy told at the press conference that the details were not finalized yet and eventually could change during the negotiations with the industry and the Parliamentary debate. There is no regulation prohibiting the banks to put the burden on clients.
- According to the April 2012 amendment to the Act LXXV 2011 on the fixed exchange rate scheme for FX mortgage loans and the schedule of foreclosure of residential real estates, also in line with the auditor's recommendation, the P&L impact of the fixed exchange rate scheme has to be presented in 2Q 2012 results. As stipulated by the the effective regulation, the total P&L impact of the scheme has to be recognised in the financial statements in a lump sum. Furthermore, the Government and the banks share the loss on the interest repayments due to the off-market fixed exchange rate on a 50%-50% basis. On 11 May the Government submitted an amendment to the law (T/7028), accordingly the 50%-50% split will be settled as follows: the Government pays 100% of the loss above the fixed exchange rate to the banks, however the banks will off-set 50% of that amount by paying it back to the central budget in 2012 as credit institution's contribution. Since the amended law will set the amount of the credit institutions' contribution only for the fiscal year 2012, in case the amendment gets approval from the Parliament, the Bank will recognise the 2012 annual effect of the fixed exchange rate scheme in 2Q 2012.

Romania

- On 27 April 2012 the Romanian President designated opposition leader Victor Ponta as Prime Minister after Mihai-Razvan Ungureanu's government lost a no-confidence vote in Parliament.
- On 9 May Romania and the IMF reached an agreement to release about EUR 475 million from the EUR 3.6 billion precautionary loan. The IMF agreed to let Romania increase its 2012 budget deficit target to 2.2% from 1.9% of GDP.

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

in HUF million	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
Consolidated after tax profit	**37,188**	**-25,840**	**12,828**	**-150%**	**-66%**
Adjustments (total)	**-6,910**	**-56,031**	**-30,937**	**-45%**	**348%**
Dividend and total net cash transfers (consolidated)	331	82	-138	-269%	-142%
Goodwill impairment charges (after tax)	0	-17,701	0	-100%	
Special tax on financial institutions (after corporate income tax)	-7,241	-7,241	-29,023	301%	
Impact of early repayment of FX mortgage loans in Hungary (after corporate income tax)	0	-31,171	-1,775		
Total impact of early repayment of FX mortgage loans in Hungary (after corporate income tax), final fact, recognized from 3Q 2011 to 1Q 2012			*-33,376*		
o/w Loss from early repayment of FX mortgage loans in Hungary (before corporate income tax)			*-65,053*		
Corporate income taxes due to losses from early repayments			*12,360*		
Special banking tax refund (after corporate income tax)			*16,048*		
Revaluation result on FX purchased from the National Bank of Hungary to cover the FX need of early repayments (after corporate income tax)			*3,269*		
Consolidated adjusted after tax profit without the effect of adjustments	**44,098**	**30,191**	**43,765**	**45%**	**-1%**
Banks total without one-off items[1]	41,311	32,147	40,508	26%	-2%
OTP CORE (Hungary)[2]	32,865	22,793	24,298	7%	-26%
Corporate Centre (after tax)[3]	-2,467	-1,320	-2,099	59%	-15%
OTP Bank Russia	7,745	15,042	11,332	-25%	46%
CJSC OTP Bank (Ukraine)[4]	862	-2,736	-2,601	-5%	-402%
DSK Bank (Bulgaria)[5]	3,484	4,026	9,890	146%	184%
OBR adj. (Romania)	148	-701	-1,163	66%	-887%
OTP Banka Srbija (Serbia)[6]	-1,458	-2,726	-456	-83%	-69%
OBH (Croatia)	241	-624	757	-221%	215%
OBS (Slovakia)	105	-561	239	-143%	127%
CKB (Montenegro)	-214	-1,046	312	-130%	-246%
Leasing	1,272	-129	1,356		7%
Merkantil Bank + Car, adj. (Hungary)[8]	1,147	395	996	152%	-13%
Foreign leasing companies (Slovakia, Croatia, Bulgaria, Romania)[9]	125	-523	360	-169%	188%
Asset Management	1,074	593	522	-12%	-51%
OTP Asset Management (Hungary)	1,062	614	527	-14%	-50%
Foreign Asset Management Companies (Ukraine, Romania)[10]	13	-21	-5	-76%	-139%
Other Hungarian Subsidiaries	102	-3,813	842	-122%	724%
Other Foreign Subsidiaries (Slovakia, United Kingdom, Cyprus, Romania, Belize)[11]	100	-651	-190	-71%	-291%
Eliminations	239	2,045	726	-65%	204%
Total after tax profit of HUNGARIAN subsidiaries[12]	32,948	20,714	25,290	22%	-23%
Total after tax profit of FOREIGN subsidiaries[13]	11,150	9,479	18,473	95%	66%
Share of foreign profit contribution, %	***25%***	***31%***	***42%***	***11%***	***17%***

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

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

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME

Main components of the Statement of recognized income in HUF million	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
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Net interest income without one-offs	**151,724**	**168,961**	**164,147**	**-3%**	**8%**
Net fees and commissions	**32,731**	**38,597**	**34,078**	**-12%**	**4%**
Other net non-interest income (adj.) without one-offs	**9,622**	**10,741**	**11,028**	**3%**	**15%**
Foreign exchange result, net (adj.) without one-offs and the effect of revaluation of FX provisions	7,444	5,085	4,423	-13%	-41%
Gain/loss on securities, net (adj.) without one-offs	516	1,176	1,055	-10%	104%
Net other non-interest result (adj.) without one-offs	1,662	4,480	5,550	24%	234%
Operating expenses	**-85,643**	**-110,440**	**-96,707**	**-12%**	**13%**
Personnel expenses	-39,308	-48,464	-46,903	-3%	19%
Depreciation (adj.)	-11,740	-12,948	-11,141	-14%	-5%
Other expenses (adj.)	-34,595	-49,028	-38,663	-21%	12%
Total risk costs	**-57,153**	**-67,534**	**-58,741**	**-13%**	**3%**
Provision for loan losses (adj.) (without the effect of revaluation of FX provisions)	-57,390	-61,773	-57,564	-7%	0%
Other provision	237	-5,761	-1,177	-80%	-596%
Total one-off items	**0**	**9,944**	**-2,577**	**-126%**	
Revaluation result of FX swaps at OTP Core (booked within net interest income)	0	-361	-1,200	232%	
Non-recurring FX-gains and losses (booked within Foreign exchange gains, net at OTP Core)	0	3,926	0	-100%	
Gain on the repurchase of own Upper and Lower Tier2 Capital (booked as Net other non-interest result (adj.) at OTP Core)	0	807	1,124	39%	
Gain on Croatian government bonds (booked as Gain on securities, net (adj.) at OBH Croatia)	0	0	0		
Revaluation result of the treasury share swap agreement (booked as Gain on securities, net (adj.) at OTP Core)	0	5,572	-2,501	-145%	
Corporate taxes	**-7,183**	**-20,077**	**-7,464**	**-63%**	**4%**
INDICATORS (%)	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
ROE (adjusted)	13.7%	8.5%	12.6%	4.1%	-1.1%
ROA (adjusted)	1.8%	1.2%	1.7%	0.6%	-0.1%
Operating profit margin without one-offs	4.52%	4.26%	4.48%	0.22%	-0.04%
Total income margin without one-offs	8.09%	8.62%	8.33%	-0.29%	0.24%
Net interest margin without one-offs	6.33%	6.67%	6.53%	-0.13%	0.21%
Net fee and commission margin	1.36%	1.52%	1.36%	-0.17%	-0.01%
Net other non-interest income margin without one-offs	0.40%	0.42%	0.44%	0.02%	0.04%
Cost-to-asset ratio	3.57%	4.36%	3.85%	-0.51%	0.28%
Cost/income ratio (adj.) without one-offs	44.1%	50.6%	46.2%	-4.4%	2.1%
Risk cost for loan losses-to-average gross loans (adj.)	3.22%	3.12%	2.95%	-0.17%	-0.27%
Risk cost for loan losses-to-average FX adjusted gross loans (adj.)	2.97%	3.15%	3.01%	-0.14%	0.04%
Total risk cost-to-asset ratio	2.38%	2.67%	2.34%	-0.33%	-0.04%
Effective tax rate	14.0%	39.9%	14.6%	-25.4%	0.6%
Non-interest income/total income without one-offs	22%	23%	22%	-1%	0%

INDICATORS (%)	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
EPS base (HUF) (from unadjusted net earnings)	139	-98	47	-148%	-66%
EPS diluted (HUF) (from unadjusted net earnings)	139	-98	47	-148%	-66%
EPS base (HUF) (from adjusted net earnings)	165	114	165	45%	-1%
EPS diluted (HUF) (from adjusted net earnings)	165	114	165	45%	-1%
Comprehensive Income Statement	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
Net comprehensive income	**10,812**	**13,930**	**-10,164**	**-173%**	**-194%**
Net profit attributable to equity holders	**36,982**	**-26,027**	**12,609**	**-148%**	**-66%**
Consolidated after tax profit	37,188	-25,840	12,828	-150%	-66%
(-) Net profit attributable to non-controlling interest	205	187	219	18%	7%
Other net comprehensive income elements	**-26,170**	**39,957**	**-22,773**	**-157%**	**-13%**
Fair value adjustment of securities available-for-sale (recognised directly through equity)	11,064	-18,610	10,618	-157%	-4%
Fair value adjustment of derivative financial instruments designated as cash-flow hedge	118	21	132	529%	12%
Fair value adjustment of strategic open FX position hedging net investment in foreign operations	3,660	-4,729	3,869	-182%	6%
Foreign currency translation difference	-41,012	63,275	-37,392	-159%	-9%

- ***Adjusted profit remained stable at HUF 44 billion y-o-y: operating profit improved due to growing revenues off-setting higher risk costs and unfavourable one-off items***
- ***Significant q-o-q growth of adjusted profit is the result of declining tax burden, risk and operating costs***
- ***The early repayment of Hungarian FX-denominated mortgage loans had a total negative effect on profit of HUF 33.4 billion, falling very close to expectations published in March***

In 1Q 2012 **OTP Group** posted an adjusted after tax profit of HUF 43.8 billion (excluding the special banking levy and the loss from FX mortgage loan prepayments), which is practically equal to the adjusted profit for 1Q 2011. It represents a 45% growth q-o-q. The accounting profit including the special banking tax and the loss from early repayment of FX mortgage loans came out at HUF 12.8 billion, by 66% lower than a year ago. This set back of accounting profit is practically entirely resulted by the following: in 2012 the full annual amount of the special banking tax paid by Hungarian group members has already been recognised in the first quarter, whereas previously accrual accounting was applied. This methodological change was based on a draft statement of the IFRS Interpretation Committee ("IFRIC") released in March. However, q-o-q the accounting profit grew by about HUF 39 billion, partially due to the moderating negative effect of adjustments and on the other hand the adjusted after tax profit also increased by 45% q-o-q. Regarding the effect of adjustments: the consolidated profit shrank by HUF 56 billion in 4Q 2011 and by HUF 31 billion in 1Q 2012 owing to these adjustments. In 4Q 2011 HUF 31.2 billion loss was recognised from the total HUF 33.4 billion negative impact of early repayment of FX-mortgage loans, a HUF 17.7 billion goodwill write-off[3] was booked and the proportional part of the special banking tax (HUF 7.2 billion) was accrued. Whereas in 1Q 2012, the total amount of the special banking tax for the full year (HUF 29 billion) and a further HUF 1.8 billion loss related to the early repayments were recognised as adjustments. On top of the full year banking tax of the Hungarian group members, the HUF 29 billion expense also contains the quarterly instalment of the 2012 banking tax of OTP Banka Slovensko in the amount of HUF 76 million (after corporate tax).

The q-o-q 45% improvement of adjusted after tax profit (1Q 2012: HUF 43.8 billion) is the result of several factors: on one hand the tax burden of the Group decreased significantly q-o-q, mainly in connection with the results of OTP Core and the Ukrainian subsidiary. Drop of the effective tax rate at OTP Core (from 34% in 4Q 2011 to 11% in 1Q 2012) is due to HUF appreciation that generated HUF 3.9 billion tax savings through the revaluation of subsidiary investments (the effect of the revaluation increased taxes by HUF 6.3 billion in 4Q 2011). Beyond that the tax burden of the Ukrainian subsidiary dropped by more than HUF 5 billion q-o-q, mainly due to significant tax payments booked in the base period as a result of the changing regulation (for more details see section OTP Bank Ukraine). Q-o-q increase of consolidated adjusted profit was also supported by declining general expenses, mainly related to seasonality. Thanks to that, the consolidated operating income improved by 4% q-o-q. Significant seasonality has been

[3] In 4Q 2011, the HUF 17.1 billion goodwill write down covered the result of three items. In relation to the Croatian subsidiary from the HUF 45.7 billion goodwill amount HUF 27.6 billion was written off under IFRS (HUF 21.6 billion against the P&L and HUF 5.9 billion against equity), resulting a HUF 18.1 billion after tax loss in the IFRS income statement. In addition, the total amount of goodwill related to the Montenegrin CKB was written down on the IFRS balance sheet (altogether HUF 2.9 billion, out of that HUF 2.3 billion against profit and HUF 0.6 billion against equity), causing a HUF 1.8 billion after tax loss. On the top of that, under the Hungarian Accounting Standards, the goodwill related to the Serbian subsidiary was impaired too, the tax effect of which was registered under IFRS (HUF 2.2 billion tax saving).

experienced at several subsidiaries, however this effect was the most pronounced at OTP Core, where general expenses dropped by around HUF 8 billion q-o-q. The third factor boosting adjusted profit was the 13% q-o-q decline in consolidated risk costs, basically in connection with the declining risk costs of the Bulgarian and Croatian operation (-58% and -68% q-o-q).

The above mentioned three factors off-set the negative impact of the one-off items that caused a profit of HUF 9.9 billion in 4Q, but a loss of HUF 2.6 billion in 1Q 2012.

The early repayment of Hungarian FX mortgage loans had a total negative impact of HUF 33.4 billion, falling very close to the expected loss published in March based on preliminary figures. In accordance with accounting standards, out of the total impact HUF 31.6 billion was recognised in 2011 and HUF 1.8 billon in 1Q 2012.

The total prepayment-related HUF 33.4 billion loss consists of four items. On one hand HUF 65.1 billion credit loss was stemming from the difference between the book value and the fixed exchange rate implied value of prepaid loans. The corporate tax effect of that loss was a tax saving of HUF 12.4 billion. Furthermore, a HUF 3.3 billion after tax revaluation gain was realised on the FX position purchased from the National Bank of Hungary for hedging purposes. Finally, the bank also realised a prepayment related 30% banking tax refund of HUF 16.0 billion (after tax).

By the end-February 2012 deadline around 36 thousands clients of OTP Core and OTP Flat Lease made use of the prepayment option, which represents 19.7% of the total 184 thousand FX loan contracts outstanding at the beginning of the programme. The total prepaid loan book amounted to HUF 217 billion representing 19.9% of the FX mortgage books of the two companies (at FX rates of 30 September 2011).

Quarterly consolidated net interest income declined by HUF 4.8 billion q-o-q, the margin narrowed by 13 basis points (1Q 2012: 6.53%) – mainly due to decreasing Hungarian and Ukrainian interest income. Declining Hungarian interest income is reasoned by the decrease of the interest earning portfolio (both FX-adjusted loans and deposits dropped by 3% q-o-q), furthermore interest income of FX-loans was also negatively influenced by the appreciation of the forint q-o-q. In Ukraine the result of the base period was outstandingly strong: in accordance with the regulation the method of effective interest accounting changed and due to that, as a one-off effect, interest expenses dropped by HUF 1.2 billion in 4Q 2011. Regarding the y-o-y consolidated interest income formation: it was continuously driven by the improving results of the Russian subsidiary. Y-o-y growth of Russian interest income practically equals to the consolidated growth.

Due to seasonal effects, net fees declined q-o-q at most group members, however, y-o-y 4% growth was achieved – primarily thanks to the Ukrainian, Croatian and Bulgarian performance.

Operating costs increased by HUF 11.1 billion y-o-y (+13%). Out of that almost HUF 4 billion is reasoned by the significant y-o-y depreciation of the forint, FX-adjusted growth was only HUF 7.3 billion, +8%.

Portfolio deterioration accelerated q-o-q on the group level (quarterly NPL formation in HUF billion 1Q 2011: 72, 4Q: 44, 1Q 2012: 51), the DPD90+ ratio climbed from 16.6% to 17.4%. Consolidated risk cost shrank by 13% q-o-q (y-o-y +3%) – mainly the Bulgarian, Croatian and Serbian expenses contracted. Risk cost increased meaningfully in Russia and in Ukraine q-o-q, which in both cases resulted a significantly higher provision coverage of the non-performing loan book.

The most significant increase in non-performing loans in 1Q 2012 was experienced at OTP Core and in Bulgaria. In case of OTP Core, this was mainly driven by mortgage loans, while in Bulgaria besides mortgage loans all other segments deteriorated, too. Nevertheless, risk costs moderated significantly in Bulgaria q-o-q, due to the increasing volume of insurance policies related to the properties collateralising the mortgage loan portfolio. The DPD90+ ratio of the Russian portfolio went up to 12.4%, by +1.4 ppts q-o-q, still the provision coverage grew to 94% (up by 4.4 ppts q-o-q) thanks to meaningful provisioning. The portfolio quality in the Ukraine deteriorated, too (DPD90+ ratio: 31.3%, +1.2 ppts q-o-q) – mainly in the corporate segment, but the coverage as a result of increasing risk costs grew to 81.8%. In Romania the portfolio deterioration was mainly triggered by mortgage loans, but the continuously significant provisioning resulted an improving coverage here as well (1Q 2012: 71.6%).

The non-performing loan portfolio contracted in Slovakia and in Serbia, thanks to that the DPD90+ ratios declined q-o-q, too. In Montenegro and in Croatia the DPD90+ portfolio remained stable.

CONSOLIDATED BALANCE SHEET

	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
TOTAL ASSETS	**9,672,446**	**10,200,527**	**10,004,926**	**-2%**	**3%**
Cash and amount due from banks	458,061	595,986	650,444	9%	42%
Placements with other banks	435,513	422,777	554,915	31%	27%
Financial assets at fair value	302,963	241,282	219,420	-9%	-28%
Securities available-for-sale	1,422,411	1,125,855	1,116,219	-1%	-22%
Net customer loans	6,303,137	7,047,179	6,671,887	-5%	6%
Net customer loans (FX adjusted)	**7,003,419**	**6,791,213**	**6,671,887**	**-2%**	**-5%**
Gross customer loans	7,065,664	8,108,631	7,717,234	-5%	9%
Gross customer loans (FX adjusted)	**7,856,331**	**7,808,100**	**7,717,234**	**-1%**	**-2%**
o/w Retail loans	5,010,117	5,088,338	5,016,921	-1%	0%
Retail mortgage loans (incl. home equity)	3,127,833	3,006,051	2,911,746	-3%	-7%
Retail consumer loans	1,406,323	1,634,073	1,655,258	1%	18%
SME loans	475,962	448,214	449,917	0%	-5%
Corporate loans	2,397,225	2,306,206	2,293,953	-1%	-4%
Loans to medium and large corporates	2,025,683	1,961,430	1,958,511	0%	-3%
Municipal loans	371,593	344,791	335,442	-3%	-10%
Car financing loans	391,680	350,691	337,277	-4%	-14%
Bills and accrued interest receivables related to loans	57,309	62,865	69,083	10%	21%
Allowances for loan losses	-762,527	-1,061,452	-1,045,347	-2%	37%
Allowances for loan losses (FX adjusted)	-852,913	-1,016,887	-1,045,347	3%	23%
Equity investments	9,541	10,342	11,843	15%	24%
Securities held-to-maturity	152,005	124,887	117,774	-6%	-23%
Premises, equipment and intangible assets, net	461,442	491,666	476,068	-3%	3%
o/w Goodwill, net	198,357	198,896	192,801	-3%	-3%
Premises, equipment and other intangible assets, net	263,085	292,770	283,267	-3%	8%
Other assets	127,373	140,553	186,356	33%	46%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**9,672,446**	**10,200,527**	**10,004,926**	**-2%**	**3%**
Liabilities to credit institutions and governments	644,100	646,968	714,147	10%	11%
Customer deposits	5,854,156	6,398,853	6,218,220	-3%	6%
Customer deposits (FX adjusted)	**6,202,772**	**6,240,227**	**6,218,219**	**0%**	**0%**
o/w Retail deposits	4,521,530	4,673,390	4,644,839	-1%	3%
Household deposits	4,074,667	4,102,062	4,065,945	-1%	0%
SME deposits	446,863	571,233	578,894	1%	30%
Corporate deposits	1,644,861	1,532,434	1,528,609	0%	-7%
Deposits to medium and large corporates	1,316,201	1,279,883	1,240,477	-3%	-6%
Municipal deposits	328,599	252,556	288,132	14%	-12%
Accrued interest payable related to customer deposits	36,381	34,403	44,771	30%	23%
Issued securities	1,028,984	812,863	810,135	0%	-21%
o/w Retail bonds	293,347	344,510	335,931	-2%	15%
Issued securities without retail bonds	735,637	468,353	474,204	1%	-36%
Other liabilities	566,544	607,086	582,369	-4%	3%
Subordinated bonds and loans	279,694	316,447	299,494	-5%	7%
Total shareholders' equity	**1,298,968**	**1,418,310**	**1,380,561**	**-3%**	**6%**
Indicators	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
Loan/deposit ratio (FX adjusted)	126%	125%	124%	-1%	-3%
Net loan/(deposit + retail bond) ratio (FX adjusted)	108%	103%	101%	-1%	-6%
90+ days past due loan volume	1,049,520	1,335,917	1,330,089	0%	27%
90+ days past due loans/gross customer loans	15.0%	16.6%	17.4%	0.8%	2.4%
Total provisions/90+ days past due loans[1]	72.7%	76.7%	78.6%	1.9%	5.9%
Consolidated capital adequacy - Basel2	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
Capital adequacy ratio (consolidated, IFRS)	17.6%	17.3%	17.2%	-0.1%	-0.4%
Tier1 ratio	14.7%	13.3%	13.7%	0.4%	-1.0%
Core Tier1 ratio	13.2%	12.0%	12.4%	0.4%	-0.8%
Leverage (Total Assets/Shareholder's Equity)	7,4x	7,2x	7,2x		
Regulatory capital (consolidated)	1,297,858	1,433,085	1,396,550	-3%	8%
o/w Tier1 Capital	1,085,734	1,105,876	1,115,069	1%	3%
o/w Core Tier1 Capital	974,221	997,583	1,008,195		
Hybrid Tier1 Capital	111,513	108,293	106,874	-1%	-4%
Tier2 Capital	212,529	327,587	281,858	-14%	33%
Deductions from the regulatory capital	-405	-377	-377	0%	-7%
Consolidated risk weighted assets (RWA) (Credit&Market&Operational risk)	7,368,161	8,297,547	8,113,564	-2%	10%
o/w RWA (Credit risk)	5,679,275	6,397,182	6,303,874	-1%	11%
RWA (Market & Operational risk)	1,688,886	1,900,365	1,809,690	-5%	7%
Closing exchange rate of the HUF (in forint)	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
EUR/HUF	266	311	296	-5%	11%
CHF/HUF	204	256	245	-4%	20%
USD/HUF	187	241	222	-8%	19%
JPY/100HUF	226	311	270	-13%	19%

[1] Excluding provisions related to the early repayment of FX mortgage loans.

- ***Further growing Ukrainian consumer loan portfolio (+56% q-o-q), due to seasonality Russian consumer loans grew by only 1% q-o-q, but swelled by 60% y-o-y***
- ***Early repayment of Hungarian FX mortgage loans amounted to HUF 217 billion (at end-September 2011 FX-rates) – 19.9% of the outstanding portfolio as at the beginning of the programme. Hungarian mortgage loan portfolio decreased by 5% q-o-q and 11% y-o-y.***
- ***Mortgage loan book grew at the Slovakian, Romanian and Croatian subsidiaries (q-o-q by +3%, +2% and +1%, respectively)***
- ***Stable consolidated deposit base***

Methodological notes:

In 3Q 2011 in Russia and Montenegro a certain part of corporate deposits – HUF 56 billion and HUF 20 billion respectively – was reclassified into the SME deposits, furthermore in Russia an equivalent of HUF 17 billion corporate exposures was reclassified as municipality loans. Those changes had a significant impact on the y-o-y dynamics of those product categories both at consolidated and at stand-alone levels.

The consolidated FX-adjusted loan portfolio decreased by 1% q-o-q and by 2% y-o-y. The negative impact of early FX mortgage repayment in Hungary in 4Q 2011 and 1Q 2012 could not be fully offset by the strong Russian and the steadily growing Ukrainian consumer lending. Large corporate lending remained stable q-o-q, on a yearly basis growth of the Ukrainian and Bulgarian portfolios could only partially offset the effects of the moderating business activity in Hungary, Slovakia and Russia, so the consolidated portfolio of loans to middle and large companies decreased by 3%. The shrinkage of the car financing portfolio persisted on a group-wide level.

Consumer lending remained the only segment showing strong growth. Although Russian consumer loan portfolio stagnated q-o-q due to the significant seasonality of the product, the y-o-y 60% surge is still impressive. The momentum at the Ukrainian consumer lending remained strong, the 56% q-o-q growth was remarkable even if considering a relatively low basis (1Q 2012 closing volume: HUF 17 billion, HUF +6 billion q-o-q, HUF +14 billion y-o-y). The dynamic expansion of POS sales network continued: by the end of March 1,900 selling agents were employed, the development of agent network and partner network of retailers is unbroken. The POS loan portfolio grew to HUF 11.1 billion by the end of the quarter. Furthermore, in order to exploit the cross-selling potential, the Bank launched its new credit card products at the end of 2011, and cash loan sales through the branch network also gained momentum (by the end of March credit card- and cash loan portfolios amounted to HUF 3.0 billion and HUF 2.6 billion, respectively).

Loan demand remained subdued in Hungary, whereas the early repayment of FX mortgage loans gave a further boost to the decline in the mortgage loan book (-5% q-o-q, -11% y-o-y). Through the early repayments the Hungarian FX mortgage book melted down by HUF 217 billion (about HUF 110 billion in 2011 and further HUF 107 billion in 1Q 2012). The volume decline of FX mortgages was offset to some extent by the newly sold forint re-financing loans. By 28 February 2012, their total amount reached HUF 64 billion, out of which HUF 41 billion was disbursed to own clients; the remaining part was sold to clients of other banks.

In 1Q 2012 the Romanian, Slovakian and Croatian subsidiaries managed to increase their mortgage books (+3%, +2% and +1% q-o-q and +10%, 13% and 2% y-o-y, respectively).

FX-adjusted deposit volumes were stable both y-o-y and q-o-q. In 1Q 2012 only OTP Core suffered some decrease in its deposit volumes: retail and large company deposits shrank by 3% and 9%, respectively. This is basically due to the management's deliberate approach to deposit collection enabled by the favourable liquidity position of the Bank. The drop in Hungarian deposits was virtually offset by the significant q-o-q growth in Ukraine (+17%), Bulgaria (+3%), Romania (+6%) and Slovakia (+4%).

The volume of issued securities dropped by 21% y-o-y, but remained stable q-o-q. The y-o-y drop was related to senior bond maturities: on 16 May 2011 EUR 500 million, on 24 February 2012 CHF 100 million senior bonds of OTP Bank Hungary became due. Also, on 11 July 2011 OTP Mortgage Bank paid back a jumbo covered bond with face value of EUR 750 million. The decrease caused by these repayments was softened by the HUF 43 billion y-o-y growth in Hungarian retail bonds and HUF 56 billion growth in forint denominated Hungarian institutional bonds, as well as by bond issuances of the Russian subsidiary. In the course of 2011-12 altogether 4 series of bonds were issued in Russia with a total face value of RUB 17.5 billion (cca. HUF 132 billion).

The volume of Lower and Upper Tier2 capital ("LT2", "UT2") shrank a bit as a result of buybacks resumed from June 2011. The 7% y-o-y increase in their nominal volume was the result of the weaker forint only. In 2011 out of the UT2 OTP bought back EUR 5 million in 2Q, 12 million in 3Q and 5.4 million in 4Q. From the LT2 maturing on 4 March 2015 the Bank repurchased EUR 3.2 million in 3Q 2011, 1.9 million in 4Q 2011 and 14 million in 1Q 2012.

Since the beginning of the crisis OTP Group accumulated a significant liquidity buffer[4]. By end-March 2012, the volume of liquid reserves reached EUR 4.8 – a size that would be more than enough to pay back all external FX obligations of the Group. Doing so, the Group would still have reserves of EUR 3.1 billion. The major source of the strong liquidity position is the gradual increase of deposits since the break-out of the crisis. Also, as FX-lending was stopped in Hungary and Ukraine, ongoing redemption generated significant additional FX liquidity. This comfortable position enabled the Group to redeem its maturing obligations mainly from its own sources, with minimal external fund raising. Total redemptions of senior bonds, mortgage bonds and syndicated loans amounted to EUR 1.5, 2.3, 1.4 and 0.1 billion equivalent in 2009, 2010, 2011 and in 1Q 2012, respectively. Capital market issuances of the Group totalled to EUR 420 million and 600 million equivalent in 2010 and in 2011, respectively. In 2011, this was stemming from the aforementioned Russian senior note emissions as well as the EUR 300 million syndicated loan transaction with 2 years of maturity signed by OTP Bank Hungary. In 2012, only one capital market transaction was executed, namely a RUB 6 billion senior note issuance by the Russian subsidiary in March (approx. EUR 150 million equivalent).

CONSOLIDATED CAPITAL ADEQUACY RATIO (IN ACCORDANCE WITH BASEL II)

At the end of March 2012 the regulatory capital of OTP Group represented HUF 1,397 billion, while the risk-weighted-assets, taking into account the capital needs for credit-, market- and operational risks, stood at HUF 8.114 billion. The capital adequacy ratio stood at 17.2% with the Tier1 ratio (after deducting goodwill and intangible assets) at 13.7% and the Core Tier1 ratio (further deducting hybrid instruments) at 12.4%.

[4] The Group's operating liquidity reserve consists of bonds of the National Bank of Hungary, government bonds, liquid asset surplus within one month and repoable covered bonds and municipal bonds.

OTP BANK'S HUNGARIAN CORE BUSINESS[5]

OTP Core Statement of recognized income:

Main components of the Statement of recognized income in HUF million	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
After-tax profit without the banking levy, dividends and net cash transfer	32,865	22,793	24,298	7%	-26%
Corporate income tax	-4,497	-11,738	-2,591	-78%	-42%
Pre-tax profit	37,362	34,531	26,889	-22%	-28%
Operating profit without one-offs	60,868	50,788	56,114	10%	-8%
Total income without one-offs	101,120	106,231	100,609	-5%	-1%
Net interest income without one-offs	80,476	81,997	76,138	-7%	-5%
Net fees and commissions	20,220	21,096	20,429	-3%	1%
Other net non-interest income (adj.) without one-offs and without the effect of revaluation of FX provisions	424	3,138	4,043	29%	853%
Operating expenses	-40,252	-55,443	-44,495	-20%	11%
Total risk costs	-23,506	-26,201	-26,648	2%	13%
Provisions for possible loan losses (without the effect of revaluation of FX provisions)	-24,325	-26,502	-26,143	-1%	7%
Other provisions	819	301	-506	-268%	-162%
Total one-off items	0	9,944	-2,577	-126%	
Revaluation result of FX swaps at OTP Core (booked within Net interest income)	0	-361	-1,200	232%	
Non-recurring FX-gains and losses (booked within Other net non-interest income)	0	3,926	0	-100%	
Gain on the repurchase of own Upper and Lower Tier2 Capital (booked as Other net non-interest income (adj.))	0	807	1,124	39%	
Revaluation result of the treasury share swap agreement (booked as Other net non-interest income (adj.))	0	5,572	-2,501	-145%	
Revenues by Business Lines					
RETAIL					
Total income	78,176	79,842	79,476	0%	2%
Net interest income	59,747	60,132	60,913	1%	2%
Net fees and commissions	17,638	18,250	17,994	-1%	2%
Other net non-interest income	792	1,459	568	-61%	-28%
CORPORATE					
Total income	9,074	9,342	7,485	-20%	-18%
Net interest income	6,542	6,228	5,094	-18%	-22%
Net fees and commissions	2,300	2,688	2,225	-17%	-3%
Other net non-interest income	231	427	166	-61%	-28%
Treasury ALM					
Total income without one-offs	14,892	14,553	12,000	-18%	-19%
Net interest income without one-offs	14,187	15,638	10,131	-35%	-29%
Net fees and commissions	77	133	205	54%	165%
Other net non-interest income without one-offs	627	-1,218	1,664	-237%	165%
Indicators (%)	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
ROE	11.5%	7.0%	7.5%	0.5%	-4.0%
ROA	2.0%	1.4%	1.5%	0.1%	-0.5%
Operating profit margin (operating profit / avg. total assets) without one-offs	3.8%	3.1%	3.5%	0.4%	-0.3%
Total income margin without one-offs	6.26%	6.44%	6.27%	-0.16%	0.01%
Net interest margin without one-offs	4.98%	4.97%	4.75%	-0.22%	-0.24%
Net fee and commission margin	1.3%	1.3%	1.3%	0.0%	0.0%
Net other non-interest income margin without one-offs	0.0%	0.2%	0.3%	0.1%	0.2%
Operating costs to total assets ratio	2.5%	3.4%	2.8%	-0.6%	0.3%
Cost/income ratio without one-offs	39.8%	52.2%	44.2%	-8.0%	4.4%
Cost of risk/average gross loans	2.82%	2.93%	3.02%	0.09%	0.20%
Cost of risk/average gross loans (FX adjusted)	2.65%	2.96%	3.07%	0.11%	0.42%
Effective tax rate	12.0%	34.0%	9.6%	-24.4%	-2.4%

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

- ***By 7% higher after tax profit q-o-q, mainly due to declining corporate tax burden and seasonally improving operating costs***
- ***By 26% lower profits y-o-y as a result of decreasing income and higher operating and risk costs***
- ***Portfolio deterioration was the most pronounced in the mortgage segment***
- ***Significant loan portfolio drop in 1Q (-3% q-o-q, -9% y-o-y), mainly due to the early repayment of FX mortgage loans***
- ***Loan-to-deposit ratio is at 79%, down by 1 ppt q-o-q***

P&L developments

Without the effect of banking tax and mortgage loan prepayments **OTP Core** posted a net profit of HUF 24.3 billion in 1Q 2012, by 7% higher than in the previous quarter, but down by 26% y-o-y. The q-o-q improvement is the result of several factors: the effective tax rate dropped significantly on the back of a tax shield impact of the revaluation of subsidiary investments generated by the forint appreciation. As a result, savings on taxes reached HUF 3.9 billion in 1Q 2012 (the effect of the revaluation was HUF 3.7 billion saving in 1Q 2011, whereas HUF 6.3 billion additional tax burden in 4Q 2011). Furthermore, thanks to lower operating costs, operating profit increased by 10% q-o-q. One-off items resulted a loss of HUF 2.5 billion in 1Q.

Beyond the effect of the above mentioned one-off items, the 26% y-o-y decline of net profit is primarily due to elevated operating- and risk costs. Growth of operating costs is the result of several factors: it was partially related to governmental and regulatory measures (ie. hike in the rate of value added tax, increased local tax in Budapest[6], higher deposit insurance fees)[7], while personnel expenses grew fundamentally due to higher number of employees aimed at strengthening collection processes.

As for the revenues excluding one-off items: the q-o-q 5% decline was driven by a 7% drop in net interest income and by a 3% decline in net fees. The latter was triggered by seasonal effects; however fees grew by 1% y-o-y. Reasons for the weakening interest income are three-fold: on one hand the interest bearing portfolio decreased (both FX-adjusted loan and deposit base dropped by 3% q-o-q) – in case of loans mainly due to the early repayment of FX-mortgage loans. On the other hand, the interest margin diminished by 12 basis points q-o-q (1Q 2012: 4.85%). Finally, the interest income of FX-loans was negatively influenced by the appreciation of the average exchange rate of the forint.

Quarterly risk cost – without the loss on FX-mortgage loan prepayment – increased by 13% and 2% y-o-y and q-o-q, respectively. During 1Q 2012 the formation of DPD90+ loans accelerated slightly (FX-adjusted DPD90+ loan formation in HUF billion: 1Q 2011: 28; 2Q: 15; 3Q: 21 4Q: 18, 1Q 2012: 20) basically as a result of strengthening FX mortgage loan defaults. The provision coverage of the non-performing loan book improved further to 79.7%.

The ratio of loans more than 90 days past due ('DPD90+ ratio') grew from 13.6% to 14.6% q-o-q. Adjusted for the effect of early repayments, the ratio performed more favourably: 3Q 2011: 12.3% 4Q: 13.2%, 1Q 2012: 13.7%. As to the composition of portfolio deterioration, the most significant deterioration was experienced in the mortgage book (DPD90+ ratio 3Q 2011: 11.0% 4Q: 12.6%, 1Q 2012: 14.5%, adjusted for early repayments: 3Q 2011: 11.0% 4Q: 11.9%, 1Q 2012: 12.8%). In case of consumer loans the portfolio quality worsened somewhat more moderately in 1Q (DPD90+ 4Q 2011: 22.7% 1Q 2012: 23.1%), while the quality of corporate loans even improved (DPD 90+ 4Q 2011: 15.4%, 1Q 2012: 14.7%). In the previous quarter, the DPD90+ ratio of municipal loans improved significantly as the state assumed the debt of county level municipalities, while in 1Q 2012 the portfolio quality did not change significantly (DPD90+ 3Q 2011: 2.2%, 4Q: 0.4%, 1Q 2012: 0.2%).

[6] Since January 2012 the Hungarian VAT increased from 25% to 27%, the tax rate of the Budapest local tax grew from 2.2% to 2.5%.

[7] Since 1st January 2011 the fee paid to National Deposit Insurance Fund increased from 0.2‰ to 0.6‰ of the Balance Sheet deposit and bond portfolio.

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

Main components of the balance sheet (closing balances, in HUF million)	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
Total Assets	6,604,772	6,548,167	6,352,863	-3%	-4%
Net customer loans	3,119,197	3,194,835	2,984,987	-7%	-4%
Net customer loans (FX adjusted)	**3,390,750**	**3,106,357**	**2,984,987**	**-4%**	**-12%**
Gross customer loans	3,407,620	3,581,382	3,376,872	-6%	-1%
Gross customer loans (FX adjusted)	**3,707,379**	**3,481,224**	**3,376,872**	**-3%**	**-9%**
Retail loans	2,450,977	2,331,258	2,248,455	-4%	-8%
Retail mortgage loans (incl. home equity)	1,904,483	1,779,837	1,689,184	-5%	-11%
Retail consumer loans	444,046	439,067	443,891	1%	0%
SME loans	102,448	112,354	115,381	3%	13%
Corporate loans	1,256,402	1,149,966	1,128,417	-2%	-10%
Loans to medium and large corporates	920,858	841,679	835,792	-1%	-9%
Municipal loans	335,544	308,287	292,625	-5%	-13%
Provisions[1]	-288,423	-386,547	-391,885	1%	36%
Provisions (FX adjusted)[1]	**-316,629**	**-374,867**	**-391,885**	**5%**	**24%**
Deposits from customers + retail bonds	3,893,065	3,913,977	3,777,068	-3%	-3%
Deposits from customers + retail bonds (FX adjusted)	**3,970,187**	**3,881,984**	**3,777,068**	**-3%**	**-5%**
Retail deposits + retail bonds	2,802,771	2,773,098	2,705,638	-2%	-3%
Household deposits + retail bonds	2,520,273	2,470,747	2,406,429	-3%	-5%
o/w: Retail bonds	293,347	344,510	335,931	-2%	15%
SME deposits	282,498	302,351	299,209	-1%	6%
Corporate deposits	1,167,416	1,108,886	1,071,429	-3%	-8%
Deposits of medium and large corporates	884,078	911,067	825,576	-9%	-7%
Municipal deposits	283,338	197,819	245,853	24%	-13%
Liabilities to credit institutions	552,643	572,721	597,752	4%	8%
Issued securities without retail bonds	484,511	284,194	271,095	-5%	-44%
Total shareholders' equity	1,186,144	1,278,409	1,316,080	3%	11%
Loan Quality (%)	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
90+ days past due loan volume	382,189	488,668	491,819	1%	29%
90+ days past due loans/gross customer loans	11.2%	13.6%	14.6%	0.9%	3.3%
Total provisions/90+ days past due loans[1]	75.5%	79.1%	79.7%	0.6%	4.2%
Market Share (%)	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
Loans	18.5%	18.2%	18.5%	0.2%	-0.1%
Deposits	24.9%	22.7%	22.8%	0.1%	-2.1%
Total Assets	24.9%	25.4%	26.7%	1.3%	1.8%
Indicators (%)	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
Net loans to (deposits + retail bonds) (FX adjusted)	85%	80%	79%	-1%	-6%
Leverage (Shareholder's Equity/Total Assets)	18.0%	19.5%	20.7%	1.2%	2.8%
Leverage (Total Assets/Shareholder's Equity)	5,6x	5,1x	4,8x		
Capital adequacy ratio (OTP Bank, non-consolidated, HAS)	18.0%	17.9%	18.9%	1.0%	1.0%
Tier1 ratio (OTP Bank, non-consolidated, HAS)	15.6%	15.8%	17.2%	1.4%	1.6%

[1] End-2011 statistics do not include provisions related to the early repayment of FX mortgage loans.

Balance sheet trends

In 1Q 2012 FX-adjusted loan portfolio of OTP Core decreased by 3% q-o-q as a result of a 4% drop in the retail and 2% decline in the corporate loan book. The deposit book together with retail bond portfolio shrank by 3% q-o-q. "Net loan/(deposit+retail bond)" ratio further declined (1Q 2012: 79%, FX-adjusted -1 ppt q-o-q, -6 ppts y-o-y).

Recovery of loan demand in the retail sector is still to come. FX-adjusted decrease of mortgage portfolio was still substantial (-5% q-o-q, -11% y-o-y) owing to the early redemptions in January-February. Total negative impact of early repayments on gross loans was HUF 215 billion (HUF -109 billion in 2011, -106 in 1Q 2012 calculated at exchange rates as at 30 September 2011). With that customers repaid 20.3% of OTP Core FX volumes outstanding at the beginning of the programme. The negative impact of FX mortgage loan early repayments was partially offset by the HUF 64 billion forint-denominated refinancing loans disbursed to OTP and other banks' clients until 28 February 2012. Within that HUF 41 billion was disbursed to the repayment of own loan portfolio.

Recovery of consumer lending is also in delay. Notwithstanding that the Bank's market share in cash loan disbursement is at record high levels (1Q 2012: 54%), due to weak demand the amount disbursed by OTP remained flat y-o-y (in HUF billion 1Q 2011: 11.5, 4Q 2011: 10.4, 1Q 2012: 11.3). While total consumer loans portfolio stagnated (+1% q-o-q, 0% y-o-y).

In 1Q 2012 the corporate loan volumes basically stagnated (-1% q-o-q). Loans to micro and small enterprises kept expanding at a dynamic rate.

Municipal loans decreased (-5% q-o-q, -13% y-o-y), on the quarterly basis mainly due to repayments of overdrafts, while y-o-y also the takeover of loans to county governments by the State at end-2011 took its toll.

The deposit base of OTP Core (together with retail bonds) decreased by 3% q-o-q and 5% y-o-y. Retail volumes development was determined by the fact that clients most probably used their savings for early repayment of FX mortgage loans. The shrinkage of corporate portfolio is basically due to the management's low-key approach to deposit collection enabled by the favourable liquidity position of the Bank. The q-o-q 24% growth of municipal deposits is due to the seasonality of local tax collection: local tax collection of municipalities tends to boost 1Q and 3Q deposit portfolios.

The portfolio of issued securities (without retail bonds) was stable q-o-q, while it decreased by HUF 196 billion y-o-y. The yearly decline was caused by the repayment of an EUR 750 million (about HUF 199 billion) mortgage bond on 11 July 2011 issued by OTP Mortgage Bank back in 2006 (OTP Mortgage Bank is part of OTP Core). Furthermore, on 5 December 2011 another mortgage bond became due with on original maturity of 2 years and a nominal value of EUR 1,350 million. Out of the total notional about EUR 84 million was sold to external investors, so consolidated volume decrease was HUF 24 billion on the day of repayment. The portfolio of issued securities was also lowered by some smaller sized HUF denominated mortgage bond maturities in the last 12 months in the total amount of HUF 30 billion. There were no major international covered bond issuances[8] in the last four quarters. Thus the set back of the portfolio was balanced by smaller size HUF denominated mortgage bond issuances (altogether with face value around HUF 6 billion) and forint denominated senior notes issued for Hungarian institutional investors (1Q 2012 closing volume: HUF 118 billion, HUF +56 billion y-o-y, HUF +15 billion q-o-q).

Summary of major measures that addressed the situation of certain FX mortgage loan borrowers in 1Q 2012, following the agreement reached by the Government and the Hungarian Banking Association in December 2011

On 19 March 2012 the Hungarian Parliament amended the Law LXXV of 2011 on fixing the exchange rates for the repayment of FX mortgage loans and on the foreclosure order of residential real estates according to the following.

1) Introduction of a modified fixed exchange rate scheme in order to mitigate exchange rate risk for retail FX mortgage loan borrowers

The fixing is provided for 60 months or by 30 June 2017 at the latest. FX mortgage loan borrowers are allowed to opt into the fixed exchange rate scheme until end-2012. Applications made by civil servants are dealt with out of turn; banks are obliged to take applications from housing loan borrowers at latest starting from 1 June, while applications from home equity loan borrowers must be taken at latest starting from 1 September, but Banks may take the applications before the mandatory dates. At OTP Bank housing loan borrowers are allowed to apply from 2 May, while home equity loan borrowers may apply starting from 1 August.

Under the programme within the exchange rate ranges of 180-270 CHF/HUF, 250-340 EUR/HUF and 2.5-3.3 JPY/HUF the debtor should pay the monthly instalments of the mortgage loan at the floor rate of the above bands. The difference between the prevailing market rate and the fixed rate on the principal part of the monthly instalments accrues in a special account over the fixed exchange rate period. This amount is to be fully borne by the client in compliance with the effective special account regulations. Whereas the Government and the banks share the loss on the interest repayments due to the off-market fixed exchange rate on a 50%-50% basis. The settlement of interest rate parts is on a quarterly base, both in case of the Government and the Bank.

In the event of exchange rate levels exceeding HUF/CHF 270, HUF/EUR 340 and HUF/JPY 3.3, exchange rate risks are entirely borne by the Government.

During the time of fixing, the Bank is entitled to charge the 3-months BUBOR interest rate on the forint obligations on the special account. Accumulating interest on the account could be capitalised in every three months. From the end of the fixed exchange rate period, instalments of both the original mortgage and the special account loans have to be paid. From that time the interest rate charged on the special account should not surpass the market rate applicable for forint denominated mortgages provided for the same purpose as the original FX mortgage loan. As regulated by Government Decree no. 163/2011. (VIII.22.) being in force from 25 August 2011, the monthly instalment of the special account loan shall not be higher than 15% of the last instalment paid within the fixed exchange rate period, unless the client asks the bank for a higher amount or the fulfilment of other conditions implies a higher instalment. These conditions are as follows: the tenor of the special account loan may exceed that of the original mortgage loan by max. 30 years, whereas the servicing of both the original mortgage loan and the special account loan should come to an end before the debtor reaches 75 years of age.

During the period of the fixed exchange rate scheme the Hungarian State backs the special account in full, beyond that period the guarantee applies for 25% of that balance.

Eligibility criteria for special account loan:

a) the debtor must not be in delay of more than 90 days in paying instalments on the FX loan,

[8] The mortgage bonds issued by OTP Mortgage Bank on 10 August and on 18 November 2011 with a notional principal of EUR 750 million each were mostly purchased by OTP Bank. Only a tranche of EUR 19 million was bought by investors outside OTP Group.

b) the debtor may not be covered by a restructuring programme, or involvement in such restructuring programme must be ended at latest by the commencement of the fixed rate period,

c) the original principal amount of the loan did not exceed HUF 20 million calculated at the exchange rate at the time of disbursement,

d) if a mortgage interest is taken by more than one financial institution in the mortgaged residential property underlying the relevant mortgage loan, in respect of all obligations secured by that mortgaged residential property may not be more than 90 days delayed repayments,

e) the mortgaged residential property underlying the relevant mortgage loan may not be subject to any ongoing enforcement proceeding.

If the borrower, as an employee in the public administration, was eligible for early repayment, filed the prescribed application up to 30 December 2011, made his/her employer informed about this application and concludes a special account contract up to 1 July 2012, he becomes eligible for a one-off non-redeemable subsidy from the Hungarian State. Measure of the latter is the following: the difference between (i) the amount of the redeemed instalments during the period started as of 1 February 2012 and ended on the starting date of the application of the fixed exchange rate and (ii) the amount of monthly instalments calculated at the fixed exchange rates. The subsidy should be transferred to the bank for the repayment of the FX mortgage loan.

2) Actions to alleviate the situation of FX-mortgage debtors with more than 90 days of delinquency

Up to 31 August 2012 the Banks convert not terminated FX-mortgage loans with more than 90 days of delinquency to HUF mortgage loans, provided that the following conditions are fulfilled:

a) at least HUF 78 thousand amount of the debt was in more than 90 days payment delay as of 30 September 2011 and the delinquency remained over 90 days since then continuously,

b) the total market value of the underlying mortgaged property did not exceed HUF 20 million at the time when the mortgage loan agreement was concluded,

c) there is no absolute right to foreclose registered in the land register in respect of any mortgaged property securing the relevant overdue FX mortgage loan,

d) the relevant borrower delivers a written statement by 15 May 2012 that he is in default as a result of a significant and provable deterioration in his ability to meet his debt obligations.

Banks convert the debt from foreign to local currency at the average of the mid-rates of the respective currencies in the period between 15 May 2012 and 15 June 2012, published by the National Bank of Hungary. Following that, 25% of the debt will be cancelled.

Furthermore, Banks are entitled to deduct 30% of their cancelled claims from their special tax due in 2012.

OTP FUND MANAGEMENT (HUNGARY)

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

Main components of P&L account in HUF mn	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfer and banking tax	1,062	614	527	-14%	-50%
Corporate income tax	249	110	110	0%	-56%
Profit before income tax	1,311	724	636	-12%	-51%
Operating income	1,593	1,587	956	-40%	-40%
Total income	35	0	18	-16672%	-50%
Net interest income	1,267	1,414	968	-32%	-24%
Net fee and commission income	1,267	1,414	968	-32%	-24%
Other net non-interest income	291	174	-29	-117%	-110%
Operating expenses	-282	-760	-319	-58%	13%
Personnel expenses	-121	-387	-177	-54%	46%
Operating expenses	-158	-368	-133	-64%	-16%
Depreciation	-4	-6	-9	51%	161%
Total risk cost	0	-103	-2	-98%	0%
Main components of balance sheet closing balances in HUF mn	**1Q 2011**	**4Q 2011**	**1Q 2012**	**Q-o-Q**	**Y-o-Y**
Total assets	10,759	8,633	9,099	5%	-15%
Total shareholders' equity	4,890	7,115	3,486	-51%	-29%

Asset under management in HUF bn	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
Assets under management, total (w/o duplicates)	**1,682**	**993**	**950**	**-4%**	**-43%**
Retail investment funds (closing, w/o duplicates)	587	594	569	-4%	-3%
Volume of managed assets (closing, w/o duplicates)	1,095	400	382	-5%	-65%
Volume of investment funds (with duplicates)	**1,114**	**796**	**726**	**-9%**	**-35%**
money market	326	375	354	-6%	9%
bond	166	112	103	-7%	-38%
mixed	14	11	11	-2%	-22%
security	485	196	152	-22%	-69%
guaranteed	99	81	82	1%	-18%
other	24	21	24	14%	-1%

OTP Fund Management posted HUF 0.5 billion net profit in 1Q 2012 (excluding the special banking tax on financial institutions). The decline of operating profit (-23% q-o-q) reflects a drop in revenues which was only partly off-set by the substantially lower operating expenses (-60% q-o-q). The apparently big cost decline is reasoned by base effect: in 4Q 2011 a decent amount of performance fee was paid after closed-end funds.

In 1Q The Company realized HUF 2.2 billion fund management fees (-20% q-o-q) and HUF 0.3 billion wealth management fees (-9.0% q-o-q). The main reason for a declining fee income is that the redemption of investment fund units held earlier in the portfolios of private pension funds (and transferred to the Government Debt Management Agency) continued, but institutional investors also withdrew funds.

Regarding the domestic investment funds market there was a decrease of HUF 150 billion. It was driven by the intensified capital withdrawal of institutional investors from money market and equity funds. The latter also suffered from the redemption of investment fund units from the portfolio transferred to the State. Fixed income funds and mixed funds were less so the victims of the steady redemption.

The volume of investment funds and managed assets (w/o duplication) decreased q-o-q (by 4% and 5%, respectively). In line with prevailing market trends the most significant redemption hit the equity funds, their volume dropped by HUF 60 billion. Substantial withdrawal was observed in case of liquidity, money market and fixed income funds, too. At the same time index-linked funds turned to be popular amongst investors and attracted around HUF 2.5 billion fresh money.

The market share of OTP Fund Management stood at 26.7% at the end of March 2012 (adjusted for estimated duplication), the q-o-q 1.7 ppts decrease was mainly driven by the shrinking institutional portfolio. The client base of the Company decreased by 5,600 people and by March it exceeded 209 thousand clients.

The other two consolidated fund management companies within OTP Group (in the Ukraine and in Romania) realized HUF 5 million loss in 1Q 2012.

MERKANTIL GROUP (HUNGARY)

Performance of Merkantil Bank and Car:

Main components of P&L account in HUF mn	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	1,147	395	996	152%	-13%
Income tax	0	0	165		
Profit before income tax	1,147	395	831	110%	-28%
Operating profit	3,111	2,230	2,202	-1%	-29%
Total income	4,623	3,414	3,702	8%	-20%
Net interest income	4,175	3,611	3,985	10%	-5%
Net fees and commissions	-863	-820	-755	-8%	-12%
Other net non-interest income without the effect of revaluation of FX provisions	1,311	623	473	-24%	-64%
Operating expenses	-1,512	-1,185	-1,501	27%	-1%
Total risk costs	-1,964	-1,835	-1,371	-25%	-30%
Provision for possible loan losses without the effect of revaluation of FX provisions	-1,901	-1,836	-1,325	-28%	-30%
Other provision	-63	1	-46		-27%

Main components of balance sheet closing balances in HUF mn	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
Total assets	249,482	270,894	259,990	-4%	4%
Gross customer loans	278,063	305,445	291,055	-5%	5%
Gross customer loans (FX-adjusted)	318,991	296,380	291,055	-2%	-9%
Retail loans	643	2,297	2,547	11%	296%
Corporate loans	28,408	30,550	32,563	7%	15%
Car financing loans	289,940	263,532	255,945	-3%	-12%
Allowances for possible loan losses	-48,256	-54,563	-55,121	1%	14%
Allowances for possible loan losses (FX-adjusted)	-50,368	-54,188	-55,121	2%	9%
Deposits from customers	4,608	4,673	4,272	-9%	-7%
Deposits from customers (FX-adjusted)	4,608	4,672	4,272	-9%	-7%
Retail deposits	2,007	1,673	1,467	-12%	-27%
Corporate deposits	2,602	2,999	2,805	-6%	8%
Liabilities to credit institutions	194,820	211,429	199,455	-6%	2%
Total shareholders' equity	23,743	25,332	25,868	2%	9%
Loan Quality	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	52,503	58,509	59,525	1.7%	13.4%
90+ days past due loans/gross customer loans (%)	18.9%	19.2%	20.5%	1.3%	1.6%
Cost of risk/average gross loans (%)	2.63%	2.41%	1.79%	-0.62%	-0.84%
Cost of risk/average gross loans (FX-adjusted) (%)	2.37%	2.42%	1.81%	-0.61%	-0.55%
Total provisions/90+ days past due loans (%)	91.9%	93.3%	92.6%	-0.7%	0.7%
Performance Indicators (%)	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
ROA	1.7%	0.6%	1.5%	0.9%	-0.2%
ROE	20.3%	6.4%	15.7%	9.3%	-4.6%
Net interest margin	6.33%	5.35%	6.04%	0.69%	-0.29%
Cost/income ratio	32.7%	34.7%	40.5%	5.8%	7.8%

- ***HUF 1 billion profit was booked in 1Q 2012. The q-o-q jump in profit was driven by decreasing risk cost, while operating result remained unchanged***
- ***Comfortably high coverage ratio at 92.6%***
- ***Despite the uptrend in new loan sales performance, car financing loan volumes continued eroding***

Merkantil Bank and Car's aggregated 1Q 2012 after tax result totalled to HUF 1 billion.

The q-o-q improving after tax result was partly explained by the deferred tax item booked in 1Q 2012.

The operating result remained flat q-o-q, but dropped by 29% y-o-y in spite of operating costs and core banking revenues being practically unchanged. The y-o-y setback is explained by the realized FX gain in the base period: in 1Q 2011 the open FX position was gradually closed at stronger HUF levels. These positions had been closed in the meantime fully.

In 1Q 2012 net interest income was 5% lower than a year ago. Factors behind were as follows: intragroup funding spreads became wider, however, this was somewhat offset by the weakening average exchange rate of HUF versus CHF (+16% y-o-y), which exerted a positive effect on the interest income from CHF denominated loans in HUF terms. The 10% q-o-q growth of net interest income in 1Q 2012 was partly driven by the q-o-q drop in suspended interest.

The development of net fee and commission expenses reflect moderate business activity, the accruals for dealer fees that were made in previous years and characterized by higher sales volumes are gradually phasing out.

In 1Q 2012 the lowest quarterly risk cost (-28% q-o-q, -30% y-o-y) was set aside since 1Q 2008. Given that loan quality went on deteriorating and risk cost declined, the provision coverage of defaulted loans decreased to 92.6% (-0.7 ppt q-o-q), but in yearly comparison it improved by the same extent.

The FX-adjusted development of the car financing loan book continued shrinking in 1Q 2012: the decline amounted to 12% y-o-y and 3% q-o-q. The lending activity strengthened further: the newly disbursed car financing loan volume was 75% higher than a year ago. The corporate loan portfolio which accounts for the smaller part of the total loan book expanded nicely both q-o-q and y-o-y, because new big ticket leasing sales volumes rapidly gained momentum (although from a relatively low base).

IFRS REPORTS OF THE MAIN SUBSIDIARIES

In the following parts of the Interim Management Report the after tax profit w/o dividends and net cash transfers of subsidiaries are presented. The structural adjustments on the lines of subsidiaries' Statements of recognized income as well as description of calculation methods of performance indices are to be found in Supplementary data annex.

OTP BANK RUSSIA

Performance of OTP Bank Russia:

Main components of P&L account in HUF mn	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	7,745	15,042	11,332	-25%	46%
Income tax	-2,487	-3,806	-3,290	-14%	32%
Profit before income tax	10,232	18,848	14,621	-22%	43%
Operating profit	16,165	25,764	27,116	5%	68%
Total income	31,438	42,304	45,226	7%	44%
Net interest income	28,302	36,975	41,507	12%	47%
Net fees and commissions	3,469	5,328	3,678	-31%	6%
Other net non-interest income	-333	1	41		-112%
Operating expenses	-15,273	-16,541	-18,111	9%	19%
Total risk costs	-5,933	-6,916	-12,494	81%	111%
Provision for possible loan losses	-5,793	-7,304	-12,236	68%	111%
Other provision	-140	389	-258	-166%	85%
Main components of balance sheet closing balances in HUF mn	**1Q 2011**	**4Q 2011**	**1Q 2012**	**Q-o-Q**	**Y-o-Y**
Total assets	637,561	868,231	926,460	7%	45%
Gross customer loans	484,182	729,910	726,733	0%	50%
Gross customer loans (FX-adjusted)	557,757	731,410	726,733	-1%	30%
Retail and SME loans	450,464	664,311	665,932	0%	48%
Corporate loans	90,891	54,204	49,710	-8%	-45%
Car financing loans	16,401	12,894	11,090	-14%	-32%
Allowances for possible loan losses	-57,520	-72,332	-85,039	18%	48%
Allowances for possible loan losses (FX-adjusted)	-66,392	-72,696	-85,039	17%	28%
Deposits from customers	354,153	488,582	469,138	-4%	32%
Deposits from customer (FX-adjusted)	406,656	486,753	469,138	-4%	15%
Retail and SME deposits	292,728	400,113	392,292	-2%	34%
Corporate deposits	113,927	86,640	76,846	-11%	-33%
Liabilities to credit institutions	102,672	91,738	104,534	14%	2%
Issued securities	40,697	105,490	151,263	43%	272%
Subordinated debt	14,179	17,567	16,722	-5%	18%
Total shareholders' equity	106,469	144,838	159,620	10%	50%
Loan Quality	**1Q 2011**	**4Q 2011**	**1Q 2012**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	68,414	80,705	90,435	12.1%	32.2%
90+ days past due loans/gross customer loans (%)	14.1%	11.1%	12.4%	1.4%	-1.7%
Cost of risk/average gross loans (%)	4.74%	4.37%	6.76%	2.39%	2.02%
Cost of risk/average (FX-adjusted) gross loans (%)	4.21%	4.16%	6.75%	2.59%	2.54%
Total provisions/90+ days past due loans (%)	84.1%	89.6%	94.0%	4.4%	10.0%
Performance Indicators (%)	**1Q 2011**	**4Q 2011**	**1Q 2012**	**Q-o-Q**	**Y-o-Y**
ROA	4.8%	7.6%	5.1%	-2.5%	0.3%
ROE	30.8%	45.1%	29.9%	-15.1%	-0.8%
Total income margin	19.59%	21.31%	20.27%	-1.04%	0.69%
Net interest margin	17.63%	18.63%	18.60%	-0.02%	0.97%
Cost/income ratio	48.6%	39.1%	40.0%	0.9%	-8.5%
Net loans to deposits (FX-adjusted)	121%	135%	137%	1%	16%

- ***HUF 11.3 billion profit is almost half as much again than in 1Q 2011***
- ***Operating profit surged by 68% y-o-y***
- ***Persistent growth in consumer lending***
- ***Cost efficiency is still improving (1Q 2012 CIR at 40%, -8.5 ppts y-o-y)***
- ***Stable funding, another RUB 6 billion bond issuance***

The HUF denominated financials of OTP Bank Russia were influenced by the development of the RUB/HUF exchange rate: in 1Q 2012 the closing rate of the HUF weakened by 15% y-o-y, and 1% q-o-q, while the average rate weakened 10% y-o-y and 4% q-o-q against the RUB.

After tax profit of **OTP Bank Russia** for 1Q 2012 amounted to HUF 11.3 billion, almost half as much again than in 1Q 2011. The fallback from the record profit of HUF 15 billion in the previous quarter is due to the doubling risk cost.

Total income in 1Q 2012 showed dynamic y-o-y increase, mainly due to the 47% y-o-y surge of net interest income (+33% in local currency). Along with the 30% growth of FX-adjusted loan volumes the 1 ppt growth of interest margin (1Q 2012: 18.6%) also fuelled the increase of net interest income. NII growth was mainly driven by the still outstandingly strong dynamics of consumer lending. Net fee and commission income slightly decreased y-o-y in RUB terms, owing to the 51 basis points drop in net F&C income margin (1Q 2012: 1.65%). The deterioration of the quarterly net F&C income margin is partly due to the higher expenses of collection activities, but mainly caused by the fees paid according to a new agency contract with a retail chain. In line with the stronger business activity operating costs increased (+19% y-o-y, +8% in RUB terms). As a result of the above effects operating profit grew by 68% compared to 1Q 2011. Cost/income ratio dropped by 8.5 ppts y-o-y to 40%.

Risk cost almost doubled y-o-y in 1Q 2012, mostly due to the higher loan portfolio and the increase of provision coverage of non-performing consumer loans. Coverage of DPD90+ loans grew to 94%, with a significant 10 ppts growth on the yearly basis (+4.4% q-o-q). In 1Q 2012 DPD90+ ratio came at 12.4% (-1.7 ppts y-o-y, +1.4 ppts q-o-q). On the quarterly basis all segments but the credit card portfolio experienced moderate portfolio quality deterioration.

The 1Q 2012 performance compared to the previous quarter was driven by the 12% growth in NII (5% in RUB) with flat NIM and hardly changed FX-adjusted loan portfolio size; while net F&C income dropped significantly (-31% q-o-q) mainly due to the aforesaid POS loans related fees paid out to the retail chain agent. Net fee and commission income margin also dropped by about 1 ppt. Notwithstanding the 5% growth of operating income, profit before income tax decreased by 22% q-o-q, due to the 81% surge of risk cost. Latter aimed at the increase of provision coverage of non-performing consumer loans.

The outstanding financial performance of the Bank is mainly due to the successful sale of consumer loans. The FX-adjusted consumer loan portfolio in 1Q 2012 is more than half as much as in the base period (+60% y-o-y). The outstanding growth is fuelled by the POS loan, credit card loan and cash loan disbursements.

In case of the flagship POS-loan product the dynamics of origination is still strong. Although the portfolio came short compared to the previous quarter (-2% q-o-q), when origination was at record highs, y-o-y it still swelled by 44%. The Bank kept its No. 2 position in this segment, notwithstanding the improved product profitability at the same time.

Although market competition is as fierce as ever, due to the 730 thousand cards sent out to prospective clients in 1Q, the still high utilization rate and the slightly higher average loan volume, the dynamic growth of credit card portfolio was still unbroken in 1Q 2012 (+63% y-o-y and +12% q-o-q).

Beside the two main products cash loan portfolio also thrived significantly in 2011 due to the change of some conditions of the product and the introduction of risk based pricing. For 1Q 2012 the yearly growth is spectacular (+117%), however since the last quarter of 2011 the management decided to put more emphasis on the sales of products with higher profitability, thus cash loan portfolio started to shrink (2012 1Q: +4% q-o-q).

The shrinkage of the FX-adjusted corporate loan portfolio continued, in 1Q 2012 it decreased by 45% on the yearly basis (it is to be noted that loan sale in 2Q and 3Q also took its toll), while q-o-q decrease was 8%.

The FX-adjusted deposits grew in 4Q 2011 by 15% y-o-y and decreased by 4% q-o-q.[9] The FX-adjusted net loans to deposits ratio increased by 1 ppt q-o-q and 16 ppts y-o-y (1Q 2012: 137%).

With the aim of diversifying the funding base, the Bank continued its bond issuance programme launched in March 2011. After the total of RUB 11.5 billion bonds issued in 2011 the Bank printed a RUB 6 billion on 6 March 2012 with 3 years maturity. On 13 January 2012 Fitch Ratings confirmed the Bank's long term issuer credit rating at ´BB´ and changed the outlook from stable to negative.

The number of employees decreased q-o-q by 31 to 5,108 by the end of 1Q 2012, at the same time the number of branches increased from 148 to 151. All 3 new branches were opened in the far-eastern region of the country, thus since November last year 9 new branches have been opened in that region. The number of POS loan agents increased by 1% q-o-q, 56% y-o-y and exceeded 22 thousand. The number of own agents was 6,705 while number of third party agents reached 16,004.

[9] The y-o-y growth of the individual product categories is biased due to reclassifications in the course of 2011. In 3Q 2011 SME deposits worth HUF 56 billion have been reclassified from corporate to retail deposit portfolio.

DSK GROUP (BULGARIA)[10]

Performance of DSK Group:

Main components of P&L account in HUF mn	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	3,484	4,026	9,890	146%	184%
Income tax	-390	-617	-1,107	79%	184%
Profit before income tax	3,874	4,643	10,997	137%	184%
Operating profit	15,107	15,500	15,539	0%	3%
Total income	22,965	25,119	24,137	-4%	5%
Net interest income	18,410	20,000	19,518	-2%	6%
Net fees and commissions	3,519	4,549	3,928	-14%	12%
Other net non-interest income	1,035	569	691	21%	-33%
Operating expenses	-7,858	-9,619	-8,598	-11%	9%
Total provisions	-11,233	-10,857	-4,542	-58%	-60%
Provision for possible loan losses	-11,242	-10,942	-4,544	-58%	-60%
Other provision	8	85	2	-98%	-82%
Main components of balance sheet closing balances in HUF mn	**1Q 2011**	**4Q 2011**	**1Q 2012**	**Q-o-Q**	**Y-o-Y**
Total assets	1,148,858	1,360,510	1,339,930	-2%	17%
Gross customer loans	1,022,938	1,221,517	1,157,953	-5%	13%
Gross customer loans (FX-adjusted)	1,137,981	1,160,630	1,157,953	0%	2%
Retail loans	911,484	916,901	913,780	0%	0%
Corporate loans	226,496	243,730	244,173	0%	8%
Allowances for possible loan losses	-103,128	-158,490	-154,119	-3%	49%
Allowances for possible loan losses (FX-adjusted)	-114,728	-150,595	-154,119	2%	34%
Deposits from customers	822,027	1,013,310	989,777	-2%	20%
Deposits from customer (FX-adjusted)	916,464	961,897	989,777	3%	8%
Retail deposits	785,375	846,983	866,332	2%	10%
Corporate deposits	131,089	114,914	123,445	7%	-6%
Liabilities to credit institutions	6,237	12,223	17,475	43%	180%
Subordinated debt	93,553	109,262	104,190	-5%	11%
Total shareholders' equity	211,005	209,484	209,245	0%	-1%
Loan Quality	**1Q 2011**	**4Q 2011**	**1Q 2012**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	129,065	200,154	201,902	0.9%	56.4%
90+ days past due loans/gross customer loans (%)	12.6%	16.4%	17.4%	1.1%	4.8%
Cost of risk/average gross loans (%)	4.35%	3.67%	1.54%	-2.13%	-2.82%
Cost of risk/average (FX-adjusted) gross loans (%)	4.01%	3.74%	1.58%	-2.16%	-2.43%
Total provisions/90+ days past due loans (%)	79.9%	79.2%	76.3%	-2.9%	-3.6%
Performance Indicators (%)	**1Q 2011**	**4Q 2011**	**1Q 2012**	**Q-o-Q**	**Y-o-Y**
ROA	1.2%	1.2%	2.9%	1.7%	1.8%
ROE	6.6%	7.9%	19.0%	11.1%	12.4%
Total income margin	7.87%	7.62%	7.19%	-0.43%	-0.68%
Net interest margin	6.31%	6.07%	5.81%	-0.25%	-0.49%
Cost/income ratio	34.2%	38.3%	35.6%	-2.7%	1.4%
Net loan to deposit ratio (FX-adjusted)	112%	105%	101%	-4%	-10%

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

- ***Net profit more than doubled (q-o-q +146%, y-o-y +184%) supported by stable operating income and moderate loan loss provisioning (q-o-q -58%, y-o-y -60%)***
- ***DPD90+ coverage ratio declined (76.3%, -2.9 ppts) due to continuous portfolio quality deterioration (DPD90+ 17.4%, q-o-q +1.1 ppts) and moderate provisioning***
- ***Slightly narrowing net interest margin (-25 basis points)***
- ***Stagnating FX-adjusted loan and growing deposit portfolio (q-o-q +0% and +3%)***
- ***Steadily outstanding cost efficiency (cost/income ratio in 1Q 2012: 35.6%)***

HUF denominated financials of DSK Group were highly influenced by the development of the DSK/HUF exchange rate: 1Q 2012 closing rate of the HUF weakened by 11% y-o-y and strengthened by 5% q-o-q against BGN, while the quarterly average rate depreciated by 9% y-o-y, but appreciated 2% q-o-q.

The **DSK Group** reached HUF 9.9 billion after tax profit in 1Q 2012 which is more than double of 4Q 2011 results and almost triple of 1Q 2011 net profit.

Apart from stable operating income (q-o-q 0%, y-o-y +3%) the outstanding quarterly result of the Bulgarian bank is primarily due to significantly moderating risk provisioning (q-o-q -58%, y-o-y -60%).

In the first quarter of 2012 net interest income formation (q-o-q -2%, y-o-y +6%) was negatively influenced – beyond exchange rate effects – by terminated penalty interest rates on restructured corporate loans. Declining interest income in 1Q slightly reduced net interest margin (5.81%, q-o-q -25 basis points). In spite of expanding lending activity in March, net fee and commission income reflects strong seasonal effects (q-o-q -14%, y-o-y +12%).

Beyond lower marketing costs and the basis effect of other expenses related to newly opened branches in 3Q 2011, q-o-q 11% drop of operating costs reflects stringent cost control. The y-o-y 9% increase is due to exchange rate effect. Cost/income ratio improved by 270 basis points q-o-q (1Q 2012: 35.6%).

In 1Q 2012 portfolio quality deteriorated further: DPD90+ ratio increased gradually from 16.4% at the year end 2011 to 17.4% (y-o-y +4.8%). Regarding the composition of portfolio deterioration, the DPD90+ ratio of SME and corporate loans grew the fastest: from 37.5% to 40% (+2.5 ppts) and from 11% to 12.3% (+1.3 ppts). 120 basis points deterioration of mortgage loans resulted a 19.1% DPD90+ ratio, while in case of consumer loans the ratio was 14.7% (q-o-q +0.7 ppts).

At the end of 1Q the coverage ratio of DPD90+ loan portfolio moderated to 76.3% (q-o-q -2.9 ppts) as a result of the increasing volume of problem loans and lower provisioning. Moderated loan loss provisioning is primarily due to increased volume of mortgage loan related real estate insurance portfolio.

Q-o-q the FX-adjusted loan portfolio remained flat (y-o-y +2%). Recovery of lending activity in March resulted a stable mortgage and consumer loan book, volume of corporate loans did not change (y-o-y +1%, 0% and +8%, respectively). DSK's market share of customer loans slightly declined to 13.9% at the end of the quarter (q-o-q -24 basis points).

Due to its outstanding liquidity position at the beginning of 2012 the Bank moderated interest rates on retail term deposits. In spite of that the FX-adjusted deposit base increased by 3% owing to q-o-q +2% and +7% growth of retail and corporate deposit book. Simultaneously, DSK's market share decreased in the retail deposit segment to 17.2% (q-o-q -24 basis points), while in the corporate segment to 5.1%.

As a result of stagnating lending and increasing deposit base the net-loan-to-deposit ratio declined further (1Q 2012: 101%, q-o-q -4 ppts and y-o-y -10 ppts).

Capital position of DSK is still very strong, the capital adequacy ratio is almost 1.5 times higher than the regulatory minimum (1Q 2012: 19.8% vs. 12%; Tier1 ratio: 15.8% vs. 6%).

OTP BANK UKRAINE[11]

Performance of OTP Bank Ukraine:

Main components of P&L account in HUF mn	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	862	-2,736	-2,601	-5%	-402%
Income tax	0	-5,947	-721		
Profit before income tax	862	3,211	-1,880	-159%	-318%
Operating profit	8,388	7,851	6,652	-15%	-21%
Total income	14,254	16,099	13,928	-13%	-2%
Net interest income	10,550	12,616	10,904	-14%	3%
Net fees and commissions	1,852	2,947	2,535	-14%	37%
Other net non-interest income without the effect of revaluation of FX provisions	1,851	536	489	-9%	-74%
Operating expenses	-5,866	-8,248	-7,276	-12%	24%
Total risk costs	-7,526	-4,641	-8,532	84%	13%
Provision for possible loan losses without the effect of revaluation of FX provisions	-7,389	-4,288	-8,913	108%	21%
Other provision	-137	-353	381	-208%	-378%
Main components of balance sheet closing balances in HUF mn	**1Q 2011**	**4Q 2011**	**1Q 2012**	**Q-o-Q**	**Y-o-Y**
Total assets	642,800	778,198	751,116	-3%	17%
Gross customer loans	613,709	799,117	728,455	-9%	19%
Gross customer loans (FX-adjusted)	724,991	737,590	728,455	-1%	0%
Retail and SME loans	336,935	318,437	314,975	-1%	-7%
Corporate loans	338,205	374,590	371,813	-1%	10%
Car financing loans	49,850	44,562	41,667	-6%	-16%
Allowances for possible loan losses	-145,916	-193,587	-186,269	-4%	28%
Allowances for possible loan losses (FX-adjusted)	-172,513	-178,732	-186,269	4%	8%
Deposits from customers	166,473	251,176	272,430	8%	64%
Deposits from customer (FX-adjusted)	194,475	232,522	272,430	17%	40%
Retail and SME deposits	120,957	139,342	153,488	10%	27%
Corporate deposits	73,518	93,180	118,942	28%	62%
Liabilities to credit institutions	325,357	350,556	313,569	-11%	-4%
Subordinated debt	39,515	47,971	44,428	-7%	12%
Total shareholders' equity	102,666	120,149	107,892	-10%	5%
Loan Quality	**1Q 2011**	**4Q 2011**	**1Q 2012**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	193,453	239,893	227,754	-5.1%	17.7%
90+ days past due loans/gross customer loans (%)	31.5%	30.0%	31.3%	1.2%	-0.3%
Cost of risk/average gross loans (%)	4.59%	2.27%	4.69%	2.43%	0.11%
Cost of risk/average (FX-adjusted) gross loans (%)	4.10%	2.33%	4.89%	2.56%	0.79%
Total provisions/90+ days past due loans (%)	75.4%	80.7%	81.8%	1.1%	6.4%
Performance Indicators (%)	**1Q 2011**	**4Q 2011**	**1Q 2012**	**Q-o-Q**	**Y-o-Y**
ROA	0.5%	-1.5%	-1.4%	0.1%	-1.9%
ROE	3.3%	-9.5%	-9.2%	0.3%	-12.5%
Total income margin	8.51%	8.56%	7.33%	-1.24%	-1.18%
Net interest margin	6.30%	6.71%	5.74%	-0.97%	-0.56%
Cost/income ratio	41.2%	51.2%	52.2%	1.0%	11.1%
Net loan to deposit ratio (FX-adjusted)	284%	240%	199%	-41%	-85%

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

- ***HUF 2.6 billion after tax loss in 1Q as a result of weaker revenues and higher risk costs***
- ***POS-lending kept growing steadily; cash loan origination and cross sale of credit cards started picking up***
- ***Due to worsening corporate book the DPD90+ ratio increased by 1.2% q-o-q***
- ***As a result of q-o-q doubling risk costs the provision coverage further improved (2012 1Q: 81.8%)***
- ***Deposit volumes increased q-o-q both in the retail and corporate segments (by 10% and 28% respectively); the FX-adjusted net loan to deposit ratio decreased by 41 ppts q-o-q***

The HUF denominated financials of OTP Bank Ukraine were influenced by the development of the UAH/HUF exchange rate: in 1Q 2012 the closing rate of the HUF weakened by 18% y-o-y, but strengthened by 8% q-o-q. During the same periods the average rate strengthened by 12% against the UAH and remained stable q-o-q.

In 1Q 2012 **OTP Bank Ukraine** realized HUF 2.6 billion loss similar to that of in 4Q 2011. Weaker q-o-q revenues and significantly increasing risk costs were the key factors behind the unfavourable earning dynamics. Operating profit showed a decline both y-o-y and q-o-q. Within revenues net interest income dropped by 14% as a result of higher interest expenses. In order to manage UAH liquidity the bank recently launched deposit campaigns and increased the volumes of term deposits. Underlying deposits were also repriced and the portfolio of lower yielding saving deposits declined, too. As a result of growing deposits and higher rates net interest margin tightened (1Q 2012: 5.74%, -0.97 ppts q-o-q). Another factor having negative influence on net interest income trend was the high base effect: in 4Q 2011 there was a methodology change in accounting effective interest that decreased the interest expenses. The transfer of the delinquent portfolio to OTP Factoring (Ukraine) continued having unfavourable impact on interest income generation too, since the Bank does not book any interest income on the transferred portfolio; however the impact gradually fades out.

The net fee and commission income showed a q-o-q 14% drop partially due to seasonality. Loan, deposit and transaction related fees declined by 23% and 19% respectively in 1Q, however the card related fees performed nicely (+17%) as a result of successful cross sales.

In 1Q operating expenses surged by 10% y-o-y in UAH terms; within that both personnel and other expenses increased further. Parallel with the expansion of POS lending and cash loan origination the recruitment of selling agents, as well as branch network rationalization continued. The agency network increased by around 200 people q-o-q (1Q 2012: 1,637 people), while the total number of employees declined by 55 people (1Q 2012: 2,948 people, without agents). Periodic costs, associated with the above mentioned processes put a downward pressure on profit generation.

Risk cost doubled in 1Q q-o-q as a reflection of prudent provisioning and with the aim of increasing the coverage of restructured or delinquent corporate loans. In case of POS loans the DPD90+ ratio is around 8% with provision coverage of 150%. The single biggest portfolio deterioration was observed in case of corporate loans.

The FX-adjusted gross loan portfolio eroded by a mere 1% q-o-q, but remained flat y-o-y. The mortgage book shrank further, but the consumer lending gradually gains momentum. The first POS loans were originated in March 2011 followed by cash loans in November and with the cross sales of credit cards. As a result, by 1Q 2012 the volume of consumer loans grew by six folds y-o-y and currently represents 5% of the retail book.

Another engine of potential loan growth can be the strengthening of corporate lending. While in 1Q volumes somewhat contracted, y-o-y there was a 10% increase. The small and medium size sector shows only weak demand yet; the volume dropped by 3% q-o-q and by 10% y-o-y.

The bank launched deposit campaigns to raise the necessary UAH liquidity for the dynamic consumer lending. As a result, the FX-adjusted corporate and retail term deposits grew by 28% and 12%, respectively. Accordingly, the FX-adjusted net loan to deposit ratio improved steadily on a yearly and quarterly basis (-82 ppts y-o-y, -42 ppts q-o-q).

The Ukrainian subsidiary retained its stable capital position, the capital adequacy ratio calculated under local standards stood at 19.3% (regulatory minimum: 10%) as at the end of March 2012.

OTP BANK ROMANIA

Performance of OTP Bank Romania:

Main components of P&L account in HUF mn	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs[1]	148	-701	-1,163	66%	-887%
Income tax	-9	119	0	-100%	-100%
Profit before income tax	157	-820	-1,163	42%	-841%
Operating profit	2,552	2,468	2,211	-10%	-13%
Total income	5,835	6,142	5,504	-10%	-6%
Net interest income	3,792	5,103	4,607	-10%	21%
Net fees and commissions	560	660	420	-36%	-25%
Other net non-interest income without the effect of revaluation of FX provisions	1,482	379	477	26%	-68%
Operating expenses	-3,283	-3,674	-3,293	-10%	0%
Total risk costs	-2,395	-3,288	-3,373	3%	41%
Provision for possible loan losses without the effect of revaluation of FX provisions	-2,408	-3,327	-3,358	1%	39%
Other provision	13	39	-15	-139%	-218%
Main components of balance sheet[2] closing balances in HUF mn	**1Q 2011**	**4Q 2011**	**1Q 2012**	**Q-o-Q**	**Y-o-Y**
Total assets	384,978	460,623	448,157	-3%	16%
Gross customer loans	309,774	394,188	384,566	-2%	24%
Gross customer loans (FX-adjusted)	357,512	375,584	384,566	2%	8%
Retail loans	261,550	280,114	288,580	3%	10%
Corporate loans	95,962	95,470	95,986	1%	0%
Allowances for possible loan losses	-25,853	-33,266	-37,388	12%	45%
Allowances for possible loan losses (FX-adjusted)	-29,157	-31,651	-37,388	18%	28%
Deposits from customers	102,911	120,822	120,425	0%	17%
Deposits from customers (FX-adjusted)	111,238	113,733	120,425	6%	8%
Retail deposits	78,500	91,096	95,470	5%	22%
Corporate deposits	32,739	22,637	24,955	10%	-24%
Liabilities to credit institutions	235,486	280,966	259,209	-8%	10%
Total shareholders' equity	24,969	28,353	34,860	23%	40%
Loan Quality	**1Q 2011**	**4Q 2011**	**1Q 2012**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	34,639	47,584	52,186	10%	51%
90+ days past due loans/gross customer loans (%)	11.2%	12.1%	13.6%	1.5%	2.4%
Cost of risk/average gross loans (%)	3.06%	3.46%	3.47%	0.00%	0.41%
Cost of risk/average gross loans (FX-adjusted) (%)	2.74%	3.52%	3.55%	0.03%	0.82%
Total provisions/90+ days past due loans (%)	74.6%	69.9%	71.6%	1.7%	-3.0%
Performance Indicators (%)	**1Q 2011**	**4Q 2011**	**1Q 2012**	**Q-o-Q**	**Y-o-Y**
ROA	0.1%	-0.6%	-1.0%	-0.4%	-1.2%
ROE	2.4%	-10.0%	-14.8%	-4.8%	-17.2%
Total income margin	5.85%	5.33%	4.87%	-0.46%	-0.98%
Net interest margin	3.80%	4.43%	4.08%	-0.35%	0.28%
Cost/income ratio	56.3%	59.8%	59.8%	0.0%	3.6%
Net loans to deposits (FX-adjusted)	295%	302%	288%	-14%	-7%

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

- ***HUF 1.2 billion loss in 1Q 2012 on the back of lower operating profit and high risk cost***
- ***The deterioration of the loan quality was the fastest in the mortgage loan segment; the coverage ratio went up in 1Q***
- ***The q-o-q 2% FX-adjusted loan growth was driven by mortgage and consumer loan expansion, the latter being supported by a sales campaign. Retail deposits remained on a growing path***
- ***The capital adequacy ratio improved significantly after the HUF 9.3 billion capital injection from OTP Bank***

The financial performance in HUF terms was influenced by the RON/HUF rate changes. The closing FX rate of HUF versus RON weakened by 4% y-o-y and strengthened by 6% q-o-q. The average FX rate of HUF versus RON advanced by 3% q-o-q, but weakened by 6% y-o-y.

In line with the directives of the central bank, the transition to IFRS from 2012 influenced certain P&L lines, altering the comparability of 1Q 2012 numbers with previous periods for the worse. Several items were reclassified from net fees into net interest income line. The risk cost set aside in relation to non-realized interest income of DPD90+ loans was reclassified from provision for possible loan losses to net interest income line. Changes were neutral to the net profit.

OTP Bank Romania realized HUF 1.2 billion net loss in 1Q 2012, significantly lagging behind the 1Q and 4Q 2011 result.

Operating result declined both q-o-q and y-o-y, owing mainly to the lower revenues coming partly from the transition to IFRS methodology.

The 1Q 2012 net interest income was lower because the risk cost set aside in relation to non-realized interest income of DPD90+ loans was reclassified from provision for possible loan losses into net interest income line. Further factor that influenced the net interest income was that part of the revaluation result of swaps was booked on this line. This revaluation result reached +HUF 180 million in 1Q 2012 (-HUF 320 million in 1Q 2011, +HUF 450 million in 4Q 2011). Excluding the swap revaluation result the net interest income declined by 5% q-o-q (the average FX rate of HUF against RON strengthened by 3% q-o-q), but grew by 8% y-o-y. Latter was underpinned by the weakening RON against CHF, while the loan volumes expanded in original currency.

The 25% y-o-y decline of net fee and commission income was due to the reclassification of some items from fees into net interest income.

The development of other net non-interest income was affected mainly by the volatile FX result, but the q-o-q and y-o-y decline of securities gain played a role, too.

Operating expenses remained flat y-o-y in HUF terms, but 5% cost saving was reached in local currency. This achievement reflects solid cost control, bearing in mind the inflationary environment. The 10% q-o-q decline in operating cost is explained by the seasonal personnel expenses in the base period.

The loan quality deterioration continued: the ratio of loans with more than 90 days delay reached 13.6% at end-March (+1.5 ppts q-o-q). During the quarter bulk of portfolio quality worsening came from the mortgage loan segment. The increase of the DPD90+ ratio was due to technical factors as well. In case of loans sold to the Factoring not only the principal, but the non-paid interest will appear in the DPD90+ category (thus increasing the risk cost, too). In 1Q 2012 almost HUF 12.5 billion loan volume was sold to Factoring. In the addition to this, according to a new central bank directive, from 2012 onwards the written-off loans and their provision must be shown within the balance sheet.

Total risk cost went up by 3% q-o-q and 41% y-o-y. The provision coverage of DPD90+ portfolio advanced to 71.6% (+1.7 ppts q-o-q).

At the end of March 11% of the households' loan portfolio was involved in the debtor protection program without the re-defaulted volumes, down from 14% q-o-q.

The FX-adjusted gross loans grew by 2% q-o-q and by 8% y-o-y. Apart from the mortgage loans (+3% q-o-q, +10% y-o-y), RON consumer loans were the other engine of growth. The new consumer loan disbursements reached new heights in March, supported by a sales campaign launched in 1Q. The corporate and SME loan volumes showed a mere 1% q-o-q growth.

Total deposit volumes expanded by 6% during 1Q adjusted for the FX rate changes. Both in the household- and SME deposit segments solid growth started in 1Q 2011 remained in place. Although corporate deposits grew by 10% q-o-q, this was not enough to compensate for the yearly decline (-24%).

After the Bank received a HUF 9.3 billion (RON 140 million) capital injection from the mother company in 1Q 2012, the capital adequacy ratio climbed to 17.0% (+3.6 ppts q-o-q).

In 1Q 2012 neither the branch number nor the number of employees changed q-o-q.

OTP BANKA HRVATSKA (CROATIA)

Performance of OTP banka Hrvatska:

Main components of P&L account in HUF mn	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	241	-624	757	-221%	215%
Income tax	-61	133	-190	-243%	214%
Profit before income tax	301	-757	947	-225%	214%
Operating profit	1,494	2,275	1,913	-16%	28%
Total income	4,851	5,946	5,556	-7%	15%
Net interest income	3,513	4,124	4,093	-1%	16%
Net fees and commissions	907	1,191	1,061	-11%	17%
Other net non-interest income	431	631	402	-36%	-7%
Operating expenses	-3,358	-3,671	-3,643	-1%	9%
Total risk costs	-1,192	-3,033	-965	-68%	-19%
Provision for possible loan losses	-1,277	-2,291	-910	-60%	-29%
Other provision	85	-741	-55	-93%	-165%

Main components of balance sheet closing balances in HUF mn	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
Total assets	456,485	529,853	502,071	-5%	10%
Gross customer loans	316,612	377,592	360,722	-4%	14%
Gross customer loans (FX-adjusted)	353,210	359,310	360,722	0%	2%
Retail loans	221,840	225,419	227,980	1%	3%
Corporate loans	129,503	132,540	131,536	-1%	2%
Car financing loans	1,867	1,351	1,206	-11%	-35%
Allowances for possible loan losses	-13,737	-22,013	-21,931	0%	60%
Allowances for possible loan losses (FX-adjusted)	-15,123	-20,975	-21,931	5%	45%
Deposits from customers	348,148	421,618	397,096	-6%	14%
Deposits from customer (FX-adjusted)	388,352	399,660	397,096	-1%	2%
Retail deposits	345,650	356,392	352,831	-1%	2%
Corporate deposits	42,702	43,268	44,265	2%	4%
Liabilities to credit institutions	34,075	36,041	33,545	-7%	-2%
Subordinated debt	1,360	1,589	1,510	-5%	11%
Total shareholders' equity	55,860	58,485	57,305	-2%	3%
Loan Quality	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	39,249	38,260	36,165	-5.5%	-7.9%
90+ days past due loans/gross customer loans (%)	12.4%	10.1%	10.0%	-0.1%	-2.4%
Cost of risk/average gross loans (%)	1.59%	2.51%	0.99%	-1.52%	-0.60%
Cost of risk/average (FX-adjusted) gross loans	1.46%	2.56%	1.02%	-1.54%	-0.44%
Total provisions/90+ days past due loans (%)	35.0%	57.5%	60.6%	3.1%	25.6%
Performance Indicators (%)	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
ROA	0.2%	-0.5%	0.6%	1.1%	0.4%
ROE	1.7%	-4.2%	5.3%	9.4%	3.5%
Total income margin	4.18%	4.54%	4.33%	-0.21%	0.15%
Net interest margin	3.03%	3.15%	3.19%	0.04%	0.16%
Cost/income ratio	69.2%	61.7%	65.6%	3.8%	-3.6%
Net loans to deposits (FX-adjusted)	87%	85%	85%	1%	-2%

- ***Despite the seasonally weaker 1Q operating profit (q-o-q -16%; y-o-y +28%) HUF 757 million after tax profit is due to significantly moderated provisioning (q-o-q -60%; y-o-y -29%)***
- ***Increasing coverage (DPD90+: 60.6%, q-o-q +3.1 ppts) with stagnating lending and stable portfolio quality (DPD90+: 10%, q-o-q -0.1 ppts)***
- ***Slightly increasing net-loan-to-deposit ratio (85%; q-o-q +1 ppts, y-o-y -2 ppts) is due to stagnating net loan portfolio, and slightly shrinking deposit book***
- ***Improving net interest margin (q-o-q +4, y-o-y +16 basis point)***

HUF denominated financials of OBH Group were highly influenced by the development of the HRK/HUF exchange rate: in 1Q 2012 the closing rate of the HUF weakened by 9% y-o-y while strengthened by 5% q-o-q against HRK. The average rate depreciated by 7% y-o-y in spite of 3% q-o-q appreciation in 1Q.

In 1Q 2012 **OTP banka Hrvatska** (OBH) Group posted HUF 757 million net profit against HUF 624 million loss in 4Q 2011. Despite the seasonally weaker 1Q operating profit (q-o-q -16%, y-o-y +28%), the driver of net profit growth was the significantly lower provisioning for possible loan losses (q-o-q -60%, y-o-y -29%).

Operating profit formation was primarily determined by lower fee and commission income on one hand and stable operating cost and interest income on the other.

Quarterly net interest income was boosted by higher interest rates realised on securities available for sale, on retail and SME loans. However, this advantage has been off-set by higher interest rates on interbank and institutional funding taken to fulfil the mandatory reserve requirement raised from 14% to 15% at the end of January. As a result of these effects net interest margin improved (1Q 2012: 3.19%; q-o-q +4 basis point, y-o-y +16 basis points).

Though fee income dropped seasonally in 1Q (q-o-q -11%), y-o-y some progress is experienced thanks to slightly increasing credit card and POS-terminal fee income (y-o-y +17%).

Due to stringent cost control in 1Q 2012, operating expenses almost matched that of the previous quarter (q-o-q -1%, +2% in HRK). Cost/income ratio of the Bank in 1Q – mainly as a result of lower income level – grew to 65.6% (q-o-q +3.8 ppts, y-o-y -3.6 ppts).

In 1Q 2012 portfolio quality was stable, ratio of DPD90+ loans decreased to 10% (-10 basis points). Regarding the composition of portfolio quality: while mortgage loans stagnated at 7.3%, the quality of consumer loans deteriorated by 20 basis points from 8.9% to 9.1%. Simultaneously the quality of SME and car loan portfolios improved by 140 and 10 basis points (DPD90+ ratio is 16.5% and 9.8%, respectively). Beyond the decline of problem loan portfolio the 50 basis points increase of DPD90+ ratio of corporate loans is partially due to the takeover of a corporate loan by the state (DPD90+ ratio: 15.6%). As a result of shrinking DPD90+ ratio, in spite of the q-o-q significantly moderated risk provisioning the DPD90+ coverage ratio grew to 60.6% (q-o-q +3.1 ppts). Y-o-y 25.6% increase is due to significant provisioning in 3Q 2011

As a result of stagnating economy and high level of unemployment the loan demand remained benign. Within the stagnating FX-adjusted loan portfolio both mortgage and consumer loans went up by 1% q-o-q, while the corporate book shrank by 1%. The market share of OBH is a stable 3.1% (y-o-y -0.1 ppt decrease).

In spite of the 1% decline of FX-adjusted deposit base of OBH in 1Q 2012, due to the shrinking overall market its market share grew to 4.4% (+12 basis points). The similar 1% drop of retail deposit portfolio is due to seasonal effect. Simultaneously, as a result of successful deposit collection the corporate book expanded by 2%, thus the market share increased to 2.1% (+50 basis points). Owing to the stagnating net loan portfolio and the slightly declining deposit base net loan to deposit rate increased to 85% in 2012 1Q (+1 ppt).

Capital adequacy ratio of the Bank grew from 14.8% to 15.2%.

OTP BANKA SLOVENSKO (SLOVAKIA)

Performance of OTP Banka Slovensko:

Main components of P&L account in HUF mn	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	105	-561	239	-143%	127%
Income tax	-32	-21	-43	106%	34%
Profit before income tax	137	-540	282	-152%	106%
Operating profit	893	646	874	35%	-2%
Total income	3,355	3,643	3,589	-1%	7%
Net interest income	2,682	2,914	2,902	0%	8%
Net fees and commissions	625	703	731	4%	17%
Other net non-interest income	48	27	-44	-265%	-191%
Operating expenses	-2,463	-2,997	-2,715	-9%	10%
Total risk costs	-755	-1,186	-592	-50%	-22%
Provision for possible loan losses	-728	-1,158	-629	-46%	-14%
Other provision	-28	-28	37	-234%	-234%
Main components of balance sheet closing balances in HUF mn	**1Q 2011**	**4Q 2011**	**1Q 2012**	**Q-o-Q**	**Y-o-Y**
Total assets	333,779	386,313	377,078	-2%	13%
Gross customer loans	260,935	300,970	294,199	-2%	13%
Gross customer loans (FX-adjusted)	290,356	285,899	294,199	3%	1%
Retail loans	193,747	208,516	214,597	3%	11%
Corporate loans	96,146	76,832	79,041	3%	-18%
Car financing loans	464	551	562	2%	21%
Allowances for possible loan losses	-15,637	-18,992	-18,511	-3%	18%
Allowances for possible loan losses (FX-adjusted)	-17,392	-18,043	-18,511	3%	6%
Deposits from customers	247,152	290,157	286,135	-1%	16%
Deposits from customer (FX-adjusted)	275,296	275,610	286,135	4%	4%
Retail and SME deposits	251,224	253,870	260,835	3%	4%
Corporate deposits	24,072	21,741	25,300	16%	5%
Liabilities to credit institutions	13,174	7,596	6,163	-19%	-53%
Issued securities	36,902	42,250	40,341	-5%	9%
Subordinated debt	7,731	9,057	8,599	-5%	11%
Total shareholders' equity	23,907	30,421	29,157	-4%	22%
Loan Quality	**1Q 2011**	**4Q 2011**	**1Q 2012**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	26,120	34,650	32,130	-7.3%	23.0%
90+ days past due loans/gross customer loans (%)	10.0%	11.5%	10.9%	-0.6%	0.9%
Cost of risk/average gross loans (%)	1.12%	1.55%	0.85%	-0.70%	-0.27%
Cost of risk/average (FX-adjusted) gross loans (%)	1.02%	1.58%	0.87%	-0.71%	-0.14%
Total provisions/90+ days past due loans (%)	59.9%	54.8%	57.6%	2.8%	-2.3%
Performance Indicators (%)	**1Q 2011**	**4Q 2011**	**1Q 2012**	**Q-o-Q**	**Y-o-Y**
ROA	0.1%	-0.6%	0.3%	0.8%	0.1%
ROE	1.8%	-7.8%	3.2%	11.1%	1.5%
Total income margin	3.98%	3.82%	3.78%	-0.04%	-0.20%
Net interest margin	3.18%	3.06%	3.06%	0.00%	-0.13%
Cost/income ratio	73.4%	82.3%	75.6%	-6.6%	2.2%
Net loans to deposits (FX-adjusted)	99%	97%	96%	-1%	-3%

* P&L account lines and indicators in 1Q 2012 are adjusted for banking tax

- ***HUF 239 million after tax profit in 1Q 2012 adjusted for banking tax***
- ***Decreasing risk cost; improving portfolio quality q-o-q, primarily in the SME segment***
- ***Further strengthening retail focus: home equity and consumer loans kept growing, increasing deposit base***

In 1Q 2012 the **OTP Banka Slovensko**[12] posted HUF 239 million after tax loss. This amount does not contain the first quarterly burden of banking tax due as from 1 January 2012 (banking tax burden totalled to HUF 76 million after corporate income tax). Compared to the same period last year the slight improvement of after-tax profit is the combined result of the 2% decrease of operating profit and the 22% decrease of risk cost. The quarterly improvement of profit seems to be significant, but it is to be noted that 4Q 2011 results were pushed into red by one-off elements (4Q operating expenses were elevated by approx. EUR 0.4 million extra costs related to closing of litigations; also, default interest was deducted by about the same amount related to sold corporate loan portfolios).

Total income increased by 7% y-o-y, while total income margin decreased by 20 basis points (1Q 2012: 3.78%). Operating expenses grew by 10% y-o-y (+1% in EUR), which proves the existence of a stable cost management taking into consideration the weakening of HUF. The quarterly income dynamics are biased due to the aforesaid one-offs. In any case total income decreased by 1% q-o-q, as a combined result of a stagnating NII, 4% growth of net F&C income and a HUF -44 million net other non-interest income (mainly due to FX loss). Cost/income ratio increased in 4Q 2011 due to the one-offs, but adjusting to these the quarterly improvement in 1Q 2012 is about 0.5 ppt. Nevertheless the indicator grew by 2.2% on the yearly basis (1Q 2012: 75.6%).

In 1Q 2012 OBS set aside HUF 592 million provisions for loan losses (-22% y-o-y, -50% q-o-q). The significant quarterly decrease is due to the higher basis. It is a positive development, that portfolio quality improved in 1Q 2012: DPD90+ portfolio shrank by 7.3% q-o-q, mainly due to the SME portfolio quality improvement. DPD90+ ratio also improved (1Q 2012: 10.9%, -0.6 ppt q-o-q), also fuelled by loan growth. Provision coverage of DPD90+ loans also improved by 3 ppts compared to 4Q 2011, however, on the yearly basis it decreased by 2.3 ppts (1Q 2012: 57.6%).

The development of loan and deposit volumes was in line with the intention to strengthen the retail focus of the Bank. Due to the subdued loan demand the FX adjusted loan portfolio grew by 3% on the quarterly basis and increased by 1% y-o-y. There was a significant pick-up in the retail lending, retail loans grew by 14% y-o-y and 2% q-o-q. After the successful promotion campaign launched in spring 2011, in March this year the Bank started another one (aimed at mortgage and consumer loans) – the result are expected to be seen from the next quarter. Although MLE loan portfolio dropped by 18% y-o-y, there was a 3% growth on the quarterly basis.

FX-adjusted deposits advanced by 4% y-o-y, with no significant deviation from the mean growth at the segments: retail grew 4% y-o-y, corporate by 5% y-o-y. Due to the fierce competition on the retail deposit market, a slight increase in paid interest was seen, but FX-adjusted retail deposit base increased by 4% q-o-q. Out of which retail deposits grew by 5%, corporate and municipal bonds increased by 16% and SME deposits dropped by 4%. Net loans-to-deposits ratio remained quite stable, in 1Q 2012 it stood at 96% (-3 ppts y-o-y, and -1 ppt q-o-q).

Capital adequacy ratio stood at 12.9% at the end of 1Q after capital injection in December 2011.

In 1Q 2012 2 branches were closed, so number of branches decreased to 72. The number of employees has grown by 12 to 621 compared to 4Q 2011.

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

OTP BANKA SRBIJA (SERBIA)

Performance of OTP banka Srbija:

Main components of P&L account in HUF mn	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	-1,458	-2,726	-456	-83%	-69%
Income tax	0	-134	0	-100%	
Profit before income tax	-1,458	-2,592	-456	-82%	-69%
Operating profit	44	-949	6	-101%	-87%
Total income	1,453	1,314	1,571	19%	8%
Net interest income	255	546	590	8%	131%
Net fees and commissions	455	491	404	-18%	-11%
Other net non-interest income without the effect of revaluation of FX provisions	743	277	577	108%	-22%
Operating expenses	-1,409	-2,264	-1,565	-31%	11%
Total risk costs	-1,502	-1,643	-462	-72%	-69%
Provision for possible loan losses without the effect of revaluation of FX provisions	-1,551	-1,700	-493	-71%	-68%
Other provision	49	57	31	-45%	-35%
Main components of balance sheet closing balances in HUF mn	**1Q 2011**	**4Q 2011**	**1Q 2012**	**Q-o-Q**	**Y-o-Y**
Total assets	103,765	121,475	118,868	-2%	15%
Gross customer loans	82,127	90,523	84,220	-7%	3%
Gross customer loans (FX-adjusted)	89,857	84,163	84,220	0%	-6%
Retail loans	37,330	35,857	36,834	3%	-1%
Corporate loans	52,527	48,305	47,386	-2%	-10%
Allowances for possible loan losses	-19,243	-26,078	-24,681	-5%	28%
Allowances for possible loan losses (FX-adjusted)	-20,773	-23,977	-24,681	3%	19%
Deposits from customers	34,657	36,476	37,717	3%	9%
Deposits from customers (FX-adjusted)	38,023	34,003	37,717	11%	-1%
Retail deposits	29,379	27,611	28,555	3%	-3%
Corporate deposits	8,644	6,392	9,162	43%	6%
Liabilities to credit institutions	11,145	6,602	7,883	19%	-29%
Subordinated debt	39,066	45,967	43,845	-5%	12%
Total shareholders' equity	16,218	27,706	24,327	-12%	50%
Loan Quality	**1Q 2011**	**4Q 2011**	**1Q 2012**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	46,429	54,836	48,604	-11.4%	4.7%
90+ days past due loans/gross customer loans (%)	56.5%	60.6%	57.7%	-2.9%	1.2%
Cost of risk/average gross loans (%)	7.36%	7.66%	2.27%	-5.39%	-5.09%
Cost of risk/average gross loans (FX-adjusted) (%)	6.88%	8.04%	2.36%	-5.69%	-4.52%
Total provisions/90+ days past due loans (%)	41.4%	47.6%	50.8%	3.2%	9.3%
Performance Indicators (%)	**1Q 2011**	**4Q 2011**	**1Q 2012**	**Q-o-Q**	**Y-o-Y**
ROA	-5.4%	-9.4%	-1.5%	7.8%	3.9%
ROE	-34.6%	-46.9%	-7.0%	39.9%	27.5%
Total income margin	5.39%	4.51%	5.26%	0.75%	-0.14%
Net interest margin	0.95%	1.87%	1.97%	0.10%	1.03%
Cost/income ratio	97.0%	172.2%	99.6%	-72.6%	2.7%
Net loans to deposits (FX-adjusted)	182%	177%	158%	-19%	-24%

- ***The net loss declined to HUF 0.5 billion in 1Q 2012 due to lower risk cost***
- ***Positive tendencies in loan quality continued, provision coverage improved significantly***
- ***The FX-adjusted q-o-q stagnation of loans is explained by recovery, although new loan sales strengthened too; the net loan to deposit ratio hit 4-year low at 158%***

The financial performance in HUF terms was influenced by the FX rate changes. The closing FX rate of HUF against RSD got stronger by 10% q-o-q, but weakened by 3% y-o-y. The average FX rate of HUF versus RSD depreciated by 5% y-o-y, and strengthened by 7% q-o-q.

The 1Q 2012 net loss of **OTP banka Srbija** reached HUF 0.5 billion, the lowest quarterly loss since 2Q 2009.

The development of the net result was determined by the development of risk cost: it declined by 70% both q-o-q and y-o-y. With regard to loan quality developments, favourable tendencies started in 2H 2011 continued: the ratio of DPD90+ ratio fell further to 57.7% (-2.9 ppts q-o-q). The Bank is deliberately striving for pushing up the provision coverage ratio.

In 1Q 2012 the created provision and the declining DPD90+ volumes resulted in a significant improvement of the coverage ratio (+3.2 ppts q-o-q). Both lower DPD90+ ratio and the better coverage is attributable mainly to the corporate segment.

Total revenues came out 19% above that in the previous quarter. The main reason is the q-o-q doubling other net non-interest income: although FX result declined, the previously suspended, but in the current period collected interest income that appears on this line increased remarkably. Given the more than ample level of RSD liquidity of the Bank, the q-o-q higher interest revenue realized from repo transactions gave a positive impetus to the net interest income. Total income surged in a yearly comparison too (+8%). The q-o-q decline in net fee income is partly explained by seasonality, but drop was witnessed even on a yearly base (-11%).

In 1Q 2012 operating cost went up by 11% y-o-y. The 31% quarterly cost saving can be attributed mainly to the spike in 4Q (the seasonal rise in personnel expenses and other non-recurring items drove up costs in the previous quarter).

Adjusted for the FX-effect, total gross loan portfolio shrank by 6% y-o-y and remained flat q-o-q. These indices were significantly influenced by recovery of corporate exposures in the first quarter (altogether in the gross amount of HUF 2.4 billion), since the recovery resulted in a decline in both gross loan volumes and the DPD90+ loan volumes. If we eliminated the impact of corporate loans' recovery on volumes, corporate loan volumes would go up by 3% q-o-q. Retail loans expanded, because the Bank concentrated its lending activity on the RSD personal loans, which resulted in remarkable FX-adjusted volume growth in this segment (+5% q-o-q, +13% y-o-y). The volume expansion was due to the continuously improving sales performance.

Deposits increased by 11% q-o-q adjusted for the FX-effect, but stagnated in yearly comparison. The 1Q rise was driven by the 43% expansion of volatile corporate deposits, but SME deposits increased, too. On the contrary, household deposits eroded further q-o-q, because offered deposit rates to households declined even in 1Q in line with the overall lower interest rate environment on the market and the improving RSD liquidity position of the Bank.

The capital adequacy ratio (CAR) reached 13.8% in March, compared to 18.1% a quarter ago. The main reason for the lower capital adequacy ratio is the amortization of subordinated debt.

CRNOGORSKA KOMERCIJALNA BANKA (MONTENEGRO)

Performance of CKB:

Main components of P&L account in HUF mn	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	-214	-1,046	312	-130%	-246%
Income tax	0	0	0	-100%	
Pre-tax profit	-214	-1,046	312	-130%	-246%
Operating profit	275	531	594	12%	116%
Total income	1,730	2,385	2,413	1%	39%
Net interest income	1,227	1,611	1,807	12%	47%
Net fees and commissions	536	733	527	-28%	-2%
Other net non-interest income	-33	41	79	94%	-340%
Operating expenses	-1,454	-1,854	-1,819	-2%	25%
Total risk costs	-489	-1,577	-282	-82%	-42%
Provision for possible loan losses	-558	-176	-370	110%	-34%
Other provision	70	-1,400	88	-106%	26%
Main components of balance sheet closing balances in HUF mn	**1Q 2011**	**4Q 2011**	**1Q 2012**	**Q-o-Q**	**Y-o-Y**
Total assets	202,497	232,750	214,744	-8%	6%
Gross customer loans	145,402	165,708	157,051	-5%	8%
Gross customer loans (FX-adjusted)	161,715	157,437	157,051	0%	-3%
Retail loans	103,297	69,049	67,959	-2%	-34%
Corporate loans	58,418	88,388	89,092	1%	53%
Car financing loans	0	0	0		
Allowances for possible loan losses	-35,469	-46,536	-44,528	-4%	26%
Allowances for possible loan losses (FX-adjusted)	-39,449	-44,170	-44,528	1%	13%
Deposits from customers	148,157	171,982	157,423	-8%	6%
Deposits from customers (FX-adjusted)	165,173	163,235	157,423	-4%	-5%
Retail deposits	106,287	127,720	123,861	-3%	17%
Corporate deposits	58,886	35,515	33,562	-5%	-43%
Liabilities to credit institutions	21,082	22,287	24,451	10%	16%
Subordinated debt	7,210	8,408	4,436	-47%	-38%
Total shareholders' equity	17,917	16,231	19,279	19%	8%

Loan Quality	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	49,114	60,296	57,719	-4.3%	17.5%
90+ days past due loans/gross customer loans (%)	33.8%	36.4%	36.8%	0.4%	3.0%
Cost of risk/average gross loans (%)	1.49%	0.44%	0.92%	0.48%	-0.57%
Cost of risk/average (FX-adjusted) gross loans (%)	1.37%	0.45%	0.95%	0.49%	-0.43%
Total provisions/90+ days past due loans (%)	72.2%	77.2%	77.1%	0.0%	4.9%
Performance Indicators (%)	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
ROA	-0.4%	-1.8%	0.6%	2.4%	1.0%
ROE	-5.1%	-25.6%	7.1%	32.7%	12.1%
Total income margin	3.38%	4.15%	4.34%	0.19%	0.95%
Net interest margin	2.40%	2.80%	3.25%	0.44%	0.85%
Cost/income ratio	84.1%	77.7%	75.4%	-2.4%	-8.7%
Net loans to deposits (FX-adjusted)	74%	69%	71%	2%	-3%

- ***CKB posted HUF 0.3 billion profit in contrast to HUF 1 billion loss realized in 4Q 2011***
- ***Favourable q-o-q development (+12%) of operating income, improving total income and net interest margin***
- ***Regarding the retail segment, loan volumes diminished further both q-o-q and y-o-y due to the sluggish loan demand in the past three months, while corporate loans remained stable q-o-q***
- ***The quarterly provision for loan losses doubled on a q-o-q bases, accordingly provision coverage remained high, it is still over 77%***

The HUF denominated financials of the Montenegrin CKB Bank were influenced by the development of the EUR/HUF exchange rate: in 1Q 2012 the closing rate of the HUF weakened by 11% y-o-y, but strengthened by 5% q-o-q. On a yearly basis the average rate weakened by 9% against the EUR and strengthened by 2% q-o-q.

Methodological note: in 2Q and 3Q 2011 the micro and small loan portfolio was partially reclassified from the SME segment into corporate loans. Those changes had a significant impact; consequently the y-o-y comparison of product volumes developments could be deceptive.

In 1Q 2012 **the Montenegrin CKB Bank** realized HUF 0.3 billion after-tax profit in contrast to HUF 1 billion loss in 4Q 2011. The favourable profit development was mainly due to the q-o-q diminishing total risk cost, at the same time it reflects the q-o-q higher operating income (+12%) of the Bank.

In the last quarter, within revenues, net interest income improved by 12% q-o-q. Higher interest income of interbank loans, and lower interest expenses on the diminishing retail term deposit and corporate deposit base (-1%, and -6% q-o-q, FX-adjusted) were the key factors behind the earning dynamics. As a result of lower yielding deposit base net interest margin improved q-o-q and y-o-y (+0.44 ppts, and 0.85 ppts), however lower interest rates had a slight negative impact on the market share of retail term deposit, decreasing by 80 basis points in the first two months.

Net fees showed a q-o-q 28% drop mainly due to seasonality. The yearly decline was partially driven by the lower deposit and payment related fees, as well as shrinking lending fees and commissions as an effect of the dwindling loan portfolio.

Operating expenses were 2% lower than a quarter earlier. Other expenses decreased by 24% in 1Q, since the related costs of IT services and marketing campaigns were recognised at the end of the year 2011. The higher level of personnel expenses was partially affected by the enhancement of factoring activities, while depreciation was 24% higher on a quarterly base. During the first 3 months, the branch network (1Q 2012: 32 branches) remained unchanged and the staff level (1Q 2012: 451 persons) increased only by 1 person.

Regarding the risk cost, loan loss provisioning on non-performing portfolio doubled in 1Q q-o-q, while other provisions made for unpaid interest and already utilized bank guarantees dropped significantly.

The non-performing loan volumes q-o-q increased by 1% in local currency (+EUR 1.5 million), the DPD90+ ratio increased further by 0.4 ppt reaching 36.8%. However, in 1Q 2012, due to the repayments of several corporate clients, the corporate non-performing portfolio decreased further and corporate DPD90+ ratio improved accordingly. The provision coverage of non-performing loans reached 77.1%, remained stable on a quarterly basis and grew by 4.9 ppts y-o-y.

The demand for loans has remained sluggish; the FX-adjusted loan portfolio stagnated q-o-q and declined by 3% y-o-y. With respect to the retail segment, the mortgage loan portfolio diminished further (-3% q-o-q, FX-adjusted). The shrinking mortgage portfolio was partially offset by the gradually increasing consumer loan portfolio. In 1Q 2011 consumer loan disbursement represented EUR

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

3.5 million. Furthermore, the popularity of AMEX credit cards and mobile banking services (sms) has been gradually intensifying.

Due to the favourable liquidity position of the Bank, the offered interest rate on deposits was decreased. The FX-adjusted retail deposit base decreased by 3% and corporate deposit base by 6% q-o-q, partially due to seasonal effect. Accordingly, the net loan to deposit ratio stood at 71% as at the end of 1Q 2012.

The capital adequacy ratio of CKB Bank stood at 13.9% (regulatory minimum 10%) as at the end of March 2012. In January 2012, the bank received a capital injection in the amount of EUR 12 million by converting the subordinated debt provided by OTP Bank into ordinary shares.

STAFF LEVEL AND OTHER INFORMATION

The closing staff number of OTP Group (including the number of employed selling agents) was 33,871 as at 31 March 2012 (+45 people ytd). During 1Q 2012 there was a staff increase of 137 people in Bulgaria out of foreign subsidiaries. In Russia and Ukraine the staff number in core banking activities showed a declining trend. However, the headcount of people employed in consumer lending continued further parallel with seeking new retail partner chains.

OTP Group provides services through more than 1,400 branches in 9 countries of the CEE-region. In Hungary, OTP Bank has an extensive distribution network, which includes around 400 branches and 2,019 ATM terminals. The Bank has more than 42,000 POS-units at the same time.

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	1Q 2011	4Q 2011	1Q 2012	Q-o-Q	Y-o-Y
OTP BANK (separate)					
Closing headcount (person)	7,787	7,912	7,932	0%	2%
Per capita total asset (HUF million)	832	858	859	0%	3%
Per capita quarterly after-tax profit (HUF million)	3.2	-2.5	4.0	-262%	
OTP GROUP					
Closing headcount (person)	30,154	33,826	33,871	0%	12%
Per capita total asset (HUF million)	321	302	295	-2%	-8%
Per capita quarterly after-tax profit (HUF million)	1.2	-0.8	0.4	-148%	-70%

	31 March 2012				31 December 2011			
	Branches	ATM	POS	Headcount (closing)	Branches	ATM	POS	Headcount (closing)
OTP Core	378	2,019	42,122	8,417	377	2,028	42,122	8,470
OTP Bank Russia (w/o employed agents)	151	215	2,697	5,077	148	215	2,697	5,108
DSK Group	385	885	4,118	4,613	386	890	4,178	4,477
OTP Bank Ukraine (w/o employed agents)	153	164	349	2,948	152	165	406	3,003
OTP Bank Romania	100	135	1,389	957	100	136	1,302	957
OTP banka Hrvatska	103	215	1,175	975	103	218	1,139	971
OTP Banka Slovensko	72	114	195	621	74	115	202	609
OTP banka Srbija	52	160	3,377	659	52	162	3,557	649
CKB	32	84	4,010	451	32	84	4,010	450
Foreign subsidiaries, total	1,048	1,972	17,310	16,301	1,047	1,985	17,491	16,223
Other Hungarian and foreign subsidiaries				811				783
OTP Group total (w/o employed agents)				**25,529**				**25,476**
OTP Bank Russia – employed agents				***6,705***				***6,940***
OTP Bank Ukraine – employed agents				***1,637***				***1,410***
OTP Group total	**1,426**	**3,991**	**59,432**	**33,871**	**1,424**	**4,013**	**59,613**	**33,826**

PERSONAL AND ORGANIZATIONAL CHANGES

In the first quarter of the year 2012 there was neither change in the composition of the Supervisory Board, Board of Directors nor in the Auditor of the Bank.

FINANCIAL DATA

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF FINANCIAL POSITION

In HUF million	OTP Bank			Consolidated		
	31/03/2012	31/12/2011	change	31/03/2012	31/12/2011	change
Cash, due from banks and balances with the National Bank of Hungary	322,849	226,976	42%	650,444	595,986	9%
Placements with other banks, net of allowance for possible placement losses	1,023,799	897,980	14%	554,915	422,777	31%
Financial assets at fair value through profit and loss	256,958	272,577	-6%	219,420	241,282	-9%
Securities available-for-sale	1,622,930	1,711,418	-5%	1,116,219	1,125,855	-1%
Loans, net of allowance for loan losses	2,593,757	2,741,827	-5%	6,671,887	7,047,179	-5%
Investments in subsidiaries	664,830	651,709	2%	11,843	10,342	15%
Securities held-to-maturity	120,997	120,467	0%	117,774	124,887	-6%
Premises, equipment and intangible assets, net	104,011	104,332	0%	476,068	491,666	-3%
Other assets	101,685	57,404	77%	186,356	140,553	33%
TOTAL ASSETS	**6,811,816**	**6,784,690**	0%	**10,004,926**	**10,200,527**	-2%
Due to banks and deposits from the National Bank of Hungary and other banks	1,150,464	871,770	32%	714,147	646,968	10%
Deposits from customers	3,300,967	3,416,221	-3%	6,218,220	6,398,853	-3%
Liabilities from issued securities	428,173	453,423	-6%	810,135	812,863	0%
Financial liabilities at fair value through profit or loss	248,041	345,955	-28%	142,740	230,149	-38%
Other liabilities	267,459	267,184	0%	439,629	376,937	17%
Subordinated bonds and loans	310,470	325,997	-5%	299,494	316,447	-5%
TOTAL LIABILITIES	**5,705,574**	**5,680,550**	0%	**8,624,365**	**8,782,217**	-2%
SHARE CAPITAL	28,000	28,000	0%	28,000	28,000	0%
RETAINED EARNINGS AND RESERVES	1,083,764	1,081,659	0%	1,401,293	1,439,095	-3%
TREASURY SHARES	-5,522	-5,519	0%	-54,389	-54,386	0%
MINORITY INTEREST				5,657	5,601	1%
TOTAL SHAREHOLDERS' EQUITY	1,106,242	1,104,140	0%	1,380,561	1,418,310	-3%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**6,811,816**	**6,784,690**	0%	**10,004,926**	**10,200,527**	-2%

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF RECOGNIZED INCOME

in HUF million	OTP Bank			Consolidated		
	1Q 2012	1Q 2011	change	1Q 2012	1Q 2011	change
Loans	55,287	54,880	1%	201,431	184,185	9%
Interest income without swap	53,347	52,330	2%	199,490	181,635	10%
Results of swaps	1,940	2,550	-24%	1,941	2,550	-24%
Placements with other banks	93,491	60,560	54%	99,896	77,679	29%
Interest income without swap	7,007	4,108	71%	2,004	1,947	3%
Results of swaps	86,484	56,452	53%	97,892	75,732	29%
Due from banks and balances with the National Bank of Hungary	1,866	1,360	37%	2,061	1,442	43%
Securities held-for-trading	412	474	-13%	461	319	45%
Securities available-for-sale	29,115	26,248	11%	19,353	17,790	9%
Securities held-to-maturity	2,315	2,527	-8%	1,704	2,076	-18%
Total Interest Income	182,486	146,049	25%	324,906	283,491	15%
Due to banks and deposits from the National Bank of Hungary and other banks	85,772	46,587	84%	88,037	60,319	46%
Interest expenses without swap	8,472	3,903	117%	6,023	3,793	59%
Losses of swaps	77,300	42,684	81%	82,014	56,526	45%
Deposits from customers	33,512	33,653	0%	56,653	53,656	6%
Interest expenses without swap	31,503	29,618	6%	54,644	49,621	10%
Losses of swaps	2,009	4,035	-50%	2,009	4,035	-50%
Liabilities from issued securities	7,320	7,875	-7%	14,030	14,478	-3%
Subordinated bonds and loans	4,362	3,978	10%	3,149	3,290	-4%
Other entrepreneurs	0	0		794	879	-10%
Total Interest Expense	130,966	92,093	42%	162,663	132,622	23%
NET INTEREST INCOME	**51,520**	**53,956**	**-5%**	**162,243**	**150,869**	**8%**
Provision for possible loan losses	9,670	7,907	22%	45,606	47,198	-3%
Provision for possible placement losses	-11	-517	-98%	1,400	-128	
Provision for possible loan and placement losses	9,659	7,390	31%	47,006	47,070	0%
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN AND PLACEMENT LOSSES	41,861	46,566	-10%	115,237	103,799	11%
Fees and commissions	27,391	26,802	2%	46,549	41,565	12%
Foreign exchange gains and losses, net	-9,979	-3,187	213%	-7,236	-3,651	98%
Gains and losses on securities, net	-1,959	-220	790%	-1,446	515	-381%
Gains and losses on real estate transactions, net	0	0		214	255	-16%
Dividend income and gains and losses of associated companies	40,873	20,561	99%	1	360	-100%
Other	1,540	194	694%	7,428	4,806	55%
Total Non-Interest Income	57,866	44,150	31%	45,510	43,850	4%
Fees and commissions	5,170	4,894	6%	11,767	7,978	47%
Personnel expenses	19,477	16,276	20%	46,904	39,308	19%
Depreciation and amortization	5,141	5,954	-14%	11,140	11,740	-5%
Other	42,698	27,142	57%	77,577	45,878	69%
Total Non-Interest Expense	72,486	54,266	34%	147,388	104,904	40%
INCOME BEFORE INCOME TAXES	**27,241**	**36,450**	**-25%**	**13,359**	**42,745**	**-69%**
Income taxes	-4,350	666	-753%	531	5,558	-90%
INCOME AFTER INCOME TAXES	**31,591**	**35,784**	**-12%**	**12,828**	**37,187**	**-66%**
Minority interest	0	0		-219	-205	7%
NET INCOME	**31,591**	**35,784**	**-12%**	**12,609**	**36,982**	**-66%**

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF CASH FLOWS

in HUF million	OTP Bank			Consolidated		
	31/03/2012	31/03/2011	change	31/03/2012	31/03/2011	change
OPERATING ACTIVITIES						
Income before income taxes	**27,241**	**36,450**	**-25%**	**13,359**	**42,745**	**-69%**
Adjustments to reconcile income before income taxes to net cash provided by operating activities						
Income tax paid	-1,200	-2,029	41%	-5,400	-6,954	22%
Depreciation, amortization	5,141	5,954	-14%	11,140	11,740	-5%
Provision for loan and placement losses	10,377	13,372	-22%	48,182	46,832	3%
Share-based compensation	1,219	0		1,219	0	
Unrealised losses on fair value adjustment of securities held of trading	-1,718	535	-421%	-1,723	524	-429%
Unrealised losses / (gains) on fair value adjustment of derivative financial instruments	10,485	5,377	95%	6,490	-40,429	116%
Changes in operating assets and liabilities	-172,565	119,165	-245%	102,063	350,108	-71%
Net cash provided by operating activities	**-121,020**	**178,824**	**-168%**	**175,330**	**404,566**	**-57%**
INVESTING ACTIVITIES						
Net cash used in investing activities	**-17,565**	**-139,829**	**87%**	**-106,388**	**-297,117**	**64%**
FINANCING ACTIVITIES						
Net cash provided by financing activities	**234,417**	**-16,138**	**1553%**	**8,745**	**-130,043**	**107%**
Net (decrease) / increase in cash and cash equivalents	**95,832**	**22,857**	**319%**	**77,687**	**-22,594**	**444%**
Cash and cash equivalents at the beginning of the period	146,208	88,197	66%	315,177	255,045	24%
Cash and cash equivalents at the end of the period	**242,040**	**111,054**	**118%**	**392,864**	**232,451**	**69%**
DETAILS OF CASH AND CASH EQUIVALENTS						
Cash, due from banks and balances with the National Bank of Hungary	226,976	171,677	32%	595,986	513,038	16%
Mandatory reserve established by the National Bank of Hungary	-80,768	-83,480	3%	-280,809	-257,993	-9%
Cash and equivalents at the beginning of the period	**146,208**	**88,197**	**66%**	**315,177**	**255,045**	**24%**
Cash, due from banks and balances with the National Bank of Hungary	322,849	191,650	68%	650,444	458,061	42%
Compulsory reserve established by the National Bank of Hungary	-80,809	-80,596	0%	-257,580	-225,610	-14%
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**242,040**	**111,054**	**118%**	**392,864**	**232,451**	**69%**

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY (IFRS)

in HUF million	Share capital	Capital reserve	Share-based payment reserve	Retained earning and reserves	Put option reserve	Treasury shares	Total	Total
Balance as at 1 January 2011	**28,000**	**52**	**28**	**1,383,026**	**-55,468**	**-52,597**	**5,888**	**1,308,929**
Net comprehensive income	--	--	--	36,982		--	--	**36,982**
Net comprehensive income elements				-26,170				**-26,170**
Share-based payment	--	--				--	--	
Closed share-based payments								
Treasury share transactions								
Dividend for the year 2010	--	--	--	-20,160		--	--	**-20,160**
Written put option on ordinary shares								
Treasury shares								
– gain on sale						2,477		**2,477**
– loss on sale				-16				**-16**
– change of volume						-2,399		**-2,399**
Payments to ICES holders				-837				**-837**
Non-controlling interest	--	--	--	--	--	--	162	**162**
Balance as at 1 March 2011	**28,000**	**52**	**28**	**1,372,825**	**-55,468**	**-52,519**	**6,050**	**1,298,968**

	Share capital	Capital reserve	Share-based payment reserve	Retained earning and reserves	Put option reserve	Treasury shares	Total	Total
Balance as at 1 January 2012	**28,000**	**52**	**6,215**	**1,488,296**	**-55,468**	**-54,386**	**5,601**	**1,418,310**
Net comprehensive income	--	--	--	12,609		--	--	**12,609**
Net comprehensive income elements				-22,773				**-22,773**
Share-based payment	--	--	1,219			--	--	**1,219**
Closed share-based payments								
Treasury share transactions								
Dividend for the year 2011	--	--	--	-28,000		--	--	**-28,000**
Written put option on ordinary shares								
Treasury shares								
– gain on sale						353		**353**
– loss on sale				4				**4**
– change of volume						-356		**-356**
Payments to ICES holders				-861				**-861**
Non-controlling interest	--	--	--	--	--	--	56	**56**
Balance as at 1 March 2012	**28,000**	**52**	**7,434**	**1,449,275**	**-55,468**	**-54,389**	**5,657**	**1,380,561**

Ownership structure of OTP Bank Plc.

Description of owner	Total equity					
	1 January 2012			31 March 2012		
	%[1]	%[2]	Qty	%[1]	%[2]	Qty
Domestic institution/company	17.2%	17.5%	48,167,622	13.4%	13.6%	37,538,864
Foreign institution/company	59.9%	60.9%	167,611,237	63.5%	64.6%	177,879,637
Domestic individual	11.1%	11.3%	31,040,428	10.7%	10.9%	29,902,811
Foreign individual	1.1%	1.2%	3,204,215	1.1%	1.2%	3,216,128
Employees, senior officers	1.8%	1.9%	5,103,361	1.8%	1.9%	5,103,361
Treasury shares	1.7%	0.0%	4,716,888	1.7%	0.0%	4,714,547
Government held owner[3]	0.4%	0.4%	1,132,501	0.4%	0.4%	1,086,801
International Development Institutions[4]	1.5%	1.6%	4,320,559	1.5%	1.6%	4,320,559
Other[5]	5.3%	5.3%	14,703,199	5.8%	5.9%	16,237,302
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.
[5] Non-identified shareholders according to the shareholders' registry

Number of treasury shares held in the year under review

	1 January	31 March	30 June	30 September	31 December
Company	2,643,328	2,640,987			
Subsidiaries	2,073,560	2,073,560			
TOTAL	4,716,888	4,714,547			

Shareholders with over/around 5% stake

Name	Number of shares	Voting rights	Beneficial ownership
Megdet, Timur and Ruszlan Rahimkulov	25,050,912	8.95%	9.10%
MOL (Hungarian Oil and Gas Company Plc.)	24,000,000	8.57%	8.72%
Groupama Group	23,257,160	8.31%	8.45%
Lazard Group	16,661,493	5.95%	6.05%

Senior officers, strategic employees and their shareholding of OTP shares

Type[1]	Name	Position	No. of shares held
IT	Dr. Sándor Csányi [2]	Chairman and CEO	200,000
IT	Mihály Baumstark	member	0
IT	Dr. Tibor Bíró	member	30,681
IT	Péter Braun	member	527,905
IT	Zsolt Hernádi	member	0
IT	Dr. István Kocsis	member	81,600
IT	Dr. Antal Pongrácz	Deputy Chairman, Deputy CEO	200,000
IT	Dr. László Utassy	member	260,000
IT	Dr. József Vörös	member	117,200
FB	Tibor Tolnay	Chairman	54
FB	Dr. Gábor Horváth	member	10,000
FB	Antal Kovács	member, Deputy CEO	23,000
FB	András Michnai	member	15,600
FB	Pierre Lefévre	member	0
FB	Dr. Márton Gellért Vági	member	0
SP	László Bencsik	Chief Financial and Strategic Officer, Deputy CEO	0
SP	Dr. István Gresa	Deputy CEO	63,758
SP	Daniel Gyuris	Deputy CEO	0
SP	Ákos Takáts	Deputy CEO	153,347
SP	László Wolf	Deputy CEO	644,640
TOTAL No. of shares held by management:			**2,327,785**

[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

OFF-BALANCE SHEET ITEMS ACCORDING TO IFRS (IN HUF MILLION) [1]

a) Contingent liabilities

	31/03/2012	31/03/2011
Commitments to extend credit	1.044.762	841.750
Guarantees arising from banking activities	321.431	252.167
Confirmed letters of credit	5.015	5.494
Legal disputes (disputed value)[2]	10.169.362	8.602.919
Contingent liabilities related to OTP Mortgage Bank	--	--
Other	68.973	101.168
Total:	**11.609.543**	**9.803.497**

[1] Those financial undertakings, which are important from valuation perspectives however not booked within the balance sheet (such as surety, guarantees, pledge related obligations, etc.)

[2] The pending payment obligation in the amount of HUF 10,169 billion existing on 31 March 2012 is largely attributable and related to the litigation initiated in 2010 by the Holocaust Victims of Bank Theft seeking to enforce a claim against OTP Bank Plc. before the US District Court Northern District of Illinois. The result of this litigation, which cannot be predicted at this stage of the proceeding, is not likely to have a significant effect on the financial position or profitability of OTP Bank Plc. or the OTP Group.

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	7,787	7,912	7,932
Consolidated	30,154	33,826	33,871

Major security issuances on Group level in the course of 2011 and 1Q 2012*

Issuer	Type of security	Security name	Date of issue	Date of maturity	Currency	Outstanding consolidated debt (in original currency or HUF million) 31/03/2012	Outstanding consolidated debt (in HUF million) 12/03/2012
OTP Mortgage Bank	mortgage bond	OJB2019_II	05/25/2011	03/18/2019	HUF	1,059	1,059
OTP Mortgage Bank	mortgage bond	OJB2020_II	05/25/2011	11/12/2020	HUF	1,487	1,487
OTP Mortgage Bank	mortgage bond	OJB2013_IV	05/31/2011	08/31/2013	HUF	3,567	3,567
OTP Mortgage Bank	mortgage bond	OMB2014_II	08/10/2011	08/10/2014	EUR	15,500,000	4,582
OTP Mortgage Bank	mortgage bond	OMB2013_I	11/11/2011	11/18/2013	EUR	3,500,000	1,035
OTP Bank Russia	senior note	OTPRU 14/03	03/29/2011	03/25/2014	RUB	2,500,000,000	18,850
OTP Bank Russia	senior note	OTPRU 14/07	08/02/2011	07/29/2014	RUB	5,000,000,000	37,700
OTP Bank Russia	senior note	OTPRU 14/10	11/03/2011	10/30/2014	RUB	3,891,500,000	29,342
OTP Bank Russia	senior note	OTPRU 15/03	03/06/2012	03/30/2015	RUB	4,505,000,000	33,968

Major security redemptions on Group level in the course of 2011 and 1Q 2012*

Issuer	Type of security	Security name	Date of issue	Date of maturity	Currency	Outstanding consolidated debt (in original currency or HUF million) 31/12/2010	Outstanding consolidated debt (in HUF million) 12/31/2010
OTP Bank Plc.	senior note	OTP HBFIXED 160511	05/16/2008	05/16/2011	EUR	432,250,000	120,490
OTP Mortgage Bank	mortgage bond	OJB2011_V	02/08/2008	02/08/2011	HUF	1,111	1,111
OTP Mortgage Bank	mortgage bond	OJB2011_I	12/20/2002	02/12/2011	HUF	15,111	15,111
OTP Mortgage Bank	mortgage bond	OMB2011_I	07/10/2006	07/11/2011	EUR	727,350,000	202,749
OTP Mortgage Bank	mortgage bond	OJB2011_IV	08/31/2006	08/31/2011	HUF	7,622	7,622
OTP Mortgage Bank	mortgage bond	OJB2011_II	05/28/2004	09/12/2011	HUF	8,780	8,780
OTP Mortgage Bank	mortgage bond	OJB2011_III	02/28/2005	11/30/2011	HUF	2	2
OTP Mortgage Bank	mortgage bond	OMB2011_II	12/04/2009	12/05/2011	EUR	86,900,000	24,223
OTP Banka Slovensko	mortgage bond	OTP XIII.	03/12/2008	03/12/2011	EUR	16,596,960	4,626
OTP Bank Plc.	senior note	OTPHB402/12	02/24/2010	02/24/2012	CHF	55,535,000	12,449
OTP Mortgage Bank	mortgage bond	OJB2012_I	03/17/2004	03/21/2012	HUF	13,870	13,870

*Without Hungarian retail bonds and structured treasury bonds.

SUPPLEMENTARY DATA

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

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

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

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

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

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

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

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

(7) Revaluation result (revaluation benchmark: Croatian industrial price index) of HRK denominated government bonds issued in 1991 with 20 years tenor, 5% fixed interest rates aiming the restructuring of the Croatian economy was accounted against capital during the maturity. At maturity the revaluation result was transferred from capital to P&L on Other net non-interest income line.

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

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

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

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

(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 Separate 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 Separate accounting figures of OTP Bank are still disclosed in the Financial Data section of the Report.

- As non-recurring results, the after tax effect of the following items are shown separately on the Statement of Recognised Income: received dividends, received and paid cash transfers, goodwill write-offs, special tax on financial institutions, the loss from early repayment of FX mortgage loans in Hungary, the revaluation result on FX purchased from the National Bank of Hungary to cover the FX need of early repayments and the special banking tax refund related to the early repayments.
- Other non-interest income elements stemming from provisioning release in connection with loans originated before the acquisitions of the subsidiaries have been reclassified to and deducted from the volume of provisions for possible loan losses in the income statement.
- Other non-interest income is shown together with gains/losses on real estate transactions, but without the above mentioned income from the release of pre-acquisition provisions and without received cash transfers. However other non-interest expenses stemming from non-financial activities are added to the adjusted net other non-interest income line, therefore the latter incorporates the net amount of other non-interest income from non-financial activities.
- Out of other expenses, other provisions are deducted and shown separately as other risk costs in the adjusted income statement. Other provisions contain provisioning on off-balance sheet liabilities and on legal contests, provisioning on securities, shares and other investments as well as provisioning on other assets.
- Other administrative expenses have been adjusted in the following way in order to create a category comprising material cost items exclusively. Other costs and expenses and other non-interest expenses were included into the adjusted Other non-interest expenses. At the same time, the following cost items were excluded from adjusted other non-interest expenses: paid cash transfers – except for movie subsidies and cash transfers to public benefit organisations, which are quasi marketing expenses but kept as paid cash transfer on the P&L –, Other non-interest expenses and Special tax on financial institutions.
- In 1Q 2010, parallel losses on sale of securities and release of other provisions for these securities were netted and are shown together on line "Gain/loss on securities, net" both at OTP Group consolidated and at OTP Core stand alone level. The negative P&L effect stemming from the deteriorated value of these securities was suffered in previous quarters – at the time of emerging of the above mentioned other provisions.
- From 4Q 2010 onwards, the fee expenses paid by Merkantil Group to car dealers ('dealer fees') were registered as interest expense on the accounting income statement. Earlier this item had been booked as fee expense. In order to create a comparable time series, since 4Q 2010 dealer fees have been reclassified from net interest income to net fees and commissions – both on the consolidated and on a standalone level.
- Within the aggregated income statement of Merkantil Bank and Car, other risk cost related to leasing companies – as investments of the Merkantil Group – is eliminated. The reason behind is that this provisioning is eliminated in the consolidated income statement of OTP Group, and only the net result of the leasing companies is making part of OTP Group's consolidated net earnings.
- Cost/income ratio, net interest margin, risk cost to average gross loans as well as ROA and ROE ratios are calculated on the basis of the adjusted profit and loss statement, excluding adjustment items such as received dividends and net cash transfers, the after tax effect of the goodwill write-downs, the effect of special banking tax, the loss from early repayment of FX mortgage loans in Hungary and the revaluation result on FX purchased from the National Bank of Hungary to cover the FX need of early repayments. Cost/income ratio is calculated from operating costs, excluding other risk costs.
- OTP Group is hedging the revaluation result of the FX provisions on its FX loans by keeping hedging open FX positions. In its accounting statement of income, the revaluation of FX provisions is part of the risk costs (within line "Provision for loan losses"), whereas the revaluation of the hedging open FX positions is made through other non-interest income (within line "Foreign exchange result, net"). The two items have the same absolute amount but an opposite sign. As an adjustment to the accounting statement of income, these items are eliminated from the adjusted P&L, By modifying only the structure of the income statement, this correction does not have any impact on the bottom line net profits.
- Within the report, FX-adjusted statistics for business volumes are disclosed. For FX adjustment, the closing cross currency rates for the period of 1Q 2012 were used to calculate the HUF equivalent of the loan and deposit volumes in the base periods. Thus the FX adjusted volumes will be different from those published earlier and calculated with cross currency rates of previous periods.

ADJUSTMENTS OF CONSOLIDATED IFRS P&L LINES

in HUF million	1Q 11	2Q 11	3Q 11	4Q 11 Audited	2011 Audited	1Q 12
Net interest income	**150,868**	**150,143**	**161,974**	**167,833**	**630,817**	**162,243**
(-) Agent fees paid to car dealers by Merkantil Group	-856	-834	-787	-767	-3,244	-704
Net interest income (adj.) with one-offs	**151,724**	**150,977**	**162,761**	**168,600**	**634,061**	**162,947**
(-) Revaluation result of FX swaps at OTP Core (booked within net interest income)	0	0	3,530	-361	3,169	-1,200
Net interest income (adj.) without one-offs	**151,724**	**150,977**	**159,230**	**168,961**	**630,892**	**164,147**
Net fees and commissions	**33,587**	**36,208**	**37,364**	**39,364**	**146,524**	**34,782**
(+) Agent fees paid to car dealers by Merkantil Group	-856	-834	-787	-767	-3,244	-704
Net fees and commissions (adj.)	**32,731**	**35,374**	**36,577**	**38,597**	**143,280**	**34,078**
Foreign exchange result on Consolidated IFRS P&L	**-3,651**	**9,078**	**22,958**	**21,646**	**50,031**	**-7,236**
(-) Revaluation result of FX positions hedging the revaluation of FX provisions	-11,095	7,117	16,631	14,410	27,063	-11,659
(-) Revaluation result on FX purchased from the National Bank of Hungary to cover the FX need of early repayments	0	0	1,775	-1,775	0	0
Foreign exchange result (adj.) with one-offs	**7,444**	**1,961**	**4,553**	**9,011**	**22,968**	**4,423**
(-) Non-recurring FX-gains and losses (booked within Foreign exchange gains, net at OTP Core)	0	0	0	3,926	3,926	0
Foreign exchange result (adj.) without one-offs	**7,444**	**1,961**	**4,553**	**5,085**	**19,042**	**4,423**
Gain/loss on securities, net	**516**	**2,314**	**3,713**	**6,747**	**13,290**	**-1,446**
Gain/loss on securities, net (adj.) with one-offs	**516**	**2,314**	**3,713**	**6,747**	**13,290**	**-1,446**
(-) Gain on Croatian government bonds (booked as Gain on securities, net (adj.) at OBH Croatia)	0	0	4,300	0	4,300	0
(-) Revaluation result of the treasury share swap agreement (booked as Gain on securities, net (adj.) at OTP Core)	0	0	0	5,572	5,572	-2,501
Gain/loss on securities, net (adj.) without one-offs	**516**	**2,314**	**-587**	**1,176**	**3,419**	**1,055**
Gains and losses on real estate transactions	**255**	**351**	**104**	**291**	**1,002**	**214**
(+) Other non-interest income	**4,807**	**5,376**	**6,850**	**10,220**	**27,252**	**7,428**
(-) Received cash transfers	0	5	15	17	37	2
(-) Non-interest income from the release of pre-acquisition provisions	775	72	130	54	1,030	232
(+) Other non-interest expenses	-2,625	-1,611	-261	-5,152	-9,648	-734
Net other non-interest result (adj.) with one-offs	**1,662**	**4,040**	**6,549**	**5,288**	**17,538**	**6,674**
(-) Gain on the repurchase of own Upper and Lower Tier2 Capital (booked as Net other non-interest result (adj.) at OTP Core)	0	318	1,454	807	2,580	1,124
Net other non-interest result (adj.) without one-offs	**1,662**	**3,722**	**5,095**	**4,480**	**14,959**	**5,550**
Provision for possible loan losses	**-47,070**	**-57,958**	**-77,566**	**-134,080**	**-316,675**	**-47,006**
(+) Non-interest income from the release of pre-acquisition provisions	775	72	130	54	1,030	232
(-) Revaluation result of FX provisions	11,095	-7,117	-16,631	-14,410	-27,063	11,659
(-) Loss from early repayment of FX mortgage loans in Hungary	0	0	-2,306	-67,157	-69,463	4,409
(-) Revaluation result on FX purchased from the National Bank of Hungary to cover the FX need of early repayments	0	0	0	9,313	9,313	-5,278
Provision for possible loan losses (adj.)	**-57,390**	**-50,768**	**-58,500**	**-61,773**	**-228,432**	**-57,564**

in HUF million	1Q 11	2Q 11	3Q 11	4Q 11 Audited	2011 Audited	1Q 12
Other expenses	**-45,878**	**-46,424**	**-47,357**	**-48,003**	**-187,662**	**-77,577**
(-) Other provisions	237	756	-839	-5,761	-5,607	-1,177
(-) Paid cash transfers	-205	-438	-312	-5,631	-6,587	-652
(+) Film subsidies and cash transfers to public benefit organisations	-176	-277	-217	-5,596	-6,266	-510
(-) Other non-interest expenses	-2,625	-1,611	-261	-5,152	-9,648	-734
(-) Special tax on financial institutions	-8,866	-8,866	-8,866	-8,866	-35,463	-35,539
(-) Special banking tax refund	0	0	0	20,839	20,839	-1,323
Other expenses (adj.)	**-34,595**	**-36,542**	**-37,297**	**-49,028**	**-157,462**	**-38,663**
After tax dividends and net cash transfers	**155**	**-329**	**85**	**-5,513**	**-5,603**	**-648**
(-) Film subsidies and cash transfers to public benefit organisations	-176	-277	-217	-5,596	-6,266	-510
After tax dividends and net cash transfers	**331**	**-52**	**302**	**82**	**663**	**-138**
Depreciation	**-11,740**	**-12,165**	**-12,600**	**-36,927**	**-73,433**	**-11,141**
(-) Goodwill impairment charges (OTP banka Srbija (Serbia), OTP Bank JSC (Ukraine), OTP banka Hrvatska (Croatia), CKB (Montenegro))	0	0	0	-23,979	-23,979	0
Depreciation (adj.)	**-11,740**	**-12,165**	**-12,600**	**-12,948**	**-49,454**	**-11,141**

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

Representing a methodological change compared to the previous reporting structure, the following adjustment is implemented on the financials shown within the financial reports and interim management reports published since 2Q 2011.

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

In order to prepare and present comparable time series, this adjustment was implemented retrospectively back to the first quarter of 2010. Therefore statistics for the base periods in the affected P&L lines of this report are differing from the disclosure published before 2Q 2011. As a result of the adjustment the sum of the affected lines did not change (ie. the sum of „Provision for loan losses" and „Other net non interest income"), the modification is only influencing the profit split between these lines. Financial indicators calculated from these lines changed as well.

The FX result reached on the hedging open FX positions is included in the table following this paragraph.

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

in HUF million	1Q 2011	2Q 2011	3Q 2011	4Q 2011	2011	1Q 2012
OTP Group Total	**-11,095**	**7,117**	**16,631**	**14,410**	**27,063**	**-11,659**
of which OTP Core (Hungary)	-8,188	5,035	15,723	13,893	26,464	-12,431
of which OTP Bank	-6,374	1,334	10,014	7,689	12,663	-6,427
OTP Mortgage Bank	-1,814	1,341	2,553	2,645	4,725	-2,961
OTP Factoring		2,360	3,156	3,559	9,075	-3,043
OTP Bank Russia	-839	76	475	-70	-357	-313
CJSC OTP Bank (Ukraine)	306	355	-429	30	262	397
OBR adj. (Romania)	-1,117	1,342	526	-171	580	498
OBH (Croatia)	-21	66	49	26	119	-8
OTP banka Srbija (Serbia)	-231	-183	-119	336	-196	681
Merkantil Bank + Car (Hungary)	-1,005	426	405	366	192	-483

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