OTP Bank Plc.

Summary of the full-year 2013 results

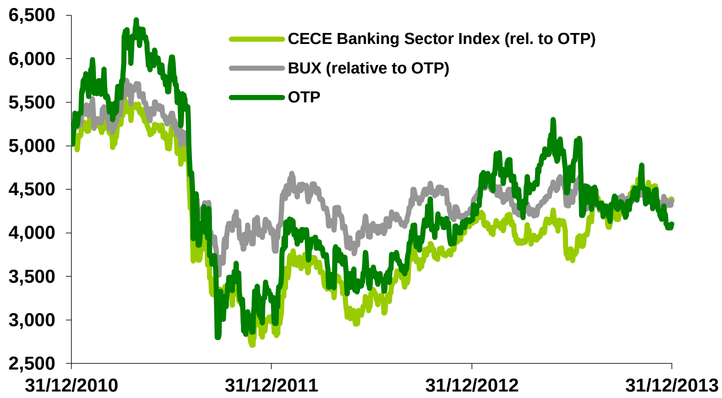
(English translation of the original report submitted
to the Budapest Stock Exchange)

Budapest, 7 March 2014

CONSOLIDATED FINANCIAL HIGHLIGHTS[1] AND SHARE DATA

Main components of the Statement of recognised income in HUF million	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
Consolidated after tax profit	**122,586**	**64,108**	**-48%**	**26,145**	**10,888**	**1,407**	**-87%**	**-95%**
Adjustments (total)	**-27,363**	**-81,775**	**199%**	**-95**	**-31,295**	**-9,207**	**-71%**	
Consolidated adjusted after tax profit without the effect of adjustments	**149,949**	**145,882**	**-3%**	**26,239**	**42,183**	**10,614**	**-75%**	**-60%**
Pre-tax profit	192,192	184,894	-4%	39,392	54,215	14,391	-73%	-63%
Operating profit	449,664	447,710	0%	109,640	114,601	106,403	-7%	-3%
Total income	844,553	864,910	2%	214,865	218,272	213,883	-2%	0%
Net interest income	650,319	653,126	0%	165,988	165,436	159,225	-4%	-4%
Net fees and commissions	151,570	166,936	10%	40,550	43,517	44,829	3%	11%
Other net non-interest income	42,664	44,848	5%	8,327	9,319	9,828	5%	18%
Operating expenses	-394,890	-417,201	6%	-105,225	-103,672	-107,480	4%	2%
Total risk costs	-253,692	-272,459	7%	-70,279	-66,048	-91,643	39%	30%
One off items	-3,779	9,643	-355%	30	5,663	-369	-107%	
Corporate taxes	-42,243	-39,012	-8%	-13,152	-12,032	-3,777	-69%	-71%
Main components of balance sheet closing balances in HUF million	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
Total assets	10,113,466	10,381,047	3%	10,113,466	10,060,381	10,381,047	3%	3%
Total customer loans (net, FX adjusted)	**6,433,930**	**6,245,210**	**-3%**	**6,433,930**	**6,333,842**	**6,245,210**	**-1%**	**-3%**
Total customer loans (gross, FX adjusted)	**7,579,455**	**7,480,844**	**-1%**	**7,579,455**	**7,537,664**	**7,480,844**	**-1%**	**-1%**
Allowances for possible loan losses (FX adjusted)	-1,145,525	-1,235,634	8%	-1,145,525	-1,203,822	-1,235,634	3%	8%
Total customer deposits (FX adjusted)	**6,536,735**	**6,866,606**	**5%**	**6,536,735**	**6,616,817**	**6,866,606**	**4%**	**5%**
Issued securities	643,123	445,218	-31%	643,123	489,974	445,218	-9%	-31%
Subordinated loans	291,495	267,162	-8%	291,495	275,851	267,162	-3%	-8%
Total shareholders' equity	1,514,553	1,509,332	0%	1,514,553	1,523,650	1,509,332	-1%	0%
Indicators based on one-off adjusted earnings %	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
ROE (from adjusted net earnings)	10.2%	9.6%	-0.6%p	7.0%	11.0%	2.8%	-8.2%p	-4.2%p
ROA (from adjusted net earnings)	1.5%	1.4%	-0.1%p	1.0%	1.7%	0.4%	-1.3%p	-0.6%p
Operating profit margin	4.43%	4.37%	-0.06%p	4.37%	4.52%	4.13%	-0.39%p	-0.24%p
Total income margin	8.31%	8.44%	0.13%p	8.57%	8.61%	8.30%	-0.31%p	-0.27%p
Net interest margin	6.40%	6.37%	-0.03%p	6.62%	6.53%	6.18%	-0.35%p	-0.44%p
Cost-to-asset ratio	3.89%	4.07%	0.18%p	4.20%	4.09%	4.17%	0.08%p	-0.03%p
Cost/income ratio	46.8%	48.2%	1.5%p	49.0%	47.5%	50.3%	2.8%p	1.3%p
Risk cost to average gross loans	3.11%	3.51%	0.40%p	3.43%	3.25%	4.42%	1.18%p	0.99%p
Total risk cost-to-asset ratio	2.50%	2.66%	0.16%p	2.80%	2.61%	3.56%	0.95%p	0.75%p
Effective tax rate	22.0%	21.1%	-0.9%p	33.4%	22.2%	26.2%	4.1%p	-7.1%p
Net loan/(deposit+retail bond) ratio (FX adjusted)	95%	89%	-5%p	95%	94%	89%	-4%p	-5%p
Capital adequacy ratio (consolidated, IFRS) - Basel2	19.7%	19.9%	0.2%p	19.7%	20.0%	19.9%	-0.1%p	0.2%p
Core Tier1 ratio - Basel2	14.7%	16.0%	1.4%p	14.7%	15.9%	16.0%	0.2%p	1.4%p
Share Data	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
EPS diluted (HUF) (from unadjusted net earnings)	457	240	-47%	97	41	7	-84%	-93%
EPS diluted (HUF) (from adjusted net earnings)	563	546	-3%	98	158	40	-75%	-60%
Closing price (HUF)	4,150	4,100	-1%	4,150	4,350	4,100	-6%	-1%
Highest closing price (HUF)	4,391	5,302	21%	4,391	5,086	4,780	-6%	9%
Lowest closing price (HUF)	2,960	4,059	37%	3,870	4,130	4,059	-2%	5%
Market Capitalization (EUR billion)	4.0	3.9	-3%	4.0	4.1	3.9	-5%	-3%
Book Value Per Share (HUF)	5,409	5,390	0%	5,409	5,442	5,390	-1%	0%
Tangible Book Value Per Share (HUF)	4,561	4,699	3%	4,561	4,741	4,699	-1%	3%
Price/Book Value	0.8	0.8	-1%	0.8	0.8	0.8	-5%	-1%
Price/Tangible Book Value	0.9	0.9	-4%	0.9	0.9	0.9	-5%	-4%
P/E (trailing, from accounting net earnings)	9.5	17.9	89%	9.5	13.7	17.9	31%	89%
P/E (trailing, from adjusted net earnings)	7.7	7.9	2%	7.7	7.5	7.9	4%	2%
Average daily turnover (EUR million)	22	18	-19%	19	18	14	-22%	-27%
Average daily turnover (million share)	1.7	1.1	-32%	1.3	1.2	0.9	-20%	-28%

SHARE PRICE PERFORMANCE



MOODY'S RATINGS

OTP Bank	
Foreign currency senior debt	Ba1
Financial strength	D
OTP Mortgage Bank	
Covered mortgage bond	Baa3
OTP Bank Russia	
Foreign currency long term deposits	Ba2
Financial strength	D-
OTP Bank Ukraine	
Foreign currency long term deposits	Caa3

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.

SUMMARY OF THE FULL-YEAR 2013 RESULTS

The Summary of the full-year 2013 results of OTP Bank Plc. has been prepared on the basis of its separate condensed and consolidated IFRS financial statements for 31 December 2013 or derived from that. At presentation of full year 2013 report of OTP Bank we applied International Financial Reporting Standards adopted by the European Union.

SUMMARY OF THE FULL-YEAR 2013 AND THE FOURTH QUARTER 2013

With respect to the major macroeconomic indicators there has been a turnaround in growth perspectives for Hungary. According to the preliminary GDP statistics published by Eurostat on 14 February the Hungarian economy advanced by 2.7% in 4Q, thus the whole year growth could be 1.1% underpinning a radical turnaround versus a 1.7% yearly contraction in 2012. Unemployment rate dropped to 9.1% in 4Q 2013, whereas the number of employed pierced through 4 million, the highest level since 2001. As a result of the households' improving financial position, household consumption started growing, with retails sales in 4Q expanding by 3% and a moderate pick-up was witnessed in investments, too. The overall favourable international environment and disinflation (average CPI in 2013 was 1.7%, while in January 2014 it was 0.0%) enabled the Central Bank to ease monetary conditions in 2013 by 275 bps in total. With further 15-15 bps cuts in January and February the base rate dropped to 2.7%.

The Government has remained strongly committed to maintain fiscal balance: based on preliminary figures the fiscal deficit to GDP was 2.7% the worst, but can be as low as 2.3% the best with the public debt to GDP dropping to 79%. Balance indicators provided strong cushion for the local currency: in 2013 the forint was one of the best performing Emerging Market currencies, refinancing of the marketable public debt was accomplished within safe framework and declining borrowing costs. Also, the share of local households in public debt financing increased substantially, which made refinancing more secure.

Under the first phase of the Funding for Growth Scheme (FGS) launched by the National Bank of Hungary, financial institutions contracted for HUF 701 billion, whereas OTP Bank's own portion represented HUF 91 billion. From early October the Hungarian National Bank commenced the second phase of the Programme with a HUF 500 billion tranche as a starter. Funds can be drawn down for financing new investment purposes or working capital by end 2014. Given the longer application period loan demand may strengthen gradually.

As for the rest of the Group, the EU-member states except for Croatia have performed relatively well and reached stronger growth in 4Q than expected with improving balance indicators on the whole. With the outstanding Romanian GDP growth of 5.2% in 4Q the overall economic expansion in 2013 reached 3.3%. In Bulgaria growth was slower (2013: 0.6%), however the external and fiscal balance indicators remained excellent. Given their weight in OTP Group's performance, Russia and the Ukraine deserve special attention. Economic activity slowed down in both countries. However, while in Russia it was mainly due to structural problems and a more stringent regulatory approach from the central bank, in the Ukraine the domestic political situation escalated from late November. The fiscal package offered – and then suspended – by Russia could only temporary stabilize the situation: FX-reserves melted down to critical levels, the artificially stable hryvnia supported by continuous central bank interventions started depreciating, credit downgrades became almost a routine, as a result, the sovereign CDS spread is well over 1,000 basis points. Under the current circumstances the likelihood of putting together a massive EU-IMF rescue package increased.

Overall, in 2014 most of the economies where OTP Group operates can achieve a y-o-y stronger economic performance which might be coupled with a slow increase in loan portfolio.

Consolidated earnings: HUF 146 billion adjusted after-tax profit, improving income margin and stable net interest margin, significant deceleration in portfolio deterioration in 2H 2013, y-o-y 4.4 ppts increase in DPD90+ coverage, partly due to outstandingly high risk costs in 4Q

In 2013 OTP Group posted HUF 64.1 billion accounting profit, almost half of the profit reached a year ago (HUF 122.6 billion). The key driver of that meaningful decline is explained by the trebling adjustment items. In 1Q HUF 28.9 billion Hungarian banking tax for 2013 had to be booked followed by a one-off HUF 13.2 billion financial transaction tax recognised in 2Q. The Slovakian banking tax represented another HUF 1 billion for the full year. In 3Q out of the registered HUF 64.0 billion goodwill at the Ukrainian subsidiary, HUF 37.2 billion was written down. Of that HUF 6.4 billion was recognised against equity and HUF 30.8 billion against the P&L. In the fourth quarter two more items took their toll on profit (as already indicated by the management): in November the Hungarian Competition Office imposed a penalty (yet the Bank appealed against the sentence) of HUF 3.2 billion (after tax) on OTP.

Also, OTP Core had to pay HUF 5.5 billion additional contribution tax after the transfer of general risk reserves to retained earnings[2]. As a result, the aforementioned adjustment items in total represented almost HUF 82 billion.

Within the consolidated accounting profit the share of the Hungarian operation decreased (2012: HUF 68 billion, 2013: HUF 34 billion), simultaneously net earnings from non-Hungarian businesses fell, too (2012: HUF 60 billion, 2013: 24 billion). As a result the profit contribution from foreign subsidiaries moderated from 49% to 37%.

In 2013 OTP Group posted HUF 146 billion adjusted net profit versus HUF 150 billion a year ago. In the fourth quarter the profit represented HUF 10.6 billion underpinning a q-o-q 75% drop due to leaping risk costs (+39%) and weaker operating profit (-7%). Also, there was a negative base effect stemming from lower profit on repurchase of Lower Tier2 and Upper Tier2 elements (down by HUF 5 billion q-o-q). In 4Q 2013 no material buy-backs took place. Accordingly, in 2013 from the Upper Tier 2 Perpetual bonds EUR 70.1 million was repurchased by the Group, while EUR 12.5 million was repurchased from the Lower Tier 2 bond maturing in 2015.

It was positive, that the consolidated total income without one-off items kept growing and reached HUF 865 billion (+2% y-o-y). There was a moderate increase in net interest income as a joint result of stronger Russian and Ukrainian, but weaker Hungarian and Bulgarian contribution. Net fees advanced by 10%. During the year operating expenses grew by 6%, in 4Q they were up by 4% mainly due to seasonality.

The FX-adjusted consolidated loan portfolio declined by 1% y-o-y and q-o-q. The yearly melt-down was mainly due to a 7% contraction at OTP Core and a 2% decrease in Bulgaria. In the Ukraine the drop of loan book stopped after several years, whereas in Montenegro it grew substantially (+9%). As for the different loan categories mortgages declined in all markets, but in Slovakia. The consumer book, however showed strong dynamics (+9% y-o-y) with the highest growth captured in Slovakia (+175%), the Ukraine (+126%) and Romania (+98%). The Russian, Montenegrin and Serbian consumer loan portfolio also reached doubly-digit growth (+10, 20 and 26%, respectively).

As for deposits, group level volumes grew by 5% y-o-y and by 4% q-o-q. The fastest increase was posted by the Romanian and Serbian subsidiaries, however, given their absolute weight both the Hungarian and Bulgarian deposit increase were substantial (+5% and 6% respectively). The „net loan-to-(deposit+retail bonds)" ratio stood at 89% by December underpinning a 5 ppts drop y-o-y.

The stable liquidity position of the Group did not require any FX-denominated external funding, the ongoing banking operation generated enough excess liquidity to reduce net swap positions. By 31 December 2013 the gross liquidity reserves were close to EUR 6 billion equivalent and all maturing swaps for 2014 were rolled over by the Bank.

Despite the DPD90+ ratio slightly increased y-o-y – partly due to the eroding loan book –, it already improved in the second half of 2013 as a result of write-offs and sales. The DPD90+ ratio was 19.8% (a quarterly changes in 2013, in ppt: 1Q: +0.8, 2Q: +0.9, 3Q: -0.1, 4Q: -0.9). Regarding the key markets, the DPD90+ ratio grew by 1.3 ppts at OTP Core, by 1.5 ppts in Russia, by 1.7 ppts in Bulgaria, respectively; it dropped, however in the Ukraine by 1.8 ppts.

Underlying portfolio quality trends are better described by the FX-adjusted DPD90+ loan formation: its total volume was HUF 190 billion versus HUF 222 billion in 2012. DPD90+ loan formation moderated significantly in three countries (in HUF billions, FX adjusted: OTP Core: 2012: 75, 2013: 31, DSK: 2012: 23, 2013: 15, OTP Ukraine 2012: 32, 2013: 24). On the contrary, DPD90+ volumes increased substantially in Russia (2012: 54, 2013: 89).

Consolidated risk cost for the full year amounted to HUF 272 billion (+7% y-o-y), whereas in 4Q the Group set aside HUF 91.6 billion of risk provisions, the highest ever amount (+26 billion q-o-q). As a result the Group-level coverage improved further (4Q 2013: 84.4%, +4.4 ppts y-o-y). Two subsidiaries posted outstanding coverage increase y-o-y, namely Russia (+14.3 ppts) and Serbia (+26.8 ppts), but OTP Core and DSK Bank also boosted the coverage by 3.3 ppts each.

OTP Core: the accounting profit dropped by 50%, however the adjusted after tax profit improved by 21% y-o-y; lower net interest margin and loan portfolio, significant drop in risk costs, further moderating portfolio deterioration

The adjusted after tax profit of ***OTP Core*** (basic activity in Hungary) in 2013 represented HUF 115 billion (+21% y-o-y). In 4Q the Bank posted HUF 27.3 billion profit (-3% q-o-q). The accounting profit, however, dropped from HUF 68 billion to HUF 34 billion y-o-y. The stronger adjusted result was mainly due to lower risk cost (-40% y-o-y). The operating profit weakened by 8% y-o-y reasoned by lower net

[2] According to the new CRR rules ('Capital Requirements Regulation') effective from 1 January 2014, general risk reserve is going to be treated as Tier2 Capital element as opposed to the previous practice where it was recognised as Tier1 Capital when calculating the stand alone capital adequacy ratio of OTP Bank under Hungarian accounting standards. The new Hungarian Law on Financial Institutions becoming effective in parallel with the CRR from 1 January 2014 allowed the transfer of HUF 29.1 billion general risk reserves to retained earnings by the balance sheet date of 31 December 2013. Thus the transferred after tax amount of the general risk reserves can be recognised as Tier1 Capital going forward. According to the prevailing regulation the Bank had to pay 19% contribution tax after the transfer.

interest income (-7%) and higher operating expenses (+4%). Net interest margin (4.31%) melted down by 27 bps due to the lower base rate environment.

It was positive, that portfolio deterioration slowed as a result of the stable forint and the mortgage borrowers' growing participation in the fixed exchange rate scheme. Despite risk cost eroding a lot y-o-y, the DPD90+ coverage ratio further increased and reached 85.2% (+3.3 ppts y-o-y).

The loan portfolio declined by 7% y-o-y and by 2% q-o-q on an FX-adjusted basis. Both retail mortgages and consumer loans contracted (-9% and -5%, respectively). The significant drop in the municipality exposure (-21%) was due to the Central Government's consolidation programme. By end-2013 municipality loans represented HUF 211 billion, of which HUF 102 billion was an exposure towards the Hungarian State. Positive though, that OTP Bank's exposure to Hungarian companies[3] advanced by 8% y-o-y and 4% q-o-q, whereas the volumes of the rest of the banking sector dropped by 8% y-o-y and 4% q-o-q. As a result, OTP Group's market share in loans to Hungarian companies further improved and reached 12.4% (+0.8 ppt q-o-q and +1.8 ppts y-o-y).

The Bank managed to maintain strong market position within new retail loan flows: out of newly disbursed mortgages OTP captured 27% in 4Q (and 29% in 2013), whereas in case of cash loans its share represented 47% and 52% for the same periods.

FX-adjusted deposits with retail bonds grew both y-o-y and q-o-q (+5% and 7%, respectively). Retail deposits melted down to a great extend due to the lower yield environment and the crowding out effect of appealing investment alternatives (ie. government securities and mutual funds). This trend, however was successfully off-set by stronger corporate deposit flows (+20% y-o-y). The net loan-to-deposit ratio dropped to 66% (-7 ppts y-o-y).

Merkantil Group posted HUF 2 billion after tax profit (without banking tax) in 2013, four times more than in 2012. The material improvement was mainly due to lower risk costs (-42% y-o-y). Operating income contracted by 20% y-o-y. The DPD90+ ratio (14.5%) declined substantially as a result of write-offs and non-performing portfolio sales with the provision coverage slightly declining to 92.0%. The FX-adjusted loan book declined further by 4% y-o-y despite new car financing loan volumes advancing by 19% y-o-y.

[3] The estimate for volume changes is based on the balance sheet data provision to the National Bank of Hungary, calculated from the „Loans to non-financial and other-financials companies" line, adjusted for FX-effect.

OTP Fund Management realized HUF 3.6 billion net profit in 2013 which underpins a robust, 76% y-o-y increase. Net fees and commissions expanded by 42% as a result of the popularity of investment fund products over other types of saving instruments. Total assets under management represented HUF 1,384 billion (+28% y-o-y). The company safeguarded its dominant market position (26.9%, +1 ppt y-o-y).

Foreign subsidiaries: excellent performance in Bulgaria and substantial improvement in the Ukraine, profitable operations in Croatia, Slovakia and Montenegro, massive profit decline in Russia, negative results in Romania and Serbia

The 2013 HUF 30.2 billion net profit at the ***Bulgarian subsidiary*** underpins a 25% y-o-y increase and was very close to the highest-ever profit of HUF 31 billion in 2008. Net earnings for the last quarter represented HUF 4.6 billion. With the operating profit falling short of 2012 level by 7% the key driver behind the strong results was the y-o-y 32% decline in risk cost. It was encouraging that amid slowing portfolio deterioration the DPD90+ coverage improved a lot (2013: 88.1%, +3.3 ppts y-o-y) despite risk costs being lower. Net interest income somewhat declined, but the net interest margin remained stable (5.5%). As for FX-adjusted loan volumes, there was a y-o-y 2% decline, only consumer loans could grow by a moderate 1%. Deposits on the other hand increased by 6% despite lower offered rates reflecting the safe operation and good reputation of the bank. The net loan-to-deposit ratio dropped below 90% showing a y-o-y 10 ppts improvement.

After an outstanding result in 2012 (HUF 47.2 billion) the ***Russian subsidiary*** posted a tiny profit of HUF 2.4 billion in 2013 (4Q: -HUF 8.9 billion). The weak performance was almost exclusively due to elevating risk costs (+99% y-o-y) with loan portfolio deterioration accelerating: DPD90+ volumes grew by HUF 89 billion in 2013 versus HUF 54 billion in 2012 (adjusted for the FX-effect). Furthermore, the DPD90+ coverage had to be increased (4Q 2013: 106.6%, +14.3 ppts y-o-y) since on a yearly base the efficiency of the collection activity worsened. The DPD90+ rate increased only moderately y-o-y (from 16.6% to 18.1%), true, this level was influenced by portfolio write-offs and sales in 4Q. Total income grew by 7% y-o-y, within that the net interest income advanced by 8% while fees and commission grew by 5%. With operating expenses increasing by 16%, the operating profit improved only by 2% y-o-y. The yearly net interest margin grew to 18.7% (+77 bps y-o-y), however declined in the last quarter due to the worsening loan book, but also to a change in provisioning policy[4]. Against the massive expansion experienced in the last few years, in 2013 FX-adjusted consumer loans advanced only by 10%. It is the reflection of a shift in the management's focus: improving profitability and collection effectiveness instead of seeking volume growth. POS loan sales for the full year of 2013 reached RUB 68 billion (-6.3% y-o-y), while sales performance for the last quarter showed a significant slowdown (4Q 2013: RUB 17.8 billion, -29% y-o-y).

After a profit of HUF 0.5 billion in 2012, the ***Ukrainian subsidiary*** posted decent 2013 net earnings at HUF 6.7 billion (4Q: +HUF 1.8 billion). Operating profit advanced by 20% y-o-y supported by higher total income (+13%), while operating expenses grew moderately, by 5%. Risk costs came out 5% below the base period level. Consumer lending activity remained robust and the portfolio grew by 126% y-o-y. Within that cash loans leaped 6-fold and credit card loans advanced two and half times. The loan growth was financed by local deposits, mainly from the corporate sector. As a result of the high-margin consumer business the overall net interest margin reached 8.40% (+147 bps y-o-y), with the 4Q margin at 8.99% (+84 bps q-o-q). The DPD90+ ratio dropped to 34.6% by end-2013 (-1.8 ppts y-o-y), the provision coverage of DPD90+ loans increased to 79.6% (+0.7 ppt y-o-y).

The ***Romanian subsidiary*** managed to decrease its loss with the negative results of HUF 4.1 billion against -HUF 5.5 billion posted a year ago. The lower loss is partly due to the improving operating profit (+10%), but also to lower risk costs (-10% y-o-y). Weaker net interest income was the result of higher interest expenditures on significantly growing deposits. The net loan-to-deposit ratio improved by 48 ppts y-o-y. As for the lending activity, consumer loan growth was in the focus, their volume almost doubled y-o-y with cash loans growing by 104%. The strong lending activity and deposit collection was the main driver behind the substantial increase in fees and commissions (+35% y-o-y). Despite lower risk costs the DPD90+ coverage increased by 2.8 ppts.

The ***Croatian subsidiary*** remained profitable in 2013, though its net earnings of HUF 2.2 billion represented a y-o-y 41% decline. The lower profit was due to weaker operating result (-7%), but higher risk costs (+37%) also took their toll. The latter is a reflection of the ailing macroeconomic performance and the higher DPD90+ ratio. Also, higher risk costs were reasoned by a precautionary provision set aside for ongoing litigations on Swiss franc mortgages. The FX-adjusted loan book increased on the back of strong lending activity towards the municipality sector.

The ***Slovakian subsidiary*** managed to turn its operation into profit: against a loss of HUF 1.2 billion in 2012, the bank posted the same amount of profit in 2013 (without banking tax). The major drivers behind the improvement on one hand were the higher operating profit (+19% y-o-y), and the declining risk costs on the other (-41%). Taking advantage of the improving macroeconomic environment the FX-adjusted loan book advanced by 14% y-o-y with deposits growing by 9%. In both cases the retail segment was the engine of growth: retail loans advanced by 17% and the deposits by 10%, respectively. The DPD90+ ratio moderated by 0.4 ppt y-o-y to 11.5%, the provision coverage stood at 58.1%.

After a loss of HUF 4.9 billion in 2012 the ***Serbian subsidiary*** posted a negative result of HUF 13.2 billion in 2013 (4Q: -10.8 billion). The record level of this negative performance was related to elevated risk costs: their yearly burden jumped to HUF 13.6 billion with a sizeable portion made in 4Q (HUF 10.8 billion). One could have a more realistic picture about the bank's operation judged by its operating profit: it turned into positive (HUF 409 million versus -HUF 1.7 billion in the base period) supported by a meaningful increase in net interest income (+48% y-o-y) and lower operating expenses (-11%). The steady increase of the consumer lending portfolio (+26%) was a key driver behind the improving net interest margin (4.35%, +1.84 ppts y-o-y). The DPD90+ ratio dropped to 48.9% (-3.7 ppts), while the coverage jumped to 82.6% (+27 ppts y-o-y) due to the significant risk costs.

The ***Montenegrin subsidiary*** posted HUF 801 million profit in 2013 after three loss-making years. Such favourable turn-around was due to stronger operating profit (+24% y-o-y) and materially lower risk costs (-60%). FX-adjusted loan volumes started growing again and advanced by 9% y-o-y, within that the consumer book grew by 20%. The stable liquidity position of the bank did not require aggressive deposit collection, their volumes dropped by 9%. The DPD90+ ratio increased marginally, the coverage improved (81.2%) despite lower risk costs.

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

By the end of December 2013 the consolidated capital adequacy ratio of OTP Group under IFRS was at 19.9% (-0.1 ppt q-o-q, +0.2 ppt y-o-y) with the Tier1 ratio (after deducting goodwill and intangible assets) at 17.4% and the Core Tier1 ratio (further deducting hybrid instruments) at 16.0% (+0.2 ppt q-o-q and +1.4 ppts y-o-y). The improvement of the consolidated Core Tier 1 ratio y-o-y was supported by the continuous profit generation of the Group and declining risk weighted assets. OTP Bank's stand-alone capital adequacy ratio reached 23.0% by end-2013 showing a 2.5 ppts improvement y-o-y. In the fourth quarter OTP Bank executed a capital

[4] In the fourth quarter of 2013 accrued but not-paid interest receivables of loans with more than 360 days of delinquency were written-off.

increase in CKB Bank in the amount of EUR 7 million.

Credit rating, shareholder structure

As for the credit ratings assigned by Moody's, Standard & Poor's or Fitch, there was no change in 4Q neither at OTP Bank, nor at the subsidiaries except for the Ukrainian bank. Accordingly OTP Bank (Hungary)'s FX debt carries 'Ba1/BB' ratings, OTP Mortgage Bank's covered bonds are rated at 'Baa3', whereas OTP Bank Russia holds 'Ba2/BB' on its FX deposits. OTP Bank Ukraine credit rating was downgraded in January and February (see: Post Balance Sheet events).

Regarding the ownership structure of the bank, the Hungarian National Asset Management Inc. holding pierced 5% in 4Q (5.10%). Furthermore, another four investors had more than 5% influence (beneficial ownership) in the Company, namely the Rahimkulov family (9.00%), MOL (the Hungarian Oil and Gas Company 8.68%), Groupama Group (8.40%) and Lazard Group (5.58%).

POST BALANCE SHEET EVENTS

Hungary

- On 12 February 2014 EU court adviser gave non-binding opinion on Hungarian FX loans.
- On 14 February Hungarian Central Statistical Office announced that GDP for the last quarter 2013 rose by 2.7% from a year earlier, the strongest dynamics since the fourth quarter of 2006.
- In the last round of municipality debt consolidation, expected to take place on 28 February, the Hungarian central Government is going to take over all the remaining debt of Hungarian municipalities. As a result, at OTP Bank the negative impact on loan volumes is expected to be around HUF 64 billion and will be shown in first quarter of 2014. By end-December 2013 OTP Bank had HUF 211 billion municipality, state and public sector debt of which HUF 102 billion was a direct exposure to the Hungarian State. HUF 102 billion municipality exposure may be affected by consolidation, out of which HUF 64 billion is going to be repaid, while HUF 38 billion is going to be refinanced by a loan originated by OTP Bank for the Government Debt Management Agency.

Russia

- On 21 February 2014 the Russian finance minister announced that Russia will decide on the USD 15 billion financial aid package for Ukraine once a new government is in place, until then the USD 2 billion funding is suspended temporarily.
- On 3 March Central Bank of Russia decided to increase the key policy rate to 7% from 5.5% to protect the rouble.

Ukraine

- On 28 January 2014 S&P lowered its long- and short-term foreign currency sovereign credit ratings on Ukraine to 'CCC+/C', while affirmed the local currency ratings. The outlook is negative.
- On 31 January Moody's downgraded Ukraine's government bond rating to 'Caa2' from 'Caa1' and assigned a negative outlook.
- On 5 February following the sovereign rating action Moody's downgraded OTP Bank Ukraine's foreign currency long-term deposit rating to 'Caa3' from 'Caa2', and affirmed the local currency deposit rating. The outlook is negative.
- On 7 February Fitch downgraded Ukraine's Long-term foreign currency Issuer Default Ratings to 'CCC' from 'B-', and affirmed the Long-term local currency IDR at 'B-'. The outlook is negative.
- On 21 February S&P lowered Ukraine's long-term foreign currency sovereign credit rating 'CCC' from 'CCC+'. At the same time, S&P affirmed the short-term foreign currency sovereign rating at 'C'.
- On 22 February the Ukrainian parliament voted to oust President Viktor Yanukovych and hold early election on 25 May.
- The newly elected chairman of National Bank of Ukraine announced on 26 February that Ukraine asked a new financial aid program from the International Monetary Fund.
- On 28 February National Bank of Ukraine limited daily FX cash withdrawals from banks at UAH 15,000.

Bulgaria

- On 10 January 2014 Fitch affirmed Bulgaria's Long-term foreign currency Issuer Default Rating (IDR) at ‘BBB-‘ and local currency IDR at ‘BBB’. The outlooks are stable.

Romania

- On 8 January 2014 the National Bank of Romania cut minimum reserve requirements for leu liabilities to 12% from 15% and for foreign currency ones to 18% from 20%.

Croatia

- On 24 January 2014 S&P lowered Croatia’s long-term foreign and local currency sovereign credit ratings to ‘BB’ from ’BB+’. At the same time, affirmed the short-term ratings at ‘B’. The outlook is stable.
- On 28 January the European Union launched an Excessive Deficit Procedure against Croatia. Accordingly, Croatia has to reduce the deficit to below the EU’s ceiling by 2016.
- On 31 January OTP banka Hrvatska signed an agreement in Zagreb with the Italian Banco Popolare banking group on the purchase of its 98.37% ownership in its Croatian subsidiary.
- On 14 February Fitch revised the outlook Croatia's rating to Negative from Stable. Its Long-term foreign and local currency Issuer Default Ratings (IDR) have been affirmed at ‘BB+’ and ‘BBB-‘ respectively.

Slovakia

- On 31 January 2014 S&P affirmed Slovakia’s ’A/A-1’ long- and short-term foreign and local currency sovereign credit ratings. The outlook is stable.

Serbia

- On 17 January 2014 Fitch downgraded Serbia's Long-term foreign and local currency Issuer Default Ratings (IDRs) to ’B+’ from ’BB-’. The outlook is stable.
- On 21 January the European Union began entry talks with Serbia.
- On 29 January Serb President Tomislav Nikolic called early elections for 16 March after his Progressive Party said it needs fresh support to overhaul the economy.
- On 26 February OTP Bank Plc. announced that capital increase in the amount of RSD 2.3 billion has been registered at the Serbian subsidiary.

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

in HUF million	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
Consolidated after tax profit	**122,586**	**64,108**	**-48%**	**26,145**	**10,888**	**1,407**	**-87%**	**-95%**
Adjustments (total)	**-27,363**	**-81,775**	**199%**	**-95**	**-31,295**	**-9,207**	**-71%**	
Dividend and total net cash transfers (consolidated)	-391	-406	4%	-199	-183	-221	21%	11%
Goodwill/investment impairment charges (after tax)	3,977	-29,440	-840%	0	-30,819	0	-100%	
Special tax on financial institutions and one-timer payment compensating the underperformance of the financial transaction tax (after corporate income tax)	-29,174	-43,219	48%	105	-293	-274	-6%	-362%
Fine imposed by the Hungarian Competition Authority (after tax)	0	-3,177		0	0	-3,177		
Corporate tax impact of the transfer of general risk reserves to retained earnings	0	-5,533		0	0	-5,533		
Impact of early repayment of FX mortgage loans in Hungary (after corporate income tax)	-1,775	0	-100%	0	0	0		
Consolidated adjusted after tax profit without the effect of adjustments	**149,949**	**145,882**	**-3%**	**26,239**	**42,183**	**10,614**	**-75%**	**-60%**
Banks total without one-off items[1]	147,616	143,346	-3%	26,549	42,679	11,152	-74%	-58%
OTP CORE (Hungary)[2]	94,587	114,879	21%	20,501	27,814	27,325	-2%	33%
Corporate Centre (after tax)[3]	-7,089	2,398	-134%	-1,372	4,098	-666	-116%	-51%
OTP Bank Russia[4]	47,158	2,356	-95%	14,162	907	-8,906		-163%
CJSC OTP Bank (Ukraine)[5]	528	6,716		2,696	3,076	1,792	-42%	-34%
DSK Bank (Bulgaria)[6]	24,214	30,223	25%	588	5,730	4,563	-20%	676%
OBR adj. (Romania)[7]	-5,530	-4,143	-25%	-3,564	577	-2,454	-525%	-31%
OTP banka Srbija (Serbia)[8]	-4,934	-13,246	168%	-2,343	-834	-10,766		360%
OBH (Croatia)	3,714	2,210	-41%	1,053	578	197	-66%	-81%
OBS (Slovakia)[9]	-1,161	1,153	-199%	-1,722	231	183	-21%	-111%
CKB (Montenegro)	-3,872	801	-121%	-3,449	503	-117	-123%	-97%
Leasing	2,051	2,286	11%	-821	575	705	23%	-186%
Merkantil Bank + Car, adj. (Hungary)[10]	501	1,951	289%	-974	547	553	1%	-157%
Foreign leasing companies (Slovakia, Croatia, Bulgaria, Romania)[11]	1,549	334	-78%	153	28	152	446%	-1%
Asset Management	2,042	3,680	80%	1,148	887	1,352	52%	18%
OTP Asset Management (Hungary)	2,041	3,596	76%	1,150	851	1,353	59%	18%
Foreign Asset Management Companies (Ukraine, Romania)[12]	2	84		-2	36	-1	-104%	-9%
Other Hungarian Subsidiaries	-934	-3,442	269%	-753	-1,780	-2,306	30%	206%
Other Foreign Subsidiaries (Slovakia, United Kingdom, Cyprus, Romania, Belize)[13]	-756	-1,487	97%	-112	-54	-1,641		
Eliminations	-65	1,499		227	-123	1,350		494%
Total after tax profit of HUNGARIAN subsidiaries[14]	89,041	120,882	36%	18,779	31,408	27,610	-12%	47%
Total after tax profit of FOREIGN subsidiaries[15]	60,912	25,001	-59%	7,460	10,777	-16,997	-258%	-328%
Share of foreign profit contribution, %	41%	17%	-23%p	28%	26%	-160%	-186%p	-189%p

[5] Relevant footnotes are in the Supplementary data section of the Report.

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

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME

Main components of the Statement of recognized income in HUF million	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
Consolidated after tax profit	**122,586**	**64,108**	**-48%**	**26,145**	**10,888**	**1,407**	**-87%**	**-95%**
Adjustments (total)	**-27,363**	**-81,775**	**199%**	**-95**	**-31,295**	**-9,207**	**-71%**	
Dividends and net cash transfers (after tax)	-391	-406	4%	-199	-183	-221	21%	11%
Goodwill/investment impairment charges (after tax)	3,977	-29,440	-840%	0	-30,819	0	-100%	
Special tax on financial institutions and one-timer payment compensating the underperformance of the financial transaction tax (after corporate income tax)	-29,174	-43,219	48%	105	-293	-275	-6%	-363%
Fine imposed by the Hungarian Competition Authority (after tax)	0	-3,177		0	0	-3,177		
Corporate tax impact of the transfer of general risk reserves to retained earnings	0	-5,533		0	0	-5,533		
Impact of early repayment of FX mortgage loans in Hungary (after corporate income tax)	-1,775	0	-100%	0	0	0		
Consolidated adjusted after tax profit without the effect of adjustments	**149,949**	**145,882**	**-3%**	**26,239**	**42,183**	**10,614**	**-75%**	**-60%**
Before tax profit	**192,192**	**184,894**	**-4%**	**39,392**	**54,215**	**14,391**	**-73%**	**-63%**
Operating profit	**449,664**	**447,710**	**0%**	**109,640**	**114,601**	**106,403**	**-7%**	**-3%**
Total income	**844,553**	**864,910**	**2%**	**214,865**	**218,272**	**213,883**	**-2%**	**0%**
Net interest income	**650,319**	**653,126**	**0%**	**165,988**	**165,436**	**159,225**	**-4%**	**-4%**
Net fees and commissions	**151,570**	**166,936**	**10%**	**40,550**	**43,517**	**44,829**	**3%**	**11%**
Other net non-interest income	**42,664**	**44,848**	**5%**	**8,327**	**9,319**	**9,828**	**5%**	**18%**
Foreign exchange result, net	19,863	18,183	-8%	3,402	3,666	5,364	46%	58%
Gain/loss on securities, net	4,696	11,037	135%	521	1,563	1,634	5%	214%
Net other non-interest result	18,105	15,627	-14%	4,403	4,090	2,831	-31%	-36%
Operating expenses	**-394,890**	**-417,201**	**6%**	**-105,225**	**-103,672**	**-107,480**	**4%**	**2%**
Personnel expenses	-188,953	-204,277	8%	-48,684	-51,219	-50,173	-2%	3%
Depreciation	-47,420	-47,199	0%	-12,583	-11,846	-11,871	0%	-6%
Other expenses	-158,517	-165,725	5%	-43,958	-40,607	-45,436	12%	3%
Total risk costs	**-253,692**	**-272,459**	**7%**	**-70,279**	**-66,048**	**-91,643**	**39%**	**30%**
Provision for loan losses	-242,695	-262,541	8%	-64,296	-63,293	-83,373	32%	30%
Other provision	-10,997	-9,918	-10%	-5,982	-2,755	-8,270	200%	38%
Total one-off items	**-3,779**	**9,643**	**-355%**	**30**	**5,663**	**-369**	**-107%**	
Revaluation result of FX swaps at OTP Core	-2,528	715	-128%	0	270	-297	-210%	
Gain on the repurchase of own Upper and Lower Tier2 Capital	1,415	6,104	331%	0	5,102	32	-99%	
Result of the treasury share swap at OTP Core	-2,667	2,824	-206%	31	291	-104	-136%	-440%
Corporate taxes	**-42,243**	**-39,012**	**-8%**	**-13,152**	**-12,032**	**-3,777**	**-69%**	**-71%**
INDICATORS (%)	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
ROE (adjusted)	10.2%	9.6%	-0.6%p	7.0%	11.0%	2.8%	-8.2%p	-4.2%p
ROA (adjusted)	1.5%	1.4%	-0.1%p	1.0%	1.7%	0.4%	-1.3%p	-0.6%p
Operating profit margin	4.43%	4.37%	-0.06%p	4.37%	4.52%	4.13%	-0.39%p	-0.24%p
Total income margin	8.31%	8.44%	0.13%p	8.57%	8.61%	8.30%	-0.31%p	-0.27%p
Net interest margin	6.40%	6.37%	-0.03%p	6.62%	6.53%	6.18%	-0.35%p	-0.44%p
Net fee and commission margin	1.49%	1.63%	0.14%p	1.62%	1.72%	1.74%	0.02%p	0.12%p
Net other non-interest income margin	0.42%	0.44%	0.02%p	0.33%	0.37%	0.38%	0.01%p	0.05%p
Cost-to-asset ratio	3.89%	4.07%	0.18%p	4.20%	4.09%	4.17%	0.08%p	-0.03%p
Cost/income ratio	46.8%	48.2%	1.5%p	49.0%	47.5%	50.3%	2.8%p	1.3%p
Risk cost for loan losses-to-average gross loans	3.11%	3.51%	0.40%p	3.43%	3.35%	4.42%	1.07%p	0.99%p
Risk cost for loan losses-to-average FX adjusted gross loans	3.21%	3.52%	0.31%p	3.41%	3.38%	4.45%	1.07%p	1.03%p
Total risk cost-to-asset ratio	2.50%	2.66%	0.16%p	2.80%	2.61%	3.56%	0.95%p	0.75%p
Effective tax rate	22.0%	21.1%	-0.9%p	33.4%	22.2%	26.2%	4.1%p	-7.1%p
Non-interest income/total income	23%	24%	1%p	23%	24%	26%	1%	3%p
EPS base (HUF) (from unadjusted net earnings)	457	241	-47%	97	41	7	-84%	-93%
EPS diluted (HUF) (from unadjusted net earnings)	457	240	-47%	97	41	7	-84%	-93%
EPS base (HUF) (from adjusted net earnings)	563	547	-3%	99	158	40	-75%	-60%
EPS diluted (HUF) (from adjusted net earnings)	563	546	-3%	98	158	40	-75%	-60%

Comprehensive Income Statement	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
Consolidated after tax profit	122,586	64,108	-48%	26,145	10,888	1,407	-87%	-95%
Fair value adjustment of securities available-for-sale (recognised directly through equity)	48,180	-1,721	-104%	9,903	1,393	1,048	-25%	-89%
Fair value adjustment of derivative financial instruments designated as cash-flow hedge	532	531	0%	134	134	134	0%	0%
Fair value adjustment of strategic open FX position hedging net investment in foreign operations	4,978	-1,357	-127%	-1,824	-704	399	-157%	-122%
Foreign currency translation difference	-54,104	-33,159	-39%	20,080	-13,580	-16,951	25%	-184%
Net comprehensive income	**122,172**	**28,402**	**-77%**	**54,438**	**-1,869**	**-13,962**	**647%**	**-126%**
o/w Net comprehensive income attributable to equity holders	121,990	29,418	-76%	54,152	-1,555	-13,313	756%	-125%
Net comprehensive income attributable to non-controlling interest	182	-1,016	-658%	286	-314	-649	107%	-327%
Average exchange rate of the HUF (in forint)	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
EUR/HUF	289	297	3%	283	298	298	0%	5%
CHF/HUF	240	241	0%	234	241	242	0%	3%
USD/HUF	225	224	-1%	219	225	219	-3%	0%
JPY/100HUF	283	230	-19%	270	227	218	-4%	-19%

CONSOLIDATED BALANCE SHEET

Main components of balance sheet in HUF million	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
TOTAL ASSETS	**10,113,466**	**10,060,381**	**10,381,047**	**3%**	**3%**
Cash and amount due from banks	602,521	541,136	539,125	0%	-11%
Placements with other banks	356,866	328,671	273,479	-17%	-23%
Financial assets at fair value	222,874	202,753	415,605	105%	86%
Securities available-for-sale	1,411,177	1,372,812	1,637,255	19%	16%
Net customer loans	6,464,191	6,359,288	6,245,210	-2%	-3%
Net customer loans (FX adjusted)	**6,433,930**	**6,300,358**	**6,245,210**	**-1%**	**-3%**
Gross customer loans	7,618,367	7,612,659	7,480,844	-2%	-2%
Gross customer loans (FX adjusted)	**7,579,455**	**7,537,664**	**7,480,844**	**-1%**	**-1%**
o/w Retail loans	5,037,320	5,059,346	4,991,611	-1%	-1%
Retail mortgage loans (incl. home equity)	2,811,648	2,676,122	2,623,097	-2%	-7%
Retail consumer loans	1,766,094	1,925,985	1,916,282	-1%	9%
SME loans	459,577	457,239	452,231	-1%	-2%
Corporate loans	2,178,439	2,137,818	2,177,149	2%	0%
Loans to medium and large corporates	1,872,292	1,869,734	1,904,700	2%	2%
Municipal loans[1]	306,147	268,083	272,449	2%	-11%
Car financing loans	289,350	254,573	240,100	-6%	-17%
Bills and accrued interest receivables related to loans	74,346	85,927	71,984	-16%	-3%
Allowances for loan losses	-1,154,176	-1,253,371	-1,235,634	-1%	7%
Allowances for loan losses (FX adjusted)	-1,145,525	-1,237,306	-1,235,634	0%	8%
Equity investments[2]	7,936	9,035	23,837	164%	200%
Securities held-to-maturity	429,303	621,916	580,051	-7%	35%
Premises, equipment and intangible assets, net	489,142	449,996	455,244	1%	-7%
o/w Goodwill, net	189,619	149,814	145,564	-3%	-23%
Premises, equipment and other intangible assets, net	299,523	300,182	309,680	3%	3%
Other assets	129,456	174,774	211,241	21%	63%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**10,113,466**	**10,060,381**	**10,381,047**	**3%**	**3%**
Liabilities to credit institutions and governments	534,324	582,328	784,212	35%	47%
Customer deposits	6,550,708	6,663,790	6,866,606	3%	5%
Customer deposits (FX adjusted)	**6,536,735**	**6,616,817**	**6,866,606**	**4%**	**5%**
o/w Retail deposits	4,745,716	4,632,141	4,773,981	3%	1%
Household deposits	4,135,511	4,001,836	4,120,649	3%	0%
SME deposits	610,205	630,305	653,332	4%	7%
Corporate deposits	1,750,010	1,936,805	2,054,222	6%	17%
Deposits to medium and large corporates	1,458,870	1,572,944	1,700,799	8%	17%
Municipal deposits	291,140	363,861	353,422	-3%	21%
Accrued interest payable related to customer deposits	41,009	47,871	38,403	-20%	-6%
Issued securities	643,123	489,974	445,218	-9%	-31%
o/w Retail bonds	230,626	94,215	70,447	-25%	-69%
Issued securities without retail bonds	412,497	395,759	374,771	-5%	-9%
Other liabilities	579,263	524,788	508,517	-3%	-12%
Subordinated bonds and loans	291,495	275,851	267,162	-3%	-8%
Total shareholders' equity	**1,514,553**	**1,523,650**	**1,509,332**	**-1%**	**0%**

Indicators	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
Loan/deposit ratio (FX adjusted)	116%	113%	109%	-5%p	-7%p
Net loan/(deposit + retail bond) ratio (FX adjusted)	95%	93%	89%	-4%p	-5%p
90+ days past due loan volume	1,442,646	1,554,155	1,463,645	-6%	1%
90+ days past due loans/gross customer loans	19.1%	20.6%	19.8%	-0.9%p	0.6%p
Total provisions/90+ days past due loans	80.0%	80.6%	84.4%	3.8%p	4.4%p
Consolidated capital adequacy - Basel2	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
Capital adequacy ratio (consolidated, IFRS)	19.7%	20.0%	19.9%	-0.1%p	0.2%p
Tier1 ratio	16.0%	17.2%	17.4%	0.2%p	1.4%p
Core Tier1 ratio	14.7%	15.9%	16.0%	0.2%p	1.4%p
Leverage (Total Assets/Shareholder's Equity)	6.7x	6.6x	6.9x		
Regulatory capital (consolidated)	1,473,525	1,472,400	1,440,962	-2%	-2%
o/w Tier1 Capital	1,203,019	1,271,972	1,264,286	-1%	5%
o/w Core Tier1 Capital	1,098,882	1,170,539	1,164,261	-1%	6%
Hybrid Tier1 Capital	104,136	101,434	100,025	-1%	-4%
Tier2 Capital	270,849	200,772	177,043	-12%	-35%
Deductions from the regulatory capital	-343	-344	-367	7%	7%
Consolidated risk weighted assets (RWA) (Credit&Market&Operational risk)	7,496,894	7,374,856	7,255,192	-2%	-3%
o/w RWA (Credit risk)	6,015,748	5,907,281	5,784,649	-2%	-4%
RWA (Market & Operational risk)	1,481,146	1,467,575	1,470,543	0%	-1%
Closing exchange rate of the HUF (in forint)	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
HUF/EUR	291	298	297	-1%	2%
HUF/CHF	241	244	242	-1%	0%
HUF/USD	221	221	216	-2%	-2%
HUF/100JPY	257	226	205	-9%	-20%

[1] As of 31 December 2013 on consolidated level out of HUF 272 billion exposure to municipalities the exposure to the Hungarian State amounted to HUF 102 billion.

[2] According to the announcement of OTP Bank Plc. on 28 February 2014 it holds 46.69% indirect ownership in KITE Mezőgazdasági és Szolgáltató Ltd. through the following companies: Inga Kettő Ltd., Összehangoló Ltd., Stabilizáló Ltd. and Bank Center No. 1. Ltd.

OTP BANK'S HUNGARIAN CORE BUSINESS

OTP Core Statement of recognized income:

Main components of the Statement of recognised income in HUF million	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
Adjusted after tax profit without the effect of adjustments	94,587	114,879	21%	20,501	27,814	27,325	-2%	33%
Corporate income tax	-22,933	-28,957	26%	-8,608	-8,369	-5,186	-38%	-40%
Pre-tax profit	117,520	143,836	22%	29,109	36,183	32,511	-10%	12%
Operating profit	211,355	194,390	-8%	48,219	49,861	47,491	-5%	-2%
Total income	394,243	384,587	-2%	96,167	96,864	95,509	-1%	-1%
Net interest income	292,570	273,276	-7%	71,754	69,466	67,756	-2%	-6%
Net fees and commissions	85,820	91,507	7%	21,865	23,550	24,776	5%	13%
Other net non-interest income	15,853	19,804	25%	2,547	3,847	2,977	-23%	17%
Operating expenses	-182,888	-190,197	4%	-47,948	-47,003	-48,018	2%	0%
Total risk costs	-90,056	-54,094	-40%	-19,140	-14,238	-14,579	2%	-24%
Provisions for possible loan losses	-86,986	-48,899	-44%	-16,165	-12,382	-11,053	-11%	-32%
Other provisions	-3,070	-5,194	69%	-2,975	-1,857	-3,526	90%	19%
Total one-off items	-3,779	3,539	-194%	30	561	-401	-171%	
Revaluation result of FX swaps	-2,528	715	-128%	0	270	-297	-210%	
Gain on the repurchase of own Upper and Lower Tier2 Capital	1,415	0	-100%	0	0	0		-100%
Revaluation result of the treasury share swap agreement	-2,667	2,824	-206%	31	291	-104	-136%	-440%
Revenues by Business Lines								
RETAIL								
Total income	307,118	293,090	-5%	74,900	74,457	71,750	-4%	-4%
Net interest income	229,237	214,063	-7%	55,078	54,244	51,546	-5%	-6%
Net fees and commissions	74,692	75,599	1%	18,992	19,450	19,388	0%	2%
Other net non-interest income	3,189	3,429	8%	830	764	815	7%	-2%
CORPORATE								
Total income	33,182	43,702	32%	9,661	11,278	14,053	25%	45%
Net interest income	21,527	27,930	30%	6,289	7,326	8,479	16%	35%
Net fees and commissions	10,723	14,770	38%	3,130	3,729	5,336	43%	70%
Other net non-interest income	932	1,002	8%	243	223	238	7%	-2%
Treasury ALM								
Total income	49,061	44,426	-9%	10,709	9,793	9,771	0%	-9%
Net interest income	41,806	31,283	-25%	10,387	7,896	7,731	-2%	-26%
Net fees and commissions	-63	769	-1329%	-172	372	372	0%	-317%
Other net non-interest income	7,317	12,374	69%	493	1,525	1,668	9%	238%
Indicators (%)	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
ROE	8.1%	9.4%	1.3%p	6.9%	9.1%	8.7%	-0.4%p	1.8%p
ROA	1.5%	1.8%	0.3%p	1.3%	1.8%	1.7%	-0.1%p	0.4%p
Operating profit margin (operating profit / avg. total assets)	3.3%	3.1%	-0.2%p	3.1%	3.3%	3.0%	-0.3%p	-0.1%p
Total income margin	6.17%	6.06%	-0.11%p	6.21%	6.34%	6.05%	-0.30%p	-0.17%p
Net interest margin	4.58%	4.31%	-0.27%p	4.64%	4.55%	4.29%	-0.26%p	-0.35%p
Net fee and commission margin	1.3%	1.4%	0.1%p	1.4%	1.5%	1.6%	0.0%p	0.2%p
Net other non-interest income margin	0.2%	0.3%	0.1%p	0.2%	0.3%	0.2%	-0.1%p	0.0%p
Operating costs to total assets ratio	2.9%	3.0%	0.1%p	3.1%	3.1%	3.0%	0.0%p	-0.1%p
Cost/income ratio	46.4%	49.5%	3.1%p	49.9%	48.5%	50.3%	1.8%p	0.4%p
Cost of risk/average gross loans	2.55%	1.56%	-0.99%p	1.97%	1.57%	1.43%	-0.15%p	-0.55%p
Cost of risk/average gross loans (FX adjusted)	2.58%	1.56%	-1.03%p	1.95%	1.57%	1.43%	-0.15%p	-0.52%p
Effective tax rate	19.5%	20.1%	0.6%p	29.6%	23.1%	16.0%	-7.2%p	-13.6%p

- ***Accounting profit fell from 68 to 34 billion forint (-50% y-o-y), whereas adjusted after tax profit improved by 21% as a result of diminishing risk costs (-40%), gains on government bonds and one-off profits***
- ***4Q profit declined by 2% q-o-q due to lower net interest income and higher operating expenses***
- ***Declining DPD90+ loan volumes and ratio q-o-q, partly due to recoveries related to real-estates sold to the National Asset Management Company, the provision coverage ratio increased further (4Q 2013: 85.2%, +3.9 ppts q-o-q and +3.3 ppts y-o-y)***
- ***Due to strong deposit collection the net loan-to-deposit ratio fell further (2013: 66%), retail savings grew for the first time in the year (+3% q-o-q)***
- ***Corporate loans expanded partly as a result of the Funding for Growth Programme y-o-y (both SME and large company loans grew by 2% and 1%, respectively).***

P&L developments

Without the effect of adjustment items[6] **OTP Core** posted a net profit of HUF 114.9 billion in 2013, underpinning a 21% y-o-y increase. Decelerating portfolio deterioration coupled with a 40% decline in risk cost played a key role in the improvement, in addition gains realised on the available-for-sale government bonds reached HUF 8.3 billion in 2013 (vs. HUF 2.2 billion a year before) boosting the non-interest income line. Furthermore, HUF 3.5 billion one-off profit was realised in 2013 in relation to the treasury share swap agreement and the revaluation of FX swaps. In the base period on the contrary, a loss of HUF 3.8 billion was recognised, mainly on the same items.

The operating profit for the full year deteriorated by 8%. On the income side the net interest result melted down by 7% in parallel with a 27 bps lowering in the net interest margin (2012: 4.58%, 2013: 4.31%). Key reasons behind the smaller net interest income were as follows: deposit margins narrowed amid the declining yield environment, the interest-bearing loan portfolio shrank and the regulatory ceiling for interest rates on loans had an unfavourable effect, too. Furthermore the fixed exchange rate scheme available for FX mortgage borrowers had a negative impact of HUF 2.2 billion on net interest income in 2013 (mostly recognised in the first quarter). By the end of December around 30% of eligible borrowers of OTP Bank, OTP Mortgage Bank and OTP Flat Lease concluded 36,422 FX protection contracts, as a result loan volumes under the FX protection scheme reached HUF 248 billion, an equivalent of 45% of the outstanding FX mortgage portfolio of these companies.[7] The yearly deterioration of the net interest income was partly offset by gains realised on the available-for-sale government bond portfolio in the amount of HUF 8.3 billion versus HUF 2.2 billion realized in 2012. As a result, other net non-interest income expanded by 25% y-o-y. Operating income was hit by operating costs increasing by 4% y-o-y – mostly on the back of rising personnel expenses.

The annual risk cost moderated by 40%. In 2013 the portfolio deterioration was much slower than in 2012 (FX adjusted DPD90+ loan formation in HUF billion in 2012: 76, in 2013: 32). In 4Q 2013 DPD90+ volumes decreased by HUF 9 billion, that is the best reading since the onset of the crisis (2012 1Q: 20, 2Q: 34, 3Q: 12, 2013 1Q: 14, 2Q: 18, 3Q: 9, 4Q -9). Portfolio improvement of the last quarter was induced mostly by declining non-performing mortgage loans partly in relation to recoveries from real estates sold to the National Asset Management Company. Furthermore, DPD90+ corporate loans declined q-o-q, too, while the formation of DPD90+ consumer loans slowed from quarter to quarter in 2013. The overall DPD90+ ratio stood at 17.4% by end-2013 with the annual increase of the ratio being the lowest since 2008 (1.3% ppts), while showing the first time quarterly decline since the onset of the crisis (-0.4 ppt q-o-q). The provision coverage of DPD90+ loans increased to 85.2% – up by 3.9 ppts q-o-q and 3.3 ppts y-o-y. Such high coverage is justified, because a project financing loan with principal amount at HUF 34 billion is expected to reach 90 days of delinquency in the first quarter of 2014. Should this default event materialise, *ceteris paribus* it would lower the provision coverage ratio of OTP Core by 5.1 ppts to 80.1% and the consolidated provision coverage by 1.9 ppts to 82.5%.

The after-tax profit for the fourth quarter reached HUF 27.3 billion (-2% q-o-q and +33% y-o-y). The weaker quarterly profit was influenced by a decrease in the pre-tax profit (-10% q-o-q) and a decrease in the corporate tax burden (-38% q-o-q). The former was induced by smaller net interest income, down by 2% q-o-q, that was coupled with weaker net interest margin (25 bps) and smaller interest bearing loan portfolio (-2%). The erosion of the margin was mostly the result of the declining yield environment;

[6] Special tax on financial institutions, one-timer extra payment of the financial transaction tax, goodwill/investment impairment charges, dividends/net cash transfers, the impact of early repayment of FX mortgage loans in Hungary, the fine imposed by the Hungarian Competition Authority and the tax impact of the transfer of general risk reserves to retained earnings.

[7] From November 2013 borrowers in more than 90 days of delay or participating in other financial relief programme of the banks or having a principal of over HUF 20 million equivalent at the initiation of the contract gained eligibility.

deposit pricing was less efficient than in previous quarters.

The decline in the effective tax rate (in 4Q 2013: 16%, -7 ppts q-o-q) was partly stemming from the increasing tax-shield impact of the revaluation of subsidiary investments (the amount of tax saving in HUF billion: 3Q 2013: 0.5, 4Q: 1.4). The revaluation was triggered by the fluctuating closing rates of the forint. Furthermore, the additional tax obligation related to the utilisation of the general risk reserves under Hungarian accounting standards declined, too (in HUF billion 3Q: 0.8, 4Q: 0.6).

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

Main components of the balance sheet (closing balances, in HUF million)	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
Total Assets	6,229,359	6,075,753	6,454,938	6%	4%
Net customer loans	2,807,565	2,664,942	2,584,717	-3%	-8%
Net customer loans (FX adjusted)	**2,819,478**	**2,656,542**	**2,584,717**	**-3%**	**-8%**
Gross customer loans	3,234,343	3,119,139	3,034,469	-3%	-6%
Gross customer loans (FX adjusted)	**3,248,907**	**3,108,465**	**3,034,469**	**-2%**	**-7%**
Retail loans	2,186,423	2,087,465	2,017,466	-3%	-8%
Retail mortgage loans (incl. home equity)	1,626,829	1,523,271	1,479,182	-3%	-9%
Retail consumer loans	438,832	437,534	415,155	-5%	-5%
SME loans	120,762	126,660	123,129	-3%	2%
Corporate loans	1,062,483	1,021,000	1,017,003	0%	-4%
Loans to medium and large corporates	794,306	813,249	806,141	-1%	1%
Municipal loans[1]	268,177	207,751	210,862	1%	-21%
Provisions	-426,779	-454,197	-449,752	-1%	5%
Provisions (FX adjusted)	**-429,428**	**-451,923**	**-449,752**	**0%**	**5%**
Deposits from customers + retail bonds	3,863,322	3,694,773	3,903,396	6%	1%
Deposits from customers + retail bonds (FX adjusted)	**3,869,974**	**3,687,453**	**3,903,396**	**6%**	**1%**
Retail deposits + retail bonds	2,571,768	2,270,977	2,345,633	3%	-9%
Household deposits + retail bonds	2,260,959	1,949,770	2,004,269	3%	-11%
o/w: Retail bonds	230,626	94,215	70,447	-25%	-69%
SME deposits	310,809	321,206	341,364	6%	10%
Corporate deposits	1,298,206	1,416,477	1,557,763	10%	20%
Deposits of medium and large corporates	1,058,307	1,125,205	1,254,574	11%	19%
Municipal deposits	239,898	291,271	303,189	4%	26%
Liabilities to credit institutions	403,947	397,529	591,856	49%	47%
Issued securities without retail bonds	249,012	293,326	276,916	-6%	11%
Total shareholders' equity	1,195,655	1,244,520	1,244,473	0%	4%
Loan Quality (%)	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
90+ days past due loan volume	521,062	558,464	527,591	-6%	1%
90+ days past due loans/gross customer loans	16.1%	17.9%	17.4%	-0.5%p	1.3%p
Total provisions/90+ days past due loans	81.9%	81.3%	85.2%	3.9%p	3.3%p
Market Share (%)	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
Loans	19.0%	18.6%	19.0%	0.4%p	0.0%p
Deposits	23.0%	22.9%	23.7%	0.8%p	0.8%p
Total Assets	26.6%	26.0%	26.9%	0.9%p	0.3%p
Indicators (%)	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
Net loans to (deposits + retail bonds) (FX adjusted)	73%	72%	66%	-6%p	-7%p
Leverage (Shareholder's Equity/Total Assets)	19.2%	20.5%	19.3%	-1.2%p	0.1%p
Leverage (Total Assets/Shareholder's Equity)	5,2x	4,9x	5,2x		
Capital adequacy ratio (OTP Bank, non-consolidated, HAS)	20.4%	22.8%	23.0%	0.2%p	2.6%p
Tier1 ratio (OTP Bank, non-consolidated, HAS)	19.3%	22.6%	23.0%	0.4%p	3.7%p

[1] As of 31 December 2013 out of HUF 211 billion exposure to municipalities the exposure to the Hungarian State amounted to HUF 102 billion.

Balance sheet trends

During the last quarter FX-adjusted gross loans of OTP Core decreased by 2% q-o-q (-7% y-o-y) mainly as a result of further contraction in the mortgage portfolio (-2% q-o-q) and shrinking consumer loan volumes (-5% q-o-q).

It was encouraging, however that the Funding for Growth Programme initiated by the Hungarian National Bank gave boost to corporate loan expansion: the volume of OTP Bank's loans[8] to Hungarian companies expanded further (+4% q-o-q, +8%y-o-y), while the portfolio of the Hungarian financial institutions excluding OTP dropped by 4% q-o-q and 8% y-o-y. Consequently, the market share of OTP Group in loans to Hungarian companies[9] increased to 12.4% (up by 0.8 ppt q-o-q and 1.8 ppts y-o-y). The 21% y-o-y drop in municipality loans was

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

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

the result of the debt consolidation of Hungarian local governments[10].

During 2013 in the first phase of the Funding for Growth Programme OTP Group managed to conclude contracts with a principal value of HUF 91 billion. Out of that amount HUF 71 billion was originated under the first pillar, within that new placements represented 62%. The second phase of the Programme was opened for the clients from the beginning of October 2013. The initial size of funding available for banks was set at HUF 500 billion, however this time the funding will not be allocated to banks, but banks can withdraw funding in line with approved client applications.

The erosion of the mortgage loan book continued. Positive though, that mortgage loan applications[11] for the first time since 2010 showed a significant increase y-o-y reflecting the positive impact of the new State subsidized housing loan programme (application in HUF billion, 2012[12]: 74, 2013: 80, +8% y-o-y, loan origination: 2012[13]: 49, 2013: 55, +11% y-o-y). In 2013 at OTP, applications for subsidised housing loans with the amount of HUF 24 billion represented 43% of total housing loan applications and 30% of total mortgage loan applications. OTP's market share in mortgage loan origination remained outstanding (4Q 2013: 27%, FY: 29%).

Despite the dominant market share in new cash loan sales (4Q 2013: 47%, FY: 52%) there was no expansion in the volume of these loans either. OTP Bank's sales performance remained close to previous year's level (in HUF billion: 2012: 46, 2013: 45), the cash loan portfolio slightly contracted. Additionally, the volume of overdrafts declined q-o-q as a result of an adverse one-off effect, related to the year-end bonus payments for public servants. Thus the total consumer loan book was down by 5% q-o-q and y-o-y, too.

Deposits grew q-o-q and y-o-y, as well (+7% and +5%, respectively). On an annual basis only retail deposits melted down to a great extent due to the lower yield environment and the crowding out effect of appealing investment alternatives (e.g. government bonds and mutual funds).

[10] By end-June 2013 out of the total debt of local governments with more than 5 thousands inhabitants HUF 41.5 billion equivalent was prepaid, while HUF 101.2 billion equivalent was refinanced by a loan originated by OTP Bank for the Government Debt Management Agency. The latter exposure continues to be recognised as a municipal loan in the balance sheet of OTP Bank.

[11] Without applications for refinancing forint loans under the early repayment programme of FX mortgage loans.

[12] Without applications for refinancing forint loans under the early repayment programme of FX mortgage loans.

[13] Without loans taken out for refinancing forint loans under the early repayment programme of FX mortgage loans.

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	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfer and banking tax	2,040	3,596	76%	1,150	851	1,353	59%	18%
Corporate income tax	-257	-603	135%	-136	-199	-131	-34%	-3%
Profit before income tax	2,297	4,200	83%	1,286	1,050	1,485	41%	15%
Operating income	2,262	4,140	83%	1,268	1,050	1,425	36%	12%
Total income	4,633	6,314	36%	1,907	1,539	2,178	42%	14%
Net interest income	55	0	-100%	22	0	0	-78%	-100%
Net fee and commission income	4,516	6,393	42%	1,684	1,520	2,339	54%	39%
Other net non-interest income	62	-78	-226%	200	19	-160	-959%	-180%
Operating expenses	-2,371	-2,174	-8%	-638	-489	-753	54%	18%
Other provisions	35	59	69%	18	0	59	0%	237%
Main components of balance sheet closing balances in HUF mn	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
Total assets	6,617	9,014	36%	6,617	8,504	9,014	6%	36%
Total shareholders' equity	5,092	6,808	34%	5,092	5,034	6,808	35%	34%
Asset under management in HUF bn	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
Assets under management, total (w/o duplicates)	**1,077**	**1,384**	**28%**	**1,077**	**1,324**	**1,384**	**4%**	**28%**
Retail investment funds (closing, w/o duplicates)	672	993	48%	672	943	993	5%	48%
Volume of managed assets (closing, w/o duplicates)	405	391	-3%	405	382	391	2%	-3%
Volume of investment funds (with duplicates)	**771**	**1,085**	**41%**	**771**	**1,036**	**1,085**	**5%**	**41%**
money market	388	429	11%	388	413	429	4%	11%
bond	139	318	129%	139	289	318	10%	129%
mixed	11	17	55%	11	15	17	10%	55%
security	94	83	-12%	94	88	83	-7%	-12%
guaranteed	89	105	18%	89	111	105	-5%	18%
other	50	133	166%	50	119	133	12%	166%

In 2013 **OTP Fund Management** posted a y-o-y 76% higher, HUF 3.6 billion after tax profit, excluding the special banking tax on financial institutions. The y-o-y 83% improvement of operating income was induced by favourable dynamics in net fees (+42%) in line with the expanding volume of assets under management. Operating expenses were 8% lower compared to the base year. The q-o-q rise of operating costs is largely the reflection of bonuses and related contributions paid in December (in a total amount of HUF 265 million).

The series of rate cuts started in August 2012 made investment funds soaring over the last 15 months. The asset of Hungarian investment funds expanded by 36% in the market, with bond funds attracting most of the fresh money, especially short-term constructions turned to be popular. The asset of money market funds – representing the largest fund category – expanded by 18% y-o-y, while private equity funds suffered capital withdrawal.

The volume of asset under management of OTP Fund Management increased by 28% y-o-y, nearly three times higher over the level of increase in the base period. Asset growth represented HUF 280 billion in 2013 (o/w HUF 47 billion in 4Q 2013). The indisputable winners of capital inflow were OTP Premium Money Market Fund, OTP Optima and OTP Supra. At the same time equity funds suffered further asset decline. The company's market share (without duplication) represented 26.9% by end-December 2013 (y-o-y +1 ppt, q-o-q -0.4 ppt).

The other two consolidated fund management companies within the Group (in the Ukraine and Romania) posted HUF 84 million profits in 2013.

MERKANTIL GROUP (HUNGARY)

Performance of Merkantil Bank and Car:

Main components of P&L account in HUF mn	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	501	1,951	289%	-974	547	553	1%	-157%
Income tax	-11	-58	435%	-34	-69	-77	11%	127%
Profit before income tax	512	2,009	292%	-940	616	630	2%	-167%
Operating profit	7,956	6,341	-20%	1,506	1,903	1,532	-19%	2%
Total income	13,994	12,478	-11%	3,012	3,376	3,124	-7%	4%
Net interest income	15,346	14,553	-5%	3,745	3,695	3,646	-1%	-3%
Net fees and commissions	-3,106	-2,971	-4%	-849	-713	-803	13%	-5%
Other net non-interest income	1,755	895	-49%	115	394	281	-29%	145%
Operating expenses	-6,038	-6,136	2%	-1,506	-1,474	-1,592	8%	6%
Total risk costs	-7,444	-4,332	-42%	-2,446	-1,287	-903	-30%	-63%
Provision for possible loan losses	-7,710	-4,755	-38%	-2,835	-1,249	-861	-31%	-70%
Other provision	267	423	58%	388	-37	-42	12%	-111%
Main components of balance sheet closing balances in HUF mn	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
Total assets	242,982	282,780	16%	242,982	289,799	282,780	-2%	16%
Gross customer loans	267,744	257,485	-4%	267,744	262,601	257,485	-2%	-4%
Gross customer loans (FX-adjusted)	268,578	257,485	-4%	268,578	261,468	257,485	-2%	-4%
Retail loans	4,042	6,524	61%	4,042	5,623	6,524	16%	61%
Corporate loans	39,881	61,676	55%	39,881	62,181	61,676	-1%	55%
Car financing loans	224,655	189,284	-16%	224,655	193,664	189,284	-2%	-16%
Allowances for possible loan losses	-47,891	-34,403	-28%	-47,891	-33,804	-34,403	2%	-28%
Allowances for possible loan losses (FX-adjusted)	-47,925	-34,403	-28%	-47,925	-33,751	-34,403	2%	-28%
Deposits from customers	4,276	5,945	39%	4,276	6,059	5,945	-2%	39%
Deposits from customers (FX-adjusted)	4,276	5,945	39%	4,276	6,058	5,945	-2%	39%
Retail deposits	1,321	2,234	69%	1,321	2,460	2,234	-9%	69%
Corporate deposits	2,955	3,711	26%	2,955	3,598	3,711	3%	26%
Liabilities to credit institutions	172,987	210,004	21%	172,987	217,190	210,004	-3%	21%
Total shareholders' equity	26,293	27,486	5%	26,293	26,993	27,486	2%	5%
Loan Quality	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	51,414	37,405	-27.2%	51,414	36,434	37,405	2.7%	-27.2%
90+ days past due loans/gross customer loans (%)	19.2%	14.5%	-4.7%p	19.2%	13.9%	14.5%	0.7%p	-4.7%p
Cost of risk/average gross loans (%)	2.69%	1.81%	-0.88%p	4.19%	1.95%	1.31%	-0.64%p	-2.88%p
Cost of risk/average gross loans (FX-adjusted) (%)	2.74%	1.81%	-0.93%p	4.14%	1.95%	1.32%	-0.63%p	-2.82%p
Total provisions/90+ days past due loans (%)	93.1%	92.0%	-1.2%p	93.1%	92.8%	92.0%	-0.8%p	-1.2%p
Performance Indicators (%)	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
ROA	0.2%	0.7%	0.5%p	-1.6%	0.8%	0.8%	0.0%p	2.3%p
ROE	1.9%	7.3%	5.3%p	-14.7%	8.1%	8.1%	-0.1%p	22.8%p
Net interest margin	5.97%	5.54%	-0.44%p	6.06%	5.26%	5.05%	-0.21%p	-1.01%p
Cost/income ratio	43.2%	49.2%	6.0%p	50.0%	43.6%	50.9%	7.3%p	1.0%p

Merkantil Bank and Car's aggregated 2013 after tax result amounted to HUF 2 billion (excluding special tax on financial institutions), which is almost four times higher than a year ago.

The y-o-y 20% decline in operating result was driven by decreasing total income, operating expenses rose by only 2% on yearly basis.

In 2013 net interest income dropped by 5% compared to the base period. Net interest margin continued eroding: in 2013 it came down by 44 bps to 5.54%, in the fourth quarter by 21 bps to 5.05%, respectively. The yearly setback of other revenues in 2013 stems from a one-off accounting entry in 2Q.[14]

In contrast to the tendency in previous quarters, in the third and fourth quarter the FX-adjusted volume of loans with more than 90 days of delay increased only marginally. The ratio of DPD90+ loans changed to 14.5% (-4.7 ppts y-o-y, +0.7 ppt q-o-q). The provision coverage ratio didn't change notably in 2013.

The FX-adjusted car financing loan book continued eroding: it contracted by 16% y-o-y and 2% q-o-q. The relatively fast pace of the yearly decline is explained by the write-off and sale of non-performing loan portfolios with a total amount of HUF 17.8 billion in the last 12 months – adjusted for this effect the reduction would have been only 8% and 2%, respectively. In 2013 new car financing loan disbursements kept on growing (+19% y-o-y). The y-o-y 55% growth of corporate loan volumes reflects new loan disbursements under the Funding for Growth Scheme.

[14] The yearly setback of other revenues in 2Q 2013 can be explained mainly by the sale of receivables 100% covered by provisions. The write-off of those receivables was booked on other revenues line, while the provision release affected other provisions.

IFRS REPORTS OF THE MAIN SUBSIDIARIES

In the following parts of the Summary of the full-year 2013 results the after tax profit of the subsidiaries are presented without any received dividends and net cash transfers. The structural adjustments on the lines of subsidiaries' Statements of recognised income as well as description of calculation methods of performance indices are to be found in supplementary data annex.

DSK GROUP (BULGARIA)

Performance of DSK Group:

Main components of P&L account in HUF mn	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	24,214	30,223	25%	588	5,730	4,563	-20%	676%
Income tax	-3,329	-3,536	6%	-269	-714	-552	-23%	105%
Profit before income tax	27,543	33,760	23%	857	6,444	5,115	-21%	497%
Operating profit	58,927	55,090	-7%	11,779	13,744	13,004	-5%	10%
Total income	95,732	92,966	-3%	22,520	23,081	23,520.8	2%	4%
Net interest income	74,671	72,908	-2%	17,493	18,050	18,482	2%	6%
Net fees and commissions	16,875	18,208	8%	4,342	4,656	4,655	0%	7%
Other net non-interest income	4,186	1,849	-56%	684	376	383	2%	-44%
Operating expenses	-36,804	-37,876	3%	-10,741	-9,337	-10,517	13%	-2%
Total provisions	-31,384	-21,330	-32%	-10,922	-7,300	-7,889	8%	-28%
Provision for possible loan losses	-31,153	-20,723	-33%	-10,718	-7,305	-7,277	0%	-32%
Other provision	-230	-608	164%	-204	5	-612		200%
Main components of balance sheet closing balances in HUF mn	**2012**	**2013**	**Y-o-Y**	**4Q 2012**	**3Q 2013**	**4Q 2013**	**Q-o-Q**	**Y-o-Y**
Total assets	1,292,031	1,343,595	4%	1,292,031	1,348,315	1,343,595	0%	4%
Gross customer loans	1,143,861	1,138,014	-1%	1,143,861	1,145,709	1,138,014	-1%	-1%
Gross customer loans (FX-adjusted)	1,165,889	1,138,014	-2%	1,165,889	1,139,664	1,138,014	0%	-2%
Retail loans	908,548	899,346	-1%	908,548	905,014	899,346	-1%	-1%
Corporate loans	257,342	238,668	-7%	257,342	234,649	238,668	2%	-7%
Allowances for possible loan losses	-178,538	-201,300	13%	-178,538	-196,101	-201,300	3%	13%
Allowances for possible loan losses (FX-adjusted)	-181,934	-201,300	11%	-181,934	-195,048	-201,300	3%	11%
Deposits from customers	979,054	1,054,713	8%	979,054	1,034,631	1,054,713	2%	8%
Deposits from customer (FX-adjusted)	996,850	1,054,713	6%	996,850	1,028,682	1,054,713	3%	6%
Retail deposits	877,333	927,122	6%	877,333	897,806	927,122	3%	6%
Corporate deposits	119,517	127,591	7%	119,517	130,876	127,591	-3%	7%
Liabilities to credit institutions	36,356	44,351	22%	36,356	28,094	44,351	58%	22%
Subordinated debt	43,901	0	-100%	43,901	44,978	0	-100%	-100%
Total shareholders' equity	209,187	220,752	6%	209,187	216,780	220,752	2%	6%
Loan Quality	**2012**	**2013**	**Y-o-Y**	**4Q 2012**	**3Q 2013**	**4Q 2013**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	210,664	228,539	8%	210,664	231,417	228,539	-1%	8%
90+ days past due loans/gross customer loans (%)	18.4%	20.1%	1.7%p	18.4%	20.2%	20.1%	-0.1%p	1.7%p
Cost of risk/average gross loans (%)	2.63%	1.82%	-0.82%p	3.77%	2.54%	2.53%	-0.01%p	-1.25%p
Cost of risk/average (FX-adjusted) gross loans (%)	2.67%	1.80%	-0.87%p	3.65%	2.54%	2.54%	-0.01%p	-1.12%p
Total provisions/90+ days past due loans (%)	84.8%	88.1%	3.3%p	84.8%	84.7%	88.1%	3.3%p	3.3%p
Performance Indicators (%)	**2012**	**2013**	**Y-o-Y**	**4Q 2012**	**3Q 2013**	**4Q 2013**	**Q-o-Q**	**Y-o-Y**
ROA	1.8%	2.3%	0.5%p	0.2%	1.7%	1.3%	-0.3%p	1.2%p
ROE	11.6%	14.1%	2.5%p	1.1%	10.5%	8.3%	-2.2%p	7.1%p
Total income margin	7.22%	7.05%	-0.17%p	6.89%	6.83%	6.93%	0.11%p	0.05%p
Net interest margin	5.63%	5.53%	-0.10%p	5.35%	5.34%	5.45%	0.11%p	0.10%p
Cost/income ratio	38.4%	40.7%	2.3%p	47.7%	40.5%	44.7%	4.3%p	-3.0%p
Net loans to deposits (FX-adjusted)	99%	89%	-10%p	99%	92%	89%	-3%p	-10%p
FX rates (in HUF)	**2012**	**2013**	**Y-o-Y**	**4Q 2012**	**3Q 2013**	**4Q 2013**	**Q-o-Q**	**Y-o-Y**
HUF/BGN (closing)	148.9	151.8	2%	148.9	152.6	151.8	-1%	2%
HUF/BGN (average)	148.0	151.8	3%	144.7	152.3	152.2	0%	5%

- ***The after tax profit grew by 25% in 2013 as a result of lower operating result and smaller risk cost***
- ***In 4Q 2013 profit declined amid improving margins and higher risk costs***
- ***Due to weak demand the recovery of lending business is still to come, at the same time the portfolio quality improved q-o-q (DPD90+ ratio: 20.1%) and provision coverage increased further (4Q 2013: 88.1%)***

DSK Group reached HUF 30.2 billion after tax profit in 2013 underpinning a 25% increase over the base period. Improving annual profitability was stemming mainly from the 32% lower risk cost while operating income deteriorated by 7%.

On the income side the net interest result melted down by 2% y-o-y. The change in interest accrual methodology starting from October 2012 played a key role in this setback (the Bank does not accrue interest on DPD180+ loans and also terminated the related provisioning) and lower interest income was realized on diminishing (-2% y-o-y) loan book. In 4Q 2013 these negative effects were offset by lower interest expenses on term deposits, thus the quarterly income margin improved by 11 bps q-o-q, whereas net interest margin for the full year decreased to 5.53%.

Net fees grew across the board (+8% y-o-y). Other revenues fell by 56%, driven partly by the non-realized loss on government securities.

Operating expenses grew by 3% on a yearly basis, owing mainly to personnel expenses. The development of other costs was determined mainly by higher deductible taxes, supervisory fees. The q-o-q 13% higher operating expenses were driven by the surge of marketing, auditory and advisory fees.

As for the FX-adjusted formation of DPD90+ loan volumes, after the spike experienced in the second quarter relating mainly to corporate loans, in the second half of the year it moderated significantly (quarterly change of DPD90+ loan volumes in HUF billion: 2Q: 9.1, 3Q: 2.9, 4Q: 0.1). Sale or write-down of non-performing loans (in the amount of HUF 1.6 billion) was booked only in the fourth quarter of the year, mainly corporate exposures were involved.

Parallel with the moderate pace of portfolio deterioration risk cost fell back by 32%, whereas the provision coverage ratio improved by 3.3 ppts, standing at 88% by end-2013.

The loan book contracted by 2% y-o-y (adjusted for FX-effect). Retail lending remained sluggish: the mortgage loan portfolio kept slowly eroding on quarterly and yearly basis as well (-1%, and -3%), despite increasing new volumes. The new origination of consumer loans decreased gradually with slightly increasing lending rates from 2H, thus the consumer loan portfolio diminished by 1% q-o-q. In 4Q 2013 the corporate book increased by 2% despite of narrowing markets; accordingly the market position of the Bank improved q-o-q.

The FX-adjusted deposit base – despite of persistently lower interest rate versus market rate – increased by 3% q-o-q and by 6% y-o-y. In the retail segment the expansion of sight deposit base continued further.

The capital position of DSK Bank remained strong: by end-December the capital adequacy ratio stood at 16.3%. The BGN 293 million subordinated loan with original maturity date of 2016 was paid back by DSK Bank to the mother company in the fourth quarter. The purpose of the transaction was to reduce liabilities to the mother company due to the improving liquidity position.

From mid-2013 DSK launched a project targeting SME and corporate clients with the aim of improving efficiency and potentially market share both in lending and deposit collection. That would include network rationalization, as well as product development and target-oriented customer segmentation. The project is to be completed by mid-2014.

OTP BANK RUSSIA

Performance of OTP Bank Russia:

Main components of P&L account in HUF mn	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	47,158	2,356	-95%	14,162	907	-8,906		-163%
Income tax	-13,690	-1,051	-92%	-4,111	-263	2,217	-943%	-154%
Profit before income tax	60,849	3,409	-94%	18,274	1,170	-11,123		-161%
Operating profit	121,541	124,223	2%	33,165	30,240	25,840	-15%	-22%
Total income	193,273	207,493	7%	52,782	51,379	46,390	-10%	-12%
Net interest income	170,001	184,041	8%	45,836	45,702	41,348	-10%	-10%
Net fees and commissions	20,998	21,990	5%	6,144	5,773	4,598	-20%	-25%
Other net non-interest income	2,273	1,462	-36%	802	-96	443	-562%	-45%
Operating expenses	-71,732	-83,270	16%	-19,617	-21,139	-20,550	-3%	5%
Total risk costs	-60,692	-120,814	99%	-14,892	-29,070	-36,963	27%	148%
Provision for possible loan losses	-59,567	-121,310	104%	-14,277	-29,257	-36,822	26%	158%
Other provision	-1,126	496	-144%	-614	187	-141	-176%	-77%
Main components of balance sheet closing balances in HUF mn	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
Total assets	1,027,763	940,320	-9%	1,027,763	1,003,692	940,320	-6%	-9%
Gross customer loans	843,424	833,223	-1%	843,424	873,722	833,223	-5%	-1%
Gross customer loans (FX-adjusted)	765,491	833,223	9%	765,491	842,442	833,223	-1%	9%
Retail and SME loans	730,480	792,928	9%	730,480	812,309	792,928	-2%	9%
Corporate loans	28,889	36,911	28%	28,889	26,268	36,911	41%	28%
Car financing loans	6,122	3,384	-45%	6,122	3,864	3,384	-12%	-45%
Allowances for possible loan losses	-129,491	-160,989	24%	-129,491	-192,655	-160,989	-16%	24%
Allowances for possible loan losses (FX-adjusted)	-117,150	-160,989	37%	-117,150	-185,650	-160,989	-13%	37%
Deposits from customers	590,958	554,645	-6%	590,958	579,324	554,645	-4%	-6%
Deposits from customer (FX-adjusted)	542,864	554,645	2%	542,864	559,764	554,645	-1%	2%
Retail and SME deposits	432,160	429,805	-1%	432,160	422,960	429,805	2%	-1%
Corporate deposits	110,703	124,840	13%	110,703	136,804	124,840	-9%	13%
Liabilities to credit institutions	75,112	56,343	-25%	75,112	74,312	56,343	-24%	-25%
Issued securities	118,063	101,969	-14%	118,063	104,900	101,969	-3%	-14%
Subordinated debt	16,399	15,728	-4%	16,399	16,112	15,728	-2%	-4%
Total shareholders' equity	191,883	177,906	-7%	191,883	191,065	177,906	-7%	-7%
Loan Quality	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	140,239	150,982	7.7%	140,239	195,226	150,982	-22.7%	7.7%
90+ days past due loans/gross customer loans (%)	16.6%	18.1%	1.5%p	16.6%	22.3%	18.1%	-4.2%p	1.5%p
Cost of risk/average gross loans (%)	7.57%	14.47%	6.90%p	7.21%	13.50%	17.12%	3.62%p	9.90%p
Cost of risk/average (FX-adjusted) gross loans (%)	8.46%	15.18%	6.72%p	7.86%	14.11%	17.44%	3.33%p	9.58%p
Total provisions/90+ days past due loans (%)	92.3%	106.6%	14.3%p	92.3%	98.7%	106.6%	7.9%p	14.3%p
Performance Indicators (%)	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
ROA	5.0%	0.2%	-4.7%p	5.7%	0.3%	-3.6%	-4.0%p	-9.3%p
ROE	28.0%	1.3%	-26.7%p	30.9%	1.9%	-19.2%	-21.0%p	-50.1%p
Total income margin	20.39%	21.09%	0.70%p	21.10%	19.62%	18.93%	-0.69%p	-2.16%p
Net interest margin	17.93%	18.70%	0.77%p	18.32%	17.45%	16.88%	-0.58%p	-1.44%p
Cost/income ratio	37.1%	40.1%	3.0%p	37.2%	41.1%	44.3%	3.2%p	7.1%p
Net loans to deposits (FX-adjusted)	119%	121%	2%p	119%	117%	121%	4%p	2%p
FX rates (in HUF)	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
HUF/RUB (closing)	7.26	6.55	-10%	7.26	6.80	6.55	-4%	-10%
HUF/RUB (average)	7.25	7.03	-3%	7.03	6.86	6.72	-2%	-4%

- ***Due to doubling risk cost y-o-y the HUF 2.4 billion net result for 2013 is only a fraction of previous year's profit***
- ***2013 total income grew by 7%***
- ***Further portfolio deterioration, improving DPD90+ coverage (4Q 2013 106.6%)***
- ***Consumer loans grew by 21% y-o-y (adjusted for loan sale/write-off)***
- ***Growing branch network and slightly higher cost/income ratio: 2013 40.1%, +3 ppts y-o-y***

After tax profit of **OTP Bank Russia** for 2013 amounted to HUF 2.4 billion which is a fraction of the 2012 profit. The HUF 8.9 billion loss for the fourth quarter is attributable to higher risk cost due to methodology changes in provisioning, and also the weaker net interest income as a result of the higher provisions on interest on non-performing loans. Combined after-tax effect of these methodological changes on 4Q results was about HUF 13 billion.

Total income in 2013 increased by 7%, within that net interest income grew by 8% while net fees were up by 5%. The increase in total income was fuelled by the growth of the loan portfolio, while net interest margin improved (2013: 18.7%, +0.8 ppt y-o-y) and net fee margin was stable. Net interest income could improve in 2013 despite the fact that non-accrued interest of non-performing loans more than doubled (+135% y-o-y in RUB terms) due to higher volume of non-performing loans and the newly introduced methodological changes to provisioning. Increase in net fees was driven by the still outstandingly strong dynamics of the credit card business. Operating expenses grew in 2013 (+16% y-o-y), mainly due to the stronger business activity, the cost of newly opened 54 branches and the advisory expenses related to the transformation project since 2Q 2013. Accordingly, 2013 operating profit was higher by only 2% on yearly basis, cost/income ratio grew by 3 ppts to 40.1% y-o-y.

The significant loss in 4Q is due to the vigorously growing risk cost (+27% q-o-q). The significant increase is partly reasoned by methodological changes. Further deterioration of 4Q profitability was due to a bond transaction: OTP Bank Russia sold perpetual UT2 bonds issued by OTP Bank (Hungary) in the face value of EUR 80 million to the issuer. The tax payable on the gain of this transaction (about HUF 940 million) deteriorated the 4Q profit of OTP Bank Russia. Nevertheless, as the transaction had no effect on the consolidated before-tax results, the HUF 4.6 billion before-tax gain has been eliminated from OTP Bank Russia's results similar to the HUF 4.6 billion before-tax loss in the results of the Corporate Centre. In the course of 4Q net interest margin declined by 58 bps to 16.88%, partly due to further portfolio deterioration, partly as a negative consequence of the methodology change in provisioning. Net fee margin also diminished, mainly because of higher loan related commission expenses paid to retailers. On the whole total income declined by 10% q-o-q (would have remained unchanged without shift in provisioning methodology), while operating expenses decreased by 3% owing to lower personnel costs. Consequently, cost/income ratio deteriorated by 3.2 ppts to 44.4%. In 4Q 2013 the branch network was extended by 31 branches, thus the total number of branches reached 200. At the same time the number of employees grew by 145 to 6,020. The number of active points of sales increased by 1.5% q-o-q and exceeded 32 thousand by end-December.

In 4Q the total loan portfolio deteriorated less than in the previous 2 quarters (2Q: +26, 3Q +23, 4Q +22 billion HUF increase in DPD90+ loans adjusted for sales, write-off and FX-effect), nevertheless, on yearly basis new formation of non-performing loans was substantial (2012: +54, 2013: +89 billion HUF). Risk cost jumped by 27% q-o-q, and almost doubled y-o-y due to changes in provisioning methodology and the deteriorating loan portfolio. Out of the sold/written-off RUB 10.8 billion non-performing loans in 2013, 86% was removed from the books in 4Q, which improved significantly the DPD90+ ratio and the coverage of the DPD90+ portfolio. DPD90+ ratio decreased by 4.2 ppts to 18.1% q-o-q by the end of December, without the portfolio cleaning the ratio would have been 23.7%. The DPD90+ ratio worsened in all segments but corporate loans. Due to the higher risk cost, coverage of DPD90+ loans improved significantly (4Q 2013: 106.6%, +7.9 ppts q-o-q, +14.3 ppts y-o-y).

Consumer loans remained the main products of the bank, however, total volumes are influenced by the effects of internal and external measures, that eventually result in portfolio shrinkage. In the course of 2H 2013 the Bank's main targets were the improvement of the profitability of consumer loan products and improvement of the risk profile of these portfolios. The new measures introduced by the supervisory authorities were aimed at cutting back market growth. The overall consumer lending market was less so characterised by the strong seasonal increase as in the previous years, consequently OTP Russia's consumer loan portfolio grew by 10% in 2013, while it shrank in 4Q by 2% q-o-q. Adjusted for sale and write-off of non-performing loans, these changes were +21% and +6%, respectively.

In case of POS loan products, the bank's 4Q volume growth (+3% adjusted for sales and write-offs) was even less than the otherwise moderated market growth; but the bank still keeps its second position in the market. With regards to credit card business, the bank showed robust growth (+35% y-o-y, +6% q-o-q adjusted for sales and write-offs). The bank lost one position compared to 3Q, currently being the seventh largest player in this segment. Cash loan disbursements were picking up; the adjusted portfolio growth was 10% q-o-q and 42% compared to end-2012.

Other retail and SME lending products sale is still muted; the large corporate segment increased again in 4Q following an expansion in the last two quarters, true from a weak base (2Q: +3%, 3Q +2%, 4Q: +41% q-o-q). Among the corporate banking products the Russian bank rather focuses on trade finance, bank guarantee, treasury products and documentary businesses.

In 2013 FX-adjusted total deposits grew by 2% y-o-y, while the quarterly decline was 1% in 4Q. Following the market trends, the offered interest rates on deposits were cut bank in 4Q, nevertheless, retail deposits grew q-o-q (+1%) as did SME deposits (+5%). In case of corporate deposits, the growth trend seen in the previous 3 quarters changed (-9% q-o-q), but the yearly volume is still up by 13%. FX-adjusted net loan-to-deposit ratio increased by 2 ppts y-o-y, and by 4 ppts q-o-q to 121%. The Russian bank made no bond issuance in the last 12 months; the phenomena of decreasing loans from credit institutions in 3Q continued in 4Q, too, partially due to payback of an intra-group funding (-24% q-o-q).

The capital adequacy ratio of the Russian bank stood at 14.2% at the end of December 2013.

OTP BANK UKRAINE

Performance of OTP Bank Ukraine:

Main components of P&L Account in HUF mn	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	528	6,716		2,696	3,076	1,792	-42%	-34%
Corporate income tax	-2,180	-4,447	104%	-1,153	-1,133	-1,464	29%	27%
Profit before income tax	2,708	11,163	312%	3,848	4,209	3,256	-23%	-15%
Operating profit	33,511	40,285	20%	11,061	10,419	11,835	14%	7%
Total income	64,510	72,811	13%	19,315	18,599	20,528	10%	6%
Net interest income	49,586	53,385	8%	14,541	13,465	14,178	5%	-2%
Net fees and commissions	12,634	17,020	35%	3,685	4,887	5,167	6%	40%
Other net non-interest income	2,289	2,406	5%	1,089	248	1,184	378%	9%
Operating expenses	-30,998	-32,526	5%	-8,254	-8,180	-8,693	6%	5%
Total risk costs	-30,804	-29,122	-5%	-7,212	-6,210	-8,579	38%	19%
Provision for possible loan losses	-30,597	-27,431	-10%	-6,753	-6,235	-7,546	21%	12%
Other provision	-207	-1,692	717%	-460	24	-1,033		125%
Main components of balance sheet closing balances in HUF mn	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
Total assets	653,603	617,730	-5%	653,603	633,454	617,730	-2%	-5%
Gross customer loans	683,478	666,425	-2%	683,478	660,665	666,425	1%	-2%
Gross customer loans (FX-adjusted)	665,009	666,425	0%	665,009	643,790	666,425	4%	0%
Retail loans	301,183	316,443	5%	301,183	309,741	316,443	2%	5%
Corporate loans	328,332	313,536	-5%	328,332	297,300	313,536	5%	-5%
Car financing loans	35,494	36,447	3%	35,494	36,749	36,447	-1%	3%
Allowances for possible loan losses	-196,132	-183,559	-6%	-196,132	-184,455	-183,559	0%	-6%
Allowances for possible loan losses (FX-adjusted)	-191,239	-183,559	-4%	-191,239	-179,947	-183,559	2%	-4%
Deposits from customers	243,132	240,843	-1%	243,132	242,935	240,843	-1%	-1%
Deposits from customer (FX-adjusted)	237,188	240,843	2%	237,188	236,966	240,843	2%	2%
Retail and SME deposits	163,774	156,150	-5%	163,774	156,940	156,150	-1%	-5%
Corporate deposits	73,414	84,693	15%	73,414	80,027	84,693	6%	15%
Liabilities to credit institutions	242,571	208,352	-14%	242,571	200,930	208,352	4%	-14%
Subordinated debt	42,925	41,071	-4%	42,925	42,215	41,071	-3%	-4%
Total shareholders' equity	112,464	113,236	1%	112,464	115,881	113,236	-2%	1%
Loan Quality	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	248,671	230,744	-7%	248,671	237,254	230,744	-3%	-7%
90+ days past due loans/gross customer loans (%)	36.4%	34.6%	-1.8%p	36.4%	35.9%	34.6%	-1.3%p	-1.8%p
Cost of risk/average gross loans (%)	4.13%	4.06%	-0.06%p	4.00%	3.67%	4.51%	0.84%p	0.52%p
Cost of risk/average (FX-adjusted) gross loans (%)	4.43%	4.12%	-0.31%p	4.08%	3.78%	4.61%	0.83%p	0.53%p
Total provisions/90+ days past due loans (%)	78.9%	79.6%	0.7%p	78.9%	77.7%	79.6%	1.8%p	0.7%p

Performance Indicators (%)	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
ROA	0.1%	1.1%	1.0%p	1.6%	1.9%	1.1%	-0.7%p	-0.5%p
ROE	0.5%	6.0%	5.5%p	9.7%	10.6%	6.2%	-4.4%p	-3.5%p
Total income margin	9.01%	11.45%	2.44%p	11.81%	11.25%	13.02%	1.77%p	1.21%p
Net interest margin	6.93%	8.40%	1.47%p	8.89%	8.15%	8.99%	0.84%p	0.10%p
Cost/income ratio	48.1%	44.7%	-3.4%p	42.7%	44.0%	42.3%	-1.6%p	-0.4%p
Net loans to deposits (FX-adjusted)	200%	200%	1%p	200%	196%	200%	5%p	1%p
FX rates (in HUF)	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
HUF/UAH (closing)	27.38	26.17	-4%	27.38	26.99	26.17	-3%	-4%
HUF/UAH (average)	27.85	27.43	-2%	26.79	27.61	26.61	-4%	-1%

- ***HUF 6.7 billion net profit boosted by y-o-y 20% higher operating results and by 5% lower risk costs***
- ***Dynamic growth of consumer loans with accelerating cash loan and credit card disbursement in 4Q (+47% and +16% q-o-q) due to outstanding sales performance and successful cross-sale activity***
- ***The DPD90+ ratio decreased to 34.6% (-1.8 ppts y-o-y) along with stagnating FX-adjusted loan book and decelerating new DPD90+ volumes***
- ***Amid expanding consumer lending the cost-to-income ratio improved (2013: 44.7%, -3.4% ppts y-o-y)***

OTP Bank Ukraine posted HUF 6.7 billion after tax profit in 2013 against HUF 0.5 billion realized in 2012. The outstanding profitability improvement was boosted by strong operating results (+20% y-o-y), while risk costs moderated by 5%. In 4Q the bank reached HUF 1.8 billion net results thus it was already the 6th consecutive quarters when it made profit. As a result, in 4Q the bank's profit contribution to the consolidated earnings represented 17% versus 7% in 3Q 2013.

As for the main components of net earnings: in line with soaring disbursements of high-margin consumer loans – especially POS and cash loans – and parallel with the decline in interest expense attributable to lower interest rates on stagnating deposit volumes, net interest income grew. Also, in the corporate segment there was a shift into higher margin hryvnia loans, the overall volume of dollar-based loans declined amid lower lending rates. As a result, the yearly net interest margin improved by 1.47% ppts.

The remarkable y-o-y increase (35%) of net fee and commission income was related to the insurance fee income on consumer loans sold with payment protection policies. The overall volume of those loans increased substantially during 2013. Also, in 4Q there was a change in accounting methodology of those insurance fees: against the previous practice of booking those fees by 1 month after the disbursement of the loan, the bank started to recognise the fee income in the month of the disbursement. As a result in 4Q the bank practically recognised 4 months of such fees. Furthermore, stronger fee income was also supported by a pick-up in credit card related transactions.

The 5% y-o-y increase of operating expenses (FX-adjusted) was reasoned by higher costs related to enhanced consumer lending and stronger focus on agent-based distribution. Higher y-o-y other expenses were mainly due to higher collection-related legal advisory fees and supervisory fees related to deposit insurance. In the process of network rationalization 10 branches were closed in 2013, while the number of selling agents (own and contracted) increased further and reached 3.965 people. As a result of those developments the cost-to-income ratio improved by 3.4 ppts y-o-y to 44.7%.

The DPD90+ ratio (34.6%) declined by 1.8 ppts y-o-y supported by higher gross loan volumes, but also by slower portfolio deterioration (FX-adjusted quarterly DPD90+ loan formation in HUF billion: 1Q 2013: 4, 2Q: 18, 3Q: 0, 4Q: 2). The DPD90+ ratio of the consumer portfolio improved substantially (2013: 9.4% versus 11.0% in 2012) on the back of strong lending dynamics and falling default rates of new disbursements. Despite the overall portfolio deterioration decelerated in 2H and DPD90+ volumes shrank due to portfolio write-offs and sales, risk costs increased by 38% q-o-q. As a result, the coverage ratio of DPD90+ loans improved (79.6%).

The FX-adjusted loan portfolio stagnated on a yearly base, but advanced by 4% q-o-q. As a result of promotional campaigns and the development of the agent network the consumer portfolio showed a remarkable growth (+126% y-o-y, +23% q-o-q), the share of consumer loans within the retail segment reached 28% (2012: 13%). Out of the total consumer book cash loans represented 40% by December, their volumes increased almost 6-folds y-o-y, especially disbursements for the fourth quarter were strong. Customer demand for POS-loans was more moderate, their book grew "only" by 24% y-o-y. Both the mortgage and the SME sector lacked recovery.

On the liability side the shift from interbank facilities towards deposit-based financing continued. The FX-adjusted deposit base – being the key source of the hryvnia liquidity for the growing need of consumer lending – grew by 2% both on a yearly and quarterly basis. The volume of retail deposits, representing the bulk of total deposit book, diminished further (-5% y-o-y, -1% q-o-q) coupled with a slight decrease in the bank's market share. Corporate deposits, mainly in hryvnia, however kept growing by 15% y-o-y and by 6% q-o-q. As a result, the FX-adjusted net loan-to-deposit ratio stood at 200% by end-2013.

During 2013 the Ukrainian subsidiary paid back a substantial part of its intra-group funding in the amount of HUF 30 billion equivalent. The capital adequacy of the bank reached 20.6% by end-2013.

OTP BANK ROMANIA

Performance of OTP Bank Romania:

Main components of P&L account in HUF mn	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	-5,530	-4,143	-25%	-3,564	577	-2,454	-525%	-31%
Income tax	579	0	-100%	579	0	0	-200%	-100%
Profit before income tax	-6,109	-4,143	-32%	-4,143	577	-2,454	-525%	-41%
Operating profit	6,495	7,147	10%	1,461	2,071	2,031	-2%	39%
Total income	19,811	20,375	3%	4,787	5,220	5,488	5%	15%
Net interest income	15,916	14,254	-10%	4,103	3,171	3,338	5%	-19%
Net fees and commissions	1,677	2,269	35%	507	533	797	50%	57%
Other net non-interest income	2,218	3,852	74%	177	1,516	1,352	-11%	663%
Operating expenses	-13,317	-13,228	-1%	-3,327	-3,150	-3,456	10%	4%
Total risk costs	-12,604	-11,290	-10%	-5,604	-1,493	-4,486	200%	-20%
Provision for possible loan losses	-12,440	-11,109	-11%	-5,471	-1,488	-4,423	197%	-19%
Other provision	-164	-181	11%	-133	-5	-63		-53%
Main components of balance sheet closing balances in HUF mn	**2012**	**2013**	**Y-o-Y**	**4Q 2012**	**3Q 2013**	**4Q 2013**	**Q-o-Q**	**Y-o-Y**
Total assets	461,458	449,789	-3%	461,458	453,682	449,789	-1%	-3%
Gross customer loans	392,608	407,380	4%	392,608	402,459	407,380	1%	4%
Gross customer loans (FX-adjusted)	396,829	407,380	3%	396,829	399,430	407,380	2%	3%
Retail loans	308,877	314,539	2%	308,877	312,294	314,539	1%	2%
Corporate loans	87,952	92,841	6%	87,952	87,135	92,841	7%	6%
Allowances for possible loan losses	-45,583	-55,094	21%	-45,583	-52,077	-55,094	6%	21%
Allowances for possible loan losses (FX-adjusted)	-46,026	-55,094	20%	-46,026	-51,672	-55,094	7%	20%
Deposits from customers	155,348	200,514	29%	155,348	191,576	200,514	5%	29%
Deposits from customers (FX-adjusted)	157,090	200,514	28%	157,090	189,595	200,514	6%	28%
Retail deposits	130,160	143,342	10%	130,160	140,873	143,342	2%	10%
Corporate deposits	26,930	57,172	112%	26,930	48,722	57,172	17%	112%
Liabilities to credit institutions	239,464	206,315	-14%	239,464	210,821	206,315	-2%	-14%
Total shareholders' equity	32,581	29,100	-11%	32,581	31,826	29,100	-9%	-11%
Loan Quality	**2012**	**2013**	**Y-o-Y**	**4Q 2012**	**3Q 2013**	**4Q 2013**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	62,388	72,595	16%	62,388	73,353	72,595	-1%	16%
90+ days past due loans/gross customer loans (%)	15.9%	17.8%	1.9%p	15.9%	18.2%	17.8%	-0.4%p	1.9%p
Cost of risk/average gross loans (%)	3.16%	2.78%	-0.38%p	5.67%	1.48%	4.33%	2.85%p	-1.34%p
Cost of risk/average gross loans (FX-adjusted) (%)	3.23%	2.76%	-0.47%p	5.53%	1.48%	4.35%	2.87%p	-1.18%p
Total provisions/90+ days past due loans (%)	73.1%	75.9%	2.8%p	73.1%	71.0%	75.9%	4.9%p	2.8%p
Performance Indicators (%)	**2012**	**2013**	**Y-o-Y**	**4Q 2012**	**3Q 2013**	**4Q 2013**	**Q-o-Q**	**Y-o-Y**
ROA	-1.2%	-0.9%	0.3%p	-3.1%	0.5%	-2.2%	-2.6%p	1.0%p
ROE	-18.2%	-13.4%	4.7%p	-44.3%	7.3%	-32.0%	-39.3%p	12.3%p
Total income margin	4.30%	4.47%	0.17%p	4.19%	4.45%	4.82%	0.37%p	0.63%p
Net interest margin	3.45%	3.13%	-0.32%p	3.59%	2.70%	2.93%	0.23%p	-0.66%p
Cost/income ratio	67.2%	64.9%	-2.3%p	69.5%	60.3%	63.0%	2.6%p	-6.5%p
Net loans to deposits (FX-adjusted)	223%	176%	-48%p	223%	183%	176%	-8%p	-48%p
FX rates (in HUF)	**2012**	**2013**	**Y-o-Y**	**4Q 2012**	**3Q 2013**	**4Q 2013**	**Q-o-Q**	**Y-o-Y**
HUF/RON (closing)	65.7	66.3	1%	65.7	66.9	66.3	-1%	1%
HUF/RON (average)	65.0	67.2	3%	62.5	67.1	66.9	0%	7%

- ***The HUF 4.1 billion negative result in 2013 moderated by 25% y-o-y, as operating profit surged and risk costs declined***
- ***Lending activity continued to be focused on cash loans, volumes doubled in 2013***
- ***As a result of successful deposit collection the net loan to deposit ratio sank to 176%, the lowest since 2006***

OTP Bank Romania realized HUF 4.1 billion loss in 2013. The Bank delivered a loss of HUF 2.5 billion in the fourth quarter, as risk cost reached the second highest quarterly reading in the last three years.

The annual operating result advanced by 10%, reflecting both the strict cost control pursued by the Bank and the 3% increase in total revenues. Within revenues, the net interest income showed a 10% setback over 2013, explained mainly by the elevated interest expenses on customer deposits. Furthermore, interest revenues were negatively influenced by the deterioration of loan quality. However, in line with the Bank's strategy, the weight of consumer loans (carrying higher interest rates) is gradually increasing in the balance sheet being supportive to the net interest revenues. The 5% quarterly growth in 4Q 2013 was due to the latter, whereas the Bank's efforts to further bring down funding costs exerted positive impact, too. After the gradual and trend-like decline in net interest margin in the last two years, in the second half of 2013 it showed a turnaround and started improving.

The 35% growth of annual net fee and commission income was mainly due to the strengthening business activity. The outstanding 4Q net fee income was to a large extent attributable to the lump-sum reallocation of the total annual amount of certain revenue items from other revenues to fee income line. The other net non-interest income was primarily driven by the improving FX result.

The operating expenses were under control, the 1% cost saving in 2013 reflects lower other expenses, while personnel expenses remained practically unchanged. Costs related to marketing campaigns run in 3Q were recognised in 4Q, which explains bulk of the cost increase q-o-q.

Although the ratio of loans with more than 90 days of delay showed a quarterly drop for the first time in two years, the 4Q risk cost jumped 3-fold q-o-q, relating mainly to few corporate exposures with less than 90 days of delay. In the fourth quarter the pace of DPD90+ loan formation (adjusted for FX rate changes, sold or written down volumes) remained relatively modest, similar to the previous quarter; in case of mortgage loans even an improvement was witnessed with corporate loans still deteriorating. The coverage ratio climbed to 75.9% (+4.9 ppts q-o-q).

Gross loans expanded by 2% q-o-q and 3% y-o-y adjusted for the FX-effect. In 2013 cash loans remained in the focus of sales efforts; thanks to disbursements growing to 2.5-fold, cash loan volumes doubled in the last 12 months. Despite the seasonally weaker fourth quarter's disbursements consumer loans expanded by 15% over the quarter coinciding with the increase of average client interest rate level. Mortgage loan volumes kept on eroding gradually (-5% y-o-y, -1% q-o-q). In 4Q corporate loans recorded a volume growth of 6%.

Deposits grew by 6% q-o-q, but by a remarkable 28% pace y-o-y. Household deposits stagnated in the second half of 2013 (+17% y-o-y). Parallel with general market trends, from the second quarter the Bank started to lower household deposit rates. In addition to this, further pricing steps have been made in order to bring down funding costs even in the corporate segment. Corporate deposits registered a growth of 17% in 4Q due to a single large deposit inflow, while on a yearly basis they more than doubled.

The Bank's capital adequacy ratio came down from 14.5% in 3Q to 12.7% in 4Q 2013. In the last quarter the number of branches declined by 3 units to 84.

OTP BANKA HRVATSKA (CROATIA)

Performance of OTP banka Hrvatska:

Main components of P&L account in HUF mn	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	3,714	2,210	-41%	1,053	578	197	-66%	-81%
Income tax	-1,039	-587	-44%	-367	-177	-32	-82%	-91%
Profit before income tax	4,754	2,797	-41%	1,419	756	229	-70%	-84%
Operating profit	8,497	7,910	-7%	2,134	2,092	2,147	3%	1%
Total income	22,550	22,697	1%	5,332	5,859	5,855	0%	10%
Net interest income	16,220	16,010	-1%	3,856	3,982	4,133	4%	7%
Net fees and commissions	4,660	4,878	5%	1,213	1,323	1,232	-7%	2%
Other net non-interest income	1,670	1,808	8%	263	554	491	-11%	87%
Operating expenses	-14,052	-14,787	5%	-3,198	-3,766	-3,709	-2%	16%
Total risk costs	-3,744	-5,113	37%	-715	-1,337	-1,918	43%	168%
Provision for possible loan losses	-2,988	-5,142	72%	-468	-1,212	-2,103	73%	350%
Other provision	-756	29	-104%	-247	-124	185	-249%	-175%

Main components of balance sheet closing balances in HUF mn	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
Total assets	519,570	538,112	4%	519,570	553,675	538,112	-3%	4%
Gross customer loans	351,410	379,177	8%	351,410	377,216	379,177	1%	8%
Gross customer loans (FX-adjusted)	356,608	379,177	6%	356,608	374,986	379,177	1%	6%
Retail loans	228,996	232,845	2%	228,996	231,553	232,845	1%	2%
Corporate loans	126,802	145,935	15%	126,802	142,953	145,935	2%	15%
Car financing loans	810	396	-51%	810	480	396	-17%	-51%
Allowances for possible loan losses	-23,740	-29,213	23%	-23,740	-27,230	-29,213	7%	23%
Allowances for possible loan losses (FX-adjusted)	-23,992	-29,213	22%	-23,992	-27,060	-29,213	8%	22%
Deposits from customers	407,754	421,276	3%	407,754	434,248	421,276	-3%	3%
Deposits from customer (FX-adjusted)	412,605	421,276	2%	412,605	430,977	421,276	-2%	2%
Retail deposits	365,764	375,582	3%	365,764	380,712	375,582	-1%	3%
Corporate deposits	46,841	45,694	-2%	46,841	50,265	45,694	-9%	-2%
Liabilities to credit institutions	37,832	40,944	8%	37,832	41,968	40,944	-2%	8%
Subordinated debt	1,489	1,521	2%	1,489	1,525	1,521	0%	2%
Total shareholders' equity	59,813	62,880	5%	59,813	62,756	62,880	0%	5%
Loan Quality	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	38,892	47,493	22.1%	38,892	48,059	47,493	-1.2%	22.1%
90+ days past due loans/gross customer loans (%)	11.1%	12.5%	1.5%p	11.1%	12.7%	12.5%	-0.2%p	1.5%p
Cost of risk/average gross loans (%)	0.82%	1.41%	0.59%p	0.54%	1.28%	2.21%	0.93%p	1.67%p
Cost of risk/average (FX-adjusted) gross loans (%)	0.84%	1.40%	0.56%p	0.52%	1.28%	2.21%	0.93%p	1.69%p
Total provisions/90+ days past due loans (%)	61.0%	61.5%	0.5%p	61.0%	56.7%	61.5%	4.8%p	0.5%p
Performance Indicators (%)	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
ROA	0.7%	0.4%	-0.3%p	0.8%	0.4%	0.1%	-0.3%p	-0.7%p
ROE	6.3%	3.6%	-2.7%p	7.1%	3.7%	1.2%	-2.4%p	-5.8%p
Total income margin	4.30%	4.29%	-0.01%p	4.09%	4.29%	4.26%	-0.04%p	0.16%p
Net interest margin	3.09%	3.03%	-0.06%p	2.96%	2.92%	3.00%	0.08%p	0.04%p
Cost/income ratio	62.3%	65.1%	2.8%p	60.0%	64.3%	63.3%	-0.9%p	3.4%p
Net loans to deposits (FX-adjusted)	81%	83%	2%p	81%	81%	83%	2%p	2%p
FX rates (in HUF)	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
HUF/HRK (closing)	38.59	38.94	1%	38.59	39.19	38.94	-1%	1%
HUF/HRK (average)	38.48	39.18	2%	37.62	39.48	39.01	-1%	4%

- ***In 2013 after tax profit fell by 41% along with decreasing operating profit and rising provisioning***
- ***FX-adjusted gross loans advanced by 6% due to strong corporate lending***
- ***In 4Q DPD90+ ratio decreased to 12.5%, while the coverage improved q-o-q***

OTP banka Hrvatska posted HUF 2.2 billion after tax profit in 2013 against HUF 3.7 billion in the base period. The 7% lower operating result y-o-y and increasing risk costs (+37%) explain the diminishing net earnings.

In 2013 net interest income moderated by 1%. In spite of increasing gross loan book, the pricing of deposits didn’t follow changes in reference rates to the same extent as for loans, thus the annual net interest margin shrank by 6 basis points.

Net fees improved by 5% y-o-y mainly due to higher utilization of deposit and money transfer services in the wake of the growing deposit book. Non-interest income increased by 8% y-o-y, although in 4Q other revenues moderated by 11% q-o-q due to the fall of FX result after tourist season.

The operating costs in 2013 expanded moderately by 5% y-o-y.

The share of loans with more than 90 days of delay reached 12.5% by the end of 4Q, underpinning a y-o-y 1.5 ppts deterioration, q-o-q 0.2 ppt improvement. Annual risk costs went up by 37% y-o-y and jumped by 43% on a quarterly basis, mainly due to ongoing litigations on CHF mortgage loans (litigation related provisioning represented HUF 196 million in 3Q and HUF 974 million in 4Q). Furthermore, the Croatian authorities prescribed stricter provisioning for banks, which also affected the risk costs of the corporate segment. As a result the coverage ratio of DPD90+ loans improved by 4.8 ppts q-o-q.

The gross loan portfolio advanced by 6% y-o-y, but stagnated q-o-q FX-adjusted. The yearly increase was mainly stemming from the municipal segment (+62% y-o-y, +14% q-o-q) – the Bank places particular emphasis on lending to state-backed companies with guarantees and adequate collaterals. Retail loans stagnated q-o-q due to sluggish demand.

The FX-adjusted deposit book grew by 2% y-o-y, but declined by 2% q-o-q due to seasonal reasons.

The capital adequacy ratio of the Bank reached 16% at the end of December.

OTP BANKA SLOVENSKO (SLOVAKIA)

Performance of OTP Banka Slovensko*:

Main components of P&L account in HUF mn	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	-1,161	1,153		-1,722	231	183	-21%	
Income tax	-182	-351	93%	-70	-85	-101	18%	44%
Profit before income tax	-979	1,503		-1,652	316	283	-10%	
Operating profit	3,440	4,099	19%	792	1,030	1,354	31%	71%
Total income	13,932	14,908	7%	3,371	3,664	4,214	15%	25%
Net interest income	12,019	12,088	1%	2,927	2,982	3,226	8%	10%
Net fees and commissions	2,930	3,101	6%	763	778	773	-1%	1%
Other net non-interest income	-1,017	-280	-72%	-318	-96	214	-323%	-167%
Operating expenses	-10,491	-10,810	3%	-2,579	-2,634	-2,859	9%	11%
Total risk costs	-4,420	-2,595	-41%	-2,444	-714	-1,071	50%	-56%
Provision for possible loan losses	-4,420	-2,594	-41%	-2,401	-721	-1,030	43%	-57%
Other provision	1	-2		-43	7	-41		-4%
Main components of balance sheet closing balances in HUF mn	**2012**	**2013**	**Y-o-Y**	**4Q 2012**	**3Q 2013**	**4Q 2013**	**Q-o-Q**	**Y-o-Y**
Total assets	374,224	425,219	14%	374,224	404,300	425,219	5%	14%
Gross customer loans	291,991	339,602	16%	291,991	325,320	339,602	4%	16%
Gross customer loans (FX-adjusted)	297,590	339,602	14%	297,590	323,601	339,602	5%	14%
Retail and SME loans	226,616	265,686	17%	226,616	250,219	265,686	6%	17%
Corporate loans	70,444	73,497	4%	70,444	72,918	73,497	1%	4%
Allowances for possible loan losses	-21,042	-22,670	8%	-21,042	-21,854	-22,670	4%	8%
Allowances for possible loan losses (FX-adjusted)	-21,448	-22,670	6%	-21,448	-21,739	-22,670	4%	6%
Deposits from customers	299,014	332,452	11%	299,014	323,883	332,452	3%	11%
Deposits from customer (FX-adjusted)	304,624	332,452	9%	304,624	322,112	332,452	3%	9%
Retail and SME deposits	280,000	308,624	10%	280,000	294,196	308,624	5%	10%
Corporate deposits	24,625	23,827	-3%	24,625	27,916	23,827	-15%	-3%
Liabilities to credit institutions	6,074	25,821	325%	6,074	5,989	25,821	331%	325%
Issued securities	28,296	24,881	-12%	28,296	27,574	24,881	-10%	-12%
Subordinated debt	8,464	8,627	2%	8,464	8,673	8,627	-1%	2%
Total shareholders' equity	26,993	27,028	0%	26,993	27,257	27,028	-1%	0%
Loan Quality	**2012**	**2013**	**Y-o-Y**	**4Q 2012**	**3Q 2013**	**4Q 2013**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	34,823	39,044	12.1%	34,823	36,639	39,044	6.6%	12.1%
90+ days past due loans/gross customer loans (%)	11.9%	11.5%	-0.4%p	11.9%	11.3%	11.5%	0.2%p	-0.4%p
Cost of risk/average gross loans (%)	1.49%	0.82%	-0.67%p	3.31%	0.91%	1.23%	0.32%p	-2.08%p
Cost of risk/average (FX-adjusted) gross loans (%)	1.51%	0.81%	-0.70%p	3.20%	0.91%	1.23%	0.32%p	-1.97%p
Total provisions/90+ days past due loans (%)	60.4%	58.1%	-2.4%p	60.4%	59.6%	58.1%	-1.6%p	-2.4%p
Performance Indicators (%)	**2012**	**2013**	**Y-o-Y**	**4Q 2012**	**3Q 2013**	**4Q 2013**	**Q-o-Q**	**Y-o-Y**
ROA	-0.3%	0.3%	0.6%p	-1.8%	0.2%	0.2%	-0.1%p	2.0%p
ROE	-4.0%	4.3%	8.3%p	-24.9%	3.4%	2.7%	-0.7%p	27.5%p
Total income margin	3.66%	3.73%	0.07%p	3.55%	3.68%	4.03%	0.35%p	0.48%p
Net interest margin	3.16%	3.02%	-0.14%p	3.08%	2.99%	3.09%	0.09%p	0.00%p
Cost/income ratio	75.3%	72.5%	-2.8%p	76.5%	71.9%	67.9%	-4.0%p	-8.7%p
Net loans to deposits (FX-adjusted)	91%	95%	5%p	91%	94%	95%	2%p	5%p
FX rates (in HUF)	**2012**	**2013**	**Y-o-Y**	**4Q 2012**	**3Q 2013**	**4Q 2013**	**Q-o-Q**	**Y-o-Y**
HUF/EUR (closing)	291	297	2%	291	298	297	-1%	2%
HUF/EUR (average)	289	297	3%	283	298	298	0%	5%

* P&L account lines and indicators are adjusted for banking tax

- ***HUF 1.15 billion adjusted after tax profit, without banking tax in 2013, with improving operating profit and lower risk cost***
- ***Further strengthening mortgage lending, consumer loans surged by 175% y-o-y***
- ***FX-adjusted net loan-to-deposit ratio was 95% by end-2013 (+5 ppts y-o-y), with growing retail deposit base***
- ***Improving cost efficiency: 4Q 2013 CIR at 67.9%, -4 ppts q-o-q***

In 2013 **OTP Banka Slovensko** posted HUF 1.15 billion after tax profit without the banking tax, compared to the similar sized loss in the preceding year. Apart from the 18% improvement of operating income y-o-y, the material increase of the profit was due to the 41% drop in risk cost (without the one-off positive element on this line in 1Q 2013 the risk cost would still have decreased by 24% y-o-y). The special banking tax paid by the bank amounted to HUF 1.1 billion in 2013, which is treated as an adjustment in the consolidated results in this Summary.

2013 total income grew by 7% y-o-y, fuelled by the growth of average assets, with total income margin slightly improving. The net interest margin moderated in line with market trends (2013: 3.02%, -14 bps y-o-y). Owing to the outstanding retail disbursement dynamics, net interest income grew by 1%. Net fees advanced by 6% y-o-y; while other net non-interest income showed HUF 737 million less loss compared to the base period. As a result of the stringent cost control, operating expenses grew only moderately. Consequently, operating profit increased by 19% in HUF terms in the course of 2013. Cost/income ratio showed substantial improvement (2013: 72.5%, -2.8 ppts y-o-y).

With regards to 4Q 2013, the operating profit increased by 31% q-o-q, at the same time after-tax profit dropped by 21% q-o-q due to the 50% rise of risk cost. Interest income improved significantly due to the strong lending activity, while interest expenses moderated owing to the favourable deposit pricing. Along with net fees staying flat, other net non-interest income improved, and on the whole total income margin improved by 35 bps to 4% q-o-q. Although operating expenses increased by 9% q-o-q, due to the substantial growth of income cost efficiency improved: 67.9%, -4.0 ppts q-o-q, -8.7 ppts y-o-y).

The volume of new DPD90+ loans was higher in 4Q on the quarterly basis, mainly due to the portfolio deterioration of the SME segment. On the whole DPD90+ ratio worsened by 0.2 ppt q-o-q, but improved by 0.4 ppt y-o-y, reasoned by the dynamic loan growth. Risk cost for 2013 dropped by 41% y-o-y. In the course of 4Q 2013 risk cost jumped significantly (+50%), the provision coverage of DPD90+ loans however returned to the 2Q level (-1.5 ppts q-o-q, -2.3 ppts y-o-y) after the rise in 3Q.

FX-adjusted total loans grew substantially, by 14% y-o-y, fuelled by remarkable increase in consumer loans (+175%) and retail mortgage loans (+14%). In both segments average loan size increased during 2013. The strong 4Q retail loan demand, supported by successful marketing campaigns had positive impact on loan volumes; the previously mentioned segments increased by 45% and 5% q-o-q, respectively. Concerning corporate and municipal loans growth was more moderate (+4% y-o-y, +1% q-o-q).

The deposit base grew by 9% and 3% y-o-y and q-o-q, respectively. Majority of the growth was provided by retail and SME deposits (+10% y-o-y, +5% q-o-q) similarly to previous quarters. Corporate and municipal deposits showed high volatility in 2013, the yearly decline in volumes was 3%, to that the 4Q q-o-q drop of 15% was the key trigger. As a result of the significant lending activity in 4Q, FX-adjusted net loan-to-deposit ratio grew to 95% by the end of 2013, representing a 5 ppts growth y-o-y and 2 ppts increase q-o-q.

OTP BANKA SRBIJA (SERBIA)

Performance of OTP banka Srbija:

Main components of P&L account in HUF mn	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	-4,934	-13,246	168%	-2,343	-834	-10,766		360%
Income tax	3	-11	-461%	3	0	-11		-443%
Profit before income tax	-4,937	-13,235	168%	-2,346	-834	-10,755		358%
Operating profit	-1,708	409	-124%	-1,253	325	57	-82%	-105%
Total income	6,322	7,580	20%	1,727	2,149	1,767	-18%	2%
Net interest income	3,071	4,553	48%	949	1,111	1,244	12%	31%
Net fees and commissions	1,604	1,671	4%	401	436	445	2%	11%
Other net non-interest income	1,648	1,356	-18%	377	602	78	-87%	-79%
Operating expenses	-8,030	-7,171	-11%	-2,980	-1,824	-1,709	-6%	-43%
Total risk costs	-3,228	-13,644	323%	-1,093	-1,159	-10,812	832%	889%
Provision for possible loan losses	-3,159	-13,002	312%	-953	-1,116	-10,324	825%	983%
Other provision	-69	-642	832%	-140	-43	-488		249%
Main components of balance sheet closing balances in HUF mn	**2012**	**2013**	**Y-o-Y**	**4Q 2012**	**3Q 2013**	**4Q 2013**	**Q-o-Q**	**Y-o-Y**
Total assets	122,994	86,136	-30%	122,994	105,737	86,136	-19%	-30%
Gross customer loans	90,026	91,648	2%	90,026	91,094	91,648	1%	2%
Gross customer loans (FX-adjusted)	91,320	91,648	0%	91,320	90,654	91,648	1%	0%
Retail loans	38,866	43,010	11%	38,866	42,488	43,010	1%	11%
Corporate loans	52,453	48,638	-7%	52,453	48,166	48,638	1%	-7%
Allowances for possible loan losses	-26,404	-36,989	40%	-26,404	-28,105	-36,989	32%	40%
Allowances for possible loan losses (FX-adjusted)	-26,774	-36,989	38%	-26,774	-27,980	-36,989	32%	38%
Deposits from customers	38,268	43,614	14%	38,268	48,161	43,614	-9%	14%
Deposits from customers (FX-adjusted)	38,875	43,614	12%	38,875	47,918	43,614	-9%	12%
Retail deposits	30,175	36,559	21%	30,175	35,362	36,559	3%	21%
Corporate deposits	8,699	7,054	-19%	8,699	12,556	7,054	-44%	-19%
Liabilities to credit institutions	17,088	6,984	-59%	17,088	10,721	6,984	-35%	-59%
Subordinated debt	37,561	8,349	-78%	37,561	8,377	8,349	0%	-78%
Total shareholders' equity	25,171	24,050	-4%	25,171	34,887	24,050	-31%	-4%

Loan Quality	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	47,329	44,793	-5%	47,329	46,238	44,793	-3%	-5%
90+ days past due loans/gross customer loans (%)	52.6%	48.9%	-3.7%p	52.6%	50.8%	48.9%	-1.9%p	-3.7%p
Cost of risk/average gross loans (%)	3.50%	14.31%	10.81%p	4.37%	4.88%	44.83%	39.94%p	40.46%p
Cost of risk/average gross loans (FX-adjusted) (%)	3.61%	14.21%	10.60%p	4.24%	4.89%	44.93%	40.05%p	40.69%p
Total provisions/90+ days past due loans (%)	55.8%	82.6%	26.8%p	55.8%	60.8%	82.6%	21.8%p	26.8%p
Performance Indicators (%)	**2012**	**2013**	**Y-o-Y**	**4Q 2012**	**3Q 2013**	**4Q 2013**	**Q-o-Q**	**Y-o-Y**
ROA	-4.0%	-12.7%	-8.6%p	-8.0%	-3.2%	-44.5%	-41.3%p	-36.5%p
ROE	-18.7%	-53.8%	-35.2%p	-36.4%	-9.4%	-144.9%	-135.5%p	-108.6%p
Total income margin	5.17%	7.25%	2.08%p	5.89%	8.23%	7.31%	-0.93%p	1.42%p
Net interest margin	2.51%	4.35%	1.84%p	3.23%	4.26%	5.14%	0.89%p	1.91%p
Cost/income ratio	127.0%	94.6%	-32.4%p	172.5%	84.9%	96.8%	11.9%p	-75.8%p
Net loans to deposits (FX-adjusted)	166%	125%	-41%p	166%	131%	125%	-5%p	-41%p
FX rates (in HUF)	**2012**	**2013**	**Y-o-Y**	**4Q 2012**	**3Q 2013**	**4Q 2013**	**Q-o-Q**	**Y-o-Y**
HUF/RSD (closing)	2.56	2.59	1%	2.56	2.60	2.59	0%	1%
HUF/RSD (average)	2.56	2.63	2%	2.50	2.61	2.60	0%	4%

- ***In 2013 operating profit turned into positive territory supported mainly by the 48% improvement in net interest income***
- ***DPD90+ ratio decreased q-o-q and y-o-y, changes in accounting method caused remarkable growth in provisioning in 4Q***
- ***Gross loans stagnated, consumer loans surged by 26% y-o-y***

OTP banka Srbija posted HUF 13.2 billion net loss in 2013 against the negative result of HUF 4.9 billion last year. The 4Q loss jumped materially driven by changes in provisioning method.

The operating profit notably improved in 2013, the HUF 1.7 billion loss of base period was replaced by HUF 0.4 billion positive result. The 2013 total revenues expanded by 20% y-o-y, fuelled by net interest income surging by 48%. The improvement of net interest income was caused by several factors: consumer loans expanded, the interest bearing subordinated loan within the bank's liabilities was converted into equity in 2013 (in the amount of RSD 4.5 billion). The performing loan volumes increased, furthermore with lending interest rate remaining stable deposit rates moderated remarkably. As a result, annual net interest margin improved by 1.8 ppts y-o-y.

Apart from the marginal increase of annual net fees, other net non-interest revenues sank by 18% y-o-y and 87% q-o-q. The quarterly drop can be explained by lower suspended interest collection, in addition impairment on collaterals at the factoring company was booked on this line, too.

The 2013 operating expenses diminished by 11% y-o-y, mainly due to the base effect of costs related to litigations in 4Q 2012.

The DPD90+ ratio moderated to 48.9% (-3.7 ppts y-o-y, -1.9 ppts q-o-q), as a result of the write-down of non-performing loans. In 4Q the Bank revised its provisioning policy and assessed the collaterals of non-performing loans and the expected recovery of loans by adopting statutory regulations conservatively. The review generated notable increase in risk cost q-o-q. The coverage ratio of DPD90+ loans improved to 82.6% (+26.8 ppts y-o-y, +21.8 ppts q-o-q).

Performing loans expanded by 10% y-o-y. In the retail segment the Bank focused its lending activity on consumer loans that grew by 26% y-o-y and 3% q-o-q (FX-adjusted) due to the success of new cash loan products introduced in April. Loans in other segments stagnated or eroded marginally y-o-y and q-o-q, as well.

Deposits increased by 12% y-o-y and declined by 9% q-o-q FX-adjusted, the latter being explained by a single corporate deposit outflow.

The capital adequacy ratio of the Bank stood at 37.8%.

CRNOGORSKA KOMERCIJALNA BANKA (MONTENEGRO)

Performance of CKB:

Main components of P&L account in HUF mn	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	-3,872	801	-121%	-3,449	503	-117	-123%	-97%
Corporate income tax	-7	0	-100%	6	0	0		-100%
Pre-tax profit	-3,865	801	-121%	-3,455	503	-117	-123%	-97%
Operating profit	2,830	3,506	24%	589	1,159	650	-44%	10%
Total income	10,047	10,516	5%	2,456	2,945	2,490	-15%	1%
Net interest income	7,238	7,804	8%	1,767	2,128	1,892	-11%	7%
Net fees and commissions	2,489	2,475	-1%	600	710	636	-10%	6%
Other net non-interest income	319	237	-26%	89	107	-39	-136%	-143%
Operating expenses	-7,217	-7,010	-3%	-1,867	-1,786	-1,840	3%	-1%
Total risk costs	-6,695	-2,705	-60%	-4,044	-656	-767	17%	-81%
Provision for possible loan losses	-2,655	-3,007	13%	-1,622	-540	-861	59%	-47%
Other provision	-4,039	302	-107%	-2,422	-116	94	-181%	-104%
Main components of balance sheet closing balances in HUF mn	**2012**	**2013**	**Y-o-Y**	**4Q 2012**	**3Q 2013**	**4Q 2013**	**Q-o-Q**	**Y-o-Y**
Total assets	208,633	196,209	-6%	208,633	206,285	196,209	-5%	-6%
Gross customer loans	147,244	164,124	11%	147,244	168,080	164,124	-2%	11%
Gross customer loans (FX-adjusted)	150,085	164,124	9%	150,085	167,196	164,124	-2%	9%
Retail loans	66,537	69,464	4%	66,537	68,935	69,464	1%	4%
Corporate loans	83,548	94,660	13%	83,548	98,261	94,660	-4%	13%
Allowances for possible loan losses	-46,252	-49,836	8%	-46,252	-49,525	-49,836	1%	8%
Allowances for possible loan losses (FX-adjusted)	-47,144	-49,836	6%	-47,144	-49,265	-49,836	1%	6%
Deposits from customers	157,924	145,882	-8%	157,924	157,274	145,882	-7%	-8%
Deposits from customers (FX-adjusted)	160,736	145,882	-9%	160,736	156,342	145,882	-7%	-9%
Retail deposits	123,886	119,378	-4%	123,886	124,071	119,378	-4%	-4%
Corporate deposits	36,851	26,505	-28%	36,851	32,272	26,505	-18%	-28%
Liabilities to credit institutions	21,671	18,013	-17%	21,671	18,453	18,013	-2%	-17%
Subordinated debt	2,041	4,173	104%	2,041	2,115	4,173	97%	104%
Total shareholders' equity	17,048	21,151	24%	17,048	21,363	21,151	-1%	24%
Loan Quality	**2012**	**2013**	**Y-o-Y**	**4Q 2012**	**3Q 2013**	**4Q 2013**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	60,034	61,339	2.2%	60,034	63,834	61,339	-3.9%	2.2%
90+ days past due loans/gross customer loans (%)	40.8%	37.4%	-3.4%p	40.8%	38.0%	37.4%	-0.6%p	-3.4%p
Cost of risk/average gross loans (%)	1.70%	1.93%	0.23%p	4.42%	1.32%	2.06%	0.74%p	-2.36%p
Cost of risk/average (FX-adjusted) gross loans (%)	1.72%	1.91%	0.19%p	4.28%	1.32%	2.06%	0.74%p	-2.22%p
Total provisions/90+ days past due loans (%)	77.0%	81.2%	4.2%p	77.0%	77.6%	81.2%	3.7%p	4.2%p
Performance Indicators (%)	**2012**	**2013**	**Y-o-Y**	**4Q 2012**	**3Q 2013**	**4Q 2013**	**Q-o-Q**	**Y-o-Y**
ROA	-1.8%	0.4%	2.2%p	-6.5%	1.0%	-0.2%	-1.2%p	6.3%p
ROE	-23.3%	4.2%	27.5%p	-73.9%	10.2%	-2.2%	-12.4%p	71.8%p
Total income margin	4.55%	5.20%	0.64%p	4.62%	5.78%	4.91%	-0.87%p	0.28%p
Net interest margin	3.28%	3.86%	0.58%p	3.33%	4.18%	3.73%	-0.45%p	0.40%p
Cost/income ratio	71.8%	66.7%	-5.2%p	76.0%	60.6%	73.9%	13.3%p	-2.1%p
Net loans to deposits (FX-adjusted)	64%	78%	14%p	64%	75%	78%	3%p	14%p
FX rates (in HUF)	**2012**	**2013**	**Y-o-Y**	**4Q 2012**	**3Q 2013**	**4Q 2013**	**Q-o-Q**	**Y-o-Y**
HUF/EUR (closing)	291.3	296.9	2%	291.3	298.5	296.9	-1%	2%
HUF/EUR (average)	289.3	297.0	3%	283.3	298.0	297.6	0%	5%

- ***HUF 801 million net earnings in 2013 as a result of improving operating performance and lower risk costs***
- ***Gross loans grew by 9% y-o-y, reasoned by higher consumer loan demand and one-offs***
- ***Customer deposits shrank by 9% y-o-y in line with management objectives***

The Montenegrin **CKB Bank** posted HUF 801 million after tax profit in 2013 versus a loss of HUF 3.9 billion a year ago. This improvement to a large extent was driven by improving operating profit (+24%) and the decline in risk cost, due to the higher base in 2012 caused by a one-off element. On a quarterly basis, in spite of the improvement in portfolio quality risk cost advanced, thus provision coverage of DPD90+ loans significantly improved (4Q 2013: 81.3%, +3.7 ppts q-o-q).

Operating profit for 2013 increased by 24% y-o-y, which is the result of advancing incomes and lower operating expenses. Regarding the income side net interest income increased by 8%, since the bank managed to pay lower interest on customer and interbank deposits in the course of the cutback of excess liquidity. Although net fees slightly decreased due to lower deposit base and decreasing number of card related and payment transactions, total income margin improved by 64 basis points y-o-y.

The 6% saving on operating expenses (y-o-y, FX-adjusted) was mainly driven by the 12% saving on personnel expenses. The decline of personnel expenses was partly offset by the 7% y-o-y growth of general and administrative costs. In the course of 4Q operating expenses grew by 3% q-o-q, mainly due to the higher IT and marketing expenditures. Accordingly, the cost to income ratio of the bank improved by 5.2 ppts to 66.7% in 2013: while the branch network shrank by 2 branches (4Q: 29 branches) and number of active employees slightly increased (4Q 2013: 449 people, +27 people y-o-y).

The total loan book advanced by 9% y-o-y (FX-adjusted), reflecting partly the stronger consumer loan demand supported by successful sales campaigns. Also, there was a one-off loan book growth in 3Q related to loans to the Montenegrin Government[15], which boosted the yearly growth numbers. On the quarterly basis however, there was a slight decrease in total loans (-2%), mainly due to the 21% q-o-q drop of municipal loans. Throughout the whole year cash loan sales were spectacular with 31% y-o-y volume increase, whereas in 4Q volumes grew by 9%. The mortgage loan book kept shrinking (-6% y-o-y and -2% q-o-q).

After a significant increase of FX-adjusted DPD90+ loan volumes in 2Q, the new formation was negative in 3Q and 4Q as well, as a result the DPD90+ ratio decreased to 37.4% by the end of December. In 4Q mortgage book quality stagnated (its DPD90+ ratio stood at 23.5%), while SME and LME as well as consumer loan portfolios quality slightly improved.

The deposit base decreased by 9% y-o-y mainly as a result of lower retail deposit volumes (-5% y-o-y). Due to the strong liquidity position of the bank, deposit rates were cut back further in 4Q, which resulted in declining deposit volumes. Retail deposits shrank by 4%, while corporate deposits dropped by 18% q-o-q, both declines affecting mainly the term deposit segments.

In order to comply with changes in local regulation, and maintain the stable capital position, CKB received EUR 10 million subordinated loan from OTP Bank in April 2013 (later converted into ordinary shares in 3Q), which was followed by an EUR 7 million subordinated loan from the mother company in 4Q. Accordingly, by the end of 2013 CKB's capital adequacy level grew to 14.4%.

[15] The loan origination to the Montenegrin Government is related to the executed state guarantees provided to the EUR 42 million loans of Podgorica Aluminium Factory (KAP). The KAP exposure was previously included in the loan book of OTP Bank (Hungary) and in 3Q 2013 it was fully repaid.

STAFF LEVEL AND OTHER INFORMATION

The closing staff number of OTP Group (including the number of employed selling agents) was 37,892 as of 31 December 2013. During 2013 there was an increase in Russia and the Ukraine in the headcount of agents as consumer lending increased further in the wake of partnering up with new retail chains. OTP Group provides services through 1,434 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 382 branches and 2,017 ATM terminals. The bank (Hungary) has around 52 thousands POS terminals at the same time.

	31/12/2013				31/12/2012			
	Branches	ATM	POS	Headcount (closing)	Branches	ATM	POS	Headcount (closing)
OTP Core	382	2,017	51,683	8,615	380	1,956	49,385	8,507
OTP Bank Russia (w/o employed agents)	200	212	3,038	6,020	146	255	2,697	5,177
DSK Group[1]	378	873	4,396	4,514	381	878	4,196	4,736
OTP Bank Ukraine (w/o employed agents)	140	158	353	3,282	150	164	358	3,052
OTP Bank Romania	84	122	1,185	930	89	122	1,323	970
OTP banka Hrvatska	102	223	1,526	993	103	222	1,261	984
OTP Banka Slovenko	68	123	187	655	70	113	193	639
OTP banka Srbija	51	119	2,371	663	51	151	2,959	660
CKB	29	82	4,688	449	31	79	4,272	422
Foreign subsidiaries, total	**1,052**	**1,922**	**17,744**	**17,505**	**1,021**	**1,984**	**17,259**	**16,639**
Other Hungarian and foreign subsidiaries				843				840
OTP Group total (w/o employed agents)				**26,963**				**25,986**
OTP Bank Russia – employed agents				*8,593*				*8,339*
OTP Bank Ukraine – employed agents				*2,336*				*2,107*
OTP Group total (aggregated)	**1,434**	**3,939**	**69,427**	**37,892**	**1,401**	**3,940**	**66,644**	**36,431**

[1] Regarding the headcount of DSK Group, ytd decline reflects a change in calculation methodology.

PERSONAL AND ORGANIZATIONAL CHANGES

The Annual General Meeting elected Mr Dominique Uzel to the member of the Bank’s Supervisory Board until the closing AGM of the fiscal year 2013, but the latest until April 30, 2014. In 2013 there was no change in the composition of the Board of Directors and the Auditor of the Bank.

FINANCIAL DATA

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF FINANCIAL POSITION

in HUF million	OTP Bank			Consolidated		
	31/12/2013	31/12/2012	Change	31/12/2013	31/12/2012	Change
Cash amounts due from banks and balances with the National Bank of Hungary	140,521	245,548	-43%	539,125	602,521	-11%
Placements with other banks, net of allowance for placement losses	632,899	665,417	-5%	273,479	356,866	-23%
Financial assets at fair value through profit or loss	396,565	243,015	63%	415,605	222,874	86%
Securities available-for-sale	1,997,491	1,953,871	2%	1,637,255	1,411,177	16%
Loans, net of allowance for loan losses	2,144,701	2,356,291	-9%	6,245,210	6,464,191	-3%
Investments in subsidiaries	669,322	661,352	1%	23,837	7,936	200%
Securities held-to-maturity	525,049	371,992	41%	580,051	429,303	35%
Property, equipment and intangible assets	117,001	109,649	7%	455,244	489,142	-7%
Other assets	49,486	32,686	51%	211,241	129,456	63%
TOTAL ASSETS	**6,673,035**	**6,639,821**	**1%**	**10,381,047**	**10,113,466**	**3%**
Amounts due to banks, the Hungarian Government, deposits from the National Bank of Hungary and other banks	902,744	826,968	9%	784,212	534,324	47%
Deposits from customers	3,677,450	3,500,790	5%	6,866,606	6,550,708	5%
Liabilities from issued securities	170,779	335,963	-49%	445,218	643,123	-31%
Financial liabilities at fair value through profit or loss	204,517	259,211	-21%	87,164	122,032	-29%
Other liabilities	242,444	232,557	4%	421,353	457,231	-8%
Subordinated bonds and loans	278,241	303,750	-8%	267,162	291,495	-8%
TOTAL LIABILITIES	**5,476,175**	**5,459,239**	**0%**	**8,871,715**	**8,598,913**	**3%**
Share capital	28,000	28,000	0%	28,000	28,000	0%
Retained earnings and reserves	1,175,591	1,157,516	25%	1,532,164	1,534,572	0%
Treasury shares	-6,731	-4,934	36%	-55,599	-53,802	3%
Non-controlling interest				4,767	5,783	-18%
TOTAL SHAREHOLDERS' EQUITY	**1,196,860**	**1,180,582**	**1%**	**1,509,332**	**1,514,553**	**0%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**6,673,035**	**6,639,821**	**1%**	**10,381,047**	**10,113,466**	**3%**

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF RECOGNIZED INCOME

in HUF million	OTP Bank			Consolidated		
	2013	2012	Change	2013	2012	Change
Loans	189,073	216,154	-13%	771,542	795,475	-3%
Placements with other banks	246,968	364,039	-32%	207,951	341,071	-39%
Amounts due from banks and balances with the National Banks	3,720	6,523	-43%	4,207	6,749	-38%
Securities held for trading	0	1,443	-100%	924	1,827	-49%
Securities available-for-sale	102,376	117,914	-13%	71,743	78,624	-9%
Securities held-to-maturity	30,027	19,625	53%	33,002	20,204	63%
Total interest income	572,164	725,698	-21%	1,089,369	1,243,950	-12%
Amounts due to banks, the Hungarian Government, deposits from the National Banks and other banks	237,984	350,521	-32%	189,539	294,631	-36%
Deposits from customers	96,199	138,808	-31%	197,236	234,698	-16%
Liabilities from issued securities	15,241	27,330	-44%	34,896	54,033	-35%
Subordinated bonds and loans	16,922	16,872	0%	11,412	11,923	-4%
Other entrepreneurs				2,558	3,200	-20%
Total interest expense	366,346	533,531	-31%	435,641	598,485	-27%
NET INTEREST INCOME	**205,818**	**192,167**	**7%**	**653,728**	**645,465**	**1%**
Provision for impairment on loan and placement losses	30,533	53,308	-43%	262,569	226,980	16%
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN AND PLACEMENT LOSSES	**175,285**	**138,859**	**26%**	**391,159**	**418,485**	**-7%**
Income from fees and commissions	157,994	117,566	34%	257,135	203,499	26%
Foreign exchange gains, net	5,901	-3,769	257%	18,279	3,171	476%
Net losses / gains on securities	12,423	-6,872	281%	11,546	-235	
Gains on real estate transactions	79	64	23%	1,552	1,131	37%
Dividend income	47,583	43,098	10%	2,474	2,803	-12%
Other income	3,593	5,023	-28%	24,840	23,987	4%
Non-interest income	227,573	155,110	47%	315,826	234,356	35%
Expense from fees and commissions	24,053	22,493	7%	55,378	49,162	13%
Personnel expenses	85,760	80,456	7%	204,277	188,952	8%
Depreciation and amortization	21,657	20,959	3%	78,017	47,420	65%
Other expenses	217,055	137,038	58%	284,261	221,633	28%
Non-interest expenses	348,525	260,946	34%	621,933	507,167	23%
PROFIT BEFORE INCOME TAX	**54,333**	**33,023**	**65%**	**85,052**	**145,674**	**-42%**
Income tax	6,442	-5,379	220%	20,944	23,088	-9%
PROFIT AFTER INCOME TAX	**47,891**	**38,402**	**25%**	**64,108**	**122,586**	**-48%**
Non-controlling interest				91	-896	-110
NET PROFIT FOR THE YEAR	**47,891**	**38,402**	**25%**	**64,199**	**121,690**	**-47%**

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF CASH FLOWS

in HUF million	OTP Bank			Consolidated		
	31/12/2013	31/12/2012	Change	31/12/2013	31/12/2012	Change
OPERATING ACTIVITIES						
Profit before income tax	54,333	33,023	65%	85,052	145,674	-42%
Adjustments to reconcile income before income taxes to net cash provided by operating activities						
Income tax paid	-5,370	-4,391	22%	-21,739	-25,259	-14%
Goodwill impairment				30,819		
Depreciation and amortization	21,657	20,959	3%	47,198	47,420	0%
Provision for impairment / Release of provision	86,385	89,870	-4%	272,231	236,320	15%
Share-based payment	5,704	4,584	24%	5,704	4,585	24%
Unrealized (losses) / gains on fair value adjustment of securities held for trading	863	-2,012	-143%	859	-1,938	-144%
Unrealized losses on fair value adjustment of derivative financial instruments	12,629	2,735	362%	4,921	-8,829	-156%
Changes in operating assets and liabilities	90,075	312,555	-71%	-82,008	505,269	-116%
Net cash provided by operating activities	**266,276**	**457,323**	**-42%**	**343,037**	**903,241**	**-62%**
INVESTING ACTIVITIES						
Net cash used in investing activities	**-207,106**	**-211,243**	**-2%**	**-354,364**	**-494,090**	**-28%**
FINANCING ACTIVITIES						
Net cash used in financing activities	**-160,720**	**-227,903**	**-29%**	**-44,655**	**-392,399**	**-89%**
Net increase in cash and cash equivalents	**-101,550**	**18,177**	**-659%**	**-55,982**	**16,752**	**-434%**
Cash and cash equivalents at the beginning of the period	164,385	146,208	12%	331,929	315,177	5%
Cash and cash equivalents at the end of the period	**62,835**	**164,385**	**-62%**	**275,947**	**331,929**	**-17%**
Analysis of cash and cash equivalents						
Cash, amounts due from banks and balances with the National Banks	245,548	226,976	8%	602,521	595,986	1%
Compulsory reserve established by the National Banks	-81,163	-80,768	0%	-270,592	-280,809	-4%
Cash and cash equivalents at the beginning of the period	**164,385**	**146,208**	**12%**	**331,929**	**315,177**	**5%**
Cash, amounts due from banks and balances with the National Banks	140,521	245,548	-43%	539,125	602,521	-11%
Compulsory reserve established by the National Banks	-77,686	-81,163	-4%	-263,178	-270,592	-3%
Cash and cash equivalents at the end of the period	**62,835**	**164,385**	**-62%**	**275,947**	**331,929**	**-17%**

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 2012	**28,000**	**52**	**6,216**	**1,488,296**	**-55,468**	**-54,387**	**5,601**	**1,418,310**
Net profit for the year	--	--	--	121,690		--	896	122,586
Other comprehensive income				300			-714	-414
Share-based payment	--	--	4,584			--	--	4,584
Treasury shares								
Dividend for the year 2011	--	--	--	-28,000		--	--	-28,000
Put option								
Treasury shares								
– sale						6,342		6,342
– loss on sale				-155				-155
– volume change						-5,757		-5,757
Payment to ICES holders				-2,943				-2,943
Non-controlling interest buy-out	--	--	--	--	--	--	--	--
Balance as at 31 December 2012	**28,000**	**52**	**10,800**	**1,579,188**	**-55,468**	**-53,802**	**5,783**	**1,514,553**

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

Ownership structure of OTP Bank Plc.

as at 31 December 2013

Description of owner	Total equity					
	1 January 2013			31 December 2013		
	%[1]	%[2]	Qty	%[1]	%[2]	Qty
Domestic institution/company	10.93%	11.10%	30,612,195	11.97%	12.12%	33,516,480
Foreign institution/company	51.16%	51.94%	143,234,419	63.49%	64.28%	177,765,449
Domestic individual	9.96%	10.11%	27,880,066	8.93%	9.04%	24,998,111
Foreign individual	1.12%	1.14%	3,145,920	1.15%	1.16%	3,206,030
Employees, senior officers	1.84%	1.87%	5,157,202	1.55%	1.57%	4,331,265
Treasury shares	1.50%	0.00%	4,207,443	1.23%	0.00%	3,437,274
Government held owner[3]	4.88%	4.96%	13,675,713	5.13%	5.20%	14,372,425
International Development Institutions[4]	0.00%	0.00%	0	0.00%	0.00%	0
Other[5]	18.60%	18.89%	52,087,052	6.56%	6.64%	18,372,976
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 (2013)

	1 January	31 March	30 June	30 September	31 December
Company	2,133,883	2,023,532	1,700,581	1,479,652	1,363,714
Subsidiaries	2,073,560	2,073,560	2,073,560	2,073,560	2,073,560
TOTAL	4,207,443	4,097,092	3,774,141	3,553,212	3,437,274

Shareholders with over/around 5% stake as at 31 December 2013

Name	Number of shares	Voting rights	Beneficial ownership
Megdet, Timur and Ruszlan Rahimkulov	24,882,495	8.89%	9.00%
MOL (Hungarian Oil and Gas Company Plc.)	24,000,000	8.57%	8.68%
Groupama Group	23,228,306	8.30%	8.40%
Lazard Group	15,441,775	5.51%	5.58%
Hungarian National Asset Management Inc.	14,091,203	5.03%	5.10%

Senior officers, strategic employees and their shareholding of OTP shares as at 31 December 2013

Type[1]	Name	Position	No. of shares held
IT	Dr. Sándor Csányi [2]	Chairman and CEO	10,000
IT	Mihály Baumstark	member	16,000
IT	Dr. Tibor Bíró	member	39,158
IT	Péter Braun	member	343,905
IT	Tamás Erdei	member	6,439
IT	Dr. István Gresa	member	71,935
IT	Zsolt Hernádi	member	16,000
IT	Dr. István Kocsis[3]	member	13,670
IT	Dr. Antal Pongrácz	Deputy Chairman, Deputy CEO	14,400
IT	Dr. László Utassy	member	281,000
IT	Dr. József Vörös	member	133,200
FB	Tibor Tolnay	Chairman	54
FB	Dr. Gábor Horváth	member	0
FB	Antal Kovács	member, Deputy CEO	44,074
FB	András Michnai	member	14,000
FB	Dominique Uzel	member	0
FB	Dr. Márton Gellért Vági	member	0
SP	László Bencsik	Chief Financial and Strategic Officer, Deputy CEO	4,780
SP	Daniel Gyuris	Deputy CEO	0
SP	Ákos Takáts	Deputy CEO	184,963
SP	László Wolf	Deputy CEO	587,182
TOTAL No. of shares held by management:			**1.780.760**

[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 suspended since 3 October 2012

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

a) Contingent liabilities

	31/12/2013	31/12/2012
Commitments to extend credit	1,266,185	1,156,876
Guarantees arising from banking activities	312,994	316,159
Confirmed letters of credit	25,919	13,721
Legal disputes (disputed value)	66,988	1,945
Contingent liabilities related to OTP Mortgage Bank	--	--
Other	138,422	117,316
Total:	**1,810,508**	**1,606,017**

[1] Those financial undertakings, which are important from valuation perspectives however not booked within the balance sheet (such as surety, guarantees, pledge related obligations, etc.)
[2] The balance of contingent liabilities in relation to legal disputes as at 31 December 2012 decreased compared to that reported previously, since the balance of lawsuit claim initiated by the Group has been deducted from contingent liabilities.

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

	End of reference period	Current period opening	Current period closing
Bank	8,032	8,032	8,097
Consolidated	36,431	36,431	37,892

Security issuances on Group level in the course of 2013

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 31/12/2013	Outstanding consolidated debt (in HUF million) 31/12/2013
OTP Bank Plc.	Retail bond	OTP 2014/I	11/01/2013	11/01/2014	HUF	3,406	3,406
OTP Bank Plc.	Retail bond	OTP TBSZ 4 2016/I	18/01/2013	15/12/2016	HUF	158	158
OTP Bank Plc.	Retail bond	OTP 2014/II	01/02/2013	01/02/2014	HUF	1,467	1,467
OTP Bank Plc.	Retail bond	OTP 2014/III	01/03/2013	01/03/2014	HUF	2,822	2,822
OTP Bank Plc.	Corporate bond	OTP 2016/Fx	22/03/2013	24/03/2016	HUF	670	670
OTP Bank Plc.	Corporate bond	OTP 2019/Dx	22/03/2013	21/03/2019	HUF	4,500	4,500
OTP Bank Plc.	Corporate bond	OTP 2023/Ax	22/03/2013	24/03/2023	HUF	395	395
OTP Bank Plc.	Corporate bond	OTP 2023/RF/A	22/03/2013	24/03/2023	HUF	51	51
OTP Bank Plc.	Retail bond	OTP 2014/IV	05/04/2013	05/04/2014	HUF	1,529	1,529
OTP Bank Plc.	Retail bond	OTP 2014/V	26/04/2013	26/04/2014	HUF	1,152	1,152
OTP Bank Plc.	Retail bond	OTP 2014/VI	24/05/2013	24/05/2014	HUF	1,279	1,279
OTP Bank Plc.	Retail bond	OTP 2014/VII	14/06/2013	14/06/2014	HUF	768	768
OTP Bank Plc.	Corporate bond	OTP 2023/Bx	28/06/2013	26/06/2023	HUF	295	295
OTP Bank Plc.	Corporate bond	OTP 2019/Ex	28/06/2013	24/06/2019	HUF	3,550	3,550
OTP Bank Plc.	Retail bond	OTP EK 2015/I	29/07/2013	29/01/2015	HUF	5,620	5,620
OTP Bank Plc.	Retail bond	OTP DNT HUF 140108 6%	12/07/2013	08/01/2014	HUF	2,916	2,916
OTP Bank Plc.	Retail bond	OTP 2014/VIII	16/08/2013	16/08/2014	HUF	626	626
OTP Bank Plc.	Retail bond	OTP 2014/IX	13/09/2013	13/09/2014	HUF	537	537
OTP Bank Plc.	Retail bond	OTP 2014/X	11/10/2013	11/10/2014	HUF	295	295
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/I	11/01/2013	11/01/2014	EUR	3,349,300	994
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/I	11/01/2013	11/01/2015	EUR	161,200	48
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/II	25/01/2013	25/01/2014	EUR	2,535,200	753
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/II	25/01/2013	25/01/2015	EUR	171,200	51
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/III	01/02/2013	01/02/2014	EUR	2,682,300	796
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/III	01/02/2013	01/02/2015	EUR	158,100	47
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/IV	15/02/2013	15/02/2014	EUR	4,059,600	1,205
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/IV	15/02/2013	15/02/2015	EUR	150,000	45
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/V	01/03/2013	01/03/2015	EUR	263,100	78
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/V	01/03/2013	01/03/2014	EUR	3,806,500	1,130
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/VI	22/03/2013	22/03/2015	EUR	197,600	59
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/VI	22/03/2013	22/03/2014	EUR	3,192,100	948
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/VII	05/04/2013	05/04/2014	EUR	1,365,300	405
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/VII	05/04/2013	05/04/2015	EUR	383,700	114
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/VIII	19/04/2013	19/04/2014	EUR	3,012,100	894
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/VIII	19/04/2013	19/04/2015	EUR	302,200	90
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/IX	10/05/2013	10/05/2014	EUR	5,797,600	1,721
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/IX	10/05/2013	10/05/2015	EUR	736,300	219
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/X	24/05/2013	24/05/2014	EUR	2,370,400	704
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/X	24/05/2013	24/05/2015	EUR	363,800	108
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XI	07/06/2013	07/06/2014	EUR	2,591,900	770
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XI	07/06/2013	07/06/2015	EUR	390,300	116
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XII	21/06/2013	21/06/2015	EUR	211,500	63
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XII	21/06/2013	21/06/2014	EUR	2,197,800	653
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XIII	28/06/2013	28/06/2014	EUR	1,383,500	411
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XIII	28/06/2013	28/06/2015	EUR	274,200	81

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 31/12/2013	Outstanding consolidated debt (in HUF million) 31/12/2013
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XIV	12/07/2013	12/07/2014	EUR	2,788,300	828
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XIV	12/07/2013	12/07/2015	EUR	123,900	37
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XV	26/07/2013	26/07/2014	EUR	5,148,500	1,529
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XV	26/07/2013	26/07/2015	EUR	630,100	187
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XVI	16/08/2013	16/08/2014	EUR	10,348,100	3,072
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XVI	16/08/2013	16/08/2015	EUR	790,100	235
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XVII	30/08/2013	30/08/2014	EUR	6,890,000	2,046
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XVII	30/08/2013	30/08/2015	EUR	422,900	126
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XVIII	13/09/2013	13/09/2014	EUR	7,902,700	2,346
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XVIII	13/09/2013	13/09/2015	EUR	648,800	193
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XIX	27/09/2013	27/09/2014	EUR	8,307,600	2,467
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XIX	27/09/2013	27/09/2015	EUR	508,700	151
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XX	11/10/2013	11/10/2014	EUR	6,745,200	2,003
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XX	11/10/2013	11/10/2015	EUR	299,300	89
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XXI	31/10/2013	31/10/2014	EUR	8,108,200	2,407
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XXI	31/10/2013	31/10/2015	EUR	2,349,800	698
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XXII	15/11/2013	15/11/2014	EUR	4,602,100	1,366
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XXII	15/11/2013	15/11/2015	EUR	1,177,000	349
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XXIII	29/11/2013	13/12/2014	EUR	5,901,200	1,752
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XXIII	29/11/2013	29/11/2015	EUR	1,303,300	387
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/I	20/12/2013	10/01/2015	EUR	7,095,700	2,107
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XXIV	20/12/2013	20/12/2015	EUR	1,552,400	461
OTP Bank Plc.	Corporate bond	OTP 2018/Fx	19/12/2013	21/12/2018	EUR	618,000	183
OTP Mortgage Bank	OTP Mortgage Bank	OMB2016_I	25/10/2013	25/10/2016	EUR	0	0

Security redemptions on Group level in the course of 2013

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 31/12/2012	Outstanding consolidated debt (in HUF million) 31/12/2012
OTP Bank Plc.	Retail bond	2013/II	20/01/2012	19/01/2013	HUF	21,453	21,453
OTP Bank Plc.	Retail bond	2013/IV	17/02/2012	16/02/2013	HUF	17,134	17,134
OTP Bank Plc.	Retail bond	2013/III	03/02/2012	02/02/2013	HUF	12,535	12,535
OTP Bank Plc.	Retail bond	2013/IX	11/05/2012	11/05/2013	HUF	10,651	10,651
OTP Bank Plc.	Retail bond	2013/VIII	21/04/2012	21/04/2013	HUF	10,605	10,605
OTP Bank Plc.	Retail bond	2013/VII	06/04/2012	06/04/2013	HUF	10,102	10,102
OTP Bank Plc.	Retail bond	2013/XIV	20/07/2012	20/07/2013	HUF	9,508	9,508
OTP Bank Plc.	Retail bond	2013/V	02/03/2012	02/03/2013	HUF	9,001	9,001
OTP Bank Plc.	Retail bond	2013/I	06/01/2012	05/01/2013	HUF	8,716	8,716
OTP Bank Plc.	Retail bond	2013/VI	23/03/2012	23/03/2013	HUF	8,171	8,171
OTP Bank Plc.	Retail bond	TBSZ2013/I	26/02/2010	30/12/2013	HUF	6,018	6,018
OTP Bank Plc.	Retail bond	2013/XV	10/08/2012	10/08/2013	HUF	5,862	5,862
OTP Bank Plc.	Retail bond	2013/XIII	06/07/2012	06/07/2013	HUF	5,747	5,747
OTP Bank Plc.	Retail bond	2013/XI	08/06/2012	08/06/2013	HUF	5,547	5,547
OTP Bank Plc.	Retail bond	2013/X	25/05/2012	25/05/2013	HUF	4,997	4,997
OTP Bank Plc.	Retail bond	2013/XII	22/06/2012	22/06/2013	HUF	4,453	4,453
OTP Bank Plc.	Retail bond	2013/XXI	12/11/2012	12/11/2013	HUF	4,147	4,147
OTP Bank Plc.	Retail bond	2013/XVII	07/09/2012	07/09/2013	HUF	4,130	4,130
OTP Bank Plc.	Retail bond	DNT HUF 2013A	27/09/2012	25/03/2013	HUF	3,753	3,753
OTP Bank Plc.	Retail bond	2013/XVIII	21/09/2012	21/09/2013	HUF	3,655	3,655
OTP Bank Plc.	Retail bond	2013/XVI	24/08/2012	24/08/2013	HUF	3,635	3,635
OTP Bank Plc.	Retail bond	2013/RA/Bx	26/11/2010	03/12/2013	HUF	3,193	3,193
OTP Bank Plc.	Retail bond	2013/XXII	23/11/2012	23/11/2013	HUF	3,022	3,022
OTP Bank Plc.	Retail bond	2013/XIX	05/10/2012	05/10/2013	HUF	2,439	2,439
OTP Bank Plc.	Retail bond	DNT HUF 130508 9%	15/11/2012	08/05/2013	HUF	2,334	2,334
OTP Bank Plc.	Retail bond	2013/XX	19/10/2012	19/10/2013	HUF	2,304	2,304
OTP Bank Plc.	Retail bond	3Y EURHUF	25/06/2010	25/06/2013	HUF	2,097	2,097
OTP Bank Plc.	Retail bond	2013/XXIII	07/12/2012	07/12/2013	HUF	1,860	1,860
OTP Bank Plc.	Retail bond	2013/XXIV	21/12/2012	21/12/2013	HUF	1,581	1,581
OTP Bank Plc.	Retail bond	OVK 2013/I	26/08/2011	26/08/2013	HUF	1,254	1,254
OTP Bank Plc.	Corporate bond	2013/Bx	26/11/2010	06/11/2013	HUF	785	785
OTP Bank Plc.	Corporate bond	2013/Ax	28/06/2010	08/07/2013	HUF	428	428
OTP Bank Plc.	Corporate bond	2013/Cx	16/12/2010	19/12/2013	HUF	420	420
OTP Bank Plc.	Retail bond	EUR 1 2013/XV	03/08/2012	03/08/2013	EUR	13,329,900	3,828

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 31/12/2012	Outstanding consolidated debt (in HUF million) 31/12/2012
OTP Bank Plc.	Retail bond	DC EUR 130108 4.5%	27/09/2012	08/01/2013	EUR	10,550,700	3,073
OTP Bank Plc.	Retail bond	EUR 1 2013/XXIV	07/12/2012	07/12/2013	EUR	10,463,100	3,048
OTP Bank Plc.	Retail bond	DC USD 130207 5%	15/11/2012	07/02/2013	USD	13,750,600	3,038
OTP Bank Plc.	Retail bond	EUR 1 2013/XXIII	23/11/2012	23/11/2013	EUR	9,288,000	2,706
OTP Bank Plc.	Retail bond	EUR 1 2013/XVII	31/08/2012	31/08/2013	EUR	9,082,300	2,646
OTP Bank Plc.	Retail bond	EUR 1 2013/XIX	28/09/2012	28/09/2013	EUR	8,543,300	2,489
OTP Bank Plc.	Retail bond	EUR 1 2013/XVI	17/08/2012	17/08/2013	EUR	7,782,700	2,267
OTP Bank Plc.	Retail bond	EUR 1 2013/XX	12/10/2012	12/10/2013	EUR	7,407,900	2,158
OTP Bank Plc.	Retail bond	EUR 1 2013/XXI	26/10/2012	26/10/2013	EUR	5,860,700	1,707
OTP Bank Plc.	Retail bond	EUR 1 2013/XXII	09/11/2012	09/11/2013	EUR	5,356,800	1,560
OTP Bank Plc.	Retail bond	EUR 1 2013/XIV	13/07/2012	13/07/2013	EUR	4,896,500	1,426
OTP Bank Plc.	Retail bond	EUR 1 2013/XVIII	14/09/2012	14/09/2013	EUR	4,673,500	1,361
OTP Bank Plc.	Retail bond	EUR 1 2013/XXV	21/12/2012	21/12/2013	EUR	4,280,500	1,247
OTP Bank Plc.	Retail bond	EUR 1 2013/IX	04/05/2012	04/05/2013	EUR	2,838,400	827
OTP Bank Plc.	Retail bond	EUR 1 2013/VIII	20/04/2012	20/04/2013	EUR	2,309,300	673
OTP Bank Plc.	Retail bond	EUR 1 2013/XIII	22/06/2012	22/06/2013	EUR	2,304,100	671
OTP Bank Plc.	Retail bond	EUR 1 2013/II	27/01/2012	26/01/2013	EUR	1,816,200	529
OTP Bank Plc.	Retail bond	EUR 1 2013/VII	06/04/2012	06/04/2013	EUR	1,162,600	339
OTP Bank Plc.	Retail bond	EUR 1 2013/I	13/01/2012	12/01/2013	EUR	1,105,200	322
OTP Bank Plc.	Retail bond	EUR 1 2013/IV	24/02/2012	23/02/2013	EUR	1,081,600	315
OTP Bank Plc.	Retail bond	EUR 1 2013/XII	08/06/2012	08/06/2013	EUR	1,066,800	311
OTP Bank Plc.	Retail bond	EUR 1 2013/III	10/02/2012	09/02/2013	EUR	1,018,700	297
OTP Bank Plc.	Retail bond	EUR 2013/III	26/08/2011	26/08/2013	EUR	910,800	265
OTP Bank Plc.	Retail bond	EUR 1 2013/XI	25/05/2012	25/05/2013	EUR	870,500	254
OTP Bank Plc.	Retail bond	EUR 1 2013/V	09/03/2012	09/03/2013	EUR	815,700	238
OTP Bank Plc.	Retail bond	EUR 2013/IV	09/09/2011	09/09/2013	EUR	765,400	223
OTP Bank Plc.	Retail bond	EUR 1 2013/VI	23/03/2012	23/03/2013	EUR	755,500	220
OTP Bank Plc.	Retail bond	EUR 2013/VI	07/10/2011	07/10/2013	EUR	552,000	161
OTP Bank Plc.	Retail bond	EUR 1 2013/X	11/05/2012	11/05/2013	EUR	519,400	151
OTP Bank Plc.	Retail bond	EUR 2013/VII	21/10/2011	21/10/2013	EUR	509,600	148
OTP Bank Plc.	Retail bond	EUR 2013/V	23/09/2011	23/09/2013	EUR	493,900	144
OTP Bank Plc.	Retail bond	EUR 2013/I	05/08/2011	05/08/2013	EUR	448,600	131
OTP Bank Plc.	Retail bond	EUR 2013/II	12/08/2011	12/08/2013	EUR	437,400	127
OTP Bank Plc.	Retail bond	EUR 2013/IX	18/11/2011	18/11/2013	EUR	418,400	122
OTP Bank Plc.	Retail bond	EUR 2013/VIII	07/11/2011	07/11/2013	EUR	264,400	77
OTP Bank Plc.	Retail bond	EUR 2013/XI	02/12/2011	02/12/2013	EUR	180,500	53
OTP Bank Plc.	Corporate bond	EUR 2013/XIII	29/12/2011	29/12/2013	EUR	149,800	44
OTP Bank Plc.	Retail bond	EUR 2013/X	25/11/2011	25/11/2013	EUR	140,700	41
OTP Bank Plc.	Retail bond	EUR 2013/XII	16/12/2011	16/12/2013	EUR	84,600	25
OTP Mortgage Bank	OTP Mortgage Bank	OJB2013_B	25/05/2011	30/10/2013	HUF	0	0
OTP Mortgage Bank	OTP Mortgage Bank	OJB2013_II	20/12/2002	31/08/2013	HUF	13,433	13,433
OTP Mortgage Bank	OTP Mortgage Bank	OJB2013_III	29/05/2009	29/05/2013	HUF	0	0
OTP Mortgage Bank	OTP Mortgage Bank	OJB2013_IV	25/05/2011	31/08/2013	HUF	0	0
OTP Mortgage Bank	OTP Mortgage Bank	OMB2013_I	11/11/2011	18/11/2013	EUR	3,500,000	1,020
OTP Banka Slovensko	Mortgage bond	OTP XXI.	20/05/2010	20/05/2013	EUR	9,856,000	2,871
OTP Banka Slovensko	Mortgage bond	OTP XXIV.	23/11/2010	23/11/2013	EUR	7,877,000	2,294

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	2012	2013	Y-o-Y	4Q 2012	3Q 2013	4Q 2013	Q-o-Q	Y-o-Y
Total	**12,709**	**13,885**	**9%**	**3,617**	**3,210**	**2,587**	**-19%**	**-28%**
Short-term employee benefits	8,720	9,534	9%	2,866	2,143	2,130	-1%	-26%
Share-based payment	2,711	3,297	22%	469	768	221	-71%	-53%
Other long-term employee benefits	1,050	965	-8%	262	210	236	12%	-10%
Termination benefits	218	89	-59%	20	89	0	-100%	-100%
Redundancy payments	10		-100%	0	0	0		
Loans provided to companies owned by members of the management[1] or their family members (normal course of business)	35,792	38,828	8%	35,792	34,705	38,828	12%	8%
Credit lines of the members of Board of Directors and the Supervisory Board and their close family members (at normal market conditions)	112	559	399%	112	466	559	20%	399%
Commitments to extend credit and guarantees	518	1,221	136%	518	1,113	1,221	10%	136%
Loans provided to unconsolidated subsidiaries	1,526	1,124	-26%	1,526	1,586	1,124	-29%	-26%

[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. Regarding dividends and net cash transfers received from non-group member companies, it is shown on a separate line in one sum in the table, regardless to the particular receiver or payer group member company.

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

(2) OTP Core is an economic unit for measuring the result of core business activity of OTP Group in Hungary. Financials for OTP Core are calculated from the partially consolidated financial statements of the companies engaged in OTP Group's underlying banking operation in Hungary. These companies include OTP Bank Hungary Plc., OTP Mortgage Bank Ltd, OTP Building Society Ltd, OTP Factoring Ltd, OTP Financing Netherlands Ltd and OTP Holding Ltd. The consolidated accounting result of these companies are segmented into OTP Core and Corporate Centre. 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. Within OTP Group, the full range of financing and investments into non-OTP Core subsidiaries is allocated to the Corporate Centre. Main subsidiaries financed by Corporate Centre are as follows: Hungarians: Merkantil Bank Ltd, Merkantil Car Ltd, Merkantil Leasing Ltd, OTP Real Estate Leasing Ltd, OTP Fund Management Ltd, OTP Real Estate Fund Management Ltd, OTP Life Annuity Ltd; foreigners: leasing companies, factoring companies.

(4) 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.

(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 financial statement 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 in relation to interbank financing. Before transfer balance sheet numbers are displayed.

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

(9) From 2011 on 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.

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

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

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

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

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

(15) Total Foreign subsidiaries: sum of the 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.

- 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 loss from early repayment of FX mortgage loans in Hungary, the revaluation result on FX purchased from the National Bank of Hungary to cover the FX need of early repayments and the special banking tax refund related to the early repayments.
- Other non-interest income elements stemming from provisioning release in connection with loans originated before the acquisitions of the subsidiaries have been reclassified to and deducted from the volume of provisions for possible loan losses in the income statement.
- Other non-interest income is shown together with gains/losses on real estate transactions, but without the above mentioned income from the release of pre-acquisition provisions and without received cash transfers. However other non-interest expenses stemming from non-financial activities are added to the adjusted net other non-interest income line, therefore the latter incorporates the net amount of other non-interest income from non-financial activities.
- Out of other expenses, other provisions are deducted and shown separately as other risk costs in the adjusted income statement. Other provisions contain provisioning on off-balance sheet liabilities and on legal contests, provisioning on securities, shares and other investments as well as provisioning on other assets.
- Other administrative expenses have been adjusted in the following way in order to create a category comprising 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, which are quasi marketing expenses but kept as paid cash transfer on the P&L –, Other non-interest expenses, 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.
- Cost/income ratio, net interest margin, risk cost to average gross loans as well as ROA and ROE ratios are calculated on the basis of the adjusted profit and loss statement, excluding adjustment items such as received dividends and net cash transfers, the after tax effect of the goodwill write-downs, the effect of special banking tax, the loss from early repayment of FX mortgage loans in Hungary and the revaluation result on FX purchased from the National Bank of Hungary to cover the FX need of early repayments. Cost/income ratio is calculated from operating costs, excluding other risk costs.
- OTP Group is hedging the revaluation result of the FX provisions on its FX loans by keeping hedging open FX positions. In its accounting statement of income, the revaluation of FX provisions is part of the risk costs (within line "Provision for loan losses"), whereas the revaluation of the hedging open FX positions is made through other non-interest income (within line "Foreign exchange result, net"). The two items have the same absolute amount but an opposite sign. As an adjustment to the accounting statement of income, these items are eliminated from the adjusted P&L. By modifying only the structure of the income statement, this correction does not have any impact on the bottom line net profits.
- 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 in 2H 2012 were reclassified from Other non-interest expenses to Corporate income tax. As a result, the net P&L effect of the transfers (ie. the paid transfer less the related tax allowances) is recognised in the corporate income tax line of the adjusted P&L. Thus these transfers had no material P&L effect in the adjusted P&L in 2H 2012.
- From 2012 credit institutions' contribution tax started to be 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 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 fees and commissions.
- 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.
- Within the report, FX-adjusted statistics for business volumes are disclosed. For FX adjustment, the closing cross currency rates for the current period were used to calculate the HUF equivalent of loan and deposit volumes in the base periods. Thus the FX adjusted volumes will be different from those published earlier.

ADJUSTMENTS OF CONSOLIDATED IFRS P&L LINES

in HUF million	1Q 12	2Q 12	3Q 12	4Q 12 Audited	2012 Audited	1Q 13	2Q 13	3Q 13	4Q 13 Preliminary	2013 Preliminary
Net interest income	**162,243**	**156,899**	**160,627**	**165,697**	**645,466**	**167,955**	**162,301**	**165,055**	**158,418**	**653,728**
(-) Agent fees paid to car dealers by Merkantil Group	-704	-652	-680	-732	-2,768	-624	-552	-587	-556	-2,319
(+) Credit institutions' contribution tax paid in relation to the fixed exchange rate scheme	0	0	0	-442	-442	-2,161	-30	34	-48	-2,205
(+) Other risk costs recognised in relation to the fixed exchange rate scheme						-98	64	30	3	0
Net interest income (adj.) with one-offs	**162,947**	**157,551**	**161,307**	**165,988**	**647,792**	**166,320**	**162,887**	**165,706**	**158,929**	**653,841**
(-) Revaluation result of FX swaps at OTP Core (booked within net interest income)	-1,200	-1,356	29	0	-2,528	432	310	270	-297	715
Net interest income (adj.) without one-offs	**164,147**	**158,907**	**161,278**	**165,988**	**650,319**	**165,888**	**162,577**	**165,436**	**159,225**	**653,126**
Net fees and commissions	**34,782**	**38,581**	**39,693**	**41,282**	**154,338**	**42,189**	**49,494**	**53,420**	**56,655**	**201,758**
(+) Agent fees paid to car dealers by Merkantil Group	-704	-652	-680	-732	-2,768	-624	-552	-587	-556	-2,319
(+) Financial Transaction Tax						-5,752	-6,165	-9,316	-11,270	-32,503
Net fees and commissions (adj.)	**34,078**	**37,929**	**39,013**	**40,550**	**151,570**	**35,813**	**42,777**	**43,517**	**44,829**	**166,936**
Foreign exchange result on Consolidated IFRS P&L	**-7,236**	**3,147**	**601**	**6,659**	**3,171**	**12,487**	**-5,385**	**9,169**	**2,009**	**18,279**
(-) Revaluation result of FX positions hedging the revaluation of FX provisions	-11,659	-3,187	-5,103	3,256	-16,692	9,954	-12,006	5,502	-3,355	96
Foreign exchange result (adj.) with one-offs	**4,423**	**6,334**	**5,704**	**3,402**	**19,863**	**2,533**	**6,621**	**3,666**	**5,364**	**18,183**
Foreign exchange result (adj.) without one-offs	**4,423**	**6,334**	**5,704**	**3,402**	**19,863**	**2,533**	**6,621**	**3,666**	**5,364**	**18,183**
Gain/loss on securities, net	**-1,446**	**-2,398**	**3,057**	**551**	**-236**	**4,043**	**4,118**	**1,854**	**1,530**	**11,546**
Gain/loss on securities, net (adj.) with one-offs	**-1,446**	**-2,398**	**3,057**	**551**	**-236**	**4,043**	**4,118**	**1,854**	**1,530**	**11,546**
(-) Revaluation result of the treasury share swap agreement (booked as Gain on securities, net (adj.) at OTP Core)	-2,501	-2,685	223	31	-4,932	26	295	291	-104	508
Gain/loss on securities, net (adj.) without one-offs	**1,054**	**287**	**2,834**	**521**	**4,696**	**4,017**	**3,823**	**1,563**	**1,634**	**11,037**
Gains and losses on real estate transactions	**214**	**152**	**407**	**358**	**1,131**	**499**	**589**	**427**	**37**	**1,552**
(+) Other non-interest income	**7,428**	**6,276**	**5,178**	**5,105**	**23,986**	**4,910**	**6,160**	**9,533**	**4,236**	**24,840**
(-) Received cash transfers	2	0	1	11	14	9	4	151	-121	43
(-) Non-interest income from the release of pre-acquisition provisions	232	47	45	91	416	22	36	66	33	156
(+) Other non-interest expenses	-734	-1,793	-3,649	-956	-7,132	-760	-2,128	-552	-1,500	-4,939
(+) Release of loan loss provisioning related to the consolidation of the subsidiaries of OTP Real Estate Ltd.	0	0	307	0	307	0	224	0	0	224
(+) Release of other provisioning related to the consolidation of the subsidiaries of OTP Real Estate Ltd.	0	0	1,657	0	1,657	0	254	0	0	254
Net other non-interest result (adj.) with one-offs	**6,674**	**4,587**	**3,855**	**4,403**	**19,520**	**4,618**	**5,059**	**9,192**	**2,863**	**21,731**
(-) 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)	1,124	0	291	0	1,415	0	970	5,102	32	6,104
Net other non-interest result (adj.) without one-offs	**5,550**	**4,587**	**3,564**	**4,403**	**18,105**	**4,618**	**4,089**	**4,090**	**2,831**	**15,627**
Provision for possible loan losses	**-47,006**	**-59,329**	**-53,001**	**-67,644**	**-226,980**	**-64,311**	**-49,346**	**-68,861**	**-80,051**	**-262,569**
(+) Non-interest income from the release of pre-acquisition provisions	232	47	45	91	416	22	36	66	33	156
(-) Revaluation result of FX provisions	11,659	3,187	5,103	-3,256	16,692	-9,954	12,006	-5,502	3,355	-96
(-) Loss from early repayment of FX mortgage loans in Hungary	4,409	0	0	0	4,409	0	0	0	0	0
(-) Revaluation result on FX purchased from the National Bank of Hungary to cover the FX need of early repayments	-5,278	0	0	0	-5,278	0	0	0	0	0
(-) Release of loan loss provisioning related to the consolidation of the subsidiaries of OTP Real Estate Ltd.	0	0	307	0	307	0	224	0	0	224
Provision for possible loan losses (adj.)	**-57,564**	**-62,469**	**-58,366**	**-64,296**	**-242,695**	**-54,335**	**-61,540**	**-63,293**	**-83,373**	**-262,541**

in HUF million	1Q 12	2Q 12	3Q 12	4Q 12 Audited	2012 Audited	1Q 13	2Q 13	3Q 13	4Q 13 Preliminary	2013 Preliminary
Other expenses	**-77,577**	**-41,420**	**-45,438**	**-57,198**	**-221,633**	**-83,416**	**-67,143**	**-54,739**	**-78,964**	**-284,262**
(-) Other provisions	-1,177	-1,630	-551	-5,982	-9,340	-768	2,096	-2,725	-8,267	-9,664
(-) Paid cash transfers	-652	-752	-3,199	-6,177	-10,780	-686	-2,792	-1,366	-9,582	-14,426
(+) Sponsorships, subsidies and cash transfers to public benefit organisations	-510	-495	-2,867	-5,966	-9,837	-390	-2,676	-920	-9,833	-13,819
(-) Other non-interest expenses	-734	-1,793	-3,649	-956	-7,132	-760	-2,128	-552	-1,500	-4,939
(-) Special tax on financial institutions	-35,539	-94	-221	100	-35,754	-35,808	-351	-350	-357	-36,867
(-) Special banking tax refund	-1,323	0	0	0	-1,323	0	0	0	0	0
(-) Tax deductible transfers	0	0	-2,434	-5,748	-8,182	0	-2,400	-748	-8,414	-11,562
(-) Credit institutions' contribution tax paid in relation to the fixed exchange rate scheme	0	0	0	-442	-442	-2,161	-30	34	-48	-2,205
(-) Financial Transaction Tax						-5,752	-6,165	-9,316	-11,270	-32,503
(-) One-timer payment compensating the underperformance of the Financial Transaction Tax						0	-16,238	-29	0	-16,267
(-) Fine imposed by the Hungarian Competition Authority									-3,922	-3,922
Other expenses (adj.)	**-38,663**	**-37,645**	**-38,252**	**-43,958**	**-158,517**	**-37,872**	**-41,810**	**-40,607**	**-45,436**	**-165,725**
Other risk costs	**-1,177**	**-1,630**	**-551**	**-5,982**	**-9,340**	**-768**	**2,096**	**-2,725**	**-8,267**	**-9,664**
(-) Release of other provisioning related to the consolidation of the subsidiaries of OTP Real Estate Ltd.	0	0	1,657	0	1,657	0	254	0	0	254
(-) Other risk costs recognised in relation to the fixed exchange rate scheme						-98	64	30	3	0
Other risk costs (adj.)	**-1,177**	**-1,630**	**-2,208**	**-5,982**	**-10,997**	**-671**	**1,778**	**-2,755**	**-8,270**	**-9,918**
After tax dividends and net cash transfers	**-648**	**1,952**	**-3,102**	**-6,165**	**-7,963**	**-674**	**-78**	**-1,103**	**-10,054**	**-11,909**
(-) Sponsorships, subsidies and cash transfers to public benefit organisations	-510	-495	-2,867	-5,966	-9,837	-390	-2,676	-920	-9,833	-13,819
(-) Dividend income of swap counterparty shares kept under the treasury share swap agreement		2,265	0	0	2,265		2,316	0	0	2,316
After tax dividends and net cash transfers	**-138**	**182**	**-235**	**-199**	**-391**	**-284**	**282**	**-183**	**-221**	**-406**
Depreciation	**-11,141**	**-11,832**	**-11,864**	**-12,583**	**-47,420**	**-11,366**	**-12,116**	**-42,664**	**-11,871**	**-78,017**
(-) Goodwill impairment charges (OTP Bank JSC Ukraine)	0	0	0	0	0	0	0	-30,819	0	-30,819
Depreciation (adj.)	**-11,141**	**-11,832**	**-11,864**	**-12,583**	**-47,420**	**-11,366**	**-12,116**	**-11,846**	**-11,871**	**-47,199**
Income taxes	**-532**	**-5,092**	**-10,066**	**-7,399**	**-23,088**	**-10,636**	**959**	**-11,198**	**-69**	**-20,944**
(-) Corporate tax impact of goodwill/investment impairment charges	0	3,977	0	0	3,977	0	1,379	0	0	1,379
(-) Corporate tax impact of the special tax on financial institutions	6,516	18	42	5	6,580	6,581	81	81	82	6,825
(-) Corporate tax impact of the loss from early repayment of FX mortgage loans in Hungary	-838	0	0	0	-838	0	0	0	0	0
(-) Corporate tax impact of the special banking tax refund	251	0	0	0	251	0	0	0	0	0
(-) Corporate tax impact of the revaluation of FX purchased from the National Bank of Hungary to cover the FX need of early repayments	1,003	0	0	0	1,003	0	0	0	0	0
(+) Tax deductible transfers	0	0	-2,434	-5,748	-8,182	0	-2,400	-748	-8,414	-11,562
(-) Corporate tax impact of the one-timer payment compensating the underperformance of the Financial Transaction Tax						0	3,085	5	0	3,091
(-) Corporate tax impact of the fine imposed by the Hungarian Competition Authority									745	745
(-) Corporate tax impact of the transfer of general risk reserves to retained earnings									-5,533	-5,533
Corporate income tax (adj.)	**-7,464**	**-9,086**	**-12,541**	**-13,152**	**-42,243**	**-17,217**	**-5,985**	**-12,032**	**-3,777**	**-39,012**

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