OTP Bank Plc.

Summary of the full-year 2014 results

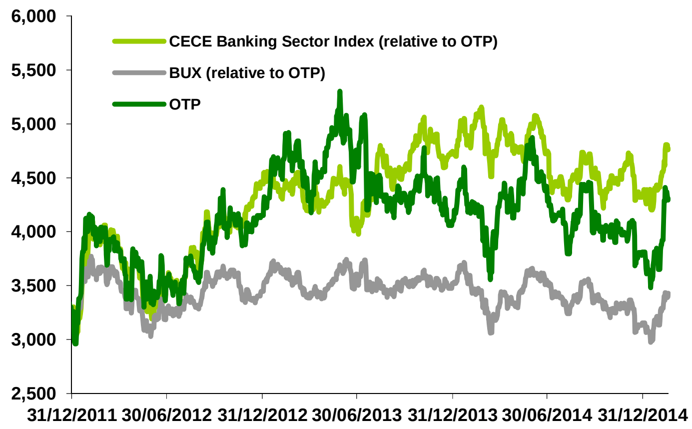
(English translation of the original report submitted
to the Budapest Stock Exchange)

Budapest, 6 March 2015

CONSOLIDATED FINANCIAL HIGHLIGHTS[1] AND SHARE DATA

Main components of the Statement of recognised income in HUF million	2013	2014	Y-o-Y	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
Consolidated after tax profit	**64,108**	**-102,258**	**-260%**	**1,407**	**34,097**	**10,928**	**-68%**	**677%**
Adjustments (total)	**-81,775**	**-220,272**	**169%**	**-9,207**	**582**	**698**	**20%**	**-108%**
Consolidated adjusted after tax profit without the effect of adjustments	**145,882**	**118,014**	**-19%**	**10,614**	**33,515**	**10,230**	**-69%**	**-4%**
Pre-tax profit	184,894	142,341	-23%	14,391	42,284	12,327	-71%	-14%
Operating profit	447,710	414,534	-7%	106,403	108,461	88,652	-18%	-17%
Total income	864,910	826,061	-4%	213,883	209,688	195,109	-7%	-9%
Net interest income	653,126	636,172	-3%	159,225	159,666	155,798	-2%	-2%
Net fees and commissions	166,936	169,579	2%	44,829	41,577	44,479	7%	-1%
Other net non-interest income	44,848	20,309	-55%	9,828	8,445	-5,168	-161%	-153%
Operating expenses	-417,201	-411,527	-1%	-107,480	-101,227	-106,458	5%	-1%
Total risk costs	-272,459	-274,749	1%	-91,643	-65,152	-77,290	19%	-16%
One off items	9,643	2,556	-73%	-369	-1,025	965	-194%	-362%
Corporate taxes	-39,012	-24,327	-38%	-3,777	-8,768	-2,097	-76%	-44%
Main components of balance sheet closing balances in HUF million	2013	2014	YTD	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
Total assets	10,381,047	10,971,052	6%	10,381,047	10,978,359	10,971,052	0%	6%
Total customer loans (net, FX adjusted)	**6,253,268**	**5,864,240**	**-6%**	**6,253,268**	**5,956,853**	**5,864,240**	**-2%**	**-6%**
Total customer loans (gross, FX adjusted)	**7,499,573**	**6,993,325**	**-7%**	**7,499,573**	**7,263,935**	**6,993,325**	**-4%**	**-7%**
Allowances for possible loan losses (FX adjusted)	-1,246,305	-1,129,085	-9%	-1,246,305	-1,307,082	-1,129,085	-14%	-9%
Total customer deposits (FX adjusted)	**6,910,068**	**7,673,479**	**11%**	**6,910,068**	**7,472,987**	**7,673,479**	**3%**	**11%**
Issued securities	445,218	267,084	-40%	445,218	334,843	267,084	-20%	-40%
Subordinated loans	267,162	281,968	6%	267,162	284,879	281,968	-1%	6%
Total shareholders' equity	1,509,332	1,264,166	-16%	1,509,332	1,314,958	1,264,166	-4%	-16%
Indicators based on one-off adjusted earnings %	2013	2014	Y-o-Y	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
ROE (from adjusted net earnings)	9.6%	8.5%	-1.1%p	2.8%	10.2%	3.1%	-7.0%p	0.4%p
ROA (from adjusted net earnings)	1.4%	1.1%	-0.3%p	0.4%	1.2%	0.4%	-0.9%p	0.0%p
Operating profit margin	4.37%	3.88%	-0.49%p	4.13%	4.03%	3.20%	-0.83%p	-0.93%p
Total income margin	8.44%	7.74%	-0.70%p	8.30%	7.80%	7.05%	-0.75%p	-1.25%p
Net interest margin	6.37%	5.96%	-0.41%p	6.18%	5.94%	5.63%	-0.31%p	-0.55%p
Cost-to-asset ratio	4.07%	3.85%	-0.22%p	4.17%	3.77%	3.85%	0.08%p	-0.32%p
Cost/income ratio	48.2%	49.8%	1.6%p	50.3%	48.3%	54.6%	6.3%p	4.3%p
Risk cost to average gross loans	3.51%	3.68%	0.16%p	4.43%	3.45%	3.82%	0.37%p	-0.61%p
Total risk cost-to-asset ratio	2.66%	2.57%	-0.09%p	3.56%	2.42%	2.79%	0.37%p	-0.76%p
Effective tax rate	21.1%	17.1%	-4.0%p	26.2%	20.7%	17.0%	-3.7%p	-9.2%p
Net loan/(deposit+retail bond) ratio (FX adjusted)	89%	75%	-14%p	89%	79%	75%	-3%p	-14%p
Capital adequacy ratio[2] (consolidated, IFRS) - Basel3	19.7%	17.5%	-2.2%p	19.7%	18.0%	17.5%	-0.4%p	-2.2%p
Tier1 ratio[2] - Basel3	17.4%	14.1%	-3.2%p	17.4%	14.5%	14.1%	-0.4%p	-3.2%p
Common Equity Tier 1 ('CET1') ratio[2] - Basel3	16.0%	14.1%	-1.9%p	16.0%	14.5%	14.1%	-0.4%p	-1.9%p
Share Data	2013	2014	Y-o-Y	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
EPS diluted (HUF) (from unadjusted net earnings)	240	-382	-259%	7	128	41	-68%	528%
EPS diluted (HUF) (from adjusted net earnings)	546	441	-19%	40	125	38	-69%	-4%
Closing price (HUF)	4,100	3,811	-7%	4,100	4,180	3,811	-9%	-7%
Highest closing price (HUF)	5,302	4,875	-8%	4,780	4,459	4,154	-7%	-13%
Lowest closing price (HUF)	4,059	3,555	-12%	4,059	3,795	3,684	-3%	-9%
Market Capitalization (EUR billion)	3.9	3.4	-12%	3.9	3.8	3.4	-10%	-12%
Book Value Per Share (HUF)	5,390	4,515	-16%	5,390	4,696	4,515	-4%	-16%
Tangible Book Value Per Share (HUF)	4,699	3,948	-16%	4,699	4,079	3,948	-3%	-16%
Price/Book Value	0.8	0.8	11%	0.8	0.9	0.8	-5%	11%
Price/Tangible Book Value	0.9	1.0	11%	0.9	1.0	1.0	-6%	11%
P/E (trailing, from accounting net earnings)	12.9	-9.5	-174%	12.9	-8.7	-9.5	10%	-174%
P/E (trailing, from adjusted net earnings)	7.1	9.0	27%	7.1	9.2	9.0	-2%	27%
Average daily turnover (EUR million)	18	14	-18%	14	12	11	-11%	-22%
Average daily turnover (million share)	1.1	1.1	-7%	0.9	0.9	0.8	-8%	-11%

SHARE PRICE PERFORMANCE



MOODY'S RATINGS

OTP Bank	
Foreign currency long term deposits	Ba2
Financial strength	D
OTP Mortgage Bank	
Covered mortgage bond	Baa2
OTP Bank Russia	
Foreign currency long term deposits	Ba3
Financial strength	E+
OTP Bank Ukraine	
Foreign currency long term deposits	Ca

STANDARD & POOR'S RATING

OTP Bank and OTP Mortgage Bank	
Long term credit rating	BB

FITCH'S RATING

OTP Bank Russia	
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.

[2] The dividend amount accrued in 2014 under Hungarian Accounting Standards was not deducted from the capital when calculating the IFRS consolidated capital adequacy ratios, because the dividend is not to be deducted from the net earnings if the net result is negative.

SUMMARY OF THE FULL-YEAR 2014 RESULTS

The Summary of the full-year 2014 results of OTP Bank Plc. has been prepared on the basis of its separate condensed and consolidated IFRS financial statements for 31 December 2014 or derived from that. At presentation of full year 2014 report of OTP Bank we applied International Financial Reporting Standards adopted by the European Union.

SUMMARY OF THE FULL-YEAR 2014 AND THE FOURTH QUARTER 2014

Diverging trends have remained in place and even strengthened throughout 2014 across the Group: while the overall macroeconomic and operating environment improved in Central and Eastern Europe, Ukraine and Russia faced worsening outlook and suffered deteriorating performance.

From the banking business perspective probably the two most important factors in Hungary were the positively shaping macroeconomic environment on one hand and the regulatory changes and rulings related to consumer (especially FX mortgage) contracts on the other. Despite the latter induced massive one-off losses for the sector, in the longer term it would indisputably create a healthier and safer operating environment.

After the modest economic growth in 2013, the GDP continued to expand in 2014 well beyond original expectations. According to preliminary data, the Hungarian GDP grew by 3.5% in 2014 (4Q: +3.4% y-o-y, so far the fastest amongst all published figures in the European Union). Unemployment rate dropped to 7.1% (-2 ppts y-o-y) and the employment exceeded its pre-crisis levels. The key engine behind the robust growth was still the export (+8%); however alongside the expanding industrial production (+7.6%) household consumption grew notably, too. The annual inflation was negative (-0.2%) and the base rate stood at 2.1% since August following 90 bps all-in cuts in 2014. Preliminary statistics suggested that the budget deficit was below 3% already for the third consecutive year (2014: 2.5%) and the public debt to GDP ratio was 77.3% at the end of 2014.

It is also encouraging that in light of those positive trends several international organizations (OECD, EBRD) as well as investment houses upgraded their 2015 growth forecasts. The official 2015 budget set the following key targets: 2.5% GDP growth, 2.4% budget deficit coupled with public debt to GDP ratio at 75.4%, 1.3% CPI, unchanged NBH base rate and EUR/HUF at 310.1 year-end level.

The Funding for Growth Scheme of NBH has continued, following a total disbursement of HUF 701 billion under the first phase, so far HUF 472 billion was disbursed under the second one towards local SMEs, whereas contracted amounts reached HUF 585 billion. Since the amount of available sources under the new 7-year EU budget will increase substantially in line with the targets of the Scheme, NBH extended the draw-down deadline in October 2014 until to end of 2015, simultaneously raised the potentially available funding up to HUF 1,000 billion.

On 18 February the National Bank of Hungary announced the launch of Funding for Growth Scheme+ (FGS+) to be started from 16 March 2015 accordingly NBH will improve access to credit for small and medium sized enterprises that have not been able to participate in FGS so far. Under the scheme the central bank takes over 50% of credit losses from the credit institutions.

Regarding regulatory changes, with the approval of four legislative acts, in legal terms the long-running uncertainty around FX mortgages in particular and consumer contracts in broader sense has come to end. In July and September the Hungarian Parliament passed a legislation which declared the use of FX conversion margins as void and ruled unfair the unilateral amendments to consumer contracts, consequently made banks accountable and obliged them to settle with clients. Those two acts were followed by an act on the conversion of FX mortgages into Hungarian forint and another one on Fair Banking. While those acts put a material one-off burden on banks and will negatively impact their future earnings, finally a major risk factor was eliminated which not only generated constant tensions, but also set back the healthier and more predictable operation of the whole banking sector.

The central bank also played an active role in the settlement of the FX problem: it provided the necessary foreign currency need for the commercial banks to close their open position at the official rate prevailing on 7 November (308.97 EUR/HUF). OTP Bank fully hedged the open EUR/HUF positions on the FX tenders of the National Bank of Hungary, while the open EUR/CHF and EUR/JPY positions were hedged on the market until the end of 2014. Consequently the Swiss National Bank's decision on abandoning the EUR/CHF peg on 15 January 2015 and, as a result the drastic exchange rate moves had no negative impact either on OTP Bank and other Hungarian banks, or their FX mortgage clients: from 1 January 2015 monthly instalments were already calculated using the fixed FX rates.

With respect to other Group members' national economies, Slovakia, Bulgaria and Romania, as well as Montenegro can be characterized by improving macro and ongoing structural transformation, whereas Serbia made particular stabilizing efforts within the framework of an IMF-package.

There were two definite laggards, however, namely Russia and Ukraine. Their share within the consolidated performing (DPD0-90) loan book represents 8.7% and 5.5% respectively. The macroeconomic performance of those countries was well beyond the original expectations with further escalating military conflicts in Ukraine especially during the last fall. The rouble and the hrivnya were the worst performing emerging market currencies in 2014 depreciating against USD by 92% and 77% y-o-y respectively. The currency reserves of Ukraine dropped to the danger zone and the central bank practically introduced currency control. The yearly inflation was around 20% and according to quarterly statistics the y-o-y GDP contraction could be around 6.7%. In Russia consumer prices increased by more than 10%, melting oil prices put the budgetary revenues under pressure; by the end of 2014 the economy slipped into recession. In order to safeguard the value of the rouble, the Central Bank of Russia hiked the base rate to 17% on 15 December. On 26 January S&P downgraded the Russian sovereign into "BB+", thus for the first time in the last 10 years the country sank into non-investment grade. On February 20 Moody's made a similar step, also downgrading Russia into non-investment grade ("Ba1").

During 2014 and at the beginning of 2015 there have been several legislative changes across the Group having an impact on Group members' operation and profitability.

Regulatory changes related to consumer contracts, as well as future operating environment of banks in Hungary:

1. On 4 July 2014 the Parliament approved the **Act No. XXXVIII of 2014** on the "*Settlement of certain questions related to the Curia's uniformity decision on loans to customers provided by financial institutions".* The Act declared the use of FX conversion margin as void and declared a disputable presumption on the unfairness of unilateral contract amendments. Furthermore, on 24 September the Parliament also approved an Act No. XL of 2014 on the "*Settlement rules and other provision related to the Act No. XXXVIII of 2014".* For more details, please refer to OTP Bank Plc's first nine months interim management report.
2. On 25 November the **Act No. LXXVII of 2014** has been passed on the **"Conversion of FX mortgage loans"** which set the legal technics, terms and conditions of the procedure. The major stipulations were as follows:
   a. The applicable conversion rates are 256.47 HUF/CHF, 308.97 HUF/EUR and 2.163 HUF/JPY. The total claim should be converted in HUF.
   b. Newly converted HUF mortgage loans can be only reference rate based using 3M BUBOR as reference rate. The due date of the conversion is 1 February 2015.
   c. New interest spread: the spread level should be minimum 1% and maximum 4.5% for housing loans and 6.5% for home equity loans. In case the original contract included handling fee set in percentage term, it should be deducted from the above mentioned maximum spread levels. The new nominal interest rate, however cannot exceed the original FX mortgage loan interest rate at origination or the one being effective on 19 July 2014 (of them the lower), unless the new interest rate calculated on the basis of provisions of the law exceeds the minimum interest rate defined by the above rules.
   d. A customer may initiate on opt-out if meeting the stringent requirements set by the law.
   e. Clients may terminate the new contract within 60 days following the amendment of the contract in case they can prepay/refinance the full amount.
   f. For clients participating in the FX fixing scheme the newly calculated monthly instalment cannot be higher for the rest of the maturity of the scheme than the last monthly instalment paid. The remaining maturity of the loan should be set in a way that after the scheme expired instalments wouldn't exceed the previous monthly burden by more than 15%.
3. Parallel with the "Conversion" Law on 25 November the Parliament approved the **Act No. LXXVIII of 2014 on *"Fair Banking"*.** The major aim of the Act is to make the pricing of customer (retail) loans transparent. Accordingly, in future only two types of pricing will be applicable: either reference-rate based or fix (with certain repricing periods). Overdraft loans and credit card loans are exempt from that limitation. Also, state subsidized mortgage loan pricing was regulated by a separate act. (On 29 January a Government decree (4/2015) was approved; it did not result in any change for the pricing of newly disbursed subsidized loans.)

Bulk of the “Fair Banking” Act came into effect from 1 February 2015. The major stipulations were as follows:

a. a multi-level notification obligation towards customers (such as revealing the potential risk factors of the loan, denunciation conditions, enforcement of collaterals, etc.);
b. the bank’s right to unilaterally amend the contract should be explicitly set;
c. setting the maximum APR-levels previously in place, which, according to the basic principle cannot exceed the actual base rate +24%, except for credit card and current account loans where the applicable maximum is base rate +39%;
d. interest rate of the loan can be unilaterally modified during the tenor as follows:
    - For loans with a tenor under 3 years banks should apply either fix rate for the whole maturity or reference-rate based pricing with interest spread being fixed. During the maturity neither the fix interest rate, nor the spread can be modified.
    - For loans with a tenor over 3 years banks should apply either a variable rate being fixed for the repricing period of at least 3 years, or a reference-rate based pricing where the spread is fixed for the whole maturity or at least for 3 years.
    - During the whole maturity of the loan banks may amend maximum 5 times the interest rates or spreads at the end of the repricing periods.
    - As for the interest/spread amendments their scale cannot exceed the so called interest rate /spread alteration indicator calculated by the central bank.
    - In line with the law previous contractual terms had to be modified by 15 February 2015.

4. For the above listed Acts and decrees the following **time-table** is to be abided by:
    a. Starting from 1 January 2015 the monthly instalments of the original FX loans are to be calculated with the fixed conversion rates set in the Conversion Law.
    b. On 1 February all the relevant FX mortgage loans *de jure* had to be converted into HUF. Those loans were still booked as FX-loans in the balance sheet of the bank by end-2014, however their valuation was already based on the set conversion rates.
    c. Between 1-31 March clients participating in the preferential FX mortgage prepayment scheme (invented in 2011) may turn to their bank and ask for (presumed) settlement.
    d. Between 1 March – 30 April all FX clients should receive a detailed notifications from their banks on the settlement (including the newly set monthly instalment and the modified principal), as well as the notification on the amended provisions of their contract according to the law. Thus the previous FX mortgage clients will learn the relevant information on their outstanding HUF mortgage loan contractual terms following the conversion. For those preferring to opt-out (meeting the stipulated conditions) have 30 days to announce that to their banks. Only those clients can do so where the regular monthly income in the relevant foreign currency exceeds the monthly instalment; or the client is eligible to borrow in FX according to the NBH regulation in place (monthly income should exceed the minimum wage 15 times) or the loan is going the expire not later than 31 December 2020.
    e. The new disbursement amount will be due for the first time in May (i.e. the first month following the notification).
    f. Between 1 August – 1 September the HUF-based customer loan clients will also receive notifications on the settlement of their original loans.

5. From 1 January 2015 **NBH introduced new lending rules** in order to put more stringent limits for the indebtedness of individual clients. Accordingly
    a. in future a Payment-To-Income (PTI) indicator should be applied and banks have to calculate the total eligible disbursement amount based on the legal net monthly income of the customer in a way that:
        - having a monthly income less than HUF 400,000, for HUF loans the maximum PTI cannot exceed 50%, for EUR loans 25% and all other currencies 10%, respectively;
        - having a monthly income of more than HUF 400,000, the above thresholds are 60, 30 and 15%, respectively;
    b. the applicable Loan-To-Value (LTV) ratio sets limit for the maximum loan amount. For HUF loans in case of mortgages the maximum LTV can’t be higher than 80%, whereas for car loans it can’t exceed 75%. With regard to FX loans, for EUR-denominated ones the relevant thresholds are 50% (previously 60%) and 45% (previously 60%), for all other currencies a 35 and 30% threshold should be applied.

6. On 9 February 2015 the **Hungarian Government and EBRD signed a Memorandum of Understanding** which stipulated that the banking sector is one of the pillars of a long term sustainable economic development. It also stressed that the Government intends to strengthen its relationship

with the local banking sector. The major undertakings of the agreement are as follows:

- the new base for calculating the banking tax will be banks' balance sheets as of the end of 2014, with the percentage applied being reduced to 0.31% from 2016 and to 0.21% from the beginning of 2017. This would result in an almost HUF 60 billion reduction of the banking tax in 2016. From 2019 the level of the banking tax will be further adjusted to the prevailing European Union norms. The Hungarian government will take the necessary steps for submitting the appropriate legislation by June 2015;
- the conversion of FX mortgages into Hungarian forints would be completed in such a way as to avoid imposing further costs on the banking sector related to exchange rate risks;
- the reduction of the banking sector's non-performing loan portfolio would be designed to reflect international best practices, in particular with respect to the transparent and market-based operation of these programmes. Further restrictions on foreclosures and evictions will be avoided and purchasing the properties of troubled retail borrowers will be expanded, while the eligibility criteria are to be relaxed;
- new regulations on private bankruptcy and retroactive termination rights of the banks' clients will not be enacted without due consultation with and support of the Hungarian Banking Association;
- the Hungarian government doesn't intend to take direct or indirect majority ownership stakes in systemically important local banks, except in case of a threat to the stability of the overall banking system, and is committed to transferring all direct and indirect majority equity stakes it currently holds in local banks to the private sector within the next three years;
- the Hungarian government is to refrain from implementing new laws or measures that may have a negative impact on the profitability of the banking sector, except when Hungarian government is obliged to implement due to its membership of the European Union;
- the Hungarian government is ensuring fair competition between, and equal treatment of, all financial institutions active on the market in Hungary.

Legislative acts or other regulatory changes related to FX mortgages having an impact of other Group members

In Romania **OTP Bank Romania** was the first one to react to the step of the Swiss National Bank abolishing the CHF/EUR peg and on 16 January 2015 it announced that in order to mitigate the negative impact on monthly instalment for 3 months it will reduce by 1.5 ppts the interest rate of those customers who had variable-rate CHF mortgage loans (in accordance with effective conditions and depending on the antecedents of the loans). Clients can apply for this scheme by 27 February at any branch. By 12 February the take-up ratio reached 40% of performing CHF mortgage loan volumes. The potential impact of the lower net interest income for 3 months is about HUF 200 million. By the end of 2014 OTP Bank Romania had HUF 134 billion equivalent net CHF mortgage loans on its balance sheet.

In **Croatia**, on 19 January 2015 the Government announced that it will fix the HKR/CHF rate at 6.39 for servicing CHF debt obligations. The decree is effective from 26 January. Given that such unilateral step raises certain constitutional concerns, the banking sector has started working on its version that could ease the temporary difficulties of clients and considers rather the individual social aspects. The potential negative impact of fixing is about HUF 470 million for 12 months. By the end of 2014 OTP Bank Croatia had HUF 22 billion equivalent CHF mortgages on its balance sheet.

Consolidated earnings: HUF 118 billion adjusted after-tax profit, declining operating income and net interest margin, moderating portfolio deteriorating from 2H, improving DPD90+ ratio and provision coverage

OTP Group posted HUF 118 billion adjusted profit in 2014 which underpins a y-o-y 19% decline against the base period. The decline is reasoned by lower total income (-7%), as well as by higher risk costs (+1%). The Group realized HUF 10.2 billion adjusted after-tax profit in 4Q underpinning a 69% q-o-q decline. The materially lower earnings were due to an increase in risk costs (+19% q-o-q), but the operating income drooped, too (-18% q-o-q).

The annual total income without one-offs comprised HUF 826.1 billion and moderated by 4% y-o-y, within that the decline of net interest income was 3%. As for individual group members the net interest income somewhat moderated at OTP Core, dropped in Russia and Ukraine, however increased at DSK Bulgaria and at all smaller group members. Lower net interest income at the Russian and Ukrainian subsidiaries are reasoned by the FX translation effect: in rouble terms the Russian net interest income dropped only by 1%, whereas in hrivnya terms the Ukrainian net interest income advanced by

16%. The net fee and commission improved by 2% y-o-y.

The annual other net non-interest income melted down by more than 50% y-o-y; especially the quarterly drop in 4Q was material (HUF -13.6 billion). The main reasons were as follows: at OTP Core the other net non-interest income line went down by HUF 3.7 billion q-o-q, explained mainly by revaluation losses due to regulatory changes related to FX mortgage loans (HUF -1.8 billion in 4Q); also, due to the transformation of NHB bonds into deposits the related revenues were reclassified from gain on securities into interest revenues line, this explains HUF 0.6 billion q-o-q decline of the other net non-interest income line. Moreover, treasury margins eroded (HUF -0.6 billion) and income realized on sale of fixed assets was lower in 4Q by HUF 0.3 billion. At OTP Ukraine the other income was by HUF 4.8 billion lower q-o-q, which was primarily due to the shift of revenue items previously booked on other income line into interest income (HUF -1.8 billion), also in Eastern Ukraine cash and other assets were written off (HUF -1.1 billion); thirdly, impairment of assets played a role, too (HUF -0.8 billion). At the Serbian subsidiary other income dropped due to reclassification into interest revenues (in the amount of HUF 1.1 billion). In Croatia the HUF 0.7 billion setback of other net non-interest revenues is partly attributable to shift of certain items previously booked within other revenues to interest income. At the Hungarian Property Management Company fee income was reclassified to net fee and commission income from other income line (in the amount of HUF 1.6 billion).

Operating expenses remained under control and declined modestly (-1% y-o-y).

Within consolidated adjusted earnings there has been a material geographical re-allocation of profits: due to massive losses at the Ukrainian and Russian subsidiaries the overall profit contribution of foreign subsidiaries was negative (in HUF billion 2014: 20.8 billion, 2013: 25). OTP Core posted HUF 137 billion profit (+20% y-o-y), the improvement to a great extent was due to lower risk costs. DKS has a stellar performance in 2014 realizing HUF 39 billion profit (+30%). Also, all smaller subsidiaries posted positive bottom line results. Their total profit of HUF 1.3 billion compares very favourably to the loss of HUF 13.1 billion suffered in 2013. Unfortunately, the Russian subsidiary became loss maker for the first time since the acquisition (HUF -14.5 billion), whereas the Ukrainian subsidiary posted HUF 43 billion adjusted loss (i.e. without the losses in the Crimea and Donetsk and Lugansk regions which were showed amongst one-off items on consolidated level). The total negative result in Ukraine was almost HUF 77 billion.

The accounting loss for the last 12 months was HUF 102.3 billion versus a profit of HUF 64.1 billion in the base period.

The material y-o-y change was related mainly to the adjustment items. Those items comprised four major categories, namely:

- the estimate on the expected one-off negative impact of the regulatory changes related to consumer contracts was made more accurate, accordingly in 4Q those expected losses were scaled back by HUF 12.5 billion. The earlier estimation was based on the conservative assumptions (among others) that the settlement between the banks and clients will be due only by the end of 1H 2015. In fact, it happened already in February.
- adjustments related to the Ukrainian operation:
  - in 2Q all the goodwill under IFRS was written down. Furthermore, in 4Q the total goodwill under Hungarian Accounting Standards and also, part of the investment has been written down. Due to the related tax shield effect the total negative after-tax profit impact of those steps represented altogether HUF -5 billion; of which in 2Q there was a HUF 11.6 billion negative impact, but HUF 6.6 billion positive one in 4Q. The reason for positive tax-shield effect of HUF 6.6 billion was as follows: the entire Ukrainian goodwill under Hungarian Accounting Standards held in OTP Bank's standalone balance sheet has been written off in 4Q under HAS, and an impairment was booked in relation to the Ukrainian investment under HAS. Though under IFRS neither the goodwill write-off and investment impairment charges had direct effect neither on the consolidated balance sheet nor on the P&L, there was a related positive tax shield of altogether HUF 6.6 billion that added to the Group's IFRS accounting profit;
  - by the end of December the provision coverage on the total Crimean gross loan exposure reached 100%, which had a negative after-tax profit impact of HUF 7.9 billion in 2014;
  - in 4Q the Bank raised the provision coverage of the gross loan exposures to Donetsk and Luhansk up to 99.4%, which had a negative after-tax profit impact of HUF 18.7 billion in 4Q and HUF 25.5 billion in total in 2014. The key reason for doing so was that the normal economic activity has been practically stopped due to the armed conflict and the special circumstances. The bank closed down 15 branches out of 17 in the region, thus 2 branches remained in these regions.

- the special banking tax imposed on the Hungarian and Slovakian banks with a negative after-tax profit impact of HUF 30.2 billion;
- the items related to the acquisition of Banco Popolare Croatia had an overall HUF 4.1 billion positive after-tax profit impact.

As a result, in 2014 the total volume of adjustments amounted to HUF 220.3 billion versus HUF 82 billion in the base period. In 4Q adjustment items represented +HUF 0.7 billion.

The FX-adjusted consolidated loan portfolio decline continued (-7% y-o-y, -4% q-o-q). Since there have been significant write offs during 2014, the changes in the performing DPD0-90 loan volumes would draw a better picture on real trends. Accordingly, the performing (DPD0-90) book eroded by 6% and 1% respectively. Regarding the FX-adjusted DPD0-90 volume changes, the most significant erosion was booked at OTP Core (-12%) and Ukraine (-24%). The Hungarian developments, however were distorted by a massive reduction of municipality exposure (HUF -167 billion y-o-y) as a result of the debt consolidation by the State. The consolidated retail portfolio eroded by 3% with mortgages dropping by 7%. The consumer book and the small and micro enterprise portfolio however grew (+2% and 4% respectively). The large corporate book dropped by 3% y-o-y. As for individual performance, the Serbian and Croatian subsidiaries managed to increase their FX-adjusted loan volumes the fastest (+14% and 15% respectively); the remarkable y-o-y increase in Croatia was related mainly to the acquisition of Banco Popolare Croatia. The previously dynamically expanding Russian consumer book grew only moderately by 3% y-o-y and 4% q-o-q, there was a substantial increase in Romania (+7%), Serbia (+10%), Croatia (+39%, again, supported by the acquisition) and Slovakia (+69%). The mortgage portfolio eroded at all banks, but at the Croatian subsidiary (+6%). As for the corporate exposure, the Bulgarian and Serbian subsidiaries posted remarkable increase (+17 and 25% respectively). At OTP Core the micro and SME book grew by 7% y-o-y supported also by the Lending for Growth Programme of the NBH.

The FX-adjusted deposit volumes advanced dynamically (+11% y-o-y, +3% q-o-q). The biggest growth was achieved in Serbia (+47% y-o-y), but given their absolute size both the increase at OTP Core and DSK Bank was remarkable (+13% and 14% respectively). It was positive, that deposits in the Ukraine kept growing both y-o-y and q-o-q (by 9% and 5%). In Russia volumes grew by 3% in 4Q (adjusted for FX-effect), but on a yearly base there was a 4% moderation.

The consolidated net loan to (deposit+retail bonds) ratio dropped to 75% (-14 ppts y-o-y). The volume of issued securities eroded by 40% y-o-y mainly due to redemptions at OTP Core and OTP Bank Russia. The y-o-y 6% volume growth of subordinated bonds and loans reflects FX rate movements; no redemption or buy-back took place in 2014. On the asset side there has been a major shift in 3Q as a response to the NBH step transforming the 2 week bonds into deposits, thus encouraging the local commercial banks to convert their excess liquidity into government bonds. As a result, the volume of available for sale (AFS) securities halved y-o-y, whereas Cash and amount due from banks line increased four times. By end-2014 the gross liquid reserves of the Group were close to EUR 7 billion equivalent.

The ratio of loans with more than 90 days of delay (DPD90+) declined by 0.4 ppt y-o-y to 19.3%, mainly due to sales and write offs. Starting from September 2014 the Group actively used the partial write-off method. It can be used when the Bank has no reasonable expectation of recovery of the credit claim. However, the partial write off is applicable only for the part of claim above the maximum recoverable amount. The method has been discussed with the auditor and consensus was reached.

Within the framework of partial write offs on a consolidated level HUF 238 billion non-performing exposure was written off, mainly in case of OTP Core (HUF 66 billion), Russia (HUF 56 billion), Ukraine (HUF 27 billion) and DSK Bank (HUF 67 billion). As for product segments, in case of Hungary and Ukraine mainly corporate exposures were involved, while in Bulgaria and Russia retail portfolios. Without using this method the year-end DPD90+ ratio would have been 22.0%. Given that bulk of the write offs took place in 4Q, the DPD90+ ratio q-o-q improved by 2.5 ppts.

DPD90+ loan volumes adjusted for FX rate changes and the effect of loan sales and write-offs increased y-o-y and reached record level (in HUF billion 2013: 190, 2014: 254), though the massive y-o-y increase was almost exclusively related to Russia and Ukraine (in HUF billion, in Russia 2013: 89, 2014: 110, Ukraine 2013: 24, 2014: 61). While the DPD90+ formation accelerated in those countries, for the rest of the Group the stabilizing or declining trend manifested.

Consolidated risk costs somewhat increased y-o-y (+1%) and reached HUF 275 billion with a jump in 4Q to HUF 77 billion (+19% q-o-q). The provision coverage ratio of DPD90+ loans stood at 84.3%, remaining flat y/y, however at individual levels the provision coverage edged up significantly in Ukraine (+17.7 ppts), Russia (+10.9 ppts) and at DSK Bank (+3.5 ppts).

OTP Core: adjusted after-tax profit improved by 20% y-o-y, lower net interest margin and FX-adjusted loan book, further moderating portfolio deterioration and substantially lower risk costs

The adjusted after tax profit of ***OTP Core*** (basic activity in Hungary) in 2014 reached HUF 137.4 billion underpinning a 20% y-o-y improvement. In 4Q the operation posted HUF 35.5 billion profit, practically flat q-o-q. The key driver behind higher profit was the y-o-y substantially lower risk costs (-57%), while the operating income adjusted for one-offs declined by 6%. Total income moderated by 2%, whereas operating expenses grew by the same magnitude. The yearly net interest margin (3.92%) eroded by 39 bps y-o-y mainly due to a meaningful increase of total assets in 2H; the net interest income declined by 3%.

It was positive that after 1Q the FX-adjusted DPD90+ volume formation kept on demonstrating a trend-like moderation: (FX-adjusted increase without sale or write offs, in HUF billion: 1Q 2014: 33, 2Q: 8, 3Q: 6, 4Q: 1). This trend was obviously supported by the relatively stable HUF during the whole year and the intensifying use of the FX mortgage fixing scheme. With risk costs declining significantly the coverage of the DPD90+ portfolio dropped (76.5%, -8.8 ppts y-o-y). The DPD90+ ratio (17.5%) practically remained flat.

The FX-adjusted performing (DPD0-90) loan portfolio declined both y-o-y and q-o-q (-12% and -3% respectively). The gross mortgage book sank by 7%, whereas consumer loans eroded by 9% y-o-y. The massive corporate portfolio decline was due to the municipality book erosion as a result of the debt consolidation by the State. By the end of 2014 municipality loans comprised only HUF 51 billion, of which 28 billion was an exposure towards the Hungarian State. Positive though that partly being supported by the Funding for Growth Scheme the corporate loan portfolio of OTP Bank disbursed toward Hungarian entities grew further (+4% y-o-y[3] adjusted for the effect of partial write-offs executed at OTP), whereas the banking sector's exposure without OTP Bank dropped by 3%. As a result, OTP' market share further improved and reached 13.0%[4] (+0.6 ppt y-o-y).

While the new loan origination across the sector remained fairly subdued OTP managed to demonstrate stable market positions: out of total mortgage disbursement it reached 30.4% in 4Q (in 2014: 28.3%), with an extremely successful December activity (34.1% market share, of which 32.4% for housing mortgages and 45.4% for home equity loans).

The FX-adjusted deposit book with retail bonds expanded dynamically both y-o-y and q-o-q (+12% and 2% respectively). Despite the popularity of alternative saving forms (government securities and mutual funds), retail deposits increased by 7% y-o-y and q-o-q. Corporate volumes grew even faster and soared by 21% y-o-y. As a result, the net loan to deposit ratio dropped to levels haven't experienced for years (53%, -14 ppts y-o-y, FX-adjusted).

Merkantil Group posted HUF 1.5 billion adjusted loss in 2014 versus HUF 2 billion profit in the base period. The weaker performance was the result of a y-o-y declining operating income (-7%) and significantly higher risk costs (+71% y-o-y). The DPD90+ ratio was 13.4%, due to sales and write offs it dropped by 1.1 ppts y-o-y, whereas the coverage stood at 89.5% (-2.5 ppts y-o-y). The FX-adjusted gross loan volumes shrank by 1% y-o-y, but new car loan origination soared by 61% y-o-y.

In 2014 ***OTP Fund Management's*** posted HUF 6.1 billion after-tax profit without banking tax underpinning a y-o-y 71% improvement. The stellar performance was related to the substantial increase of total assets under management (+20% y-o-y) reaching HUF 1,659 billion. Mutual funds and other products enjoyed growing popularity compared to traditional saving forms. As a result, net fee income surged by 45%.

Foreign subsidiaries' performance: stellar performance in Bulgaria, significantly improving Romanian and Serbian operations with Croatia, Slovakia and Montenegro remaining profitable, massive losses in Ukraine and Russia

The ***Bulgarian subsidiary*** posted HUF 39.2 billion after-tax results in 2014 (4Q 2014: HUF 5.7 billion), 30% more than in the base period and significantly outperforming the so far best results in 2008 (HUF 31 billion). The excellent performance was only partially the result of moderating risk costs (-12%). The key driver was the y-o-y stronger operating profit (+13%). Core revenues showed a very good picture with net interest income growing by 9% and fees and commissions expanding by 11%. The net interest margin remained stable (5.37%, -16 bps y-o-y). Despite lower risk costs the coverage of the DPD90+ volumes improved substantially (91.5%, +3.5 ppts). The DPD90+ ratio declined by 5.3 ppts q-o-q and dropped to 15% as a result of portfolio write-offs.

The FX-adjusted DPD0-90 portfolio increased by 2% both y-o-y and q-o-q, within that the retail portfolio moderated by 2%, however the corporate book demonstrated a substantial, y-o-y 18% growth. Due to the excellent performance and strong name recognition of the bank its FX-adjusted deposits

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[3] The calculation is based on the supervisory balance sheet of the National Bank of Hungary: estimated FX adjusted change of the portfolio of „Loans to enterprises – Non-financial and other financial enterprises".

[4] Based on the balance sheet data provision to the Hungarian National Bank (MNB), calculated from the aggregated financials for the „Loans to non-financial companies, other-financials companies and non-profit organisations supporting households" line of OTP Bank, OTP Mortgage Bank, OTP Building Society and Merkantil Bank.

advanced by 14% enabling DSK to implement efficient deposit pricing measures. The net loan to deposit ratio dropped by 11 ppts y-o-y and reached 78%.

The ***Russian subsidiary*** suffered its first loss-making year since the acquisition in 2006. Despite the moderating 4Q loss (HUF 1.8 billion, -68% q-o-q), on a yearly base the total loss amounted to HUF 14.5 billion versus a profit of HUF 2.4 billion in 2013.

The decline in the annual operating profit (-6% in RUB terms) reflects the deteriorating operating environment, though increasing risk costs (+12% in RUB) were also taking their toll. Total income in RUB felt short of the base year by 1% with net interest income declining by 1% and net fees and commissions growing by 11%. The operating income was also hit by y-o-y 8% higher operating expenses (in RUB terms). While the annual NIM remained stable (18.8%), in 4Q it eroded by more than 200 bps and stood at 17.23%. FX-adjusted DPD90+ volumes (without write-offs and /sales) kept growing and increased to HUF 110 billion versus HUF 89 billion in 2013. However, due to non-performing loan write-offs/sales executed mainly in 4Q the DPD90+ ratio dropped significantly, from 18.1% to 14.7% y-o-y. Since the sold portfolio elements were 100% provisioned, those transactions produced RUB 360 million positive results. The DPD90+ coverage improved y-o-y and reached 117.5% by the end of 2014. It was positive that the risk cost rate of POS loans moderated close to 10% by the end of 4Q, however the overall risk cost rate of the total loan portfolio grew further (to 16.8%, +2.3 ppts y-o-y) reflecting the deteriorating quality of cash loan and credit card portfolios.

The lending activity in general became cautious and selective: starting from October the bank stopped sending out credit cards and in December it scaled back existing limits. From mid-December cash loan origination was temporary suspended, whereas in case of POS only the best buckets were served. As a result, the bank’s market share in POS eroded by 0.5 ppt to18.5%.The FX-adjusted DPD0-90 loan portfolio grew by 1% y-o-y and by 3% q-o-q mainly as a result of improving POS origination (4Q 2013: RUB 17.8 billion, 4Q 2014: RUB 20 billion). Despite the accelerating weakening of the RUB in 4Q and deposit withdrawals during the year the FX-adjusted deposit portfolio dropped only by 4% y-o-y, but grew by 3% in 4Q. During the last quarter OTP Bank provided RUB 3 billion subordinated loan facility.

The performance of the ***Ukrainian subsidiary*** worsened massively in 2014 as a result of the deteriorating macroeconomic conditions and a substantial hryvna weakening. The whole year loss represents HUF 76.6 billion, of that the after tax impact of additional risk cost made for the Crimean and East Ukrainian (Donetsk and Luhansk) exposures represented HUF 7.9 billion and HUF 25.5 billion respectively. 4Q net loss more than doubled q-o-q (without the additional risk costs in East Ukraine), whereas risk costs set aside in relation to the East Ukrainian exposures had an after tax negative impact of HUF 18.7 billion in 4Q. This item was booked amongst the adjustment items on consolidated level. The operating profit dropped by 11% y-o-y in UAH, annual risk costs soared three and a half times. Total income (in UAH terms) moderated by 3% y-o-y, whereas operating expenses grew by 6%. The FX-adjusted formation of DPD90+ volumes accelerated (without sales and write offs in HUF billion: 2013: 24, 2014: 61). Despite write offs the DPD90+ ratio jumped by 11.5 ppts y-o-y to 46.1%. Especially the consumer and mortgage book deterioration was fast; in case of the latter the DPD90+ ratio exceeded 70% by end-December. As a result of the massive provisioning the coverage ratio of DPD90+ loans advanced by 17.7 ppts y-o-y and reached 97.2%.

The FX-adjusted DPD0-90 loan volumes contracted by 24% y-o-y, the performing retail book suffered a meaningful 32% set back, whereas the corporate book eroded by 17%. Lending activity in general remained moderate and conservative. It is positive that deposits have been steadily growing, the portfolio advanced by 9% y-o-y (FX-adjusted) supported by a substantial inflow of corporate deposits (+38%), whereas retail deposits shrank by 4%. As a result, the net loan to deposit ratio dropped to 137% reflecting a significant adjustment. Parallel, the net group funding declined substantially. In 4Q OTP Bank decided about converting UAH 800 million equivalent of subordinated debt into equity.

The ***Romanian subsidiary*** posted a profitable year. Against a loss of HUF 4.1 billion in 2013 the bank realized HUF 0.8 billion in 2014 (with a 1.6 billion negative result in 4Q). Despite risk costs doubling q-o-q, on a yearly base they dropped by 20%. The key driver of the good performance however was the dynamically improving operating income (+37% y-o-y). Within core revenues net interest income advanced by 36% y-o-y, net fee and commission income improved by 7%. Due to stringent cost control operating expenses increased only modestly (+3% y-o-y). The FX-adjusted loan portfolio eroded by 2% y-o-y, while deposits advanced less robustly (+3%) compared to previous years. Still, the net loan to deposit ratio dropped by another 9 ppts to 165%. Within the loan book mainly cash loans and corporate loans advanced y-o-y (+29% and 10% respectively). Despite lower risk costs the DPD90+ coverage improved by 4.5 ppts to 80.4%. Neither the income statement, nor the balance sheet yet incorporated volumes and performance of the acquired Banca Millennium S.A.

The ***Croatian subsidiary*** remained profitable in 2014 and posted HUF 104 million. The profit falls short of the 2013 results. While the total income advanced by 12% y-o-y, risk costs grew by 35% and operating expenses by 21% respectively, mainly due to the acquisition of Banco Popolare Croatia. The operating income eroded by 5% compared to the base period, the effective tax burden materially increased. The DPD90+ ratio grew by 0.8 ppt y-o-y (13.3%) and its coverage improved (62.2%). As a result of the acquisition the FX-adjusted DPD0-90 loan book advanced by 15%, within that the retail portfolio jumped by 21% and deposits grew by 15%.

The ***Slovakian subsidiary*** managed to remain profitable and posted a modest HUF 32 million net earning versus HUF 1.2 billion in 2013. Despite the operating income improved by 44%, risk costs more than doubled. Core revenues performed nicely with net interest income growing by 15% and fees and commissions by 18% respectively. The improving operating environment was supportive for lending activity, the FX-adjusted loan book increased by 3%, while deposits grew by 6% y-o-y. Consumer lending remained in the focus of activity, volumes soared by 69% y-o-y. The DPD90+ ratio shrank by 1.2 ppts to 10.3% y-o-y; its coverage was 59.6%.

After a massive loss of HUF 13.2 billion in 2013 the ***Serbian subsidiary*** returned to profit and after 2008 it posted a positive net result again (HUF 50 million). The turnaround is reasoned by a significant improvement in operating income (more than three times), within that total income advanced by double digit. Operating expenses remained flat y-o-y. Risk costs were only portion of 2013 volumes. The FX-adjusted DPD0-90 loan portfolio grew by 14%, while deposits soared by 47%. Due to a technical reclassification net interest margin improved by 2.4 ppts y-o-y (6.76%). The DPD90+ ratio dropped to 43.8% (-5.1 ppts y-o-y), its coverage was 76.1%.

After 2013 the ***Montenegrin subsidiary*** remained profitable and posted HUF 406 million after-tax results in 2014. While the operating income improved by 8%, it was coupled with a 26% increase in risk costs. The FX-adjusted loan and deposit portfolio both declined (-9% and -8% respectively). The DPD90+ ratio only modestly grew (39.7%), its coverage remained stable (81.2%).

Consolidated and stand-alone capital adequacy ratio (in accordance with BASEL 3)

By the end of 2014 the Basel3 consolidated Common Equity Tier1 ratio under IFRS was 14.1% (-0.4 ppt q-o-q). The dividend amount accrued in 2014 under Hungarian Accounting Standards was not deducted from the capital when calculating the IFRS consolidated capital adequacy ratios, because the dividend is not to be deducted from the net earnings if the net result is negative.

OTP Bank's stand-alone Common Equity Tier1 ratio stood at 14.8% in 4Q 2014 (-0.8 ppt q-o-q).

During the quarter the following capital transactions took place: OTP Bank Russia received RUB 3 billion equivalent subordinated loan; also, at the Ukrainian Bank there was an UAH 800 million equivalent subordinated debt into equity swap. Furthermore, the Slovakian subsidiary received EUR 10 million capital increase, while OTP Romania received RON 175.3 capital increase.

Credit rating, shareholder structure

In 4Q the solicited ratings of OTP Bank and its subsidiaries were as follows: the FX deposit of OTP Bank: 'Ba2/BB' (Moody's/S&P), covered mortgage bonds issued by OTP Mortgage Bank: 'Baa2' (Moody's). The FX deposit of OTP Bank Russia was downgraded in October by Moody's from 'Ba2' to 'Ba3', whereas Fitch kept its rating unchanged (BB). The rating of OTP Bank Ukraine (Ca by Moody's) remained unchanged, too.

Regarding the ownership structure of the bank, by 31 December 2014 the following investors had more than 5% influence (beneficial ownership) in the Company: the Rahimkulov family (9.01%), MOL (the Hungarian Oil and Gas Company, 8.69%), the Groupama Group (8.40%), the Lazard Group (5.16%) and the Hungarian National Asset Management Inc. (5.10%).

POST BALANCE SHEET EVENTS

Hungary

- On 9 February 2015 the Hungarian government and the EBRD sealed an agreement about Hungarian banking system. For details see the Executive summary.
- On February 18 the National Bank of Hungary announced that FGS+ (Funding for Growth Scheme) to be launched on 16 March 2015, the NBH will improve access to credit for small and medium sized enterprises that have not been able to participate in FGS so far. By this the NBH encourages the banks to provide long-term funding at a fixed interest rate (at maximum 2.5%), to customers with medium creditworthiness constituting the majority of the SME credit market. The Monetary Council assigned an additional HUF 500 billion to the new FGS+ scheme, in which the NBH takes over 50% of credit losses from the credit institutions, but only for a term not exceeding 5 years and up to 2.5% of the entire loan portfolio held by the individual credit institutions under this scheme.

Russia

- On 9 January 2015 Fitch downgraded Russia's long-term foreign and local currency Issuer Default Ratings to 'BBB-' from 'BBB' with negative outlook.
- On 16 January Moody's downgraded Russia's government bond rating to 'Baa3' from 'Baa2'. The rating was placed on review for further downgrade.
- On 26 January S&P lowered the long-term foreign and local currency sovereign credit ratings of Russia to 'BB+' and 'BBB-', respectively. The outlook is negative.
- On 30 January Russia's central bank decreased the key policy rate from 17% to 15%.
- On 12 February in Minsk peace negotiations between Russian President Vladimir Putin, Ukrainian President Petro Poroshenko, French President Francois Hollande and German Chancellor Angela Merkel resulted in a new ceasefire deal for Eastern Ukraine.
- On 20 February Moody's downgraded Russia's foreign currency credit rating to non-investment grade (Ba1).

Ukraine

- On 5 February 2015 Ukraine's central bank raised the key rate to 19.5% from 14%.
- On 12 February the International Monetary Fund announced that Ukraine will receive USD 17.5 billion bailout under a four-year program. The total size of the financial package will reach USD 40 billion.
- On 13 February Fitch downgraded Ukraine's long-term foreign currency Issuer Default Rating to 'CC' from 'CCC' and the local currency IDR remained 'CCC'.

Romania

- On 8 January 2015 OTP Bank Romania acquired 100% stake in Banca Millennium with the settlement of purchase price.
- On 16 January OTP Bank Romania announced that the bank reduces the interest rate margin by 1.5 ppts for its clients with variable interest rate CHF mortgage loan for 3 months. For details see the Executive summary.
- On 21 January the Romanian Court of Registration registered a capital increase at OTP Bank Romania. The registered capital of OTP Bank Romania was increased to RON 958.3 million from RON 782.9 million and the ownership ratio of OTP Bank Plc. represents 99.99%.

Croatia

- On 19 January 2015 Croatian prime minister announced the fixing of Swiss franc at a rate 6.39 CHF/HRK for 12 months. For details see the Executive summary.
- On 6 February Fitch affirmed Croatia's long-term foreign and local currency Issuer Default Ratings (IDR) at 'BB' and 'BB+', respectively. The outlook is stable.

Slovakia

- On 30 January 2015 S&P affirmed the long-term rating of Slovakia at 'A' level with positive outlook.

Serbia

- On 15 January 2015 National Bank of Serbia cut mandatory FX reserve ratios by 1 ppt in order to boost lending.
- On 16 January S&P affirmed Serbia's long-term foreign and local currency sovereign credit ratings at 'BB-' with negative outlook.
- On 3 February the Serbian parliament adopted the set of laws to strengthen bank control. The law amendments, inter alia, allows the creation of "special purpose bank" to take over non-performing assets, while the bank's quarterly contribution to deposit insurance fund is doubled.

CONSOLIDATED AFTER TAX PROFIT BREAKDOWN BY SUBSIDIARIES (IFRS)[5]

in HUF million	2013	2014	Y-o-Y	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
Consolidated after tax profit	**64,108**	**-102,258**	**-260%**	**1,407**	**34,097**	**10,928**	**-68%**	**677%**
Adjustments (total)	**-81,775**	**-220,272**	**169%**	**-9,207**	**582**	**698**	**20%**	**-108%**
Dividend and total net cash transfers (consolidated)	-406	191	-147%	-221	31	101	221%	-146%
Goodwill/investment impairment charges (after tax)	-29,440	-5,015	-83%	0	0	6,582		
Special tax on financial institutions and one-timer payment compensating the underperformance of the financial transaction tax (after corporate income tax)	-43,219	-30,193	-30%	-274	-347	-25	-93%	-91%
Fine imposed by the Hungarian Competition Authority (after tax)	-3,177	0	-100%	-3,177	0	0		-100%
Corporate tax impact of the transfer of general risk reserves to retained earnings	-5,533	0	-100%	-5,533	0	0		-100%
Effect of Banco Popolare Croatia acquisition (after tax)	0	4,131	0%	0	55	0	0%	0%
Expected one-off impact of regulatory changes related to consumer contracts in Hungary (after tax)	0	-155,908	0%	0	7,735	12,454	61%	
Risk cost created toward Crimean exposures from 2Q 2014 (after tax)	0	-7,943	0%	0	-96	325	0%	0%
Risk cost created toward exposures to Donetsk and Luhansk from 3Q 2014 (after tax)	0	-25,536	0%	0	-6,796	-18,740	0%	0%
Consolidated adjusted after tax profit without the effect of adjustments	**145,882**	**118,014**	**-19%**	**10,614**	**33,515**	**10,230**	**-69%**	**-4%**
Banks total without one-off items[1]	143,346	119,013	-17%	11,152	32,136	14,638	-54%	31%
OTP CORE (Hungary)[2]	114,879	137,418	20%	27,325	35,293	35,464	0%	30%
Corporate Centre (after tax)[3]	2,398	-1,210	-150%	-666	-9	-33	256%	-95%
OTP Bank Russia[4]	2,356	-14,541	-717%	-8,906	-5,722	-1,807	-68%	-80%
CJSC OTP Bank (Ukraine)[5]	6,716	-43,166	-743%	1,792	-10,857	-21,134	95%	
DSK Bank (Bulgaria)[6]	30,223	39,170	30%	4,563	11,876	5,728	-52%	26%
OBR adj. (Romania)[7]	-4,143	765	-118%	-2,454	732	-1,643	-325%	-33%
OTP banka Srbija (Serbia)[8]	-13,246	50	-100%	-10,766	36	-8	-123%	-100%
OBH (Croatia)[9]	2,210	104	-95%	197	-44	-360	723%	-283%
OBS (Slovakia)[10]	1,153	32	-97%	183	164	-716	-537%	-492%
CKB (Montenegro)[11]	801	391	-51%	-117	667	-854	-228%	632%
Leasing	2,286	-1,587	-169%	705	204	-1,969		-379%
Merkantil Bank + Car, adj. (Hungary)[12]	1,951	-1,518	-178%	553	-387	-1,056	173%	-291%
Foreign leasing companies (Croatia, Bulgaria, Romania)[13]	334	-69	-121%	152	591	-913	-255%	-700%
Asset Management	3,680	5,530	50%	1,352	1,270	2,021	59%	50%
OTP Asset Management (Hungary)	3,596	6,139	71%	1,353	1,150	2,825	146%	109%
Foreign Asset Management Companies (Ukraine, Romania, Bulgaria)[14]	84	-609	-828%	-1	120	-804	-771%	
Other Hungarian Subsidiaries	-3,442	-2,220	-36%	-2,306	-342	-563	65%	-76%
Other Foreign Subsidiaries (Slovakia, United Kingdom, Montenegro, Romania, Serbia, Belize)[15]	-1,487	-2,894	95%	-1,641	111	-3,112		90%
Eliminations	1,499	171	-89%	1,350	131	-784	-698%	-158%
Total after tax profit of HUNGARIAN subsidiaries[16]	120,882	138,780	15%	27,610	35,837	35,854	0%	30%
Total after tax profit of FOREIGN subsidiaries[17]	25,001	-20,766	-183%	-16,997	-2,326	-25,624		51%
Share of foreign profit contribution, %	17%	-18%	-35%	-160%	-7%	-250%	-244%	-90%

[5] Relevant 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)	2013	2014	Y-o-Y	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
Consolidated after tax profit	**64,108**	**-102,258**	**-260%**	**1,407**	**34,097**	**10,928**	**-68%**	**677%**
Adjustments (total)	**-81,775**	**-220,272**	**169%**	**-9,207**	**582**	**698**	**20%**	**-108%**
Dividends and net cash transfers (after tax)	-406	191	-147%	-221	31	101	221%	-146%
Goodwill/investment impairment charges (after tax)	-29,440	-5,015	-83%	0	0	6,582		
Special tax on financial institutions and one-timer payment compensating the underperformance of the financial transaction tax (after corporate income tax)	-43,219	-30,193	-30%	-275	-347	-25	-93%	-91%
Fine imposed by the Hungarian Competition Authority (after tax)	-3,177	0	-100%	-3,177	0	0		-100%
Corporate tax impact of the transfer of general risk reserves to retained earnings	-5,533	0	-100%	-5,533	0	0		-100%
Effect of Banco Popolare Croatia acquisition (after tax)	0	4,131		0	55	0	-100%	
Expected one-off impact of regulatory changes related to consumer contracts in Hungary (after tax)	0	-155,908		0	7,735	12,454	61%	
Risk cost created toward Crimean exposures from 2Q 2014 (after tax)	0	-7,943		0	-96	325	-438%	
Risk cost created toward exposures to Donetsk and Luhansk from 3Q 2014 (after tax)	0	-25,536		0	-6,796	-18,740	176%	
Consolidated adjusted after tax profit without the effect of adjustments	**145,882**	**118,014**	**-19%**	**10,614**	**33,515**	**10,230**	**-69%**	**-4%**
Before tax profit	**184,894**	**142,341**	**-23%**	**14,391**	**42,284**	**12,327**	**-71%**	**-14%**
Operating profit	**447,710**	**414,534**	**-7%**	**106,403**	**108,461**	**88,652**	**-18%**	**-17%**
Total income	**864,910**	**826,061**	**-4%**	**213,883**	**209,688**	**195,109**	**-7%**	**-9%**
Net interest income	**653,126**	**636,172**	**-3%**	**159,225**	**159,666**	**155,798**	**-2%**	**-2%**
Net fees and commissions	**166,936**	**169,579**	**2%**	**44,829**	**41,577**	**44,479**	**7%**	**-1%**
Other net non-interest income	**44,848**	**20,309**	**-55%**	**9,828**	**8,445**	**-5,168**	**-161%**	**-153%**
Foreign exchange result, net	18,183	11,287	-38%	5,364	5,670	-1,436	-125%	-127%
Gain/loss on securities, net	11,037	6,489	-41%	1,634	773	421	-46%	-74%
Net other non-interest result	15,627	2,534	-84%	2,831	2,002	-4,153	-307%	-247%
Operating expenses	**-417,201**	**-411,527**	**-1%**	**-107,480**	**-101,227**	**-106,458**	**5%**	**-1%**
Personnel expenses	-204,277	-206,335	1%	-50,173	-50,626	-52,000	3%	4%
Depreciation	-47,199	-43,721	-7%	-11,871	-11,709	-11,198	-4%	-6%
Other expenses	-165,725	-161,470	-3%	-45,436	-38,892	-43,259	11%	-5%
Total risk costs	**-272,459**	**-274,749**	**1%**	**-91,643**	**-65,152**	**-77,290**	**19%**	**-16%**
Provision for loan losses	-262,541	-263,511	0%	-83,373	-64,706	-68,907	6%	-17%
Other provision	-9,918	-11,237	13%	-8,270	-446	-8,383		1%
Total one-off items	**9,643**	**2,556**	**-73%**	**-369**	**-1,025**	**965**	**-194%**	**-362%**
Revaluation result of FX swaps at OTP Core	715	-824	-215%	-297	-1,023	948	-193%	-419%
Gain on the repurchase of own Upper and Lower Tier2 Capital	6,104	0	-100%	32	0	0		-100%
Result of the treasury share swap at OTP Core	2,824	3,380	20%	-104	-2	17	-1027%	-116%
Corporate taxes	**-39,012**	**-24,327**	**-38%**	**-3,777**	**-8,768**	**-2,097**	**-76%**	**-44%**
INDICATORS (%)	2013	2014	Y-o-Y	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
ROE (adjusted)	9.6%	8.5%	-1.1%p	2.8%	10.2%	3.1%	-7.0%p	0.4%p
ROA (adjusted)	1.4%	1.1%	-0.3%p	0.4%	1.2%	0.4%	-0.9%p	0.0%p
Operating profit margin	4.37%	3.88%	-0.49%p	4.13%	4.03%	3.20%	-0.83%p	-0.93%p
Total income margin	8.44%	7.74%	-0.70%p	8.30%	7.80%	7.05%	-0.75%p	-1.25%p
Net interest margin	6.37%	5.96%	-0.41%p	6.18%	5.94%	5.63%	-0.31%p	-0.55%p
Net fee and commission margin	1.63%	1.59%	-0.04%p	1.74%	1.55%	1.61%	0.06%p	-0.13%p
Net other non-interest income margin	0.44%	0.19%	-0.25%p	0.38%	0.31%	-0.19%	-0.50%p	-0.57%p
Cost-to-asset ratio	4.07%	3.85%	-0.22%p	4.17%	3.77%	3.85%	0.08%p	-0.32%p
Cost/income ratio	48.2%	49.8%	1.6%p	50.3%	48.3%	54.6%	6.3%p	4.3%p
Risk cost for loan losses-to-average gross loans	3.51%	3.68%	0.16%p	4.43%	3.45%	3.82%	0.37%p	-0.61%p
Risk cost for loan losses-to-average FX adjusted gross loans	3.50%	3.67%	0.17%p	4.44%	3.54%	3.87%	0.33%p	-0.57%p
Total risk cost-to-asset ratio	2.66%	2.57%	-0.09%p	3.56%	2.42%	2.79%	0.37%p	-0.76%p
Effective tax rate	21.1%	17.1%	-4.0%p	26.2%	20.7%	17.0%	-3.7%p	-9.2%p
Non-interest income/total income	24%	23%	-1%p	26%	24%	20%	-4%p	-5%p
EPS base (HUF) (from unadjusted net earnings)	241	-382	-259%	7	128	41	-68%	529%

INDICATORS (%)	2013	2014	Y-o-Y	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
EPS diluted (HUF) (from unadjusted net earnings)	240	-382	-259%	7	128	41	-68%	528%
EPS base (HUF) (from adjusted net earnings)	547	442	-19%	40	126	38	-69%	-4%
EPS diluted (HUF) (from adjusted net earnings)	546	441	-19%	40	125	38	-69%	-4%
Comprehensive Income Statement	2013	2014	Y-o-Y	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
Consolidated after tax profit	64,108	-102,258	-260%	1,408	34,097	10,928	-68%	676%
Fair value adjustment of securities available-for-sale (recognised directly through equity)	-1,721	13,019	-856%	1,048	-2,974	8,830	-397%	743%
Fair value adjustment of derivative financial instruments designated as cash-flow hedge	531	507	-5%	134	134	110	-18%	-18%
Fair value adjustment of strategic open FX position hedging net investment in foreign operations	-1,357	-4,489	231%	399	9	-1,123		-381%
Foreign currency translation difference	-33,159	-108,057	226%	-16,951	-18,179	-69,484	282%	310%
Change of actuarial losses (IAS 19)	-39	-6	-85%	-39	0	-6		-85%
Net comprehensive income	**28,363**	**-201,284**	**-810%**	**-14,001**	**13,087**	**-50,745**	**-488%**	**262%**
o/w Net comprehensive income attributable to equity holders	29,379	-199,866	-780%	-13,352	13,486	-49,741	-469%	273%
Net comprehensive income attributable to non-controlling interest	-1,016	-1,418	40%	-649	-399	-1,004	152%	55%
Average exchange rate of the HUF (in forint)	2013	2014	Y-o-Y	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
HUF/EUR	297	309	4%	298	312	308	-1%	4%
HUF/CHF	241	254	5%	242	258	256	-1%	6%
HUF/USD	224	233	4%	219	236	247	5%	13%
HUF/100JPY	230	220	-4%	218	227	216	-5%	-1%

CONSOLIDATED BALANCE SHEET

Main components of balance sheet in HUF million	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
TOTAL ASSETS	**10,381,047**	**10,978,359**	**10,971,052**	**0%**	**6%**
Cash and amount due from banks	539,125	2,154,832	2,307,633	7%	328%
Placements with other banks	273,479	362,996	281,006	-23%	3%
Financial assets at fair value	415,605	177,348	289,276	63%	-30%
Securities available-for-sale	1,637,255	769,963	839,153	9%	-49%
Net customer loans	6,245,210	6,081,822	5,864,240	-4%	-6%
Net customer loans (FX adjusted)	**6,253,268**	**5,956,853**	**5,864,240**	**-2%**	**-6%**
Gross customer loans	7,480,844	7,441,207	6,993,325	-6%	-7%
Gross customer loans (FX adjusted)	**7,499,573**	**7,263,935**	**6,993,325**	**-4%**	**-7%**
o/w Retail loans	4,919,986	4,920,465	4,725,322	-4%	-4%
Retail mortgage loans (incl. home equity)	2,763,612	2,651,280	2,590,332	-2%	-6%
Retail consumer loans	1,682,346	1,782,081	1,660,514	-7%	-1%
SME loans	474,028	487,104	474,476	-3%	0%
Corporate loans	2,253,525	2,039,296	1,976,249	-3%	-12%
Loans to medium and large corporates	1,971,028	1,911,140	1,857,936	-3%	-6%
Municipal loans[1]	282,498	128,157	118,313	-8%	-58%
Car financing loans	254,077	232,023	230,320	-1%	-9%
Bills and accrued interest receivables related to loans	71,984	72,150	61,435	-15%	-15%
Allowances for loan losses	-1,235,634	-1,359,386	-1,129,085	-17%	-9%
Allowances for loan losses (FX adjusted)	-1,246,305	-1,307,082	-1,129,085	-14%	-9%
Equity investments	23,837	23,685	23,381	-1%	-2%
Securities held-to-maturity	580,051	736,039	709,369	-4%	22%
Premises, equipment and intangible assets, net	455,244	391,389	365,161	-7%	-20%
o/w Goodwill, net	145,564	117,431	101,063	-14%	-31%
Premises, equipment and other intangible assets, net	309,680	273,958	264,098	-4%	-15%
Other assets	211,241	280,284	291,835	4%	38%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**10,381,047**	**10,978,359**	**10,971,052**	**0%**	**6%**
Liabilities to credit institutions and governments	784,212	778,794	708,273	-9%	-10%
Customer deposits	6,866,606	7,555,246	7,673,479	2%	12%
Customer deposits (FX adjusted)	**6,910,068**	**7,472,987**	**7,673,479**	**3%**	**11%**
o/w Retail deposits	4,811,537	4,995,804	5,220,779	5%	9%
Household deposits	4,165,128	4,261,010	4,455,334	5%	7%
SME deposits	646,410	734,795	765,445	4%	18%
Corporate deposits	2,060,127	2,438,038	2,424,159	-1%	18%
Deposits to medium and large corporates	1,703,106	2,000,351	2,024,466	1%	19%
Municipal deposits	357,021	437,688	399,693	-9%	12%
Accrued interest payable related to customer deposits	38,403	39,145	28,541	-27%	-26%
Issued securities	445,218	334,843	267,084	-20%	-40%
o/w Retail bonds	70,447	57,228	60,815	6%	-14%
Issued securities without retail bonds	374,771	277,615	206,269	-26%	-45%
Other liabilities	508,517	709,637	776,082	9%	53%
Subordinated bonds and loans	267,162	284,879	281,968	-1%	6%
Total shareholders' equity	**1,509,332**	**1,314,958**	**1,264,166**	**-4%**	**-16%**

Indicators	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
Loan/deposit ratio (FX adjusted)	108%	97%	91%	-6%p	-17%p
Net loan/(deposit + retail bond) ratio (FX adjusted)	89%	79%	75%	-3%p	-14%p
90+ days past due loan volume	1,463,645	1,603,036	1,339,213	-16%	-9%
90+ days past due loans/gross customer loans	19.8%	21.8%	19.3%	-2.4%p	-0.4%p
Total provisions/90+ days past due loans	84.4%	84.8%	84.3%	-0.5%p	-0.1%p
Consolidated capital adequacy - Basel3	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
Capital adequacy ratio[2] (consolidated, IFRS)	19.7%	18.0%	17.5%	-0.4%p	-2.2%p
Tier1 ratio[2]	17.4%	14.5%	14.1%	-0.4%p	-3.2%p
Common Equity Tier1 ('CET1') capital ratio[2]	16.0%	14.5%	14.1%	-0.4%p	-1.9%p
Regulatory capital[2] (consolidated)	1,440,962	1,256,000	1,201,874	-4%	-17%
o/w Tier1 Capital[2]	1,270,402	1,014,240	969,935	-4%	-24%
o/w Common Equity Tier1 capital[2]	1,170,378	1,014,240	969,935	-4%	-17%
Additional Tier1 Capital	100,025	0	0		-100%
Tier2 Capital	170,927	241,760	231,939	-4%	36%
o/w Hybrid Tier2	0	97,502	96,019	-2%	
Deductions from the regulatory capital	-367	n/a	n/a		
Consolidated risk weighted assets (RWA) (Credit&Market&Operational risk)	7,313,275	6,991,496	6,859,439	-2%	-6%
o/w RWA (Credit risk)	5,842,732	5,850,490	5,625,902	-4%	-4%
RWA (Market & Operational risk)	1,470,543	1,141,006	1,233,537	8%	-16%
Closing exchange rate of the HUF (in forint)	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
HUF/EUR	297	310	315	1%	6%
HUF/CHF	242	257	262	2%	8%
HUF/USD	216	245	259	6%	20%
HUF/100JPY	205	224	217	-3%	6%

[1] As of 31 December 2014 on consolidated level out of HUF 118 billion exposure to municipalities the exposure to the Hungarian State amounted to HUF 28 billion.

[2] The dividend amount accrued in 2014 under Hungarian Accounting Standards was not deducted from the capital when calculating the IFRS consolidated capital adequacy ratios, because the dividend is not to be deducted from the net earnings if the net result is negative.

OTP BANK'S HUNGARIAN CORE BUSINESS

OTP Core Statement of recognized income:

Main components of the Statement of recognised income in HUF million	2013	2014	Y-o-Y	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	114,879	137,418	20%	27,325	35,293	35,464	0%	30%
Corporate income tax	-28,957	-23,679	-18%	-5,186	-5,621	-2,843	-49%	-45%
Pre-tax profit	143,836	161,097	12%	32,511	40,914	38,307	-6%	18%
Operating profit	194,390	181,952	-6%	47,491	47,954	39,374	-18%	-17%
Total income	384,587	375,668	-2%	95,509	94,207	90,557	-4%	-5%
Net interest income	273,276	266,329	-3%	67,756	66,617	66,483	0%	-2%
Net fees and commissions	91,507	94,244	3%	24,776	23,294	23,432	1%	-5%
Other net non-interest income	19,804	15,095	-24%	2,977	4,295	641	-85%	-78%
Operating expenses	-190,197	-193,716	2%	-48,018	-46,253	-51,183	11%	7%
Total risk costs	-54,094	-23,410	-57%	-14,579	-6,015	-2,032	-66%	-86%
Provisions for possible loan losses	-48,899	-22,088	-55%	-11,053	-5,468	-2,569	-53%	-77%
Other provisions	-5,194	-1,323	-75%	-3,526	-547	536	-198%	-115%
Total one-off items	3,539	2,556	-72%	-401	-1,025	965		241%
Revaluation result of FX swaps	715	-824	115%	-297	-1,023	948	93%	319%
Gain on the repurchase of own Upper and Lower Tier2 Capital	0	0	0%	0	0	0	0%	0%
Revaluation result of the treasury share swap agreement	2,824	3,380	-120%	-104	-2	17		16%
Revenues by Bisiness Lines								
RETAIL								
Total income	293,090	281,268	-4%	71,750	70,808	68,686	-3%	-4%
Net interest income	214,063	197,473	-8%	51,546	49,411	47,887	-3%	-7%
Net fees and commissions	75,599	80,598	7%	19,388	20,557	20,147	-2%	4%
Other net non-interest income	3,429	3,197	-7%	815	841	651	-23%	-20%
CORPORATE								
Total income	43,702	47,240	8%	14,053	10,416	11,086	6%	-21%
Net interest income	27,930	32,039	15%	8,479	7,015	7,642	9%	-10%
Net fees and commissions	14,770	14,267	-3%	5,336	3,155	3,253	3%	-39%
Other net non-interest income	1,002	934	-7%	238	246	190	-23%	-20%
Treasury ALM								
Total income	44,426	45,357	2%	9,771	12,441	10,824	-13%	11%
Net interest income	31,283	36,817	18%	7,731	10,192	10,955	7%	42%
Net fees and commissions	769	-621	-181%	372	-418	31	-108%	-92%
Other net non-interest income	12,374	9,161	-26%	1,668	2,667	-162	-106%	-110%
Indicators (%)	2013	2014	Y-o-Y	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
ROE	9.4%	11.3%	1.8%p	8.7%	12.8%	12.2%	-0.6%p	3.5%p
ROA	1.8%	2.0%	0.2%p	1.7%	2.1%	2.0%	-0.1%p	0.3%p
Operating profit margin (operating profit / avg. total assets)	3.1%	2.7%	-0.4%p	3.0%	2.9%	2.2%	-0.6%p	-0.8%p
Total income margin	6.06%	5.53%	-0.53%p	6.05%	5.65%	5.13%	-0.52%p	-0.92%p
Net interest margin	4.31%	3.92%	-0.39%p	4.29%	3.99%	3.76%	-0.23%p	-0.53%p
Net fee and commission margin	1.44%	1.39%	-0.06%p	1.57%	1.40%	1.33%	-0.07%p	-0.24%p
Net other non-interest income margin	0.31%	0.22%	-0.09%p	0.19%	0.26%	0.04%	-0.22%p	-0.15%p
Operating costs to total assets ratio	3.0%	2.9%	-0.1%p	3.0%	2.8%	2.9%	0.1%p	-0.1%p
Cost/income ratio	49.5%	51.6%	2.1%p	50.3%	49.1%	56.5%	7.4%p	6.2%p
Cost of risk/average gross loans	1.56%	0.76%	-0.80%p	1.43%	0.75%	0.36%	-0.38%p	-1.06%p
Cost of risk/average gross loans (FX adjusted)	1.51%	0.75%	-0.76%p	1.38%	0.74%	0.36%	-0.38%p	-1.02%p
Effective tax rate	20.1%	14.7%	-5.4%p	16.0%	13.7%	7.4%	-6.3%p	-8.5%p

- ***2014 adjusted profit improved by 20% y-o-y and reached HUF 137.4 billion***
- ***The operating income declined by 6%: annual NIM (3.9%) moderated by 39 bps while the net interest income decreased by 3%, operating expenses slightly increased (+2% y-o-y)***
- ***In 4Q the deterioration of the loan book further decelerated and risk costs were significantly lower q-o-q***
- ***The y-o-y decline of the FX-adjusted gross loan portfolio was mainly due to lower municipality volumes (as a result of the consolidation by the state and prepayments) and further eroding mortgage book***
- ***Supported also by the Funding for Growth Programme the exposure to micro and small enterprises grew y-o-y***
- ***After the significant increase in 3Q the overall deposit book kept further increasing q-o-q***

P&L developments

The expected one-off impact of regulatory changes related to consumer contracts was eliminated from OTP Core's P&L. The estimated impact was shown among the adjustment items on consolidated level.

Without the effect of adjustment items[6] **OTP Core** posted a net profit of HUF 137.4 billion in 2014, underpinning a 20% y-o-y increase.

4Q earnings were practically flat compared to 3Q. The quarterly dynamics were heavily influenced by the volatility in the corporate tax burden (-49% q-o-q) induced by the tax shield effect of the revaluation of subsidiary investments due to HUF volatility (the corporate tax savings in HUF billion: 4Q 2013: 1.4, 3Q 2014: 1.7, 4Q 2014: 6.3). The q-o-q lower pre-tax profit (-6%) was due to the drop of other net non-interest income and the increase of operating expenses. These effects were partly offset by the lower risk costs. The HUF 2 billion risk costs in 4Q represented the smallest volume since 1Q 2008.

The substantial y-o-y increase of annual before tax profit (+12%) to a great extent was due to lower risk costs (-57% y-o-y). Such positive development was partially moderated by lower operating profit (-6% y-o-y).

Within the total income, the twelve months net interest income dropped by 3% y-o-y, whereas in 4Q it remained stable q-o-q. The shrinking of the interest bearing portfolio continued in 4Q, while the net interest margin eroded. In the second half of the year total assets surged (in 3Q by 8%, in 4Q by 5% q-o-q) having a negative effect on the net interest margin, whereas the net interest income in each period in 2014 remained stable. Furthermore, the declining yield environment y-o-y took its toll through lower deposit margins (the annual average of the base rate came down by 2 ppts y-o-y). The annual negative impact of the FX protection scheme was HUF 2.8 billion on net interest revenues for 2014 (in 2013 such item caused a HUF 2.2 billion decline in net interest income).

Net fees and commissions for the year advanced by 3% y-o-y and by 1% q-o-q in 4Q. The q-o-q drop of other non-interest income in 4Q by around HUF 3.7 billion was mainly reasoned by the following items: the revaluation result booked on Other provisions line due to regulatory changes related to FX mortgage loans in Hungary was moved to the Foreign exchange result line (HUF -1.8 billion in 4Q); this effect was offset by the positive hedging swap result within the net interest income. Furthermore a HUF 0.6 billion decline was related to the central bank's decision shifting commercial banks' the 2-week bond facility into deposits effective from August. Moreover, treasury margins eroded (HUF -0.6 billion) and income realized on sale of fixed assets was lower in 4Q (HUF -0.3 billion). As for the y-o-y decline in other net non-interest income a base effect played a role, too: in 2014 the realised gain on the available-for-sale government bond portfolio was much lower (HUF 4.3 billion) than a year ago (HUF 8.3 billion).

Annual operating expenses grew moderately (+2% y-o-y), but jumped by 11% q-o-q in 4Q. Compared to 2013 personnel expenses advanced by 2% y-o-y, other operating expenses increased by 1%, partly due to higher contribution paid into the National Deposit Insurance Fund and also to fees paid into the recently established Resolution Fund (the annual deposit insurance fund fee represented HUF 1.8 billion in 2013 and 2.7 billion in 2014, respectively. The Resolution Fund contribution was HUF 0.6 billion in 2014).

Risk costs dropped by 57% y-o-y and the annual risk cost rate decreased from 1.56% to 0.76%. In 1Q a project financing loan (with a principal of HUF 35 billion) reached 90 days of delinquency, otherwise the FX-adjusted DPD90+ quarterly volume growth adjusted by sales and write-offs remained fairly contained in 2014. In 2H HUF 104.6 billion portfolio with high coverage was written-off (mainly corporate loans), of which HUF 66 billion through partial write-offs. As a result the total volume of DPD90+ volumes further dropped and reached 8.5% lower level than at the end of previous year (2013 4Q: HUF 527.6 billion, 2014 4Q: HUF 482.8 billion). The DPD90+ ratio decreased by 0.8 ppt q-o-q

[6] Special tax on financial institutions and one-timer payment compensating the underperformance of the financial transaction tax, dividends and net cash transfers, goodwill impairment charges, expected one-off impact of regulatory changes related to consumer contracts, the fine imposed by the Hungarian Competition Authority and the tax impact of the transfer of general risk reserves to retained earnings.

(+0.1% ppt y-o-y) and moderated to 17.5%. Mainly as a result of the write-offs the provision coverage ratio of DPD90+ loans dropped by 0.8 ppt q-o-q to 76.5% (-8.8 ppts y-o-y). The deterioration of the consumer loan portfolio has been showing a moderating trend since the beginning of 2013.

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

Main components of balance sheet closing balances in HUF mn	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
Total Assets	6,454,938	6,885,439	7,127,611	4%	10%
Net customer loans	2,584,717	2,436,746	2,384,193	-2%	-8%
Net customer loans (FX adjusted)	**2,662,905**	**2,449,726**	**2,384,193**	**-3%**	**-10%**
Gross customer loans	3,034,469	2,839,173	2,753,425	-3%	-9%
Gross customer loans (FX adjusted)	**3,134,508**	**2,856,127**	**2,753,425**	**-4%**	**-12%**
Retail loans	2,076,517	1,991,926	1,937,445	-3%	-7%
Retail mortgage loans (incl. home equity)	1,533,940	1,459,039	1,428,303	-2%	-7%
Retail consumer loans	418,981	402,221	380,316	-5%	-9%
SME loans	123,596	130,665	128,826	-1%	4%
Corporate loans	1,057,991	864,202	815,980	-6%	-23%
Loans to medium and large corporates	840,904	787,398	765,098	-3%	-9%
Municipal loans[1]	217,087	76,804	50,882	-34%	-77%
Provisions	-449,752	-402,427	-369,232	-8%	-18%
Provisions (FX adjusted)	**-471,603**	**-406,402**	**-369,232**	**-9%**	**-22%**
Deposits from customers + retail bonds	3,903,396	4,338,168	4,459,304	3%	14%
Deposits from customers + retail bonds (FX adjusted)	**3,967,790**	**4,353,250**	**4,459,304**	**2%**	**12%**
Retail deposits + retail bonds	2,375,203	2,380,599	2,536,687	7%	7%
Household deposits + retail bonds	2,031,756	1,997,574	2,125,282	6%	5%
o/w: Retail bonds	70,447	57,228	60,815	6%	-14%
SME deposits	343,447	383,025	411,405	7%	20%
Corporate deposits	1,592,587	1,972,652	1,922,617	-3%	21%
Deposits to medium and large corporates	1,288,770	1,586,827	1,577,237	-1%	22%
Municipal deposits	303,817	385,824	345,380	-10%	14%
Liabilities to credit institutions	591,856	552,480	503,468	-9%	-15%
Issued securities without retail bonds	276,916	257,228	196,902	-23%	-29%
Total shareholders' equity	1,244,473	1,109,017	1,195,162	8%	-4%
Loan Quality	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	527,591	521,055	482,770	-7.3%p	-8.5%p
90+ days past due loans/gross customer loans (%)	17.4%	18.4%	17.5%	-0.8%p	0.1%p
Total provisions/90+ days past due loans (%)	85.2%	77.2%	76.5%	-0.8%p	-8.8%p
Market Share (%)	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
Loans	19.0%	18.7%	18.6%	-0.1%p	-0.3%p
Deposits	23.7%	26.5%	26.1%	-0.5%p	2.3%p
Total Assets	26.9%	28.1%	27.9%	-0.1%p	1.0%p
Performance Indicators (%)	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
Gross loans to deposits	79%	66%	63%	-4%p	-17%p
Net loans to (deposits + retail bonds)	66%	56%	53%	-3%p	-13%p
Net loans to (deposits + retail bonds) (FX adjusted)	67%	56%	53%	-3%p	-14%p
Leverage (Total Assets/Shareholder's Equity)	19.3%	16.1%	16.8%	0.7%p	-2.5%p
Leverage (Total Assets/Shareholder's Equity)	5.2x	6.2x	6.0x		
Capital adequacy ratio (OTP Bank, non-consolidated, Basel3, HAS)	23.0%	19.3%	19.0%	-0.3%p	-4.1%p
Common Equity Tier1 ratio (OTP Bank, non-consolidated, Basel3, HAS)	23.0%	15.6%	14.8%	-0.8%p	-8.2%p

[1] As of 31 December 2014 out of HUF 51 billion exposure to municipalities the exposure to the Hungarian State amounted to HUF 28 billion.

Balance sheet trends

In 2014 the FX-adjusted performing (DPD0-90) loan portfolio shrank by 12% y-o-y and by 3% q-o-q mainly as a result of the significant drop in the corporate loan volumes (-3% q-o-q, -20% y-o-y), which includes the municipality portfolio, too. This was primarily due to the 77% y-o-y drop of municipality loans (both the gross and performing book declined by the same magnitude). The reason behind such a material decline was that on 28 February the Hungarian Government took over all the remaining debt obligations of the Hungarian municipalities. The last phase of the consolidation involved HUF 102 billion municipality portfolio, of which HUF 64 billion was pre-paid and HUF 38 billion was refinanced from a loan extended by OTP Bank for the Debt Management Agency. Thus the local government consolidation had a negative impact of HUF 64 billion on OTP Core's loan volumes in 1Q 2014. Furthermore, from the outstanding municipality volume the Debt Management Agency prepaid HUF 60 billion in 3Q and another 18 billion in 4Q. As a result the closing balance showed HUF 51 billion at the end of December, of which HUF 28 billion was the obligation of the Hungarian State.

It was encouraging that partly as a result of the Funding for Growth Programme initiated by the National Bank (and without the effect of partial write offs at the bank) OTP Bank's exposure to local corporate clients[7] increased further (+4% y-o-y). During the same period of time the portfolio of Hungarian financial institutions excluding OTP dropped by 3% y-o-y. Consequently, the market share[8] of OTP Group in loans to Hungarian companies further increased and reached 13.0%. (+0.6 ppt y-o-y).

In the first phase of the Funding for Growth Programme OTP Group managed to conclude contracts with a principal value of HUF 91 billion, out of that amount HUF 71 billion was originated under the first pillar, i.e. new placements represented 62%. The second phase of the Programme is available for clients from early October 2013 until end of 2015. The initial size of funding was set at HUF 500 billion, later increased to HUF 1,000 billion (and can be broadened with another HUF 1000 billion), however the funding is not allocated to banks, but banks can withdraw funding in line with approved client applications. Under the second phase of the Programme OTP Group already contracted in the amount of more than HUF 117 billion by the end of December, moreover loan applications in the pipeline exceeded HUF 38 billion.

The erosion of the mortgage book continued. Positive though, that mortgage loan applications and originations showed a significant increase mainly due to the positive impact of the State subsidized housing loan lending (applications in HUF billion: 2013: 79.8, 2014: 112.9, +41% y-o-y; disbursed amounts: 2013: 53.9, 2014: 73.9, +37% y-o-y). At OTP applications for subsidized housing loans in 2014 with the amount of HUF 41.6 billion represented 46% of total housing loan applications and 37% of total mortgage loan applications. OTP's market share in mortgage loan origination remained strong (2014: 28.3%).

In 4Q OTP's market share exceeded 30% again (and in December it surpassed 34%). OTP Bank maintained a strong market share in the personal loan market segment, while its share in new origination shows a declining trend (2013: 52%, 2014: 42%). New volumes dropped by 16% in 4Q q-o-q. The outstanding portfolio also declined during the year (-5% q-o-q, -9% y-o-y, FX-adjusted) partly as a result of the lower volume of current account loans due to the earlier payment of December salaries at the end of the year.

Deposits (and retail bonds) increased sharply y-o-y and moderately in 4Q (adjusted for the FX-effect) supported by strong corporate inflows. The medium and large corporate deposit volumes grew by 22% y-o-y as a result of significant inflows from OTP Fund Management and other fund management companies in 3Q. The q-o-q weaker municipality deposit volumes were reasoned by base effect: local tax revenues in 1Q and 3Q always induce higher deposit inflows from this market segment. The y-o-y municipality deposit growth was supported by the debt consolidation by the state which exerted a positive impact on the financial position of local governments.

On a yearly base retail deposits grew by 7% both q-o-q and y-o-y, partly as a result of earlier salary payments in December.

[7] The calculation is based on the supervisory balance sheet of the Hungarian National Bank: estimated FX adjusted change of the portfolio of „Loans to enterprises – Non-financial and other financial enterprises". Adjusted for the impact of partial write off in 2014 at OTP Core.

[8] Based on the balance sheet data provision to the Hungarian National Bank (MNB), calculated from the aggregated financials for the „Loans to non-financial companies, other-financials companies and non-profit organisations supporting households" line of OTP Bank, OTP Mortgage Bank, OTP Building Society and Merkantil Bank.

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	2013	2014	Y-o-Y	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfer and banking tax[1]	3,596	6,139	71%	1,353	1,150	2,825	146%	109%
Income tax	-603	-1,193	98%	-131	-269	-472	76%	259%
Profit before income tax	4,200	7,332	75%	1,485	1,419	3,297	132%	122%
Operating profit	4,140	7,288	76%	1,425	1,419	3,254	129%	128%
Total income	6,314	9,145	45%	2,178	1,836	3,935	114%	81%
Net interest income	0	0		0	0	0		
Net fees and commissions	6,393	9,261	45%	2,339	1,823	4,090	124%	75%
Other net non-interest income	-78	-116	48%	-160	13	-156		-3%
Operating expenses	-2,174	-1,857	-15%	-753	-417	-681	63%	-10%
Other provisions	59	43	-27%	59	0	43	-100%	-27%
Main components of balance sheet closing balances in HUF mn	**2013**	**2014**	**YTD**	**4Q 2013**	**3Q 2014**	**4Q 2014**	**Q-o-Q**	**Y-o-Y**
Total assets	9,014	12,187	35%	9,014	11,223	12,187	9%	35%
Total shareholders' equity	6,808	9,395	38%	6,808	6,880	9,395	37%	38%
Asset under management in HUF bn	**2013**	**2014**	**YTD**	**4Q 2013**	**3Q 2014**	**4Q 2014**	**Q-o-Q**	**Y-o-Y**
Assets under management, total (w/o duplicates)	**1,384**	**1,659**	**20%**	**1,384**	**1,642**	**1,659**	**1%**	**20%**
Retail investment funds (closing, w/o duplicates)	993	1,201	21%	993	1,200	1,201	0%	21%
Volume of managed assets (closing, w/o duplicates)	391	458	17%	391	441	458	4%	17%
Volume of investment funds (with duplicates)	1,085	1,318	21%	1,085	1,314	1,318	0%	21%
money market	429	416	-3%	429	417	416	0%	-3%
bond	318	476	50%	318	473	476	1%	50%
mixed	17	20	17%	17	20	20	-1%	17%
security	83	97	18%	83	97	97	0%	18%
guaranteed	105	111	6%	105	113	111	-1%	6%
other	133	197	48%	133	194	197	2%	48%

[1] According to section 4/D of Act No. LIX of 2014 amended in November 2014, instead of special tax on financial institutions levied on asset management companies from 2015 a special tax will be introduced to be paid by investment funds with a tax rate of 0.05% p.a. based on the investment funds' assets.

In 2014 **OTP Fund Management** posted a y-o-y 71% higher, HUF 6.1 billion after tax profit, excluding the special banking tax on financial institutions. The y-o-y 76% improvement of operating income was induced by favourable dynamics in net fee income (+45% y-o-y) in line with the expanding volume of assets under management (+20% y-o-y) and the increasing success fee due to the good performance. Operating expenses dropped by 15% in comparison with the base period.

As a consequence of declining deposit rates due to the monetary easing in the last two years the interest towards investment funds moderated in the fourth quarter, but the assets under management on the market significantly increased on yearly base. Within the total portfolio fixed income, mixed and derivative funds enjoyed the strongest capital inflow.

The volume of investment funds under management of OTP Fund Management increased by HUF 232 billion y-o-y. The definite winners of capital inflow were Optima, Supra and Premium Money Market Funds. The asset growth at the Company exceeded the market growth rate, as a result the market share (without duplication) increased y-o-y by 0.6 ppt to 27.5%.

MERKANTIL GROUP (HUNGARY)

Performance of Merkantil Bank and Car:

Main components of P&L account in HUF mn	2013	2014	Y-o-Y	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	1,951	-1,518	-178%	553	-387	-1,056	173%	-291%
Income tax	-58	0	-100%	-77	-59	-59	0%	-23%
Profit before income tax	2,009	-1,518	-176%	630	-327	-996	204%	-258%
Operating profit	6,341	5,900	-7%	1,532	1,465	1,572	7%	3%
Total income	12,478	11,972	-4%	3,124	2,982	3,097	4%	-1%
Net interest income	14,553	15,490	6%	3,646	3,887	3,983	2%	9%
Net fees and commissions	-2,971	-3,002	1%	-803	-746	-775	4%	-4%
Other net non-interest income	895	-517	-158%	281	-158	-111	-30%	-139%
Operating expenses	-6,136	-6,072	-1%	-1,592	-1,517	-1,525	1%	-4%
Total provisions	-4,332	-7,418	71%	-903	-1,793	-2,568	43%	185%
Provision for possible loan losses	-4,755	-7,430	56%	-861	-1,775	-2,470	39%	187%
Other provision	423	12	-97%	-42	-18	-98	442%	133%

Main components of balance sheet closing balances in HUF mn	2013	2014	YTD	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
Total assets	282,780	313,033	11%	282,780	309,964	313,033	1%	11%
Gross customer loans	257,485	264,313	3%	257,485	258,633	264,313	2%	3%
Gross customer loans (FX-adjusted)	267,727	264,313	-1%	267,727	260,565	264,313	1%	-1%
Retail loans	6,534	17,291	165%	6,534	15,432	17,291	12%	165%
Corporate loans	62,486	64,161	3%	62,486	62,449	64,161	3%	3%
Car financing loans	198,707	182,860	-8%	198,707	182,684	182,860	0%	-8%
Allowances for possible loan losses	-34,403	-31,770	-8%	-34,403	-29,808	-31,770	7%	-8%
Allowances for possible loan losses (FX-adjusted)	-34,871	-31,770	-9%	-34,871	-29,917	-31,770	6%	-9%
Deposits from customers	5,945	8,188	38%	5,945	6,097	8,188	34%	38%
Deposits from customer (FX-adjusted)	5,945	8,188	38%	5,945	6,097	8,188	34%	38%
Retail deposits	2,234	2,766	24%	2,234	2,601	2,766	6%	24%
Corporate deposits	3,711	5,422	46%	3,711	3,495	5,422	55%	46%
Liabilities to credit institutions	210,004	220,321	5%	210,004	231,963	220,321	-5%	5%
Issued securities	35,141	33,888	-4%	35,141	33,428	33,888	1%	-4%
Subordinated debt	1,411	0	-100%	1,411	0	0		-100%
Total shareholders' equity	27,486	19,729	-28%	27,486	21,809	19,729	-10%	-28%
Loan Quality	**2013**	**2014**	**Y-o-Y**	**4Q 2013**	**3Q 2014**	**4Q 2014**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	37,405	35,496	-5%	37,405	33,776	35,496	5%	-5%
90+ days past due loans/gross customer loans (%)	14.5%	13.4%	-1.1%p	14.5%	13.1%	13.4%	0.4%p	-1.1%p
Cost of risk/average gross loans (%)	1.81%	2.85%	1.04%p	1.31%	2.75%	3.75%	1.00%p	2.44%p
Cost of risk/average (FX-adjusted) gross loans	1.73%	2.79%	1.06%p	1.26%	2.73%	3.73%	1.01%p	2.47%p
Total provisions/90+ days past due loans (%)	92.0%	89.5%	-2.5%p	92.0%	88.3%	89.5%	1.3%p	-2.5%p
Performance Indicators (%)	**2013**	**2014**	**Y-o-Y**	**4Q 2013**	**3Q 2014**	**4Q 2014**	**Q-o-Q**	**Y-o-Y**
ROA	0.7%	-0.5%	-1.3%p	0.8%	-0.5%	-1.3%	-0.8%p	-2.1%p
ROE	7.3%	-6.4%	-13.7%p	8.1%	-7.6%	-20.2%	-12.5%p	-28.2%p
Total income margin	4.75%	4.02%	-0.73%p	4.33%	3.96%	3.95%	-0.01%p	-0.38%p
Net interest margin	5.54%	5.20%	-0.34%p	5.05%	5.15%	5.07%	-0.08%p	0.02%p
Cost/income ratio	49.2%	50.7%	1.5%p	50.9%	50.9%	49.2%	-1.6%p	-1.7%p

Merkantil Bank and Car posted HUF 1.5 billion aggregated negative after tax result in 2014 against HUF 2 billion profit in the base period. The presented results exclude the special tax on financial institutions and the expected one-off impact of regulatory changes related to consumer contracts (these items are shown on consolidated level, among adjustments).

The 2014 operating result decreased by 7% compared to the base period, mainly because of a drop in other income. The core revenues of the Bank indicate an improvement, the net interest income increased by 6% y-o-y. The annual net interest margin moderated to 5.2% (-34 bps y-o-y). The other non-interest income line was affected by negative result realized on securities.

The ratio of DPD90+ loans changed to 13.4% (-1.1 ppts y-o-y, +0.4 ppt q-o-q). In 2Q 2014 non-performing loans were sold in the amount of HUF 10 billion, while HUF 0.4 billion loans were written off in 4Q. The elevated risk costs were partly related to HUF 0.7 billion one-off provision on portfolio in 1Q. The provision coverage ratio improved by 1.3 ppts q-o-q to 89.5%.

The quarterly erosion of FX-adjusted car financing loan book stopped in 4Q, however car loans decreased by 8% y-o-y. In 2014 new car financing loan disbursements kept on growing (+61% y-o-y).

IFRS REPORTS OF THE MAIN SUBSIDIARIES

In the following parts of the Summary the after tax profit of the subsidiaries are presented without any received dividends and net cash transfers. The structural adjustments on the lines of subsidiaries' Statements of recognised income as well as description of calculation methods of performance indices are to be found in Supplementary data annex.

DSK GROUP (BULGARIA)

Performance of DSK Group:

Main components of P&L account in HUF mn	2013	2014	Y-o-Y	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	30,223	39,170	30%	4,563	11,876	5,728	-52%	26%
Income tax	-3,536	-4,417	25%	-552	-1,347	-723	-46%	31%
Profit before income tax	33,760	43,587	29%	5,115	13,224	6,451	-51%	26%
Operating profit	55,090	62,393	13%	13,004	16,510	14,823	-10%	14%
Total income	92,966	102,239	10%	23,521	26,330	26,129	-1%	11%
Net interest income	72,908	79,116	9%	18,482	19,952	20,216	1%	9%
Net fees and commissions	18,208	20,262	11%	4,655	5,370	5,298	-1%	14%
Other net non-interest income	1,849	2,860	55%	383	1,007	615	-39%	60%
Operating expenses	-37,876	-39,846	5%	-10,517	-9,820	-11,307	15%	8%
Total provisions	-21,330	-18,806	-12%	-7,889	-3,286	-8,372	155%	6%
Provision for possible loan losses	-20,723	-17,526	-15%	-7,277	-3,214	-7,184	124%	-1%
Other provision	-608	-1,279	111%	-612	-72	-1,188		94%
Main components of balance sheet closing balances in HUF mn	**2013**	**2014**	**Y-o-Y**	**4Q 2013**	**3Q 2014**	**4Q 2014**	**Q-o-Q**	**Y-o-Y**
Total assets	1,343,595	1,603,812	19%	1,343,595	1,490,158	1,603,812	8%	19%
Gross customer loans	1,138,014	1,158,516	2%	1,138,014	1,196,400	1,158,516	-3%	2%
Gross customer loans (FX-adjusted)	1,207,114	1,158,516	-4%	1,207,114	1,213,907	1,158,516	-5%	-4%
Retail loans	953,808	872,084	-9%	953,808	945,281	872,084	-8%	-9%
Corporate loans	253,306	286,433	13%	253,306	268,626	286,433	7%	13%
Allowances for possible loan losses	-201,300	-159,015	-21%	-201,300	-219,280	-159,015	-27%	-21%
Allowances for possible loan losses (FX-adjusted)	-213,653	-159,015	-26%	-213,653	-222,532	-159,015	-29%	-26%
Deposits from customers	1,054,713	1,285,044	22%	1,054,713	1,181,174	1,285,044	9%	22%
Deposits from customer (FX-adjusted)	1,123,382	1,285,044	14%	1,123,382	1,200,114	1,285,044	7%	14%
Retail deposits	987,005	1,127,641	14%	987,005	1,036,833	1,127,641	9%	14%
Corporate deposits	136,376	157,403	15%	136,376	163,280	157,403	-4%	15%
Liabilities to credit institutions	44,351	47,284	7%	44,351	44,022	47,284	7%	7%
Subordinated debt	0	0	-100%	0	0	0	-100%	-100%
Total shareholders' equity	220,752	247,993	12%	220,752	238,121	247,993	4%	12%
Loan Quality	**2013**	**2014**	**Y-o-Y**	**4Q 2013**	**3Q 2014**	**4Q 2014**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	228,539	173,716	-24%	228,539	243,007	173,716	-29%	-24%
90+ days past due loans/gross customer loans (%)	20.1%	15.0%	-5.1%p	20.1%	20.3%	15.0%	-5.3%p	-5.1%p
Cost of risk/average gross loans (%)	1.82%	1.53%	-0.29%p	2.53%	1.07%	2.42%	1.35%p	-0.11%p
Cost of risk/average (FX-adjusted) gross loans (%)	1.70%	1.48%	-0.21%p	2.39%	1.05%	2.40%	1.35%p	0.01%p
Total provisions/90+ days past due loans (%)	88.1%	91.5%	3.5%p	88.1%	90.2%	91.5%	1.3%p	3.5%p
Performance Indicators (%)	**2013**	**2014**	**Y-o-Y**	**4Q 2013**	**3Q 2014**	**4Q 2014**	**Q-o-Q**	**Y-o-Y**
ROA	2.3%	2.7%	0.4%p	1.3%	3.3%	1.5%	-1.8%p	0.1%p
ROE	14.1%	16.7%	2.7%p	8.3%	20.3%	9.3%	-10.9%p	1.1%p
Total income margin	7.05%	6.94%	-0.12%p	6.93%	7.21%	6.70%	-0.51%p	-0.23%p
Net interest margin	5.53%	5.37%	-0.16%p	5.45%	5.47%	5.18%	-0.28%p	-0.26%p
Cost/income ratio	40.7%	39.0%	-1.8%p	44.7%	37.3%	43.3%	6.0%p	-1.4%p
Net loans to deposits (FX-adjusted)	88%	78%	-11%p	88%	83%	78%	-5%p	-11%p
FX rates (in HUF)	**2013**	**2014**	**Y-o-Y**	**4Q 2013**	**3Q 2014**	**4Q 2014**	**Q-o-Q**	**Y-o-Y**
HUF/BGN (closing)	151.8	161.0	6%	151.8	158.7	161.0	1%	6%
HUF/BGN (average)	151.8	157.8	4%	152.2	159.7	157.7	-1%	4%

- ***2014 net profit improved by 30% y-o-y supported by favourable income dynamics and moderating risk costs***
- ***Asset quality trends remained favourable. The significant q-o-q drop of the DPD90+ ratio was explained mostly by partial write-offs; the coverage ratio further increased***
- ***DPD0-90 loan volumes grew by 2% y-o-y (adjusted for FX-effect). Corporate loans increased on the back of the business development project targeting corporate clients***
- ***Despite continuing deposit rate cuts volumes increased substantially both q-o-q and y-o-y***

In 4Q 2014 **DSK Group** posted a quarterly profit of HUF 5.7 billion, thus the full-year after-tax profit of HUF 39.2 billion represents a 30% improvement over the base period.

The annual operating profit improved by 13% mainly as a result of excellent core banking revenues. The net interest income advanced by 9% y-o-y (+4% in local currency terms), mainly due to lower interest expenses. The prepayment of a subordinated loan with original maturity date of 2016 to OTP Bank in October 2013 played a role in the reduction of funding costs, too. The annual net interest margin eroded slightly by 17 bps to 5.36% mainly due to the lower margin content realized from the liquidity inflow experienced in 2H 2014 (consequently, total assets went up, too).

The full-year net fee and commission income advanced by 11% y-o-y; the growth was driven mainly by higher deposit-related fees. The increase of other net non-interest income was partly driven by the reclassification of interest income realized on the trading book from interest revenues into the other income line.

Operating expenses grew by 5% y-o-y in HUF terms, whereas costs went up by only 1% in leva terms.

The 4Q result practically halved q-o-q because of higher operating expenses and elevated risk costs.

Asset quality developments can be characterized as favourable: in 4Q the FX-adjusted change of DPD90+ loan volumes indicates further improvement (quarterly FX-adjusted change of DPD90+ loan volumes adjusted for sales and write-offs in HUF billion: 4Q 2013: 0, 1Q 2014: 2, 2Q: 2, 3Q: 1, 4Q: -2). The ratio of loans with more than 90 days of delay dropped materially q-o-q (by 5.3 ppts to 15.0%), driven mostly by write-off of non-performing household loans. The annual risk cost declined by 12% implying a risk cost rate of 1.48%. The provision coverage of DPD90+ loans improved by 3.5 ppts y-o-y exceeding 91.5% by end-2014.

The overall loan demand remained weak. The q-o-q and y-o-y FX-adjusted loan volume changes were related to a great extent to write-offs executed primarily in 4Q 2014. Performing (DPD0-90) loan volumes showed a 2% growth both in quarterly and yearly comparison. Within retail lending activity the mortgage loan disbursement advanced by 40% q-o-q in 4Q 2014, but consumer loan origination lagged behind that in the previous quarter. In 2014 new retail loan disbursement declined by 11%. The FX-adjusted DPD0-90 mortgage loan portfolio declined by 2% q-o-q and 6% y-o-y; increased prepayments played a role, too (pursuant to a new legislation prepayment fees were abolished from July). The performing consumer loan portfolio remained stable both q-o-q and y-o-y.

From mid-2013 DSK launched a business development project targeting SME and corporate clients with the aim of improving efficiency and potentially market share both in lending and deposit collection. Accordingly, in order to galvanize SME and corporate lending, in 1Q 2014 5 new financial outlets were opened and another 13 units during 2Q. Consequently, from 2Q 2014 new corporate loan volumes started to accelerate gradually (in 4Q they practically doubled y-o-y). DPD0-90 corporate loan volumes grew by 18% y-o-y (+11% q-o-q). Simultaneously, the Bank could gain market share in this segment: it went up from 5.8% to 6.7% in the last 12 months.

The FX-adjusted deposit base – despite persistently lower interest rates versus market rates – grew by 7% q-o-q and advanced by 14% y-o-y. Consequently, the net loan to deposit ratio at DSK dropped to multi-year low level (78%) demonstrating an excellent liquidity position at the bank.

The capital adequacy ratio of DSK Bank stood at 18.0% at the end of December 2014 (+1.7 ppts y-o-y). In 2Q DSK Bank paid around HUF 25 billion equivalent dividend to the mother company.

OTP BANK RUSSIA

Performance of OTP Bank Russia:

Main components of P&L account in HUF mn	2013	2014	Y-o-Y	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	2,356	-14,541	-717%	-8,906	-5,722	-1,807	-68%	-80%
Income tax	-1,053	3,137	-398%	2,217	1,041	380	-64%	-83%
Profit before income tax	3,409	-17,678	-619%	-11,123	-6,763	-2,187	-68%	-80%
Operating profit	124,223	101,028	-19%	25,840	25,942	22,224	-14%	-14%
Total income	207,493	179,392	-14%	46,390	46,083	39,827	-14%	-14%
Net interest income	184,041	158,972	-14%	41,348	41,501	34,474	-17%	-17%
Net fees and commissions	21,990	21,378	-3%	4,598	5,193	4,460	-14%	-3%
Other net non-interest income	1,462	-958	-166%	443	-611	893	-246%	101%
Operating expenses	-83,270	-78,364	-6%	-20,550	-20,142	-17,603	-13%	-14%
Total provisions	-120,814	-118,706	-2%	-36,963	-32,705	-24,411	-25%	-34%
Provision for possible loan losses	-121,310	-117,623	-3%	-36,822	-32,433	-24,242	-25%	-34%
Other provision	496	-1,083	-318%	-141	-271	-168	-38%	19%
Main components of balance sheet closing balances in HUF mn	**2013**	**2014**	**YTD**	**4Q 2013**	**3Q 2014**	**4Q 2014**	**Q-o-Q**	**Y-o-Y**
Total assets	940,320	750,747	-20%	940,320	836,912	750,747	-10%	-20%
Gross customer loans	833,223	568,709	-32%	833,223	862,169	568,709	-34%	-32%
Gross customer loans (FX-adjusted)	586,202	568,709	-3%	586,202	628,614	568,709	-10%	-3%
Retail loans	550,151	532,543	-3%	550,151	591,901	532,543	-10%	-3%
Corporate loans	33,099	34,169	3%	33,099	34,497	34,169	-1%	3%
Car financing loans	2,952	1,997	-32%	2,952	2,216	1,997	-10%	-32%
Gross DPD0-90 customer loans (FX-adjusted)	481,233	484,930	1%	481,233	471,563	484,930	3%	1%
Retail loans	447,594	451,555	1%	447,594	437,711	451,555	3%	1%
Allowances for possible loan losses	-160,989	-98,436	-39%	-160,989	-234,387	-98,436	-58%	-39%
Allowances for possible loan losses (FX-adjusted)	-110,825	-98,436	-11%	-110,825	-168,464	-98,436	-42%	-11%
Deposits from customers	554,645	402,729	-27%	554,645	517,805	402,729	-22%	-27%
Deposits from customer (FX-adjusted)	417,772	402,729	-4%	417,772	392,870	402,729	3%	-4%
Retail deposits	324,275	314,977	-3%	324,275	315,658	314,977	0%	-3%
Corporate deposits	93,497	87,752	-6%	93,497	77,211	87,752	14%	-6%
Liabilities to credit institutions	56,343	107,492	91%	56,343	76,645	107,492	40%	91%
Subordinated debt	15,728	23,884	52%	15,728	16,932	23,884	41%	52%
Total shareholders' equity	177,906	111,779	-37%	177,906	157,725	111,779	-29%	-37%
Loan Quality	**2013**	**2014**	**Y-o-Y**	**4Q 2013**	**3Q 2014**	**4Q 2014**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	150,982	83,779	-45%	150,982	217,619	83,779	-62%	-45%
90+ days past due loans/gross customer loans (%)	18.1%	14.7%	-3.4%p	18.1%	25.2%	14.7%	-10.5%p	-3.4%p
Cost of risk/average gross loans (%)	14.47%	16.78%	2.31%p	17.12%	14.81%	13.44%	-1.37%p	-3.67%p
Cost of risk/average (FX-adjusted) gross loans	21.47%	20.37%	-1.10%p	24.82%	20.96%	16.07%	-4.89%p	-8.75%p
Total provisions/90+ days past due loans (%)	106.6%	117.5%	10.9%p	106.6%	107.7%	117.5%	9.8%p	10.9%p
Performance Indicators (%)	**2013**	**2014**	**Y-o-Y**	**4Q 2013**	**3Q 2014**	**4Q 2014**	**Q-o-Q**	**Y-o-Y**
ROA	0.2%	-1.7%	-2.0%p	-3.6%	-2.7%	-0.9%	1.8%p	2.7%p
ROE	1.3%	-10.0%	-11.3%p	-19.2%	-13.6%	-5.3%	8.3%p	13.8%p
Total income margin	21.09%	21.22%	0.13%p	18.93%	21.57%	19.90%	-1.66%p	0.97%p
Net interest margin	18.70%	18.80%	0.10%p	16.88%	19.42%	17.23%	-2.19%p	0.35%p
Cost/income ratio	40.1%	43.7%	3.6%p	44.3%	43.7%	44.2%	0.5%p	-0.1%p
Net loans to deposits (FX-adjusted)	114%	117%	3%p	114%	117%	117%	0%p	3%p
FX rates (in HUF)	**2013**	**2014**	**Y-o-Y**	**4Q 2013**	**3Q 2014**	**4Q 2014**	**Q-o-Q**	**Y-o-Y**
HUF/RUB (closing)	6.6	4.5	-32%	6.6	6.2	4.5	-29%	-32%
HUF/RUB (average)	7.0	6.1	-13%	6.7	6.5	5.3	-19%	-22%

- ***HUF 14.5 billion loss in 2014 due to lower operating profit and still high risk costs***
- ***Further portfolio deterioration, DPD90+ ratio shrank to 14.7% after portfolio cleaning, DPD90+ coverage further improved (117%)***
- ***Seasonally increasing DPD0-90 loan portfolio and growing deposit base q-o-q, stable loan-to-deposit ratio***
- ***Operating costs grew by 8% in RUB terms with increasing cost/income ratio: 2014 43.7%, +3.6 ppts y-o-y***

The HUF denominated financial figures of OTP Bank Russia are distorted by the HUF/RUB moves: in 4Q 2014 the closing rate showed a q-o-q 29% and y-o-y 32% devaluation of RUB against HUF; whereas the average yearly rate depreciated by 13% y-o-y, and the 4Q average rate weakened by 19% q-o-q and by 22% y-o-y. Therefore local currency P&L and balance sheet dynamics can be materially different from those in HUF terms.

After tax loss of **OTP Bank Russia** for 2014 amounted to HUF 14.5 billion reasoned by moderate loan disbursements and higher risk cost needed due to worsening portfolio quality under the deteriorating operating environment. The HUF 1.8 billion 4Q loss was, however, lower compared to the HUF 5.7 billion loss generated in the previous quarter, owing to the lower risk cost, partly supported by the gain on sale of loan portfolios. The negative result also contain the operating costs related to the set-up of a new online bank (Touch Bank), which amounted to HUF 2.2 billion in 2014 (HUF 977 million in 4Q). The new entity operates separately from the Bank via online channels and targets affluent customer segments. The operational launch is expected in spring 2015.

In 2014 operating profit dropped by 19% y-o-y, given the 14% drop of total income and 6% decline of operating expenses. The core trends are better represented in RUB terms, due to the significant RUB devaluation against HUF: 2014 operating profit declined by 6% compared to 2013, as a result of a 1% decrease in total income and 8% increase of operating expenses. The major component of total income is net interest income, which also declined by 1% y-o-y in rouble terms. The DPD0-90 portfolio grew by 1% y-o-y (FX-adjusted), whereas loan margins slightly decreased; on the liability side deposit margins increased. Total income dynamics were positively influenced by the y-o-y 11% growth of net F&C income in RUB terms, mainly related to the lower expenses paid to POS agents. Other net non-interest income was negative, about HUF -1 billion in 2014, which was mainly caused by losses on securities portfolio and FX-revaluation – related mostly to the capital market volatility and RUB devaluation during the year. 2014 operating expenses increased by 8% y-o-y in RUB terms, mainly due to the almost 8% average CPI in the last twelve months; moreover costs related to the set-up of Touch Bank also appeared on this line. Consequently, the cost-to-income ratio worsened by 3.6 ppts to 43.7% y-o-y in 2014.

Operating profit in 4Q 2014 increased both y-o-y and q-o-q (+10% and +6% in RUB terms, respectively). Net interest income grew by 3% q-o-q in RUB terms, reasoned by the q-o-q higher DPD0-90 loans and higher interest revenues realized on swaps. The quarterly drop of net interest margin (more than -2 ppts, calculated from RUB figures) is reasoned by the surge of average total assets in RUB terms. Net fees and commission income increased by 6% q-o-q in rouble terms (+24% y-o-y), due to the lower fees paid to POS agents. Operating expenses increased by 8% q-o-q in RUB terms (+10% y-o-y), mainly due to the higher personnel expenses and depreciation, while operating expenses decreased. In the course of 4Q 1 branch was closed, so the number of branches dropped to 198 by the end 2014. At the same time the number of employees decreased by 74 to 5,952. The number of active points of sales increased by 1% q-o-q (+4.6% y-o-y), so the overall network consisted of about 33.8 thousand sales points.

Due to the unfavourable economic environment deterioration of the loan portfolio continued, however the pace of deterioration slightly slowed down in 4Q. FX-adjusted DPD90+ volume growth excluding the impact of sold/written-off non-performing loans totalled to HUF 110 billion after the HUF 89 billion registered in 2013 (in HUF billion: 1Q 2014: 26.4, 2Q: 27.6, 3Q 29.1, 4Q 27.2). In the course of 2014 the volume of sold and written-off loans more than doubled on annual basis, and amounted to RUB 22.6 billion (HUF 104 billion). Majority of the transactions took place in 4Q: loans were sold in the amount of RUB 8.3 billion, while written-off volume reached RUB 12.5 billion. The profit on loan sale (about RUB 360 million) improved the 4Q risk cost figures. Due to the portfolio cleaning DPD90+ ratio improved by 10.5 ppts to 14.7% q-o-q (+1.5 ppts without the effect of sales and write-offs). Coverage of DPD90+ loans improved by 9.8 ppts to 117.5% q-o-q, while risk cost on average FX-adjusted gross loans decreased by 4.9 ppts to 16.1%.

The Bank's reaction to the deteriorating market environment (significant rouble devaluation, base rate hike in the total of 900 bps in 4Q) was to selectively limit the disbursements of different products and make changes in the pricing policy. In the POS segment the end of the year is the strongest period: two-third of the annual RUB 60 billion disbursements happened in 4Q at the Russian subsidiary. The growth of FX-adjusted DPD0-90 POS loans portfolio was 16% q-o-q in 4Q (-0.4% y-o-y). As a result of the general setback on the market and with the bank focusing on product profitability, POS disbursements were lower by 3.7% on yearly basis. The bank kept its number two position in the league table. With regards to credit card business, the FX-adjusted DPD0-90 portfolio decreased in 4Q (-3.5% q-o-q, +2.1% y-o-y) since October no new credit cards have been sent out and the Bank cut back part of the card limits in December. The bank was the seventh largest player in this segment at the end of 2014, losing one position q-o-q. Due to the market turbulences, since the middle of December cash loan disbursement has been suspended. So, the FX-adjusted DPD0-90 cash loan portfolio decreased by almost 1% q-o-q in 4Q, but increased by 10% y-o-y. The corporate loan portfolio slightly decreased in 4Q with regards to the FX-adjusted DPD0-90 loans (-1% q-o-q, +2% y-o-y).

As a favourable development, after the decline in the first half of the year, deposits grew both in 3Q and 4Q, thus the yearly FX-adjusted decline was 4% altogether. In 4Q the Bank managed to increase its deposit base (+3% q-o-q, FX-adjusted) despite the unfavourable market environment – deposit rates were increased in line with market trends at the end of December in order to reverse the deposit outflows. While retail deposits were stable in 4Q, corporate deposits grew by 14% q-o-q. FX-adjusted net loan-to-deposit ratio stood at 117% (no change q-o-q, +3 ppts y-o-y).

The Bank paid back issued bonds in the amount of RUB 13.3 billion in 2014, out of which RUB 1.1 billion matured in 4Q 2014. Because of this and other bill of exchange repayments, volume of issued securities in RUB terms decreased by 95% in 2014. At the same time, in order to fulfil the higher funding need in 4Q – on top of the deposit collection – the bank utilised intragroup funding lines, which have already been repaid in January 2015. In 4Q the Russian subsidiary received RUB 3 billion subordinated loan with 10 years maturity from the mother company, so its capital adequacy ratio stood at 12.1% at the end of 2014.

OTP BANK UKRAINE

Performance of OTP Bank Ukraine:

Main components of P&L account in HUF mn	2013	2014	Y-o-Y	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	6,716	-43,166	-743%	1,792	-10,857	-21,134	95%	
Income tax	-4,447	4,156	-193%	-1,464	-2,088	2,648	-227%	-281%
Profit before income tax	11,163	-47,322	-524%	3,256	-8,769	-23,782	171%	-830%
Operating profit	40,285	27,269	-32%	11,835	6,089	1,703	-72%	-86%
Total income	72,811	52,078	-28%	20,528	11,732	8,254	-30%	-60%
Net interest income	53,385	45,327	-15%	14,178	9,180	10,463	14%	-26%
Net fees and commissions	17,020	10,306	-39%	5,167	2,308	2,378	3%	-54%
Other net non-interest income	2,406	-3,555	-248%	1,184	245	-4,587		-488%
Operating expenses	-32,526	-24,809	-24%	-8,693	-5,643	-6,551	16%	-25%
Total provisions	-29,122	-74,591	156%	-8,579	-14,858	-25,485	72%	197%
Provision for possible loan losses	-27,431	-71,947	162%	-7,546	-14,425	-24,365	69%	223%
Other provision	-1,692	-2,644	56%	-1,033	-433	-1,120	158%	8%
Main components of balance sheet closing balances in HUF mn	**2013**	**2014**	**YTD**	**4Q 2013**	**3Q 2014**	**4Q 2014**	**Q-o-Q**	**Y-o-Y**
Total assets	617,730	422,286	-32%	617,730	538,380	422,286	-22%	-32%
Gross customer loans	666,425	568,214	-15%	666,425	627,635	568,214	-9%	-15%
Gross customer loans (FX-adjusted)	657,007	568,214	-14%	657,007	625,623	568,214	-9%	-14%
Retail loans	310,827	300,456	-3%	310,827	302,418	300,456	-1%	-3%
Corporate loans	305,480	234,785	-23%	305,480	288,101	234,785	-19%	-23%
Car financing loans	40,699	32,973	-19%	40,699	35,104	32,973	-6%	-19%
Gross DPD0-90 customer loans (FX-adjusted)	404,563	306,027	-24%	404,563	342,386	306,027	-11%	-24%
Retail loans	141,858	95,895	-32%	141,858	110,200	95,895	-13%	-32%
Corporate loans	238,028	196,577	-17%	238,028	216,602	196,577	-9%	-17%
Car financing loans	24,677	13,555	-45%	24,677	15,584	13,555	-13%	-45%
Allowances for possible loan losses	-183,559	-254,881	39%	-183,559	-250,454	-254,881	2%	39%
Allowances for possible loan losses (FX-adjusted)	-197,106	-254,881	29%	-197,106	-253,735	-254,881	0%	29%
Deposits from customers	240,843	228,803	-5%	240,843	229,035	228,803	0%	-5%
Deposits from customer (FX-adjusted)	209,502	228,803	9%	209,502	218,244	228,803	5%	9%
Retail deposits	143,434	137,545	-4%	143,434	143,333	137,545	-4%	-4%
Corporate deposits	66,068	91,258	38%	66,068	74,911	91,258	22%	38%
Liabilities to credit institutions	208,352	143,171	-31%	208,352	185,086	143,171	-23%	-31%
Subordinated debt	41,071	37,735	-8%	41,071	47,878	37,735	-21%	-8%
Total shareholders' equity	113,236	4,383	-96%	113,236	46,820	4,383	-91%	-96%
Loan Quality	**2013**	**2014**	**Y-o-Y**	**4Q 2013**	**3Q 2014**	**4Q 2014**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	230,744	262,187	14%	230,744	277,172	262,187	-5%	14%
90+ days past due loans/gross customer loans (%)	34.6%	46.1%	11.5%p	34.6%	44.2%	46.1%	2.0%p	11.5%p
Cost of risk/average gross loans (%)	4.06%	11.65%	7.59%p	4.51%	9.24%	16.17%	6.92%p	11.65%p
Cost of risk/average (FX-adjusted) gross loans (%)	4.07%	11.74%	7.67%p	4.62%	9.06%	16.19%	7.13%p	11.57%p
Total provisions/90+ days past due loans (%)	79.6%	97.2%	17.7%p	79.6%	90.4%	97.2%	6.9%p	17.7%p
Performance Indicators (%)	**2013**	**2014**	**Y-o-Y**	**4Q 2013**	**3Q 2014**	**4Q 2014**	**Q-o-Q**	**Y-o-Y**
ROA	1.1%	-8.3%	-9.4%p	1.1%	-8.1%	-17.5%	-9.3%p	-18.6%p
ROE	6.0%	-73.4%	-79.4%p	6.2%	-88.2%	-327.5%	-239.3%p	-333.7%p
Total income margin	11.45%	10.01%	-1.44%p	13.02%	8.79%	6.82%	-1.97%p	-6.20%p
Net interest margin	8.40%	8.72%	0.32%p	8.99%	6.87%	8.64%	1.77%p	-0.35%p
Cost/income ratio	44.7%	47.6%	3.0%p	42.3%	48.1%	79.4%	31.3%p	37.0%p
Net loans to deposits (FX-adjusted)	220%	137%	-83%p	220%	170%	137%	-33%p	-83%p
FX rates (in HUF)	**2013**	**2014**	**Y-o-Y**	**4Q 2013**	**3Q 2014**	**4Q 2014**	**Q-o-Q**	**Y-o-Y**
HUF/UAH (closing)	26.2	16.4	-37%	26.2	18.9	16.4	-13%	-37%
HUF/UAH (average)	27.4	19.9	-27%	26.6	18.7	17.2	-8%	-35%

- ***The HUF 43 billion loss realized in 2014 was due to higher risk costs driven by UAH depreciation and accelerating portfolio quality deterioration***
- ***The Bank closed its operation in Crimea in 2Q; in Donetsk and Luhansk counties the provision coverage of total gross loans reached 99.4%***
- ***Cash lending activity resumed in 3Q in the rest of the country can be still characterized as muted; POS loan disbursement lags behind that in the base period***
- ***Deposits kept expanding, as a result the net loan/deposit ratio declined further. The intra-group funding provided to the Ukrainian operation declined in 4Q***

The financial performance and indicators of OTP Bank Ukraine in HUF terms were significantly distorted by the HUF/UAH exchange rate moves: in 4Q 2014 the closing rate of UAH showed a q-o-q 13% and y-o-y 37% depreciation against HUF, whereas the average annual FX rate weakened by 27% y-o-y. The 4Q average FX rate of UAH against HUF depreciated by 8% q-o-q and by 35% y-o-y, respectively. Therefore local currency P&L and balance sheet dynamics can be materially different from those in HUF terms.

In 2Q OTP Bank decided to close down its business in the Crimea.

Methodological note: as one-off elements not related to the normal course of business activity, the risk costs created in relation to the Crimean exposures from 2Q 2014 in the amount of HUF 9 billion, as well as risk costs made for exposures to the Donetsk and Luhansk counties from 3Q 2014 in the amount of HUF 28.9 billion were eliminated from the Ukrainian P&L and were shown amongst the adjustment items on consolidated level. Balance sheet items were not adjusted.

In the course of 2014 the operation and performance of **OTP Bank Ukraine** was affected in several ways by the developments of internal and foreign affairs and the deterioration of the operating environment.

In 2Q the Bank closed its operation in the Crimea, 8 branches were closed. As a result of the risk cost set aside from 2Q 2014 the provision coverage reached 100% of the gross loan exposure to Crimea.

In Donetsk and Luhansk counties as a result of risk costs set aside from 3Q the provision coverage of the total gross loan portfolio reached 99.4%. The remaining net loan exposure to these counties (including accrued interest) amounted to HUF 3 billion equivalent at the end of 2014. In 4Q 2014 the Bank closed down 15 branches in these regions, thus the number of banking outlets declined to 2 at the end of 2014 (in Ukraine altogether 16 branches were shut down in 4Q 2014). In these regions currently there is no corporate or retail lending activity.

As for the consumer lending in the rest of the country, stricter lending conditions were already introduced in 1Q. From 9 April cash loan disbursement was suspended. However it was resumed in the second half of August, newly disbursed volumes in the fourth quarter remained weak and comprised only 14% of those a year ago. As a result, DPD0-90 cash loan volumes melted down by 17% q-o-q and 38% y-o-y. From 2Q 2014 the cross-sale of credit cards declined to practically zero, therefore DPD0-90 volumes contracted by 9% y-o-y. As a consequence of stricter lending conditions new POS loan origination melted down by more than 40% y-o-y in 2014. In 4Q the POS loan sales picked up due to seasonality, but still lagged behind that of the base period by 10%. As a result of stronger lending activity in 4Q, DPD0-90 POS loan volumes went up by 20% q-o-q, but the yearly decline reached 31%. The mortgage book further melted down. Regarding corporate lending the activity is focused rather on using existing credit limits. As a result, the FX-adjusted total DPD0-90 loan portfolio contracted by 11% q-o-q and 24% y-o-y.

Total deposits grew by 9% y-o-y (adjusted for the FX-effect). After an 8% decline of deposit volumes in 1Q, in 2Q they already grew by the same magnitude and in 3Q and 4Q by another 5% q-o-q, respectively. In the second half of the year the expansion was driven by strong corporate deposit inflows. Local currency retail deposits are the major source of UAH consumer lending and the offered deposit rates moved up in the course of 2014 alongside the overall deposit pricing. The net loan-to-deposit ratio dropped to 137%, which marks multi-year low.

The intragroup funding (without subordinated debt) provided to the Ukrainian banking group declined by altogether USD 445 million in 2014 and reached HUF 140 billion equivalent at the end of 2014.

The bank posted a pre-tax adjusted loss of HUF 47.3 billion in 2014. The after-tax loss reaching HUF 43.2 billion was partially mitigated by the deferred tax asset.

The annual operating profit in HUF terms dropped by 32% y-o-y, but the underlying business performance is better described by the 11% decline in local currency terms. Within total income the net interest income advanced by 16% in UAH terms as a result of higher loan volumes in UAH terms on one hand and slightly better net interest margin in UAH terms on the other. In 4Q the quarterly increase of net interest income was mainly due to the reclassification of leasing revenues from other net non-interest income line to net interest income line (in the amount of HUF 1.8 billion).

The annual net fee and commission income dropped by 17% in UAH terms as a result of lower fees related to deposits and cash settlement, but also due to lower fee income since 2Q reasoned by the decline in newly disbursed consumer loans sold with payment protection policies. The significant setback of other non-interest revenues can be attributable to the negative result realized on this line in 4Q 2014, which is explained mainly by the write-off of cash and other assets in Eastern-Ukraine (amounting to HUF 1.1 billion), and the leasing revenues being reclassified into interest revenues (this item explains HUF 1.8 billion q-o-q decline in other income line). Additionally, impairment of assets played a role, too (HUF -0.8 billion).

Operating expenses went up by 6% y-o-y in UAH terms.

The annual risk costs jumped to three and a half times in UAH terms, partly due to the UAH depreciation against USD which requires higher provision coverage on FX loans. Furthermore, the worsening sovereign credit rating also called for higher risk costs. The new DPD90+ formation reflected a remarkable deterioration from 2Q versus a fairly moderate DPD90+ volume growth in 1Q (FX-adjusted DPD90+ volume growth excluding the impact of loan sales and write-offs in HUF billion in 1Q 2014: 3, 2Q: 18, 3Q:14, 4Q: 26). The DPD90+ ratio increased to 46.1%; the quarterly development was influenced by write-offs, too. The provision coverage ratio went up further and reached 97.2% marking 6.9 ppts quarterly and 17.7 ppts yearly increase.

The shareholders' equity of the Ukrainian banking group under IFRS reached HUF 4.4 billion at the end of 2014, which already consists of the impact of the conversion of UAH 800 million equivalent subordinated debt into equity booked in 4Q 2014. Compared to December 2013 the shareholders' equity of the Ukrainian banking group in HUF terms dropped as a result of weakening UAH against HUF, whereas losses realized in 2014 had a negative impact on equity, too. The Ukrainian shareholders' equity includes that of 3 entities: the Bank, the Leasing and Factoring companies. The standalone equity of the Bank under IFRS reached HUF 28.4 billion. The standalone capital adequacy ratio of the Bank under local regulation stood at 10.4% at the end of 2014, thus it exceeded the regulatory minimum. This capital adequacy ratio under local regulation did not incorporate the impact of the capital conversion booked in 4Q 2014. The equity of the Leasing company was HUF -2.7 billion on 31 December 2014. Leasing and Factoring companies are exempt from banks' capital adequacy rules. The Ukrainian Factoring company received HUF 19 billion equivalent capital increase in September 2014, but had a negative equity of HUF 21.3 billion at the end of December 2014. In 2015 the equity of the Factoring company is expected to be raised by converting mother company financing into equity.

OTP BANK ROMANIA

Performance of OTP Bank Romania:

Main components of P&L account in HUF mn	2013	2014	Y-o-Y	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	-4,143	765	-118%	-2,454	732	-1,643	-325%	-33%
Income tax	0	0	150%	0	0	0	-200%	
Profit before income tax	-4,143	765	-118%	-2,454	732	-1,643	-325%	-33%
Operating profit	7,147	9,806	37%	2,031	2,732	2,179	-20%	7%
Total income	20,375	23,409	15%	5,488	6,070	6,007	-1%	9%
Net interest income	14,254	19,388	36%	3,338	5,041	4,886	-3%	46%
Net fees and commissions	2,269	2,429	7%	797	620	657	6%	-18%
Other net non-interest income	3,852	1,593	-59%	1,352	409	464	14%	-66%
Operating expenses	-13,228	-13,603	3%	-3,456	-3,338	-3,828	15%	11%
Total provisions	-11,290	-9,041	-20%	-4,486	-2,000	-3,823	91%	-15%
Provision for possible loan losses	-11,109	-8,881	-20%	-4,423	-1,951	-3,734	91%	-16%
Other provision	-181	-161	-11%	-63	-49	-88	79%	41%
Main components of balance sheet closing balances in HUF mn	2013	2014	YTD	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
Total assets	449,789	476,352	6%	449,789	459,271	476,352	4%	6%
Gross customer loans	407,380	428,995	5%	407,380	430,559	428,995	0%	5%
Gross customer loans (FX-adjusted)	435,558	428,995	-2%	435,558	435,558	428,995	-2%	-2%
Retail loans	337,008	320,845	-5%	337,008	329,270	320,845	-3%	-5%
Corporate loans	98,550	108,150	10%	98,550	106,288	108,150	2%	10%
Allowances for possible loan losses	-55,094	-61,538	12%	-55,094	-62,758	-61,538	-2%	12%
Allowances for possible loan losses (FX-adjusted)	-59,037	-61,538	4%	-59,037	-63,545	-61,538	-3%	4%
Deposits from customers	200,514	222,126	11%	200,514	200,950	222,126	11%	11%
Deposits from customer (FX-adjusted)	216,073	222,126	3%	216,073	202,430	222,126	10%	3%
Retail deposits	152,871	181,011	18%	152,871	171,955	181,011	5%	18%
Corporate deposits	63,202	41,116	-35%	63,202	30,475	41,116	35%	-35%
Liabilities to credit institutions	206,315	209,315	1%	206,315	211,112	209,315	-1%	1%
Total shareholders' equity	29,100	34,980	20%	29,100	36,691	34,980	-5%	20%
Loan Quality	2013	2014	Y-o-Y	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	72,595	76,564	5%	72,595	80,529	76,564	-5%	5%
90+ days past due loans/gross customer loans (%)	17.8%	17.8%	0.0%p	17.8%	18.7%	17.8%	-0.9%p	0.0%p
Cost of risk/average gross loans (%)	2.78%	2.12%	-0.65%p	4.33%	1.80%	3.45%	1.65%p	-0.89%p
Cost of risk/average (FX-adjusted) gross loans (%)	2.58%	2.05%	-0.53%p	4.07%	1.78%	3.43%	1.65%p	-0.64%p
Total provisions/90+ days past due loans (%)	75.9%	80.4%	4.5%p	75.9%	77.9%	80.4%	2.4%p	4.5%p
Performance Indicators (%)	2013	2014	Y-o-Y	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
ROA	-0.9%	0.2%	1.1%p	-2.2%	0.6%	-1.4%	-2.0%p	0.8%p
ROE	-13.4%	2.4%	15.8%p	-32.0%	8.0%	-18.2%	-26.2%p	13.8%p
Total income margin	4.47%	5.06%	0.58%p	4.82%	5.21%	5.09%	-0.11%p	0.28%p
Net interest margin	3.13%	4.19%	1.06%p	2.93%	4.33%	4.14%	-0.18%p	1.21%p
Cost/income ratio	64.9%	58.1%	-6.8%p	63.0%	55.0%	63.7%	8.7%p	0.7%p
Net loans to deposits (FX-adjusted)	174%	165%	-9%p	174%	184%	165%	-18%p	-9%p
FX rates (in HUF)	2013	2014	Y-o-Y	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
HUF/RON (closing)	66.3	70.2	6%	66.3	70.4	70.2	0%	6%
HUF/RON (average)	67.2	69.5	3%	66.8	70.7	69.6	-2%	4%

- ***With HUF 1.6 billion loss posted in 4Q the annual net profit reached HUF 0.8 billion***
- ***The better operating income was supported by stronger net interest income***
- ***Credit quality developments remained favourable. The provision coverage ratio went on increasing. However risk cost doubled q-o-q in 4Q, on an annual basis it dropped by 20%***
- ***FX-adjusted cash loan volumes expanded by 13% y-o-y; corporate volumes kept growing. On the back of 10% q-o-q deposit growth the net loan to deposit ratio came down further***

After three consecutive profitable quarters **OTP Bank Romania** delivered negative result in 4Q 2014, mostly driven by higher risk costs. In 2014 the Bank realized HUF 0.8 billion profit versus a loss of HUF 4.1 billion in the base period, which demonstrates a significant turnaround.

The full-year operating profit grew by 37% y-o-y. The biggest contributor to total revenues, the net interest income improved due to the continued shift toward high APR consumer loans, therefore consumer loans' share within the total assets has been steadily growing. Furthermore, the Bank made successful steps to curb interest expenses.

The 7% y-o-y growth of net fee and commission income was due to the strengthening business activity. The setback in other net non-interest income was mainly due to the volatile FX result.

Operating expenses increased by 3% in HUF terms, whereas in RON terms they were practically stable. The quarterly rise in costs was the result of higher marketing costs, audit and expert fees.

The portfolio quality demonstrates favourable developments: the increase of DPD90+ loan volumes (adjusted for FX rate changes and sold and written off volumes) remained relatively modest, in line with trends experienced since 2H 2013. The DPD90+ ratio improved by 0.9 ppt q-o-q to 17.8%, mostly due to write-offs in the corporate segment. The coverage ratio improved to 80.4% (+2.4 ppts q-o-q, +4.5 ppts y-o-y).

The total annual risk costs moderated by 20%, despite additional provisioning of altogether HUF 2.1 billion emerged in 2014 in line with the central bank requirements. In 4Q 2014 risk cost almost doubled q-o-q: on one hand additional risk cost was allocated to several large corporate exposures, on the other hand there were certain changes to the provisioning policy affecting the provisioning of restructured loans, too.

The FX-adjusted gross loan portfolio contracted by 2% both in quarterly and yearly comparison. Despite cash loan disbursement in 2014 fell short of that in the base period by 23%, their volumes kept on increasing dynamically (+13% y-o-y). The mortgage portfolio continued eroding (-2% q-o-q and-6% y-o-y). Corporate volumes however picked up and expanded by 10% y-o-y (performing corporate loan volumes showed an even stronger growth rate of 14% y-o-y).

Total deposit volumes expanded remarkably (+10% q-o-q adjusted for the FX-effect). The growth of household deposits was supported by the campaign focused on term deposits placed through electronic channels. Deposit rates eroded in line with overall market trends. The share of sight deposits increased since loan disbursements linked to regular income transfers continued gaining ground. SME deposits kept on growing in 4Q (+7% q-o-q) after the strong performance in the first nine months of 2014. Corporate deposits remained volatile: despite the 35% q-o-q growth, their overall volume dropped by 35% y-o-y (FX-adjusted).

The Bank's capital adequacy ratio stood at 12.7% by the end of December, practically the same as a year ago.

On 30 July OTP Bank Romania agreed on purchasing 100% of Millennium Bank for EUR 39 million. The transaction has not been completed in 2014, similar to the consolidation of Millennium Bank, therefore the 2014 balance sheet and income statement of OTP Bank Romania does not include volumes and performance of Millennium Bank. The transaction has been completed on 8 January 2015 after the settlement of the purchase price, thus OTP Bank Romania gained 100% ownership in the target company. The capital increase of RON 175.3 million from OTP Bank was registered by the Romanian Court of Registration in January 2015.

OTP BANKA HRVATSKA (CROATIA)

Performance of OTP banka Hrvatska:

Main components of P&L account in HUF mn	2013	2014	Y-o-Y	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	2,210	104	-95%	197	-44	-360	723%	-283%
Income tax	-587	-524	-11%	-32	-219	-28	-87%	-11%
Profit before income tax	2,797	628	-78%	229	175	-332	-290%	-245%
Operating profit	7,910	7,528	-5%	2,147	1,638	2,442	49%	14%
Total income	22,697	25,427	12%	5,855	7,115	6,432	-10%	10%
Net interest income	16,010	17,923	12%	4,133	4,628	4,821	4%	17%
Net fees and commissions	4,878	5,203	7%	1,232	1,428	1,403	-2%	14%
Other net non-interest income	1,808	2,300	27%	491	1,059	208	-80%	-58%
Operating expenses	-14,787	-17,899	21%	-3,709	-5,477	-3,989	-27%	8%
Total provisions	-5,113	-6,900	35%	-1,918	-1,463	-2,774	90%	45%
Provision for possible loan losses	-5,142	-5,747	12%	-2,103	-1,391	-1,943	40%	-8%
Other provision	29	-1,153		185	-72	-831		-550%
Main components of balance sheet closing balances in HUF mn	**2013**	**2014**	**YTD**	**4Q 2013**	**3Q 2014**	**4Q 2014**	**Q-o-Q**	**Y-o-Y**
Total assets	538,112	654,793	22%	538,112	666,482	654,793	-2%	22%
Gross customer loans	379,177	467,749	23%	379,177	439,290	467,749	6%	23%
Gross customer loans (FX-adjusted)	402,380	467,749	16%	402,380	445,590	467,749	5%	16%
Retail loans	247,310	298,265	21%	247,310	295,554	298,265	1%	21%
Corporate loans	154,650	169,209	9%	154,650	149,718	169,209	13%	9%
Car financing loans	420	275	-34%	420	317	275	-13%	-34%
Allowances for possible loan losses	-29,213	-38,725	33%	-29,213	-35,669	-38,725	9%	33%
Allowances for possible loan losses (FX-adjusted)	-30,927	-38,725	25%	-30,927	-36,147	-38,725	7%	25%

Main components of balance sheet closing balances in HUF mn	2013	2014	YTD	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
Deposits from customers	421,276	518,313	23%	421,276	527,984	518,313	-2%	23%
Deposits from customer (FX-adjusted)	452,534	518,313	15%	452,534	537,356	518,313	-4%	15%
Retail deposits	404,009	463,720	15%	404,009	482,426	463,720	-4%	15%
Corporate deposits	48,525	54,593	13%	48,525	54,930	54,593	-1%	13%
Liabilities to credit institutions	40,944	51,453	26%	40,944	49,716	51,453	3%	26%
Subordinated debt	1,521	0	-100%	1,521	1,584	0	-100%	-100%
Total shareholders' equity	62,880	71,156	13%	62,880	70,520	71,156	1%	13%
Loan Quality	2013	2014	Y-o-Y	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	47,493	62,222	31%	47,493	57,230	62,222	9%	31%
90+ days past due loans/gross customer loans (%)	12.5%	13.3%	0.8%p	12.5%	13.0%	13.3%	0.3%p	0.8%p
Cost of risk/average gross loans (%)	1.41%	1.36%	-0.05%p	2.21%	1.24%	1.70%	0.46%p	-0.51%p
Cost of risk/average (FX-adjusted) gross loans	1.32%	1.32%	0.00%p	2.08%	1.23%	1.69%	0.46%p	-0.40%p
Total provisions/90+ days past due loans (%)	61.5%	62.2%	0.7%p	61.5%	62.3%	62.2%	-0.1%p	0.7%p
Performance Indicators (%)	2013	2014	Y-o-Y	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
ROA	0.4%	0.0%	-0.4%p	0.1%	0.0%	-0.2%	-0.2%p	-0.4%p
ROE	3.6%	0.2%	-3.4%p	1.2%	-0.2%	-2.0%	-1.8%p	-3.3%p
Total income margin	4.29%	4.26%	-0.03%p	4.26%	4.28%	3.86%	-0.42%p	-0.39%p
Net interest margin	3.03%	3.01%	-0.02%p	3.00%	2.78%	2.90%	0.11%p	-0.11%p
Cost/income ratio	65.1%	70.4%	5.2%p	63.3%	77.0%	62.0%	-14.9%p	-1.3%p
Net loans to deposits (FX-adjusted)	82%	83%	1%p	82%	76%	83%	7%p	1%p
FX rates (in HUF)	2013	2014	Y-o-Y	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
HUF/HRK (closing)	38.9	41.1	6%	38.9	40.6	41.1	1%	6%
HUF/HRK (average)	39.2	40.4	3%	39.0	41.0	40.2	-2%	3%

- ***The integration of Banco Popolare Croatia was successfully completed by the end of the year***
- ***The annual after tax profit decreased y-o-y mainly due to surging operating and risk costs in relation to the acquisition***
- ***Consumer loans advanced by 40% y-o-y due to the acquisition and strong cash loan disbursement***
- ***The ratio of DPD90+ slightly moderated q-o-q, the coverage ratio stagnated***

On 24 April 2014 OTP banka Hrvatska accomplished the purchase process of Banco Popolare Croatia (BPC) acquiring a 98.37% stake in the bank. The Croatian P&L was adjusted for certain items which are directly in connection with the acquisition and integration, these corrections are shown on consolidated level, among adjustment items. In 3Q OBH increased its stake in BPC to 100%. The integration of BPC was successfully completed by the end of the year.

OTP banka Hrvatska posted HUF 104 million after tax profit in 2014 (with BPC) against HUF 2.2 billion in the base period. The operating profit lagged behind that of in the base period by 5% y-o-y, while rising risk costs pushed down the results, moreover the effective tax rate notably increased.

The annual net interest income went up by 12% y-o-y as a result of changing accounting rules in 4Q: the rental income (HUF 0.3 billion) was reclassified from other income to net interest income. The net interest margin remained stable at 3%.

Operating expenses surged notably due to the consolidation of BPC's costs. The q-o-q drop in 4Q is related to accounting changes: depreciation of real estate revaluation in amount of HUF 1.1 billion was reclassified to other risk costs.

The DPD90+ ratio indicates a q-o-q 0.3 ppt increase (13.3%). The annual risk costs for loan losses went up by 12% y-o-y, which is explained by deteriorating portfolio and further provisioning for ongoing litigations on CHF mortgage loans (2014: HUF 0.6 billion). The coverage ratio of DPD90+ loans (62.2%) stagnated q-o-q, but improved by 0.7 ppt y-o-y.

The FX-adjusted DPD0-90 loan book advanced by 15% y-o-y as a result of the BPC acquisition, while q-o-q the portfolio increased by 5%. BPC loan portfolio contributed mainly to the retail book; this and the success of cash loan lending were reflected in the 40% y-o-y growth in consumer loans. The corporate loan volumes grew at a fast pace as well, mainly municipal segment expanded notably (+22% y-o-y, +57% q-o-q).

The FX-adjusted deposit book surged by 15% y-o-y, while decreased by 4% q-o-q due to shrinking retail deposits.

The capital adequacy ratio reached 15% at the end of December.

OTP BANKA SLOVENSKO (SLOVAKIA)

Performance of OTP Banka Slovensko*:

Main components of P&L account in HUF mn	2013	2014	Y-o-Y	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	1,153	32	-97%	183	164	-716	-537%	-492%
Income tax	-351	-334	-5%	-101	-109	27	-125%	-127%
Profit before income tax	1,503	366	-76%	283	273	-743	-372%	-362%
Operating profit	4,099	5,894	44%	1,354	1,579	1,418	-10%	5%
Total income	14,908	17,098	15%	4,214	4,389	4,321	-2%	3%
Net interest income	12,088	14,207	18%	3,226	3,619	3,620	0%	12%
Net fees and commissions	3,101	3,000	-3%	773	806	753	-7%	-3%
Other net non-interest income	-280	-108	-61%	214	-36	-51	41%	-124%
Operating expenses	-10,810	-11,204	4%	-2,859	-2,811	-2,903	3%	2%
Total provisions	-2,595	-5,528	113%	-1,071	-1,305	-2,161	66%	102%
Provision for possible loan losses	-2,594	-5,277	103%	-1,030	-1,284	-1,922	50%	87%
Other provision	-2	-251		-41	-21	-239		486%
Main components of balance sheet closing balances in HUF mn	**2013**	**2014**	**YTD**	**4Q 2013**	**3Q 2014**	**4Q 2014**	**Q-o-Q**	**Y-o-Y**
Total assets	425,219	464,296	9%	425,219	464,386	464,296	0%	9%
Gross customer loans	339,602	369,624	9%	339,602	361,105	369,624	2%	9%
Gross customer loans (FX-adjusted)	360,216	369,624	3%	360,216	366,374	369,624	1%	3%
Retail loans	281,769	298,109	6%	281,769	297,106	298,109	0%	6%
Corporate loans	78,002	71,235	-9%	78,002	68,955	71,235	3%	-9%
Car financing loans	445	281	-37%	445	313	281	-10%	-37%
Allowances for possible loan losses	-22,670	-22,785	1%	-22,670	-26,229	-22,785	-13%	1%
Allowances for possible loan losses (FX-adjusted)	-24,044	-22,785	-5%	-24,044	-26,612	-22,785	-14%	-5%
Deposits from customers	332,452	375,687	13%	332,452	373,193	375,687	1%	13%
Deposits from customer (FX-adjusted)	352,881	375,687	6%	352,881	378,773	375,687	-1%	6%
Retail deposits	327,676	358,890	10%	327,676	359,118	358,890	0%	10%
Corporate deposits	25,206	16,797	-33%	25,206	19,655	16,797	-15%	-33%
Liabilities to credit institutions	25,821	17,729	-31%	25,821	21,952	17,729	-19%	-31%
Issued securities	24,881	18,609	-25%	24,881	18,420	18,609	1%	-25%
Subordinated debt	8,627	14,818	72%	8,627	14,608	14,818	1%	72%
Total shareholders' equity	27,028	30,501	13%	27,028	29,443	30,501	4%	13%
Loan Quality	**2013**	**2014**	**Y-o-Y**	**4Q 2013**	**3Q 2014**	**4Q 2014**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	39,044	38,211	-2%	39,044	42,749	38,211	-11%	-2%
90+ days past due loans/gross customer loans (%)	11.5%	10.3%	-1.2%p	11.5%	11.8%	10.3%	-1.5%p	-1.2%p
Cost of risk/average gross loans (%)	0.82%	1.49%	0.67%p	1.23%	1.42%	2.09%	0.67%p	0.86%p
Cost of risk/average (FX-adjusted) gross loans	0.77%	1.45%	0.68%p	1.16%	1.40%	2.07%	0.68%p	0.91%p
Total provisions/90+ days past due loans (%)	58.1%	59.6%	1.6%p	58.1%	61.4%	59.6%	-1.7%p	1.6%p
Performance Indicators (%)	**2013**	**2014**	**Y-o-Y**	**4Q 2013**	**3Q 2014**	**4Q 2014**	**Q-o-Q**	**Y-o-Y**
ROA	0.3%	0.0%	-0.3%p	0.2%	0.1%	-0.6%	-0.8%p	-0.8%p
ROE	4.3%	0.1%	-4.2%p	2.7%	2.2%	-9.5%	-11.7%p	-12.1%p
Total income margin	3.73%	3.84%	0.11%p	4.03%	3.78%	3.69%	-0.09%p	-0.34%p
Net interest margin	3.03%	3.19%	0.17%p	3.09%	3.12%	3.09%	-0.03%p	0.01%p
Cost/income ratio	72.5%	65.5%	-7.0%p	67.9%	64.0%	67.2%	3.2%p	-0.7%p
Net loans to deposits (FX-adjusted)	95%	92%	-3%p	95%	90%	92%	3%p	-3%p
FX rates (in HUF)	**2013**	**2014**	**Y-o-Y**	**4Q 2013**	**3Q 2014**	**4Q 2014**	**Q-o-Q**	**Y-o-Y**
HUF/EUR (closing)	296.9	314.9	6%	296.9	310.4	314.9	1%	6%
HUF/EUR (average)	296.9	308.7	4%	297.6	312.3	308.5	-1%	4%

* P&L account lines and indicators are adjusted for banking tax and Deposit Protection Fund contributions

- ***HUF 32 million adjusted after tax profit in 2014, with y-o-y improving operating performance and higher risk cost***
- ***Improving cost efficiency: 2014 CIR at 65.5%, -7 ppts y-o-y***
- ***FX-adjusted gross loans increased by 3% y-o-y, cash loan disbursements surged by 75% y-o-y***
- ***Net loan-to-deposit ratio was 92% by the end of 2014 (-3 ppts y-o-y), with growing retail deposit base on yearly basis***

In 2014 **OTP Banka Slovensko** posted HUF 32 million adjusted[9] after tax profit. The reason for the significant y-o-y drop was the doubling of risk cost. As a favourable development, the rate of DPF contribution shrank to one-fifth in 2H, and there was no banking tax paid in 4Q 2014. According to the law, the rate of banking tax will be halved (0.2%) starting from 2015.

The main reason for the 76% drop of pre-tax profit is the 113% y-o-y surge of risk cost. In 2014 operating

[9] Adjustments include the elimination of banking tax and DPF contribution paid by OBS; these are treated as an adjustment in the consolidated results.

profit grew by 44% y-o-y, due to the increasing total income and stringent cost control. Total income grew by 15% y-o-y supported by the higher loan portfolio and the y-o-y 11 bps improvement of total income margin. Due to the outstanding retail loan (especially consumer loans) and SME loan disbursement dynamics and lower funding cost NII increased by 18% y-o-y. Net fee and commission income decreased by 3% on the yearly basis (-7% in EUR terms), partly reasoned by the lower income as a result of corporate and municipal deposit outflow. Due to the stringent cost control operating expenses remained unchanged y-o-y in local currency terms (+4% in HUF). As a result of those developments the cost-to-income ratio improved in 2014 by 7 ppts to 65.5% y-o-y.

After 3 consecutive profitable quarters, before tax result was HUF 743 million loss in 4Q 2014, due to the combined effect of the 10% decrease of operating profit and the 66% growth of risk cost. Interest income was stable q-o-q in EUR terms (in HUF -2%). NII was positively affected by the q-o-q growth of FX-adjusted loans and decrease of deposits, however, NIM shrank slightly during this period. Net fee and commission income decreased in 4Q by 5% q-o-q in EUR terms, mostly related to the higher card related expenses.

DPD90+ portfolio decreased q-o-q by 11% in the course of 4Q 2014, partly because of NPL sale/write-off in the amount of EUR 20 million. The DPD90+ ratio improved by 1.5 ppts q-o-q to 10.3% (adjusted for the effect of sales and write-offs it remained flat) and decreased by 1.2 ppts y-o-y. Risk cost in 4Q 2014 increased by 66% q-o-q. Due to the aforementioned portfolio cleaning the provision coverage of DPD90+ loans decreased q-o-q by 1.7 ppts to 59.6% (+3.9 ppts q-o-q without sale/write-off effect).

FX-adjusted DPD0-90 loans expanded by 4% y-o-y, mainly due to the dynamic growth of consumer loans. Due to the lower yield environment and the fierce pricing competition mortgage loan disbursements in 2014 fell back y-o-y, and the FX-adjusted gross portfolio shrank by 1% q-o-q (-3% y-o-y). Retail consumer loans kept growing in 4Q (by 14% q-o-q), so the yearly growth was 69%. Corporate loan segment suffered a decrease y-o-y (-9%), and increased by 3% q-o-q.

FX-adjusted deposits grew by 6% on yearly basis, and decreased in 4Q by 1% q-o-q. Bulk of the annual growth was generated by the retail and SME segment (+10% y-o-y), while on the quarterly basis this portfolio was stable. In 4Q the corporate deposits dropped significantly after the quarterly increase in 3Q (-15% q-o-q, -33% y-o-y). FX-adjusted net loan-to-deposit ratio stood at 92% by the end of 2014 (-2.9 ppts y-o-y, +2.6 ppts q-o-q). After the EUR 18 million subordinated capital increase in 3Q 2014, OBS received another EUR 10 million share capital in 4Q; thus the capital adequacy ratio increased to 13.5% by the end of 2014.

OTP BANKA SRBIJA (SERBIA)

Performance of OTP banka Srbija:

Main components of P&L account in HUF mn	2013	2014	Y-o-Y	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	-13,246	50	-100%	-10,766	36	-8	-123%	-100%
Income tax	-11	4	-137%	-11	0	4	-100%	-137%
Profit before income tax	-13,235	46	-100%	-10,755	36	-12	-134%	-100%
Operating profit	409	1,360	232%	57	263	540	105%	843%
Total income	7,580	8,556	13%	1,767	2,182	2,137	-2%	21%
Net interest income	4,553	6,612	45%	1,244	1,368	2,718	99%	119%
Net fees and commissions	1,671	1,851	11%	445	486	496	2%	11%
Other net non-interest income	1,356	92	-93%	78	328	-1,077	-428%	
Operating expenses	-7,171	-7,197	0%	-1,709	-1,918	-1,597	-17%	-7%
Total provisions	-13,644	-1,313	-90%	-10,812	-228	-552	142%	-95%
Provision for possible loan losses	-13,002	-1,202	-91%	-10,324	-294	-373	27%	-96%
Other provision	-642	-111	-83%	-488	66	-179	-372%	-63%
Main components of balance sheet closing balances in HUF mn	**2013**	**2014**	**YTD**	**4Q 2013**	**3Q 2014**	**4Q 2014**	**Q-o-Q**	**Y-o-Y**
Total assets	86,136	109,509	27%	86,136	96,540	109,509	13%	27%
Gross customer loans	91,648	99,011	8%	91,648	96,185	99,011	3%	8%
Gross customer loans (FX-adjusted)	94,717	99,011	5%	94,717	96,643	99,011	2%	5%
Retail loans	44,283	44,549	1%	44,283	45,042	44,549	-1%	1%
Corporate loans	50,435	54,461	8%	50,435	51,601	54,461	6%	8%
Allowances for possible loan losses	-36,989	-33,010	-11%	-36,989	-36,173	-33,010	-9%	-11%
Allowances for possible loan losses (FX-adjusted)	-37,916	-33,010	-13%	-37,916	-36,260	-33,010	-9%	-13%
Deposits from customers	43,614	66,934	53%	43,614	54,604	66,934	23%	53%
Deposits from customer (FX-adjusted)	45,531	66,934	47%	45,531	55,085	66,934	22%	47%
Retail deposits	38,224	43,850	15%	38,224	41,038	43,850	7%	15%
Corporate deposits	7,308	23,084	216%	7,308	14,046	23,084	64%	216%
Liabilities to credit institutions	6,984	6,206	-11%	6,984	5,392	6,206	15%	-11%
Subordinated debt	8,349	2,542	-70%	8,349	2,507	2,542	1%	-70%
Total shareholders' equity	24,050	30,197	26%	24,050	30,318	30,197	0%	26%

Loan Quality	2013	2014	Y-o-Y	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	44,793	43,355	-3%	44,793	47,865	43,355	-9%	-3%
90+ days past due loans/gross customer loans (%)	48.9%	43.8%	-5.1%p	48.9%	49.8%	43.8%	-6.0%p	-5.1%p
Cost of risk/average gross loans (%)	14.31%	1.26%	-13.05%p	44.83%	1.22%	1.52%	0.29%p	-43.31%p
Cost of risk/average (FX-adjusted) gross loans	13.74%	1.24%	-12.50%p	43.47%	1.22%	1.51%	0.29%p	-41.96%p
Total provisions/90+ days past due loans (%)	82.6%	76.1%	-6.4%p	82.6%	75.6%	76.1%	0.6%p	-6.4%p
Performance Indicators (%)	**2013**	**2014**	**Y-o-Y**	**4Q 2013**	**3Q 2014**	**4Q 2014**	**Q-o-Q**	**Y-o-Y**
ROA	-12.7%	0.1%	12.7%p	-44.5%	0.1%	0.0%	-0.2%p	44.5%p
ROE	-53.8%	0.2%	54.0%p	-144.9%	0.5%	-0.1%	-0.6%p	144.8%p
Total income margin	7.25%	8.75%	1.50%p	7.31%	8.93%	8.23%	-0.71%p	0.92%p
Net interest margin	4.35%	6.76%	2.41%p	5.14%	5.60%	10.47%	4.87%p	5.32%p
Cost/income ratio	94.6%	84.1%	-10.5%p	96.8%	87.9%	74.7%	-13.2%p	-22.0%p
Net loans to deposits (FX-adjusted)	125%	99%	-26%p	125%	110%	99%	-11%p	-26%p
FX rates (in HUF)	**2013**	**2014**	**Y-o-Y**	**4Q 2013**	**3Q 2014**	**4Q 2014**	**Q-o-Q**	**Y-o-Y**
HUF/RSD (closing)	2.6	2.6	0%	2.6	2.6	2.6	0%	0%
HUF/RSD (average)	2.6	2.6	0%	2.6	2.7	2.6	-4%	-1%

- ***Profitable operation in 2014, supported mainly by lower risk costs***
- ***The DPD90+ ratio decreased to 43.8%, the coverage ratio improved q-o-q***
- ***DPD0-90 loans advanced by 14% y-o-y, gross consumer loan portfolio surged by 10% y-o-y***
- ***Deposit book expanded by 47 y-o-y resulted a fall in net loan-to-deposit ratio (99%)***

OTP banka Srbija posted HUF 50 million profit after tax in 2014, against the negative result of HUF 13.2 billion in the base period. The 2014 positive result was due to y-o-y lower risk costs, while the operating profit developed favourably as well.

The annual total revenues expanded by 13% y-o-y, fuelled mainly by rise of DPD0-90 loan volumes and decreasing funding costs. The notable change in net interest income and other income is explained by local accounting rule changes: suspended interest income (HUF 1.1 billion) was transferred from other income line to net interest income line. Excluding the effect of this methodological change the net interest income went up significantly by 21% y-o-y, while other income moderated by 10% y-o-y; the latter reflects negative FX results.

The increasing number of money transactions alongside the expanding deposit book caused 11% y-o-y surge in net fee income.

The DPD90+ ratio improved to 43.8% (-6 ppts q-o-q), due to increasing gross loan portfolio and loan write-offs. In 4Q corporate loan volumes were written off in the amount of HUF 4 billion. The risk costs materially diminished in 2014. The coverage ratio of DPD90+ loans changed to 76.1% (-6.4 ppts y-o-y, +0.6 ppt q-o-q).

The FX-adjusted DPD0-90 loan book expanded by 14% both q-o-q and y-o-y. Mainly the rise of large corporate loan book (+8% y-o-y, +6% q-o-q) caused this expansion. The retail volumes stagnated, while the Bank focused its lending activity on consumer loans which grew by 10% y-o-y (FX-adjusted) due to the success of cash loan products.

FX-adjusted deposits increased by 47% y-o-y, mainly as a result of corporate deposit inflow (+216% y-o-y). The net loan-to-deposit ratio declined to 99%, which is the lowest for the last couple of years.

The capital adequacy ratio of the Bank reached 31.5% at the end of December.

CRNOGORSKA KOMERCIJALNA BANKA (MONTENEGRO)

Performance of CKB:

Main components of P&L account in HUF mn	2013	2014	Y-o-Y	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	801	391	-51%	-117	667	-854	-228%	632%
Income tax	0	19		0	0	8	-100%	
Profit before income tax	801	372	-54%	-117	667	-862	-229%	639%
Operating profit	3,506	3,789	8%	650	1,275	705	-45%	9%
Total income	10,516	11,518	10%	2,490	3,104	2,842	-8%	14%
Net interest income	7,804	8,359	7%	1,892	2,183	2,005	-8%	6%
Net fees and commissions	2,475	2,877	16%	636	821	747	-9%	17%
Other net non-interest income	237	282	19%	-39	100	91	-10%	-334%
Operating expenses	-7,010	-7,729	10%	-1,840	-1,829	-2,137	17%	16%
Total provisions	-2,705	-3,417	26%	-767	-608	-1,567	158%	104%
Provision for possible loan losses	-3,007	-3,069	2%	-861	-364	-1,442	296%	68%
Other provision	302	-348	-215%	94	-244	-124	-49%	-232%

Main components of balance sheet closing balances in HUF mn	2013	2014	YTD	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
Total assets	196,209	195,770	0%	196,209	201,522	195,770	-3%	0%
Gross customer loans	164,124	158,297	-4%	164,124	162,242	158,297	-2%	-4%
Gross customer loans (FX-adjusted)	174,062	158,297	-9%	174,062	164,610	158,297	-4%	-9%
Retail loans	73,670	70,955	-4%	73,670	72,386	70,955	-2%	-4%
Corporate loans	100,392	87,342	-13%	100,392	92,224	87,342	-5%	-13%
Allowances for possible loan losses	-49,836	-50,981	2%	-49,836	-52,340	-50,981	-3%	2%
Allowances for possible loan losses (FX-adjusted)	-52,854	-50,981	-4%	-52,854	-53,104	-50,981	-4%	-4%
Deposits from customers	145,882	142,593	-2%	145,882	149,266	142,593	-4%	-2%
Deposits from customer (FX-adjusted)	155,441	142,593	-8%	155,441	151,678	142,593	-6%	-8%
Retail deposits	127,162	114,506	-10%	127,162	119,472	114,506	-4%	-10%
Corporate deposits	28,279	28,087	-1%	28,279	32,206	28,087	-13%	-1%
Liabilities to credit institutions	18,013	19,990	11%	18,013	17,511	19,990	14%	11%
Subordinated debt	4,173	2,219	-47%	4,173	4,361	2,219	-49%	-47%
Total shareholders' equity	21,151	22,840	8%	21,151	23,358	22,840	-2%	8%
Loan Quality	**2013**	**2014**	**Y-o-Y**	**4Q 2013**	**3Q 2014**	**4Q 2014**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	61,339	62,808	2%	61,339	63,937	62,808	-2%	2%
90+ days past due loans/gross customer loans (%)	37.4%	39.7%	2.3%p	37.4%	39.4%	39.7%	0.3%p	2.3%p
Cost of risk/average gross loans (%)	1.93%	1.90%	-0.03%p	2.06%	0.88%	3.57%	2.69%p	1.51%p
Cost of risk/average (FX-adjusted) gross loans	1.80%	1.85%	0.04%p	1.94%	0.86%	3.54%	2.68%p	1.60%p
Total provisions/90+ days past due loans (%)	81.2%	81.2%	-0.1%p	81.2%	81.9%	81.2%	-0.7%p	-0.1%p
Performance Indicators (%)	**2013**	**2014**	**Y-o-Y**	**4Q 2013**	**3Q 2014**	**4Q 2014**	**Q-o-Q**	**Y-o-Y**
ROA	0.4%	0.2%	-0.2%p	-0.2%	1.3%	-1.7%	-3.0%p	-1.5%p
ROE	4.2%	1.8%	-2.4%p	-2.2%	11.5%	-14.7%	-26.2%p	-12.5%p
Total income margin	5.20%	5.88%	0.68%p	4.91%	6.16%	5.68%	-0.48%p	0.77%p
Net interest margin	3.86%	4.26%	0.41%p	3.73%	4.33%	4.00%	-0.33%p	0.27%p
Cost/income ratio	66.7%	67.1%	0.4%p	73.9%	58.9%	75.2%	16.3%p	1.3%p
Net loans to deposits (FX-adjusted)	78%	75%	-3%p	78%	74%	75%	2%p	-3%p
FX rates (in HUF)	**2013**	**2014**	**Y-o-Y**	**4Q 2013**	**3Q 2014**	**4Q 2014**	**Q-o-Q**	**Y-o-Y**
HUF/EUR (closing)	296.9	314.9	6%	296.9	310.4	314.9	1%	6%
HUF/EUR (average)	296.9	308.7	4%	297.6	312.3	308.5	-1%	4%

- ***HUF 391 million after-tax profit in 2014, with y-o-y improving operating profit and increasing risk cost***
- ***FX-adjusted gross loans decreased by 9% y-o-y; DPD90+ ratio increased to 40%, with stable coverage ratio***
- ***FX-adjusted customer deposits shrank by 8% y-o-y, net loan-to-deposit ratio decreased by 3 ppts to 75% y-o-y***

The Montenegrin **CKB Bank** posted HUF 391 million after tax profit in 2014 (-51% y-o-y), as a result of the 8% increase in operating profit and higher risk cost (+26%). In 4Q HUF 854 million loss was generated compared to the HUF 667 million profit in the preceding quarter, owing to q-o-q lower total income and increasing operating expenses and risk cost.

Total income as well as operating expenses grew by 10% y-o-y in 2014. Net interest margin improved by 41 bps to 4.26% y-o-y, owing to favourable deposit pricing enabled by the cutback of excess liquidity. So interest expenses dropped by 43% in EUR terms. Net fees and commissions income grew by 16% y-o-y, the q-o-q 9% drop was mainly driven by seasonal effects.

With regards to operating expenses, the 10% yearly growth in 2014 was driven mainly by the growth of personnel costs in relation to the cut-back of employees in 2H – in the last 12 months number of employees decreased by 22 to 427. On the whole cost-to-income ratio of CKB grew in 2014 (2014: 67,1%, +0.4 ppts y-o-y), and deteriorated significantly in 4Q.

The HUF 854 million after tax loss in 4Q 2014 is due to the lower total income (-8% q-o-q), increase of operating cost (+17% q-o-q) and surge of risk cost (+158% q-o-q). The volume of DPD90+ loans in EUR terms decreased by over 3% both q-o-q and y-o-y in 4Q 2014. The DPD90+ ratio grew to 39.7% by the end of 4Q (+0.3 ppt q-o-q, +2.3 ppts y-o-y). Provision coverage of DPD90+ loans decreased by 0.7 ppts to 81.2% q-o-q (-0.1 ppt y-o-y). Risk indicators are biased because of the write-off of non-performing loans in 4Q in the amount of EUR 32 million and due to the purchase of loans from OTP by the Montenegrin factoring company in the amount of EUR 30 million.

The FX-adjusted DPD0-90 loans decreased by 12% y-o-y (-4% q-o-q), partly because of a loan disbursed in 3Q 2013 to the Montenegrin state and repaid gradually in 2014, but also due to scheduled large corporate loan repayments in 2014. FX-adjusted retail loans decreased by 4% y-o-y and by 2% q-o-q. Throughout the whole year cash loan sales were spectacular with 8% y-o-y volume increase. The mortgage loan book kept shrinking (-11% y-o-y and -3% q-o-q); the corporate loans decreased (-9% y-o-y and -4% q-o-q) as well as the municipal loans (-14% q-o-q).

The FX-adjusted deposit base decreased by 8% y-o-y mainly as a result of the cut-back of deposit volumes due to the strong liquidity position of the bank. In 4Q 2014 deposit volumes shrank by 6%

q-o-q. Net loan-to-deposit ratio stood at 75% at the end of 2014 (-3 ppts y-o-y, +2 ppts q-o-q). The Montenegrin bank repaid EUR 7 million subordinated loan to the Group in 4Q 2014. Its capital adequacy ratio stood at 14.75% at the end of 2014.

STAFF LEVEL AND OTHER INFORMATION

The closing staff number of OTP Group (including the number of employed selling agents) was 35,238 as of 31 December 2014. In 2014 there was a decrease in Russia and the Ukraine in the headcount of agents as consumer lending slowed down.

OTP Group provides services through 1,450 branches and close to 4,000 ATMs in 9 countries of the CEE-region. In Hungary, OTP Bank has an extensive distribution network, which includes 380 branches and 1,976 ATM terminals. The bank (Hungary) has around 52 thousands POS terminals.

	31/12/2014				31/12/2013			
	Branches	ATM	POS	Headcount (closing)	Branches	ATM	POS	Headcount (closing)
OTP Core	380	1.976	52.336	8.244	382	2.017	51.683	8.615
DSK Group	385	883	4.936	4.527	378	873	4.396	4.514
OTP Bank Russia (w/o employed agents)	198	228	1.203	5.992	200	222	3.038	6.020
OTP Bank Ukraine (W/o employed agents)	116	133	317	3.004	140	158	353	3.282
OTP Bank Romania	84	122	1.471	918	84	122	1.185	930
OTP banka Hrvatska	117	242	1.967	1.201	102	223	1.526	993
OTP Banka Slovenko	61	139	196	668	68	123	187	655
OTP banka Srbija	51	121	2.305	642	51	119	2.371	663
CKB	58	80	4.821	427	29	82	4.688	449
Foreign subsidiaries, total	**1.070**	**1.948**	**17.216**	**17.377**	**1.052**	**1.922**	**17.744**	**17.505**
Other Hungarian and foreign subsidiaries				818				843
OTP Group (w/o employed agents)				**26.439**				**26.963**
OTP Bank Russia - employed agents				*7.722*				*8.593*
OTP Bank Ukraine - employed agents				*1.077*				*2.336*
OTP Group (aggregated)	**1.450**	**3.924**	**69.552**	**35.238**	**1.434**	**3.939**	**69.427**	**37.892**

[*] Regarding the headcount of OTP Core, ytd decline reflects a change in calculation methodology.

PERSONAL AND ORGANIZATIONAL CHANGES

The employment of Mr. Dániel Gyuris, Deputy Chief Executive Officer is terminated by mutual consent effective from 15 April 2014. Simultaneously with the termination of employment, the Chairman & CEO position of Mr. Gyuris at OTP Mortgage Bank and OTP Building Society was eliminated and he resigned from all other Bank related duties/positions as well.

According to the new Civil Code of Hungary the Annual General Meeting elected Mr. Tibor Tolnay, Dr. Gábor Horváth, Mr. Antal Kovács, Mr. András Michnai, Mr. Dominique Uzel and Dr. Márton Gellért Vági to the member of the Bank's Supervisory Board until the closing AGM of the fiscal year 2016 but latest until 30 April 2017.

Moreover the Annual General Meeting elected Mr. Tibor Tolnay, Dr. Gábor Horváth, Mr. Dominique Uzel and Dr. Márton Gellért Vági to the member of Audit Committee until the closing AGM of the fiscal year 2016 but latest until 30 April 2017.

On 30 June 2014 the appointment of Mr. Ákos Takáts as Deputy Director was withdrawn and the management of re-organized IT and Operations Division has been delegated to Mr. Miroslav Stanimirov Vichev effective from 1 July 2014.

There was no change in the Auditor of the Bank.

FINANCIAL DATA

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF FINANCIAL POSITION

in HUF million	OTP Bank			Consolidated		
	31/12/2014	31/12/2013	change	31/12/2014	31/12/2013	change
Cash, amounts due from banks and balances with the National Bank of Hungary	1,897,778	140,521		2,307,633	539,124	328%
Placements with other banks, net of allowance for placement losses	712,111	632,900	13%	281,006	273,479	3%
Financial assets at fair value through profit or loss	351,752	396,564	-11%	289,276	415,606	-30%
Securities available-for-sale	1,215,907	1,997,491	-39%	839,153	1,637,256	-49%
Loans, net of allowance for loan losses	1,908,631	2,144,700	-11%	5,864,240	6,245,210	-6%
Investments in subsidiaries, associates and other investments	604,209	669,321	-10%	23,381	23,837	-2%
Securities held-to-maturity	662,947	525,049	26%	709,369	580,050	22%
Property, equipments and intangible assets	104,205	117,001	-11%	365,161	455,244	-20%
Other assets	97,933	49,486	98%	291,835	211,240	38%
TOTAL ASSETS	**7,555,472**	**6,673,036**	**13%**	**10,971,052**	**10,381,047**	**6%**
Amounts due to banks and Hungarian Government, deposits from the National Bank of Hungary and other banks	1,142,491	902,746	27%	708,273	784,213	-10%
Deposits from customers	4,235,256	3,677,449	15%	7,673,479	6,866,605	12%
Liabilities from issued securities	162,666	170,779	-5%	267,084	445,218	-40%
Financial liabilities at fair value through profit or loss	375,363	204,517	84%	183,994	87,164	111%
Other liabilities	253,954	242,445	5%	592,088	421,353	41%
Subordinated bonds and loans	294,612	278,241	6%	281,968	267,162	6%
TOTAL LIABILITIES	**6,464,341**	**5,476,176**	**18%**	**9,706,886**	**8,871,715**	**9%**
Share capital	28,000	28,000	0%	28,000	28,000	0%
Retained earnings and reserves	1,144,673	1,127,700	2%	1,390,744	1,467,965	-5%
Net earnings for the year	-74,469	47,891	-255%	-101,985	64,199	-259%
Treasury shares	-7,073	-6,731	5%	-55,940	-55,599	1%
Non-controlling interest	0	0		3,349	4,767	-30%
TOTAL SHAREHOLDERS' EQUITY	**1,091,130**	**1,196,860**	**-9%**	**1,264,166**	**1,509,332**	**-16%**
TOTAL LIABILTITIES AND SHAREHOLDERS' EQUITY	**7,555,472**	**6,673,036**	**13%**	**10,971,052**	**10,381,047**	**6%**

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF RECOGNIZED INCOME

in HUF million	OTP Bank			Consolidated		
	2014	2013	change	2014	2013	change
Loans	162,533	189,073	-14%	708,873	771,541	-8%
Placements with other banks	128,444	246,967	-48%	94,942	207,951	-54%
Amounts due from banks and balances with the National Banks	15,556	3,720	318%	16,498	4,207	292%
Securities held for trading	0	0		0	925	-100%
Securities available-for-sale	72,056	102,376	-30%	41,969	71,743	-42%
Securities held-to-maturity	36,518	30,027	22%	39,934	33,002	21%
Other interest income	0	0		7,015	0	
Interest income	*415,106*	*572,164*	*-27%*	*909,231*	*1,089,369*	*-17%*
Amounts due to banks, the Hungarian Government, deposits from the National Banks and other banks	-127,808	-237,984	-46%	-100,615	-189,539	-47%
Deposits from customers	-52,545	-96,199	-45%	-138,179	-197,236	-30%
Liabilities from issued securities	-4,206	-15,241	-72%	-13,826	-34,896	-60%
Subordinated bonds and loans	-16,825	-16,922	-1%	-13,883	-11,411	22%
Other interest expense	0	0		-6,629	-2,558	159%
Interest expense	*-201,384*	*-366,346*	*-45%*	*-273,133*	*-435,641*	*-37%*
Net interest income	**213,722**	**205,818**	**4%**	**636,099**	**653,728**	**-3%**
Provision for impairment on loans	-23,209	-30,511	-24%	-446,820	-262,943	70%
Provision for impairment on placement losses	-4	-22	-80%	-10	374	-103%
Provision for impairment on loans and placement losses	-23,213	-30,533	-24%	-446,830	-262,569	70%
NET INRETEST INCOME AFTER PROVISION FOR IMPAIRMENT ON LOAN AND PLACEMENT LOSSES	190,509	175,285	9%	189,269	391,159	-52%
Income from fees and commissions	169,042	157,994	7%	265,392	257,136	3%
Expense from fees and commissions	-22,495	-24,053	-6%	-49,737	-55,378	-10%
NET PROFIT FROM FEES AND COMMISSIONS	146,547	133,940	9%	215,656	201,758	7%
Foreign exchange gains, net (-)/(+)	20,581	5,901	249%	156,918	18,279	758%
Gains / (losses) on securities, net	8,752	12,424	-30%	6,911	11,546	-40%
Gains on real estate transactions	87	79	10%	734	1,552	-53%
Dividend income	42,795	47,583	-10%	4,824	2,474	95%
Other operating income	3,207	3,593	-11%	13,645	24,840	-45%
Other operating expense	-285,882	-78,663	263%	-232,906	-39,785	485%
NET OPERATING RESULT	-210,460	-9,084		-49,874	18,906	-364%
Personnel expenses	-87,459	-85,760	2%	-206,335	-204,277	1%
Depreciation and amortization	-22,177	-21,657	2%	-65,946	-78,017	-15%
Other administrative expenses	-134,792	-138,391	-3%	-236,411	-244,477	-3%
OTHER ADMINISTRATIVE EXPENSES	-244,428	-245,808	-1%	-508,693	-526,771	-3%
PROFIT BEFORE INCOME TAX	**-117,832**	**54,333**	**-317%**	**-153,643**	**85,052**	**-281%**
Income tax	43,363	-6,442	-773%	51,385	-20,944	-345%
NET PROFIT FOR THE PERIODS	**-74,469**	**47,891**	**-255%**	**-102,258**	**64,108**	**-260%**
From this, attributable to non-controlling interest	0	0		273	91	198%
NET PROFIT FOR THE PERIODS ATTRIBUTABLE OWNERS OF THE COMPANY	**-74,469**	**47,891**	**-255%**	**-101,985**	**64,199**	**-259%**

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF CASH FLOWS

in HUF million	OTP Bank 2014	OTP Bank 2013	OTP Bank change	Consolidated 2014	Consolidated 2013	Consolidated change
OPERATING ACTIVITIES						
Profit before income tax	-117,833	54,333	-317%	-153,643	85,052	-281%
Adjustments to reconcile income before income taxes to net cash provided by operating activities						
Income tax paid	-2,864	-5,370	-47%	-20,571	-21,739	-5%
Goodwill impairment	0	0	0%	22,225	30,819	0%
Depreciation and amortization	22,177	21,657	2%	43,722	47,198	-7%
Provision for impairment / Release of provision	295,389	86,385	0%	653,407	272,231	140%
Share-based payment	4,393	5,704	-23%	4,393	5,704	-23%
Unrealized (losses) / gains on fair value adjustment of securities held for trading	-2,903	863	0%	-2,907	859	-438%
Unrealized losses on fair value adjustment of derivative financial instruments	5,401	12,629	-57%	-33,140	4,921	-773%
Changes in operating assets and liabilities	849,099	90,075	0%	905,295	-82,008	
Net cash provided by operating activities	**1,052,859**	**266,276**	**295%**	**1,418,781**	**343,037**	**314%**
INVESTING ACTIVITIES						
Net cash used in investing activities	**453,140**	**-207,106**	**-319%**	**705,051**	**-354,364**	**-299%**
FINANCING ACTIVITIES						
Net cash used in financing activities	**193,893**	**-160,720**	**-221%**	**-396,455**	**-44,655**	**788%**
Net increase in cash and cash equivalents	**1,699,892**	**-101,550**		**1,727,377**	**-55,982**	
Cash and cash equivalents at the beginning of the period	62,835	164,385	-62%	275,947	331,929	-17%
Cash and cash equivalents at the end of the period	**1,762,727**	**62,835**		**2,003,324**	**275,947**	**626%**
Analysis of cash and cash equivalents						
Cash, amounts due from banks and balances with the National Banks	140,521	245,548	-43%	539,125	602,521	-11%
Compulsory reserve established by the National Banks	-77,686	-81,163	-4%	-263,178	-270,592	-3%
Cash and cash equivalents at the beginning of the period	**62,835**	**164,385**	**-62%**	**275,947**	**331,929**	**-17%**
Cash, amounts due from banks and balances with the National Banks	1,897,778	140,521		2,307,632	539,125	328%
Compulsory reserve established by the National Banks	-135,051	-77,686	74%	-304,308	-263,178	16%
Cash and cash equivalents at the end of the period	**1,762,727**	**62,835**		**2,003,324**	**275,947**	**626%**

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY (IFRS)

in HUF million	Share capital	Capital reserve	Share based payment reserve	Retained earnings and reserves	Put option reserves	Treasury shares	Non-controlling interest	Total
Balance as at 1 January 2013	**28,000**	**52**	**10,800**	**1,579,188**	**-55,468**	**-53,802**	**5,783**	**1,514,553**
Net profit for the year	--	--	--	64,199		--	-91	64,108
Other comprehensive income				-34,781			-925	-35,706
Share-based payment	--	--	5,704			--	--	5,704
Treasury shares								
Dividend for the year 2012	--	--	--	-33,600		--	--	-33,600
Put option								
Treasury shares								
– sale						17,943		17,943
– loss on sale				481				481
– volume change						-19,740		-19,740
Payment to ICES holders				-3,248				-3,248
Changes in actuarial assumptions, IAS 19				-39				-39
Non-controlling interest buy-out				-1,124				-1,124
Balance as at 31 December 2013	**28,000**	**52**	**16,504**	**1,571,076**	**-55,468**	**-55,599**	**4,767**	**1,509,332**

in HUF million	Share capital	Capital reserve	Share based payment reserve	Retained earnings and reserves	Put option reserves	Treasury shares	Non-controlling interest	Total
Balance as at 1 January 2014	**28,000**	**52**	**16,504**	**1,571,076**	**-55,468**	**-55,599**	**4,767**	**1,509,332**
Net profit for the year	--	--	--	-101,985		--	-273	-102,258
Other comprehensive income				-97,881			-1,145	-99,026
Share-based payment	--	--	4,393			--	--	4,393
Treasury shares								
Dividend for the year 2012	--	--	--	-40,600		--	--	-40,600
Put option								
Treasury shares								
– sale						27,180		27,180
– loss on sale				-3,908				-3,908
– volume change						-27,521		-27,521
Payment to ICES holders				-3,426				-3,426
Revenue recognized from business combination								
Balance as at 31 December 2014	**28,000**	**52**	**20,897**	**1,323,276**	**-55,468**	**-55,940**	**3,349**	**1,264,166**

Ownership structure of OTP Bank Plc.

as at 31 December 2014

Description of owner	Total equity					
	1 January 2014			31 December 2014		
	%[1]	%[2]	Qty	%[1]	%[2]	Qty
Domestic institution/company	11.97%	12.12%	33,516,480	21.00%	21.28%	58,793,762
Foreign institution/company	63.49%	64.28%	177,765,449	57.41%	58.18%	160,738,598
Domestic individual	8.93%	9.04%	24,998,111	9.69%	9.82%	27,132,701
Foreign individual	1.15%	1.16%	3,206,030	0.59%	0.59%	1,639,105
Employees, senior officers	1.55%	1.57%	4,331,265	1.30%	1.32%	3,635,140
Treasury shares	1.23%	0.00%	3,437,274	1.32%	0.00%	3,699,724
Government held owner[3]	5.13%	5.20%	14,372,425	5.12%	5.19%	14,329,759
International Development Institutions[4]	0.00%	0.00%	0	0.00%	0.00%	0
Other[5]	6.56%	6.64%	18,372,976	3.58%	3.63%	10,031,221
TOTAL	**100.00%**	**100.00%**	**280,000,010**	**100.00%**	**100.00%**	**280,000,010**

[1] Voting rights
[2] Beneficial ownership
[3] E.g.: State Privatization Holding Co. Ltd., Social Security, Municipality, 100% state-owned companies, Pension Reform and Debt Reduction Fund 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 (2014)

	1 January	31 March	30 June	30 September	31 December
Company	1,363,714	1,767,140	1,623,246	1,632,142	1,626,164
Subsidiaries	2,073,560	2,073,560	2,073,560	2,073,560	2,073,560
TOTAL	3,437,274	3,840,700	3,696,806	3,705,702	3,699,724

Shareholders with over/around 5% stake as at 31 December 2014

Name	Number of shares	Voting rights	Beneficial ownership
Megdet, Timur and Ruszlan Rahimkulov	24.903.995	8,89%	9,01%
MOL (Hungarian Oil and Gas Company Plc.)	24.000.000	8,57%	8,69%
Groupama Group	23.211.741	8,29%	8,40%
Lazard Group	14.252.914	5,09%	5,16%
Hungarian National Asset Management Inc.	14.091.903	5,03%	5,10%

Senior officers, strategic employees and their shareholding of OTP shares as at 31 December 2014

Type[1]	Name	Position	No. of shares held
IT	Dr. Sándor Csányi [2]	Chairman and CEO	108.866
IT	Mihály Baumstark	member	25.600
IT	Dr. Tibor Bíró	member	38.956
IT	Péter Braun	member	298.505
IT	Tamás Erdei	member	16.039
IT	Dr. István Gresa	member	45.752
IT	Zsolt Hernádi[3]	member	25.600
IT	Dr. István Kocsis[4]	member	3.635
IT	Dr. Antal Pongrácz	Deputy Chairman, Deputy CEO	25.427
IT	Dr. László Utassy	member	300.915
IT	Dr. József Vörös	member	140.914
FB	Tibor Tolnay	Chairman	54
FB	Dr. Gábor Horváth	member	0
FB	Antal Kovács	member, Deputy CEO	27.074
FB	András Michnai	member	6.528
FB	Dominique Uzel	member	0
FB	Dr. Márton Gellért Vági	member	0
SP	László Bencsik	Chief Financial and Strategic Officer, Deputy CEO	14.039
SP	Daniel Gyuris[5]	Deputy CEO	0
SP	Miroslav Stanimirov Vichev	Deputy CEO	0
SP	Ákos Takáts[6]	Deputy CEO	141.011
SP	László Wolf	Deputy CEO	542.895
TOTAL No. of shares held by management:			**1.761.810**

[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: 608,866
[3] Membership under suspended since 4 April 2014
[4] Membership under suspended since 3 October 2012
[5] Employment was terminated on 15 April 2014
[6] Appointment as Deputy Chief Executive Officer was withdrawn on 30 June 2014

OFF-BALANCE SHEET ITEMS ACCORDING TO IFRS (consolidated, in HUF million) [1]

a) Contingent liabilities

	31/12/2014	31/12/2013
Commitments to extend credit	999,732	1,266,185
Guarantees arising from banking activities	368,670	312,994
Confirmed letters of credit	25,580	25,919
Legal disputes (disputed value)	71,808	66,988
Contingent liabilities related to OTP Mortgage Bank	0	0
Other	363,383	138,422
Total:	**1,829,173**	**1,810,508**

[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.)

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

	End of reference period	Current period opening	Current period closing
Bank	8,097	8,097	7,706
Consolidated	37,892	37,892	35,238

SECURITY ISSUANCES ON GROUP LEVEL IN THE COURSE OF 2014

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 31/12/2014	Outstanding consolidated debt (in HUF million) 31/12/2014
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/II	17/01/2014	31/01/2015	EUR	4,894,100	1,541
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/I	17/01/2014	17/01/2016	EUR	895,800	282
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/III	31/01/2014	14/02/2015	EUR	4,395,300	1,384
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/II	31/01/2014	31/01/2016	EUR	871,000	274
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/IV	14/02/2014	28/02/2015	EUR	4,069,200	1,281
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/III	14/02/2014	14/02/2016	EUR	963,600	303
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/V	28/02/2014	14/03/2015	EUR	3,410,500	1,074
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/IV	28/02/2014	28/02/2016	EUR	688,500	217
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/VI	14/03/2014	28/03/2015	EUR	3,969,800	1,250
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/V	14/03/2014	14/03/2016	EUR	739,900	233
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/VII	21/03/2014	04/04/2015	EUR	836,200	263
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/VI	21/03/2014	21/03/2016	EUR	210,400	66
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/VIII	11/04/2014	25/04/2015	EUR	4,343,900	1,368
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/VII	11/04/2014	11/04/2016	EUR	737,600	232
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/IX	18/04/2014	02/05/2015	EUR	1,000,200	315
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/VIII	18/04/2014	18/04/2016	EUR	200,700	63
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/X	09/05/2014	23/05/2015	EUR	3,849,700	1,212
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/IX	09/05/2014	09/05/2016	EUR	656,000	207
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XI	23/05/2014	06/06/2015	EUR	4,586,200	1,444
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/X	23/05/2014	23/05/2016	EUR	600,800	189
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XII	06/06/2014	20/06/2015	EUR	2,753,300	867
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/XI	06/06/2014	06/06/2016	EUR	639,500	201
OTP Bank Plc.	Corporate bond	OTP 2020/Ex	18/06/2014	22/06/2020	HUF	4,100	4,100
OTP Bank Plc.	Corporate bond	OTP 2024/Ax	18/06/2014	21/06/2024	HUF	270	270
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XIII	20/06/2014	04/07/2015	EUR	2,283,500	719
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/XII	20/06/2014	20/06/2016	EUR	640,900	202
OTP Bank Plc.	Retail bond	OTP DNT HUF 150107 4%	30/06/2014	07/01/2015	HUF	615	615
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XIV	04/07/2014	18/07/2015	EUR	2,665,300	839
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/XIII	04/07/2014	04/07/2016	EUR	462,000	145
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XV	18/07/2014	01/08/2015	EUR	1,776,900	560
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/XIV	18/07/2014	18/07/2016	EUR	313,300	99
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XVI	30/07/2014	13/08/2015	EUR	3,795,700	1,195
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/XV	30/07/2014	30/07/2016	EUR	1,581,000	498
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XVII	08/08/2014	22/08/2015	EUR	3,240,600	1,020
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/XVI	08/08/2014	08/08/2016	EUR	367,300	116
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XVIII	29/08/2014	12/09/2015	EUR	10,494,900	3,305
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/XVII	29/08/2014	29/08/2016	EUR	1,322,700	417
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XIX	12/09/2014	26/09/2015	EUR	5,450,100	1,716
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/XVIII	12/09/2014	12/09/2016	EUR	1,014,100	319
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XX	03/10/2014	17/10/2015	EUR	13,236,900	4,168
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/XIX	03/10/2014	03/10/2016	EUR	1,920,100	605
OTP Bank Plc.	Corporate bond	OTP 2020/Fx	10/10/2014	16/10/2020	HUF	3,500	3,500
OTP Bank Plc.	Corporate bond	OTP 2024/Bx	10/10/2014	16/10/2024	HUF	400	400
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XXI	22/10/2014	05/11/2015	EUR	8,442,700	2,659
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XXII	31/10/2014	14/11/2015	EUR	3,124,700	984
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XXIII	14/11/2014	28/11/2015	EUR	5,522,300	1,739
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XXIV	28/11/2014	12/12/2015	EUR	5,192,000	1,635
OTP Bank Plc.	Retail bond	OTP_VK_USD_2_2016/1	28/11/2014	28/11/2016	USD	1,395,300	362
OTP Bank Plc.	Corporate bond	OTP 2020/Gx	15/12/2014	21/12/2020	HUF	3,250	3,250
OTP Bank Plc.	Corporate bond	OTP 2024/Cx	15/12/2014	20/12/2024	HUF	320	320
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XXV	19/12/2014	02/01/2016	EUR	9,429,300	2,969

SECURITY REDEMPTIONS ON GROUP LEVEL IN THE COURSE OF 2014

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 31/12/2013	Outstanding consolidated debt (in HUF million) 31/12/2013
OTP Bank Plc.	Retail bond	OTP DNT HUF 140108 6%	12/07/2013	08/01/2014	HUF	2,916	2,916
OTP Bank Plc.	Retail bond	OTP 2014/I	11/01/2013	11/01/2014	HUF	3,406	3,406
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/I	11/01/2013	11/01/2014	EUR	3,349,300	994
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/I	13/01/2012	13/01/2014	EUR	52,000	15
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/II	25/01/2013	25/01/2014	EUR	2,535,200	753
OTP Bank Plc.	Retail bond	OTP OVK 2014/I	31/01/2012	27/01/2014	HUF	224	224
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/II	27/01/2012	27/01/2014	EUR	192,100	57
OTP Bank Plc.	Retail bond	OTP 2014/II	01/02/2013	01/02/2014	HUF	1,467	1,467
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/III	01/02/2013	01/02/2014	EUR	2,682,300	796
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/III	10/02/2012	10/02/2014	EUR	241,300	72
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/IV	15/02/2013	15/02/2014	EUR	4,059,600	1,205
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/IV	24/02/2012	24/02/2014	EUR	444,400	132
OTP Bank Plc.	Retail bond	OTP 2014/III	01/03/2013	01/03/2014	HUF	2,822	2,822
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/V	01/03/2013	01/03/2014	EUR	3,806,500	1,130
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/V	09/03/2012	09/03/2014	EUR	93,800	28
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/VI	22/03/2013	22/03/2014	EUR	3,192,100	948
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/VI	23/03/2012	23/03/2014	EUR	103,100	31
OTP Bank Plc.	Retail bond	OTP RA 2014A	25/03/2011	24/03/2014	HUF	945	945
OTP Bank Plc.	Corporate bond	OTP 2014/Dx	01/04/2011	03/04/2014	HUF	466	466
OTP Bank Plc.	Retail bond	OTP 2014/IV	05/04/2013	05/04/2014	HUF	1,529	1,529
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/VII	05/04/2013	05/04/2014	EUR	1,365,300	405
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/VII	06/04/2012	06/04/2014	EUR	148,000	44
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/VIII	19/04/2013	19/04/2014	EUR	3,012,100	894
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/VIII	20/04/2012	20/04/2014	EUR	249,500	74
OTP Bank Plc.	Retail bond	OTP 2014/V	26/04/2013	26/04/2014	HUF	1,152	1,152
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/IX	04/05/2012	04/05/2014	EUR	319,600	95
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/IX	10/05/2013	10/05/2014	EUR	5,797,600	1,721
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/X	11/05/2012	11/05/2014	EUR	50,200	15
OTP Bank Plc.	Retail bond	OTP 2014/VI	24/05/2013	24/05/2014	HUF	1,279	1,279
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/X	24/05/2013	24/05/2014	EUR	2,370,400	704
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/XI	25/05/2012	25/05/2014	EUR	95,000	28
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XI	07/06/2013	07/06/2014	EUR	2,591,900	770
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/XII	08/06/2012	08/06/2014	EUR	128,600	38
OTP Bank Plc.	Retail bond	OTP 2014/VII	14/06/2013	14/06/2014	HUF	768	768
OTP Bank Plc.	Corporate bond	OTP 2014/Ex	17/06/2011	20/06/2014	HUF	1,146	1,146
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XII	21/06/2013	21/06/2014	EUR	2,197,800	653
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/XIII	22/06/2012	22/06/2014	EUR	198,900	59
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XIII	28/06/2013	28/06/2014	EUR	1,383,500	411
OTP Bank Plc.	Corporate bond	OTP 2014/Ax	25/06/2009	30/06/2014	HUF	2,861	2,861
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XIV	12/07/2013	12/07/2014	EUR	2,788,300	828
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/XIV	13/07/2012	13/07/2014	EUR	170,100	51
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XV	26/07/2013	26/07/2014	EUR	5,148,500	1,529
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/XV	03/08/2012	03/08/2014	EUR	216,800	64
OTP Bank Plc.	Retail bond	OTP 2014/VIII	16/08/2013	16/08/2014	HUF	626	626
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XVI	16/08/2013	16/08/2014	EUR	10,348,100	3,072
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/XVI	17/08/2012	17/08/2014	EUR	169,500	50
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XVII	30/08/2013	30/08/2014	EUR	6,890,000	2,046
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/XVII	31/08/2012	31/08/2014	EUR	456,100	135
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/XVIII	14/09/2012	31/08/2014	EUR	306,100	91
OTP Bank Plc.	Retail bond	OTP 2014/IX	13/09/2013	13/09/2014	HUF	537	537
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XVIII	13/09/2013	13/09/2014	EUR	7,902,700	2,346
OTP Bank Plc.	Retail bond	OTP 2014/RA/Bx	16/09/2011	15/09/2014	HUF	1,126	1,126
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XIX	27/09/2013	27/09/2014	EUR	8,307,600	2,467
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/XIX	28/09/2012	28/09/2014	EUR	249,300	74
OTP Bank Plc.	Retail bond	OTP 2014/X	11/10/2013	11/10/2014	HUF	295	295
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XX	11/10/2013	11/10/2014	EUR	6,745,200	2,003
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/XX	12/10/2012	12/10/2014	EUR	216,100	64
OTP Bank Plc.	Corporate bond	OTP 2014/Bx	05/10/2009	13/10/2014	HUF	3,512	3,512
OTP Bank Plc.	Corporate bond	OTP 2014/Fx	20/10/2011	21/10/2014	HUF	346	346
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/XXI	26/10/2012	26/10/2014	EUR	362,500	108
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XXI	31/10/2013	31/10/2014	EUR	8,108,200	2,407
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/XXII	09/11/2012	09/11/2014	EUR	204,400	61
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XXII	15/11/2013	15/11/2014	EUR	4,602,100	1,366
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/XXIII	23/11/2012	23/11/2014	EUR	373,300	111
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/XXIV	07/12/2012	07/12/2014	EUR	410,000	122
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XXIII	29/11/2013	13/12/2014	EUR	5,901,200	1,752
OTP Bank Plc.	Retail bond	OTP TBSZ2014/I	14/01/2011	15/12/2014	HUF	1,915	1,915
OTP Bank Plc.	Retail bond	OTP TBSZ2014/II	26/08/2011	15/12/2014	HUF	730	730
OTP Bank Plc.	Corporate bond	OTP 2014/Cx	14/12/2009	19/12/2014	HUF	3,381	3,381
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/XXV	21/12/2012	21/12/2014	EUR	364,400	108
OTP Bank Plc.	Corporate bond	OTP 2014/Gx	21/12/2011	30/12/2014	HUF	320	320
OTP Bank Russia	Corporate bond	OTPRU 14/03	29/03/2011	25/03/2014	RUB	2,500,000,000	16,375
OTP Bank Russia	Corporate bond	OTPRU 14/07	02/08/2011	29/07/2014	RUB	5,000,000,000	32,750

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 31/12/2013	Outstanding consolidated debt (in HUF million) 31/12/2013
OTP Bank Russia	Corporate bond	OTPRU 14/10	03/11/2011	30/10/2014	RUB	4,000,000,000	26,200
OTP Banka Slovensko	Mortgage bond	OTP XXIII.	29/09/2010	29/09/2014	EUR	0	0
OTP Mortgage Bank	Mortgage bond	OJB2014_I	14/11/2003	12/02/2014	HUF	13,483	13,483
OTP Mortgage Bank	Mortgage bond	OMB2014_II	02/08/2011	10/08/2014	EUR	15,500,000	4,602
OTP Mortgage Bank	Mortgage bond	OJB2014_J	17/09/2004	17/09/2014	HUF	102	102
OTP Mortgage Bank	Mortgage bond	OMB2014_I	15/12/2004	15/12/2014	EUR	198,240,000	58,859

RELATED-PARTY TRANSACTIONS

The compensation of key management personnel, such as the members of the Board of Directors, members of the Supervisory Board, key employees of the Bank and its major subsidiaries involved in the decision-making process in accordance with the compensation categories defined in IAS 24 Related party disclosures, is summarised below.

Compensations in HUF million	2013	2014	Y-o-Y	4Q 2013	3Q 2014	4Q 2014	Q-o-Q	Y-o-Y
Total	**13,885**	**12,184**	**-12%**	**2,587**	**897**	**3,696**	**312%**	**43%**
Short-term employee benefits	9,534	8,373	-12%	2,130	25	2,534		19%
Share-based payment	3,297	2,937	-11%	221	795	878	10%	297%
Other long-term employee benefits	965	739	-23%	236	60	254	323%	8%
Termination benefits	89	135	52%	0	17	30	76%	
Redundancy payments								
Loans provided to companies owned by the management (normal course of business)	38,828	13,357	-66%	38,828	40,812	13,357	-67%	-66%
Credit lines of the members of Board of Directors and the Supervisory Board and their close family members (at normal market conditions)	559	334	-40%	559	442	334	-24%	-40%
Commitments to extend credit and guarantees	1,221	15,690		1,221	685	15,690		
Loans provided to unconsolidated subsidiaries	1,124	1,304	16%	1,124	1,532	1,304	-15%	16%

[1] Members of the Board of Directors and the Supervisory Board, senior officers and the auditor of the company

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. Dividends and net cash transfers received from non-group member companies are 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 of OTP Core are calculated from the partially consolidated IFRS 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 Financial Point Ltd., and companies providing intragroup financing. The consolidated accounting results of these companies are segmented into OTP Core and Corporate Centre. Latter is a virtual entity.

(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. 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: banks, leasing companies, factoring companies.

(4) The profit impact of the repurchase from the perpetual EUR 500 million subordinated Notes series executed in 4Q 2013 was eliminated from the performance of both parties, OTP Bank (Hungary) and OTP Bank Russia, since the transaction had no direct impact on consolidated earnings. The pre-tax gain realised on the perpetual EUR 500 million subordinated Notes transaction within the Group in 3Q 2014 was eliminated from the performance of OTP Bank Russia.

(5) 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 statement of recognised income and balance sheet of LLC OTP Credit was also added.

(6) From 3Q 2010, statements are based on the aggregated financials of DSK Group and the newly established Bulgarian collection company, OTP Factoring Bulgaria LLC. DSK Group balance sheet contains the loans sold to the factoring company at before sale gross value and the related provisions as well.

(7) Net earnings are adjusted with the result of CIRS swap transactions executed with OTP Bank Hungary in relation to interbank financing. Before transfer balance sheet numbers are displayed. From 2Q 2010 the statement of recognised income and balance sheet of OTP Faktoring SRL was included.

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

(9) Includes the financial result and volumes of OTP Faktoring d.o.o. Banco Popolare Crotia has been consolidated into OBH's results from 2Q 2014.

(10) From 2011 on the balance sheet contains consolidated data of OTP Banka Slovensko and OTP Faktor Slovensko s.r.o., adjusted for 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. From 2012 on P&L data and related indices are adjusted for the special banking tax and the Slovakian Deposit Protection Fund contributions being introduced again in 2014.

(11) Including the financial performance of OTP Factoring Montenegro d.o.o.

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

(13) From 4Q 2009: OTP Leasing Romania IFN S.A. (Romania), Z plus d.o.o. (Croatia) (until 3Q 2011), OTP Leasing d.d. (Croatia), DSK Leasing AD (Bulgaria).

(14) LLC AMC OTP Capitol (Ukraine) and OTP Asset Management SAI S.A. (Romania), DSK Asset Management (Bulgaria).

(15) HIF Ltd. (United Kingdom), OTP Faktoring Slovensko (Slovakia) (until 1Q 2011), OTP Buildings (Slovakia), OTP Real Slovensko (Slovakia), Velvin Ventures Ltd. (Belize), Debt Management Project 1 Montenegro d.o.o. (Montenegro), R.E. Four d.o.o., Novi Sad (Serbia), SC Aloha Buzz SRL, SC Favo Consultanta SRL, SC Tezaur Cont SRL (Romania).

(16) Total Hungarian subsidiaries: sum of the adjusted after tax results of Hungarian group members, Corporate Centre and related eliminations.

(17) Total Foreign subsidiaries: sum of the adjusted after tax profits of foreign subsidiaries and one-off items (after tax).

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.

Adjustments:

- 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, the tax shield effect of investment write-offs, special tax on financial institutions, the one-timer payment compensating the underperformance of the financial transaction tax in 2013, the fine imposed by the Hungarian Competition Authority in 4Q 2013, the corporate tax impact of the transfer of general risk reserves to retained earnings, the effect of Banco Popolare Croatia acquisition, the expected one-off impact of regulatory changes related to consumer contracts in Hungary, the risk cost created toward Crimean exposures from 2Q 2014, the risk cost related toward exposure to Donetsk and Luhansk from 3Q 2014 and the net loss from early repayment of FX mortgage loans in Hungary. Beside the Slovakian banking levy, from 1Q 2014 the total amount of the special banking tax includes and the Slovakian Deposit Protection Fund contributions being introduced again in 2014.
- Other non-interest income elements stemming from provisioning release in connection with provisions on 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.
- From 2Q 2014 OTP Bank's share in the change in the shareholders' equity of companies consolidated with equity method is reclassified from the After tax dividends and net cash transfers line to the Net other non-interest result (adj) without one-offs line.
- 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 administrative 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 –, Other non-interest expenses stemming from non-financial activities, Special tax on financial institutions and the one-timer payment compensating the underperformance of the financial transaction tax.
- From 4Q 2010 onwards, the fee expenses paid by Merkantil Group to car dealers ('dealer fees') were registered as interest expense in 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.
- Performing indicators such as 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 effect of Banco Popolare Croatia acquisition, the expected one-off impact of regulatory changes related to consumer contracts in Hungary, the risk cost created toward Crimean exposures from 2Q 2014, the risk cost related toward exposures to Donetsk and Luhansk from 3Q 2014 and the net loss from early repayment of FX mortgage loans in Hungary.
- OTP Group is hedging the revaluation result of the FX provisions on its FX loans by keeping hedging open FX positions. In the accounting statement of recognized income, the revaluation of FX provisions is part of the risk costs (within line "Provision for loan losses"), whereas the revaluation result 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 3Q 2012 and in 2Q 2013, seven subsidiaries of OTP Real Estate Ltd. were for the first time consolidated into OTP Group. The cumulated loss of the companies' previous operation was recognised as Other expenses in the accounting P&L, while loan loss and other provisioning earlier made by OTP Bank and OTP Real Estate in relation to these companies were released. By influencing only the structure of the income statement, the net effect of these two entries was neutral to consolidated net earnings. As an adjustment to the accounting statement of income, these items are eliminated from the adjusted P&L.
- Tax deductible transfers paid by Hungarian group members from 3Q 2012 were reclassified from Other non-interest expenses to Corporate income tax. As a result, the net P&L effect of the transfers (i.e. the paid transfer less the related tax allowances) is recognised in the corporate income tax line of the adjusted P&L.
- From 2012 credit institutions' contribution tax was recognised in the accounting P&L of OTP Group and OTP Core as OTP Core's burden share in the fixed exchange rate scheme provided to Hungarian FX mortgage debtors. The paid contribution tax equals 50% of the forgiveness provided on the interest payments of the clients. In the adjusted P&L the contribution tax is reclassified from other (administrative) expenses and to a lesser extent from other risk cost to net interest income.
- The financial transaction tax paid from the beginning of 2013 in Hungary is reclassified from other (administrative) expenses to net fee and commission income, both on consolidated and OTP Core level.
- The revaluation result booked on Other provisions line due to regulatory changes related to FX mortgage loans in Hungary are moved to the Foreign exchange result line.
- Within the report, FX-adjusted statistics for business volumes are disclosed. For FX adjustment, the closing cross currency rates for the current period were used to calculate the HUF equivalent of loan and deposit volumes in the base periods. Thus the FX adjusted volumes will be different from those published earlier.

ADJUSTMENTS OF CONSOLIDATED IFRS P&L LINES

in HUF million	1Q 13	2Q 13	3Q 13	4Q 13 Audited	2013 Audited	1Q 14	2Q 14	3Q 14	4Q 14 Preliminary	2014 Preliminary
Net interest income	**167,955**	**162,301**	**165,055**	**158,418**	**653,728**	**164,421**	**157,506**	**158,148**	**156,024**	**636,099**
(-) Agent fees paid to car dealers by Merkantil Group	-624	-552	-587	-556	-2,319	-568	-514	-468	-496	-2,047
(+) Credit institutions' contribution tax paid in relation to the fixed exchange rate scheme	-2,161	-30	34	-48	-2,205	-2,819	-227	23	224	-2,798
(+) Other risk costs recognised in relation to the fixed exchange rate scheme	-98	64	30	3	0	-14	9	4	1	0
Net interest income (adj.) with one-offs	**166,320**	**162,887**	**165,706**	**158,929**	**653,841**	**162,157**	**157,802**	**158,643**	**156,746**	**635,348**
(-) Revaluation result of FX swaps at OTP Core (booked within net interest income)	432	310	270	-297	715	-296	-454	-1,023	948	-824
Net interest income (adj.) without one-offs	**165,888**	**162,577**	**165,436**	**159,225**	**653,126**	**162,453**	**158,255**	**159,666**	**155,798**	**636,172**
Net fees and commissions	**42,189**	**49,494**	**53,420**	**56,655**	**201,758**	**52,501**	**52,910**	**53,253**	**56,992**	**215,656**
(+) Agent fees paid to car dealers by Merkantil Group	-624	-552	-587	-556	-2,319	-568	-514	-468	-496	-2,047
(+) Financial Transaction Tax	-5,752	-6,165	-9,316	-11,270	-32,503	-9,892	-10,913	-11,207	-12,016	-44,029
Net fees and commissions (adj.)	**35,813**	**42,777**	**43,517**	**44,829**	**166,936**	**42,040**	**41,482**	**41,577**	**44,479**	**169,579**
Foreign exchange result	**12,487**	**-5,385**	**9,169**	**2,009**	**18,279**	**65,732**	**21,942**	**23,783**	**45,462**	**156,918**
(-) Revaluation result of FX positions hedging the revaluation of FX provisions	9,954	-12,006	5,502	-3,355	96	64,576	16,045	18,112	45,470	144,203
(+) Revaluation result booked on Other risk cost line due to regulatory changes related to FX mortgage loans in Hungary									-1,428	-1,428
Foreign exchange result (adj.) with one-offs	**2,533**	**6,621**	**3,666**	**5,364**	**18,183**	**1,155**	**5,897**	**5,670**	**-1,436**	**11,287**
Foreign exchange result (adj.) without one-offs	**2,533**	**6,621**	**3,666**	**5,364**	**18,183**	**1,155**	**5,897**	**5,670**	**-1,436**	**11,287**
Gain/loss on securities, net	**4,043**	**4,118**	**1,854**	**1,530**	**11,546**	**851**	**4,851**	**771**	**438**	**6,911**
Gain/loss on securities, net (adj.) with one-offs	**4,043**	**4,118**	**1,854**	**1,530**	**11,546**	**851**	**4,851**	**771**	**438**	**6,911**
(-) Revaluation result of the treasury share swap agreement (booked as Gain on securities, net (adj.) at OTP Core)	26	295	291	-104	508	63	345	-2	17	423
Gain/loss on securities, net (adj.) without one-offs	**4,017**	**3,823**	**1,563**	**1,634**	**11,037**	**788**	**4,507**	**773**	**421**	**6,489**
Gains and losses on real estate transactions	**499**	**589**	**427**	**37**	**1,552**	**449**	**343**	**-20**	**-37**	**734**
(+) Other non-interest income	**4,910**	**6,160**	**9,533**	**4,236**	**24,840**	**4,133**	**6,379**	**3,466**	**-332**	**13,645**
(-) Received cash transfers	9	4	151	-121	43	0	34	-32	2	5
(-) Non-interest income from the release of pre-acquisition provisions	22	36	66	33	156	24	274	398	563	1,260
(+) Other other non-interest expenses	-760	-2,128	-552	-1,500	-4,939	-811	-1,650	-1,278	-3,928	-7,666
(+) Release of loan loss provisioning related to the consolidation of the subsidiaries of OTP Real Estate Ltd.	0	224	0	0	224	0	0	0	0	0
(+) Release of other provisioning related to the consolidation of the subsidiaries of OTP Real Estate Ltd.	0	254	0	0	254	0	0	0	0	0
(+) Change in shareholders' equity of companies consolidated with equity method							683	255	710	1,648
(-) Badwill booked in relation to Banco Popolare Croatia acquisition							4,508	55	0	4,563
Net other non-interest result (adj.) with one-offs	**4,618**	**5,059**	**9,192**	**2,863**	**21,731**	**3,747**	**938**	**2,002**	**-4,153**	**2,534**
(-) Gain on the repurchase of own Upper and Lower Tier2 Capital (booked as Net other non-interest result (adj.) at OTP Core and at the Corporate Centre)	0	970	5,102	32	6,104	0	0	0	0	0
Net other non-interest result (adj.) without one-offs	**4,618**	**4,089**	**4,090**	**2,831**	**15,627**	**3,747**	**938**	**2,002**	**-4,153**	**2,534**
Provision for loan losses	**-64,311**	**-49,346**	**-68,861**	**-80,051**	**-262,569**	**-133,359**	**-86,725**	**-91,113**	**-135,632**	**-446,830**
(+) Non-interest income from the release of pre-acquisition provisions	22	36	66	33	156	24	274	398	563	1,260
(-) Revaluation result of FX provisions	-9,954	12,006	-5,502	3,355	-96	-64,576	-16,045	-18,112	-45,470	-144,203
(-) Release of loan loss provisioning related to the consolidation of the subsidiaries of OTP Real Estate Ltd.	0	224	0	0	224	0	0	0	0	0
(-) Risk cost created toward Crimean exposures from 2Q 2014							-9,267	-80	394	-8,953
(-) Risk cost created toward exposures to Donetsk and Luhansk from 3Q 2014								-7,816	-21,087	-28,903
Provision for loan losses (adj.)	**-54,335**	**-61,540**	**-63,293**	**-83,373**	**-262,541**	**-68,759**	**-61,140**	**-64,706**	**-68,907**	**-263,511**
After tax dividends and net cash transfers	**-674**	**-78**	**-1,103**	**-10,054**	**-11,909**	**-1,218**	**-1,911**	**130**	**-4,483**	**-7,481**
(-) Sponsorships, subsidies and cash transfers to public benefit organisations	-390	-2,676	-920	-9,833	-13,819	-1,163	-5,665	-156	-5,293	-12,277
(-) Dividend income of swap counterparty shares kept under the treasury share swap agreement		2,316	0	0	2,316		2,957	0	0	2,957
(-) Change in shareholders' equity of companies consolidated with equity method							683	255	710	1,648
After tax dividends and net cash transfers	**-284**	**282**	**-183**	**-221**	**-406**	**-55**	**114**	**31**	**101**	**191**

in HUF million	1Q 13	2Q 13	3Q 13	4Q 13 Audited	2013 Audited	1Q 14	2Q 14	3Q 14	4Q 14 Preliminary	2014 Preliminary
Depreciation	**-11,366**	**-12,116**	**-42,664**	**-11,871**	**-78,017**	**-10,379**	**-32,660**	**-11,709**	**-11,198**	**-65,946**
(-) Goodwill impairment charges (OTP banka Srbija (Serbia), OTP Bank JSC (Ukraine), OTP banka Hrvatska (Croatia), CKB (Montenegro))	0	0	-30,819	0	-30,819	0	-22,225	0	0	-22,225
Depreciation (adj.)	**-11,366**	**-12,116**	**-11,846**	**-11,871**	**-47,199**	**-10,379**	**-10,435**	**-11,709**	**-11,198**	**-43,721**
Income taxes	**-10,636**	**959**	**-11,198**	**-69**	**-20,944**	**3,258**	**47,425**	**-13,581**	**14,283**	**51,385**
(-) Corporate tax impact of goodwill/investment impairment charges	0	1,379	0	0	1,379	0	10,628	0	6,582	17,210
(-) Corporate tax impact of the special tax on financial institutions	6,581	81	81	82	6,825	6,593	121	98	7	6,818
(+) Tax deductible transfers	0	-2,400	-748	-8,414	-11,562	-336	-4,797	3	-4,605	-9,734
(-) Corporate tax impact of the one-timer payment compensating the underperformance of the Financial Transaction Tax	0	3,085	5	0	3,091	0	0	0	0	0
(-) Corporate tax impact of the fine imposed by the Hungarian Competition Authority				745	745					
(-) Corporate tax impact of the transfer of general risk reserves to retained earnings				-5,533	-5,533					
(-) Corporate tax impact of the badwill booked in relation to Banco Popolare Croatia acquisition							-902	-11	0	-913
(-) Corporate tax shield on earlier loss of Banco Popolare Croatia							902	11	0	913
(-) Corporate tax impact of provision on potential expenses in relation to BPC merger							108	0	0	108
(-) Corporate tax impact of the expected one-off impact of regulatory changes related to consumer contracts in Hungary							40,467	-5,911	2,908	37,464
(-) Corporate tax impact of risk cost created toward Crimean exposures from 2Q 2014							1,096	-16	-69	1,010
(-) Corporate tax impact of risk cost created toward exposures to Donetsk and Luhansk from 3Q 2014								1,020	2,347	3,367
Corporate income tax (adj.)	**-17,217**	**-5,985**	**-12,032**	**-3,777**	**-39,012**	**-3,671**	**-9,791**	**-8,768**	**-2,097**	**-24,327**
Other operating expense, net	**-3,379**	**-4,141**	**-5,776**	**-26,499**	**-39,795**	**-3,972**	**-227,890**	**10,727**	**-11,771**	**-232,906**
(+) Provision on securities available-for-sale and securities held-to-maturity	**0**	**0**	**1**	**10**	**11**					
(-) Other costs and expenses	-1,166	-1,315	-1,134	-7,140	-10,756	-1,735	-1,248	-1,002	-2,369	-6,354
(-) Other non-interest expenses	-1,445	-4,920	-1,918	-11,082	-19,365	-2,037	-7,326	-1,474	-9,139	-19,976
(-) Release of other provisioning related to the consolidation of the subsidiaries of OTP Real Estate Ltd.	0	254	0	0	254	0	0	0	0	0
(-) Other risk costs recognised in relation to the fixed exchange rate scheme	-98	64	30	3	0	-14	9	4	1	0
(-) Provision on potential expenses in relation to Banco Popolare Croatia merger							-539	0	0	-539
(-) Expected one-off impact of regulatory changes related to consumer contracts in Hungary						0	-216,564	13,646	9,547	-193,371
(-) Revaluation result booked on Other risk cost line due to regulatory changes related to FX mortgage loans in Hungary									-1,428	-1,428
Other provisions (adj.)	**-671**	**1,778**	**-2,755**	**-8,270**	**-9,918**	**-187**	**-2,222**	**-446**	**-8,383**	**-11,237**
Other administrative expenses	**-80,037**	**-63,003**	**-48,963**	**-52,475**	**-244,477**	**-85,631**	**-49,395**	**-49,360**	**-52,025**	**-236,411**
(+) Other costs and expenses	-1,166	-1,315	-1,134	-7,140	-10,756	-1,735	-1,248	-1,002	-2,369	-6,354
(+) Other non-interest expenses	-1,445	-4,920	-1,918	-11,082	-19,365	-2,037	-7,326	-1,474	-9,139	-19,976
(-) Paid cash transfers	-686	-2,792	-1,366	-9,582	-14,426	-1,226	-5,676	-196	-5,212	-12,309
(+) Film subsidies and cash transfers to public benefit organisations	-390	-2,676	-920	-9,833	-13,819	-1,163	-5,665	-156	-5,293	-12,277
(-) Other non-interest expenses	-760	-2,128	-552	-1,500	-4,939	-811	-1,650	-1,278	-3,928	-7,666
(-) Special tax on financial institutions	-35,808	-351	-350	-357	-36,867	-35,986	-548	-445	-31	-37,011
(-) Tax deductible transfers	0	-2,400	-748	-8,414	-11,562	-336	-4,797	3	-4,605	-9,734
(-) Credit institutions' contribution tax paid in relation to the fixed exchange rate scheme	-2,161	-30	34	-48	-2,205	-2,819	-227	23	224	-2,798
(-) Financial Transaction Tax	-5,752	-6,165	-9,316	-11,270	-32,503	-9,892	-10,913	-11,207	-12,016	-44,029
(-) One-timer payment compensating the underperformance of the Financial Transaction Tax	0	-16,238	-29	0	-16,267	0	0	0	0	0
(-) Fine imposed by the Hungarian Competition Authority	0	0	0	-3,922	-3,922	0	0	0	0	0
Other non-interest expenses (adj.)	**-37,872**	**-41,810**	**-40,607**	**-45,436**	**-165,725**	**-39,496**	**-39,821**	**-38,892**	**-43,259**	**-161,470**

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