OTP Bank Plc.

Half-year Financial Report
First half 2015 result

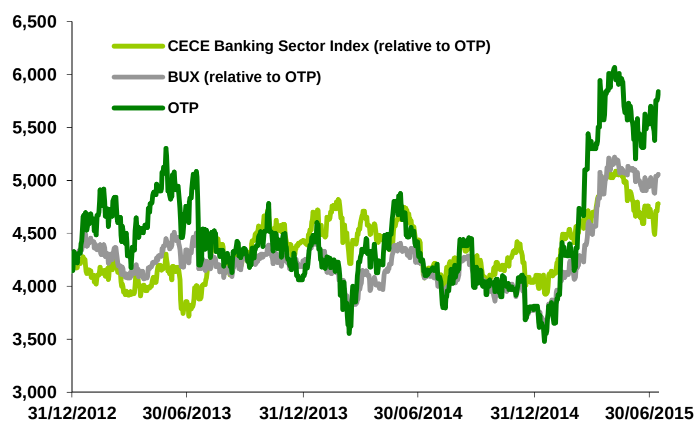
(English translation of the original report submitted to the Budapest Stock Exchange)

Budapest, 14 August 2015

CONSOLIDATED FINANCIAL HIGHLIGHTS[1] AND SHARE DATA

Main components of the Statement of recognised income in HUF million	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
Consolidated after tax profit	**-147,283**	**40,141**	**-127%**	**-153,146**	**1,913**	**38,228**		**-125%**
Adjustments (total)	**-221,551**	**-28,794**	**-87%**	**-192,103**	**-26,416**	**-2,378**	**-91%**	**-99%**
Consolidated adjusted after tax profit without the effect of adjustments	**74,268**	**68,936**	**-7%**	**38,956**	**28,329**	**40,606**	**43%**	**4%**
Pre-tax profit	87,730	82,156	-6%	48,747	30,579	51,577	69%	6%
Operating profit	217,422	189,759	-13%	109,261	95,374	94,385	-1%	-14%
Total income	421,263	380,585	-10%	211,080	189,446	191,139	1%	-9%
Net interest income	320,708	282,705	-12%	158,255	142,727	139,978	-2%	-12%
Net fees and commissions	83,523	81,191	-3%	41,482	37,293	43,898	18%	6%
Other net non-interest income	17,033	16,689	-2%	11,342	9,426	7,264	-23%	-36%
Operating expenses	-203,842	-190,826	-6%	-101,819	-94,071	-96,755	3%	-5%
Total risk costs	-132,307	-109,787	-17%	-63,362	-64,468	-45,319	-30%	-28%
One off items	2,615	2,183	-17%	2,848	-328	2,511	-866%	-12%
Corporate taxes	-13,462	-13,220	-2%	-9,791	-2,249	-10,971	388%	12%
Main components of balance sheet closing balances in HUF million	2014	1H 2015	YTD	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
Total assets	10,971,052	10,761,079	-2%	10,354,841	10,714,446	10,761,079	0%	4%
Total customer loans (net, FX adjusted)	**5,987,920**	**5,668,336**	**-5%**	**6,284,823**	**5,784,407**	**5,668,336**	**-2%**	**-10%**
Total customer loans (gross, FX adjusted)	**7,160,342**	**6,773,204**	**-5%**	**7,683,667**	**6,906,146**	**6,773,204**	**-2%**	**-12%**
Allowances for possible loan losses (FX adjusted)	-1,172,422	-1,104,869	-6%	-1,398,844	-1,121,739	-1,104,869	-2%	-21%
Total customer deposits (FX adjusted)	**7,745,283**	**7,657,531**	**-1%**	**7,050,087**	**7,759,456**	**7,657,531**	**-1%**	**9%**
Issued securities	267,084	260,007	-3%	384,925	253,763	260,007	2%	-32%
Subordinated loans	281,968	257,915	-9%	288,001	244,017	257,915	6%	-10%
Total shareholders' equity	1,264,166	1,258,665	0%	1,302,433	1,196,125	1,258,665	5%	-3%
Indicators based on one-off adjusted earnings %	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
ROE (from adjusted net earnings)	10.7%	11.0%	0.4%p	11.4%	9.3%	13.3%	3.9%p	1.9%p
ROA (from adjusted net earnings)	1.4%	1.3%	-0.2%p	1.5%	1.1%	1.5%	0.5%p	0.0%p
Operating profit margin	4.23%	3.52%	-0.71%p	4.28%	3.57%	3.53%	-0.04%p	-0.75%p
Total income margin	8.19%	7.06%	-1.13%p	8.26%	7.09%	7.14%	0.05%p	-1.12%p
Net interest margin	6.24%	5.25%	-0.99%p	6.19%	5.34%	5.23%	-0.11%p	-0.97%p
Cost-to-asset ratio	3.96%	3.54%	-0.42%p	3.99%	3.52%	3.61%	0.10%p	-0.37%p
Cost/income ratio	48.4%	50.1%	1.8%p	48.2%	49.7%	50.6%	1.0%p	2.4%p
Risk cost to average gross loans	3.51%	3.15%	-0.37%p	3.30%	3.66%	2.72%	-0.94%p	-0.58%p
Total risk cost-to-asset ratio	2.57%	2.04%	-0.54%p	2.48%	2.41%	1.69%	-0.72%p	-0.79%p
Effective tax rate	15.3%	16.1%	0.7%p	20.1%	7.4%	21.3%	13.9%p	1.2%p
Net loan/(deposit+retail bond) ratio (FX adjusted)	88%	73%	-15%p	88%	74%	73%	-1%p	-15%p
Capital adequacy ratio (consolidated, IFRS) - Basel3	17.8%	16.4%	-1.3%p	17.8%	16.1%	16.4%	0.3%p	-1.3%p
Tier1 ratio - Basel3	14.2%	13.3%	-0.8%p	14.2%	13.0%	13.3%	0.4%p	-0.8%p
Common Equity Tier 1 ('CET1') ratio - Basel3	14.2%	13.3%	-0.8%p	14.2%	13.0%	13.3%	0.4%p	-0.8%p
Share Data	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
EPS diluted (HUF) (from unadjusted net earnings)	-551	151	-127%	-573	8	145		-125%
EPS diluted (HUF) (from adjusted net earnings)	278	258	-7%	146	106	154	45%	5%
Closing price (HUF)	4,348	5,600	29%	4,348	5,304	5,600	6%	29%
Highest closing price (HUF)	4,875	6,065	24%	4,875	5,440	6,065	11%	24%
Lowest closing price (HUF)	3,555	3,479	-2%	3,555	3,479	5,201	49%	46%
Market Capitalization (EUR billion)	3.9	5.0	27%	3.9	5.0	5.0	0%	27%
Book Value Per Share (HUF)	4,652	4,495	-3%	4,652	4,272	4,495	5%	-3%
Tangible Book Value Per Share (HUF)	4,044	3,898	-4%	4,044	3,703	3,898	5%	-4%
Price/Book Value	0.9	1.2	33%	0.9	1.2	1.2	0%	33%
Price/Tangible Book Value	1.1	1.4	34%	1.1	1.4	1.4	0%	34%
P/E (trailing, from accounting net earnings)	n/a	18.4		n/a	n/a	18.4		
P/E (trailing, from adjusted net earnings)	9.6	13.9	45%	9.6	13.4	13.9	4%	45%
Average daily turnover (EUR million)	17	19	9%	18	21	17	-19%	-4%
Average daily turnover (million share)	1.2	1.2	-4%	1.2	1.5	0.9	-38%	-24%

SHARE PRICE PERFORMANCE



MOODY'S RATINGS

OTP Bank

Foreign currency long term deposits	Ba2

OTP Mortgage Bank

Covered mortgage bond	Baa2

OTP Bank Russia

Foreign currency long term deposits	Ba3

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.

HALF-YEAR FINANCIAL REPORT – OTP BANK'S RESULTS FOR FIRST HALF 2015

Half-year Financial Report for the first half 2015 results of OTP Bank Plc. has been prepared according to the 24/2008. (VIII.15.) PM resolution on the basis of its separate and consolidated condensed IFRS financial statements for 30 June 2015 or derived from that. At presentation of first half 2015 report of OTP Bank we applied International Financial Reporting Standards adopted by the European Union.

SUMMARY OF THE FIRST HALF AND SECOND QUARTER OF THE YEAR 2015

The first six months of 2015 were dominated by positive developments regarding the overall performance of the Hungarian economy. While the 2Q preliminary statistics are still not available, the Hungarian GDP grew by 3.4% y-o-y in 1Q. Due to the outstandingly strong trade balance by the end of March 2015 the current account surplus reached record levels with 6.8% of GDP. Simultaneously, the net financing capacity of the country (the current account balance + the capital balance which also incorporates the significant EU transfers) advanced to 10.8%. 2Q GDP components published so far also demonstrated promising data: the industrial production in June advanced by 6% y-o-y, whereas retail sales increased by 6.2%. During the April-June period the unemployment rate dropped to 6.9%, and the employment reached 4.2 million underpinning a 126 thousands increase y-o-y. During 1H the central bank continued cutting the base rate, at the end of June it stood at 1.5%. With a 15 bps rate cut on 21 July the policy rate hit the bottom at 1.35% and the National Bank of Hungary announced that it finished the series of rate cuts and loose monetary conditions will prevail for a longer period. The local property market enjoys a strong rebound: transactions grew by 40% y-o-y, and house building permits increased dynamically.

As a type of confidence building measure, the Hungarian Parliament approved the 2016 budget on 23 June; the key targets were as follows: 2.5% GDP growth, fiscal deficit at 2% of GDP, 1.6% average inflation. According to the plan by the end of 2016 public debt to GDP will shrink below 74%. Apart from the supportive macro developments it was equally important from the banks' point of view that the tax law (which is part of the budget) incorporated the banking tax reduction unconditionally, in its original form as agreed with EBRD.

With regards to other Group members the diverging trends that had shaped individual performance already from 2014 have continued. Apart from Ukraine and Russia the rest of CEE Group members witnessed either consolidating or improving macroeconomic conditions which manifested through decelerating portfolio deterioration, normalizing risk costs and even reviving lending activity in particular product segments.

In Ukraine and Russia very slow stabilization is experienced. While the overall Ukrainian macro performance remained disappointing – 1Q GDP fell by 15% y-o-y, thus the yearly contraction might pierce 10%; the average consumer price inflation exceeded 47% y-o-y in 1H 2015 – the local currency stabilized at 21 USD/UAH level (10% q-o-q UAH appreciation) thanks to the IMF agreement concluded in March and the Fund's continuous financial support. So far there is no record reached on the rescheduling of the sovereign debt, but some sort of debt reduction is quite a probable scenario. Provided it happens in an orchestrated way that will definitely improve the current government's macroeconomic manoeuvring room.

In Russia according to the government forecast the economy will contract by 2.6-2.8% in 2015; however this seems to be more optimistic than the market consensus. The weak 2Q data also suggest a longer period of recession in the economy and the lower oil price takes its toll, too. Inflation is expected to culminate at around 16% in July, afterwards a steady decline is forecasted which increases the likelihood of further rate cuts by the central bank. By the end of 2Q the base rate stood at 11.5% and on 31 July the CBR cut the rate by another 50 bps. The RUB was stable in 2Q and closed at 55.8 against the USD underpinning a moderate 3% RUB depreciation q-o-q.

Legislative acts and decisions affecting OTP Group's operation in Hungary

1) Modification of the banking tax

Following the approval of the Budget Act, on 24 June 2015 Act No. LXXXI of 2015 was announced (Modification of separate acts on taxation) which referred to the special tax on financial institutions, too.

Accordingly, the due amount is to be calculated from financial institutions' adjusted balance sheet total as at end-2014. The tax rate will remain the same (0.15% p.a.) up to HUF 50 billion tax base. Above that level the applicable rate (instead of 0.53% applied in 2015) will be 0.31% in 2016 and 0.21% in 2017 and 2018, but the due amount can't exceed the amount paid in 2015. As a result, in case of Hungarian Group members the special banking tax is calculated to be around HUF 21.5 billion in 2016 and HUF 15 billion in 2017 and 2018 respectively (before tax).

Furthermore, the Act stipulates an additional tax reduction opportunity for those financial institutions and financial companies who increased their corporate exposures (the scope of which is determined by the act). On a sector level the reductions can decrease the due levy by maximum HUF 10 billion (and by maximum 30% per taxpayer). Of that amount maximum HUF 3 billion might be deducted from the banking tax and maximum HUF 7 billion might be realized as an equalizing item through lowering the tax base. Only those financial institutions will be eligible for the HUF 7 billion tax reduction who managed to increase their corporate exposures between 2009 and 2014. Both the HUF 7 billion and HUF 3 billion tax reduction facilities will be allocated amongst the financial institutions based on how their corporate loan growth between 2009 and the end of the effective tax year compares to the overall sector level corporate portfolio growth according to the files of the Tax Authority. Thus the amount by which OTP may reduce its banking tax in 2016 depends on the corporate loan growth of its own and the sector and will be calculated according to data published by the Tax Authority.

2) Potential tax refund due to losses in Ukraine

In order to mitigate the negative impact of the Russian-Ukrainian conflict on the Hungarian banking sector, according to the Act No. XCII of 2003 part of provisions made for the Ukrainian subsidiary can be deducted from the 2015 tax obligation up to HUF 5 billion. OTP Bank submitted its tax reclaim to the Hungarian Tax Authority (NAV). NAV asked for a ruling in that particular case from the European Committee, the review is still in process. In case there will be a positive ruling, it will reduce the tax burden of OTP Bank by maximum HUF 5 billion, but this amount has not been booked in the current report.

3) Deposit Protection Fund, Investor Protection Fund, Special Quaestor Fund, Resolution Fund

On 3 July 2015 the Act on Credit Institutions and Financial Enterprises was amended, accordingly the upper cap of the normal annual contribution into the **Deposit Protection Fund** (OBA) was raised from 0.2% to 0.3% as a percentage of the insured deposit volumes. The annual amount of an extraordinary contribution can't exceed 0.5%, however OBA might specify even higher extraordinary fee with the approval of the Supervision. As for 2015 in case of OTP Group the annual contribution into OBA is expected to be around HUF 3.8 billion calculated with a rate of 0.14%. The due amount to be paid in 2016 will be probably set by the OBA in October/November 2015.

The normal annual fee into the **Investor Protection Fund** (Beva) to be paid by OTP Group in 2015 is HUF 441 million, in addition an extraordinary fee should be paid in with a similar amount (i.e. HUF 441 million). Currently the normal annual fee rate is 0.045% and the maximum rate is 0.3%. According to the Act No. LXXXV of 2015 the maximum amount of compensation will increase from EUR 20 thousands to EUR 100 thousands effective from 1 January 2016.

The same Act also stipulated that in case of those taxpayers who provided advance payment to the Special Fund for Quaestor Victims (**Special Quaestor Fund**), their unsettled claims towards the Fund can be deducted from the corporate tax in the year the Fund's closing balance of voluntary liquidation is approved. In case the due deduction exceeds the corporate tax burden, the bank might deduct the actual difference from the banking tax or from the contribution tax or from the financial transaction tax. If those deductions are still not sufficient to cover the difference, subsidiaries/affiliates of the taxpayer will be eligible to use it for their own tax deduction, or the difference can be deducted from next years' tax payments.

In case of OTP Group the annual payment into the **Resolution Fund** established in 2014 comprises HUF 2.3 billion in 2015; the contribution is to be paid in equal quarterly instalments.

4) Individual bankruptcy

With the aim of assisting insolvent mortgage debtors on 30 June 2015 the Parliament approved Act No. CV of 2015 on debt settlement procedure for private individuals. The Act will come into force on 1 September 2015. The participation in the scheme is voluntary; the technical details are yet to be finalized.

5) The process of the settlement related to consumer contracts

In 2Q 2015 the settlement with Merkantil and OTP Flat Lease clients has been completed. The amount of total refund to clients represented HUF 24.9 billion (of that HUF 21.9 billion for Merkantil clients). Gross volumes under the settlement represented HUF 115 billion (Merkantil: HUF 94 billion, OTP Flat Lease: HUF 21 billion). Furthermore, clients with FX lease contract were notified and their obligations were converted into HUF, as a result the amount of converted FX lease contracts reached HUF 18 billion after the conversion.

Regarding the converted FX mortgage loans in 1Q, clients had 91 days after receiving the notification letter for terminating the loan contract according to terms set in the law and another 90 days to complete the prepayment. Consequently, in case of OTP clients the termination deadline was early

August. Based on the already contracted volumes, by 31 July 2015 the volume of new refinancing contracts at OTP Bank reached HUF 2.6 billion, whereas the churn of own clients refinanced by other banks represented HUF 1 billion, as a result the balance was positive (HUF 1.6 billion). Furthermore prepayments from own or other resources comprised HUF 7 billion.

Consolidated earnings: HUF 68.9 billion adjusted after-tax profit in 1H, y-o-y declining operating income, lower net interest margin, stable DPD90+ ratio, improving coverage, strengthening capital position and liquidity

The 1H accounting after tax profit was HUF 40.1 billion versus HUF 147.3 billion loss in the corresponding period of last year. However, those periods are hard to be compared since adjustment items varied a lot.

As a result, in the Group's accounting result the 1H adjustments represented HUF -28.8 billion in total against HUF -221.6 billion in the base period. In 1Q 2015 those items represented HUF -26.4 billion, whereas in 2Q their magnitude melted to HUF -2.4 billion reasoned by the following factors:

- an impairment was booked in relation to the Ukrainian investment under Hungarian Accounting Standards. Though under IFRS it had no direct effect neither on the consolidated balance sheet nor on the P&L, there was a related positive tax shield of altogether HUF 2.7 billion that added to the Group's IFRS accounting profit;
- also, further provisions were made for the exposures toward Eastern Ukraine (HUF 1.1 billion after tax impact), but HUF 27 million was released in Crimea;
- the banking tax was paid only in Slovakia (HUF 183 million);
- in 2Q the actual and expected one-off impact of regulatory changes related to consumer contracts in Hungary had a negative impact in the amount of HUF 3.9 billion (after tax) stemming from the difference between the other risk cost made earlier based on a portfolio-based estimation and the de facto settlement-related losses, and from the more accurate calculation of deferred tax asset;
- The quarterly balance of those adjustments was supported by dividends and net cash transfers of HUF 72 million (1Q: HUF 2 million).

In 1H 2015 OTP Group posted HUF 68.9 billion adjusted after tax profit which underpins a y-o-y 7% decline against HUF 74.3 billion realized in the base period. The y-o-y decline is reasoned by lower operating income: the 10% drop in total income was only partially offset by lower operational expenses (-6%). Risk costs declined materially (-17% y-o-y). The tax burden remained practically unchanged (HUF 13.2 billion). The adjusted before tax profit was HUF 82.2 billion in 1H (-6% y-o-y).

The Group realized HUF 40.6 billion adjusted profit after tax in 2Q underpinning a q-o-q 43% improvement. The marginal decline of operating income and the four times higher corporate tax burden was sufficiently counterbalanced by lower consolidated risk costs (-30% q-o-q). The q-o-q drop in the Russian and Ukrainian risk costs was the key factor. On one hand, a more accurate provisioning methodology was introduced in Russia in case of DPD365+ consumer loans. Accordingly, effective from May 2015 instead of the extremely conservative 100% provisioning the Bank took into consideration the expected recovery rates. As a result, the Russian risk cost declined and the net interest income improved, these two factors had a positive impact on 2Q earnings of HUF 4 billion before tax and HUF 3.2 billion after tax. On the other hand, the Ukrainian risk costs dropped significantly q-o-q on the back of the hryvnia appreciation.

For the rest of the year, however, the management expects higher risk costs in Ukraine compared to 2Q levels.

The effective corporate tax rate in 2Q was 21.3%. The q-o-q higher tax burden was mainly due to the negative tax shield effect of the revaluation of subsidiary investments at OTP Core, but also to q-o-q higher tax burden in Ukraine (the 1Q deferred tax asset at OTP Bank Ukraine also had a negative base effect).

One-off revenues in 1H decreased by 17%. No Lower Tier2 or Upper Tier2 elements were bought back in the first six months, nor in the base period. The 1H gain on treasury share swap agreement declined by 15% y-o-y.

The consolidated semi-annual total income without one-off revenue items moderated by 10% y-o-y, within that the net interest income contracted by 12% as a result of lower net interest revenues at OTP Core, Russia and Ukraine. The net fee and commission income dropped by 3% y-o-y. The other income line was also weaker (-2% y-o-y) due to lower securities gains and other non-interest results. Operating expenses declined by 6%, within that the 10% drop of personal expenses was material; in 2Q, however operating expenses grew by 3% q-o-q.

The consolidated 1H total income margin (7.06%) narrowed by 113 bps y-o-y and the net interest margin (5.25%) by 99 bps y-o-y respectively. In 2Q the income margin somewhat improved q-o-q, whereas the net interest margin (5.23%) eroded by 11 bps q-o-q.

The FX-adjusted consolidated loan portfolio contracted by 12% y-o-y and by 2% q-o-q. The erosion of the retail book was similar, whereas the large corporate portfolio decline was somewhat more moderate (-9% y-o-y, -1% q-o-q). Only the SME sector demonstrated growth: +2% y-o-y and +4% q-o-q mainly due to a good performance of

OTP Core. Within the Group the most remarkable loan growth was achieved in Romania and Serbia (22% and 8% respectively), the former is mainly the reflection of the acquisition.

The FX-adjusted deposit volumes declined by 1% q-o-q, but advanced dynamically on a yearly base (+9%). The volumes advanced by 7% y-o-y at OTP Core, by 15% y-o-y at DSK Bank and by 67% y-o-y in Romania (mainly explained by the acquisition). In Russia there was a moderate decrease (-1% y-o-y), in Ukraine deposits kept increasing (+2% y-o-y). The consolidated net loan to (deposit+retail bonds) ratio decreased further q-o-q to 73%.

The Group constantly enjoys strong liquidity position: by end of June the gross liquid reserves at OTP Core comprised EUR 7.1 billion equivalent. In 2Q there were neither new bond issuances, nor redemptions.

The DPD90+ ratio stood at 18.4% and demonstrated a stable picture in 2Q (-3.3 ppts y-o-y). The DPD90+ inflow was HUF 47.1 billion (adjusted by FX, write offs and loan sales) versus HUF 12.6 billion in 1Q. Apart from Russia and Ukraine the loan portfolio at other Group members hasn't deteriorated in a meaningful way. In Ukraine the deterioration slightly accelerated (FX adjusted DPD90+ formation without write-offs and sales in HUF billion: 1Q: 6.3, 2Q: 6.7), whereas in Russia new inflows reached new record (HUF 38.3 billion).

Consolidated risk costs in 1H comprised HUF 109.8 billion (-17% y-o-y). 2Q risk costs represented HUF 45.3 billion marking a 30% moderation q-o-q and 28% decline y-o-y. The provision coverage ratio of DPD90+ loans increased by 0.8 ppt q-o-q and reached 89.6%.

OTP Core: HUF 59 billion adjusted profit after tax in 1H with a decrease in operating income and substantially lower risk costs; 2Q net interest margin practically remained unchanged q-o-q, improving credit quality, higher DPD90+ coverage

The adjusted after tax profit of ***OTP Core*** (basic activity in Hungary) in 1H 2015 amounted to HUF 59.2 billion underpinning an 11% y-o-y decline. The pre-tax earnings dropped by 7%, respectively.

The key driver behind lower pre-tax profit in 1H was the weaker operating income (-12% y-o-y), as lower risk costs (-37% y-o-y) could only partially mitigate this setback. Total revenues eroded by 6%, within that the net interest income declined by 5% y-o-y as a result of the settlement with FX borrowers and conversion; on the top of that the eroding loan portfolio and the lower interest rate environment had a negative impact, too. 1H net interest margin (3.68%) eroded by 51 bps y-o-y. Net fee and commission income remained practically flat, whereas the other net non-interest income halved as a result of weak 1Q 2015 performance. It was positive, that operating expenses moderated by 1% y-o-y.

The adjusted after-tax profit was HUF 29.8 billion in 2Q (+1% q-o-q). The operating income improved by 10% q-o-q, within that the moderate decline of net interest income was compensated by a q-o-q 20% stronger fee and commission income (supported by a base effect, but also by improving transactional turnover). Other non-interest income doubled due to stronger FX gains. Operating expenses increased by 3% q-o-q. Risk costs advanced by 41% in 2Q.

There was practically no new DPD90+ formation (without the effect of sales and write-offs in 2Q, thus the DPD90+ ratio kept declining (12.6%, -0.5 ppt q-o-q), its coverage further improved and reached 85.4% (+2.3 ppts q-o-q).

The FX-adjusted loan portfolio continued declining (-21% y-o-y and -2% q-o-q). The y-o-y dynamics were influenced by write-offs, the performing (DPD0-90) portfolio shrank by 13% on an annual base. Apart from the steady growth of SME volumes in 2Q (+8%) and the flat corporate book, all other categories suffered set-back q-o-q. The substantial erosion in the municipality book (-35% q-o-q) is reasoned by a prepayment by the State. Positive though, that both the volume of new mortgage application and disbursement showed a steady growth (+37% and +27% q-o-q). It is also encouraging that the performing mortgage book erosion decelerated q-o-q even without the negative 1Q volume impact of the settlement and conversion.

The deposit book grew by 7% y-o-y, but melted down by 2% q-o-q. Despite the steadily eroding deposit rates, retail volumes still increased in 2Q (+2%), but the corporate and municipality portfolio dropped by 9% respectively (the latter is reasoned by the seasonality of tax revenues). As a result, the net loan/(deposit + retail bond) ratio shrank to 51%.

Merkantil Group posted twice as high profit in 2Q (HUF 590 million) as in 1Q, thus the 1H net earnings without the effect of the banking tax and the settlement amounted to HUF 832 million. Compared to the loss of HUF 76 million in the base period the improvement is reasoned by the 19% stronger operating income and the moderation of risk costs (-24% y-o-y). The FX adjusted loan portfolio shrank by 3% q-o-q; the 8% decrease in car loans was mainly compensated by higher corporate volumes. Mainly as a result of the settlement process the DPD90+ ratio moderated q-o-q (from 13.9% to 10.2%), simultaneously its coverage increased massively (from 88.4% to 124.6%).

In 2Q ***OTP Fund Management's*** after-tax profit fell short of the previous quarter, still, the 1H net earnings represented HUF 2.4 billion underpinning a y-o-y 10% improvement. The semi-annual net fee income increased by 7%. Total assets under management reached HUF 1,624 billion, slightly decreasing q-o-q. The company maintained its dominant market position (26.6%) despite a moderate erosion.

Foreign subsidiaries' 1H performance: significantly improving Bulgarian earnings, moderating losses in Ukraine and Russia, profitable operation at all other CEE subsidiaries

Against a loss of HUF 2.8 billion in 1Q, the 2Q profit contribution of foreign subsidiaries to the consolidated adjusted profit improved a lot (HUF 8.7 billion), mainly as a result of lower losses in Russia, whereas the Ukrainian subsidiary posted a positive result and all other CEE subsidiaries achieved q-o-q better profit (but Slovakia). Those changes off-set the q-o-q lower, but still strong 2Q profit at DSK Bank.

As for the 6 months contribution to the consolidated adjusted Group earnings, foreign banks made HUF 6 billion (-16% y-o-y). Individual weights changed significantly y-o-y: the Bulgarian profit improved a lot, the Ukrainian loss (adjusted for the Crimean and East Ukrainian provisions) somewhat moderated, the Russian loss more than doubled (including Touch Bank, too), whereas profits from other CEE banks grew by 10% y-o-y.

The ***Bulgarian subsidiary*** reached HUF 27.8 billion profit in 1H (+29% y-o-y) with HUF 10.2 billion in 2Q.

The operating income of the first six months improved remarkably, by 18% y-o-y. Within revenues both net interest income and net fees/commissions demonstrated excellent dynamics. Due to strong cost discipline 1H operating expenses remained practically flat. Risk costs decreased by 19% y-o-y, the DPD90+ portfolio coverage further improved (2015 1H: 91.1%, +1.5 ppts y-o-y, +3.4 ppts q-o-q). The DPD90+ ratio was 15.6% by the end of 2Q (-4.8 ppts y-o-y). In 2Q there was practically no FX-adjusted DPD90+ inflow.

The FX-adjusted loan portfolio marginally grew q-o-q (+0.4%), but dropped by 4% y-o-y. New originations in the cash loan, mortgage and corporate segments all demonstrated improving trends. Deposits expanded strongly y-o-y (+15%), as a result the net loan/deposit ratio dropped to 75% (-11 ppts y-o-y, FX-adjusted).

After the loss of HUF 11.4 billion in 1Q (incorporating the loss of Touch Bank, too), the ***Russian subsidiary*** posted a significantly smaller negative result in 2Q (HUF 4.2 billion), thus the cumulative 1H loss comprised HUF 15.6 billion. Adjusted for the Touch Bank effect, the 6M loss would be HUF 13.9 billion; the negative result is related to the operating expenses arising at the digital bank.

Given the volatility of HUF/RUB cross currency rates P&L and balance sheet dynamics in RUB terms can be materially different from those in HUF terms.

The size of the loss was shaped by the y-o-y eroding operating income (-40%) and lower risk costs (-17%). The 36% drop in total income was partially eased by lower operating expenses (-30%). Altogether 61 branches were closed ytd, thus the overall banking network shrank to 137 units. Simultaneously the workforce was scaled back by around 1,000 people (without selling agents). The 1H net interest margin (15.26%) worsened by 335 bps y-o-y, however improved by almost 400 bps q-o-q in 2Q.

The portfolio deterioration is still material, FX-adjusted DPD90+ volume growth without sales and write-offs reached all-time highs in 2Q (HUF 38.3 billion in 2Q vs. HUG 32 billion in 1Q). The DPD90+ ratio reached 20.1% (+0.8 ppt q-o-q); its coverage declined to 111.2% as a result of lower risk costs. The q-o-q decline is reasoned by a more accurate provisioning methodology introduced in 2Q 2015.

The overall business activity remained cautious; as a result the performing FX-adjusted loan portfolio shrank by 12% q-o-q. Despite the higher q-o-q disbursements in consumer lending, it rather reflects the low base effect since credit card and cash loan originations were temporary suspended in the base period.

Deposit volumes decreased by 8% q-o-q in line with the moderate lending, the pace of reduction was similar both in the retail and corporate segment. The net loan/deposit ratio dropped to 100%.

Adjusted for the risk cost made in relation to the Crimean and East Ukrainian exposures the ***Ukrainian subsidiary*** posted almost 600 million profits in 2Q, thus the adjusted 1H negative result decreased to HUF 9.6 billion. In the Crimea the bank released a small provision, whereas in the Donetsk and Luhansk region it made addition provisions (HUF 1.1 billion impact (after tax)). Those items were booked amongst the consolidated adjustment items.

1H operating income dropped by 14% y-o-y; the substantial cost reduction (-38% y-o-y) could not offset the weaker total income (-24%). Both the net interest income and net fee and commission income eroded significantly as a result of the weak business activity. The strong 1H other net non-interest income was supported by an FX gain in 1Q. The 40% y-o-y erosion of net interest income is reasoned by a meltdown in performing loans (-33%) and also by eroding net interest margin (7.95%).

As for the lending activity, the bank remained very selective and cautious: new POS origination felt short of 1Q placements, while only a tiny amount of new cash loans were originated in 1H. As a result, the DPD0-90 loan book declined by 33% y-o-y and by 12% q-o-q. On the contrary, deposits kept growing (+2% y-o-y and +4% q-o-q). Consequently the net loan/deposit ratio dropped to its lowest level of 115% (-86 ppts y-o-y).

The quarterly DPD90+ formation was quite similar to 1Q and comprised HUF 6.7 billion versus HUF 6.3

billion in 1Q (adjusted for FX and sales and write-offs). The DPD90+ ratio grew to 54%, its coverage stood at 101.6%.

Due to the stabilization of hryvna (21 UAH/USD), 2Q risk costs were only the fraction of the previous quarter, whereas 1H risk costs moderated by 16% y-o-y.

In line with the moderate business activity the bank continued scaling back its distribution channels: in 2Q it closed down 5 branches (46 branches in total during the last twelve months), thus the remaining network by the end of June 2015 consisted of 86 units; the workforce was reduced by 25% q-o-q (including employed agents).

In 2Q the intragroup funding declined further and dropped by USD 50 million: by 30 June 2015 the outstanding balance comprised USD 500 million.

The ***Romanian subsidiary*** continued its profitable operation and posted HUF 723 million after tax profit in 2Q (+80% q-o-q), thus the 1H profit exceeded HUF 1.1 billion. Due to the consolidation of Banca Millennium in 1Q 2015 neither the quarterly, nor the yearly balance sheet and P&L developments can be compared.

Total 1H revenues improved by 31% y-o-y, but operating expenses grew even faster (+61%), as a result the operating income moderated by 8%. Risk cost increase was moderate (+5% y-o-y). The net interest margin tightened (1H 2015: 3.89%, 2Q: 3.47%). Since the bank was offering an interest spread reduction to its CHF mortgage borrowers, in 1H 2015 HUF 330 million interest revenue was forgone.

The FX-adjusted loan portfolio advanced by 22% y-o-y as a result of the acquisition and stagnated q-o-q. Within that the growth of the corporate book was more than twice as fast as that of the retail book. Deposit expanded by 67% y-o-y and by 2% q-o-q. As a result, the net loan/deposit ratio dropped by 53% y-o-y to 153%. The DPD90+ ratio improved by 2.2 ppts y-o-y and stood at 16.2% by the end of June. Its coverage (77.2%) also increased; the DPD90+ formation in 2Q halved.

After a stronger 2Q net profit of HUF 1.2 billion, the ***Croatian subsidiary*** posted HUF 1.3 billion in 1H 2015 (+160% y-o-y). The improving performance was due to stronger operating income (+25%) and a tax refund in 2Q. (Following the acquisition of Banco Popolare Croatia in 2014, OTP paid income tax even after the badwill, however this amount – in line with the relevant European legislation – was refunded. Together with some deferred tax the tax refund represented HUF 1.5 billion). The higher 2Q risk costs were reasoned by litigation costs related to the legal predecessor of the bank (HUF 1.4 billion other risk cost was booked, having an after tax impact of HUF 1.1 billion).

Since in January 2015 the Government ruled that CHF mortgages should be serviced for the following 12 months at a fixed FX rate level (6.39 HRK/CHF), in 1H the bank forgone HUF 400 million revenues (through lower other non-interest income and interest income), mainly in 1Q.

The FX-adjusted loan portfolio advanced by 3% y-o-y and remained flat q-o-q. The overall portfolio quality somewhat worsened, the DPD90+ ratio increased to 13.6% (+0.5 ppt y-o-y), its coverage improved materially (66.8%, +8.7 ppts y-o-y).

With 2Q earnings (HUF 255 million) being around half of 1Q profit, the semi-annual net result of the ***Slovakian subsidiary*** reached almost HUF 0.7 billion underpinning a y-o-y 19% improvement. Operating income advanced by 10% y-o-y supported by good core revenues and contained operating expenses. Risk costs increased by 10%. The FX-adjusted loan portfolio grew by 3% y-o-y and by 2% q-o-q, respectively. Within that the consumer and SME book showed decent growth. New flows picked up mainly towards the SME sector. 1H net interest margin remained stable around 3.0%. The DPD90+ ratio moderated to 10.7% (-1.5 ppts y-o-y); its coverage increased to 60.8% (+2 ppts y-o-y).

The **Serbian subsidiary** remained profitable in 2Q, too, thus for the first six months it posted a profit of HUF 132 million. The operating income improved in 2Q and risk costs were significantly lower. The FX-adjusted loan portfolio advanced by 8% y-o-y (+1% q-o-q), within that corporate volumes increased by 14%. The DPD90+ ratio q-o-q remained almost unchanged (43.5%), its coverage somewhat declined (71.2%). The quarterly figures of the Serbian subsidiary do not contain the effect of the acquisition announced on 12 June 2015.

The ***Montenegrin subsidiary*** improved its quarterly earnings substantially (HUF 472 million); as a result it posted HUF 535 million after tax profit in 1H. The improving q-o-q performance was mainly due to better operating income, though lower risk costs played a role, too. The 1H operating income declined by 4%. The FX-adjusted loan portfolio shrank by 10% y-o-y and 1% q-o-q respectively. The retail portfolio, however already increased in 2Q (+1% q-o-q). The DPD90+ ratio increased in 2Q (41.2%), its coverage declined (82.2%).

Credit rating, shareholder structure

In 2Q the following changes affected the Group: on 15 May Standard & Poor's improved OTP Bank and OTP Mortgage Bank's outlook from stable to positive; their rating of „BB" remained unchanged. Furthermore, on 29 May 2015 Moody's upgraded OTP Bank's and OTP Mortgage Bank's long term HUF deposit rating from "Ba1" to "Baa3", affirmed the long term FX deposit ratings and changed the outlook to stable. Also, on 3 July 2015 Moody's downgraded DSK Bank's unsolicited long term BGN rating from "Ba1" to Ba2". On 20 July Moody's withdrew the solicited rating of OTP Bank Ukraine for its own business reasons.

Regarding the ownership structure of the bank, by 30 June 2015 five investors had more than 5% influence (beneficial ownership) in the Company, namely the Rahimkulov family (8.97%), MOL (the Hungarian Oil and Gas Company, 8.69%), the Groupama Group (8.33%), Lazard Group (5.11%) and the Hungarian National Asset Management Inc. (5.10%).

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

By the end of June 2015 the consolidated Common Equity Tier 1 ratio was 13.3% underpinning a q-o-q 0.4 ppt improvement reasoned by the change in the revaluation reserves (due to the weakening of HUF against the major currencies).

OTP Bank's standalone Common Equity Tier1 ratio stood at 24.3% at the end of June 2015, implying a q-o-q increase of 9 ppts. The substantial improvement was reasoned by two factors: the National Bank of Hungary (which also acts as a regulator) approved the incorporation of the profit in the actual period (HUF 56.4 billion in 1H 2015) into the regulatory capital. Furthermore, in accordance with CRR article 49 (paragraph 2 and 4) financial investments (subsidiary investments + subordinated loans that used to be deducted from the regulatory capital according to the Bank's practice), should not be deducted from the regulatory capital, but will be included in the risk weighted assets with a 150% risk weight being applied. Hadn't the Bank changed its methodology, the standalone CET1 would have been 16.9% at the end of 2Q. However, in the future the regulator may discretionary instruct the Bank for particular reasons to deduct those investments partially or entirely from the regulatory capital.

POST BALANCE SHEET EVENTS

Hungary

- On 16 July 2015 Moody's changed the outlook for Hungary's banking system to stable from negative.

Russia

- On 31 July 2015 the Russian Central Bank cut the policy rate by 50 bps to 11%.

Ukraine

- On 2 July 2015 Ukrainian parliament passed a law about the conversion of retail FX loans, which hasn't been signed by the president, thus the act didn't came into effect.
- On 20 July Moody's withdrawn OTP Bank Ukraine's ratings for its own business reasons.
- On 31 July IMF approved the disbursement of another USD 1.7 billion tranche within the financial package in an amount of USD 17.5 billion arranged in March 2015.

Bulgaria

- On 14 July 2015 Bulgaria's parliament ratified Dimitar Radev as the new central bank governor.

Croatia

- On 17 July 2015 S&P revised its outlook on Croatia from stable to negative and affirmed 'BB' long-term foreign and local currency sovereign credit rating.
- On 31 July 2015 Fitch revised its outlook on Croatia's long-term foreign and local currency Issuer Default Ratings (IDR) from stable to negative and affirmed the IDRs at 'BB' and 'BB+' respectively.

Slovakia

- On 31 July 2015 S&P raised Slovakia's long-term foreign and local currency sovereign credit to 'A+' from 'A'. The outlook is stable.

Serbia

- On 17 July 2015 S&P affirmed its long-term foreign and local currency sovereign credit ratings on Serbia at 'BB-', while keeping the negative outlook unchanged.

Montenegro

- On 27 July 2015 OTP Bank Plc announced that action for damages initiated by DOO VEKTRA JAKIC in the amount of EUR 80 million against OTP Bank Plc in Montenegro has been dismissed entirely at all instances and the courts decided in favour of OTP Bank Plc.

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

in HUF million	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
Consolidated after tax profit	**-147,283**	**40,141**	**-127%**	**-153,146**	**1,913**	**38,228**		**-125%**
Adjustments (total)	**-221,551**	**-28,793**	**-87%**	**-192,103**	**-26,416**	**-2,378**	**-91%**	**-99%**
Dividend and total net cash transfers (consolidated)	59	76	29%	114	2	72		-37%
Goodwill/investment impairment charges (after tax)	-11,597	2,701	-123%	-11,597	0	2,701		-123%
Special tax on financial institutions (after corporate income tax)	-29,822	-28,928	-3%	-428	-28,745	-183	-99%	-57%
Effect of acquisitions (after tax)	4,077	1,550	0%	4,077	1,550	0	0%	0%
Actual and expected one-off impact of regulatory changes related to consumer contracts in Hungary (after tax)	-176,097	3,474	-102%	-176,097	7,417	-3,942	-153%	-98%
Risk cost created toward Crimean exposures from 2Q 2014 (after tax)	-8,171	98	-101%	-8,171	71	27	-63%	-100%
Risk cost created toward exposures to Donetsk and Luhansk from 3Q 2014 (after tax)	0	-2,225		0	-1,172	-1,053	-10%	
Revaluation of reverse mortgage portfolio of OTP Life Annuity Ltd. simultaneous with regulatory changes (after tax)	0	-5,539		0	-5,539	0	-100%	
Consolidated adjusted after tax profit without the effect of adjustments	**74,268**	**68,934**	**-7%**	**38,956**	**28,329**	**40,606**	**43%**	**4%**
Banks total without one-off items[1]	72,240	64,257	-11%	37,288	26,110	38,147	46%	2%
OTP CORE (Hungary)[2]	66,661	59,210	-11%	32,715	29,388	29,822	1%	-9%
Corporate Centre (after tax)[3]	-1,168	-1,276	9%	-656	-231	-1,046	353%	59%
OTP Bank Russia[4]	-7,012	-15,647	123%	-2,265	-11,452	-4,195	-63%	85%
OTP Bank Ukraine[5]	-11,175	-9,598	-14%	-3,718	-10,184	586	-106%	-116%
DSK Bank (Bulgaria)[6]	21,566	27,761	29%	10,280	17,605	10,156	-42%	-1%
OBR (Romania)[7]	1,676	1,124	-33%	654	402	723	80%	10%
OTP banka Srbija (Serbia)[8]	23	132	476%	-113	5	127		-213%
OBH (Croatia)[9]	508	1,321	160%	211	75	1,246		490%
OBS (Slovakia)[10]	584	694	19%	196	439	255	-42%	30%
CKB (Montenegro)[11]	577	535	-7%	-18	63	472	650%	
Leasing	178	1,087	511%	105	395	692	75%	560%
Merkantil Bank + Car, adj. (Hungary)[12]	-76	832	-1197%	-50	242	590	144%	-
Foreign leasing companies (Croatia, Bulgaria, Romania)[13]	254	255	0%	155	152	102	-33%	-34%
Asset Management	2,239	1,708	-24%	1,077	1,437	271	-81%	-75%
OTP Asset Management (Hungary)	2,163	2,381	10%	1,038	1,337	1,043	-22%	1%
Foreign Asset Management Companies (Ukraine, Romania, Bulgaria)[14]	75	-672	-992%	40	100	-772	-875%	-
Other Hungarian Subsidiaries	-1,315	779	-159%	-232	166	613	271%	-364%
Other Foreign Subsidiaries (Slovakia, United Kingdom, Montenegro, Romania, Serbia, Belize)[15]	107	109	1%	-37	35	73	106%	-296%
Eliminations	824	995	21%	760	186	809	336%	7%
Total adjusted after tax profit of HUNGARIAN subsidiaries[16]	67,089	62,920	-6%	33,574	31,088	31,832	2%	-5%
Total adjusted after tax profit of FOREIGN subsidiaries[17]	7,183	6,015	-16%	5,387	-2,760	8,774	-418%	63%
Share of foreign profit contribution, %	10%	9%	-1%	14%	-10%	22%	31%	8%

[2] 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	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
Consolidated after tax profit	**-147,283**	**40,141**	**-127%**	**-153,146**	**1,913**	**38,228**		**-125%**
Adjustments (total)	**-221,551**	**-28,794**	**-87%**	**-192,103**	**-26,416**	**-2,378**	**-91%**	**-99%**
Dividends and net cash transfers (after tax)	59	74	26%	114	2	72		-37%
Goodwill/investment impairment charges (after tax)	-11,597	2,701	-123%	-11,597	0	2,701		-123%
Special tax on financial institutions (after corporate income tax)	-29,822	-28,928	-3%	-428	-28,745	-183	-99%	-57%
Effect of acquisitions (after tax)	4,077	1,550	-62%	4,077	1,550	0	-100%	-100%
Actual and expected one-off impact of regulatory changes related to consumer contracts in Hungary (after tax)	-176,097	3,474	-102%	-176,097	7,417	-3,942	-153%	-98%
Risk cost created toward Crimean exposures from 2Q 2014 (after tax)	-8,171	98	-101%	-8,171	71	27	-63%	-100%
Risk cost created toward exposures to Donetsk and Luhansk from 3Q 2014 (after tax)	0	-2,225		0	-1,172	-1,053	-10%	
Revaluation of reverse mortgage portfolio of OTP Life Annuity Ltd. simultaneous with regulatory changes (after tax)	0	-5,539		0	-5,539	0	-100%	
Consolidated adjusted after tax profit without the effect of adjustments	**74,268**	**68,936**	**-7%**	**38,956**	**28,329**	**40,606**	**43%**	**4%**
Before tax profit	**87,730**	**82,156**	**-6%**	**48,747**	**30,579**	**51,577**	**69%**	**6%**
Operating profit	**217,422**	**189,759**	**-13%**	**109,261**	**95,374**	**94,385**	**-1%**	**-14%**
Total income	**421,263**	**380,585**	**-10%**	**211,080**	**189,446**	**191,139**	**1%**	**-9%**
Net interest income	**320,708**	**282,705**	**-12%**	**158,255**	**142,727**	**139,978**	**-2%**	**-12%**
Net fees and commissions	**83,523**	**81,191**	**-3%**	**41,482**	**37,293**	**43,898**	**18%**	**6%**
Other net non-interest income	**17,033**	**16,689**	**-2%**	**11,342**	**9,426**	**7,264**	**-23%**	**-36%**
Foreign exchange result, net	7,052	9,325	32%	5,897	3,917	5,408	38%	-8%
Gain/loss on securities, net	5,295	4,167	-21%	4,507	3,707	460	-88%	-90%
Net other non-interest result	4,685	3,198	-32%	938	1,802	1,396	-23%	49%
Operating expenses	**-203,842**	**-190,826**	**-6%**	**-101,819**	**-94,071**	**-96,755**	**3%**	**-5%**
Personnel expenses	-103,709	-93,752	-10%	-51,562	-46,135	-47,617	3%	-8%
Depreciation	-20,815	-20,764	0%	-10,435	-9,953	-10,811	9%	4%
Other expenses	-79,318	-76,310	-4%	-39,822	-37,983	-38,327	1%	-4%
Total risk costs	**-132,307**	**-109,787**	**-17%**	**-63,362**	**-64,468**	**-45,319**	**-30%**	**-28%**
Provision for loan losses	-129,898	-106,358	-18%	-61,140	-61,145	-45,213	-26%	-26%
Other provision	-2,409	-3,429	42%	-2,222	-3,323	-106	-97%	-95%
Total one-off items	**2,615**	**2,183**	**-17%**	**2,848**	**-328**	**2,511**	**-866%**	**-12%**
Revaluation result of FX swaps at OTP Core[1]	-749	-679	-9%	-454	-679	-		
Gain on the repurchase of own Upper and Lower Tier2 Capital	0	0		0	0	0		
Result of the treasury share swap at OTP Core	3,365	2,863	-15%	3,302	352	2,511	614%	-24%
Corporate taxes	**-13,462**	**-13,220**	**-2%**	**-9,791**	**-2,249**	**-10,971**	**388%**	**12%**
INDICATORS (%)	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
ROE (adjusted)	10.7%	11.0%	0.4%p	11.4%	9.3%	13.3%	3.9%p	1.9%p
ROA (adjusted)	1.4%	1.3%	-0.2%p	1.5%	1.1%	1.5%	0.5%p	0.0%p
Operating profit margin	4.23%	3.52%	-0.71%p	4.28%	3.57%	3.53%	-0.04%p	-0.75%p
Total income margin	8.19%	7.06%	-1.13%p	8.26%	7.09%	7.14%	0.05%p	-1.12%p
Net interest margin	6.24%	5.25%	-0.99%p	6.19%	5.34%	5.23%	-0.11%p	-0.97%p
Net fee and commission margin	1.62%	1.51%	-0.12%p	1.62%	1.39%	1.64%	0.24%p	0.02%p
Net other non-interest income margin	0.33%	0.31%	-0.02%p	0.44%	0.35%	0.27%	-0.08%p	-0.17%p
Cost-to-asset ratio	3.96%	3.54%	-0.42%p	3.99%	3.52%	3.61%	0.10%p	-0.37%p
Cost/income ratio	48.4%	50.1%	1.8%p	48.2%	49.7%	50.6%	1.0%p	2.4%p
Risk cost for loan losses-to-average gross loans	3.51%	3.15%	-0.37%p	3.30%	3.66%	2.72%	-0.94%p	-0.58%p
Risk cost for loan losses-to-average FX adjusted gross loans	3.41%	3.11%	-0.31%p	3.22%	3.56%	2.68%	-0.88%p	-0.54%p
Total risk cost-to-asset ratio	2.57%	2.04%	-0.54%p	2.48%	2.41%	1.69%	-0.72%p	-0.79%p
Effective tax rate	15.3%	16.1%	0.7%p	20.1%	7.4%	21.3%	13.9%p	1.2%p
Non-interest income/total income	24%	26%	2%p	25%	25%	27%	2%p	2%p

INDICATORS (%)	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
EPS base (HUF) (from unadjusted net earnings)	-551	152	-128%	-573	8	145		-125%
EPS diluted (HUF) (from unadjusted net earnings)	-551	151	-127%	-573	8	145		-125%
EPS base (HUF) (from adjusted net earnings)	278	258	-7%	146	106	154	45%	5%
EPS diluted (HUF) (from adjusted net earnings)	278	258	-7%	146	106	154	45%	5%
Comprehensive Income Statement	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
Consolidated after tax profit	-147,283	40,141	-127%	-153,147	1,913	38,228	1898%	-125%
Fair value adjustment of securities available-for-sale (recognised directly through equity)	7,163	-5,495	-177%	5,574	1,699	-7,194	-523%	-229%
Fair value adjustment of derivative financial instruments designated as cash-flow hedge	263	0	-100%	132	0	0		-100%
Fair value adjustment of strategic open FX position hedging net investment in foreign operations	-3,375	-85	-97%	-841	3,944	-4,029	-202%	379%
Foreign currency translation difference	-20,394	4,909	-124%	11,150	-33,726	38,635	-215%	247%
Change of actuarial losses (IAS 19)	0	0		0	0	0		
Net comprehensive income	**-163,626**	**39,470**	**-124%**	**-137,132**	**-26,170**	**65,640**	**-351%**	**-148%**
o/w Net comprehensive income attributable to equity holders	-163,611	39,502	-124%	-137,338	-26,067	65,569	-352%	-148%
Net comprehensive income attributable to non-controlling interest	-15	-32	113%	206	-103	71	-169%	-66%
Average exchange rate of the HUF (in forint)	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
HUF/EUR	307	307	0%	306	309	306	-1%	0%
HUF/CHF	251	292	16%	251	289	294	2%	17%
HUF/USD	224	276	23%	223	275	277	1%	24%

[1] From 2Q 2015 this item (booked within the net interest income of OTP Core from accounting point of view) is not shown separately among the one-off items, but on the net interest income line.

CONSOLIDATED BALANCE SHEET

Main components of balance sheet in HUF million	2Q 2014	4Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y	YTD
TOTAL ASSETS	**10,354,841**	**10,971,052**	**10,714,446**	**10,761,079**	**0%**	**4%**	**-2%**
Cash and amount due from banks	515,206	2,307,633	2,305,973	1,998,651	-13%	288%	-13%
Placements with other banks	291,708	281,006	214,115	237,271	11%	-19%	-16%
Financial assets at fair value	298,059	289,276	307,340	289,035	-6%	-3%	0%
Securities available-for-sale	1,586,797	839,153	936,231	948,611	1%	-40%	13%
Net customer loans	6,202,893	5,864,240	5,600,815	5,668,255	1%	-9%	-3%
Net customer loans (FX adjusted)	**6,284,823**	**5,987,920**	**5,784,407**	**5,668,336**	**-2%**	**-10%**	**-5%**
Gross customer loans	7,567,590	6,993,325	6,680,788	6,773,123	1%	-10%	-3%
Gross customer loans (FX adjusted)	**7,683,667**	**7,160,342**	**6,906,146**	**6,773,204**	**-2%**	**-12%**	**-5%**
o/w Retail loans	5,166,101	4,851,413	4,652,931	4,567,028	-2%	-12%	-6%
Retail mortgage loans (incl. home equity)	2,851,473	2,642,332	2,487,652	2,443,261	-2%	-14%	-8%
Retail consumer loans	1,819,091	1,727,260	1,682,579	1,620,550	-4%	-11%	-6%
SME loans	495,537	481,821	482,700	503,217	4%	2%	4%
Corporate loans	2,190,819	1,999,413	1,949,832	1,911,198	-2%	-13%	-4%
Loans to medium and large corporates	1,983,784	1,881,029	1,827,056	1,809,274	-1%	-9%	-4%
Municipal loans[1]	207,035	118,383	122,776	101,924	-17%	-51%	-14%
Car financing loans	255,598	248,081	242,159	225,418	-7%	-12%	-9%
Bills and accrued interest receivables related to loans	71,149	61,435	61,224	69,560	14%	-2%	13%
Allowances for loan losses	-1,364,697	-1,129,085	-1,079,973	-1,104,869	2%	-19%	-2%
Allowances for loan losses (FX adjusted)	-1,398,844	-1,172,422	-1,121,739	-1,104,869	-2%	-21%	-6%
Equity investments	23,964	23,381	25,402	26,183	3%	9%	12%
Securities held-to-maturity	740,243	709,369	660,948	908,820	38%	23%	28%
Premises, equipment and intangible assets, net	400,431	365,161	362,061	366,451	1%	-8%	0%
o/w Goodwill, net	121,739	101,063	103,401	107,326	4%	-12%	6%
Premises, equipment and other intangible assets, net	278,692	264,098	258,661	259,125	0%	-7%	-2%
Other assets	295,540	291,835	301,561	317,803	5%	8%	9%

Main components of balance sheet in HUF million	2Q 2014	4Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y	YTD
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**10,354,841**	**10,971,052**	**10,714,446**	**10,761,079**	**0%**	**4%**	**-2%**
Liabilities to credit institutions and governments	610,515	708,273	736,086	727,905	-1%	19%	3%
Customer deposits	7,046,610	7,673,479	7,567,531	7,657,531	1%	9%	0%
Customer deposits (FX adjusted)	**7,050,087**	**7,745,283**	**7,759,456**	**7,657,531**	**-1%**	**9%**	**-1%**
o/w Retail deposits	4,951,899	5,279,710	5,371,148	5,405,365	1%	9%	2%
Household deposits	4,275,112	4,509,897	4,591,766	4,607,393	0%	8%	2%
SME deposits	676,787	769,813	779,381	797,972	2%	18%	4%
Corporate deposits	2,059,677	2,437,032	2,357,452	2,220,490	-6%	8%	-9%
Deposits to medium and large corporates	1,687,889	2,037,122	1,822,011	1,778,516	-2%	5%	-13%
Municipal deposits	371,788	399,910	535,441	441,973	-17%	19%	11%
Accrued interest payable related to customer deposits	38,511	28,541	30,856	31,677	3%	-18%	11%
Issued securities	384,925	267,084	253,763	260,007	2%	-32%	-3%
o/w Retail bonds	61,383	60,815	56,285	62,711	11%	2%	3%
Issued securities without retail bonds	323,542	206,269	197,478	197,295	0%	-39%	-4%
Other liabilities	722,356	776,082	716,924	599,056	-16%	-17%	-23%
Subordinated bonds and loans	288,001	281,968	244,017	257,915	6%	-10%	-9%
Total shareholders' equity	**1,302,433**	**1,264,166**	**1,196,125**	**1,258,665**	**5%**	**-3%**	**0%**
Indicators	2014 2Q	2014 4Q	2015 1Q	2015 2Q	Q/Q	Y/Y	YTD
Loan/deposit ratio (FX adjusted)	109%	92%	89%	88%	-1%p	-21%p	-4%p
Net loan/(deposit + retail bond) ratio (FX adjusted)	88%	76%	74%	73%	-1%p	-15%p	-3%p
90+ days past due loan volume	1,622,194	1,339,213	1,216,070	1,232,546	1%	-24%	-8%
90+ days past due loans/gross customer loans	21.6%	19.3%	18.4%	18.4%	0.0%p	-3.3%p	-0.9%p
Total provisions/90+ days past due loans	84.1%	84.3%	88.8%	89.6%	0.8%p	5.5%p	5.3%p
Consolidated capital adequacy - Basel3	2014 2Q	2014 4Q	2015 1Q	2015 2Q	Q/Q	Y/Y	YTD
Capital adequacy ratio (consolidated, IFRS)	17.8%	17.5%	16.1%	16.4%	0.3%p	-1.3%p	-1.1%p
Tier1 ratio	14.2%	14.1%	13.0%	13.3%	0.4%p	-0.8%p	-0.8%p
Common Equity Tier 1 ('CET1') capital ratio	14.2%	14.1%	13.0%	13.3%	0.4%p	-0.8%p	-0.8%p
Regulatory capital (consolidated)	1,253,440	1,201,874	1,110,492	1,128,886	2%	-10%	-6%
o/w Tier1 Capital	1,000,435	969,935	895,949	916,484	2%	-8%	-6%
o/w Common Equity Tier 1 capital	1,000,435	969,935	895,949	916,484	2%	-8%	-6%
Tier2 Capital	253,005	231,939	214,542	212,402	-1%	-16%	-8%
o/w Hybrid Tier2	99,074	96,019	94,559	95,118	1%	-4%	-1%
Consolidated risk weighted assets (RWA) (Credit&Market&Operational risk)	7,060,896	6,859,439	6,894,550	6,867,516	0%	-3%	0%
o/w RWA (Credit risk)	5,897,175	5,625,902	5,506,573	5,575,266	1%	-5%	-1%
RWA (Market & Operational risk)	1,163,721	1,233,537	1,387,977	1,292,250	-7%	11%	5%
Closing exchange rate of the HUF (in forint)	2014 2Q	2014 4Q	2015 1Q	2015 2Q	Q/Q	Y/Y	YTD
HUF/EUR	310	315	299	315	5%	2%	0%
HUF/CHF	255	262	286	304	6%	19%	16%
HUF/USD	227	259	279	283	1%	24%	9%

[1] As of 30 June 2015 on consolidated level out of HUF 102 billion exposure to municipalities the exposure to the Hungarian State amounted to HUF 8 billion.

OTP BANK'S HUNGARIAN CORE BUSINESS

OTP Core Statement of recognized income:

Main components of the Statement of recognised income in HUF million	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	66,661	59,210	-11%	32,715	29,388	29,822	1%	-9%
Corporate income tax	-15,216	-16,539	9%	-9,090	-5,932	-10,608	79%	17%
Pre-tax profit	81,877	75,749	-7%	41,804	35,319	40,430	14%	-3%
Operating profit	94,624	83,263	-12%	47,957	39,667	43,596	10%	-9%
Total income	190,904	178,829	-6%	96,540	86,691	92,138	6%	-5%
Net interest income	133,228	126,666	-5%	66,869	63,776	62,890	-1%	-6%
Net fees and commissions	47,518	46,963	-1%	23,553	21,344	25,619	20%	9%
Other net non-interest income	10,159	5,200	-49%	6,118	1,571	3,629	131%	-41%
Operating expenses	-96,280	-95,566	-1%	-48,584	-47,025	-48,542	3%	0%
Total risk costs	-15,363	-9,697	-37%	-9,001	-4,019	-5,678	41%	-37%
Provisions for possible loan losses	-14,051	-7,752	-45%	-7,565	-1,007	-6,744	569%	-11%
Other provisions	-1,312	-1,946	48%	-1,436	-3,012	1,066	-135%	-174%
Total one-off items	2,615	2,183	-17%	2,848	-328	2,511	-866%	-12%
Revaluation result of FX swaps[3]	-749	-679	-9%	-454	-679	-	0%	0%
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	3,365	2,863	-15%	3,302	352	2,511	614%	-24%
Revenues by Business Lines								
RETAIL								
Total income	141,773	135,190	-5%	70,497	68,033	67,156	-1%	-5%
Net interest income	100,175	92,822	-7%	48,874	48,342	44,480	-8%	-9%
Net fees and commissions	39,894	40,771	2%	20,797	18,912	21,859	16%	5%
Other net non-interest income	1,705	1,597	-6%	827	780	817	5%	-1%
CORPORATE								
Total income	25,739	21,650	-16%	11,459	10,940	10,710	-2%	-7%
Net interest income	17,382	13,989	-20%	8,102	7,272	6,717	-8%	-17%
Net fees and commissions	7,859	7,194	-8%	3,115	3,440	3,754	9%	21%
Other net non-interest income	498	467	-6%	242	228	239	5%	-1%
Treasury ALM								
Total income	22,092	21,917	-1%	13,897	7,487	14,430	93%	4%
Net interest income	15,671	19,855	27%	9,893	8,163	11,692	43%	18%
Net fees and commissions	-235	-1,002	327%	-359	-1,008	6	-101%	-102%
Other net non-interest income	6,656	3,064	-54%	4,363	332	2,732	723%	-37%
Indicators (%)	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
ROE	11.6%	10.1%	-1.5%p	11.6%	10.2%	10.3%	0.2%p	-1.2%p
ROA	2.1%	1.7%	-0.4%p	2.1%	1.7%	1.8%	0.1%p	-0.3%p
Operating profit margin (operating profit / avg. total assets)	3.0%	2.4%	-0.6%p	3.0%	2.3%	2.6%	0.3%p	-0.5%p
Total income margin	6.01%	5.20%	-0.81%p	6.10%	5.01%	5.42%	0.41%p	-0.68%p
Net interest margin	4.20%	3.68%	-0.51%p	4.22%	3.69%	3.70%	0.01%p	-0.52%p
Net fee and commission margin	1.50%	1.37%	-0.13%p	1.49%	1.23%	1.51%	0.27%p	0.02%p
Net other non-interest income margin	0.32%	0.15%	-0.17%p	0.39%	0.09%	0.21%	0.12%p	-0.17%p
Operating costs to total assets ratio	3.0%	2.8%	-0.3%p	3.1%	2.7%	2.9%	0.1%p	-0.2%p
Cost/income ratio	50.4%	53.4%	3.0%p	50.3%	54.2%	52.7%	-1.6%p	2.4%p
Cost of risk/average gross loans	0.94%	0.60%	-0.35%p	1.02%	0.16%	1.09%	0.93%p	0.07%p
Cost of risk/average gross loans (FX adjusted)	0.89%	0.60%	-0.29%p	0.96%	0.15%	1.08%	0.93%p	0.12%p
Effective tax rate	18.6%	21.8%	3.3%p	21.7%	16.8%	26.2%	9.4%p	4.5%p

[3] From 2Q 2015 this item (booked within the net interest income of OTP Core from accounting point of view) is not shown separately among the one-off items, but on the net interest income line.

- ***With a HUF 29.8 billion adjusted profit in 2Q 2015 (+1% q-o-q, -9% y-o-y) OTP Core posted HUF 59.2 billion result in 1H (-11% y-o-y)***
- ***The operating profit without one-offs increased by 10% q-o-q mainly due to higher fee and commission income (+20% q-o-q) and better other non-interest income***
- ***1H risk costs rate reached 60 bps, the DPD90+ ratio declined due to write offs, its coverage improved***
- ***The micro and small enterprise loan portfolio expanded further (+8% q-o-q), however the FX-adjusted total gross loan portfolio decreased as a result of the eroding mortgage book and prepayment of municipal loans***

P&L developments

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

Without the effect of adjustment items[4] OTP Core posted a net profit of HUF 59.2 billion in 1H 2015, underpinning an 11% y-o-y decrease. The 2Q profit remained stable compared to 1Q earnings, but fell short of the 2Q 2014 result (-9% y-o-y).

Both the semi-annual and quarterly dynamics of after tax profit were influenced by the increase in the corporate tax burden (2015 1H: +9% y-o-y, 2Q: +79% q-o-q, +17% y-o-y). The higher effective tax rate was induced by the tax shield effect of the revaluation of subsidiary investments due to HUF volatility (additional corporate tax in HUF billion: 1H 2015: 1.3, of which 4.3 in 2Q versus a tax savings of HUF 1.4 billion in 1H 2014).

The y-o-y lower pre-tax profit (-7%) was due to weaker income stream (-6%) that was partially off-set by lower operating expenses (-1%) and materially declining risk costs (-37%).

Within the semi-annual total income, the net interest income dropped by 5% y-o-y (HUF -6.6 billion) reasoned mainly by the impact of the settlement and conversion, but the low and even declining interest rate environment took its toll, too. As a result of the settlement the DPD0-90 portfolio further declined and the applicable interest rates shrank due to regulatory changes. On the top of that, funding costs somewhat elevated after the conversion of FX mortgage loans into HUF, and the repayment of FX mortgage loans at fixed FX rates before the conversion. On the other hand, the abolishment of the FX mortgage protection scheme had a positive impact on the y-o-y dynamics of net interest income. While in 2014 the total yearly impact was booked in 1Q (HUF 2.8 billion), in 2015 the total negative impact was only HUF 0.2 billion booked in January 2015.

1H net fee and commission income marginally declined y-o-y (-1%). The cumulated other net non-interest income suffered a significant set-back y-o-y reasoned by a weak 1Q result. In 2Q, however this income line improved (+131% q-o-q) due to strong FX gains.

Total income in 2Q increased by 6% q-o-q. The treasury share swap result shown within one-off items reached HUF 2.5 billion in 2Q.

The q-o-q weaker net interest income was the reflection of lower performing loan portfolio (-1% q-o-q), but also the declining rate environment which negatively affected the deposit margins (the quarterly average base rate melted by 0.3 ppt q-o-q).

2Q net fee and commission income demonstrated a 20% q-o-q growth (+9% y-o-y). The strong performance is partially reasoned by a base effect: the financial transaction tax on card transactions for the whole year was booked in 1Q 2015 in the amount of HUF 1.6 billion. On the other hand, due to the higher turnover elevating merchant commission income and the seasonally stronger ATM and POS transactions beefed up card related fees by another HUF 1.6 billion. Deposit- and cash-transaction related revenues were also higher q-o-q by HUF 1.0 billion, which was partly offset by the quarterly increase of the financial transaction tax.

1H operating expenses declined by 1% y-o-y, despite the higher contribution paid into the National Deposit Insurance Fund (the contribution fee was raised from 2H 2014) and also by fees paid into the Resolution Fund established in 4Q 2014. Furthermore, the costs related to the settlement and conversion in 1H 2015 also added to the expenses. The quarterly deposit insurance fee grew by HUF 0.5 billion q-o-q and by 0.2 billion y-o-y, whereas the Investor Protection Fund contribution increased by 0.2 HUF billion both in yearly and quarterly comparison. The Resolution Fund contribution in 2Q remained the same as in 1Q, i.e. HUF 0.6 billion. As a total, the amount of different contributions paid in 1H 2015 increased by HUF 1.8 billion y-o-y. In connection with the settlement and conversion additional technical expenses (postal costs, extra wages, expert fees, etc.) comprised HUF 0.5 billon in 1H. Compared to the base period the Bank managed to save costs in personnel expenses, amortization and deductible taxes.

1H risk costs dropped significantly y-o-y (-37%), as a result semi-annual risk cost rate was 0.6%. In 2Q risk costs comprised HUF 5.7 billion which is in line

[4] Special tax on financial institutions, dividends and net cash transfers, goodwill impairment charges, actual and expected one-off impact of regulatory changes related to consumer contracts.

with the management's consistently and steadily conservative and prudent provisioning practices.

The FX-adjusted DPD90+ volume increase (without write-offs and sales) was only HUF 0.4 billion in 2Q; the ytd volume change (HUF -38.7 billion) was caused mainly by the one-off effect of the settlement and conversion. The DPD90+ ratio melted down to 12.6% (-0.5 ppt q-o-q and -6.8 ppts y-o-y). The improvement of the DPD90+ ratio was supported by write offs and sales, too. The provision coverage ratio increased by 5.8 ppts y-o-y to 85.4% (+2.3 ppts q-o-q) partly as a reflection of the settlement.

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

Main components of balance sheet closing balances in HUF mn	2Q 2014	4Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y	YTD
Total Assets	6,348,331	7,127,611	6,895,929	6,736,125	-2%	6%	-5%
Net customer loans	2,515,292	2,384,193	2,222,887	2,210,810	-1%	-12%	-7%
Net customer loans (FX adjusted)	**2,626,764**	**2,394,284**	**2,240,222**	**2,210,810**	**-1%**	**-16%**	**-10%**
Gross customer loans	2,973,552	2,753,425	2,494,135	2,477,006	-1%	-17%	-10%
Gross customer loans (FX adjusted)	**3,125,880**	**2,770,848**	**2,516,665**	**2,477,006**	**-2%**	**-21%**	**-14%**
Retail loans	2,125,764	1,943,720	1,729,631	1,706,499	-1%	-20%	-16%
Retail mortgage loans (incl. home equity)	1,582,658	1,428,303	1,225,058	1,202,340	-2%	-24%	-21%
Retail consumer loans	414,094	385,918	374,379	363,874	-3%	-12%	-6%
SME loans	129,011	129,499	130,194	140,284	8%	9%	8%
Corporate loans	1,000,117	827,127	787,034	770,507	-2%	-23%	-7%
Loans to medium and large corporates	852,124	776,240	736,571	737,485	0%	-13%	-5%
Municipal loans[1]	147,993	50,887	50,464	33,022	-35%	-78%	-35%
Provisions	-458,260	-369,232	-271,249	-266,196	-2%	-42%	-28%
Provisions (FX adjusted)	**-499,117**	**-376,564**	**-276,444**	**-266,196**	**-4%**	**-47%**	**-33%**
Deposits from customers + retail bonds	3,968,978	4,459,304	4,377,783	4,309,168	-2%	9%	-3%
Deposits from customers + retail bonds (FX adjusted)	**4,021,137**	**4,475,854**	**4,407,504**	**4,309,168**	**-2%**	**7%**	**-4%**
Retail deposits + retail bonds	2,367,401	2,547,388	2,586,260	2,650,095	2%	12%	4%
Household deposits + retail bonds	2,008,481	2,135,384	2,162,596	2,213,005	2%	10%	4%
o/w: Retail bonds	61,383	60,815	56,285	62,711	11%	2%	3%
SME deposits	358,919	412,004	423,664	437,090	3%	22%	6%
Corporate deposits	1,653,737	1,928,466	1,821,244	1,659,073	-9%	0%	-14%
Deposits to medium and large corporates	1,329,666	1,582,996	1,373,418	1,307,796	-5%	-2%	-17%
Municipal deposits	324,071	345,470	447,826	351,277	-22%	8%	2%
Liabilities to credit institutions	397,144	503,468	525,058	519,679	-1%	31%	3%
Issued securities without retail bonds	271,528	196,902	194,577	195,584	1%	-28%	-1%
Total shareholders' equity	1,072,133	1,195,162	1,147,163	1,167,973	2%	9%	-2%
Loan Quality	2Q 2014	4Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y	YTD
90+ days past due loan volume (in HUF million)	575,963	482,770	326,269	311,698	-4.5%p	-45.9%p	-35.4%p
90+ days past due loans/gross customer loans (%)	19.4%	17.5%	13.1%	12.6%	-0.5%p	-6.8%p	-6.3%p
Total provisions/90+ days past due loans (%)	79.6%	76.5%	83.1%	85.4%	2.3%p	5.8%p	3.6%p
Market Share (%)	2Q 2014	4Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y	YTD
Loans	18.6%	18.6%	18.8%	19.0%	0.1%p	0.4%p	0.3%p
Deposits	25.0%	26.1%	26.5%	27.1%	0.7%p	2.2%p	1.1%p
Total Assets	27.0%	27.9%	27.2%	26.8%	-0.4%p	-0.2%p	-1.1%p
Performance Indicators (%)	2Q 2014	4Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y	YTD
Gross loans to deposits	76%	63%	58%	58%	1%p	-18%p	-4%p
Net loans to (deposits + retail bonds)	63%	53%	51%	51%	1%p	-12%p	-2%p
Net loans to (deposits + retail bonds) (FX adjusted)	65%	53%	51%	51%	0%p	-14%p	-2%p
Leverage (Total Assets/Shareholder's Equity)	16.9%	16.8%	16.6%	17.3%	0.7%p	0.5%p	0.6%p
Leverage (Total Assets/Shareholder's Equity)	5.9x	6.0x	6.0x	5.8x			
Capital adequacy ratio (OTP Bank, non-consolidated, Basel3, HAS)	18.3%	19.0%	18.8%	28.4%	9.6%p	10.1%p	9.4%p
Common Equity Tier1 ratio (OTP Bank, non-consolidated, Basel3, HAS)	14.1%	14.8%	15.3%	24.3%	9.1%p	10.2%p	9.5%p

[1] As of 30 June 2015 out of HUF 33 billion exposure to municipalities the exposure to the Hungarian State amounted to HUF 8 billion.

[2] The explanation of the capital adequacy ratio's q-o-q development can be found in the *Consolidated and stand-alone capital adequacy ratio (in accordance with BASEL III)* subsection of the Executive Summary.

Balance sheet trends

In 1H 2015 the FX-adjusted loan portfolio shrank by 14% ytd and by 21% y-o-y mainly as a result of the effect of settlement and conversion. On a quarterly base the portfolio declined by 2% q-o-q mainly due to the HUF 17 billion prepayment by the municipality sector. The preferential prepayment and remortgaging opportunity launched after the conversion did not have a material impact on volumes (for more details see the Executive Summary).

The FX-adjusted gross loan portfolio shrank by 2.0% q-o-q. The quarterly moderation of retail volumes (-1%) was partially off-set by the micro and small enterprise portfolio increase of 8% q-o-q. The decline in overall corporate volumes reflects the municipality loan prepayment by the Hungarian State.

On a yearly base partly as a result of the Funding for Growth Scheme initiated by the National Bank of Hungary, OTP Bank's exposure to SME clients advanced by 9% (+8% q-o-q). The medium and large size corporate exposure remained unchanged q-o-q, but decreased y-o-y as a result of partial write-offs in 2H 2014.

Under the second phase of the Funding for Growth Scheme available from early October 2013 OTP Group already contracted in the amount of more than HUF 180 billion by the end of June (together with the first phase total disbursements reached HUF 270 billion), moreover loan applications in the pipeline exceeded HUF 30 billion. According to the NBH by the end of July 2015 the total contracted amount in the second phase reached HUF 826 billion.

On 16 March 2015 the National Bank of Hungary announced the launch of Funding for Growth Scheme+ (FGS+) accordingly NBH will improve access to credit for small and medium sized enterprises that have not been able to participate in FGS so far. By the end of July OTP Group disbursed HUF 1.3 billion and applications with HUF 5 billion are in the pipeline.

The gross mortgage portfolio eroded by HUF 169 billion in 1Q as a result of the settlement and conversion, whereas the performing book (DPD0-90) declined by HUF 27 billion. The erosion of the performing mortgage book decelerated even without the effect of the settlement and conversion (-2% in 1Q and -1% in 2Q). The volume of mortgage loan applications increased by 37% q-o-q from a low 1Q base. Applications in 1H grew by 9% y-o-y, while disbursements by 23% respectively. Within 1H 2015 applications HUF 15.9 billion was related to State subsidized housing loans. At OTP Bank applications for subsidized housing loans represented 35% of total housing loan applications and 39% of total mortgage loan applications. OTP's market share in mortgage loan origination improved and reached 27.1% in 2Q (1H: 26.6%).

Regarding OTP's market share in consumer loan volumes it is still strong and reached 34.7% (+0.5 ppt y-o-y). OTP Bank market share in the cash loan disbursement shows improvement (2015 2Q: 37.4%, +3 ppts q-o-q). The change in the whole FX-adjusted consumer portfolio (-12% y-o-y) was strongly influenced by the settlement and conversion process.

FX-adjusted deposit volumes (and retail bonds) moderated somewhat q-o-q (-2%), but increased significantly y-o-y (+7%). Retail deposit inflow continued to be similar to the previous quarters (+2% q-o-q), on a yearly base it showed a strong performance advancing by 10% y-o-y. As a result of the settlement OTP clients received HUF 23 billion on their accounts having a positive impact on deposit volumes, but there was also a certain shift of savings from mutual funds into bank deposits following the bankruptcy of a few local brokerage firms, too. Corporate deposits from medium and large size corporate clients eroded by 5% q-o-q mainly due to the decline (HUF -59 billion) of the deposits from fund management companies (which increased in 2H 2014); whereas on a yearly base corporate deposits remained flat. Municipality deposits dropped by HUF 100 billion q-o-q (-20%) reasoned by the seasonality of local and communal tax revenues. The y-o-y municipality deposit growth (+8%) was supported by the debt consolidation by the state which exerted a positive impact on the financial position of local governments.

OTP Bank's stand-alone Common Equity Tier1 ratio increased q-o-q by 9.6 ppts to 24.3%. The explanation of the development can be found in the *Consolidated and stand-alone capital adequacy ratio (in accordance with BASEL III)* subsection of the Executive Summary.

OTP FUND MANAGEMENT (HUNGARY)

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

Main components of P&L account in HUF mn	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfer and banking tax	2,163	2,381	10%	1,038	1,337	1,043	-22%	1%
Income tax	-453	-503	11%	-244	-243	-260	7%	7%
Profit before income tax	2,616	2,884	10%	1,282	1,580	1,303	-18%	2%
Operating profit	2,616	2,884	10%	1,282	1,580	1,303	-18%	2%
Total income	3,374	3,596	7%	1,689	1,912	1,683	-12%	0%
Net interest income	0	0	23%	0	0	0	74%	58%
Net fees and commissions	3,348	3,587	7%	1,667	1,909	1,678	-12%	1%
Other net non-interest income	26	8	-67%	22	3	5	50%	-77%
Operating expenses	-758	-712	-6%	-408	-332	-380	14%	-7%
Other provisions	0	0	-100%	0	0	0	-100%	-100%
Main components of balance sheet closing balances in HUF mn	2014	1H 2015	YTD	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
Total assets	12,187	10,812	-6%	11,538	12,390	10,812	-13%	-6%
Total shareholders' equity	9,395	6,172	10%	5,591	5,008	6,172	23%	10%
Asset under management in HUF bn	2014	1H 2015	YTD	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
Assets under management, total (w/o duplicates)	**1,659**	**1,624**	**-2%**	**1,473**	**1,643**	**1,624**	**-1%**	**10%**
Retail investment funds (closing, w/o duplicates)	1,201	1,146	-5%	1,079	1,167	1,146	-2%	6%
Volume of managed assets (closing, w/o duplicates)	458	478	4%	394	476	478	0%	21%
Volume of investment funds (with duplicates)	1,318	1,275	-3%	1,178	1,294	1,275	-1%	8%
money market	416	394	-5%	431	403	394	-2%	-9%
bond	476	455	-4%	383	491	455	-7%	19%
mixed	20	22	9%	17	19	22	12%	30%
security	97	114	18%	84	108	114	6%	36%
guaranteed	111	107	-4%	105	113	107	-5%	2%
other	197	182	-7%	158	161	182	13%	15%

[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 the first half of 2015 the **OTP Fund Management** posted a y-o-y 10% higher, HUF 2.4 billion after tax profit. The improvement was induced by favourable dynamics in net fee income (+7% y-o-y) in line with the expanding volume of assets under management, while operating expenses remained moderated, too (-6% y-o-y). In 2Q, however the net fee incomes dropped by 12% q-o-q.

As a consequence of low deposit rates due to the monetary easing interest towards investment funds grew further. Against the trend experienced in previous quarters, the popular money market and fixed income funds lost steam, the main beneficiaries of new inflows were the mixed and derivative funds.

The volume of investment funds under management at OTP Fund Management decreased slightly q-o-q, the drop of the money market fund volumes was partly offset (similar to the market move) by the increase of mixed, equity and other funds volume. OTP Fund Management maintained its leading market position, though the market share (without duplication) marginally declined q-o-q by 0.1 ppt to 26.6%.

MERKANTIL GROUP (HUNGARY)

Performance of Merkantil Bank and Car:

Main components of P&L account in HUF mn	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	-76	832		-50	242	590	144%	
Income tax	118	-262	-321%	-59	178	-439	-347%	642%
Profit before income tax	-194	1,094	-663%	9	65	1,029		
Operating profit	2,862	3,416	19%	1,372	1,218	2,198	80%	60%
Total income	5,892	6,664	13%	2,851	2,742	3,922	43%	38%
Net interest income	7,620	8,415	10%	3,748	4,262	4,153	-3%	11%
Net fees and commissions	-1,481	-1,319	-11%	-780	-705	-614	-13%	-21%
Other net non-interest income	-248	-431	74%	-117	-815	384	-147%	-429%
Operating expenses	-3,029	-3,248	7%	-1,479	-1,524	-1,724	13%	17%
Total provisions	-3,057	-2,322	-24%	-1,363	-1,153	-1,169	1%	-14%
Provision for possible loan losses	-3,185	-2,390	-25%	-1,564	-1,129	-1,262	12%	-19%
Other provision	128	68	-47%	202	-25	93	-474%	-54%

Main components of balance sheet closing balances in HUF mn	2014	1H 2015	YTD	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
Total assets	313,033	306,374	-2%	288,336	305,923	306,374	0%	6%
Gross customer loans	264,313	270,670	2%	253,246	272,916	270,670	-1%	7%
Gross customer loans (FX-adjusted)	279,407	270,670	-3%	273,605	279,132	270,670	-3%	-1%
Retail loans	17,292	18,518	7%	12,155	16,688	18,518	11%	52%
Corporate loans	64,392	72,614	13%	61,246	67,502	72,614	8%	19%
Car financing loans	197,723	179,539	-9%	200,204	194,943	179,539	-8%	-10%
Allowances for possible loan losses	-31,770	-34,537	9%	-28,215	-33,497	-34,537	3%	22%
Allowances for possible loan losses (FX-adjusted)	-32,767	-34,537	5%	-29,336	-33,903	-34,537	2%	18%
Deposits from customers	8,188	6,948	-15%	5,691	6,239	6,948	11%	22%
Deposits from customer (FX-adjusted)	8,188	6,948	-15%	5,691	6,239	6,948	11%	22%
Retail deposits	2,766	2,628	-5%	2,602	2,533	2,628	4%	1%
Corporate deposits	5,422	4,319	-20%	3,089	3,706	4,319	17%	40%
Liabilities to credit institutions	220,321	237,351	8%	211,298	213,966	237,351	11%	12%
Issued securities	33,888	33,993	0%	33,733	34,398	33,993	-1%	1%
Subordinated debt	0	0		0	0	0		
Total shareholders' equity	19,729	18,726	-5%	18,345	19,359	18,726	-3%	2%
Loan Quality	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	31,124	27,722	-11%	31,124	37,887	27,722	-27%	-11%
90+ days past due loans/gross customer loans (%)	12.3%	10.2%	-2.0%p	12.3%	13.9%	10.2%	-3.6%p	-2.0%p
Cost of risk/average gross loans (%)	2.52%	1.80%	-0.71%p	2.48%	1.70%	1.86%	0.16%p	-0.62%p
Cost of risk/average (FX-adjusted) gross loans	2.29%	1.75%	-0.53%p	2.29%	1.64%	1.84%	0.20%p	-0.44%p
Total provisions/90+ days past due loans (%)	90.7%	124.6%	33.9%p	90.7%	88.4%	124.6%	36.2%p	33.9%p
Performance Indicators (%)	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
ROA	-0.1%	0.5%	0.6%p	-0.1%	0.3%	0.8%	0.5%p	0.8%p
ROE	-0.7%	8.7%	9.4%p	-0.9%	5.0%	12.4%	7.4%p	13.3%p
Total income margin	4.16%	4.34%	0.18%p	4.08%	3.59%	5.14%	1.55%p	1.06%p
Net interest margin	5.38%	5.48%	0.10%p	5.37%	5.59%	5.44%	-0.14%p	0.07%p
Cost/income ratio	51.4%	48.7%	-2.7%p	51.9%	55.6%	44.0%	-11.6%p	-7.9%p

Merkantil Bank and Car completed the settlement with FX borrowers in 2Q 2015 in accordance with regulatory changes related to the Hungarian consumer contracts. The settlement affected HUF 94 billion gross FX loan volume and HUF 21.9 billion was refunded to clients (out of this HUF 16.4 billion is related to active loan contracts and HUF 5.5 billion to terminated contracts).

Merkantil Bank and Car posted HUF 832 million aggregated adjusted[5] after tax profit in 1H 2015 against HUF 76 million loss in the base period. The improving result was supported by both stronger incomes and lower risk costs.

The 1H operating result increased by 19% compared to the base period, due to the favourable development of net interest income (+10% y-o-y) along decreasing funding costs. The 1H operating expenses surged by 7% y-o-y, mostly postal costs increased in relation to the 2Q settlement.

The 1H risk cost shrank by 24% y-o-y. The ratio of DPD90+ loans moderated to 10.2% (-3.6 ppts q-o-q) meanwhile the provision coverage ratio jumped from 88% to 125% q-o-q; both changes were driven mainly by the settlement.

Favourable q-o-q change in 2Q other income is reasoned mainly by FX gains.

The FX-adjusted car financing loan book decreased q-o-q by 8% mainly due to the settlement effect. In 2Q 2015 new car financing loan disbursements kept on growing (+26% y-o-y).

[5] The results exclude the special tax on financial institutions and the actual and expected one-off impact of regulatory changes related to consumer contracts (these items are shown on consolidated level, among adjustments).

IFRS REPORTS OF THE MAIN SUBSIDIARIES

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

DSK GROUP (BULGARIA)

Performance of DSK Group:

Main components of P&L account in HUF mn	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	21,566	27,761	29%	10,280	17,605	10,156	-42%	-1%
Income tax	-2,347	-3,123	33%	-1,119	-1,987	-1,135	-43%	1%
Profit before income tax	23,912	30,884	29%	11,399	19,592	11,292	-42%	-1%
Operating profit	31,060	36,638	18%	15,660	19,487	17,151	-12%	10%
Total income	49,780	55,634	12%	25,043	28,807	26,826	-7%	7%
Net interest income	38,948	44,219	14%	19,479	22,330	21,889	-2%	12%
Net fees and commissions	9,593	11,308	18%	5,100	5,350	5,957	11%	17%
Other net non-interest income	1,238	108	-91%	464	1,128	-1,020	-190%	-320%
Operating expenses	-18,719	-18,996	1%	-9,383	-9,321	-9,675	4%	3%
Total provisions	-7,148	-5,754	-19%	-4,261	105	-5,860		38%
Provision for possible loan losses	-7,128	-5,570	-22%	-4,240	198	-5,768		36%
Other provision	-20	-184	835%	-21	-93	-92	-1%	332%

Main components of balance sheet closing balances in HUF mn	2014	1H 2015	YTD	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
Total assets	1,603,812	1,608,339	0%	1,405,554	1,551,329	1,608,339	4%	14%
Gross customer loans	1,158,516	1,159,086	0%	1,190,934	1,096,020	1,159,086	6%	-3%
Gross customer loans (FX-adjusted)	1,159,221	1,159,086	0%	1,209,917	1,154,207	1,159,086	0%	-4%
Retail loans	872,514	871,040	0%	950,780	866,247	871,040	1%	-8%
Corporate loans	286,707	288,045	0%	259,137	287,959	288,045	0%	11%
Allowances for possible loan losses	-159,015	-164,237	3%	-216,876	-150,489	-164,237	9%	-24%
Allowances for possible loan losses (FX-adjusted)	-159,215	-164,237	3%	-220,551	-158,431	-164,237	4%	-26%
Deposits from customers	1,285,044	1,323,134	3%	1,121,145	1,240,457	1,323,134	7%	18%
Deposits from customer (FX-adjusted)	1,290,783	1,323,134	3%	1,148,423	1,304,269	1,323,134	1%	15%
Retail deposits	1,131,622	1,165,683	3%	1,023,630	1,154,317	1,165,683	1%	14%
Corporate deposits	159,161	157,451	-1%	124,792	149,952	157,451	5%	26%
Liabilities to credit institutions	47,284	27,443	-42%	31,169	30,265	27,443	-9%	-12%
Total shareholders' equity	247,993	227,084	-8%	226,809	207,897	227,084	9%	0%

Loan Quality	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	242,185	180,334	-26%	242,185	171,628	180,334	5%	-26%
90+ days past due loans/gross customer loans (%)	20.3%	15.6%	-4.8%p	20.3%	15.7%	15.6%	-0.1%p	-4.8%p
Cost of risk/average gross loans (%)	1.23%	0.97%	-0.27%p	1.44%	-0.07%	2.05%	2.12%p	0.61%p
Cost of risk/average (FX-adjusted) gross loans (%)	1.19%	0.97%	-0.22%p	1.41%	-0.07%	2.00%	2.07%p	0.59%p
Total provisions/90+ days past due loans (%)	89.5%	91.1%	1.5%p	89.5%	87.7%	91.1%	3.4%p	1.5%p

Performance Indicators (%)	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
ROA	3.2%	3.5%	0.3%p	2.9%	4.5%	2.6%	-1.9%p	-0.4%p
ROE	19.4%	23.6%	4.1%p	17.7%	31.3%	18.7%	-12.6%p	1.0%p
Total income margin	7.30%	6.99%	-0.32%p	7.16%	7.41%	6.81%	-0.59%p	-0.34%p
Net interest margin	5.71%	5.55%	-0.16%p	5.57%	5.74%	5.56%	-0.18%p	-0.01%p
Cost/income ratio	37.6%	34.1%	-3.5%p	37.5%	32.4%	36.1%	3.7%p	-1.4%p
Net loans to deposits (FX-adjusted)	86%	75%	-11%p	86%	76%	75%	-1%p	-11%p

FX rates (in HUF)	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
HUF/BGN (closing)	158.6	161.1	2%	158.6	153.0	161.1	5%	2%
HUF/BGN (average)	156.9	157.2	0%	156.4	157.9	156.5	-1%	0%

- ***The half-year profit reached HUF 27.8 billion (+29% y/y), driven mainly by better core banking revenues and diminishing risk costs***
- ***Asset quality continued to develop favourably: the DPD90+ formation was practically zero in 2Q, which coupled with improving provision coverage ratio due to the prudent provisioning practice***
- ***Beside further growing loan disbursements loan volumes went up slightly during the second quarter (adjusted for the FX-effect)***

DSK Group posted a net profit of HUF 27.8 billion in the first half of 2015, up by 29% compared to the base period. The HUF 10.2 billion result realized in the second quarter remained stable y-o-y, whereas the 42% decline q-o-q is attributable to the higher risk costs.

The 6M operating profit grew by 18% y-o-y on the back of better revenues, while operating expenses remained practically flat. The net interest income advanced by 14% y-o-y mainly due to lower funding costs: interest expenses on deposits in the first six months halved y-o-y despite the growth of the deposit base. The 6M net interest margin eroded a little bit (-16 bps y-o-y), because the effect of higher net interest income was offset by the deposit inflow experienced since 2H 2014 which pushed up the total assets and proved to be dilutive to the net interest margin. The 2Q net interest income declined marginally q-o-q (-1% in local currency terms), since more intense competition in the lending market and q-o-q lower interest revenues earned from the investment of excess liquidity mitigated the positive effect of further declining interest expenses on deposits. The quarterly net interest margin showed stability y-o-y, but somewhat declined q-o-q.

The 6M net fee and commission income grew by 18% y-o-y, which was mainly explained by strengthening fee income related to deposits and transactions, but more active lending activity compared to the base period generated higher fee revenues, too. The most significant component of the q-o-q decline of 2Q operating result was the setback of other non-interest revenues, partly owing to losses on swaps due to interest rate changes over the actual period, but lower result on securities played a role, too (as government securities' benchmark yields edged up in the last quarter).

Regarding loan quality developments, in 2Q the volume of DPD90+ loans remained practically flat adjusted for the FX-effect (DPD90+ volume changes excluding the impact of loan sales and write-offs in HUF billion: 1Q 2014: 2, 2Q: 2, 3Q: 1, 4Q: -2, 1Q 2015: 6, 2Q: 0). The ratio of loans with more than 90 days of delay (DPD90+) moderated slightly in 2Q (15.6%).

Risk costs showed a 19% moderation in the first six months y-o-y, equivalent of a below 1% risk cost rate. Following the risk cost release in 1Q, 2Q saw almost HUF 6 billion risk cost allocation, which is in line with the management's consistently and steadily conservative and prudent provisioning practices. The q-o-q higher risk cost was mainly related to the corporate segment. As a result of risk cost created in 2Q, the provision coverage ratio went up to 91.1% (+3.4 ppts q-o-q).

The FX-adjusted total gross loan portfolio advanced by 0.4% q-o-q; those are primarily the partial write-offs of problematic loans made in 4Q 2014 that influenced the y-o-y change of loan volumes (-4%): on the contrary, performing loan volumes increased by 2% in the last 12 months. Thanks to the promotional mortgage and consumer lending campaigns launched in 1H 2015 new lending volumes developed nicely: in 1H new mortgage disbursement doubled y-o-y, whereas consumer loan sales advanced by 18% over the same period. The volume of DPD0-90 (performing) mortgage loans stagnated q-o-q, but eroded by 5% y-o-y (latter is also explained by higher early repayments, since effective from July 2014 early repayment fees were abolished by the virtue of law). Performing consumer loan volumes remained flat both q-o-q and y-o-y.

As a result of the corporate business development project launched in 2013 corporate loan disbursements showed an upward trend (+118% y-o-y, +29% q-o-q in 2Q 2015). DPD0-90 corporate loans grew by 14% in the last 12 months (adjusted for the FX-effect), but stagnated in 2Q as prepayments increased. Corporate loan market share of DSK Bank reached 6.9% at the end of June 2015, up from 5.6% a year ago.

The FX-adjusted deposit stock continued to grow in 2Q (+1% q-o-q, +15% y-o-y), despite DSK's persistently lower than market average and even further declining deposit rates. Retail deposits kept on expanding whereas corporate deposits bounced back in 2Q after the negative volume changes in 1Q 2015 induced by pricing steps warranted by the excellent liquidity position of the Bank. The net loan to deposit ratio further declined in 2Q (75%).

The ytd lower equity in HUF terms reflects the effect of HUF 44 billion dividend paid to the mother company. The capital adequacy ratio of DSK Bank stood at 18.1% at the end of June 2015 (+0.1 ppt ytd).

OTP BANK RUSSIA

Performance of OTP Bank Russia:

Main components of P&L account in HUF mn	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	-7,012	-15,647	123%	-2,265	-11,452	-4,195	-63%	85%
Income tax	1,716	3,738	118%	337	2,735	1,002	-63%	197%
Profit before income tax	-8,728	-19,384	122%	-2,602	-14,187	-5,197	-63%	100%
Operating profit	52,863	31,776	-40%	27,748	13,005	18,771	44%	-32%
Total income	93,482	60,197	-36%	47,753	26,941	33,256	23%	-30%
Net interest income	82,997	52,624	-37%	41,176	23,875	28,749	20%	-30%
Net fees and commissions	11,726	7,864	-33%	6,154	3,131	4,732	51%	-23%
Other net non-interest income	-1,240	-291	-77%	423	-66	-226	244%	-153%
Operating expenses	-40,619	-28,421	-30%	-20,005	-13,936	-14,484	4%	-28%
Total provisions	-61,591	-51,160	-17%	-30,351	-27,192	-23,969	-12%	-21%
Provision for possible loan losses	-60,947	-50,698	-17%	-29,832	-27,068	-23,629	-13%	-21%
Other provision	-643	-462	-28%	-519	-123	-339	175%	-35%
Main components of balance sheet closing balances in HUF mn	**2014**	**1H 2015**	**YTD**	**2Q 2014**	**1Q 2015**	**2Q 2015**	**Q-o-Q**	**Y-o-Y**
Total assets	750,747	639,945	-15%	858,480	673,426	639,945	-5%	-25%
Gross customer loans	568,709	534,414	-6%	874,944	570,361	534,414	-6%	-39%
Gross customer loans (FX-adjusted)	645,987	534,414	-17%	680,488	598,121	534,414	-11%	-21%
Retail loans	606,196	499,146	-18%	640,403	559,389	499,146	-11%	-22%
Corporate loans	37,569	33,278	-11%	37,399	36,590	33,278	-9%	-11%
Car financing loans	2,222	1,990	-10%	2,686	2,141	1,990	-7%	-26%
Gross DPD0-90 customer loans (FX-adjusted)	550,673	426,932	-22%	525,104	482,895	426,932	-12%	-19%
Retail loans	514,009	398,193	-23%	487,782	447,676	398,193	-11%	-18%
Allowances for possible loan losses	-98,436	-119,541	21%	-218,160	-130,128	-119,541	-8%	-45%
Allowances for possible loan losses (FX-adjusted)	-112,028	-119,541	7%	-166,722	-136,525	-119,541	-12%	-28%
Deposits from customers	402,729	413,219	3%	515,033	426,972	413,219	-3%	-20%
Deposits from customer (FX-adjusted)	454,219	413,219	-9%	419,051	446,942	413,219	-8%	-1%
Retail deposits	354,888	321,876	-9%	333,762	348,070	321,876	-8%	-4%
Corporate deposits	99,331	91,343	-8%	85,289	98,872	91,343	-8%	7%
Liabilities to credit institutions	107,492	27,111	-75%	56,353	36,506	27,111	-26%	-52%
Issued securities	4,600	3,687	-17%	52,603	3,111	3,687	20%	-93%
Subordinated debt	23,884	25,851	9%	16,361	24,676	25,851	5%	60%
Total shareholders' equity	111,779	110,103	-1%	175,762	108,761	110,103	1%	-37%
Loan Quality	**1H 2014**	**1H 2015**	**Y-o-Y**	**2Q 2014**	**1Q 2015**	**2Q 2015**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	201,911	107,482	-47%	201,911	109,904	107,482	-2%	-47%
90+ days past due loans/gross customer loans (%)	23.1%	20.1%	-3.0%p	23.1%	19.3%	20.1%	0.8%p	-3.0%p
Cost of risk/average gross loans (%)	14.39%	18.54%	4.15%p	14.28%	19.27%	17.16%	-2.12%p	2.88%p
Cost of risk/average (FX-adjusted) gross loans	18.27%	17.32%	-0.94%p	17.79%	17.65%	16.74%	-0.91%p	-1.05%p
Total provisions/90+ days past due loans (%)	108.0%	111.2%	3.2%p	108.0%	118.4%	111.2%	-7.2%p	3.2%p
Performance Indicators (%)	**1H 2014**	**1H 2015**	**Y-o-Y**	**2Q 2014**	**1Q 2015**	**2Q 2015**	**Q-o-Q**	**Y-o-Y**
ROA	-1.6%	-4.5%	-3.0%p	-1.1%	-6.5%	-2.6%	4.0%p	-1.5%p
ROE	-8.0%	-28.4%	-20.4%p	-5.3%	-42.1%	-15.4%	26.7%p	-10.1%p
Total income margin	20.96%	17.46%	-3.50%p	23.21%	15.34%	20.31%	4.97%p	-2.90%p
Net interest margin	18.61%	15.26%	-3.35%p	20.01%	13.60%	17.56%	3.96%p	-2.45%p
Cost/income ratio	43.5%	47.2%	3.8%p	41.9%	51.7%	43.6%	-8.2%p	1.7%p
Net loans to deposits (FX-adjusted)	123%	100%	-22%p	123%	103%	100%	-3%p	-22%p
FX rates (in HUF)	**1H 2014**	**1H 2015**	**Y-o-Y**	**2Q 2014**	**1Q 2015**	**2Q 2015**	**Q-o-Q**	**Y-o-Y**
HUF/RUB (closing)	6.7	5.1	-24%	6.7	4.8	5.1	5%	-24%
HUF/RUB (average)	6.4	4.8	-25%	6.4	4.4	5.3	20%	-18%

- ***HUF 15.6 billion loss in 1H; q-o-q improving operating performance in 2Q. Risk cost decreased q-o-q as a result of using a more accurate provisioning methodology, but remained high***
- ***Deteriorating portfolio quality, DPD90+ ratio grew to 20.1% with DPD90+ coverage declining q-o-q by 7 ppts (2Q 2015: 111%)***
- ***Further eroding performing loan portfolio and deposit base (adjusted to FX changes); net loan-to-deposit ratio decreased to 100%***
- ***Operating expenses in 2Q decreased by 13% q-o-q and 12% y-o-y due to cost rationalization; cost-to-income ratio improved (2Q 2015: 43.6%, -8.2 ppts q-o-q)***

The HUF denominated financial figures of OTP Bank Russia are distorted by the HUF/RUB moves: in 2Q 2015 the closing rate showed a q-o-q 5% appreciation and y-o-y 24% devaluation of RUB against HUF; whereas the average 1H rate depreciated by 25% y-o-y, the 2Q average rate strengthened by 20% q-o-q and depreciated by 18% 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 1H 2015 amounted to HUF 15.6 billion (out of which HUF 4.2 billion was made in 2Q) reasoned by moderate lending activity owing to the unfavourable operating environment, elevated funding cost and higher risk cost due to worsening portfolio quality. The negative result in 1H also contains the operating costs related to the operation of the new online bank (Touch Bank), which amounted to HUF 1.8 billion (after tax) in 1H. The online platform started its operation in April 2015 in a few cities in the countryside and likely to reach the nationwide coverage by the end of 2015 according to management expectations. The expansion was supported by active marketing campaign already in 2Q.

The operating profit dropped by 40% y-o-y in 1H 2015, given the 36% erosion of total income and 30% decline of operating expenses. The core trends are better represented in RUB terms, due to the significant volatility of RUB against HUF: accordingly, 1H 2015 operating profit declined by 21% y-o-y, as a result of a 15% decrease in total income and by 6% lower operating expenses. The major component of total income is net interest income, which declined by 16% y-o-y in rouble terms. On one hand funding cost significantly increased after the series of rate hikes by the Central Bank of Russia at the end of 2014, but started moderating in 2Q. On the other hand, net interest income was heavily affected by the decrease of the performing loan portfolio (-19% y-o-y, FX-adjusted). The net fee and commission income decreased by 12% y-o-y in RUB terms, mainly related to weak loan disbursement. On the flipside lower commissions were paid to POS agents due to restricted POS disbursements. As a result of cost rationalisation 1H 2015 operating expenses decreased by 6% y-o-y in RUB terms (without the cost of Touch Bank it was -12%). In the first six months of 2015 61 branches were closed down, out of which 22 unit were closed in 2Q 2015, thus at the end of June the network consisted of 137 branches. The number of the Bank's employee decreased y-o-y by almost one thousand and by 347 q-o-q to 4,975.

The q-o-q drop of the 2Q risk costs was material. A more accurate provisioning methodology was introduced in Russia in case of DPD365+ consumer loans. Accordingly, effective from May 2015 instead of the extremely conservative 100% provisioning the Bank took into consideration the expected recovery rates. As a result, the Russian risk cost declined and the net interest income improved in 2Q 2015, these two factors had a positive impact on 2Q earnings of HUF 4 billion pre-tax and HUF 3.2 billion after tax.

The 2Q operating profit grew by 20% on the quarterly basis in RUB terms. Net interest income was stable q-o-q in RUB terms, as the decrease of the performing portfolio (-12% adjusted for FX changes) was counterbalanced by higher nominal interests rates on loans and q-o-q lower total interest expenses. The q-o-q development of average interest expenses on deposits was favourably affected by the q-o-q decrease of interest rates on newly placed deposits, however, the interest rates of newly placed deposits were still higher than the ones on maturing deposits. The more accurate methodology in provisioning also had a positive impact on 2Q net interest income.

Net fee and commission income advanced by 26% in RUB terms q-o-q. Due to the reviving consumer lending, loan related fees (largely insurance fees) increased q-o-q, and the commissions paid to POS agencies decreased as a result of renegotiated agent contracts. Operating expenses in 2Q decreased by 13% q-o-q in RUB terms (without Touch Bank -15%), the cost-to-income ratio improved by 8.2 ppts q-o-q to 43.6%.

Amid unfavourable economic environment deterioration of the loan portfolio accelerated. FX-adjusted DPD90+ volume growth excluding the impact of sold/written-off non-performing loans totalled at an all-time-high level to HUF 38 billion in 2Q 2015, (1Q: HUF 32 million). DPD90+ ratio increased by 0.8 ppt q-o-q to 20.1%. Risk cost in 2Q decreased by 21% q-o-q, as the bank applied a more accurate provisioning methodology. Coverage of DPD90+ loans decreased by 7 ppts q-o-q to 111%. In the course of 1H the Bank sold or wrote off non-performing loans in the gross amount of RUB 9.4 billion (about HUF 47 billion), out of which RUB 7.8 billion was written off in 2Q.

The limits on disbursements introduced in 4Q 2014 have been gradually lifted in the course of the first 6 months of 2015, nevertheless, due to the strong focus on profitability and risk profile the disbursements were lower compared to the base period. On the whole FX-adjusted performing (DPD0-90) loan volumes dropped by 19% y-o-y and 12% q-o-q. In 2Q POS loan disbursement was 13% higher q-o-q, nonetheless the DPD0-90 POS portfolio shrank by 13% q-o-q (FX-adjusted) and 11% y-o-y respectively. In April the Bank resumed the credit card cross-sale to potential customers, but the FX-adjusted DPD0-90 portfolio shrank further in 2Q (-9% q-o-q and -18% y-o-y). Cash loan disbursement was restarted in February (with strict conditions) and gradually increased in 2Q, still the FX-adjusted DPD0-90 portfolio decreased by 11% q-o-q (-24% y-o-y). The DPD0-90 large corporate loan portfolio decreased further in 2Q (-18% q-o-q and -22% y-o-y, FX-adjusted).

FX-adjusted total deposits decreased by 8% q-o-q (-1% y-o-y), due to lower retail term deposit and corporate deposit volumes as a result of the gradual interest rate reduction. FX-adjusted net loan-to-deposit ratio stood at 100% at the end of 2Q 2015 (-3% ppts q-o-q, -22 ppts y-o-y)

OTP BANK UKRAINE

Performance of OTP Bank Ukraine:

Main components of P&L account in HUF mn	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	-11,175	-9,598	-14%	-3,718	-10,184	586	-106%	-116%
Income tax	3,595	2,331	-35%	734	3,337	-1,006	-130%	-237%
Profit before income tax	-14,771	-11,929	-19%	-4,452	-13,521	1,592	-112%	-136%
Operating profit	19,477	16,728	-14%	8,072	13,013	3,715	-71%	-54%
Total income	32,092	24,549	-24%	13,757	17,043	7,506	-56%	-45%
Net interest income	25,685	15,446	-40%	10,265	10,005	5,441	-46%	-47%
Net fees and commissions	5,620	3,577	-36%	2,034	1,831	1,746	-5%	-14%
Other net non-interest income	787	5,526	602%	1,458	5,207	319	-94%	-78%
Operating expenses	-12,614	-7,821	-38%	-5,685	-4,030	-3,791	-6%	-33%
Total provisions	-34,248	-28,657	-16%	-12,523	-26,534	-2,123	-92%	-83%
Provision for possible loan losses	-33,157	-28,826	-13%	-12,137	-26,223	-2,604	-90%	-79%
Other provision	-1,091	170	-116%	-387	-311	481	-255%	-224%
Main components of balance sheet closing balances in HUF mn	2014	1H 2015	YTD	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
Total assets	422,286	361,503	-14%	521,158	347,418	361,503	4%	-31%
Gross customer loans	568,214	527,229	-7%	610,538	535,244	527,229	-1%	-14%
Gross customer loans (FX-adjusted)	579,719	527,229	-9%	657,967	557,431	527,229	-5%	-20%
Retail loans	308,516	294,577	-5%	319,332	304,437	294,577	-3%	-8%
Corporate loans	235,591	202,557	-14%	298,262	220,886	202,557	-8%	-32%
Car financing loans	35,612	30,095	-15%	40,373	32,108	30,095	-6%	-25%
Gross DPD0-90 customer loans (FX-adjusted)	302,869	242,770	-20%	363,981	277,366	242,770	-12%	-33%
Retail loans	92,430	64,099	-31%	122,761	79,759	64,099	-20%	-48%
Corporate loans	195,883	166,699	-15%	221,591	184,304	166,699	-10%	-25%
Car financing loans	14,555	11,972	-18%	19,629	13,304	11,972	-10%	-39%
Allowances for possible loan losses	-254,881	-289,046	13%	-224,242	-279,170	-289,046	4%	29%
Allowances for possible loan losses (FX-adjusted)	-266,368	-289,046	9%	-251,409	-288,160	-289,046	0%	15%
Deposits from customers	228,803	206,396	-10%	214,906	186,505	206,396	11%	-4%
Deposits from customer (FX-adjusted)	216,916	206,396	-5%	201,733	199,055	206,396	4%	2%
Retail deposits	133,083	118,624	-11%	142,687	118,678	118,624	0%	-17%
Corporate deposits	83,833	87,772	5%	59,045	80,377	87,772	9%	49%
Liabilities to credit institutions	143,171	121,417	-15%	191,500	133,690	121,417	-9%	-37%
Subordinated debt	37,735	40,752	8%	45,333	40,147	40,752	2%	-10%
Total shareholders' equity	4,383	-25,465	-681%	50,834	-31,405	-25,465	-19%	-150%
Loan Quality	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	255,146	284,460	11%	255,146	272,081	284,460	5%	11%
90+ days past due loans/gross customer loans (%)	41.8%	54.0%	12.2%p	41.8%	50.8%	54.0%	3.1%p	12.2%p
Cost of risk/average gross loans (%)	10.47%	10.61%	0.14%p	7.96%	19.28%	1.97%	-17.31%p	-5.99%p
Cost of risk/average (FX-adjusted) gross loans (%)	10.01%	10.50%	0.49%p	7.27%	18.70%	1.93%	-16.78%p	-5.34%p
Total provisions/90+ days past due loans (%)	87.9%	101.6%	13.7%p	87.9%	102.6%	101.6%	-1.0%p	13.7%p
Performance Indicators (%)	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
ROA	-4.0%	-4.9%	-1.0%p	-2.8%	-10.7%	0.7%	11.4%p	3.5%p
ROE	-27.5%	n/a		-25.0%	n/a	n/a		
Total income margin	11.36%	12.63%	1.27%p	10.42%	17.96%	8.49%	-9.47%p	-1.92%p
Net interest margin	9.10%	7.95%	-1.15%p	7.77%	10.54%	6.16%	-4.39%p	-1.61%p
Cost/income ratio	39.3%	31.9%	-7.4%p	41.3%	23.6%	50.5%	26.9%p	9.2%p
Net loans to deposits (FX-adjusted)	202%	115%	-86%p	202%	135%	115%	-20%p	-86%p

FX rates (in HUF)	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
HUF/UAH (closing)	19.3	13.5	-30%	19.3	11.9	13.5	13%	-30%
HUF/UAH (average)	21.9	13.2	-40%	18.9	13.6	12.9	-5%	-32%

- ***1H losses were close to HUF 10 billion with a profitable 2Q as a result of q-o-q moderating risk costs on the back of the UAH volatility***
- ***The Bank continued its FX mortgage restructuring programme; partly as a result of this the second quarter net interest income declined significantly***
- ***Lending activity remained moderate; the FX-adjusted DPD0-90 portfolio melted down by 12% q-o-q, dropped by 1/3 y-o-y***
- ***Deposits increased by 4% q-o-q (FX-adjusted), the intra-group further declined in 2Q***

The financial performance and indicators of OTP Bank Ukraine in HUF terms were significantly distorted by the HUF/UAH exchange rate moves: in 2Q 2015 the closing rate of HUF showed a q-o-q 13% depreciation, but a y-o-y 30% appreciation against UAH. The 1H the average rate strengthened by 40% y-o-y, whereas the 2Q average rate appreciated by 5% q-o-q and by 32% y-o-y respectively. Therefore local currency P&L and balance sheet dynamics can be materially different from those in HUF terms.

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, as well as risk costs made for exposures to the Donetsk and Luhansk counties from 3Q 2014 were eliminated from the Ukrainian P&L and shown amongst the adjustment items on consolidated level. Balance sheet items were not adjusted.

In 1H 2015 **OTP Bank Ukraine** posted HUF 9.6 billion loss; in 2Q the bank realized a positive result of HUF 0.6 billion versus a loss of more than HUF 10 billion in 1Q. The key reason behind the significant q-o-q improvement was the volatility in risk costs induced by the FX rate movements.

In Donetsk and Luhansk counties as a result of risk costs set aside in 2Q the provision coverage of the total exposure (gross loan portfolio and accrued interest) reached 98%. The remaining net loan exposure to these counties amounted to HUF 1.5 billion equivalent (including accrued interest) at the end of June 2015. During 2Q another branch was closed, thus in the Bank had 1 remaining branch in this region by the end of 2Q 2015.

With regards to the lending activity for the rest of the country, new cash loan production in 1H dropped by 85% y-o-y. In March the new cash loan production was suspended, but it was resumed in 2Q with stricter lending criteria. The cross-sale of credit cards was practically reduced to zero from 2Q 2014, and it was restarted only from May 2015. Within the POS segment newly sold volumes demonstrated a y-o-y 6% increase in the first half of the year, true, from a very low base. The DPD0-90 consumer loan portfolio eroded by 16% q-o-q and by 40% y-o-y (FX-adjusted). The mortgage book further melted down, given the lack of new origination. The performing corporate loan book decreased by 10% q-o-q and by 25% y-o-y, respectively.

Under the scope of the Bank's own restructuring programme the volume of FX mortgage loans converted into UAH at market FX rate got close to UAH 1.2 billion by the end of June 2015. Under the scheme the Bank offers either certain debt forgiveness and/or an interest rate concession at the beginning of the maturity.

While the Ukrainian Parliament approved an Act in early July 2015 on the conversion of retail FX loans into UAH, the president didn't sign the act. At the same time a solution acceptable for the banks, too is under consideration.

Following deposit withdrawals in 1Q, total deposits increased by 4% q-o-q in 2Q (adjusted for the FX-effect) due to corporate inflows. As a result, total deposits shrank by 5% in the first six months. The net loan-to-deposit ratio dropped to 115% by the end of June 2015 (-86 ppts y-o-y FX-adjusted).

The intra-group funding (including subordinated debt) declined by USD 50 million in 2Q and altogether decreased by USD 450 million y-o-y to HUF 142 billion equivalent by the end of June 2015.

The Ukrainian operation posted an adjusted loss of HUF 9.6 billion in 1H 2015, 14% less than in the base period. During 1H the total amount of the deferred tax asset utilized comprised of HUF 2.3 billion.

The semi-annual operating profit in HUF terms dropped by 14% y-o-y (+40% y-o-y in UAH terms), while in the second quarter the deterioration is even more material, -71% q-o-q.

The underlying business performance is better described by changes expressed in UAH terms: within total income the half-yearly net interest income did not change y-o-y, but dropped by 42% q-o-q. The massive quarterly decline was reasoned, on one hand, by lower performing loan volumes, and by the settlement of interest revenues of restructured mortgage loans since the effective interest rate calculation method causes volatility in interest income.

The net fee and commission income realized in 1H 2015 increased by 7% y-o-y in UAH terms. The y-o-y surge in other net non-interest income was mainly induced by a significant FX gain booked in 1Q on the back of volatile cross currency rates.

Semi-annual operating expenses went up by 2% y-o-y in UAH terms, though during 1H 2015 average consumer prices surged by 48% y-o-y. During 2Q 5 branches were closed, thus in the last twelve months 46 units were closed (-35%). The workforce was also scaled back: the q-o-q drop was 15% (without employed selling agents), whereas the y-o-y reduction was around 25%.

The semi-annual risk costs grew by 38% y-o-y. The material increase in 1Q 2015 was related to the drastic depreciation of UAH against USD which required higher provision coverage due to the FX loans' revaluation (LTV effect). As opposed to this, in 2Q the UAH strengthened and since the new problem loan formation remained moderate, 2Q risk costs dropped to 1/10 of the amount recorded in 1Q. Consequently, in 2Q the quarterly risk cost rate was the lowest (1.97%) during the last four years. After the elevated new DPD90+ loan growth seen in previous quarters, it returned to quite contained levels both in 1Q and 2Q 2015

(FX-adjusted DPD90+ volume growth excluding the impact of loan sales and write-offs in HUF billion: 1Q 2014: 3, 2Q: 18, 3Q: 14, 4Q: 26, 1Q 2015: 6, 2Q: 7)). The DPD90+ ratio increased to 54.0%, within that the DPD90+ ratio of mortgage loans reached 79.6%. The provision coverage ratio stood at 101.6% marking a 13.7 ppts yearly improvement.

The shareholders' equity of the Ukrainian banking group under IFRS was HUF -25.5 billion at the end of 2Q 2015. The Ukrainian shareholders' equity includes that of 3 entities: the Bank, the Leasing and Factoring companies' equity. The standalone equity of the Bank under IFRS reached HUF 11.8 billion. The standalone capital adequacy ratio of the Bank under local regulation stood at 9.1% at the end of June 2015 (+0.4 ppt q-o-q). The shareholder equity of the Leasing company reached HUF -1.8 billion by the end of June, whereas the Factoring company also had a negative equity of HUF 35.5 billion.

OTP BANK ROMANIA

Performance of OTP Bank Romania:

Main components of P&L account in HUF mn	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	1,676	1,124	-33%	654	402	723	80%	10%
Income tax	0	0		0	0	1		
Profit before income tax	1,676	1,124	-33%	654	402	722	80%	10%
Operating profit	4,895	4,516	-8%	2,394	2,123	2,392	13%	0%
Total income	11,332	14,860	31%	5,623	7,369	7,491	2%	33%
Net interest income	9,460	10,857	15%	4,712	5,367	5,490	2%	17%
Net fees and commissions	1,153	1,950	69%	557	975	974	0%	75%
Other net non-interest income	719	2,054	186%	354	1,027	1,027	0%	190%
Operating expenses	-6,437	-10,344	61%	-3,229	-5,246	-5,099	-3%	58%
Total provisions	-3,219	-3,392	5%	-1,740	-1,721	-1,670	-3%	-4%
Provision for possible loan losses	-3,196	-3,416	7%	-1,740	-1,694	-1,722	2%	-1%
Other provision	-23	25	-206%	0	-27	52	-290%	
Main components of balance sheet closing balances in HUF mn	**2014**	**1H 2015**	**YTD**	**2Q 2014**	**1Q 2015**	**2Q 2015**	**Q-o-Q**	**Y-o-Y**
Total assets	476,352	650,350	37%	465,474	618,131	650,350	5%	40%
Gross customer loans	428,995	567,603	32%	430,073	542,221	567,603	5%	32%
Gross customer loans (FX-adjusted)	455,908	567,603	24%	464,432	569,374	567,603	0%	22%
Retail loans	347,125	416,783	20%	360,767	418,908	416,783	-1%	16%
Corporate loans	108,783	150,821	39%	103,665	150,466	150,821	0%	45%
Allowances for possible loan losses	-61,538	-70,784	15%	-60,629	-64,498	-70,784	10%	17%
Allowances for possible loan losses (FX-adjusted)	-66,204	-70,784	7%	-66,321	-67,859	-70,784	4%	7%
Deposits from customers	222,126	325,136	46%	191,167	307,766	325,136	6%	70%
Deposits from customer (FX-adjusted)	223,391	325,136	46%	194,451	319,909	325,136	2%	67%
Retail deposits	181,875	244,184	34%	164,536	246,297	244,184	-1%	48%
Corporate deposits	41,516	80,953	95%	29,916	73,612	80,953	10%	171%
Liabilities to credit institutions	209,315	263,002	26%	226,503	250,924	263,002	5%	16%
Total shareholders' equity	34,980	50,232	44%	36,138	47,807	50,232	5%	39%
Loan Quality	**1H 2014**	**1H 2015**	**Y-o-Y**	**2Q 2014**	**1Q 2015**	**2Q 2015**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	78,897	91,689	16%	78,897	84,158	91,689	9%	16%
90+ days past due loans/gross customer loans (%)	18.3%	16.2%	-2.2%p	18.3%	15.5%	16.2%	0.6%p	-2.2%p
Cost of risk/average gross loans (%)	1.54%	1.38%	-0.16%p	1.64%	1.41%	1.24%	-0.17%p	-0.40%p
Cost of risk/average (FX-adjusted) gross loans (%)	1.39%	1.35%	-0.04%p	1.51%	1.34%	1.22%	-0.12%p	-0.29%p
Total provisions/90+ days past due loans (%)	76.8%	77.2%	0.4%p	76.8%	76.6%	77.2%	0.6%p	0.4%p

Performance Indicators (%)	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
ROA	0.7%	0.4%	-0.3%p	0.6%	0.3%	0.5%	0.2%p	-0.1%p
ROE	10.4%	5.3%	-5.0%p	7.8%	3.9%	5.9%	2.0%p	-1.9%p
Total income margin	4.99%	5.32%	0.33%p	4.94%	5.46%	4.74%	-0.72%p	-0.20%p
Net interest margin	4.17%	3.89%	-0.28%p	4.14%	3.98%	3.47%	-0.51%p	-0.67%p
Cost/income ratio	56.8%	69.6%	12.8%p	57.4%	71.2%	68.1%	-3.1%p	10.6%p
Net loans to deposits (FX-adjusted)	205%	153%	-52%p	205%	157%	153%	-4%p	-52%p
FX rates (in HUF)	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
HUF/RON (closing)	70.7	70.2	-1%	70.7	67.9	70.2	3%	-1%
HUF/RON (average)	68.7	69.1	1%	69.1	69.4	68.9	-1%	0%

- ***Profitable operation in 2Q, as a result 1H net earnings increased to HUF 1.1 billion***
- ***The interest spread reduction offered to CHF mortgage clients continued to affect negatively the net interest income***
- ***Risk cost rate in 2Q dropped to its lowest level in the last three years. DPD90+ loan formation in the mortgage loan segment increased in 1H***
- ***FX-adjusted cash loan and corporate loan volumes kept expanding in 2Q, supported by stronger new disbursements***

On 30 July 2014 OTP Bank Romania agreed on purchasing 100% stake of Banca Millenium S.A. for EUR 39 million. The transaction was completed on 8 January 2015 and through the financial settlement OTP Bank Romania acquired 100% ownership in Banca Millennium. The Romanian P&L was adjusted for the items directly related to the acquisition; these corrections are shown on consolidated level among adjustment items.

In 1Q 2015 the consolidation of Banca Millennium was completed. In 1H a loss of HUF 473 million (of which HUF 53 million in 2Q) was consolidated into OTP Bank Romania's results.

OTP Bank Romania delivered HUF 1.1 billion profit after tax in 1H 2015 (-33% y-o-y) including the loss of HUF 473 million at Banca Millennium. The 2Q profit was HUF 0.7 billion (+80% q-o-q).

The 1H operating profit declined by 8% y-o-y as a joint result of soaring revenues on one hand, and surging operational expenses on the other induced by the Banca Millennium consolidation. The y-o-y higher net interest income (+15%) was shaped by several factors: on one hand the consolidation of Banca Millennium played a role here. At the same time the lower interest spread offered for clients having floating rate CHF mortgage loans reduced the net interest income by HUF 330 million in 1H (of which HUF 170 million interest revenue was forgone in 2Q). Interest revenues on the FX loans were positively affected by the appreciating CHF against RON Furthermore, that part of the revaluation result of FX swaps which is booked on the net interest income line exerted a HUF 1.3 billion negative impact on the y-o-y development of the semi-annual net interest income. This item was largely offset in other non-interest income which explains the y-o-y growth of 1H other net non-interest income. The increase in net fee and commission income was due to the contribution of Banca Millennium.

Semi-annual operating expenses surged by 61% y-o-y as a result of the acquisition related costs (around HUF 350 million in 1H 2015) and the consolidation of the operating expenses of Banca Millennium (HUF 3.3 billion in 1H). The acquisition pushed up the total number of branches by 56 units and the number of employees by 362 people ytd.

The growth of DPD90+ loan volumes (adjusted for FX rate changes and sold and written off volumes) represented HUF 2.3 billion[6] in 1Q and HUF 2.4 billion in 2Q, whereas the quarterly average in 2014 amounted to HUF 1.5 billion. The acceleration was mainly due to the mortgage portfolio's deterioration. The DPD90+ ratio increased to 16.2% (+0.6 ppt q-o-q), but showed a y-o-y decline of 2.2 ppts, partly related to composition effect due to the lower DPD90+ ratio of Banca Millennium, but also to non-performing loan write-offs. The coverage of the DPD90+ loans somewhat improved during the second quarter (77.2%). The risk cost rate moderated to 124 bps in 2Q, implying a y-o-y 40 bps improvement.

As for the quarterly P&L developments, the material improvement in after tax profit (+80% q-o-q) was reasoned by better net interest income (+2%) and lower operating expenses (-3%). Banca Millennium's profit contribution had an overall positive effect on the quarterly income dynamics of the Romanian operation.

The FX-adjusted gross loan portfolio stagnated q-o-q, but surged by 25% y-o-y. Without Banca Millennium the volumes declined moderately (-1% y-o-y). Quarterly cash loan disbursements – still being in the focus of lending activity – grew by 30% y-o-y, volumes increased by 9% without Banca Millennium effect. Despite better loan origination in 2Q the erosion of the mortgage portfolio continued (-2% q-o-q). Corporate loans advanced by 11% y-o-y without Banca Millennium (with Banca Millennium by 45% respectively), due to improving corporate loan disbursements.

[6] Excluding the newly consolidated DPD90+ loan volumes of Banca Millennium in 1Q 2015.

Total FX-adjusted deposit volumes expanded further in 2Q and grew by 2% q-o-q, due to the good performance in corporate deposit collection. Retail deposit interest rates eroded in line with overall market trends. The net loan-to-deposit ratio kept declining (153%).

At the end of June the Bank's capital adequacy ratio stood at 13.0%, the same as a quarter ago.

The relief package proposed by the Government for easing the burden of CHF housing loan holders is being designed and its final form is still unknown.

OTP BANKA HRVATSKA (CROATIA)

Performance of OTP banka Hrvatska:

Main components of P&L account in HUF mn	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	508	1,321	160%	211	75	1,246		490%
Income tax	-277	1,679	-707%	-189	24	1,655		-973%
Profit before income tax	785	-358	-146%	401	51	-409	-904%	-202%
Operating profit	3,447	4,318	25%	1,850	1,732	2,586	49%	40%
Total income	11,880	13,174	11%	6,406	6,199	6,975	13%	9%
Net interest income	8,475	9,972	18%	4,505	4,946	5,027	2%	12%
Net fees and commissions	2,373	2,468	4%	1,265	1,194	1,274	7%	1%
Other net non-interest income	1,033	733	-29%	636	59	675		6%
Operating expenses	-8,433	-8,855	5%	-4,555	-4,466	-4,389	-2%	-4%
Total provisions	-2,663	-4,676	76%	-1,449	-1,681	-2,995	78%	107%
Provision for possible loan losses	-2,413	-3,627	50%	-1,319	-1,832	-1,794	-2%	36%
Other provision	-249	-1,050	321%	-130	151	-1,201	-894%	821%
Main components of balance sheet closing balances in HUF mn	**2014**	**1H 2015**	**YTD**	**2Q 2014**	**1Q 2015**	**2Q 2015**	**Q-o-Q**	**Y-o-Y**
Total assets	654,793	648,793	-1%	653,245	614,859	648,793	6%	-1%
Gross customer loans	467,749	473,038	1%	449,639	448,921	473,038	5%	5%
Gross customer loans (FX-adjusted)	473,037	473,038	0%	460,857	473,745	473,038	0%	3%
Retail loans	303,044	305,163	1%	302,924	304,018	305,163	0%	1%
Corporate loans	169,717	167,667	-1%	157,564	169,478	167,667	-1%	6%
Car financing loans	277	208	-25%	368	248	208	-16%	-44%
Allowances for possible loan losses	-38,725	-42,824	11%	-34,161	-38,679	-42,824	11%	25%
Allowances for possible loan losses (FX-adjusted)	-39,214	-42,824	9%	-34,976	-40,933	-42,824	5%	22%
Deposits from customers	518,313	509,158	-2%	513,740	483,019	509,158	5%	-1%
Deposits from customer (FX-adjusted)	525,208	509,158	-3%	533,072	507,395	509,158	0%	-4%
Retail deposits	470,230	451,669	-4%	480,191	455,778	451,669	-1%	-6%
Corporate deposits	54,978	57,489	5%	52,881	51,617	57,489	11%	9%
Liabilities to credit institutions	51,453	51,968	1%	50,122	50,624	51,968	3%	4%
Subordinated debt	0	0		1,585	0	0		-100%
Total shareholders' equity	71,156	72,627	2%	71,052	67,771	72,627	7%	2%
Loan Quality	**1H 2014**	**1H 2015**	**Y-o-Y**	**2Q 2014**	**1Q 2015**	**2Q 2015**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	58,860	64,137	9%	58,860	58,664	64,137	9%	9%
90+ days past due loans/gross customer loans (%)	13.1%	13.6%	0.5%p	13.1%	13.1%	13.6%	0.5%p	0.5%p
Cost of risk/average gross loans (%)	1.17%	1.55%	0.38%p	1.25%	1.62%	1.56%	-0.06%p	0.31%p
Cost of risk/average (FX-adjusted) gross loans	1.12%	1.55%	0.43%p	1.22%	1.57%	1.52%	-0.05%p	0.30%p
Total provisions/90+ days past due loans (%)	58.0%	66.8%	8.7%p	58.0%	65.9%	66.8%	0.8%p	8.7%p
Performance Indicators (%)	**1H 2014**	**1H 2015**	**Y-o-Y**	**2Q 2014**	**1Q 2015**	**2Q 2015**	**Q-o-Q**	**Y-o-Y**
ROA	0.2%	0.4%	0.2%p	0.1%	0.0%	0.8%	0.7%p	0.7%p
ROE	1.5%	3.7%	2.2%p	1.2%	0.4%	7.1%	6.7%p	5.9%p
Total income margin	4.02%	4.08%	0.05%p	4.26%	3.96%	4.43%	0.47%p	0.17%p
Net interest margin	2.87%	3.09%	0.22%p	3.00%	3.16%	3.19%	0.03%p	0.19%p
Cost/income ratio	71.0%	67.2%	-3.8%p	71.1%	72.1%	62.9%	-9.1%p	-8.2%p
Net loans to deposits (FX-adjusted)	80%	84%	5%p	80%	85%	84%	-1%p	5%p
FX rates (in HUF)	**1H 2014**	**1H 2015**	**Y-o-Y**	**2Q 2014**	**1Q 2015**	**2Q 2015**	**Q-o-Q**	**Y-o-Y**
HUF/HRK (closing)	41.0	41.5	1%	41.0	39.1	41.5	6%	1%
HUF/HRK (average)	40.3	40.3	0%	40.3	40.2	40.4	0%	0%

- ***Outstanding HUF 1.2 billion after tax profit in 2Q, which was affected by one-offs related to income tax and other risk cost; without these elements the 2Q profit was HUF 0.9 billion still reflecting an improving performance. The 1H profit increased to HUF 1.3 billion***
- ***The 1H net interest margin increased by 22 bps to 3.09%***
- ***FX-adjusted gross loan book advanced by 3% y-o-y due to the expanding municipal portfolio***
- ***The ratio of DPD90+ slightly deteriorated q-o-q, the coverage ratio increased to 67%***

OTP banka Hrvatska posted HUF 1.3 million after tax profit in 1H 2015 (together with Banco Popolare Croatia) against the HUF 0.5 billion profit in the base period. The consolidation of Banco Popolare Croatia (BPC) is effective from the beginning of May 2014.

In 2Q one-off items emerged in relation to income tax and other risk cost lines. The after tax profit was affected by income tax refund, which tax was imposed on badwill of the BPC acquisition in 2Q 2014 (it was shown on consolidated level, among adjustments) and the Bank utilized the BPC's deferred tax of former years. These two items improved the profit by HUF 1.5 billion on income tax line. The second one-off item emerged on other risk cost line in relation to the provision on litigation of the Bank's predecessor in the amount of HUF 1.4 billion (the after tax effect was HUF 1.1 billion).

Adjusted by the those items, the 2Q profit was about HUF 850 million, which still indicates a notable improvement both q-o-q and y-o-y.

The 2Q operating profit improved q-o-q due to base effect: other income line decreased by HUF 360 million in 1Q, due to the fixed CHF/HRK FX rate, while in 2Q there was no such loss on this line. Furthermore operating costs dropped by 2% q-o-q.

The y-o-y 25% higher 1H operating profit was supported by increasing net interest income (+18%) and stable net fees and commissions. The net interest income advanced as a result of shrinking funding costs and the reclassification of rental income from other income into net interest income from 4Q 2014. The 1H net interest margin improved to 3.09% (+0.22 ppt y-o-y). The fixed CHF/HRK FX rate decreased 2Q net interest income by HUF 24 million (this effect was HUF 14 million in 1Q).

The 1H operating expenses grew by 5% y-o-y due to the consolidation of Banco Popolare Croatia's costs.

The DPD90+ ratio (13.6%) indicates 0.5 ppt deterioration both q-o-q and y-o-y. Within 1H provisions the risk costs for loan losses advanced y-o-y partially due to higher volumes in relation to the BPC consolidation. The coverage ratio of DPD90+ loans (66.8%) improved by 0.8 ppt q-o-q and 8.7 ppts y-o-y respectively.

The FX-adjusted loan book advanced by 3% y-o-y, but remained flat q-o-q. In quarterly comparison both FX-adjusted consumer loans (+1%) and SME loans (+2%) expanded. The municipal loan volumes surged by 41% y-o-y due to disbursements for larger state owned companies.

The FX-adjusted deposit book shrank by 4% y-o-y and remained unchanged q-o-q. The net loan-to-deposit ratio (84%) advanced by 5% y-o-y.

The capital adequacy ratio reached 16.9% at the end of June.

OTP BANKA SLOVENSKO (SLOVAKIA)

Performance of OTP Banka Slovensko[*]:

Main components of P&L account in HUF mn	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	584	694	19%	196	439	255	-42%	30%
Income tax	-251	-230	-8%	-119	-149	-81	-46%	-33%
Profit before income tax	835	924	11%	316	588	336	-43%	6%
Operating profit	2,898	3,191	10%	1,503	1,608	1,583	-2%	5%
Total income	8,388	8,663	3%	4,304	4,365	4,298	-2%	0%
Net interest income	6,968	7,178	3%	3,548	3,613	3,565	-1%	0%
Net fees and commissions	1,441	1,694	18%	743	847	847	0%	14%
Other net non-interest income	-21	-209	897%	13	-95	-114	20%	-989%
Operating expenses	-5,490	-5,472	0%	-2,801	-2,757	-2,715	-2%	-3%
Total provisions	-2,062	-2,266	10%	-1,187	-1,019	-1,247	22%	5%
Provision for possible loan losses	-2,071	-2,296	11%	-1,191	-1,038	-1,258	21%	6%
Other provision	8	30	256%	4	18	11	-39%	194%

Main components of balance sheet closing balances in HUF mn	2014	1H 2015	YTD	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
Total assets	464,296	472,307	2%	456,682	456,758	472,307	3%	3%
Gross customer loans	369,624	373,244	1%	357,693	349,044	373,244	7%	4%
Gross customer loans (FX-adjusted)	369,800	373,244	1%	363,285	367,592	373,244	2%	3%
Retail loans	298,251	305,705	2%	294,272	299,615	305,705	2%	4%
Corporate loans	71,269	67,331	-6%	68,665	67,722	67,331	-1%	-2%
Car financing loans	281	207	-26%	349	255	207	-19%	-41%
Allowances for possible loan losses	-22,785	-24,181	6%	-25,501	-21,716	-24,181	11%	-5%
Allowances for possible loan losses (FX-adjusted)	-22,796	-24,181	6%	-25,900	-22,870	-24,181	6%	-7%
Deposits from customers	375,687	394,788	5%	351,465	378,198	394,788	4%	12%
Deposits from customer (FX-adjusted)	376,418	394,788	5%	357,841	397,957	394,788	-1%	10%
Retail deposits	359,613	357,087	-1%	339,370	360,378	357,087	-1%	5%
Corporate deposits	16,805	37,701	124%	18,471	37,580	37,701	0%	104%
Liabilities to credit institutions	18,135	18,169	0%	37,971	17,362	18,169	5%	-52%
Issued securities	18,609	13,464	-27%	21,571	12,732	13,464	6%	-37%
Subordinated debt	14,818	5,671	-62%	9,014	10,769	5,671	-47%	-37%
Total shareholders' equity	29,787	30,205	1%	27,489	28,698	30,205	5%	10%
Loan Quality	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	43,365	39,761	-8%	43,365	36,234	39,761	10%	-8%
90+ days past due loans/gross customer loans (%)	12.1%	10.7%	-1.5%p	12.1%	10.4%	10.7%	0.3%p	-1.5%p
Cost of risk/average gross loans (%)	1.20%	1.25%	0.05%p	1.34%	1.17%	1.40%	0.23%p	0.06%p
Cost of risk/average (FX-adjusted) gross loans	1.15%	1.25%	0.09%p	1.31%	1.14%	1.36%	0.22%p	0.05%p
Total provisions/90+ days past due loans (%)	58.8%	60.8%	2.0%p	58.8%	59.9%	60.8%	0.9%p	2.0%p
Performance Indicators (%)	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
ROA	0.3%	0.3%	0.0%p	0.2%	0.4%	0.2%	-0.2%p	0.0%p
ROE	4.3%	4.7%	0.3%p	2.9%	6.1%	3.5%	-2.6%p	0.6%p
Total income margin	3.84%	3.73%	-0.11%p	3.83%	3.84%	3.71%	-0.13%p	-0.12%p
Net interest margin	3.19%	3.09%	-0.10%p	3.16%	3.18%	3.08%	-0.10%p	-0.08%p
Cost/income ratio	65.5%	63.2%	-2.3%p	65.1%	63.2%	63.2%	0.0%p	-1.9%p
Net loans to deposits (FX-adjusted)	94%	88%	-6%p	94%	87%	88%	2%p	-6%p
FX rates (in HUF)	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
HUF/EUR (closing)	310.2	315.0	2%	310.2	299.1	315.0	5%	2%
HUF/EUR (average)	306.9	307.5	0%	306.0	308.8	306.0	-1%	0%

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

- ***1H adjusted profit grew by 19% to HUF 694 million y-o-y, with operating profit improving and risk cost increasing***
- ***Improving cost efficiency: 1H 2015 cost-to-income ratio was 63.2%, -2.3 ppts y-o-y***
- ***FX-adjusted loan portfolio increased by 3% y-o-y: consumer and SME loans advanced while the mortgage book contracted in a competitive environment***
- ***Net loan-to-deposit ratio was 88% (-6 ppts y-o-y), FX-adjusted deposit volumes increased by 10% on the yearly basis***

In 1H 2015 **OTP Banka Slovensko** posted HUF 694 million adjusted[7] after tax profit, which is by 19% higher than in the base period.

In 1H 2015 the operating profit grew by 11% y-o-y, as a result of the 10% increase in both operating profit and risk cost. The yearly increase of operating profit is due to the 3% y-o-y advance of total income with operating expenses remaining unchanged. The net interest income went up by 3% y-o-y due to the higher loan book, while NIM slightly eroded. Net fee and commission income increased by 18% y-o-y, mainly reasoned by the higher amount of early repayments and higher fee income related to retail accounts and card transactions. Operating expenses were flat y-o-y, thus cost-to-income ratio improved in 1H 2015 by 2.3 ppts to 63.2% y-o-y.

2Q profit before tax dropped by 43% q-o-q, mainly due to the growing risk cost. The operating profit declined by 2% q-o-q, as the 2% erosion of total income could not be counterbalanced by the same magnitude of decrease in operating expenses.

DPD90+ portfolio increased in 2Q 2015 mainly due to some defaults in the corporate segment. The DPD90+ ratio increased by 0.3 ppt to 10.7% q-o-q, but decreased by 1.5 ppts y-o-y. The risk cost in 2Q 2015 surged by 22% q-o-q, owing to the higher provisions made on SME loans; in 1H altogether it grew by 10% y-o-y. The provision coverage of DPD90+ loans increased (2Q 60.8%, +0.9 ppt q-o-q, +2.0 ppts y-o-y.

FX-adjusted gross loans expanded by 3% y-o-y, mainly due to the dynamic growth of personal loans

[7] Adjustments include the elimination of banking tax and DPF contribution paid by OBS (HUF 363 million after tax in 1H 2015, -57% y-o-y); these are treated as an adjustment in the consolidated results.

(+50% y-o-y). The growth of personal loans continued in the second quarter (+5% q-o-q), too, however, loan disbursement was weaker than in the first quarter. Due to the fierce pricing competition and high prepayment rate, the FX-adjusted gross mortgage loan portfolio shrank by 5% y-o-y and by 2% q-o-q. SME loans advanced in 2Q (+4% y-o-y, +8% q-o-q), but the corporate loan segment suffered a setback (-2% y-o-y, -1% q-o-q).

In 2Q FX-adjusted deposits grew by 10% on yearly basis and decreased by 1% q-o-q. The retail and SME segment grew by 5% y-o-y, but decreased by 1% q-o-q. The corporate deposit portfolio doubled y-o-y by the end of 2Q mainly due to a large individual corporate deposit placement in 1Q 2015. FX-adjusted net loan-to-deposit ratio stood at 88% by the end of 2Q 2015 (-6 ppts y-o-y).

In 1Q 2015 EUR 11 million subordinated debt was paid back, followed by another EUR 18 million facility in 2Q resulting a 62% drop in subordinated debt volume since end-2014; the capital adequacy ratio decreased by 33 bps q-o-q to 13.06%.

OTP BANKA SRBIJA (SERBIA)

Performance of OTP banka Srbija:

Main components of P&L account in HUF mn	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	23	132	476%	-113	5	127		-213%
Income tax	0	0	-100%	0	0	0	-100%	-100%
Profit before income tax	23	132	476%	-113	5	127		-213%
Operating profit	556	456	-18%	220	197	259	31%	18%
Total income	4,237	3,973	-6%	2,062	1,931	2,042	6%	-1%
Net interest income	2,526	3,206	27%	1,278	1,616	1,590	-2%	24%
Net fees and commissions	870	856	-2%	437	417	440	6%	1%
Other net non-interest income	841	-89	-111%	347	-101	13	-112%	-96%
Operating expenses	-3,681	-3,517	-4%	-1,842	-1,734	-1,783	3%	-3%
Total provisions	-533	-324	-39%	-332	-192	-132	-32%	-60%
Provision for possible loan losses	-535	-390	-27%	-323	-173	-216	25%	-33%
Other provision	2	66		-9	-19	85	-546%	
Main components of balance sheet closing balances in HUF mn	2014	1H 2015	YTD	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
Total assets	109,509	107,205	-2%	97,210	98,315	107,205	9%	10%
Gross customer loans	99,011	102,957	4%	94,323	97,388	102,957	6%	9%
Gross customer loans (FX-adjusted)	100,665	102,957	2%	95,036	102,331	102,957	1%	8%
Retail loans	45,761	46,319	1%	45,490	45,754	46,319	1%	2%
Corporate loans	54,904	56,638	3%	49,546	56,577	56,638	0%	14%
Allowances for possible loan losses	-33,010	-31,891	-3%	-36,526	-31,898	-31,891	0%	-13%
Allowances for possible loan losses (FX-adjusted)	-33,378	-31,891	-4%	-36,367	-33,580	-31,891	-5%	-12%
Deposits from customers	66,934	60,373	-10%	51,936	54,813	60,373	10%	16%
Deposits from customer (FX-adjusted)	67,356	60,373	-10%	52,477	57,681	60,373	5%	15%
Retail deposits	44,089	43,696	-1%	39,615	42,774	43,696	2%	10%
Corporate deposits	23,267	16,677	-28%	12,862	14,907	16,677	12%	30%
Liabilities to credit institutions	6,206	9,553	54%	7,901	8,545	9,553	12%	21%
Subordinated debt	2,542	2,550	0%	2,508	2,416	2,550	6%	2%
Total shareholders' equity	30,197	30,583	1%	31,107	28,918	30,583	6%	-2%
Loan Quality	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	48,619	44,763	-8%	48,619	42,473	44,763	5%	-8%
90+ days past due loans/gross customer loans (%)	51.5%	43.5%	-8.1%p	51.5%	43.6%	43.5%	-0.1%p	-8.1%p
Cost of risk/average gross loans (%)	1.16%	0.78%	-0.38%p	1.38%	0.72%	0.87%	0.15%p	-0.51%p
Cost of risk/average (FX-adjusted) gross loans	1.13%	0.77%	-0.36%p	1.36%	0.69%	0.85%	0.15%p	-0.51%p
Total provisions/90+ days past due loans (%)	75.1%	71.2%	-3.9%p	75.1%	75.1%	71.2%	-3.9%p	-3.9%p
Performance Indicators (%)	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
ROA	0.1%	0.2%	0.2%p	-0.5%	0.0%	0.5%	0.5%p	1.0%p
ROE	0.2%	0.9%	0.7%p	-1.5%	0.1%	1.7%	1.6%p	3.2%p
Total income margin	9.32%	7.39%	-1.93%p	8.78%	7.54%	7.97%	0.43%p	-0.81%p
Net interest margin	5.56%	5.97%	0.41%p	5.44%	6.31%	6.21%	-0.10%p	0.76%p
Cost/income ratio	86.9%	88.5%	1.6%p	89.3%	89.8%	87.3%	-2.5%p	-2.0%p
Net loans to deposits (FX-adjusted)	112%	118%	6%p	112%	119%	118%	-1%p	6%p
FX rates (in HUF)	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
HUF/RSD (closing)	2.7	2.6	-2%	2.7	2.5	2.6	5%	-2%
HUF/RSD (average)	2.7	2.5	-4%	2.6	2.5	2.5	0%	-4%

- ***Improving result in 1H 2015, supported mainly by lower risk costs***
- ***The DPD90+ ratio stagnated q-o-q as a result of deteriorating corporate portfolio and nonperforming loan write-offs in 2Q; the provision coverage decreased***
- ***DPD0-90 loans increased by 26% y-o-y, the FX-adjusted total gross loan portfolio grew by 8% y-o-y***
- ***Deposit book expanded by 15% y-o-y resulting in improvement in net loan-to-deposit ratio (118%)***

OTP banka Srbija posted HUF 132 million profit after tax in 1H 2015, against the HUF 23 million profit in the base period.

The 1H total income decreased by 6% y-o-y as a reflection of the loss of HUF 100 million in relation to changes in FX loan regulation in 1Q 2015 on other income line.

The y-o-y 27% improvement of 1H net interest income was fuelled by the rise of DPD0-90 loan volumes (+26% y-o-y) and decreasing funding costs. The change in 1H other income is explained by base effect: due to changes in accounting methodology the suspended interest income of the periods was transferred from other income line to net interest income line. The other income line's dynamics was affected by this reclassification from 4Q 2014 and by the decision of National Bank of Serbia which caused one-off loss in amount of HUF 100 million.

The 1H operating costs moderated by 4% y-o-y.

The risk costs development was still favourable, the risk cost rate remained under 1% in 2Q, too. In 2Q the portfolio deterioration accelerated in the large corporate segment (FX-adjusted DPD90+ volume increase excluding the impact of sold/written-off non-performing loans was HUF 1.1 billion in 1Q 2015 and HUF 2.1 billion in 2Q). Despite of this the DPD90+ ratio stagnated q-o-q (43.5%), due to loan write-offs in 2Q 2015 in amount of HUF 2 billion. The y-o-y improving DPD90+ ratio was supported by loan portfolio expansion. The coverage ratio of DPD90+ loans declined to 71.2% (-3.9 ppts q-o-q).

The FX-adjusted loan book expanded by 1% q-o-q and by 8% y-o-y. Mainly the rise of large corporate loan book (+14% y-o-y) caused this expansion. All segments stagnated q-o-q, but consumer loans being in the focus of the Bank's lending activity grew by 3% q-o-q and by 6% y-o-y (FX-adjusted).

FX-adjusted deposits increased by 15% y-o-y and expanded by 5% q-o-q mainly as a result of corporate deposit inflow (+12% q-o-q). The net loan-to-deposit ratio decreased to 118%.

In 2Q the Bank signed an agreement with the Italian specialist bank Findomestic Banca S.p.A regarding the purchase of 100% of the shares of Findomestic Banka of Serbia. The transaction and the consolidation has not been completed in 2Q 2015.

The capital adequacy ratio of the Bank reached 30.3% at the end of June.

CRNOGORSKA KOMERCIJALNA BANKA (MONTENEGRO)

Performance of CKB:

Main components of P&L account in HUF mn	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	577	535	-7%	-18	63	472	650%	
Income tax	11	0	-100%	0	0	0	-100%	-100%
Profit before income tax	566	535	-6%	-18	63	472	650%	
Operating profit	1,809	1,744	-4%	889	732	1,012	38%	14%
Total income	5,571	5,227	-6%	2,833	2,461	2,766	12%	-2%
Net interest income	4,171	3,750	-10%	2,081	1,875	1,875	0%	-10%
Net fees and commissions	1,310	1,374	5%	703	555	819	48%	17%
Other net non-interest income	91	104	14%	50	32	72	126%	44%
Operating expenses	-3,763	-3,483	-7%	-1,944	-1,730	-1,754	1%	-10%
Total provisions	-1,242	-1,209	-3%	-907	-669	-540	-19%	-40%
Provision for possible loan losses	-1,262	-1,274	1%	-907	-731	-542	-26%	-40%
Other provision	20	65	223%	0	63	2	-96%	950%

Main components of balance sheet closing balances in HUF mn	2014	1H 2015	YTD	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
Total assets	195,770	193,313	-1%	198,597	182,723	193,313	6%	-3%
Gross customer loans	158,297	153,344	-3%	167,060	147,542	153,344	4%	-8%
Gross customer loans (FX-adjusted)	158,372	153,344	-3%	169,672	155,384	153,344	-1%	-10%
Retail loans	70,989	72,349	2%	73,356	71,546	72,349	1%	-1%
Corporate loans	87,383	80,995	-7%	96,315	83,839	80,995	-3%	-16%
Allowances for possible loan losses	-50,981	-51,930	2%	-51,946	-48,788	-51,930	6%	0%
Allowances for possible loan losses (FX-adjusted)	-51,006	-51,930	2%	-52,758	-51,381	-51,930	1%	-2%
Deposits from customers	142,593	143,272	0%	146,965	133,650	143,272	7%	-3%
Deposits from customer (FX-adjusted)	143,225	143,272	0%	150,642	140,499	143,272	2%	-5%
Retail deposits	114,991	112,535	-2%	119,493	112,377	112,535	0%	-6%
Corporate deposits	28,234	30,737	9%	31,149	28,122	30,737	9%	-1%
Liabilities to credit institutions	19,990	19,618	-2%	17,501	18,690	19,618	5%	12%
Subordinated debt	2,219	0	-100%	4,359	2,094	0	-100%	-100%
Total shareholders' equity	22,840	22,809	0%	22,680	21,742	22,809	5%	1%
Loan Quality	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	65,892	63,199	-4%	65,892	58,407	63,199	8%	-4%
90+ days past due loans/gross customer loans (%)	39.4%	41.2%	1.8%p	39.4%	39.6%	41.2%	1.6%p	1.8%p
Cost of risk/average gross loans (%)	1.54%	1.65%	0.11%p	2.17%	1.94%	1.45%	-0.49%p	-0.72%p
Cost of risk/average (FX-adjusted) gross loans	1.48%	1.65%	0.17%p	2.12%	1.89%	1.41%	-0.48%p	-0.71%p
Total provisions/90+ days past due loans (%)	78.8%	82.2%	3.3%p	78.8%	83.5%	82.2%	-1.4%p	3.3%p
Performance Indicators (%)	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
ROA	0.6%	0.6%	0.0%p	0.0%	0.1%	1.0%	0.9%p	1.0%p
ROE	5.3%	4.7%	-0.6%p	-0.3%	1.1%	8.5%	7.4%p	8.8%p
Total income margin	5.69%	5.42%	-0.27%p	5.75%	5.27%	5.90%	0.63%p	0.15%p
Net interest margin	4.26%	3.89%	-0.37%p	4.22%	4.02%	4.00%	-0.02%p	-0.22%p
Cost/income ratio	67.5%	66.6%	-0.9%p	68.6%	70.3%	63.4%	-6.9%p	-5.2%p
Net loans to deposits (FX-adjusted)	78%	71%	-7%p	78%	74%	71%	-3%p	-7%p
FX rates (in HUF)	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
HUF/EUR (closing)	310.2	315.0	2%	310.2	299.1	315.0	5%	2%
HUF/EUR (average)	306.9	307.5	0%	306.0	308.8	306.0	-1%	0%

- ***HUF 535 million after-tax profit in 1H 2015, with slightly declining operating profit and moderating risk cost y-o-y***
- ***Due to worsening corporate portfolio quality DPD90+ ratio increased q-o-q by 1.6 ppts, with declining coverage ratio***
- ***FX-adjusted customer loans shrank by 10%, deposits by 5% y-o-y respectively***

The Montenegrin **CKB Bank** posted HUF 535 million after tax profit in 1H 2015 (-7% y-o-y). The HUF 472 million 2Q profit exceeded the HUF 63 million profit made in 1Q, mainly due to the favourable income dynamics, but risk cost also declined.

1H 2015 operating profit declined by 4% y-o-y, as total income decreased by 6% while operating expenses dropped by 7%. Although interest expenses on customer deposits almost halved y-o-y as the robust liquidity position enabled the bank to lower deposit rates, at the same time interest income from lending activities declined, too. As a result net interest margin eroded in 1H. Due to lower NIM and the shrinking loan portfolio 1H NII declined by 10% y-o-y. The decrease in NII was partly offset by the 5% y-o-y increase of net fees and commission income. The yearly decline in operating expenses is mainly reasoned by the high figure in the base period owing to the rationalisation of workforce, but depreciation and administrative expenses also lowered on the yearly basis. On the whole cost-to-income ratio of CKB improved in 1H by 0.9 ppt to 66.6% y-o-y.

In 2Q operating profit improved by 38%: total income grew by 12%, while operating expenses increased only by 1%. Growth of total income is mainly due to the higher F&C income (+48% q-o-q) partly as a result of higher prepayments, while net interest income was stable q-o-q.

The portfolio quality deteriorated somewhat q-o-q, the FX-adjusted volume of DPD90+ loans increased in 2Q after the decrease in the previous quarter, especially in the corporate segment. The DPD90+ ratio grew by 1.6 ppts to 41.2%, provision coverage of DPD90+ loans eroded q-o-q by 1.4 ppts to 82.2%.

The FX-adjusted gross loan portfolio decreased by 10% y-o-y (-2% q-o-q), mainly due to loan repayments by the Montenegrin state and large corporates. FX-adjusted gross retail loans decreased by 1% y-o-y and grew by 1% q-o-q. Within that the mortgage loan book kept shrinking (-7% y-o-y and -1% q-o-q), which was offset by the growth of consumer loans (+5% y-o-y, +4% q-o-q). The corporate segment further declined (-12% y-o-y and -2% q-o-q), while the municipal book (including loans to the state) decreased by 11% q-o-q, the y-o-y decline represents 44%.

The FX-adjusted deposit base decreased by 5% y-o-y mainly due to the deliberate deposit volume reduction enabled by the Bank’s strong liquidity position. The 2% q-o-q growth in 2Q 2015 was attributable to the corporate deposit segment. Term deposit volumes kept decreasing in 2Q in all segments owing to the lowered interest rates. Net loan-to-deposit ratio stood at 71% at the end of 2Q 2015 (-7 ppts y-o-y, -3 ppts q-o-q FX-adjusted). Due to the favourable liquidity position, in May 2015 a subordinated loan facility was prepaid in the amount of EUR 7 million, so the capital adequacy ratio decreased q-o-q from 16.6% to 15.6%.

STAFF LEVEL AND OTHER INFORMATION

The closing staff number of OTP Group (including the number of employed selling agents) was 31,630 as of 30 June 2015. In the first half of 2015 the headcount decreased in Russia and the Ukraine, while increased in Romania due to the acquisition.

OTP Group provides services through 1,381 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 378 branches and 1,937 ATM terminals. The bank (Hungary) has more than 53 thousands POS terminals. The branch network significantly decreased in Russia and the Ukraine (-61 and -30 units q/q).

	30/06/2015				31/12/2014			
	Branches	ATM	POS	Headcount (closing)	Branches	ATM	POS	Headcount (closing)
OTP Core	378	1,937	53,501	8,232	380	1,976	52,336	8,244
DSK Group	385	884	4,989	4,475	385	883	4,936	4,527
OTP Bank Russia (w/o employed agents)	137	211	1,203	4,975	198	228	1,203	5,992
OTP Bank Ukraine (W/o employed agents)	86	105	319	2,355	116	133	317	3,004
OTP Bank Romania[1]	140	182	1,434	1,280	84	122	1,471	918
OTP banka Hrvatska	113	246	2,004	1,067	117	242	1,967	1,201
OTP Banka Slovenko	60	143	207	668	61	139	196	668
OTP banka Srbija	53	122	2,240	653	51	121	2,305	642
CKB	29	83	4,845	427	29	80	4,821	427
Foreign subsidiaries, total	**1,003**	**1,976**	**17,241**	**15,900**	**1,041**	**1,948**	**17,216**	**17,377**
Other Hungarian and foreign subsidiaries[2]				1,210				818
OTP Group (w/o employed agents)				**25,342**				**26,439**
OTP Bank Russia - employed agents				*5,902*				*7,722*
OTP Bank Ukraine - employed agents				*387*				*1,077*
OTP Group (aggregated)	**1,381**	**3,913**	**70,742**	**31,630**	**1,421**	**3,924**	**69,552**	**35,238**

[1] In Romania the expansion of sales network is explained by the acquisition of Banca Millennium.

[2] Due to the broadening of the data provider group members, the historical employee figures of the other Hungarian and foreign subsidiaries are not comparable.

PERSONAL AND ORGANIZATIONAL CHANGES

In the first half 2015 there was no change in the composition of the Board of Directors, Supervisory Board, Audit Committee and the Auditor of the Bank.

ASSET-LIABILITY MANAGEMENT

Similar to previous periods OTP Group maintained a strong and safe liquidity position…

The primary objective of OTP Group in terms of asset-liability management has not changed, that is to ensure that the Group's liquidity is maintained at a safe level.

Refinancing sources of the European Central Bank are still available for OTP, thus the refinancing risk of maturing FX mortgage bonds is low. As a result of the high level of liquidity reserves, the Group could safely function without considerable fund raising, only refinancing loan of Funding for Growth Scheme was used in the amount of HUF 14 billion (HUF 192 billion was the total used amount at group level as at end H1 2015).

With maturities of EUR 109 million in H1 2015 the total liquidity reserves of OTP Bank remained steadily and substantially above the safety level. As of 30 June 2015, the gross liquidity buffer was above EUR 7.1 billion equivalent (this does not include the EUR equivalent of the CHF 118 million loan prepaid on 28 July 2015). This buffer is significantly higher than the maturing debt within one year (at EUR 98 million equivalent) and the reserves required to protect against possible liquidity shocks. Due to governmental FX lending measures and FX loan conversion FX liquidity need of the Group has considerably declined. The FX positions stemming from regulatory changes are managed on Group level. The 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. Thus the turbulent market environment in January 2015 had no effect on P&L or liquidity. Even the maturing long term FX-swaps were not refinanced and the ECB refinancing facilities are currently not utilized the FX liquidity reserves are at safe levels (by 30 June 2015 at EUR 1.5 billion).

The volume of issued securities decreased by 32% y-o-y. On yearly basis Hungarian retail bond volumes increased by HUF 1.3 billion (+2%). In the last 12 months Hungarian mortgage bonds matured in the amount of about HUF 71 billion, out of which the largest maturity of almost EUR 200 million took place in the fourth quarter of 2014. In the last 12 months the Russian bank repaid bonds in the amount of RUB 6.8 billion (about HUF 43 billion calculated with end-2Q 2014 exchange rate.

The volume of subordinated debt decreased by HUF 30 billion y-o-y, mainly reasoned by the repayment of an EUR 125 million subordinated bond (out of which 93.5 billion was outstanding at maturity) on 4 March 2015; there were no repurchase transactions made with regards to subordinated bonds in the last 12 months.

… and kept its interest-rate risk exposures low.

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

The Bank maintains a closed interest-rate position in euro and Swiss franc, consequently the recent yield volatility has not caused significant changes in the FX interest income.

Market Risk Exposure of OTP Group

At 30 June 2015 the consolidated capital requirement of the trading book positions, the counterparty risk and the FX risk exposure represented HUF 41.3 billion in total, primarily due to the capital requirement of the FX risk exposure at HUF 24.9 billion.

OTP Group is an active participant of the international FX and derivative market. Open FX positions of group members are restricted to individual and global net open position limits (overnight and intraday), and to stop-loss limits. The open positions of the group members outside Hungary except for the Bulgarian DSK Bank – the EUR/BGN exposure of DSK under the current exchange rate regime does not represent real risk – were negligible measured against either the balance sheet total or the regulatory capital. Therefore the group level FX exposure was concentrated at OTP Bank. Thus the main part of the FX exposure booked at OTP Bank – in line with the previous years' practice – was the strategic open FX position kept to hedge the currency risk of the expected FX-denominated net earnings (EUR 310 million for 2 years) of the main foreign subsidiaries.

STATEMENT ON CORPORATE GOVERNANCE PRACTICE

Corporate governance practice

OTP Bank Plc., being registered in Hungary, has a corporate governance policy that complies with the provisions on companies of the act applicable (Civil Code). As the company conducts banking operations, it also adheres to the statutory regulations pertaining to credit institutions.

Beyond fulfilling the statutory requirements, as a listed company on the Budapest Stock Exchange (BSE), the company also makes an annual declaration on its compliance with the BSE's Corporate Governance Recommendations. After being approved by the General Meeting, this declaration is published on the websites of both the Stock Exchange (www.bet.hu) and the Bank (www.otpbank.hu).

System of internal controls

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

OTP Bank Plc. has detailed risk management regulations applicable to all types of risks (liquidity, market, country, counterparty, credit, operational, compliance), which are in compliance with the legal regulations on prudent banking operations. Its risk management system extends to cover the identification of risks, the assessment and analysis of their impact, elaboration of the required action plans and the monitoring of their effectiveness and results.

To ensure effective auditing, the Company's control system is structured along both vertical and horizontal lines, which is fulfilled on several interdependent control levels on the one hand, while it is arranged along territorial units on the other hand. The system of internal checks and balances includes a combination of process-integrated and management control, independent internal audit organisation and executive information system. The independent internal audit organisation promotes the statutory and efficient management of assets and liabilities, the defence of property, the safe course of business, the efficient, economical and productive operation of internal control systems, the minimisation of risks, moreover – beside compliance organisation – it reveals and reports deviations from statutory regulations and internal rules, makes proposal to abolish deficiencies and follows up the execution of actions. The independent internal audit organisation annually and quarterly prepares reports on control actions for the executive boards. The internal audit organisation annually makes reports on risk management operations, internal control mechanisms and corporate governance functions, for the Supervisory Board.

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

General meeting

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

Committees

Members of the Board of Directors

Dr. Sándor Csányi – Chairman
Dr. Antal Pongrácz – Vice Chairman
Mr. Mihály Baumstark
Dr. Tibor Bíró
Mr. Péter Braun
Mr. Tamás Erdei
Dr. István Gresa
Mr. Zsolt Hernádi[1]
Dr. István Kocsis[2]
Dr. László Utassy
Dr. József Vörös

Members of the Supervisory Board

Mr. Tibor Tolnay – Chairman
Dr. Gábor Horváth – Vice Chairman
Mr. Antal Kovács
Mr. András Michnai
Mr. Dominique Uzel
Dr. Gellért Vági Márton

Members of the Audit Committee

Dr. Gábor Horváth – Chairman
Mr. Tibor Tolnay
Mr. Dominique Uzel
Dr. Gellért Vági Márton

[1] Membership is under suspension since 3 April 2014
[2] Membership is under suspension since 3 October 2012

The résumés of the committee and board members are available on the website of OTP Bank, in the Corporate Governance Report and in the Annual Report.

Operation of the executive boards

OTP Bank Plc. has a dual governance structure, in which the Board of Directors is the Company's executive body, while the Supervisory Board performs oversight tasks. The effective operation of Supervisory Board is supported by the Audit Committee.

In order to assist the performance of the governance functions the Board of Directors founded and operates, as permanent or special committees, such as the Management Committee, the Management Coordination Committee or the Remuneration Committee, the Nomination Committee and the Risk Assumption and Risk Management Committee. To ensure effective operation OTP Bank Plc. also has a number of other permanent and special committees.

OTP Bank Plc. gives an account of the activities of the executive boards and the committees every year in its Corporate Governance Report.

The Board of Directors held 3, the Supervisory Board held 5 meetings, while the Audit Committee gathered 1 time in the first half of 2015. In addition, resolutions were passed by the Board of Directors on 58, by the Supervisory Board on 5 and by the Audit Committee on 3 occasions by written vote.

ENVIRONMENTAL POLICY, ENVIRONMENTAL PROJECTS

Aspiring to be a good corporate citizen OTP Bank assigns top priority to environmental protection, to practice good environmental stewardship, to lead by example, and, not least, to inspire others to adopt environmentally conscious practices Over and above top-notch financial services, the Bank aims to do more and more each year to reduce transaction-related paperwork and energy consumption, to constantly be on the lookout for environmentally low-impact solutions, as well as to strive for and institute the broadest possible use of such measures.

The OTP Group is a law-abiding corporate citizen in environmental stewardship. Over and above compliance with applicable rules of law, the Group's efforts in this domain continue to be guided by rationalisation, efficient resource management, as well as keeping operational expenditures stable. Still, the Group is always ready to extend immediate and effective assistance in crisis situations, since preservation of natural endowments and reduction of environmental impact of operations are core OTP Bank corporate social responsibility values.

Nature conservation

In recent years OTP Group subsidiaries in Central Eastern European regions have provided substantive assistance to mitigate mostly flood damage. In December 2014 the gravest weather catastrophe of recent decades devastated Hungary's forests. Some 50,000 hectares of highly valuable forest land − also of import to tourism − suffered irreparable damage. Massive hail damage destroyed the work of 30-40 years. When a natural catastrophe like this rains down on the entire country OTP Bank, as Hungary's leading financial institution, feels it is its responsibility to extend immediate assistance − to the tune of HUF 20 million in this instance.

What makes us good corporate citizens?

Our core CSR values have remained constant in recent years. Our Corporate Social Responsibility strategy (CSR Strategy) sets forth and defines our applicable guidelines and objectives. Our annual Corporate Social Responsibility Report presents our goals and accomplishments and is available to all on our Web site. As well, in its Ethical Code the Bank has proclaimed its commitment to environmental protection and a healthy workplace. The Bank's Environmental Protection Regulations effective since 2009 as well as internal corporate instructions continue to provide for environmentally conscious operation and compliance with applicable rules of law.

Environmentally conscious energy use

Environmental consciousness, energy conservation, and cost savings are closely related concepts. We are proud to be users of renewable energy sources. At our offices in Hungary we currently use solar collectors over an area of some 600 square metres. Our central document archives also draws on geothermal energy.

Priority measures

As a Group we prioritise energy efficiency in office and branch renovations: we use state-of-the-art insulation and install more energy efficient cooling-heating and lighting systems.

- A solar panel is planned for the roof of the OTP banka Hrvatska's Dubrovnik office building.
- LED lighting has been installed in several branch offices in Romania and air conditioning equipment has been optimised.
- The Bulgarian DSK Bank moved into its new Sofia office building in 2014. Environmentally friendly materials were used to construct the edifice, which is equipped with a state-of-the-art energy efficient cooling-heating system.
- We have replaced old radiator fans in CKB Bank's main building with new, more energy efficient installations.
- We have equipped all new branches in Ukraine and Russia with energy efficient lighting and outdoor lit signs.

Reducing paper use

The OTP Group constantly strives to cut back on paper use by reducing document printouts. Over the past two years nearly all our subsidiaries have launched paper use reduction projects.

Priority measures

As a group we investigate and follow up on how more documents provided to customers could be delivered in electronic format, thereby reducing paper and printer toner use.

- For real estate loans OTP Bank provides most of the required 170 pages of documentation via email, with annual savings in printouts of some 6.5 to 10 million pages. As for OTPdirekt contracts, we have reduced the customary 8-9 page document to a single page, with an annual economising on printouts of an additional half a million pages.
- Thanks to a revamping of customer contracts at Ukraine OTP Bank we have cut back on paper use by ten million pages or 13.7 per cent; in Romania a project to reduce form printouts has achieved paper reduction of 2.2 million sheets.
- In Hungary it is now possible to decline printouts of teller withdrawal and deposit transactions.

Prevention and environmentally conscious waste management

The bank continues its priority practice of “waste prevention - reuse - recycling - disposal”. We aim, among others, for selective waste collection and paper use reduction. To the latter end, we are cutting back on mandatory printing of certain types of documents, are networking our printers and offering paperless - electronic - bank statements to our customers.

We are in the midst of expanding selective waste collection. Compared with the same period last year, we anticipate nearly a doubling within OTP Bank of selective collection of PET and office paper fractions. Credit for this must go to coming online of new buildings and introduction of more accurate record keeping.

Awards

Interior green wall award

The special plant wall adorning our OTP Bank branch located at 6 Andrássy út, Budapest, has clinched second place in the Interior Green Wall category of the “Annual Green Wall Award” contest. The awards are handed out each year by the National Federation of Green Roof and Green Wall Architects (Zöldtető- és Zöldfal Építők Országos Szövetsége or ZÉOSZ). The green wall incorporates 11 different plants arranged the showcase the “OTP” acronym.

OTP Group corporate values assign top priority to the environment, social and natural, in which the financial institution conducts its business. it is, accordingly, committed to creating value for investors, customers, and the whole of society alike. Given the magnitude of its operations and its positioning in the business world the OTP Group espouses a profound commitment to being a responsible and ethical corporate citizen. As well, it is dedicated to sharing its best practices within the corporate group.

We wish to make stewardship of our environment a priority for all our staff and customers. Accordingly, we provide ongoing updates of our environmental protection activity on our corporate social responsibility Web page at: www.otpbank.hu/csr

FINANCIAL DATA

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF FINANCIAL POSITION

in HUF million	OTP Bank			Consolidated		
	30/06/2015	30/06/2014	change	30/06/2015	30/06/2014	change
Cash, amounts due from banks and balances with the National Bank of Hungary	1,590,942	151,753	948%	1,998,651	515,206	288%
Placements with other banks, net of allowance for placement losses	635,802	614,634	3%	237,271	291,708	-19%
Financial assets at fair value through profit or loss	313,504	287,200	9%	289,035	298,059	-3%
Securities available-for-sale	1,157,243	1,882,292	-39%	948,611	1,586,797	-40%
Loans, net of allowance for loan losses	1,845,476	2,084,417	-11%	5,668,255	6,202,893	-9%
Investments in subsidiaries, associates and other investments	623,426	607,112	3%	26,183	23,964	9%
Securities held-to-maturity	827,605	664,045	25%	908,820	740,243	23%
Property, equipments and intangible assets	97,192	106,081	-8%	366,451	400,431	-8%
Other assets	127,842	107,602	19%	317,803	295,540	8%
TOTAL ASSETS	**7,219,032**	**6,505,137**	**11%**	**10,761,079**	**10,354,841**	**4%**
Amounts due to banks and Hungarian Government, deposits from the National Bank of Hungary and other banks	1,048,711	655,697	60%	727,905	610,515	19%
Deposits from customers	4,077,449	3,745,917	9%	7,657,531	7,046,610	9%
Liabilities from issued securities	160,857	165,195	-3%	260,007	384,925	-32%
Financial liabilities at fair value through profit or loss	280,245	206,962	35%	204,988	90,345	127%
Other liabilities	239,967	401,896	-40%	394,068	632,012	-38%
Subordinated bonds and loans	270,865	300,395	-10%	257,915	288,001	-10%
TOTAL LIABILITIES	**6,078,094**	**5,476,062**	**11%**	**9,502,414**	**9,052,408**	**5%**
Share capital	28,000	28,000	0%	28,000	28,000	0%
Retained earnings and reserves	1,021,666	1,158,907	-12%	1,244,163	1,473,086	-16%
Net earnings for the year	99,685	-150,295	-166%	40,464	-147,123	-128%
Treasury shares	-8,413	-7,537	12%	-57,280	-56,404	2%
Non-controlling interest	0	0		3,317	4,874	-32%
TOTAL SHAREHOLDERS' EQUITY	**1,140,938**	**1,029,075**	**11%**	**1,258,665**	**1,302,433**	**-3%**
TOTAL LIABILTITIES AND SHAREHOLDERS' EQUITY	**7,219,032**	**6,505,137**	**11%**	**10,761,079**	**10,354,841**	**4%**

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF RECOGNIZED INCOME

in HUF million	OTP Bank			Consolidated		
	1H 2015	1H 2014	change	1H 2015	1H 2014	change
Loans	66,547	83,501	-20%	303,963	362,270	-16%
Placements with other banks	104,157	81,244	28%	78,467	59,978	31%
Amounts due from banks and balances with the National Banks	17,722	1,257		18,204	1,734	950%
Securities held for trading	0	0		0	0	
Securities available-for-sale	26,255	40,103	-35%	13,425	27,309	-51%
Securities held-to-maturity	18,865	17,442	8%	21,458	19,027	13%
Other interest income	0	0		0	0	
Interest income	*233,546*	*223,547*	*4%*	*439,232*	*473,472*	*-7%*
Amounts due to banks, the Hungarian Government, deposits from the National Banks and other banks	-103,895	-78,383	33%	-81,437	-62,905	29%
Deposits from customers	-18,652	-26,215	-29%	-61,463	-69,151	-11%
Liabilities from issued securities	-962	-2,551	-62%	-3,135	-9,115	-66%
Subordinated bonds and loans	-8,205	-8,318	-1%	-6,635	-7,074	-6%
Other interest expense	0	0		0	0	
Interest expense	*-131,714*	*-115,467*	*14%*	*-156,345*	*-151,546*	*3%*
Net interest income	**101,832**	**108,080**	**-6%**	**282,887**	**321,927**	**-12%**
Provision for impairment on loans	-16,416	-11,227	46%	-178,299	-220,072	-19%
Provision for impairment on placement losses	-2	-2	57%	4	-12	-132%
Provision for impairment on loans and placement losses	-16,419	-11,228	46%	-178,295	-220,085	-19%
NET INRETEST INCOME AFTER PROVISION FOR IMPAIRMENT ON LOAN AND PLACEMENT LOSSES	85,413	96,851	-12%	104,592	101,842	3%
Income from fees and commissions	95,988	82,803	16%	125,055	128,716	-3%
Expense from fees and commissions	-11,678	-10,393	12%	-20,745	-23,305	-11%
NET PROFIT FROM FEES AND COMMISSIONS	84,310	72,410	16%	104,310	105,411	-1%
Foreign exchange gains, net (-)/(+)	10,294	7,161	44%	78,383	87,673	-11%
Gains / (losses) on securities, net	17,458	5,281	231%	4,597	5,703	-19%
Gains on real estate transactions	63	34	83%	1,129	791	43%
Dividend income	58,591	42,633	37%	3,274	3,739	-12%
Other operating income	991	1,696	-42%	8,963	10,512	-15%
Other operating expense	-21,361	-289,303	-93%	-22,376	-231,862	-90%
NET OPERATING RESULT	66,037	-232,497	-128%	73,969	-123,444	-160%
Personnel expenses	-42,519	-43,110	-1%	-93,752	-103,709	-10%
Depreciation and amortization	-10,262	-10,903	-6%	-20,764	-43,040	-52%
Other administrative expenses	-80,872	-78,233	3%	-129,833	-135,026	-4%
OTHER ADMINISTRATIVE EXPENSES	-133,652	-132,247	1%	-244,349	-281,774	-13%
PROFIT BEFORE INCOME TAX	**102,107**	**-195,482**	**-152%**	**38,522**	**-197,965**	**-119%**
Income tax	-2,423	45,187	-105%	1,619	50,683	-97%
NET PROFIT FOR THE PERIODS	**99,685**	**-150,295**	**-166%**	**40,141**	**-147,283**	**-127%**
From this, attributable to non-controlling interest	0	0		323	160	102%
NET PROFIT FOR THE PERIODS ATTRIBUTABLE OWNERS OF THE COMPANY	**99,685**	**-150,295**	**-166%**	**40,464**	**-147,123**	**-128%**

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF CASH FLOWS

in HUF million	OTP Bank			Consolidated		
	30/06/2015	30/06/2014	change	30/06/2015	30/06/2014	change
OPERATING ACTIVITIES						
Profit before income tax	102,107	-195,481	-152%	38,523	-197,966	-119%
Adjustments to reconcile income before income taxes to net cash provided by operating activities						
Income tax paid	-3,295	0	0%	-8,508	-5,022	69%
Goodwill impairment	0	0	0%	0	22,225	-100%
Depreciation and amortization	10,262	10,903	-6%	20,765	20,815	0%
Provision for impairment / Release of provision	-7,411	292,331	0%	13,894	439,715	-97%
Share-based payment	1,905	2,059	-7%	1,905	2,059	-7%
Unrealized (losses) / gains on fair value adjustment of securities held for trading	-6,204	-325	0%	-6,204	-323	0%
Unrealized losses on fair value adjustment of derivative financial instruments	-20,163	7,924	-354%	-3,592	4,770	-175%
Changes in operating assets and liabilities	-211,314	92,549	0%	-83,804	28,124	-398%
Net cash provided by operating activities	**-134,113**	**209,960**	**-164%**	**-27,021**	**314,397**	**-109%**
INVESTING ACTIVITIES						
Net cash used in investing activities	**-3,373**	**39,702**	**-108%**	**-294,669**	**-99,574**	**196%**
FINANCING ACTIVITIES						
Net cash used in financing activities	**-166,699**	**-281,316**	**-41%**	**-53,892**	**-279,074**	**-81%**
Net increase in cash and cash equivalents	**-304,185**	**-31,654**	**861%**	**-375,582**	**-64,251**	**485%**
Cash and cash equivalents at the beginning of the period	1,762,727	62,835	0%	2,003,324	275,947	626%
Cash and cash equivalents at the end of the period	**1,458,542**	**31,181**	**0%**	**1,627,742**	**211,696**	**669%**
Analysis of cash and cash equivalents						
Cash, amounts due from banks and balances with the National Banks	1,897,778	140,521	0%	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 beginning of the period	**1,762,727**	**62,835**	**0%**	**2,003,324**	**275,947**	**626%**
Cash, amounts due from banks and balances with the National Banks	1,590,943	151,753	0%	1,998,651	515,206	288%
Compulsory reserve established by the National Banks	-132,401	-120,572	10%	-370,909	-303,510	22%
Cash and cash equivalents at the end of the period	**1,458,542**	**31,181**	**0%**	**1,627,742**	**211,696**	**669%**

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 2014	**28,000**	**52**	**16,504**	**1,571,076**	**-55,468**	**-55,599**	**4,767**	**1,509,332**
Net profit for the year	--	--	--	5,962		--	-98	5,864
Other comprehensive income				-32,235			-123	-32,358
Share-based payment	--	--	1,279			--	--	1,279
Treasury shares								
Dividend for the year 2013	--	--	--	-40,600		--	--	-40,600
Put option								
Treasury shares								
– sale						6,749		6,749
– loss on sale				-12				-12
– volume change						-8,231		-8,231
Payment to ICES holders				-1,361				-1,361
Non-controlling interest buy-out								
Balance as at 30 June 2014	**28,000**	**52**	**17,783**	**1,502,830**	**-55,468**	**-57,081**	**4,546**	**1,440,662**

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 2015	**28,000**	**52**	**20,897**	**1,323,277**	**-55,468**	**-55,941**	**3,349**	**1,264,166**
Net profit for the year	--	--	--	40,464		--	-323	40,141
Other comprehensive income				-962			291	-671
Share-based payment	--	--	1,905			--	--	1,905
Treasury shares								
Dividend for the year 2012	--	--	--	-40,600		--	--	-40,600
Put option								
Treasury shares								
– sale						15,348		15,348
– loss on sale				-4,197				-4,197
– volume change						-16,688		-16,688
Payment to ICES holders				-739				-739
Balance as at 30 June 2015	**28,000**	**52**	**22,802**	**1,317,243**	**-55,468**	**-57,281**	**3,317**	**1,258,665**

Ownership structure of OTP Bank Plc.

as at 30 June 2015

Description of owner	Total equity					
	1 January 2015			30 June 2015		
	%[1]	%[2]	Qty	%[1]	%[2]	Qty
Domestic institution/company	21.00%	21.28%	58,793,762	20.22%	20.50%	56,622,266
Foreign institution/company	57.41%	58.18%	160,738,598	59.18%	60.00%	165,708,200
Domestic individual	9.69%	9.82%	27,132,701	6.52%	6.61%	18,252,973
Foreign individual	0.59%	0.59%	1,639,105	0.32%	0.32%	885,986
Employees, senior officers	1.30%	1.32%	3,635,140	1.34%	1.36%	3,747,154
Treasury shares	1.32%	0.00%	3,699,724	1.37%	0.00%	3,823,711
Government held owner[3]	5.12%	5.19%	14,329,759	5.12%	5.19%	14,328,591
International Development Institutions[4]	0.00%	0.00%	0	0.00%	0.00%	0
Other[5]	3.58%	3.63%	10,031,221	5.94%	6.02%	16,631,129
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 (2015)

	1 January	31 March	30 June	30 September	31 December
Company	1,626,164	1,687,245	1,750,151		
Subsidiaries	2,073,560	2,073,560	2,073,560		
TOTAL	3,699,724	3,760,805	3,823,711		

Shareholders with over/around 5% stake as at 30 June 2015

Name	Number of shares	Voting rights	Beneficial ownership
Megdet, Timur and Ruszlan Rahimkulov	24,768,412	8.85%	8.97%
MOL (Hungarian Oil and Gas Company Plc.)	24,000,000	8.57%	8.69%
Groupama Group	23,008,418	8.22%	8.33%
Lazard Group	14,101,560	5.04%	5.11%
Hungarian National Asset Management Inc.	14,091,903	5.03%	5.10%

Senior officers, strategic employees and their shareholding of OTP shares as at 30 June 2015

Type[1]	Name	Position	No. of shares held
IT	Dr. Sándor Csányi [2]	Chairman and CEO	219,343
IT	Mihály Baumstark	member	35,200
IT	Dr. Tibor Bíró	member	38,556
IT	Péter Braun	member	308,105
IT	Tamás Erdei	member	25,639
IT	Dr. István Gresa	member, Deputy CEO	49,454
IT	Zsolt Hernádi[3]	member	28,074
IT	Dr. István Kocsis[4]	member	3,635
IT	Dr. Antal Pongrácz	Deputy Chairman, Deputy CEO	48,267
IT	Dr. László Utassy	member	312,797
IT	Dr. József Vörös	member	150,514
FB	Tibor Tolnay	Chairman	54
FB	Dr. Gábor Horváth	member	0
FB	Antal Kovács	member, Deputy CEO	30,723
FB	András Michnai	member	15,832
FB	Dominique Uzel	member	0
FB	Dr. Márton Gellért Vági	member	0
SP	László Bencsik	Chief Financial and Strategic Officer, Deputy CEO	23,709
SP	Miroslav Stanimirov Vichev	Deputy CEO	3,356
SP	László Wolf	Deputy CEO	545,151
TOTAL No. of shares held by management:			**1,838,409**

[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: 510,000
[3] Membership under suspended since 3 April 2014
[4] Membership under suspended since 3 October 2012

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

a) Contingent liabilities

	30/06/2015	30/06/2014
Commitments to extend credit	1,036,066	1,345,949
Guarantees arising from banking activities	357,427	377,270
Confirmed letters of credit	18,232	17,103
Legal disputes (disputed value)	71,739	71,876
Contingent liabilities related to OTP Mortgage Bank	0	78
Other	275,924	376,193
Total:	**1,759,388**	**2,188,469**

[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	7,651	7,706	7,688
Consolidated	34,668	35,238	31,630

SECURITY ISSUANCES ON GROUP LEVEL BETWEEN 01/07/2014 AND 30/06/2015

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 30/06/2015	Outstanding consolidated debt (in HUF million) 30/06/2015
OTP Bank Plc.	Corporate bond	OTP 2020/Fx	10/10/2014	16/10/2020	HUF	3,481	3,481
OTP Bank Plc.	Corporate bond	OTP 2020/Gx	15/12/2014	21/12/2020	HUF	2,951	2,951
OTP Bank Plc.	Corporate bond	OTP 2024/Bx	10/10/2014	16/10/2024	HUF	400	400
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 2016/III	20/03/2015	03/04/2016	EUR	13,071,100	4,118
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XX	03/10/2014	17/10/2015	EUR	13,036,300	4,107
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XVIII	29/08/2014	12/09/2015	EUR	10,400,000	3,276
OTP Bank Plc.	Retail bond	OTP EUR 1 2016/VI	29/05/2015	12/06/2016	EUR	10,298,400	3,244
OTP Bank Plc.	Retail bond	OTP EUR 1 2016/VII	30/06/2015	14/07/2016	EUR	10,239,400	3,226
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XXV	19/12/2014	02/01/2016	EUR	9,355,900	2,947
OTP Bank Plc.	Retail bond	OTP EUR 1 2016/II	20/02/2015	06/03/2016	EUR	8,384,300	2,641
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XXI	22/10/2014	05/11/2015	EUR	8,238,000	2,595
OTP Bank Plc.	Retail bond	OTP EUR 1 2016/IV	10/04/2015	24/04/2016	EUR	7,221,400	2,275
OTP Bank Plc.	Retail bond	OTP_VK_USD_2_2016/1	28/11/2014	28/11/2016	USD	6,820,500	1,928
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XXIII	14/11/2014	28/11/2015	EUR	5,437,000	1,713
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XIX	12/09/2014	26/09/2015	EUR	5,242,000	1,651
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XXIV	28/11/2014	12/12/2015	EUR	5,014,400	1,580
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XXVI	09/01/2015	23/01/2016	EUR	4,336,300	1,366
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XVI	30/07/2014	13/08/2015	EUR	3,673,700	1,157
OTP Bank Plc.	Retail bond	OTP EUR 1 2016/V	24/04/2015	08/05/2016	EUR	3,607,800	1,137
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XVII	08/08/2014	22/08/2015	EUR	3,199,800	1,008
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XXII	31/10/2014	14/11/2015	EUR	3,117,300	982
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XIV	04/07/2014	18/07/2015	EUR	2,610,000	822
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/XIX	03/10/2014	03/10/2016	EUR	1,920,100	605
OTP Bank Plc.	Retail bond	OTP_VK_USD_1_2016/1	24/04/2015	24/04/2016	USD	1,780,900	504
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XV	18/07/2014	01/08/2015	EUR	1,750,100	551
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/XV	30/07/2014	30/07/2016	EUR	1,578,000	497
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/XVII	29/08/2014	29/08/2016	EUR	1,315,700	414
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/XVIII	12/09/2014	12/09/2016	EUR	987,600	311
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/XIII	04/07/2014	04/07/2016	EUR	462,000	146
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_VK_USD_2_2017/1	10/04/2015	10/04/2017	USD	331,400	94
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/XIV	18/07/2014	18/07/2016	EUR	313,300	99
OTP Mortgage Bank	Mortgage bond	OMB2017_I	29/01/2015	28/07/2017	EUR	0	0
OTP Banka Slovensko	Mortgage bond	OTP XXVI.	30/03/2015	29/03/2016	EUR	0	0

SECURITY REDEMPTIONS ON GROUP LEVEL BETWEEN 01/07/2014 AND 30/06/2015

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 30/06/2014	Outstanding consolidated debt (in HUF million) 30/06/2014
OTP Bank Plc.	Retail bond	OTP EK 2015/I	29/07/2013	29/01/2015	HUF	5,551	5,551
OTP Bank Plc.	Corporate bond	OTP 2015/Bx	28/06/2010	30/03/2015	HUF	4,220	4,220
OTP Bank Plc.	Corporate bond	OTP 2014/Bx	05/10/2009	13/10/2014	HUF	3,422	3,422
OTP Bank Plc.	Corporate bond	OTP 2014/Cx	14/12/2009	19/12/2014	HUF	3,303	3,303
OTP Bank Plc.	Retail bond	OTP TBSZ2014/I	14/01/2011	15/12/2014	HUF	1,901	1,901
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 TBSZ2014/II	26/08/2011	15/12/2014	HUF	725	725
OTP Bank Plc.	Retail bond	OTP 2014/VIII	16/08/2013	16/08/2014	HUF	616	616
OTP Bank Plc.	Retail bond	OTP DNT HUF 150107	30/06/2014	07/01/2015	HUF	615	615
OTP Bank Plc.	Retail bond	OTP 2014/IX	13/09/2013	13/09/2014	HUF	520	520
OTP Bank Plc.	Corporate bond	OTP 2015/Dx	19/03/2012	23/03/2015	HUF	423	423
OTP Bank Plc.	Corporate bond	OTP 2014/Fx	20/10/2011	21/10/2014	HUF	328	328
OTP Bank Plc.	Corporate bond	OTP 2014/Gx	21/12/2011	30/12/2014	HUF	320	320
OTP Bank Plc.	Retail bond	OTP 2014/X	11/10/2013	11/10/2014	HUF	290	290
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XVI	16/08/2013	16/08/2014	EUR	10,211,200	3,167
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XIX	27/09/2013	27/09/2014	EUR	8,201,300	2,544
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XXI	31/10/2013	31/10/2014	EUR	8,034,800	2,492
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XVIII	13/09/2013	13/09/2014	EUR	7,768,300	2,410
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/I	20/12/2013	10/01/2015	EUR	6,983,900	2,166
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XVII	30/08/2013	30/08/2014	EUR	6,815,600	2,114
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XX	11/10/2013	11/10/2014	EUR	6,637,000	2,059
OTP Bank Plc.	Retail bond	OTP DC EUR 140930	30/06/2014	30/09/2014	EUR	6,175,200	1,915
OTP Bank Plc.	Retail bond	OTP DC USD 140930	30/06/2014	30/09/2014	USD	7,235,700	1,643
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XV	26/07/2013	26/07/2014	EUR	5,060,600	1,570
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/II	17/01/2014	31/01/2015	EUR	4,959,500	1,538
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XI	23/05/2014	06/06/2015	EUR	4,675,300	1,450
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XXII	15/11/2013	15/11/2014	EUR	4,546,300	1,410
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/III	31/01/2014	14/02/2015	EUR	4,517,000	1,401
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/VIII	11/04/2014	25/04/2015	EUR	4,396,200	1,364
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/IV	14/02/2014	28/02/2015	EUR	4,125,200	1,280
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/VI	14/03/2014	28/03/2015	EUR	3,992,200	1,238
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/V	28/02/2014	14/03/2015	EUR	3,431,100	1,064
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XII	06/06/2014	20/06/2015	EUR	2,763,700	857
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XIV	12/07/2013	12/07/2014	EUR	2,713,500	842
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/IX	18/04/2014	02/05/2015	EUR	1,004,200	311
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/VII	21/03/2014	04/04/2015	EUR	848,000	263
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/IX	10/05/2013	10/05/2015	EUR	734,500	228
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/XVII	31/08/2012	31/08/2014	EUR	455,400	141
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/XXIV	07/12/2012	07/12/2014	EUR	410,000	127
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XI	07/06/2013	07/06/2015	EUR	390,300	121
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/XXIII	23/11/2012	23/11/2014	EUR	373,300	116
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/XXV	21/12/2012	21/12/2014	EUR	364,100	113
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/XXI	26/10/2012	26/10/2014	EUR	357,100	111
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/X	24/05/2013	24/05/2015	EUR	355,700	110
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/VII	05/04/2013	05/04/2015	EUR	313,700	97
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/XVIII	14/09/2012	31/08/2014	EUR	306,100	95
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/VIII	19/04/2013	19/04/2015	EUR	299,400	93
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XIII	28/06/2013	28/06/2015	EUR	274,200	85
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/V	01/03/2013	01/03/2015	EUR	263,100	82
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/XIX	28/09/2012	28/09/2014	EUR	249,300	77
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/XV	03/08/2012	03/08/2014	EUR	216,800	67
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/XX	12/10/2012	12/10/2014	EUR	215,100	67
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XII	21/06/2013	21/06/2015	EUR	210,600	65
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/XXII	09/11/2012	09/11/2014	EUR	204,400	63
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/VI	22/03/2013	22/03/2015	EUR	197,600	61
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/XVI	17/08/2012	17/08/2014	EUR	168,700	52
OTP Bank Plc.	Retail bond	OTP EUR 2 2014/XIV	13/07/2012	13/07/2014	EUR	167,100	52
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/II	25/01/2013	25/01/2015	EUR	165,200	51
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/I	11/01/2013	11/01/2015	EUR	161,200	50
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/III	01/02/2013	01/02/2015	EUR	158,100	49
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/IV	15/02/2013	15/02/2015	EUR	146,600	45
OTP Mortgage Bank	Mortgage bond	OJB2014_J	17/09/2004	17/09/2014	HUF	35	35
OTP Mortgage Bank	Mortgage bond	OJB2015_I	10/06/2005	10/06/2015	HUF	3,242	3,242
OTP Mortgage Bank	Mortgage bond	OJB2015_II	17/05/2012	17/05/2015	HUF	0	0
OTP Mortgage Bank	Mortgage bond	OJB2015_J	28/01/2005	28/01/2015	HUF	44	44
OTP Mortgage Bank	Mortgage bond	OMB2014_I	15/12/2004	15/12/2014	EUR	198,240,000	61,492
OTP Mortgage Bank	Mortgage bond	OMB2014_II	02/08/2011	10/08/2014	EUR	15,500,000	4,808
OTP Mortgage Bank	Mortgage bond	OMB2015_I	30/08/2012	06/03/2015	EUR	5,000,000	1,551

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 30/06/2014	Outstanding consolidated debt (in HUF million) 30/06/2014
OTP Banka Slovensko	Mortgage bond	OTP XX.	30/03/2010	30/03/2015	EUR	0	0
OTP Banka Slovensko	Mortgage bond	OTP XXIII.	29/09/2010	29/09/2014	EUR	0	0
OTP Bank Russia	Corporate bond	OTPRU 14/07	02/08/2011	29/07/2014	RUR	5,000,000,000	33,450
OTP Bank Russia	Corporate bond	OTPRU 14/10	03/11/2011	30/10/2014	RUR	1,118,819,000	7,485
OTP Bank Russia	Corporate bond	OTPRU 15/03	06/03/2012	03/03/2015	RUR	259,706,000	1,737

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)	1H 2014	1H 2015	Y-o-Y	2Q 2014	1Q 2015	2Q 2015	Q-o-Q	Y-o-Y
Total	**7,591**	**4,933**	**-35%**	**5,225**	**2,384**	**2,549**	**7%**	**-51%**
Short-term employee benefits	5,814	3,480	-40%	4,423	1,684	1,796	7%	-59%
Share-based payment	1,264	1,138	-10%	539	569	569	0%	6%
Other long-term employee benefits	425	294	-31%	235	110	184	67%	-22%
Termination benefits	88	21	-76%	28	21	0		
Redundancy payments	0	0		0	0	0		
	2014	**1H 2015**	**YTD**	**2Q 2014**	**1Q 2015**	**2Q 2015**	**Q-o-Q**	**Y-o-Y**
Loans provided to companies owned by members of the management[1] or their family members (normal course of business)	13,357	18,750	40%	41,204	12,435	18,750	51%	-54%
Credit lines of the members of Board of Directors and the Supervisory Board and their close family members (at normal market conditions)	334	283	-15%	523	349	283	-19%	-46%
Commitments to extend credit and guarantees	15,690	15,767	0%	859	15,758	15,767	0%	
Loans provided to unconsolidated subsidiaries	1,304	1,561	20%	1,026	1,330	1,561	17%	52%

[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. Banca Millennium was consolidated into OBR's results from 1Q 2015.

(9) Banco Popolare Crotia was consolidated into OBH's results from 2Q 2014. From 1Q 2015 including the financial result and volumes of OTP Faktoring d.o.o.

(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), Cresco d.o.o. (Croatia).

(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 acquisitions, the actual and 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, the revaluation of reverse mortgage portfolio of OTP Life Annuity Ltd. simultaneous with regulatory changes, 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, 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 acquisitions, the actual and 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, the revaluation of reverse mortgage portfolio of OTP Life Annuity Ltd. simultaneous with regulatory changes, 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”) and Other provisions, 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.
- Due to regulatory changes related to consumer contracts in Hungary the financial settlement with clients and the effect of the conversion of FX mortgage loans was recognized within the 1Q 2015 and 2Q 2015 accounting P&L affecting the net interest income, net fees and commissions, foreign exchange gains (net), net other non-interest result, other non-interest expenses and other risk cost lines. These items booked in these periods were eliminated from the affected lines and were shown separately among adjustment items on consolidated level, as opposed to the estimate on the one-off impact of regulatory changes related to consumer contracts which was booked on the other risk cost line in the accounting P&L.
- The revaluation result booked on Other provisions line due to regulatory changes related to FX mortgage loans in Hungary were moved to the Foreign exchange result line in 4Q 2014.
- Within the report, FX-adjusted statistics for business volume developments and their product breakdown are disclosed, too. 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. In Hungary in case of FX mortgage loans converted into HUF in 1Q 2015 pursuant to the Act No. LXXVII of 2014 the fixed FX rates stipulated by the law were used for the FX adjustment. Thus the FX adjusted volumes will be different from those published earlier.

ADJUSTMENTS OF CONSOLIDATED IFRS P&L LINES

in HUF million	1Q 14	2Q 14	1H 14	3Q 14	4Q 14 Audited	2014 Audited	1Q 15	2Q 15	1H 15
Net interest income	**164,421**	**157,506**	**321,927**	**158,148**	**156,024**	**636,099**	**141,741**	**141,147**	**282,887**
(-) Agent fees paid to car dealers by Merkantil Group	-568	-514	-1,082	-468	-496	-2,047	-454	-929	-1,382
(+) Credit institutions' contribution tax paid in relation to the fixed exchange rate scheme	-2,819	-227	-3,046	23	224	-2,798	-232	0	-232
(+) Other risk costs recognised in relation to the fixed exchange rate scheme	-14	9	-5	4	1	0	0	0	0
(-) One-off impact of regulatory changes related to consumer contracts in Hungary							-85	2,098	2,013
Net interest income (adj.) with one-offs	**162,157**	**157,802**	**319,959**	**158,643**	**156,746**	**635,348**	**142,048**	**139,978**	**282,026**
(-) Revaluation result of FX swaps at OTP Core (booked within net interest income)	-296	-454	-749	-1,023	948	-824	-679	-	-679
Net interest income (adj.) without one-offs	**162,453**	**158,255**	**320,708**	**159,666**	**155,798**	**636,172**	**142,727**	**139,978**	**282,705**
Net fees and commissions	**52,501**	**52,910**	**105,411**	**53,253**	**56,992**	**215,656**	**49,142**	**55,168**	**104,310**
(+) Agent fees paid to car dealers by Merkantil Group	-568	-514	-1,082	-468	-496	-2,047	-454	-929	-1,382
(+) Financial Transaction Tax	-9,892	-10,913	-20,806	-11,207	-12,016	-44,029	-11,395	-10,880	-22,276
(-) One-off impact of regulatory changes related to consumer contracts in Hungary								-539	-539
Net fees and commissions (adj.)	**42,040**	**41,482**	**83,523**	**41,577**	**44,479**	**169,579**	**37,293**	**43,898**	**81,191**
Foreign exchange result	**65,732**	**21,942**	**87,673**	**23,783**	**45,462**	**156,918**	**93,329**	**-14,947**	**78,383**
(-) Revaluation result of FX positions hedging the revaluation of FX provisions	64,576	16,045	80,621	18,112	45,470	144,203	89,413	-21,675	67,737
(+) Revaluation result booked on Other risk cost line due to regulatory changes related to FX mortgage loans in Hungary					-1,428	-1,428	0	0	0
(-) One-off impact of regulatory changes related to consumer contracts in Hungary								1,321	1,321
Foreign exchange result (adj.) with one-offs	**1,155**	**5,897**	**7,052**	**5,670**	**-1,436**	**11,287**	**3,917**	**5,408**	**9,325**
Foreign exchange result (adj.) without one-offs	**1,155**	**5,897**	**7,052**	**5,670**	**-1,436**	**11,287**	**3,917**	**5,408**	**9,325**
Gain/loss on securities, net	**851**	**4,851**	**5,703**	**771**	**438**	**6,911**	**4,059**	**538**	**4,597**
Gain/loss on securities, net (adj.) with one-offs	**851**	**4,851**	**5,703**	**771**	**438**	**6,911**	**4,059**	**538**	**4,597**
(-) Revaluation result of the treasury share swap agreement (booked as Gain on securities, net (adj.) at OTP Core)	63	345	408	-2	17	423	352	78	430
Gain/loss on securities, net (adj.) without one-offs	**788**	**4,507**	**5,295**	**773**	**421**	**6,489**	**3,707**	**460**	**4,167**
Gains and losses on real estate transactions	**449**	**343**	**791**	**-20**	**-37**	**734**	**484**	**644**	**1,129**
(+) Other non-interest income	**4,133**	**6,379**	**10,512**	**3,466**	**-332**	**13,645**	**4,191**	**4,741**	**8,932**
(-) Received cash transfers	0	34	35	-32	2	5	0	2	3
(-) Non-interest income from the release of pre-acquisition provisions	24	274	298	398	563	1,260	368	2,643	3,010
(+) Other other non-interest expenses	-811	-1,650	-2,461	-1,278	-3,928	-7,666	-137,729	-27,953	-165,682
(+) Change in shareholders' equity of companies consolidated with equity method		683	683	255	710	1,648	237	490	727
(-) Badwill booked in relation to acquisitions		4,508	4,508	55	0	4,563	1,845	0	1,845
(-) One-off impact of regulatory changes related to consumer contracts in Hungary							-136,832	-26,119	-162,951
Net other non-interest result (adj.) with one-offs	**3,747**	**938**	**4,685**	**2,002**	**-4,153**	**2,534**	**1,802**	**1,396**	**3,198**
(-) 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	0	0	0	0	0	0	0	0
Net other non-interest result (adj.) without one-offs	**3,747**	**938**	**4,685**	**2,002**	**-4,153**	**2,534**	**1,802**	**1,396**	**3,198**
Provision for loan losses	**-133,359**	**-86,725**	**-220,085**	**-91,113**	**-135,632**	**-446,830**	**-151,153**	**-27,142**	**-178,295**
(+) Non-interest income from the release of pre-acquisition provisions	24	274	298	398	563	1,260	368	2,643	3,010
(-) Revaluation result of FX provisions	-64,576	-16,045	-80,621	-18,112	-45,470	-144,203	-88,402	21,943	-66,460
(-) Risk cost created toward Crimean exposures from 2Q 2014		-9,267	-9,267	-80	394	-8,953	68	20	88
(-) Risk cost created toward exposures to Donetsk and Luhansk from 3Q 2014				-7,816	-21,087	-28,903	-1,307	-1,249	-2,555
Provision for loan losses (adj.)	**-68,759**	**-61,140**	**-129,898**	**-64,706**	**-68,907**	**-263,511**	**-61,145**	**-45,213**	**-106,358**
After tax dividends and net cash transfers	**-1,218**	**-1,911**	**-3,128**	**130**	**-4,483**	**-7,481**	**-4,406**	**-1,606**	**-6,011**
(-) Sponsorships, subsidies and cash transfers to public benefit organisations	-1,163	-5,665	-6,828	-156	-5,293	-12,277	-4,645	-4,601	-9,245
(-) Dividend income of swap counterparty shares kept under the treasury share swap agreement		2,957	2,957	0	0	2,957	0	2,433	2,433
(-) Change in shareholders' equity of companies consolidated with equity method		683	683	255	710	1,648	237	490	727
After tax dividends and net cash transfers	**-55**	**114**	**59**	**31**	**101**	**191**	**2**	**72**	**74**

in HUF million	1Q 14	2Q 14	1H 14	3Q 14	4Q 14 Audited	2014 Audited	1Q 15	2Q 15	1H 15
Depreciation	**-10,379**	**-32,660**	**-43,040**	**-11,709**	**-11,198**	**-65,946**	**-9,953**	**-10,811**	**-20,764**
(-) Goodwill impairment charges (OTP banka Srbija (Serbia), OTP Bank JSC (Ukraine), OTP banka Hrvatska (Croatia), CKB (Montenegro))	0	-22,225	-22,225	0	0	-22,225	0	0	0
Depreciation (adj.)	**-10,379**	**-10,435**	**-20,815**	**-11,709**	**-11,198**	**-43,721**	**-9,953**	**-10,811**	**-20,764**
Income taxes	**3,258**	**47,425**	**50,683**	**-13,581**	**14,283**	**51,385**	**7,328**	**-5,709**	**1,619**
(-) Corporate tax impact of goodwill/investment impairment charges	0	10,628	10,628	0	6,582	17,210	0	2,701	2,701
(-) Corporate tax impact of the special tax on financial institutions	6,593	121	6,713	98	7	6,818	6,429	52	6,480
(+) Tax deductible transfers	-336	-4,797	-5,133	3	-4,605	-9,734	-2,938	-4,378	-7,316
(-) Corporate tax impact of the badwill booked in relation to acquisitions		-902	-902	-11	0	-913	-295	0	-295
(-) Corporate tax shield on previous losses of acquired banks		902	902	11	0	913	0	0	0
(-) Corporate tax impact of provision on potential merger expenses		108	108	0	0	108	0	0	0
(-) Corporate tax impact of the actual and expected one-off impact of regulatory changes related to consumer contracts in Hungary		40,467	40,467	-5,911	2,908	37,464	-931	-2,071	-3,002
(-) Corporate tax impact of risk cost created toward Crimean exposures from 2Q 2014		1,096	1,096	-16	-69	1,010	3	6	10
(-) Corporate tax impact of risk cost created toward exposures to Donetsk and Luhansk from 3Q 2014				1,020	2,347	3,367	134	196	330
(-) Corporate tax impact of revaluation of reverse mortgage portfolio of OTP Life Annuity Ltd. simultaneous with regulatory changes							1,299	0	1,299
Corporate income tax (adj.)	**-3,671**	**-9,791**	**-13,462**	**-8,768**	**-2,097**	**-24,327**	**-2,249**	**-10,971**	**-13,220**
Other operating expense, net	**-3,972**	**-227,890**	**-231,862**	**10,727**	**-11,771**	**-232,906**	**-9,433**	**-12,943**	**-22,376**
(-) Other costs and expenses	-1,735	-1,248	-2,983	-1,002	-2,369	-6,354	-10,461	-1,345	-11,807
(-) Other non-interest expenses	-2,037	-7,326	-9,363	-1,474	-9,139	-19,976	-142,376	-32,593	-174,970
(-) Other risk costs recognised in relation to the fixed exchange rate scheme	-14	9	-5	4	1	0	0	0	0
(-) Provision on potential merger expenses		-539	-539	0	0	-539	0	0	0
(-) Actual and expected one-off impact of regulatory changes related to consumer contracts in Hungary	0	-216,564	-216,564	13,646	9,547	-193,371	154,576	21,368	175,945
(-) Revaluation result booked on Other risk cost line due to regulatory changes related to FX mortgage loans in Hungary					-1,428	-1,428	0	0	0
(-) Revaluation of reverse mortgage portfolio of OTP Life Annuity Ltd. simultaneous with regulatory changes (booked within other risk cost)							-6,838	0	-6,838
(-) Revaluation result of FX other provisions							-1,010	-267	-1,277
Other provisions	**-187**	**-2,222**	**-2,409**	**-446**	**-8,383**	**-11,237**	**-3,323**	**-106**	**-3,429**
Other administrative expenses	**-85,631**	**-49,395**	**-135,026**	**-49,360**	**-52,025**	**-236,411**	**-81,927**	**-47,874**	**-129,801**
(+) Other costs and expenses	-1,735	-1,248	-2,983	-1,002	-2,369	-6,354	-10,461	-1,345	-11,807
(+) Other non-interest expenses	-2,037	-7,326	-9,363	-1,474	-9,139	-19,976	-142,376	-32,593	-174,970
(-) Paid cash transfers	-1,226	-5,676	-6,902	-196	-5,212	-12,309	-4,647	-4,640	-9,288
(+) Film subsidies and cash transfers to public benefit organisations	-1,163	-5,665	-6,828	-156	-5,293	-12,277	-4,645	-4,601	-9,245
(-) Other other non-interest expenses	-811	-1,650	-2,461	-1,278	-3,928	-7,666	-137,729	-27,953	-165,682
(-) Special tax on financial institutions (recognised as other administrative expenses)	-35,986	-548	-36,535	-445	-31	-37,011	-35,173	-235	-35,408
(-) Tax deductible transfers	-336	-4,797	-5,133	3	-4,605	-9,734	-2,938	-4,378	-7,316
(-) Credit institutions' contribution tax paid in relation to the fixed exchange rate scheme	-2,819	-227	-3,046	23	224	-2,798	-232	0	-232
(-) Financial Transaction Tax	-9,892	-10,913	-20,806	-11,207	-12,016	-44,029	-11,395	-10,880	-22,276
(-) One-off impact of regulatory changes related to consumer contracts in Hungary							-9,312	0	-9,312
Other non-interest expenses	**-39,496**	**-39,821**	**-79,318**	**-38,892**	**-43,259**	**-161,470**	**-37,983**	**-38,327**	**-76,310**

TABLE OF CONTENTS

OTP Bank Plc.

Postal address: P.O.Box: 501 Budapest H-1876 Hungary

Phone: +36 1 473 5460

Fax: +36 1 473 5951

E-mail: investor.relations@otpbank.hu

Internet: www.otpbank.hu