OTP Bank Plc.

Half-year Financial Report
First half 2014 result

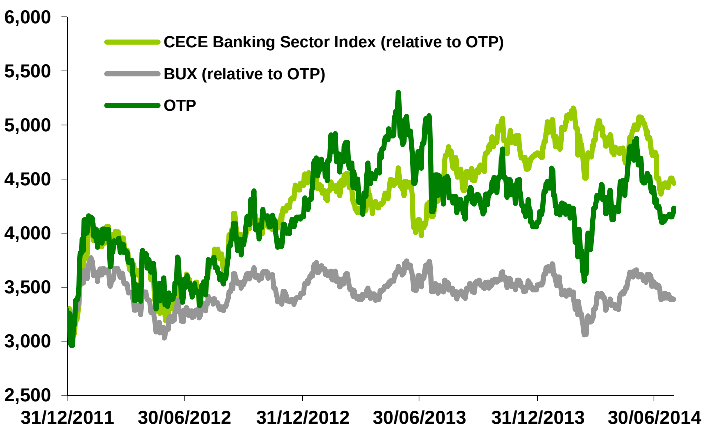
(English translation of the original report submitted to the Budapest Stock Exchange)

Budapest, 15 August 2014

CONSOLIDATED FINANCIAL HIGHLIGHTS[1] AND SHARE DATA

Main components of the Statement of recognised income in HUF million	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
Consolidated after tax profit	**51,812**	**-147,283**	**-384%**	**40,579**	**5,864**	**-153,146**		**-477%**
Adjustments (total)	**-41,274**	**-221,551**	**437%**	**-11,762**	**-29,449**	**-192,103**	**552%**	
Consolidated adjusted after tax profit without the effect of adjustments	**93,086**	**74,268**	**-20%**	**52,341**	**35,312**	**38,956**	**10%**	**-26%**
Pre-tax profit	116,288	87,730	-25%	58,327	38,983	48,747	25%	-16%
Operating profit	226,706	217,422	-4%	114,198	108,161	109,261	1%	-4%
Total income	432,755	421,263	-3%	219,886	210,184	211,080	0%	-4%
Net interest income	328,465	320,708	-2%	162,577	162,453	158,255	-3%	-3%
Net fees and commissions	78,590	83,523	6%	42,777	42,040	41,482	-1%	-3%
Other net non-interest income	25,701	17,033	-34%	14,533	5,691	11,342	99%	-22%
Operating expenses	-206,049	-203,842	-1%	-105,688	-102,023	-101,819	0%	-4%
Total risk costs	-114,767	-132,307	15%	-59,762	-68,945	-63,362	-8%	6%
One off items	4,349	2,615	-40%	3,891	-233	2,848		-27%
Corporate taxes	-23,202	-13,462	-42%	-5,985	-3,671	-9,791	167%	64%
Main components of balance sheet closing balances in HUF million	2013	1H 2014	YTD	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
Total assets	10,381,047	10,354,841	0%	10,048,610	10,139,918	10,354,841	2%	3%
Total customer loans (net, FX adjusted)	**6,391,409**	**6,202,893**	**-3%**	**6,400,881**	**6,217,941**	**6,202,893**	**0%**	**-3%**
Total customer loans (gross, FX adjusted)	**7,664,303**	**7,567,590**	**-1%**	**7,674,107**	**7,553,943**	**7,567,590**	**0%**	**-1%**
Allowances for possible loan losses (FX adjusted)	-1,272,894	-1,364,697	7%	-1,273,226	-1,336,001	-1,364,697	2%	7%
Total customer deposits (FX adjusted)	**6,674,986**	**7,046,610**	**6%**	**6,682,671**	**6,947,928**	**7,046,610**	**1%**	**5%**
Issued securities	445,218	384,925	-14%	535,428	376,128	384,925	2%	-28%
Subordinated loans	267,162	288,002	8%	298,717	280,278	288,002	3%	-4%
Total shareholders' equity	1,509,332	1,302,433	-14%	1,525,340	1,440,662	1,302,433	-10%	-15%
Indicators based on one-off adjusted earnings %	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
ROE (from adjusted net earnings)	12.4%	10.7%	-1.7%p	13.7%	9.7%	11.4%	1.7%p	-2.3%p
ROA (from adjusted net earnings)	1.9%	1.4%	-0.4%p	2.0%	1.4%	1.5%	0.1%p	-0.5%p
Operating profit margin	4.53%	4.23%	-0.31%p	4.45%	4.28%	4.28%	0.00%p	-0.18%p
Total income margin	8.66%	8.19%	-0.46%p	8.58%	8.31%	8.26%	-0.05%p	-0.31%p
Net interest margin	6.57%	6.24%	-0.33%p	6.34%	6.42%	6.19%	-0.23%p	-0.15%p
Cost-to-asset ratio	4.12%	3.96%	-0.16%p	4.12%	4.03%	3.99%	-0.05%p	-0.14%p
Cost/income ratio	47.6%	48.4%	0.8%p	48.1%	48.5%	48.2%	-0.3%p	0.2%p
Risk cost to average gross loans	3.12%	3.51%	0.40%p	3.35%	3.78%	3.30%	-0.47%p	-0.05%p
Total risk cost-to-asset ratio	2.30%	2.57%	0.28%p	2.33%	2.73%	2.48%	-0.25%p	0.15%p
Effective tax rate	20.0%	15.3%	-4.6%p	10.3%	9.4%	20.1%	10.7%p	9.8%p
Net loan/(deposit+retail bond) ratio (FX adjusted)	93%	87%	-7%p	93%	88%	87%	-1%p	-7%p
Capital adequacy ratio[2] (consolidated, IFRS) - Basel3	19.9%	17.8%	-2.1%p	19.9%	20.2%	17.8%	-2.5%p	-2.1%p
Tier1 ratio - Basel3	16.8%	14.2%	-2.6%p	16.8%	16.4%	14.2%	-2.3%p	-2.6%p
Common Equity Tier 1 ('CET1') ratio - Basel3	15.4%	14.2%	-1.3%p	15.4%	16.4%	14.2%	-2.3%p	-1.3%p
Share Data	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
EPS diluted (HUF) (from unadjusted net earnings)	193	-551	-385%	152	22	-573		-478%
EPS diluted (HUF) (from adjusted net earnings)	349	278	-20%	196	132	146	10%	-26%
Closing price (HUF)	4,755	4,348	-9%	4,755	4,272	4,348	2%	-9%
Highest closing price (HUF)	5,302	4,875	-8%	5,302	4,600	4,875	6%	-8%
Lowest closing price (HUF)	4,175	3,555	-15%	4,175	3,555	4,126	16%	-1%
Market Capitalization (EUR billion)	4.5	3.9	-13%	4.5	3.9	3.9	1%	-13%
Book Value Per Share (HUF)	5,448	4,652	-15%	5,448	5,145	4,652	-10%	-15%
Tangible Book Value Per Share (HUF)	4,603	4,044	-12%	4,603	4,447	4,044	-9%	-12%
Price/Book Value	0.9	0.9	7%	0.9	0.8	0.9	13%	7%
Price/Tangible Book Value	1.0	1.1	4%	1.0	1.0	1.1	12%	4%
P/E (trailing, from accounting net earnings)	11.0	-9.0	-182%	11.0	20.4	-9.0	-144%	-182%
P/E (trailing, from adjusted net earnings)	8.2	9.6	17%	8.2	8.5	9.6	13%	17%
Average daily turnover (EUR million)	19	17	-10%	20	17	18	3%	-10%
Average daily turnover (million share)	1.2	1.2	2%	1.2	1.3	1.2	-7%	-2%

SHARE PRICE PERFORMANCE



MOODY'S RATINGS

OTP Bank	
Foreign currency long term deposit	Ba2
Financial strength	D
OTP Mortgage Bank	
Covered mortgage bond	Baa2
OTP Bank Russia	
Foreign currency long term deposit	Ba2
Financial strength	D-
OTP Bank Ukraine	
Foreign currency long term deposit	Ca

STANDARD & POOR'S RATINGS

OTP Bank and OTP Mortgage Bank	
Long term credit rating	BB

FITCH RATING

OTP Bank Russia	
Long term credit rating	BB

[1] Structural adjustments made on consolidated IFRS profit and loss statement together with the calculation methodology of adjusted indicators are detailed in the Supplementary data section of the Report.
[2] Pursuant to the resolution issued by the National Bank of Hungary as a supervisory authority on 21 May 2014 the perpetual (UT2) and the ICES bonds are treated as Tier2 capital elements.

HALF-YEAR FINANCIAL REPORT – OTP BANK'S RESULTS FOR FIRST HALF 2014

Half-year Financial Report for the first half 2014 results of OTP Bank Plc. has been prepared according to the 24/2008. (VIII.15.) PM resolution on the basis of its separate and consolidated condensed IFRS financial statements for 30 June 2014 or derived from that. At presentation of first half 2014 report of OTP Bank we applied International Financial Reporting Standards adopted by the European Union.

SUMMARY OF THE FIRST HALF AND SECOND QUARTER OF THE YEAR 2014

In 1Q 2014 the Hungarian economy grew by 3.5% demonstrating the third fastest growth rate within the European Union. According to the preliminary figures, economic growth in the second quarter accelerated to 3.9% y-o-y. The last few months witnessed favourable trends almost in all major segments: household consumption is reviving, investments show a steady growth partly as a result of low base and unemployment rate dropped to 8% with the number of employed people piercing 4.1 million. CPI remained in negative territory for the last three months. At the end of 1H 2014 the policy rate stood at 2.3%.

The public debt refinancing is managed within stable framework and declining yield environment, the weakening purchase activity of non-resident investors has been successfully offset by the growing demand from local households and institutional clients (especially banks). By end-June the 5-year Hungarian CDS spread declined to 160-170 bps.

According to the assessment of NBH there is no deflation threat and the international market environment remained supportive allowing the central bank cutting the base rate by another 20 bps on 22 July, thus bringing it down to 2.1%. At the same time the central bank flagged that the monetary easing cycle started in August 2012 came to its end, though loose monetary conditions might remain in place until the end of 2015.

The improving operating environment had a positive impact on banking activity: compared to the same period of last year both mortgage applications and disbursements showed a steady growth and the SME sector also enjoyed a rebound partly due to the Funding for Growth Scheme.

Despite those positive trends banking activity might be adversely effected by the uniformity decision of the Curia (announced on 16 June), as well as by the Act No. XXXVIII of 2014 approved by the Parliament on 4 July. Those acts will put a substantial burden on the banking sector.

With regards to the regional markets of the Group, there has been a dualism already highlighted by the management: apart from the Ukraine and Russia the rest of the Group enjoys an improving or stabilizing macroeconomic environment with certain market segments showing modestly increasing loan demand, while the worsening of credit portfolio has either stopped or moderated a lot; these factors may result in the normalization of risk costs. In the Bulgarian banking sector the problems experienced in the second half of June effected only two banks having no direct negative impact on the operation of DSK Bank.

As for the Ukraine and Russia the short term outlook is anything, but positive. With Petro Poroshenko winning the presidential election in May, there was no consolidation either in the political, or in the economic and financial situation. On the contrary, the military activity heavily hit Donetsk and Luhansk regions. The increasing military expenses are calling for budget restrictions, whereas the new level of sanctions against Russia following the accident of the Malaysian airplane worsened further the chance of a fragile recovery. The Ukrainian hryvna against USD weakened beyond 12 by end-July, the yearly inflation might climb to 16-18% and the economy is expected to contract by 5-7%.

The Russian situation is only relatively better: the economic contraction is faster than originally anticipated; with the GDP expanding by 0.9% in 1Q, for the whole year markets are expecting a recession. Since the beginning of the Ukrainian-Russian conflict the Russian central bank had to hike the base rate by a cumulative 200 bps to safeguard the RUB (most recently on 25 July by 50 bps respectively), the latest series of Western sanctions already effect the financial sector, as well the defence and oil industries. The prohibition of Russian banks from tapping dollar and euro markets might also have a negative impact on liquidity positions bearing in mind that by end-2015 the refinancing need of the private sector is close to USD 200 billion.

In the Ukraine the operating environment is expected to remain negative, thus the management sees an upside risk regarding the previously forecasted annual loss flagged in the 1Q interim management report. However the 2Q Ukrainian loss excluding the risk cost created toward the Crimean exposures moderated q-o-q, the negative result reached HUF 19.3 billion in 1H including the Crimean risk costs, which is close to the upper end of the HUF 10-20 billion range indicated by the management. The management expects that the *full year Ukrainian loss including the Crimean risk costs may get closer to HUF 30 billion.*

The uncertain economic environment had a negative impact on the value of the company, hence the outstanding IFRS volume of goodwill (HUF 27.6 billion) was entirely written off in 2Q.

Consolidated earnings: HUF 74.3 billion adjusted after-tax profit in 1H, declining operating income, lower net interest margin, moderate increase in the DPD90+ ratio, stable capital position despite significant adjustment items, improving liquidity

In 1H 2014 OTP Group posted HUF 74.3 billion adjusted profit which underpins a y-o-y 20% decline against HUF 93.1 billion realized in the base period. The material decline is reasoned by lower total income (-3%), as well as by significantly higher risk costs (+15%). Over the same period operating expenses moderated by 1%. The pre-tax adjusted net result without one-offs was HUF 85.1 billion in 1H (-24% y-o-y).

The Group realized HUF 39.0 billion adjusted after-tax profit in 2Q underpinning a q-o-q 10% improvement due to better operating income and lower adjusted risk costs.

The effective corporate tax rate in 1H was 15.3%. The lower tax burden was mainly due to the tax shield effect of the revaluation of subsidiary investments at OTP Core, but also to the deferred tax at OTP Bank Russia and OTP Bank Ukraine.

The 1H accounting loss was HUF 147.3 billion versus a profit of HUF 51.8 billion in the corresponding period last year. Against 1Q 2014 where practically there was only a single adjustment item, namely the flat special banking tax with the total after tax impact of HUF 29.4 billion (out of this the Hungarian bank tax fully booked in 1Q amounted to HUF 29 billion, and the Slovakian bank tax reached HUF 0.4 billion), in 2Q those items mushroomed. Part of them was related to the Act No. XXXVIII of 2014 approved by the Hungarian Parliament on 4 July and came into force on 26 July on the *"Settlement of certain questions related to the Supreme Court's (Curia) uniformity decision on loans to customers provided by financial institutions"*. Accordingly:

- in case of FX loans to consumers the Group's expected refund obligation stemming from the invalidity of using FX margin is HUF 41.3 billion. Taking into account the HUF 1.8 billion provision already created for this purpose, in 2Q HUF 39.5 billion other risk cost was created (HUF 32.0 billion after tax) and
- pursuant to the Act, in relation to the possible refund obligation stemming from the presumed unfairness of the unilateral contract amendments the Bank set aside further HUF 177.0 billion other provision (HUF 144.1 billion after tax).

Furthermore, there was a goodwill write-down related to the Ukrainian subsidiary. On consolidated level, under IFRS, the remaining HUF 27.6 billion goodwill was written down in 2Q. Of that HUF 5.3 billion was recognised against equity and HUF 22.2 billion against the P&L. The write-down had a negative after-tax profit impact of HUF 11.6 billion, since the write-off under local accounting standards resulted in a HUF 10.6 billion tax shield under IFRS.

There was another adjustment item related to the Ukraine: in 2Q the Bank raised the provision coverage of the total Crimean gross loans up to 90%, which had a negative impact of HUF 9.3 billion in 2Q 2014 (HUF 8.2 billion after tax).

Furthermore, items directly related to the acquisition and integration of Banco Popolare Croatia had an overall HUF 4.1 billion positive impact amongst adjustments in 2Q. The adjusted badwill related to the acquisition improved the profit by HUF 3.6 billion (after tax) as the purchase was made below book value of the equity. Tax shield on earlier losses of BPC also improved the earnings by HUF 0.9 billion (after tax). Finally, risk cost on potential merger expenses were booked with a negative impact of HUF 0.4 billion in 2Q (after tax).

Finally, in 2Q the Slovakian banking tax (HUF 0.4 billion after tax) also represents a negative item amongst adjustment.

As a result, in 2Q the total amount of adjustments reached -HUF 192.1 billion, thus the cumulative 1H adjustments amounted to -HUF 221.6 billion, more than five times bigger than in the corresponding period of 2013.

One-off revenue items declined by 40% in the first half of the year, explained by the fact that the Bank did not execute buyback transactions of own Upper and Lower Tier 2 Capital instruments in 1H 2014. Furthermore, the swap revaluation result turned into negative, too.

Compared to 1Q foreign subsidiaries' contribution to the consolidated adjusted profit improved q-o-q as a result of the steadily strong earnings at DSK Bank (2Q: HUF 10.3 billion) and lower losses in Russia and the Ukraine (adjusted for the risk cost relating to Crimean exposures) representing -HUF 2.3 billion and -3.8 billion, respectively. Besides, out of the smaller CEE subsidiaries the Romanian, Slovakian and Croatian units maintained their profitability, while Serbia and Montenegro made small quarterly losses in 2Q.

The consolidated semi-annual total income without one-off items declined by 3% y-o-y, within that the net interest income decreased by 2%. Similar to previous years' practice OTP booked the expected total annual negative impact of the Hungarian FX fixing scheme in 1Q (HUF 2.8 billion, in 2Q further HUF 0.2 billion emerged). Net fees advanced by 6% y-o-y. The significant y-o-y decline of non-interest income (-34%) was related to lower FX results and gains on securities. Operating expenses declined by 1% y-o-y and remained flat in 2Q q-o-q.

As a result the semi-annual operating income fell short of the base period by 4%. The consolidated income margin (8.19%) shrank by 46 basis points, while the net interest margin (6.24%) moderated by 33 bps y-o-y.

The FX-adjusted consolidated loan portfolio declined by 1% y-o-y, but grew moderately q-o-q (+0.2%). It is favourable that loans to households expanded by 1% over the second quarter (volumes stagnated y-o-y), because the 1% quarterly drop of mortgage loans (-6% y-o-y) was offset by a 3% increase of consumer loans. In that segment the Croatian and Slovakian subsidiaries demonstrated the strongest q-o-q increase (39% and 22% respectively); true, the substantial dynamism in Croatia is also the reflection of the acquisition of Banco Popolare Croatia.

It was also encouraging that the SME sector advanced by 2% q-o-q and 3% y-o-y, mainly due to the increasing book at OTP Core (+4% q-o-q and +5% y-o-y).

The FX-adjusted deposits advanced by 6% y-o-y (+1% q-o-q). It was remarkable that in 2Q the deposit outflow stopped in Russia, while in the Ukraine volumes grew significantly (+8% q-o-q). The net loan-to-(deposit+retail bonds) ratio practically remained unchanged q-o-q (87%).

The liquidity position of the Group remained stable, by the end of the period the liquid reserves at OTP Core comprised around EUR 5.9 billion equivalent. During the quarter the Russian subsidiary sold RUB 1 billion own securities repurchased earlier. The volume of issued securities grew by 2% q-o-q.

In the second quarter the ratio of loans with more than 90 days of delay (DPD90+) went up to 21.6% (+0.5 ppt q-o-q). The quarterly increase of DPD90+ loans (adjusted for FX rate changes and the effect of loan sales and write-offs) reached HUF 75 billion in 2Q versus HUF 69 billion in 1Q 2014, out of which HUF 25 billion was attributable to a single big real estate project financing loan in Hungary slipped in DPD90+ category in the first quarter. At OTP Core, the second quarter brought further moderating loan quality deterioration, especially in case of mortgage loans. Favourable tendencies remained intact in Bulgaria and Romania, too. On the contrary, in Russia the increase of DPD90+ loan volumes (adjusted for FX rates, sales and write-offs) reached new heights (HUF 28 billion in 2Q), whereas in Ukraine after the moderate pace of deterioration in 1Q, HUF 18 billion DPD90+ inflow was registered in the second quarter. As for the smaller subsidiaries, several of them witnessed q-o-q acceleration of the increase of DPD90+ loan volumes. In Croatia this was partly due to the consolidation of the net DPD90+ loan volumes of the newly acquired Banco Popolare Croatia. Total risk cost amounted to HUF 132.3 billion in 1H 2014, 15% higher than a year ago. The provision coverage edged up slightly q-o-q, from 83.9% to 84.1%.

Summary of the uniformity decision made by Supreme Court (Curia) and other related developments

I. On 16 June 2014 the Curia made a uniformity decision on three major issues, accordingly

1) As a general rule courts should not examine the unfairness of FX risk being passed by banks on their customers. However, the unfairness of such provision may be established if the content of the clause was not clear or was incomprehensible to the average customer. It is the customer who should prove the incomprehensible nature of the content of the clause and that should be verified on a case-by-case contract base.

2) The provision allowing banks to unilaterally amend consumer contracts is regarded as fair only under strict conditions, namely if i) the circumstances that may form the basis for such amendment are clear and comprehensible for the customer; ii) such circumstances are defined item by item; iii) such circumstances are objective; iv) the amendment is proportional to the circumstances; v) the grounds for amendment are transparent; vi) the consumer is provided with the right of termination; vii) the amendment is symmetrical.

Accordingly the provision allowing unilateral amendment is not unfair only in case the list of reasons clearly and comprehensibly defines how the customers' payment obligation will change in scale if circumstances change. At the same time those changes should be checkable for the customer and should be meeting the conditions of proportionality, objectivity and symmetry.

3) The application of different FX rates for originating the loan and for the re-payment of the loan (commonly referred to as FX margin) is regarded invalid. The Hungarian Supreme Court found instead of different FX rates, as a result, it is justifiable to apply the official FX rate of the National Bank of Hungary in case of such FX denominated consumer contracts.

II. Act No. XXXVIII of 2014 on the "Settlement of certain questions related to the Curia's uniformity decision on loans to customers provided by financial institutions".

The Act was approved by the Hungarian Parliament on 4 July 2014 and it was officially published on 18 July 2014.

The effect of the Act includes all consumer contracts, i.e. household foreign currency and HUF loans, as well as financial leasing contracts concluded since 1 May 2004 and until the date of the Act coming into force. The Act should not be used for those consumer contracts that were terminated either as a result of the FX mortgage prepayments or by the purchase of the collateral by the State pursuant to the Act No. CLXX of 2011.

The Act declares the use of FX margin as void and both in case of loan disbursement and loan re-payment the official FX rate of the Central Bank must be used.

Financial institutions have to submit their calculation methodologies to the central bank within 60 days following the Act becoming effective (i.e. until 24 September 2014) and within 90 days they have to conclude the de-facto calculations using the official central bank FX rates. The Act declares disputable presumption regarding the unfairness of unilateral contract amendments executed by financial institutions in case of every consumer contracts.

The concrete way of financial settlement with clients is going to be handled in another act.

The Act overruled the Supreme Court's legal interpretation, which has been also set out in the effective Civil Code, i.e. the legal consequences of invalidity are applicable only under the regular five years statute of limitation. Accordingly, all claims arising from consumer contracts will not lapse as long as they exist; the statute of limitation starts only with their termination.

III. Guidance of the NBH for calculating the overpayments stemming from the invalidity of the FX margin

Based on the Act No. XXXVIII of 2014 financial institutions have to submit their calculation methodologies to the central bank. Independently from the provisions of the Act No. XXXVIII of 2014, on 29 July 2014 the Central Bank published its Guidance on the calculation methodology regarding the invalidity of foreign exchange margins. The Guidance is not to be qualified either as a legal regulation or as an administrative resolution. According to the reasoning of the Guidance, those overpayments should be treated in each moment as principal (pre)payments, thus should be considered as payments gradually amortizing the outstanding debt obligation. Accordingly, the difference between the current outstanding balance of the FX loan and the calculated balance will equal to the cost of unfair use of the FX margin.

OTP Core: HUF 66.7 billion adjusted after-tax profit in 1H with a slight decrease in operating income and substantially lower risk costs, moderate decline in net interest margin, the credit quality remained fairly stable, lower DPD90+ coverage

The adjusted after tax profit of ***OTP Core*** (basic activity in Hungary) in 1H 2014 amounted to HUF 66.7 billion underpinning a 12% y-o-y improvement. The pre-tax earnings advanced by 9%, respectively.

The key driver behind higher profit was the substantially lower risk costs (-39% y-o-y), while the operating income somewhat declined (-2%). Within core revenues the net interest income declined by 2% y-o-y as a joint result of the eroding loan portfolio, lower interest rate environment and the total expected annual negative impact of the FX protection scheme with HUF 2.8 billion being booked in 1Q already (1H: HUF 3.1 billion). Operating expenses grew by bare 1% y-o-y. 1H net interest margin reached 4.2%.

The adjusted after-tax profit was HUF 32.7 billion in 2Q (-4% q-o-q). The operating income improved by 3% q-o-q, but risk costs grew by 41% q-o-q. Operating expenses increased by 2% q-o-q.

The FX-adjusted increase of DPD90+ loans was only HUF 8 billion, one of the lowest since 2Q 2008. The DPD90+ ratio (19.4%) was almost flat q-o-q, its coverage somewhat dropped (79.6%)

The FX-adjusted loan portfolio declined by 7% y-o-y and by 1% q-o-q. Lower volumes are reasoned by the shrinking mortgage book (-2% q-o-q), but the consumer portfolio also declined (-2%) and the corporate book remained flat. Positive though, that both the volume of new mortgage loan application and disbursement showed a steady growth (+37% and 27% y-o-y in 2Q), furthermore, in line with the strategic goals of the Company and partly being supported by the Lending for Growth Scheme the MSE book advanced by 5% y-o-y and by 4% q-o-q.

The deposit book grew by 7% y-o-y, within that corporate volumes soared by 17%, but retail deposits saw a 2% decline (FX-adjusted). Latter is explained by the steadily declining nominal deposit rates, as clients shifted their money into alternative saving forms. Still, in 2Q the retail sight deposits grew by 9% and deposits to medium and large companies by 4% respectively.

Merkantil Group posted HUF 50 million adjusted loss in 2Q without the effect of the banking tax, thus in 1H the negative result amounted to HUF 76 million. The results do not incorporate the banking tax and the 2Q 2014 P&L impact of the potential refund obligation of the Company arising from the invalidity of FX margin. These impacts are presented amongst consolidated adjustments. The weaker performance is the result of a y-o-y stagnating operating income and higher risk costs (+43%).

Given the active participation of the Company in the Lending for Growth Scheme corporate loan volumes advanced by 32% y-o-y and by 13% q-o-q.

In 2Q ***OTP Fund Management's*** after-tax profit without banking tax fell short of the previous quarter by 8%, still, the 1H net earnings represented HUF 2.2 billion underpinning a y-o-y 55% improvement. Net fee income surged by 32%. Total assets under management advanced by 20% y-o-y and 6% q-o-q and reached HUF 1,565 billion. The company managed to improve its strong market share (27.4%).

Foreign subsidiaries' performance in 2Q: stable Bulgarian earnings, moderating adjusted losses in Russia and the Ukraine, profitable operation in Romania, Slovakia and Croatia, small losses in Serbia and Montenegro

The 2Q profit contribution of foreign subsidiaries to the consolidated adjusted profit (HUF 5.4 billion) reflects an improvement over 1Q, mainly as a result of lower losses in Russia and the Ukraine. The Bulgarian subsidiary continued its stable profitable operation, alike the Romanian, Slovakian and Croatian banks. The Serbian and Montenegrin subsidiaries posted small losses. As a result, in 1H the non-Hungarian profit grew to HUF 7.2 billion, within that the Bulgarian bank posted HUF 21.6 billion semi-annual after-tax profit. Smaller subsidiaries in total also realized positive earnings in 1H (HUF 3.4 billion).

The ***Bulgarian subsidiary*** reached HUF 21.6 billion profit in 1H (+8% y-o-y) with HUF 10.3 billion in 2Q (-9% q-o-q).

The operating income of the first six months improved by 10% y-o-y, all major income lines showed strong performance. As a result of a higher net interest margin (5.71%, +13 bps y-o-y) the net interest income advanced by 7% y-o-y. Despite a y-o-y 16% increase in risk costs, given the stable portfolio quality, the DPD90+ coverage further increased (1H 2014: 89.5%, +6.8 ppts y-o-y, +1 ppt q-o-q). The FX-adjusted loan portfolio remained flat y-o-y, but increased by 1% q-o-q, mainly due to the good performance of the corporate segment. Deposit volumes expanded by 6% y-o-y and remained flat q-o-q. The DPD90+ ratio was 20.3%, same as in 1Q, and DPD90+ volumes grew by HUF 2 billion, practically the same as in 1Q.

After the loss of HUF 4.7 billion in 1Q, the ***Russian subsidiary*** posted a smaller negative result in 2Q (HUF 2.3 billion) due to higher operating income (+10% q-o-q) and by 3% lower risk costs. Thus in 1H the bank posted around HUF 7 billion losses, against a HUF 10.4 billion profit in the base period. The major drivers were the lower operating income (-22% y-o-y) and increasing risk costs (+12%). The 6 months net interest margin remained flat y-o-y (18.61%), however improved by 0.43 ppt q-o-q in 2Q piercing 20%.

The portfolio deterioration is still material, FX-adjusted DPD90+ volumes increased by HUF 28 billion in 2Q (1Q 2014: 26). The DPD90+ ratio reached 23.1% (+1.6 ppts q-o-q), its coverage (108%) further improved (+0.3 ppt) despite the q-o-q lower risk costs. The reason was that in 2Q the bank wrote down a consumer loan portfolio of RUB 1.6 billion.

Reflecting seasonality in lending, as well as a shift in business policy, the FX-adjusted loan portfolio grew moderately, by 6% y-o-y and by 3% q-o-q. The increase of the consumer book for the same period was 7% and 3% respectively. In line with market trends, the POS-book contracted by 15% y-o-y and by 5% q-o-q, at the same time both the credit card loan volumes, as well as the cash loan portfolio advanced nicely (credit cards: +17% y-o-y and +7% q-o-q, cash loans: +37% and 8% respectively). With such an expansion credit card loan volumes already exceeded POS volumes by 13%. Corporate volumes advanced by 52% y-o-y and by 3% q-o-q. Despite a y-o-y 9% decrease, deposits stabilized in 2Q with retail deposits growing by 3% q-o-q.

Adjusted for the risk cost made on the Crimean loan exposures the ***Ukrainian subsidiary*** posted HUF 3.7 billion losses in 2Q, thus the adjusted 1H negative result was HUF 11.2 billion. In the Crimea the bank made HUF 9.3 billion provisions for almost the entire retail and corporate exposure, its after-tax impact of HUF 8.2 billion was shown amongst the adjustment items on consolidated level.

1H operating income improved by 8% y-o-y as a result of a 5% decline in total income and a 19% drop in operating expenses. However, it was largely offset by a surge in risk costs (+139%). In 2Q the negative impacts of the lasting and escalating crisis became more visible: the operating income dropped by 29% with all core banking revenue lines showing underperformance. Against the trends of the last few quarters, the net interest margin dropped and the net interest income deceased sharply (-33% q-o-q).

As for the lending activity, consumer lending was suspended at the beginning of April at the request of the central bank and later only POS-lending was re-launched. Still, the FX-adjusted loan portfolio contracted by only by 3%, within that the consumer book by 5% and the corporate book by 3%, respectively. It is positive that since April deposits have been steadily growing, the portfolio advanced by 8% q-o-q (FX-adjusted), as a result, the net loan-to-deposit ratio dropped to 180%.

The quarterly increase in FX-adjusted DPD90+ volumes accelerated and reached HUF 18 billion versus HUF 3 billion in 1Q. The DPD90+ ratio grew from 37.8% to 41.8%, its coverage improved (87.9%).

In the current situation the bank continued scaling back its distribution channels: it closed down all branches in Crimea in May (8 units), while in Donetsk and Luhansk regions 13 suspended their operation. The number of selling agents declined significantly (by more than 1,700 persons q-o-q).

The ***Romanian subsidiary*** continued its profitable operation and posted HUF 654 million profit in 2Q, thus the 1H profit reached HUF 1.7 billion, a remarkable turnaround compared to the loss of HUF 2.3 billion in the base period. The substantial improvement was mainly due to a strong operating income (+61% y-o-y) and a decline of risk costs (-39%). As a result of the improving net interest margin, 6 months net interest income increased by 22%.

The FX-adjusted loan portfolio grew by 3% y-o-y and by 1% q-o-q. Within that the cash loan book had a robust growth of 56% y-o-y and 3% q-o-q. The deposit increase was slower with volumes expanding by 4% y-o-y and by 3% q-o-q. The net loan-to-deposit ratio came down to 193% at the end of June. There was no change in the DPD90+ ratio (18.3%), the coverage (76.8%), however improved due to higher quarterly risk costs.

On 30 July OTP Bank Romania signed an agreement with Banco Comercial Português to acquire 100% of its Romanian subsidiary, Millennium Bank, the purchase price was EUR 39 million.

With the 2Q net profit of HUF 211 million, the ***Croatian subsidiary*** posted HUF 0.5 billion profit in 1H 2014. The bank successfully completed the purchase of 98.37% of Banco Popolare Croatia on 24 April 2014. All the items directly related to the acquisition and integration was eliminated from the standalone P&L of the bank and was shown on consolidated level as adjustment item.

1H after-tax result was only one-third that of in the base period due to weaker operating income (-6% y-o-y) and higher risk costs (43%). The quarterly increase of the operating income (+16%) and risk costs (+19%) was related to the acquisition.

Similarly, the FX-adjusted loan portfolio advanced by 14% y-o-y (+13% q-o-q), with personal loans surging by 47% y-o-y and 45% q-o-q. Deposits grew by 21% y-o-y (+18% q-o-q). The overall portfolio quality somewhat worsened, the DPD90+ ratio increased from 12.6% to 13.1% q-o-q, its coverage declined to 58%.

With 2Q earnings (HUF 196 million) being only half of 1Q profit, the semi-annual net result of the ***Slovakian subsidiary*** reached HUF 584 million underpinning a y-o-y 21% decline. Despite operating income advanced by 69% y-o-y, by two and a half times higher risk costs easily offset that positive development. The FX-adjusted loan portfolio grew by 13% y-o-y and remained flat q-o-q. The growth of the consumer book was spectacular; the portfolio surged by 141% y-o-y and by 22% q-o-q. Due to the higher margin content of those products the 1H net interest margin reached 3.19% which supported the decent growth of net interest income (+19% y-o-y). The DPD90+ ratio was 12.1%; its coverage shrank to 58.8%

The **Serbian subsidiary** could not repeat its profitable 1Q operation and posted a loss of HUF 113 million in 2Q. Still, the 1H performance remained profitable. Improving operating income and lower risk costs were the key drivers. The net interest income improved by 15% y-o-y supported by a strong net interest margin of 5.56% (+1.6 ppts y-o-y). Despite the overall loan portfolio declined, consumer volumes showed a strong performance (+20% y-o-y and +4% q-o-q). The DPD90+ ratio declined (51.5%), its coverage stood at 75.1%.

With a minimal loss in 2Q the ***Montenegrin subsidiary*** posted HUF 577 million profit after-tax in 1H underpinning a y-o-y 39% improvement.

The good performance was mainly due to improving operating income, though lower risk costs played a role, too. The bank managed to increase its net interest margin by 51 bps y-o-y. The FX-adjusted loan portfolio grew by 2% y-o-y, but shrank with similar pace q-o-q. Consumer loans, and more particular cash loans are the key engine of growth (+17% and +26% y-o-y, respectively). The DPD90+ ratio increased in 2Q (39.4%), its coverage (78.8%) declined despite higher 2Q risk costs.

Credit rating, shareholder structure

In 2Q there was only one change: on 20 June Standard & Poor's improved OTP Bank and OTP Mortgage Bank's outlook from negative to stable; their rating of „BB" remained unchanged.

Regarding the ownership structure of the bank, the position of Lazard Group declined below 5% in the second quarter. By 30 June 2014 four investors had more than 5% influence (beneficial ownership) in the Company, namely the Rahimkulov family (8.99%), MOL (the Hungarian Oil and Gas Company, 8.69%), the Groupama Group (8.40%) and the Hungarian National Asset Management Inc. (5.10%).

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

By the end of June 2014 the consolidated Common Equity Tier 1 ratio was 14.2% underpinning a q-o-q 2.3 ppts decline, explained by the 2Q loss induced by the adjustment items.

OTP Bank's stand-alone Common Equity Tier1 ratio stood at 14.1% in 2Q 2014 (-6.8 ppts q-o-q).

Pursuant to the statement made by the National Bank of Hungary as a supervisory authority on 21

May 2014, both the “Upper Tier 2” perpetual bond and the convertible (ICES) bonds are treated as Tier2 capital elements.

POST BALANCE SHEET EVENTS

Hungary

- On 14 August 2014 the Central Statistical Office released preliminary statistics about the Hungarian GDP growth: the Hungarian economy grew by 3.9% y-o-y in the second quarter of 2014.

Russia

- On 16 July 2014 the United States imposed sanctions on Russia.
- On 25 July Russia’s central bank increased the key policy rate to 8% from 7.5%.
- On 25 July Fitch affirmed Russia's long-term foreign and local currency Issuer Default Ratings (IDR) at ‘BBB’. The outlooks are negative.

Ukraine

- On 11 July 2014 S&P revised its outlook on Ukraine to stable from negative and affirmed the ’CCC’ long-term foreign currency sovereign credit ratings.
- On 17 July Ukraine’s central bank raised the key discount rate by 3 ppts to 12.5%.
- On 31 July the Parliament did not accept the resignation of the Prime Minister, Mr. Yatseniuk, furthermore on 1 August it approved a “war tax” for financing the mounting cost of defence.

Bulgaria

- On 4 July 2014 Fitch affirmed Bulgaria's long-term foreign currency Issuer Default Rating (IDR) at ’BBB-’ and its long-term local currency IDR at ’BBB’. The outlooks remained stable.
- On 11 July Bulgarian National Bank announced that Bulgaria will start the bankruptcy procedure for Corporate Commercial Bank AD, Bulgaria’s fourth-largest lender.
- On 24 July Bulgarian lawmakers approved on Prime Minister Plamen Oresharski’s resignation.

Romania

- On 30 July 2014 OTP Bank Romania signed an agreement in Bucharest with Banco Comercial Português on the purchase of its 100.0% ownership in its Romanian subsidiary. The purchase price was EUR 39 million, which resulted 0.5 P/B ratio. With a total assets of RON 2.83 billion (approx. EUR 635 million) as of 31 December 2013 Millennium Bank was the 22nd biggest player on the Romanian banking market, which translates into a 0.8% market share. As a result of the acquisition the market share of OTP Bank Romania will rise to 2.1% elevating the bank into the 11th place amongst the Romanian banks. Following the merge OTP Bank Romania will possess 150 branches and more than 160 ATMs enabling the bank to provide high level financial services for nearly 400 thousand retail and corporate clients. The final settlement of the integration process is expected to be completed within a year.
- On 4 August the Central Bank cut the base rate by 25 bps thus reducing it to 3.25%.

Croatia

- On 16 July 2014 Croatia’s High Commercial Court ruled that loans in Swiss francs in Croatia have been legal. Court upholds lower court verdict that clients can sue for interest rate lifts, where banks have to prove in each case if the interest increase was justifiable or not.
- On 25 July S&P affirmed Croatia's ‘BB/B’ long- and short-term foreign-currency credit ratings with stable outlook.
- On 8 August Fitch downgraded Croatia's long-term foreign currency Issuer Default Rating (IDR) to ’BB’ from ’BB+’ and local currency IDR to ’BB+’ from ’BBB-’. The outlooks are stable.

Slovakia

- On 1 August 2014 S&P raised Slovakia’s credit rating outlook to positive from stable.

Serbia

- On 11 July 2014 Fitch affirmed Serbia's long-term foreign and local currency Issuer Default Ratings (IDR) at ‘B+’. The outlooks remained stable.
- On 13 July Serbian Finance Minister Lazar Krstic resigned after he and Premier Aleksandar Vucic failed to agree on the extent of cuts in wages, pensions and public-sector jobs.

Montenegro

- On 1 July 2014 action for damages initiated by DOO VEKTRA JAKIC in bankruptcy in the amount of EUR 80,000,000.00 against OTP Bank Plc before the Commercial Court in Bijelo Polje (Montenegro) has been dismissed entirely and the court decided in favour of OTP Bank Plc. The decision of the court is subject to appeal. OTP Bank Plc. considers the claim is entirely unfounded as it is confirmed by the court of first instance.

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

in HUF million	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
Consolidated after tax profit	**51,812**	**-147,283**	**-384%**	**40,579**	**5,864**	**-153,146**		**-477%**
Adjustments (total)	**-41,274**	**-221,551**	**437%**	**-11,762**	**-29,449**	**-192,103**	**552%**	
Dividend and total net cash transfers (consolidated)	-2	59		282	-55	114	-308%	-60%
Goodwill/investment impairment charges (after tax)	1,379	-11,597		1,379	0	-11,597		
Special tax on financial institutions and one-timer payment compensating the underperformance of the financial transaction tax (after corporate income tax)	-42,650	-29,822	-30%	-13,423	-29,394	-428	-99%	-97%
Effect of Banco Popolare Croatia acquisition (after tax)	0	4,077		0	0	4,077		
Impact of the expected refund obligation stemming from the invalidity of using FX margin in Hungary (after tax)	0	-32,021		0	0	-32,021		
Potential refund obligation stemming from the presumed unfairness of unilateral amendments to loan contracts in Hungary (after tax)	0	-144,076		0	0	-144,076		
Risk cost created toward Crimean exposures in 2Q 2014 (after tax)	0	-8,171		0	0	-8,171		
Consolidated adjusted after tax profit without the effect of adjustments	**93,086**	**74,268**	**-20%**	**52,341**	**35,312**	**38,956**	**10%**	**-26%**
Banks total without one-off items[1]	89,515	72,240	-19%	50,644	34,951	37,288	7%	-26%
OTP CORE (Hungary)[2]	59,740	66,661	12%	37,846	33,946	32,715	-4%	-14%
Corporate Centre (after tax)[3]	-1,035	-1,168	13%	118	-513	-656	28%	-657%
OTP Bank Russia[4]	10,355	-7,012	-168%	2,625	-4,747	-2,265	-52%	-186%
CJSC OTP Bank (Ukraine)[5]	1,848	-11,175	-705%	235	-7,458	-3,718	-50%	
DSK Bank (Bulgaria)[6]	19,931	21,566	8%	10,898	11,286	10,280	-9%	-6%
OBR adj. (Romania)[7]	-2,266	1,676	-174%	-1,536	1,022	654	-36%	-143%
OTP banka Srbija (Serbia)[8]	-1,646	23	-101%	-811	136	-113	-183%	-86%
OBH (Croatia)	1,434	508	-65%	927	297	211	-29%	-77%
OBS (Slovakia)[9]	739	584	-21%	29	388	196	-49%	581%
CKB (Montenegro)	414	577	39%	313	595	-18	-103%	-106%
Leasing	1,006	178	-82%	237	73	105	44%	-56%
Merkantil Bank + Car, adj. (Hungary)[10]	851	-76	-109%	163	-26	-50	95%	-131%
Foreign leasing companies (Slovakia, Croatia, Bulgaria, Romania)[11]	154	254	64%	74	99	155	57%	108%
Asset Management	1,441	2,239	55%	621	1,162	1,077	-7%	73%
OTP Asset Management (Hungary)	1,392	2,163	55%	603	1,126	1,038	-8%	72%
Foreign Asset Management Companies (Ukraine, Romania)[12]	49	75	53%	18	36	40	10%	123%
Other Hungarian Subsidiaries	643	-1,315	-304%	981	-1,083	-232	-79%	-124%
Other Foreign Subsidiaries (Slovakia, United Kingdom, Cyprus, Romania, Belize)[13]	208	107	-48%	-2	145	-37	-126%	
Eliminations	272	824	203%	-140	64	760		-642%
Total after tax profit of HUNGARIAN subsidiaries[14]	61,863	67,089	8%	39,571	33,515	33,574	0%	-15%
Total after tax profit of FOREIGN subsidiaries[15]	31,221	7,183	-77%	12,770	1,797	5,387	200%	-58%
Share of foreign profit contribution, %	34%	10%	-24%	24%	5%	14%	9%	-11%

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

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

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME

Main components of the Statement of recognized income in HUF million	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
Consolidated after tax profit	**51,812**	**-147,283**	**-384%**	**40,579**	**5,864**	**-153,146**		**-477%**
Adjustments (total)	**-41,274**	**-221,551**	**437%**	**-11,762**	**-29,449**	**-192,103**	**552%**	
Dividends and net cash transfers (after tax)	-2	59		282	-55	114	-308%	-60%
Goodwill/investment impairment charges (after tax)	1,379	-11,597	-941%	1,379	0	-11,597		-941%
Special tax on financial institutions and one-timer payment compensating the underperformance of the financial transaction tax (after corporate income tax)	-42,650	-29,822	-30%	-13,423	-29,394	-428	-99%	-97%
Effect of Banco Popolare Croatia acquisition (after tax)	0	4,077		0	0	4,077		
Badwill related to Banco Popolare Croatia acquisition (after tax)	0	3,606		0	0	3,606		
Badwill related to Banco Popolare Croatia acquisition (before tax)	0	4,508		0	0	4,508		
Income taxes	0	-902		0	0	-902		
Tax shield on earlier loss of Banco Popolare Croatia	0	902		0	0	902		
Provision on potential merger expenses (after tax)	0	-432		0	0	-432		
Provision on potential merger expenses (before tax)	0	-539		0	0	-539		
Income taxes	0	108		0	0	108		
Impact of the expected refund obligation stemming from the invalidity of using FX margin in Hungary (after tax)	0	-32,021		0	0	-32,021		
Impact of the expected refund obligation stemming from the invalidity of using FX margin in Hungary (before tax)	0	-39,533		0	0	-39,533		
Income taxes	0	7,511		0	0	7,511		
Potential refund obligation stemming from the presumed unfairness of unilateral amendments to loan contracts in Hungary (after tax)	0	-144,076		0	0	-144,076		
Potential refund obligation stemming from the presumed unfairness of unilateral amendments to loan contracts in Hungary (before tax)	0	-177,031		0	0	-177,031		
Income taxes	0	32,956		0	0	32,956		
Risk cost created toward Crimean exposures in 2Q2014 (after tax)	0	-8,171		0	0	-8,171		
Risk cost created toward Crimean exposures in 2Q2014 (before tax)	0	-9,267		0	0	-9,267		
Income taxes	0	1,096		0	0	1,096		
Consolidated adjusted after tax profit without the effect of adjustments	**93,086**	**74,268**	**-20%**	**52,341**	**35,312**	**38,956**	**10%**	**-26%**
Before tax profit	**116,288**	**87,730**	**-25%**	**58,327**	**38,983**	**48,747**	**25%**	**-16%**
Operating profit	**226,706**	**217,422**	**-4%**	**114,198**	**108,161**	**109,261**	**1%**	**-4%**
Total income	**432,755**	**421,263**	**-3%**	**219,886**	**210,184**	**211,080**	**0%**	**-4%**
Net interest income	**328,465**	**320,708**	**-2%**	**162,577**	**162,453**	**158,255**	**-3%**	**-3%**
Net fees and commissions	**78,590**	**83,523**	**6%**	**42,777**	**42,040**	**41,482**	**-1%**	**-3%**
Other net non-interest income	**25,701**	**17,033**	**-34%**	**14,533**	**5,691**	**11,342**	**99%**	**-22%**
Foreign exchange result, net	9,153	7,052	-23%	6,621	1,155	5,897	410%	-11%
Gain/loss on securities, net	7,840	5,295	-32%	3,823	788	4,507	472%	18%
Net other non-interest result	8,707	4,685	-46%	4,089	3,747	938	-75%	-77%
Operating expenses	**-206,049**	**-203,842**	**-1%**	**-105,688**	**-102,023**	**-101,819**	**0%**	**-4%**
Personnel expenses	-102,885	-103,709	1%	-51,762	-52,147	-51,562	-1%	0%
Depreciation	-23,482	-20,815	-11%	-12,116	-10,379	-10,435	1%	-14%
Other expenses	-79,682	-79,318	0%	-41,810	-39,496	-39,822	1%	-5%
Total risk costs	**-114,767**	**-132,307**	**15%**	**-59,762**	**-68,945**	**-63,362**	**-8%**	**6%**
Provision for loan losses	-115,875	-129,898	12%	-61,540	-68,759	-61,140	-11%	-1%
Other provision	1,107	-2,409	-317%	1,778	-187	-2,222	1090%	-225%

Main components of the Statement of recognized income in HUF million	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
Total one-off items	**4,349**	**2,615**	**-40%**	**3,891**	**-233**	**2,848**	**-1325%**	**-27%**
Revaluation result of FX swaps at OTP Core	742	-749	-201%	310	-296	-454	53%	-246%
Gain on the repurchase of own Upper and Lower Tier2 Capital	970	0	-100%	970	0	0		-100%
Result of the treasury share swap at OTP Core	2,637	3,365	28%	2,611	63	3,302	5141%	26%
Corporate taxes	**-23,202**	**-13,462**	**-42%**	**-5,985**	**-3,671**	**-9,791**	**167%**	**64%**
INDICATORS (%)	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
ROE (adjusted)	12.4%	10.7%	-1.7%p	13.7%	9.7%	11.4%	1.7%p	-2.3%p
ROA (adjusted)	1.9%	1.4%	-0.4%p	2.0%	1.4%	1.5%	0.1%p	-0.5%p
Operating profit margin	4.53%	4.23%	-0.31%p	4.45%	4.28%	4.28%	0.00%p	-0.18%p
Total income margin	8.66%	8.19%	-0.46%p	8.58%	8.31%	8.26%	-0.05%p	-0.31%p
Net interest margin	6.57%	6.24%	-0.33%p	6.34%	6.42%	6.19%	-0.23%p	-0.15%p
Net fee and commission margin	1.57%	1.62%	0.05%p	1.67%	1.66%	1.62%	-0.04%p	-0.04%p
Net other non-interest income margin	0.51%	0.33%	-0.18%p	0.57%	0.22%	0.44%	0.22%p	-0.12%p
Cost-to-asset ratio	4.12%	3.96%	-0.16%p	4.12%	4.03%	3.99%	-0.05%p	-0.14%p
Cost/income ratio	47.6%	48.4%	0.8%p	48.1%	48.5%	48.2%	-0.3%p	0.2%p
Risk cost for loan losses-to-average gross loans	3.12%	3.51%	0.40%p	3.25%	3.78%	3.30%	-0.47%p	0.05%p
Risk cost for loan losses-to-average FX adjusted gross loans	3.06%	3.47%	0.41%p	3.25%	3.70%	3.27%	-0.43%p	0.03%p
Total risk cost-to-asset ratio	2.30%	2.57%	0.28%p	2.33%	2.73%	2.48%	-0.25%p	0.15%p
Effective tax rate	20.0%	15.3%	-4.6%p	10.3%	9.4%	20.1%	10.7%p	9.8%p
Non-interest income/total income	24%	24%	0%p	26%	23%	25%	2%p	-1%p
EPS base (HUF) (from unadjusted net earnings)	193	-551	-385%	152	22	-573		-477%
EPS diluted (HUF) (from unadjusted net earnings)	193	-551	-385%	152	22	-573		-478%
EPS base (HUF) (from adjusted net earnings)	349	278	-20%	196	132	146	10%	-26%
EPS diluted (HUF) (from adjusted net earnings)	349	278	-20%	196	132	146	10%	-26%
Comprehensive Income Statement	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
Consolidated after tax profit	51,812	-147,283	-384%	40,579	5,864	-153,147	-2712%	-477%
Fair value adjustment of securities available-for-sale (recognised directly through equity)	-4,162	7,163	-272%	-1,467	1,589	5,574	251%	-480%
Fair value adjustment of derivative financial instruments designated as cash-flow hedge	263	263	0%	132	131	132	1%	0%
Fair value adjustment of strategic open FX position hedging net investment in foreign operations	-1,052	-3,375	221%	2,176	-2,534	-841	-67%	-139%
Foreign currency translation difference	-2,628	-20,394	676%	-51,675	-31,544	11,150	-135%	-122%
Change of actuarial losses (IAS 19)	0	0		0	0	0		
Net comprehensive income	**44,233**	**-163,626**	**-470%**	**-10,255**	**-26,494**	**-137,132**	**418%**	
o/w Net comprehensive income attributable to equity holders	44,286	-163,611	-469%	-9,763	-26,273	-137,338	423%	
Net comprehensive income attributable to non-controlling interest	-53	-15	-72%	-492	-221	206	-193%	-142%
Average exchange rate of the HUF (in forint)	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
HUF/EUR	296	307	4%	296	308	306	-1%	3%
HUF/CHF	241	251	4%	240	252	251	0%	4%
HUF/USD	225	224	-1%	226	225	223	-1%	-1%
HUF/100JPY	236	219	-8%	229	219	218	0%	-5%

CONSOLIDATED BALANCE SHEET

Main components of balance sheet in HUF million	2Q 2013	4Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y	YTD
TOTAL ASSETS	**10,048,610**	**10,381,047**	**10,139,918**	**10,354,841**	**2%**	**3%**	**0%**
Cash and amount due from banks	501,916	539,125	495,275	515,206	4%	3%	-4%
Placements with other banks	352,003	273,479	283,415	291,707	3%	-17%	7%
Financial assets at fair value	215,750	415,605	339,423	298,059	-12%	38%	-28%
Securities available-for-sale	1,388,768	1,637,255	1,518,498	1,586,797	4%	14%	-3%
Net customer loans	6,319,088	6,245,210	6,125,613	6,202,893	1%	-2%	-1%
Net customer loans (FX adjusted)	**6,435,640**	**6,390,549**	**6,217,941**	**6,202,893**	**0%**	**-4%**	**-3%**

Main components of balance sheet in HUF million	2Q 2013	4Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y	YTD
Gross customer loans	7,535,982	7,480,844	7,432,821	7,567,590	2%	0%	1%
Gross customer loans (FX adjusted)	**7,674,107**	**7,663,443**	**7,553,943**	**7,567,590**	**0%**	**-1%**	**-1%**
o/w Retail loans	5,146,436	5,123,058	5,102,123	5,140,861	1%	0%	0%
Retail mortgage loans (incl. home equity)	2,804,000	2,716,574	2,681,277	2,647,391	-1%	-6%	-3%
Retail consumer loans	1,877,422	1,942,332	1,952,764	2,015,617	3%	7%	4%
SME loans	465,014	464,152	468,083	477,853	2%	3%	3%
Corporate loans	2,174,313	2,220,692	2,137,149	2,126,391	-1%	-2%	-4%
Loans to medium and large corporates	1,894,526	1,940,887	1,928,394	1,921,652	0%	1%	-1%
Municipal loans[1]	279,786	279,804	208,755	204,738	-2%	-27%	-27%
Car financing loans	271,570	247,709	242,211	229,190	-5%	-16%	-7%
Bills and accrued interest receivables related to loans	81,788	71,984	72,460	71,149	-2%	-13%	-1%
Allowances for loan losses	-1,216,894	-1,235,634	-1,307,208	-1,364,697	4%	12%	10%
Allowances for loan losses (FX adjusted)	-1,238,466	-1,272,894	-1,336,001	-1,364,697	2%	10%	7%
Equity investments	7,323	23,837	24,627	23,964	-3%	227%	1%
Securities held-to-maturity	596,802	580,051	698,388	740,243	6%	24%	28%
Premises, equipment and intangible assets, net	487,151	455,244	431,993	400,430	-7%	-18%	-12%
o/w Goodwill, net	189,279	145,564	144,663	121,738	-16%	-36%	-16%
Premises, equipment and other intangible assets, net	297,872	309,680	287,330	278,692	-3%	-6%	-10%
Other assets	179,809	211,241	222,686	295,542	33%	64%	40%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**10,048,610**	**10,381,047**	**10,139,918**	**10,354,841**	**2%**	**3%**	**0%**
Liabilities to credit institutions and governments	519,405	784,212	588,847	610,515	4%	18%	-22%
Customer deposits	6,602,506	6,866,606	6,881,568	7,046,610	2%	7%	3%
Customer deposits (FX adjusted)	**6,682,671**	**6,986,777**	**6,947,928**	**7,046,610**	**1%**	**5%**	**1%**
o/w Retail deposits	4,783,329	4,876,459	4,798,692	4,953,586	3%	4%	2%
Household deposits	4,165,400	4,213,577	4,135,940	4,268,870	3%	2%	1%
SME deposits	617,929	662,882	662,752	684,716	3%	11%	3%
Corporate deposits	1,853,254	2,071,916	2,112,497	2,054,513	-3%	11%	-1%
Deposits to medium and large corporates	1,566,621	1,715,832	1,649,140	1,683,719	2%	7%	-2%
Municipal deposits	286,632	356,084	463,357	370,794	-20%	29%	4%
Accrued interest payable related to customer deposits	46,088	38,403	36,739	38,511	5%	-16%	0%
Issued securities	535,428	445,218	376,128	384,925	2%	-28%	-14%
o/w Retail bonds	124,057	70,447	65,179	61,383	-6%	-51%	-13%
Issued securities without retail bonds	411,371	374,771	310,949	323,542	4%	-21%	-14%
Other liabilities	567,214	508,517	572,435	722,356	26%	27%	42%
Subordinated bonds and loans	298,717	267,162	280,278	288,002	3%	-4%	8%
Total shareholders' equity	**1,525,340**	**1,509,332**	**1,440,662**	**1,302,433**	**-10%**	**-15%**	**-14%**
Indicators	2Q 2013	4Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y	YTD
Loan/deposit ratio (FX adjusted)	114%	109%	108%	107%	-1%p	-7%p	-2%p
Net loan/(deposit + retail bond) ratio (FX adjusted)	94%	90%	88%	87%	-1%p	-7%p	-3%p
90+ days past due loan volume	1,548,031	1,463,645	1,557,898	1,622,194	4%	5%	11%
90+ days past due loans/gross customer loans	20.8%	19.8%	21.2%	21.6%	0.5%p	0.9%p	1.9%p
Total provisions/90+ days past due loans	78.6%	84.4%	83.9%	84.1%	0.2%p	5.5%p	-0.3%p
Consolidated capital adequacy - Basel3	2Q 2013	4Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y	YTD
Capital adequacy ratio[2] (consolidated, IFRS)	19.9%	19.7%	20.2%	17.8%	-2.5%p	-2.1%p	-2.0%p
Tier1 ratio	16.8%	17.4%	16.4%	14.2%	-2.3%p	-2.6%p	-3.2%p
Common Equity Tier 1 ('CET1') capital ratio	15.4%	16.0%	16.4%	14.2%	-2.3%p	-1.3%p	-1.8%p
Regulatory capital[2] (consolidated)	1,492,259	1,440,962	1,385,576	1,253,440	-10%	-16%	-13%
o/w Tier1 Capital	1,262,741	1,270,402	1,125,012	1,000,435	-11%	-21%	-21%
o/w Common Equity Tier 1 capital	1,159,792	1,170,378	1,125,012	1,000,435	-11%	-14%	-15%
Additional Tier1 Capital	102,949	100,025	0	0		-100%	-100%
Tier2 Capital	229,862	170,927	260,564	253,005	-3%	10%	48%
o/w Hybrid Tier2		0	98,477	99,074	1%		
Deductions from the regulatory capital	-344	-367	n/a	n/a			
Consolidated risk weighted assets (RWA) (Credit&Market&Operational risk)	7,509,325	7,313,275	6,842,412	7,060,896	3%	-6%	-3%
o/w RWA (Credit risk)	6,055,312	5,842,732	5,613,234	5,897,175	5%	-3%	1%
RWA (Market & Operational risk)	1,454,014	1,470,543	1,229,178	1,163,721	-5%	-20%	-21%
Closing exchange rate of the HUF (in forint)	2Q 2013	4Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y	YTD
HUF/EUR	295	297	307	310	1%	5%	4%
HUF/CHF	239	242	252	255	1%	7%	5%
HUF/USD	226	216	223	227	2%	0%	5%
HUF/100JPY	229	205	217	224	3%	-2%	9%

[1] As of 30 June 2014 on consolidated level out of HUF 205 billion exposure to municipalities the exposure to the Hungarian State amounted to HUF 131 billion.

[2] Pursuant to the resolution issued by the National Bank of Hungary as a supervisory authority on 21 May 2014 the perpetual (UT2) and the ICES bonds are treated as Tier2 capital elements.

OTP BANK'S HUNGARIAN CORE BUSINESS

OTP Core Statement of recognized income:

Main components of the Statement of recognised income in HUF million	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	59,740	66,661	12%	37,846	33,946	32,715	-4%	-14%
Corporate income tax	-15,402	-15,216	-1%	-3,489	-6,126	-9,090	48%	161%
Pre-tax profit	75,141	81,877	9%	41,336	40,072	41,804	4%	1%
Operating profit	97,039	94,624	-2%	51,562	46,667	47,957	3%	-7%
Total income	192,214	190,904	-1%	100,515	94,364	96,540	2%	-4%
Net interest income	136,054	133,228	-2%	68,366	66,358	66,869	1%	-2%
Net fees and commissions	43,180	47,518	10%	23,523	23,965	23,553	-2%	0%
Other net non-interest income	12,980	10,159	-22%	8,626	4,040	6,118	51%	-29%
Operating expenses	-95,175	-96,280	1%	-48,953	-47,696	-48,584	2%	-1%
Total risk costs	-25,277	-15,363	-39%	-13,148	-6,362	-9,001	41%	-32%
Provisions for possible loan losses	-25,465	-14,051	-45%	-13,793	-6,487	-7,565	17%	-45%
Other provisions	188	-1,312	-797%	645	124	-1,436		-323%
Total one-off items	3,379	2,615	-77%	2,921	-233	2,848		-97%
Revaluation result of FX swaps	742	-749	101%	310	-296	-454	-153%	146%
Gain on the repurchase of own Upper and Lower Tier2 Capital	0	0	0%	0	0	0	0%	0%
Revaluation result of the treasury share swap agreement	2,637	3,365	-128%	2,611	63	3,302		-126%
Revenues by Business lines								
RETAIL								
Total income	146,884	141,773	-3%	75,088	71,277	70,497	-1%	-6%
Net interest income	108,273	100,175	-7%	54,041	51,301	48,874	-5%	-10%
Net fees and commissions	36,761	39,894	9%	20,163	19,097	20,797	9%	3%
Other net non-interest income	1,850	1,705	-8%	884	878	827	-6%	-6%
CORPORATE								
Total income	18,371	25,739	40%	9,865	14,279	11,459	-20%	16%
Net interest income	12,125	17,382	43%	6,370	9,279	8,102	-13%	27%
Net fees and commissions	5,705	7,859	38%	3,237	4,743	3,115	-34%	-4%
Other net non-interest income	541	498	-8%	258	257	242	-6%	-6%
Treasury ALM								
Total income	24,861	22,092	-11%	14,109	8,195	13,897	70%	-2%
Net interest income	15,656	15,671	0%	7,954	5,778	9,893	71%	24%
Net fees and commissions	24	-235		48	124	-359	-389%	-851%
Other net non-interest income	9,181	6,656	-28%	6,107	2,293	4,363	90%	-29%
Indicators (%)	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
ROE	10.1%	11.6%	1.5%p	13.0%	11.3%	11.6%	0.3%p	-1.4%p
ROA	2.0%	2.1%	0.1%p	2.5%	2.1%	2.1%	-0.1%p	-0.4%p
Operating profit margin (operating profit / avg. total assets)	3.2%	3.0%	-0.2%p	3.3%	3.0%	3.0%	0.1%p	-0.3%p
Total income margin	6.32%	6.01%	-0.30%p	6.52%	5.98%	6.10%	0.12%p	-0.43%p
Net interest margin	4.47%	4.20%	-0.28%p	4.44%	4.20%	4.22%	0.02%p	-0.21%p
Net fee and commission margin	1.42%	1.50%	0.08%p	1.53%	1.52%	1.49%	-0.03%p	-0.04%p
Net other non-interest income margin	0.43%	0.32%	-0.11%p	0.56%	0.26%	0.39%	0.13%p	-0.17%p
Operating costs to total assets ratio	3.1%	3.0%	-0.1%p	3.2%	3.0%	3.1%	0.0%p	-0.1%p
Cost/income ratio	49.5%	50.4%	0.9%p	48.7%	50.5%	50.3%	-0.2%p	1.6%p
Cost of risk/average gross loans	1.62%	0.94%	-0.67%p	1.74%	0.87%	1.02%	0.14%p	-0.72%p
Cost of risk/average gross loans (FX adjusted)	1.58%	0.93%	-0.65%p	1.71%	0.86%	1.01%	0.15%p	-0.70%p
Effective tax rate	20.5%	18.6%	-1.9%p	8.4%	15.3%	21.7%	6.5%p	13.3%p

- ***1H adjusted profit improved by 12% y-o-y and as a result of lower risk costs reached HUF 67 billion***
- ***The q-o-q improvement of 2Q adjusted pre-tax earnings was due to one-off items; y-o-y the weaker total income was offset by lower risk costs***
- ***In 2Q the deterioration of the retail book was moderate, mainly corporate exposures worsened; the DPD90+ coverage declined***
- ***The overall deposit book increased with retail deposits somewhat eroding***
- ***Supported also by the Funding for Growth Programme the corporate exposure grew y-o-y (with MSE loans advancing by 4%)***

P&L developments

The potential negative impact of the Act No. XXXVIII of 2014 on the "Settlement of certain questions related to the Supreme Court's (Curia) uniformity decision on loans to customers provided by financial institutions" stipulating the invalidity of charging FX margins and declaring disputable presumption regarding the unilateral contract amendments executed by the banks was eliminated from OTP Core's P&L. The calculated potential impact was shown within adjustments on a consolidated level.

Without the effect of adjustment items[3] **OTP Core** posted a net profit of HUF 66.7 billion in 1H 2014, underpinning a 12% y-o-y increase, while profit after tax moderated in 2Q (-4% q-o-q). The quarterly dynamics were heavily influenced by the volatility in the corporate tax burden induced by the tax shield effect of the revaluation of subsidiary investments due to HUF volatility (the corporate tax impact in HUF billion: 1Q 2014: 3.0 tax savings, 2Q: 1.6 additional tax payments). In case of before tax profit the 2% y-o-y decrease of the operating profit was compensated by the moderating risk cost (-39% y-o-y). The HUF 9.0 billion risk cost in 2Q is higher than in 1Q, but much lower than in the previous quarters.

The operating result eroded by 2% y-o-y for the first half of the year. On the income side the net interest income melted down by 2% y-o-y. The shrinking of the interest bearing portfolio continued and the net interest margin was lower on a yearly base, but remained stable on a quarterly base. The key reason was the declining yield environment which took its toll through lower deposit margins. The expected annual negative impact of the FX protection scheme was booked in 1Q with the effect of HUF 3.1 billion on net interest revenues for 1H 2014 (in 1H 2013 such item caused a HUF 2.2 billion decline in net interest income). By the end of June around 31% of eligible borrowers of OTP bank, OTP Mortgage Bank and OTP Flat Lease concluded 37,652 FX-protection contracts in total, as a result loan volumes under the FX protection scheme reached HUF 271 billion, an equivalent of 50% of the total outstanding FX mortgage portfolio.

Net fees and commissions for the first 6 months advanced by 10% y-o-y and decreased by 2% q-o-q in 2Q. The quarterly decline is reasoned by the free of charge cash withdrawals[4] (twice a month) introduced from February, thus in 1Q this measure affected only February and March. Other non-interest income declined y-o-y due to a smaller gain in 1H 2014 realised on the available-for-sale government bond portfolio (in HUF billion: 1H 2014 2.6, 1H 2013: 6.6). The higher quarterly revenue on this line was reasoned (+HUF 1.7 billion) by the better performance of this item, too.

Semi-annual operating expenses grew only marginally (+1% y-o-y). Personal costs were cut back by 2% as a result of internal HR restructuring, but also due to the roughly 20% cut in bonus payments. At the same time administrative expenses increased by 4% y-o-y, partly due to higher contribution paid into the National Deposit Insurance Fund.

Risk costs for 1H 2014 dropped by 39% y-o-y and the semi-annual risk cost rate dropped from 1.62% to 0.94%. In 1Q a project finance loan (with a principal of HUF 35 billion) reached 90 days of delinquency, and this item pushed up the quarterly increase in DPD90+ volumes on an FX-adjusted basis by around HUF 25 billion. In 2Q the DPD90+ volume growth was induced by a few bigger corporate exposures. Thus the portfolio deterioration was in line with the trends seen from 2H 2013. (new DPD90+ volumes in HUF billion: 1Q 2013: 14, 2Q: 18, 3Q: 9, 4Q: -9, 1Q 2014: 33, adjusted by the large project finance loan: 8, 2Q: 8). The DPD90+ ratio y-o-y increased by 1.7 ppts and reached 19.4%; in 2Q, however it remained stable (+0.1 ppt q-o-q). Their coverage dropped by 1.1 ppts y-o-y (-0.2 ppt q-o-q) to 79.6%. The 2Q improvement of the mortgage portfolio in part was related to the sale of collateral to the National Asset Management Company, while deterioration of the consumer loan

[3] Special tax on financial institutions, dividends/net cash transfers, goodwill impairment charges, the impact of the expected refund obligation stemming from the invalidity of using FX margin and potential refund obligation stemming from the presumed unfairness of unilateral amendments to contracts.

[4] On 11 November 2013 the Parliament approved the amendment to the law on payment services (Act LXXXV/2009). Accordingly, from 1 February 2014 the first two cash withdrawals per month up to HUF 150,000 will be free of charge for those private individuals, who make a statement to their financial service provider. The law declares that any changes to fees and other commissions listed in the client contracts as well as the modification of their calculation methods in relation to the above mentioned amendment are prohibited. At the same time according to the law on financial transaction tax (Act CXVI/2012) banks are obliged to pay 0.6% tax on cash withdrawals.

portfolio has been showing a moderating trend since the beginning of 2013.

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

Main components of balance sheet closing balances in HUF million	2Q 2013	4Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y	YTD
Total Assets	6,039,762	6,454,938	6,353,379	6,348,331	0%	5%	-2%
Net customer loans	2,678,599	2,584,717	2,525,903	2,515,292	0%	-6%	-3%
Net customer loans (FX adjusted)	**2,739,902**	**2,640,799**	**2,541,004**	**2,515,292**	**-1%**	**-8%**	**-5%**
Gross customer loans	3,122,786	3,034,469	2,985,940	2,973,552	0%	-5%	-2%
Gross customer loans (FX adjusted)	**3,201,612**	**3,105,707**	**3,005,132**	**2,973,552**	**-1%**	**-7%**	**-4%**
Retail loans	2,154,079	2,061,818	2,032,680	2,002,303	-1%	-7%	-3%
Retail mortgage loans (incl. home equity)	1,594,239	1,520,662	1,493,921	1,467,651	-2%	-8%	-3%
Retail consumer loans	438,111	417,710	415,250	406,514	-2%	-7%	-3%
SME loans	121,729	123,446	123,509	128,139	4%	5%	4%
Corporate loans	1,047,533	1,043,889	972,452	971,249	0%	-7%	-7%
Loans to medium and large corporates	817,706	828,542	826,694	824,749	0%	1%	0%
Municipal loans[1]	229,827	215,347	145,758	146,499	1%	-36%	-32%
Provisions	-444,187	-449,752	-460,037	-458,260	0%	3%	2%
Provisions (FX adjusted)	**-461,711**	**-464,909**	**-464,128**	**-458,260**	**-1%**	**-1%**	**-1%**
Deposits from customers + retail bonds	3,758,889	3,903,396	3,978,348	3,968,978	0%	6%	2%
Deposits from customers + retail bonds (FX adjusted)	**3,783,368**	**3,934,686**	**3,987,085**	**3,968,978**	**0%**	**5%**	**1%**
Retail deposits + retail bonds	2,395,927	2,361,702	2,318,359	2,343,683	1%	-2%	-1%
Household deposits + retail bonds	2,078,779	2,019,044	1,968,393	1,985,821	1%	-4%	-2%
o/w: Retail bonds	124,057	70,447	65,179	61,383	-6%	-51%	-13%
SME deposits	317,148	342,658	349,965	357,862	2%	13%	4%
Corporate deposits	1,387,441	1,572,985	1,668,727	1,625,295	-3%	17%	3%
Deposits to medium and large corporates	1,160,935	1,269,397	1,255,282	1,301,513	4%	12%	3%
Municipal deposits	226,505	303,588	413,444	323,783	-22%	43%	7%
Liabilities to credit institutions	324,357	591,856	422,319	397,144	-6%	22%	-33%
Issued securities without retail bonds	298,093	276,916	266,778	271,528	2%	-9%	-2%
Total shareholders' equity	1,180,452	1,244,473	1,196,184	1,072,133	-10%	-9%	-14%
Loan Quality	2Q 2013	4Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y	YTD
90+ days past due loan volume (in HUF million)	550,618	527,591	576,572	575,963	-0.1%p	4.6%p	9.2%p
90+ days past due loans/gross customer loans (%)	17.7%	17.4%	19.3%	19.4%	0.1%p	1.7%p	2.0%p
Total provisions/90+ days past due loans (%)	80.7%	85.2%	79.8%	79.6%	-0.2%p	-1.1%p	-5.7%p
Market Share (%)3	2Q 2013	4Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y	YTD
Loans	18.6%	19.0%	18.6%	18.6%	0.0%p	0.0%p	-0.4%p
Deposits	22.9%	23.7%	24.8%	25.0%	0.2%p	2.0%p	1.3%p
Total Assets	26.7%	26.9%	26.6%	27.0%	0.4%p	0.3%p	0.1%p
Performance Indicators (%)	2Q 2013	4Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y	YTD
Gross loans to deposits	86%	79%	76%	76%	0%p	-10%p	-3%p
Net loans to (deposits + retail bonds)	71%	66%	63%	63%	0%p	-8%p	-3%p
Net loans to (deposits + retail bonds) (FX adjusted)	72%	67%	64%	63%	0%p	-9%p	-4%p
Leverage (Total Assets/Shareholder's Equity)	19.0%	19.2%	19.1%	18.1%	-1.0%p	-0.9%p	-1.1%p
Leverage (Total Assets/Shareholder's Equity)	5.3x	5.2x	5.2x	5.5x	0.0x	0.0x	0.0x
Capital adequacy ratio[2] (OTP Bank, non-consolidated, Basel3, HAS)	22.5%	23.0%	25.0%	18.3%	-6.7%p	-4.2%p	-4.7%p
Common Equity Tier 1 ratio (OTP Bank, non-consolidated, Basel3, HAS)	21.3%	23.0%	20.9%	14.1%	-6.8%p	-7.1%p	-8.9%p

[1] As of 30 June 2014 out of HUF 146 billion exposure to municipalities the exposure to the Hungarian State amounted to HUF 131 billion.
[2] Pursuant to the resolution issued by the National Bank of Hungary as a supervisory authority on 21 May 2014 the perpetual (UT2) bond is treated as Tier2 capital element.

Balance sheet trends

In 2Q the FX-adjusted gross loan portfolio moderated by 1% q-o-q and by 7% y-o-y. The mortgage book still kept eroding (-2% q-o-q and -8% y-o-y) and the debt consolidation of Hungarian local governments in 1Q also affected negatively the overall volumes. The local government exposure dropped by 36% y-o-y as on 28 February the Hungarian Government took over all the remaining debt obligations of the Hungarian municipalities. The last phase of the consolidation involved HUF 102 billion municipality portfolio, of which HUF 64 billion was pre-paid and HUF 38 billion was refinanced from a loan extended by OTP Bank for the Debt Management Agency. Thus the local government consolidation had a negative impact of HUF 64 billion on OTP Core's loan volumes. At the end of June out of the total municipal loans, HUF 131 billion was toward the Hungarian State, HUF 6 billion toward municipal clients and HUF 9 billion toward water utilities, public service companies and other clients.

It was encouraging that partly as a result of the Funding for Growth Programme initiated by the National Bank OTP Bank's exposure to local corporate clients[5] increased further (+6% y-o-y). During the same period of time the portfolio of Hungarian financial institutions excluding OTP

[5] 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".

dropped by 5% y-o-y. Consequently, the market share[6] of OTP Group in loans to Hungarian companies increased to 12.6%. (+1.5 ppts y-o-y)

In the first phase of the Funding for Growth Programme OTP Group managed to conclude contracts with a principal value of HUF 91 billion, out of that amount HUF 71 billion was originated under the first pillar, i.e. new placements represented 62%. The second phase of the Programme is available for clients from early October. The initial size of funding was set at HUF 500 billion, however the funding will not be allocated to banks, but banks can withdraw funding in line with approved client applications. Under the second phase of the Programme OTP Group already contracted in the amount of more than HUF 61 billion until the beginning of August, moreover loan applications in the pipeline exceeded HUF 41 billion.

The erosion of the mortgage book continued. Positive though, that mortgage loan applications and originations showed a significant increase reflecting the positive impact of the new State subsidized housing loan programme (applications in HUF billion: 1H 2013: 38.0, 1H 2014: 50.0, +32% y-o-y; disbursed amounts: 1H 2013: 24.4, 1H 2014: 30.1, +24% y-o-y). At OTP applications for subsidized housing loans in 1H 2014 with the amount of HUF 19.3 billion represented 49% of total housing loan applications and 38% of total mortgage loan applications. OTP's market share in mortgage loan origination remained strong (2Q 2014: 29%, +3 ppts q-o-q).

OTP Bank has a strong market share in the cash loan market segment, though its share in new origination shows a declining trend (2Q 2013: 52%, 2Q 2014: 45%). New volumes expanded by 35% q-o-q, but the outstanding portfolio somewhat declined. In 4Q the volume of overdraft loans declined as a result of an adverse effect related to the year-end bonus payments for public servants, but in 1Q the bank managed to increase volumes again; in 2Q they remained practically unchanged (-1% q-o-q and +4% y-o-y). Still, the total consumer loan book contracted (-2% q-o-q, -7% y-o-y).

Deposits (and retail bonds) stagnated q-o-q and grew by 5% y-o-y (adjusted for the FX-effect) supported by strong corporate inflows. On a yearly base retail deposits melted down due to the lower yield environment and the crowding out effect of appealing investment alternatives (e.g. government bonds and mutual funds). The municipality deposit decreased over the quarter due to base effect: local taxes are boosting deposits in 1Q and 3Q.

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

OTP FUND MANAGEMENT (HUNGARY)

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

Main components of P&L account in HUF mn	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfer and banking tax	1,392	2,163	55%	603	1,126	1,038	-8%	72%
Income tax	-273	-453	66%	-188	-209	-244	17%	30%
Profit before income tax	1,665	2,616	57%	791	1,334	1,282	-4%	62%
Operating profit	1,665	2,616	57%	791	1,334	1,282	-4%	62%
Total income	2,597	3,374	30%	1,375	1,685	1,689	0%	23%
Net interest income	0	0	-97%	0	0	0	-2%	-95%
Net fees and commissions	2,533	3,348	32%	1,343	1,681	1,667	-1%	24%
Other net non-interest income	63	26	-59%	33	4	22	463%	-32%
Operating expenses	-932	-758	-19%	-584	-351	-408	16%	-30%
Other provisions	0	0	-100%	0	0	0	-100%	-100%
Main components of balance sheet closing balances in HUF mn	2013	1H 2014	YTD	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
Total assets	9,014	11,538	28%	8,940	10,243	11,538	13%	29%
Total shareholders' equity	6,808	5,591	-18%	4,636	4,459	5,591	25%	21%
Asset under management in HUF bn	2013	1H 2014	YTD	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
Assets under management, total (w/o duplicates)	**1,384**	**1,565**	**13%**	**1,299**	**1,473**	**1,565**	**6%**	**20%**
Retail investment funds (closing, w/o duplicates)	993	1,128	14%	908	1,079	1,128	5%	24%
Volume of managed assets (closing, w/o duplicates)	391	437	12%	392	394	437	11%	12%
Volume of investment funds (with duplicates)	1,085	1,235	14%	1,003	1,178	1,235	5%	23%
money market	429	427	-1%	413	431	427	-1%	3%
bond	318	418	32%	294	383	418	9%	42%
mixed	17	18	5%	14	17	18	7%	32%
security	83	95	15%	87	84	95	13%	9%
guaranteed	105	110	4%	100	105	110	5%	10%
other	133	168	26%	96	158	168	6%	74%

In 1H 2014 **OTP Fund Management** posted a y-o-y 55% higher, HUF 2.2 billion after tax profit, excluding the special banking tax on financial institutions. The y-o-y 57% improvement of operating income was induced by favourable dynamics in net fees (+32%) in line with the expanding volume of assets under management (+20% y-o-y). Operating expenses dropped by 19% in comparison with the base period.

As a consequence of declining deposit rates due to the monetary easing in the last two years the interest in investment funds remained strong. The asset of bond funds – representing the second largest fund category – enjoyed a steady capital inflow and money market funds remained stable, while equity funds suffered capital withdrawal.

The volume of asset under management of OTP Fund Management increased by HUF 232 billion (HUF 57 billion q-o-q). The indisputable winners of capital inflow were OTP Optima, OTP Premium Money Market and OTP Supra Fund. The asset growth exceeded the market growth rate, the market share (without duplication) increased by 0.3 ppt to 27.4%, accordingly.

The other two consolidated fund management companies within the Group (in Ukraine and Romania) posted HUF 75 million profits in 1H 2014.

MERKANTIL GROUP (HUNGARY)

Performance of Merkantil Bank and Car:

Main components of P&L account in HUF mn	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	851	-76	-109%	163	-26	-50	95%	-131%
Income tax	88	118	35%	-62	178	-59	-133%	-5%
Profit before income tax	763	-194	-125%	225	-203	9	-104%	-96%
Operating profit	2,906	2,862	-1%	1,019	1,491	1,372	-8%	35%
Total income	5,977	5,892	-1%	2,584	3,041	2,851	-6%	10%
Net interest income	7,213	7,620	6%	3,543	3,873	3,748	-3%	6%
Net fees and commissions	-1,455	-1,481	2%	-701	-701	-780	11%	11%
Other net non-interest income	220	-248	-213%	-258	-131	-117	-11%	-55%
Operating expenses	-3,071	-3,029	-1%	-1,565	-1,550	-1,479	-5%	-5%
Total provisions	-2,143	-3,057	43%	-794	-1,694	-1,363	-20%	72%
Provision for possible loan losses	-2,645	-3,185	20%	-1,351	-1,621	-1,564	-3%	16%
Other provision	502	128	-74%	557	-73	202	-375%	-64%

Main components of balance sheet closing balances in HUF mn	2013	1H 2014	YTD	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
Total assets	282,780	288,336	2%	267,330	271,798	288,336	6%	8%
Gross customer loans	257,485	253,246	-2%	245,284	252,002	253,246	0%	3%
Gross customer loans (FX-adjusted)	264,322	253,246	-4%	254,767	253,668	253,246	0%	-1%
Retail loans	6,531	12,151	86%	4,899	7,599	12,151	60%	148%
Corporate loans	62,227	60,831	-2%	46,007	54,030	60,831	13%	32%
Car financing loans	195,564	180,264	-8%	203,861	192,039	180,264	-6%	-12%
Allowances for possible loan losses	-34,403	-28,215	-18%	-32,871	-36,385	-28,215	-22%	-14%
Allowances for possible loan losses (FX-adjusted)	-34,715	-28,215	-19%	-33,339	-36,471	-28,215	-23%	-15%
Deposits from customers	5,945	5,691	-4%	5,108	5,694	5,691	0%	11%
Deposits from customer (FX-adjusted)	5,945	5,691	-4%	5,108	5,694	5,691	0%	11%
Retail deposits	2,234	2,602	16%	2,183	2,281	2,602	14%	19%
Corporate deposits	3,711	3,089	-17%	2,925	3,414	3,089	-10%	6%
Liabilities to credit institutions	210,004	211,298	1%	194,995	198,866	211,298	6%	8%
Issued securities	35,141	33,733	-4%	36,351	35,129	33,733	-4%	-7%
Subordinated debt	1,411	0	-100%	1,720	1,108	0	-100%	-100%
Total shareholders' equity	27,486	18,345	-33%	26,446	26,744	18,345	-31%	-31%
Loan Quality	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	35,685	31,124	-13%	35,685	38,779	31,124	-20%	-13%
90+ days past due loans/gross customer loans (%)	14.5%	12.3%	-2.3%p	14.5%	15.4%	12.3%	-3.1%p	-2.3%p
Cost of risk/average gross loans (%)	2.08%	2.52%	0.44%p	2.16%	2.58%	2.48%	-0.10%p	0.33%p
Cost of risk/average (FX-adjusted) gross loans	2.01%	2.48%	0.48%p	2.10%	2.54%	2.48%	-0.06%p	0.37%p
Total provisions/90+ days past due loans (%)	92.1%	90.7%	-1.5%p	92.1%	93.8%	90.7%	-3.2%p	-1.5%p
Performance Indicators (%)	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
ROA	0.7%	-0.1%	-0.7%p	0.3%	0.0%	-0.1%	0.0%p	-0.3%p
ROE	6.5%	-0.7%	-7.2%p	2.5%	-0.4%	-0.9%	-0.5%p	-3.4%p
Total income margin	4.73%	4.16%	-0.56%p	4.06%	4.45%	4.08%	-0.36%p	0.02%p
Net interest margin	5.70%	5.38%	-0.32%p	5.57%	5.66%	5.37%	-0.30%p	-0.20%p
Cost/income ratio	51.4%	51.4%	0.0%p	60.6%	51.0%	51.9%	0.9%p	-8.7%p

Merkantil Bank and Car posted HUF 76 million aggregated negative after tax result in 1H 2014 against HUF 851 million profit in the base period. The presented results exclude special tax on financial institutions and expected refund obligation stemming from the invalidity of using FX margin in 2Q 2014 (these corrections are shown on consolidated level, among adjustments).

The 1H operating result is on the same level as the base period. The core revenues of the Bank indicate improvement, the net interest income increased by 6% y-o-y. The other non-interest income line was affected by loss on hedge positions. Decreasing reference rates caused 0.3 ppt q-o-q decline in net interest margin in 2Q.

The ratio of DPD90+ loans improved to 12.3% (-2.3 ppts y-o-y, -3.1 ppts q-o-q), as a result of the sale of non-performing loans in amount of HUF 10 billion. The jumping 1H risk costs stem from HUF 0.7 billion one-off provisions in 1Q 2014, which was not in connection with portfolio deterioration and the accelerating deterioration of car loans in 2Q. The provision coverage ratio decreased by 3.2 ppts q-o-q to 90.7%.

The FX-adjusted car financing loan book continued eroding: the portfolio contracted by 6% q-o-q and 12% y-o-y, which is explained by the write-off and sale of non-performing loans. In 1H new car financing loan disbursements kept on growing (+62% y-o-y). The y-o-y 32% growth of corporate loan volumes reflects mainly new loan disbursements under the Funding for Growth Scheme.

IFRS REPORTS OF THE MAIN SUBSIDIARIES

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

DSK GROUP (BULGARIA)

Performance of DSK Group:

Main components of P&L account in HUF mn	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	19,931	21,566	8%	10,898	11,286	10,280	-9%	-6%
Income tax	-2,270	-2,347	3%	-1,165	-1,227	-1,119	-9%	-4%
Profit before income tax	22,201	23,912	8%	12,063	12,513	11,399	-9%	-6%
Operating profit	28,342	31,060	10%	13,929	15,400	15,660	2%	12%
Total income	46,364	49,780	7%	23,035	24,737	25,043	1%	9%
Net interest income	36,376	38,948	7%	18,004	19,469	19,479	0%	8%
Net fees and commissions	8,897	9,593	8%	4,754	4,493	5,100	14%	7%
Other net non-interest income	1,091	1,238	14%	277	774	464	-40%	67%
Operating expenses	-18,022	-18,719	4%	-9,106	-9,337	-9,383	0%	3%
Total provisions	-6,141	-7,148	16%	-1,866	-2,887	-4,261	48%	128%
Provision for possible loan losses	-6,141	-7,128	16%	-1,866	-2,888	-4,240	47%	127%
Other provision	0	-20		0	1	-21		
Main components of balance sheet closing balances in HUF mn	**2013**	**1H 2014**	**YTD**	**2Q 2013**	**1Q 2014**	**2Q 2014**	**Q-o-Q**	**Y-o-Y**
Total assets	1,343,595	1,405,554	5%	1,334,178	1,402,033	1,405,554	0%	5%
Gross customer loans	1,138,014	1,190,934	5%	1,134,817	1,171,357	1,190,934	2%	5%
Gross customer loans (FX-adjusted)	1,188,926	1,190,934	0%	1,192,510	1,183,305	1,190,934	1%	0%
Retail loans	939,572	936,132	0%	945,476	934,622	936,132	0%	-1%
Corporate loans	249,354	254,802	2%	247,034	248,683	254,802	2%	3%
Allowances for possible loan losses	-201,300	-216,876	8%	-186,757	-210,791	-216,876	3%	16%
Allowances for possible loan losses (FX-adjusted)	-210,314	-216,876	3%	-196,204	-212,948	-216,876	2%	11%
Deposits from customers	1,054,713	1,121,145	6%	1,008,416	1,111,946	1,121,145	1%	11%
Deposits from customer (FX-adjusted)	1,102,286	1,121,145	2%	1,058,644	1,123,739	1,121,145	0%	6%
Retail deposits	968,923	1,000,522	3%	926,648	982,224	1,000,522	2%	8%
Corporate deposits	133,363	120,623	-10%	131,997	141,515	120,623	-15%	-9%
Liabilities to credit institutions	44,351	31,169	-30%	43,895	25,490	31,169	22%	-29%
Subordinated debt	0	0	-100%	44,475	0	0	-100%	-100%
Total shareholders' equity	220,752	226,809	3%	217,634	238,851	226,809	-5%	4%
Loan Quality	**1H 2013**	**1H 2014**	**Y-o-Y**	**2Q 2013**	**1Q 2014**	**2Q 2014**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	225,804	242,185	7%	225,804	238,177	242,185	2%	7%
90+ days past due loans/gross customer loans (%)	19.9%	20.3%	0.4%p	19.9%	20.3%	20.3%	0.0%p	0.4%
Cost of risk/average gross loans (%)	1.09%	1.23%	0.15%p	0.65%	1.01%	1.44%	0.43%p	0.79%p
Cost of risk/average (FX-adjusted) gross loans	1.03%	1.21%	0.18%p	0.63%	0.99%	1.43%	0.45%p	0.81%p
Total provisions/90+ days past due loans (%)	82.7%	89.5%	6.8%p	82.7%	88.5%	89.5%	1.0%p	6.8%
Performance Indicators (%)	**1H 2013**	**1H 2014**	**Y-o-Y**	**2Q 2013**	**1Q 2014**	**2Q 2014**	**Q-o-Q**	**Y-o-Y**
ROA	3.1%	3.2%	0.1%p	3.2%	3.3%	2.9%	-0.4%p	-0.3%p
ROE	18.8%	19.4%	0.6%p	19.6%	19.9%	17.7%	-2.2%p	-1.9%p
Total income margin	7.12%	7.30%	0.18%p	6.83%	7.31%	7.16%	-0.15%p	0.32%p
Net interest margin	5.59%	5.71%	0.13%p	5.34%	5.75%	5.57%	-0.19%p	0.23%p
Cost/income ratio	38.9%	37.6%	-1.3%p	39.5%	37.7%	37.5%	-0.3%p	-2.1%p
Net loans to deposits (FX-adjusted)	94%	87%	-7%p	94%	86%	87%	1%p	-7%p
FX rates (in HUF)	**1H 2013**	**1H 2014**	**Y-o-Y**	**2Q 2013**	**1Q 2014**	**2Q 2014**	**Q-o-Q**	**Y-o-Y**
HUF/BGN (closing)	150.9	158.6	5%	150.9	157.0	158.6	1%	5%
HUF/BGN (average)	151.4	156.9	4%	151.3	157.3	156.4	-1%	3%

- ***1H 2014 net profit grew by 8% y-o-y supported mainly by favourable income dynamics***
- ***2Q profit fell short of all-time high 1Q earnings by 9% due to higher risk costs***
- ***Asset quality developments remained favourable: the DPD90+ ratio was stable q-o-q, the coverage ratio further increased***
- ***Despite the improving new origination retail volumes remained flat q-o-q, but corporate loans advanced by 2%***
- ***Alongside cutting deposit rates volumes remained stable, retail deposits increased by 2% q-o-q (+8% y-o-y)***

Supported by stable volumes with improving revenue margins and cost-to-income ratio reflecting outstanding cost efficiency the operating income dynamics remained favourable, despite the rising risk costs **DSK Group** posted HUF 21.6 billion profit in 1H 2014 which underpins a y-o-y 8% increase.

In 1H 2014 operating income improved by 10% y-o-y. As for the income side: net interest income advanced by 7% y-o-y (+3% in leva), mainly due to lower interest expenses. Lower interest rates were introduced for retail term deposits; furthermore in October 2013 the bank prepaid a subordinated loan with original maturity date of 2016 to OTP Bank in order to reduce its funding cost. Taking advantage of its strong liquidity position DSK increased its fixed income portfolio and interest income realized on this particular portfolio off-set the negative impact of reclassification of interest income realized on the trading booked into other income effective from 2014 (in 1H it comprised around HUF 500 million). As a result, net interest margin in 1H reached 5.71% underpinning a 13 bps increase y-o-y.

1H net fee and commission income growth reached +8% y-o-y; all the deposit and transaction fees, as well as card related fees advanced. Other net non-interest income increased driven by the above mentioned methodology change in relation to the reclassification of interest income realized on the trading book, while foreign exchange gains declined.

6 months operating expenses y-o-y grew by 4%, but remained flat in leva terms. Personal expenses increased by 3% in leva, while administrative costs remained flat y-o-y despite higher advisory fees.

On a quarterly base total income advanced supported by higher net fee and commission income; operating expenses were stable.

The overall portfolio quality has been stable: in 2Q the DPD90+ ratio remained unchanged (20.3%). The FX-adjusted formation of DPD90+ loan volumes showed further moderation (quarterly change of DPD90+ loan volumes in HUF billion: 2Q 2013: 9.1, 3Q: 2.9, 4Q: 0.1, 1Q 2014: 1.9, 2Q: 1.7). In quarterly and yearly comparison as well the higher risk cost was a drag on profit, mainly related to corporate exposures, while in other segments risk cost rates improved q-o-q. The DPD90+ provision coverage ratio improved by 1.0 ppt to 89.5% by end-June.

The overall loan demand remained weak, the book remained flat y-o-y, but grew by 1% q-o-q (adjusted for FX-effect). Retail lending activity shows signs of recovery q-o-q (the mortgage loan disbursement advanced by 50%, consumer loan origination grew by 16%); however on a yearly base there was a 20% y-o-y decline in the retail segment in 1H. The FX-adjusted mortgage portfolio remained flat q-o-q, but kept eroding on a yearly basis (-3%). The consumer loan portfolio grew by 1% q-o-q with cash loans representing bulk of the book increasing only moderately, but POS-loans advancing dynamically, true from a low base (+93% ytd).

From mid-2013 DSK launched a business development project targeting SME and corporate clients with the aim of improving efficiency and potentially market share both in lending and deposit collection. The project has been continuing through 2014. Accordingly, in order to galvanize SME and corporate lending, in 1Q 5 new financial outlets were opened and during the last three months another 13 units, respectively (the total number of branches did not change q-o-q). In 2Q the corporate book grew by 2% q-o-q as a result of almost trebling new placements.

The FX-adjusted deposit base – despite persistently lower interest rates versus market rates – remained flat q-o-q and advanced by 6% y-o-y. In the retail segment, despite interest rate cuts, the expansion continued further (+2% q-o-q, +8% y-o-y). The corporate deposits, however melted down by 15% q-o-q as a result of a business decision explained by excellent liquidity position of the bank.

The capital position of DSK Bank remained strong: by end-June the capital adequacy ratio stood at 20.2%. In 2Q DSK Bank paid HUF 25 billion dividend to the mother company.

OTP BANK RUSSIA

Performance of OTP Bank Russia:

Main components of P&L account in HUF mn	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	10,355	-7,012	-168%	2,625	-4,747	-2,265	-52%	-186%
Income tax	-3,007	1,716	-157%	-762	1,378	337	-76%	-144%
Profit before income tax	13,362	-8,728	-165%	3,387	-6,125	-2,602	-58%	-177%
Operating profit	68,143	52,863	-22%	32,022	25,115	27,748	10%	-13%
Total income	109,724	93,482	-15%	53,271	45,729	47,753	4%	-10%
Net interest income	96,991	82,997	-14%	47,006	41,820	41,176	-2%	-12%
Net fees and commissions	11,619	11,726	1%	5,898	5,572	6,154	10%	4%
Other net non-interest income	1,115	-1,240	-211%	368	-1,663	423	-125%	15%
Operating expenses	-41,581	-40,619	-2%	-21,250	-20,614	-20,005	-3%	-6%
Total provisions	-54,781	-61,591	12%	-28,635	-31,240	-30,351	-3%	6%
Provision for possible loan losses	-55,232	-60,947	10%	-28,973	-31,116	-29,832	-4%	3%
Other provision	451	-643	-243%	338	-124	-519	318%	-254%
Main components of balance sheet closing balances in HUF mn	2013	1H 2014	YTD	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
Total assets	940,320	858,480	-9%	1,074,034	791,968	858,480	8%	-20%
Gross customer loans	833,223	874,944	5%	845,873	801,331	874,944	9%	3%
Gross customer loans (FX-adjusted)	852,357	874,944	3%	821,810	852,650	874,944	3%	6%
Retail loans	810,629	831,527	3%	790,458	810,191	831,527	3%	5%
Corporate loans	38,230	40,624	6%	26,732	39,338	40,624	3%	52%
Car financing loans	3,498	2,793	-20%	4,620	3,121	2,793	-11%	-40%
Allowances for possible loan losses	-160,989	-218,160	36%	-167,560	-185,132	-218,160	18%	30%
Allowances for possible loan losses (FX-adjusted)	-164,528	-218,160	33%	-162,453	-197,356	-218,160	11%	34%
Deposits from customers	554,645	515,033	-7%	581,032	484,204	515,033	6%	-11%
Deposits from customer (FX-adjusted)	569,011	515,033	-9%	567,702	512,695	515,033	0%	-9%
Retail deposits	440,974	406,838	-8%	437,597	397,301	406,838	2%	-7%
Corporate deposits	128,037	108,194	-15%	130,105	115,394	108,194	-6%	-17%
Liabilities to credit institutions	56,343	56,353	0%	130,476	44,311	56,353	27%	-57%
Subordinated debt	15,728	16,361	4%	16,346	16,104	16,361	2%	0%
Total shareholders' equity	177,906	175,762	-1%	192,037	166,242	175,762	6%	-8%
Loan Quality	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	174,631	201,911	16%	174,631	171,801	201,911	18%	16%
90+ days past due loans/gross customer loans (%)	20.6%	23.1%	2.4%p	20.6%	21.4%	23.1%	1.6%p	2.4%
Cost of risk/average gross loans (%)	13.19%	14.39%	1.20%p	13.23%	15.44%	14.28%	-1.16%p	1.05%p
Cost of risk/average (FX-adjusted) gross loans	13.88%	14.23%	0.35%p	14.31%	14.80%	13.85%	-0.95%p	-0.46%p
Total provisions/90+ days past due loans (%)	96.0%	108.0%	12.1%p	96.0%	107.8%	108.0%	0.3%p	12.1%
Performance Indicators (%)	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
ROA	2.0%	-1.6%	-3.6%p	1.0%	-2.2%	-1.1%	1.1%p	-2.1%p
ROE	10.9%	-8.0%	-18.9%p	5.3%	-11.2%	-5.3%	5.9%p	-10.6%p
Total income margin	21.06%	20.96%	-0.10%p	19.57%	21.41%	23.21%	1.80%p	3.64%p
Net interest margin	18.61%	18.61%	0.00%p	17.27%	19.58%	20.01%	0.43%p	2.75%p
Cost/income ratio	37.9%	43.5%	5.6%p	39.9%	45.1%	41.9%	-3.2%p	2.0%p
Net loans to deposits (FX-adjusted)	116%	128%	11%p	116%	128%	128%	0%p	11%p
FX rates (in HUF)	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
HUF/RUB (closing)	6.9	6.7	-3%	6.9	6.3	6.7	7%	-3%
HUF/RUB (average)	7.3	6.4	-12%	7.2	6.4	6.4	-1%	-11%

- ***HUF 7 billion loss in 1H due to lower operating profit and still high risk cost***
- ***Further portfolio deterioration, high DPD90+ coverage (2Q 2014: 108%)***
- ***Slightly increasing loan portfolio, stabilising deposit base q-o-q, stable loan-to-deposit ratio***
- ***Decreasing cost/income ratio: 2Q 2014 42%, -3 ppts q-o-q***

The HUF denominated financial figures of OTP Bank Russia are distorted by the HUF/RUB moves: in 2Q 2014 the closing rate showed a q-o-q 7% RUB strengthening, and y-o-y 3% devaluation against HUF; whereas the average 1H rate depreciated by 12% y-o-y, and the 2Q average rate depreciated by 1% q-o-q and by 11% y-o-y. Therefore local currency P&L and balance sheet dynamics can be materially different from those in HUF terms.

After tax loss of **OTP Bank Russia** for 1H 2014 amounted to HUF 7 billion which is well below the HUF 10.4 billion profit made in the base period. The HUF 2.3 billion 2Q loss is less than half of the HUF 4.7 billion loss generated in the previous quarter, due to the higher non-interest income and slightly lower risk cost.

In 1H 2014 operating profit dropped by 22% y-o-y (by 12% in RUB). Although gross loans increased, the share of the performing part shrank y-o-y, which had also a negative effect on the NII: the volume of non-accrued interest of non-performing loans – accounted for on the net interest income line – grew as a result of the portfolio quality deterioration and higher coverage ratios. Net interest margin was stable on the yearly basis, but net interest income decreased by 14% (-3% in RUB terms). The lower net interest income was partly offset by the 1% growth of net F&C income (+15% in RUB), related to the higher income on consumer loans with insurance and the lower commissions paid to agents. Other net non-interest income was deep in red in 1Q 2014 (more than HUF 1.6 billion loss), which was mainly caused by loss on securities portfolio and FX-revaluation – related to the capital market volatility and RUB devaluation in the first quarter. The profit on this line in 2Q improved the half-year performance, though the 1H loss was still HUF 1.2 billion. 1H 2014 operating expenses decreased by 2% y-o-y (+11% in RUB terms), as a result of the 16% growth of personnel expenses in RUB terms, higher depreciation and material costs related mainly to the higher number of branch offices (+59 branches y-o-y). Consequently, the cost-to-income ratio of the bank worsened by 5.6 ppts to 43.5% y-o-y in 1H 2014.

Operating profit in 2Q 2014 declined by 13% y-o-y (-3% in RUB) while it improved on the quarterly basis (+10% in HUF and +11% in RUB terms). The latter is reasoned by the higher total income and lower operating expenses. NII decreased by 2% q-o-q due to the smaller size of the performing loan portfolio and the slightly higher interest expenses. Net fees and commissions income grew by 10% q-o-q, owing to the outstanding cash loan disbursements in 2Q. Operating expenses declined by 2% q-o-q in RUB terms (+ 6% y-o-y). Personnel costs decreased by 7% q-o-q, depreciation and operating expenses increased (+6% and 5% q-o-q in RUB, respectively). In the course of 2Q 2014 number of branches grew by 2, so their number reached 204 by the end of 2Q. At the same time the number of employees decreased by 16 to 5,955. The number of active points of sales increased by 2% q-o-q, so the network consisted of about 31 thousand sales points.

The deterioration of the loan portfolio continued: in 2Q FX-adjusted DPD90+ growth together with the HUF 10 billion sold/written-off bad loans amounted to HUF 27.6 billion (1Q 2014: 26.4). DPD90+ ratio increased by 1.6 ppts to 23.1% q-o-q (+2.4 ppts y-o-y, despite of the sale and write-off of bad loans in the amount of about RUB 11 billion in the last 12 months). The ratio worsened in all major retail product segments. Risk cost decreased by 3% q-o-q, nevertheless coverage of DPD90+ loans improved by 0.3 ppt to 108% due to the aforementioned portfolio cleaning.

As a result of the seasonality of the POS business and the lower disbursement dynamics, the FX-adjusted decrease of the bank's POS portfolio was 5% q-o-q and 15% y-o-y in 2Q. Despite the melt-down of the market the bank could keep its number two position on the market ranking. With regards to credit card business, the portfolio grew further (+7% q-o-q, +17% y-o-y); the bank is the sixth largest player in this segment gaining one position compared to the previous quarter. Favourable trends in cash loan disbursements continued in 2Q; the adjusted portfolio growth was 8% q-o-q and 37% y-o-y. SME loan portfolio showed positive quarterly growth again after the previous quarter (+5% q-o-q), however on the yearly basis the portfolio shrank by 9%. The corporate loan kept growing slowly, the previous quarters alike (+3% q-o-q, +52% y-o-y).

After the decrease in 1Q 2014 total deposits did not change significantly on an FX-adjusted basis in 2Q (-9% y-o-y). On the quarterly comparison retail deposits increased (+3%), while both SME and corporate deposits dropped (by 4% and 6%, respectively). By the end of 2Q 2014 FX-adjusted net loan-to-deposit ratio increased by 11 ppts to 128% y-o-y, but remained unchanged q-o-q). In 1Q 2014 the Russian bank repaid rouble bonds in the amount of 8.2 billion (HUF 51.4 billion), and sold own bonds on the secondary market in May in the amount of RUB 1 billion – the volume of issued securities grew in 2Q, accordingly.

The capital adequacy ratio of the Russian bank stood at 11.7% at the end of 2Q 2014.

OTP BANK UKRAINE

Performance of OTP Bank Ukraine:

Main components of P&L account in HUF mn	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	1,848	-11,175	-704%	235	-7,458	-3,718	-50%	705%
Income tax	-1,850	3,595	-294%	-308	2,861	734	-74%	-338%
Profit before income tax	3,698	-14,771	-499%	544	-10,319	-4,452	-57%	
Operating profit	18,031	19,477	8%	8,717	11,406	8,072	-29%	1%
Total income	33,684	32,092	-5%	17,107	18,335	13,757	-25%	-16%
Net interest income	25,743	25,684	0%	12,727	15,419	10,265	-33%	-19%
Net fees and commissions	6,967	5,620	-19%	4,313	3,586	2,034	-43%	-53%

Main components of P&L account in HUF mn	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
Other net non-interest income	974	787	-19%	67	-671	1,458	-317%	-331%
Operating expenses	-15,653	-12,614	-19%	-8,391	-6,929	-5,685	-18%	-32%
Total provisions	-14,333	-34,248	139%	-8,173	-21,725	-12,523	-42%	53%
Provision for possible loan losses	-13,650	-33,157	143%	-8,075	-21,020	-12,137	-42%	50%
Other provision	-683	-1,091	60%	-98	-705	-387	-45%	294%
Main components of balance sheet closing balances in HUF mn	**2013**	**1H 2014**	**YTD**	**2Q 2013**	**1Q 2014**	**2Q 2014**	**Q-o-Q**	**Y-o-Y**
Total assets	617,730	521,158	-16%	678,010	538,383	521,158	-3%	-23%
Gross customer loans	666,425	610,538	-8%	687,058	612,851	610,538	0%	-11%
Gross customer loans (FX-adjusted)	629,120	610,538	-3%	633,518	629,846	610,538	-3%	-4%
Retail loans	298,176	297,171	0%	287,390	304,106	297,171	-2%	3%
Corporate loans	293,884	279,353	-5%	306,573	290,244	279,353	-4%	-9%
Allowances for possible loan losses	-183,559	-224,242	22%	-199,077	-198,711	-224,242	13%	13%
Allowances for possible loan losses (FX-adjusted)	-182,538	-224,242	23%	-190,879	-205,961	-224,242	9%	17%
Deposits from customers	240,843	214,906	-11%	249,154	196,721	214,906	9%	-14%
Deposits from customer (FX-adjusted)	213,132	214,906	1%	217,433	199,142	214,906	8%	-1%
Retail deposits	142,706	148,129	4%	154,059	131,886	148,129	12%	-4%
Corporate deposits	70,426	66,777	-5%	63,374	67,255	66,777	-1%	5%
Liabilities to credit institutions	208,352	191,500	-8%	239,397	205,611	191,500	-7%	-20%
Subordinated debt	41,071	45,333	10%	43,840	42,993	45,333	5%	3%
Total shareholders' equity	113,236	50,834	-55%	114,914	68,432	50,834	-26%	-56%
Loan Quality	**1H 2013**	**1H 2014**	**Y-o-Y**	**2Q 2013**	**1Q 2014**	**2Q 2014**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	267,063	255,146	-4%	267,063	231,053	255,146	10%	-4%
90+ days past due loans/gross customer loans (%)	38.9%	41.8%	2.9%p	38.9%	37.7%	41.8%	4.1%p	2.9%
Cost of risk/average gross loans (%)	4.02%	10.47%	6.46%p	4.61%	13.33%	7.96%	-5.37%p	3.35%p
Cost of risk/average (FX-adjusted) gross loans	4.30%	10.79%	6.49%p	5.11%	13.54%	7.85%	-5.69%p	2.74%p
Total provisions/90+ days past due loans (%)	74.5%	87.9%	13.3%p	74.5%	86.0%	87.9%	1.9%p	13.3%
Performance Indicators (%)	**1H 2013**	**1H 2014**	**Y-o-Y**	**2Q 2013**	**1Q 2014**	**2Q 2014**	**Q-o-Q**	**Y-o-Y**
ROA	0.6%	-4.0%	-4.5%p	0.1%	-5.2%	-2.8%	2.4%p	-3.0%p
ROE	3.3%	-27.5%	-30.7%p	0.8%	-33.3%	-25.0%	8.3%p	-25.8%p
Total income margin	10.20%	11.36%	1.16%p	9.97%	12.86%	10.42%	-2.45%p	0.45%p
Net interest margin	7.80%	9.10%	1.30%p	7.42%	10.82%	7.77%	-3.05%p	0.36%p
Cost/income ratio	46.5%	39.3%	-7.2%p	49.0%	37.8%	41.3%	3.5%p	-7.7%p
Net loans to deposits (FX-adjusted)	204%	180%	-24%p	204%	213%	180%	-33%p	-24%p
FX rates (in HUF)	**1H 2013**	**1H 2014**	**Y-o-Y**	**2Q 2013**	**1Q 2014**	**2Q 2014**	**Q-o-Q**	**Y-o-Y**
HUF/UAH (closing)	27.7	19.3	-30%	27.7	19.9	19.3	-3%	-30%
HUF/UAH (average)	27.7	21.9	-21%	27.8	24.8	18.9	-24%	-32%

- ***HUF 11.2 billion loss in 1H mainly as a result higher risk costs (due to UAH depreciation, sovereign rating downgrade and accelerating portfolio quality deterioration in 2Q)***
- ***The Bank closed its operation in Crimea in 2Q; in Donetsk and Luhansk the lending activity is practically ceased***
- ***Lending standards became more stringent for the rest of the country, POS loan disbursement dropped significantly, cash loan and credit card disbursement has been temporarily suspended***

The financial performance indicators of OTP Bank Ukraine in HUF were significantly distorted by the HUF/UAH exchange rate moves: in 2Q 2014 the closing rate showed a q-o-q 3% and y-o-y 30% depreciation against HUF, whereas the average rate in 1H weakened by 21% y-o-y, while the 2Q the average FX rate depreciated by 24% q-o-q and by 32% y-o-y, respectively. Therefore local currency P&L and balance sheet dynamics can be materially different from those in HUF terms.

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

Methodological note: as one-off elements not related to the normal course of business activity, all the risk costs created in relation to the Crimean exposure in the amount of HUF 9.3 billion were eliminated from the Ukrainian P&L and were shown amongst the adjustment items on consolidated level. Balance sheet items were not adjusted.

1H performance of **OTP Bank Ukraine** was affected in several ways by the underlying political situation and prevailing uncertainties.

In 2Q the Bank closed its operation in the Crimea, 8 branches were closed, thus the Ukrainian branch network of 140 units decreased to 132. As a result of the risk cost set aside in 2Q the provision coverage of total gross loan volumes climbed to 90% of the gross loan exposure: in case of mortgages, consumer loans, car loans and SME exposures the coverage is practically 100%. At the end of 2Q the remaining net loan volumes comprised HUF 2.3 billion (HUF 2.8 billion with accrues interest).

In Donetsk and Luhansk regions the Bank has altogether 17 branches, of that 1 is in the process of closing down, and according to early August data another 13 branches have temporarily suspended their operation. In those regions currently there is no lending activity.

For the rest of the country stricter lending conditions were already introduced in 1Q. On 9 April cash loan disbursement has been suspended. As a result, cash loan volumes melted down by 5% q-o-q, yet the y-o-y increase was still significant with volumes more than trebling. Currently the Bank is assessing the possibility of re-starting cash loan disbursement. The cross-sale of credit card in 2Q was practically nil, however volumes expanded sharply, by 75% y-o-y and 6% q-o-q, the latter explained by increasing utilization. Regarding the overall consumer lending activity in 2Q the Bank remained active only in POS-loan disbursement (except for Donetsk and Luhansk regions). As a reflection of stricter underwriting rules applied in 2Q new origination was only a third of that a year ago (with a simultaneous decrease in the number of selling agents), thus the FX-adjusted POS loan portfolio eroded by 13% q-o-q. The mortgage book further declined (-2% q-o-q and -9% y-o-y), whereas the corporate book dropped by 4% and 9% respectively, due to the more stringent underlying practices in place. As a result, the FX-adjusted total loan portfolio melted both q-o-q and y-o-y by 3%.

After an 8% decline of deposit volumes in 1Q, in 2Q they already grew by the same magnitude with retail deposits expanding by 12% q-o-q. Local currency retail deposits are the major source of UAH consumer lending and the offered deposit rates moved up alongside the overall deposit pricing. The net loan-to-deposit ratio dropped to 180%, which is a multi-year low level.

The bank posted a pre-tax loss of HUF 14.8 billion in 1H 2014. The after-tax loss was mitigated by the deferred tax asset booked both in 1Q and 2Q.

The 6-months operating income improved by 8% y-o-y (by 36% in UAH terms). The semi-annual net interest income stagnated (+25% in UAH terms) as a result of eroding volumes on one hand and improving net interest margin on the other backed by the increasing weight of consumer loans within the total loan portfolio. In 2Q the drop of net interest income (q-o-q -33% in HUF terms, -13% in UAH terms) was due to weaker consumer loan volumes, lower customer interest rates and higher financing costs. The net interest margin shrank by 310 ppts q-o-q reasoned by technical factors, too (in case of P&L items one should use the average FX-rates, while for balance sheet items the closing rates and those rates displayed different q-o-q dynamics.)

1H net fee and commission income dropped as a result of lower deposit and cash settlement fees, but also due to weaker 2Q net fee income (-43% q-o-q and -53% y-o-y) reasoned by setback in consumer loan disbursement sold with payment protection policies. Other non-interest revenues declined by 19% y-o-y.

Operating expenses moderated by 19% y-o-y (but increased by 3% in UAH terms).

1H risk costs were two and a half times higher than in the base period partly because of the UAH depreciation against USD required higher provision coverage on FX loans. Furthermore, the worsening sovereign credit rating also called for higher provisions and new DPD90+ formation increased in 2Q versus a fairly contained volume growth in 1Q. The deterioration was the most profound in the corporate and consumer loan segments (FX-adjusted DPD90+ volume growth in HUF billion 1Q 2013: 4, 2Q: 18, 1Q 2014: 3, 2Q: 18). The DPD90+ ratio increased from 37.7% to 41.8%. Its coverage also improved and reached 87.9% underpinning a q-o-q 1.9 ppts and y-o-y 13.3 ppts increase.

At the end of June 2014 the capital adequacy ratio was 14.1%. Compared to end-of 2013 shareholders' equity in HUF dropped as a result of exchange rate movements and also the losses had a negative impact, too.

OTP BANK ROMANIA

Performance of OTP Bank Romania:

Main components of P&L account in HUF mn	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	-2,266	1,676	-174%	-1,536	1,022	654	-36%	-143%
Income tax	0	0	129%	0	0	0	-100%	-101%
Profit before income tax	-2,266	1,676	-174%	-1,536	1,022	654	-36%	-143%
Operating profit	3,045	4,895	61%	1,840	2,501	2,394	-4%	30%
Total income	9,667	11,332	17%	5,164	5,709	5,623	-1%	9%
Net interest income	7,744	9,459	22%	3,399	4,748	4,711	-1%	39%
Net fees and commissions	940	1,153	23%	490	595	557	-6%	14%
Other net non-interest income	983	720	-27%	1,275	365	355	-3%	-72%
Operating expenses	-6,622	-6,437	-3%	-3,324	-3,208	-3,229	1%	-3%
Total provisions	-5,311	-3,219	-39%	-3,376	-1,479	-1,740	18%	-48%
Provision for possible loan losses	-5,198	-3,196	-39%	-3,272	-1,456	-1,740	19%	-47%
Other provision	-113	-23	-79%	-103	-23	0	-98%	-100%

Main components of balance sheet closing balances in HUF mn	2013	1H 2014	YTD	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
Total assets	449,789	465,474	3%	477,170	447,671	465,474	4%	-2%
Gross customer loans	407,380	430,073	6%	393,452	419,585	430,073	2%	9%
Gross customer loans (FX-adjusted)	429,355	430,073	0%	417,554	426,271	430,073	1%	3%
Retail loans	331,644	328,083	-1%	325,805	329,710	328,083	0%	1%
Corporate loans	97,711	101,990	4%	91,748	96,562	101,990	6%	11%
Allowances for possible loan losses	-55,094	-60,629	10%	-50,637	-58,373	-60,629	4%	20%
Allowances for possible loan losses (FX-adjusted)	-58,067	-60,629	4%	-53,731	-59,297	-60,629	2%	13%
Deposits from customers	200,514	191,167	-5%	176,681	180,479	191,167	6%	8%
Deposits from customer (FX-adjusted)	211,898	191,167	-10%	186,402	184,087	191,167	4%	3%
Retail deposits	151,623	162,213	7%	157,501	160,341	162,213	1%	3%
Corporate deposits	60,275	28,954	-52%	28,901	23,746	28,954	22%	0%
Liabilities to credit institutions	206,315	226,503	10%	233,405	224,319	226,503	1%	-3%
Total shareholders' equity	29,100	36,138	24%	30,953	31,029	36,138	16%	17%
Loan Quality	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	71,273	78,897	11%	71,273	76,628	78,897	3%	11%
90+ days past due loans/gross customer loans (%)	18.1%	18.3%	0.2%p	18.1%	18.3%	18.3%	0.1%p	0.2%
Cost of risk/average gross loans (%)	2.67%	1.54%	-1.13%p	3.27%	1.43%	1.64%	0.21%p	-1.63%p
Cost of risk/average (FX-adjusted) gross loans	2.51%	1.50%	-1.01%p	3.14%	1.38%	1.63%	0.25%p	-1.51%p
Total provisions/90+ days past due loans (%)	71.0%	76.8%	5.8%p	71.0%	76.2%	76.8%	0.7%p	5.8%
Performance Indicators (%)	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
ROA	-1.0%	0.7%	1.7%p	-1.3%	0.9%	0.6%	-0.3%p	1.8%p
ROE	-14.4%	10.4%	24.7%p	-19.0%	13.8%	7.8%	-6.0%p	26.8%p
Total income margin	4.15%	4.99%	0.84%p	4.23%	5.16%	4.94%	-0.22%p	0.71%p
Net interest margin	3.33%	4.17%	0.84%p	2.78%	4.29%	4.14%	-0.15%p	1.35%p
Cost/income ratio	68.5%	56.8%	-11.7%p	64.4%	56.2%	57.4%	1.2%p	-7.0%p
Net loans to deposits (FX-adjusted)	195%	193%	-2%p	195%	199%	193%	-6%p	-2%p
FX rates (in HUF)	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
HUF/RON (closing)	66.3	70.7	7%	66.3	68.9	70.7	3%	7%
HUF/RON (average)	67.3	68.7	2%	67.3	68.4	69.1	1%	3%

- ***With another profitable quarter the bank posted HUF 1.7 billion after-tax profit in 1H***
- ***Improving 1H operating income supported by improving net interest income and declining risk costs***
- ***Lending activity continued to focus on cash loans, their volumes expanded by 56% y-o-y; corporate lending showed a pick-up in 2Q***
- ***Retailed deposits grew by 1% q-o-q, volatile corporate deposits advanced by 22% respectively***
- ***On 30 July 2014 OTP Bank Romania signed an agreement on acquiring 100% of Millennium Bank; the purchase price was EUR 39 million***

OTP Bank Romania posted another profitable quarter in 2Q, thus in 1H 2014 the bank already realized HUF 1.7 billion versus a loss in the base period. Such positive turnaround was supported by higher total income, effective cost control and lower risk costs.

Operating income advanced by 61% y-o-y. Within revenues, the improvement of net interest income reflects the Bank's strategic focus on high APR consumer loans, their share within the total loan portfolio has been steadily growing. Furthermore, the Bank made successful steps to curb interest expenses.

The y-o-y 23% growth of semi-annual net fee and commission income was due to the strengthening business activity. The change in other net non-interest income is partially reasoned by base effect: effective from 2Q 2013 due to a revision in accounting methodology certain items previously being booked amongst other income were reclassified into risk costs.

The decline in 1H operating expenses was attributable to lower marketing expenses and amortization, while personal expenses grew by 4%.

The portfolio quality further stabilized: the increase of DPD90+ loan volumes (adjusted for FX rate changes and sold and written off volumes) remained relatively modest, similar to 2H 2013. The DPD90+ ratio remained unchanged in 2Q (18.3%), while its coverage ratio climbed to 76.8% (+0.7 ppts q-o-q).

6 months risk costs dropped by 39% y-o-y reflecting favourable credit quality developments. In 2Q, however, risk costs increased by 18%. Of that nearly HUF 600 million is explained by the new provisioning requirement of the central bank (accordingly, for retail exposures exceeding EUR 200,000 and fulfilling certain other criteria individual provisioning should be applied. Furthermore in case of collective provisioning stricter PD and LGD assumptions should be used, and the principle of risk rating based on the highest delinquency on a client level became applicable, too).

The FX-adjusted loan portfolio grew by 1% q-o-q and by 3% y-o-y. Despite 1H cash loan disbursement fell short of the volumes in the base period by 10%, their volumes still enjoyed a decent increase (3% q-o-q, 56% y-o-y). The mortgage portfolio kept on eroding (-1% q-o-q and -5% y-o-y). In 2Q corporate volumes picked up, thus they expanded by 11% y-o-y.

Within total deposits retail volumes remained stable (+1% q-o-q and y-o-y); deposit rates eroded in line with overall market trends. SME deposits continued growing (+2% q-o-q). Corporate deposits remained volatile: after a drop of 61% in 1Q they advanced by 22% in 2Q.

The Bank's capital adequacy ratio was 15.3% by end of June versus 13.8% in 1Q. The quarterly improvement was also supported by a capital increase of RON 50 million from OTP Bank.

OTP BANKA HRVATSKA (CROATIA)

Performance of OTP banka Hrvatska:

Main components of P&L account in HUF mn	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	1,434	508	-65%	927	297	211	-29%	-77%
Income tax	-378	-277	-27%	-219	-87	-189	117%	-13%
Profit before income tax	1,812	785	-57%	1,146	384	401	4%	-65%
Operating profit	3,671	3,447	-6%	2,134	1,597	1,850	16%	-13%
Total income	10,983	11,880	8%	5,761	5,475	6,406	17%	11%
Net interest income	7,896	8,476	7%	3,991	3,970	4,506	13%	13%
Net fees and commissions	2,324	2,373	2%	1,243	1,108	1,265	14%	2%
Other net non-interest income	763	1,032	35%	528	397	635	60%	20%
Operating expenses	-7,312	-8,433	15%	-3,628	-3,878	-4,555	17%	26%
Total provisions	-1,859	-2,663	43%	-987	-1,213	-1,449	19%	47%
Provision for possible loan losses	-1,827	-2,413	32%	-1,024	-1,094	-1,319	21%	29%
Other provision	-32	-249	691%	37	-119	-130	10%	-452%
Main components of balance sheet closing balances in HUF mn	2013	1H 2014	YTD	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
Total assets	538,112	653,245	21%	528,905	552,379	653,245	18%	24%
Gross customer loans	379,177	449,639	19%	376,522	393,742	449,639	14%	19%
Gross customer loans (FX-adjusted)	397,250	449,639	13%	393,938	399,116	449,639	13%	14%
Retail loans	244,077	294,113	21%	243,854	245,923	294,113	20%	21%
Corporate loans	152,757	155,163	2%	149,475	152,841	155,163	2%	4%
Car financing loans	416	363	-13%	610	352	363	3%	-40%
Allowances for possible loan losses	-29,213	-34,161	17%	-26,159	-31,254	-34,161	9%	31%
Allowances for possible loan losses (FX-adjusted)	-30,692	-34,161	11%	-27,131	-31,802	-34,161	7%	26%
Deposits from customers	421,276	513,740	22%	406,933	430,969	513,740	19%	26%
Deposits from customer (FX-adjusted)	441,577	513,740	16%	423,690	436,962	513,740	18%	21%
Retail deposits	393,644	461,970	17%	382,756	391,602	461,970	18%	21%
Corporate deposits	47,933	51,770	8%	40,933	45,360	51,770	14%	26%
Liabilities to credit institutions	40,944	50,122	22%	43,223	43,150	50,122	16%	16%
Subordinated debt	1,521	1,585	4%	1,510	1,573	1,585	1%	5%
Total shareholders' equity	62,880	71,052	13%	62,700	65,095	71,052	9%	13%
Loan Quality	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	47,511	58,860	24%	47,511	49,788	58,860	18%	24%
90+ days past due loans/gross customer loans (%)	12.6%	13.1%	0.5%p	12.6%	12.6%	13.1%	0.4%p	0.5%p
Cost of risk/average gross loans (%)	1.01%	1.17%	0.16%p	1.09%	1.15%	1.25%	0.11%p	0.17%p
Cost of risk/average (FX-adjusted) gross loans	0.96%	1.15%	0.19%p	1.05%	1.11%	1.25%	0.13%p	0.19%p
Total provisions/90+ days past due loans (%)	55.1%	58.0%	3.0%p	55.1%	62.8%	58.0%	-4.7%p	3.0%p
Performance Indicators (%)	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
ROA	0.6%	0.2%	-0.4%p	0.7%	0.2%	0.1%	-0.1%p	-0.6%p
ROE	4.7%	1.5%	-3.2%p	5.9%	1.9%	1.2%	-0.6%p	-4.7%p
Total income margin	4.22%	4.02%	-0.20%p	4.30%	4.07%	4.26%	0.19%p	-0.04%p
Net interest margin	3.04%	2.87%	-0.17%p	2.98%	2.95%	3.00%	0.05%p	0.02%p
Cost/income ratio	66.6%	71.0%	4.4%p	63.0%	70.8%	71.1%	0.3%p	8.1%p
Net loans to deposits (FX-adjusted)	87%	81%	-6%p	87%	84%	81%	-3%p	-6%p
FX rates (in HUF)	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
HUF/HRK (closing)	39.6	41.0	3%	39.6	40.2	41.0	2%	3%
HUF/HRK (average)	39.1	40.3	3%	39.2	40.2	40.3	0%	3%

- ***In 2Q the acquisition of Banco Popolare Croatia was accomplished***
- ***The after tax profit decreased y-o-y mainly due to surging risk costs***
- ***Stable net interest margin***
- ***Consumer loans advanced by 39% q-o-q due to the acquisition and strong cash loan lending***
- ***DPD90+ ratio increased to 13.1% as a result of corporate loan deterioration***

On 24 April 2014 OTP banka Hrvatska accomplished the purchase process of Banco Popolare Croatia (BPC) acquiring a 98.37% stake in the bank. The Croatian P&L excludes the entries which are directly in connection with the acquisition and integration, these corrections are shown on consolidated level, among adjustments.

In 2Q BPC's HUF 423 million loss was consolidated into OBH's results. At the end of 1H out of the HUF 653 billion total assets BPC's contribution represented HUF 90 billion. The Bank's HUF 450 billion gross loan portfolio includes BPC's loan book in amount of HUF 53 billion.

OTP banka Hrvatska posted HUF 508 million after tax profit in 1H 2014 (with BPC) against HUF 1.4 billion in the base period. The 1H operating profit lagged behind base period by 6% y-o-y, moreover rising risk costs pushed down the results.

In 1H net interest income went up by 7% y-o-y: loan volumes increased and the interest rates of loan products climbed while funding costs remained flat.

The 1H net fee and commission revenues improved by 2% y-o-y. Non-interest income increased by 60% q-o-q, due to FX results related to the tourist season and BPC's contribution.

Operating expenses surged notably in 2Q which reflects the consolidation of BPC's costs.

The DPD90+ ratio indicates a q-o-q 0.4 ppt increase (13.1), which is in relation to a single corporate loan deterioration. The 1H risk costs jumped by 43% y-o-y, which is explained by several factors: provisioning for ongoing litigations on CHF mortgage loans (1H 2014: HUF 0.4 billion), moreover loan book of the new bank and deteriorating corporate loan portfolio required provisioning. The coverage ratio of DPD90+ loans was 58%, the net consolidation of BPC loans resulted the q-o-q 4.7 ppts decrease, because it raised only the denominator of the coverage ratio.

The FX-adjusted gross loan portfolio advanced by 14% y-o-y as a result of acquisition. BPC loan portfolio added mainly to the retail book; this and the success of cash loan lending were reflected in the 39% q-o-q growth in consumer loans.

The FX-adjusted deposit book surged by 21% y-o-y, therefore net loan-to-deposit ratio improved to 81%.

The capital adequacy ratio didn't change notably q-o-q, the ratio reached 16.2% at the end of June.

OTP BANKA SLOVENSKO (SLOVAKIA)

Performance of OTP Banka Slovensko*:

Main components of P&L account in HUF mn	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	739	584	-21%	29	388	196	-49%	581%
Income tax	-165	-251	53%	-82	-132	-119	-9%	46%
Profit before income tax	904	835	-8%	111	519	316	-39%	185%
Operating profit	1,714	2,898	69%	886	1,395	1,503	8%	70%
Total income	7,031	8,388	19%	3,552	4,084	4,304	5%	21%
Net interest income	5,880	6,968	19%	2,974	3,420	3,548	4%	19%
Net fees and commissions	1,549	1,441	-7%	790	698	743	6%	-6%
Other net non-interest income	-398	-21	-95%	-212	-34	13	-138%	-106%
Operating expenses	-5,317	-5,490	3%	-2,666	-2,690	-2,801	4%	5%
Total provisions	-810	-2,062	155%	-775	-875	-1,187	36%	53%
Provision for possible loan losses	-843	-2,071	146%	-781	-880	-1,191	35%	52%
Other provision	32	8	-74%	6	5	4	-15%	-38%
Main components of balance sheet closing balances in HUF mn	**2013**	**1H 2014**	**YTD**	**2Q 2013**	**1Q 2014**	**2Q 2014**	**Q-o-Q**	**Y-o-Y**
Total assets	425,219	456,682	7%	385,794	445,311	456,682	3%	18%
Gross customer loans	339,602	357,693	5%	302,532	355,704	357,693	1%	18%
Gross customer loans (FX-adjusted)	354,790	357,693	1%	317,913	359,331	357,693	0%	13%
Retail loans	277,564	289,742	4%	246,386	283,950	289,742	2%	18%
Corporate loans	76,787	67,608	-12%	71,000	74,990	67,608	-10%	-5%
Car financing loans	438	343	-22%	527	391	343	-12%	-35%
Allowances for possible loan losses	-22,670	-25,501	12%	-21,129	-24,235	-25,501	5%	21%
Allowances for possible loan losses (FX-adjusted)	-23,684	-25,501	8%	-22,204	-24,482	-25,501	4%	15%

Main components of balance sheet closing balances in HUF mn	2013	1H 2014	YTD	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
Deposits from customers	332,452	351,465	6%	308,262	336,464	351,465	4%	14%
Deposits from customer (FX-adjusted)	347,243	351,465	1%	323,689	339,901	351,465	3%	9%
Retail deposits	322,360	333,278	3%	293,339	322,276	333,278	3%	14%
Corporate deposits	24,883	18,186	-27%	30,351	17,624	18,186	3%	-40%
Liabilities to credit institutions	25,821	37,571	46%	6,067	41,550	37,571	-10%	519%
Issued securities	24,881	21,571	-13%	27,419	21,244	21,571	2%	-21%
Subordinated debt	8,627	9,014	4%	8,586	8,922	9,014	1%	5%
Total shareholders' equity	27,028	29,783	10%	26,993	29,557	29,783	1%	10%
Loan Quality	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	36,373	43,365	19%	36,373	39,800	43,365	9%	19%
90+ days past due loans/gross customer loans (%)	12.0%	12.1%	0.1%p	12.0%	11.2%	12.1%	0.9%p	0.1%
Cost of risk/average gross loans (%)	0.57%	1.20%	0.63%p	1.03%	1.03%	1.34%	0.31%p	0.31%p
Cost of risk/average (FX-adjusted) gross loans	0.54%	1.17%	0.63%p	0.99%	1.00%	1.33%	0.33%p	0.34%p
Total provisions/90+ days past due loans (%)	58.1%	58.8%	0.7%p	58.1%	60.9%	58.8%	-2.1%p	0.7%
Performance Indicators (%)	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
ROA	0.4%	0.3%	-0.1%p	0.0%	0.4%	0.2%	-0.2%p	0.1%p
ROE	5.5%	4.1%	-1.4%p	0.4%	5.6%	2.7%	-2.9%p	2.2%p
Total income margin	3.73%	3.84%	0.10%p	3.58%	3.81%	3.83%	0.02%p	0.25%p
Net interest margin	3.12%	3.19%	0.06%p	3.00%	3.19%	3.16%	-0.03%p	0.16%p
Cost/income ratio	75.6%	65.5%	-10.2%p	75.1%	65.9%	65.1%	-0.8%p	-10.0%p
Net loans to deposits (FX-adjusted)	91%	95%	3%p	91%	99%	95%	-4%p	3%p
FX rates (in HUF)	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
HUF/EUR (closing)	295.2	310.2	5%	295.2	307.1	310.2	1%	5%
HUF/EUR (average)	296.1	306.9	4%	295.9	307.7	306.0	-1%	3%

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

- ***HUF 584 million adjusted after tax profit in 1H 2014, with y-o-y improving operating performance and higher risk cost***
- ***Improving cost efficiency: 1H 2014 CIR at 66%, -10 ppts y-o-y***
- ***Slightly lower 1H mortgage loan disbursement y-o-y, cash loan disbursement surged by 81% y-o-y***
- ***FX-adjusted net loan-to-deposit ratio was 95% by 1H 2014 (+3 ppts y-o-y), with growing retail deposit base on the yearly basis***

In 1H 2014 **OTP Banka Slovensko** posted HUF 584 million after tax profit without the banking tax and the Deposit Protection Fund (DPF) contribution. The special banking tax and DPF contribution paid by the bank topped one billion in HUF terms before tax (after tax HUF 843 million), which is treated as an adjustment in the consolidated results.

In 1H 2014 operating profit grew by 69% y-o-y, due to the increasing total income and stringent cost control. Total income grew by 19% y-o-y supported by the higher loan portfolio and the y-o-y 10 bps improvement of total income margin. Due to the outstanding retail loan disbursement dynamics NII increased by 19%. Net fee and commission income decreased by 7% on the yearly basis, partly reasoned by some loans related charges having been officially banned since the second half of 2013. Due to the stringent cost control operating expenses remained unchanged in local currency term (+3% in HUF). As a result of those developments the cost-to-income ratio improved by 10.2% y-o-y to 65.5%.

Profit before tax declined by 39% q-o-q in 2Q 2014, which is the combined effect of the 8% increase of operating profit and the 36% growth of risk cost. Interest income improved due to the growing share of high margin cash loans, while interest expenses declined as a reflection of the moderating deposit interest rates. Net fees and commissions income increased in 2Q by 6% q-o-q, mostly related to the retail lending.

DPD90+ portfolio increased q-o-q in the course of 2Q 2014 in EUR terms in the major product segments. The DPD90+ ratio improved only in the consumer loans segment due to the larger performing portfolio. On the whole DPD90+ ratio increased by 0.9 ppt q-o-q and by 0.1 ppt y-o-y. Risk cost in 2Q 2014 increased by 36% q-o-q, the provision coverage of DPD90+ loans decreased q-o-q by 2.1 ppts to 58.8% in 2Q 2014.

FX-adjusted gross loans expanded significantly, by 13% y-o-y, mainly due to the dynamic growth of consumer loans (+141%) and retail mortgage loans (+11%). Due to the lower yield environment and the fierce pricing competition mortgage loan disbursements in 1H fell back on the yearly basis, and the portfolio shrank by 1% in 2Q, q-o-q. Consumer loans kept growing in 2Q (by 22% q-o-q). Corporate and municipal loan segments suffered a decrease (-5% y-o-y, -10% q-o-q).

FX-adjusted deposits grew by 9% on the yearly basis, and by 3% q-o-q. Bulk of the annual growth was generated by the retail segment (+14% y-o-y), while on the quarterly basis this portfolio grew by 3%. The corporate deposits dropped significantly in 2Q 2014 on the yearly basis (-40%) and increased by 3% q-o-q. FX-adjusted net loan-to-deposit ratio declined to 95% by the end of 2Q (-4 ppts q-o-q).

OTP BANKA SRBIJA (SERBIA)

Performance of OTP banka Srbija:

Main components of P&L account in HUF mn	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	-1,646	23	-101%	-811	136	-113	-183%	-86%
Income tax	0	0	-100%	0	0	0	-100%	-100%
Profit before income tax	-1,646	23	-101%	-811	136	-113	-183%	-86%
Operating profit	27	556		17	337	220	-35%	
Total income	3,664	4,237	16%	1,840	2,176	2,062	-5%	12%
Net interest income	2,198	2,526	15%	1,056	1,248	1,278	2%	21%
Net fees and commissions	790	870	10%	404	433	437	1%	8%
Other net non-interest income	676	841	24%	379	494	347	-30%	-8%
Operating expenses	-3,637	-3,681	1%	-1,823	-1,839	-1,842	0%	1%
Total provisions	-1,672	-533	-68%	-828	-201	-332	65%	-60%
Provision for possible loan losses	-1,562	-535	-66%	-792	-212	-323	52%	-59%
Other provision	-110	2	-102%	-37	11	-9	-182%	-75%
Main components of balance sheet closing balances in HUF mn	2013	1H 2014	YTD	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
Total assets	86,136	97,210	13%	101,439	91,153	97,210	7%	-4%
Gross customer loans	91,648	94,323	3%	90,286	93,855	94,323	0%	4%
Gross customer loans (FX-adjusted)	95,343	94,323	-1%	94,256	94,706	94,323	0%	0%
Retail loans	44,732	44,714	0%	42,670	45,228	44,714	-1%	5%
Corporate loans	50,611	49,609	-2%	51,585	49,477	49,609	0%	-4%
Allowances for possible loan losses	-36,989	-36,526	-1%	-27,282	-37,948	-36,526	-4%	34%
Allowances for possible loan losses (FX-adjusted)	-38,419	-36,526	-5%	-28,404	-38,271	-36,526	-5%	29%
Deposits from customers	43,614	51,936	19%	43,199	46,014	51,936	13%	20%
Deposits from customer (FX-adjusted)	45,433	51,936	14%	45,147	46,459	51,936	12%	15%
Retail deposits	38,096	39,210	3%	33,511	38,764	39,210	1%	17%
Corporate deposits	7,336	12,726	73%	11,636	7,696	12,726	65%	9%
Liabilities to credit institutions	6,984	7,901	13%	10,857	8,012	7,901	-1%	-27%
Subordinated debt	8,349	2,508	-70%	8,316	2,481	2,508	1%	-70%
Total shareholders' equity	24,050	31,107	29%	35,576	30,986	31,107	0%	-13%
Loan Quality	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	45,646	48,619	7%	45,646	49,100	48,619	-1%	7%
90+ days past due loans/gross customer loans (%)	50.6%	51.5%	1.0%p	50.6%	52.3%	51.5%	-0.8%p	1.0%p
Cost of risk/average gross loans (%)	3.49%	1.16%	-2.33%p	3.43%	0.93%	1.38%	0.45%p	-2.06%p
Cost of risk/average (FX-adjusted) gross loans	3.33%	1.14%	-2.19%p	3.36%	0.91%	1.37%	0.47%p	-1.99%p
Total provisions/90+ days past due loans (%)	59.8%	75.1%	15.4%p	59.8%	77.3%	75.1%	-2.2%p	15.4%p
Performance Indicators (%)	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
ROA	-3.0%	0.1%	3.0%p	-3.0%	0.6%	-0.5%	-1.1%p	2.5%p
ROE	-10.9%	0.2%	11.1%p	-8.8%	2.0%	-1.5%	-3.5%p	7.4%p
Total income margin	6.58%	9.32%	2.74%p	6.77%	9.95%	8.78%	-1.17%p	2.01%p
Net interest margin	3.95%	5.56%	1.61%p	3.89%	5.71%	5.44%	-0.27%p	1.56%p
Cost/income ratio	99.3%	86.9%	-12.4%p	99.1%	84.5%	89.3%	4.8%p	-9.7%p
Net loans to deposits (FX-adjusted)	146%	111%	-35%p	146%	121%	111%	-10%p	-35%p
FX rates (in HUF)	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
HUF/RSD (closing)	2.6	2.7	3%	2.6	2.7	2.7	1%	3%
HUF/RSD (average)	2.7	2.6	-1%	2.6	2.7	2.6	0%	0%

- ***Positive 1H after tax profit, supported mainly by lower risk costs***
- ***DPD90+ ratio improved due to non-performing loans' write-off, as a result of base effect the provisions remained low in 1H***
- ***Gross loans stagnated, consumer loans surged by 20% y-o-y; the deposit book expanded by 15% y-o-y***

OTP banka Srbija posted HUF 23 million profit after tax in 1H 2014, with HUF 113 million loss in 2Q, against the negative result of HUF 1.6 billion in the base period. The 1H 2014 positive result was due to y-o-y lower risk costs.

In 1H the total revenues expanded by 16% y-o-y, fuelled mainly by improving net interest income (+15% y-o-y). Increasing volumes of consumer loans and decreasing funding costs resulted the growth in net interest income.

The quarterly drop in other net non-interest revenues (-30% q-o-q) can be explained by lower suspended interest collection compared to previous quarters.

The 1H 2014 operating expenses were stable y-o-y.

The DPD90+ ratio improved to 51.5% (-0.8 ppt q-o-q), due to non-performing loans' write-off. After the hike of risk costs in 4Q 2013, the provisions materially diminished in 1H. The coverage ratio of DPD90+ loans changed to 75.1% (+15.4 ppts y-o-y, -2.2 ppts q-o-q).

Gross loans stagnated both ytd and y-o-y (FX-adjusted). In the retail segment the Bank focused its lending activity on consumer loans which grew by 20% y-o-y and 4% q-o-q (FX-adjusted) due to the success of cash loan products. The SME loan portfolio diminished by 14% q-o-q due to loan write-off.

FX-adjusted deposits increased by 15% y-o-y, mainly as a result of a single corporate deposit (+65% q-o-q). The net loan-to-deposit ratio declined to 111%, which is the lowest for years. The capital adequacy ratio of the Bank is stable and reached 37.1% at the end of June.

CRNOGORSKA KOMERCIJALNA BANKA (MONTENEGRO)

Performance of CKB:

Main components of P&L account in HUF mn	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	414	577	39%	313	595	-18	-103%	-106%
Income tax	0	11	-100%	0	11	0	-100%	-100%
Profit before income tax	414	566	37%	313	584	-18	-103%	-106%
Operating profit	1,697	1,809	7%	1,063	919	889	-3%	-16%
Total income	5,081	5,571	10%	2,739	2,738	2,833	3%	3%
Net interest income	3,784	4,171	10%	1,981	2,090	2,081	0%	5%
Net fees and commissions	1,128	1,310	16%	669	607	703	16%	5%
Other net non-interest income	169	91	-46%	88	41	50	20%	-44%
Operating expenses	-3,384	-3,763	11%	-1,676	-1,818	-1,944	7%	16%
Total provisions	-1,282	-1,242	-3%	-750	-335	-907	170%	21%
Provision for possible loan losses	-1,606	-1,262	-21%	-1,075	-355	-907	155%	-16%
Other provision	324	20	-94%	326	20	0	-99%	-100%
Main components of balance sheet closing balances in HUF mn	2013	1H 2014	YTD	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
Total assets	196,209	198,597	1%	198,081	196,760	198,597	1%	0%
Gross customer loans	164,124	167,060	2%	156,447	168,809	167,060	-1%	7%
Gross customer loans (FX-adjusted)	171,464	167,060	-3%	164,414	170,530	167,060	-2%	2%
Retail loans	72,571	72,227	0%	70,925	72,357	72,227	0%	2%
Corporate loans	98,893	94,833	-4%	93,489	98,173	94,833	-3%	1%
Allowances for possible loan losses	-49,836	-51,946	4%	-48,479	-51,410	-51,946	1%	7%
Allowances for possible loan losses (FX-adjusted)	-52,065	-51,946	0%	-50,947	-51,934	-51,946	0%	2%
Deposits from customers	145,882	146,965	1%	146,374	146,056	146,965	1%	0%
Deposits from customer (FX-adjusted)	152,461	146,965	-4%	153,592	147,604	146,965	0%	-4%
Retail deposits	124,758	116,524	-7%	126,517	118,886	116,524	-2%	-8%
Corporate deposits	27,703	30,441	10%	27,074	28,718	30,441	6%	12%
Liabilities to credit institutions	18,013	17,501	-3%	20,236	17,437	17,501	0%	-14%
Subordinated debt	4,173	4,359	4%	5,045	4,315	4,359	1%	-14%
Total shareholders' equity	21,151	22,680	7%	17,688	22,468	22,680	1%	28%
Loan Quality	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	66,655	65,892	-1%	66,655	62,991	65,892	5%	-1%
90+ days past due loans/gross customer loans (%)	42.6%	39.4%	-3.2%p	42.6%	37.3%	39.4%	2.1%p	-3.2%
Cost of risk/average gross loans (%)	2.13%	1.54%	-0.60%p	2.75%	0.87%	2.17%	1.30%p	-0.59%p
Cost of risk/average (FX-adjusted) gross loans	2.02%	1.50%	-0.51%p	2.66%	0.84%	2.16%	1.31%p	-0.50%p
Total provisions/90+ days past due loans (%)	72.7%	78.8%	6.1%p	72.7%	81.6%	78.8%	-2.8%p	6.1%
Performance Indicators (%)	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
ROA	0.4%	0.6%	0.2%p	0.6%	1.2%	0.0%	-1.3%p	-0.6%p
ROE	4.8%	5.3%	0.5%p	7.1%	11.1%	-0.3%	-11.4%p	-7.4%p
Total income margin	5.04%	5.69%	0.65%p	5.32%	5.65%	5.75%	0.10%p	0.43%p
Net interest margin	3.75%	4.26%	0.51%p	3.85%	4.31%	4.22%	-0.09%p	0.37%p
Cost/income ratio	66.6%	67.5%	0.9%p	61.2%	66.4%	68.6%	2.2%p	7.4%p
Net loans to deposits (FX-adjusted)	74%	78%	4%p	74%	80%	78%	-2%p	4%p
FX rates (in HUF)	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
HUF/EUR (closing)	295.2	310.2	5%	295.2	307.1	310.2	1%	5%
HUF/EUR (average)	296.1	306.9	4%	295.9	307.7	306.0	-1%	3%

- ***HUF 577 million after-tax profit in 1H 2014, with improving operating income and lower risk cost***
- ***FX-adjusted gross loans grew by 2% y-o-y, reasoned by higher consumer loan demand and a one-off item***
- ***Customer deposits shrank by 4% y-o-y in line with management objectives, net loan-to-deposit ratio increased by 4.5 ppts to 78.3% y-o-y***

The Montenegrin **CKB Bank** posted HUF 577 million after tax profit in 1H 2014 (+39% y-o-y); the HUF 18 million loss in 2Q is mainly reasoned by the higher risk cost.

Operating profit for 1H 2014 increased by 7% y-o-y, which is the result of advancing incomes (+10%) and 11% higher operating expenses. Regarding the income side net interest income increased by 10% y-o-y, since the bank managed to pay lower interest on customer deposits in the course of the cutback of excess liquidity, so net interest margin improved by 51 basis points y-o-y. Net fees and commissions income grew by 16% y-o-y, mainly because of the lower fee and commission expenses.

With regards to operating expenses, the 11% yearly growth and the 7% q-o-q growth in 2Q was driven mainly by the growth of personnel costs in relation to the cut-back of employees – in 2Q number of employees decreased by 12 to 437. On the whole cost-to-income ratio of CKB grew by 0.9 ppt y-o-y to 67.5% in 1H.

The small loss in 2Q 2014 is due to the 3% q-o-q increase of total income, the aforementioned growth of operating expenses (+7% q-o-q) and the higher risk cost (+170% q-o-q, +21% y-o-y). The FX-adjusted volume of DPD90+ loans grew again in 2Q 2014 after 3 consecutive quarters of decline. The DPD90+ ratio grew by 2.1 ppts to 39.4% q-o-q, and declined by 3.2 ppts y-o-y. Provision coverage of DPD90+ loans decreased by 0.3 ppt to 78.8% q-o-q. The quality of consumer loans slightly deteriorated, while that of mortgage loans improved. The deterioration of risk indicators in 2Q were mainly caused by a couple of large loans turning DPD90+ category.

The FX-adjusted gross loans grew by 2% y-o-y, partly because of the stronger consumer lending, but also due to a loan disbursed in 3Q 2013 to the Montenegrin state. Throughout the whole year cash loan sales were spectacular with 26% y-o-y volume increase. The mortgage loan book kept shrinking (-10% y-o-y and -2% q-o-q); the corporate loans decreased (-4% y-o-y and -2% q-o-q) as well as the municipal loans (-11% q-o-q).

The FX-adjusted deposit base decreased by 4% y-o-y mainly as a result of the cut-back of deposit volumes due to the strong liquidity position of the bank. In 2Q 2014 deposit volumes shrank marginally, but the ratio of term deposits with higher interest rates was gradually decreasing. Net loan-to-deposit ratio stood at 78.3% at the end of 1H 2014.

STAFF LEVEL AND OTHER INFORMATION

The closing staff number of OTP Group (including the number of employed selling agents) was 34,297 as of 30 June 2014. In 2Q 2014 there was a decrease in Russia and the Ukraine in the headcount of agents as consumer lending slowed down.

OTP Group provides services through 1,475 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 1,994 ATM terminals. The bank (Hungary) has around 52 thousands POS terminals.

	30/06/2014				31/12/2013			
	Branches	ATM	POS	Headcount (closing)	Branches	ATM	POS	Headcount (closing)
OTP Core*	382	1,994	51,590	8,158	382	2,017	51,683	8,615
DSK Group	383	876	4,746	4,384	378	873	4,396	4,514
OTP Bank Russia (w/o employed agents)	204	228	2,117	5,955	200	222	3,038	6,020
OTP Bank Ukraine (w/o employed agents)	140	147	342	3,228	140	158	353	3,282
OTP Bank Romania	84	122	1,260	930	84	122	1,185	930
OTP banka Hrvatska	135	253	1,936	1,091	102	223	1,526	993
OTP Banka Slovenko	67	125	198	670	68	123	187	655
OTP banka Srbija	51	121	2,254	651	51	119	2,371	663
CKB	29	81	4,767	437	29	82	4,688	449
Foreign subsidiaries, total	**1,093**	**1,953**	**17,620**	**17,344**	**1,052**	**1,922**	**17,744**	**17,505**
Other Hungarian and foreign subsidiaries				523				843
OTP Group (w/o employed agents)				**26,025**				**26,963**
OTP Bank Russia - employed agents				*7,113*				*8,593*
OTP Bank Ukraine - employed agents				*1,160*				*2,336*
OTP Group (aggregated)	**1,475**	**3,947**	**69,210**	**34,297**	**1,434**	**3,939**	**69,427**	**37,892**

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

PERSONAL AND ORGANIZATIONAL CHANGES

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

On 25 April 2014 the Annual General Meeting elected Mr. Tibor Tolnay, Dr. Gábor Horváth, Mr. Antal Kovács, Mr. András Michnai, Mr. Dominique Uzel and Dr. Márton Gellért Vági to the member of the Bank's Supervisory Board until the closing AGM of the fiscal year 2016 but latest until 30 April 2017. Moreover the Annual General Meeting elected Mr. Tibor Tolnay, Dr. Gábor Horváth, Dominique Uzel and Dr. Márton Gellért Vági to the member of Audit Committee until the closing AGM of the fiscal year 2016 but latest until 30 April 2017.

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

There was no change in the Auditor of the Bank.

ASSET-LIABILITY MANAGEMENT

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

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

Refinancing sources of the European Central Bank are still available for OTP, thus the refinancing risk of maturing FX mortgage bonds is low. As a result of the high level of liquidity reserves, the Group could safely function without considerable fund raising, only refinancing loan of Funding for Growth Scheme was used in the amount of HUF 109.2 billion as at end-1H 2014.

With total maturities of EUR 180 million in 1H 2014 that lowered the liquidity reserves, total liquidity reserves of OTP Bank remained steadily above the safety level. As of 30 June 2014, the gross liquidity buffer was above EUR 5,85 billion equivalent, which is significantly higher than the maturing debt within one year (at EUR 226 million equivalent) and the reserves required to protect against possible liquidity shocks. The Swiss franc and US dollar liquidity need of the Group stemming from its FX lending activity has further shrunk due to the steady decline of FX loan volumes. The Bank had to refinance only EUR 300 million long term FX-swaps to maintain its FX liquidity reserves at safe levels (by 30 June 2014 at EUR 1.4 billion).

The volume of issued securities grew by 2% q-o-q and decreased by 28% y-o-y. Both periods witnessed shrinking Hungarian retail bond volumes (-HUF 63 billion y-o-y, -HUF 4 billion q-o-q). In the last 12 months Hungarian and Slovakian mortgage bonds matured in the amount of HUF 30.3 billion, out of which HUF 13.5 were repaid in 2Q 2014. In 1Q 2014 the Russian bank repaid bonds in the amount of HUF 51.4 billion; and resold RUB 1 billion in May from the previously put bonds to the market – thus the yearly effect was HUF 48.2 billion decline and +HUF 6.7 billion in 2Q 2014. The volume of Hungarian corporate bonds grew by 0.8% q-o-q and 4.3% y-o-y to HUF 93 billion.

The volume of subordinated bonds decreased by HUF 11 billion y-o-y: in 2Q 2013 UT2 perpetual bonds were repurchased by the Group in the amount of EUR 58.7 million and LT2 bonds (maturing in 2015) in the amount of EUR 12.5 million. In 1H 2014 no repurchase transactions were made with regards to subordinated bonds.

… and kept its interest-rate risk exposures low.

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

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

Market Risk Exposure of OTP Group

At end-June 2014 the consolidated capital requirement of the trading book positions, the counterparty risk and the FX risk exposure represented HUF 31.2 billion in total, primarily due to the capital requirement of the FX risk exposure at HUF 20.3 billion.

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

STATEMENT ON CORPORATE GOVERNANCE PRACTICE

Corporate governance practice

OTP Bank Plc., being registered in Hungary, has a corporate governance policy that complies with the provisions of the Hungarian Act on Companies. As the company conducts banking operations, it also adheres to the statutory regulations pertaining to credit institutions.

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

System of internal controls

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

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

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

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

General meeting

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

Committees

Members of the Board of Directors

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

Members of the Supervisory Board

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

Members of the Audit Committee[3]

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

[1] Membership is under suspension since 3 April 2014
[2] Membership is under suspension since 3 October 2012
[3] The Audit Committee was founded by the General Meeting on 25 April 2014.

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

Operation of the executive boards

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

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

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

The Board of Directors and the Supervisory Board held 5-5 meetings, while the Audit Committee gathered 1 time in the first half of 2014.

ENVIRONMENTAL POLICY, ENVIRONMENTAL PROJECTS

As a leading provider of financial services within the CEE region and a key player within the Hungarian economy, OTP Bank is committed to environmental protection and nature conservation, and to continuously improving its environmental performance. Sustainability, responsibility and ethical business practice are cornerstones of our company policy, therefore in regard to environmental protection the Group aims at prevention, responsible thinking and full legal compliance. OTP Bank strives to not only comply with legislation – on both a group and a parent company level – but also to proactively meet general social and environmental protection expectations.

Despite the fact that the Group's indirect environmental impacts and its possibilities in environmental protection are related primarily to its roles as a responsible service provider and employer, environmental protection scores high among its sustainability-related goals. Environmental protection involves a number of enterprises and fields of activities within the Group.

Environmental management

The Bank's environmentally responsible operations and compliance with the relevant legislation are governed by its Environmental Policy, which was introduced in 2009, along with other internal policies. The Bank manages environmental issues through a standardised system that affects various organisational units within the Bank. In order to ensure compliance with environmental regulations, the Bank also employs an environmental expert.

We strive to improve our environmental performance, cut our emissions and apply environmentally-friendly solutions primarily by reviewing and optimising our existing processes.

Actions

OTP Bank implemented a variety of actions in 2014 to alleviate its environmental load and strengthen environmental awareness within the Group.

At the same time, its activities and measures in this field have, for several years, been determined primarily by the Group's strive for controlling and rationalising its operating costs. Moreover, as part of its sustainability strategy it participates in conveying and encouraging the development of environmental awareness.

Energy management system

OTP Bank launched in 2012 its multi-tier energy management system which is responsible for energy monitoring of branches in various types of buildings (office blocks, separate buildings, shopping centres etc.). The key objective of the project is to rationalise the Group's energy consumption, to cut the amount of energy used and thereby to abate the emission of pollutants. In the wake of the installation of metering, monitoring and information systems the continuous supply of data has made it possible to optimise the energy consumption of the various branch offices through a central information and remote controlling system. The system that initially covered a total of 32 branch offices was extended to another 112 branch offices in 2013 and by April 2014 the number of branch offices covered by the system had increased to 157. The operation of the system enables the Bank to save massive amounts of heating, cooling and lighting energy year after year.

Paper consumption and recycling

The Bank has been making unceasing efforts (in 2014 as well) to reduce the amount of paper used, primarily by decreasing the amount of printed documents and by increasing the use of electronic documents. Today more than 90% of OTP Bank's customer communications take place through electronic channels. The environmental loads entailed by printing have been reduced by

- the Bank's making it possible, in the form of a pilot project, to go without documents in proof of the payment and depositing of amounts and of transfers;
- JSC OTP Bank cut the amount of paper-based documents to be printed upon POS and cash loan disbursements by about 50 %;
- several subsidiary banks – including OTP banka Srbija – have decreased the amount of documents to be printed for customers;
- OTP Bank Slovensko encouraged the use of electronic account balances and electronic signatures at its branch offices;
- OTP Bank continuously encourages its customers to use the green bank account statement as a result of which the proportion of e-account statements has increased to 34%.

In addition, our notice letters mailed out to customers are now printed on recycled paper. The change applies to all retail and corporate bank account statements. The result is a substantial increase in the ratio – up to 60% in 2014 – of recycled paper used within OTP Bank.

OTP Bank is making efforts to expand good practices and at the same time it is continuously seeking for new environmentally friendly solutions.

In the initial phase the Bank has started to purchase bio-toner cartridges for its fax machines.

Awareness raising and social responsibility

Through its extensive clientele and social embeddedness the Bank can have an influence on those it is doing business with. Therefore its programmes with environmental impacts (selective waste collection, recycling etc.) are not only shared with its customers and employees – indeed the Bank is making particular efforts to involve them in these endeavours.

The Bank pursues environmental awareness not only in regard to its own operations but at the same time it encourages and supports "green affairs" of particular importance for society. One example for this is the strategic partnership set up with the Hungarian Hikers' Association (MTSZ). Protecting the environment and encouraging others too to adopt a conduct based on environmental awareness are important elements of OTP Bank's responsibility. The mission and objectives of the Association are in line with those of the Bank. The tasks undertaken by the Association include representation of hikers' interests, the technical/professional development, promotion and enabling of the practising of hiking.

We regularly provide information on our environmental protection efforts to highlight the importance of this cause for our employees and clientele.

For more information on the subject visit: www.otpbank.hu/csr

FINANCIAL DATA

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF FINANCIAL POSITION

in HUF million	OTP Bank			Consolidated		
	30/06/2014	31/12/2013	change	30/06/2014	31/12/2013	change
Cash, amounts due from banks and balances with the National Bank of Hungary	151,753	140,521	8%	515,206	539,125	-4%
Placements with other banks, net of allowance for placement losses	614,634	632,899	-3%	291,708	273,479	7%
Financial assets at fair value through profit or loss	287,200	396,565	-28%	298,059	415,605	-28%
Securities available-for-sale	1,882,292	1,997,491	-6%	1,586,797	1,637,255	-3%
Loans, net of allowance for loan losses	2,084,417	2,144,701	-3%	6,202,893	6,245,210	-1%
Investments in subsidiaries, associates and other investments	607,112	669,322	-9%	23,964	23,837	1%
Securities held-to-maturity	664,045	525,049	26%	740,243	580,051	28%
Property, equipments and intangible assets	106,081	117,001	-9%	400,431	455,244	-12%
Other assets	107,602	49,486	117%	295,540	211,241	40%
TOTAL ASSETS	**6,505,137**	**6,673,035**	**-3%**	**10,354,841**	**10,381,047**	**0%**
Amounts due to banks and Hungarian Government, deposits from the National Bank of Hungary and other banks	655,697	902,744	-27%	610,515	784,212	-22%
Deposits from customers	3,745,917	3,677,450	2%	7,046,610	6,866,606	3%
Liabilities from issued securities	165,195	170,779	-3%	384,925	445,218	-14%
Financial liabilities at fair value through profit or loss	206,962	204,517	1%	90,345	87,164	4%
Other liabilities	401,896	242,444	66%	632,012	421,353	50%
Subordinated bonds and loans	300,395	278,241	8%	288,001	267,162	8%
TOTAL LIABILITIES	**5,476,062**	**5,476,175**	**0%**	**9,052,408**	**8,871,715**	**2%**
Share capital	28,000	28,000	0%	28,000	28,000	0%
Retained earnings and reserves	1,158,907	1,127,700	3%	1,473,086	1,467,965	0%
Net earnings for the year	-150,295	47,891	-414%	-147,123	64,199	-329%
Treasury shares	-7,537	-6,731	12%	-56,404	-55,599	1%
Non-controlling interest	0	0		4,874	4,767	2%
TOTAL SHAREHOLDERS' EQUITY	**1,029,075**	**1,196,860**	**-14%**	**1,302,433**	**1,509,332**	**-14%**
TOTAL LIABILTITIES AND SHAREHOLDERS' EQUITY	**6,505,137**	**6,673,035**	**-3%**	**10,354,841**	**10,381,047**	**0%**

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF RECOGNIZED INCOME

in HUF million	OTP Bank			Consolidated		
	1H 2014	1H 2013	change	1H 2014	1H 2013	change
Loans	83,501	97,872	-15%	362,270	394,690	-8%
Placements with other banks	81,244	153,623	-47%	59,978	134,004	-55%
Amounts due from banks and balances with the National Banks	1,257	2,125	-41%	1,734	2,208	-21%
Securities held for trading	0	0		0	416	-100%
Securities available-for-sale	40,103	56,262	-29%	27,309	39,896	-32%
Securities held-to-maturity	17,442	13,617	28%	19,027	15,244	25%
Other interest income	0	0		3,153	0	
Interest income	*223,547*	*323,499*	*-31%*	*473,472*	*586,456*	*-19%*
Amounts due to banks, the Hungarian Government, deposits from the National Banks and other banks	-78,383	-157,787	-50%	-62,905	-121,039	-48%
Deposits from customers	-26,215	-57,522	-54%	-69,151	-108,638	-36%
Liabilities from issued securities	-2,551	-8,731	-71%	-9,115	-19,189	-52%
Subordinated bonds and loans	-8,318	-8,419	-1%	-7,074	-5,721	24%
Other interest expense	0	0		-3,301	-1,614	105%
Interest expense	*-115,467*	*-232,459*	*-50%*	*-151,546*	*-256,200*	*-41%*
Net interest income	**108,080**	**91,040**	**19%**	**321,927**	**330,255**	**-3%**
Provision for impairment on loans	-11,227	-9,636	17%	-220,072	-113,992	93%
Provision for impairment on placement losses	-2	-23	-93%	-12	335	-104%
Provision for impairment on loans and placement losses	-11,228	-9,659	16%	-220,085	-113,657	94%
NET INRETEST INCOME AFTER PROVISION FOR IMPAIRMENT ON LOAN AND PLACEMENT LOSSES	96,851	81,381	19%	101,842	216,598	-53%
Income from fees and commissions	82,803	70,080	18%	128,716	118,041	9%
Expense from fees and commissions	-10,393	-11,802	-12%	-23,305	-26,358	-12%
NET PROFIT FROM FEES AND COMMISSIONS	72,410	58,279	24%	105,411	91,683	15%
Foreign exchange gains, net (-)/(+)	7,161	5,116	40%	87,673	7,102	
Gains / (losses) on securities, net	5,281	9,349	-44%	5,703	8,161	-30%
Gains on real estate transactions	34	39	-12%	791	1,088	-27%
Dividend income	42,633	38,463	11%	3,739	2,712	38%
Other operating income	1,696	1,318	29%	10,512	11,070	-5%
Other operating expense	-289,303	-14,643		-231,862	-7,520	
NET OPERATING RESULT	-232,497	39,643	-686%	-123,444	22,614	-646%
Personnel expenses	-43,110	-43,974	-2%	-103,709	-102,885	1%
Depreciation and amortization	-10,903	-10,490	4%	-43,040	-23,482	83%
Other administrative expenses	-78,233	-84,925	-8%	-135,026	-143,039	-6%
OTHER ADMINISTRATIVE EXPENSES	-132,247	-139,388	-5%	-281,774	-269,407	5%
PROFIT BEFORE INCOME TAX	**-195,482**	**39,914**	**-590%**	**-197,965**	**61,489**	**-422%**
Income tax	45,187	1,143		50,683	-9,677	-624%
NET PROFIT FOR THE PERIODS	**-150,295**	**41,058**	**-466%**	**-147,283**	**51,812**	**-384%**
From this, attributable to non-controlling interest	0	0		160	-232	-169%
NET PROFIT FOR THE PERIODS ATTRIBUTABLE OWNERS OF THE COMPANY	**-150,295**	**41,058**	**-466%**	**-147,123**	**51,580**	**-385%**

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF CASH FLOWS

	OTP Bank			Consolidated		
	30/06/2014	30/06/2013	change	30/06/2014	30/06/2013	change
OPERATING ACTIVITIES						
Profit before income tax	-195,481	39,913	-590%	-197,966	61,489	-422%
Adjustments to reconcile income before income taxes to net cash provided by operating activities						
Income tax paid	0	-1,992	-100%	-5,022	-13,988	-64%
Goodwill impairment				22,225	0	
Depreciation and amortization	10,903	10,490	4%	20,815	23,482	-11%
Provision for impairment / Release of provision	292,331	20,285		439,715	112,330	291%
Share-based payment	2,059	2,881	-29%	2,059	2,881	-29%
Unrealized (losses) / gains on fair value adjustment of securities held for trading	-325	-21		-323	-26	
Unrealized losses on fair value adjustment of derivative financial instruments	7,924	17,630	-55%	4,770	16,983	-72%
Changes in operating assets and liabilities	92,549	5,513		28,124	17,907	57%
Net cash provided by operating activities	**209,960**	**94,699**	**122%**	**314,397**	**221,058**	**42%**
INVESTING ACTIVITIES						
Net cash used in investing activities	**39,702**	**-70,830**	**-156%**	**-99,574**	**-166,234**	**-40%**
FINANCING ACTIVITIES						
Net cash used in financing activities	**-281,316**	**-108,920**	**158%**	**-279,074**	**-154,359**	**81%**
Net increase in cash and cash equivalents	**-31,654**	**-85,051**	**-63%**	**-64,251**	**-99,535**	**-35%**
Cash and cash equivalents at the beginning of the period	62,835	164,385	-62%	275,947	331,929	-17%
Cash and cash equivalents at the end of the period	**31,181**	**79,334**	**-61%**	**211,696**	**232,394**	**-9%**
Analysis of cash and cash equivalents						
Cash, amounts due from banks and balances with the National Banks	140,521	245,548	-43%	539,125	602,521	-11%
Compulsory reserve established by the National Banks	-77,686	-81,163	-4%	-263,178	-270,592	-3%
Cash and cash equivalents at the beginning of the period	**62,835**	**164,385**	**-62%**	**275,947**	**331,929**	**-17%**
Cash, amounts due from banks and balances with the National Banks	151,753	158,625	-4%	515,206	501,916	3%
Compulsory reserve established by the National Banks	-120,572	-79,291	52%	-303,510	-269,522	13%
Cash and cash equivalents at the end of the period	**31,181**	**79,334**	**-61%**	**211,696**	**232,394**	**-9%**

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY (IFRS)

in HUF million	Share capital	Capital reserve	Share based payment reserve	Retained earnings and reserves	Put option reserves	Treasury shares	Non-controlling interest	Total
Balance as at 1 January 2013	**28,000**	**52**	**10,800**	**1,579,188**	**-55,468**	**-53,802**	**5,783**	**1,514,553**
Net profit for the year	--	--	--	51,580		--	232	51,812
Other comprehensive income				-7,294			-285	-7,579
Share-based payment	--	--	2,881			--	--	2,881
Treasury shares								
Dividend for the year 2012	--	--	--	-33,600		--	--	-33,600
Put option								
Treasury shares								
– sale						7,786		7,786
– loss on sale				631				631
– volume change						-10,228		-10,228
Payment to ICES holders				-916				-916
Balance as at 30 June 2013	**28,000**	**52**	**13,681**	**1,589,589**	**-55,468**	**-56,244**	**5,730**	**1,525,340**

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**	**16,504**	**1,571,076**	**-55,468**	**-55,599**	**4,767**	**1,509,332**
Net profit for the year	--	--	--	-147,123		--	-160	-147,283
Other comprehensive income				-16,488			145	-16,343
Share-based payment	--	--	2,058			--	--	2,058
Treasury shares								
Dividend for the year 2012	--	--	--	-40,600		--	--	-40,600
Put option								
Treasury shares								
– sale						17,472		17,472
– loss on sale				-3,160				-3,160
– volume change						-18,277		-18,277
Payment to ICES holders				-888				-888
Revenue recognized from business combination							122	122
Balance as at 30 June 2014	**28,000**	**52**	**18,562**	**1,362,817**	**-55,468**	**-56,404**	**4,874**	**1,302,433**

Ownership structure of OTP Bank Plc.

as at 30 June 2014

Description of owner	Total equity					
	1 January 2014			30 June 2014		
	%[1]	%[2]	Qty	%[1]	%[2]	Qty
Domestic institution/company	11.97%	12.12%	33,516,480	11.59%	11.75%	32,463,954
Foreign institution/company	63.49%	64.28%	177,765,449	67.02%	67.92%	187,668,098
Domestic individual	8.93%	9.04%	24,998,111	6.65%	6.74%	18,615,475
Foreign individual	1.15%	1.16%	3,206,030	0.52%	0.52%	1,448,948
Employees, senior officers	1.55%	1.57%	4,331,265	1.29%	1.30%	3,599,244
Treasury shares	1.23%	0.00%	3,437,274	1.32%	0.00%	3,696,806
Government held owner[3]	5.13%	5.20%	14,372,425	5.12%	5.19%	14,329,059
International Development Institutions[4]	0.00%	0.00%	0	0.00%	0.00%	0
Other[5]	6.56%	6.64%	18,372,976	6.49%	6.58%	18,178,426
TOTAL	**100.00%**	**100.00%**	**280,000,010**	**100.00%**	**100.00%**	**280,000,010**

[1] Voting rights
[2] Beneficial ownership
[3] E.g.: State Privatization Holding Co. Ltd., Social Security, Municipality, 100% state-owned companies, Pension Reform and Debt Reduction Fund etc.
[4] E.g.: EBRD, EIB, etc.
[5] Non-identified shareholders according to the shareholders' registry.

Number of treasury shares held in the year under review (2014)

	1 January	31 March	30 June	30 September	31 December
Company	1,363,714	1,767,140	1,623,246		
Subsidiaries	2,073,560	2,073,560	2,073,560		
TOTAL	3,437,274	3,840,700	3,696,806		

Shareholders with over/around 5% stake as at 30 June 2014

Name	Number of shares	Voting rights	Beneficial ownership
Megdet, Timur and Ruszlan Rahimkulov	24,851,495	8.88%	8.99%
MOL (Hungarian Oil and Gas Company Plc.)	24,000,000	8.57%	8.69%
Groupama Group	23,208,761	8.29%	8.40%
Hungarian National Asset Management Inc.	14,091,203	5.03%	5.10%

Senior officers, strategic employees and their shareholding of OTP shares as at 30 June 2014

Type[1]	Name	Position	No. of shares held
IT	Dr. Sándor Csányi [2]	Chairman and CEO	41,206
IT	Mihály Baumstark	member	25,600
IT	Dr. Tibor Bíró	member	38,758
IT	Péter Braun	member	333,505
IT	Tamás Erdei	member	16,039
IT	Dr. István Gresa	member	45,752
IT	Zsolt Hernádi[3]	member	25,600
IT	Dr. István Kocsis[4]	member	3,635
IT	Dr. Antal Pongrácz	Deputy Chairman, Deputy CEO	25,427
IT	Dr. László Utassy	member	293,370
IT	Dr. József Vörös	member	140,914
FB	Tibor Tolnay	Chairman	54
FB	Dr. Gábor Horváth	member	0
FB	Antal Kovács	member, Deputy CEO	27,074
FB	András Michnai	member	11,528
FB	Dominique Uzel	member	0
FB	Dr. Márton Gellért Vági	member	0
SP	László Bencsik	Chief Financial and Strategic Officer, Deputy CEO	14,039
SP	Daniel Gyuris[5]	Deputy CEO	0
SP	Ákos Takáts[6]	Deputy CEO	141,011
SP	László Wolf	Deputy CEO	542,402
TOTAL No. of shares held by management:			**1,725,914**

[1] Employee in strategic position (SP), Board Member (IT), Supervisory Board Member (FB)
[2] Number of OTP shares owned by Mr Csányi directly or indirectly: 510,000
[3] Membership under suspended since 4 April 2014
[4] Membership under suspended since 3 October 2012
[5] Employment was terminated on 15 April 2014
[6] Appointment as Deputy Chief Executive Officer was withdrawn on 30 June 2014

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

a) Contingent liabilities

	30/06/2014	30/06/2013
Commitments to extend credit	1,345,949	1,260,283
Guarantees arising from banking activities	377,270	322,308
Confirmed letters of credit	17,103	14,287
Legal disputes (disputed value)	71,876	50,913
Contingent liabilities related to OTP Mortgage Bank	78	0
Other	376,193	116,968
Total:	**2,188,469**	**1,764,759**

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

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

	End of reference period	Current period opening	Current period closing
Bank	8,076	8,097	7,651
Consolidated	36,776	37,892	34,297

Security issuances on Group level between 01/07/2013 and 30/06/2014

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 30/06/2014	Outstanding consolidated debt (in HUF million) 30/06/2014
OTP Bank Plc.	Retail bond	OTP EK 2015/I	29/07/2013	29/01/2015	HUF	5,551	5,551
OTP Bank Plc.	Corporate bond	OTP 2020/Ex	18/06/2014	22/06/2020	HUF	4,100	4,100
OTP Bank Plc.	Retail bond	OTP 2014/VIII	16/08/2013	16/08/2014	HUF	616	616
OTP Bank Plc.	Retail bond	OTP DNT HUF 150107 4%	30/06/2014	07/01/2015	HUF	615	615
OTP Bank Plc.	Retail bond	OTP 2014/IX	13/09/2013	13/09/2014	HUF	520	520
OTP Bank Plc.	Retail bond	OTP 2014/X	11/10/2013	11/10/2014	HUF	290	290
OTP Bank Plc.	Corporate bond	OTP 2024/Ax	18/06/2014	21/06/2024	HUF	270	270
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XVI	16/08/2013	16/08/2014	EUR	10,211,200	3,167
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XIX	27/09/2013	27/09/2014	EUR	8,201,300	2,544
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XXI	31/10/2013	31/10/2014	EUR	8,034,800	2,492
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XVIII	13/09/2013	13/09/2014	EUR	7,768,300	2,410
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/I	20/12/2013	10/01/2015	EUR	6,983,900	2,166
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XVII	30/08/2013	30/08/2014	EUR	6,815,600	2,114
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XX	11/10/2013	11/10/2014	EUR	6,637,000	2,059
OTP Bank Plc.	Retail bond	OTP DC EUR 140930 2,5%	30/06/2014	30/09/2014	EUR	6,175,200	1,915
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XXIII	29/11/2013	13/12/2014	EUR	5,854,200	1,816
OTP Bank Plc.	Retail bond	OTP DC USD 140930 2,5%	30/06/2014	30/09/2014	USD	7,235,700	1,643
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/IX	09/05/2014	09/05/2016	EUR	5,222,800	1,620
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XV	26/07/2013	26/07/2014	EUR	5,060,600	1,570
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/II	17/01/2014	31/01/2015	EUR	4,959,500	1,538
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XI	23/05/2014	06/06/2015	EUR	4,675,300	1,450
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XXII	15/11/2013	15/11/2014	EUR	4,546,300	1,410
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/III	31/01/2014	14/02/2015	EUR	4,517,000	1,401
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/VIII	11/04/2014	25/04/2015	EUR	4,396,200	1,364
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/IV	14/02/2014	28/02/2015	EUR	4,125,200	1,280
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/VI	14/03/2014	28/03/2015	EUR	3,992,200	1,238
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/V	28/02/2014	14/03/2015	EUR	3,431,100	1,064
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XII	06/06/2014	20/06/2015	EUR	2,763,700	857
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XIV	12/07/2013	12/07/2014	EUR	2,713,500	842
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XXI	31/10/2013	31/10/2015	EUR	2,349,800	729
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/XIII	20/06/2014	04/07/2015	EUR	2,347,800	728
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XXIV	20/12/2013	20/12/2015	EUR	1,552,200	481
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XXIII	29/11/2013	29/11/2015	EUR	1,289,200	400
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XXII	15/11/2013	15/11/2015	EUR	1,166,800	362
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/IX	18/04/2014	02/05/2015	EUR	1,004,200	311
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/III	14/02/2014	14/02/2016	EUR	963,600	299
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/I	17/01/2014	17/01/2016	EUR	897,800	278
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/II	31/01/2014	31/01/2016	EUR	871,000	270
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/VII	21/03/2014	04/04/2015	EUR	848,000	263
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XVI	16/08/2013	16/08/2015	EUR	784,800	243
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/V	14/03/2014	14/03/2016	EUR	740,700	230
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/VII	11/04/2014	11/04/2016	EUR	737,600	229
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/IV	28/02/2014	28/02/2016	EUR	696,100	216
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/XI	06/06/2014	06/06/2016	EUR	655,600	203

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 30/06/2014	Outstanding consolidated debt (in HUF million) 30/06/2014
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XVIII	13/09/2013	13/09/2015	EUR	648,800	201
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/XII	20/06/2014	20/06/2016	EUR	644,100	200
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XV	26/07/2013	26/07/2015	EUR	630,100	195
OTP Bank Plc.	Corporate bond	OTP 2018/Fx	19/12/2013	21/12/2018	EUR	618,000	192
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XIX	27/09/2013	27/09/2015	EUR	508,700	158
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XVII	30/08/2013	30/08/2015	EUR	422,900	131
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XX	11/10/2013	11/10/2015	EUR	299,300	93
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/VI	21/03/2014	21/03/2016	EUR	210,400	65
OTP Bank Plc.	Retail bond	OTP EUR 2 2016/VIII	18/04/2014	18/04/2016	EUR	200,700	62
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XIV	12/07/2013	12/07/2015	EUR	123,900	38
OTP Mortgage Bank	Mortgage bond	OMB2016_I	25/10/2013	25/10/2016	EUR	0	0

Security redemptions on Group level between 01/07/2013 and 30/06/2014

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 30/06/2013	Outstanding consolidated debt (in HUF million) 30/06/2013
OTP Bank Plc.	Retail bond	OTP 2013/XIV	20/07/2012	20/07/2013	HUF	9,339	9,339
OTP Bank Plc.	Retail bond	TBSZ2013_I	26/02/2010	30/12/2013	HUF	5,967	5,967
OTP Bank Plc.	Retail bond	OTP 2013/XV	10/08/2012	10/08/2013	HUF	5,752	5,752
OTP Bank Plc.	Retail bond	OTP 2013/XIII	06/07/2012	06/07/2013	HUF	5,676	5,676
OTP Bank Plc.	Retail bond	OTP 2013/XXI	12/11/2012	12/11/2013	HUF	4,101	4,101
OTP Bank Plc.	Retail bond	OTP 2013/XVII	07/09/2012	07/09/2013	HUF	4,043	4,043
OTP Bank Plc.	Retail bond	OTP 2013/XVIII	21/09/2012	21/09/2013	HUF	3,593	3,593
OTP Bank Plc.	Retail bond	OTP 2013/XVI	24/08/2012	24/08/2013	HUF	3,576	3,576
OTP Bank Plc.	Retail bond	OTP 2014/I	11/01/2013	11/01/2014	HUF	3,466	3,466
OTP Bank Plc.	Retail bond	OTPRA_2013_B	26/11/2010	03/12/2013	HUF	3,162	3,162
OTP Bank Plc.	Retail bond	OTP 2013/XXII	23/11/2012	23/11/2013	HUF	2,988	2,988
OTP Bank Plc.	Retail bond	OTP 2014/III	01/03/2013	01/03/2014	HUF	2,854	2,854
OTP Bank Plc.	Corporate bond	OTPX 2014A	25/06/2009	30/06/2014	HUF	2,781	2,781
OTP Bank Plc.	Retail bond	OTP_DNT_HUF 131007	05/04/2013	07/10/2013	HUF	2,741	2,741
OTP Bank Plc.	Retail bond	OTP 2013/XIX	05/10/2012	05/10/2013	HUF	2,393	2,393
OTP Bank Plc.	Retail bond	OTP 2013/XX	19/10/2012	19/10/2013	HUF	2,268	2,268
OTP Bank Plc.	Retail bond	OTP 2013/XXIII	07/12/2012	07/12/2013	HUF	1,835	1,835
OTP Bank Plc.	Retail bond	OTP 2013/XXIV	21/12/2012	21/12/2013	HUF	1,567	1,567
OTP Bank Plc.	Retail bond	OTP 2014/IV	05/04/2013	05/04/2014	HUF	1,561	1,561
OTP Bank Plc.	Retail bond	OTP 2014/II	01/02/2013	01/02/2014	HUF	1,482	1,482
OTP Bank Plc.	Retail bond	OTP 2014/VI	24/05/2013	24/05/2014	HUF	1,292	1,292
OTP Bank Plc.	Retail bond	OTP_DNT_HUF 131129	31/05/2013	29/11/2013	HUF	1,241	1,241
OTP Bank Plc.	Retail bond	OTP_OVK_2013_I	26/08/2011	26/08/2013	HUF	1,238	1,238
OTP Bank Plc.	Retail bond	OTP 2014/V	26/04/2013	26/04/2014	HUF	1,196	1,196
OTP Bank Plc.	Corporate bond	OTPX 2014E	17/06/2011	20/06/2014	HUF	1,163	1,163
OTP Bank Plc.	Retail bond	OTPRA_2014_A	25/03/2011	24/03/2014	HUF	945	945
OTP Bank Plc.	Retail bond	OTP 2014/VII	14/06/2013	14/06/2014	HUF	788	788
OTP Bank Plc.	Corporate bond	OTPX 2013B	26/11/2010	06/11/2013	HUF	785	785
OTP Bank Plc.	Corporate bond	OTPX 2014D	01/04/2011	03/04/2014	HUF	521	521
OTP Bank Plc.	Corporate bond	OTPX 2013A	28/06/2010	08/07/2013	HUF	428	428
OTP Bank Plc.	Corporate bond	OTPX 2013C	16/12/2010	19/12/2013	HUF	415	415
OTP Bank Plc.	Retail bond	OTP_OVK_2014_I	31/01/2012	27/01/2014	HUF	226	226
OTP Bank Plc.	Retail bond	OTP_EUR_1_2013_XV	03/08/2012	03/08/2013	EUR	13,052,400	3,853
OTP Bank Plc.	Retail bond	OTP_EUR_1_2013_XXIV	07/12/2012	07/12/2013	EUR	10,291,800	3,038
OTP Bank Plc.	Retail bond	OTP_EUR_1_2013_XXIII	23/11/2012	23/11/2013	EUR	9,126,000	2,694
OTP Bank Plc.	Retail bond	OTP_EUR_1_2013_XVII	31/08/2012	31/08/2013	EUR	8,902,700	2,628
OTP Bank Plc.	Retail bond	OTP_EUR_1_2013_XVIII	14/09/2012	14/09/2013	EUR	8,416,400	2,484
OTP Bank Plc.	Retail bond	OTP_EUR_1_2013_XVI	17/08/2012	17/08/2013	EUR	7,625,500	2,251
OTP Bank Plc.	Retail bond	OTP_EUR_1_2013_XX	12/10/2012	12/10/2013	EUR	7,203,900	2,126
OTP Bank Plc.	Retail bond	OTP_DC_EUR 130829	31/05/2013	29/08/2013	EUR	6,888,800	2,033
OTP Bank Plc.	Retail bond	OTP_DC_USD 130829	31/05/2013	29/08/2013	USD	7,916,000	1,790
OTP Bank Plc.	Retail bond	OTP_EUR_1_2014_IX	10/05/2013	10/05/2014	EUR	5,932,200	1,751
OTP Bank Plc.	Retail bond	OTP_EUR_1_2013_XXI	26/10/2012	26/10/2013	EUR	5,786,500	1,708
OTP Bank Plc.	Retail bond	OTP_EUR_1_2013_XXII	09/11/2012	09/11/2013	EUR	5,267,400	1,555
OTP Bank Plc.	Retail bond	OTP_DC_EUR 130705	05/04/2013	05/07/2013	EUR	5,190,100	1,532
OTP Bank Plc.	Retail bond	OTP_EUR_1_2013_XIV	13/07/2012	13/07/2013	EUR	4,762,100	1,406
OTP Bank Plc.	Retail bond	OTP_EUR_1_2013_XIX	28/09/2012	28/09/2013	EUR	4,614,700	1,362

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 30/06/2013	Outstanding consolidated debt (in HUF million) 30/06/2013
OTP Bank Plc.	Retail bond	OTP_EUR_1_2013_XXV	21/12/2012	21/12/2013	EUR	4,202,400	1,240
OTP Bank Plc.	Retail bond	OTP_EUR_1_2014_IV	15/02/2013	15/02/2014	EUR	4,079,000	1,204
OTP Bank Plc.	Retail bond	OTP_EUR_1_2014_V	01/03/2013	01/03/2014	EUR	3,850,300	1,136
OTP Bank Plc.	Retail bond	OTP_EUR_1_2014_I	11/01/2013	11/01/2014	EUR	3,411,000	1,007
OTP Bank Plc.	Retail bond	OTP_DC_USD 130715	05/04/2013	05/07/2013	USD	4,399,200	995
OTP Bank Plc.	Retail bond	OTP_EUR_1_2014_VI	22/03/2013	22/03/2014	EUR	3,217,300	950
OTP Bank Plc.	Retail bond	OTP_EUR_1_2014_VIII	19/04/2013	19/04/2014	EUR	3,044,400	899
OTP Bank Plc.	Retail bond	OTP_EUR_1_2014_III	01/02/2013	01/02/2014	EUR	2,734,100	807
OTP Bank Plc.	Retail bond	OTP_EUR_1_2014_XI	07/06/2013	07/06/2014	EUR	2,616,600	772
OTP Bank Plc.	Retail bond	OTP_EUR_1_2014_II	25/01/2013	25/01/2014	EUR	2,591,600	765
OTP Bank Plc.	Retail bond	OTP_EUR_1_2014_X	24/05/2013	24/05/2014	EUR	2,374,500	701
OTP Bank Plc.	Retail bond	OTP_EUR_1_2014_XII	21/06/2013	21/06/2014	EUR	2,213,200	653
OTP Bank Plc.	Retail bond	OTP_EUR_1_2014_XIII	28/06/2013	28/06/2014	EUR	1,395,500	412
OTP Bank Plc.	Retail bond	OTP_EUR_1_2014_VII	05/04/2013	05/04/2014	EUR	1,387,200	409
OTP Bank Plc.	Retail bond	OTP_EUR_2013_III	26/08/2011	26/08/2013	EUR	891,600	263
OTP Bank Plc.	Retail bond	OTP_EUR_2013_IV	09/09/2011	09/09/2013	EUR	765,400	226
OTP Bank Plc.	Retail bond	OTP_EUR_2013_VI	07/10/2011	07/10/2013	EUR	550,000	162
OTP Bank Plc.	Retail bond	OTP_EUR_2013_VII	21/10/2011	21/10/2013	EUR	509,600	150
OTP Bank Plc.	Retail bond	OTP_EUR_2013_V	23/09/2011	23/09/2013	EUR	490,900	145
OTP Bank Plc.	Retail bond	OTP_EUR_2_2014_IV	24/02/2012	24/02/2014	EUR	444,400	131
OTP Bank Plc.	Retail bond	OTP_EUR_2013_I	05/08/2011	05/08/2013	EUR	441,600	130
OTP Bank Plc.	Retail bond	OTP_EUR_2013_II	12/08/2011	12/08/2013	EUR	437,400	129
OTP Bank Plc.	Retail bond	OTP_EUR_2013_IX	18/11/2011	18/11/2013	EUR	418,400	123
OTP Bank Plc.	Retail bond	OTP_EUR_2_2014_IX	04/05/2012	04/05/2014	EUR	339,600	100
OTP Bank Plc.	Retail bond	OTP_EUR_2013_VIII	07/11/2011	07/11/2013	EUR	264,400	78
OTP Bank Plc.	Retail bond	OTP_EUR_2_2014_VIII	20/04/2012	20/04/2014	EUR	249,500	74
OTP Bank Plc.	Retail bond	OTP_EUR_2_2014_III	10/02/2012	10/02/2014	EUR	244,600	72
OTP Bank Plc.	Retail bond	OTP_EUR_2_2014_XIII	22/06/2012	22/06/2014	EUR	198,900	59
OTP Bank Plc.	Retail bond	OTP_EUR_2_2014_II	27/01/2012	27/01/2014	EUR	192,100	57
OTP Bank Plc.	Retail bond	OTP_EUR_2013_XI	02/12/2011	02/12/2013	EUR	177,100	52
OTP Bank Plc.	Retail bond	OTP_EUR_2013_XIII	29/12/2011	29/12/2013	EUR	148,200	44
OTP Bank Plc.	Retail bond	OTP_EUR_2_2014_VII	06/04/2012	06/04/2014	EUR	148,000	44
OTP Bank Plc.	Retail bond	OTP_EUR_2013_X	25/11/2011	25/11/2013	EUR	140,700	42
OTP Bank Plc.	Retail bond	OTP_EUR_2_2014_XII	08/06/2012	08/06/2014	EUR	128,600	38
OTP Bank Plc.	Retail bond	OTP_EUR_2_2014_VI	23/03/2012	23/03/2014	EUR	103,100	30
OTP Bank Plc.	Retail bond	OTP_EUR_2_2014_XI	25/05/2012	25/05/2014	EUR	101,900	30
OTP Bank Plc.	Retail bond	OTP_EUR_2_2014_V	09/03/2012	09/03/2014	EUR	95,000	28
OTP Bank Plc.	Retail bond	OTP_EUR_2013_XII	16/12/2011	16/12/2013	EUR	84,600	25
OTP Bank Plc.	Retail bond	OTP_EUR_2_2014_I	13/01/2012	13/01/2014	EUR	52,000	15
OTP Bank Plc.	Retail bond	OTP_EUR_2_2014_X	11/05/2012	11/05/2014	EUR	50,200	15
OTP Mortgage Bank	Mortgage bond	OJB2013_B	25/05/2011	30/10/2013	HUF	0	0
OTP Mortgage Bank	Mortgage bond	OJB2013_II	20/12/2002	31/08/2013	HUF	13,433	13,433
OTP Mortgage Bank	Mortgage bond	OJB2013_IV	25/05/2011	31/08/2013	HUF	0	0
OTP Mortgage Bank	Mortgage bond	OJB2014_I	14/11/2003	12/02/2014	HUF	13,483	13,483
OTP Mortgage Bank	Mortgage bond	OMB2013_I	11/11/2011	18/11/2013	EUR	3,500,000	1,033
OTP Banka Slovensko	Mortgage bond	OTP XXIV.	23/11/2010	23/11/2013	EUR	7,877,000	2,325
OTP Bank Russia	Corporate bond	OTPRU 14/03	29/03/2011	25/03/2014	RUR	2,500,000,000	17,275

RELATED-PARTY TRANSACTIONS

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

Compensations (in HUF million)	1H 2013	1H 2014	Y-o-Y	2Q 2013	1Q 2014	2Q 2014	Q-o-Q	Y-o-Y
Total	**8,088**	**7,591**	**-6%**	**4,427**	**2,366**	**5,225**	**121%**	**18%**
Short-term employee benefits	5,261	5,814	11%	3,375	1,391	4,423	218%	31%
Share-based payment	2,308	1,264	-45%	792	725	539	-26%	-32%
Other long-term employee benefits	519	425	-18%	260	190	235	24%	-10%
Termination benefits	0	88		0	60	28		
Redundancy payments	0	0		0	0	0		

Loans provided to companies owned by members of the management[1] or their family members (normal course of business)	35,456	41,204	16%	35,456	41,701	41,204	-1%	16%
Credit lines of the members of Board of Directors and the Supervisory Board and their close family members (at normal market conditions)	508	523	3%	508	516	523	1%	3%
Commitments to extend credit and guarantees	1,161	859	-26%	1,161	1,412	859	-39%	-26%
Loans provided to unconsolidated subsidiaries	982	1,026	4%	982	1,065	1,026	-4%	4%

[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 and the Slovakian Deposit Protection Fund contributions being introduced again in 2014.

(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.

Adjustments:

- As non-recurring results, the after tax effect of the following items are shown separately on the Statement of Recognised Income: received dividends, received and paid cash transfers, goodwill write-offs, the tax shield effect of investment write-offs, special tax on financial institutions, the one-timer payment compensating the underperformance of the financial transaction tax in 2013, the fine imposed by the Hungarian Competition Authority in 4Q 2013, the corporate tax impact of the transfer of general risk reserves to retained earnings, the effect of Banco Popolare Croatia acquisition, the impact of the expected refund obligation stemming from the invalidity of using FX margin in Hungary, the potential refund obligation stemming from the presumed unfairness of unilateral amendments to loan contracts in Hungary, the risk cost created toward Crimean exposures in 2Q 2014 and the net loss from early repayment of FX mortgage loans in Hungary. Beside the Slovakian banking levy, from 1Q 2014 the total amount of the special banking tax includes and the Slovakian Deposit Protection Fund contributions being introduced again in 2014.
- Other non-interest income elements stemming from provisioning release in connection with loans originated before the acquisitions of the subsidiaries have been reclassified to and deducted from the volume of provisions for possible loan losses in the income statement.
- From 2Q 2014 the change in the shareholders' equity of companies consolidated with equity method is reclassified from the After tax dividends and net cash transfers line to the Net other non-interest result (adj) without one-offs line.
- Other non-interest income is shown together with gains/losses on real estate transactions, but without the above mentioned income from the release of pre-acquisition provisions and without received cash transfers. However other non-interest expenses stemming from non-financial activities are added to the adjusted net other non-interest income line, therefore the latter incorporates the net amount of other non-interest income from non-financial activities.
- Out of other expenses, other provisions are deducted and shown separately as other risk costs in the adjusted income statement. Other provisions contain provisioning on off-balance sheet liabilities and on legal contests, provisioning on securities, shares and other investments as well as provisioning on other assets.
- Other administrative expenses have been adjusted in the following way in order to create a category comprising administrative cost items exclusively. Other costs and expenses and other non-interest expenses were included into the adjusted Other non-interest expenses. At the same time, the following cost items were excluded from adjusted other non-interest expenses: paid cash transfers – except for movie subsidies and cash transfers to public benefit organisations, 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 effect of Banco Popolare Croatia acquisition, the impact of the expected refund obligation stemming from the invalidity of using FX margin in Hungary, the potential refund obligation stemming from the presumed unfairness of unilateral amendments to loan contracts in Hungary, the risk cost created toward Crimean exposures in 2Q 2014 and the net loss from early repayment of FX mortgage loans in Hungary. 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 13	2Q 13	1H 13	3Q 13	4Q 13 Audited	2013 Audited	1Q 14	2Q 14	1H 14
Net interest income	**167.955**	**162.301**	**330.255**	**165.055**	**158.418**	**653.728**	**164.421**	**157.506**	**321.927**
(-) Agent fees paid to car dealers by Merkantil Group	-624	-552	-1.176	-587	-556	-2.319	-568	-514	-1.082
(+) Credit institutions' contribution tax paid in relation to the fixed exchange rate scheme	-2.161	-30	-2.191	34	-48	-2.205	-2.819	-227	-3.046
(+) Other risk costs recognised in relation to the fixed exchange rate scheme	-98	64	-33	30	3	0	-14	9	-5
Net interest income (adj.) with one-offs	**166.320**	**162.887**	**329.207**	**165.706**	**158.929**	**653.841**	**162.157**	**157.802**	**319.959**
(-) Revaluation result of FX swaps at OTP Core (booked within net interest income)	432	310	742	270	-297	715	-296	-454	-749
Net interest income (adj.) without one-offs	**165.888**	**162.577**	**328.465**	**165.436**	**159.225**	**653.126**	**162.453**	**158.255**	**320.708**
Net fees and commissions	**42.189**	**49.494**	**91.683**	**53.420**	**56.655**	**201.758**	**52.501**	**52.910**	**105.411**
(+) Agent fees paid to car dealers by Merkantil Group	-624	-552	-1.176	-587	-556	-2.319	-568	-514	-1.082
(+) Financial Transaction Tax	-5.752	-6.165	-11.917	-9.316	-11.270	-32.503	-9.892	-10.913	-20.806
Net fees and commissions (adj.)	**35.813**	**42.777**	**78.590**	**43.517**	**44.829**	**166.936**	**42.040**	**41.482**	**83.523**
Foreign exchange result	**12.487**	**-5.385**	**7.102**	**9.169**	**2.009**	**18.279**	**65.732**	**21.942**	**87.673**
(-) Revaluation result of FX positions hedging the revaluation of FX provisions	9.954	-12.006	-2.052	5.502	-3.355	96	64.576	16.045	80.621
Foreign exchange result (adj.) with one-offs	**2.533**	**6.621**	**9.153**	**3.666**	**5.364**	**18.183**	**1.155**	**5.897**	**7.052**
Foreign exchange result (adj.) without one-offs	**2.533**	**6.621**	**9.153**	**3.666**	**5.364**	**18.183**	**1.155**	**5.897**	**7.052**
Gain/loss on securities, net	**4.043**	**4.118**	**8.161**	**1.854**	**1.530**	**11.546**	**851**	**4.851**	**5.703**
Gain/loss on securities, net (adj.) with one-offs	**4.043**	**4.118**	**8.161**	**1.854**	**1.530**	**11.546**	**851**	**4.851**	**5.703**
(-) Revaluation result of the treasury share swap agreement (booked as Gain on securities, net (adj.) at OTP Core)	26	295	321	291	-104	508	63	345	408
Gain/loss on securities, net (adj.) without one-offs	**4.017**	**3.823**	**7.840**	**1.563**	**1.634**	**11.037**	**788**	**4.507**	**5.295**
Gains and losses on real estate transactions	**499**	**589**	**1.088**	**427**	**37**	**1.552**	**449**	**343**	**791**
(+) Other non-interest income	**4.910**	**6.160**	**11.070**	**9.533**	**4.236**	**24.840**	**4.133**	**6.379**	**10.512**
(-) Received cash transfers	9	4	13	151	-121	43	0	34	35
(-) Non-interest income from the release of pre-acquisition provisions	22	36	58	66	33	156	24	274	298
(+) Other non-interest expenses	-760	-2.128	-2.888	-552	-1.500	-4.939	-811	-1.650	-2.461
(+) Release of loan loss provisioning related to the consolidation of the subsidiaries of OTP Real Estate Ltd.	0	224	224	0	0	224	0	0	0
(+) Release of other provisioning related to the consolidation of the subsidiaries of OTP Real Estate Ltd.	0	254	254	0	0	254	0	0	0
(+) Change in shareholders' equity of companies consolidated with equity method								683	683
(-) Badwill booked in relation to Banco Popolare Croatia acquisition								4.508	4.508
Net other non-interest result (adj.) with one-offs	**4.618**	**5.059**	**9.677**	**9.192**	**2.863**	**21.731**	**3.747**	**938**	**4.685**
(-) Gain on the repurchase of own Upper and Lower Tier2 Capital (booked as Net other non-interest result (adj.) at OTP Core and at the Corporate Centre)	0	970	970	5.102	32	6.104	0	0	0
Net other non-interest result (adj.) without one-offs	**4.618**	**4.089**	**8.707**	**4.090**	**2.831**	**15.627**	**3.747**	**938**	**4.685**
Provision for possible loan losses	**-64.311**	**-49.346**	**-113.657**	**-68.861**	**-80.051**	**-262.569**	**-133.359**	**-86.725**	**-220.085**
(+) Non-interest income from the release of pre-acquisition provisions	22	36	58	66	33	156	24	274	298
(-) Revaluation result of FX provisions	-9.954	12.006	2.052	-5.502	3.355	-96	-64.576	-16.045	-80.621
(-) Release of loan loss provisioning related to the consolidation of the subsidiaries of OTP Real Estate Ltd.	0	224	224	0	0	224	0	0	0
(-) Risk cost created toward Crimean exposures in 2Q 2014								-9.267	-9.267
Provision for possible loan losses (adj.)	**-54.335**	**-61.540**	**-115.875**	**-63.293**	**-83.373**	**-262.541**	**-68.759**	**-61.140**	**-129.898**
After tax dividends and net cash transfers	**-674**	**-78**	**-752**	**-1.103**	**-10.054**	**-11.909**	**-1.218**	**-1.911**	**-3.128**
(-) Sponsorships, subsidies and cash transfers to public benefit organisations	-390	-2.676	-3.066	-920	-9.833	-13.819	-1.163	-5.665	-6.828
(-) Dividend income of swap counterparty shares kept under the treasury share swap agreement		2.316	2.316	0	0	2.316		2.957	2.957
(-) Change in shareholders' equity of companies consolidated with equity method								683	683
After tax dividends and net cash transfers	**-284**	**282**	**-2**	**-183**	**-221**	**-406**	**-55**	**114**	**59**

in HUF million	1Q 13	2Q 13	1H 13	3Q 13	4Q 13 Audited	2013 Audited	1Q 14	2Q 14	1H 14
Depreciation	**-11.366**	**-12.116**	**-23.482**	**-42.664**	**-11.871**	**-78.017**	**-10.379**	**-32.660**	**-43.040**
(-) Goodwill impairment charges (OTP banka Srbija (Serbia), OTP Bank JSC (Ukraine), OTP banka Hrvatska (Croatia), CKB (Montenegro))	0	0	0	-30.819	0	-30.819	0	-22.225	-22.225
Depreciation (adj.)	**-11.366**	**-12.116**	**-23.482**	**-11.846**	**-11.871**	**-47.199**	**-10.379**	**-10.435**	**-20.815**
Income taxes	**-10.636**	**959**	**-9.677**	**-11.198**	**-69**	**-20.944**	**3.258**	**47.425**	**50.683**
(-) Corporate tax impact of goodwill/investment impairment charges	0	1.379	1.379	0	0	1.379	0	10.628	10.628
(-) Corporate tax impact of the special tax on financial institutions	6.581	81	6.662	81	82	6.825	6.593	121	6.713
(+) Tax deductible transfers	0	-2.400	-2.400	-748	-8.414	-11.562	-336	-4.797	-5.133
(-) Corporate tax impact of the one-timer payment compensating the underperformance of the Financial Transaction Tax	0	3.085	3.085	5	0	3.091	0	0	0
(-) Corporate tax impact of the fine imposed by the Hungarian Competition Authority					745	745			
(-) Corporate tax impact of the transfer of general risk reserves to retained earnings					-5.533	-5.533			
(-) Corporate tax impact of the badwill booked in relation to Banco Popolare Croatia acquisition								-902	-902
(-) Corporate tax shield on earlier loss of Banco Popolare Croatia								902	902
(-) Corporate tax impact of provision on potential expenses in relation to Banco Popolare Croatia merger								108	108
(-) Corporate tax impact of the impact of expected refund obligation stemming from the invalidity of using FX margin in Hungary								7.511	7.511
(-) Corporate tax impact of the potential refund obligation stemming from the presumed unfairness of unilateral amendments to loan contracts in Hungary								32.956	32.956
(-) Corporate tax impact of risk cost created toward Crimean exposures in 2Q 2014								1.096	1.096
Corporate income tax (adj.)	**-17.217**	**-5.985**	**-23.202**	**-12.032**	**-3.777**	**-39.012**	**-3.671**	**-9.791**	**-13.462**
Other operating expense, net	**-3.379**	**-4.141**	**-7.520**	**-5.776**	**-26.499**	**-39.795**	**-3.972**	**-227.890**	**-231.862**
(+) Provision on securities available-for-sale and securities held-to-maturity	**0**	**0**	**-1**	**1**	**10**	**11**			
(-) Other costs and expenses	-1.166	-1.315	-2.482	-1.134	-7.140	-10.756	-1.735	-1.248	-2.983
(-) Other non-interest expenses	-1.445	-4.920	-6.365	-1.918	-11.082	-19.365	-2.037	-7.326	-9.363
(-) Release of other provisioning related to the consolidation of the subsidiaries of OTP Real Estate Ltd.	0	254	254	0	0	254	0	0	0
(-) Other risk costs recognised in relation to the fixed exchange rate scheme	-98	64	-33	30	3	0	-14	9	-5
(-) Provision on potential expenses in relation to Banco Popolare Croatia merger								-539	-539
(-) Impact of the expected refund obligation stemming from the invalidity of using FX margin in Hungary								-39.533	-39.533
(-) Potential refund obligation stemming from the presumed unfairness of unilateral amendments to loan contracts in Hungary								-177.031	-177.031
Other provisions (adj.)	**-671**	**1.778**	**1.107**	**-2.755**	**-8.270**	**-9.918**	**-187**	**-2.221**	**-2.409**
Other administrative expenses	**-80.037**	**-63.003**	**-143.039**	**-48.963**	**-52.475**	**-244.477**	**-85.631**	**-49.395**	**-135.026**
(+) Other costs and expenses	-1.166	-1.315	-2.482	-1.134	-7.140	-10.756	-1.735	-1.248	-2.983
(+) Other non-interest expenses	-1.445	-4.920	-6.365	-1.918	-11.082	-19.365	-2.037	-7.326	-9.363
(-) Paid cash transfers	-686	-2.792	-3.478	-1.366	-9.582	-14.426	-1.226	-5.676	-6.902
(+) Film subsidies and cash transfers to public benefit organisations	-390	-2.676	-3.066	-920	-9.833	-13.819	-1.163	-5.665	-6.828
(-) Other non-interest expenses	-760	-2.128	-2.888	-552	-1.500	-4.939	-811	-1.650	-2.461
(-) Special tax on financial institutions	-35.808	-351	-36.160	-350	-357	-36.867	-35.986	-548	-36.535
(-) Tax deductible transfers	0	-2.400	-2.400	-748	-8.414	-11.562	-336	-4.797	-5.133
(-) Credit institutions' contribution tax paid in relation to the fixed exchange rate scheme	-2.161	-30	-2.191	34	-48	-2.205	-2.819	-227	-3.046
(-) Financial Transaction Tax	-5.752	-6.165	-11.917	-9.316	-11.270	-32.503	-9.892	-10.913	-20.806
(-) One-timer payment compensating the underperformance of the Financial Transaction Tax	0	-16.238	-16.238	-29	0	-16.267	0	0	0
(-) Fine imposed by the Hungarian Competition Authority	0	0	0	0	-3.922	-3.922	0	0	0
Other non-interest expenses (adj.)	**-37.872**	**-41.810**	**-79.682**	**-40.607**	**-45.436**	**-165.725**	**-39.496**	**-39.822**	**-79.318**

TABLE OF CONTENTS

OTP Bank Plc.

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

Phone: +36 1 473 5460

Fax: +36 1 473 5951

E-mail: investor.relations@otpbank.hu

Internet: www.otpbank.hu